



SELECT HARVESTS

High quality natural products

Select Harvests Limited (“SHV”)

2nd Select Equities Doing Business in China Investor Conference

25 October 2018

Paul Thompson - Managing Director



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.

Agenda

Business Overview

Orchard & Brand Portfolio

Chinese Consumption of Tree Nuts

Select Harvests in China (Lucky, Sunsol and Bulk/Industrial)

Opportunities & Challenges in China

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Select Harvests

■ Overview

- Listed on the ASX (SHV), with a Market Capitalisation of \$506m (9 October 2018) and 558 employees
- Assets in Victoria, New South Wales and South Australia

■ One of the largest almond growers globally

- 7,677 planted hectares of Australian almond orchards
- 29% 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, NuVitality, Sunsol, and Allinga Farms supplying wholesalers, manufacturers and retailers in both domestic and export markets
- Value-added processing facility in the Northern Suburbs of Melbourne: snacking and cooking nuts, seeds, health mixes and muesli

■ Export focused business, with Asia the key target market

- Exclusive Luck brand Trademark License & Distribution Agreement with PepsiCo Foods (China) Co. Ltd
- Separate to the PepsiCo agreement, secured distribution for our Sunsol brand in Sam’s Club China stores
- Our Industrial Division seeing strong demand from Asian food processors, esp. the baking industry

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



FY18 Financial Overview

Almond Volume

15,700 MT

↑ 11.3%

Maturity profile continues to deliver underlying volume growth

EBITDA¹

\$51.7 m

↑ 62.3%

Due to higher almond volumes, pricing and lower costs

Operating Cashflows

\$18.3 m

↑ \$13.6 m

Result of higher earnings and working capital management

NPAT

\$20.4 m

↑ 120.3 %

With strong contribution from the Almond Division

Net Debt

\$70.8 m

↓ \$75.1 m

Balance sheet replenished, debt levels are low and gearing is strong

EPS

23.2 cps

↑ 84.1 %

November 2017 Capital Raising increased shares on issue to 95.2 m

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.

Improved result due to increased almond volumes, higher almond prices and lower costs of production



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Select Harvests – in control of our destiny



To be 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> |
|--|---|---|---|--|

Strategic Priorities

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> |
|--|--|---|

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 a safe working environment, well-being, 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> |
|--|---|---|---|

Goal

Sustainable Shareholder Value Creation

Strategic Priorities

Strategic Priorities

Optimise the Almond Base

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

Grow our Brands

Grow our consumer and 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

Creating
Shareholder and
Customer Value

Outcomes

Higher earnings growth from better optimising and growing our almond orchard base

Income growth by meeting the increasing demand for our products in Asia

Growth and diversification built around our core competencies in a growing macro



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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

