



Select Harvests Limited (“SHV”)

Octa Phillip Agricultural Land Round Table

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Disclaimer & Basis of Preparation

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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



Select Harvests & The Almond Industry Value Chain



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	Farming & Farm Management	Processing	Sales & Marketing
Summary of Capability	17,151 acres (6,940 hectares “ha”) Diversified across Vic, NSW & WA	Primary Processing 30KT Robinvale Vic Value Added Processing Robinvale & Thomastown	Consumer, Foodservice & Industrial businesses Global nut trader
Key Attributes	Ownership 8,232 acres (3,331 ha) owned 4,498 acres (1,820 ha) leased 4,421 acres (1,789 ha) managed Geographic Diversity 8,674 acres (3,510 ha) VIC 4,528 acres (1,832 ha) NSW 3,949 acres (1,598ha) WA	Primary Hulling & Shelling Inshell bagging Value Added Blanching Slicing Dicing Meal Pastes Roasting Blending	Brands Lucky: No 1 Cooking Soland: No1 Health Food Sunsol: Snacking Renshaw: Industrial Customers Coles Woolworths Mars Unilever Export

Select Harvests is integrated from “paddock to consumer packet”



Key Drivers to Value Creation

	Industry	Select Harvests
Demand	Global demand growing 10%+ Local demand 8% +	SHV supplying both markets
Supply	Last 2 years demand greater than supply, despite record US crops	Last 3 years Australia has had very poor seasons, off up to 30%
Price	US D price continues to increase. Aust price - USD plus freight	A\$ has largely offset increased prices, poor quality has adverse price affect
Long Supply Lag	7 years before a tree reaches full maturity and full yield potential	Only significant new planting SHV WA
Tree Economic Life	18 years from maturity	69% of trees yet to mature
Primary Capacity	Australian primary processing capacity equals demand in a normal year	Post Olam, SHV actively seeking to fill capacity
Value Add Capacity	Lower barriers to entry greatest protection is brands and relationships	Brands strong ,but huge potential remains
Trading	Aust market only market with fresh product for 6 months of the year	SHV has all the contacts
Geography	Closest to booming Middle East and Asian markets	Strong relationship in India and developing relationships in Asia
Weather	Need dry weather for best yield	Diversity protects SHV from crop wipe out
Currency	All product traded in USD	50% business in A\$

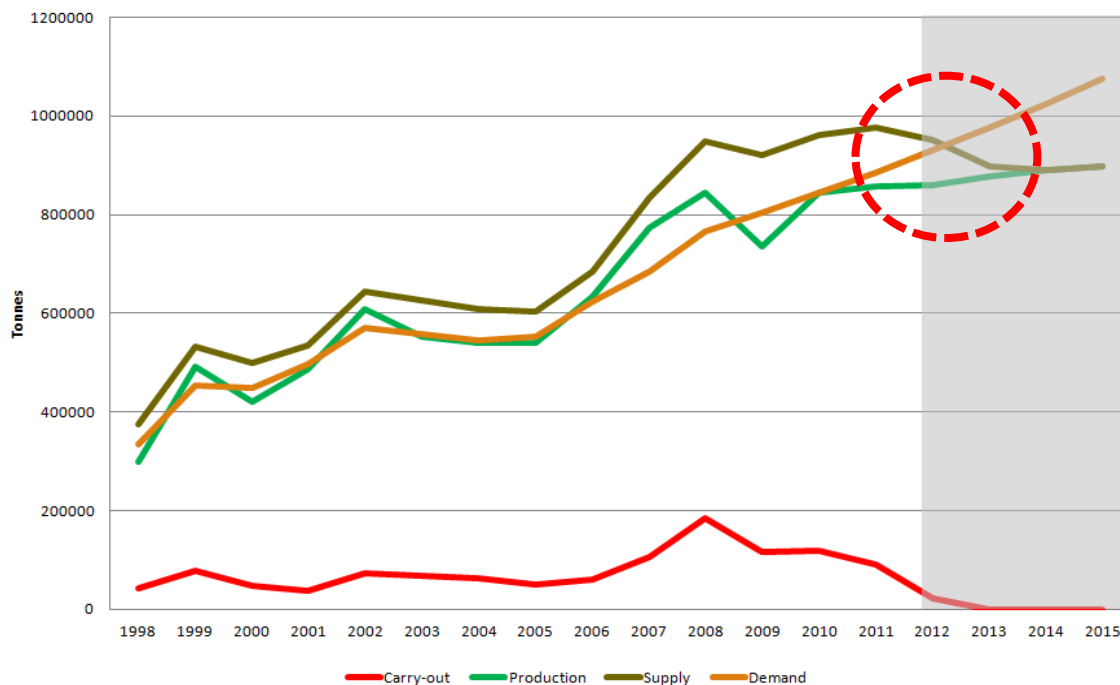




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Key Drivers - Global Supply & Demand

