



SELECT HARVESTS

# Select Harvests Limited (“SHV”)

2017 Management Briefing & Site Tour Presentation

23 March 2017



# Disclaimer & Basis of Preparation



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# Agenda



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- 7.00am** **Introduction to Select Harvests & Business Overview** - Paul Thompson (Managing Director) – **15 mins**
- 7.15am** **Consumer Marketing** - Mark Eva (General Manager Sales & Marketing – Consumer) – **15 mins**
- 7.30am** **Orchards** - Peter Ross (General Manager Horticulture) – **15 mins**
- 8.00am** **Bus trip - Depart for Bunargool orchard** – **75 mins**
- 9.15am** **Orchard Tour (Bunargool & Carina)** – **135 mins (including travel)**
- 11.30am** **Trading/Industrial Markets** - Laurence van Driel (General Manager Trading & Industrial) – **15 mins**
- 12.00** **BBQ Lunch**
- 12.45pm** **OH&S/Sustainability & Environment** - Kathie Tomeo (General Manager Human Resources) – **15 mins**
- 1.00pm** **Operations**- Bruce van Twest (General Manager Operations)
- 1.15pm** **Processing Site Tour** – **90 mins**
- 2.45pm** **Closing** - Paul Thompson – **15 mins**
- 3.00pm** **Bus trip - Depart for Mildura** – **90 mins**
- 4.15pm** **Arrive at Mildura Airport**





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## Almond Industry Update

**Paul Thompson**

**Managing Director**



# Today's Objectives



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- 1. Communicate SHV Strategy**
- 2. Performance to strategy**
- 3. Update on markets**
- 4. Update on SHV performance**
- 5. Interact with the Executive & key employees**
- 6. View the key asset base**
- 7. Understand your aspirations for SHV**





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

# Business Status



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## Almond Division

- Demand fundamentals remain strong
  - Healthy eating continues to grow
  - Wealthy middle class of the world looking for low cost plant protein
- Supply Chain in the bottom quartile
  - Focussed on outcomes to improved yields, lower cost and improve quality
  - Orchard expansion plan funded & in place to increase production to 20,000MT by 2022/3
  - Establishing value-added supply chain, two capital projects delayed, no significant impacts

## Food Division

- Business now well positioned to grow
- Non-organic growth acquisitions and export are required
- Supply chain needs to improve/right sized

## Corporate

### Balance Sheet

- Strong position to handle highs and lows of commodity pricing - with capacity to grow
- 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 23 TO 16 YTD
- Zero environmental incidents

### 1Select

- One business ERP system by June 2017

**Business Performance is in line with strategy**





# Select Harvests 2017 Crop Update

## Harvest - 40%+ Complete

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

## 2017 Crop - 15,750 - 16,250 tonnes

- Less than 10% processed to date
- First impression - quality and volume exceeding expectations

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

- 45-50% of the crop has been committed in A\$7.70/kg to A\$8.00/kg range

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





# Select Harvests 2017 Goals

## Almond Division

- Integration of Jubilee
- Commissioning of H2E Biomass plant & alternate energy sources
- 2017 Harvest
- Evaluate strategic value accretive acquisitions
- Greenfield execution
- Integration of new systems

## Food Division

- Execute China launch
- Sell new Parboil capacity and capability (allergen-free production & almond paste)
- Evaluate strategic value-accretive acquisitions
- Maintain current investment in Brands & New Product Development
- Develop lower cost supply chain
- Integration of new systems

**Continue to leverage base and invest in growth**



# Almond Orchards – Our productive foundation



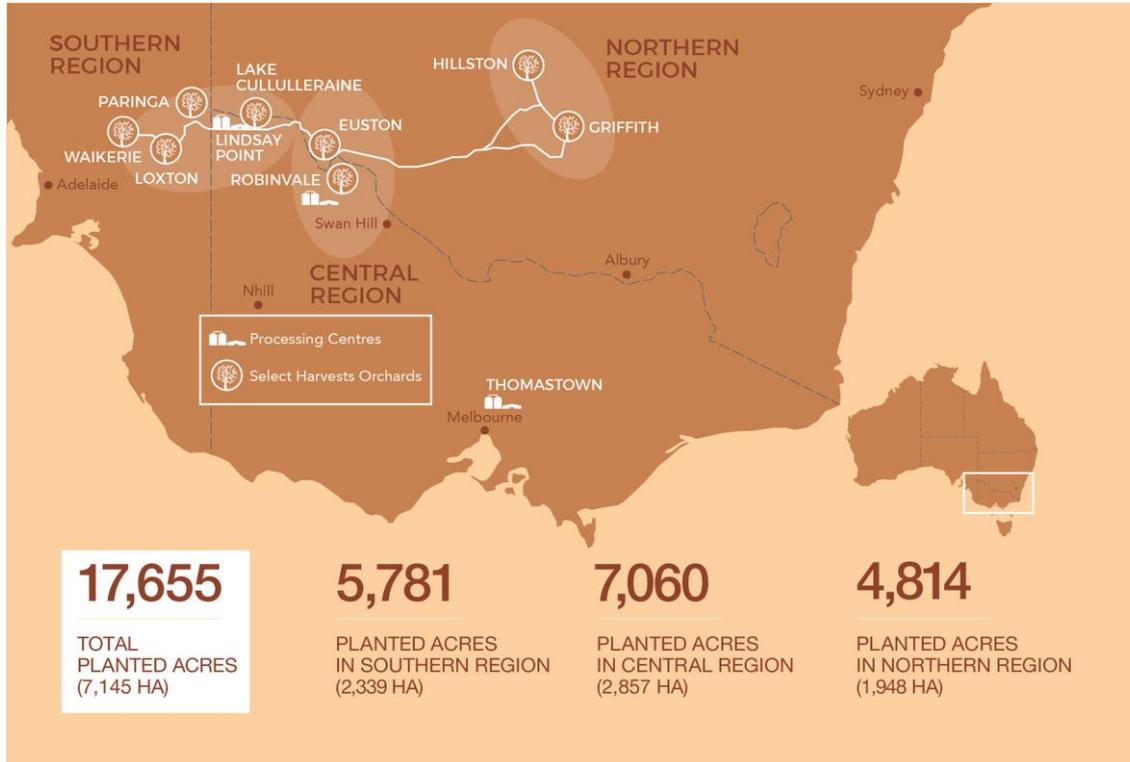
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## Geographic diversity limits exposure to:

- 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 2<sup>nd</sup> largest & most geographically diverse almond producer – 17,655 planted acres**

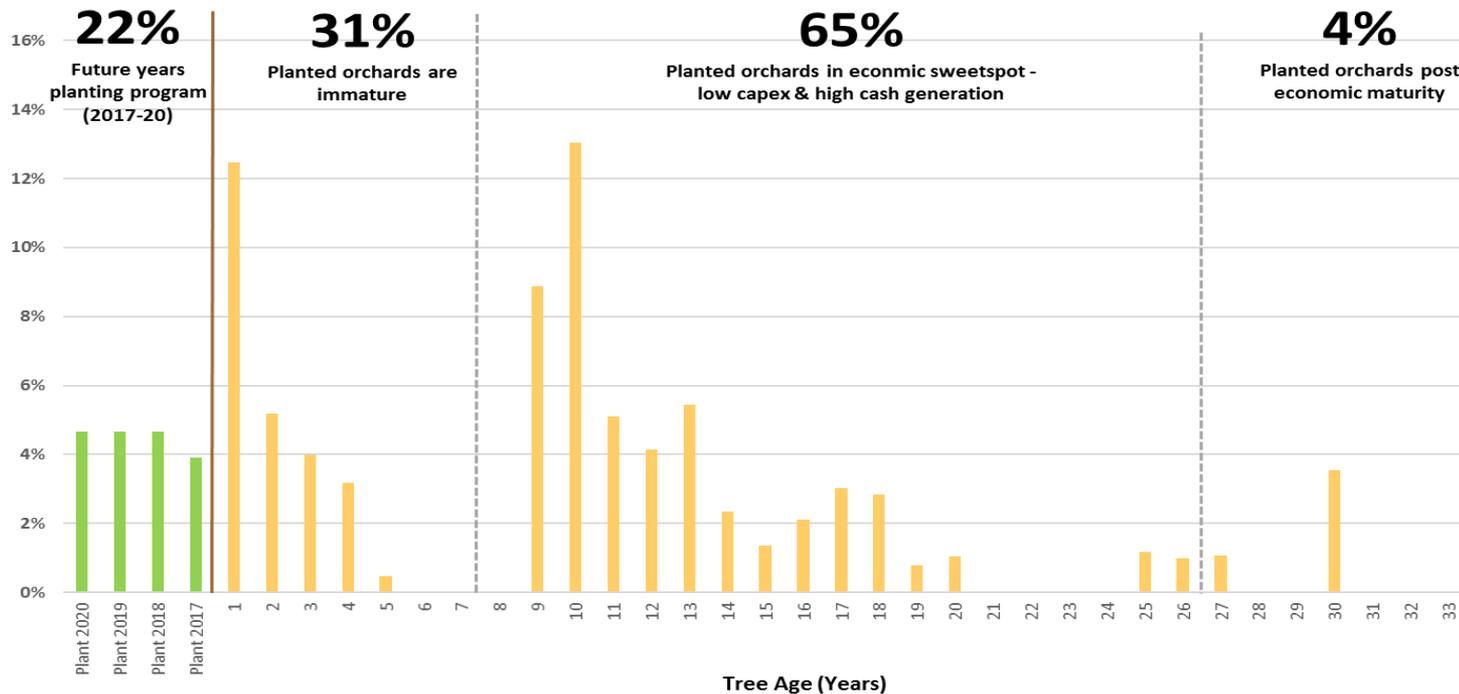


# Select Harvests – Orchard Age Profile



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## Age Profile of SHV Almond Orchard Portfolio 74% of current planted acres are cash generative



