



SELECT HARVESTS

Select Harvests Limited (“SHV”)

Investing in Productivity & Growth

Morgans Queensland Conference Presentation

21 October 2015



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Agenda



1. 2015 Highlights
2. Strategy – Objectives & Activities Overview
3. Almond Division
4. Food Division
5. 2016 Business Objectives & Outlook
6. Appendices



FY15 Financial Highlights



Financial Result	Restated FY14 (\$m)	FY15 (\$m)
Reported Result		
EBIT - Reported	31.3	85.9
Interest	(4.5)	(5.3)
NPBT	26.8	80.6
Tax Expense	(5.2)	(23.8)
NPAT - Reported	21.6	56.8
Underlying Result		
EBIT – Underlying	31.3	89.6
Interest	(4.5)	(5.3)
NPBT	26.8	84.3
Tax Expense	(5.2)	(24.9)
NPAT - Underlying	21.6	59.4

- **Reported FY15 Net Profit after Tax (NPAT) of \$56.8m is a record - up 163%**
 - (Note: Restated FY14 Reported NPAT* of \$21.6m)
- **Reported EBIT \$85.9m (FY14 EBIT* \$31.3m) - up 174%**
- **Operating cash flow \$34.2m (FY14 \$23.1m) - up 32%**
- **Net Debt \$109.7m - Gearing (Net Debt to Equity) down to 38%**
- **Reported Earnings per Share (EPS) - 82.9 cents per share (FY14* 37.5 cps) - up 121%**
- **Dividend - Final Dividend (unfranked) 35 cents per share - total FY15 dividend 50 cents per share (FY14 20cps)**

* FY14 & FY15 Financials have been impacted by changes to the Accounting standards

Strong performance across the business



FY15 Business Highlights



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- Record almond crop 14,500 tonnes & pool price A\$11.45/kg
- Acquisition of 2 orchards
 - Amaroo
 - Mullroo
- Funding initiatives
 - Equity Raising \$65m
 - Sale and Leaseback with First State Super
- Food Business bottom line growth – FY15 EBIT \$6.8M v FY14 \$5.6M
- Improve productivity of processing facilities

Significant progress in implementing growth strategy – delivering performance



SHV Strategy - Objectives & Activities Overview



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		FY13 INITIATIVES	FY14 INITIATIVES	FY15 INITIATIVES	FY 15 +
1. CONTROL CRITICAL MASS OF ALMONDS	Secure the critical mass of nuts needed to maximize profitability and leverage the global almond opportunity.	<ul style="list-style-type: none"> Acquired 521 Ha (1,286 acres) almond orchard Ceased WA investment 	<ul style="list-style-type: none"> Acquired 275 Ha (680 acres) planted orchard Acquired 405Ha (1,000 acres) unplanted 	<ul style="list-style-type: none"> Acquired 1,004 Ha (2,481 acres) planted orchard Acquired 1,808 Ha (4,465 acres) unplanted Acquired 6,215 ML high security water Replanted 207 Ha (512 acres) @ higher densities 	<ul style="list-style-type: none"> Acquire mature orchards Planting 384 Ha (948 acres) Allinga Develop 2,024+ Ha (5,000+ acres) of greenfield almonds
2. IMPROVE YIELD & CROP VALUE	Improve yield and overall crop value by perfecting on-farm and farm to factory practices.	<ul style="list-style-type: none"> Restructured Horticulture Division Investments in Benchmarking/Tech. Improve efficiency/protect yield \$500K frost fans 	<ul style="list-style-type: none"> Total review of Horticultural assets Further \$500K frost fans Additional harvest equipment 	<ul style="list-style-type: none"> Additional harvest equipment Bio-stimulants trial Trial catch & shake harvest technology 	<ul style="list-style-type: none"> Increase Hort. program to target 3.2T/Ha (1.3T/acre) yield On farm drying Irrigation management
3. BE BEST IN CLASS SUPPLY CHAIN	Continuously improve our supply chain, achieving high quality, low cost and optimum capital utilisation.	<ul style="list-style-type: none"> Restructured Operations Division 	<ul style="list-style-type: none"> Evaluate operational improvements & refine proposals New Optical Sorter at Thomastown 	<ul style="list-style-type: none"> High voltage network (H2E) Cogen Plant Carina West Dryer 	<ul style="list-style-type: none"> Reduce cost (Parboil) Refrigerated storage Biomass (H2E)
4. INVEST IN INDUSTRIAL & TRADING DIVISION	Allocate resources to leverage our trading skills and grow sales in the industrial channel	<ul style="list-style-type: none"> Grew Industrial Division 40% 	<ul style="list-style-type: none"> Grew Industrial Division 24% through local and SE Asia customer base Innovations assisted growth 	<ul style="list-style-type: none"> Expanding business with food processors in local and SE Asian markets 	<ul style="list-style-type: none"> Increase value adding capacity (Parboil)
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.	<ul style="list-style-type: none"> Exited unprofitable Retail Brand business Product Research/Collect Insights 	<ul style="list-style-type: none"> Product Development - Innovation/Renovation/Reformulation/Repackaging Brand relaunch - Sunsol & Lucky Smart Snax 	<ul style="list-style-type: none"> Multiple relaunches & new products Range rationalisation New distributors - Thailand & Malaysia 	<ul style="list-style-type: none"> Relaunch key brands Accelerate NPD rate of branded business Again distribution in SE Asia
6. FIX OUR SYSTEMS & PROCESSES	Develop the business systems and processes required to be a global industry leader.	<ul style="list-style-type: none"> OHS improvement - LTI's dropped 60% 	<ul style="list-style-type: none"> OHS improvement - LTI's dropped 73% New risk management framework New OHS policies/procedures 	<ul style="list-style-type: none"> IT upgrade 	<ul style="list-style-type: none"> Single Company ERP Reduce LTIs by 25% Y on Y
7. ENGAGE WITH OUR PEOPLE & OUR STAKEHOLDERS	Engage with investors and our industry while developing the team required to be a global industry leader.	<ul style="list-style-type: none"> Investor engagement – conferences, site tours and road shows 	<ul style="list-style-type: none"> Hort. 3 training for Farm Management Refreshed company website Introduction of employee newsletters/intranet 	<ul style="list-style-type: none"> Further development of Performance Review process Diversity Committee 	<ul style="list-style-type: none"> Improve skill levels on farm & processing QA Employee diversity

