

# Healthier happens together

November 2021

 **CVS**Health.



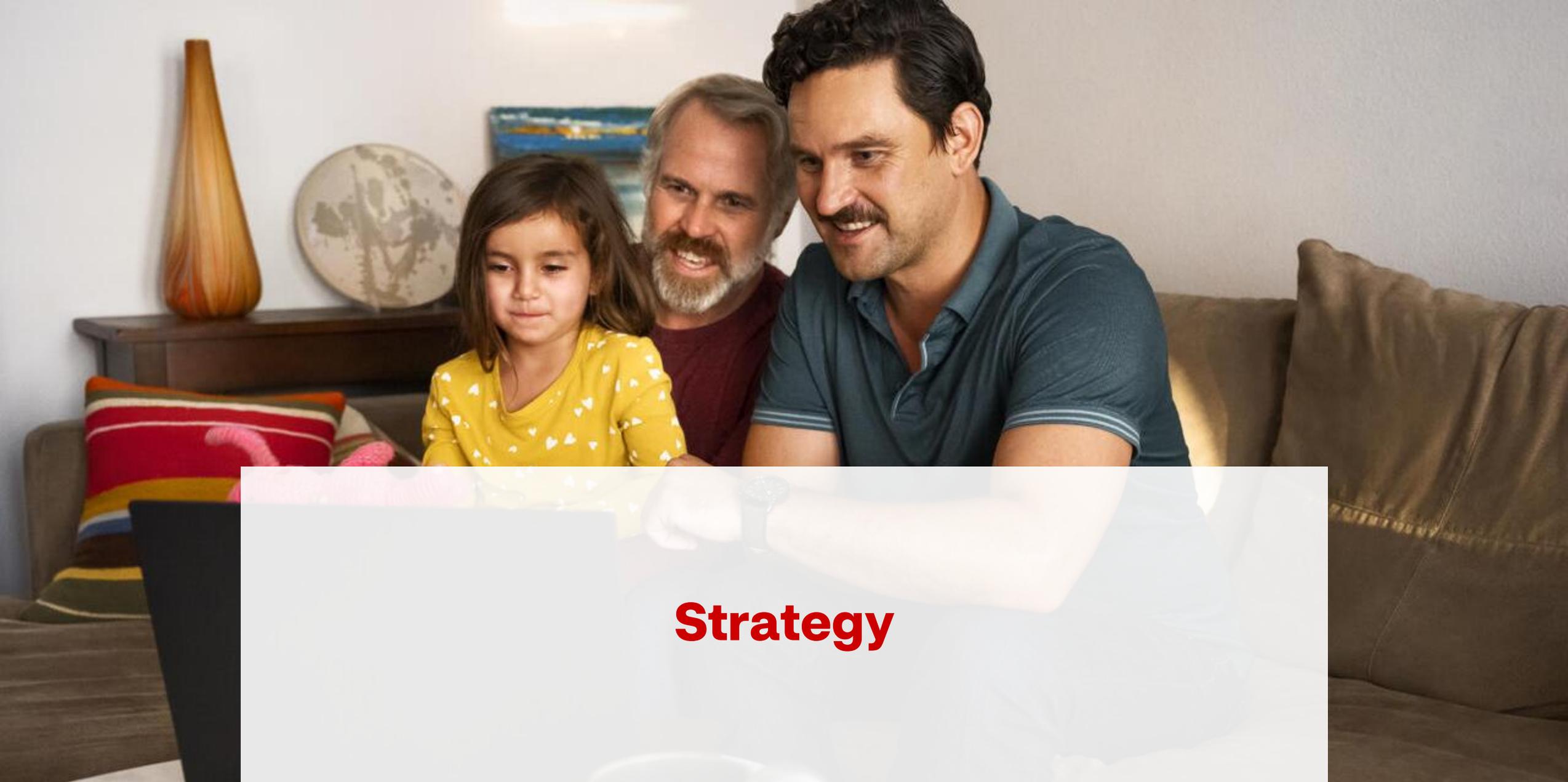
# Cautionary statement

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 September 30, 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](#)



