

The background of the slide is a blurred financial chart with various data points, including stock prices and percentage changes. A semi-transparent red rectangle is overlaid on the chart, containing the main text.

Fundamental Analysis UnitedHealth Group Inc.

The Big Shorties

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10/13/2025

Investment Thesis

Investment Thesis

Historicals

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Business Model

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Conclusion

Company Overview

Company Name	UnitedHealth Group Incorporated
Ticker	UNH
Current Price	\$ 354.50
Current Date	10/10/2025
Target Price	\$ 478.94
Target Date	12/01/2029
Industry	Managed Health Care
Sector	Healthcare
Shares Outstanding	905.7M
Market Cap	\$321.07B
Monthly Trading Volume	244.13 M
Beta	0.48

UnitedHealth Group Incorporated operates as a diversified health care company in the United States and internationally. The company offers health benefit plans and services through UnitedHealthcare, providing medical, dental, vision, and supplemental insurance to individuals, employers, and government programs. It also provides health care services through Optum, which delivers pharmacy care services, health care delivery, data and analytics, consulting, and technology-enabled solutions to physicians, hospitals, employers, and government agencies.

Investment Thesis

BUY \$15,000 of UNH

PROS

> 30% difference between target and current price

Resilient & Diversified Business Model

Strong Cash Flows

CONS

Regulatory and Legal Exposure

Medical Cost Inflation



Evolution & Expansion

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1970s–1980s: Foundation & Early Growth

- **1974:** Charter Med Incorporated
- **1977:** United Health Care Corporation IPO

1990s: Expansion into Managed Care & Pharmacy

- **1994–1996:** First series of regional acquisitions
- **1998:** Acquires MetraHealth (insurance)

2000s: Diversification into Health Services

- **2002:** Launches Ovations
- **2005:** Acquires PacifiCare Health Systems
- **2006:** Acquires John Deere Health

2010s: Aggressive Growth & Vertical Integration

- **2011:** Acquires XLHealth
- **2012:** Acquires Amil Participações S.A. (Brazil)
- **2015:** Launches **OptumRx** & Acquires Catamaran (Rx)
- **2017:** Acquires Surgical Care Affiliates & Rally Health
- **2018:** Acquires DaVita Medical Group

2020s: Expansion into Technology, Data & Care Delivery

- **2021:** Acquires Change Healthcare
- **2022:** Optum acquires LHC Group
- **2023–2024:** Continued acquisitions of physician groups and clinics to expand **Optum Health**, now one of the largest employers of physicians in the U.S.



Historical Factors

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Recent Performance

- Total revenues grew **8%** in 2024 to **\$400.3B**
- Operating earnings remained stable at **\$32.3B**, but EPS fell **35%** due to an **\$8.3B loss** from the Brazil divestiture
- 2X Dividends increase: **\$8.40**/share in 2024 to **\$8.84**/share in 2025

Volatility Measures

- Historical Volatility (100D): **26%**
- 5-year total return: **+85%**
- Beta (5Y Monthly): **0.48**



Historical Factors : Price / Hist. Volatility

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DCF - WACC

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WACC Calculations

Capital Structure

Total Debt	\$81,793.00	
Total Equity	\$321,070.65	(M)
Debt-to-Total Capitalization	20.3%	
Equity-to-Total Capitalization	79.7%	

Cost of Debt

Cost of Debt	4.8%
Tax Rate	21.0%
After-Tax Cost of Debt	3.8%

Cost of Equity

Risk-free Rate	4.0%
Market Risk Premium	6.0%
Levered Beta	0.48
Cost of Equity	6.9%

WACC	6.3%
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- Calculated cost of debt
- Current US corporate tax rate
- Risk-free rate per 10-year treasury yield
- Market risk premium per Bloomberg
- Levered Beta per Bloomberg