World Almond Supply vs Demand



- Global market worth an estimated US\$4.5B
- Demand grew at 8% p.a. over last 10 years
- Slow-down in recent planting activity means historical supply growth won't be maintained
- Annual consumption has exceeded production over past two years
- Post GFC carry-over stock has softened upward price pressure so far
- USA produces 86% of global almond supply, followed by the EU with 9% (the major contributor being Spain)
- Australia is currently the 3rd largest almond producing nation globally and is on target to become the 2nd largest by 2015
- The EU & USA account for the majority of existing demand with over 62% of global consumption – health and nutritional benefits are fuelling the growth in these markets
- Asia/India and the Middle East are the global consumption growth markets, being fuelled by rapid urbanisation and growing affluence

Australian Almond Statistics 2011, Almond Board of Australia

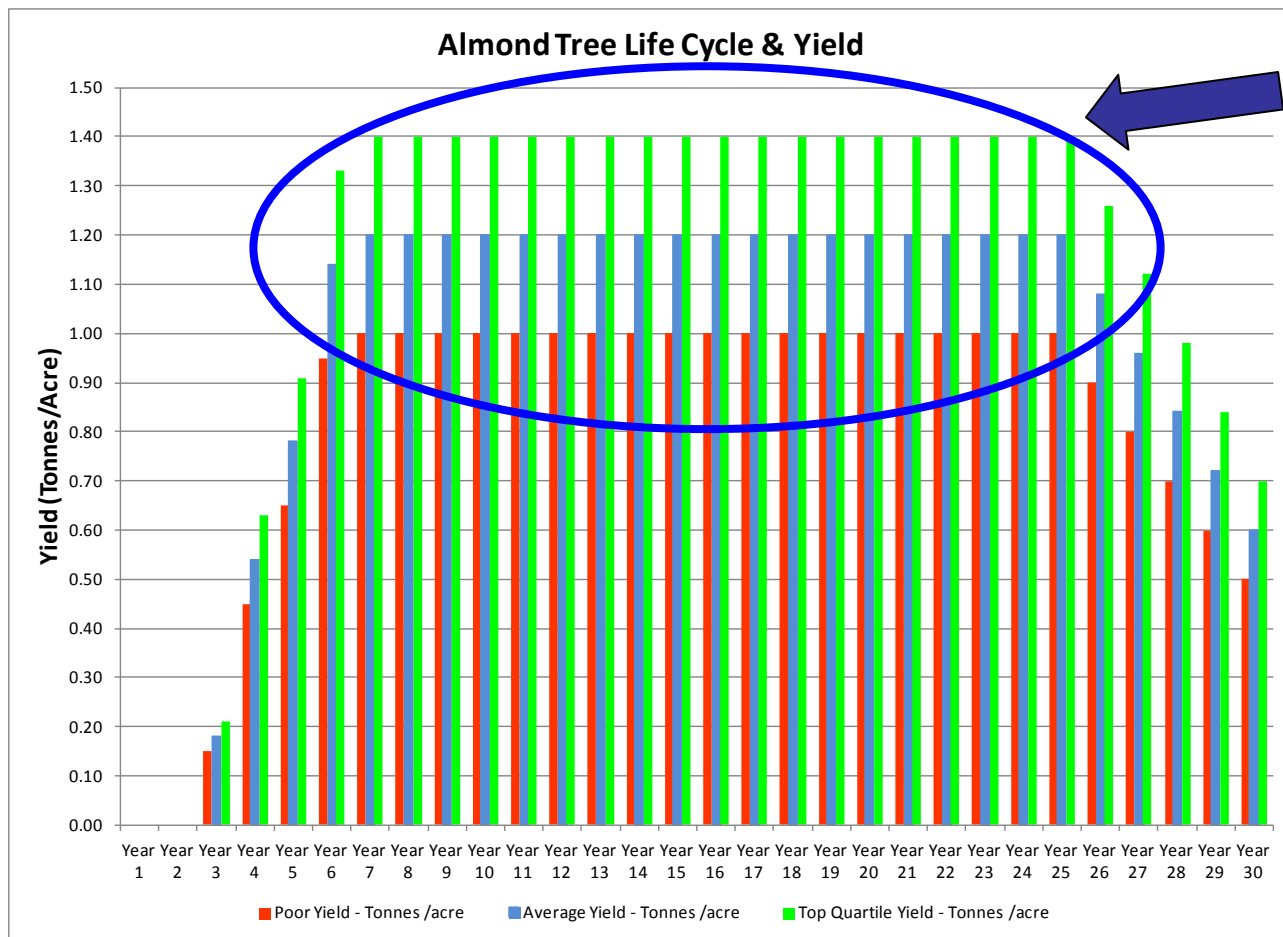


Key Drivers - Long Supply Response Time & Substantial Cash Generating Capacity



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- Almond trees take 7 years to mature, but can then produce at that level for approx. 18 more years before tapering off



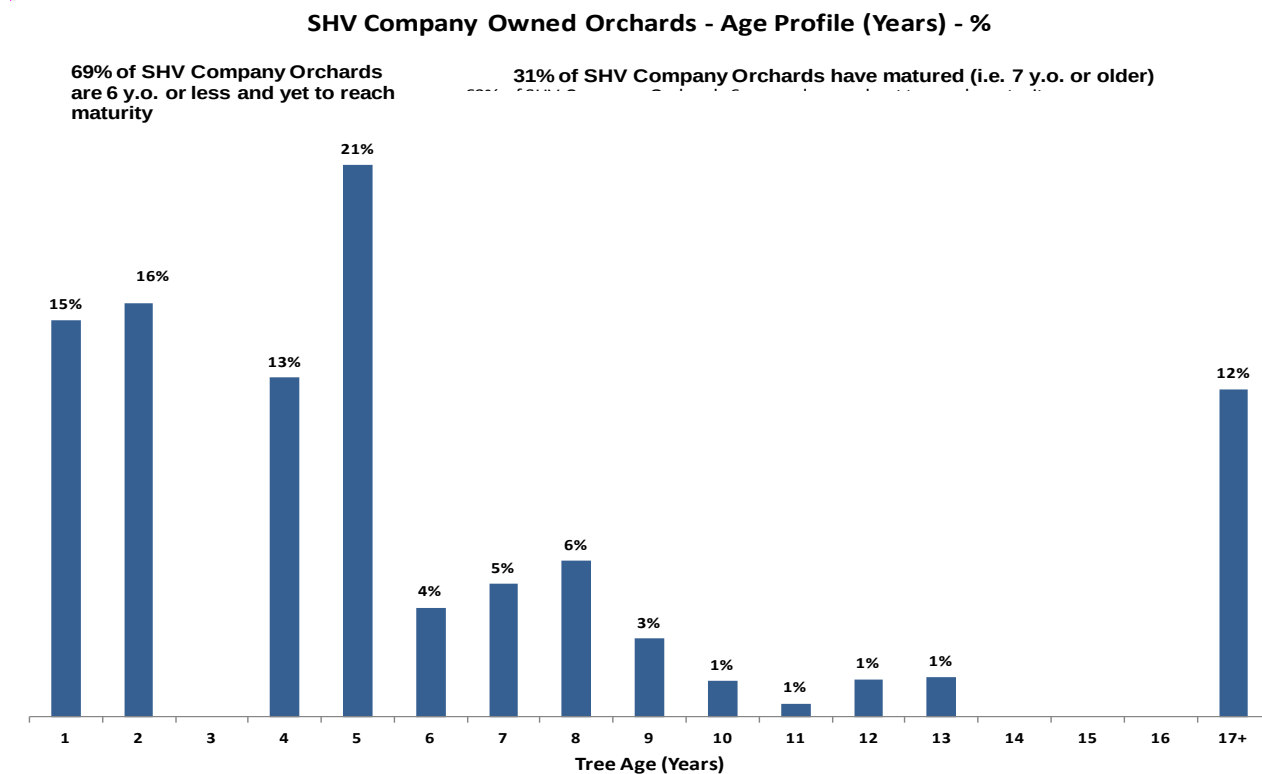
18 years of substantial free cash flow generation once maturity attained





