

Berkshire Hathaway Inc.

Recommendation **HOLD** ★ ★ ★ ★ ★

Price USD 279.99 (as of market close Nov 19, 2021) **12-Mo. Target Price** USD 305.00 **Report Currency** USD **Investment Style** Large-Cap Value

Equity Analyst Catherine Seifert

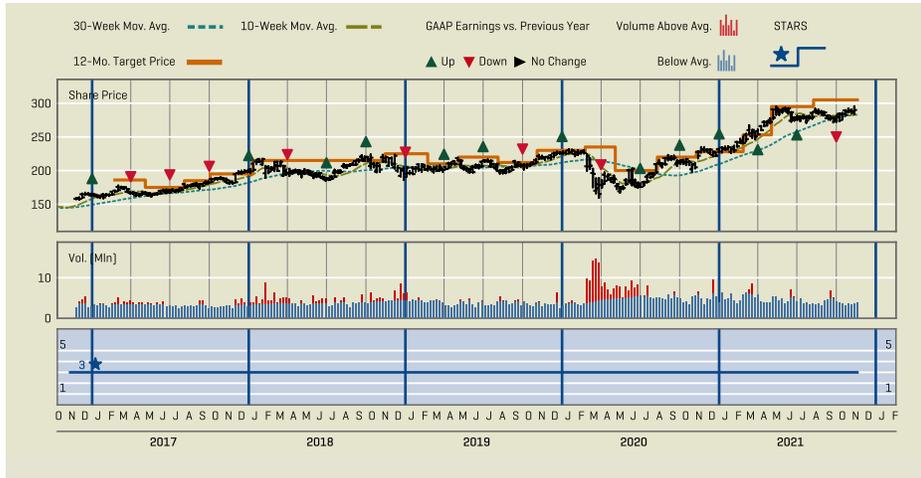
GICS Sector Financials
Sub-Industry Multi-Sector Holdings

Summary This holding company has interests in insurance, railroads, energy, financial services, publishing, retailing, and manufacturing.

Key Stock Statistics (Source: CFRA, S&P Global Market Intelligence (SPGMI), Company Reports)

52-Wk Range	USD 292.52 - 221.88	Oper.EPS2021E	USD 11.66	Market Capitalization[B]	USD 627.84	Beta	0.91
Trailing 12-Month EPS	USD 56269.56	Oper.EPS2022E	USD 12.55	Yield [%]	N/A	3-yr Proj. EPS CAGR[%]	15
Trailing 12-Month P/E	NM	P/E on Oper.EPS2021E	24.01	Dividend Rate/Share	N/A	SPGMI's Quality Ranking	B
USD 10K Invested 5 Yrs Ago	20,381.0	Common Shares Outstg.[M]	1.00	Institutional Ownership [%]	53.0		

Price Performance



Source: CFRA, S&P Global Market Intelligence
Past performance is not an indication of future performance and should not be relied upon as such.
Analysis prepared by Catherine Seifert on Nov 08, 2021 10:20 AM ET, when the stock traded at USD 292.78.

Highlights

- ▶ We see operating revenues rising by 12%-16% in 2021 and by 8%-10% in 2022 (before the impact of acquisitions), as Berkshire's economically sensitive businesses recover from the effects of the pandemic. Operating revenues declined by 3.6% in 2020 [in line with our forecast of flat to 5% lower operating revenues]. We expect some near-term weakness at GEICO to be offset by an acceleration in growth at Berkshire's reinsurance units. Despite limited recent activity, we see acquisitions remaining part of Berkshire's capital allocation strategy, given the \$149 billion in cash and short-term investments on hand as at September 30, 2021.
- ▶ The improvement in underwriting results expected in 2021 assumes an easing of Covid-19 and weather-related catastrophe claims, offset by a deterioration in auto claim trends. Insurance investment income was down 8.9% in 2020, and we see a still low interest rate environment pressuring investment income in 2021. Operating earnings exclude investment gains and asset write-downs, including the \$11 billion asset impairment charge incurred in 2020.
- ▶ We estimate operating EPS of \$11.66 in 2021, \$12.55 in 2022, and \$13.75 in 2023, versus EPS of \$9.17 reported in 2020.

Investment Rationale/Risk

- ▶ Our opinion on the shares is Hold. Berkshire's premium valuation -- versus the broader market and the company's historical averages -- is dependent upon its ability to produce revenue growth and operating profit margins that are superior to broader averages. Berkshire's financial results in 2019 and 2020 did not meet that hurdle, in our view. Operating revenue growth of 2.8% in 2019 and a 3.6% decline in 2020 lagged most peers and Berkshire's long-term historical averages.
- ▶ Risks to our opinion and target price include a significant erosion in claims and premium pricing trends as well as an erosion in the economy, which would likely dampen demand for many of Berkshire's products.
- ▶ Our 12-month target price of \$305 assumes the shares will trade at 26x our 2021 operating EPS estimate and at 24.9x our 2022 operating EPS estimate. These multiples compare to Berkshire's 10-year average forward multiple of 19.8x and are a premium to most insurance and reinsurance peers. This premium is warranted amid Berkshire's superior financial strength, in our view. Our target price also equates to about 1.7x estimated 2021 year-end tangible book value per share.

