

21 January 2020

**Camellia Plc
(the "Company")**

Trading update

The Board announces the following trading update for the year ended 31 December 2019.

Agriculture

As we stated in the interim report for the six months ended 30 June 2019, over-production of tea globally in 2018 led to very high year end inventories and put severe pressure on prices for tea at the start of 2019. Prices did not improve as the year progressed and, across all our tea operations during the critical November and December trading period, were also significantly lower than expected. The impact of these on profits for the year has been partially offset by efficiency and other savings. Total group made tea produced for 2019 was 101mkg (2018: 103.1mkg).

As anticipated, our own estate avocado crop volumes for the year were approximately 40% lower than those of 2018 and our average prices have been 140% higher than prior year, despite the market weakening in November and December on the back of lower demand and high levels of supply.

Macadamia saleable kernel production volumes were higher than expected in the second half of the year with full year production 12% higher than in 2018 and average prices up 4%.

The results of our USA business benefited from the receipt of significant additional revenues in respect of the 2018 pistachio crop which had not been anticipated.

The remaining agriculture operations have traded broadly in line with expectations.

Engineering and Food Services

Profits from Engineering and Food Services are broadly in line with our expectations.

Associates

BF&M, the Bermuda-based insurer in which Camellia owns c37%, released its third quarter results in December which confirmed a significant impact on profits from Hurricane Dorian. BF&M is due to release its full year results in early April and it is therefore difficult to predict the impact of its full year results on our own results at this time.

Other

There are a number of other matters which will have an impact on the year end result but for some of which the financial impact has yet to be finalised.

- Following the agreement with the Kenyan Plantation and Agricultural Workers Union in July 2019 on the principal terms of a settlement in respect of the previously outstanding Collective Bargaining Agreement years of 2014/15, 2016/17 and 2018/19, the final calculations and payments have been made for all categories of workers and, as previously announced, the 2017 wage award in West Bengal is also now final. The profit before tax for the year will reflect a higher level of gains arising from the release of these provisions in Kenya and India amounting to £9.7 million in aggregate compared to £8.0 million included in the 2019 interim report.
- In Bangladesh, legislation has been enacted requiring certain companies to contribute to workers profit participation funds. The applicability of this legislation to our larger businesses in Bangladesh is unclear, and the government funds to which payments are to be made have not yet been established. While the quantum is uncertain, we anticipate having to make a significant provision in our 2019 financial statements for historic liabilities.
- Camellia and a number of its subsidiary companies have received notification of claims to be made in the UK relating to allegations made by multiple individuals concerning two of those companies' African operations. The allegations are of serious assault, harassment and sexual misconduct allegedly committed by certain individuals employed by those two foreign operating companies. The Company and its wider group takes any complaint of criminality, misconduct, illegality, or unethical behaviour extremely seriously. The allegations are being urgently investigated. We have incurred legal costs during 2019 relating to this and further expenses are expected in 2020.
- As is normal during our year end process we are reviewing impairment provisions.
- IFRIC 23 'Uncertainty over tax treatments' is being implemented from 1 January 2019. This accounting pronouncement requires a reassessment of our tax provisions across the Group. This work is ongoing but we expect a significant adverse impact on our tax charge for the 2019 tax year.

In aggregate, revenue for the Group for the year ending 31 December 2019 is now expected to be approximately £294 million. Overall, the combination of these items, and particularly the impact of lower tea prices, means that profits for the Group will be significantly below

expectations for the year ended 31 December 2019. That said, Camellia remains financially strong, with significant net cash resources. This and our long-term outlook allows us to trade through difficult periods in the tea cycle and continue to implement our development plans.

The Company will make further announcements when appropriate on the matters above when their impact is more certain.

The annual results are expected to be published on 8 April 2020.

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

Enquiries

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