

THE TRAVELERS CO

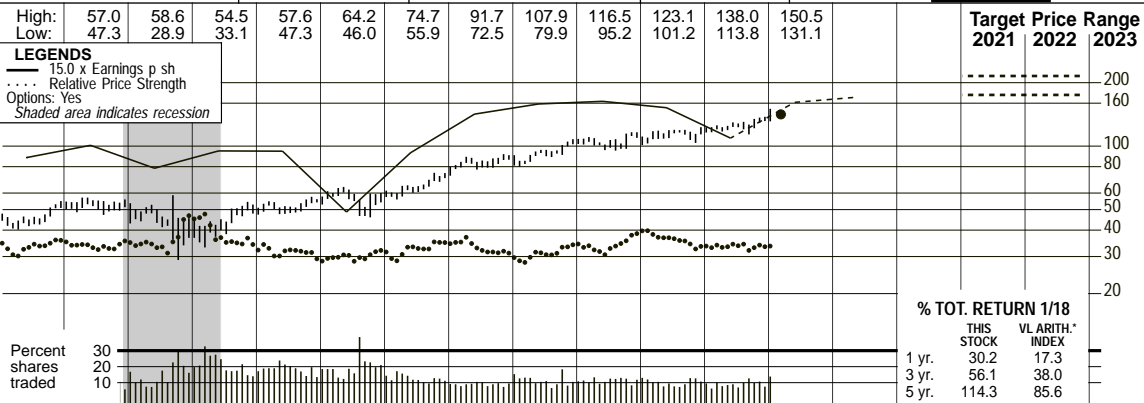
NYSE-TRV RECENT PRICE **141.54** P/E RATIO **13.9** (Trailing: 19.5, Median: 9.0) RELATIVE P/E RATIO **0.73** DIV'D YLD **2.0%** VALUE LINE

TIMELINESS 4 Lowered 11/3/17
SAFETY 1 Raised 9/16/11
TECHNICAL 3 Raised 3/9/18
 BETA .85 (1.00 = Market)

2021-23 PROJECTIONS
 Price Gain Ann'l Total
 High **215** (+50%) **12%**
 Low **175** (+25%) **7%**

Insider Decisions
 A M J J A S O N D
 to Buy 0 0 0 0 0 0 0 0
 Options 6 2 3 5 5 0 3 2
 to Sell 4 3 3 3 7 0 0 0

Institutional Decisions
 2Q2017 3Q2017 4Q2017
 to Buy 391 367 381
 to Sell 479 500 421
 Hld's(000) 237943 237973 218639



	2002	2003	2004	2005F	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC	21-23
P/C Prem Earned per sh	32.58	30.72	28.40	29.34	30.61	34.20	36.88	41.16	49.31	56.24	59.24	64.04	73.60	80.68	87.75	94.63	99.15	104.05	P/C Prem Earned per sh	112.75
Investment Inc per sh	5.15	4.89	3.97	4.56	5.19	5.99	4.77	5.34	7.04	7.33	7.66	7.68	8.65	8.04	8.23	8.83	9.40	10.25	Investment Inc per sh	12.00
Underwriting Inc per sh	d2.80	d.86	d2.75	d.82	3.01	3.68	3.06	4.19	3.06	d3.59	1.10	6.54	7.44	8.43	4.98	1.99	4.45	6.25	Underwriting Inc per sh	7.90
Earnings per sh	1.24	2.55	1.93	2.90	5.88	6.72	5.24	6.32	6.31	3.25	6.21	9.46	10.56	10.87	10.13	7.27	10.75	11.40	Earnings per sh	13.00
Div'ds Decl'd per sh	1.15	1.16	.95	.91	1.01	1.13	1.19	1.26	1.44	1.64	1.79	1.96	2.15	2.38	2.68	2.83	2.88	2.92	Div'ds Decl'd per sh	3.20
Book Value per sh	25.05	26.84	31.35	31.94	36.87	42.22	43.12	52.54	58.39	62.31	67.32	70.14	77.08	79.75	83.05	87.44	93.75	98.90	Book Value per sh	121.80
Common Shs Outst'g	226.80	229.11	670.30	693.40	678.30	627.80	585.10	520.30	434.60	392.80	377.40	353.50	322.20	295.90	279.60	271.40	272.00	273.00	Common Shs Outst'g	275.00
Price to Book Value	153%	131%	122%	127%	125%	124%	105%	84%	89%	91%	95%	119%	120%	132%	137%	143%	<i>Bold figures are Value Line estimates</i>		Price to Book Value	160%
Avg Ann'l P/E Ratio	31.0	13.8	19.9	14.0	7.8	7.8	8.7	7.0	8.2	17.4	10.3	8.8	8.8	9.7	11.2	17.2			Avg Ann'l P/E Ratio	15.0
Relative P/E Ratio	1.69	.79	1.05	.75	4.2	4.1	5.2	4.7	5.2	1.09	.66	4.9	4.6	4.9	.59	.84			Relative P/E Ratio	.85
Avg Ann'l Div'd Yield	3.0%	3.3%	2.5%	2.2%	2.2%	2.2%	2.6%	2.8%	2.8%	2.9%	2.8%	2.3%	2.3%	2.3%	2.4%	2.3%			Avg Ann'l Div'd Yield	1.6%

CAPITAL STRUCTURE as of 12/31/17
 Total Debt \$6,571 mill. Due in 5 Yrs \$2,563 mill. (22% of Cap'l)
 Leases, Uncapitalized \$147 mill.
 Pension Assets 12/16-\$3,387 mill.
 Oblig. \$3,367 mill.

