

First quarter 2023



Earnings conference call



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President and
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May 3, 2023

Cautionary statement

concerning forward-looking statements

This presentation includes forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by or on behalf of CVS Health Corporation (“CVS Health”). By their nature, all forward-looking statements are not guarantees of future performance or results and are subject to risks and uncertainties that are difficult to predict and/or quantify. Actual results may also differ materially from those contemplated by the forward-looking statements due to the risks and uncertainties related to the recent acquisitions of Signify Health, Inc. and Oak Street Health, Inc., and the impact of COVID-19 and any new variants or viruses, as well as the risks and uncertainties described in our Securities and Exchange Commission filings, including those set forth in the Risk Factors section and under the heading “Cautionary Statement Concerning Forward-Looking Statements” in our most recent Annual Report on Form 10-K, our most recent Quarterly Report on Form 10-Q, our recent Current Reports on Form 8-K, and this morning’s earnings press release.

This presentation includes non-GAAP financial measures that we use to describe our company’s performance. In accordance with SEC regulations, you can find the definitions of these non-GAAP measures, as well as reconciliations to the most directly comparable GAAP measures, on the Investor Relations portion of our website.

[Link to our non-GAAP Reconciliations](#)

Financial highlights

Delivered strong revenue growth of **11%** and Adjusted EPS of **\$2.20** in the first quarter
Updating 2023 guidance, including net impact of Signify Health and Oak Street Health acquisitions

