# **ModernGraham Valuation**

### **Company Name:**

Marsh & McLennan Companies, Inc.



Company Ticker
Date of Analysis

7/12/2016

## 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.

MMC

<ol> <li>Adequate Size of the Enterprise</li> </ol>	Market Cap > \$2Bil	\$35,068,541,703 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.52 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	

Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end

5. Earnings Growth beginning and end

6. Moderate PEmg Ratio

7. Moderate Price to Assets

PB Ratio < 2.5 OR PB\*PEmg < 50

5.30 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	1.52 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.90 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

MG Opinion

Defensive No Enterprising Yes

#### Stage 2: Determination of Intrinsic Value

EPSmg	\$2.90
MG Growth Estimate	13.15%
MG Value	\$100.81
MG Value based on 3% Growth	\$42.01
MG Value based on 0% Growth	\$24.63
Market Implied Growth Rate	7.36%
Current Price	\$67.30
% of Intrinsic Value	66.76%
Opinion	Undervalued

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#### Stage 3: Information for Further Research

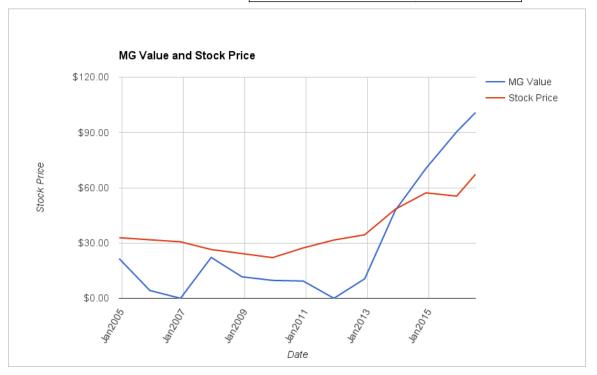
MG Grade

Net Current Asset Value (NCAV)	-\$12.64
Graham Number	\$30.93
PEmg	23.23
Current Ratio	1.52
PB Ratio	5.30
Current Dividend	\$1.52
Dividend Yield	2.26%
Number of Consecutive Years of Dividend Growth	7

**Useful Links:** ModernGraham tagged articles

Morningstar MSN Money Google Finance Yahoo Finance Seeking Alpha GuruFocus SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.32	Next Fiscal Year Estimate	\$2.90
Dec2015	\$2.98	Dec2015	\$2.59
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	\$1.51
Dec1999	\$1.31	Balance Sheet Information	3/1/2016
Dec1998	\$1.49	Total Current Assets	\$4,798,000,000
Dec1997	\$0.80	Total Current Liabilities	\$3,159,000,000
Dec1996	\$1.06	Long-Term Debt	\$4,748,000,000
		Total Assets	\$18,128,000,000
		Intangible Assets	\$8,985,000,000
		Total Liabilities	\$11,449,000,000
		Shares Outstanding (Diluted Average)	526,000,000





#### 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

 $\underline{ 26 \; \text{Best Stocks For Value Investors This Week} - 2/6/16 }$ 

Marsh & McLennan Company Valuation – January 2016 Update \$MMC

The Best Companies of the Insurance Industry – October 2015

15 Best Stocks For Value Investors This Week – 9/12/15

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

Other ModernGraham posts about related companies

Cigna Corp Valuation – July 2016 \$CI

Progressive Corporation Valuation – June 2016 \$PGR

Cincinnati Financial Corporation Valuation - May 2016 \$CINF

Lincoln National Corporation Valuation - May 2016 \$LNC

Allstate Corporation Valuation - May 2016 \$ALL

The Travelers Companies Valuation – May 2016 \$TRV

Unum Group Valuation – March 2016 \$UNM

Principal Financial Group Inc Valuation - March 2016 \$PFG

Assurant Inc Valuation - February 2016 \$AIZ

American International Group Inc Stock Valuation – February 2016 \$AIG