Select Harvests Limited ("SHV")

Annual General Meeting

Paul Thompson, Managing Director

22 November 2013



Disclaimer & Basis of Preparation

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Overview –

- Financial Performance & Achievements
- Almond Division
  - Acquisition update
- Food Division
- Demand & Supply
- 2014 Crop
- Strategy and Outlook

FY13 - Financial Performance

- **Earnings Before Interest & Tax ("EBIT")**
  - Reported FY13 EBIT $5.3M
  - Underlying FY13 EBIT $33.7M (up 92% vs Underlying FY12 EBIT $19.6M)

- **Net Profit after Tax ("NPAT")**
  - Reported FY13 NPAT $2.9M (vs Reported FY12 Net Loss After Tax $4.5M)
  - Underlying FY13 NPAT $22.9M (up 141% vs Underlying FY12 NPAT $9.5M)

- **Cash flow**
  - FY13 Cash flow $4.1M (vs FY12 $22M)
  - $48M of working capital as at 30 June 2013 – majority will be converted to cash by 31 Dec

- **Earnings Per Share ("EPS")**
  - Reported EPS 5.0 cents per share ("cps")
  - Underlying EPS 40.1 cps (up 139% on FY12 Underlying EPS 16.8cps)

- **Dividends**
  - Final Dividend 9 cps
  - Full year dividend totals 12 cps (up 50% on previous full year dividend of 8cps)

- **SHV Board, Management & Employees focussed on delivering improved performance**

FY13 - Achievements

- **Almond Division - began to demonstrate its potential**
  - Better conditions (weather, markets, price, exchange rate)
  - Better management and decision making (tools, techniques & cost control)
  - Better outcomes (volumes, quality, profits)
  - Acquisitions – acquired 1,286 acres (521 ha) of almond orchards
- **Food Division - undergoing review**
  - Record year in Industrial
  - Brands require innovation & investment. Unprofitable SKU's exited
  - Trading conditions with major retailers remain challenging
  - Short term performance improvement program delivering & working capital down
- **Past 12 months - establishing foundation**
  - Comprehensive review of business (internal & independent) - decisions taken, future strategy set, being implemented
  - Structures
  - People
  - High Performance Culture - underpinning the result was a 68% reduction in Lost Time Injuries (LTI)
  - Balance Sheet – banking facility refinance, increase & extension – NAB & Rabobank – year on year saving $0.5M

Successful transition from a manager of orchards for 3rd parties into a fully integrated agribusiness

Almond Division - Activities & Outlook

SELECT HARVESTS

Activities

- 2014 SHV Crop - Horticultural program well underway & water management plan implemented
- Orchard maturity profile - Largely offsets orchard replant program
  - NSW - Improving maturity profile of SHV Company Orchards
  - VIC - short term yield constraints as SHV Company orchard replant program implemented
- Actively seeking growth opportunities - new processing volumes, orchard acquisitions etc

