

Louis Dreyfus sells stake to Abu Dhabi sovereign wealth fund

Sale of 45% holding opens agricultural trader to non-family shareholder for first time

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Margarita Louis-Dreyfus is the widow of Robert Louis-Dreyfus, whose family founded the company in 1851. She spent almost \$1bn in 2019 to take control of the business © Tolga Akmen / FT Commission

The Russian heiress who controls Louis Dreyfus Company has agreed to sell a 45 per cent stake in the agricultural trader to Abu Dhabi state-owned holding company ADQ, opening the business to a non-family shareholder for the first time in its 169-year history.

The deal provides a much needed injection of cash for the Geneva-headquartered group and also for Margarita Louis-Dreyfus, who has been taking big dividends over the past few years to repay the loans she used [to buy out](#) other members of the Dreyfus clan.

ADQ will purchase a 45 per cent stake in LDC's parent company Louis Dreyfus Company Holdings BV (LDCH) from Mrs Louis-Dreyfus. In return it will have seats on LDC's supervisory board in line with its ownership, along with other consent rights.

The sale price was not disclosed but LDC said a portion of the proceeds, amounting to a minimum of \$800m, would be ploughed back into the business. This will come in the form of a loan repayment by LDC's parent company.

"The transaction announced today constitutes a milestone in a decade-long strategy . . . which started with the consolidation of LDC's parent company's shareholding," said Mrs Louis-Dreyfus in a statement on Wednesday.

LDC is one of a small group of companies, which includes ADM, Bunge and Cargill, that dominates global flows of agricultural commodities. It is one of the world's biggest traders of grains, soyabeans, coffee and cotton, employing about 18,000 people. Its turnover in 2019 was \$34bn

Mrs Louis-Dreyfus is the Russian-born widow of Robert Louis-Dreyfus, whose family founded the company in 1851. Since Robert's death in 2009, she has steadily strengthened her grip over the business.

Efforts to find a strategic investor accelerated in 2019 after she [spent almost \\$1bn](#) to buy out the remaining family members and increase her holding in LDC's parent company LDCH to 95 per cent.

The search for a partner got off to a difficult start as investors balked at the valuation amid a difficult backdrop for the industry. The process was restarted in March and picked up pace as agricultural commodity prices rallied, especially for grains and soyabeans, as governments looked to shore up their state reserves following the pandemic.

China has also been an active buyer, especially with its pig herd recovering after African swine fever hit production. This helped boost profits at LDC, where net income in the first half of 2020 reached \$126m, up from \$71m in the same period a year earlier.

At the same time, the global coronavirus pandemic heightened concerns about security of supply among big food importers.

The Gulf states, which rely heavily on overseas purchases, have been looking to make investments in food and agricultural companies. ADQ, the emirate's main state holding company, recently bought a 50 per cent stake in one of the region's biggest agribusinesses, Al Dahra.

"Food and agriculture is an attractive, core sector for ADQ to generate financial returns," said Mohamed Hassan Alsuwaidi, chief executive of ADQ. "LDC will further accelerate the progress we have already made this year in significantly expanding ADQ's food and agriculture portfolio."

ADQ has emerged as one of Abu Dhabi's most active investment vehicles in recent years, keeping investment bankers busy with a range of deals.

Chaired by the UAE's increasingly influential national security adviser Sheikh Tahnoun bin Zayed Al Nahyan, ADQ acts as an umbrella organisation seeking to streamline the sprawling government sector, bankers say.

It holds most of Abu Dhabi's interests outside of the capital's established sovereign wealth funds and national oil company, spanning industry, logistics, healthcare, tourism, utilities and media.

ADQ has redoubled the emirate's focus on food security and logistics since the pandemic laid bare the need for Gulf states to build more robust supply chains.

As part of the deal, LDC has signed a long-term supply agreement with

ADQ for the sale of agricultural commodities to the UAE.

Jean-François Lambert, of Lambert Commodities, said the deal would help LDC in its transformation from a largely trading-focused business model to an integrated food business.

“Indirectly and crucially, the fact that the main shareholder will have paid her debts means that the dividend policy of LDC will likely normalise. And last but not least, LDC will get privileged access to the UAE, a welcome gift for the company,” he said.

LDC has paid just over \$300m in dividends this year, with Mrs Louis-Dreyfus receiving most of the proceeds.

Credit Suisse Group advised Louis Dreyfus on the transaction and Rothschild advised ADQ.