

Berkshire Hathaway	
Ticker Site BiG	BRK/B
Ticker BiGlobal Trade	BRK/B
Ticker BT24	BRK/B
Ticker BiG Power Trade	BRK/B
P/E Ratio 2020E	25.08
P/BV Ratio	-
EV/EBITDA	3.05

Source: Big Research;

Price and Performance (Values in USD)	
Price	233.13
52 week high	234.99
52 week low	159.50
YTD	2.9%
Average daily volume (un)	5,659,188
Market Capitalization (mn)	547,081
Beta	0.88
Dividend	-
EPS	-

Source: BiG Research;

Analysts Consensus (last 3 months)	
Buy	2
Hold	1
Sell	0

Source: BiG Research;

Financial Data	
Sales (USD mn)	327,223
EBITDA (USD mn)	116,980
Number of Employees	391,539
ROA	4.4%
ROE	8.8%
D/E	0.25
Dividend Yield	-

Source: BiG Research;

Notes:

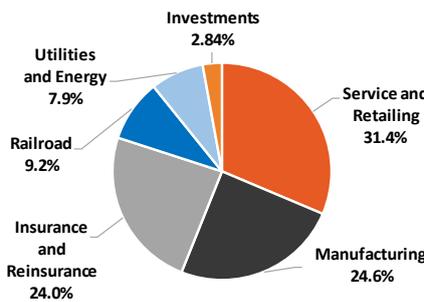
All quotes were updated in Bloomberg at 11H00 of November 26th, 2020.

Berkshire Hathaway (Ticker: BRK)

▲ **Description**

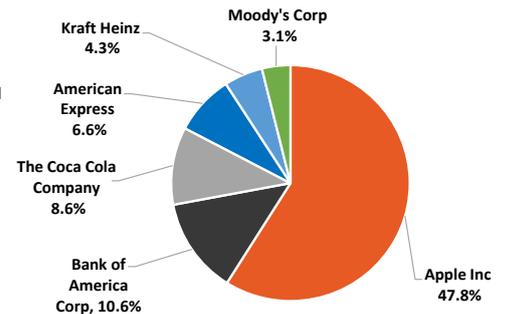
Berkshire Hathaway is the holding company of Warren Buffett a legendary investor known as the ‘Oracle of Omaha’. Berkshire Hathaway was acquired by Buffett in 1962 and, at that time, it was only a struggling textile company, and alongside Charlie Munger, his long-term business partner, transformed the company to be one of the most successful conglomerates in the world. Berkshire Hathaway is currently in several sectors with 31.4% of revenue (as of 2019) from the service and retailing businesses, 24.6% of revenues from the manufacturing businesses, 24% from insurance businesses, 9.2% from the railroad unit, 7.9% from the energy business and 3.6% referring to interest, dividend and other investments. Besides the fully consolidated companies, Berkshire Hathaway also holds stakes in several public companies, such as Kraft Heinz, Coca-Cola, Apple, several US banks, among others. The company has a dual shareholding structure – class A shares are entitled to one vote per share and are convertible into 1,500 shares of Class B stock, while class B shares are entitled to 1/10,000 votes per share and cannot be converted into class A shares.

Total revenue by segments, 2019



Source: Company data

Main Holdings as % of equity portfolio



▲ **Investment Points**

As a conglomerate, Berkshire Hathaway is highly diversified, with some segments delivering higher growth rates than others, and protecting revenues in resilient sectors such as utilities and insurance. However, it is through the money generated by the insurance float that the company is able to employ large amounts of available capital in companies that generate exceptional returns in their tangible assets. The fact that Berkshire controls various businesses as one single entity results in numerous economic advantages, besides, since those companies are supported by the conglomerate structure (a lot of cash and capital available), they can assume riskier strategies than other companies, which in itself is a competitive advantage. Berkshire takes very seriously an honest and transparent management, not only at its corporate level but in all the business in which it invests.

Analyst:

João Calado, CFA

With the contribution of:

Francisco Cavaco

Research:

research@big.pt

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▲ **Business Overview**

Berkshire Hathaway is a holding company owning subsidiaries in several diverse business activities. The company operates on an unusually decentralized basis, therefore, there are no centralized or integrated business functions and Berkshire’s corporate headquarters does not get involved in the day-to-day business activities of its subsidiaries. However, Berkshire’s management team is responsible for significant capital allocation decisions, investment activities and the selection of the Chief Executive to head each of the operating businesses. Berkshire and its subsidiaries employ approximately 391,500 people worldwide.

Insurance and Reinsurance (24% of total revenue):

Berkshire’s insurance and reinsurance business activities are conducted through numerous domestic and foreign-based companies, and these companies provide insurance and reinsurance of property, casualty and life, accident and health risks.

Insurance: In direct or primary insurance activities, the insurer assumes the risk of loss from its clients, which can be people or institutions that are subject to risks.

Reinsurance: In the reinsurance activities, the reinsurer assumes defined portions of risks that other direct insurers or reinsurers assumed in their own insuring activities.

Berkshire’s insurance underwriting operations are conducted by the following groups: GEICO, Berkshire Hathaway Primary Group and Berkshire Hathaway Reinsurance Group. Except for retroactive reinsurance and periodic payment annuity products that generate large amounts of up-front premiums, and estimated claims that are expected to be paid over a long period of time creating “float”, the company profits from underwriting.

Underwriting profit: It corresponds to the earned premiums less associated incurred losses, loss adjustment expenses and underwriting and policy acquisition expenses. Underwriting profit does not include the income earned from investments.

Investments of insurance businesses: Berkshire through its insurance business holds large quantities of invested assets, that are managed by its Chief Executive Officer and other investment managers. These investments include a very large portfolio of publicly traded equity securities, as well as fixed maturity securities and cash. Berkshire’s investment portfolios have historically been more skewed to equity securities than is usual in the insurance industry. Invested assets derive from shareholder capital as well as funds generated through the insurance and reinsurance business (“float”). The float is the amount of net policyholder funds generated through underwriting that is available for investments. Most of the float is constituted by unpaid losses and loss adjustment expenses, life, annuity and health benefit liabilities, unearned premiums and other policyholder liabilities less premium and other policyholder liabilities less premium and reinsurance receivables, deferred policy acquisition costs and deferred charges on reinsurance contracts.

Insurance and Reinsurance companies
GEICO Group
Government Employees Insurance Company
GEICO General Insurance Company
GEICO Indemnity Company
GEICO Casualty Company
GEICO Advantage Insurance Company
GEICO Choice Insurance Company
GEICO Secure Insurance Company
GEICO County Mutual Insurance Company
GEICO Marine Insurance Company
Berkshire Hathaway Primary Group
NICO
Berkshire Hathaway Homestate Companies
Berkshire Hathaway Specialty Insurance
MedPro
U.S. Liability Insurance Company
GUARD
Berkshire Hathaway Reinsurance Group
NICO
General Re Corporation

Source: Company data



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With the contribution of:
Francisco Cavaco

Research:
research@big.pt

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Railroad Business (9.2% of total revenue):

The railroad business is conducted by the company Burlington Northern Santa Fe (BNSF), which is based in Fort Worth, Texas. This company operates one of the largest railroad systems in North America. BNSF employs 40,750 workers and operates a smaller third-party logistics service business.

Locations where it operates: Midwest, Pacific Northwest, Western, Southwestern and Southeastern regions, and ports of the United States.

Business: BNSF transports a range of products and commodities derived from manufacturing, agricultural and natural resource industries. Freight revenues are covered by contractual agreements, which can vary by duration or common carrier published price or company quotation. In 2019, the freight revenues were derived as follows: 35% from consumer products, 27% from industrial products, 21% from agricultural products and 17% from coal. The company trackage rights, attribute the company the access to major cities and ports in the western and southern U.S, Canada and Mexico. In addition, by working closely with near 200 shortline railroads, the company can access many smaller markets.

