# Kraft Heinz explores major deals as Berkshire Hathaway exits board amid sales slump



Kraft Heinz is actively pursuing potential strategic transactions as the company grapples with significant challenges, including a pronounced decline in sales and profits. This decision follows the announcement of a revised outlook for the fiscal year, marking the company's sixth consecutive quarter of revenue decline. CEO Carlos Abrams-Rivera has stated that a thorough evaluation of possible deals is underway, aiming to unlock shareholder value during this tumultuous period.

In the wake of these developments, Berkshire Hathaway, which had previously held a 27.5% stake in Kraft Heinz, recently relinquished its two board seats. The move was clarified by Kraft Heinz, indicating it was not prompted by disputes regarding the company’s management or operational strategies. Analysts speculate that Berkshire's departure might signal forthcoming changes, including the potential sale of its stake as the conglomerate prepares for a leadership transition, with Greg Abel poised to succeed Warren Buffett as CEO in 2026.

Kraft Heinz's struggle with sales performance can be attributed to a shifting consumer landscape that increasingly favours healthier food options. The company’s Oscar Mayer brand, among others, is reportedly being considered for divestiture, potentially fetching around $3 billion. This is a reflection of broader market dynamics where consumers are opting for more nutritious alternatives, exacerbating the pressure on traditional packaged goods.

Amidst these strategic evaluations, the financial outlook for Kraft Heinz has deteriorated. The company recently reported a 6.4% decline in net sales for the first quarter of 2025, alongside an 8.1% drop in operating income, now forecasted to fall further than previously anticipated. CFO Andre Maciel highlighted that rising costs—linked to tariffs and increasing ingredient prices—pose additional challenges. The company's revenue in North America decreased by 7% to $4.5 billion, revealing a stark contrast to earlier projections and necessitating adjustments in pricing strategies to remain competitive.

To counteract these financial headwinds, Kraft Heinz is investing $3 billion into upgrading its manufacturing facilities across the U.S., marking its most significant domestic investment in a decade. This initiative aims not only to enhance operational efficiency but also to support long-term growth amid economic unpredictability. It is anticipated that this investment will generate approximately 3,500 construction-related jobs, although it is unlikely to result in a substantial increase in permanent employment.

Furthermore, the company is aware of potential regulatory changes, particularly concerning artificial food colours, which may impact certain products. While Kraft Heinz has introduced value-oriented items, such as larger packaging for its popular Kraft Mac & Cheese, the competition from discount brands remains fierce, prompting initiatives to deftly balance pricing against costs.

As Kraft Heinz navigates these complexities, the pursuit of strategic transactions indicates a willingness to adapt and reposition itself in an increasingly competitive market. With consumer preferences evolving rapidly, the effectiveness of its strategies will be crucial to reclaiming lost market share and securing a more stable financial future.

### Reference Map

1. Paragraph 1: [[1]](https://www.thegrocer.co.uk/news/kraft-heinz-eyes-new-deals-as-berkshire-hathaway-leaves-board/704822.article)
2. Paragraph 2: [[2]](https://www.reuters.com/sustainability/boards-policy-regulation/kraft-heinz-looking-ma-opportunities-packaged-foods-demand-slows-2025-05-20/)
3. Paragraph 3: [[2]](https://www.reuters.com/sustainability/boards-policy-regulation/kraft-heinz-looking-ma-opportunities-packaged-foods-demand-slows-2025-05-20/)
4. Paragraph 4: [[3]](https://apnews.com/article/4a081598ac866c39be3ef383629e26d6)
5. Paragraph 5: [[5]](https://www.reuters.com/business/ketchup-maker-kraft-heinz-investing-3-billion-upgrading-us-manufacturing-2025-05-14/)
6. Paragraph 6: [[6]](https://news.kraftheinzcompany.com/press-releases-details/2025/Kraft-Heinz-Reports-Fourth-Quarter-and-Full-Year-2024-Results/default.aspx)
7. Paragraph 7: [[4]](https://www.reuters.com/business/retail-consumer/kraft-heinz-misses-quarterly-revenue-estimates-waning-demand-2024-10-30/)
8. Paragraph 8: [[7]](https://www.reuters.com/business/retail-consumer/kraft-heinz-forecasts-annual-profit-below-estimates-2025-02-12/)

