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High quality natural products

Select Harvests (ASX:SHV) - FY2017 Results Presentation

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Vanessa Huxley, Acting CFO & Company Secretary
25 August 2017



Disclaimer & Basis of Preparation

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Certain statements contained in this presentation may constitute forward-looking statements or statements about future matters that are based upon information known and assumptions made as of the date of this presentation. These statements are subject to risks and uncertainties. Actual results may differ materially from any future results or performance expressed, predicted or implied by the statements contained in this presentation.

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.



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FY2017 Overview - Financials

- **FY2017 Reported Net Profit after Tax (“NPAT”) of A\$9.2m compares to the FY2016 Reported NPAT of A\$33.8m**
 - FY2016 Underlying NPAT¹ of A\$27.9m
- **FY2017 Earnings Before Interest and Tax (EBIT) is A\$17.0 m compared to FY2016 Reported EBIT of A\$49.8m**
 - FY2016 Underlying EBIT¹ of A\$41.3m
- **Operating cash flow of A\$4.7m (FY2016 A\$92.9m)**
 - Note: this is after paying \$29.0m in tax in FY2017, relating to FY2016 year
- **Net debt of A\$104.4m (FY2016 A\$25.5m)**
 - Gearing (net debt/equity) is 37.6% (FY2016 8.8%)
- **Net debt including finance leases is A\$145.8m (FY2016 A\$67.3m)**
 - Gearing is 52.5% (FY2016 23.1%)
- **Reported Earnings per Share (EPS) of 12.6 cents per share (cps) - (FY2016 46.7cps; Underlying EPS¹ of 38.5cps)**
- **FY17 Dividend – Interim dividend 10 cps fully franked paid 5 April 2017 - No final dividend**

¹ – There are no non-recurring adjustments to the FY2017 Results. FY2016 Results include an A\$8.5m pre-tax gain from an asset sale. Refer Definitions and Explanations Slide (Slide 30) for definitions of Underlying NPAT, Underlying EBIT and Underlying EPS.

FY2017 Overview – Key Facts

- **Almond crop volume of 14,100 MT (FY2016 14,200 MT)**
- **Average almond price of A\$7.43/kg (FY2016 A\$8.08/kg)**
- **Project H2E (biomass electricity cogeneration plant) revised commissioning date Q3 FY2018.**
 - FY2017 capex A\$6.5m
 - Estimated additional FY2018 capex cost A\$3.0m
 - Total estimated cost: A\$19.7m
- **Project Parboil (value-added almond processing facility) at Carina West. Commissioned Q1 FY2018.**
 - FY2017 capex A\$6.3m
 - Additional capex cost FY2018 A\$1.0m
 - Total estimated cost: A\$14.3m
- **Acquired Jubilee Orchards near Waikerie, South Australia for A\$26.4m**
 - 465 planted ha (320 ha bearing and 145 ha non-bearing) (1,147 planted acres: 792 acres bearing, 355 acres non-bearing)
 - 1,335 ML of high security water entitlements
- **Planted 844 ha (2,084 acres) of new almond orchards - funded via lease agreement with First State Super (FSS)**
- **Commenced China consumer packaged products sales**
- **Reduced Lost Time Injuries by 18% year on year**



FY2017 Income Statement

Financial Result	FY16 (A\$m)	FY17 (A\$m)
Reported Result		
EBIT - Reported	49.8	17.0
Interest	(5.5)	(5.0)
NPBT	44.3	12.0
Tax Expense	(10.5)	(2.8)
NPAT - Reported	33.8	9.2
Underlying Result		
EBIT – Underlying	41.3	17.0
Interest	(5.5)	(5.0)
NPBT	35.8	12.0
Tax Expense	(7.9)	(2.8)
NPAT - Underlying	27.9	9.2

■ FY17 Underlying EBIT¹ A\$17.0m (FY16 A\$41.3m)

■ Almond Division Underlying EBIT¹ A\$13.7m (FY16 A\$36.1m)

- Volume flat (14,100MT vs 14,200MT) (A\$0.8m)
- Price down (A\$7.43/kg vs A\$8.08/kg) (A\$9.2m)
- Crop Revaluation (A\$6.1m)
- Other Income/Costs (A\$5.9m)

■ Food Division EBIT A\$8.0m (FY16 A\$10.3m)

- Commodity pricing & currency (A\$2.0m)
- Volumes (A\$0.3m)

■ Underlying NPAT¹ down 67% to A\$9.2m (FY16 A\$27.9m)

¹ – There are no non-recurring adjustments to the FY2017 Results. FY2016 Results include an A\$8.5m pre-tax gain from an asset sale. Refer Definitions and Explanations Slide (Slide 30) for definitions of Underlying EBIT & Underlying NPAT