DELIVERED STRONG Q1 Financial results

11.0%
revenue growth

\$1.65
GAAP EPS

\$2.20
Adjusted EPS

\$7.4B
cash flow from operations

DEPLOYED CAPITAL TO GENERATE Shareholder value

Signify Health
acquisition closed in March

Oak Street Health
acquisition closed in May

\$779M
returned to shareholders
through quarterly dividend

22.8M
shares of common stock repurchased

FULL-YEAR 2023 Company guidance

\$348 – \$353B
Total company revenue

\$17.3 – \$17.7B
Total adjusted operating income

\$8.50 – \$8.70
Total company adjusted EPS

\$12.5 – \$13.5B
Total operating cash flow

Our strategic imperatives

Grow

our foundational
businesses

Harness

cutting-edge tech to
streamline and simplify

Advance

care delivery and
health services offerings

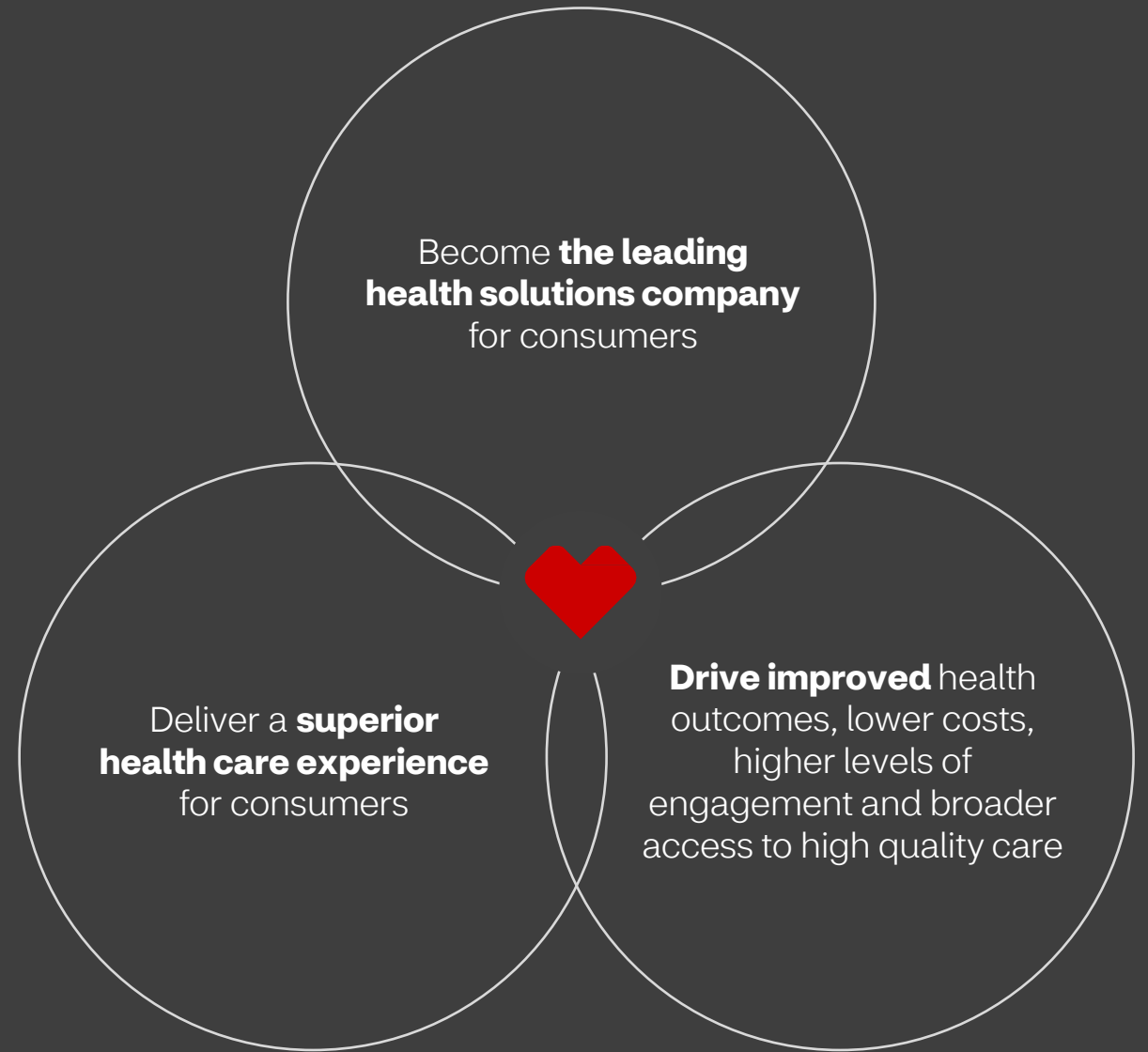
Empower

our people
and culture

Reimagine

our omnichannel
health experience

Our vision



Q1 2023 financial statement changes

Segmentation realignment

- Formed new **Health Service Segment (“HSS”)** and created new **Pharmacy & Consumer Wellness segment (“PCW”)** (see slide 7)
- **Revised segment accounting treatment of Maintenance Choice product**, which previously reflected economics in both Pharmacy Services and Retail segments, regardless of where drugs were dispensed. This treatment drove large intersegment eliminations. **Economics will now only be reflected in PCW and adjusted operating income eliminations will be discontinued**
- Segment realignment of existing businesses, including transfer of **MinuteClinic to HSS and Coram to PCW**, had only modest impact

Accounting for long-duration insurance contracts

- Adopted a new accounting standard using a modified retrospective transition method
- Standard requires **review of underlying cash flow assumptions** at least annually; impact of **changes reflected in earnings**
- Impact to Q1 2022 results: **+\$42M**
- Impact to FY 2022 results: **+\$162M**
- Impacts several of our businesses, including **Medicare Supplemental**, as well as our discontinued **Long-Term Care and Large Case Pension** operations

Impact of net realized capital gains or losses

- Effective for the first quarter 2023, impact is **excluded from adjusted operating income**
- Enhances ability to compare past financial performance with its current performance and analyze underlying business performance and trends
- Consistent with how Aetna, which bears the vast majority of these impacts, reported these items prior to the acquisition

Aligning our segments with our strategic vision

○ Health Care Benefits

- ▶ Full range of insured and self-insured medical, pharmacy, dental and behavioral health products and services

○ Health Services

- ▶ Pharmacy benefit management solutions as well as specialty pharmacy and other services
- ▶ Multi-payor health care delivery capabilities, including primary care, retail health clinics, home health services, and provider enablement capabilities

○ Pharmacy & Consumer Wellness

- ▶ Traditional retail pharmacy, specialty and mail order pharmacy fulfillment, and infusion services
- ▶ Wide assortment of health & wellness products and general merchandise sold at community locations and online



our
vision

Become **the leading health solutions company** for consumers.