# Strategy

# Multi-channel health solutions model

We play an integral role in connecting experiences across the health care system to deliver better health outcomes. Our consumer-centric model creates economic value for CVS Health and our shareholders



Improving the consumer experience



Driving healthier outcomes and lowering medical costs



Increasing utilization across company assets



# Delivering an integrated health care experience

through unique products and services that are centered around the consumer

## Medical Benefit Designs

that offer a low-copay or no-copay benefit at MinuteClinic®

>7 million members enrolled

## Aetna Connected

utilizes our broad range of assets to provide a fully integrated, comprehensive, convenient and affordable plan

## Community Health Destinations

that will include primary care services, enhanced CVS HealthHUB® locations, and traditional CVS Pharmacy locations with a greater focus on health and wellness

## Co-Branded Individual Exchange Offering

using our broad and unique portfolio of assets for January 2022 entrance

Eight new states<sup>2</sup>: Arizona, Florida, Georgia, Missouri, Nevada, North Carolina, Texas and Virginia. Aetna-CVS Health co-branded offerings in seven of these states



Note: Metrics as of Q3 2021 unless otherwise specified  
<sup>2</sup>AZ product offered as Banner | Aetna; No. Virginia product offered as Innovation Health in addition to an Aetna / CVS Health co-branded product in this state

# Enhancing our digital capabilities

to reinvent how consumers experience care

## Creating a superior consumer experience

### **Virtual First Primary Care**

first national program offering dedicated virtual primary care and a traditional in-person national network including MinuteClinics and HealthHUBs

### **AI-Driven "Next Best Actions"**

delivering medical cost savings through behavior change nudges, helping at-risk patients with care navigation and follow-up

## Reengineering our cost structure

### **Simplifying Operations**

using blockchain; driving cloud migration and intelligent automation; and streamlining processes

### **Enhancing Claims Processing**

employing AI to yield better results more quickly by eliminating manual steps in areas such as benefit verification





# Delivering innovative consumer solutions

that address the most prevalent, costly and complex health conditions

## **Kidney Care**

bringing dialysis services into the home, with a focus on earlier education and management, to help improve outcomes

## **Transform Diabetes Care**

combining local points-of-care, remote biometric monitoring support, and access to health care professionals to provide personalized care and support for ~2.5 million members

## **Transform Oncology Care**

provide access to high-quality, evidence-based care that applies precision medicine at the time of care to help patients start on the best treatment; covering >50% of Aetna's insured oncology population

## **Behavioral Health**

rolling out in-store and virtual counseling services in ~25 HealthHUBs with ~60% of patients returning for follow ups

Note: Metrics as of Q3 2021 unless otherwise specified



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

**~38M**

tests administered since  
program inception<sup>1</sup>;

- 8.5M tests during Q3:21
- ~26M tests YTD<sup>1</sup>

**~43M**

vaccines administered  
at LTC and CVS Health  
locations since program  
inception and YTD<sup>1</sup>;

- 11.6M vaccines during  
Q3:21

**~27M** new customers to CVS Health through COVID-19 testing  
and vaccination efforts

**12.5%** of customers new to CVS Health through COVID-19  
testing services over the past year chose to fill new prescriptions  
or receive their vaccination at CVS Health

<sup>1</sup> Vaccines and tests administered through October 31, 2021.



