

**Quarterly Report (Q2 2017) for:  
Berkshire Hathaway, Inc. (BRK.B)**

**Report Date: 8/14/17  
Earnings Date: 8/4/17**

Percentage change in Sales from year ago quarter: 5.6%

Percentage change in Earnings per Share from year ago quarter: -14.8%

Is company meeting our target sales & earnings estimates? Sales & Earnings Miss

Pre-tax Profit on sales trend? Even

Return on equity trends? Even

Debt? (up, even, down) Up

Current P/E is 19.8

Where does it fall in my estimated High/Low range of P/E's? Above High P/E

Signature P/E = 14.5

Club cost basis for this stock is \$121.91  
(from latest valuation)

Current price (08/11) is \$175.34

Current fair value: Morningstar: \$193.00

S&P: \$185.00 (up from 165.00) (12-month target)

My SSG Total Return is **9.0%** (down)      Projected Average Return is **5.6%** (down from 8.2%)

**What will drive future growth:** Continuing improvement in the US and world economy; fewer insurance claims, and acquisitions.

During Q2 2017, Berkshire Hathaway's US long stock portfolio value remained steady at \$162B. The top five positions account for ~64% of the portfolio: Kraft Heinz Co., Wells Fargo, Apple Inc., Coca-Cola, and American Express. There are 44 individual stock positions, many of which are minutely small compared to the overall size of the portfolio.

### **New Stakes**

**Buffet sold all of BRK's stake in GE and purchased additional shares of Synchrony Financial (NYSE:[SYF](#)) and STORE Capital (NYSE:[STOR](#)):** These are the two new positions this quarter. SYF is a 0.32% of the portfolio position purchased at prices between \$26.50 and \$34.50, and the stock is now at \$29.64. The 0.26% STOR stake was established in a private placement transaction at \$20.25 per share. The stock is now at \$24.24.

*Note:* Synchrony is the private-label credit-card business spin-off from GE that started trading in August 2014 at ~\$23 per share.

**Buffet believes that the financial sector is likely to improve, partly as a result of reduced Federal regulations.**

MorningStar forecasts operating revenue growth of 6% to 7% in 2017, and 7% to 9% in 2018. Analysts also see continuing acquisitions, "given the \$99.7 billion in cash and equivalents Berkshire had at June 30, 2017, up from \$72.7 billion at the end of the June 2016 quarter. Impressed with ability to increase book value which rose 14.3% year over year aided by strong performance of its equity investment portfolio.

SSG analysis indicates HOLD. Recommendation: **HOLD**