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Select Harvests Ltd (SHV)

Almond prices bounce back

Recommendation
Buy (unchanged)

Price
\$3.85
Target (12 months)
\$5.45 (previously \$5.30)

Sector
Food Beverage and Tobacco
Expected Return

Capital growth **41.6%**

Dividend yield **1.0%**

Total expected return **42.6%**
Company Data & Ratios

Enterprise value **\$715.3m**

Market cap **\$547.1m**

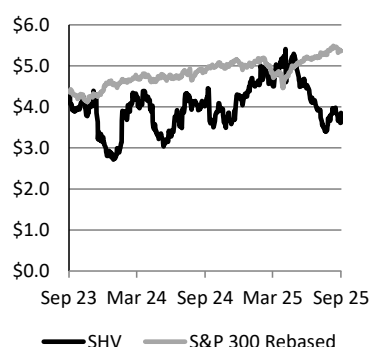
Issued capital **142.1m**

Free float **100%**

Avg. daily val. (52wk) **\$2.0m**

12 month price range **\$3.37-5.45**
Price Performance

	(1m)	(3m)	(12m)
Price (A\$)	3.66	4.51	4.04
Absolute (%)	5.19	-14.63	-4.64
Rel market (%)	5.15	-18.25	-14.82

Absolute Price


SOURCE: IRESS

Almond prices on the tear

In recent weeks as the Californian harvests has commenced almond prices have been rallying, as the 3.0bnlb USDA forecast may be considered optimistic. Key points:

Almond prices: USD almond prices have rallied ~26% from the bottom, with the Stratmarkets Almond index now at ~US\$3.11/lb and at a higher level than that just prior to the Jul'25 Objective estimate. The move is on the back of mixed early harvest reports in California, calling into question the 3.0Bnlb USDA forecast. In AUD terms, almond prices have moved to ~A\$10.35/kg, a 3-month high and up +19% YOY.

Input costs: Major cost inputs in water and fertiliser are broadly unchanged from our previous update. Our baseline assumptions are for +6% YOY growth in costs per kg (on a 29kt equivalent basis).

Weather outlook: The three-month outlook is for above average rainfall in what historically is a fairly important window for crop development. This outlook is somewhat supported by the NOAA rising prospects of La Nina thresholds being reached in 4QCY25. Recent SHV announcements pointed to a strong pollination across the SA orchards.

YTD VWAP pricing having consideration for the SHV hedge position would imply a FY25e pricing outcome at ~A\$10.15/kg, before accounting for any achieved SHV market premiums. EBITDA changes are +4% in FY25e, +53% in FY26e and +52% in FY27e. Our NPV based target price lifts to \$5.45ps (prev. \$5.30ps).

Investment view: Buy rating unchanged

Buy rating is unchanged. Volatility in almond pricing has been a feature since May'25. However, the long-term under development of orchards in California implies a period of limited supply expansion potential, which we view as a positive for the direction of future almond pricing trends. Trading at ~7% discount to market NAV, ~5.9x FY26e "spot price" EBITDA and ~9.3x FY26e "spot price" PER (@29kt production), valuation is undemanding, particularly if pricing continues to firm.

Earnings Forecast

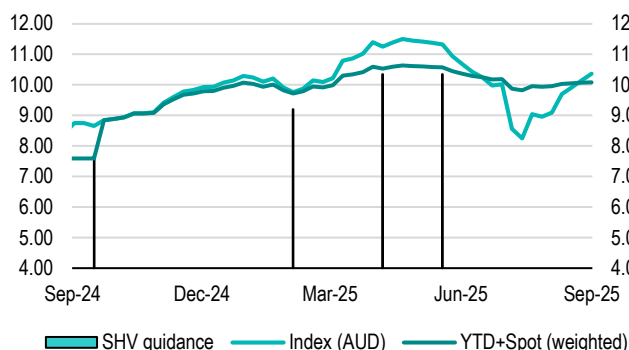
Year end September	2024	2025e	2026e	2027e
Sales (\$m)	337.3	316.2	361.4	361.9
EBITDA (\$m)	46.9	82.5	110.7	113.2
NPAT (reported) (\$m)	1.5	31.5	50.8	53.5
NPAT (adjusted) (\$m)	2.3	29.5	50.8	53.5
EPS (adjusted) (cps)	1.8	21.1	35.7	37.6
EPS growth (%)	lge	lge	69.1	5.4
PER (x)	213.1	18.2	10.8	10.2
FCF Yield (%)	(2.3)	9.9	19.3	16.7
EV/EBITDA (x)	15.3	8.7	6.5	6.3
Dividend (¢ps)	-	4.0	7.0	8.0
Franking (%)	-	100.0	100.0	100.0
Yield (%)	-	1.0	1.8	2.1
ROE (%)	0.5	5.6	9.0	8.8

