



SELECT HARVESTS

# Select Equities Investor Conference

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Managing Director & CEO

SUPPLYING PLANT BASED PROTEIN TO THE WORLD



# Disclaimer & Basis of Preparation

*This presentation is provided for information purposes only and has been prepared using information provided by the company. The information contained in this presentation is not intended to be relied upon as advice to investors and does not take into account the investment objectives, financial situation or needs of any particular investor. Investors should consider their own individual investment and financial circumstances in relation to any investment decision.*

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*The Select Harvests Limited financial statements are prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001. This includes application of AASB 141 Agriculture in accounting for the current year almond crop, which is classified as a biological asset. In applying this standard to determine the value of the current year crop, the Company makes various assumptions at the balance date as the selling price of the crop can only be estimated and the actual crop yield will not be known until it is completely processed and sold. The resulting accounting estimates will, by definition, seldom equal the related actual results, and have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.*

**This announcement has been approved by the Board of Select Harvests**



# Select Harvests Overview

One of the worlds largest almond growers, with a geographically diverse 9,262-hectare orchard portfolio

## Company Overview

- Listed on the ASX (SHV), with a market capitalisation of A\$630m (24 October 2022) and 611 employees.
- Australia's second largest almond producer and marketer with core capabilities across: Horticulture, Orchard Management, Nut Processing, Sales and Marketing.
- We supply the retail and industrial markets, exporting almonds globally. Continuing to build relationships in the fast-growing markets of India and China, as well as maintaining established routes to market in Asia, Europe and the Middle East.

## Orchard Profile

- Geographically diverse almond orchards located in Victoria, South Australia and New South Wales, with a portfolio that includes more than 9,262 hectares of company owned and leased almond orchards and land suitable for planting.
- Select Harvests weighted average almond orchard age is 13.5 years, with 100% of current planted hectares cash generative. Almond orchards remain economically viable for +25 years, providing Select Harvests with a solid foundation for long term growth.
- Our state-of-the-art Carina West processing facility has the capacity to process above 30,000 MT of almonds in the peak season and is capable of meeting the ever-increasing demand for in-shell, kernel and value-added product.

## Almond Market

- The global almond market was valued at US\$8.6bn in 2020/21. The U.S. (California) accounted for 79% of world production in 2020/21, followed by Australia and Spain at 7% each. Australia has more than doubled its almond production in the last 10 years.
- The underlying fundamentals of our business remain strong. Demand for almonds, both in their natural form and as a value-added food ingredient, in products such as plant-based milks and yogurts, continues to grow.
- We expect to see good consumption of almonds during the upcoming festive seasons of Diwali, Christmas and Chinese New Year. Customers will need to plan shipments earlier to ensure supply can meet demand.

## Growth Strategy

- Select Harvests remains well positioned through its low operating costs, ability to deliver large scale value-added production and strong balance sheet to benefit from the growing global demand for almonds.
- Our investment in greenfield developments and orchard acquisitions, including the December 2020 acquisition of the 1,566-hectare Piangil Almond Orchard, will platform long term growth.
- We continue to assess opportunities to increase our almond production base through acquisitions, if suitable orchards become available.



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# Value-Added Almond Forms



Whole Blanched



Natural Sliced



Blanched Sliced



Slivered



Diced



Fine Flour



Extra Fine Flour



Paste

Demand for Select Harvests value-added industrial almond products continues to grow under our *Renshaw and Allinga Farm* brands.

State of the art, fully automated manufacturing process for a comprehensive range of value-added almond products.



We do more than just grow Almonds



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# Delivering on our strategy

Select Harvests – in control of our destiny

VISION

To be a Leader in the Supply of Better for You Plant Based Foods

VALUES



**TRUST & RESPECT**

DO THE RIGHT THING



**INTEGRITY & DIVERSITY**

BE ONE TEAM



**SUSTAINABILITY**

PROTECT AND GROW



**PERFORMANCE**

OWN IT



**INNOVATION**

THINK OUTSIDE THE SQUARE

**STRATEGIC PRIORITIES**

THE PATHWAY TO ACHIEVING OUR VISION

**Optimise the Almond Base**

Increase productivity and achieve sustainably high yields from our growing almond orchard base

**Grow our Brands**

Grow our industrial brands, aligned to the increasing consumption of plant based foods

**Expand Strategically**

Pursue value accretive acquisitions that align with our core competencies in the plant based agrifoods sector