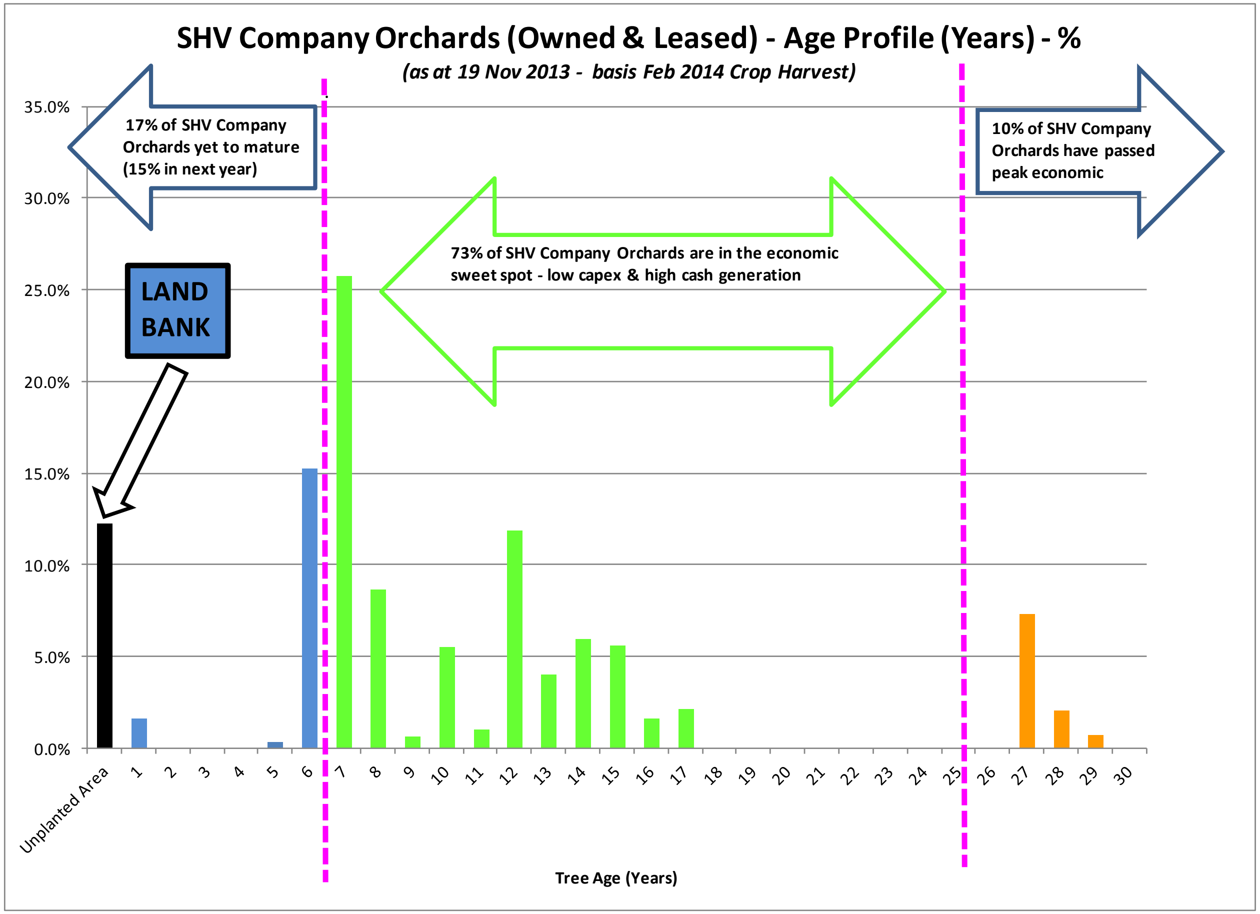
Outlook

- Global Demand – almond pricing remains firm, driven by healthy eating and healthy snacking
- Focus on protecting crop and product quality

Green - positive & well advanced, Orange - positive but less advanced, Red - Negative

SHV well positioned to take advantage of Supply & Demand fundamentals

SHV Orchard Profile - A Competitive Advantage



As at 18 Nov 2013
Note: SHV's WA orchards are excluded from this summary

At 2014 Harvest (Feb 2014), 73% of SHV Orchards will be economically mature

Acquisition - Update

SELECT HARVESTS

- **South Australian Acquisition**
  - 2430 acres (983 hectares)
  - Located outside Loxton
  - Direct river frontage
  - Good sound irrigation infrastructure
  - 680 mature acres (7-13 year old trees)
  - Similar amount of land available to develop
  - Additional geographic diversity
  - Greater utilization of existing processing asset base

Food Division - Activities & Outlook

SELECT HARVESTS

Activities

- Performance improvement program to right size supply chain
- Consumer products price increases
- Scoping new markets both local and export
- Deliver initial innovation & consumer insights
- Increase reporting & measurement
- Exited unprofitable SKU's

Outlook

- Focus on margin management, innovation & insights and costs/kg
- Plan to restructure business

Green - positive & well advanced, Orange - positive but less advanced, Red - Negative

Realign the Food Division

Sunsol -Renovation

SELECT HARVESTS

- New Packaging
- New Formulation
- New pricing

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

Demand – Drivers & Facts

What is Driving Demand

- **Developed Economies -** Healthy eating & the movement to proteins
- **Developing Economies -** Increased wealth & the movement to proteins based Westernised diet
- **Australian & Californian Almond Boards -** Opening new markets and supporting health platform
- **Innovation -** More ways of eating almonds

