Select Harvests Limited (“SHV”)

2012 Full Year Results Presentation

31 August 2012



Disclaimer

Disclaimer & Basis of Preparation

This presentation is provided for information purposes only. The information contained in this presentation is not intended to be relied upon as advice to investors and does not take into account the investment objectives, financial situation or needs of any particular investor. Investors should consider their own individual investment and financial circumstances in relation to any investment decision.
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Underlying EBIT and Underlying NPAT are non-IFRS measures that reflect, in the opinion of the Directors, the ongoing operating activities of Select Harvests Ltd in a way that appropriately presents its underlying performance. The non-IFRS underlying profit measures exclude restructuring expenses, asset impairments and asset write-downs

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SELECT HARVESTS

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- **Reported FY12 Net Loss after Tax of $4.5m compared to reported FY11 Net Profit After Tax of $17.7m**
  - Result includes impact of net adjustments (inc. write-downs) of $22.1m (pre-tax). Major items relate to WA Greenfield Project and obsolete processing assets
- **Underlying FY12 NPAT $9.5m compared to underlying FY11 NPAT $8.9m, an increase of +6.7%**
- **Reported EPS - (7.9 cents) , Underlying EPS 16.8 cents**
- **Reported EBIT (loss $2.5m) , Underlying EBIT $19.6M compared to underlying EBIT FY11 $15.4 m , an increase of 27% on prior year**
- **Strong operating cashflow $22M**
- **Final Dividend declared 3 cents per share (full year dividend totals 8 cents per share)**
- **Banking facility in place with NAB until Oct 2014**

Overview

SELECT HARVESTS

- **Food Division business has improved significantly**
  - Performance improvement program delivering
    - Our brands and customer relationships have remained strong.
- **Company and Managed Orchards had their 3rd challenging year in a row**
  - Significant uncontrollable events e.g. weather, currency
- **New leadership in place**
  - Past six months have been about establishing foundation
    - Comprehensive review of business (internal & independent)
  - Current focus on implementing review findings
    - Strengthening the Balance Sheet
    - Multiple Performance Improvement Projects have commenced across the business
    - Strengthening strategic relationships with all strategic stakeholders
  - One Select program
    - Leverage our size and expertise. Processes, Purchasing and Compliance are the focus
    - Empowerment – ensuring employees have a “can do” attitude to make informed and timely decisions
    - Asset Utilisation – Working capital management, asset optimisation and disposal
      - $18m of permanent water rights (11GL) have been sold

