

### CVS Health Corp (NYSE: CVS)

#### HEALTH SERVICES

MARKET VALUE (\$BIL) \$101.72  
SHARES OUTS (MIL): 1,269  
AVG DAILY VOL (000): 7,159

#### Health Care

YIELD: 3.3%  
P/E: 11.2X  
BETA: 0.49X

January 6, 2026

Price:  
**\$80.13**

## OVERALL RATING

CVS Health has a current Value Trend Rating of A (Highest Rating). With this rating, PTR's two proprietary measures of a stock's current attractiveness are providing consistent signals. CVS Health has a slightly positive Power Rating of 68 and a good Appreciation Score of 78, leading to the Highest Value Trend Rating. (See [PTR RatingMap™](#) and comments below).

**HIGHEST RATING**



### APPRECIATION SCORE (POTENTIAL PRICE CHANGE TO TARGET)

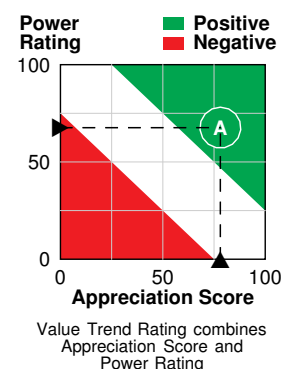
CVS Health's stock is selling well below targeted value. The current stock price of \$80.13 compares to targeted value 12 months forward of \$160. This high appreciation potential results in an appreciation score of 78 (only 22% of the universe has greater appreciation potential.)

### POWER RATING (LIKELIHOOD OF FAVORABLE PERFORMANCE)

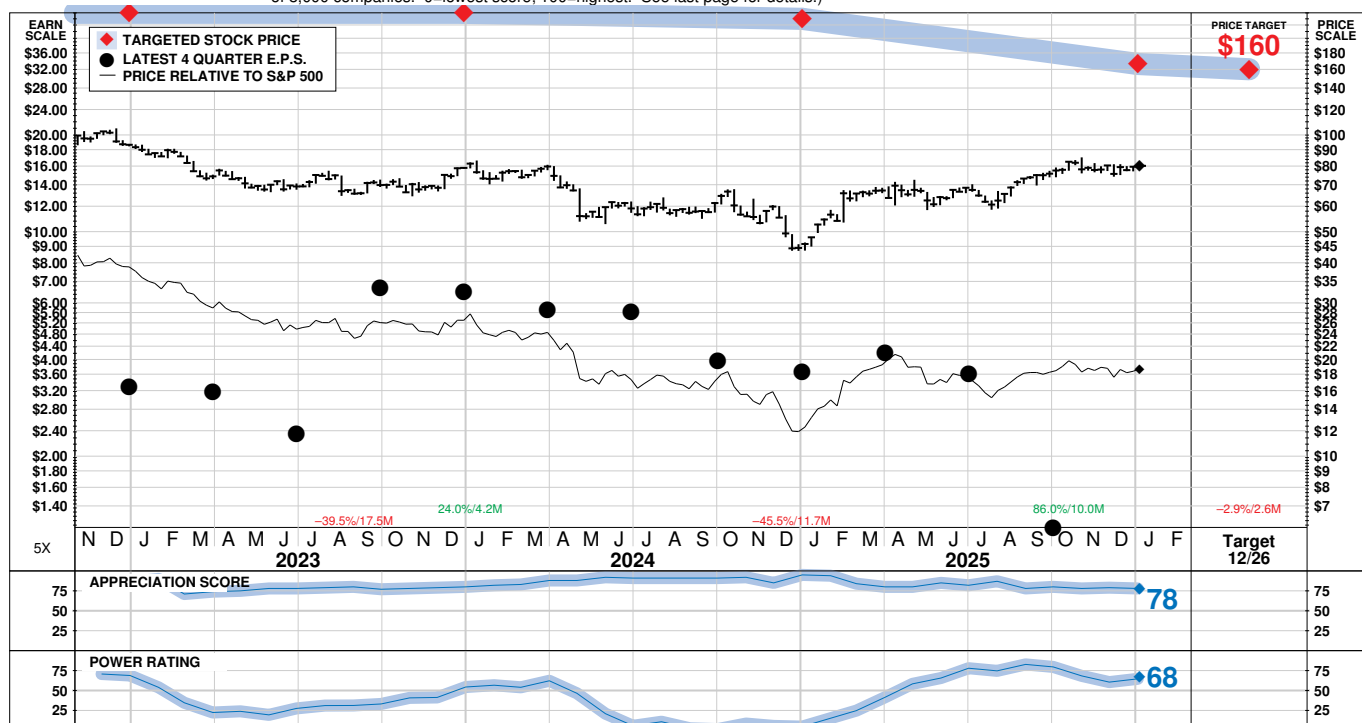
CVS Health has a Power Rating of 68. (CVS' slightly positive Power Rating indicates that it has a higher likelihood of achieving favorable investment performance over the near to intermediate term than all but 32% of companies in the universe.) Factors contributing to this slightly positive Power Rating include: the recent trend in CVS' earnings estimates has been favorable; and recent price action has been slightly favorable. An offsetting factor is the Health Services comparison group is in a slightly weakened position currently.

Appreciation Score	Power Rating
<b>78</b>	<b>68</b>

### PTR RatingMap™



(The Appreciation Score and Power Rating are percentile rankings relative to a universe of 8,000 companies. 0=lowest score; 100=highest. See last page for details.)



