

FIRST QUARTER 2021

Earnings conference call

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May 4, 2021



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. 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 differ materially from those contemplated by the forward-looking statements due to the risks and uncertainties related to the COVID-19 pandemic, the geographies impacted by and the severity and duration of the pandemic, the pandemic's impact on the U.S. and global economies and consumer behavior and health care utilization patterns, and the timing, scope and impact of stimulus legislation and other federal, state and local governmental responses to the pandemic, 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 and our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021.

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.

[\[Link to our non-GAAP reconciliations\]](#)

Q1 & Full-Year 2021 highlights

Exceeding our expectations in Q1; raising FY Adjusted EPS guidance

Showcases our strategy and execution

in delivering value
across the health
care system for
our customers,
our communities,
our people and
our shareholders

\$2.04

Q1 adjusted EPS

Reflects outperformance
across all businesses

3.5%

Q1 revenue growth

Reflects growth across
all businesses



Raising FY guidance

Enterprise adjusted operating
income raised to

\$15.9 – \$16.1B

Enterprise Adjusted EPS raised to

\$7.56 – \$7.68

Reflecting outperformance in HCB and PSS

Generated

\$2.9 billion

in cash flow from operations

Committed to disciplined
capital allocation priorities

Remain committed to
**target leverage ratio of
low 3x's in 2022**

Paid >\$3B in debt in Q1

Advancing our integrated care delivery

meeting the diverse health needs of communities across America

>80%

increase in visits to our
flagship digital properties y/y

Demonstrating

the integrated value of our
unique portfolio of health
products and services

Enhancing

the consumer experience
through our digital services
and platforms

Expanding

our innovative, consumer-
oriented solutions that
improve health and lower
medical costs

Entering

new markets leveraging the
strengths of both CVS and
Aetna brands, a unique offering
with community support

Growing

access to care by expanding
our reach. Utilizing AI and
machine learning to simplify,
save, and improve experiences

Building

Broader capabilities in home
health, health services and
virtual care

Investing

in and partnering with high
potential, early-stage
companies to innovate health





CVS Health continues to
**lead nation's
COVID-19 response**

>23M

tests
administered
thru April; ~9M
tests during Q1
2021

~6.5M

people
vaccinated by
CVS Health
thru April

>17M

vaccines
administered
at LTC and
CVS Health
locations thru April

~9% conversion among new customers through COVID-19
testing filling a new prescription at CVS Health locations

>90% second dose compliance at CVS Health locations

One third of vaccination patients in retail pharmacies from
under-represented populations



Q1 2021 financial review

| Consolidated results

Delivered strong results with all businesses performing in-line or better than our expectations

in millions, except per share data	Q1 2021	Q1 2020	Change %
Total revenues	\$69,097	\$66,755	3.5%
Adjusted operating income	\$4,205	\$4,113	2.2%
GAAP EPS	\$1.68	\$1.53	9.8%
Adjusted EPS	\$2.04	\$1.91	6.8%
Cash flow from operations	\$2,892	\$3,305	(12.5%)

Interest expense
of **\$657 million**

Adjusted effective
tax rate of **25%**

Weighted-average
diluted share count:
1,322 million shares

| Capital and cash flow allocation

First quarter results demonstrate strong cash flow from operations and commitment to meeting leverage target

Strong cash generation

\$2.9 billion cash flow from operations

Strong cash flow generation reflects Enterprise performance, working capital improvements and timing

Paid \$656 million in shareholder dividends

Commitment to disciplined capital allocation priorities

Continue to prioritize paying down debt

Repaid >\$3 billion of long-term debt during the quarter

Repaid a net of >\$15 billion of long-term debt since the close of the Aetna transaction

On track to achieving our low 3x's leverage target in 2022

Health Care Benefits segment

in millions, except MBR	Q1 2021	Q1 2020	Change %
Total revenues	\$20,483	\$19,198	6.7%
Adjusted operating income	\$1,782	\$1,491	19.5%
Total medical membership	23.6	23.5	0.4%
Commercial	16.8	17.6	(4.5%)
Government	6.8	5.9	15.3%
Medical benefit ratio (MBR)	83.2%	82.4%	(80 bps)

