

01-Nov-2023

# CVS Health Corp. (CVS)

Q3 2023 Earnings Call

## CORPORATE PARTICIPANTS

**Laurence McGrath**

*Senior Vice President-Business Development & Investor Relations, CVS Health Corp.*

**Karen S. Lynch**

*President, Chief Executive Officer & Director, CVS Health Corp.*

**Thomas F. Cowhey**

*Senior Vice President & Interim Chief Financial Officer, CVS Health Corp.*

**Brian A. Kane**

*President-Aetna & Executive Vice President, CVS Health Corp.*

**Prem Shah**

*Executive Vice President, Chief Pharmacy Officer & President-Pharmacy and Consumer Wellness, CVS Health Corp.*

**J. David Joyner**

*Executive Vice President & President-CVS Caremark, CVS Health Corp.*

**Michael T. Pykosz**

*Interim President-Health Services, CVS Health Corp.*

---

## OTHER PARTICIPANTS

**Justin Lake**

*Analyst, Wolfe Research LLC*

**Lisa C. Gill**

*Analyst, JPMorgan Securities LLC*

**Nathan Rich**

*Analyst, Goldman Sachs & Co. LLC*

**Kevin Caliendo**

*Analyst, UBS Securities LLC*

**Eric Percher**

*Analyst, Nephron Research LLC*

**Elizabeth Anderson**

*Analyst, Evercore Group LLC*

## MANAGEMENT DISCUSSION SECTION

**Operator:** Good morning or good afternoon all, and welcome to today's Third Quarter 2023 CVS Health Earnings Call. My name is Adam and I'll be your operator for today. [Operator Instructions]

I will now hand the floor to Larry McGrath to begin. So, Larry, please go ahead when you are ready.

---

### Laurence McGrath

*Senior Vice President-Business Development & Investor Relations, CVS Health Corp.*

Good morning, and welcome to the CVS Health third quarter 2023 earnings call and webcast. I'm Larry McGrath, Senior Vice President of Business Development and Investor Relations for CVS Health. I'm joined this morning by Karen Lynch, President and Chief Executive Officer; and Tom Cowhey, Interim Chief Financial Officer. Following our prepared remarks, we'll host a question-and-answer session that will include additional members of our leadership team.

Our press release and slide presentation have been posted to our website along with our Form 10-Q that we filed this morning with the SEC. Today's call is also being broadcast on our website where it will be archived for one year.

During this call, we will make certain forward-looking statements. Our forward-looking statements are subject to significant risks and uncertainties that could cause actual results to differ materially from currently projected results. We strongly encourage you to review the reports we file with the SEC regarding these risks and uncertainties. In particular, those that are described in the cautionary statement concerning forward-looking statements and risk factors in our most recent Annual Report filed on Form 10-K, our Quarterly Reports on Form 10-Q, the most recent of which was filed this morning, and our recent filings on Form 8-K, including this morning's earnings press release.

During this call, we will use non-GAAP measures when talking about the company's financial performance and financial condition and you can find a reconciliation of these non-GAAP measures in this morning's press release and in the reconciliation document posted to our Investor Relations portion of our website.

With that, I'd like to turn the call over to Karen. Karen?

---

### Karen S. Lynch

*President, Chief Executive Officer & Director, CVS Health Corp.*

Thank you, Larry. Good morning, everyone, and thanks for joining our call. Today we reported strong third quarter results highlighting the power of our diversified business model.

We delivered adjusted EPS of \$2.21 and adjusted operating income of nearly \$4.5 billion. Our consolidated revenues for the quarter of almost \$90 billion reflect an increase of nearly 11% over the prior year and once again we generated outstanding operating cash flows bringing our year-to-date total to \$16.1 billion. We are reconfirming our guidance range for 2023 adjusted EPS of \$8.50 to \$8.70.

This reflects execution against our strategy with strong performance in our Pharmacy & Consumer Wellness segment and continued momentum in our Health Services segment offsetting incremental Medicare Advantage medical cost pressures in our Health Care Benefits segment.

The power of our integrated model is clear. We demonstrated this with the significant progress made in restoring our Medicare Advantage star rating. Our 2024 rating showed that we will have 87% of our Medicare Advantage members and plans rated 4 stars or better. We accomplished this in a very short period of time by utilizing the full breadth of CVS Health touch points with our members. We improved CAHPS scores by an average of two-thirds of a point by deriving powerful consumer insight to design experiences that address the unique needs of our members.

We also made improvements beyond CAHPS. For example, to address HEDIS and patient safety measures our Medicare Advantage team worked closely with CVS Pharmacy and Caremark to help members improve medication adherence, remove cost and transportation barriers and ensure members completed critical tests, screenings and preventative services. As a result of these efforts, among many others, Aetna was the top performer in both the Part D patient safety and HEDIS domains. Our 2024 stars ratings will improve our position in the 2025 plan year and will enhance our position well into the future.

Medicare Advantage is a key strategic growth area for our business. While it is still early in the 2024 annual enrollment period, we are confident that our competitive offering and attractive benefit design will meet consumer expectations. Aetna continues to be a leader in \$0 premium products and approximately 84% of Medicare eligibles will have access to Aetna plans in this category in 2024.

We are also expanding the breadth of our DSNP footprint and now cover more than two-thirds of Medicare eligibles, up 6% from last year. Our DSNP strategy focuses on offering the coordinated medical management these members need to live healthier lives including introducing them to care delivery options such as Oak Street Health where appropriate. Our ability to offer access to convenient sites of care and the integrated benefits that seniors value most will position us to grow at or above the market in 2024.

Turning now to how we are unlocking new sources of value in health care. This quarter we announced the creation of Cordavis, a wholly owned subsidiary of CVS Health. We have an established history of innovating to find ways to lower drug spend and to ensure that people we serve have access to the medications they need to stay healthy. Cordavis continues that history of innovation. The biosimilar market in the US is expected to be \$100 billion opportunity by 2029. It represents one of the biggest sources of drug cost savings for consumers in the US health care system.

