



2003	2004	2005	2006F	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	© VALUE LINE PUB. LLC 22-24	22-24
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	102.73	109.15	113.20	P/C Prem Earned per sh	124.55
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	9.39	10.15	11.30	Investment Inc per sh	13.00
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	.92	3.80	4.55	Underwriting Inc per sh	4.35
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	8.94	11.05	11.80	Earnings per sh ^B	14.65
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	3.03	3.08	3.10	Div'ds Decl'd per sh ^C	3.30
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	86.92	94.70	102.85	Book Value per sh ^D	128.30
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	263.39	264.00	265.00	Common Shs Outst'g ^E	265.00
131%	122%	127%	125%	124%	105%	84%	89%	91%	95%	119%	120%	132%	137%	143%	151%	109.15	113.20	Price to Book Value	160%
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	14.7	10.15	11.30	Avg Ann'l P/E Ratio	15.0
.79	1.05	.75	.42	.41	.52	.47	.52	1.09	.66	.49	.46	.49	.59	.87	.79	3.80	4.55	Relative P/E Ratio	.85
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%	2.9%	2.3%	2.9%	Avg Ann'l Div'd Yield	1.5%

CAPITAL STRUCTURE as of 12/31/18
Total Debt \$6,564 mill. Due in 5 Yrs \$2,560 mill. (22% of Cap'l)
Leases, Uncapitalized \$130 mill.
Pension Assets 12/17-\$3,957 mill. Oblig. \$3679 mill.
Pfd Stock None
Common Stock 263,391,034 shs. as of 2/8/19
MARKET CAP: \$35.1 billion (Large Cap)

2003	2004	2005	2006F	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	© VALUE LINE PUB. LLC 22-24	22-24
21418	21432	22090	22357	22637	23713	23874	24534	25683	27059	28820	30000	P/C Premiums Earned ^A	33000						
57.9%	61.1%	73.7%	65.6%	58.8%	58.5%	57.5%	61.4%	67.2%	70.0%	68.0%	68.0%	Loss to Prem Earned	70.0%						
31.9%	32.7%	32.7%	32.5%	31.0%	31.4%	32.1%	32.9%	30.7%	29.1%	28.5%	28.0%	Expense to Prem Writ	26.5%						
10.2%	6.2%	-6.4%	1.9%	10.2%	10.1%	10.4%	5.7%	2.1%	.9%	3.5%	4.0%	Underwriting Margin	3.5%						
23.0%	24.1%	--	21.7%	25.7%	27.3%	27.6%	25.7%	24.1%	20.0%	20.0%	20.0%	Income Tax Rate	18.0%						
3616.4	3066.0	1379.2	2439.0	3549.5	3644.6	3429.7	2972.0	2039.7	2590.0	2915	3125	Net Profit (\$mill)	3880						
4.0%	4.6%	4.2%	4.1%	3.9%	4.0%	3.6%	3.5%	3.5%	3.4%	3.7%	4.0%	Inv Inc/Total Inv	5.0%						
109650	105181	104602	104938	103812	103078	100184	100245	103483	104233	105750	107000	Total Assets (\$mill)	110000						
27415	25445	24477	25405	24796	24836	23598	23221	23731	22894	25000	27250	Shr. Equity (\$mill)	34000						
13.2%	12.0%	5.6%	9.6%	14.3%	14.7%	14.5%	12.8%	8.6%	11.3%	11.5%	11.5%	Return on Shr. Equity	11.5%						
10.7%	9.4%	2.9%	6.9%	11.4%	11.7%	11.4%	9.5%	5.3%	6.8%	8.5%	8.5%	Retained to Com Eq	9.0%						
19%	22%	48%	28%	21%	20%	22%	25%	38%	34%	28%	28%	All Div'ds to Net Prof	23%						

BUSINESS: The Travelers Companies, Inc. (formerly St. Paul Travelers) is a leading provider of commercial property/casualty insurance and asset management services. Following the April 1, 2004 acquisition of Travelers, the company is now a leading underwriter of homeowners insurance and automobile insurance through independent agents. Has approximately 30,800 employees.

Officers and directors own approximately .8% of common stock outstanding; The Vanguard Group, 8.0%; BlackRock, 7.8%; State Street Corporation, 7.1% (4/18 Proxy). Chief Executive Officer: Alan D. Schnitzer. Chairman: John H. Dasburg. Incorporated: Minnesota. Address: 485 Lexington Ave, New York, NY 10017. Telephone: 917-778-6000. Internet: www.travelers.com.

Travelers came up short of our bottom-line expectation for the December quarter, though we feel this requires a bit more color. Looking at it with more granularity, the company earned \$2.13 a share on an operating basis (excludes capital gains and losses from investments), which pales in comparison to our estimate of \$3.34 and the previous-year tally of \$2.28. We attribute the bulk of the earnings miss to an above-average level of catastrophes during the period (most notably, Hurricane Michael and the California wildfires). Catastrophe losses registered \$610 million during the December period, which represented a more than 22% advance over the previous year's tally. Consequently, the combined ratio ratcheted up to 97.5% (from 95.5% in the December, 2017 period). Despite the decline, the underwriting margin remained in positive territory. That said, other fundamentals were strong during the quarter, namely net premiums earned and net investment income.

We look for a solid profit advance this year, while our newly introduced 2020 estimate calls for earnings per share of \$11.80. Despite its somewhat subpar showing during the December quarter, we remain quite positive regarding Travelers' near-term outlook. In fact, the elevated level of catastrophes during the fourth period could actually lend a helping hand to pricing over the next couple of years. Catastrophes can be a bit of a double-edged sword for insurers. On one hand, such occurrences cut into profits as claims roll in. However, they generally give insurers the upper hand during policy renewal season, particularly in segments and geographic regions directly affected by the event. What's more, net investment income should receive a shot in the arm from increasingly higher bond reinvestment rates.

From our perspective, the insurance giant's immense size and strong finances give it a leg up on the competition over the 3- to 5-year pull. Our projections are based on a decent economic backdrop over that time frame.

These shares offer solid risk-adjusted total return potential over the pull to 2022-2024.

Alan G. House *March 8, 2019*

(A) P/C only. (B) Dil. eqs. Excl. cap gains and losses after '02. Excl. nonrec. (charges)/gains in '06, '3c; '07, '14c; '08, (42c); '09, '1c; '10, '31c; '11, '11c; '12, '9c; '13, '28c; '14, '14c; '15, '3c; '16, '15c; '17, '6c. Excl. losses from disc. ops.: '03, '7c; '04, '62c. Excl. extra. losses: '03, '9c. Next eqs. rpt. late April. (C) Div'ds. paid in late March, June, Sept., Dec. Excl. spec. div'ds of 21c/sh. paid 3/04 and 4/04. (D) Div'd reinv. plan avail. (E) Intang. '17: \$4,293 mill., \$15.41/sh. (F) Int. mill. (G) St. Paul only until '04.	Company's Financial Strength	A++
	Stock's Price Stability	100
	Price Growth Persistence	75
	Earnings Predictability	55