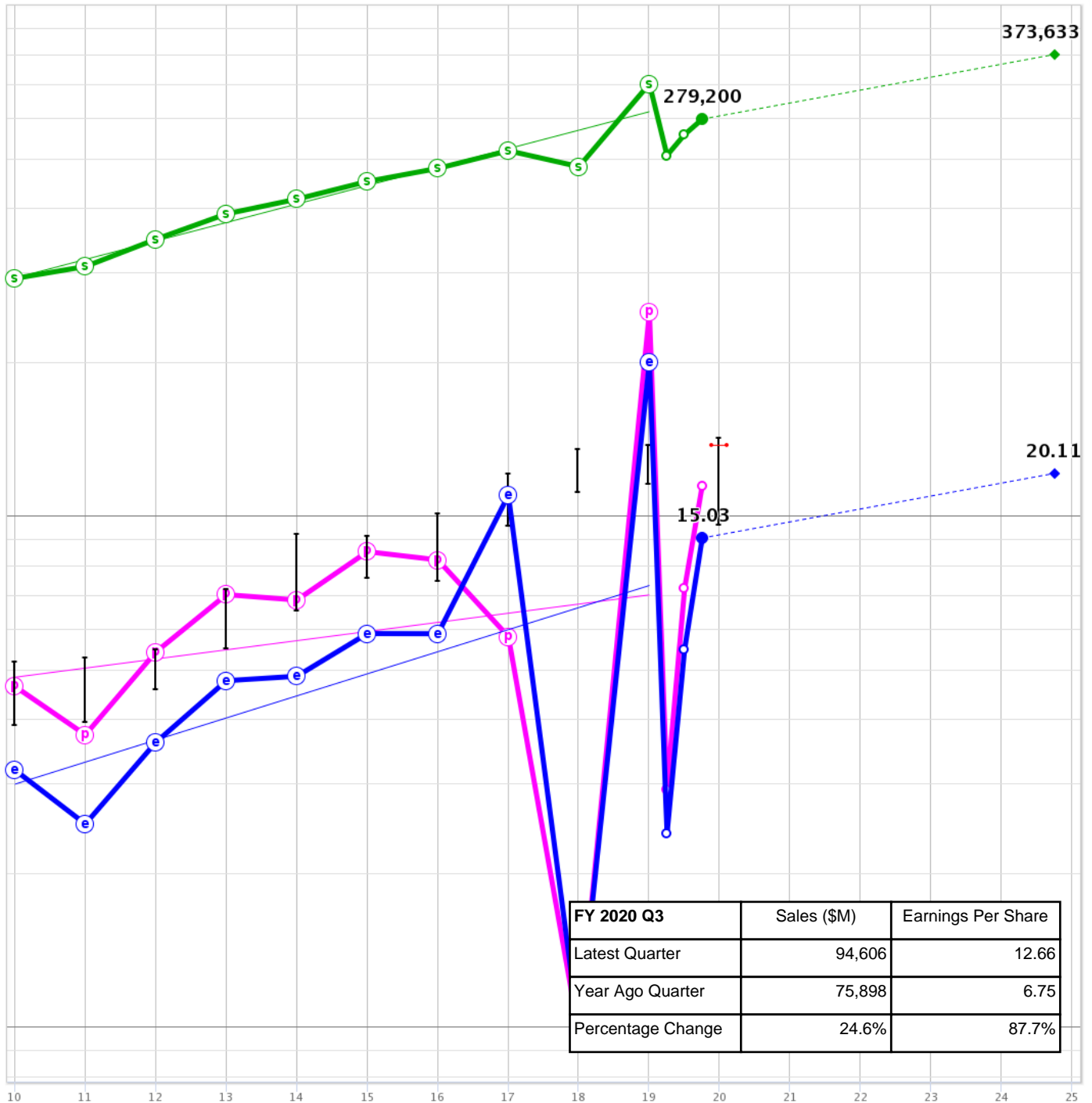


Company	Berkshire Hathaway		Date	12/08/20	
Prepared by	HENRIKSON		Data taken from	BI Stock Data	
Where traded	NYS	Industry	Insurance - Diversified		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	2,380.0	1.1	27.2		
Debt (\$M)	107,691.0	% to Tot Cap	20.6	% Pot Dil	0.0