Through Cordavis, we are working directly with manufacturers to bring a portfolio of biosimilar products to the market driving our growth and ensuring that our customers and clients will realize the significant savings potential available through biosimilars for years to come. Let's turn to our performance in the quarter.

In our Health Care Benefits segment, we grew revenues to more than \$26 billion, an increase of nearly 17% and delivered adjusted operating income of \$1.5 billion. Medical membership in the third quarter grew to 25.7 million, an increase of 1.4 million members versus the prior year reflecting growth across multiple product lines including Individual Exchange, Medicare and Commercial.

We continue to experience elevated utilization trends in our Medicare Advantage business, primarily in outpatient and supplemental benefits such as dental, behavioral health, OTC and flex cards. Given the elevated cost trends

that have emerged this year, we are executing on plans to unlock additional revenue, clinical and network opportunities to help alleviate these pressures.

In our Health Services segment, revenues grew to nearly \$47 billion, an increase of more than 8%. Adjusted operating income grew nearly 11% to \$1.9 billion. These results once again reflect impressive performance in our Pharmacy Services business where our commitment to lower drug costs and deliver innovative clinical solutions drive value for our consumers and our clients.

In the 2024 selling season, our renewals are substantially complete and our retention remains strong in the high-90s excluding the Centene contract. Our sales strategy for new business has been successful, capturing over 60% of national employers that moved to PBM.

Turning to our care delivery assets, we are scaling capabilities to accelerate growth at both Signify and Oak Street. We are progressing on our initiatives to create integrated health experiences across multiple channels, including Aetna, Signify, CVS Retail Health and CVS Pharmacy.

For Oak Street Health, we are using these channels to educate Medicare-eligible adults about the health services they need and can receive in our primary care clinic. While it is still early, the results of these initiatives are encouraging and we are excited to share more details at our Investor Day in December.

For Signify Health, we are connecting more CVS Pharmacy patients to Signify for in-home evaluations and other services in the home. Our trusted relationship with 90 million patients at the pharmacy counter is a powerful connection and the most frequent engagement in health care. By utilizing our pharmacist connections, we have been able to reach more than 50% of Aetna members that Signify was previously unable to reach, enhancing the opportunity to more effectively engage these members in their care. This initiative has surpassed our initial conversion rate goals and we are excited by the process of scaling our capabilities in 2024 and beyond.

Turning to our Pharmacy & Consumer Wellness segment, revenues grew to nearly \$29 billion, up 6% versus the prior year. We generated \$1.4 billion of adjusted operating income in the quarter, in line with our results in the prior year. Performance in our retail pharmacy business was strong. Same-store pharmacy sales increased nearly 12% versus the prior year, primarily driven by pharmacy drug mix and brand inflation. Same-store prescription growth when excluding the impact of COVID grew by 3.5%.

Turning to our consumer engagement strategy. Our digital platform is helping consumers navigate and simplify their health journey. Our digital reach continues to grow with now over 55 million unique customers, an increase of nearly 20% versus last year. This strong growth has been powered by our focus on innovating and delivering on experiences that matter most for our customers.

We have been removing barriers to digital adoption and making it easier for customers to access the services they seek such as pharmacy refills and advanced scheduling for immunizations online. Our strong digital engagement and enhanced capabilities will strengthen our ability to drive seasonal flu, COVID and RSV immunization awareness and connect patients to our CVS locations for these important health services.

Before I turn it over to Tom to discuss our financial results, I'd like to highlight some recent changes to our leadership team. As we previously announced, I would like to welcome Brian Kane as our new President of Aetna. Brian's extensive industry experience will be critical as he and his team work to deliver consumer-centric holistic health care to the more than 35 million members served by Aetna.

In mid-October, we also announced that Shawn Guertin, our Chief Financial Officer and President of the Health Services business, is taking a leave of absence due to unforeseen family health reasons. Tom Cowhey has been appointed to the role of Interim CFO and Mike Pykosz has assumed the role of Interim President of Health Services. Both Tom and Mike are well positioned to continue to seamlessly execute on our strategy.

Finally, I would like to thank our colleagues for the commitment and dedication they show every day to support our customers, our clients and our patients.

I will now turn the call over to Tom to provide more details on our results and our guidance. Tom?

---

## Thomas F. Cowhey

*Senior Vice President & Interim Chief Financial Officer, CVS Health Corp.*

Thank you, Karen, and good morning, everyone. Our third quarter results continue to demonstrate the power of our execution and the value of our diversified enterprise. This quarter, we saw strength across key metrics such as revenue, adjusted earnings per share and cash flow from operations.

A few total company highlights. Third quarter revenues of nearly \$90 billion, increased by double-digit percentages over the prior-year quarter, reflecting strong growth across each of our businesses.

We delivered adjusted operating income of nearly \$4.5 billion and adjusted EPS of \$2.21, representing growth of approximately 2% versus the prior year. These increases were primarily due to continued strong execution in our Pharmacy Services operations, partially offset by pressure in Health Care Benefits and the inclusion of Oak Street Health results.

Our ability to generate cash remains outstanding, with year-to-date cash flow from operations of \$16.1 billion. Cash flows benefited from the timing of CMS payments that are expected to normalize in the fourth quarter. Excluding this impact, our year-to-date cash flows from operations remained strong at approximately \$11 billion.

Shifting to the details for our Health Care Benefits segment, we delivered strong revenue growth versus the prior year. Third quarter revenue of \$26.3 billion increased nearly 17% year-over-year, reflecting growth across all product lines, but primarily attributable to Medicare and our Individual Exchange products. Membership grew to 25.7 million, an increase of 54,000 members sequentially, reflecting growth in our Individual Exchange and Medicare businesses, partially offset by the impact of Medicaid redeterminations.

Adjusted operating income of \$1.5 billion in the quarter declined approximately 6% versus the prior year. This decline was driven by a higher medical benefit ratio, partially offset by higher net investment income. Our medical benefit ratio of 85.7% increased 230 basis points from the prior-year quarter, primarily reflecting lower prior-period development, as well as higher Medicare Advantage utilization inside the quarter. Utilization pressure was primarily attributable to the categories Karen highlighted earlier, including outpatient and supplemental benefits such as dental, behavioral health, OTC and flex cards.

