

Elevance Health

1Q 2024 Earnings Presentation

April 18, 2024



Key Highlights

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1Q 2024 Results

- **Elevance Health delivered a solid start to the year, reflecting disciplined execution of our strategic initiatives across our diversified portfolio of businesses**
- 1Q 2024 adjusted diluted EPS of \$10.64 grew 12.5% year-over-year
- 1Q 2024 adjusted operating gain of \$3.1B grew 7.3% year-over-year

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2024 Outlook

- **2024 adjusted diluted EPS guidance raised to >\$37.20, reflecting growth of at least 12% year-over-year**
- Significant progress in executing on our enterprise strategy, **accelerating** capabilities and services in Carelon, and scaling our enterprise flywheel for growth
- **Optimizing** our Health Benefits business through ongoing margin recovery in our commercial business; maximizing access to care for Medicaid members subject to eligibility redeterminations; **investing** in a strong foundation for profitable and sustainable growth in our Medicare Advantage business; and implementing disciplined operating expense management

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Strategic Priorities

- **Announced the next step in our journey to expand access to high-quality, patient-centered value-based care in our local markets** through a strategic partnership with Clayton, Dubilier & Rice
- Building a payor-agnostic, advanced primary care and physician enablement business serving consumers across commercial, Medicare and Medicaid health plans



1Q 2024 Results

Elevance Health	1Q 2024	1Q 2023	Change (%/bps)
Operating Revenue ¹	\$42.3B	\$41.9B	0.9%
Medical Loss Ratio	85.6%	85.8%	(20) bps
Adjusted Operating Expense Ratio ^{1,2}	11.4%	11.4%	0 bps
Adjusted Operating Gain ^{1,2}	\$3.1B	\$2.9B	7.3%
Adjusted Operating Margin ^{1,2}	7.3%	6.8%	50 bps
Net Investment Income	\$465M	\$387M	20.2%
Adjusted diluted EPS	\$10.64	\$9.46	12.5%
Operating Cash Flow	\$2.0B	\$6.5B	(\$4.5B)

Key Highlights

- **Elevance Health delivered first quarter results slightly ahead of internal expectations**
- Solid performance in both Health Benefits and Carelon businesses
- Operating revenue of \$42.3B consistent with expectations
- Benefit expense ratio of 85.6% improved 20 basis points driven by premium yields, including disciplined commercial underwriting
- Adjusted operating gain grew 7.3%; Health Benefits and Carelon contributed \$138M and \$72M of operating gain growth, respectively

1Q 2024 Results

Health Benefits	1Q 2024	1Q 2023	Change (%/bps)
Operating Revenue ¹	\$37.3B	\$37.3B	(0.1%)
Operating Gain ¹	\$2.3B	\$2.1B	6.4%
Operating Margin ¹	6.1%	5.8%	30 bps
Membership	46.2M	48.1M	(3.9%)

Key Highlights

- **Health Benefits delivered solid results**
- Operating revenue reflects expected attrition in Medicaid membership, mostly offset by premium rate increases to cover medical cost trends
- Operating gain increased 6.4% driven by improved premium yields, including disciplined underwriting practices
- Operating margin expanded 30 basis points, led by the continued recovery of commercial margins
- Membership of 46.2M reflects expected attrition in Medicaid and ongoing momentum in commercial fee-based and risk-based membership



1. See “Basis of Presentation” on page 9 herein.

1Q 2024 Results

Carelon	1Q 2024	1Q 2023	Change (%/bps)
Operating Revenue ¹	\$12.1B	\$11.5B	5.2%
Operating Gain ¹	\$813M	\$741M	9.7%
Operating Margin ¹	6.7%	6.5%	20 bps
Adjusted Scripts	77.0M	75.7M	1.7%
Consumers Served	102.9M	104.0M	(1.1%)

Key Highlights

- **Carelon scaling diverse array of businesses**
- Serves as the enterprise flywheel for growth, integrating physical, behavioral, social and pharmacy services to deliver whole health, affordably
- CarelonRx operating revenue of \$8.1 billion developed in line with expectations; operating gain of \$523 million, up 2%
- CarelonRx scaling BioPlus, integrating Paragon Healthcare, announces acquisition of Kroger Specialty Pharmacy
- Carelon Services operating revenue of \$4.0 billion grew 16%; operating gain of \$290 million, up 27%, driven by improved performance on risk-based arrangements