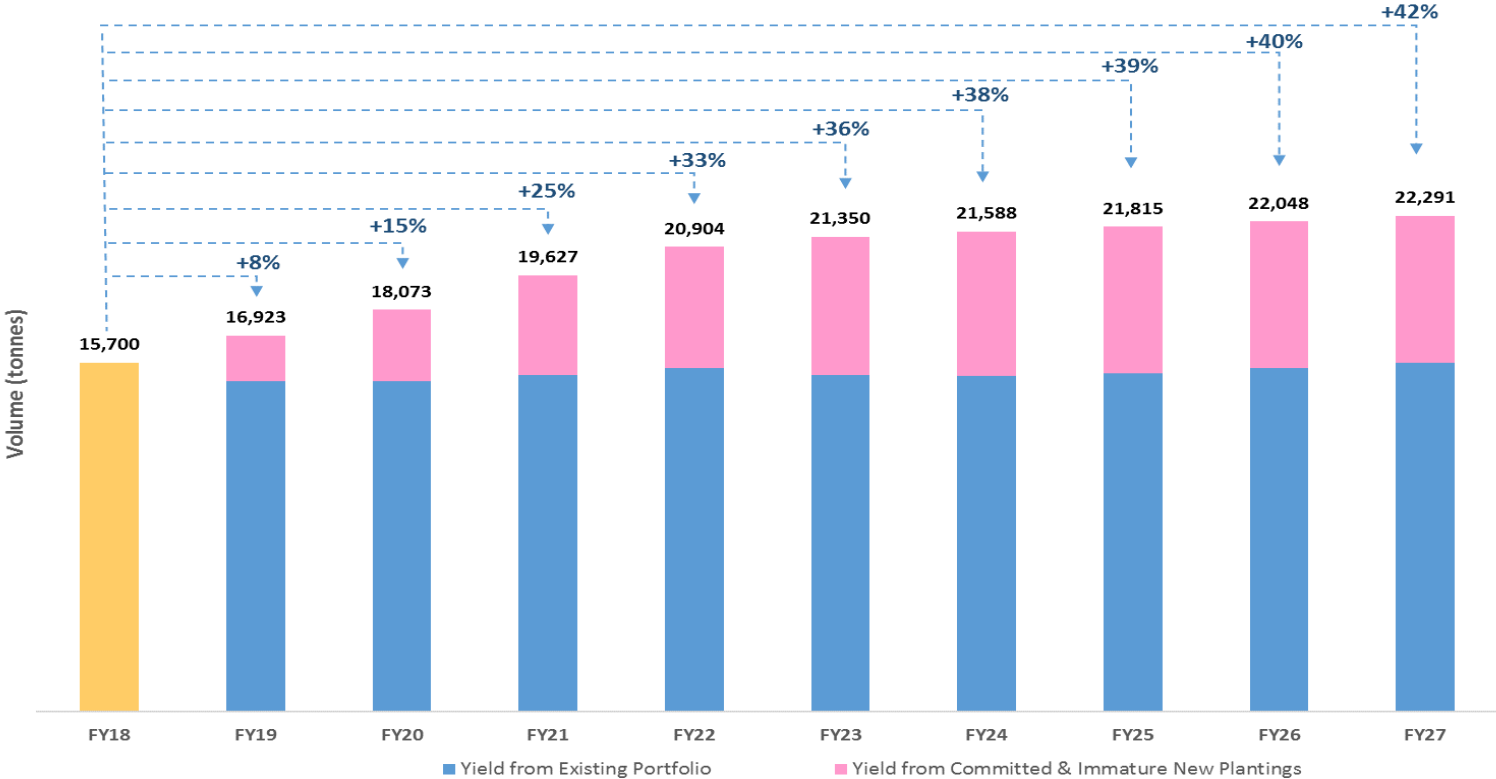
Positions the company to maximise harvest volume & reduce variance.

Building world class properties and a globally competitive low cost business.

Select Harvests has a global scale - planted almond orchard portfolio of 7,677 hectares

Orchard Volume Growth

SHV Theoretical Harvest Volume 2018-2027
 (Basis: 1.2 Tonnes per Acre at Maturity Yield)



Investment in almond orchards ensures underlying organic earnings growth



Brand Portfolio

■ Lucky

- Lucky has been a favourite brand of Nuts and Seeds in Australia for over 60 years and is the Australian market share leader. Lucky has a range of quality products including almonds grown under the Australian sun on our own farms, plus: walnuts, cashews, hazelnuts, brazil nuts, pine nuts, pistachios, macadamias, sunflower seeds and pepitas.



■ Sunsol

- Australian owned and operated since 1991, Sunsol muesli has been one of Australia's most popular supermarket brands creating delicious and unique blends of muesli with all the goodness that nature has to offer.
- China represents a great opportunity for Sunsol, with distribution gained through a number of e-commerce platforms, including JD.com, as well as access to bricks and mortar retailers like Sam's Club.



■ NuVitality

- NuVitality (formerly Nu-Vit) has been looking after Australians since 1991, making a range of products that fit into healthy lifestyles. Located in the health food aisle, NuVitality is a great tasting better for you food that nourish the mind and body, improve vitality and well-being in everyday life.



