

Morgan Stanley 2020 Global Healthcare Conference

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September 15, 2020

CVS Health

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. 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 differ materially from those contemplated by the forward-looking statements due to the risks and uncertainties related to the COVID-19 pandemic, the geographies impacted by and the severity and duration of the pandemic, the pandemic's impact on the U.S. and global economies and consumer behavior and health care utilization patterns, and the timing, scope and impact of stimulus legislation and other federal, state and local governmental responses to the pandemic, 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 recently filed Annual Report on Form 10-K and our most recently filed Quarterly Report on Form 10-Q.

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.

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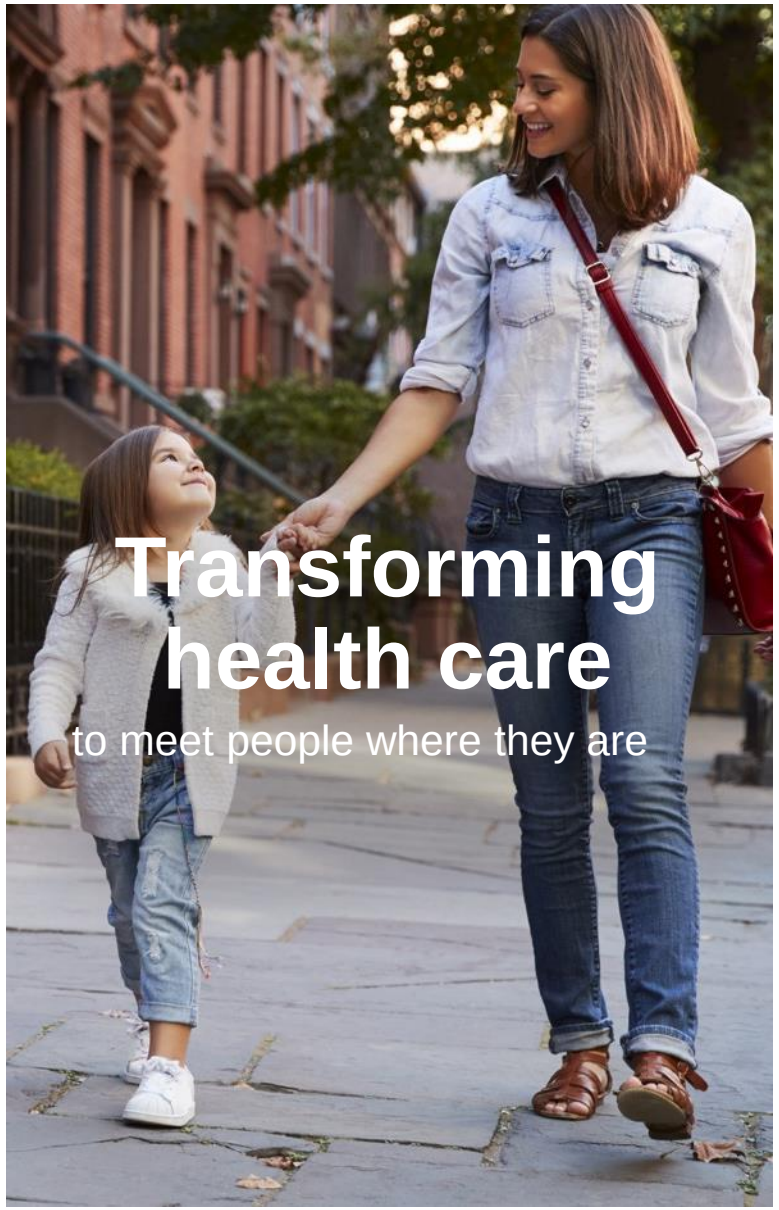

We are a different kind of health company with a powerful combination of expertise and health services that is making health care more affordable, simpler and better

Industry leading Managed Care Organization
Innovating to make health care simpler, easier, and more convenient for payors and patients

+

Industry leading Pharmacy Benefit Manager
With the ability to impact patients, members, payors and providers with innovative, channel-agnostic solutions

+

Unmatched local community touchpoints
As the foundation to build healthy communities and transform the delivery of care

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Delivering health solutions across triad of care

The environment surrounding COVID-19 is accelerating our transformation, giving us new opportunities to demonstrate the power of our integrated offering and to deliver solutions at scale that meet client and consumer needs

1 In the Community

- Supporting local communities through differentiated COVID-19 testing capabilities
- Growing HealthHUB® footprint and offerings: 275 locations across 26 states through end of August
- Health Advisor – new Next Best Action program offering to Caremark clients for 2021
- Next generation Diabetes Management program launching with 2 Group Medicare clients
- Transform Oncology Care program seeing increased engagement and expanded to more cancer types

2 In the Home

- Best in class Specialty Pharmacy capabilities; ~40% increase in provider adoption of Specialty Expedite vs Q1 2020
- Coram home infusion conducted >160k home visits through Q2; more cost-effective than hospital and urgent care settings
- Home delivery of retail prescriptions up >500% vs Q1 2020 and growing
- Chronic Kidney Disease Care management expanding; currently available to ~6 million people across Aetna and 14 Caremark customers

