



SELECT HARVESTS

Select Harvests Limited

Investor Presentation

12 November 2014



Disclaimer & Basis of Preparation



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FY14 Performance



Earnings Before Interest & Tax (“EBIT”)

- Reported FY14 EBIT \$41.8M* - vs Reported FY13 EBIT \$5.2M
- Underlying FY14 EBIT \$41.8M* - up 11% vs Underlying FY13 EBIT \$37.7M

Net Profit after Tax (“NPAT”)

- Reported FY14 NPAT \$29.0M* - vs Reported FY13 NPAT \$2.9M
- Underlying FY14 NPAT \$29.0M* - up 27% vs Underlying FY13 NPAT \$22.9M

Cash flow/Gearing/Funding

- FY14 Operating cash flow \$23.1m (FY13 \$4.1m) – strong conversion
- \$55M of working capital as at 30 June 2014 – majority will be converted to cash by 31 December 2014
- Dual banking arrangement was agreed with NAB & Rabo including acquisition facility

Earnings Per Share (“EPS”)

- Reported FY14 EPS 50.2 cents per share (“cps”) - up 25% vs Underlying FY13 EPS 40.1 cps

Dividends

- Final Dividend (unfranked) 9 cps – last year Final Dividend 9 cps
- Full Year Dividends total 20 cents per share – last year Full Year Dividends totalled 12 cps

* FY14 includes \$6m pre-tax revaluation of almond trees

Increased profit and strong cash flow generation despite lower than anticipated crop volumes



FY14 Performance



OHS & Environment

- OHS - Another improved safety result with group Lost Time Injuries (LTI) down 72.7%, year on year
- Zero major environment incidents

Acquisitions

- Allinga & Mendook

Other Achievements

- Consumer complaints down 20%
- Processing damage at Carina West processing facility down 22%
- Processing cost flat at Thomastown

Post Year End Events

- Amaroo acquisition – including Water acquisition - 6,215 ML
- Mullroo (Grewal) acquisition
- Capital raising - \$47M placement, \$19.7M Share Purchase Plan
- Seven year high 41.7% Market Share Aug 2014 for Lucky Brand
- Industrial sales continue to grow

Performance improvement extends beyond the financials





Performance –

- Wet harvest significantly diminished yield & quality
- Price - A\$8.50/kg (FY13 A\$6.38/kg) - up 33% - offsetting for reduced volume & quality
- Costs - increased due to impact of wet harvest
- \$6.0m revaluation of trees support by higher almond price
- FY14 Acquisitions - Allinga & Mendook (680 planted acres & 2,600 unplanted acres)
- FY15 Acquisitions – Amaroo & Mullroo (Grewal) - 2,481 planted acres & 2,865 unplanted acres in FY15 to date.

Activities

- Commenced orchard replant program 512 acres. Largely offset by Orchard maturity profile of portfolio
- Due diligence, bedding down and integration of acquisitions
- Improving on farm productivity and execution
- Planning orchards (replants/greenfields)
- Growing and supporting 2015 crop

Outlook

- Strategy to double plantings by 2018 remains unchanged
- Almond pricing has increased on FY14 average price – up 10-15%.
- Introducing additional measures to protect crop and product quality: additional harvest equipment, Dryer & Bio stimulants

SHV well positioned to take advantage of Supply & Demand fundamentals



Food Division – Performance, Activities & Outlook



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Performance

- Industrial delivers another record result - 24% up on FY13
- Revenue reduction driven by loss of major retailer private label almond contracts
- Branded business remains strong
- Improved sales mix has driven margin improvement
- Production cost per kg remained flat year-on-year in spite of private label volume loss

Activities

- Brand relaunches (reformulate, relaunch) – Sunsol Mueslis, Lucky Smart Snax
- Absolute focus on margin management and return on investment
- Multiple Consumer products price increases
- Scoping new markets both local and export

Outlook

- Investment in research, product development, brand image/awareness is becoming evident
- Turnaround has commenced – building block are now in place

Emergence of a Brand driven Food Business



Acquisitions – Geographic Diversity, Scale & Future.