Analyst's Risk Assessment

LOW	MEDIUM	HIGH
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The low risk represented by the company's diversified revenue and earnings base is partly offset by the corporate governance weaknesses -- we think -- that are embedded in Berkshire as a result of the company's decentralized management style. While we view Chairman and CEO Warren Buffett's advanced age as a risk factor, we think Berkshire has addressed succession issues with the January 2018 appointment of two new vice chairmen.

Revenue/Earnings Data

Revenue (Million USD)					
	1Q	2Q	3Q	4Q	Year
2021	64,599	69,114	70,583	--	--
2020	61,265	56,840	63,024	64,381	245,510
2019	60,678	63,598	65,206	65,635	256,100
2018	58,267	62,572	63,587	63,111	247,537
2017	64,830	57,191	59,815	58,815	240,651
2016	50,313	53,611	55,693	56,434	215,865

Earnings Per Share (USD)

	1Q	2Q	3Q	4Q	Year
2023	E 3.39	E 3.44	E 3.50	E 3.42	E 13.75
2022	E 3.09	E 3.13	E 3.21	E 3.12	E 12.55
2021	7,638	18,488	6,882	E 2.80	E 11.66
2020	2.41	2.28	2.30	23,019	26,668
2019	2.26	2.50	3.21	1.81	9.78
2018	2.14	2.79	2.80	2.32	10.05

Fiscal Year ended Dec 31. EPS Estimates based on CFRA's Operating Earnings; historical GAAP earnings are as reported in Company reports.

Dividend Data

No cash dividends have been paid in the last year.

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Business Summary Nov 08, 2021

CORPORATE OVERVIEW. This insurance-based conglomerate's segment operating revenues totaled \$245.5 billion in 2020 (down 3.6% from \$254.6 billion in 2019) and were derived as follows: sales and service revenues 52%; insurance earned premiums 26%; railroad energy and utility revenues 17%; interest and dividend income 3%; and leasing revenues 2%.

Berkshire has grown through acquisitions and we think will continue to do so, despite a lack of any meaningful acquisition activity in several years. During 2020, Berkshire incurred an \$11 billion asset impairment charge, mostly attributable to Precision Cast Parts (acquired in 2016). During 2020, Berkshire Energy acquired natural gas assets from Dominion Energy Inc for \$2.5 billion, and expended \$130 million for several smaller, "bolt-on" acquisitions. In late April 2019, Berkshire committed \$10 billion in a preferred stock investment in Occidental Petroleum (OXY ***) to help fund OXY's takeover of Anadarko Petroleum. On January 26, 2016, Berkshire acquired Precision Cast Parts, an aerospace components manufacturer, for some \$32.7 billion in cash and the assumption of debt. Berkshire completed its acquisition of the Duracell battery business from Procter & Gamble (PG ****) for some \$4.7 billion in PG stock currently held by Berkshire in February 2016. Duracell also received a \$1.8 billion cash infusion from PG prior to closing. On December 9, 2013, Berkshire's Mid American unit acquired NV energy, Inc. for \$5.6 billion. On June 7, 2013, Berkshire and 3G Capital acquired H.J. Heinz Company for \$72.50 a share in cash in a transaction valued at \$23.25 billion. In September 2011, Berkshire acquired Lubrizol (LIZ) for \$9.7 billion (\$1.35 a share in cash). In February 2010, Berkshire acquired the 77.5% of Burlington Northern Santa Fe it did not already own for \$26.5 billion.

Berkshire's equity holdings had a market value of more than \$281 billion as of December 31, 2020, up from \$248 billion at December 31, 2019. The largest holdings were Apple Inc. (AAPL) (with a 12/31/20 market value of \$120.4 billion); Bank of America (BAC) (\$31.3 billion); the Coca-Cola Company (KO) (\$21.9 billion); American Express (AXP) (\$18.3 billion); and Verizon Communications Inc (VZ) (\$8.6 billion). Among the more significant investments Berkshire made recently was the purchase of AAPL shares, which had a cost basis of \$31.1 billion at year-end 2020. Other significant purchases included the August 2011 purchase of \$5 billion of BAC 6% preferred stock that came with warrants to buy 700 million BAC common shares at \$7.14 a share. At year-end 2020, Berkshire's carrying value of Kraft-Heinz (KHC ****) was \$13.3 billion, versus KHC's market value of \$11.3 billion.

CORPORATE STRATEGY. The company has outlined a series of principles that guide its operations and the management of its business. Central, we think, is its long-term goal of maximizing the "average annual rate of gain in intrinsic business value on a per-share basis". To achieve that goal, Berkshire has stressed a preference for directly owning a diversified group of businesses that generate cash and consistently earn above-average returns on capital. The company has also outlined its acquisition criteria. To be considered for acquisition, Berkshire requires a business to be large enough (at least \$75 million in pretax earnings); have a demonstrated consistent earning power; earn "good" returns on equity with little or no debt; have a management team in place; be simple; and have an offering price. Also, once Berkshire acquires a business, it typically does not plan on selling it. The company's second choice is to invest in similar types of companies through the purchase of marketable common stocks by its insurance subsidiaries. (The degree to which the company is able to do this is influenced by the capital needs of its insurance subsidiaries.) Berkshire also seeks to achieve its goals without an over-reliance on the issuance of debt. Moreover, in instances where it finds it necessary to issue debt, it seeks to do so on a long-term, fixed-rate basis. The company also will not issue stock that it thinks would be dilutive to existing holders. Berkshire also stresses the "partnership" mindset it has with its shareholders and that most directors of the firm have a major portion of their net worth invested in the company.

