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Select Harvests Limited (“SHV”)

Half Year ending 31 December 2016 - Results Presentation

28 February 2017



Disclaimer & Basis of Preparation



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Agenda



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Business Status

Acquisition

Financial Results & Analysis

Business Update & Outlook

Appendices



Business Status



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Almond Division

- Acquisition of Jubilee Orchard and an investment in Laragon Processing - increasing tonnage by 1,400MT per annum at maturity
- Focused on outcomes - improved yields, lower cost and improve quality – 2017 crop estimate 15,750 – 16,250 MT
- Funded orchard expansion plan in place to increase production to 20,000MT by 2019/20
- Two capital projects delayed, no significant impacts
- Demand fundamentals remain strong and almond price stabilised between A\$7.50-A\$8.00/kg

Food Division

- Business now well positioned in growth categories domestically - capacity, quality & service
- Looking to acquisitions and export to generate non-organic growth and scale
- Sinotrans distribution agreement signed for consumer packaged goods - opening order to be shipped in March 2017

Balance Sheet

- Strong position to handle highs and lows of commodity pricing with capacity to grow

Funding

- Continuing strong support from 3 banks: NAB, Rabo and Commonwealth
- Secure off and on-balance sheet alternatives have been established

OH&S

- Lost Time Frequency Rate down from 27 to 19 YTD
- Zero environmental incidents

Business Performance: volume, price, costs, brands and growth platform are in line with strategy





Jubilee Orchard

- Located near Waikerie SA, with direct access to Murray River
 - 792 acres Bearing
 - 355 acres Non-Bearing
 - 1,135ML of high security water
 - Average 3-Year yield 1.3MT/acre
 - <http://jubileealmonds.com>



Laragon Processing (Almond Huller & Sheller)

- Almond hulling, shelling & drying facility
 - Located at Lindsay Point VIC
 - Capacity to process 10,000MT of almonds
 - 22% shareholding
 - <http://laragon.com.au>