Includes Jubilee Acquisition

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



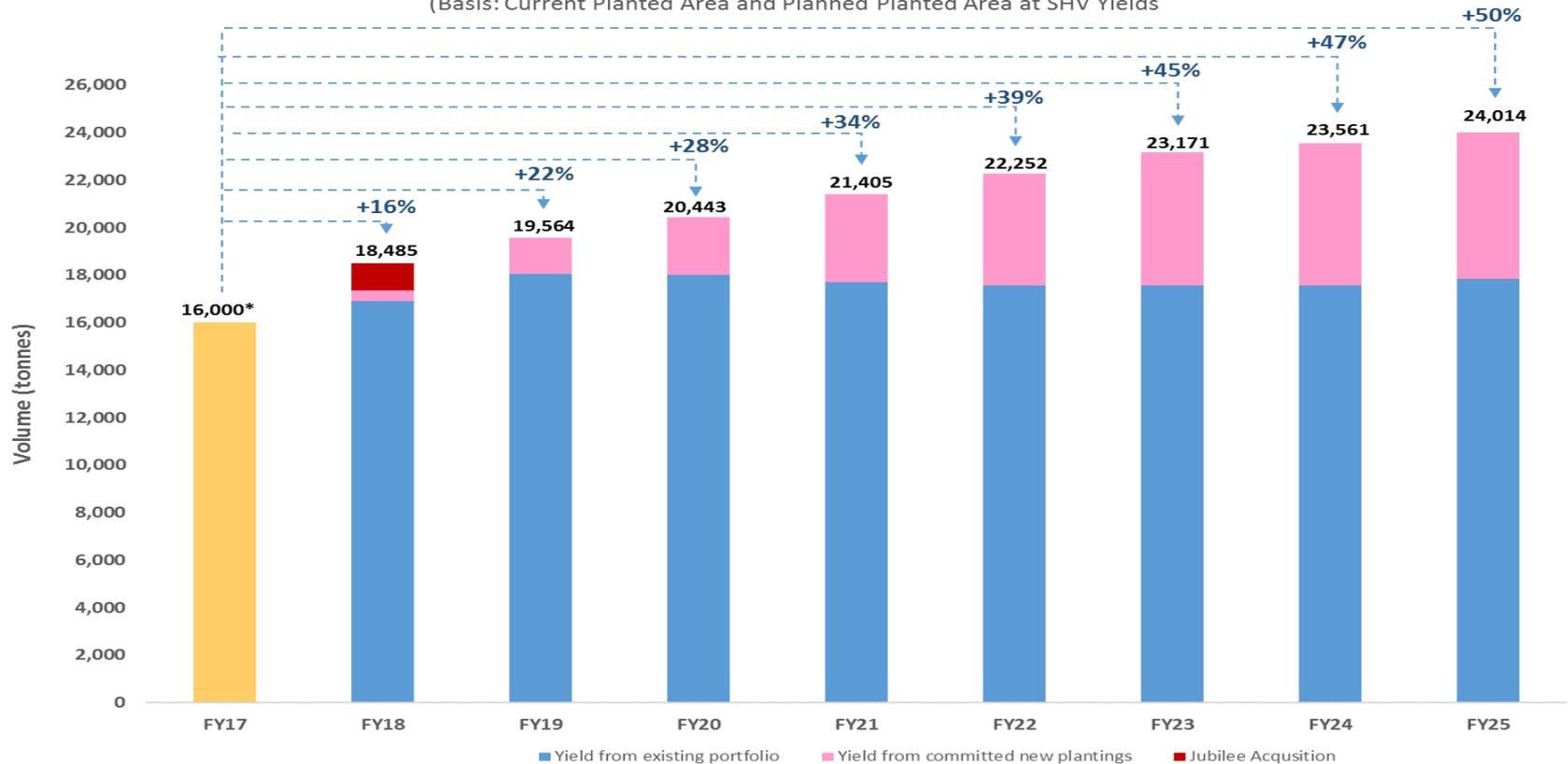
# Significant Step Change Short term Volume Growth



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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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## Consumer Brands & Marketing

Mark Eva

General Manager Sales & Marketing - Consumer Products



# Main Categories – Branded



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## Baking & Cooking Nuts



## Wholesome Snacking (Dried Fruits & Nuts)



## Enjoyment Snacking (Flavoured and Salted Nuts)



Muesli & Oats

Natural & Wholefoods



# Key Activities & Outcomes – Last 12 Months



- **Brands development** – New releases to market in Lucky, Sunsol and NuVitality brands and Grew / Maintained key distribution
  - Lucky brand share still dominant proprietary brand in Nuts & Dried Fruits category at >37%
  - Transitioned to NuVitality brand from Nu-vit in key export markets and launched locally
  - Expanding Sunsol range to additional Oat based products
  - Margin and EBIT improvement
- **New product development** – Recently released products represent >14% of YTD sales
  - Strong NPD pipeline across Health, Cereals and Nut based foods and beverage
  - Challenging domestic retailer environment focussed on range reductions in 2016 rather than additions. Changing in 2017
- **New channel and market development** - China Distribution Agreement with Sinotrans division
  - Rigorous investigation of China market potential and Distribution options
    - Capability, passion for our categories and brands
    - First major shipment despatched March
  - New Distributors in Japan and Indonesia commenced in-market sales

**Base business strengthened and improved returns**



# Key Activities & Outcomes – Next 12 Months



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- **Brands development – Development in existing and Expanding to related categories**
  - Lucky, Sunsol and NuVitality brands to new product categories
  - Invest in Research and Brand communications to develop further opportunity, protect base and build direct customer relationship
- **New product development – Well developed new product pipeline**
  - Developments to market in Nuts, Cereals, Snack and Wholefoods & Beverage
  - Continued investigation of other synergistic categories for our capabilities or brand positioning
  - Grow value-added NPD opportunities and capabilities
- **New channel and market development - China plan implementation, broaden channel and additional export market exposure**
  - Significant step-up in implementation in Chinese market
    - Brick & Mortar retail, selected Internet retailers, build brand with consumer
    - Grow range in existing markets: Hong Kong, Singapore, Thailand, Japan & Indonesia
  - Expand in other Alternate channels e.g. Costco, Convenience, HORECA and explore other emerging channels

**Brands positioned to grow from healthy base**



# Recent New Product Development



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Brands are now more contemporary and innovative and well positioned in Nuts & other Plant based, Better-for-you foods categories





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## Orchards

**Peter Ross**

**General Manager Horticulture**



# Key Activities & Outcomes – Last 12 Months



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- **Plantings 1,008 Hectares (2,492 Acres)**
  - Bunargool greenfield development – 578 Hectares (1,428 Acres)
  - Mullroo greenfield development – 129 Hectares (320 Acres)
  - Amaroo greenfield development – 135 Hectares (334 Acres)
  - Mt View greenfield development – 43 Hectares (106 Acres)
  - Kyndalyn Park redevelopment – 123 Hectares (304 Acres)
  - All developments have been completed, trees are in good health and growing well.
- **Existing infrastructure upgrades**
  - Fertiliser injection system modernization across selected existing orchards to achieve proportional dosing of multiple tank mixes, based on real time telemetry and irrigation flow rates – improved fertilizer distribution, uniformity and control.
  - Works have been finalised on the pump shed upgrades at our Belverdere orchard. These works included control system upgrades, pump and filtration replacements and fertilizer distribution modifications – fuel savings, improved reliability, fertilizer distribution uniformity and reduced maintenance.
  - Reviews of low topography areas within existing orchard zones have resulted in the first stage of drainage installation into selected areas – drainage water recapture during rain events, reduced risk of tree loss in wet area zones.
- **Harvest**
  - 2017 Harvest update.
  - Modified shaking pattern achieving variable frequency has been installed into all tree shakers – improved nut removal, decreasing mummy nut levels and reducing requirements for hand polling.
  - Trials are been conducted using a Flory conditioning harvester – reduced soil volumes, decreased drying time and improved pickup speeds.
- **Pest Management & Control**
  - A further review of our insect management program has resulted in an updated insect management strategy being developed that includes an increased focus on orchard hygiene, insect trapping, fumigation, targeted use of IPM friendly insecticide and a trial of mating disruption technology – reduction of insect damage resulting in improved product quality.