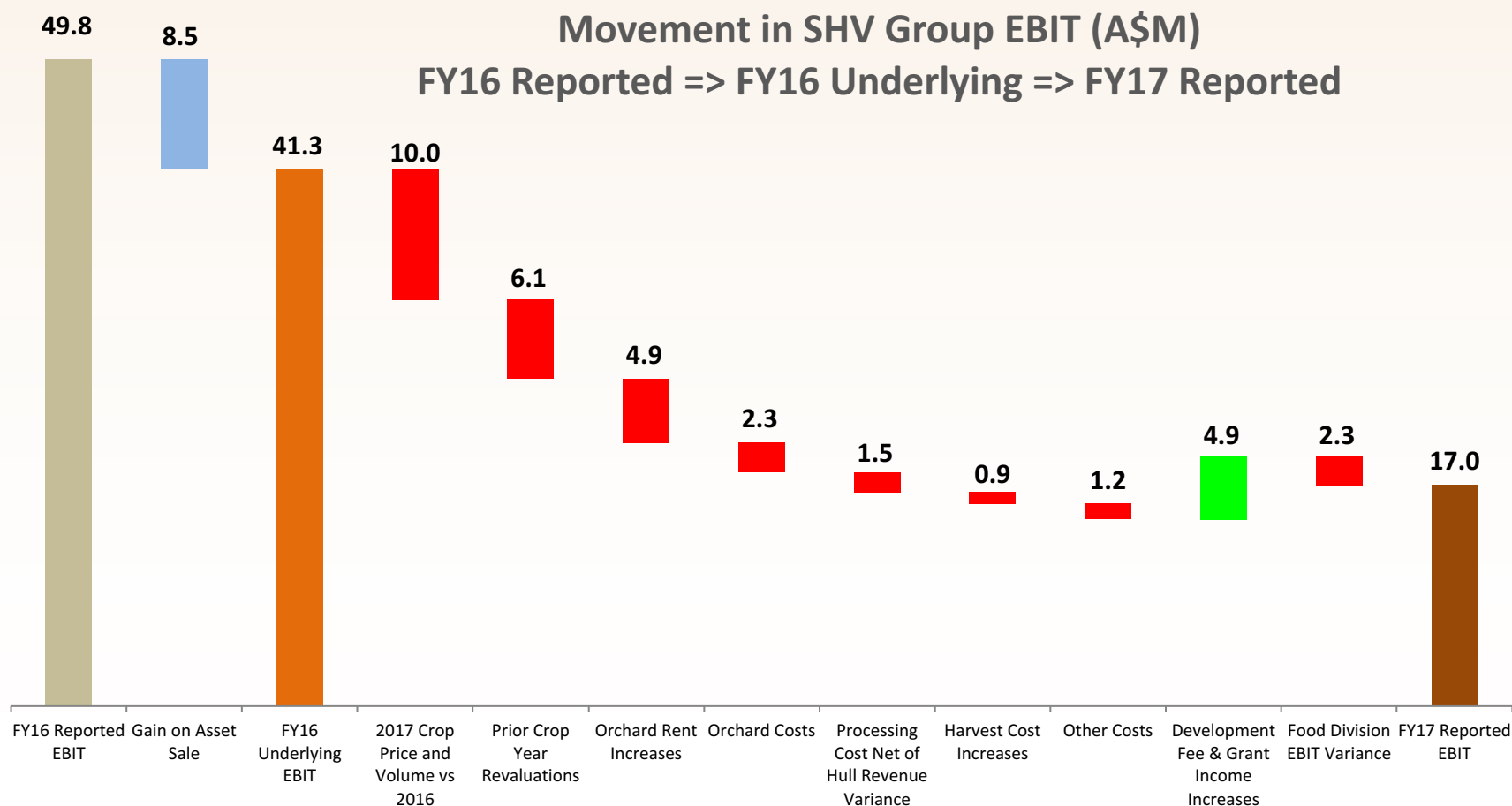
FY17 income has been negatively impacted by multiple challenges – both currency and cost



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Movement in SHV Group EBIT (A\$M)



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FY2017 Balance Sheet

Year Ending Balance Sheet	Jun-16 (A\$m)	Jun-17 (A\$m)
Current Assets excl. Cash	154.1	139.1
Cash	1.4	1.1
Non-Current Assets	294.3	343.1
Total Assets	449.8	483.2
Current Liabilities (excl. Borrowings)	51.2	23.4
Borrowings	68.7	146.9
Non-Current Liabilities (excl. Borrowings)	39.0	35.3
Total Liabilities	158.9	205.6
Total Equity	290.9	277.6
Net Debt	67.3	145.8
<i>Net Debt/Equity</i>	<i>23.1%</i>	<i>52.5%</i>

