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Select Harvests Limited (ASX:SHV)

Full Year Results Presentation to 30 June 2018 (FY2018)

28 August 2018



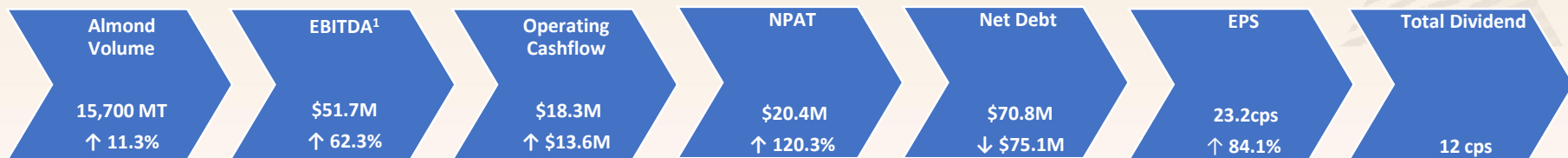
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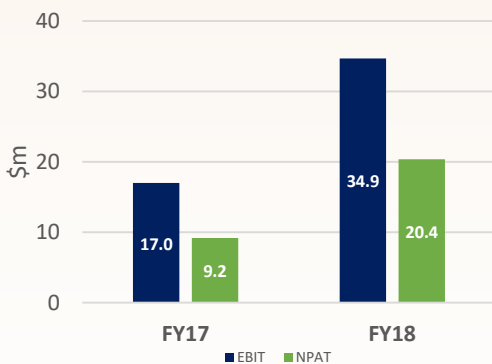
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The Select Harvests Limited financial statements are prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations 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.

FY 2018 Overview - Financials



SHV EBIT¹ & NPAT



- Revenue decrease of 13% to \$210.2m as a result of lower branded Food Division volumes

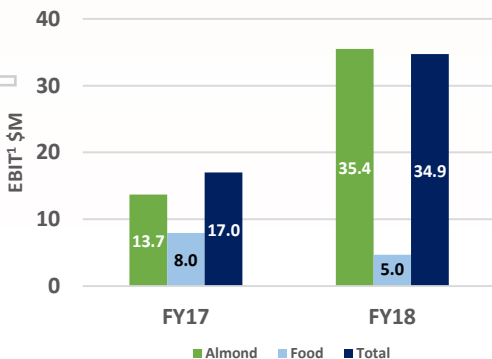
- Increased Almond volumes (+11.3%)

- EBITDA¹ growth of 62% due to higher Almond volumes, pricing and lower costs

- Operating cashflow increase of \$13.6m due to higher earnings and working capital management

- NPAT increase of 120.3% to \$20.4m

EBIT¹ By Division



- Net bank debt reduced to \$34.3m - gearing ratio of 9%

- Net debt (including finance leases) A\$70.8m - gearing ratio of 18.7%

- Earnings per Share (EPS) of 23.2 cents per share (cps) - (FY2017 12.6cps)

- FY18 Dividend – Final Dividend 7 cps fully franked.

- Record Date – 10 Sept 2018

- Payment Date – 5 Oct 2018

¹ - 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.

FY 2018 Overview - Operations

■ Almond Division

- Volume 15,700 tonnes (FY 2017 14,100 tonnes) - **up 11.3%**
- Sales price of \$8.05/kg (FY 2017 \$7.43/kg) - **up 8.3%**
- Production cost per kg - **down 8.6% (saved \$7m)**

■ Food Division

- Strong Industrial sales
- Sales growth for Sunsol in domestic markets (**up 24%**) and export markets (**up 107%**)
- Lucky sales and market share significantly impacted by Private Label
- Lucky brand Trademark Licence and Distribution Agreement for China with PepsiCo

■ Projects

- Planted 352 ha (870 acres) of new almond orchards
- Parboil facility commissioned
- H2E generating power in final stages of commissioning

■ Safety & Environment

- Reduction in severity of injuries despite slight rise in Lost Time Injuries
- Zero environmental incidents

