



APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

Berkshire Hathaway FY 2025 Results

Share Price	\$500.4
Date	6 March 2026

RESULTS SUMMARY

Berkshire Hathaway reported a weaker full-year 2025 result, as insurance earnings normalised from elevated levels in the prior year. Net earnings attributable to Berkshire shareholders declined 24.8% to US\$66.97bn. Insurance underwriting profits were lower due to softer pricing and higher catastrophe losses. This was partly offset by strong pre-tax investment income. Cash and short-term investments reached a record US\$373bn, giving the group significant flexibility for future investments.

Capital deployment remained conservative. Berkshire was a net seller of equities in FY25, which further increased its cash position. Its listed equity portfolio, valued at around US\$297bn, remains concentrated in Apple, American Express, Bank of America, Coca-Cola and Chevron. The group also recognised a US\$5bn impairment on Kraft Heinz, reflecting a reassessment of the company's long-term earnings potential.

Operationally, performance across Berkshire's businesses was mixed but broadly stable. BNSF Railway earnings were flat for the year, while growth at Berkshire Hathaway Energy slowed. Manufacturing, service and retail businesses reported a modest 3.8% increase in pre-tax earnings. With insurance float up around 2.9% and record levels of liquidity, Berkshire remains well positioned with resilient earnings and strong downside protection across economic cycles.

OUR LONG-TERM INVESTMENT VIEW

- Berkshire is a diversified group including insurance, railroad, energy, manufacturing, and other consumer services. Each industry will likely benefit from a strong US macro environment
- Berkshire's operating businesses are managed on a decentralised basis, allowing management to take ownership of their business, with very few centralised business functions. This provides a level of autonomy that we believe is important in an investment holding business.
- Berkshire has a reputation for increasing its commercial value, and the group's competitive advantages across its insurance and non-insurance businesses will continue to drive long-term, sustainable growth, regardless of any acquisitions completed in the future.
- The group's substantial cash reserves should further support growth by enabling bolt-on and large acquisitions as well as continued investment in its equity investment portfolio, although activity in this regard is expected to be limited given market valuations.

UNPACKING THE FY 2025 RESULTS

High-level numbers

- Berkshire Hathaway reported softer FY25 as insurance normalised from elevated prior-year levels. Operating earnings declined 24.8% over the year.
- Insurance underwriting moderated amid smaller rate increases and higher catastrophe activity, following an unusually benign prior period, though this was partly offset by structurally higher investment income. Pretax investment income was supported by elevated short-term rates and a significantly larger Treasury position.
- Liquidity strengthened further. Cash and short-term U.S. Treasuries reached a record US\$373bn. This level of optionality underpins

Results from operations

- **Insurance:** Underwriting normalised from elevated prior-year levels as pricing momentum eased and catastrophe losses increased modestly. Float rose ~2.9% y-o-y, while higher short-term rates continued to support investment income. Profitability remains solid, albeit closer to mid-cycle norms.
- **BNSF:** BNSF Railway volumes were flat at 0.3%, reflecting softer industrial activity and inventory destocking. Despite weaker volumes, pre-tax income increased 7.9% as the operating ratio improved. Margin discipline remains the key offset to a muted top line.
- **Berkshire Hathaway Energy:** Revenue was broadly flat (+1.4% y-o-y). Energy/utilities full-year

Berkshire's capacity for opportunistic capital deployment despite limited buybacks and net equity sales during the year.

- Across the non-insurance businesses, earnings were mixed but resilient. BNSF Railway delivered improved operating income despite lower volumes, driven by margin discipline, while Berkshire Hathaway Energy saw earnings pressure from higher costs and weaker real estate exposure. The Manufacturing, Services and Retail segment posted modest earnings growth (3.8%)

Equity investment portfolio

- Berkshire Hathaway was a net seller of equities in FY25, reflecting a cautious stance. During the year, equity sales exceeded purchases, further lifting the group's already significant cash and Treasury position.
- The listed portfolio remains concentrated. The top holdings — Apple, American Express, Bank of America, Coca-Cola and Chevron — account for the majority of the portfolio value.
- A US\$4.4bn impairment was recognised on Kraft Heinz, mainly due to the long-term earnings power and valuation were lower than Berkshire had previously assumed. The build-up of US\$373bn in cash and short-term Treasuries signals a high hurdle for new equity deployment rather than balance sheet constraint.

growth moderated. The regulated asset base and renewables pipeline continue to underpin long-term stability despite near-term earnings volatility.

- **Manufacturing, Services & Retail (MSR):** The MSR segment delivered modest growth. Pre-tax earnings rose +3.8% y-o-y, driven by manufacturing which was up 5.7% and services -0.9%

Looking ahead

Berkshire's 2025 results underscore the resilience of its decentralised model. Insurance earnings have normalised but remain profitable. BNSF's margins appear to be stabilising, while Berkshire Hathaway Energy is facing some earnings pressure. The manufacturing, service and retail businesses continue to grow steadily, although they remain exposed to the economic cycle.

With around US\$373bn in liquidity, Berkshire retains significant flexibility to deploy capital when opportunities arise. While near-term growth may be more modest, the group's underlying earnings strength and disciplined approach to capital allocation remain intact.

We continue to view Berkshire Hathaway as a diversified long-term compounder with strong downside protection. Its balance sheet strength and durable cash generation should support steady returns over time, making it a stabilising core holding in the portfolio.

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