
CAMELLIA PLC
RESULTS PRESENTATION 2016

26 MAY 2017

AGENDA

OVERVIEW

BUSINESSES

STRATEGY

SUMMARY

APPENDIX

OVERVIEW OF CAMELLIA PLC

- Diversified international Group with 130 year history
- Origins in tea plantations
- Businesses in Asia, Africa, South America, Europe and US
- Main activity is bearer crop agriculture
- Additional activities in engineering, food service, finance and investments
- Camellia Foundation controls the Group

OVERVIEW OF 2016

- Disposal of Duncan Lawrie
- Agriculture's performance in 2016 illustrated the benefits of crop and country diversification
- Profits improved in all continuing divisions
- Further significant investment in continuing businesses
- Net cash resources of £72m, excluding Duncan Lawrie
- 41st year of dividend increases

KEY FINANCIAL METRICS

- Sales for continuing operations of £257.9m (2015: £244.7m)
- Profit before tax for continuing operations of £26.5m (2015: £24.0m)
- Loss from discontinued operations £20.0m (2015: loss £3.6m)
- Net assets of £379.6m and net cash of £71.8m, excluding Duncan Lawrie (2015: net assets of £360.4m and net cash of £65.6m)
- Market capitalisation of c.£300m
- Pension deficits of £66.7m
- Capex of £14.7m

DIVESTMENT OF DUNCAN LAWRIE

- Sub-scale. Economic pressures and increasingly aggressive regulation led to decision to exit

	2016 £'m	2015 £'m
Duncan Lawrie's operating loss	(7.5)	(3.5)
Costs associated with the closure	(10.3)	-
Impairment of PPE, intangibles, loans and advances	(1.2)	(0.1)
Loss on sale of UK, and provision against IoM, loan books	(2.8)	-
Profit on sale of available for sale and held to maturity financial assets	1.8	-
Loss from discontinued operation	(20.0)	(3.6)

- Gain on sale of DLAM of c.£19.2m will be recognised in 2017 results but with substantial operating losses for 2017
- Net cash from wind down/sale of £32m, available in 2017

CONTINUING OPERATIONS

	Revenue 2016 £'m	<i>Revenue</i> <i>2015</i> <i>£'m</i>	Trading Profit/ (Loss) 2016 £'m	<i>Trading</i> <i>Profit/</i> <i>(Loss)</i> <i>2015</i> <i>£'m</i>	Return on segment net assets 2016	<i>Return on</i> <i>segment</i> <i>net assets</i> <i>2015</i>
Agriculture	207.1	186.5	29.9	26.7	10.0%	13.1%
Engineering	18.8	25.8	(2.6)	(5.5)	n/a	n/a
Food Service	31.6	31.9	0.8	0.7	4.3%	4.0%

		2016	2015
Associates	Share of profit after tax	5.1	4.2
		2016	2015
Investments	Investment portfolio (market value)	37.2	30.6
	Investment property (market value)	22.8	21.4
	Collections (at cost)	9.2	9.0
	Total	69.2	61.0

AGRICULTURE

	Million kg	Volume 2016	Volume 2015
Tea*		99.1	86.1
Macadamia		0.8	1.2
Avocado*		8.9	9.4

* Includes smallholders' and outgrowers' volumes

Tea

- 2016 was a record year for global tea production within the Group
- Global tea consumption rising at a slower pace than production increases, which has led to pricing pressure
- Pricing pressure in combination with increasing production cost base has eroded margins
- Dry conditions in H1 2017 have led to lower volumes and better prices

Macadamia

- Production impacted by drought in Malawi and South Africa
- Trees in Kenya are predominantly immature and production increasing in line with maturity of the trees
- Average macadamia prices up by 2.1% in 2016
- 2016 drought has severely affected the 2017 harvests

AGRICULTURE

Avocado

- Good rainfall supported a satisfactory crop (down 2% compared to 2015)
- Prices were at record levels (up 28.8% compared to 2015) as a result of demand from the European market
- Continued development of additional orchards (39 Ha in 2016)
- Harvest is just starting, dry weather may have hit volumes

Speciality

- Record soya production in Brazil and maize and soya crops sold at significantly higher prices than in 2015
- Lower rubber sales volumes but higher prices
- Lower Californian citrus prices and lower volumes
- Record pistachios crops in the USA led to 50% lower prices in 2016

Non-agricultural divisions

ENGINEERING

- Key operations are Amfin and AJT Engineering
- AJT – low oil price continuing to impact trading but diversifying sectors
- Amfin – returned to an operating profit in 2016, strong demand continues

