

Berkshire buys ketchup maker Heinz in USD28bn deal

WASHINGTON, USA: Warren Buffett's investment powerhouse Berkshire Hathaway and 3G Capital announced Thursday, 14 February 2013, that they would take over venerable US ketchup maker Heinz in a deal valuing the company at \$28 billion.

The two will pay HJ Heinz shareholders \$72.50 per share in cash, a 20% premium on Heinz's Wednesday closing price.

Counting debt assumed by the buyers, the deal valued Heinz at about \$28 billion, they said.

"Heinz has strong, sustainable growth potential based on high quality standards, continuous innovation, excellent management and great tasting products," Buffett, the chairman of Berkshire, said in a statement.

"Their global success is a testament to the power of investing behind strong brand equities and the strength of their management team and processes."

With \$11.6 billion in global sales last year, Heinz is one of the largest US food companies.

It owns top prepared food brands such as ABC sauces in Asia, Quero sauces in Latin America, Golden Circle in Australia, Orelida frozen potatoes sold globally, Honig in the Netherlands, Plasmon baby food in Italy, and Classico pasta sauces and Smart Ones low-calorie frozen foods in North America.

But its main products are the iconic Heinz ketchup, sold globally through markets and fast-food vendors, and one of its earliest favorites in the United States, canned baked beans.

"The Heinz brand is one of the most respected brands in the global food industry and this historic transaction provides tremendous value to Heinz shareholders," said Heinz chairman and chief executive William Johnson.

"With Heinz stock recently at an all-time high and 30 consecutive quarters of organic topline growth, Heinz is being acquired from a position of strength.

"As a private enterprise, Heinz will have an opportunity to drive further growth and advance our commitment to providing consumers across the globe with great tasting, nutritious and wholesome products." The deal is a block-buster for Berkshire Hathaway.

Buffett's firm has been searching for lucrative ways over the past two years to invest its more than \$40 billion cash hoard in an environment of low interest rates and intense competition from other cash-rich investment funds for merger and

acquisition opportunities.

Berkshire and 3G pledged to keep Heinz as it is, with its base in Pittsburgh, Pennsylvania.

The deal is subject to approval by Heinz shareholders, and is expected to be completed in the third quarter of this year.

Berkshire's more widely traded B shares were up 0.44% to \$98.40 in early trade Thursday.

Source: *AFP*

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