■ Debt at top end of targeted range

■ Net debt of A\$104.4m (FY2016 A\$25.5m)

— Gearing (net debt/equity) is 37.6% (FY2016 8.8%)

■ Net debt including finance leases A\$145.8 m (FY2016 A\$67.3m)

— Gearing (net debt/equity) is 52.5% (FY2016 23.1%)



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FY2017 Cash Flow

Cash Flow	FY16 (A\$m)	FY17 (A\$m)
EBITDA	62.4	31.8
Change in Working Capital	36.3	6.9
Tax Paid	(0.9)	(29.0)
Net Interest	(4.9)	(5.0)
Cash flow from operating activities	92.9	4.7
Investing cash flows	(47.8)	(56.8)
Proceeds from asset sales	73.2	-
Increase/(decrease) in Debt	(84.8)	76.6
Dividends Paid	(31.9)	(23.0)
Net (Decrease)/Increase in Cash/Cash Equivalents	1.6	1.5

■ 2016 crop realised in FY2017 at significantly lower values than the 2015 crop (realised in FY2016)

■ Decreased working capital due to lower 2017 crop price

■ Significant tax paid during the year on the realised 2015 and 2016 crops

■ FY17 Investing cash flows driven by:

- Orchard acquisition (excluding water) A\$21.8m
- Projects A\$17.0m
- Equipment & Maintenance A\$6.0m
- Tree Development A\$9.6m
- Water A\$4.5m

Underlying cash generation positive

Higher value crop replaced by lower value crop and funding strategic investments

Almond Division



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Almond Division

Almond Division (A\$m)	Reported		Underlying ¹	
	FY16	FY17	FY16	FY17
EBIT	44.6	13.7	36.1	13.7

Financials

- **Volume:** FY17 crop volume est. 14,100 tonnes (FY16 14,200 tonnes)
- **Processing:** Net processing cost increase (net of hull revenue)
- **Orchard Costs:** Orchard Costs/Ha (excluding lease/rental costs) remained flat year on year
- **Lease/Rental:** Large negative impact of “to market” leasing increase (A\$4.9m)
- **Price:** FY17 price est. A\$7.43/kg (AUD/USD Rate = 0.75) 72% of 2017 crop committed
FY16 A\$8.08/kg (AUD/USD Rate = 0.72)
- **Prior Crop Revaluation:** A\$6.1m down

Comments

- Hulling & shelling completed early-August
- Crop impacted by wet spring and cool summer
- Greenfield plant out – 844 ha (2,084 acres) completed July 2016 (funded on FSS balance sheet)
- Prepared for plant out 352 ha (870 acres) in July 2017 (funded on FSS balance sheet)
- Acquired Jubilee Orchard - A\$26.4m
 - 465 planted ha (320 ha bearing and 145 ha non-bearing) (1,147 planted acres: 792 acres bearing, 355 acres non-bearing)
 - 1,335 ML of high security water entitlements
- US almond sales up 16% (volume) – demand still strong

¹ – There are no non-recurring adjustments to the FY2017 Results. FY2016 Results include an A\$8.5m pre-tax gain from an asset sale. Refer Definitions and Explanations Slide

