



UnitedHealth Group®

TEAM BUFFETT

What is United Health Group?



October 3rd, 2025

Why UNH?



- Rare reset in Valuation
- Industry Leadership
- Predictable Cash Machine
- Durable Growth Drivers
- Demographic Tailwind
- Strong Financial Track Record
- Competitive Advantages
- Attractive Valuation Today



October 3rd, 2025

UNH Stock Price Past 10 years



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Recent Drop In Stock Price



UNH peaked in April 2025 at around \$599.

Since then, it has dropped around 43% to around \$353 today (October 3rd, 2025).

That makes the selloff a recent event rather than a long-term trend.

Market Summary > UnitedHealth Group Inc

353.72 USD

+ Follow

-238.59 (-40.28%) ↓ past year

Closed: Oct 2, 7:32 PM EDT • Disclaimer

After hours 353.30 -0.42 (0.12%)



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Why has the stock price gone down?



- Higher medical costs and Medicare Advantage changes
- Regulatory scrutiny and investigations
- Company shocks such as CEO getting shot, cyberattack and leadership turnover
- Valuation reset to historical averages

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Game Plan



Presenters	Segment
Adam Schultz	Company Overview, Value Bands & Intra-portfolio
Pablo Samanez	Business Breakdown, Economic Moat, & IOFS
Reece Deitrick	Management and Capital Allocation
Jaiden Conrad	Competitor Analysis and Risk Factors
Ryker Purdy	Growth Opportunities & Valuation

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Company Overview

Adam Schultz



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Don't worry this presentation is covered by insurance

Company Information



Ticker Symbol: UNH

Stock Price: \$355

Founded: 1974

Market Cap: \$319B

Industry & Sector: Healthcare

Geographic Reach: U.S. & Internationally

Headquarters: Minnetonka, MN

CEO: Stephen Hemsley

Revenue(TTM): \$422.82B



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Key Facts



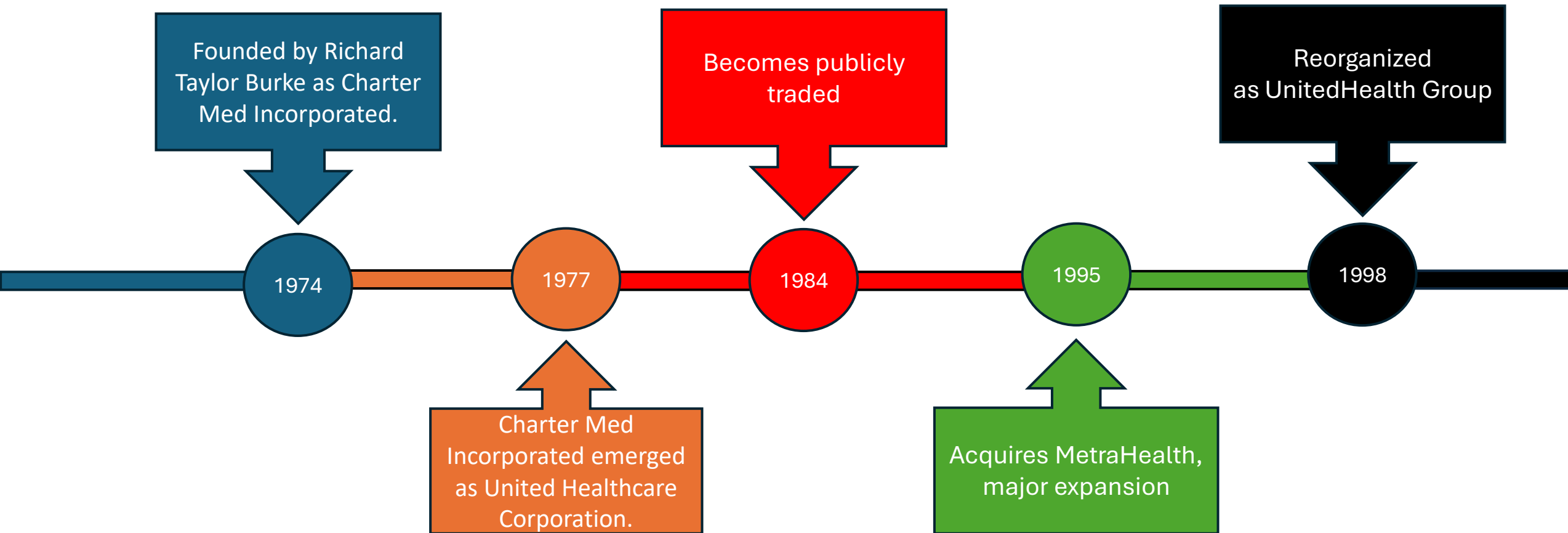
UnitedHealth Group is one of the largest private health insurers and provides medical benefits to about 51 million members globally, including 1 million outside the US as of December 2024.

United Health group is divided into two main sectors, UnitedHealthCare which provides traditional insurance like dental and vision insurance, and Optum which is the technology and services and provides medicine, walk in clinics and mental health services.

It offers a wide range of products, including employer-sponsored plans, individual and family coverage, Medicare and Medicaid options, and supplemental health insurance.

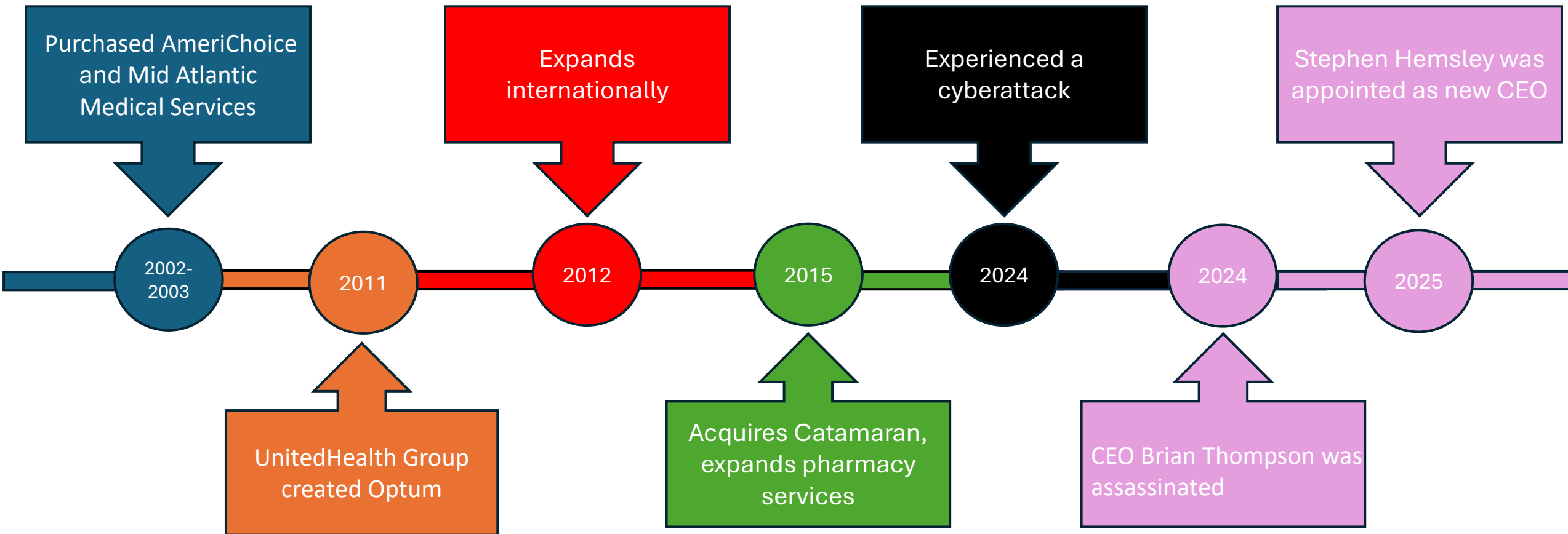
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Timeline



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Timeline



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News



CEO



TICKER: \$BRK-A, \$BRK-B, \$UNH



BUFFETT'S BERKSHIRE ACQUIRES 5 MILLION SHARES IN UNITEDHEALTH

PHOTO: GETTY IMAGES

yahoo!finance

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Business Breakdown

Pablo Samanez



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Two Machines



55% Revenue



45% Revenue



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United Healthcare



\$298 Billion

**Provide Health Coverage
to 50 million people**

**Core in employer,
Medicare, and Medicaid
markets**

**Traditional insurance
model (premiums in,
claims out)**

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Medical Loss Ratio

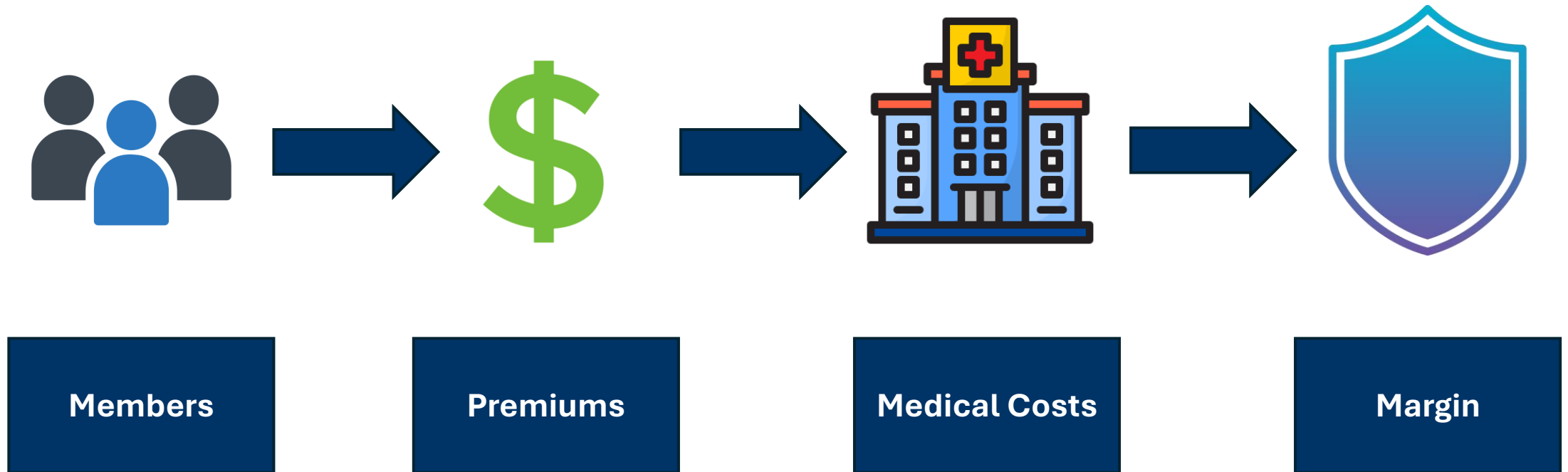


They must spend 80–85% of premiums on patient care (by law).

Profit comes from what's left over (around 10–15%).

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Healthcare Business Model



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United Healthcare Segments



Employer & Individual



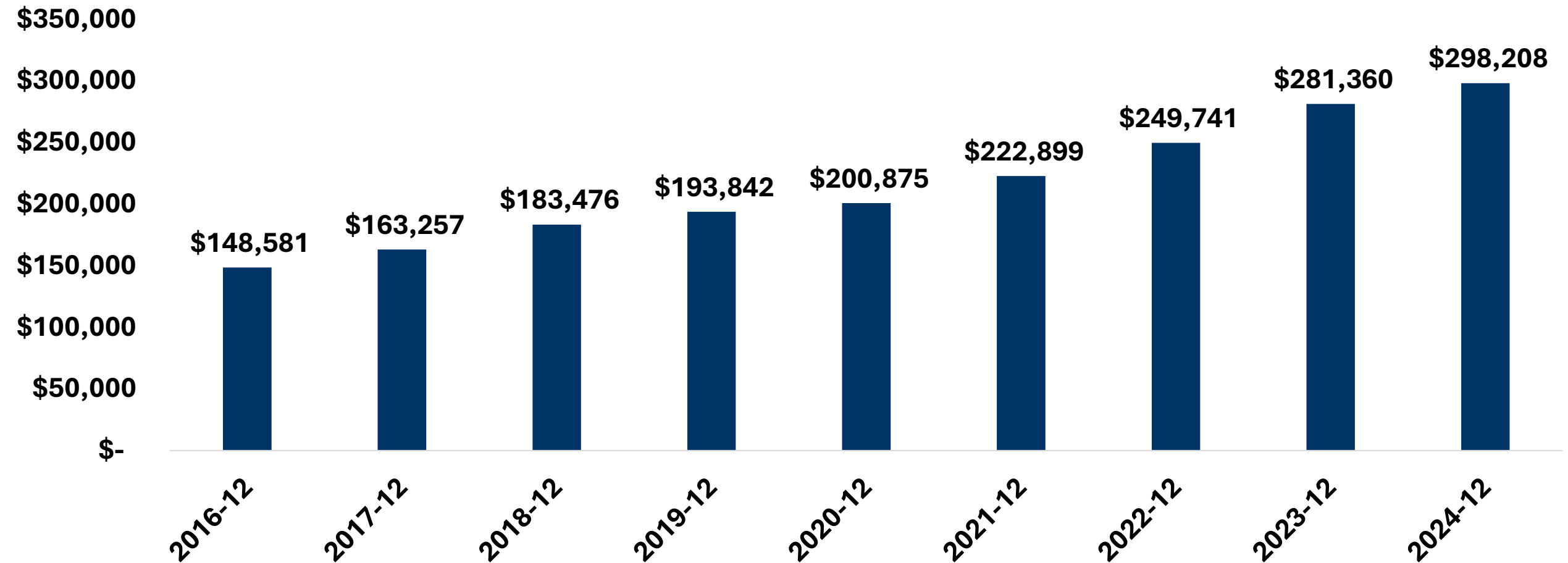
Medicare & Retirement

Community & State

Global

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United Healthcare's Revenue



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Optum



Optum

\$253 Billion

Optum Rx[®]

 **OPTUM**Health[™]

 **OPTUM**Insight[™]

 **OPTUM**Financial[™]

**Pharmacy Benefit
Manager**

**Care Delivery
Clinics**

Data & Analytics

**Health Financial
Services**

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Optum Rx



Optum Rx®



**Prescription
Management**



**Network of
Pharmacies**



Cost Control

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Pharmacy Benefit Manager Drug & Money Flow



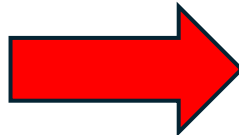
Manufacturer

Wholesaler

Pharmacy

Consumer

Drug Flow
(product)



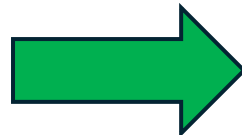
Consumer

Health Plan

PBM

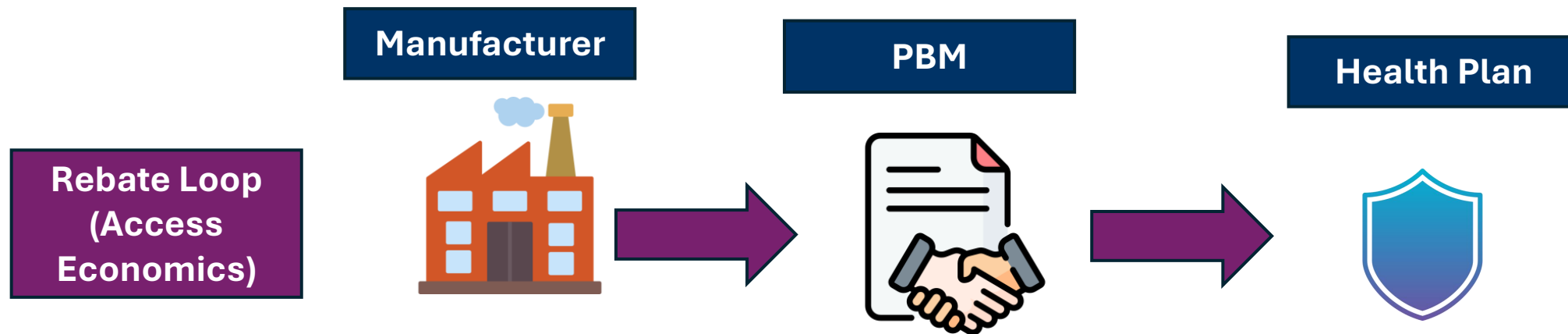
Pharmacy &
Manufacturer

Money Flow
(Payment &
Services)



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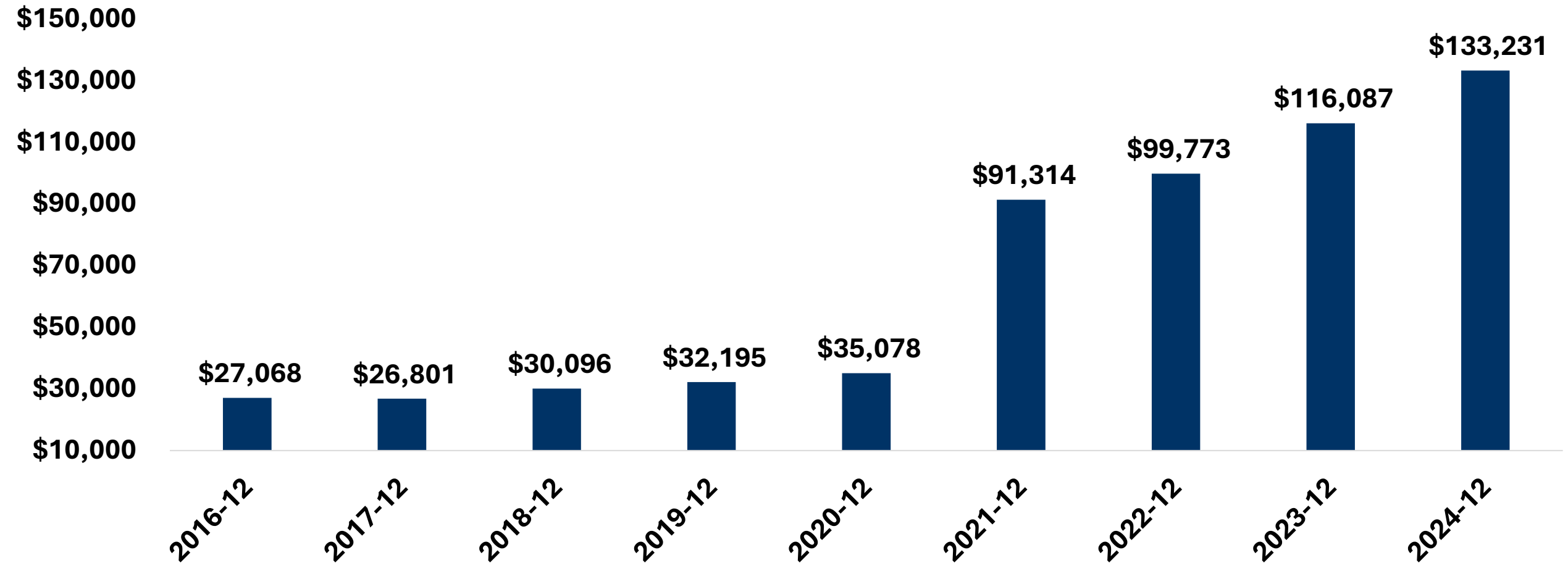
Pharmacy Benefit Manager Rebate Loop



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Optum Rx Revenue

In Millions



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Optum Health



Care Delivery



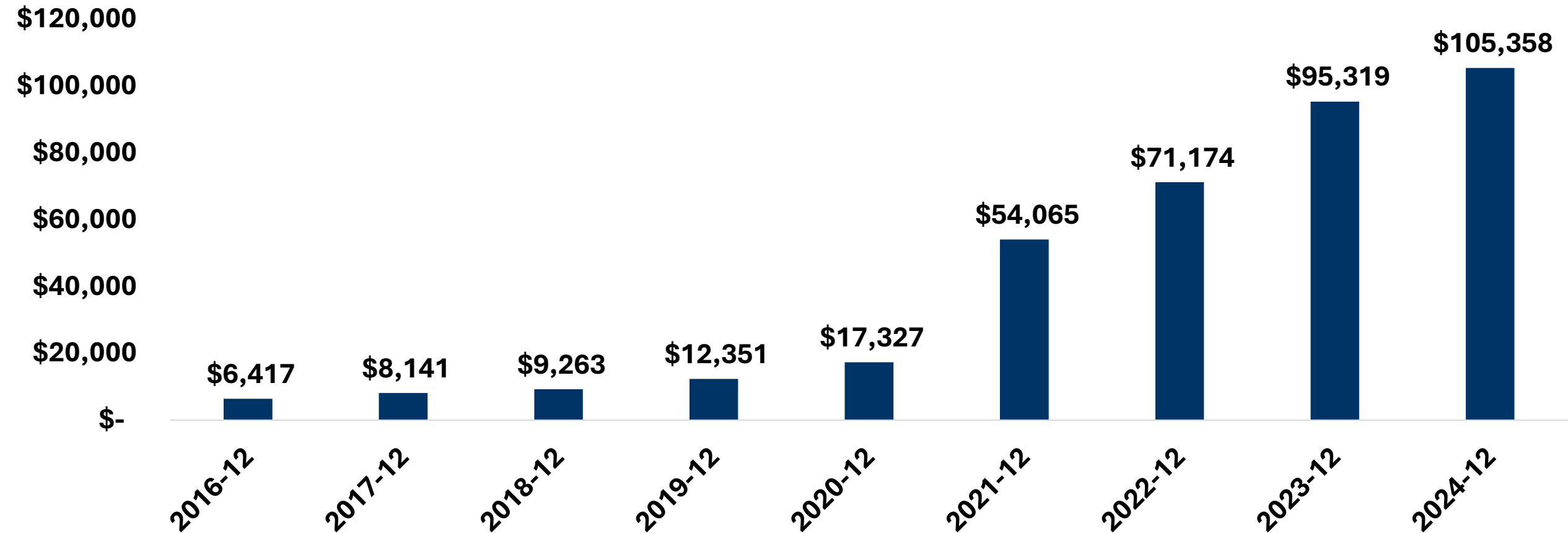
Physician
Services



Wellness

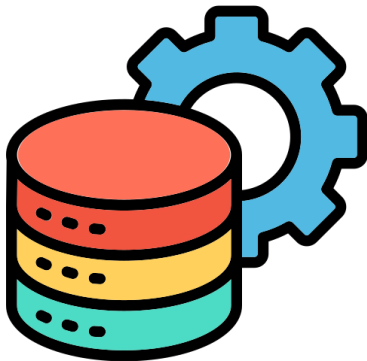
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Optum Health Revenue In Millions

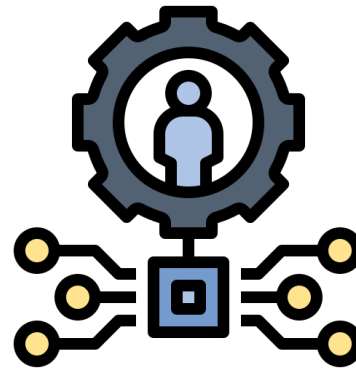


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Optum Insight



Data &
Analytics



Technology &
Consulting

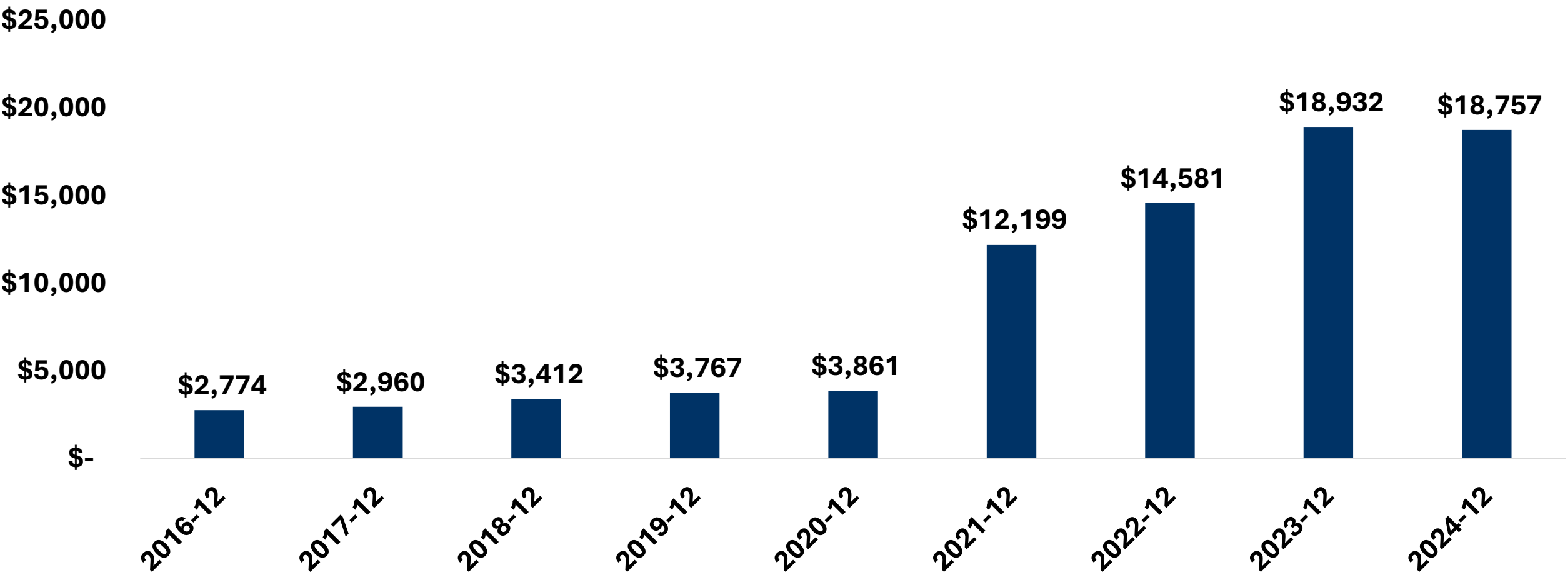


Revenue
Contribution

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Optum Insight Revenue

In Millions



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Economic Moat

Pablo Samanez



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Castle



**Intangible
Assets**

**Switching
Costs**

**Cost
Advantages**



**Network
Effect**

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Castle



**Intangible
Assets**

**Switching
Costs**

**Cost
Advantages**



**Network
Effect**

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Scale & Industry Leadership



- **152 million individuals served**
- **#1 Insurer - 14% share**
- **#1 in Medicare Advantage - 29% share**
- **OptumRx has 1.5B prescriptions - 80% PBM market**



2024 US Health Insurance Enrollment

Company / Category	2024
Molina Healthcare	2%
CVS (Aetna)	4%
Humana	5%
Cigna	6%
Uninsured	8%
Centene	8%
Elevance (Anthem)	13%
UnitedHealthcare (UNH)	14%

Scale is UNH's moat: the largest pool = lowest costs = unbeatable pricing

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Cost Advantage Insurance



↑	Pool Member Size	20	40	60	80
↑	Pool Stability	60%	62%	64%	66%
↓	Risk Per Person	3.00%	1.55%	1.07%	0.83%
↓	Average Premiums	1500	1400	1300	1200
↑	Coverage Amount	\$50k	\$50k	\$50k	\$50k

The larger the pool, the stronger the moat

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Direct Access To Predictive Data Sets



Data Set	UnitedHealth	Elevance	Centene	Humana	Cigna	CVS
Medical Claims	Yes	Yes	Yes	Yes	Yes	Yes
Prescription Data	Yes	Yes	No	No	Yes	Yes
Provider Data	Yes	Partial	No	Partial	No	Partial
Social Determinants of Health (SDOH)	Yes	Yes	No	Partial	No	Partial

Data Set (Thousands)	UnitedHealth	Elevance	Centene	Humana	Cigna	CVS
Members Insured	50,000	45,000	29,000	16,000	17,000	26,000
Adjusted Scripts	1,500,000	1,200,000	29,000	550,000	1,900,000	2,300,000
Consumers Served (via Providers)	103,000	1,300	-	295	-	40,000

UNH's data dominance is a moat no competitor can replicate

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UNH's Unbreakable Moat



Scale	Network Effect
Largest insurer + PBM → lowest costs	Members attract providers, providers attract members



Data Dominance	Integrated 360° View
Government + providers rely on UNH data	Insurance + Optum = full-stack health visibility



Overlapping moats make UNH nearly impossible to disrupt

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Management

Reece Deitrick



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New CEO



Stephen J Hemsley

- CEO since May 2025, while retaining Chair Role
- Not New to the Role Served as CEO from 2006-2017
- Integrated Insurance with healthcare services through Optum division.