Total Revenue growth reflects growth in Government Services, partially offset by repeal of HIF

Adjusted operating income growth reflects growth in Government Services, impacts from our cost reduction initiatives and prior year development

Higher MBR reflects adverse impacts from repeal of the HIF and lower Medicare risk adjusted revenue, partially offset by improved year-over-year Medicaid performance and prior year development

Aggregate medical costs were generally consistent with historical baseline levels

| Pharmacy Services segment

in millions	Q1 2021	Q1 2020	Change %
Total revenues	\$36,321	\$34,983	3.8%
Adjusted operating income	\$1,507	\$1,181	27.6%
Total pharmacy claims processed ¹	535.9	541.4	(1.0%)

¹ Total pharmacy claims processed and generic dispensing rate for all periods presented include an adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions.

Revenue growth reflects growth in Specialty pharmacy, product mix and brand inflation, partially offset by continued price compression and weak cough/cold and flu season

- Specialty pharmacy revenue growth of 7.2% YoY reflects net new business wins and brand inflation

Adjusted operating income growth reflects improved purchasing economics, growth in Specialty pharmacy offset by continued price compression

- Specialty pharmacy growth reflects ongoing benefit to our clients and CVS Health from wrap of several specialty generic launches, and our successful specialty trend management programs

Total Pharmacy claims processed¹ decline reflects ~230 bps adverse impact from weak cough/cold and flu season

Retail / LTC segment

in millions	Q1 2021	Q1 2020	Change %
Total revenues	\$23,274	\$22,749	2.3%
Adjusted operating income	\$1,394	\$1,902	(26.7%)
Prescriptions filled ¹	375.4	375.1	0.1%

¹ Retail/LTC prescriptions filled includes an adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions.

Revenue growth reflects benefit from COVID diagnostic testing and vaccine administration and year-over-year headwind from acceleration of prescriptions and Front Store demand in March 2020

Adjusted Operating income – approximately 40% of the decline relates to weak cough, cold, flu season. The remaining decline reflects the impact of severe weather during the quarter and continued reimbursement pressure

The weak cough, cold, and flu season had a **~300 bps** and **~425 bps** adverse impact on scripts and Front Store sales, respectively

Retail / LTC segment

	Change vs. Q1 2020
Retail pharmacy script share of 26.2% ^{1, 2}	Up ~40 bps
Same store sales ³	0.4%
Pharmacy sales	4.1%
Pharmacy prescription volume ²	1.0%
Front Store sales	(11.4%)

¹ Source: IQVIA retail pharmacy script data for Q1 2021. Disclosure reflects IQVIA's restated methodology for market share data. See Appendix for more information.

² Retail/LTC prescriptions filled includes an adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions.

³ Same store sales and prescription volume exclude revenues from MinuteClinic and revenues and prescriptions from long-term care operations.

Continued growth in Retail pharmacy script share in a challenging environment

Growth in prescriptions filled reflects COVID-19 vaccinations and continued adoption of patient care programs, largely offset by weak cough, cold and flu season, the acceleration of demand in March of 2020 and lower LTC prescription volume

Front Store sales decline reflects the acceleration of demand in March of 2020 and a weak cough, cold and flu season



2021 guidance

Enterprise outlook

in billions, except per share data	MAY 4 FY21 Guidance ²	FEB 16 FY21 Guidance
Total revenues ¹	\$279.2 to \$283.7 4.00% to 5.75%	\$276.1 to \$280.6 3.00% to 4.50%
Adjusted operating income	\$15.9 to \$16.1 (0.75%) to 0.50%	\$15.5 to \$15.7 (3.25%) to (1.75%)
GAAP EPS	\$6.24 to \$6.36 14.00% to 16.25%	\$6.06 to \$6.22 10.75% to 13.75%
Adjusted EPS	\$7.56 to \$7.68 0.75% to 2.25%	\$7.39 to \$7.55 (1.50%) to 0.75%

Note: Percentages represent year-over-year growth from reported 2020 results.

