



Select Harvests Limited (“SHV”)

Conference Presentation

April 2013



Disclaimer



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SHV Background



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- Listed on ASX in 1978
- **History**
 - Developer and manager of orchards & almonds
 - Service provider to Managed Investment Schemes (“MIS”)
 - Developed a significant portion of the current Australian almond industry
 - Heavily reliant on government, MIS and a single MIS operator
- **Today**
 - Diversified, vertically integrated agribusiness
 - Positioned to benefit from healthy eating and the growth of developing economies underpinned by outstanding almond market fundamentals

An integrated agribusiness underpinned by almonds



SHV Board



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Name	Title	Date joined Board
Michael Iwaniw	Chairman	November 2011
Paul Thompson	Managing Director	July 2012
Fred Grimwade	Non-Executive Director	July 2010
Ross Herron	Non-Executive Director	January 2005
Michael Carroll	Non-Executive Director	March 2009
Paul Riordan	Non-Executive Director	October 2012



SHV Executive Team



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Name	Title
Paul Thompson	Managing Director
Peter Ross	GM Horticulture
Bruce Van Twest	GM Operations
Mark Eva	GM Consumer Sales & Marketing
Laurence Van Driel	Group Trading Manager
Paul Chambers	CFO/Company Secretary
Tom Kite	HR Manager



Select Harvests Snapshot



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- SHV is Australia's leading integrated almond business with significant positions throughout the entire almond value chain.

	Orchards	Processing	Sales & Marketing
Summary of Capability	Portfolio 11,449 acres (4,635 hectares "ha") •Controlled 10,022 acres (4,057 ha) •Managed 1,427 acres (578 ha) Diversified across Vic & NSW	Primary Processing 30KT Robinvale Vic Value Added Processing Robinvale & Thomastown	Consumer, Foodservice & Industrial businesses Global nut trader
Key Attributes	Ownership 5,524 acres (2,236 ha) owned 4,498 acres (1,821 ha) leased 1,427 acres (578 ha) managed Geographic Diversity 6,921 acres (2,802 ha) VIC 4,528 acres (1,833 ha) NSW	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

SHV – an integrated agribusiness that controls almond Supply Chain





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Brands Customers & Capability

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 Inshell

KEY CUSTOMERS

- Retail
- Food Service
- Wholesales
- Industrial
- Traders

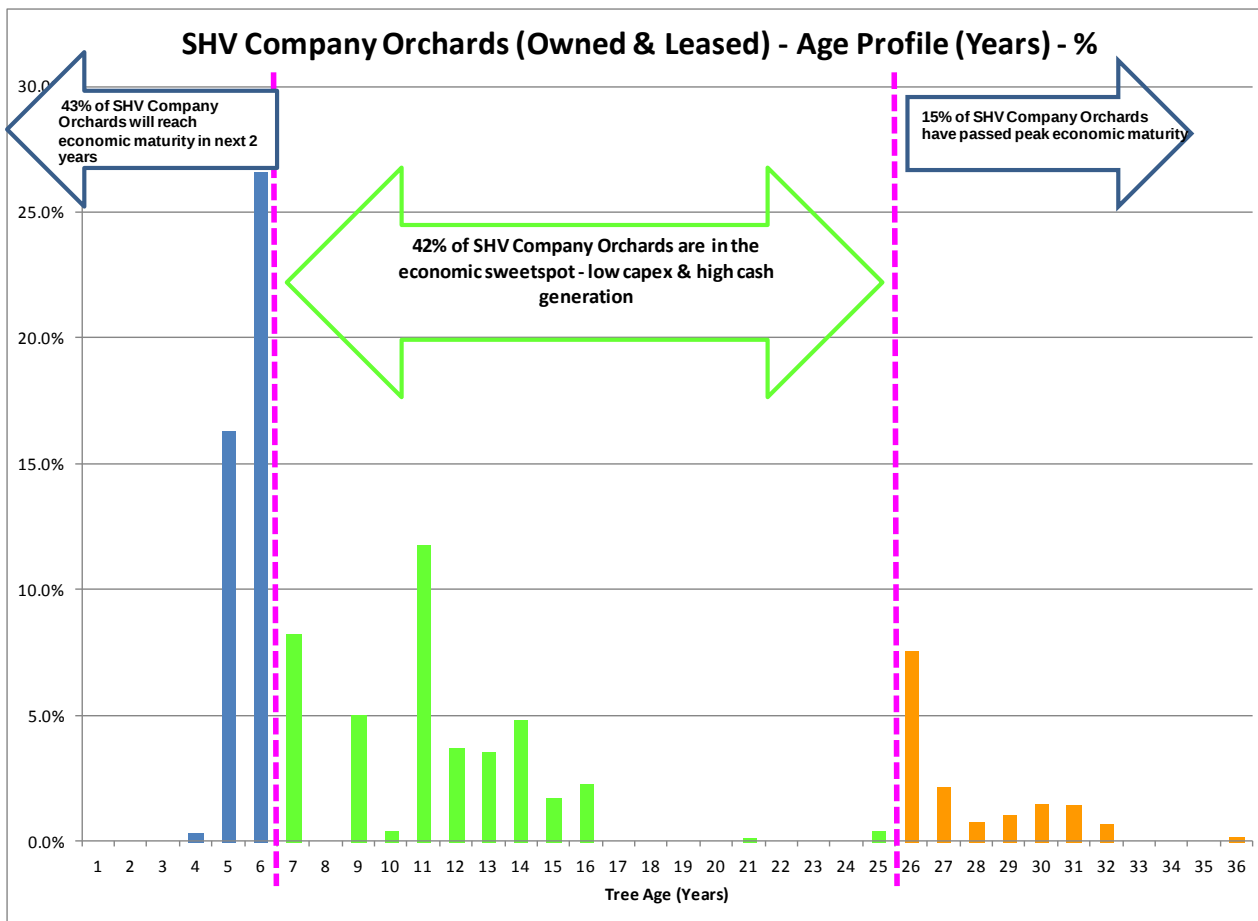
SHV adds value along the entire supply chain



