CENTENE® Corporation

# 2020 Financial Guidance Update

March 3, 2020

# Forward-Looking Statements

All statements, other than statements of current or historical fact, contained in this presentation are forward-looking statements. Without limiting the foregoing, forward-looking statements often use words such as “believe,” “anticipate,” “plan,” “expect,” “estimate,” “intend,” “seek,” “target,” “goal,” “may,” “will,” “would,” “could,” “should,” “can,” “continue” and other similar words or expressions (and the negative thereof). Centene intends such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and is including this statement for purposes of complying with these safe-harbor provisions. In particular, these statements include, without limitation, statements about Centene’s future operating or financial performance, market opportunity, growth strategy, competition, expected activities in completed and future acquisitions, including statements about the impact of Centene’s recently completed acquisition (the “WellCare Acquisition”) of WellCare Health Plans, Inc. (“WellCare”), other recent and future acquisitions, investments and the adequacy of Centene’s available cash resources.

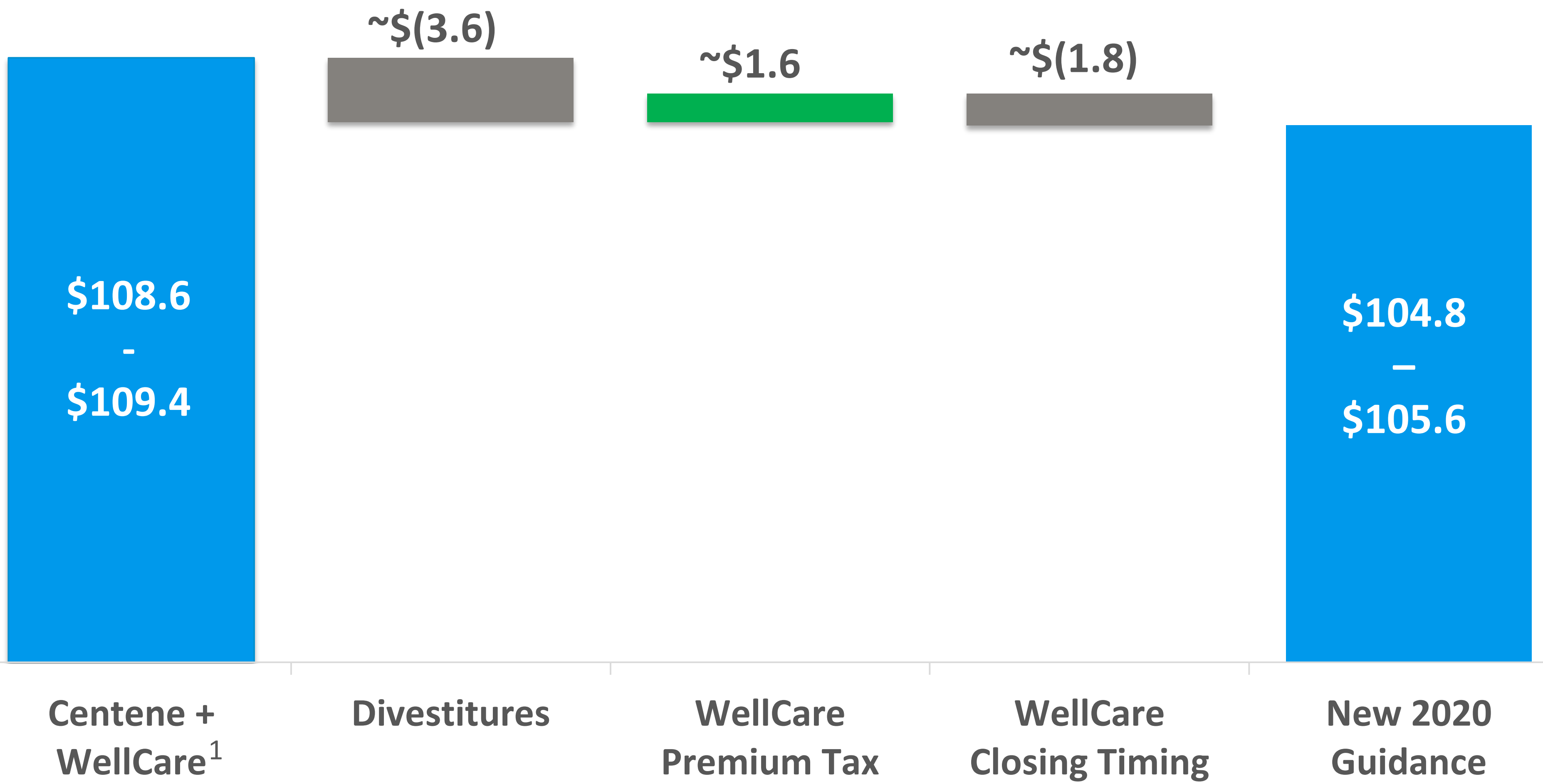
These forward-looking statements reflect Centene’s current views with respect to future events and are based on numerous assumptions and assessments made by Centene in light of Centene’s experience and perception of historical trends, current conditions, business strategies, operating environments, future developments and other factors Centene believes appropriate. By their nature, forward-looking statements involve known and unknown risks and uncertainties and are subject to change because they relate to events and depend on circumstances that will occur in the future, including economic, regulatory, competitive and other factors that may cause Centene’s or its industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions.

