



SELECT HARVESTS

# 2023 Annual General Meeting

29 February 2024



# Travis Dillon - Chairman

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# Board of Directors

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**Travis Dillon**  
Chairman  
Appointed May 2022



**David Surveyor**  
Managing Director & CEO  
Appointed February 2023



**Guy Kingwill**  
Non-Executive Director  
Appointed November 2019



**Margaret Zabel**  
Non-Executive Director  
Appointed October 2022



**Michelle Somerville**  
Non-Executive Director  
Appointed December 2022



**Paul van Heerwaarden**  
Non-Executive Director  
Appointed October 2023



**Brad Crump**  
CFO and Company Secretary  
Appointed November 2017

## DISCLAIMER AND BASIS OF PREPARATION

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This presentation is provided for information purposes only and has been prepared using information provided by the company. The information contained in this presentation is not intended to be relied upon as advice to investors and does not take into account the investment objectives, financial situation or needs of any particular investor. Investors should consider their own individual investment and financial circumstances in relation to any investment decision.

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.



## AGENDA

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### 1. Chairman's Address

- Company Overview
- Strategy Update

### 2. Managing Director's Address

- 2023 Performance
- Strategy and Transformation
- Outlook

### 3. Business of the AGM





SELECT HARVESTS

# Chairman's Address



# Select Harvests Overview

One of the world's largest almond growers, with a geographically diverse 9,371-hectare orchard portfolio

## Company Overview

- Listed on the ASX (SHV), with a market capitalisation of \$502.4m (27 February 2024) and 421 employees (excluding external contractors).
- Australia's second largest almond producer and marketer with core capabilities across: Horticulture, Orchard Management, Almond Processing, Sales and Marketing.
- We supply the retail and industrial markets, exporting almonds globally. Continuing to build relationships in the fast-growing markets of India and China, as well as maintaining established routes to market in Asia, Europe and the Middle East.

## Orchard Profile

- Geographically diverse almond orchards located in Victoria, South Australia and New South Wales, with a portfolio that includes more than 9,371 hectares of company owned and leased almond orchards and land suitable for planting.
- Select Harvests weighted average almond orchard age is 15.5 years, with 100% of current planted hectares cash generative. Almond orchards remain economically viable for +25 years, providing Select Harvests with a solid foundation for long term growth.
- Our state-of-the-art Carina West Processing Facility now has the capacity to process approximately 40,000MT of almonds and is capable of meeting the growing demand for in-shell, kernel and value-added product.

## Almond Market

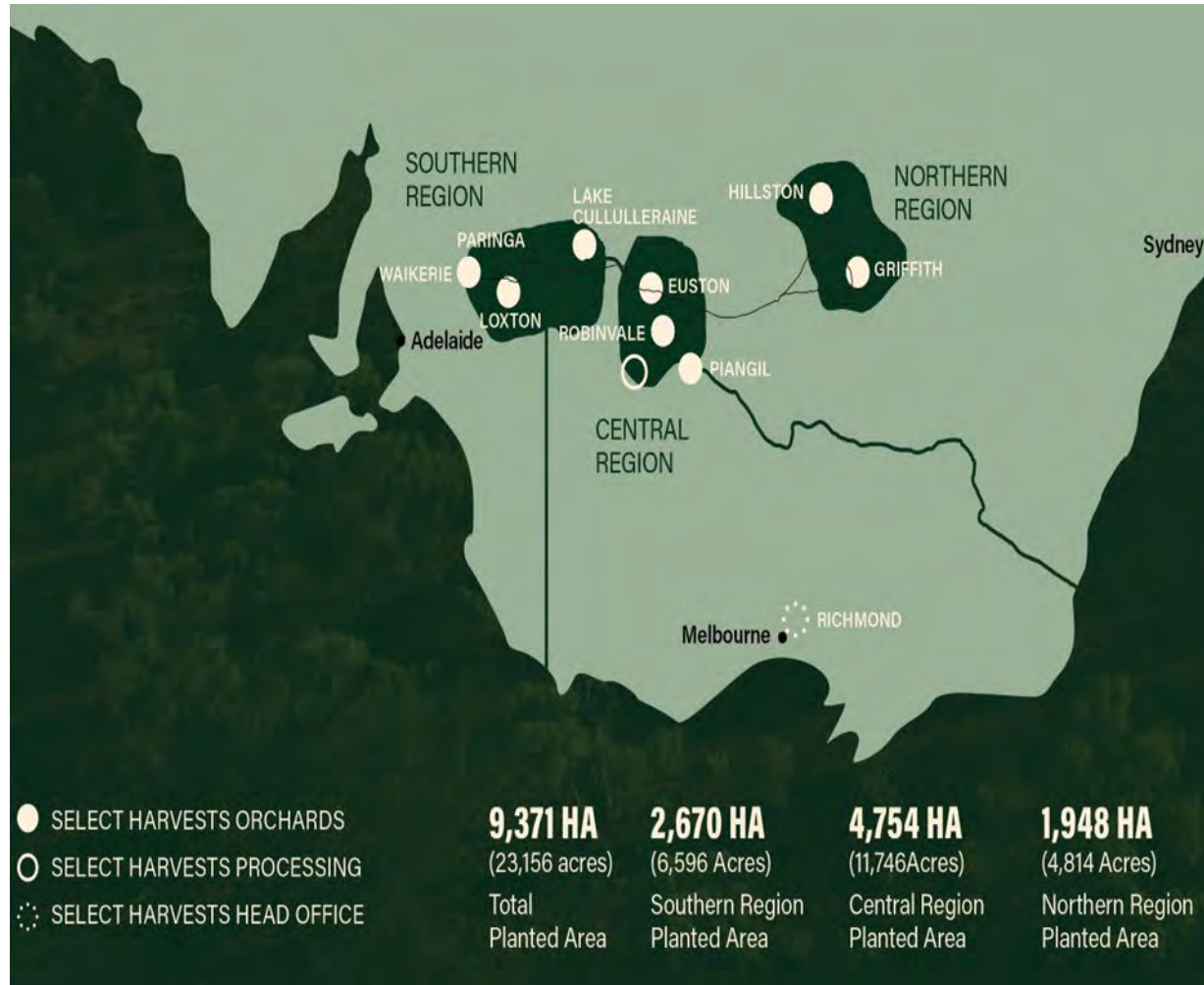
- The global almond market is valued at around US\$8.6bn. The U.S. (California) accounted for 75% of world production in 2022/23, followed by Australia (9%) and Spain (5%). Australia has more than doubled its almond production in the last 10 years.
- The underlying fundamentals of our business remain strong. Demand for almonds, both in their natural form and as a value-added food ingredient, in products such as plant-based milks and yoghurts, continues to grow.
- Australian Year on Year (March – December) almond exports are up 4.7%, with the South/Central Asia (India) market up 117%, and the Northeast Asia (China) market down 33% during the period.

## Growth Strategy

- Select Harvests remains well positioned through its low operating costs, ability to deliver large scale value-added production and strong productive asset base to benefit from the growing global demand for almonds.
- Completed strategic actions have led to increased processing capacity and the contracted volume of external growers. Reviews have been completed on the Company's horticulture and sales and marketing activities leading to clearly defined projects to ensure the delivery of additional shareholder value.
- We continue to assess opportunities to increase our almond production base through acquisitions and other third party opportunities.

# Orchard Portfolio

One of the world's largest almond growers, with a geographically diverse 9,371-hectare orchard portfolio



## Benefits of Geographic Diversity & Scale

- Geographic diversity limits exposure to:
  - weather
  - disease spread
  - insect infestation
- Positions the company to maximise harvest volume and reduce variance
- Enables sequential progression of harvest period across regions for better utilisation of:
  - farm equipment
  - processing
  - labour
- Secure access to diverse water sources including river water and aquifers
- Maximises economies of scales to achieve:
  - Global bottom quartile almond farming and processing costs
  - Scalable adoption of proven on-farm technologies and processes

