



# Q2 FY25 Earnings

Cardinal Health, Inc.

January 30, 2025

## 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 the risk that we may fail to achieve our strategic objectives, including the continued execution of the GMPD Improvement Plan, whether as a result of Cardinal Health Brand sales, ongoing inflationary pressures or the impact of possible tariffs on products we source or manufacture; competitive pressures in Cardinal Health's various lines of business, including the risk that customers may reduce purchases made under their contracts with us or terminate or not renew their contracts; our ability to manage uncertainties associated with the pricing of branded pharmaceuticals, including as a result of possible legislative action; risks associated with litigation matters, including an Department of Justice investigation focused on potential violations of the Anti-Kickback Statute and False Claims Act; the risk that events outside of our control, such as weather or geopolitical events, may impact demand for our products or may cause supply shortages that impact our cost and ability to fulfill customer demand; the performance of our generics program, including 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 or other components of our generics programs; risks associated with recently completed and still-pending acquisitions, including risks arising as a result from our entry into new lines of businesses; the possibility that our at-Home reporting unit goodwill could become impaired due to changes to our long-term financial plan, increases in global interest rates or unfavorable changes in the U.S. statutory tax rate. Cardinal Health is subject to additional risks and uncertainties described in Cardinal Health's Form 10-K, Form 10-Q and Form 8K reports and exhibits to those reports. This presentation reflects management's views as of January 30, 2025. Except to the extent required by applicable law, Cardinal Health undertakes no obligation to update or revise any forward-looking statement. Forward-looking statements are aspirational and not guarantees or promises that goals, targets or projections will be met, and no assurance can be given that any commitment, expectation, initiative or plan in this report can or will be achieved or completed. Cardinal Health provides definitions and reconciliations of non-GAAP financial measures and their most directly comparable GAAP financial measures at [ir.cardinalhealth.com](https://ir.cardinalhealth.com)





# Q2 Results

# Q2 FY25 financial summary

	GAAP Basis (\$M) Q2 FY25	Non-GAAP Basis (\$M) Q2 FY25
<b>Revenue</b> <i>% change</i>	<b>\$55,264</b> <i>(4)%</i>	<b>N/A</b>
<b>Gross Margin</b> <i>% change</i>	<b>\$1,941</b> <i>5%</i>	<b>\$1,941</b> <i>5%</i>
<b>SG&amp;A</b> <i>% change</i>	<b>\$1,306</b> <i>3%</i>	<b>\$1,306</b> <i>3%</i>
<b>Operating Earnings</b> <i>% change</i>	<b>\$549</b> <i>9%</i>	<b>\$635</b> <i>9%</i>
<b>Interest and Other<sup>1</sup></b> <i>% change</i>	<b>\$38</b> <i>N.M.</i>	<b>N/A</b>
<b>Net Earnings<sup>2</sup></b> <i>% change</i>	<b>\$400</b> <i>9%</i>	<b>\$468</b> <i>1%</i>
<b>Diluted EPS<sup>2</sup></b> <i>% change</i>	<b>\$1.65</b> <i>10%</i>	<b>\$1.93</b> <i>2%</i>

<sup>1</sup>The sum of "other (income)/expense, net" and "interest expense, net"

<sup>2</sup>Attributable to Cardinal Health, Inc.

Please see appendix for GAAP to Non-GAAP reconciliations.



# Pharmaceutical and Specialty Solutions

## Q2 FY25 results

	Q2 FY25 (\$M)	Q2 FY24 (\$M)	YoY change
Revenue	\$50,849	\$53,202	(4)%
Segment profit	\$531	\$495	7%
Segment profit margin	1.04%	0.93%	11 bps

### Drivers:

#### Revenue

- Large customer contract expiration
- + Brand and specialty pharmaceutical sales growth from existing and new customers

#### Segment profit

- + BioPharma Solutions, including Specialty Networks
- + Brand and specialty products
- Large customer contract expiration

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



# Global Medical Products and Distribution

## Q2 FY25 results

	Q2 FY25 (\$M)	Q2 FY24 (\$M)	YoY change
Revenue	\$3,154	\$3,127	1%
Segment profit	\$18	\$11	N.M.
Segment profit margin	0.57%	0.35%	22 bps

### Drivers:

#### Revenue

- + Volume growth from existing customers

#### Segment profit

- + Cost optimization initiatives
- WaveMark write-off of uncollectible receivables

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



# Other: NPHS, at-Home Solutions and OptiFreight

## Q2 FY25 results

	Q2 FY25 (\$M)	Q2 FY24 (\$M)	YoY change
Revenue	\$1,283	\$1,135	13%
Segment profit	\$118	\$106	11%
Segment profit margin	9.20%	9.34%	(14) bps

