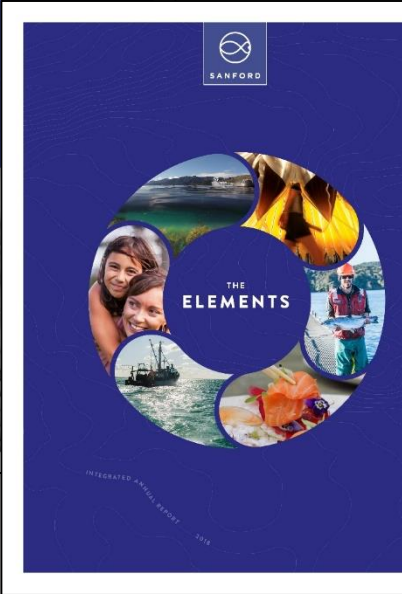
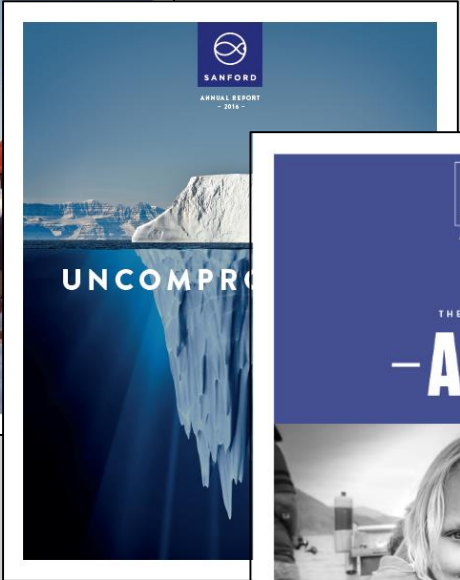
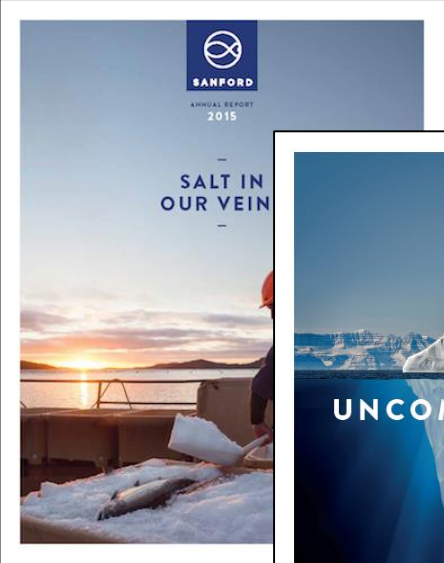
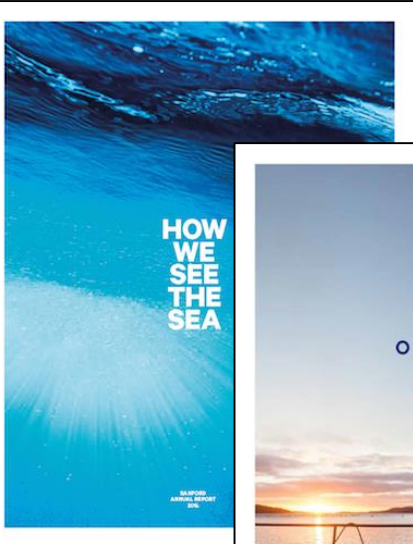


# SANFORD AGM December 2019





- Sanford's 2019 integrated report is available at <https://www.sanford.co.nz/investors/reports-1/company-reports/>
- The report outlines Sanford's Business Excellence Framework – this enables each part of the business to map out its role in helping to deliver on our goals
- We strive to inform in a transparent and open manner and welcome feedback from our stakeholders throughout the year

# FY19 : A challenging start, but value strategy enabled a satisfactory recovery

---

CATCH/HARVEST VOLUME

**113k** GWT

↓ -4%

REVENUE (Like for like<sup>1</sup>)

