

27 April 2020

Camellia Plc (the "Company")

Trading update

As a result of the current and rapidly changing developments relating to the COVID-19 virus outbreak, Camellia Plc is issuing a further update on trading.

People

First, we would like to reiterate our thanks to all of our staff around the world for their continuing support both within the business but also within the communities in which they operate.

Trading

Agriculture

All our agricultural operations continue to work as close to normal as is possible with the exception of India. Following the shut down in India announced on 24 March there has been a gradual easing of restrictions and currently all tea estates are open but utilising only 25% of their workforce in West Bengal and 50% of the workforce in Assam in order to maintain social distancing. As a consequence, and as indicated in our trading update of 1 April, we expect to lose the majority of our lucrative first flush and if the current restrictions continue a significant proportion of our second flush crops in India.

Elsewhere the restrictions that we are seeing globally continue to increase with all our countries of operation experiencing some form of lock down. It remains unclear the extent of the impact these restrictions will have on our production levels, our distribution channels, demand for our produce and access to market for our perishable crops such as avocado and citrus. A small number of tea auctions have been cancelled in recent weeks although some have since resumed or are scheduled to resume in May. Overall the tea price during the first quarter was exceptionally poor as a result of the very high production levels of 2019, but as a consequence of the current crisis we have seen some signs of increased demand and prices for our teas.

As a result of very dry hot weather in Malawi and South Africa during the fourth quarter of 2019 we are also anticipating a decline in our macadamia production for 2020 and reduced global demand is also likely to adversely impact prices.

Engineering

Our engineering businesses are operating at close to normal. Both AJT Engineering (due to its role in the energy sector) and Abbey Metal Finishing (due to its role for aerospace and military) are deemed to be essential businesses. We are concerned however that issues in the wider economy could mean that demand in the oil, energy and aerospace sectors will be very weak in the second half of the year.

Food Service

ACS&T continues to operate but the reduced demand for its transport services which we mentioned on 1 April, means that profitability in H1 2020 is expected to be significantly lower than that for the same period in 2019. Jing Tea continues to trade at a substantially reduced level. Both businesses' trading results for the remainder of the year are dependent on the timing of any resumption of operations in the hospitality and food service sectors.

All our UK businesses have utilised the UK Government's Coronavirus Job Retention Scheme for those employees where it is no longer possible for them to work.

Financial Position

The Group has a strong balance sheet with substantial cash liquidity which amounted to £77.1 million in cash and cash equivalents net of borrowings as at 31 March 2020. In addition, our investment portfolio had a market value of £43.8 million at 31 March 2020. We continue to conserve cash wherever possible against a fast

changing and unpredictable backdrop. Further to the announcement on 1 April 2020, the Board has decided not to declare a final dividend in respect of the 2019 financial year and will review this decision at the time of the interim results when the outlook may be clearer.

Community Action

As a Group we are uniquely placed to be able to assist in this crisis. We currently manage over 100 hospitals and clinics in some of the world's poorest countries where there is little access to public healthcare. Wherever appropriate our operations are working with the local authorities to ensure that these facilities are used for the benefit of the whole community. In addition, we are taking a wide range of steps across different businesses to help wherever possible. These steps include work on ventilator parts by our engineering businesses in the UK; bulk purchasing of food in Kenya to ensure that our staff and their families are not forced to pay extortionate prices; purchasing hospital supplies in Malawi; payment of wages and distribution of food to our staff in India, whether in lock down or working and the provision of hygiene and social distancing education.

2019 Results

We anticipate that these will show an underlying profit before tax from continuing operations slightly above market expectations.

The profit before tax from our continuing operations for 2019 is expected to be impacted by the following:

- A £9.8 million gain from the release of provisions for wage increases relating to prior years in our agriculture operations following progress on wage negotiations, as previously notified.
- A £3.6 million charge in Bangladesh for workers profit participation obligations for prior years which has been recognised in 2019 as a consequence of regulatory developments in the year.

We intend to issue our audited 2019 annual accounts on 7 May 2020. We will update shareholders about the timing and format of the AGM in due course.

Outlook

Whilst the results for 2020 are likely to be very substantially below those of 2019 it is not yet possible to give further guidance at this time. The situation continues to develop rapidly and the Company will make further announcements as appropriate.

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

Enquiries

Camellia Plc
Tom Franks, CEO
Susan Walker, CFO

01622 746655

Panmure Gordon

Nominated Adviser and Broker
Emma Earl
Erik Anderson

020 7886 2500

Maitland/AMO

PR
William Clutterbuck

07785 292617