Further, we also experienced Individual Exchange growth in the special enrollment period that exceeded our expectations. These members, particularly when added late in the year, will drive a higher MBR. As a result, our higher Individual Exchange growth is also contributing to our updated MBR guidance for the full year. We continue to closely watch utilization trends in our other lines of business, but at this stage, we have not observed any other trends that we would consider inconsistent with our total expectations.

Days claims payable at the end of the quarter was 50.3, up 3.4 days sequentially and reserve growth exceeded premium growth sequentially. Overall, we remain confident in the adequacy of our reserves. Our Health Services segment, which includes our Pharmacy Services business and our Health Services operations generated revenue of approximately \$47 billion, an increase of more than 8% year-over-year. This increase was driven by pharmacy drug mix, growth in specialty pharmacy, brand inflation and the addition of Signify and Oak Street. These increases were partially offset by the impact of continued client price improvements.

Adjusted operating income of nearly \$1.9 billion grew approximately 11% year-over-year, primarily driven by strong execution and improved purchasing economics partially offset by ongoing client price improvements.

Total pharmacy claims processed in the quarter declined by less than 1% versus the prior year and were only down 40 basis points when excluding COVID-19 vaccinations. This decline was primarily attributable to the New York Medicaid carve-out and lower COVID-19 vaccinations partially offset by net new business. Total pharmacy membership remained steady at approximately 110 million members. We continue to be encouraged by the performance and growth of our Health Services assets. Signify completed 655,000 in-home evaluations in the quarter, an increase of 7% versus the same period last year and generated revenue growth of 21%.

Oak Street ended the quarter with 192 centers and 191,000 at-risk lives. They've grown by 31 centers versus the prior-year quarter and are on track to open a total of 35 new centers this year, ramping to 50 to 60 centers in 2024. Oak Street also significantly increased revenue in the quarter, growing 44% compared to the same quarter last year. Oak Street's clinical model continues to demonstrate exceptional performance.

Last week CMS released the 2022 savings performance of all ACO Reach participants. Oak Street was among the top 5% of program participants generating a meaningful gross savings rate of 21%.

Moving to our Pharmacy & Consumer Wellness segment, we generated revenue of nearly \$29 billion, up 6% versus the prior year, and nearly 9% on a same-store basis reflecting the impact of pharmacy drug mix, increased prescriptions and brand inflation. These revenue increases were partially offset by continued reimbursement pressure, the impact of recent generic introductions, a decrease in store count and decreased COVID-19 related volume.

Adjusted operating income of \$1.4 billion was in line with the prior year driven by continued reimbursement pressure and lower COVID contributions largely offset by improved drug purchasing, increased prescription volumes and lower expenses. Same-store pharmacy sales were up nearly 12% driven by drug mix, a 2.7% increase in same-store prescription volumes, and brand inflation. The increase in same-store prescription volumes excluding the impact of COVID-19 vaccinations was 3.5%.

As we continue to execute on our store closure initiative, having closed 564 out of 900 planned stores, we encourage investors to focus on same-store metrics to understand underlying growth.

Our front store business continues to exhibit resiliency in the face of industry challenges, underscoring the value we offer consumers. Same-store sales for the front store were down 2.2% primarily due to declines in cough, cold, and flu and OTC test kits. Excluding the impact of OTC test kits, same-store front sales were in line with the prior year.

Shifting to the balance sheet, our liquidity and capital position remained excellent. Our ability to generate cash flow remains a core strength of our organization and the enterprise continues to identify new opportunities to further optimize our balance sheet.



Through the third quarter, we generated cash flow from operations of \$16.1 billion including the CMS prepayment I discussed earlier. We ended the quarter with approximately \$2.7 billion of cash at the parent and unrestricted subsidiaries. This quarter we returned \$779 million to shareholders through our quarterly dividend. We remain committed to maintaining our current investment-grade ratings while preserving flexibility to deploy capital strategically.

Turning now to our full-year outlook for 2023. We are reaffirming our adjusted EPS of \$8.50 to \$8.70. This primarily reflects our performance through the third quarter and the continuation of higher Medicare Advantage medical cost trend for the remainder of 2023 offset by strength in our Pharmacy & Consumer Wellness and Health Services segments.

In the Health Care Benefits segment, we now expect our 2023 medical benefit ratio to be approximately 86% primarily driven by the previously mentioned impact of higher Medicare Advantage utilization, as well as the impact of higher-than-expected Individual Exchange growth during the special enrollment period. As a result, we now expect adjusted operating income for the segment to be in a range of \$5.63 billion to \$5.76 billion.

Our Individual Exchange business is expected to reduce adjusted operating earnings in 2023 largely a function of late-year growth. However, this business is now poised to reach an annualized run rate of more than \$6 billion of revenue and we are well positioned to earn a positive margin in this business in 2024 based on specific actions our teams are implementing including pricing adjustments.

In our Health Services segment, we are updating our adjusted operating income guidance to a range of \$7.18 billion to \$7.31 billion, reflecting the strong execution year-to-date in our Pharmacy Services business and our expectation of continued strength for the remainder of the year.

In our Pharmacy & Consumer Wellness segment, we now expect adjusted operating income in a range of \$5.76 billion to \$5.86 billion, primarily driven by higher contributions from seasonal immunizations, partially offset by lower-than-expected script volume primarily attributable to Medicaid redeterminations.

Shifting to our cash flow, given our strong performance year-to-date, we now anticipate full-year 2023 cash flow from operations to be at the upper end of our range of \$12.5 billion to \$13.5 billion. Our expectation for capital expenditures is now \$2.5 billion to \$2.7 billion. We're also updating our adjusted effective tax rate to 24.9% and our share count to 1.291 billion. You can find additional details on the components of our updated 2023 guidance on our Investor Relations web page.

Before I conclude my prepared remarks, I want to give you an update on headwinds and tailwinds for 2024. Starting with the headwinds, as we previously discussed the decline in our Star Ratings for benefit year 2024 will pressure our Medicare Advantage margins. We now expect the impact to be closer to the low end of our previously communicated range of \$800 million to \$1 billion. We continue to expect the current level of elevated utilization in our Medicare Advantage book to persist and out of an abundance of caution are maintaining a provision for further utilization pressure in 2024.

