

Ticker:

MKL

Company Snapshot



EAGLE FUND

MARKEL CORP (New York: MKL, Currency: USD) 1155 / -2.61% / -31
Bloomberg Rating: IG1 Sector: Financials Industry: Insurance Sub-Industry: Property & Casualty Insurance FY End: December 2020 EPS Due: 7/28/2021

Description
Markel Corporation markets and underwrites specialty insurance products and programs to a variety of niche markets. The Company also underwrites a diverse property, casualty, marine, and aviation insurance and reinsurance business on a worldwide basis.

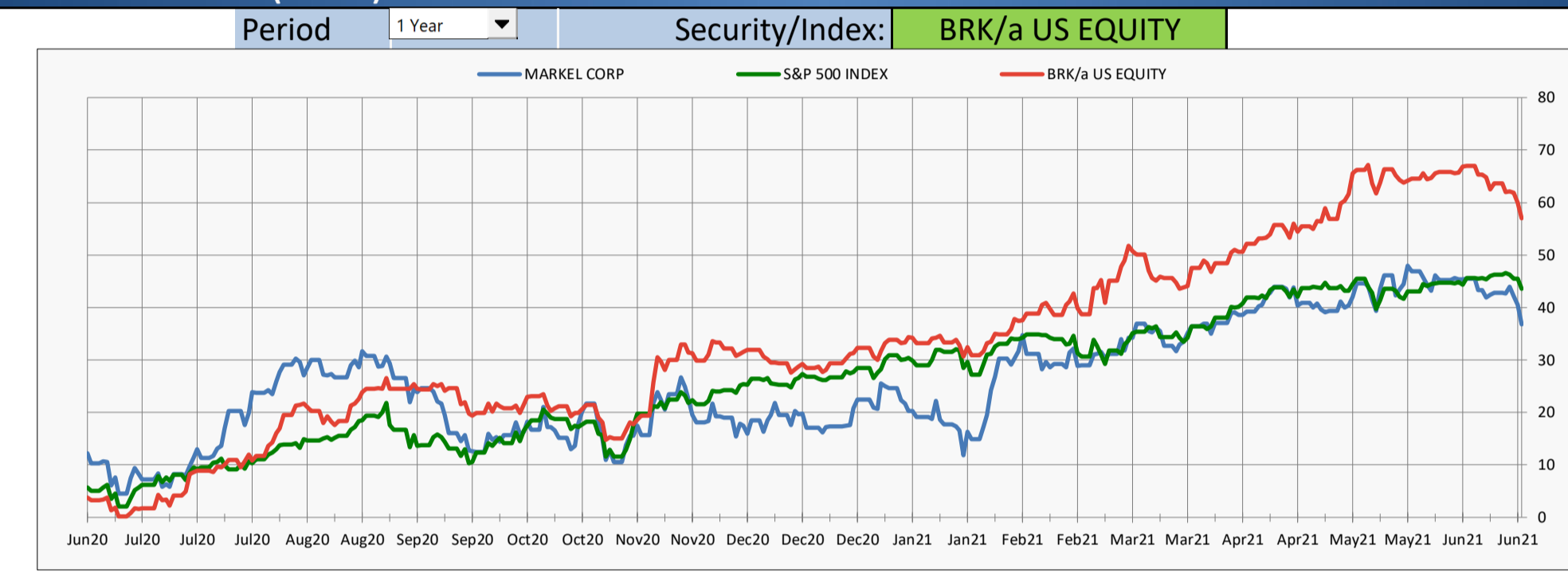
Table with Business Segments (FY: Dec-20) and Revenue: U.S Insurance (4,688.45), Investing (2,429.32), Other Operations (1,688.12), Reinsurance (929.35), Other Insurance (Discontinued Lines) (0.17)

Key Statistics: 52-Week Range (880.59 - 1268.96), Avg Daily Vol (49,715), Market Value (15,890.7), Current Enterprise Val (16,421.00), Shares Outstanding (13.76 M), Dividend Yield (-), Float % (97.6%), Institutional % (84.9%), Analyst Coverage (7 Analysts), Target Price (1,255.40), LT Growth Rate (460.0%), Consensus Rating (3.86), Return on Equity (24.6%)

