

CARDINAL HEALTH INC
Form 10-Q
November 07, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended September 30, 2013

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the transition period from _____ to _____

Commission File Number: 1-11373

Cardinal Health, Inc.

(Exact name of registrant as specified in its charter)

Ohio

31-0958666

(State or other jurisdiction of
incorporation or organization)

(IRS Employer
Identification No.)

7000 Cardinal Place, Dublin, Ohio

43017

(Address of principal executive offices)

(Zip Code)

(614) 757-5000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past

90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of the registrant's common shares, without par value, outstanding as of October 31, 2013, was the following: 341,476,573.

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* Items not listed are inapplicable.

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Part I. Financial Information

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Item 1: Financial Statements

Condensed Consolidated Statements of Earnings (Unaudited)

(in millions, except per common share amounts)	Three Months Ended September 30	
	2013	2012
Revenue	\$24,523	\$25,889
Cost of products sold	23,259	24,730
Gross margin	1,264	1,159
Operating expenses:		
Distribution, selling, general and administrative expenses	732	690
Restructuring and employee severance	11	5
Amortization and other acquisition-related costs	49	28
Impairments and loss on disposal of assets	—	1
Litigation (recoveries)/charges, net	1	(22)
Operating earnings	471	457
Other income, net	(4)	(8)
Interest expense, net	33	26
Earnings before income taxes and discontinued operations	442	439
Provision for income taxes	102	167
Earnings from continuing operations	340	272
Loss from discontinued operations, net of tax	(1)	(1)
Net earnings	\$339	\$271
Basic earnings per common share:		
Continuing operations	\$1.00	\$0.80
Discontinued operations	—	—
Net basic earnings per common share	\$1.00	\$0.80
Diluted earnings per common share:		
Continuing operations	\$0.99	\$0.79
Discontinued operations	—	—
Net diluted earnings per common share	\$0.99	\$0.79
Weighted-average number of common shares outstanding:		
Basic	340	341
Diluted	344	344
Cash dividends declared per common share	\$0.3025	\$0.2375
See notes to condensed consolidated financial statements.		

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

(in millions)	Three Months Ended September 30	
	2013	2012
Net earnings	\$ 339	\$ 271
Other comprehensive income:		
Net change in foreign currency translation adjustments	24	25
Net unrealized loss on derivative instruments, net of tax	—	(1)
Total other comprehensive income, net of tax	24	24
Total comprehensive income	\$ 363	\$ 295
See notes to condensed consolidated financial statements.		

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Cardinal Health, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

(in millions)	September 30, 2013 (Unaudited)	June 30, 2013
Assets		
Current assets:		
Cash and equivalents	\$ 2,753	\$ 1,901
Trade receivables, net	4,898	6,304
Inventories, net	7,275	8,373
Prepaid expenses and other	1,111	1,192
Total current assets	16,037	17,770
Property and equipment, net	1,445	1,489
Goodwill and other intangibles, net	5,570	5,574
Other assets	764	