UnitedHealth Group, Inc. (UNH)

Updated May 3rd, 2026, by Josh Arnold

Key Metrics

Current Price:	$369	**5 Year CAGR Estimate:**	15.8%	**Market Cap:**	$335 B
Fair Value Price:	$385	**5 Year Growth Estimate:**	13.0%	**Ex-Dividend Date:**	06/15/26[1]
% Fair Value:	96%	**5 Year Valuation Multiple Estimate:**	0.9%	**Dividend Payment Date:**	06/28/26
Dividend Yield:	2.4%	**5 Year Price Target**	$710	**Years Of Dividend Growth:**	16
Dividend Risk Score:	A	**Sector:**	Health Care	**Rating:**	Buy

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 $335 billion, and it produces about $445 billion in revenue annually, making it one of the largest companies in America by either measure.

UNH posted first quarter earnings on April 21st, 2026, and results were much better than expected. Adjusted earnings-per-share came to $7.23, which was a very strong 63 cents ahead of estimates. Revenue was up 2% year-over-year to $111.72 billion, beating estimates by more than $2 billion. Guidance was also lifted to at least $18.25 per share on an adjusted basis, and we've boosted our estimate accordingly.

The consolidated cost ratio was 83.9% for the first quarter, a 90-basis point improvement from the same period a year ago. The operating cost ratio was 13.8%, worse than 12.4% a year ago, reflecting investments in the drive to improved consumer and care provider experiences, as well as higher employee costs.

UnitedHealthcare counted 49.1 million consumers as of the end of the quarter, while operating margins were 40 basis points higher to 6.6% of revenue year-over-year. Optum had 122 million customers, with margin of 5.2%.

We see $18.35 in adjusted earnings-per-share, well higher from our prior estimates on the strong results of Q1, but also raised guidance.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$8.05	$10.07	$12.19	$15.11	$16.88	$19.02	$22.19	$25.12	$27.66	$16.35	***$18.35***	***$33.81***
DPS	$2.38	$2.88	$3.45	$4.14	$4.83	$5.60	$6.40	$7.29	$8.18	$8.73	***$8.84***	***$14.24***
Shares[2]	952	969	968	962	961	992	947	935	927	910	***895***	***850***

We forecast forward earnings-per-share growth of 13% annually as UnitedHealth looks to rebuild off of what turned out to be a disastrous 2025. 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 a low base for 2026, but there is tremendous uncertainty surrounding the company's ability to produce earnings in the near-term. We note improving margins in Q1 are a step in the right direction, and guidance is much more bullish than it's been in recent quarters.

[1] Estimated date
[2] Share count in millions

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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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	16.8	18.4	20.4	16.5	17.8	21.2	23.9	21.0	18.3	20.2	***20.1***	***21.0***
Avg. Yld.	1.8%	1.5%	1.4%	1.7%	1.6%	1.4%	1.2%	1.4%	1.6%	2.6%	***2.4%***	***2.0%***

UnitedHealth's price-to-earnings multiple is much higher following the sharp increase in the stock from our last update, standing at 20.1 times earnings. With shares trading near our fair value estimate of 21 times earnings, the impact from the valuation is likely to be muted. The yield is down to 2.4%, but still more than double that of the S&P 500.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	30%	29%	28%	27%	29%	29%	29%	29%	30%	53%	***48%***	***42%***

