



SELECT HARVESTS

Select Harvests Limited (“SHV”)

2015 Management Briefing & Site Tour Presentation

19 March 2015





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Introduction & Overview

Paul Thompson

Managing Director





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Disclaimer & Basis of Preparation

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Agenda



- 7.00am** **Introduction to Select Harvests & Business Overview** - Paul Thompson (Managing Director) – **10 mins**
- 7.10am** **Finance** - Paul Chambers (Chief Financial Officer & Company Secretary) – **15 mins**
- 7.25am** **Human Resources** - Carolyn Barbuto (General Manager Human Resources) – **10 mins**
- 7.35am** **Orchards** - Peter Ross (General Manager Horticulture) – **10 mins** (*On farm OHS – Peter Ross – 5 mins*)
- 8.00am** **Bus trip to Boundary Bend orchard** – **90 mins**
- 9.30am** **Orchard Tour (Boundary Bend, Carina, Wemen)** – **90 mins** (*including travel*)
- 11.15am** **Operations** - Bruce van Twest (General Manager Operations) – **10 mins** (*Processing OHS – Davin Wright – 5 mins*)
- 11.30am** **Processing Site Tour** – **60 mins**
- 12.30pm** **BBQ Lunch** – **1 Hour**
- 1.30pm** **Trading/Industrial Markets** - Laurence van Driel (General Manager Trading & Industrial) – **10 mins**
- 1.40pm** **Consumer Marketing** - Mark Eva (General Manager Sales & Marketing – Consumer) – **10 mins**
- 2.00pm** **Closing** - Paul Thompson – **20 mins**
- 2.30pm** **Depart for Mildura**
- 4.00pm** **Arrive at Mildura Airport**



Aims for the Day



- **Explain our business and our industry to you** – yesterday, today & into the future
- **Understand the growth opportunities and challenges** – growth from productivity and new markets/channels
- **Understanding the funding required to grow Select Harvests** – significant investment is required to continue to grow the business
- **Understand the demand and supply drivers shaping the global almond industry** – innovation, marketing, demographics and US industry
- **Meet the people at the Coalface** – continue to build trust in their capability
- **View our quality assets** – Horticultural, Processing and Human Capital

We want you to understand our business like we do – a growing business in a high growth global market



2015 Crop Update

- **Harvest Progress Update – 55% of crop harvested** (this time last year 30%)
 - All Non-Pareil (premium value nuts) harvested
- **Volume Update – 13,400 tonnes** (in line with previous guidance from 1H15 Results on 26 Feb 2015)
- **Processing Update – 10% of est. crop has been processed**
 - Quality is good as expected
 - Level of insect damage is higher than target but lower than 2014
- **Price Update – A\$10.20/kg** (in line with previous guidance from 1H15 Results on 26 Feb 2015)
 - 45% committed
- **Weather Outlook**
 - Short term – no likelihood of rain in the 10 day forecast
 - Long term - BOM outlook for Southern Australia is for warmer and dryer than average

In line with expectation - Harvest is 55% complete



Productivity – Controllable Improvements

- **People/OHS/Safety** – Right people, right training, right systems, right resources
- **Orchard Productivity** – investing incrementally more in crop production & yield initiatives to capture significantly more crop value
- **Harvest Productivity** – ensure harvest is safe, quick, efficient & value enhancing
- **Cogeneration/Processing Productivity** – produce sustainable power from waste stream & permanently lower energy cost base
- **Quality Productivity** – produce a greater proportion of higher quality & higher value nuts
- **Supply Chain Productivity** – ensure we have the optimal supply chain to service our customers & efficiently market our products
- **Finance Productivity** – ensure that we have the optimal funding model to support & grow the business
- **Serve** – Customers, Shareholders, Employees Get better. Every Day. Every Year.

Serve – Customers, Shareholders, Employees. Top quartile, Best Practice. Get better. Every Day. Every Year.





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Finance

Paul Chambers

Chief Financial Officer & Company Secretary



SHV Asset Base (as at 31 December 2014)



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	<u>\$ Million</u>
Plant, Property & Equipment (land, irrigation assets, processing plant)	\$119
Biological assets (almond trees)	\$112
Working capital (mainly growing crop on the trees)	\$120
Intangibles (water and brands)	\$48
Net debt	(\$99)
Other (mainly deferred tax liability)	(\$38)
Net Assets	\$262
Underlying NPAT (consensus FY15)	\$43
Return on Equity	16.4 %
Market Capitalisation (as at 13 March 2015)	\$536

SHV has a portfolio of high quality assets with potential for sustainable cash flow generation





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Returns from existing asset base – Key Drivers

■ Earnings Drivers

- Revenues (yield x price/kg) less Production Costs (farm and harvest costs + processing costs) = EBIT

■ Sensitivities

- Price impacted by quality and product mix, global market prices and AUD : USD exchange rate
- Cost base is largely fixed, with EBIT and returns highly leveraged to yield, quality and price

