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 Current price (11/10) is $183.68
(from latest valuation)

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 3rd 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