Strong performance after a challenging year, foundations in place for the future



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FY 2018 Income Statement

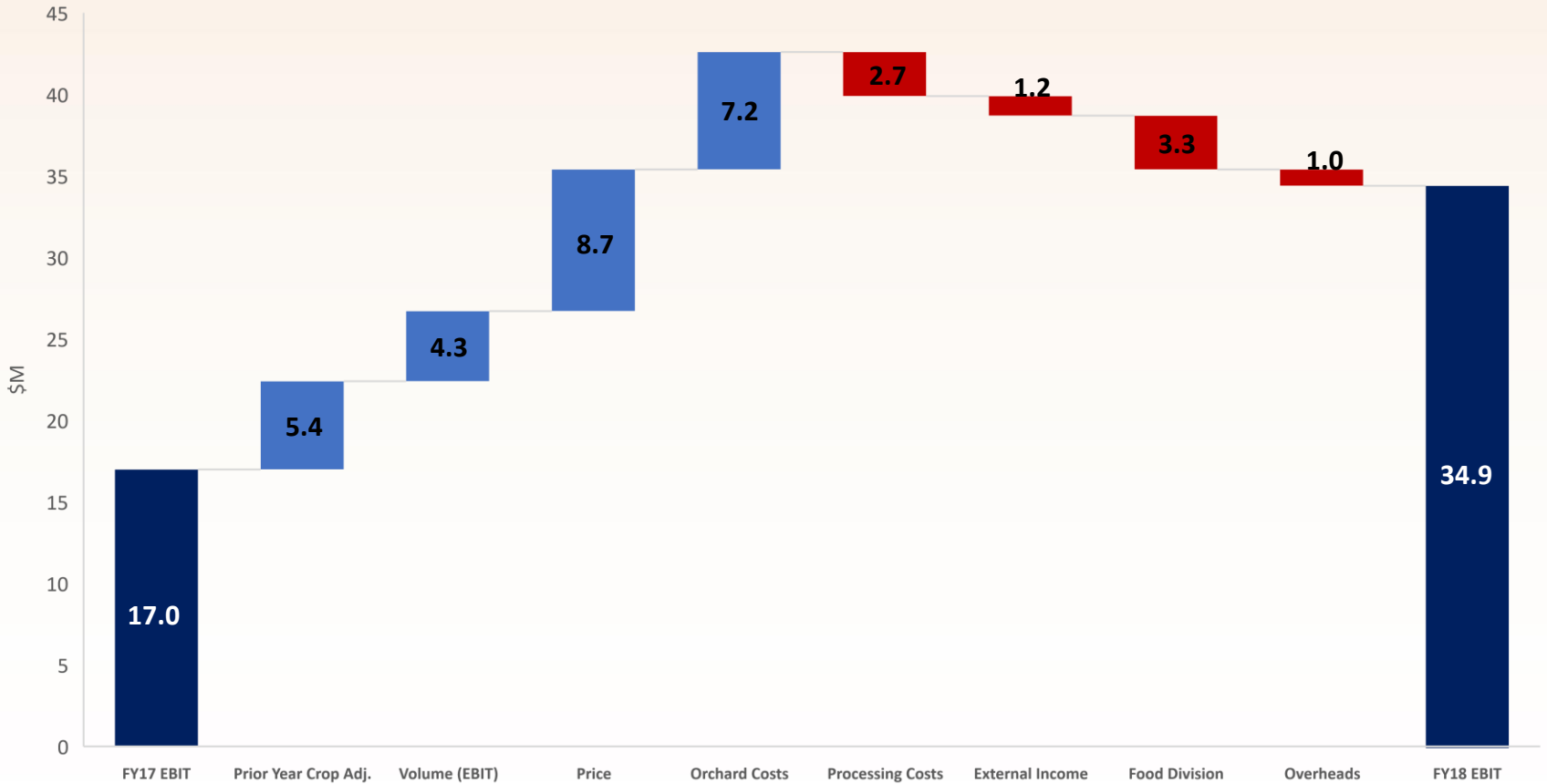
Income Statement				
\$ millions	FY 2017	FY 2018	Variance	%
Almond Volumes MT	14,100	15,700	1,600	11.3%
Almond Price Per Kg	7.43	8.05	0.62	8.3%
Total Revenue	242.1	210.2	(31.9)	(13.2%)
EBITDA¹	31.8	51.7	19.9	62.3%
Depreciation & Amortisation	14.9	16.8	1.9	13.0%
Almond Division EBIT ¹	13.7	35.4	21.7	159.0%
Food Division EBIT ¹	8.0	5.0	(3.0)	(37.7%)
Corporate	(4.7)	(5.5)	(0.8)	(18.7%)
Total EBIT¹	17.0	34.9	17.9	105.4%
Net Financing costs	(5.0)	(5.4)	(0.4)	(8.1%)
Tax Expense	(2.7)	(9.1)	(6.3)	(233.2%)
NPAT	9.2	20.4	11.2	120.3%
EBITDA ¹ Margin (%)	13.2%	24.6%	11.4%	86.4%
EBIT ¹ Margin (%)	7.0%	16.6%	9.6%	137.1%
Earnings Per Share (cents)	12.6	23.2	10.6	84.1%

- Decrease in revenue due to lower sales of domestic branded Food product and FY 2017 Almond sales cycle
- FY 2018 EBITDA¹ \$51.7m (FY 2017 \$31.8m)
- Almond Division EBIT¹ \$35.4m (FY 2017 \$13.7m)
 - Volume up (15,700MT vs 14,100MT) \$4.3m
 - Price up (A\$8.05/kg vs A\$7.43/kg) \$8.7m
 - Crop Revaluation \$5.4m
 - Lower orchard costs \$7.2m
- Food Division EBIT¹ \$5.0m (FY 2017 \$8.0m)
 - Lower sales of domestic brands (\$2.8m)
 - Lower packing margins (\$1.2m)
- Corporate cost increase due to one-off expenses and ERP depreciation
- NPAT up 120% to \$20.4m (FY 2017 \$9.2m)

FY 2018 improved result due to increased almond volumes, higher almond prices and lower costs of production

Movement in SHV Group EBIT¹ (\$M)

FY 2018 EBIT¹ Movement



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Increased volumes, higher pricing and lower cost of production have led to an improved result



FY 2018 Balance Sheet

Year Ending Balance Sheet

\$ millions	FY 2017	FY 2018
Current Assets excl. Cash	135.6	161.7
Cash	1.1	0.4
Non-Current Assets	343.0	354.5
Total Assets	479.7	516.6
Current Liabilities (exc. Borrowings)	20.0	27.9
Borrowings	146.9	71.2
Non-Current Liabilities (excl. Borrowings)	35.2	38.8
Total Liabilities	202.1	137.9
Total Equity	277.6	378.6
Net Debt (Including Finance Leases)	145.8	70.8
<i>Net Debt/Equity</i>	<i>52.5%</i>	<i>18.7%</i>
<i>ROCE</i>	<i>4.5%</i>	<i>7.4%</i>

- Increased current assets - higher inventory levels due to larger Almond crop and price
- Increased non-current assets due to ongoing investment in the development of immature orchards
- Net bank debt of \$34.3m (FY 2017 \$104.4m)
 - Gearing (net bank debt/equity) is 9.1% (FY 2017 37.6%)
- Net debt including finance leases \$70.8m (FY 2017 \$145.8m)
 - Gearing (net debt/equity) is 18.7% (FY 2017 52.5%)
- Return On Capital Employed (ROCE) improved as orchards mature and start yielding

Balance sheet replenished. Debt levels are low. Gearing is strong

FY 2018 Cash Flow

Cash Flow \$ millions	FY 2017	FY 2018
EBITDA ¹	31.8	51.7
Change in Working Capital	6.9	(19.8)
Tax Paid	(29.0)	(8.5)
Net Interest	(5.0)	(5.1)
Cash Flow From Operations	4.7	18.3
Investing Cash Flows	(56.8)	(25.9)
Proceeds from share issue	-	86.5
Increase/(decrease) in debt	76.5	(75.9)
Dividends paid	(23.0)	(3.8)
Net (Decrease)/Increase in Cash/Cash Equivalents	1.5	(0.8)

