

Business Profile on Berkshire Hathaway Inc. (BRK.B)

Founders of Berkshire Hathaway Inc. (BRK.B)

Unfortunately, detailed information about the founders of Berkshire Hathaway Inc. is not readily available. However, the company's origins can be traced back to the early 19th century.

Company Origin Back-story

Berkshire Hathaway Inc. was originally founded as Berkshire Fine Spinning Associates in 1839 in Rhode Island, USA. The company started off as a textile manufacturing firm, producing cotton textiles.

Over the years, the company went through various mergers and acquisitions, eventually leading to the foundation of Berkshire Hathaway Inc. as it is known today.

One of the key catalysts for the company's growth was its diversification strategy, which saw it moving away from textile manufacturing and expanding into various other industries such as insurance, retail, and energy.

Despite facing numerous obstacles such as economic downturns and changing market conditions, Berkshire Hathaway Inc. managed to persevere and grow into one of the largest and most successful conglomerates in the world.

The company is headquartered in Omaha, Nebraska, and is known for its long-term investment strategy under the leadership of legendary investor Warren Buffett.

Berkshire Hathaway Inc. (BRK.B) Stats Overview

Berkshire Hathaway Inc. is a multinational conglomerate holding company founded by Warren Buffett. Here are some key stats about the company:

| Item | Stat |
|--------------|-------|
| Stock Symbol | BRK.B |
| Founded | 1839 |

| | |
|-----------------------|---|
| CEO | Warren Buffett |
| Headquarters | Omaha, Nebraska, USA |
| Industry | Financial Services, Diversified Investments |
| Revenue | \$254.62 billion (2020) |
| Net Income | \$42.52 billion (2020) |
| Assets | \$817.19 billion (2020) |
| Market Capitalization | \$638.81 billion (as of August 2021) |

Key Divisions and Subsidiaries

- **Insurance:** GEICO, General Re, Berkshire Hathaway Reinsurance Group
- **Railroad:** BNSF Railway
- **Manufacturing:** Precision Castparts Corp, Marmon Holdings
- **Utilities and Energy:** MidAmerican Energy, PacifiCorp, NV Energy
- **Retail:** Borsheim's Fine Jewelry, Nebraska Furniture Mart

Investment Portfolio Holdings

Berkshire Hathaway's investment portfolio includes significant holdings in various companies such as Apple, Bank of America, Coca-Cola, and American Express.

Business Plan Artwork

Leadership at Berkshire Hathaway Inc. (BRK.B)

Berkshire Hathaway Inc., a multinational conglomerate, is led by its Chairman and CEO Warren Buffett. As a legendary figure in the investment world, Buffett has been at the helm of Berkshire Hathaway for several decades.

Warren Buffett - Chairman and CEO

Name Warren Buffett

Position Chairman and CEO

Background Buffett, known as the "Oracle of Omaha," is one of the most successful investors in history. He took control of Berkshire Hathaway in the 1960s and transformed it into a diversified conglomerate.

Current Objectives Buffett's primary focus is on expanding the company's portfolio through strategic acquisitions and investments. He emphasizes long-term value creation for shareholders.

Charlie Munger - Vice Chairman

Name Charlie Munger
Position Vice Chairman
Background Munger is Buffett's longtime business partner and has played a key role in guiding Berkshire Hathaway's investment decisions.
Current Objectives Munger shares Buffett's vision of long-term value creation and provides valuable insights into investment opportunities.

Gregory Abel - Vice Chairman

Name Gregory Abel
Position Vice Chairman
Background Abel has a background in energy and utilities and has been with Berkshire Hathaway since 1992, steadily rising through the ranks.
Current Objectives Abel is seen as a potential successor to Buffett and is responsible for overseeing Berkshire Hathaway's non-insurance businesses.

Under the leadership of Buffett, Munger, and Abel, Berkshire Hathaway continues to pursue a strategy of long-term value creation through smart investments and strategic acquisitions.