# Stock Selection Guide

Symbol: BRK.B

## 1 VISUAL ANALYSIS of Sales, Earnings, and Price



- |                                   |      |  |       |
|-----------------------------------|------|--|-------|
| (1) Historical Sales Growth       | 8.7% | (3) Historical Earnings Per Share Growth       | 10.5% |
| (2) Estimated Future Sales Growth | 6.0% | (4) Estimated Future Earnings Per Share Growth | 6.0%  |

## 2 EVALUATING Management

Berkshire Hathaway

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Last 5 Year Avg.
Pre-tax Profit on Sales	14.0%	10.7%	13.7%	15.8%	14.4%	16.6%	15.1%	9.8%	1.8%	31.4%	14.9%
% Earned on Equity	8.3%	6.4%	7.9%	9.4%	8.4%	9.7%	8.9%	14.6%	1.1%	20.4%	10.9%
% Debt To Capital	27.1%	26.8%	25.1%	24.6%	25.0%	24.8%	26.4%	22.8%	21.8%	19.6%	23.1%

## 3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

**CLOSING PRICE** 228.19 (12/08/20)

**HIGH THIS YEAR** 234.99

**LOW THIS YEAR** 159.50

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2015	151.7	125.5	9.77	15.5	12.8	0.00	0.0	0.0
2016	167.3	123.6	9.76	17.1	12.7	0.00	0.0	0.0
2017	200.5	158.6	18.22	11.0	8.7	0.00	0.0	0.0
2018	224.1	184.7	1.63	137.4	113.3	0.00	0.0	0.0
2019	228.2	191.0	33.22	6.9	5.8	0.00	0.0	0.0
AVERAGE		156.7		12.6	10.0		0.0	
CURRENT/TTM			15.03			0.00	0.0	
AVERAGE PRICE EARNINGS RATIO: 11.3				CURRENT PRICE EARNINGS RATIO: 15.2				

## 4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

### A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 15.2 X Estimate High Earnings/Share 20.11 = Forecasted High Price \$ 305.7

### B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 10.0 X Estimate Low Earnings/Share 33.22 = Forecasted Low Price \$ 332.2

(b) Avg. Low Price of Last 5 Years 156.7

(c) Recent Market Low Price 159.5

(d) Price Dividend Will Support  $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.00}{0.00\%} = 0.0$

Selected Forecasted Low Price \$ 159.5

### C ZONING using 25%-50%-25%

Forecasted High Price 305.7 Minus Forecasted Low Price 159.5 = 146.2 Range. 25% of Range 36.5

Buy Zone 159.5 to 196.0

Hold Zone 196.0 to 269.1

Sell Zone 269.1 to 305.7

Present Market Price of 228.19 is in the **HOLD** Zone

### D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price } 305.7 - \text{Present Price } 228.19}{\text{Present Price } 228.19} = \frac{77.48}{228.19} = 0.34$   
 $\frac{\text{Present Price } 228.19 - \text{Minus Low Price } 159.5}{\text{Present Price } 228.19} = \frac{68.69}{228.19} = 0.30$   
 Ratio = 1.1 To 1

### E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price } 305.7 - \text{Closing Price } 228.19}{\text{Closing Price } 228.19} = 1.3396 \times 100 = 133.96 - 100 = 34.0 \% \text{ Appreciation}$

## 5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

**A**  $\frac{\text{Indicated Annual Dividend } 0.00}{\text{Closing Price } 228.19} = 0.0000 = 0.0 \% \text{ Current Yield}$

### B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout } 0.0\%}{\text{Forecast High PE } 15.20} = 0.0\%$

### AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout } 0.0\%}{\text{Forecast Average PE } 12.60} = 0.0\%$

### C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 6.0 %  
 Average Yield 0.0 %  
 Annualized Rate of Return 6.0 %

### COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 2.1 %  
 Average Yield 0.0 %  
 Annualized Rate of Return 2.1 %

