



**SANFORD**

**ANALYST RESULT BRIEFING  
FINANCIAL PERIOD 6 MONTHS  
ENDING 31 MARCH 2017**

25 MAY 2017



**BEAUTIFUL  
- NEW ZEALAND -  
SEAFOOD**

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## 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 previous 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.

***Note that the interim financial statements are unaudited***

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## HIGHLIGHTS

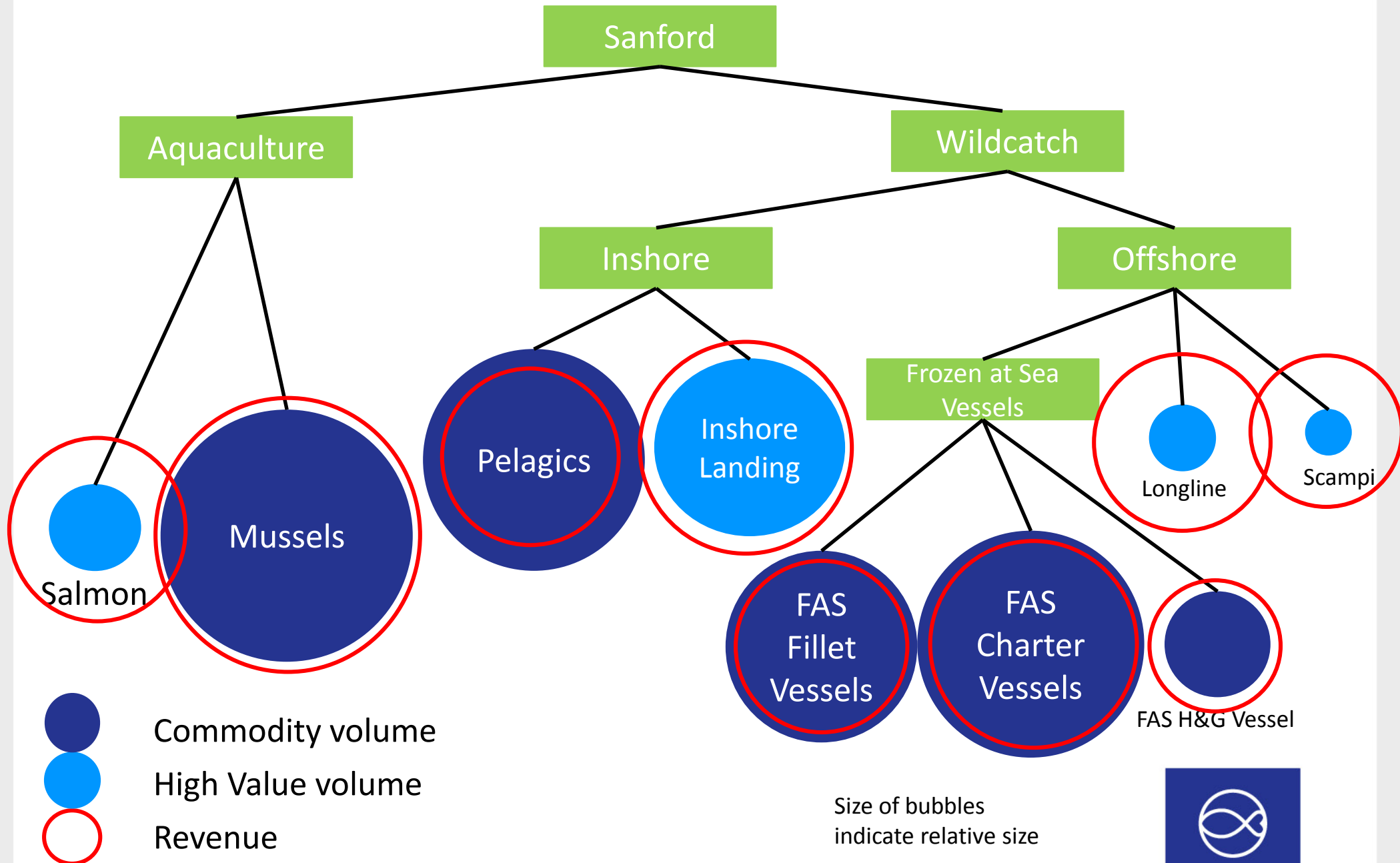
- > Net Profit After Tax improvement of 24.8% to \$19.0m
- > Adjusted EBIT improvement of 1.5% to \$31.0m
- > Strong growth in domestic sales particularly in the food service sector
- > Appointment of our Chief People Officer
- > The launch of our premium Big Glory Bay Brand
- > Good pricing for our high value products including salmon, toothfish and scampi

