

MARKEL GROUP

NEWS RELEASE

Markel Group reports 2024 second quarter and six-months results

7/31/2024

RICHMOND, Va., July 31, 2024 /PRNewswire/ -- Markel Group Inc. (NYSE: MKL) today reported its financial results for the second quarter of 2024. The Company also announced today it filed its Form 10-Q for the quarter ended June 30, 2024 with the Securities and Exchange Commission. Markel Group aspires to build one of the world's great companies and deploys three financial engines in pursuit of this goal: Insurance, Investments and Markel Ventures.

"Our Insurance engine continued to make steady progress in the second quarter," said Tom Gayner, Chief Executive Officer. "Insurance results included notably strong performance in our international operations, and it is encouraging to see that the corrective actions we've taken since the end of last year, particularly within our professional and general liability insurance product lines, are beginning to bear fruit. Markel Ventures continues to impress, turning in strong growth in operating income despite softening market conditions, and our net investment income continues to grow. In late June, we welcomed Valor Environmental to our Markel Ventures family of companies, bringing the Ventures engine to twenty businesses that contribute to the financial and cultural strength of Markel Group. As we look to the future, we continue to see opportunities to help our shareholders, customers and associates win."

The following table presents summary financial data, by engine, for the quarters and six months ended June 30, 2024 and 2023.

(dollars in thousands, except per share amounts)	Quarter Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Operating revenues:				
Insurance	\$ 2,148,268	\$ 2,108,881	\$ 4,333,986	\$ 4,118,813
Investments ⁽¹⁾	99,794	647,076	1,240,125	1,175,853
Markel Ventures	1,453,781	1,386,579	2,594,387	2,491,259
Total operating revenues	\$ 3,701,843	\$ 4,142,536	\$ 8,168,498	\$ 7,785,925

Operating income:				
Insurance ⁽²⁾	\$ 176,925	\$ 197,361	\$ 312,750	\$ 374,701
Investments ⁽¹⁾	99,794	647,076	1,240,125	1,175,853
Markel Ventures	177,498	170,050	281,413	262,228
Consolidated segment operating income ⁽³⁾	454,217	1,014,487	1,834,288	1,812,782
Amortization of acquired intangible assets	(44,237)	(44,423)	(88,522)	(88,822)
Total operating income	\$ 409,980	\$ 970,064	\$ 1,745,766	\$ 1,723,960
Comprehensive income to shareholders	\$ 244,356	\$ 564,549	\$ 1,152,741	\$ 1,210,914
Diluted net income per common share	\$ 18.62	\$ 50.09	\$ 94.24	\$ 87.34
Net investment income ⁽¹⁾	\$ 223,061	\$ 169,693	\$ 441,330	\$ 329,028
Combined ratio	93.5 %	92.8 %	94.4 %	93.4 %

(1) Net investment income, which is included in the results of our Investments engine, reflects the recurring interest and dividend earnings on our investment portfolio.

(2) See "Supplemental Financial Information" for the components of our Insurance engine operating income.

(3) See "Non-GAAP Financial Measures" for additional information on this non-GAAP measure.

Highlights of results from the quarter and six months:

- All three engines contributed to a 5% increase in operating revenues in the first half of 2024 compared to the first half of 2023. The decrease in operating revenues and operating income in the second quarter of 2024 compared to the same period of 2023 was driven primarily by changes in mark-to-market movements within our Investments engine.
- In the second quarter of 2024, our Investments engine was negatively impacted by unfavorable market value movements within our equity portfolio. Despite unfavorable movements in the second quarter, we benefited from overall favorable market value movements within our equity portfolio in the first half of 2024. Generally accepted accounting principles (GAAP) require that we include unrealized gains and losses on equity securities in net income. This may lead to short-term volatility in revenues and operating income that temporarily obscures our underlying operating performance.
- Net investment income within our Investments engine increased 31% and 34% for the quarter and six months ended June 30, 2024, respectively, reflecting higher interest rates and increased investment holdings in 2024 compared to 2023.
- Our Markel Ventures engine grew operating revenues and income for both the quarter and six months ended June 30, 2024 driven by strong growth and performance across many of our products businesses.
- Revenue growth in our Insurance engine for the quarter and six months ended June 30, 2024 was primarily attributable to higher earned premiums, particularly within our international business, driven by new business growth and more favorable rates on select lines of business.
- The higher combined ratio for the quarter and six months ended June 30, 2024 was primarily attributable to

higher attritional loss ratios on our U.S. professional liability and general liability product lines, including significant losses on the our recently discontinued intellectual property collateral protection insurance product, partially offset by the impact of more favorable development on prior years loss reserves in 2024 compared to 2023. For the quarter and six months ended June 30, 2024, the consolidated combined ratio included \$56.4 million (2.7 points) and \$96.8 million (2.3 points), respectively, of losses on our intellectual property collateral protection insurance product line.

We believe our financial performance is most meaningfully measured over longer periods of time, which tends to mitigate the effects of short-term volatility and also aligns with the long-term perspective we apply to operating our businesses and making investment decisions. The following table presents a long-term view of our performance.

