



# CAMELLIA

**“2018 was a very good year for the Group. We made significant financial and strategic progress”**

MAY 2019

# A GLOBAL GROUP WITH A FOCUS ON AGRICULTURE

**OPERATING  
ACROSS 11  
COUNTRIES**

**LARGEST  
PRODUCER OF  
AVOCADOS IN  
KENYA**

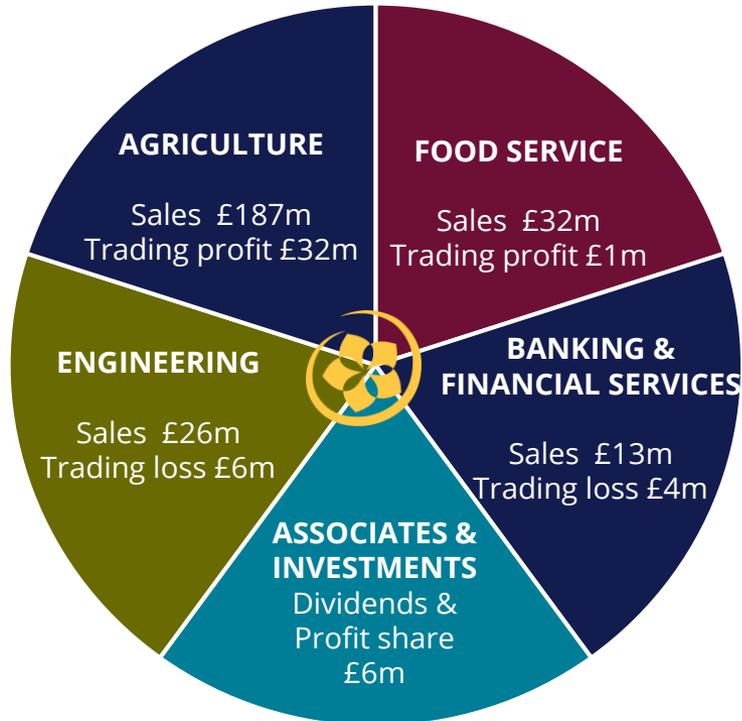
**LARGEST PRIVATE  
PRODUCER OF TEA  
GLOBALLY WITH  
59 TEA FACTORIES  
ACROSS 4 COUNTRIES**

**78,000 EMPLOYEES  
WORLDWIDE**

**LARGEST PRODUCER  
OF MACADAMIA IN  
MALAWI**

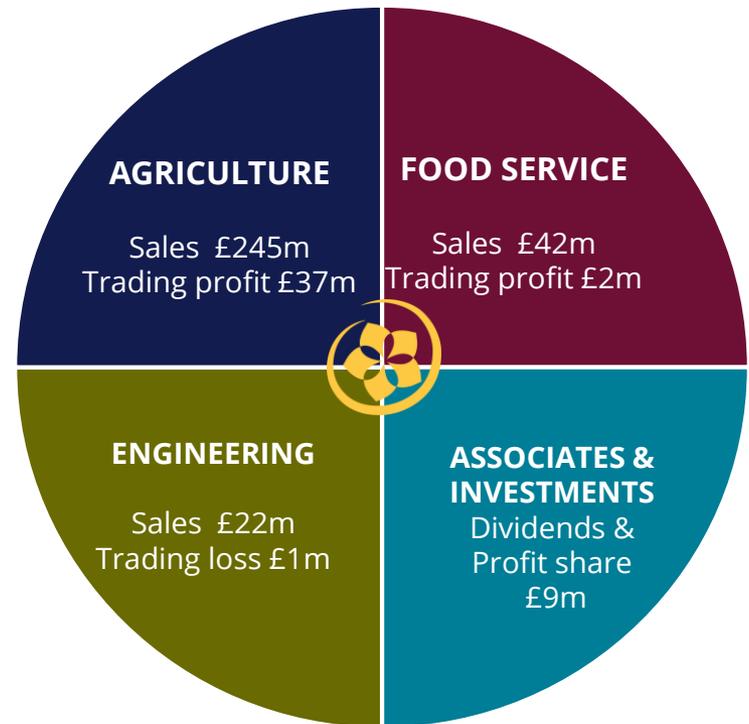
# PORTFOLIO TRANSFORMATION 2015-2018

2015



**Underlying profit before tax  
£24m**

2018



**Underlying profit before tax  
£38m**

# OVERVIEW

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- Diversified international group
- Focus on long term perennial crop production
- Additional activities in engineering, food service and investments
- World's largest private producer of tea
- Strong ESG commitment operationally and through majority shareholder (Camellia Foundation)
- Substantial asset backing; net cash balance of £106m (after loans)
- Over 40 years of dividend growth



