

CVS Health Corp(USD) CVS

Last Close \$ \$69.01
Sales \$Mil \$184,765
Mkt Cap \$Mil \$70,013
Industry Health Care Plans
Currency USD

CVS Health has vertically integrated one of the largest retail pharmacy chains in the United States with one of the largest pharmacy benefit managers. This combination makes it one of the premier healthcare firms in the U.S. The company processes approximately 1.3 billion prescriptions per year and operates more than 10,000 retail pharmacies across the U.S. The firm is now seeking to acquire Aetna, which will further extend its vertical reach and create the most integrated healthcare player in the U.S.

One CVS Drive
 Woonsocket, RI 02895
 Phone: +1 401 765-1500
 Website: <http://www.cvshealth.com>

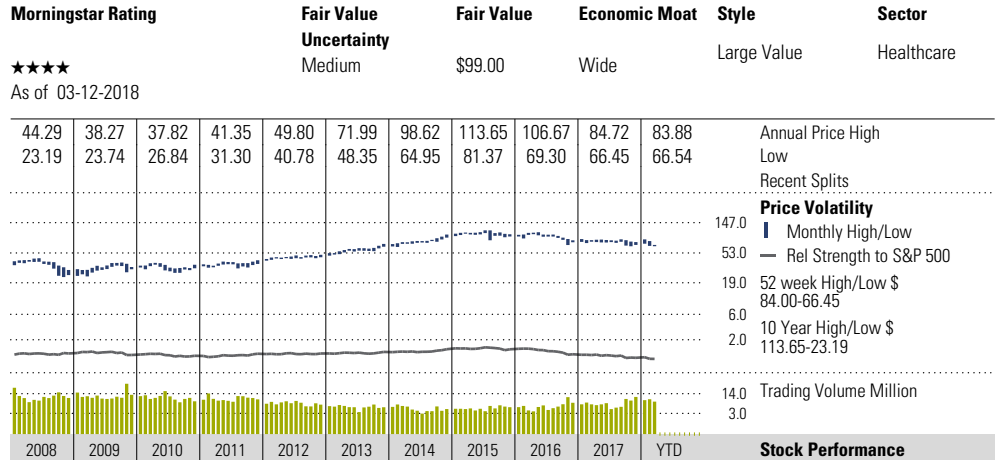
Growth Rates Compound Annual					
Grade: B	1 Yr	3 Yr	5 Yr	10 Yr	
Revenue %	4.1	9.9	8.5	9.2	
Operating Income %	-8.2	2.7	5.7	7.1	
Earnings/Share %	31.4	17.7	16.4	12.9	
Dividends %	17.7	22.1	25.2	24.2	
Book Value/Share %	7.1	3.7	4.0	5.6	
Stock Total Return	-11.7	-10.3	8.0	7.2	
+/- Industry	-36.1	-23.4	-14.5	-6.4	
+/- Market	-31.3	-23.1	-6.8	-3.0	

Profitability Analysis				
Grade: C	Current	5 Yr Avg	Ind	Mkt
Return on Equity %	17.8	14.1	18.8	21.0
Return on Assets %	7.0	6.4	6.2	7.0
Revenue/Employee \$K	751.1	635.0	—	868.2
Fixed Asset Turns	18.1	16.6	32.7	7.3
Inventory Turns	10.4	10.0*	14.7	11.6
Gross Margin %	15.5	17.2	18.0	43.5
Operating Margin %	5.2	6.0	5.8	21.2
Net Margin %	3.6	3.4	4.0	13.6
Free Cash Flow/Rev %	3.3	3.8	4.3	16.2
R&D/Rev %	—	—	0.0	—

Financial Position (USD)		
Grade: B	12-16 \$Mil	12-17 \$Mil
Cash	3371	1696
Inventories	14760	15296
Receivables	12164	13181
Current Assets	31042	31229
Fixed Assets	10175	10292
Intangibles	51760	52081
Total Assets	94462	95131
Payables	17397	19218
Short-Term Debt	1916	4821
Current Liabilities	26250	30648
Long-Term Debt	25615	22181
Total Liabilities	57632	57440
Total Equity	36830	37691

Valuation Analysis				
	Current	5 Yr Avg	Ind	Mkt
Price/Earnings	10.7	19.9	16.9	21.8
Forward P/E	11.3	—	—	25.2
Price/Cash Flow	8.8	12.4	13.2	14.0
Price/Free Cash Flow	11.6	17.7	15.8	29.3
Dividend Yield %	2.9	1.7	1.2	2.0
Price/Book	1.9	2.5	3.2	3.2
Price/Sales	0.4	0.7	0.7	4.5
PEG Ratio	0.7	—	—	2.0

*3Yr Avg data is displayed in place of 5 Yr Avg



2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD	Stock Performance
-27.0	13.1	9.0	18.7	20.2	49.9	36.1	3.0	-17.6	-5.6	-4.1	Total Return %
9.9	-13.3	-6.0	16.6	4.2	17.5	22.4	1.6	-29.5	-27.4	-8.6	+/- Market
24.5	-19.8	-3.3	-6.1	12.5	9.6	4.4	-10.8	-22.6	-36.8	-4.8	+/- Industry
0.9	1.0	1.0	1.2	1.3	1.3	1.1	1.4	2.2	2.8	2.9	Dividend Yield %
41277	44804	47392	53080	59519	84453	109793	107645	84153	73449	70013	Market Cap \$Mil