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New CEO



UnitedHealth Group Inc (UNH)

\$220.46 ↑ 250.49% since Jan 6, 2006

As of Oct 1, 2:05 PM CDT • Disclaimer



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Stephen J Hemsley Compensation

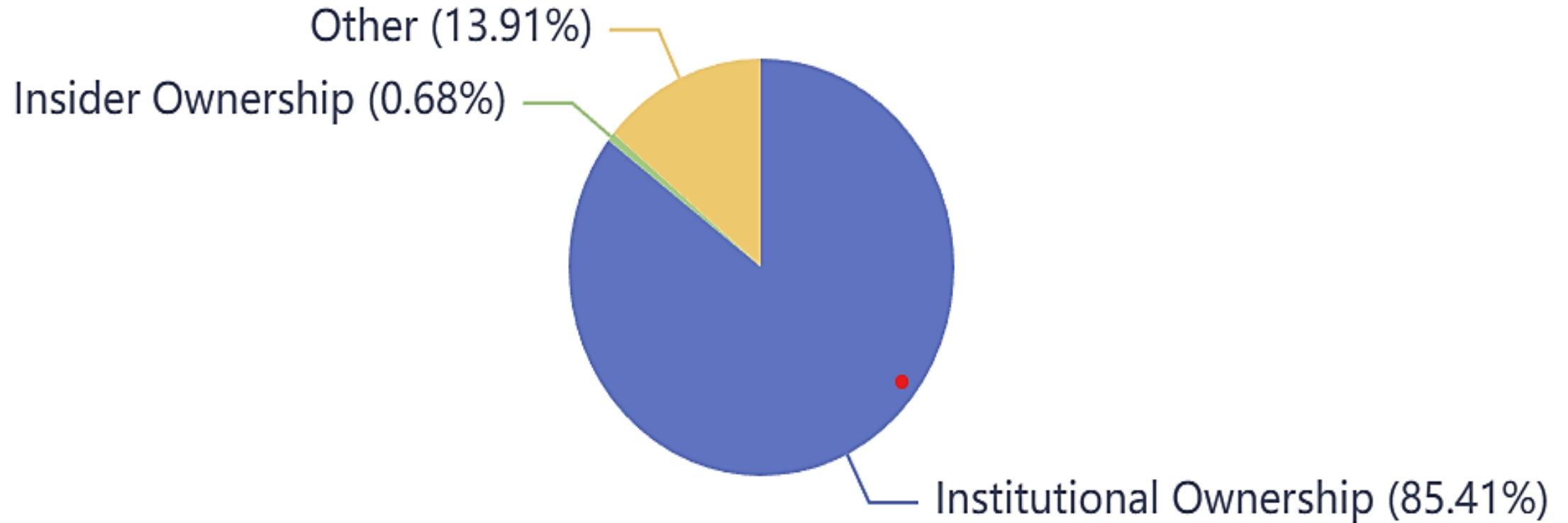


Unique Compensation

- \$1,000,000 base salary.
- He will **not** receive an annual cash incentive award.
- One-time \$60,000,000 award in **nonqualified stock options**.

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Inside ownership

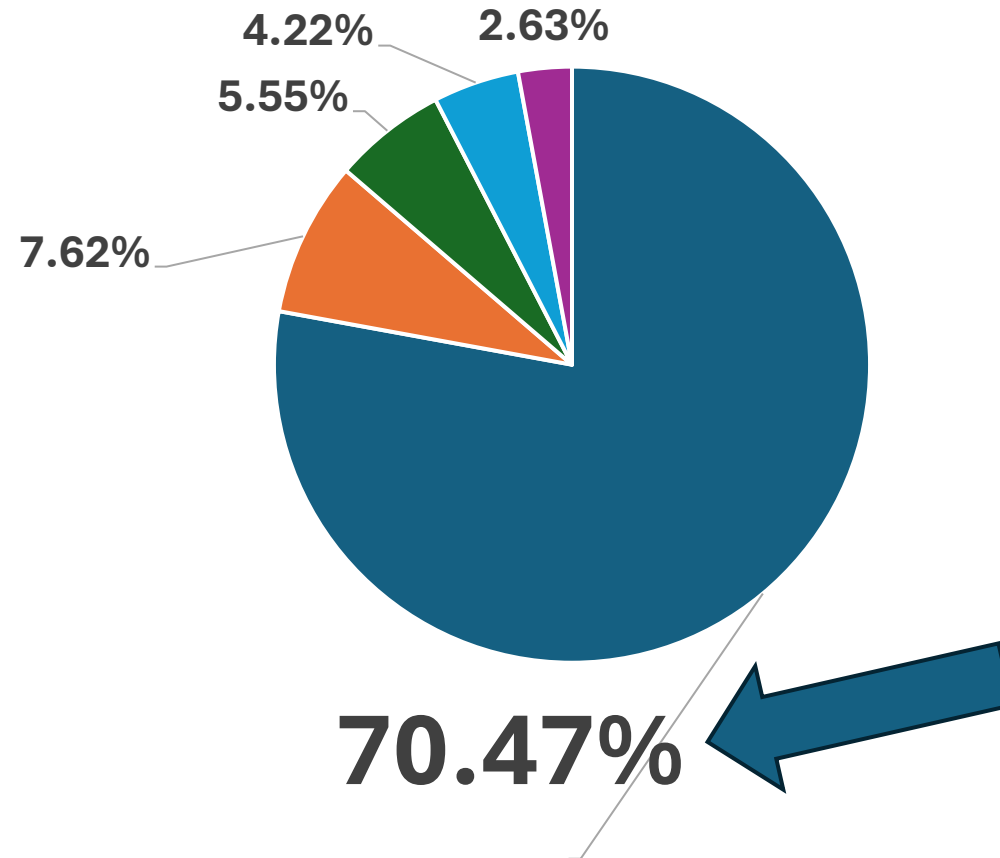


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Top Direct Holders



- Mr. Stephen J. Hemsley
- Ms. Michele J. Hooper
- Mr. Thomas E. Roos
- Ms. Heather R. Cianfrocco
- Mr. F. William McNabb III



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Executive Compensation



Name	Shares		Amount
Mr. Stephen J. Hemsley	374606	\$	130,475,270
Ms. Michele J. Hooper	40479	\$	14,098,836
Mr. Thomas E. Roos	29524	\$	10,283,209
Ms. Heather R. Cianfrocco	22438	\$	7,815,155
Mr. F. William McNabb III	14003	\$	4,877,245

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Management



Wayne S. DeVeydt

CFO
UnitedHealthcare
Group
Since September 2025



Tim Noel

CEO of UnitedHealthcare
Insurance Arm
Since January 2025



Patrick Conway

CEO of Optum
Since May 2025

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Capital Allocation

Reece Deitrick

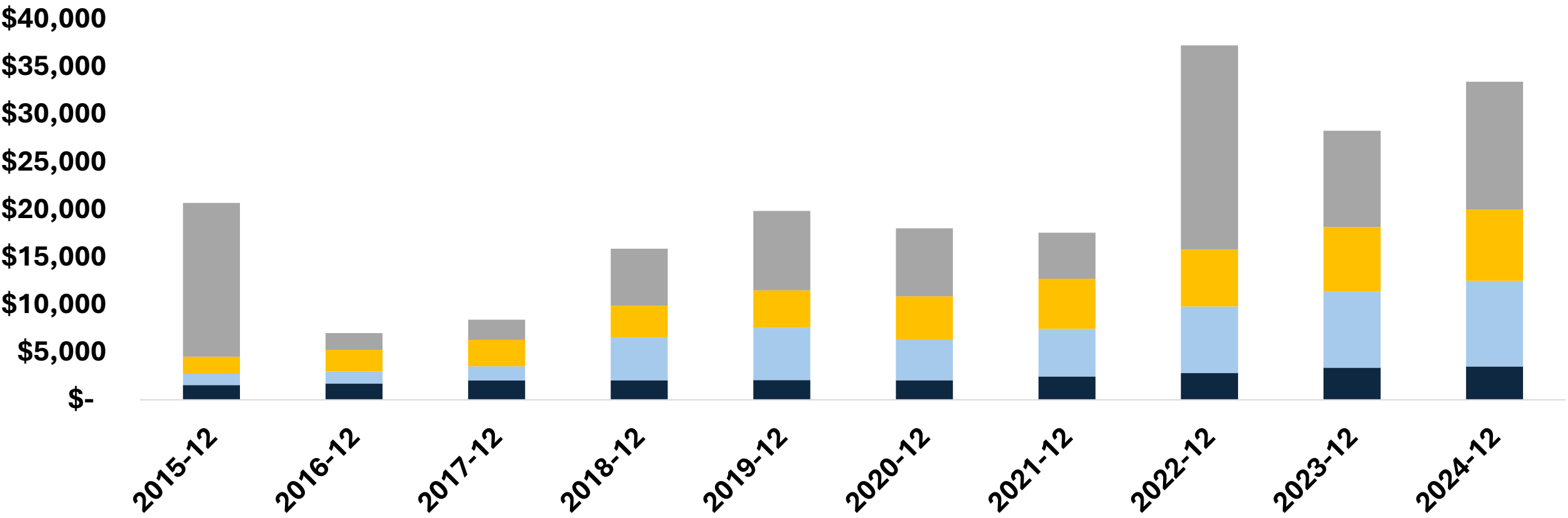


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Capital Allocation Breakdown In Millions



■ Capital Expenditures ■ Share Buybacks ■ Dividends ■ Acquisitions



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Acquisitions



More \$120 billion spent on acquisitions past 20 years

Most acquisitions are for **expanding Optum**

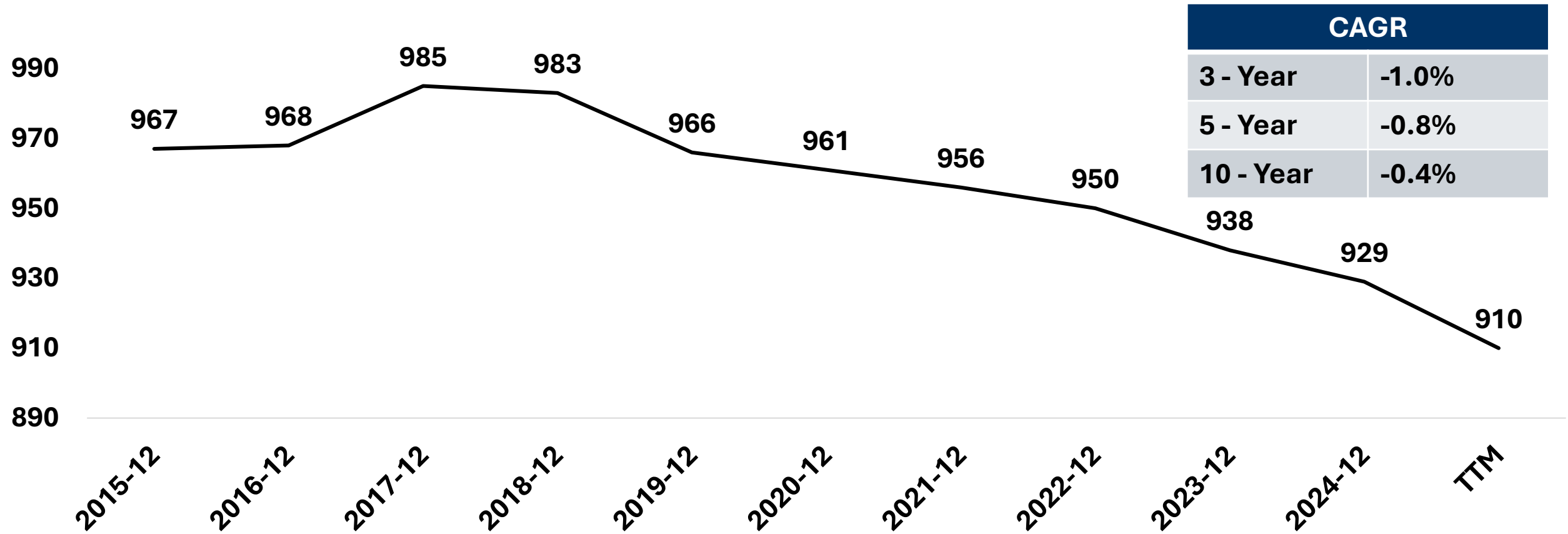
Biggest recent acquisitions:



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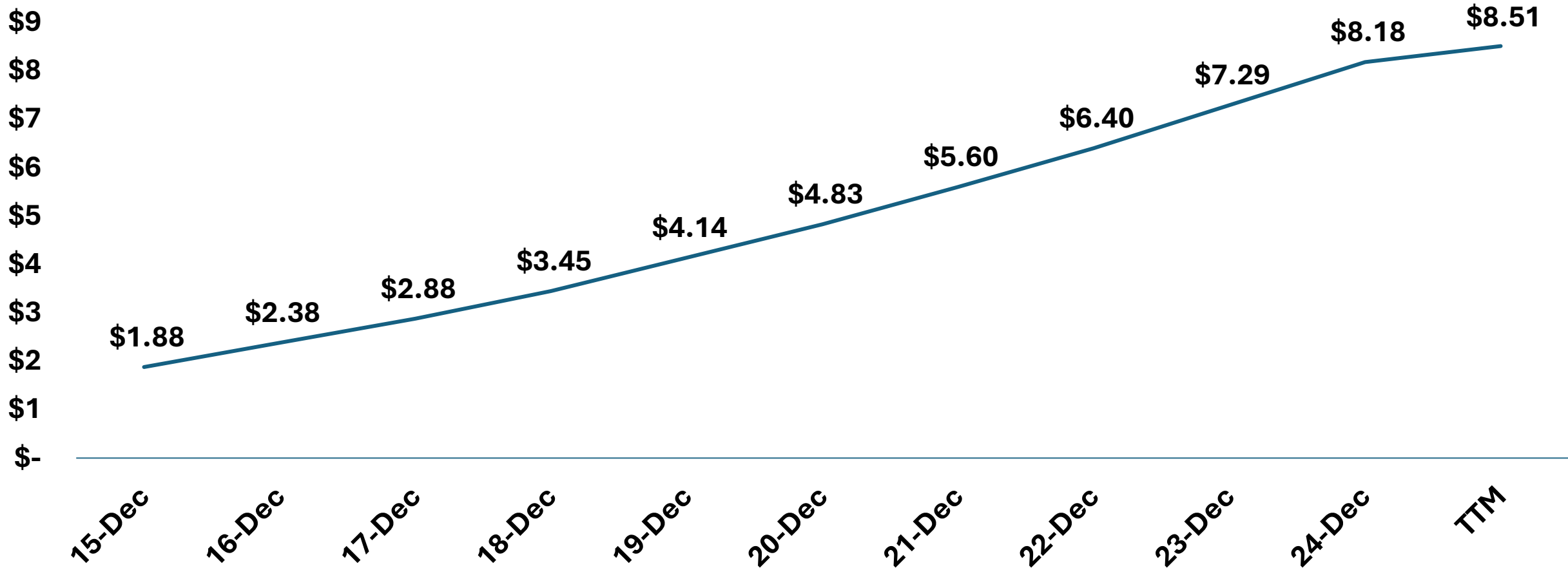
Shares Outstanding



CAGR	
3 - Year	-1.0%
5 - Year	-0.8%
10 - Year	-0.4%

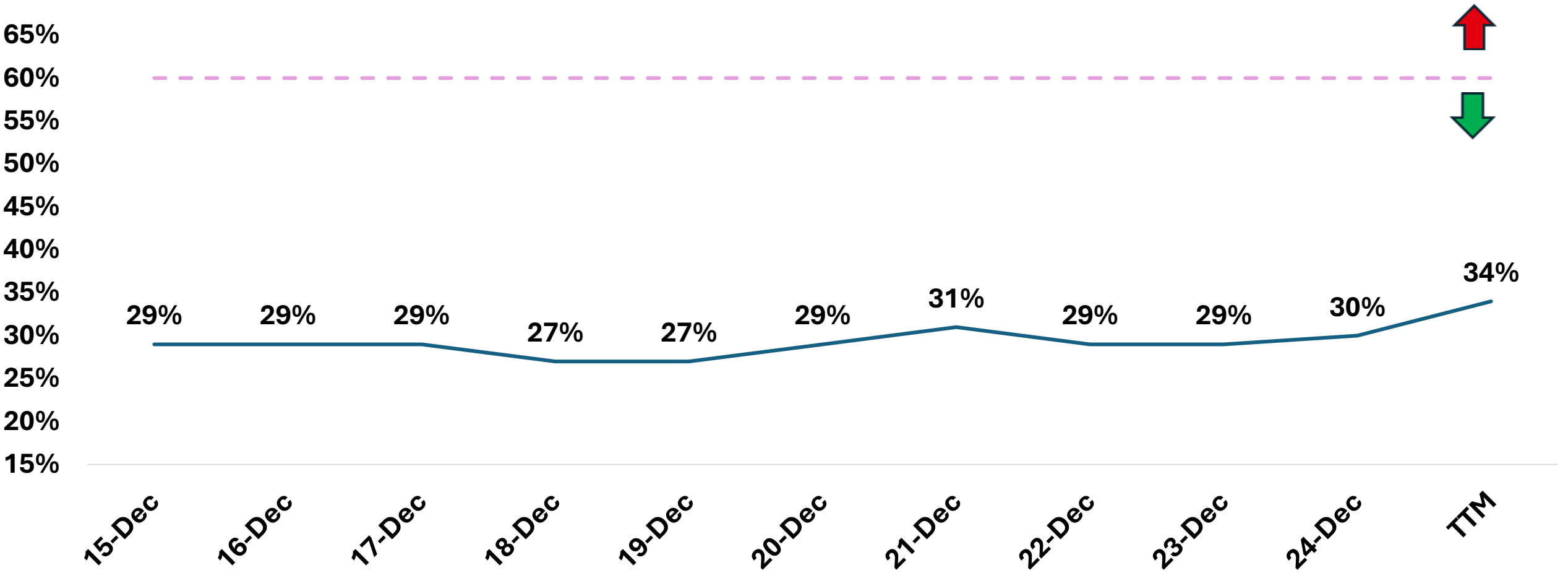
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Dividend Per Share Ratio



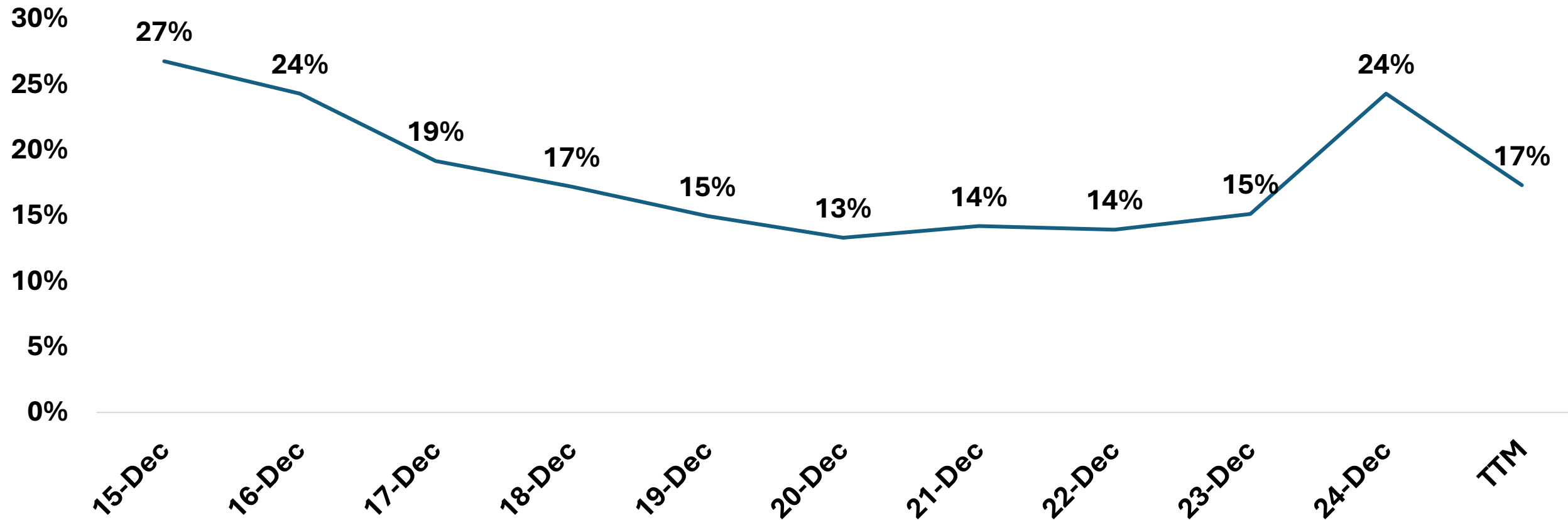
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Dividend Payout Ratio



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Capex to Net Income



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IOFS

Pablo Samanez



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Key Points in UNH's IOFS



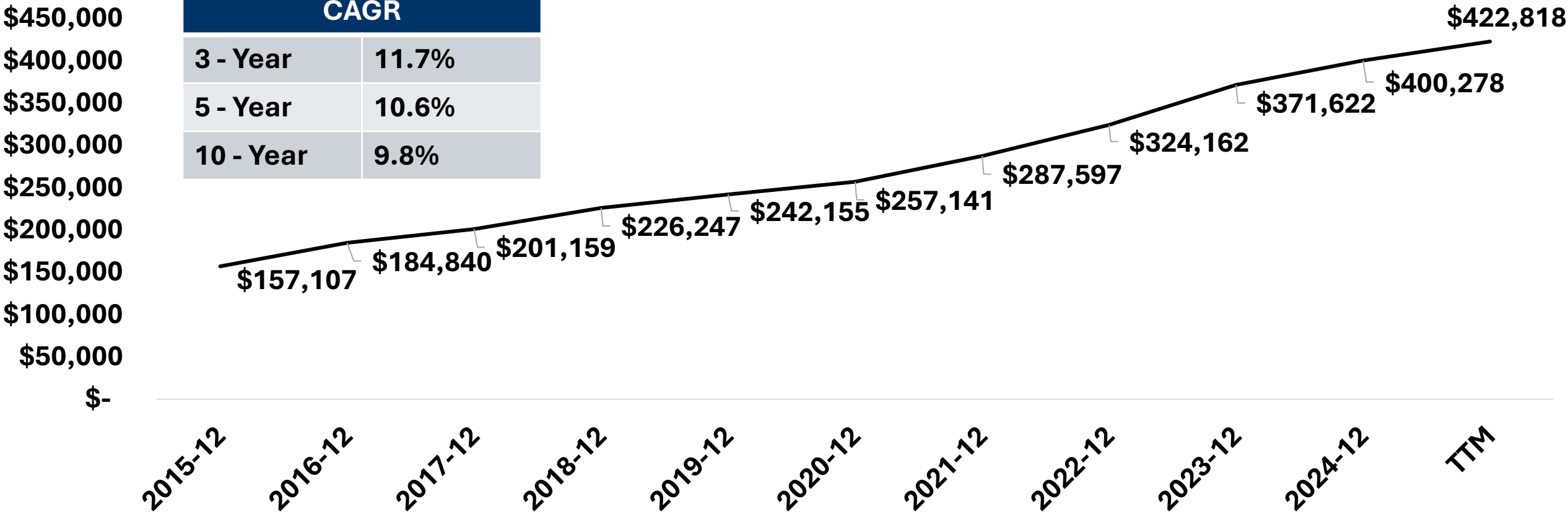
- **UNH's Margins Are Misleading**
- **Industry-Regulated**
 - Healthcare insurers operate under strict government oversight.
 - Profitability is capped to prevent insurers from over-earning.
 - **85% Medical Loss Ratio**