Almond Division



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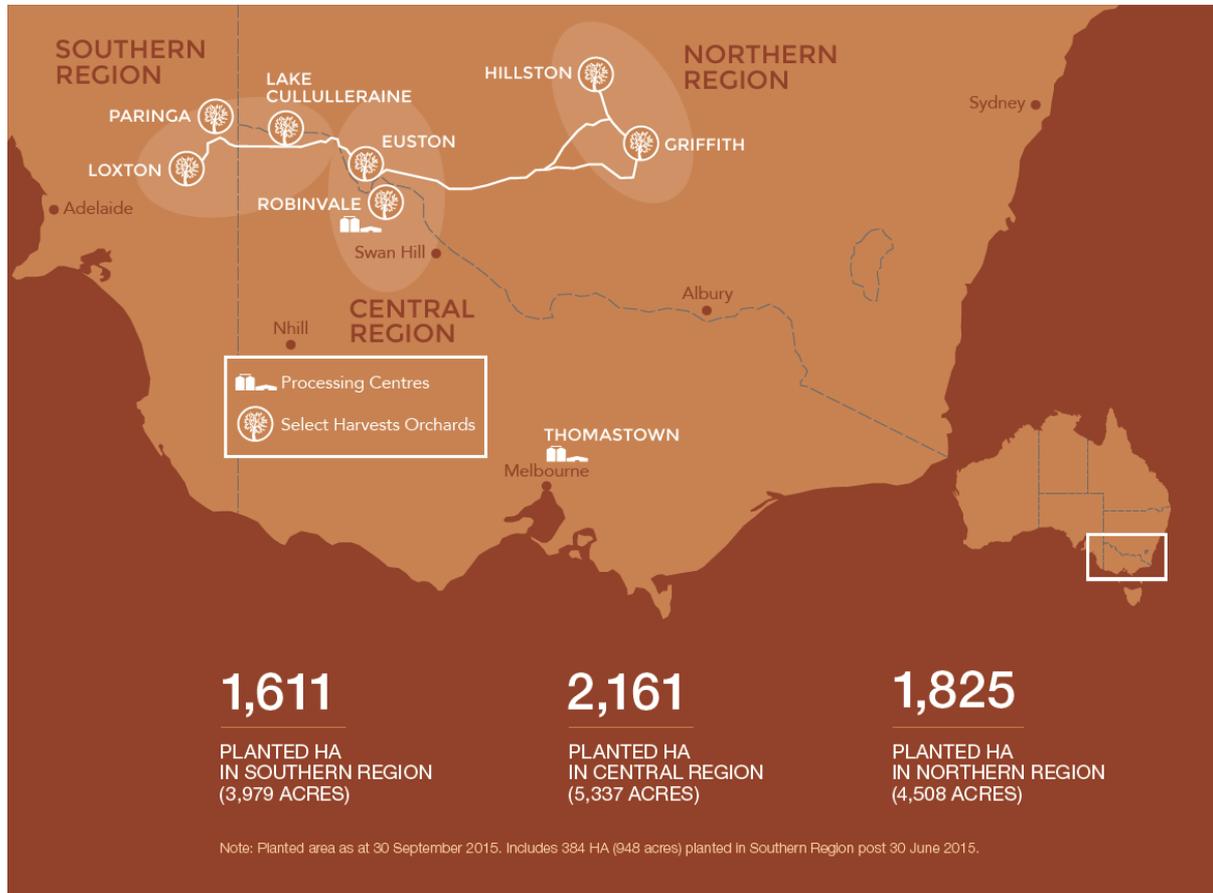


Allinga Farm Greenfield Development (384Ha/948 acres)
– October 2015

Strategy to move from manager to farmer is working



Almond Supply - Geographic Diversity & Scale



Geographic diversity limits exposure to:

- Weather
- Disease spread
- Insect infestation

Amaroo to Robinvale

Distance: 225 km
Drive Time: 2.5 hours

Mullroo to Robinvale

Distance: 140 km
Drive Time: 1.8 hours

Mendook to Robinvale

Distance: 40km
Drive Time: 0.5 hours

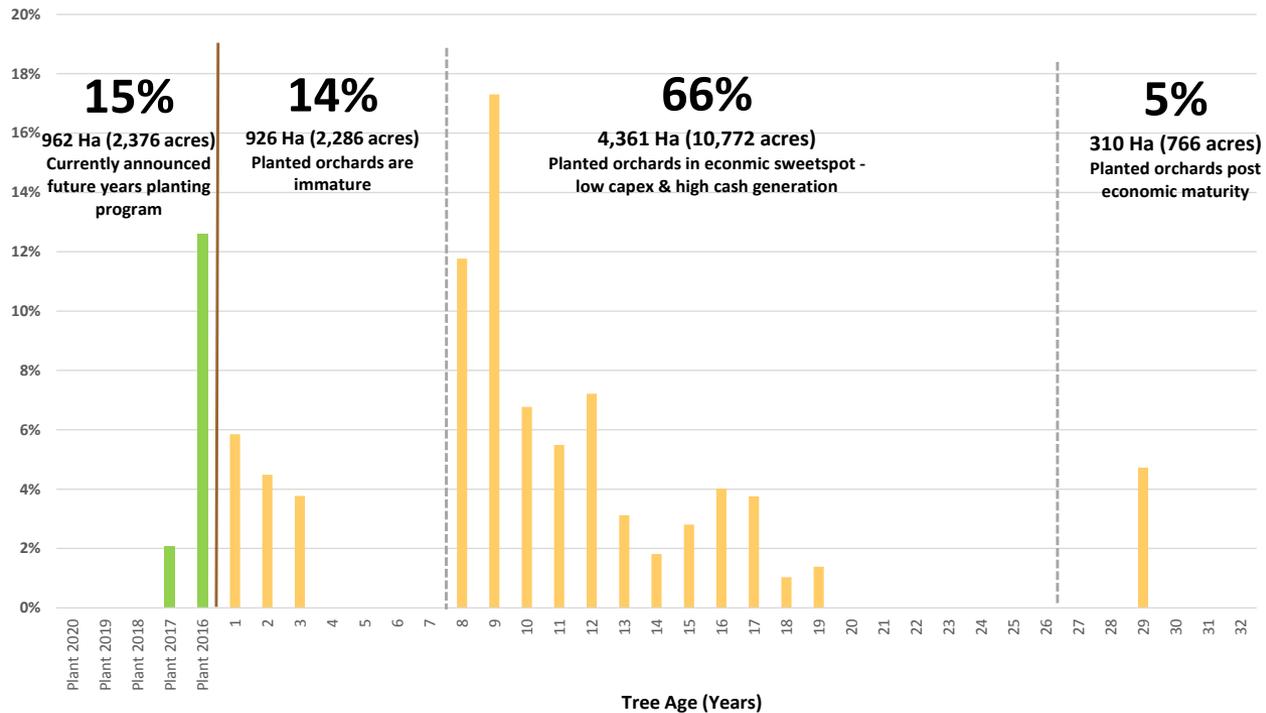
Australia's 2nd largest and most geographically diverse almond producer



