

# ModernGraham Valuation

## Company Name:

Company Ticker MMC

Date of Analysis

1/30/2016

Marsh & McLennan  
Companies, Inc.



## 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	\$27,021,379,986	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	30.24%	Fail
6. Moderate PEmg Ratio	PEmg < 20	20.73	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.55	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	1.62	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.08	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$2.57
MG Growth Estimate	13.02%
<b>MG Value</b>	<b>\$88.85</b>
MG Value based on 3% Growth	\$37.30
MG Value based on 0% Growth	\$21.87
Market Implied Growth Rate	6.11%

### MG Opinion

Current Price	\$53.33
% of Intrinsic Value	60.02%
<b>Opinion</b>	<b>Undervalued</b>

## Stage 3: Information for Further Research

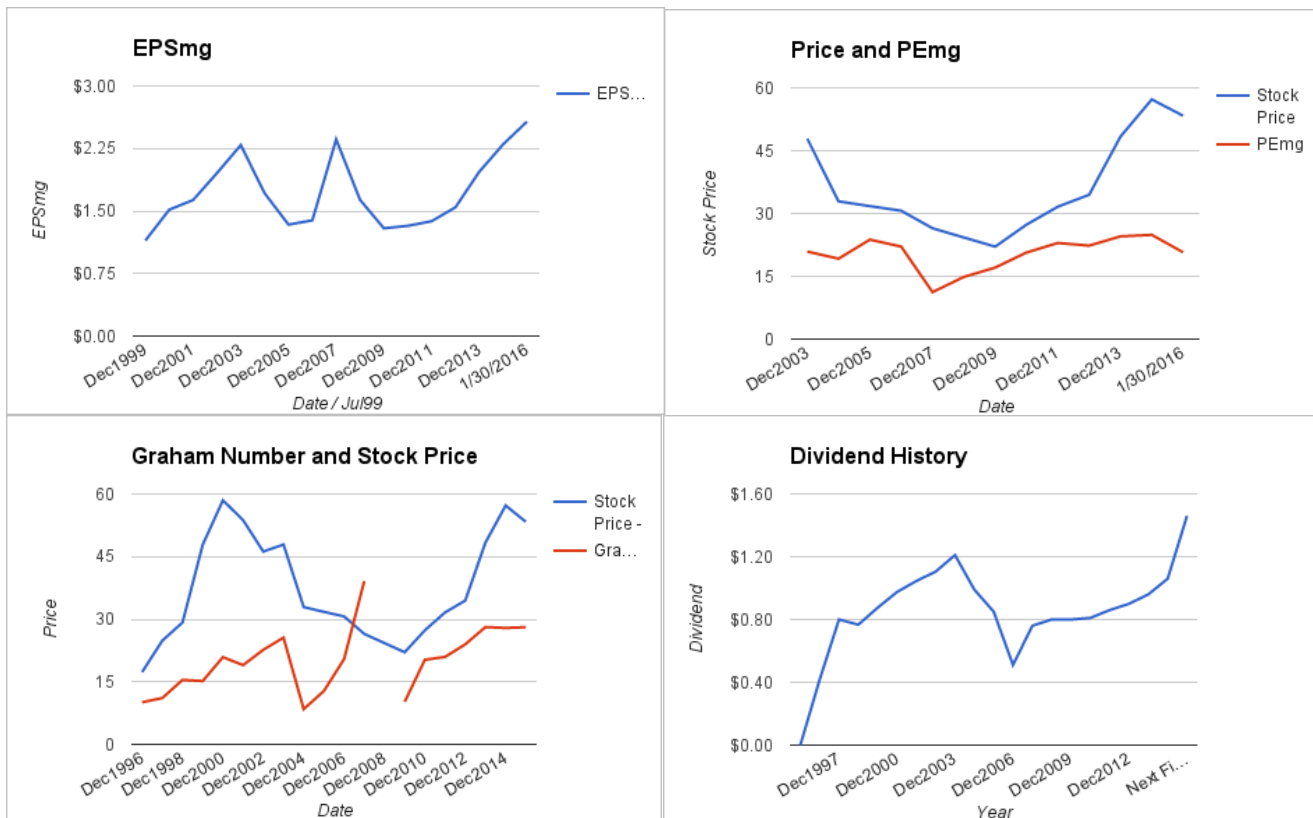
Net Current Asset Value (NCAV)	-\$11.16
Graham Number	\$28.08
PEmg	20.73
Current Ratio	1.62
PB Ratio	4.55
Dividend Yield	2.74%
Number of Consecutive Years of Dividend Growth	6

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.93	Next Fiscal Year Estimate	\$2.57
Dec2014	\$2.65	Dec2014	\$2.30
Dec2013	\$2.43	Dec2013	\$1.97
Dec2012	\$2.13	Dec2012	\$1.54
Dec2011	\$1.79	Dec2011	\$1.38
Dec2010	\$1.55	Dec2010	\$1.32
Dec2009	\$0.42	Dec2009	\$1.29
Dec2008	-\$0.14	Dec2008	\$1.63
Dec2007	\$4.53	Dec2007	\$2.36
Dec2006	\$1.76	Dec2006	\$1.39
Dec2005	\$0.74	Dec2005	\$1.34
Dec2004	\$0.33	Dec2004	\$1.71
Dec2003	\$2.81	Dec2003	\$2.29
Dec2002	\$2.45	Dec2002	\$1.95
Dec2001	\$1.70	Dec2001	\$1.63
Dec2000	\$2.05	Dec2000	\$1.52
Dec1999	\$1.31	Dec1999	\$1.15
Dec1998	\$1.49	<b>Balance Sheet Information Sep2015</b>	
Dec1997	\$0.87	Total Current Assets	\$5,526,000,000
Dec1996	\$1.04	Total Current Liabilities	\$3,404,000,000
Dec1995	\$0.00	Long-Term Debt	\$4,422,000,000
		Total Assets	\$17,724,000,000
		Intangible Assets	\$8,342,000,000
		Total Liabilities	\$11,476,000,000
		Shares Outstanding (Diluted Average)	533,000,000





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:

**Other ModernGraham posts about the company**

- [The Best Companies of the Insurance Industry – October 2015](#)
- [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](#)

**Other ModernGraham posts about related companies**

- [Aon PLC Valuation – January 2016 Update \\$AON](#)
- [Progressive Corp Valuation – November 2015 Update \\$PGR](#)
- [Progressive Corp Valuation – November 2015 Update \\$PGR](#)
- [Ace Limited Valuation – November 2015 Update \\$ACE](#)
- [Travelers Companies Inc. Valuation – November 2015 Update \\$TRV](#)
- [Lincoln National Corp Valuation – November 2015 Update \\$LNC](#)
- [Unum Group Valuation – November 2015 Update \\$UNM](#)
- [Principal Financial Group Valuation – November 2015 Update \\$PFG](#)
- [Assurant Inc. Valuation – November 2015 Update \\$AIZ](#)
- [American International Group Inc. Valuation – November 2015 Update \\$AIG](#)