

# MARKEL GROUP

NEWS RELEASE

## Markel reports 2023 first quarter results

4/26/2023

RICHMOND, Va., April 26, 2023 /PRNewswire/ -- Markel Corporation (NYSE:MKL) today reported its financial results for the first quarter of 2023. The Company also announced today it filed its Form 10-Q for the quarter ended March 31, 2023 with the Securities and Exchange Commission.

"The first quarter of 2023 saw all three engines – insurance, investments and Markel Ventures – meaningfully contribute to our strong operating results," said Thomas S. Gayner, Chief Executive Officer. "Markel Ventures achieved impressive organic revenue and profitability growth. In insurance, we continue to grow while maintaining our decades long approach to disciplined underwriting. Our investment income continues to benefit from higher interest rates, and we experienced favorable returns in our equity portfolio. As always, we encourage investors to focus on our operating performance over the long term, where our three-engine system continues to demonstrate strength, durability and profitable growth," Gayner continued. "I give my thanks to all the associates of Markel for their constant pursuit of excellence, and serving customers as we continue our daily pursuit to build one of the world's great companies."

The following tables present summary financial data for the quarters ended March 31, 2023 and 2022. Generally accepted accounting principles (GAAP) require that we include unrealized gains and losses on equity securities in net income. Given the magnitude of our equity portfolio, we believe that this approach creates volatility in revenues and net income that can obscure the operating performance of our businesses and does not align with our long-term investment philosophy. As of March 31, 2023, the fair value of our equity portfolio included cumulative unrealized gains of \$4.9 billion.

| (dollars in thousands, except per share amounts) | Three Months Ended March 31, |              |
|--|------------------------------|--------------|
|  | 2023                         | 2022         |
| Earned premiums                                  | \$ 1,967,704                 | \$ 1,759,770 |
| Markel Ventures operating revenues               | \$ 1,104,680                 | \$ 950,392   |
| Net investment income                            | \$ 159,335                   | \$ 92,304    |
| Net investment gains (losses)                    | \$ 372,563                   | \$ (358,399) |
| Comprehensive income (loss) to shareholders      | \$ 646,365                   | \$ (511,914) |
| Diluted net income (loss) per common share       | \$ 37.26                     | \$ (6.50)    |
| Combined ratio                                   | 94 %                         | 89 %         |

#### Highlights of results from the quarter:

- Earned premiums grew 12% in the first quarter of 2023, reflecting growth in gross premium volume in recent periods across many of our product lines.
- The higher combined ratio for the quarter was primarily due to a higher attritional loss ratio and the impact of less favorable development on prior accident years loss reserves in 2023 compared to 2022.
- Markel Ventures operating income grew 46% driven by revenue growth and improved operating results.
- Net investment income increased 73% as a result of higher interest rates in the first quarter of 2023 compared to the same period of 2022.
- Net investment gains in 2023 reflected an increase in the fair value of our equity portfolio resulting from favorable market value movements.
- Comprehensive income to shareholders in 2023 was the result of positive bottom line contributions from all three operating engines during the period.

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. We generally use five-year periods to measure our performance. Over the five-year period ended March 31, 2023, our share price increased at a compound annual rate of 2%. While this measure, considered independently of other factors, falls below our internal targets, we remain confident in the strong operating performance of our businesses.

The compound annual growth in book value per common share over the five-year period ended March 31, 2023 was 8%. We give consideration to the following information when assessing this measure:

- Amortization expense - As we grow through acquisitions, our intangible assets grow. GAAP requires that we amortize a portion of these acquired intangible assets, which is a non-cash charge to net income. Amortization of acquired intangible assets for the five-year period ended March 31, 2023 totaled \$778.8 million.

- Unrealized gains and losses on fixed maturity securities - We invest in high credit quality, investment grade securities, with durations that are matched to the expected timing of claims-related payments. As such unrealized gains and losses from our bond portfolio are generally expected to reverse as the securities mature. The fair value of our bond portfolio included cumulative pre-tax unrealized losses of \$739.9 million as of March 31, 2023 compared to cumulative pre-tax unrealized gains of \$222.5 million as of March 31, 2018.
- Value of our businesses - Book value does not include changes in the fair value of our acquired businesses or equity method investments, other than decreases arising from an impairment. Acquired businesses include our Markel Ventures, insurance-linked securities (ILS) and program services businesses.

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A copy of our Form 10-Q is available on our website at [www.markel.com](http://www.markel.com) or on the SEC website at [www.sec.gov](http://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, April 27, 2023, beginning at 9:30 a.m. (Eastern Time). Investors, analysts and the general public may listen to the call via live webcast at [ir.markel.com](http://ir.markel.com). The call also may be accessed by dialing (888) 660-9916 in the U.S., or (646) 960-0452 internationally, and providing Conference ID: 4614568. A replay of the call also will be available on our website from approximately one hour after the conclusion of the call until Monday, May 8, 2023. Any person needing additional information can contact Markel's Investor Relations Department at [IR@markel.com](mailto:IR@markel.com).

Additionally, we will be discussing these financial results and related business and investments updates at our shareholders meeting on May 17, 2023 at the University of Richmond Robins Center at 2:00 p.m. (Eastern Time). The event is open to shareholders, employees, and friends of Markel, and more information on the agenda and registration is available at [www.markelshareholdersmeeting.com](http://www.markelshareholdersmeeting.com).

## About Markel Corporation

Markel Corporation is a diverse financial holding company serving a variety of niche markets. The Company's principal business markets and underwrites specialty insurance products. In each of the Company's businesses, it seeks to provide quality products and excellent customer service so that it can be a market leader. The financial goals of the Company are to earn consistent underwriting and operating profits and superior investment returns to build shareholder value. Visit Markel Corporation on the web at [www.markel.com](http://www.markel.com).

## 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, 2022, 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 March 31, 2023, 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.

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