



Company	Ticker	Sector	Industry
Marsh & McLennan Companies, Inc.	MMC-US	Financials	Insurance

Business Description

Marsh & McLennan Cos., Inc. is a professional services firm, which offers clients advice and solutions in risk, strategy and people. It operates through the following business segments: Risk & Insurance Services and Consulting. The Risk and Insurance Services segment includes risk management activities, as well as insurance and reinsurance broking and services. The company conducts business in this segment through Marsh and Guy Carpenter. The Consulting segment includes health, wealth & career services & products, specialized management, economic and brand consulting services. The firm conducts business in this segment through Mercer and Oliver Wyman Group. Marsh & McLennan Cos was founded by Henry W. Marsh and Donald R. McLennan in 1871 and is headquartered in New York, NY.

Price Chart

Key Info & Metrics



Empirical Research Rank:	3
Date Purchased:	10/19/2022
Price:	\$173.81
52-Week Range:	\$144.34 - \$178.70
Dividend Yield:	1.33%
Market Cap (\$M):	\$86,211
Forward Price-to-Earnings:	23

Total Return

Year-to-Date:	5.4%
1 Year:	15.0%
3 Year:	55.9%
5 Year:	129.9%

Investment Case - Updated: November 6, 2022

Insurance brokers have attractive traits, with minimal underwriting risk and scalable business models. Brokers also benefit from inflation (higher insurance premiums lead to higher commissions), higher interest rates (helps investment income), and the current hard market for insurance pricing. Marsh & McLennan has a strong track record of organic revenue growth and margin expansion. While organic growth will slow from the strong level in 2022, it could remain above-average. Margins are on track to expand for the 15th straight year, reflecting its scalable model and improved employee productivity. The Risk & Insurance Services segment (two-thirds of revenue) is more recession-resistant, as it provides core brokerage services. The Consulting segment (one-third of revenue) is more vulnerable in a downturn but there are cross-selling benefits between the two segments. Marsh & McLennan has defensive traits such as strong free cash flow and modest leverage. Marsh & McLennan's valuation is modestly above its historical average, which is justified based on its fundamentals. In a recession, strength in the Risk & Insurance Services segment could offset weakness in the Consulting segment.

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