

Cardinal Health, Inc.

39th Annual JP Morgan Conference

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Chief Executive Officer

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Forward-looking statements and GAAP reconciliation

Cautions Concerning Forward-Looking Statements

This presentation contains forward-looking statements addressing expectations, prospects, estimates and other matters that are dependent upon future events or developments. These statements may be identified by words such as "expect," "anticipate," "intend," "plan," "believe," "will," "should," "could," "would," "project," "continue," "likely," and similar expressions, and include statements reflecting future results or guidance, statements of outlook and various accruals and estimates. These matters are subject to risks and uncertainties that could cause actual results to differ materially from those projected, anticipated or implied. These risks and uncertainties include risks arising from the ongoing COVID-19 pandemic and our critical role in the global healthcare supply chain including the impact of deferrals and cancellations of elective medical procedures, our ability to recoup or mitigate cost increases to source certain personal protective or other equipment, and the impact of additional supply disruptions of distribution or manufacturing facilities; competitive pressures in Cardinal Health's various lines of business; the amount or rate of generic deflation and our ability to offset generic deflation and maintain other financial and strategic benefits through our generic sourcing venture with CVS Health and other components of our generics pharmaceutical program; risks associated with the distribution of opioids, including the financial impact associated with the outcome of the ongoing lawsuits and investigations by certain governmental and regulatory authorities and risks and uncertainties associated with the ongoing settlement framework discussions, including the risk that we may fail to reach a settlement agreement or that a final settlement could require us to pay more than we currently anticipate; risks associated with the manufacture and sourcing of certain products, including risks related to our ability and the ability of third-party manufacturers to comply with applicable regulations; our ability to manage uncertainties associated with the pricing of branded pharmaceuticals; and risks associated with our cost savings initiatives. Cardinal Health is subject to additional risks and uncertainties described in Cardinal Health's Form 10-K, Form 10-Q and Form 8-K reports and exhibits to those reports. This presentation reflects management's views as of January 11, 2021. Except to the extent required by applicable law, Cardinal Health undertakes no obligation to update or revise any forward-looking statement. In addition, this presentation contains non-GAAP financial measures. Cardinal Health provides definitions and reconciliations of non-GAAP financial measures and their most directly comparable GAAP financial measures in the Financial Appendix at the end of this presentation and at ir.cardinalhealth.com.



We are
Essential to care™

Driving growth to advance healthcare and improve lives

Globally integrated healthcare services and products company

a distributor of pharmaceuticals; global manufacturer and distributor of medical and laboratory products; and provider of performance and data solutions for healthcare facilities



50 years of evolution

by building upon our scale and heritage in distribution, products and solutions

Creating patient-centric solutions

so our customers can address healthcare's most complicated challenges



Essential facts about Cardinal Health

\$153B



of revenue
in FY20

Operations in more than



40
countries

Approximately

48,000



employees
worldwide

Our breadth and scale



We serve roughly **90%** of U.S. hospitals through our pharmaceutical or medical distribution, products and solutions.



Every day, we serve more than **29,000** U.S. pharmacies. These include large chains, grocery stores, retail independents, and hospitals.



We serve more than **3.4 million** U.S. patients with more than **46,000** home healthcare products.



We manufacture and distribute more than **50,000** types of Cardinal Health medical products and procedure kits.



We serve more than **10,000** U.S. specialty physician offices and clinics.

Consistent track record

	FY19	FY20
Grow non-GAAP EPS; exceed initial guidance range	✓	✓
Exceed enterprise cost savings target	✓	✓
Strengthen balance sheet through debt paydown	✓	✓
Make strategic portfolio decisions ¹	✓	✓
Return cash to shareholders	✓	✓

¹ FY19: Acquisitions of Mirixa® and mscripts®. FY20: Divested minority equity interest in naviHealth, investments in Specialty, at-Home, Services



FY20 financial summary

Revenue (\$M)

\$152,922

% change

+5%

Non-GAAP Operating Earnings^{1,2} (\$M)

\$2,384

% change

+1%

Non-GAAP Diluted EPS^{2,3}

\$5.45

% change

+3%

Operating Cash Flow (\$B)

\$2.0

¹FY20 GAAP operating loss was \$(4,098)M

²GAAP results include a pre-tax charge of \$5.63 billion (\$5.14 billion after tax) in the first quarter of the fiscal year for the estimated liability associated with lawsuits and claims brought against us by states and political subdivisions relating to the distribution of prescription opioid pain medications

³Attributable to Cardinal Health, Inc. FY20 GAAP diluted EPS was \$(12.61)

Please see appendix for GAAP to Non-GAAP reconciliations.

