



THIRD QUARTER 2021

Earnings conference call

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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](#)

Q3 & 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

Delivering an integrated health care experience

centered around the consumer

Expanding our role in care delivery

Creating community health destinations

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

Expanding our virtual primary care program

with the first national Virtual Primary Care program; >750,000 eligible members in 2022 including CVS Health colleagues

Entering individual exchange market in eight new states¹:

Arizona, Florida, Georgia, Missouri, Nevada, North Carolina, Texas and Virginia. Offering our first Aetna-CVS Health co-branded offerings in seven of these states.

Enhancing the consumer experience through our digital capabilities

>35M unique digital customers

served across our CVS Health assets

Reengineering our cost structure

– simplifying operations to benefit both customers and our colleagues

¹ 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



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

~38M

tests administered since
program inception¹;

- 8.5M tests in Q3:21
- ~26M tests YTD¹

~43M

vaccines administered
at LTC and CVS Health
locations since program
inception and YTD¹;

- 11.6M vaccines in 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

¹ Vaccines and tests administered through October 31, 2021.



Q3 2021 financial review

Consolidated results

Delivered strong results and exceeded expectations

in millions, except per share data	Q3 2021	Q3 2020	Change %
Total revenues	\$73,794	\$67,056	10.0%
Adjusted operating income	\$4,073	\$3,622	12.5%
GAAP EPS	\$1.20	\$0.93	29.0%
Adjusted EPS	\$1.97	\$1.66	18.7%
Cash flow from operations	\$5,521	\$1,874	194.6%
Enterprise prescriptions	777.7	727.7	6.9%

Interest expense
of **\$602 million**

Adjusted effective
tax rate of **25.8%**

Weighted-average
diluted share count:
1,329 million shares

| Capital and cash flow allocation

Generated strong cash flow from operations and continue our commitment to meeting leverage target

Strong cash generation

\$5.5 billion cash flow from operations

Paid \$659 million in shareholder dividends

Commitment to our investment grade ratings and deleveraging

Continue to prioritize paying down debt

Repaid net \$1.1 billion of long-term debt during the quarter and **net \$6.5 billion** year to date

Repaid net \$18.7 billion of long-term debt since the close of the Aetna transaction

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

Health Care Benefits segment

Sequential membership growth across all products lines; strong revenue growth reflecting strength in Government Services business

in millions, except MBR	Q3 2021	Q3 2020	Change %
Total revenues	\$20,479	\$18,698	9.5%
Adjusted operating income	\$1,106	\$1,080	2.4%
Total medical membership	23.7	23.3	1.7%
Commercial	16.8	17.0	(1.2)%
Government	6.9	6.3	9.5%
Medical benefit ratio (MBR)	85.8%	84.0%	(180 bps)

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

Adjusted operating income increase reflects improved performance in underlying Government Services business, largely offset by higher COVID-19 related costs, net of deferred care, in Commercial business

Higher MBR reflects higher COVID-19 related testing and treatment costs in Commercial and the repeal of the HIF for 2021

Underlying non-COVID-19 utilization in Commercial business emerged in-line with our expectations; In Government Services business the increase in COVID-19 testing and treatment costs were fully offset by better-than-expected deferred care levels

Pharmacy Services segment

Continued outperformance: sequential claims growth in Specialty, Network and Mail; \$8.9B net new business wins with >98%³ retention in 2022 selling season

in millions	Q3 2021	Q3 2020	Change %
Total revenues	\$39,046	\$35,711	9.3%
Adjusted operating income	\$1,773	\$1,619	9.5%
Total pharmacy claims processed ^{1,2}	564.4	528.2	6.9%

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

²Excluding the impact of COVID-19 vaccinations, total pharmacy claims processed increased 5.3% on a 30-day equivalent basis for the three months ended September 30, 2021 compared to the prior year.

³Retention rate is defined as: 1 less (estimated lost revenues from any known terminations plus annualization of any mid-year terminations, divided by estimated PBM revenues for that selling season year) expressed as a percentage.

Total revenue growth reflects increased pharmacy claims volume, growth in Specialty pharmacy, and brand inflation, partially offset by continued client price improvements

- **Specialty Pharmacy** revenue growth of 8.7% year-over-year reflects net new business wins and brand inflation

Adjusted operating income growth reflects improved purchasing economics mainly driven by our group purchasing organization, specialty pharmacy (including pharmacy and/or administrative services for providers and 340B covered entities), partially offset by continued client price improvements

Total pharmacy claims processed¹ increase reflects net new business, COVID-19 vaccinations and increased new therapy prescriptions, which were adversely impacted in Q3 2020 due to COVID-19

Retail / LTC segment

Strong revenue and adjusted operating growth reflecting growth from COVID-19 vaccines, diagnostic testing and OTC test kits, as well as core volume

in millions	Q3 2021	Q3 2020	Change %
Total revenues	\$24,992	\$22,725	10.0%
Adjusted operating income	\$1,723	\$1,412	22.0%
Prescriptions filled ^{1,2}	398.0	368.4	8.0%

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

² Excluding the impact of COVID-19 vaccinations, prescriptions filled increased 4.9% on a 30-day equivalent basis for the three months ended September 30, 2021 compared to the prior year.

