FOURTH QUARTER 2020

Earnings conference call

February 16, 2021

Karen Lynch | President & Chief Executive Officer

Eva Boratto | Executive Vice President & Chief Financial Officer

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 Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

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

2020 highlights

Strong underlying performance; FY 2020 Adj. EPS of **$7.50**

Q4 Adj EPS of $1.30

Reflects outperformance in PSS

Q4 Adjusted Revenue growth of 3.5%

Primarily in HCB and Retail/LTC

FY Adj EPS growth of ~6%

Reflects year-over-year growth in PSS and HCB

Q4 estimated **COVID** adverse impact of **($0.43) – ($0.45)** on GAAP diluted and Adj EPS, primarily investments in HCB

FY Generated $15.9 billion

in cash flow from operations

Committed to disciplined capital allocation priorities

Achieved low 4x's

leverage ratio at end of year

Strong performance across the Enterprise as we executed on our strategy and adapted to meet the changing needs of those we serve

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Accelerating aspects of our consumer-focused strategy

meeting the diverse health needs of consumers in communities across America

Demonstrating the integrated value of our unique products and services

Enhancing the consumer experience through our digital services and platforms

Expanding our innovative, consumer-oriented solutions that improve health and lower medical costs

Building high-performing organization passionate about our Purpose

CVS Health continues to

lead nation's COVID-19 response

~15M	~8M	>40%	>3M
tests administered	New customers to CVS Health through testing	of Return Ready clients are new to CVS Health	vaccinations administered at LTC facilities

>40K

LTC Facilities using CVS Health

- **~90%** of second doses complete at SNFs*
- **85%** of first doses complete at ALFs*, second doses expected to complete by Mid-March

Represents information through February 12, 2021

* SNFs defined as Skilled Nursing Facilities. ALFs defined as Assisted Living and Other LTC Facilities

2020 Financial Review

FULL-YEAR 2020 RESULTS

Consolidated results

in millions, except per share data	2020	2019	Change %
Total adjusted revenues[1]	$268,395	$256,776	4.5%
Adjusted operating income	$16,008	$15,339	4.4%
GAAP EPS	$5.47	$5.08	7.7%
Adjusted EPS	$7.50	$7.08	5.9%
Cash flow from operations	$15,865	$12,848	23.5%

1. Total adjusted revenues remove the receipt of $313 million owed to CVS Health under the ACA's risk corridor program, net of MLR rebates of $2 million in Q4 2020 that had previously been fully reserved.

Achieved over **$900 million** of integration synergies

Interest expense of **$2.9 billion**

Adjusted effective tax rate of **25.9%**

Weighted-average diluted share count: **1,314 million** shares

COVID-19 contributed **22 – 27 cents** to FY 2020 GAAP and Adjusted EPS

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FULL-YEAR 2020 RESULTS

Capital and cash flow allocation

FY20 results demonstrate strong cash flow from operations

Strong cash generation

- **$15.9 billion** full-year cash flow from operations, ~23% growth over prior year
- Strong cash flow growth reflects Enterprise performance, working capital improvements and timing
- Paid **$2.6 billion** in shareholder dividends
- Commitment to disciplined capital allocation priorities

Continue to prioritize paying down debt

- Repaid **$4.25 billion** of net debt
- Exited year at low 4x’s leverage ratio
- On track to achieving our low 3x’s leverage target in 2022

Q4 RESULTS

Consolidated results

in millions, except per share data	Q4 2020	Q4 2019	Change %
Total adjusted revenues[1]	$69,243	$66,889	3.5%
Adjusted operating income	$2,945	$3,766	(21.8%)
GAAP EPS	$0.75	$1.33	(44.1%)
Adjusted EPS	$1.30	$1.73	(25.1%)
Cash flow from operations	$3,567	$2,634	35.4%

1. Total adjusted revenues remove the receipt of $313 million owed to CVS Health under the ACA's risk corridor program, net of MLR rebates of $2 million in Q4 2020 that had previously been fully reserved.

Interest expense of **$678 million**

Adjusted effective tax rate of **26.8%**

Weighted-average diluted share count: **1,317 million** shares

COVID-19 adversely impacted Q4 2020 GAAP and Adjusted EPS by **(43) – (45) cents**

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Q4 RESULTS

Health Care Benefits segment

in millions, except MBR	Q4 2020	Q4 2019	Change %
Total adjusted revenues[1]	$18,792	$17,150	9.6%
Adjusted operating income	$153	$779	(80.4%)
Total medical membership	23.4	22.9	2.2%
Commercial	16.9	17.7	(4.8%)
Government	6.5	5.2	26.2%
Adjusted medical benefit ratio (MBR)[1]	88.3%	85.7%	(260 bps)

Note: Q4 2020 GAAP MBR of 86.7%

1. Total adjusted revenues and adjusted MBR remove the receipt of $313 million owed to CVS Health under the ACA's risk corridor program, net of MLR rebates of $2 million in Q4 2020 that had previously been fully reserved.