■ Allinga Farms

- The strong growth in global demand for almonds, coupled with the brand attributes of quality and reliability have contributed to the development of the world recognised Allinga Farms brand. Allinga Farms supply bulk product, including inshell almonds, all over the world to both established and emerging markets.



■ Renshaw

- Established in Australia over 30 years ago, Renshaw has developed a name for reliability and quality. The Renshaw brand supplies bulk product to major bakeries, manufacturers and wholesalers who depend on quality and service. Having an innovative outlook and being able to deliver safe and ready-to-use product with specific specifications has enabled the Renshaw brand to prosper.



Growing our consumer and industrial brands, aligned to the increasing consumption of plant based foods



Branded Presence in Asia



| | India | China | Indonesia | Japan | Philippines | Thailand | Malaysia | Taiwan | PNG | Singapore | Brunei | Middle East | New Zealand |
|---|-------|-------|-----------|-------|-------------|----------|----------|--------|-----|-----------|--------|-------------|-------------|
| Lucky | | | | | | | | | | | | | |
| Sunsol | | | | | | | | | | | | | |
| NuVitality | | | | | | | | | | | | | |
| Renshaw | | | | | | | | | | | | | |
| Allinga Farms (inc. Inshell & Bulk Almonds) | | | | | | | | | | | | | |

Our branded products are currently distributed across 12 countries in Asia



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The Chinese consumer is demanding healthy and nutritious foods, with food safety and provenance paramount

■ Health and wellness are a key focus for Chinese consumers

- A Mintel lifestyle survey showed that health and wellness goals consistently sit at the top of the life priorities list for Chinese consumers¹.
- 80% of consumers hoped to achieve a healthier diet in the next 12 months. Increased wealth means that Chinese consumers are trading up to healthier, higher integrity food options at the same time as diseases like obesity and diabetes are gaining prevalence.

■ Safety and food authenticity are paramount

- Safety and food authenticity are paramount in a market where food scandals have been rife. Food labels with clear provenance signal food safety to Chinese consumers.
- Fear of fraudulent products is very high – credentials and assurances that signal authenticity and are strong purchase motivators.

■ Openness to experimentation and sourcing information from online sources

- Online sources provide the majority of nutritional information to Chinese consumers with 57% receiving this information through social media².
- A recent Plant Food Protein Survey² suggest that Chinese consumers are very open to experimentation with different types of food.

Tmall website showing the provenance of Select Harvests Almonds



Source: The New Zealand Institute for Plant and Food Research. ¹QQSurvey/Mintel ²Mintel 2017 The Impact of Plant-based Protein Consumption in Asia

Recommended by official dietary guidelines, tree nuts are an increasing component of the Chinese diet

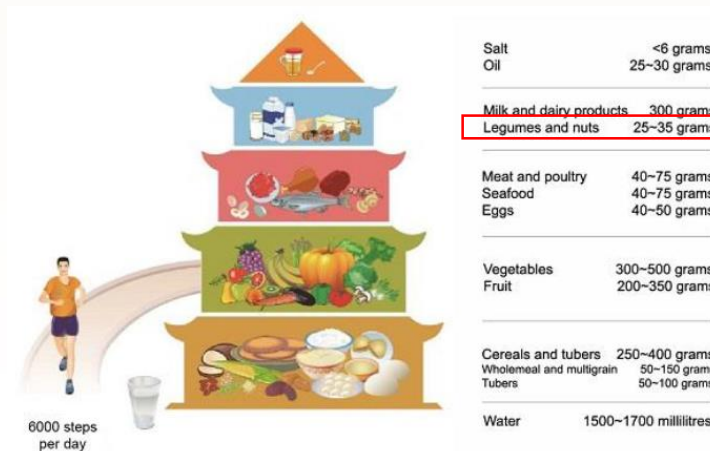
■ The Chinese Government revised its dietary guidelines in 2016, including the daily consumption of nuts¹