Allinga – Loxton, SA (A\$16.3M)

- 680 acres mature almond
- 1,000 acres suitable for planting to almonds (FY15)
- Gained SA water buyback/efficiently funding (Net \$5m) to support new plantings

Amaroo – Paringa, SA (A\$52.5M)

- 2,046 acres almond (1,288 acres mature, 758 acres immature)
- 1,500 acres suitable for planting to almond (plant FY16,17)*
- Other acquired assets – 6,215 ML high security water entitlements, 764 acres citrus (leased out),

Mullroo (Grewal) – Lake Cullulleraine, VIC (A\$8.5M)

- 435 acres almond (175 acres mature, 260 acres immature)
- 1,365 acres suitable for planting to almond (plant FY16, 17)*

Mendook – Euston, NSW (A\$2.0M)

- 1,600 acres suitable for planting to almonds (plant FY16)*

* Subject to business case



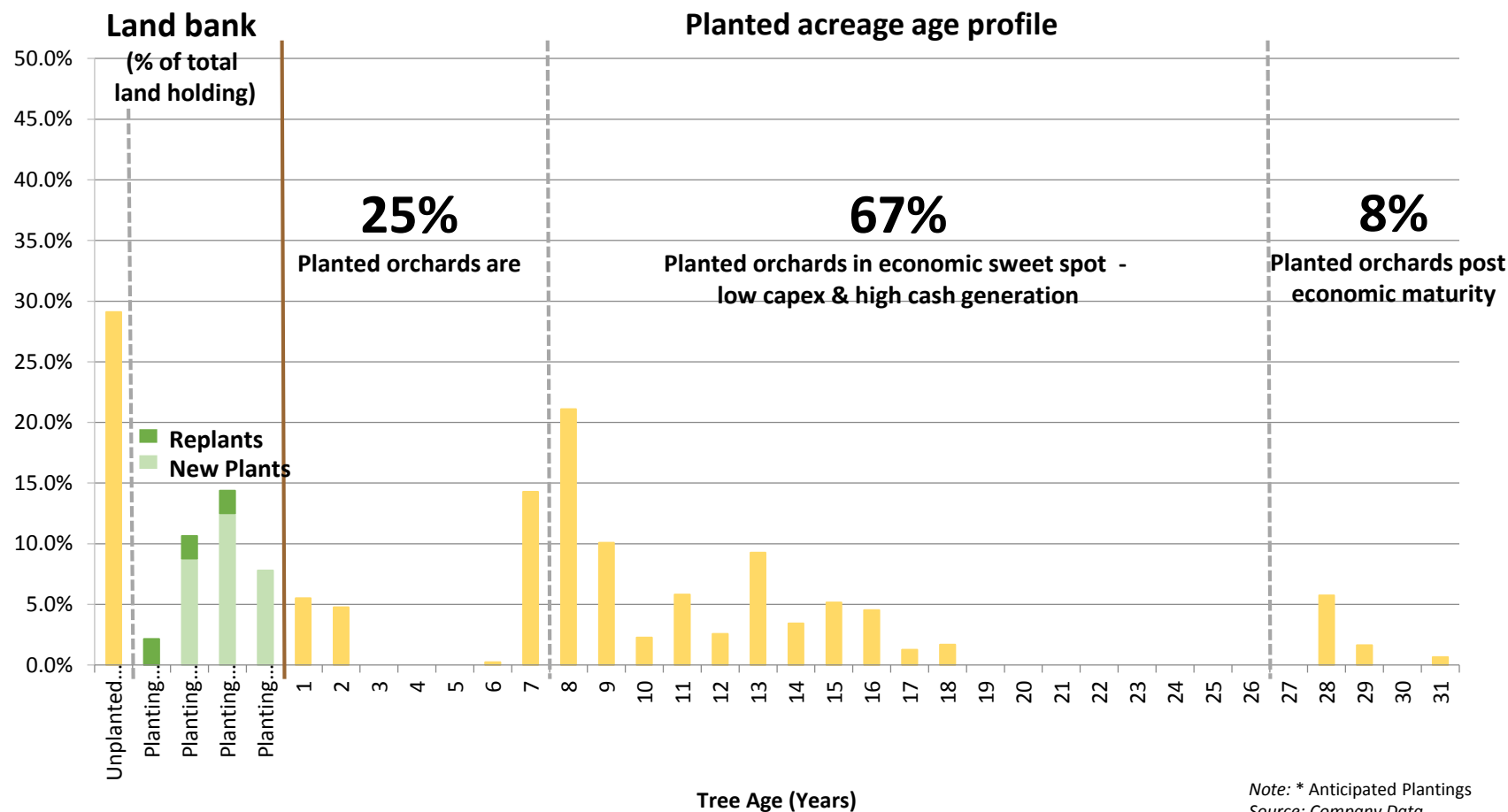
Geographically diversified portfolio of 13,311 acres of planted almond orchard



