

A woman with glasses and a man in a white lab coat with a stethoscope are looking at a screen. The woman is on the left, and the man is on the right. They appear to be in a professional or medical setting. A blue banner is overlaid on the image.

# 2019 INVESTOR DAY

May 31, 2019



# WELCOME

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Will McDowell  
VP, Investor Relations

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# Forward-looking statements and Non-GAAP measures

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This presentation, and oral statements made with respect to information contained in this presentation, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on Cigna's current expectations and projections about future trends, events and uncertainties. These statements are not historical facts. Forward-looking statements may include, among others, statements concerning our projected adjusted income (loss) from operations, on both a consolidated, per share and segment basis; projected adjusted revenue; projected global medical customer growth; projected market share growth; projected client retention; projected medical care and SG&A expense ratios and medical cost trends; projected adjusted pharmacy scripts; our projected consolidated adjusted tax rate; projected debt to capital ratio; projected cash flow from operations; future financial or operating performance, including our ability to deliver affordable, personalized and innovative solutions for our customers and clients; future growth, business strategy, strategic or operational initiatives; economic, regulatory or competitive environments, particularly with respect to the pace and extent of change in these areas; financing or capital deployment plans and amounts available for future deployment; our prospects for growth in the coming years; the merger (the "Merger") with Express Scripts Holding Company ("Express Scripts") and other statements regarding Cigna's future beliefs, expectations, plans, intentions, financial condition or performance. You may identify forward-looking statements by the use of words such as "believe," "expect," "plan," "intend," "anticipate," "estimate," "predict," "potential," "may," "should," "will" or other words or expressions of similar meaning, although not all forward-looking statements contain such terms.

Forward-looking statements are subject to risks and uncertainties, both known and unknown, that could cause actual results to differ materially from those expressed or implied in forward-looking statements. Such risks and uncertainties include, but are not limited to: our ability to achieve our financial, strategic and operational plans or initiatives; our ability to predict and manage medical and pharmacy costs and price effectively; our ability to adapt to changes or trends in an evolving and rapidly changing industry; our ability to effectively differentiate our products and services from those of our competitors and maintain or increase market share; our ability to develop and maintain good relationships with physicians, hospitals, other health care providers and pharmaceutical manufacturers; changes in drug pricing; the impact of modifications to our operations and processes; our ability to identify potential strategic acquisitions or transactions and realize the expected benefits (including anticipated synergies) of such transactions in full or within the anticipated time frame, including with respect to the Merger, as well as our ability to integrate operations, resources and systems; the substantial level of government regulation over our business and the potential effects of new laws or regulations or changes in existing laws or regulations; the outcome of litigation, regulatory audits, investigations, actions and/or guaranty fund assessments; uncertainties surrounding participation in government-sponsored programs such as Medicare; the effectiveness and security of our information technology and other business systems; the impact of our debt service obligations on the availability of funds for other business purposes; unfavorable industry,

economic or political conditions, including foreign currency movements; acts of war, terrorism, natural disasters or pandemics; as well as more specific risks and uncertainties discussed in our most recent report on Form 10-K and subsequent reports on Forms 10-Q and 8-K available on the Investor Relations section of [www.cigna.com](http://www.cigna.com). You should not place undue reliance on forward-looking statements, which speak only as of the date they are made, are not guarantees of future performance or results, and are subject to risks, uncertainties and assumptions that are difficult to predict or quantify. Cigna undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by law.

### **Non-GAAP Measures and Other Key Financial Information**

Throughout this presentation, the term “earnings” means adjusted income from operations and “earnings per share” or “EPS” means adjusted income from operations on a diluted per share basis. At the consolidated level, “adjusted income from operations” and “adjusted revenues” are not determined in accordance with accounting principles generally accepted in the United States (“GAAP”) and should not be viewed as a substitute for the most directly comparable GAAP measures, shareholders’ net income and total revenues, respectively.

Adjusted income (loss) from operations is defined as shareholders’ net income (loss) excluding the following adjustments: earnings contributions from transitioning pharmacy benefit management clients Anthem Inc. and Coventry Health Care, Inc. (the “transitioning clients”), net realized investment results, amortization of acquired intangible assets, and special items. Special items are items that management believes are not representative of the underlying results of operations due to the nature or size of these matters, such as integration and transaction related costs and litigation matters. Adjusted income (loss) from operations is measured on an after-tax basis for consolidated results and on a pre-tax basis for segment results. Adjusted income (loss) from operations is a measure of profitability used by Cigna’s management because it presents the underlying results of operations of Cigna’s businesses and permits analysis of trends in underlying revenue, expenses and shareholders’ net income.

Adjusted revenues is defined as total revenues excluding revenue contributions from transitioning clients, net realized investment results from equity method investments, and special items. We exclude these items from this measure because they are not indicative of past or future underlying performance of the business. Reconciliations of Cigna’s historic non-GAAP measures to their most directly comparable GAAP measure are also set forth in the annex.

Express Scripts’ core adjusted EBITDA referenced in this presentation represents the midpoint of 2018 guidance for Express Scripts on a standalone basis prior to the transaction with Cigna, and is defined as net income attributable to Express Scripts excluding income taxes, depreciation and amortization, other expense (income), net, transaction costs, enterprise value initiative costs, charitable contribution costs, and contributions from transitioning clients. Cigna management is unable to provide a reconciliation of Express Scripts’ 2018 core adjusted EBITDA guidance to its most directly comparable GAAP measure because the merger precluded completion of the full year’s financial results.

The appendix slide titled “Definitions of Key Financial and Business Terms” includes definitions of other financial or business metrics referenced in this presentation, including medical cost trend, adjusted pharmacy scripts, market segments, customer relationships, medical care ratio, SG&A expense ratio and adjusted margin, pre-tax.

### **Note Regarding Outlook**

The company’s outlook for 2019 and future periods in this presentation is dated May 31, 2019. Management is not able to provide a reconciliation of adjusted income from operations to shareholders’ net income (loss) or adjusted revenues to total revenues on a forward-looking basis because we are unable to predict certain components thereof including (i) future net realized investment results (from equity method investments with respect to adjusted revenues) and (ii) future special items. These items are inherently uncertain and depend on various factors, many of which are beyond our control. As such, any associated estimate and its impact on shareholders’ net income could vary materially.

The company’s 2019 outlook excludes the potential effects of capital deployment and revenue synergies related to the Express Scripts transaction. The Company’s 2021 outlook includes the potential effects of capital deployment and excludes potential revenue synergies related to the Express Scripts transaction. The Company’s long-term outlook includes both the potential effects of capital deployment and revenue synergies related to the Express Scripts transaction.

### **Note Regarding Share Repurchases**

The timing and actual number of shares repurchased will depend on a variety of factors, including share price, general business and market conditions, and alternate uses of capital. Our share repurchase program may be effected through open market purchases or privately negotiated transactions in compliance with Rule 10b-18 under the Securities Exchange Act of 1934, as amended, including through Rule 10b5-1 trading plans. The program may be suspended or discontinued at any time.

## Agenda

- 8:30 am–9:00 am**     **Strategic Overview and Positioning for Growth**  
David Cordani, President and Chief Executive Officer
- 9:00 am–9:40 am**     **Cigna Health Services – Market Strategies and Growth Priorities**  
Tim Wentworth, President, Express Scripts and Cigna Services  
**Q&A**
- 9:40 am–10:50 am**     **Delivering Greater Affordability in Health Care Services**  
Matt Manders, President, Strategy and Solutions  
Dr. Steve Miller, Chief Clinical Officer  
**Market Strategies and Growth Priorities**  
Mike Triplett, President, U.S. Commercial Business  
Brian Evanko, President, U.S. Government Business  
Jason Sadler, President, International Markets  
**Q&A**
- 10:50 am–11:00 am**     **Break**

## ACCELERATING HEALTH

- Session 1:**  
**11:00 am–11:25 am**     **Investor Breakout Sessions with Management**  
(guests will select two to attend)
- Session 2:**  
**11:30 am–11:55 am**     • **Digital, Data & Analytics**  
• **Specialty Pharmacy**  
• **Whole-Person Health**
- 11:00 am–11:55 am**     **Innovation Center Experience**  
(optional session)
- 11:55 am–12:10 pm**     **Lunch**
- 12:10 pm–12:35 pm**     **Financial Update**  
Eric Palmer, Executive Vice President and Chief Financial Officer
- 12:35 pm–1:00 pm**     **Q&A Panel**  
David Cordani  
Eric Palmer
- 1:00 pm–1:10 pm**     **Closing Remarks**  
David Cordani
- 1:15 pm–2:15 pm**     **Innovation Center Experience**  
(optional session)



# STRATEGIC OVERVIEW AND POSITIONING FOR GROWTH

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David Cordani  
President and Chief Executive Officer

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# Agenda

Value creation framework

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Delivering results in a changing environment

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Our growth path forward

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# A global health service company



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# Creating a more sustainable system

**PHASE 1  
TRANSACTIONAL**



**PHASE 2  
TRANSITIONAL**



**PHASE 3  
TRANSFORMATIVE**



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## Transformative phase: Addressing whole person health



**Behavioral or  
lifestyle changes**



**Pharmaceutical  
interventions**



**Medical  
interventions**

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# Transformative phase: Delivering connected care

Data, actionable insights and AI



Coaches, clinicians and experts



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# Transformative phase: Driving continuous innovation



## Clients

Innovative alignment programs



## Customers and patients

Patient Assurance Program



## Physician partners

HealthConnect 360

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## **Our path forward**

**CHANGING ENVIRONMENT**

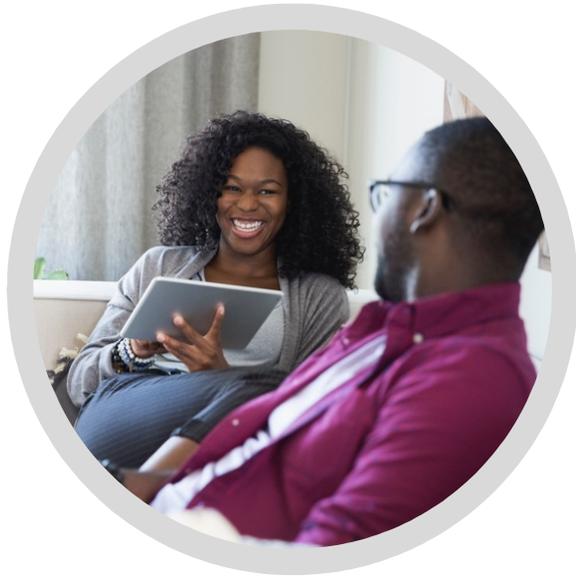
**GROWTH**

**EXECUTION**

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## Proven ability to thrive



**Relentless focus on addressing  
needs of our customers,  
patients and clients**



**Shaping regulatory  
landscape**



**Strategic and  
financial flexibility**

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## Our growth platforms



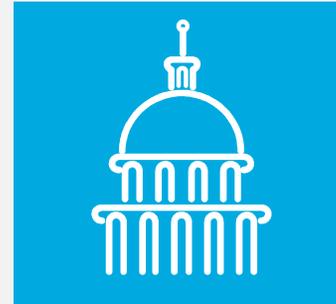
### HEALTH SERVICES

- Increase pharmacy services for Cigna clients
- Offer Cigna services
- Accredo expansion



### COMMERCIAL

- Select and Middle Market expansion and integration
- Go deeper



### GOVERNMENT

- New markets
- PPO product expansion
- Acceleration via Express Scripts



### INTERNATIONAL

- Expansion in existing geos
- Innovating new solutions
- New market entry

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## First-half 2019 successes

- 1 Strong Q1 results
- 2 Delivering on strategic integration priorities
- 3 Accelerating growth opportunities

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# Strong confidence in our future



# HEALTH SERVICES MARKET STRATEGY AND GROWTH PRIORITIES

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Tim Wentworth  
President, Express Scripts and Cigna Services

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## Customer needs drive our focus



**Customers, patients, clients and health care partners** are challenged by a *fragmented, complicated and costly health care system*

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# Our growth is driven by our ability to help businesses win



We build deeper relationships



We deliver greater innovation from Cigna and Express Scripts



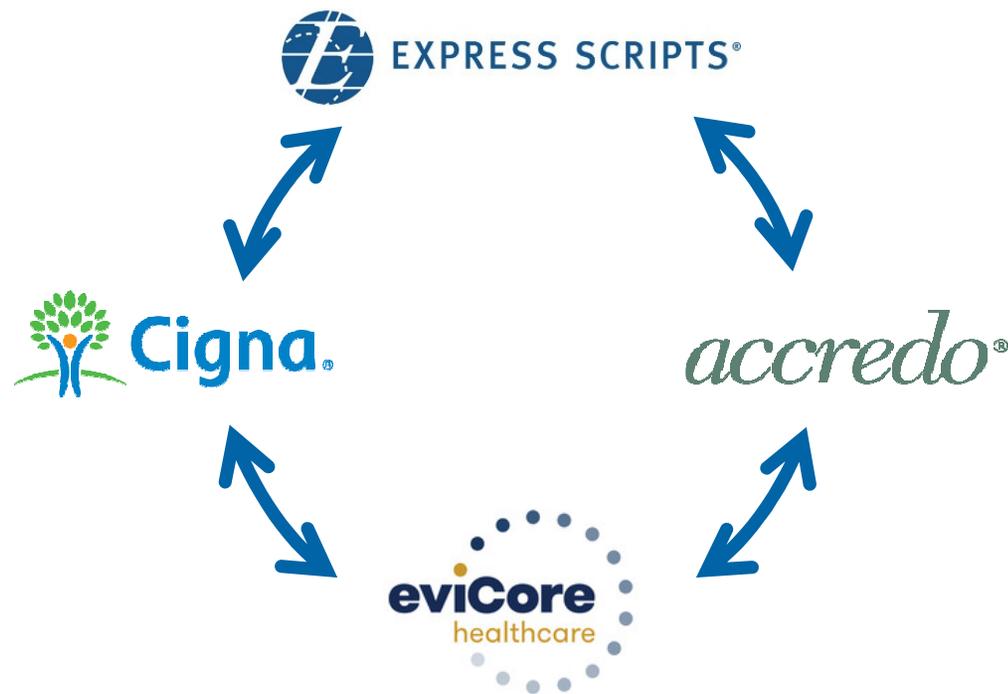
We leverage Accredo, the industry's most sophisticated specialty pharmacy

- Our business is strong and growing
- Our opportunities are meaningfully enhanced with Cigna
- Our model is solution-driven and flexible

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# Building net new value creation and value capture opportunities