As previously discussed, contributions from Centene will decline as the contract ends on January 1, 2024. We expect a lower contribution in our PCW segment related to COVID, consumer softness and incremental labor investments and we expect the 340B headwind from 2023 to annualize in 2024.



Shifting to the tailwinds for 2024, we expect underlying growth in our core businesses. We now expect the savings from our previously announced actions and cost initiatives to come in at the higher end of our guidance. We expect the positive contribution from the pricing of our Individual Exchange business as well as commercial pricing actions. We believe we have the opportunity to capture value from our newly created Cordavis business and we expect incremental contributions from our Health Services businesses net of the impact from previously discussed clinic expansion.

At this distance, based on the sum total of these headwinds and tailwinds, including the uncertainty created by our recent utilization trends, we believe it is prudent for investors to ground their expectations for 2024 adjusted EPS at the low end of our previously communicated preliminary guidance range of \$8.50 to \$8.70. At our Investor Day in December, we will provide detailed 2024 guidance and updated views on our long-term growth algorithm.

To conclude, we remain focused on operational execution and sustainable growth as we advance our goal of becoming the leading health solutions company for consumers. We look forward to providing more detailed updates on our progress against our strategy in December.

With that, we'll now open the call to your questions. Operator?

## QUESTION AND ANSWER SECTION

**Operator:** Thank you [Operator Instructions] And the first question today comes from Justin Lake from Wolfe Research. Justin, your line is open. Please go ahead.

**Justin Lake**

*Analyst, Wolfe Research LLC*

Q

Thanks. Wanted to see if we could get some more color on Medicare Advantage cost trends, specifically what did you see through the quarter, what did you assume for these value cards versus what kind of was expected?

And then can you talk about how you think the business is going to perform in 2024, right. It looks like you invested in Benefits there. So maybe you could just tell us where you think margins are this year, where you think they're going to be next year? And then hopefully walk us through how investors should think about improvement in 2025 and beyond as you reprice this business, get your stars back, et cetera? Thanks.

**Thomas F. Cowhey**

*Senior Vice President & Interim Chief Financial Officer, CVS Health Corp.*

A

Good morning, Justin. Thanks for the question. Bear with me. There's a lot to go through here. So I'll walk you through a couple of ways that we'd like you to think about 2024, really make sure that you understand what's happened in 2023 and then I'll turn it over to Brian to talk about some of your other questions.

So, you'll remember on our second quarter call we discussed that we were seeing 100 to 110 bps of Medicare pressure in the first half, and that was driven by higher than expected utilization in outpatient and some supplemental benefits such as dental and behavioral health. We carried forward that pressure into the second half resulting in an increase for the total company of about 50 bps to the total year MBR guide. We further indicated that we had captured a portion of the outpatient trend pressure in our bids in 2024 and that the remaining pressure we did not incorporate was reflected in the 2024 guide. We also put a placeholder in for additional utilization in our 2024 preliminary guidance range.

So as you look then to the third quarter, we're experiencing higher utilization than we anticipated. The main driver of this pressure continues to be Medicare Advantage, but a less impactful notable driver is continued strong growth in the Individual Exchange product through the SEP. So this SEP membership particularly when it's added late in the year carries a higher than average MBR. So if you look specifically then at Medicare, we've continued to see elevated utilization in outpatient, including additional pressure in the second quarter. We've also seen incremental pressure in supplemental benefits in the third quarter, particularly dental, behavioral health and OTC and flex cards.

So OTC and flex cards is a differentiator for our 2023 plan design but it's also an important part of how we're planning to grow in 2024 and part of our bid strategy. The cards, a lot of members have fixed amount of cash typically on a quarterly basis that they can use for OTC as well as food among other purchases. To-date, we've seen meaningfully higher levels of utilization in the use of these cards than we had anticipated in our 2023 pricing and in our initial outlook.

If you roll that forward to the full-year guide, we've raised the MBR by 75 basis points to 80 basis points. 10 basis points to 15 basis points is primarily related to the exchange product growth in the SEP and its impact on our MBR. The remaining 65 bps is related to Medicare Advantage where we've presumed that the elevated level of trend we observed in the third quarter persists into the fourth quarter. Net of some revenue offsets, that represents about \$550 million of pressure in Medicare.

It's important to note, though, as you look at our full-year guidance, reduction in HCB, there are about \$250 million of favorable non-MBR items, which include things like net investment income, fees and also expenses. And a portion of these tailwinds are expected to persist into 2024. So, as we think about how the MBR pressure in 2023 then impacts 2024, as I mentioned, our 2024 MA bid contemplated higher MA utilization for outpatient and supplemental benefits, although the current experience exceeds the pricing provision.

As it specifically relates to OTC and flex cards, we recognized how customers value this benefit that it would be an important part of how we were going to market in 2024 in the sale of our products. And therefore, we proactively assumed higher utilization in those cards, which is much more consistent with how 2023 has actually played out. Consequently, 25 bps of the incremental 65 bps of the pressure this quarter was contemplated in pricing on account of the OTC and flex cards while the remaining 40 bps was not.

So as you think then about that 40 bps of exposure, there's a couple of things that we think are offsets. First, as we progressed our stars mitigation and contract diversification efforts, we're now projecting that 2024 stars will be at the low – the impact will be at the low end of our expectations, or about \$800 million versus the prior midpoint expectation of \$900 million.

Second, we've repriced our Individual Exchange members as we begin to move forward towards our target margins in 2024. The incremental Individual Exchange membership coming through SEP actually provides upside opportunity in 2024 as these members get properly documented for risk adjustments.

Third, the net investment income tailwinds that we've seen will almost certainly persist in light of the current macro environment, which was not previously contemplated.

And finally, we expect to achieve the high end of our enterprise cost reduction initiatives, which we previously talked about being \$700 million to \$800 million next year.