Orchard Profile – Young Orchards PLUS Longevity



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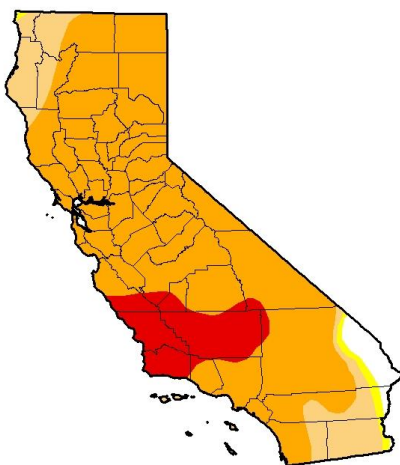


Select Harvests almond orchards have an average age of 10.9 years. On track to double acreage by 2018.



Global Supply - US Drought

U.S. Drought Monitor California



October 29, 2013
(Released Thursday, Oct. 31, 2013)
Valid 7 a.m. EDT

	Drought Conditions (Percent Area)					
	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	2.66	97.34	95.98	84.12	11.36	0.00
Last Week 10/22/2013	2.66	97.34	95.98	84.12	11.36	0.00
3 Months Ago 7/30/2013	0.00	100.00	98.23	93.86	0.00	0.00
Start of Calendar Year 1/1/2013	31.75	68.25	55.32	22.50	0.00	0.00
Start of Water Year 10/1/2012	2.63	97.37	95.95	84.12	11.36	0.00
One Year Ago 10/30/2012	6.73	93.27	68.48	19.10	1.14	0.00

Intensity:

D0 Abnormally Dry D3 Extreme Drought
D1 Moderate Drought D4 Exceptional Drought
D2 Severe Drought

The Drought Monitor focuses on broad-scale conditions.
Local conditions may vary. See accompanying text summary
for forecast statements.

Author:
Brian Fuchs
National Drought Mitigation Center



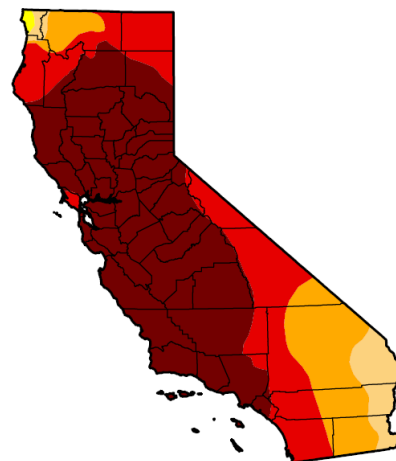
<http://droughtmonitor.unl.edu/>

Orange States = Severe Drought

Red States = Extreme Drought

Dark Brown States – Exceptional Drought

U.S. Drought Monitor California



November 4, 2014
(Released Thursday, Nov. 6, 2014)
Valid 7 a.m. EST

	Drought Conditions (Percent Area)					
	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	0.00	100.00	99.71	94.42	79.69	55.08
Last Week 10/28/2014	0.00	100.00	100.00	95.04	81.92	58.41
3 Months Ago 8/5/2014	0.00	100.00	100.00	99.80	81.92	58.41
Start of Calendar Year 12/1/2013	2.61	97.39	94.25	87.53	27.59	0.00
Start of Water Year 9/30/2014	0.00	100.00	100.00	95.04	81.92	58.41
One Year Ago 11/5/2013	2.62	97.38	95.98	84.12	11.36	0.00

Intensity:

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Author:
Matthew Rosenkrans
CPC/NCEP/NWS/NOAA



<http://droughtmonitor.unl.edu/>

SHV AGM 2013 – 0% Exceptional Drought, 11% Extreme Drought, 84% Severe Drought

SHV AGM 2014 – 55% Exceptional Drought, 80% Extreme Drought, 94% Severe Drought

ENTIRE US ALMOND INDUSTRY IN EXCEPTIONAL DROUGHT THIS YEAR



Global Supply -Crop Outlook



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■ US Crop Update (2013/14) - harvested

- Market estimate of USA 2013/14 Almond crop - now 1.7-1.8 billion pounds (Ref: Hilltop Ranch – 2 Nov 2014)
- Down 300-400 million pounds on original NASS Objective Estimate of 2.1 billion pounds

