

Dekel Agri-Vision
Acquisition of controlling stake in cashew project

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Dekel Agri-Vision PLC
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Dekel Agri-Vision Plc ('Dekel' or the 'Company')
Agreement to acquire controlling interest in large-scale cashew project

Highlights

- Acquisition of additional 14.2% interest in the large scale raw cashew nut processing project at Tiebissou, Côte d'Ivoire
- Increases Dekel's ultimate ownership interest in the Cashew Project to 52%
- The Board believes the transaction represents excellent value for Dekel shareholders as the cashew plant approaches completion in Q2 2021

Dekel Agri-Vision Plc, the West African focused agriculture company, announces that it has agreed to acquire an additional 14.2% interest in the large scale raw cashew nut ('RCN') processing project at Tiebissou, Côte d'Ivoire (the 'Cashew Project'), which together with issuing the shares to Concordia Corporation Ltd ('Concordia') pursuant to the May 2019 announcement will increase the Company's interest in the Project to a controlling stake of 52% ('Transaction'). In summary, Concordia has agreed to transfer a beneficial interest in 14.2% of the Project to Dekel in consideration for 28,551,800 Ordinary shares ('Consideration Shares').

The Transaction will be subject to the terms of an exchange agreement entered into by the Company and Concordia. Under the terms of the Agreement, Concordia will exchange a 14.2% beneficial interest in Pearlside Holdings Ltd ('Pearlside'), the wholly owned parent of Capro CI SA, the entity developing the Project, for 6.3% of Dekel (28,551,800 shares) (the 'Consideration Shares'). The Consideration Shares will be subject to a 12 month lock-in period and an orderly market undertaking thereafter. Completion of the Transaction will take place once formalities have been completed by Pearlside in order for the Company and Concordia's respective shareholdings in Pearlside to be registered. It is expected that this will take place in the next 30 days.

Since 30 May 2019 when Concordia invested €1 million in to Pearlside at an implied €6 million pre-money valuation, the Project has seen 18 months of progress including completion of 90% of earthworks, the shipment of the majority of equipment to site from China and Italy (with the final shipment due in the coming months) and the advancement of the building structures. The plant remains on track to be commissioned in Q2 2021. As a result of these key milestones, both Dekel and Concordia consider that the valuation of Pearlside has materially increased to approximately €9 million. The consideration also reflects that Concordia believes that there is value in Dekel shares which is not currently reflected in the share price, accordingly the Directors have been able to structure a transaction which they believe delivers value for all Dekel shareholders.

On completion of the acquisition, Dekel will consolidate Pearlside Holdings Limited. As at the 30 June 2020, Pearlside had total assets of €7.5 million and total liabilities of €5.5million. As the RCN is under construction Pearlside has no trading revenues or profits.

Dekel continues to retain an option over a further 16.7% interest in Pearlside.

Cashew Project set to transform Dekel's financial profile

The Cashew Project is being developed to capitalise on a major shortfall in cashew processing capacity in Côte d'Ivoire. One of the world's largest cashew growers, Côte d'Ivoire produced c. 750,000 MT of RCN in 2018 but of these only around 70,000 MT or 9% were processed in-country. Whilst local processing capacity is increasing, the Company believes that RCN supply will outstrip demand for the foreseeable future. In line with this, the Cashew Project is undergoing a phased development and it is anticipated that it will have an initial annual capacity to process 10,000 tonnes of RCN. Phase 2 will target production at the plant increasing by up to 50% to 15,000 tpa within a 24 month timeframe. This can be achieved at no extra capital outlay by increasing the number of shifts of employees at the plant from two to three per day. Phase 3 of the development involves the targeted doubling of capacity to 30,000 tpa.

Dekel Agri-Vision Plc Executive Director Lincoln Moore said: "With construction advancing well, we believe this is the right time to deliver on our long-standing objective to secure a controlling interest in the Cashew Project at Tiebissou which we believe has taken place on materially accretive terms for Dekel.

"This Acquisition serves to demonstrate that Dekel's strategy both to diversify and scale its operations is coming to fruition. We look forward to continuing to update shareholders with the advancing construction works at the Cashew Project over the coming months."

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.

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For further information please visit the Company's website www.dekelagrivision.com or contact:

Dekel Agri-Vision Plc +44 (0) 207 236 1177
Youval Rasin
Shai Kol
Lincoln Moore

Arden Partners Plc (Nomad and Joint Broker) +44 (0) 207 614 5900
Paul Shackleton / Ruari McGirr /
Dan Gee-Summons (Corporate Finance)
Simon Johnson (Corporate Broking)

Optiva Securities Limited (Joint Broker) +44 (0) 203 137 1903
Christian Dennis
Jeremy King

St Brides Partners Ltd (Investor Relations) +44 (0) 207 236 1177
Frank Buhagiar
Cosima Akerman
Megan Dennison

Notes:

Dekel Agri-Vision Plc is a multi-project, multi-commodity agriculture 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 60,000tpa crude palm oil mill; a cashew processing project in Tiebissou, which is due to commence production in Q2 2021.