Speaking of Dividends

BY SHIRLEY A. LAZO

COMMODITY prices can go down as well as up, so the shareholders of Great Western United Corp., the largest producer of beet sugar in the U.S., learned last week.

With the price for the sweet down roughly 50% from its ‘74 peak, the concern, the center of a tender offer by oil-rich Bunker Hunt et al., last week decided against resuming regular disbursements for the present time. Last January, it paid $2.92½ cents a share, its first cash payout since dividends were omitted in October 1971.

Great Western, now controlled by the Hunts, said the action reflected “the current volatile nature of sugar prices and the substantial litigation against the company. Among other things, the company is a defendant in a $246-million class-action civil suit. Prior to October ‘71, Great Western had boasted an unbroken dividend skein stretching back to 1933.

With sugar prices high, profits at Great Western for its second fiscal quarter ended November 30 soared to $26 million, or $11.82 a share ($10.13 fully diluted), from $2.2 million, or 50 cents (antidilution), in the like year-earlier period. Sales more than tripled, to $182.1 million, from $57.9 million. Those results brought first-half net to $40.3 million, or $18.09 a share ($15.58), up from $3.4 million, or 51 cents (antidilution), while volume mounted to $305 million, from $128.6 million.

The Denver-based company’s Great Western Sugar unit contributed 85% of fiscal ‘74 sales. Some 17 plants are owned and operated in Northeastern Colorado, the Western Panhandle of Nebraska, Ohio, Wyoming, Kansas and Montana. Great Western Sugar, like other refiners, expects its plants to operate at full capacity this year (in sharp contrast to the industry’s downward trend during the 1960s and level output in the early 1970s).

During the five calendar years 1969-1973, Great Western Sugar marketed around 23% of all beet sugar sold in the U.S. (This year, industrywide, beets are expected to account for “55% plus” of domestic sugar production, up from 52% in ‘74.)