**OPERATIONAL FOCUS**

WHAT WE DO EVERYDAY

**Customers**

Exceed our current customer's expectations and grow our customer base, focused on the Asian marketplace

**Supply Chain**

Optimise our end-to-end supply chain to achieve maximum value for the business as a whole

**People**

Focus on a safe working environment, well-being, company culture, leadership development and staff training, attraction and retention

**Capital**

Target capital discipline, balance sheet strength, superior shareholder returns and long term growth

GOAL

Sustainable Shareholder Value Creation

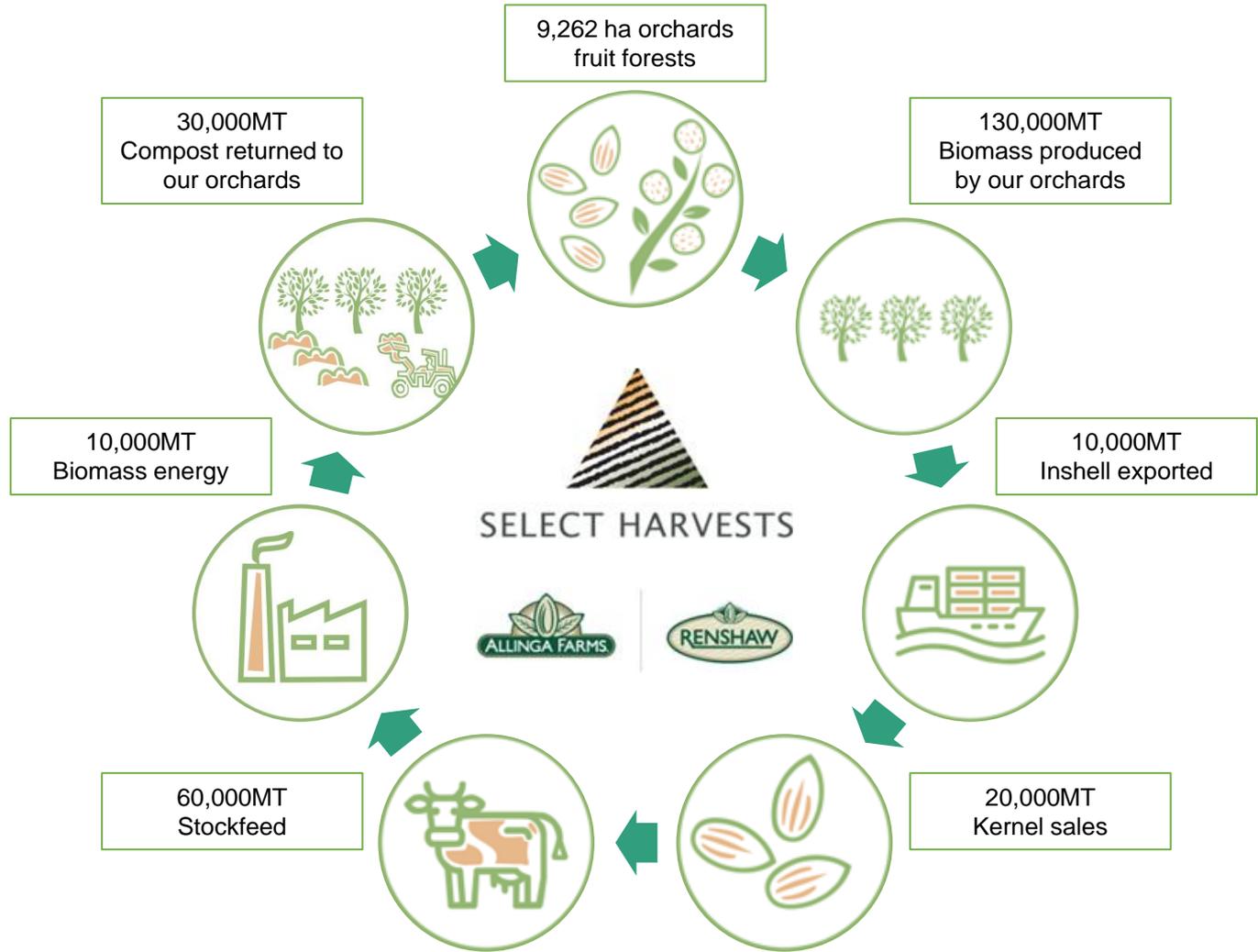


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# Growing almonds in a closed loop

Maximizing our resource use and financial return by utilizing everything we grow



- Almond trees in California absorb more CO<sub>2</sub> than they produce during their lifetime<sup>1</sup>
- Almonds provide a very high nutritional value, ranking the highest amongst all crops<sup>2</sup>
- The direct economic benefits of almond production based on market sales are larger than any other crops<sup>3</sup>
- Research is being undertaken in Australia to establish Australian Almond Industry position.

