

fastFT Louis Dreyfus Holding BV

Louis Dreyfus Company pays \$411m dividend

Payment comes after surprise exit of CEO and CFO last month

Neil Hume and Emiko Terazono 5 HOURS AGO

Louis Dreyfus Company, one of the world's biggest food traders, paid its shareholders almost half a billion dollars as it reported a near 40 per cent drop in half year profits.

LDC paid out \$411m to its owners, ultimately controlled by Louis Dreyfus Holding (LDH). LDH is 80 per cent owned by Margarita Louis-Dreyfus, the Russian-born widow of Robert Louis-Dreyfus.

The revelations come as the privately owned trading house announced last month that chief executive Gonzalo Ramirez Martiarena had suddenly departed after three years in the job to "pursue other opportunities, and chief financial officer Armand Lumens had left for "personal reasons".

Ms Louis-Dreyfus is seeking to buy out other family shareholders by the end of the year, which will raise her stake to 96.6 per cent. Through Akira, a family trust, Ms Louis-Dreyfus is trying to secure a bridging loan to fund the buyout – which people with knowledge of the situation say would cost more than \$900m – and may consider selling a minority stake in the business once the deal is completed.

LDC's net debt rose by \$1bn to \$3.6bn at the end of 2017. During the first six months of the year, the company saw negative cash flow from operating activities as it battled volatile markets for its key commodities.

So here is a trading company, struggling with its business model in difficult market conditions , that also has to get poorer to support very demanding shareholders, "Jean-François Lambert of consultancy Lambert Commodities.

"Needless to say that this certainly explains why both the CEO and the CFO have given their resignations. I wonder what LDC's lenders are currently thinking whilst reading the report and discovering that instead of supporting the business, their funds have been channeled to the shareholder."

After tax profits for the six months to June fell to \$100m from \$160m from the same time last year, reflecting the negative impact from its hedging activities. Like many of its peers, LDC said it had taken a loss on derivative contracts used to lock in margins in its soybean business. As the underlying deals roll-off later this year the impact would be reversed.

Ian McIntosh, who took the helm of the 167-year old company after Mr Ramirez Martiarena's exit, said the company was "on track to deliver solid results for 2018 overall".

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