

24 August 2022

Trading Update

Camellia Plc

Camellia Plc (CAM.L) issues the following update on trading for the year and confirms the interim results release date.

Trading

Agriculture - Tea

Heavy monsoonal conditions across northern India and Bangladesh are continuing to result in further reduced production. In India, lower volumes have resulted in improved pricing over the same period last year. As previously announced, wage increases in West Bengal (effective 1 January 2022) have been agreed at 15%, substantially higher than industry expectations. Wage increases for Assam have also now been agreed at 13% (effective 1 August 2022). The benefit of higher prices is not currently expected to fully offset the impact on profits of the reduced crop and higher wages.

In Bangladesh, the production impact from very wet weather and flooding has been further exacerbated by strike action over wages by tea industry workers during the last 10 days. The wage increase has been mandated at higher than expected levels of 20.8% (effective 1 January 2021) and the estates are slowly returning to work. Although the most recent auction prices are above those of last year, our average price to the end of July remains below that of the same period last year.

Agriculture – nuts and fruits

Our macadamia operations continue to harvest and process their production with volumes expected to be higher than last year. Although the kernel market is reasonably active there remains a large inventory of smaller style product carried over from prior seasons which is impacting on average prices in the market. With China still enforcing lockdowns, the level of demand has not recovered in that market and demand in the USA and Japan, although improving, is still subdued. Pricing, particularly for commercial grades, continues to be under pressure with no sign of recovery for the current season.

The Hass avocado season is well underway, with indications that volumes will be above those of last year. Thus far logistics have generally worked well despite the challenges presented post pandemic. Pricing in H1 2022 for the limited sales of estate Hass made in the period has been below that of the same period of last year. While prices in the market in recent weeks have improved considerably it is difficult to predict pricing with any certainty for the remainder of the season in what is a well-supplied summer market in Europe.

Other Investments

AJT Engineering continues to face challenges due to supply chain delays which are impacting on production scheduling and hence profitability.

BF&M, our 36.9% owned associate, has issued its half year results for 2022 which, disappointingly, show a shareholders net loss after tax for the period of Bermudian dollar 12.3 million (H1 2021 – profit after tax Bermudian dollar 14.8 million). Camellia's share of the results of BF&M for H1 2022 is a loss of £4.6 million (H1 2021: profit £6.4 million). BF&M's H1 2022 results were negatively impacted by the requirement to mark investments to market value with movements being taken through the income statement. Net income from operations after excluding the negative fair value movements in investments was Bermudian dollar 4.3 million versus Bermudian dollar 13.3 million in the first six months of 2021. Losses in Q2 have continued to be driven by factors previously announced on 30 June 2022 including rising interest rates and stock market volatility. Gross premiums written for H1 2022 increased by 6% from the prior year driven by increased property premiums and new business. The Life, Health and Pensions-related businesses experienced

higher than anticipated claims costs and lower underwriting results. Higher reinsurance costs and a slightly increased incidence of property losses also impacted BF&M's P&C business in the first half of the year.

Interim results

Camellia's results for the six months ending 30 June 2022 will be announced on 1 September 2022.

Outlook

As always, our financial results remain largely dependent on the Agriculture division where the majority of harvesting, and hence sales, takes place in the second half of the year. This year, the results of BF&M, where stock market performance and the prevalence of hurricanes in the second half of the year are critical, will also be a significant factor in our results. It is therefore premature to provide a firm indication of the likely results for the year.

However, if current trends continue and assuming a normal H2 for BF&M, the impact of the matters set out above suggests that although revenue is expected to be slightly above market expectations, the adjusted profit before tax* for the Group for the year will be below market expectations but above that of last year.

The Group's balance sheet remains strong with cash and cash equivalents net of borrowings at 30 June 2022 of £37.1 million.

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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