



SELECT HARVESTS

High quality natural products

Select Harvests Limited (“SHV”)

ASX CEO Connect

10 December 2019

Brad Crump – Chief Financial Officer and Company Secretary

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Disclaimer & Basis of Preparation

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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.

Note: All financial comparatives are based against the last 12 month audited financial period being the Financial Year ended 30 June 2018.

Select Harvests Overview

- **One of the largest almond growers globally**
 - Listed on the ASX (SHV), with a Market Capitalisation of \$792m (4 December 2019) and 570 employees
 - Assets in Victoria, New South Wales and South Australia
- **7,696 planted hectares of Australian almond orchards**
 - 35% of our orchards will reach maturity over the next 8 years, underpinning future growth
 - State-of-the-art almond processing facility at Carina West, North West Victoria
- **Diversified ‘better for you’ branded plant food portfolio**
 - Market leading brands: Lucky, Sunsol, NuVitality and Allinga Farms supplying wholesalers, manufacturers and retailers in both domestic and export markets
 - Value-added processing facility in Melbourne: snacking and cooking nuts, seeds, health mixes and muesli
 - Industrial Division supplies food processors throughout Asia, especially in the baking industry
- **Export focused business, with Asia the key target market**
 - Bulk & value-added supplier to Europe, Middle East and Asia
 - Exclusive Trademark License & Distribution Agreement with PepsiCo Foods (China) Co. Ltd
 - Separate to the PepsiCo agreement our brands are being sold in Indonesia, Singapore, Thailand and Malaysia

We supply the world with a growing volume of high quality, plant based food products