Under Berkshire's share repurchase program (amended in 2018), the firm may repurchase shares "at any time that both Chairman and CEO Warren Buffet and Vice Chairman Charlie Munger believe that the purchase price is below Berkshire's intrinsic value, conservatively determined". We think this amended plan gives Messrs. Buffet and Munger significant discretion in allocating capital, although we note Berkshire remains committed to maintaining a cash position of \$20 billion. During 2020, Berkshire expended \$24.7 billion on share repurchases.

MANAGEMENT. Famed value investor Warren Buffett is the chairman and chief executive officer of Berkshire Hathaway, a position he has held since 1970. The company stresses that each of its operating units functions independently and with its own management team. Buffett oversees the company's investments and allocation of capital. Because Buffett is in his 80s, succession planning is an important consideration, in our view. The company has not as of August 2018 publicly announced a successor to Buffett. However, in his annual letter to shareholders Buffett noted in late February 2014 that a successor had been chosen. We think Berkshire took an important step toward succession when it named two new vice chairmen in January 2018: Greg Abel, CEO of Berkshire Energy, and Ajit Jain, head of Berkshire's reinsurance operations.

FINANCIAL TRENDS. During the 10 years ended December 31, 2020, Berkshire grew net revenues at a compound annual growth rate (CAGR) of 6.2%. During this same period, net income (which included realized investment gains and/or losses) grew at a 10-year CAGR of 12.6%.

Corporate information

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Officers

Chairman, President & CEO VP, Controller & Principal

W. E. Buffett

Accounting Officer

D. J. Jaksich

Chairman, President & CEO

W. E. Buffett

Chairman, President &

CEO

Senior VP, CFO & Secretary

M. D. Hamburg

W. E. Buffett

Board Members

A. Jain	M. K. Rhinehart
C. C. Davis	M. K. Rose
C. Guyman	D. M. Nicely
C. T. Munger	R. L. Olson
D. S. Gottesman	S. A. Buffett
G. E. Abel	S. B. Burke
H. G. Buffett	S. L. Decker
K. I. Chenault	T. S. Murphy
M. B. Witmer	W. E. Buffett

Domicile

Delaware

Auditor

Deloitte & Touche LLP

Founded

1998

Employees

360,000

Stockholders

N/A

Quantitative Evaluations						
Fair Value Rank	NR	1	2	3	4	5
		LOWEST				HIGHEST
Based on CFRA's proprietary quantitative model, stocks are ranked from most overvalued [1] to most undervalued [5].						
Fair Value Calculation	N/A					
Volatility	LOW		AVERAGE		HIGH	
Technical Evaluation	NEUTRAL	Since November, 2021, the technical indicators for BRK.B have been NEUTRAL"				
Insider Activity	UNFAVORABLE		NEUTRAL		FAVORABLE	

Expanded Ratio Analysis				
	2020	2019	2018	2017
Price/Sales	0.00	0.00	0.00	0.00
Price/EBITDA	0.00	0.00	0.02	0.01
Price/Pretax Income	0.01	0.00	0.08	0.01
P/E Ratio	0.01	0.00	0.08	0.01
Avg. Diluted Shares Outstg. [M]	1.59	1.63	1.64	1.64

Figures based on fiscal year-end price

Key Growth Rates and Averages			
Past Growth Rate [%]	1 Year	3 Years	5 Years
Net Income	NM	NM	12.04
Sales	-3.58	0.67	4.02
Ratio Analysis [Annual Avg.]			
Net Margin [%]	17.32	16.97	16.15
% LT Debt to Capitalization	18.87	19.58	21.03
Return on Equity [%]	9.83	10.67	11.04