Operational result disappointing, short term volatility challenging



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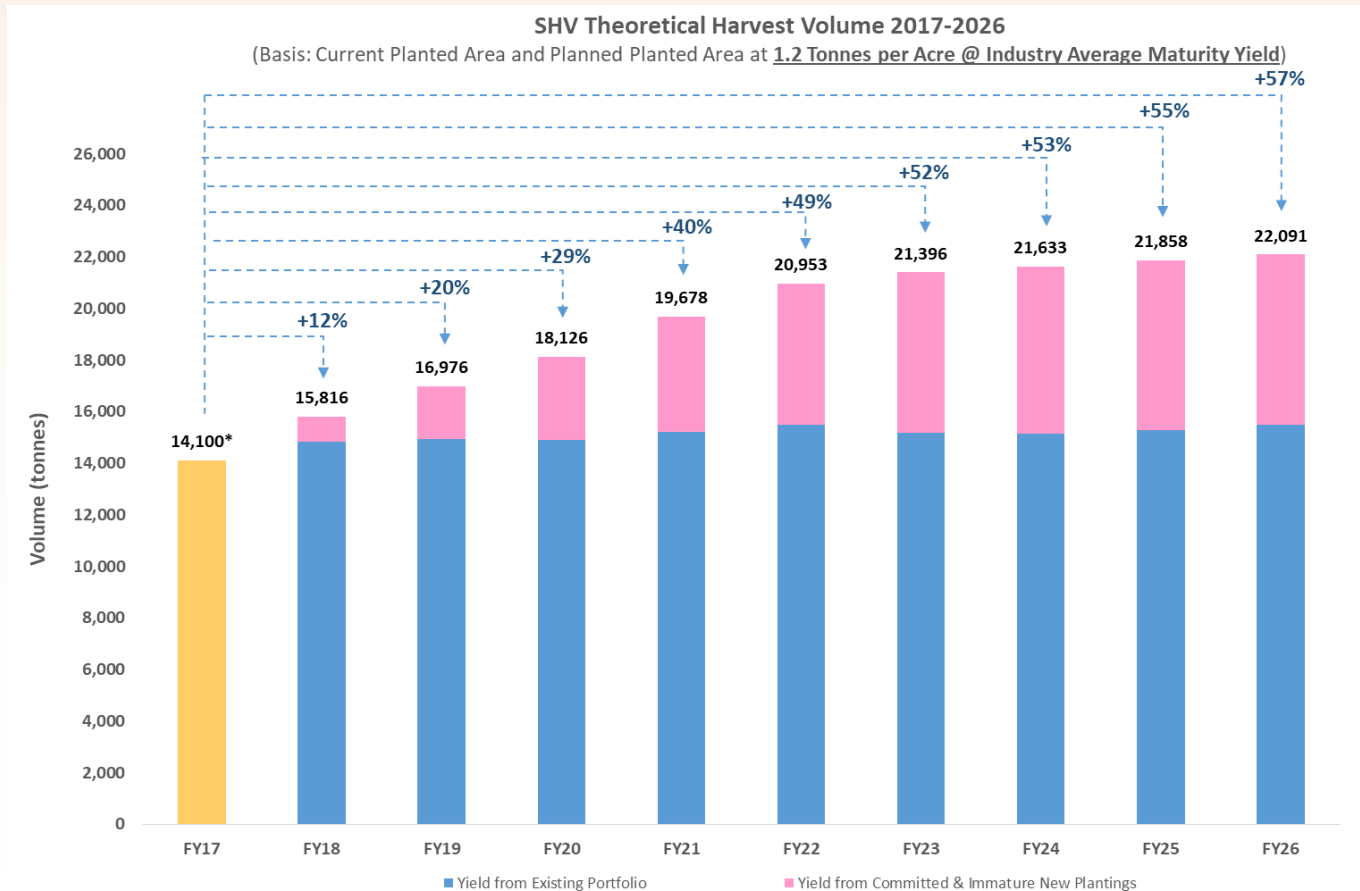
Bunagool Orchard



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Volume Growth



*Yields by tree age - refer slide 24

Investment in almond orchards & processing assets largely complete = increase future earnings



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Food Division



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Food Division

Food Division (A\$m)	Reported		Underlying	
	FY16	FY17	FY16	FY17
EBIT	10.3	8.0	10.3	8.0

Financials

- Revenue of A\$146.9 million was down 9.2% (FY16 A\$161.8m)
- Industrial sales down
- Branded sales mix maintained

Comments

- Commodity price and currency had a major impact on Industrial & Private Label sales contracts
- New Product Development (NPD) represent 16.5% of sales (FY16 13.0%) – Sunsol
- Lucky remains Cooking & Baking nut market leader with 38.4% market share* – declined due to Private Label competition
- Export remains strong focus for both Industrial & Consumer businesses

* Source: 18 June 2017. Source – IRI Aztec

Business Improvements eroded by commodity prices



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Project Update



Greenfield Orchard Plantings

- 844 ha (2,084 acres) planted under lease agreement with First State Super (FSS)
- A\$27.0m Year 1 investment - on time and budget
- Project managed by Peter Ross

Project H2E (Biomass electricity cogeneration facility)

- Further delays – new commission target end Q3 FY2018
- Revised budget A\$19.7m (A\$7.0m above budget)
- Project NPV remains positive
- Will improve long-term economic value of kernel by-product & permanently mitigate increasing energy cost pressure in the business

Project Parboil (Almond value-adding facility)

- Commissioning in progress – to be completed Q1 FY2018
- Total cost A\$14.3m (A\$3.0m above budget)
- Project NPV remains positive
- Provides allergen-free almond products & additional blanching & pasting capacity in a global state of the art manufacturing facility

FY2017 Overview – Safety, Sustainability & Diversity

Safety

- Agriculture is one Australia's most dangerous industries
- Select Harvests Zero Harm Safety and Wellbeing Strategy focus is to:
 - Prevent injury before it occurs
 - Improve our safety performance & individual wellbeing