SOURCE: BELL POTTER SECURITIES ESTIMATES

Select Harvests drivers

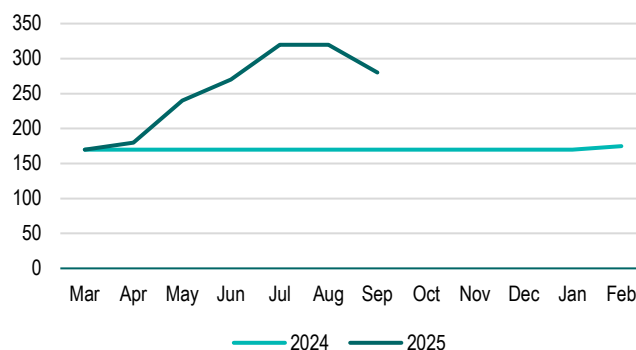
Spot pricing trends: Spot almond prices have rallied >20% from the recent lows. Riverina almond hull prices have on average been up +50% YOY.

Figure 1 - Stratamarkets almond pricing indicators



SOURCE: STRATAMARKETS

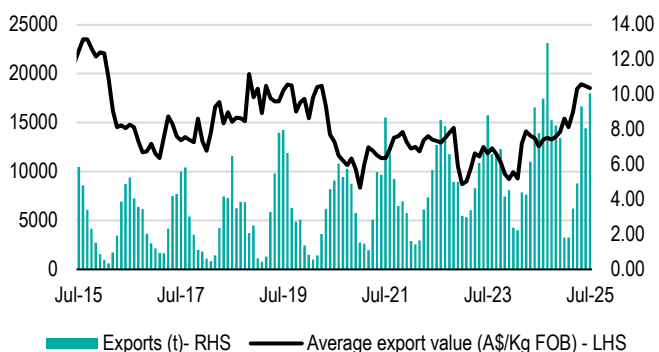
Figure 2 - Riverina almond hull pricing (\$/t)



SOURCE: DAIRY AUSTRALIA

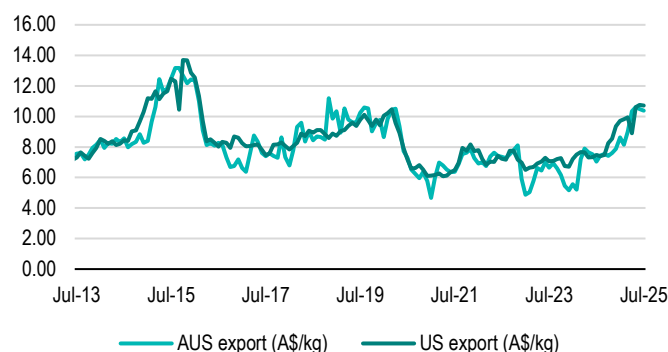
Export values: Export values which lag spot pricing have demonstrated material YOY gains. Australian export volumes are up +33% YOY on a R12M basis.

