

ModernGraham Valuation

Company Name:

Aetna Inc

Company Ticker AET

Date of Analysis

4/7/2018



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass all 6 of the following tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$55,704,471,562	Pass
2. Earnings Stability	Positive EPS for 10 years prior		Pass
3. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end		
4. Earnings Growth		81.29%	Pass
5. Moderate PEmg Ratio	PEmg < 20	22.88	Fail
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.60	Fail

Enterprising Investor; must pass all 3 of the following tests, or be suitable for the Defensive Investor.

1. Earnings Stability	Positive EPS for 5 years prior		Pass
2. Dividend Record	Currently Pays Dividend		Pass
3. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	7.45
MG Growth Estimate	6.27%
MG Value	\$156.65
MG Value based on 3% Growth	\$107.97
MG Value based on 0% Growth	\$63.29
Market Implied Growth Rate	7.19%

MG Opinion

Current Price	\$170.38
% of Intrinsic Value	108.77%
Opinion	Fairly Valued
MG Grade	C

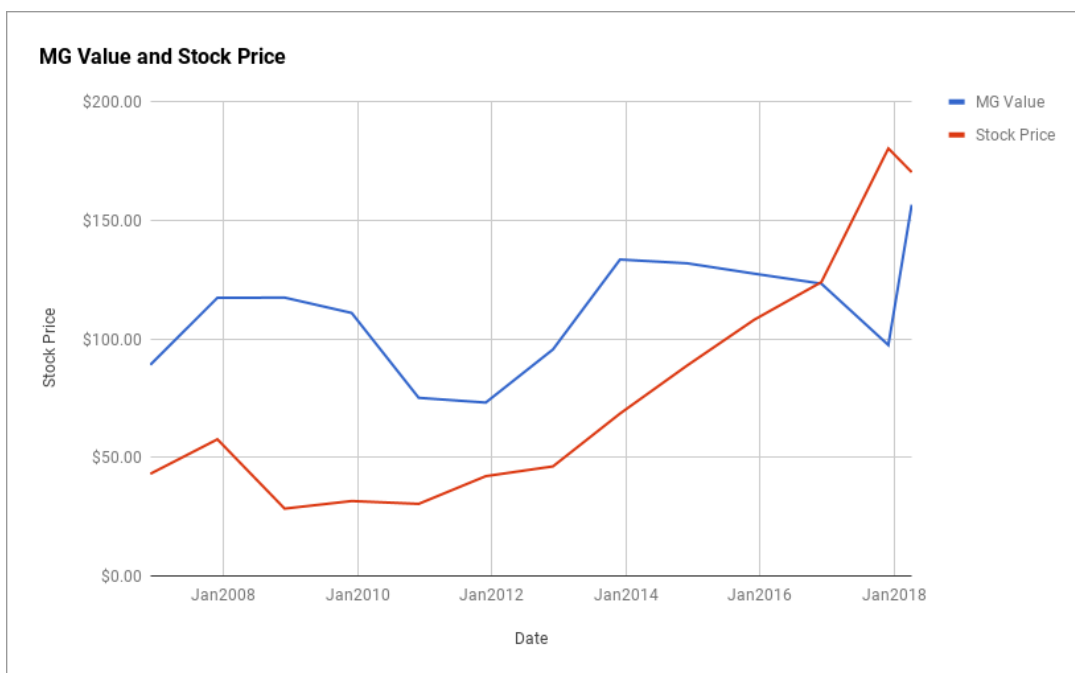
Stage 3: Information for Further Research

Graham Number	\$104.09
PEmg	22.88
PB Ratio	3.60
Dividend Yield	1.03%
Number of Consecutive Years of Dividend Growth	1

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	\$10.10	Next Fiscal Year Estimate	\$7.45
Dec2017	\$5.68	Dec2017	\$6.07
Dec2016	\$6.41	Dec2016	\$6.11
Dec2015	\$6.78	Dec2015	\$5.83
Dec2014	\$5.68	Dec2014	\$5.25
Dec2013	\$5.33	Dec2013	\$4.85
Dec2012	\$4.81	Dec2012	\$4.40
Dec2011	\$5.22	Dec2011	\$4.03
Dec2010	\$4.18	Dec2010	\$3.38
Dec2009	\$2.84	Dec2009	\$2.97
Dec2008	\$2.83	Dec2008	\$3.05
Dec2007	\$3.47	Dec2007	\$3.05
Dec2006	\$2.99	Dec2006	\$2.32
Dec2005	\$2.60	Dec2005	\$1.51
Dec2004	\$3.58	Dec2004	\$0.68
Dec2003	\$1.48	Dec2003	-\$0.64
Dec2002	-\$4.29	Dec2002	-\$1.27
Dec2001	-\$0.49		
Dec2000	\$0.23		
Dec1999	\$1.18		
Dec1998	\$1.35		
		Balance Sheet Information	12/1/2017
		Long-Term Debt & Capital Lease Obligation	\$8,160,000,000
		Total Assets	\$55,151,000,000
		Intangible Assets	\$11,751,000,000
		Total Liabilities	\$39,571,000,000
		Shares Outstanding (Diluted Average)	329,100,000





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**
- [5 Undervalued Companies with a Low Beta – August 2016](#)
 - [Aetna Inc Valuation – July 2016 \\$AET](#)
 - [26 Best Stocks For Value Investors This Week – 2/6/16](#)
 - [Aetna Inc Valuation – February 2016 Update \\$AET](#)
 - [13 Best Stocks For Value Investors This Week – 10/17/15](#)

- Other ModernGraham posts about related companies**
- [Cigna Corp Valuation – March 2018 \\$CI](#)
 - [Aspen Insurance Holdings Ltd Valuation – March 2018 \\$AHL](#)
 - [AFLAC Inc Valuation – March 2018 \\$AFL](#)
 - [MetLife Inc Valuation – March 2018 \\$MET](#)
 - [Principal Financial Group Inc Valuation – March 2018 \\$PFG](#)
 - [Progressive Corp Valuation – February 2018 \\$PGR](#)
 - [Cincinnati Financial Corp Valuation – February 2018 \\$CINF](#)
 - [Lincoln National Corp Valuation – February 2018 \\$LNC](#)
 - [Aon PLC Valuation – February 2018 \\$AON](#)
 - [Travelers Companies Inc Valuation – February 2018 \\$TRV](#)