



Cardinal Health Inc. (CAH)

Updated February 7th, 2026, by Nathan Parsh

Key Metrics

Current Price:	\$226	5 Year Annual Expected Total Return:	-4.4%	Market Cap:	\$54 B
Fair Value Price:	\$133	5 Year Growth Estimate:	5.0%	Ex-Dividend Date:	04/01/26 ¹
% Fair Value:	170%	5 Year Valuation Multiple Estimate:	-10.0%	Dividend Payment Date:	04/15/26 ²
Dividend Yield:	0.9%	5 Year Price Target	\$170	Years Of Dividend Growth:	39
Dividend Risk Score:	B	Sector:	Health Care	Rating:	Hold

Overview & Current Events

Dublin, Ohio-based Cardinal Health is one of the “Big 3” drug distribution companies along with McKesson (MKC) and AmerisourceBergen (ABC). Cardinal Health serves over 24,000 United States pharmacies and more than 85% of the country’s hospitals. Cardinal Health is comprised of two divisions: the Pharmaceutical and Specialty Solutions segment, which makes up the bulk of revenues, and the Global Medical Products and Distribution segment, which has higher margins and growth potential. The company has operations in more than 30 countries with approximately 48,000 employees. With 39 years of dividend increases, the \$54 billion market cap company is a member of the Dividend Aristocrats Index.

On May 5th, 2022, Cardinal Health announced that its prior agreement to pay \$6 billion over 18 years in a national opioid settlement was finalized. More than 98% of lawsuits are included in this settlement.

On August 15th, 2025, Cardinal Health increased its quarterly dividend 1% to \$0.5157.

On November 3rd, 2025, Cardinal Health announced that it had completed its purchase of Solaris Health, which adds more than 750 providers across 250 practice locations in 14 states.

On February 5th, 2026, Cardinal Health announced the results for the second quarter of fiscal year 2026 for the period ending December 31st, 2025. For the quarter, revenue grew 18.6% to \$65.6 billion, which topped estimates by \$360 million. Adjusted earnings-per-share of \$2.63 per share compared favorably to \$1.93 in the prior year and was \$0.26 better than expected.

Acquisitions greatly aided results during the quarter. For the quarter, revenue for the Pharmaceutical and Specialty Solutions segment improved 19% to \$60.7 billion while segment profit increased 29% to \$687 million. Growth continues to be driven by gains in brand and specialty pharmaceutical products from existing and new customers. Revenue for the Global Medical Products and Distribution segment was up 3% to \$3.3 billion. Segment profit of \$37 million compared favorably to \$18 million in the prior year. Volume continues to improve due to ongoing higher demand from existing customers offset by tariffs. The “Other” category had revenue growth of 34% to \$1.7 billion while segment profit was higher by 52% to \$179 million. The company stated that it has an annual baseline share repurchase goal of \$750 million.

Cardinal Health provided updated guidance for fiscal year 2026 as well, with the company now expecting adjusted earnings-per-share in a range of \$10.15 to \$10.35 for the year, up from \$9.65 to \$9.85 and \$9.30 to \$9.50 previously. We have updated our forecast accordingly.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$5.24	\$5.40	\$5.00	\$5.28	\$5.45	\$5.57	\$5.06	\$5.85	\$7.53	\$8.24	\$10.25	\$13.08
DPS	\$1.61	\$1.81	\$1.86	\$1.91	\$1.93	\$1.94	\$1.96	\$1.98	\$2.00	\$2.02	\$2.04	\$2.14
Shares³	322	316	309	298	294	294	275	254	245	240	237	230

¹ Estimated ex-dividend date.

² Estimate dividend payment date.

³ In millions.

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Cardinal Health has grown earnings-per-share by an average compound rate of 5.2% and 13% over the last 10- and five-year periods of time, respectively. Since fiscal 2015, the dividend has grown at 2.6% annually, but this has slowed to 1.0% for the last five years. Moving forward we do anticipate slightly lower growth rates as we still forecast 5% intermediate-term earnings growth. Our subdued growth rate view could turn out to be conservative, especially with the company's penchant for share repurchases. However, given the company's earnings performance in 2016 through 2020 and a hot-topic drug pricing environment we are cautious for now. Cardinal Health held up well during and after the COVID-19 the pandemic, especially with elective procedures making a comeback. We expect dividends to grow at just 1% annually moving forward given the recent rate of increases.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	14.9	14.4	14.6	9.5	9.2	9.8	10.4	16.3	13.1	20.4	22.0	13.0
Avg. Yld.	2.1%	2.3%	2.9%	3.8%	3.8%	3.6%	3.7%	2.1%	2.0%	1.2%	0.9%	1.3%

Shares of Cardinal Health have increased \$36, or 18.9%, since our November 3rd, 2025 report. The stock has traded hands with an average P/E ratio of 13.3 times earnings dating back to 2015, with the average valuation climbing to 14 times earnings more recently. We reaffirm our target P/E of 13 as this better reflects the medium- and long-term average valuations. Reaching our valuation target by 2031 would reduce annual returns by 10% over this period. The dividend yield remains lower than it has been in several years, primarily due to a higher share price and lower increases.

