



Establishing the Foundation for Transformation

Jon Roberts
Executive Vice President &
Chief Operating Officer

CVS Health®

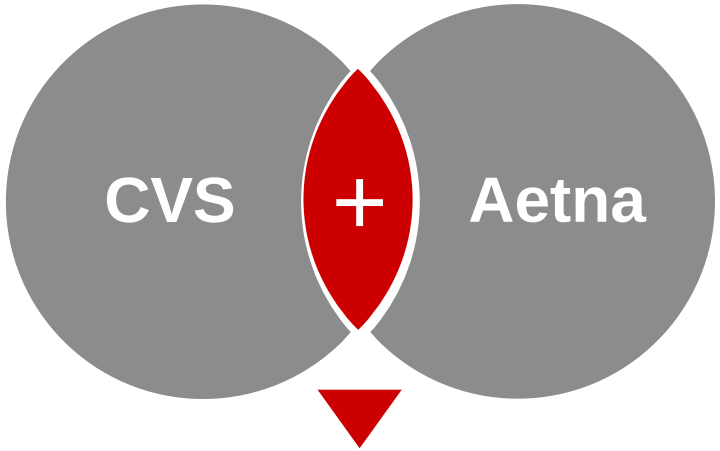
Cautionary statement regarding forward-looking statements

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. By their nature, all forward-looking statements involve risks and uncertainties. Actual results may differ materially from those contemplated by the forward-looking statements for a number of reasons as described in our Securities and Exchange Commission filings, including those set forth in the Risk Factors section and under the section entitled “Cautionary Statement Concerning Forward-Looking Statements” in our most recently filed Annual Report on Form 10-K and Quarterly Report on Form 10-Q.

The presentations at our 2019 Investor Day include 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 most comparable GAAP measures, on the Investor Relations portion of our website.

Link to our non-GAAP reconciliations.

Transforming our operations to enable long-term growth



NEW OPPORTUNITY

Unmatched expertise across multiple areas of health care

Businesses with aligned objectives and complementary assets

Data-driven, robust technology foundation

To capitalize on this opportunity, we will establish a new operational foundation

Enhance our technology infrastructure to deliver connected, personalized experiences

Optimize our pharmacy supply chain to reduce costs

Modernize our enterprise to drive long-term value and fund future growth

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Agenda

Consumer-centric, data-driven infrastructure

Optimizing the pharmacy supply chain

Enterprise modernization



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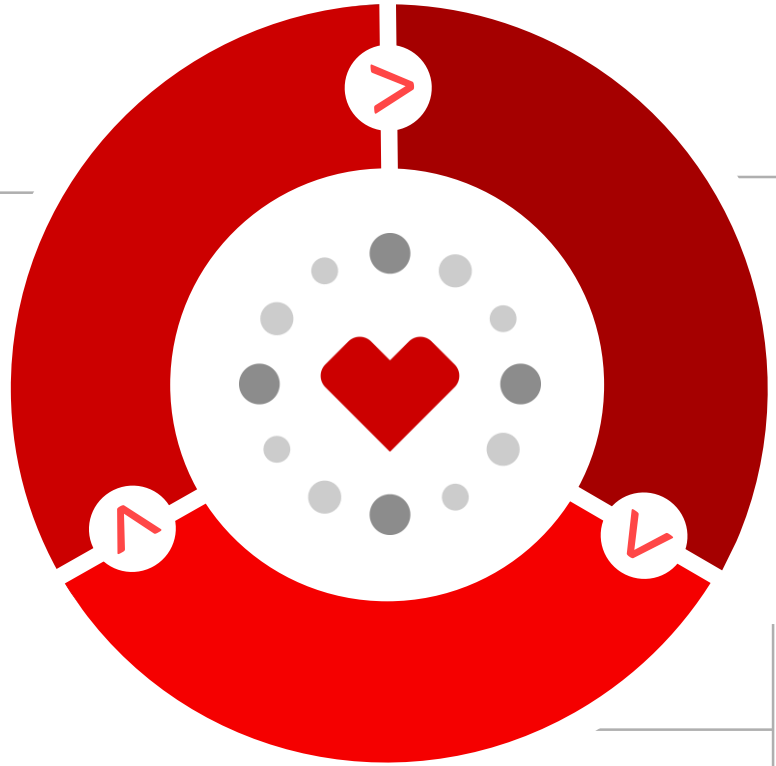
Building a consumer-centric technology infrastructure