Competition: The railroad business is highly competitive, since in some markets, the deregulated motor carriers, river barges, ships and pipelines, may exert pressure on price and service levels (the railroad business is highly regulated, not only in safety and health aspects of rail operations but also in terms of environmental regulation). Besides, high service truck lines with faster delivery, and minimal empty mileage continues to affect the market for non-bulk, time sensitive freight. BNSF primary rail competitor in the Western region is the Union Pacific Railroad Company.



Source: Company data (BNSF)



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João Calado, CFA

With the contribution of:
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Research:
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Utilities and Energy Business (7.9% of total revenue):

Berkshire Hathaway owns 90.9% of Berkshire Hathaway Energy Company (BHE), which is a global energy company with subsidiaries that generate, transmit, store, distribute and supply energy. BHE is divided by separate managed business that operate different units. Besides, BHE also owns a diversified portfolio of independent power projects, the largest real estate brokerage firm in the U.S., and one of the largest residential real estate franchise networks in the U.S. BHE employees 23,000 workers.

PacifiCorp

Customers 1,900,000 / Employees 5,300 / Generation capacity 10,600 MW / 30% Renewable / Length of distribution 81,000 miles

Leading western U.S. energy services provider and the largest grid owner/operator in the West (operates in six states). The company is a wind power leader, and highly focus on sustainable energy. From 2018 until 2020, the company increase by 70% the percentage of clean energy in its portfolio.



MidAmerican Energy Company

Customers 1,600,000 / Employees 3,500 / Generation capacity 11,000 MW / Renewable generation capacity 6,800 MW / Electricity sales 36,200 GW

Rate-regulated utility that provides energy to customers in Iowa, Illinois, South Dakota and Nebraska. The company owns a diversified portfolio, which includes various sources of energy, namely: wind, coal, natural gas, nuclear, hydro and biomass.



NV Energy

Customers 1,357,000 / Employees 2,500

NV Energy has been providing energy in Nevada for more than a century, providing approximately 90% of the state with electricity. The company supplies energy mainly through natural gas, but renewable energy also plays an important role in its generation mix. In fact, the company holds contracts with nearly 50 renewable energy facilities to provide energy to customers.



Nothern Powergrid

Customers 3,900,000 / Employees 2,700

The company delivers electricity to 3.9 million homes and businesses across urban and rural England communities in the North East, Yorkshire and Northern Lincolnshire. The company has been heavily investing through its eight-year (2015-2023), USD 4.5 billion investment program that focus in upgrading the network, improve reliability to customers and enhance growth in low-carbon technologies.



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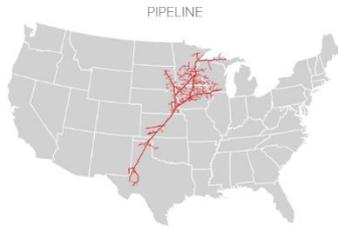
Research:
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Northern Natural Gas

Utilities served 81 / Employees 900

Northern Natural Gas owns the largest interstate natural gas pipeline system in the U.S. (the system reaches 11 states), providing access to the five of the major natural gas supply regions in North America. The company provides natural gas transportation and storage to 81 utilities. Additionally, the company provides grid transportation between interstate and intrastate pipelines, and access to gas supply basins in Canada, the Rocky Mountains, the MidContinent and Permian Basins, and major shale gas developments.



14,600
MILES

Kern River

No. 1 customer service / Employees 150 / Designed capacity 2.17 B cubic feet per day / Compressor stations 11 / System compression 384,000 horsepower

The company supports the needs of local distribution companies, electric power generators and industrial users. Kern River’s interstate natural gas pipeline system includes 1,700 miles of pipeline and 11 fully automated compressor stations. Compressor stations facilitate the transportation process of natural gas via pipeline because the natural gas needs to be periodically pressurized at intervals of 40 to 100 miles.



1,700
MILES

BHE Renewables

Employees 400 / Generation capacity 4,647 MW / Solar 1,536 MW / Wind 1,665 MW / Geothermal 345 MW / Hydro 138 MW

BHE Renewables is constituted by BHE Solar, BHE Wind, BHE Geothermal, BHE Hydro. The company also operates renewable project developments and commercial management. The company owns solar, wind, geothermal and hydroelectric projects that produce energy both for the wholesale market and customers under long-term power agreements.



9
STATES

Non-Energy Business

HomeServices of America

Sales offices 911 / Agents 43,200 / Sales Volume USD 135 bn / Real estate transactions 333,000 / Mortgage volume USD 10.2 bn

HomeServices of America is the largest real estate brokerage company in the U.S., and through its operating companies (47 brands), it is also one of the largest providers of integrated real estate services, including brokerage, mortgage, franchising, title and escrow services (trusted third party involved in a transaction to regulate the payment), insurance and global relocation (help organizations move their employees with cost-effective, flexible and personalized programs). HomeServices’ principal sources of revenue are dependent on real estate sales, which are generally higher in the second and third quarter of each year.



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STATES PLUS WASHINGTON, D.C.

Analyst:
João Calado, CFA

With the contribution of:
Francisco Cavaco

Research:
research@big.pt

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Manufacturing Business (24.6% of total revenue):

The manufacturing business is divided into 3 segments:

Industrial products: The businesses incorporated in this segment manufacture specialty chemicals, metal cutting tools, components for aerospace and power generations, and a variety of other products primarily for industrial use.

Building products: This segment produces prefabricated and site-built residential homes, flooring products, insulation, roofing and engineered products, building and engineered components, paint, coatings (used to paint cars), bricks and masonry products (concrete products).

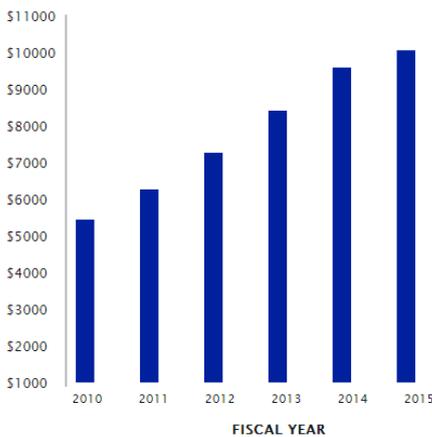
Consumer products: It includes the production of recreational vehicles, alkaline batteries, various apparel products, jewelry and custom picture framing products.

Industrial products

Precision Castparts

Number of employees 30,500 / Number of manufacturing locations 162

PRECISION CASTPARTS CORP.
SALES HISTORY
(\$ MILLIONS)



Source: Company data (PPC)

The Precision Castparts Corp. (PCC) manufactures complex metal components and products for critical aerospace and power energy applications. Besides, PPC manufactures numerous products, from seamless pipe for coal-fired, industrial gas turbine and nuclear power plants, to general industrial medial and other applications.

The company is able to produce complex products through a casting technology that involves a multi-step process that uses ceramic molds in the manufacture of metal components to achieve more complex shapes, closer tolerances and finer surface finishes. This technology is used to manufacture products such as aircraft engines.

Most of the PCC's sales come from purchase orders or demands from long-term contracts. Usually, the company does not experience significant order cancellations, but it can periodically receive requests for delays in orders. The company is subject to a high degree of competition in all its markets. Components and similar products may be produced by its competitors, however, PCC believes that it possesses a competitive advantage by assuring high quality, competitive prices and by meeting more complex demands.