- EBITDA¹ is up 62.3% - operational performance
- Increased working capital due to larger 2018 crop volume and increased pricing
- Operating cash flow increased by \$13.6m
- FY 2018 Investing cash flows of \$25.9m driven by:
 - Tree & Orchard Development \$8.4m
 - Projects (H2E, Parboil) \$7.8m
 - Net Horticulture (Including Frost Fans) \$3.5m
 - Capitalised Rent \$5.2m
 - Processing \$1.0m

Cash flow remains a key focus through improved performance and working capital management



FY 2018 Overview – Safety, Environment, People and Culture

Safety

- SHV's Zero Harm Safety and Wellbeing Strategy focus is to:
 - Prevent injury before it occurs
 - Improve our safety performance & individual wellbeing

Environment

- Zero environmental breaches
- Energy:** Hull to Energy (H2E) remains our largest initiative
- Water:** Using technology solutions to better monitor and utilises water resources.
- Waste:** H2E full almond to hull + compost + recycling + animal nutrition

People and Culture

- Zero bullying and harassment
- New diversity targets reflect at least a third male/a third female/a third culturally diverse background

Safety measure	FY 2017	FY 2018	FY 2018 outcome
LTIFR (Lost Time Injury Frequency Rate)	15.1	17.4	+15%
MTIFR (Medically Treated Injury Frequency Rate)	19	17	-11%
LTISR (Lost Time Injury Severity Rate)	13	7	-46%
TRIFR (Total Recordable Injury Frequency Rate)	70	82	+17%

	Male	Female	Ethnicity*
Target	33%	33%	33%
Actual	70%	30%	45%

*based on voluntary employee disclosures

Our focus remains on safety and long-term sustainability



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Almond Division

Almond Division

Almond Division

\$ millions	FY 2017	FY 2018
EBIT	13.7	35.4

- **Crop volume increased to 15,700 tonnes (FY 2017 14,100 tonnes) - up 11.3%**
 - Crop potential significantly impacted by frost particularly in NSW, with mature tree average yield marginally down
 - New plantings maturity contributed 700 MT
 - Jubilee acquisition contributed 960 MT
- **Sales price of \$8.05/kg (FY 2017 \$7.43/kg) - up 8.3%**
 - Similar quality to last year and improved pricing
- **Hulling & shelling completed early-August**
 - Production cost per kg reduced by 8.6%
- **Project Parboil (Almond value-adding facility)**
 - Efficiency improvement - Production planning and equipment stabilization leading to improved production efficiency
 - In full operation - Total cost \$14.5m
- **Project H2E (Biomass electricity cogeneration facility)**
 - Currently operating and powering the processing facility with excess supplied to the grid (currently operating at ~ 85% capacity)
 - Remains in fine tuning stage of commissioning – currently working with supplier to get the plant to full operation
- **Greenfield plant out**
 - 352 ha (870 acres) completed July 2017 (funded on FSS balance sheet)
 - 208 ha (513 acres) in July 2018 (funded on FSS balance sheet)

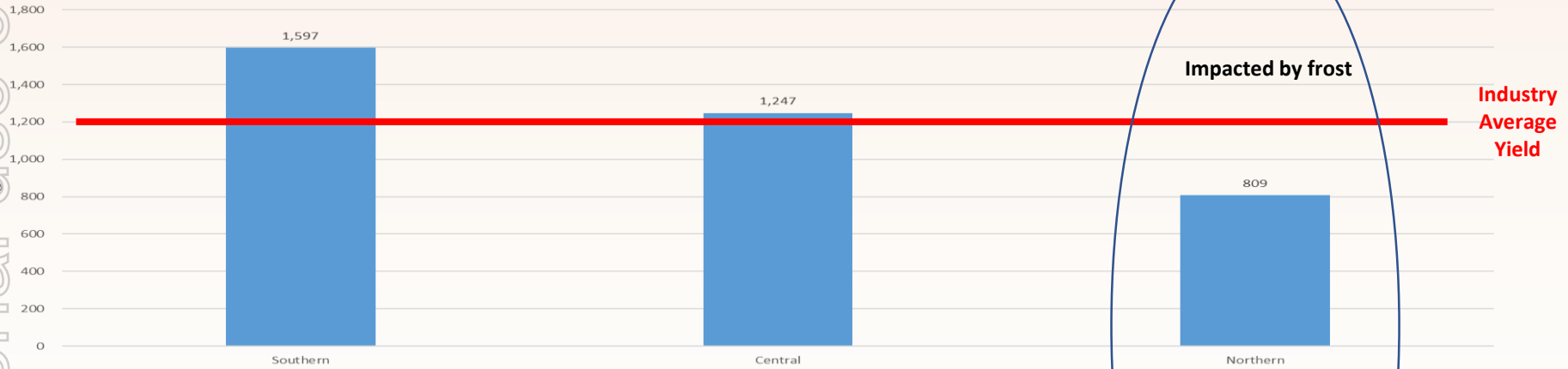
Almond Division EBIT up 159% - driven by cost savings, higher almond volume and pricing



