

Elevance Health

2Q 2024 Earnings Presentation

July 17, 2024



Key Highlights

1 2Q 2024 Results

- **Elevance Health second quarter results reflect disciplined execution of our strategic initiatives during a dynamic time for the industry**
- 2Q 2024 adjusted diluted EPS of \$10.12 grew 12% year-over-year
- 2Q 2024 adjusted operating gain of \$2.8B grew 6% year-over-year

2 2024 Outlook

- **Reaffirmed 2024 adjusted diluted EPS guidance of at least \$37.20, reflecting growth of 12% year-over-year**
- Continue to **optimize** our Health Benefits segment through ongoing margin recovery from pandemic-era lows in our commercial risk-based health plans and disciplined execution in government businesses
- Guidance embeds **investment** in strategic growth initiatives, notably in CarelonRx, as we integrate recent acquisitions and scale key value drivers

3 Strategic Focus Areas

- Executing on our enterprise strategy, to **accelerate** capabilities and services in Carelon by expanding and scaling our **enterprise flywheel for growth**
- **Minimizing barriers to whole health** for Medicaid members impacted by eligibility redeterminations
- **Building a sustainable Medicare Advantage business** for the long-term
- **Adjusted earnings per share growth algorithm** provides a clear path to sustainable growth through upper single digit growth in enterprise operating revenue, margin expansion from disciplined pricing and operational transformation, and balanced capital deployment



2Q 2024 Results

Elevance Health	2Q 2024	2Q 2023	Change (%/bps/\$)
Operating Revenue ¹	\$43.2B	\$43.4B	(0.4%)
Medical Loss Ratio	86.3%	86.4%	(10) bps
Adjusted Operating Expense Ratio ^{1,2}	11.5%	11.0%	50 bps
Adjusted Operating Gain ^{1,2}	\$2.8B	\$2.7B	5.8%
Adjusted Operating Margin ^{1,2}	6.6%	6.2%	40 bps
Net Investment Income	\$508M	\$416M	22.1%
Adjusted diluted EPS ²	\$10.12	\$9.04	11.9%
Operating Cash Flow	\$0.4B	\$2.0B	(\$1.5B) ³

Key Highlights

- Elevance Health second quarter results reflect focused execution of our enterprise strategy in a dynamic operating environment
- Operating revenue of \$43.2B includes the impact of membership attrition in Medicaid
- Benefit expense ratio of 86.3% improved 10 basis points driven by premium yields, inclusive of disciplined commercial underwriting
- Adjusted operating expense ratio of 11.5% includes investment in strategic growth initiatives, notably in CarelonRx
- Adjusted operating gain grew 5.8% driven by improved performance on risk-based contracts in Carelon



1. See "Basis of Presentation" on slide 10 herein.
2. See "GAAP Reconciliation" on slides 11 and 12 herein.
3. Figures may not foot due to rounding.

2Q 2024 Results

Health Benefits	2Q 2024	2Q 2023	Change (%/bps)
Operating Revenue ¹	\$37.2B	\$38.0B	(2.2%)
Operating Gain ¹	\$2.1B	\$2.1B	0.3%
Operating Margin ¹	5.8%	5.6%	20 bps
Membership ²	45.8M	48.0M	(4.6%)

Key Highlights

- **Health Benefits demonstrated the resilience of our diversified mix of business in the quarter**
- Operating revenue was impacted by declines in Medicaid membership, partially offset by premium rate increases to cover medical cost trends
- Operating gain increased 0.3%, driven by disciplined underwriting, partially offset by membership attrition
- Operating margin expanded 20 basis points due to the recovery of commercial margins from pandemic era lows
- Membership of 45.8M reflects attrition in Medicaid, partially offset by strong growth in ACA health plan membership



1. See “Basis of Presentation” on slide 10 herein.
 2. Health Benefits Membership for the three months ended June 30, 2023, is restated to reflect a change in BlueCard® membership to align to the Blue Cross Blue Shield Association reporting methodology. For the three months ended June 30, 2023, BlueCard® membership has been restated lower by 17K.