Acquisition price A\$26.5 million

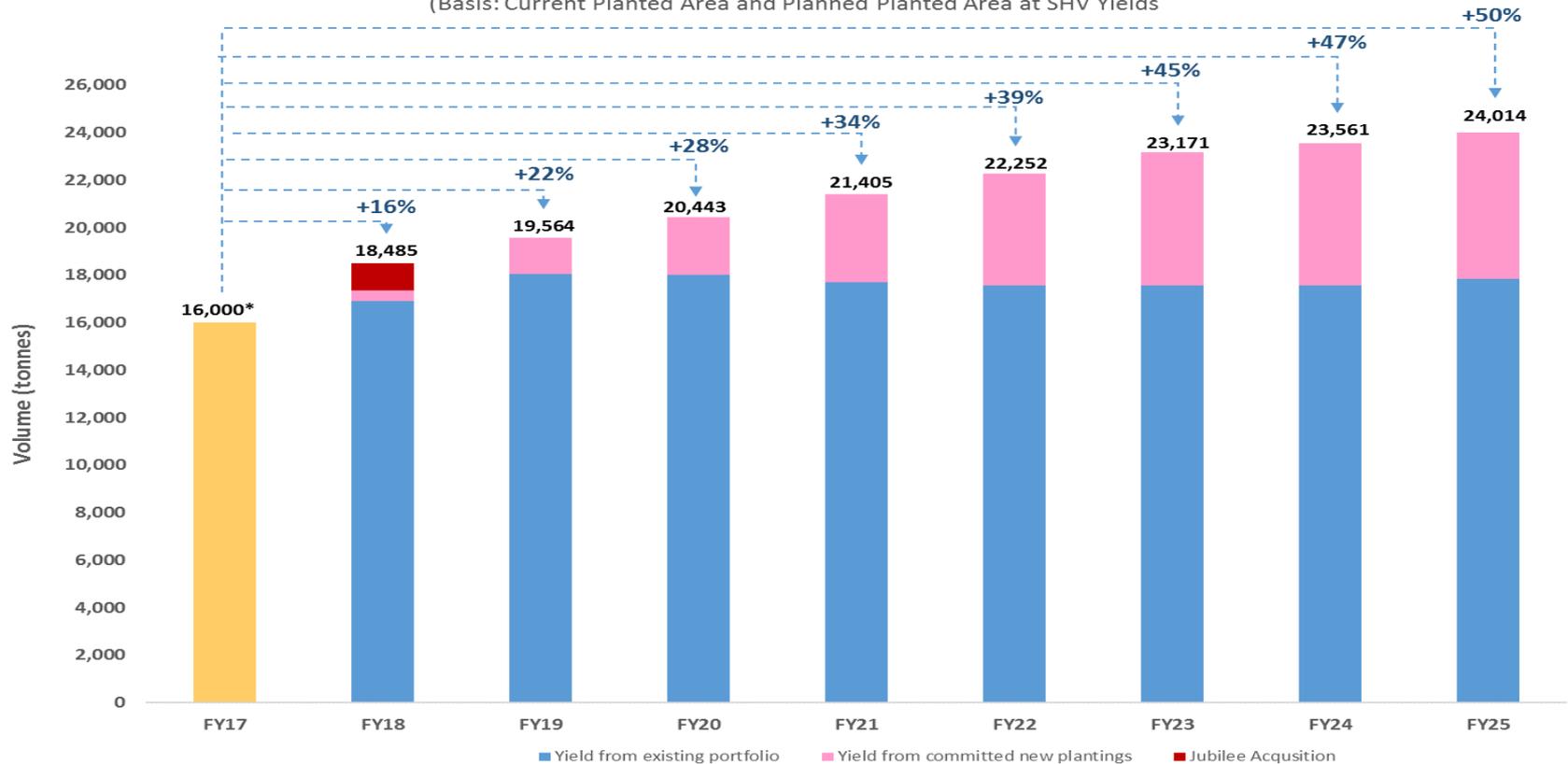


Significant Step Change Short term Volume Growth



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SHV Theoretical Harvest Volume 2017-2025
(Basis: Current Planted Area and Planned Planted Area at SHV Yields)



*Current FY17 Forecast

Investment in almond orchards & processing assets largely complete = increased future earnings





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Financial Results & Analysis



Income Statement



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Financial Result (\$m)	1H16	1H17
Revenue	166.4	126.5
EBITDA - Underlying	34.7	25.1
Depreciation	(5.9)	(7.2)
EBIT - Underlying	28.8	17.9
Interest	(2.6)	(2.2)
PBT - Underlying	26.2	15.7
(Tax Expense)	(7.9)	(4.0)
NPAT - Underlying	18.3	11.7
Non recurring items(post tax)	5.6	-
NPAT - Reported	23.9	11.7
<i>EPS (underlying) - cents per share</i>	<i>25.6</i>	<i>15.9</i>
<i>Interim Dividend - cents per share</i>	<i>21.0</i>	<i>10.0</i>

- **Underlying EBIT \$17.9m (1H16 \$28.8m) - down 38%**
 - Almond Div. \$15.6 m (1H16 \$25.0m)
 - down 38%
 - Food Div. \$5.1m (1H16 \$6.7m)
 - Down 25%

- **Underlying NPAT \$11.7m (1H16 \$18.3m) - down 36%**

- **Underlying EPS of 15.9 cps – down 38%**

- **Dividend of 10.0 cps fully franked**

- **Non recurring items comprise after tax gain on asset sales, and Research and development tax benefits in 1H16**

Earnings are within company expectations & strategy at current estimated almond price



1st Half 2017 Performance



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Food Division

EBIT (\$m)	Reported		Variance
	1H16	1H17	
Food Division	6.7	5.1	-25%

- Revenue of A\$78.0m was down 15.0 % (A\$91.7 million 1H16)
- Commodity price reductions impact industrial price realisation, volumes have remained strong
- Lucky Market share remains strong 37.8%, post introduction of new Coles House brand range
- Packaged Food Division has invested in China (circa \$500k in FY2017) distribution agreement signed with Sinotrans

Almond Division

EBIT (\$m)	Underlying		Variance
	1H16	1H17	
Almond Division	25.0	15.6	-38%

- Revenue down
 - Almond price realised lower than 2016 forecast
 - Crop mix and currency had adverse impact
- Horticultural program delivering tree health - resulting in improved & consistent yields
- Orchard expansion on track - greenfields & acquisitions
- Good summer rains have helped orchard health and costs

Almond commodity price has impacted both divisions





Understanding the Result

Almond Division Result (\$m)	1H16	1H17
Reported EBIT	29.1	15.6
Gain on asset sales	(4.1)	-
EBIT (excluding gain on asset sales)	25.0	15.6
Benefit of 2015 crop revaluation on 1H16	(4.0)	-
Adverse impact of 2016 crop revaluation on 1H17	-	5.1
EBIT (adjusted for the impact of prior year crops)	21.0	20.7
Impact of half year volume estimate (16,000 MT vs 13,700MT LY)		8.9
Impact of half year almond price estimate (\$7.70/kg vs \$9.00/kg LY)		(8.9)
Underlying EBIT Comparison	21.0	20.7