### Drivers:

#### Revenue

- + Growth across the three operating segments

#### Segment profit

- + OptiFreight Logistics
- + Nuclear and Precision Health Solutions

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





# Outlook



# FY25 financial expectations

	FY25 outlook	FY24 actual
Non-GAAP EPS	<b>\$7.85 - \$8.00</b> <i>Previously \$7.75 - \$7.90</i>	\$7.53
Interest and Other	<b>\$200M - \$230M</b> <i>Previously \$140M - \$170M</i>	\$42M
Non-GAAP ETR	23.0% - 24.0%	21.7%
Diluted weighted average shares outstanding	~243M	247M
Share repurchases	\$750M	\$750M
Capital expenditures	\$500M to \$550M	\$511M
Non-GAAP adjusted free cash flow	\$1.0B - \$1.5B	\$3.9B

**Bold** indicates a **change** to the FY25 outlook provided in the Q1 FY25 earnings release on November 1, 2024.

**Guidance includes completed Integrated Oncology Network and GI Alliance acquisitions; does not reflect pending Advanced Diabetes Supply Group acquisition.**

The company does not provide forward-looking expectations on a GAAP basis as certain financial information, the probable significance of which cannot be determined, is not available and cannot be reasonably estimated. See "use of non-GAAP measures" in the financial appendix at the end of this presentation for additional explanation.



# FY25 segment guidance

## Revenue and segment profit

### Pharmaceutical and Specialty Solutions

Revenue decline of

**1% to 3%**

*Previously decline of 2% to 4%*

Segment profit growth of

**10% to 12%**

*Previously growth of 4% to 6%*

### Global Medical Products and Distribution

Revenue growth of

**2% to 4%**

Segment profit of

**\$130M to \$150M**

*Previously \$140M to \$175M*

### Other

Revenue growth of

**10% to 12%**

Segment profit growth of

**~10%**

**Bold** indicates a **change** to the FY25 outlook provided in the Q1 FY25 earnings release on November 1, 2024.

**Guidance includes completed Integrated Oncology Network and GI Alliance acquisitions; does not reflect pending Advanced Diabetes Supply Group acquisition.**

**Other** includes the following three operating segments: Nuclear and Precision Health Solutions (NPHS), at-Home Solutions, and OptiFreight® Logistics, which are not significant enough individually to require reportable segment disclosure.



# Strategic priorities

Relentless focus on simplification

**1** Build upon the **growth** and **resiliency** of Pharmaceutical and Specialty Solutions by **expanding in Specialty**

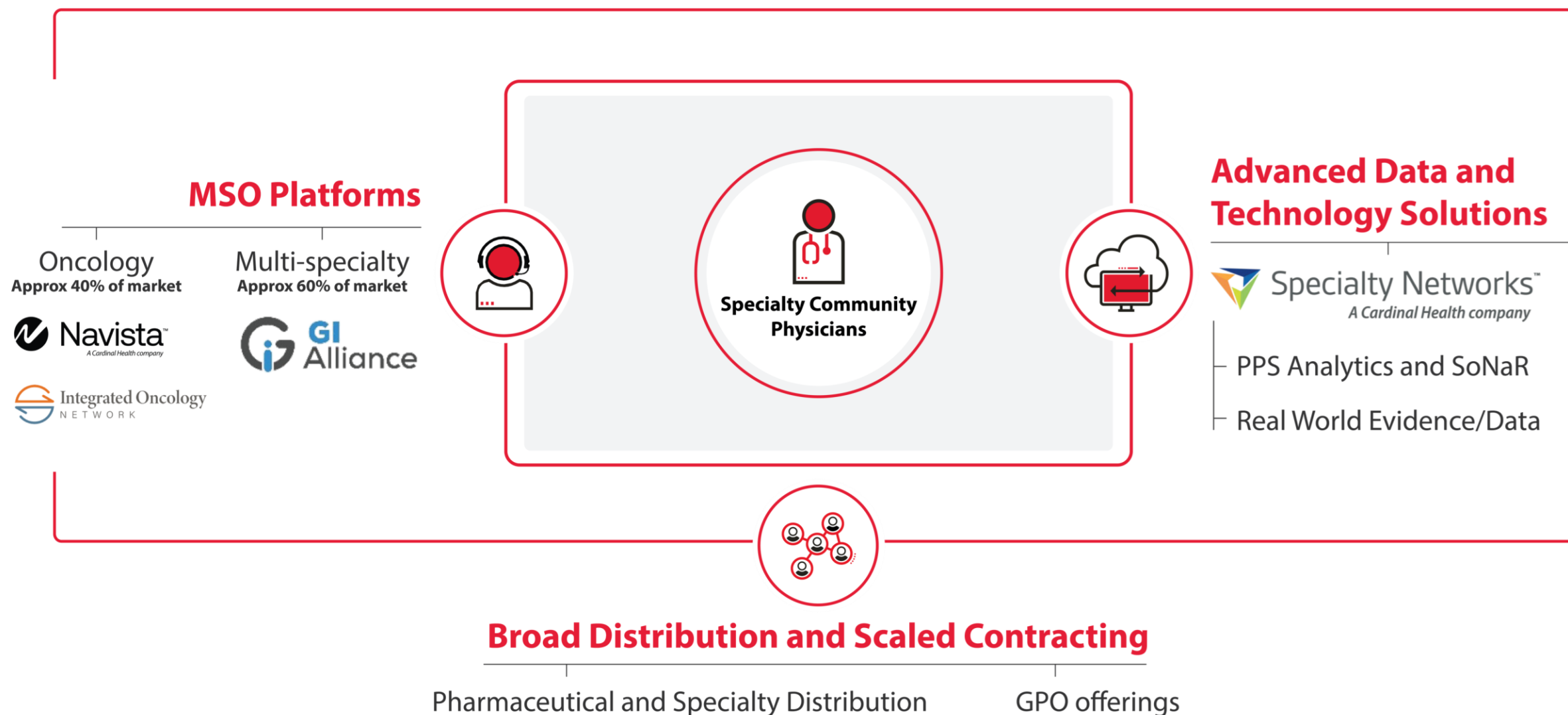
**2** Accelerate growth in **key areas**

