



26 May 2016

Name of Listed Issuer: SANFORD LIMITED (SAN)

INTERIM FINANCIAL RESULTS for the 6 months ended 31 March 2016

Sanford reports Significant Improvement in Net Profit After Tax Following Favourable FX Environment and Strong Focus on Value Creation in Six Month Result

Highlights

1. Financials

- Significantly improved NPAT to \$18.8m from \$9.6m in H1 F15. Operational performance improved by 7.3% with adjusted EBIT of \$26.8m (2015: \$25.0m), before one off items
- Adjusted EBIT, as a proportion of sales, has grown from 11.7% to 12.4%, which reflects the focus on more value add fresh and quality products
- Favourable FX position flowing through to the results

2. Wild catch volume (Inshore and Deepwater)

- Lower catches in the pelagic sector (mackerels, tunas) and variable performance of the fishing fleet led to a 10.3% reduction in landings compared to prior year
- Good high value toothfish catch compensated for the reduced overall catch

3. Aquaculture (King salmon and Greenshell mussels)

- Salmon harvest volume grew 8.6% from last year with good growth and feed conversion ratios
- Strong domestic demand for fresh salmon resulted in an improved product cascade at higher value
- Mussel growth was impacted by the El Niño weather pattern, leading to an increase in less desirable large sized mussels. A delayed start to the season had also impacted harvest volumes in the period at 30% below last year

4. Strategic Initiatives

- Completion of the exit from the Pacific tuna business with the sale of the *San Nikunau*
- Excellent progress of Primary Growth Partnership projects 'Precision Seafood Harvesting' (PSH) with the launch of the Tiaki brand and SPATnz with batches of spat being deployed successfully

5. Health and Safety

- Incidents across all operations at sea and on land showing a downward trend
- Strong emphasis on minimizing serious harm injuries through dedicated health and safety personnel and relevant training of employees, contractors and visitors

Commentary

Sanford CEO Volker Kuntzsch says the good result is an encouraging indication of the untapped value inherent to New Zealand's marine resources. "Aligning operational capabilities with customer expectations and executing against these with our dedicated teams at sea and around the country allows us to turn our precious resources into 'Beautiful New Zealand Seafood'."

Continuing operations revenue has increased by 1.2% year on year against a sales volume reduction of approximately 20%. While the volume decline is not a function of demand, but of operational circumstances, the revenue trend highlights the significant increase in value per kg of fish.

The bottom line improvement resulted from favouring the production of chilled fish over frozen commodity wherever possible, aligning production with customer demand, a weaker NZ Dollar and lower fuel cost. The strong El Niño weather phenomenon negatively impacted mussel growth, but a successful toothfish catching season and excellent demand for the species compensated for that shortfall. Sanford's salmon business continued to improve, driven primarily by good demand in New Zealand for fresh salmon.

The result was impacted by an impairment of \$5m for the value of the San Nikunau, Sanford's last remaining international purse seiner, which has now been sold to complete the exit from an unsustainable business.

Sales were somewhat impacted by lower catches of species like skipjack tuna and hoki and a conscious alignment of supply with demand.

Higher administration costs reflect the significant investment into the development of a customer focused organisation. Kuntzsch is pleased to see that the enhancement of Sanford's people management and the introduction of new disciplines like supply chain management resulted in a noticeable contribution to the profitability of the company.

"With the recent appointment, after an international search, of Andre Gargiulo, Chief Customer Officer and Lisa Martin, General Manager Sustainability, we further solidify our strategic thrust. We will link our customer base with our marine resources through transparency and innovation and progress further down the path of value creation. We have amongst the best managed fisheries in the world here in New Zealand, and we want to keep it that way by shifting the focus to value, not volume."

Interim dividend: 9cps (9cps)

Record date: 10 June 2016

Payment date: 17 June 2016

Imputation tax credit on interim dividend: 3.5cps

Non-GAAP Measures

	2016	2015
	(\$m)	(\$m)
Reported EBIT	22.6	18.2
<u>Adjust for one off Items</u>		
Impairment of assets	5.0	6.8
Discontinued business	(0.8)	-
Total one off items	4.2	6.8
Adjusted EBIT	26.8	25.0

Information required by NZX

SANFORD LIMITED		
Unaudited results for announcement to the market		
Reporting Period	6 months to 31 March 2016	
Previous Reporting Period	6 months to 31 March 2015	
	Amount	Percentage change
Revenue from ordinary activities*	\$NZ 215.7m	(2.3%)
Profit (loss) from ordinary activities after tax attributable to security holder*	\$NZ 18.8m	96.4%
Net profit (loss) attributable to security holders *	\$NZ 18.8m	96.4%
Final Dividend	Amount per security	Imputed amount per security
	9 cents per share	3.5 cents per share
Record Date	10 June 2016	
Dividend Payment Date	17 June 2016	

*Includes both the continuing and discontinued businesses.



P G Norling
Chairman



V Kuntzsch
Chief Executive Officer