# Investment Profile

## BUSINESS DESCRIPTION

CVS Health Corporation provides health solutions in the United States. It operates through Health Care Benefits, Health Services, and Pharmacy & Consumer Wellness segments. The Health Care Benefits segment offers traditional, voluntary, and consumer-directed health insurance products and related services. It serves employer groups, individuals, college students, part-time and hourly workers, health plans, health care providers, governmental units, government-sponsored plans, labor groups, and expatriates. The Health Services segment offers pharmacy benefit management solutions, including plan design and administration,

### CVS HEALTH CORP PEER LIST

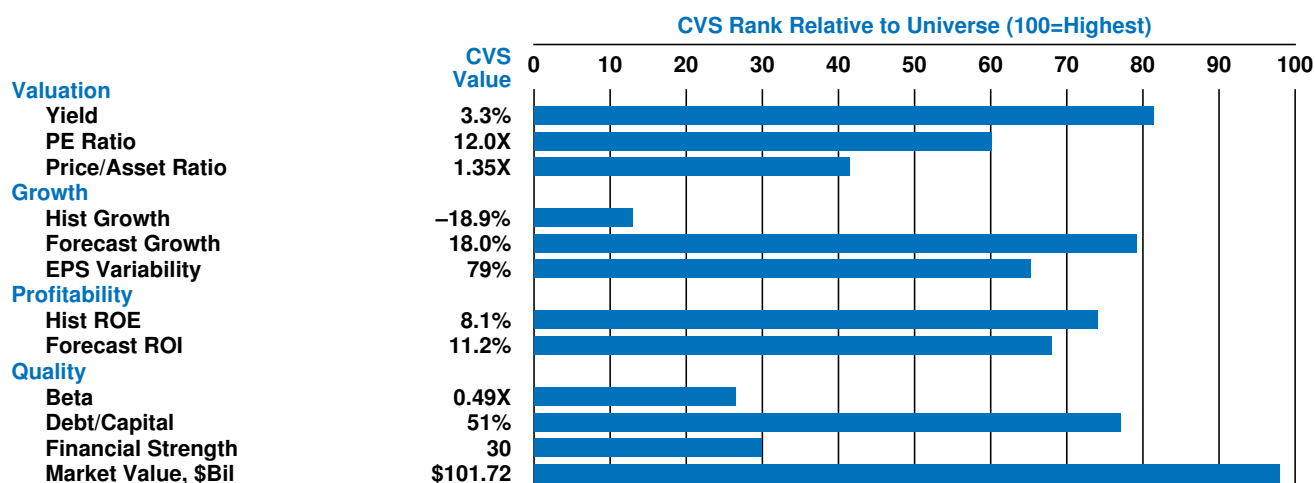
ABB Ltd (OTCMKTS: ABBNY)	Honda Motor Co Ltd (NYSE: HMC)
Archer-Daniels-Midland Co (NYSE: ADM)	Humana Inc. (NYSE: HUM)
Arrow Electronics Inc (NYSE: ARW)	Koninklijke Ahold Delhaize NV (OTCMKTS: ADRNY)
CVS Health Corp (NYSE: CVS)	Phillips 66 (NYSE: PSX)
Centene Corp (NYSE: CNC)	Valero Energy Corp (NYSE: VLO)
Elevance Health Inc (NYSE: ELV)	Walgreens Boots Alliance Inc (NASDAQ: WBA)
Fujitsu Ltd (OTCMKTS: FJTSY)	

## SUITABILITY

CVS Health's "suitability" for an investor's specific investment objectives is reflected in twelve investment variables that together define its investment profile relative to an 6,000 company universe. These variables measure how well CVS Health aligns with an investor's income orientation, risk tolerance, and need for marketability/liquidity.

CVS Health's financial strength is low. Financial strength rating is 30.

Relative to the S&P 500 Composite, CVS Health Corp has moderate Value characteristics; its appeal is likely to be to investors heavily oriented toward Income; the perception is that CVS is normal risk. Relative weaknesses include: low forecasted profitability, low historical profitability, low financial strength, low historical growth, and high earnings variability. CVS Health's valuation is low: high dividend yield, low P/E ratio, and low price/book ratio. CVS has high market capitalization.

