




# CVS HEALTH CORPORATION

## Q3 2025

### Earnings Report Update

PREPARED BY:  
**SAVEST RESEARCH**

 +234 913 444 6070

 [research@savest-financial.com](mailto:research@savest-financial.com)

 [www.savest-financial.com](http://www.savest-financial.com)

# Company Overview

CVS Health Corporation, headquartered in Woonsocket Rhode Island, is a leading U.S. healthcare solutions provider operating through Health Care Benefits, Health Services, and Pharmacy & Consumer Wellness segments. Its core business integrates insurance coverage, pharmacy benefit management, and retail pharmacy operations, offering comprehensive medical, pharmacy, and wellness services. CVS serves employers, government programs and individuals, delivering accessible, affordable, and coordinated healthcare nationwide.

## GUIDANCE

CVS Health raised its 2025 adjusted EPS outlook to \$6.55–\$6.65 and projects operating cash flow of \$7.5–\$8.0 billion.

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CVS Health President and CEO, David Joyner, stated that the company continues to deliver a connected, simplified healthcare experience that enhances patient outcomes. He emphasized that the leadership team has stabilized operations and refocused on core markets and strengths, driving progress toward becoming America’s most trusted healthcare company while demonstrating solid operational and financial improvement across all business segments.

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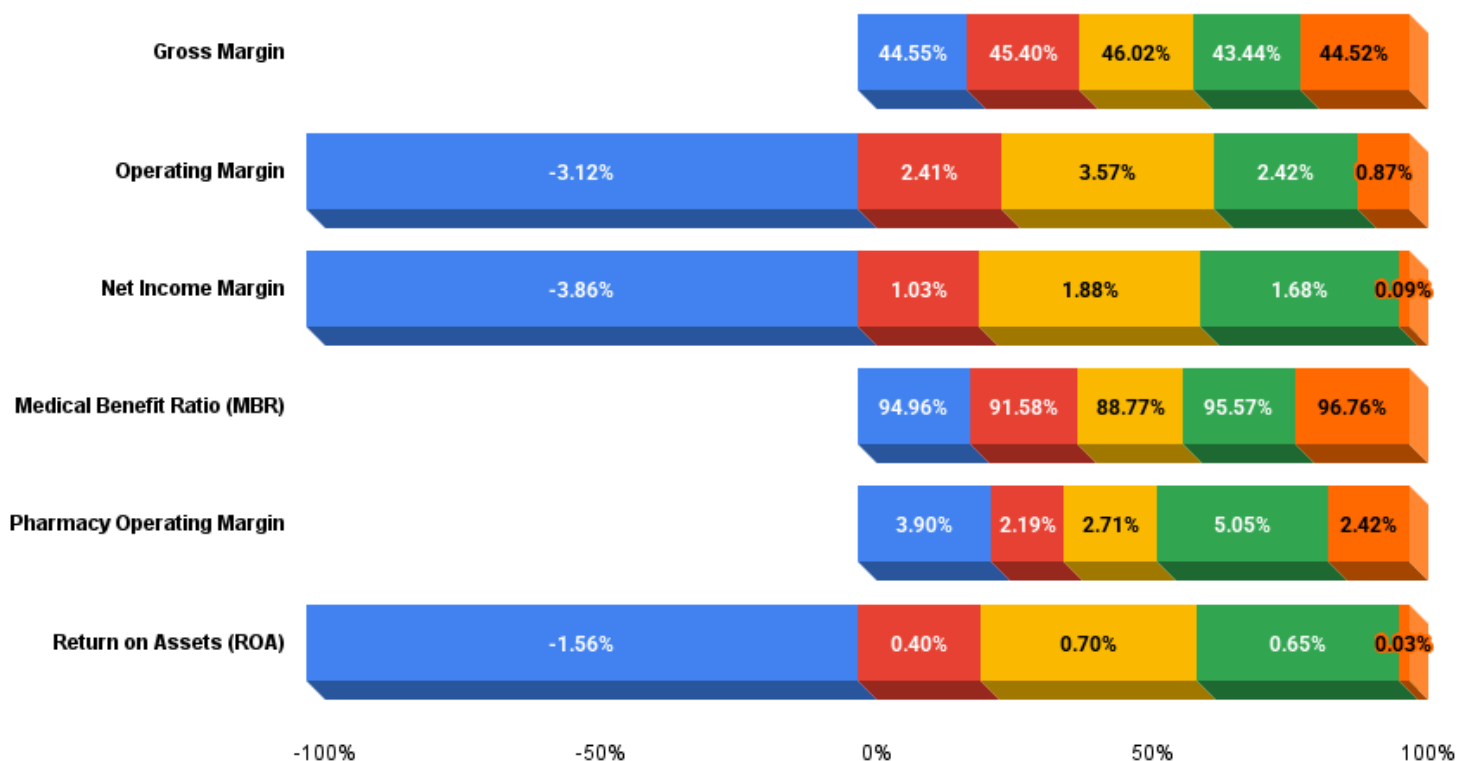
## CEO's Commentary

## Expectation Analysis

USD	Q3 2025	ESTIMATE	BEAT/MISS
REVENUE	103.00B	98.80B	4.10%
EBITDA	4.09B	3.77B	8.50%
EBIT	3.46B	3.10B	11.80%
EPS (adjusted)	1.60	1.36	17.90%