**Notes: BRK.B 12/9/2020**

Date	Subject	Description	Type
12/09/20	Financial Data & Judgements for Q3 2020, BRK;B	<p>This is a difficult stock to study, partly because of financial reporting requirements. For example, In the BRK 10-Q filed for Q3 2020 after Sept 30, 2020, Operating Revenue was down 3% from a year ago quarter: \$63,024M vs \$64,972M. In Management Discussion, Buffett says Insurance revenue, Railroads, and Retailing operations were all negatively affected by the Coronavirus Pandemic, shut-downs and slow-downs. Only the utilities were more profitable than the same quarter in 2019. However, the SEC requires that firms holding sizable investments in other companies' stocks and bonds, list the value of these holdings each quarter as part of revenue. (This is, of course, misleading -because it's just a valuation of stock/bond holdings at a point in time: unrealized gains and losses, not income from sales).. In Q3 2020, the valuation of these holdings ("Investment &amp; derivative contract gains/losses") was 189% higher than a year ago quarter: \$31,582M vs \$10,926M. When the operating revenue/income is added to the valuation of investments - total Q3 2020 revenue ('sales") appears to be 24.6% higher than a year ago quarter: \$94,607M vs \$75,896M. EPS is treated the same way (combining operating EPS and investment valuation). Both Value Line and CFRA use only the Operating revenues and remove the Valuation figures in their reporting of revenues and EPS.</p> <p>Judgements: I used 6% revenue and EPS growth, same as last quarter, for the next 5 years. Most analysts believe BRK is undervalued. My 6% represents their consensus (CFRA, VL, Manifest, BI Member Sentiment). Further, with the end of Covid, Berkshire's insurance and railroad operations should recover quickly, plus new investments in 4 health care companies, more consolidation of Bof A holdings, and other investments should generate a continuous flow of income from dividends, it not sales. BRK stock price has been relatively stable as has its P/E (helped, no doubt in 2020 by 10M share buybacks of B shares). I used the high PE of 15 to get a high price just over \$300/share. I used a the low price of this year. \$159.</p>	Study

