Second Quarter 2019 Earnings Conference Call

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Cautionary Statement Regarding 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 involve risks and uncertainties. Actual results may differ materially from those contemplated by the forward-looking statements for a number of reasons as described in our Securities and Exchange Commission filings, including those set forth in the Risk Factors section and under the section entitled “Cautionary Statement Concerning Forward-Looking Statements” in our most recently filed Annual Report on Form 10-K and in our most recently filed Quarterly Report on Form 10-Q.

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 most comparable GAAP measures, on the Investor Relations portion of our website.

Link to our non-GAAP reconciliations.

Strong Execution Across Our Businesses Yields Guidance Beat and Raise

- Exceeded our financial expectations
  - Q2 Adjusted EPS of **$1.89**, **17 cents** above the high end of our guidance range
  - Performance driven by strong operating results across our enterprise with Retail/LTC and Pharmacy Services exceeding expectations
  - Strong revenue and market share growth
- Raising and narrowing 2019 full-year Adjusted EPS guidance to **$6.89 to $7.00**
  - An increase from previous guidance of **$6.75 to $6.90**

Enterprise priorities to accelerate growth

Consumer obsessed –
be local, make it simple, improve health

1.
Grow and differentiate our businesses

2.
Deliver transformational products and services

3.
Create a consumer-centric technology infrastructure

4.
Modernize enterprise functions and capabilities

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Continued Progress on Key Priorities

1. Grow and differentiate our businesses

A. Conversion of HealthHUBs
   – ~ 50 HealthHUBs in 4 metro areas by end of 2019
   – 14 metro areas by mid-2020
   – 1,500 locations by end of 2021

B. Continued momentum in government business
   – Aetna wins 5-year Medicaid contract expansion with Florida Healthy Kids
   – 2020 Medicare Advantage expansion provides us access to ~ 80% of Medicare eligible lives
   – Solid 2020 benchmark results for SilverScript (qualified in 31 of 34 regions)

C. Recent PBM wins; 2020 Selling Season Gross Wins now at $3.8 billion, up from $3.2 billion

2. Deliver transformational products and services

A. Launching a Hospital-to-Home pilot in Fall 2019

B. Home Hemodialysis System
   – Received FDA approval in July to begin clinical trial
   – Began enrolling patients in clinical trial expected to last 16 to 18 months; expect product launch in 2021

C. Oncology solution pilot launched in July across 14 states

3. Create consumer-centric technology infrastructure

A. Launched next best action pilot in HealthHUBs and MinuteClinics to close gaps in care and improve chronic condition management