Half year estimates can have a material impact, when both USD almond prices and currency impacts combine



Balance Sheet



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(\$m)	Period Ending	31/12/2015	31/12/2016
Current Assets excl. Cash		163.2	138.0
Cash		12.7	2.2
Non Current Assets		276.3	309.3
Total Assets		452.2	449.5
Current Liabilities (excl. Borrowings)		49.6	27.0
Borrowings (incl. lease liabilities)		65.3	100.6
Non Current Liabilities (excl. Borrowings)		42.1	37.2
Total Liabilities		157.0	164.8
Total Equity		295.2	284.7
Net Debt ¹ (incl. lease liabilities)		52.6	98.4
Net Debt ¹ /Equity		17.8%	34.6%
NTA/Share (\$/share)		\$3.39	\$3.11

- Net Debt¹ (inc. lease liabilities) \$98.4m
- Net Debt² (exc lease liabilities) \$58.4 m
- Gearing (Net Debt¹ to Equity) of 34.6%

Gearing within target range. Headroom in balance sheet for additional investment.



Cash Flow



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(\$m)	1H16	1H17
Underlying EBITDA	34.7	25.1
Change in Working Capital	48.3	8.3
Taxes paid		(25.3)
Net Interest	(2.2)	(2.3)
Cash flow from operating activities	80.8	5.8
Investing cash flows	(31.0)	(20.6)
Proceeds from asset sales	63.3	-
Increase/(Decrease) in Debt	(81.8)	31.4
Dividends Paid	(17.8)	(16.3)
Net Increase in Cash and Cash Equivalents	13.5	0.3

- **Operating cash flow (pre-tax) \$31.1m**
 - Taxes paid of \$25.3 m
- **Working capital decrease of \$8.3m**
 - Proceeds from 2016 crop in 1H17
- **Investing cash flows of \$20.6m**
 - Irrigation upgrades, plant and equipment \$5.0m
 - Tree development \$4.6m
 - Project H2E and Parboil \$8.0m
 - IT and Office upgrades \$3.0m

Bank facilities in place with headroom to support planned investments





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Business Update & Outlook



Global Demand For Tree Nuts & Plant Protein



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Consumption – Continues to grow

- Tree nut consumption is up 59% in the last ten years
- Almonds registered the highest growth @ 94% in the last ten years
- Middle Income Countries (MIC) consumption has doubled in the last ten years (US\$1,046 - US\$12,746 Gross National Income per capita)
- High Income Countries (HIC) still represent the 56% of the total consumption
- Almonds represent 42% of HIC consumption, but only 11% of MIC
- Current pricing relativity of almonds to other nuts will drive demand

Demand Drivers – Health & Wealth

- Healthier eating
 - Continue research supporting the health benefits of plant protein foods including: cardiovascular, diabetes, lactose intolerance and mental health benefits
 - Consumers are replacing sugar snacks with healthier snacks: trail mixes, dark chocolate & nuts etc.
- Emerging middle class
 - Wealth growth: China, India, Indonesia, Thailand current low consumption. Consumption to rapidly increase in next ten years
- Marketing
 - Californian Almond Board has increased their marketing spend by 50%
 - Almond Board of Australia are continuing to drive the Australian Almond brand