**\$558**M

↑ +8%

ADJUSTED EBIT<sup>2</sup>

**\$64.8**M

Flat

EBIT GW kg

**56c**\*

↑ +2c/kg

ADJUSTED EBITDA<sup>2</sup>

**\$85.7**M

↑ 2%

NPAT

**\$41.7**M\*\*

↓ -1%

EPS

**45c**

Flat

ANNUAL DIVIDEND

**23**CPS

Stable

<sup>1</sup>Like for like views revenue (and gross profit) comparable to 2018 without implementing the new revenue accounting standard (NZ IFRS 15)

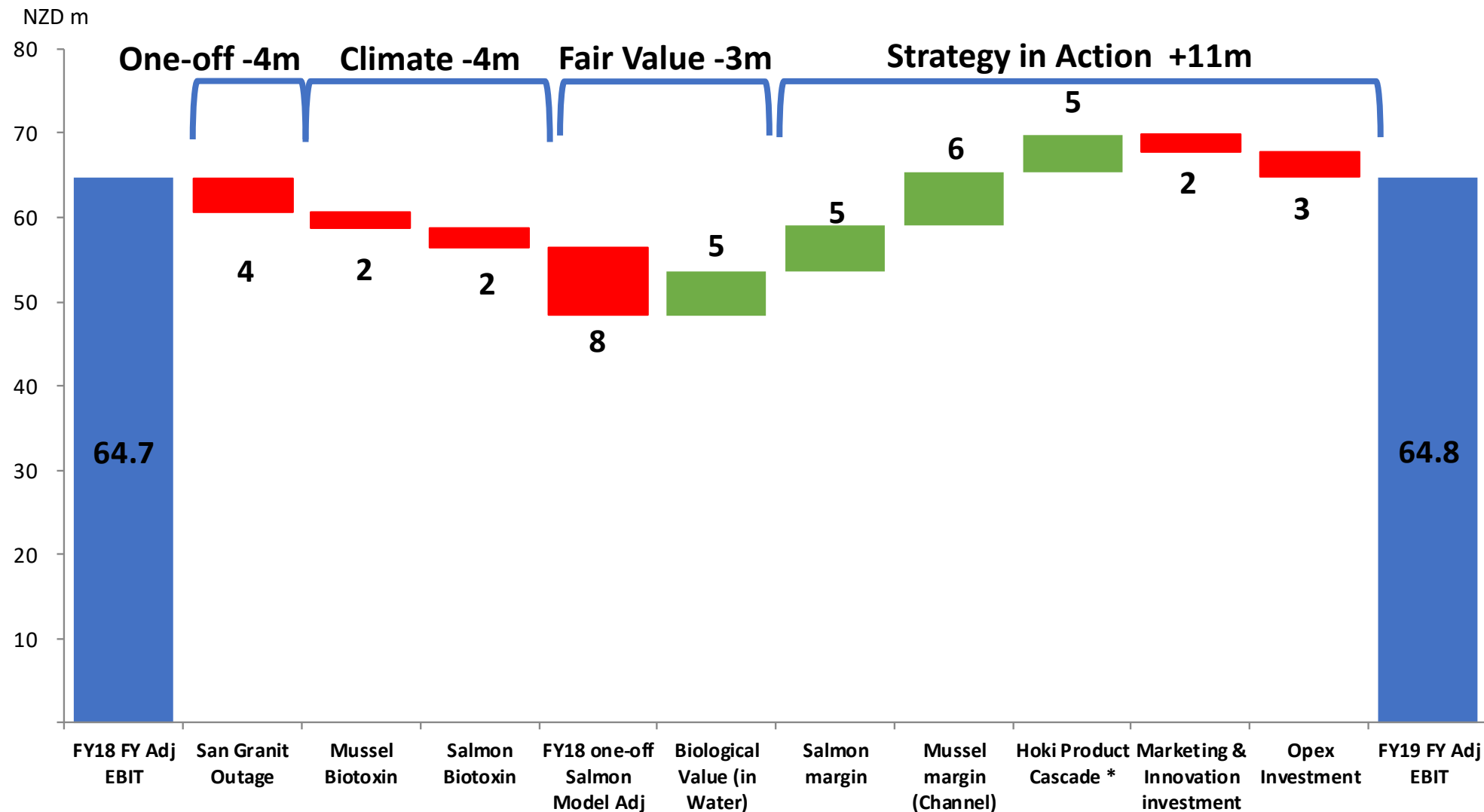
<sup>2</sup> See Appendix for adjusted EBIT and adjusted EBITDA reconciliation to GAAP Reported EBIT\$62.6m and NPAT \$41.7m