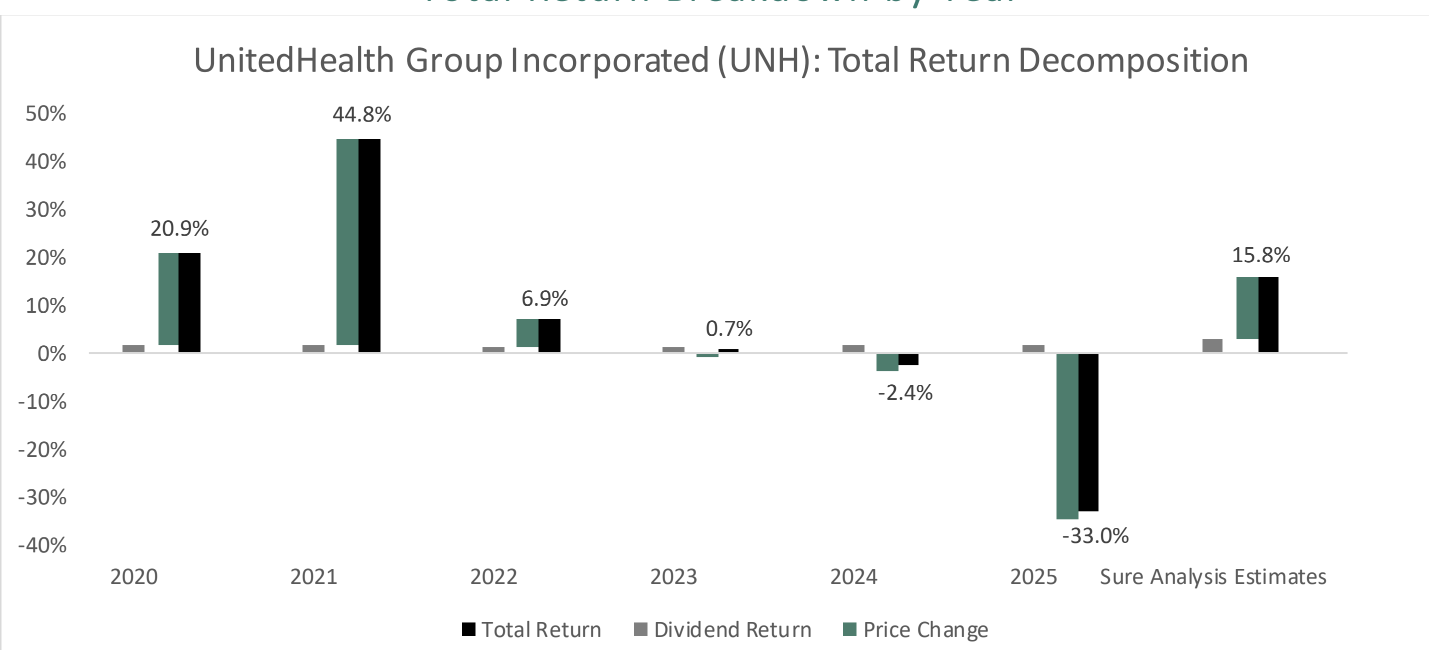
We see the payout ratio declining slightly over time, as UnitedHealth's dividend is safe today. At 48% of earnings, UnitedHealth has flexibility in terms of returning capital to shareholders. We note that even with the huge reduction in earnings guidance for this year, the payout is quite safe.

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 stock with tremendous uncertainty ahead, but a low valuation to compensate. 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 15.8%, consisting of the current 2.4% yield, 13% earnings growth and a 0.9% tailwind from the valuation. We reiterate the stock at a buy rating after Q1 results.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue ($B)	184.01	200.14	224.87	240.27	255.6	285.3	324.2	371.6	400.3	447.6
D&A Exp.	2,055	2,245	2,428	2,720	2,891	3,103	3,400	3,972	4,099	4,361
Operating Profit	12,102	14,186	15,968	17,799	20,903	21,646	28,435	32,358	32,287	18,964
Op. Margin	6.6%	7.1%	7.1%	7.4%	8.2%	7.6%	8.2%	8.7%	8.1%	4.2%
Net Profit	7,017	10,558	11,986	13,839	15,403	17,285	20,120	22,381	14,405	12,807
Net Margin	3.8%	5.3%	5.3%	5.8%	6.0%	6.1%	6.2%	6.0%	3.6%	2.9%
Free Cash Flow	8,090	11,573	13,650	16,392	20,123	19,889	23,404	25,682	20,705	16,075
Income Tax	4,790	3,200	3,562	3,742	4,973	4,578	5,704	5,968	4,829	1,890

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets ($B)	122.81	139.06	152.22	173.89	197.3	212.2	245.7	273.7	298.3	309.6
Acc. Receivable	8,152	9,568	11,388	11,822	12,870	14,216	17,681	21,276	22,365	28,121
Total Liabilities ($B)	84.63	89.23	97.90	113.45	128.96	135.72	159.36	174.80	195.69	207.88
Accounts Payable	29,752	33,051	36,596	40,695	44,367	49,126	29,056	32,395	34,224	38,032
Long-Term Debt	32,970	31,692	36,554	40,678	43,467	46,003	57,623	62,537	76,904	72,320
Total Equity	38,274	47,776	51,696	57,616	65,491	71,760	81,450	94,421	98,268	94,110
LTD/E Ratio	0.86	0.66	0.71	0.71	0.66	0.64	0.71	0.66	0.78	0.88

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	6.0%	8.1%	8.2%	8.5%	8.3%	8.4%	8.8%	8.6%	5.0%	4.2%
Return on Equity	19.5%	24.5%	24.1%	24.7%	25.0%	25.2%	26.3%	26.0%	14.3%	12.5%
ROIC	10.3%	13.8%	13.9%	14.4%	14.5%	14.6%	15.1%	14.7%	8.4%	6.9%
Shares Out.	952	969	968	962	961	956	950	938	929	911
Revenue/Share	190.10	203.18	228.76	248.73	266.01	298.4	339.1	396.2	430.9	491.3
FCF/Share	8.36	11.75	13.89	16.97	20.94	20.80	24.64	27.38	22.29	17.65

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