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Dekeloil Public Limited
10 January 2019

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DekelOil Public Limited / Index: AIM / Epic: DKL / Sector: Food Producers

10 January 2019

DekelOil Public Limited ('DekelOil' or the 'Company')

Full Year Production Update

DekelOil Public Limited, the West African focused agricultural company, is pleased to provide a production update for its 100%-owned vertically integrated Ayenouan palm oil project in Côte d'Ivoire (the 'Project') for the year ended 31 December 2018.

Full year Crude Palm Oil ('CPO') production at the Project totalled 33,077 tonnes in 2018. This represents a 14.6% decrease in CPO volumes compared to the previous year mainly due to the weak peak harvesting season experienced across the region in H1 2018, as previously announced by the Company. Palm Kernel Oil ('PKO') and Palm Kernel Cake ('PKC') production increased significantly as a result of concerted efforts to bring in greater levels of external kernels, which partially mitigated the lower CPO production. Importantly, despite weak international CPO pricing conditions during the year, DekelOil continued to achieve pricing premiums on its CPO sales.

| | Q4 2018 | Q4 2017 | Change | FY 2018 | FY 2017 | Change |
|-------------------------|----------------|----------------|---------------|----------------|----------------|---------------|
| FFB collected (tonnes) | 24,903 | 32,364 | -23.1% | 146,036 | 171,696 | -14.9% |
| CPO production (tonnes) | 5,464 | 7,055 | -22.6% | 33,077 | 38,736 | -14.6% |
| CPO sales (tonnes) | 4,950 | 6,586 | -24.8% | 32,692 | 38,373 | -14.8% |
| PKO production (tonnes) | 598 | 442 | +35.3% | 2,918 | 2,554 | +14.3% |
| PKO sales (tonnes) | 803 | 544 | +47.7% | 2,862 | 2,570 | +11.4% |
| PKC production (tonnes) | 843 | 578 | +45.8% | 3,721 | 3,444 | +8.0% |
| PKC sales (tonnes) | 848 | 433 | +95.8% | 3,796 | 3,330 | +14.0% |

These figures remain subject to full year audit and year end stock adjustments

Crude Palm Oil Production

- 33,077 tonnes of CPO produced in 2018 (FY 2017: 38,736 tonnes), a 14.6% reduction due to:
- Q4 2018 CPO production of 5,464 tonnes was lower than the record Q4 CPO volumes recorded in 2017 which were in turn driven by unseasonably high volumes of fresh fruit bunches ('FFB') harvested across the region in Q4 2017. However, Q4 2018 production of 5,464 tonnes was 15.3% higher than CPO production achieved in Q4 2016.
- CPO production in H2 2018 represents a more normal seasonal level of production compared to the challenging conditions experienced in H1 2018 - 10,835 tonnes of CPO produced in H2 2018 (H2 2017: 11,789 tonnes)
- Production of 22,242 tonnes of CPO in H1 2018 compared to 26,947 in H1 2017 following poor region-wide FFB harvest during 2018 peak season
- CPO sold at average prices of €517 in Q4, an 18.6% premium to international prices of €436, resulting in quarter-on-quarter improvement in Q4 2018 gross margins compared to Q3 2018
- Driven by increased local demand following expansion in key customers' refining capacity
- Premiums are expected to continue into Q1 2019 particularly if low global prices persist
- 22.7% extraction rate achieved in FY 2018 (FY 2017: 22.6%) remains stronger than DekelOil's competitors

Palm Kernel Oil ('PKO') and Palm Kernel Cake ('PKC') Production

- Significant success in increasing PKO and PKC production in Q4 2018 due to successful efforts to aggressively purchase raw kernel from other mills to counter challenging FFB conditions experienced in 2018
- 35% increase in PKO production to 598 tonnes in Q4 2018 (Q4 2017: 442 tonnes)
- 46% increase in PKC production to 843 tonnes in Q4 2018 (Q4 2017: 578 tonnes)
- 48% increase in Q4 2018 PKO sales compared with Q4 2017
- 96% increase in Q4 2018 PKC sales compared with Q4 2017

Preparations for 2019 Peak Harvesting Season

- A fourth logistics centre located to the south of the mill recently established to facilitate delivery of fruit to the mill and increase DekelOil's market share of FFB in this region
- All routine mill maintenance work programmes on track to be completed in time for the 2019 high season

DekelOil Executive Director Lincoln Moore said:

"In terms of the peak harvesting season, 2018 was a challenging year for the industry in Cote d'Ivoire with volumes of fruit available for processing significantly lower than the previous year, resulting in today's reported drop in full year CPO production. Having seen a normalisation in seasonal patterns in the second half, we are optimistic the recovery will extend into 2019 and beyond. We have been working hard to ensure DekelOil secures as much available fruit as possible in the upcoming high season and we are working with our customers to maximise sales prices for our CPO. The establishment of a fourth logistics centre, the premium prices secured for our CPO and the step-up in PKO and PKC production ought to be viewed against this backdrop. With the above in mind, we are looking forward to the commencement of the 2019 high season.

"In terms of corporate development, 2018 was a landmark year for the Company. Notably, our acquisition of an initial 43.8% stake in the large scale Tiebissou cashew processing project in Cote d'Ivoire has accelerated our strategy to transform DekelOil into a multi-project, multi-commodity agricultural company focused on West Africa with diverse and scalable revenue streams. With construction of an initial 10,000tpa cashew processing plant due to be completed, and first revenues expected, by early 2020, the year ahead is on course to be the last in which all our revenues are generated from just one commodity. This is an exciting period in the development of DekelOil as a leading West African focused agricultural company and I look forward to providing further updates on our progress in the year ahead."

**** ENDS ****

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Notes:

DekelOil Public Limited is a low-cost producer of palm oil in West Africa, which it is focused on rapidly expanding including its recent 43.8% investment in a cashew processing company. Feedstock for the mill comes from several co-operatives and thousands of smallholders, however it also has nearly 1,900 hectares of its own plantations. Furthermore, it has a world-class nursery with a capacity of 1 million seedlings per year.

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