3 In the Hand

- Expanding virtual care capabilities: “E-Clinic” visits of >7,500 through end of August, up 40% since Q2, and growing
- CarePass membership of ~3.3 million as of end of August, up ~18% vs Q2 2020
- Continuous and personalized engagement through the CVS Health App, with usage up >20% vs Q1 2020

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*Metrics as of Q2 2020 unless specified otherwise

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Advancing our integrated offerings

Our integrated, innovation-driven health care model is providing benefits to members and consumers across the health care system, driving better health care outcomes that are grounded in understanding preferences for how care is delivered

Pharmacy Panels	• Pharmacy Panels operating in ~75 pharmacies supporting ~3,000 patients • Pilot results reflect 6% increase in care gap closure versus control group with 60% engagement of panel populations in care planning
HealthHUB®	• Enhancing telehealth and digital capabilities, including access to Behavioral Health support for 2021 • 15% increase in HealthHUB® visits associated with chronic services and Aetna member visits over indexing relative to our membership
Health Advisor	• Supporting Caremark clients in 2021 to provide chronic disease management services utilizing Pharmacy Panel capabilities • Pilot results reflect ~12% reduction in unnecessary ER visits and ~8% reduction in out-of-network and non-preferred provider utilization versus control group
Diabetes Management	• Launched next generation diabetes management program with 2 large Aetna Group Medicare clients scheduled for Q3 2020. Plans to launch for Caremark and Aetna self-insured clients in 2021 • 3 main enhancements include interventions across more clinical categories, individualized care at member-level and localized member-level interventions, all for a reduced cost
Transform Oncology Care	• Engaged with ~70 provider systems; program expanded to include more cancer types • ~20% of Aetna's insured eligible oncology population is enrolled • Encouraged by early adoption and will continue to scale as oncologist practices return to normal

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Supporting local community health

Leadership in diagnostic testing and vaccination



COVID-19 Testing

>3M Tests administered through early September



Return Ready℠

45 clients and growing

Comprehensive B2B testing solution for employers and universities



Vaccinations

Expect to administer record number of seasonal flu vaccinations.

Registering patients for COVID-19 clinical trials and ready to administer vaccines once available

All services are supported by an advanced digital platform

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Consolidated Enterprise results

in millions, except per share data	Q2 2020	Q2 2019	Change %
Total revenues	$65,341	$63,431	3.0%
Adjusted operating income	$5,328	$4,031	32.2%
GAAP EPS	$2.26	$1.49	51.7%
Adjusted EPS	$2.64	$1.89	39.7%

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August business update

	March 2020 YoY	April 2020 YoY	May 2020 YoY	June 2020 YoY	July 2020 YoY[3]	August 2020 YoY[3]
Retail same store sales[1]	17.5%	1.5%	(1.1%)	7.1%	4.6%	4.6%
Pharmacy sales	17.2%	5.4%	(0.5%)	9.2%	4.5%	5.5%
Pharmacy adjusted prescription volume[2]	12.6%	(0.5%)	(4.2%)	7.0%	5.2%	3.1%
Front Store sales	18.6%	(10.7%)	(3.2%)	0.4%	4.7%	1.5%
Pharmacy Services total claims processed[2]	17.0%	0.6%	(2.3%)	12.4%	1.9%	2.5%
HCB decreases in utilization across an array of services		(~30%)	(~25%)	(~5%)	~0%	~0%

August showed continued normalization of Retail same store sales metrics and Pharmacy Services total claims processed

Utilization largely returned to prior year levels in July and August, but varied by geography and line of business

1. Same store sales and prescription volume exclude revenues from MinuteClinic and revenues and prescriptions from long-term care operations and, in 2019, from stores in Brazil.
2. Includes an 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. July and August 2020 information is preliminary.

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Strong cash flow generation & liquidity

Strong cash generation

- Commitment to disciplined capital allocation priorities
- Generated **$7.1 billion** of cash flow from operations during Q2 2020

Strong liquidity: access to ~$13 billion

- ~**$7 billion** of cash and short-term investments at June 30, 2020 held by parent company or nonrestricted subsidiaries
- **$6 billion** available through commercial paper or borrowing capacity under credit facilities at June 30, 2020

Continue to prioritize paying down debt and maintaining dividend

- Tender offer for **$6 billion** and issuance of **$4 billion** completed during Q3 2020
- **$2.75 billion** of scheduled debt principal repaid in July 2020
- Paid **~$660 million** in shareholder dividends during Q2 2020
- No share repurchases planned until leverage target met