2Q 2024 Results

Carelon	2Q 2024	2Q 2023	Change (%/bps)
Operating Revenue ¹	\$13.3B	\$12.1B	10.3%
Operating Gain ¹	\$705M	\$653M	8.0%
Operating Margin ¹	5.3%	5.4%	(10) bps
Adjusted Scripts	78.2M	77.4M	1.0%
Consumers Served	102.3M	103.6M	(1.3%)

Key Highlights

- **Carelon delivered growth in services while scaling key value drivers**
- Serves as the enterprise flywheel for growth, integrating physical, behavioral, social and pharmacy services to deliver whole health, affordably
- **CarelonRx** operating revenue of \$8.8 billion driven by strong external member growth and the acquisition of Paragon Healthcare; operating gain of \$497 million includes ongoing investments in pharmacy home delivery and specialty services
- **Carelon Services** operating revenue of \$4.5 billion grew 26%; operating gain of \$208 million grew over 32% driven by improved performance on risk-based arrangements



1. See “Basis of Presentation” on slide 10 herein.

Flywheel Supports Our Long-Term Growth Algorithm

Health Benefits

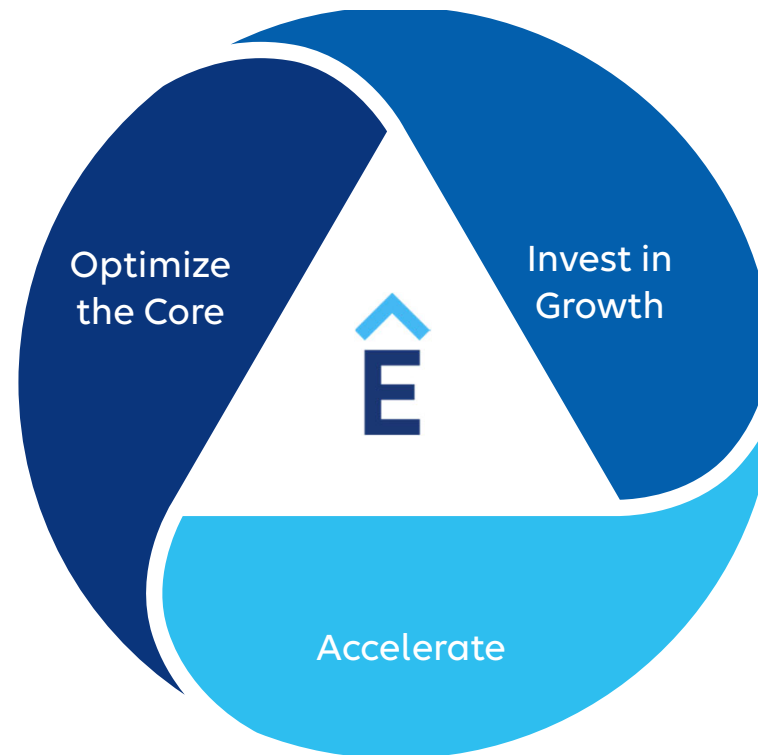


Approximately 46M medical members balanced across commercial, Medicaid and Medicare, leveraging the assets and capabilities of Carelon to accelerate growth

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



Targeting at least 12% average annual growth in Adjusted Diluted Earnings Per Share



Long-Term Growth Algorithm

Targeting at least 12% average annual growth in Adjusted Diluted EPS

Adjusted Operating Gain – Upper Single Digit to Low Double Digit CAGR¹



Revenue Growth
Upper Single Digit CAGR¹



Adjusted Operating Margin
Expanding to 6.5% - 7.0% by 2027



Capital Deployment
Approximately 4% Contribution to
Adjusted Diluted EPS CAGR¹

Health Benefits

Mid to Upper Single Digit CAGR
Driven by membership growth, cost trend, geographic expansion, and growth in specialized populations

Carelon Services

Upper Teens to Low Twenties CAGR
Driven by risk-based revenue growth including M&A