Safety, Quality, Competitive Advantage, & Recession Resiliency

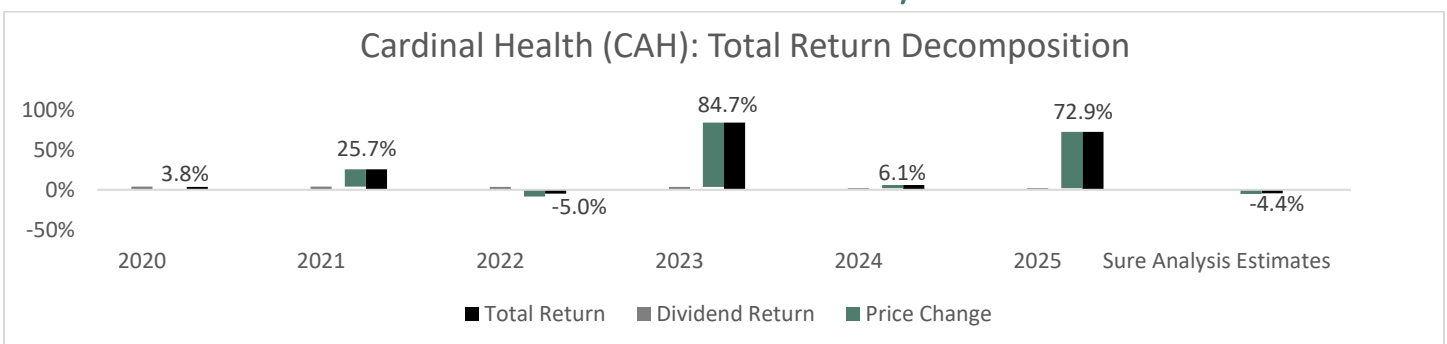
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	31%	34%	37%	36%	35%	35%	39%	34%	27%	25%	20%	16%

Collectively the three major pharmaceutical wholesalers have a competitive advantage in the industry. Competition is held at bay by the massive scale already in place and the exceptionally low margins. Cardinal Health has proven to be a solid operator in many ways – strong earnings for the past decade, a growing dividend and ample interest coverage. The dividend payout ratio had ticked up slightly in recent years, but its back to about a third of expected profits. In turn, the company has the ability to repurchase a meaningful number of shares.

Final Thoughts & Recommendation

Following second quarter results, Cardinal Health is projected to return -4.4% annually through fiscal year 2031, compared to our prior estimate return of -1.9%. Our forecast stems from a 5% growth rate and a 0.9% dividend yield that are more than offset by a double-digit headwind from multiple contraction. Shares have surged over our last two reports following strong guidance and acquisitions. However, we believe that much of the good news is already priced into the stock. We have raised our five-year price target \$8 to \$170 to reflect EPS estimates, but we continue to view shares of Cardinal Health as a hold due to projected total returns and a solid dividend risk score.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue (\$B)	121.5	130.0	136.8	145.5	152.9	162.5	181.3	205.0	226.8	222.6
Gross Profit	6,543	6,544	7,181	6,834	6,868	6,778	6,484	6,874	7,414	7,856
Gross Margin	5.4%	5.0%	5.2%	4.7%	4.5%	4.2%	3.6%	3.4%	3.3%	3.5%
SG&A Exp.	3,648	3,775	4,596	4,480	4,572	4,533	4,512	4,800	5,000	5,382
D&A Exp.	641	717	1,032	1,000	913	783	692	692	710	790
Operating Profit	2,436	2,242	1,878	1,733	1,772	1,794	1,648	1,789	2,130	2,473
Operating Margin	2.0%	1.7%	1.4%	1.2%	1.2%	1.1%	0.9%	0.9%	0.9%	1.1%
Net Profit	1,427	1,288	256	1,363	(3,696)	611	(938)	330	852	1,569
Net Margin	1.2%	1.0%	0.2%	0.9%	-2.4%	0.4%	-0.5%	0.2%	0.4%	0.7%
Free Cash Flow	2,506	797	2,384	2,394	1,585	2,029	2,788	2,363	3,251	1,850
Income Tax	845	630	(487)	386	(79)	(289)	153	332	348	532

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	34,122	40,112	39,951	40,963	40,766	44,453	43,878	43,349	45,121	53,122
Cash & Equivalents	2,356	6,879	1,763	2,531	2,771	3,407	4,717	4,076	5,133	3,874
Acc. Receivable	7,405	8,048	7,800	8,448	8,264	9,103	10,561	11,108	12,084	13,242
Inventories	10,615	11,301	12,308	12,822	13,198	14,594	15,636	16,119	14,957	16,831
Goodwill & Int.	9,426	9,207	12,229	11,808	11,275	10,094	7,629	6,085	6,450	12,177
Total Liabilities	27,551	33,284	33,892	34,633	38,974	42,659	44,584	46,306	48,333	55,756
Accounts Payable	17,306	17,906	19,677	21,535	21,374	23,700	27,128	29,934	31,759	34,713
Long-Term Debt	5,539	10,395	9,013	8,031	6,775	6,236	5,315	4,701	5,092	9,181
Total Equity	6,554	6,808	6,059	6,328	1,789	1,791	(709)	(2,958)	(3,213)	(2,781)
LTD/E Ratio	0.85	1.53	1.49	1.27	3.79	3.48	(7.50)	(1.59)	(1.58)	(3.36)

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	4.4%	3.5%	0.6%	3.4%	-9.0%	1.4%	-2.1%	0.8%	1.9%	3.2%
Return on Equity	22.2%	19.2%	4.0%	22.0%	-91.0%	34.1%	-172.4%			
ROIC	12.0%	8.8%	1.6%	9.3%	-32.2%	7.4%	-14.8%	10.4%	47.0%	34.5%
Shares Out.	322	316	309	298	294	294	275	254	245	240
Revenue/Share	368.32	406.18	434.31	483.50	521.92	552.61	649.91	782.36	918.33	919.73
FCF/Share	7.59	2.49	7.57	7.95	5.41	6.90	9.99	9.02	13.16	7.64

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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