

ModernGraham Valuation

Marsh & McLennan
Companies, Inc.



Company Name:

Company Ticker MMC

Date of Analysis

9/8/2015

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	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	Fail
3. Earnings Stability	Positive EPS for 10 years prior	Fail
4. Dividend Record	Dividend Payments for 10 years prior	Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	
5. Earnings Growth		Fail
6. Moderate PEmg Ratio	PEmg < 20	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	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	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	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	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.56
MG Growth Estimate	12.91%
MG Value	\$87.95
MG Value based on 3% Growth	\$37.16
MG Value based on 0% Growth	\$21.78
Market Implied Growth Rate	6.34%

MG Opinion

Current Price	\$54.26
% of Intrinsic Value	61.70%
Opinion	Undervalued

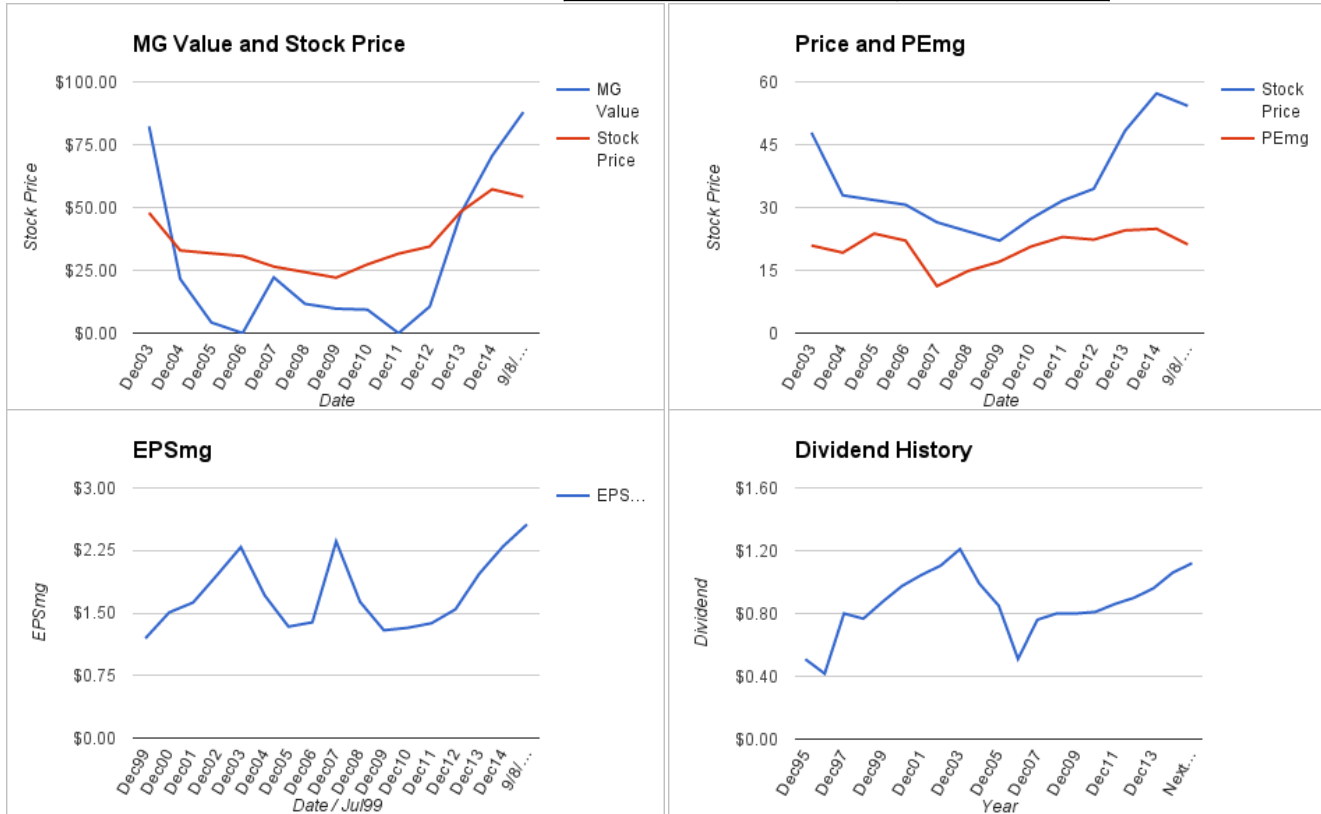
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$9.85
Graham Number	\$28.60
PEmg	21.17
Current Ratio	1.65
PB Ratio	4.33
Dividend Yield	2.06%
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	\$2.90	Next Fiscal Year Estimate	\$2.56
Dec14	\$2.65	Dec14	\$2.30
Dec13	\$2.43	Dec13	\$1.97
Dec12	\$2.13	Dec12	\$1.54
Dec11	\$1.79	Dec11	\$1.38
Dec10	\$1.55	Dec10	\$1.32
Dec09	\$0.42	Dec09	\$1.29
Dec08	-\$0.14	Dec08	\$1.63
Dec07	\$4.53	Dec07	\$2.36
Dec06	\$1.76	Dec06	\$1.39
Dec05	\$0.74	Dec05	\$1.34
Dec04	\$0.33	Dec04	\$1.71
Dec03	\$2.81	Dec03	\$2.29
Dec02	\$2.45	Dec02	\$1.95
Dec01	\$1.70	Dec01	\$1.63
Dec00	\$2.05	Dec00	\$1.51
Dec99	\$1.31	Dec99	\$1.20
Dec98	\$1.49	Balance Sheet Information Jun15	
Dec97	\$0.80	Total Current Assets	\$5,299,000,000
Dec96	\$1.06	Total Current Liabilities	\$3,208,000,000
Dec95	\$0.92	Long-Term Debt	\$3,825,000,000
		Total Assets	\$17,413,000,000
		Intangible Assets	\$8,155,000,000
		Total Liabilities	\$10,630,000,000
		Shares Outstanding (Diluted Average)	541,000,000



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:

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ModernGraham
posts about the
company

[5 Undervalued Companies with a Low Beta – June 2015](#)
[The Best Companies of the Insurance Industry – June 2015](#)
[The 8 Best Stocks For Value Investors This Week – 6/6/15](#)
[Marsh & McLennan Companies Analysis – June 2015 Quarterly Update \\$MMC](#)
[23 Companies in the Spotlight This Week – 3/9/15](#)

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posts about related
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[Progressive Corporation Analysis – August 2015 Update \\$PGR](#)
[Ace Limited Analysis – August 2015 Update \\$ACE](#)
[Travelers Companies Analysis – August 2015 Update \\$TRV](#)
[Lincoln National Corporation Analysis – August 2015 Update \\$LNC](#)
[Unum Group Analysis – August 2015 Update \\$UNM](#)
[Principal Financial Group Analysis – August 2015 Update \\$PFG](#)
[Assurant Inc. Analysis – August 2015 Update \\$AIZ](#)
[Arthur J Gallagher & Company Analysis – Initial Coverage \\$AJG](#)
[American International Group Inc. Analysis – August 2015 Update \\$AIG](#)