

ModernGraham Valuation

Company Name:

Company Ticker BRK.B

Date of Analysis

1/7/2017

**Berkshire Hathaway
Inc.**



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass all 6 of the following tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$402,387,877,822	Pass
2. Earnings Stability	Positive EPS for 10 years prior		Pass
3. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	121.45%	Pass
4. Earnings Growth	PEmg < 20	20.24	Fail
5. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.50	Pass
6. Moderate Price to Assets			

Enterprising Investor; must pass all 3 of the following tests, or be suitable for the Defensive Investor.

1. Earnings Stability	Positive EPS for 5 years prior	Pass
2. Dividend Record	Currently Pays Dividend	Fail
3. Earnings Growth	EPSmg greater than 5 years ago	Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	8.07
MG Growth Estimate	10.44%
MG Value	\$237.19
MG Value based on 3% Growth	\$117.08
MG Value based on 0% Growth	\$68.64
Market Implied Growth Rate	5.87%

MG Opinion

Current Price	\$163.41
% of Intrinsic Value	68.89%
Opinion	Undervalued
MG Grade	F

Stage 3: Information for Further Research

Graham Number	\$133.13
PEmg	20.24
PB Ratio	1.50
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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[GuruFocus](#)

[Morningstar](#)
[MSN Money](#)
[Seeking Alpha](#)
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$7.21	Next Fiscal Year Estimate	\$8.07
Dec2015	\$9.77	Dec2015	\$8.06
Dec2014	\$8.06	Dec2014	\$6.90
Dec2013	\$7.90	Dec2013	\$5.99
Dec2012	\$5.99	Dec2012	\$4.76
Dec2011	\$4.14	Dec2011	\$4.15
Dec2010	\$5.29	Dec2010	\$4.19
Dec2009	\$3.46	Dec2009	\$3.75
Dec2008	\$2.15	Dec2008	\$3.89
Dec2007	\$5.70	Dec2007	\$4.57
Dec2006	\$4.76	Dec2006	\$3.80
Dec2005	\$3.69	Dec2005	\$3.06
Dec2004	\$3.17	Dec2004	\$2.52
Dec2003	\$3.54	Dec2003	\$1.99
Dec2002	\$1.86	Dec2002	\$1.20
Dec2001	\$0.35	Dec2001	\$0.91
Dec2000	\$1.46	Dec2000	\$1.20
Dec1999	\$0.68	Balance Sheet Information 9/1/2016	
Dec1998	\$1.51	Long-Term Debt & Capital Lease Obligation	\$101,798,000,000
Dec1997	\$1.03	Total Assets	\$604,038,000,000
Dec1996	\$1.38	Intangible Assets	\$114,426,000,000
		Total Liabilities	\$334,774,000,000
		Shares Outstanding (Diluted Average)	2,465,868,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor. The author held a long position in BRK.B at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company

- [Berkshire Hathaway Analysis – August 2015 Update \\$BRK/B](#)
- [20 Companies in the Spotlight This Week – 8/16/14](#)

Other ModernGraham posts about related companies

- [Infinity Property and Casualty Corp Valuation – Initial Coverage \\$IPCC](#)
- [Hartford Financial Services Group Inc Valuation – December 2016 \\$HIG](#)
- [AFLAC Inc Valuation – December 2016 \\$AFL](#)
- [Arthur J Gallagher & Co Valuation – December 2016 \\$AJG](#)
- [Aspen Insurance Holdings Limited Valuation – December 2016 \\$AHL](#)
- [MetLife Inc Valuation – December 2016 \\$MET](#)
- [Travelers Companies Inc Valuation – November 2016 \\$TRV](#)
- [Allstate Corp Valuation – November 2016 \\$ALL](#)
- [Unum Group Valuation – August 2016 \\$UNM](#)
- [Principal Financial Group Inc Valuation – August 2016 \\$PFG](#)