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	TTM	Financials (USD)
87472	98215	95778	107080	123120	126761	139367	153290	177526	184765	184765	Revenue \$Mil
20.9	20.7	21.1	19.2	18.3	18.8	18.2	17.3	16.3	15.5	15.5	Gross Margin %
6046	6425	6137	6331	7210	8037	8799	9475	10366	9517	9517	Oper Income \$Mil
6.9	6.5	6.4	5.9	5.9	6.3	6.3	6.2	5.8	5.2	5.2	Operating Margin %
3212	3696	3427	3462	3864	4592	4644	5237	5317	6622	6622	Net Income \$Mil
2.27	2.56	2.50	2.59	3.03	3.75	3.96	4.62	4.91	6.45	6.44	Earnings Per Share \$
0.26	0.31	0.35	0.50	0.65	0.90	1.10	1.40	1.70	2.00	2.00	Dividends \$
1469	1450	1377	1347	1280	1226	1169	1126	1079	1024	1024	Shares Mil
23.94	25.71	27.66	28.88	30.63	32.66	33.42	33.76	33.88	34.38	37.15	Book Value Per Share \$
3947	4035	4779	5856	6671	5783	8137	8539	10141	8007	8007	Oper Cash Flow \$Mil
-2180	-2548	-2005	-1872	-2030	-1984	-2136	-2367	-2224	-1918	-1918	Cap Spending \$Mil
1767	1487	2774	3984	4641	3799	6001	6172	7917	6089	6089	Free Cash Flow \$Mil
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	TTM	Profitability
5.5	6.0	5.5	5.5	5.9	6.7	6.4	6.3	5.7	7.0	7.0	Return on Assets %
9.8	10.5	9.3	9.1	10.2	12.2	12.2	13.9	14.4	17.8	17.8	Return on Equity %
1.51	1.60	1.55	1.69	1.88	1.84	1.91	1.84	1.90	1.95	1.95	Asset Turnover
3.7	3.8	3.6	3.2	3.1	3.6	3.3	3.4	3.0	3.6	3.6	Net Margin %
1.8	1.7	1.6	1.7	1.8	1.9	2.0	2.5	2.6	2.5	2.5	Financial Leverage

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	12-17	Financial Health (USD)
8057	8756	8652	9208	9133	12841	11630	26267	25615	22181	22181	Long-Term Debt \$Mil
34574	35768	37700	38051	37653	37938	37958	37196	36830	37691	37691	Total Equity \$Mil
0.23	0.24	0.23	0.24	0.24	0.34	0.31	0.71	0.70	0.59	0.59	Debt/Equity
3036	5237	6636	6638	6011	9900	6956	5989	4792	581	581	Working Capital \$Mil

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	TTM	Valuation
12.7	12.6	13.9	16.3	15.9	19.9	24.9	22.1	16.9	15.0	10.7	Price/Earnings
0.0	0.0	0.0	—	0.0	0.0	0.0	0.0	—	—	0.5	P/E vs. Market
0.5	0.5	0.5	0.5	0.5	0.7	0.8	0.7	0.5	0.4	0.4	Price/Sales
1.2	1.3	1.3	1.4	1.6	2.2	2.9	2.9	2.3	2.1	1.9	Price/Book
10.7	11.6	10.0	8.1	9.3	14.8	18.2	13.4	7.5	7.4	8.8	Price/Cash Flow

Quarterly Results (USD)				
	Mar	Jun	Sep	Dec
Revenue \$				
Most Recent	44514.0	45685.0	46181.0	48385.0
Previous	43215.0	43725.0	44615.0	45971.0
Rev Growth %				
Most Recent	3.0	4.5	3.5	5.3
Previous	18.9	17.6	15.5	11.7
Earnings Per Share \$				
Most Recent	0.92	1.07	1.26	3.20
Previous	1.04	0.86	1.43	1.59

Close Competitors				
	Mkt Cap \$Mil	Rev \$Mil	P/E	ROE%
UnitedHealth Group Inc	215566	201159	20.8	24.5
Express Scripts Holding Co	43917	100065	10.1	26.3

Major Fund Holders		% of shares
Vanguard Total Stock Mkt Idx Inv		2.42
Vanguard 500 Index Investor		1.74
Vanguard US Total Market Shares ETF		0.00

©2018 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions contained herein (1) include the confidential and proprietary information of Morningstar, (2) may include, or be derived from, account information provided by your financial advisor which cannot be verified by Morningstar, (3) may not be copied or redistributed, (4) do not constitute investment advice offered by Morningstar, (5) are provided solely for informational purposes and therefore are not an offer to buy or sell a security, and (6) are not warranted to be correct, complete or accurate. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. Opinions expressed are as of the date written and are subject to change without notice. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. This report is supplemental sales literature. If applicable it must be preceded or accompanied by a prospectus, or equivalent, and disclosure statement. Please see important disclosures at the end of this report.