■ SHV Crop Update (2014/15) - growing

- Good blossom & pollination
- Growing conditions have been good



Outlook – Business Focus

Almond Division

- Maximise 2015 crop
- Integrate acquisitions
- Prepare for 2015 & 2016 greenfield plantings & funding options
- Development of orchard benchmarking
- Secure further mature orchards



Food Division

- Continue innovation stream in industrial/packaged goods segments
- Raise the bar on quality and increase velocity of new product development
- Increase focus on SE Asia customer base



Significant opportunity to improve the base business



Thank you

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Select Harvests - Financial History

SHV Historical Summary	Units	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Sales	(A\$M)	217.9	229.5	224.7	248.6	238.4	248.3	251.3	191.1	188.3
EBIT	(A\$M)	38.4	40.5	27.1	26.8	26.0	22.6	19.6	37.7	41.8
<i>EBIT Margin (EBIT/Sales - %)</i>	(%)	17.6%	17.6%	12.1%	10.8%	10.9%	9.1%	7.8%	19.7%	22.2%
PBT	(A\$M)	37.9	40.0	25.4	23.0	23.6	18.5	13.4	32.7	37.4
Underlying NPAT	(A\$M)	26.5	28.1	18.1	16.7	17.3	17.7	9.5	22.9	29.0
Issued Shares	No. of Shares	39.7	38.7	39.0	39.5	39.8	56.2	56.8	57.5	58.0
Earnings Per Share	(AUD Cents per Share)	67.1	71.0	46.7	42.6	43.3	33.7	16.8	40.1	50.2
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
<i>Payout Ratio</i>	(%)	80.0%	80.0%	96.7%	28.2%	48.5%	38.6%	47.6%	29.9%	39.8%
Net Tangible Assets per Share	(A\$/Share)	1.83	1.57	1.41	1.56	1.87	2.17	2.19	2.14	2.47
Net Interest Cover	(times)	82.3	75.8	15.6	7.1	10.7	6.7	3.2	7.5	9.3
Net Debt	(A\$M)	1.3	1.6	46.8	52.4	45.0	73.1	66.8	79.3	94.8
Shareholder Equity	(A\$M)	101.5	95.5	94.1	100.9	113.6	168.8	160.3	159.5	182.8
<i>Net Debt to Equity Ratio</i>	(%)	1.3%	1.7%	49.7%	51.9%	39.6%	43.3%	41.7%	49.7%	51.9%
Share Price	(A\$/Share)	13.02	11.60	6.00	2.16	3.46	1.84	2.40	3.9	5.14
Market Capitalisation	(A\$M)	517.0	449.4	234.1	85.4	137.6	103.5	120.0	224.3	298.12
P/E Ratio		19.5	16.0	12.9	5.1	8.0	5.8	12.6	9.8	10.2

Source: Company Data



Why Select Harvests? - 2015 Orchard Profile

Almond orchard portfolio	Planted Orchard Area (acres)	Planted Orchard Area (hectares)	Bearing Orchard Area (acres)	Bearing Orchards Area (hectares)
Northern Region				
Owned	1,491	604	1,423	576
Leased	3,017	1,221	3,017	1,221
Total	4,508	1,825	4,440	1,798
Central Region				
Owned	4,165	1,686	3,554	1,439
Leased	1,481	600	1,481	600
Total	5,646	2,286	5,035	2,039
Southern Region				
Owned	3,156	1,278	2,467	999
Leased	-	-	-	-
Total	3,156	1,278	2,467	999
Total All Regions				
Owned	8,812	3,568	7,444	3,014
Leased	4,498	1,821	4,498	1,821
Total	13,311	5,389	11,943	4,835

Land bank (unplanted)	Acres	Hectares
Northern Region	-	-
Central Region	1,600	648
Southern Region	3,865	1,565
Total all Regions	5,465	2,213