Demand Facts

- **Not just developing markets** - 52% of all almonds are consumed in US & Europe
- **US Domestic shipments** - 10 out of the last 12 Months have been records
- **US exports to Europe** - up 10% last year
- **Asian middle class population growth** - 525 million in 2009 => 1.7 billion in 2020 => 3 billion in 2030
- **Growth** - China has grown from low levels 5 years ago to 50% of the USA (largest market)

Demand is being driven by multiple motivations across a range of global markets

Supply – Drivers & Facts

What is Driving Supply

- **Concentrated Supply -** 80% of the global almond supply is from California USA
- **2nd & 3rd Largest Producers** - Australia and Spain each represent a month's supply
- **Substitute nuts -** Similar agronomic challenges & insufficient supply available to replace almonds
- **Drought –** US currently in the grip of a serious drought, which just exacerbates the situation

Supply Facts

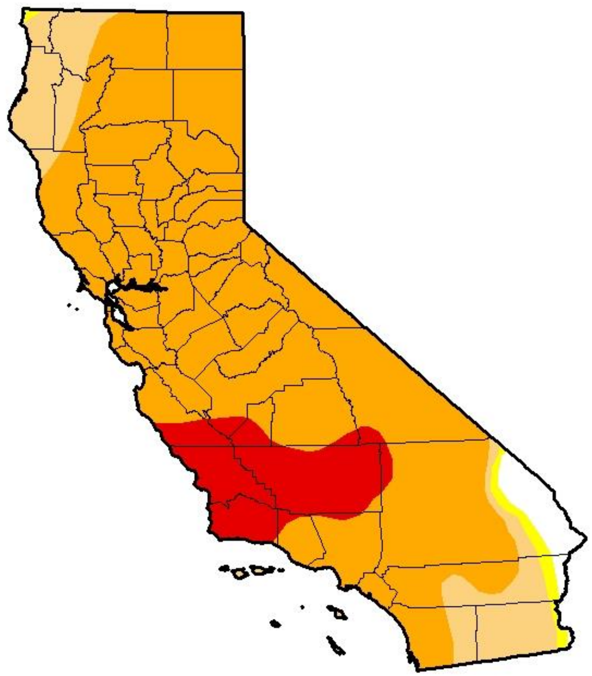
- **US average non-bearing acres down** - 2005-08 (125,000 acres) vs. 2009-12 (83,000 acres)
- **Yields** - US yields per acre plateauing @ 1.2 tonne per acre
- **Current US -** crop is 3rd largest ever
- **Carry in inventory** - crop 5% down on last year
- **Alternatives** - US almond farmers have alternate annual crops

3rd largest crop in history is struggling to keep up with demand

Supply - US Drought

U.S. Drought Monitor

California



October 29, 2013

(Released Thursday, Oct. 31, 2013)

Valid 7 a.m. EDT

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	2.66	97.34	95.98	84.12	11.36	0.00
Last Week 10/22/2013	2.66	97.34	95.98	84.12	11.36	0.00
3 Months Ago 7/30/2013	0.00	100.00	98.23	93.86	0.00	0.00
Start of Calendar Year 1/1/2013	31.75	68.25	55.32	22.50	0.00	0.00
Start of Water Year 10/1/2013	2.63	97.37	95.95	84.12	11.36	0.00
One Year Ago 10/30/2012	6.73	93.27	68.48	19.10	1.14	0.00

Intensity:

- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

Author:
Brian Fuchs
National Drought Mitigation Center

USDA National Drought Mitigation Center

http://droughtmonitor.unl.edu/

Red states = extreme drought - 11% of California (1 year ago – 1%) – 23% of US almond crop

Orange states = severe drought – 84% of California (1 year ago – 19%) – 77% of US almond crop

STRATEGY TOWARDS 2018

SELECT HARVESTS

		Status
1. CONTROL CRITICAL MASS OF ALMONDS	Secure the critical mass of nuts needed to maximise profitability and leverage the global almond opportunity.	Commenced
2. IMPROVE YIELD & CROP VALUE	Improve yield and overall crop value by perfecting on-farm and farm to factory practices.	Commenced
3. BE BEST IN CLASS SUPPLY CHAIN	Continuously improve our supply chain, achieving high quality, low cost and optimum capital utilisation.	Under Development
4. INVEST IN INDUSTRIAL & TRADING DIVISION	Allocate resources to leverage our trading skills and grow sales in the industrial channel.	Under Development
5. TURN AROUND PACKAGED FOOD	Develop a new model for the packaged food category that will deliver sustainable returns above the cost of capital.	Commenced
6. FIX OUR SYSTEMS & PROCESSES	Develop the business systems and processes required to be a global industry leader.	Under Development
7. ENGAGE WITH OUR PEOPLE & OUR STAKEHOLDERS	Engage with investors and our industry while developing the team required to be a global industry leader.	Commenced