# Financials

Unlicensed

# Q3:2021 & Full-Year 2021 highlights

Exceeded expectations; Raising FY 2021 guidance for Revenue, Adjusted EPS and Cash Flow from Operations

**\$1.97**

**Q3 adjusted EPS**

Reflects adjusted operating income growth and lower interest expense

**10.0%**

**Q3 revenue growth**

Reflects growth across all businesses

**\$5.5 billion**

**Q3 cash flow from operations**

Committed to disciplined capital allocation priorities



## Evidence

**our strategy and execution is delivering value across the health care system** for

our customers,  
our communities,  
our colleagues and  
our shareholders

## Raising FY guidance

Total company adjusted operating income raised to  
**\$16.4 – \$16.6B**

Total company 2021 adjusted EPS raised to  
**\$7.90 – \$8.00**

Cash flow from operations raised to  
**\$13.0 – \$13.5B**

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

Paid down net \$1.1B in debt in Q3 and net \$6.5B YTD

# Total Company outlook

in billions, except per share data	Nov 3 FY21 Guidance <sup>2</sup>	Aug 4 FY21 Guidance
Total revenues <sup>1</sup>	\$286.5 to \$290.3 6.75% to 8.25%	\$280.7 to \$285.2 4.50% to 6.25%
Adjusted operating income	\$16.4 to \$16.6 2.75% to 3.75%	\$16.1 to \$16.3 0.75% to 2.00%
GAAP EPS	\$6.13 to \$6.23 12.00% to 14.00%	\$6.35 to \$6.45 16.00% to 18.00%
Adjusted EPS	\$7.90 to \$8.00 5.25% to 6.75%	\$7.70 to \$7.80 2.75% to 4.00%
Cash flow from operations	\$13.0 to \$13.5	\$12.5 to \$13.0

**Guidance raise** reflects strong performance in Pharmacy Services and Retail/LTC, partially offset by expected COVID-19 pressure in Health Care Benefits, specifically in Commercial book

Expect COVID-19 to have a net neutral impact for full year 2021 given Q3 outperformance and Q4 outlook in vaccine and testing administration

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

<sup>1</sup> 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.

<sup>2</sup> Guidance assumes consistent government regulations.

Guidance: raised lowered

# Segment outlook

in billions, except MBR and membership	Health Care Benefits	Pharmacy Services	Retail / LTC
Total revenues <sup>1</sup>	<span style="color: green;">↑</span> \$80.7 to \$81.9 7.50% to 9.00%	<span style="color: green;">↑</span> \$151.0 to \$153.2 6.50% to 8.00%	<span style="color: green;">↑</span> \$97.8 to \$99.1 7.25% to 8.75%
Adjusted operating income	<span style="color: red;">↓</span> \$4.91 to \$5.00 (20.75%) to (19.25%)	<span style="color: green;">↑</span> \$6.85 to \$6.94 20.50% to 22.00%	<span style="color: green;">↑</span> \$6.98 to \$7.07 13.50% to 15.00%
Business metric	Medical benefit ratio (MBR) <span style="color: red;">↑</span> 85.0% +/- 60 bps  Total Medical Membership (in millions) <span style="color: gray;">—</span> 23.3 to 23.7	Total pharmacy claims processed <sup>2</sup> <span style="color: green;">↑</span> 2.21 to 2.24 4.50% to 6.00%	Prescriptions filled <sup>3</sup> <span style="color: gray;">—</span> 1.57 to 1.60 7.25% to 9.25%
<p><b>Note:</b> Percentages represent year-over-year growth from reported 2020 results.</p> <p>1. Growth rates for Health Care Benefits segment total revenues are calculated against 2020 Health Care Benefits segment adjusted revenues. 2020 Health Care Benefits segment 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.</p> <p>2. Total pharmacy claims processed includes an adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions and includes vaccinations.</p> <p>3. Prescriptions filled include an adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions and include vaccinations administered.</p>	<ul style="list-style-type: none"> <li>• <b>Raised HCB total revenues</b> to reflect growth in Government Services</li> <li>• Guidance assumes slightly higher FY MBR, reflecting higher-than-expected Commercial COVID-19 medical costs experienced in Q3 and continuing into Q4, albeit at lower levels</li> <li>• Q4 operating income typically lowest of year driven by deductible satisfaction producing highest quarterly medical costs</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Raised Pharmacy Services total revenues and adjusted operating income</b> to reflect the strength in Q3 and continued strong outlook</li> <li>• Purchasing economics and specialty pharmacy are expected to remain strong through the fourth quarter</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Raised Retail/LTC total revenues and adjusted operating income</b> to reflect the strength in Q3</li> <li>• Expect vaccinations to continue into Q4 at a lower rate than Q3, and expect testing to modestly decline in comparison to Q3 levels</li> <li>• Incorporated impact of CDC's COVID-19 booster recommendations and modest impact from pediatric vaccinations</li> </ul>