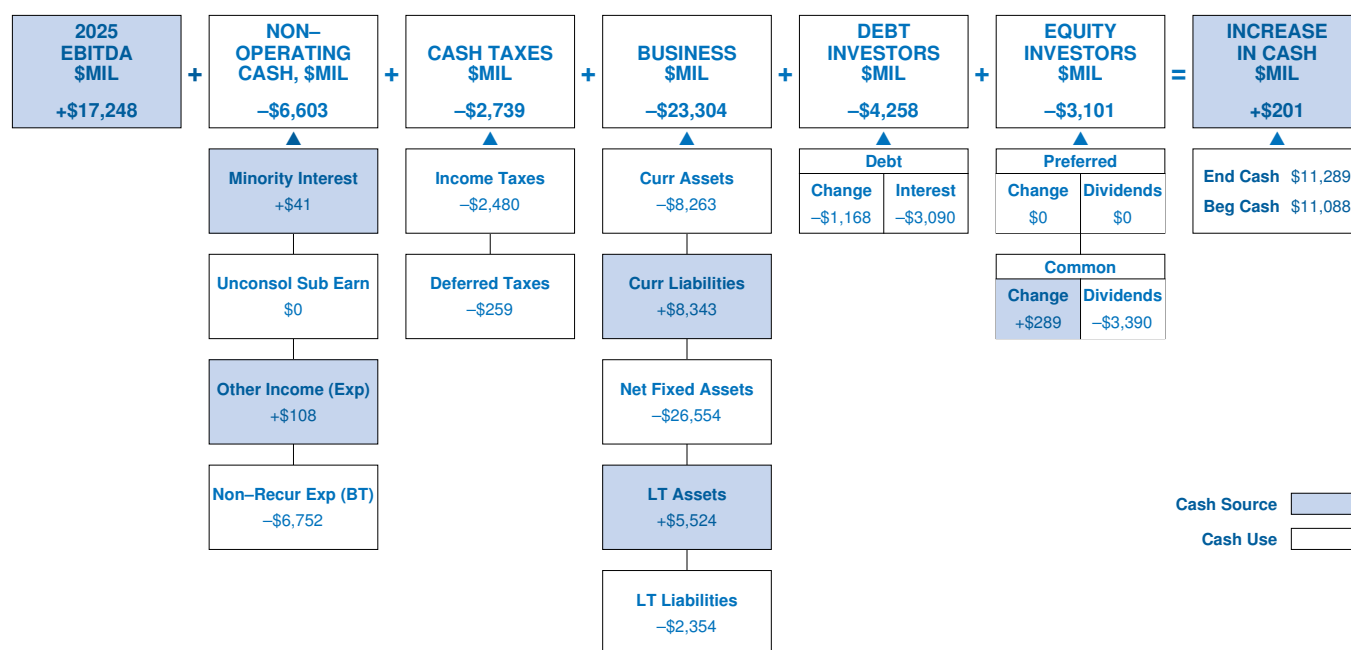


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# Cash Flow Components

## CASH FLOW COMPONENTS

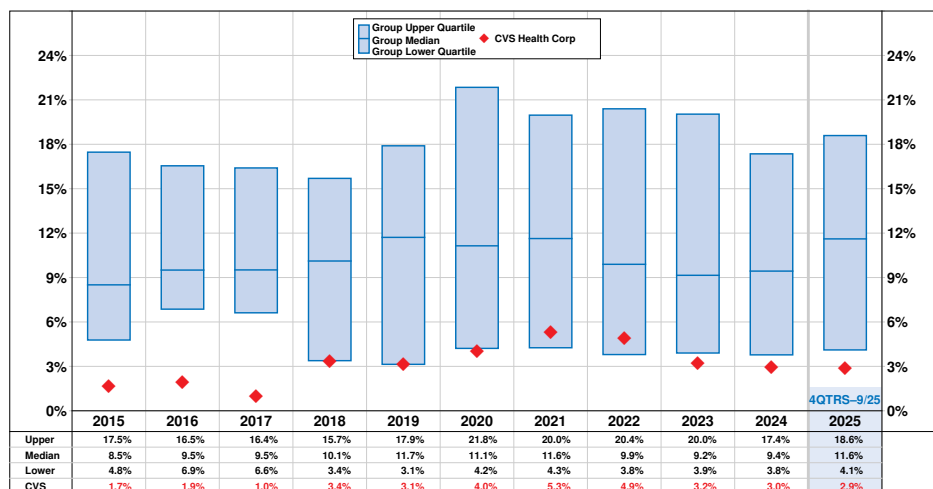
In 2025, CVS Health experienced no change in cash of +\$201 million (+2%). Sources of cash balanced uses. Cash generated from 2025 EBITDA totaled +\$17,248 million. Non-operating uses consumed -\$6,603 million (-38% of EBITDA). Cash taxes consumed -\$2,739 million (-16% of EBITDA). Re-investment in the business amounted to -\$23,304 million (-135% of EBITDA). On a net basis, debt investors withdrew -\$4,258 million (-25% of EBITDA) while equity investors pulled out -\$3,101 million (-18% of EBITDA).



Cash Flow Distribution traces the impact of operating cash flow (EBITDA) and five key components on CVS Health's cash balance. Non-Operating Cash includes minority interests, unconsolidated subsidiary earnings, other income and non-recurring income before tax. Cash Taxes are actual cash tax payments. Business includes all investments in net assets. Debt and Equity Investors include all cash distributions to lenders, preferred and common stock holders. Increase In Cash is net change in the cash balance between periods. Cash Sources in blue; Uses in white.

## BENCHMARKS

CVS Health's Cash, %Revenue has exhibited little to no overall change over the period. This stability was accompanied by stability for the Cvs Health Peer Group as well. In most years, CVS Health was in the lower quartile and third quartile. Currently, CVS Health is lower quartile at +3%.



Cash as a percent of revenue is the ratio of cash and equivalents to net revenue. On an annual basis, historical and forecasted cash as a percent of revenue for Cvs Health Peer Group is percentiled. High end of bar represents group upper quartile value. Lower end represents lower quartile value. Middle line represents group median. CVS Health forecasts are represented by red diamonds.