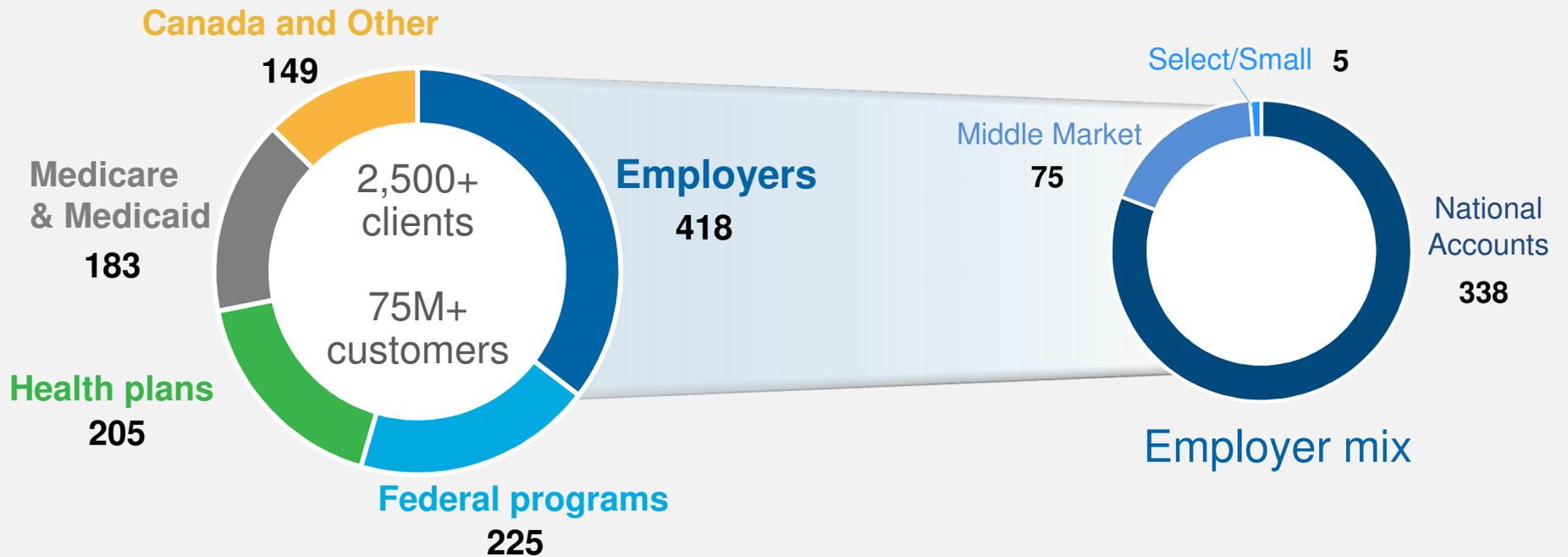


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# Expanding a model that wins with all client types

Business mix, by projected 2019 adjusted pharmacy script volume (millions)



# Our outstanding results drive retention and growth

BETTER  
TRENDS

**0.4%**

Record low drug trend  
for commercial clients

**-0.3%**

NEGATIVE trend for  
Medicare clients

BETTER  
EXPERIENCE

**77**

Accredo advanced  
therapy patient  
Net Promoter Score

**#1**

Satisfaction rating  
from PBMI in 2018

Clients stay

**98.5%**

Overall client retention  
for 2019, and nearly  
100% of health plans

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## Our solutions drive retention and growth

**96-98%**

Projected 2020 retention

**25M to 35M**

Projected 2020 organic growth in  
adjusted pharmacy scripts

Clients and prospects see us as their pharmacy innovation partner for the long-term

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Cigna outlook as of May 31, 2019



# Innovating for better health and financial outcomes

## Health Connect 360



## Patient Assurance Program



## Flex Formulary



## Digital Health Formulary



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# As the marketplace evolves, so does our growth strategy



- Whole person health solutions
- Specialized and tailored care
- Performance-based agreements

TRANSACTIONAL

TRANSITIONAL

TRANSFORMATIVE

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## A clear path to sustainable, long-term growth



Leveraging a complementary footprint to deepen existing relationships, add new relationships, and expand use of our innovative solutions

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Creating and capturing new value through our combination

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Leading in the rapidly expanding practice of specialty pharmacy care

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# Creating and capturing value with market-leading services

Pharmacy Care	Specialty Solutions	Supply Chain Management	Direct to Consumer	Medical/Clinical Management
 EXPRESS SCRIPTS®	<i>accredo</i> ®	<b>Econdisc</b> ® Contracting Solutions	Inside Rx™	
 EXPRESS SCRIPTS® Federal Pharmacy Services	CuraScriptSD®	<b>ValoremRx</b> ™ Specialty Solutions		
 myMatrixx®		 Ascent Health Services		

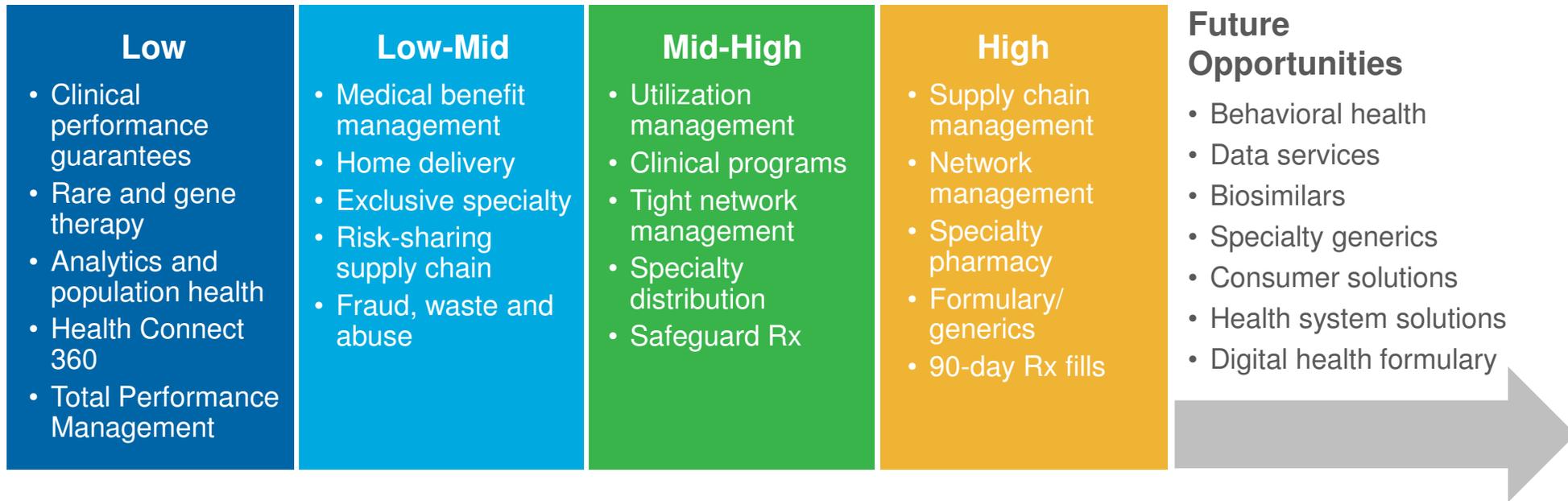
We are leaders in pharmacy care, specialty pharmacy, data services and clinical, medical and supply chain management

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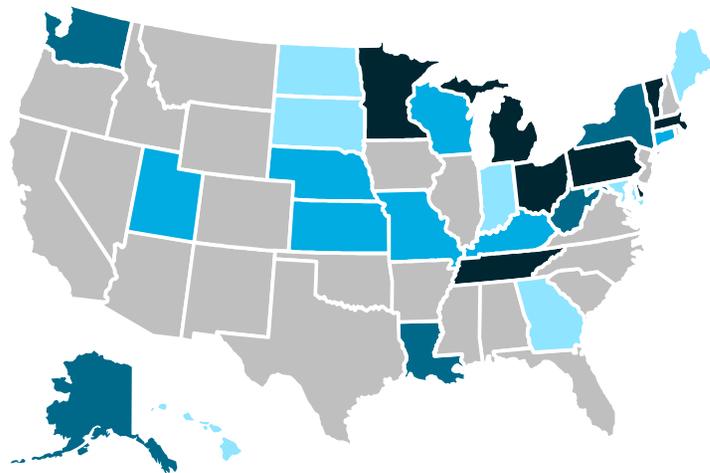


# Building on our core strengths with significant room to run in the future

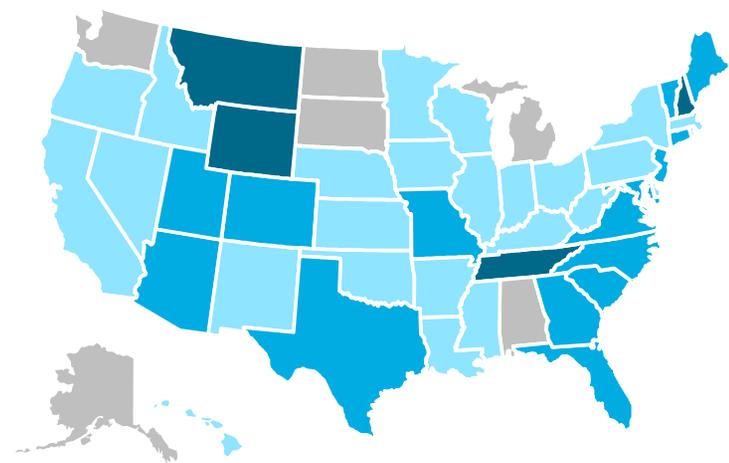
## Solution penetration rates



# Taking share in geographic expansion opportunities



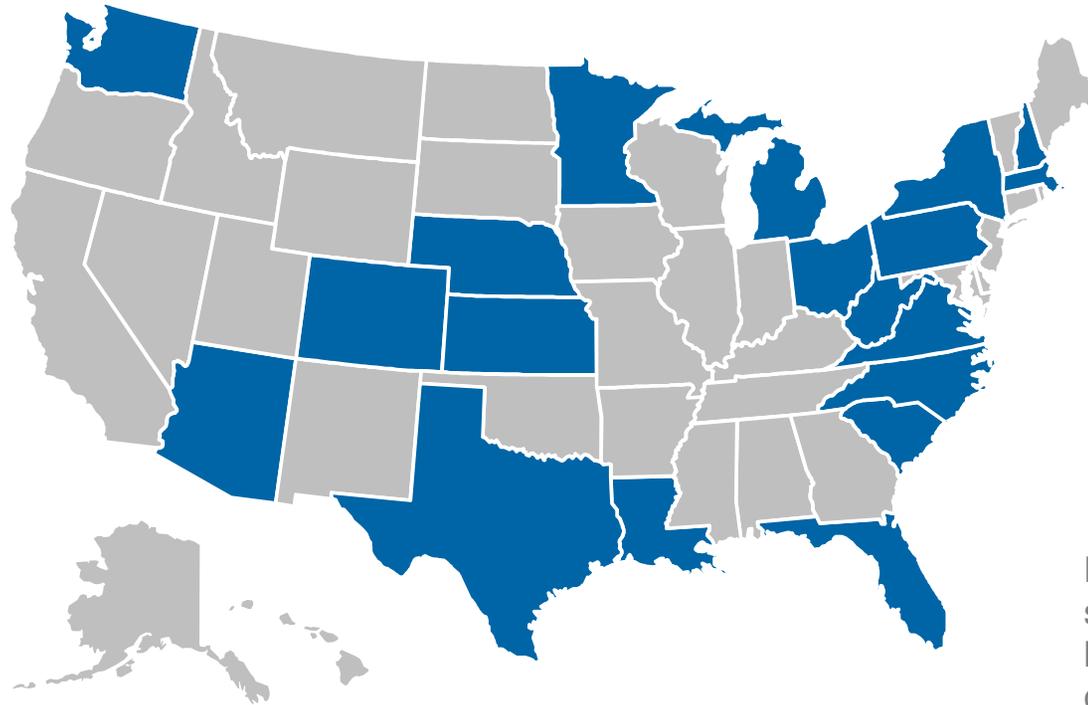
Express Scripts market share for pharmacy benefits management services.



Cigna market share for commercial managed care plans.

**Delivering market-leading results to help businesses win, deepening existing relationships, and building new ones across growing, addressable markets**

## Taking share in geographic expansion opportunities



Highlighted geographies represent significant growth opportunities, leveraging strong existing Cigna or Express Scripts footprints.

**Delivering market-leading results to help businesses win, deepening existing relationships, and building new ones across growing, addressable markets**

# Delivering comprehensive, cost-effective, convenient care



- Medical Benefit Management expansion
- Post-acute care opportunities
- Holistic oncology solutions
- World class specialty pharmacy expertise

More comprehensive, personalized, coordinated services  
Better clinical and cost outcomes

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# Accredo is well positioned to drive market-leading growth

**Clinical excellence  
to improve health outcomes**



Industry-leading specialization in  
15 therapeutic classes

500 condition-focused pharmacists

350+ proprietary clinical protocols

**Local and community  
support to drive engagement**



Nurse educators help caregivers  
provide critical care

200 trusted physician advisors

550 field nurses providing in-home  
care across the continental U.S.

**Taking action to realize the full  
value of innovative medicines**



Industry's broadest access to exclusive  
and limited distribution drugs

Leveraging clinical expertise to improve  
adherence and mitigate risk

\$670M in coordinated financial patient  
assistance for 2018

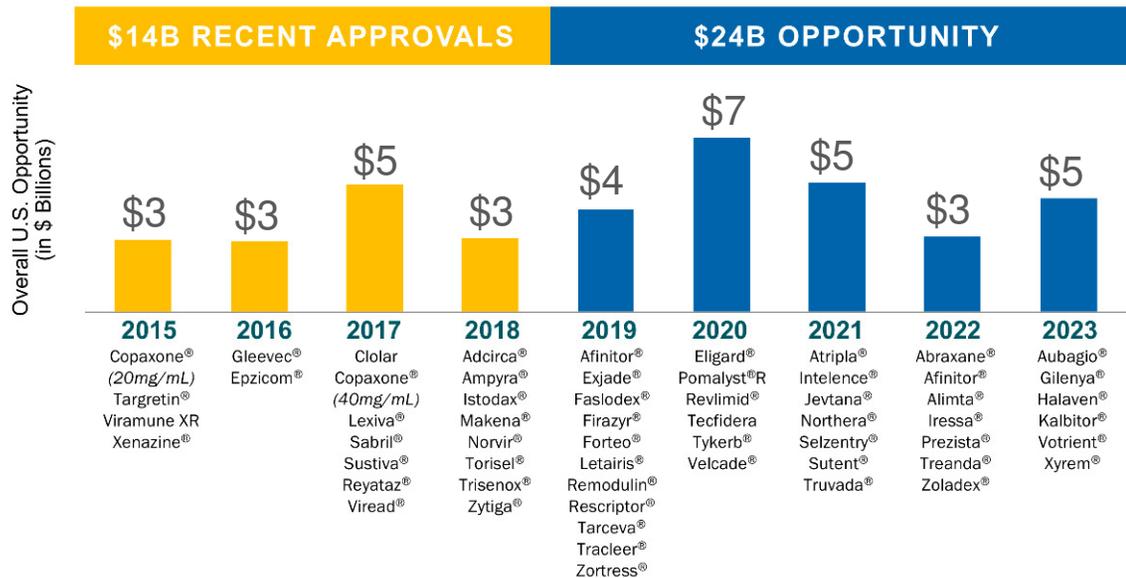
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# We will accelerate the next generic wave, in specialty

## Specialty generics

## Biosimilars



Biosimilars could reduce direct spending on biologic drugs by **\$54 billion** in the next decade

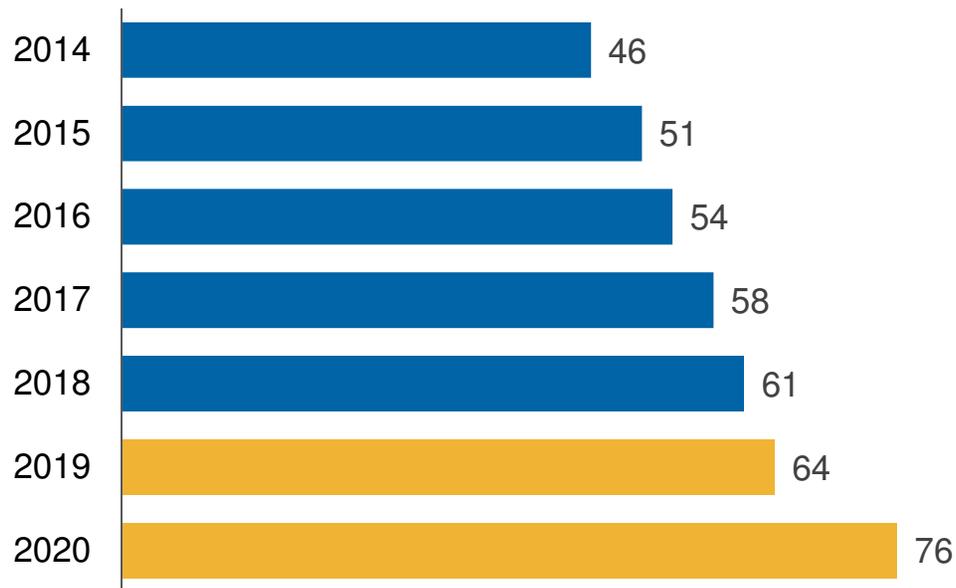
U.S. Drug spend estimates are based on IQVIA data for 2018, manufacturer reported U.S. sales or a percent of manufacturer reported worldwide annual sales of the drug.

