CVS Health Corporation

Supplemental Financial Information

Preliminary and Unaudited
First Quarter 2018
Earnings Release
May 2, 2018

The information in this supplement includes non-GAAP financial measures related to our company's performance, namely EBITDA and Adjusted EPS. In accordance with SEC regulations, the definitions of the non-GAAP items mentioned, as well as the reconciliations to comparable GAAP measures, are available on the investor relations portion of our website at investors.cvshealth.com. This supplement contains financial information derived from our company's Form 10-Q for the quarter ended March 31, 2018. This filing is available on the investor relations portion of our website at investors.cvshealth.com.

GAAP

	First Quarter		
	Quarter ended		
(In millions, except per share amounts)	**March 31, 2018**	March 31, 2017	+/-Variance
Net revenues	**$ 45,693.2**	$ 44,513.6	2.6%
Cost of revenues	**38,834.3**	37,943.2	(2.3%)
Gross profit	**6,858.9**	6,570.4	4.4%
gross margin	***15.0%***	*14.8%*	*25 bps*
Operating expenses [1]	**4,913.3**	4,777.9	(2.8%)
as a % of net revenues	***10.8%***	*10.7%*	*(2) bps*
Operating profit [1]	**$ 1,945.6**	$ 1,792.5	8.5%
operating margin	***4.3%***	*4.0%*	*23 bps*
Interest expense, net [2]	**473.3**	252.3	(87.6%)
Other expenses	**2.7**	6.6	59.1%
Income before income tax provision	**1,469.6**	1,533.6	(4.2%)
Income tax provision	**471.7**	572.0	17.5%
effective tax rate [3]	***32.1%***	*37.3%*	*520 bps*
Discontinued operations	**(0.1)**	(8.9)	99.1%
Net income	**997.8**	952.7	4.7%
as a % of net revenues	***2.2%***	*2.1%*	*4 bps*
Net income (loss) attributable to noncontrolling interest	**(0.1)**	(0.4)	NM
Net income attributable to CVS Health	**$ 997.7**	$ 952.3	4.8%
as a % of net revenues	***2.2%***	*2.1%*	*4 bps*
Earnings allocated to participating securities	**2.3**	4.3	46.0%
Income available for common shareholders	**995.4**	948.0	(5.0%)
Weighted average diluted shares outstanding	**1,018.7**	1,034.7	(1.5%)
GAAP diluted EPS from continuing ops	**$ 0.98**	$ 0.92	5.7%
Depreciation & amortization	**643.3**	619.7	(3.8%)
EBITDA	**$ 2,586.2**	$ 2,405.6	7.5%
as a % of net revenues	***5.7%***	*5.4%*	*26 bps*

Footnotes

Totals may not foot due to rounding.

1 Includes $15 million of acquisition-related integration costs during the three months ended March 31, 2017, related to the acquisition of Omnicare. Includes a $199 million charge primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative during the three months ended March 31, 2017. Includes an $86 million loss on the divestiture of the RxCrossroads subsidiary, $3 million of acquisition-related integration costs related to the acquisition of Omnicare, and $40 million in acquisition-related transaction and integration costs related to the proposed Aetna acquisition during the three months ended March 31, 2018.

2 During the three months ended March 31, 2018, includes $161 million of bridge financing costs, plus $112 million of interest expense on the $40 billion of senior notes issued on March 9, 2018, and the $5 billion term loan facility, less related interest income of $42 million earned on the proceeds of the senior notes.

3 The income tax provision for the three months ended March 31, 2018 and 2017, includes the effects of the items described in footnotes 1 and 2.

