

Markets

Dreyfus Pays Big Dividend as Billionaire Owner Seeks Cash

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- ▶ [Margarita Louis-Dreyfus faces deadline to buy out family](#)
- ▶ [Financial results follow surprise departures of CEO and CFO](#)



A worker walks next to distilling tanks at the Louis Dreyfus Commodities' Biosev sugarcane processing facility unity near Sertaozinho, Brazil *Photographer: Dado Galdieri*

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ADM
ARCHER-DANIELS
51.05 USD
▼ -0.02 -0.04%

HSBA
HSBC HOLDINGS PL
659.20 GBP
▼ -1.60 -0.24%

BSEV3
BIOSEV SA
2.75 BRL
▲ +0.34 +14.11%

BG
BUNGE LTD
69.14 USD
▲ +0.21 +0.30%

Louis Dreyfus Co. paid a big dividend to its eponymous family owners despite dismal earnings, showing how majority owner Margarita Louis-Dreyfus is squeezing the company for cash.

The company paid a dividend of \$411 million, partly financed with fresh debt, which will largely go to Louis-Dreyfus. The Russian billionaire heiress is in the process of raising money to buy out other family members and needs about \$900 million to meet a December deadline.

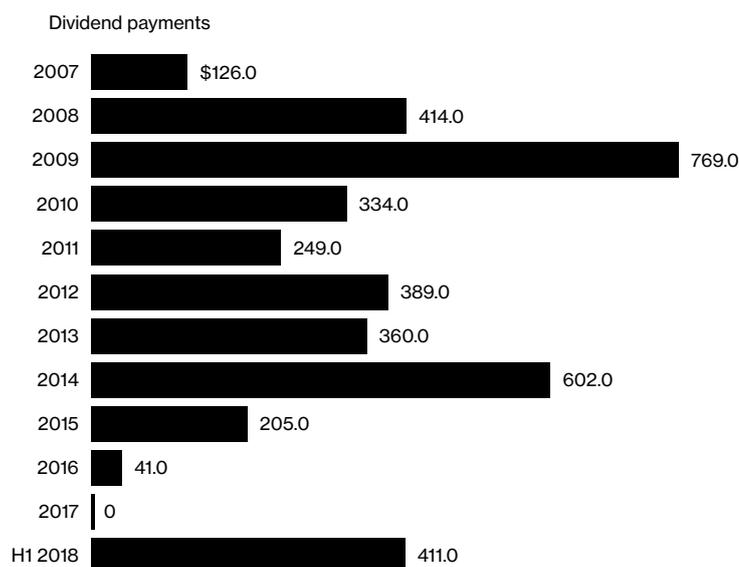
If she is successful in making the payment, it would further cement Louis-Dreyfus's control of the 167-year-old company, one of the world's largest agriculture trading houses. But the cash crunch comes at a perilous time for LDC, which

reported its lowest first-half profit since at least 2011 and recently lost its chief executive officer and chief financial officer.

"LDC: from bad to worrisome," said Jean-Francois Lambert, a former trade finance banker at HSBC Holdings Plc and industry consultant. "Pulling funds out of a trading house when it suffers from a difficult market environment shows the growing conflict between the shareholder and the interests of the operating company."

Hefty Dividend

Margarita Louis-Dreyfus is seeking cash to pay for family shares



Source: Company filings

Net income dropped 38 percent to \$100 million during the first half. The company blamed the steep drop on the impact of mark-to-market valuation changes related to hedges from soy-crushing operations.

LDC struck an upbeat tone on overall results. The mark-to-market hit from soy-crushing is temporary, and will turn into a positive, said Ian McIntosh, who took the CEO role last month.

The financial results showed LDC took on \$1 billion in new debt in the first half. In addition, LDC granted a long-term loan of \$1.1 billion to its parent, LDC Netherlands Holding BV, related to the bailout of Brazilian sugar-processor Biosev SA. The loan matures in 2023 and is equal to nearly a quarter of the LDC's current equity value. It gave no further

details.

The 56-year-old Louis-Dreyfus is under pressure to fulfill a commitment to her late husband Robert to consolidate control of the business. Her stake would rise to more than 96 percent from about 80 percent if she buys out the family members.

Read: Louis-Dreyfus Gets December Deadline to Buy Out Family Members

Dreyfus is the D of the storied ABCD group of commodities merchants that dominate global agriculture trading flows. The other three companies are Archer-Daniels-Midland Co., Bunge Ltd. and Cargill Inc.

KEY FIGURES FROM FIRST-HALF RESULTS

- ▶ Adjusted net debt was \$3.6 billion at the end of June, up from \$2.6 billion.
- ▶ Net income from continuing operations -- LDC's core trading business - - dropped 50% to \$67 million.
- ▶ Cash flow from operations was a negative \$72 million, compared with positive \$368 million.
- ▶ Impact from mark-to-market hedges was negative \$65 million

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– *With assistance by Agnieszka de Sousa*

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