Three Key Areas

Integrated data and advanced analytics



An intelligent engagement platform

Seamless, connected digital & physical experiences

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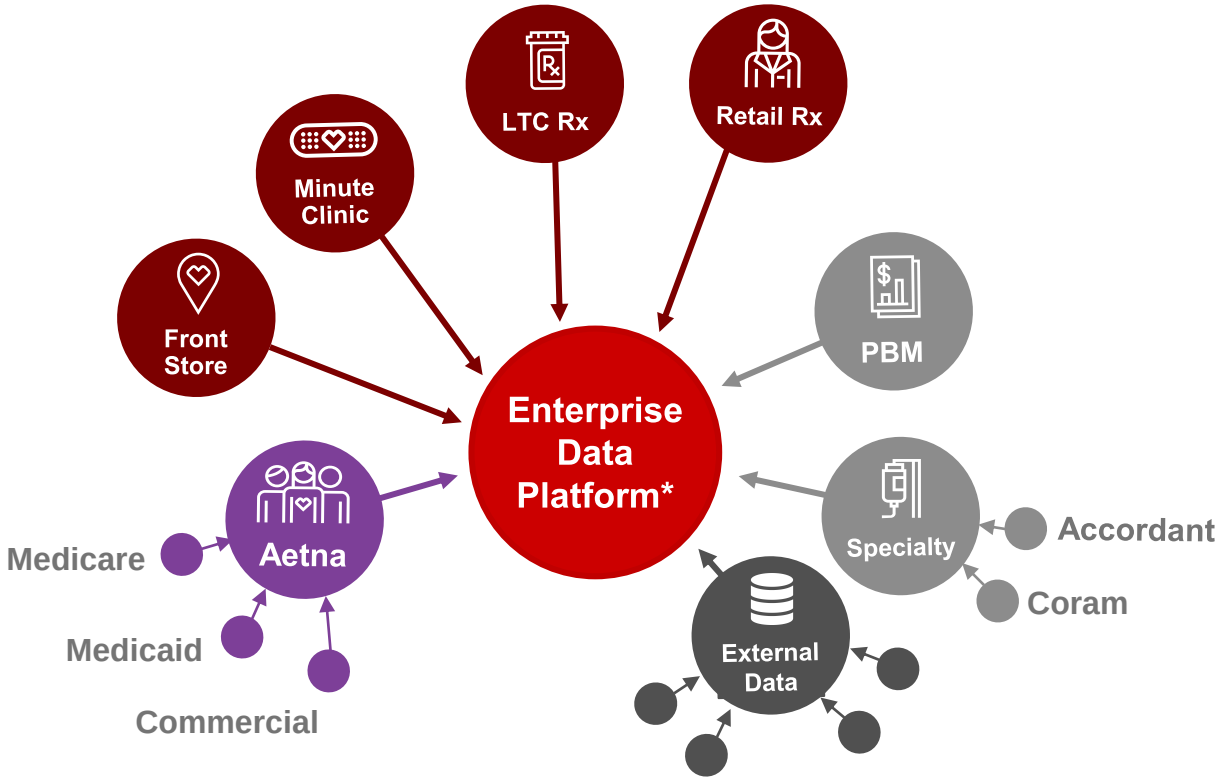
Creating an integrated data ecosystem

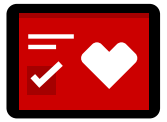
Creating a high-quality, reliable, protected and integrated data platform for the enterprise…



…to **unlock the power of our data;**
delivering value in new ways



Increasing consumer engagement



Enhancing business benefits



Driving new business

*Data will be used only as permitted by applicable laws, client contracts and our internal policies and standards

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Applying advanced analytics, including machine learning and artificial intelligence