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Francisco Cavaco

Research:
research@big.pt

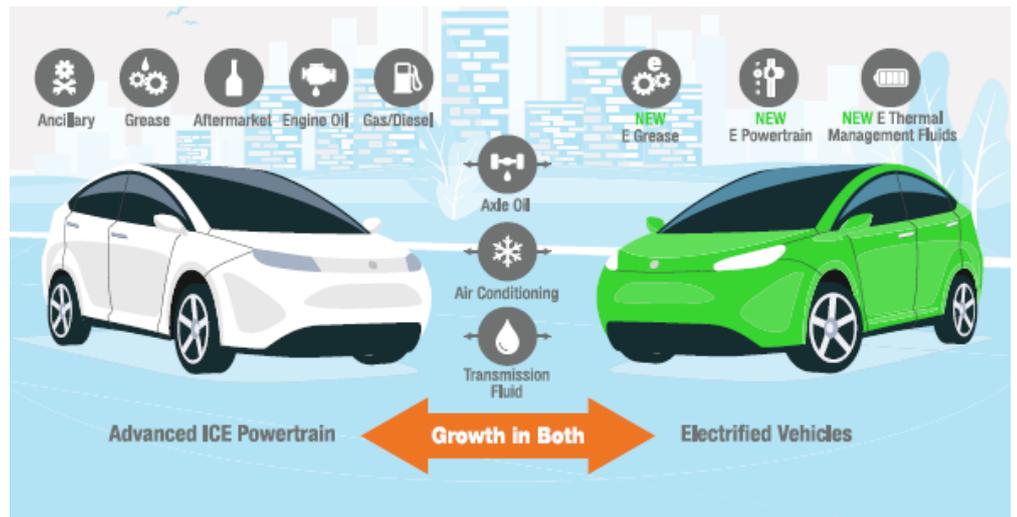
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Lubrizol Corporation

Employees globally 8,800 / Labs & technical facilities 39 / Manufacturing sites 58 / Sales offices 48 / countries in which it sells more than 100

The Lubrizol Corporation is a specialty chemical company that produces and supplies technologies for the global transportation, industrial and consumer markets. The company operates in two business sectors:

Lubrizol Additives: Includes engine additives, driveline additives and industrial specialties products. According to the company, half of the vehicles on the planet rely on Lubrizol science, by improving energy efficiency, reducing emissions, and enhancing engine reliability and durability. The company helps create new formulations for electrical systems and battery applications to serve the growing hybrid/electric vehicle market. Besides, the company also provides additives for industrial applications such as: hydraulic, industrial gear, turbine, grease, metal processing and metal protection applications.



Source: Company data (Lubrizol Corporation)

Lubrizol Advanced Materials: Includes personal and home care, engineered polymers, performance coatings, skin care and life science solutions. According to the company, half of the world’s consumers use at least one of the products produced by its Advanced Materials segment. For example, for health and beauty applications, the company’s materials make shampoo, soap, hand sanitizer and skin cream, smoother and easier to apply, while reducing the impact on the environment.

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Research:
research@big.pt

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IMC International Metalworking Companies

Companies 13 / Subsidiaries 130 / Countries 60



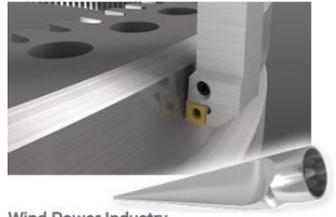
Die & Mold Industry
A unique line of tools designed specifically for the die and mold industry provide perfection in both accuracy and the resulting finish.



Heavy Industry
Experienced teams provide tools for leading companies in the power plant, large engine, construction and other large parts industries.



Bearing Industry
Standard and specially tailored tools for machining precision bearing components.



Wind Power Industry
Commitment to provide support in manufacturing solutions for the green industry.



Automotive Industry
New innovative tools and solutions including engine heads and blocks, crankshafts, camshafts and disk brakes.

The IMC Group is the second largest company for metalworking products. It is comprised of 13 companies that produce a wide range of carbide inserts, carbide endmills and cutting tools covering most metal cutting applications.

IMC has five primary product lines: milling tools, gripping tools, turning/thread tools, drilling tools and tooling. Inserts – used by industrial manufacturers to cut metals – comprise the vast majority of sales and earnings. IMC manufactures hundreds of types of inserts within each product line, and these are developed to maximize productivity and meet technical requirements of the customers. The group’s primary customers are large multinational businesses that operate in the automotive, aerospace, engineering and machinery industries.

Main companies:

ISCAR: Producer of unique and innovative cutting tools for metalworking. Its headquarters is in Israel, but it operated with fully owned subsidiaries and other representatives in more than 50 countries.

TaeguTec: The company produces high quality cutting tools, tungsten powder (tungsten products are made from tungsten powder and not through the conventional manufacturing process of melting and casting due to the powder extremely high melting point. The technology consists of pressing powder into parts, sintering and then machining to the desired form) and industrial products.

Tungaloy: One of the world’s leader in manufacturing carbide cutting tools. The company produces products from carbide, cubic boron nitride (used in lubricant and an additive to cosmetic products), polycrystalline diamond (diamond particles that have been sintered together into a coherent structure), ceramics and cermets (composite metal ideally designed to have the optimal properties of both ceramic, such as high temperature resistance, and those of metal, such as the ability to undergo plastic deformation) of the highest quality and performance.



Source: Company data (IMC)

Analyst:
João Calado, CFA

With the contribution of:
Francisco Cavaco

Research:
research@big.pt

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Marmon Holdings

Employee 22,000 / Facilities 400 / Located 22 countries / Business sectors 11 / 2019 Revenues > USD 8 billion

Business sectors:
Crane services
Electrical
Foodservice Technologies
Industrial Products
Medical
Metal Services
Plumbing & Refrigeration
Rail & Leasing
Retail Solutions
Transportation Products
Water Technologies

Marmon Holdings is a global industrial organization comprising 11 diverse business sectors and more than 100 autonomous manufacturing and service businesses. Because the company operates under decentralized model, each Marmon company operates independently within a sector structure that provides access to the experience and expertise of other Marmon companies, leading to comparative advantage over other companies that are only integrated in one or fewer of the business sectors. This approach is very similar with the operations of Berkshire Hathaway.

Source: Company data (Marmon)

Building products

Clayton Homes

Off-site built homes 44,600 / Site built homes 7,369 / Home order backlog USD 1 billion

Clayton Homes is a vertically integrated housing company offering traditional site-built homes and off-site built housing – including modular homes (designed in a high-performance building that is energy efficient all-season), manufactured homes and tiny homes. The company also offers financing and insurance products.

Shaw Industries

Retailer clients 40,000 / Commissioned sales personnel 2,400 / Brands 30

Shaw Industries Group is a leading carpet manufacturer that designs and manufactures over 3,700 styles of tufted carpet, wood and resilient flooring for residential and commercial use. The company also provides project management and installation services and is fully integrated from processing of raw material to produce fiber to the finishing of carpet. Shaw Industries also manufactures or distributes a variety of hardwood, vinyl and laminate floor products, labeled “hard surfaces”. The floor covering industry is highly competitive with more than 100 companies engaged in the manufacture and sale of carpet in the U.S., however, according to industry estimates, carpets account for near 45% of all the floor work in the U.S.



Source: Company data (Shaw Industries)

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João Calado, CFA

With the contribution of:
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Johns Manville**Manufacturing facilities 43 / Employees 8,000 / Countries 80**

Johns Manville (JM) is a leading manufacturer and marketer of premium-quality products for building insulation, mechanical and industrial insulation, commercial roofing and roof insulation. The company supplies its products to a number of markets, such as: the aerospace, automotive and transportation, air handling, pipe and equipment, filtration, waterproofing, building, flooring, interiors and wind energy.

MiTek Industries, Inc.**Sells to > 100 countries / Facilities in 21 countries**

MiTek Industries operates in two separate markets:

Residential: Leading supplier of engineered connector products, construction hardware, engineering software and services. The company's primary clients are component manufacturers who manufacture prefabricated roof and floor for the residential market.

Commercial: Provide products and services sold to the commercial construction industry, and it includes curtain wall systems, masonry and stone anchoring systems, and customized air handling systems for commercial, institutional and industrial markets.

Benjamin Moore**Products sold in 3,300 independent retailers / Brands 16**

Benjamin Moore & Co is a leading formulator, manufacturer and retailer of architectural coatings (paint for interior and exterior projects) for use by consumers, contractors and industrial and commercial users.