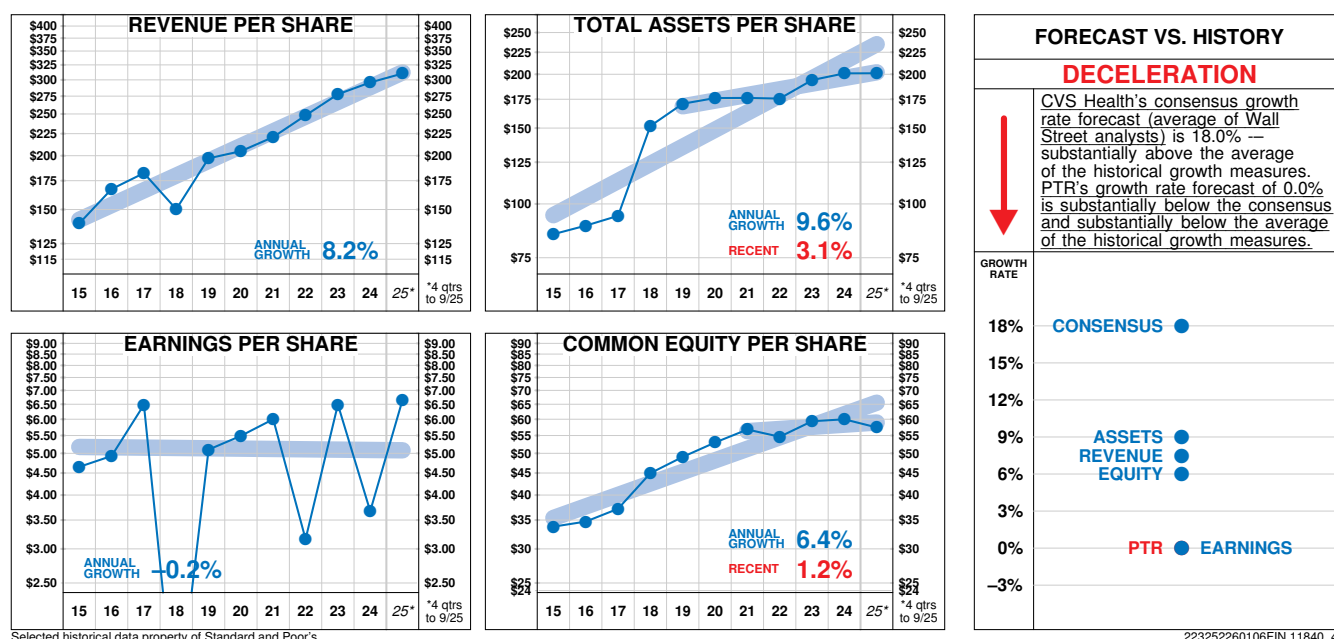
# Growth Rates

## HISTORICAL GROWTH AND CONSENSUS FORECAST

Overall, CVS Health's growth rate has slowed very considerably in recent years.

CVS Health's historical income statement growth and balance sheet growth have diverged. Revenue growth has paralleled asset growth; earnings growth has fallen short of equity growth.

Annual revenue growth has been 8.2% per year. Total asset growth has been 9.6% per year. (More recently it has been 3.1%.) Annual E.P.S. growth has been -0.2% per year. Equity growth has been 6.4% per year. (More recently it has been 1.2%.)



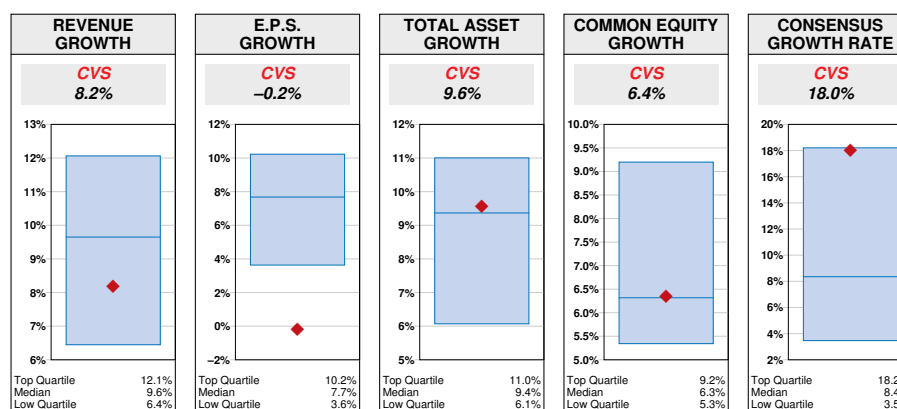
Selected historical data property of Standard and Poor's

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Longer term growth rates in revenue, net income, total assets, and common equity are derived from a least-squares statistical analysis of CVS Health's historical performance and are on a per share basis. (Where indicated, a significantly different shorter term trend is also presented.) Note that the consensus growth rate forecast is the average of available Street forecasts.

## BENCHMARKS

Relative to the Cvs Health Peer Group, CVS Health's historical growth measures are erratic. Total asset growth (9.6%) has been slightly above median. Equity growth (6.4%) has been at median. Revenue growth (8.2%) has been below median. E.P.S. growth (-0.2%) has been lower quartile. Consensus growth forecast (18.0%) is at the upper quartile.



Growth rates for companies in Cvs Health Peer Group are percentiled and compared to CVS values. High end of bar represents Cvs Health Peer Group upper quartile value. Lower end represents lower quartile value. Middle line represents group median. CVS value is represented by diamond.

# Profitability Measures

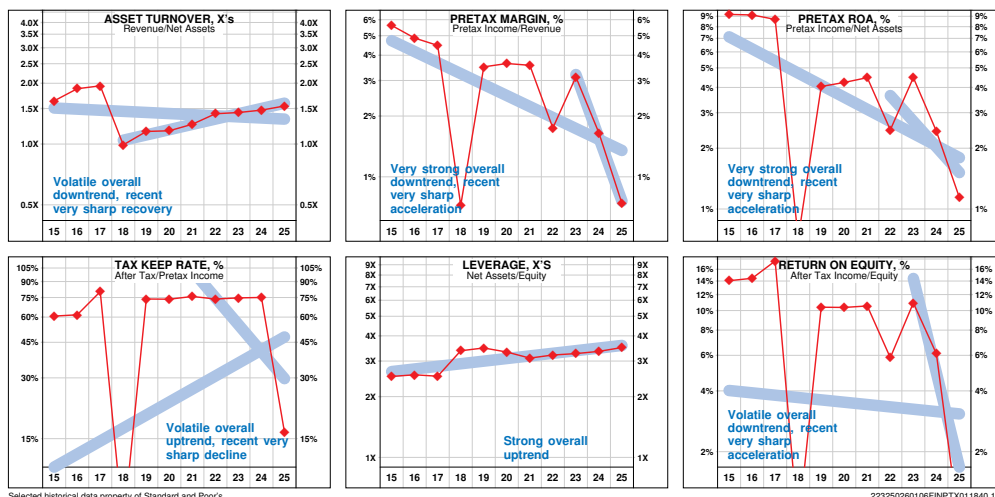
## HISTORICAL PROFITABILITY

CVS Health's return on equity has eroded significantly since 2015. The current level is 0.6% versus the high of 14.1% and the low of -1.0%. CVS Health's very strong negative trend in pretax operating return significantly offset by a very strong positive trend in non-operating factors is a significant analytical factor.