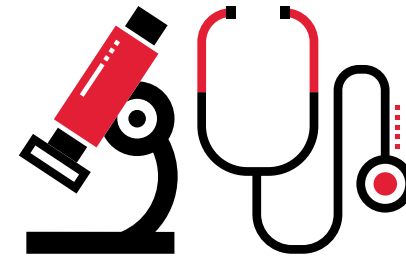
Two financial reporting segments



Pharmaceutical

FY20
revenues
\$137.5B

FY20
segment profit
\$1.8B



Medical

FY20
revenues
\$15.4B

FY20
segment profit
\$663M

Pharmaceutical segment



Pharmaceutical Distribution

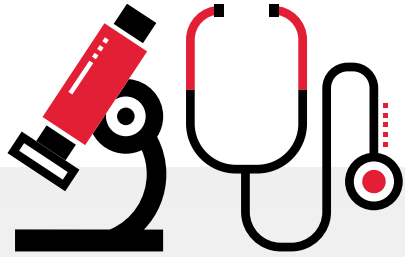
Specialty Solutions

**Nuclear and Precision
Health Solutions**

Key capabilities

- Distribute branded, generic, and specialty pharmaceuticals and over-the-counter healthcare and consumer products
- Provide end-to-end logistics and technology solutions for manufacturers, pharmacies and healthcare providers
- Provide pharmacy management, medication therapy management and patient outcomes services to connect hospitals, healthcare providers and payers
- Manufacture radiopharmaceuticals, operate nuclear pharmacies and support radiopharmaceutical innovation

Medical segment



Medical Products

Medical Products Distribution

Services

at-Home Solutions

Key capabilities

- Manufacture, source, and distribute Cardinal Health branded medical, surgical, and laboratory products
- Distribute a broad range of national brand medical, surgical, and laboratory products to acute and alternate sites of care
- Provide data-driven supply chain solutions to hospitals, ambulatory surgery centers, clinical laboratories, and other healthcare providers
- Distribute medical products and provide services directly to patients' homes

Demonstrating resilience

Key COVID-19 responses

- **Maintained** operations in **all** distribution facilities, nuclear pharmacies, and global manufacturing plants
- **Leveraged Red Oak's** sourcing capabilities to **minimize disruptions** to the pharmaceutical supply chain
- **Acquired** additional equipment to expand PPE production, **onboarded** additional suppliers to diversify product options, and **established** our Supply Assurance program for customers
- **Engaged** with government agencies and customers to support vaccine access and distribution
- **Managed through** COVID-19 headwinds: **delivered** on FY20 commitments and **raised** FY21 EPS guidance after the first quarter

Strategic priorities



Optimize core businesses

- Enhance our global supply chain and drive commercial excellence
- Maximize all aspects of our generics program
- Continue cost savings initiatives



Invest for growth

- Specialty Solutions
- Cardinal Health at-Home Solutions
- Nuclear and Precision Health Solutions
- Services businesses