All together, we believe these tailwinds can offset a meaningful portion of the incremental 2024 Medicare headwind, but we're encouraging investors to focus on the lower half of our 2024 guidance range until we understand where trends are going to stabilize.

It's worth noting, out of an abundance of caution, we preserve the excess 2024 Medicare utilization provision that we talked about in the second quarter inside our updated guidance range for 2024. Brian?

**Brian A. Kane**

*President-Aetna & Executive Vice President, CVS Health Corp.*

A

Thanks, Tom. Let me talk a little bit about utilization just to build on what Tom was saying and then we could talk about the benefit design and, Justin, your question on margins.

With respect to utilization, just to echo what Tom said, obviously, we've been through the bids in detail, really, to understand all the detailed utilization assumptions. And I would just say, after all – everything is fully baked in, including the utilization breakage that Tom discussed, the guide, I believe, fully reflects what's in our pricing, as well as utilization break. So I feel good about where we are for the 2024 guide that Tom laid out.

Just with respect to some other categories, I think it's important to say that none of the other service categories besides the outpatient and some of the supplemental benefits that Tom went through are showing any pressure. Inpatient is well controlled, for example, as well as other service categories.

On the Individual side, I think it's important to mention what Tom did, which is to say we did get more members in the SEP period than we anticipated, which actually, I think, is a good thing for 2024. And so, while it's creating some pressure in 2023 because they come in late in the year and you don't have the opportunity to document their conditions, between the pricing increases that we put through, as well as our risk adjustment processes that will really ramp up for 2024, it's actually a nice tailwind for 2024.

Our Commercial business also is doing well, our group Commercial business and our Medicaid business, so there's no other pressures there. This is really a Medicare story, and as I said, I think we're fully covered with our 2024 guide.

Justin, with respect to your benefits question, it was important for us coming into 2024 to maintain benefits stability for our members, in light of, obviously, the stars pressure that we faced. This is a important strategic priority for Medicare. It not only impacts our business on the Aetna side but also has wide-ranging impacts across the enterprise. And so, this was a business that we are committed to maintaining benefits stability and being thoughtful in some of the investments that we made.

So, for example, on the DSNP side, that's clearly an area where we leaned in. Our focus was on the flex cards, and as Tom said, these are cards that our members can use for food, OTC, utilities, et cetera. We believe this was an attractive benefit. But importantly, the assumptions we use for 2024 effectively assume full utilization. And so, there's just not a lot of incremental breakage that can occur in 2024 relative to the DSNP population.

I'd also remind you that our DSNP population is largely HMO, and so they weren't impacted by the stars challenges that we've had for 2024. So, as you think about marginal contribution and where our benefit design is and our anticipation to grow that book, actually, we expect marginal profit contribution on new members for DSNP. So, actually view that as a positive.

And on the general enrollment side, we were very targeted in our investments and the investments we made tended to be in new plans, as opposed to existing plans, which actually was a thoughtful way of really driving opportunities for growth without burning the entire book with incremental cost.

So, again, I feel good about 2024 where we're positioned. And I would say, as Karen said in her opening remarks, feel very good about our ability to achieve at or above market growth on the Medicare side.

And then finally, on your margin question, clearly, we're way below where we need to be on 2024 margins. We understand that. Our expectation for 2025 is that we'll take significant ground against our margin targets. Obviously, we need to see where the rate notice comes out, what the competitive dynamic is, but you should expect 2025 for us to see incremental margin improvement and hopefully material improvement in that regard.

---

**Operator:** The next question comes from Lisa Gill from JPMorgan. Lisa, please go ahead. Your line is open.

---

**Lisa C. Gill**

*Analyst, JPMorgan Securities LLC*

Q

Great. Thanks very much and good morning. I want to focus on the Health Care Services side of the business. I really had a few questions here. One, when I think about Cordavis and I think about the opportunity around biosimilars, is there a way for you to maybe frame how big that opportunity is?

Secondly, when we think about things like GLP-1s, I would think of that as being a positive for this business. Can you help us understand that?

And then thirdly, there is some expectation that there will be some level of PBM, maybe a bill this year when we think about the reconciliation. Can you talk about what you're seeing right now and is that built into any of your expectations around your business for 2024?

---

**Karen S. Lynch**

*President, Chief Executive Officer & Director, CVS Health Corp.*

A

Hi, Lisa. Let me take a couple and then I'm going to ask Prem to talk about Cordavis and I'll ask the team to talk about GLP-1s.

But just generally, on the PBM bill, obviously there's a lot of unrest going on in the legislative body of the US. We don't – we may see something at the end of the year and the end of the – in that reconciliation bill. Our best thinking now is that is transparency, which we are fully aware of and have contemplated in our business. So, but it remains to be seen what really will happen in that yearend reconciliation package. I think there's a lot going on in Washington, so it's unclear what will happen.

Relative to Cordavis, we view that as a significant opportunity as I mentioned in my prepared remarks. This is an opportunity for us to bring a healthy biosimilar market to the US, so that we can really bring lower drug cost to our customers. Prem has been doing a lot on this opportunity and I'll ask him to talk about kind of the magnitude of it. But we are excited and we are in a position to really have an impact. It is a \$100 billion opportunity by 2029, so we have the opportunity over the next few years to really make significant improvement in lowering drug cost and obviously in the performance of our company.

And then relative to GLP-1s, what I would say is that this is an area that has demonstrated and proven that we can see significant weight loss and improvement in health, but it comes at a very hefty price tag. And it is the

reason why a PBM exists to really have the opportunity to reduce overall cost for GLP-1s. That's what we are very focused on doing by creating competitive environment. It could cost the US \$1 trillion if every American that is considered obese and that's about 70 million Americans were prescribed these GLP-1s. That would put significant pressure on the US health care system. So it is imperative for us as a PBM to really reduce the overall cost of those drugs and we're working very closely with our customers to do that. As you can imagine, our customers' top priority is really understanding the cost of GLP-1s and David will talk about that. But let me turn it over to Prem to talk about Cordavis.