■ Productivity Focus

- Yield quantity driven by on farm practises and investment in input costs
- Quality of yield driven by on farm practises, and processing practises
- Quality of yield impacts selling price (mix)
- Quantity and quality of yield impacts cash conversion rate

**PRODUCTIVITY
FOCUS to increase yield /acre
and improve quality**

Sustainable and growing returns from existing asset base is about productivity



Returns from existing asset base – Key Drivers



- **Existing portfolio – 18,000 acres**
 - Circa 13,000 acres almond trees,
 - 60% owned, 40% leased,
 - Average age 11 years old,
 - Unplanted land bank of 5,000 acres

- **Assuming an average industry yield of 1.2 MT/acre can be achieved:**
 - 15,600 MT pa crop potential from existing portfolio at maturity
 - 6,000 MT pa crop potential from land bank at maturity
 - 21,600 MT of production potential at maturity
 - 25,000 MT processing capacity at Carina West plant: capex largely sunk to support future capacity

- **Potential Productivity Gains**
 - Every 0.1 MT/acre productivity gain will deliver an additional yield potential of 1,800 MT pa,
 - Equates to EBIT of \$13 million pa at a \$7.50/kg almond price

With the exception of funding greenfield expansion, the heavy lifting has been done to support sustainable cash flow generation



■ Investment Focus

1. Acquire mature cash generating almond orchards
2. Develop green field almond orchards
3. Invest in risk mitigation and quality : Frost fans, increased harvest matrix, pasteuriser, dryer
4. Invest in energy savings and sustainability: Cogen
5. Invest in new products (Food business)
6. Invest in manufacturing and supply chain footprint
7. Invest in business systems : One Select program

■ Focus 2 – Develop green field almond orchards

- 6 March 2015 - SHV announced it is seeking expressions of interest from potential long term partners on the funding of c. 5000 acres of new almond orchards through a sale and leaseback of the Amaroo, Mullroo, and Mendook properties, +\$180 million transaction

Funding model is designed to optimise return on shareholder funds, manage gearing and support EPS growth





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Human Resources

Carolyn Barbuto

General Manager Human Resources





Key Activities & Outcomes – Last 12 Months

■ OH & S

- Stabilised OH & S Performance
 - Focus on continuous process improvement
 - Immediate management of injuries & implementation of corrective actions
- Introduced OH & S Employee Calendar

■ Environment & Sustainability

- Zero Incidents
- Achieved Unilever Accreditation Muddy Boots preferred provider status with Unilever
- Recycling: Office & on farm waste

■ Learning & Development

- Horticultural Skill Profile – Victorian Orchard employees completed Cert III or IV in Production Horticulture

■ Culture

- 94% of employees were engaged and satisfied with their roles
- Integration of SA farms – Allinga, Amaroo, Mullroo

Lost Time Injuries Reduced by 72.7% across all sites



Key Activities – Next 12 Months

- **O H & S Strategy** - Next step change required
 - OH & S Culture
 - Communication
 - Training & education
 - Analysis of data focusing on specific areas
 - Demographics
 - Manual Handling
 - Safe Operating practices
- **Environment & Sustainability**
 - Energy reduction
 - Installation of the Cogen Plant (H₂E) and low energy solutions across the network
 - Trailing synthetic hydraulic oil replacement for harvesters
 - Investigating farm solar energy solutions

Aiming to achieve OH & S best practice.





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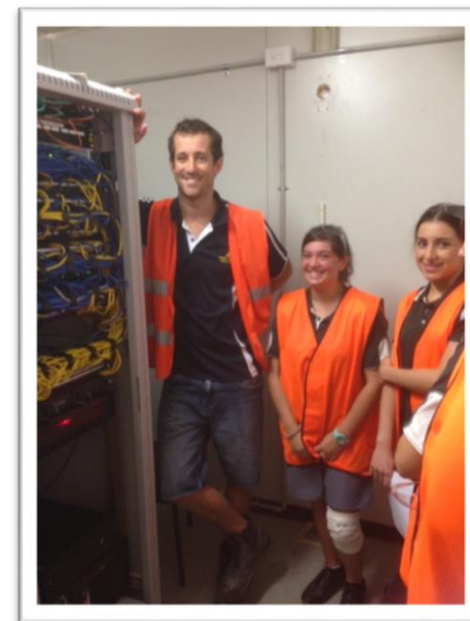
Key Activities – Next 12 Months

Learning & Development

- Training
 - Food Safety -raise the bar to meet increased community expectations
 - All new staff horticulture skills to similar level of existing employees
 - Facilitate on the job training for new tools eg digital vs paper based reporting

Culture

- Diversity Strategy
 - Focus – demographic and gender
 - Diversity Committee established
- Corporate Social Responsibility
 - Increase engagement in local communities
 - Advancing Country Town focusing on youth education
- Communication Strategy
 - Create structure and provide consistent dialogue across the 12 sites and including self service



IT Officer Reece Merlin discusses his role and responsibilities with students from the Robinvale P-12.