<https://www.rand.org/pubs/perspectives/PE264.html>

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## Rare and orphan drugs represent significant opportunity for Accredo



Bar chart data above from National Organization for Rare Disorders.

## One-third of new FDA-approved drugs are for an orphan designation



**\$140K**

is the average cost of an orphan drug per patient, per year

**54%**

increase in costs for rare-condition medication since 2014

Average cost of orphan drug per patient pertains to Express Scripts book of business.

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## Putting rebates into perspective



Clients choose between rebate offsets and direct payment for other services

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# As the market evolves, so does the way we capture value

**Innovative solutions**

+

**Flexible contracting**

=

**Consistent profitability**

- We deliver aligned, innovative solutions tailored to client needs

- We enable clients to choose funding methods and formularies

- We create and capture value in dynamic environments

Aligned with clients, we maintain consistent profitability

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## We deliver long-term sustainable growth



Our wide array of **services** align with current and emerging market needs of payers, patients and providers.



We serve a **diverse set of clients**, with opportunity to deepen relationships across business units.



Our combination enhances our value proposition and leadership in **driving better, lower-cost care.**

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# We deliver long-term sustainable growth

ALIGNED  
WITH  
CLIENTS



Providing transparency and choice

Delivering exceptional value

WE GROW



Strong retention and script growth

Significant future opportunities

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# DELIVERING GREATER AFFORDABILITY IN HEALTH CARE

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Matt Manders, President, Strategy & Solutions

Dr. Steve Miller, Chief Clinical Officer

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# This is a pivotal moment for our industry



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# Tackling the affordability challenge – the evolving approach

## PHASE 1 TRANSACTIONAL



- Traditional benefit design
- Focus on access and unit cost

## PHASE 2 TRANSITIONAL



- Consumer-directed plans introduced
- Incentive alignment with customers & providers

## PHASE 3 TRANSFORMATIVE

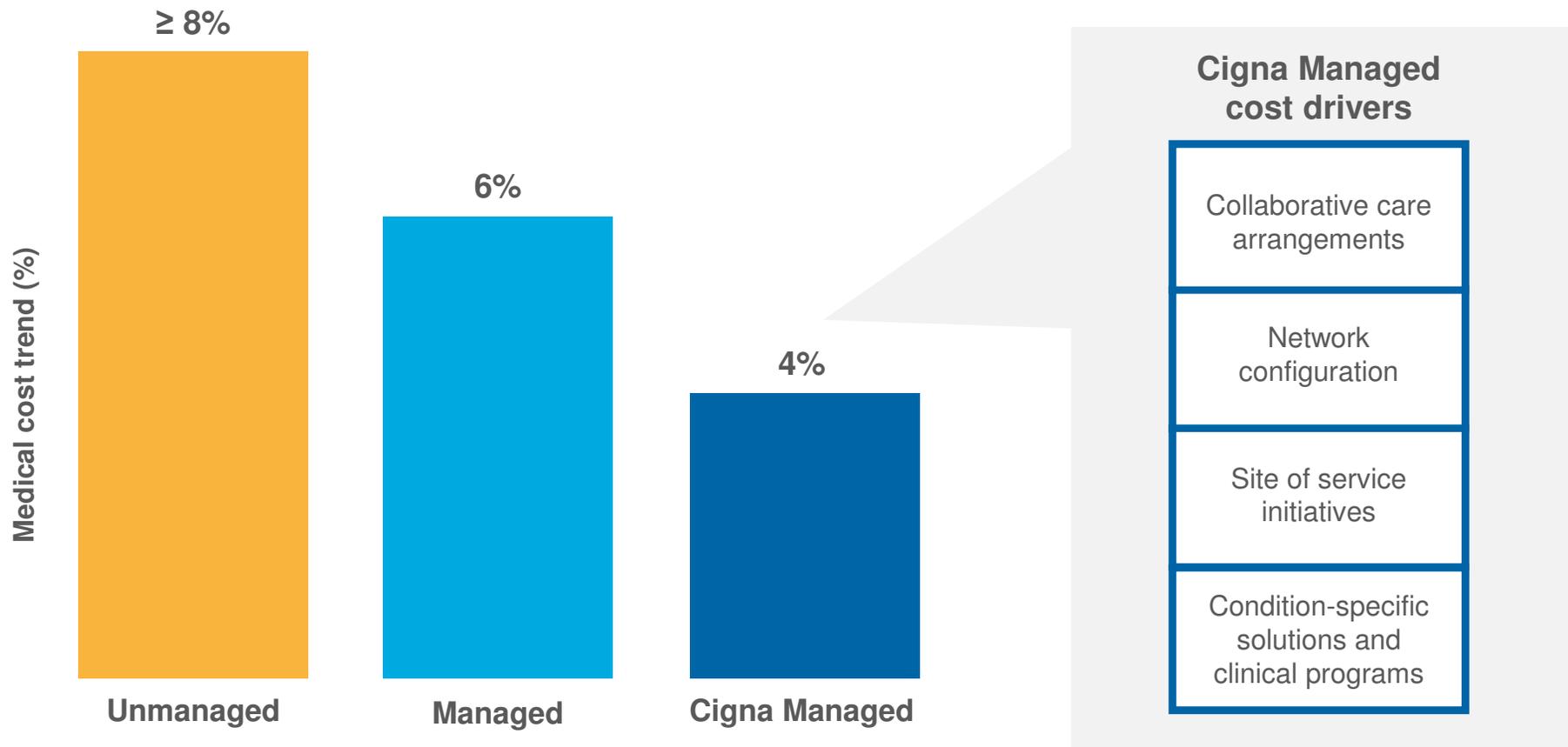


- Deeper partnerships & new relationship models
- Personalized solutions driven by insights, analytics and digital technologies
- Proprietary predictive models & guaranteed outcomes

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# Tackling the affordability challenge – unmanaged to Cigna managed

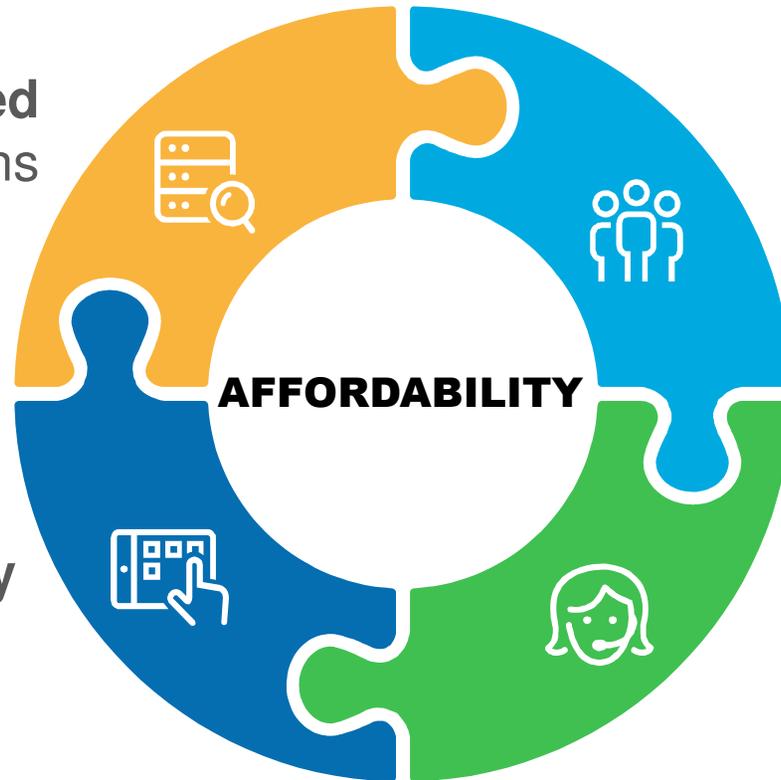


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# Cigna's formula for driving affordability through the transitional phase

**Data and advanced insights** driven solutions



**Consultative** client approach

**Choice-based delivery** system strategy

**Deep customer engagement**

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# Cigna's delivery system strategy

Ensuring access to the right care, in the preferred and appropriate place, at the right time

- Traditional inpatient or outpatient settings
- In home
- At work/onsite clinics
- Virtual



- Treat individually rather than in aggregate
- Leverage data and analytics to guide and support
- Cigna OneGuide

- Alignment with health care providers
- Value-based arrangements
- Expand collaborative care to specialty providers

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## Transformative phase



### **Enable existing business**

Proprietary predictive models deliver personalized care and guaranteed outcomes.



### **Re-envision existing business**

Customer-driven innovation deepens relationships and earns the right to serve more people.



### **New business models**

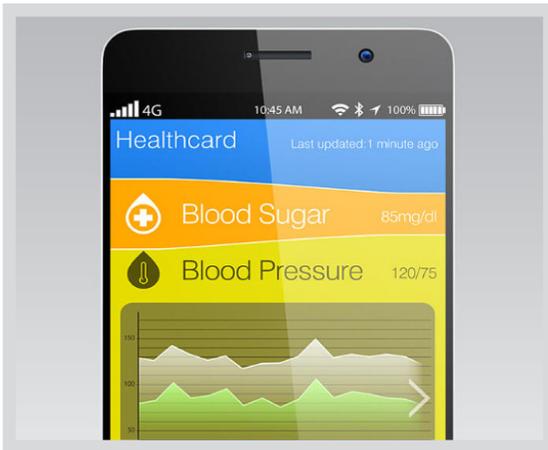
Disruptive companies partner with us to leverage our size, scale and expertise to change health care.

**Fueled by advanced insights and predictive analytics**

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# Transformative value creation examples



**Leverage emerging technologies and digital tools**



**Expand relationships with physician collaboratives**

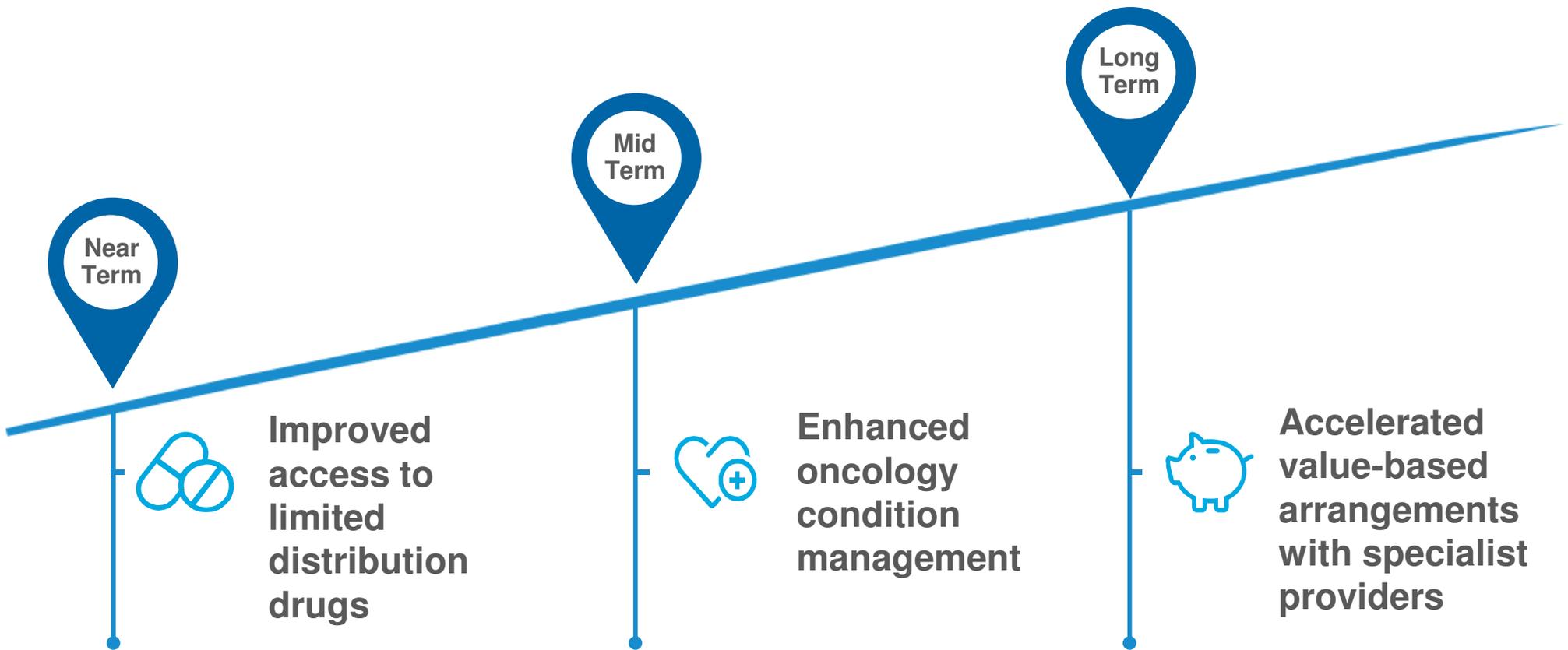


**Enhance care program design for whole person health**

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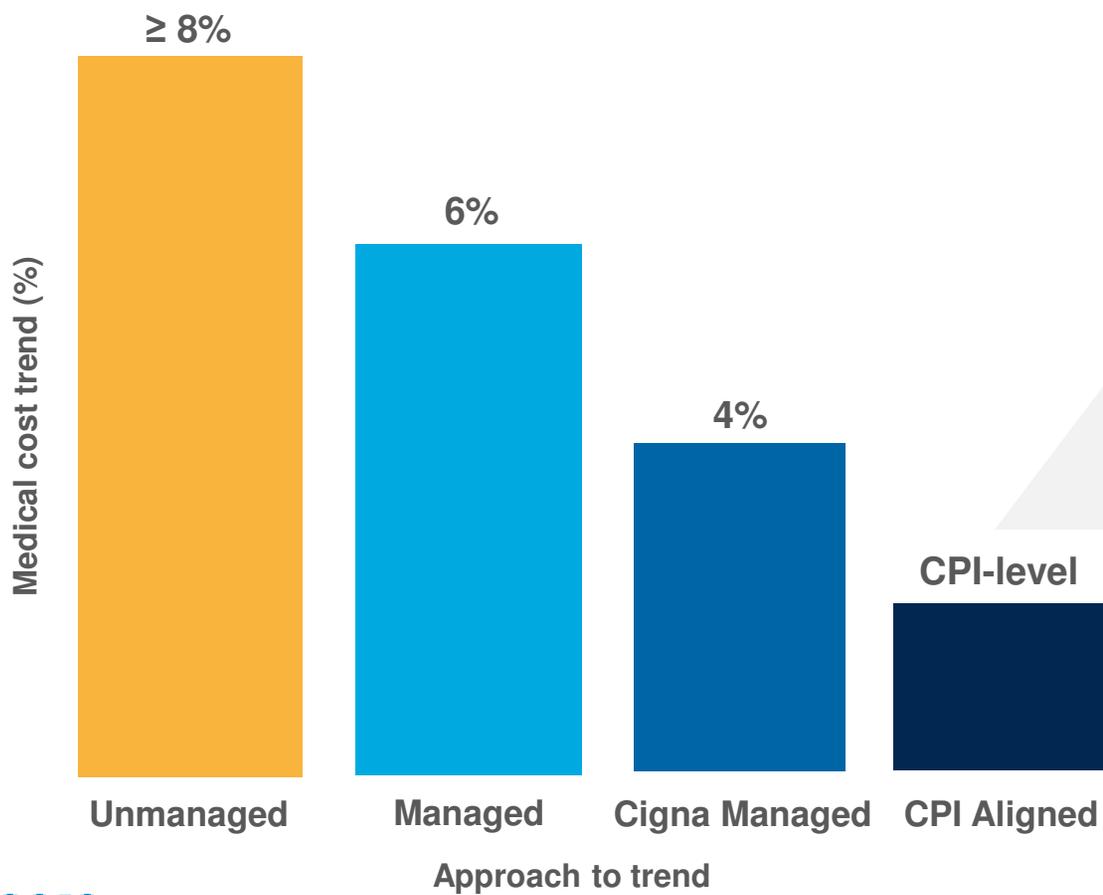
# Transformative value creation through Accredo