	First Quarter		
	Quarter ended		
(In millions)	**March 31, 2018**	March 31, 2017	+/-Variance
Net revenues	**$ 32,218.2**	$ 31,222.7	3.2%
Cost of revenues [3]	**31,080.7**	30,140.2	(3.1%)
Gross profit [3]	**1,137.4**	1,082.4	5.1%
gross margin [3]	***3.5%***	*3.5%*	*6 bps*
Operating expenses [3]	**376.9**	325.1	(15.9%)
as a % of net revenues [3]	***1.2%***	*1.0%*	*(13) bps*
Operating profit [3]	**$ 760.5**	$ 757.3	0.4%
operating margin [3]	***2.4%***	*2.4%*	*(7) bps*
Net revenues:			
Mail choice	**11,207.6**	10,847.7	3.3%
Pharmacy network [1]	**19,553.8**	18,987.0	3.0%
Other [1]	**1,456.8**	1,388.0	5.0%
Pharmacy claims processed [2]:			
Total adjusted claims	**468.8**	440.5	6.4%
Adjusted mail choice	**69.4**	63.7	8.9%
Adjusted pharmacy network	**399.5**	376.8	6.0%
Generic dispensing rate [2]:			
Total	**87.6%**	87.0%	*64 bps*
Mail Choice	**83.9%**	82.8%	*113 bps*
Pharmacy network	**88.3%**	87.7%	*59 bps*
Mail choice penetration rate [2]	**14.8%**	14.5%	*34 bps*

Footnotes

Totals may not foot due to rounding.

1 Amounts revised for the three months ended March 31, 2017 to reflect the reclassification of Med D premium revenues from pharmacy network revenues to other revenues.

2 Includes the 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 prescription.

3 Amounts revised for the three months ended March 31, 2017 to reflect a change in the company's cost allocation methodology effective January 1, 2018.

	First Quarter		
	Quarter ended		
(In millions)	**March 31, 2018**	March 31, 2017	+/-Variance
Net revenues	**$ 20,432.0**	$ 19,340.5	5.6%
Cost of revenues [4]	**14,515.7**	13,660.2	(6.3%)
Gross profit [4]	**5,916.3**	5,680.3	4.2%
gross margin [4]	***29.0%***	*29.4%*	*(41) bps*
Operating expenses [1][4]	**4,291.9**	4,247.7	(1.0%)
as a % of net revenues [4]	***21.0%***	*22.0%*	*96 bps*
Operating profit [1][4]	**$ 1,624.4**	$ 1,432.6	13.4%
operating margin [4]	***8.0%***	*7.4%*	*54 bps*
RETAIL STATISTICS			
Same-store increase (decrease) [2]:			
Total sales	**5.8%**	(4.7%)	*1050 bps*
Retail pharmacy sales	**7.3%**	(4.7%)	*1200 bps*
Retail front store sales	**1.6%**	(4.9%)	*650 bps*
Total prescription volume	**3.5%**	(3.8%)	*730 bps*
Total adjusted prescription volume [3]	**8.5%**	(1.4%)	*990 bps*
SEGMENT STATISTICS			
Net revenues increase (decrease):			
Total	**5.6%**	(3.8%)	*948 bps*
Pharmacy	**7.4%**	(3.8%)	*1117 bps*
Front store	**2.3%**	(3.9%)	*617 bps*
Generic dispensing rate	**88.1%**	87.5%	*62 bps*
Rx % of net revenues	**75.9%**	74.6%	*121 bps*
FS % of net revenues	**23.1%**	23.9%	*(75) bps*
Retail/LTC prescriptions filled	**248.9**	239.6	*3.9%*
Adjusted retail/LTC prescriptions filled [3]	**328.8**	303.1	*8.5%*

Footnotes

Totals may not foot due to rounding.

1 Includes $15 million of acquisition-related integration costs during the three months ended March 31, 2017, related to the acquisition of Omnicare. Includes a $199 million charge primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative during the three months ended March 31, 2017. Includes an $86 million loss on the divestiture of the RxCrossroads subsidiary, and $3 million of acquisition-related integration costs related to the acquisition of Omnicare during the three months ended March 31, 2018.