Acme Brick**Manufacturing sites 16**

Acme Brick manufactures and distributes clay bricks and concrete block. Besides, the company distributes other building products of other manufacturers. In 2018 and 2019, Acme initiated a process of closing multiple underperforming manufacturing and sales facilities. Now the company operates 12 clay brick manufacturing sites, three concrete block facilities and a quarrying operation.

Analyst:
João Calado, CFA

With the contribution of:
Francisco Cavaco

Research:
research@big.pt

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Consumer products

Fruit of the Loom

Brands 10

Fruit of the Loom (FOL), is primarily a manufacturer and distributor of basic apparel, underwear, casualwear, athletic apparel and sports equipment. Its products are primarily sold in mass merchandise, mid-tier chains and wholesale markets. In addition, FOL markets and sells apparel, sports equipment and balls to team dealers and athletic apparel, sports equipment and balls to sporting goods retailers. In 2019, the five largest clients accounted for 54% of FOL’s sales.



Forest River, Inc.

Market share 35% / Markets U.S. and Canada / Brands 28

Forest River is a manufacturer of recreational vehicles (RV), utility cargo trailers, buses and pontoon boats. The company has numerous manufacturing facilities located in six states. The RV industry is very competitive, primarily on price, design, quality and service. However, in recent years the industry has become highly concentrated in a few companies, where the largest held a market share of approximately 44% based on industry data as of November 2019.



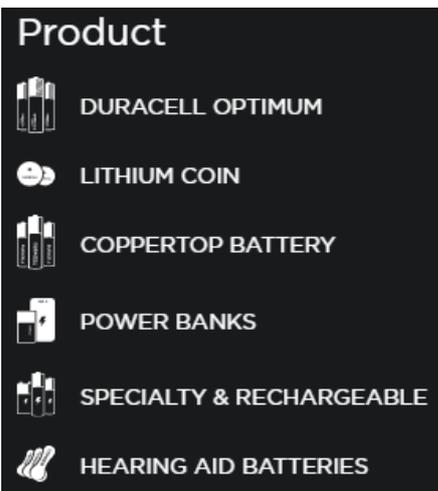
Source: Company data (Forest River)

The Duracell Company

Market share 32% / Significant clients Costco and Walmart (24% of revenue)

The Duracell Company is a leading manufacturer of high-performance alkaline batteries. The company manufactures batteries in the U.S., Europe and China and manages worldwide sale and distribution centers.

Acquisition: “I have always been impressed by Duracell, as a consumer and as a long-term investor in P&G and Gillette”, Warren Buffett. Berkshire Hathaway agreed to acquire Procter & Gamble Co’s Duracell battery unit in a complex transaction that enabled Berkshire to save on its tax bills. Because, rather than paying cash, Berkshire gave P&G USD 4.7 billion worth of the P&G shares. Besides, P&G agreed to infuse USD 1.8 billion in cash into Duracell before the closing of the deal. This way P&G followed its plan to deinvest in slow-growing brands and focus on about 80 brands that generate most of its profits and revenue. And Berkshire avoided a tax bill that it might had to pay in case it sold its P&G shares. According to P&G, Berkshire paid seven times 2014 adjusted EBITDA (USD 414 million) for Duracell.



Source: Company data (Duracell)

Analyst:
João Calado, CFA

With the contribution of:
Francisco Cavaco

Research:
research@big.pt

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Service and Retailing Business (31.4% of total revenue):

Service Business

The Service Business provide grocery and foodservice distribution, professional aviation training programs, fractional aircraft ownership programs and distribution of electronic components. Besides, this segment also includes franchising and servicing of fastfood restaurants, media business (newspaper, television and information distribution) and logistic businesses. This segment employs near 52,000 people.

McLane Company

Distribution service in 50 states / Retail locations nationwide 110,000 / Distribution facilities 80 / Employees 20,000

McLane Company is a wholesale distributor that services in all 50 states to customers that include convenience stores, discount retailers, wholesale clubs, drug stores, military bases, quick service restaurants and casual dining restaurants. The company operates over 80 distribution centers across the U.S. that distribute more than 50 thousand different consumer products. The company distributes to 3 large clients, namely: Walmart (20% of revenues in 2019), 7-Eleven (12% of revenues in 2019) and Yum! Brands (11% of revenue in 2019). Thus, in case one of these companies reduces its purchasing, it could have a material adverse impact on McLane’s revenues and earnings. The company follows a business model of high volume of sales, rapid inventory turnover and stringent expense controls. Its operations are dividend into three segments.

Grocery distribution: One of the leading companies in the distribution to convenience store industry, serving most of the national convenience store chains and major oil company retail outlets (service station). The company operates through 25 distribution facilities to service 50,250 retail locations.

Foodservice distribution: These business unit focus on serving the quick service and casual dining restaurant industry with high quality, timely-delivered products. The company operates through 46 distribution facilities to service 35,350 restaurants nationwide.

Beverage distribution: Through its subsidiary, Empire Distributors, the company is a leader in the distribution of spirits, wine, beer and nonalcoholic beverages. Through 14 distribution centers, the company services approximately 26,400 retail locations.



Grocery

Serving Drug Stores, Mass Market Retailers, C-Stores and more



Foodservice

Serving Chain Restaurants Coast-to-Coast



Alcoholic Beverage

Empire Wine & Spirits

Source: Company data (McLane Company)

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FlightSafety International

Learning centers in 11 countries / Professional instructors 1,800 / Hours of training per year > 1.4 million (750,000 in simulator) / Approved training for 135 aircraft models / Courses for pilots, technicians, flight attendants and dispatchers > 4,000

FlightSafety International is an industry leader in providing professional aviation training service and flight simulation products. The company provides high technology training to pilots, aircraft maintenance technicians, flight attendants and dispatchers who operate and support a wide variety of business, commercial and military aircraft. Additionally, the company designs and manufactures flight simulators, visual systems, displays and other advanced technology training devices, which are used to support its training programs and is offered for sale to airlines, government and military organizations.

Source: Company data (FSI)

NetJets

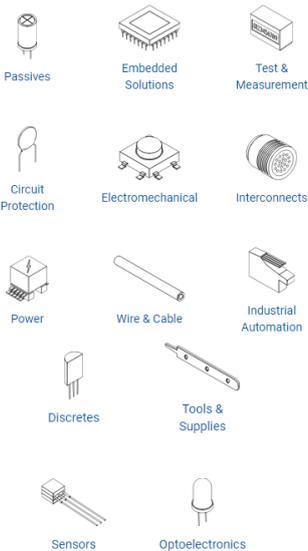
Aircrafts 750 / Aircraft types 8 / Exclusive pilots & Cabin Crew 600 / Passengers 79,715 (in 2017) / Nautical miles 127 million

NetJets is the world’s leader in providing ownership programs for general aviation aircrafts. NetJets aircraft ownership provides the immediacy and luxury of whole aircraft ownership, with none of the complexities and hidden overhead. Though NetJets, we can purchase a portion of a specific aircraft that corresponds to a specific number of hours we can fly in that aircraft. If the aircraft is not available when we need it, the company provides a similar model or upgrade us to the next cabin class with no additional costs. Through this model, we can own an aircraft without facing a large capital outlay for the entire depreciating asset, besides the company will deal with arranging the crew for a flight.



Source: Company data (NetJets)

Component Categories



TTI, Inc.

Employees 7,100 / Locations 133 / Distribution centers 13 / Square feet of warehouse 2,000,000

TTI is a distributor of passive (components incapable of controlling current by means of another electrical signal, such as transformers), interconnect, electromechanical, discrete (elementary electronic device constructed as a single unit that are used together with integrated circuits in almost every electronic product), and semiconductor components used by customers in the manufacturing and assembling of electronic products. The company services a variety of industries, including telecommunications, medical devices, computers and office equipment, military/aerospace, automotive and industrial electronics.

