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Agricultural Giant Louis Dreyfus to Sell Major Stake to Abu Dhabi State Firm

Deal completes yearslong search by Margarita Louis-Dreyfus for an outside investor in the coffee-to-cotton trading house



Louis Dreyfus didn't disclose the financial terms of the transaction.

PHOTO: LUNAE PARRACHO/REUTERS

By [Joe Wallace](#)

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Billionaire heiress Margarita Louis-Dreyfus agreed to sell a major stake in Louis Dreyfus Company B.V., the Dutch agricultural merchant that has borne her family's name for almost two centuries, to a state-owned holding company in the United Arab Emirates.

The agreement with Abu Dhabi-based ADQ completes a yearslong search by Ms. Louis-Dreyfus for an outside investor in the privately held coffee-to-cotton trading house, after she agreed to [buy out family members who held minority stakes](#) in 2018. As part of the deal, Louis Dreyfus signed a long-term agreement to supply agricultural commodities to the U.A.E.

The two companies didn't disclose the financial terms of the transaction, which requires approval from regulators. ADQ would receive a 45% indirect stake in Louis Dreyfus via one of its holding

companies. A portion of the proceeds, amounting to at least \$800 million, would be invested in Louis Dreyfus if the deal goes through. This money will go toward paying off a \$1.05 billion loan from Louis Dreyfus to one of its parent companies, a spokesperson said.

Ms. Louis-Dreyfus, raised as an orphan in the Soviet Union, married into the family and inherited her stake in the company from her husband, Robert Louis-Dreyfus, who died in 2009. She then spent years locked in a feud with other family members, who objected to her stewardship of the business.

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The sale will inject cash into a business that has continued to pay hefty dividends to Ms. Louis-Dreyfus, chair of the supervisory board of Louis Dreyfus's holding company, despite bumpy earnings in recent years. The U.S.-China trade war, recurrent oversupply of crops and the swine fever epidemic that ravaged China's hog herd have

weighed on prices for commodities including soybeans and sugar. Facing stiff competition from rivals including [Glencore PLC](#) and Chinese giant Cofco Corp., Louis Dreyfus has sold assets including Canadian grain elevators.

The Rotterdam, Netherlands-based trading house benefited from the volatility that struck agricultural markets with the onset of the coronavirus, reporting a 50% rise in earnings in the first half of 2020 from a year earlier. Still, it booked a \$74 million loss from its joint venture with [Luckin Coffee Inc.](#), the [Chinese coffee startup that imploded](#) earlier this year.

The deal would add to ADQ's investments in more than 90 companies, spanning sectors including energy, utility, health care and logistics. The parallel supply arrangement may bolster the U.A.E.'s food security, giving it access to a reliable source of agricultural commodities that could shield the Gulf nation from swings in crop prices and availability.

Coronavirus has sparked steep swings in crop prices and disrupted agricultural supply chains, adding urgency to efforts by countries that depend on imported food to ensure they have secure supplies. The U.A.E. imported a million tons of milled rice and 1.91 million tons of wheat in the 2019-20 agricultural year, according to the U.S. Department of Agriculture. Domestically, it produced none of either crop.

“For a country like the UAE, they have the oil but what they don’t have is the foodstuff,” said Jean-François Lambert, founder of Lambert Commodities, an advisory firm.

Several other state-backed companies and investment groups have taken major stakes in agricultural traders in recent years, or sought to build up national champions in the industry. Cofco bought controlling majority stakes in Dutch trading house Nidera BV and the agricultural arm of Hong Kong’s Noble Group in 2014, touting the deals as a means of connecting bread baskets in the Black Sea and South America to fast-growing economies in Asia. Also that year, Singaporean sovereign-wealth fund Temasek Holdings Pte. Ltd. took a majority stake in Olam International, which trades commodities such as cocoa and nuts.

The Canada Pension Plan Investment Board agreed to take a 40% stake in Glencore’s agricultural unit in 2016 for \$2.5 billion.

Write to Joe Wallace at Joe.Wallace@wsj.com

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