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DekelOil Public Limited
22 July 2019

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DekelOil Public Limited / Index: AIM / Epic: DKL / Sector: Food Producers

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

**New Long Term Loan Agreement and
Trading Update for the six months ended 30 June 2019**

Highlights

- New €7.2 million 10-year senior secured loan facility with AgDevCo Limited ("AgDevCo"), a leading African agriculture sector impact investor
- €6.2 million to replace existing NSIA Bank loan
- €1.0m for Environmental, Social and Governance ("ESG") activities and general working capital purposes

Estimated €5.8 million cash savings arising from four-year capital repayment holiday after taking into account interest rate differential and transaction fees:

- Significantly strengthens the Company's balance sheet during this period
 - Permits higher proportion of cash flows generated at Ayenouan to be retained and reinvested
- Drawdown under the AgDevCo Loan is conditional upon, inter alia:
- The completion of a proposed subscription by AgDevCo for new ordinary shares in DekelOil raising gross proceeds of €1.5 million (£1.35 million); and
 - The issue of new ordinary shares in DekelOil to existing and/or new shareholders raising gross proceeds of not less than €0.95 million (£0.85 million)

Board confident of achieving full year market expectations:

- H1-19 revenues expected to be not less than €14.5 million (H1-18: €14.1 million)
- H1-19 EBITDA expected to be materially higher than H1-18's €1.1million

AgDevCo Loan

DekelOil, the West African focused agricultural company, is pleased to announce a €7.2 million 10-year senior secured loan facility from AgDevCo, a leading African agriculture sector impact investor (the "AgDevCo Loan").

The AgDevCo Loan includes a four-year principal repayment holiday and will replace a seven-year loan provided by NSIA Bank (the "NSIA Loan") in 2016 for its palm oil project in Ayenouan, Côte d'Ivoire. The NSIA Loan currently carries an interest rate of 7.10% per annum. The first four years of the AgDevCo Loan will be interest-only with interest chargeable at an initial rate of 7.5%. Interest payable on the AgDevCo Loan will be variable and based on 12-month EURO Libor plus a pre-defined spread, and collared with a minimum rate of 6% per annum and a maximum rate of 9% per annum.

The capital repayment holiday of the AgDevCo Loan will result in significant cash savings for the Company over the four-year interest-only period, estimated at €5.8 million in total (from foregone repayments due under the NSIA Loan less the interest rate differential and transaction fees). It is intended that this cash will be retained and reinvested in near term, high impact growth initiatives.

The AgDevCo Loan is to be advanced to the Company in two tranches: €6.2million to replace the outstanding balance of the NSIA Loan; and €1million for ESG activities and working capital purposes shortly thereafter once the registration of security documentation is completed. The ESG activities covered in the second tranche of the AgDevCo Loan include i) assisting the Company's plan to finalise the Roundtable for Sustainable Palm Oil ("RSPO") certification process currently underway at the Company's palm oil operations at Ayenouan, and enhance ESG procedures in line with international good practice. The latter includes the implementation of a fruit traceability programme. DekelOil has been a member of RSPO since 2008. Becoming a certified producer of palm oil in accordance with the standard set by the RSPO, which is recognised globally as a certification standard for sustainable palm oil, has been a key objective for the Company.

The capital repayments of the AgDevCo Loan will be €1.2 million per annum during years five to ten of the loan.

The AgDevCo Loan is conditional upon, inter alia, the completion of a proposed subscription by AgDevCo for new ordinary shares of €0.0003367 each in the Company ("Ordinary Shares") raising gross proceeds of €1.5 million (£1.35 million) together with new Ordinary Shares being issued by the Company to existing and/or new shareholders raising gross proceeds of not less than €0.95 million (£0.85 million).

Trading update for the six months ended 30 June 2019 ("H1-19")

Further to the 'Half Year Production Update' announced by the Company on 4 July 2019, the Board provides the following pre-close trading update for the six months ended 30 June 2019. Revenues in H1-19 are expected to be not less than €14.5 million (H1-18: €14.1 million). The increase in revenue was due to a combination of higher crude palm oil ("CPO") sales volumes partially offset by weaker CPO prices. H1-19 EBITDA is expected to be materially higher than the €1.1m EBITDA reported in H1-18. In addition, the quantum of like-for-like improvement in revenue and EBITDA in H1-19 compared to H1-18 is understated due to the significantly higher levels of inventory of CPO and palm kernel oil at H1-19 which will be recognised as revenue during H2-19. After financing costs and tax, the Board expect to report an approximate breakeven result in line with management expectations. The Board remain confident of achieving full year market expectations.

Net debt of the Company improved by €0.9 million to €16.8 million as at 30 June 2019 (31 December 2018: €17.7 million).

DekelOil Executive Director Lincoln Moore said, "The AgDevCo Loan is a strong endorsement of our strategy to build DekelOil into a leading West African focused agriculture company which places smallholders at the heart of its operations. Our palm oil project at Ayenouan, which has been operational for over five years, has shown how our collaborative model benefits local communities and shareholders alike, and we intend to do the same with our large-scale cashew processing project at Tiebissou when production commences in 2020.

"As can be seen on its website, AgDevCo lists a proven business model, a strong management team, the potential for long-term growth, and the potential to have a positive impact on people, economies and the environment among its investment criteria. These are all consistent with our model and our operations. It is encouraging that an investor of the calibre of AgDevCo, who places impact and ESG at the heart of its investment decisions, agrees with us.

"Importantly, the AgDevCo Loan's four-year interest-only period will significantly strengthen the Company's balance sheet during this period of growth and investment and places us in a stronger position to support various growth initiatives. At the end of that four-year period, DekelOil will have at least two operational projects in Côte d'Ivoire, each we believe will be generating significant levels of cash flow which will be used to further grow the Company."

AgDevCo Managing Director Chris Isaac said, "As a market leader in Côte d'Ivoire, AgDevCo values DekelOil's commitment to supporting smallholder farmers, from whom the bulk of the fruit for its palm oil operations is sourced. DekelOil takes its social and environmental responsibilities to local communities seriously, for example it was the first operator in Côte D'Ivoire to install an effluent treatment facility. We look forward to helping DekelOil develop a best in class traceability programme that ensures fruit is ethically sourced from smallholder growers who are not having adverse impacts on natural and critical habitats.

"Responsible commercial agribusiness is key to driving development and impact in the region. DekelOil has made considerable progress towards building a diversified agriculture operation

which will deliver considerable social and community benefits. We look forward to helping DekelOil continue its regional expansion, generating opportunities for higher incomes for large numbers of smallholder farmers."

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About DekelOil

DekelOil Public Limited is a multi-project, multi-commodity agricultural company focused on West Africa. It has a portfolio of projects in Côte 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.

About AgDevCo

AgDevCo, a leading African Agriculture Sector Impact Investor, seeks to support businesses in developing their practices through investment commitments and programmes of work with the objective of aligning with good practice such as the IFC Performance Standards 2012 and RSPO. AgDevCo, whose headquarters are in London, has a portfolio made up of over 40 debt and equity investments in agricultural production, processing and distribution projects. The company, which has offices in eight different African countries, has invested over \$150 million to date, enabling over 480,000 smallholder farmers to connect to profitable markets.

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