Key Drivers - Tree Maturity - Orchard Age Profile

- Australia will be the 2nd largest almond producing nation globally by 2015
- Select Harvests is Australia's 2nd largest almond producer
- Growth - 69% (8,816 acres / 3,568 ha) of Select Harvests' Company Orchards are yet to reach maturity



Key Drivers - Weather - Annual Almond Cycle

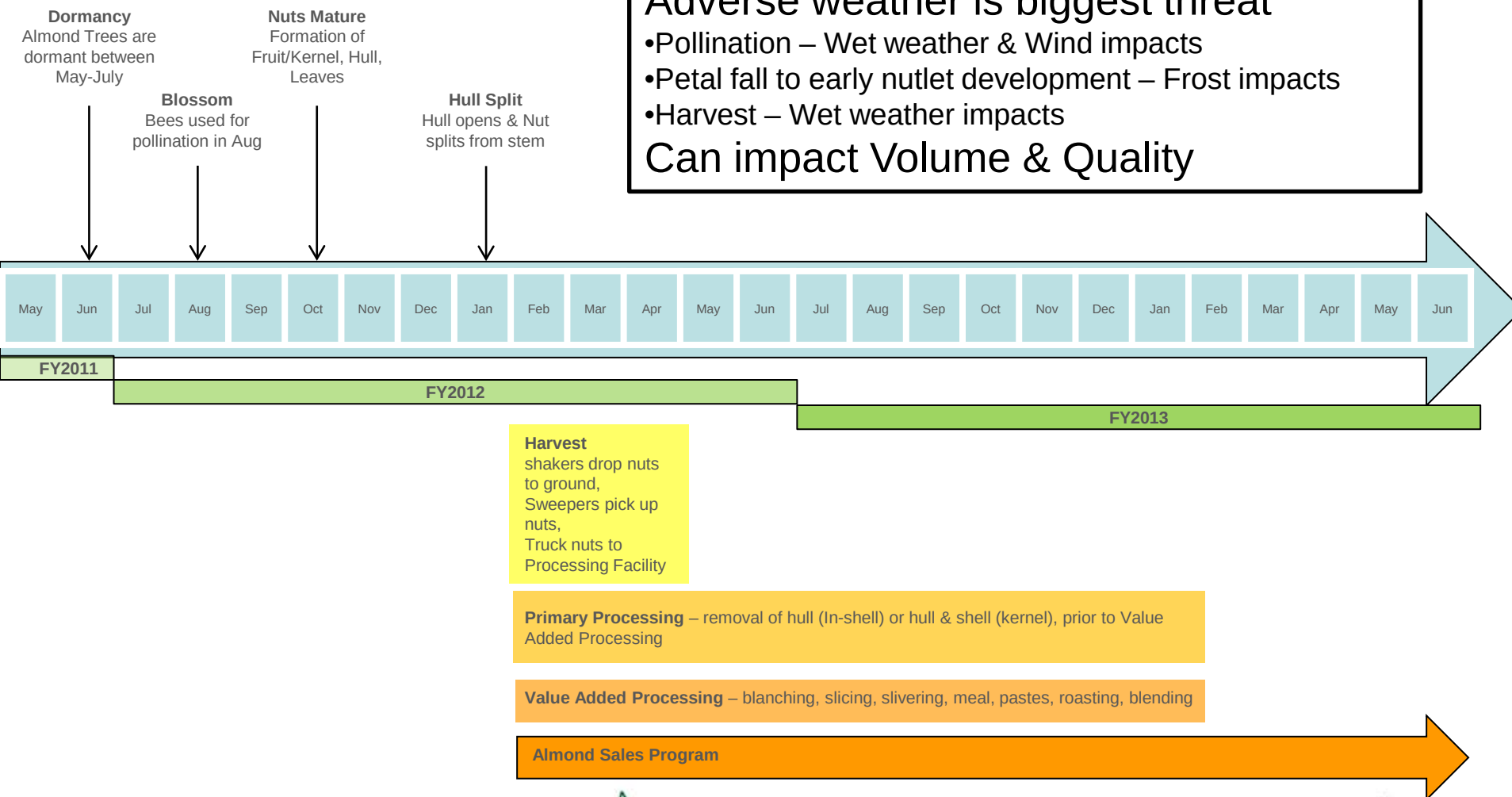


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Adverse weather is biggest threat

