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VSA CAPITAL MARKET MOVERS - DekelOil

DekelOil#: Cashew Project Contract

Côte d'Ivoire palm oil producer **DekelOil Public Limited (LON:DKL)** has announced that **Capro CI**, a wholly-owned subsidiary of **Pearlside Holdings** (a vehicle DKL has an option to acquire a 58.5% interest in) has awarded a €6.5m turnkey contract for the construction of its large-scale cashew processing project at Tiébissou in Côte d'Ivoire to **Overseas Projects & Services Limited (OPSL)**.

- OPSL is a related entity of **Oltremare**, an established Italian company that is acting as guarantor of OPSL for the contract.
- OPSL will assume responsibility for engineering, manufacture, delivery, installation and commissioning of the project.
- Following testing and commissioning of the 10,000t (c€20m sales) per annum facility (expandable to 30,000tpa), delivery of the project to Capro CI is expected in late 2019.

VSA Comment

As we outlined in our initiation report on DKL, we believe (assuming it exercises its option) that this cashew project provides DKL with sensible diversification given its expertise in the processing of agricommodities, smallholder relations and operating in-country.

The structure of the deal also allows DKL to eliminate its exposure to the riskier construction stage of the project, while maintaining an attractive entry price to benefit from the project's expansion stage.

We estimate the project could deliver an additional €3m in attributable profit to DKL by 2022 (although we are not including this in our forecasts until the option is exercised).

We maintain our BUY recommendation and target price of 12p.

Risers and Fallers (Last Close) Risers Market Cap (£m) Last Close (£p) Price Movement (£p) % Chg
Obtala Limited

	21.62
	6.60
	0.70
	+11.9%
Carr's Group	
	138.25
	151.25
	4.25
	+2.9%

Origin Enterprises

616.51

490.92

3.98

+0.8%

**Fallers Market Cap (£m) Last Close (£p) Price Movement (£p) % Chg
Anpario**

92.64

400.00

(25.00)

-5.9%

Avon Rubber

363.68

1,200.00

(25.00)

-2.0%

NWF Group

82.88

170.00

(1.50)

-0.9%

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