

**Quarterly Report (Q3 2017) for:  
Berkshire Hathaway, Inc. (BRK.B)**

**Report Date: 11/13/17  
Earnings Date: 11/03/17**

Percentage change in Sales from year ago quarter: 2.5%

Percentage change in Earnings per Share from year ago quarter: -43.5%

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 24.3

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 \$125.34  
(from latest valuation)

Current price <sup>(11/10)</sup> is \$183.68

Current fair value: Morningstar: \$193.00

My SSG Total Return is **14.3** Projected Average Return is **9.0**

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

During Q3 2017, with a number of natural catastrophes and associated flooding led to unusually high claims for auto insurers in the 3<sup>rd</sup> quarter. However, Morningstar maintained the fair value estimates and moat ratings for most insurers. Geico (a Berkshire holding) has made strides with its direct-selling operations, moving to the second-largest underwriter with 12% share of market. BNSF will continue to leverage its competitive advantage.

Book value per share, which is a good proxy for measuring changes in Berkshire's intrinsic value, increased at 19% compound annual growth rate, compared with a 9.7% return for the S&P 500. Stock performance has been equally strong.

**VL:** Shares are trading on the door-step of 3- to 5-year Target Price Range. But, that estimate does not include acquisitions.

Biggest hurdle will be Berkshire's ability to consistently find deals.

5.8% of portfolio

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