CarelonRx

Low-Double Digit CAGR
Driven by script volumes and drug mix

Transforming our business processes by leveraging new technologies across operations

Commitment to operating efficiency and optimizing core businesses

Effective medical management

Underwriting discipline

Share Repurchases

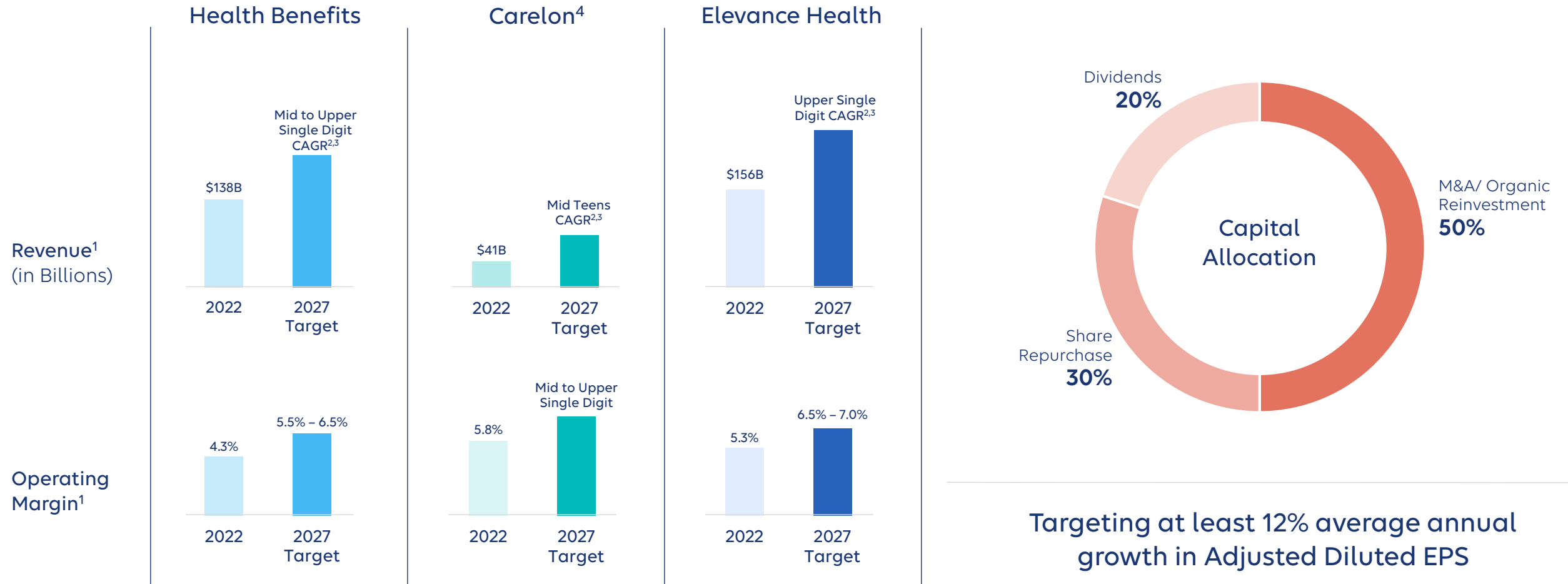
Organic Reinvestment

Programmatic M&A targeting integrated solutions that strengthen health plan competitiveness