\*Without factors of San Granit and algal blooms, we estimate the EBIT GW kg would have been 60c

\*\* Including gain on sale of the pelagic business of \$5.1m, prior year includes earthquake insurance settlement of \$6.8m

# Value strategy driving adjusted EBIT improvement

## Key Drivers of ADJUSTED EBIT change



\* Net of volume impact of industry voluntary shelving of Hoki (5,000 tonnes impact)



# FY19 : Balance Sheet strengthening further

**GEARING\***

**23.6%**

↓ down from 26.6%

**NET DEBT**

**\$130.7M**

↓ -14%

**TOTAL EQUITY**

**\$588M**

↑ +1%

**DEBT / EBITDA**

**1.52x**

↓ FY18 1.81x

**RETURN ON AVERAGE  
TOTAL EQUITY**

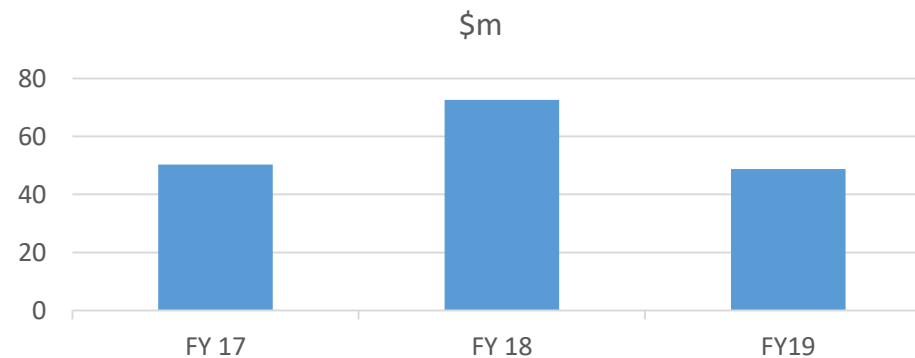
**7.13 %**

↓ Down from 7.3%

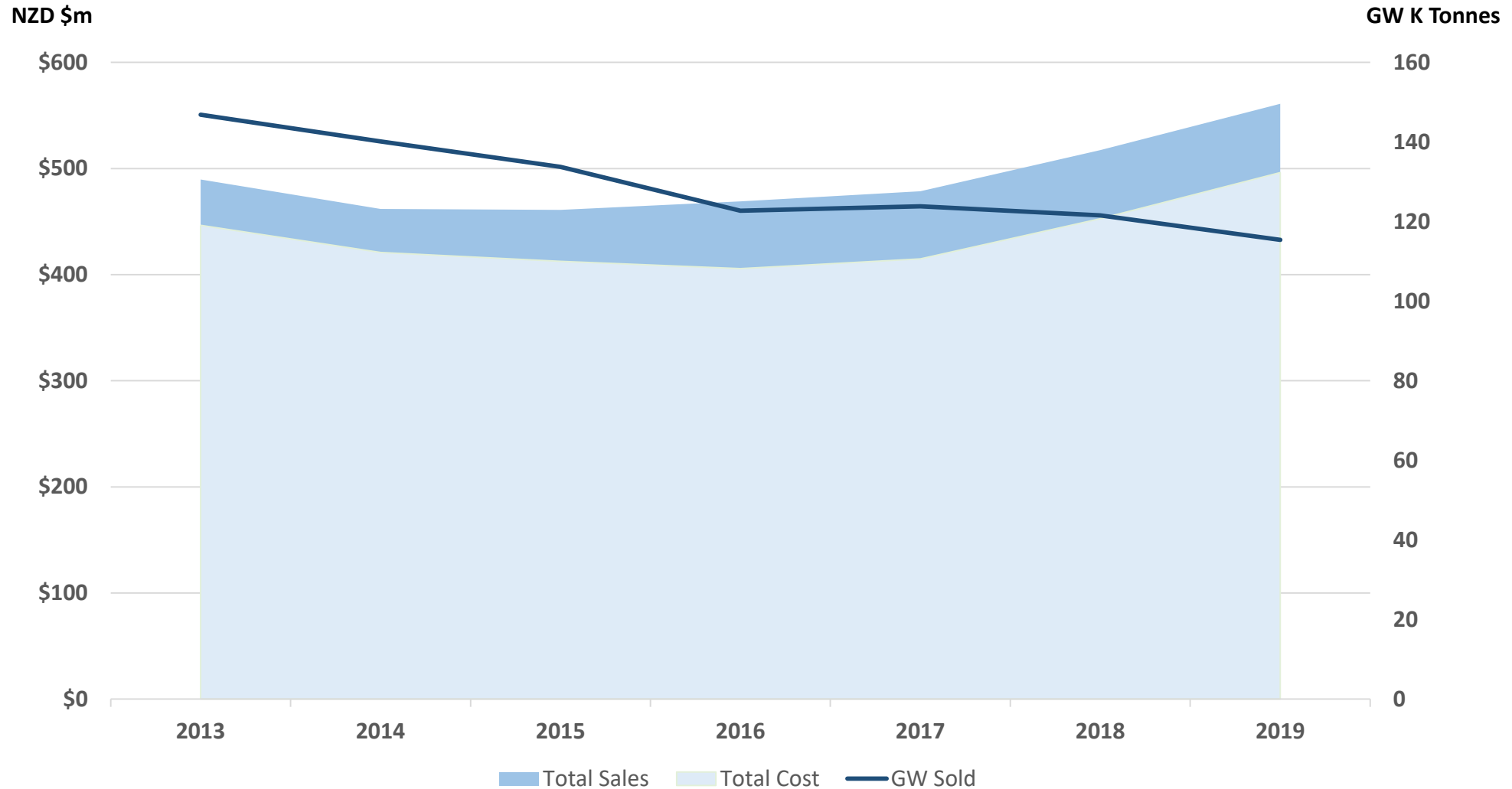
**Operating Cash Flow**

**\$48.7m**

↓ -33%

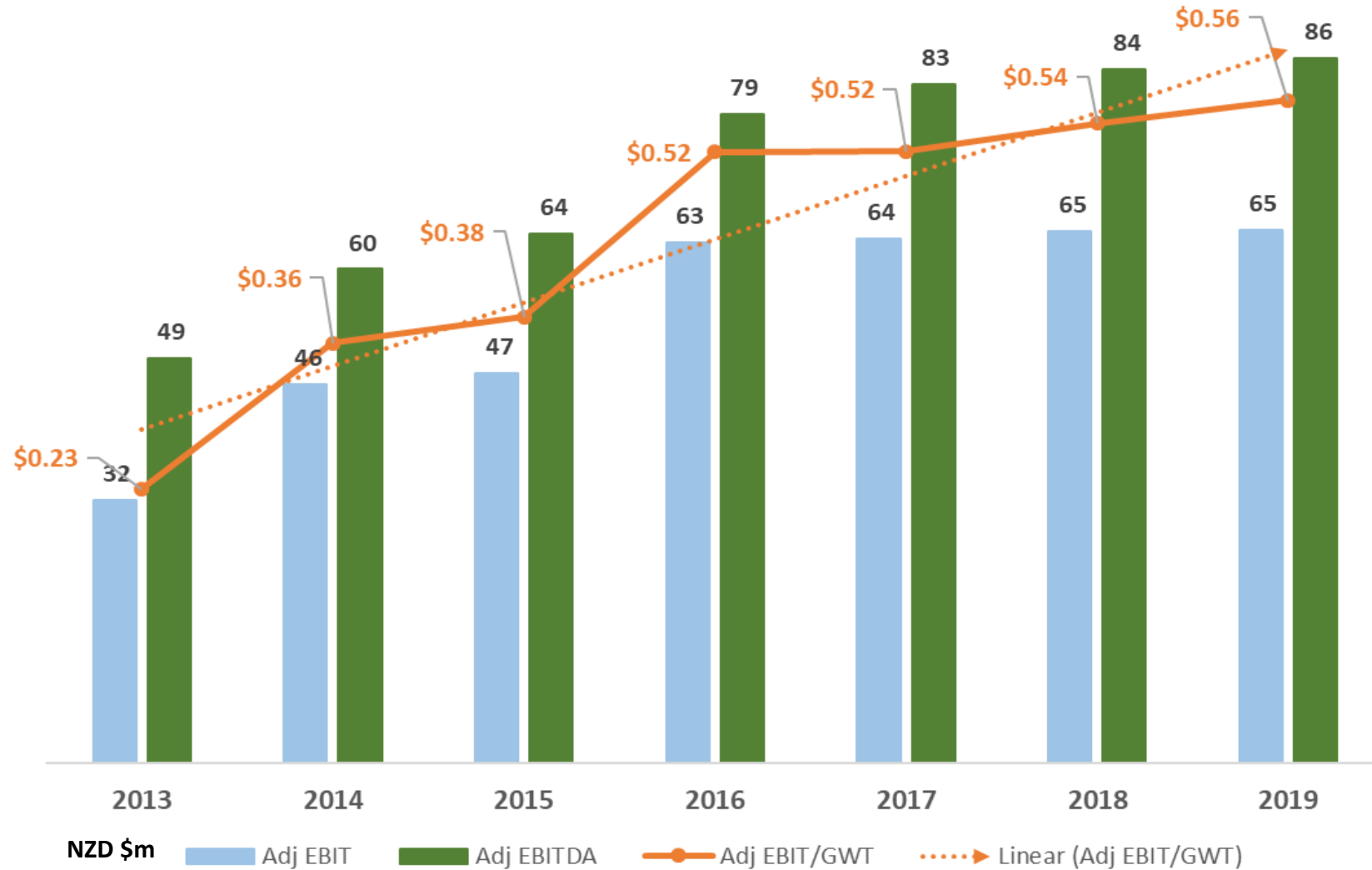


# Volume vs Revenue and Cost Over Time



# Strategy driving Value Creation

**AMBITION**  
\$1 EBIT/GW KG  
2023



# Sanford in 1900





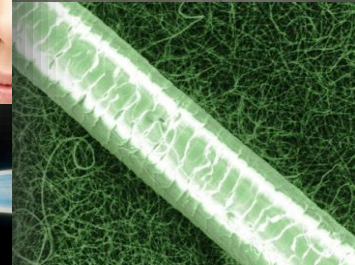
# Shifting the Focus onto Consumers



2014