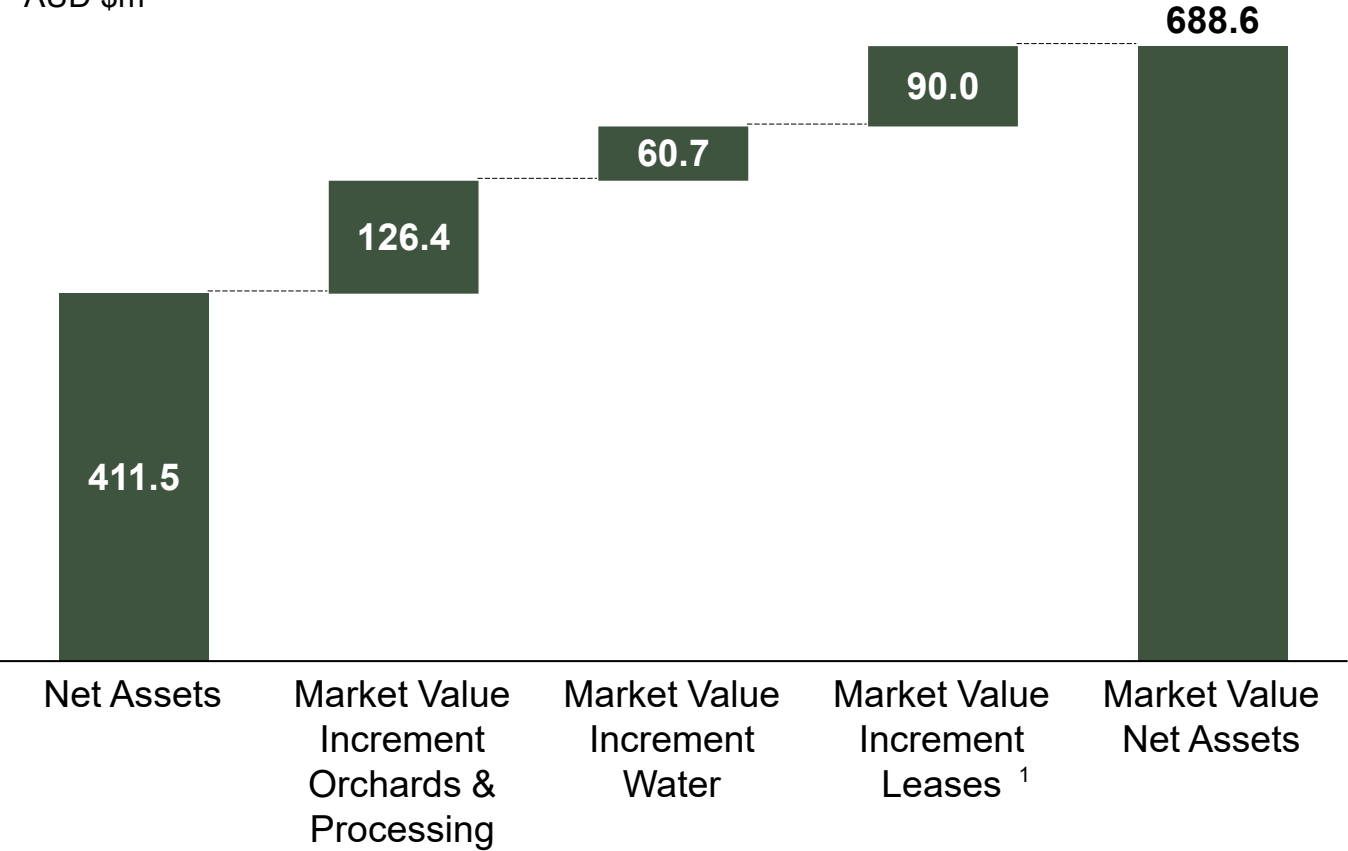


# Asset Valuations and Net Assets

Asset valuations are 67% higher than book value at 30 September 2023

## Net Asset Value vs Market Value

AUD \$m



## Market Value Variances to Book Value

- Net Assets per share increases from \$3.40/share to \$5.69/share using market value
- Book value of assets of \$913.3m, or \$1,190.4m based on market value (not reflected in Balance Sheet)
- Market value of orchards is \$126.4m higher than book value in the FY2023 balance sheet
- Market value of water is \$60.7m higher than book value in the FY2023 balance sheet

1) Based on DCF earnings of leased orchard

A close-up photograph of an almond branch with several green, fuzzy blossoms. The background is a soft-focus mix of green leaves and reddish-brown soil. A logo consisting of a stylized triangle made of horizontal lines is positioned above the text "SELECT HARVESTS".

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**Strategy Update**

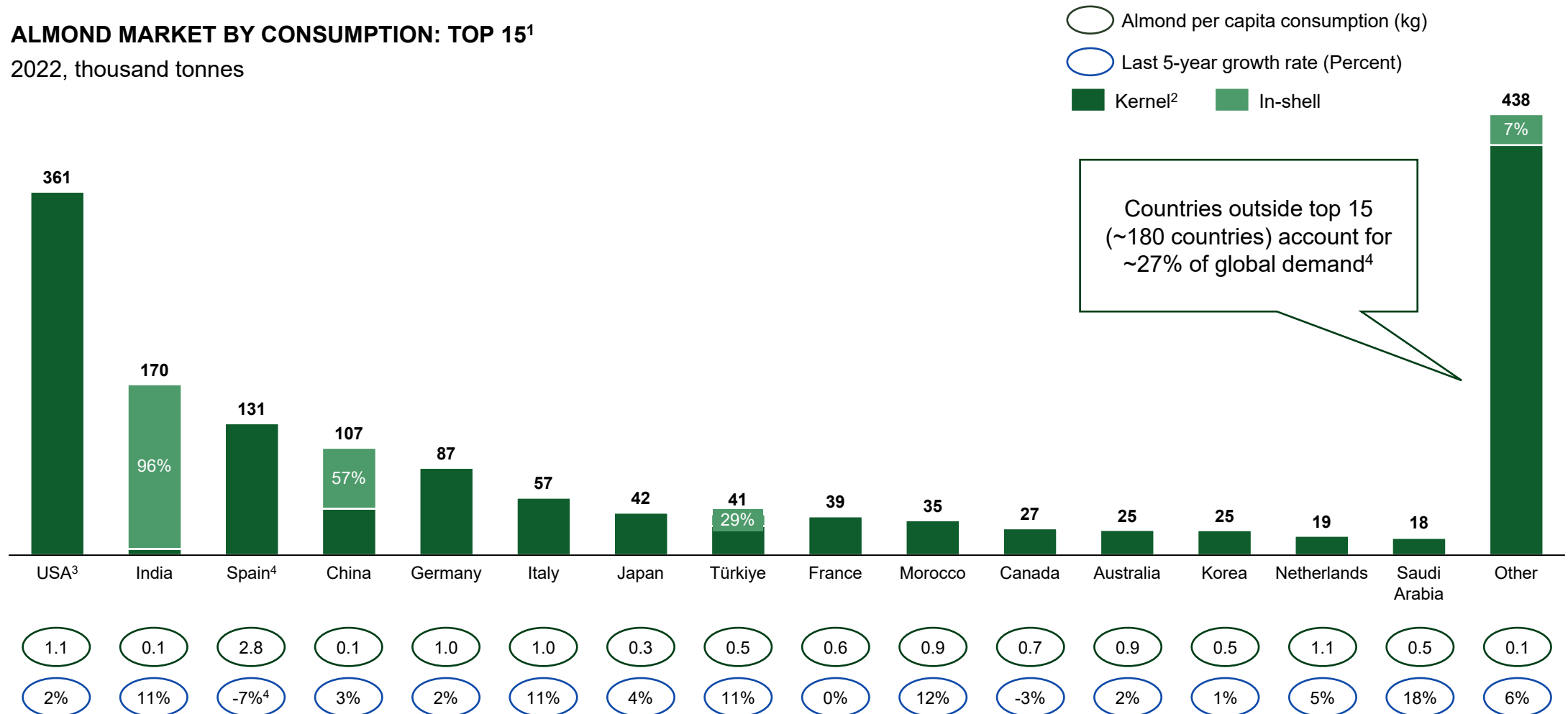


# Global Almond Consumption

15 countries account for ~ 3/4 of global almond market consumption

## ALMOND MARKET BY CONSUMPTION: TOP 15<sup>1</sup>

2022, thousand tonnes



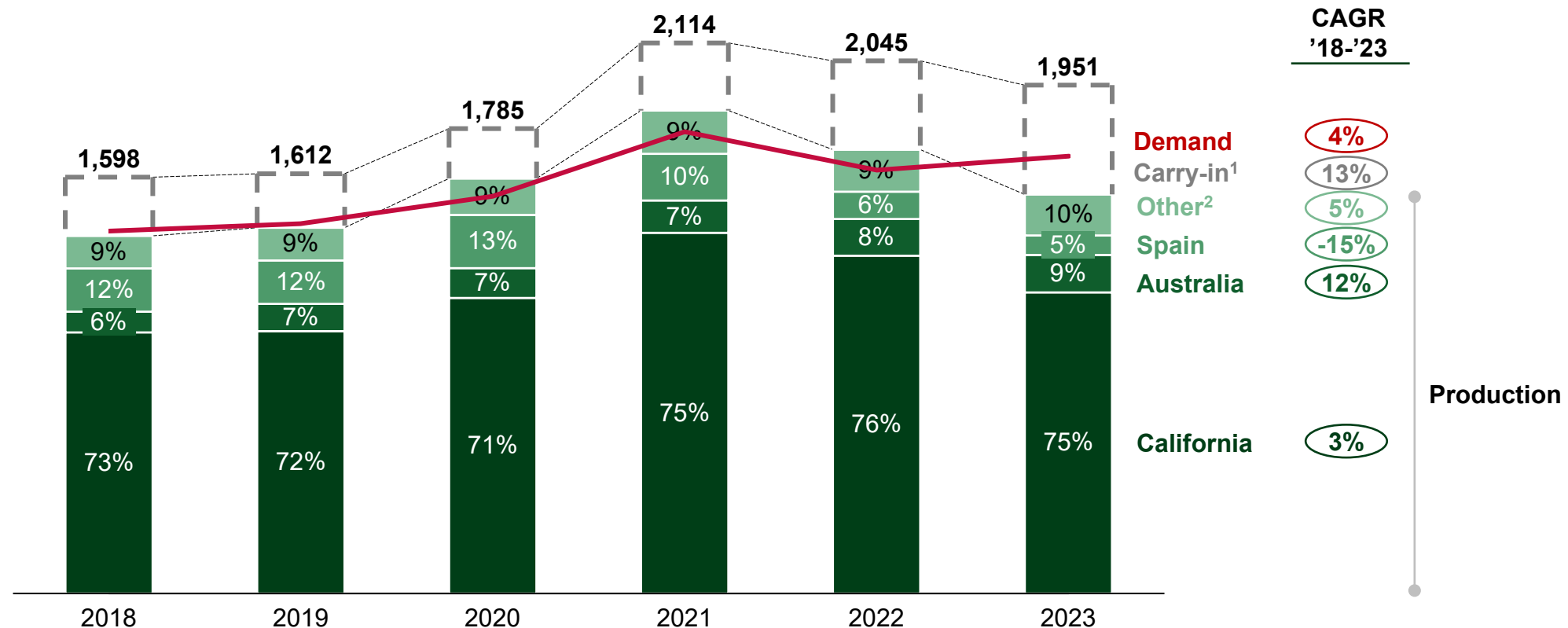
1. Calculated based on the import and export data of shelled and in-shell almond for each country accounting for the productions in the major countries (USA, Spain and Australia); 2. Includes kernel and value-added product; 3. Split not available: assumed shelled; 4. Spain partially reexport to the rest of the EU (data unavailable due to EU free flow of goods); 5. Top 16-60 countries depicted in following slides;  
Source: nutfruit.org, FAOSTAT, Almond Board of California.