1. See “Basis of Presentation” on page 9 herein.

Flywheel Supports Sustainable, Long-Term Growth

Health Benefits

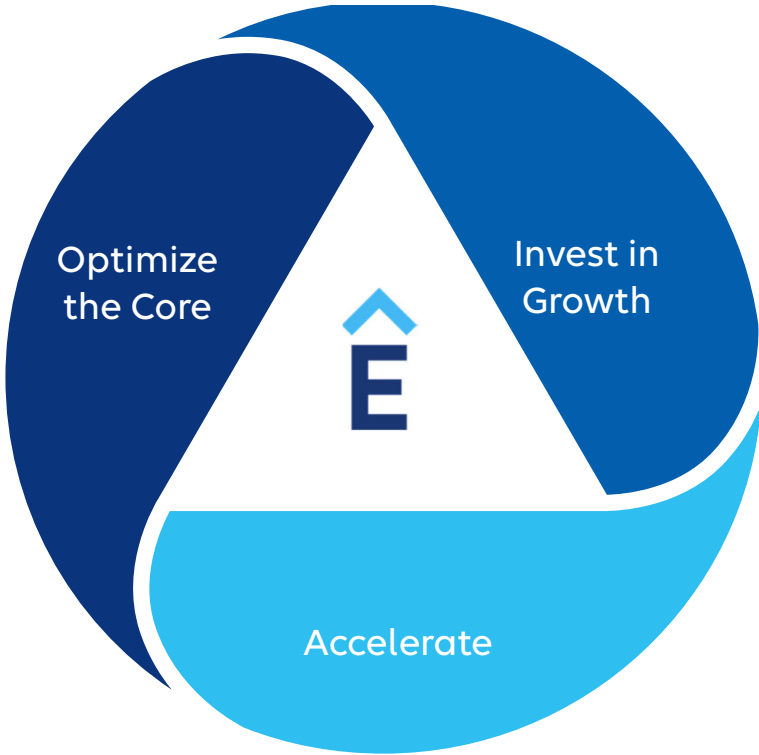


Over 46M medical members balanced across commercial, Medicaid and Medicare, leveraging the assets and capabilities of Caredon to accelerate growth

Health Services



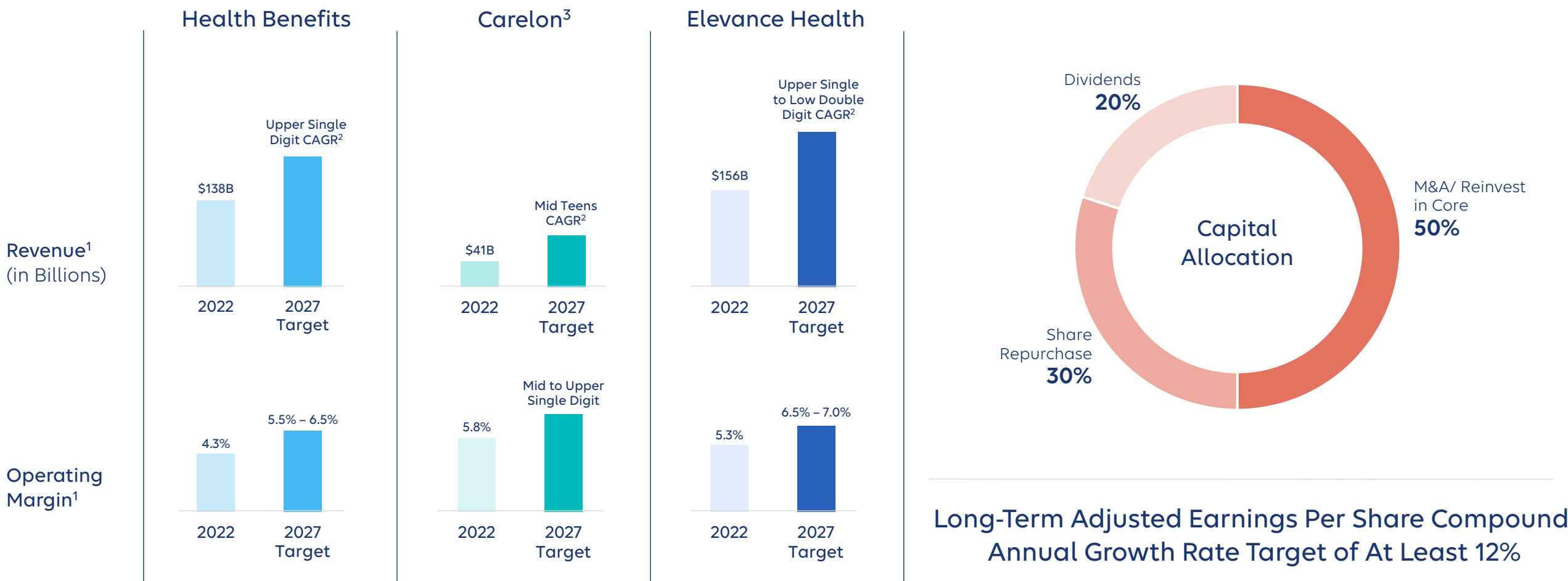
Integrated portfolio of whole health solutions connecting care across physical, behavioral, social, and pharmacy needs to bend the cost curve, enhance consumer experiences, and deliver whole health, affordably



