

30 June 2022

AGM Trading Statement

Camellia Plc (the "Company")

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

Trading

Agriculture - Tea

Heavy monsoonal conditions across northern India and Bangladesh have resulted in reduced production. In India, the lower volumes have led to improved prices over the same period last year. In Bangladesh however, prices remain below those of the same period last year. Wage increases in West Bengal (effective 1 January 2022) have recently been agreed at 15%, substantially higher than the industry was anticipating. Wage increases for Assam remain under negotiation. Productivity improvements and other cost reduction measures are being explored in mitigation.

In Kenya, higher average prices have prevailed in the year to date but this has been partially offset by a crop volume which is lower than in the same period of last year and more in line with historic averages. Pricing levels going forward will largely depend on national production volumes.

In Malawi, tea volumes are in line with historic averages but lower than those of 2021 and prices (as previously reported) remain under pressure.

Agriculture – nuts and fruits

Our macadamia operations continue to harvest and process their production with volumes expected to be higher than last year although as previously indicated pricing, particularly for commercial grades is under pressure.

The Hass avocado harvest has started, with early indications that volumes will be above those of last year but that pricing is likely to be under pressure in what is anticipated to be a well supplied summer market in Europe.

At Bardsley England the cherry, plum and apricot volumes appear reasonable for this coming season, with the cherry harvest already started. There are good indications for an improved apple crop later in the year. Inflation is continuing to impact profitability and integration challenges remain.

Other Agriculture

Our remaining agricultural businesses are trading well, with our arable farming operation in Brazil selling into strong markets.

Other Investments

Our non-agriculture businesses in the UK have had a difficult start to the year. AJT Engineering continues to face challenges due to supply chain delays and cost inflation. ACS&T has received notice of termination from a substantial customer, however, it has been successful in partially offsetting the revenue and profit impact following new storage customer wins.

BF&M, our 37.4% owned associate, recently issued its first quarter results for 2022 which, disappointingly, show a loss after tax for the period of Bermudian dollar 6.7 million (1st quarter 2021 – profit after tax Bermudian dollar 6.5 million). In the year ended 31 December 2021, Camellia's share of the results of BF&M contributed £6.4 million to Group profit. BF&M's Q1 2022 results were negatively impacted by investment income losses driven by rising interest rates and stock market volatility. Underwriting results were impacted by increases in reinsurance costs and there were higher than anticipated medical claims in the first quarter.

Outlook

As always, our financial results remain largely dependent on Agriculture where the majority of harvesting, and hence sales, takes place in the second half of the year. It is therefore too early to give a firm indication of the likely results for 2022 however despite an expected net positive profit impact from the factors set out above in respect of our Agriculture, Engineering and Food Service businesses, if the trading conditions experienced by BF&M in Q1 2022 continue through the remainder of the year it will lead to an overall adjusted profit before tax* for the Group which is significantly lower than market expectations.

As previously reported the Group continues its strategy to expand the Agriculture division to further diversify both by crop and location, and to dispose of non-core assets.

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

* adjusted profit before tax seeks to present an indication of performance which is not impacted by exceptional items or items considered non-operational in nature and for example it excludes impairment charges, gains/losses on disposal of assets and restructuring costs.

Enquiries

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