**3** Execute **GMPD Improvement Plan** initiatives

and shareholder value creation



# Supporting community-based physicians with a comprehensive model



# Disciplined Capital Allocation Framework

FY24 – FY26

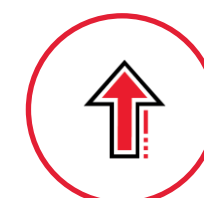
## Table stakes



Investing back into the business to drive organic growth



Maintain investment grade balance sheet



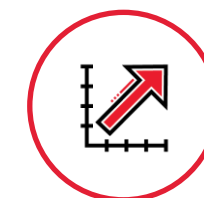
Baseline return of capital to shareholders

- Continue to grow the dividend
- Baseline share repurchases

## Opportunistic levers



Active, disciplined and targeted M&A



Additional opportunistic share repurchases

## FY25 Progress



**\$189M in YTD capex**



**Completed** annual opioid settlement payment  
**Credit ratings maintained** by **all 3 rating agencies** post acquisition announcements



**~\$625M in baseline capital returned to shareholders**

- **\$375M** of \$500M FY25 baseline share repurchases
- **\$250M** in dividend payments



Announced three acquisitions<sup>1</sup>:

- **Integrated Oncology Network** ✓
- **GI Alliance** ✓
- **Advanced Diabetes Supply Group**



**\$250M of opportunistic share repurchases** included in guidance<sup>2</sup>

<sup>1</sup>ION closed December 2, 2024, and GIA closing January 30, 2025

<sup>2</sup>Total \$750M (\$500M baseline, \$250M opportunistic); completed \$375M total YTD



# Compelling investment thesis

## Moving healthcare forward



### Pharmaceutical and Specialty Solutions

**Resilient and growing business**, supported by **key trends** and **strong core foundation**

Investing to **further accelerate Specialty** growth

Expecting **4% to 6% segment profit long-term growth CAGR**



### at-Home, NPHS & OptiFreight

Favorable **long-term industry trends**

**Margin-accretive** opportunities

Investing to build upon their **strong growth trajectories**



### Medical Products and Distribution

Executing our plan to **improve performance** in Global Medical Products and Distribution

**Seeing momentum** and expecting significant year-over-year improvement



### Cash flow and capital deployment

Continued **robust adjusted free cash flow** generation

**Responsible** capital deployment includes **disciplined and strategic M&A** and **significant return of capital** to shareholders



### Value creation

Relentlessly focused on **maximizing shareholder value**

Continue to take actions to drive **additional value creation**



**Defensive growth:** Resilient business models and **double-digit non-GAAP EPS** growth opportunity



Upcoming:

# Investor Day

## June 12, 2025

Focus areas to include:

- Specialty strategy
- Growth businesses
- GMPD Improvement Plan
- Long-term targets
- Capital allocation framework

