



CardinalHealth™

NYSE: CAH

Cardinal Health, Inc.

Fundamental Analysis



The Globetrotting Investor

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Introduction

GICS Sector: Healthcare

Sub-Industry: Medical Distribution



CEO: Jason Hollar

Tenure: 0.5 years

Cardinal Health, Inc's management team has an average tenure of **3.3 years**. It is considered experienced.

Source of revenue:

- Cardinal Health, Inc. is a globally integrated healthcare services and products company providing customised solutions for hospitals, healthcare systems, pharmacies, ambulatory surgery centres, clinical laboratories, physician offices and patients in the home.
- The company operates in two segments: Pharmaceutical and Medical.
- The Pharmaceutical segment distributes and repackages branded and generic pharmaceutical products, offers healthcare services, and provides pharmacy management services to hospitals and healthcare providers.
- The Medical segment produces and distributes medical, surgical, and laboratory products, including Cardinal Health, branded products, and national brands. The segment also provides supply chain services and solutions to healthcare providers and assembles and sells procedure kits.
- Please visit my website to learn more.



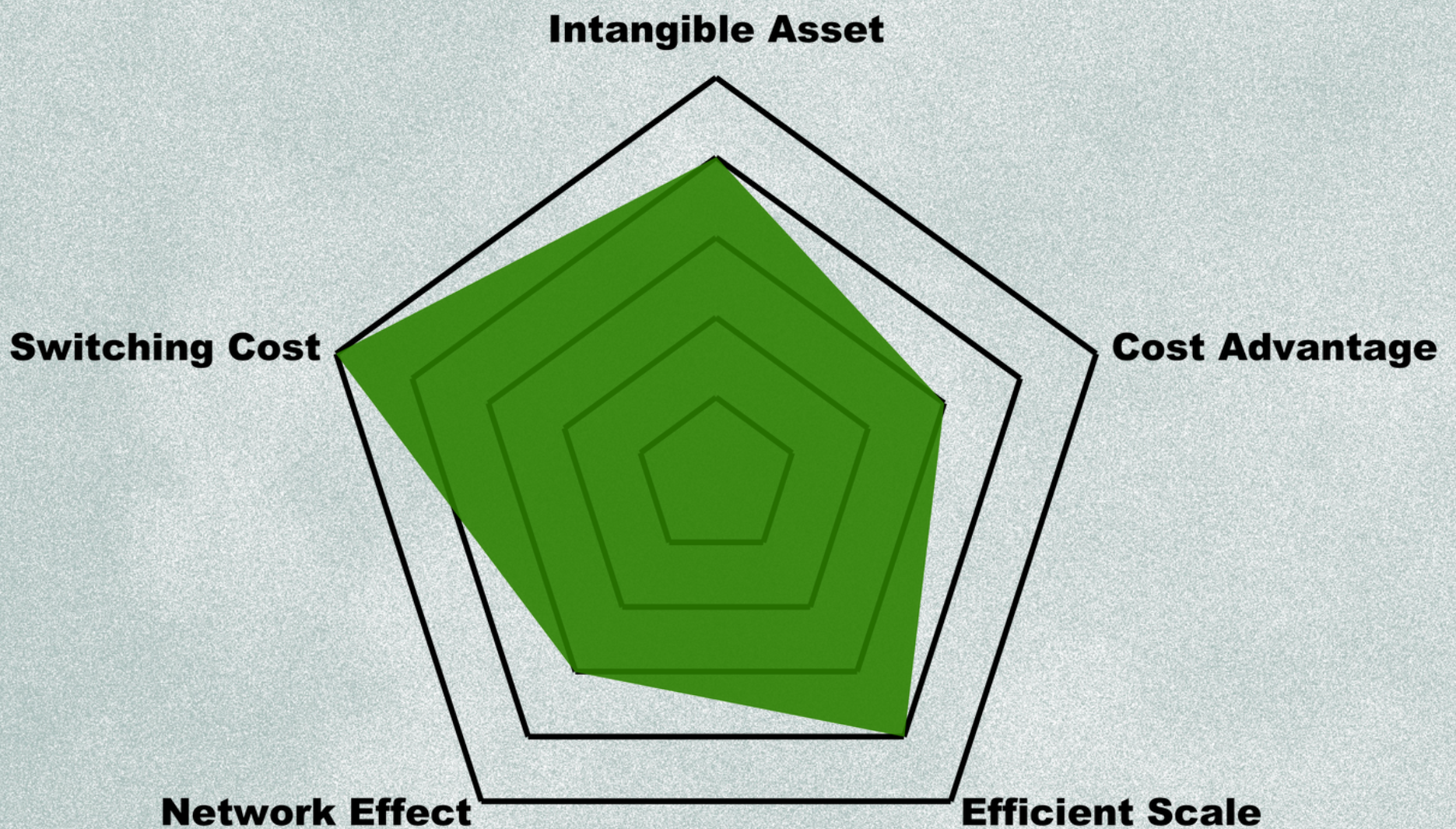
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Economic Moat