- Pollination – Wet weather & Wind impacts
- Petal fall to early nutlet development – Frost impacts
- Harvest – Wet weather impacts

Can impact Volume & Quality



What we are building:



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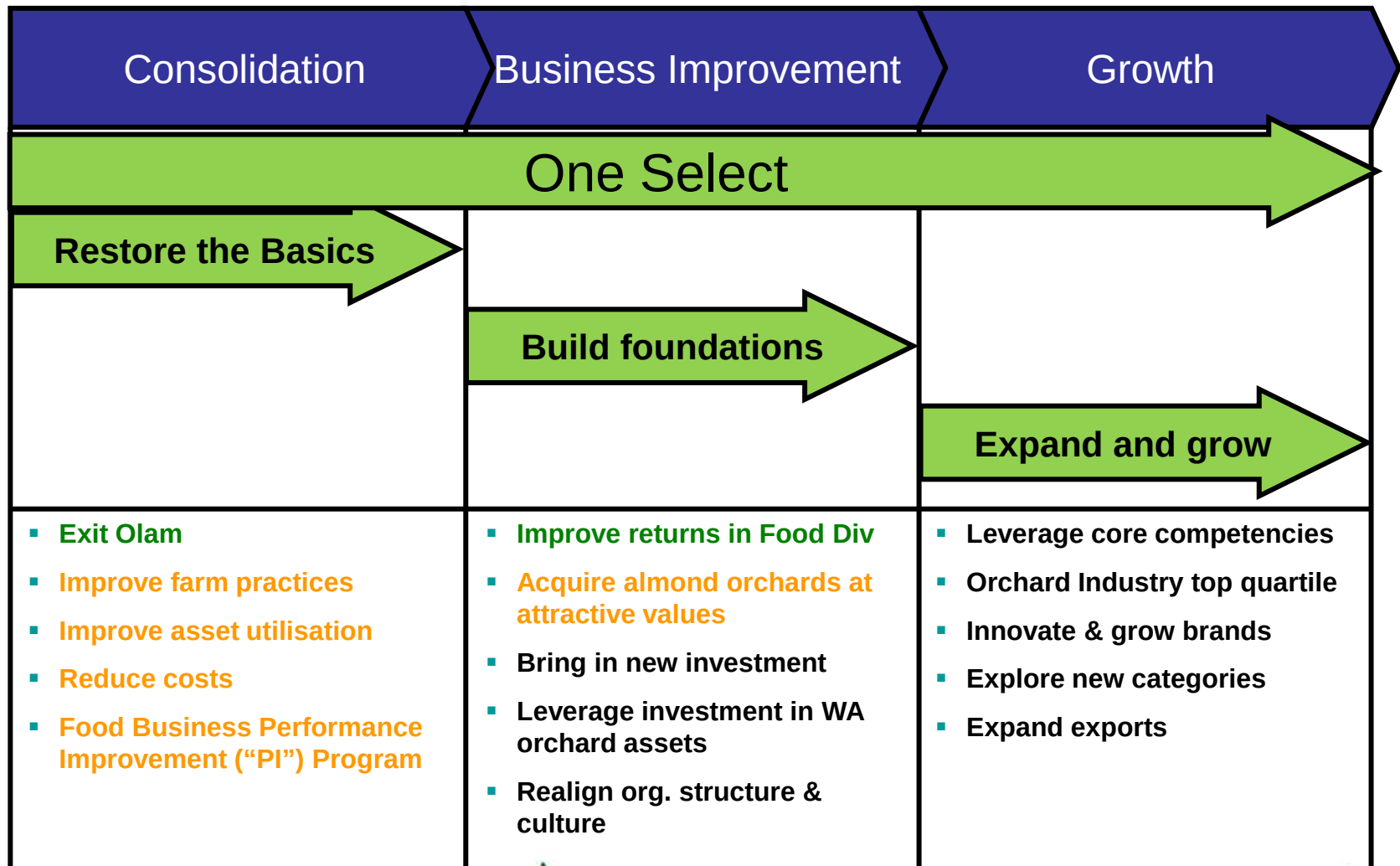
- A strong and trustworthy company
- A business that can manage the dynamic agricultural cycle and can mitigate the inherent risks
- A company that responds to the challenges and learns from the experience
- A cash generating company that will be positioned to invest in growth in a growth industry