Improving employment engagement





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Orchards

Peter Ross

General Manager Horticulture



Key Activities & Outcomes – Last 12 Months

- **Existing infrastructure upgrades**
 - Replacement of drip line on orchards with sub surface installations – improved water & fertilizer distribution
 - Upgrading of pump sheds, filtration & fertilizer distribution systems – energy savings, improved reliability, fertilizer distribution uniformity & reduced maintenance/field servicing
 - Automation upgrades – real time data from irrigation system telemetry delivered remotely to irrigation managers
- **Harvest**
 - Increased equipment matrix – reduced risk of product quality down grading due to weather events in the harvest period.
 - Activated night shift harvest operations – better utilization of the existing equipment matrix
- **Pest Management & Control**
 - Trapping and monitoring of Carpophilus Beetle and Carob Moth numbers – reduction in insect damage levels on the nonpareil variety has been noted in areas of previously higher activity
- **Product trials**
 - Copper foliar application trials were conducted during the 2015 crop growing season to better control bacterial spot in the Price variety – the results were positive with no symptoms being present in all trail areas when compared to the controls
- **Redevelopment/Development**
 - Stage 1 of the Kyndalyn Park redevelopment was completed – trees are in good health and growing well
 - Previously unplanted suitable areas of the existing NSW and Victorian orchards were identified – as a result these areas have now been plant in the Carina, Belvedere and the Egan Road orchards

Improved productivity and risk mitigation are key areas of focus



Key Activities – Next 12 Months

- **Larger investment in orchard programs**
 - Increases to the base fertilizer and foliar program inputs – to further promote tree health, growth & cropping potential
- **Staff training and up skilling**
 - Build on staff development & training with in the horticultural area at all levels – a main focus will be on improving the understanding of irrigation design & operation, agronomy knowledge & management skills
- **Further upgrades of existing orchard infrastructure**
 - Commence replacement of above ground dripper line - in service for 15+ years - improved water & fertilizer distribution
 - Continue the roll out of upgrades to pump sheds, filtration and fertilizer distribution systems – energy savings, improved reliability, fertilizer distribution uniformity and reduced maintenance/field servicing
- **Further increase harvest equipment matrices in regions with higher average rain events**
 - Increase the current model for harvest equipment sets in the NSW orchards – reduced risk of product quality down grading due to weather events in the harvest period
- **Redevelopment/Development**
 - Commence tree removal & ground preparation of Stage 2 of the Kyndalyn Park redevelopment – tree replacement
 - Complete the green fields development of the Allinga orchard –commenced & currently installing irrigation – planting July 2015
- **Electronic farm management system**
 - Improve the current orchard systems by introducing an electronic farm management package – improving the flow of information within the horticultural area and incorporating the system into the wider company management software upgrade

Select is well advanced in the initiatives that will deliver top quartile orchard performance





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Operations

Bruce van Twest

General Manager Operations





Key Activities – Last 12 Months

- **Almond Pre-cleaner and Crop Dryer**
 - Enables plant to run efficiently – reduces season length
 - Drying capability provides product stability through life cycle
- **Project H2E**
 - Stage 1 – savings realised from March 2015
 - Stage 2 – Project commenced – 3 month design phase
- **Insect Control**
 - Beetle traps introduced at site perimeters
 - Quarantine area for insect affected in-coming product - fumigation
 - Dedicated QA resource sampling stock pad product every 2 days
 - Introduced extra fumigation step before warehousing
- **Chips and Scratches**
 - Applied findings from U.S. expert on huller set-up
- **New State-of-the-Art laser sorting machine at Thomastown**





Key Activities – Next 12 Months

- **Almond Pre-cleaner and Crop Dryer**
 - Trial green harvest stock
 - Set-up fine tuning to raise in-shell percentages
 - Transfer from diesel to steam powered - co-gen
- **Project H2E**
 - Stage 2 – Installation and commissioning of biomass boiler + turbine
 - savings realised from November 2016
 - Lowers total cost base by 20%
- **Pasterurising**
 - Dehumidified cooling chamber added to improve product crispness
- **Insect Control**
 - Redesigned insect control by increasing checkpoints and fumigation steps
- **Chips and Scratches**
 - New conveyors installed for gentler product flow though huller
- **Investigate reducing warehouse temperature and plant air conditioning to maintain product integrity**



2015 Stock Pad Almond Pre-Cleaner and Crop Dryer Addition

Click Hyperlink to start Video

<..\..\..\Select - Videos + Photos\Select Harvest Carina West Hi Res - Final.mp4>





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Trading & Industrial

Laurence Van Driel

General Manager Trading & Industrial



Our Future & Market Outlook



■ Demand:

- Demand remains strong, however current prices net of currency can take up to six months to be reflected in the market. We are seeing evidence of the higher prices within the shipment numbers from California (currently 13% below that of the same time as last year.)
- Consumers continue to see the benefits of almonds as a super food with new product development remaining buoyant.