Adjusted Revenue growth primarily driven by membership growth in Government products and HIF, partially offset by divestitures of Aetna's PDP and Workers' Compensation business, Commercial membership declines and planned COVID-19 related investments

Adjusted operating income decline primarily driven by the planned COVID-19 related investments, testing and treatment costs, and divestitures of Aetna's PDP and Workers' Compensation business. Partially offsetting the decline was lower utilization in non-COVID categories

Medical membership growth driven by increases in Medicaid and Medicare products, partially offset by a decline in Commercial products

Higher MBR primarily reflects COVID-19 related investments, testing and treatment costs, partially offset by reinstatement of HIF as well as lower non-COVID related costs

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Q4 RESULTS

Pharmacy Services segment

in millions	Q4 2020	Q4 2019	Change %
Total revenues	$36,355	$37,073	(1.9%)
Adjusted operating income	$1,561	$1,447	7.9%
Total pharmacy claims processed[1]	537.9	533.9	0.7%

1. Total pharmacy claims processed and generic dispensing rate for all periods presented include an adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions.

Revenue decline primarily driven by previously disclosed client losses and continued price compression, partially offset by growth in Specialty pharmacy and brand inflation

- **Specialty pharmacy** revenue growth of **~4%** YoY due to net new business and brand inflation

Adjusted Operating Income growth primarily driven by improved purchasing economics and Specialty pharmacy growth, partially offset by continued price compression

Growth in Total Pharmacy Claims Processed[1] primarily due to net new business

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Q4 RESULTS

Retail / LTC segment

in millions	Q4 2020	Q4 2019	Change %
Total revenues	$24,062	$22,580	6.6%
Adjusted operating income	$1,775	$2,031	(12.6%)
Prescriptions filled[1]	376.3	369.0	2.0%

1. Retail/LTC prescriptions filled includes an adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions.

Revenue growth driven primarily by increased prescription volume, including strong flu immunizations, as well as increased COVID-19 diagnostic testing and brand inflation, partially offset by continued reimbursement pressure and impact of recent generic introductions

- Total revenue from COVID-19 diagnostic testing program of **~$400M** in the fourth quarter
- Growth was offset by lower cough and cold sales and lower scripts from flu and flu like illness

Adjusted Operating Income decline due to continued reimbursement pressure and the net impact of the COVID-19 pandemic, partially offset by pharmacy volume and improved generic purchasing

COVID-19 vaccine administration had an immaterial impact on the fourth quarter

Q4 RESULTS

Retail pharmacy

in millions	Change vs. Q4 2019
Retail pharmacy script share of 27.24%[1,2]	Up ~30bps
Same store sales[3]	5.3%
Pharmacy sales	7.5%
Pharmacy prescription volume[2]	2.9%
Front Store sales	(1.8%)

1. Source: IQVIA retail pharmacy script data for Q4 2020. IQVIA is restating the methodology for market share data and CVS Health disclosures will align to the restatement in its Q1 2021 disclosures.
2. Retail pharmacy prescriptions filled includes an adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions.
3. Same store sales and prescription volume exclude revenues from MinuteClinic and revenues and prescriptions from long-term care operations.

Same store sales growth driven by strength in Pharmacy; Retail pharmacy script share increased

Growth in prescriptions filled primarily driven by continued adoption of patient care programs, partially offset by reduced new therapy prescriptions, including the effect of lower flu and flu like illness

Front Store sales decline primarily due to decreased customer traffic and reduced volume in cough and cold product sales largely as a result of the COVID-19 pandemic and a milder flu season

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Q4 RESULTS

Estimated impact of COVID-19 on Q4 financials

Retail / LTC

- Pharmacy volume impacted by reduction in new therapy prescriptions, including lower seasonal flu prescriptions; Reduced cough and cold season also impacted Front Store traffic and volume
- Benefits from diagnostic testing program
- Incremental costs for operations including readiness for vaccination administration

Health Care Benefits

- Planned investments made in our customers and members and provisions for potential payments to clients and plan sponsors for contractual and regulatory requirements
- Testing and treatment costs
- Overall utilization was generally in-line with our baseline, including higher COVID-19 related costs

COVID-19 related business activity adversely affected Q4 2020 GAAP diluted EPS and Adjusted EPS by **(43) – (45) cents**

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2021 Guidance

FY 2021 Outlook

Focused on delivering long-term sustainable growth for our shareholders

Adj EPS between $7.39 - $7.55

4% to 6% growth
vs baseline of $7.11

Revenue growth between 3% - 4.5%[1]

