

# INVESTOR PRESENTATION

September 2018

# AGENDA

**OVERVIEW**

**H1 2018 HIGHLIGHTS**

**STRATEGY PROGRESS UPDATE**

**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

# H1 2018 GROUP HIGHLIGHTS

- Strong financial, operational and strategic progress
- Profits well ahead in seasonally lower first half
- Significant investment in Agriculture for the short, medium and long term
- Portfolio refinement continues
- Interim dividend up 8%
- Closure of Duncan Lawrie complete

# H1 2018 HIGHLIGHTS

## Agriculture

- **Tea:** group production higher than in H1 2017, H1 average prices have held up but since half year significant pricing pressure in Kenya
- **Macadamia:** production significantly higher than H1 2017, prices held up since
- **Avocado:** volumes and average prices above H1 2017, substantial price pressure since
- **Speciality:** mixed results in H1, H2 is likely to be impacted by trade tariffs

# H1 2018 HIGHLIGHTS

## Engineering

- AJT's business improving with recovery of oil industry and growth of site services
- Amfin and Atfin traded ahead of H1 2017

## Food service

- ACS&T trading well; sales slightly above H1 2017, but lower margins due to business mix
- Jing Tea trading in line with expectations

## Investments and associates

- Recently appointed a new manager to run the investment portfolio
- Share of profits from associates was £2.2m (H1 2017: £3.7m); lower results at BF&M

# KEY FINANCIAL METRICS

- Sales from continuing operations £127.6m (H1 2017: £123.6m)
- Profit before tax from continuing operations £6.1m (H1 2017: £1.9m)
- EPS from continuing operations 29.0p (H1 2017: (39.8)p)
- Interim DPS 40p (H1 2017: 37p) (ex-dividend 6 Sept 2018 and payment date 5 Oct 2018)
- Net cash of £94.2m (June 2017: £102.0m)
- Net assets of £430.6m (June 2017: £399.2m)

# STRATEGY PROGRESS UPDATE

- Continuing to refine portfolio of companies
  - Management buyout of GU now complete and BMT management buyout underway
  - Completed purchase of Jing Tea in H1 2018
  - Acquisition of Black Gold Oil Tools by AJT
- Significant short, medium and long term investments in Agriculture
  - Preparation for trial of blueberries in Kenya; first crop 2019
  - Memorandum of understanding to purchase land in Tanzania
  - Multi year trial of avocado planting near Kitale in Kenya
  - Continued capex programme
    - Extension planting of avocados, macadamias and tea
    - Mechanisation of tea harvesting and other field activities



# SUMMARY

- Strong financial, operational and strategic progress
- Given the majority of trading takes place in H2, it is not easy to give guidance for the full year but we are optimistic following the encouraging H1 result
- Portfolio refinement continues
- Significant investment focused on long term future expansion in Agriculture
- Substantial financial resources to pursue development plans

# APPENDIX

# INCOME STATEMENT

£ 'm	6 months to June18	6 months to June17
Revenue	127.6	123.6
Gross profit	27.3	21.5
<b>Profit before tax from continuing operations</b>	<b>6.1</b>	<b>1.9</b>
Tax	(2.1)	(1.4)
<b>Profit for the year from continuing operations</b>	<b>4.0</b>	<b>0.5</b>
(Loss)/profit from discontinued operation	(0.3)	15.8
<b>Profit/(loss) for the period</b>	<b>3.7</b>	<b>16.3</b>
Earnings per share	18.1p	532.2p
Earnings per share continuing operations	29.0p	(39.8)p
Interim dividend per share	40p	37p

# BALANCE SHEET

£ 'm	30 June 18	30 June 17
<b>Non-current assets</b>		
Intangible assets	8.3	1.0
Property, plant and equipment	219.9	223.5
Investment properties	17.7	17.9
Biological assets	12.3	12.8
Investment in associates (incl BF&M)	57.2	59.6
Available for sale financial assets	-	41.3
Financial assets	50.8	-
Other investments - heritage assets	9.4	9.2
Other non-current assets	3.6	3.5
<b>Current assets</b>		
Cash and cash equivalents	94.2	102.0
Inventories	56.5	55.8
Trade and other receivables	41.9	40.9
Other current assets	7.3	4.9

# BALANCE SHEET

£ 'm	30 June 18	30 June 17
<b><i>Current liabilities</i></b>		
Borrowings	(4.0)	(3.9)
Trade and other payables	(61.0)	(56.6)
Tax, pensions and other provisions	(23.0)	(19.4)
<b><i>Non-current liabilities</i></b>		
Borrowings	(3.7)	(4.3)
Deferred tax	(40.8)	(39.3)
Employee benefit obligations	(18.3)	(50.0)
<b>Net assets held for sale</b>	<b>2.3</b>	<b>0.3</b>
<b>Net assets</b>	<b>430.6</b>	<b>399.2</b>
Non-controlling interests	(51.6)	(47.6)
<b>Equity attributable to owners of the parent</b>	<b>379.0</b>	<b>351.6</b>

# CASH FLOW

£ 'm	6 months to June18	6 months to June17
Cash generated from operations	6.4	(0.1)
Tax, interest paid and interest received	(3.7)	(2.4)
<b>Net cash flow from operations</b>	<b>2.7</b>	<b>(2.5)</b>
<b>Net cash flow from investing activities</b>	<b>(17.2)</b>	<b>(5.2)</b>
<b>Net cash flow from financing activities</b>	<b>(2.2)</b>	<b>(1.3)</b>
<b>Net decrease in cash and cash equivalents from continued operations</b>	<b>(16.7)</b>	<b>(9.0)</b>
<b>Net cash (outflow)/inflow from discontinued operation</b>	<b>(0.2)</b>	<b>38.6</b>
<b>Exchange gains/(losses) on cash</b>	<b>0.9</b>	<b>(2.7)</b>
<b>Cash and cash equivalents at end of year</b>	<b>90.8</b>	<b>98.7</b>