DCF – Assumptions Base Case

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Select Operating Data

Period				Projected Annual Forecast				
	2022	2023	2024	2025	2026	2027	2028	2029
				1	2	3	4	5
United Healthcare	\$248,818.0	\$279,109.0	\$295,795.0	\$324,782.9	\$324,133.3	\$337,098.7	\$350,582.6	\$364,605.9
		12.2%	6.0%	9.8%	(0.2%)	4.0%	4.0%	4.0%
Optum	\$73,314.0	\$88,424.0	\$99,281.0	\$114,868.1	\$128,537.4	\$137,535.0	\$147,162.5	\$157,463.9
		20.6%	12.3%	15.7%	11.9%	7.0%	7.0%	7.0%
Adjustment	\$2,030.0	\$4,089.0	\$5,202.0	\$5,582.8	\$5,500.2	\$5,555.2	\$5,610.8	\$5,666.9
		101.4%	27.2%	7.3%	(1.5%)	1.0%	1.0%	1.0%
Revenue	\$324,162.0	\$371,622.0	\$400,278.0	\$445,233.8	\$458,171.0	\$480,189.0	\$503,355.9	\$527,736.7
		14.6%	7.7%	11.2%	2.9%	5.5%	4.8%	4.8%
EBITDA	\$33,135.0	\$37,730.0	\$37,786.0	\$41,406.7	\$42,609.9	\$44,657.6	\$46,812.1	\$49,079.5
EBITDA Margin (%)	10.2%	10.2%	9.4%	9.3%	9.3%	9.3%	9.3%	9.3%
EBIT	28,435.0	32,358.0	32,287.0	\$35,618.7	\$36,653.7	\$38,415.1	\$40,268.5	\$42,218.9
EBIT Margin (%)	8.8%	8.7%	8.1%	8.0%	8.0%	8.0%	8.0%	8.0%
Depreciation & Amortization	\$2,108.0	\$3,972.0	\$4,099.0	\$4,808.5	\$4,948.2	\$5,186.0	\$5,436.2	\$5,699.6
D&A as a % of revenue	0.7%	1.1%	1.0%	1.08%	1.08%	1.08%	1.08%	1.08%



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Select Balance Sheet And Other Data

Period				Projected Annual Forecast				
	2022	2023	2024	2025	2026	2027	2028	2029
				1	2	3	4	5
Cash	\$27,911.0	\$29,628.0	\$29,113.0	29,113.0	29,113.0	29,113.0	29,113.0	29,113.0
Accounts Receivable	17,681.0	21,276.0	22,365.0	24,949.0	25,697.5	27,556.9	29,157.3	30,856.3
Prepaid Expenses	6,621.0	6,084.0	8,212.0	10,484.3	13,385.3	17,089.0	21,817.5	27,854.4
Accounts Payable	\$29,056.0	\$32,395.0	\$34,224.0	\$38,178.1	\$39,323.5	\$42,169.0	\$44,617.9	\$47,217.8
Debt	62,453.0	67,435.0	81,793.0	81,793.0	81,793.0	81,793.0	81,793.0	81,793.0
Capital Expenditures	2,802.0	3,386.0	3,499.0	3,812.9	4,154.9	4,527.6	4,933.7	5,376.2
<i>Accounts Receivable Growth (%)</i>				11.2%	2.9%	5.5%	4.8%	4.8%
<i>Prepaid Expenses Growth (%)</i>				27.7%	27.7%	27.7%	27.7%	27.7%
<i>Accounts Payable Growth (%)</i>				11.2%	2.9%	5.5%	4.8%	4.8%
<i>Capital Expenditures Growth (%)</i>				9.0%	9.0%	9.0%	9.0%	9.0%



DCF – Calculations

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Terminal Value

Growth in perpetuity method:

Long term growth rate	2.0%
WACC	6.3%
Free cash flow (t+1)	34,143.5
Terminal Value	<u>799,476.8</u>
Present Value of Terminal Value	\$589,844.6

Enterprise Value to Equity Value

Enterprise Value	\$724,778.4
Less: Net debt	<u>52,680.0</u>
Equity Value	\$672,098.4
Diluted Shares Outstanding	905.7
Equity Value Per Share	\$742.08



Comparables

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Company Name	Market and Financial Data							Valuation		
	Price	Market Cap (B)	Enterprise Value (M)	LTM Sales (M)	LTM EBITDA (M)	Earnings (M)	EV / Sales	EV / EBITDA	P/E	
Target										
UnitedHealth Group	\$ 354.50	\$ 321.10	\$ 381,718.30	\$ 422,818.00	\$ 33,577.00	\$ 21,296.00	0.9x	11.4x	15.35	
Comparable Companies										
The Cigna Group	\$ 300.73	\$ 80.27	\$ 106,871.30	\$ 262,023.00	\$ 11,408.00	\$ 5,018.00	0.4x	9.4x	16.48	
Elevance Health, Inc.	\$ 353.24	\$ 79.54	\$ 101,297.00	\$ 189,254.00	\$ 9,487.00	\$ 5,360.00	0.5x	10.7x	14.99	
Centene Corporation	\$ 35.76	\$ 17.56	\$ 20,637.90	\$ 159,673.00	\$ 4,765.00	\$ 2,054.00	0.1x	4.3x	8.68	
Humana Inc.	\$ 280.22	\$ 33.70	\$ 42,309.60	\$ 123,110.00	\$ 4,015.00	\$ 1,576.00	0.3x	10.5x	21.47	
Molina Healthcare, Inc.	\$ 194.05	\$ 10.52	\$ 9,488.50	\$ 41,703.00	\$ 1,789.00	\$ 1,130.00	0.8x	5.3x	9.57	