# Global Market Supply and Demand

California accounts for ~75% of global almond production. A large increase in its production between 2020-2022 has resulted in record levels of carry-in

## GLOBAL MARKET SUPPLY AND DEMAND

Calendar years, thousand tonnes (percent of global production)



1. Global carry-in (inventory from previous year): 2022 and 2023 actuals as per nutfruit, 2015-2021 Californian carry-in as per California Almond Board, Other countries modelled based on carry-in proportion in 2022-2023 to the California carry-in; 2. Other countries include Turkey (~20k tonnes), Portugal (~20k tonnes), Italy (~20k tonnes), Tunisia (~15k tonnes), Morocco (~13k tonnes), Chile (~12k tonnes), Greece (~10k tonnes), Iran (~5k tonnes) and other smaller countries (~30k tonnes), Data available only for 2022-2023, 2018-2022 estimated from 2022-2023 % of total

Source: nutfruit.org, FAOSTAT, Almond Board of California.



# Global Market Supply and Demand (continued)

Prices have started to recover and are likely to continue over the next 2-3 years if oversupply reduces as expected

## ALMOND MARKET PRICE

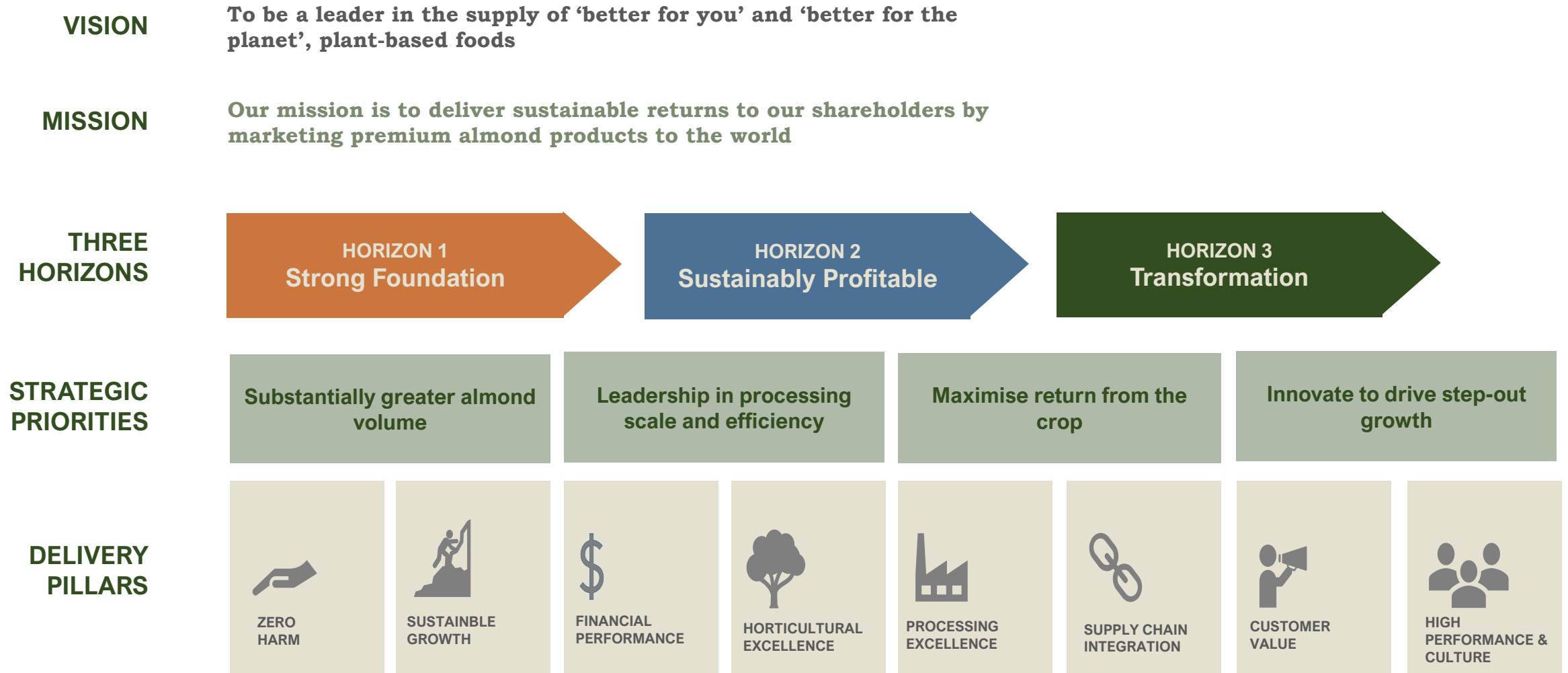
California crop year<sup>1</sup>

**Almond price**  
(2006=100%)



1. Crop year in California means the twelve-month period from August 1 to the following July 31; 2. California only  
Source: Almond Board of California, Expert interviews

# Turnaround Strategy 2023 - 2028





# Key Priorities

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1. Ensuring the safety and wellbeing of all stakeholders
2. Successfully completing the upcoming harvest and investing in the 2025 crop
3. Process a record volume of product efficiently and at a high quality level
4. Continue to manage the detail of our cost base and deliver on opportunities to reduce cost per kg
5. Delivering the best price and best quality from the crop to our customers
6. Continuing to assess options to deliver additional profitable growth from total biomass
7. Manage the velocity of our cash to ensure delivery of an improved balance sheet position
8. Managing to improve returns through the cycle





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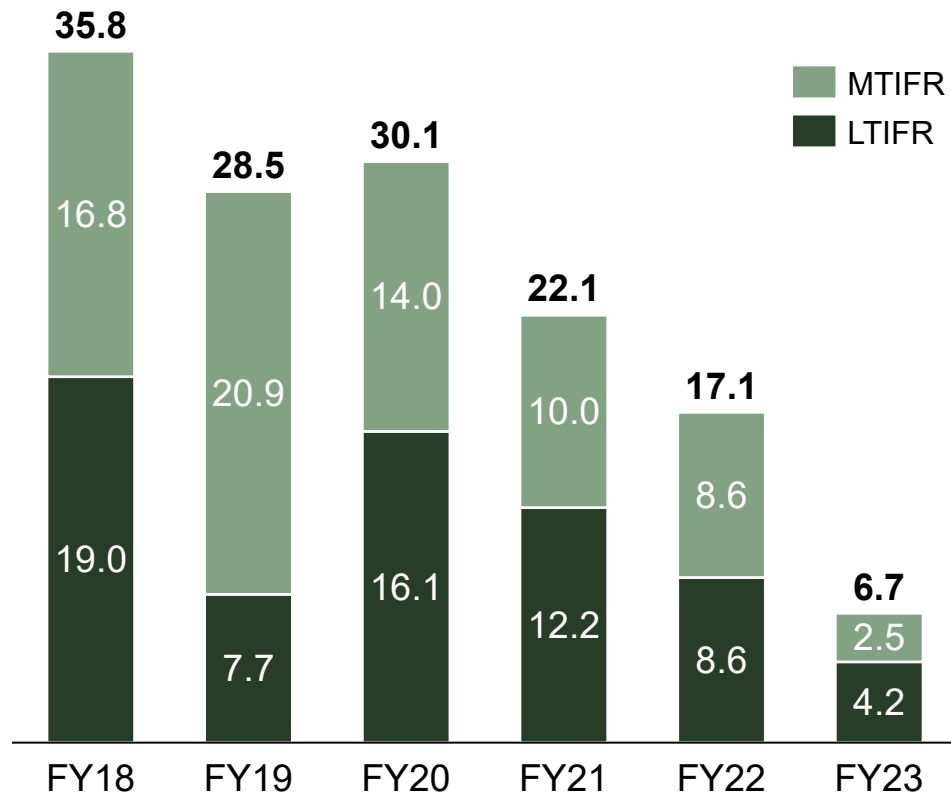
# Managing Director's Address



