

Second quarter 2024 —

August 7, 2024

Earnings conference call

Karen S. Lynch

President and
Chief Executive Officer

Thomas F. Cowhey

Executive Vice President and
Chief Financial Officer



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 (“CVS Health”). 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 also differ materially from those contemplated by the forward-looking statements due to the risks and uncertainties related to the recent acquisitions of Signify Health, Inc. and Oak Street Health, Inc. 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, our most recent Quarterly Report on Form 10-Q, our recent Current Reports on Form 8-K, and this morning’s earnings press release.

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](#)

Financial highlights

Delivered revenue growth of **2.6%** and adjusted EPS of **\$1.83** in the second quarter of 2024. Lowered 2024 adjusted EPS guidance to **\$6.40 to \$6.65** primarily due to pressure in Health Care Benefits.

Enterprise Highlights

\$2.0B

in expected savings from a multi-year productivity initiative

\$858M

returned to shareholders through second quarter dividend

SECOND QUARTER Financial Results

2.6%

revenue growth

\$1.41

GAAP EPS

\$1.83

adjusted EPS

\$8.0B

year-to-date cash flow from operations

FULL-YEAR 2024

Company Guidance

\$369.0B – \$372.0B

total company revenue

\$13.75B – \$14.15B

total adjusted operating income

\$6.40 – \$6.65

total company adjusted EPS

~\$9.0B

total operating cash flow

Accelerating opportunities to drive integrated value

♥
We are **demonstrating progress** towards **key measures of success** across the enterprise,

enabling us to **deliver on our financial commitments**
♥

People served across CVS Health

186M+

Consumers accessing 2 or more CVS Health offerings

57M+

Unique digital consumers

~60M

Net customer savings generated through Cordavis biosimilars

~\$400M

Increase in Aetna members using Oak Street clinics since close

3x



OUR VISION

**Building a
world of health around
every consumer**



Our Strategic Imperatives



Grow

our core business



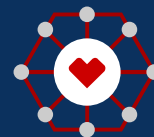
Build

diverse national care
delivery and value-
based care capabilities



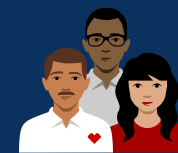
Enable

consumers' health
with care and
coverage capabilities
across local points
of care



Create

seamless engagement
and personalized
experiences across
all company channels



Empower

our people and
culture

Consolidated Results

in billions,
except per share amounts

	Q2 2024	Q2 2023
Total Revenues	\$91.2	\$88.9
Adjusted Operating Income	\$3.74	\$4.48
GAAP Earnings per Share	\$1.41	\$1.48
Adjusted Earnings per Share	\$1.83	\$2.21
Cash Flow from Operations	\$3.1	\$5.9

Business highlights

Signed **CVS CostVantage™ agreements with eight** pharmacy benefit managers to date, including CVS Caremark, who combined make up **over fifty percent of our commercial scripts.**

Processed approximately **100 thousand Cordavis biosimilar prescriptions** since April 1st formulary change, which contributed to **nearly \$400 million in net cost savings** for our clients and their members.

Signify delivered another quarter of **record volumes.**

Returned \$858 million to shareholders via quarterly dividend.

2024 Consolidated Guidance

in billions, except per share amounts and tax rate

Full-year guidance

	Full-year 2024 as of August 7, 2024	Full-year 2024 as of May 1, 2024
Total Revenues	\$369.0 – \$372.0	At least \$369.0
Adjusted Operating Income	\$13.75 – \$14.15	At least \$14.75
GAAP Earnings per Share	\$4.95 – \$5.20	At least \$5.64
Adjusted Earnings per Share	\$6.40 – \$6.65	At least \$7.00
Cash Flow from Operations	~\$9.0	At least \$10.5
Interest Expense	~\$3.0	~\$2.9
Capital Expenditures	~\$2.8	~\$3.0
Adjusted Effective Tax Rate	~25.3%	~25.6%
Weighted Average Diluted Share Count	~1.262	~1.265

Business highlights

Announced **multi-year productivity initiative expected to deliver \$2.0 billion in savings.**

Strong selling season in Aetna's Commercial business, including **retention in the high 90s** in our National Accounts business.

On track to achieve three-year goal of closing 900 stores by the end of this year. **Substantially all remaining standalone stores across our national footprint are profitable.**

Lowered full-year 2024 adjusted EPS guidance to a range of \$6.40 to \$6.65, primarily due to pressure in Health Care Benefits.