Source: INC, Californian & Australian Almond Boards

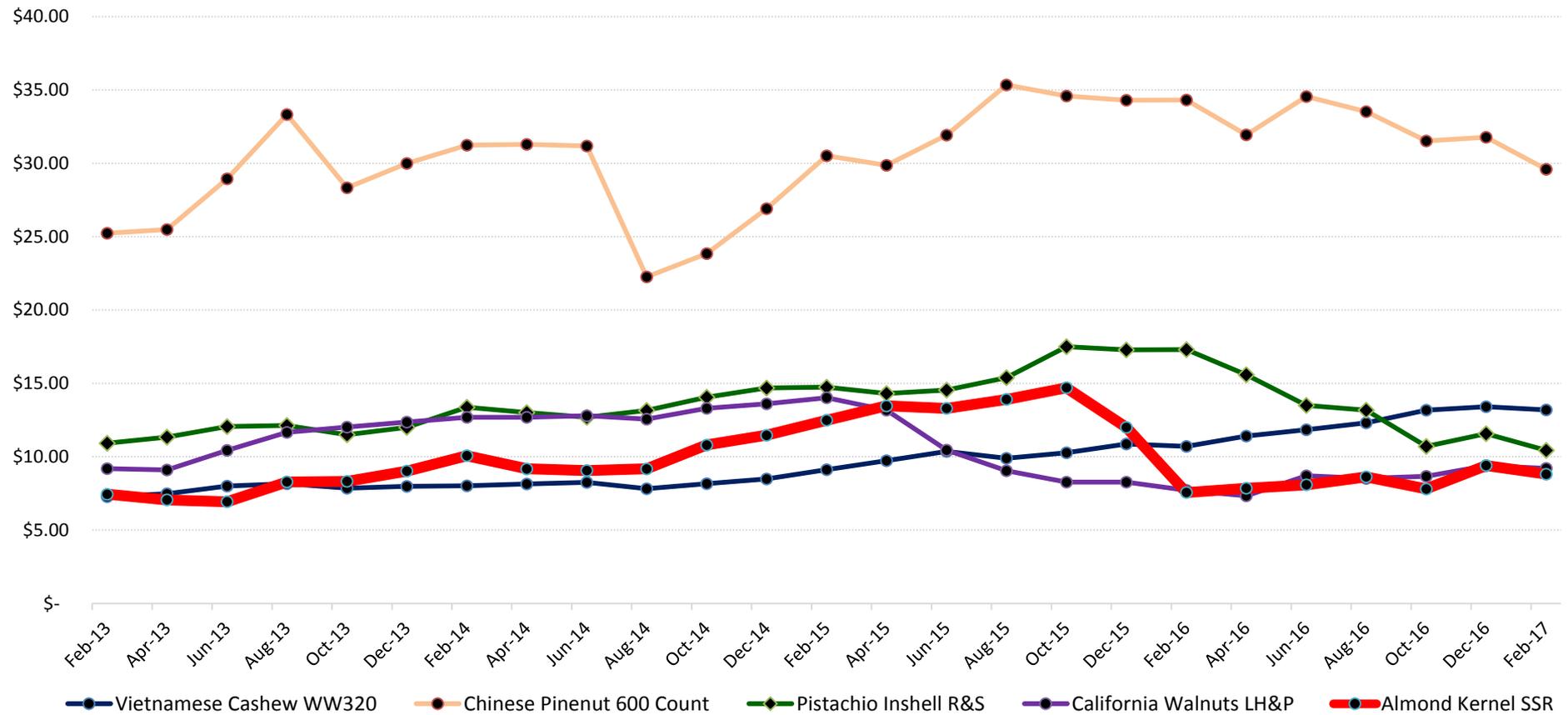
Demand from consumers remains strong driven by both Health & Wealth



Commodity Price Trend 2013 - 2017 - AUD\$/KG CFR



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Source: Internal company data

Almond now well priced vs other tree nuts - historical positioning restored





Californian Drought

- **Snowpack - Above Average**
 - Snowpack 174% of normal as at 16 Feb / 134% of average as at 1 April
- **Water Storage - Above Average**
 - Storage at 120% of average and 82% of capacity
- **Ground Water- Improving**
 - It will not be solved in a single year
- **Government legislation - In progress**
 - Californian government recognises they need to invest in infrastructure and legislation
- **US 2017 Crop**
 - **Chill hours – Adequate**
 - **Bloom – Extremely disrupted** - Full impact yet to be fully understood
 - Blue Diamond Bloom Report 22 Feb 2017 (<http://www.bdingredients.com/blue-diamond-almonds-bloom-report-february-22-2017/>)
- **US 2016 Crop**
 - **Domestic Shipments** - Up 15% this season and 27% in Jan
 - **Export Shipments** - Up 43% this season and 29% in Jan
 - **Total Shipments** - Up 33% this season and 28% in Jan

Source: Californian Government Department of Water Resources, Blue Diamond Ingredients, Almond Board of California

Australia and Spain have increased greenfield plantings - global impact minimal



Market Outlook – US Shipments & Pricing



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Almond Price AUD/KG Nonpareil (1993 - 2017) NP SSR 23/25