# Key Activities – Next 12 Months



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- **Plantings 361 Hectares (892 Acres)**
  - Farm 7 Green field development – 158 Hectares (390 Acres)
  - Amaroo Green field development – 180 Hectares (445 Acres)
  - Carina Green field development – 23 Hectares (58 Acres)
- **Orchard programs**
  - Continue with the higher input base fertilizer/foliar programs and targeted water management – this has resulted in increased tree health, growth & cropping potential – Targeting 3.21 ton per hectare (1.30 ton per acre) across mature orchards.
- **Staff training and upskilling**
  - Build on staff development and training within the horticultural area at all levels – a focus on irrigation/fertigation system knowledge, agronomy awareness, OH&S and management training.
- **Further upgrades of existing orchard infrastructure**
  - Surface drip line replacement program for above ground dripper line in orchards with installations 15+ years of age - improved water & fertilizer distribution.
  - Complete the final roll out of upgrades to fertilizer distribution systems – improved reliability, fertilizer distribution uniformity and control.
  - Drainage installation to low topography areas of selected orchard zones – drainage water recapture during rain events, reduced risk of tree loss.
- **Harvest**
  - Review existing and implement improvements to the harvest quality testing program – refining data collection and benchmark modelling, resulting in enhanced visibility of kernel quality through the supply chain.
- **Jubilee Orchard**
  - Integrate the Jubilee orchard into the almond division – managed/structured transfer to Select Harvests ownership, focusing on existing staff, OH&S, system structures and orchard productivity.
- **Manage cost**
  - Anticipate cost pressure on pollination services.
  - Anticipate cost relief on water, fertiliser and foliates.



# Orchard Tour Safety – Bunargool & Carina Orchard



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## ■ Key Hazards in the orchards

- Traffic (Tractors, Harvest Equipment & RTV's )
- Noise
- Dust

## ■ Personal Equipment Requirements

- Hi-vis vests / shirts must be worn
- Face masks (if required)
- Eye protection (if required)
- Ear protection (if required)



## ■ Emergency Procedures

- Your guide will escort you to the emergency assembly point if required
- Jason Robinson – Bunargool Orchard Tour
- Luke Benham – Carina Orchard Tour

**EMERGENCY  
ASSEMBLY  
POINT**





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## Trading & Industrial

**Laurence Van Driel**

**General Manager Trading & Industrial**



# Overview of current market.



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## ■ Demand:

- Demand remains strong, 28 percent increase from the same time last year.
- Consumers continue to see the benefits of almonds as a super food with new product development remaining buoyant.
- The market is very strong with 84% of the New crop sold or 72% inclusive of the carry in.

## ■ Global Supply:

- The 2016 US crop will end up close to 2.15 billion lbs
- Some doubt remains as to the size of the coming Californian crop, due to rain during Bloom.

## ■ Outlook:

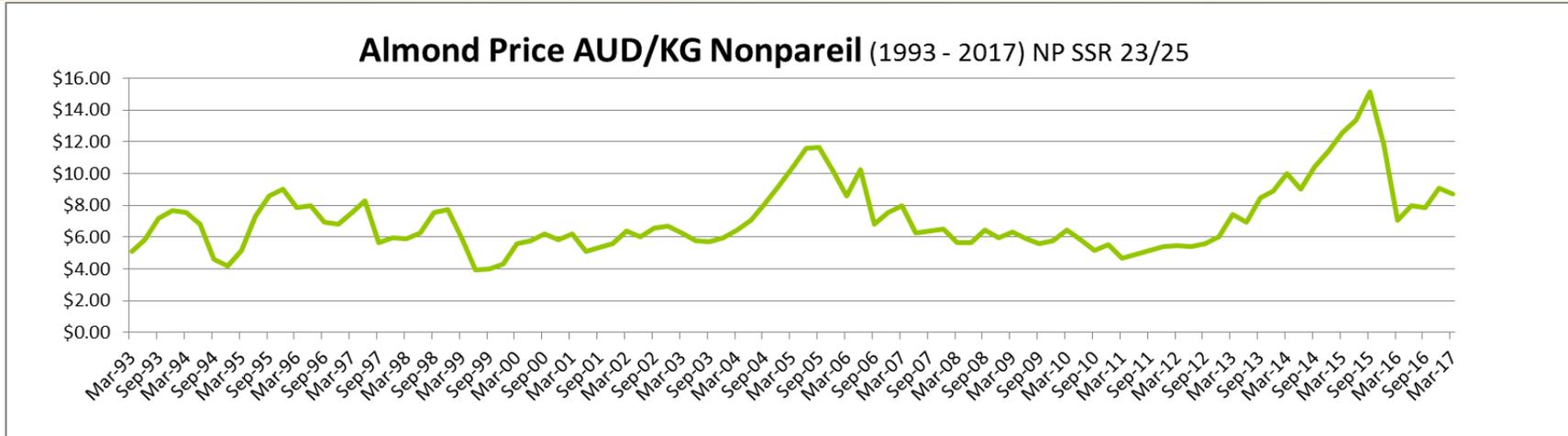
- Controversy hangs over the potential 2017 crop due to the heavy rains experienced over the bloom period.  
Optimistic growers place the crop potential at 2.3 billion lbs and the pessimists 2.0 billion lbs.
- We foresee prices remaining stable within a band of \$7.70 - \$8.20Kg for the Australian crop.
- The Subjective estimate is due first week May and the Objective estimate in July.

**Market has reacted as we predicted with price declines.**





# What is driving the almond prices?



\* This is internal company data. Please note this is a reflect of one nut variety & size not the total pool return

## Key influencers on price

- Demand did react adversely to record high prices but is now back on track and consumption growing
- Relativity of other commodities walnuts , cashews & pistachios, almonds are cheap.
- US 2017 crop forecast unknown – Wet Bloom shadows doubt on potential 2017 crop

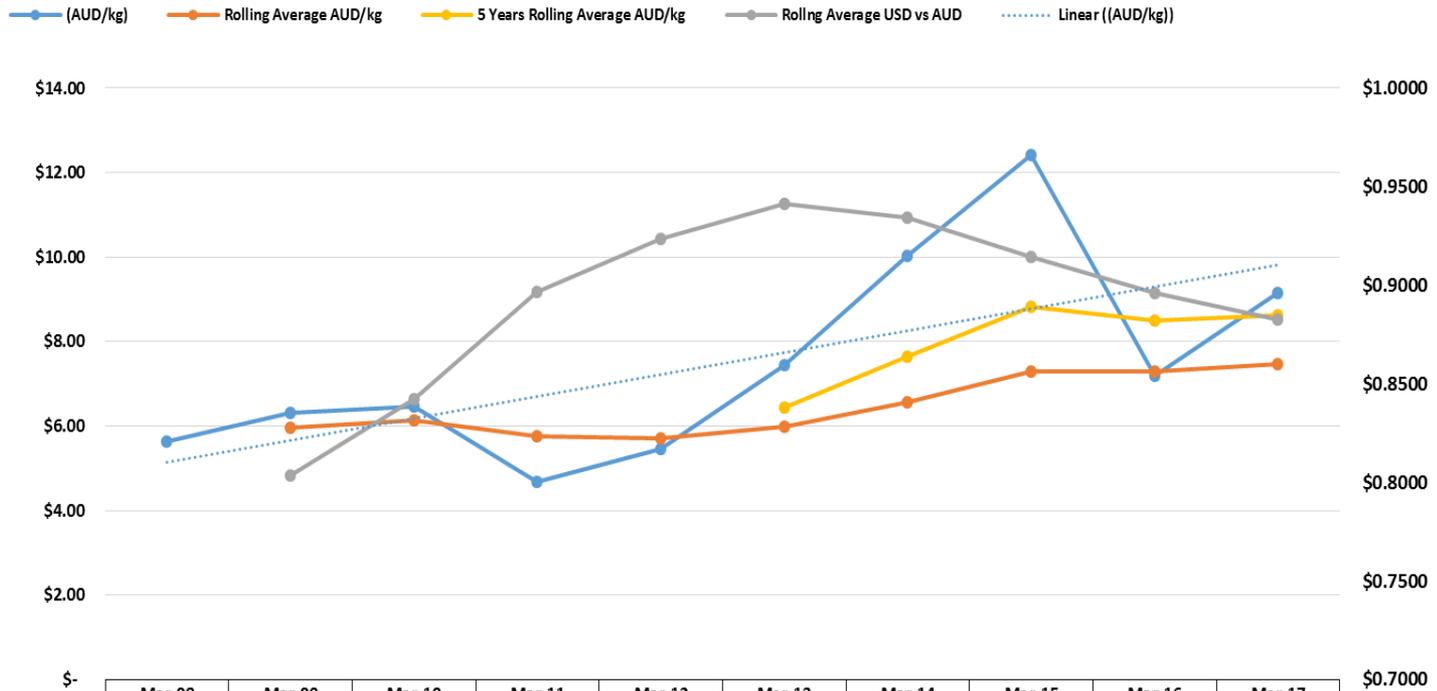
**Current pricing is delivering confidence.**





# Almond Pricing History - 9 year crop period.

Almond Price Nonpareil SUP 23/25 (AUD/kg)



	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17
(AUD/kg)	\$5.63	\$6.30	\$6.46	\$4.69	\$5.45	\$7.45	\$10.02	\$12.42	\$7.20	\$9.14
Rolling Average AUD/kg		\$5.97	\$6.13	\$5.77	\$5.71	\$6.00	\$6.57	\$7.30	\$7.29	\$7.48
5 Years Rolling Average AUD/kg						\$6.45	\$7.64	\$8.83	\$8.51	\$8.61
Rolling Average USD vs AUD		\$0.8034	\$0.8422	\$0.8967	\$0.9233	\$0.9411	\$0.9345	\$0.9145	\$0.8962	\$0.8826

