

2 August 2021

Camellia Plc

Purchase of Bardsley England, the UK's second largest apple supplier

Camellia Plc (CAM.L, Camellia), the global agriculture group, announces the purchase of an 80% stake in Bardsley England for £15.7m. Camellia will also make a loan to Bardsley of £9.3m.

Bardsley England is a major fruit farming business and the UK's second largest apple grower. The farming operation covers 850 hectares (2,100 acres) in Kent and includes 27 orchards growing apples, pears, cherries, plums and grapes as well as a large grading, packing and storage facility. Bardsley grows nearly 18,000 tonnes of fruit a year and at peak season it employs 550 staff. Bardsley is an innovator in the use of agritech, employing technology such as micro-climate sensors to monitor for adverse weather and wet leaf sensors to give early indication of pests and disease. It also uses a combination of trailer-mounted machine vision devices and remote satellite technology to improve yield predictions and crop management.

Bardsley's customers include major supermarkets in the UK.

The consideration, which is being satisfied from existing resources, is payable as to £12.7m which was paid at completion with the balance of £3m deferred and payable by July 2022. Of the total consideration, approximately £9.7m is being used to subscribe for new shares in the business with the remainder being used to purchase existing shares. In addition to strengthening Bardsley's balance sheet, the investment by Camellia will support growth and ensure the business is able to invest further in developing its packing operations and extending its orchards. The loan mentioned above will largely be used to repay Bardsley's existing borrowings.

Bardsley England operates through a number of UK companies. For the year ended 31 March 2021 it had revenue of £22.4m* and recorded an unaudited loss before tax of £1.7m*. Gross assets of the business at that date were £26.2m* and net assets were £8.3m*.

The effect of the acquisition on Camellia's profit before tax for 2021 is expected to be broadly neutral before deal costs of £1.2m but is expected to be significantly earnings enhancing in 2022.

Benefits of the acquisition

- Camellia is a global agricultural group specialising in bearer plants (plants that produce regular crops, such as fruit trees). We are always looking to diversify our product and geographical portfolio. Bardsley helps do both.
- As part of Camellia Bardsley will have access to a wider customer base and lower cost of finance.
- Bardsley's packhouse operations offers synergies with Camellia's avocado, macadamia and blueberry businesses and works with many of the same customers.
- Bardsley is a cash generative operation.
- The acquisition is expected to be earnings enhancing in 2022.
- Bardsley being in the UK will improve Camellia's effective tax rate.

Tom Franks, CEO at Camellia, commented:

"We have been looking for some time to increase our focus on agriculture where we have deep skills, and to increase our operations in the UK. Bardsley helps with both. It is located close to our HQ in Kent, which is the premier region for apple growing in the country. We look forward to partnering with the Bardsley family in the future."

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

Note

- * Bardsley England operates through a number of companies which have not previously been consolidated. The figures quoted in this announcement represent an unaudited proforma aggregation of the reported results of the individual entities for the year ended 31 March 2021. The underlying results of the entities are prepared under Financial Reporting Standard 102 and are not wholly comparable with Camellia's accounting policies.

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