The productivity of CVS Health's assets declined over the full period 2015–2025: asset turnover has experienced a downtrend but it experienced a very sharp recovery after the 2018 low.

Reinforcing this trend, pretax margin experienced a very strong overall downtrend accelerated very sharply from the 2023 level.

Non-operating factors (income taxes and financial



**Asset turnover:** the revenue "productivity" of a firm's assets. **Pretax profit margin:** the profitability of each \$ of sales. **Pretax return on assets:** profitability before differences in tax liability. **Tax "keep" rate:** the percentage of pretax income retained after taxes. **Leverage (asset/equity ratio):** in asset terms rather than the traditional financing focus. **Return on equity:** ratio of net income to common equity.

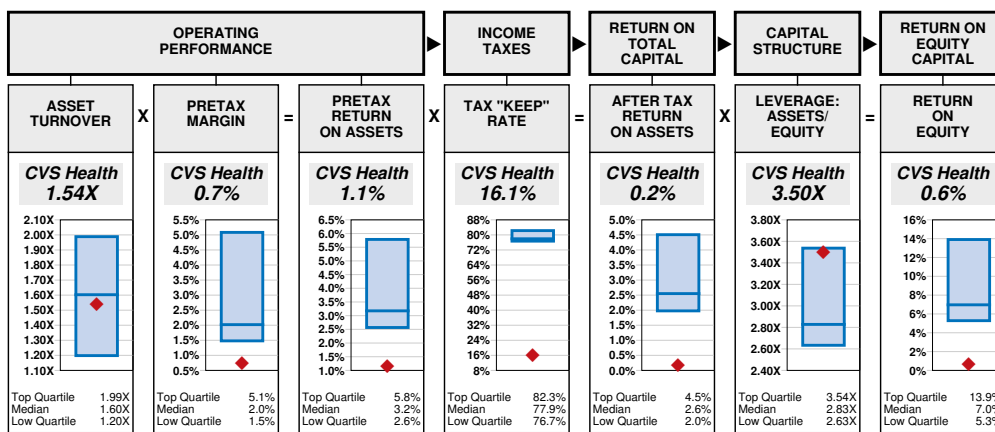
## BENCHMARKS

CVS Health's return on equity is lower quartile (0.6%) for the four quarters ended September, 2025.

Operating performance (pretax return on assets) is lower quartile (1.1%) reflecting asset turnover that is slightly below median (1.54X) and lower quartile pretax margin (0.7%).

Tax "keep" rate (income tax management) is lower quartile (16.1%) resulting in after tax return on assets that is lower quartile.

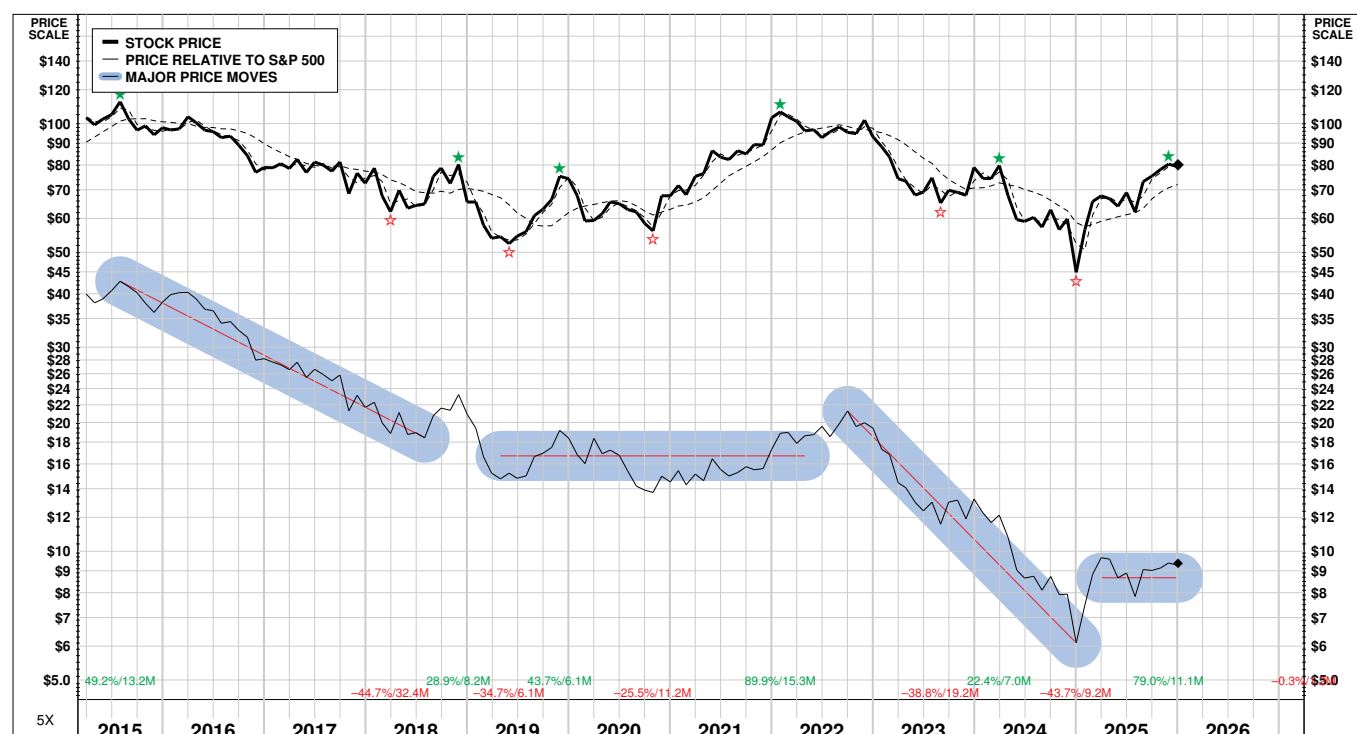
Financial leverage (leverage) is at the upper quartile (3.50X).



