

Dekel Agri-Vision plc

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DekelOil slumps on first quarter production report

DekelOil Public Limited (LON:DKL) shares slumped in Friday morning's dealing after it revealed a 17% drop in crude palm oil production and a 25% reduction in sales prices.

The stock was down 1.04p or 10.61% to trade at 8.76p.

In a statement, the Côte d'Ivoire-based palm oil producer told investors it has continued to see a deviation from typical seasonal trends, and it suggested the 'high season' may be less volatile and may last longer for 2018.

First quarter production volumes were softer than the same period of 2017, following a preceding quarter that was significantly stronger than its year-on-year comparison. It highlighted that the peak 2018 harvesting season has to date been less volatile on a month to month basis.

Harvesting, measured as 'collected FFB' (fresh fruit bunches) amounted to 59,531 tonnes for the three months ended March 31, compared to 72,083 tonnes in 2017. The company produced some 13,605 tonnes of crude palm oil, down from 16,398 tonnes in the same period last year.

Set against a tougher backdrop

"The Q1 performance was set against a backdrop of relatively weaker FFB volumes and lower international prices compared to last year," said Lincoln Moore, Dekel Oil executive director.

"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."

First quarter sales of CPO beat the previous year's tally, however, measuring 13,758 tonnes versus 11,871 tonnes. But, the price of CPO was markedly lower, at €548 per tonne rather than €736.

Dekel said its market share of FFB delivered to the mill was comparable to previous quarters.

Shortage of CPO in region

It added that due to the quarter's strong sales the company's stock on hand is 'virtually nil'.

The company intends to capitalise on lower CPO availability in the region, to secure future sales at premium prices for the remainder of the high season and the subsequent low season.

Moore added: "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.

Price: 2.1

Market Cap: £8.91 m

1 Year Share Price Graph



Share Information

Code: DKL

Listing: AIM

52 week High Low
4.17 1.62

Sector: Agribusiness

Website: dekelagrivision.com

Company Synopsis:

*Dekel Agri-Vision PLC is an agriculture processing, logistics and farming operation located in Côte d'Ivoire. *

The Company has a portfolio of projects at various stages of the development curve: a fully operational palm oil project in Ayenouan where fruit produced by local smallholders in addition to c.

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"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."

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