

Company: UnitedHealth Group	Ticker: UNH	Current Price: \$ 425.32	Industry: Healthcare	Sub Industry: Medical Service
Target Price: \$ 493	TTM P/E: 22.3	Beta: 1.1	Market Cap: \$400.38b	
Stop Loss: \$325	Forward P/E: 20.78	Credit Rating: A3 (Moody's)	Avg Vol (12 M): 35.66m	
52 Week High/ Low: \$299.6 / \$ 433.5	EPS: \$16.88	Rating Outlook: Stable	Dividend Yield: 1.27%	

Company Background:

UnitedHealth Group is a leading US health insurer offering a variety of plans and services to group and individual customers nationwide. Its UnitedHealthcare health benefits segment manages health maintenance organization (HMO), preferred provider organization (PPO), and point-of-service (POS) plans, as well as Medicare, Medicaid, state-funded, and supplemental vision and dental options. In addition, UnitedHealth's Optum health services unites – Optum Health, Optum Insight, and Optum Rx - provide wellness and care management programs, financial services, information technology solutions, and pharmacy benefit management (PBM) services to individuals and the health care industry.

Industry Outlook:

Outlook for the S&P Healthcare, Healthcare Plans sub-industry for the next 12 months is stable. healthcare plan is a type of insurance that you buy in order to pay for the cost of medical treatment if you are ill or injured: Even those with a health plan sometimes find that they are denied care for which they thought they were eligible. Each insurance brand may offer one or more of these common types of plans: Health maintenance organizations (HMOs), Preferred provider organizations (PPOs), Exclusive provider organizations (EPOs), Point-of-service (POS) plans. The pandemic prompted more people to contribute more to cover their health insurance, and the federal government's economic impact payments enabled more people to buy health plans. The health industry is expected to continue to grow in the future as the economy recovers and unemployment continues to fall.

Investment Thesis:

Buy opinion primarily reflects UNH's compelling valuation, it scores best on the Stability dimension, with a Stability rank ahead of 94.31% of US stocks. UNH's strongest trending metric is Stability, and it has been moving up over the last 52 weeks. UnitedHealth Group Inc's market capitalization of \$400,381,571,951 is ahead of 99.69% of US-listed equities. Its capital turnover -- a measure of revenue relative to shareholder's equity -- is better than 89.19% of US listed stocks. UNH's went public 31.59 years ago, making it older than 84.12% of listed US stocks we're tracking. Stocks with similar financial metrics, market capitalization, and price volatility to UnitedHealth Group Inc are WMT, BAC, MA, PG, and HD. Its financial statements show that UNH has strong fundamentals, with ROE, ROA and ROI growing steadily every year.

Investment Risks:

- Rising competition on Fintech Healthcare Insurance
- Cyber-attacks or other privacy or data security incidents result in security breaches
- Various litigation actions due to the nature of our business which could damage reputation

3-5 take away from last quarter investor call transcript:

- Increased its 2021 adjusted earnings outlook to a range of \$18.65 to \$18.90 per share.
- Increased its outlook for the year to a range of \$18.30 to \$18.80 per share.
- UnitedHealth Group are driving. People served with their employer and individual offerings grew nearly 100,000 in the quarter.
- 2021 will be one of their strongest years of growth, expected to approach 900,000 more people served across individual and group Medicare Advantage and dual Special Needs Plans.

Financial Performance:								Discounted Cash Flow		
	2017	2018	2019	2020	Q1-2021	Q2-2021	Q3-2021		2010-15	2016-20
Revenue	201,159m	226,247m	242,155m	257,141m	70,196m	71,321m	72,337m	Avg Revenue growth	10.4%	10.4%
Operating Profit	15,126m	17,344m	19,685m	22,405m	6,739m	5,978m	5,712m	Avg EBITDA Margin	9.5%	15.8%
Net Income	10,558m	11,986m	13,839m	1,5403m	4,862m	4,266m	4,086m	Avg Net Income Margin	7.47%	22.3%
Revenue Growth %	23.37%	23.80%	23.79%	26.06%	25.24%	24%	23.82%	Avg Debt/Equity	55.7%	69.54%
EBITDA%	8.68%	8.74%	33%	9.67%	10.27%	9.47%	9%	Avg FCF / Margin	5.3%	6.2%
Operating Profit %	7.56%	7.67%	8.13%	8.71%	9.6%	8.38%	7.9%	Cost of Debt		5.5%
Net Income Margin	5.25%	5.30%	5.71%	24%	5.99%	5.98%	5.65%	Tax Rate		20.78%
D/E %	31.14	39.54	48.89	39.88	33.07	34.99	30.94	Cost of Equity		7.57%
EPS	9.45	12.19	14.33	16.03	5.08	4.46	4.28	WACC		7.23%
PE Ratio	23.33	20.44	20.52	21.55	21.15	26.45	24.24	Perpetuity growth rate		2.5%
Current Ratio	0.73	0.73	0.69	0.74	0.74	0.77	0.77	Analyst Opinion		
ROE	24.54	24.10	25.32	25.02	27.37	21.88	22.28	Buy:38	Hold: 27	Sell:1
ROA	8.06	8.23	8.49	8.30	8.56	7.21	7.64		Rating	Target
Dividend Per share	2.88	3.45	4.14	4.83	1.25	1.45	1.45	S&P Net Advantage	Strong Buy	\$531
FCF	11,573m	13,650m	16,392m	20,123m	5,437m	4,978m	6,951m	Morning Star	**	\$472.50
								Value Line	Timeliness:2	\$420-510

Relative Valuation					Total Return			
	United Health Group	Anthem	Cigna	Industry Avg.*		UNH	Con.Healthc.Sector	S&P 500
P/E	26.33	20.02	14.22	19.16	YTD	22.33%	14.77%	21.69%
P/B	5.46	2.75	1.45	1.78	2020	30.9%	23.27%	33.82%
Dividend Yield	1.2725	1.10	1.94	1.19	Last 3 Years	16.9%	14.27%	19.86%
PEG Ratio	1.884	1.448	0.931	1.63	Last 5 Years	24.05%	15.12%	18.25%
EPS	4.52	7.03	5.24	14.70	CSR Characteristics			
Revn Grth	11.09%	15.67%	9.85%	15.08%		UNH	Industry	
NI Grth	28.81%	(21.22%)	(1.96%)		ESG Disclosure Score	48.35	35.95	
Operating Margin	7.9%	7.57%	4.98%	1.41%	Environmental Disclosure:	44.19	32.41	
Debt / Equity	62.93%	69.1%	69.18%	64%	Social Disclosure Score	49.12	30.57	
Market Cap	400.16b	96b	70.28b	-	Governance Disclosure Score	57.14	37.83	
Revenue TTM	233.7b	33.85b	43.13b	-	Prepared by He Li (Oct, 2021) using Bloomberg, Value Line, S&P Net Advantage, Morningstar, Yahoo Finance			
Net Income TTM	4.09b	1.79b	1.27b	-				
FCF TTM	6.95b	1.4b	-554m	-				