

Investor Presentation

Annual Result to 30 Sep 2012

November 2012

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SANFORD LIMITED
SUSTAINABLE SEAFOOD



Disclaimer

This presentation contains not only a review of operations, but also some forward looking statements about Sanford Limited and the environment in which the company operates. Because these statements are forward looking, Sanford Limited's actual results could differ materially. Media releases, management commentary and analysts presentations, including those relating to the March 2012 half year results announcement, are all available on the company's website and contain additional information about matters which could cause Sanford Limited's performance to differ from any forward looking statements in this presentation. Please read this presentation in the wider context of material previously published by Sanford Limited.



2012 Annual Result - Summary

- 2012 result was flat on 2011
 - EBITDA up 4% to \$51.2m
 - Earnings after tax down 6.5% to \$20.9m
- Most prices and volumes were steady or rising, but result impacted by one-off costs totalling \$14.6-16.6m
 - Australian impairment / Kaeo oysters closure - \$2.6m
 - Tuna fleet lost time impacts - \$7.0-9.0m
 - San Nikunau legal fees and provision for fines - \$5.0m
- Debt reduced by \$20 million
- Dividend maintained at 23 cents per share and fully imputed
- We continue to be positive about the prospects for the coming year



Final result 2012

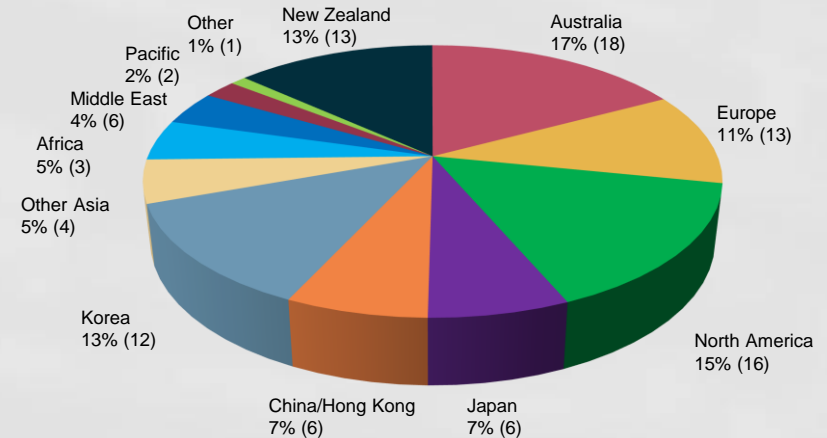
NZ\$'000	12 months to 30 Sep 2012	6 months to 30 Sep 2012	6 months to 31 Mar 2012	12 months to 30 Sep 2011
Sales revenue	459,957	229,654	230,303	463,954
EBITDA	51,239	21,340	29,899	49,244
Depreciation, amortisation & impairment	(18,320)	(8,351)	(9,969)	(16,255)
Net interest	(10,196)	(4,881)	(5,315)	(10,607)
Net currency gains/(losses)	7,385	3,894	3,491	10,196
Net gain on sale of investments, PP&E	(150)	(843)	693	52
Operating surplus before tax	29,958	11,159	18,799	32,630
Tax	(9,074)	(3,610)	(5,464)	(10,320)
Operating surplus after tax	20,884	7,549	13,335	22,310
Minority interests	(42)	(14)	(28)	(24)
Net surplus attributable to shareholders	20,842	7,535	13,307	22,286



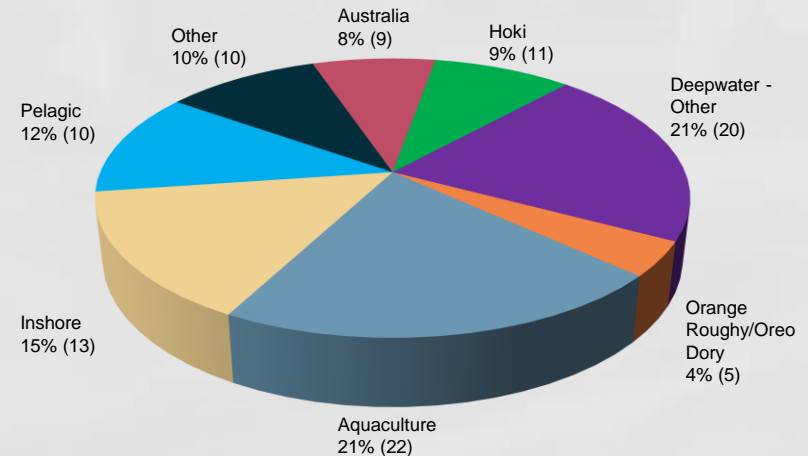
Revenue

- 2012 revenue of \$460m down 1% from \$464m in 2011
 - Revenue down 2.7% in the second six months of the year
 - High NZD remained a challenge
- Sales into Asia continue to grow
 - 32% of sales in 2012 vs 28% in 2011
 - Growth has offset weakness in Australia (import competition) and Europe (economic conditions)
- Growth in sales of Pelagic and Inshore species offset reduction in Hoki sales
 - Decline in Hoki sales mainly driven by stock movement in prior year