Almond Supply - Orchard Profile



Age Profile of SHV Almond Orchard Portfolio



Source: Company Data

Select Harvests almond orchards have an average age of 10.7 years (basis: 2016 almond harvest)



Almond Orchard Expansion



Strategic Objective:

- **Grow the critical mass of almonds to 20,000 tonnes by FY24/25**

Key Projects:

- **Organic Growth**
 - Develop existing infrastructure at Amaroo
 - Mullroo and Mendook to support existing orchards and growth
 - Improve on farm water management
 - Increase Hort. programs to promote nut size and tree growth
- **Investment Growth**
 - Develop existing greenfield areas and replace older orchards: Allinga, Wemen, Kyndalyn Park
 - Develop First State Super relationship with Amaroo, Mullroo and Mendook
 - Secure additional acquisitions of mature orchards and greenfield opportunities

Building a supply platform for growth



Innovation – Almond Business



Objective:

- Reduce orchard development costs by 5%

Key Projects:

- Efficiency
 - Use GPS technology to maximise land use
- Cost
 - Automated tree planting to reduce manual handling
 - Replace tree staking with trellis

Low cost without compromising quality



Innovation – Hull to Energy

Strategic Objective:

- Substantially improve the almond processing plant’s competitiveness and ongoing viability by reducing its cost base by 20%

Key Projects:

Stage 1

- Bundle Carina West Processing and 2 nearby dams by laying connecting cable into one meter point thereby lowering the maximum demand charge between the 3 - Complete
- Convert all Victorian low voltage transformers greater than 1MW to high voltage, thereby realising significant network supply cost reductions - Complete
- Install electronic monitoring equipment to control usage patterns to maximise off-peak usage

Stage 2

- Install a biomass boiler/turbine power plant to directly supply electricity and steam to Carina West Processing Plant and 2 nearby dams and indirectly off-set costs across SHV (other farms) with remaining generated power.

Key Outcomes:

- Reduce processing plant’s cost base by 20%
- Reduce Select Harvests carbon footprint by 23,645 tonnes annually
- Employ 8 additional skilled full time employees
- Waste from biomass boiler will be used for agricultural products
- Consumes Almond waste product (hull & Shell) and orchard pruning's
- Improves Select Harvests CSR

Key Facts:

- Capital Investment \$12.0M
- Fuel consumed: 30,000MT p.a.
- Operational hours: 24 hrs x 7 days x 48 weeks
- Operators employed: 8
- Excess power delivered into local grid
- Commissioning Dec 2016

Building a sustainable globally competitive low cost facility





2015 Crop Update



Belvedere Farm – August 2015



Wemen Farm – October 2015

- Sufficient chill hours between seasons
- Good bloom in NSW & SA, whilst Vic solid
- Between now and Dec, nut size and 2016 growth to be determined
- Weather outlook remains favourable
- Crop estimate will be undertaken during November

Next Update AGM – 26 November 2015



Demand

- 2014/15 Global supply has been absorbed by demand, with US carryover stock between seasons remaining flat
- US and Indian demand remains strongest
- Many markets have shown short term resistance to higher prices
- 212 Products with almond ingredients were launched in Australian supermarkets

Supply

- US Market 2015/16 crop estimate - 1.80 Bn pounds (down 4% v last year)
- US Harvest nearly finished - estimated crop more likely 1.75 Bn pounds
- Australia and Spanish crops up & large, but insufficient to make up shortfall
- Trees take 3 years to totally recover from drought

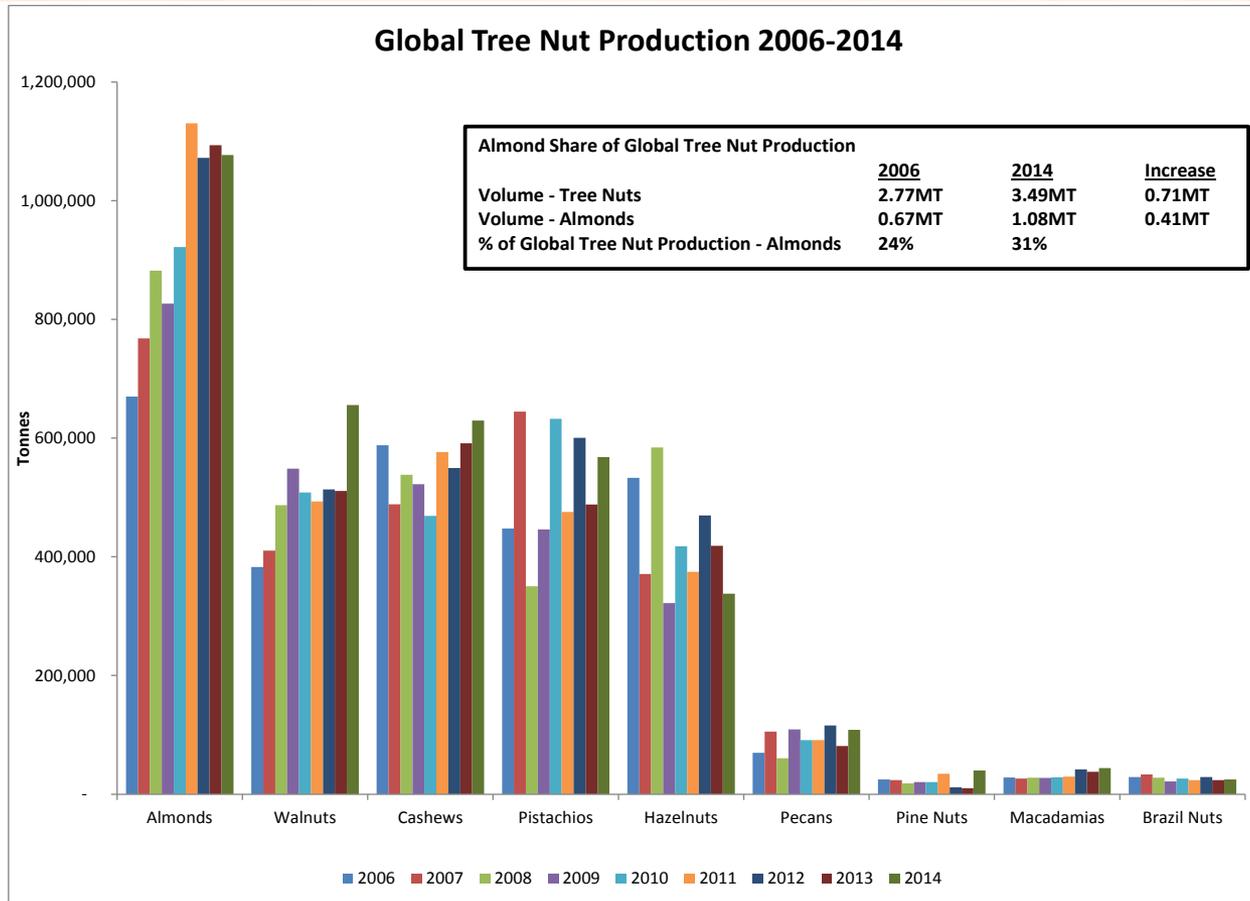
Little inventory held by customers, Australian or Spanish growers and processors