Almond Orchards – Our productive foundation

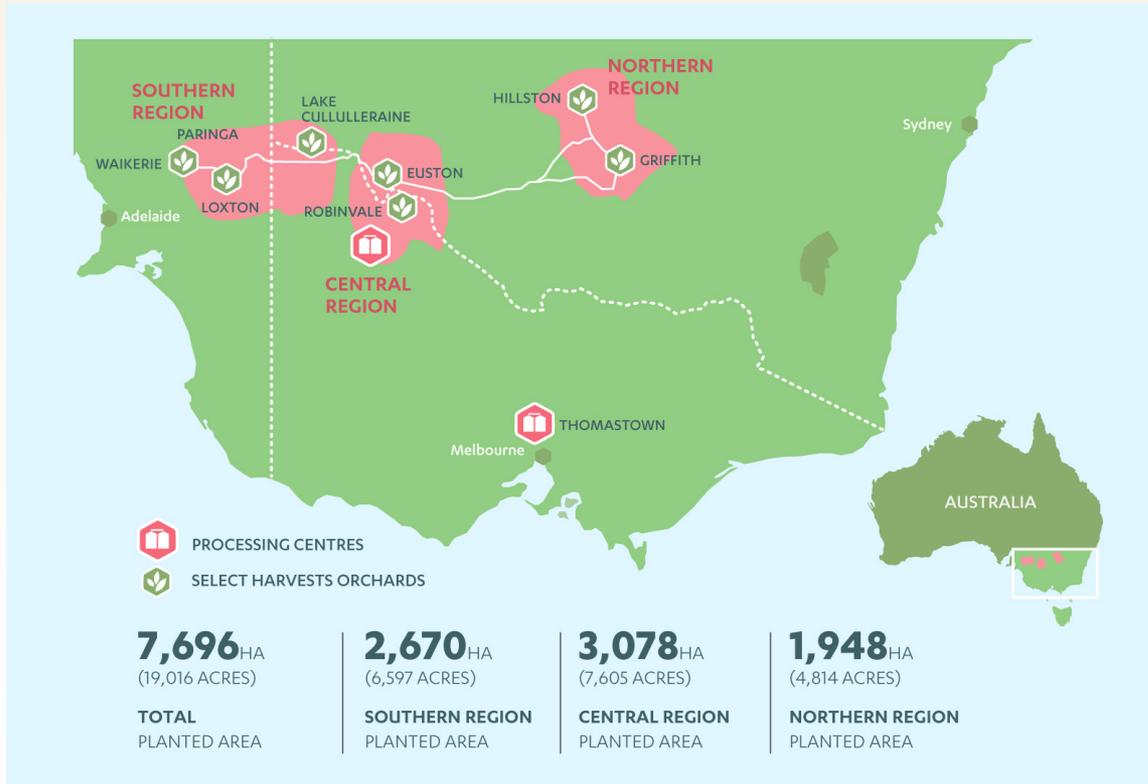


Geographic diversity limits exposure to:

- 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.

Select Harvests has a global scale - planted almond orchard portfolio of 7,696 hectares



FY2019 Financial Overview

NPAT

\$53.0m
↑ **\$32.6m**

EBITDA¹

\$95.2m
↑ **\$43.5 m**

EPS

55.5 cps
↑ **139.7 %**
- Final dividend of 20 cps fully franked

Net Debt/Equity

6.6%
- \$27.4m Finance Lease
- \$0 Bank Debt
- \$7.9m Cash on Hand

Annualized ROCE

16.5 %
↑ **9.2 ppts**

Operating Cashflow

\$80.3m
↑ **\$62.0m**

¹ - Non-IFRS measure used by the company are relevant because they are consistent with measures used internally by management and by some in the investment community to assess the operating performance of the business. The non-IFRS measures have not been subject to audit or review.

Financial metrics across all areas have improved significantly



FY2019 Business Overview

Almond Volume

22,690 MT
↑ 44.5%

- Better than industry standard yields across all tree age cohorts and geographies
- Increased bearing hectares

Almond Price

\$8.60/kg
↑ 6.8%

- Continued global demand
- AUD/USD exchange rate hedged at below 71c

Almond Division EBIT

\$82.2 m
↑ \$46.8 m

- Increased almond volumes
- Improved almond pricing
- Improved cost per kg

Food Division EBIT

\$5.0 m - FLAT

- Strong demand for value added product in Asian markets
- Challenging domestic retail environment with home-brands impacting the cooking nuts segment