Figure 3 - Aus FOB export values (A\$/kg)



SOURCE: BASED ON ABS DATA

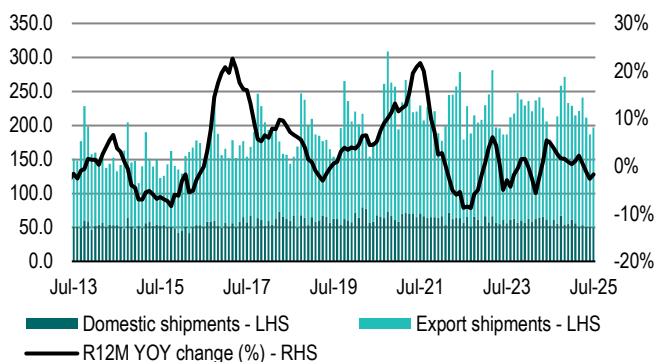
Figure 4 - Aus export vs. US export values (A\$/kg)



SOURCE: BASED ON ABS AND USDA DATA

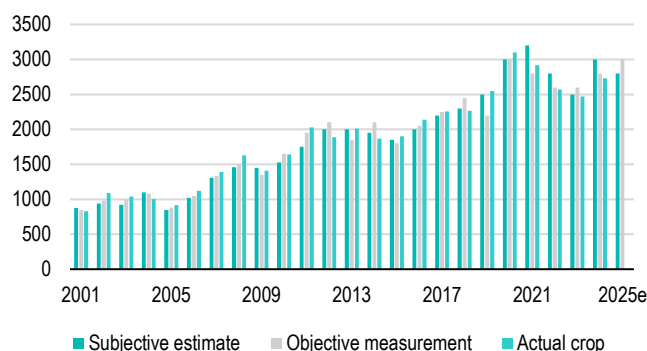
California crop: R12M Californian shipments down -3% YOY and this compares to available supply (carryover + YTD receivals) down -5% YOY.

Figure 5 - California shipment trends (m lbs)



SOURCE: CAB

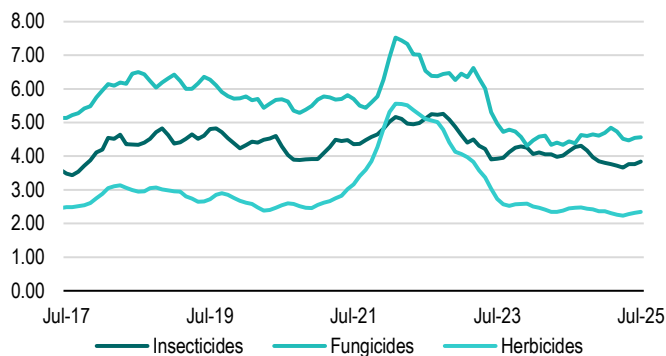
Figure 6 - California crop estimates and production (m lbs)



SOURCE: CAB

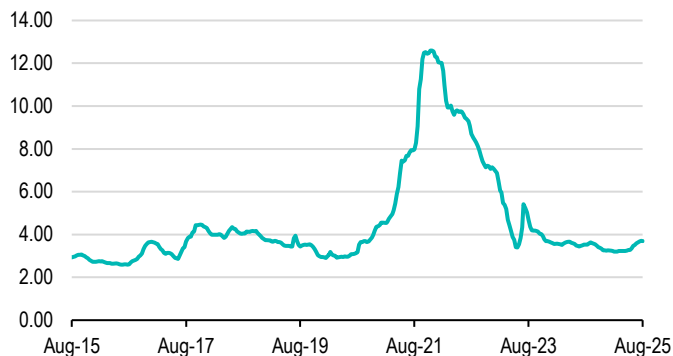
Ag-chem indicators: ag-chem pricing indicators are cycling fewer headwinds than FY24.

Figure 7 - China Ag-chem prices (USD/Kg)



SOURCE: CIQ

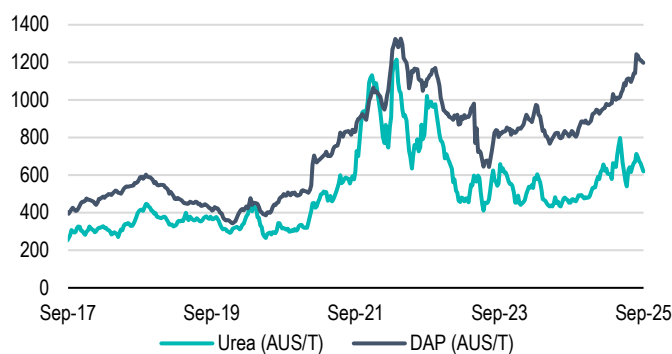
Figure 8 – Glyphosate tec (USD/t)



