

INVESTOR PRESENTATION

MAY 2018

AGENDA

OVERVIEW

2017

BUSINESSES

STRATEGY

SUMMARY

OVERVIEW

- Diversified international Group with 80,000 employees
- World's second largest private producer of tea
- Businesses in Asia, Africa, South America, Europe and US
- Principal activity is emerging market bearer crop agriculture
- Additional activities in engineering, food service and investments
- Camellia Foundation controls the Group

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2017 HIGHLIGHTS

- A year of significant financial and strategic progress
- Improved trading profits, particularly in Agriculture
- Good performance Food Services; mixed results Engineering
- Portfolio refinement continues
- Sustained investment in Agriculture to propel future growth
- UK pension fund now in surplus; deficit reduction payments ceased
- 42nd year of dividend increases
- Substantial net cash resources to deliver strategy

KEY FINANCIAL METRICS

- Sales from continuing operations £298.3m (2016: £257.9m)
- Trading profit from Agriculture up 19% to £35.6m (2016: £29.9m)
- Profit before tax from continuing operations £27.6m (2016: £26.5m)
- Profit from discontinued operations £14.8m (2016: loss £20.0m)
- EPS from continuing operations 268p (2016: 337p)
- DPS 135p (2016: 130p)
- Net cash inflow from operating activities £30.9m (2016: £21.5m)
- Cash conversion 62.3% (2016: 97.1%) due to significant investment programme
- Net cash of £106.8m (2016: £71.8m)
- Net assets of £417.9m (2016: £379.6m)

DIVISIONAL SUMMARY

	DIVISION	OPERATIONS	TURNOVER (2017)	TRADING PROFIT (2017)
	AGRICULTURE	Tea, Macadamia nuts, Avocados, Speciality Crops	£239.4m	£35.6m
	ENGINEERING	Metal Finishing	£20.5m	(£2.6m)
	FOOD SERVICE	Storage and Distribution	£37.8m	£1.8m
	ASSOCIATES	Insurance, Finance		£2.0m
	INVESTMENTS	Property, Securities, Collections	NBV £74m (2017)	

AGRICULTURE

TEA

- 95m kilos of tea produced in 2017 after 2016 record of 99m kilos
- Tea estates in India, Bangladesh, Malawi, Kenya
- Pricing volatile
- Production highly weather dependent
- Costs largely driven by increasing wages
- Sales and profits heavily second half weighted

MACADAMIA

- 780 tonnes of macadamia produced in 2017 (2016: 791 tonnes)
- Production impacted by drought in Kenya, Malawi and South Africa
- Average macadamia prices up 7.4% in 2017
- Focusing on agronomic activities and irrigation to mitigate impacts of climate change
- Major ongoing investment in extension plantings should generate attractive future returns

AGRICULTURE

AVOCADO

- 7.3m kilos of avocados produced in 2017 (2016: 7.1m kilos)
- Largest producer in Kenya of Hass avocado
- Record prices - c.30% up in 2017 compared to 2015
- Continued investment in new orchards and focus on fruit quality
- Trials underway to expand production in western Kenya

SPECIALITY

- Portfolio of crops provides balance vs climate change and price volatility
- Arable, forestry, rubber, citrus, pistachios, almonds, grapes
- Brazil, Bangladesh, Kenya, South Africa, USA
- Record soya & maize production in Brazil
- Record yields on Murcotts without any price impact

NON-AGRICULTURE

ENGINEERING

- AJT (oil & gas services) – low oil price impacted 2017 trading; recovery in sector and diversification leading to increased sales
- Abbey and Atfin (aerospace metal finishing) – substantially increased operating profit in 2017 as demand continued to grow
- XiMo - actively seeking partners to finance the next stage of its development

FOOD SERVICE

- ACS&T (UK cold storage) – profits substantially ahead of 2016 as demand increased from its major customers
- Affish/Wylax (Dutch fish wholesale) – challenging trading conditions

FINANCIAL SERVICES - ASSOCIATES

- BF&M – Bermuda - strong underlying trading impacted by significant claims
- UF and UI - Bangladesh - marginally lower profits

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- Transforming core crops into global businesses
- Capitalising on increasing demand from an urbanising, longer living, more health conscious population
- Mitigating, insofar as possible, the impacts of climate change and political uncertainty
- Investing to capture more of the value chain
- Diversifying geographically
- Refining the business portfolio to focus on those areas with the greatest potential for sustained returns over time
- Continuing to build, for the benefit of all our stakeholders, on our commitment to the sustainability of our businesses over the long term.

STRATEGY

AGRICULTURE CORE

- Attractive opportunities and long term growth potential
- Major scale in tea, macadamia and avocado
- Heavy past investment will produce substantial future returns, e.g.
 - Macadamia takes 6 years to produce a crop and 13 years to reach maturity and Avocado takes 3 years and 9 years
 - Significant potential to grow in other cash crops and by capturing more of the value chain

FOOD SERVICE

- Much improved returns
- Niche business in frozen food storage and distribution
- Opportunities for further development

ENGINEERING

- Priority to improve returns

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- Significant strategic and financial progress in 2017
- Investing in agriculture to capture more of the value chain
- Divesting where subscale or returns unattractive
- Strong financial position and asset base
- Long history of dividend increases

APPENDIX

INCOME STATEMENT

£ 'm	2017	2016
Continuing operations:		
Revenue	298.3	257.9
Gross Profit	79.0	69.4
Profit before Tax from continuing operations	27.6	26.5
Tax	(13.8)	(12.4)
Profit for the year from continuing operations	13.8	14.1
Profit/(Loss) from discontinued operation	14.8	(20.0)
Profit/(loss) for the year	28.6	(5.9)
Earnings per share	803.8p	(387.4)p
Pro forma earnings per share continuing operations	268p	336.7p
Dividends per share (Final 2017 98p)	135p	130p

BALANCE SHEET

£ 'm	2017	2016
<i>Non-current assets</i>		
Intangible assets	3.2	1.1
PPE and other non-current assets	219.6	235.3
Investment properties	17.6	17.0
Biological assets	12.8	13.9
Investment in associates (incl BF&M)	55.4	61.0
Available for sale financial assets	47.0	37.2
Heritage assets	9.4	9.2
<i>Current assets</i>		
Cash and Cash equivalents	108.0	72.9
Other current assets	98.6	99.4

BALANCE SHEET

£ 'm	2017	2016
<i>Current liabilities</i>		
Borrowings	(1.8)	(1.7)
Trade and other payables	(56.5)	(58.7)
Tax, pensions and other	(23.8)	(16.0)
<i>Non-current liabilities</i>		
Borrowings	(4.0)	(4.5)
Deferred tax	(40.2)	(43.3)
Employee benefit obligations	(30.5)	(65.9)
Net assets held for sale/discontinued operation	3.1	22.7
Net assets	417.9	379.6
Non-controlling interests	(49.5)	(48.8)
Equity attributable to owners of the parent	368.4	330.8

CASH FLOW

£ 'm	2017	2016
Cash generated from operations	40.7	35.3
Tax, interest paid and interest received	(9.8)	(13.8)
Net cash flow from operations	30.9	21.5
Net cash flow from investing activities	(22.3)	(7.8)
Net cash flow – group dividends and to minorities	(6.6)	(7.4)
Net increase in cash and cash equivalents from continued operations	2.0	6.3
Net cash inflow/(outflow) from discontinued operation	38.2	(10.5)
Exchange gains/(losses) on cash	(5.2)	10.4
Cash and cash equivalents at end of year	106.8	71.8