SHV Orchard Profile - A Competitive Advantage



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Note: SHV's WA orchards are excluded from this summary

Within 2 Years, 85% of SHV Orchards will be economically mature

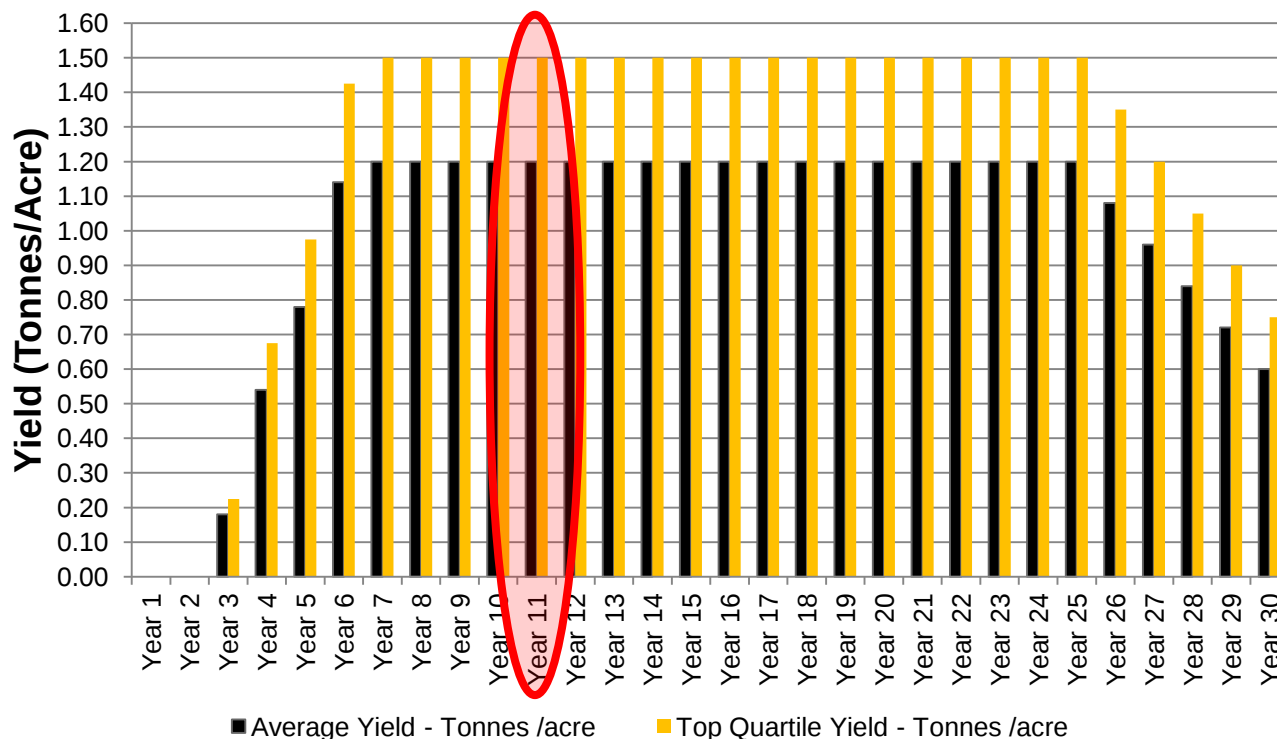


Almond Trees Long Life & Lead Time to Maturity



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



Select Harvests secure supply chain & yield opportunities - average tree age is 11.2 years



Why Almonds? - Sustainable Positive Fundamentals

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- Tight Supply
 - Long lead time to mature production (7 years)
 - 18-21 years of subsequent mature production
- Strong Demand
 - Developed Economies - healthy eating
 - Developing Economies - affluence shift from carbohydrate to protein
 - World's most versatile nut
- Agronomics
 - Efficient economic converters of water compared to other potential agricultural land uses
 - Australia counter cyclical to the ROW

Growth: Global almond demand 8% Compound Annual Growth Rate (“CAGR”)

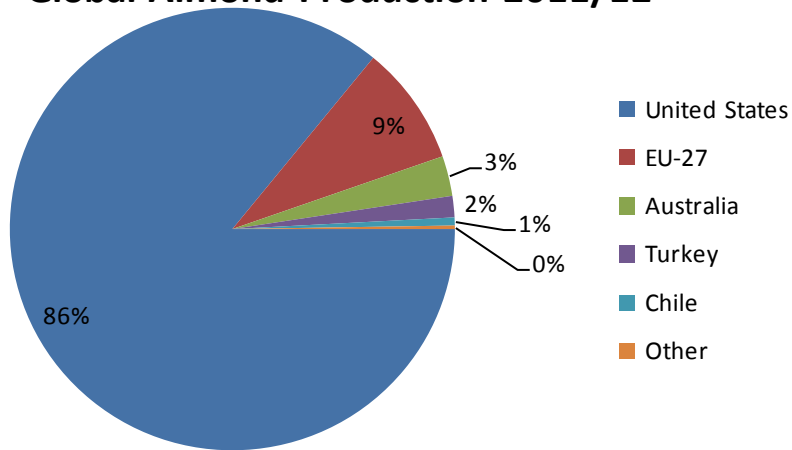


Why Almonds? - Aust. Production Counter-Cyclical



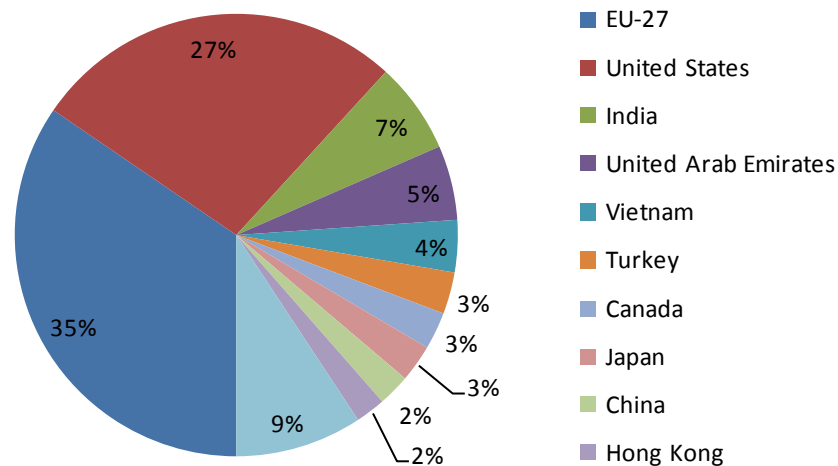
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Global Almond Production 2011/12