Our foremost objective is the safety of our people

Sustainability

- Zero environmental breaches
- Commissioned first off the grid solar power farm hub
- Project H2E project is our largest energy saving initiative
- Inaugural Sustainability Report in FY2017

Inclusion and Diversity

- 6% increase in female representation at Board & Senior Executive level
- 42% of our people are from a culturally diverse background
- 2nd female with ethnic diversity appointed to the Executive Team
- 2nd female Director - Fiona Bennett

SAFETY	FY2016	FY2017	FY17 Outcome
LTIFR ("Lost Time Injury Frequency Rate")	18.4	15.1	-18%
MTIFR ("Medically Treated Injury Frequency Rate")	40.0	19.0	-53%
LTISR ("Lost Time Injury Severity Rate")	16.0	13.0	-19%
TRIFR ("Total Recordable Incidents Frequency Rate")	99.0	70.0	-29%

SHV is making tangible progress towards achieving its safety, sustainability & diversity goals

Corporate



■ Board

- Fiona Bennett appointed to Board 6 July 2017

■ Finance

- Paul Chambers (CFO & Company Secretary) has resigned, effective as at 8 November 2017
- Vanessa Huxley (Deputy CFO & Deputy Company Secretary) is Acting CFO
- Search underway for permanent replacement

■ Operations

- Bruce van Twest (GM Operations) has resigned and has left the business
- Peter Ross appointed GM Almond Operations (previously GM Horticulture & prior to that GM Operations)
- Ben Brown appointed Acting GM Horticulture (previously Horticulture Manager)
- Mark Eva appointed GM Consumer (Previously GM Sales & Marketing – Consumer)

■ Kidder Williams appointed as strategic advisor

Strategy & Priorities

HORIZON 1 – PERFECT THE CURRENT MODEL

Optimise & grow almond agri assets

Improve supply chain efficiency

Maximize commodity value through innovation

Build our systems & grow our people

HORIZON 2 – TRANSITION INTO INTEGRATED MODEL

Grow the value of Brands

Grow in SHFP Asian market via partnerships

Pursue value accretive acquisitions in the agrifood sector

HORIZON 3 – EXPAND MODEL GLOBALLY

Explore opportunities in the global industry

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

ENABLERS

Employer of choice



Culture of innovation



Market aware



Proactive communicator

Outlook

- Fundamentals of the business and industry remain strong – global consumption of plant protein and almonds continues to grow
- Select Harvests has invested in high quality orchards, processing assets and brands – the business has the growth platform in place to meet future market demands and be globally competitive
- Select Harvests 2018 crop is in the final stages of pollination
- Select Harvests 2018 “theoretical” crop would be approx. 15,800MT - based on acres planted, age profile & industry average yields
- USD almond pricing outlook stable - the US estimated crop of 2.25 billion pounds is within expectations
- Reduce operating expenditure, working capital and capital expenditure
- Proactively investigate all other initiatives to reduce debt and strengthen the balance sheet
- Complete major projects

The foundations for long term volume growth are in place



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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



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Select Harvests - Financial History



SHV Historical Summary	Units	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015	2016	2017
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	239.0
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	17.0
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%	7.1%
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	12.0
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	9.2
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	73.6
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	12.6
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	10.0
Payout Ratio	(%)	80.0%	80.0%	96.7%	28.2%	48.5%	76.5%	47.6%	29.9%	53.3%	57.6%	119.5%	79.4%
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	2.95
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	3.4
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	145.8
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	277.6
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%	52.5%
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	\$4.29
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	315.8
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	34.3

* 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".

2011-2017 figures represent underlying earnings.

Source: Company Data



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EBIT Sensitivity

Assuming 2017 crop variables of:

■ Volume:	14,100 tonnes
■ Almond Price:	A\$7.43/kg
■ Exchange Rate (AUD/USD):	0.75

Key Variable	Impact on EBIT (\$m)
Volume +/-200 tonnes	+/- A\$1.5M
Almond Price (A\$/kg) +/- A\$0.10/kg	+/- A\$1.4M
Exchange Rate -/+ 1 cent movement in AUD/USD cross rate	+/- A\$1.4M



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Select Harvests – Orchard Profile

Select Harvests Almond orchard portfolio	Planted* (as at 30 June 2017)		Under Development (as at 30 June 2017)		Total Planted & Under Development (as at 30 June 2017)	
	Acres	Hectares	Acres	Hectares	Acres	Hectares
Central region						
Company Owned	4,151	1,680			4,151	1,680
Leased	2,909	1,177	500	202	3,409	1,380
Total	7,060	2,857	500	202	7,560	3,059
Northern Region						
Company Owned	1,797	727			1,797	727
Leased	3,017	1,221			3,017	1,221
Total	4,814	1,948			4,814	1,948
Southern Region						
Company Owned	2,722	1,102			2,722	1,102
Leased	3,034	1,228	870	352	3,904	1,580
Total	5,756	2,329	870	352	6,626	2,681
Total						
Company Owned	8,670	3,509			8,670	3,509
Leased	8,960	3,626	1,370	554	10,330	4,180
Total	17,630	7,135	1,370	554	19,000	7,689

