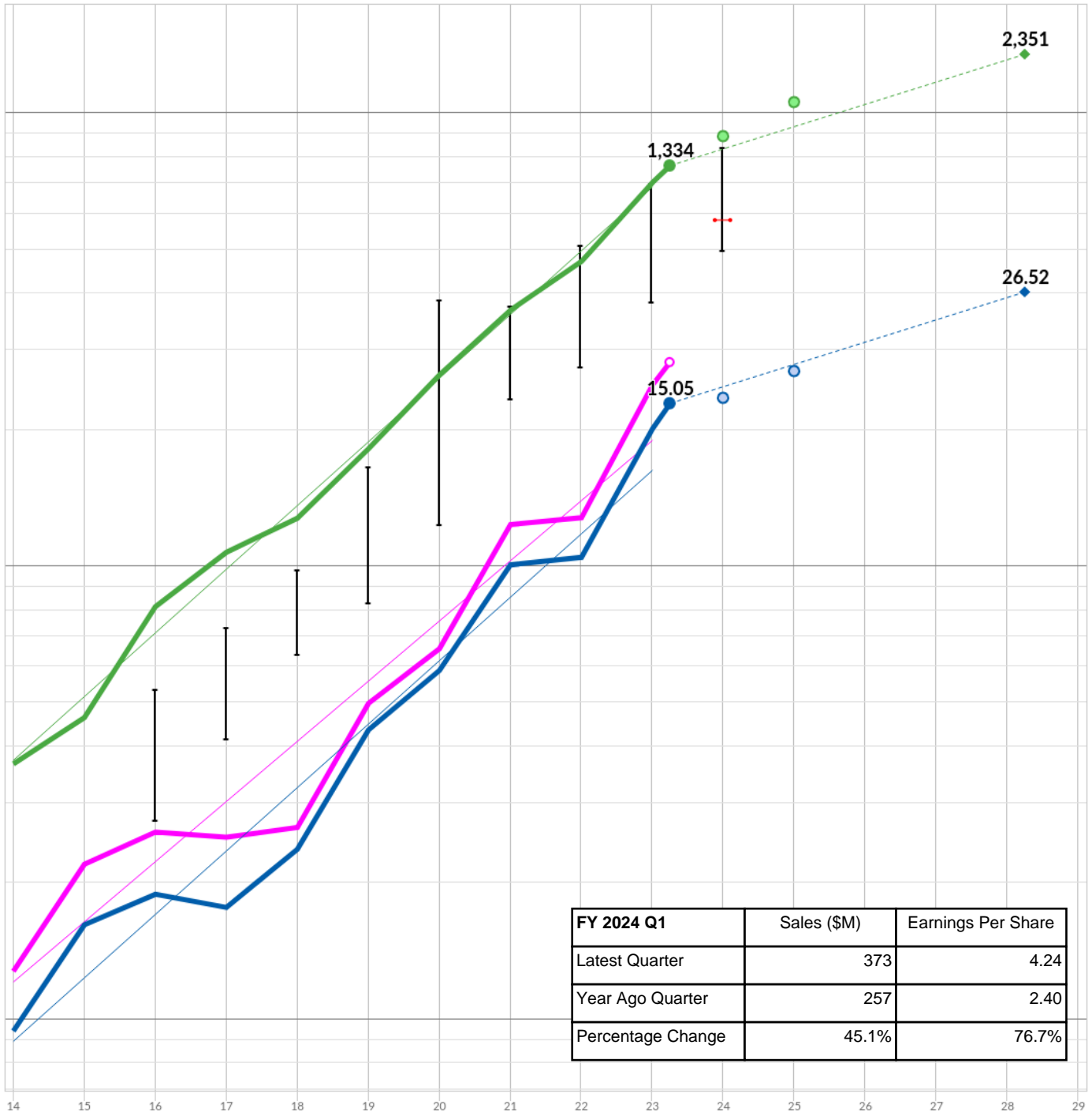


# Stock Selection Guide

Company	Kinsale Cap Gr		Date	07/05/24	
Prepared by	DETLOFF		Data taken from	BI Stock Data	
Where traded	NYS	Industry	Insurance - Property & Casualty		
Capitalization ---	Outstanding Amounts	Reference			
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	23.3	2.6	71.9		
Debt (\$M)	183.9	% to Tot Cap	13.6	% Pot Dil	1.0

