Kraft Heinz to Separate 10 Years After Megamerger

Kraft Heinz is set to unwind its union 10 years after completing its megamerger, splitting into two separate businesses, the multinational food company announced Tuesday morning.

Global Taste Elevation will encompass brands including Heinz, Philadelphia cream cheese, and Kraft Mac & Cheese. A leader for this new business has yet to be announced, with a search already underway.

Meanwhile, Maxwell House, Oscar Mayer, Kraft Singles, and Lunchables will be part of North American Grocery, led by Carlos Abrams-Rivera, CEO of Kraft Heinz.

Kraft Heinz said the current names are working titles, and it will reveal official names for the two businesses at a later date. The company's headquarters will remain in Chicago and Pittsburgh.

Rumors of the split of the consumer packaged goods giant had been circulating for some time, with The Wall Street Journal reporting in July that Kraft Heinz was looking to get around $20 billion from the spinoff of one of its grocery units.

The 2015 merger, orchestrated by Warren Buffett and investment firm 3G Capital Partners, never achieved the success that its masterminds had envisioned. Rather than boosting the profitability of the two companies' collection of processed food and condiment brands, the company's stock price has fallen by more than 60%, and its market value has taken a hit of roughly $57 billion, currently sitting at about $31

billion, the Journal reported.

Kraft Heinz stock was down by as much as 6% after the separation news was announced Tuesday morning.

“Kraft Heinz’s brands are iconic and beloved, but the complexity of our current structure makes it challenging to allocate capital effectively, prioritize initiatives, and drive scale in our most promising areas,” said Miguel Patricio, executive chair of the board for Kraft Heinz.

Abrams-Rivera added, “This move will unleash the power of our brands and unlock the potential of our business. This next step in our transformation is only possible because of the commitment of our 36,000 talented employees, who deliver quality and value for consumers every day.”

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