B. ExtraCare leveraging machine learning to further improve reach and relevance

C. Nationwide expansion of CarePass subscription program

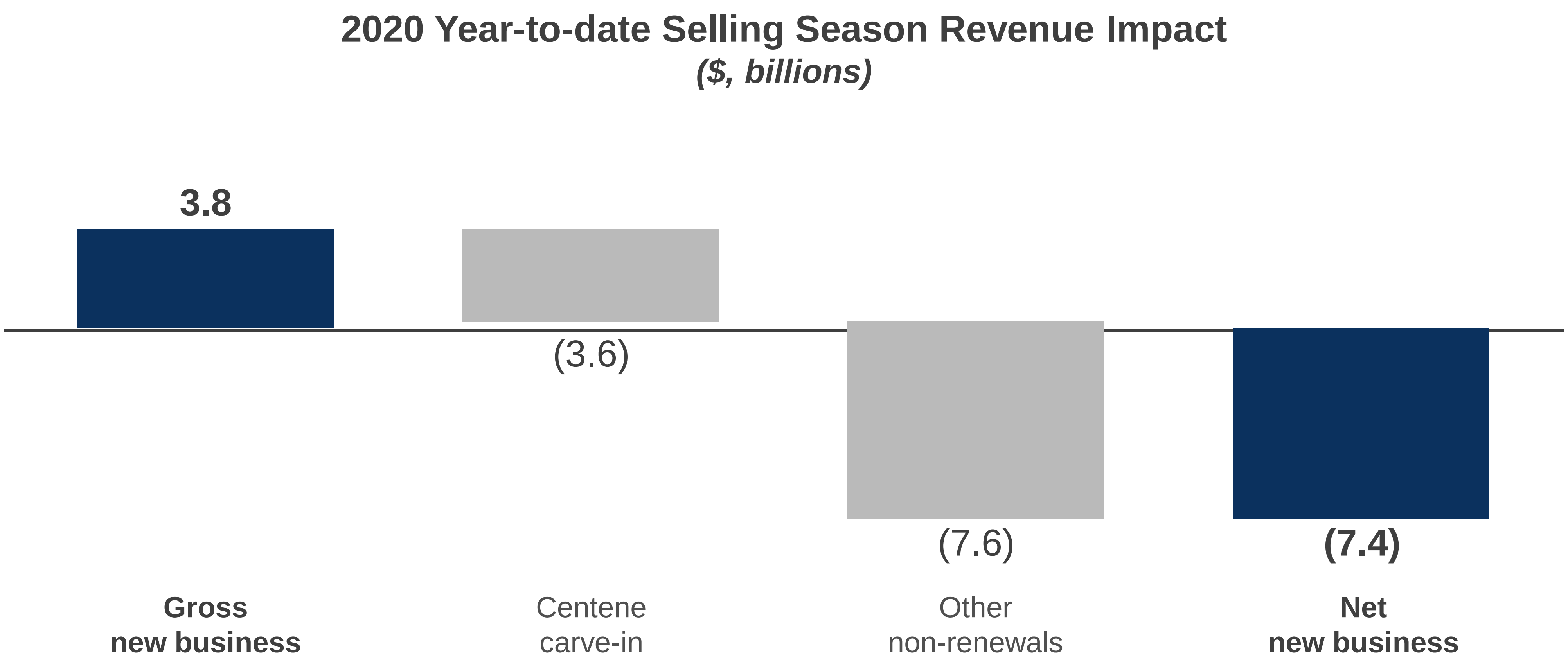
D. 77M enrolled in text messaging program, up from 72M last quarter

E. Attain by Aetna successfully launched in May, now available to all commercial members

4. Modernize enterprise functions and capabilities

A. On track

2020 PBM Selling Season Update



Note: As of July 2019. Anthem revenue recorded on a net basis vs. gross.

Legislative & Policy Update

- Encouraged by the recent policy advancements:
  - Withdrawal of “Rebate Rule” supports recognition of PBM value and the significant cost impact that would have resulted from eliminating the power of formularies to drive discounts and lower premiums for Med D beneficiaries
  - Extension of real-time benefits capability to allow Med D beneficiaries, and their physicians and pharmacists the ability to find lower-cost, therapeutic alternatives
    - CVS Health’s real-time benefits capability has resulted in patient savings of **$90** on average per fill when prescribers switch to a lower-cost alternative
- Continue to advocate for changes that lower out of pocket costs for consumers and that demonstrate the innovation and cost savings solutions the private sector can deliver as the broader questions of access, cost, and quality are debated nationally

Second Quarter 2019
Financial Review

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Strong Second Quarter Consolidated Results

in millions, except per share data	Q2 2019	Q2 2018	Change %
Adjusted Revenues	$63,431	$46,720	35.8%
Adjusted Operating Income	$4,031	$2,599	55.1%
GAAP EPS	$1.49	($2.52)	NM
Adjusted EPS	$1.89	1.69	11.8%
Cash Flow from Operations	$5,338	$2,934	81.9%

- Adjusted interest expense of **$772 million**, up ~ **$524 million** vs. LY
- Adjusted effective tax rate of **25.3%**
- Weighted-average share count of **1,302 million** shares

Note: Year-over-year comparisons are impacted by the timing of the close of the Aetna acquisition

Q2 Results: Pharmacy Services Segment

in millions	Q2 2019	Q2 2018	Change %
Total Revenues	$34,842	$33,427	4.2%
Adjusted Operating Income	$1,296	$1,181	9.7%
Total Claims[1]	489.0	470.1	4.0%