Mean							0.4x	8.0x	14.24
Median							0.4x	9.4x	15.0x
25 Percentile							0.3x	5.3x	9.57
75 Percentile							0.5x	10.5x	16.48
Standard deviation							0.245	3.008	5.258

Metrics	Comps	Implied EV	Net Debt	Equity Value	Shares	Share Price
Mean EV/EBITDA	8.0x	270,083	50,597	219,486	906	242.35
Mean EV/Sales	0.4x	186,802	50,597	136,205	906	150.39
Mean P/E	14.2x	303,212	50,597	252,615	906	278.93



Precedent Transactions

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Date	Target	Buyer	Target Business Description	Transaction Value	Revenue	EBITDA	EV	EV / Revenue	EV / EBITDA	
12/12/19	Aetna Inc.	CVS Health	Provides health insurance and related services	69,508.94x	61,233.00x	5985	63591.2	1.04x	10.63x	
1/23/20	WellCare Health Plans, Inc.	Centene Corporation	Offers managed care services for government health programs	15,620	27,918	1,127.10	10,034.80	0.36x	8.90x	
3/24/16	Health Net, Inc.	Centene Corporation/Health Net, Inc.	Delivers managed health care insurance plans nationwide	6,282	16,244	510	4,594.8	0.28x	9.00x	
1/31/12	HealthSpring, Inc.	CIGNA Corporation/HealthSpring, Inc.	Provides Medicare Advantage and prescription drug plans	3,825	5,476	561	2,777.6	0.51x	4.95x	
2/10/04	Mid Atlantic Medical Services, Inc.	UnitedHealth Group Inc.	Operates health maintenance and managed care plans	3,301	2,615	254	2,593.8	0.99x	10.23x	
1/31/22	Triple-S Management Corporation	GuideWell Mutual Holding Corporation	Provides health insurance primarily in Puerto Rico	899	4,115	125	487.3	0.12x	3.89x	
								Mean	0.55x	7.93x
								Median	0.43x	8.95x
								25 Percentile	0.30x	5.94x
								75 Percentile	0.87x	9.92x
								Standard deviation	0.382	2.823

Metrics	Comps	Implied EV	Net Debt	Equity Value	Shares	Share Price
Mean EV/EBITDA	238.2x	266,354	50,597	215,757	906	238.23
Mean EV/Sales	200.8x	232,444	50,597	181,847	906	200.79



Weighted Valuation

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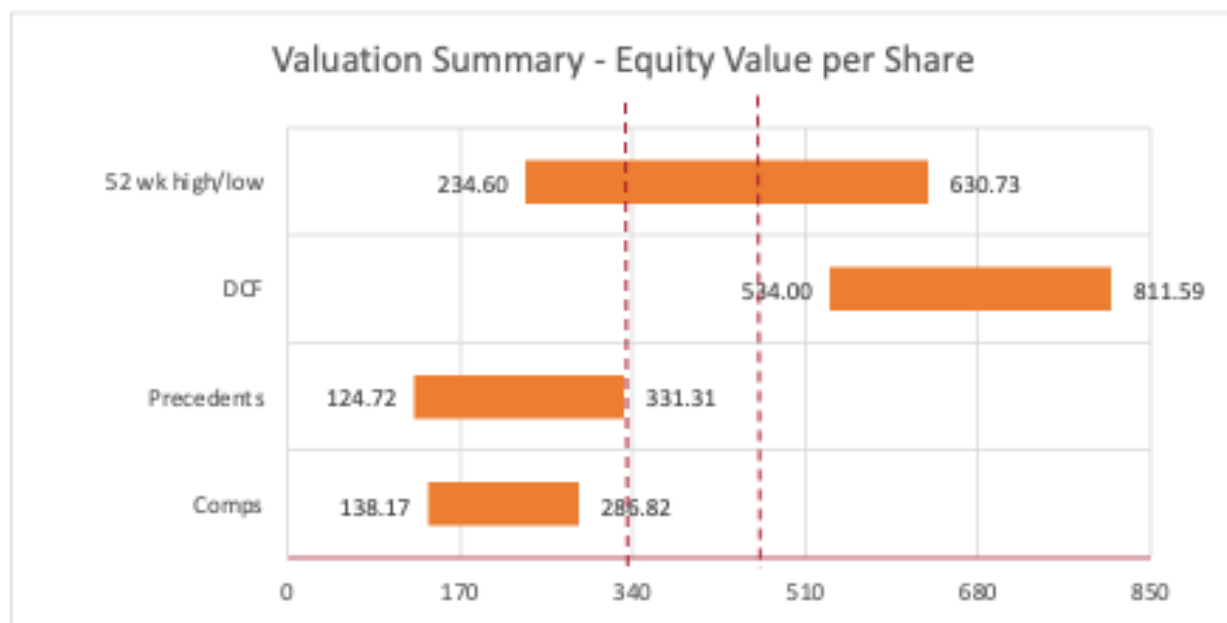
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Implied Stock Price	
Total DCF	\$735.74
Comparables	\$223.89
Precedent Transactions	\$219.51

