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Andrej Babiš's €5bn lock-up



Andrej Babiš will be [appointed Czech PM tomorrow](#), after having [announced on Thur.](#) that he'll give up Agrofert and not have any further economic relationship with it. His children won't benefit from it until after he dies, which means the company's retained earnings and other reserves (currently [Kč 117.4bn, or €4.9bn](#)) will be locked up indefinitely. Until Babiš transfers Agrofert into a trust structure, he can take any financial steps he wants, including paying dividends to himself. However, a large payout could hurt the company financially and might violate loan covenants ([bank debt is Kč 39.6bn](#)). A logical solution in a similar situation would be a conditional dividend payout structured over many years, based on performance metrics and ratios. However, that would be a blatant violation of Babiš's conflict-of-interest vow to Pres. Petr Pavel and the public. Babiš promised not to have any further economic relationship with Agrofert, so he must decide now how many billions to leave in long-term lock-up.

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