

Cardinal Health (NYSE:CAH)

Favorable Outlook For Home Healthcare

6 February 2024

NYSE:CAH	PRICE: \$103.63	52W H/L: \$68.5 / 111.4	BETA: 0.70
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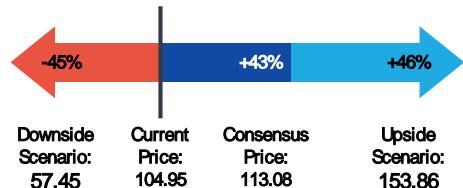
Bottom Line. Cardinal's diversified product offering, allows the companies to capitalize off multiple industry trends, including the growth in radiopharmaceuticals and home care. With a disciplined capital allocation framework, Cardinal aims to provide maximum shareholder value through organic growth, active M&A, and share repurchases.

Pharmaceutical Segment Powering Cardinal's Growth. Cardinal Health's Pharmaceutical segment has provided the most value for the company generating a return of 10-12% CAGR, as the company provides a variety of Specialty pharmaceuticals this allows the company to operate in a niche market. Most notably their radiopharmaceutical, which consists of national only PEC and SPECT product. Cardinal in their investor presentation has made it a strategic priority to continue investing in this segment.

Accelerating Growth in Specialty. On January 31st, Cardinal Health Acquired Specialty Networks for \$1.2 Billion cash. Specialty Networks is a platform focused on independent physician practices across urology, gastroenterology and rheumatology. Cardinal plans to not only enhance the company's current portfolio but incorporate it with Cardinal's existing platforms such as Navista. The main goal is to expand across specialty therapeutic areas

Prepared For Favorable Demographic Shifts. The increased number of chronic illnesses due to obesity, aging, and physical inability will favor Cardinal's At-Home Solution. Home healthcare is less expensive, provides immediate care, and reduces logistical strain on hospitals. Currently, 95% of hospitals rely on Cardinal health for its products. Outlook for home healthcare growth is expected to grow at 7.5% CAGR

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Key Data

Market Cap (\$mn)	\$25,164
Enterprise Value	\$25,298
Avg. Daily Volume	2.16
Index	NYSE
Domicile	United States

Historical Valuation Multiples

	'20A	'21A	'22A
EV/Revenue (x)	0.14	0.12	0.11
EV/EBITDA (x)	7.21.	6.99	7.83
P/Adj. EPS (x)	15.82	15.08	19.15
P/FCF (x)	11.24	32.49	11.65

Capital Structure and Solvency

	'20A	'21A	'22A
Debt/Equity (%)	403.8	374.3	(828.3)
Debt/Capital (%)	80.2	78.9	113.7
EBIT/Interest (x)	7.4	10.0	11.2
Debt/EBITDA (x)	2.6	2.5	2.4

Price Performance