Company Financials Fiscal year ending Dec 31										
Per Share Data [USD]	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Tangible Book Value	219,337	191,497	143,495	142,136	102,446	111,354	103,175	94,686	74,928	61,457
Free Cash Flow	16,784	13,898	13,909	20,686	11,980	9,378	10,238	10,110	6,767	7,446
Earnings	26,668	49,828	2,446	27,326	14,645	14,656	12,092	11,850	8,977	6,215
Earnings [Normalized]	25,554	39,089	1,483	8,808	12,586	13,091	10,507	10,725	8,121	5,503
Dividends	N/A									
Payout Ratio [%]	NM									
Prices: High	234.99	228.23	224.07	200.50	167.25	152.67	152.94	119.30	90.93	87.65
Prices: Low	159.50	191.04	184.75	158.61	123.55	125.50	108.12	88.11	75.86	65.35
P/E Ratio: High	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00
P/E Ratio: Low	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income Statement Analysis [Million USD]										
Revenue	245,510	254,616	247,837	240,651	215,865	201,570	191,124	178,085	161,001	142,414
Operating Income	69,721	105,577	10,403	25,210	36,299	38,181	30,928	31,056	24,344	17,325
Depreciation + Amortization	10,596	10,064	9,779	9,188	8,901	7,779	7,370	6,508	6,154	5,492
Interest Expense	4,083	3,961	3,853	4,386	3,741	3,113	2,797	2,260	2,108	2,011
Pretax Income	55,693	102,696	4,001	23,838	33,667	34,946	28,105	28,796	22,236	15,314
Effective Tax Rate	22.30	20.40	-8.00	-90.30	27.40	30.10	28.20	31.10	31.10	29.80
Net Income	42,521	81,417	4,021	44,940	24,074	24,083	19,872	19,476	14,824	10,254
Net Income [Normalized]	40,746	63,870	2,438	14,486	20,689	21,510	17,268	17,629	13,410	9,079
Balance Sheet and Other Financial Data [Million USD]										
Cash	138,290	127,997	111,867	115,954	74,858	64,618	60,975	45,833	44,928	35,759
Current Assets	194,026	184,286	166,788	167,014	142,636	119,824	108,031	91,239	91,449	79,547
Total Assets	873,729	817,729	707,794	702,095	620,854	552,257	525,867	484,931	427,452	392,647
Current Liabilities	55,024	44,441	44,883	44,820	42,880	37,023	35,504	41,747	43,508	43,303
Long Term Debt	104,149	98,682	93,117	96,267	82,297	70,349	66,321	58,146	48,275	44,858
Total Capital	573,700	537,813	449,990	454,541	387,072	342,916	322,917	296,709	254,324	229,345
Capital Expenditures	13,012	15,979	14,537	11,708	12,954	16,082	15,185	11,087	9,775	8,191
Cash from Operations	39,773	38,687	37,400	45,728	32,647	31,491	32,010	27,704	20,950	20,476
Current Ratio	3.53	4.15	3.72	3.73	3.33	3.24	3.04	2.19	2.10	1.84
% Long Term Debt of Capitalization	18.90	19.20	20.70	21.20	25.20	24.00	24.50	24.00	24.10	25.70
% Net Income of Revenue	17.30	32.00	1.60	18.70	11.20	11.90	10.40	10.90	9.20	7.20
% Return on Assets	5.15	8.65	0.92	2.38	3.87	4.43	3.82	4.25	3.71	2.83
% Return on Equity	9.80	20.90	1.20	14.20	9.00	9.70	8.60	9.50	8.50	6.50

Source: S&P Global Market Intelligence. Data may be preliminary or restated; before results of discontinued operations/special items. Per share data adjusted for stock dividends; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Sector Outlook

CFRA recommends marketweighting the S&P 500 Financials sector. Year to date through September 7, 2021, the S&P 500 Financials index, which represented 11.2% of the S&P 500 index, was up 28.0% in price, compared with the 20.3% rise for the S&P 500. In 2020, this sector index fell 4.1% versus a price gain of 16.3% for the 500. There are 12 sub-industry indices in this sector. Diversified banks is the largest, representing 28.3% of the sector's market value, while reinsurance is the smallest, accounting for 0.24% of the sector. This sector can be represented by the favorably rated Financial Select Sector SPDR ETF [XLF 38 ****].

The cap-weighted average of this sector's component company CFRA STARS [STock Appreciation Ranking System] is 3.5 out of 5.0, as compared with a cap-weighted average of 3.7 for the S&P 500. In addition, the sector has an average percentage of component issues with favorable investment recommendations. The sub-industries within this sector that currently show the highest average STARS are asset management, investment banking & brokerage, multi-line insurance, regional banks, and thrifts & mortgage finance. Those with the lowest average STARS include consumer finance, financial exchanges & data, insurance brokers, life & health insurance, and multi-sector holdings.

According to S&P Capital IQ consensus estimates, the sector recorded a 13.8% year-over-year decline in EPS in 2020, as compared with the S&P 500's EPS drop of 13.1%. Sector EPS are projected to rise 51.4% in 2021 versus the 40.4% expected increase for the S&P 500, while sector revenues are forecast to rise 7.8% versus the 14.3% anticipated gain for the S&P 500. What's more, sector EPS are projected to decline 6.5% in 2022 versus the 8.9% expected rise for the S&P 500, while sector revenues are forecast to increase 2.3% versus the 6.4% anticipated gain for the S&P 500. The sector's price-to-earnings (P/E) ratio is 15.1x, based on consensus next-12-months' operating EPS estimates, versus the S&P 500's forward P/E of 22.2x. S&P Capital IQ also reports that the consensus long-term EPS growth

estimate for this sector is 16.5% versus the S&P 500's 17.7%, giving the sector a P/E-to-projected EPS growth rate (PEG) ratio of 0.9x, as compared with the broader market's PEG of 1.3x. This sector pays a dividend yield of 1.8%, versus the yield of 1.3% for the S&P 500.