Weights	
DCF	50%
Comparables	30%
Precedent Transactions	20%

Target Price	478.94
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Current price	354.50
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Business Model

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UnitedHealth Care

UHC provides health coverage and benefits services in four segments

- **Employer & Individual:** Serving working-age individuals and families
- **Medicare & Retirement:** Serving older adults and Medicare beneficiaries
- **Community & State:** Caring for economically disadvantaged individuals through Medicaid and state programs
- **Global:** International health benefits operations

Optum

Optum is a leading information and technology-enabled health services business operating in three key segments

- **Optum Health:** Delivers direct primary, specialty, and value-based care services.
- **Optum Insight:** Provides data analytics, technology, and consulting services to health care stakeholders.
- **Optum Rx:** Offers pharmacy care services, including prescription fulfillment and pharmacy benefit management (PBM)



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Products and services are distributed through a vertically integrated approach, leveraging core competencies in advanced technology-based transactional capabilities, health care data/knowledge, and care facilitation.

UnitedHealth Group Competitive Advantage

- Leverages scale and integrated health services to drive efficiency and innovation
- Leads the shift to value-based care by aligning incentives across providers, plans, and consumers
- Integrates data, technology, and expertise across UHC and Optum to enhance care, reduce costs, and improve experience

Sales & Engagement Model

- Focuses on innovative, value-based plans that emphasize simplicity, affordability, and better outcomes
- Consumers: Personalized, digital-first experiences with integrated benefits
- Employers: Comprehensive commercial and self-funded health solutions

Government:

- Through participation in Medicare Advantage, Medicare Part D, and Medicaid programs

Market Position (Revenue Breakdown):

- UnitedHealth Group is the largest health care company globally by revenue, serving over 50 million people domestically with health benefits. In 2024, the two segments generated revenues of over \$400 billion in total.



Industry Trends – Present and Historically

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Segment	Historical Summary	Future Trends / Drivers
UnitedHealthcare – Employer & Individual	Stable growth; shift toward self-funded (ASO) plans; steady employer retention.	Wage growth supports premiums; continued ASO penetration; expanded virtual & wellness bundles;
UnitedHealthcare – Medicare Advantage & Part D	Strong enrollment; richer benefits; rate volatility from CMS star-rating changes.	Aging demographics sustain MA growth; tighter CMS rates; home-based & virtual care;
UnitedHealthcare – Community & State (Medicaid)	Pandemic-era surge, then redetermination decline; competitive state re-bids.	Focus on behavioral health & maternal care; contract renewals key.
Optum Health (Care Delivery & Value-Based Care)	Rapid clinic & physician acquisition; rising share of value-based contracts.	home & specialty care expansion; AI-driven efficiency;
Optum Rx (Pharmacy & Specialty PBM)	Strong prescription volume; growth in specialty & inflationary tailwinds.	GLP-1 & specialty drug demand; biosimilar adoption; transparent pricing.
Optum Insight (Data & Tech / Rev-Cycle)	Growth from Change Healthcare integration; rev-cycle & analytics scaling.	Gen-AI automation; payer-provider data connectivity; value-based analytics; cybersecurity modernization.