Creating value: commodity fish -> seafood -> beyond food

2019



# Evolving our Business Model

## INVESTING INTO DEVELOPING OUR VALUE CHAIN



TO CREATE VALUE



**Business Excellence Framework**  
Six Outcomes driving a Sustainable Business

# The Sanford Journey – Tackling Challenges



Infrastructure



People



Careers • Offices • Contact us • For the media

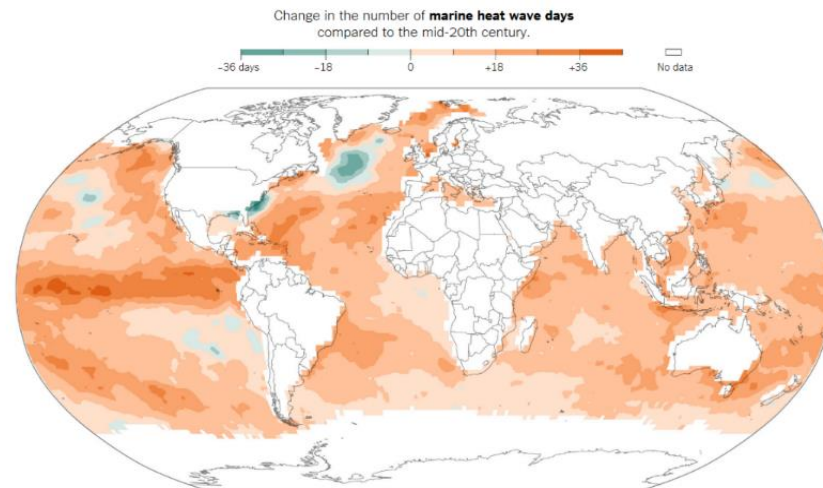
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Home Our work Oceans Overfishing: How bad is it?



