

CVSHealth® (CVS US)



CVS Health Corp. is an American healthcare company that owns various brands such as retail chain CVS Pharmacy, health insurance provider Aetna and benefits manager CVS Caremark. It operates only in America and is considered contested for the most popular in the U.S. Offerings include healthcare products, beauty products, personal care products and prescription medications.

Vertical integration

CVS along with other major health care companies, have been spending recent years expanding their business to incorporate other types of care services as well as develop their vertical integration. Sep 2022, CVS acquired Signify Health which allows CVS to provide for those with mobility limitations at home. CVS has repeatedly shown its interest in integrating its healthcare model with various digital systems to enable services to be accessed by as much of the population as possible.

Oak Street Health Acquisition

The most recent announced acquisition by CVS was on February and is of OSH Oak Street Health at \$10.6 billion to help expand it’s delivery of value services. Though the acquisition will not provide CVS with as many additional centers as some analysts would have liked (160 compared to the 600,000 industry centers across the country) it will add-on CVS’s primary care services with additional tech benefits as well as targeting of lower income demographics.

Competitors

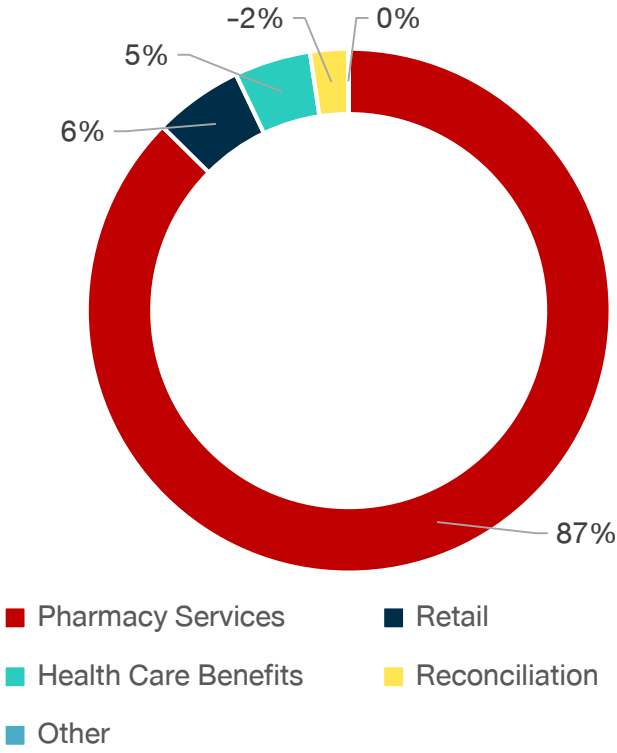
CVS is undervalued with respect to both the industry and its closest competitors (United Health and Elevance Health). CVS has an EPS ratio of 9.92 compared to the industry’s 40.07 and about half of both stated competitors. PBV is 1.38 also much lower than its closest competitors 5.59 and 3.04. PEG ratio is inline with competitors at 1.29 compared to 1.28 and 2.05.

Industry	Healthcare Facilities and Svcs.
Last Price	USD75.56
Bloomberg TP	USD112.27
Upside/Downside	48.6%

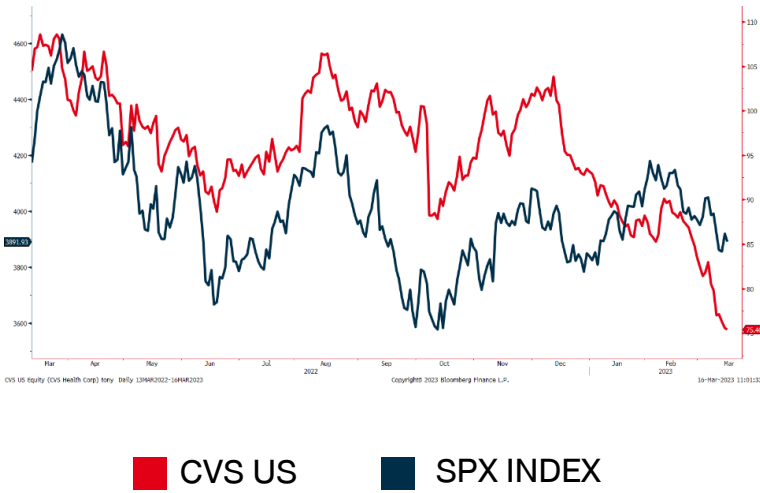
Financial (USD)	22A	23E	24E
Revenue (Millions)	322,776	333,862	325,550
Net Profit (Millions)	10,141	11,509	11,599
Profit Margin	3.1%	3.4%	3.6%
EBITDA Margin	7.0%	6.1%	6.4%
Earning Per Share	9.21	9.32	10.76

Valuation	22A	23E	24E
P/E (x)	12.15	8.55	8.29
P/B (x)	1.71	1.28	1.09

Revenue Breakdown



YTD Return VS S&P 500 Index



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Sources: Yahoo Finance, CNBC, pharmaphorum.com, Bloomberg as of 15/03/23