



2021-23 PROJECTIONS	Price	Gain	Ann'l Total Return
High	325	(+20%)	6%
Low	265	(Nil)	1%

Insider Decisions	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	10	118	10	10	17	10	218		
to Sell	1	2	4	1	3	2	2		

Institutional Decisions	4Q2017	1Q2018	2Q2018
to Buy	656	754	803
to Sell	658	792	729
Hlds(000)	833058	823175	823585

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	234.75	255.05	Revenues per sh	331.90
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	15.20	17.20	"Cash Flow" per sh	22.10
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	12.70	14.40	Earnings per sh A	18.50
.01	.01	.02	.03	.03	.03	.03	.03	.41	.61	.80	1.05	1.41	1.88	2.38	2.88	3.45	3.90	Div'ds Decl'd per sh B	4.75
.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	56.05	64.10	Book Value per sh C	79.80
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	18.4	18.4	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	.93	.93	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	1.6%

CAPITAL STRUCTURE as of 6/30/18	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Revenues (\$mill)	312000
Total Debt \$35055 mill. Due in 5 Yrs \$14000 mill.	81186	87138	94155	101862	110618	122489	130474	157107	184840	201159	225360	243560	255050	272000	288000	300000	312000	324000	336000	350000
LT Debt \$32096 mill. LT Interest \$1765 mill.	9.0%	8.4%	9.5%	9.4%	9.5%	9.0%	9.0%	8.1%	8.5%	9.0%	10.4%	10.9%	10.4%	10.9%	10.4%	10.9%	10.4%	10.9%	10.4%	10.9%
(37% 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	2800	3000	3200	3400	3600	3800	4000	4200
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	12195	13755	15195	16755	18315	19875	21435	23000	24560	26120
No Defined Benefit Pension Plan Pfd Stock None	35.9%	34.2%	37.2%	35.4%	35.9%	36.4%	36.4%	41.8%	42.6%	37.9%	30.2%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%
Common Stock 962,473,363 shs. as of 7/31/18	4.5%	4.4%	4.9%	5.0%	5.0%	4.6%	4.3%	3.7%	4.2%	4.9%	5.4%	5.6%	5.4%	5.6%	5.4%	5.6%	5.4%	5.6%	5.4%	5.6%
MARKET CAP: \$258 billion (Large Cap)	d4771	d3963	d5307	d3572	d6064	d7501	d7067	d11259	d15373	d13379	d15000	d13000	d15000	d13000	d15000	d13000	d15000	d13000	d15000	d13000
CURRENT POSITION (SMILL)	11338	9009.0	8662.0	10656	14041	14891	16007	25460	25777	28835	32000	30000	32000	30000	32000	30000	32000	30000	32000	30000
Operating Margin	20780	23606	25825	28292	31778	32149	32454	33725	38177	47776	53800	61200	69000	77000	85000	93000	101000	110000	120000	130000
Depreciation (\$mill)	12.4%	12.6%	14.1%	13.9%	12.9%	12.6%	12.1%	10.4%	13.0%	13.7%	15.5%	16.0%	15.5%	16.0%	15.5%	16.0%	15.5%	16.0%	15.5%	16.0%
Net Profit (\$mill)	17.6%	16.2%	17.9%	18.2%	17.7%	17.5%	17.3%	17.2%	20.4%	20.8%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%
Income Tax Rate	17.4%	16.0%	16.2%	15.9%	15.1%	14.2%	13.1%	11.9%	14.5%	15.0%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%
Net Profit Margin	1%	1%	10%	13%	15%	19%	24%	31%	29%	28%	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%
Working Cap'l (\$mill)																				
Long-Term Debt (\$mill)																				
Shr. Equity (\$mill)																				
Return on Total Cap'l																				
Return on Shr. Equity																				
Retained to Com Eq																				
All Div'ds to Net Prof																				

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 shares have climbed another 10% in the last three months. The equity has been one of the Dow Jones Industrial Average's strongest performers year to date, and a recent dividend hike to \$0.90 per quarter has brought more investors on board, as the income component is now viewed as more worthwhile. Tax relief has provided a tailwind for a portfolio that is already performing at optimal rates. Acquisitions have aided enrollment growth at the slower-but-steadily inclining legacy health insurance business. Meanwhile, the Optum branches continue to post year-over-year gains that make UNH the envy of the rest of the medical services space.

Annual earnings growth for 2018 should eclipse the 25% level. The medical cost ratio has risen at times, but it remains very manageable. Overseas forays have bore fruit, and further opportunities abound (more color below). UnitedHealth is at the forefront of numerous positive changes within the U.S. healthcare system, and has even made attempts to slant away from the fee-for-service model. Some new deals are based on final outcome and quality of care metrics instead of straight volume figures. All these successes should lead to EPS of around \$12.70 this year. Also, our 2019 share-net estimate is now a dime higher, or \$14.40, which reflects a still healthy 13% advance year on year.

The potential for global expansion is becoming a larger notion in the investment thesis. South American ventures are going well, and UNH's ways of doing business could be quickly adapted to other areas. Technology-driven and value-based care would be welcome changes in the ailing healthcare systems littered on the world map.

This highflying Dow-30 member remains a timely selection. The high-quality stock's quotation is within our 3- to 5-year Target Price Range, thus longer-term appreciation potential is subpar. The dividend yield is now respectable (and a strong enhancer), but it fails to measure up in a standalone investment case. Therefore, we think the best way to play UNH is to do so in the coming six to 12 months, where it is likely to outpace the broader market averages.

Erik M. Manning September 7, 2018

Cal-endar	Q1	Q2	Q3	Q4	Full Year
2015	35756	36263	41489	43599	157107
2016	44527	46485	46293	47535	184840
2017	48723	50053	50322	52061	201159
2018	55188	56086	56350	57736	225360
2019	59750	60650	60900	62260	243560

Cal-endar	Q1	Q2	Q3	Q4	Full Year
2015	1.46	1.64	1.65	1.26	6.01
2016	1.81	1.96	2.17	2.11	8.05
2017	2.37	2.46	2.66	2.58	10.07
2018	3.04	3.14	3.30	3.22	12.70
2019	3.45	3.55	3.75	3.65	14.40

Cal-endar	Q1	Q2	Q3	Q4	Full Year
2014	.28	.375	.375	.375	1.41
2015	.375	.50	.50	.50	1.88
2016	.50	.625	.625	.625	2.38
2017	.625	.75	.75	.75	2.88
2018	.75	.90	.90	.90	3.45