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)

In 2013, Australia became No. 2 Almond producer globally



Why Almonds? - US Almond Production Plateauing



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Californian Almond Acreage, Yield & Production						
Year	Bearing Area	Non- Bearing Area	Yield		Production	
	(acres)	(acres)	(lbs/acre)	(tonnes/acre)	(lbs)	(tonnes)
1995	418,000	65,700	885	0.4	370,000,000	168,182
1996	428,000	72,400	1,190	0.5	510,000,000	231,818
1997	442,000	63,000	1,720	0.8	759,000,000	345,000
1998	460,000	120,000	1,130	0.5	520,000,000	236,364
1999	485,000	115,000	1,720	0.8	833,000,000	378,636
2000	510,000	100,000	1,380	0.6	703,000,000	319,545
2001	530,000	75,000	1,570	0.7	830,000,000	377,273
2002	545,000	65,000	2,000	0.9	1,090,000,000	495,455
2003	550,000	60,000	1,890	0.9	1,040,000,000	472,727
2004	570,000	70,000	1,760	0.8	1,005,000,000	456,818
2005	590,000	110,000	1,550	0.7	915,000,000	415,909
2006	610,000	145,000	1,840	0.8	1,120,000,000	509,091
2007	640,000	125,000	2,170	1.0	1,390,000,000	631,818
2008	680,000	115,000	2,400	1.1	1,630,000,000	740,909
2009	720,000	90,000	1,960	0.9	1,410,000,000	640,909
2010	740,000	85,000	2,220	1.0	1,640,000,000	745,455
2011	760,000	75,000	2,670	1.2	2,030,000,000	922,727
2012	780,000	*	2,560	1.2	2,000,000,000	909,091

Source: United States Department of Agriculture, National Agricultural Statistics Service, 2012 California Almond Forecast, 3 May 2012

* To be released April 2013

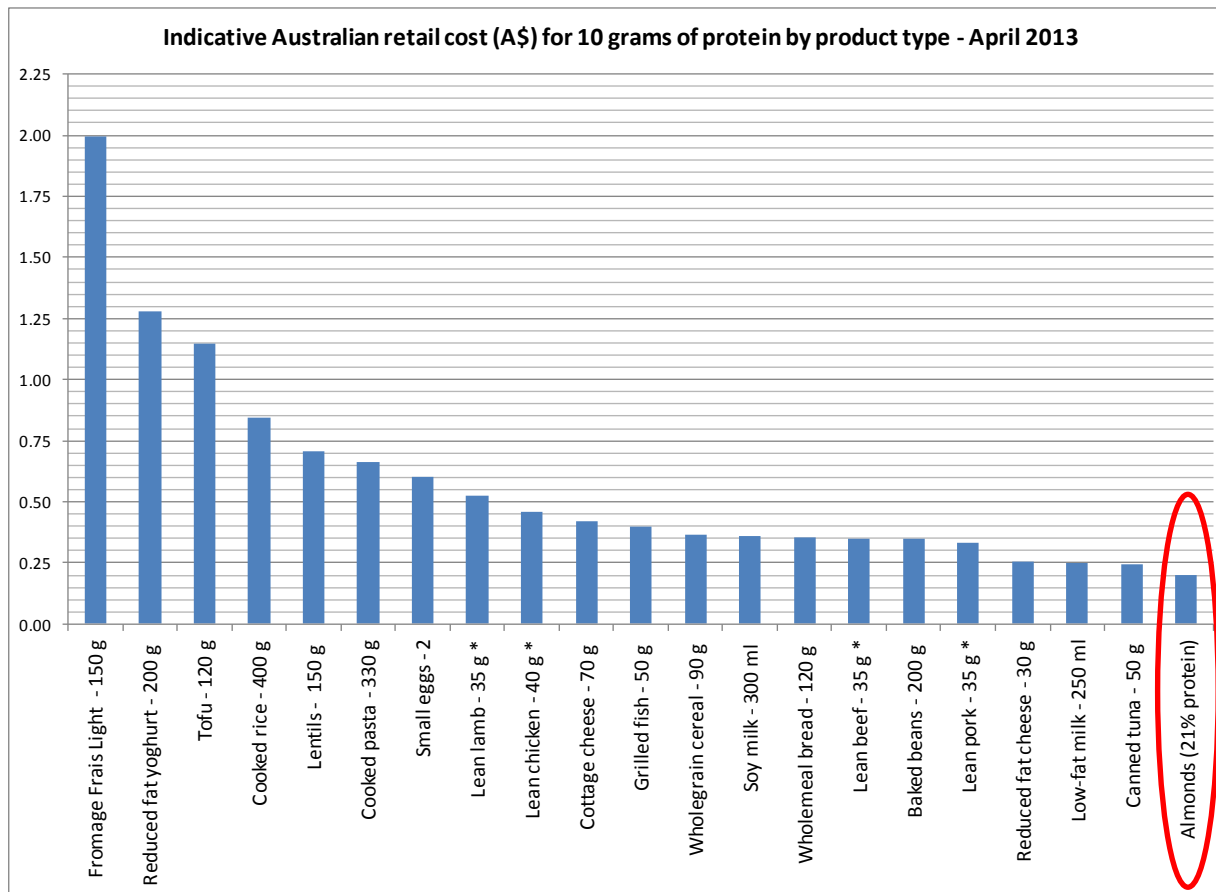
US crop yields similar to Australia & less bearing acres coming into maturity



Why Almonds? – Global Super Food



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Source: Protein Data - Australian Institute of Sport (AIS) . Pricing based on company survey (on-line Australian retail pricing, April 2013).