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Key Moments in the History of Berkshire Hathaway Inc. (BRK.B)

- 1839: Berkshire Hathaway's oldest predecessor company, textile manufacturer Valley Falls Company, is founded.
- 1929: Berkshire Fine Spinning Associates is founded by Cornelius Vanderbilt III.
- 1955: Warren Buffett's investment partnership buys shares of Berkshire Hathaway.
- 1965: Buffett takes control of Berkshire Hathaway, which was then a failing textile company.
- 1985: Berkshire Hathaway acquires a majority stake in Geico Corporation.
- 1998: Berkshire Hathaway Class A stock price exceeds \$50,000 for the first time.
- 2008: Berkshire Hathaway invests \$5 billion in Goldman Sachs during the financial crisis.
- 2010: Berkshire Hathaway acquires Burlington Northern Santa Fe railroad for \$26.5 billion.
- 2013: Berkshire Hathaway and 3G Capital partner to acquire H.J. Heinz Company for \$28 billion.
- 2020: Berkshire Hathaway reports a record quarterly loss due to the COVID-19 pandemic.

Historical Analysis of Berkshire Hathaway Inc. (BRK.B) Stock Performance

Berkshire Hathaway Inc. (BRK.B) has a long history of strong performance in the stock market. Let's take a look at key years and events that have impacted the company's stock value.

1990s: Rise of Warren Buffett

- In the 1990s, Berkshire Hathaway's stock price experienced steady growth as Warren Buffett, known as the "Oracle of Omaha," continued to lead the company successfully.
- Major events during this time included the acquisition of GEICO in 1996, which had a positive impact on the company's financials and stock performance.

2008 Financial Crisis

- During the 2008 financial crisis, Berkshire Hathaway's stock price took a hit like most companies in the market. However, the company's strong fundamentals and prudent investments helped it rebound faster than others.
- Warren Buffett's reputation as a shrewd investor and Berkshire Hathaway's diversified portfolio were key factors in maintaining investor confidence.

2010s: Expansion and Acquisitions

- In the 2010s, Berkshire Hathaway continued to expand its portfolio through acquisitions such as Precision Castparts Corp in 2016.
- The company's stock price reflected this expansion and growth, with investors viewing Berkshire Hathaway as a stable and profitable investment.

2020: COVID-19 Pandemic

- The COVID-19 pandemic in 2020 had a significant impact on global markets, including Berkshire Hathaway's stock price.
- Despite the challenges, Warren Buffett's reassurance and strategic moves helped the company navigate the crisis, and the stock price eventually recovered.

Conclusion

Overall, Berkshire Hathaway Inc. (BRK.B) has shown resilience and strong performance in the stock market over the years, with key events and acquisitions influencing its stock value.

Warren Buffett's leadership and investment strategies have played a crucial role in maintaining investor confidence in the company.

Business Plan Artwork

Products and Services

Berkshire Hathaway Inc., under the leadership of Warren Buffett, operates as a holding company with a vast array of subsidiaries. Its business activities span various sectors, including insurance, freight rail transportation, utilities and energy, manufacturing, services, and retailing among others. More specifically:

- **Insurance and Reinsurance Businesses:** This comprises of GEICO (auto insurance), General Re-Insurance Corporation, Berkshire Hathaway Reinsurance Group, and Berkshire Hathaway Primary Group. These offer insurance and reinsurance of property and casualty risks, and life, accident, and health risks worldwide.
- **Burlington Northern Santa Fe, LLC (BNSF):** This subsidiary provides freight rail transportation services over a range of distances across the U.S.
- **Berkshire Hathaway Energy Company:** This provides energy generation, transmission, and distribution services.
- **Manufacturing businesses:** This includes a diverse range of companies such as Lubrizol (specialty chemicals), IMC (metalworking tools), Precision Castparts (metal components), Forest River (recreational vehicles), and several others.
- **Service and Retail :** This encompasses companies like NetJets (private jet rental), FlightSafety (aviation training), Pampered Chef (kitchen tools), and many others. Also included under this sector are retail businesses such as Nebraska Furniture Mart, See's Candies, and Oriental Trading Company.
- **Finance and Financial products:** This includes companies like Clayton Homes (manufactured housing and finance), XTRA (transportation equipment leasing), and Marmon (railcar and crane services).

Breakdown by Revenue Streams

Looking at Berkshire Hathaway's 2020 Annual Report, the key revenue streams can be broken down as:

| Segment | Revenue (\$ in billions) |
|---------|--------------------------|
|---------|--------------------------|

| | |
|--------------------------------------|-----|
| Insurance and Reinsurance Businesses | 236 |
|--------------------------------------|-----|

| | |
|-----------------------------------|-------|
| BNSF | 19.5 |
| Berkshire Hathaway Energy Company | 18.85 |
| Manufacturing businesses | 121.5 |
| Services and Retail | 30.5 |
| Finance and Financial Products | 9.45 |

Although insurance is a primary revenue stream, it's important to note that Berkshire Hathaway's approach is to reinvest these insurance premiums into other businesses or investments, hence creating a diversification of revenue streams.

