

## Company Overview

**COMPANY:**

Merck

**Comment [ATL1]:**

Type company name in the box with the company's ticker symbol beneath the name.

**Overview prepared by:**

**Date: 10/20/03**

Business Overview				Sector and Competitors	
<p>Merck &amp; Co., Inc. is a global research-driven pharmaceutical products and services company that discovers, develops, manufactures and markets a broad range of products to improve human and animal health, directly and through its joint ventures. The Company also provides pharmacy benefit management services through Medco Health Solutions, Inc. Merck's operations are comprised of two business segments: Merck Pharmaceutical and Medco Health. Merck Pharmaceutical's products consist of therapeutic and preventive agents, sold by prescription, for the treatment and prevention of human disorders. Medco Health provides pharmacy benefit services, including sales of prescription drugs through managed prescription drug programs. In August 2003, the Company completed the spin-off of Medco Health. The Company sells its human health products primarily to drug wholesalers and retailers, hospitals, clinics, government agencies and managed healthcare providers.</p>				<p>Sector: HealthCare (Pharmacy) Main Competitors: Pfizer Bristol-Myers Squibb, Shering Plough, Novartis, Aventis, Glaxo-SmithKline</p>	
Recommendation				Major Products	
<p><b>Merck is an extremely conservative company who has been a stable market driver over the past years. They have experienced consistent growth, paying a respectable dividend. New drugs will be promoted in 2004, and patents will be expiring in 2006. Analysts have formulated a general hold on MRK. I don't see Merck's growth escalating in the near future, recommending either a hold (short-term) or a sell (immediately with back-up option).</b></p>				<p>Propecia – hair restoration Singulair – allergy/asthma Zocor – cholesterol reduction</p>	
Financials				Major Customers / Partners	
Current Price	48.36	Dividends/Yield	1.48/ 3.04%	<p>The Company sells its human health products primarily to drug wholesalers and retailers, hospitals, clinics, government agencies and managed healthcare providers.</p>	
Purchase Price	55.3	Date of purchase	5/2/02		
52-w. hi / low	48.56- 63.5	ROE	40.39%		
P / E	14.96	ROI			
EPS	3.25	β	.36		
EVA		Market Cap	108.27B		

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## Company Overview



### GROWTH RATES

	1 Year	3 Years	5 Years
Sales %	8.54	16.55	16.99
EPS %	0.13	8.62	10.95
Dividend %	2.92	8.63	10.78

### RATIO COMPARISON

Valuation Ratios	Company	Industry	Sector	S&P 500
P/E Ratio (TTM)	15.23	27.93	30.49	24.79
P/E High - Last 5 Yrs.	37.87	63.58	64.84	48.28
P/E Low - Last 5 Yrs.	14.62	19.90	20.28	16.18
Beta	0.36	0.38	0.50	1.00
Price to Sales (TTM)	2.09	4.17	6.01	3.43
Price to Book (MRQ)	5.65	5.16	5.71	4.28
Price to Tangible Book (MRQ)	9.25	15.02	13.47	7.63

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## Company Overview

Price to Cash Flow (TTM)	12.56	22.55	24.61	18.21
Price to Free Cash Flow (TTM)	28.24	39.90	38.46	32.50
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% Owned Institutions	61.24	65.49	47.96	64.05

### Management Effectiveness

Management Effectiveness (%)	Company	Industry	Sector	S&P 500
Return On Assets (TTM)	15.33	11.70	7.65	5.99
Return On Assets - 5 Yr. Avg.	17.32	15.59	9.66	7.22
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Return On Investment (TTM)	21.05	16.27	11.06	9.45
Return On Investment - 5 Yr. Avg.	22.70	22.84	14.91	11.69
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Return On Equity (TTM)	40.39	27.18	18.46	17.79
Return On Equity - 5 Yr. Avg.	44.81	35.13	23.91	20.02

### Price Deterioration: **Fail**

The price of this stock is substantially underperforming relative to its industry

### Estimate Revisions: **Pass**

There have been no downward analyst revisions on this company in the past week.

Analyst Downgrades (last week)	# Analysts Covering	# Downward Revisions
Current Fiscal Year	20.00	0.00
Next Fiscal Year	20.00	0.00

### Analyst Recommendation: **Fail**

Ratings have declined within the past 4-weeks. Analysts have become more bearish on this stock [[What do I do now?](#)]

Analyst Recommendations	Recommendation Buy (1) - (5) Sell
Current	2.73
4 Weeks Ago	2.71

### Change

**0.02**

### Price Momentum: **Pass**

This company's 4 week price performance relative to its industry is greater than or equal to its Adjusted\* 13 week price performance relative to its industry.

	Relative Price Performance
4 Week Relative Price Performance	<b>(3.8)%</b>

Mary Lund Davis

**SIF**

Student Investment Fund

## Company Overview

Adjusted 13 Week Relative Price Performance\*

**(5.8)%**

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