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Cigna

Forward-looking statements

CAUTIONARY STATEMENT FOR PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This presentation, the Investor Day webcast of Cigna Corporation ("Cigna" or the "Company") and oral statements made with respect to information contained therein 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 a consolidated, per share and segment basis; projected adjusted revenue on a consolidated and segment basis; projected adjusted margins on a consolidated and segment basis; projected customer growth; projected medical care and SG&A expense ratios; projected adjusted pharmacy scripts; projected consolidated adjusted tax rate; projected debt to capitalization ratio; projected cash flow from operations; projected capital expenditures for 2021; projected future dividends; projected weighted average shares outstanding; projected market share and addressable market growth; projected medical cost trends; projected capital deployment, including deployment to capital expenditures and surplus to fund growth, mergers and acquisitions, share repurchases and dividends; projected average total shareholder return; as well as statements concerning future financial or operating performance, including our ability to deliver affordable, predictable and simple solutions for our customers and clients, including in light of the challenges presented by the COVID-19 pandemic; 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; strategic transactions, including the pending acquisition of MDLive, Inc.; and other statements regarding Cigna's future beliefs, expectations, plans, intentions, liquidity, cash flows, 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 strategic and operational initiatives; our ability to adapt to changes in an evolving and rapidly changing industry; the scale, scope and duration of the COVID-19 pandemic and its potential impact on our business, operating results, cash flows or financial condition; our ability to compete effectively, differentiate our products and services from those of our competitors and maintain or increase market share; price competition and other pressures that could compress our margins or result in premiums that are insufficient to cover the cost of services delivered to our customers; the potential for actual claims to exceed our estimates related to expected medical claims; our ability to develop and maintain satisfactory relationships with physicians, hospitals, other health service providers and with producers and consultants; our ability to maintain relationships with one or more key pharmaceutical manufacturers or if payments made or discounts provided decline; changes in the pharmacy provider marketplace or pharmacy networks; changes in drug pricing or industry pricing benchmarks; political, legal, operational, regulatory, economic and other risks that could affect our multinational operations; risks related to strategic transactions and realization of the expected benefits of such transactions, including with respect to the pending acquisition of MDLive, Inc., as well as integration difficulties or underperformance relative to expectations; dependence on success of relationships with third parties; risk of significant disruption within our operations or among key suppliers or third parties; our ability to invest in and properly maintain our information technology and other business systems; our ability to prevent or contain effects of a potential cyberattack or other privacy or data security incident; potential liability in connection with managing medical practices and operating pharmacies, onsite clinics and other types of medical facilities; 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; uncertainties surrounding participation in government-sponsored programs such as Medicare; the outcome of litigation, regulatory audits, investigations; compliance with applicable privacy, security and data laws, regulations and standards; potential failure of our prevention, detection and control systems; unfavorable economic and market conditions, stock market or interest rate declines; risks related to a downgrade in financial strength ratings of our insurance subsidiaries; the impact of our significant indebtedness and the potential for further indebtedness in the future; unfavorable industry, economic or political conditions; credit risk related to our reinsurers; as well as more specific risks and uncertainties discussed in our most recent report on Form 10-K and subsequent reports available through the Investor Relations section of 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.

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Non-GAAP measures and other key financial information

NON-GAAP MEASURES AND OTHER KEY FINANCIAL INFORMATION

Throughout the webcast, the term “earnings” means adjusted income (loss) from operations, “earnings per share” or “EPS” means adjusted income (loss) from operations on a diluted per share basis, and “revenue” means adjusted revenues.

Adjusted earnings is defined as adjusted income (loss) from operations which consists of shareholders’ net income (loss) excluding the following adjustments: net realized investment results, amortization of acquired intangible assets, and special items. For 2018 and 2019, Cigna also excludes earnings contributions from transitioning pharmacy benefit management clients, Anthem Inc. and Coventry Health Care, Inc. (the “transitioning clients”). 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. This consolidated measure is not determined in accordance with GAAP and should not be viewed as a substitute for the most directly comparable GAAP measure, shareholders’ net income. 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 earnings per share or Adjusted EPS is defined as adjusted income (loss) from operations on a fully diluted basis.

