

Company	Ticker	Price	EPS	P/E	Beta	Market Cap	Dividend	52 week low	52 week high
United Health Group	UNH	\$517.64	\$23.84	21.69x	0.55	\$478.78Bn	1.45%	\$445.68	\$554.7

Business Overview:

UnitedHealth Group is a health care and well-being company composed of UnitedHealthcare which offers health benefits (health insurance: medical, dental, as well as vision) and Optum which offers information and technology services to business in the healthcare marketplace. UnitedHealthcare is split into 3 segments: Employer and Individual which assumes medical risk for a monthly premium, Medicare and Retirement which offers a range of Medicare for people 50 or older, and Community and State offers care for those without employer coverage or economically disadvantaged. Optum is split into 3 segments: Optum Health which focuses on delivery care and management, Optum Insight which focuses on data analytics and tech solutions for healthcare providers, and Optum Rx which offers pharmacy care services.

Investment Thesis:

UnitedHealth Group is a strong long-term position as it continues to create better health outcomes and decrease future medical expenses through their focus on value-based care by utilizing their Optum business. Value based care is a fast-growing market in healthcare and through the UnitedHealthcare and Optum business, they are poised to take advantage of this growth. Additionally, their strong presence in the Medicare business will allow UnitedHealth Group to benefit from the increasing aging population in the US in the coming years.

Investment Risks:

Decreased Government Funding:

- If the federal or state governments decide to reduce funding for Medicare & Medicaid programs or limit the number of individuals eligible for these programs, UNH could see decreases in revenue as government funding makes up a significant portion of their revenues

Increased Utilization Risk:

- If there is a sudden health crisis that increases the amount of healthcare expenditures that members require, the medical loss ratio may increase to an uneconomic level and harm profits.

Healthcare Regulation Risk:

- If the US government takes more control over the healthcare industry, UNH's business model of Health Insurance may become unprofitable or obsolete.

Intrinsic Valuation:

UNH	Historical Period					Current FY 2023	Projection Period				
	2018	2019	2020	2021	2022		2024	2025	2026	2027	2028
Premiums	178,087	189,699	201,478	226,233	257,157	290,827	314,093	339,221	366,358	395,667	427,320
% growth	12%	7%	6%	12%	14%	13%	8%	8%	8%	8%	8%
Products	29,601	31,597	34,145	34,437	37,424	42,583	45,990	49,669	53,642	57,397	61,415
% growth	13%	7%	8%	1%	9%	14%	8%	8%	8%	7%	7%
Services	17,183	18,973	20,016	24,603	27,551	34,123	35,488	36,907	38,384	39,535	40,326
% growth	12%	10%	5%	23%	12%	24%	4%	4%	4%	3%	2%
Investments & Other Income	1,376	1,886	1,502	2,324	2,030	4,089	5,111	6,134	6,440	6,762	7,100
% growth	35%	37%	-20%	55%	-13%	101%	25%	20%	5%	5%	5%
Total revenues	226,247	242,155	257,141	287,597	324,162	371,622	400,682	431,930	464,824	499,362	536,162
% growth	13%	7%	6%	12%	13%	15%	8%	8%	8%	7%	7%
Operating costs:											
Medical costs	145,403	156,440	159,396	186,911	210,842	241,894	260,443	280,755	302,136	324,585	348,505
%margin	64%	63%	62%	63%	63%	63%	63%	63%	63%	63%	63%
Operating costs	34,074	35,193	41,704	42,579	47,782	54,628	58,780	63,281	67,928	73,183	78,767
%margin	15%	15%	16%	15%	15%	15%	15%	15%	15%	15%	15%
Cost of products sold	26,998	28,117	30,745	31,034	33,703	38,770	41,391	44,702	48,278	51,658	55,274
%margin	12%	12%	12%	11%	10%	10%	10%	10%	10%	10%	10%
Depreciation and amortization	2,428	2,720	2,891	3,103	3,400	3,972	4,007	4,319	4,648	4,994	5,362
%margin	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Total operating costs	208,903	222,470	234,736	263,627	295,727	339,264	364,621	393,057	422,990	454,419	487,907
%margin	92%	92%	91%	92%	91%	91%	91%	91%	91%	91%	91%
Earnings from operations	17,344	19,685	22,405	23,970	28,435	32,358	36,061	38,874	41,834	44,943	48,255
%margin	8%	8%	9%	8%	9%	9%	9%	9%	9%	9%	9%
Interest expense	(1,400)	(1,704)	(1,663)	(1,660)	(2,092)	(3,246)	(4,007)	(4,319)	(4,648)	(4,994)	(5,362)
%margin	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
EBIT	15,944	17,981	20,742	22,310	26,343	29,112	32,055	34,554	37,186	39,949	42,893
%margin	7%	7%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Provision for income taxes	(3,562)	(3,742)	(4,973)	(4,578)	(5,704)	(5,968)	(7,052)	(7,602)	(8,181)	(8,789)	(9,436)
Tax Rate	22%	21%	24%	21%	22%	21%	22%	22%	22%	22%	22%
Net earnings	12,382	14,239	15,769	17,732	20,639	23,144	25,003	26,952	29,005	31,160	33,456
Depreciation and amortization	2,428	2,720	2,891	3,103	3,400	3,972	4,007	4,319	4,648	4,994	5,362
%margin	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Capex	2,063	2,071	2,051	2,454	2,802	3,386	4,006.82	4,319.30	4,648.24	4,993.62	5,361.62
%margin	0%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Change in NWC		-14,631	446	2,168	-3,634	-449	-	-	-	-	-
%margin		6%	0%	1%	1%	0%	0%	0%	0%	0%	0%
Free Cash Flow		29,519	16,163	20,549	24,871	24,179	25,003	26,952	29,005	31,160	33,456
FCF Yield		6%	6%	7%	8%	7%	6%	6%	6%	6%	6%