SOURCE: BLOOMBERG

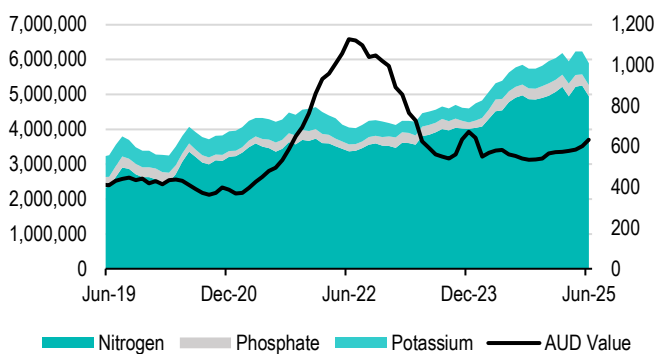
Fertiliser indicators: Global fertiliser values have been climbing, particularly urea.

Figure 9 – Fertiliser price indicators (A\$/t)



SOURCE: BLOOMBERG DATA

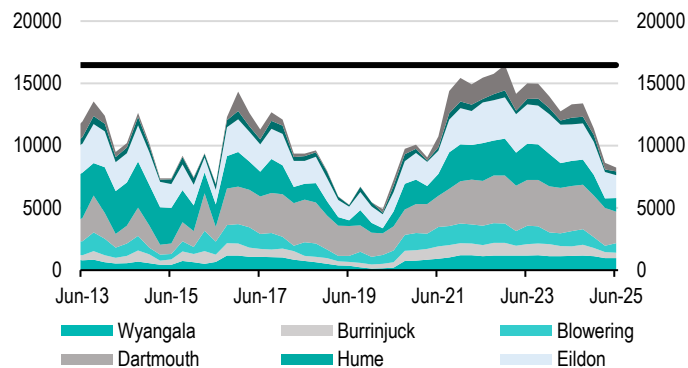
Figure 10 – Fertiliser imports vs. landed values (AUD/t)



SOURCE: COMTRADE DATA

Water markets: 2025-26 water lease rates have demonstrated inflation on drier conditions. Opening below choke prices are ~\$300/ML.

Figure 11 - Southern MDB storage capacity utilisation



SOURCE: BOM

Figure 12 – Southern MDB allocation prices (\$/ML)



SOURCE: BOM

Valuation drivers

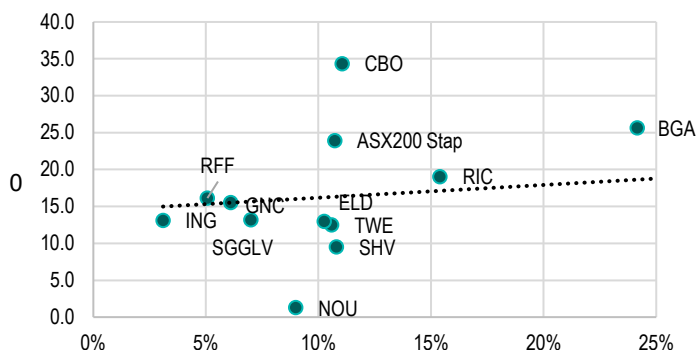
Given historical volatility in earnings and drivers (production and price), SHV offers one of the more compelling valuation to growth profiles in the sector.

Figure 13 – Consumer staples PEG ratio



SOURCE: VIVIBLE ALPHA, BLOOMBERG AND BELL POTTER

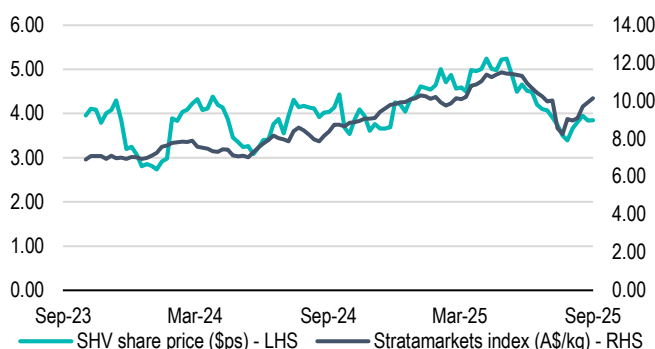
Figure 14 – Staples sector PE vs FY25-28e CAGR EPS growth