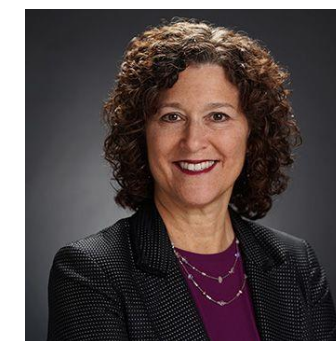
Featuring management including:



**Jason Hollar**  
CEO



**Aaron Alt**  
CFO



**Debbie Weitzman**  
Pharmaceutical &  
Specialty Solutions



**Rob Schlissberg**  
at-Home Solutions



**Mike Pintek**  
Nuclear & Precision  
Health Solutions



**Emily Gallo**  
OptiFreight® Logistics



**Steve Mason**  
GMPD





# Appendix



Cardinal Health, Inc. and Subsidiaries  
GAAP / Non-GAAP Reconciliation<sup>1</sup>



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

<sup>2</sup> Distribution, selling, general and administrative expenses.

<sup>3</sup> Attributable to Cardinal Health, Inc.

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  
GAAP / Non-GAAP Reconciliation<sup>1</sup>



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

<sup>2</sup> Distribution, selling, general and administrative expenses.

<sup>3</sup> Attributable to Cardinal Health, Inc.

<sup>4</sup> For fiscal 2024, impairments and (gain)/loss on disposals of assets, net includes pre-tax goodwill impairment charges of \$675 million related to the GMPD segment. The net tax benefit related to these charges was \$58 million and were included in the annual effective tax rate.

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

GAAP / Non-GAAP Reconciliation - GAAP Cash Flow to Non-GAAP Adjusted Free Cash Flow

(in millions)	Second Quarter		Year-to-Date	
	2025	2024	2025	2024
<b>GAAP - Cash Flow Categories</b>				
Net cash provided by/(used in) operating activities	\$ (400)	\$ 1,179	\$ (2,047)	\$ 1,707
Net cash used in investing activities	(976)	(105)	(1,064)	(168)
Net cash provided by/(used in) financing activities	2,331	(353)	1,791	(1,019)
Effect of exchange rates changes on cash and equivalents	(12)	6	(3)	1
<b>Net increase/(decrease) in cash and equivalents</b>	<b>\$ 943</b>	<b>\$ 727</b>	<b>\$ (1,323)</b>	<b>\$ 521</b>
<b>Non-GAAP Adjusted Free Cash Flow</b>				
Net cash provided by/(used in) operating activities	\$ (400)	\$ 1,179	\$ (2,047)	\$ 1,707
Additions to property and equipment	(99)	(114)	(189)	(206)
Payments related to matters included in litigation (recoveries)/charges, net	245	(27)	621	515
<b>Non-GAAP Adjusted Free Cash Flow</b>	<b>\$ (254)</b>	<b>\$ 1,038</b>	<b>\$ (1,615)</b>	<b>\$ 2,016</b>

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



Cardinal Health, Inc. and Subsidiaries  
Segment Information

Second Quarter						
(in millions)	Pharmaceutical and Specialty Solutions		Global Medical Products and Distribution		Other	
	2025	2024	2025	2024	2025	2024
<b>Revenue</b>						
Amount	\$ 50,849	\$ 53,202	\$ 3,154	\$ 3,127	\$ 1,283	\$ 1,135
Growth rate	(4)%	12 %	1 %	2 %	13 %	11 %
<b>Segment profit</b>						
Amount	\$ 531	\$ 495	\$ 18	\$ 11	\$ 118	\$ 106
Growth rate	7 %	10 %	N.M.	N.M.	11 %	10 %
Segment profit margin	1.04%	0.93 %	0.57%	0.35 %	9.20%	9.34 %

Year-to-Date						
(in millions)	Pharmaceutical and Specialty Solutions		Global Medical Products and Distribution		Other	
	2025	2024	2025	2024	2025	2024
<b>Revenue</b>						
Amount	\$ 98,839	\$ 103,790	\$ 6,277	\$ 6,159	\$ 2,469	\$ 2,186
Growth rate	(5)%	12 %	2 %	- %	13 %	10 %
<b>Segment profit</b>						
Amount	\$ 1,061	\$ 951	\$ 26	\$ 23	\$ 222	\$ 202
Growth rate	12 %	12 %	13 %	N.M.	10 %	4 %
Segment profit margin	1.07%	0.92 %	0.41%	0.37 %	8.99%	9.24 %

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



**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 2025 GAAP results. Over the past five fiscal years, the excluded items have impacted the Company's EPS from \$3.49 to \$18.06, which includes a \$17.54 charge related to the opioid litigation we recognized in fiscal 2020.