■ Global Supply:

- The drought continues in the USA causing uncertainty of crop sizes in coming years.
- The market was very buoyant up until the 3rd week of February, port strikes in California had caused long delays of cargo movements tightening supplies in buying regions. The port strike is now over but has created a 4-5 week back log in containers moving to buyers, this in turn caused a spike in pricing as buying markets become depleted on stocks. Stocks are moving, buyers are reluctant to secure additional stocks as they believe the market will decline from these record high's as the supply chain gets back into balance.
- The 2014 crop will end up at 1.87 – 1.9 billion lbs.

■ Outlook:

- Controversy hangs over the potential 2015 crop due to water shortages. Optimists predict 1.9 -2.00 billion lbs and the pessimists suggest 1.65 – 1.75 billion lbs.
- We foresee prices remaining stable within a band of \$9.00 - \$11.00/Kg for the Australian crop.
- The water situation will predetermine future pricing.
- USA, China and India to continue growth in consumption.



■ Demand:

- Demand remains strong, again impact of current prices yet to be fully reflected in the market.
- Working Capital changes on buyers is causing changes to ordering patterns.
- Competitive nuts have had similar price increases over the last 12 months (see next slide)

■ Supply:

- Increased acreage has allowed us to expand our industrial sales.
Some traditional US customers are seeking alternative supply agreements in order to protect their own supply chain. We have been benefiting from this although we now have capacity constraints.
- New product development activity remains buoyant.

■ Outlook:

- Pricing on processed material to remain stable. If markets have some form of correction a lag of 2 -3 months occurs before any flow on into the Industrial area.
- The drought again will play a major roll in long term pricing.





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Consumer Brands & Marketing

Mark Eva

General Manager Sales & Marketing - Consumer Products



Key Activities & Outcomes – Last 12 Months

- **Brands development**
 - Increased Lucky brand share of Baking and Cooking nut Category from 36.2% to 39.0% MAT
 - Proprietary brands \$ growth in Supermarkets of +11% YTD January
- **New product development**
 - Continued investment in improved Consumer and category understanding
 - Redeveloped and Relaunched Soland Muesli range
 - Redeveloped and Relaunched Lucky Smart Snax range
 - New products represent 14% of Sales revenue YTD January
- **New channel and market development**
 - Scoping, developing Customer or Distributor relationships and developing appropriate product offers
 - Appointed Import Distributors in Malaysia and Thailand. Export Sales +11% YTD Jan
- **Improved Margin management**
 - Gross Margin % on Proprietary brands in Supermarkets improved.

Turnaround on track



Key Activities – Next 12 Months

- **Brands development**
 - Lucky brand into new categories and development in current categories
 - Implementation of significant rationalisation and redevelopment of our Health Foods strategy portfolio
 - Reduced complexity and duplication across portfolio
- **New product development**
 - Well developed new product pipeline
 - New releases in Healthy and Enjoyment snacking, Health Foods, Muesli & Cereal, Cooking & Baking ingredients
 - Launch Allinga Farms Premium, Australian-sourced brand
 - Continued investigation of other synergistic categories for our capabilities or brand positioning
- **New channel and market development**
 - Appoint Import Distributors in 2 new export markets
 - Appoint Distributor in Health Food store channel
 - Continued investigation and launch into new domestic channels
- **Improved Margin management**
 - Continue to stay ahead of Ingredient commodity costs and lead implementation of price increases in Aug/Sept '14 and May '15
 - All new product activity at higher than average or experienced margins

Brands, Channels and Margins developing



Recent New Product Development



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Overview

Paul Thompson

Managing Director



Thank you

Please direct any queries to:

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Please note that background material/data regarding the global almond industry can be found on the Select Harvests website - www.selectharvests.com.au