SOURCE: VIVIBLE ALPHA, BLOOMBERG AND BELL POTTER

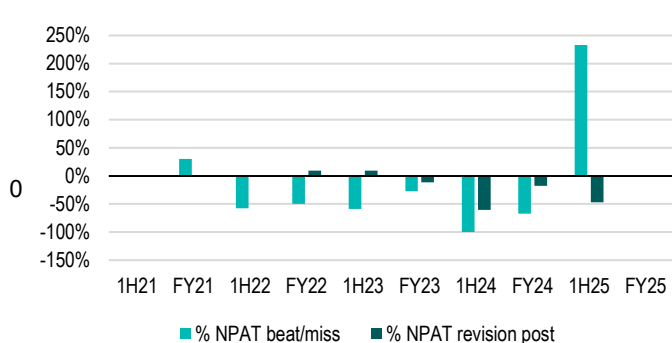
SHV has a poor track record of meeting consensus NPAT estimates, having missed six of the last seven results. SHV trades materially below its historical rating (based on VA est.). SHV has a 71% 2yr correlation to the Stratamarkets almond index and has underperformed the recent almond price rally by 13%.

Figure 15 – SHV share price vs. almond price - weekly



SOURCE: VIVIBLE ALPHA, BLOOMBERG AND BELL POTTER

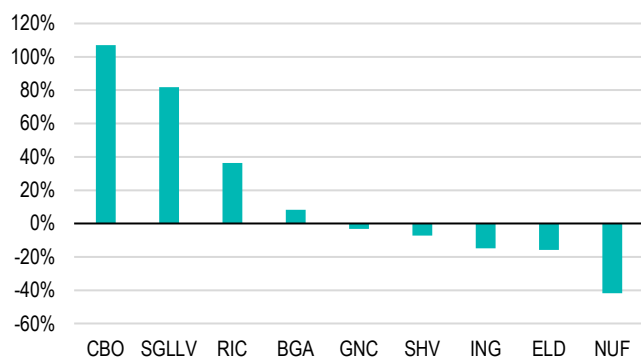
Figure 16 – SHV surprise analysis



SOURCE: VIVIBLE ALPHA, BLOOMBERG AND BELL POTTER

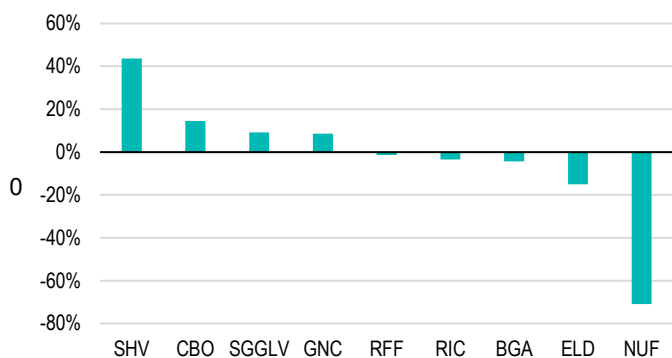
SHV has materially derated relative to the sector over the past twelve months.

Figure 17 – Sector 12mth share price movements



SOURCE: VIVIBLE ALPHA, BLOOMBERG AND BELL POTTER

Figure 18 – Sector 12mth consensus EPS revisions EPS



SOURCE: VIVIBLE ALPHA, BLOOMBERG AND BELL POTTER

Company overview

Company description

Select Harvests (SHV) is an integrated grower, processor and marketer of almonds owning and operating farming and processing assets in Australia. SHV offers a vertically integrated model with core capabilities in farming, processing and marketing. SHV operates a diversified portfolio of almond orchards as well as state of the art processing facility in Carina VIC (with capacity to process 40,000t of almonds).