Supply – Difficult to substitute



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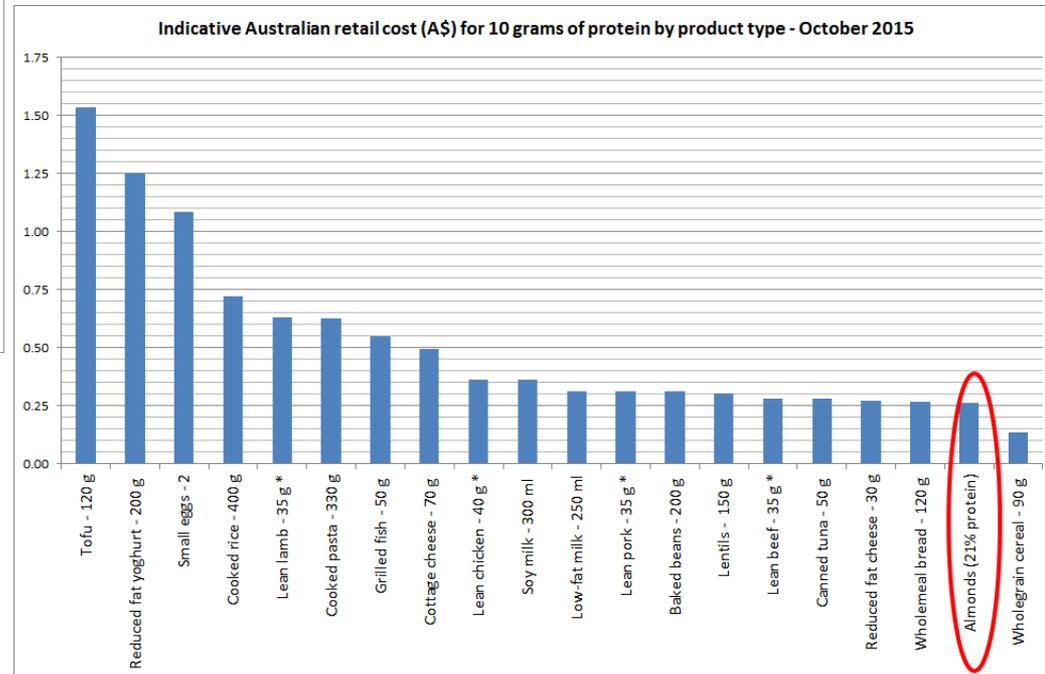
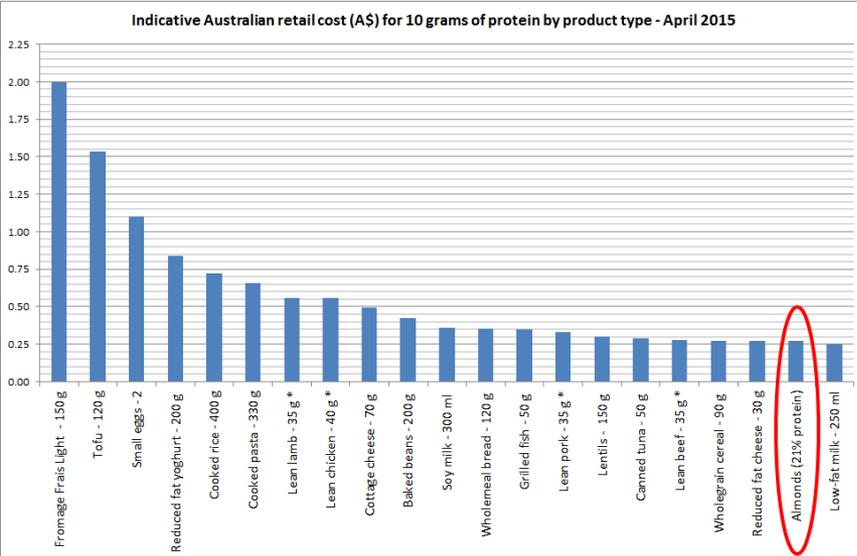


Source: International Nut & Dried Fruit Council Foundation (INC)

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



Demand = Protein Affordability – October 2015



Source: Protein Data - Australian Institute of Sport (AIS) . Pricing based on company survey (on-line Australian retail pricing, October 2015).