2 Same store sales and prescriptions exclude revenues from MinuteClinic®, and revenue and prescriptions from stores in Brazil, LTC operations and in 2017 from commercialization services provided through RxCrossroads.

3 Includes the adjustment to convert 90-day, non-specialty 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.

4 Amounts revised for the three months ended March 31, 2017 to reflect a change in the company's cost allocation methodology effective January 1, 2018.

Supplemental Information: Corporate Segment **First Quarter 2018**

	First Quarter		
	Quarter ended		
(In millions)	**March 31, 2018**	March 31, 2017	+/-Variance
Net revenues	**$ -**	$ -	N/A
Cost of revenues	**-**	-	N/A
Gross profit	**-**	-	N/A
gross margin	***N/A***	*N/A*	*N/A*
Operating expenses [1][2]	**263.9**	221.7	(19.0%)
as a % of net revenues [2]	***N/A***	*N/A*	*N/A*
Operating profit [1][2]	**$ (263.9)**	$ (221.7)	(19.0%)
operating margin [2]	***N/A***	*N/A*	*N/A*

Footnotes

Totals may not foot due to rounding.

1 Includes $40 million in acquisition-related transaction and integration costs related to the proposed Aetna acquisition during the three months ended March 31, 2018.

2 Amounts revised for the three months ended March 31, 2017 to reflect a change in the company's cost allocation methodology effective January 1, 2018.

	First Quarter		
	Quarter ended		
(In millions)	**March 31, 2018**	March 31, 2017	+/-Variance
Net revenues	**$ (6,957.0)**	$ (6,049.6)	(15.0%)
Cost of revenues	**(6,762.2)**	(5,857.3)	15.4%
Gross profit	**(194.8)**	(192.3)	(1.3%)
gross margin	***2.8%***	*3.2%*	*(38) bps*
Operating expenses	**(19.4)**	(16.6)	(17.0%)
as a % of net revenues	***0.3%***	*0.3%*	*0 bps*
Operating profit	**$ (175.4)**	$ (175.7)	0.2%
operating margin	***2.5%***	*2.9%*	*(38) bps*

Footnotes

Totals may not foot due to rounding.

Adjusted to Exclude Certain Items

Supplemental Information: Consolidated Statement of Income (Excluding Certain Items)

First Quarter 2018

(In millions, except per share amounts)	***First Quarter*** *Quarter ended* **March 31, 2018**	March 31, 2017	+/-Variance
Net revenues	**$ 45,693.2**	$ 44,513.6	2.6%
Cost of revenues	**38,834.2**	37,942.5	(2.4%)
Gross profit	**6,858.9**	6,571.1	4.4%
gross margin	***15.0%***	*14.8%*	*25 bps*
Operating expenses [1]	**4,783.7**	4,564.8	(4.8%)
as a % of net revenues	***10.5%***	*10.3%*	*(21) bps*
Operating profit [1]	**$ 2,075.3**	$ 2,006.3	3.4%
operating margin	***4.5%***	*4.5%*	*3 bps*
Interest expense, net [2]	**242.5**	252.3	3.9%
Other expenses	**2.7**	6.6	59.1%
Income before income tax provision	**1,830.1**	1,747.4	4.7%
Amortization	**209.8**	200.4	4.7%
Adjusted net income before income tax provision	**2,039.8**	1,947.8	4.7%
Adjusted income tax provision	**532.4**	734.3	27.5%
effective tax rate [3]	***26.1%***	*37.7%*	*1160 bps*
Adjusted net income	**1,507.4**	1,213.5	24.2%
as a % of net revenues	***3.3%***	*2.7%*	*57 bps*
Earnings allocated to participating securities	**3.3**	5.1	35.9%
Net income attributable to noncontrolling interest	**(0.1)**	(0.4)	NM
Adjusted net income attributable to CVS Health	**$ 1,504.1**	$ 1,208.0	24.5%
as a % of net revenues	***3.3%***	*2.7%*	*58 bps*
Weighted average diluted shares outstanding	**1,018.7**	1,034.7	(1.5%)
Adjusted EPS from continuing operations	**$ 1.48**	$ 1.17	26.5%
Depreciation & amortization	**643.3**	619.6	3.8%
EBITDA	**$ 2,715.9**	$ 2,619.3	3.7%
as a % of net revenues	***5.9%***	*5.9%*	*6 bps*

Footnotes

Totals may not foot due to rounding.