- A 'Food Guide Pagoda' is used to provide guidance on maintaining a healthy lifestyle and avoid disease. The key message are:
 - Eat a variety of foods, with cereals as the staple
 - Balance eating and exercise to maintain a healthy body weight
 - Consume plenty of vegetables, milk, and soybeans
 - Consume an appropriate amount of fish, poultry, eggs, and lean meat
 - Reduce salt and oil, and limit sugar and alcohol

■ Tree nuts are an increasing component of the Chinese diet

- Consumption of nuts is a traditional part of Chinese culture and high quality imported tree nuts have long enjoyed a strong customer base.
- The 2018 edition of Snack Guidance for Children and Teenagers by the Chinese National Institute for Nutrition and Health, recommends nuts as one of the best choices for snacks.
- The Chinese middle class are adopting tree nuts as part of their daily diet. The domestic Chinese grocery industry has invested in NPD and marketing campaigns to encourage consumption, especially in the baking category.

Balanced Diet Pagoda for Chinese Consumers



Consumption of 25-35 grams of Legumes and Nuts recommended per day

¹Chinese Nutrition Society

Demand for tree nuts in China is outstripping domestic supply

■ Most nuts consumed in China are imported, with the exception of walnuts

- A reduction in the Chinese walnut crop, flat hazelnut production and the limited harvest of other nuts such as pistachios, hazelnuts, macadamias and pecans will likely force China to find alternative suppliers and products to cover demand, according to a recent USDA study¹.
- Currently, more than 95 percent of China's almond imports come from the US. The US will remain the dominant Chinese supply source (with ~80% of global almond production), with countries like Australia and Spain filling the supply gap.

■ Chinese e-commerce is now an important marketing avenue for imported nuts

- Due to their long shelf life, convenient packaging, and suitability for shipping, nuts sales have grown via ecommerce platforms
- All major online retailers in China offer a range of nut products, with one retailers reaching online sales of over \$US 1 billion
- Consumer promotions timed with Chinese holidays are especially effective in promoting nut sales, with the Mid-Autumn festival and Chinese New Year resulting in the exchange of gifts, including nut based snacks.

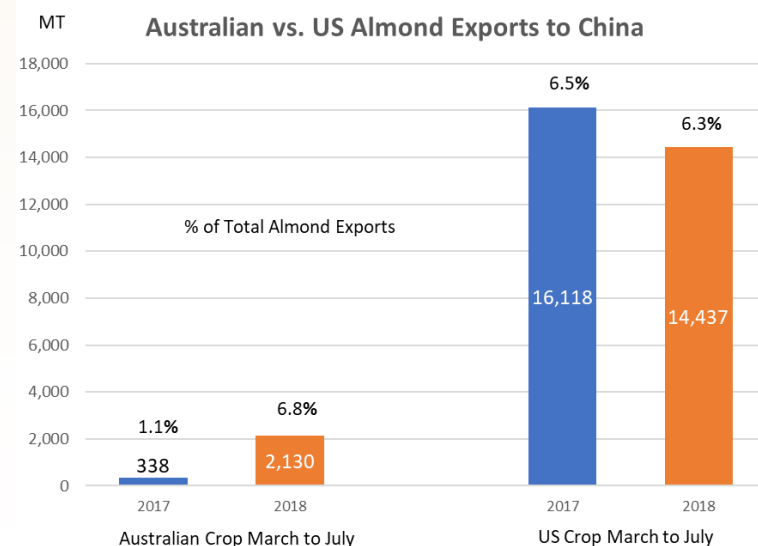
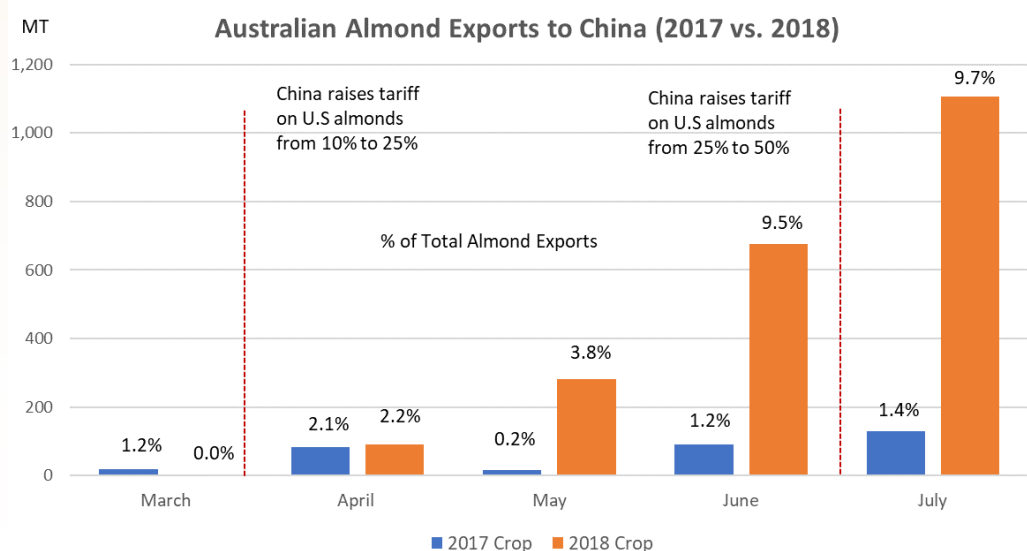
■ The rapid development of China's food processing industry has helped to boost nut consumption