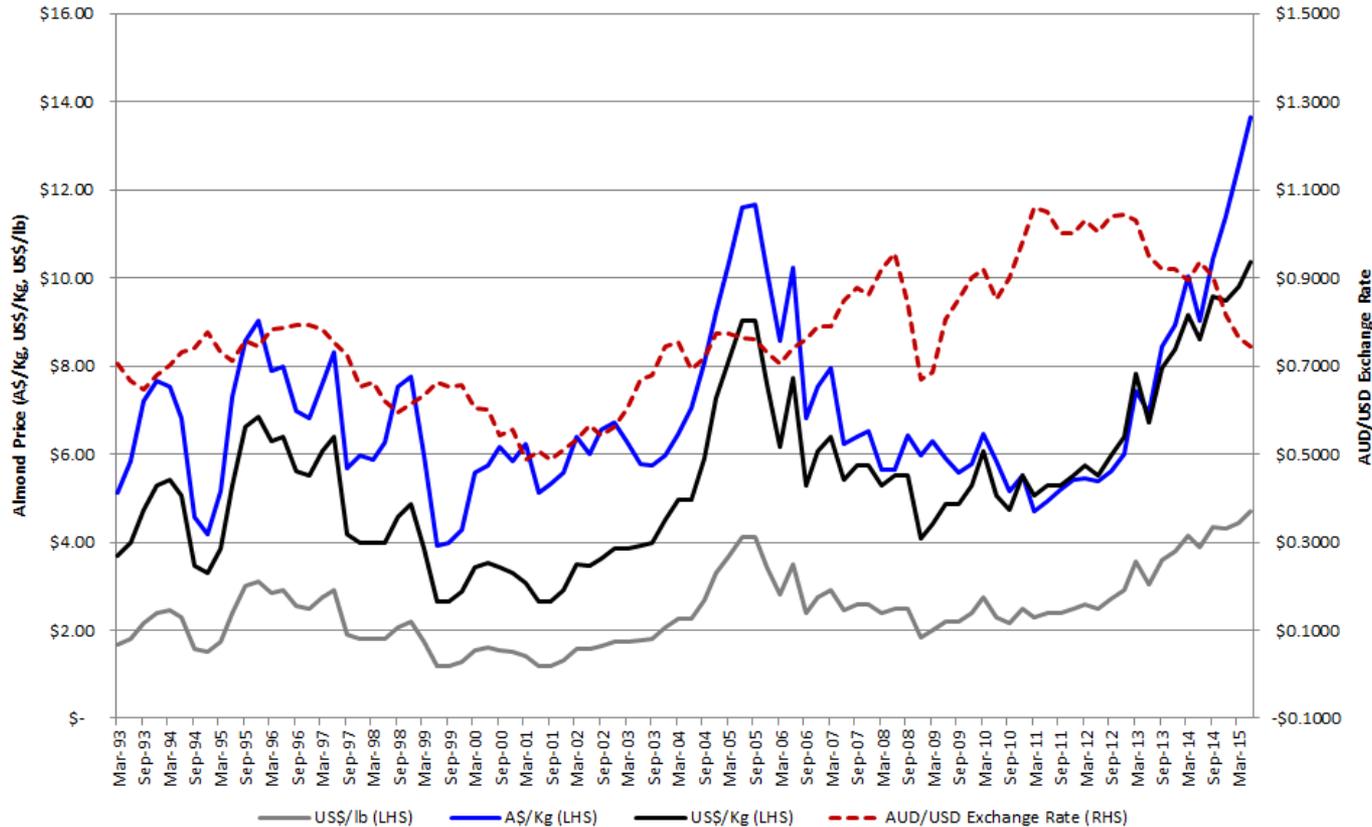
Almonds are one of the most affordable protein sources across all food types





Almond Price

Long Term Almond Price (NPS 23/25) and Exchange Rate



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





El Nino Impacts

Increased rain in California

- Experience shows it takes 3 years for almond trees to recover from drought
- US government determined to introduce water regulation similar to Australia
- Normal year - 50% of California's water is sourced from snow & 30% from aquifer (60% in drought years)
- Californian aquifers unlikely to recover without tougher regulations
- Drought lost acreage is unknown
- Urban & environmental pressure will continue to increase
- Tougher growing conditions

Drier conditions in Australia

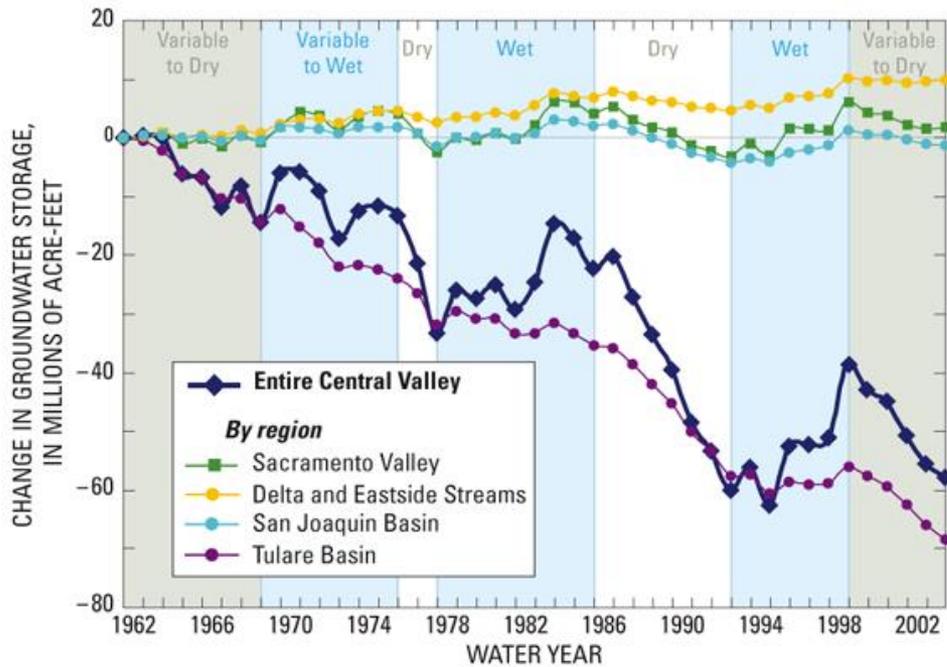
- Australia has regulated water market, protecting both assets and industry
- Horticultural crops generate the highest return per ML
- No increase from urban pressure as population is flat in the connected network
- Environmental requirements have been largely met
- Urban utilities can return water due to desalination capabilities
- Higher cost but more predictable growing conditions

