

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, the West African focused agricultural company, is pleased to report record second quarter and first half production of crude palm oil ('CPO') at its 100%-owned, vertically integrated palm oil project at Ayenouan in Côte d'Ivoire (the 'Project') for the three and six month periods ended 30 June 2019. Albeit against soft 2018 comparators, this represents a 62% year on year increase in CPO production to 14,013 tonnes in Q2 2019, which contributed to a 30% increase in CPO volumes for the half year period to 28,934 tonnes (H1 2018: 22,242 tonnes) and more than 7% higher than the 26,947 tonnes produced in H1 2017.

	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change
FFB collected (tonnes)	62,577	36,664	+70.7%	131,917	96,195	+37.1%
CPO production (tonnes)	14,013	8,637	+62.2%	28,934	22,242	+30.1%
CPO Sales (tonnes)	14,693	8,513	+72.6%	26,702	22,271	+19.9%
Average CPO price per tonne	€488	€544	-10.3%	€505	€549	-8.0%
PKO production (tonnes)	953	834	+14.3%	1,896	1,793	+5.7%
PKO Sales (tonnes)	606	761	-20.4%	1,539	1,480	+4.0%
Average PKO price per tonne	€583	€798	-26.9%	€589	€893	-34.0%
PKC production (tonnes)	1,249	974	+28.2%	2,525	2,197	+14.9%
PKC Sales (tonnes)	1,063	1,191	-10.7%	2,274	2,304	-1.3%
Average PKC price per tonne	€55	€50	+10.0%	€55	€50	+10.0%

Production

- 30% increase in H1 CPO production to a record 28,934 tonnes (H1 2018: 22,242 tonnes) follows strong year on year improvement in Q1 2019 and record Q2 performance:
 - 62% increase in CPO produced in Q2 2019 to 14,013 tonnes compared to 8,637 tonnes of CPO produced in Q2 2018
- 37% increase in Fresh Fruit Bunches ('FFB') delivered to mill in H1 to 131,917 tonnes (H1 2018: 96,195 tonnes), as yields recovered to more normal levels after 2018's poor peak harvest season and successful enhancement of logistics programme
 - Includes 71%+ increase in FFB delivered to mill in Q2 2019 to 62,577 tonnes
- Half year CPO extraction rate on FFB processed of 22.0% (H1 2018: 23.1%) but extraction rates have improved since May 2019

- Record H1 PKO and Kernel Cake production compared to H1 2018 following successful strategy to acquire external kernels for processing

Sales and Pricing

- 20% increase in H1 CPO sales to 26,702 tonnes (H1 2018: 22,271 tonnes)
- CPO stock on hand at period end stood at 3,000 tonnes, all of which has been purchased and is due to be delivered and sold in Q3 2019
- Significant quantities of kernels are also held for processing including stock purchased as part of the continuation of the successful strategy to purchase kernels from other mills - the intention is to process this stock during the upcoming low season
- In line with international benchmarks trading at cyclical lows, CPO pricing remains challenging
 - CPO sales achieved at small premiums to global prices during back end of peak season due to high local stock levels
 - The Board expect CPO sales price premiums to increase to some degree in the low season as local stocks of CPO subside

DekelOil Executive Director Lincoln Moore said: “A record second quarter has combined with the strong rebound in year on year Q1 CPO production to generate our best ever half yearly production performance. This record result is not just down to the recovery seen in FFB volumes harvested in the region following the poor harvests in 2018, but also a positive reaction to the various initiatives implemented by the Board across the Group’s operations last year. Should global CPO prices bounce off their current cyclical lows, the Board is confident the combination of these various factors will enable Ayenouan’s profitability to increase significantly.

“Independent of the cycle, we believe CPO prices stand to benefit from positive structural drivers in the years ahead. While demand growth for vegetable oil is forecast to remain consistently strong, the addition of new supplies of palm oil, which is by far the highest yielding vegetable oil per hectare, is slowing. Supply growth in major producer Malaysia, for example, is almost at a standstill. At some point, we anticipate global CPO pricing will catch up with these market dynamics leading to an increase in pricing. If or when this happens, this will have a positive impact on the cash flows generated.”

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Notes:

DekelOil Public Limited is a multi-project, multi-commodity agricultural company focused on West Africa. It has a portfolio of projects in Cote d'Ivoire at various stages of development: a fully operational palm oil project in Ayenouan where fruit produced by local smallholders is processed at the Company's 70,000tpa crude palm oil mill; a cashew processing project in Tiebissou, which is due to commence production in 2020; and a second palm oil project in Guitry which is under development.