- The Chinese bakery and confectionary sector is consuming more imported nuts, with more middle class consumers using nuts to prepare baked and confectionary products at home.
- Almonds, walnuts, pecans and pistachios are now commonly included as ingredients in bakery chain bread, cookies, cakes and pastries.

¹USDA Study: 'Chinese Imports of U.S Tree Nuts Likely to Decrease in Marketing Year 2018/19'

China bulk almond market update

- **Australia/China Free Trade Agreement will see the removal of the remaining 2% tariff on Australia almonds from 1 January next year.**
- **The Free Trade Agreement is opening up the bulk almond export market to Australia. However, given the relative size of the U.S almond industry and the China bulk almond market, the U.S will still be the dominate bulk almond supplier into the China market**
 - The percentage of Australia’s total almond exports going to China increase from 1.1% (338 MT) in 2017 to 6.8% (2,130 MT) in 2018
 - Despite the increase in Australian almond exports to China, the U.S still dominates the China market
 - In the same March to July period, the US exported 14,437 MT of almonds to China, accounting for 6.3% of the U.S’s total almond exports



Source: The Australian Almond Board and the Almond Board of California. China exports are inclusive of Hong Kong

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China's snacking market, powered by the nut category, is forecast to grow at 10.7% CAGR: Opportunity for our Lucky brand

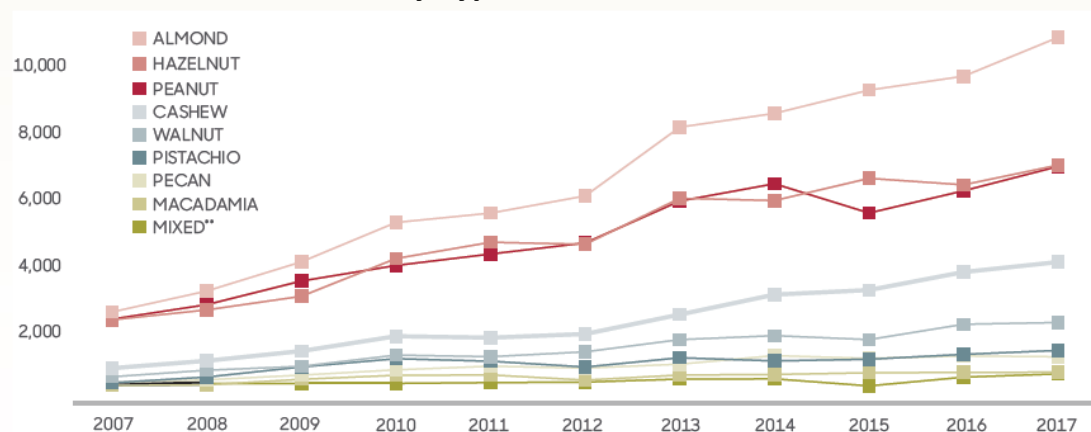
■ Within the growing snacks and bar categories, almonds are the #1 and #2 nut globally¹