# Price History and Investment Returns

## PRICE HISTORY

Over the full time period, CVS Health's stock price performance has been variable and significantly below market. Between March, 2015 and January, 2026, CVS Health's stock price fell –22%; relative to the market, this was a –77% loss.



## TOTAL RETURNS

Current annual total return performance of 84.1% is upper quartile relative to the S&P 500 Composite. In addition to being upper quartile relative to S&P 500 Composite, current annual total return performance through December, 2025 of 84.1% is upper quartile relative to CVS Health Corp Peer Group.

Current 5–year total return performance of 6.4% is below median relative to the S&P 500 Composite.

Through December, 2025, with below median current 5–year total return of 6.4% relative to S&P 500 Composite, CVS Health's total return performance is at median relative to CVS Health Corp Peer Group.

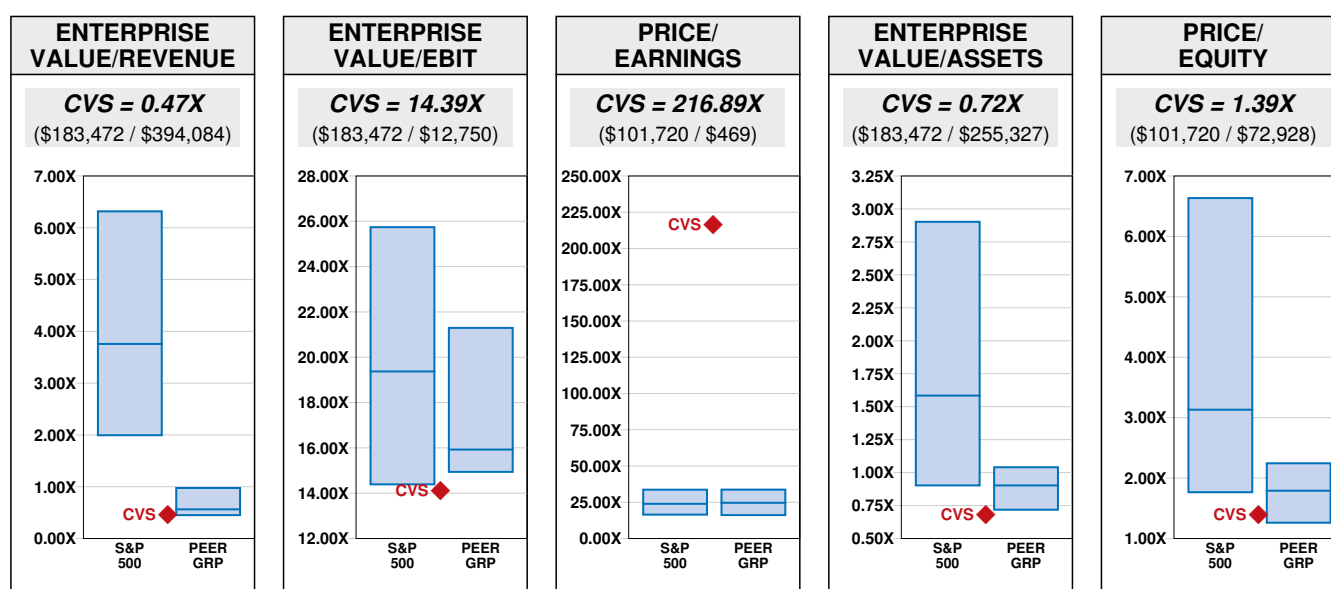


Total returns are annualized and include price appreciation and common dividends accumulated during each period. CVS Health returns represented by diamond; S&P 500 Composite upper quartile by upper end of bar; lower quartile by lower end; median returns by the line.

# Valuation Benchmarks

Relative to S&P 500 Composite, CVS' overall valuation is low. The highest factor, the price/earnings ratio, is upper quartile. Ratio of enterprise value/earnings before interest and taxes is at the lower quartile. Ratio of enterprise value/assets is lower quartile. Price/equity ratio is lower quartile. The lowest factor, the ratio of enterprise value/revenue, is lower quartile.

Relative to CVS Health Peer Group, CVS' overall valuation is low. The highest factor, the price/earnings ratio, is upper quartile. Ratio of enterprise value/earnings before interest and taxes is lower quartile. Ratio of enterprise value/revenue is near the lower quartile. Ratio of enterprise value/assets is at the lower quartile. The lowest factor, the price/equity ratio, is below median.



Individual valuation measures for each group are percentiled and compared to CVS Health values. High end of bar represents group upper quartile value. Lower end represents lower quartile value. Middle line represents group median. CVS Health value is represented by diamond.

CVS Health has a major value gap compared to the median valuation. For CVS to rise to median valuation, its current ratio of enterprise value/revenue would have to rise from the current level of 0.47X to 0.56X. If CVS' ratio of enterprise value/revenue were to rise to 0.56X, its stock price would be lower by \$30 to \$111.