- Key revenue growth drivers include:
  - Brand name drug price inflation as well as increased total pharmacy claims volume, partially offset by continued price compression and increased generic dispensing rate
  - In Q2, dispensed specialty revenue increased **9.7%** vs. LY
- Generic Dispensing Rate (GDR) of **88.5%**[1], up **~ 90 bps** vs. LY
- Increase in adjusted operating income and margin driven by increased claims volume and improved purchasing economics, partially offset by continued price compression
- Growth in total claims[1] primarily driven by net new business and continued adoption of Maintenance Choice® offerings

1. Total pharmacy claims and the generic dispensing rate for all periods presented are adjusted to reflect 90-day prescriptions as the equivalent of three 30-day prescriptions.

Q2 Results: Retail / LTC Segment

in millions	Q2 2019	Q2 2018	Change %
Total Revenues	$21,447	$20,672	3.7%
Adjusted Operating Income	$1,669	$1,821	(8.3%)
Prescription Dispensed[1]	349.1	329.7	5.9%

- Revenue growth primarily driven by increased prescription volume and brand name drug price inflation, partially offset by continued reimbursement pressure and impact of generic drug introductions
- Generic Dispensing Rate (GDR)[1] of 89.0%, up ~ **90 bps** vs. LY
- Adjusted operating income performed better than expectations driven by pharmacy volume and front store performance. Previously disclosed factors affecting adjusted operating income include:
  - Continued reimbursement pressure with fewer offsets
  - Higher wages and benefits in 2019 with the wrap of our investment using savings from tax reform
  - Year-over-year performance of our Long-Term Care business

1. Prescriptions dispensed and the generic dispensing rate for all periods presented are adjusted to reflect 90-day prescriptions as the equivalent of three 30-day prescriptions.

Q2 Results: Retail Pharmacy

	Change vs. Q2 2018
Same Store Sales[1]	4.2%
Pharmacy Sales	4.7%
Pharmacy Prescription Volume[2]	7.2%
Front Store Sales (Favorably impacted by ~ 80 bps from shift of Easter holiday to later in April)	2.9%
Retail Pharmacy Market Share of 26.5%[2][3]	Up 120 bps

- Retail pharmacy market share increase driven by continued adoption of patient care programs, collaborations with PBMs, and preferred status in a number of Medicare Part D networks
- Growth in front store sales driven primarily by increased health product sales and the shift of the Easter shopping season to Q2
- Operate approximately **9,900** retail locations
- Operate approximately **1,100** MinuteClinics

1. Same store sales and prescription volume exclude revenues from MinuteClinic, and revenue and prescriptions from stores in Brazil, and long-term care operations.
2. Includes an adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions. This adjustment reflects the fact that these prescriptions include approximately three times the amount of product days supplied compared to a normal 30-day prescription.
3. Market share data for first quarter 2019. Source: IQVIA

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Q2 Results: Health Care Benefits Segment

in millions, except MBR	Q2 2019
Total Revenues	$17,403
Adjusted Operating Income	$1,438
Medical Membership as of June 30, 2019	22.8
Medical Benefit Ratio (MBR)	84.0%

- Medical membership consistent compared to March 31, 2019, up ~ **735,000** members from December 31, 2018
- MBR reflects moderate medical cost trends and favorable prior years' reserve development across all of our core products
  - Experienced modest pressure in a specific portion of our middle market commercial book
  - Continue to expect MBR for the full year to be within our initial guidance range, with a bias towards the upper half
- Days Claims Payable was **48** as of June 30, 2019
  - On a sequential basis, DCP increased by **three days** versus Q1 due to the seasonality that is typical of our PDP business
- We remain confident in the adequacy of our reserves and our reserving process

Cash Flow & Capital Allocation

- In Q2, generated **$5.3 billion** in cash from operations
- Reduced long-term debt by **$1 billion** in Q2
- In July, repaid balance of **$1.5 billion** on term loan
- Paid more than **$600 million** in shareholder dividends in Q2
  - Dividends will remain flat and share repurchases suspended until we reach our low 3x leverage targets
- Since the close of Aetna transaction, we have repaid ~ **$6.6 billion** of debt
  - We remain focused on continuing to deleverage and remain on track with the plans we outlined at our Investor Day in June