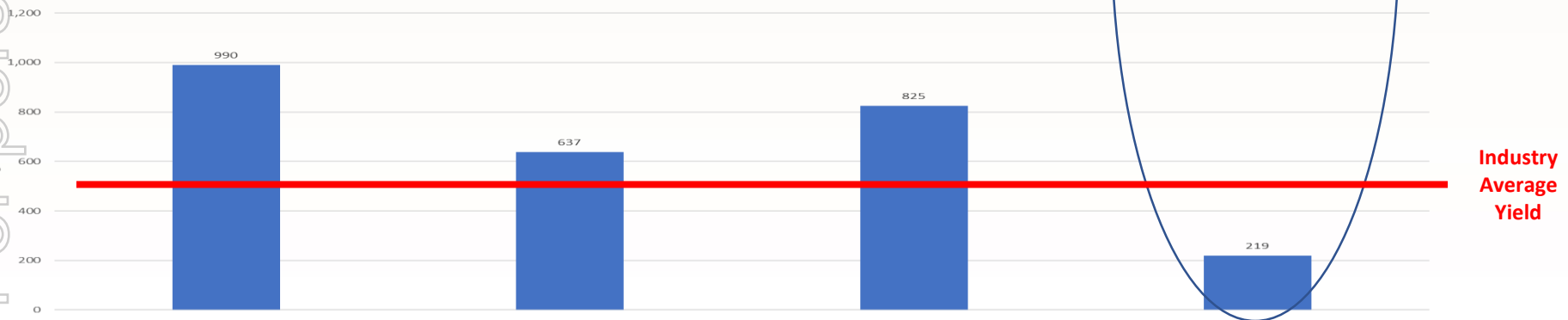
Yield Performance

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Mature



4th Leaf



Strong performance vs Industry Standard across all immature age cohorts

Almond Outlook

USA

Last Year Shipments

- 2.25 billion pounds (1.02 million MT) - up 7% or 150 million pounds (68,182 MT) - demand remains strong
- Key Markets Up - China 16%, India 19%, Europe 5% & US 9%
- Carry-over Down 10% to 360 million pounds (163,636 MT) - 6 weeks inventory

Forward Supply

- US 2018 Crop (USDA Objective Estimate 5 July 2018) 2.45 billion pounds (1.11 million MT) – up 8% on 2017
- Harvest has commenced - too early to judge, but quality and volume concerns
- Drought update - 86% of California is categorised as Abnormally Dry or in Drought
- Chinese tariffs - Impact of tariffs on market still to be determined

Australia

2019 Australian Crop - estimated at 92,000 MT (Almond Insights 2017/18)

- Good start and outlook - ideal bloom conditions, frost affected trees rebounding from 2018 event
- Current dry conditions not impacting Horticultural program however annual/short term water prices have doubled

Select Harvests FY2019 Theoretical Crop (basis: industry average yield for tree age) - up 8% to 17,000 MT

- Risk Mitigation - installed 77 frost fans in FY2018 - protecting an additional 364 ha (900 acres)
- Risk Mitigation - water strategy protecting business in part from market price increases
- Maturity profile continues to deliver underlying volume growth
- Tree health - anticipate mature orchards will beat industry average yields
- Cost of production remains a focus
- Capital investment focused on quality

We anticipate our orchards will yield above the industry standard

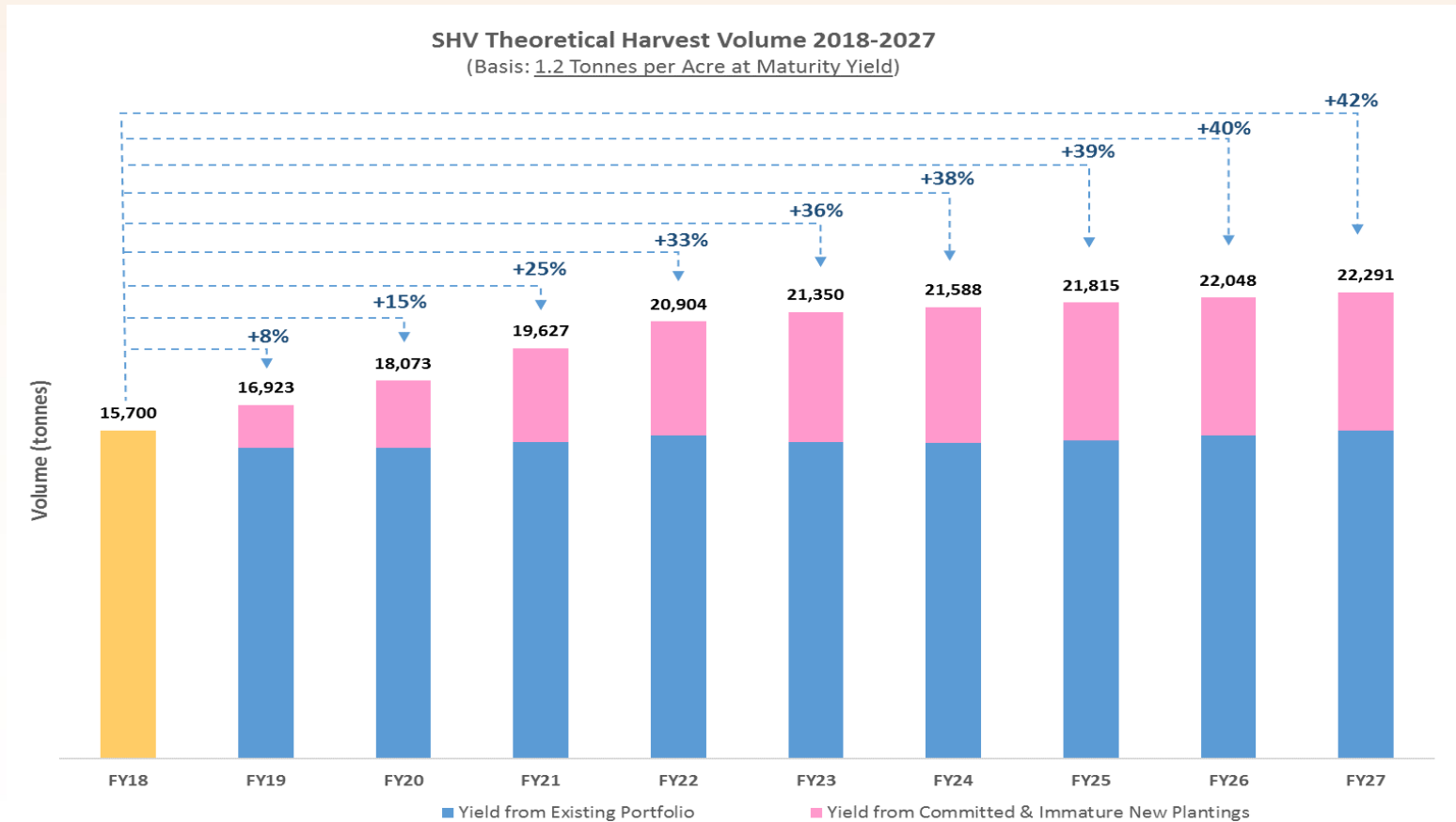


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Volume Growth

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Investment in almond orchards ensures underlying organic earnings growth