# Safety – Strong and Rapid Improvement

## Total Recordable Injury Frequency Rate<sup>1</sup>

Injuries per million hours worked



## Key Areas of improvement:

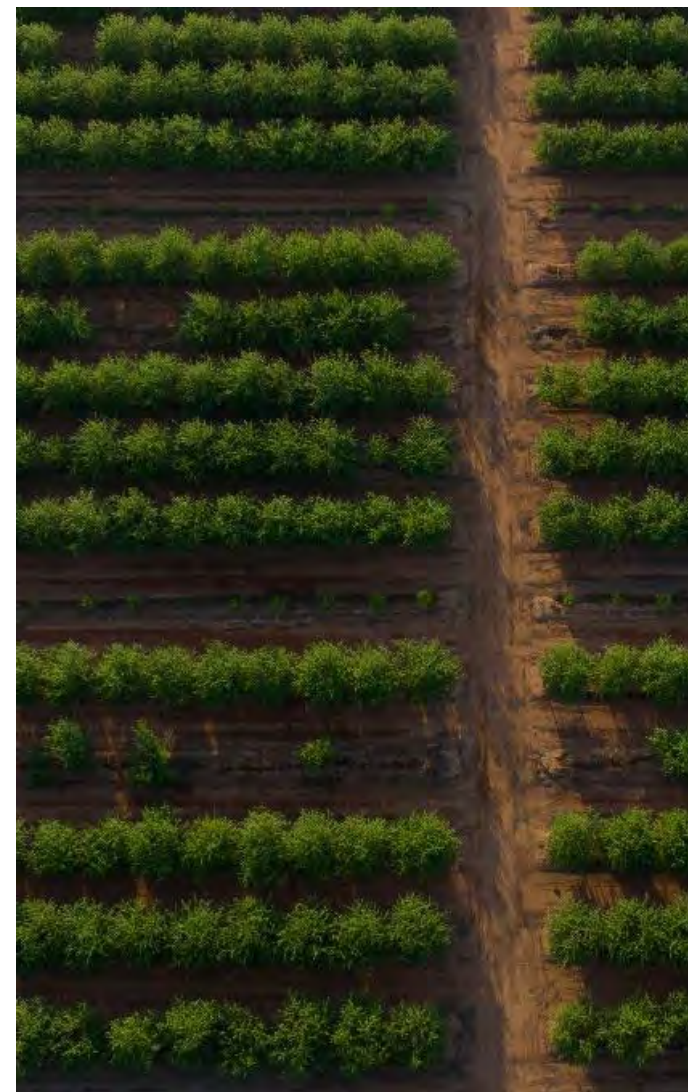
- “Felt Leadership” & increased safety visibility
- Building safety processes
  - Safety conversations, Hazard identification & action before incidents occur
  - Introduction of Incident Cause Analysis Method
  - Procedures and methods of work
- Performance measurement & standards
- Wellbeing initiatives:
  - Stop for wellbeing
  - Community service days
  - Employee Assistance Program (psychological, financial, health)
- In 2024 the next step in our safety journey will be on critical risk management

(1) Prior year reporting updated to industry standard for all years in this chart

# FY2023 Financial Results

Full year financial results are in line with first half guidance

<b>NPAT</b>	<b>(\$114.7m)</b>	<ul style="list-style-type: none"><li>• Lower 2023 crop volume <b>(\$74.5m)</b></li><li>• 2022 crop inventory quality <b>(\$24.5m)</b></li><li>• Goodwill written off non-cash <b>(\$26m)</b></li></ul>
<b>Net Bank Debt/ Equity Ratio</b>	<b>46.2%</b>	<ul style="list-style-type: none"><li>• Debt levels will be reduced sensibly overtime</li></ul>
<b>Operating Cashflow</b>	<b>(\$8.2m)</b>	<ul style="list-style-type: none"><li>• Cashflow positive in second half (-\$27m H1 vs \$19m H2) driven by:<ul style="list-style-type: none"><li>– Change in customer and supplier terms</li><li>– Reduced spend</li><li>– Conscious effort to sell 2023 stock quickly</li></ul></li></ul>
<b>NAV<sup>1</sup>/Share (Market Value)</b>	<b>\$5.69</b>	<ul style="list-style-type: none"><li>• Net Asset Value is above share price</li></ul>



1. NAV based on market value

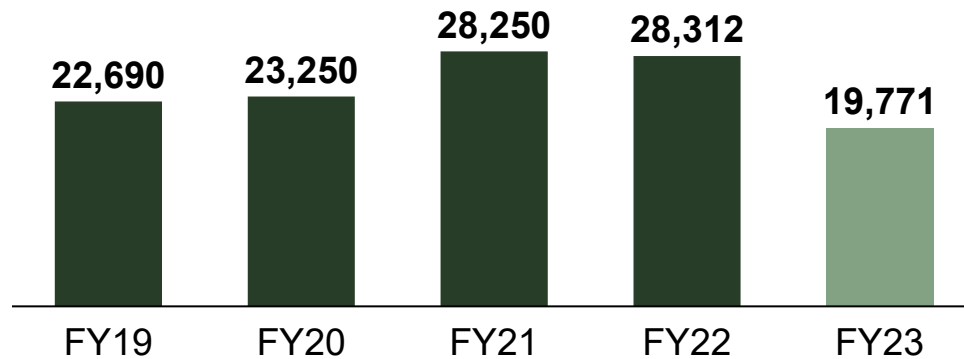


# Key Results Drivers – Volume

The lower 2023 crop volume significantly impacted SHV financial results

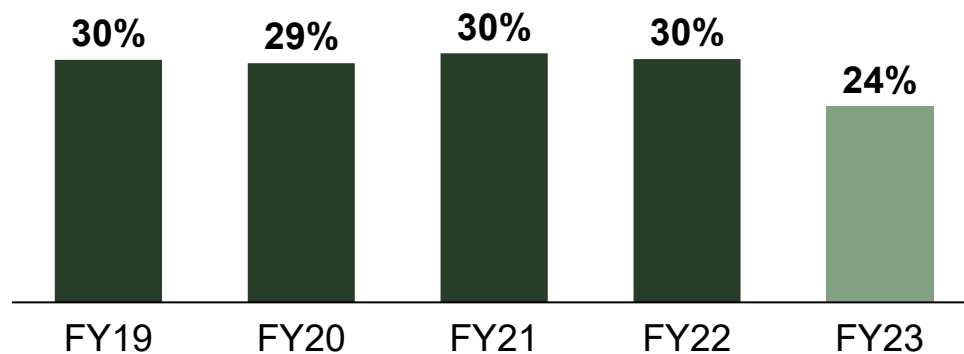
## Almond Volume

MT



## Crack-out

Percent



## 2022 Crop Selldown

- Actively managed and sold low quality 2022 crop carryover kernel and inshell
- Remaining volume allocated to value add processing and has been consumed

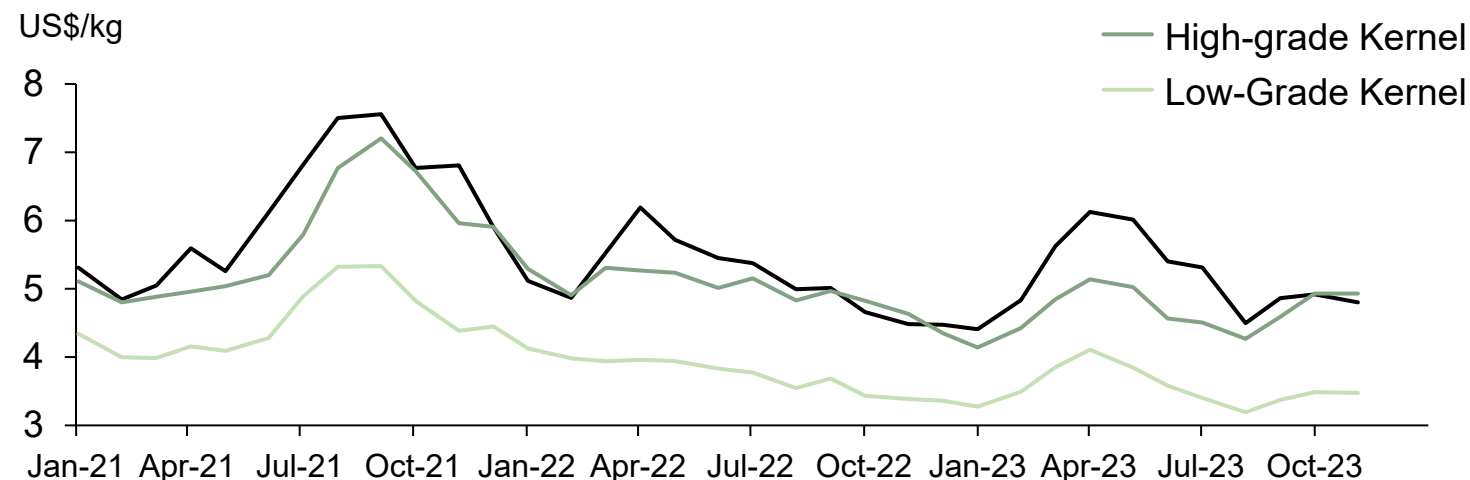
## 2023 Weather Affected Crop

- Forecast crop 30,000MT vs actual 19,771 MT
  - 72% of the reduced crop was due to lower volume
  - 28% of the reduced crop was due to lower crack-out
- Cold and wet weather impacted key growing periods
- Major flooding events across the portfolio pre-harvest
- Volumes impacted across total Australian almond industry