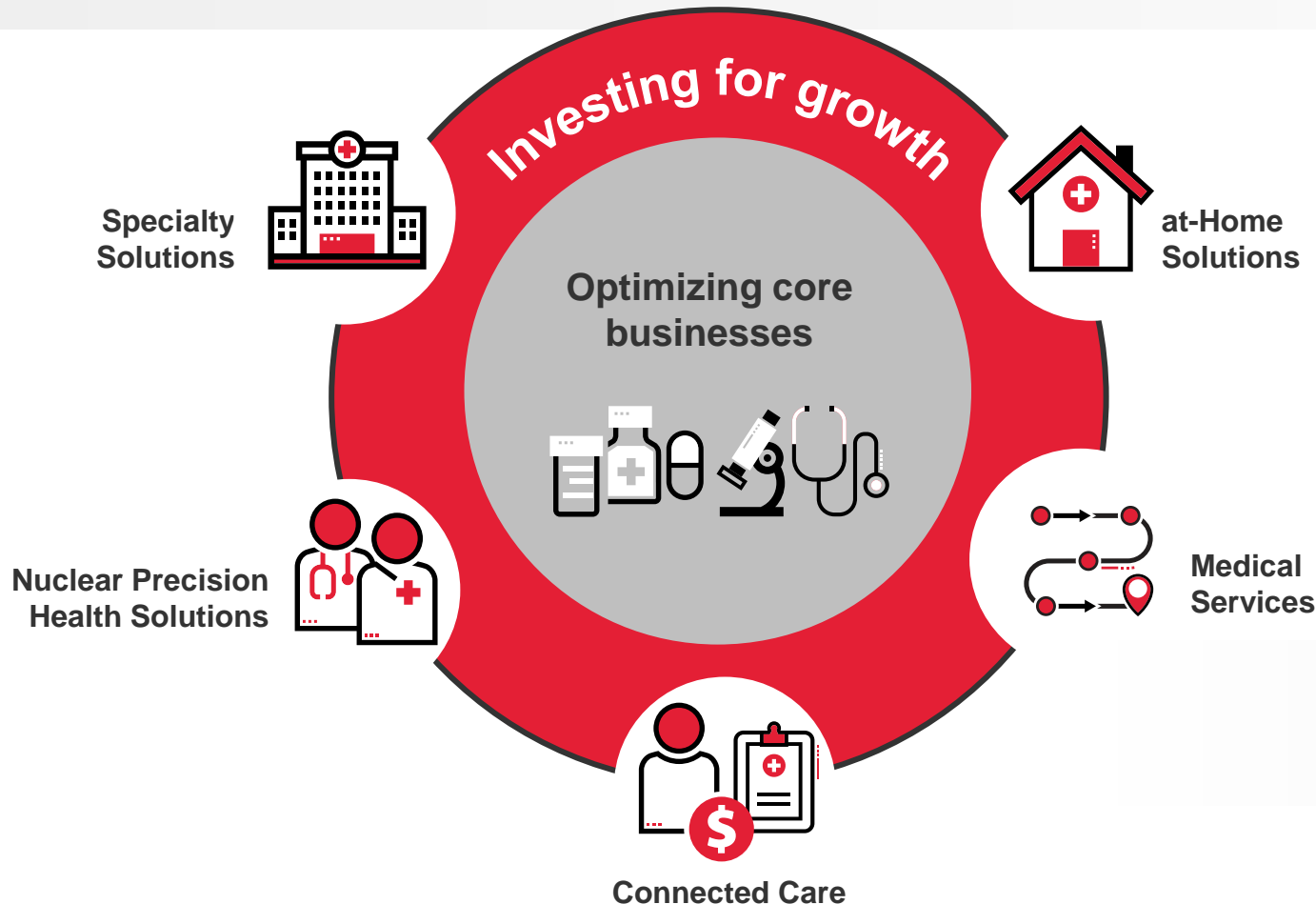


Deploy capital efficiently

- Prioritize investment in the business
- Maintain a strong balance sheet
- Return cash to shareholders

Our differentiated portfolio

Our differentiated portfolio blends core distribution and product offerings with strategic assets **positioned for strong growth**



Investing for growth in areas with:

- Favorable industry trends and strong outlooks
- Complementary capabilities to core businesses
- Specialized solutions to support customer needs
- Margins accretive to segments

Representing **~\$25 billion in total revenue** and **>15% historical CAGR¹** collectively

¹ 3-year total revenue CAGR, FY17 to FY20

Deploy capital in a disciplined and thoughtful way

Capital allocation priorities Focused on maintaining flexibility and generating significant long-term value



Invest in the business

Investing in key areas of our business to enable **our strong pipeline for organic growth**



Strengthen our balance sheet

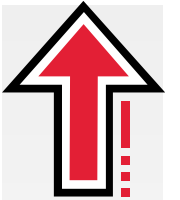
Committed to taking appropriate action to **maintain our investment grade balance sheet**



Return cash to shareholders

Focused on returning cash to our shareholders, **primarily through our dividend**