Finally, the technical outlook for this sector index is positive, based on its trailing relative strength.

/ Sam Stovall

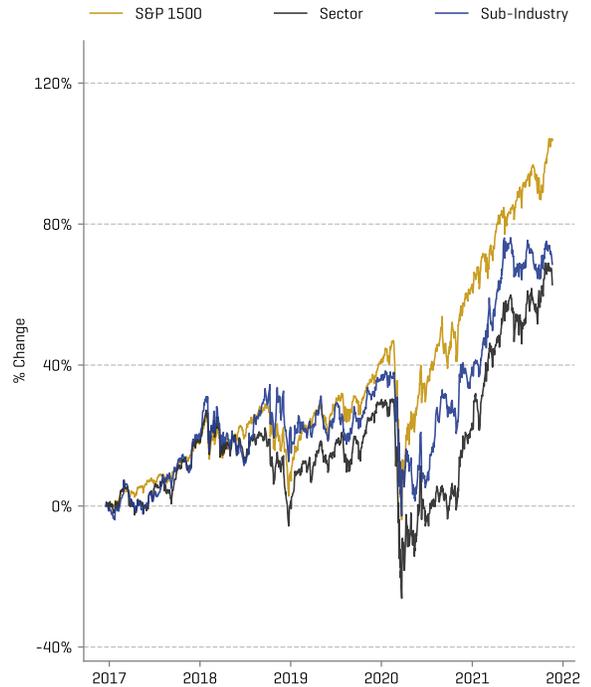
Industry Performance

GICS Sector: Financials

Sub-Industry: Multi-Sector Holdings

Based on S&P 1500 Indexes

Five-Year market price performance through Nov 20, 2021



NOTE: A sector chart appears when the sub-industry does not have sufficient historical index data.

All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS).

Past performance is not an indication of future performance and should not be relied upon as such.

Source: CFRA, S&P Global Market Intelligence

Sub-Industry: Multi-Sector Holdings Peer Group*: Multi-Sector Holdings

Peer Group	Stock Symbol	Exchange	Currency	Recent Stock Price	Stk. Mkt. Cap. [M]	30-Day Price Chg. [%]	1-Year Price Chg. [%]	P/E Ratio	Fair Value Calc.	Yield on Equity [%]	Return on Equity [%]	LTD to Cap [%]
Berkshire Hathaway Inc.	BRK.B	NYSE	USD	280.63	627,844.0	-1.5	22.0	NM	N/A	N/A	9.8	18.9
Aker ASA	AKAA.F	OTCPK	USD	105.40	7,609.0	30.7	131.6	119.0	N/A	N/A	-6.1	46.6
Eurazeo SE	EUZO.F	OTCPK	USD	92.43	7,101.0	N/A	77.4	NM	N/A	N/A	-4.6	38.9
Exor N.V.	EXXR.F	OTCPK	USD	96.30	22,619.0	12.7	44.6	NM	N/A	N/A	0.0	39.6
Groupe Bruxelles Lambert SA	GBLB.Y	OTCPK	USD	11.64	17,295.0	5.9	28.5	4.0	N/A	N/A	2.1	21.2
HAL Trust	HALF.F	OTCPK	USD	173.30	14,971.0	-1.7	23.4	NM	N/A	N/A	3.2	22.1
Investor AB [publ]	IVSX.F	OTCPK	USD	24.06	73,234.0	8.1	-64.5	12.0	N/A	N/A	11.9	14.9
Kinnevik AB	KNKB.F	OTCPK	USD	40.00	11,307.0	9.3	-1.5	2.0	N/A	N/A	43.5	2.5
Peugeot Invest Société anonyme	SFFF.F	OTCPK	USD	138.40	3,474.0	N/A	80.9	22.0	N/A	N/A	3.6	19.3
Sofina Société Anonyme	SFNF.F	OTCPK	USD	406.07	13,666.0	N/A	40.5	9.0	N/A	N/A	16.7	N/A
Wendel	WNDL.F	OTCPK	USD	124.15	5,544.0	-11.6	33.1	NM	N/A	N/A	-3.7	58.6

*For Peer Groups with more than 10 companies or stocks, selection of issues is based on market capitalization.

NA-Not Available; NM-Not Meaningful.

Note: Peers are selected based on Global Industry Classification Standards and market capitalization. The peer group list includes companies with similar characteristics, but may not include all the companies within the same industry and/or that engage in the same line of business.