People, Culture and Sustainability

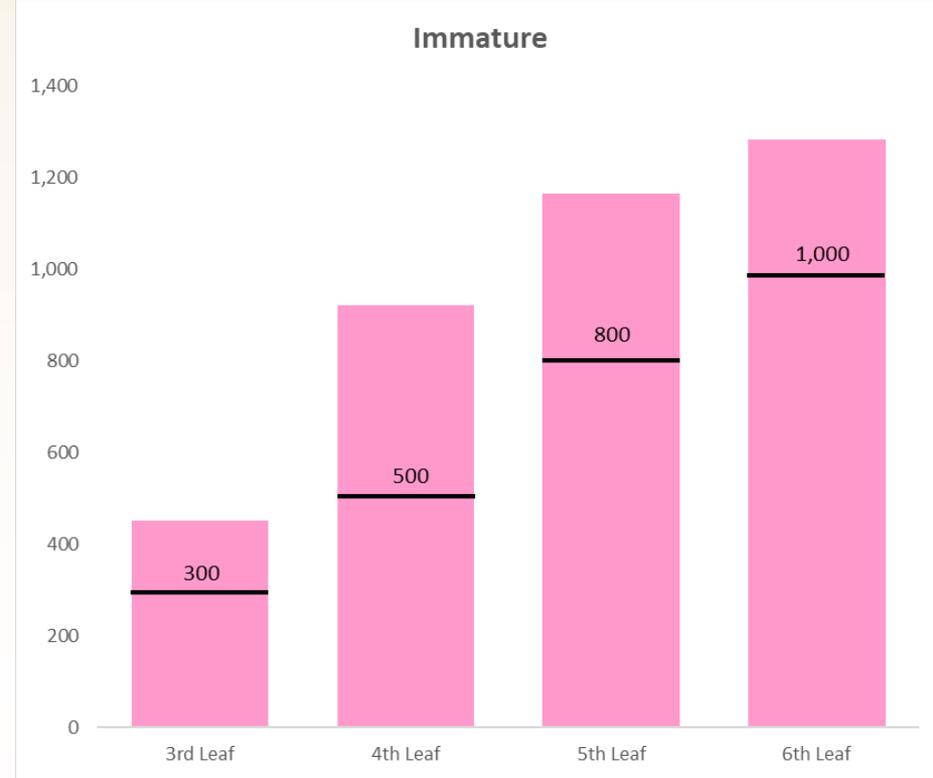
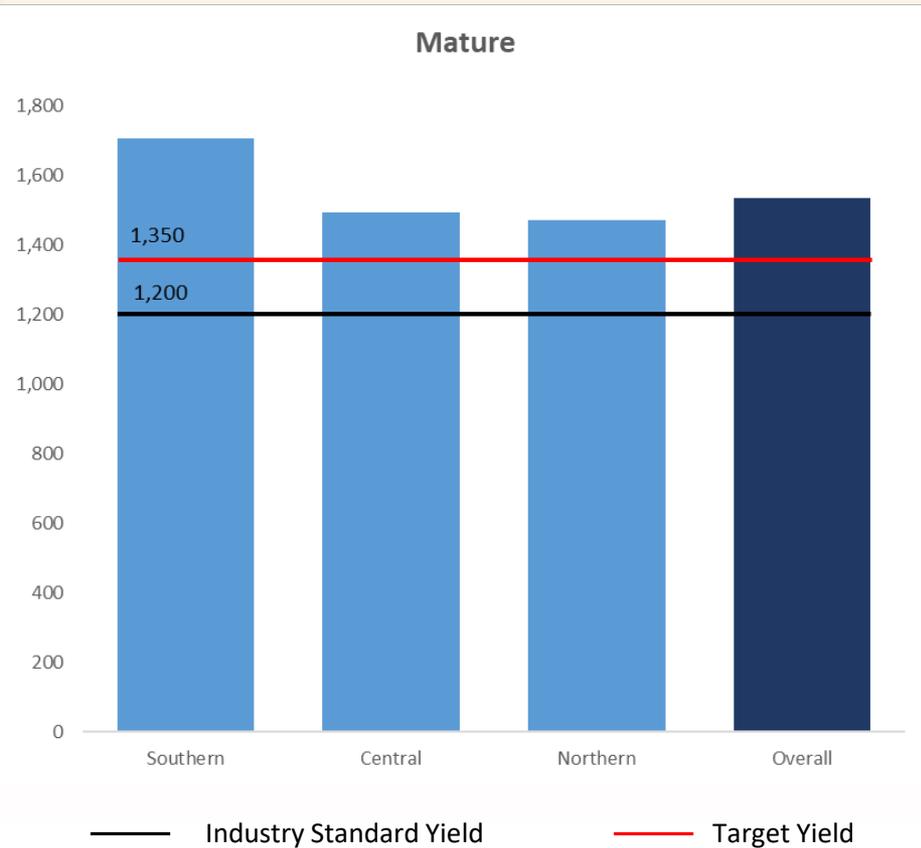
- Lost Time Injuries Down 61.1%
- H2E producing consistent results including the production of compost
- First culture survey complete
- Over \$150,000 donated to local community projects

Corporate

- Prepared for AASB Lease Accounting transition
- JDE implemented into the Food Division
- Focus on cashflow – bank debt fully paid