Supporting our businesses



Revenue & membership growth



Network & provider tools



Cost management



Personalization

Engaging consumers



Consumer Behavior Change

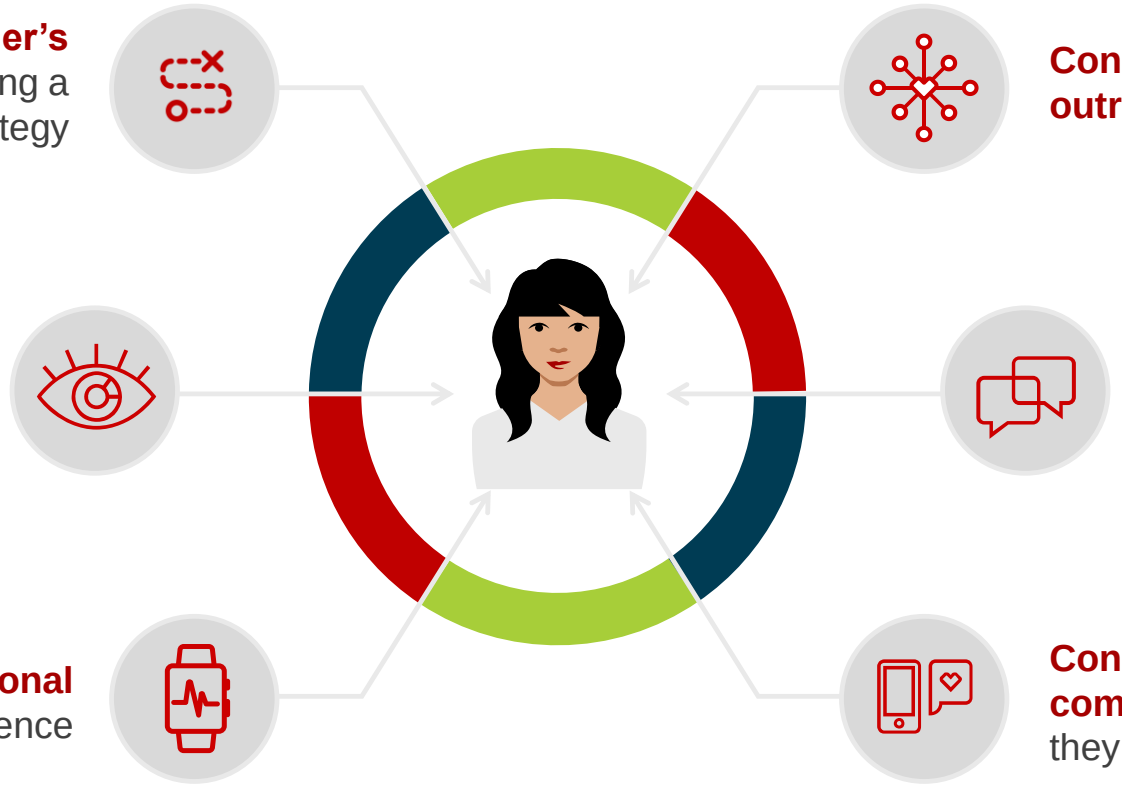
Next best action analytics that develop targeted engagement opportunities to influence consumer behavior and improve health outcomes

Developing an intelligent engagement platform

Understanding the consumer's journey and creating a customized engagement strategy

Continually updated 360° view of consumer to personalize product and service offerings and engagement

Understanding the situational context; the right time and sequence



Consistent and connected outreach across various channels

Personalized content management; the right topic, for the right consumer

Consumer-focused approach to communication, when and how they prefer

Turning data into insights and insights into action



AT-RISK JOSEPH

AGE:

INCOME:

JOB: Employed

DEVICES USED: Mobile phone

PREFERENCES: Appreciates proactive outreach as he balances work, family and his health

> *Maintaining my health is my first priority since learning I'm at risk for complications associated with my diabetes.*

Our technology in action

Data Platform

360° view of Joseph (preferences, health info, etc.)

Analytics

Engagement recommendations based on Joseph's preferences

Business Platforms

Integrated back-end systems enable seamless, simple, and convenient front-end experiences

Engagement Platform

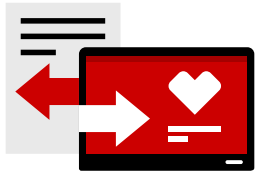
Connected channels know when and how to engage with Joseph

Consumer Touchpoint

Mobile scheduling and reminders delivered via digital app

Refer to endnote 15.