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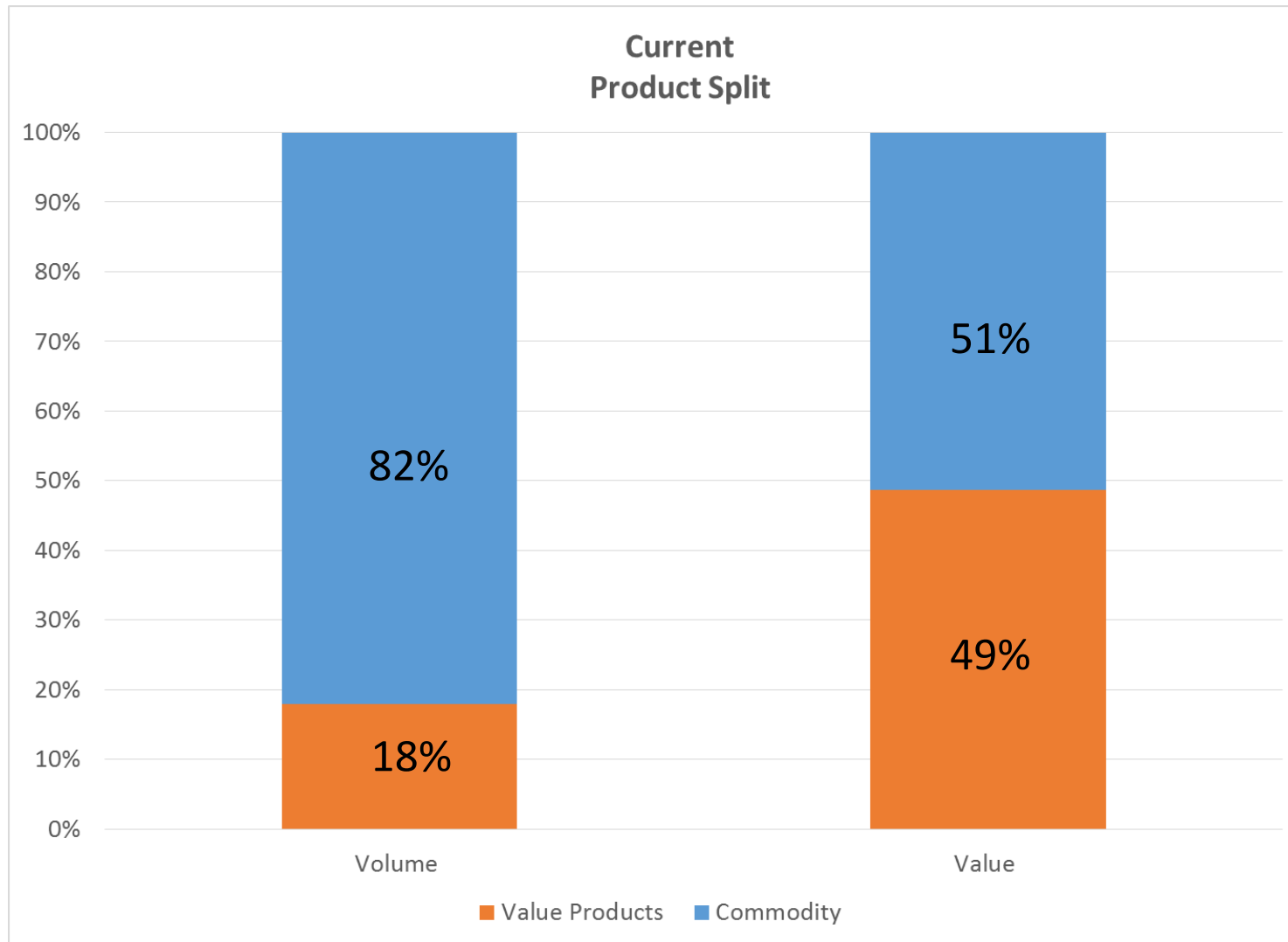
## CHALLENGES

- > Greenshell mussel, hoki and pelagic species competitive pricing
- > Reduced hoki catch offset by good squid catch and pricing
- > Industry reputation/communication
- > Health and Safety performance
- > *San Granit* Commissioning