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Appendix



Strategic Objectives & Activities



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		FY13 INITIATIVES	FY14 INITIATIVES	FY15 INITIATIVES
1. CONTROL CRITICAL MASS OF ALMONDS	Secure the critical mass of nuts needed to maximize profitability and leverage the global almond opportunity.	- Acquired 1,286 acres almond orchard - Ceased WA investment	- Acquired 680 acres planted orchard - Acquired 1,000 acres unplanted - Replanted 512 acres @ higher densities	- Acquired 2,481 acres planted orchard - Acquired 4,465 acres unplanted - Acquired 6,215 ML high security water - Planting 948 acres Allinga
2. IMPROVE YIELD & CROP VALUE	Improve yield and overall crop value by perfecting on-farm and farm to factory practices.	- Restructured Horticulture Division - Investments in Benchmarking/Tech. - Improve efficiency/protect yield \$500K frost fans	- Total review of Horticultural assets - Further \$500K frost fans - Additional harvest equipment	- Additional harvest equipment - Biostimulants trial - Trial catch & shake harvest technology
3. BE BEST IN CLASS SUPPLY CHAIN	Continuously improve our supply chain, achieving high quality, low cost and optimum capital utilisation.	Restructured Operations Division	- Evaluate operational improvements & refine proposals - New Optical Sorter at Thomastown	- Biomass Electricity Cogen. Plant - Carina West Dryer
4. INVEST IN INDUSTRIAL & TRADING DIVISION	Allocate resources to leverage our trading skills and grow sales in the industrial channel	Grew Industrial Division 40%	- Grew Industrial Division 24% through local and SE Asia customer base - Innovations assisted growth	Expanding business with food processors in local and SE Asian markets
5. TURN AROUND PACKAGED FOOD BUSINESS	Develop a new model for the packaged food category that will deliver sustainable returns above the cost of capital.	- Exited unprofitable Retail Brand business - Product Research/Collect Insights	- Product Development - Innovation/Renovation/Reformulation/ Repackaging - Brand relaunch - Sunsol & Lucky Smart Snax	- Multiple relaunches & new products - Range rationalisation - New distributors - Thailand & Malaysia
6. FIX OUR SYSTEMS & PROCESSES	Develop the business systems and processes required to be a global industry leader.	OHS improvement - LTI's dropped 60%	- OHS improvement - LTI's dropped 73% - New risk management framework - New OHS policies/procedures	IT upgrade
7. ENGAGE WITH OUR PEOPLE & OUR STAKEHOLDERS	Engage with investors and our industry while developing the team required to be a global industry leader.	Investor engagement – conferences, site tours and road shows	- Hort 3 training for Farm Management - Refreshed company website - Introduction of employee newsletters/intranet	- Further development of Performance Review process - Diversity Committee

Significant progress on implementation of company's 7 strategic platforms & transition to a fully integrated agribusiness





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SHV - Almond Division - Risk Mitigation

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 - 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 (Victorian orchards)

Maximise: Yield, Price and Quality



Site Information

Site Information

- The site occupies 100 hectares of land
- Commissioned in 2008 at a cost of \$40 million
- Hulling and Shelling capacity is 30,000MT (9 months)
- 36 hectares of stock pad capacity (limestone for product storage)
- Climate controlled warehouse
- Laboratory, Administration / Amenities complex
- 45,000 MT hull storage area
- ALMADS customised stock control & traceability system
- Almond Pastueriser
- Approx. 120 employees during peak season
- NEW* Almond Pre-Cleaner & Crop Dryer installed



Carina West Processing Facility can accommodate significant volume growth without capital spend

Almond Pre-Cleaner & Crop Dryer

Background

- In 2014, Carina West Processing Plant received 56% of field product with a hull moisture level higher than the desired 15% moisture
- This impacted quality, efficiency and cost

Solution

- Install Almond Pre-Cleaner and Crop Dryer
- Reduces moisture by 5% each pass
- Installation Cost: \$770k
- Payback years: 0.9
- Drying Capacity: 20MT/h Field Weight
- 1st dryer of its kind used to dry almonds
- Commissioned January 2015

Specifications

- Dryer Model: Alvan Blanch DF26500
- Dryer Type: 'Double Flow' inclined bed continuous flow
- Fuel: Diesel or steam with heat exchangers
- Furnace: 2 x 800kw 2 stage Riello RS70 diesel pressure jet burners
- Heat Exchangers: 2 x 2t/hr steam at 8.5 bar



Re-located Pre-Cleaner



Alvin Blanch Grain Dryer

Project H₂E – Hull to Energy

“Abates 23,645 tonnes of greenhouse gas emissions equivalent to removing 8,210 cars off the road”

“Provides enough energy to power 2984 homes”

Stage 1

- Bundle Carina West Processing + Carina Dam 1 + Carina Dam 2 by laying connecting cable into one meter point thereby lowering the maximum demand charge between the 3
- Convert all Victorian low voltage transformers greater than 1MWe to high voltage, thereby realising significant supply costs reduction
- Capital Investment – AUD\$1.93
- Complete March 2015

Stage 2

- Install a biomass boiler/turbine power plant to directly supply electricity and steam to Carina West Processing Plant + Carina Dam 1 + Carina Dam 2 and indirectly off-set costs across SHV (other farms and TT) with remaining generated power.
- Capital investment - AUD\$9.67m
- Complete Q1 2016



Operational Highlights

- Fuel source: almond hull & shell and field prunings
- Fuel consumed: 3.66T/hr - 30,000T/YR
- Power delivered direct to CW Processing Plant + Carina Dams
- Excess power delivered into local grid
- Operational Hours : 24hr x 7days x 48 weeks
- Operators Employed : 8

Specifications

- Vyncke 17MW thermal biomass boiler
- Siemens 2.8MWe SST-110 turbine
- Fuel feed system - moving floor type
- Emission control - multi cyclone
- Flue gas stack - 30m carbon steel
- Capital investment - AUD\$9.2m

