

ModernGraham Valuation

Company Name:

Merck & Co., Inc.

Company Ticker MRK

Date of Analysis

11/17/2018



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	\$197,784,653,364	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.44	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. 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	-38.49%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	40.82	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	6.24	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	1.44	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.42	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		Fail
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.86
MG Growth Estimate	-3.53%
MG Value	\$2.69
MG Value based on 3% Growth	\$27.02
MG Value based on 0% Growth	\$15.84
Market Implied Growth Rate	16.16%

MG Opinion

Current Price	\$76.06
% of Intrinsic Value	2832.36%
Opinion	Overvalued
MG Grade	D

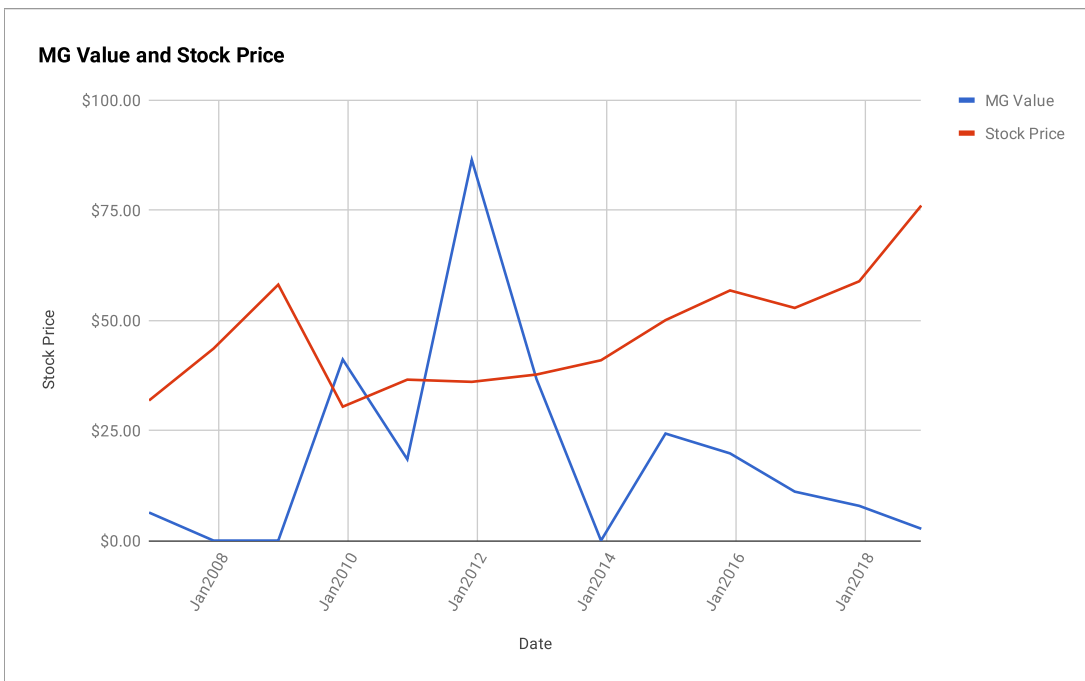
Stage 3: Information for Further Research

