

19 May 2025

Camellia Plc
(‘Camellia’, the ‘Company’)

Value Enhancement Plan
‘Value creation and sustainable profitability’

Camellia announces its Value Enhancement Plan (‘VEP’), designed to generate value and sustainable profitability for the benefit of shareholders and all stakeholders. This follows a comprehensive business review by the Board and leadership team.

Camellia is also, separately, today announcing a proposed tender offer of up to 350,000 shares at £54.00 per share, totalling £18.9 million (the ‘Tender Offer’).

About Camellia

Camellia Plc is the ultimate holding company of a group of agricultural businesses incorporated in jurisdictions across the world (the ‘Operating Companies’), while also owning and operating other assets outside of agriculture.

Camellia's purpose is to grow and nurture agricultural businesses and assets of the highest quality - creating value for today's shareholders, while investing for the long term. Camellia's Operating Companies are committed to working fairly, sustainably and with integrity for the wellbeing of their employees, communities, and the natural environment.

The Operating Companies collectively own and manage 50,000 hectares of mature land across seven countries (Bangladesh, Brazil, India, Kenya, Malawi, South Africa, and Tanzania). The majority of the Group's revenue is derived from the growing of tea, avocado, macadamia, rubber, wine grapes, blueberries, arable crops, forestry and livestock. The Operating Companies have well-established and industrial-scale operations, with reputations for high-quality products.

Camellia's results for the year ended 31 December 2024 showed revenue increased by 3% to £262.2 million (2023: £254.2 million), a trading loss of £5.5 million (2023: loss of £10.3 million) and a breakeven profit before tax. The results reflected improvement from 2023 but continued difficult trading conditions across many of its markets. Following strategic disposals of non-core assets and operations, the Group's balance sheet was significantly strengthened, with net cash and borrowings, treasury deposits and money market investments of £124.7 million (2023: £32.5 million). As a result of the improved financial liquidity and confidence in prospects, as supported by the formulation of the VEP, the dividend was restarted funded out of reserves, with a proposed final ordinary dividend in respect of the 2024 financial year of 260p (2023: Nil).

Summary of the VEP

Covering the medium term, the VEP plans to:

- Improve operating results
- Reduce overall risk
- Invest in growth

Byron Coombs, Chief Executive, commented:

"Camellia has a well-established portfolio of high-quality agricultural businesses that own and manage 50,000 hectares of mature land across three continents, and which offer significant potential. The strengthened Board and leadership team have been looking carefully at how to improve the performance of the Group to provide sustainable and growing shareholder returns. The outcome of this, the Value Enhancement Plan, is designed to generate long-term shareholder value. This will be achieved by improving operating performance, reducing inherent risk and volatility of earnings, and investing in growth opportunities.

"We have highly experienced management teams, robust systems and processes, and a strong balance sheet which can be employed to improve returns for the benefit of all our stakeholders, including the many communities of people that our operating companies sustain."

Components of the VEP

1. Improve operating results

With a focus on profit and cashflow, improvement will be achieved by focussing on better land and factory utilisation, technology and farm infrastructure development, crop strategy and management, product marketing, and delivery logistics.

During 2024, Camellia worked with the Operating Companies to strengthen their boards and management teams, while continuing to foster operational autonomy and entrepreneurialism.

Camellia will support improvement in the Operating Companies performance through higher maintenance capital expenditure as well as new growth capital investment. Investments will be made in areas such as water resilience, farm technology, factory efficiency, power supply resilience, farm mechanisation and crop diversification, as well as upskilling management teams.

As a result, maintenance capital expenditure over the medium-term is expected to rise to £8 million to £10 million per annum (2024: £7.9 million).

2. Reduce overall risk

The VEP aims to mitigate inherent risks, such as the impact of climate change, and thereby reduce volatility of earnings.

This will be delivered through more diversification across business models, crops and geography, as well as improved workforce management and productivity. Actions have already begun in this area through the establishment of avocado farms in Tanzania, the sale of parts of the property portfolio and the sale of Chulsa tea estate in India.