Deliver a **superior health care** experience for consumers.

Drive improved health outcomes, lower costs, higher levels of engagement and broader access to high quality care.

Consolidated results

Quarter results

in billions, except per share amounts

	Q1 2023	Q1 2022 (revised) ¹	Change %
Total Revenues	\$85.3	\$76.8	11.0%
Adjusted Operating Income	\$4.37	\$4.61	(5.1%)
GAAP Earnings per Share	\$1.65	\$1.77	(6.8%)
Adjusted Earnings per Share	\$2.20	\$2.30	(4.3%)
Cash Flow from Operations	\$7.4	\$3.6	108.8%

Full-year guidance

	Q1 2023 call May 3, 2023 (current Segmentation) ²	Q4 2022 call February 8, 2023 (prior Segmentation) ³
Total Revenues	\$347.7 to \$353.5	\$332.7 to \$338.5
Adjusted Operating Income	\$17.34 to \$17.70	\$17.32 to \$17.67
GAAP Earnings per Share	\$6.90 to \$7.12	\$7.73 to \$7.93
Adjusted Earnings per Share	\$8.50 to \$8.70	\$8.70 to \$8.90
Cash Flow from Operations	\$12.5 to \$13.5	\$12.5 to \$13.5

Financial highlights

Realigned the composition of the Company's segments, including:

- New **Health Services Segment**
- New **Pharmacy & Consumer Wellness** segment
- **Health Care Benefits** segment

Completed the acquisitions of **Signify Health on March 29** and **Oak Street Health on May 2**, significantly advancing our value-based care strategy by adding primary care, home health and provider enablement capabilities to our platform.

During the quarter, we **repurchased 22.8 million shares of common stock** and through our quarterly dividend, **we returned \$779 million to shareholders.**

Health care benefits

Quarter results	in billions, except MBR and membership	Q1 2023	Q1 2022 (revised) ¹	Change %
	Total Revenues	\$25.9	\$23.1	12.1%
	Adjusted Operating Income	\$1.82	\$1.86	(2.0%)
	Total Medical Membership	25.5	24.5	4.0%
	Commercial	18.0	17.2	4.5%
	Government	7.5	7.3	2.9%
Full-year guidance	Medical Benefits Ratio (MBR)	84.6%	83.4%	120 bps
		Q1 2023 call May 3, 2023 (current Segmentation) ²	Q4 2022 call February 8, 2023 (prior Segmentation) ³	
	Total Revenues	\$102.4 to \$103.9	\$101.4 to \$102.9	
	Adjusted Operating Income	\$6.39 to \$6.52	\$6.11 to \$6.24	
	Total Medical Membership	25.1 to 25.5	24.9 to 25.3	
	Medical Benefits Ratio (MBR)	84.7% +/- 50 bps	84.7% +/- 50 bps	

Financial highlights

Awarded the **City of New York Medicare Advantage Plan contract**, representing one of the largest client wins in Aetna's history.

Anticipate **12 percent membership growth in our Medicare Advantage business** for full year 2023.

MBR increase reflects continued progression to normalized utilization and modestly lower impact from favorable prior-year development.
Utilization trends in line with expectations.

Health services

Quarter results

in billions, except pharmacy claims	Q1 2023	Q1 2022 (revised) ¹	Change %
Total Revenues	\$44.6	\$39.6	12.6%
Adjusted Operating Income	\$1.68	\$1.47	14.2%
Pharmacy Claims Processed ^{4,5}	587.3	566.5	3.7%

Full-year guidance

	Q1 2023 call May 3, 2023 (current Segmentation) ²	Q4 2022 call February 8, 2023 (prior Segmentation) ³
Total Revenues	\$178.2 to \$180.7	\$170.2 to \$172.7
Adjusted Operating Income	\$6.61 to \$6.73	\$7.62 to \$7.74
Pharmacy Claims Processed ⁴	2.33 to 2.36	2.33 to 2.36

Financial highlights

Specialty pharmacy revenue grew 10 percent year-over-year.

