

# ModernGraham Valuation

Berkshire Hathaway  
Inc.



Company Name:

Company Ticker BRK.B

Date of Analysis

5/5/2018

## 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	\$482,461,654,899	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		
4. Earnings Growth		182.31%	Pass
5. Moderate PEmg Ratio	PEmg < 20	17.08	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.39	Pass

*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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	11.45
MG Growth Estimate	9.92%
<b>MG Value</b>	<b>\$324.53</b>
MG Value based on 3% Growth	\$166.08
MG Value based on 0% Growth	\$97.36
Market Implied Growth Rate	4.29%

### MG Opinion

Current Price	\$195.64
% of Intrinsic Value	60.28%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>C-</b>

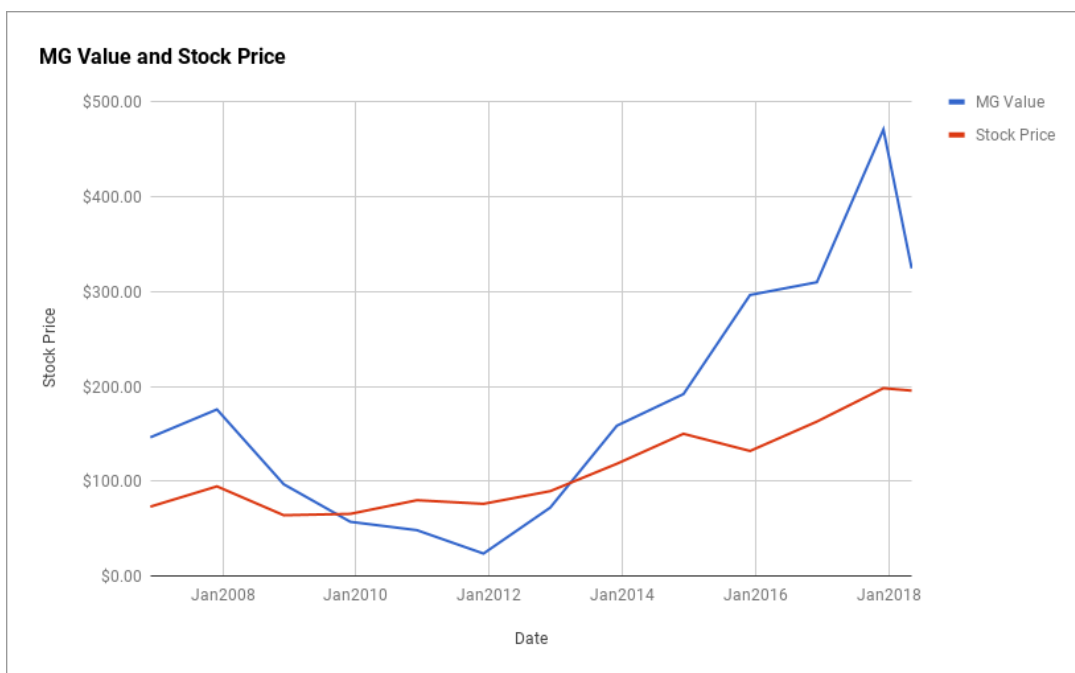
## Stage 3: Information for Further Research

Graham Number	\$163.44
PEmg	17.08
PB Ratio	1.39
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$8.41	Next Fiscal Year Estimate	\$11.45
Dec2017	\$18.22	Dec2017	\$12.23
Dec2016	\$9.76	Dec2016	\$8.92
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		
Dec2000	\$1.46		
Dec1999	\$0.68		
Dec1998	\$1.51		
		<b>Balance Sheet Information 12/1/2017</b>	
		Long-Term Debt & Capital Lease Obligation	\$102,587,000,000
		Total Assets	\$702,095,000,000
		Intangible Assets	\$113,776,000,000
		Total Liabilities	\$353,799,000,000
		Shares Outstanding (Diluted Average)	2,467,269,000





**Disclaimer:**

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor. The author did not hold a position in any company mentioned in this article 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 Inc Valuation – January 2017 \\$BRK.B](#)
- [Berkshire Hathaway Analysis – August 2015 Update \\$BRK/B](#)
- [20 Companies in the Spotlight This Week – 8/16/14](#)

**Other ModernGraham posts about related companies**

- [Arthur J Gallagher & Co Valuation – April 2018 \\$AJG](#)
- [Allstate Corp Valuation – April 2018 \\$ALL](#)
- [Hartford Financial Services Group Inc Valuation – April 2018 \\$HIG](#)
- [Unum Group Valuation – April 2018 \\$UNM](#)
- [Brighthouse Financial Inc Valuation – Initial Coverage \\$BHF](#)
- [XL Group Ltd Valuation – April 2018 \\$XL](#)
- [Aetna Inc Valuation – April 2018 \\$AET](#)
- [Everest Re Group Ltd Valuation – Initial Coverage \\$RE](#)
- [Cigna Corp Valuation – March 2018 \\$CI](#)
- [Aspen Insurance Holdings Ltd Valuation – March 2018 \\$AHL](#)