¹ Growth rates for total revenues are calculated against 2020 adjusted revenues. 2020 adjusted revenues removes the receipt of \$313 million owed to CVS Health under the ACA's risk corridor program, net of MLR rebates of \$2 million in Q4 2020 that had been previously reserved.

² Guidance assumes consistent government regulations.

Guidance raise reflects performance to date and momentum across the Enterprise

Continue to expect minimal impact from COVID-19 to consolidated results for the year

Enterprise cost savings initiatives on track to generate **\$900 million to \$1.1 billion** savings for the year

Health Care Benefits outlook

in billions, except MBR and trend	MAY 4 FY21 Guidance	FEB 16 FY21 Guidance
Total revenues ¹	\$79.4 to \$80.7 5.50% to 7.25%	\$79.4 to \$80.7 5.50% to 7.25%
Adjusted operating income	\$5.25 to \$5.35 (15.25%) to (13.50%)	\$5.1 to \$5.2 (17.50%) to (16.00%)
Medical benefit ratio (MBR)	84.7% +/- 60 bps	84.7% +/- 60 bps
Total medical membership	23.2 to 23.6	23.2 to 23.6
Commercial	16.6 to 16.9	16.6 to 16.9
Government	6.6 to 6.7	6.6 to 6.7

Raising adjusted operating income to reflect performance to date and our current assumptions including the extension of sequestration

Guidance reflects our best estimate of medical costs for remainder of the year, with medical costs modestly elevated

This assumes non-COVID utilization returning towards baseline levels and continuing COVID costs largely related to testing and administration of the vaccine

Note: Percentages represent year-over-year growth from reported 2020 results.

¹Growth rates for total revenues are calculated against 2020 adjusted revenues. 2020 adjusted revenues removes the receipt of \$313 million owed to CVS Health under the ACA's risk corridor program, net of MLR rebates of \$2 million in Q4 2020 that had been previously reserved.

Pharmacy Services outlook

in billions	MAY 4 FY21 Guidance	FEB 16 FY21 Guidance
Total revenues	\$147.9 to \$150.4 4.25% to 6.00%	\$144.5 to \$147.0 1.75% to 3.50%
Adjusted operating income	\$6.15 to \$6.25 8.00% to 10.00%	\$6.0 to \$6.1 5.50% to 7.25%
Total pharmacy claims processed ¹	2.18 to 2.21 3.25% to 4.50%	2.17 to 2.20 2.75% to 4.00%

Note: Percentages represent year-over-year growth from reported 2020 results.

¹ Total pharmacy claims processed includes an adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions.

Raising total revenues and total pharmacy claims processed to reflect trends in the business

Raising adjusted operating income to reflect strong performance to date and business trends

Updated outlook incorporates investments to on-board the FEP specialty business beginning in 2022

Retail/LTC outlook

in billions	MAY 4 FY21 Guidance	FEB 16 FY21 Guidance
Total revenues	\$93.8 to \$95.1 2.75% to 4.25%	\$93.8 to \$95.1 2.75% to 4.25%
Adjusted operating income	\$6.6 to \$6.7 7.50% to 9.00%	\$6.6 to \$6.7 7.50% to 9.00%
Prescriptions filled ¹	1.57 to 1.60 7.25% to 9.25%	1.57 to 1.60 7.25% to 9.25%

Note: Percentages represent year-over-year growth from reported 2020 results.

¹ Prescriptions filled include an adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions.