Symbol: **KNSL**

## 1 VISUAL ANALYSIS of Sales, Earnings, and Price



- |                                   |       |                                                |       |
|-----------------------------------|-------|------------------------------------------------|-------|
| (1) Historical Sales Growth       | 38.2% | (3) Historical Earnings Per Share Growth       | 38.1% |
| (2) Estimated Future Sales Growth | 12.0% | (4) Estimated Future Earnings Per Share Growth | 12.0% |

## 2 EVALUATING Management

Kinsale Cap Gr

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Last 5 Year Avg.
% Pre-tax Profit on Sales	30.6%	41.6%	27.9%	20.6%	18.2%	24.1%	21.8%	29.5%	23.9%	31.4%	26.1%
% Earned on Equity			12.4%	10.5%	12.9%	16.3%	16.5%	22.9%	25.7%	33.2%	22.9%
% Debt To Capital	22.9%	20.7%	0.0%	0.0%	0.0%	4.0%	6.9%	5.8%	20.8%	14.5%	10.4%

## 3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

**CURRENT PRICE** 382.07 (07/05/24)

**52-WEEK HIGH** 548.47

**52-WEEK LOW** 325.01

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2019	108.3	54.4	2.86	37.9	19.0	0.32	11.2	0.6
2020	252.7	80.9	3.87	65.3	20.9	0.36	9.3	0.4
2021	245.2	153.1	6.62	37.0	23.1	0.44	6.6	0.3
2022	335.0	180.1	6.88	48.7	26.2	0.52	7.6	0.3
2023	457.7	250.9	13.22	34.6	19.0	0.56	4.2	0.2
<b>AVERAGE</b>		<b>143.9</b>		<b>36.5</b>	<b>20.5</b>		<b>7.8</b>	
CURRENT/TTM			15.05	36.4	21.6	0.60	4.0	
<b>AVERAGE PRICE EARNINGS RATIO: 28.5</b>					<b>CURRENT PRICE EARNINGS RATIO: 25.4</b>			

## 4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

### A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 25.0 X Estimate High Earnings/Share 26.52 = Forecasted High Price \$ 663.1

### B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 20.0 X Estimate Low Earnings/Share 15.05 = Forecasted Low Price \$ 301.0

(b) Avg. Low Price of Last 5 Years 143.9

(c) Recent Market Low Price 180.1

(d) Price Dividend Will Support  $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.60}{0.59\%} = 102.0$

Selected Forecasted Low Price \$ 301.0

### C ZONING using 25%-50%-25%

Forecasted High Price 663.1 Minus Forecasted Low Price 301.0 = 362.1 Range. 25% of Range 90.5

Buy Zone 301.0 to 391.5

Hold Zone 391.5 to 572.6

Sell Zone 572.6 to 663.1

Present Market Price of 382.07 is in the **BUY** Zone

### D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Current Price}}{\text{Current Price} - \text{Low Price}} = \frac{663.1 - 382.07}{382.07 - 301.0} = \frac{281.03}{81.07} = 3.5$  To 1

### E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price}}{\text{Current Price}} = \frac{663.1}{382.07} = 1.7355$  X 100 = 173.55 - 100 = 73.5 % Appreciation

## 5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

**A**  $\frac{\text{Indicated Annual Dividend}}{\text{Current Price}} = \frac{0.60}{382.07} = 0.0016 = 0.2\%$  Current Yield

### B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{7.8\%}{25.00} = 0.3\%$

### AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{7.8\%}{22.50} = 0.3\%$

### C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 11.7 %  
Average Yield 0.3 %  
Annualized Rate of Return 12.0 %


### COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 9.3 %  
Average Yield 0.3 %  
Annualized Rate of Return 9.7 %