Guidance: raised ↑ lowered ↓ no change —

# FY 2020 highlights

Advanced our consumer-centric vision to deliver health services making quality care more local, affordable, and connected



## Delivered strong financial performance

- Delivered Adjusted EPS of \$7.50, exceeding high end of guidance range
- Achieved run rate synergies of over \$900 million
- Generated strong cash flow from operations of \$15.9 billion
- Continued progress on our de-leveraging plan, exiting year with a low 4x's leverage ratio



## Strengthened core business

- Continued growth in our PBM and Government Services business, achieving solid results in Medicare Advantage
- Drove operational efficiencies and enhanced productivity while driving excellent service



## Expanded consumer health services

- Improved access to quality and holistic care with ~600 HealthHUB locations opened in 2020
- Delivered new market solutions for testing and vaccine administration, and virtual care in response to the COVID-19 pandemic
- Advanced targeted care management programs in the areas of diabetes, kidney care, and oncology



# Capital Allocation

# Capital allocation

commitment to our investment grade ratings and deleveraging

## Dividends

- ▶ Maintaining \$2.00 annual dividend while driving towards target leverage ratio

## Share Repurchase

- ▶ Suspended the share repurchase program while driving towards target leverage ratio

## Capitalization

- ▶ Insurance subsidiaries remain capitalized at existing strong investment grade financial strength ratings

**Deleveraging throughout 2021** driving toward target leverage ratio of low 3x's

# Cash flow and capital deployment

strong cash flow generation and continued progress on de-leveraging



## Strong cash generation

- In Q3 2021, generated **\$5.5 billion** of cash flow from operations and **\$14.3 billion** year to date
- In 2020, we generated **\$15.9 billion** of cash flow from operations; **~23%** growth over prior year
- Since 2015, generated **more than \$55 billion** in cash flow from operations<sup>1</sup>



## Prioritizing debt paydown

- **Repaid** net **\$1.1 billion** of long-term debt during Q3 2021 and net **\$6.5 billion** 2021 year to date
- **Repaid net \$18.7 billion** of long-term debt since the close of the Aetna transaction
- Exited 2020 at low 4x's leverage ratio