---

**Prem Shah**

*Executive Vice President, Chief Pharmacy Officer & President-Pharmacy and Consumer Wellness, CVS Health Corp.*

A

Yeah, and just to add to what Karen said, Cordavis is extremely exciting opportunity for us. And Lisa you've been around the PBM industry for a long time, and if you think about the competition that was created in the early part of the 2010s as it relates to the generic pipeline, we view the biosimilar pipeline as the competition for the specialty drugs.

And if you think about the amount of pharmacy spend that's in specialty drugs, it's greater than 50% at this point. So it's really important for us to be able to create that competition in biosimilars. And as I think about what Cordavis is really intended to do, it's going to work with manufacturers to bring these products into the US pharmaceutical marketplace.

One of the big, big pieces that we need to ensure is, what I'd say is, continuity of supply of these products in the marketplace and that's one of the things that Cordavis will work for. So our first product that we'll launch as we mentioned earlier in the year is going to be a contract with Sandoz to co-manufacture and commercialize Hyrimoz, and it is biosimilar product for Humira. And we'll be launching that in the first quarter of 2024. And recall, we mentioned that we're going to launch it at a list price that's greater than 80% lower than the current list price for Humira. So, again it creates lower cost for consumers, better access and affordability across the board.

As we look out into 2024 with Cordavis, we intend to have a full portfolio of products as we see other biosimilar competition coming in the specialty marketplace to facilitate the broader access of these products in the US. And I'll hand it over to Tom to talk about some of the questions on the financials on that.

---

**Thomas F. Cowhey**

*Senior Vice President & Interim Chief Financial Officer, CVS Health Corp.*

A

Yeah, thanks, Lisa. You asked about kind of the GLP-1 impact, but I think it's important just to talk about what the enterprise impact is there and then David can talk some more about some of the specifics on how the PBM helps here and some of the challenges that our self-insured customers are facing.

In Pharmacy Services, the GLP-1 are a class of drugs that are uniquely suited to the value of the services that a PBM provides. And so we do have a positive margin contribution from the GLP-1s in that segment.

On the Aetna side, it's really about whether or not we captured utilization in our pricing. But most of that pricing is really capturing indications for diabetes, not for weight loss. For weight loss, that's really something that our self-insured customers make an individualized decision on or it's a buy-up for our insured book. And we believe that for 2023, we have appropriately priced that and we're taking our latest thinking into our pricing for 2024. On the flip side, branded products pressure margins in the PCW business, so the GLP-1s are generally a headwind to that business.

Maybe, David, you could provide a little more context on kind of the PBM impacts.

**J. David Joyner**

*Executive Vice President & President-CVS Caremark, CVS Health Corp.*

A

Sure. Thanks, Tom. So, as Karen mentioned, the GLP-1s are certainly at the top of every client's list in terms of areas that they're concerned about going into 2024 and beyond. Good news is, the PBM actually plays a critically important role in managing this category of drugs. So we really have three different ways in which we're trying to drive savings for our customers.

The first is formulary. So we create competition. And obviously, as new entrants come into the market, it serves as an opportunity for us to continue to reduce the cost for our customers. Secondly is utilization management. So focusing on the appropriate use of the medications, including off label utilization. And then lastly, there's a significant investment being made in our advanced care management solutions, which is looking at the holistic view of the conditions of which we're treating and it's essentially complementing the drug therapy and it's giving us an opportunity to focus on the underlying causes of the conditions.

So as we look at the results at least year-to-date, you look at the combination of our formulary management in addition to the utilization management, we're saving nearly 70% of costs for our commercial clients. So again, it's a great proof point that we've been able to take cost out of the system, as we're looking obviously at this growing cost of medications.

The area that I would say we're focused on in 2024 is, there's still a sizable percentage of our customers that have included obesity or weight loss, and it's an area that's probably growing 6x what the non or the diabetic utilization is. And so there's a big focus right now on both the ROI as well as making sure as new competitors come into the market that we're using these opportunities to focus on reducing the unit pricing of the product and then more specifically focusing on the overall ROI for the services that it's delivering.

So maybe if I could just pivot one minute on the Cordavis, because I just – and there was a three-part question, Lisa, and I know we're trying to answer it in a variety of different ways. But I think the Cordavis is a really important unique opportunity for us in the market. So as Prem said, Cordavis is brought to market a low list price product. As the PBM, we have a formulary that looks at both clinical efficacy as well as driving low net cost for our customers.

The good news is, is that we – when we have influence, we actually are moving to a product with a low list price, as Prem mentioned, 80% below the current list price of the brand Humira. So it does require changing the market. So if you look at how we're looking at the opportunity going into 2024, it's can we move enough share in order to create value for our customers? And our model is we believe we can take 50% of the 2022 cost out for this category by moving aggressively to a low list price product.

So we have to then look at what gives us confidence that we can actually move the share. So we mentioned obviously in previous calls that we've had success with moving Lantus to Basaglar. We had 97-plus percent conversion for that product back in many years ago. And if you look at one example which is a client in Medicaid that has chosen to exclude the coverage of brand as Humira, we've been able to move upwards of 90% of the product within the last 30 days. So I think it's become a proof point that, one, we can actually move the low cost biosimilars. We can actually reduce the cost of the category for our customers and ultimately make sure we're preserving the experience for the members. So I think again we're pretty bullish on our opportunity of changing the marketplace and capitalizing on bringing new innovative therapies to market.



**Lisa C. Gill**

*Analyst, JPMorgan Securities LLC*

Q

Thank you.

**Operator:** The next question comes from Nathan Rich from Goldman Sachs. Nathan, your line is open. Please go ahead.

**Nathan Rich**

*Analyst, Goldman Sachs & Co. LLC*

Q

Great. Thanks so much for the questions. It sounds like Oak Street is kind of scaling in line to maybe a bit better than your expectations. I guess could you maybe just update us on how you're thinking about the incremental platform contribution next year and what you see as the kind of biggest opportunities for practices in terms of how they need to adapt just given the tougher rate environment that we're going to be in for Medicare next year?

And from a capital deployment standpoint, can you talk about your appetite for additional M&A from a care delivery standpoint? Is that something that you're – they're looking at currently or do you need to kind of allow the existing kind of assets to mature more before you look to build further?