1 Excludes $15 million of acquisition-related integration costs during the three months ended March 31, 2017, related to the acquisition of Omnicare. Excludes a $199 million charge primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative during the three months ended March 31, 2017. Excludes an $86 million loss on the divestiture of the RxCrossroads subsidiary, $3 million of acquisition-related integration costs related to the acquisition of Omnicare, and $40 million in acquisition-related transaction and integration costs related to the proposed Aetna acquisition during the three months ended March 31, 2018.

2 During the three months ended March 31, 2018, excludes $161 million of bridge financing costs, plus $112 million of interest expense on the $40 billion of senior notes issued on March 9, 2018, and the $5 billion term loan, less related interest income of $42 million earned on the proceeds of the senior notes.

3 The income tax provision for the three months ended March 31, 2018 and 2017, excludes the effects of the items described in footnotes 1 and 2.

Supplemental Information: Pharmacy Services Segment (Excluding Certain Items)

First Quarter 2018

	First Quarter		
	Quarter ended		
(In millions)	**March 31, 2018**	March 31, 2017	+/-Variance
Net revenues	**$ 32,218.2**	$ 31,222.7	3.2%
Cost of revenues [3]	**31,080.7**	30,140.2	(3.1%)
Gross profit [3]	**1,137.4**	1,082.4	5.1%
gross margin [3]	***3.5%***	*3.5%*	*6 bps*
Operating expenses [3]	**376.9**	325.1	(15.9%)
as a % of net revenues [3]	***1.2%***	*1.0%*	*(13) bps*
Operating profit [1][3]	**$ 760.5**	$ 757.3	0.4%
operating margin [3]	***2.4%***	*2.4%*	*(7) bps*
Depreciation and amortization	**183.0**	179.3	2.0%
EBITDA	**$ 943.5**	$ 936.7	0.7%
as a % of net revenues	***2.9%***	*3.0%*	*(7) bps*
Net revenues:			
Mail choice	**11,207.6**	10,847.7	3.3%
Pharmacy network [1]	**19,553.8**	18,987.0	3.0%
Other	**1,456.8**	1,388.0	5.0%
Pharmacy claims processed [2]:			
Total adjusted claims	**468.8**	440.5	6.4%
Adjusted mail choice	**69.4**	63.7	8.9%
Adjusted pharmacy network	**399.5**	376.8	6.0%
Generic dispensing rate:			
Total	**87.6%**	87.0%	*64 bps*
Mail Choice	**83.9%**	82.8%	*113 bps*
Pharmacy network	**88.3%**	87.7%	*59 bps*
Mail choice penetration rate [2]	**14.8%**	14.5%	*34 bps*

Footnotes

Totals may not foot due to rounding.

1 Amounts revised for the three months ended March 31, 2017 to reflect the reclassification of Med D premium revenues from pharmacy network revenues to other revenues.

2 Includes the 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 prescription.

3 Amounts revised for the three months ended March 31, 2017 to reflect a change in the company's cost allocation methodology effective January 1, 2018.