Lucky SunSol soland HEALTH FOODS Nu-Vit Health Foods RENSHAW ALLINGA FARMS

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Financial Results Summary

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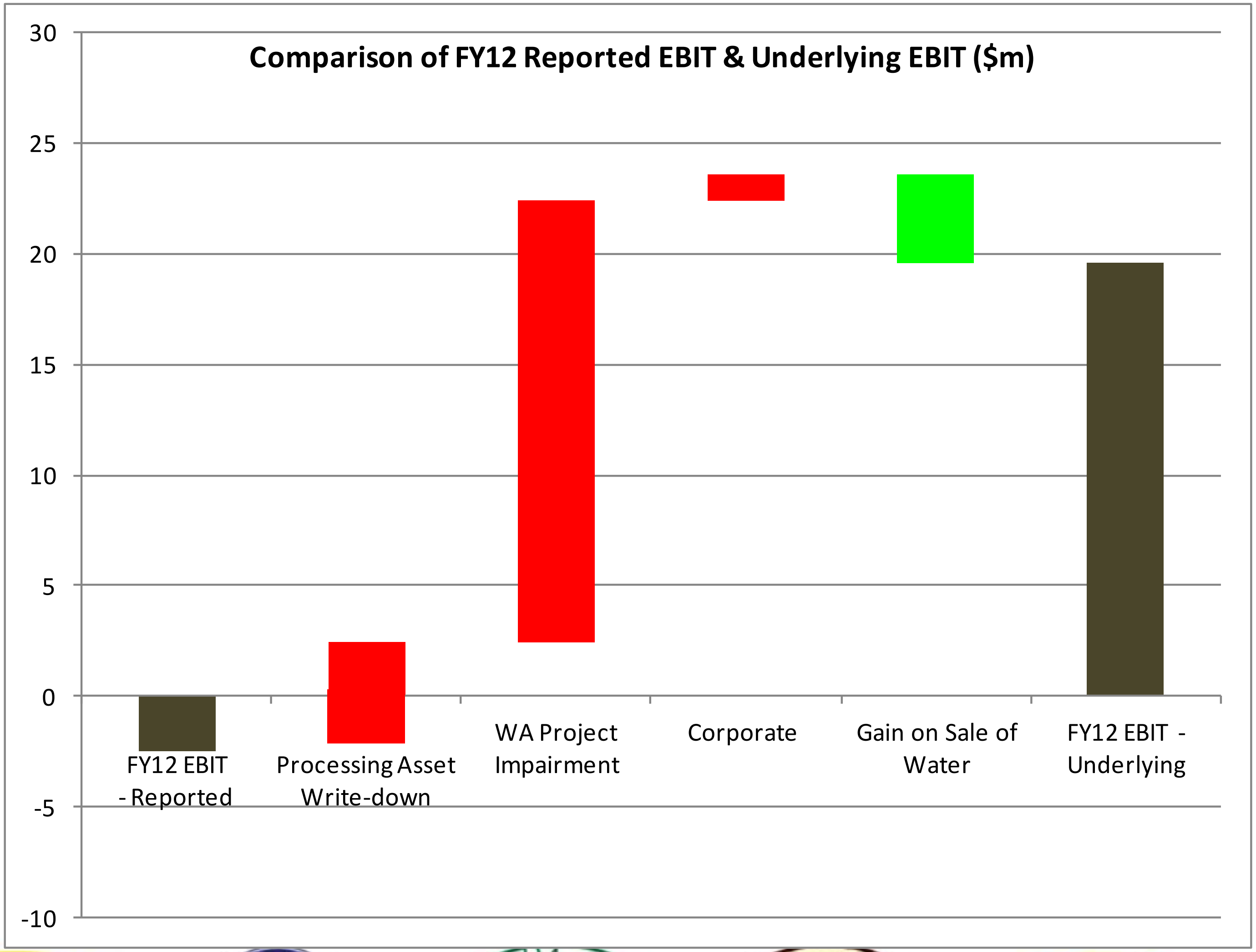
Financial Result ($m)	FY11 ($m)	FY12 ($m)
Reported Result		
EBIT - Reported	21.9	(2.5)
Interest	(3.4)	(6.2)
NPBT/(Net Loss before Tax)	18.5	(8.7)
(Tax Expense)/Benefit	(0.8)	4.2
NPAT/(Net Loss after Tax) - Reported	**17.7**	**(4.5)**
Pre-Tax Adjustments *	(6.5)	22.1
Underlying Result		
EBIT - Underlying	15.4	19.6
Interest	(3.4)	(6.2)
NPBT/(Net Loss before Tax)	12.0	13.4
(Tax Expense)/Benefit	(3.1)	(3.9)
NPAT/(Net Loss after Tax) - Underlying	**8.9**	**9.5**

* see dedicated slide for detailed breakdown

- FY12 Underlying EBIT of $19.6m (up 27% on prior year)
- Underlying EBIT includes a fair value adjustment of $2.5m (FY11 $2.3m)
- Food division Performance Improvement (“PI”) Program has started to take effect
- Almond Division
  - Managed Orchards have performed well
  - Processing business has benefitted from additional volumes
  - Company Orchards have been adversely affected by 3rd year of uncontrollable events
- Reported EBIT of ($2.5m) is after $22.1m of net adjustments.

