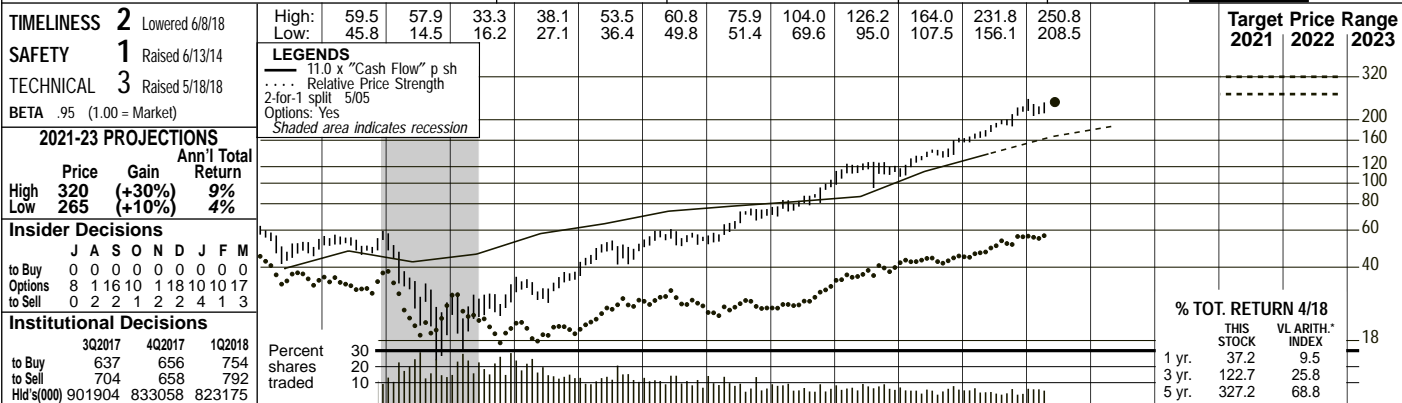


UNITEDHEALTH GRP. NYSE-UNH

RECENT PRICE **242.17** P/E RATIO **19.1** (Trailing: 22.5; Median: 12.0) RELATIVE P/E RATIO **1.06** DIV'D YLD **1.2%** VALUE LINE



2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC	21-23
20.89	24.72	28.94	33.41	53.19	60.20	67.60	75.97	86.70	95.20	108.56	123.98	136.77	164.86	194.16	207.59	234.40	255.50	Revenues per sh	332.15
1.34	1.82	2.30	2.76	3.59	4.35	3.86	4.20	5.25	5.86	6.71	7.09	7.44	7.88	10.34	12.55	15.15	17.05	"Cash Flow" per sh	21.90
1.06	1.48	1.97	2.48	2.97	3.42	2.95	3.24	4.10	4.73	5.28	5.50	5.70	6.01	8.05	10.07	12.65	14.30	Earnings per sh ^A	18.30
.01	.01	.02	.03	.03	.03	.03	.03	.41	.61	.80	1.05	1.41	1.88	2.38	2.88	3.20	3.55	Div'ds Decl'd per sh ^B	4.40
.35	.30	.27	.37	.54	.70	.66	.64	.81	1.00	1.05	1.32	1.60	1.63	1.79	2.09	2.00	2.10	Cap'l Spending per sh	2.35
3.70	4.40	8.33	13.06	15.47	16.01	17.30	20.58	23.78	26.44	30.60	32.54	34.02	35.39	40.10	49.30	55.95	63.90	Book Value per sh ^C	79.55
1197.8	1166.0	1286.0	1358.0	1345.0	1253.0	1201.0	1147.0	1086.0	1070.0	1019.0	988.00	954.00	953.00	952.00	969.00	960.00	955.00	Common Shs Outst'g ^D	940.00
19.9	16.4	17.1	20.7	17.2	15.3	10.9	8.1	8.0	9.8	10.4	11.9	14.7	19.4	16.8	18.4	16.0	17.0	Avg Ann'l P/E Ratio	16.0
1.09	.93	.90	1.10	.93	.81	.66	.54	.51	.61	.66	.67	.77	.98	.88	.93	1.0	1.1	Relative P/E Ratio	.90
.0%	.0%	.0%	.1%	.1%	.1%	.1%	.1%	1.2%	1.3%	1.5%	1.6%	1.7%	1.6%	1.8%	1.5%	1.8%	1.5%	Avg Ann'l Div'd Yield	1.5%

