



SANFORD LIMITED
SUSTAINABLE SEAFOOD

17 December 2014

Chairman of Directors Jeff Todd's Speech
Sanford Annual Meeting
17 December 2014

The Directors of Sanford are pleased to present to shareholders our report for the year ended 30 September 2014. A full account of the Board's work is provided in the Annual Report but I want to highlight briefly the Board's main points of focus through this last year.

Before proceeding to the business of the day, I would like us to pause for a time of reflection on the lives of two distinguished, former Directors of the Company. However, in both instances it is an understatement to describe them both merely as Directors.

Firstly, Dr Douglas Goodfellow.

I would like the minutes of this meeting to record that the meeting noted with sadness the death of Dr Douglas Goodfellow on 10 July 2014, aged 97.

Dr Goodfellow and his family interests are known principally as major, long-term shareholders in the Company. Dr Goodfellow was the father of Dr Bruce Goodfellow and Mr Peter Goodfellow, two of our current directors. Dr Douglas Goodfellow is remembered for his commercial wisdom and for the guidance and direction he provided to Sanford as a Director from 1978 and Chairman of the Board from 1980 until his retirement in April 2006. During that period shareholders' funds grew from \$10m in 1980 to more than \$500m in 2006.

Dr Goodfellow will be missed as a loyal shareholder and supporter of the Company and as a wise and astute former Chairman and Board member.

Secondly, Mr David Anderson.

I would like the minutes of this meeting to record that the meeting noted with sadness the death of Mr David Goldie Anderson on 28 November 2014, aged 78.

David Anderson joined Sanford in 1960 as an accountant and after several promotions through the years was appointed Assistant General Manager in 1976 and Managing Director at the end of 1990 on the retirement of Mr Neil Mills. David retired from the Board after 30 years' service as a Director in January 2013 and after a total of 52 years' service as an employee and Director of the Company.

During his term with the Company, David also held the positions of Deputy Chair of the New Zealand Fishing Industry Board and President of the New Zealand Fishing Industry Association. He was also a member of the Ministerial Advisory Committee on Oceans Policy.

David is remembered for his wit and wisdom, his broad and deep experience in our industry and his warm and personal interest in people - especially Sanford staff and workers at all levels.

He will be greatly missed by his family and all who knew him and worked with him.

Our CEO, Mr Volker Kuntzsch

2014 was a year of transition for Volker Kuntzsch as he moved into the CEO role at Sanford and it has been a year of transition for Sanford too.

Good progress has been made already in transforming Sanford into the 'Best Seafood Company in the World'. Our focus is on sustainability, innovation, quality, value and on our social licence to operate in the fishing and seafood farming industries.

Volker will speak to you in more detail about the significant strategic and cultural changes he has brought to the Company and developed with the Board in his first twelve months.

The Board's Focus

The Board has remained focussed through this 2014 transitional year on improving the Company's financial performance in a challenging operational environment internationally.

Although we are moderately satisfied with our result given the many challenges the Company faced during the course of the year, our high dependency on commodities has once again resulted in a low return on equity for our shareholders at 4.1%. The Board regards this result as well below the potential of our Company dealing, as it does, in an attractive, natural product in high demand.

Net profit for the year was \$22.4m about 10% ahead of last year but sales revenue at \$452.4m was slightly less than the \$462.6m last year.

Operational performance was mixed with aquaculture (green-shell mussels and salmon) recording a very successful result reflecting improved harvesting levels and increased sales, but, on the other hand, low commodity prices for a number of key pelagic species and weather and operational factors reduced catch levels, particularly in the inshore and Pacific tuna businesses.

Although we did not meet our own financial targets this year, we are well positioned for growth.

Achieving our ambitions will require continuing close oversight and plain hard work by the Board and the Management team. Our Company's size (and in particular our quota holding) and the diversity of our species provide both opportunities and challenges and we continue to work on improving all aspects of our business with a particular focus on improving returns to shareholders.

The future looks exciting and we are confident we can become the 'Best Seafood Company in the World' under Volker's leadership. Volker will provide more information about the Company's operations in his address which will follow.

Corporate Governance

Sanford expects the highest standards of corporate governance and ethical conduct in all aspects of our business. We are proud of our record in the sustainability of seafood for future generations.

During the year, the Board continued to work on corporate governance standards and this year has focussed particular attention on Human Resources or 'People' issues with particular attention to Health and Safety in Employment.

Management has worked closely with the Employment and Regulatory Compliance Committee of the Board to review, develop and enhance aspects of health and safety in our industry which, because of its very nature, requires the highest standards of operational performance in all aspects of our fishing, farming and processing activities.

Board Appointment and Retirement

Shareholders at last year's meeting will recall that the Board had intended to appoint a seventh director to the Board following Mr Eric Barratt's retirement as Managing Director at the end of 2013. However, given the Company's continuing focus on cost containment and the willingness of existing Board members to share the Board's workload, the seventh Board member has only now been appointed.

Mr Peter Kean was appointed to the Board on 1 December 2014. Given my retirement from the Board on 31 December this year, there will be only a brief, one-month overlap before Board numbers revert to six in total.

Mr Kean is, of course, on stage with us today and later in the meeting I will introduce him to you more fully and invite him to speak to you. Mr Kean's appointment to the Board requires ratification by shareholders at this meeting.

Directors' Fees

Last year, the Directors brought forward a proposal to shareholders to increase the directors' fees pool by \$80,000 to \$630,000 to accommodate the appointment of a seventh director to the Board following the retirement of Mr Eric Barratt at the end of 2013. However, as I have explained, that appointment was not made until the beginning of December 2014 and there is no plan at this time to increase the Board's size in the current year.

Base Board fees have remained unchanged now for three years at \$65,000 and while the total pool was set at \$550,000 at the January 2012 AGM and \$630,000 at last year's AGM, total fees paid have, in fact, been frozen at \$500,000 for the last three years (except for a minor adjustment of less than \$10,000 in total in Committee fees in 2014). None of the additional \$80,000 approved by shareholders at last year's AGM has been used.

Once again in this current year 2015, the Board has decided not to increase fees and the base fee will remain at \$65,000 for this year. In addition, the Board at this stage does not intend to appoint a seventh director in the current (2015) financial year. The Board's workload will therefore continue to be carried by six Board members in total as in 2014.

No shareholders' resolution on this matter is required at this AGM as fees payable in the 2015 financial year will remain at the same level as in 2014 and, at \$510,000, are well within the total pool set by shareholders at \$630,000.

Conclusion

Our Company is engaged in large and complex business activities and our successes are achieved only with effective management and total commitment by our team to the fishing, farming, processing and marketing of our products. While once again this year we have faced some difficult operating challenges we are looking forward to the coming year with more confidence.

It is also appropriate once again to record with thanks the dedication and professionalism displayed by all our fishermen and marine farmers, and the processing, administration, marketing and support staff along with the executive team for their efforts and responses to the particular challenges that we have faced over the last year. Sanford continues to be well served at all levels of its operations by the excellent competencies of its people. Sanford is fortunate in having such a dedicated and loyal complement of staff, customers and suppliers to support the Company's operations.

I will retire from the Board on 31 December and in doing so I acknowledge with deep gratitude the constant support and assistance of my fellow Board members over the past 16 years and in particular the late Dr Douglas Goodfellow who was Chairman when I joined the Company's Board.

It has been a great honour to have served shareholders as a Director of Sanford and I am grateful to you for the opportunity you have given me to work with the Board and Management of the Company since 1998.

You have my very best wishes for a very successful and profitable future.