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Louis Dreyfus Company B.V. Reports 2019 Half-Year Consolidated Financial Results

ROTTERDAM, THE NETHERLANDS, 7 October 2019 – Louis Dreyfus Company B.V. (LDC) today announced its consolidated financial results for the six-month period ended 30 June 2019. A resilient first half performance, despite difficult global business conditions, confirmed LDC's strategic direction, with new investments in vertical integration across segments and geographies, and toward greater food innovation.

The Group generated EBITDA from continuing operations of US\$439 million, up 8.0% year-on-year. Excluding the effects of the new IFRS 16 on lease expenses recognition, this result was comparable to the first half of 2018. While net sales were down 6.1% at US\$17.5 billion, Segment Operating Results settled 5.0% below last year at US\$495 million. These results were achieved on the back of a 6.9% decrease in volumes shipped. The volume decline was partially offset by a more favorable product mix. Net Income from continuing operations amounted to US\$73 million, compared to US\$91 million last year. The Group continued to generate strong cash flows from its operations, supported by a lower consumption of working capital. This, combined with lower average long-term debt, enabled the Group to reduce financing costs by 11%, despite a significant increase in Libor rates.

"LDC achieved sound results for the first half of 2019, in a particularly challenging environment," said Ian McIntosh, LDC Chief Executive Officer. "Global trade tensions, erratic weather conditions, the spread of African swine fever in Asia and a general context of oversupply made it difficult to analyze and act upon market fundamentals, underlining our achievement for the period. Our strategy of maintaining a diversified portfolio and broad geographic footprint was once again key to our performance, underpinned by solid risk management expertise. At the same time, we maintained our focus on implementing the transformative business strategy that is key for our view of the future, continuing to strengthen our edge in trading, pursuing our moves toward vertical integration and value added products, and investing in food and technological innovation. We see these adverse market conditions persisting during the second half of 2019 and expect a recovery in profitability in 2020 as we continue to implement our business plan."

The Merchandizing Segment significantly improved profitability, while the Value Chain Segment faced a more complex market environment.

The Merchandizing Segment recorded Operating Results of US\$270 million, up 35.0% from US\$200 million for the first six months of 2018. All platforms performed well, with significant improvements in Coffee, Cotton and Rice, while Sugar maintained a healthy performance.

The Value Chain Segment posted Operating Results of US\$225 million, down 29.9% from US\$321 million the previous year. The Oilseeds Platform's performance remained resilient, largely thanks to its diversity of products, and despite trade tensions and the spread of African swine flu in Asia. The Grains Platform posted positive results, as a result of successful price risk management in the face of difficult weather conditions, particularly in the US and Australia. The Juice Platform's results continued to improve, while the Freight and Global Markets platforms put in a good performance.

LDC advanced well with implementation of its business strategy investing from coffee to aquafeeds, and from China to Malaysia, including:

- Investment in the IPO of Luckin Coffee on the NASDAQ in the US including an agreement to form a joint venture roasting and ground coffee plant in China, underlining the potential for growth with regional partners;
- Investment in the IPO of Leong Hup International, a leading integrated poultry, eggs and livestock feed company, on the Malaysian stock exchange, Bursa Malaysia.
- The start of construction work on the new feed mill for high-end aquatic feeds in Tianjin, China, a partnership that will be operated by a joint venture between LDC and Guangdong HAID Group, one of the world's largest aqua feed producers. This marked LDC's first step into the fast-growing aqua feed market, as part of its drive to meet demand for protein alternatives.

In terms of food innovation, LDC invested in food ingredients start-up Motif Ingredients in February and took steps to access more food innovation start-ups in May, when it became a founding member of the China Food Tech Hub. It also innovated in finance with its first sustainability-linked Revolving Credit Facility (RCF) in North America, with a price mechanism linking the interest rate to performance in meeting environmental targets.

"These are challenging and exciting times", said Ian McIntosh. "We have aligned our business strategy to embed our purpose to create fair and sustainable value, for the benefit of current and future generations. As we invest to transform the company for the future, we will continue to adapt to both short- and long-term trends, as we have for almost 170 years. It is a journey and we have a clear roadmap and all the right ingredients for continued success."

Highlights for the six-month period ended June 30th, 2019:

- Net sales of US\$17.5 billion versus US\$18.6 billion for the first half of 2018
- Segment Operating Results at US\$495 million versus US\$521 million at 30 June 2018
- EBITDA from continuing operations of US\$439 million versus US\$406 million at end June 2018
- Income before tax - continuing operations of US\$85 million versus US\$111 million a year earlier
- Net income, Group Share at US\$71 million versus US\$128 million for the first half 2018
- Working capital usage of US\$6.0 billion versus US\$6.5 billion at 31 December 2018
- Capital expenditure of US\$191 million over the half year versus US\$131 million over the same period in 2018
- Return on equity, Group Share, of 6.5%, compared to 7.2% one year before

LDC's complete 2019 Interim Report is available at www.ldc.com.



About Louis Dreyfus Company

Louis Dreyfus Company is a leading merchant and processor of agricultural goods. We leverage our global reach and extensive asset network to serve our customers and consumers around the world, delivering the right products to the right location, at the right time – safely, responsibly and reliably. Our activities span the entire value chain from farm to fork, across a broad range of business lines (platforms). Since 1851 our portfolio has grown to include Grains & Oilseeds, Coffee, Cotton, Juice, Rice, Sugar, Freight and Global Markets. We help feed and clothe some 500 million people every year by originating, processing and transporting approximately 80 million tons of products. Structured as a matrix organization of six geographical regions and eight platforms, Louis Dreyfus Company is active in over 100 countries and employs approximately 18 000 people globally. For more information, visit www ldc.com and follow us on [Twitter](#) and [LinkedIn](#).

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