- Snacking is one of the fastest growing consumer food categories, representing 9.5% of new global food products
- In 2017, Innova Market Insights data shows that, within the growing snacks and bar categories, almonds are the #1 and #2 nut across all regions globally.
- Almonds fit with today's key trends in snacking, including convenience and portability, health expectations and flavour innovation, in part because their multiple forms extend over many snacking categories.

■ China's retail snacking market, powered by the nut category, is forecast to grow at 10.7% CAGR

- Almonds in new snack launches are growing in China, to 4.7% of new snacking launches in 2017².
- According to a recent Mintel report, nuts and seeds are the largest category in China's retail snack market, with a retail value of RMB 263.7 bn (\$A 53.5bn)³. The segment is forecast to grow at a CAGR of 10.7% in terms of value between 2015 and 2020, reaching RMB 345.6 bn (\$A 70.2bn).

Global Nut Introductions by Type



Source: Innova Global New Products Introductions Report, 2017.

*Global Nut Introductions is lower than the sum of the nut types, since products containing more than one type of nut are counted only once.

**Mixed Nuts include non-specified and mixed nuts.

¹Innova Global New Product Introductions Report, 2017. ²Innova Global Snacking Report, Focus on Almonds, 2018. ³Mintel Consumer Snacking Trends – China – Jan 2017

Select Harvests has entered into an agreement with PepsiCo Foods (China) to market and distribute Lucky branded product in China

■ Trademark License & Distribution Agreement

- On 16 July 2018 Select Harvests announced that it had entered into an exclusive Trademark License & Distribution Agreement with PepsiCo Foods (China) Co. Ltd to market and distribute the Lucky branded nuts, seeds and blends in China. Lucky products are manufactured by Select Harvests in Australia.
- PepsiCo China is responsible for marketing, sales and distribution while Select Harvests will produce and supply the goods.
- This is another important step in increasing our focus on the high growth Asian market.

■ Product Launch

- Both companies are co-investing in an advertising and marketing program to support the launch of the Lucky brand in China over the first 18 months of the initial 5-year agreement.
- A range of Lucky products in various pack formats was launched during September 2018. The launch is across on-line channels, such as TMALL, as well as selective premium physical retail stores.
- Entering the China market in partnership with PepsiCo is extremely exciting for Select Harvests and the Lucky brand.