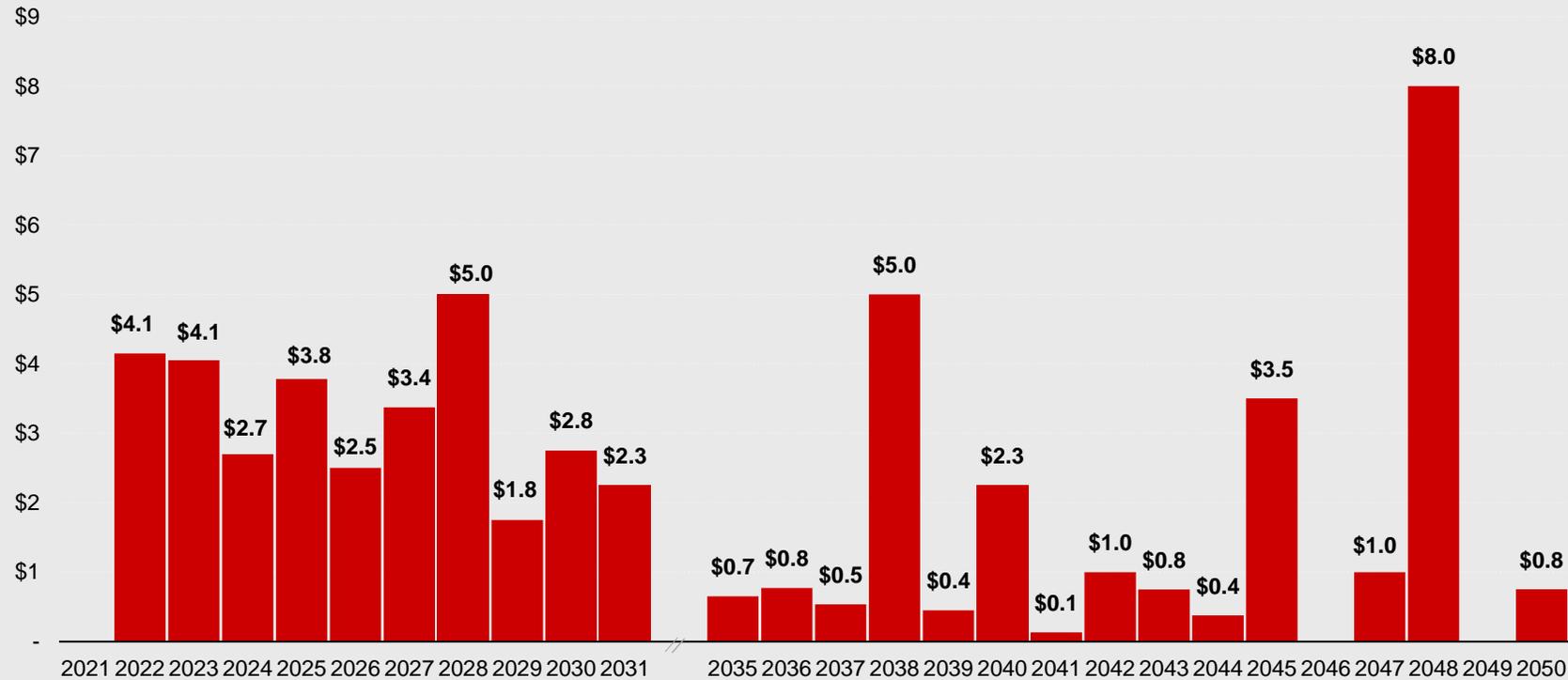
## Returning value to shareholders

- In Q3 2021, paid **\$659 million** in shareholder dividends and **~\$2.0 billion** year to date
- Paid **\$2.6 billion** in shareholder dividends in 2020
- Maintaining **\$2** per share dividend

<sup>1</sup> Calculation through year-end 2020.

# Long-term debt maturity profile

(\$ billions)



**Executed successful tender offer** in August 2021 taking advantage of favorable market conditions, continuing to de-lever, smooth out our debt towers and reduce interest expense

Long-term debt maturity profile as of Q3 2021  
Debt maturity chart excludes leases



# Sustainability

# Transform Health 2030

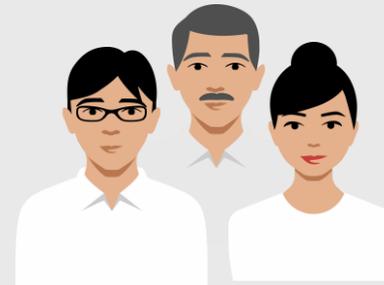
Grounded in four pillars, our CSR strategy reinforces our commitment to impacting the health of the people and communities we serve, our businesses and the planet



**Healthy People**



**Healthy Business**



**Healthy Community**



**Healthy Planet**

# ESG targets fully reflected in our governance

## Holistic set of ESG targets...



Provide **65 billion health care interactions** to individuals



Invest **\$85 billion** in inclusive wellness, economic development and advancement opportunities