	8.0%	8.5%	9.0%	9.5%	10.0%
3.0%	\$ 629.94	\$ 572.22	\$ 524.15	\$ 483.50	\$ 448.68
3.5%	\$ 688.52	\$ 619.27	\$ 562.64	\$ 515.48	\$ 475.60
4.0%	\$ 761.75	\$ 676.78	\$ 608.84	\$ 553.28	\$ 507.01
4.5%	\$ 855.90	\$ 748.66	\$ 665.30	\$ 598.64	\$ 544.12
5.0%	\$ 981.43	\$ 841.09	\$ 735.88	\$ 654.07	\$ 588.66

Terminal Year FCF	33,456
WACC	9%
Terminal Value	695,895
PGR	4.0%
Pv of Cash Flows	104,839
PV Terminal Value	452,284
EV	557,123
Cash	23,365
Debt	12,536
Equity Value	567,952
Shares outstanding	933
Implied Share Price	608.84
Current Share Price	517.91
Margin of Safety	18%

Comparable Company Analysis

Ticker	Company Name	Market Data			Financial Data (TTM)			Valuation Metrics		
		Price (\$/Share)	Market Cap (\$B)	EV (\$B)	Sales (\$B)	EBITDA (\$B)	EPS (\$)	EV/Sales x	EV/EBITDA x	P/E x
UNH	UnitedHealth Group	520.63	480.4	522.0	371.6	36.3	23.86	1.4	14.4	21.8
ELV	Everlance Health	500.35	116.9	135.7	171.3	11.4	25.22	0.8	11.9	19.7
CI	The Cigna Group	330.51	96.7	119.9	195.2	12.0	17.39	0.6	10.0	19.0
CVS	CVS Health Corp	75.86	95.7	163.0	357.8	19.0	6.47	0.5	7.4	11.4
HUM	Humana	370.43	45.1	52.4	106.4	5.5	20.00	0.5	9.7	18.4
MOH	Molina Healthcare	378.16	21.1	18.6	34.1	1.7	18.77	0.5	10.7	19.3
	Average	362.66	142.65	168.62	206.07	14.32	18.62	0.72	10.68	18.27
	Median	374.30	96.19	127.81	183.27	11.71	19.39	0.55	10.35	19.15