All forward-looking statements included in this presentation are based on information available to Centene on the date of this presentation. Except as may be otherwise required by law, Centene undertakes no obligation to update or revise the forward-looking statements included in this presentation, whether as a result of new information, future events or otherwise, after the date of this presentation. You should not place undue reliance on any forward-looking statements, as actual results may differ materially from projections, estimates, or other forward-looking statements due to a variety of important factors, variables and events, including but not limited to: (i) the uncertainty as to the expected financial performance of the combined company following completion of the WellCare Acquisition; (ii) the possibility that the expected synergies and value creation from the WellCare Acquisition will not be realized, or will not be realized within the expected time period; (iii) the risk that unexpected costs will be incurred in connection with the integration of the WellCare Acquisition or that the integration of WellCare will be more difficult or time consuming than expected; (iv) unexpected costs, charges or expenses resulting from the WellCare Acquisition; (v) the inability to retain key personnel; (vi) disruption from the completion of the WellCare Acquisition, including potential adverse reactions or changes to business relationships with customers, employees, suppliers or regulators, making it more difficult to maintain business and operational relationships; (vii) the risk that, following the WellCare Acquisition, the combined company may not be able to effectively manage its expanded operations; (viii) Centene’s ability to accurately predict and effectively manage health benefits and other operating expenses and reserves; (ix) competition; (x) membership and revenue declines or unexpected trends; (xi) changes in healthcare practices, new technologies, and advances in medicine; (xii) increased healthcare costs; (xiii) changes in economic, political or market conditions; (xiv) changes in federal or state laws or regulations, including changes with respect to income tax reform or government healthcare programs as well as changes with respect to the Patient Protection and Affordable Care Act and the Health Care and Education Affordability Reconciliation Act, collectively referred to as the Affordable Care Act (ACA) and any regulations enacted thereunder that may result from changing political conditions or judicial actions, including the ultimate outcome in “Texas v. United States of America” regarding the constitutionality of the ACA; (xv) rate cuts or other payment reductions or delays by governmental payors and other risks and uncertainties affecting Centene’s government businesses; (xvi) Centene’s ability to adequately price products on the Health Insurance Marketplaces and other commercial and Medicare products; (xvii) tax matters; (xviii) disasters or major epidemics; (xix) the outcome of legal and regulatory proceedings; (xx) changes in expected contract start dates; (xxi) provider, state, federal and other contract changes and timing of regulatory approval of contracts; (xxii) the expiration, suspension, or termination of Centene’s contracts with federal or state governments (including but not limited to Medicaid, Medicare, TRICARE or other customers); (xxiii) the difficulty of predicting the timing or outcome of pending or future litigation or government investigations; (xxiv) challenges to Centene’s contract awards; (xxv) cyber-attacks or other privacy or data security incidents; (xxvi) the possibility that the expected synergies and value creation from acquired businesses, including, without limitation, the WellCare Acquisition, will not be realized, or will not be realized within the expected time period; (xxvii) the exertion of management’s time and Centene’s resources, and other expenses incurred and business changes required in connection with complying with the undertakings in connection with any regulatory, governmental or third party consents or approvals for acquisitions; (xxviii) disruption caused by significant completed and pending acquisitions, including, among others, the WellCare Acquisition, making it more difficult to maintain business and operational relationships; (xxix) the risk that unexpected costs will be incurred in connection with the completion and/or integration of acquisition transactions; (xxx) changes in expected closing dates, estimated purchase price and accretion for acquisitions; (xxxi) the risk that acquired businesses, including WellCare, will not be integrated successfully; (xxxii) the risk that we may not be able to effectively manage our operations as they have expanded as a result of the WellCare Acquisition; (xxxiv) restrictions and limitations in connection with Centene’s indebtedness; (xxxiii) Centene’s ability to maintain or achieve improvement in the Centers for Medicare and Medicaid Services (CMS) Star ratings and maintain or achieve improvement in other quality scores in each case that can impact revenue and future growth; (xxxv) availability of debt and equity financing, on terms that are favorable to Centene; (xxxvi) inflation and (xxxvii) foreign currency fluctuations.