*Includes Jubilee Acquisition

870 acres were planted in July 2017 – 500 acres will be planted July 2018



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Targeting an Above Average Yield Per Acre @ Maturity

Year	Harvest Volume (tonnes) per acre based in 1.2 Tonnes per Acre @ Maturity	Harvest Volume (tonnes) per acre based on 1.3 Tonnes per Acre @ Maturity
1	0.0	0.0
2	0.0	0.0
3	0.3	0.3
4	0.5	0.5
5	0.8	0.8
6	1.0	1.0
7+	1.2	1.3

Note:

Biennial Nature of Crop

- The almond crop is biannual in nature with +/- 10% per annum variation in tonnage possible

Variation between Regions and Farms

- Yields are not uniform and vary across both farms and growing regions

Post Economic Maturity Yield

- The yield for post economic maturity farms deteriorates as tree age increases

Significant tonnage upside available with a higher yield per acre at maturity

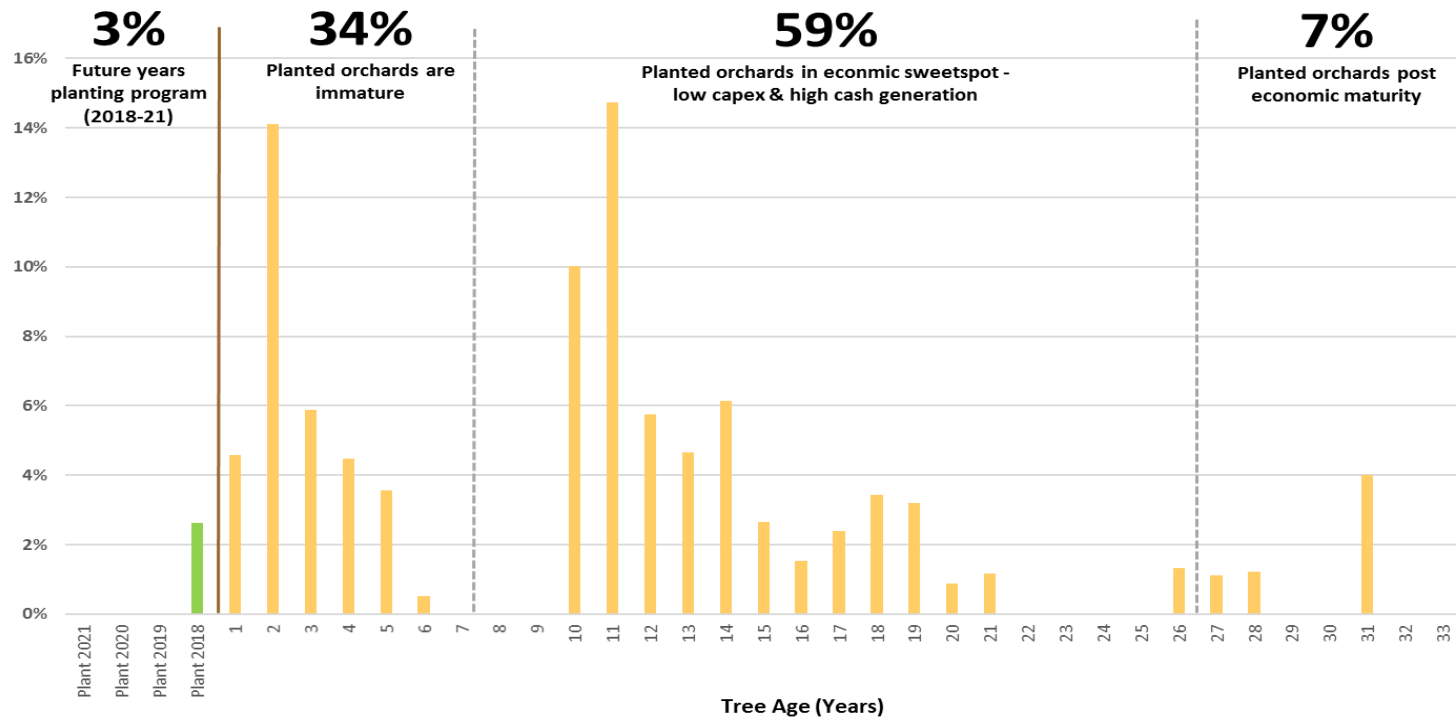


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Select Harvests – Orchard Age Profile