Food Division



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Food Division

Food Division		
EBIT	8.0	5.0

Strong Industrial Sales

- Industrial revenue and volumes increased due to higher demand for almonds by Asian food processors
- Value-added products (Parboil) attracting strong interest

Sales growth for Sunsol

- Strong demand in domestic sales - up 24%
- Strong export interest (especially China) - up 107%

Lucky sales and market share significantly impacted

- Impact of Coles house brand on Lucky market share
- Further investment required in brand, new markets and new product development

Private Label Contracts secured

- Shared supply 2019 roasted and flavoured almonds
- Sam's Club China almonds and macadamias



Sam's Club China Bulk Pack

Disappointing result, but focus shifting to export

Food Division – Priorities

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Industrial Sector

- FTA and US Trade position with China creates an opportunity to strategically grow value-added almonds into food manufacturers
- Create new product solutions for specific industry sectors

Consumer Sector

- Lucky Brand

- China Trademark Licence & Distribution Agreement
- Increase investment in brand support and market specific solutions in domestic and export markets
- Expand snacking range into other Export markets

- Sunsol Brand

- Grow China e-commerce platform
- Expand into grocery outlets with Muesli and Granola products
- Create customer specific variants to meet Retailer expectation e.g. bulk packs

- Private Label

- Secure additional margin accretive volumes



Shifting the focus and investing in Asia - Food Division bottom-line to be flat for next three years

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Business Outlook

Bunargool Orchard Blossom 2018



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Change of Financial Year

Select Harvests is changing its Financial Year end from 30 June to 30 September and is therefore required to complete a three-month Transition Period (1 July 2018 – 30 September 2018)

During the Transition Period:

- Almond Division - No 2019 crop income will be recognised during the Transition Period
 - (Too early to determine and therefore recognise 2019 crop profitability under AASB 141 – Agriculture Recognition and Measurement)
- Food Division and income from other activities will be less than corporate and financing costs for the period
- Transition Period will record a loss
- At Transition Period end we will provide audited result and year on year underlying/unaudited comparison

The change in Financial Year will better align the company's reporting cycle with the almond crop cycle

Select Harvests – in control of our destiny

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Mission

To Deliver Sustainable Stakeholder Returns by being a Leader in the Supply of Better For You Plant Based Foods

Values

<p>Trust & Respect</p> <p>Treat all stakeholders with trust and respect</p>	<p>Integrity & Diversity</p> <p>All decisions and transactions will not compromise the integrity of the organisation or individual</p>	<p>Sustainability</p> <p>Our focus is on the long-term sustainability of our environment, business and community</p>	<p>Performance</p> <p>Exceed expectations on a daily basis</p>	<p>Innovation</p> <p>Constantly challenge ourselves to improve everything</p>
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Vision

Select Harvests to be Recognised as Australia’s most Respected Leading Agri-Business

Strategy

The pathway to achieving our vision

<p>Optimise the Almond Base</p> <p>Increase productivity and achieve sustainably high yields from our growing almond orchard base</p>	<p>Grow our Brands</p> <p>Grow our consumer and industrial brands, aligned to the increasing consumption of plant based foods</p>	<p>Expand Strategically</p> <p>Pursue value accretive acquisitions that align with our core competencies in the plant based agrifoods sector</p>
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Operational Focus

What we do everyday

<p>Customers</p> <p>Exceed our current customer’s expectations and grow our customer base, focused on the Asian marketplace</p>	<p>Supply Chain</p> <p>Optimise our end-to-end supply chain to achieve maximum value for the business as a whole</p>	<p>People</p> <p>Focus on company culture, leadership development and staff training, attraction and retention</p>	<p>Capital</p> <p>Target capital discipline, balance sheet strength, superior shareholder returns and long term growth</p>
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Goal

Sustainable Shareholder Value Creation

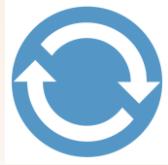


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Prepared for the Future

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Closing the Loop

Waste for H2E is potash. Potash is being composted with other orchard waste and returned to orchards to ameliorate the soil

Objective: Sustainability & cost savings



New Varieties Trial

New local high-yielding and/or self-pollinating variety trials have been planted in Victorian and South Australian orchards

Objective: Increase yield & lower cost



Water Efficiency

Sap flow is being measured in real time to understand tree stress and better manage irrigation timing and volume. Other trials include harvesting excessive subsoil water

Objective: Sustainability & cost savings



High Density Planting Trial

Traditional orchard plantings are 325 trees per hectare. Trial plot has been planted with dwarf root stock. 1,111 trees per hectare

Objective: Increased yield & lower cost



People & Culture

Develop and recruit leaders to implement Asia growth platform

Objective: Increased insights & capability



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2019 Top 10 Priorities

1. **Maximize 2019 Crop volume** - Chill hours achieved - in the final stages of pollination
2. **Almond Pool Trade** – Free Trade Agreements and currency are opportunities
3. **Cost Reductions** - Continue to reduce cost per kg - FY 2019 focus on both processing facilities
4. **Mitigate Water Cost** - With increasingly dry conditions, water management is critical
5. **Improve Cash Position** - Improve working capital and cash conversion rate
6. **H2E** - Finalise H2E project - deliver energy savings and value-add opportunity (Potash composting)
7. **Capital Investment** - Opportunities to materially improve quality through improved sorting
8. **Execute Export Growth Strategy** - China opportunities in Industrial and Consumer
9. **Carina West** - Increase the level of value-add activities at lower costs of production
10. **Corporate** - Transition to new financial year end - 30 September 2018