SHV Strategy



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Key Steps to Cash Generation

- **Global Supply & Demand - strong, long term, global consumption growth**
 - Demand is now outpacing supply
 - Long lag for supply has positive implications for price and cash flow
- **Tree Maturity – 69% of Select Harvests' Company Orchards are yet to mature**
 - Impact is two-fold – volume positively impacts earnings and trees become long term cash generators
- **Weather – Return to long term average conditions will assist return to normal orchard yields**
 - Two-fold positive effect on earnings – Volume and Price (Quality improvement)
- **Improved Horticultural – will take average yields to top quartile yields**
 - Independent Experts recently engaged to benchmark Select Harvests orchard operations against international best practice, to ensure top quartile horticultural and management practices.
- **Capture Additional Processing volume**
 - Straight through impact on bottom line as capital and business already exists, no capex required





Key Steps to Cash Generation

- **Integrated Business Model**
 - Allows SHV to capture margin along the entire value chain in a short supply market
- **Improvements in Food Business**
 - Some of these initiatives are already well advanced, business now break even
 - Additional opportunities exist in all parts of this business both Go to Market and supply chain
 - Outstanding foundation for expansion in the Health space.
- **Capital Management – structuring capital to create base for growth**
 - Purchase distressed assets (e.g. Belvedere)
 - Sell non-core assets (e.g. water)
 - Look to lease rather than buy, where feasible
 - Recycle capital into increasingly efficient assets



Why Select?



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- **Select Harvests is a fully integrated business operating across the entire almond value chain**
 - Largest developer of almond orchards in Australia
 - driving force behind Aust. almond industry growth from 10KT in 2003 to 90KT (est.) in 2017
 - 2nd largest producer of Australian almonds
 - Currently the largest almond primary processing facility in Australia
 - Significant brand presence at retail level (inc. Lucky brand)
 - 35% domestic market share
 - 80% market share of In-shell exports from Australia
 - Offers consumers a complete end to end solution (production to consumer packaged product)
 - Australian competitors do some, but not all, of what Select Harvests do.



Summary



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- **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**



Thank you

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Why Almonds?



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■ Compelling Long-Term Supply & Demand (“S & D”) Fundamentals

- Fast growth - Global almond demand grew at a Compound Annual Growth Rate of 8% p.a. over the last decade
- Tight S & D - delicately balanced in a long-term high growth market
- Demand increasingly driven by rapid urbanisation and growing affluence in Asia
- Long lead time to mature production (7 years)

■ Health Benefits

- Almonds are becoming increasingly recognised for their health benefits
- Contain sterols & polyphenols - improves blood cholesterol
- Contain Vitamin E – fat soluble vitamin & anti-oxidant that assists in maintaining heart health
- Arginine (Protein) – leads to relaxed/elastic blood vessels. Hard arteries can lead to heart disease
- Improve blood glucose control – can reduce the Glycaemic Index (“GI”) of a meal - assist with weight loss
- Contain Calcium – 20 nuts gives 7% daily requirement – important source for those who can’t/don’t eat dairy
- Reduces oxidative stress & has anti-inflammatory effects
- Benefit digestive health – natural source of dietary fibre

■ Agronomics

- Almonds are an efficient economic converter of water compared to other potential agricultural land uses
- Almonds are a logical choice in an increasingly water constrained environment