Source: Company data. Note this is on variety pricing only

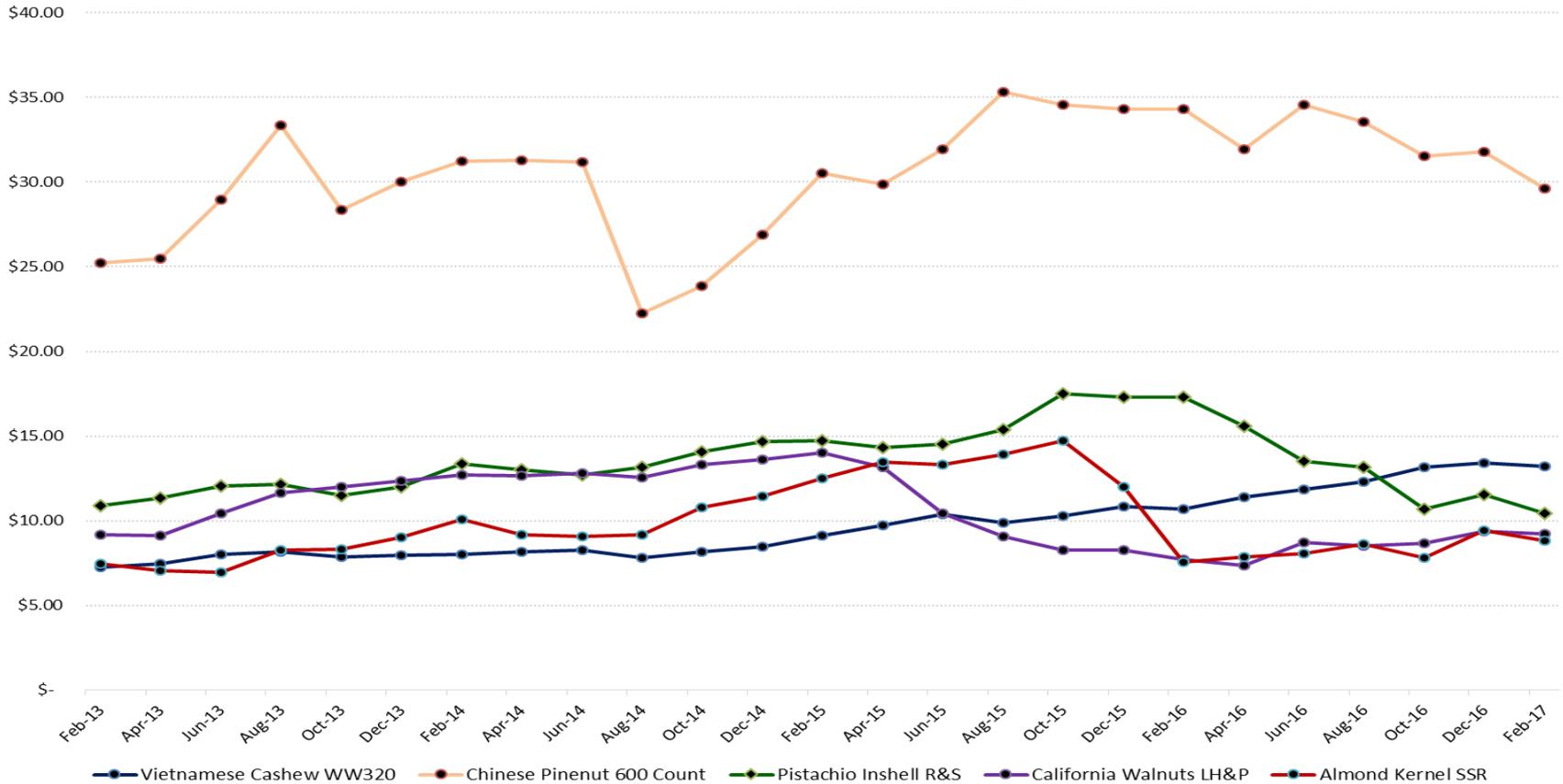
Long term pricing momentum remains positive





# How do almonds sit in the basket with other nuts?

### Comodity Price Trend 2013 - 2017 - AUD\$/KG CFR



**Almonds are currently the best value in the basket, which will drive consumption**



# New almond products on shelf



## New almond products launched in Supermarkets as an ingredient in over 100 Country Markets

March 2015 – Feb 2016

	2015-16
Almonds	9255
Cashews	3120
Hazelnuts	6083
Walnuts	1683
Pistachios	958
Macadamia	501
Peanuts	5792

March 2016 – Feb 2017

	2016-17
Almonds	8876
Cashews	3366
Hazelnuts	5614
Walnuts	1761
Pistachios	946
Macadamia	546
Peanuts	5954

Data obtained from Inova Global Data base

### Almonds continue to lead the charge against other commodities





## Demand:

- Demand remains strong, current prices will generate growth over next 6 to 12 months as they did in 2013 and prior.
- Consumers continue to see the benefits of almonds as a super food with new product development remaining buoyant.
- Almond Milk and Butters continue to grow, we are able to participate in this market now with our high speed refiner.
- Ingredient manufacturers looking at almonds again as inclusions – Buoyant growth in our Industrial area.
- Almonds are the most Competitive nut which will stimulate growth.

## Supply:

- Drought conditions are no longer discussed.
- Abnormal Weather conditions prevailed for part of the bloom
- Spanish crop – could be a normal crop 60,000 – 75,000 M/t. No great surprises.
- New product development activity remains buoyant.

## Outlook:

- The Californian Almond Board has an additional \$22M USD of marketing monies to help accelerate consumption, Total Marketing spend will now exceed \$60M USD.

**Pricing overcorrected in Feb/March 2016 and is now settling into a good buying range.**





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## OH&S and Sustainability

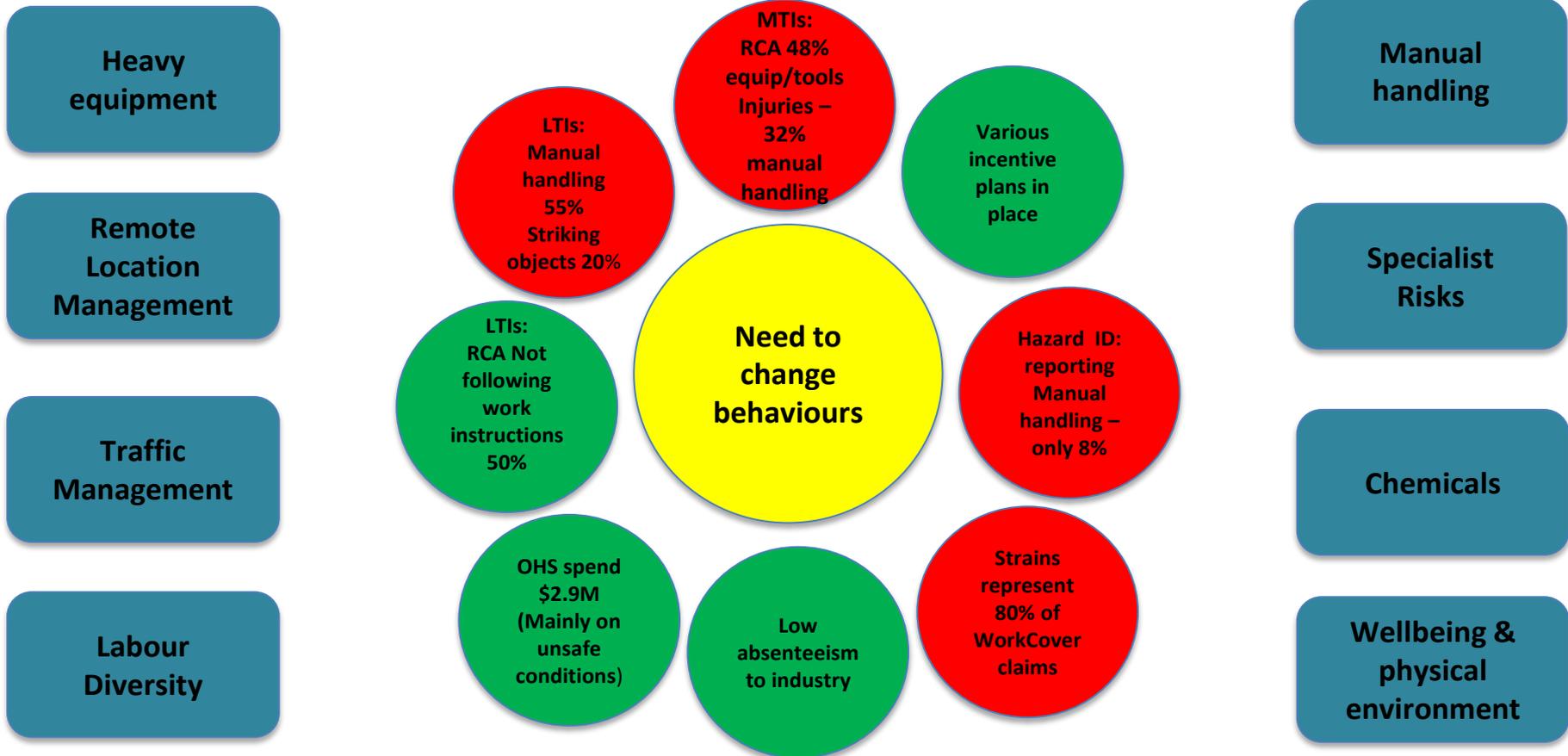
**Kathie Tomeo**

**General Manager Human Resources**





# 1. Safety Environment



Manual handling and failure to follow work instructions are the main cause of our workplace injuries