# SANFORD AT A GLANCE

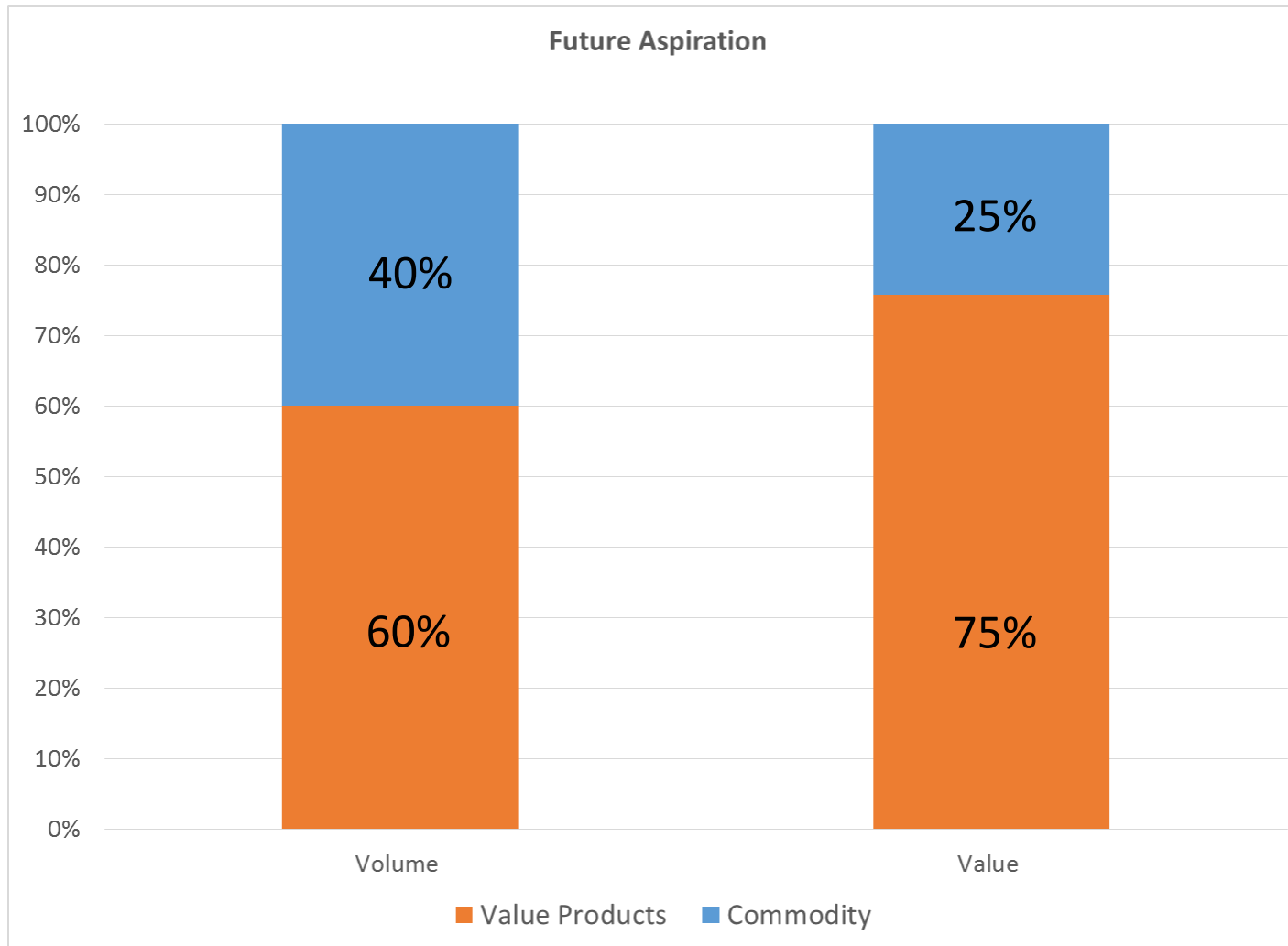


# COMMODITY VS VALUE PRODUCTS - CURRENT



Volume skewed towards commodity 80:20

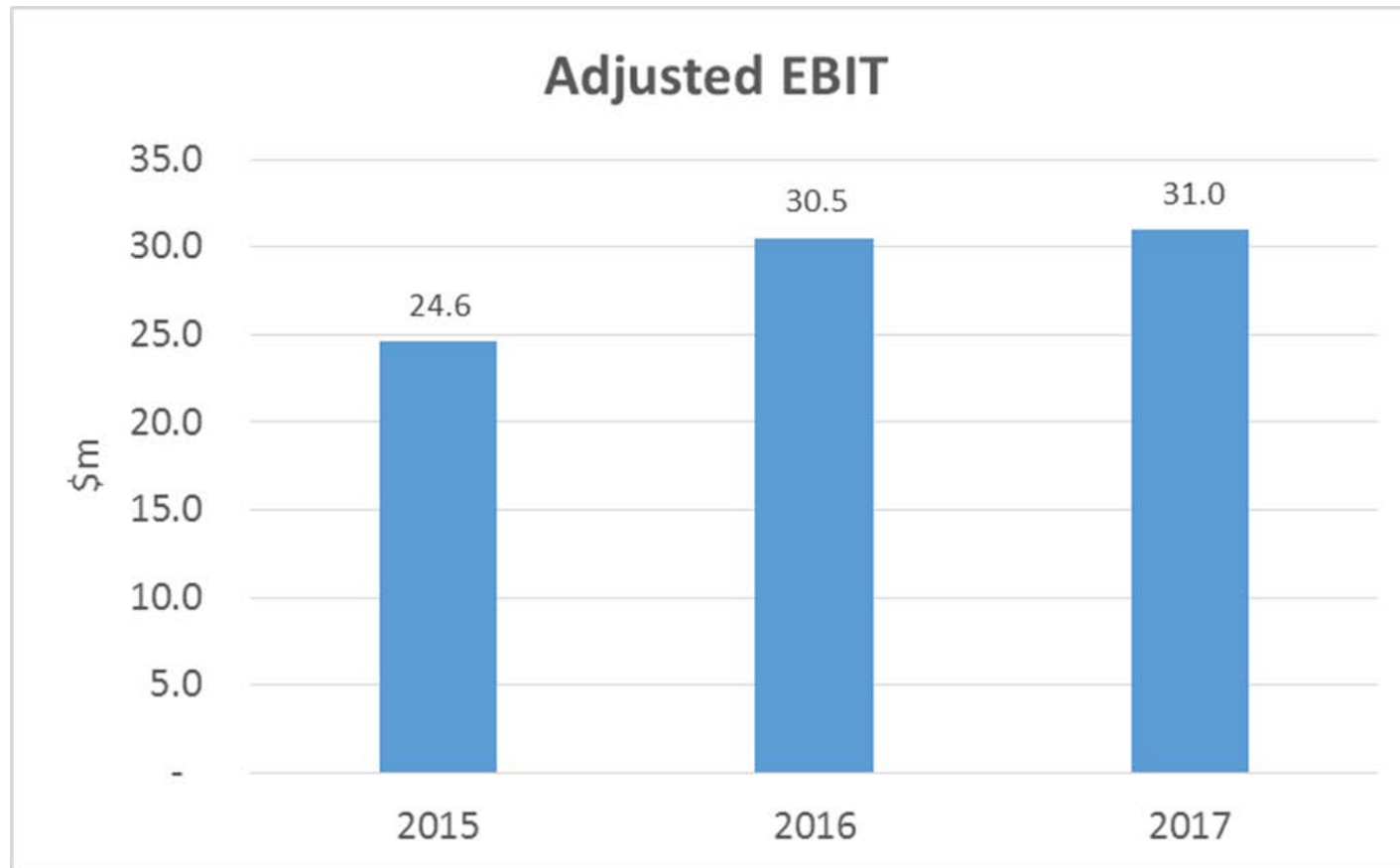
# COMMODITY VS VALUE PRODUCTS - ASPIRATION



Movement towards 60:40 value to commodity volume split would enable better price stability and enhanced returns