Nandi Hills, Eastern Produce Kenya

# 2018 STRATEGIC HIGHLIGHTS

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- A year of significant progress
- First investment in Tanzania for avocado & macadamia development
- Commenced blueberry and avocado trials in Kenya
- Business portfolio realignment largely complete
- Continuing commitment to ESG principles



Mount Mulanje, Eastern Produce Malawi

# 2018 FINANCIAL HIGHLIGHTS

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- Sales from continuing operations £310m (2017: £298m)
- Results benefited from two significant provision releases totalling £14m
- Underlying profit before tax from continuing operations up 38% to £38m (2017: £28m)
- Net cash of £106m (2017: £102m) (after loans)
- Equity attributable to owners of Camellia plc of £396m (2017: £368m)
- Annual dividend increased by 5% to 142p per share



Karimpore, Duncan Brothers

# OPERATIONAL DIVISIONAL SUMMARY

## AGRICULTURE



**SALES**  
**£245m**  
**3% ↑**

**TRADING**  
**PROFIT**  
**£37m**  
**3% ↑**

## FOOD SERVICE



**SALES £42m**  
**10% ↑**

**TRADING**  
**PROFIT**  
**£2m**  
**11% ↓**

## ENGINEERING



**SALES £22m**  
**8% ↑**

**TRADING**  
**LOSS**  
**£1m**  
**77% ↑**



# AGRICULTURE DIVISION TEA



**INDIA**

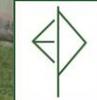


**GOODRICKE GROUP**

- Record volumes of tea
- Labour costs increases outweighed 7% increase in average prices
- Consolidation of Tea City acquisition
- Acquired two Assam gardens in early 2019



**KENYA**

**KAKUZI & EASTERN PRODUCE KENYA**

- Volumes up by 10% reflecting benign weather conditions
- Average selling prices down by 6% reflecting market conditions
- Continued investment in trials in field and factory technology



**BANGLADESH**



**DUNCAN BROTHERS**

- Crop down on 2017 by 6% as result of drier conditions
- Exceptional selling prices, average prices up by 38%
- Good operational progress



**MALAWI**



**EASTERN PRODUCE MALAWI**

- Volumes up by 13% as a result of excellent weather conditions
- Average selling prices up by 3% due to strong market demand for Malawi teas