Sales by Customer Location 2012 (2011)



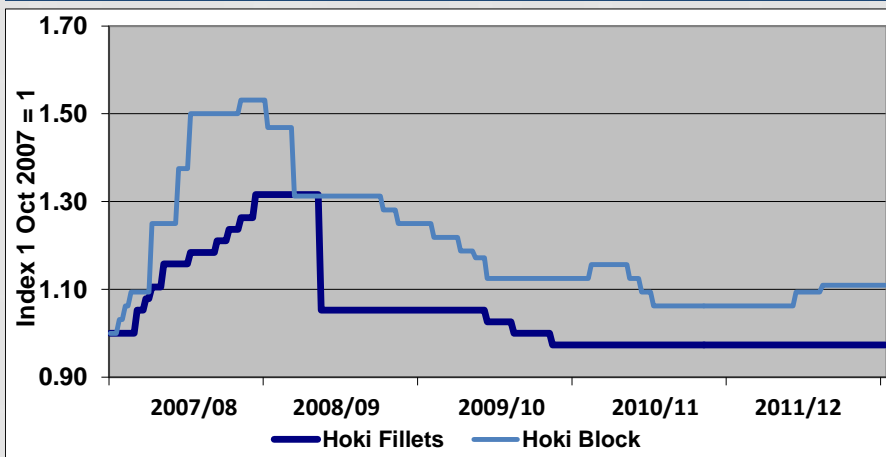
Species Split 2012 (2011)



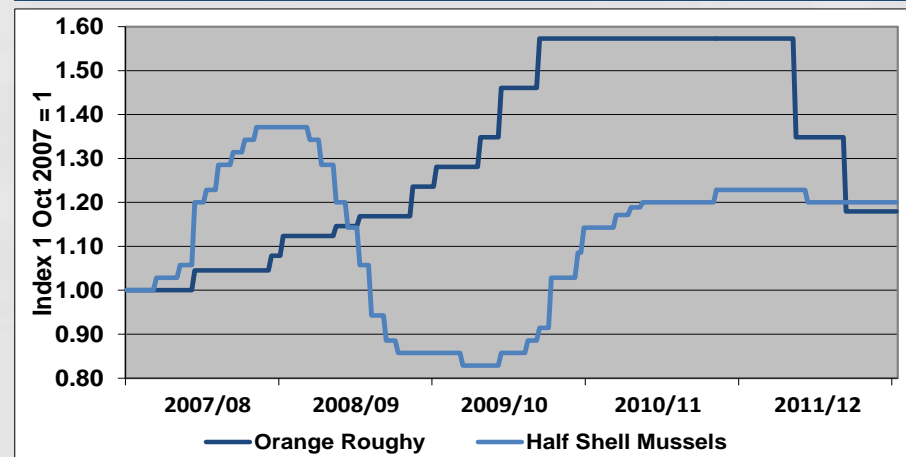
Market prices

- Hoki Fillet prices remained stable throughout the year, continuing the previous trend
- Hoki Block prices were also stable, lifting slightly throughout the year
- Orange Roughy prices declined over the year by about 25% from historically high levels
- Half Shell Mussel prices remained relatively stable despite some discounting in European markets