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Revenue



CAGR	
3 - Year	11.7%
5 - Year	10.6%
10 - Year	9.8%

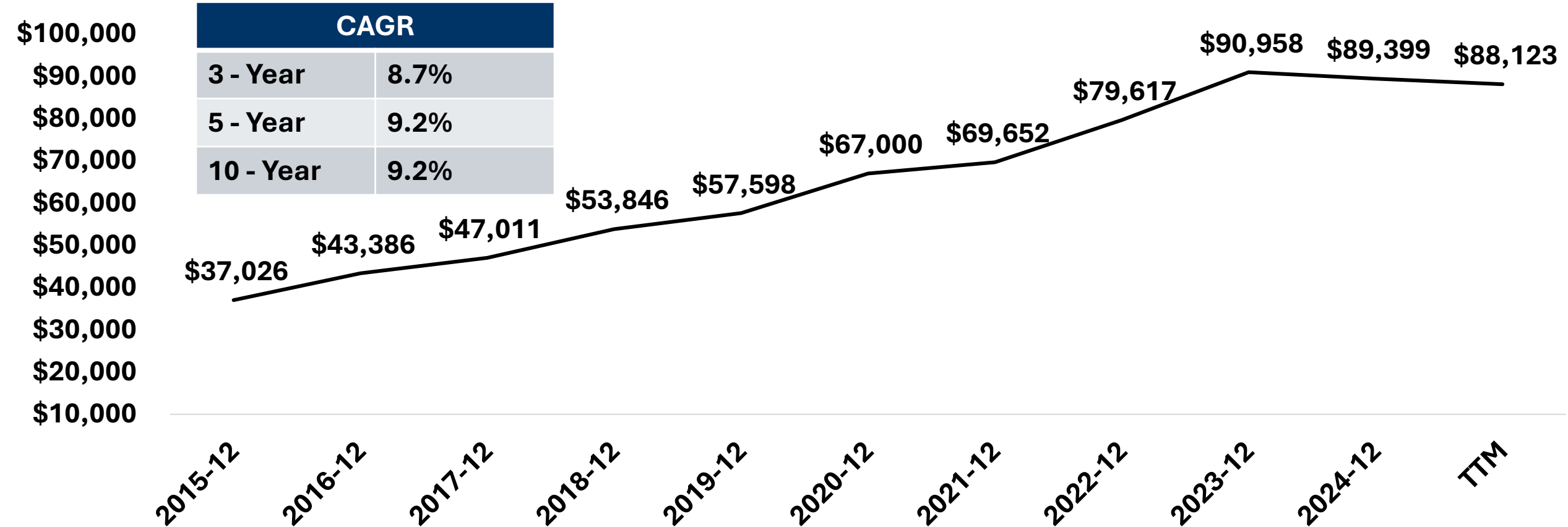


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Gross Profit

Gross Profit = Revenue – Cost of Goods Sold

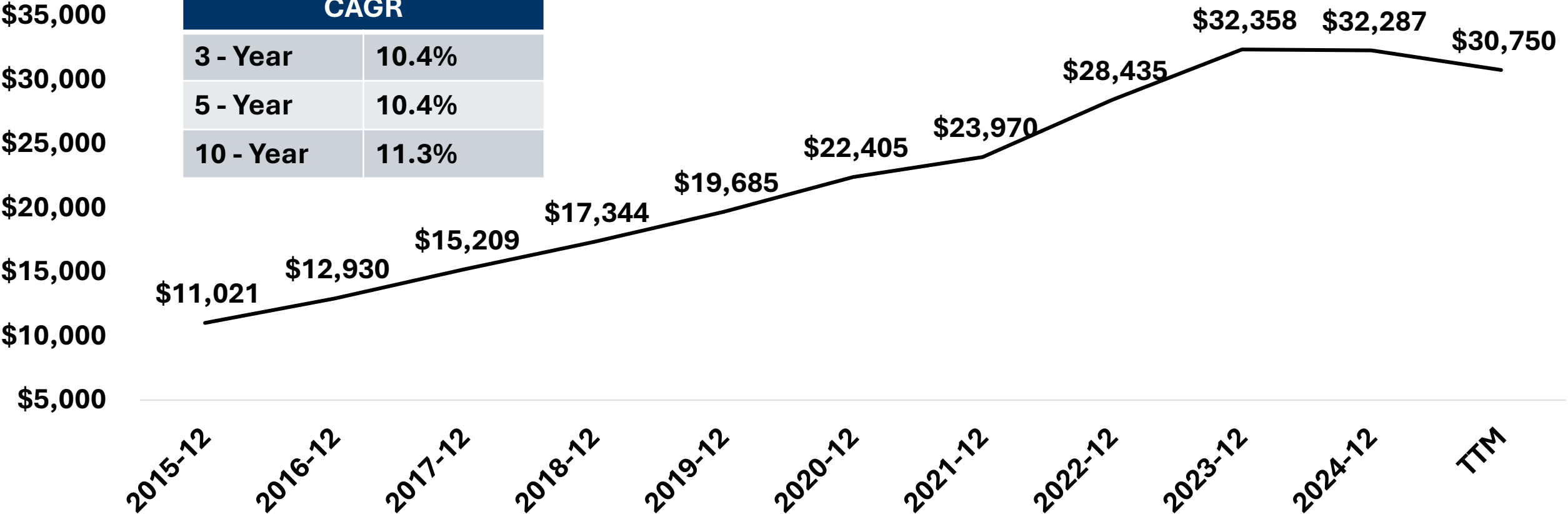


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Operating Income

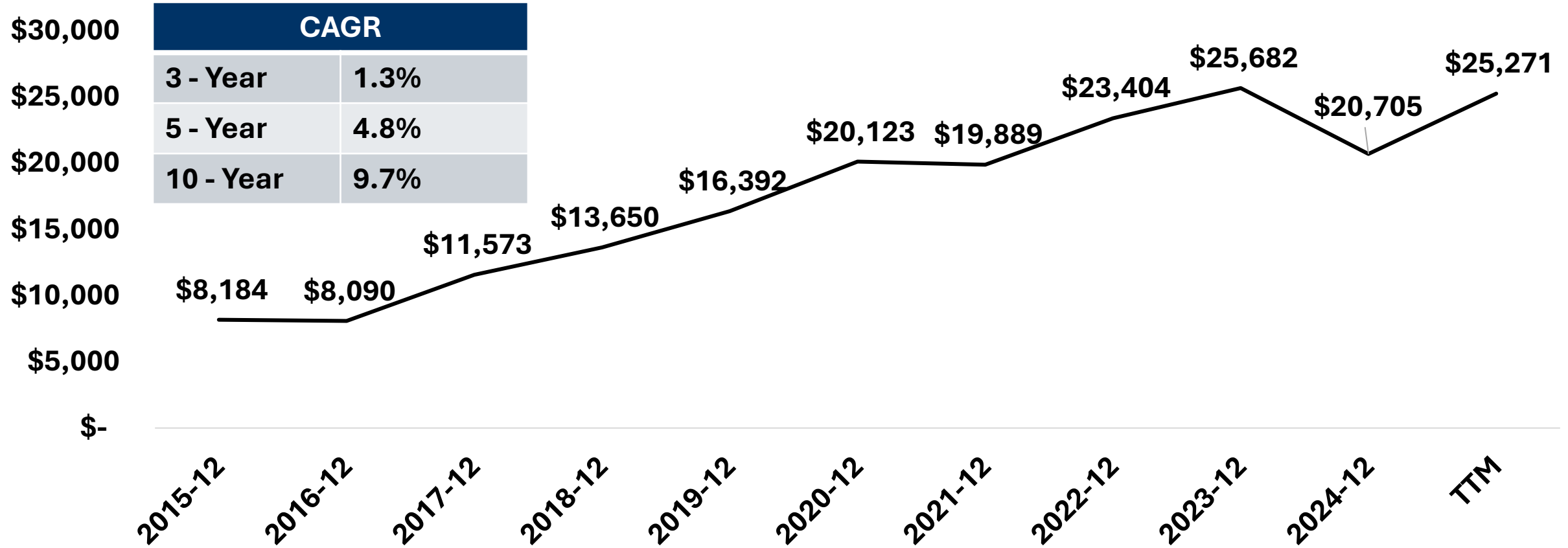


CAGR	
3 - Year	10.4%
5 - Year	10.4%
10 - Year	11.3%



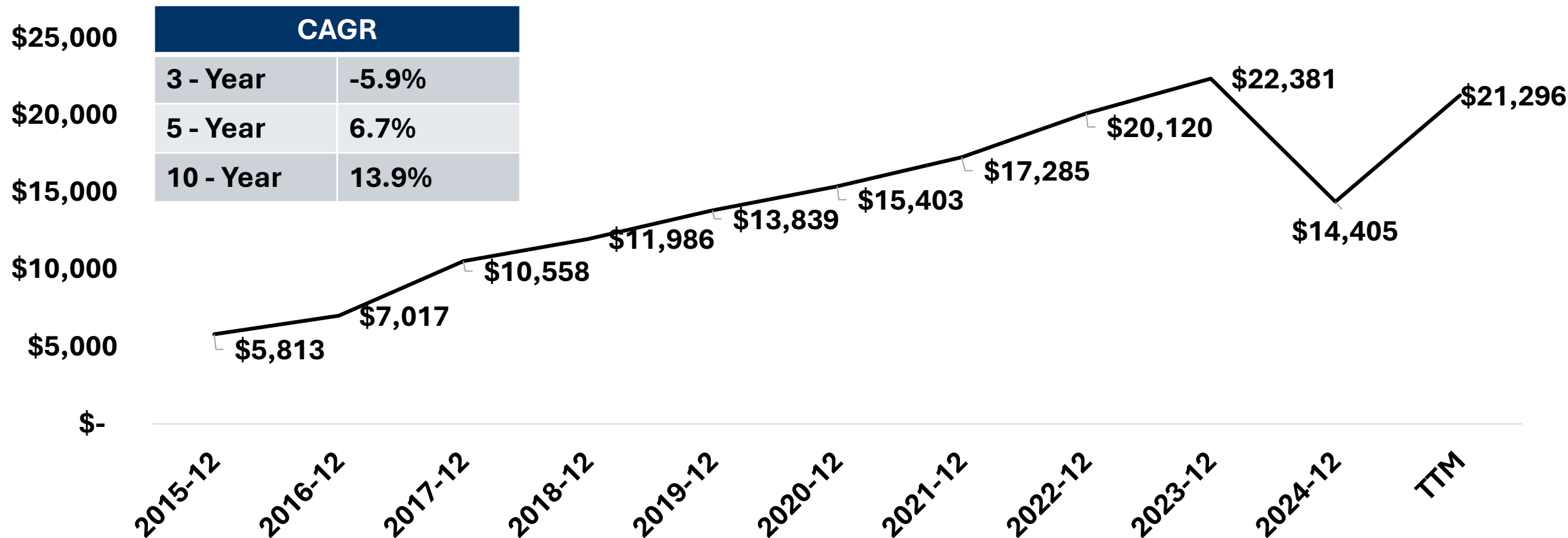
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Free Cash Flow (in millions)



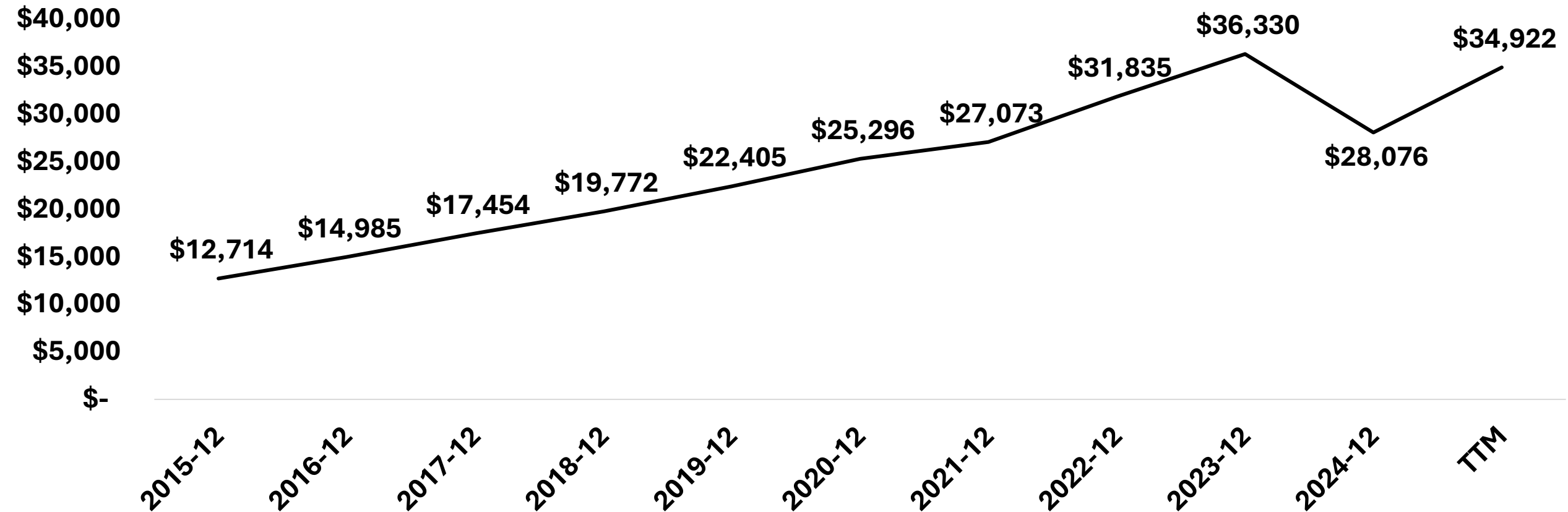
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Net Income (in millions)



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EBITDA

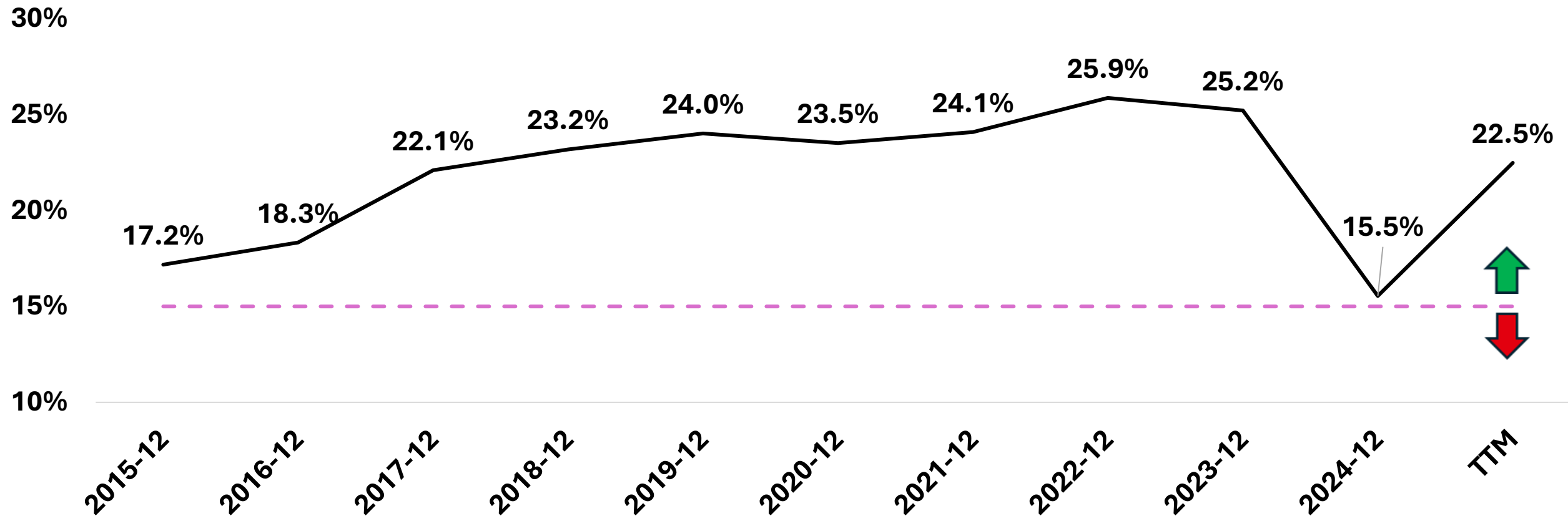


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Return on Equity

Return On Equity = Net Income/Shareholders Equity

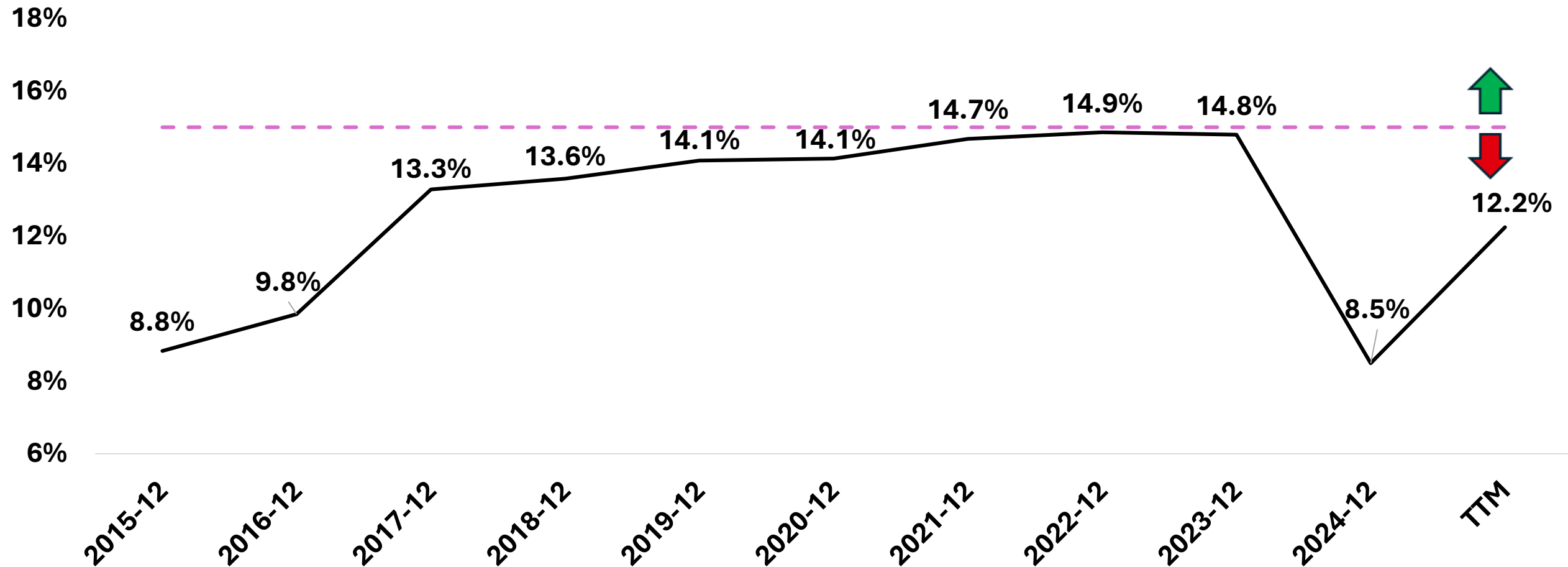


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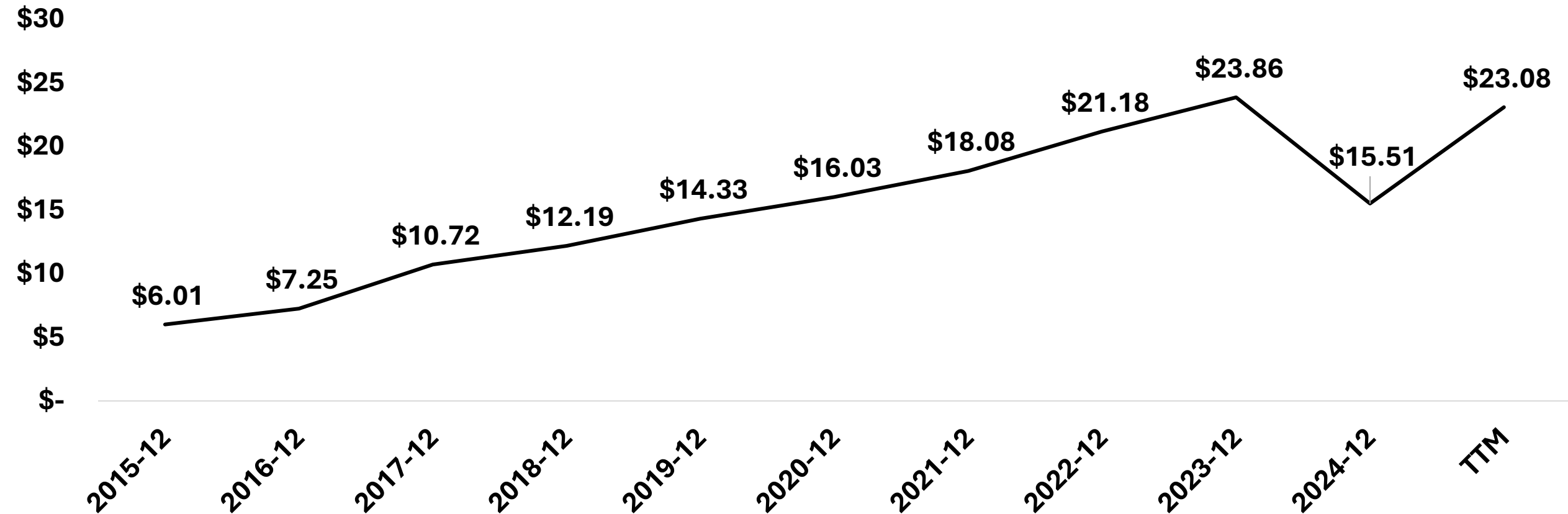
Return on Capital

Return on Capital = Net Income/Shareholders equity + Debt



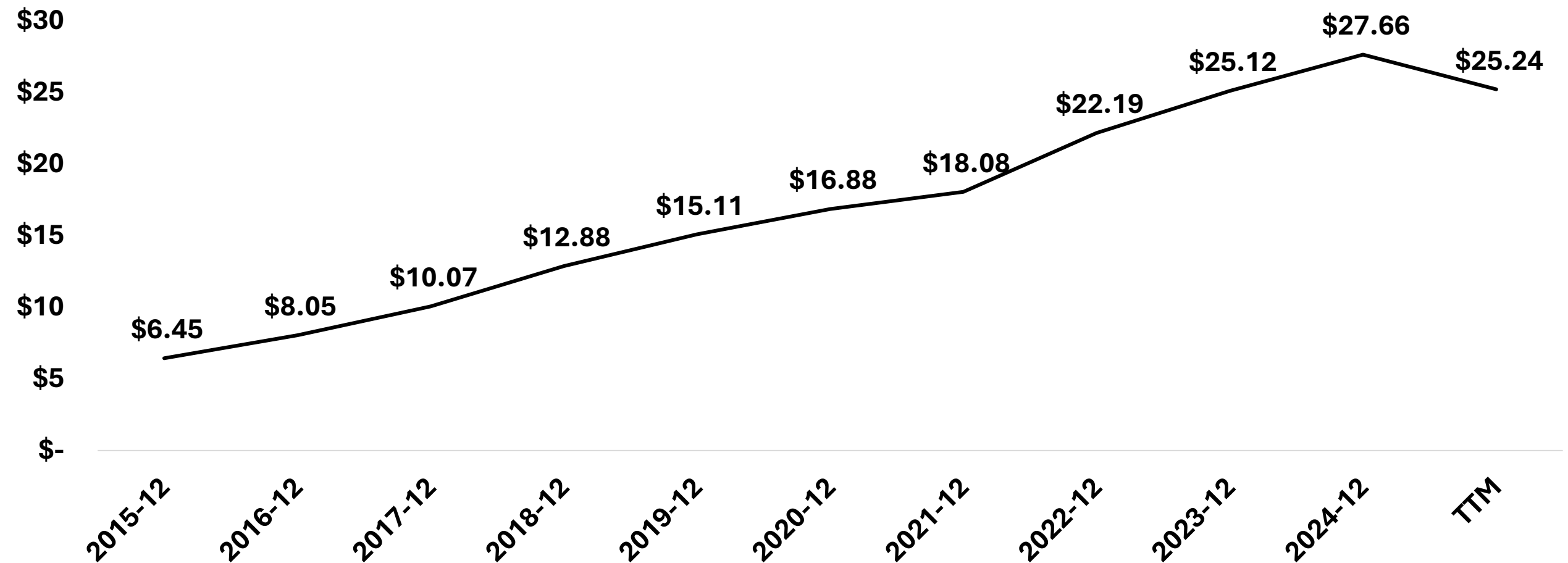
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Earnings Per Share - GAAP



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Adjusted Earnings Per Share



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Obligation Ratio TTM



Long-term debt	\$73,495
(+) Short-term debt	(+) \$5,698
(+) Preferred stock	(+) \$0
(+) Pension funding shortfall	(+) \$0
(+) Annual leases multiplied by 7	(+) \$0
(+) Marketable Securities	(+) \$3,424
(-) Cash and Cash Equivalents	(-) \$28,596

Divided by Annual Net Income

\$21,296 = 2.2x

≤ 5 Years

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Competitor Analysis

Jaiden Conrad



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Competitors

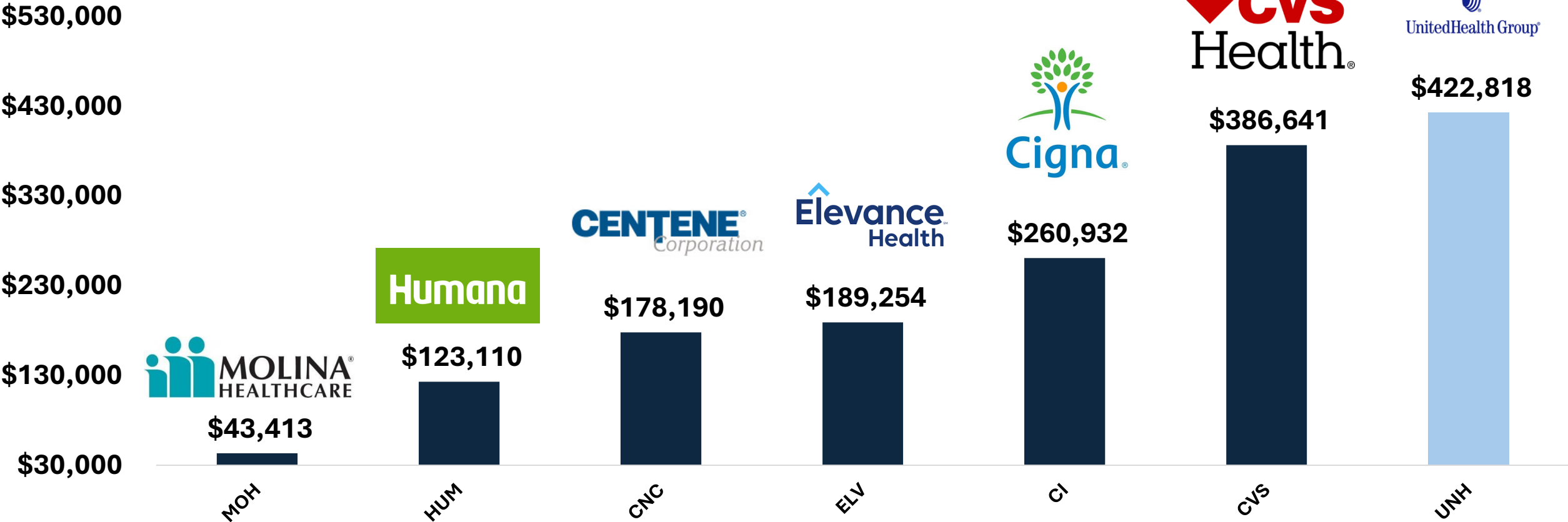


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Revenue (TTM)