1: Marvinney, E., Kendall, A. A scalable and spatiotemporally resolved agricultural life cycle assessment of California almonds. Int J Life Cycle Assess  
 2: Fulton, J., Norton, M. and Shilling, F. (2019). Water-indexed benefits and impacts of California almonds. Ecological Indicators.  
 3: March 2021 Report on the 'Economic contribution of the Australian Almond Industry' by RMCG Consulting for Horticulture Innovation Australia



# Select Harvests commitment

We have a responsibility to respond to changing community values and expectations

## Water stewardship



**Expectation:** minimise water use.

**Commitment:** we will manage our water use through irrigation practices that result in productive and efficient use of water.

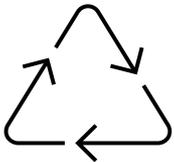
## Air and land stewardship



**Expectation:** protect the natural environment.

**Commitment:** we will be responsible custodians of our land and air resources. We will create no damage and protect our natural environment.

## Reducing and recycling waste



**Expectation:** minimise waste.

**Commitment:** we will reduce waste across our business, including zero biomass waste to landfill. We will strive for 100% recycled and/or recyclable packaging.

## Carbon neutrality



**Expectation:** carbon neutral by 2050 or earlier.

**Commitment:** we will develop a plan to be carbon neutral by 2050 or earlier. We will maximise opportunities to make a positive impact through almond growing and processing.

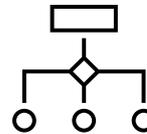
## Internal and external stakeholders



**Expectation:** model regional citizen.

**Commitment:** we will work with suppliers, clients, communities, and employees to understand and meet their expectations.

## Implementation and oversight



**Expectation:** there is appropriate oversight.

**Commitment:** we will operate legally and ethically and provide appropriate transparency. Our business will continue to be overseen by an independent Board.

Today the major community focus is on: Gender, Carbon and Water



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# Project H<sub>2</sub>E: hull to energy

Our Hull to Energy (H2E) co-generation power plant generates electricity from our almond by-products



Almost 30% of Select Harvests' almond by-product is consumed by the H2E Power Station to produce low carbon emissions energy that is used to power our Carina West processing facility and neighbouring orchards.

# Co-Waste projects

Select Harvests is undertaking three co-waste projects to increase sustainability and generate positive commercial outcomes for the business



## Almond Hull to Energy

Select Harvests co-generation power station is the integral link for our three sustainable co-waste projects



## Waste Ash to Compost

Waste ash by-product generated by our co-generation power station is being used to produce high-quality compost



## Almond Hull to Fertiliser

Select Harvests has developed a novel process for digesting almond hull to produce liquid and solid fertilisers



## Fly Ash to Liquid Fertiliser

Select Harvests developed a novel process to convert waste ash into high-grade potassium rich liquid fertiliser

### Benefits

- Waste recycling
- Compost generation
- Renewable energy

### Benefits

- Replaces chemical fertiliser
- Improves soil quality
- Improved tree health

### Benefits

- Replaces chemical fertiliser
- Current trials show preliminary results increase soil carbon levels by up to 100%
- Improves soil health and potentially water efficiency