**Michael T. Pykosz**

*Interim President-Health Services, CVS Health Corp.*

A

Yeah, maybe I'll start on the operational priorities and turn it over to Tom on the financials. The biggest thing for us is keep focusing on what we do best which is keep our patients healthy and out of the hospital. We know if we apply our care model we'll do that. And we have the proof points, whether it's the Medicare Shared Savings Program, a couple of years ago, where we're a top 1% performer; whether it's the ACO REACH program, risk score, CAHPS, or whether it's in MA that we can create a lot of value by keeping our patients healthy and then capturing that savings. And so that's the biggest focus at Oak Street is running our care model, running it well, running it every day, running it every center and keeping that culture intact. And if we do that, we'll be in great shape. And I actually think that, if you think about the medium or longer term, I think the changes in how they're doing risk adjustment will be a tailwind for us because it's going to make sure that you're doing the right things to care for patients and that's what's driving your business. And if it's harder for others, I think that will just further differentiate the Oak Street platform. So that's our focus.

**Thomas F. Cowhey**

*Senior Vice President & Interim Chief Financial Officer, CVS Health Corp.*

A

Thanks, Nate. As you think about the financial impact and I think you're specifically referring to V28 on the risk model, which is something that we spent a tremendous amount of time thinking through and diligence. We think that there's a lot of opportunity here over the long-term as we think about the ability of Oak Street, their people, their process, their technology to really adapt to a changing regulatory environment. And so we have a lot of confidence in their model. We have a lot of confidence in their ability to execute this. The issue as you think about this is really going to be what's the timing impact of this.

They've eliminated a lot of more generic codes and they've added a lot of HCC indexes to more complicated codes where they think there's a higher correlation with costs. And so, we've got to both set the systems up to ensure that we're capturing the appropriate data to help not just think about what the gross impact is but what the net impact is, and then we need to have the encounters happen to actually capture that data. And there's lots of other mitigants.



I think as we looked at Oak Street, we're pretty comfortable that they're in better shape than a lot of other participants in the industry. But because of kind of the timing of the implementation of these changes, it is only a third phased in next year, but we think it'll probably have about a 2% revenue impact. But we actually think that that gap will shrink over time, even as V28 is more fully implemented. And all of that is captured within our preliminary guidance range.

Overall, we actually feel really good about Oak Street's model, its ability to deliver exceptional care. I think the ACO REACH results is just another great example of how their model is differentiated versus what else is out in the marketplace. And so, we feel really great about the long-term prospects, which is why we've actually doubled down and we're going to grow 50 to 60 centers next year and probably accelerate after that, as we look to expand that footprint more aggressively.

You asked also about capital and M&A. I think we've done a lot of acquisitions this year, and our focus in the near term is really on execution, execution in growing those businesses which are well on track for 2023, and execution in continuing to drive synergies and growth.

**Operator:** The next question comes from Kevin Caliendo from UBS. Kevin, your line is open. Please go ahead.

**Kevin Caliendo**

*Analyst, UBS Securities LLC*

Q

Thanks. Thanks for taking my question. Just I guess I'll go on to the Retail segment a little bit. The pharmacy growth still remains elevated. Love to hear the competitive dynamics driving that, if there's anything in particular. And then also exactly how much the increased vaccine is contributing to the change in Retail this year and what you expect for next year. You called out a couple of the headwinds and tailwinds broadly. But specifically, just for the Retail segment, how should we think about any micro headwinds and tailwinds within that segment for 2024? Thanks.

**Thomas F. Cowhey**

*Senior Vice President & Interim Chief Financial Officer, CVS Health Corp.*

A

Sure. Why don't I start and then Prem can give you a little bit more color on kind of the competitive environment. You asked specifically about some of the tailwinds in that segment. I think there's two things that I'd call out. The first is just strength in our immunization franchise and the second is I think that as you look at where the consensus was for that business, I don't think that we're getting enough credit there for some of the actions that we took to restructure core in the last year and some of the benefit that that would provide, some of the store closures which continue to ramp and some of the benefits that you're starting to see from that, particularly as we've exceeded all of our goals on employee retention but importantly on script retention and also front store retention. So we've done really well, and kudos to that team on the execution there.

But as you think maybe about the immunization franchise, we did just under 8 million vaccines in the quarter. Flu represented probably about half of that total, with COVID probably about a quarter. And the remainder is a variety of different vaccines but also included the new RSV vaccine which we saw strong growth in.

Performance across that book was quite good, and a lot of that actually has to do with some of the efforts of our trade team, which helped to really drive some of the strength in the quarter. We project that vaccines are probably going to peak early in the fourth quarter before declining in 2024, and that's primarily due to COVID softening versus part of the early part of 2023 when the public health emergency was still in effect.

As COVID moves into the endemic phase, our plan is that we're going to talk about the vaccine franchise more holistically, but we do think that there's going to be pressure there because COVID is going to wane. And I think as you think about next year, we've anticipated that the current level of performance is not going to persist partially because of COVID, partially because of the typical dynamics of just rate and reimbursement pressure, but also about a little bit of a provision for consumer softness.

Prem, maybe you can talk a little bit about – more about kind of the script growth and underlying dynamics in the market.

---

**Prem Shah**

*Executive Vice President, Chief Pharmacy Officer & President-Pharmacy and Consumer Wellness, CVS Health Corp.*

A

Yeah, sure thing. So our retail pharmacy business continues to be execute and deliver strong results across scripts, service and our transformational initiatives. If you think about our same-store scripts, we grew 2.7%; and if you exclude COVID, we grew 3.5%. So continued strong momentum on script growth. On the service front, we continue to measure NPS, and our NPS year-to-date is about 40 basis points higher than prior year.

So continue to have strong service. And we know that service is a primary reason to retain and grow scripts. And then lastly, I think the transformational initiatives that we're focused on, first and foremost, how do we lower our cost of goods and then, also, continue to think about our engagement with consumers through our innovative omni-channel strategies.

As we continue to think about ways in which we can make the consumer experience easier, one of the things that we did during COVID was we did group scheduling, as well as multi-vaccine scheduling this year that's had very good results for our consumers in the marketplace.