Source: Company Data



Why Select Harvests? - 2015 Orchard Profile

	AREA BY TREE AGE											
	Years 0-7		Years 8-26		Years 26+		TOTAL PLANTED		AVAILABLE TO PLANT		TOTAL	
	(acres)	(ha)	(acres)	(ha)	(acres)	(ha)	(acres)	(ha)	(acres)	(ha)	(acres)	(ha)
Northern Region												
Company Owned	312	126	1,179	477	-	-	1,491	604	-	-	1,491	604
Leased	1,332	539	1,685	682	-	-	3,017	1,221	-	-	3,017	1,221
Total	1,644	666	2,864	1,160	-	-	4,508	1,825	-	-	4,508	1,825
Central Region												
Company Owned	638	258	2,455	994	1,072	434	4,165	1,686	1,600	648	5,765	2,334
Leased	-	-	1,481	600	-	-	1,481	600	-	-	1,481	600
Total	638	258	3,936	1,594	1,072	434	5,646	2,286	1,600	648	7,246	2,934
Southern Region												
Company Owned	1,018	412	2,138	866	-	-	3,156	1,278	3,865	1,565	7,021	2,843
Leased	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,018	412	2,138	866	-	-	3,156	1,278	3,865	1,565	7,021	2,843
TOTAL												
Company Owned	1,968	797	5,772	2,337	1,072	434	8,812	3,568	5,465	2,213	14,277	5,780
Leased	1,332	539	3,166	1,282	-	-	4,498	1,821	-	-	4,498	1,821
Total	3,300	1,336	8,938	3,619	1,072	434	13,311	5,389	5,465	2,213	18,776	7,601

