



# SELECT HARVESTS

Select Harvests Limited (ABN 87 000 721 380)

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**2 May 2022**

## **SELECT HARVESTS LIMITED (SHV) CROP AND MARKET UPDATE**

Paul Thompson, Managing Director of Select Harvests, announces to the market that inclement weather has delayed the 2022 harvest, with completion forecasted to be within the next 4 to 6 weeks. This will not impact on the forecasted volume of 30,000MT but may have some quality impacts.'

He added 'While there are some positive signs around almond pricing, we retain our average pricing estimate within the range of \$6.50 and \$6.80 per kg.'

### **Crop Update**

To date approximately 85% of our crop has been harvested (100% of the nonpareil variety and 65% of the pollinator varieties). Ongoing wet weather conditions have hampered the completion of harvest and it is not likely to conclude until early to mid-June 2022. Close to 70% of the crop has been delivered to our Carina West processing facility and 38% has been processed. Given the remaining product to be harvested are closed shell varieties the risk of reduced quality impacts is lower but still not without a risk.

Due to the wetter than average and humid conditions leading up to and during harvest, overall quality is being closely managed. Based on processed crop information, general quality levels are similar to last year's profile. However, inshell production is likely to be 30% lower than that produced from the 2021 crop.

We are not anticipating any volume impact from the rain and maintain our original forecast of approximately 30,000MT, unless harvest conditions deteriorate further.

Our growing costs are forecasted to be lower year on year. Given the prolonged and operationally more difficult harvest, additional drying and less inshell, our operational and processing costs will be slightly higher.

Tree health and bud development for the 2023 crop looks positive. Water pricing remains positive, but the outlook for fertiliser and agri-chemical costs is negative.

### **Market Conditions**

Demand for higher quality, larger sizes and inshell product is having a positive pricing impact whereas pricing for lower grade material is at historic low levels. New product demand levels in key markets are starting to increase as they run down their inventory levels from 2021.

Lengthy shipping delays continue to impact US shipments due to labour shortages and alternate uses for containers. This continues to cause a drag on market pricing as levels of physical stocks, particularly lower grades, held in the US remain high leading to a potential higher than average 2022 carryover. While shipping product from Australia is also subject to delays, getting product to key markets is less problematic from Australian ports. Freight costs continue to be significantly higher than historic rates. Almond pricing is expected to improve once these freight and logistics issues are resolved.



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The US industry continues to experience extremely dry conditions. The impact of the severe Californian frost event that occurred during the 2022 pollination process is still being determined. Industry expectations are the crop will be lower vs last year. The US Department of Agriculture will be releasing the 2022 Subjective Estimate on May 12<sup>th</sup>, 2022. The 2022 US Almond Acreage Report was released on April 28<sup>th</sup>, 2022 and showed flat bearing acreage areas planted to almonds year on year.

The March Almond Board of California Position Report reported year to date crop receipts at 2.90B lbs, down 6.2% on last year. Year to date shipments are down 14.95% and forward commitments are up 2.55% on the same period last year. The final US carryover will depend on shipment levels over the next few months.

The February Almond Board of Australia Position Report reported Year on Year exports were up 13.2% and 6.9% up for the same month last year. The South/Central Asia market, including India, was up 30% vs last year to date. Select Harvests domestic sales remain strong.

We currently have orders for 40% of our forecast crop, at above average price levels. Inshell shipments have commenced to India and China. Currency cover has been secured for 90% of our forecast USD exposure at 0.725 AUD/USD.

### **Value-Add Transition**

The transition of the Thomastown based Industrial Almond Business to the Carina West value-add facility is progressing as planned. Thomastown Industrial production will finish in mid-May 2022 and Select will exit the Thomastown site by the end of June 2022.

This announcement has been approved by the Board of SHV.

ENDS

### **FOR FURTHER INFORMATION, PLEASE CONTACT:**

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### **About Select Harvests:**

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 value-added processing (blanching, roasting, slicing, dicing, meal and paste) under the Renshaw & Allinga Farms industrial brands. 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 stores, other food manufacturers, retailers and the almond trade.

The company is headquartered at Richmond, an inner eastern suburb of Melbourne, Australia, while its orchards are in North West Victoria, Southern New South Wales and South Australia. Its almond processing and value-adding facility (Carina West) is located at Wemen in North West Victoria.

For more information, visit [www.selectharvests.com.au](http://www.selectharvests.com.au)