FY12 Underlying EBIT Waterfall



FY11 and FY12 Adjustments

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Item	Amount FY11	Amount FY12	Explanation
Discount on Acquisition	**(7.5)**		Discount on acquisition of Almond orchards (net of Stamp Duty) acquired in FY11
Product recall	**1.0**		Costs associated with product recall in Food Division in FY11
Corporate		**1.2**	Restructuring costs and R&D Tax consulting costs in FY12
Gain on Sale of Water		**(4.0)**	Gain on sale of 11GL of permanent water rights in FY12
Processing asset write-down		**4.9**	Write –down of redundant/obsolete processing assets in FY12
WA Project Impairment		**20.0**	Asset write-down on WA Greenfield Project
TOTAL	**(6.5)**	**22.1**	

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WA Greenfield Development

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- **Overview**
  - 3,949 acres planted (Feasibility study predicated on 10,000 acres)
  - 22GL water entitlements secured to support 4,000 acres at maturity
  - Capital invested $61m ($4m feasibility, $36m land & infrastructure, $21m trees)
  - FY2013 capex committed ($2m)
  - Many base assumptions remain valid - price, yield, geographical diversification, abundant water supply
  - Planted area lower than anticipated
    - 400 acres due to land/soil quality & native vegetation restrictions
    - 300 unplanted acres – funds diverted to other higher return opportunities (e.g. Belvedere)
  - Higher infrastructure costs, especially bores (cost inflation in WA/mining boom)
  - Tree establishment costs higher than expected due to variabilty of terrain (sub-surface)
  - Trees reach full maturity in 2020 (FY13 estimate 800mt, at maturity 4,500mt)
  - Future capital and operational costs likely to be higher than business case

WA Greenfield Development - Write-Down

- **Consideration Points**
  - Tighter capital markets
  - Tough operating conditions in base business
  - Higher and quicker payback alternatives competing for capital available to business
  - Cost outlook higher than business case
- **Outcome**
  - Write down feasibility costs ($4m)
  - Write down vacant land ($1m)
  - Impairment provision on infrastructure assets ($15m)
  - Full review of the development is being undertaken
    - Investor partners may be required to realise the full potential.
  - Seeking an investor partner to realise the full potential of the project

Business Unit – Almond Division

Company Orchards	Owned	Leased	Managed	Total
NSW	1,551	3,017		4,568
VIC	2,772	1,481	4,421	8,674
WA Greenfield Project	3,949			3,949
Total	**8,272**	**4,498**	**4,421**	**17,191**

Carina West Processing Facility (30,000 tonnes)

- Australia's largest vertically integrated nut & health food company
- Only ASX listed pure-play nut company and one of the few soft commodity exposures
- Business integrated across the entire Australian almond value chain
- Beneficiary of underlying long term almond demand growth (8% p.a. over last 10 years)
- Products
    - In-Shell
    - Kernel (inc Branded Consumer Goods) –see Brand Summary in Food Division
- Markets
    - Domestic
    - Export

Business Unit – Almond Division

SELECT HARVESTS

	Reported		Underlying	
EBIT ($m)	FY11	FY12	FY11	FY12
Managed Orchards	11.6	9.3	11.6	14.2
Company Orchards	9.8	(12.9)	2.3	3.1
Almond Division	**21.5**	**(3.6)**	**14.0**	**17.3**

- **Performance**
  - FY12 crop est. 5,830 tonnes (up 43% - in line with guidance) , Belvedere contributed 1,000 tonnes
  - Price $4.93/kg (up 4.9%)
  - 3 consecutive years of abnormal weather
  - FY12 crop - rain during critical harvest period adversely affected:
    - Yield & Quality – more industrial versus premium eating quality
    - Price – effect of the quality mix above is lower net price
    - Processing efficiency - due to increased presence of foreign materials
  - Belvedere Orchards acquired June 2011 performed above expectation in FY12
  - Downsized SHV farming business as a result of Olam
- **Outlook**
  - Improving orchard maturity profile
  - Farm practice review commenced
  - Part Year Olam contribution from FY12 crop in FY13
  - Actively seeking new processing volumes

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Business Unit – Food Division

SELECT HARVESTS

MARKET LEADING BRANDS

KEY CATEGORIES

- Nuts
- Snack Foods
- Private Label
- Health Foods
- Fresh Produce
- Muesli
- Blends
- Dried Fruits

