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DekelOil Public Limited
13 April 2018

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

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

Q1 2018 Production Update

DekelOil Public Limited, operator and 100% owner of the vertically integrated Ayenouan palm oil project in Côte d'Ivoire (the 'Project'), is pleased to announce its quarterly production of crude palm oil ('CPO') for the three months ended 31 March 2018.

	Q1 2018	Q1 2017	Increase / Decrease
FFB collected (tonnes)	59,531	72,083	-17.4%
CPO production (tonnes)	13,605	16,398	-17.0%
CPO sales (tonnes)	13,758	11,871	15.9%
Average CPO price per tonne	€548	€736	-25.5%
PKO production (tonnes)	959	996	-3.7%
PKO sales (tonnes)	719	895	-19.7%
Average PKO price per tonne	€987	€1,008	-2.1%
PKC production (tonnes)	1,223	1,228	-0.04%
PKC sales (tonnes)	1,113	855	30.2%
Average PKC price per tonne	€50	€53	-5.7%

Production

- 13,605 tonnes of CPO produced in Q1 2018 compared to 2017's record Q1 performance of 16,398 tonnes
- The production output continues a recent trend of deviation from typical seasonal trends with Q3 2017 slightly down, the low season Q4 2017 being significantly higher followed by the high season Q1 2018 again being softer
- 2018 peak FFB harvesting season has to date been less volatile on a month to month basis compared to 2017 in terms of volumes of fruit produced - whilst the Company cannot be certain, the current local industry view is that this may result in the 2018 high season being slightly longer and less volatile than 2017
- DekelOil's market share of FFB delivered to its mill as a proportion of total volumes harvested was comparable with previous quarters
- PKO and Kernel Cake production in Q1 2018 remained broadly in line with Q1 2017 as lower mill utilisation enabled a higher percentage of kernels to be crushed and processed

Sales and Pricing

- 16% increase in Q1 CPO sales to record 13,758 tonnes (Q1 2017: 11,871 tonnes) reflected lower availability of CPO across the region following reduced volumes of FFBS harvested
- Added Louis Dreyfus Holding B.V., a leading merchant and processor of agricultural goods, as a new customer in March 2018 - further diversifying local customer base
- Stock on hand currently stands at virtually nil following strong CPO sales
- Lower year on year CPO sales prices due to weaker international benchmark pricing and the strong appreciation of the Euro against the USD (palm oil's benchmark currency) particularly in December/January
- Management looking to capitalise on the lower availability of CPO in the region to secure future sales of CPO at a premium to international prices for the remainder of the high season and the low season
- PKO pricing remained stable thanks to strong international pricing offsetting the impact of the strong Euro against the USD
- Lower year on year pricing and higher competition for FFB due to lower volumes harvested led to pressure on gross margins in the second half of Q1 2018 when it became apparent to all local producers that FFB supply in February and March 2018 would not match that of 2017

DekelOil Executive Director Lincoln Moore said, "The Q1 performance was set against a backdrop of relatively weaker FFB volumes and lower international prices compared to last year. However, we remain focused on optimising the variables we can control, such as securing sales for our product at premium prices, maintaining our excellent relationships with the thousands of local smallholders who supply us with fruit, and growing our customer base."

"We are encouraged by the record sales quantities which saw us record our best ever quarterly CPO sales performance; maintain our market share in terms of delivery of fruit to our mill; and securing Louis Dreyfus as our latest customer. We view diversification of our sales customer base as critical to maximising the sales prices for our product, particular given the lower CPO supply evident in the local market and this will hold us in good stead to extract premium prices throughout the remainder of the high season and forthcoming low season."

**** 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. 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 one million seedlings per year capacity.

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

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