In Millions



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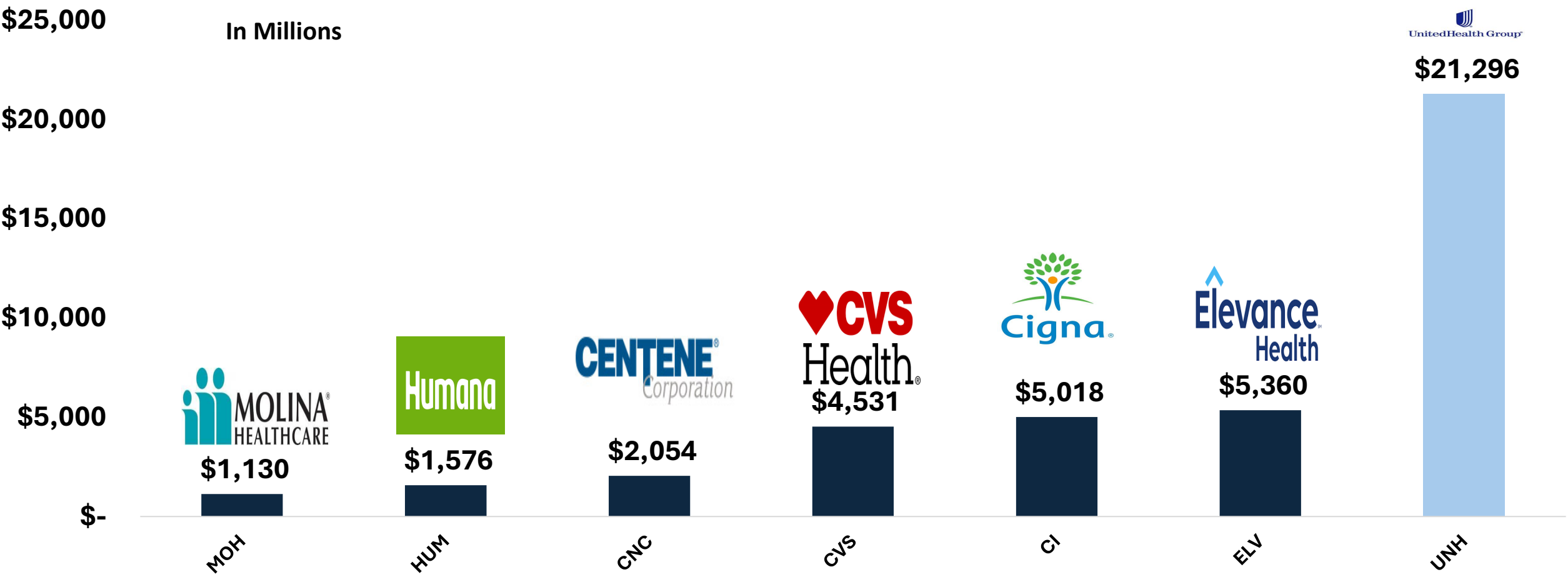
CAGR Revenue



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	TTM	CAGR
Centene	\$ 22,760	\$ 40,607	\$ 48,382	\$ 60,116	\$ 74,600	\$ 111,115	\$ 125,982	\$ 144,500	\$ 153,999	\$ 163,071	\$ 178,190	24.46%
Cigna	\$ 37,876	\$ 40,007	\$ 42,043	\$ 48,569	\$ 153,743	\$ 160,550	\$ 174,267	\$ 180,031	\$ 195,187	\$ 244,384	\$ 260,932	23.02%
Molina	\$ 1,417	\$ 1,778	\$ 1,988	\$ 1,889	\$ 1,682	\$ 1,942	\$ 2,777	\$ 3,197	\$ 3,407	\$ 4,065	\$ 4,341	12.42%
UnitedHealth	\$ 157,107	\$ 184,840	\$ 201,159	\$ 226,247	\$ 242,155	\$ 257,141	\$ 287,597	\$ 324,162	\$ 371,622	\$ 400,278	\$ 422,818	10.95%
CVS	\$ 153,290	\$ 177,520	\$ 184,765	\$ 195,060	\$ 256,776	\$ 268,706	\$ 292,111	\$ 322,467	\$ 357,776	\$ 372,809	\$ 386,640	10.38%
Elevance	\$ 79,157	\$ 84,863	\$ 90,040	\$ 92,105	\$ 104,213	\$ 121,867	\$ 138,639	\$ 156,595	\$ 171,340	\$ 176,810	\$ 189,254	9.34%
Humana	\$ 54,289	\$ 54,379	\$ 53,767	\$ 56,912	\$ 64,888	\$ 77,155	\$ 83,064	\$ 92,870	\$ 106,374	\$ 117,761	\$ 123,110	8.98%

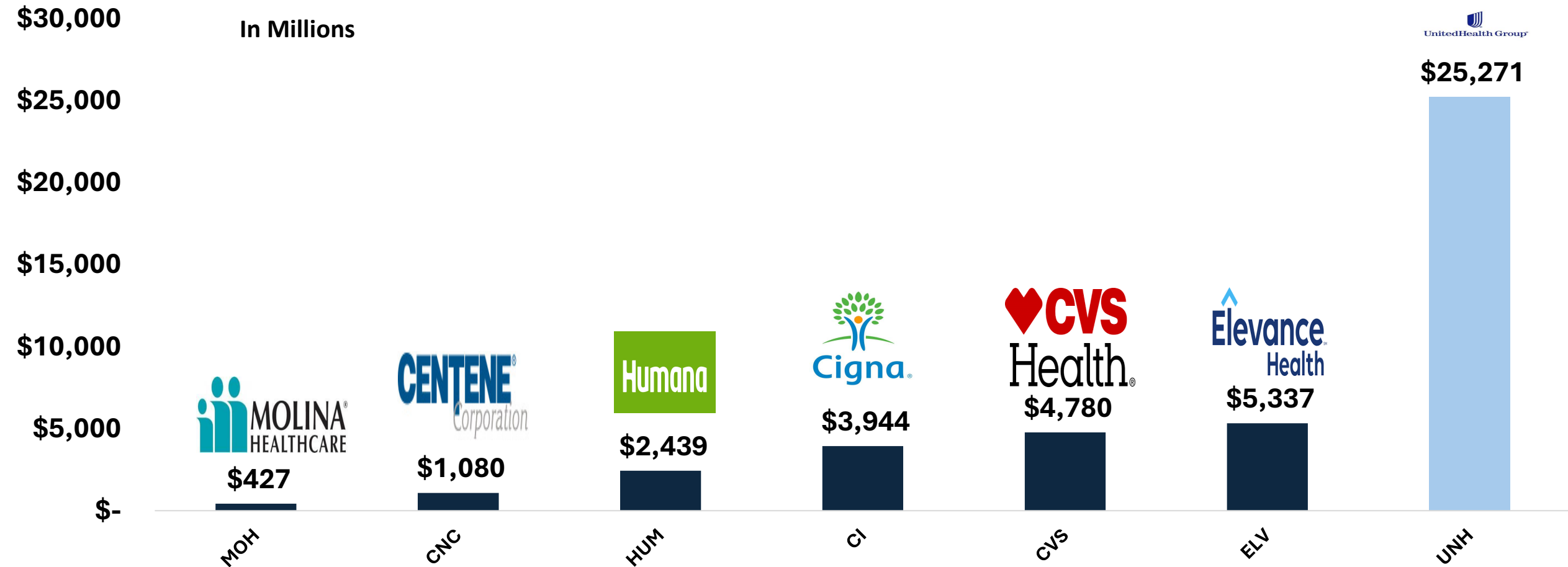
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Net Income_(TTM)



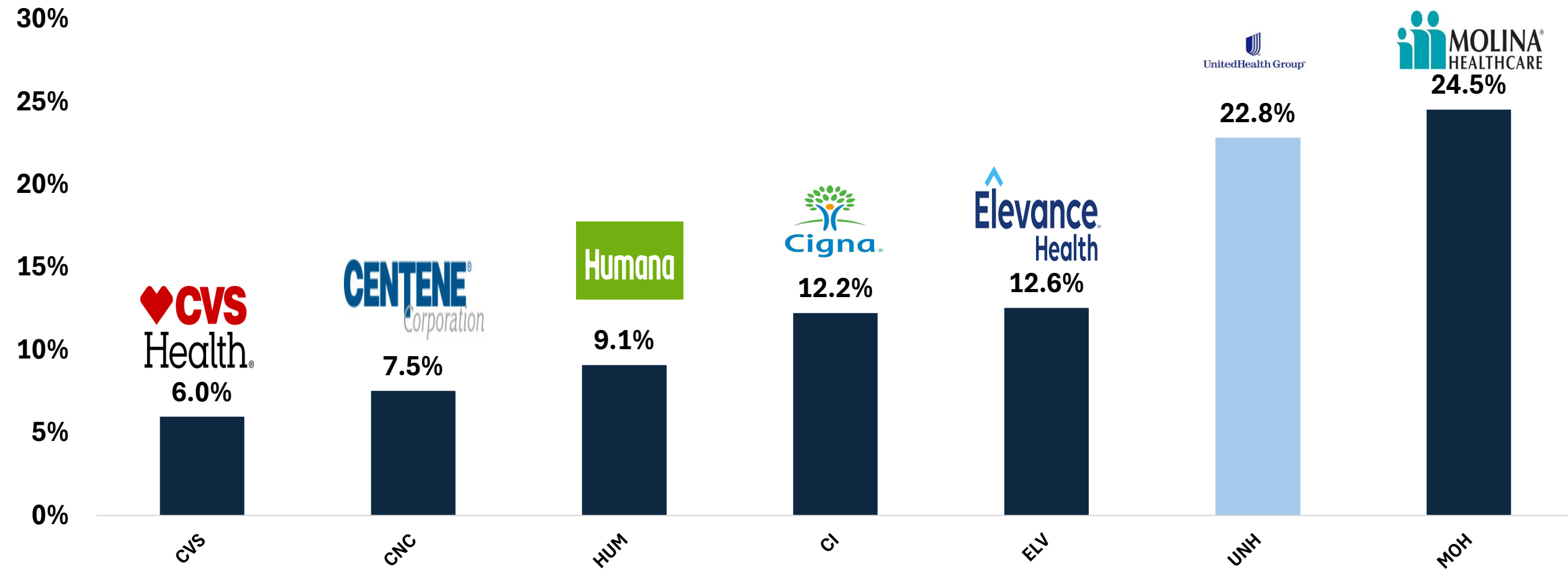
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Free Cash Flow (TTM)



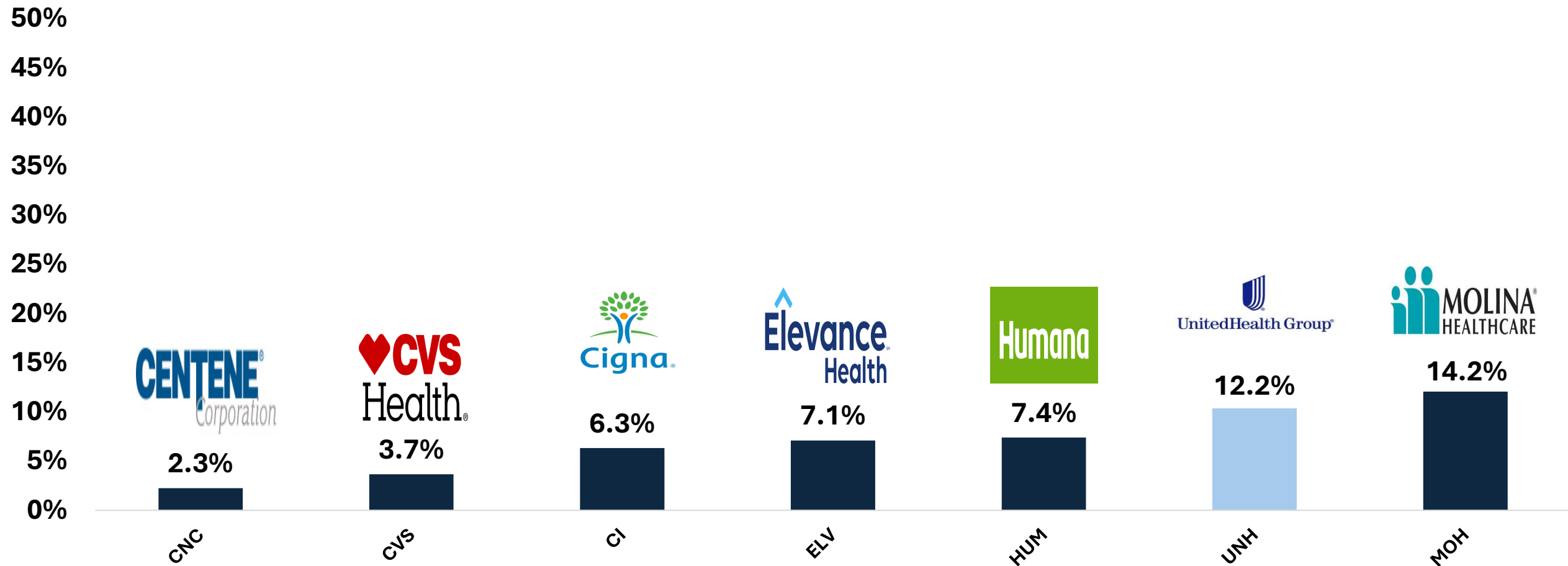
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Return On Equity_(TTM)



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Return on Capital (TTM)



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Medical Loss Ratio



	2018	2019	2020	2021	2022	2023	2024	Average	
Cigna		79%	81%	79%	84%	82%	81%	83%	81%
UnitedHealth		82%	82%	79%	83%	82%	83%	86%	82%
Humana		84%	86%	83%	87%	86%	87%	90%	86%
CVS(Aetna)		84%	84%	81%	85%	84%	86%	93%	85%
Elevance(Anthem)		84%	87%	85%	87%	87%	87%	88%	87%
Molina Healthcare		86%	86%	86%	88%	88%	88%	89%	87%
Centene					88%	90%	90%	93%	90%

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Obligation Ratio



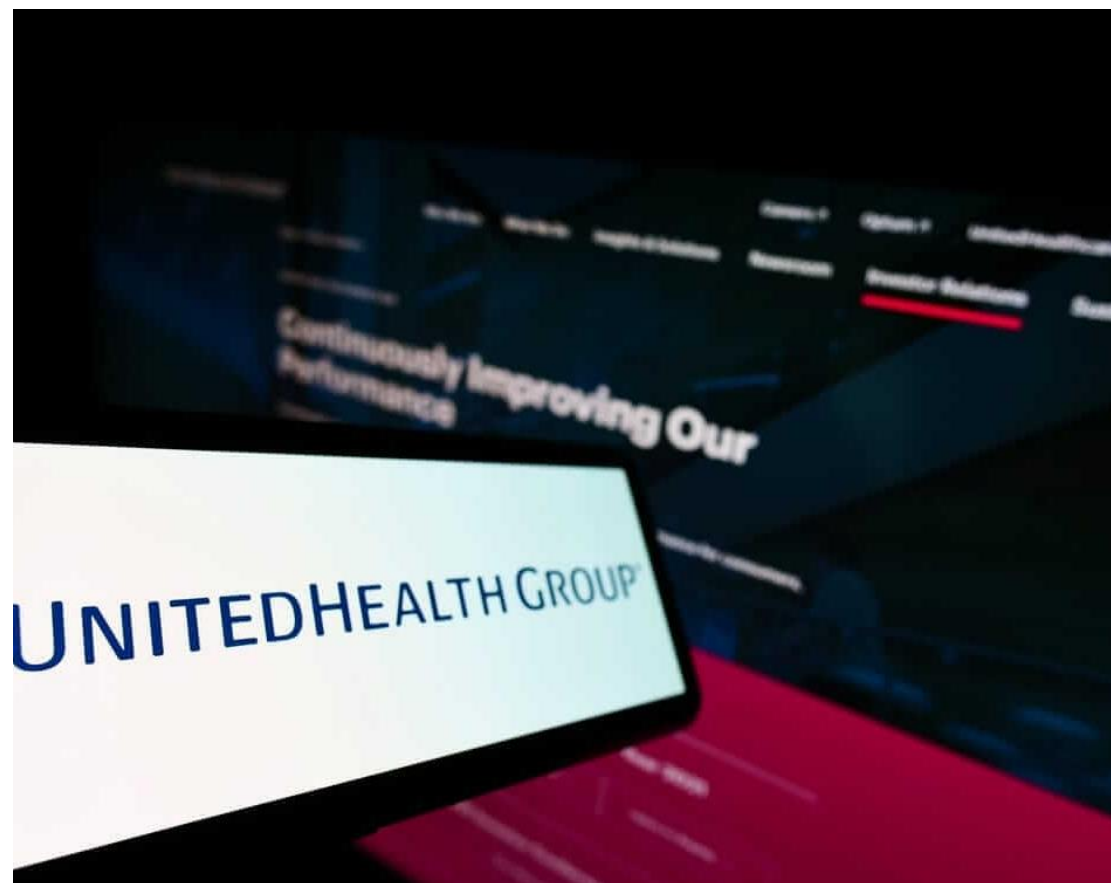
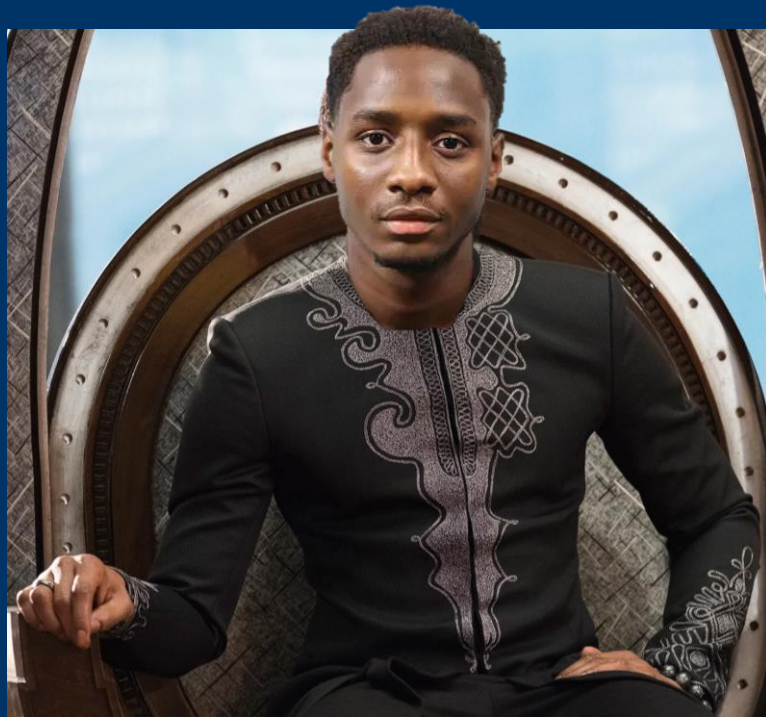
Company	Ratio
UNH	2.2x
CNC	0.1x
CI	-5.1x
ELV	-0.7x
HUM	1.6x
MOH	-4.6x

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Risk Factors

Jaiden Conrad



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Medical Cost Estimation and Pricing Risk

- UNH generates nearly 85% of revenue from risk-based products
- Medical inflation, usage spikes, drug research, and mandated benefits cause price fluctuations



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Provider Network and Relationship Risks

- Must maintain favorable contracts with physicians, hospitals, PBMs, and manufacturers
- In risk-based deals, UNH may be impacted if provider partners struggle financially

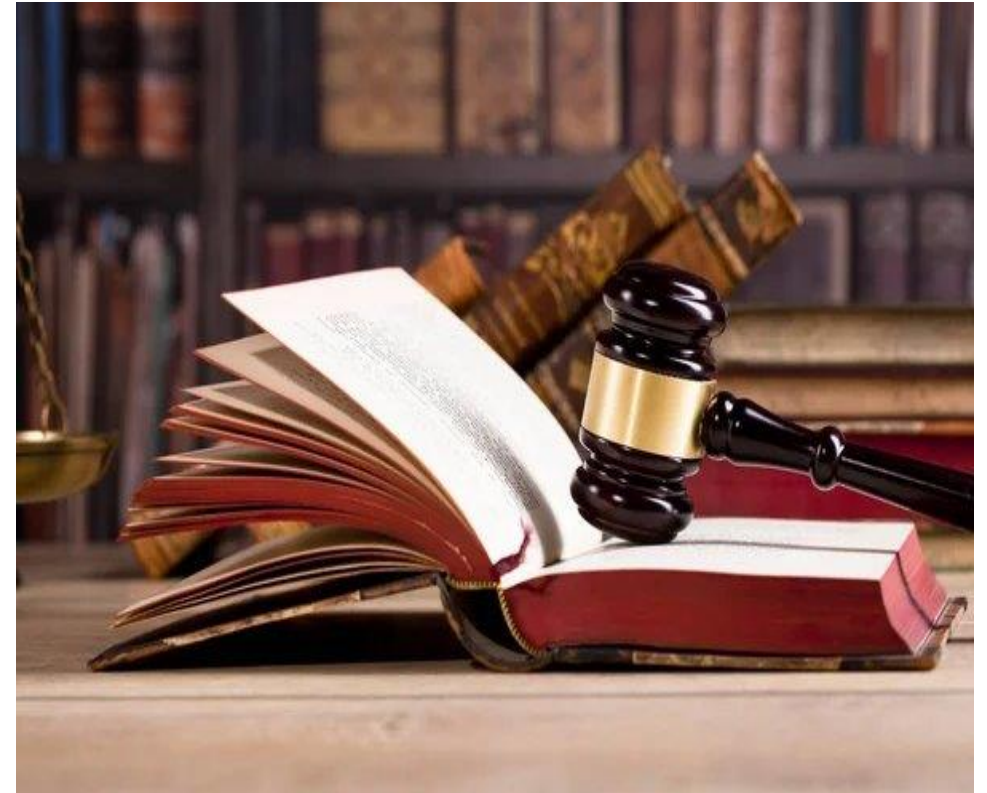


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Legal, Regulatory, and Compliance Exposure



- UNH often faces lawsuits, such as disputes over coverage, malpractice claims and antitrust issues
- The business is closely watched by federal, state, and international regulators, and must follow laws like ACA, HIPAA, and FCPA



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Dependence on government programs

- UNH earns a large share of revenue from Medicare advantages, Medicaid, CHIP, and Part D
- Payments depend on federal and state budgets, which can change at any time



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Cybersecurity and Data Security Incidents

- UNH has a lot of Protected Health Information and Personal Identifiable Information
- Target of frequent tech cyberattacks
- Outside vendors can create risks that UNH cannot fully control



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Growth Opportunities

Ryker Purdy



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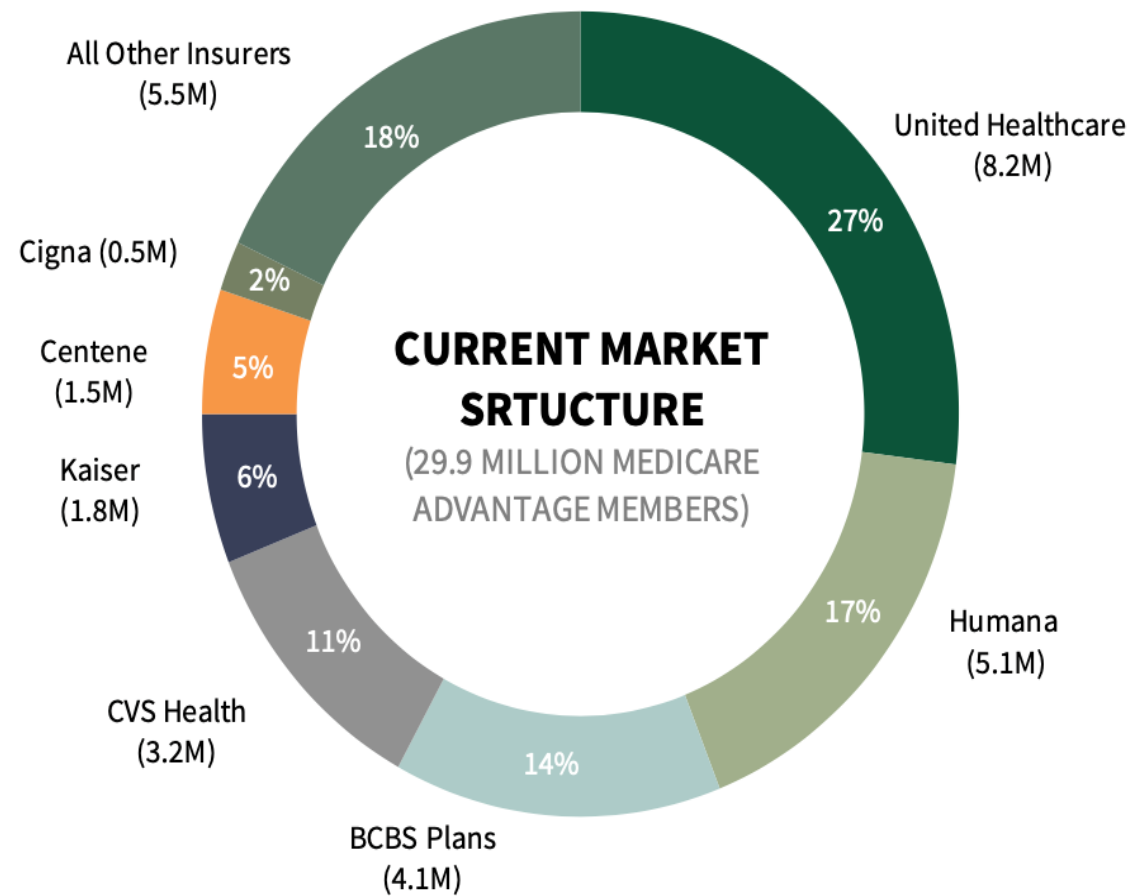
Medicare Advantage (Temporary Issue 2025)



Medicare Advantage Five Star Plan Breakdown

Bonus: financial incentive for Medicare provider for profit
 Rebate: refund rate back to the Medicare provider after treatment
 Double Bonus: urban counties with low traditional Medicare spending
 and historically high Medicare Advantage enrollment

STARS	BONUS	REBATE
★★★★★	5% <small>10% in double bonus</small>	70%
★★★★☆	5% <small>10% in double bonus</small>	70%
★★★★★	5% <small>10% in double bonus</small>	65%
★★★★☆	0%	65%
★★★☆☆	0%	50%
New Contract/Low Enrollment	3.5% <small>7% in double bonus</small>	65%



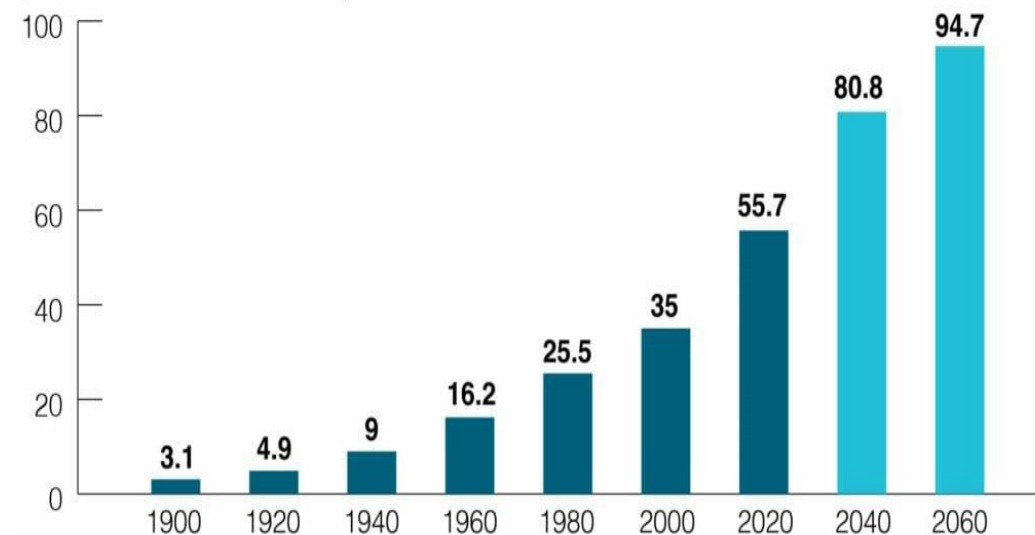
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Medicare Advantage



Medicare Advantages Members						
2020	2021	2022	2023	2024	2025	SNAPSHOT
38,950	40,635	41,270	43,860	43,440	2025Q1	2025Q2
					11,080	11,150
					YOY Growth	
					2.17%	2.91%

Number of Persons Age 65 and Older, 1900-2060
(numbers in millions)



Note: Lighter bars (2040 and 2060) indicate projections.