Superior assets. Superior care. Superior value.

Health care benefits

in billions, except MBR
and membership

Quarter Results

	Q2 2024	Q2 2023
Total Revenues	\$32.5	\$26.7
Adjusted Operating Income	\$0.94	\$1.54
Total Medical Membership (millions)	27.0	25.6
Commercial	18.8	18.1
Government	8.2	7.5
Medical Benefits Ratio (MBR)	89.6%	86.2%

Full-year guidance

	Full-year 2024 as of August 7, 2024	Full-year 2024 as of May 1, 2024
Total Revenues	\$128.6 – \$129.6	At least \$129.1
Adjusted Operating Income	\$2.25 – \$2.55	At least \$3.60
Total Medical Membership (millions)	27.0 – 27.2	~27.0
Medical Benefits Ratio (MBR)	90.6% – 90.8%	~89.8%

Business highlights

Increase of ~1.3 million medical members reflects increase in Medicare and Individual Exchange, partially offset by Medicaid redeterminations.

Lowered 2024 adjusted operating income guidance by **\$1.05 billion to \$1.35 billion** and increased 2024 medical benefit ratio guidance to **90.6% - 90.8%**.

Updated guidance reflects provisions for incremental Medicare trends and our 2024 Individual Exchange risk adjustment, as well as the impact of acuity and rate dislocation in our Medicaid business.

Health services

in billions, except pharmacy claims

Quarter Results

Total Revenues

Q2 2024

\$42.2

Q2 2023

\$46.2

Adjusted Operating Income

\$1.92

\$1.89

Pharmacy Claims Processed¹
(millions)

471.2

576.6

Full-year guidance

Total Revenues

Full-year 2024
as of August 7, 2024

\$167.5 – \$168.5

Full-year 2024
as of May 1, 2024

At least \$167.0

Adjusted Operating Income

\$7.20 – \$7.25

At least \$7.00

Pharmacy Claims Processed¹
(billions)

1.91 – 1.92

~1.91

Business highlights

Health Services **revenue of ~\$42 billion** was impacted by the previously announced loss of a large client and continued pharmacy client price improvements, partially offset by **pharmacy drug mix, increased contributions from our Health Care Delivery assets**, and growth in specialty pharmacy.

Oak Street Health ended the quarter with **207 centers**, an **increase of 30 centers** year-over-year.

Increased 2024 adjusted operating income guidance by **\$200 million to \$250 million** reflecting continued strong performance in our Pharmacy Services business through the remainder of the year.

Pharmacy & consumer wellness

in billions, except prescriptions filled

Quarter Results

Total Revenues

Q2 2024

\$29.8

Q2 2023

\$28.8

Adjusted Operating Income

\$1.24

\$1.41

Prescriptions Filled¹
(millions)

420.4

405.7

Full-year guidance

Total Revenues

Full-year 2024
as of August 7, 2024

\$122.4 – \$123.4

Full-year 2024
as of May 1, 2024

At least \$122.4

Adjusted Operating Income

\$5.70 – \$5.75

At least \$5.60

Prescriptions Filled¹
(billions)

1.69 – 1.70

~1.69

Business highlights

Generated **revenue of ~\$30 billion**, reflecting an **increase of nearly 4%** versus the prior year and **over 6%²** on a same store basis.

Adjusted operating income of **~\$1.2 billion** reflects continued pharmacy reimbursement pressure and decreased front store volume, partially offset by **increased prescription volume, improved drug purchasing and pharmacy drug mix.**

Same store Pharmacy sales and same store prescription volumes **increased by ~9%² and ~6%²**, respectively.

Increased 2024 adjusted operating income guidance by **\$100 million to \$150 million** reflecting strong performance in the first half of the year.

Footnotes

Second quarter 2024

1. Includes an adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions.
2. Same store sales and prescription volume represent the change in revenues and prescriptions filled in the Company's retail pharmacy stores that have been operating for greater than one year and digital sales initiated online or through mobile applications and fulfilled through the Company's distribution centers, expressed as a percentage that indicates the increase or decrease relative to the comparable prior period. Same store metrics exclude revenues and prescriptions from LTC and infusion services operations. Management uses these metrics to evaluate the performance of existing stores on a comparable basis and to inform future decisions regarding existing stores and new locations. Same-store metrics provide management and investors with information useful in understanding the portion of current revenues and prescriptions resulting from organic growth in existing locations versus the portion resulting from opening new stores.