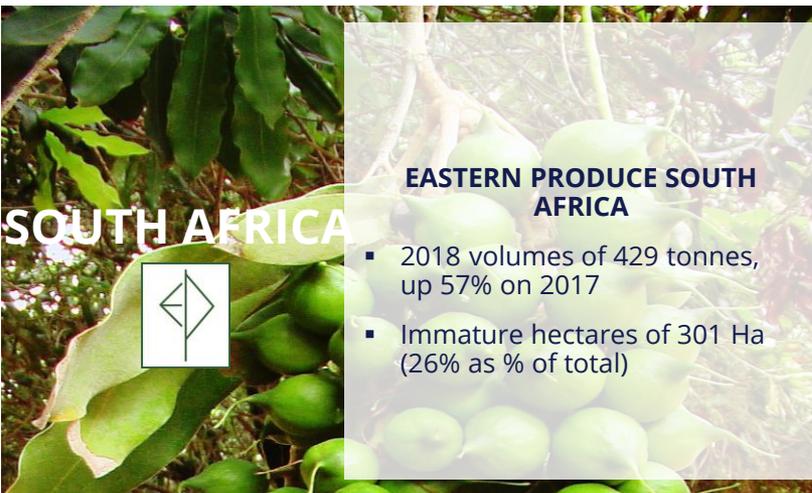
# AGRICULTURE DIVISION MACADAMIA



**MALAWI**

**EASTERN PRODUCE MALAWI**

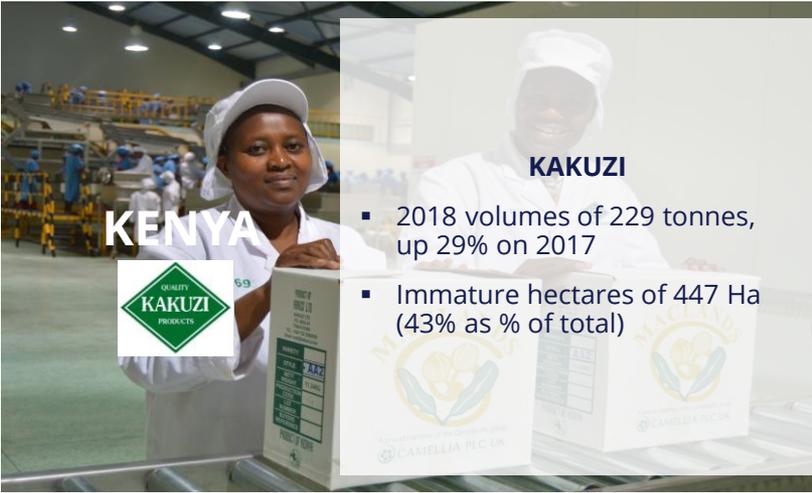
- 2018 volumes of 472 tonnes, up 43% on 2017
- Immature hectares of 212 Ha (14% as % of total)



**SOUTH AFRICA**

**EASTERN PRODUCE SOUTH AFRICA**

- 2018 volumes of 429 tonnes, up 57% on 2017
- Immature hectares of 301 Ha (26% as % of total)



**KENYA**

**KAKUZI**

- 2018 volumes of 229 tonnes, up 29% on 2017
- Immature hectares of 447 Ha (43% as % of total)

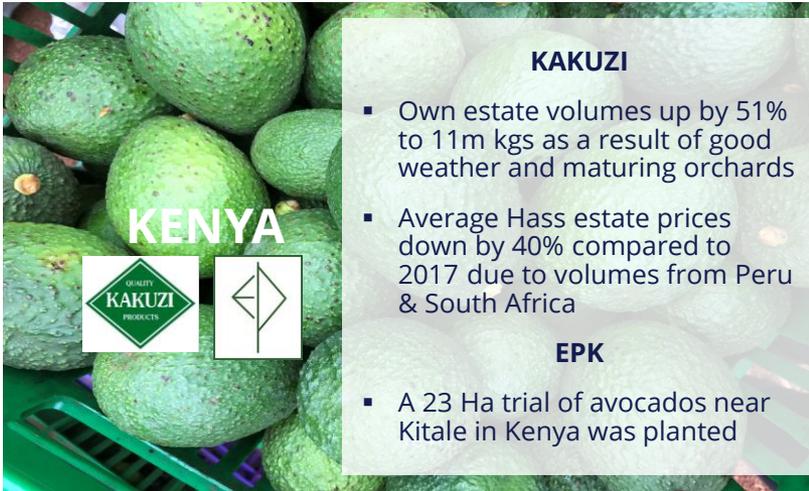


**PRICING**

- Macadamia prices are set by the global macadamia market
- Our average selling price increased by 18%



# AGRICULTURE DIVISION AVOCADO & BLUEBERRIES



**KENYA**

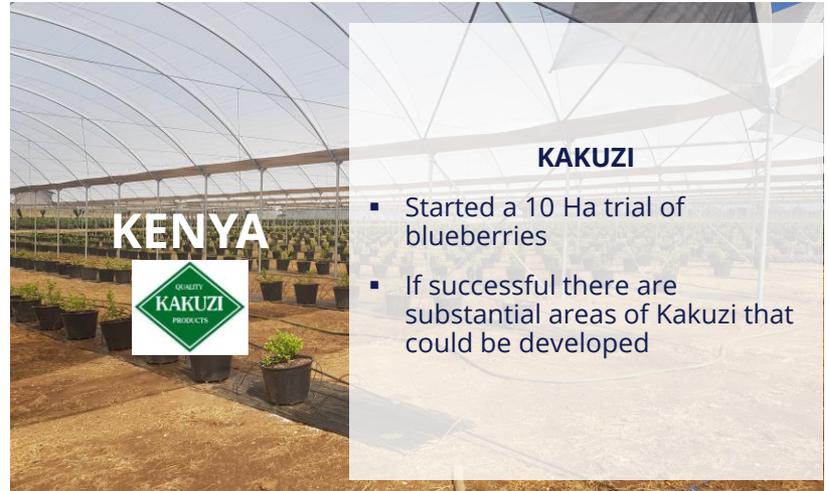


**KAKUZI**

- Own estate volumes up by 51% to 11m kgs as a result of good weather and maturing orchards
- Average Hass estate prices down by 40% compared to 2017 due to volumes from Peru & South Africa

