

THE TRAVELERS CO NYSE-TRV

RECENT PRICE **135.03**

P/E RATIO **14.0** (Trailing: 16.1 Median: 10.0)

RELATIVE P/E RATIO **0.79**

DIV'D YLD **2.4%**

VALUE LINE

TIMELINESS 3 Lowered 11/1/19
SAFETY 1 Raised 9/16/11
TECHNICAL 3 Lowered 12/6/19
BETA .85 (1.00 = Market)

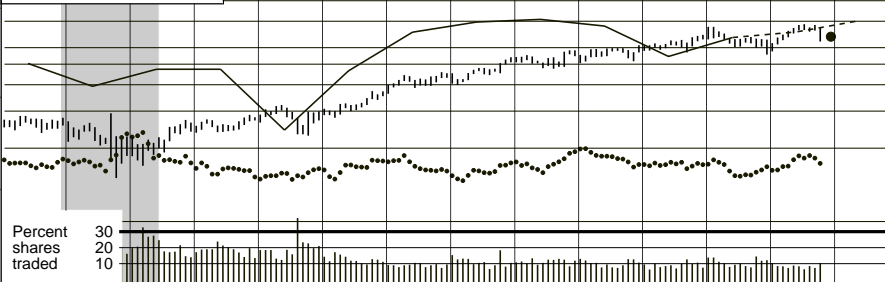
High: 58.6 54.5 57.6 64.2 74.7 91.7 107.9 116.5 123.1 138.0 150.5 155.1
 Low: 28.9 33.1 47.3 46.0 55.9 72.5 79.9 95.2 101.2 113.8 111.1 115.1

LEGENDS
 — 15.0 x Earnings p sh
 ... Relative Price Strength
 Options: Yes
 Shaded area indicates recession

18-Month Target Price Range
 Low-High Midpoint (% to Mid)
 \$128-\$190 \$159 (20%)

2022-24 PROJECTIONS
 Price Gain Ann'l Total
 High 240 (+80%) 17%
 Low 200 (+50%) 12%

Institutional Decisions
 4Q2018 1Q2019 2Q2019
 to Buy 429 455 464
 to Sell 527 513 490
 Hld's(000) 211133 211169 213693



% TOT. RETURN 10/19
 THIS STOCK VL ARITH. INDEX
 1 yr. 7.2 4.9
 3 yr. 29.7 30.2
 5 yr. 45.7 36.8

2003	2004	2005	2006F	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	© VALUE LINE PUB. LLC 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	102.61	108.65	113.20	P/C Prem Earned per sh ^A
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	9.38	10.15	11.30	Investment Inc per sh
d.86	d.275	d.82	3.01	3.68	3.06	4.19	3.06	d.359	1.10	6.54	7.44	8.43	4.98	1.99	.93	3.80	4.55	Underwriting Inc per sh
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	9.50	10.75	Earnings per sh ^B
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	3.23	3.28	Div'ds Decl'd per sh ^C
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	86.82	96.15	104.80	Book Value per sh ^D
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	263.70	260.00	260.00	Common Shs Outst'g ^E
131%	122%	127%	125%	124%	105%	84%	89%	91%	95%	119%	120%	132%	137%	143%	151%			Price to Book Value
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			Avg Ann'l P/E Ratio
.79	1.05	.75	.42	.41	.52	.47	.52	1.09	.66	.49	.46	.49	.59	.87	.79			Relative P/E Ratio
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%	2.3%			Avg Ann'l Div'd Yield

CAPITAL STRUCTURE as of 9/30/19
 Total Debt \$6,558 mill. Due in 5 Yrs \$2,555 mill.
 (20% of Cap'l)
 Leases, Uncapitalized \$127 mill.
 Pension Assets 12/18-\$3,444 mill.
 Oblig. \$3771 mill.
 Pfd Stock None

Common Stock 258,112,771 shs.
 as of 10/18/19
 MARKET CAP: \$34.9 billion (Large Cap)