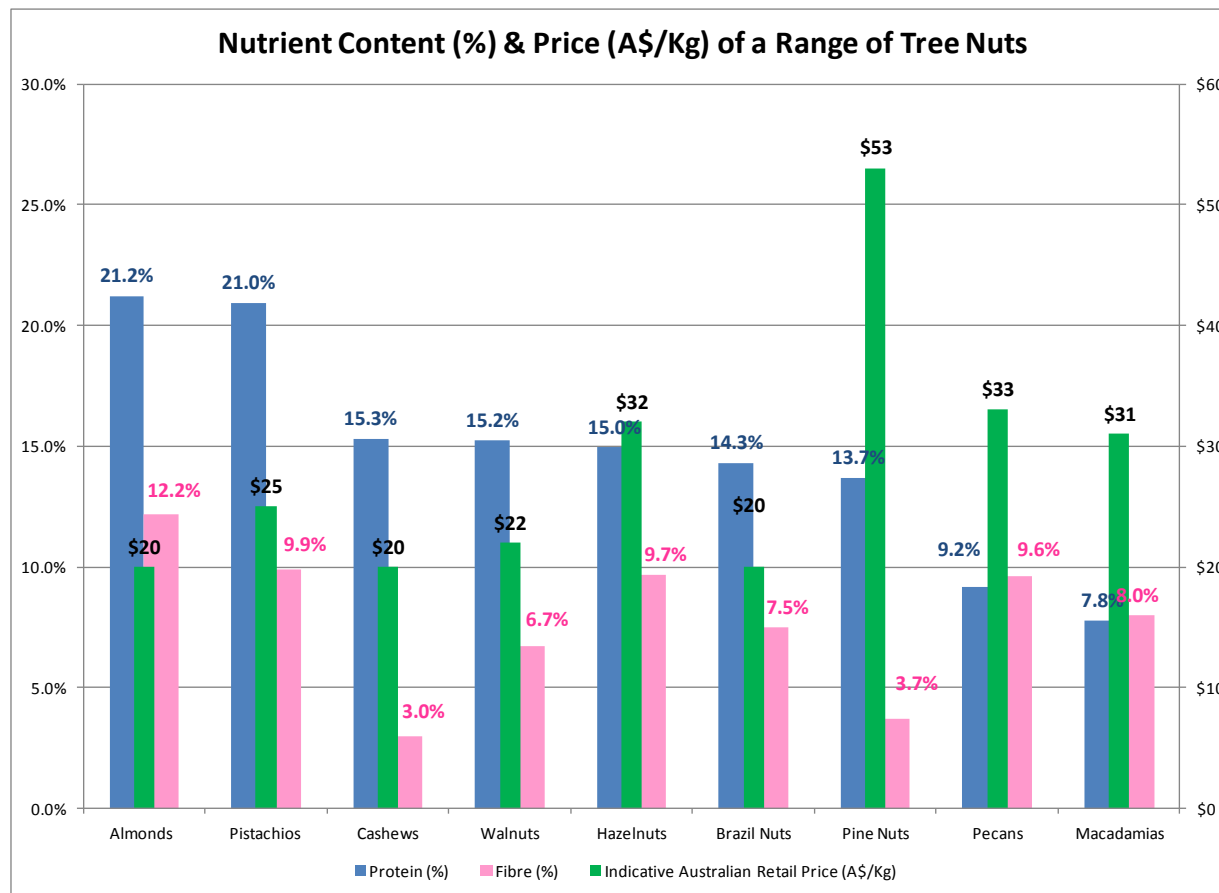
Almonds are one of the most affordable protein sources across all food types.



Why Almonds? - Health & Economic Benefits



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Source: Nutrient Content - Global Statistical Review 2006-2011, International Nut & Dried Fruit Council Foundation (INC).
Pricing based on company survey (on-line Australian retail pricing, April 2013).

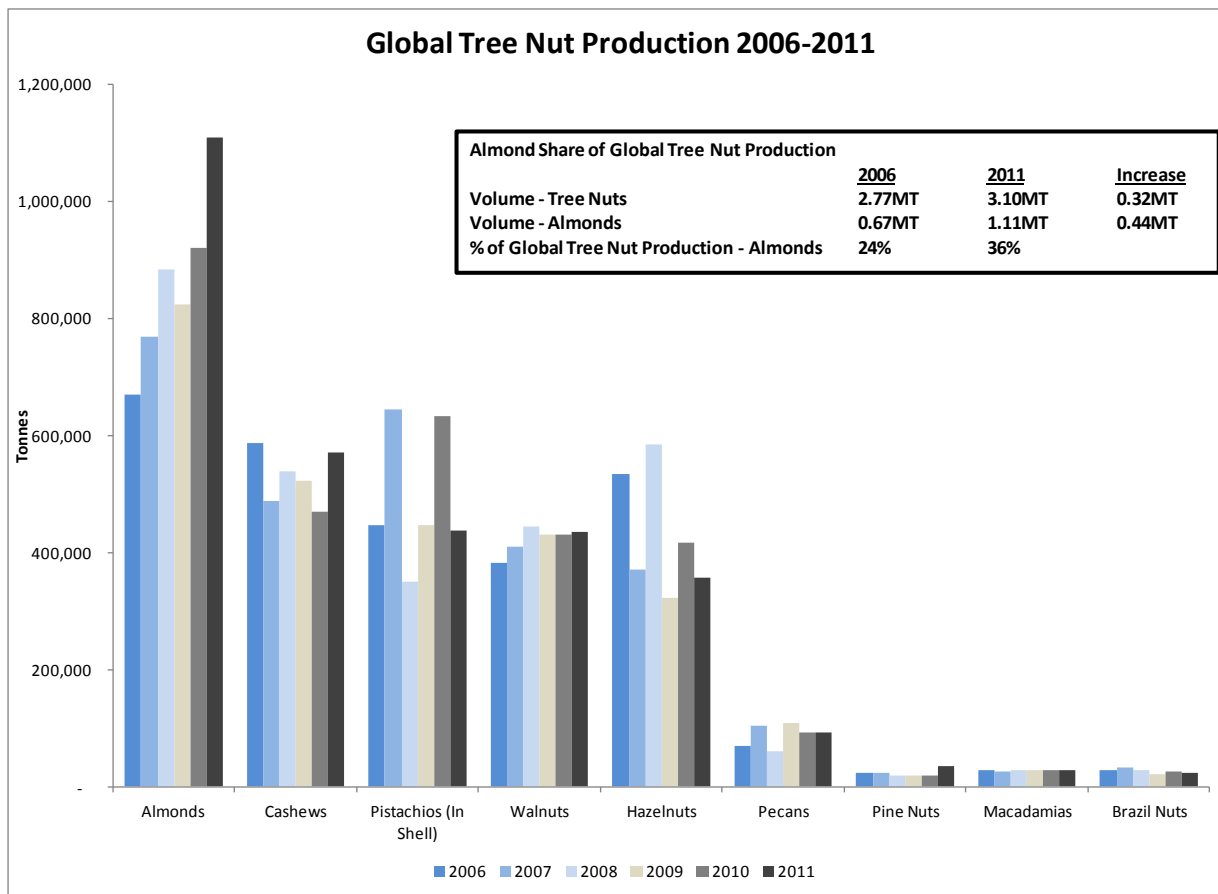
Almonds are the highest protein, highest fibre & affordable tree nut.