Climate Change

Consumer Preferences & Public Perception



The average number of marine heat wave days for the period 1987-2016, compared to the average for 1925-1954. Source: Nature Climate Change | By The New York Times New York Times, 4 March 2019



# Integrated thinking and delivery across our businesses

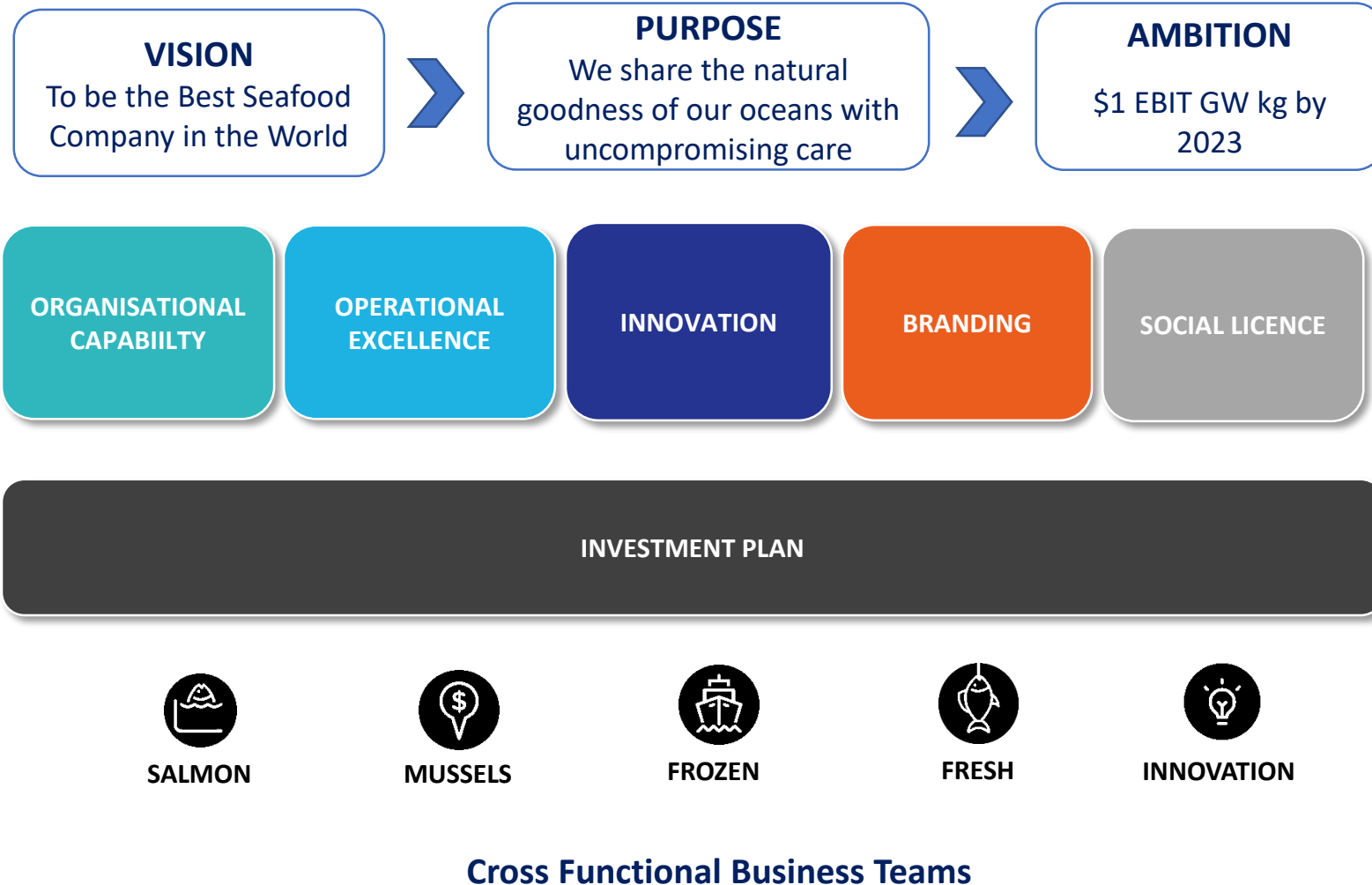


## Business Excellence Framework Sustainability as the Foundation



- ENSURING HEALTHY OCEANS AND PROTECTING AND ENHANCING THE ENVIRONMENT
- CREATING A SAFE AND HIGH PERFORMING WORKPLACE
- LEADING THE WAY TO HEALTHY FOOD AND MARINE EXTRACTS
- SUPPORTING STRONG COMMUNITIES AND PARTNERSHIPS
- DELIVERING CONSUMERS' EXPECTATIONS
- BUILDING A SUSTAINABLE SEAFOOD BUSINESS