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## Bibliography

1. <https://www.thegrocer.co.uk/news/kraft-heinz-eyes-new-deals-as-berkshire-hathaway-leaves-board/704822.article> - Please view link - unable to able to access data
2. <https://www.reuters.com/sustainability/boards-policy-regulation/kraft-heinz-looking-ma-opportunities-packaged-foods-demand-slows-2025-05-20/> - Kraft Heinz is actively exploring strategic merger and acquisition opportunities due to declining demand for its premium snacks and ready-to-eat meals in a challenging economic environment. CEO Carlos Abrams-Rivera confirmed the company's ongoing search for potential deals in the past several months. A notable asset, its Oscar Mayer business, may be sold for approximately $3 billion, according to reports. Additionally, the company recently adjusted its sales and profit forecasts downward, citing consumer shifts toward healthier food and the growing use of weight-loss drugs, along with tariff pressures. Meanwhile, Berkshire Hathaway has decided to relinquish its board seats at Kraft Heinz, with Timothy Kenesey and Alicia Knapp stepping down. Berkshire still owns a significant 27.5% stake in the company but will no longer have governance influence. This move could signal potential changes, such as Berkshire selling its stake or acquiring divested brands. Berkshire has had a mixed track record with Kraft Heinz, with Warren Buffett previously acknowledging that the 2015 Kraft-Heinz merger was overpriced. The change in board composition may also precede a leadership shift, with Greg Abel set to succeed Buffett as Berkshire Hathaway CEO in early 2026.
3. <https://apnews.com/article/4a081598ac866c39be3ef383629e26d6> - Kraft Heinz has revised its full-year sales and earnings projections downward due to weakened U.S. consumer spending and the financial impact of tariffs introduced under President Donald Trump. The company cited the challenge of balancing affordable pricing to retain customers with the increased costs of imported ingredients such as coffee. CFO Andre Maciel indicated efforts to mitigate rising costs through strategic supplier shifts, product reformulations, and stockpiling inventory. In the January-March quarter, Kraft Heinz’s North American revenue declined by 7% to $4.5 billion, with overall net revenue falling 6% to $5.9 billion—below Wall Street expectations. The company now anticipates a 3.5% decline in adjusted revenue for the year, compared to an earlier forecast of a 1.5% drop. Operating income is expected to fall up to 10%, twice the previous estimate. Kraft Heinz aims to remain competitive by enhancing marketing, offering promotional deals, and introducing value-oriented products like a larger Kraft Mac & Cheese box. The company is also preparing for potential federal regulations related to artificial food colors, though it notes some products, like Kool-Aid, still contain them. Kraft Heinz shares remained flat in trading following the announcement.
4. <https://www.reuters.com/business/retail-consumer/kraft-heinz-misses-quarterly-revenue-estimates-waning-demand-2024-10-30/> - Kraft Heinz has lowered its 2024 forecasts for organic sales and profit due to the negative impact of continuous price increases on demand for its branded products like Lunchables and Oscar Mayer cold cuts. The company saw a significant 3% drop in its shares following a larger-than-expected revenue decline in the third quarter. Key brands have underperformed, particularly Lunchables, prompting considerations for accelerated investments. CEO Carlos Abrams-Rivera indicated a slow recovery, especially in specific pressured categories. Consumers are opting for cheaper alternatives, leading Kraft Heinz to reduce prices on some products. The forecast anticipates organic net sales to be at the low end of the previous prediction of flat to down 2%, and adjusted profit per share at the lower end of $3.01 to $3.07. Despite these challenges, the company slightly exceeded earnings estimates with 75 cents per share, while net sales fell 2.8% to $6.38 billion, below expectations.
5. <https://www.reuters.com/business/ketchup-maker-kraft-heinz-investing-3-billion-upgrading-us-manufacturing-2025-05-14/> - Kraft Heinz is investing $3 billion to upgrade its 30 U.S. manufacturing plants, marking its largest domestic investment in a decade. This initiative aims to enhance operational efficiency, reduce production costs, and support long-term food production amid economic uncertainties and recent tariffs imposed by the U.S. government, including a 10% levy on all imports. Despite decreasing consumer sentiment and revised down sales and profit forecasts, the company views the upgrade as essential to defending its market share and fostering product innovation. Most of its products, including Heinz ketchup, Kraft macaroni and cheese, and Philadelphia cream cheese, are manufactured domestically using homegrown ingredients. The investment is expected to generate around 3,500 new construction jobs, though it will not significantly increase permanent staff numbers. Kraft Heinz emphasized that the initiative is not only a response to tariff challenges but also a strategic move to support future growth. Similar investment moves have been made recently by companies like Kimberly-Clark and Anheuser-Busch InBev.
6. <https://news.kraftheinzcompany.com/press-releases-details/2025/Kraft-Heinz-Reports-Fourth-Quarter-and-Full-Year-2024-Results/default.aspx> - Kraft Heinz reported its fourth-quarter and full-year 2024 financial results, highlighting a 4.1% decrease in net sales to $6.6 billion, with organic net sales down 3.1%. The decline was attributed to unfavorable volume/mix, increased expenses in procurement and manufacturing, and an unfavorable impact from foreign currency. Operating income decreased by 103.1% to a loss of $40 million, primarily due to non-cash impairment losses of $1.4 billion, mainly related to the Oscar Mayer brand. Adjusted operating income decreased by 0.3% to $1.4 billion, driven by unfavorable volume/mix, increased expenses, and foreign currency impacts. The company had remaining authorization to repurchase approximately $1.9 billion of common stock under its share repurchase program as of December 29, 2024.
7. <https://www.reuters.com/business/retail-consumer/kraft-heinz-forecasts-annual-profit-below-estimates-2025-02-12/> - Kraft Heinz has forecasted an annual profit below estimates and reported lower-than-expected quarterly sales, resulting in a 5% drop in their shares during premarket trading. The company is grappling with weak demand for products like Lunchables and packaged meats due to price increases implemented to offset higher input and manufacturing costs. Middle-to-lower income consumers have cut back on spending, particularly on higher-margin items such as condiments and spices. Consequently, Kraft Heinz's overall volumes dropped by 4.1 percentage points, while prices increased by 1 percentage point in the fourth quarter. Their organic net sales in North America decreased by 3.6% in the same period. The company has increased marketing efforts and invested in technology to regain shelf space for brands like Mac & Cheese and Philadelphia, which, along with higher manufacturing and labor costs, have reduced gross profit margins. Kraft Heinz expects adjusted earnings per share for fiscal 2025 to range from $2.63 to $2.74, falling short of analysts' estimates of $3.04, and anticipates that annual organic sales will be flat or down by up to 2.5%.