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# Transformative phase – getting to CPI



Leading into the  
**transformative phase**  
to deliver  
**sustainable  
affordability**

## Four growth platforms

**1** Health Services

**2** Commercial

**3** Government

**4** International  
Markets

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# U.S. COMMERCIAL MARKET STRATEGY AND GROWTH PRIORITIES

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Mike Triplett  
President, U.S. Commercial

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# How we are different

We approach each client individually

Value proposition  
**whole person health**



Highly **consultative** sales  
and account teams

Partnership with **providers**  
**aligned** on value-based care

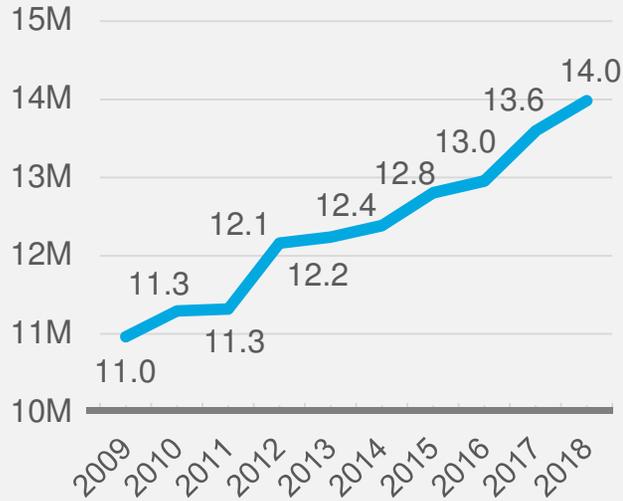
Powered by technology, solutions, and talent

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# Value creation

**Commercial membership growth**



**Organic growth for nine years in a row**

**Strong client retention**

**Solution depth and coordination**

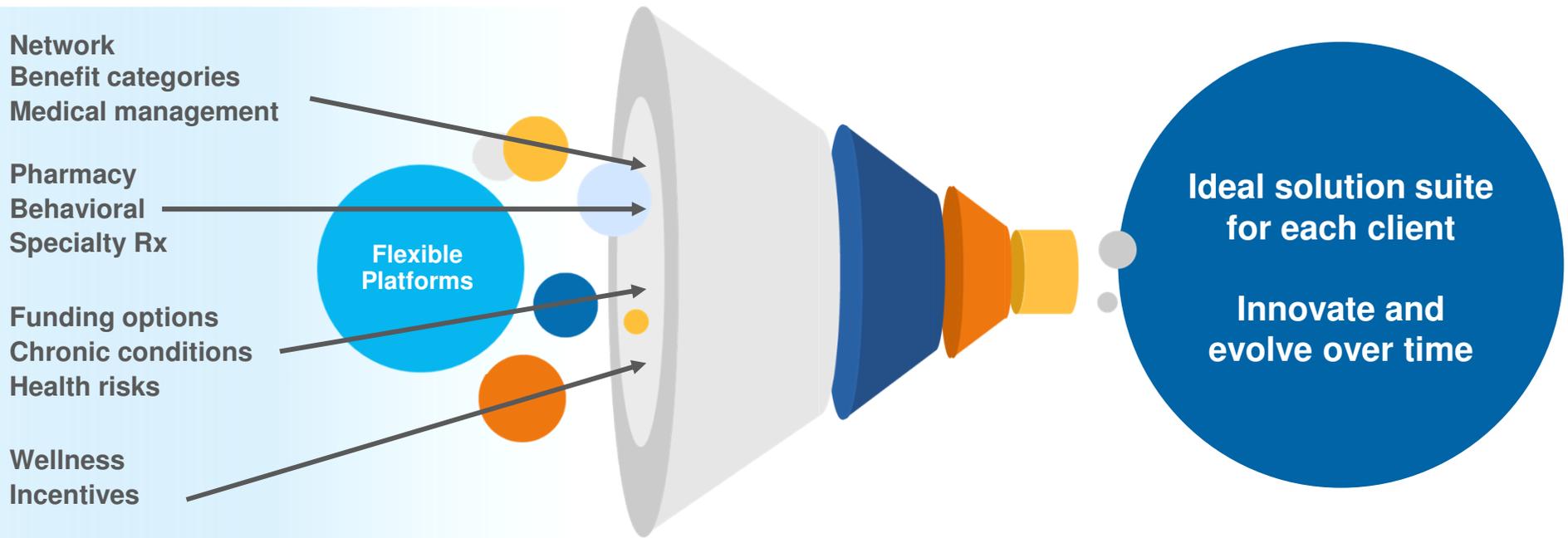
**Best-in-class trend**

**Solution depth**

Segment	Pharmacy penetration	Behavioral penetration
National	<40%	~90%
Middle*	>70%	>95%
Select	100%	100%

# Consultative sales approach

Affordability, choice, predictability, ease



Over \$2B invested in last five years to build capabilities

# Breadth of coordinated capabilities

Driving differentiated outcomes



**~4%**  
medical cost  
savings

**\$380 PEPY**  
savings

**9%**  
reduction  
in high cost  
medical claims

**Over 40  
solutions**

Behavioral  
Pharmacy  
Specialty pharmacy  
Lifestyle management  
Personal Health Team  
Biometric screenings  
...and more

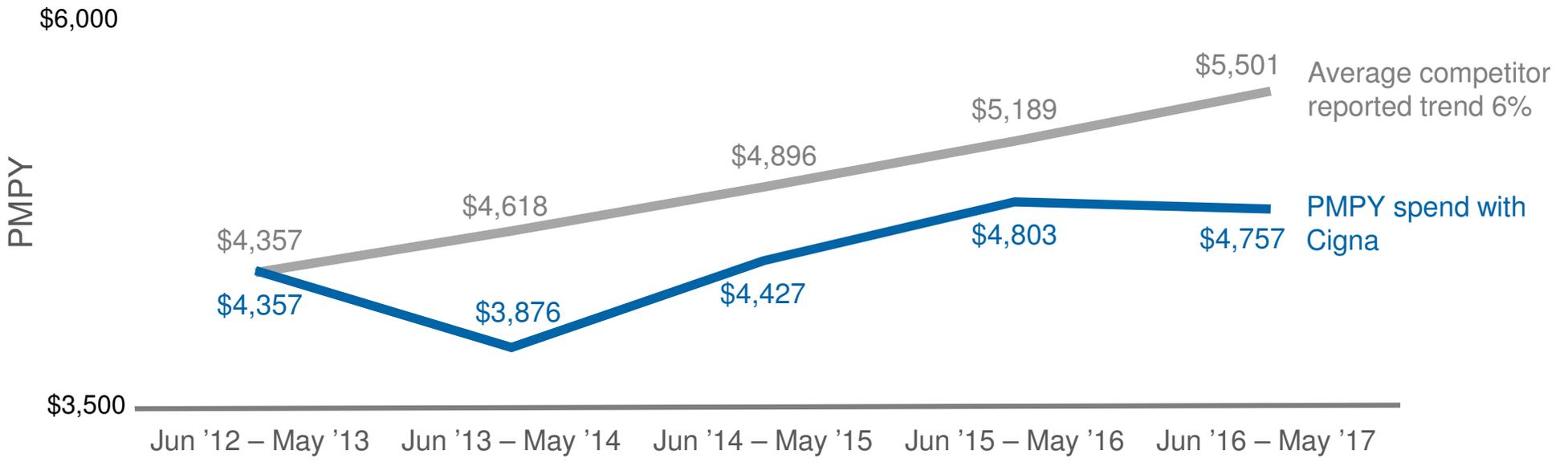
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PEPY is per employee per year.



# Structural Group Inc.: Improving health, lowering costs

<b>Annual Savings (PMPY savings x customers)</b>	<b>\$1.6M</b>	<b>\$1.0M</b>	<b>\$0.8M</b>	<b>\$1.7M</b>	<b>Total Savings: \$5.1M</b>
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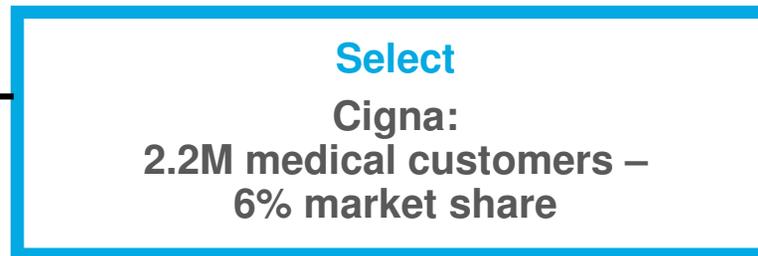
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Competitor average reported trend since 2011 for Aetna, United, Anthem.  
Cigna PMPY data excludes claimants with greater than \$1M in healthcare spend.  
PMPY is per member per year.



# Market opportunity

## U.S. Commercial Employer Market Opportunity

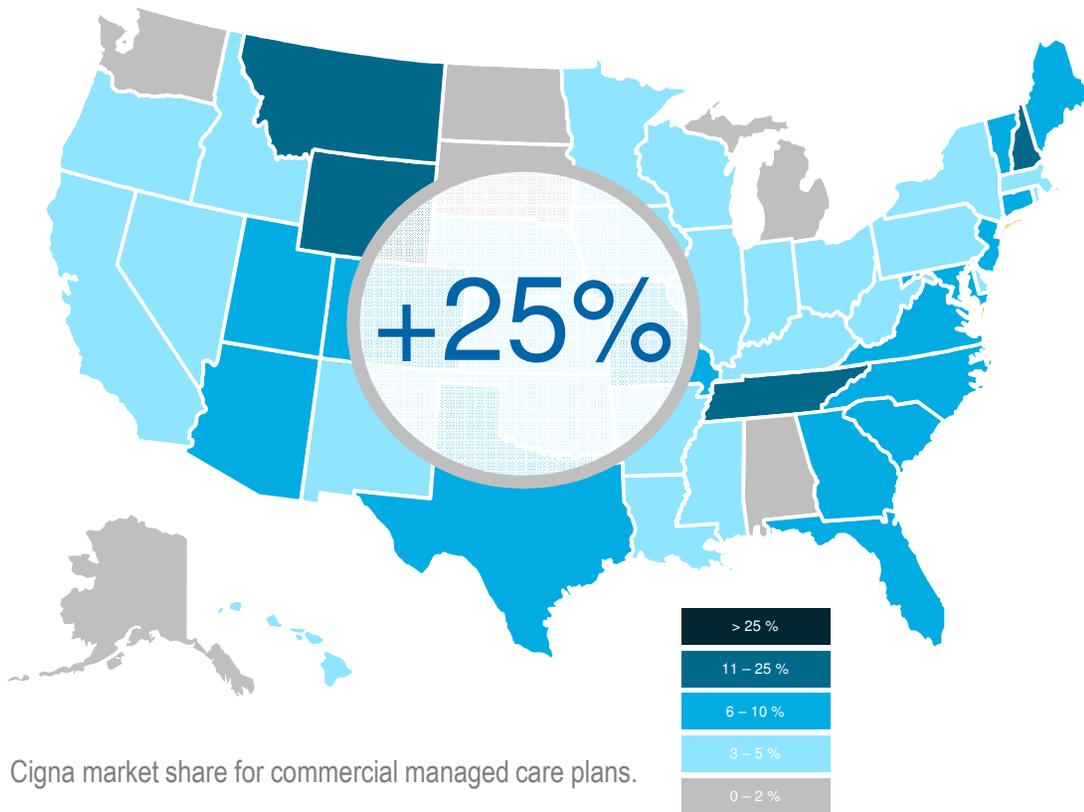


Middle Market and  
Select segments  
account for

~ 65%

of the U.S. Commercial  
employer market

# Expanding our “Go Deep” markets



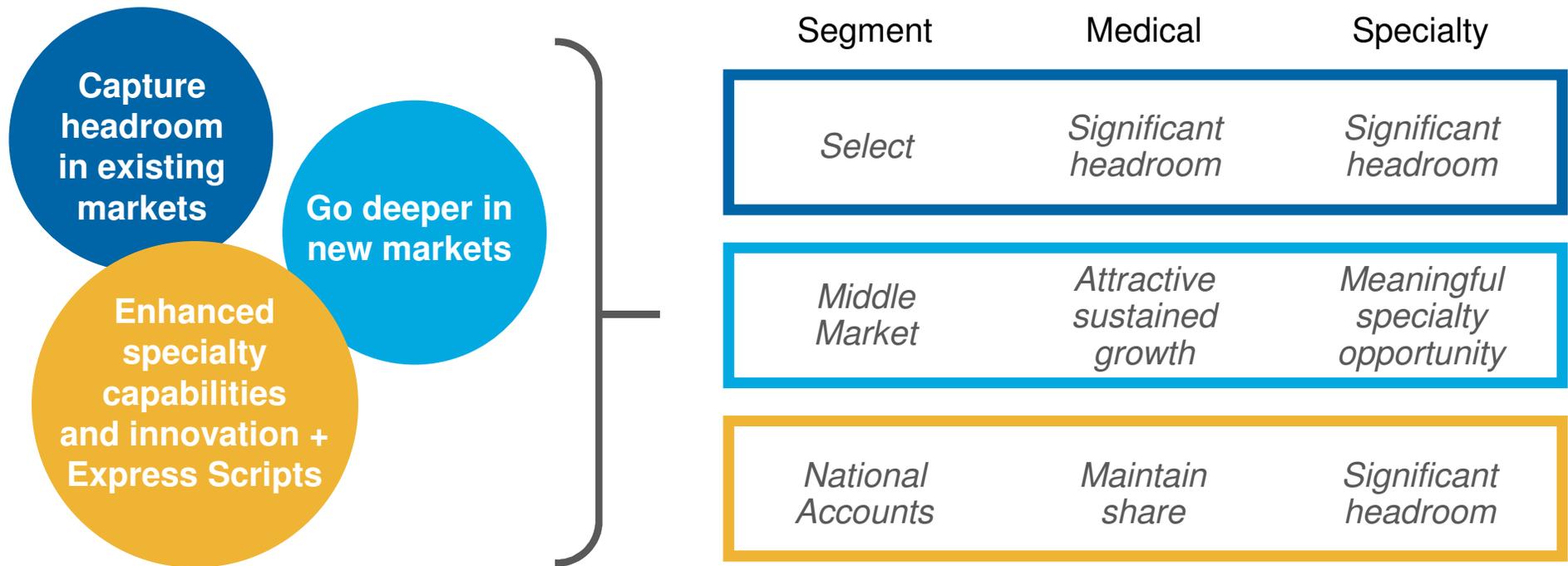
- Capture headroom in existing markets
- Go deeper in new markets
- Enhanced specialty capabilities and innovation + Express Scripts