# Key Results Drivers – Almond Price

SHV almond price reduced in FY2023, driven by market prices and crop quality

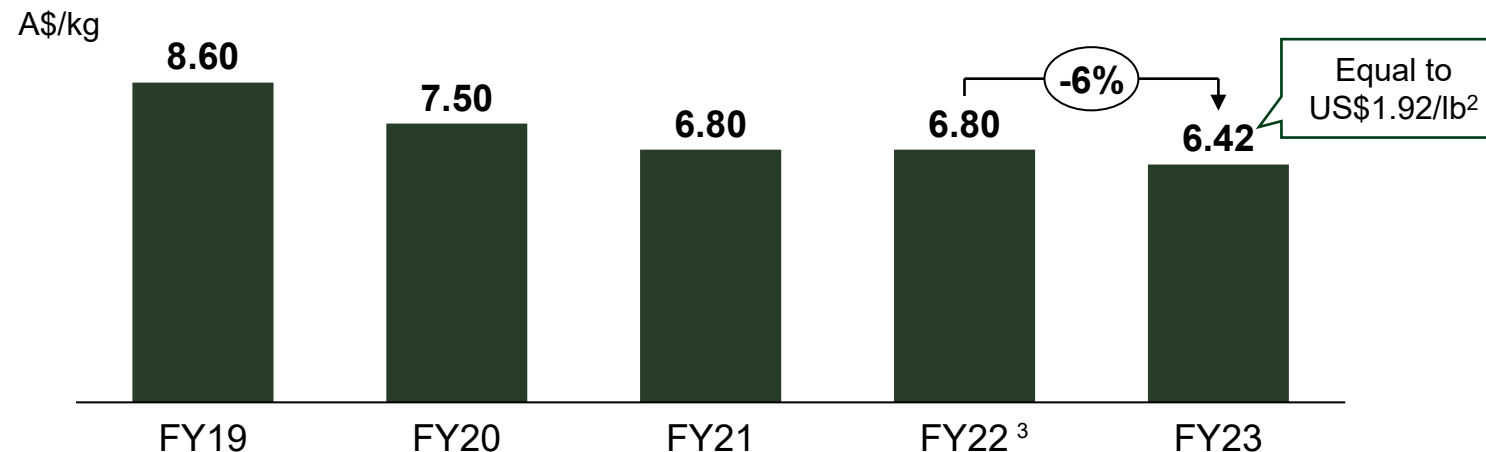
## Almond Market Price <sup>1</sup>



## Depressed FY2023 Prices

- In 2023 global prices increased in the first half, but fell as the year progressed
- SHV experienced a A\$0.40/kg (6%) reduction in average price in FY2023
- Weather impacted quality (grade)

## SHV Almond Price



(1) Source: Stratamarkets

(2) At an exchange rate of \$0.66

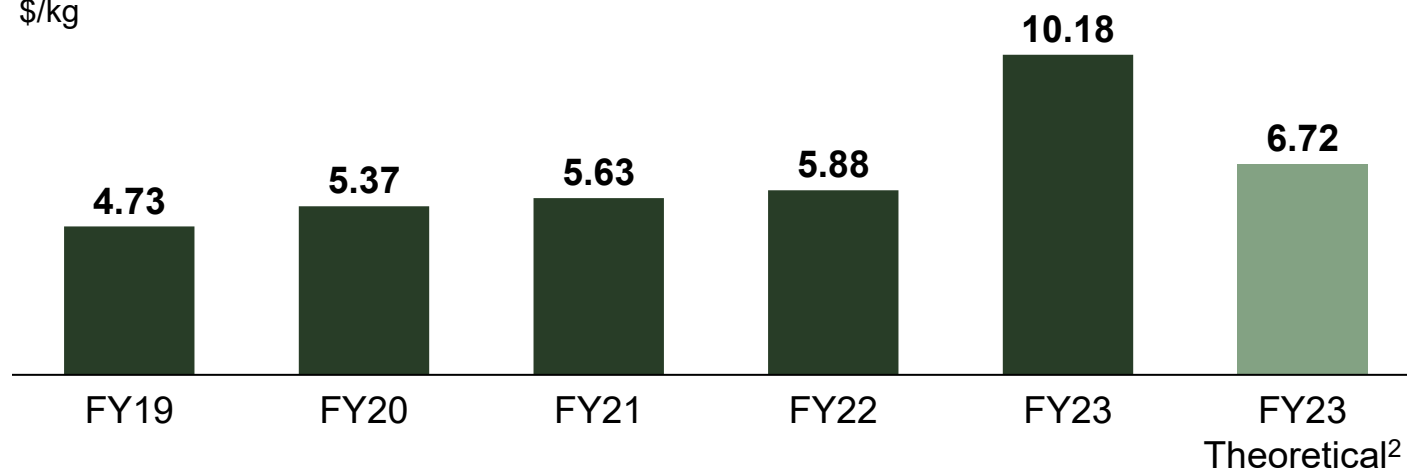
(3) Price prior to H1 2023 inventory revaluation



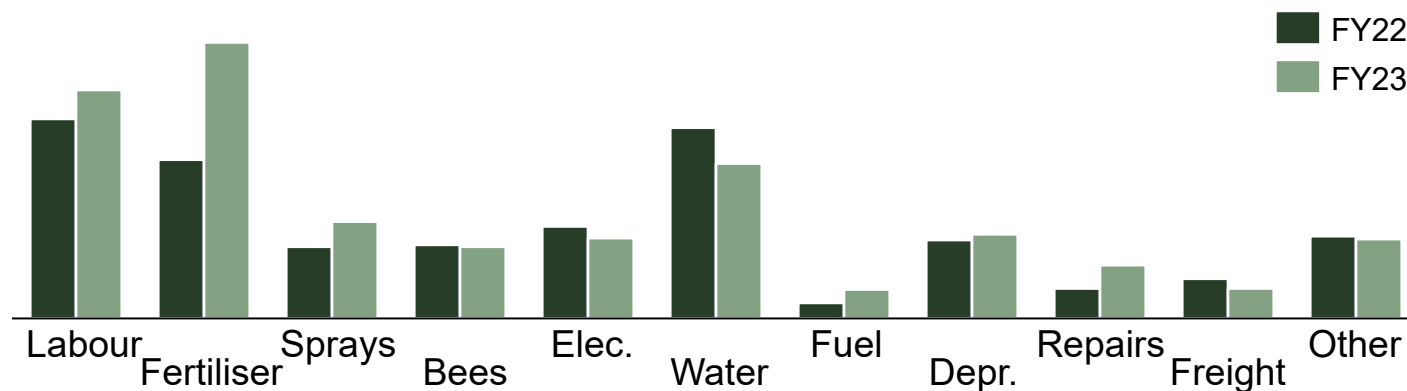
# Key Drivers – Production Cost

## Total Almond Production Cost<sup>1</sup>

\$/kg



## Total Growing Cost: 2022 vs 2023 Crop



## Increased Production Costs

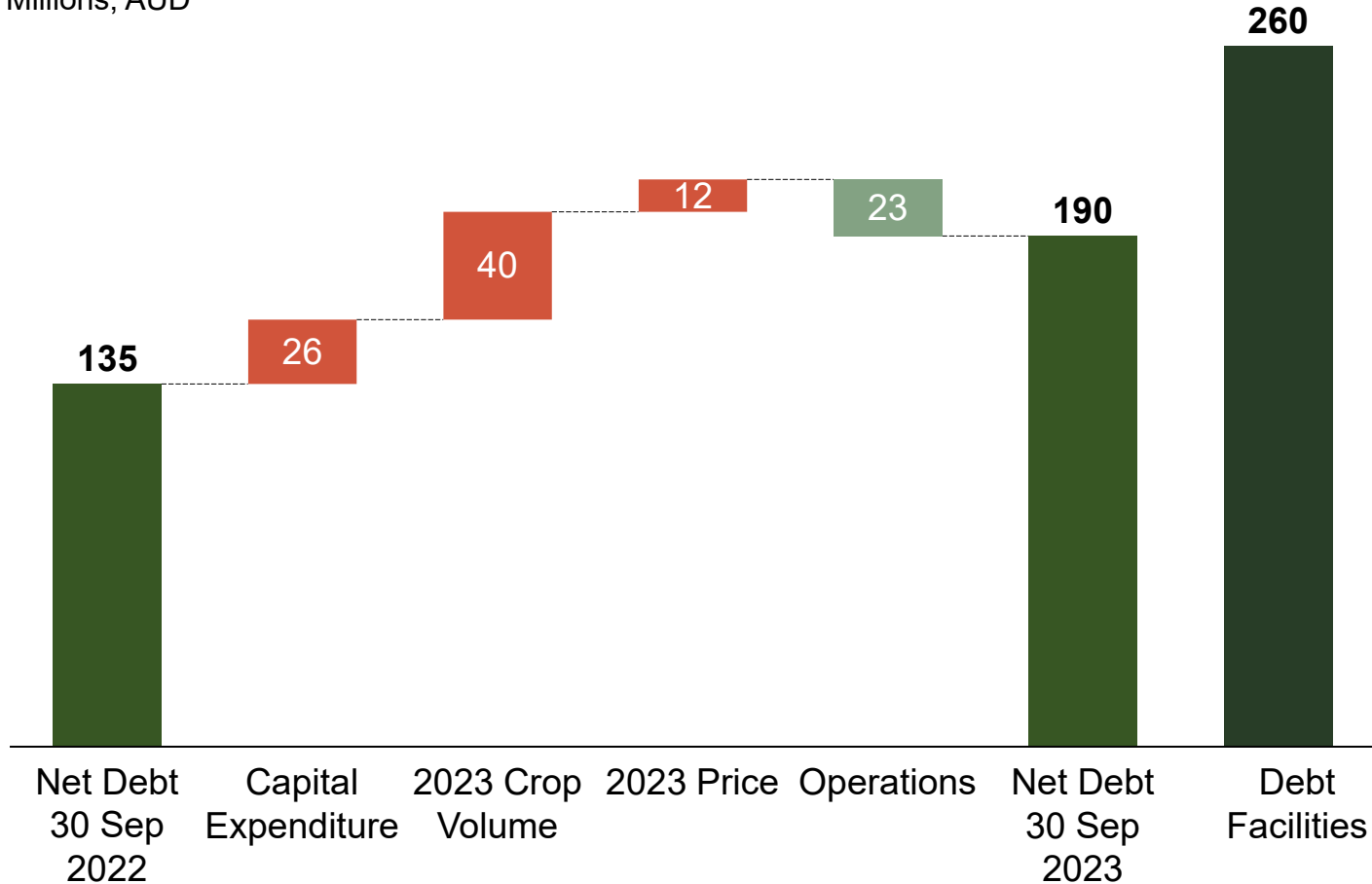
- Invested to grow 30,000MT but only produced 19,771MT - production costs per kg spiked
- Increase in gross production costs of \$25m driven by:
  - Fertiliser costs (\$12.3m) due to global conflicts
  - R&M increased due to flood impacts
  - SHV's inflationary costs ran at 6-7%, reflecting the Australian economy
  - The increased costs were partially offset by low water prices driven by high water availability
- Leased farms reaching maturity commenced amortisation of capitalised development costs of \$9.4m

