

Company	Berkshire Hathaway		Date	11/10/17	
Prepared by	EMMONS		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)	2,467.0	0.0	35.5		
Debt (\$M)	101,490.0	% to Tot Cap	24.8	% Pot Dil	0.0

Stock Selection Guide

Symbol: BRK.B

1 VISUAL ANALYSIS of Sales, Earnings, and Price



- | | | | |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth | 9.0% | (3) Historical Earnings Per Share Growth | 13.7% |
| (2) Estimated Future Sales Growth | 10.4% | (4) Estimated Future Earnings Per Share Growth | 10.8% |

2 EVALUATING Management

Berkshire Hathaway

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Last 5 Year Avg.
Pre-tax Profit on Sales	17.1%	7.0%	10.3%	14.0%	10.7%	13.7%	15.8%	14.4%	16.6%	15.1%	15.1%
% Earned on Equity	11.0%	4.6%	6.1%	8.3%	6.4%	7.9%	9.4%	8.4%	9.7%	8.9%	8.8%
% Debt To Capital	21.9%	25.2%	22.4%	27.1%	26.8%	25.1%	24.6%	25.0%	24.8%	26.4%	25.2%

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 183.68 (11/10/17)

HIGH THIS YEAR 190.68

LOW THIS YEAR 151.68

	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
2012	90.9	75.9	5.99	15.2	12.7	0.00	0.0	0.0
2013	119.3	91.3	7.90	15.1	11.6	0.00	0.0	0.0
2014	152.9	108.1	8.06	19.0	13.4	0.00	0.0	0.0
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
AVERAGE		104.9		16.4	12.6		0.0	
CURRENT/TTM			7.57			0.00	0.0	
AVERAGE PRICE EARNINGS RATIO: 14.5				CURRENT PRICE EARNINGS RATIO: 24.3				

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 22.0 X Estimate High Earnings/Share 16.30 = Forecasted High Price \$ 358.7

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 12.6 X Estimate Low Earnings/Share 9.76 = Forecasted Low Price \$ 123.0

(b) Avg. Low Price of Last 5 Years 104.9

(c) Recent Market Low Price 123.6

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

Selected Forecasted Low Price \$ 123.0

C ZONING using 25%-50%-25%

Forecasted High Price 358.7 Minus Forecasted Low Price 123.0 = 235.7 Range. 25% of Range 58.9

Buy Zone 123.0 to 181.9

Hold Zone 181.9 to 299.8

Sell Zone 299.8 to 358.7

Present Market Price of 183.68 is in the **HOLD** Zone

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

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{358.7 - 183.68}{183.68 - 123.0} = \frac{175.00}{60.68} = 2.9$ To 1

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

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{358.7 - 183.68}{183.68} = 1.9527$ X 100 = 195.27 - 100 = 95.3 % 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 $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.00}{183.68} = 0.0000 = 0.0\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.0\%}{22.00} = 0.0\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{0.0\%}{17.30} = 0.0\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 14.3 %
Average Yield 0.0 %
Annualized Rate of Return 14.3 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 9.0 %
Average Yield 0.0 %
Annualized Rate of Return 9.0 %