PROCESSING CAPABILITY

- Blanching
- Slicing
- Slivering
- Meal
- Pastes
- Roasting
- Blending

KEY CUSTOMERS

Business Unit – Food Division

	Reported		Underlying	
EBIT ($m)	FY11	FY12	FY11	FY12
Food Division	3.7	6.0	4.7	6.0

- **Performance**
  - Strong underlying growth in 2012
  - Performance improvement
    - Increased plant productivity at Thomastown facility
    - Benefitted from almond market growth
    - Maintained No.1 position with Lucky & Soland brands
    - Secured an increased number of retail private label brands
    - Continued to grow in the rapidly growing export markets (India, Thailand, China)
    - Improve mix (selling more profitable lines) and rationalise range
  - Reduced costs, better labour management & increased machine efficiencies
  - Non-core Food Business sales process continues
- **Outlook**
  - Working capital reduction
  - Reorganisation of Go To Market function
  - Continue performance improvement program to drive productivity

Balance sheet

SELECT HARVESTS

($m)	Year ending	30/06/2011	30/06/2012
Current Assets excl. Cash		83.9	75.9
Cash		7.4	1.0
Non Current Assets		214.3	202.4
Total Assets		**305.6**	**279.3**
Current Liabilities (excl. Borrowings)		30.0	28.8
Borrowings		80.5	68.0
Non Current Liabilities (excl. Borrowings)		26.3	22.1
Total Liabilities		**136.8**	**118.9**
Total Equity		**168.8**	**160.4**
Net Debt		73.1	67.0
Net Debt /Equity		43.3%	41.8%
NTA Per Share		$2.17	$2.19

- Balance sheet reflects net adjustments of non-current assets by $22.1m
- $95m NAB debt facility in place comprising
  - Term debt $60m
  - Working capital $35m
- Gearing within target range

Cash flow

($m)	FY11	FY12
EBITDA - Underlying	20.6	25.7
Change in Working Capital	(18.5)	(4.5)
Taxes Received	1.8	4.9
Net Interest	(3.4)	(4.1)
Cash flow from operating activities	**0.5**	**22.0**
Investing cash flows	(65.5)	(12.3)
Equity raised	**45.1**	0.0
Increase/(Decrease) in Debt	24.0	(12.0)
Dividends Paid	(8.2)	(3.6)
Net Decrease in Cash and Cash Equivalents	**(4.1)**	**(5.9)**

- Strong EBITDA to cash conversion
- Working capital plateaued
- Investing cashflows driven by:
  - Capex $9.6m
  - Trees $18.7m
  - Proceeds from asset sales (primarily water) $16.0m

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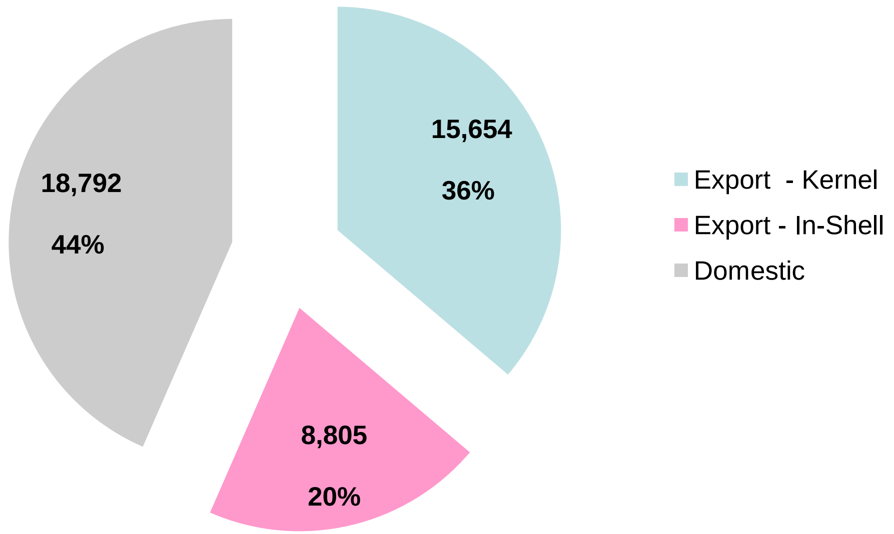
SHV's Business Today