Almond Price NPSUP 23/25 USD/lb



Position Report

	Exports			US Domestic			Total		
	TY	LY		TY	LY		TY	LY	
Jan	108.51	84.25	29%	57.29	44.99	27%	165.8	129.24	28%
Last 3mth	350.82	268.57	31%	158.78	136.61	16%	509.6	405.18	26%
Last 6mth	780.82	545.22	43%	335.89	291.69	15%	1116.71	836.91	33%
Last 9mth	1113.74	799.61	39%	493.64	450.21	10%	1607.38	1249.82	29%
Last 12mth	1453.65	1116.56	30%	637.4	614.48	4%	2091.05	1730.04	21%
Season	780.82	545.22	43%	335.89	291.69	15%	1116.71	836.91	33%

Source: Almond Board of California Position Reports & internal company data

Increasing US shipments relative to prior periods are gaining pace





Select Harvests 2017 Crop Estimate

Harvest has commenced in all states

- Harvest commenced two weeks later, a result of milder growing conditions in spring and early summer
- Good harvest conditions – weather outlook favourable

2017 Crop estimate 15,750 – 16,250 tonnes

- 2016 crop 14,200 tonnes
- Processing – commenced this week
- First impression is quality and volume could exceed expectations

2017 Price estimate A\$7.50 - A\$8.00/kg

- 30% of the crop has been committed at A\$7.70/kg
- We estimate the final pool price to be between A\$7.50 - A\$8.00/kg @0.76 AUD/USD exchange rate

Select Harvests will deliver its largest crop ever - price out look stable





Select Harvests 2017 Goals

Almond Division

- Integration of Jubilee (Note: we did not acquire current crop)
- Commissioning of H2E Biomass plant & alternate energy sources
- 2017 Harvest
- Greenfield plant out preparation
- Integration of new systems

Food Division

- Execute China launch
- Sell new Parboil capacity and capability (allergen free production & almond paste)
- Expand South East Asian and China export base
- Evaluate strategic value accretive acquisitions
- Maintain current investment in brands
- Invest in systems

Select Harvests has all the fundamentals in place for a good year





Major Project Update

Greenfield Development

- Funding model delivering – 844 Ha (2,084 acres) planted out in July 16
- Greenfield plantings displaying excellent tree health
- 302 Ha (725 acres) to be planted out in July 17

Project H2E - Biomass Electricity Cogeneration Facility

- Delay to the installation and commissioning of key equipment
- Commissioning now estimated to be Q1 FY2018
- No material change to FY2017 financial results

Project Parboil - Almond Value Added Facility

- Small delay in delivery of equipment and installation
- Commissioning Q3 FY2017
- No material impact to FY2017 results

1-Select - ERP Rollout

- Q3 FY2017

All projects remain value accretive and deliver strategic benefits





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HORIZON 1 – PERFECT THE CURRENT MODEL



HORIZON 2 – TRANSITION INTO INTEGRATED MODEL



HORIZON 3 – EXPAND MODEL GLOBALLY



VISION

SHV to be recognised as one of Australia’s most respected agrifood businesses

MISSION

To deliver sustainable stakeholder returns by being a leader in the supply of better for you plant based foods

