

# ModernGraham Valuation

Marsh & McLennan  
Companies



## Company Name:

Company Ticker MMC

Date of Analysis

3/26/2018

## 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	\$41,670,631,151	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.31	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	178.99%	Pass
6. Moderate PEmg Ratio	PEmg < 20	23.94	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.76	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	1.31	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	4.02	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 Score		Pass

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$3.43
MG Growth Estimate	7.37%
<b>MG Value</b>	<b>\$79.66</b>
MG Value based on 3% Growth	\$49.72
MG Value based on 0% Growth	\$29.14
Market Implied Growth Rate	7.72%

### MG Opinion

Current Price	\$82.09
% of Intrinsic Value	103.05%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>D+</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$14.55
Graham Number	\$37.15
PEmg	23.94
Current Ratio	1.31
PB Ratio	5.76
Current Dividend	\$1.43
Dividend Yield	1.74%
Number of Consecutive Years of Dividend Growth	8

### 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	\$4.24	Next Fiscal Year Estimate	\$3.43
Dec2017	\$2.87	Dec2017	\$2.97
Dec2016	\$3.38	Dec2016	\$2.92
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	<b>Balance Sheet Information 12/1/2017</b>	
Dec2000	\$2.05	Total Current Assets	\$5,562,000,000
Dec1999	\$1.31	Total Current Liabilities	\$4,262,000,000
Dec1998	\$1.49	Long-Term Debt	\$5,225,000,000
		Total Assets	\$20,429,000,000
		Intangible Assets	\$10,363,000,000
		Total Liabilities	\$13,070,000,000
		Shares Outstanding (Diluted Average)	516,000,000





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**

- [26 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**

- [Fidelity National Information Services Inc Valuation – March 2018 \\$FIS](#)
- [Intercontinental Exchange Inc Valuation – March 2018 \\$ICE](#)
- [H&R Block Inc Valuation – March 2018 \\$HRB](#)
- [Morgan Stanley Valuation – March 2018 \\$MS](#)
- [BlackRock Inc Valuation – March 2018 \\$BLK](#)
- [Ameriprise Financial Inc Valuation – March 2018 \\$AMP](#)
- [Navient Corp Valuation – March 2018 \\$NAVI](#)
- [Invesco Ltd Valuation – March 2018 \\$IVZ](#)
- [Capital One Financial Corp Valuation – March 2018 \\$COF](#)
- [Total System Services Inc Valuation – February 2018 \\$TSS](#)