



SANFORD

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Media release - for immediate use

Sanford Reports Strong First Half Result, International Markets a Highlight



Image above: Sanford's Big Glory Bay salmon is an example of a premium product which epitomises our focus on fresh, high quality seafood, maximising the use and value of existing resources grown or harvested in a sustainable way.

Sanford Limited (NZX: SAN) has today posted a 14.2% increase in adjusted EBIT* to \$35.4m for the half year to 31 March, 2018.

The Group reports improved revenue of \$272.8m (from \$230.4m for the same period last year) for the first half of its financial year, an increase of 18.4%. This has been boosted by a continuing focus on fresh - shifting the production plan towards higher value items such as fish fillets, rather than frozen commodity product. It has also been driven by strong sales growth, in both domestic and international markets. Europe and China were two highlights: overall sales in these territories increased by 85.4% and 78.6% respectively.

Other positive contributors to this result were stronger global squid prices, good demand for Greenshell mussels and local support from an increasing number of contract fishers who supplement Sanford's inshore catching capacity by harvesting premium, line-caught species.

Group CEO Volker Kuntzsch says it is pleasing to be able to report a strong result despite a variety of challenges.

Mr Kuntzsch says "weather has continued to be an issue for us. Cyclones, heavy rains and warmer ocean water temperatures impacted on our operations across the country. That meant smaller vessels had to seek shelter from the weather on several occasions and our farmed salmon in Stewart Island's Big Glory Bay also felt the effects of warmer waters during the summer."

Chief Operating Officer Clement Chia commented on the reduced growth rates for the in-demand salmon.

"The result of that has been lower harvest volumes as we seek to balance the needs of customers now, with the priority of providing plentiful supplies for the peak-demand, Christmas period."

Sanford's mussel business performed above the same period last year, with both volume and pricing trending higher. The company continues to focus on diversifying its mussel product portfolio in order to reduce dependence on the frozen half-shell mussel market.

Chief Customer Officer Andre Gargiulo says "with that in mind, we are very pleased to see growing demand for Greenshell mussel powder from our recently acquired Enzaq plant in Blenheim. We are investing in greater production capacity there, with the aim of doubling output over the next few months. Our broader focus on innovation can only benefit us, as we continue to seek to extract more value from existing resources."

Mr Kuntzsch says Sanford has now made significant progress on its journey to embed sustainable thinking and a focus on the future.

"New Zealand's fisheries management system and our intention to always fish sustainably naturally limits the amount of fish we can catch. As a result, our focus is firmly on generating greater value through innovation and branding and by leveraging our niche position within the global industry in conjunction with New Zealand's reputation in sustainable fisheries management.

"We will not shy away from our ambition to become the best seafood company in the world. That ambition is at the front of our minds as we shape our strategy for the next five years. Key pillars of that will be continuing to invest in our asset base as well as into innovation, brand development and the training and development of our most important asset - our people."

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