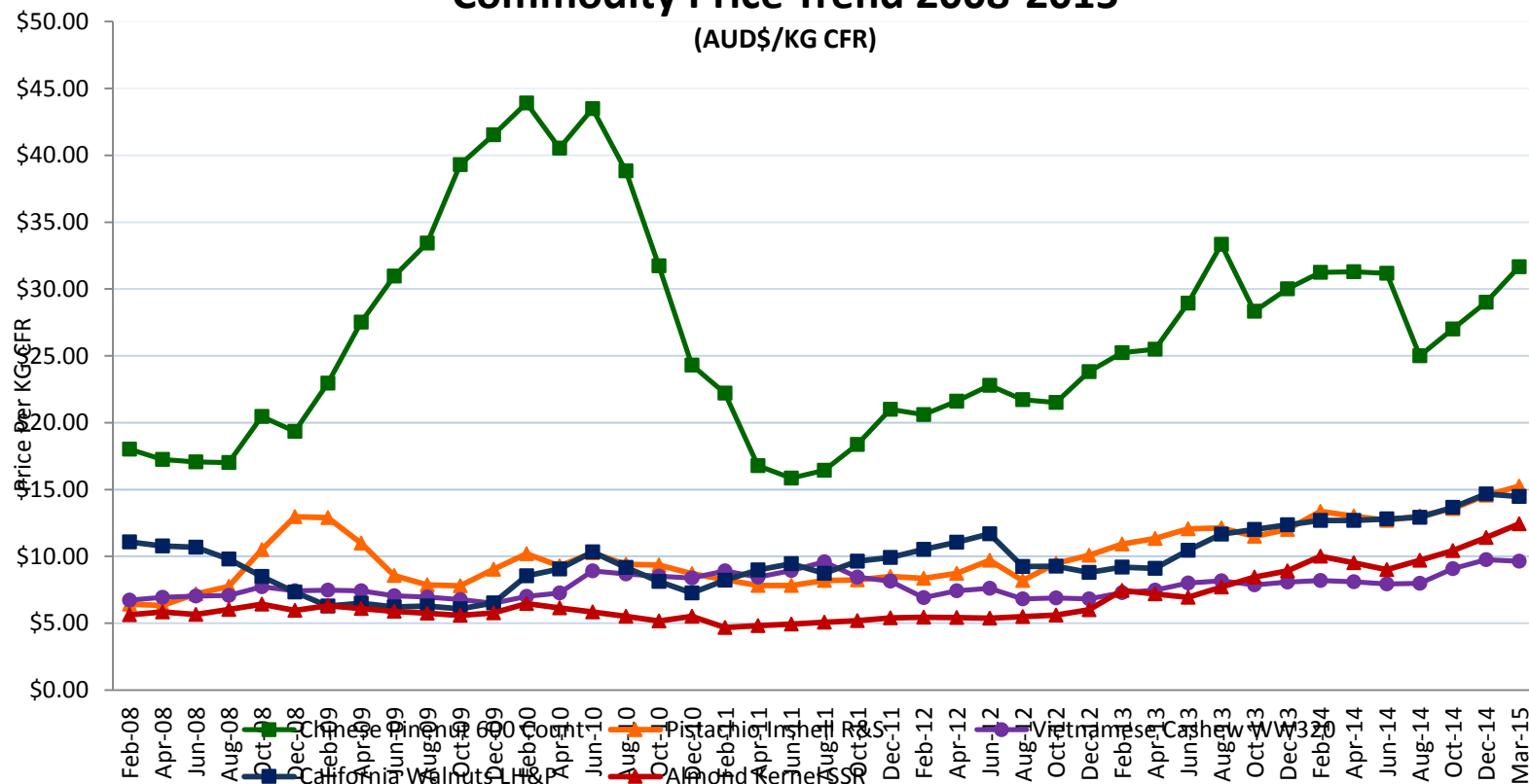
Project H₂E will reduce Carina West total running costs by 20%



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Commodity Price Trend 2008-2015

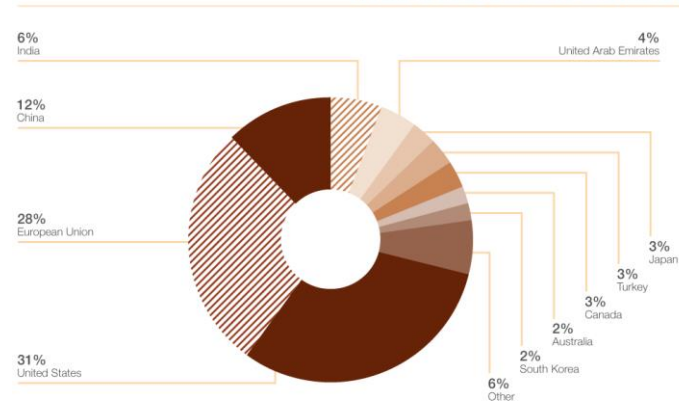
(AUD\$/KG CFR)