# OH&S & Wellbeing Strategy



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Our Zero Harm strategy aims to prevent incidents before they happen and improve individual wellbeing

- **25% Year on Year reduction in LTIFR and MTIFR**
- **75% Year on Year increase in HIFR**

Our 4 key strategic priority areas:

1. Safety Leadership: Culture and Education
2. Performance management
3. Process improvement
4. Wellbeing education

Our Progress:

1. Safety audits across our business
2. Company wide safety survey
3. High priority audit recommendations being addressed
4. Safety manual review underway
5. Education focused on manual handling and wellbeing

**Individual behaviour and accountability is essential**



# 2016 Safety Results



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	2015/16 FINANCIAL	Rolling 12 Months	Rolling 12 Months	Comments
<b>LTIFR</b> (Lost Time Injury Frequency Rate)	18	15	-16.6%	Pleasing result short of target, but right momentum
<b>MTIFR</b> (Medically Treated Incident Frequency Rate)	40	26	-35%	Great result significantly less employees requiring medical attention
<b>HIFR</b> (Hazard Identified Frequency Rate)	659	417	-27%	Disappointing this leading measure is not gaining sufficient focus
<b>LTISR</b> (Lost Time Injury Severity Rate)	16*	18	+12.5%	Result driven by injuries carried over from last year

**Our strategy is on track**





## 2. Sustainability - Environment



Sustainability is at the core of our relationship with consumers, customers, community, employees and shareholders



# Sustainability Strategy



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Our strategy delivers sustainability by protecting and improving our environments through:

- **Nil environmental incidents**
- **Less waste**
- **Less resources per tonne**
- **Employer of Choice**

Our 3 key strategic priority areas:

1. **Social:** developing beneficial relationships with employees, customers, suppliers and the community
2. **Environmental:** reducing the impact of resource usage, hazardous substances, waste and emissions on the physical environment
3. **Economic:** increasing business efficiency, productivity and profit

Our Progress:

1. Audits across our business
2. Company wide reporting and industry benchmarking are being put in place
3. Annual Sustainability Report
4. Education and targets are being developed for broader environmental goals

**These activities have a direct benefit for our business by reducing costs**





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# Carina West Almond Processing Plant



***“From Paddock to Plate”***

**Operations**

**Bruce van Twest**

General Manager Operations





# Key Activities – Last 12 Months

- **Project H<sub>2</sub>E – Hull to Energy**  
*Biomass boiler and steam turbine, fuelled by almond hull and shell and orchard waste and converting it to heat and power*
  - Stage 1 – Complete - savings realised from March 2015 of \$1m to date
  - Stage 2 – Commissioning May 2017 – Fully Operational June 2017
- **Project Parboil – Almond Value-Add Facility**  
*Almond-only facility with added capacity, new technology, improved quality and lower cost*
  - Installation and commissioning new Almond processing/packing plant March 2017
  - Process and pack all blanched, roasted, sliced, diced, ground, and pastes for Industrial & Retail formats
  - Commissioning March 2017 – Fully Operational April 2017
- **Project Monterey – Regional Corporate Office**
  - Completed December 2016
- **Improved Quality**
  - Chips & Scratches - Replaced auger conveyor in pre-cleaner with belt conveyor to minimise damage
  - Insect Control - Changed fumigation process to include more interventions at critical steps
  - Foreign Material - Upgraded Dust Extraction in Sorting and Packing area





# Key Activities – Next 12 Months

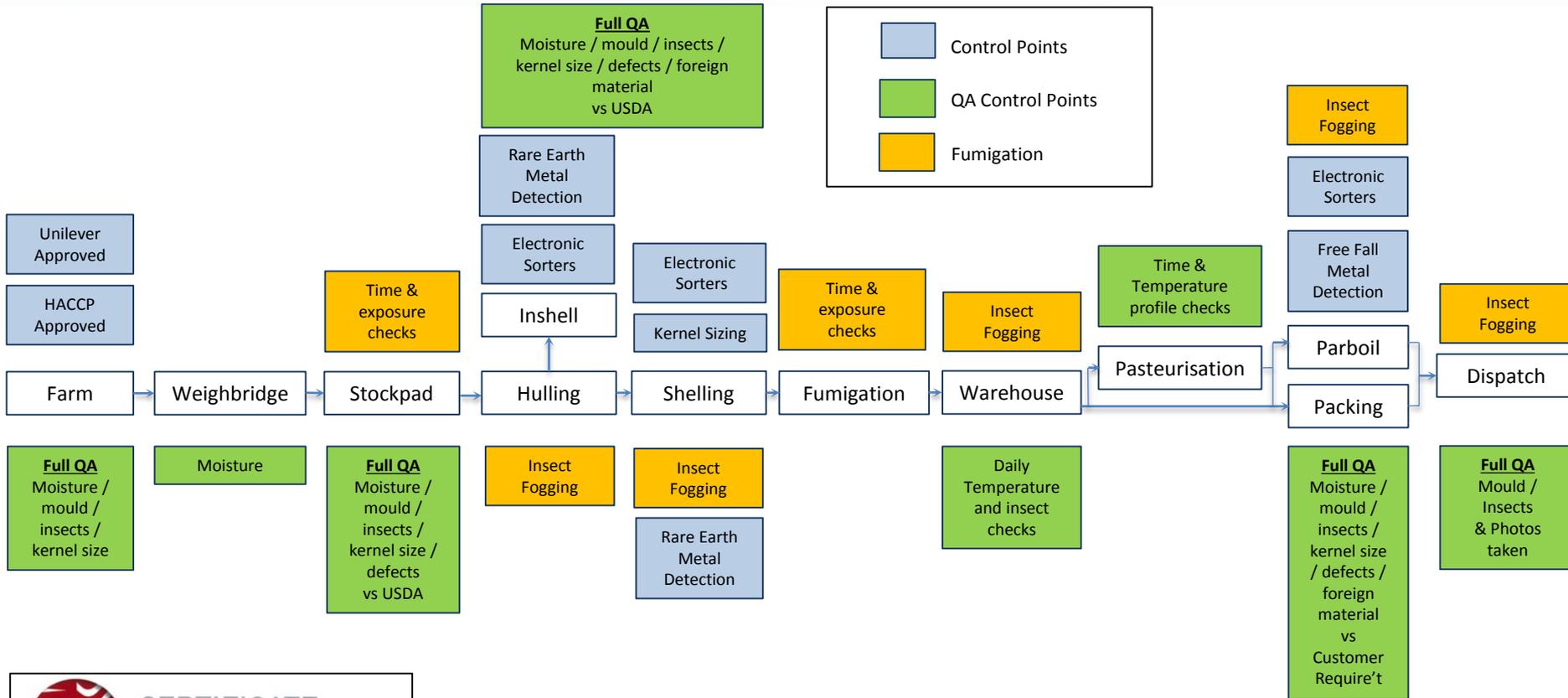
- **Project H<sub>2</sub>E – Hull to Energy**
  - Complete commissioning
  - Bed down running conditions
  - Fine tuning to minimise input cost & maximise output savings (including hull substitution)
  
- **Project Parboil – Almond Value-Add Facility**
  - Complete commissioning
  - Bed down running conditions
  - Obtain quality certifications
  - Fine tune operating parameters
  
- **Maximise value of 2017 crop**
  - Shutdown maintenance focussed on downtime prevention & damage minimisation
  - Targeted training of specific quality improvement initiatives
  - Technology upgrade of electronic sorting
  - Improvement in crop data/information shared between Processing and Farms
  - Consolidation of new ERP system