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Why Almonds? - Both Dominate & Versatile



Source: Global Statistical Review 2006-2011, International Nut & Dried Fruit Council Foundation (INC), Jan 2013

Almonds are the most versatile and highest volume nut, substitution is difficult

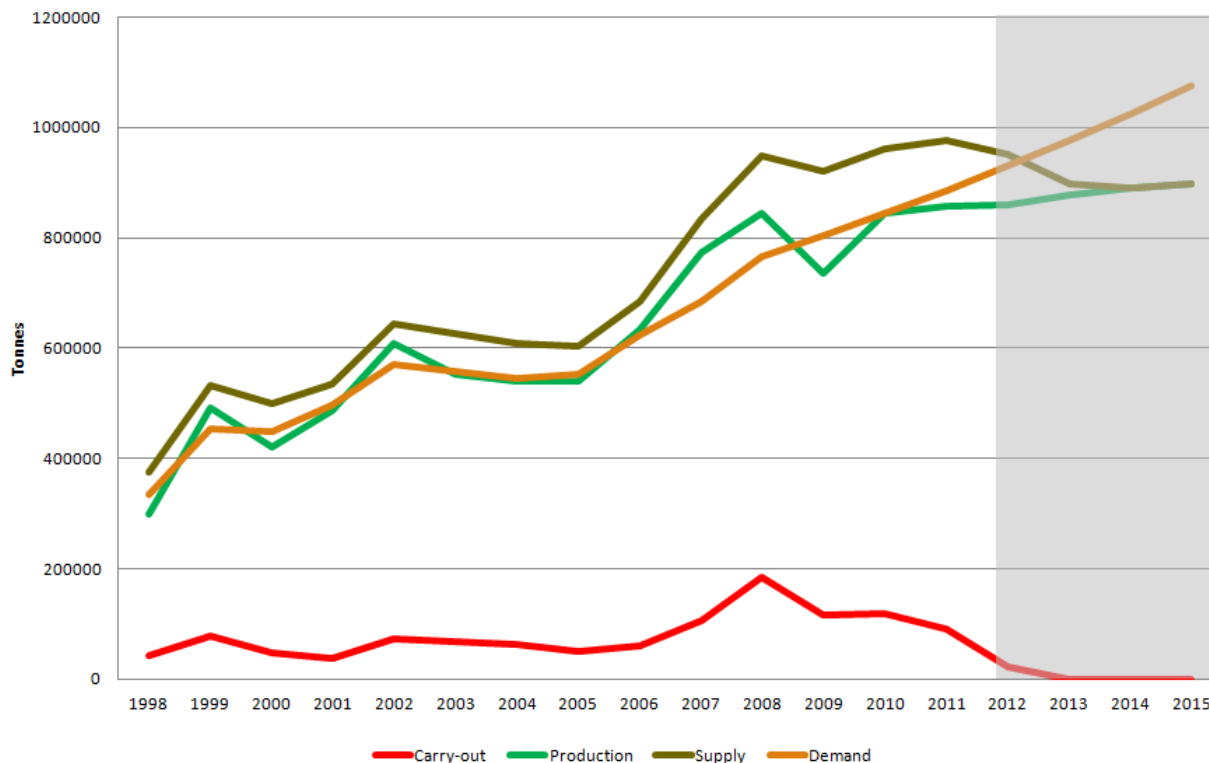


Why Almonds? - Supply-Demand Dynamic Attractive



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World Almond Supply vs Demand