Source: U.S. Census Bureau, Population Estimates and Projections

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Medicare Advantage



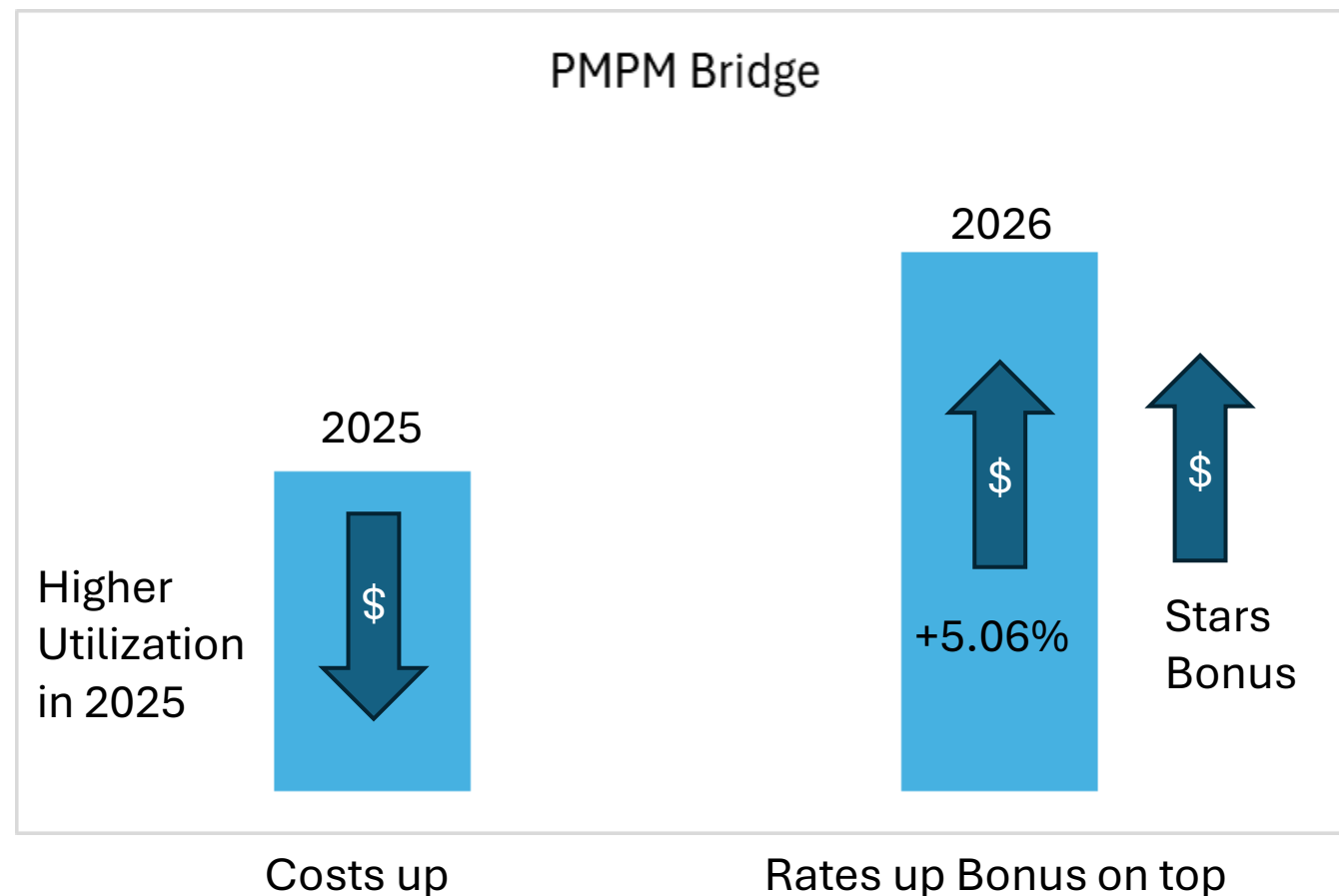
Aging Population



**Government Paying
More Per Person
(+5.06%)**

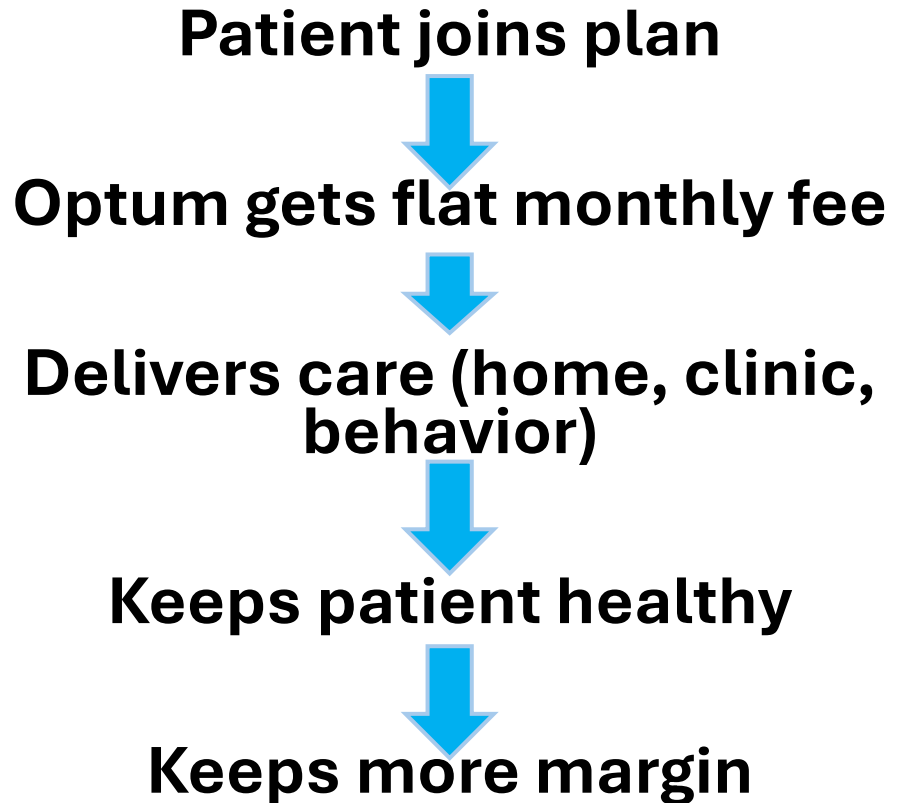


**UNH Already Has
Most of the
Customers**



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Optum Health

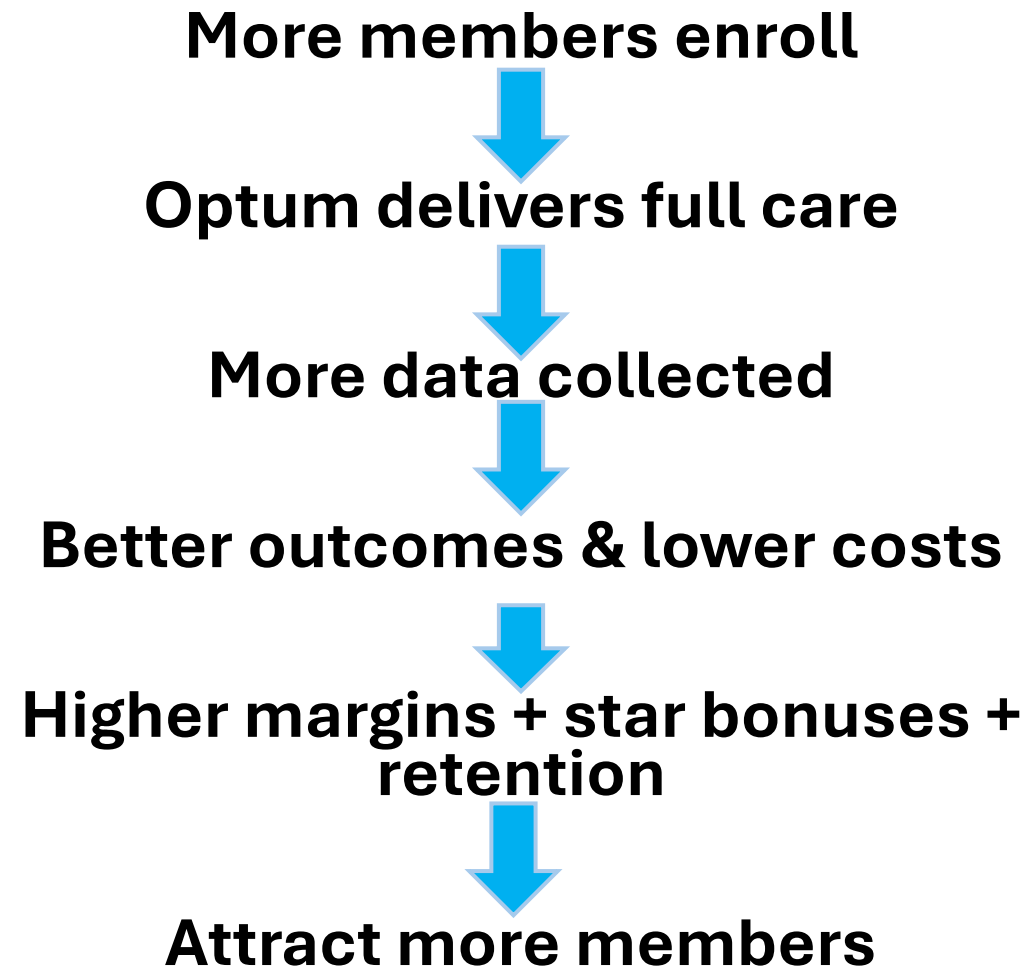


Year	Value-based patients
2024	4.7 million
2023	4.1 million
2022	3.2 million
2021	2 million

- 300-650k increase in value-based lives FY25

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Optum Health Flywheel



October 3rd, 2025

Optum Insight's Contracted Backlog



Backlog Size: \$32.8 B



Next 12 Month's Backlog: \$19.8 B



Money in the Bank, Waiting to be Collected



**38% of the \$32.8 B is affiliated,
the rest is external**

Backlog				
2016	2017	2018	2019	2020
20.63%	21.89%	24.90%	24.93%	25.23%
2021	2022	2023	2024	2025 Q1-Q2
27.85%	24.61%	22.54%	16.51%	20.76%

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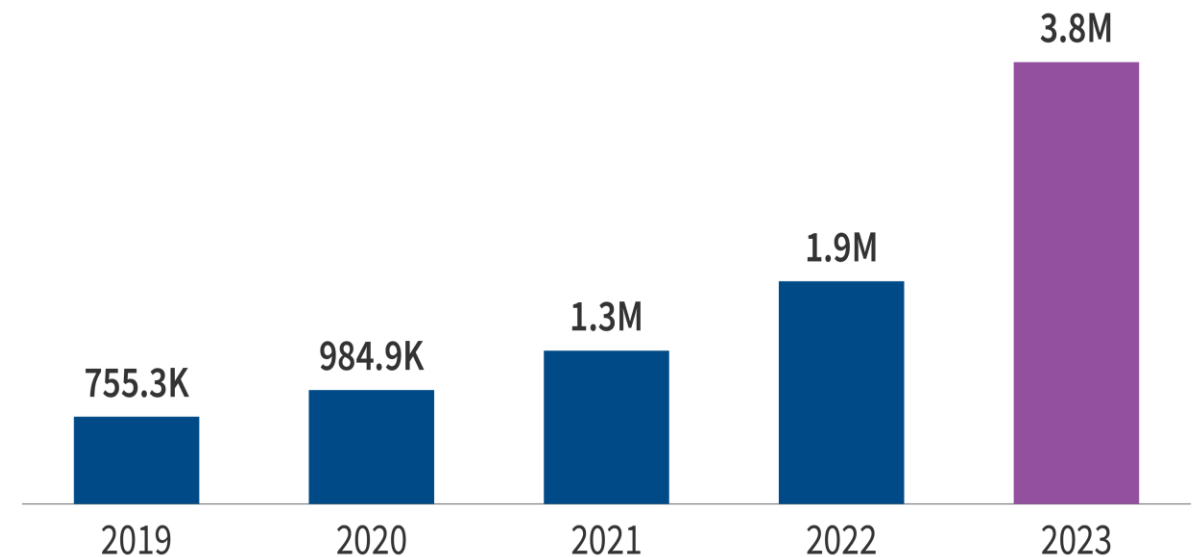
OptumRX Hedge



- OptumRX = Plumbing system for U.S. medicine
Specialty drugs rising
- GLP-1 boom
- Recurring stream
- UNH's vertical model

Medicaid Prescriptions for GLP-1 Drugs Have Increased Rapidly in Recent Years

Number of Medicaid outpatient prescriptions for select GLP-1 drugs



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Value Bands & Intraportfolio Analysis

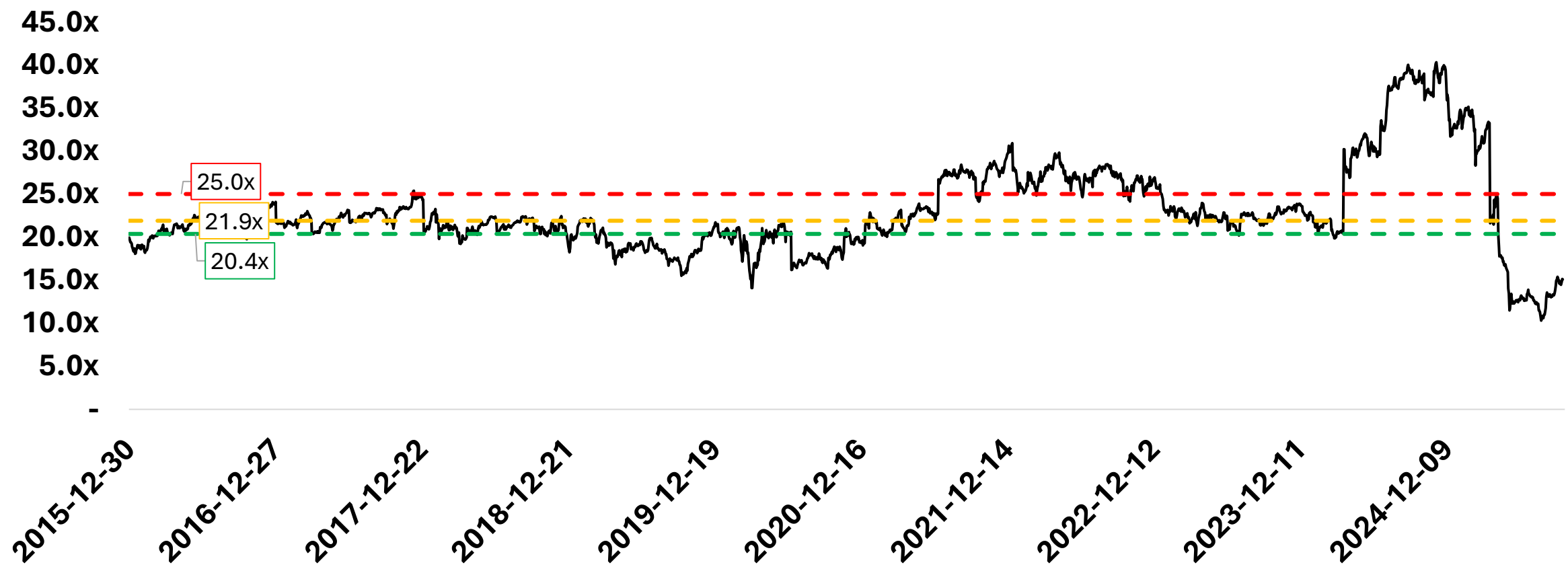
Adam Shultz



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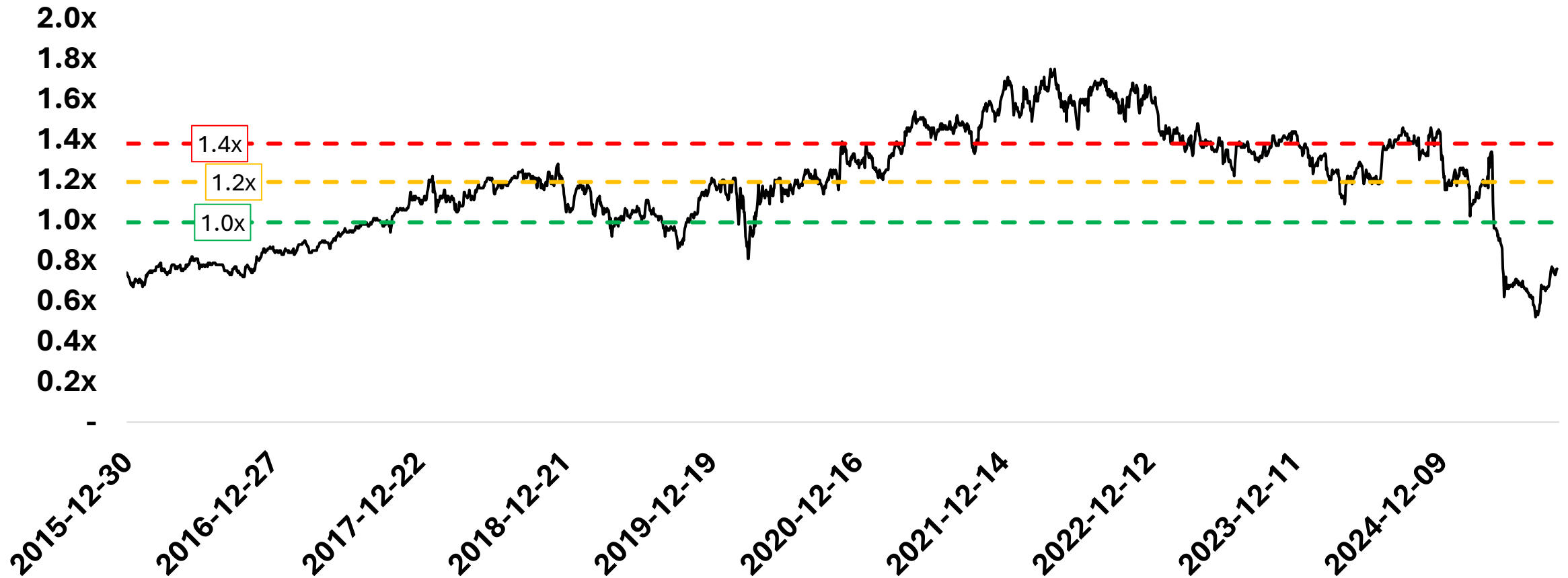


Price To Earnings



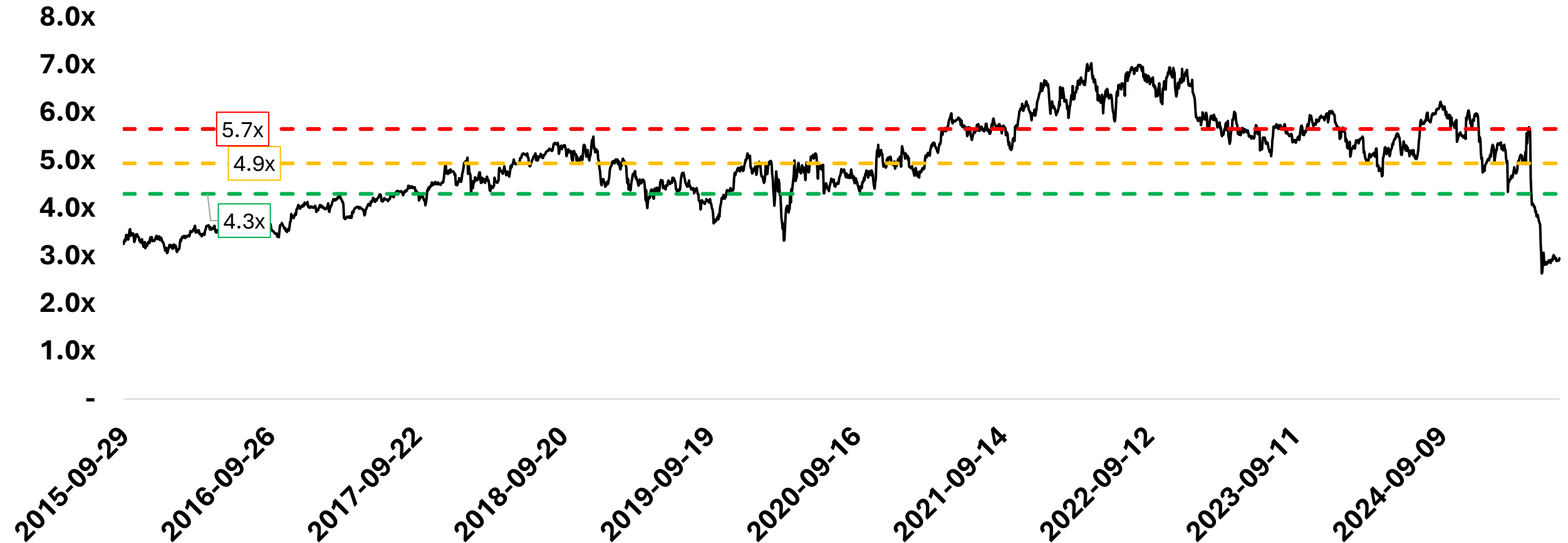
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Price To Sales



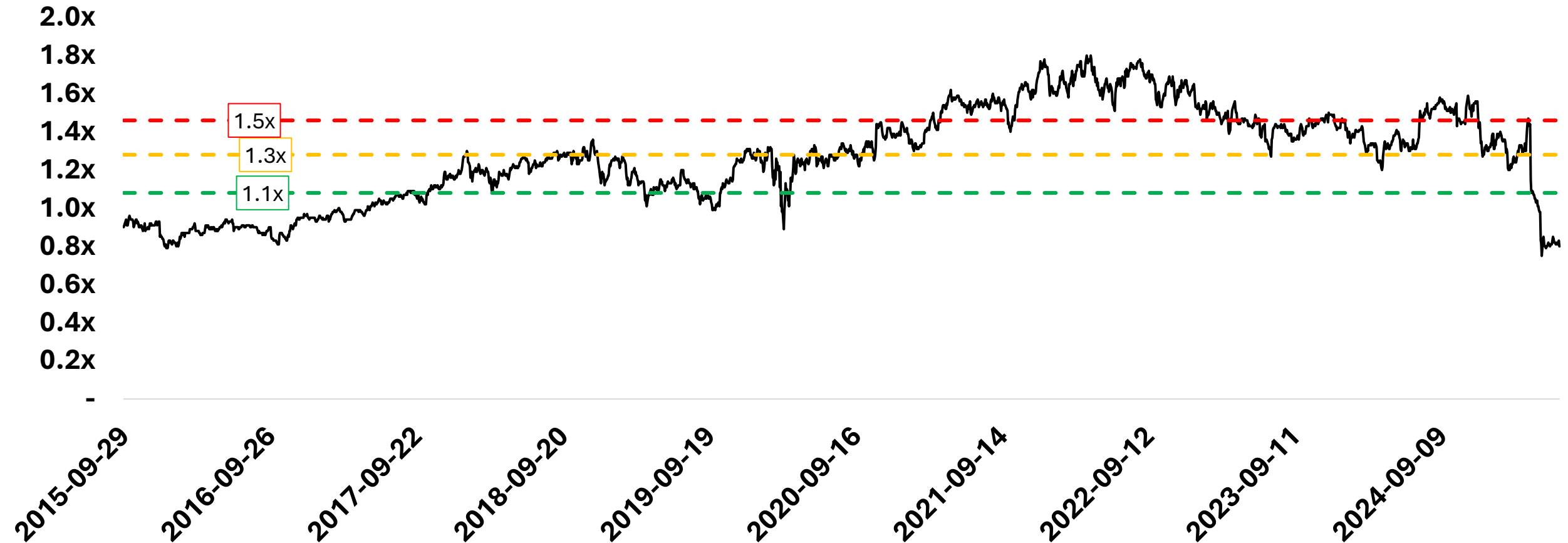
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Price To Book Value



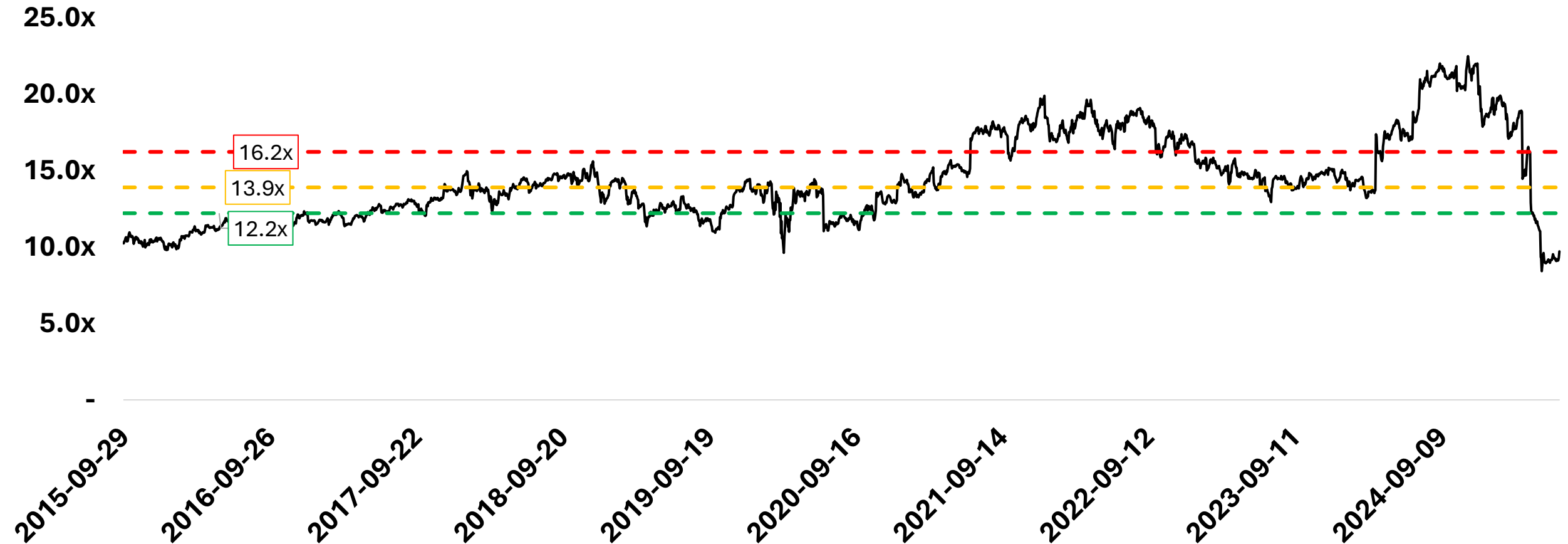
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Enterprise Value To Revenue