## 2% IMPROVEMENT IN ADJUSTED EBIT OVER PRIOR YEAR 26% GROWTH IN 2 YEARS

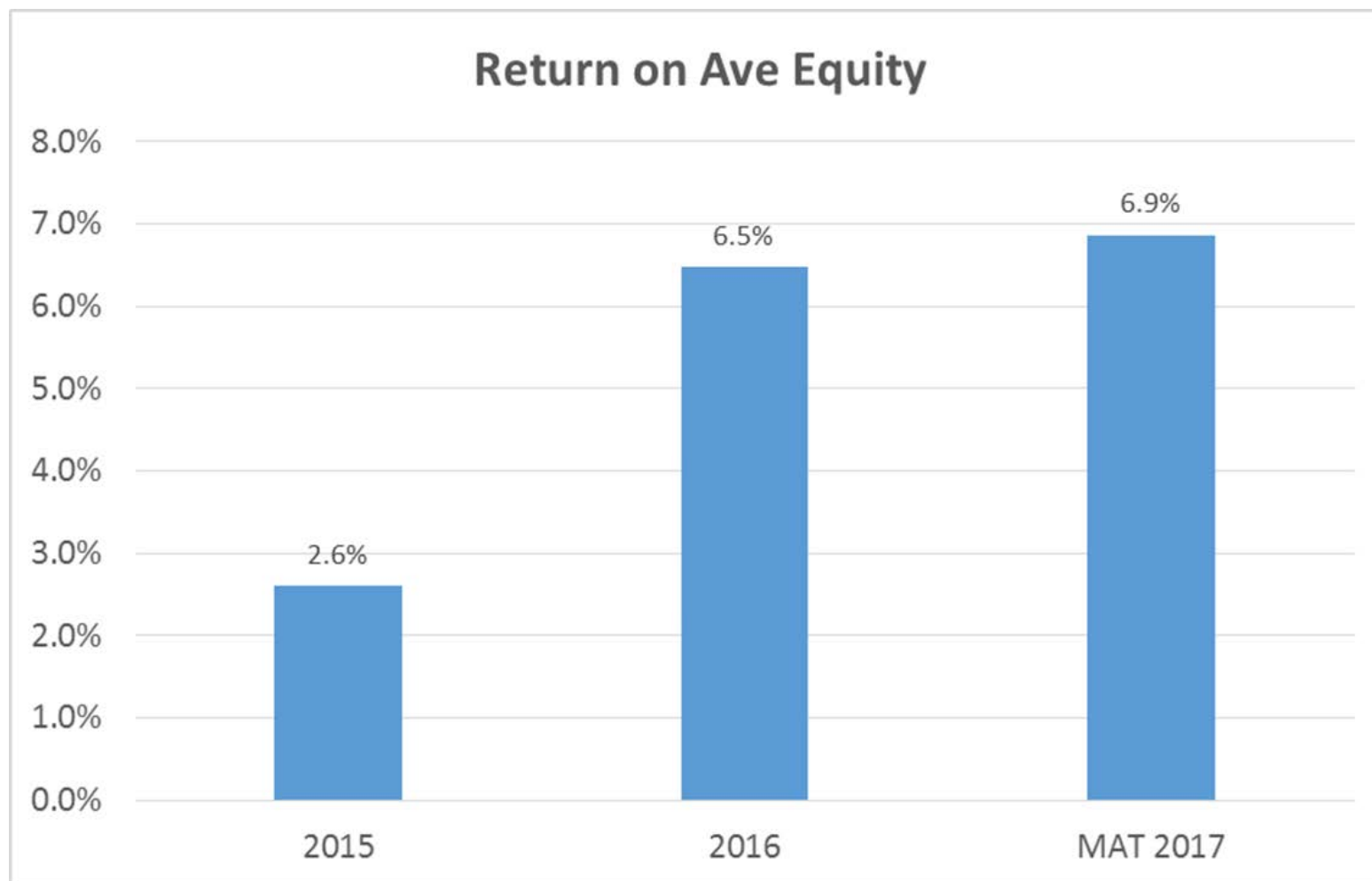


### 2017 v 2016

- Higher value derived from non commodity products sales
- Growth in salmon, scampi, toothfish, squid pricing
- Gains offset by lower pelagic, hoki pricing



## RETURN ON EQUITY – POSITIVE TREND



- 6.1 % improvement above last year despite pressure on commodity prices

