UnitedHealth Group, Inc. (UNH)

Updated October 29th, 2025, by Josh Arnold

Key Metrics

Current Price:	$368	**5 Year CAGR Estimate:**	11.3%	**Market Cap:**	$333 B
Fair Value Price:	$323	**5 Year Growth Estimate:**	12.0%	**Ex-Dividend Date:**	12/15/25[1]
% Fair Value:	114%	**5 Year Valuation Multiple Estimate:**	-2.6%	**Dividend Payment Date:**	12/28/25
Dividend Yield:	2.4%	**5 Year Price Target**	$569	**Years Of Dividend Growth:**	16
Dividend Risk Score:	B	**Sector:**	Health Care	**Rating:**	Hold

Overview & Current Events

UnitedHealth dates back to 1974 when Charter Med was founded by a group of health care professionals looking for ways to expand healthcare options for consumers. UnitedHealth has certainly done that in the decades since and now offers global healthcare services to tens of millions of people via a wide array of products. The company has two major reporting segments: UnitedHealth and Optum. The former provides global healthcare benefits to individuals, employers, and Medicare/Medicaid beneficiaries. The Optum segment is a services business that seeks to lower healthcare costs and optimize outcomes for its customers. UnitedHealth's market capitalization is $333 billion, and it produces about $445 billion in revenue annually, making it one of the largest companies in America by either measure.

UnitedHealth posted third quarter earnings on October 28th, 2025, and results were better than expected on both the top and bottom lines. Adjusted earnings-per-share came to $2.92, which was 11 cents ahead of estimates. Revenue was up 12.3% year-over-year to $113.2 billion, which beat estimates by $140 million. Revenue was driven by customer growth. Optum revenue was up 8% to $69.2 billion.

Medical care ratio was 89.9%, which was in line with expectations the company outlined during the Q2 call. Operating cost ratio was 13.5%, which reflected investments to support future growth. Days claims payable of 46.2 was higher from 44.5 in Q2, but lower from 47.4 a year ago. Days sales outstanding were flat at 18.6.

Management slightly raised guidance for the year, and we've followed suit. We now see $16.15 in adjusted earnings-per-share for 2025 with a quarter remaining.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$6.01	$8.05	$10.07	$12.19	$15.11	$16.88	$19.02	$22.19	$25.12	$27.66	***$16.15***	***$28.46***
DPS	$1.88	$2.38	$2.88	$3.45	$4.14	$4.83	$5.60	$6.40	$7.29	$8.18	***$8.84***	***$14.24***
Shares[2]	953	952	969	968	962	961	992	947	935	927	***920***	***910***

We forecast forward earnings-per-share growth of 12% annually as UnitedHealth looks to rebuild off of what has turned out to be a disastrous 2025 thus far. We note that the sheer size of UnitedHealth makes it more difficult to grow over time, but Optum continues to be outstanding in pushing the top line higher. Cuts to Medicare funding are a massive headwind to UnitedHealth, and as medical care costs are rising, the company is facing a double whammy of sorts on its revenue and margins. We think it can grow quickly off of what is an extremely low base for 2025, but there is tremendous uncertainty surrounding the company's ability to produce earnings in the near-term. We also note that the guidance raise for the fourth quarter was quite tame given how low earnings estimates are for the year.

[1] Estimated date

[2] Share count in millions

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	19.4	16.8	18.4	20.4	16.5	17.8	21.2	23.9	21.0	18.3	***22.8***	***20.0***
Avg. Yld.	1.6%	1.8%	1.5%	1.4%	1.7%	1.6%	1.4%	1.2%	1.4%	1.6%	***2.4%***	***2.5%***

UnitedHealth's price-to-earnings multiple is elevated from where it was at our last update, standing at 22.8 times earnings. The stock has exploded higher in the past three months, driving a much higher valuation. With shares trading above our fair value estimate of 20 times earnings, this could drive a modest headwind to annual total returns. The rally has also shrunk the yield significantly, which is now down to 2.4%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	31%	29%	28%	28%	27%	29%	29%	29%	29%	30%	***55%***	***50%***

