ModernGraham Valuation

Company Name:

Company Ticker MRK

Date of Analysis

11/11/2015



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	\$150,907,779,045	Pass
	2.	Sufficiently Strong Financial Condition	Current Ratio > 2	1.62	Fail
	3.	Earnings Stability	Positive EPS for 10 years prior		Fail
	4.	Dividend Record	Dividend Payments for 10 years prior		Pass
	5.	Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	65.15%	Pass
	6.	Moderate PEmg Ratio	PEmg < 20	21.82	Fail
	7.	Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.36	Fail
Enterprising Investor;	ти	st pass 4 out of the following 5 tests, or be	e suitable for the Defensive Investor.		
	1.	Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.62	Pass
	2.	Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.20	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

Merck & Co., Inc.

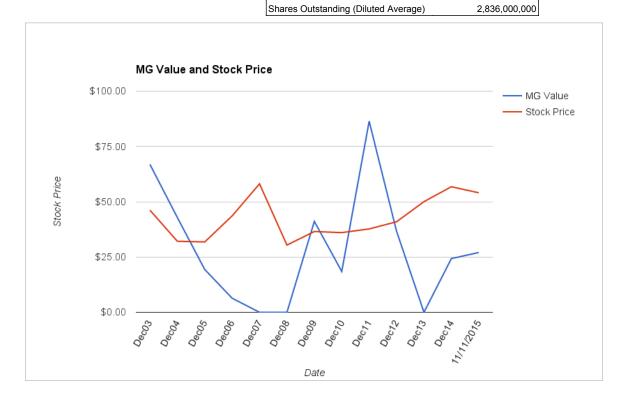
Suitability

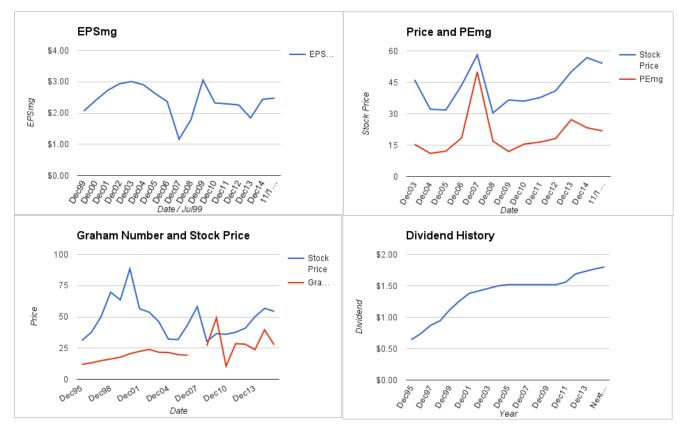
Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

•	EPSmg	\$2.4	8
	MG Growth Estimate	1.219	%
	MG Value	\$27.0	4
	MG Value based on 3% Growth	\$35.9	2
	MG Value based on 0% Growth	\$21.0	6
	Market Implied Growth Rate	6.669	%
MG Opinion			
	Current Price	\$54.0	5
	% of Intrinsic Value	199.86%	%
	Opinion	Overvalued	
Stage 3: Infor	mation for Further Research		
	Net Current Asset Value (NCAV)	-\$9.5	5
	Graham Number	\$27.5	8
	PEmg	21.8	2
	Current Ratio	1.6	2
	PB Ratio	3.3	6
	Dividend Yield	3.33%	%
	Number of Consecutive Years of Dividend Growth		5
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	\$2.09	Next Fiscal Year Estimate	\$2.48
Dec14	\$4.07	Dec14	\$2.44
Dec13	\$1.47	Dec13	\$1.84
Dec12	\$2.00	Dec12	\$2.26
Dec11	\$2.02	Dec11	\$2.29
Dec10	\$0.28	Dec10	\$2.32
Dec09	\$5.65	Dec09	\$3.05
Dec08	\$3.63	Dec08	\$1.79
Dec07	-\$1.04	Dec07	\$1.16
Dec06	\$2.03	Dec06	\$2.37
Dec05	\$2.10	Dec05	\$2.62
Dec04	\$2.62	Dec04	\$2.91
Dec03	\$2.97	Dec03	\$3.01
Dec02	\$3.14	Dec02	\$2.93
Dec01	\$3.14	Dec01	\$2.72
Dec00	\$2.90	Dec00	\$2.40
Dec99	\$2.45	Dec99	\$2.06
Dec98	\$2.15	Balance Sheet Information	Sep15
Dec97	\$1.87	Total Current Assets	\$28,567,000,000
Dec96	\$1.56	Total Current Liabilities	\$17,583,000,000
Dec95	\$1.32	Long-Term Debt	\$24,124,000,000
		Total Assets	\$101,232,000,000
		Intangible Assets	\$41,485,000,000
		Total Liabilities	\$55,645,000,000





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.

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