Valuation

We have derived a target price of \$5.45ps. In deriving our target price we have utilised a sum of the parts methodology, which utilises an NPV for the orchard asset base, market value for water assets and a relative multiple approach for the residual food processing assets. Our NPV utilises a pre-tax WACC of 9.3%.

Risks

Risks facing SHV include but are not limited to:

Crop risk: Bees require warm, sunny and calm conditions for ideal pollination. The onset of adverse weather conditions (wet or windy between July-September) can impact pollination and nut set. In addition rainfall in harvest can affect quality and yield thereby impacting both volumes and prices achieved for the almond crop. In addition to weather in key windows, insect damage and disease have the ability to impact crop quality and yields.

Input cost risk: Fertiliser and chemical costs represent 20-25% of an orchards cash costs a material uplift in fertiliser prices can have a meaningful impact on costs. Water costs reflect ~10% of an orchards cash costs and any material change in water prices (based on availability) can impact the profitability of an almond orchard.

Pricing risk: With the Californian acreage setting the price any material uplift or deterioration in yields can have a meaningful impact on USD selling prices. In addition as a USD commodity any movement up or down in the AUDUSD can have a meaningful impact on average selling price received.

Brand risk: In common with many other food companies, there is a risk that raw materials may deteriorate or that products may become contaminated, tampered with, adulterated or otherwise unsafe or unfit for sale due to various factors, including human error and equipment failure. Potential adverse consequences for SHV include termination of distribution arrangements, liability associated with adverse health effects on consumers, product recall and disposal costs, loss of stock, delay in supply and financial costs.

Key personnel risk: SHV's performance is dependent on the ability of its senior executives and key personnel to manage and grow its business. Continuity and retention of senior executives and key personnel are important for the ongoing implementation of SHV's strategy.

Select Harvests Ltd

as at 11 September 2025

Recommendation
Price
Target (12 months)

