



Cardinal Health Inc. (CAH)

Updated August 30th, 2026, by Nathan Parsh

Key Metrics

Current Price:	\$235	5 Year Annual Expected Total Return:	5.3%	Market Cap:	\$55 B
Fair Value Price:	\$200	5 Year Growth Estimate:	8.0%	Ex-Dividend Date:	10/01/26
% Fair Value:	118%	5 Year Valuation Multiple Estimate:	-3.2%	Dividend Payment Date:	10/15/26
Dividend Yield:	0.9%	5 Year Price Target	\$294	Years Of Dividend Growth:	40
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 (MCK) 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 55,000 employees. With 40 years of dividend increases, the \$43 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 May 5th, 2026, Cardinal Health increased its quarterly dividend 1% to \$0.5158.

On August 11th, 2026, Cardinal Health announced results for the fourth quarter and fiscal year 2026, which ended June 30th, 2026. For the quarter, revenue grew 5.8% to \$63.7 billion, which beat estimates by \$1.44 billion. Adjusted earnings-per-share of \$2.91 per share compared favorably to \$2.08 in the prior year and was \$0.49 above expectations. For FY 2026, revenue grew 14% to \$254.2 billion while adjusted earnings-per-share of \$11.26 compared to \$8.24 in FY 2025.

For the quarter, revenue for the Pharmaceutical and Specialty Solutions segment was higher by 6% to \$55.4 billion while segment profit increased 21% to \$535 million. Growth was once again driven by gains in brand and specialty pharmaceutical products from existing and new customers. Revenue for the Global Medical Products and Distribution segment was lower by 2% \$3.2 billion. Segment profit of \$70 million was unchanged from the prior year. The revenue decrease was largely due to lower distribution volumes, but partially offset by Cardinal Health brand growth. Revenue for the “Other” category was up 7% to \$1.7 billion while segment profit improved 14% to \$160 million with all businesses seeing growth during the period. Management noted that overall results included a one-time benefit of tariff refunds totaling \$100 million during the quarter. The company repurchased \$350 million worth of shares during the quarter and has retired \$1.4 billion worth of stock during FY 2026. The company has stated that it has an annual baseline share repurchase goal of at least \$750 million.

Cardinal Health provided guidance for fiscal year 2027 as well, with the company expecting adjusted earnings-per-share in a range of \$12.40 to \$12.60 for the year. At the midpoint, this would represent growth of 11.0%. We have updated our forecast accordingly.

Growth on a Per-Share Basis

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
EPS	\$5.40	\$5.00	\$5.28	\$5.45	\$5.57	\$5.06	\$5.85	\$7.53	\$8.24	\$11.26	\$12.50	\$18.37
DPS	\$1.81	\$1.86	\$1.91	\$1.93	\$1.94	\$1.96	\$1.98	\$2.00	\$2.02	\$2.04	\$2.06	\$2.17
Shares¹	316	309	298	294	294	275	254	245	240	234	234	225

Cardinal Health has grown earnings-per-share by an average compound rate of 8.5% and 19.8% over the last 10- and five-year periods of time, respectively. Since fiscal 2016, the dividend has grown at 1.3% annually, but this has slowed to

¹ In millions.

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1.0% for the last five years. Moving forward we do anticipate slightly lower growth rates due to the high base from which EPS starts. However, we now anticipate 8% earnings growth, up from 5% previously, due to the strength of recent results. 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 the pricing environment we are cautious for now. Cardinal Health held up well during and after the COVID-19 the pandemic, especially when elective procedures made a comeback. We expect dividends to grow at just 1% annually moving forward given the recent rate of increases.

Valuation Analysis

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Now	2032
Avg. P/E	14.4	14.6	9.5	9.2	9.8	10.4	16.3	13.1	20.4	21.1	18.8	16.0
Avg. Yld.	2.3%	2.9%	3.8%	3.8%	3.6%	3.7%	2.1%	2.0%	1.2%	0.9%	0.9%	0.7%

Shares of Cardinal Health have gained \$51, or 27.7%, since our May 11th, 2026 report. The stock has traded hands with an average P/E ratio of 13.9 times earnings dating back to 2017, with the average valuation climbing to 16.3 times earnings more recently. We have raised our target P/E to 16 from 13 as this better reflects the medium-term average valuation and accounts for improved recent results. Reaching our valuation target by 2032 would reduce annual returns by 3.2% 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

