



SANFORD

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News Release

Sanford Net Profit Up, Value and Innovation Strategy Beds In



Focus on Innovation: New Zealand's largest seafood company Sanford is focused on innovations such as growing the nutraceutical market for New Zealand's premium Greenshell™ mussels.

Sanford Limited (NZX:SAN) has today reported its net profit after tax increased by 8% to \$37.5m in 2017 and net cash flows from operations improved by 46% to \$50.3m on higher revenues and improved collection timeframe.

It has delivered a steady adjusted EBIT* of \$63.7m from \$63.4m in 2016 after a year of ongoing transformation at New Zealand's largest seafood company.

The Group is reporting an increase in revenue of 3% to \$477.9m, despite actual sales volumes by greenweight tonne being flat, which is in line with Sanford's strategy of increasing the value extracted from its products. Highlights included better prices achieved for species such as toothfish, salmon and scampi.

2017 gave Sanford several opportunities to demonstrate that new systems and processes were helping it to build greater resilience in the face of a number of challenges from nature, including the *Bonamia ostreae* outbreak in Stewart Island and the Kaikoura earthquake.

The earthquake on November 14th 2016 impacted the company's Havelock based mussel processing plant which was closed for a short time. The repair of the site will be carried out in 2018. It is expected the cost of repair will be covered by insurance and the production volumes maintained at desired levels by its JV facility in Tauranga, whilst repairs are effected.

Sanford CEO, Volker Kuntzsch said he is pleased with the result and what it demonstrates about the company in a successful, but at times testing, year.

"We are very satisfied with the progress we are making at Sanford in implementing our strategy of enhancing the value of New Zealand's beautiful seafood. We are making substantial changes at the company which require a broad and deep organisational shift to build our preparation and capability."

"We are proud of the launch of our Big Glory Bay salmon and mussels which is a concrete example of our strategy of moving from being a volume based commodity exporter to a value focused business, which utilises resources in the best way and seeks to put innovation into action."

"An example of our commitment to innovation is our acquisition of Enzaq, the Blenheim, New Zealand based Greenshell™ mussel powder manufacturer. Greenshell™ mussel powder is well known for its anti-inflammatory properties and we are continuing to explore opportunities to grow this market and derive more value per kilogram from what might otherwise be a commodity product."

Sanford's commitment to innovation at its SPAT_{NZ} hatchery in Nelson has been rewarded with a New Zealand innovation award for the company's work to selectively breed Greenshell™ mussels. Mr Kuntzsch says indications are that growth rates of these mussels are substantially higher than wild caught spat. SPAT_{NZ}'s research is part of a Primary Growth Partnership with the Ministry for Primary Industries.

The Group is also continuing to invest in its organisational capability. Sustainability is a key area of focus for the company, creating a business which is economically, socially and environmentally sound. This is demonstrated by taking a leadership role in work ranging from preserving the endangered Maui dolphin to reducing plastic use in aquaculture.

Mr Kuntzsch says the commitment to change is not slowing in the year ahead.

"We will continue to evolve our culture at Sanford to make us an attractive employer, a reliable partner in achieving our compelling vision of being the Best Seafood Company in the World and a great investment for our shareholders."

*As this is a Non-GAAP measure, see page 112 of the Annual Report for a GAAP to Non-GAAP reconciliation.

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Text

1 | The full results are on the NZX available [here](#).

2 | Sanford has also released its integrated report today, which is available [here](#).

Images

Images of Sanford CEO, Volker Kuntzsch and Sanford executive team are available on request.

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