2019 Guidance

Guidance: 2019 Full-Year
Enterprise Outlook

in millions, except per share data	**Full-Year 2019**
Consolidated Revenues	$251,400 to $254,160
Adjusted Operating Income	$15,160 to $15,360
GAAP EPS	$4.93 to $5.04
Adjusted EPS	$6.89 to $7.00

- Increase in guidance range reflects:
  - Outperformance in the segments
  - Increased synergy expectations for the year
  - Realized investment portfolio gains
  - Additional prior period development in Q2 within HCB segment
  - Lower interest expense from the earlier repayment of debt

Guidance: 2019 Full-Year
Pharmacy Services Outlook

in millions	Full-Year 2019
Total Revenues	$137,400 to $138,950
Adjusted Operating Income	$5,060 to $5,120
Total Claims[1]	1,950 to 1,970

- Factors reflected in updated guidance:
  - Year-to-date outperformance
  - Acceleration of synergies
- Brand price inflation in line with prior expectations

1. Total pharmacy claims are adjusted to reflect 90-day prescriptions as the equivalent of three 30-day prescriptions.

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Guidance: 2019 Full-Year

Retail / LTC Outlook

in millions	Full-Year 2019
Total Revenues	\$85,640 to \$86,610
Adjusted Operating Income	\$6,680 to \$6,760
Prescriptions Dispensed[1]	1,420 to 1,430

- Factors reflected in updated guidance:
  - Year-to-date outperformance
  - Strong script growth at CVS Pharmacy
  - Better than expected performance in Long-Term Care
  - Reimbursement pressure in line with expectations

1. Prescriptions dispensed are adjusted to reflect 90-day prescriptions as the equivalent of three 30-day prescriptions.

Guidance: 2019 Full-Year

Health Care Benefits Outlook

in millions, except cost trend and MBR	**Full-Year 2019**
Total Revenues	$68,880 to $69,470
Adjusted Operating Income	$5,180 to $5,240
Core Commercial Medical Cost Trend	6.0% +/- 50 bps
YE Medical Membership	22.7 to 23.0
Medical Benefit Ratio	84% +/- 50 bps

- Factors reflected in updated guidance:
  - Additional prior period development in Q2
  - MBR at upper half of guidance range
  - Deal synergies consistent with previous outlook
- Suspension of the Health Insurer Fee in 2019 will impact certain operating ratios, while the after-tax impact of the suspension vs. 2018 is immaterial

Guidance: 2019 Full-Year
Other Items

in millions, except tax rate	Full-Year 2019
Net Synergies	~ $400
Incremental Investment Spending	$325 to $350
Interest Expense	$3,095 to $3,125
Effective Tax Rate	~ 26%
Weighted-Average Share Count	1,305
Cash Flow from Operations	$10,100 to $10,600
Net Capital Expenditures	$2,300 to $2,600
Cash Available for Debt Repayment	$4,500 to $4,900

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Guidance: Remainder of Year

Quarterly Earnings Progression

- The first three quarters will have the highest year-over-year earnings growth as we wrap the addition of Aetna
- Expect adjusted operating income for HCB to be lowest in Q4 due to cyclical nature of business
- GAAP EPS guidance for Q3 of **$1.16 to $1.20**
- Adjusted EPS guidance for Q3 of **$1.75 to $1.79**

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Evaluating Continued Performance Against Our Scorecard for Success

	Timing	Target	Update as of Q2 2019
Adjusted EPS Growth	2019	$6.75 - $6.90	✓ New guidance of **$6.89 to $7.00**, an increase of 11 cents at the midpoint
	2020	$7.00+ (Low single digits%)	
	2021	Mid single digits %	
	2022+	Low double digits %	
Integration Synergies	2019	$300M - $350M	✓ Fully integrated mail operations ahead of plan ✓ Expect **$400M** of synergies in 2019
	2020	~ $800M	
	2021+	~ $900M	
Enterprise Modernization	Run-rate 2022	~$1.5B - $2B	✓ On Track
Transformation	2022	~ $850M	✓ On Track
	Run-rate	~ $2.5B	
Leverage Ratio	2022	Low 3x's	✓ Repaid term loan in full ✓ Remain committed to repaying debt and reducing leverage
Cash Available for Enhancing Shareholder Value	Annually Long-Term	~$10B - $12B	
Inventory Reduction	2022	~ $1.5B	✓ On Track