Adjusted revenues is defined as total revenues excluding net realized investment results from equity method investments and special items. For 2018 and 2019, Cigna also excludes revenue contributions from transitioning clients. Cigna excludes these items from this measure because they are not indicative of past or future underlying performance of the business. This consolidated measure is not determined in accordance with GAAP and should not be viewed as a substitute for the most directly comparable GAAP measure, total revenues.

Additional definitions and relevant reconciliations of Cigna’s non-GAAP measures to their most directly comparable GAAP measure are set forth in the appendix to these materials.

Note Regarding Outlook

The Company’s 2021 outlook includes approximately $1.25 per share in net unfavorable impacts of COVID-19, as well as the impact of the agreement to acquire MDLive, Inc. The Company’s 2021 and long-term outlook includes future share repurchases and anticipated dividends and does not include the potential effects of any other business combinations that may be announced after the date of this presentation and the Investor Day webcast.

Management is not able to provide a reconciliation of adjusted income (loss) from operations to shareholders’ net income (loss) or adjusted revenues to total revenues on a forward-looking basis because it is unable to predict, without unreasonable effort, 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 Cigna’s control. As such, any associated estimate and its impact on shareholders’ net income (loss) and total revenues could vary materially.

Note Regarding Dividends and Share Repurchases

Cigna currently intends to pay regular quarterly dividends, with future declarations subject to approval by its Board of Directors and the Board’s determination that the declaration of dividends remains in the best interests of Cigna and its shareholders. The decision of whether to pay future dividends and the amount of any such dividends will be based on the Company’s financial position, results of operations, cash flows, capital requirements, the requirements of applicable law, and any other factors the Board of Directors may deem relevant.

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

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2021 outlook

at least $165B
Adjusted revenues

at least $6.95B
Adjusted earnings[1]

at least $20.00
Adjusted EPS[1]

$1.25 EPS COVID-19 impact



~50%
Medical care ratio within U.S. Medical

35%-40%
Lower customer volumes

10%-15%
Smaller impacts across our platform

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1Includes $1.25 EPS COVID-19-related headwind and impact of MDLIVE

2021 outlook

Adjusted EPS

at least $20.00

Additional Metrics

Adjusted Revenues: at least $165B

Total Medical Customer Growth:
at least 325,000 customers

2021 Adjusted Pharmacy Scripts:
at least 1.55 billion scripts

Key Ratios

Medical Care Ratio: 81% to 82%

SG&A expense ratio: 7.5% to 8.0%

Adjusted tax rate: 22.5% to 23.5%

Adjusted Income from Operations

Enterprise, after-tax: at least $6.95B

Evernorth, pre-tax: at least $5.6B

U.S. Medical, pre-tax: at least $3.8B

Capital Deployment

Cash Flow from Operations: at least $7.5B

Capital Expenditures: ~ $1B

Shareholder Dividends: ~ $1.4B

Weighted Average Shares Outstanding: 346M to 349M

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Strong long-term shareholder value

6%–8%
Long-term average annual adjusted earnings growth

+

4%–5%
Long-term average annual contribution from accretive capital deployment

=

10%–13%
Long-term average annual adjusted EPS growth

Meaningful dividend – current ~2% yield

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Appendix

Definitions of Key Financial and Business Terms

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

For **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.

Adjusted tax rate is defined as the consolidated income tax rate applicable to the Company's pre-tax income excluding net realized investment results, amortization of acquired intangible assets, special items, and transitioning clients. Adjusted tax rate is not determined in accordance with GAAP and should not be viewed as a substitute for the most directly comparable GAAP measure, "consolidated effective tax rate." Management is not able to provide a reconciliation to the consolidated effective tax rate on a forward-looking basis because we are unable to predict, without unreasonable effort, certain components thereof including (i) future net realized investment results and (ii) future special items.