**Notes: KNSL 7/6/24**

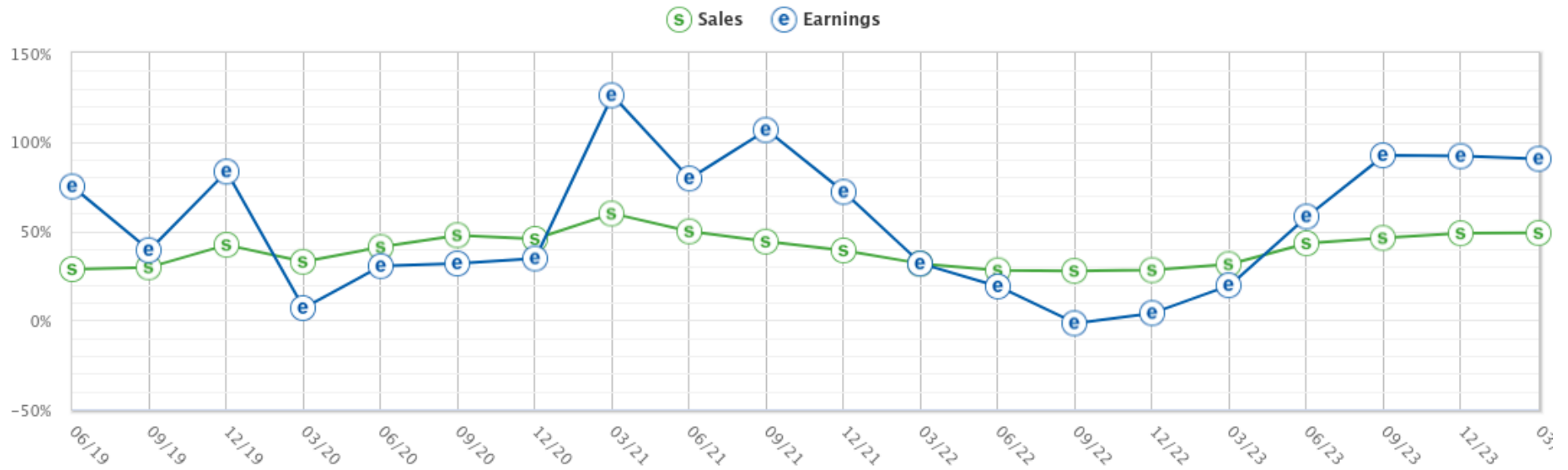
Date	Subject	Description	Type
05/19/24	Kinsale Capital-Initial Review DG	<p>-See Note Below from 90 days ago and also First Cut from 12/23.</p> <ul style="list-style-type: none"> <li>- Initial Public Offering (IPO) = 2016</li> <li>- Covers Property and Casualty Insurance</li> <li>- "Commercial Casualty Insurance" covers Liability Insurance due to accidents or injuries that occur on their property or as a result of their operations plus theft, fire, vandalism, and equipment breakdowns. May include General Liability, Workers Comp, Cyber liability, and other Employer Liability Insurance.</li> <li>- Company discloses it reports "Non-GAAP" financial data for some financial reports</li> <li>- Company uses "Disciplined underwriting focused on small-account E&amp;S (Excess &amp; Surplus) market, i.e. often small companies unable to secure traditional Insurance products.</li> <li>- Major Competitors include Lloyd's of London, Berkshire Hathaway, AIG comprising &gt;25% of E&amp;S market. KNSL has 1.1% of 2022 E&amp;S market share by direct premiums written.</li> <li>- Company states "Kinsale is poised to benefit from the growing and progressively dislocated E&amp;S Market" which can be interpreted to be a high-risk marketplace in post pandemic era. This includes multiple major hurricanes/tropical storms in Florida, Texas, and South Eastern States in recent years with many commercial insurers leaving those markets.</li> <li>- My SSG shows "BUY" but.....</li> </ul>	Community
02/07/24	Analysis for Buy recommendation	<p>Historical Sales Growth - 37.8%. My projection - conservative 23%, sentiment 21%</p> <p>Historical EPS Growth - 33.8%. My projection - conservative 15.5%, sentiment 18%</p> <p>5 year debt to capital has been a strong 7.5%, though in 2022 it was at its highest since 2014 at 20.8% in 2022. The reason for the increase is that Kinsale entered a note purchase agreement with Prudential Insurance for \$125 million</p> <p>It has shown a steady increase in sales over the last 10 years and is judged to be one of the strongest companies in it's industry. The figures below show that further investigation is warranted.</p> <p>Simply Wall Street 7 weeks ago said that Kinsale's eight analysts have forecasted revenues of \$1.55b in 2024, a 40% increase.</p> <p>Value Line on 12/1/23 forecasts a 23% annual increase in income for the next several years. They go on to say in their 12/1 analysis that premiums earned increased more than 34% during the September quarter and investment income is up.</p> <p>Simply Wall Street says that with Kinsale's forecasted growth of 31% is in line with it's 5 year growth rate and exceeds the industry average of 6%</p> <p>Value Line, in their 12/1/23 narrative states that "These shares are best suited to investors with an intermediate to longer term time frame." This recommendation is in line with the investing philosophy of Better Investing.</p>	Community