Age Profile of SHV Almond Orchard Portfolio 75% of current planted acres are cash generative



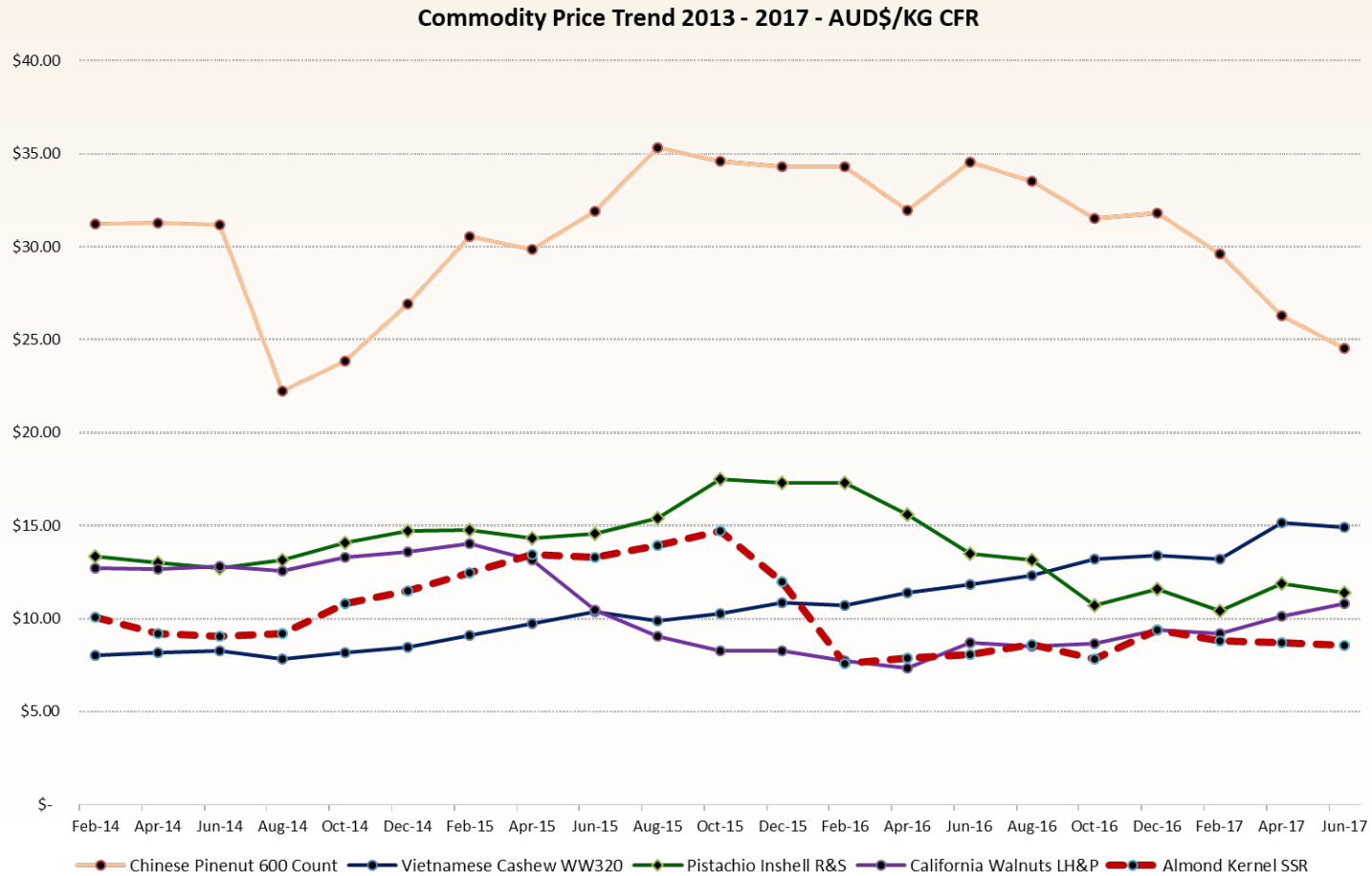
Significant growth & improvement occurred in SHV orchard portfolio in recent years - acquisition, replants, greenfields