Hoki Fillet & Hoki Block



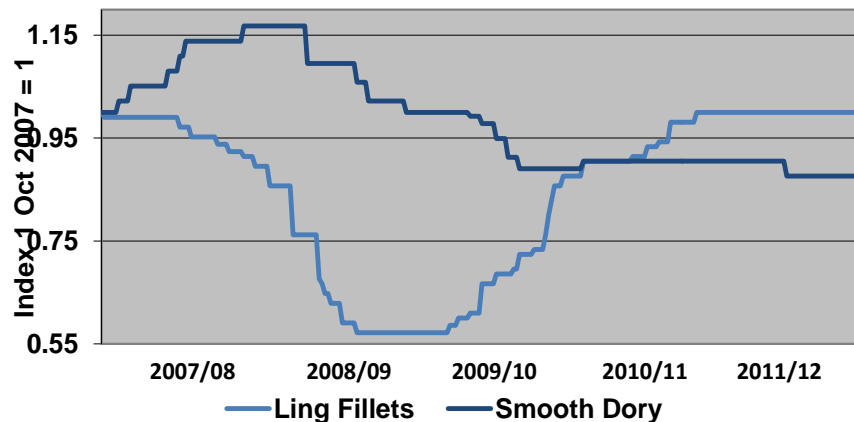
Orange Roughy & Half Shell Mussels



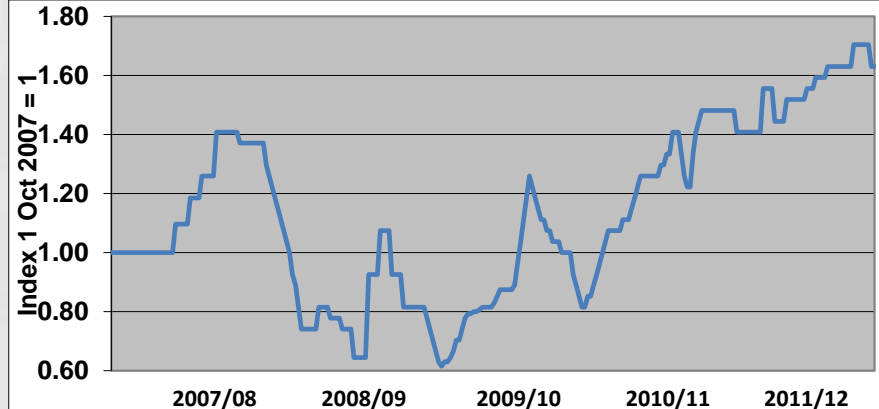
Market prices (cont.)

- Ling Fillet prices remained stable throughout the period and maintained the increases achieved in 2011
- Smooth Dory Fillet prices declined slightly in the first half of the year but have since been stable
- Skipjack Tuna prices firmed about 30% over the year to reach records highs, with prices easing over the last few months as catches improved in the Western Pacific

Ling & Smooth Dory Fillets



Skipjack Tuna



NZ Segment performance – Inshore / Deepwater

- Substantially improved inshore profitability
- Local and export markets for most inshore species were firmer than in previous years, although exchange rate continued to be a challenge
 - Higher catches and increased prices for the pelagic mackerel species and skipjack tuna
 - Firm prices for jack and blue mackerel
 - Catches and prices for snapper, trevally and red cod were ahead of last year
- Deepwater operations continued to be the most significant contributor to earnings
 - Stable earnings across most species
 - Main freezer trawler, longline and scampi fleet performed ahead of expectations in most fisheries
- The Precision Seafood Harvesting Programme under the Primary Growth Partnership is now fully operational



NZ Segment performance – Aquaculture

- A challenging but successful year
- Exited Pacific oyster business
- Restructured mussel business in the Coromandel into a 50/50 JV with Sealord called North Island Mussels Limited (NIML)
 - Commenced 1 October 2012
 - Refocused on collective farming and processing interests
- Mussel farming in Marlborough, Golden/Tasman Bay, Banks Peninsula and Stewart Island performed up to or above expectations
 - Enabled production volumes at Havelock and Christchurch plants to exceed volumes of previous years
- Salmon profitability was adversely affected by weak commodity prices in major markets due to increased production out of Chile and Norway
 - Technological advances will allow increased volumes of fresh product which are less impacted by commodity pricing



NZ Segment performance – Pacific Tuna

- Disappointing result from Pacific Tuna operation despite record high prices
- Lack of vessel fishing time for two of the three vessels:
 - San Nikunau: detained in Pago Pago for the first four months of the year, then underwent a significant capital upgrade which will increase life of the vessel and number of fishing days per year
 - Ocean Breeze: two months of fishing time lost due to fire damage repairs
 - Estimated lost time impact of \$7.0-9.0 million
- San Nikunau court case:
 - Sanford found guilty on various charges in July 2012
 - Will be sentenced, along with the Chief Engineer of San Nikunau, in January 2013
 - Effect of legal fees and provision for fines is approximately \$5.0 million
- San Nanumea to be upgraded this year



Other operations

- Australian Seafood – Vessel catches reasonable but impairment charge of NZ\$2.0m taken as results were not up to expectations
- Weihai Dong Won Food Company Ltd (50% share) continues to be profitable
- Pure NZ Greenshell Mussels – Now in third year of operation and volumes to date have increased 40% p.a.
- Progress on two key profit improvement projects:
 - SPATnz – \$26m joint investment between Sanford, Cawthron Institute and Plant & Food Research to develop breeding facility for spat, delivering improved growth and production characteristics
 - Precision Seafood Harvesting – expected to revolutionize harvesting and marketing of inshore and deepwater harvest. Testing well underway with experimental deployment expected by December 2013



Outlook for 2013 financial year

- We continue to be positive about the prospects for the coming year
- Variability in catches of pelagic species continues to be a key driver of success, as are market conditions and the exchange rate
- Inshore and Deepwater operations are expected to continue to improve their contributions
- Improved contributions from Aquaculture operations should be achieved
 - Orders already received for next three months of production
 - Shift to chilled salmon production expected to improve returns
- Will carry out an upgrade on the San Nanumea, hence will not reach full potential returns from the Pacific Tuna fleet
 - Expected to lead to increased reliability and catches
- Benefits from multiple profit improvement projects will start being realised in 2013