Competitive Landscape

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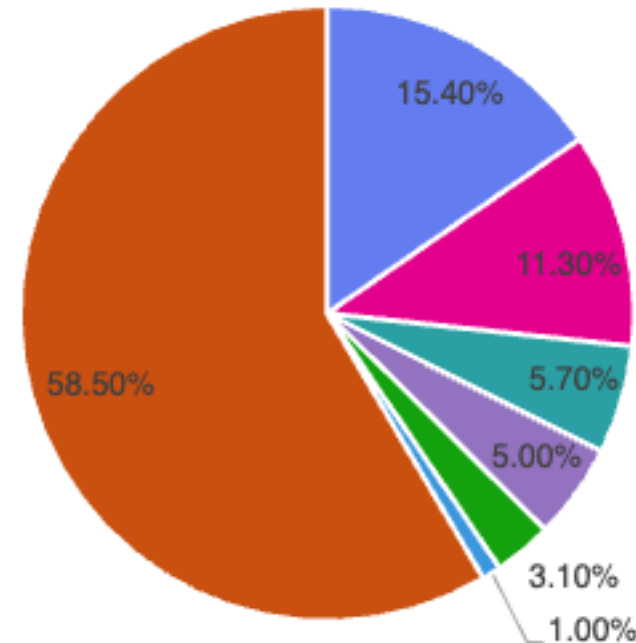
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Healthcare Ecosystem Market Shares

- UnitedHealth Group (UHC + Optum)
- CVS Health
- Cigna Group
- Elevance Health
- Humana
- Molina Healthcare
- Other Health Players



Porter's Five Forces

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Bargaining Power of Suppliers (Moderate-High)

- Provider price increases and higher service intensity raised unit costs
- The IRA shifted more drug-cost risk to payers
- Pharma makers of new / patent drugs retain pricing power

Bargaining Power of Buyers (Moderate)

- CMS and state governments dominate rate setting, limiting pricing flexibility
- UNH uses network design and plan exits to restore balance
- Individuals have low leverage but may shop over time

Threat of Rivalry (High)

- Several large rivals (CVS/Aetna, Humana, Elevance, Cigna, Kaiser) competing in overlapping segments
- Rivalry pays out via services, M&A, and vertical integration rather than pricing wars
- MA and Medicaid rate compression drive intense competition on benefit design and cost control

Threat of Entrants (Low)

- High regulatory & licensing complexity restricts entry
- Huge capital, IT, and network scale required
- Failed Insurtech (e.g. Bright, Oscar) shows the uphill battle
- Incumbents defend strongly via scale, integration

Threat of Substitute (Low)

- Growing direct providers contracting with employers (some self-insured)
- Public option / single-payer remains a political wildcard
- Self-insured employer plans and public-option proposals pose long-term substitution risk



PESTEL Analysis

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P

Political

CMS funding cuts (2025–26)
\$4B revenue risk (2026)

Heavy lobbying spending to influence policy

TrumpRX (2026)

E

Economical

Healthcare cost trend 7–8%

MCR up 4.3% in Q2 from Q1 (2025–26)

MA/Part D plan retrenchment (2026)

interest rates

S

Social

Aging boom

Chronic disease load

Public scrutiny

T

Technological

Responsible AI framework (2025)

payment-integrity and data-security systems

E

Environmental

Net-zero target 2035

Climate-health awareness

L

Legal

Ongoing CMS/OIG RADV audit

False Claims Act litigation

Potential regulations

Risk-adjusted litigation



Management and Employees

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Leadership	Compensation	Retention	Labor and Workforce	Legal
<ul style="list-style-type: none"> • Stephen Hemsley returned as CEO (May 2025); led UNH 2006–2017, driving >600% market cap growth. • Leadership team has delivered consistent earnings and growth. • Board is highly independent with strong healthcare and finance expertise. • Stable management tenure supports long-term strategic execution. 	<ul style="list-style-type: none"> • Executive pay emphasizes performance-based incentives. • Mix of base salary, annual bonuses, and long-term equity awards. • Compensation aligns with shareholder value creation. • Retention aided by competitive packages and clear career mobility. 	<ul style="list-style-type: none"> • Turnover ~15%, below healthcare average (~20%). • Median tenure 6.3 yrs; strong internal mobility across divisions. • \$200M+ annual investment in employee training and tech skills. • Targeted retention initiatives address high-turnover areas like call centers and clinical roles. 	<ul style="list-style-type: none"> • Employs over 400,000 globally across healthcare and tech services. • <5% unionized minimal labor disputes enhances operational flexibility. • Some turnover in clinical and customer service roles. • Investing in employee well-being, automation, and training. 	<ul style="list-style-type: none"> • No major recent governance controversies. • Past billing and data privacy issues have been resolved. • Strong internal compliance and risk oversight processes. • Continues to face industry-wide regulatory scrutiny on antitrust and reimbursement practices.