Source: Company data (TTI)

Analyst:
João Calado, CFA

With the contribution of:
Francisco Cavaco

Research:
research@big.pt

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Retailing Business

The Retailing Business includes automotive, home furnishings and several other operations the sell consumer products to consumers. This semgment employees 29,000 people.

Berkshire Hathaway Automotive

Dealerships 85 / Automotive franchises 100 / Vehicles 40,000 / New Vehicles 19,670 / Brands 27

Find a Dealer By Brand



The Berkshire Hathaway Automotive Group is one of the largest automotive retailers in the U.S., operating 106 new vehicle franchises through 85 dealerships located in metropolitan markets. The company sells new and used vehicles, does maintenance and repair services, extended services contracts and other products. In addition, the company arranges financing for its clients through thrid-party lenders. BHA maintains franchising agreeemtns with 27 vehicle manufacturers, but most of its revenues (90%) are obtained from Toyota/Lexus, General Motors, Ford/Lincoln, Nissan/Infiniti and Honda/Acura brands.

BHA also put forward, underwrites and administers various vehicle protection programs, life and accident and health insurance plans that are sold to its customers through its dealerships.

Home furnishing retailing

This segment (incorporated in the **Retailing Business**) is constituted by 4 companies, namely: Nebraska Furniture Mart (NFM), R.C. Willey Home Furnishings, Star Furniture Company and Jordan’s Furniture, Inc. These businesses offer a wide selection of furniture, bedding and accessories. Besides, NFM and R.C. Willey offer a full line of household appliances, electronics, computers and other furnishings, as well as customer financing to complement their retail operations.

Other Retailing

Borsheim Jewelry Company: Retailer of fine jewelry, watches, crystal, stemware, flatware, gifts and collectibles.

Helzberg’s Diamond Shop: Operates a chain of 222 retail jewelry stores in 36 states.

The Ben Bridge Corporation: Operates a chain of 90 retail jewelry stores located in major shopping centers.

The Pampered Chef: Premier seller of distinctive high quality kitchenware products.

Detlev Louis Motorrad: Company headquartered in Hamburg, Germany, is a leader retailer of motorcycle apparel and equipment in Europe. The company offers 32,000 different products from more than 600 manufacturers in 80 stores distributed.

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Investment Case

Year	Float (in millions USD)
1970	39
1980	237
1990	1,632
2000	27,871
2010	65,832
2018	122,732
2019	129,423

Source: Company data

Insurance Business provides large investable funds: The property/casualty insurance business has been the engine of growth since 1967. The beauty of a P/C business model is the following: the insurance company receives premiums upfront and pays claims later, but these payments can be stretch over many decades. Thus, this business of collect-now, pay-later provides the company large sums of funds that can be invested – the “float”. The company invests this float for its own benefit, and although the policies and claims the company pays are relatively volatile, the amount of the float tends to remain stable in relation to premium volume. As a result of the company’s excellent capital allocation, it has been able to generate large returns on the invested money and, consequently, a larger float.

Investments: As of yearend 2019, Berkshire’s stock investment was valued at USD 248,027 billion. These holdings represent an assembly of companies that Berkshire partly own and that, on a weighted basis, are earning more than 20% on the net tangible equity capital required to run their businesses. Besides, these companies earn large amounts of profit without needing to employ excessive levels of debt.

Company	Percentage of Company Owned	Cost (in millions)	Market (in millions)
American Express Company	18.7	1,287	18,874
Apple Inc.	5.7	35,287	73,667
Bank of America Corp.	10.7	12,560	33,380
The Bank of New York Mellon Corp.	9	3,696	4,101
Charter Communications, Inc.	2.6	944	2,632
The Coca-Cola Company	9.3	1,299	22,140
Delta Air Lines, Inc.	11	3,125	4,147
The Goldman Sachs Group, Inc.	3.5	890	2,859
JPMorgan Chase & Co.	1.9	6,556	8,372
Moody’s Corporation	13.1	248	5,857
Southwest Airline Co.	9	1,940	2,520
United Continental Holdings Inc.	8.7	1,195	1,933
U.S. Bancorp	9.7	5,709	8,864
Visa Inc.	0.6	349	1,924
Wells Fargo & Company	8.4	7,040	18,598
Others	-	28,215	38,159
Total Equity Investments		110,340	248,027

Holdings as of 31/12/2019 (More recent table in the Appendix)

Protection against inflation: In its capital-intensive businesses like the energy or railroad, the company has a certain pricing power through regulatory formulas and arrangements with clients. Thus, if we moved into an inflationary period, although it would not be perfect protection, those businesses generally could recover a significant portion of their costs, even in an inflationary environment and still provide a reasonable return.

Very diversified business: Berkshire through its subsidiaries and its indirect investments is exposed to “corporate America” – as Buffett said. This exposure to a vast number of businesses in all kind of industries, provides the company a very solid foundation that not only benefits from growing sectors but also provides a cushion for recessionary times, as some businesses will do better than others.

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Income Statement (USD mn)	2019	2018
Insurance premiums earned	61,078	57,418
Sales and service revenues	134,989	133,336
Interest, dividend and other invest. Income	9,240	7,678
Freight rail transportation revenues	23,357	23,703
Energy operating revenues	15,353	15,555
Other revenues	10,599	10,147
Total Revenues	254,616	247,837
Investment and derivative contract gains (losses)	72,607	-22,455
Costs: Insurance and Other	192,064	184,815
Costs: Railroad, Utilities and Energy	33,639	34,399
Total costs and expenses	225,703	219,214
Earnings before income taxes and equity method earnings (losses)	101,520	6,168
Equity method earnings (losses)	1,176	-2,617
Income tax expense (benefit)	20,904	-321
Net earnings	81,792	4,322
Earnings attributable to noncontrolling interests	375	301
Net earnings attributable to Berkshire Hathaway shareholders	81,417	4,021
Net earnings per average equivalent Class	49,828	2,446
Net earnings per average equivalent Class	33.2	1.6

Source: Company Data

Balance Sheet (USD mn)	2019	2018
Cash & Equivalents	64,175	30,361
Short-term investments in U.S. T-Bills	63,822	81,506
Investments in fixed maturity securities	18,685	19,898
Investments in equity securities	248,027	172,757
Receivables	53,362	51,510
Inventories	19,852	19,069
Property and equipment, net	159,276	152,408
Goodwill	81,882	81,025
Equipment held for lease	15,065	14,298
Equity method investments	17,505	17,325
Other Assets	76,078	67,637
Total Assets	817,729	707,794
Accounts payable, accruals and other liabilities	42,319	37,186
Notes payable and other borrowings	103,368	97,490
Other Liabilities: Insurance	164,088	157,144
Other	12,592	12,099
Income taxes, principally deferred	66,799	51,375
Total Liabilities	389,166	355,294
Total Equity	428,563	352,500
Equity + Liabilities	817,729	707,794

Source: Company Data

Free Cash Flow (USD mn)	2019	2018
Operational Cash Flow	38,687	37,400
Net Income	81,792	4,322
Depreciation & Amortization	10,064	9,779
Investment gains/losses	-71,123	22,155
Income taxes	15,181	-4,957
Others	2,773	6,101
Investment Cash Flow	-5,621	-32,849
Net Change in LT Investment	13,537	-14,962
CAPEX	-15,979	-14,537
Net Cash from Acquisitions & Divestitures	-1,683	-3,279
Other	-1,496	-71
Financial Cash Flow	730	-5,812
Debt change	6,077	-4,123
Share Buyback	-4,850	-1,346
Other Financing Activities	-497	-343
Effect of FX	25	-140
Change in free cash flow	33,821	-1,401

Source: Company Data

Analyst:
João Calado, CFA

With the contribution of:
Francisco Cavaco

Research:
research@big.pt

Income Statement

The business performance – in terms of revenues - during 2019 reflected a continued improvement in all operating segments (with exception of the Railroad business), resulting in an increase of 2.7%, from USD 248 billion to USD 255 billion. Note that BH's net income is highly volatile because the company must recognize unrealized gains and losses from its investments in equity securities. This has a substantial impact in the taxes the company must pay (even though no gains or losses were realized), given rise to significant portions of deferred tax assets and deferred tax liabilities.