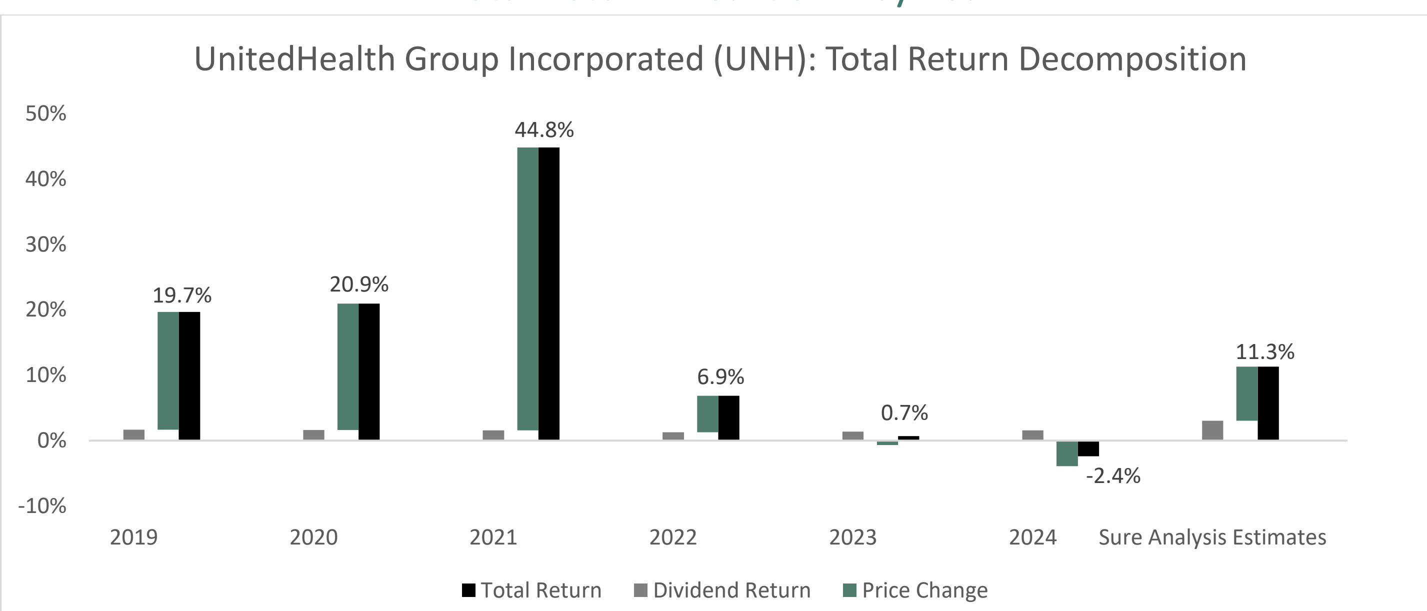
As mentioned, we see the payout ratio rising over time, as UnitedHealth's dividend is safe today. At 55% of earnings, UnitedHealth has flexibility in terms of returning capital to shareholders. We note that even with the huge reduction in earnings guidance for this year, the payout is quite safe.

UnitedHealth's competitive advantage is in its gargantuan scale as well as its deeply entrenched customers with high switching costs. Like a utility, health and wellness providers have high switching costs, accruing significant benefits to incumbents like UnitedHealth. It is also quite resistant to recessions as its services are necessities in most cases. Optum remains an outstanding growth engine as well as it continues to outperform UnitedHealthcare. The issue that has arisen is that the US government's spending bill drastically reduces funding for Medicare, which is how UNH is paid for many of its services. The ultimate impact is as yet unknown, but is unequivocally negative.

Final Thoughts & Recommendation

We see UnitedHealth as a good growth stock that is trading above fair value. Its growth forecast makes it attractive to growth investors, while its high rate of dividend growth makes it attractive for those seeking longer term income. We forecast total annual returns of 11.3%, consisting of the current 2.4% yield, 12% earnings growth and a 2.6% headwind from the valuation. We reduce our rating from buy to hold after the enormous rally.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue ($B)	156.40	184.01	200.14	224.87	240.27	255.6	285.3	324.2	371.6	400.3
Gross Profit	36,316	42,558	45,988	52,470	55,712	65,498	67,328	77,587	90,958	89,399
Gross Margin	23.2%	23.1%	23.0%	23.3%	23.2%	25.6%	23.6%	24.1%	24.5%	22.3%
D&A Exp.	1,693	2,055	2,245	2,428	2,720	2,891	3,103	3,400	3,972	4,099
Operating Profit	10,311	12,102	14,186	15,968	17,799	20,903	21,646	28,435	32,358	32,287
Op. Margin	6.6%	6.6%	7.1%	7.1%	7.4%	8.2%	7.6%	8.2%	8.7%	8.1%
Net Profit	5,813	7,017	10,558	11,986	13,839	15,403	17,285	20,120	22,381	14,405
Net Margin	3.7%	3.8%	5.3%	5.3%	5.8%	6.0%	6.1%	6.2%	6.0%	3.6%
Free Cash Flow	8,184	8,090	11,573	13,650	16,392	20,123	19,889	23,404	25,682	20,705
Income Tax	4,363	4,790	3,200	3,562	3,742	4,973	4,578	5,704	5,968	4,829

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets ($B)	111.25	122.81	139.06	152.22	173.89	197.3	212.2	245.7	273.7	298.3
Acc. Receivable	6,523	8,152	9,568	11,388	11,822	12,870	14,216	17,681	21,276	22,365
Total Liabilities ($B)	77.53	84.63	89.23	97.90	113.45	128.96	135.72	159.36	174.80	195.69
Accounts Payable	26,324	29,752	33,051	36,596	40,695	44,367	49,126	29,056	32,395	34,224
Long-Term Debt	31,965	32,970	31,692	36,554	40,678	43,467	46,003	57,623	62,537	76,904
Total Equity	33,830	38,274	47,776	51,696	57,616	65,491	71,760	81,450	94,421	98,268
LTD/E Ratio	0.94	0.86	0.66	0.71	0.71	0.66	0.64	0.71	0.66	0.78

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	5.9%	6.0%	8.1%	8.2%	8.5%	8.3%	8.4%	8.8%	8.6%	5.0%
Return on Equity	17.5%	19.5%	24.5%	24.1%	24.7%	25.0%	25.2%	26.3%	26.0%	14.3%
ROIC	10.1%	10.3%	13.8%	13.9%	14.4%	14.5%	14.6%	15.1%	14.7%	8.4%
Shares Out.	953	952	969	968	962	961	956	950	938	929
Revenue/Share	161.73	190.10	203.18	228.76	248.73	266.01	298.4	339.1	396.2	430.9
FCF/Share	8.46	8.36	11.75	13.89	16.97	20.94	20.80	24.64	27.38	22.29

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.