

ModernGraham Valuation

Company Name:

CIGNA Corporation

Company Ticker CI

Date of Analysis

10/13/2015



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass all 6 of the following tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$35,576,452,613	Pass
2. Earnings Stability	Positive EPS for 10 years prior		Pass
3. Dividend Record	Dividend Payments for 10 years prior		Pass
4. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	154.49%	Pass
5. Moderate PEmg Ratio	PEmg < 20	20.14	Fail
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.16	Fail

Enterprising Investor; must pass all 3 of the following tests, or be suitable for the Defensive Investor.

1. Earnings Stability	Positive EPS for 5 years prior	Pass
2. Dividend Record	Currently Pays Dividend	Pass
3. Earnings Growth	EPSmg greater than 5 years ago	Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	6.92
MG Growth Estimate	10.25%
MG Value	\$200.79
MG Value based on 3% Growth	\$100.41
MG Value based on 0% Growth	\$58.86
Market Implied Growth Rate	5.82%

MG Opinion

Current Price	\$139.43
% of Intrinsic Value	69.44%
Opinion	Undervalued

Stage 3: Information for Further Research

Graham Number	\$90.20
PEmg	20.14
PB Ratio	3.16
Dividend Yield	0.03%
Number of Consecutive Years of Dividend Growth	0

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	\$8.24	Next Fiscal Year Estimate	\$6.92
Dec14	\$7.83	Dec14	\$6.04
Dec13	\$5.18	Dec13	\$5.08
Dec12	\$5.61	Dec12	\$4.72
Dec11	\$4.59	Dec11	\$4.11
Dec10	\$4.65	Dec10	\$3.77
Dec09	\$4.73	Dec09	\$3.37
Dec08	\$1.05	Dec08	\$2.86
Dec07	\$3.87	Dec07	\$3.60
Dec06	\$3.43	Dec06	\$3.08
Dec05	\$4.17	Dec05	\$2.62
Dec04	\$3.48	Dec04	\$1.75
Dec03	\$1.50	Dec03	\$1.09
Dec02	-\$1.06	Dec02	\$1.12
Dec01	\$2.08	Dec01	\$2.19
Dec00	\$1.95	Dec00	\$2.17
Dec99	\$3.00	Dec99	\$2.09
Dec98	\$2.02	Balance Sheet Information Jun15	
Dec97	\$1.63	Long-Term Debt	\$5,046,000,000
Dec96	\$1.54	Total Assets	\$57,132,000,000
Dec95	\$0.32	Intangible Assets	\$6,041,000,000
		Total Liabilities	\$45,842,000,000
		Shares Outstanding (Diluted Average)	255,730,000





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

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[5 Undervalued Companies with a Low Beta – July 2015](#)
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[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](#)
[Lincoln National Corporation Analysis – August 2015 Update \\$LNC](#)