# **ModernGraham Valuation**

### **Company Name:**

Aetna Inc

Company Ticker AET

Date of Analysis

10/14/2015



## 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.

Adequate Size of the Enterprise	Market Cap > \$2Bil	\$39,084,494,879 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.82 Fail
Earnings Stability	Positive EPS for 10 years prior	Pass
Dividend Record	Dividend Payments for 10 years prior	Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at	
5. Earnings Growth	beginning and end	96.02% Pass
6. Moderate PEmg Ratio	PEmg < 20	18.62 Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.54 Pass

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	0.82 Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-2.78 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 Yes
Enterprising Yes

### Stage 2: Determination of Intrinsic Value

EPSmg	\$5.97
MG Growth Estimate	7.21%
MG Value	\$136.87
MG Value based on 3% Growth	\$86.57
MG Value based on 0% Growth	\$50.75
Market Implied Growth Rate	5.06%

MG Opinion

Current Price \$111.15
% of Intrinsic Value 81.21%

Opinion Fairly Valued

### Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$74.54
Graham Number	\$84.62
PEmg	18.62
Current Ratio	0.82
PB Ratio	2.54
Dividend Yield	0.85%
Number of Consecutive Years of Dividend Growth	5

Morningstar

Useful Links: ModernGraham tagged articles

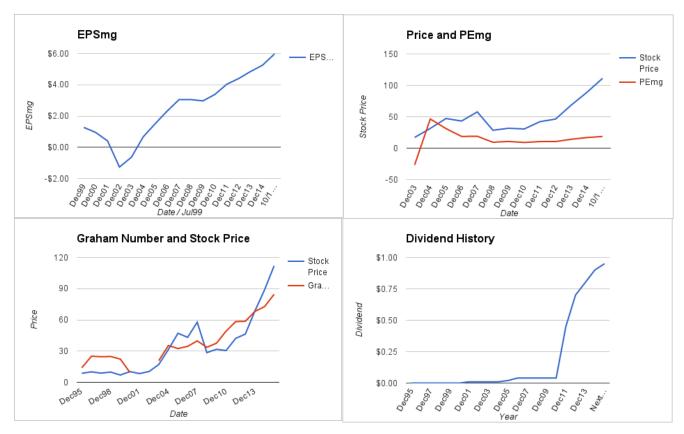
 Google Finance
 MSN Money

 Yahoo Finance
 Seeking Alpha

 GuruFocus
 SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$7.20	Next Fiscal Year Estimate	\$5.97
Dec14	\$5.68	Dec14	\$5.25
Dec13	\$5.33	Dec13	\$4.85
Dec12	\$4.81	Dec12	\$4.40
Dec11	\$5.22	Dec11	\$4.03
Dec10	\$4.18	Dec10	\$3.38
Dec09	\$2.84	Dec09	\$2.97
Dec08	\$2.83	Dec08	\$3.05
Dec07	\$3.47	Dec07	\$3.05
Dec06	\$2.99	Dec06	\$2.32
Dec05	\$2.60	Dec05	\$1.51
Dec04	\$3.58	Dec04	\$0.68
Dec03	\$1.48	Dec03	-\$0.64
Dec02	-\$4.29	Dec02	-\$1.27
Dec01	-\$0.49	Dec01	\$0.41
Dec00	\$0.23	Dec00	\$0.95
Dec99	\$1.18	Dec99	\$1.27
Dec98	\$1.35	Balance Sheet Information	Jun15
Dec97	\$1.40	Total Current Assets	\$12,982,100,000
Dec96	\$1.54	Total Current Liabilities	\$15,801,500,000
Dec95	\$0.55	Long-Term Debt	\$7,840,100,000
		Total Assets	\$54,641,100,000
		Intangible Assets	\$12,458,000,000
		Total Liabilities	\$39,234,500,000
		Shares Outstanding (Diluted Average)	352,200,000





#### 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 The Best Companies of the Insurance Industry – October 2015

The 20 Best Stocks For Value Investors This Week – 7/25/15

Aetna Inc. Analysis – July 2015 Update \$AET

Aetna Inc. Annual Valuation – 2015 \$AET

Aetna Inc. Quarterly Valuation - January 2015 \$AET

Other ModernGraham posts about related companies Cigna Corporation Analysis – October 2015 Update \$CI

The Best Companies of the Insurance Industry – October 2015

 $\underline{\hbox{Chubb Corporation Analysis - September 2015 Update $CB}}$ 

Anthem Inc. Analysis – September 2015 Update \$ANTM

Aflac Inc. Analysis – September 2015 Update \$AFL

Marsh & McLennan Companies Analysis – September 2015 Update \$MMC

Berkshire Hathaway Analysis – August 2015 Update \$BRK/B

Progressive Corporation Analysis – August 2015 Update \$PGR

Ace Limited Analysis – August 2015 Update \$ACE

Travelers Companies Analysis – August 2015 Update \$TRV