- Australian Almond Market (FY11/12)
  - Australian production 41,279 tonnes
  - **Domestic market 18,792 tonnes**
    - **Year on year market growth 13%**
    - SHV Brands account for 5,000 + tonnes
    - **SHV 35% domestic market share**
      - **inc non-branded lines**
  - **Export market 24,459 tonnes**
    - **Year on year market growth 15%**
    - Markets – India/China/Asia/Middle East/Europe/NZ
    - Kernel 64% (15,654 tonnes)
    - In-Shell 36% (8,805 tonnes)
      - **SHV 80% market share of In-shell exports (7,044 tonnes)**

Australian Almond Market by Category (tonnes & %)



SHV Strategy

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One Select

Consolidation	Business Improvement	Growth
Restore the Basics	**Build foundations**	**Expand and grow**
▪ Exit Olam ▪ Improve farm practices ▪ Improve asset utilisation ▪ Reduce costs ▪ Food Business Performance Improvement (“PI”) Program	▪ Improve returns in Food Div ▪ Acquire almond orchards at attractive values ▪ Bring in new investment ▪ Leverage investment in WA orchard assets ▪ Realign org. structure & culture	▪ Leverage core competencies ▪ Orchard Industry top quartile ▪ Innovate & grow brands ▪ Explore new categories ▪ Expand exports

Outlook

- **Almond Division positive**
  - **Orchards**
    - Initial crop evaluation is promising (pollination, water cost)
    - Independent experts engaged to ensure top quartile horticultural & management practices
  - **Processing**
    - Increased focus on quality and service
    - Greater emphasis on benchmarking for managed and company orchards
    - Actively seeking new business
- **Food Division positive**
    - Realign “Go To Market” strategy
    - Multiple machine efficiency projects underway
- **Fundamentals**
    - Engaging external resources to drive change
    - Consumers continue to drive historical strong demand growth (8% p.a. over 10 years)
    - Almond prices stable (despite another record US crop)

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- **New Leadership**
  - Sharper focus on delivering performance and improvement
- **Integrated business model**
  - Source of strategic advantage
  - Australian competitors do some, but not all, of what SHV does
  - Confident SHV has the right strategy
- **SHV is well positioned**
  - Good industry – healthy product with strong, historical & forecast long term growth prospects (8% p.a.)
  - Good position in industry
    - Australia will be 2nd largest almond producer by 2015
    - Countercyclical to Californian Northern Hemisphere production
  - Good business – integrated, geographically diversified, strong market shares across the business
  - Good assets – relatively new, globally competitive processing facility. Upside from maturing orchards
  - Good opportunities – increase volumes by leveraging advantages of integrated business model i.e. utilising production, processing and marketing capabilities and knowledge
- **Significant upside as maturity profile evolves and yields & quality return to long term average**

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Global supply-demand dynamic attractive