Adjusted operating income growth of more than 14% driven by improved purchasing economics and increased pharmacy claims volume.

Updating guidance to reflect net impact of the Signify Health and Oak Street Health acquisitions, emerging risk to the 340B program and underlying strength in pharmacy services business.

Segment realignment **results in discontinuation of Maintenance Choice economics from HSS (~\$700 million impact annually)** and associated intersegment eliminations.

Pharmacy & consumer wellness

Quarter results

in billions, except prescriptions filled	Q1 2023	Q1 2022 (revised) ¹	Change %
Total Revenues	\$27.9	\$25.9	7.8%
Adjusted Operating Income	\$1.13	\$1.57	(27.9%)
Prescriptions Filled ⁴	404.8	395.1	2.5%

Full-year guidance

	Q1 2023 call May 3, 2023 (current Segmentation) ²	Q4 2022 call February 8, 2023 (prior Segmentation) ³
Total Revenues	\$115.5 to \$117.2	\$108.0 to \$109.7
Adjusted Operating Income	\$5.73 to \$5.83	\$5.95 to \$6.05
Prescriptions Filled ⁴	1.66 to 1.68	1.66 to 1.68

Financial highlights

In Pharmacy, **scripts⁴ grew 2.5 percent year-over-year** in the first quarter, or 4.5 percent excluding COVID vaccines.

Achieved **significant retail pharmacy market share gains**, increasing from 25.5 to 26.8 percent over the last four years.^{4,6}

Front-Store **sales were up approximately 5 percent**, driven by strength across a variety of categories.

Updating guidance to reflect lower COVID volumes; current 2023 guidance reflects **COVID contribution of \$300 to \$400 million**

Front store & pharmacy

In a dynamic environment,
demonstrated **significant
year-over-year growth**



Other items

Full-year guidance

in billions, except tax rate

	Q1 2023 call May 3, 2023 (current Segmentation) ²	Q4 2022 call February 8, 2023 (prior Segmentation) ³
Interest Expense	~\$2.70	~\$2.23
Capital Expenditures	\$2.8 to \$3.0	\$2.8 to \$3.0
Adjusted Effective Tax Rate	~25.5%	~25.5%
Weighted Average Diluted Share Count	~1.293	~1.298
Cash Flow from Operations	\$12.5 to \$13.5	\$12.5 to \$13.5

