

Dekeloil Public Ltd

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Record first quarter performance for DekelOil

Continued operational progress at its Ayenouan project in Côte d'Ivoire as well as higher palm oil prices helped Dekeloil Public Ltd (LON:DKL) to a record quarter in the first three months of 2017.

The palm oil producer generated revenues of €9.7m in the quarter to 31 March, an increase of almost 37% compared to the same period in 2016.

DekelOil sold 11,900 tonnes of crude palm oil during the three months (Q1 2016: 12,100 tonnes) after producing 16,400 tonnes at Ayenouan (Q1 2016: 15,100 tonnes).

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The group also sold 895 tonnes (Q1 2016: 851 tonnes) of the 996 tonnes of palm kernel oil it produced in the period (Q1 2016: 983 tonnes).

In fact, the AIM-listed group posted record monthly production in January, February and March.

The other driving force behind the record performance was the higher prices achieved.

A tonne of crude palm oil sold for an average of €736 during the period, significantly higher than the average price of €532 achieved in the first quarter of 2016.

The average palm kernel oil price also increased by more than a third year-on-year to €1,008 a tonne (Q1 2016: €743).

"Coinciding with the commencement of Côte d'Ivoire's peak harvesting season and significantly higher year on year palm oil prices, this latest record quarterly performance has come at an opportune time," said executive director Lincoln Moore.

"Ayenouan is proving to be the highly cash generative platform we always believed it would be, and we intend to capitalise on this by moving forward with the expansion phase of our strategy."

The strong performance has continued into the second quarter, with April production on track to exceed last year's April figures.

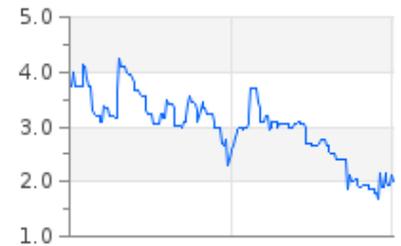
DekelOil reckons the inventory it has built up from Ayenouan will be to unwind in the second half of this year as more and more new buyers enter the Côte d'Ivoire market.

What the brokers had to say

Price: 1.98

Market Cap: £8.38 m

1 Year Share Price Graph



November 2018 May 2019 November 20

Share Information

Code: DKL

Listing: AIM

52 week High Low
4.5 1.62

Sector: Agribusiness

Website: www.dekeloil.com

Company Synopsis:

DekelOil is a large-scale palm oil production operation, located in the Ivory Coast. The company's extensive agricultural and oil palm processing infrastructure includes a computerised oil palm nursery with a capacity of 1 million plants per year, supply agreements covering 27,000 hectares of local oil palm estates, 1,886 hectares of company plantations and a 60-ton per hour FFB processing mill.

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"DekelOil's first quarter output statement shows strong overall growth with total sales up 36.6%," said Cantor Fitzgerald analyst Adam Forsyth.

"Prices are well ahead and while this has had a demand response on crude palm oil sales this is expected to be short lived.

"Recent operational improvements are beginning to be felt and shareholders will now benefit from 100% ownership of the Ayenouan mill."

Forsyth repeated his 'buy' recommendation and 29p target price.

Shares rose 7% to 13.5p midway through the morning session on Monday.

--Updates for broker comment and share price--

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