Economic moat: **Narrow**

There are many ways to identify a company's economic moat, but I focus on the above 5 types. The rating is purely subjective, and it is based on my in-depth understanding and analysis of the company.



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Performance

	Yes	Inconsistent	No
Revenue growing YoY for the past 5 years consistently?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Net income growing YoY for the past 5 years consistently?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Cash flow from operating activities growing YoY for the past 5 years consistently?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Free cash flow is positive for the past 5 years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gross margin % is consistent/growing for the past 5 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
EPS growing for the past 5 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>





Management Effectiveness

Yes

Inconsistent

No

ROE is consistently at 12%-15%
YoY for the past 5 years?

Cardinal Health's liabilities exceed its assets, so it is difficult to calculate its ROE.

ROIC is consistently at 12%-15%
YoY for the past 5 years?

ROIC
89.30%

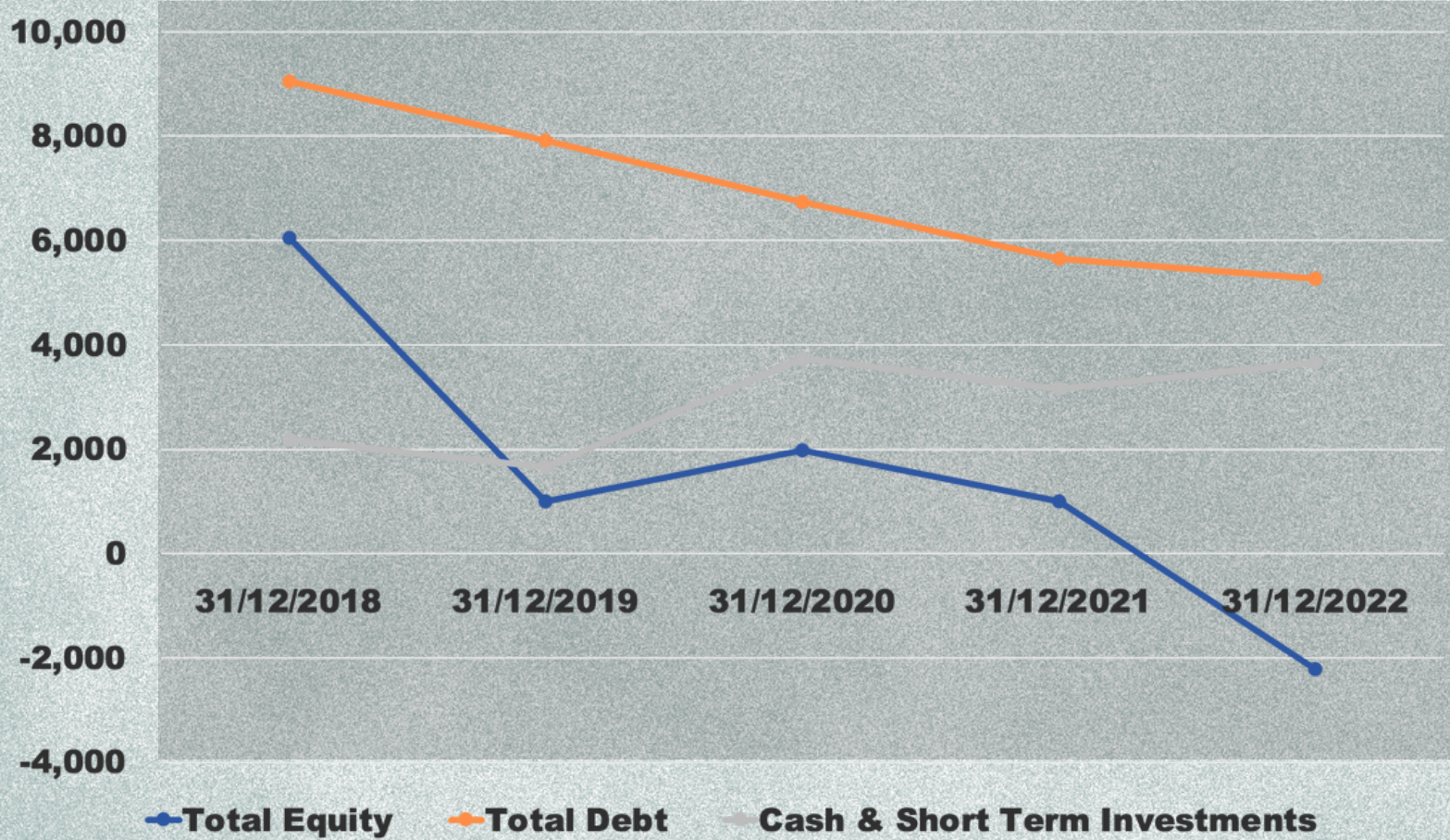
WACC
5.50%





Financial Health

USD Millions



Current Ratio: 1.0



Debt-to-EBITA: 8.3



Interest Coverage: 12.9



Debt Servicing Ratio: 3.8%



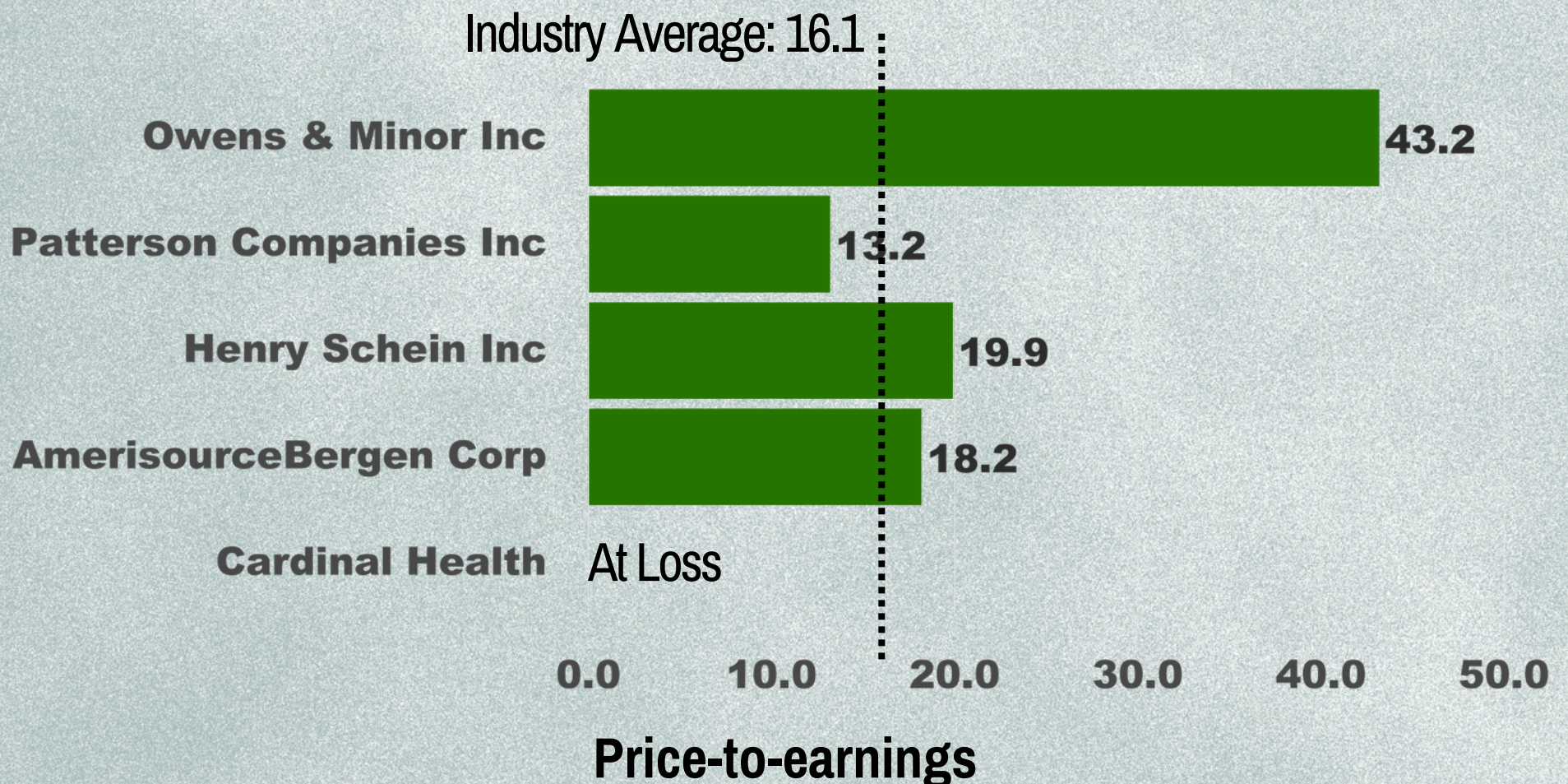
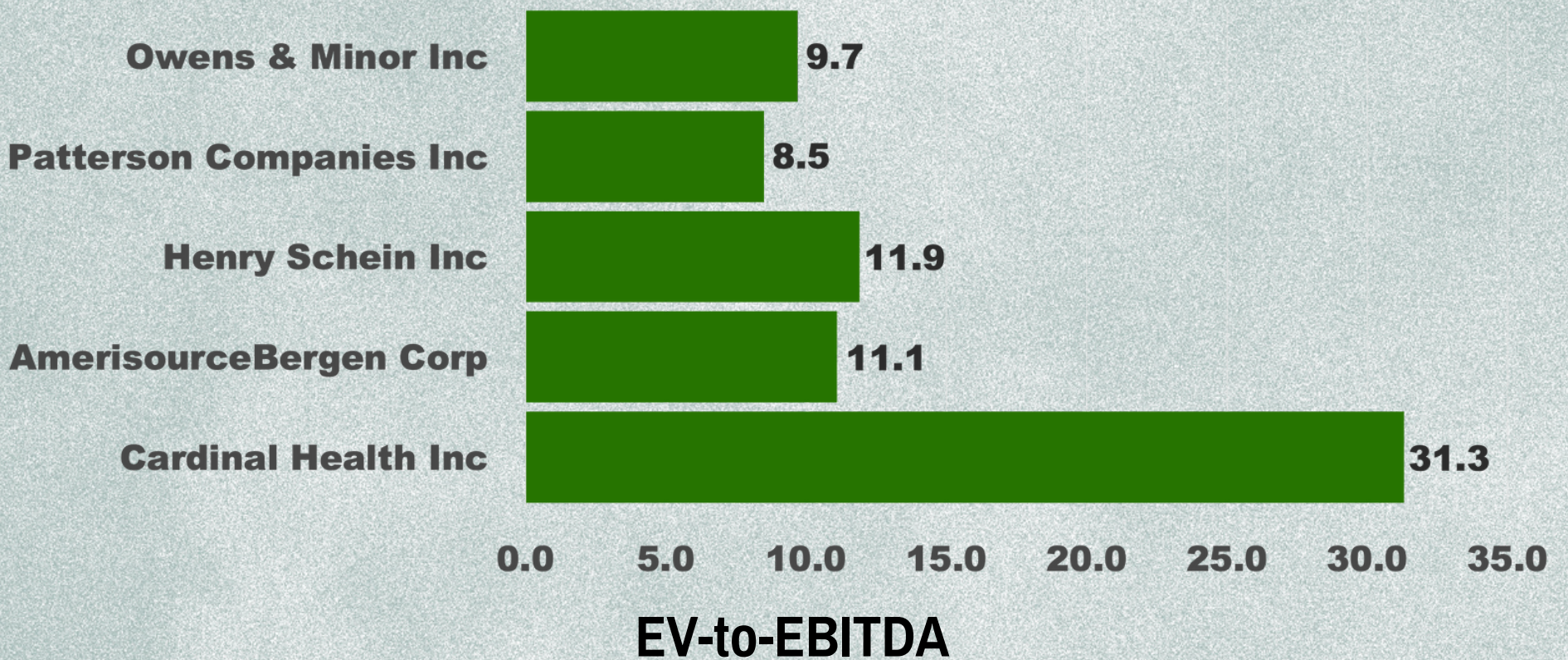
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Relative Valuation





Intrinsic Valuation

Estimated intrinsic value: **\$210.86**

Value is calculated using discounted cash flow method (taking into account their cash and debt) and scenario planning.