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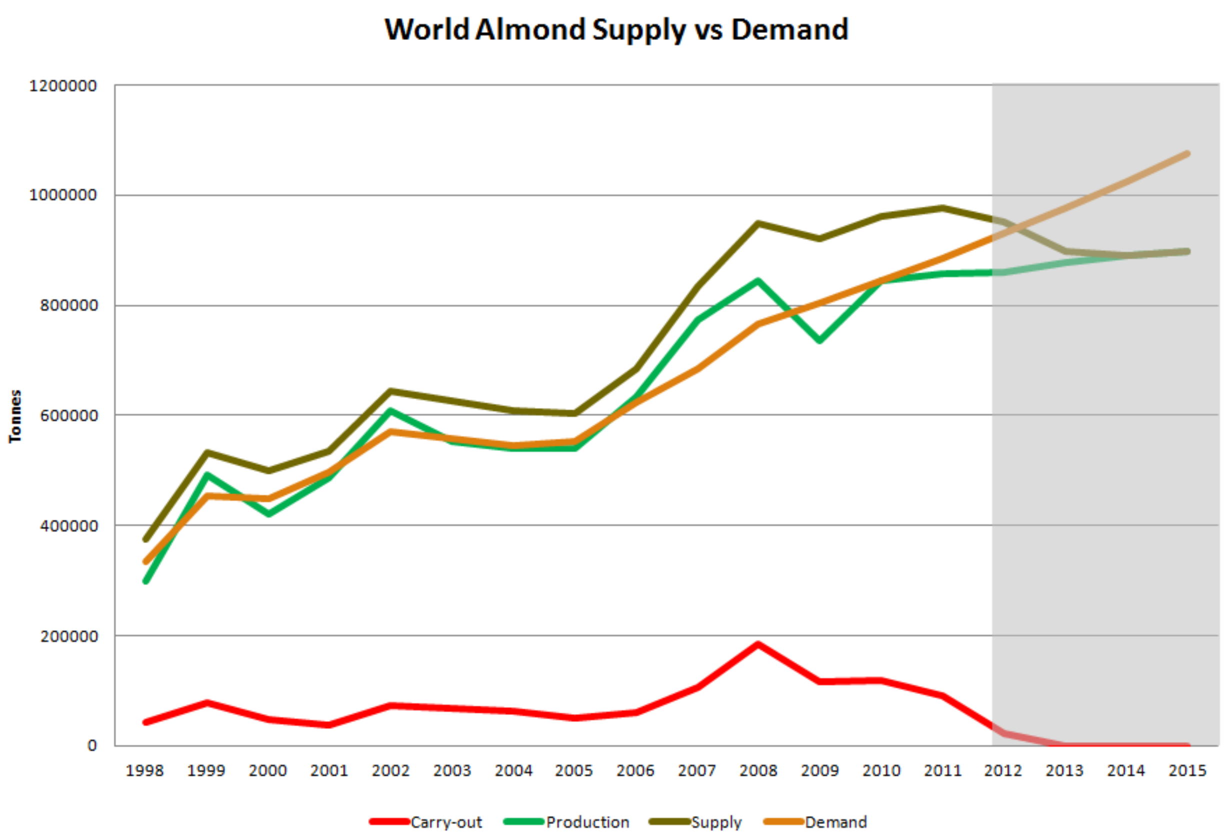

- Global market worth an estimated US$4.5 billion
- Supply and demand have grown at 8% CAGR over past decade
- Current demand growth trending above average growth rate; average supply growth cannot be maintained due to slow-down in recent planting activity
- Annual consumption has exceeded production over past two years
  - Post GFC carry-over stock has softened upward price pressure so far

Australian Almond Statistics 2011, Almond Board of Australia

Long-term almond price dynamics

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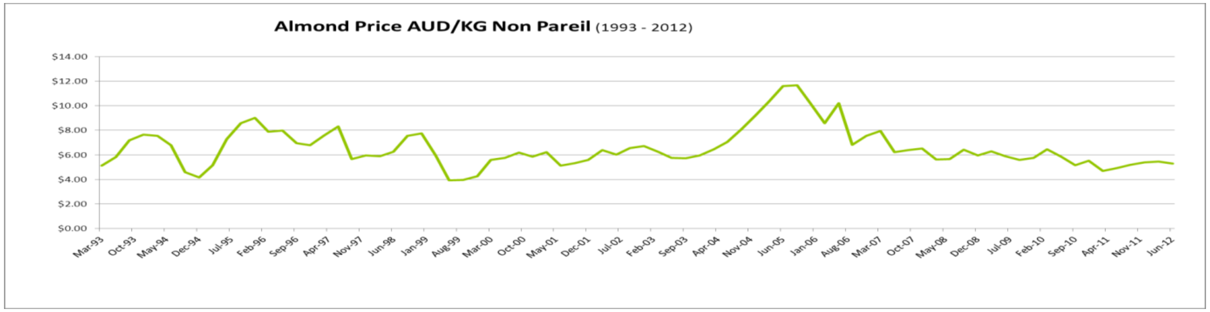