Select Harvests now has a solid base to grow

2019 Yield Performance

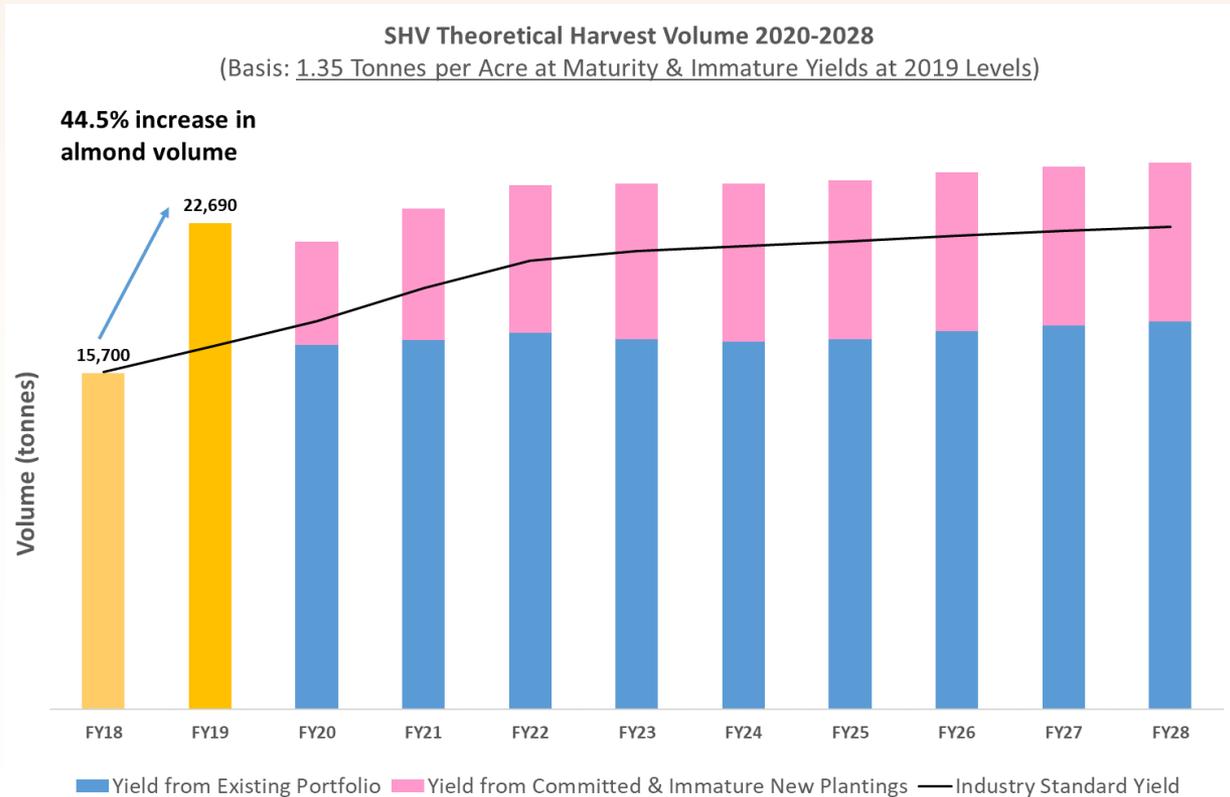


Outperformance vs. Industry Standard across all mature and immature age cohorts



Volume Growth

- Select Harvests is now consistently yielding over 1.35 tonnes per acre – this adds considerable value in future years
 - The almond crop is biannual in nature with +/- 10% per annum variation in tonnage possible



Our investment in almond orchards ensures underlying organic earnings growth

Almond Division Outlook

Crop Volume

- Good Pollination & growing conditions to date
- Immaturity profile and risk mitigation will continue to provide benefits

Sales

- Global almond macro is increasingly strong
- Continued growing demand in key export markets
- Minimal carry-over inventory in the industry

Horticulture

- Increased investment in risk mitigation – further frost fan installation will be reviewed before next season
- Increased expenditure on orchard hygiene to improve quality

Processing

- Upgrading In-shell sorters
- Doubling Sorting and Packing capacity
- Leveraging H2E

