

ModernGraham Valuation

UnitedHealth Group
Inc



Company Name:

Company Ticker UNH

Date of Analysis

2/25/2018

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	\$222,717,303,512	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.73	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	137.95%	Pass
6. Moderate PEmg Ratio	PEmg < 20	25.37	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.77	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	0.73	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-2.16	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 Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$9.07
MG Growth Estimate	10.55%
MG Value	\$268.58
MG Value based on 3% Growth	\$131.56
MG Value based on 0% Growth	\$77.12
Market Implied Growth Rate	8.43%

MG Opinion

Current Price	\$230.16
% of Intrinsic Value	85.69%
Opinion	Fairly Valued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$54.69
Graham Number	\$109.20
PEmg	25.37
Current Ratio	0.73
PB Ratio	4.77
Current Dividend	\$2.88
Dividend Yield	1.25%
Number of Consecutive Years of Dividend Growth	8

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	\$10.75	Next Fiscal Year Estimate	\$9.07
Dec2017	\$10.72	Dec2017	\$7.84
Dec2016	\$7.25	Dec2016	\$6.24
Dec2015	\$6.01	Dec2015	\$5.64
Dec2014	\$5.70	Dec2014	\$5.33
Dec2013	\$5.50	Dec2013	\$4.95
Dec2012	\$5.28	Dec2012	\$4.43
Dec2011	\$4.73	Dec2011	\$3.87
Dec2010	\$4.10	Dec2010	\$3.36
Dec2009	\$3.24	Dec2009	\$2.95
Dec2008	\$2.40	Dec2008	\$2.74
Dec2007	\$3.42	Dec2007	\$2.73
Dec2006	\$2.97	Dec2006	\$2.22
Dec2005	\$2.31	Dec2005	\$1.71
Dec2004	\$1.83	Dec2004	\$1.31
Dec2003	\$1.34	Dec2003	\$0.97
Dec2002	\$1.07	Dec2002	\$0.70
Dec2001	\$0.70	Balance Sheet Information 12/1/2017	
Dec2000	\$0.55	Total Current Assets	\$37,084,000,000
Dec1999	\$0.40	Total Current Liabilities	\$50,463,000,000
Dec1998	-\$0.14	Long-Term Debt	\$28,835,000,000
		Total Assets	\$139,058,000,000
		Intangible Assets	\$63,045,000,000
		Total Liabilities	\$91,282,000,000
		Shares Outstanding (Diluted Average)	991,000,000





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

- [UnitedHealth Group Inc Valuation – February 2017 \\$UNH](#)
- [UnitedHealth Group Inc. Valuation – November 2015 Update \\$UNH](#)
- [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](#)

Other ModernGraham posts about related companies

- [VCA Inc Valuation – Initial Coverage \\$WVOF](#)
- [Universal Health Services Inc Valuation – August 2017 \\$UHS](#)
- [Teleflex Inc Valuation – Initial Coverage \\$TFX](#)
- [BIO-TECHNE Corp Valuation – Initial Coverage \\$TECH](#)
- [LifePoint Health Inc Valuation – Initial Coverage \\$LPNT](#)
- [Psychemedics Corp Valuation – April 2017 \\$PMD](#)
- [Community Health Systems Valuation – Initial Coverage \\$CYH](#)
- [Patterson Companies Inc Valuation – April 2017 \\$PDCO](#)
- [Luminex Corp Valuation – Initial Coverage \\$LMNX](#)
- [C R Bard Inc Valuation – March 2017 \\$BCR](#)