# Bank Facilities – Debt and Cash

Net debt increased but sufficient coverage from debt facilities remains

## FY2023 Increase in Net Debt

Millions, AUD



## Drivers of Higher Net Debt:

- Less volume of almonds available to sell due to reduced 2023 crop
- Reduction in price impacting 2023 crop value

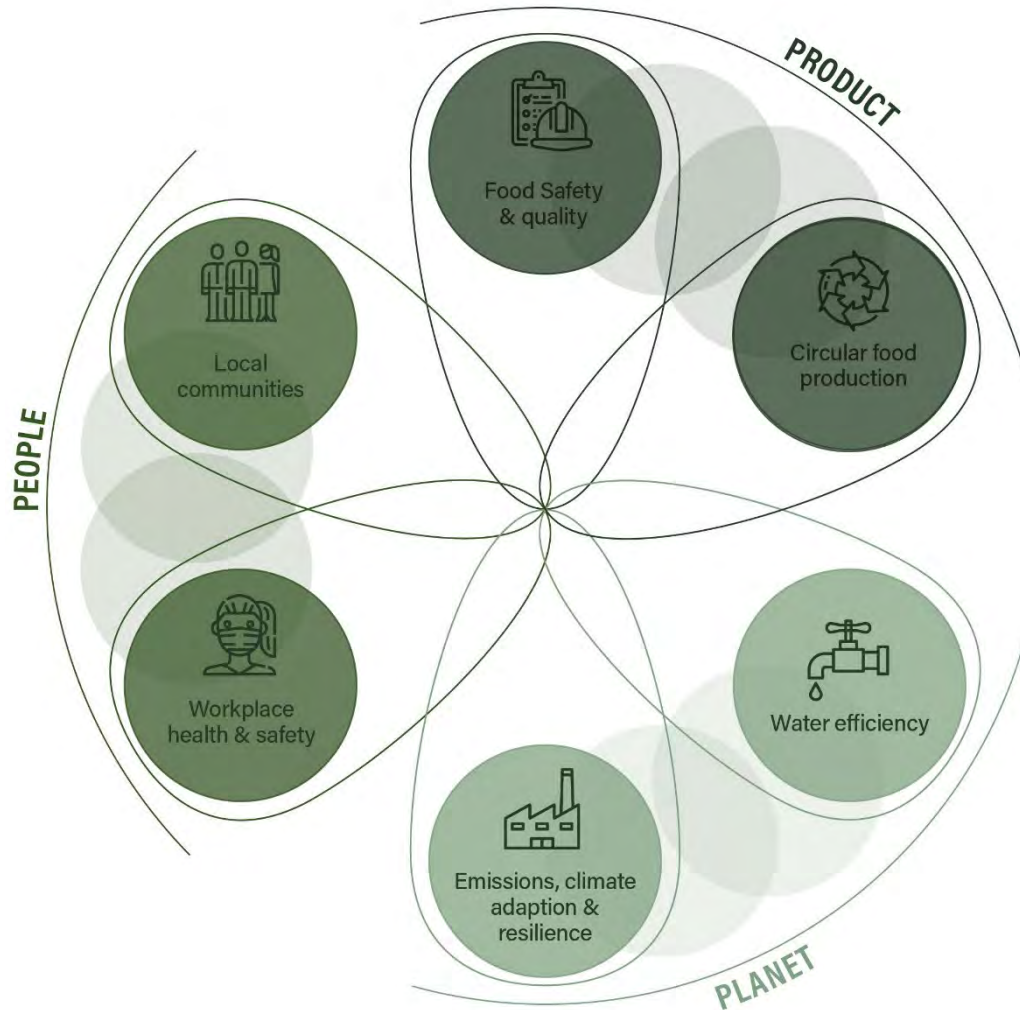
The impacts of the above were partially offset by progress of cash initiatives generated by the Project Management Office related to customer and supplier terms.

Debt headroom remains sufficient leading into the 2024 crop sales cycle.



# Sustainability – People, Product & Planet Focus

Total emissions have been reduced by 25% since 2021



## Emissions Reductions

- From FY21 to FY23 total emissions have been reduced by 25%:
  - Scope 1 change: - 34%
  - Scope 2 change: - 13%
  - Scope 3 change: +1%
- Investment into new fumigation chambers reduced fumigation emissions by 70% from FY21 to FY23
- SHV committed to be carbon neutral by 2050
- SHV released its Sustainability Report alongside Annual Report
  - Taken steps to align Sustainability Report with IFRS Sustainability Disclosure Standard (IFRS S1 and S2)
  - Sought independent assurance for greenhouse gas emissions
- Sustainability initiatives should also support SHV profitability





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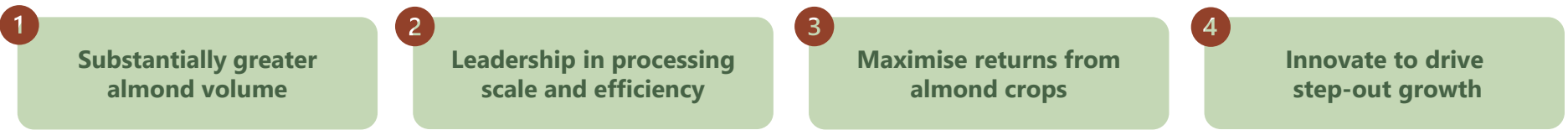
**STRATEGY &  
TRANSFORMATION**



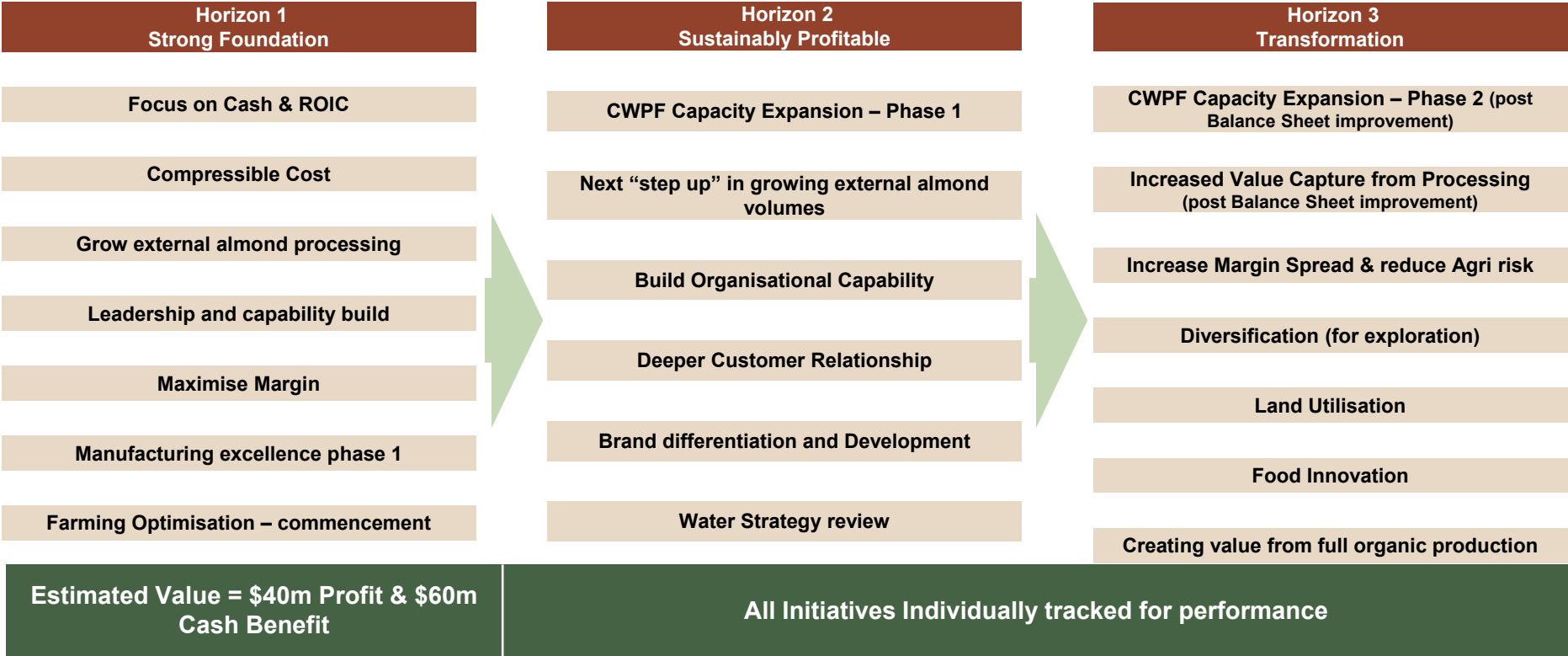
# Select has a clear Strategic Path forward