Building on our existing foundation, we are taking an agile and scalable approach



Build on our existing technology modernize and rationalize as needed



Take a use case driven approach to build guided by the needs of our customers, strategy and businesses



Start small, show value, and iterate with a design that allows us to expand, scale, and remain agile



Build for the enterprise ensuring we maximize the value of our investment

Agenda

Consumer-centric, data-driven technology

Optimizing the pharmacy supply chain

Enterprise modernization



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Levers to optimize our pharmacy supply chain

1. Size, scale, and expertise
2. Traditional generics
3. Specialty & biosimilars
4. Pharmacy & medical benefit
5. Innovative contracting

Our advantages make us a marketplace leader

100+ Million[3]

Lives under management across PBM and Health Care Benefits

$18.5 Billion[2]

Savings from generics and biosimilars (2016-2018)

2.7 Billion[1]

Enterprise prescriptions dispensed and managed per year

$67 Billion[2]

Rebate value delivered to clients and members (2016-2018)

Our scale and expertise enable us to hold down costs for consumers and customers

Red Oak continues to position us to win in the traditional generics marketplace

RED OAK SOURCING

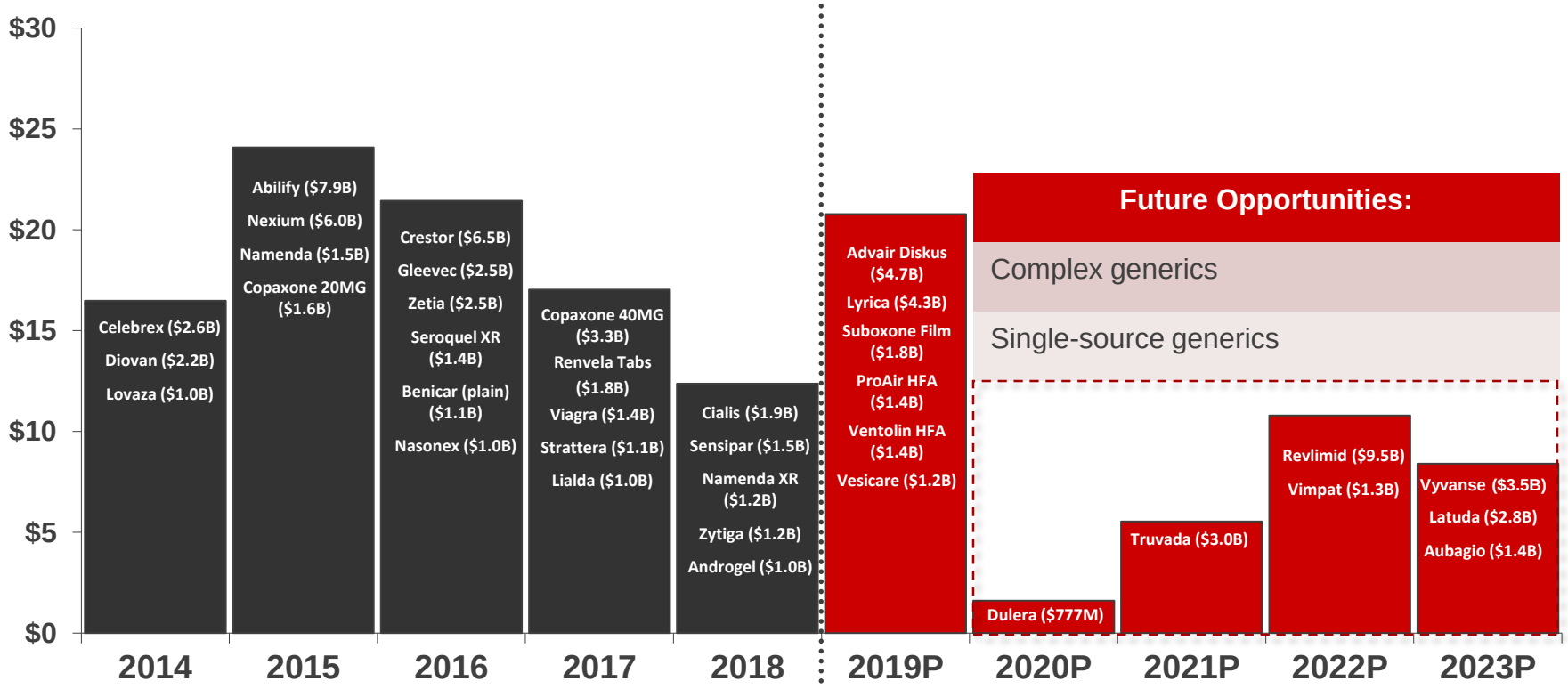
New Capabilities

- Increased data and analytics capabilities
- Expanded ability to identify risks and opportunities across the global supply chain
- Enhanced supplier assessment framework to deliver greater stability and predictability
- Improved monitoring of international regulatory agencies and each element of the supply chain

Historic and potential future generic launches

Sales of branded products with recent and upcoming generic launches (excluding biosimilars)[4]

U.S. Sales ($ Billions)



Opportunity remains beyond the traditional generic marketplace to create value with our unique capabilities.