Opportunistically evaluate tuck-in **M&A/partnerships** in growth areas and **share repurchases**



Higher Priority

Cardinal Health investment thesis

- **Resilient business models**
 - Expected growth in both segments despite COVID-19 headwind of lower volumes
- **Increasing healthcare demand**
 - Favorable healthcare trends and patient demographics increase demand for our services
- **Focused on driving efficiencies**
 - On path to exceed 5-year \$500 million cost savings goal
- **Differentiated portfolio in growth areas**
 - Unmatched breadth of offerings includes both core and higher-growth businesses
- **Disciplined capital deployment**
 - Strong cash flow generation enables capital allocation priorities including returning cash to shareholders
- **Valued by customers**
 - Essential role in the delivery of healthcare as a leader in consolidated industries



We are

Essential to care™

Appendix

GAAP to non-GAAP reconciliation statements
and supplemental financial information



Cardinal Health, Inc. and Subsidiaries

GAAP / Non-GAAP Reconciliation¹

	Gross Margin		SG&A ²	Operating Earnings/ (Loss)	Operating Earnings/ (Loss) Growth Rate	Earnings/ (Loss) Before Income Taxes	Provision for/ (Benefit from) Income Taxes	Net Earnings/ (Loss) ³	Net Earnings/ (Loss) ³ Growth Rate	Effective Tax Rate	Diluted EPS ^{3,4}	Diluted EPS ³ Growth Rate	
	Margin	Rate	SG&A ²	Rate	Rate	Income Taxes	Income Taxes	(Loss) ³	Rate	Rate	EPS ^{3,4}	Rate	
Fiscal Year 2020													
GAAP	\$ 6,868	- %	\$ 4,572	2 %	\$ (4,098)	N.M.	\$ (3,772)	\$ (79)	(3,696)	N.M.	2.1 %	\$ (12.61)	N.M.
Surgical gown recall costs	48		(37)		85		85	22	63			0.22	
State opioid assessment related to prior fiscal years	-		(3)		3		3	1	2			0.01	
Restructuring and employee severance	-		-		122		122	29	93			0.31	
Amortization and other acquisition-related costs	-		-		524		524	130	394			1.34	
Impairments and (gain)/loss on disposal of assets	-		-		7		7	2	5			0.02	
Litigation (recoveries)/charges, net ⁵	-		-		5,741		5,741	514	5,227			17.84	
Loss on early extinguishment of debt	-		-		-		16	4	12			0.04	
Gain on sale of equity interest in naviHealth	-		-		-		(579)	(86)	(493)			(1.68)	
Transitional tax benefit, net	-		-		-		-	2	(2)			(0.01)	
Non-GAAP	\$ 6,916	1 %	\$ 4,532	1 %	\$ 2,384	1 %	\$ 2,147	\$ 539	1,605	1 %	25.1 %	\$ 5.45	3 %
Fiscal Year 2019													
GAAP	\$ 6,834	(5)%	\$ 4,480	(3)%	\$ 2,060	N.M.	\$ 1,751	\$ 386	1,363	N.M.	22.1 %	\$ 4.53	N.M.
Restructuring and employee severance	-		-		125		125	32	93			0.31	
Amortization and other acquisition-related costs	-		-		621		621	148	473			1.57	
Impairments and (gain)/loss on disposal of assets ⁶	-		-		(488)		(488)	(113)	(375)			(1.25)	
Litigation (recoveries)/charges, net	-		-		36		36	10	26			0.09	
Transitional tax benefit, net	-		-		-		-	(9)	9			0.03	
Non-GAAP	\$ 6,834	(5)%	\$ 4,480	(3)%	\$ 2,353	(9)%	\$ 2,044	\$ 453	1,589	1 %	22.1 %	\$ 5.28	6 %

¹For more information on these measures, refer to the Use of Non-GAAP Measures and Definitions schedules.

²Distribution, selling, general and administrative expenses.

³Attributable to Cardinal Health, Inc.