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# U.S. Commercial positioning for continued strong growth

Significant headroom and increased penetration



# U.S. GOVERNMENT MARKET STRATEGY AND GROWTH PRIORITIES

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Brian Evanko  
President, U.S. Government

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# Cigna's Government Business

Medicare  
Advantage

Medicare  
Part D

Medicare  
Supplement

Medicaid

Individual and  
Family Plans

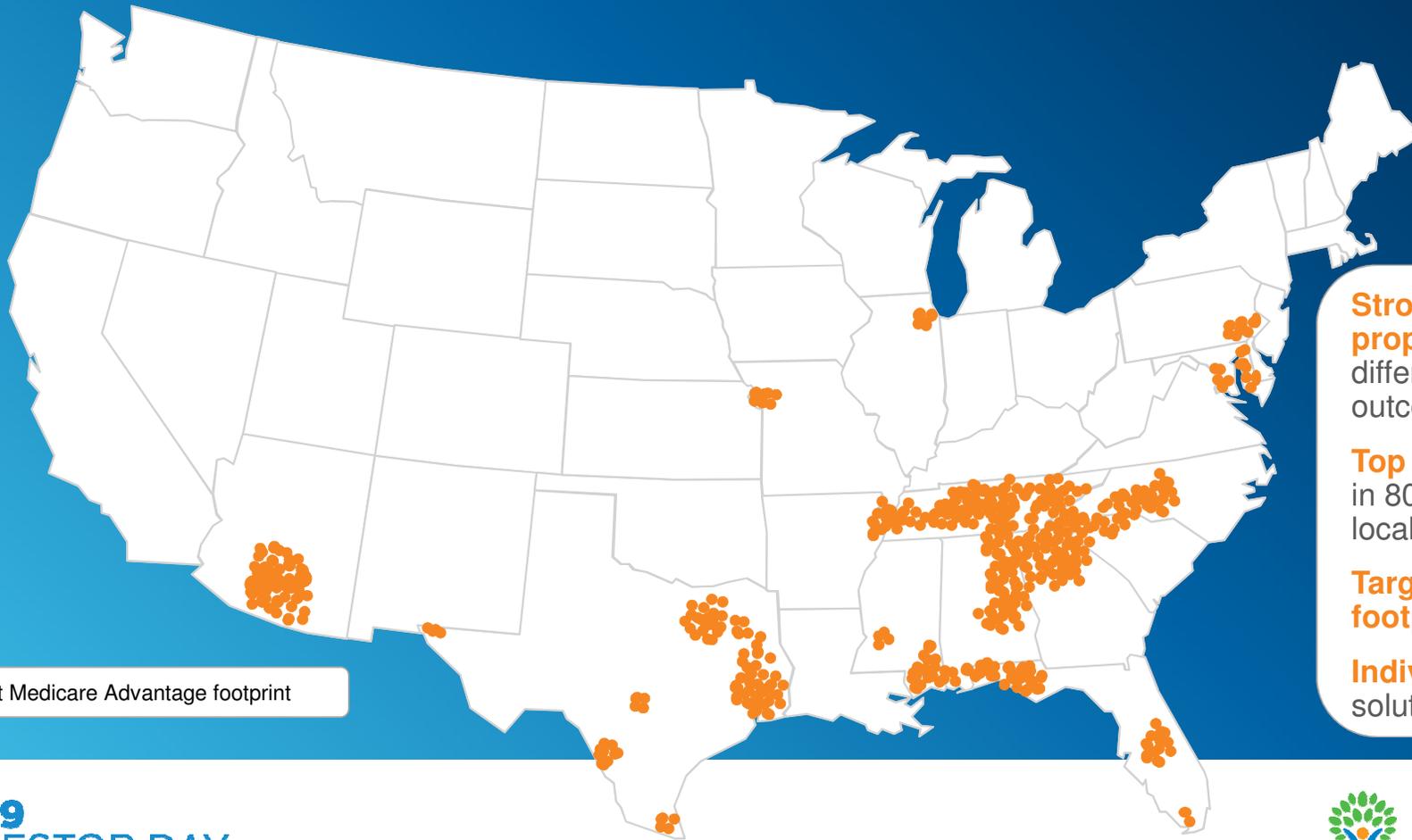
Key growth drivers:

- Our strong foundation
- The benefits of Cigna's combination with Express Scripts
- An accelerated geographic and product expansion strategy

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# A look at our Medicare Advantage presence today



● Current Medicare Advantage footprint

**Strong value proposition** driving differentiated outcomes

**Top three position** in 80% of our local markets

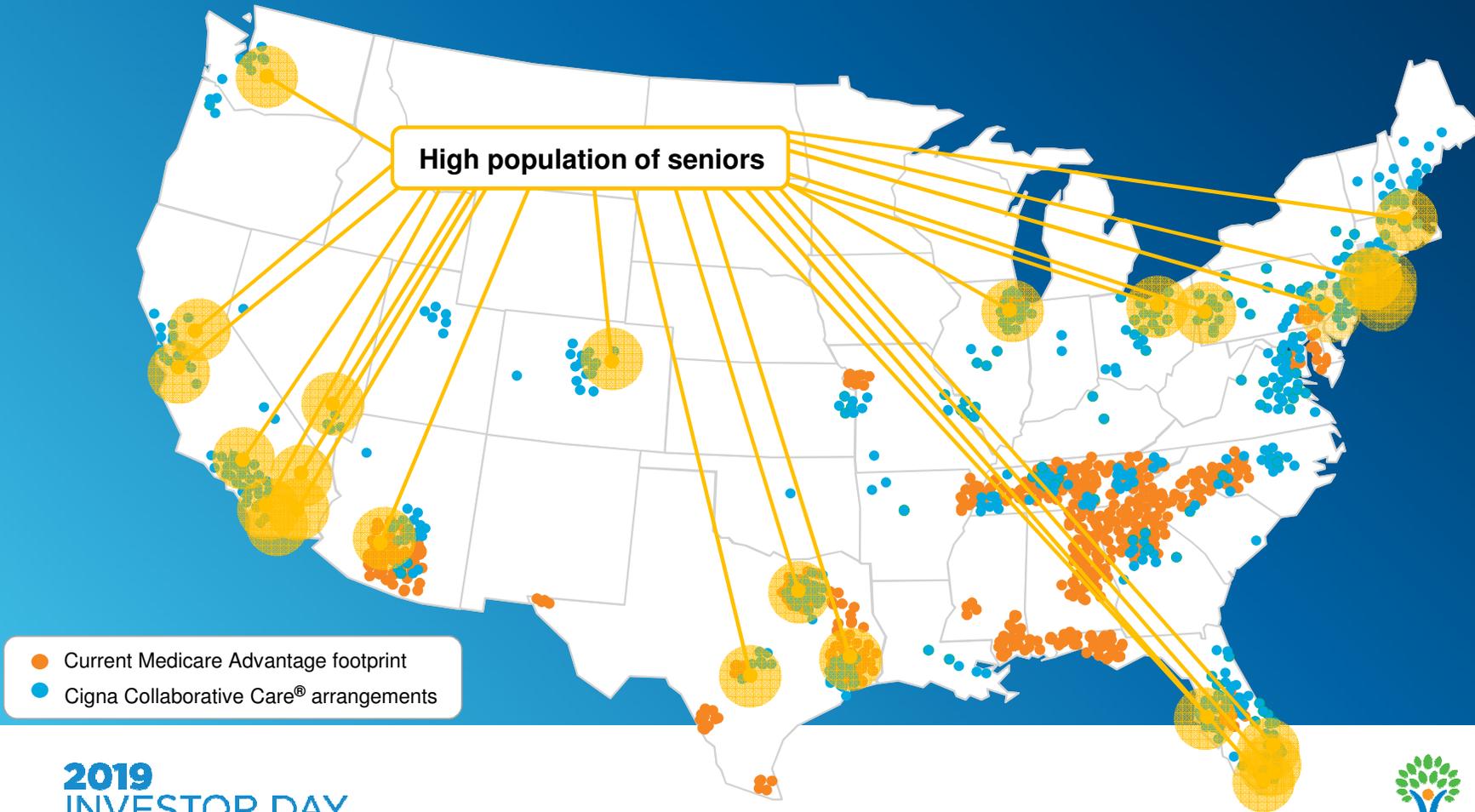
**Targeted geographic footprint** in 16 states

**Individual HMO solutions**

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# Meaningful opportunities for expansion



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## Our solid foundation for growth

Deep provider engagement and mature value-based models

Over **85%** of MA customers in value-based arrangements

Strong customer satisfaction

Achieved **top J.D. Power ranking** among national peers

Outstanding clinical quality and health outcomes

**77%** of Cigna customers will be in a **4-Star** or higher rated plan in 2020; 2018 HEDIS metrics **highest rates** we've ever achieved



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# Leveraging the combination with Express Scripts

## Express Scripts capabilities

- Home delivery
- Strong network of retail pharmacies
- eviCore's care management programs
- Strengthened customer experience

Medicare's share  
of the nation's  
retail prescription  
drug spending  
increased from  
18% in 2006 to  
30% in 2017

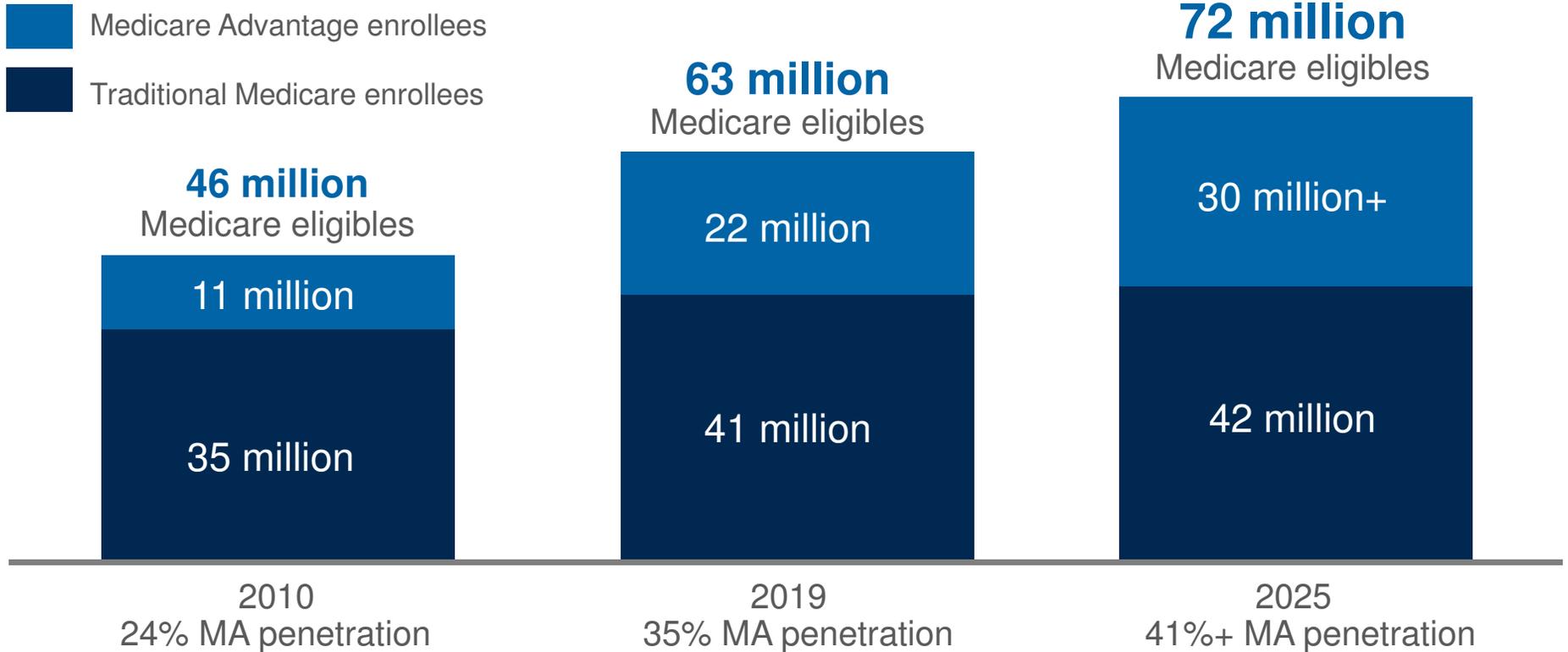
KFF analysis of CMS National Health Expenditure Data for Historical (CY2005-2017) and Projected (CY2018-2026) Retail Prescription Drug Expenditures.

Enables us to accelerate growth in existing and new markets

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# Continued strong Medicare Advantage market growth

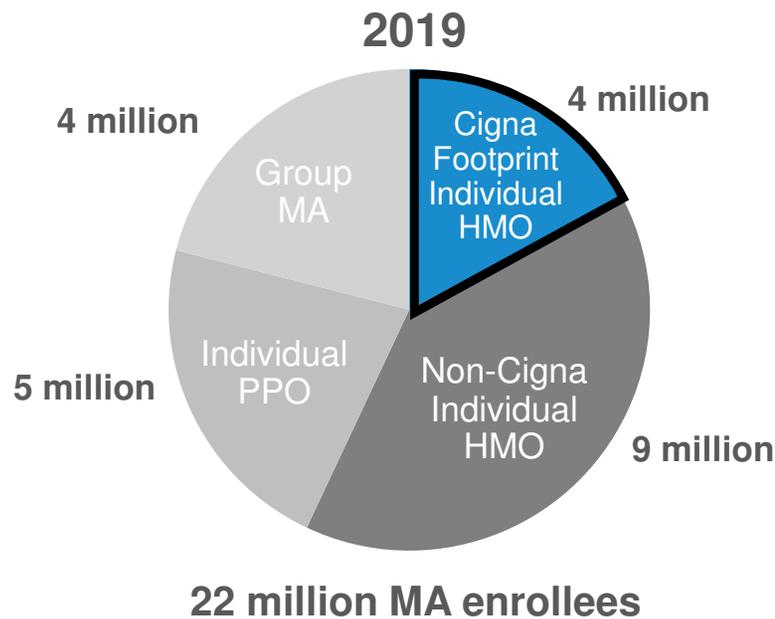


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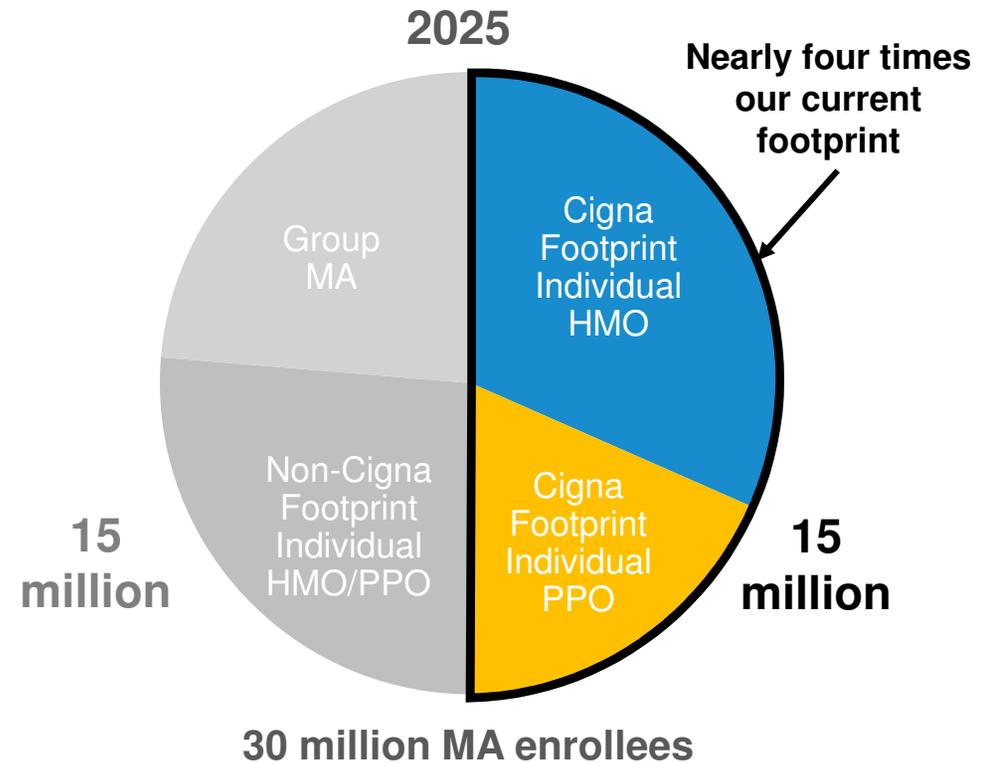
Figures above represent total industry.