SWOT Analysis

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Strengths

- *Market Leadership & Scale*
- *Diversified & Integrated Business Model*
- *Technology and Data Analytics*
- *Strong Financial Position*

Weaknesses

- *Margin Pressure in Medicare Advantage*
- *Regulatory Scrutiny and Operational Complexity*
- *High Operating Costs*
- *Dependence on U.S. Government Programs / Governmental Stability*

Opportunities

- *Growth in Value-Based Care*
- *Expansion of Optum Services (Optum Rx)*
- *Aging Population*
- *Digital Health and AI Innovation*

Threats

- *Adverse Regulatory and Policy Changes*
- *Rising Healthcare Costs and Utilization*
- *Intensifying Competition*
- *Cybersecurity Risks*



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Investment Thesis/Company Overview – *BUY \$15,000 of UNH*

Business Model – *UnitedHealth Group delivers integrated insurance and health services through a tech-driven, value-based model that improves care quality, affordability, and coordination.*

Industry Analysis – *United Healthcare holds a diverse portfolio of health services and products.*

Risks and Growth – *Risks come from legal and political adjustments, but the company holds growth potential due to social factors and the ability to innovate*

Governance – *Impressive management team – performed according to estimates*

Valuation – *Implied Stock Price at \$478.94, which is 35.1% higher than current*

Recommendation - *BUY \$15,000 (equal to 43 shares), target price: \$478.94, target date: 12/01/2029*





The background of the image is a blurred financial market data page. It features a red semi-transparent overlay. In the center of this overlay, the word "Exhibits" is written in a white, bold, sans-serif font. The background data includes various stock price charts and tables. One prominent chart is titled "IngnTech Share Price" and shows a line graph with a shaded area underneath, representing price movement over time. Other visible text includes "Change on day 1.95", "Change on day 32.30", and "2013/2013". There are also columns of numbers and text, some of which are partially obscured by the overlay.

Exhibits

Financials

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Breakdown	TTM	12/31/2024	12/31/2023	12/31/2022	12/31/2021
∨ Total Revenue	422,818,000	400,278,000	371,622,000	324,162,000	287,597,000
Cost of Revenue	334,695,000	310,879,000	280,664,000	244,545,000	217,945,000
Gross Profit	88,123,000	89,399,000	90,958,000	79,617,000	69,652,000
∨ Operating Expense	57,373,000	57,112,000	58,600,000	51,182,000	45,682,000
Operating Income	30,750,000	32,287,000	32,358,000	28,435,000	23,970,000
∨ Net Non Operating Interest In...	-4,102,000	-3,906,000	-3,246,000	-2,092,000	-1,660,000
∨ Other Income Expense	-55,000	-8,310,000	4,089,000	2,030,000	2,324,000
Pretax Income	26,593,000	20,071,000	29,112,000	26,343,000	22,310,000
Tax Provision	4,505,000	4,829,000	5,968,000	5,704,000	4,578,000
∨ Net Income Common Stockh...	21,296,000	14,405,000	22,381,000	20,120,000	17,285,000
Diluted NI Available to Com Stoc...	21,296,000	14,405,000	22,381,000	20,120,000	17,285,000
Basic EPS	23.25	15.74	24.22	21.54	18.33
Diluted EPS	23.10	15.51	23.86	21.18	18.08
Basic Average Shares	915,500	915,000	924,000	934,000	943,000
Diluted Average Shares	921,500	929,000	938,000	950,000	956,000
Total Operating Income as Repor...	30,750,000	32,287,000	32,358,000	28,435,000	23,970,000
Total Expenses	392,068,000	367,991,000	339,264,000	295,727,000	263,627,000
Net Income from Continuing & D...	21,296,000	14,405,000	22,381,000	20,120,000	17,285,000
Normalized Income	21,341,682.70	20,712,290	22,381,000	20,120,000	17,285,000
Interest Expense	4,102,000	3,906,000	3,246,000	2,092,000	1,660,000
Net Interest Income	-4,102,000	-3,906,000	-3,246,000	-2,092,000	-1,660,000
EBIT	30,695,000	23,977,000	32,358,000	28,435,000	23,970,000
EBITDA	34,922,000	28,076,000	36,330,000	31,835,000	27,073,000

