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Presco proposes to acquire SIAT Nigeria Limited for N21 billion cash

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by [Ajibola Akamo](#) — 2 years ago in [Corporate deals](#), [Manufacturing](#)

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Presco Nigeria PLC, which operates in the agricultural sector, with a main focus on crop production, palm plantation and processing, proposes to acquire SIAT Nigeria Limited (SNL), a private company, that also operates in the agricultural sector, for N21 billion cash consideration.

According to the announcement, the proposed acquisition was brought about due to SNL's recent acquisition of the assets of Risonpalm, a palm oil plantation that is comprised of 16,000 hectares of old palm plantations, as well as the entire social and industrial infrastructure of the industrial oil palm complex from the Rivers State Government.

Presco is looking to boost its production capability and market share with this acquisition as the announcement states that the proposed acquisition is part of the company's strategy to *"drive sustained long-term growth and profitability for the company."*



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What you should know

- SNL operates from two estates in Rivers State, the Ubima Estate and the Elele Estate. Over the last five years, the firm has invested N6 billion in developing its operational capacity. SNL currently produces crude palm oil and crude palm kernel oil.
- SNL has a total planted area of 15.215 ha, with 51% thereof being plantings of between 1 and 5 years old.
- The management of SNL expects strong revenue growth from FY21 to be driven by increased yields of fresh fruit bunches and oil extraction rates from the recent replantings of the oil palm plantations in Elele and Ubima estates.

What they are saying about the proposed acquisition

Presco's announcement highlighted some benefits of the acquisition and its main focus was on expansion. According to the announcement, the firm stands to see a significant boost in its capacity with the Ubima Estate and the Elele Estate under its belt.

It stated, *"Presco's Sakponba estate will be fully planted in the coming 2-3 years, resulting in Presco not having extra expansion possibilities immediately thereafter until additional land is acquired and mandatory new planting procedures completed. While Elele is fully replanted, a large portion of Ubima (+/- 7,500 hectares) still needs to be replanted."*



increase by 15.5% in 2022 should they acquire SNL, gaining 1.8 from 11.9 to 13.8 EPS. In 8 years, they forecast a 44% increase. The firm also forecast revenue of N15.8 billion for 2022, should they acquire SNL. By 2025, they forecast revenue of N33.3 billion.

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