Buy
\$3.85
\$5.45

Table 1 - Financial summary

Sep Year end	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Profit & Loss (A\$m)									
Sales revenue	298.5	247.9	218.1	235.5	206.0	337.3	316.2	361.4	361.9
... Change	44.5%	-17.0%	-12.0%	8.0%	-12.5%	63.7%	-6.3%	14.3%	0.1%
EBITDA	95.2	57.8	59.6	40.4	(87.0)	46.9	82.5	110.7	113.2
Deprec. & amort.	(15.1)	(19.1)	(27.0)	(28.3)	(32.2)	(29.8)	(30.8)	(31.2)	(31.2)
EBIT	80.1	38.7	32.6	12.0	(119.2)	17.1	51.7	79.5	82.1
Interest expense	(4.0)	(2.1)	(2.3)	(4.2)	(10.2)	(15.0)	(10.2)	(6.9)	(5.6)
Pre-tax profit	76.1	36.7	30.3	7.9	(129.4)	2.1	41.4	72.5	76.4
Tax expense	(23.1)	(11.7)	(5.2)	(1.7)	35.8	0.2	(11.9)	(21.8)	(22.9)
... tax rate	30%	32%	17%	22%	28%	-11%	29%	30%	30%
Minorities	-	-	-	-	-	-	-	-	-
NPAT	53.0	25.0	25.2	6.2	(93.7)	2.3	29.5	50.8	53.5
Abs. & extras	-	-	(10.0)	(1.4)	(21.1)	(0.8)	2.0	-	-
Reported Profit	53.0	25.0	15.1	4.8	(114.7)	1.5	31.5	50.8	53.5
Cashflow (A\$m)									
EBITDA	95.2	57.8	59.6	40.4	(87.0)	46.9	82.5	110.7	113.2
Change in Wkg Capital	8.0	(39.9)	(15.9)	(15.6)	67.4	(49.3)	(14.4)	2.1	(4.3)
Net Interest Expense	(3.9)	(15.4)	(15.1)	(16.3)	(21.8)	(15.0)	(10.2)	(6.9)	(5.6)
Tax Paid	3.1	(18.3)	(7.2)	4.0	1.4	0.4	-	-	(12.0)
Other	(22.1)	7.1	(4.7)	(7.6)	12.4	4.3	(3.5)	-	-
Operating Cash Flow	80.3	(8.7)	16.6	4.9	(27.5)	(12.6)	54.4	105.8	91.3
Capex	(36.3)	(36.3)	(33.4)	(36.1)	(27.7)	(22.0)	(31.9)	(26.9)	(26.1)
Div Paid	(14.9)	(21.5)	(2.8)	(5.8)	2.0	-	-	(5.7)	(9.9)
Free Cash Flow	29.1	(66.5)	(19.6)	(37.0)	(53.3)	(34.7)	22.5	73.2	55.3
Acquisitions	(1.2)	-	(144.1)	(4.0)	-	(5.9)	(12.0)	-	-
Disposals	3.6	1.1	7.7	4.4	1.4	9.5	10.0	-	-
Share Issues	-	-	115.4	-	-	58.9	17.4	-	-
Other	10.7	-	0.1	0.1	(3.8)	-	-	-	-
(Inc.) /dec. in net debt	42.2	(65.5)	(40.5)	(36.5)	(55.7)	27.9	37.9	73.2	55.3
Balance Sheet (A\$m)									
Cash & near cash	11.6	1.5	2.0	1.1	1.1	2.9	6.0	45.4	86.0
Receivables	50.2	69.2	84.8	57.1	47.5	106.3	146.4	150.2	150.3
Inventories & WIP	111.8	143.0	165.6	189.7	155.9	198.8	219.2	217.7	222.0
Other current assets	0.0	3.8	5.4	1.5	0.0	7.2	7.2	7.2	7.2
Current assets	173.7	217.4	257.8	249.3	204.5	315.2	378.8	420.5	465.5
Fixed assets	186.6	194.6	241.7	261.9	268.0	266.2	270.0	268.5	267.1
Right of use asset	-	236.4	222.6	208.2	190.1	188.0	188.0	188.0	188.0
Biological assets	121.3	104.1	195.9	193.4	181.6	173.1	173.1	173.0	171.7
Intangibles	71.3	70.4	84.0	87.0	60.5	61.7	67.7	67.7	67.7
Other non current assets	-	1.9	1.8	1.8	8.5	5.9	5.9	5.9	5.9
Non current assets	379.2	607.5	746.0	752.3	708.7	694.8	704.7	703.1	700.4
Total assets	552.9	824.9	1,003.8	1,001.7	913.3	1,010.1	1,083.5	1,123.6	1,165.9
Creditors	32.3	42.5	65.0	45.7	69.7	122.2	168.3	172.6	172.7
Current borrowings	3.6	6.2	5.1	2.7	6.3	20.0	20.0	20.0	20.0
Lease liabilities	4.5	31.3	31.7	30.5	27.1	32.4	32.4	32.4	32.4
Other current liabilities	23.0	11.0	14.4	18.9	7.6	4.1	23.1	51.8	66.6
Current liabilities	63.5	91.1	116.1	97.8	110.7	178.7	243.8	276.8	291.7
Non current borrowings	-	52.8	95.0	133.0	185.0	145.2	110.5	76.6	62.0
Lease liabilities	30.9	235.5	221.5	211.7	202.5	202.9	202.9	202.9	202.9
Other liabilities	42.5	40.6	44.3	39.0	3.5	2.5	2.5	2.5	2.5
Non-current liabilities	42.5	93.3	139.3	172.0	188.5	147.7	112.9	79.1	64.4
Total liabilities	106.0	184.4	255.4	269.8	299.2	326.4	356.7	355.9	356.1
Net assets	446.9	640.5	748.5	731.9	614.1	683.7	726.8	767.7	809.8
Share capital	271.8	279.1	397.3	401.2	401.6	461.3	478.7	478.7	478.7
Reserves	10.4	14.3	7.7	2.0	6.1	14.1	14.1	14.1	14.1
Retained earnings	133.8	111.6	122.0	117.1	3.8	5.3	31.1	71.9	114.1
Outside equity interests	-	-	-	-	-	-	-	-	-
S/holders' funds	416.0	405.0	527.0	520.3	411.5	480.8	523.9	564.8	606.9
Net Debt (Cash)	(7.9)	57.5	98.1	134.5	190.2	162.3	124.5	51.2	(4.0)
Total group indebtedness	28.4	324.3	351.2	376.6	423.8	397.7	359.8	286.6	231.4

Share Price (A\$ps)	\$3.85
Recommendation	Buy
Target Price (A\$ps)	\$5.45
Diluted issued capital (m)	142.1
Market cap (\$m)	547.1
Enterprise value (\$m)	715.3

EV excludes lease liabilities, which are capitalised to COGS.