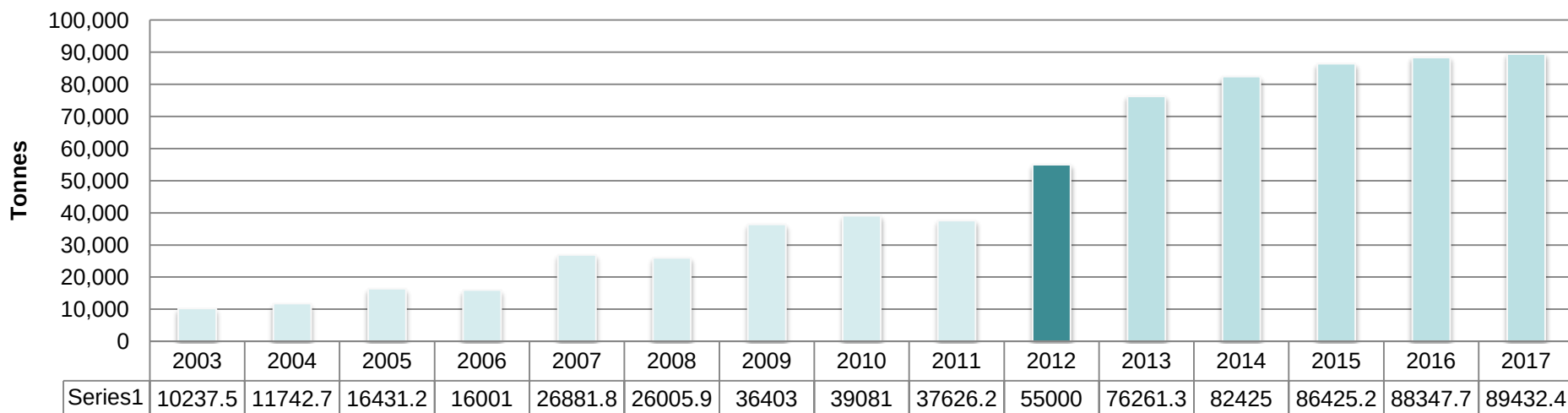
Australian Almond Industry



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- Australian Almond production has undergone significant growth since 2003, increasing by approx. 45,000 tonnes to 55,000 tonnes in 2012

Australian Almond Production



- The Australian Almond Industry will continue to enjoy significant volume growth over the next few years as existing orchard mature and yields return to more normalised levels.
- By 2015, Australia is on target to become the 2nd largest producer of almonds globally



Long-term almond price dynamics



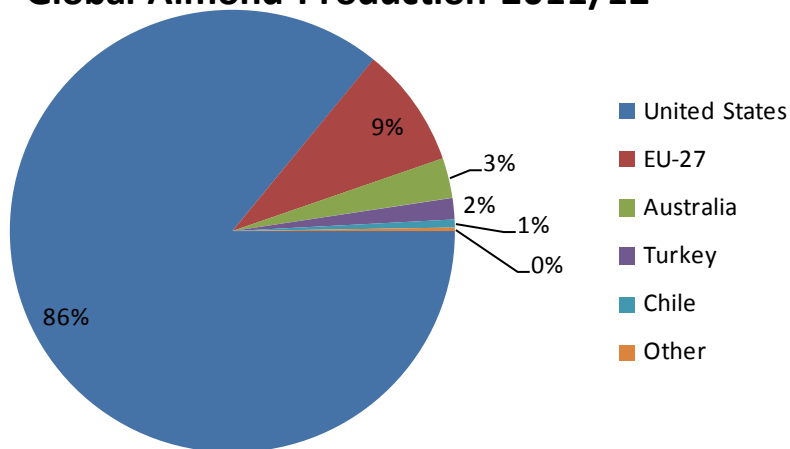
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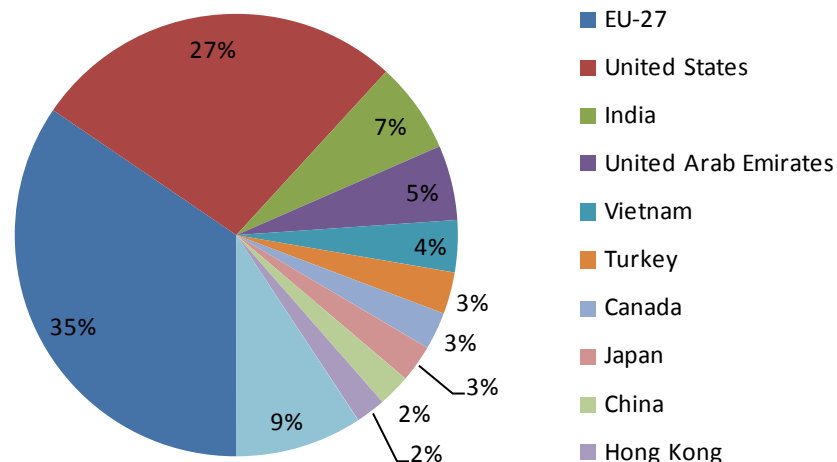
Key Markets (Production & Consumption)