Expect growth across all segments

Cost Savings Initiatives

Expected to drive between **$900 million to $1.1 billion** in savings

Capital expenditures of **$2.7 - $3 billion increasing investments** in technology and digital enhancements

Generate $12 - $12.5 billion

in cash flow from operations

Maintaining dividend of **$2.00 per share**

Focused on advancing strategy through digital enhancements, producing value from integrated offerings, and new innovative, consumer driven products

1. Revenue growth is calculated off Adjusted Revenue for full year 2020.

GUIDANCE: FULL-YEAR 2021

Enterprise outlook

In billions, except per share data	FY 2021[3]
Total revenues[1]	$276.1 to $280.6 3.0% to 4.5%
Adjusted operating income	$15.5 to $15.7 (3.25%) to (1.75%)
GAAP EPS	$6.06 to $6.22 10.75% to 13.75%
Adjusted EPS	$7.39 to $7.55 4.0% to 6.0%[2]

Note: Percentages represent year-over-year growth from reported 2020 results.

1. Growth rates for total revenues are calculated against 2020 adjusted revenues. 2020 adjusted revenues removes the receipt of $313 million owed to CVS Health under the ACA's risk corridor program, net of MLR rebates of $2 million in Q4 2020 that had been previously reserved.
2. Growth rate for Adjusted EPS is calculated against 2020 baseline EPS of $7.11 which excludes net realized capital gains/losses and favorable prior years' development, the divestiture of the workers' compensation business and the impact of COVID-19 on business operations.
3. Guidance assumes consistent government regulations.

Proven agility and strength of our Enterprise driving continued growth

Guidance reflects return to traditional levels of medical costs and physician visits throughout the year, and ongoing administration of COVID-19 testing and vaccinations. Vaccine administration is dependent on availability of supply

COVID-19 is expected to have an immaterial impact on Adjusted EPS

2021 reflects continuation of cost savings initiatives across the Enterprise

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GUIDANCE: FULL-YEAR 2021

Health Care Benefits outlook

in billions, except MBR and trend	FY 2021
Total revenues[1]	$79.4 to $80.7 5.5% to 7.25%
Adjusted operating income	$5.1 to $5.2 (17.5%) to (16.0%)
Medical benefit ratio (MBR)	84.7% +/- 60 bps
Total medical membership	23.2 to 23.6
Commercial	16.6 to 16.9
Government	6.6 to 6.7

Note: Percentages represent year-over-year growth from reported 2020 results.

1. Growth rate for total revenues is calculated against 2020 adjusted revenues. 2020 adjusted revenues remove the receipt of $313 million owed to CVS Health under the ACA's risk corridor program, net of MLR rebates of $2 million in Q4 2020 that had been previously reserved.

Projected total revenue growth is driven by continued strength in Medicare products

Projected adjusted operating income reflects removal of HIF, strong growth in Medicare membership, and cost savings initiatives. COVID-19 is estimated to have a ($550M) to ($450M) unfavorable impact for the year

Projected MBR includes the return to more normal levels of utilization, removal of HIF, lower risk adjusted revenue and mix shifts in our business

Projected medical membership reflects continued strength in Government products; We expect Commercial products to be stable overall with some segments growing, while others are expected to contract

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GUIDANCE: FULL-YEAR 2021

Pharmacy Services outlook

In billions	FY 2021
Total revenues	$144.5 to $147.0 1.75% to 3.5%
Adjusted operating income	$6.0 to $6.1 5.5% to 7.25%
Total pharmacy claims processed[1]	2.17 to 2.20 2.75% to 4.0%

Note: Percentages represent year-over-year growth from reported 2020 results.

1. Total pharmacy claims processed includes an adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions.

Projected revenue growth attributable to net new business, continued strong growth in Specialty pharmacy and brand drug inflation

Specialty revenue growth expected to be mid-single digits

Projected growth in **adjusted operating income** driven by continued growth in Specialty and our ability to drive further improvements in purchasing economics, partially offset by industry-wide pricing compression

Projected claims volume driven by net new business and the expected return in provider visits