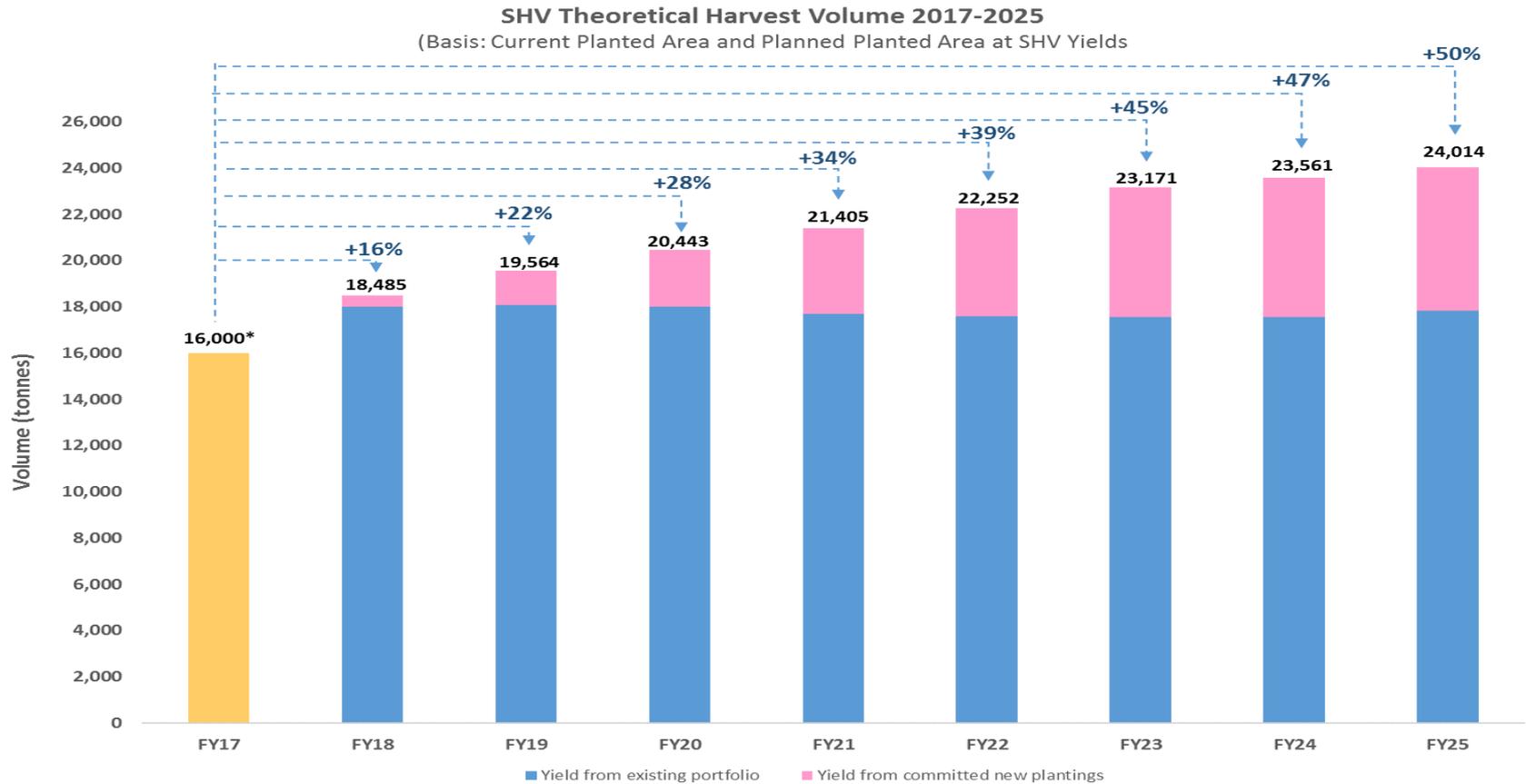
ASPIRATIONS

- ▲ Zero harm to people & environment
- ▲ EPS Growth minimum 5% CAGR
- ▲ Gender, age and ethnicity balance

Significant Step Change Short term Volume Growth



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*Current FY17 Forecast

16% More Volume in 2018, 22% More Volume in 2019 = increased profitability





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Thank you

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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





Appendix





Select Harvests - Financial History

SHV Historical Summary	Units	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015	2016
Total Sales	(A\$M)	217.9	229.5	224.7	248.6	238.4	248.3	251.3	191.1	188.1	223.5	285.9
EBIT	(A\$M)	38.4	40.5	27.1	26.8	26.0	15.4	19.6	37.7	31.3	89.6	41.3
EBIT Margin (EBIT/Sales - %)	(%)	17.6%	17.6%	12.1%	10.8%	10.9%	6.2%	7.8%	19.7%	16.6%	40.1%	14.4%
PBT	(A\$M)	37.9	40.0	25.4	23.0	23.6	12.0	13.4	32.7	26.8	84.3	35.8
NPAT	(A\$M)	26.5	28.1	18.1	16.7	17.3	8.9	9.5	22.9	21.6	59.4	27.9
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	72.9
Earnings Per Share	(AUD Cents per Share)	67.1	71.0	46.7	42.6	43.3	17.0	16.8	40.1	37.5	86.8	38.5
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	46.0
Payout Ratio	(%)	80.0%	80.0%	96.7%	28.2%	48.5%	76.5%	47.6%	29.9%	53.3%	57.6%	119.5%
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	3.22
Net Interest Cover	(times)	82.3	75.8	15.6	7.1	10.7	4.5	3.2	7.5	7.0	16.9	7.5
Net Debt	(A\$M)	1.3	1.6	46.8	52.4	45.0	73.1	66.8	79.3	94.8	115.6	67.3
Shareholder Equity	(A\$M)	101.5	95.5	94.1	100.9	113.6	168.8	160.3	159.5	175.4	287.4	290.9
Net Debt to Equity Ratio	(%)	1.3%	1.7%	49.7%	51.9%	39.6%	43.3%	41.7%	49.7%	54.1%	40.2%	23.1%
Share Price	(A\$/Share)	13.02	11.60	6.00	2.16	3.46	1.84	2.40	3.90	5.14	11.00	\$6.74
Market Capitalisation	(A\$M)	517.0	449.4	234.1	85.4	137.6	103.5	120.0	224.3	298.1	785.4	491.5
P/E Ratio		19.5	16.0	12.9	5.1	8.0	11.6	12.6	9.8	13.8	13.2	17.6

* 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".
2011-2016 figures represent underlying earnings.