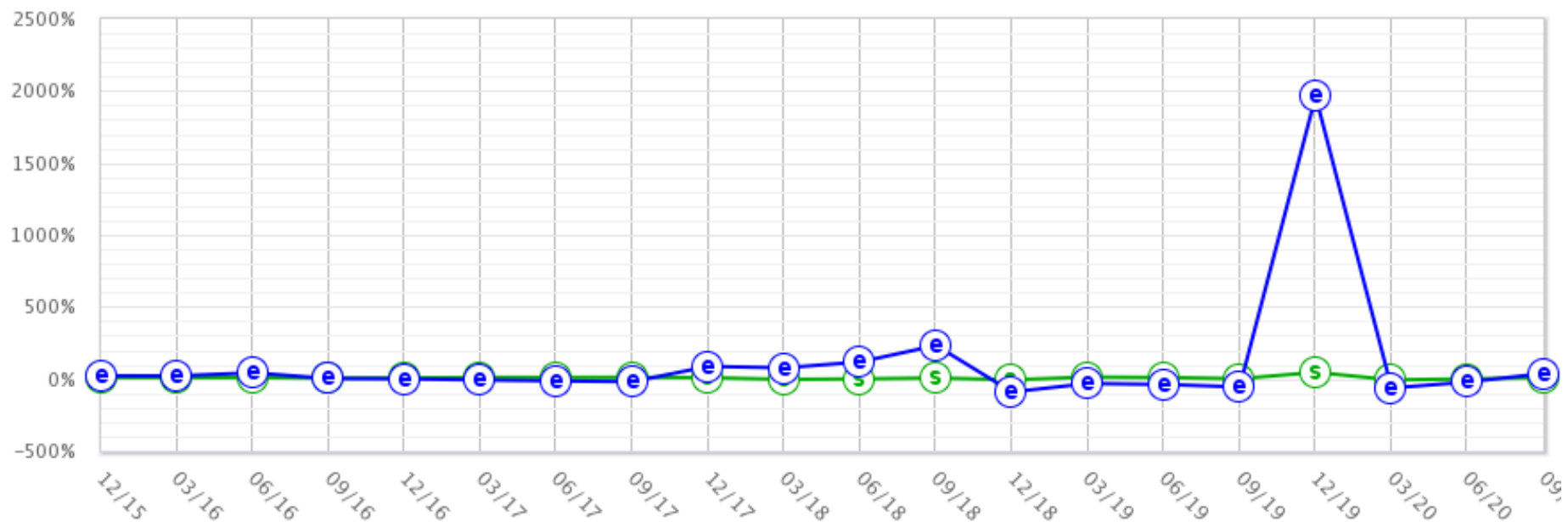
08/17/20	Morningstar Update 8/17/2020	<p>Berkshire a Net Seller of Equities in Q2; Sales of Bank Stocks Reduce Financial Services Exposure</p> <p>There were few surprises in wide-moat Berkshire Hathaway's second-quarter 13-F filing. In fact, having known that the insurer eliminated its stakes in the four major airlines--American Airlines, Delta Air Lines, Southwest Airlines, and United Airlines--as well as Goldman Sachs in early April, while picking up an additional 108 million shares of Bank of America since the start of the third quarter, makes the filing feel a bit dated. That said, there was a fair amount of trimming of, as well as additions to, existing share positions during the quarter, as well as a new-money purchase of Barrick Gold to consider. Much like the first quarter, Berkshire was a net seller of stocks during the June quarter, reporting \$10.9 billion in net proceeds from its purchases and sales in its recent 10-Q. Looking first at the purchases, Berkshire picked up 21 million shares of Barrick Gold for an estimated \$470 million, and increased its stakes in Liberty Media SiriusXM, Store Capital, Kroger, and Suncor Energy. It should be noted, though, that each of these holdings accounted for less than 1% (if not less than 0.5%) of Berkshire's \$202.4 billion portfolio at the end of the second quarter. For the entire note, please see our updated analyst report.</p> <p>Greggory Warren, CFA</p>	Community
07/06/20	7/6/20 Morningstar Update	<p>Morningstar© Select Morning Notes 06 Jul 2020 10:15:00 AM Morningstar Equity Analysts</p> <p>Berkshire Hathaway Adds to Energy Assets With \$9.7 Billion Deal for Dominion Energy's Gas Operations</p> <p>We do not expect to alter our fair value estimate of (\$228) per Class (B) share for wide-moat-rated Berkshire Hathaway following news that the firm has agreed to acquire nearly all of wide-moat-rated Dominion Energy's natural gas transmission and storage operations for \$4 billion, or \$9.7 billion when including assumed debt. Berkshire closed the March quarter with a record \$137 billion in cash and cash equivalents and likely has even more cash on hand coming into the current quarter (it's expected to generate more than \$20 billion in free cash flow annually the next several years), so this deal represents only a small reduction in its substantial cash hoard, which continues to serve as a drag on overall returns, especially with short-term interest rates dropping to near zero. While the deal may not move the needle all that much from a balance sheet perspective, it should produce around \$1 billion in net income annually, based on results for Dominion's gas distribution and gas transmission and storage operations the past several years.</p> <p>Greggory Warren, CFA</p>	Community
03/25/20	Inconsistent Data	<p>Upon further research, it appears the financial statements from Morningstar were used to create the SSG for this company. Therefore, the inconsistency is in the financial statements of Morningstar and those of Value Line. To be certain, information will probably be best obtained directly from Berkshire's 10k and 10q filed with the SEC, or its Annual and Quarterly reports.</p>	Community
03/25/20	Data is inconsistent with Value Line	<p>As of 03.25.2020, the data in SSG is still inconsistent with Value Line. In particular, EPS and P/E ratio. Not sure what source SSG used for its data.</p>	Community
06/24/19	Earnings information	<p>I dont know where the SSG is getting this earnings information. I cant find any information on Value Line that matches these numbers.</p>	Community