Customer relationships are defined as follows:

- Total medical customers includes individuals in Cigna's U.S. 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 for 2018 and 2019 exclude transitioning clients.
- International Markets medical customers excludes medical customers served by less than 100% owned subsidiaries.

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 U.S. Medical segment.

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Appendix

Definitions of Key Financial and Business Terms

Market Segments are defined as follows:

U.S. Commercial comprises employers from the following market segments:

- National. Multistate employers with 5,000 or more U.S.-based, full-time employees.
- Middle Market. Employers generally with 500 to 4,999 U.S.-based, full-time employees. This segment also includes single-site employers with more than 5,000 employees and Taft-Hartley plans and other groups.
- Select. Employers generally with 51-499 eligible employees.
- Small Group. Employers generally with 2-50 eligible employees.

U.S. Government solutions include Medicare Advantage, Medicare Supplement, and Medicare Part D plans for seniors, Medicaid plans, and individual health insurance plans both on and off the public exchanges.

International Markets includes supplemental health, life and accident insurance products and health care coverage in our international markets as well as health care benefits to globally mobile employees of multinational organizations.

For additional information regarding our market segments, please see our most recent report on Form 10-K available through the Investor Relations section of www.cigna.com

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

Express Scripts Adjusted EBITDA represents, for 2010, Express Scripts, Inc.'s net income from operations before income taxes, depreciation and amortization, interest expense, net, and special items. For 2017, Express Scripts adjusted EBITDA represents Express Scripts Holding Company's net income from operations before income taxes, depreciation and amortization, other expense (income), net, and special items. Express Scripts' adjusted EBITDA is not determined in accordance with GAAP and should not be viewed as a substitute for the most directly comparable GAAP measure and may not be comparable to non-GAAP measures utilized by other companies, including Cigna. Detailed information, including reconciliations to GAAP, for Express Scripts' adjusted EBITDA can be found in the annual reports on Form 10-K as filed by Express Scripts, Inc. for 2010 and Express Scripts Holding Company for 2017, both available on the Securities and Exchange Commission's website at www.sec.gov.

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Reconciliation of GAAP to non-GAAP financial measures

Diluted Earnings per share

Year Ended December 31,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Shareholders' net income (loss)	**$22.96**	**$13.44**	**$10.54**	**$ 8.77**	**$ 7.19**	**$ 8.04**	**$ 7.83**	**$ 5.18**	**$ 5.61**	**$ 4.59**	**$ 4.65**
After-tax adjustments to reconcile to adjusted income from operations:											
Realized investment (gains) losses	$ (0.66)	$(0.50)	$0.42	$ (0.61)	$(0.42)	$(0.15)	$ (0.40)	$ (0.49)	$ (0.11)	$ (0.15)	$ (0.18)
Amortization of other acquired intangible assets, net	$ 3.88	$5.92	$ 0.71	$0.26	$ 0.36	$ 0.30	$ 0.44	$ 0.50	$ 0.50	$ 0.15	$ 0.13
Results of guaranteed minimum income benefits business	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ (0.09)	$ (0.10)	$ 0.49	$ 0.09
Adjustment for transitioning clients		$ (3.46)	(0.19)	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Special Items	$ (7.73)	$ 1.65	$ 2.74	$ 2.04	$ 0.97	$ 0.47	$ –	$ 2.19	$ 0.59	$ 0.03	$(0.16)
Adjusted income (loss) from operations	**$ 18.45**	**$17.05**	**$ 14.22**	**$10.46**	**$ 8.10**	**$ 8.66**	**$ 7.87**	**$ 7.29**	**$ 6.49**	**$ 5.11**	**$ 4.53**

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