US companies

Berkshire Hathaway earnings take $3.8bn hit from Kraft Heinz stake writedown

Warren Buffett's landmark 2015 consumer goods tie-up has struggled and the company is exploring a break-up

Warren Buffett combined Heinz, which Berkshire Hathaway owned alongside investment group 3G Capital, with publicly listed Kraft in 2015 © Rick Wilking/Reuters

Eric Platt in New York

Published AUG 2 2025 | Updated AUG 2 2025, 23:35

Berkshire Hathaway took a $3.8bn hit as it wrote down its investment in Kraft Heinz in the second quarter by billions of dollars, in an acknowledgment of the trouble Warren Buffett has had with his landmark 2015 consumer goods industry deal.

Berkshire said it had slashed the carrying value of its 27.4 per cent stake in Kraft Heinz to $8.4bn, from $13.5bn at the end of the first quarter, a roughly $5bn impairment. It noted the hit reduced its total earnings after taxes by $3.8bn, according to the quarterly statement.

It is the second time Berkshire has written down the value of the business, known for Heinz ketchup and Kraft macaroni and cheese, following a $3bn writedown in 2019.

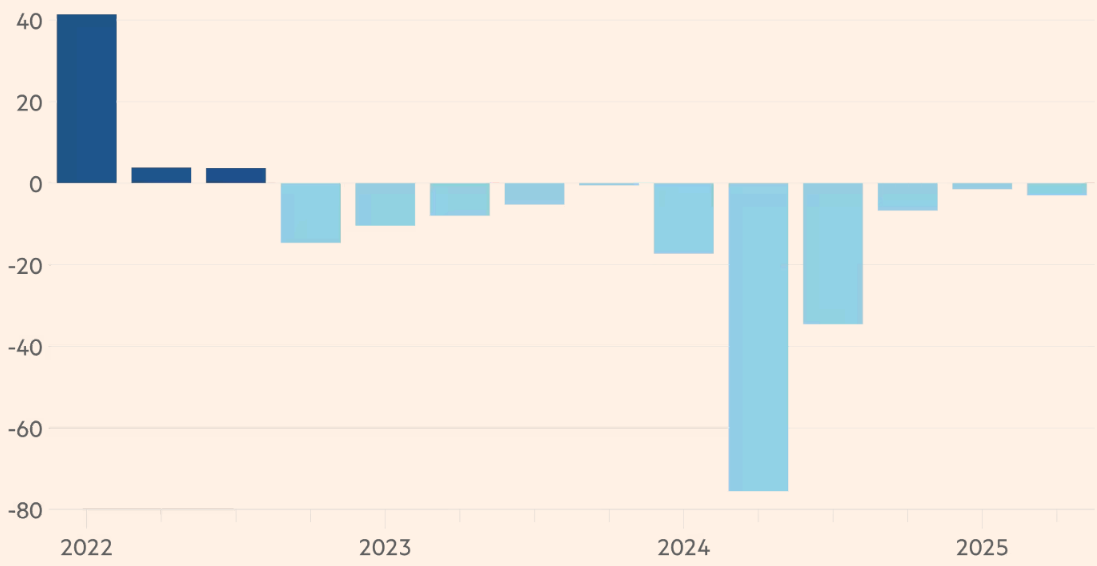
Kraft Heinz is exploring a break-up as its board and executive team work to bolster the company's value. Shares of the business have badly trailed the broader market since the billionaire investor combined Heinz, which Berkshire owned alongside investment group 3G Capital, with publicly listed Kraft.

The Omaha-based company said on Saturday it had "considered our ability and intent to hold the investment until the fair value exceeds carrying value, the magnitude and duration of the decline in fair value, and the operating results and financial condition of the company" as it decided to take the writedown.

It had avoided taking an impairment on the investment for some time, despite the fact that Kraft Heinz's shares were trading below the level Berkshire marked the investment at on its books.

Buffett's Berkshire sells stocks for the 11th consecutive quarter

Quarterly net purchases and sales of publicly traded stocks ($bn)



Source: Company filings

The disclosure came in second-quarter results that showed the sprawling conglomerate sold a net $3bn worth of stocks in the quarter, the 11th consecutive period in which sales outpaced new investments in listed equities.