**Quarterly Growth Trend Data**

Graph: Trailing 4 Quarters, Last 5 Years of Data

Ⓢ Sales    ⓔ Earnings



Period	Quarterly Data								Last 12 Months Data								
	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit		Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change		\$	\$ Mil	%Sales	\$ Mil	%Rate	EPS	Pre-Tax Profit	Sales	
09/20	12.66	87.7	37,930.0	40.1	85.1	94,606.0	24.6	19.8	15.03	47,091.0	16.9	279,200.0	10,241.1	21.7	36.9	42.0	7.9
06/20	10.88	89.5	35,409.0	36.5	99.4	96,925.0	31.6	25.4	9.11	29,650.0	11.4	260,492.0	6,365.1	21.5	-22.5	-17.3	-0.2
03/20	-20.44	-332.1	-63,049.0	699.8	-328.1	-9,010.0	-111.1	21.2	3.97	12,000.0	5.1	237,213.0	2,419.2	20.2	-63.5	-63.8	-7.3
12/19	11.92	215.6	36,801.0	38.1	212.5	96,679.0	242.8	20.6	33.21	102,696.0	31.4	327,223.0	20,757.4	20.2	1,963.0	2,466.8	45.2
09/19	6.75	-10.3	20,489.0	27.0	-11.5	75,898.0	-2.9	18.7	10.98	33,174.0	12.8	258,750.0	6,857.1	20.7	-56.3	-23.1	1.0
06/19	5.74	17.9	17,759.0	24.1	17.6	73,646.0	7.4	20.2	11.75	35,832.0	13.7	261,008.0	7,449.5	20.8	-39.0	40.0	9.5
03/19	8.81	2,010.2	27,647.0	34.1	1,915.3	81,000.0	60.5	21.4	10.88	33,171.0	13.0	255,924.0	6,881.3	20.7	-32.5	99.5	12.5
12/18	-10.32	-178.2	-32,721.0	-116.0	-612.0	28,206.0	-52.1	22.4	1.61	4,001.0	1.8	225,382.0	912.9	22.8	-91.2	-83.2	-6.9
09/18	7.52	356.0	23,147.0	29.6	311.1	78,156.0	29.1	19.2	25.12	43,113.0	16.8	256,083.0	-36,872.4	-85.5	231.7	61.1	6.3
06/18	4.87	181.7	15,098.0	22.0	146.3	68,562.0	19.2	20.0	19.25	25,596.0	10.7	238,452.0	-21,496.2	-84.0	117.7	-19.1	-0.4