Berkshire Hathaway's Financial Performance

Computing the exact lifetime earnings, expenses, and profit is tricky due to the breadth and variety of Berkshire Hathaway's constituents. However, we can look at its 2020 overall performance as stated in the annual report for a glimpse:

| | Amount (\$ in billions) |
|--------------------------|--------------------------------|
| Total Revenues | 245.5 |
| Total Costs and Expenses | 198.7 |
| Earnings Before Taxes | 46.8 |
| Net Earnings | 42.5 |

This is just a snapshot, and past performance shouldn't be used as a direct indicator for future results. However, it helps to provide some insights into Berkshire Hathaway's overall financial health and stability.

Expert Academic Research Analysis of Berkshire Hathaway Inc. (BRK.B) Product

Berkshire Hathaway Inc., led by renowned investor Warren Buffett, is a multinational conglomerate known for its diverse range of businesses and investments. One of the main products created by Berkshire Hathaway is its Class B shares, traded on the New York Stock Exchange under the symbol BRK.B. These shares represent ownership in the company and provide investors with exposure to Berkshire Hathaway's vast portfolio of businesses.

One key aspect that sets Berkshire Hathaway apart is its unique approach to investing, which focuses on acquiring undervalued companies with strong growth potential and holding them

for the long term. This strategy has been highly successful, resulting in significant returns for shareholders over the years.

- **Diversification:** Berkshire Hathaway's product, the Class B shares, offer investors access to a wide range of industries such as insurance, utilities, manufacturing, transportation, and retail. This diversification helps mitigate risks associated with fluctuations in any single sector.
- **Long-Term Value Creation:** The company's emphasis on long-term investments aligns with Warren Buffett's philosophy of seeking out quality businesses with durable competitive advantages. This focus on sustainable growth has contributed to the company's strong performance over time.
- **Corporate Governance:** Berkshire Hathaway is known for its prudent corporate governance practices, with a focus on transparency, accountability, and ethical conduct. This commitment to sound governance enhances investor confidence in the company.

In conclusion, Berkshire Hathaway's main product, the Class B shares, provides investors with an opportunity to participate in the success of a well-established conglomerate managed by a legendary investor. The company's strategic approach to investing, diversification across industries, and commitment to long-term value creation make it a compelling investment option for individuals seeking exposure to a diverse portfolio of businesses.

Berkshire Hathaway Inc. Future Expectations

Berkshire Hathaway Inc. is a diversified holding company led by legendary investor Warren Buffett, known for its long-term value investing strategy. Here are the future expectations for the company:

Next 5 Years:

- Continued focus on acquiring quality businesses with strong competitive advantages
- Expansion of the company's insurance, railroad, utilities, and energy businesses
- Further diversification of the investment portfolio to hedge against market volatility
- Potential succession planning as Warren Buffett transitions from his role as CEO

Next 10 Years:

- Increased emphasis on sustainable and socially responsible investing practices
- Exploration of new industries and technologies to ensure long-term growth

- Potential entry into emerging markets to capture new opportunities
- Focus on developing the next generation of leaders within the organization

Next 20 Years:

- Berkshire Hathaway Inc. solidifies its position as one of the largest and most successful conglomerates in the world
- Continued commitment to long-term value creation for shareholders
- Expansion into new industries and geographies to drive sustainable growth
- Maintaining a strong corporate culture centered around integrity, trust, and excellence

Public Sentiment about Berkshire Hathaway Inc. (BRK.B)

Overall, the sentiment towards Berkshire Hathaway Inc. (BRK.B) is overwhelmingly positive. Here are some key reasons behind this sentiment:

- **Strong Leadership:** Berkshire Hathaway is led by Warren Buffett, one of the most renowned and successful investors in the world. His track record and investing philosophy have garnered immense respect from investors and the public.
- **Diverse Portfolio:** Berkshire Hathaway has a diverse portfolio of well-performing companies across various industries, providing stability and long-term growth potential.
- **Long-Term Focus:** The company is known for its long-term investment approach and commitment to creating value for shareholders over time, which resonates well with stakeholders.
- **Financial Stability:** Berkshire Hathaway has a strong financial position, with significant cash reserves and minimal debt, instilling confidence in its ability to weather market fluctuations.
- **Transparency:** The company has a reputation for transparency and clear communication with investors, enhancing trust and credibility.