

ModernGraham Valuation

Company Name:

Company Ticker UNH
Date of Analysis

UnitedHealth Group
Inc

11/16/2015



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$107,053,853,520	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.75	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	98.41%	Pass
6. Moderate PEmg Ratio	PEmg < 20	19.84	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.31	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	0.75	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-2.60	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.72
MG Growth Estimate	7.19%
MG Value	\$130.87
MG Value based on 3% Growth	\$82.93
MG Value based on 0% Growth	\$48.61
Market Implied Growth Rate	5.67%

MG Opinion

Current Price	\$113.46
% of Intrinsic Value	86.70%
Opinion	Fairly Valued

Stage 3: Information for Further Research

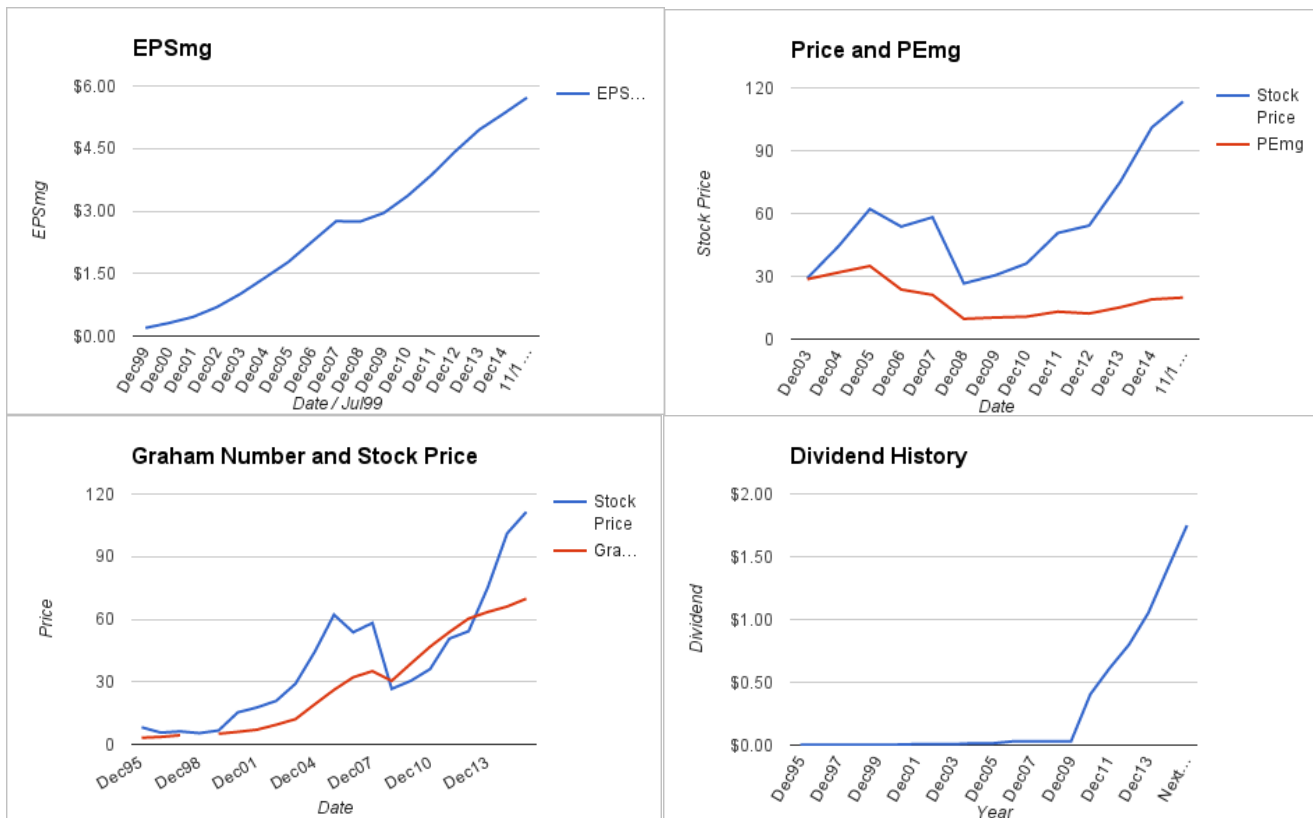
Net Current Asset Value (NCAV)	-\$46.77
Graham Number	\$69.83
PEmg	19.84
Current Ratio	0.75
PB Ratio	3.31
Dividend Yield	1.54%
Number of Consecutive Years of Dividend Growth	6

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$6.24	Next Fiscal Year Estimate	\$5.72
Dec14	\$5.70	Dec14	\$5.33
Dec13	\$5.50	Dec13	\$4.95
Dec12	\$5.28	Dec12	\$4.43
Dec11	\$4.73	Dec11	\$3.87
Dec10	\$4.10	Dec10	\$3.36
Dec09	\$3.24	Dec09	\$2.95
Dec08	\$2.40	Dec08	\$2.75
Dec07	\$3.42	Dec07	\$2.76
Dec06	\$2.97	Dec06	\$2.27
Dec05	\$2.31	Dec05	\$1.78
Dec04	\$1.97	Dec04	\$1.39
Dec03	\$1.48	Dec03	\$1.02
Dec02	\$1.07	Dec02	\$0.69
Dec01	\$0.70	Dec01	\$0.46
Dec00	\$0.55	Dec00	\$0.31
Dec99	\$0.40	Dec99	\$0.20
Dec98	-\$0.14	Balance Sheet Information Sep15	
Dec97	\$0.28	Total Current Assets	\$29,935,000,000
Dec96	\$0.22	Total Current Liabilities	\$39,953,000,000
Dec95	\$0.20	Long-Term Debt	\$26,015,000,000
		Total Assets	\$108,272,000,000
		Intangible Assets	\$52,085,000,000
		Total Liabilities	\$75,158,000,000
		Shares Outstanding (Diluted Average)	967,000,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company

- [26 Companies in the Spotlight This Week – 11/22/14](#)
- [UnitedHealth Group Inc. Annual Valuation – 2014 \\$UNH](#)
- [5 Undervalued Companies to Research with a Low Beta – November 2014](#)
- [5 Undervalued Companies to Research With a Low Beta – October 2014](#)
- [5 Undervalued Dow Components to Research – October 2014](#)

Other ModernGraham posts about related companies

- [DaVita HealthCare Partners Inc Valuation – November 2015 Update \\$DVA](#)
- [Align Technology Inc. Valuation – November 2015 Update \\$ALGN](#)
- [Varian Medical Systems Inc. Valuation – November 2015 Update \\$VAR](#)
- [Psychemedics Corporation Valuation – November 2015 Update \\$PMD](#)
- [C.R. Bard Inc. Valuation – November 2015 Update \\$BCR](#)
- [Henry Schein Inc. Valuation – October 2015 Update \\$HSIC](#)
- [Medtronic PLC Valuation – October 2015 Update \\$MDT](#)
- [PerkinElmer Inc. Analysis – October 2015 Update \\$PKI](#)
- [Quest Diagnostics Inc. Analysis – October 2015 Update \\$DGX](#)
- [Stryker Corporation Analysis – October 2015 Update \\$SYK](#)