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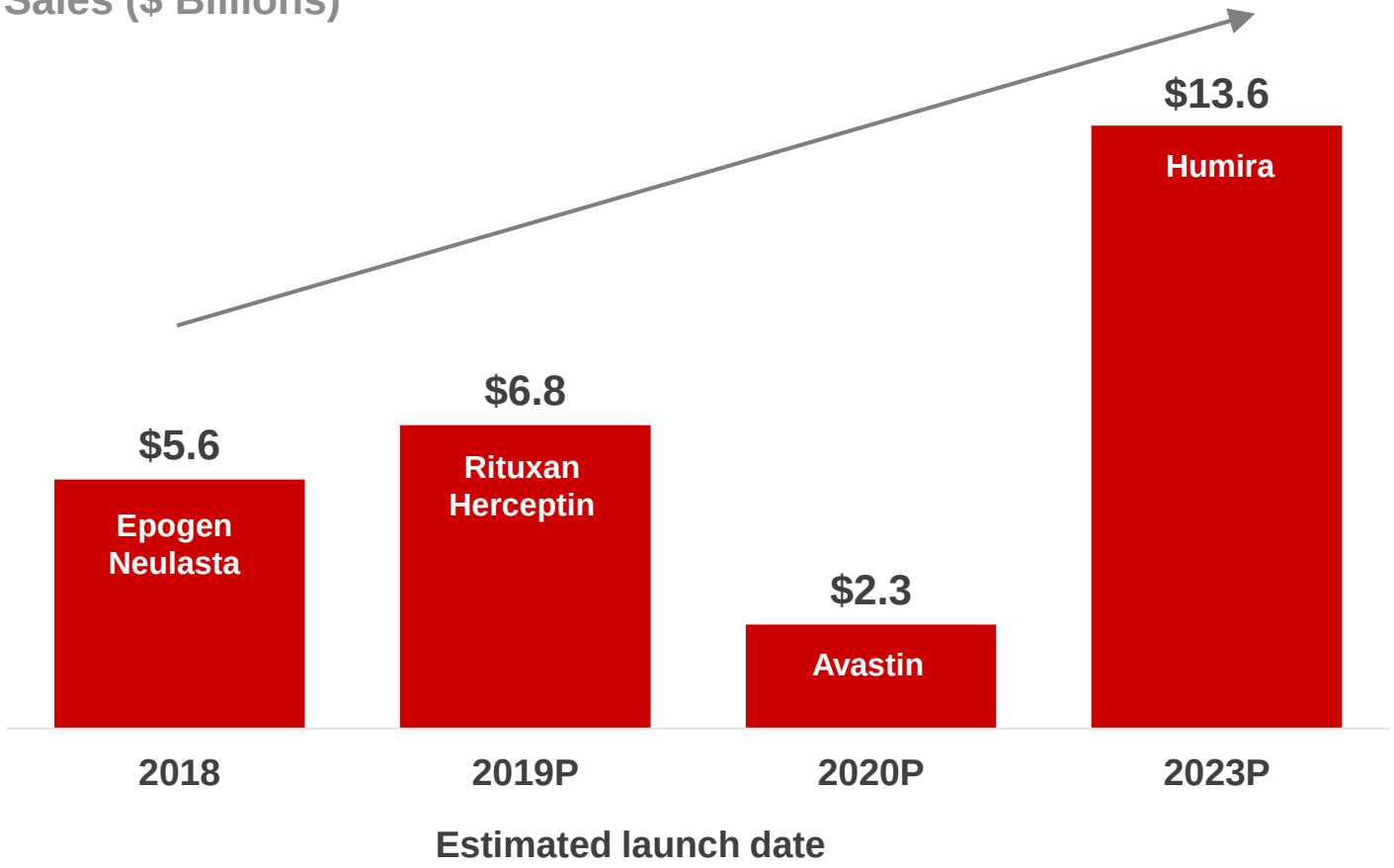
In Specialty, we will increase the use of biosimilars as approvals gain momentum