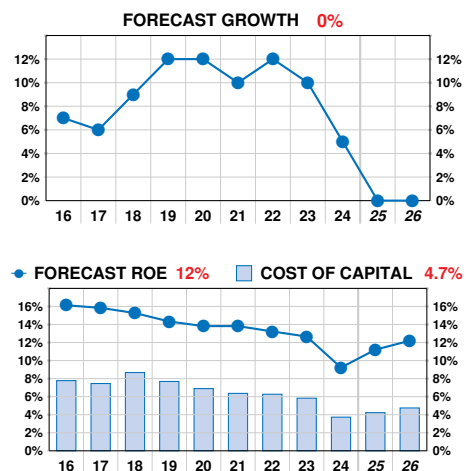
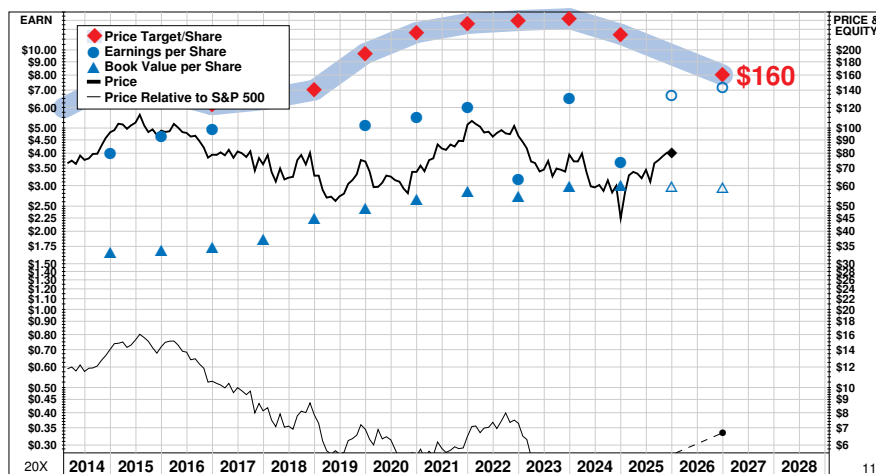
For CVS to hit lower quartile valuation relative to the CVS Health Peer Group, its current ratio of enterprise value/revenue would have to fall from the current level of 0.47X to 0.45X. If CVS' ratio of enterprise value/revenue were to fall to 0.45X, its stock price would decline by \$-4 from the current level of \$80.



# Value Targets

Reflecting future returns on capital that are forecasted to be above the cost of capital, CVS is expected to continue to be an important Value Builder. CVS Health's current Price Target of \$160 represents a +100% change from the current price of \$80.13. This high appreciation potential results in an appreciation score of 78 (only 22% of the universe has greater appreciation potential.) Reinforcing this high Appreciation Score of 78, the moderately high Power Rating of 68 contributes to an Value Trend Rating of A.

CVS Health's current Price Target is \$160 (–30% from the 2024 Target of \$230 but +100% from the 01/02/26 price of \$80.13). This dramatic fall in the Target is the result of a –1% decrease in the equity base and a –30% decrease in the price/equity multiple. The forecasted decline in growth has a very large negative impact on the price/equity multiple and the forecasted increase in cost of equity has a very large negative impact as well. Partially offsetting these Drivers, the forecasted increase in return on equity has a very large positive impact.



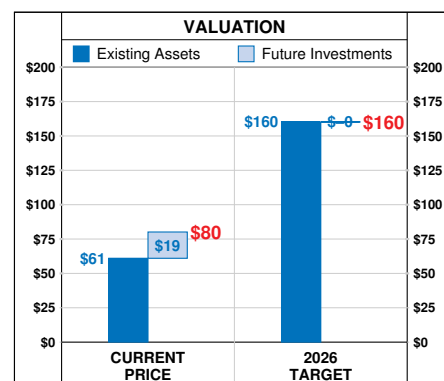
PTR's return on equity forecast is 12.2% — slightly above our recent forecasts. Forecasted return on equity suffered a dramatic, variable decline between 2016 and 2024. The current forecast is below the 2016 peak of 16%.

PTR's growth forecast is 0.0% — below our recent forecasts. Forecasted growth exhibited a slight, erratic increase between 2016 and 2024. The current forecast is significantly below the 2020 peak of 12%.

PTR's cost of equity forecast is 4.7% — in line with recent levels. Forecasted cost of equity enjoyed a dramatic, variable decline between 2016 and 2024. The current forecast is below the 2018 peak of 8.7%.

At CVS Health's current price of \$80.13, investors are placing a positive value of \$19 on its future investments. This view is consistent with the company's most recent performance that reflected a growth rate of 5.0% per year, and a return on equity of 9.2% versus a cost of equity of 3.7%.

PTR's 2026 Price Target of \$160 is based on these forecasts and reflects an estimated value of existing assets of \$160 and a value of future investments of \$–0.





# Rating Methodology

PriceTarget Research's **Value Trend Ratings** — quantitative ratings of relative attraction — for 6,000 stocks are updated weekly. These Value Trend Ratings combine a stock's current appreciation potential as reflected in its **Appreciation Score** and current market dynamics as measured by its **Power Rating**.

Our rating methodology recognizes two realities. First, as fundamentally based and meaningful as the Price Target and resulting Appreciation Score are, the underlying forecasts can be "off the mark" in some cases. Second, as important as technical measures and the Power Rating can be for a company, they can sometimes carry too far, "overshooting" warranted value, and resulting in an unusually speculative investment.

By combining deep fundamentals and market factors, the Appreciation Score acts as a "governor" on the Power Rating during periods of high investor enthusiasm and the Power Rating can signal caution when market attitudes are out of line with forecasts and the Appreciation Score.

In cases where the Power Rating and Appreciation Score don't agree (Cells 2 and 4), the forecasts that support the Price Target and Appreciation Score need to be reviewed for reasonableness:

- Cell 2 stocks may well have forecasts that are too optimistic.
- Forecasts for Cell 4 stocks may be too pessimistic.

Appreciation Score	Power Rating	
	Low	High
High	<b>2</b> Forecasts too High?	<b>1</b> Confirm Attractive
Low	<b>3</b> Confirm Unattractive	<b>4</b> Forecasts too Low?