Commit more than **\$1.5 billion in social impact investments** to build healthier communities



Reduce Scope 1 and 2 GHG **emissions by 67 percent** by 2030 from a 2014 base year

## Embedded in our operating model

### ▶ Thoroughly reviewed

Reviewed annually by our Nominating and Corporate Governance Committee of the Board of Directors along with our President and Chief Executive Officer

### ▶ Linked to compensation

Tying executive compensation to improving diverse representation

Compensation for colleagues with direct oversight to our CSR pillars and climate strategy tied to performance

### ▶ Transparently disclosed

Included in our annual CSR report, providing full disclosure on our goals and progress

# Healthy People ♡

**~26M**

COVID-19 tests  
administered in 2021  
year-to-date

**~43M**

COVID-19 vaccines  
administered in 2021  
year-to-date

**6,000**

CVS Pharmacy and  
MinuteClinic locations  
made COVID-19 booster  
shots available

**Here 4 U**

Piloted In November 2020  
to provide much-needed  
mental health resources  
and education to young  
adults



Metrics as of October 31, 2021

# Healthy Business ♥

**\$100M**

Investment in benefits to make health care more affordable for our colleagues

**\$114M**

Invested in the construction and rehabilitation of >2,800 affordable housing units across 30 cities

**\$3B**

Spent with small and diverse Tier I suppliers

**\$15 an hour**

New minimum hourly wage effective July 2022

Note: Metrics as of 2020 unless otherwise noted

# Healthy Community ♡

**31M**

Meals made available to people of color suffering from food insecurity

**75k**

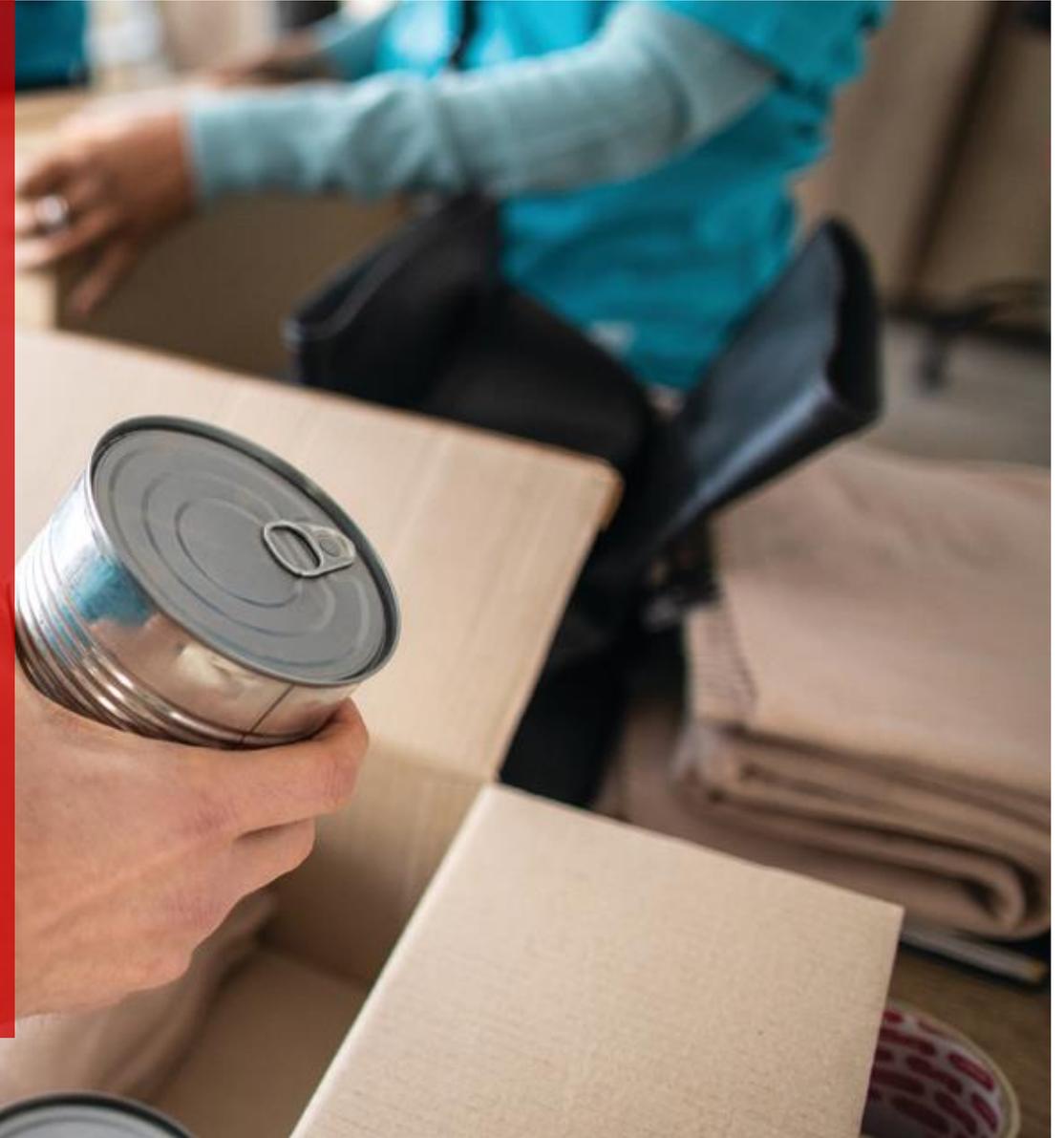
Biometric screenings at Project Health events and through mobile RV units launched to reach at risk communities