Fundamentals remain positive and opportunities to improve exist





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



Select Harvests - Financial History



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SHV Historical Summary	Units	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015	2016	2017	2018
Total Revenue	(A\$M)	218.0	229.8	224.8	248.7	239.1	250.0	251.3	191.1	188.3	223.6	286.2	242.1	210.2
EBIT	(A\$M)	38.4	40.5	27.1	26.8	26.0	22.6	19.6	37.7	31.3	89.6	41.3	17.0	34.9
EBIT Margin (EBIT/Sales - %)	(%)	17.6%	17.6%	12.1%	10.8%	10.9%	9.0%	7.8%	19.7%	16.6%	40.1%	14.4%	7.0%	16.6%
PBT	(A\$M)	37.9	40.0	25.4	23.0	23.6	18.5	13.4	32.7	26.8	84.3	35.8	12.0	29.5
NPAT	(A\$M)	26.5	28.1	18.1	16.7	17.3	17.7	9.5	22.9	21.6	59.4	27.9	9.2	20.4
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	95.2
Earnings Per Share	(AUD Cents per Share)	67.1	71.0	46.7	42.6	43.3	33.7	16.8	40.1	37.5	82.9	46.7	12.6	23.2
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	50.0	46.0	10.0	12.0
Payout Ratio	(%)	80.0%	80.0%	96.7%	28.2%	48.5%	38.6%	47.6%	29.9%	53.3%	60.3%	98.5%	79.4%	51.7%
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	3.34
Net Interest Cover	(times)	82.3	75.8	15.6	7.1	10.7	6.7	3.2	7.5	7.0	16.9	7.5	3.4	6.5
Net Debt	(A\$M)	1.3	1.6	46.8	52.4	45.0	73.1	66.8	79.3	94.8	115.9	68.7	145.8	70.8
Shareholders 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	378.6
Net Debt to Equity Ratio	(%)	1.3%	1.7%	49.7%	51.9%	39.6%	43.3%	41.7%	49.7%	54.1%	40.3%	23.6%	52.5%	18.7%
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	\$4.90	\$6.90
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	360.7	657.1
P/E Ratio		19.5	16.0	12.9	5.1	8.0	5.8	12.6	9.8	13.8	13.2	17.6	39.0	32.3
Return on capital employed				25.1%	23.8%	15.2%	8.7%	8.7%	16.6%	10.5%	21.0%	11.2%	4.9%	7.3%

Source: Company Data



Almond Orchards – Our productive foundation

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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 18,970 acres



Select Harvests – Orchard Profile

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Select Harvests Almond orchard portfolio	Planted (as at 30 June 2018)		Under Development (as at 30 June 2018)		Total Planted & Under Development (as at 30 June 2018)	
	Acres	Hectares	Acres	Hectares	Acres	Hectares
Central region						
Company Owned	4,183	1,693			4,183	1,693
Leased	2,909	1,177	513	208	3,422	1,385
Total	7,092	2,870	513	208	7,605	3,078
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	2,723	1,102			2,723	1,102
Leased	3,828	1,549			3,828	1,549
Total	6,551	2,651			6,551	2,651
Total						
Company Owned	8,703	3,522			8,703	3,522
Leased	9,754	3,947	513	208	10,267	4,155
Total	18,457	7,469	513	208	18,970	7,677