**Study Audit: KNSL 7/6/24**

<b>Review Advised</b>	<b>Category</b>	<b>Explanation</b>
	SSG Results	If purchased at the current price, this stock is not likely to double your money over the next five years. Total Return (High P/E): 12.0% Total Return Guideline: 14.9%

**Quarterly Growth Trend Data**

Graph: Trailing 4 Quarters, Last 5 Years of Data



Quarterly Data									Last 12 Months Data								
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit		Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change			\$	\$ Mil		%Sales	\$ Mil	%Rate	EPS	Pre-Tax Profit
03/24	4.24	76.7	115.9	31.1	69.4	372.8	45.1	14.6	15.05	431.5	32.3	1,334.1	80.5	18.7	90.5	91.7	48.9
12/23	4.43	52.8	130.0	37.0	54.5	351.2	44.5	20.5	13.21	384.0	31.5	1,218.2	75.3	19.6	92.0	96.4	48.7
09/23	3.26	128.0	95.5	30.4	138.1	314.4	44.9	20.3	11.68	338.1	30.5	1,110.0	65.9	19.5	92.4	97.2	46.1
06/23	3.12	166.7	90.1	30.5	177.8	295.8	65.3	19.2	9.85	282.8	27.9	1,012.6	53.3	18.9	58.1	59.7	43.1
03/23	2.40	73.9	68.4	26.6	75.9	256.9	42.5	18.4	7.90	225.1	25.1	895.8	40.9	18.2	19.5	19.6	31.4
12/22	2.90	38.8	84.2	34.6	40.1	243.0	32.3	20.1	6.88	195.6	23.9	819.2	35.5	18.1	3.9	3.6	28.0
09/22	1.43	-10.1	40.1	18.5	-12.2	217.0	31.6	17.8	6.07	171.5	22.6	759.8	30.9	18.0	-1.8	0.0	27.6

