



SANFORD

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Sanford 2022 Full Year Results: Perseverance Produces Significant Recovery from Covid Impacts

Financial results summary:

- Sanford's profitability improves significantly as it recovers from Covid-19 impacts
- Group revenue at \$531.9 million up 8.6% from \$489.6 million in FY21 driven by improving demand in recovering global markets producing stronger pricing across product categories, particularly whitefish
- Reported profit (NPAT) at \$55.8 million (up \$39.6 million or 3.4 times versus FY21), benefiting from sale of crayfish quota
- Adjusted EBIT grows to \$40.2 million (versus \$23.3 million in FY21, an increase of \$16.9 million or 72.5%)
- Net debt levels reduced to \$145.5 million (from \$178.6 million), while Sanford was still able to invest \$53.8 million capital into the business
- Direct operational carbon emissions down by 7.6% versus 2021, thanks to reductions in scope 1 and 2 GHG (Greenhouse Gas) emissions.
- Strategic refresh delivered, with plan for future growth and return to pre-Covid profitability and beyond
- Sanford will pay a dividend of 10 cents for FY22

New Zealand's largest seafood company Sanford Limited (NZX: SAN) says a combination of prudence and perseverance has seen it improve profitability for the 2022 financial year, although it has not yet recovered to its pre-Covid Adjusted EBIT levels of around \$60 million.

Sanford is reporting 2022 sales revenue of \$531.9 million, up 8.6% from FY21. Net Profit After Tax (NPAT) was \$55.8 million, up 244% on the previous 12 months, but assisted by the sale of crayfish quota in April. Adjusted EBIT for 2022 was \$40.2 million, up 72.5% on FY21.

CEO Peter Reidie says the result is pleasing and a reflection of a careful approach, combined with hard work.

"We needed to ensure we were in the right position to take advantage of lifting global demand. We have done that by being careful about our spending and very focused on our relationships in the diverse global markets we sell to.

"Now that we are able to travel again, we are spending more time with the people who buy our seafood and we have seen up close their enthusiasm for the quality of our products.

“We have not yet got back to our pre-Covid levels of profitability, but we have clearly turned the corner and it is pleasing to be growing and paying a dividend again.”

Divisional Results

Mr Reidie says Sanford’s Wildcatch division was a strong performer in FY22 with sales revenues up 8.8% in this division and the profit contribution up 62.3%.

“Deepwater has been the stand-out segment this year, although our inshore business has not been performing to expectations and, as part of our wider strategy, we are looking to change that in the year ahead.”

Sanford’s Mussels business has suffered somewhat from the tight labour market, with its sales volumes down 4.4% and profit contribution of \$0.4 million (versus \$0.8 million in FY21) also hurt by longer term contracts set when pricing was under pressure.

Salmon was the first division to recover from post-Covid lockdown impacts on flat volumes with growing revenue and an increase in its profit contribution of 20.6%.

Prudence Continues

Board Chair Sir Robert McLeod says the improved results have enabled the Board to return to paying a dividend to shareholders, after a two year hiatus.

“It was necessary for us to take a prudent approach while our profitability was seriously constrained by the impact of Covid-related lockdowns on markets and trade.

We will be making a modest dividend payment of 10 cents for the 2022 financial year, and we are grateful to our investors for their support through more than two years of disruption.”

Mr Reidie says the prudent approach continues in other areas of Sanford’s business.

“We are continuing to take care with spending. For example, we are in the process of contracting for a new vessel for our scampi fleet. We had originally planned to purchase three of these vessels up front but have decided that a one-at-a-time approach will be more appropriate, given our performance.”

Strategic Refresh Progressing

Sanford released its refreshed strategy for the next five years in June 2022. Its strategic priorities are to grow its salmon and mussel divisions, sustain deepwater and turnaround inshore.

Currently the work in progress includes examining the structure of Sanford’s business divisions to enable each of the units to focus on delivering its own P&L.

Mr Reidie says with the work underway, he is confident that Sanford is on a growth pathway.

“Sanford has never been without its challenges. Supply chain constraints are ongoing, labour remains an issue despite our concentrated efforts, and we operate in a world with many geo-political uncertainties. Plus, we continue to be dependent on Mother Nature for our beautiful seafood. But I am confident we are building a sustainably stronger and more consistent company, which I believe has the ability to grow profitability beyond pre-Covid levels.”

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