Total revenue growth reflects increased COVID-19 vaccinations and testing and over-the-counter (“OTC”) test kits, increased prescription and front store volume, and brand inflation, partially offset by continued pharmacy reimbursement pressure and generic launches

Prescription and front store volumes in Q3 2020 were adversely impacted due to COVID-19 restrictions

Adjusted operating income growth reflects COVID-19 vaccinations and testing and OTC test kits, increased prescription and front store volume, and improved generic drug purchasing, partially offset by continued pharmacy reimbursement pressure and increased investments in segment capabilities and colleague compensation and benefits

Prescriptions filled¹ increase reflects COVID-19 vaccinations as well as continued adoption of patient care programs and increased new therapy prescriptions, both of which were adversely impacted in Q3 2020 due to COVID-19

Retail pharmacy

Significant year-over-year growth in a dynamic environment; volume growth in majority of Front Store categories

	Change vs. Q3 2020
Retail pharmacy script share of 26.4% ^{1,2}	Up ~30 bps
Same store sales ³	9.6%
Pharmacy sales	8.8%
Pharmacy prescription volume ²	9.0%
Front Store sales	12.3%

¹Source: IQVIA retail pharmacy script data for Q3 2021. Disclosure reflects IQVIA's restated methodology for market share data.

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

³Same 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 dynamic environment

Growth in prescriptions filled reflects COVID-19 vaccinations, continued adoption of patient care programs and increased new therapy prescriptions

Front Store sales increase reflects increased volume across most product categories

Prescription and front store volumes in Q3 2020 were adversely impacted due to COVID-19 restrictions



2021 guidance

Total Company outlook

in billions, except per share data	NOV 3 FY21 Guidance ²	AUG 4 FY21 Guidance
Total revenues ¹	\$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%

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

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.

Health Care Benefits outlook

in billions, except MBR and membership	NOV 3 FY21 Guidance	AUG 4 FY21 Guidance
Total revenues ¹	\$80.7 to \$81.9 7.50% to 9.00%	\$79.9 to \$81.2 6.25% to 8.00%
Adjusted operating income	\$4.91 to \$5.00 (20.75%) to (19.25%)	\$5.25 to \$5.35 (15.25%) to (13.50%)
Medical benefit ratio (MBR)	85.0% +/- 60 bps	84.7% +/- 60 bps
Total medical membership (in millions)	23.3 to 23.7	23.3 to 23.7
Commercial	16.6 to 16.8	16.6 to 16.9
Government	6.7 to 6.9	6.7 to 6.8

Raising total revenues to reflect growth in Government Services

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

Q4 operating income typically lowest of year driven by deductible satisfaction producing highest quarterly medical costs

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	NOV 3 FY21 Guidance	AUG 4 FY21 Guidance
Total revenues	\$151.0 to \$153.2 6.50% to 8.00%	\$148.4 to \$150.9 4.50% to 6.25%
Adjusted operating income	\$6.85 to \$6.94 20.50% to 22.00%	\$6.45 to \$6.55 13.50% to 15.25%
Total pharmacy claims processed ^{1,2}	2.21 to 2.24 4.50% to 6.00%	2.18 to 2.21 3.25% to 4.50%

Raising total revenues and adjusted operating income to reflect the strength in Q3 and continued strong outlook

Purchasing economics and specialty pharmacy are expected to remain strong through the fourth quarter

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.

² Total pharmacy claims processed include vaccinations.

Retail/LTC outlook

in billions	NOV 3 FY21 Guidance	AUG 4 FY21 Guidance
Total revenues	\$97.8 to \$99.1 7.25% to 8.75%	\$94.3 to \$95.6 3.25% to 4.75%
Adjusted operating income	\$6.98 to \$7.07 13.50% to 15.00%	\$6.60 to \$6.70 7.50% to 9.00%
Prescriptions filled ^{1,2}	1.57 to 1.60 7.25% to 9.25%	1.57 to 1.60 7.25% to 9.25%

Raising total revenues and adjusted operating income to reflect the strength in Q3

Expect vaccinations to continue into Q4 at a lower rate than Q3, and expect testing to modestly decline in comparison to Q3 levels

Incorporated impact of CDC's COVID-19 booster recommendations and modest impact from pediatric vaccinations

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.

² Prescriptions filled include vaccinations administered.

Other items

in billions, except tax rate and share count in millions

	NOV 3 FY21 Guidance	AUG 4 FY21 Guidance
Interest expense	~\$2.5	~\$2.6
Capital expenditures	\$2.7 to \$3.0	\$2.7 to \$3.0
Adjusted effective tax rate	~25.6%	~25.5%
Weighted-average diluted share count	~1,330	~1,330
Cash flow from operations	\$13.0 to \$13.5	\$12.5 to \$13.0