## ADJUSTED EBIT OF \$31M

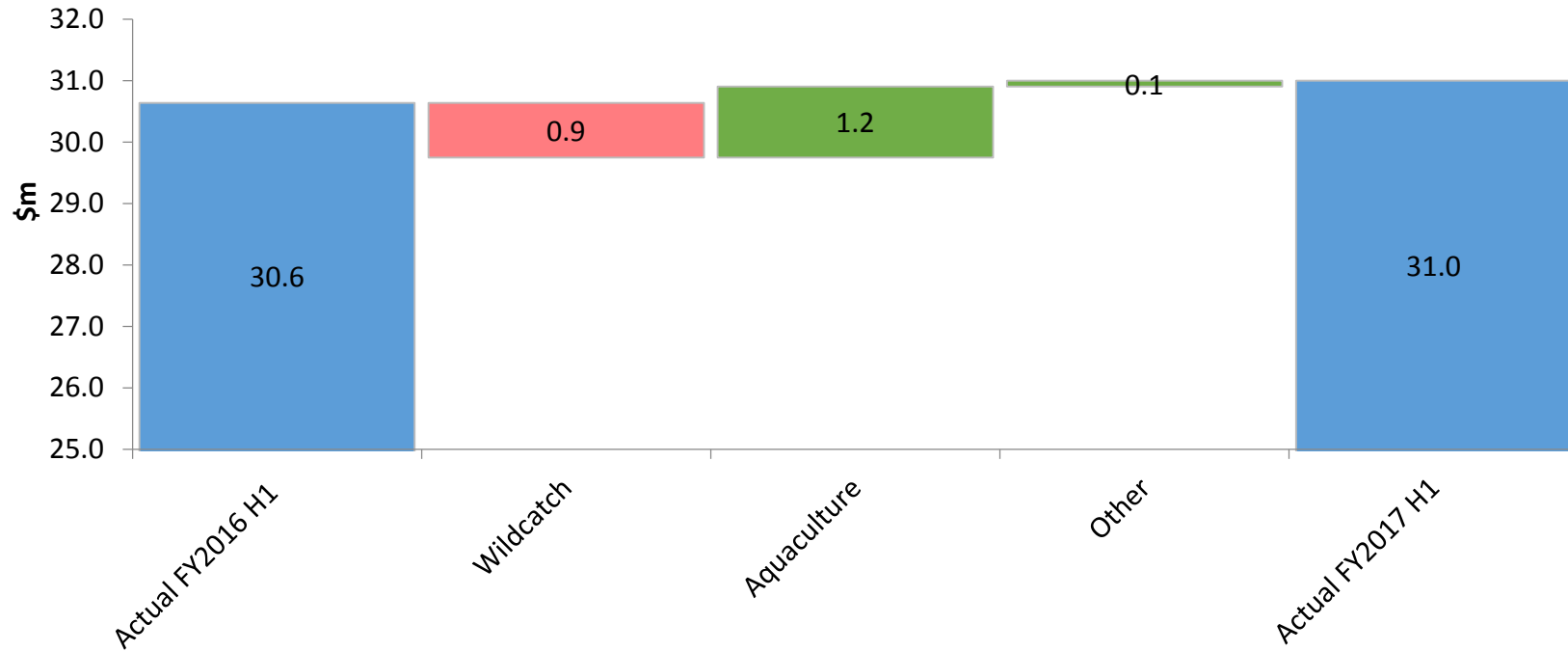
	2017	2016
	(\$m)	(\$m)
<b>Reported EBIT</b>	30.7	26.4
<b><u>Adjust for one off Items</u></b>		
Discontinued Operations - non trading	-	(0.9)
Impairment of assets	0.1	5.0
Restructuring costs	0.2	-
<b>Total one off items</b>	0.3	4.1
<b>Adjusted EBIT</b>	31.0	30.5
D&A	8.7	7.5
<b>Adjusted EBITDA</b>	39.7	38.0