	Revenues			Earnings before income taxes		
	2019	2018	2017	2019	2018	2017
Operating Businesses:						
Insurance:						
Underwriting:						
GEICO	\$ 35,572	\$ 33,363	\$ 29,441	\$ 1,506	\$ 2,449	\$ (310)
Berkshire Hathaway Primary Group	9,165	8,111	7,143	383	670	719
Berkshire Hathaway Reinsurance Group	16,341	15,944	24,013	(1,472)	(1,109)	(3,648)
Insurance underwriting	61,078	57,418	60,597	417	2,010	(3,239)
Investment income	6,615	5,518	4,865	6,600	5,503	4,855
Total insurance	67,693	62,936	65,462	7,017	7,513	1,616
BNSF	23,515	23,855	21,387	7,250	6,863	6,328
Berkshire Hathaway Energy	20,114	19,987	18,854	2,618	2,472	2,499
Manufacturing	62,730	61,883	57,645	9,522	9,366	8,324
McLane Company	50,458	49,987	49,775	288	246	299
Service and retailing	29,487	28,939	27,219	2,555	2,696	2,304
	<u>253,997</u>	<u>247,587</u>	<u>240,342</u>	<u>29,250</u>	<u>29,156</u>	<u>21,370</u>
Reconciliation to consolidated amount:						
Investment and derivative gains/losses	—	—	—	72,607	(22,455)	2,128
Interest expense, not allocated to segments	—	—	—	(416)	(458)	(486)
Equity method investments	—	—	—	1,176	(2,167)	3,014
Corporate, eliminations and other	619	250	(409)	79	(75)	(2,188)
	<u>\$ 254,616</u>	<u>\$ 247,837</u>	<u>\$ 239,933</u>	<u>\$ 102,696</u>	<u>\$ 4,001</u>	<u>\$ 23,838</u>

Source: Company Data

Balance Sheet

At the end of 2019, BH had a total liquidity of USD 64.18 billion, which given the level of long-term debt results in a net debt of USD 39.2 billion. However, this is considerably low given BH's capacity to generate large profits, the net Debt-to-Adjusted EBITDA ratio was 1.34 (not considering movements in the equity portfolio). Besides, BH could easily repay all its debt by selling its investment assets (either equity of fixed income securities), which are highly liquid and way larger than the total debt.

Cash Flows

In 2019 the cash flow from operating activities grew 3.4% to USD 38.7 billion. In terms of investing activities, the company used less cash as a result of a positive net change in LT investments, as the company purchase much fewer equity securities (USD 18.6 billion vs USD 43.3 billion in 2018) and less U.S. Treasuries (USD 136.1 billion vs USD 142 billion in 2018), combined with less cash used in acquisitions. Cash used in financing activities increased primarily due to higher debt issuance, that was partly offset by a larger share buyback.

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▲ 3Q 2020 Earnings

USD million	3Q2020	3Q2019
Investment income	196	556
Dividend income	1,024	1,226
Inv. income b/ income taxes	1,220	1,782
Income tax	204	298
Net investment income	1,015	1,484
Effective income tax rate	16.9%	16.6%

Source: Company Data

USD million	Sep. 2020	Sep. 2019
Cash and U.S. Treasury Bills	82,525	64,908
Equity securities	228,803	240,126
Fixed maturity securities	19,330	18,537
Other	2,440	2,481
Total	333,098	326,052

Source: Company Data

Insurance: Insurance underwriting produced after-tax losses of USD 213 million. The effects of the premium rate reductions from the GEICO Giveback program (a program whereby all voluntary auto and motorcycle insurance policies renewed and newly issued during the period between April 8, 2020 and October 7, 2020 receive a 15% premium rate reduction) contributed to a significant decline in underwriting earnings. And this impact is expected to persist during the final quarter of 2020 and the first quarter of 2021. In addition, the insurance and reinsurance business were negatively affected by estimated losses and costs associated with the COVID-19 pandemic, including estimated provisions for claims and uncollectible premiums and incremental operating costs.

Besides, the insurance investment income in 2020 was lower when compared with 2019 (USD 360 million, -64.7%), reflecting lower interest income primarily attributable to declines in interest rates on the company's substantial holdings of cash and U.S. Treasury Bills. Note that, the investment income is accounted as insurance operating results, but the gains and losses in the invested assets, whether realized or unrealized, are considered non-operating, based on Berkshire's strategy of acquiring securities and holding those for long periods.

USD million	3Q2020	3Q2019	9M2020	9M2019
GEICO	276	376	3,320	1,539
Berkshire Hathaway Primary Group	-126	153	-63	290
Berkshire Hathaway Reinsurance Group	-441	52	-2,033	-305
Pre-tax underwriting earnings	-291	581	1,224	1,524
Income taxes	-78	141	268	342
Net underwriting earnings	-213	44	956	1,182
Effective income tax rate	26.6%	24.1%	21.9%	23.0%

Source: Company data

Railroad (Burlington Northern Santa Fe): Railroad operating revenues reached USD 5 billion in the third quarter, representing a decrease of 14.1% YoY. This was reflected by lower volumes of 8.3%, as well as a 4% decrease in average revenue per car/unit, in part due to changes in the business mix and lower fuel surcharge revenue given the lower fuel prices.

Operating revenues from consumer products: USD 1.9 billion (-4.5% YoY), due to lower average revenue per car/unit. Volumes increased 0.5%, as a result of increased retail sales and inventory replenishments by retailers, along with increased e-commerce activity.

Operating revenues from industrial products: USD 1.2 billion (-25.1% YoY), due to lower volumes of 23% and lower average revenue per car/unit.

Operating revenues from agricultural products: USD 1.2 billion (+1.7% YoY), as volumes increased 3.9%, primarily for ethanol and sweeteners, which was in part affected by a lower soybeans' exports.

Analyst:
João Calado, CFA

With the contribution of:
Francisco Cavaco

Research:
research@big.pt

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Operating revenues from coal: USD 651 million (-34.6% YoY), due to lower average revenue per car/unit adding to lower volumes of 25.3%, as a result of lower electricity demand.

USD million	3Q2020	3Q2019	9M2020	9M2019
Railroad operating revenues	5001	5822	14698	17081
Railroad operating expenses	2987	3644	9125	11123
Compensation and benefits	1105	1318	3306	4011
Fuel	394	725	1335	2211
Purchased services	479	518	1429	1586
Depreciation and amortization	616	598	1836	1778
Equipment rents and materials	393	485	1219	1537
Railroad operating earnings	2014	2178	5573	5958
Other revenues (expenses)				
Other revenues	175	199	497	595
Other expenses	-155	-165	-436	-368
Interest expense	-257	-271	-779	-806
Pre-tax earnings	1777	1941	4855	5379
Income taxes	430	475	1187	1322
Net earnings	1347	1466	3668	4057
Effective income tax rate	24.2%	24.5%	24.5%	24.6%

Source: Company data

USD Million	3Q2020	3Q2019
PcifiCorp	286	278
MidAmerican Energy Company	337	279
NV Energy	249	206
Northern Powergrid	26	37
Natural gas pipelines	78	66
Other energy businesses	207	219
Real estate brokerage	177	82
Corporate interest and other	170	127
Total	1,530	1,294

Source: Company data

Utilities and Energy (Berkshire Hathaway Energy Company): The revenue generated by the energy operating segment increased 2.63% to USD 4.45 billion, while real estate activities increased 33% to USD 1.74 billion, due to higher earnings from mortgage services, as a result of higher refinance activity from the favorable interest rate environment, and higher brokerage services, as a result of an increase in closed units of 12.9%. The energy segment benefits from production tax credits from win-powered electricity generation.