**Quarterly Growth Trend Data**

Graph: Trailing 4 Quarters, Last 5 Years of Data

Quarterly Data										Last 12 Months Data								
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit			Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change			\$	\$ Mil	%Sales		\$ Mil	%Rate	EPS	Pre-Tax Profit	Sales
06/22	1.17	-24.5	32.4	18.1	-25.6	179.0	17.0	16.5	6.23	177.1	25.0	707.8	32.8	18.5	18.9	24.7	28.0	
03/22	1.38	-0.7	38.9	21.6	-1.4	180.3	30.4	18.2	6.61	188.2	27.6	681.8	35.7	19.0	31.7	39.6	31.7	
12/21	2.09	26.7	60.1	32.7	40.3	183.6	31.8	19.6	6.62	188.8	29.5	639.8	36.0	19.1	71.9	88.0	39.1	
09/21	1.59	144.6	45.7	27.7	183.4	164.9	34.6	19.8	6.18	171.5	28.8	595.5	29.0	16.9	106.7	116.8	44.1	
06/21	1.55	16.5	43.6	28.5	19.7	153.0	30.0	18.3	5.24	142.0	25.7	553.1	19.7	13.9	79.5	81.6	49.8	
03/21	1.39	531.8	39.4	28.5	684.1	138.3	72.1	18.7	5.02	134.8	26.0	517.8	18.2	13.5	126.1	131.3	59.8	
12/20	1.65	108.9	42.8	30.7	99.0	139.3	50.1	10.8	3.85	100.4	21.8	459.9	8.6	8.6	34.6	32.0	45.6	
09/20	0.65	12.1	16.1	13.2	6.1	122.5	56.4	7.6	2.99	79.1	19.1	413.4	8.0	10.1	31.7	32.7	47.6	
06/20	1.33	111.1	36.4	31.0	120.4	117.7	62.2	17.0	2.92	78.2	21.2	369.2	9.3	11.9	30.4	33.6	41.0	
03/20	0.22	-74.4	5.0	6.3	-77.9	80.3	11.3	-1.1	2.22	58.3	18.0	324.0	6.9	11.8	6.7	7.0	32.7	
12/19	0.79	295.0	21.5	23.2	321.3	92.8	63.1	17.1	2.86	76.1	24.1	315.9	12.6	16.6	83.3	87.9	42.2	
09/19	0.58	5.5	15.2	19.4	7.8	78.3	30.2	14.6	2.27	59.6	21.3	280.0	9.3	15.5	39.3	28.0	29.7	
06/19	0.63	34.0	16.5	22.8	32.7	72.6	32.1	16.7	2.24	58.5	22.4	261.8	9.2	15.7	75.0	55.0	28.6	
03/19	0.86	152.9	22.8	31.6	158.7	72.2	44.0	17.9	2.08	54.5	22.3	244.2	8.8	16.2	71.9	43.1	25.7	
12/18	0.20	-25.9	5.1	9.0	-54.5	56.9	12.1	12.9	1.56	40.5	18.2	222.1	6.5	16.1	34.5	5.1	18.9	
09/18	0.55	175.0	14.1	23.4	168.2	60.1	25.7	15.3	1.63	46.6	21.6	216.0	11.5	24.7	34.7	23.9	22.4	
06/18	0.47	17.5	12.5	22.7	-2.3	54.9	20.7	18.9	1.28	37.8	18.5	203.7	9.8	25.9	-8.2	-15.0	24.6	
03/18	0.34	17.2	8.8	17.6	-5.1	50.1	17.4	17.3	1.21	38.1	19.6	194.2	11.2	29.5	-5.8	-7.0	28.1	
12/17	0.27	-15.6	11.2	22.1	9.0	50.7	25.7	47.2	1.16	38.5	20.6	186.8	12.8	33.3	-6.8	-2.6	31.9	
09/17	0.20	-48.1	5.3	11.0	-56.5	47.8	37.2	20.1	1.21	37.6	21.3	176.4	11.2	29.8	5.7	4.1	40.4	
06/17	0.40	38.4	12.8	28.0	37.8	45.5	35.1	33.4	1.40	44.4	27.2	163.4	14.8	33.3	33.7	34.8	47.7	
03/17	0.29	15.5	9.3	21.8	17.7	42.7	30.5	32.4	1.28	40.9	27.0	151.6	13.7	33.5	20.1	21.4	58.7	
12/16	0.32	45.5	10.3	25.5	49.7	40.4	65.5	33.3	1.25	39.5	27.9	141.6	13.4	33.8	17.2	17.8	75.7	
09/16	0.39	36.0	12.1	34.7	35.1	34.9	75.8	34.0	1.15	36.1	28.7	125.6	12.2	33.7				
06/16	0.29	-8.3	9.3	27.5	-7.3	33.7	81.1	34.5	1.04	33.0	29.8	110.6	11.1	33.6				
03/16	0.25	2.9	7.9	24.1	1.9	32.7	83.9	33.4	1.07	33.7	35.3	95.5	11.3	33.5				
12/15	0.22		6.9	28.2		24.4		33.1										
09/15	0.28		9.0	45.1		19.8		33.6										
06/15	0.32		10.0	53.7		18.6		33.8										
03/15	0.24		7.7	43.5		17.8		33.9										