Significant difference between Australian & US water markets





US Ground Water



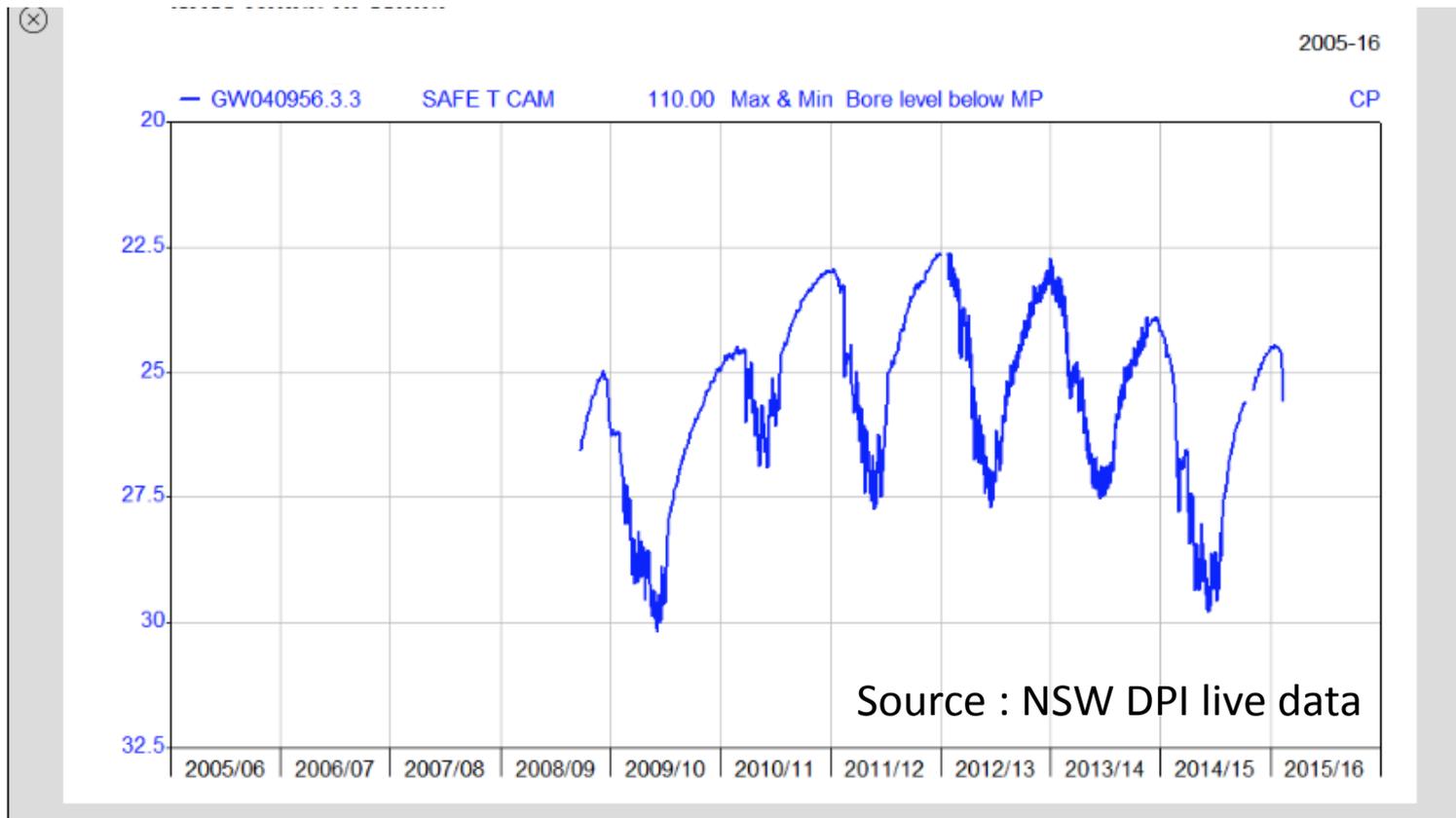
- Current forecast is El Nino will be a similar event to 1983
- 75%+ of almond industry is in Tulare & Central valleys
- Industry shift North, due to better water availability, but at a cost

Regulation, not nature, solves this situation





NSW (Narrandera) Groundwater levels

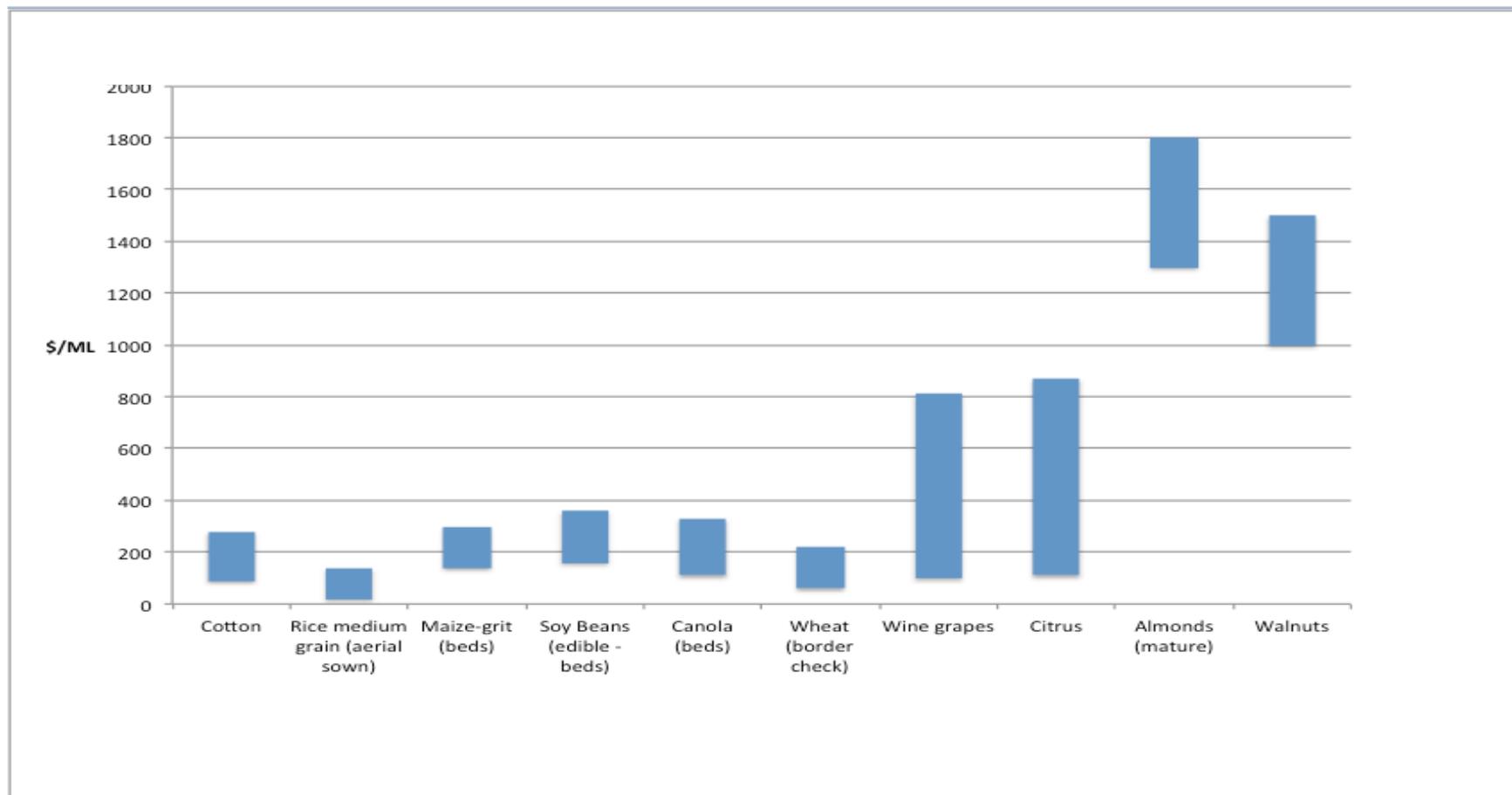


Significant difference between Australian & US water management – regulation ensures aquifer recharge