Long-Term Adjusted Earnings Per Share
Compound Annual Growth Rate Target of At Least 12%



Committed to Strong Growth Over the Long-Term



1. 2022 Operating Revenue and Operating Margin for Health Benefits, Carelon, and Elevance Health have been updated to reflect restated financials.
2. Five-Year Compound Annual Growth Rate target for 2022 – 2027.
3. The compound annual growth rate (CAGR) target for revenue from 2022 – 2027 and the operating margin target in 2027 for Carelon includes: (i) a low double-digit revenue CAGR and 6.0% – 6.5% operating margin target for CarelonRx, and (ii) an upper teens to low twenties revenue CAGR and mid to upper single-digit operating margin for Carelon Services.

Forward-Looking Statements

This document contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect our views about future events and financial performance and are generally not historical facts. Words such as “expect,” “feel,” “believe,” “will,” “may,” “should,” “anticipate,” “intend,” “estimate,” “project,” “forecast,” “plan” and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to: financial projections and estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to future operations, products and services; and statements regarding future performance. Such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. You are also urged to carefully review and consider the various risks and other disclosures discussed in our reports filed with the U.S. Securities and Exchange Commission from time to time, which attempt to advise interested parties of the factors that affect our business. Except to the extent required by law, we do not update or revise any forward-looking statements to reflect events or circumstances occurring after the date hereof. These risks and uncertainties include, but are not limited to: trends in healthcare costs and utilization rates; reduced enrollment; our ability to secure and implement sufficient premium rates; the impact of large scale medical emergencies, such as public health epidemics and pandemics, and other catastrophes; the impact of new or changes in existing federal, state and international laws or regulations, including laws and regulations impacting healthcare, insurance, pharmacy services and other diversified products and services, or their enforcement or application; the impact of cyber-attacks or other privacy or data security incidents or breaches or our failure to comply with any privacy, data or security laws or regulations, including any investigations, claims or litigation related thereto; information technology disruptions; changes in economic and market conditions, as well as regulations that may negatively affect our liquidity and investment portfolios; competitive pressures and our ability to adapt to changes in the industry and develop and implement strategic growth opportunities; risks and uncertainties regarding Medicare and Medicaid programs, including those related to non-compliance with the complex regulations imposed thereon; our ability to maintain and achieve improvement in Centers for Medicare and Medicaid Services Star ratings and other quality scores and funding risks with respect to revenue received from participation therein; a negative change in our healthcare product mix; costs and other liabilities associated with litigation, government investigations, audits or reviews; our ability to contract with providers on cost-effective and competitive terms; failure to effectively maintain and modernize our information systems; risks associated with providing healthcare, pharmacy and other diversified products and services, including medical malpractice or professional liability claims and non-compliance by any party with the pharmacy services agreement between us and CaremarkPCS Health, L.L.C.; risks associated with mergers, acquisitions, joint ventures and strategic alliances; possible impairment of the value of our intangible assets if future results do not adequately support goodwill and other intangible assets; possible restrictions in the payment of dividends from our subsidiaries and increases in required minimum levels of capital; our ability to repurchase shares of our common stock and pay dividends on our common stock due to the adequacy of our cash flow and earnings and other considerations; the potential negative effect from our substantial amount of outstanding indebtedness and the risk that increased interest rates or market volatility could impact our access to or further increase the cost of financing; a downgrade in our financial strength ratings; the effects of any negative publicity related to the health benefits industry in general or us in particular; events that may negatively affect our licenses with the Blue Cross and Blue Shield Association; intense competition to attract and retain employees; risks associated with our international operations; and various laws and provisions in our governing documents that may prevent or discourage takeovers and business combinations.