USD Million	3Q2020	3Q2019	9M2020	9M2019
Energy operating revenue	4,451	4,337	11,504	11,729
Real estate operating revenue	1,742	1,307	3,828	3,419
Other income	33	76	60	214
Total Revenue	6,226	5,720	15,392	15,362
Energy cost of sales	1,169	1,230	3,095	3,471
Energy operating expense	1,952	1,783	5,301	5,115
Real estate operating expense	1,503	1,194	3,492	3,210
Interest expense	480	452	1,430	1,372
Total costs and expenses	5,104	4,659	13,318	13,168
Pre-tax earnings	1,122	1,061	2,074	2,194
Income tax expense (Benefit)	-412	-241	778	-451
Net earning after income taxes	1,534	1,302	2,852	2,645
Noncontrolling interests	139	122	263	255
Net earnings	1,395	1,178	2,589	2,390
Effective income tax rate	-36.7%	-22.7%	-37.5%	-20.6%

Source: Company data

Analyst:
João Calado, CFA

With the contribution of:
Francisco Cavaco

Research:
research@big.pt

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Manufacturing, Service and Retailing:

USD Million	3Q2020	3Q2019	9M2020	9M2019
Manufacturing				
Revenues	15,170	15,897	43,238	47,173
Earnings	2,255	2,484	5,765	7,205
Service and retailing				
Revenues	19,319	19,982	55,351	59,079
Earnings	875	689	1,950	2,225
Pre-tax earnings	3,130	3,173	7,715	9,430
Income taxes	784	718	1,882	2,288
Net Income	2,346	2,455	5,833	7,142
Effective tax rate	24.4%	22.1%	24.0%	23.7%

Manufacturing: The revenue from industrial products fell 20% in the third quarter to USD 6.2 billion, resulting in pre-tax earnings of USD 940 million (-35.6% YoY). The revenues from building products were USD 5.7 billion (+7.4% YoY), mainly as the result of increase of 24.6% in home sales through the company Clayton Homes. Finally, in the consumer products segment, the revenues increased 14.7% to USD 3.3 billion, driven by a significant increase in recreational vehicle unit sales.

USD Million	Revenues		Pre-tax earnings	
	3Q2020	3Q2019	3Q2020	3Q2019
Industrial products	6,173	7,716	940	1,458
Building products	5,672	5,281	825	696
Consumer products	3,325	2,900	490	330
Total	15,170	15,897	2,255	2,484

Services and Retailing: The service business group achieved revenues of USD 3.1 billion (-8.2% YoY), due to a decline in NetJets and FlightSafety sales, as a result of lower demand for aviation services. Regarding the retailing business increased 4.3% to USD 4.2 billion.

McLane Company, decreased by 4.5% to USD 12 billion in the third quarter of 2020, driven by a decrease 4.7% in the grocery business and 5.2% in the foodservice business, mainly due to the Covid-19 related restaurant closures. However, pre-tax earnings increased USD 46 million (92% YoY), which reflects an ongoing operating expense management effort and a slight increase in the overall gross margin.

USD Million	Revenues		Pre-tax earnings	
	3Q2020	3Q2019	3Q2020	3Q2019
Service	3,068	3,341	470	451
Retailing	4,211	4,037	309	188
McLane Company	12,040	12,604	96	50
Total revenue	19,319	19,982	875	689

Source: Company data

Analyst:
João Calado, CFA

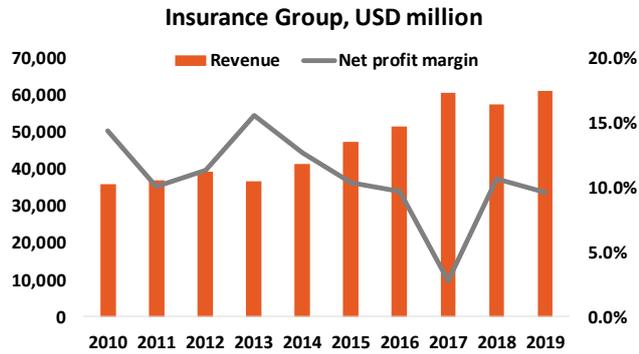
With the contribution of:
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Research:
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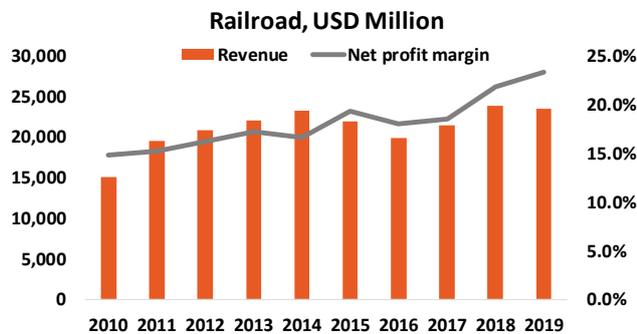
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▲ **Net Profit Margins by segment**

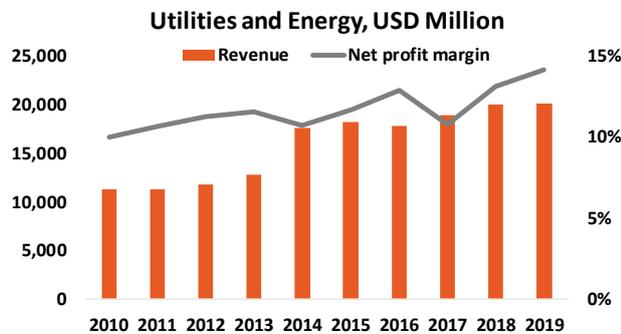
Insurance Group:



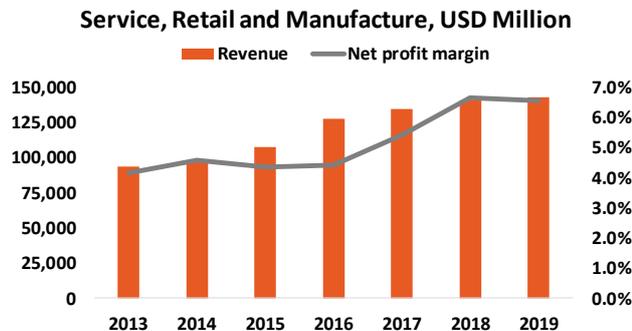
Railroad Business:



Utilities and Energy:



Service, Retailing and Manufacturing:



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Management**Warren Buffett (CEO and Chairman)****Charles Munger (Vice Chairman)**

Warren Buffett (CEO and Chairman): Warren Buffett, born on August 30, 1930, is the legendary investor known as the “Oracle of Omaha”. Buffett, son of a stockbroker has displayed a very acute ability for finance since a very early age. At eleven, Buffett purchased 3 shares of Cities Services Preferred at USD 38 per share to then sell them at USD 40 per share, which he later regretted when Cities Services stock reached USD 200. With this experience he learnt the first lesson of investing: **Patience is a virtue.**

Buffett started his education at the Wharton School at the University of Pennsylvania before moving back to the University of Nebraska, where he received an undergraduate degree in business administration. Buffett continued his studies at the Columbia Business School where he earned his master’s degree in economics, but more importantly he studied under economist Benjamin Graham, who wrote the book, *The Intelligent Investor*, which Buffett celebrates as “the greatest book on investing ever written.” Later, Buffett would come to work for Graham as an analyst at Graham-Newman Corp.

However, during this time Buffett and Graham approach to investment began to diverge. Buffett became interested in how a company worked - what made it superior to competitors. As he stated, “One question I always ask myself in appraising a business is how I would like, assuming I had ample capital and skilled personnel, to compete with it”. Graham was simply interested in numbers, while Buffett was more interested in a company’s management as a major factor when deciding to invest. Graham only cared about the balance sheet and income statement.