(dollars in thousands)	Six Months Ended June 30,	Years Ended December 31,			
	2024	2023	2022	2021	2020
Operating income (loss):					
Insurance ⁽¹⁾	\$ 312,750	\$ 348,145	\$ 928,709	\$ 718,800	\$ 136,985
Investments ⁽²⁾	1,240,125	2,241,419	(1,167,548)	2,353,124	989,564
Markel Ventures	281,413	519,878	404,281	330,120	306,650
Consolidated segment operating income ⁽³⁾	1,834,288	3,109,442	165,442	3,402,044	1,433,199
Amortization and impairment	(88,522)	(180,614)	(258,778)	(160,539)	(159,315)
Total operating income (loss)	\$ 1,745,766	\$ 2,928,828	\$ (93,336)	\$ 3,241,505	\$ 1,273,884
Net investment gains (losses) ⁽²⁾	\$ 772,264	\$ 1,524,054	\$ (1,595,733)	\$ 1,978,534	\$ 617,979
Compound annual growth rate in closing stock price per share from December 31, 2019 to June 30, 2024	7 %				

- (1)
- (2) See "Supplemental Financial Information" for the components of our Insurance engine operating income. Investments engine operating income includes net investment gains (losses), which are primarily comprised of unrealized gains and losses on equity securities.
- (3) See "Non-GAAP Financial Measures" for additional information on this non-GAAP measure.

* * * * *

A copy of our Form 10-Q is available on our website at mklgroup.com or on the SEC website at www.sec.gov. Readers are urged to review the Form 10-Q for a more complete discussion of our financial performance. Our quarterly conference call, which will involve discussion of our financial results and business developments and may include forward-looking information, will be held Thursday, August 1, 2024, beginning at 9:30 a.m. (Eastern Time). Investors, analysts and the general public may listen to the call via live webcast at ir.mklgroup.com. The call may be accessed telephonically by dialing (888) 660-9916 in the U.S., or (646) 960-0452 internationally, and providing Conference ID: 4614568. A replay of the call will be available on our website approximately one hour after the conclusion of the call. Any person needing additional information can contact Markel Group's Investor Relations

Supplemental Financial Information

The following table presents the components of our Insurance engine operating income.

(dollars in thousands)	Quarter Ended June 30,		Six Months Ended June 30,		Years Ended December 31,			
	2024	2023	2024	2023	2023	2022	2021	2020
Insurance operating income (loss):								
Insurance segment	\$ 133,179	\$ 134,651	\$ 240,489	\$ 231,155	\$ 162,176	\$ 549,871	\$ 696,413	\$ 169,001
Reinsurance segment	1,321	15,184	13,331	39,418	(19,265)	83,859	(55,129)	(75,470)
Other insurance operations	42,425	47,526	58,930	104,128	205,234	294,979	77,516	43,454
Insurance	\$ 176,925	\$ 197,361	\$ 312,750	\$ 374,701	\$ 348,145	\$ 928,709	\$ 718,800	\$ 136,985

Non-GAAP Financial Measures

Consolidated segment operating income is a non-GAAP financial measure as it represents the total of the segment operating income from each of our operating segments and excludes items included in operating income.

Consolidated segment operating income excludes amortization of acquired intangible assets and goodwill impairments arising from purchase accounting as they do not represent costs of operating the underlying businesses. The following table reconciles operating income to consolidated segment operating income.

(dollars in thousands)	Quarter Ended June 30,		Six Months Ended June 30,		Years Ended December 31,			
	2024	2023	2024	2023	2023	2022	2021	2020
Operating income (loss)	\$ 409,980	\$ 970,064	\$ 1,745,766	\$ 1,723,960	\$ 2,928,828	\$ (93,336)	\$ 3,241,505	\$ 1,273,884
Amortization of acquired intangible assets	44,237	44,423	88,522	88,822	180,614	178,778	160,539	159,315
Impairment of goodwill	—	—	—	—	—	80,000	—	—
Consolidated segment operating income	\$ 454,217	\$ 1,014,487	\$ 1,834,288	\$ 1,812,782	\$ 3,109,442	\$ 165,442	\$ 3,402,044	\$ 1,433,199

About Markel Group

Markel Group Inc. is a diverse family of companies that includes everything from insurance to bakery equipment, building supplies, houseplants, and more. The leadership teams of these businesses operate with a high degree of independence, while at the same time living the values that we call the Markel Style. Our specialty insurance business sits at the core of our company. Through decades of sound underwriting, the insurance team has provided the capital base from which we built a system of businesses and investments that collectively increase Markel Group's durability and adaptability. It's a system that provides diverse income streams, access to a wide

range of investment opportunities, and the ability to efficiently move capital to the best ideas across the company. Most importantly though, this system enables each of our businesses to advance our shared goal of helping our customers, associates, and shareholders win over the long term. Visit mklgroup.com to learn more.

Cautionary Statement

Certain of the statements in this release may be considered forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, as amended. Statements that are not historical facts, including statements about our beliefs, plans or expectations, are forward-looking statements. These statements are based on our current plans, estimates and expectations. There are risks and uncertainties that could cause actual results to differ materially from those expressed in or suggested by such statements. Factors that may cause actual results to differ are often presented with the forward-looking statements themselves. Additional factors that could cause actual results to differ from those predicted are set forth in our Annual Report on Form 10-K for the year ended December 31, 2023, including under "Business Overview," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Safe Harbor and Cautionary Statement," and "Quantitative and Qualitative Disclosures About Market Risk," and in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, including under "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Safe Harbor and Cautionary Statement," and "Quantitative and Qualitative Disclosures About Market Risk". We assume no obligation to update this release (including any forward-looking statements) as a result of new information, developments, or otherwise. This release speaks only as of the date issued.

View original content to download multimedia: <https://www.prnewswire.com/news-releases/markel-group-reports-2024-second-quarter-and-six-months-results-302211588.html>

SOURCE Markel Group