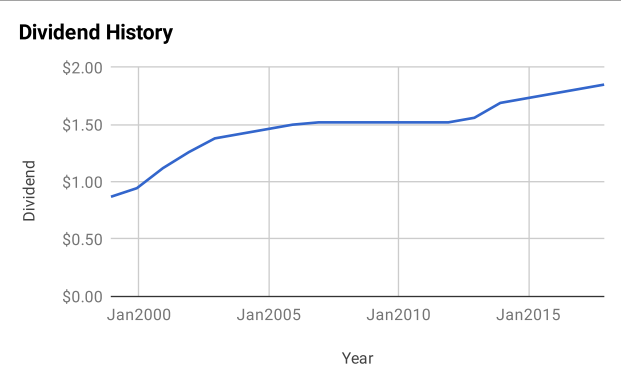
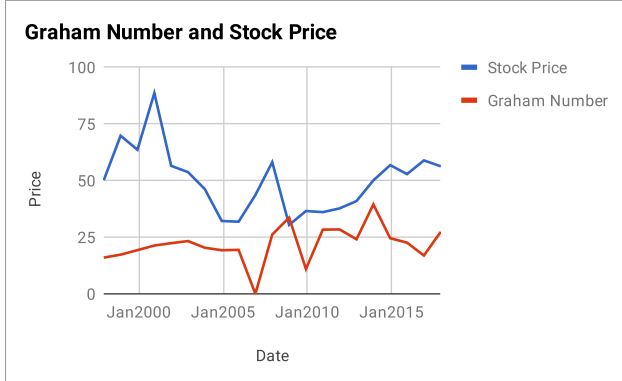
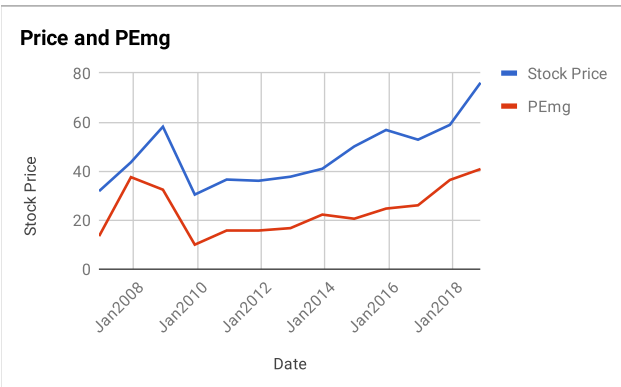
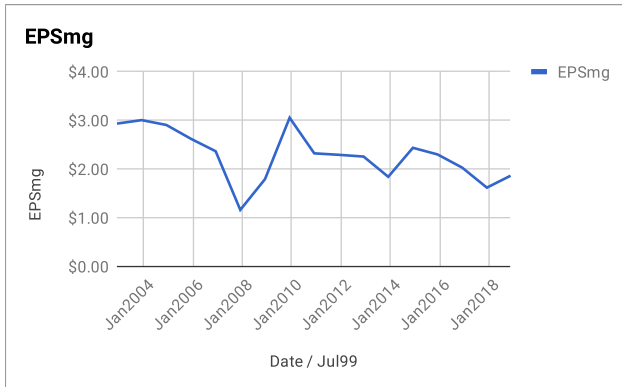
Net Current Asset Value (NCAV)	-\$9.57
Graham Number	\$27.34
PEmg	40.82
Current Ratio	1.44
PB Ratio	6.24
Current Dividend	\$1.89
Dividend Yield	2.48%
Number of Consecutive Years of Dividend Growth	7

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	\$2.61	Next Fiscal Year Estimate	\$1.86
Dec2017	\$0.87	Dec2017	\$1.62
Dec2016	\$1.41	Dec2016	\$2.03
Dec2015	\$1.56	Dec2015	\$2.30
Dec2014	\$4.07	Dec2014	\$2.44
Dec2013	\$1.47	Dec2013	\$1.84
Dec2012	\$2.00	Dec2012	\$2.26
Dec2011	\$2.02	Dec2011	\$2.29
Dec2010	\$0.28	Dec2010	\$2.32
Dec2009	\$5.65	Dec2009	\$3.05
Dec2008	\$3.63	Dec2008	\$1.79
Dec2007	-\$1.04	Dec2007	\$1.16
Dec2006	\$2.03	Dec2006	\$2.37
Dec2005	\$2.10	Dec2005	\$2.62
Dec2004	\$2.62	Dec2004	\$2.91
Dec2003	\$2.97	Dec2003	\$3.01
Dec2002	\$3.14	Dec2002	\$2.93
Dec2001	\$3.14	Balance Sheet Information 9/1/2018	
Dec2000	\$2.90	Total Current Assets	\$26,836,000,000
Dec1999	\$2.45	Total Current Liabilities	\$18,586,000,000
Dec1998	\$2.15	Long-Term Debt	\$19,936,000,000
		Total Assets	\$85,130,000,000
		Intangible Assets	\$30,433,000,000
		Total Liabilities	\$52,474,000,000
		Shares Outstanding (Diluted Average)	2,678,000,000





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**
- [Merck & Co Inc Valuation – February 2018 \\$MRK](#)
 - [Merck & Co Inc Valuation – August 2016 \\$MRK](#)
 - [5 Overvalued Dow Components – July 2016](#)
 - [Merck & Co Inc Valuation – March 2016 \\$MRK](#)
 - [Merck & Co Valuation – November 2015 Update \\$MRK](#)

- Other ModernGraham posts about related companies**
- [Ligand Pharmaceuticals Inc Valuation – September 2018 \\$LGND](#)
 - [Supernus Pharmaceuticals Inc Valuation – August 2018 \\$SUPN](#)
 - [Lannett Co Inc Valuation – August 2018 \\$LCI](#)
 - [Spectrum Pharmaceuticals Inc Valuation – August 2018 \\$SPPI](#)
 - [Akorn Inc Valuation – July 2018 \\$AKRX](#)
 - [Mallinckrodt PLC Valuation – July 2018 \\$MNK](#)
 - [Bristol-Myers Squibb Company Valuation – June 2018 \\$BMJ](#)
 - [Biogen Inc Valuation – June 2018 \\$BIIB](#)
 - [Mylan NV Valuation – June 2018 \\$MYL](#)
 - [Amgen Inc Valuation – June 2018 \\$AMGN](#)