November 08, 2021

08:52 AM ET... CFRA Keeps Hold Opinion on Class B Shares of Berkshire Hathaway Inc. [BRK.B 288.58***]:

We keep our 12-month target price of \$305, or 22.2x our 2023 operating EPS estimate of \$13.75 (raised by \$0.50) and 24.3x our 2022 EPS estimate of \$12.55 (lifted by \$0.30) versus BRK's three-year average forward multiple of 21.4x. We trim our 2021 EPS estimate by \$0.07 to \$11.66 after BRK posted Q3 operating EPS of \$2.87 versus \$2.30, shy of our \$2.95 EPS estimate and the \$2.93 consensus forecast on a 12% rise in operating revenues (versus our 12% to 16% forecasted rise) and wider margins that produced 18% higher operating earnings. Trends were mixed as catastrophes and claim cost inflation produced insurance underwriting losses of \$784M versus \$213M, while railroad/energy/utility profits rose 11% and BRK's other businesses posted 15% higher operating profits. Per share results got a boost from a 27% rise in YTD buybacks [\$20.2B from \$15.9B]. We think the dividend-less shares, currently trading at 24.7x our 2021 operating EPS estimate, are fairly valued versus historical levels, but worth holding. / Catherine Seifert

August 08, 2021

11:59 PM ET... CFRA Keeps Hold Opinion on Class B Shares of Berkshire Hathaway Inc. [BRK.B 285.62***]:

We raise our 12-month target price by \$10 to \$305, or 23x our 2023 operating EPS estimate of \$13.25 and 24.9x our 2022 EPS estimate of \$12.25 (cut by \$0.25), versus the shares' 10-year average forward multiple of 21.4x. We trim our 2021 EPS estimate by \$0.08 to \$11.73. Q2 operating EPS of \$2.93 versus \$2.28 topped the \$2.65 consensus forecast but was in line with our \$2.94 EPS estimate and reflected 21.6% higher operating revenues, 5.7% fewer shares amid buybacks, and 28% higher railroad, energy, and utility profits, a more than doubling of profits from other businesses, and a 53% plunge in insurance underwriting profits. GEICO Q2 pretax underwriting profits fell by 70% amid a post-Covid-19 surge in driving and accident claims (more so than peers). We raise our 2021 revenue forecast to 12%-16% (from 6%-8%), and see 8%-10% revenue growth in 2022 (up from 4%-6%). Weighing these mixed trends, we view the shares, trading at 24x our 2021 operating EPS estimate, as fairly valued versus historical levels. / Catherine Seifert

May 03, 2021

08:30 AM ET... CFRA Keeps Hold Opinion on Class B Shares of Berkshire Hathaway Inc. [BRK.B 274.95***]:

We lift our 12-month target price by \$42, to \$295, or 25x our 2021 operating EPS estimate of \$11.81 (raised by \$0.86), 23.6x our 2022 operating EPS estimate of \$12.50 (upped by \$0.45), versus the shares' 3-year average forward multiple of 20.8x. Q1 EPS of \$3.05 versus \$2.41 topped our \$2.61 EPS estimate, the \$2.57 consensus as margin gains and share buybacks offset a 5.4% rise in operating revenues (versus our forecast of 6% to 8% growth). Results reflected a doubling of underwriting profits and 12% higher rail/energy/utility profits, despite 13% lower in investment income. We applaud the 33% rise in energy revenues amid contributions from an acquisition, but rail revenues declined fractionally and insurance premium growth of 4.3% lagged peers. At current levels, we view the shares as fairly valued versus historical levels. We are disappointed climate change and diversity initiatives failed to be approved at the annual meeting, and think this increases the likelihood of activism in a post-Buffer era. / Catherine Seifert

March 01, 2021

09:31 AM ET... CFRA Keeps Hold Opinion on Class B Shares of Berkshire Hathaway Inc. [BRK.B 240.47***]:

We keep our 12-month target price of \$253, or 23.1x our 2021 operating EPS estimate of \$10.95 and 21x our 2022 operating EPS estimate of \$12.05, above the shares' ten-year average forward multiple of 19.2x. Q4 operating EPS of \$2.15 versus \$1.81 lagged our \$2.35 EPS estimate, the \$2.28 consensus forecast. Full-year 2020 operating EPS of \$9.17 versus \$9.78 lagged our \$9.36 operating EPS estimate but beat the \$7.78 consensus forecast on 2.4% fewer shares amid \$25 billion of share buybacks in 2020. Operating revenues fell by 3.6%, in line with our forecast of flat to 5% lower revenues, as 3.8% higher insurance premiums were offset by weakness in all other segments. We forecast organic operating revenue growth of 6% to 8% in 2021, and 4% to 6% in 2022 as most of Berkshire's economically sensitive businesses begin to recover, though we see some secular pressures limiting growth. Currently trading at 22x our 2021 operating EPS estimate, we view the dividend-less shares as fairly valued versus historical averages. / Catherine Seifert

February 26, 2021

12:26 PM ET... CFRA Keeps Hold Opinion on 'B' Shares of Berkshire Hathaway Inc. [BRK.B 242.60***]:

We raise our 12-month target price by \$25 to \$253, or 23.1x our 2021 operating EPS estimate of \$10.95 and 21x our 2022 operating EPS estimate of \$12.05 versus the shares' ten-year average forward multiple of 19.2x. Ahead of Q4 results, set to be released Saturday morning February 27, we trim our Q4 operating EPS estimate by \$0.07 to \$2.35 and our full-year 2020 operating EPS estimate by \$0.05 to \$9.36 versus \$9.78 of operating EPs Berkshire reported in 2019. (The 0.02 share difference reflects a repurchase-driven change in share count.) We expect operating revenues to be flat to down 5% in 2020, reflecting declines in investment income, railroad and energy revenues, and mixed revenue growth trends in other segments. We raise our revenue growth forecast to 6% to 8% in 2021 (from 3% to 6%) on a better macro outlook and forecast revenue growth of 4% to 6% in 2022. Currently trading at 22.6x our 2021 operating EPS estimate, we view the dividend-less shares as fairly valued versus historical levels. / Catherine Seifert