Average free cash flow used: USD\$2,400M

Projected growth rate: 7% - 9%

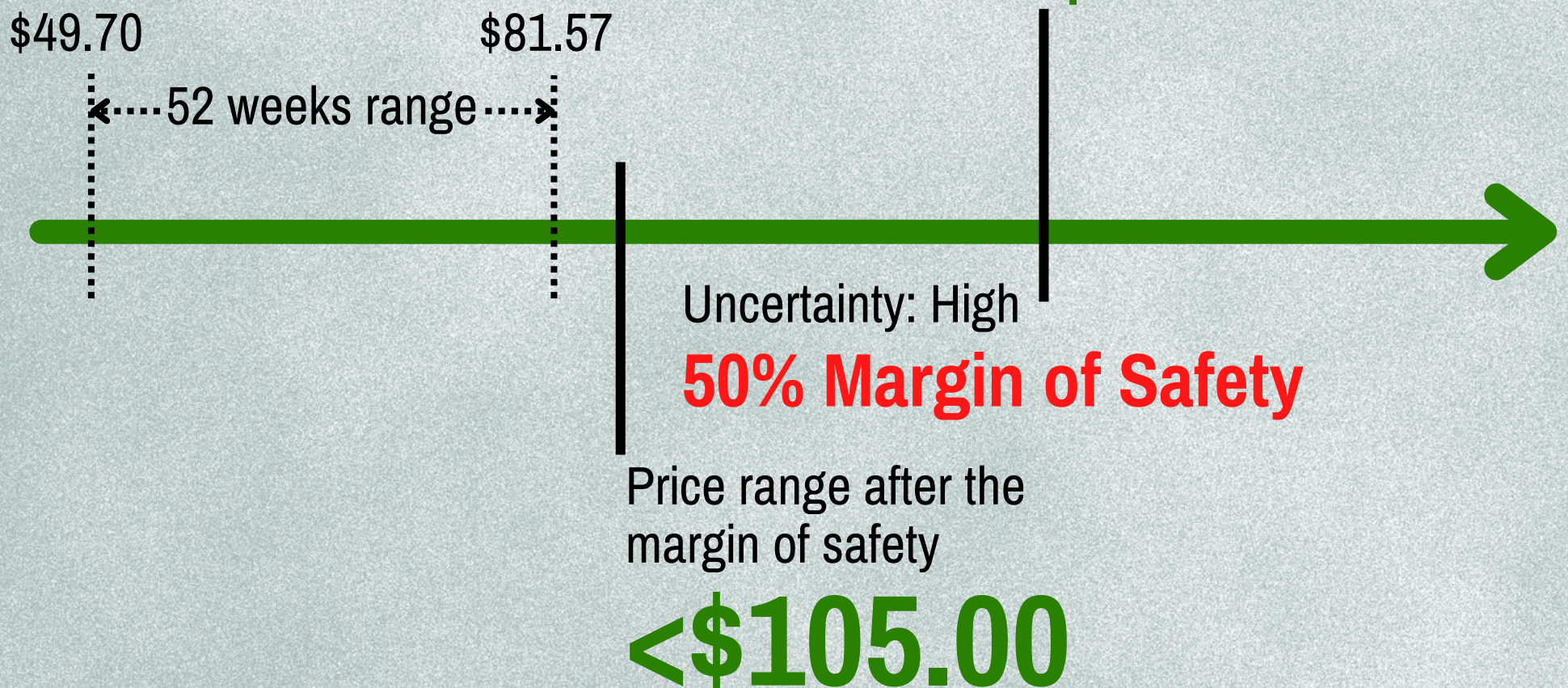
Beta: 0.76

Discount rate: 5.8%

Date of calculation: 24 Mar 2023

Estimated intrinsic value of
Cardinal Health Inc

\$210.86



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