The cuts to its $268bn stock portfolio came during a period marked by heightened volatility in the financial markets and suggested that the so-called Oracle of Omaha saw few worthwhile investment opportunities even as other investors bid shares of companies in the S&P 500 index to new heights.

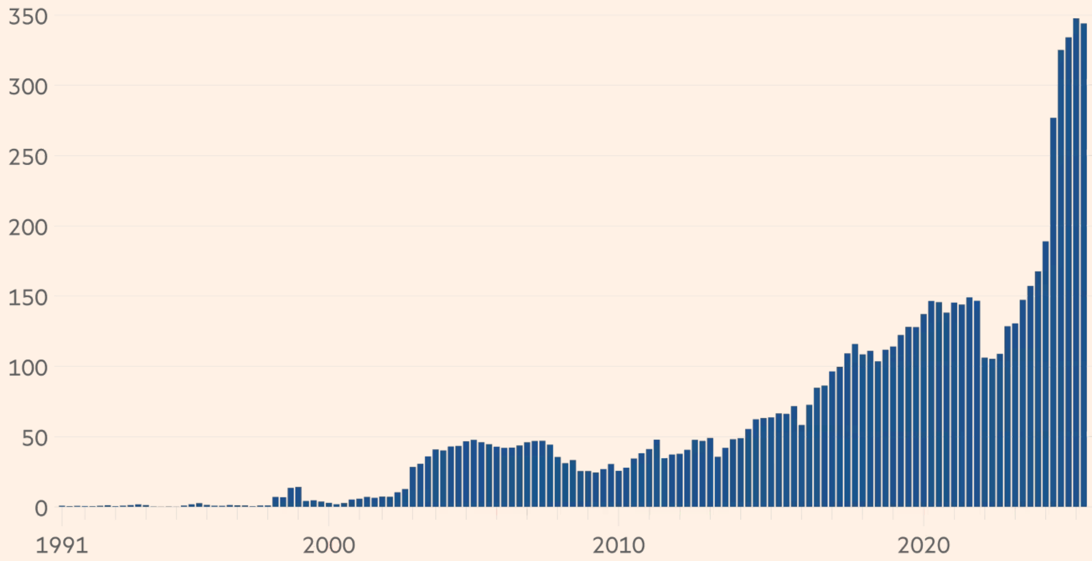
Berkshire's cash and short-term Treasury position fell by $3.6bn from the end of the first quarter to $344bn, in part because Buffett had previously borrowed money to invest in US government debt. Excluding that, the underlying value of its cash pile increased by nearly $11bn in the quarter.

The company also disclosed it did not buy back any of its stock during the period, the fourth consecutive quarter it refrained from repurchasing shares.

"Berkshire's cash balances remain elevated as Buffett stayed on the sidelines," said Kyle Sanders, an analyst at Edward Jones.

Berkshire Hathaway's cash position hits $344bn

Cash, cash equivalents and US Treasury bills held ($bn)



Source: Company filings

Operating earnings among the company's various subsidiaries from industrials to railroads fell by 3.8 per cent from a year earlier, to $11.2bn. That surpassed Wall Street's expectations of a 7 per cent decline, according to Visible Alpha.

Operating earnings have long been Buffett's preferred performance metric, as it strips out swings in the value of its stock portfolio. Total net income fell to $12.4bn from $30.4bn last year, reflecting the Kraft Heinz impairment and large investment gains in 2024.

The quarterly report identified challenges across Berkshire's scores of businesses, with profitability at its core insurance unit sliding 12 per cent. Berkshire attributed much of the drop to its commercial and small business insurer Guard, which has been exiting business lines and tightening underwriting standards.

Revenues at its railroad BNSF increased only marginally, as higher coal shipments offset declines in shipping consumer and industrial goods across the country.

Investors have been waiting to see if BNSF would respond to recent consolidation in the rail industry after rival Union Pacific agreed to buy Norfolk Southern. Any decision would be shaped by both Buffett and Greg Abel, the man who is set to succeed him.

Abel, who oversees all of Berkshire's non-insurance businesses, will become Berkshire's chief executive in January 2026, Buffett announced in May.

Berkshire's share price has lagged the benchmark S&P 500 index since Buffett announced his intention to step down as chief executive at the end of this year.

The company's high-vote class A shares have fallen 12 per cent since the announcement in May, compared with a 10 per cent gain across the S&P 500.