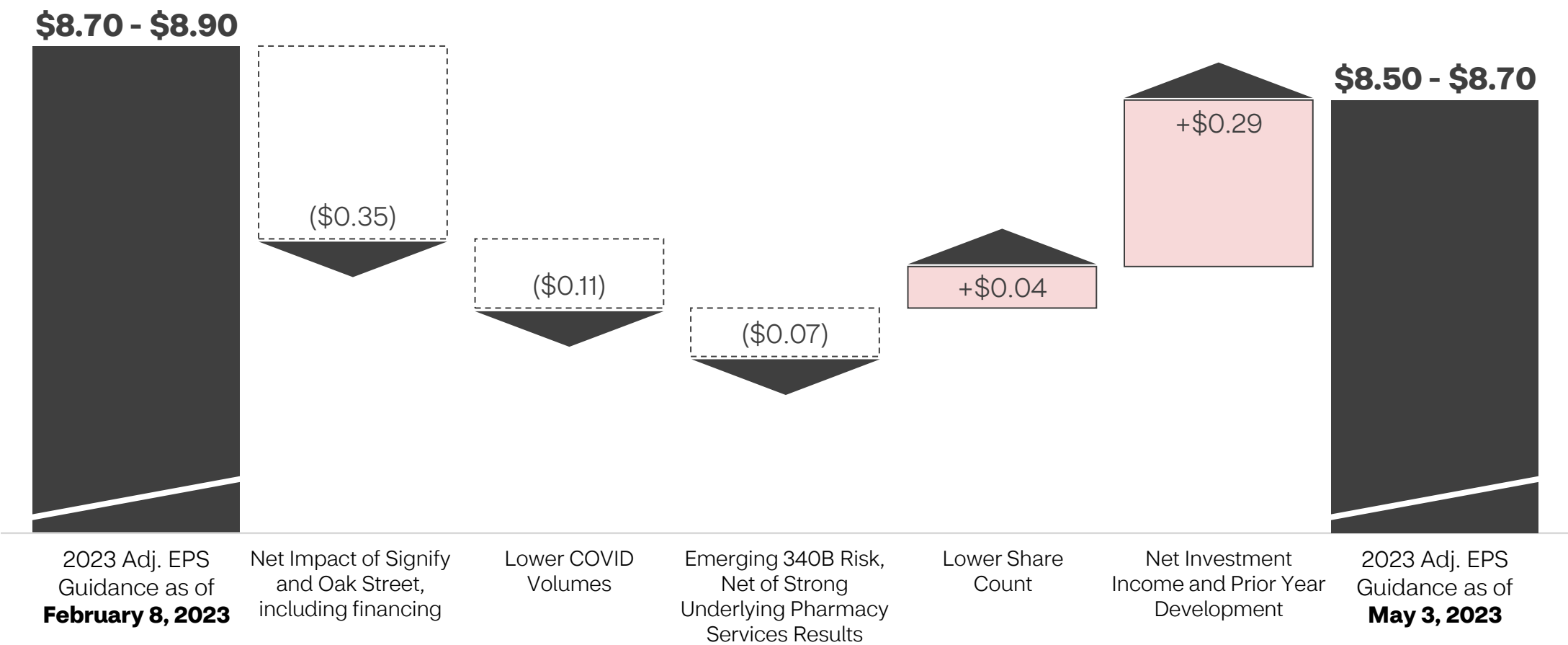
Financial highlights

Increasing guidance for:

- Higher interest expense due to **incremental financing costs for Signify Health and Oak Street Health**; and
- Lower weighted average diluted share count driven by our **Accelerated Share Repurchase transaction yielding more shares** than initially projected.

2023 adjusted EPS guidance crosswalk

We are revising our full-year 2023 adjusted EPS guidance to a range of **\$8.50-\$8.70**, reflecting the **positive contribution of our strong underlying results** and the impact of the **Signify Health transaction**, which enable us to partially offset the dilution from the **early close of Oak Street** and financing costs for both transactions.



Footnotes

First quarter 2023

1. Previously reported Q1 2022 results have been revised to reflect our new segment structure, the adoption of a new long-duration accounting standard and a change in our reporting convention to exclude realized capital gains and losses from adjusted operating income as described in our Press Release.
2. Current 2023 guidance reflects new segment structure.
3. 2023 guidance provided on February 8 reflects legacy segment structure.
4. Includes an adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions.
5. Excluding the impact of COVID-19 vaccinations, total pharmacy claims processed increased 4.8% on a 30-day equivalent basis for the three months ended March 31, 2023 compared to the prior year.
6. Source: IQVIA retail pharmacy script data for Q1 2023. Disclosure reflects IQVIA's restated methodology for market share data.
7. Same store sales and prescription volume represent the change in revenues and prescriptions filled in the Company's retail pharmacy stores that have been operating for greater than one year, expressed as a percentage that indicates the increase or decrease relative to the comparable prior period. Same store metrics exclude revenues and prescriptions from LTC and infusion services operations. Effective January 1, 2023, same store sales also include digital sales initiated online or through mobile applications and fulfilled through the Company's distribution centers. Prior period financial information has been revised to conform with current period presentation. Management uses these metrics to evaluate the performance of existing stores on a comparable basis and to inform future decisions regarding existing stores and new locations. Same-store metrics provide management and investors with information useful in understanding the portion of current revenues and prescriptions resulting from organic growth in existing locations versus the portion resulting from opening new stores.