**\$5M**

Five-year scholarship program for Black and Latinx colleagues in collaboration with UNCF<sup>1</sup>

**>\$14.5M**

Support provided to Feeding America to reduce food insecurity among vulnerable populations



Note: Metrics as of Q3 2021 unless otherwise noted

<sup>1</sup> Metric as of 2020. UNCF (formerly the United Negro College Fund)

# Healthy Planet ♡

**57%**

Reduction in Scope 1 and 2 emissions versus our 2014 baseline

**1 of 7**

Companies globally with SBTi validation of our net zero greenhouse gas emissions goals by 2050<sup>1</sup>

**>66%**

Of waste was diverted to recycling or reuse

**~\$32M**

In energy savings realized since transition to LED interior retrofits in 2015

1. Metric as of Q3 2021

Note: Metrics as of 2020 unless otherwise noted

# Sustainability Awards & Recognition



2020 Points of Light Institute— **50 most community-minded companies** in the U.S. for the **4<sup>th</sup> year in a row**



**2021 Forbes Just 100 list** – on issues that matter most to the American public



**#26** on top 50 companies for diversity, up from **#50** in 2017



**8<sup>th</sup> straight year** on North American list and **2<sup>nd</sup> straight year** on World List



**#32** World's Most Admired Companies, up 6 spots from 2020



**1 of only 7 companies** to have had their net-zero targets certified through the SBTi's pilot target validation process



Member of group that is spending more than **\$1 billion** annually with **diverse suppliers**



## Our commitment to shareholders

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Focused on creating value through our consumer-centric vision