Source: Australian Almond Statistics 2011, Almond Board of Australia

- 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

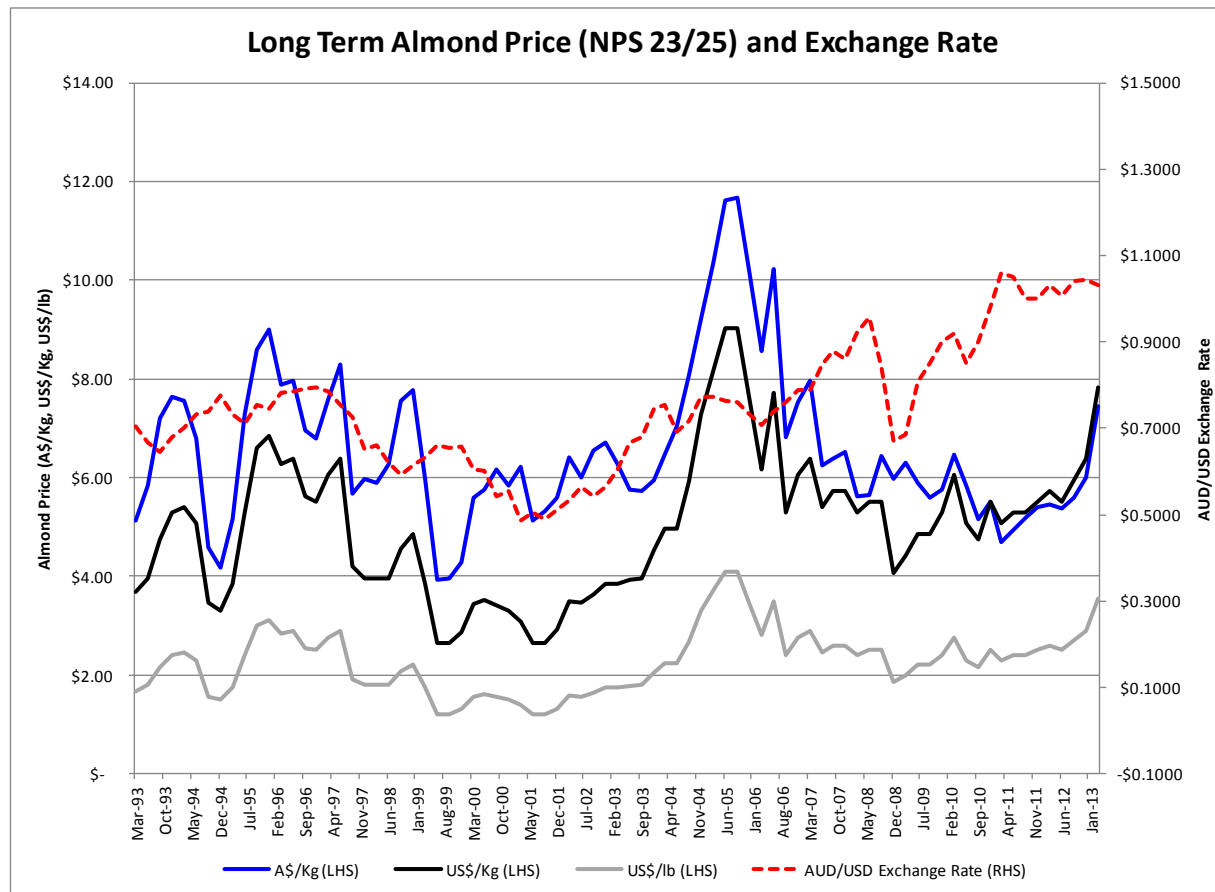
Global almond market fundamentals are compelling



Almond Price History



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Note: this chart is for indicative purposes only – it represents one premium almond grade (of the many that Select Harvests produce and sell) and its sole reason for inclusion is to give the reader an understanding of the historical relativity of the current almond price and the trend which is generally common across almond grades. It should not be construed as the average price that Select Harvests sells at.

Source: Company Data

Price has remained strong despite substantial production increases and A\$ appreciation



Australian Almond Industry Snapshot



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Company	Orchards	Processing	Sales & Marketing
Select Harvests	11,449 acres (4,635 ha) – 15% market share Vic & NSW	Primary Processing 30KT Robinvale Vic Value Added Processing Robinvale & Thomastown Vic	Consumer, Foodservice & Industrial businesses Global Nut Trader
Olam	30,000 acres (11,949 ha) – 40% market share Vic	Primary Processing 40KT Carwarp Vic	Consumer, Foodservice & Industrial businesses Global Nut Trader
Almondco (Simarloo)	Nil direct 145 grower suppliers	Primary Processing 30KT Renmark, SA Value Added Processing	Consumer, Foodservice & Industrial businesses Global Almond Trader
Nut Producers Australia (Riverland Almonds)	Yes – acreage unknown	Primary Processing 10KT Loxton, SA	Consumer, Foodservice & Industrial businesses Almond & Pistachio Trader

Australia has 75,063 acres (30,390 ha) of almond orchards (Australian Almond Statistics 2011, Almond Board of Australia).

SHV is the only listed opportunity for investors to participate in this market growth



SHV Recent Activity



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- Reviewed strategy
- Restructured executive responsibilities
- Merged horticultural and processing offices
- Acquired of 1,286 acres of mature orchards
- Gained additional 3rd party processing business
- Debt reduction: water sale and working capital management
- Write-down of WA Greenfields project
- Established horticultural committee
- Food division review – focus cost and brands

Better control & increased exposure to almond fundamentals



SHV Risk Mitigation



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Area	Action
Farming Practices	• Empowered farm management • Introduced Harvest guidelines to reduce weather exposure
Management Tools	• Great on-farm KPI's & reporting • Introduction of Leaf Bomb Pressure Test technology
Processing Standards	• Re-introduction of LEAN manufacturing processes • Higher quality standards & testing across the business
Labour Skill & Management	• Improved training of harvest contractors • Quality & productivity based remuneration for labour
Capex	• Investment in pasteuriser & freefall metal detectors • Investment in frost mitigation technology
Orchard Development	• Total review of existing orchard potential • Long term development plan inc. plant density & variety

