

**First quarter 2024** —

May 1, 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 **3.7%** and adjusted EPS of **\$1.31** in the first quarter of 2024. Lowered 2024 adjusted EPS guidance to **at least \$7.00**, primarily due to elevated Medicare utilization.

## FIRST QUARTER

### Financial Results

**3.7%**

revenue growth

**\$0.88**

GAAP EPS

**\$1.31**

adjusted EPS

**\$4.9B**

cash flow from operations

## GENERATING

### Shareholder Value

**\$3.0B**

accelerated share  
repurchase transaction  
completed

**\$840M**

returned to  
shareholders through  
quarterly dividend

## FULL-YEAR 2024

### Company Guidance

**at least \$369.0B**

total company revenue

**at least \$14.75B**

total adjusted operating income

**at least \$7.00**

total company adjusted EPS

**at least \$10.5B**

total operating cash flow



OUR VISION

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



# Our Strategic Imperatives



## Grow

our core business



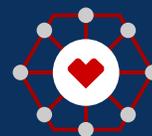
## Build

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

	Q1 2024	Q1 2023
Total Revenues	\$88.4	\$85.3
Adjusted Operating Income	\$2.96	\$4.37
GAAP Earnings per Share	\$0.88	\$1.65
Adjusted Earnings per Share	\$1.31	\$2.20
Cash Flow from Operations	\$4.9	\$7.4

## Business highlights

Implemented our unique and meaningful **formulary change related to Humira**, driving greater adoption of biosimilars and increasing the affordability of critical specialty drugs.

In the first month since the formulary change, **more biosimilar Humira prescriptions have been dispensed than the entire U.S. market** in 2023.

Completed a **\$3.0 billion accelerated share repurchase transaction** in the first quarter, retiring ~40 million shares.

**Returned \$840 million to shareholders** through quarterly dividend.

# 2024 Consolidated Guidance

in billions, except per share amounts and tax rate

Full-year guidance

	Q1 2024 May 1, 2024	Q4 2023 February 7, 2024
Total Revenues	At least \$369.0	At least \$371.3
Adjusted Operating Income	At least \$14.75	At least \$16.90
GAAP Earnings per Share	At least \$5.64	At least \$7.06
Adjusted Earnings per Share	At least \$7.00	At least \$8.30
Cash Flow from Operations	At least \$10.5	At least \$12.0
Interest Expense	~\$2.9	~\$2.9
Capital Expenditures	~\$3.0	~\$3.0
Adjusted Effective Tax Rate	~25.6%	~25.4%
Weighted Average Diluted Share Count	~1.265	~1.263

## Business highlights

**Revised full-year 2024 adjusted EPS guidance to at least \$7.00**, primarily due to the impact of elevated Medicare utilization in our Health Care Benefits business.

Since unveiling **CVS Caremark TrueCost™** and **CVS CostVantage™**, there has been a tremendous interest in these more **simple and transparent** pharmacy models.

Achieved several **wins with large Commercial clients** and received **key RFP awards in Medicaid**, including Virginia and Texas.

**Superior assets. Superior care. Superior value.**

# Health care benefits

in billions, except MBR  
and membership

Quarter Results

Total Revenues

Q1 2024

Q1 2023

\$32.2

\$25.9

Adjusted Operating Income

\$0.73

\$1.82

Total Medical Membership  
(millions)

26.8

25.5

Commercial

18.9

18.0

Government

7.9

7.5

Medical Benefits Ratio (MBR)

90.4%

84.6%

Full-year guidance

Total Revenues

Q1 2024

Q4 2023

May 1, 2024

February 7, 2024

At least \$129.1

At least \$125.1

Adjusted Operating Income

At least \$3.60

At least \$5.40

Total Medical Membership  
(millions)

~27.0

~26.9

Medical Benefits Ratio (MBR)

~89.8%

~87.7%

## Business highlights

**Increase of 1.1 million members** sequentially reflects broad based growth in our Medicare, Individual Exchange and Commercial products.

Medical costs were **~\$900 million** above expectations, primarily in Medicare Advantage, driven by **~\$500 million** of seasonal factors or items specific to the quarter. The remaining **~\$400 million** of pressure was driven by utilization trends we assume will persist for the remainder of 2024.

Lowered 2024 adjusted operating income guidance to **at least \$3.6 billion** and increased 2024 medical benefit ratio guidance to **~89.8%**.

# Health services

in billions, except pharmacy claims

Quarter Results

Total Revenues

Q1 2024

\$40.3

Q1 2023

\$44.6

Adjusted Operating Income

\$1.36

\$1.68

Pharmacy Claims Processed<sup>1</sup>  
(millions)

462.9

587.3

Full-year guidance

Total Revenues

Q1 2024

May 1, 2024

At least \$167.0

Q4 2023

February 7, 2024

At least \$169.7

Adjusted Operating Income

At least \$7.00

At least \$7.40

Pharmacy Claims Processed<sup>1</sup>  
(billions)

~1.91

~1.87

## Business highlights

Health Services **revenue of ~\$40 billion** was impacted by the previously announced loss of a large client and continued pharmacy client price improvements, partially offset by **pharmacy drug mix**, growth in **specialty pharmacy** and the acquisitions of **Oak Street Health and Signify Health**.

Oak Street Health ended the quarter with **205 centers**, an **increase of 33 centers** year-over-year.

Lowered 2024 adjusted operating income guidance to **at least \$7.0 billion**, reflecting impact of higher Medicare utilization in Health Care Delivery and mix trends in Pharmacy Services.

# Pharmacy & consumer wellness

in billions, except prescriptions filled

Quarter Results

Total Revenues

Q1 2024

Q1 2023

\$28.7

\$27.9

Adjusted Operating Income

\$1.18

\$1.13

Prescriptions Filled<sup>1</sup>  
(millions)

417.6

404.8

Full-year guidance

Total Revenues

Q1 2024

Q4 2023

May 1, 2024

February 7, 2024

At least \$122.4

At least \$123.4

Adjusted Operating Income

At least \$5.60

At least \$5.60

Prescriptions Filled<sup>1</sup>  
(billions)

~1.69

~1.69

## Business highlights

Generated **revenue of ~\$29 billion**, reflecting an **increase of nearly 3%** versus the prior year and **over 5%<sup>2</sup>** on a same store basis.

Adjusted operating income of **~\$1.2 billion** driven by **increased prescription volume, improved drug purchasing** and **lower operating expenses**, partially offset by continued pharmacy reimbursement pressure.

Same store Pharmacy sales and same store prescription volumes **increased by ~7%<sup>2</sup> and ~6%<sup>2</sup>**, respectively.

Maintained 2024 adjusted operating income guidance of **at least \$5.6 billion**.

# Footnotes

## First 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.