Strategy is focused on delivering increased Shareholder returns through improved performance and growth

## Strategic Pillars



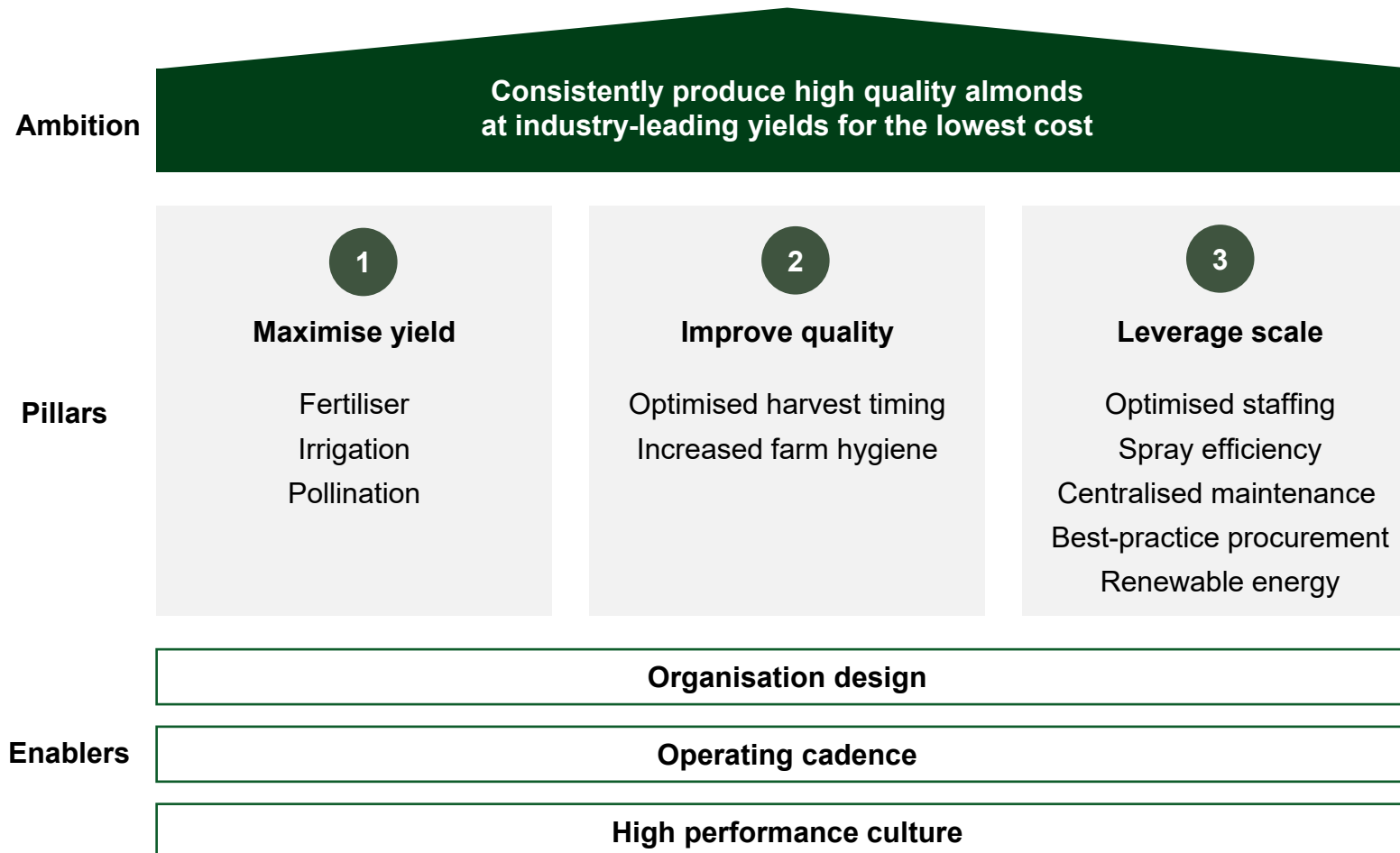
## Strategy 2023 - 2028



# Horticulture Productivity Strategy – Leverage The Core

Improve the productive capacity of the company's core assets through yield, quality and efficiency

## SHV HORTICULTURE PRODUCTIVITY STRATEGY



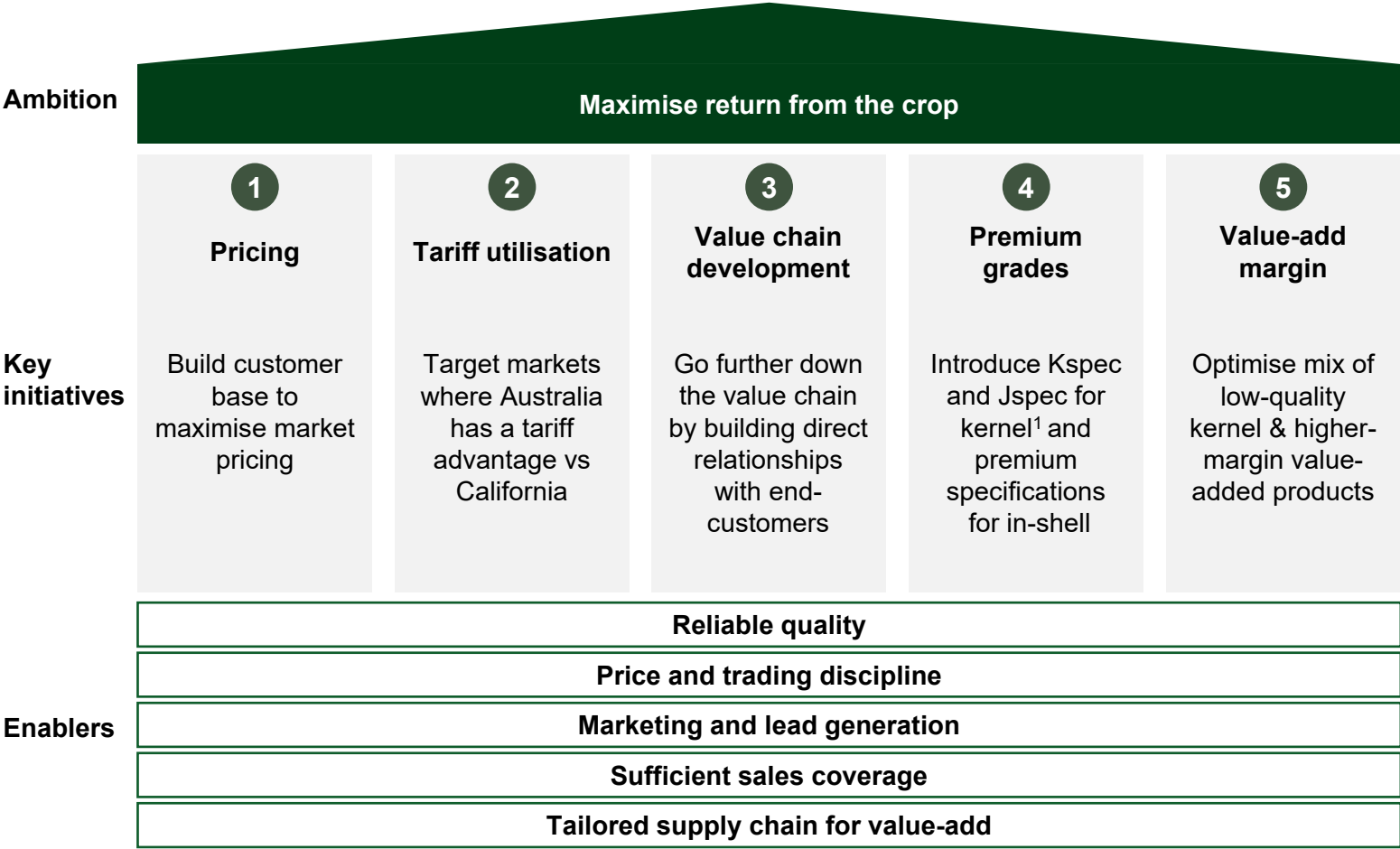
## Leverage Efficiency and Scale

- Increase current yields by up to 15% through input investment and management practices
- Capture additional pricing opportunities from improved quality outcomes
- Improved production cost outcomes through current targeted actions covering:
  - Labour
  - Freight
  - Procurement
  - Automation
- Annualised benefit expected to exceed \$10M

# Sales Strategy – Maximise the value of the crop

Maximise the return from the Company’s crops through focusing on five key initiatives

