1. **Growth Analysis**

<table>
<thead>
<tr>
<th>FY 2016 Q3 (Ended 9/30/2016)</th>
<th>RECENT QUARTERLY FIGURES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SALES ($M)</td>
</tr>
<tr>
<td>Latest Quarter</td>
<td>44,615.0</td>
</tr>
<tr>
<td>Year Ago Quarter</td>
<td>38,644.0</td>
</tr>
<tr>
<td>Percentage Change</td>
<td>15.5%</td>
</tr>
</tbody>
</table>

2. **Projected 5 Year Sales**

- Default: 235,855.7
- Override: 0.0

- Less Expenses: 9.0%
- Less Taxes: 39.6%
- Less Preferred Dividends: 0.0%

- Projected 5 Yr Total Earnings: 7,835.1

3. **Divided by Shares Outs.**

- 1073.0
- 1010.0
- 7.76

4. **Calculated Growth Rate**

- 10.9

5. **Projected 5 Year Sales @**

- Default: 235,855.7
- Override: 0.0

- Less Expenses: 9.0%
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- Projected 5 Yr Total Earnings: 7,835.1

6. **Divided by Shares Outs.**

- 1073.0
- 1010.0
- 7.76

7. **Calculated Growth Rate**

- 10.9

---

1. **Historical Sales Growth**

- 11.6%

2. **Estimated Future Sales Growth**

- 9.0%

3. **Historical Earnings Per Share Growth**

- 11.3%

4. **Estimated Future Earnings Per Share Growth**

- 9.0%

5. **Sales Growth R²**

- 0.85

6. **Earnings Per Share Growth R²**

- 0.96

---

Company: CVS Health

Study by: SPatter

Sector: Healthcare

Industry: Health Care Plans

Preferred($M): 0.0

Diluted(M Shares): 1,073.0

Total Debt($M): 26,733.0

% Institutions: 78.9

% Insiders: 0.4

% Tot Debt to Tot Cap: 42.6

Reference: Morningstar

Price Date: 12/07/16

Data Date: 12/02/16

Data Source: BI

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Printed: 12/14/16 07:41 PM Prepared by: SPatter Using Toolkit 6
### QUALITY ANALYSIS

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A % Pre-tax Profit on Sales</td>
<td>5.1</td>
<td>5.7</td>
<td>6.3</td>
<td>6.0</td>
<td>5.8</td>
<td>5.4</td>
<td>5.1</td>
<td>5.9</td>
<td>5.5</td>
<td>5.6</td>
<td>5.5</td>
</tr>
<tr>
<td>B % ROE (Beginning Yr)</td>
<td>17.2</td>
<td>10.5</td>
<td>10.7</td>
<td>9.7</td>
<td>9.4</td>
<td>10.5</td>
<td>12.2</td>
<td>12.1</td>
<td>13.8</td>
<td>11.6</td>
<td>UP</td>
</tr>
<tr>
<td>C % LT Debt to Equity</td>
<td>30.1</td>
<td>28.1</td>
<td>22.9</td>
<td>23.5</td>
<td>22.7</td>
<td>23.7</td>
<td>23.3</td>
<td>32.1</td>
<td>29.9</td>
<td>69.1</td>
<td>35.6</td>
</tr>
</tbody>
</table>

### PRICE, PRICE/EARNINGS RATIO and DIVIDEND ANALYSIS

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>High Price</th>
<th>Low Price</th>
<th>EPS</th>
<th>High P/E</th>
<th>Low P/E</th>
<th>Dividend</th>
<th>% Payout</th>
<th>% High Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>41.4</td>
<td>31.3</td>
<td>2.59</td>
<td>16.0</td>
<td>12.1</td>
<td>0.500</td>
<td>19.3</td>
<td>1.6</td>
</tr>
<tr>
<td>2012</td>
<td>49.8</td>
<td>40.8</td>
<td>3.03</td>
<td>16.4</td>
<td>13.5</td>
<td>0.650</td>
<td>21.5</td>
<td>1.6</td>
</tr>
<tr>
<td>2013</td>
<td>72.0</td>
<td>49.0</td>
<td>3.75</td>
<td>19.2</td>
<td>13.1</td>
<td>0.900</td>
<td>24.0</td>
<td>1.8</td>
</tr>
<tr>
<td>2014</td>
<td>98.6</td>
<td>65.0</td>
<td>3.96</td>
<td>24.9</td>
<td>16.4</td>
<td>1.100</td>
<td>27.8</td>
<td>1.7</td>
</tr>
<tr>
<td>2015</td>
<td>113.7</td>
<td>81.4</td>
<td>4.62</td>
<td>24.6</td>
<td>17.6</td>
<td>1.400</td>
<td>30.3</td>
<td>1.7</td>
</tr>
<tr>
<td>AVERAGE</td>
<td>53.5</td>
<td>20.2</td>
<td>14.5</td>
<td>24.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### EVALUATING REWARD and RISK over the next 5 years

#### A FUTURE HIGH PRICE ANALYSIS – NEXT 5 YEARS

- Selected High P/E: 20.2
- Estimated High Earnings/Share: 7.11
- Forecast High Price = 129.4

#### B FUTURE LOW PRICE ANALYSIS – NEXT 5 YEARS

- Estimated Low Earnings/Share: 4.62
- Forecast Low Price = 49.4

### C PRICE RANGES

- Estimated Low Price: 64.4
- Range: 65.0
- 25% of Range: 16.2

**BUY** (Lower 25% of Range) = 64.4

**MAYBE** (Middle 50% of Range) = 80.6

**SELL** (Upper 25% of Range) = 113.2

Current Price: 80.53 is in the **Buy** Range

### D REWARD/RISK ANALYSIS (Potential Gain vs. Risk of Loss)

\[
\text{Potential Gain} = \text{Current Price} \times \text{Estimated Low Price} = 80.53 \times 64.4 = 3.0
\]

To 1

### TOTAL RETURN ANALYSIS

#### A CURRENT YIELD

- Present Full Year's Dividend: 1.700
- Current Price of Stock: 80.53
- Present Yield = 2.1%

#### B AVERAGE YIELD - USING FORECAST HIGH P/E

- Avg. % Payout: 24.6
- Forecast High P/E: 18.2
- Avg. Yield: 1.4

#### C % COMPOUND ANNUAL TOTAL RETURN - USING FORECAST HIGH P/E

- Average Yield: 1.4
- Annual Appreciation: 10.0
- % = Compound Annual Total Return: 11.3%

#### D % PROJECTED AVERAGE RETURN - USING FORECAST AVERAGE P/E

- Average Yield: 1.6
- Annual Appreciation: 6.3
- % = Projected Average Total Return: 7.9%