

ModernGraham Valuation

Company Name:

Company Ticker MMC

Date of Analysis

7/12/2016

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	\$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
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	86.07%	Pass
6. Moderate PEmg Ratio	PEmg < 20	23.23	Fail
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

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%

MG Opinion

Current Price	\$67.30
% of Intrinsic Value	66.76%
Opinion	Undervalued
MG Grade	B-

Stage 3: Information for Further Research

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

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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.

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