Sales of branded products with recent and upcoming biosimilar launches[5]

U.S. Sales ($ Billions)





Cost management opportunity improves when there is increased competition in a class or new therapy options are coming to market

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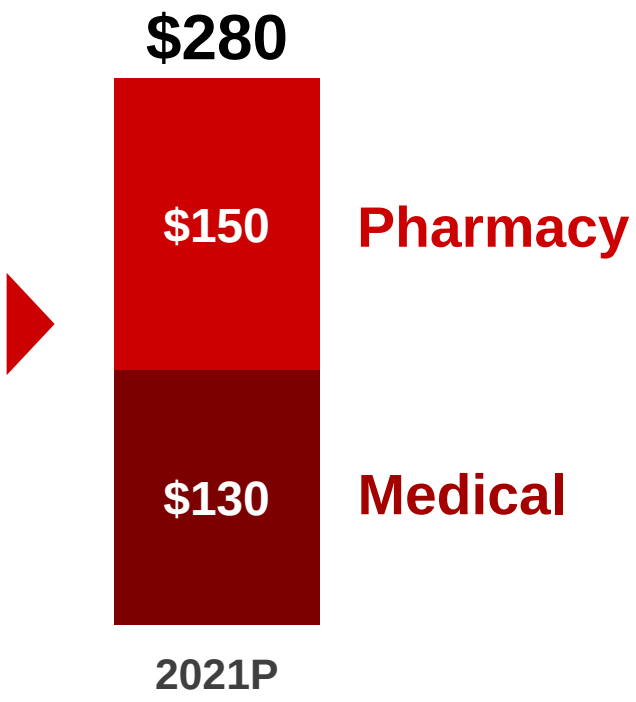
We will take an enterprise approach to reducing specialty drug costs under both the medical and pharmacy benefit

U.S. specialty pharmaceutical market by channel
(In billions)[6]



Our combined capabilities create more opportunities to:

- Align incentives across stakeholders to increase competition in medical benefits
- Explore value-based collaboration with providers to enhance formulary compliance
- Work to ensure drug prices align to the value they deliver

Integrated approach can improve affordability of prescription drugs

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High-cost therapies present opportunities for innovative approaches

Gene therapy

Expensive

Single-use agents

"Curative"

Replace lifetime therapy

Car T-cell therapy

High-cost

Patient-specific therapy

Drug or procedure

Medical or pharmacy benefit

Examples:

$850K
Luxturna
inherited vision loss[7]

$2M+
Zolgensma
for spinal muscular atrophy in pediatric patients[8]

$2-3M
Valoctocogene Roxaparvovec
for hemophilia A[9]

$475K
Kymriah
acute lymphoblastic leukemia[10]

$375K
Lisocabtagene Maraleucel
aggressive non-Hodgkin's lymphoma[11]

High-cost therapies present opportunities for innovative approaches

Gene therapy[12]

Expensive

Single-use agents

"Curative"

Replace lifetime therapy

Example (illustrative):

$850K

Luxturna

inherited vision loss[1]

$2M+

Zolgensma

for spinal muscular atrophy in pediatric patients[2]

$2-3M

Valoctocogene Roxaparvovec

for hemophilia A

- Therapy should lead to the patient avoiding bleeding events and subsequent medical costs of those events, such as ER visits.
- Therapy should result in a significant decrease or no need for current factor therapy ($100K+ cost annually).

Optimizing our pharmacy supply chain

- Well positioned to drive value from traditional generics and biosimilars
- CVS + Aetna combination provides additional levers to drive value in specialty pharmacy under the medical benefit
- We will use our enterprise assets to continue to optimize our pharmacy supply chain in rapidly evolving marketplace