Remain committed to target leverage ratio of low 3x's in 2022

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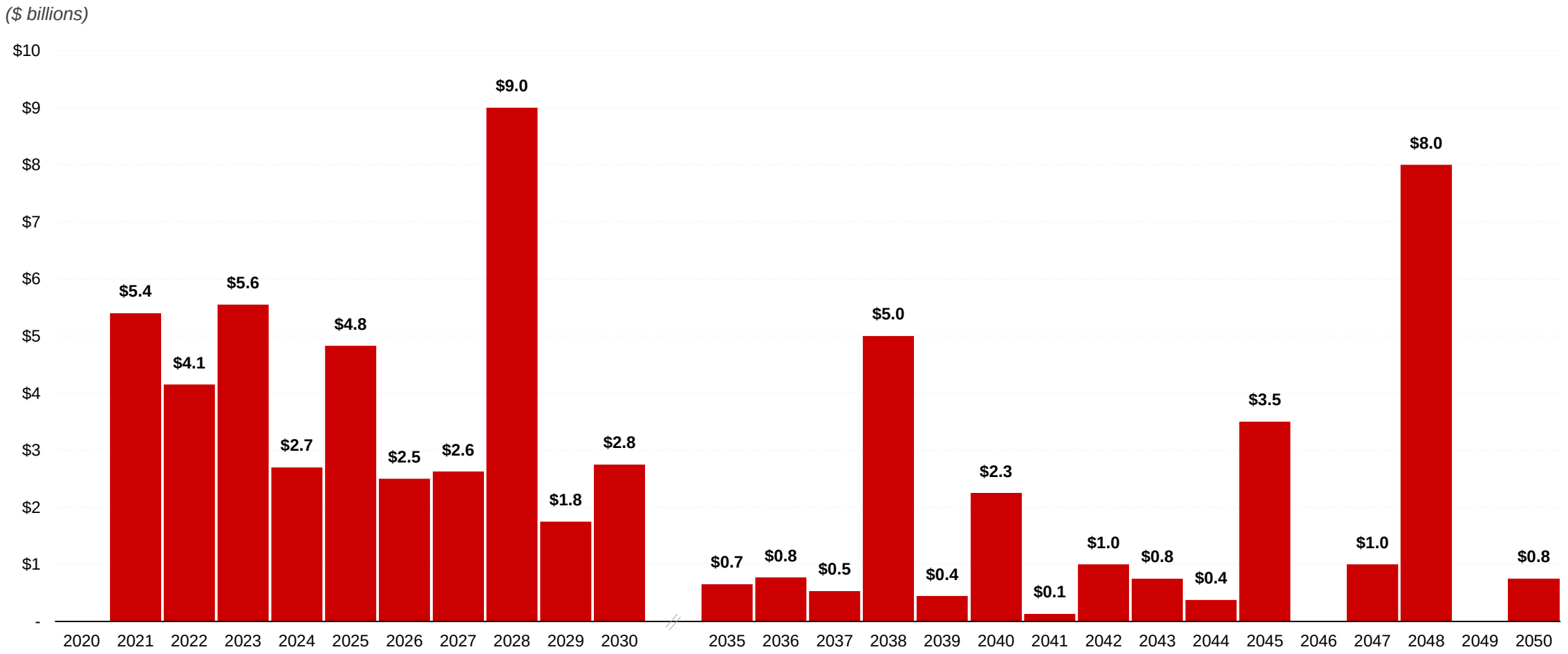
Long-term debt maturity profile

Repaid net debt of $2 billion; lowered interest expense & smoothed towers with tender refinancing



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Guidance: 2020 Full Year

Enterprise outlook

in millions, except per share data	Full Year 2020
GAAP EPS	$5.16 – $5.29
Adjusted EPS	$7.14 – $7.27
Cash flow from operations	$11,000 – $11,500

GAAP EPS lowered by $0.43 cents due to the loss from the early extinguishment of $6 billion in debt during Q3 2020

We remain committed to delivering on our long-term EPS growth targets, executing on our integrated synergies and cost savings initiatives, and deleveraging plans

Note: 2020 growth targets normalized for COVID-19 impacts.

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Executing on strategic priorities

Consumer focused – be local, make it simple, improve health



Grow and differentiate our businesses



Deliver transformational products and services



Create a consumer-centric technology infrastructure



Modernize Enterprise functions and capabilities

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Appendix

Reconciliation of Non-GAAP financial measures

	Year Ending December 31, 2020	
	Low	High
Projected GAAP diluted EPS (GAAP measure)	$ 5.16	$ 5.29
Non-GAAP adjustments (per share):		
Amortization of intangible assets	1.76	1.76
Acquisition-related integration costs	0.34	0.34
Loss on early extinguishment of debt	0.58	0.58
Gain on divestiture of subsidiary	(0.17)	(0.17)
Income tax benefit	(0.53)	(0.53)
Projected Adjusted EPS[(1)]	$ 7.14	$ 7.27
Weighted average diluted shares outstanding *(in millions)*	1,320	1,320

(1) GAAP diluted EPS and Adjusted EPS, respectively, are calculated by dividing net income attributable to CVS Health (GAAP measure) and adjusted income attributable to CVS Health by the Company's weighted average diluted shares outstanding. The Company defines adjusted income attributable to CVS Health as net income attributable to CVS Health excluding the impact of amortization of intangible assets and other items, if any, that neither relate to the ordinary course of the Company's business nor reflect the Company's underlying business performance, such as acquisition-related integration costs, losses on early extinguishment of debt, gains/losses on divestitures, the corresponding income tax benefit or expense related to the items excluded from adjusted income attributable to CVS Health, and any other items specifically identified herein.

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