Source: Company Data



Almond Orchards – Our productive foundation



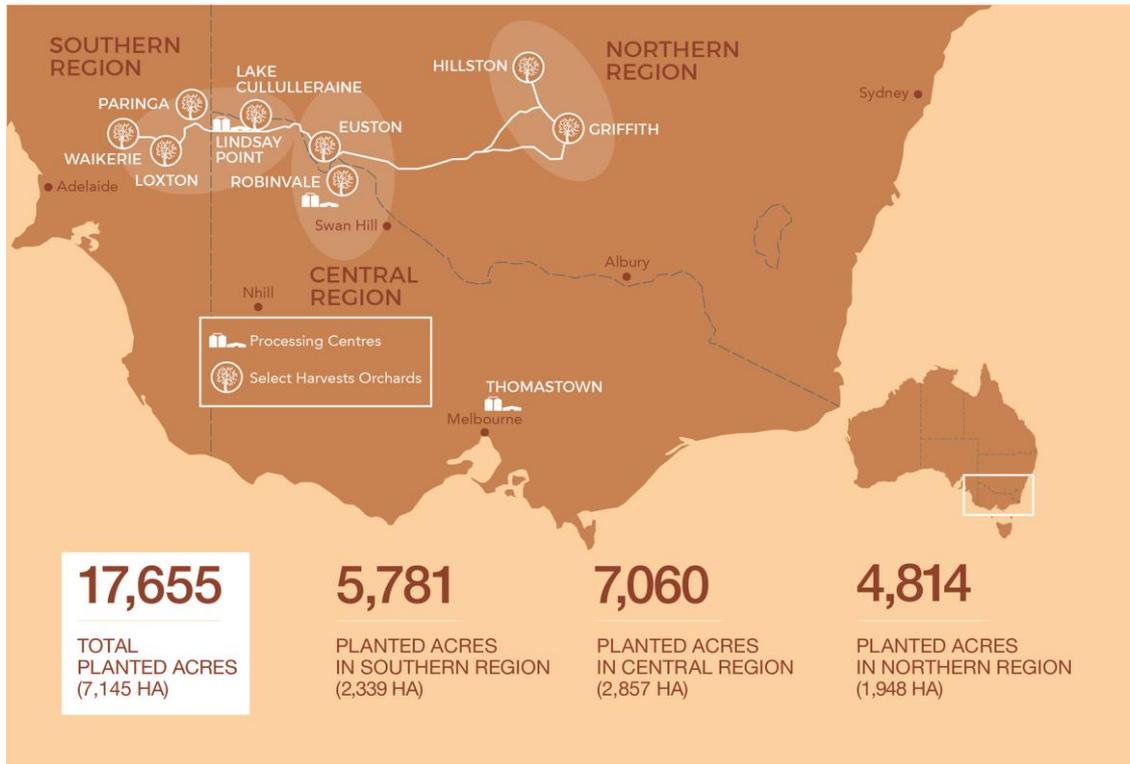
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Geographic diversity limits exposure to:

- Weather
- Disease spread
- Insect infestation

Enables sequential progression of harvest period across regions:

- Better farm equipment utilisation
- Better processing utilisation
- Better labour utilisation



Secure access to diverse water sources:

- River Water
- Aquifers

Positions the company to maximise harvest volume & reduce variance.

Building world class properties and a globally competitive low cost business.

Australia's 2nd largest & most geographically diverse almond producer – 17,655 planted acres

Growth – 1,338 acres to be planted in July 2017 & 2018 – Funded by 3rd party



Select Harvests – Orchard Profile



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Select Harvests Almond orchard portfolio	Planted* (as at 31 December 2016)		Under Development (as at 31 December 2016)		Total Planted & Under Development (as at 28 February 2017)	
	Acres	Hectares	Acres	Hectares	Acres	Hectares
Central region						
Company Owned	4,151	1,680			4,151	1,680
Leased	2,909	1,177	500	202	3,409	1,380
Total	7,060	2,857	500	202	7,560	3,059
Northern Region						
Company Owned	1,797	727			1,797	727
Leased	3,017	1,221			3,017	1,221
Total	4,814	1,948			4,814	1,948
Southern Region						
Company Owned	2,722	1,102			2,722	1,102
Leased	3,059	1,238	838	339	3,897	1,577
Total	5,781	2,339	838	339	6,619	2,679
Total						
Company Owned	8,670	3,509			8,670	3,509
Leased	8,985	3,636	1,338	541	10,323	4,178
Total	17,655	7,145	1,338	541	18,993	7,687

* Includes Jubilee Acquisition (Announced 28 Feb 2017, Settlement expected 4Q FY2017).