There will also be disposals of some operating assets, including those with higher risk profiles, less predictable cashflow, or where Camellia is not the best placed owner. Disposals are anticipated at both the Group portfolio level and within individual Operating Companies.

Supported by the strong balance sheet, the Group will prioritise selling at the optimum price and time.

3. Invest in growth

Camellia will explore attractive opportunities connected to the Operating Companies that build on their deep expertise and experience.

Operating companies will look for organic investment which is likely to be focused on efficiency projects such as solar and mechanisation to improve profitability, as well as crop diversification opportunities..

Camellia will also look at low-risk diversification through inorganic investments into familiar crops or geographies, or expansion into downstream activities related to the existing businesses.

The Board expects that growth capital investment will be between £15 million and £25 million per annum over the coming years (2024: £1.6 million), dependent on suitable opportunities.

Capital Allocation Priorities

The Board has set the following capital allocation priorities:

- Maintenance of a strong balance sheet
- Payment of ordinary dividends
- Investment in the business

In addition, the Camellia is today announcing a return of capital to shareholders through a one-off Tender Offer.

Maintenance of a strong balance sheet

The long-term sustainability of Camellia is of paramount importance to the Board. The Board prioritises the financial strength of the balance sheet and the ability of Camellia to continue in the event of a severe downside scenario. The Board has determined that a strategic reserve should be maintained to protect against risks where mitigation is not possible.

The Board's view is that debt levels should be reduced and kept to a minimum to cushion against inherent market risks.

Camellia anticipates that the Group will continue to sell non-core property and heritage assets, as and when the market presents acceptable values. The proceeds from these will provide support to the other capital allocation priorities.

Ordinary dividends

The Board is committed to providing regular income to its shareholders through reliable ordinary dividends.

While the 2024 dividend of 260p is being funded out of reserves, the Board views 260p as a sustainable dividend due to the cash reserves that Camellia has and the expectation that successful delivery of the VEP will lead to a business that can deliver profits to consistently cover this dividend with the potential to then grow.

To cover the 260p dividend, the Group will need to, in the first instance, deliver a return on capital exceeding 5% with an expectation of higher returns further out which can support a growing dividend.

Camellia will move from the payment of two dividends per annum to one, full and final ordinary dividend. This reflects the majority of crops being sold in the second half of the year and the uncertainty of results until that time.

Investment in the business

As detailed above, total investment comprised of maintenance capital and growth capital is expected to rise above that made in recent years to a range of £23 million to £35 million per annum (2024: total of £9.5 million). The Board will assess investment potential against an industry and country ROI and will only proceed with investments that are expected to deliver attractive risk adjusted returns. Investment in the near-term will be funded out of cash on the balance sheet, with proceeds from disposals and improved operating cashflow funding investment over the medium and longer term.

Tender Offer

The Company has announced a proposed Tender Offer of up to 350,000 shares at £54.00 per share, totalling £18,900,000. The Tender Offer price represents a premium of 6.4% over the closing price of £50.75 on 16 May 2025 (the last trading day before this announcement) and a 16.9% premium over the 3-month volume weighted average price up to 16 May 2025 of £46.20. The Board does not anticipate announcing any further tender offers and is not seeking authority to continue the existing on-market share buyback programme after it concludes at the AGM on 5 June 2025.

Corporate Presentation and Investor Meet Company presentation:

A recorded presentation covering the VEP, along with a transcript, is available on Camellia's website <https://www.camellia.plc.uk>.

Camellia will also be hosting a live presentation via Investor Meet Company on Wednesday, 21 May 2025 at 10:00 BST to discuss the VEP. The presentation is open to all existing and potential shareholders, with the opportunity for live Q&A. Investors can sign up to Investor Meet Company for free at: <https://www.investormeetcompany.com/camellia-plc/register-investor>. Questions can be submitted ahead of the event via the Investor Meet Company dashboard up until Wednesday, 21 May 2025, 09:00 BST, or at any time during the presentation.

This announcement contains inside information under Article 7 of the Market Abuse Regulation (EU) No. 596/2014, as part of UK domestic law via the European Union (Withdrawal) Act 2018.

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Investors can register to receive updates and news from the Company by registering their email address at investorrelations@camellia.co.uk.

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