## Sanford Strategy



# Achieving Together in FY19

- Elevated people engagement
  - Overall 72%
  - Safety 85%
- Expanded organisational capability through training
- Ongoing investment in wages
- Improved communications – Toolbox Toolkit, Officers' Conference
- Development of centres of excellence in South Island
- Sale of pelagic assets in Tauranga
- Launched / built Big Glory Bay, Sea to Me, and Sanford and Sons at the Auckland Fish Market

Our focus on people will continue as a priority in FY20



PHOTO: From top centre right, clockwise, Melelatali Nalputa, James Pinto, C Wright, Sophar Rach, Julia Dean, Bryan H-joring, Shane Tremaine, Alma Beswānk, Janica Willaver, Dave McSaveney, Darryl Matehe, Gail Swanepoel, Rodney Roberts, Jasni Goldsmith and Daniel Meagher

# Safety at Sanford

- Training investment including 146 leaders given Just Culture training
- Investment in growing the Health and Safety resource
- Safety awareness across Sanford at 85%

**Steffan was lost in a tragic accident in November 2018**



**His loss has focused all at Sanford on what is truly important**

Sometimes in the waves of change we find our true direction

Steffan Stewart  
22.07.1992 – 14.11.2018

# Looking forward – Innovation at Sea

Video appears here in live presentation. Please contact Sanford to access this video. [dmcintosh@sanford.co.nz](mailto:dmcintosh@sanford.co.nz)

We are proud users of Precision Seafood Harvesting<sup>15</sup> on deepwater and inshore vessels.

# Looking forward – Innovation on Land



## Sanford Marine Extracts Facility - Blenheim

### Moving 'beyond food' through innovation

- \$20m+ investment
- Planned opening in December 2020





## FY19 Capital Investments

- **Capital expenditure of \$38.3m, +55% vs LY**
  - **Supporting the brand** - more fresh fish through the Auckland Fish Market
  - **'Beyond food' strategy** – 2 new dryers for Enzaq
  - **Vessel optimisation** - new sonar technology, vessel surveys and safety improvements
  - **Value add initiatives** on vessels to improve the return per kg - improved handling techniques and greater use of Precision Seafood Harvesting
  - **Salmon farm optimisation** through new feed barge

## FY20-22 Capital Investments

- **Priority areas:**
  - **Marine Extracts facility and equipment**
  - **Scampi vessel replacements**
  - **Mussel water space expansion**
  - **Salmon capacity growth**
  - **San Core Project – Information system and processes**
  - **Australia footprint**



# Why Sanford?

- Our strategy addresses major risks (changes in climate and consumer preferences)
- Our strong values attract great skills
- We aim to create value for all stakeholders.

We focus on the following areas in 2020:

## Wild Catch

- Channel / customer focus
- Product cascade improvements on vessels
- Processing automation in Timaru

## Mussels

- Product diversification
  - Food
  - Extracts
- Country and sales channel strategy
- Volume increase

## Salmon

- Expansion of the BGB brand
- Diversification of product formats
- Volume increase

Thank You!



OUR PEOPLE WORK HARD  
**TOGETHER**

FOR EACH OTHER,  
THEIR WHĀNAU AND THE  
NEXT GENERATION.  
THANK YOU.

PHOTO: From top centre right, clockwise, Melelatali Nalputa, James Pinto, C Wright, Sophar Rach, Julia Dean, Bryan H-joring, Shane Tremaine, Alma Beswānck, Janica Willaver, Dave McSaveney, Darryl Matehe, Gail Swanepoel, Rodney Roberts, Jasni Goldsmith and Daniel Meagher