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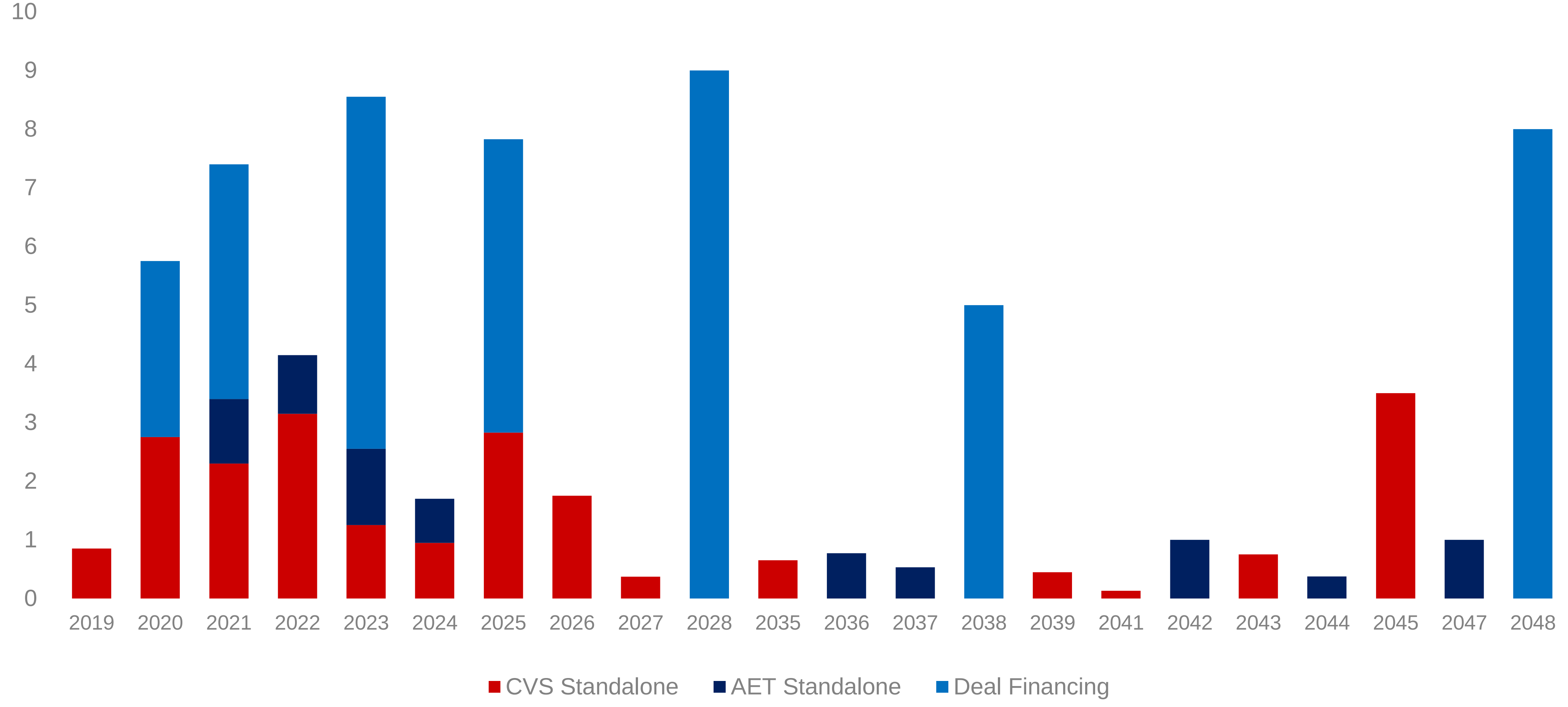
Appendix

Debt Maturity Schedule as of July 31, 2019



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