Lou Ana gives Ark. firm OK to evaluate stock

By BOBBI LAMB
Arkansas Democrat-Gazette

Opelousas-based LouAna Foods Inc. has given an Arkansas investment banking firm the go-ahead to seek and evaluate purchase offers for the company and company assets in order to explore various options.

The other options include a public offering of the company's stock, a leveraged buyout of the company by its employees or management or the handing over of current ownership, said L. Don Thompson, LouAna's president and chief executive officer.

LouAna's board voted in October to hire Little Rock-based Stephens Inc. to help determine the value and fate of the family-owned company.

Stock ownership of LouAna is held in family trusts for the benefit of Theodore G. Schaf Jr., who died in October 1962. Schaf, who acquired LouAna in 1971, was president and chief executive officer of the company.

Lou Ana

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None of the heirs are active in the business, which employs about 180 people in Opelousas. It also operates a sales office in Houston. LouAna's annual sales total $165 million.

Thompson said Monday that Stephens Inc. has received inquiries from several potential suitors for LouAna. Because of the interest, the investment banking firm has been authorized to seek formal offers for evaluation.

The timing could be right for a sale, Thompson said. Interest in food processing companies is high, and rates on financing make an acquisition reasonable for buyers.

Thompson said Stephens Inc. likely will receive offers for the company within two to three months. Any decision on the future of the company will take six to eight months.

"The degree of interest may not be enough for the directors to do anything," Thompson said.

The company's main products are LouAna brand cooking oil and black-strap molasses. LouAna also sells private label and private brand products through the company's distribution arm, which accounts for 35 percent of sales and employs 110 people in Opelousas.

The company's new plant, which opened in 1986, is the only black-strap molasses plant west of the Mississippi River and the only producer of black-strap molasses in the United States.

Because of a sugar shortage, the company received an offer from a sugar company to buy the black-strap molasses plant, but the offer was not considered to be attractive.

Also in October, Thompson said, a food distributor wanted to acquire the distribution arm of the company, but a decision was not made on the offer.

The sale of LouAna has been considered by family members in the past, but the offer price has not been right, Thompson said.

"We decided to do nothing," he said.

"If we sell LouAna, it would mean the end of the Schaf family's ownership of the company," he added.

LouAna is considered one of the top 10 food producers in the country.