# Expanding our Medicare Advantage addressable market



Cigna is competing for **~4 million** MA purchasers



Cigna will compete for **~15 million** MA purchasers

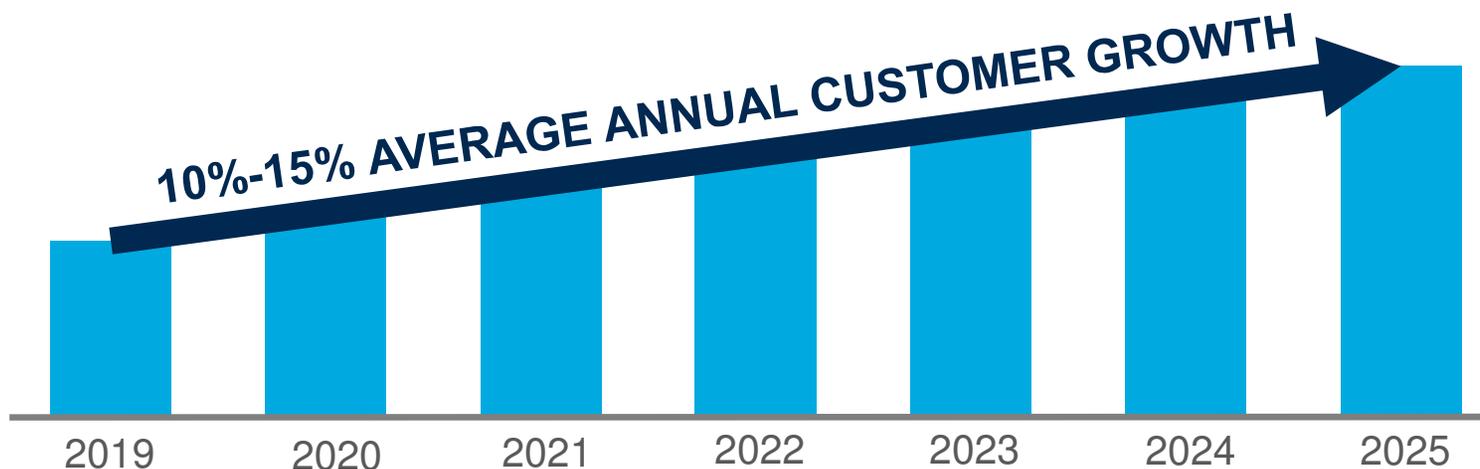
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Cigna footprint figures are indicative of addressable market within geographies Cigna is/plans to operate in.



## Accelerating our Medicare Advantage customer growth

**10%-15%** TARGET FOR MA AVERAGE ANNUAL CUSTOMER GROWTH OVER THE LONG TERM



Driven by growth in:

- Individual HMO in existing markets
- Individual PPO in existing markets
- Individual HMO/PPO in new markets

Group MA will be explored on a targeted basis

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# Our Government business is well-positioned for growth

We will significantly expand Medicare Advantage markets and offerings in 2020 and beyond



Leveraging our strong foundation, including our local market HMO model

Expanding to new geographies, aided by Cigna commercial footprint and leading pharmacy capabilities

Introducing new products and capabilities to expand addressable markets

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# INTERNATIONAL MARKETS MARKET STRATEGY AND GROWTH PRIORITIES

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Jason Sadler  
President, International Markets

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# International Markets – customers and clients

## Key Buying Groups:

Corporations

Governments

Intergovernmental Organizations (IGO's)  
Non-Governmental Organizations (NGO's)

Individuals



30+ COUNTRIES/  
JURISDICTIONS

14+ MILLION  
CUSTOMER RELATIONSHIPS

5,000+ EMPLOYER  
CLIENTS

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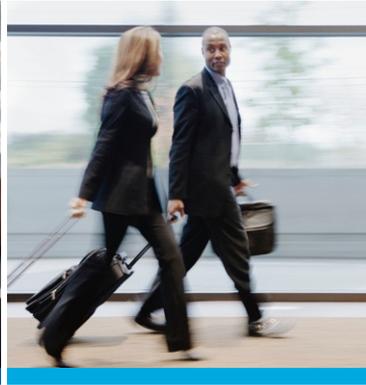
# Cigna International Markets – key differentiators



**Deep  
customer  
insights**



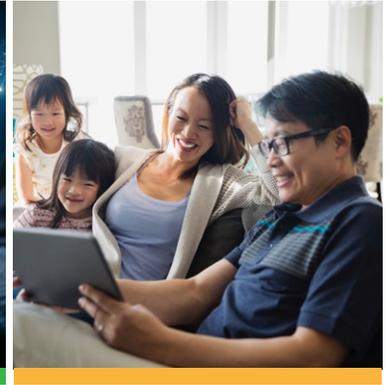
**Local talent  
and operating  
model**



**Global  
provider  
network**



**Continuous  
innovation**



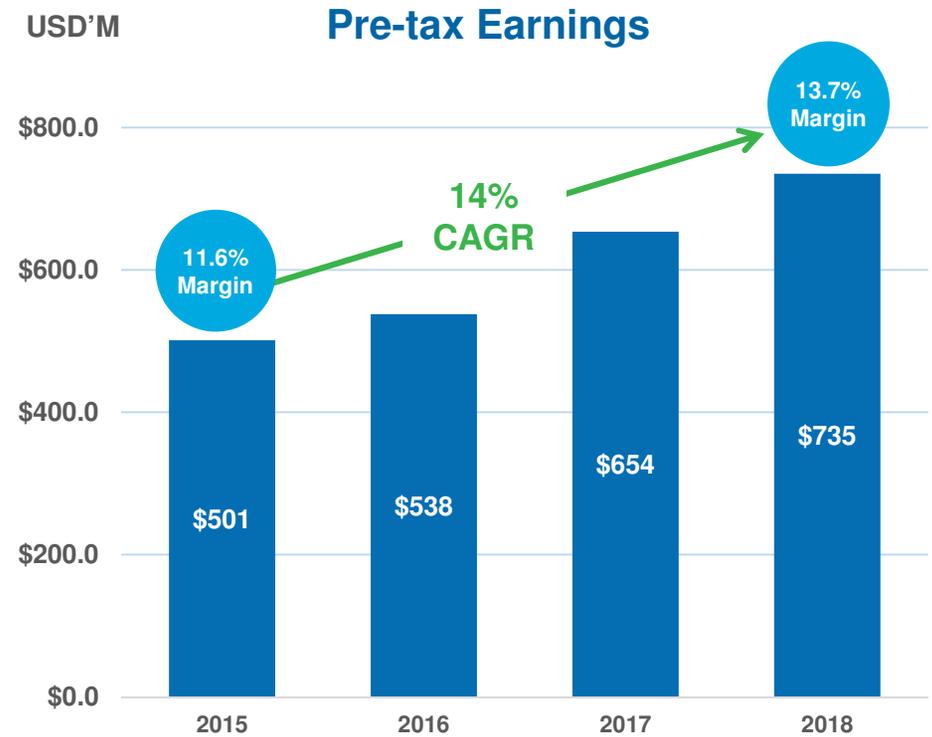
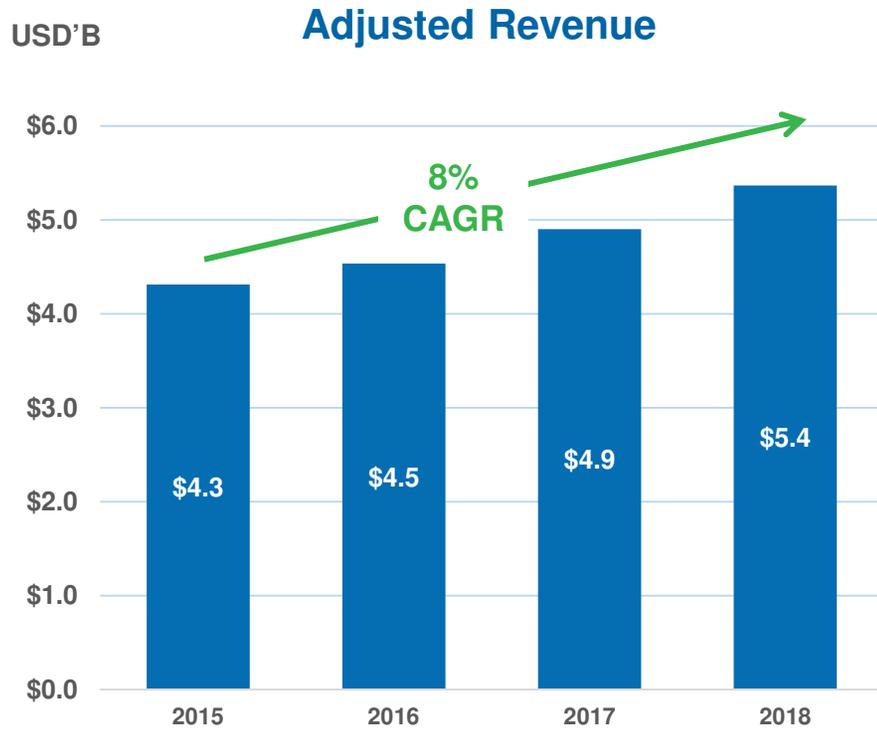
**Local license  
base**

**Driving sustained growth**

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# Track record of International Markets' success



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# Market forces support growth

## Growth of the middle class



By 2030, two-thirds of the global middle class will be living in Asia<sup>1</sup>

## Impact of aging population



1.5 billion people age 60+ around globe by 2030<sup>2</sup>

## Rise of chronic diseases



60% of all people who suffer from diabetes now live in Asia<sup>3</sup>

## Social safety nets becoming less secure



US\$1.8 trillion health gap in Asia<sup>4</sup>

1. [https://www.brookings.edu/wp-content/uploads/2017/global\\_20170228\\_global-middle-class.pdf](https://www.brookings.edu/wp-content/uploads/2017/global_20170228_global-middle-class.pdf)

2. World Population Prospects, 2017 Revision, United Nations.

3. Nanditha, A., Ma, R., Ramachandran, A., Snehalatha, C., Chan, J., Chia, K., Shaw, J., Zimmet, P. (2016) Diabetes in Asia and the Pacific: Implications for the Global Epidemic, Diabetes Care, American Diabetes Care.

4. 2018, The health protection gap in Asia: a modelled exposure of USD 1.8 trillion, Swiss Re Institute

## A focused strategy of execution

Go deeper

Continuous  
innovation and  
reinvestment

Planting seeds for  
long-term growth

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## Go deeper



**Entered South Korea in 1987**

**Serve 3.3 million customers**

**Customers on average hold  
two policies with Cigna**

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## Go deeper

Operations in the UAE,  
Lebanon, Oman, Kuwait,  
Saudi Arabia, and Bahrain

Small and medium enterprises  
comprise 94% of all businesses  
in the UAE



سيجنا الشرق الأوسط للتأمين  
Cigna Insurance Middle East

Middle East

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## Go deeper through acquisitions



OnePath

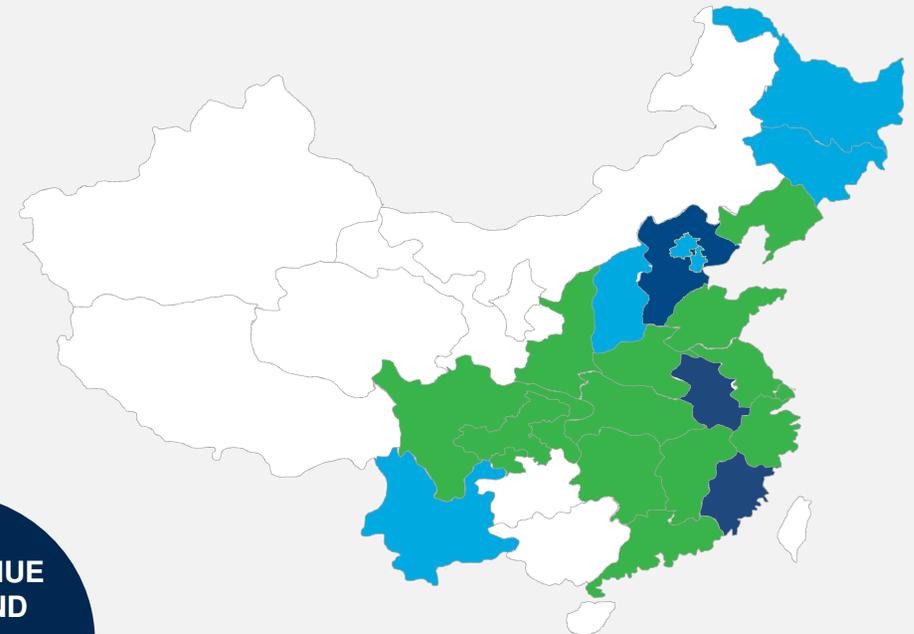
Expand value proposition in New Zealand to deliver peace of mind to local customers

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# China: Continuous innovation and reinvestment

**4.2%**  
Insurance  
penetration



- Current operations
- Expansion in 2019
- Expansion in 2020-2021

**25 LOCAL  
OFFICES IN 15  
PROVINCES**

**HEALTH  
NETWORK  
OF 780  
HOSPITALS  
IN 56 CITIES**

**33% REVENUE  
COMPOUND  
ANNUAL  
GROWTH  
RATE 2015-18**

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Source: 2018 China Banking and Insurance Regulatory Commission.