Global Demand – Diverse. High Growth

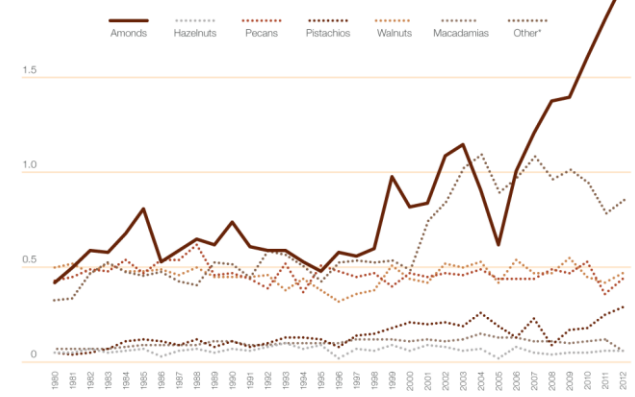


GLOBAL ALMOND CONSUMPTION 2013/14



Source: USDA PSD Online

ANNUAL US PER CAPITA CONSUMPTION OF ALMONDS AND OTHER TREE NUTS
Pounds per person

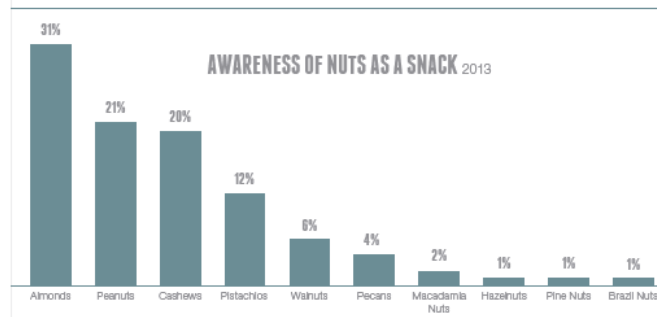


*Brazil Nuts, Pine Nuts, Chestnuts, Cashews and Miscellaneous Tree Nuts

Source: USDA Economic Research Service

ALMONDS ARE AMERICA'S #1 SNACK NUT*

Almonds are an essential food in the U.S. and for the first time ever overtook peanuts in snack awareness measures.



Almonds have held the No.1 position in global tree nut innovations since 2006 (35% market share 2013).

Long term US per capita consumption of almond outpaces all other tree nuts (376% growth since 1980)

For the first time in 2013, Almonds became No.1 Snacking nut in the USA – overtook peanuts

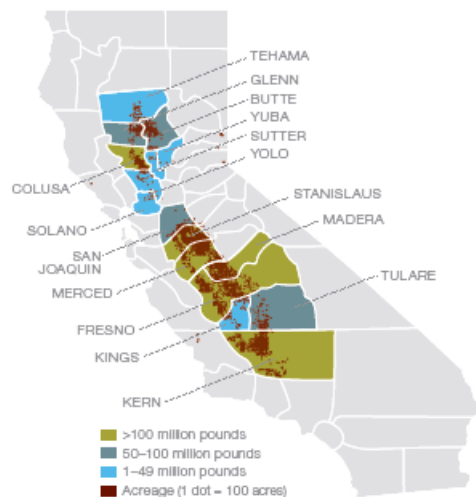


Global Supply - US Almond Production & Drought

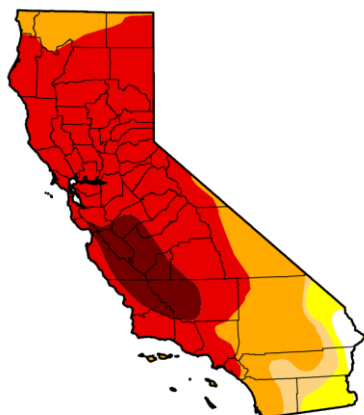


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Almond Production by County 2013/14



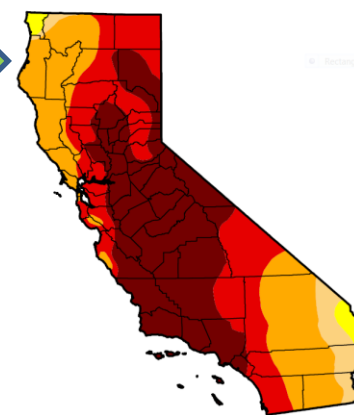
U.S. Drought Monitor
California



February 4, 2014
(Released Thursday, Feb. 6, 2014)
Valid 7 a.m. EST



U.S. Drought Monitor
California



March 10, 2015
(Released Thursday, Mar. 12, 2015)
Valid 7 a.m. EST

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	0.16	99.84	98.11	93.44	67.46	39.92
Last Week	0.16	99.84	96.10	93.44	67.46	39.92
3 Months Ago	0.00	100.00	99.72	94.42	79.69	55.06
Start of Calendar Year	0.00	100.00	98.12	94.34	77.94	32.21
Start of Water Year	0.00	100.00	100.00	95.04	81.92	58.41
One Year Ago	0.01	99.99	94.56	90.81	65.89	22.37

