

# Berkshire Hathaway Inc. (BRK.B)

Sector: Financial Services

Industry: Insurance Diversified



Target Price	Current Price	52 Week High	52 Week Low	P/E	Market Cap	Dividend Yield	Beta
\$241.79	\$228.24	\$231.61	\$195.40	20.87x	\$558B	N/A	0.85

## Business Description:

Berkshire Hathaway is a conglomerate engaged in a variety of business operations globally. They collect about 84% of their revenues from the United States through businesses including: Property and Casualty insurance, Reinsurance, Long-Tail Super Catastrophic insurance, as well as a variety of wholly owned subsidiary businesses operating in several industries. Some of these businesses include: Berkshire Hathaway Energy, BNSF Railroad, Dairy Queen, Precision Castparts, and many others. Berkshire also possesses about \$250B worth of equities and over \$130B in cash and cash equivalents.

## Competitive Advantages:

Berkshire's major competitive advantage is its exceptional financial strength. Berkshire is able to invest their insurance float into equities and businesses instead of fixed income instruments as most insurance companies must. Berkshire is able to do this because of their financial strength and pursuit of long-term value creation, instead of short-term gains. Berkshire's has a unique collection of businesses that help create this virtuous cycle of growth: Their float is invested to achieve high returns in either wholly owned businesses or through large equity stakes in wonderful companies. These investments generate constant cash flows, which in turn can be reinvested back into the company or used to payoff insurance claims. This virtuous cycle effectively means money is constantly compounding at high rates of return, creating growth for both Berkshire and its shareholders.

## 5 Year Stock Performance:



## Risks:

The largest risk with Berkshire Hathaway is succession, with Buffett aging, a misplaced manager could surely hurt the company. Although bad management would not kill the business overnight, it's overall performance would surely suffer under less competence. Greg Able, the head of Berkshire Hathaway Energy, is the most likely candidate for the job. Other risks include: significant

catastrophic insurance losses, as well as poor underwriting results that could adversely affect the companies profitability.

**Management:**

- **Warren Buffett, Chairman & CEO**
  - Buffett purchased Berkshire Hathaway in 1965 and has been CEO since
- **Charlie Munger, Vice-Chairman**
  - Munger joined Berkshire in 1978 and is a longtime investor and friend of Buffett
- **Greg Able, Vice-Chairman**
  - Greg joined Berkshire in 1992 and is now running their energy division
- **Ajit Jain, Vice-Chairman**
  - Ajit joined Berkshire in 1986 and runs all of Berkshire’s crown jewel, their insurance companies

Berkshire's ESG			
	Total CEO Compensation	Board Age Range	Director Meeting Attendance %
Berkshire	389k	39 Years	100%
Median Peer	14mm	20 Years	75%