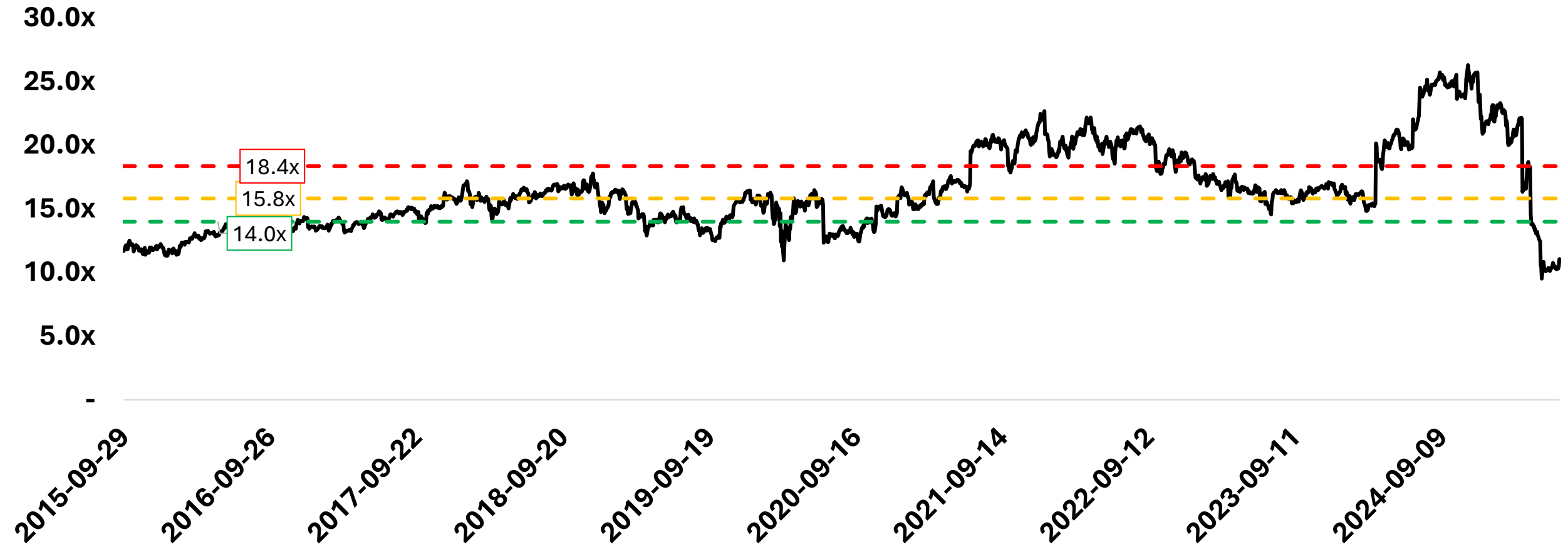
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Enterprise Value To EBITDA



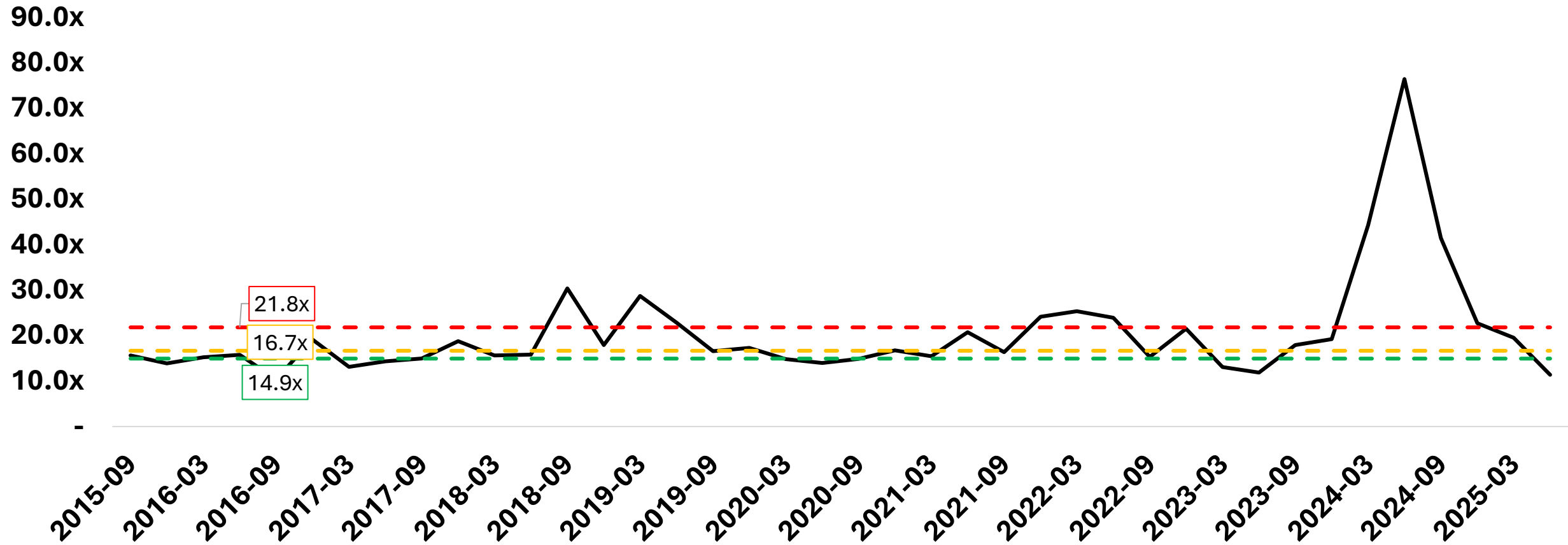
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Enterprise Value To EBIT



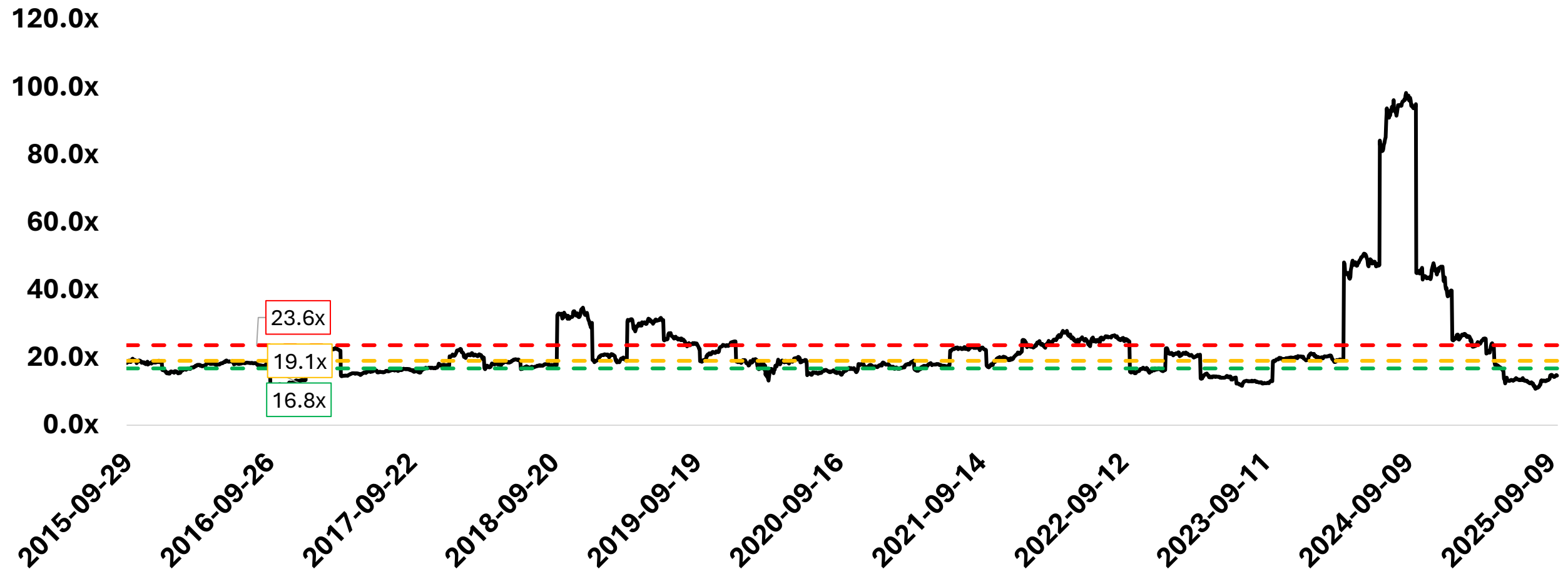
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Price To Free Cash Flow



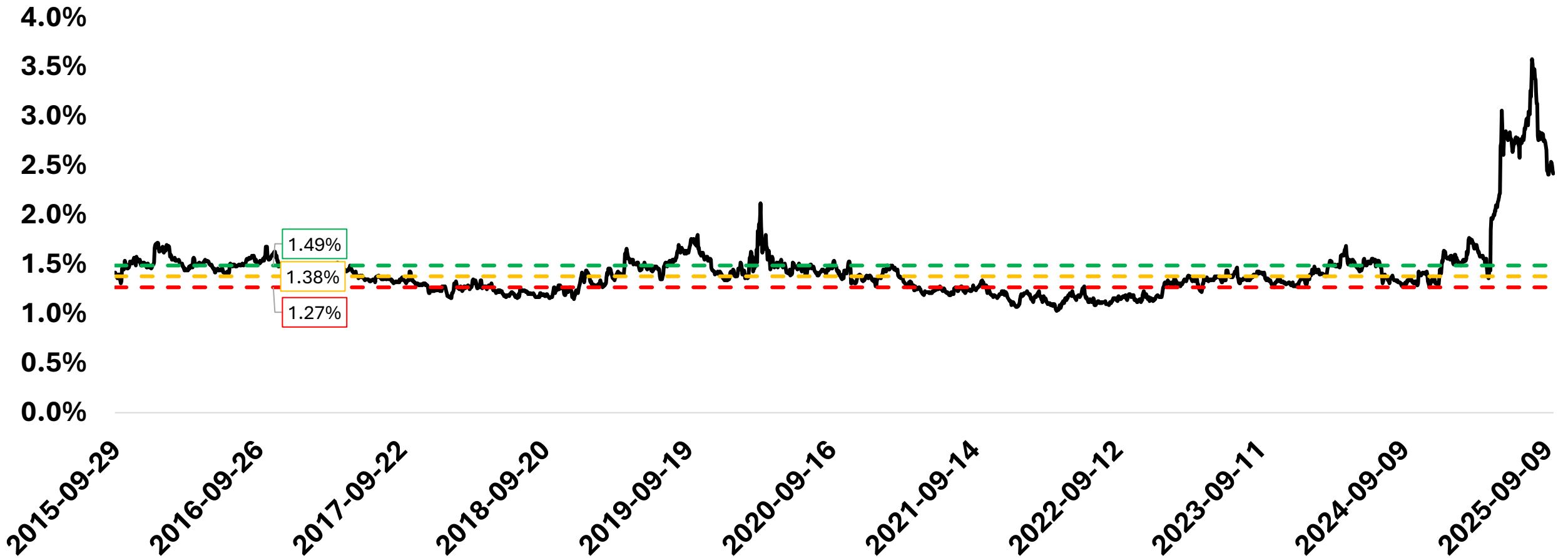
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Enterprise Value To Free Cash Flow



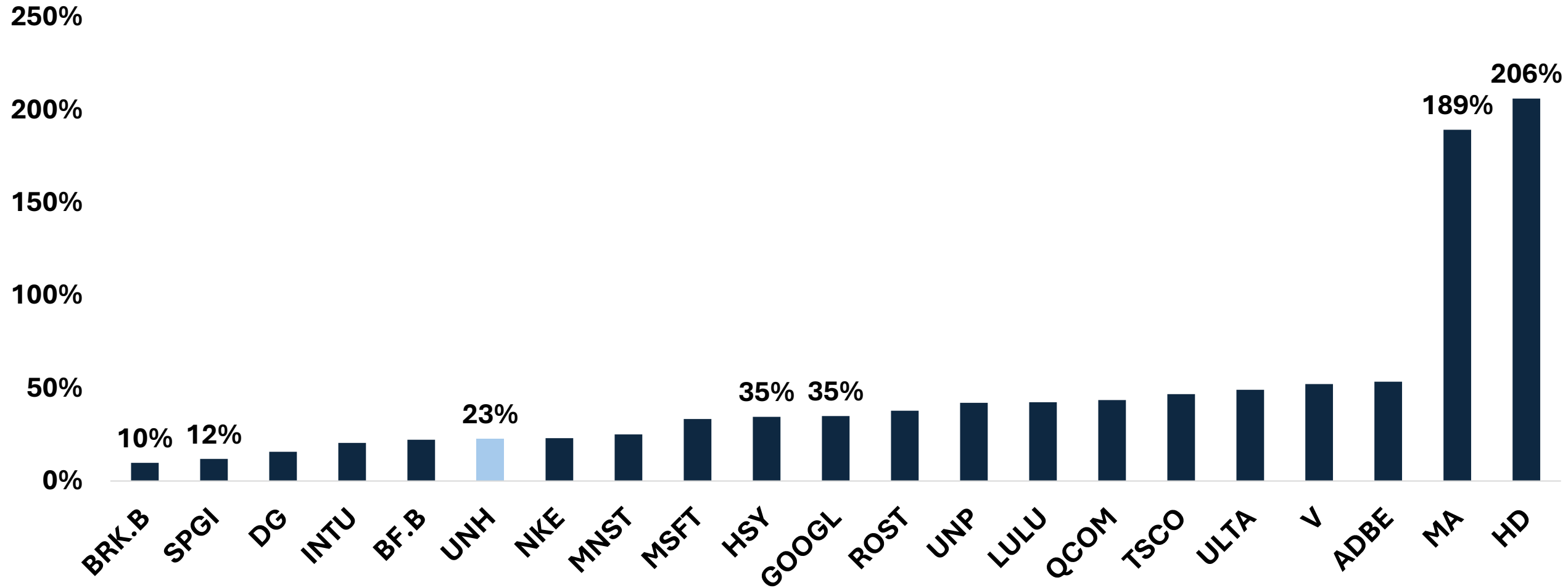
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Dividend Yield



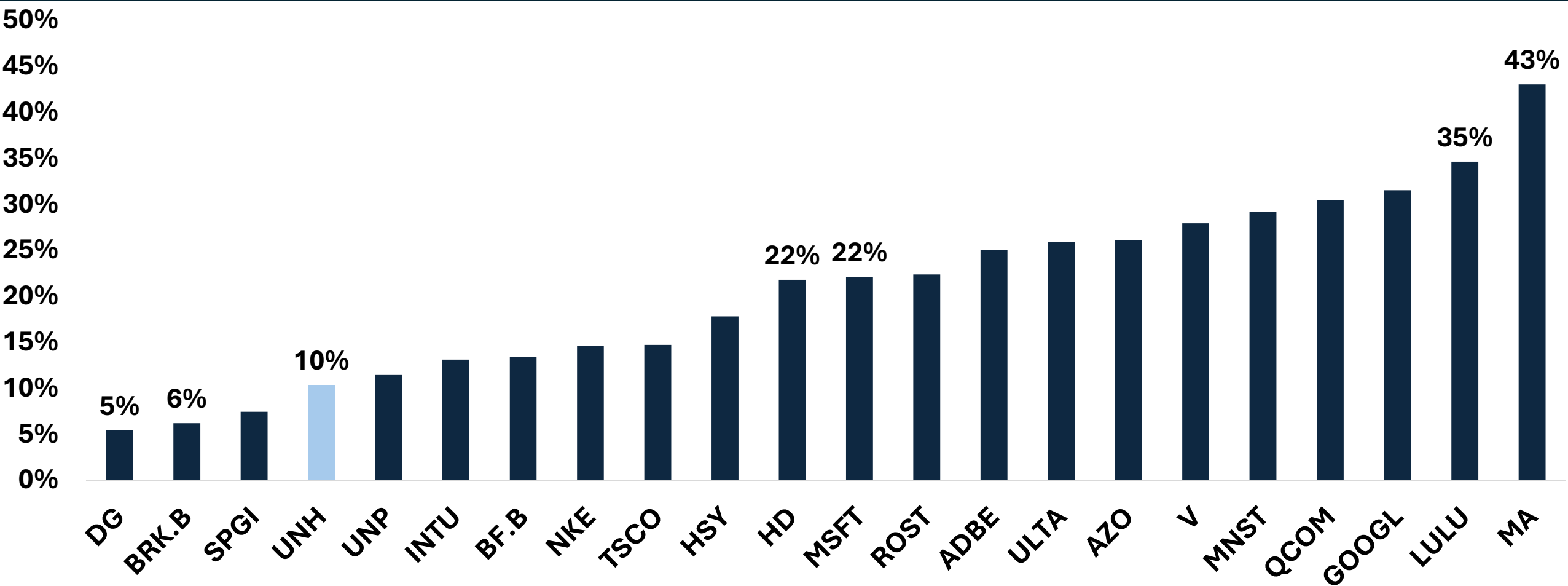
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Return on Equity %



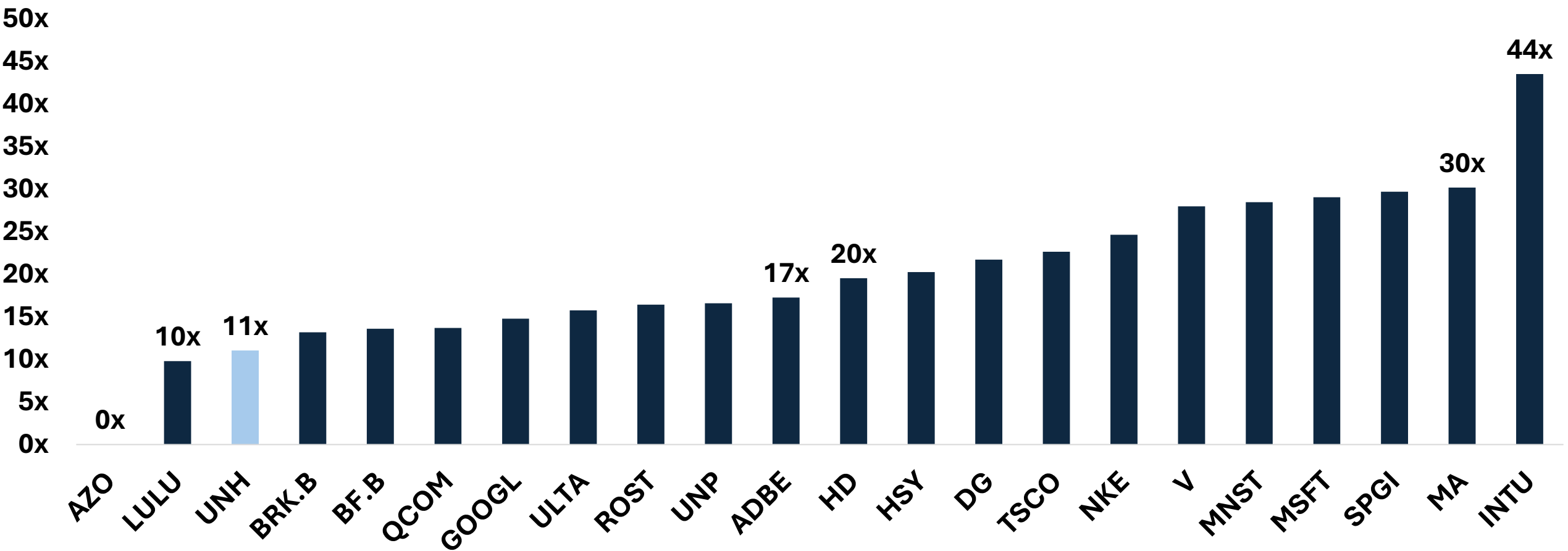
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ROC %



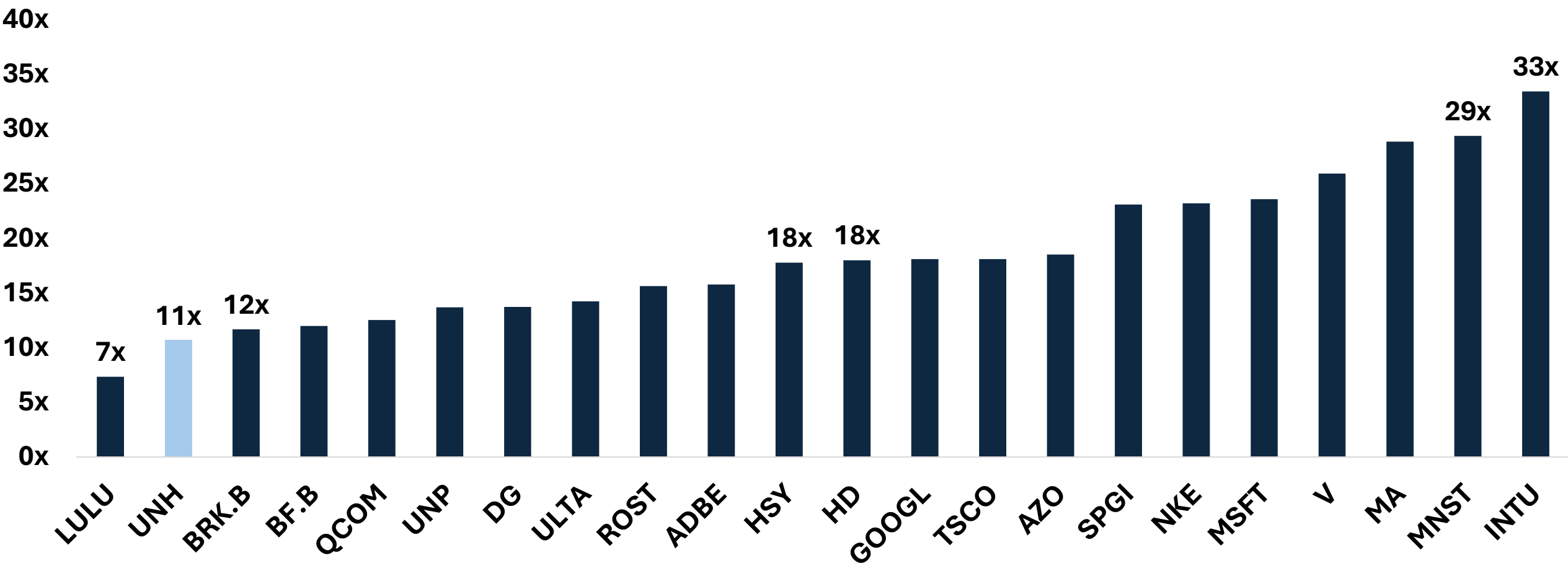
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EV to EBIT



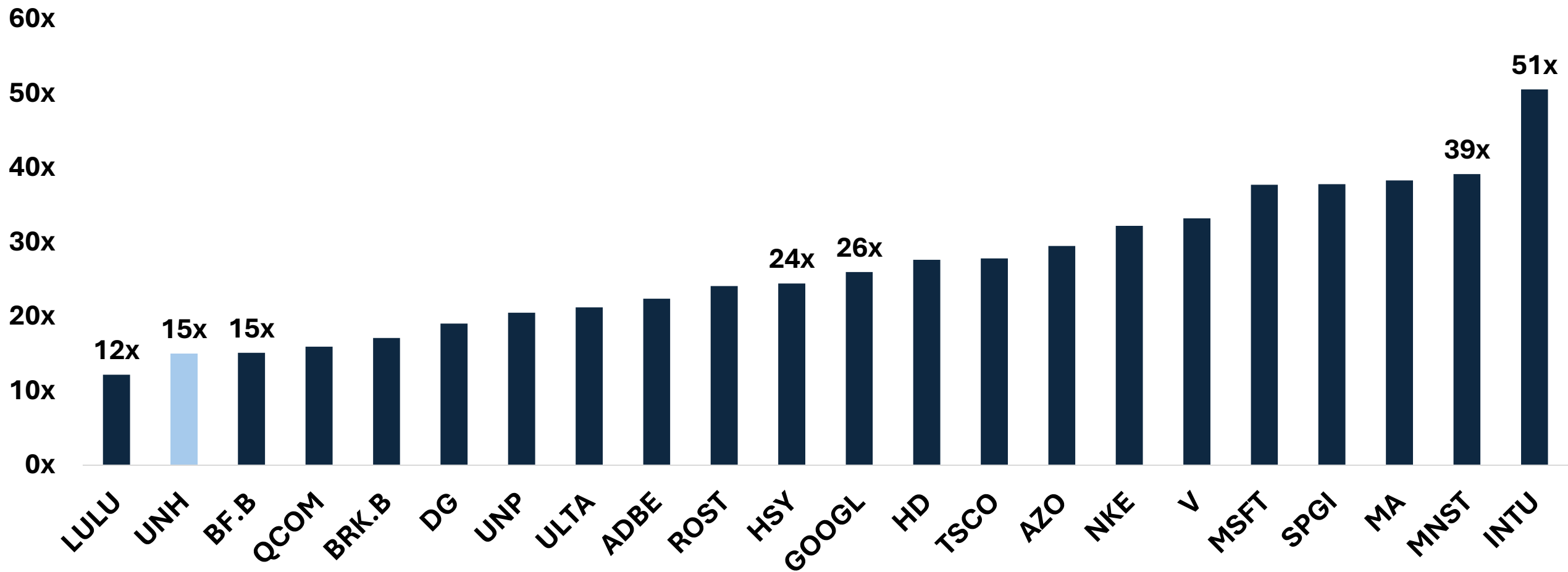
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EV to EBITDA