Water

- Challenging and a key focus of orchard management
- 2020 water purchases largely complete
- ACCC submission supported

Expansion

- No new developments planned
- No acquisition currently being assessed

Too early in the horticultural cycle to be able to confidently forecast 2020 crop

Food Division & Corporate Outlook

Industrial Sales

- Continued strong demand in Export Market
- Strong relationships developed in China
- Increased demand for paste related product
- Tightening in local market

Lucky

- New packaging and marketing program to re-engage consumers
- Continue with China/PepsiCo license
- New Product Development pipeline exciting

Sunsol

- Continue growth through export
- Further New Product Development opportunities centered around Probiotics

Processing Cost

- Increase focus on OEE & quality
- Strategic and replacement CAPEX investment to reduce cost

People, Culture & Sustainability

- Zero harm
- Invest in leadership capabilities
- Step change on sustainability reporting
- Modern Slavery requirements imbedded

Corporate

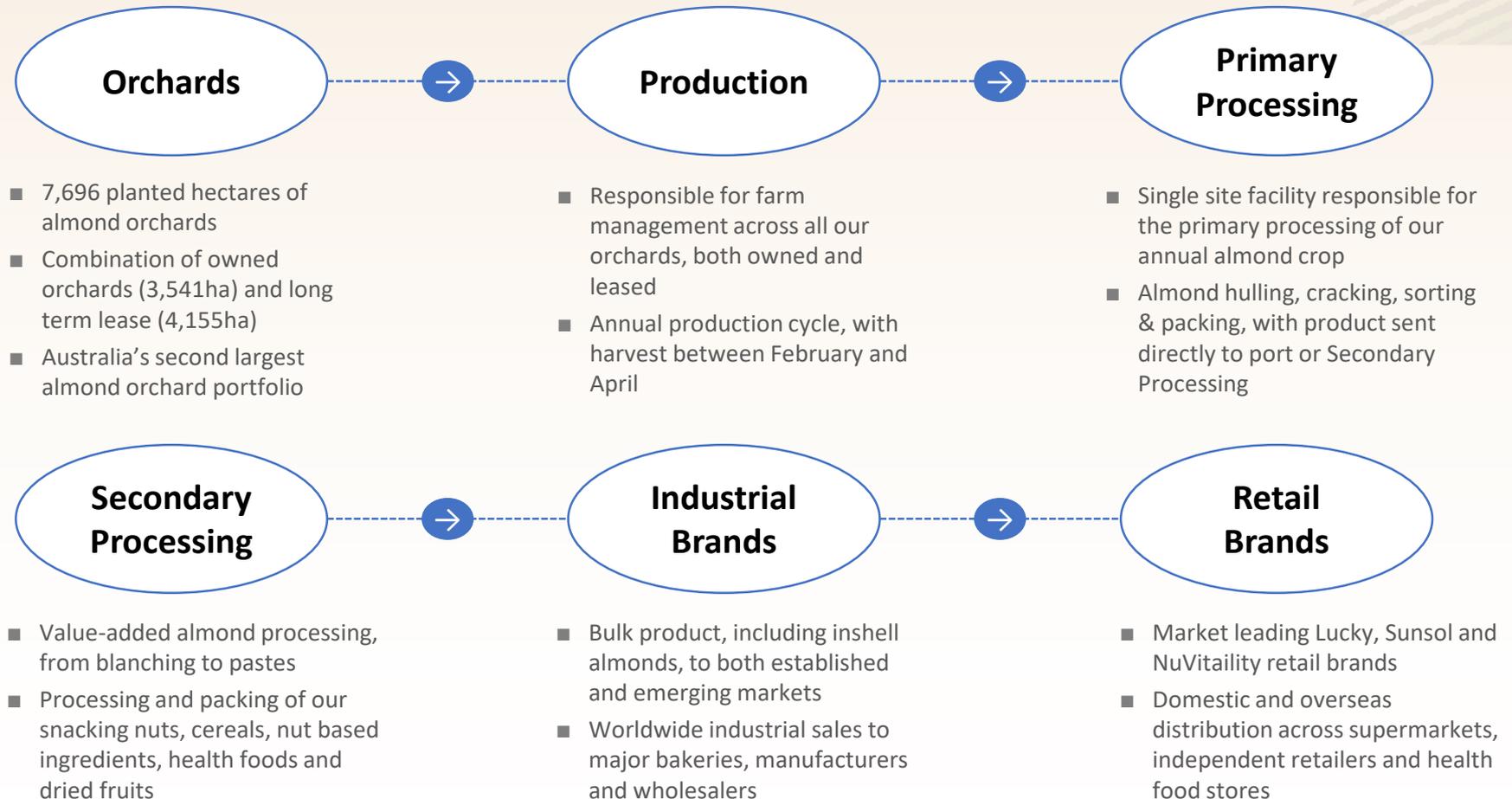
- Standardise JDE processes across the group
- Focused capital and cash management disciplines in place
- Assess commercially attractive growth options