FOOD SERVICE

- ACS&T (UK cold storage) – profits in line with 2015
- Affish/Wylax (NL fish wholesale) – challenging trading conditions but profitable

ASSOCIATES

- BF&M – strong underlying trading but significant claims lowered profits
- UF – lower interest rates led to lower profits than 2015
- UI – increased competition led to lower profits than 2015

GROUP STRATEGY

- Founded on two fundamental principles:
 - Long termism
 - Sustainability

- Returns
 - Profit is our lifeblood but not our soul
 - Insufficient returns in some divisions
 - Opportunities to invest

- New Group management team focused on:
 - Transforming core crops into global businesses
 - Investing to capture more of the value chain
 - Investing in, supporting or, if appropriate, divesting if no longer the right owner
 - Long term future for our Estates

GROUP STRATEGY – AGRICULTURE

- Population growth
- Healthy foods
- Strength in depth
- Managing short term fluctuations for long term gain:
 - Pricing
 - Weather
 - Politics

- Nurturing 3 core crops (Tea, Avocado, Macadamia)
- Speciality crops provide diversity, income and land security
- Move up the value chain

GROUP STRATEGY - Maclands

Example of capturing more of the value chain

- Second largest producer of macadamia in the world
- Marketed globally under Maclands brand
- Three countries of origin: Kenya, Malawi and South Africa
- State of the art cracking facilities in all three countries
- Integrated and fully traceable (throughput >75% from our own orchards)



GROUP STRATEGY – SELECTIVE DIVESTMENTS

BANKING AND FINANCIAL SERVICES

- *Duncan Lawrie*: sub-scale, economic pressures and increasingly aggressive regulation led to decision to exit (2016)

ENGINEERING

- *Loddon*: sold to a trade buyer with a better strategic fit (2015)
- *AKD*: oil and gas downturn led to closure to avoid further substantial losses (2015)

SUMMARY

- 2016 was a year of strong results as well as continued strategic development
- Diverse, asset rich Group with strong financial position
- Focus on long term, on sustainability and ethical business practices
- Investing to capture more of the value chain
- Capitalising on our agricultural expertise
- Stable share ownership
- Consistent dividend policy

QUESTIONS?

INCOME STATEMENT

£'m	2016	2015
Continuing operations:		
Revenue	257.9	244.7
Gross Profit	69.4	65.5
Headline Profit	26.5	26.4
Exceptional items*	-	(2.4)
Profit before Tax	26.5	24.0
Tax	(12.4)	(13.2)
Profit for the year from continuing operations	14.1	10.8
Loss from discontinued operation	(20.0)	(3.6)
Profit/(loss) for the year	(5.9)	7.2
Earnings per share	(387.4)p	50.7p
Pro forma earnings per share continuing operations	510.5p	391.0p
Dividends per share (Final 2016 95p)	130p	129p

BALANCE SHEET

£'m	2016	2015
<i>Non-current assets</i>		
Intangible assets	1.1	7.9
PPE and other non-current assets	235.3	231.3
Investment properties	17.0	15.8
Biological assets	13.9	11.1
Investment in associates (incl BF&M)	61.0	48.9
Available for sale financial assets	37.2	30.6
Held to maturity financial assets	-	27.7
Heritage assets	9.2	9.0
<i>Current assets</i>		
Cash and Cash equivalents	72.9	70.4
Other*	99.4	269.6

BALANCE SHEET

£'m	2016	2015
<i>Current liabilities</i>		
Borrowings	(1.7)	(5.4)
Trade and other payables	(66.9)	(258.9)
Tax, pensions and other	(7.8)	(10.6)
<i>Non-current liabilities</i>		
Borrowings	(4.5)	(5.1)
Trade and other payables	-	(4.4)
Deferred tax	(43.3)	(39.7)
Employee benefit	(65.9)	(37.8)
Net assets discontinued operation	22.7	-
Net assets	379.6	360.4
Non-controlling interests	(48.8)	(39.5)
Equity attributable to owners of the parent	330.8	320.9

CASH FLOW (EXCLUDING DUNCAN LAWRIE)

£'m	2016	2015
Cash generated from operations	35.3	43.1
Tax, interest paid and dividends received	(11.5)	(5.7)
Net cash flow from operations	23.8	37.4
Net cash flow from investing activities	(10.1)	(18.7)
Net cash flow from financing activities	(7.4)	(2.4)
Net increase in cash and cash equivalents from continued operations	6.3	16.3
Net cash outflow from discontinued operation	(10.5)	(3.8)
Exchange gains/(losses) on cash	10.4	(1.0)
Cash and cash equivalents at end of year	71.8	65.6