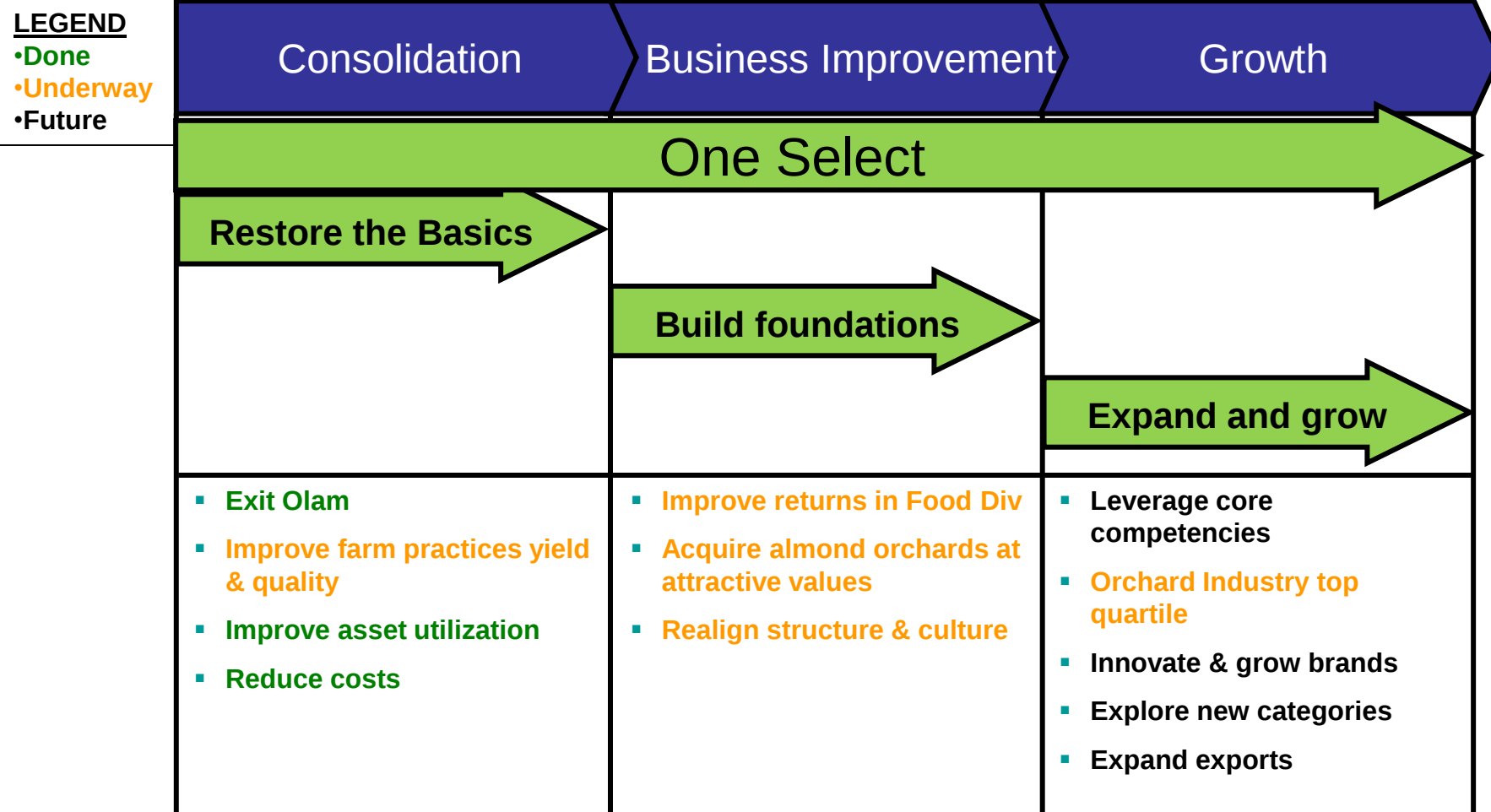
Maximise: Yield, Price and Quality



SHV Path Forward – 3 Phases



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- **Orchards**
 - Better horticultural performance across all trees
 - Maturing of immature trees
 - Replant older trees
 - Replant more productive varieties & at higher densities
- **Processing**
 - New processing contracts
 - Farm gate purchasing
 - Orchard acquisitions
- **Food business**
 - Improve manufacturing safety, processes and performance
 - New Markets e.g. Food Services & NZ
 - Rationalise and replace with innovative SKU's
 - Insight driven strategies and products

Focus: Productive Economic Outcomes





Why Select Harvests?

1. Excellent Industry Fundamentals

- Supply/Demand
- Counter-cyclical to USA

2. Integrated Business Model

- Orchards
- Processing & Packaged goods
- Large nut, seed and dry fruit trader

3. Culture for Improvement

- Refreshed Leadership
- One Select

4. Competitive Advantage: Quality Assets

- 85% orchards mature in 2 years
- State of Art Carina West processing facility
- Market leading brands

5. Market Environment

- Price and currency favourable
- 2013 volumes 50% up

6. Growth

- Business positioning itself to grow

An integrated agribusiness that controls almonds



What we are building

- A strong and trustworthy company that looks after stakeholder interests
- 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
- A well run integrated company that is well positioned to benefit from the indisputable global almond industry fundamentals

An integrated agribusiness transforming itself





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Thank you

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Select Harvests Financial History

		2006	2007	2008	2009	2010	2011	2012
SHV Historical Summary	Units							
Total Sales	(A\$M)	217.9	229.5	224.7	248.6	238.4	248.3	246.8
EBIT	(A\$M)	38.4	40.5	27.1	26.8	26.0	22.6	19.6
EBIT Margin (EBIT/Sales - %)	(%)	17.6%	17.6%	12.1%	10.8%	10.9%	9.1%	7.9%
PBT	(A\$M)	37.9	40.0	25.4	23.0	23.6	18.5	13.4
NPAT	(A\$M)	26.5	28.1	18.1	16.7	17.3	17.7	9.5
Issued Shares	No. of Shares	39.7	38.7	39.0	39.5	39.8	56.2	56.8
Earnings Per Share	AUD Cents per Share	67.1	71.0	46.7	42.6	43.3	33.7	16.8
Dividend per Share	AUD Cents per Share	53.0	57.0	45.0	12.0	21.0	13.0	8.0
Payout Ratio	(%)	80.0%	80.0%	96.7%	28.2%	48.5%	38.6%	47.6%
Net Tangible Assets per Share	(A\$/Share)	1.83	1.57	1.41	1.56	1.87	2.17	2.19
Net Interest Cover	(times)	82.3	75.8	15.6	7.1	10.7	6.7	3.2
Net Debt	(A\$M)	1.3	1.6	46.8	52.4	45.0	73.1	66.8
Shareholder Equity	(A\$M)	101.5	95.5	94.1	100.9	113.6	168.8	160.3
Net Debt to Equity Ratio	(%)	1.3%	1.7%	49.7%	51.9%	39.6%	43.3%	41.7%
Share Price	(A\$/Share)	13.02	11.60	6.00	2.16	3.46	1.84	2.40
Market Capitalisation	(A\$M)	517.0	449.4	234.1	85.4	137.6	103.5	120.0
P/E Ratio		19.5	16.0	12.9	5.1	8.0	5.8	12.6