## SHV SALES STRATEGY



### Increase crop value through:

- Maximise pricing through key customers and geographies
- Use opportunities where Australia has tariff advantages
- Build relationships to increase direct sales opportunities
- Introduce premium end grades to give access to high end markets
- Deliver higher returns from value add infrastructure through optimising production levels and product mix
- Develop new marketing collateral
- Annualised benefit expected to exceed \$10M



# PMO – Strategy Execution and Discipline

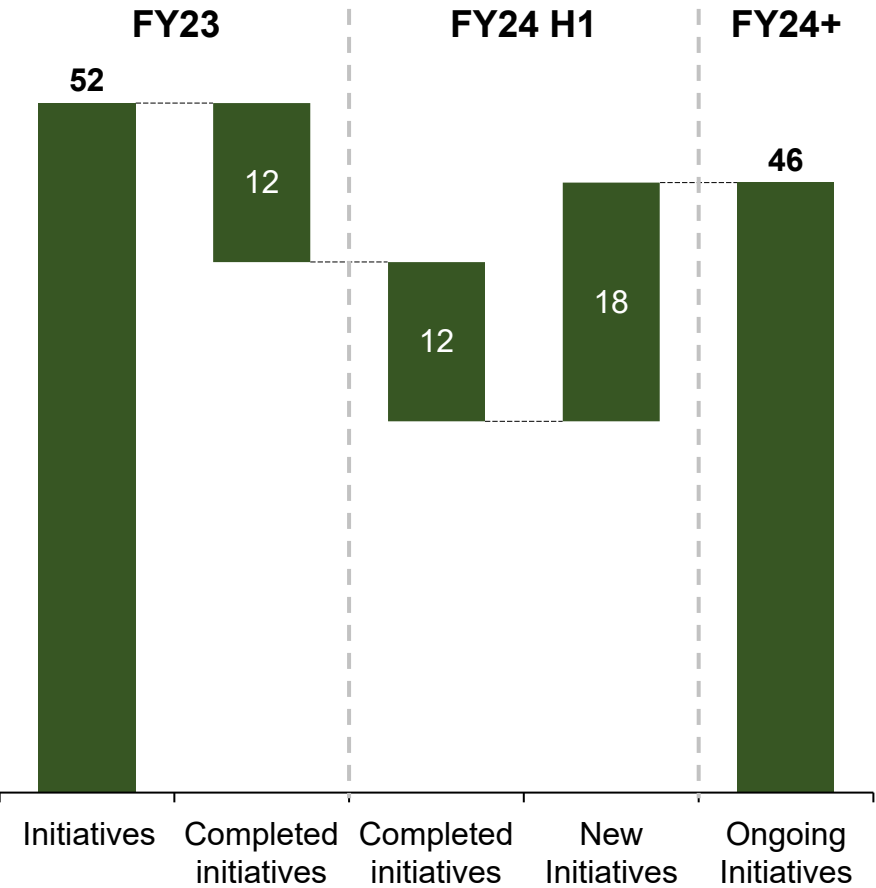
Execution momentum building with growing profit impact and cash benefit

## Strategic Priorities



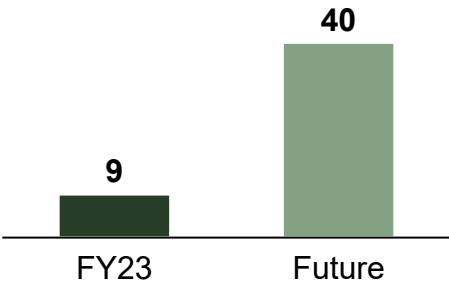
## Execution

Count of initiatives



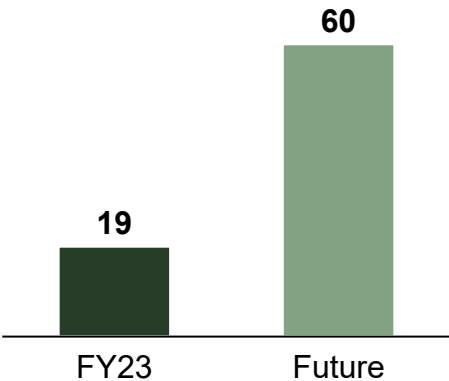
## Profit Impact

Millions AUD



## Cash Benefit

Millions AUD







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**OUTLOOK**



# FY2024 Outlook

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## SHV Crop

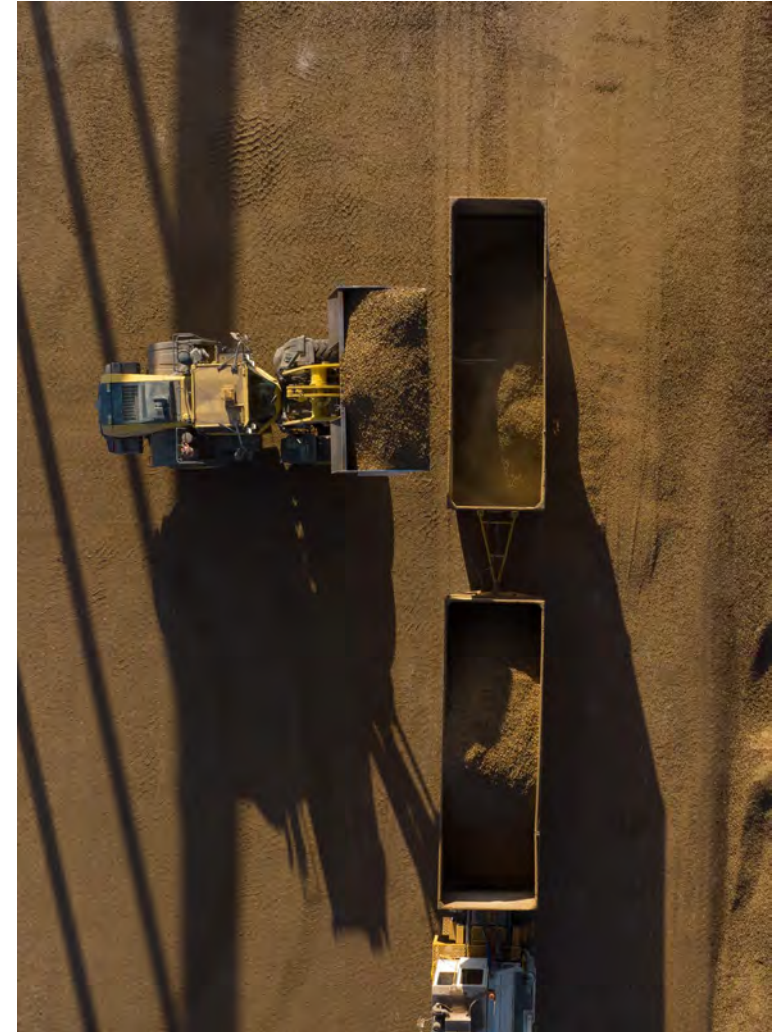
- Crop forecast 30,000MT, assumed quality profile in line with long term average
- Harvest commenced end of January – two weeks earlier than normal
- More than 75% of the 2024 crop is hedged at an AUD/USD of 0.66c

## Californian Crop

- Industry commentary indicating:
  - Yield is likely to be 2.45 billion lbs compared to USDA objective estimate of 2.6 billion lbs
  - Quality is below typical expectations due to high insect damage (Naval Orange Worm) and sub-optimal sizing due to a rain affected harvest
  - Forecast 2024 carryout inventory has reduced to 0.5 - 0.6 billion pounds (21.9% lower than the 2023 carryout position)

## Margin

- Almond prices continue to steadily increase:
  - India demand levels remain strong
  - China demand outlook less optimistic due to economic conditions however enquiry levels are increasing
  - California inventory levels reducing and early concerns around the US 2024 crop – will likely help to improve price
- SHV total production costs reducing





# Key Messages

FY2024 benefits expected from price recovery, transformation delivery and disciplined financial management

## Challenging FY2023

- Poor result due to lower volume and lower price
- Full year result consistent with first half expectations
- 2022 crop hangover closed out and 2023 crop sold

## Positive Outlook

- Crop forecast of 30,000MT
- Good quality expected
- Improving prices

## Building Sustainable Profitability

- Strategic initiatives delivering sustainable profitability
- SHV transformation progressing well:
  - Third-party supply increasing volumes, earnings and reducing volatility
  - Horticulture excellence and sales leadership key focus areas
- Improvement in cost management
- Disciplined financial management
- Cashflows and debt position will improve
- Manufacturing Excellence delivering gains in primary processing and value added capacity







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**Business of the AGM**

# Business of the AGM

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## Ordinary Business

- Consideration of Financial Statements and Reports

## Resolutions

- Resolution 1: Adoption of Remuneration Report
- Resolution 2: Election of Director
- Resolution 3: Participation by the Managing Director in the Long-Term Incentive Plan





# Consideration of Financial Statements and Reports

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## Q & A Session



# Resolution #1: Remuneration Report

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For:	45,859,224
Against:	5,783,205
Open-Usable:	401,130



## Resolution #2: Election of Director

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**Paul van Heerwaarden**  
**Non-Executive Director**  
**Appointed October 2023**





# Resolution #2: Election of Director

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For:	51,373,321
Against:	200,825
Open-Usable:	417,736



# Resolution #3: Participation by the Managing Director in the Long-Term Incentive Plan

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For:	50,197,351
Against:	1,439,961
Open-Usable:	437,194



# THANK YOU

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**Please direct any queries to:**

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Please note that background material/data regarding the global almond industry can be found on the Select Harvests Limited website.

