

22 November 2022

Trading Update

Camellia Plc

Camellia Plc (CAM.L) issues the following update on trading for the year.

Trading

Agriculture - Tea

Prolonged adverse weather conditions in India combined with a consequential increase in pest activity in a number of estates has resulted in significantly lower than average crop volumes. With the production window heading towards its close it is now clear this lost volume is not capable of being recovered and production for the year is now expected to be broadly in line with that of last year. While orthodox tea prices have remained firm, CTC prices have been lower than anticipated.

Our Bangladesh operation's crop has also continued to be adversely affected by weather conditions however the effect of this has been partially offset by better than expected average prices. The crop loss, together with the previously reported significant wage rate increase (backdated to the start of 2021) and the impact of the three-week strike at a key point in the season, means our tea operations in Bangladesh will record a loss for the full year.

Agriculture – nuts and fruits

Our macadamia harvest is almost complete with kernel production now expected to be c18% ahead of last year. However, the kernel market continues to be adversely affected by the large inventory of smaller style products and with China's re-opening delayed, we now expect lower prices for our products for the remainder of this year and into next.

The Hass avocado season has just concluded with our final volumes marginally ahead of expectations. Prices have held up well in the market in the last few months and if this continues average prices for our Hass crop will be significantly higher than we anticipated.

Other agriculture

Our cereal operation in Brazil has continued to perform well and is seeing continued improvements in market conditions for its products.

The harvest at Bardsley Horticulture is continuing. Cropping levels are above those of last year but inflationary impacts on the cost of seasonal labour, fuel, electricity and chemicals have increased the cost of production significantly and this has not been met with improved market prices. This has led to unprecedented pressure on margins, impacting both profit and cash. There are indications that the quality of the 2022 Bramley harvest is significantly below average due to the hot dry summer. It is too soon to assess the quality of our other varieties.

Other Investments

AJT Engineering has continued to face significant challenges due to supply chain delays which have continued to impact on production scheduling and hence profitability. It has also seen a delay to a significant contract within its site services division. Although results overall for AJT is much improved on that of last year, the business is now expected to record a significant loss in the current financial year.

Outlook

As is usual for this time of year market prices for tea in India and Bangladesh will be critical to our full year results, as will the prices achieved for avocados. However, if current conditions continue and assuming a normal H2 for BF&M, revenue is expected to be approximately 17-18% above that of last year

and the adjusted profit before tax* for the Group expected to be approximately 65 - 70% below that of last year. 2022 results will include a full year of trading for Bardsley Horticulture and also reflect the significant impact of inflation on wages and input costs across the Group.

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.

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