**EPK**

- A 23 Ha trial of avocados near Kitale in Kenya was planted



**KENYA**

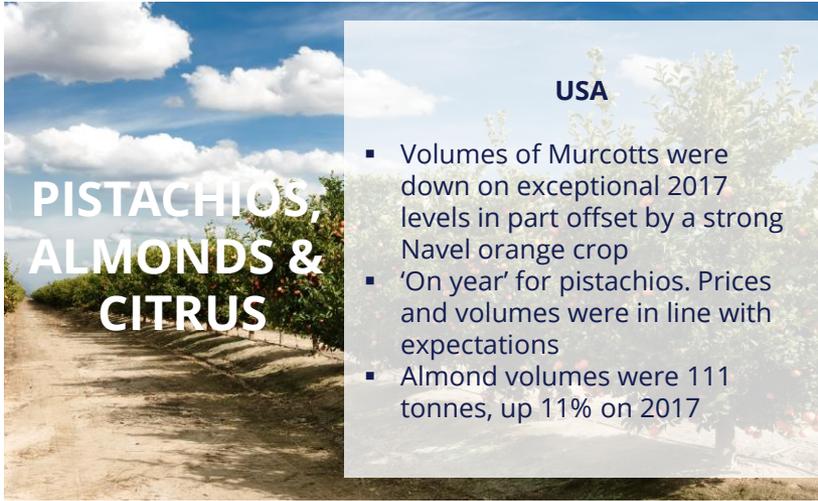


**KAKUZI**

- Started a 10 Ha trial of blueberries
- If successful there are substantial areas of Kakuzi that could be developed



# AGRICULTURE DIVISION SPECIALITY CROPS



**PISTACHIOS,  
ALMONDS &  
CITRUS**

**USA**

- Volumes of Murcotts were down on exceptional 2017 levels in part offset by a strong Navel orange crop
- 'On year' for pistachios. Prices and volumes were in line with expectations
- Almond volumes were 111 tonnes, up 11% on 2017



**FORESTRY**

**KENYA & BRAZIL**

- Production reduced by 49%, reflecting muted demand and the delivery of a one-off large contract in 2017
- Prices also reduced



**SOYA &  
MAIZE**

**BRAZIL**

- Soya volumes down 3% on record 2017 levels and soya prices were also slightly down
- Maize planted on a larger area meant volumes were up 25%. Prices up by 26%



**WINE  
GRAPES**

**SOUTH AFRICA**

- Wine production down reflecting a drought but sales up as a result of the new marketing strategy

# NON-AGRICULTURE DIVISIONS



**ENGINEERING**

**AJT**

- Sales up by 82% to £13.3m.
- Acquired Black Gold Oil Tools

**AMFIN AND ATFIN**

- Amfin had increased sales but at reduced margin
- Atfin's sales and margins were up, reflecting economies of scale

**OTHER**

- BMT, GU and XiMo were sold during the year



**FOOD SERVICE**

**ACS&T**

- Cold stores were operating at near capacity
- Additional transport contracts resulted in increased sales, 7% over 2017

**JING TEA**

- Traded in line with expectations.
- Continuing its growth from a respected small brand into a larger, more profitable distributor and retailer of speciality teas

**OTHER**

- Affish was sold during the year



**ASSOCIATES**

**ASSOCIATES**

**BF&M**

- Improved performance since the strong 2017 hurricanes did not reoccur. Group's share of profits after tax increased to £6.5m, up from £0.9m in 2017

**UNITED FINANCE & UNITED INSURANCE**

- Performed in line with expectations



**INVESTMENTS**

**INVESTMENTS**

- Equities portfolio - value down due to disposals and weakening of equities markets in 2<sup>nd</sup> half 2018
- Investment properties - optimisation of portfolio continues
- Collections - a number of minor additions and disposals were made

# THE FUTURE

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- Focus on achieving efficiencies and improving our existing operations
- Emphasis on crop, product and origin diversification in Agriculture
- If appropriate, consider investment opportunities in value addition Agriculture and/or primary production
- Selective investments elsewhere in the Group
- Maintain our strong group ethos around ESG and ensure our produce is accredited to the highest standards (First ESG report published)



Chemomi, Eastern Produce Kenya

# SUMMARY

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- Significant strategic and financial progress in 2018
- Successful focus on long term perennial crop production
- The world's largest private producer of tea
- Capitalising on increasing demand from an urbanising, longer living, more health conscious population
- Business portfolio realignment largely complete
- Strong ESG commitment operationally and through majority shareholder (Camellia Foundation)
- Substantial asset backing and long term record of dividend growth



Badamtam, Goodricke Group