# Quality Control

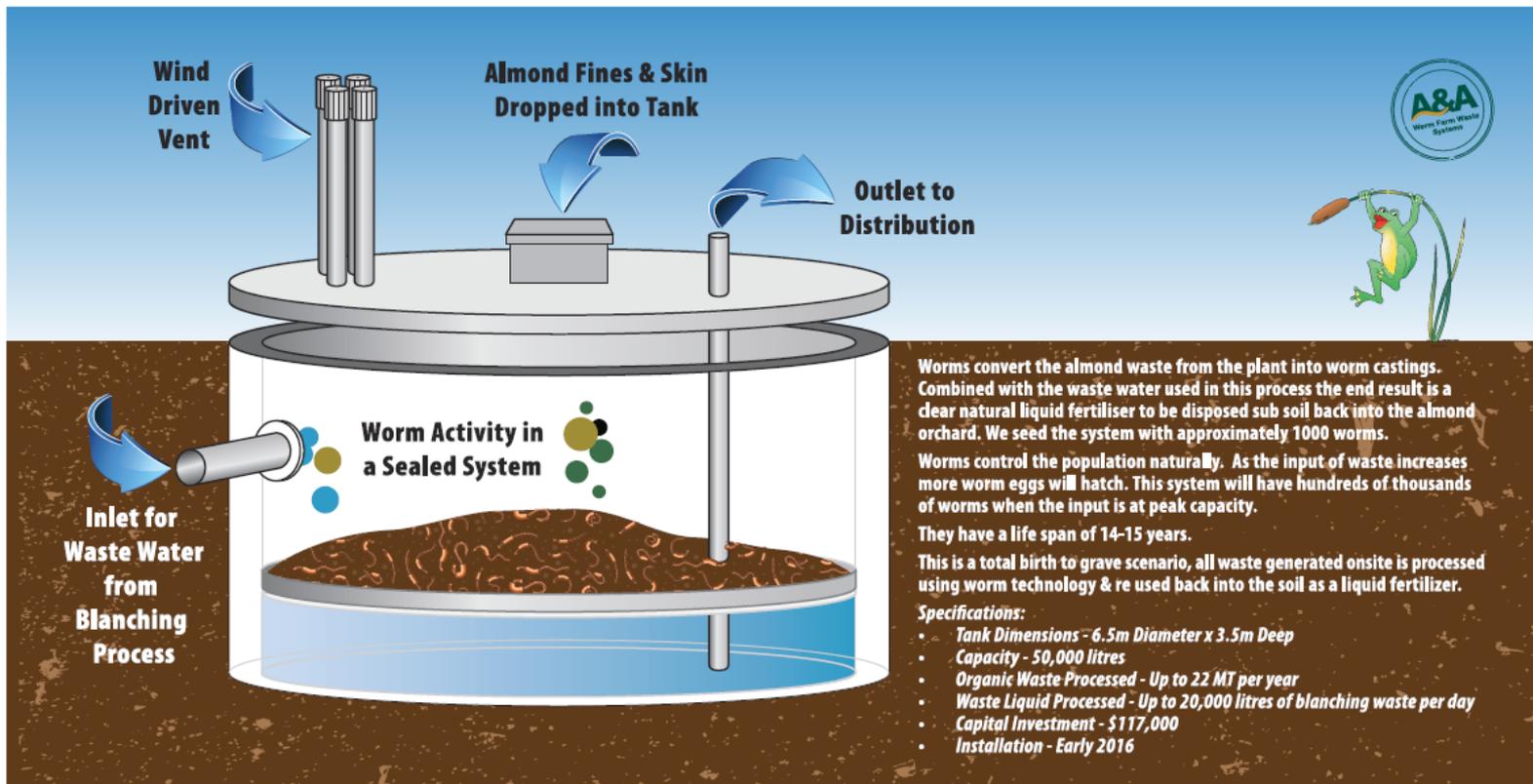


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## Blanching Waste Treatment - Worm Farm



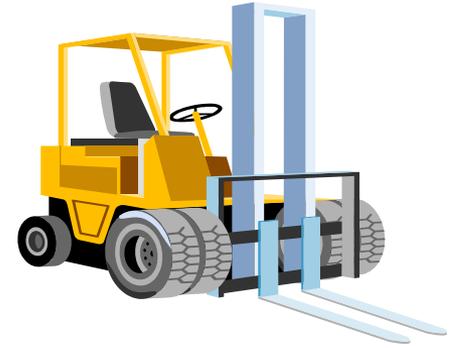
# Operations – Carina West Plant Tour



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## ■ Key Hazards in Processing Plant

- Traffic (forklifts)
- Noise
- Compressed Air
- Almond dust



# Operations – Carina West Plant Tour



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## ■ Personal Equipment Requirements

- Hi-vis vests / shirts must be worn
- Face masks in designated areas
- Eye protection in all areas
- Ear protection in all areas
- Hair nets and beard snoods
- Wash & Sanitise hands in designated areas



# Operations – Carina West Plant Tour



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## ■ Emergency Procedures

- If factory siren sounds, remain calm & follow your guide's instructions
  - Your guide will escort you to the emergency assembly point if required
- Stay on designated walk ways
- Keep together
- If in doubt – ask your guide

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## Closing Overview

**Paul Thompson**

**Managing Director**





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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



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# Thank you

Please direct any queries to:

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Managing Director  
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Paul Chambers  
Chief Financial Officer  
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Andrew Angus  
Investor Relations  
+61 402 823 757

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



# How large can the 2017 crop be?



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## Northern Region Bloom Statistics

Based on current and historical Blue Diamond "Crop Progress/ Bloom Reports"

		Historical Bloom Statistics by Region - CY2000 thru CY2017									
		Sorted from Highest to Lowest total Bee Flight Hours (Based on Blue Diamond Bloom Reports)									
Crop Year	At Least 5% or > NP in Bloom		Actual Yield/Acre	Bee Flight Hours	Bee Flight Quality Score	# of Days of Bloom	Avg. Bee Hrs per Day	Bad Bloom Weather			Frost Impact
	Start	End						Rain	Wind	Cold	
<b>Northern Region</b>											
2013	Feb 21st	Mar 12th	1,924	127.5	71.3	20	6.4	No	No	No	
2014	Feb 10th	Mar 2nd	1,616	122.0	70.7	21	5.8	No	No	No	
2006	Feb 9th	Mar 2nd	1,270	116.0	75.8	22	5.3	No	No	Yes	Yes
2007	Feb 10th	Mar 11th	1,746	111.0	76.0	22	5.0	No	Yes	No	
2008	Feb 26th	Mar 11th	1,763	104.0	67.7	16	6.8	No	No	No	
2003	Feb 11th	Mar 2nd	1,666	101.0	66.0	20	5.1	All	All	Yes	
2012	Feb 14th	Mar 2nd	1,684	98.5	62.4	18	5.6	No	No	No	
2002	Feb 21st	Mar 7th	1,391	94.0	59.3	15	6.3	No	No	No	Yes
2015	Feb 9th	Feb 22nd	1,685	90.5	57.3	14	6.5	No	No	No	
2011	Feb 12th	Mar 10th	1,726	84.0	52.4	27	3.1	1st Half	1st Half	No	
2005	Feb 13th	Feb 28th	1,340	76.0	39.0	16	4.8	All	All	No	
2016	Feb 12th	Feb 24th	1,794	74.0	42.0	13	5.7	No	No	No	
2017	Feb 15th	Mar 1st	???	70.5	36.4	15	4.7	1st Half	1st Half	2nd Half	
2004	Feb 20th	Mar 7th	1,237	68.0	43.7	17	4.0	All	All	1st Half	
2009	Feb 17th	Mar 5th	1,597	66.0	38.8	17	3.9	All	All	No	
2010	Feb 17th	Mar 4th	1,686	63.0	35.7	16	3.9	All	All	No	
2000	Feb 16th	Mar 5th	1,197	60.0	21.8	19	3.2	All	All	All	
2001	Feb 19th	Mar 6th	1,222	53.0	29.2	16	3.3	All	All	No	

=Yield/Acre average by Region based on ABC Crop Receipt Data and NASS Acreage Data by County

Data sourced from Wonderful



# How large can the 2017 crop be?



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## Central Region Bloom Statistics

Based on current and historical Blue Diamond "Crop Progress/ Bloom Reports"

		Historical Bloom Statistics by Region - CY2000 thru CY2017									
		Sorted from Highest to Lowest total Bee Flight Hours (Based on Blue Diamond Bloom Reports)									
Crop Year	At Least 5% or > NP in Bloom		Actual Yield/Acre	Bee Flight Hours	Bee Flight Quality Score	# of Days of Bloom	Avg. Bee Hrs per Day	Bad Bloom Weather			Frost Impact
	Start	End						Rain	Wind	Cold	
<b>Central Region</b>											
2007	Feb 19th	Mar 13th	2,068	137.0	88.8	23	6.0	No	Yes	No	
2012	Feb 16th	Mar 7th	2,143	128.0	73.3	21	8.1	No	No	No	
2013	Feb 23rd	Mar 12th	2,243	128.0	80.8	18	7.0	No	No	No	
2008	Feb 26th	Mar 12th	2,133	126.0	80.0	16	7.8	No	No	No	
2006	Feb 12th	Mar 6th	1,886	110.0	61.0	23	4.8	No	No	Yes	Yes
2014	Feb 13th	Mar 2nd	2,058	108.5	72.9	18	5.9	No	No	No	
2002	Feb 21st	Mar 10th	1,970	108.0	59.2	18	5.9	No	No	No	
2009	Feb 20th	Mar 8th	1,711	105.0	58.0	17	6.2	No	No	All	Yes
2011	Feb 18th	Mar 10th	2,248	105.0	64.6	21	6.0	1st Half	1st Half	No	
2003	Feb 12th	Mar 3rd	1,715	105.0	63.3	20	5.3	No	No	Yes	
2015	Feb 10th	Feb 25th	1,953	97.0	58.8	18	8.1	No	No	No	
2017	Feb 14th	Mar 4th	????	93.5	52.8	19	4.9	1st Half	1st Half	2nd Half	
2018	Feb 11th	Feb 24th	2,185	85.0	55.0	14	8.1	No	No	No	
2004	Feb 19th	Mar 5th	1,634	81.0	38.7	16	5.1	No	No	No	
2010	Feb 16th	Mar 1st	1,792	71.0	38.2	14	5.1	All	All	No	
2005	Feb 13th	Feb 25th	1,305	68.0	32.8	13	5.2	All	All	No	
2000	Feb 14th	Mar 1st	1,331	56.0	21.8	17	3.3	All	All	All	
2001	Feb 19th	Mar 5th	1,477	37.0	15.5	15	2.5	All	All	No	