## Margin and Efficiency Analysis

■ Q3 2025 ■ Q2 2025 ■ Q1 2025 ■ Q4 2024 ■ Q3 2024



Revenue/Profitability Summary				
Million USD(\$), except EPS	Q3 2025	QOQ	YOY	
Revenue	102,871.00	4.00%	7.80%	
Operating Income	-3,207.00	-234.69%	-485.46%	
Income before Tax	-3,482.00	-311.41%	-3416.19%	
Net Income	-3,975.00	-489.32%	-4668.97%	
Net Income per Share	-3.13	-491.25%	-4571.43%	
Cost/Expenses Summary				
Million USD(\$)	Q3 2025	QOQ	YOY	
Cost of products sold	57,045.00	5.63%	7.74%	
Health care costs	32,020.00	2.24%	7.01%	
Operating expenses	11,288.00	0.68%	6.92%	
Total operating costs	106,078.00	9.89%	12.14%	
Cash Flow Summary				
Million USD(\$)	Q3 2025	QOQ	YOY	
Net cash from operations	796.00	-58.04%	206.85%	
Net cash from investing	-2,087.00	-103.81%	37.65%	
Net cash from financing	-1,382.00	-271.46%	12.97%	
Closing cash balance	9,352.00	-22.23%	30.98%	
Segment Performance				
Million USD(\$)	Q3 2025	% Revenue	QOQ	YOY
Pharmacy & Consumer	36,214	35.20%	7.84%	11.69%
Health Services	49,266	47.89%	6.06%	11.64%
Health Care Benefits	35,993	34.99%	-0.73%	9.08%
Corporate	133	0.13%	38.54%	-6.34%
Key Items of Financial Position Summary				
Million USD(\$)	30th September	YTD	QOQ	YOY
Current assets	77,109.00	12.33%	1.93%	14.50%
Non-current assets	178,218.00	-3.44%	-2.45%	-3.71%
Total assets	255,327.00	0.83%	-1.17%	1.15%
Current liabilities	92,695.00	9.56%	-1.56%	9.53%
Non-current liabilities	89,522.00	-3.61%	3.34%	-3.42%
Total liabilities	182,217.00	2.67%	0.79%	2.76%
Total equities	73,110.00	-3.46%	-5.73%	-2.66%

# Performance Highlights

- CVS Health reported third-quarter 2025 revenue of \$102.87 billion, a 7.8% year-over-year increase from \$95.43 billion. Growth was driven by solid performances across all segments, underscoring the company's broad-based strength in pharmacy, health services, and insurance operations.
- Adjusted operating income rose 35.8% to \$3.46 billion, reflecting higher profitability primarily within the Health Care Benefits segment. This improvement highlights successful cost management and improved medical performance.
- Adjusted earnings per share advanced 47% to \$1.60, up from \$1.09 a year earlier, exceeding analyst expectations. The increase was largely supported by the turnaround in Health Care Benefits and disciplined expense control, signaling strengthened operational execution.
- The Health Care Benefits segment posted a 9.1% revenue increase to \$35.99 billion, reversing a prior-year loss with \$314 million in adjusted operating income. Lower medical benefit ratio (MBR) of 92.8% from 95.2% reflected improved claims performance and favorable prior-period development.
- Growth in the Government segment, supported by the Inflation Reduction Act (IRA) impact on Medicare Part D, boosted overall insurance revenue. Improved underlying performance in Medicare Advantage plans further strengthened the segment's profitability profile.
- Health Services revenue rose 11.6% to \$49.27 billion, driven by pharmacy drug mix and brand inflation. Although adjusted operating income dipped 7% to \$2.05 billion, results demonstrated resilience amid client pricing pressures and strategic investments in provider capabilities.
- The Pharmacy & Consumer Wellness segment grew revenue 11.7% to \$36.21 billion, fueled by higher prescription volumes, including incremental volume from Rite Aid prescription file acquisitions.
- Prescriptions filled climbed 6.9% on a 30-day equivalent basis to 461.4 million, while same-store prescription volume rose 8.9%.
- Operating cash flow totaled \$796 million for the quarter, with management reaffirming full-year cash flow guidance of \$7.5–\$8.0 billion. CVS maintained a consistent \$0.665 quarterly dividend, reflecting ongoing shareholder commitment and disciplined capital management.
- More than 81% of Aetna Medicare Advantage members are enrolled in 4-star or higher-rated plans, while 63% are in 4.5-star plans for 2026. This performance underscores CVS Health's focus on quality outcomes and sustained competitive positioning in the Medicare market.

# Concerns Raised

- A \$5.7 billion goodwill impairment in the Health Care Delivery unit led to a \$3.98 billion net loss for the quarter. The charge overshadowed otherwise strong operational results, signaling challenges in growth execution within primary care delivery operations.
- Despite double-digit revenue growth, Health Services adjusted operating income fell 7%, pressured by pharmacy client price improvements and utilization challenges. This trend suggests ongoing profitability headwinds in CVS's core PBM and delivery business lines.
- The Health Care Delivery business continues to experience elevated medical utilization, particularly among Medicare populations. These trends have limited growth potential and prompted management to scale back clinic expansion plans for 2026.
- Interest expense increased 4.3% to \$784 million, reflecting higher debt levels following recent long-term issuances. With goodwill impairment reducing equity, maintaining balance sheet flexibility remains a key near-term priority for management.

## OUR INSIGHT

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CVS Health's Q3 2025 results reflected strong top-line growth with revenue up 7.8% year-over-year to \$102.9 billion, supported by balanced performance across pharmacy, health services, and insurance segments. However, a \$5.7 billion goodwill impairment drove negative operating and net margins of -3.1% and -3.9%, respectively, with gross margin moderating to 44.6%. While near-term profitability remains pressured by utilization and pricing dynamics, CVS's stable cash generation, improving Health Care Benefits MBR, and strategic focus on core U.S. operations support a cautiously optimistic long-term investment outlook.

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