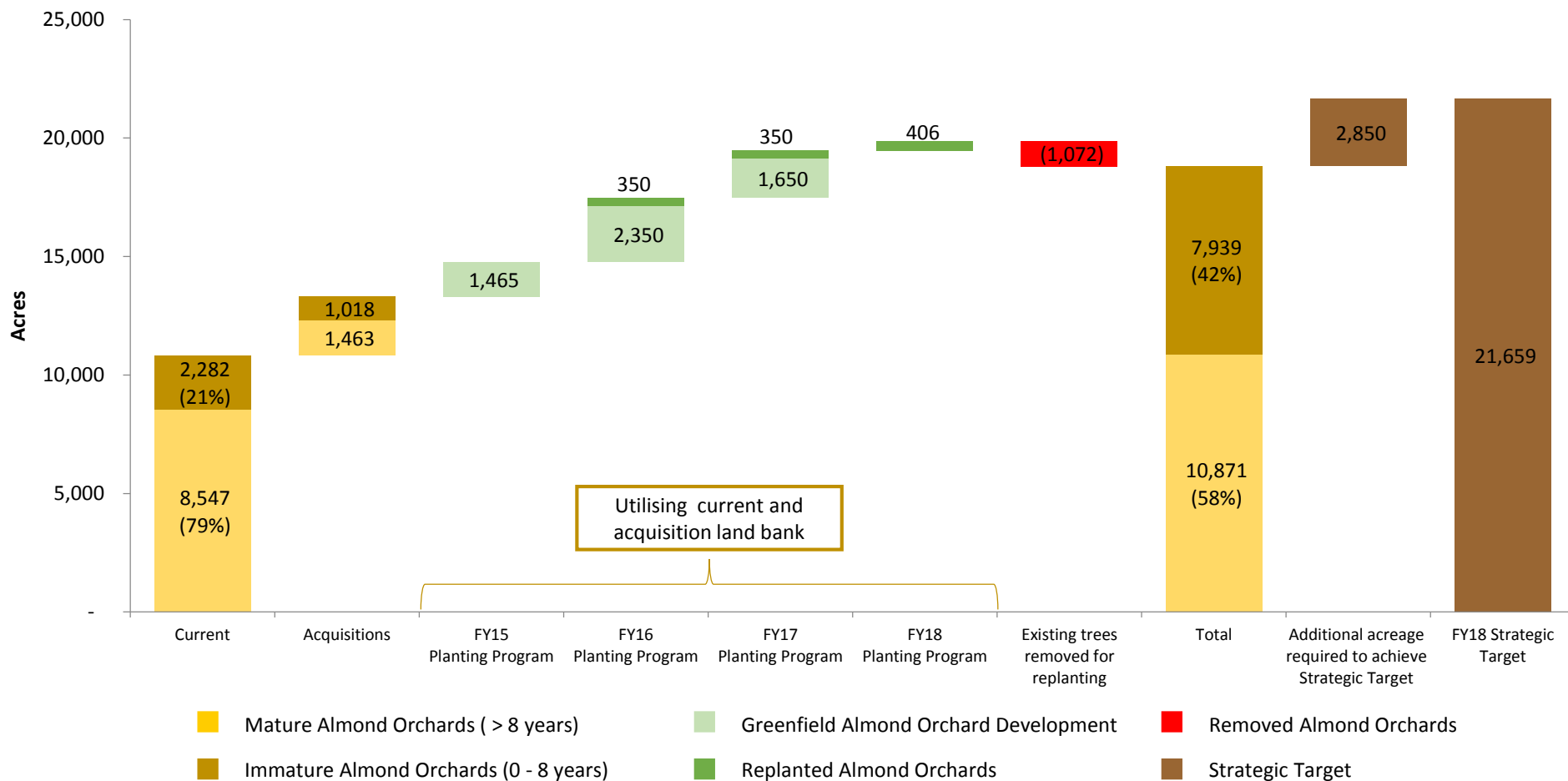
Source: Company Data



Significant Orchard Growth. Double plantings by 2018



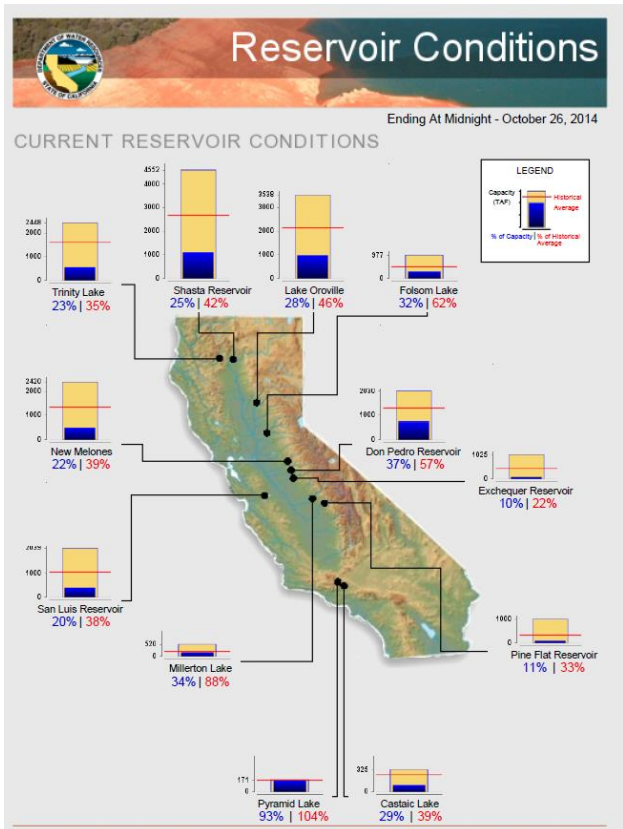
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Growth - 5,465 acres of unplanted land suitable for almonds will be planted over the next 4 years



Global Supply – US Reservoirs/Temp/Snowpack



Temperature

- **Six Months In and Sizzling California Sets Record - Andrea Thompson, Climate Central, 16 July 2014**
 - California just finished the hottest first half year on record, a period going back 120 years, according to the [national climate overview for June](#) released by the National Oceanic and Atmospheric Administration (NOAA).
 - <http://www.climatecentral.org/news/california-warmest-year-record-17774>

Snowpack

- **California drought: Sierra snowpack is barely there - Peter Fimrite, SFGate, San Francisco Chronicle , 2 May 2014**
 - The snow levels in the Sierra were only 18 percent of average on Thursday, when the last of the season's once-a-month measurements was taken by the [California Department of Water Resources](#). That's worse than last month, when the snowpack was 32 percent of normal for the date. Conditions get worse the farther north one goes in the Sierra and Cascade ranges. The snowpack is a paltry 7 percent of average in the northern part of the state, according to the measurements
 - <http://www.sfgate.com/science/article/California-drought-Sierra-snowpack-is-barely-5446649.php>

Reservoir Conditions: Most storages have less than half of their historical average water levels