⁴For fiscal 2020, GAAP diluted loss per share attributable to Cardinal Health, Inc. ("GAAP diluted EPS") and the EPS impact from the GAAP to non-GAAP per share reconciling items are calculated using a weighted average of 293 million common shares, which excludes potentially dilutive securities from the denominator due to their anti-dilutive effects resulting from our GAAP net loss for the quarter. Fiscal 2020 non-GAAP diluted EPS is calculated using a weighted average of 295 million common shares, which includes potentially dilutive shares.

⁵Litigation (recoveries)/charges, net includes a pre-tax charge of \$5.63 billion (\$5.14 billion after tax) recorded in the first quarter of fiscal 2020 related to the opioid litigation.

⁶During fiscal 2019, we sold our majority interest in naviHealth and recognized a pre-tax gain of \$508 million (\$378 million after tax).

The sum of the components and certain computations may reflect rounding adjustments.

We generally apply varying tax rates depending on the item's nature and tax jurisdiction where it is incurred.



Cardinal Health, Inc. and Subsidiaries

Forward Looking non-GAAP Measures

In this document, the Company presents certain forward-looking non-GAAP metrics. The Company does not provide outlook on a GAAP basis because the items that the Company excludes from GAAP to calculate the comparable non-GAAP measure can be dependent on future events that are less capable of being controlled or reliably predicted by management and are not part of the Company's routine operating activities. Additionally, management does not forecast many of the excluded items for internal use and therefore cannot create or rely on outlook done on a GAAP basis.

The occurrence, timing and amount of any of the items excluded from GAAP to calculate non-GAAP could significantly impact the Company's fiscal 2021 GAAP results. Over the past five fiscal years, the excluded items have impacted the Company's EPS from \$0.75 to \$18.06, which includes a goodwill impairment charge of \$4.36 per share related to our Medical segment that we recognized in fiscal 2018. The excluded items for fiscal 2020 impacted the Company's EPS by \$18.06, which includes a \$17.54 charge related to the opioid litigation.



Definitions

Growth rate calculation: growth rates are determined by dividing the difference between current-period results and prior-period results by prior-period results.

Interest and Other, net: other (income)/expense, net plus interest expense, net.

Segment Profit: segment revenue minus (segment cost of products sold and segment distribution, selling, general, and administrative expenses).

Segment Profit Margin: segment profit divided by segment revenue.

Non-GAAP gross margin: gross margin, excluding LIFO charges/(credits) and surgical gown recall costs.

Non-GAAP distribution, selling, general and administrative expenses or Non-GAAP SG&A: distribution, selling, general and administrative expenses, excluding state opioid assessment related to prior fiscal years and surgical gown recall costs.

Non-GAAP operating earnings: operating earnings/(loss) excluding (1) LIFO charges/(credits), (2) surgical gown recall costs, (3) state opioid assessment related to prior fiscal years, (4) restructuring and employee severance, (5) amortization and other acquisition-related costs, (6) impairments and (gain)/loss on disposal of assets, and (7) litigation (recoveries)/charges, net.

Non-GAAP effective tax rate: provision for/(benefit from) income taxes adjusted for (1) LIFO charges/(credits), (2) surgical gown recall costs, (3) state opioid assessment related to prior fiscal years, (4) restructuring and employee severance, (5) amortization and other acquisition-related costs, (6) impairments and (gain)/loss on disposal of assets, (7) litigation (recoveries)/charges, net, (8) loss on early extinguishment of debt and (9) gain on sale of equity interest in naviHealth, each net of tax, and (10) transitional tax benefit, net divided by (earnings before income taxes adjusted for the first nine items).

Non-GAAP net earnings attributable to Cardinal Health, Inc.: net earnings/(loss) attributable to Cardinal Health, Inc. excluding (1) LIFO charges/(credits), (2) surgical gown recall costs, (3) state opioid assessment related to prior fiscal years, (4) restructuring and employee severance, (5) amortization and other acquisition-related costs, (6) impairments and (gain)/loss on disposal of assets, (7) litigation (recoveries)/charges, net, (8) loss on early extinguishment of debt and (9) gain on sale of equity interest in naviHealth, each net of tax, and (10) transitional tax benefit, net.

Non-GAAP diluted earnings per share attributable to Cardinal Health, Inc.: non-GAAP net earnings attributable to Cardinal Health, Inc. divided by diluted weighted-average shares outstanding.