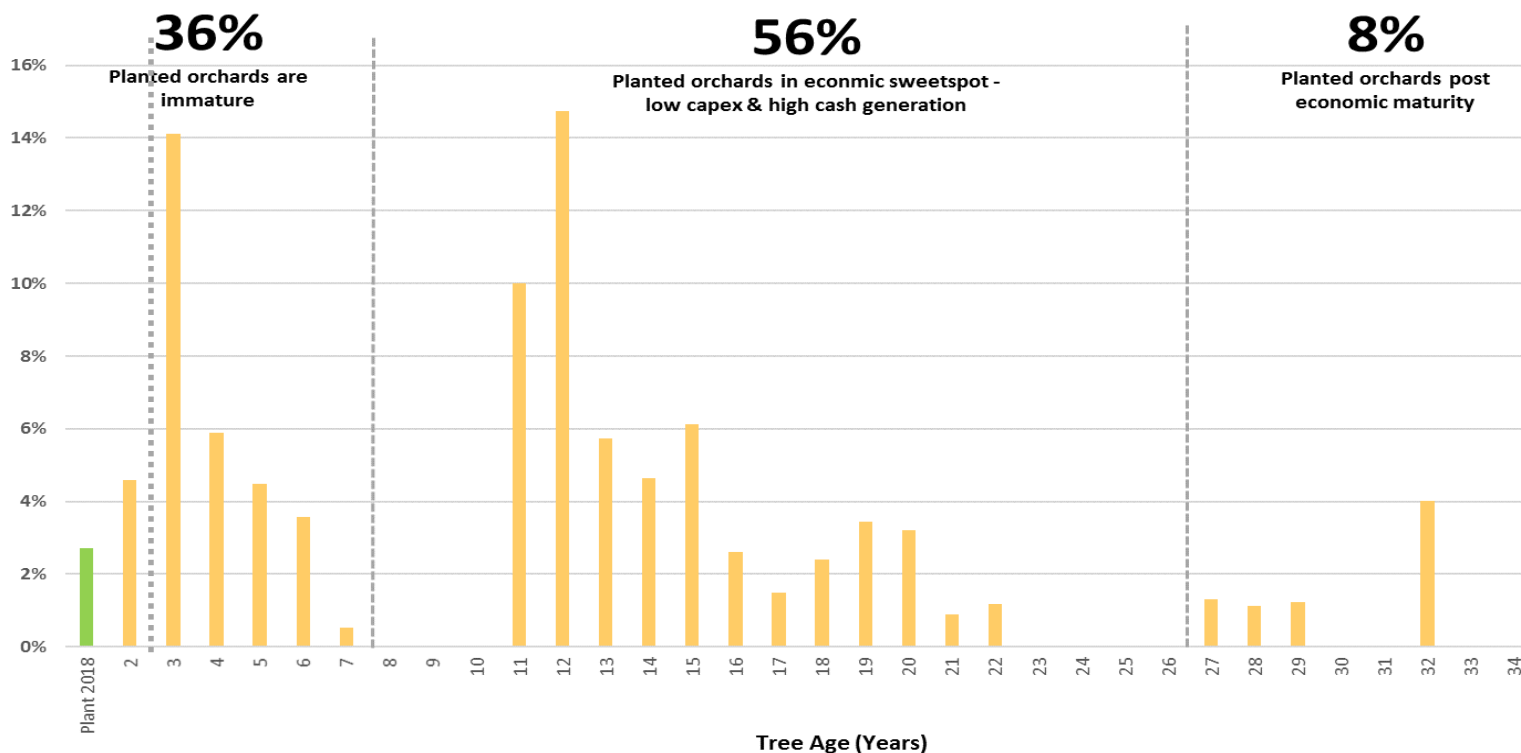
513 acres were planted in July 2018

Select Harvests – Orchard Age Profile

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Age Profile of SHV Almond Orchard Portfolio

79% of current planted acres are cash generative



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



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Targeting an Above Average Yield Per Acre @ Maturity

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Year	Harvest Volume (tonnes) per acre based on 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

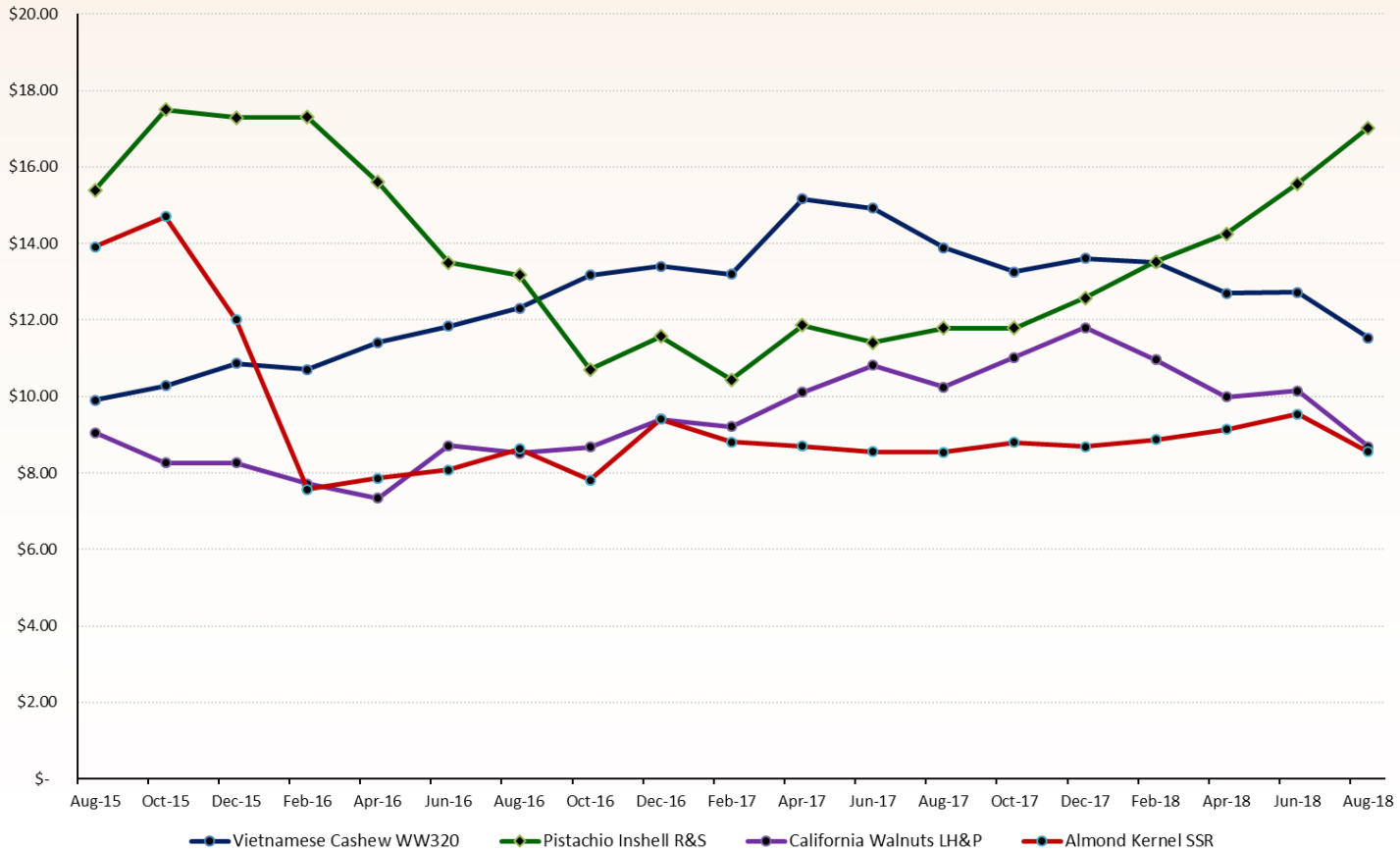
Significant tonnage upside available with a higher yield per acre at maturity



Tree Nut Pricing

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Comodity Price Trend 2015 - 2018 - AUD\$/KG CFR