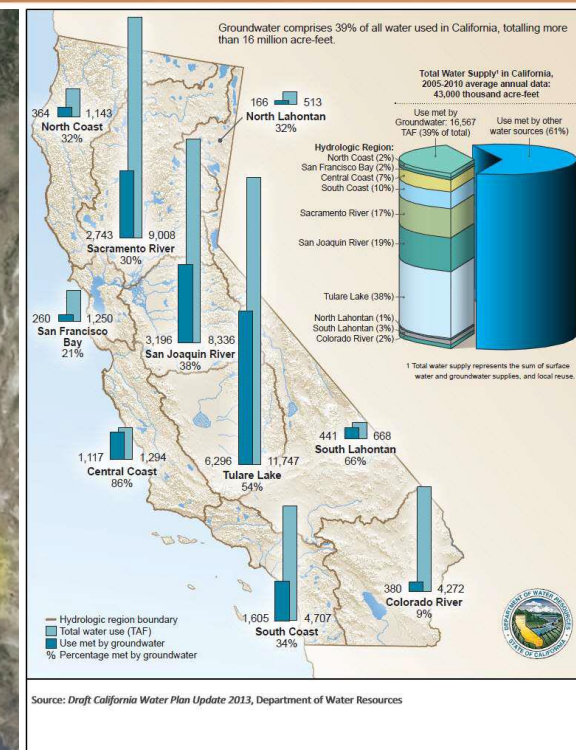
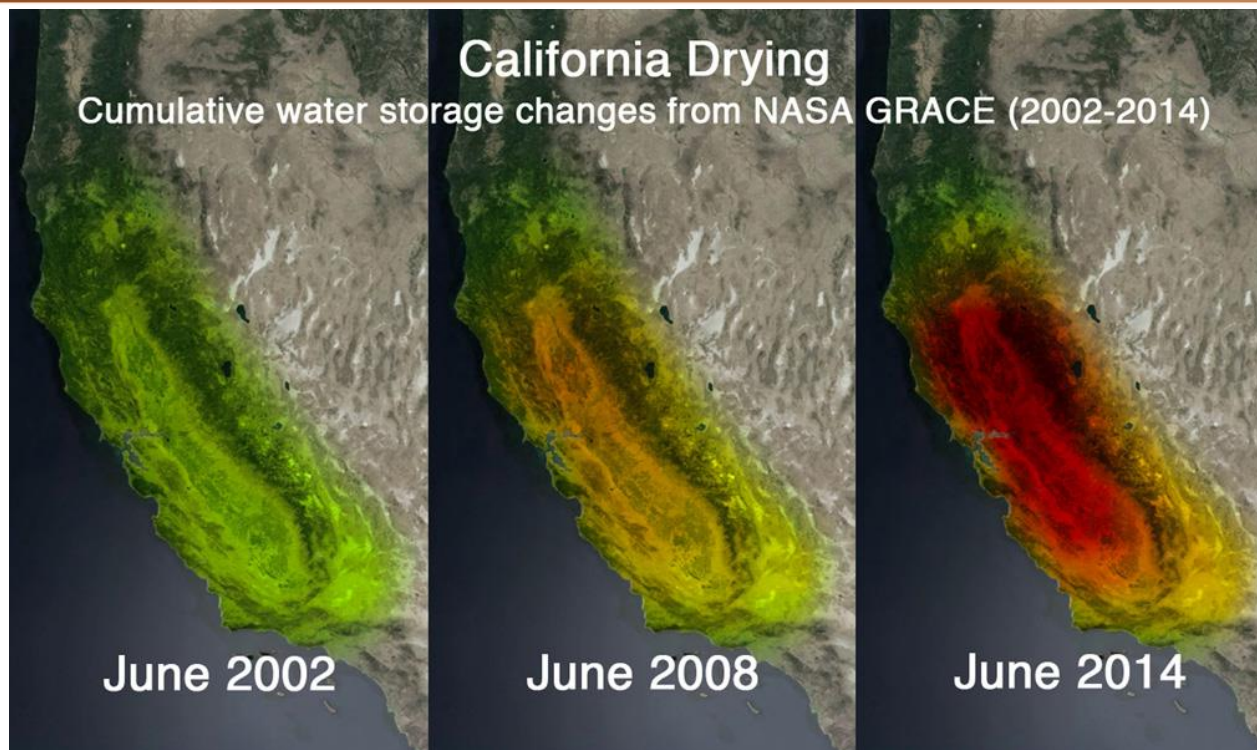
Temperature: Hottest 6 months on record drives evaporation/transpiration

Snowpack: Historically low snowpack which provide the surface water / ground water recharge is concerning

Global Supply - US Groundwater Levels



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This trio of images depicts satellite observations of declining water storage in California as seen by NASA's Gravity Recovery and Climate Experiment satellites in June 2002 (left), June 2008 (center) and June 2014 (right). Colors progressing from green to orange to red represent greater accumulated water loss between April 2002 and June 2014. California's Sacramento and San Joaquin River basins, including the Central Valley, have suffered the greatest losses, in part due to increased groundwater pumping to support agricultural production. Between 2011 and 2014, the combined river basins have lost 4 trillion gallons (15 cubic kilometers, or 12 million acre-feet) of water each year, an amount far greater than California's 38 million residents use in cities and homes annually.