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:
Matthew Rosenzans
CPC/NCEP/NOAA



<http://droughtmonitor.unl.edu/>

Orange States = Severe Drought
Red States = Extreme Drought
Dark Brown States – Exceptional Drought

SHV 1H14 2014 – 10% Exceptional Drought, 67% Extreme Drought, 94% Severe Drought

SHV 1H15 2015 – 40% Exceptional Drought, 67% Extreme Drought, 93% Severe Drought

SITUATION IS WORSE THAN FEB 2014 – COVERS A MUCH GREATER PROPORTION OF ALMOND GROWING COUNTIES



US (California) Update



- **US Crop Update (2013/14) – harvested – 300 million pounds smaller than first anticipated**
 - Market estimate of USA 2013/14 Almond crop - now 1.85 billion pounds (Ref: CAB Position Report – 11 Mar 2015)
 - Down 250 million pounds on original NASS Objective Estimate of 2.1 billion pounds
- **Californian Drought - situation is worse than Feb 2014 – covers much greater proportion of almond growing counties**
 - Feb 2014 - 10% of California in Exceptional Drought (covered a small number of almond growing counties), 67% Extreme Drought
 - Feb 2015 - 40% of California in Exceptional Drought (covers the vast majority of almond growing counties), 67% Extreme Drought
- **Californian Snowpack - situation is worse than Feb 2014 – more pronounced in Central and South**
 - 2014 - State (23% of April Ave, 26% of Normal as at today) - North Sierra (15%, 17%), Central (29%/33%), Southern (22%/26%)
 - 2015 - State (17% of April Ave, 21% of Normal as at today) - North Sierra (16%, 20%), Central (18%/23%), Southern (16%/21%)
- **Californian Surface Water - situation is broadly equivalent to Feb 2014 – worse in Central and South**
 - Just endured the hottest year on record, placing additional stress on trees and limited water supplies
- **Californian Ground Water - introduction of Sustainable Groundwater Management Act (“SGMA”) in 2014 will have lasting impact**
 - 39% of all water used in California comes from groundwater (in some counties up to 60%)
 - Regulation enforced in 2014 - catchment plans required by 2017 - implementation from 2017 - long term issue
- **Californian Temperature - record temperatures are placing added pressure on tight water supplies**
 - 2014 was the hottest year on record, placing additional stress on trees and limited water supplies

Still need to understand the medium/long term impact if US drought on supply



Select Harvests - Financial History



SELECT HARVESTS

SHV Historical Summary	Units	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Sales	(A\$M)	217.9	229.5	224.7	248.6	238.4	248.3	251.3	191.1	188.3
EBIT	(A\$M)	38.4	40.5	27.1	26.8	26.0	22.6	19.6	37.7	41.8
EBIT Margin (EBIT/Sales - %)	(%)	17.6%	17.6%	12.1%	10.8%	10.9%	9.1%	7.8%	19.7%	22.2%
PBT	(A\$M)	37.9	40.0	25.4	23.0	23.6	18.5	13.4	32.7	37.4
Underlying NPAT	(A\$M)	26.5	28.1	18.1	16.7	17.3	17.7	9.5	22.9	29.0
Issued Shares	No. of Shares	39.7	38.7	39.0	39.5	39.8	56.2	56.8	57.5	58.0
Earnings Per Share	(AUD Cents per Share)	67.1	71.0	46.7	42.6	43.3	33.7	16.8	40.1	50.2
Dividend per Share	(AUD Cents per Share)	53.0	57.0	45.0	12.0	21.0	13.0	8.0	12.0	20.0
Payout Ratio	(%)	80.0%	80.0%	96.7%	28.2%	48.5%	38.6%	47.6%	29.9%	39.8%
Net Tangible Assets per Share	(A\$/Share)	1.83	1.57	1.41	1.56	1.87	2.17	2.19	2.14	2.47
Net Interest Cover	(times)	82.3	75.8	15.6	7.1	10.7	6.7	3.2	7.5	9.3
Net Debt	(A\$M)	1.3	1.6	46.8	52.4	45.0	73.1	66.8	79.3	94.8
Shareholder Equity	(A\$M)	101.5	95.5	94.1	100.9	113.6	168.8	160.3	159.5	182.8
Net Debt to Equity Ratio	(%)	1.3%	1.7%	49.7%	51.9%	39.6%	43.3%	41.7%	49.7%	51.9%
Share Price	(A\$/Share)	13.02	11.60	6.00	2.16	3.46	1.84	2.40	3.9	5.14
Market Capitalisation	(A\$M)	517.0	449.4	234.1	85.4	137.6	103.5	120.0	224.3	298.12
P/E Ratio		19.5	16.0	12.9	5.1	8.0	5.8	12.6	9.8	10.2

Source: Company Data