Sep Year end	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Valuation Ratios									
Core EPS (\$ps)	55.2	25.8	21.3	5.1	(77.4)	1.8	21.1	35.7	37.6
Change (%)	139.5%	-53.2%	-17.5%	-76.1%	n.a.	1ge	1ge	69.1%	5.4%
PE (x)	7.0	14.9	18.1	75.5	n.a.	213.1	18.2	10.8	10.2
EV/EBITDA (x)	7.5	12.4	12.0	17.7	(8.2)	15.3	8.7	6.5	6.3
NTA (\$ps)	3.57	3.46	3.68	3.58	2.90	3.05	3.21	3.50	3.79
PINTA (x)	1.08	1.11	1.04	1.07	1.33	1.26	1.20	1.10	1.01
Book value (\$ps)	4.31	4.19	4.38	4.30	3.40	3.50	3.69	3.97	4.27
Price/Book (x)	0.89	0.92	0.88	0.90	1.13	1.10	1.04	0.97	0.90
DPS (\$ps)	32.0	13.0	8.0	2.0	-	-	4.0	7.0	8.0
Payout (%)	58%	50%	38%	39%	0%	0%	19%	20%	21%
Yield (%)	8.3%	3.4%	2.1%	0.5%	0.0%	0.0%	1.0%	1.8%	2.1%
Franking (%)	100%	100%	100%	100%	0%	0%	100%	100%	100%

Performance Ratios									
EBITDA/sales (%)	31.9%	23.3%	27.3%	17.1%	-42.2%	13.9%	26.1%	30.6%	31.3%
EBITA/sales (%)	26.8%	15.6%	15.0%	5.1%	-57.9%	5.1%	16.3%	22.0%	22.7%
OCF Realisation (%)	118.0%	-19.8%	31.9%	14.2%	44.8%	-39.3%	90.1%	129.0%	107.8%
FCF Realisation (%)	83.1%	-180.3%	n.a.	n.a.	59.0%	n.a.	76.1%	155.4%	121.9%
ROE (%)	12.7%	6.2%	4.8%	1.2%	-22.8%	0.5%	5.6%	9.0%	8.8%
ROIC (%)	19.5%	8.9%	6.0%	1.9%	-19.0%	2.7%	8.0%	12.6%	13.5%
Asset Turn (years)	6.29	3.03	2.21	1.42	(2.70)	1.57	2.67	3.54	3.63
Capex/Depn (x)	2.40	1.91	1.24	1.27	0.86	0.74	1.03	0.86	0.84
Interest cover (x)	19.99	18.76	14.34	2.89	(11.68)	1.14	5.05	11.45	14.57
Net Debt/EBITDA	(0.08)	1.00	1.65	3.33	(2.19)	3.46	1.51	0.46	(0.04)
Net debt/equity (%)	-1.9%	14.2%	18.6%	25.9%	46.2%	33.8%	23.8%	9.1%	-0.7%

Segmental Information									
Production forecast (t)	22,690	23,250	28,250	29,000	19,771	29,527	25,250	29,000	29,000
Almond price (A\$/kg)	8.60	7.50	6.80	6.80	6.40	7.69	10.13	9.96	9.97
AUDUSD	0.71	0.68	0.73	0.72	0.68	0.67	0.65	0.66	0.68
Costs (inc. Bearer plants)	4.98	5.70	5.63	5.88	10.17	6.77	7.75	7.34	7.26

SOURCE: BELL POTTER SECURITIES ESTIMATES

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

Such investments may carry an exceptionally high level of capital risk and volatility of returns.

Research Team

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