

8 June 2023

Camellia Plc
(the "Company" or the "Group")

AGM trading statement

Camellia Plc (CAM.L) has today issued the following update on trading in the year to date.

The Group continues to focus on its core Agriculture operations and is divesting non-core assets as appropriate opportunities arise.

Trading outlook

Trading in 2023 to date has continued to be mixed albeit it remains very early in the season for a number of our major businesses. Although we still expect revenue to be ahead of that of 2022, taking account of the significant continuing pressure on macadamia prices (discussed below), we now expect that the adjusted profit before tax for 2023 will be below that of 2022. With our substantial cash resources, our investment portfolio and limited gearing, we continue to be well placed to withstand a further period of disruption to our operations and sales.

Agriculture - Tea

Tea production in Kenya has started positively in comparison to last year. It is however of concern to note the violence being perpetrated against large scale tea operations last month in the Kericho district of Kenya ostensibly as a protest against the use of mechanical harvesting machines. The Group's estates have not been affected and it is hoped that the authorities will be able to maintain order and prevent any repeat of such actions. Malawi production is marginally ahead of last year despite the damage caused by Cyclone Freddy earlier in the year. It is very early in the season for India and Bangladesh although it is disappointing to report that the Dooars in India suffered significant hail damage in March and April.

Tea sale prices are generally below those of last year principally on account of the lack of foreign exchange in the major consuming countries of Egypt, Pakistan and Iran.

Agriculture - nuts and fruits

The avocado harvest in Kenya has yet to get meaningfully underway. Macadamia production in Kenya, Malawi and South Africa is in line with expectations with volumes anticipated to be above those of last year. However, macadamia sale prices have reduced further in the last month and remain under significant pressure.

The continuing high cost of food in the UK is the subject of much media comment as indeed is the lack of a reasonable price being paid to farmers for their produce by the major retailers. Intervention by government has yet to yield any positive assistance to this sector of the economy. The top fruit harvest in the UK will commence in a few months and it is hoped that the adverse climate conditions experienced in the last two years will not be repeated. The plan for the closure of Bardsley England's West Kent operations and the relocation of all packing to its Howfield property near Canterbury is proceeding and should be implemented by August. Following an agreement to terminate the supply contract with its key customer earlier in the year, Bardsley England is currently tendering its 2023 season fruit for other retail programmes as well as exploring export opportunities.

Other Agriculture

In Brazil the soya harvest is marginally ahead of last year and it is pleasing to report that the wine grape harvest in South Africa enjoyed a record year.

Agriculture – costs

The Group's operations worldwide continue to be impacted by the ongoing war in Ukraine particularly in respect of energy and fertiliser costs. Wage negotiations are normally carried out through collective bargaining agreements directly with the unions or employee representatives involved. There has been a recent tendency for some governments to impose arbitrary wage awards for political expediency without fully understanding the implications thereof. This is a worrying trend.

Other Investments

In March the Group's head office relocated from Linton Park to Wrotham Place near Sevenoaks, which is a property that has been owned by the Group for many years. Linton Park has been placed on the market for sale. This move was carried out to reduce costs and release capital.

It was announced earlier this week that the Group had entered into an agreement for the sale of all the Group's shares in BF&M Ltd for a price of \$100 million, subject to regulatory and tax approvals. Although it is likely to take some time for such approvals to be secured and the exact use of proceeds may vary depending on circumstances between now and completion, the funds realised together with the proceeds from the sale of other non-core assets will give considerable financial strength to the Group and allow it to accelerate its policy of diversifying its agricultural operations by crop and geographical location. The objective of disposing of non-core investments is, with this latest development, well under way.

This announcement contains inside information for the purposes of the UK Market Abuse Regulation.

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