## Cardinal Health, Inc. and Subsidiaries

### Definitions

**Growth rate calculation:** growth rates in this report 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).

**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 shareholder cooperation agreement costs.

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

**Non-GAAP earnings before income taxes:** earnings before income taxes excluding (1) LIFO charges/(credits), (2) state opioid assessment related to prior fiscal years, (3) shareholder cooperation agreement costs, (4) restructuring and employee severance, (5) amortization and other acquisition-related costs, (6) impairments and (gain)/loss on disposal of assets, net, (7) litigation (recoveries)/charges, net and (8) loss on early extinguishment of debt.

**Non-GAAP net earnings attributable to Cardinal Health, Inc.:** net earnings attributable to Cardinal Health, Inc. excluding (1) LIFO charges/(credits), (2) state opioid assessment related to prior fiscal years, (3) shareholder cooperation agreement costs, (4) restructuring and employee severance, (5) amortization and other acquisition-related costs, (6) impairments and (gain)/loss on disposal of assets, net, (7) litigation (recoveries)/charges, net and (8) loss on early extinguishment of debt, each net of tax.

**Non-GAAP effective tax rate:** provision for income taxes adjusted for the tax impacts of (1) LIFO charges/(credits), (2) state opioid assessment related to prior fiscal years, (3) shareholder cooperation agreement costs, (4) restructuring and employee severance, (5) amortization and other acquisition-related costs, (6) impairments and (gain)/loss on disposal of assets, net, (7) litigation (recoveries)/charges, net and (8) loss on early extinguishment of debt divided by (earnings before income taxes adjusted for the eight items above).

**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.

**Non-GAAP adjusted free cash flow:** net cash provided by operating activities less payments related to additions to property and equipment, excluding settlement payments and receipts related to matters included in litigation (recoveries)/charges, net, as defined above, or other significant and unusual or non-recurring cash payments or receipts.



**Cardinal Health, Inc. and Subsidiaries**  
**Definitions continued**

<sup>1</sup> 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. We did not recognize any LIFO charges or credits during the periods presented.

<sup>2</sup> 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 period in which the expense is incurred. 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. Income from state opioid assessments related to prior fiscal years represents reversals of accruals due to changes in estimates or when the underlying assessments were invalidated by a Court or reimbursed by manufacturers.

<sup>3</sup> Shareholder cooperation agreement costs includes costs such as legal, consulting and other expenses incurred in relation to the agreement (the "Cooperation Agreement") entered into among Elliott Associates, L.P., Elliott International, L.P. (together, "Elliott") and Cardinal Health. These include costs incurred to negotiate and finalize the Cooperation Agreement and costs incurred by the Business Review Committee of the Board of Directors, formed under this Cooperation Agreement, tasked with undertaking a comprehensive review of our strategy, portfolio, capital allocation framework, and operations. We have excluded these costs from our non-GAAP metrics because they do not occur in or reflect the ordinary course of our ongoing business operations and may obscure analysis of trends and financial performance. The Cooperation Agreement expired in the second quarter of fiscal 2025.

<sup>4</sup> Restructuring and employee severance costs are excluded because they are not part of the ongoing operations of our underlying business and include, but are not limited to, costs related to divestitures, closing and consolidating facilities, changing the way we manufacture or distribute our products, moving manufacturing of a product to another location, changes in production or business process outsourcing or insourcing, employee severance and realigning operations.

<sup>5</sup> 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.

<sup>6</sup> Impairments and gain or loss on disposal of assets, net 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.

<sup>7</sup> 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.

<sup>8</sup> 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.

The tax effect for each of the items listed above is determined using the tax rate and other tax attributes applicable to the item and the jurisdiction(s) in which the item is recorded. The gross, tax and net impact of each item are presented with our GAAP to non-GAAP reconciliations.

Non-GAAP adjusted free cash flow: We provide this non-GAAP financial measure as a supplemental metric to assist readers in assessing the effects of items and events on our cash flow on a year-over-year basis and in comparing our performance to that of our peer group companies. In calculating this non-GAAP metric, certain items are excluded from net cash provided by operating activities because they relate to significant and unusual or non-recurring events and are inherently unpredictable in timing and amount. We believe adjusted free cash flow is important to management and useful to investors as a supplemental measure as it indicates the cash flow available for working capital needs, debt repayments, dividend payments, share repurchases, strategic acquisitions, or other strategic uses of cash. A reconciliation of our GAAP financial results to Non-GAAP adjusted free cash flow is provided in Schedule 6 of the financial statement tables included with this release.