Lucky China Range

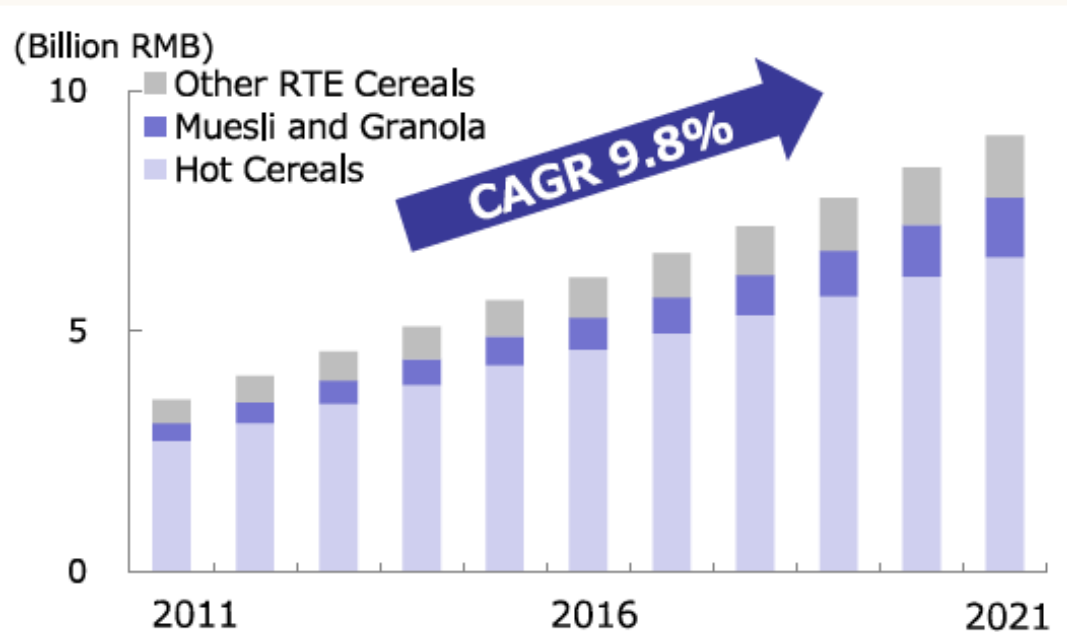


The market for breakfast cereals is growing in China: Opportunity for our Sunsol brand

■ The retail value of Chinese breakfast cereal sales increased by 10% CAGR¹

- Chinese palates are starting to open up to western style breakfast cereal, with the Chinese market for breakfast foods still dominated by traditional meals, like buns, noodles, congee and dumplings.
- Market research firms like Euromonitor believe demand for western style hot and cold breakfast cereal will continue to grow from a current low base in China, driven in part by younger consumers eyeing Western habits and by the rising interest in the links between diet and health.
- Hot cereal options have made the greater inroads but demand for cold, ready-to-eat (RTE) products are also seeing double-digit growth and global manufacturers are speeding up product launches to stay competitive.

China's Breakfast Cereal Market¹



¹Euromonitor (2017 to 2021 Forecast)

Select Harvests has gained distribution for Sunsol in China

- We have gained distribution for our Sunsol brand in the online and bricks and mortar category in China
 - Our breakfast cereal muesli and oats focused brand, Sunsol, continues to demonstrate strong sales growth both domestically (up 24%) and internationally (up 107%) in FY18.
 - China represents a great opportunity for Sunsol, with distribution gained through e-commerce platforms, including JD.com, as well as access to bricks and mortar retailers like Sam's Club.
 - Sam's Club is a chain of warehouse retail membership-only clubs owned by Walmart. Sam's Club has 1.8 million members in the Chinese mainland.

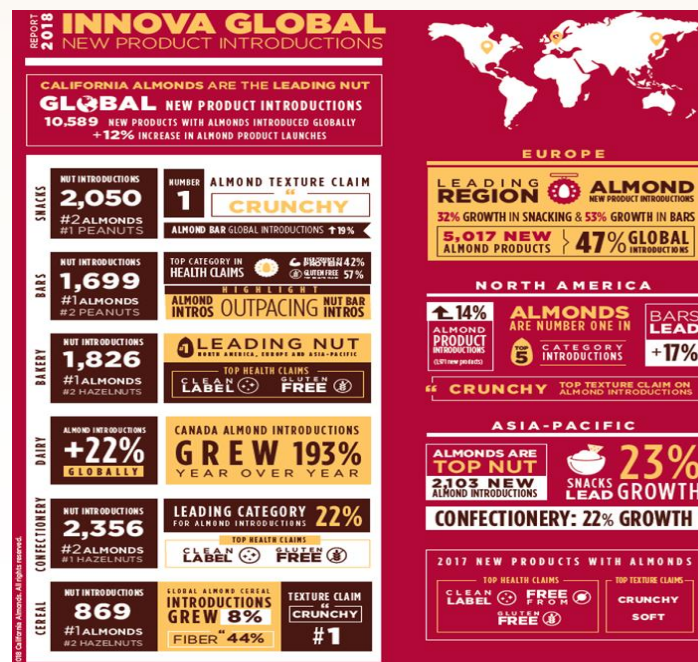
Sunsol China Range



Almonds are the top nut for inclusion in food product launches: opportunity for our industrial almond value-added business