CAPITAL STRUCTURE as of 3/31/18				© VALUE LINE PUB. LLC															
Total Debt \$35585 mill. Due in 5 Yrs \$13600 mill.				81186	87138	94155	101862	110618	122489	130474	157107	184840	201159	225000	244000	Revenues (\$mill)	312200		
LT Debt \$28206 mill. LT Interest \$1550 mill.				9.0%	8.4%	9.5%	9.4%	9.5%	9.0%	9.0%	8.1%	8.5%	9.0%	10.2%	10.7%	Operating Margin	13.2%		
(34% of Cap'l)				981.0	991.0	1064.0	1124.0	1309.0	1375.0	1478.0	1693.0	2055.0	2245.0	2400	2650	Depreciation (\$mill)	3375		
Leases, Uncapitalized Annual rentals \$538.0 mill.				3660.0	3822.0	4634.0	5142.0	5526.0	5625.0	5619.0	5813.0	7792.0	9918.0	12145	13655	Net Profit (\$mill)	17200		
No Defined Benefit Pension Plan				35.9%	34.2%	37.2%	35.4%	35.9%	36.4%	41.8%	42.6%	37.9%	30.2%	24.0%	24.0%	Income Tax Rate	24.0%		
Pfd Stock None				4.5%	4.4%	4.9%	5.0%	5.0%	4.6%	4.3%	3.7%	4.2%	4.9%	5.4%	5.6%	Net Profit Margin	5.5%		
Common Stock 960,981,242 shs. as of 4/30/18				d4771	d3963	d5307	d3572	d6064	d7501	d7067	d11259	d15373	d13379	d17000	d15000	Working Cap'l (\$mill)	d9000		
MARKET CAP: \$233 billion (Large Cap)				11338	9009.0	8662.0	10656	14041	14891	16007	25460	25777	28835	27500	26000	Long-Term Debt (\$mill)	21500		
CURRENT POSITION				20780	23606	25825	31178	32149	32454	33725	38177	47776	53700	61000	Shr. Equity (\$mill)	74800			
ANNUAL RATES				12.4%	12.6%	14.1%	13.9%	12.9%	12.6%	12.1%	10.4%	13.0%	13.7%	16.0%	16.5%	Return on Total Cap'l	18.5%		
Past 10 Yrs				17.6%	16.2%	17.9%	18.2%	17.7%	17.5%	17.3%	17.2%	20.4%	20.8%	22.5%	22.5%	Return on Shr. Equity	23.0%		
Past 5 Yrs				17.4%	16.0%	16.2%	15.9%	15.1%	14.2%	13.1%	11.9%	14.5%	15.0%	17.0%	17.0%	Retained to Com Eq	17.5%		
Est'd '15-'17				1%	1%	10%	13%	15%	19%	24%	31%	29%	28%	25%	25%	All Div'ds to Net Prof	24%		

Business: UnitedHealth Group is a diversified health/well-being company. It offers products/services to individuals through four segments: UnitedHealthcare (network-based health care benefits), OptumHealth, OptumInsight, and OptumRx (information and technology based health services, consulting, and PBM). Acquired Oxford 7/04; PacifiCare Health 12/05; Sierra Health Svcs. 2/08; Unison Health 5/08; Amil P. 4/13. Medical cost ratio: 82.1% in 2017. Has about 260,000 employees. BlackRock owns 7.1% of common; Vanguard, 6.9%; FMR LLC, 5.4%; offs. & dirs., 0.9% (4/18 Proxy). CEO: David Wichmann; CFO: John F. Rex. Inc.: Minnesota. Address: 9900 Bren Road East, Minnetonka, MN 55343. Telephone: 952-936-1300. Web: www.unitedhealthgroup.com.

UnitedHealth Group stock is back to trading near all-time highs set earlier this year. With the tax cut tailwind helping out an operating base that is thriving on numerous levels, earnings exceeded expectations by more than a dime per share in the first three months of 2018. The Optum branches are firing on all cylinders and bringing revenues to new heights, and UNH is at the forefront of numerous positive changes to the healthcare system, which in turn boosts the profitability profile of the company. Wall Street has been a big supporter of these shares, as this Dow-30 component is one of the most heavily owned selections by hedge funds according to the most recent data available.

Earnings growth will likely equate to about 25% on an annualized basis for 2018. The Optum units get most of the headlines, but the legacy healthcare business is no slouch. Acquisitions have aided enrollment, particularly with overseas areas, and the gains here have more than covered any upticks in the medical cost ration in the last few quarters. With that, we have tacked \$0.15 a share on to our full-year EPS estimate, which now stands at \$12.65. In that vein, our 2019 call is now \$0.20 higher, at \$14.30.

UnitedHealth is leaning away from the fee-for-service model. The new deals being put in place are structured to eventually result in payment based on final outcome and quality of care and not emphasize volume. An example of such is UNH's agreements with the laboratory duopoly of LabCorp and Quest Diagnostics. LabCorp will be the exclusive lab through the close of 2018, but starting in 2019 Quest will become an in-network lab as well. At that time, both companies will together provide a variety of value-based programs with aligned incentives and improved patient experiences in terms of the lab services received.

This blue chip should outpace the performance of the broader market indices in the coming six to 12 months. Longer term, however, total return possibilities are not all that intriguing even with our dramatically lifted three- to five-year Target Price Range. Separately, the dividend is not sizable enough to merit an investment recommendation.

Erik M. Manning June 8, 2018

(A) Diluted earnings. Excludes nonrecurring gains/(losses): '07, (8¢); '08, (55¢); '16, 80¢; '17, 65¢. May not sum due to rounding or change in share count. Next earnings report due mid-July.	(B) Quarterly dividend initiated 6/10. Dividends historically paid in late March, June, September, and December.	(C) Includes intangibles. In '17, \$63.0 billion, \$65.02/share.	(D) In millions, adjusted for stock split.	Company's Financial Strength	A++
				Stock's Price Stability	90
				Price Growth Persistence	95
				Earnings Predictability	85

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