# Cigna International Markets – well positioned for sustained growth



**Secular growth in middle class**



**Proven local market capabilities**



**Talent**



**Continuous innovation**



**Planting seeds for future growth**

**Driving strong long-term earnings growth**

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# FINANCIAL UPDATE

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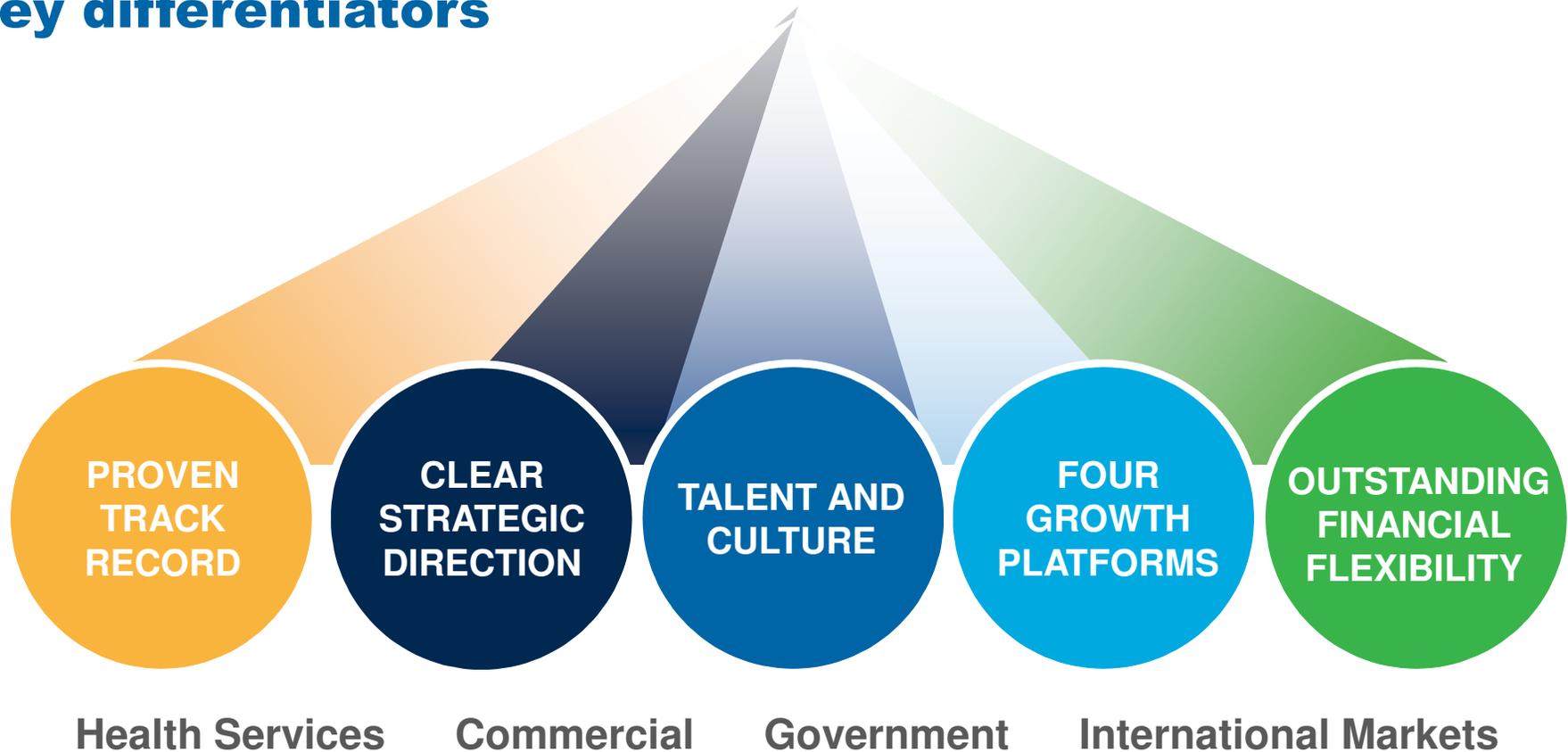
Eric Palmer

Executive Vice President and Chief Financial Officer

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## Key differentiators



Competitively attractive long-term growth

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## Track record

Focus on the customer – lead through change

### We delivered:

**4% average medical cost trend** over last 7 years

**650+** physician collaboratives

Continued innovation of **specialty solutions**

### We achieved:

**9 consecutive years** of organic Commercial enrollment growth

**Strong** margins and operating cash flows

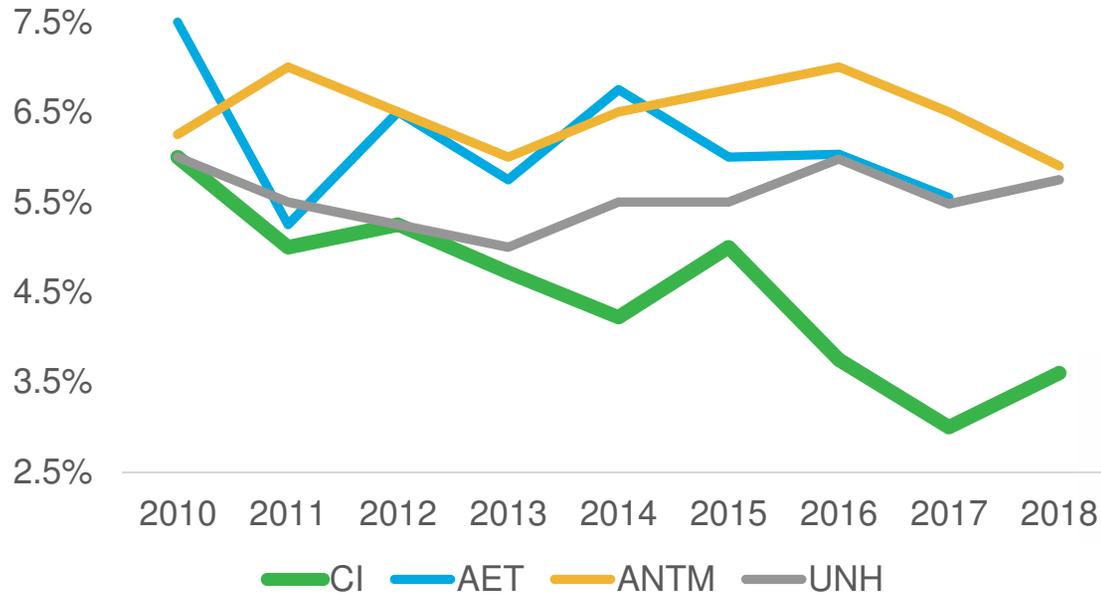
Transformational combination with Express Scripts

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# Medical cost trend versus industry

Medical cost trend



2019 medical cost trend guidance

AET (CVS)  
 ANTM     : ~6% +/- 50 bps  
 UNH

**Cigna: 3.5% to 4.5%**

Industry-leading trend drives retention and customer growth

# Pharmacy cost trend versus industry

	2017 pharmacy cost trend			2018 pharmacy cost trend		
	Commercial	Specialty	Decreased costs	Commercial	Specialty	Decreased costs
 EXPRESS SCRIPTS®	1.5%	11.3%	44%	0.4%	9.4%	50%
 CVS Health	1.9%	12.9%	42%	3.3%	11%	44%
 OPTUMRx™	not reported			not reported		

Driving consistently lower trend for customers and patients

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Decreased costs refers to percent of commercial plans with decreased drug spending compared to prior year.



## 2019 guidance reaffirmation

Earnings	\$6.24B to \$6.4B
EPS	\$16.25 to \$16.65, +14% to +17%
Adjusted revenues	\$132.5B to \$134.5B
Medical care ratio	80.5% to 81.5%
SG&A expense ratio	10.0% to 10.5%
Medical customer growth	+300K to +400K
Adjusted pharmacy scripts	1.17B to 1.19B

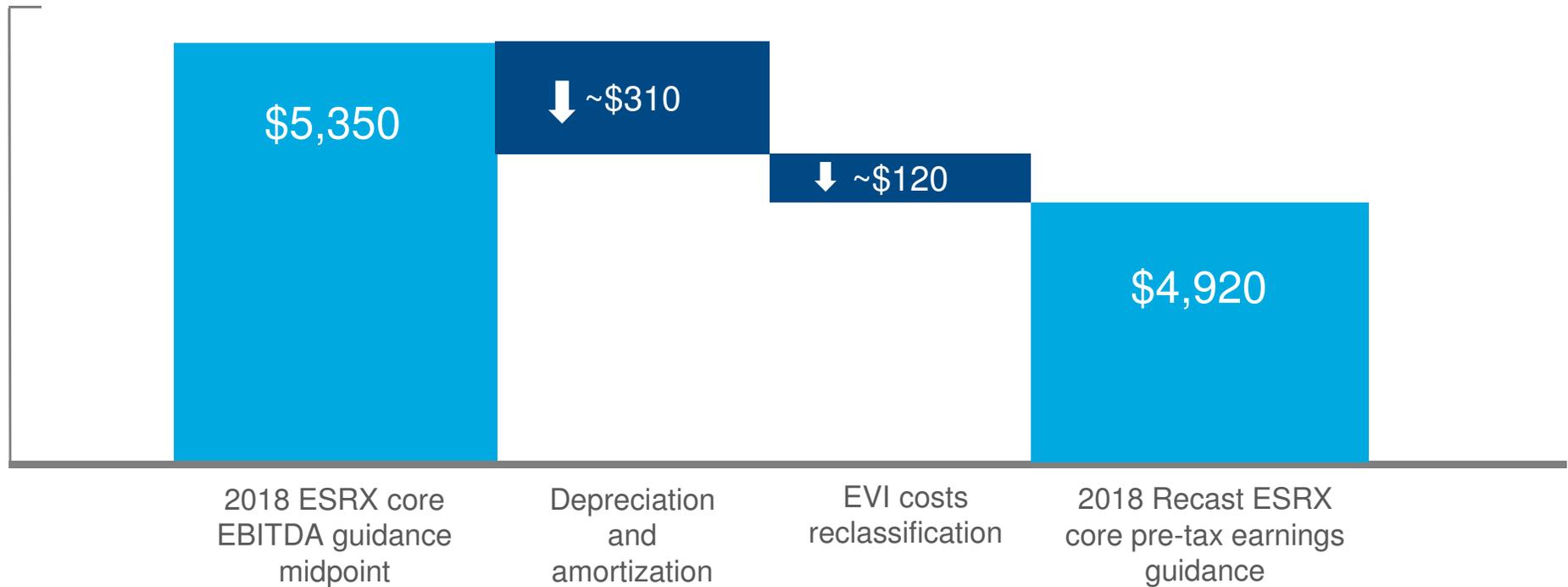
## Health Services guidance

Health Services 2019 pre-tax earnings guidance:

**\$5.05B to \$5.2B**

# Recast Express Scripts 2018 earnings guidance

\$ in Millions

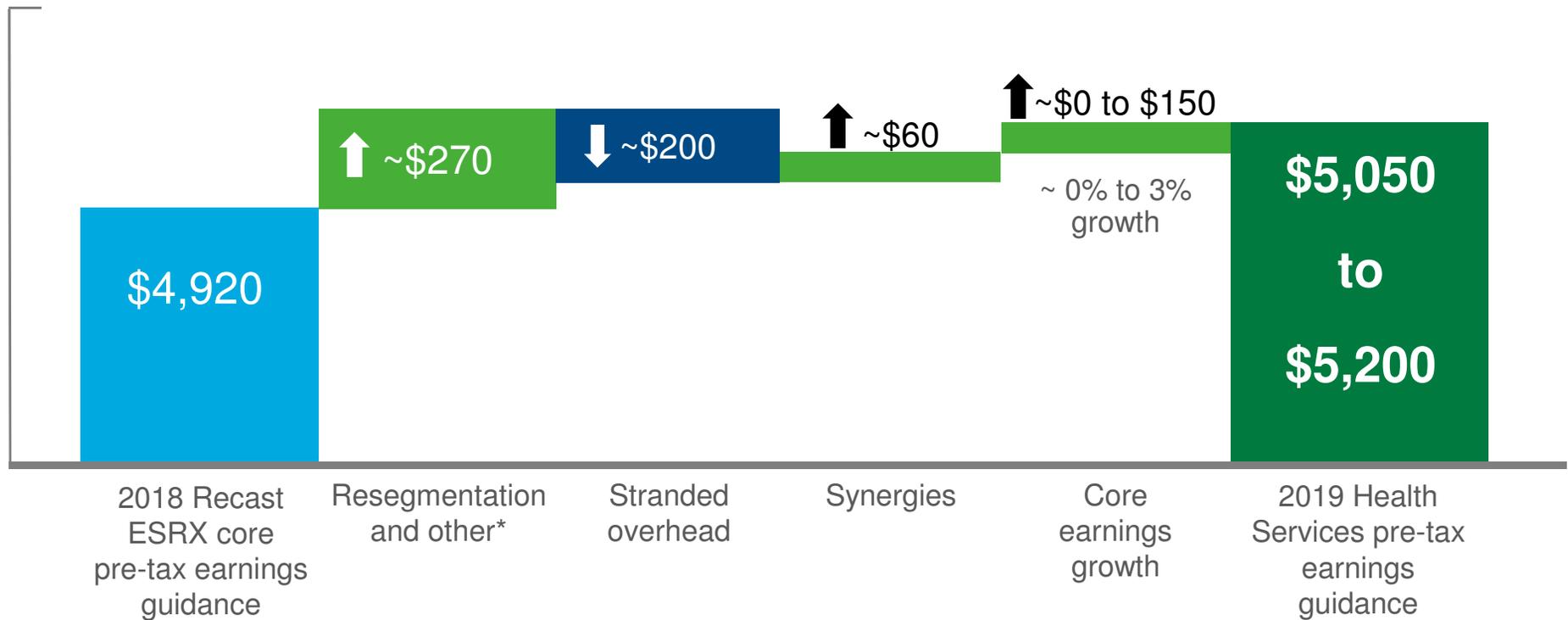


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# Projected Health Services earnings growth in 2019

\$ in Millions



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Cigna outlook as of May 31, 2019

\*Includes resegmentation of Cigna Home Delivery, Express Scripts Part D, and other adjustments.



## Positioned for growth

Cigna  
+  
Express Scripts

Organic growth –  
enhanced value  
proposition

New products and  
expanded reach

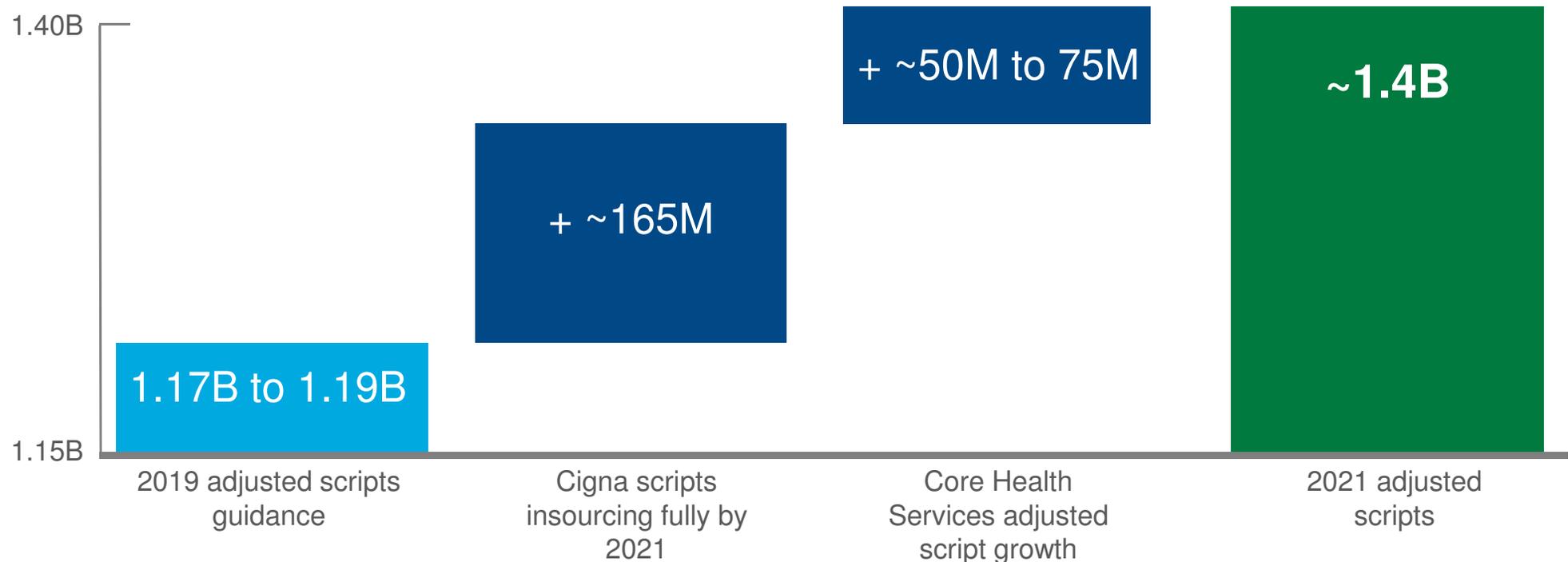
New markets

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## 2019 to 2021 adjusted pharmacy scripts