November 09, 2020

12:50 PM ET... CFRA Keeps Hold Opinion on Class B Shares of Berkshire Hathaway Inc. [BRK.B 208.85***]:

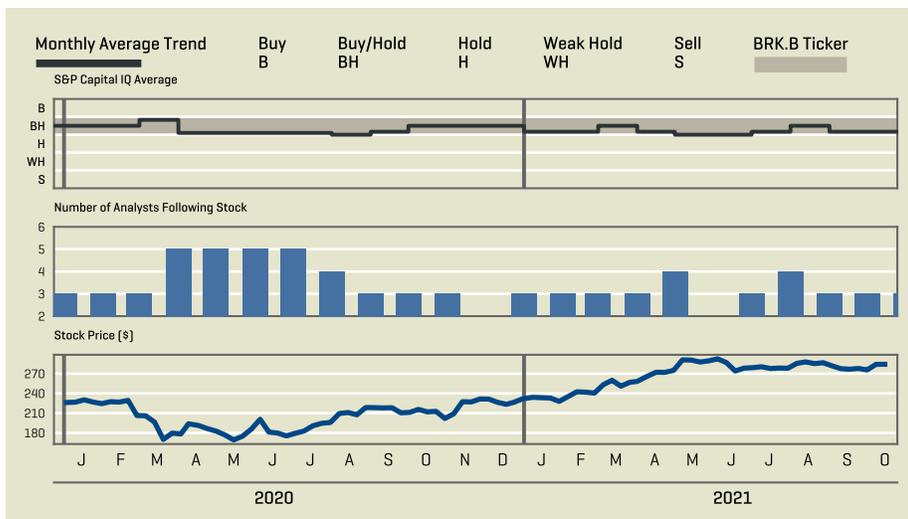
We raise our 12-month target price by \$8, to \$228, or 20.8x our 2021 operating EPS estimate of \$10.95 and 18.9x our newly initiated 2022 operating EPS estimate of \$12.05, versus the shares' three-year average forward multiple 20.8x. We cut our 2020 operating EPS estimate by \$0.14 after Q3 operating EPS of \$2.30 versus \$3.30 (restated) lagged our \$2.44 EPS estimate and the \$2.41 consensus forecast on an insurance operating loss of \$213 million (versus a profit of \$440 million), 32% lower investment income, 8.1% lower railroad profits, 4.4% lower manufacturing, and mixed results elsewhere. Per-share results were aided by \$9B in Q3 buybacks (\$16B YTD). We see flat-5% lower operating revenues in 2020, with gains of 3%-6% in 2021. Weighing Berkshire's exposure to an economic recovery with what we view as some secular challenges in several of its manufacturing units, coupled with operating metrics at GEICO that are starting to lag peers, we view the dividend-less shares as fairly valued versus historical averages. / Catherine Seifert

October 21, 2020

10:08 AM ET... CFRA Keeps Hold Opinion on Class B Shares of Berkshire Hathaway Inc. [BRK.B 210.06***]:

We keep our 12-month target price of \$220, which assumes the Class B shares trade at 23x our 2020 operating EPS estimate of \$9.55, versus the shares' five year average forward multiple of 20.4x. The U.S. Treasury Department announced that Berkshire agreed to pay a \$4.1M fine for violating U.S. sanctions with Iran. The fine stems from BRK's indirect wholly owned subsidiary, Iscar Turkey, which sold cutting tools and related equipment to third party distributors, knowing the goods would be shipped to Iran. While the fine is not material for Berkshire, we think this incident highlights the risks and shortcomings of Berkshire's hands off and decentralized approach to management. Further, we note Berkshire has made no public comment about this incident, and since the company does not conduct analyst or investor calls, no follow up inquiries can be made. Berkshire's lack of oversight and transparency continues to temper our view of the dividend-less shares, which we view as fairly valued versus historical averages. / Catherine Seifert

Analysts Recommendations



	No. of Recommendations	% of Total	1 Mo.Prior	3 Mos.Prior
Buy	1	33	1	1
Buy/Hold	0	0	0	1
Hold	2	67	2	1
Weak hold	0	0	0	0
Sell	0	0	0	0
No Opinion	0	0	0	1
Total	3	100	3	4

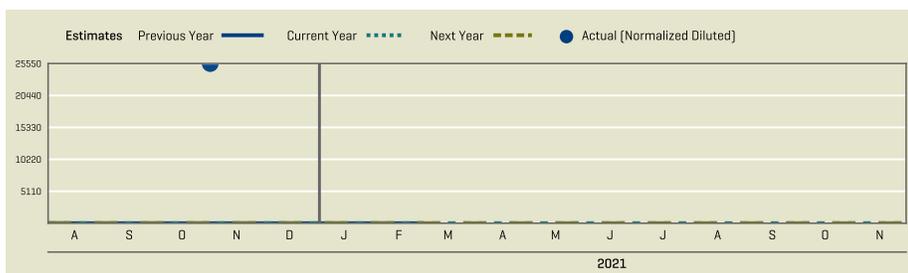
Wall Street Consensus Opinion

Buy/Hold

Wall Street Consensus vs. Performance

For fiscal year 2021, analysts estimate that BRK.B will earn USD 11.82. For fiscal year 2022, analysts estimate that BRK.B's earnings per share will grow by 9.32% to USD 12.92.