- A 16% improvement in Reported EBIT and 2% increase in Adjusted EBIT
- EBITDA % increase of 4.4%

\*Total business including discontinued operations

# 2017 H1 CONSOLIDATED 2016 POSITION

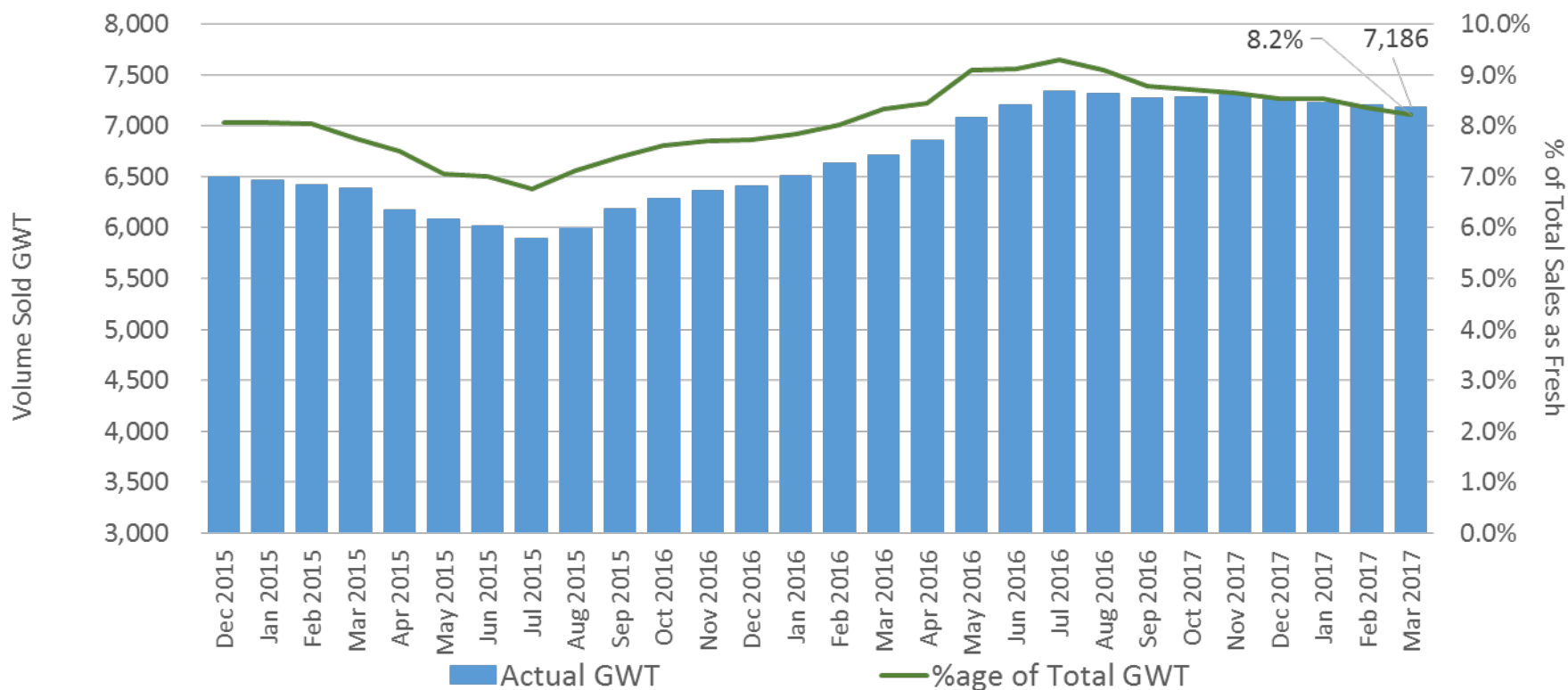
Group Normalised EBIT 1st Half Bridge



- Weak pelagic prices offset by strong toothfish and scampi prices
- Mussel pricing weakness offset by salmon price increases.