Lastly, we continue to look at our operating model. We have to continue to invest in our colleagues and working to really scale innovative technology solutions that can make the pharmacy easier for our colleagues and our stores, and we continue to do that with some of the things that we're doing around sharing work across stores, as well as some of the other model changes that we're doing in 2024.

And lastly, it's incredibly important for us to continue to deliver payor value in terms of our clinical and value-based programs for consumers, focused on things like our stars rating. So we work very closely with our MA partners, including Aetna, on that to drive adherence and patient outcomes and be the number one national chain, really, across those measures.

And, really, what's really important is also leveraging our engagement in these stores to connect into our other businesses, whether that's into our payor businesses or into Oak Street or into Signify to really streamline and make those consumer experiences better.

As it relates to front store, we continue to grow share and help consumers, what I would say, navigate the challenging market conditions through convenience and value and health and wellness products. And we've continued to see that business perform really well. If you exclude COVID OTC test kits, our front store same-store sales are flat and we continue to grow drug share about 41 basis points, even despite the softening traffic that we're seeing.

---

**Karen S. Lynch**

*President, Chief Executive Officer & Director, CVS Health Corp.*

A

Yeah, I just want to take this opportunity. Kevin, you talked about the competitive dynamics and there's a lot of discussion around the labor market. And what I would say is that as a company, we are committed to providing best place to work for all of our colleagues including our pharmacists and our Pharmacy techs. Over the last year or so, we've made a number of investments for our labor. By the end of the year, we'll have wage investments of over \$1 billion. We continue to invest in our technology to support our teams in the field so that they can have streamlined workflows and smoother operations.

We are committed and continue to hire. It's a tight labor market but we've been having very good success in hiring. Our attrition numbers are stable, and we are actively developing new training programs as well for the ongoing development of our colleagues. But as I said, the top of the – top tier, we are committed to making sure that this is a powerful and – we are an employer of choice.

**Kevin Caliendo**

*Analyst, UBS Securities LLC*

Q

Thank you so much.

**Operator:** The next question comes from Eric Percher from Nephron Research. Eric, your line is open. Please go ahead.

**Eric Percher**

*Analyst, Nephron Research LLC*

Q

Thank you. I want to come back to the headwinds and tailwinds for Health Services in 2024. For 2023, after we've seen increased significant outperformance after that 340B headwind earlier in the year, and you've attributed this to sourcing specialty and drug mix and I'm reading the latter as rebate outperformance on GLP-1 and biosimilar. Question one is, were sourcing benefits outsized in 2023 versus 2022 or the outlook for 2024?

And then question two is do you expect that drug mix or rebates will be on par or better in 2024 versus 2023 given what we saw on biosimilar introduction this year, and is Cordavis really a tailwind in 2024 itself or is it as share shifts over time?

**Thomas F. Cowhey**

*Senior Vice President & Interim Chief Financial Officer, CVS Health Corp.*

A

Couple things in there, Eric. So let me start and David can add any color commentary. Sourcing benefits, our trade teams are exceptional. They continue to execute every year. Some of the strength that we saw in the vaccine franchise is part of their efforts and applying some of their strategies to what we do more broadly. So I wouldn't say that there's anything exceptional except for the fact that that team is exceptional every day.

Your point on drug mix and rebates, I think is spot on. GLP-1s are a category that particularly with enhanced competition is going to present an excellent opportunity for us to continue to drive lowest net cost. But the way that that's developed this year has made some of our guarantees less onerous to hit. And as we think about Cordavis in 2024, we absolutely believe that there will be a benefit as we drive volume through that organization.

**Operator:** Final question we have time for today is from Elizabeth Anderson from Evercore ISI. Elizabeth, please go ahead. Your line is open.

**Elizabeth Anderson**

*Analyst, Evercore Group LLC*

Q

Hi, guys. Thanks so much for the question. I also wanted to return to some of the headwinds and tailwinds you talked about. I think previously for the HSS segment, I think you talked about sort of the core AOI growth being like mid single-digits for 2024 in the assumptions that you put through. So I was wondering if you still like given all those headwinds and tailwinds that you've seen that that would be sort of how you would still position that business.

And then secondarily I hear what you're saying about some of the labor investment. How do we think about that on more of a like quantitative level in terms of 2024? Like, versus obviously some of the cost savings that you mentioned on the more corporate level. Thank you.

**Thomas F. Cowhey**

*Senior Vice President & Interim Chief Financial Officer, CVS Health Corp.*

A

Yeah, there's – thanks, Elizabeth. So I think that as you think about core growth, I think that's probably the best way to start to think about this. So we do think that you should see mid single-digit core growth out of the business. But then you've got some very specific items that kind of are pluses and minuses against that. So the first would be the loss of the Centene contract, and we've sized that for folks in the past or implicitly, but I think as you think about how well that business has performed this year, that number has become a little bit larger. We also, as we talked about, we have the annualization of 340B, and so both of those will help to pressure and offset some of that core growth.

Offsetting that, you are going to see incremental value from Cordavis, and you'll also see some of our overall cost savings that will be in the Pharmacy Services segment that will help to offset that. But I think you're probably looking at a low single-digit growth as you think about the AOI there. I mean we'll provide a lot more details on that as we get to Investor Day.

As we think about the labor investments, I think there are other places that we can look to try to offset those. It's clear based on the environment that this is the right thing to do and we're committed to doing that. I would also note that over the last few years through next year, we'll have made over \$1 billion investment in wages and so we're committed to continuing that strength and making sure that we're a destination for employees.

**Elizabeth Anderson**

*Analyst, Evercore Group LLC*

Q

Got it. Thanks so much.

**Operator:** This concludes today's Q&A session, so I'll hand the call back to Karen Lynch for any concluding remarks.

**Karen S. Lynch**

*President, Chief Executive Officer & Director, CVS Health Corp.*

Thank you for joining the call. We'll see you in December in Boston.

**Operator:** This concludes today's call. Thank you very much for your attendance. You may now disconnect your lines.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2023 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.