¹ LIFO charges and credits are excluded because the factors that drive last-in first-out ("LIFO") inventory charges or credits, such as pharmaceutical manufacturer price appreciation or deflation and year-end inventory levels (which can be meaningfully influenced by customer buying behavior immediately preceding our fiscal year-end), are largely out of our control and cannot be accurately predicted. The exclusion of LIFO charges and credits from non-GAAP metrics facilitates comparison of our current financial results to our historical financial results and to our peer group companies' financial results.

² Surgical gown recall costs includes inventory write-offs and certain remediation and supply disruption costs arising from the January 2020 recall of select Association for the Advancement of Medical Instrumentation ("AAMI") Level 3 surgical gowns and voluntary field actions (a recall of some packs and a corrective action allowing overlabeling of other packs) for Presource Procedure Packs containing affected gowns. We have excluded these costs from our non-GAAP metrics to allow investors to better understand the underlying operating results of the business and to facilitate comparison of our current financial results to our historical financial results and to our peer group companies' financial results.

³ State opioid assessments related to prior fiscal years is the portion of state assessments for prescription opioid medications that were sold or distributed in periods prior to the fiscal year of the initial assessment. This portion is excluded from non-GAAP financial measures because it is retrospectively applied to sales in prior fiscal years and inclusion would obscure analysis of the current fiscal year results of our underlying, ongoing business. Additionally, while states' laws may require us to make payments on an ongoing basis, the portion of the assessment related to sales in prior periods are contemplated to be one-time, nonrecurring items. Reversals of these accruals have occurred when certain assessments were found by a Court unconstitutional.

⁴ Restructuring and employee severance costs are excluded because they are not part of the ongoing operations of our underlying business.

⁵ Amortization and other acquisition-related costs, which include transaction costs, integration costs, and changes in the fair value of contingent consideration obligations, are excluded because they are not part of the ongoing operations of our underlying business and to facilitate comparison of our current financial results to our historical financial results and to our peer group companies' financial results. Additionally, costs for amortization of acquisition-related intangible assets are non-cash amounts, which are variable in amount and frequency and are significantly impacted by the timing and size of acquisitions, so their exclusion facilitates comparison of historical, current and forecasted financial results. We also exclude other acquisition-related costs, which are directly related to an acquisition but do not meet the criteria to be recognized on the acquired entity's initial balance sheet as part of the purchase price allocation. These costs are also significantly impacted by the timing, complexity and size of acquisitions.

⁶ Impairments and gain or loss on disposal of assets are excluded because they do not occur in or reflect the ordinary course of our ongoing business operations and are inherently unpredictable in timing and amount, and in the case of impairments, are non-cash amounts, so their exclusion facilitates comparison of historical, current and forecasted financial results.

⁷ Litigation recoveries or charges, net are excluded because they often relate to events that may have occurred in prior or multiple periods, do not occur in or reflect the ordinary course of our business and are inherently unpredictable in timing and amount.

⁸ Loss on early extinguishment of debt is excluded because it does not typically occur in the normal course of business and may obscure analysis of trends and financial performance. Additionally, the amount and frequency of this type of charge is not consistent and is significantly impacted by the timing and size of debt extinguishment transactions.

⁹ Gain on sale of equity interest in naviHealth was incurred in connection with the sale of our remaining equity interest in naviHealth in fiscal 2020. The equity interest was retained in connection with the initial sale of our majority interest in naviHealth during fiscal 2019. We exclude this significant gain because gains or losses on investments of this magnitude do not typically occur in the normal course of business and are similar in nature to a gain or loss from a divestiture of a majority interest, which we exclude from non-GAAP results. The gain on the initial sale of our majority interest in naviHealth in fiscal 2019 was also excluded from our non-GAAP measures.

¹⁰ Transitional tax benefit, net related to the Tax Cuts and Jobs Act is excluded because it results from the one-time impact of a very significant change in the U.S. federal corporate tax rate and, due to the significant size of the benefit, obscures analysis of trends and financial performance. The transitional tax benefit includes the initial estimate and subsequent adjustments for the re-measurement of deferred tax assets and liabilities due to the reduction of the U.S. federal corporate income tax rate and the repatriation tax on undistributed foreign earnings.