# H1 FRESH VOLUME FLATTENED DUE TO FLEET AVAILABILITY

## FRESH - Rolling 12 month Wildcatch Sales



- Mid life rebuild for the *Tengawai* in H1 constrained growth in fresh volume.
- % of fresh dropped owing to larger volume of pelagic sales in the period.

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## KEY SANFORD ATTRIBUTES

- 1 Heritage
- 2 Scale
- 3 Diversified
- 4 Sustainable
- 5 Attractive industry dynamics
- 6 Multiple Opportunities
- 7 Clear Space to Execute



# SANFORD - OPPORTUNITIES

6

## Multiple avenues for growth and improved operating efficiency

- There is a unique opportunity for New Zealand's seafood to become recognised globally as a premium product
  - New Zealand's seafood production accounts for only **0.3%** of global production, providing the opportunity to position it as a premium niche product
- Despite the outlook for New Zealand's TACC remaining relatively flat, growth is expected to come from a focus on high margin (fresh) product and operating efficiencies
- There is a significant growth opportunity within New Zealand, given the **relatively low consumption per capita** to comparable geographies
- Sanford has experienced robust domestic sales growth, largely attributable to the focus on food service.
- A large number of untapped and untold stories exist in New Zealand, including:
  - **King salmon from Stewart Island**
  - **Antartic toothfish, which only a handful of companies have access to, with Sanford at c.16% of global supply (2016)**
  - **Scampi, which is a product highly prized in Asia, but almost unknown to New Zealanders**
- **Volume growth potential from Aquaculture – salmon and mussels**