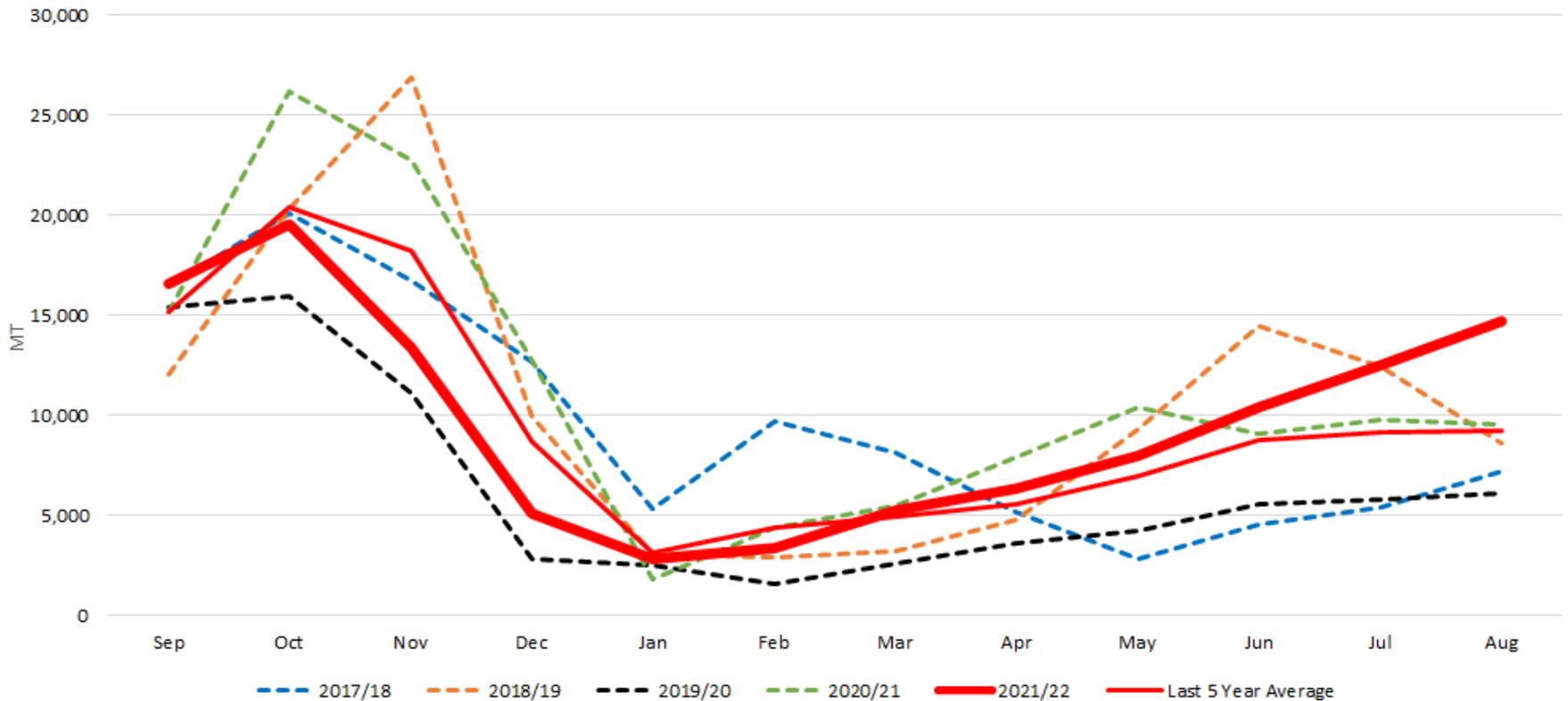
### Next Steps

Commercial Licence

Pilot Plants

# U.S. and Australian Almond Exports to China

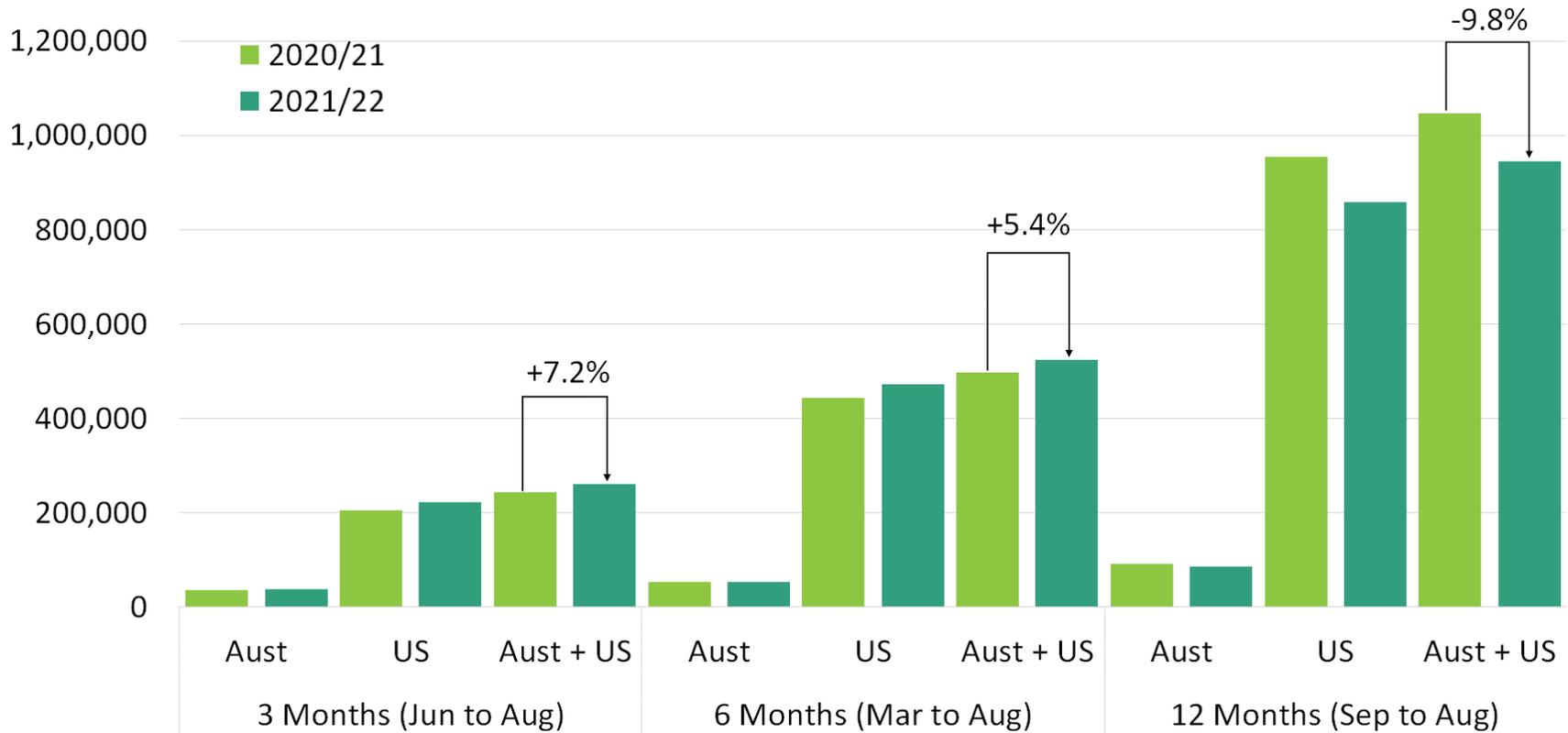
Combined U.S. and Australia almond exports to China have been above the 5-year average since March 2022, despite ongoing lockdown and COVID-19 restrictions



# Total U.S. and Australian Almond Exports

Industry recovering from COVID bottlenecks, with combined U.S. and Australian export shipments up over the last 6 months

## U.S. and Australian Almond Exports (MT)



# Overview & Market Outlook

## Industry recovering from COVID bottlenecks

### Supply

- USA: early indications suggest drought tree stress is having an impact on volume quality and size of the 2022 CA almond crop
- Spain: the USDA is estimating a Spanish crop of 68,273 MT, a decrease of 27% compared to the previous year
- Australia: experienced record monthly shipments in August 2022, with shipments on track for another record year
- Carry-over: lower expectations for the current U.S. crop have mitigated some concerns over the previous seasons carry-over crop

### Demand

- China: active interest being observed from the China market, with combined U.S. and Australian exports up MoM since Jan-22
- India: early season Diwali shipments currently being unwound, with demand potentially picking up over the coming months
- Inventory remains elevated in some markets, but will re-balance as the expectations of the coming U.S. crop have been tempered
- Value-added product demand is being impacted by higher consumer inflation in the key markets of the U.S. and Europe

### Costs

- Water: California continues to experience severe drought conditions, impacting the costs and availability of water for almonds
- Ag Chem and Fertiliser costs have reduced from their peak earlier in 2022. Lower costs will not impact current U.S. and Australian crops
- Energy costs are likely to remain elevated, weighing on both production costs and consumer disposable income, esp. in Europe
- Labour supply can meet demand, with labour markets opening up following the removal of COVID-19 border restrictions

### SHV

- Pollination industry impacted by movement restrictions - full impact will be not known until Dec crop forecast
- Wet weather are creating operational challenges, currently no significant impacts to tree health or asset damage
- Processing: Hulling & Shelling has been completed and sorting & packing well progressed
- Co-waste early analysis of waste digestion project is positive based on anecdotal feedback from the Monash University trial
- FY22 Results announcement 11am 22 November 2022