Continued strong execution across the company

Disciplined investment decisions and thoughtful portfolio evaluation

Delivering integrated experiences across our company assets

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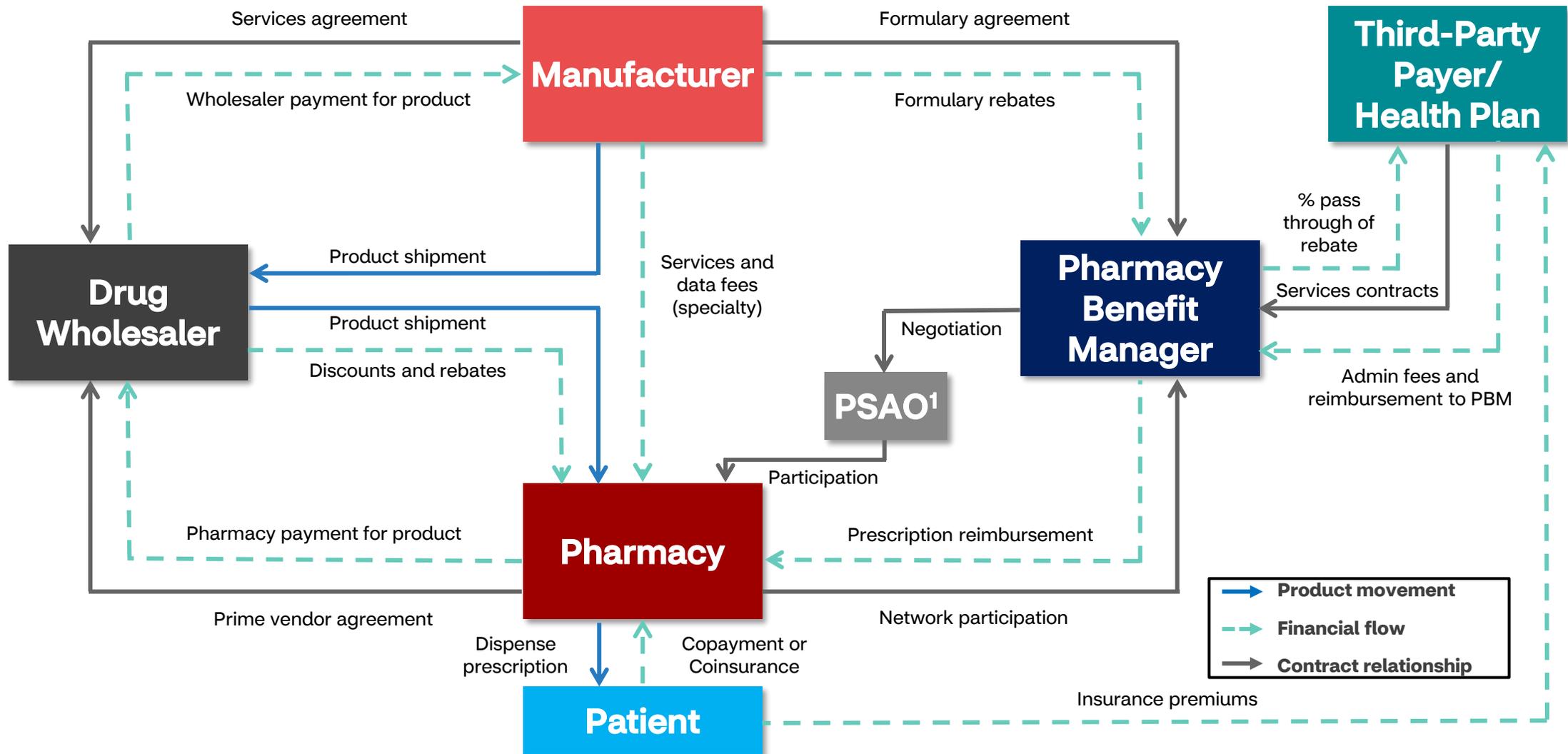
**Focused on long-term value creation**

# Appendix

# | Industry backgrounder

The following flow chart is intended to be illustrative of the industry dynamics involving our Pharmacy, PBM, and Health Insurance businesses with respect to the distribution and reimbursement of pharmaceutical products for our customers and members.

# U.S. pharmacy distribution & reimbursement system



<sup>1</sup>Only if applicable. Not all pharmacies participate in a pharmacy services administrator organization (PSAO).

Note: Chart reflects patient-administered, outpatient prescriptions drugs. This chart is illustrative. It is not intended to be a complete representation of every type of financial, product flow, or contractual relationship in the marketplace.