Legend: =Yield/Acre average by Region based on ABC Crop Receipt Data and NASS Acreage Data by County

Data sourced from Wonderful



# How large can the 2017 crop be?



SELECT HARVESTS

## Southern Region Bloom Statistics

Based on current and historical Blue Diamond "Crop Progress/ Bloom Reports"

		Historical Bloom Statistics by Region - CY2000 thru CY2017									
		Sorted from Highest to Lowest total Bee Flight Hours (Based on Blue Diamond Bloom Reports)									
Crop Year	At Least 5% or > NP in Bloom		Actual Yield/Acre	Bee Flight Hours	Bee Flight Quality Score	# of Days of Bloom	Avg. Bee Hrs per Day	Bad Bloom Weather			Frost Impact
	Start	End						Rain	Wind	Cold	
<b>Southern Region</b>											
2007	Feb 18th	Mar 12th	2,514	156.0	103.3	23	6.8	No	No	No	
2006	Feb 9th	Mar 6th	2,485	154.0	95.2	26	5.9	No	No	No	Yes
2012	Feb 14th	Mar 6th	2,725	138.5	79.0	22	6.3	No	No	No	Yes
2011	Feb 16th	Mar 9th	3,158	137.6	79.8	22	6.3	1st Half	1st Half	No	
2009	Feb 18th	Mar 8th	2,165	135.0	78.7	19	7.1	No	No	All	Yes
2013	Feb 22nd	Mar 12th	2,740	130.5	85.5	19	6.9	No	No	No	
2014	Feb 11th	Feb 27th	2,481	124.0	90.8	17	7.3	No	No	No	
2008	Feb 25th	Mar 11th	2,661	121.0	90.2	16	7.6	No	No	No	
2016	Feb 12th	Feb 27th	2,832	109.0	71.0	16	6.8	No	No	No	
2002	Feb 21st	Mar 7th	2,372	105.0	77.5	15	7.0	No	No	No	
2003	Feb 10th	Feb 27th	2,312	93.0	58.7	18	5.2	No	No	Yes	
2004	Feb 18th	Mar 5th	2,218	93.0	60.7	17	5.6	No	No	No	
2001	Feb 14th	Mar 4th	1,867	93.0	51.2	19	4.9	2nd Half	2nd Half	No	
2010	Feb 16th	Mar 1st	2,653	86.0	42.2	14	6.1	All	All	No	
2017	Feb 13th	Mar 2nd	????	80.6	40.8	18	4.6	1st Half	1st Half	2nd Half	
2015	Feb 10th	Feb 23rd	2,438	80.0	51.1	14	5.7	No	No	No	
2005	Feb 10th	Feb 24th	1,393	79.6	45.3	15	5.3	All	All	No	
2000	Feb 10th	Feb 26th	1,531	56.0	23.3	17	3.3	All	All	All	

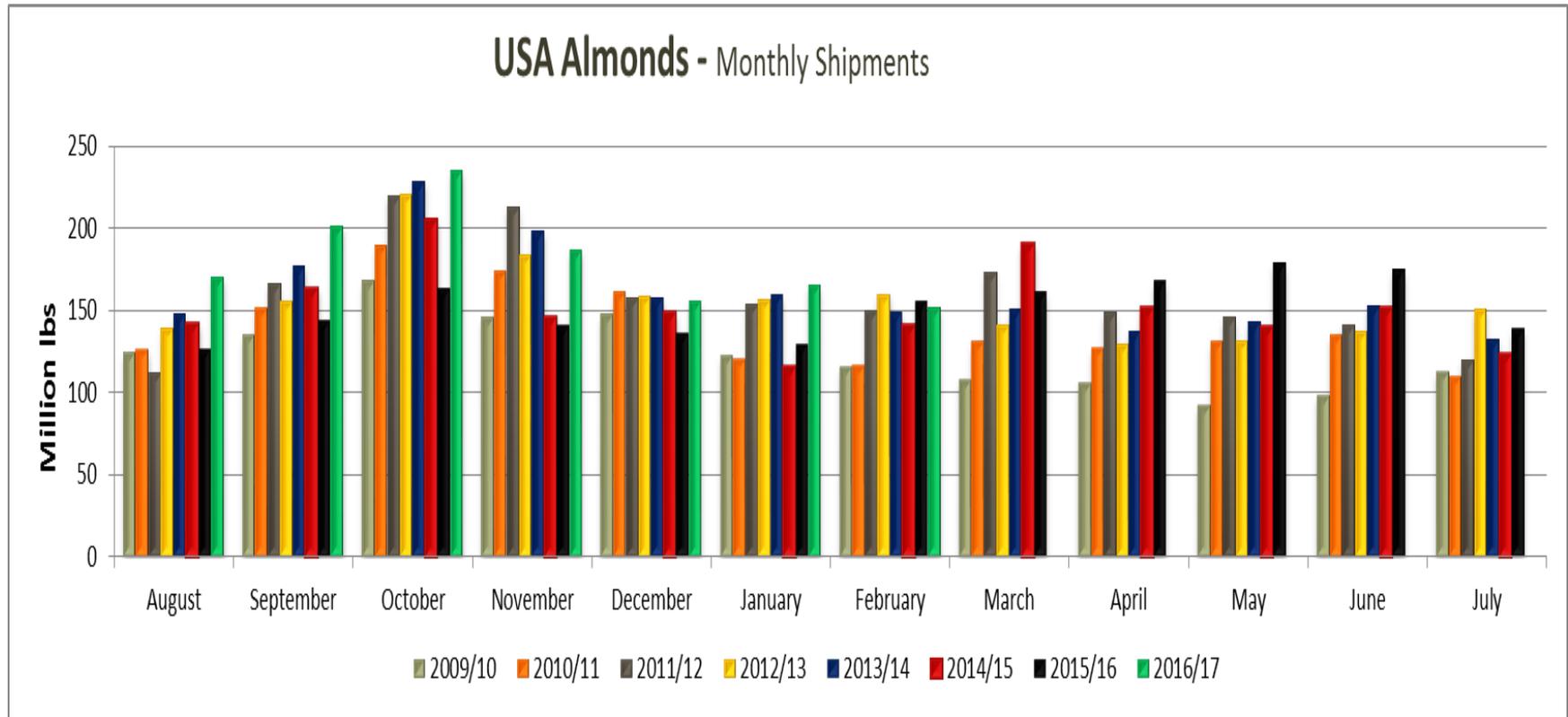
□ =Yield/Acre average by Region based on ABC Crop Receipt Data and NASS Acreage Data by County

Data sourced from Wonderful





## How are current shipments Looking?



**Current shipments are tracking at 28% above that of last year**



# Select Harvests – Orchard Profile



SELECT HARVESTS

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
<b>Central region</b>						
Company Owned	4,151	1,680			4,151	1,680
Leased	2,909	1,177	500	202	3,409	1,380
<b>Total</b>	<b>7,060</b>	<b>2,857</b>	<b>500</b>	<b>202</b>	<b>7,560</b>	<b>3,059</b>
<b>Northern Region</b>						
Company Owned	1,797	727			1,797	727
Leased	3,017	1,221			3,017	1,221
<b>Total</b>	<b>4,814</b>	<b>1,948</b>			<b>4,814</b>	<b>1,948</b>
<b>Southern Region</b>						
Company Owned	2,722	1,102			2,722	1,102
Leased	3,059	1,238	838	339	3,897	1,577
<b>Total</b>	<b>5,781</b>	<b>2,339</b>	<b>838</b>	<b>339</b>	<b>6,619</b>	<b>2,679</b>
<b>Total</b>						
Company Owned	8,670	3,509			8,670	3,509
Leased	8,985	3,636	1,338	541	10,323	4,178
<b>Total</b>	<b>17,655</b>	<b>7,145</b>	<b>1,338</b>	<b>541</b>	<b>18,993</b>	<b>7,687</b>

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





# 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



# Income Statement



SELECT HARVESTS

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

- **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**



# 1<sup>st</sup> Half 2017 Performance



SELECT HARVESTS

## Food Division

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

- 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	
<b>Almond Division</b>	<b>25.0</b>	<b>15.6</b>	<b>-38%</b>

- 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
<b>Reported EBIT</b>	<b>29.1</b>	<b>15.6</b>
Gain on asset sales	(4.1)	-
<b>EBIT (excluding gain on asset sales)</b>	<b>25.0</b>	<b>15.6</b>
Benefit of 2015 crop revaluation on 1H16	(4.0)	-
Adverse impact of 2016 crop revaluation on 1H17	-	5.1
<b>EBIT (adjusted for the impact of prior year crops)</b>	<b>21.0</b>	<b>20.7</b>
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)
<b>Underlying EBIT Comparison</b>	<b>21.0</b>	<b>20.7</b>