Agenda

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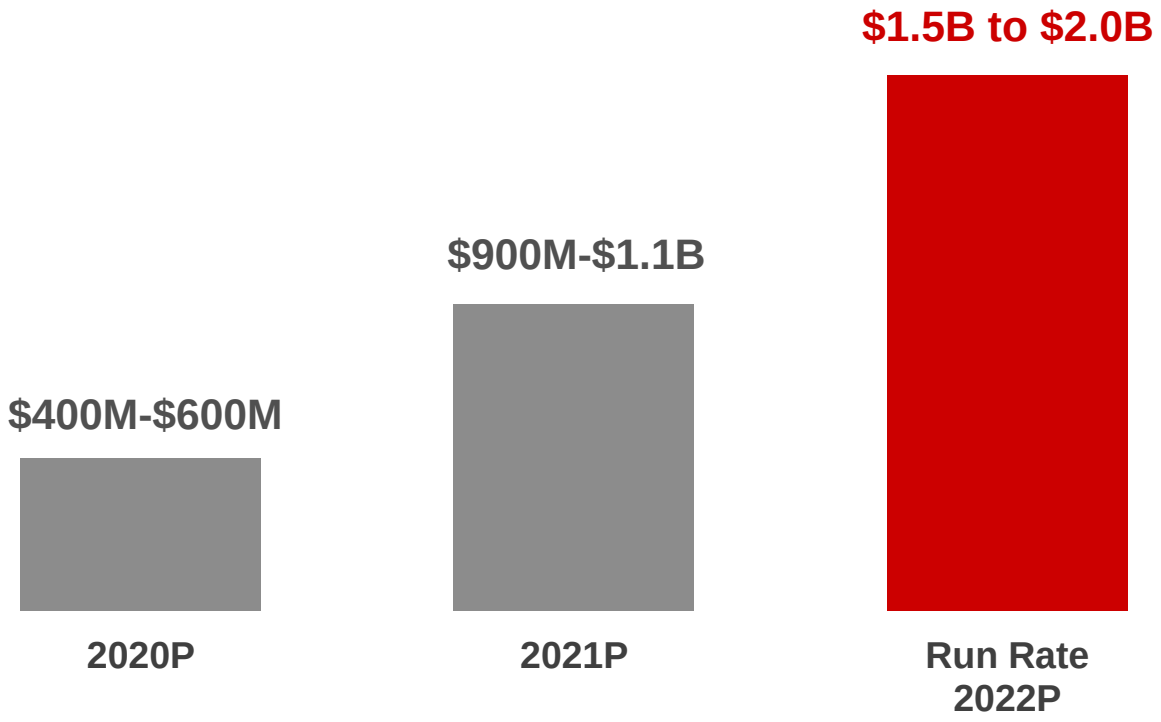
Generating net savings with enterprise modernization[13]



Modernization net savings are incremental to previously disclosed cost reduction programs

Areas of net savings

- Technology modernization
  - Rationalization
  - Centers of Excellence
- Productivity improvements
  - Optimize call centers
  - Vendor management
  - Business initiatives

Projected costs to achieve

- Operating expenses
  - $200M-300M annually through 2022

This is a cross-enterprise effort to create capacity and invest in our growth

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Major long-term value opportunities will help us reach our strategic and financial aspirations

Enterprise modernization



Work smarter to deliver substantial cost benefits

Deliver unmatched consumer experience

Build an innovative workplace and workforce

Pursue a responsible sustainability agenda

- IT modernization
- Enterprise service delivery center
- Member experience of the future
- Demand management

Example: Automating pharmacy benefit plan configuration[14]

Delivering faster, more accurate client benefits and better member experience

2,800+ clients offering 1,000's of plans, millions of PBM members

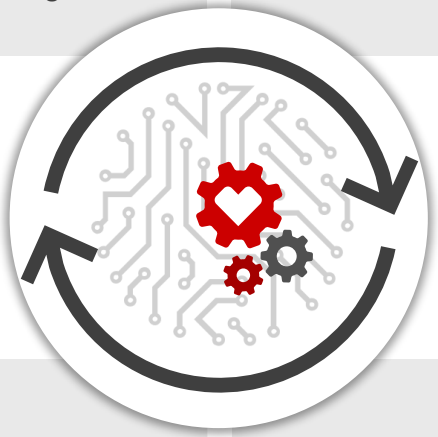
Automated machine learning techniques

Over **98% accuracy** in preliminary results

Client Interface

Requirements
Optical Character Recognition + Natural Language Processing

Modeling
Analytics + Machine Learning



Data Interface

Testing
Robotic Process Automation + Machine Learning

Coding
Robotic Process Automation + Machine Learning

Estimated to reduce costs by 80% and improve service

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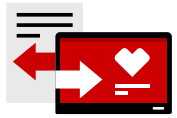
Example: Targeting significant reduction in call center cost while improving member experience[14]

