



Company/ASX Code	Select Harvests (SHV)
AGM date	Friday 22 February 2019
Time and location	11:00am. National Australia Bank Building, 700 Bourke St, Melbourne
Registry	Computershare
Webcast	No
Poll or show of hands	Poll on all items
Monitor	Norm West
Pre AGM Meeting?	Phone conference with Company Secretary Brad Crump and Andrew Angus, Investor Relations.

Select Harvests change of financial year – and 3 month results

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Refer also voting intentions for 2018 AGM

Key events

Select is changing its financial year end from 30 June to 30 September effective from 1 July 2018 to better align the company's reporting cycle with the almond crop cycle. This should ensure an improved level of disclosed information in reference to:

- crop yield estimates (half year)
- quality and selling price estimates (half and full year)
- committed volumes of sales (full year)

Given the shortened transitional reporting period and no recognition of the 2019 crop fair value a small loss has been recorded. Normal recognition of crop earnings and profitability levels will recommence in the new financial year starting 1 October 2018.

Financial performance

Previously reported 2018 earnings per share was 23.2c on a dividend payout ratio of 51.7%. The company has paid a dividend every year for the past 10 years. The TSR in 2018 was 43% after two years of negative returns.

The results for this transition period of 3 months to 30 September 2018 are a net loss after tax of \$1.54 million. Earnings before interest and tax is a loss of \$1.05 million. No crop fair value has been recognised for the period. The presented financial results for this current period include earnings from the Food segment and non-2019 crop related earnings from the Almond segment and corporate costs. Almonds made an EBIT loss of \$1.01 million. Food made an EBIT of \$1.2 million through higher industrial sales, particularly to China. No dividends were declared in the above period.

Summary

(As at FYE)	30 Sept 2018 3 months	2018	2017	2016	2015
NPAT (\$m)	(1.536)	20.371	9.249	39.796	56.766
UPAT (\$m)	(1.536)	20.371	9.249	27.857	59.419
Share price (\$)	5.32	6.90	4.90	6.74	11.00
Dividend (cents)	nil	12	10	46	50
TSR (%)	NA	43	(26)	(35)	124
EPS (cents)	(1.6)	23.2	12.6	38.5	86.8
CEO total remuneration, actual (\$m)	0.156	0.725	0.716	0.870	1.183

Resolution 1	Adoption of Remuneration Report
ASA Vote	For

The company publishes a table of actual remuneration and maximum potential remuneration for the past two years. Face value is used to calculate performance rights, although none vested in the past two years. Short-term incentives (STIs) were higher overall in 2018 and are paid in cash. They are based on exceeding business objectives on an annual basis. The long-term incentive (LTI) is based on two hurdles over 3 years each worth 50%. The first is exceeding the compound annual growth return (CAGR). A negative return means no vesting. The second is the TSR measured against a peer group of ASX listed companies. An absolute positive shareholder return is a benchmark and results must exceed the 50th percentile. LTIs are all based on equity. Individuals cannot hedge unvested equity and an interesting addition – vested performance rights are to be held until the accumulated value is equal to 100% of base salary. There is a very clear explanation of the STI and LTI remuneration framework. No variable remuneration has vested in the three month period.

Resolution 2**Election of directors****ASA Vote****For**

The board comprises 6 directors including the Managing Director. Gender diversity has been achieved with the appointment of a second female director in 2017. The longest serving directors have been on the board since 2009 and 2010. We encourage ongoing renewal of the board.

2(a) Re-election of Mr Michael Iwaniw

Chairman Michael Iwaniw is a well-qualified independent director, appointed to the board on 27 June 2011 and appointed Chairman on 3 November 2011. He has extensive experience in food and agribusiness and is an independent director. He is a member of the Remuneration and Nomination Committee. He holds 205,503 fully paid shares.

2(b) Re-election of Ms Nicki Anderson

Ms Anderson was appointed to the board on 21 January 2016. She has had wide experience in food and consumer goods businesses and agribusiness.

She is a director of Funtastic Ltd and independent director. She is a member of the Remuneration and Nomination Committee and Audit and Risk committee. She holds 7,071 fully paid shares. These elections do not change the number and majority of independent directors on the Board.

Resolution 3**Approval of issue of Awards under Long Term Incentive Plan****ASA Vote****For**

This resolution is to allow the company to exclude any issue under this plan from being included in the limit of 15% equity issue being permitted within 12 months without the approval of shareholders. In the limited circumstances where SHV has previously raised capital via placement, the issues has been accompanied by a sizeable SPP. This approval will persist for a period of 3 years from this shareholder approval.

Resolution 4	Approval of amendment of terms of existing Awards under Long Term Incentive Plan
ASA Vote	For

This resolution will change the terms of 298,000 existing Awards issued under the Select Harvests Limited Long Term Incentive Plan. With the change of the Company's annual reporting period from the 12 months ending 30 June to the 12 months ending 30 September, the ending performance period of Tranche 2 and 3 is proposed to be changed from 30 June in the relevant year to 30 September in that year. While ASA does not support changes to terms of existing awards in other circumstances, we will support the update for the change in financial year.

Resolution 5	Remuneration arrangements for the Managing Director (a) Participation by the Managing Director in the Long Term Incentive Plan (b) Approval of termination benefits for Managing Director
ASA Vote	For

(a)

The Company proposes to issue to Mr Thompson Awards with a full vested face value of \$506,000. The number of Awards issued will be allocated using the volume weighted average market price over the 10 days preceding the date of the AGM.

The \$506,000 face value reflects a base case maximum opportunity value from the LTIP of \$405,000; plus the three month transition from a 30 June to a 30 September year end resulting in a one off 25% uplift to the base case opportunity value amount.

(b)

This resolution is only where the board determines payment of the termination benefits is appropriate, and the payment is determined by the Accelerated Vesting of Performance Rights granted to Mr Thompson in accordance with the rules of the LTIP, in circumstances where Mr Thompson's office as Managing Director of the Company is terminated, or Mr Thompson retires from that office, in connection with the change in control. The termination benefits are capped by the maximum number of performance rights that may vest and the performance criteria still operate.

The individual (or their associates) involved in the preparation of this voting intention has a shareholding in this company.

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