This list of important factors is not intended to be exhaustive. Centene discusses certain of these matters more fully, as well as certain other factors that may affect Centene’s business operations, financial condition and results of operations, in Centene’s filings with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. Due to these important factors and risks, Centene cannot give assurances with respect to Centene’s future performance, including without limitation Centene’s ability to maintain adequate premium levels or Centene’s ability to control its future medical and selling, general and administrative costs.

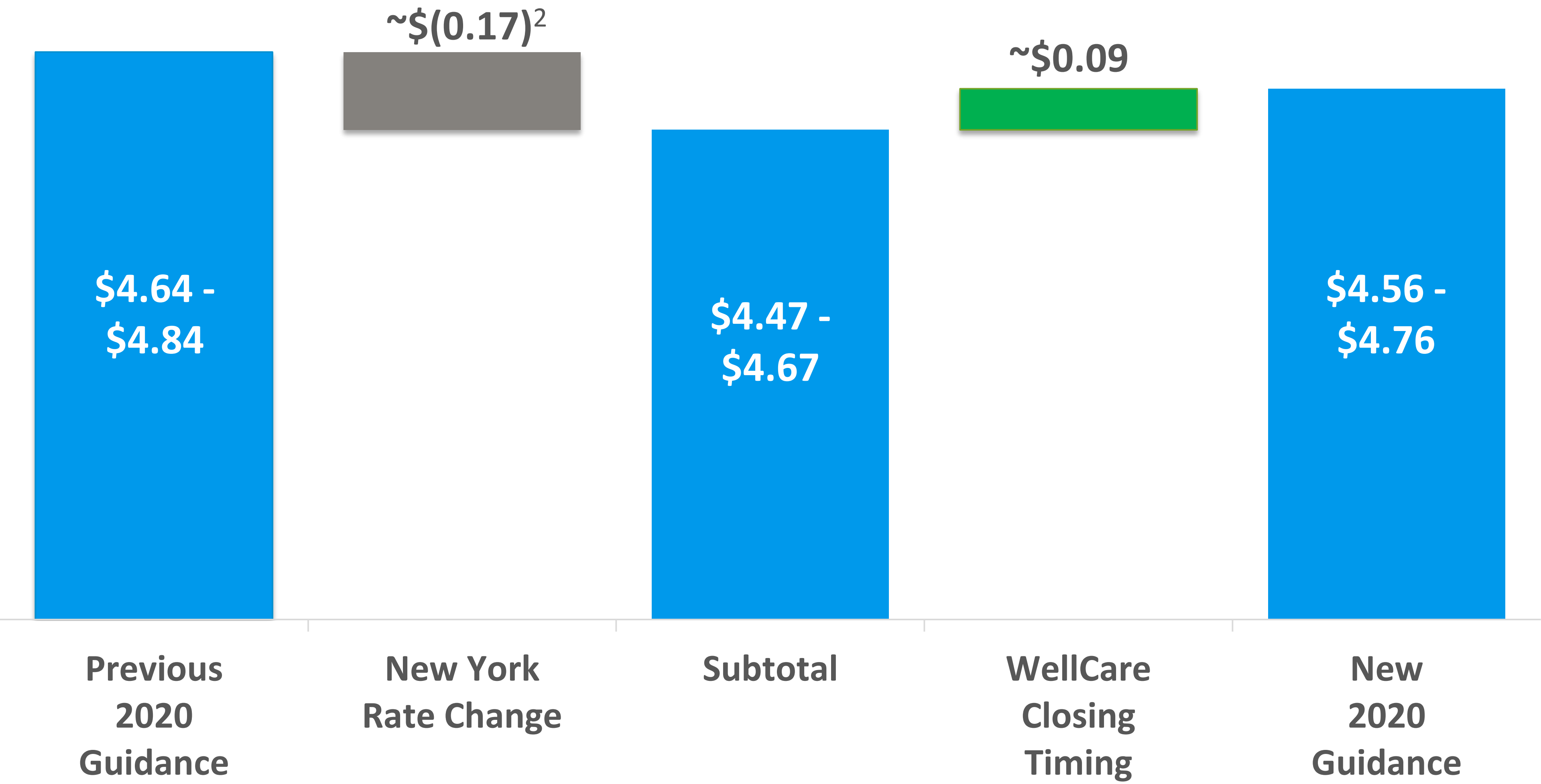
# Total Revenue

($ IN BILLIONS)




[1] *Includes potential rate decrease from State of New York, subject to further finalization.*

# Adjusted Diluted EPS[1]




[1] *Represents non-GAAP measure. See Appendix for reconciliation of non-GAAP measures.*
[2] *Potential rate decrease from State of New York, subject to further finalization.*