>100M

Inbound calls received each year across PBM, Aetna, and Retail businesses

>$1B

Annual spend from external and internal call center operations



Leverage technology

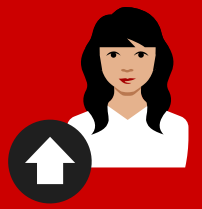


Change behaviors

Goals



Reduce call center cost by >30% …



…while **improving member experience** …



…and moving to **higher-value interactions**



KEY TAKEAWAYS

Building a powerful operational foundation

At the center – a consumer-centric technology infrastructure with advanced analytics

An optimized pharmacy supply chain – capitalizing on generics and biosimilars, and utilizing innovative contracting

Multi-year Enterprise Modernization Initiative – projected run rate net savings of $1.5B - $2.0B in 2022

Endnotes

1. https://www.cvshealth.com/about/facts-and-company-information, accessed May 19, 2019.
2. https://payorsolutions.cvshealth.com/sites/default/files/2018-trend-report.pdf (page 2), accessed May 19, 2019.
3. https://d18rn0p25nwr6d.cloudfront.net/CIK-0000064803/9cbbe02f-2553-4357-9633-fc0823f630d4.pdf (page 2), accessed May 19, 2019.
4. IMS and Evaluate Ltd. Annual USA Sales Summary data, pulled on May 22, 2019. 2014-2018 includes all actual launches; 2019-2023 includes all expected generic launches and are subject to change. IMS total brand market sales estimates represent trailing 12 months of sales. Evaluate sales estimates represent sales for the branded drug in the launch year. This slide contains references to brand-name prescription drugs that are trademarks or registers trademarks of pharmaceutical manufacturers not affiliated with CVS Health.
5. Evaluate Ltd. Annual USA Sales Summary for 2018, pulled on May 21, 2019. Dates included in this slide are reflective of estimated commercial launch date and subject to change. Branded drugs are placed in the year that their biosimilar equivalent is expected to launch. Values shown are annual sales for the branded drug in the launch year. This slide contains references to brand-name prescription drugs that are trademarks or registered trademarks of pharmaceutical manufacturers not affiliated with CVS Health.
6. Barclays US Health Care Distribution and Technology Specialty Market Model 2017 Update: A Focus on Biosimilar Opportunities, Jan 30, 2017. Medical: specialty distribution - primarily physician office, clinic and hospital sites of care covered under the medical benefit; Pharmacy: specialty pharmacy - primarily home and alternate care sites covered under the pharmacy benefit.
7. https://www.nbcnews.com/health/health-news/luxturna-gene-therapy-blindness-cost-850-000-n834261, accessed April 8, 2019.
8. https://scrip.pharmaintelligence.informa.com/SC124932/Price-Anchoring-Zolgensma-And-The-Art-Of-Managing-Gene-Therapy-Sticker-Shock, accessed April 8, 2019.
9. https://scrip.pharmaintelligence.informa.com/SC124718/BioMarin-CEO-Suggests-Hemophilia-Gene-Therapy-Pricing-In-$2m$3m-Range, accessed April 8, 2019.

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Endnotes

10. https://www.consumerreports.org/drug-prices/kymriah-first-gene-therapy-costs-475000-dollars-childhood-cancer, accessed April 8, 2019.
11. https://www.pharmaceutical-technology.com/comment/asco-2018-will-jcar017-become-third-car-t-product-lymphoma/, accessed April 8, 2019.
12. Summary of clinical trial outcome measures for Valoctocogene Roxaparvovec summarized from https://clinicaltrials.gov/ct2/show/NCT03392974, accessed April 8, 2019. Cost of factor therapy: https://hemophilianewstoday.com/2018/05/04/extended-half-life-products/ and https://icer-review.org/wp-content/uploads/2017/08/ICER_Hemophilia_A_Draft_Report_012618.pdf Note: These slides contains references to brand-name prescription drugs that are trademarks or registered trademarks of pharmaceutical manufacturers not affiliated with CVS Health.
13. Currently enacted laws and regulations were used in all the Company's projections.
14. Internal CVS Health analysis.
15. Joseph is an illustrative patient example.

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