Growth in the Food Division remains a key focus

Select Harvests – in control of our destiny



Vertically Integrated from 'Paddock to Plate'



Vertically Integrated across the entire supply chain from almond orchards to consumer and industrial brands

FY2020 Top 10 Priorities

1. **Continue 2020 Crop Horticultural Program** – Ensure optimal tree health and production
2. **Implement new technology** – Capital investment in new sorting technology (improved quality)
3. **Cost Reductions** - Continue to reduce cost per kg across all production stages
4. **Mitigate Water Cost** - With increasingly dry conditions, water management is critical
5. **Manage Cash Position** - Improve working capital and cash conversion rate
6. **Growth** – Assess organic and inorganic options to deliver additional growth
7. **Consumer Foods** – Deliver process improvement project to improve efficiencies
8. **Capital Investment** – Prioritise investment to deliver improved quality outcomes
9. **Execute Export Growth Strategy** - Opportunities in Industrial and Consumer
10. **Corporate** – Standardise and improve processes seamlessly across all Divisions

Fundamentals remain positive and clear opportunities to improve exist



Reasons to Invest in Select Harvests

- **Underlying Earnings Growth**
 - Our investment in almond orchards ensures underlying organic earnings growth
- **Positive Industry Macro**
 - The macro for the almond industry and ‘better for you’ plant-based foods remain very strong
- **Successfully Executing to the Plan**
 - Our skilled and hardworking employees are delivering results: higher yields, lower costs and improved productivity
- **Export Orientated Business**
 - Key export markets are Asia, Europe and the Middle East
- **Focussed on Sustainability**
 - Sustainability generates value for our shareholders, while promoting responsible stewardship of finite resources
- **Growth Strategy in Place**
 - We remain focussed on our strategy of optimising our almond base, growing our brands and expanding strategically