Expect paced annual core adjusted script growth plus Cigna volume insourcing



Annualized revenue of \$6B to \$7B from Cigna scripts insourcing in 2021

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Cigna outlook as of May 31, 2019



## 2021 key metrics

~1.4B adjusted  
pharmacy scripts

Debt to cap ratio < 40%

CPI-level medical  
cost trend

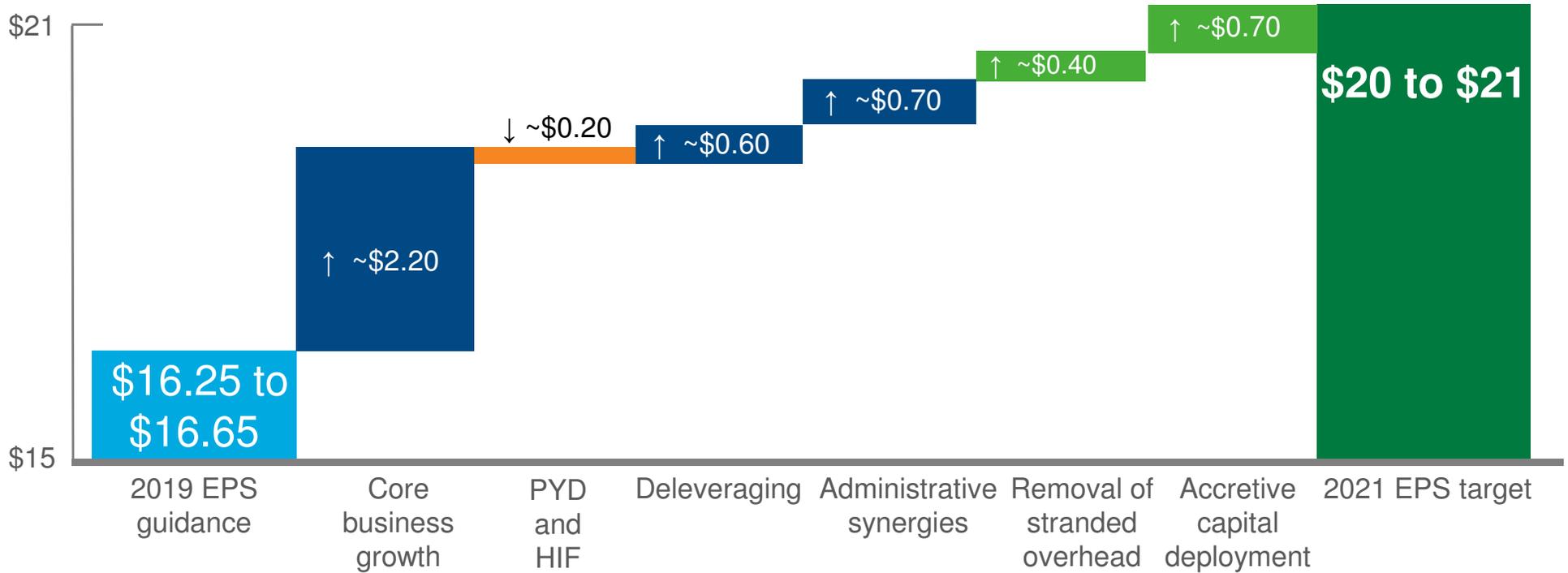
\$450M to \$500M  
of administrative  
synergies

**\$20 to \$21 of EPS**

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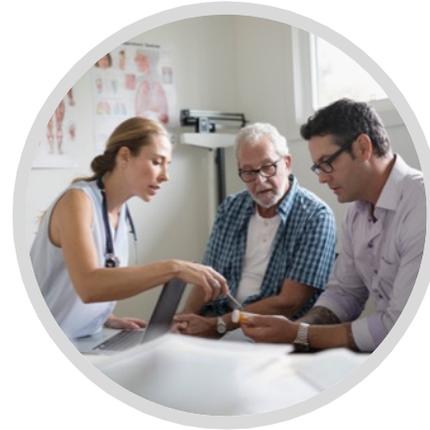
# Clear path to 2021 EPS target



# Capital efficient model



Services based



Partner oriented

All businesses generating compelling capital returns

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## Capital deployment priorities

Near term:

Deleveraging  
to debt-to-  
capitalization  
ratio < 40%

Ongoing:

Reinvestment in businesses

Strategic M&A

Return capital to shareholders

Significant financial flexibility

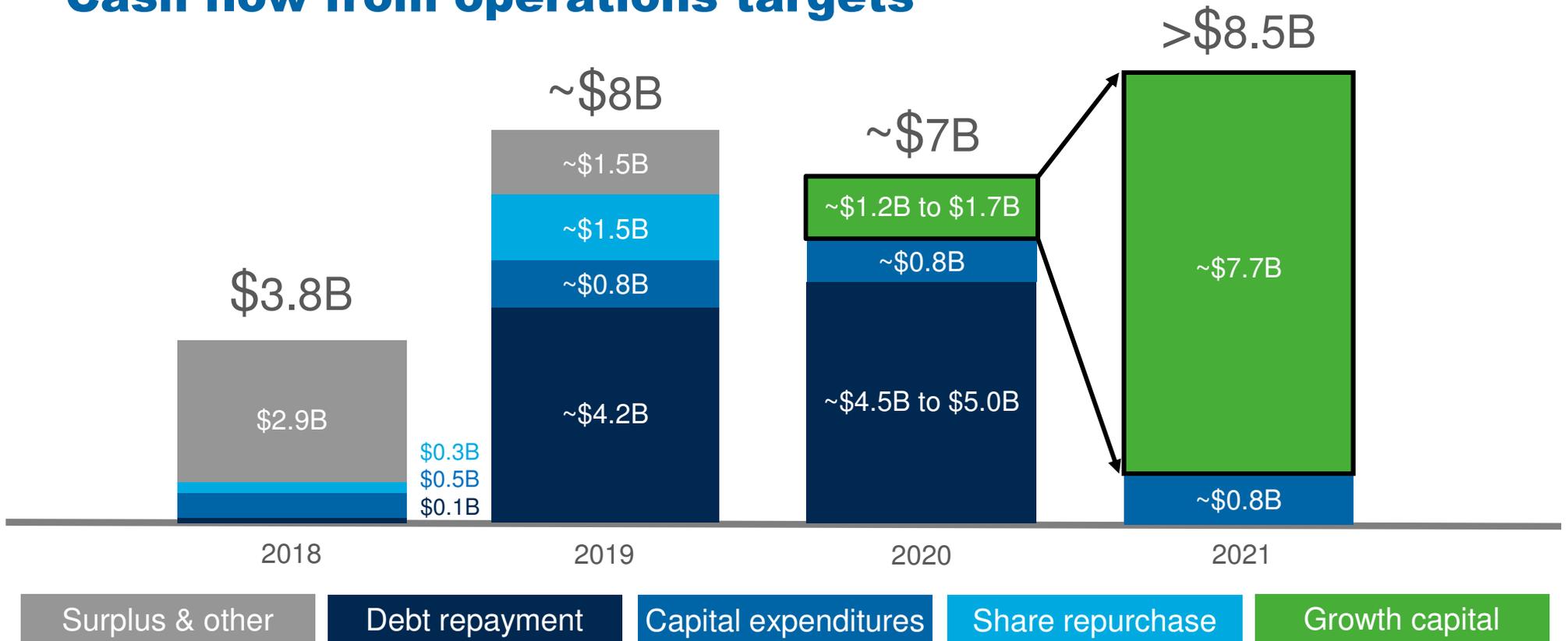
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## Cash flow guidance metric

**Cash flow from operations**

# Cash flow from operations targets



**Significant cash flow creation drives financial flexibility**

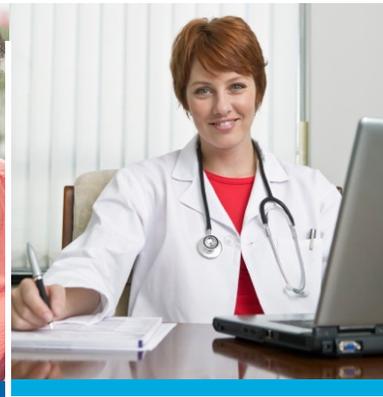
# Strategic M&A priorities



**Global footprint**



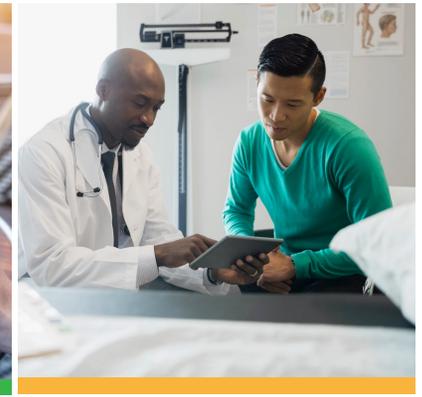
**Seniors capabilities**



**Care coordination and facilitation**



**Data analytics and digital capabilities**



**State-based high-risk program capabilities**

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## Long-term target margins, earnings growth and revenue growth

Business	Long-term adjusted before-tax margins	Long-term earnings growth	Long-term adjusted revenue growth
Enterprise	5.5% to 6.5%	6% to 8%	6% to 8%
Health Services	4.5% to 5.5%	3% to 5%	3% to 5%
Commercial	12% to 14%	8% to 10%	8% to 10%
Government	4% to 5%	11% to 14%	12% to 15%
International	11% to 13%	9% to 11%	8% to 10%
Group Disability and Other	9% to 11%	4% to 6%	4% to 6%

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Earnings growth target is after-tax for the Enterprise and before-tax for segments.  
Corporate revenue eliminations are a partial offset to revenue growth for the Enterprise.



## Long-term EPS growth target post 2021

	Long-term EPS outlook
Earnings contribution	6% to 8%
Accretive capital deployment	4% to 5%
Earnings per share	10% to 13%

## Key takeaways

Clear strategic focus

Momentum and visibility into growth drivers

Financial flexibility: strong cash flow from operations and capital returns

Strong earnings growth and return on capital

Competitively attractive near-, mid-, and long-term growth

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# CLOSING REMARKS

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David Cordani  
President and Chief Executive Officer

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## Our purpose and mission

A global health service company  
dedicated to improving  
the **health, well-being**  
and **peace of mind**  
of **those** we serve.

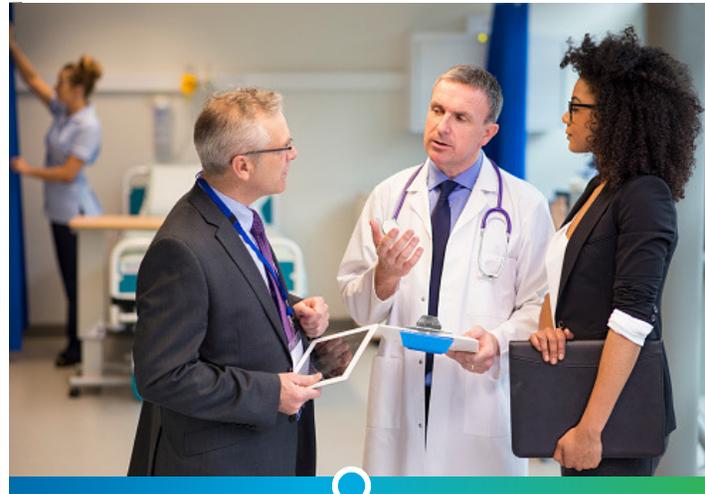


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# The transformative model



Whole person health



Serving as connective tissue  
between doctors and individuals



Targeted innovation

Driving affordability

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# Strong confidence in our future



## Delivering value and growth

**CPI level**  
medical trend  
in 2021

**\$20–\$21**  
target EPS  
in 2021

**10%–13%**  
long-term  
average annual  
EPS growth

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# APPENDIX

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# Appendix 1

## Definitions of Key Financial and Business Terms

Cigna's **medical cost trend** includes all U.S. commercial employer funding arrangements.

For Health Services' **adjusted pharmacy scripts**, non-specialty network scripts filled through 90-day programs and home delivery scripts are multiplied by three. All other network and specialty scripts are counted as one script. For 2019, adjusted pharmacy scripts guidance does not include script volumes associated with transitioning clients, nor volumes expected to be insourced from OptumRx under the terms of the transition services agreement.

**Market segments** are defined as follows:

- National Accounts market segment includes multi-state employers with more than 5,000 U.S. based, full-time employees in more than one state.
- Middle Market segment includes employers with more than 500 but fewer than 5,000 U.S. based, full-time employees, single-site employers with more than 5,000 employees, Taft Hartley plans, and other third party payers.
- Select market segment includes employers with more than 50 but fewer than 500 eligible employees;
- Small market segment includes employers with 2-50 employees. Cigna has made a strategic business decision to exit this market segment.
- Government market segment offers Medicare Advantage (both to individuals who are post-65 retirees, as well as employer group sponsored pre- and post-65 retirees), Medicare Part D Prescription Drug Programs, Medicare Supplement and Medicaid

- products as managed care alternatives to publicly funded health care programs. The segment also offers individual health insurance coverage both on and off the public exchanges.
- International Markets segment is focused on health care and supplemental products and services to meet the needs of local and multinational individuals and organizations and their local and globally mobile employees and dependents.

**Customer relationships** are defined as follows:

- Total medical customers includes individuals in our Integrated Medical and International Markets segments who meet any one of the following criteria: are covered under a medical insurance policy, managed care arrangement, or service agreement issued by Cigna; have access to Cigna's provider network for covered services under their medical plan; or have medical claims and services that are administered by Cigna.
- Pharmacy customer relationships excludes transitioning clients.
- International Markets policies exclude International Markets medical customers included in total medical customers.
- Group Disability and Life covered lives are estimated.

**Medical care ratio** represents medical costs as a percentage of premiums for all U.S. commercial risk products, including medical, pharmacy, dental, stop loss and behavioral products provided through guaranteed cost or experience-rated funding arrangements, as well as Medicare Advantage, Medicare Part D, Medicare Supplement, Medicaid, and individual on and off-exchange products, within our Integrated Medical segment.

**SG&A expense ratio** represents enterprise selling, general and administrative expenses excluding special items and expenses from transitioning clients, as a percentage of adjusted revenue at a consolidated level.

**Adjusted margin, pre-tax**, is calculated by dividing adjusted income (loss) from operations, pre-tax by adjusted revenues for each segment.

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# Appendix

## Reconciliation of GAAP to Non-GAAP Financial Measures

	Year Ended	
	<u>12/31/2009</u>	<u>12/31/2018</u>
<b>Revenues (in billions)</b>		
Total revenues	\$ 18.3	\$ 48.7
Adjustment for transitioning clients	-	(0.5)
Special item	-	(0.1)
Adjusted revenues	<u>\$ 18.3</u>	<u>\$ 48.1</u>

	Year Ended	
	<u>12/31/2009</u>	<u>12/31/2018</u>
<b>EPS (Diluted)</b>		
Shareholders' net income	\$ 4.69	\$ 10.54
Adjustment for transitioning clients	-	(0.19)
Results of guaranteed minimum income benefits	(0.76)	-
Net realized investment losses	0.09	0.42
Amortization of other acquired intangible assets	0.13	0.71
Special items	(0.08)	2.74
Adjusted income from operations	<u>\$ 4.07</u>	<u>\$ 14.22</u>

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