



Company	Ticker	Sector	Industry
Merck & Co., Inc.	MRK-US	Health Care	Pharmaceuticals

## Business Description

Merck & Co., Inc. is a health care company, which engages in the provision of health solutions through its prescription medicines, vaccines, biologic therapies, animal health, and consumer care products. It operates through the following segments: Pharmaceutical, Animal Health, and Other. The Pharmaceutical segment includes human health pharmaceutical and vaccine products. The Animal Health segment discovers, develops, manufactures, and markets animal health products, such as pharmaceutical and vaccine products, for the prevention, treatment and control of disease in livestock, and companion animal species. The Other segment consists of sales for the non-reportable segments of healthcare services. The company was founded in 1891 and is headquartered in Kenilworth, NJ.

## Price Chart

## Key Info & Metrics



<b>Empirical Research Rank:</b>	<b>1</b>
Date Purchased:	01/02/2018
Price:	\$111.91
52-Week Range:	\$84.41 - \$114.84
Dividend Yield:	2.54%
Market Cap (\$M):	\$284,094
Forward Price-to-Earnings:	15

## Total Return

Year-to-Date:	1.6%
1 Year:	37.7%
3 Year:	69.6%
5 Year:	150.9%

## Investment Case - Updated: November 6, 2022

Merck's oncology drug Keytruda was approved by the FDA in 2013. The drug rose to over \$14 billion in 2020 revenue, making up nearly one third of sales. Keytruda is approved in so many tumor types and used so prevalently that new growth areas are getting scarce. Further, so much R&D had been devoted to Keytruda that the rest of the drug pipeline is negligible. In February 2020, Merck announced it would spin-off some legacy brands and pay itself a cash dividend of at least \$8 billion to jumpstart the pipeline. Discussion of the spin-off highlighted Merck's dependence on the slowing Keytruda franchise and the stock languished. Merck completed the spinoff and quickly acquired Acceleron Pharma in September 2021 for \$11.5 billion in cash (unfortunately Acceleron won't complete any clinical trials until 2024). The acquisition expands Merck's token presence in cardiovascular and rare diseases. The stock popped briefly in the fourth quarter when the FDA approved Merck's COVID-19 pill treatment. The stock deflated again when Pfizer announced a superior product. The stock's direction will be dictated by the pace of Keytruda's revenue growth and any new additions to the pipeline.

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