FINANCIAL POSITION	2017	2018	9/30/19
Fixed Maturities	62694	63464	68011
Stocks	453	368	412
Premiums Due	7144	7506	8122
Other	33192	32895	33696
Total Assets	103483	104233	110241
Unearned Prem's	12915	13555	14912
Reserves	49650	50668	51612
Other	17187	17116	18110
Total Liabilities	79752	81339	84634

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '16-'18 to '22-'24
change (per sh)			
Premium Inc	11.0%	9.5%	4.5%
Invest Income	5.0%	3.0%	6.5%
Earnings	4.0%	7.0%	9.0%
Dividends	10.0%	9.5%	2.5%
Book Value	7.5%	5.0%	7.0%

Cal- endar	NET PREMIUMS EARNED (\$ mill.) ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2016	5981	6067	6209	6277	24534
2017	6183	6351	6523	6626	25683
2018	6537	6695	6882	6945	27059
2019	6855	6988	7179	7228	28250
2020	7350	7475	7550	7625	30000

Cal-endar	EARNINGS PER SHARE ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2016	2.33	2.20	2.40	3.20	10.13
2017	2.16	1.92	.91	2.28	7.27
2018	2.46	1.81	2.54	2.13	8.94
2019	2.83	2.02	1.43	3.22	9.50
2020	2.40	2.60	2.70	3.05	10.75

Cal-endar	QUARTERLY DIVIDENDS PAID C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2015	.55	.61	.61	.61	2.38
2016	.67	.67	.67	.67	2.68
2017	.67	.72	.72	.72	2.83
2018	.72	.77	.77	.77	3.03
2019	.77	.82	.82		

Travelers reported somewhat unexciting results during the September quarter. Specifically, earnings from operations, which excludes capital gains and losses from the investment portfolio, clocked in at \$1.43 a share, which marked a significant decrease from the year-earlier tally and our \$2.45 expectation. The main reason for the relative underperformance was the combined ratio, which clocked in at 101.5%. Not only was this a five percentage point deterioration from the previous-year tally, it also means that the insurer operated at an underwriting loss for the period. However, dissecting things a bit further, the primary reason for the increase in the combined ratio was a challenging tort environment. (A tort is a wrongful act or infringement of a right, other than a contract, which leads to civil liability.) We view this as a "nonrecurring event" though it is included as part of Travelers' operations. The underlying combined ratio, which excludes events deemed to be outside of the normal course of business, was 94.1%, which was only a 1.1% increase over the previous year's tally. **We believe the fourth quarter and**

Officers and directors own approximately .7% of common stock outstanding; The Vanguard Group, 8.5%; BlackRock, 8.0%; State Street Corporation, 6.7% (4/19 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.

2020 will be solid. Though there are signs that the broader P/C insurance market may be in for a slowdown following several years of solid results, we believe Travelers will register a bottom-line advance, at least over the next year. A string of interest-rate cuts by the Federal Reserve will eventually result in reduced bond reinvestment rates. However, strong cash flow should enable Travelers to post advances in net investment income over the next couple of years.

The company's size, healthy balance sheet, and strong management give it a leg up on the competition, from our perspective. A healthy economy underpins our long-term projections.

Though only neutrally ranked for Timeliness, these shares have room to run over the 3 to 5 years ahead. An above-average dividend helps to sweeten the pot. Conservative accounts should note that these shares carry our Highest Safety score. Investors seeking an insurance holding to round out their otherwise diversified portfolio would do well to consider this Dow component.

Alan G. House

December 6, 2019

(A) P/C only. (B) Dil. egs. Excl. cap gains and losses after '02. Excl. nonrec. (charges)/gains in '06, '36; '07, '14; '08, (42¢); '09, '1; '10, '31¢; '11, '11¢; '12, '9¢; '13, '28¢; '14, '14¢; '15, '3¢; '16, '15¢; '17, '6¢. Excl. losses from disc. ops.: '03, '7¢; '04, '62¢. Excl. extra. losses: '03, '9¢. Next egs. rpt. late Jan. (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. '18: \$4,290 mill., \$16.25/sh. (E) In mill. (F) St. Paul only until '04.

Company's Financial Strength	A++
Stock's Price Stability	100
Price Growth Persistence	80
Earnings Predictability	65

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