Almond Division – Orchards & Processing



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Controlled Orchards	Farmed Orchard Area		Almond Processing Area	
	Acres	Hectares	Acres	Hectares
Owned	4,013	1,624	4,013	1,624
Leased	1,481	600	1,481	600
Victoria	5,494	2,224	5,494	2,224
Owned	1,511	612	1,511	612
Leased	3,017	1,221	3,017	1,221
NSW	4,528	1,833	4,528	1,833
Total Controlled Orchards	10,022	4,057	10,022	4,057
Managed Orchards	1,427	578	3,209	1,299
Total Portfolio	11,449	4,635	13,231	5,356

Orchard Category				
Owned	5,524	2,236	5,524	2,236
Leased	4,498	1,821	4,498	1,821
Managed Orchards	1,427	578	3,209	1,299
Total Portfolio	11,449	4,635	13,231	5,356

Orchard Geography				
VIC	6,921	2,802	8,703	3,523
NSW	4,528	1,833	4,528	1,833
Total Portfolio	11,449	4,635	13,231	5,356

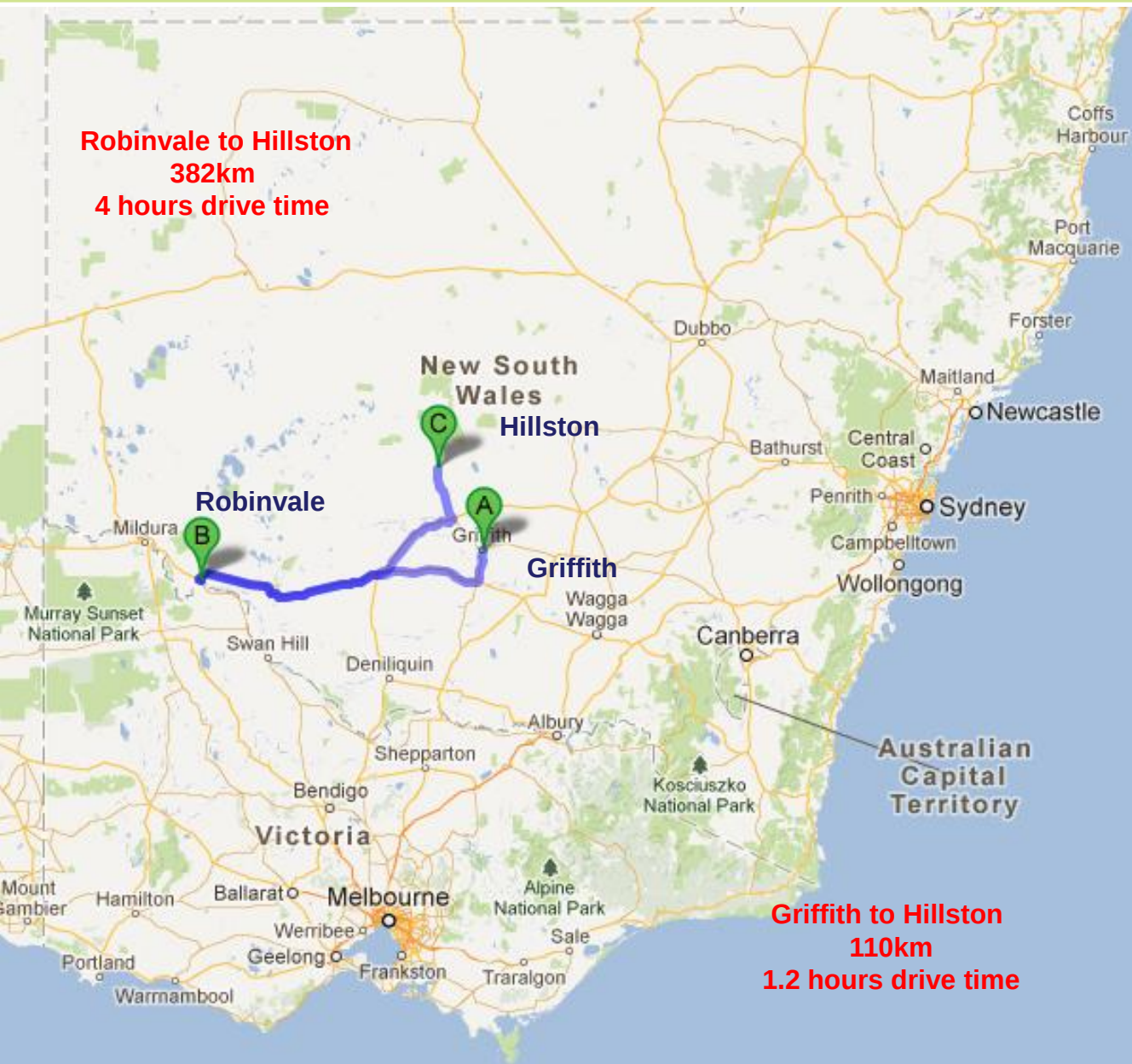
Note: SHV's WA orchards are excluded from this summary



Orchards – Geographic Diversity



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Robinvale (Ouyen)	January	July
Temp		
- Avg Min (Deg C)	15.7	4.3
- Avg Max (Deg C)	32.4	15.2
Avg Annual Rainfall (mm)	333.5	
Hillston	January	July
Temp		
- Avg Min (Deg C)	18.3	3.7
- Avg Max (Deg C)	33.4	15.2
Avg Annual Rainfall (mm)	370.7	
Griffith	January	July
Temp		
- Avg Min (Deg C)	17.4	3.4
- Avg Max (Deg C)	33.2	14.5
Avg Annual Rainfall (mm)	381.6	

Geographic Diversity

Limits exposure to:

- Weather
- Disease spread
- Labour availability
- Insect infestation



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Key Drivers - Weather - Annual Almond Cycle

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