Non-GAAP Measures and Basis of Presentation

This document references non-GAAP measures. These non-GAAP measures are intended to aid investors when comparing Elevance Health's financial results among periods and are not intended to be alternatives to any measure calculated in accordance with GAAP. Reconciliations of these non-GAAP measures to the most directly comparable measures calculated in accordance with GAAP are available on the last page of this document.

Operating revenue and operating gain/loss are the key measures used by management to evaluate performance in each of its reporting segments, allocate resources, set incentive compensation targets and to forecast future operating performance. Operating gain/loss is calculated as total operating revenue less benefit expense, cost of products sold and operating expense. It does not include net investment income, net gains/losses on financial instruments, interest expense, amortization of other intangible assets and gains/losses on extinguishment of debt or income taxes, as these items are managed in a corporate shared service environment and are not the responsibility of operating segment management. Operating Margin is defined as operating gain divided by operating revenue. Each of these measures is provided to further aid investors in understanding and analyzing Elevance Health's operating and financial results.

Elevance Health GAAP Reconciliation — Shareholders’ Net Income and Shareholders’ Earnings Per Diluted Share

	Three Months Ended Mar 31		
(In millions, except per share data)	2024	2023	Change
Shareholders' net income	\$2,246	\$1,989	12.9%
Add / (Subtract):			
Net losses on financial instruments	161	113	
Amortization of other intangible assets	116	235	
Transaction and integration related costs ¹	52	26	
Litigation expenses ¹	2	1	
Business optimization charges ¹	(4)	—	
Tax impact of non-GAAP adjustments	(81)	(97)	
Net adjustment items	246	278	
Adjusted shareholders' net income	\$2,492	\$2,267	9.9%
Shareholders' earnings per diluted share	\$9.59	\$8.30	15.5%
Add / (Subtract):			
Net losses on financial instruments	0.69	0.47	
Amortization of other intangible assets	0.50	0.98	
Transaction and integration related costs ¹	0.22	0.11	
Litigation expenses ¹	0.01	—	
Business optimization charges ¹	(0.02)	—	
Tax impact of non-GAAP adjustments	(0.35)	(0.40)	
Net adjustment items	1.05	1.16	
Adjusted shareholders' earnings per diluted share	\$10.64	\$9.46	12.5%

(In millions)	Three Months Ended Mar 31		Change
	2024	2023	
Income before income tax expense	\$2,939	\$2,619	12.2%
Net investment income	(465)	(387)	
Net losses on financial instruments	161	113	
Interest expense	265	251	
Amortization of other intangible assets	116	235	
Reportable segments operating gain	\$3,016	\$2,831	6.5%



1. Adjustment item resides in the Corporate & Other reportable segment.

Elevance Health GAAP Reconciliation — Operating Gain, Operating Expense Ratio, and 2024 Outlook

(In millions)	Three Months Ended Mar 31		Change
	2024	2023	
Reportable segments operating gain	\$3,016	\$2,831	6.5%
Add / (Subtract):			
Transaction and integration related costs ¹	52	26	
Litigation expenses ¹	2	1	
Business optimization charges ¹	(4)	—	
Net Adjustment Items	50	27	
Reportable segments operating gain	\$3,066	\$2,858	7.3%

(In millions)	Three Months Ended Dec 31		Change
	2023	2022	
Operating expense	\$4,886	\$4,800	1.8%
Add / (Subtract):			
Transaction and integration related costs ¹	(52)	(26)	
Litigation expenses ¹	(2)	(1)	
Business optimization charges ¹	4	—	
Net adjustment items	(50)	(27)	
Adjusted operating expense	\$4,836	\$4,773	1.3%
Operating revenue	\$42,273	\$41,898	0.9%
Operating expense ratio	11.6%	11.5%	10 bp
Adjusted operating expense ratio	11.4%	11.4%	— bp

	Full Year 2024	
	Outlook	
Shareholders' earnings per diluted share	Greater than \$34.05	
Add / (Subtract):		
Amortization of other intangibles	\$1.93	
Net losses on financial instruments	\$1.35	
Transaction and integration related costs ¹	\$0.75	
Litigation expenses ¹	\$0.03	
Business optimization charges ¹	(\$0.02)	
Tax impact of non-GAAP adjustments	Approximately (\$0.89)	
Net adjustment items	\$3.15	
Adjusted shareholders' earnings per diluted share	Greater than \$37.20	

1. Adjustment item resides in the Corporate & Other reportable segment.