Total Return per ML (Riverina NSW)



NSW DPI and Colliers International 2014

Many crops have insufficient profitability to withstand over \$200/ML increase



Water

SHV Strategy

- Own & Long term lease* 33%, 3-5 year term lease 33% and 33% spot
- To have access to least 15%-20% more water than required
- Own or long term leases* when sourcing from aquifer - no short term exposure
- Own high quality surface entitlements with reliable allocations
- Trade and use carryover facility to deliver best spot price outcome

SHV Water

- Water represents 8% of Horticultural cost
- SHV average water cost FY15 was A\$110/ML
- Assume spot price moves to A\$250/ML in FY16 & all spot purchases are made at this price, impact approx. A\$2m

* 20 YEAR+ LEASES

SHV have a strategy to manage the impact of water cost



Food Division



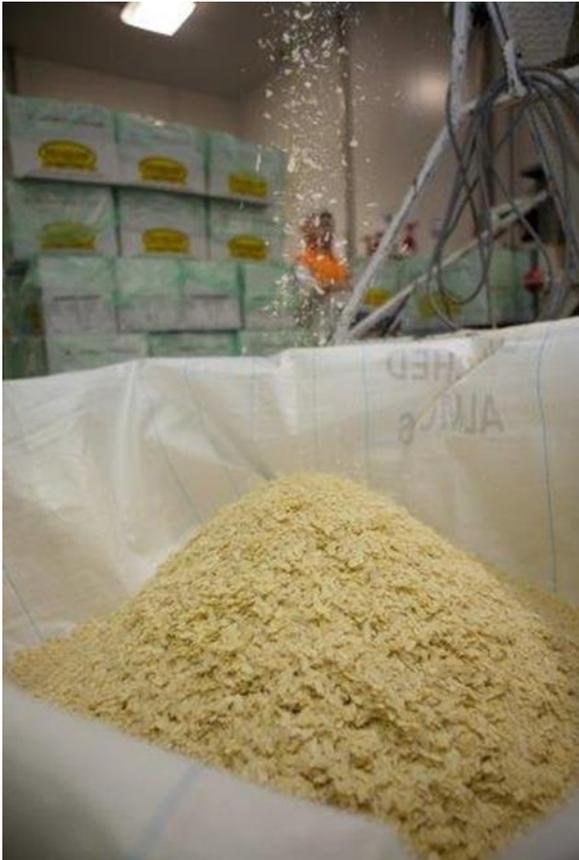
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Turn around has commenced



Innovation – Food Business (Industrial)



Strategic Objective:

- Increase sales in global food processing market

Key Objectives:

- Increase offshore presence with multi-national and Asian confectionery manufacturers
- Identify food manufacturers looking to increase protein content, generally reducing sugar and looking to increase health credentials

This capability to innovate is essential - industrial export sales over \$12.5m per annum



Project Parboil – Almond Value Add

Strategic Objectives:

- Address the current capacity shortfall of “value add” almond products
- Open sales opportunities from customers demanding peanut-free processing environments

Key Projects:

- Establish a new state-of-the-art ‘value add’ almond processing facility, adjacent to the existing almond hulling & shelling plant at Carina West
- Install new highly efficient almond blancher, roaster, slicers, grinders and packing lines
- Lower overall supply chain cost

Key Outcomes

- Consolidates all almond assets close to the almond trees
- Facilitates almonds sales to customers that require peanut free facility
- Allows direct shipping to customers
- New equipment has higher throughput and efficiencies
- Higher yields will be achieved with new equipment
- Provides capacity to meet current blanching shortfall & growth opps.
- Cost benefits from steam and electricity supplied by new Co-gen plant
- Employ 12 additional skilled full time employees
- Address almond kernel warehousing shortfall
- Replaces need to upgrade existing equipment at Thomastown facility

Key Facts:

- Capital Investment \$10.0M
- Operational hours: 8 hrs/5 days/48 weeks
- Single integrated Almond blanching/roasting line
- Operators employed: 12
- Commissioning Q3 2016

Delivers cost out, capacity and innovation



Innovation – Food Business (Packaged Food)

Strategic Objective:

- Increase sales in value added categories



Transformation has commenced despite tough domestic environment



SHV 2016 Business Objectives



1. Roll out Zero Harm OH&S strategy – deliver 25% y.o.y. reduction in LTI's
2. Improve average mature tree yield equal to or greater than 1.3 tonnes/acre (3.2 tonnes/ha)
 - *Select Harvests FY15 average yield 1.26 tonnes/acre (3.1 tonnes/ha)*
3. Acquire orchards at the right price
4. Implement greenfield program
5. Implement Biomass/Cogen plant
6. Implement Parboil
7. Continue strategic plan to turn around Food Business
8. Implement consolidation of One Select ERP platform

Continuing to drive our successful strategy



Business Outlook

- Demand in both Divisions will increase as the benefits of healthy eating are promoted
- High prices will continue to test the market
- US almond supply will be constrained
- SHV volume growth will be driven by organic improvements, greenfield development and prudent acquisitions
- Projects & volume to protect and grow bottom-line
- Balance Sheet strength will be used to grow, with almonds continuing to be our backbone
- Asia will become more important with the impact of food security, wealth, population growth and FTA





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Thank you

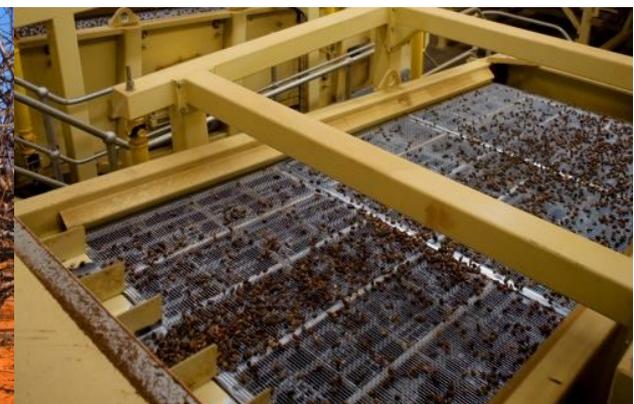
Join us on Instagram for regular snaps on Orchards, Food Business & Products

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Select Harvests Financial history