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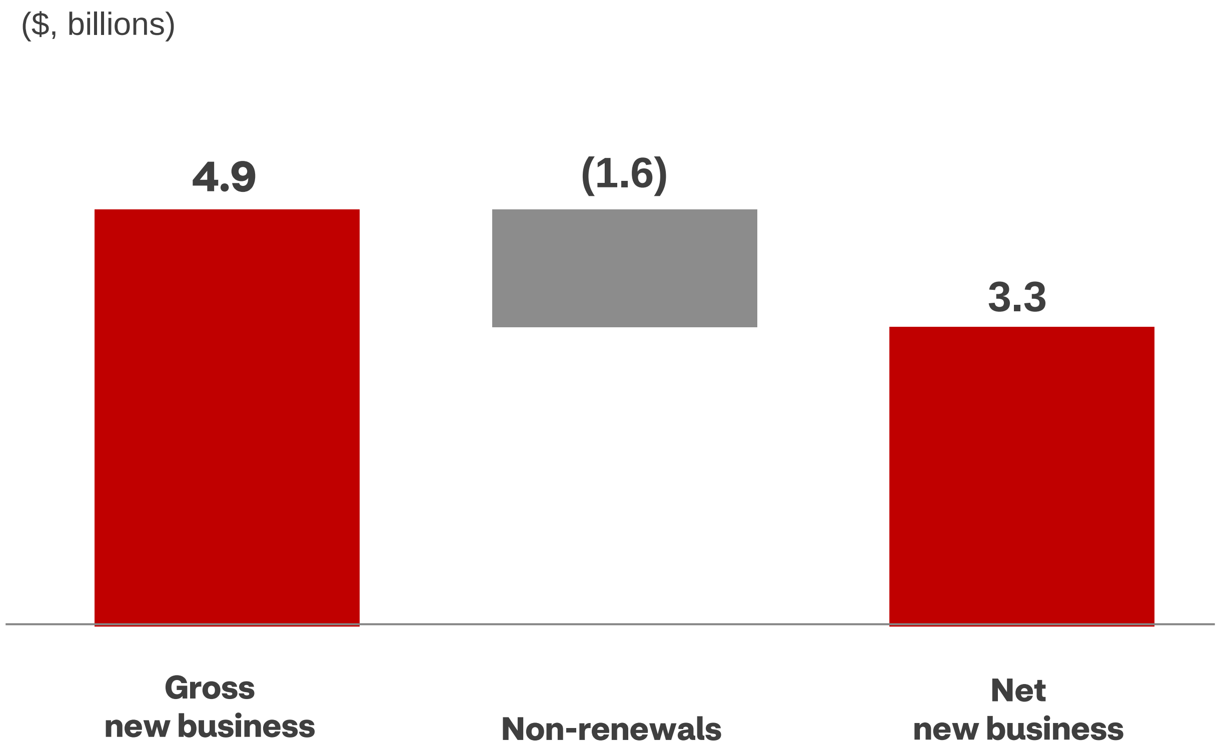
AS OF JANUARY 2021

2021 PBM selling season



2021 Selling season largely complete with retention rate of ~98%[1]

Driving pharmacy penetration in 2021 Aetna book to deliver ~$350M in incremental revenue[2]

1. Retention rate is defined as: 1 less (estimated lost revenues from any known terminations plus annualization of any mid-year terminations, divided by estimated PBM revenues for that selling season year) expressed as a percentage.
2. Aetna incremental revenue is not included in the 2021 PBM selling season chart above.
3. Chart excludes any impact from Medicaid fee-for-service carve-outs.

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GUIDANCE: FULL-YEAR 2021

Retail / LTC outlook

In billions	FY 2021
Total revenues	$93.8 to $95.1 2.75% to 4.25%
Adjusted operating income	$6.6 to $6.7 7.5% to 9.0%
Prescriptions filled[1]	1.57 to 1.60 7.25% to 9.25%

Note: Percentages represent year-over-year growth from reported 2020 results.

1. Prescriptions filled include an adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions. Prescriptions filled includes vaccinations administered.

Projected growth in **adjusted operating income** driven by pharmacy volume, COVID-19 diagnostic testing and vaccinations and cost saving initiatives, partially offset by continued reimbursement pressure. The benefit from COVID-19 is expected to be between $400M to $500M. Vaccine administration is dependent on availability of supply

Projected adjusted script growth driven by the continued successful execution of our patient care programs, expected return of provider visits and COVID-19 vaccinations

Front Store traffic is expected to increase as we move through the year

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GUIDANCE: FULL-YEAR 2021

Other items

In billions, except tax rates	FY 2021
Interest expense	~$2.6
Capital expenditures	$2.7 to $3.0
Adjusted effective tax rate	~25%
Weighted-average diluted share count	~1,325
Cash flow from operations	$12.0 to $12.5

Expected gross capital expenditures are above historical levels as we expand investments in technology and digital enhancing our apps and system workflows and we continue to invest in HealthHUB® locations

Lower effective tax rate primarily due to the repeal of the HIF in 2021

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GUIDANCE: FULL-YEAR 2021

Other considerations

First quarter expected to be the lowest earnings quarter for the year

In Retail/LTC, lower front store traffic and script volume have persisted into the first quarter in part due to the weaker flu season. Q1 is also affected by investments to advance our vaccination program

Earnings for Health Care Benefits is expected to be higher in the first half of the year and lowest in the fourth quarter

Cost savings initiatives across our segments are expected to ramp over the course of the year

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