- The versatility and health benefits of almonds is resulting in more food manufacturers including almonds in their new product launches
 - Almonds were the number one introduced nut in new Bakery and Bars categories, and number two in Confectionery¹.
 - Almond introductions in the Asia-Pacific confectionery market increased by 22% in 2017. Almonds were the top nut in new product introductions in China, with 2,103 new introductions in 2017
- Select Harvests is experiencing a growth in demand from value added almond products
 - Our industrial division has seen strong demand from Asian food manufacturers, in particular the bakery industry.
 - Products are being supplied from our newly commissioned Project Parboil: a state-of-the-art, fully integrated almond processing facility at Carina West, enabling the processing of blanched, roasted and sliced almonds and the production of almond paste.

Almond inclusions in new product launches



¹Innova Market Insights, 2017 Global New Product Introductions Report, May 2018

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Opportunities & Challenges in China

- **The demand for ‘better for you plant based foods’ is growing in China**
 - Consumer demand for almonds, snacking nuts and oats and muesli based breakfast cereals is growing in China
 - Bulk and value added almonds and other tree nuts are increasingly being used by industrial manufacturers in China
- **Select Harvests has the capabilities to meet this growing demand**
 - Established, domestically recognised consumer foods brand focused on the ‘better for you plant’ foods
 - State of the art processing facility capable of supplying bulk and value added almonds to the growing consumer and industrial market
 - One of the largest almond growers globally, with 29% of our orchards reaching maturity over the next 8 years
- **In market Chinese competition (both domestic and foreign) is established and strong**
 - Chinese domestic producers and foreign food companies are both competing for the growing Chinese wallet
- **The Chinese consumer foods market is constantly evolving**
 - The Chinese consumer market is adopting trends from other countries and developing its own unique characteristics
 - E-commerce continues to grow. A solid bricks and mortar presence is becoming increasingly important. A ‘switched on’ social media presence on Chinese platforms is compulsory.
- **Employees with China market knowledge, contacts and experience are vital**
 - Being on top of changing trends in the local market is important. Time spent on the ground in China and company employees with links and experience in the Chinese market are vital.
- **Trusted in country business partners are crucial for success**
 - For a medium sized company like Select Harvest, experienced and committed in-country partners are the key to growing our business in China
- **Success will not occur overnight, long term commitment and patience is required**
 - Select Harvests is committed to a long term China growth strategy. We are currently focused on building the right partnerships and avenues to market

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Almonds have a number of positive health benefits

HEART HEALTH*

- High in monounsaturated ("good") fat
- No cholesterol or sodium
- A top food source of the antioxidant vitamin E

[Learn More >](#)

ENERGY

- 6 grams of protein per ounce
- 12 vitamins and minerals
- 13 grams of "good" monounsaturated fats
- Rich in magnesium

[Learn More >](#)

DIABETES

- Low glycemic index
- May improve certain risk factors
- Curbs cravings

[Learn More >](#)

POWERFUL NUTRITION

- Tree nut highest in six essential nutrients
- Prebiotic potential
- Plus protein and fiber

[Learn More >](#)

GLUTEN FREE

- Naturally 100% gluten free
- Lots of forms to choose from
- No-stress substitutions

[Learn More >](#)

WEIGHT MANAGEMENT

- 6 grams of power-packed protein
- 3.5 grams of satisfying fiber
- Good fit with popular weight-loss plans
- Just 160 calories per ounce

[Learn More >](#)



Source: Almond Board of California

Useful Almond Industry websites

Industry Associations

- Californian Almond Board www.almondboard.com
- Almond Board of Australia www.australialmonds.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