Global Almond Production 2011/12



Source: USDA PSD Online

Global Almond Consumption 2011/12



Source: USDA PSD Online

- The USA dominates the global almond production industry with 86% of the market, followed by the EU with 9% (the major contributor being Spain)
- Australia is currently the 3rd largest Almond producing nation globally and is on target to become the 2nd largest by 2015

- The EU & USA account for the majority of existing demand with over 62% of global consumption – health and nutritional benefits are fuelling the growth in these markets
- Asia/India and the Middle East are the global consumption growth markets, being fuelled by rapid urbanisation and growing affluence



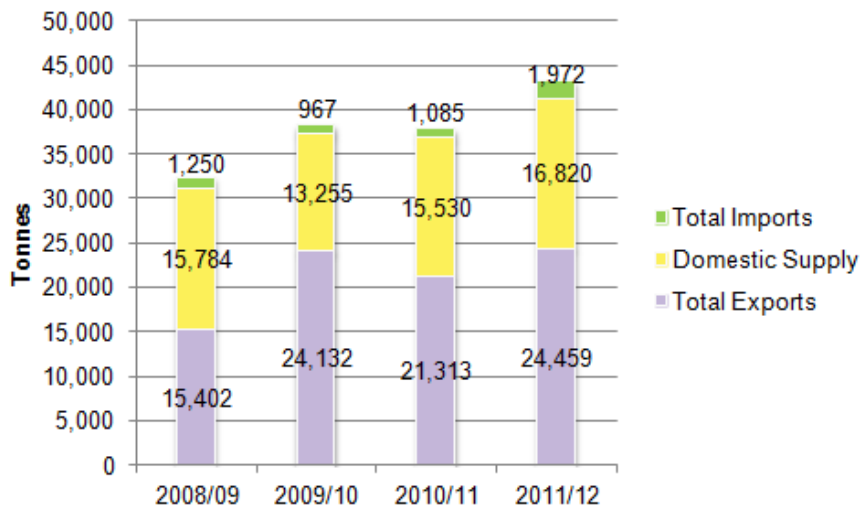
Key Drivers – Domestic Market Premiums captured by Integrated Businesses



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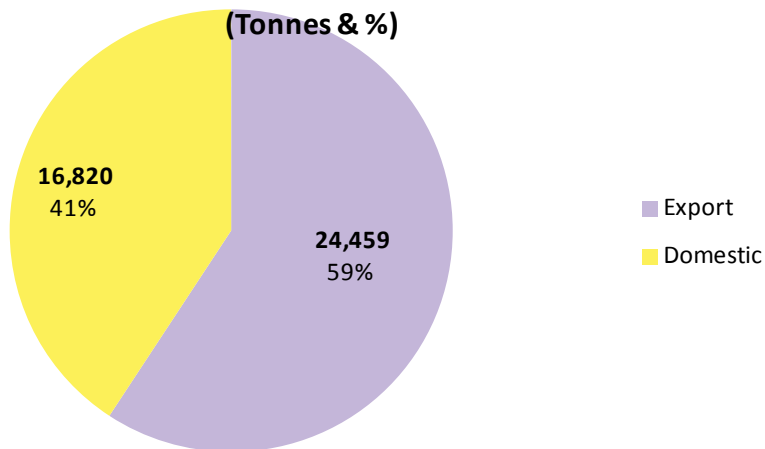
- With the strong growth in Australian almond production in recent years, exports now account for nearly 59% of current production.
- As Australian production continues to increase with tree maturity & a return to normal yields, an increasing proportion of Australian almond producers will be exposed to world prices.

Australian Domestic & Exports Supply



Note: 2011/12 Marketing Year

Australian Almond Production Destination Markets



- One of the key benefits of Select being an integrated business with Australia's No.1 Brands (Retail & Industrial) is that Select can direct its own almonds to higher returning domestic markets



Select Harvests Food Products - Brand Summary



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- 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.



Financial Results Summary



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Financial Result (\$m)	FY11	FY12
	(\$m)	(\$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
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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

- FY12 Underlying EBIT of \$19.6m (up 27% on prior year)
- Underlying EBIT includes a fair value adjustment of \$2.5m (FY11 \$2.3m)
- Good year on year performance from both Almond and Food Divisions
- 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.

* see dedicated slide for detailed breakdown



Balance sheet



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(\$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