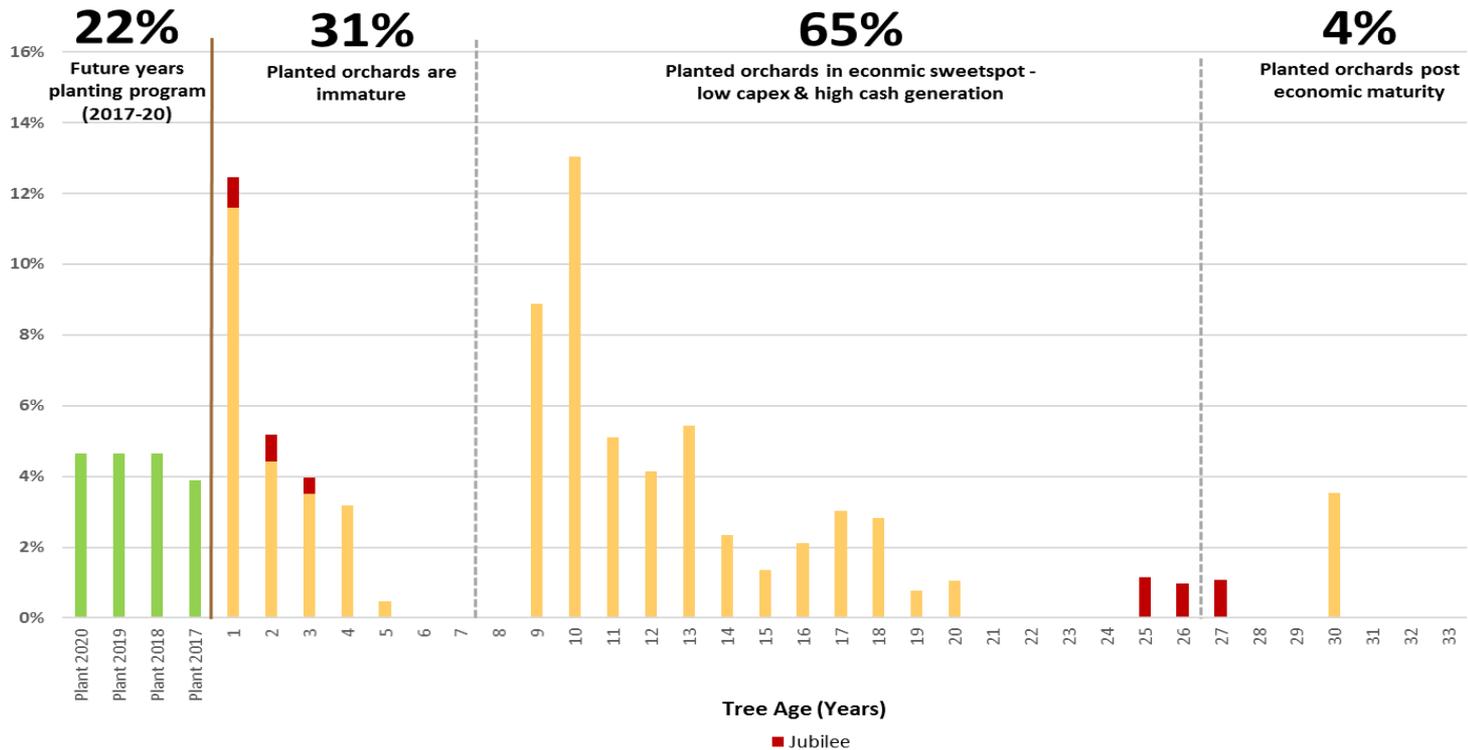


Select Harvests – Orchard Age Profile



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Age Profile of SHV Almond Orchard Portfolio Jubilee will increase current planted acres by 7%



Significant growth & improvement occurred in SHV orchard portfolio in recent years - acquisition, replants, greenfields





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