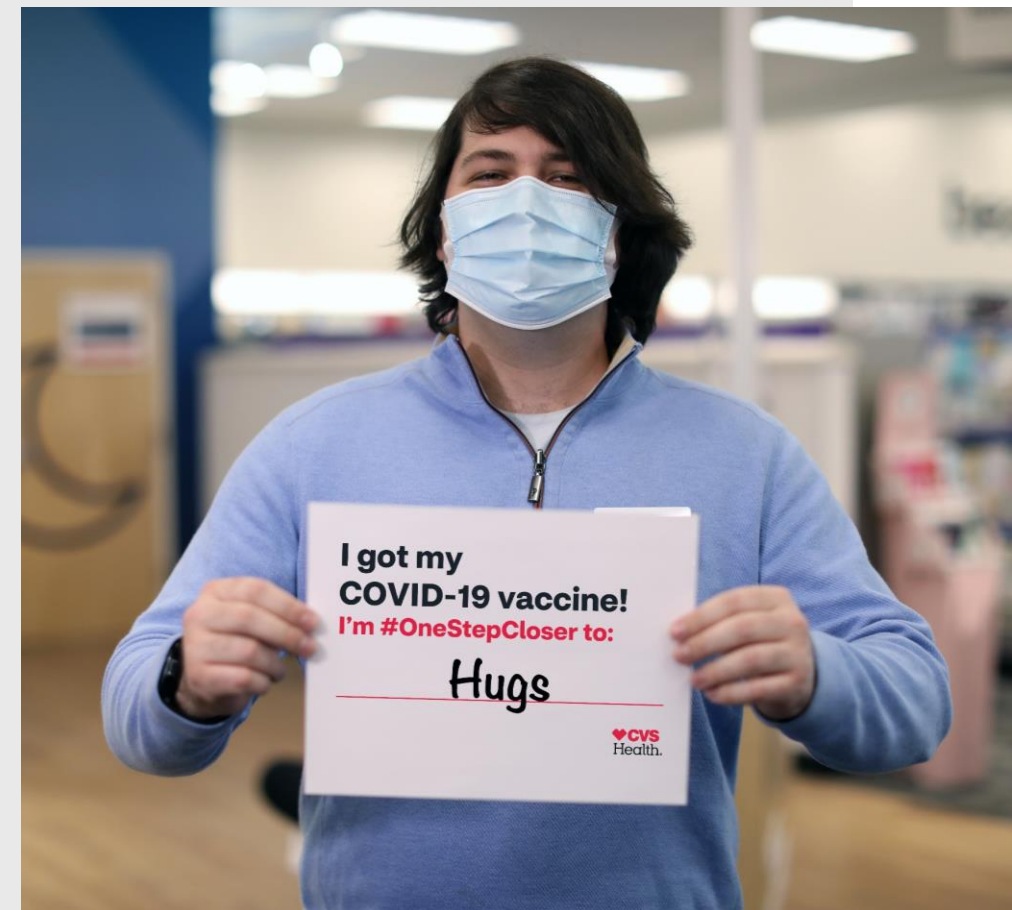
Prescriptions filled includes vaccinations administered.

Outlook for the **Retail/LTC** segment remains unchanged

Tailwinds and headwinds considered include higher COVID-19 vaccine administration fee offset by a slower than anticipated return of front store traffic and other pandemic-driven uncertainties including urban market recovery and vaccine hesitancy.

Other items

in billions, except tax rate	MAY 4 FY21 Guidance	FEB 16 FY21 Guidance
Interest expense	~\$2.6	~\$2.6
Capital expenditures	\$2.7 to \$3.0	\$2.7 to \$3.0
Adjusted effective tax rate	~25.4%	~25%
Weighted-average diluted share count	~1,330	~1,325
Cash flow from operations	\$12.0 to \$12.5	\$12.0 to \$12.5



Appendix

Restatement of IQVIA Pharmacy Market Share

Quarter	U.S. Pharmacy Prescription Market Share – Previously Reported	U.S. Pharmacy Prescription Market Share – Post Restatement	Change
Q1 2019	26.4%	25.5%	(0.9%)
Q2 2019	26.7%	25.5%	(1.2%)
Q3 2019	26.8%	25.5%	(1.3%)
Q4 2019	27.0%	25.7%	(1.3%)
Q1 2020	26.9%	25.8%	(1.1%)
Q2 2020	27.0%	26.1%	(1.0%)
Q3 2020	27.1%	26.0%	(1.1%)
Q4 2020	27.2%	26.1%	(1.1%)

The restatement by IQVIA is driven by a refinement in methodology accounting for scripts reversed (RTS)

FY2020 market share post the restatement, grew 40 bps vs prior to restatement growth of 20 bps.