Supplemental Information: Retail/LTC Segment (Excluding Certain Items)

First Quarter 2018

(In millions)	***First Quarter*** *Quarter ended* **March 31, 2018**	March 31, 2017	+/-Variance
Net revenues	**$ 20,432.0**	$ 19,340.5	5.6%
Cost of revenues [4]	**14,515.7**	13,659.5	(6.3%)
Gross profit [4]	**5,916.3**	5,681.0	4.1%
gross margin [4]	***29.0%***	*29.4%*	*(42) bps*
Operating expenses [1][4]	**4,203.3**	4,034.6	(4.2%)
as a % of net revenues [4]	***20.6%***	*20.9%*	*29 bps*
Operating profit [1][4]	**$ 1,713.0**	$ 1,646.3	4.1%
operating margin [4]	***8.4%***	*8.5%*	*(13) bps*
Depreciation and amortization	**426.8**	411.5	3.7%
EBITDA	**$ 2,139.8**	$ 2,057.9	4.0%
as a % of net revenues	***10.5%***	*10.6%*	*(17) bps*
RETAIL STATISTICS			
Same-store increase (decrease) [2]:			
Total sales	**5.8%**	(4.7%)	*1050 bps*
Retail pharmacy sales	**7.3%**	(4.7%)	*1200 bps*
Retail front store sales	**1.6%**	(4.9%)	*650 bps*
Total prescription volume	**3.5%**	(3.8%)	*730 bps*
Total adjusted prescription volume [3]	**8.5%**	(1.4%)	*990 bps*
SEGMENT STATISTICS			
Net revenues increase (decrease):			
Total	**5.6%**	(3.8%)	*948 bps*
Pharmacy	**7.4%**	(3.8%)	*1117 bps*
Front store	**2.3%**	(3.9%)	*617 bps*
Generic dispensing rate	**88.1%**	87.5%	*62 bps*
Rx % of net revenues	**75.9%**	74.6%	*121 bps*
FS % of net revenues	**23.1%**	23.9%	*(75) bps*
Retail/LTC prescriptions filled	**248.9**	239.6	*3.9%*
Adjusted retail/LTC prescriptions filled [3]	**328.8**	303.1	*8.5%*

Footnotes

Totals may not foot due to rounding.

1 Excludes $15 million of acquisition-related integration costs during the three months ended March 31, 2017, related to the acquisition of Omnicare. Excludes a $199 million charge primarily for noncancelable lease obligations associated with stores closed in connection with our enterprise streamlining initiative during the three months ended March 31, 2017. Excludes an $86 million loss on the divestiture of the RxCrossroads subsidiary, and $3 million of acquisition-related integration costs related to the acquisition of Omnicare during the three months ended March 31, 2018.

2 Same store sales and prescriptions exclude revenues from MinuteClinic®, and revenue and prescriptions from stores in Brazil, LTC operations and in 2017 from commercialization services provided through RxCrossroads.

3 Includes the adjustment to convert 90-day, non-specialty 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.

4 Amounts revised for the three months ended March 31, 2017 to reflect a change in the company's cost allocation methodology effective January 1, 2018.

Supplemental Information: Corporate Segment
(Excluding Certain Items)

First Quarter 2018

(In millions)	First Quarter Quarter ended March 31, 2018	March 31, 2017	+/-Variance
Net revenues	**$ -**	$ -	N/A
Cost of revenues	**-**	-	N/A
Gross profit	**-**	-	N/A
gross margin	***N/A***	*N/A*	*N/A*
Operating expenses [1][2]	**222.9**	221.7	(0.6%)
as a % of net revenues [2]	***N/A***	*N/A*	*N/A*
Operating profit [1][2]	**$ (222.9)**	$ (221.7)	(0.6%)
operating margin [2]	***N/A***	*N/A*	*N/A*
Depreciation and amortization	**33.5**	28.8	16.5%
EBITDA	**$ (189.4)**	$ (192.9)	1.8%
as a % of net revenues	***N/A***	*N/A*	*N/A*

Footnotes

Totals may not foot due to rounding.

1 Excludes $40 million in acquisition-related transaction and integration costs related to the proposed Aetna acquisition during the three months ended March 31, 2018.

2 Amounts revised for the three months ended March 31, 2017 to reflect a change in the company's cost allocation methodology effective January 1, 2018.