Pfd Stock None

Common Stock 271,400,000 shs.

MARKET CAP: \$38.4 billion (Large Cap)

FINANCIAL POSITION (SMILL)

	2015	2016	12/31/17
Fixed Maturities	60658	60515	62694
Stocks	705	732	453
Premiums Due	6437	6722	7144
Other	32384	32276	33192
Total Assets	100184	100245	103483
Unearned Prem's	11971	12329	12915
Reserves	48295	47949	49650
Other	16320	16746	17187
Total Liabilities	76586	77024	79752

Travelers reported healthy results for the fourth quarter of last year. Operating share net, excludes capital gains and losses, dialed in at \$2.28, which was sharply north of our \$2.01 expectation. Notably, the figure was markedly below the previous quarter's tally of \$3.20 a share, which was a very strong period and thus made for a difficult comparison. The combined ratio came in at 95.5%, which was a significant increase from the December period of 2016. However, the underlying ratio (excludes catastrophes and other events that are considered out of the ordinary) was relatively stable at 92.4%. Specifically, catastrophes added 7.5% to the combined ratio in the December, 2017 period, compared to only 2.2% in the like period of 2016.

We look for a pronounced uptick in earnings this year, with not-too-shabby results likely for 2019. We believe that net premiums earned will advance at a decent rate as the insurance behemoth garners additional business, and probably achieves rate hikes on its policy renewals. This is because last year's severe hurricane season will likely give in-

urers such as Travelers the upper hand, as claims payouts provide leverage. Also, net investment income ought to trend higher as bond reinvestment rates improve thanks to interest-rate tightening measures by the Federal Reserve. Travelers has also benefited from its equity exposure over the past several months, though a pullback in recent times has tempered some of those gains.

The industry behemoth has a leg up on many of its competitors. Its sheer size gives it the wherewithal to withstand difficult times better than most. A high-quality insurance book should also provide for underwriting income long term, barring an overage of aggregate industry losses.

These shares have fallen out of favor by our Ranking System. However, they still offer appeal as a 3- to 5-year holding. Capital gains potential is decent relative to the Value Line median, particularly on a risk-adjusted basis. What's more, a yield of 2.0% adds to the allure and provides a level of support during prolonged market downturns.

Alan G. House
March 9, 2018

Cal-endar	NET PREMIUMS EARNED (\$ mill.) ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2015	5888	5931	6032	6023	23874
2016	5981	6067	6209	6277	24534
2017	6183	6351	6523	6626	25683
2018	6650	6700	6775	6850	26975
2019	6900	7075	7150	7275	28400

Cal-endar	EARNINGS PER SHARE ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2015	2.52	2.52	2.93	2.90	10.87
2016	2.33	2.20	2.40	3.20	10.13
2017	2.16	1.92	.91	2.28	7.27
2018	2.50	2.80	2.60	2.85	10.75
2019	2.75	2.90	2.70	3.05	11.40

Cal-endar	QUARTERLY DIVIDENDS PAID ^C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2014	.50	.55	.55	.55	2.15
2015	.55	.61	.61	.61	2.38
2016	.67	.67	.67	.67	2.68
2017	.67	.72	.72	.72	2.83
2018					

(A) P/C only. (B) Dil. egs. Excl. cap gains and losses after '02. Excl. nonrec. (charges)/gains in '02, '18c; '06, 3c; '07, 14c; '08, (42c); '09, 1c; '10, 31c; '11, 11c; '12, 9c; '13, 28c; '14, 14c; '15, 3c; '16, 15c. Excl. losses from disc. ops.: '02, 12c; '03, 7c; '04, 62c. Excl. extra. losses: '02, 3c; '03, 9c. Next egs. rpt. late April. (C) Div'ds. paid in late March, June, Sept., Dec. Excl. spec. div'ds of 21¢/sh. paid 3/04 and 4/04. ■ Div'd reinv. plan avail. (D) Intang. '16: \$3,848 mill., \$13.22/sh. (E) In mill. (F) St. Paul only until '04.

© 2018 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

Company's Financial Strength	A++
Stock's Price Stability	100
Price Growth Persistence	85
Earnings Predictability	55

To subscribe call 1-800-VALUeline