**Quarterly Growth Trend Data**

Graph: Trailing 4 Quarters, Last 5 Years of Data

Quarterly Data									Last 12 Months Data								
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit		Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change			\$	\$ Mil		%Sales	\$ Mil	%Rate	EPS	Pre-Tax Profit
03/18	-0.46	-128.0	-1,523.0	-3.0	-126.8	50,458.0	-22.6	29.7	16.11	16,627.0	7.3	227,408.0	-13,592.6	-81.8	76.2	-49.5	-3.8
12/17	13.19	417.6	6,391.0	10.8	-31.4	58,907.0	2.1	-411.0	18.22	23,838.0	9.8	242,137.0	-19,633.6	-82.4	86.6	-29.2	8.3
09/17	1.65	-43.5	5,630.0	9.3	-46.5	60,525.0	2.5	25.4	7.57	26,761.0	11.1	240,903.0	7,579.4	28.3	-19.8	-15.7	10.6
06/17	1.73	-14.8	6,129.0	10.7	-16.9	57,518.0	5.6	28.9	8.84	31,656.0	13.2	239,446.0	9,359.9	29.6	-14.5	-10.3	10.0
03/17	1.65	-27.4	5,688.0	8.7	-11.9	65,187.0	24.4	27.2	9.14	32,899.0	13.9	236,388.0	9,901.8	30.1	-8.0	-2.5	10.2
12/16	2.55	14.7	9,314.0	16.1	26.2	57,673.0	11.3	31.8	9.76	33,667.0	15.1	223,604.0	8,883.0	26.4	-0.1	-3.7	6.1
09/16	2.92	-23.7	10,525.0	17.8	-25.2	59,068.0	0.1	30.3	9.44	31,734.0	14.6	217,751.0	7,824.0	24.7	2.2	-5.0	5.1
06/16	2.03	24.6	7,372.0	13.5	26.1	54,460.0	6.0	31.1	10.34	35,281.0	16.2	217,672.0	8,872.3	25.1	42.0	35.3	9.1
03/16	2.27	8.2	6,456.0	12.3	-15.6	52,403.0	7.7	12.4	9.94	33,755.0	15.7	214,580.0	8,378.0	24.8	20.5	15.8	8.4
12/15	2.22	31.8	7,381.0	14.2	26.4	51,820.0	7.4	24.9	9.77	34,946.0	16.6	210,821.0	10,350.1	29.6	21.2	24.3	8.3
09/15	3.83	104.1	14,072.0	23.9	108.5	58,989.0	15.2	32.3	9.23	33,406.0	16.1	207,260.0	10,139.6	30.4	9.9	13.3	7.1
06/15	1.63	-37.2	5,846.0	11.4	-34.4	51,368.0	3.2	29.8	7.28	26,084.0	13.1	199,470.0	7,771.1	29.8	-15.1	-13.4	5.6
03/15	2.10	9.8	7,647.0	15.7	15.9	48,644.0	7.0	31.6	8.25	29,154.0	14.7	197,864.0	8,526.8	29.2	5.4	3.8	7.7
12/14	1.69	-16.7	5,841.0	12.1	-19.2	48,259.0	2.6	27.8	8.06	28,105.0	14.4	194,673.0	7,945.3	28.3	2.0	-2.4	6.9
09/14	1.87	-8.5	6,750.0	13.2	-8.5	51,199.0	10.0	30.1	8.40	29,496.0	15.2	193,463.0	8,500.7	28.8	8.9	4.2	7.6
06/14	2.59	40.8	8,916.0	17.9	29.4	49,762.0	11.3	27.6	8.57	30,124.0	16.0	188,805.0	8,689.3	28.8	18.3	12.1	8.3
03/14	1.91	-3.9	6,598.0	14.5	-9.6	45,453.0	3.6	27.7	7.82	28,099.0	15.3	183,736.0	8,491.5	30.2	17.5	14.2	9.2
12/13	2.02	10.1	7,232.0	15.4	7.1	47,049.0	5.2	30.0	7.90	28,796.0	15.8	182,150.0	8,959.2	31.1	32.0	29.5	12.1
09/13	2.05	29.5	7,378.0	15.9	24.3	46,541.0	13.4	30.2	7.71	28,318.0	15.7	179,821.0	8,881.2	31.4	43.4	42.1	15.5
06/13	1.84	46.8	6,891.0	15.4	49.3	44,693.0	15.9	33.1	7.25	26,876.0	15.4	174,330.0	8,532.5	31.7	53.6	54.8	17.5
03/13	1.99	51.4	7,295.0	16.6	47.9	43,867.0	15.0	31.2	6.66	24,600.0	14.6	168,183.0	7,620.5	31.0	37.5	36.6	13.5
12/12	1.84	49.3	6,754.0	15.1	51.7	44,720.0	17.8	31.0	5.99	22,236.0	13.7	162,463.0	6,916.5	31.1	44.5	45.2	13.1
09/12	1.58	72.0	5,936.0	14.5	76.5	41,050.0	21.7	31.7	5.38	19,934.0	12.8	155,698.0	13,471.4	67.6	14.9	14.9	9.7
06/12	1.26	-9.1	4,615.0	12.0	-12.3	38,546.0	0.7	30.0	4.72	17,361.0	11.7	148,387.0	11,586.7	66.7	-5.1	-6.2	2.7
03/12	1.31	114.6	4,931.0	12.9	120.7	38,147.0	13.1	31.7	4.84	18,011.0	12.2	148,115.0	12,145.3	67.4	10.4	11.3	7.4
12/11	1.23	-30.5	4,452.0	11.7	-31.3	37,955.0	4.9	176.9	4.14	15,314.0	10.7	143,688.0	8,033.3	52.5	-21.7	-19.6	5.5
09/11	0.92	-23.9	3,363.0	10.0	-25.8	33,739.0	-7.0	28.3	4.68	17,343.0	12.2	141,898.0	2,771.4	16.0			
06/11	1.38	73.3	5,265.0	13.8	79.2	38,274.0	20.7	32.8	4.97	18,514.0	12.8	144,433.0	3,091.4	16.7			
03/11	0.61	-59.7	2,234.0	6.6	-56.2	33,720.0	5.3	-28.2	4.39	16,187.0	11.7	137,868.0	2,545.0	15.7			
12/10	1.77		6,481.0	17.9		36,165.0		31.0									
09/10	1.21		4,534.0	12.5		36,274.0		31.2									
06/10	0.80		2,938.0	9.3		31,709.0		28.9									
03/10	1.52		5,098.0	15.9		32,037.0		26.2									