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

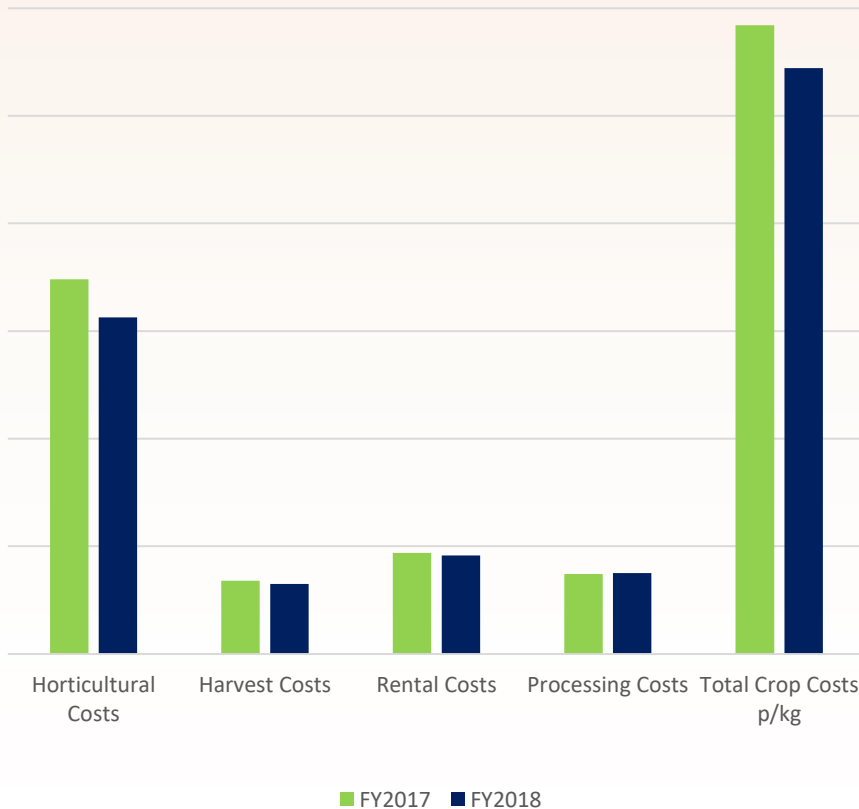


SELECT HARVESTS



Growing Costs

FY 2018 Crop - Cost per Kg



- Overall 2018 Crop costs per Kg have reduced by 9%
- 2018 focus was on horticultural costs
- Reductions achieved in input and maintenance costs - no yield impact
- Water prices remains the major risk for achieving further reductions
- 2019 focus will include processing costs
- 2019 increased crop offers additional opportunity to further reduce cost per kg

Cost per Kg of almonds produced is a key metric for improved business performance

Almond Market Outlook – US Shipments July 2018

	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	96.5	83.9	(12.6)	(13%)	57.5	60.0	2.5	4%	154.0	143.8	(10.2)	(7%)
Last 3mth	320.3	270.4	(50.0)	(16%)	181.4	188.5	7.1	4%	501.7	458.9	(42.8)	(9%)
Last 6mth	644.0	640.5	(3.5)	(1%)	340.2	378.9	38.7	11%	984.1	1,019.4	35.2	4%
Last 9mth	994.8	1,092.8	97.9	10%	498.9	553.1	54.3	11%	1,493.7	1,645.9	152.2	10%
Last 12mth	1,424.8	1,516.8	92.0	6%	676.0	734.7	58.7	9%	2,100.8	2,251.5	150.7	7%
Season	1,424.8	1,516.8	92.0	6%	676.0	734.7	58.7	9%	2,100.8	2,251.5	150.7	7%

Source: Almond Board of California August 2018 Position Report

There has been a significant, global increase in demand over the last 2 years – 16% in 2017 and 7% in 2018



US Water Conditions – California Drought Monitor

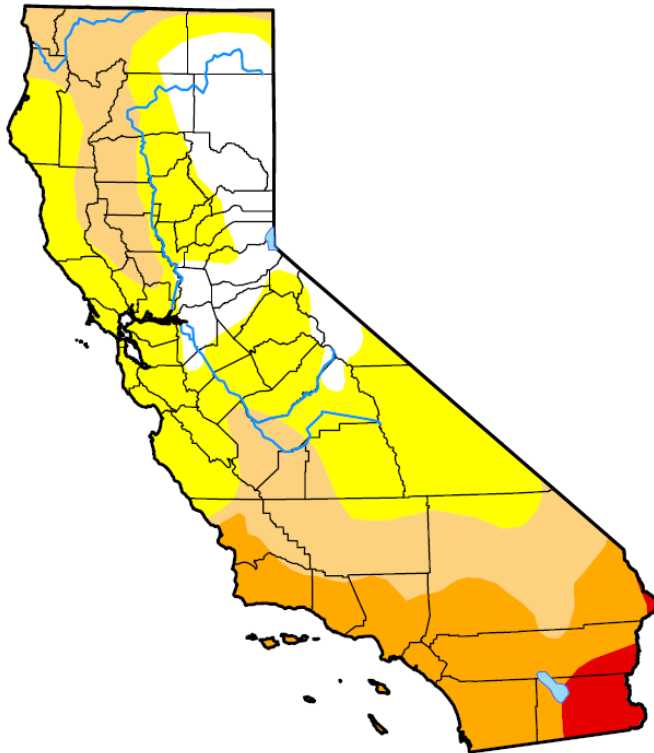
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U.S. Drought Monitor California

August 21, 2018

(Released Thursday, Aug. 23, 2018)

Valid 8 a.m. EDT



Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	13.78	86.22	47.19	20.75	2.77	0.00
Last Week <i>08-14-2018</i>	13.84	86.16	47.19	20.75	2.77	0.00
3 Months Ago <i>05-22-2018</i>	30.49	69.51	37.08	20.75	2.78	0.00
Start of Calendar Year <i>01-02-2018</i>	55.70	44.30	12.69	0.00	0.00	0.00
Start of Water Year <i>09-26-2017</i>	77.88	22.12	8.24	0.00	0.00	0.00
One Year Ago <i>08-22-2017</i>	77.88	22.12	8.24	0.04	0.00	0.00

Intensity:

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

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

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

86% of California is Abnormally Dry or in Drought



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

¹ – **EBITDA & EBIT are 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.