Wall Street Consensus Estimates



Fiscal Year	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2022	12.92	13.64	12.50	3	21.72
2021	11.82	11.97	11.68	3	23.75
2022 vs. 2021	▲ 9%	▲ 14%	▲ 7%	N/A%	▼ -9%
Q4'22	3.35	3.53	3.17	2	83.79
Q4'21	3.02	3.21	2.83	2	92.96
Q4'22 vs. Q4'21	▲ 11%	▲ 10%	▲ 12%	N/A%	▼ -10%

Forecasts are not reliable indicator of future performance.

Note: A company's earnings outlook plays a major part in any investment decision. S&P Global Market Intelligence organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

Note: For all tables, graphs and charts in this report that do not cite any reference or source, the source is S&P Global Market Intelligence.

Glossary

STARS

Since January 1, 1987, CFRA Equity and Fund Research Services, and its predecessor S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs [American Depositary Receipts], and ADSs [American Depositary Shares] based on a given equity's potential for future performance. Similarly, we have ranked Asian and European equities since June 30, 2002. Under proprietary STARS (Stock Appreciation Ranking System), equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark [e.g., a regional index [MSCI AC Asia Pacific Index, MSCI AC Europe Index or S&P 500® Index]], based on a 12-month time horizon. STARS was designed to help investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P Global Market Intelligence's Quality Ranking

[also known as **S&P Capital IQ Earnings & Dividend Rankings**] - Growth and S&P Capital IQ Earnings & Dividend Rankings stability of earnings and dividends are deemed key elements in establishing S&P Global Market Intelligence's earnings and dividend rankings for common stocks, which are designed to capsize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A	Above	C	Lowest
B+	Average	D	In Reorganization
NC	Not Ranked		

EPS Estimates

CFRA's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, EPS estimates reflect either forecasts of equity analysts; or, the consensus [average] EPS estimate, which are independently compiled by S&P Global Market Intelligence, a data provider to CFRA. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

12-Month Target Price

The equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including Fair Value.

Abbreviations Used in Equity Research Reports

CAGR	- Compound Annual Growth Rate
CAPEX	- Capital Expenditures
CY	- Calendar Year
DCF	- Discounted Cash Flow
DDM	- Dividend Discount Model
EBIT	- Earnings Before Interest and Taxes
EBITDA	- Earnings Before Interest, Taxes, Depreciation & Amortization
EPS	- Earnings Per Share
EV	- Enterprise Value
FCF	- Free Cash Flow
FFO	- Funds From Operations
FY	- Fiscal Year
P/E	- Price/Earnings
P/NAV	- Price to Net Asset Value
PEG Ratio	- P/E-to-Growth Ratio
PV	- Present Value
R&D	- Research & Development
ROCE	- Return on Capital Employed
ROE	- Return on Equity
ROI	- Return on Investment
ROIC	- Return on Invested Capital
ROA	- Return on Assets
SG&A	- Selling, General & Administrative Expenses
SOTP	- Sum-of-The-Parts
WACC	- Weighted Average Cost of Capital

Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).

Qualitative Risk Assessment

Reflects an equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:

★★★★★ 5-STARS (Strong Buy):

Total return is expected to outperform the total return of a relevant benchmark, by a notable margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★ 4-STARS (Buy):

Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months.

★★★ 3-STARS (Hold):

Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months.

★★★ 2-STARS (Sell):

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months.

★★★ 1-STAR (Strong Sell):

Total return is expected to underperform the total return of a relevant benchmark by a notable margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:

In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the MSCI AC Europe Index and the MSCI AC Asia Pacific Index, respectively.

Berkshire Hathaway Inc.

Disclosures

Stocks are ranked in accordance with the following ranking methodologies:

STARS Stock Reports:

Qualitative STARS rankings are determined and assigned by equity analysts. For reports containing STARS rankings refer to the Glossary section of the report for detailed methodology and the definition of STARS rankings.

Quantitative Stock Reports:

Quantitative rankings are determined by ranking a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five (six) model category scores are then weighted and rolled up into a single percentile ranking for that company. For reports containing quantitative rankings refer to the Glossary section of the report for detailed methodology and the definition of Quantitative rankings.

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STARS Stock Reports:

Global STARS Distribution as of March 05, 2021

Ranking	North America	Europe	Asia	Global
Buy	40.3%	32.5%	40.0%	38.7%
Hold	49.6%	57.1%	53.1%	51.7%
Sell	10.1%	10.3%	6.9%	9.6%
Total	100.0%	100.0%	100.0%	100.0%

Analyst Certification:

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Berkshire Hathaway Inc.

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