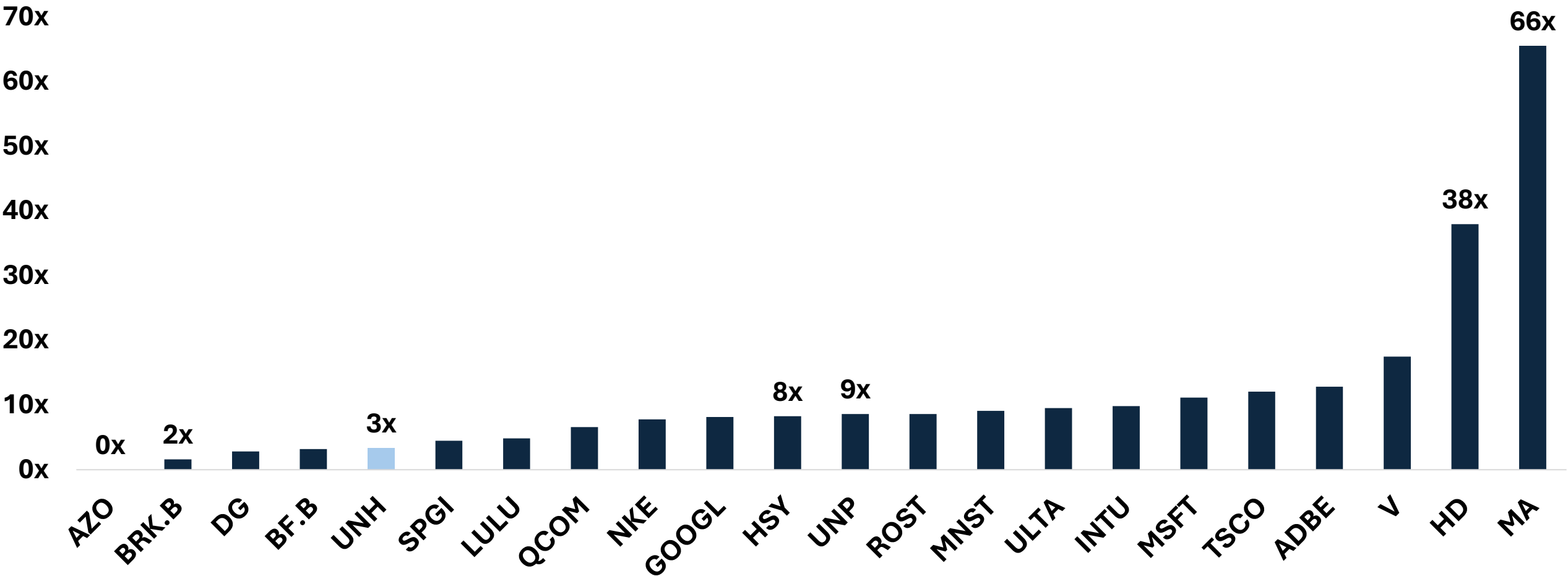
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PE Ratio



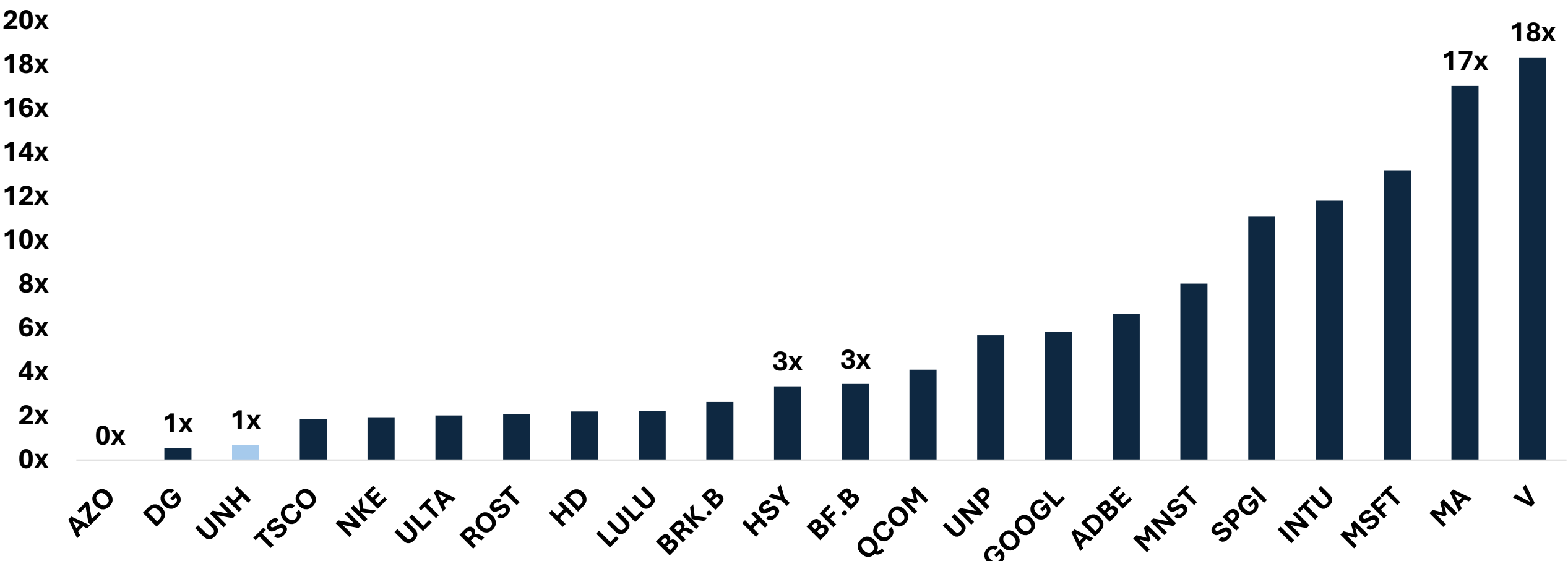
October 3rd, 2025

PB Ratio



October 3rd, 2025

PS Ratio



October 3rd, 2025



Valuation

Ryker Purdy



Reverse DCF



Ticker:	UNH												
Price:	\$346.52												
Discount Rate:	11.0%												
Method:	EPS												
Dividend Payout Ratio	30.0%												
5 Year Discounted Cash Flow													
								P/E	Price	Present Value	5 YR Return	Return	Return + Dividends
Bear	EPS	<u>2024-12</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	16.0x	\$0.00	\$0.00	(100.0)%	(100.0)%	(32.8)%
		\$25.24	\$27.18	\$29.28	\$31.53	\$33.96	\$36.57		\$585.18	\$347.27	68.9%	11.0%	12.8%
		7.7%	7.7%	7.7%	7.7%	7.7%	\$0.00		\$0.00	(100.0)%	(100.0)%	(32.8)%	
Base	EPS	<u>2024-12</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	20.0x	\$0.00	\$0.00	(100.0)%	(100.0)%	(34.7)%
		\$25.24	\$25.97	\$26.73	\$27.50	\$28.30	\$29.12		\$582.37	\$345.61	68.1%	10.9%	12.5%
		2.9%	2.9%	2.9%	2.9%	2.9%	\$0.00		\$0.00	(100.0)%	(100.0)%	(34.7)%	
Bull	EPS	<u>2024-12</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	24.0x	\$0.00	\$0.00	(100.0)%	(100.0)%	(36.1)%
		\$25.24	\$25.04	\$24.84	\$24.64	\$24.44	\$24.25		\$581.91	\$345.34	67.9%	10.9%	12.3%
		-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	\$0.00		\$0.00	(100.0)%	(100.0)%	(36.1)%	

October 3rd, 2025

Consensus Estimates



UnitedHealth Group Incorporated NYSE

My Alerts

In My Watchlists

My Notes

Quotebox

UNH 348.30 USD +3.00 (+0.87%)
Last Updated • Wed Oct 01 3:59PM EDT

348.57 USD +0.27 (+0.08%)
After Market • Wed Oct 01 7:59PM EDT

\$315.45B
Market Cap

Tue Oct 28th 2025 (Pre-Market) ✓
Next Earnings Date

Health Care
Sector

21.7x
Forward P/E

8,825,475
Volume

7.47%
Total Rct

Actuals and Consensus

SETTINGS

Annual (Y)		Quarterly (Q)		2015-2035		USD	
Fiscal Years	Y 2023A	FY 2024A	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
Period Ending	31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028	Dec-31-2029
Income Statement							
EPS, Adjusted ⓘ	25.12	27.66	16.24	18.09	20.88	26.19	31.92
YoY % Chg	13.20%	10.11%	(41.28)%	11.36%	15.43%	25.44%	21.87%

October 3rd, 2025

Where UNH Has Been Rewarded



- **21-22x**

Most common range, 2016-2019-2021-2023 :
Stable MA bidding/Stars, low-to-normal rates.

- **23-25x**

2018/2019 & 2023 : Optum up, clean press

- **13-17x**

2020, 2024/25 ; High use, PBM heat

- **28x**

2023 ; AI/ Mega-Cap spillover



Probabilistic Forward Range



- **16x (Bear)**

PBM Heat, GPL-1 costs persist, slow MA Bids

- **20x (Base)**

MA repricing recoups '25, Optum Health mid-single growth, Insight steady, GPL-1 managed, quality premium back

- **24x (Bull)**

Clean MA, faster Optum/Insight rebound, mild PBM tweaks.



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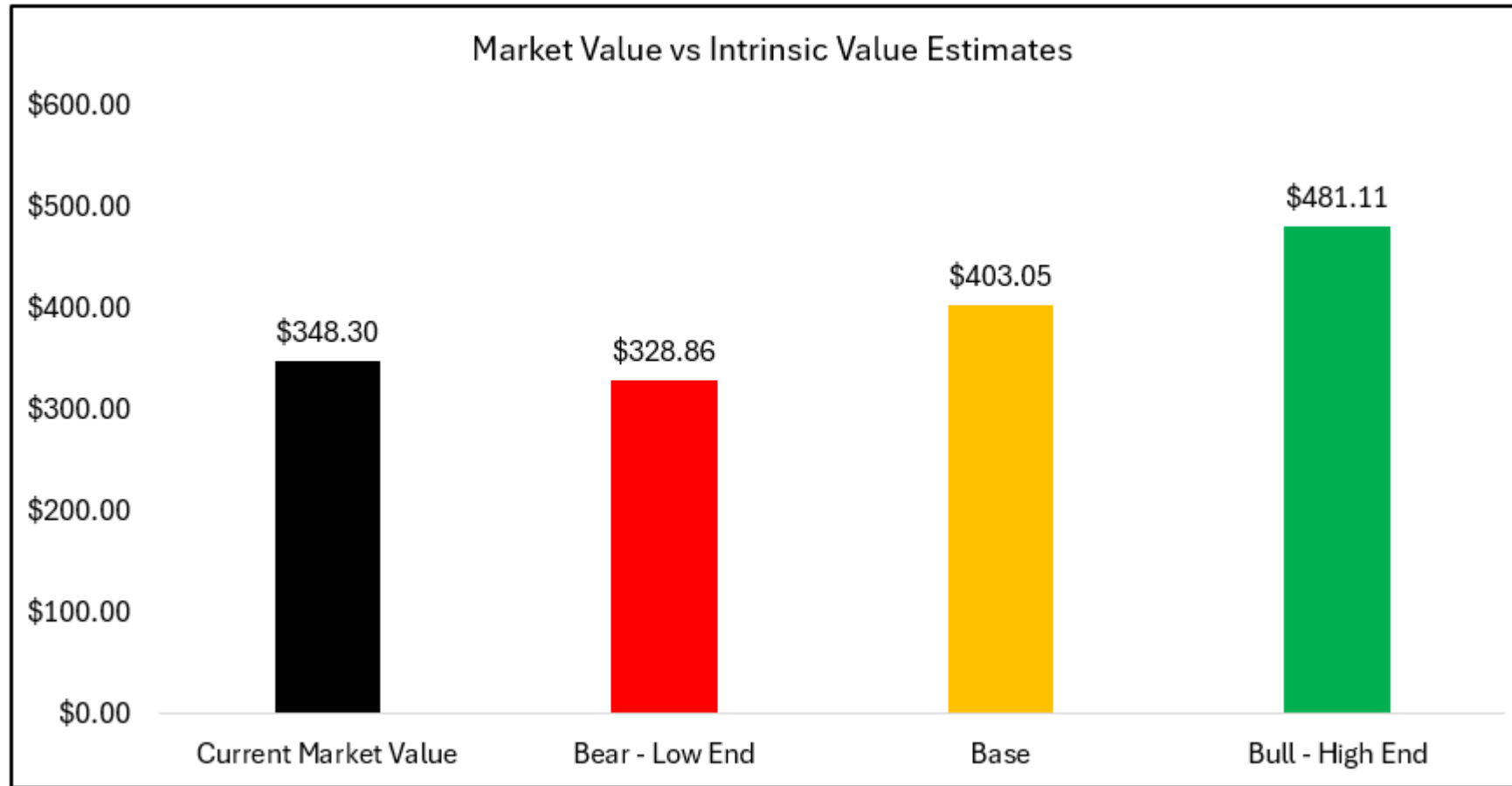
Putting P/E & Consensus Estimates Together



Ticker:	UNH												
Price:	\$348.30												
Discount Rate:	11.0%												
Method:	Adj. EPS												
Dividend Payout Ratio	30.0%												
5 Year Discounted Cash Flow													
Bear	Adj. EPS	<u>2024-12</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	P/E	Price	Present Value	5 YR Return	Return	Return + Dividends
		\$27.66	\$16.32	\$18.18	\$20.98	\$26.31	\$32.07	16.0x	\$513.12	\$304.51	47.3%	8.1%	9.5%
			-41.0%	11.4%	15.4%	25.4%	21.9%	17.0x	\$545.19	\$323.54	56.5%	9.4%	10.7%
								18.0x	\$577.26	\$342.57	65.7%	10.6%	11.9%
Base	Adj. EPS	<u>2024-12</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	19.0x	\$606.42	\$359.88	74.1%	11.7%	13.0%
		\$27.66	\$16.24	\$18.09	\$20.88	\$26.19	\$31.92	20.0x	\$638.34	\$378.82	83.3%	12.9%	14.1%
			(41)%	11.4%	15.4%	25.4%	21.9%	21.0x	\$670.25	\$397.76	92.4%	14.0%	15.1%
Bull	Adj. EPS	<u>2024-12</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	22.0x	\$705.54	\$418.70	102.6%	15.2%	16.3%
		\$27.66	\$16.32	\$18.18	\$20.98	\$26.31	\$32.07	23.0x	\$737.61	\$437.73	111.8%	16.2%	17.2%
			-41.0%	11.4%	15.4%	25.4%	21.9%	24.0x	\$769.68	\$456.76	121.0%	17.2%	18.2%

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Putting P/E & Consensus Estimates Together



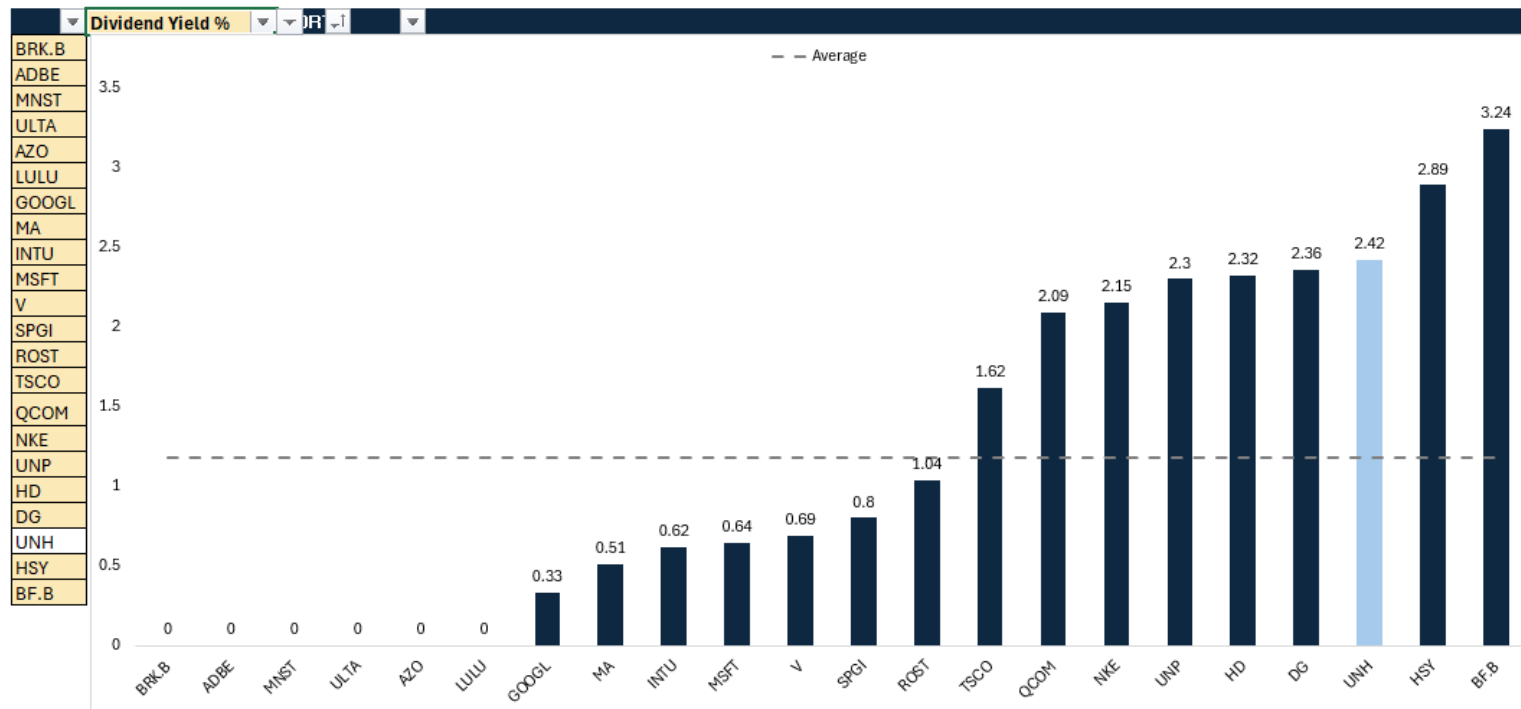
October 3rd, 2025



Base Case With Dividend Yield

- **Base Case**

1-Year Return = 12.9% + 2.4% (dividend yield) = 15.3%



October 3rd, 2025



Conclusion

Pablo Samanez



October 3rd, 2025



Recap – Why UNH is a Great Company



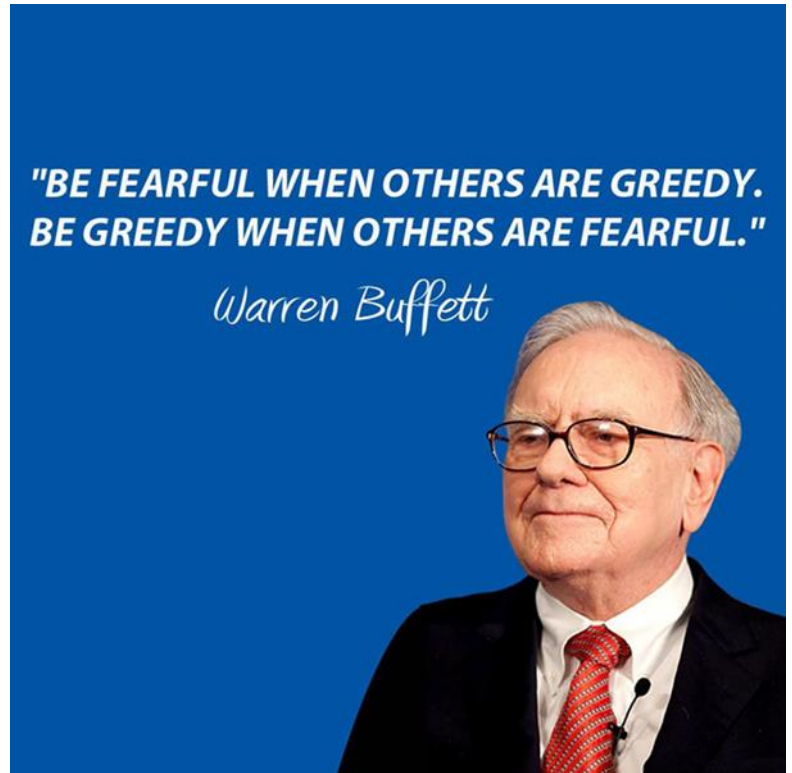
- **Industry Leadership & Scale**
 - #1 private healthcare provider, dominant in Medicare Advantage & OptumRx
- **Durable Growth Engines**
 - Balanced model (UnitedHealthcare + Optum) with predictable demand
- **Financial Strength**
 - Strong free cash flow, consistent dividends, and attractive valuation after reset
- **Unbreakable Moat**
 - Scale, switching costs, and data dominance make UNH hard to disrupt

October 3rd, 2025

Investment Recommendation



- **Buy 300 shares of UNH**
- **Limit Order at \$355 per share or better**
- **Will make this 4.5% of the portfolio**
- **Base Case Return: around 15%**
- **Long-term holding opportunity aligned with Buffet's investing criteria**



October 3rd, 2025

Thank You!