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



# Balance Sheet



SELECT HARVESTS

(\$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
<b>Total Assets</b>		<b>452.2</b>	<b>449.5</b>
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
<b>Total Liabilities</b>		<b>157.0</b>	<b>164.8</b>
<b>Total Equity</b>		<b>295.2</b>	<b>284.7</b>
Net Debt <sup>1</sup> (incl. lease liabilities)		52.6	98.4
Net Debt <sup>1</sup> /Equity		17.8%	34.6%
NTA/Share (\$/share)		\$3.39	\$3.11

- Net Debt<sup>1</sup> (inc. lease liabilities) \$98.4m
- Net Debt<sup>2</sup> (exc lease liabilities) \$58.4 m
- Gearing (Net Debt<sup>1</sup> to Equity) of 34.6%

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



# Cash Flow



SELECT HARVESTS

(\$m)	1H16	1H17
<b>Underlying EBITDA</b>	<b>34.7</b>	<b>25.1</b>
Change in Working Capital	48.3	8.3
Taxes paid		(25.3)
Net Interest	(2.2)	(2.3)
<b>Cash flow from operating activities</b>	<b>80.8</b>	<b>5.8</b>
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)
<b>Net Increase in Cash and Cash Equivalents</b>	<b>13.5</b>	<b>0.3</b>

- **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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# Carina West Processing Plant



# Site Information – Carina West



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- The site occupies 100 hectares of land
- Commissioned in 2008 at a cost of \$40 million
- Hulling and shell capacity of 10t/hr (kernel weight).
- 36 hectares of stock pad capacity
- Almond Pre-Cleaner & Crop Dryer
- Climate controlled warehouse
- Laboratory, Administration/Amenities complex
- 48,000 MT hull storage area
- ALMADS/JDE customised stock control & traceability system
- Almond Pasteuriser (Up to 5 log - Steam)
- Approx. 120 employees during peak season
- Pack sizes are : 5kg – 22.68kg cartons  
: 500kg – 1000kg bulk bags

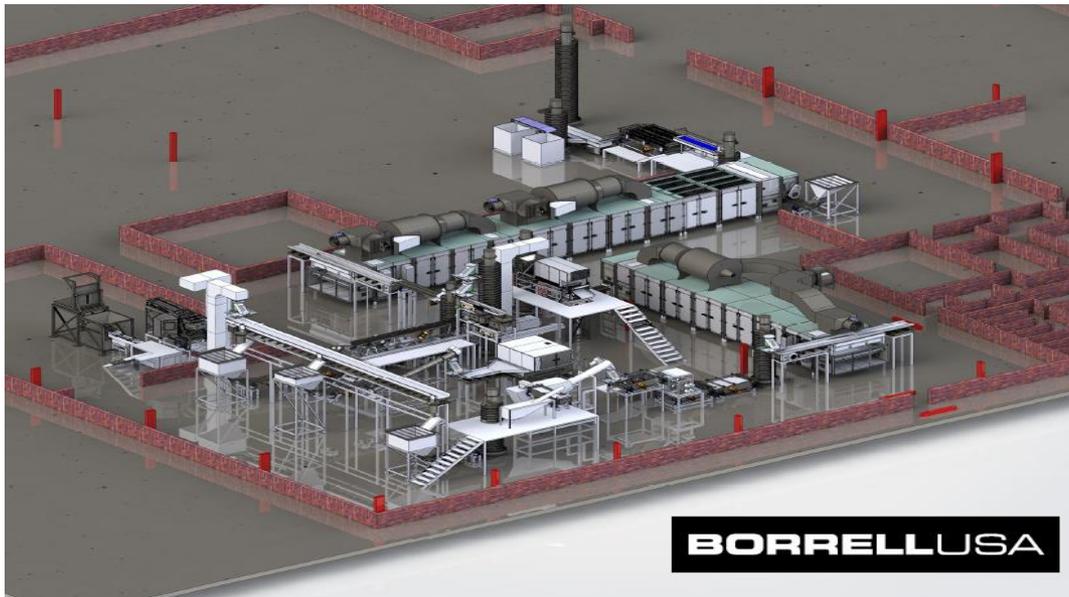


# Project Parboil – Almond Value-Add



SELECT HARVESTS

**Projective Objective:** To install an Added Value Almond Processing & Packing Facility at Carina West



**Infrastructure designed  
using and comply to:**

WQA Manufactured Food  
Standard Version8

&

Coles Food Manufacturing  
Supplier Requirements  
(CFMSR) ver Feb 2014

## Operational Highlights

- *Integrated Processing Equipment: Blanching, Slivering, Slicing, Dicing, Dry Roasting, Pasting, Grinding, Pasteurising, Electronic Sorting and Industrial & Retail Packing*
- *Climate Controlled Factory, Cool Store Warehousing*
- *Automated Industrial Packing Line with Gas Flushing*
- *Climate Controlled Factory, Cool Store Warehousing*
- *Operational Hours: 8hrs x 5 days x 48 weeks*
- *Operators Employed: 12*

## Specifications

- *Building size: 50m x 84m*
- *1.2m concrete tilt slab perimeter internal/external*
- *Borrell Integrated Blanching & Roasting Line*
- *Nimbus Electronic Sorter with Biometric Signature Identification*
- *Propac Retail Baggers AV 2.2 with Dual Feed system*
- *Pattyn Fully Automated Industrial Packaging Line*
- *Ishida Multi-Head & Check Weighers*
- *Visy Automation Robotic Retail & Industrial Palletizing line*
- *2mt per hour thru-put*



# Project Parboil – Almond Value-Add



SELECT HARVESTS



Metal Detection



Blancher



Spiral Elevators



Flow Head



Dryer



Climate Controlled Warehouse

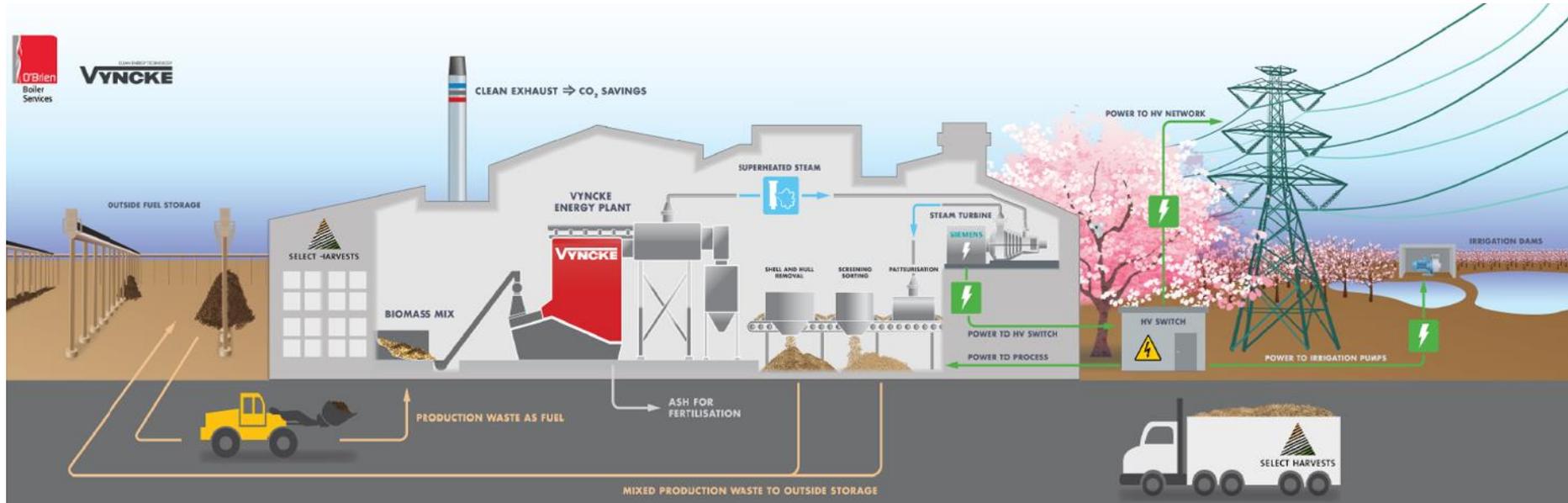


# Project H<sub>2</sub>E – Hull to Energy



SELECT HARVESTS

**Projective Objective:** Install a biomass boiler and steam turbine, fuelled by almond hull and shell and orchard waste and converting it to heat and power.



## 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 3.1MWe SST-110 turbine
- Fuel feed system - moving floor type
- Emission control - multi cyclone
- Flue gas stack - 25m carbon steel



# Project H<sub>2</sub>E – Hull to Energy



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Project Completion – June 2017



# Useful Links



SELECT HARVESTS

**Derco Foods**

<http://www.dercofoods.com/en/reports>

**RPAC Almonds**

<http://www.rpacalmonds.com/marketnews/>

**Blue Diamond Ingredients**

<http://www.bdingredients.com/category/almond-market-analysis/>

**Almond Investors**

<http://www.almondinvestors.com.au/index.php/almond-projects/almond-price/>

**UC Davis Almond Development Costings**

<http://coststudies.ucdavis.edu/en/current/>





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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](http://www.selectharvests.com.au)