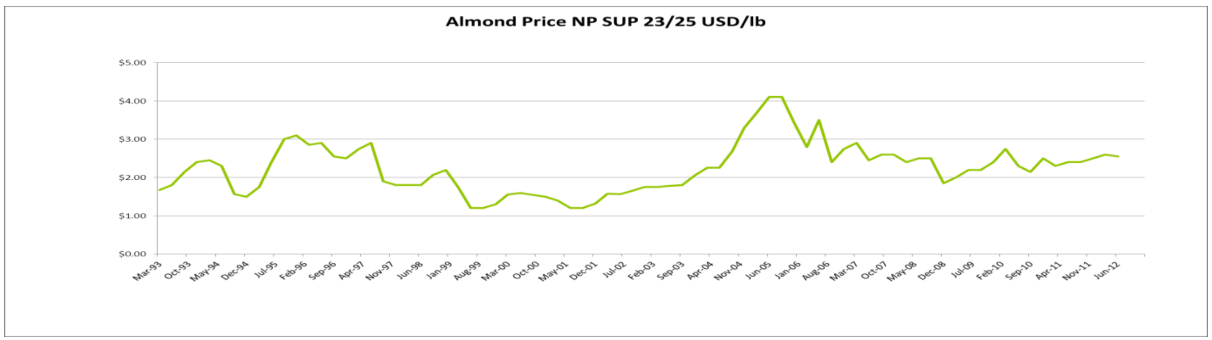

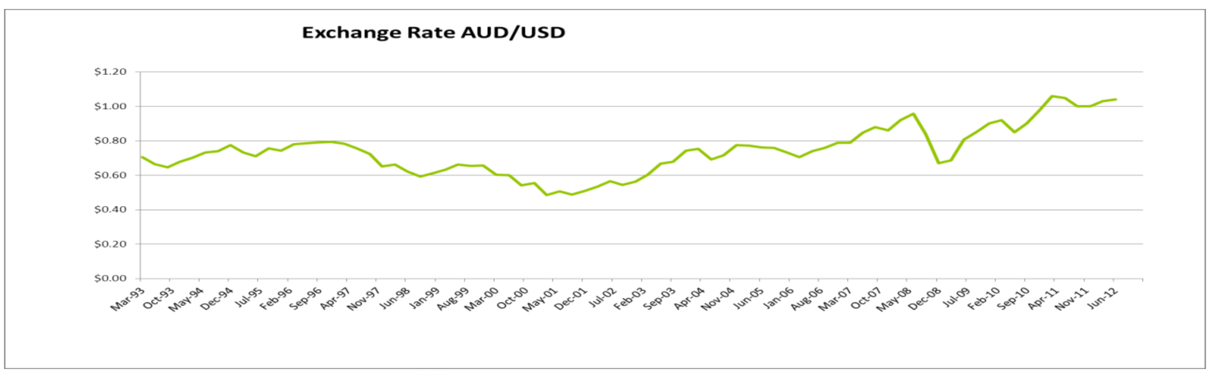

Select Harvests Food Products - Brand Summary

- Market leader in the cooking nut category.
- Cooking Nut product range: almonds, walnuts, cashews, hazelnuts, brazil nuts, pine nuts, pistachios, macadamias, sunflower seeds and pepitas (value share 37% in the MAT to 22.07.12)
- Snacking product range: portion control packs, Lucky Smart Snax and Lucky Snack Tubs.
- Distribution: major supermarkets and export markets including the Middle East, Indonesia and Papua New Guinea.

- Product range: nuts, dried fruit, legumes and pulses, cereals, grains, seeds, flour, muesli and organic foods.
- Bulk and convenient packs.
- Distribution: health food stores and pharmacies nationally.

- Product range: muesli, dried fruit, nuts and snacks.
- Distribution: major supermarkets (muesli) and export markets including Hong Kong, Singapore, Malaysia , Indonesia and the Pacific Rim.

- Product range: muesli, dried fruit, nuts and snacks.
- Distribution: Health aisle of major supermarkets and export markets including Hong Kong, Singapore, Malaysia , Indonesia and the Pacific Rim.

- Product range: almonds and other nuts, dried fruit, seeds, nut pastes and pralines.
- Bulk pack.
- Products are sold to local and overseas food manufacturers, wholesalers, distributors and re-packers.