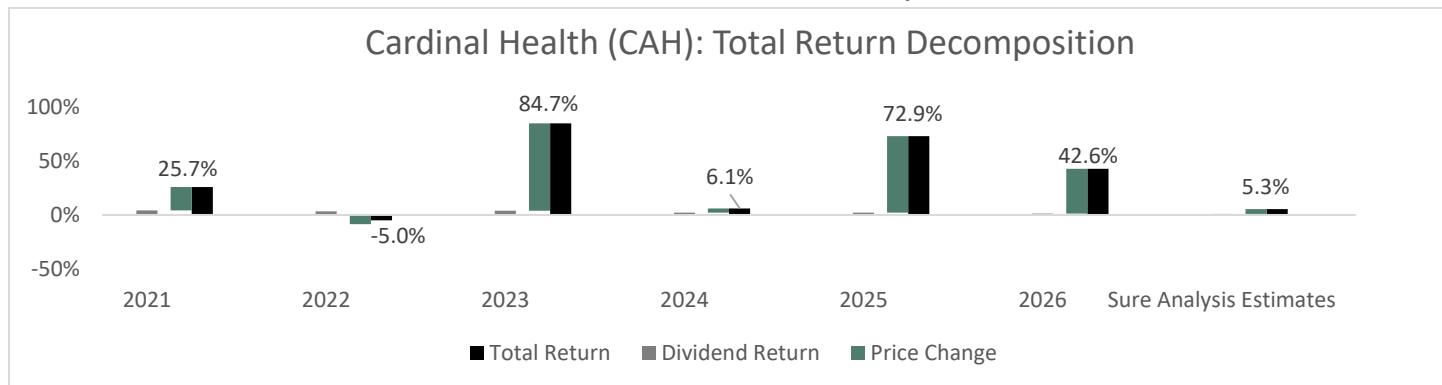
Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
Payout	34%	37%	36%	35%	35%	39%	34%	27%	25%	18%	16%	12%

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 payout ratio had ticked down in recent years as earnings growth far outpaced dividend growth. Additionally, the company has the ability to repurchase a meaningful number of shares.

Final Thoughts & Recommendation

Following fourth quarter results, Cardinal Health is projected to return 5.3% annually through fiscal year 2032, up from our prior estimate return of 0.5%. Our forecast stems from an 8% EPS growth rate and a 0.9% dividend yield that are partially offset by a small headwind from multiple contraction. We have raised our five-year price target \$116 to \$294 to reflect EPS estimates for FY 2027 and a higher target valuation, 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	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue (\$B)	130.0	136.8	145.5	152.9	162.5	181.3	205.0	226.8	222.6	254.2
Gross Profit	6,544	7,181	6,834	6,868	6,778	6,484	6,874	7,414	7,856	9,397
Gross Margin	5.0%	5.2%	4.7%	4.5%	4.2%	3.6%	3.4%	3.3%	3.5%	3.7%
SG&A Exp.	3,775	4,596	4,480	4,572	4,533	4,512	4,800	5,000	5,382	6,132
D&A Exp.	717	1,032	1,000	913	783	692	692	710	790	956
Operating Profit	2,242	1,878	1,733	1,772	1,794	1,648	1,789	2,130	2,473	3,264
Operating Margin	1.7%	1.4%	1.2%	1.2%	1.1%	0.9%	0.9%	0.9%	1.1%	1.3%
Net Profit	1,288	256	1,363	(3,696)	611	(938)	330	852	1,569	1,705
Net Margin	1.0%	0.2%	0.9%	-2.4%	0.4%	-0.5%	0.2%	0.4%	0.7%	0.7%
Free Cash Flow	797	2,384	2,394	1,585	2,029	2,788	2,363	3,251	1,850	4,525
Income Tax	630	(487)	386	(79)	(289)	153	332	348	532	469

Balance Sheet Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Assets	40,112	39,951	40,963	40,766	44,453	43,878	43,349	45,121	53,122	57,299
Cash & Equivalents	6,879	1,763	2,531	2,771	3,407	4,717	4,076	5,133	3,874	4,856
Acc. Receivable	8,048	7,800	8,448	8,264	9,103	10,561	11,108	12,084	13,242	13,815
Inventories	11,301	12,308	12,822	13,198	14,594	15,636	16,119	14,957	16,831	17,297
Goodwill & Int.	9,207	12,229	11,808	11,275	10,094	7,629	6,085	6,450	12,177	13,631
Total Liabilities	33,284	33,892	34,633	38,974	42,659	44,584	46,306	48,333	55,756	60,023
Accounts Payable	17,906	19,677	21,535	21,374	23,700	27,128	29,934	31,759	34,713	38,283
Long-Term Debt	10,395	9,013	8,031	6,775	6,236	5,315	4,701	5,092	9,181	9,747
Total Equity	6,808	6,059	6,328	1,789	1,791	(709)	(2,958)	(3,213)	(2,781)	(2,883)
LTD/E Ratio	1.53	1.49	1.27	3.79	3.48	(7.50)	(1.59)	(1.58)	(3.36)	(3.45)

Profitability & Per Share Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Return on Assets	3.5%	0.6%	3.4%	-9.0%	1.4%	-2.1%	0.8%	1.9%	3.2%	3.1%
Return on Equity	19.2%	4.0%	22.0%	-91.0%	34.1%	-172.4%				
ROIC	8.8%	1.6%	9.3%	-32.2%	7.4%	-14.8%	10.4%	47.0%	34.5%	24.5%
Shares Out.	316	309	298	294	294	275	254	245	240	234
Revenue/Share	406.18	434.31	483.50	521.92	552.61	649.91	782.36	918.33	919.73	1,072.7
FCF/Share	2.49	7.57	7.95	5.41	6.90	9.99	9.02	13.16	7.64	19.09

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

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