1. CAGR = Compound Annual Growth Rate Target.

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. CAGR = Compound Annual Growth Rate Target.
 3. Five-Year CAGR target for 2022 – 2027.
 4. The 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 our failure to comply with any privacy, data or security laws or regulations, including any investigations, claims or litigation related thereto; failure to effectively maintain and modernize our information systems, or failure of our information systems or technology, including artificial intelligence, to operate as intended; failure to effectively maintain the availability and integrity of our data; 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; 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 slide 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 Jun 30		Change	Six Months Ended Jun 30		Change
	2024	2023		2024	2023	
<i>(In millions, except per share data)</i>						
Shareholders' net income	\$2,300	\$1,853	24.1%	\$4,546	\$3,842	18.3%
Add / (Subtract):						
Amortization of other intangible assets	162	221		278	456	
Net losses on financial instruments	85	121		246	234	
Transaction and integration related costs ¹	64	55		116	81	
Litigation and settlement expenses ¹	9	2		11	3	
Business optimization charges ¹	4	—		—	—	
Gain on sale of business	(240)	—		(240)	—	
Tax impact of non-GAAP adjustments	(22)	(103)		(103)	(200)	
Net adjustment items	62	296		308	574	
Adjusted shareholders' net income	\$2,362	\$2,149	9.9%	\$4,854	\$4,416	9.9%
Shareholders' earnings per diluted share	\$9.85	\$7.79	26.4%	\$19.44	\$16.10	20.7%
Add / (Subtract):						
Amortization of other intangible assets	0.69	0.93		1.19	1.91	
Net losses on financial instruments	0.36	0.51		1.05	0.98	
Transaction and integration related costs ¹	0.27	0.23		0.50	0.34	
Litigation and settlement expenses ¹	0.04	0.01		0.05	0.01	
Business optimization charges ¹	0.02	—		—	—	
Gain on sale of business	(1.03)	—		(1.03)	—	
Tax impact of non-GAAP adjustments	(0.09)	(0.43)		(0.44)	(0.84)	
Net adjustment items	0.27	1.25		1.32	2.40	
Adjusted shareholders' earnings per diluted share	\$10.12	\$9.04	11.9%	\$20.76	\$18.50	12.2%
<i>(In millions)</i>						
Income before income tax expense	\$2,986	\$2,441	22.3%	\$5,925	\$5,060	17.1%
Net investment income	(508)	(416)		(973)	(803)	
Gain on sale of business	(240)	—		(240)	—	
Net losses on financial instruments	85	121		246	234	
Interest expense	280	261		545	512	
Amortization of other intangible assets	162	221		278	456	
Reportable segments operating gain	\$2,765	\$2,628	5.2%	\$5,781	\$5,459	5.9%



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 Jun 30			Six Months Ended Jun 30		
	2024	2023	Change	2024	2023	Change
Reportable segments operating gain	\$2,765	\$2,628	5.2%	\$5,781	\$5,459	5.9%
Add / (Subtract):						
Transaction and integration related costs ¹	64	55		116	81	
Litigation and settlement expenses ¹	9	2		11	3	
Business optimization charges ¹	4	—		—	—	
Net adjustment items	77	57		127	84	
Reportable segments adjusted operating gain	\$2,842	\$2,685	5.8%	\$5,908	\$5,543	6.6%

(In millions)	Three Months Ended Jun 30			Six Months Ended Jun 30		
	2024	2023	Change	2024	2023	Change
Operating expense	\$5,066	\$4,818	5.1%	\$9,952	\$9,618	3.5%
Add / (Subtract):						
Transaction and integration related costs ¹	(64)	(55)		(116)	(81)	
Litigation and settlement expenses ¹	(9)	(2)		(11)	(3)	
Business optimization charges ¹	(4)	—		—	—	
Net adjustment items	(77)	(57)		(127)	(84)	
Adjusted operating expense	\$4,989	\$4,761	4.8%	\$9,825	\$9,534	3.1%
Operating revenue	\$43,223	\$43,377	(0.4%)	\$85,496	\$85,275	0.3%
Operating expense ratio	11.7%	11.1%	60 bp	11.6%	11.3%	30 bp
Adjusted operating expense ratio	11.5%	11.0%	50 bp	11.5%	11.2%	30 bp

	Full Year 2024 Outlook
Shareholders' earnings per diluted share	At least \$34.05
Add / (Subtract):	
Amortization of other intangibles	\$2.18
Net losses on financial instruments	\$1.61
Transaction and integration related costs ¹	\$1.21
Litigation and settlement expenses ¹	\$0.07
Gain on sale of business	(\$1.03)
Tax impact of non-GAAP adjustments	Approximately (\$0.89)
Net adjustment items	\$3.15
Adjusted shareholders' earnings per diluted share	At least \$37.20

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