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Tree Nut Pricing



Almonds are currently the best value in the basket - driving consumption

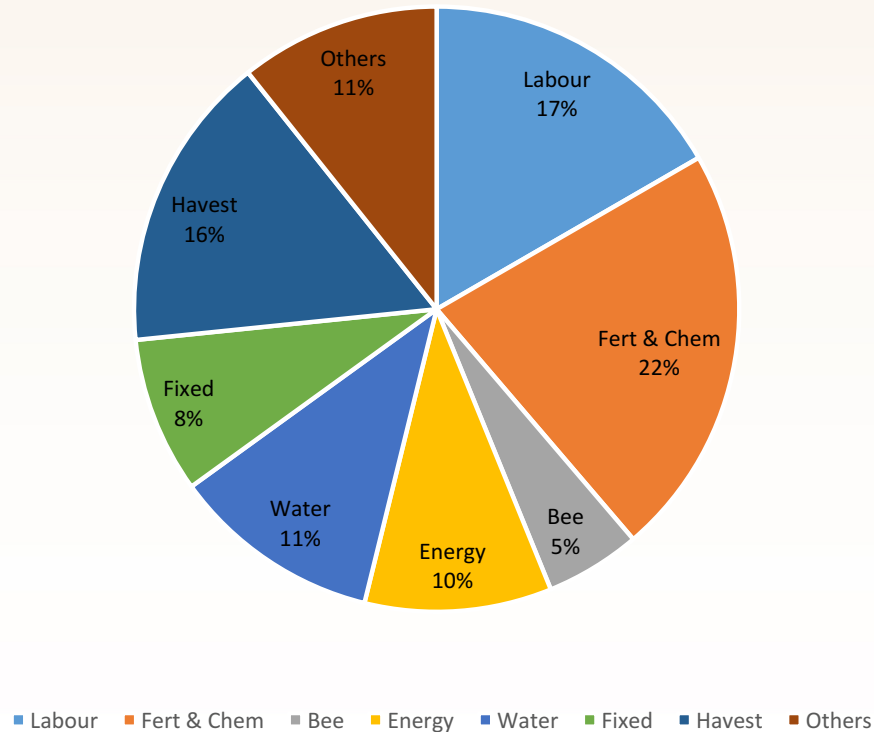


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Growing Costs

SHV FY2017 Orchard Costs by Percentage



Note: exclude orchard rental or lease costs

Almond Market Outlook – US Shipments July 2017

	US Export Shipments				US Domestic Shipments				US Total Shipments			
	Last Year	This Year	Growth	Growth	Last Year	This Year	Growth	Growth	Last Year	This Year	Growth	Growth
	(million lbs)	(million lbs)	(million lbs)	(%)	(million lbs)	(million lbs)	(million lbs)	(%)	(million lbs)	(million lbs)	(million lbs)	(%)
July	87.6	96.5	8.9	10%	51.0	57.5	6.4	13%	138.6	154.0	15.4	11%
Last 3mth	332.9	320.3	(12.6)	(4%)	157.8	181.4	23.6	15%	490.7	501.7	11.0	2%
Last 6mth	672.8	644	(28.8)	(4%)	301.5	340.2	38.6	13%	974.3	984.2	9.8	1%
Last 9mth	941.4	994.8	53.4	6%	438.1	498.9	60.7	14%	1,379.5	1,493.7	114.2	8%
Last 12mth	1,218.1	1,424.8	206.8	17%	593.2	676.0	82.8	14%	1,811.3	2,100.8	289.5	16%
Season	1,218.1	1,424.8	206.8	17%	593.2	676.0	82.8	14%	1,811.3	2,100.8	289.5	16%

Source: Almond Board of California July 2017 Position Report

There has been a significant, global increase in demand over the last 18 months



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Useful Almond Industry websites

Industry Associations

- Californian Almond Board www.almondboard.com

Industry Reports

- US Crop Forecasts (Subjective, Objective) <http://www.almonds.com/growers/resources/crop-forecasts>
- Monthly Almond Position Reports <http://www.almonds.com/newsletters/position-reports?from-section=2881>
- Almond Almanac http://www.almonds.com/sites/default/files/content/attachments/2015_almanac.pdf
- UC Davis Almond Development Costings <http://coststudies.ucdavis.edu/en/current/>

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/reports
- RPAC Almonds www.rpacalmonds.com/marketnews
- Paramount Farms www.paramountfarms.com
- Hilltop Ranch www.hilltopranch.com
- Merlo Farming www.merlofarminggroup.com



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Definitions & Explanations



- **Underlying Earnings Before Interest and Tax (“EBIT”)** is a non-International Financial Reporting Standards (“IFRS”) measure calculated by adding back interest expense and any non-recurring adjustments to Profit Before Income Tax.
- **Underlying Net Profit After Tax (“NPAT”)** is a non-IFRS measure calculated by adding back any non-recurring adjustments to Profit Attributable to Members of Select Harvests Ltd.
- **Underlying Earnings Per Share (“EPS”)** is a non-IFRS measure calculated by adjusting EPS for any non-recurring items
- Non- IFRS measures 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.



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



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