7 work streams - 40 timeline bound, KPI driven projects

Almond Price & Crop - Update

- **US Crop**
  - **USA 2012 Almond crop est. 1.9 billion pounds**
  - **Down 200** million pounds on earlier projections (equivalent to total Australian & Spanish almond crop)
- **SHV (FY14) Update**
  - **Crop**
    - **Good almond blossom & pollination – similar crop to 2013**
    - **Growing conditions throughout have been good**
    - **Current long term weather outlook is favourable**
    - **Crop is estimate to be within +/- 5% of last year**
  - **Price**
    - **Between 10-15% up on 2013 price, highest price for last 5 years**

Why Select Harvests?

SELECT HARVESTS

- **Excellent Industry Fundamentals**
  - Supply/Demand
  - Counter-cyclical to USA
- **Integrated Business Model**
  - Orchards
  - Processing & Packaged goods
  - Large nut, seed and dry fruit trader
- **Culture for Improvement**
  - Refreshed Leadership
  - One Select

- **Competitive Advantage: Quality Assets**
  - Mature orchard profile with land bank
  - State of Art Carina West processing facility
  - Market leading brands
- **Market Environment**
  - Price and currency favourable
- **Growth**
  - Business positioning itself to grow

Appendix

SELECT HARVESTS

Thank you

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Business - Risk Mitigation Focus

Area	Action
Food Division	• New reporting processes • Improve customer service and quality • Manage mix
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 • Pasteuriser commissioned and operational
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
Water	• Water purchase for NSW orchards • New water policy - exposure over 3 years (1/3 long term lease, 1/3 annual, 1/3 spot)
Frost mitigation	• Installed frost fans on more highly exposed orchards in NSW and VIC
Bees	• Long term Bee Supply Agreement - 3 years

Select Harvests - Financial History

SHV Historical Summary	Units	2006	2007	2008	2009	2010	2011	2012	2013
Total Sales	(A$M)	217.9	229.5	224.7	248.6	238.4	248.3	251.3	191.1
EBIT	(A$M)	38.4	40.5	27.1	26.8	26.0	22.6	19.6	37.7
EBIT Margin (EBIT/Sales - %)	(%)	17.6%	17.6%	12.1%	10.8%	10.9%	9.1%	7.8%	19.7%
PBT	(A$M)	37.9	40.0	25.4	23.0	23.6	18.5	13.4	32.7
NPAT	(A$M)	26.5	28.1	18.1	16.7	17.3	17.7	9.5	22.9
Issued Shares	No. of Shares	39.7	38.7	39.0	39.5	39.8	56.2	56.8	57.5
Earnings Per Share	(AUD Cents per Share)	67.1	71.0	46.7	42.6	43.3	33.7	16.8	40.1
Dividend per Share	(AUD Cents per Share)	53.0	57.0	45.0	12.0	21.0	13.0	8.0	12.0
Payout Ratio	(%)	80.0%	80.0%	96.7%	28.2%	48.5%	38.6%	47.6%	29.9%
Net Tangible Assets per Share	(A$/Share)	1.83	1.57	1.41	1.56	1.87	2.17	2.19	2.14
Net Interest Cover	(times)	82.3	75.8	15.6	7.1	10.7	6.7	3.2	7.5
Net Debt	(A$M)	1.3	1.6	46.8	52.4	45.0	73.1	66.8	79.3
Shareholder Equity	(A$M)	101.5	95.5	94.1	100.9	113.6	168.8	160.3	159.5
Net Debt to Equity Ratio	(%)	1.3%	1.7%	49.7%	51.9%	39.6%	43.3%	41.7%	49.7%
Share Price	(A$/Share)	13.02	11.60	6.00	2.16	3.46	1.84	2.40	3.90
Market Capitalisation	(A$M)	517.0	449.4	234.1	85.4	137.6	103.5	120.0	224.3
P/E Ratio		19.5	16.0	12.9	5.1	8.0	5.8	12.6	9.8