



SELECT HARVESTS

Select Harvests Limited

SELECT HARVESTS MARKET UPDATE

14 January 2016

Select Harvests Managing Director Paul Thompson announced today that subject to the finalisation of the 6 months results, it is anticipated that the Company will deliver a profit that is in excess of the 1H2015 result.

The company's 2016 harvest is on track to commence at the end of February and the crop volume estimate remains similar to last year.

Yesterday the Californian Almond Board released its December Position Report - it can be accessed at the link below.

<http://www.almonds.com/sites/default/files/content/newsletters/attachments/2015.12posrpt.pdf>.

In summary, US Monthly Shipments for the period to December were down 12% (US Domestic Shipments down 6%, US Export Shipments down 15%). This situation has been driven by the combination of a slightly larger crop, softer demand and isolated instances of customer defaults. These defaults have had a negative impact on market pricing. It should be noted that this pricing is based on low volumes and in part is driven by the clearance of this distressed inventory. Select Harvests has not been impacted by the defaults and has not been actively trading during this period. Currently, spot almond prices are now down approx. 10%-15% from Select Harvests FY15 pool price of A\$11.45/kg.

The supply and demand fundamentals remain favourable and post the clearance of the distressed stock there is little customer inventory in the market. The December Position Report shows signs of demand rebounding. The total Forward Commitments are up 11% (US Domestic Commitments up 2%, US Export Commitments up 19%) versus the same month last year. Historically pricing and volumes are slow during the period between Christmas and the US bloom in February. To date we have sold forward a small percentage of the 2016 crop as it is early into our selling season.

The current El Nino has delivered increased and desperately needed precipitation to California and an average snowpack to date (<http://cdec.water.ca.gov/cdecapp/snowapp/sweg.action>) rain and snow has not been significant enough to recharge the groundwater aquifers or restore surface water storage levels to historical averages. The drought continues to seriously impact large parts of California (<http://droughtmonitor.unl.edu/Home/StateDroughtMonitor.aspx?CA>).

Paul Thompson concluded "Select Harvests continues to focus on the things it can control - delivering growth, reducing cost and increasing productivity. The company is in great shape. We have had two record years - the balance sheet is healthy due to the strong operating performance and receipts from our 2015 crop, combined with the proceeds of the Sale and Leaseback transaction".

Our key projects like H2E (biomass electricity cogeneration), Parboil (almond value added facility) and the installation of new orchards are all at or below budget and on track. The Food Division is continuing to grow and underlining demand is strong. We are looking forward to commencing harvest in late February."

Select Harvests will release its results for the 6 months ending 31 December 2015 on 25 February 2016.

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USEFUL LINKS

Below are some links to key information that impact the Californian Almond Industry

California Drought Levels

<http://droughtmonitor.unl.edu/Home/StateDroughtMonitor.aspx?CA>

Sierra Nevada Snowpack Levels

<http://cdec.water.ca.gov/cdecapp/snowapp/sweq.action>

California Surface Water Storage Levels

<http://cdec.water.ca.gov/cdecapp/resapp/getResGraphsMain.action>

California Groundwater Basin Prioritisation

http://www.water.ca.gov/groundwater/casgem/pdfs/CASGEM_BasinPrioritization_Statewide.pdf

California Almond Production by County

https://www.google.com.au/search?q=us+almond+production+by+county&rlz=1T4VRHB_enAU611AU611&tbn=isch&tbo=u&source=univ&sa=X&ved=0ahUKEwiiqDtqajKAhXllaYKHeVRBkcQsAQIlq&biw=1920&bih=836#imgrc=UNggH1Vy4e3FWM%3A

Weather – Bureau of Meteorology – “El Nino likely Past its Peak”

<http://www.bom.gov.au/climate/enso/>

Californian Almond Board (CAB) Position Reports

<http://www.almonds.com/newsletters/position-reports>

CAB Almond Almanac

http://www.almonds.com/sites/default/files/content/attachments/2015_almanac.pdf

Australian Almond Board (ABA) Almond Insights

<http://australianalmonds.com.au/documents/Industry/Stats%20Reports/Almond%20Insights%202014-15%20LR.pdf>

FOR FURTHER INFORMATION, PLEASE CONTACT:

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BACKGROUND:

Select Harvests Ltd (ASX:SHV) is an ASX listed, fully integrated almond business consisting of orchards (company owned, leased, joint venture and managed), primary processing (hulling & shelling), secondary processing (blanching, roasting, slicing, dicing, meal), trading (industrial products) and consumer products (Private Label & Brands - Lucky, Sunsol, Soland, Nuvit, Renshaw & Allinga Farms). Select Harvests also import a full range of nuts (in addition to almonds) for inclusion in their Consumer Products range of nut products. Australia is a significant global almond producer and Select Harvests are one of Australia's largest almond companies, supplying almonds domestically and internationally, to supermarkets, health food shops, industrial segments and the almond trade. The company is headquartered at Thomastown on the outskirts of Melbourne, Australia while its orchards are located in North West Victoria, Southern New South Wales and South Australia. Its primary processing facility (Carina West) is located at Wemen in North West Victoria and the secondary processing facility is located at Thomastown.