# 2020 Guidance

*($ IN BILLIONS, EXCEPT PER SHARE DATA)*

| | Low | High |
|---|---|---|
| Total Revenues | $104.8 | $105.6 |
| GAAP Diluted EPS | $3.00 | $3.14 |
| Adjusted Diluted EPS(1) | $4.56 | $4.76 |
| HBR | 85.9% | 86.3% |
| SG&A Expense Ratio | 9.3% | 9.7% |
| Adjusted SG&A Expense Ratio(2) | 8.9% | 9.3% |
| Effective Tax Rate | 38.0% | 40.0% |
| Diluted Shares (in millions) | 584.5 | 587.5 |

*(1) Adjusted diluted EPS excludes amortization of acquired intangible assets of $0.97 to $0.99 per diluted share, acquisition related expenses of $0.58 to $0.62 per diluted share and debt extinguishment costs and gain on sale of Illinois health plan of $0.01. See Appendix for reconciliation of non-GAAP measures.*

*(2) Adjusted SG&A expense ratio excludes acquisition related expenses of approximately $385 million.*

# 2020 Guidance Assumptions

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1. ***Included**: Estimated WellCare new transaction intangible assets of $7.0 billion amortized over 13 year average life. The fair value allocation of all assets and liabilities of the WellCare opening balance sheet is not yet complete.*

2. ***Included**: Total acquisition related expenses of approximately $400 million.*

3. ***Included**: North Carolina Medicaid go-live in October 2020.*

4. ***Excluded**: Future use of divestiture proceeds for share buyback or debt reduction.*

5. ***Included:** Normal amount of flu costs.*
   ***Excluded:** Any impact of coronavirus.*

# Additional 2020 Metrics

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1. *Investment income of $470 million to $490 million and Interest expense of $705 million to $725 million.*
2. *Business expansion costs of $0.10 to $0.14 per diluted share.*
3. *Amortization of acquired intangibles of $0.97 to $0.99 per diluted share (WellCare included).*
4. *Cash flow from operations of 1.5x to 2.0x net earnings.*
5. *Adjusted EBITDA of $4.9 billion to $5.1 billion.*
6. *Adjusted tax rate of approximately 32.5% to 34.5%.*

# Appendix

# Reconciliation of Non-GAAP Measures

Included in this presentation are certain non-GAAP financial measures. Management believes that non-GAAP financial measures provide information that is useful to investors in understanding period-over-period operating results and enhances the ability of investors to analyze Centene's business trends and performance. The non-GAAP financial measures should not be considered in isolation, or as a substitute for the corresponding GAAP financial measures and may not be comparable to similar measures used by other companies.

The Company references Adjusted EBITDA guidance, defined as net earnings attributable to Centene Corporation, excluding income tax expense, interest expense, depreciation, amortization (excluding senior note premium amortization) and non-cash stock compensation expense. The Company also references Adjusted SG&A Expense Ratio guidance, which excludes acquisition related expenses. The Company cannot provide a reconciliation of Adjusted EBITDA and Adjusted SG&A Expense Ratio guidance without unreasonable efforts. As such, they have been excluded from the reconciliation below.

A reconciliation of Adjusted Diluted EPS, a non-GAAP financial measure, with the most directly comparable financial measure calculated in accordance with GAAP follows:

**Reconciliation of GAAP diluted EPS to Adjusted Diluted EPS:**

| | **2020 Annual Guidance** |
|---|---|
| GAAP diluted EPS | \$3.00 - \$3.14 |
| Amortization of acquired intangible assets (2) | \$0.97 - \$0.99 |
| Acquisition related expenses (3) | \$0.58 - \$0.62 |
| Other Adjustments (4) | \$0.01 |
| Adjusted Diluted EPS (1) | \$4.56 - \$4.76 |

(1) Adjusted Diluted EPS is defined as GAAP diluted net earnings before amortization of acquired intangible assets, acquisition related expenses, other one time adjustments, and the tax impact of such adjustments, calculated on a per share basis. We believe these adjustments are not indicative of future performance.

(2) The amortization of acquired intangible assets per diluted share presented are net of the income tax benefit estimated to be approximately \$0.30 to \$0.32 for the year ended December 31, 2020.

(3) The acquisition related expenses per diluted share presented are net of the income tax benefit estimated to be approximately \$0.09 to \$0.10 for the year ended December 31, 2020.

(4) Other adjustments for 2020 include the gain on the sale of the Illinois health plan of approximately \$0.08 per diluted share (presented net of income tax expense of \$0.07) and debt extinguishment costs of approximately \$0.09 per diluted share (presented net of an income tax benefit of approximately \$0.03).