

Merck & Co Inc

Merck & Co. is a global healthcare company that delivers health solutions through its prescription medicines, vaccines, biologic therapies, and animal health products, which it markets directly and through its joint ventures. The company has operations in pharmaceutical, animal health, and vaccines. Merck's stock price performance year-to-date has been impressive, with recent news flow helping the rally; Sotatercept's positive Phase 3 results in Pulmonary Arterial Hypertension derisk the main asset from the USD11bn Acceleron acquisition a year ago. Additionally, Merck is exercising its option to jointly develop Moderna's (Hold, Price/Target: USD158.41/150) personalised cancer vaccine, for which data is expected by the end of the year. These are all steps in the right direction to rejuvenate the product portfolio, though their impact is yet to be seen. Sales rose 14% y/y (+18% y/y in c.c.) to USD15.0bn, 6% above consensus. The beat was driven by strong sales of Lagevrio, an oral antiviral for COVID-19, coming in at USD436m for the quarter. Sales were up for Keytruda (+20% y/y to USD5.4bn) and HPV vaccine Gardasil (+15% y/y to USD2.3bn). Keytruda's strength offset the otherwise weak oncology revenues. Pharmaceutical sales grew 13% y/y to USD13.0bn, while Animal Health sales declined 3% y/y to USD1.4bn. Adj. EPS increased 4% y/y to USD 1.85 (a 7% beat) due to a lower tax rate. For 2022, the revenue guidance was slightly raised to USD58.5bn-USD59.0bn (up 20%-21% y/y; vs USD57.5bn-USD58.5bn earlier), and adj. EPS guidance was lifted to USD 7.32-USD 7.37 (vs USD 7.25-USD 7.35 previously).

Corporate Ratings		Periodicity	Fiscal Quarterly	Currency	Default	Parent/Consolidated			C	Data	Adjusted (if Available)			
S&P	A+													
Outlook	Negative													
Moody's	A1													
Outlook	Negative													
Fitch	A+													
Outlook	Negative													
CDS Data														
5 YR CDS	#N/A N/A													
% 3 Months	#N/A N/A													
% 6 Months	#N/A N/A													
% 1 Year	#N/A N/A													
52 Week Low	#N/A N/A													
52 Week High	#N/A N/A													
Profitability		Balance Sheet Summary		03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
EBIT	20,615	Total Current Assets		33,561.0	33,561.0	32,116.0	31,184.0	30,266.0	31,058.0	28,665.0	26,909.0	27,764.0		
Operating Margin	34.96	Total Long-Term Assets		73,520.0	73,520.0	74,979.0	75,484.0	75,428.0	62,436.0	62,023.0	63,938.0	63,824.0		
Pretax Margin	31.94	Total Assets		107,081.0	107,081.0	107,095.0	106,668.0	105,694.0	93,494.0	90,688.0	90,847.0	91,588.0		
Return on Assets	16.93	Total Current Liabilities		22,998.0	22,998.0	23,168.0	22,316.0	23,872.0	23,728.0	21,906.0	26,361.0	27,327.0		
Return on Common Equity	42.31	Total Long-Term Liabilities		39,559.0	39,559.0	40,609.0	43,399.0	43,565.0	33,903.0	35,394.0	37,447.0	38,857.0		
Return on Capital	25.99	Total Liabilities		62,557.0	62,557.0	63,777.0	65,715.0	67,437.0	57,631.0	57,300.0	63,808.0	66,184.0		
Asset turnover	0.59	Total Shareholders' Equity		44,524.0	44,524.0	43,318.0	40,953.0	38,257.0	35,863.0	33,388.0	27,039.0	25,404.0		
		Shares Outstanding		2,533.4	2,533.4	2,532.2	2,528.4	2,530.6	2,525.3	2,532.8	2,531.3	2,530.2		
		Book Value per Share		--	18.1	17.5	17.5	17.1	16.2	15.1	14.2	13.1	10.6	10.0
		Tangible Book Value / Sh				0.8	0.8	-0.2	-1.3	-2.4	1.4	0.3	-3.0	-3.0
		Shareholder Equity/Total Liab				41.6	41.6	40.4	38.4	36.2	38.4	36.8	29.8	27.7
Structure		Cash Flow Summary		03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
Current Ratio	1.46	Net Income		3,828.8	3,382.0	15,260.0	3,248.0	3,944.0	4,310.0	3,758.0	4,567.0	1,545.0	3,179.0	-2,095.0
Quick Ratio	0.90	Depreciation and Amortization		--	--	1,882.0	499.0	474.0	421.0	488.0	399.0	353.0	378.0	516.0
Total Debt to Total Assets	28.41	Change in Working Capital				3,233.0	1,615.0	80.0	2,474.0	-936.0	571.0	6,211.0	111.0	-5,735.0
Total Debt to Com Equity	68.42	Cash - Operating Activities				19,696.0	5,602.0	4,302.0	4,761.0	5,031.0	4,797.0	2,490.0	1,791.0	6,045.0
Acct Receivable Turnover	6.53	Capital Expenditures		-1,114.0	-1,142.2	-4,447.0	-1,126.0	-1,129.0	-984.0	-1,208.0	-1,172.0	-934.0	-1,082.0	-1,431.0
Inventory Turnover	2.91	Cash - Investing Activities				-15,261.0	-962.0	-1,077.0	-1,173.0	-12,049.0	-1,061.0	-2,707.0	-738.0	-4,697.0
Gross Margin	72.32	Cash - Financing Activities				-3,615.0	-3,114.0	-2,086.0	-3,141.0	4,726.0	-1,907.0	1,836.0	-2,195.0	-335.0
EBIT / Total Inter	22.05	Net Changes in Cash				820.0	1,526.0	1,139.0	447.0	-2,292.0	1,829.0	1,619.0	-1,142.0	1,013.0
		Free Cash Flow		3,760.8	3,835.4	15,249.0	4,476.0	3,173.0	3,777.0	3,823.0	3,625.0	1,556.0	709.0	4,614.0
Growth Potential														
Sales 1yr Growth	17.31													
Asset 1yr Growth	15.40													
Capital 1yr Growth	23.84													

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