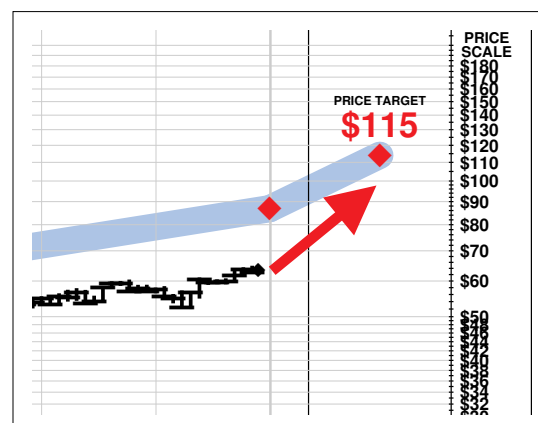
The Value Trend Rating separates stocks selling below warranted value into those with the potential to get "less cheap" sooner (Cell 1) versus those with little likelihood of a significant price move over the near to intermediate term (Cell 2). PTR's proprietary research clearly demonstrates that when a stock's high Appreciation Score is corroborated by a high Power Rating (a Cell 1 company), investment results are superior to results from companies where only the Appreciation Score or Power Rating is high (Cells 2 and 4). Integration of a disciplined stock valuation framework and consideration of current market dynamics yields important performance benefits.

**Value Trend Rating.** PTR's Value Trend Rating is a letter grade derived from the combination of the Appreciation Score and Power Rating. Stocks rated as A (Highest Rating) and B (Positive Rating) — 15% of the universe in each case — generally have high Appreciation Scores and high Power Ratings and are expected to outperform the general market over the following 12–24 months. Those rated F (Lowest Rating) and D (Negative Rating) (15% each) are expected to under perform the general market and generally have lower Appreciation Scores and Power Ratings. Stocks rated C (Neutral Rating and 40% of the universe) are anticipated to perform in line with the general market.

Rating	% of Univ	Anticipated Future Performance
<b>A</b> (Highest Rating)	15%	Strongly Outperform
<b>B</b> (Positive)	15%	Outperform
<b>C</b> (Neutral)	40%	Neutral
<b>D</b> (Negative)	15%	Underperform
<b>F</b> (Lowest Rating)	15%	Strongly Underperform

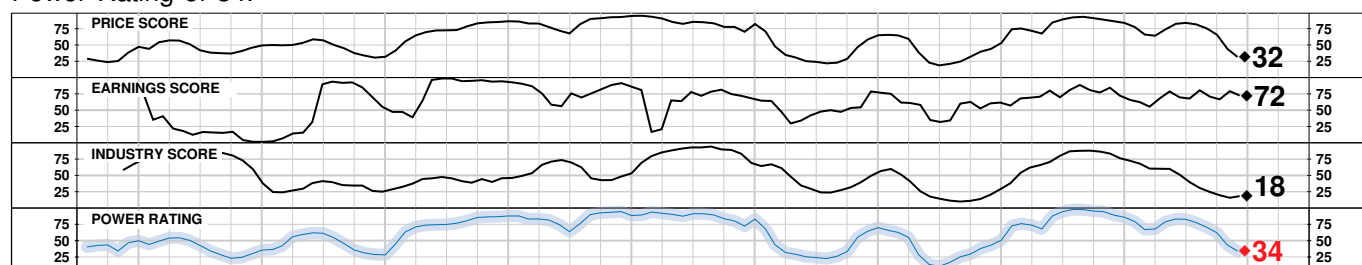
**Appreciation Score.** The Appreciation Score represents the degree to which a stock is attractively priced relative to the universe. Each company's warranted market value — or Price Target — is derived from PTR forecasts of return on equity, long term growth, and cost of capital. The percentage change from the stock's current price to the Price Target is calculated and percentiled relative to the universe (0=the lowest appreciation potential; 100=highest). In the example:

- Price Target is \$115
- Current Price is \$63.50
- Appreciation Potential =  $\$115 / \$63.50 = +81.1\%$
- Resulting Appreciation Score = 84 (%ile rank when compared to the universe)



# Rating Methodology (Continued)

**Power Rating.** The Power Rating measures the "timeliness" of a stock for purchase. Because the Price Target, appreciation potential, and Appreciation Score are forecasts, other information is used to serve either as confirmation of the Price Target or to highlight cases in which the forecasts are not credible. (It includes the stock's price performance, behavior of other companies in the same industry group, and the trend in earnings' expectations. Percentiled relative to a universe of 6,000 companies. 0=the lowest power rating; 100=highest.) In the case below the weak Price and Industry Scores offset the higher Earnings' Score resulting in a mediocre Power Rating of 34.



**Rating Results.** In addition to the regular publication of its stock ratings, PriceTarget Research constantly assesses how well the Value Trend Ratings perform over prior periods. Performance for each rating category and the overall universe is measured over longer historical periods as well as for shorter intermediate periods with the focus on three key aspects of performance. The first is how well the ratings **discriminate** between outperforming and underperforming stocks — i.e., whether high rated stocks outperform the universe and low rated stocks underperform. The second consideration is how **well-ordered** this performance data is. Well-ordered performance occurs when A-rated stocks outperform B-rated stocks that, in turn, outperform C-rated stocks, and so on. Clearly, the most desirable outcome is for performance data to be well-ordered over the full period as well as for each individual year. Finally, **persistence** of ratings is measured. At each month end over the full historical periods, each stock's rating is recorded and the number of subsequent months in which this initial rating was maintained calculated. From this information, the likelihood that a specific rating (A, B, C, D, or F) is sustained over future periods is derived.

While past performance is no guarantee of future results, the evidence continues to indicate that PTR's Overall Rating discriminates well between stocks that outperformed and stocks that underperformed over historical time periods. Moreover, this performance was well-ordered and consistently superior from period to period: in most years, A-rated stocks outperformed Cs and C-rated stocks outperformed Fs. Finally, the Value Trend Rating provided an exploitable, persistent appraisal of relative attractiveness: the average duration of individual ratings exceeded 12 months. (For a PDF report on the Investment Performance of PriceTarget Research's Stock Ratings, please see: <http://pricetargetresearch.com/backtest.jsp> .)

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