

Dekeloil Public Ltd

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Dekeloil PLC

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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ('MAR'). Upon the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

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

DekelOil Public Limited ('DekelOil' or the 'Company')
Half Year Production Update

DekelOil Public Limited, operator and 100% owner of the profitable and vertically integrated Ayenouan palm oil project in Côte d'Ivoire (the 'Project'), is pleased to provide a production update for the half year ended 30 June 2017.

A 22.1% increase in product sales (including CPO, Palm Kernel Oil ('PKO') and Palm Kernel Cake ('PKC')) to €18.8 million (H1 2016: €15.4 million) is expected to be reported in the half year to 30 June 2017, primarily due to stronger CPO pricing resulting from higher global prices and increased CPO storage capacity at the Project which enabled the Company to improve local pricing terms. Record like-for-like CPO production was recorded in Q1 2017, which was followed by curtailed production at the Mill in Q2 due to now rectified mechanical issues during May and June. H1 production of CPO was therefore marginally lower at 26,947 tonnes (H1 2016: 28,550 tonnes).

As a result of the strong first half performance, the Company expects EBITDA for H1 2017 to be materially higher than H1 2016's EBITDA of €3.1m.

	H1 2017	H1 2016	Increase / Decrease
Product Sales (excluding nursery)*	€18.8 m	€15.4 m	22.1%
Fresh Fruit Bunches ('FFB') collected (tonnes)	117,706	123,157	-4.4%
CPO production (tonnes)	26,947	28,550	-5.6%
CPO Sales (tonnes)	24,570	25,225	-2.6%
Average CPO price per tonne	707	542	30.4%
Palm Kernel Oil ('PKO') production (tonnes)	1,648	1,998	-17.5%
PKO Sales (tonnes)	1,322	1,828	-27.7%
Average PKO price per tonne	1,015	781	30.0%
Palm Kernel Cake ('PKC') production (tonnes)	2,204	2,360	-6.6%
PKC Sales (tonnes)	2,229	2,615	-14.8%
Average PKC price per tonne	51	40	27.5%

* Product sales subject to final audit cut off

- 22.1% increase in H1 product sales to €18.8m primarily due to stronger CPO, PKC and PKO prices, in addition to increasing CPO storage capacity from 5,000 to 8,000 tonnes, enabling the Company to sell CPO at a premium to international prices
- 30.4% year on year increase in average CPO prices achieved by the Company to €707 per tonne in H1 2017 (H1 2016: €542), a 5% premium to average international CPO prices of €674 per tonne during H1 2017
- New 3,000 tonne storage tank provides DekelOil with flexibility over timing of CPO sales to maximise prices
- All H1 2017 stock on hand pre-sold at an average price of €715, representing a 31.9% year on year increase compared to H1 2016 pre sales as the Company was able to capitalise on higher prices
- At 30 June 2017, CPO inventory was 2,483 tonnes
- H1 2016 sales prices were impacted by the local currency crisis in Nigeria which is long since resolved
- Strong product sales to translate into an expected record H1 financial performance
- Year on year H1 gross margins expected to be higher than the 26% achieved in H1 2016 primarily driven by improved pricing
- EBITDA for H1 2017 expected to exceed H1 2016's EBITDA of €3.1m
- NPAT is also expected to benefit further due to lower interest expense following completion of debt refinancing programme on improved terms in 2016
- Following record like for like CPO production in Q1 2017, the Mill was not fully operational during May and June 2017 due to two separate mechanical issues that have since been rectified
- The first related to blockages in production flow in the kernel separation process
- The second related to an equipment failure within the deoiling tank - Modipalm has taken responsibility and the Company is discussing capital reimbursement
- Total CPO production losses in May and June as a result of lost production hours are estimated to be approximately 3,500 - 4,000 tonnes
- Operations at the Mill returned to normal from late June
- Year on year CPO extraction rate fractionally lower than the 23.1% achieved in H1 2016
- New Empty Fruit Bunch press became operational in March 2017 and is estimated to be contributing an additional 0.4-0.5% to the overall extraction rate, however milling interruptions coupled with a decreased oil content analysed in FFB offset the improved like for like extraction rate
- Year on year PKO production was lower primarily due to storing of 550 tonnes of nuts (expected to yield approximately 275 tonnes of kernels) for processing in Q3 to maximise Mill efficiency in low season
- The PKO extraction rate of 42.25% is above the 41% achieved in H1 2016

DekelOil Executive Director Lincoln Moore said: "We believe we are on course to report another set of record half yearly revenues, EBITDA, and net profit after tax. The now resolved mechanical issues which prevented the Mill from being fully operational during Q2 and resulted in marginally lower year on year CPO production in H1 were frustrating, but we are encouraged by the response from the team on the ground who have efficiently restored the Mill to full operation. As well as stronger international prices, the excellent financial performance is due to the commissioning of an additional storage tank which assisted in maximising pricing during the period.

"With last year's first half EBITDA of €3.1 million set to be exceeded, Ayenouan has proved itself to be a highly cash generative platform upon which we will build a leading West African focused palm oil company. With this in mind, we are moving forward with plans to develop our second project in Côte d'Ivoire at Guitry, while discussions are continuing with regards to the acquisition of Norpalm, a

producing palm oil project in Ghana. This is an exciting time for shareholders and I look forward to providing further updates on our progress."

In addition, application has been made to the London Stock Exchange for the admission of 123,684 ordinary shares of €0.0003367 each ("Ordinary Shares") issued to certain advisers in settlement of fees for services provided ("Admission"). It is expected that Admission will become effective on 24 July 2017. Following Admission, the Company's issued share capital will consist of 296,119,458 Ordinary Shares.

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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. To this end, it has a 100% interest in one of the largest oil processing mills based in Côte d'Ivoire, which has a capacity of 70,000 tons of CPO. 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 1 million seedlings a year capacity.

**This information is provided by RNS
The company news service from the London Stock Exchange**

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