UnitedHealth Group®



October 3rd, 2025

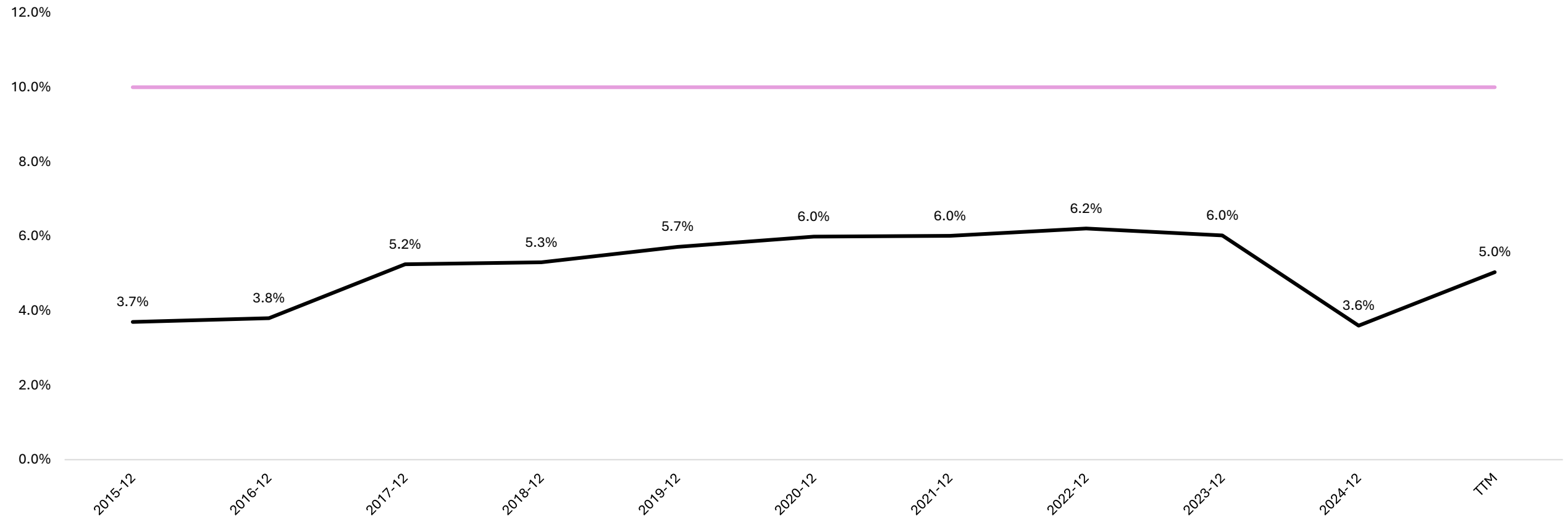
Appendix





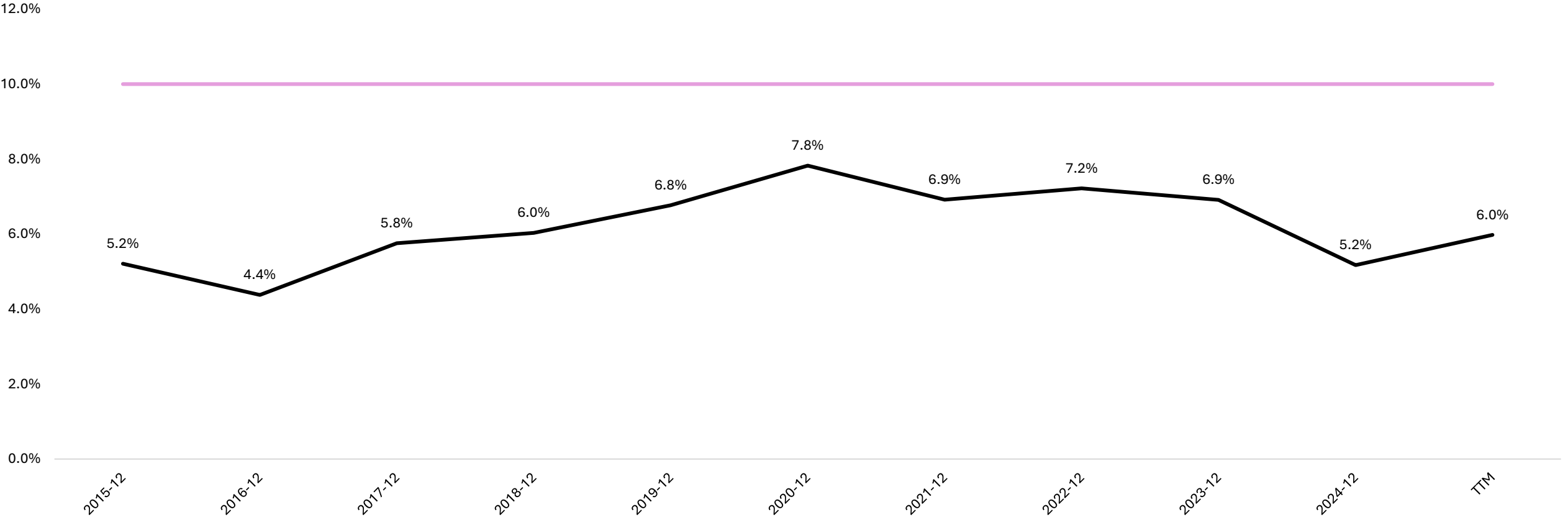
Net margin %

Net Margin = Net income/Revenue



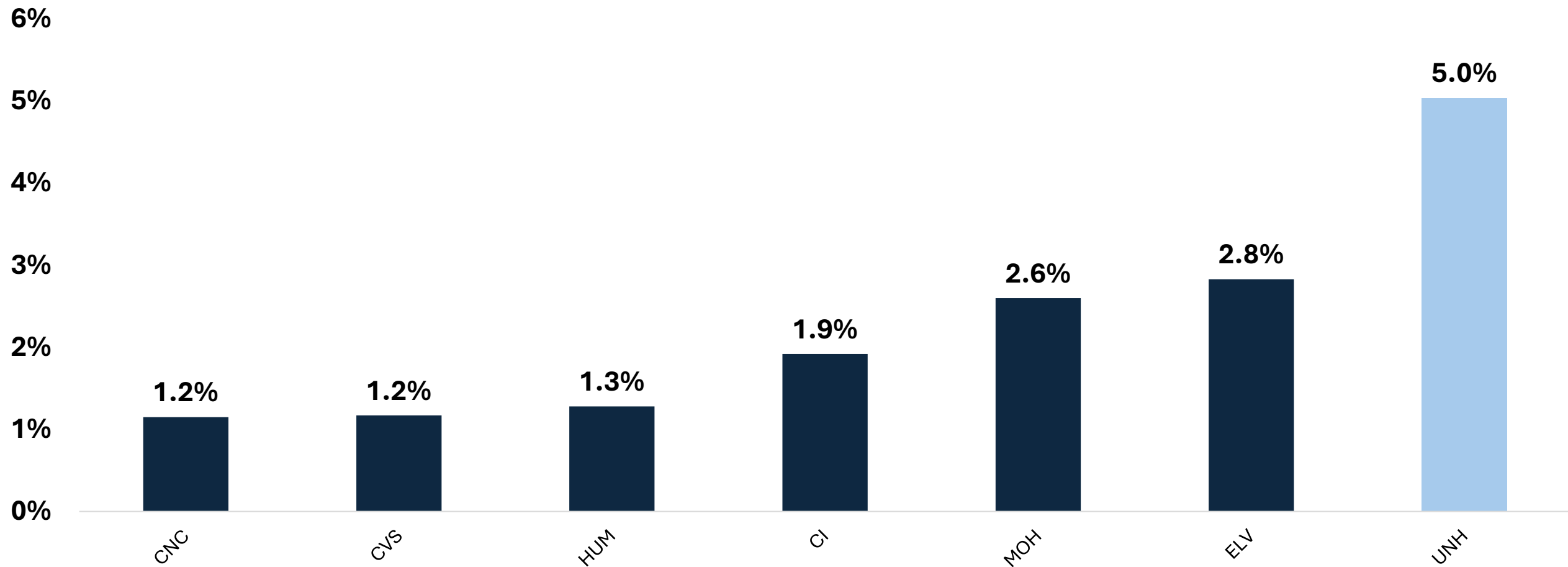
October 3rd, 2025

Free Cash Flow Margin



October 3rd, 2025

Net Margin %



October 3rd, 2025



Compensation Breakdown

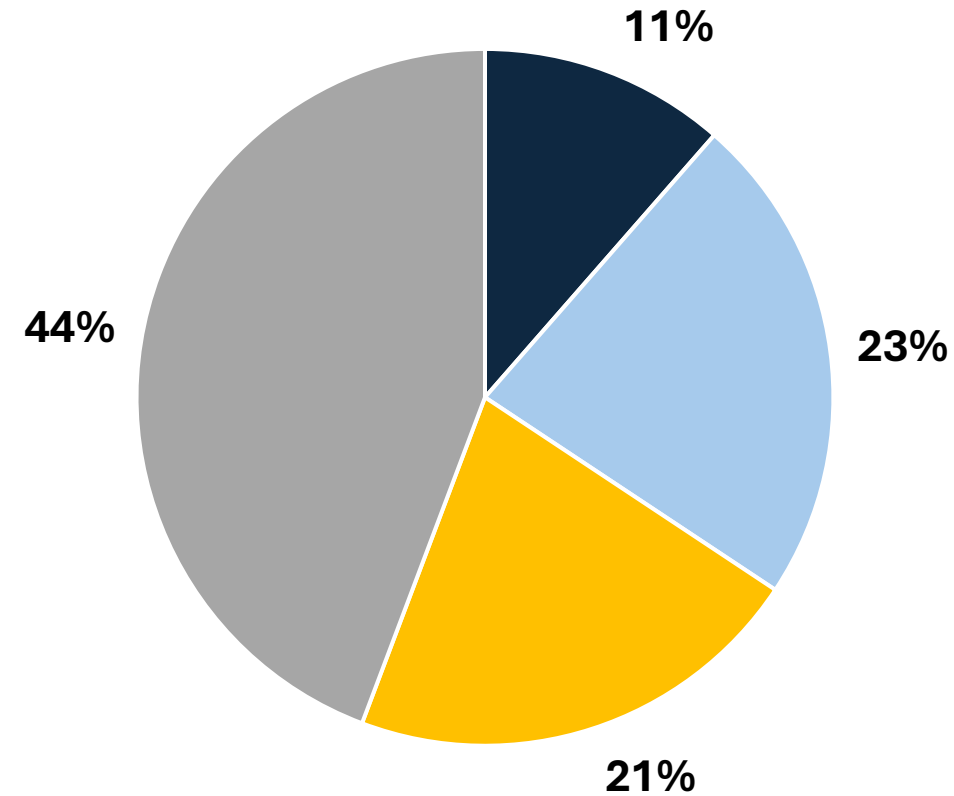
Name and Principal Position ⁽¹⁾	Year	Salary (\$) ⁽²⁾	Bonus (\$)	Stock Awards (\$) ⁽³⁾	Option Awards (\$) ⁽⁴⁾	Non-Equity Incentive Plan Compensation (\$) ⁽⁵⁾	All Other Compensation (\$) ⁽⁶⁾	Total (\$)
Andrew Witty Chief Executive Officer	2024	1,500,000	—	17,250,065	5,750,053	1,500,000	339,097	26,339,215
	2023	1,500,000	—	15,000,970	5,000,114	1,800,000	233,852	23,534,936
	2022	1,500,000	—	12,375,672	4,125,100	2,760,000	104,334	20,865,106
John Rex President and CFO	2024	1,342,308	—	11,250,762	3,750,184	2,100,000	287,929	18,731,183
	2023	1,200,000	—	10,050,636	3,350,074	1,440,000	33,427	16,074,137
	2022	1,200,000	—	9,300,612	3,100,109	2,200,000	32,099	15,832,820
Heather Cianfrocco Executive Vice President and CEO, Optum	2024	1,000,000	—	6,001,359	2,000,073	1,500,000	948,035	11,449,467
Christopher Zaetta Executive Vice President, Chief Legal Officer and Corporate Secretary	2024	748,077	—	3,750,990	1,250,076	890,000	234,152	6,873,295
Erin McSweeney Executive Vice President and Chief People Officer	2024	800,000	—	3,375,580	1,125,013	825,000	142,835	6,268,428
Brian Thompson Former Executive Vice President and CEO, UnitedHealthcare	2024	961,539	—	6,000,567	2,000,055	—	23,359	8,985,520
	2023	1,000,000	—	6,000,585	2,000,126	1,200,000	21,187	10,221,898
	2022	1,000,000	—	5,250,185	1,750,060	1,840,000	19,184	9,859,429

October 3rd, 2025

Capital Allocation Mix (Past 10 Years)



■ Capital Expenditures ■ Share Buybacks ■ Dividends ■ Acquisitions



October 3rd, 2025

PEG



PEG



Company	Equity Multiplier
UNH	2.3x
CNC	1.9x
CI	1.8x
ELV	2.3x
HUM	2.2x
MOH	15.9x

October 3rd, 2025

Share Buyback Plan



- **Authorization:** Board program (originally 1997) with **no expiration**; in **June 2024** it was amended to authorize repurchase of **up to 35 million shares** (in addition to remaining 2018 authorization). The Board may increase it again.

UNH Q2 2025

- **Capacity left (6/30/25): 21.0 million shares** remaining under the authorization.

UNH Q2 2025

- **Activity Q2'25:** Repurchased **6.1 million shares** at an average price of **\$407.06**.

UNH Q2 2025

- **Activity 1H'25 (YTD):** Repurchased **~12.1 million shares** at an average price of **\$454.82**.

UNH Q2 2025

- **Funding note:** The company periodically issues long-term debt for general corporate purposes, **including share repurchases**.

October 3rd, 2025

Why Morningstar says Narrow Moat?



- Healthcare regulation risk:
 - Pricing, reimbursements, and PBM practices are under constant scrutiny. Morningstar discounts wide moats when government policy can compress margins.
- Utilization swings:
 - Rising medical costs and unexpected patient usage pressure earnings, they see this as reducing durability.
- Competition:
 - CVS (Aetna), Cigna (Express Scripts), and Elevance are chasing vertical integration.

Company Report

[View Archive](#)

UnitedHealth Suffering From Elevated Medical Cost Trends and Intensifying Regulatory Scrutiny



Julie Utterback • Jul 29, 2025

UnitedHealth Group operates a top-tier health insurer (UnitedHealthcare), pharmacy benefit manager (Optum Rx), provider (Optum Health), and health analytics franchise (Optum Insight). Historically, this integrated strategy resulted in some of the best returns in the managed care industry that other managed care organizations have attempted to copy, including CVS Health that added Aetna's medical insurance assets to...

[Read Full Report](#)

Price vs Fair Value

[View History](#)

UNH is trading within a range we consider fairly valued.

— Fair Value

\$400.00

Jul 29, 2025

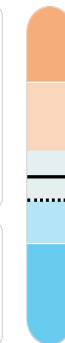
Uncertainty

High

.... Price

\$344.08

Sep 26, 2025



★

★★

★★★

★★★★

★★★★★

1-Star Price \$620.00

5-Star Price \$240.00

Economic Moat Narrow

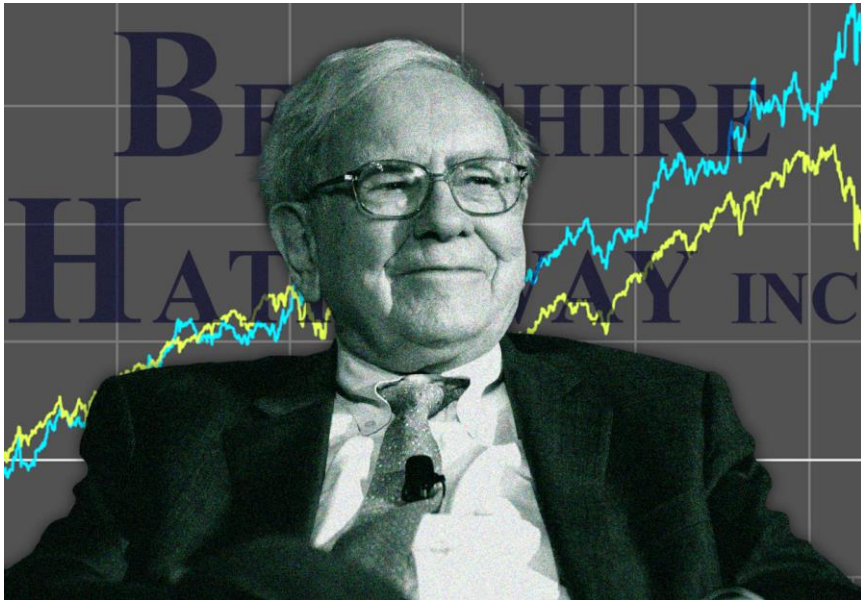
Capital Allocation Standard

Terms ⓘ

Rulls Sav Reare Sav

October 3rd, 2025

Why We Can Argue UNH Has a Wide Moat



Morningstar is conservative. But if we apply Buffett's lens:

Scale (Cost Advantage):

- UNH is the largest private healthcare company in the U.S. → best pricing power with providers and drug companies.

Switching Costs:

- Employers, doctors, and patients rarely change insurers → sticky revenue.

Data Advantage (Intangible Asset):

- UNH holds one of the largest healthcare datasets in the U.S. → better underwriting, better care, lower costs.

Integration Flywheel:

- Insurance + Optum care delivery + PBM + data analytics = unique ecosystem competitors can't replicate.

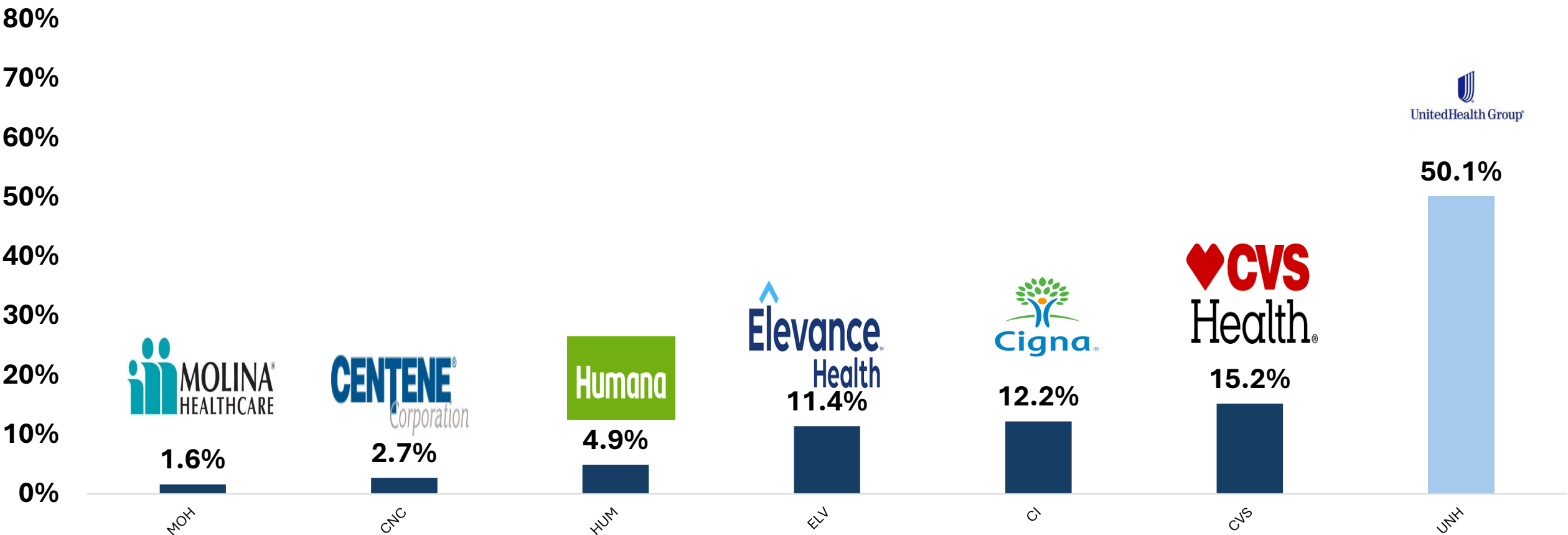
Morningstar says Narrow because they emphasize regulatory risk.

Buffett bought this stock because he sees economic reality:

- UNH dominates, is too entrenched to disrupt, and has structural cost advantages.

October 3rd, 2025

Market Share %



October 3rd, 2025

Buffet's Lens



He doesn't need to understand every regulation, just that the business is:

- Essential (healthcare is non-discretionary)
- Durable (UNH has led for decades, will lead for decades more)
- Predictable (recurring premiums + services)
- Moaty (network, switching costs, scale)

So, while UNH is complex inside, the investment case is simple outside.

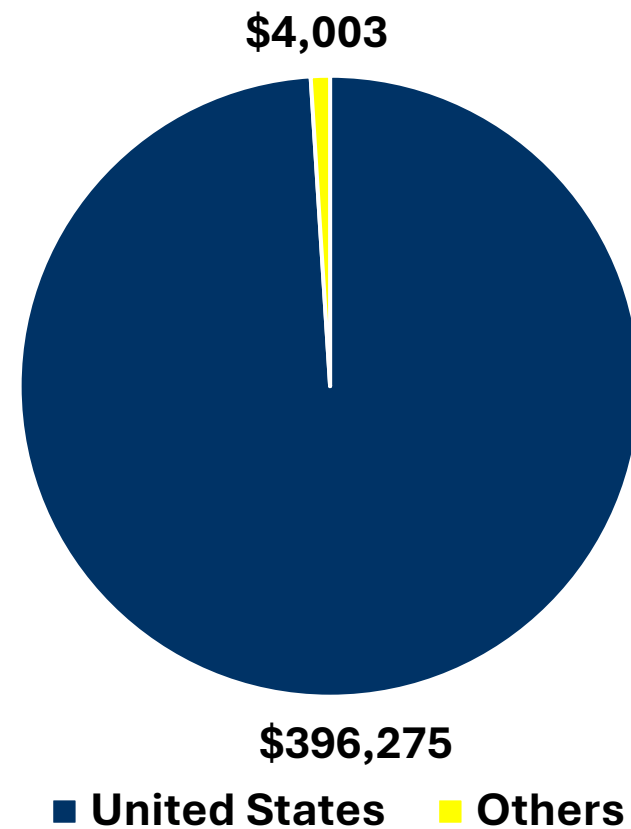
Geographic Revenue



99%



1%

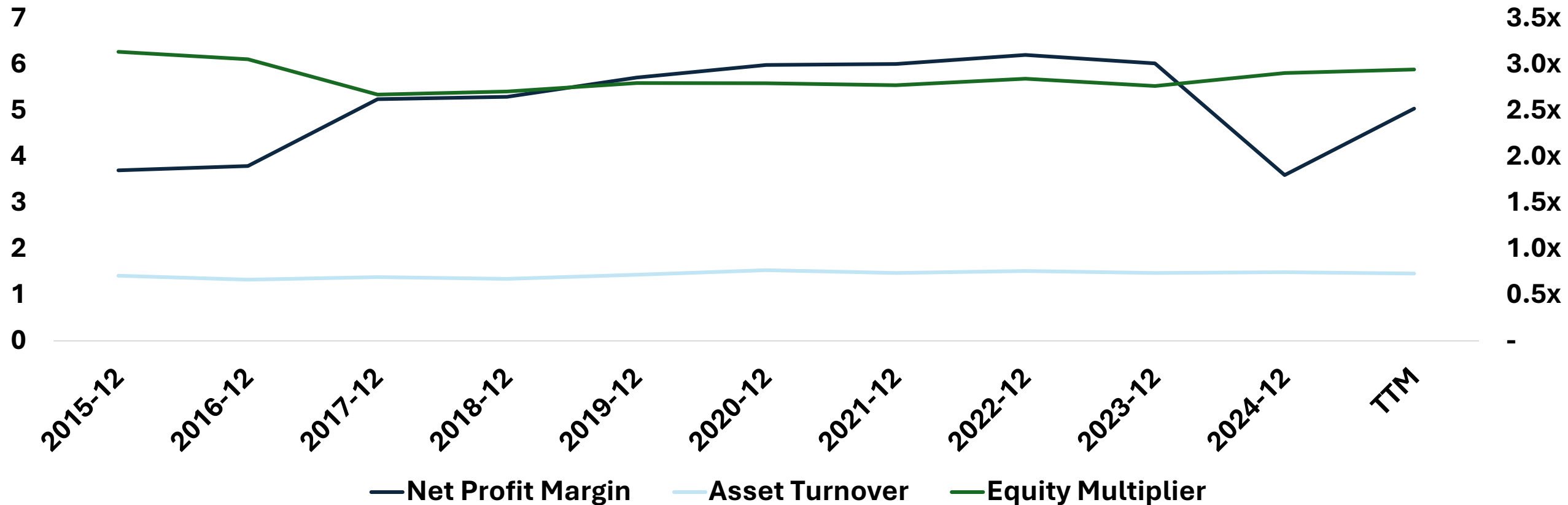


October 3rd, 2025



Dupont Analysis

$$\text{ROE} = (\text{Net Income/Sales}) (\text{Assets/Equity}) (\text{Sales/Equity})$$

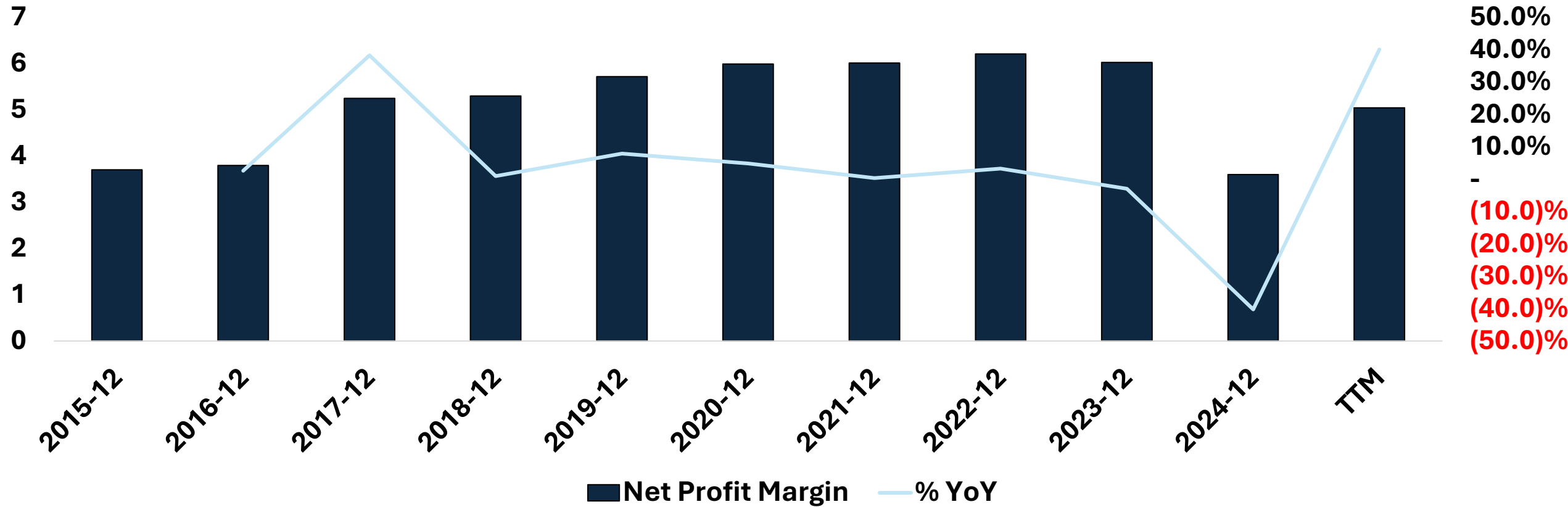


October 3rd, 2025

Net Profit Margin



increasing = becoming more profitable 

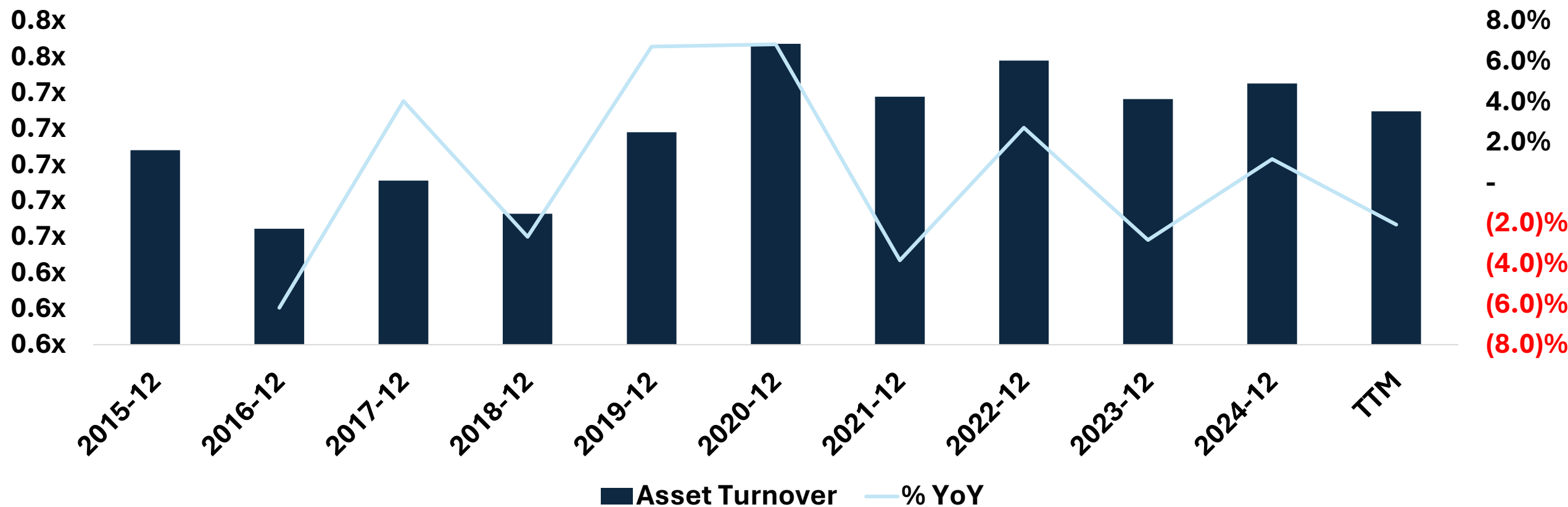


October 3rd, 2025

Asset Turnover

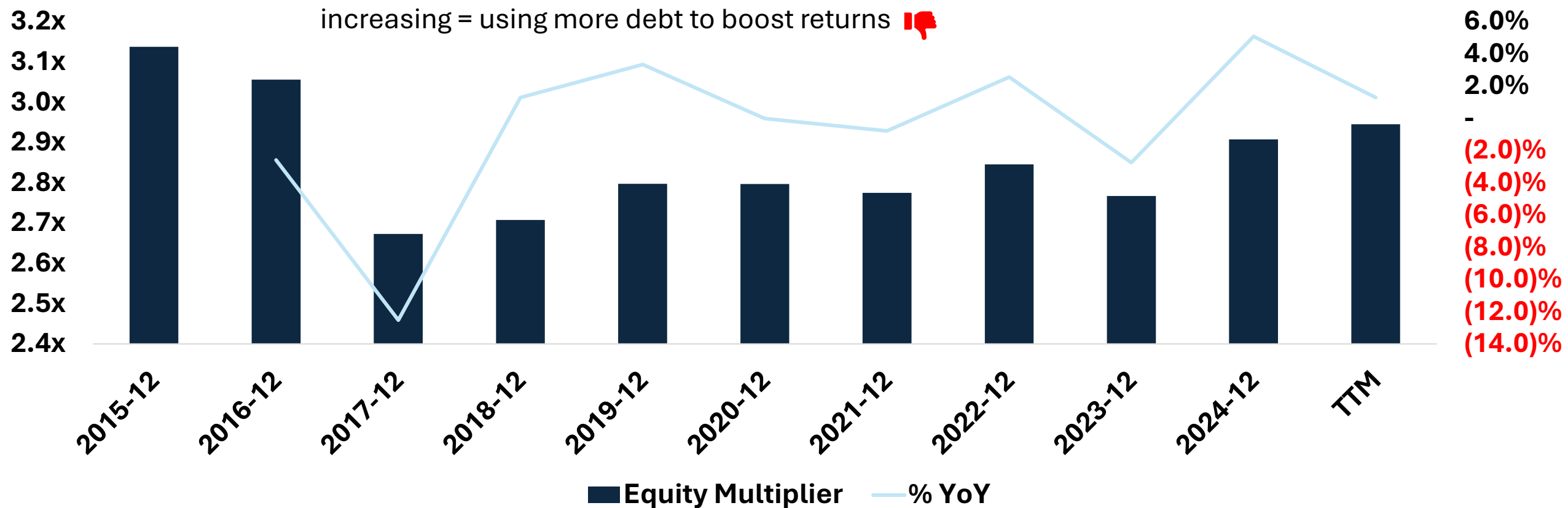


increasing = assets are being used more efficiently to generate sales 👍



October 3rd, 2025

Equity Multiplier



October 3rd, 2025