Source: NASA (<http://www.jpl.nasa.gov/spaceimages/details.php?id=PIA18816>)

Source 2: Dept of Water Resources, California (http://www.water.ca.gov/waterconditions/docs/Drought_Response-Groundwater_Basins_April30_Final_BC.pdf)

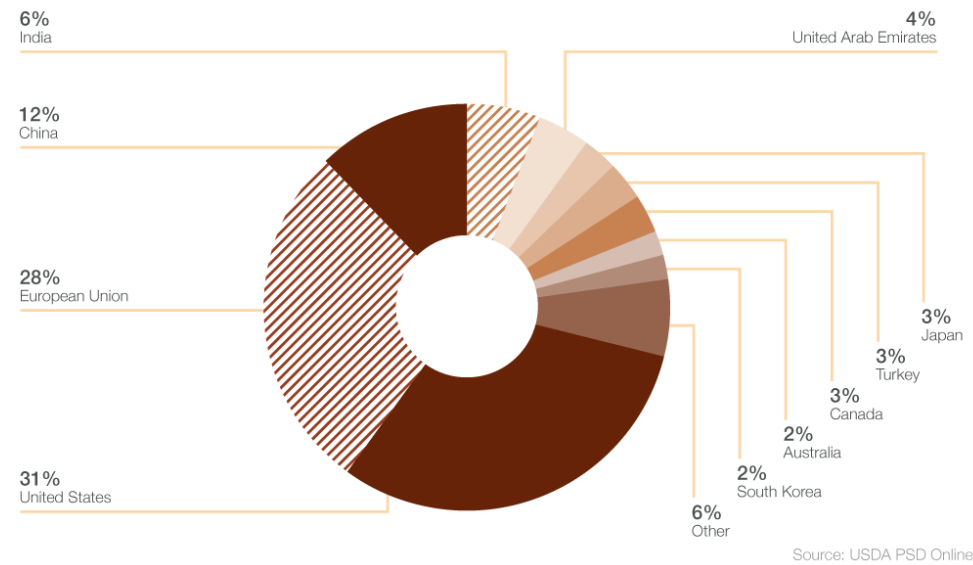
Groundwater accounts for 30-60% of California water use. NASA data shows serious water loss since 2002



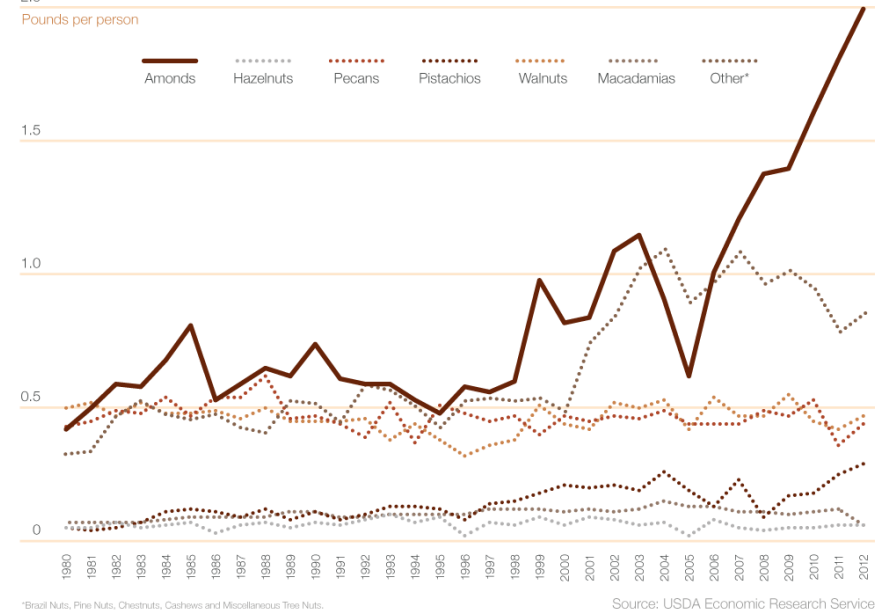
Global Demand – Diverse. High Growth



GLOBAL ALMOND CONSUMPTION 2013/14



ANNUAL US PER CAPITA CONSUMPTION OF ALMONDS AND OTHER TREE NUTS



Almonds have held the No.1 position in global tree nut innovations since 2006 (35% market share 2013).

Long term US per capita consumption of almond outpaces all other tree nuts (376% growth since 1980)

