

ModernGraham Valuation

Marsh & McLennan
Companies, Inc.



Company Name:

Company Ticker MMC

Date of Analysis

1/25/2019

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	\$42,064,656,156	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.26	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	169.15%	Pass
6. Moderate PEmg Ratio	PEmg < 20	25.26	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.65	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	1.26	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	4.45	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

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.31
MG Growth Estimate	6.56%
MG Value	\$71.48
MG Value based on 3% Growth	\$47.93
MG Value based on 0% Growth	\$28.10
Market Implied Growth Rate	8.38%

MG Opinion

Current Price	\$83.50
% of Intrinsic Value	116.82%
Opinion	Overvalued
MG Grade	F

Stage 3: Information for Further Research

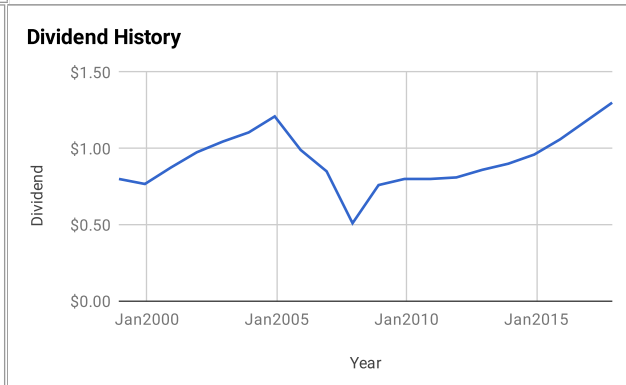
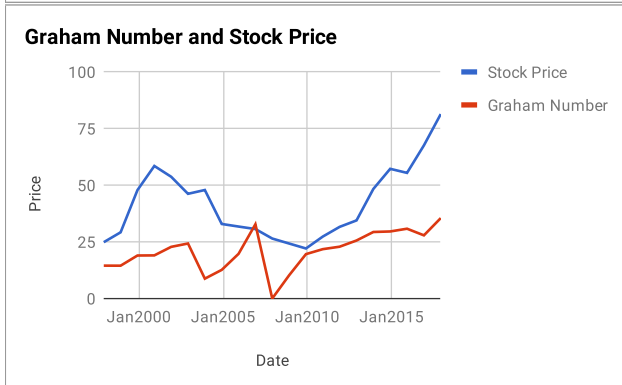
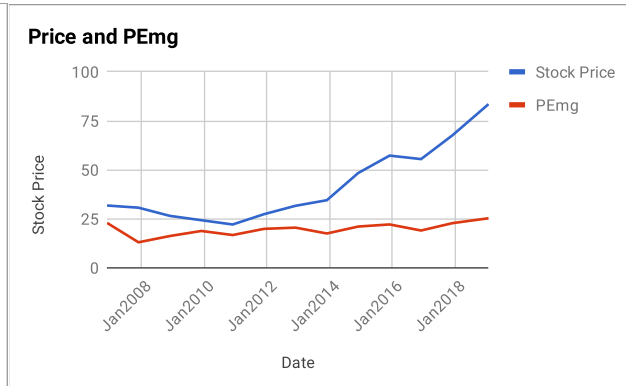
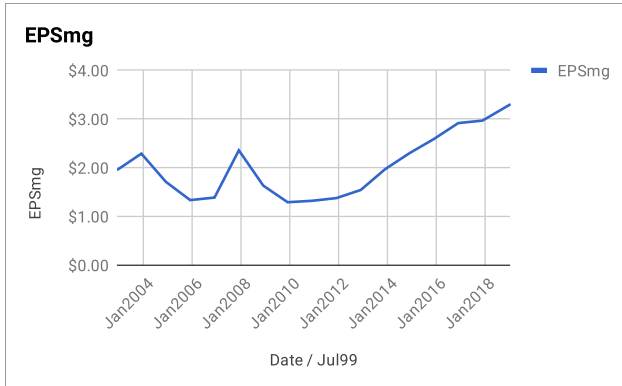
Net Current Asset Value (NCAV)	-\$14.95
Graham Number	\$35.49
PEmg	25.26
Current Ratio	1.26
PB Ratio	5.65
Current Dividend	\$1.43
Dividend Yield	1.71%
Number of Consecutive Years of Dividend Growth	8

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	\$3.87	Next Fiscal Year Estimate	\$3.31
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	Balance Sheet Information 9/1/2018	
Dec2000	\$2.05	Total Current Assets	\$5,966,000,000
Dec1999	\$1.31	Total Current Liabilities	\$4,727,000,000
Dec1998	\$1.49	Long-Term Debt	\$5,512,000,000
		Total Assets	\$21,129,000,000
		Intangible Assets	\$10,764,000,000
		Total Liabilities	\$13,591,000,000
		Shares Outstanding (Diluted Average)	510,000,000





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

- [Marsh & McLennan Companies Inc Valuation – March 2018 \\$MMC](#)
- [5 Best Stocks For Value Investors This Week – 7/16/16](#)
- [Marsh & McLennan Companies Inc Valuation – July 2016 \\$MMC](#)
- [26 Best Stocks For Value Investors This Week – 2/6/16](#)
- [Marsh & McLennan Company Valuation – January 2016 Update \\$MMC](#)

Other ModernGraham posts about related companies

- [Intercontinental Exchange Inc Valuation – January 2019 \\$ICE](#)
- [H&R Block Inc Valuation – January 2019 \\$HRB](#)
- [State Street Corp Valuation – January 2019 \\$STT](#)
- [Morgan Stanley Valuation – January 2019 \\$MS](#)
- [MSCI Inc Valuation – January 2019 \\$MSCI](#)
- [BlackRock Inc Valuation – January 2019 \\$BLK](#)
- [Ameriprise Financial Inc Valuation – January 2019 \\$AMP](#)
- [Invesco Ltd Valuation – January 2019 \\$IVZ](#)
- [Capital One Financial Corp Valuation – January 2019 \\$COF](#)
- [Total System Services Inc Valuation – December 2018 \\$TSS](#)