Australia's largest vertically integrated nut and health food company

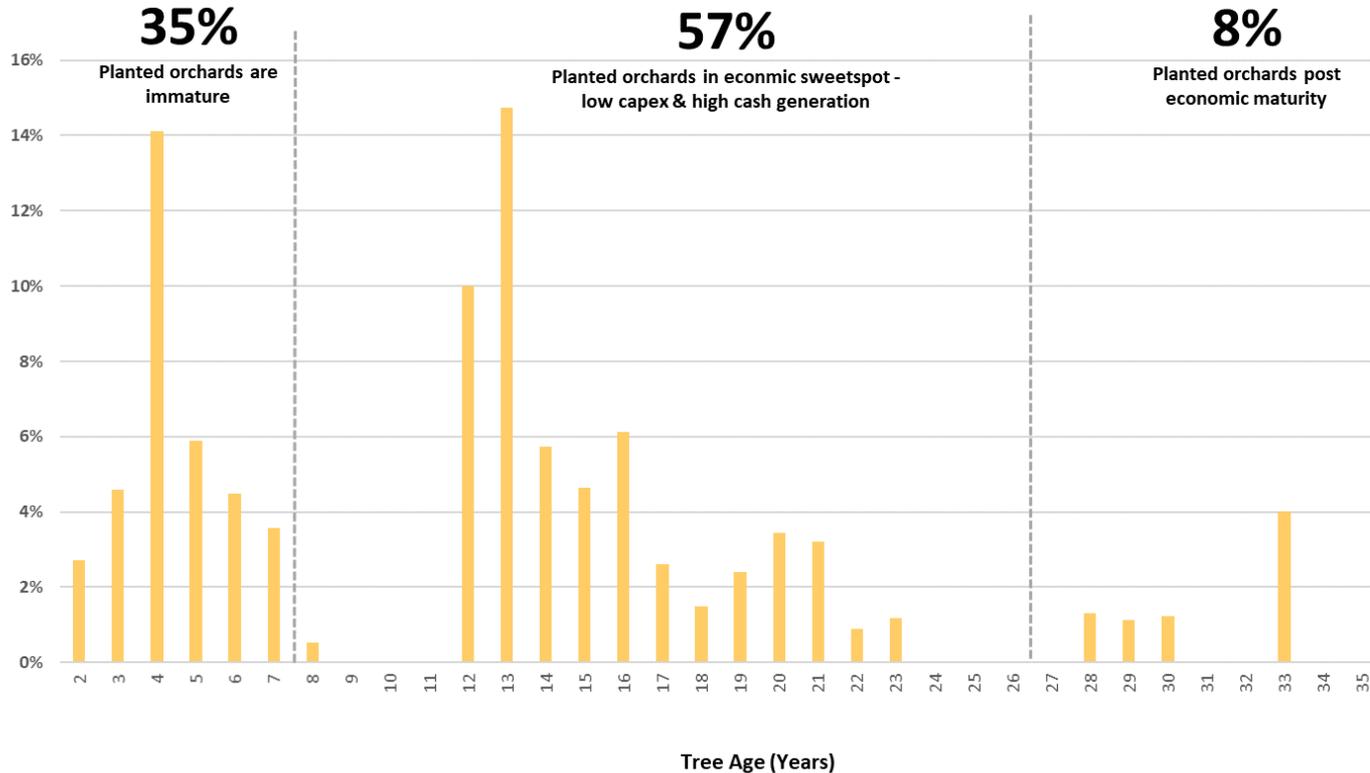


Appendices

Optimise Almond Base - Orchard Age Profile

Age Profile of SHV Almond Orchard Portfolio

93% of current planted acres are cash generative



Growth and improvement occurred in SHV orchard portfolio in recent years - acquisition, replants, greenfields

Useful Almond Industry websites

Industry Associations

- Californian Almond Board www.almondboard.com
- Almond Board of Australia www.australionalmonds.com.au

Industry Reports

- US Crop Forecasts (Subjective, Objective) <http://www.almonds.com/growers/resources/crop-forecasts/tc-NASS-Crop-and-Acreage-Reports>
- Monthly Almond Position Reports <http://newsroom.almonds.com/position-reports>
- Almond Almanac <http://www.almonds.com/sites/default/files/2017%20Almanac%20Final%20-%20updated%207.5.18.pdf>
- UC Davis Almond Development Costings <https://coststudies.ucdavis.edu/en/current/commodity/almonds/>

Almond Companies

- Blue Diamond Growers www.bluediamond.com
- Blue Diamond Ingredients www.bdingredients.com/category/almond-market-analysis
- Almond Insights www.almondinsights.com
- Derco Foods www.dercofoods.com/en/english-reports/english-almond-reports
- RPAC Almonds www.rpacalmonds.com/marketnews
- Wonderful Pistachios & Almonds www.wonderfulpistachiosandalmonds.com/#ourdifference

Definitions & Explanations

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