Actual and Estimate Data: Revenue (12,299.59), % change y/y (18.3%), EBITDA (-), % Margin (-), EPS (45.203066), % change y/y (117.0%), EV/Sales (1.3x), EV/EBITDA (-), P/Sales (1.3x), P/Earnings (25.6x), P/Book (1.3x)

Relative Comps: Markel Corp (15.89 B, 18.4x), American Financial Group Inc (10.30 B, 16.1x), James River Group Holdings (1.31 B, 16.7x), Allstate Corp/The (37.13 B, 9.6x), CNA Financial Corp (12.11 B, 10.7x), American International Group (40.20 B, 10.1x), Selective Insurance Group Inc (4.47 B, 14.8x), Mercury General Corp (3.23 B, 14.0x), ProAssurance Corp (1.25 B, 76.5x), Employers Holdings Inc (1.17 B, 19.9x), United Fire Group Inc (0.68 B, 46.9x), White Mountains Insurance (3.46 B, 61.9x), RLI Corp (4.59 B, 33.7x), Arch Capital Group Ltd (14.98 B, 11.0x), Argo Group International (1.81 B, 15.2x)

Table with Measure: Sales/Revenue/Turnover and Price and Volume (1 Year) showing quarterly and yearly data from 2019 to 2022.



Prices/Volume: YTD Change (11.78%), 6 Month Change (19.61%), 3 Month Change (4.0%), 1 Year Change (-1.3%), Daily Volume (106,742), Average Volume 30 Day (58,952), Average Volume 3 Month (49,715), Average Volume 6 Month (55,317), Dividend Yld (0.0%), 52 Week Beta (1.17)

Table with Measure: Diluted EPS Bef XO Items and Performance metrics from 2019 to 2022.

Performance table with columns for years 2012-2020 and 5 Yr Avg, including metrics like Price Change, S&P 500 INDEX, Div Yield, Financials (Sales, EBITDA, EBIT, Net Income, EPS, Dividends, Shares, Book Value, Cash & Near Cash, Total Assets, Working Cap, LT Debt, Cash Flow, Capital Expenditures, Free Cash Flow), Ratios (Gross Margin, EBITDA Margin, EBIT Margin, Profit Margin, Return on Assets, Return on Com Eqty, Asset Turnover, Assets/Equity, Net Inc per 1000 Employees, Days Sales Out, Acc Pay Turn Days, Current Ratio, Quick Ratio, Total Debts/Capital, Total Debt/Equity).

Growth Rate (CAGR) Summary table with 1Yr, 3Yr, 5Yr, 10Yr columns for Sales, EBIT, EBITDA, Net Income, EPS, Dividends, BVPS, Free Cash Flow.

Valuation Summary table with columns for Latest FY, est FQ, 5 Year Periodicity (High, Low, Avg) for metrics like P/E (LTM), P/E (NTM), PEG (NTM), P/Bk, P/CF, P/Sales, EV/EBITDA, EV/Sales, Div Yield.

Recommendation

We view Markel (MKL) as an attractive investment within the Specialty Insurance Industry based upon its discounted relative valuation and the opportunity to improve its profitability going forward.

Fundamental Trends / Catalysts

Due to the extreme year-to-year volatility of the insurance industry, Markel manages its business over 5 years cycles. Markel's earnings per share in 2020 got crushed (-30% YOY) as the company was forced to payout huge claims on event cancellation and business interruption insurance due to the Covid pandemic.

Balance Sheet / Cash Flow

Markel has a pristine balance sheet, sporting a net cash position. Markel holds financial strength ratings of A (strong) from S&P, A (excellent) from AM Best, and A2 (Good) from Moody's.

Valuation

Markel trades at 1.3x book value, which represents a 35% discount to its peers in the Specialty Insurance Industry (1.9x book value). Over the past 30 years, Markel stock has traded at an average of 1.75x book and within a range of 1.1x to 2.6x.