SHV Historical Summary		2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015
	Units										
Total Sales	(A\$M)	217.9	229.5	224.7	248.6	238.4	248.3	251.3	191.1	188.1	223.5
EBIT	(A\$M)	38.4	40.5	27.1	26.8	26.0	22.6	19.6	37.7	31.3	89.6
EBIT Margin (EBIT/Sales - %)	(%)	17.6%	17.6%	12.1%	10.8%	10.9%	9.1%	7.8%	19.7%	16.6%	40.1%
PBT	(A\$M)	37.9	40.0	25.4	23.0	23.6	18.5	13.4	32.7	26.8	84.3
NPAT	(A\$M)	26.5	28.1	18.1	16.7	17.3	17.7	9.5	22.9	21.6	56.8
Issued Shares	No. of Shares	39.7	38.7	39.0	39.5	39.8	56.2	56.8	57.5	58.0	71.4
Earnings Per Share	(AUD Cents per Share)	67.1	71.0	46.7	42.6	43.3	33.7	16.8	40.1	37.5	82.9
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	50.0
Payout Ratio	(%)	80.0%	80.0%	96.7%	28.2%	48.5%	38.6%	47.6%	29.9%	53.3%	60.3%
Net Tangible Assets per Share	(A\$/Share)	1.83	1.57	1.41	1.56	1.87	2.17	2.19	2.14	2.38	3.35
Net Interest Cover	(times)	82.3	75.8	15.6	7.1	10.7	6.7	3.2	7.5	7.0	16.9
Net Debt	(A\$M)	1.3	1.6	46.8	52.4	45.0	73.1	66.8	79.3	94.8	109.7
Shareholder Equity	(A\$M)	101.5	95.5	94.1	100.9	113.6	168.8	160.3	159.5	175.4	287.4
Net Debt to Equity Ratio	(%)	1.3%	1.7%	49.7%	51.9%	39.6%	43.3%	41.7%	49.7%	54.1%	38.2%
Share Price	(A\$/Share)	13.02	11.60	6.00	2.16	3.46	1.84	2.40	3.90	5.14	11.79
Market Capitalisation	(A\$M)	517.0	449.4	234.1	85.4	137.6	103.5	120.0	224.3	298.1	835.1
P/E Ratio		19.5	16.0	12.9	5.1	8.0	5.8	12.6	9.8	13.8	14.7

* 2014 figures have been rebased according to early adoption of Accounting Standards, AASB 116, Property, Plant and Equipment, and AASB 141, Agriculture, impacting "bearer plants".

Source: Company Data





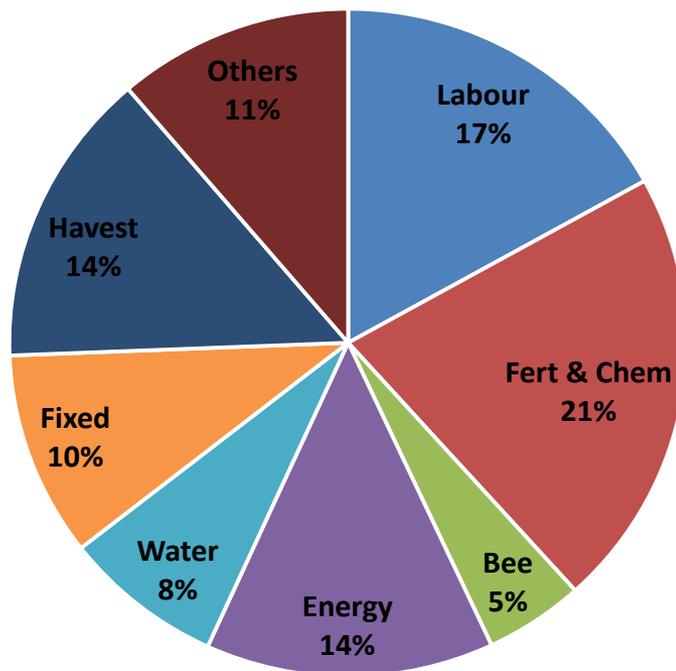
Select Harvests Tree Area by Age

Tree age (at Feb 2016 Harvest)	Area (Acres)	Area (Ha)
1	948	384
2	727	294
3	611	247
4	0	0
5	0	0
6	0	0
7	0	0
8	1,907	772
9	2,804	1135
10	1,097	444
11	889	360
12	1,169	473
13	505	205
14	294	119
15	455	184
16	651	264
17	609	247
18	167	68
19	225	91
20	0	0
21	0	0
22	0	0
23	0	0
24	0	0
25	0	0
26	0	0
27	0	0
28	0	0
29	766	310
	13,824	5,597



Horticultural Costs

SHV FY2015 Horticulture Costs by Percentage



Source: Company Data



US Crop History Analysis



Crop Year	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
	Actual	Forecast								
Bearing Acres	510,000	610,000	640,000	710,000	750,000	770,000	800,000	820,000	850,000	870,000
YOY Growth		20%	5%	11%	6%	3%	4%	2%	4%	2%
Non Bearing Acres	100,000	145,000	125,000	115,000	90,000	85,000	75,000	110,000	120,000	150,000
Total Acres	610,000	755,000	765,000	825,000	840,000	855,000	875,000	930,000	970,000	1,020,000
Bearing to Non Bearing Ratio		19%	16%	14%	11%	10%	9%	12%	12%	15%
Yield (Metric tonnes per acre)	0.7	0.8	1.0	1.0	0.9	1.0	1.2	1.0	1.1	1.0
Crop Size (LHS Axis) - '000 000 lbs	912	1,117	1,383	1,614	1,406	1,628	2,020	1,884	2,010	1,870
YOY Growth		22%	24%	17%	(13%)	16%	24%	(7%)	7%	(7%)
Vs Base Growth		22%	52%	77%	54%	79%	122%	107%	120%	105%
Shipments - Total - '000 000 lbs	914	1,066	1,261	1,389	1,472	1,668	1,899	1,867	1,937	2,134
YOY Growth		17%	18%	10%	6%	13%	14%	(2%)	4%	10%
Vs Base Growth		17%	38%	52%	61%	82%	108%	104%	112%	133%
Shipments - Domestic - '000 000 lbs	304	368	395	411	450	490	547	588	642	693
Shipments - Export - '000 000 lbs	610	698	866	978	1,022	1,178	1,352	1,278	1,296	1,407
Carry Out Stock - '000 000 lbs			231	413	321	254	336	317	350	287
Percentage of Crop			17%	26%	23%	16%	17%	17%	17%	15%
Percentage Previous Yr Crop			21%	30%	20%	18%	21%	16%	19%	14%
US Farm Price - US\$/lb (RHS Axis)	\$2.81	\$2.06	\$1.75	\$1.45	\$1.65	\$1.79	\$1.99	\$2.58	\$2.90	\$3.50
YOY Growth		(27%)	(15%)	(17%)	14%	8%	11%	30%	12%	21%

Note: As at 18 June 2015