On May 1, 1956, Buffett rounded up seven limited partners and raised USD 105 thousand. Then by putting USD 100 thousand of his own money created the Buffett Associates, Ltd. Over the course of 5 years, his partnership achieved an impressive 251% profit, while the Dow was up only 74.3%. By 1962, the partnership had capital in excess of USD 7.2 million, and in that same year Buffett met **Charlie Munger**, initiating the beginning of a friendship and business collaboration that persists to this day. After 10 years of creating the partnership, its assets rose more than 1,156% compared to the Dow’s 122.9%. In May 1962, Buffett liquidated the partnership, informing his partners that he was “unable to find any bargain in the current market”. Buffett spent the whole year liquidating the portfolio, except for two companies: Berkshire and Diversified Retailing.

Berkshire Hathaway

After liquidating the partnership, and retaining Berkshire stocks, Buffett became the owner with a 29% stake in the BH. Buffett believed that terrible management had run the company nearly into bankruptcy, and he was certain it could be better managed. In 1970, Buffett named himself Chairman of the Board of BH and wrote the first letter to the shareholders. From 1965 to 1975, the company book value rose from USD 20 per share to around USD 95, and it was during this period that Buffett made his last purchases of BH stock, which brought his ownership to 43%.

Analyst:
João Calado, CFA

With the contribution of:
Francisco Cavaco

Research:
research@big.pt

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▲ Risks

Dependency on few key people: Major investment decisions and all major capital allocation decisions are made by Warren Buffett, in consultation with Charles Munger. If for some reason the services of one of these two gentlemen were to become unavailable, there could be a material adverse effect on the company's operations.

Succession: Warren Buffett and Charlie Munger are not only the public faces of Berkshire Hathaway, but the symbols and executors of the culture of the company as well as the principal 'brains' behind the stock investments of the company (even though the investment managers Todd Combs and Ted Weschler are increasingly gaining more responsibilities). Buffett is currently 90 years old and Munger is 96, and succession is increasingly an important factor for the company, as it is expected that Buffett and Munger will step down in some years, due to their advanced ages. However, Warren Buffett has assured the shareholders that the company is 100% prepared for their departure based on 5 factors:

- **Asset allocation:** Berkshire's assets are deployed in an extraordinary variety of wholly and partly owned businesses that on average earn an attractive return on the capital they use.
- **Economic advantage:** The fact that its controlled businesses are under a single entity provides economic advantages.
- **Stability:** The financial affairs of the company will always be managed in a manner to guarantee that the company can withstand external shocks of an extreme nature.
- **Talent and devotion:** The company possesses skilled and devoted top managers for whom running Berkshire is far more than simply having a high-paying and/or prestigious job.
- **Values:** Berkshire's directors are constantly focused on both the welfare of owners and the preservation of the company's culture that is rare among giant corporations.

Besides, Buffett assured that it will specifically direct its executors and trustees not to sell any Berkshire shares. The will instructs the executors to each year convert a portion of Buffett's A shares into B shares and then distribute those B shares to various foundations, which will then sell those shares and be required to deploy their grants promptly in their causes. Buffett estimates that it will take 12 to 15 years for the entirety of his shares to move into the market.

Necessity for qualified personnel: In order to manage and operate Berkshire's various businesses – and due to its decentralized business model – the company needs qualified and competent management to direct day to day business activities of its subsidiaries. Besides, those companies also need qualified and competent personnel to execute their business plans and serving their customers, suppliers, and other stakeholders. Thus, the incapacity to find and retain qualified and talent managers and personnel could impact its subsidiaries and, consequently, the company as a whole.

Analyst:
João Calado, CFA

With the contribution of:
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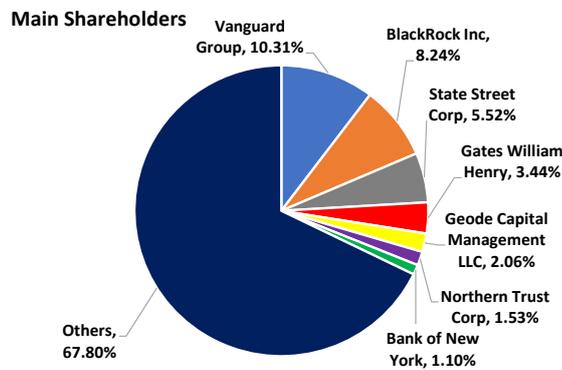
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Investments strongly concentrated in equity: The company concentrate most of its investments from its insurance subsidiaries in a relatively small number of equity securities and diversify its investments portfolios far less than is conventional in the insurance industry. Thus, a significant decline in the valuation of those assets could result in substantial decrease in the company’s consolidated shareholders’ equity and consolidated earnings. In addition, since a large portion of Berkshire’s equity positions are held by its insurance subsidiaries, a sharp devaluation of these investments will adversely impact the statutory surplus. The large statutory surplus is Berkshire’s competitive advantage in the insurance business, and a long-term material decline could affect the company claims-paying ability ratings and its ability to write new insurance business, which could reduce future underwriting profits.

Competition: Each of Berkshire’s operating businesses face intense competition within markets in which they operate. And while the company always focus in strengthening its competitive advantages, many factors can have long term implications, including technological changes.

Shareholders



Source: Company data

Graph



Source: BiGlobal Trade (partner Saxo Bank); BiG

Analyst:
João Calado, CFA

With the contribution of:
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▲ Upcoming events
Next Earnings Date: February 22, 2021

▲ Appendix
Equity Portfolio as of 3Q2020

Company	USD Million	Percentage of Portfolio
Total	228,891	100.0%
Apple Inc	109,359	47.78%
Bank of America Corp	24,333	10.63%
The Coca Cola Company	19,748	8.63%
American Express	15,199	6.64%
Kraft Heinz	9,753	4.26%
Moody's Corp	7,151	3.12%
U.S. Bancorp	4,731	2.07%
Charter Communications Inc	3,255	1.42%
Davita Healthcare Partners	3,092	1.35%
Wells Fargo	2,995	1.31%
Verisign Inc	2,625	1.15%
Bank of New York Mellon Corp	2,485	1.09%
General Motors	2,367	1.03%
Visa Inc	1,997	0.87%
Liberty Media Corp	1,922	0.84%
Abbvie	1,863	0.81%
Merck & Co. Inc	1,858	0.81%
Bristol-Myers Squibb Co	1,807	0.79%
Amazon Inc	1,679	0.73%
MasterCard Inc	1,544	0.67%
SnowFlake Inc	1,537	0.67%
Kroger	847	0.37%
Stoneco LTD	749	0.33%
Store Cap Corp	670	0.29%
RH	654	0.29%
Liberty Global Plc	529	0.23%
Synchron	527	0.23%
Axalta Coating	519	0.23%
Globe Life Inc	508	0.22%
Teva Pharmaceutical	386	0.17%
Barrick Gold Corp	337	0.15%
T-Mobile Inc	276	0.12%
M & T BK Corp	269	0.12%
Sirius XM	268	0.12%
Suncor Energy	235	0.10%
PNC Group	211	0.09%
BIOGEN Inc	182	0.08%
Pfizer Group	136	0.06%
JPMorgan Chase	93	0.04%
Johnson & Johnson	49	0.02%
Procter & Gamble	44	0.02%
Liberty Latin America	33	0.01%
Mondelez Inc	33	0.01%
Vanguard Index FDS	13	0.01%
SPDR S&P500 ETF	13	0.01%
United Parcel Service Inc	10	0.00%

Source: SEC (13 Form)

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research@big.pt

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- Clarification of the qualitative terms implied in the recommendations:
 - Buy, expected absolute return above 15%;
 - Accumulate, expected absolute return between +5% and +15%;
 - Keep/Neutral, expected absolute return between -5% and +5%;
 - Reduce, expected absolute return between -5% and -15%;
 - Sell, expected absolute return below -15%;The investment framework aforementioned is merely indicative and not globally strict.
- Unless otherwise specified, the price-targets of the investment recommendations issued by BiG's Research Team are valid for 12 months.
- The update of the investment recommendations models and respective price-targets will occur, usually, in a period of 6 to 12 months.
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