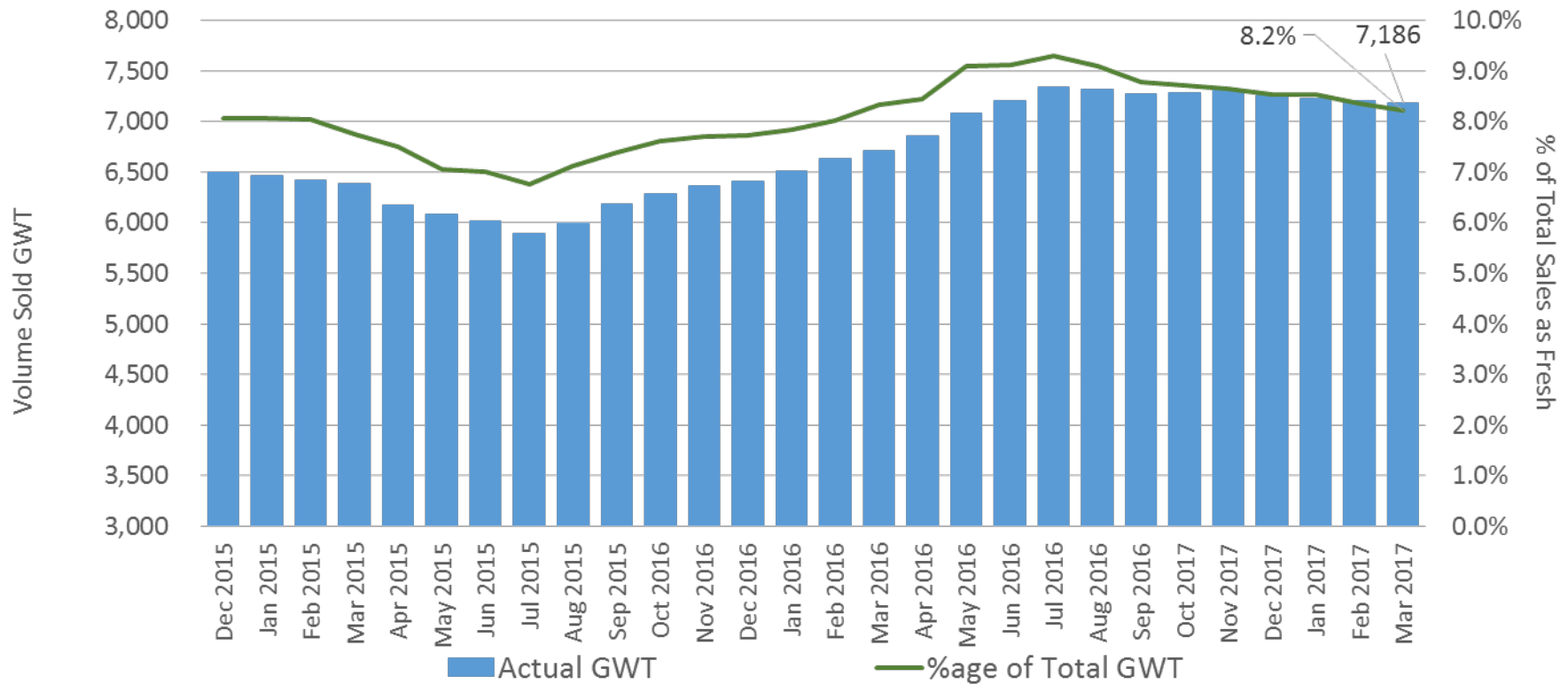
## Getting to \$1/kg

- **Focus on Fresh**
- **NZ**
  - **Food Service**
  - **Supermarket**
  - **Retail**
- **Provenance Stories**
  - **Branding**
- **Innovation – Whole Fish Solution**
- **Aquaculture**

# FOCUS ON FRESH

- ‘Focus on Fresh’ emphasises an increasing allocation of raw material to the chilled sector.
- Move towards in-market specialists to establish closer links with our customers, constantly challenging ourselves to exceed customer expectations of delivering pristine quality New Zealand sourced products.

**FRESH - Rolling 12 month Wildcatch Sales**





## FOCUS ON CHANNEL - FOODSERVICE



- Fresh Foodservice sales began in October with sales growing to over \$2m for H1 through the period.

# CHANGING CULTURE AND IMAGE – DOLPHIN RELEASE



It's extremely heartening to hear about the actions of the skipper in releasing dolphins and catch, as well as the support of the company for his actions.

In the future, I will be purchasing my seafood from Sanford in particular.

**Bravo! Well done Sanfords!**

**You are a credit to New Zealand. If only other fishing companies were as intelligent and humane.**

**I shall definitely be buying more of your excellent product in the future.**



**I'll buy Sanford! Brand your products so we know.**

USA



**SANFORD**

# CHANGING CULTURE AND IMAGE – MAUI DOLPHIN INITIATIVE



- 2<sup>nd</sup> rarest dolphin in world
- Only found west coast North Island
- Sanford-Moana Protection Plan
- Ban on coastal set netting
- Research into “Dolphin save” trawling





## FOCUS ON INNOVATION - SPAT NZ

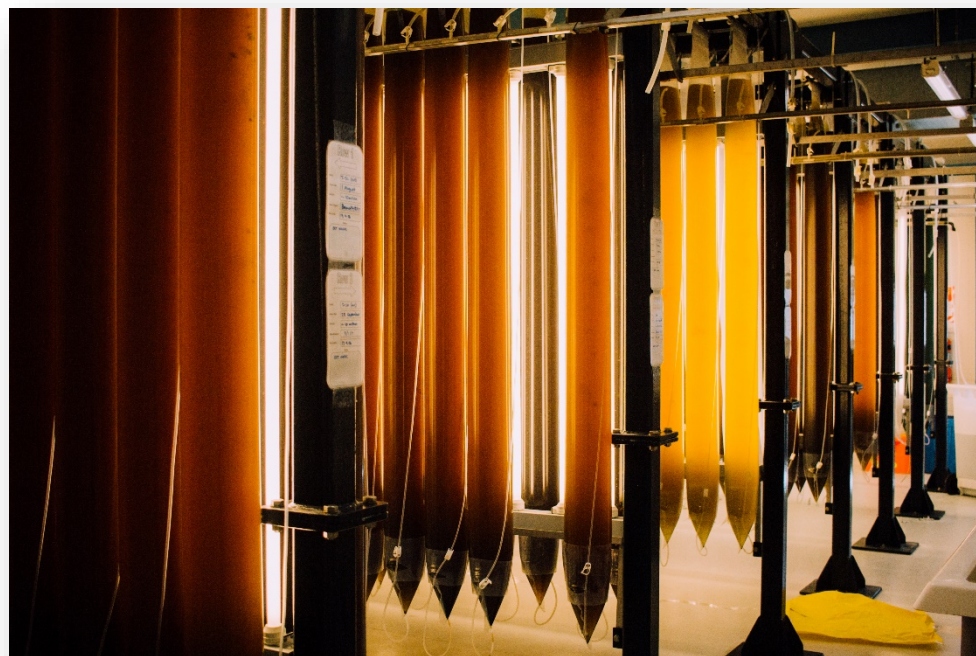
**SPAT<sub>NZ</sub>**  
—  
**KEY  
STATISTICS**  
—



**4/7**  
4 YEARS  
INTO  
A 7 YEAR  
PROGRAMME

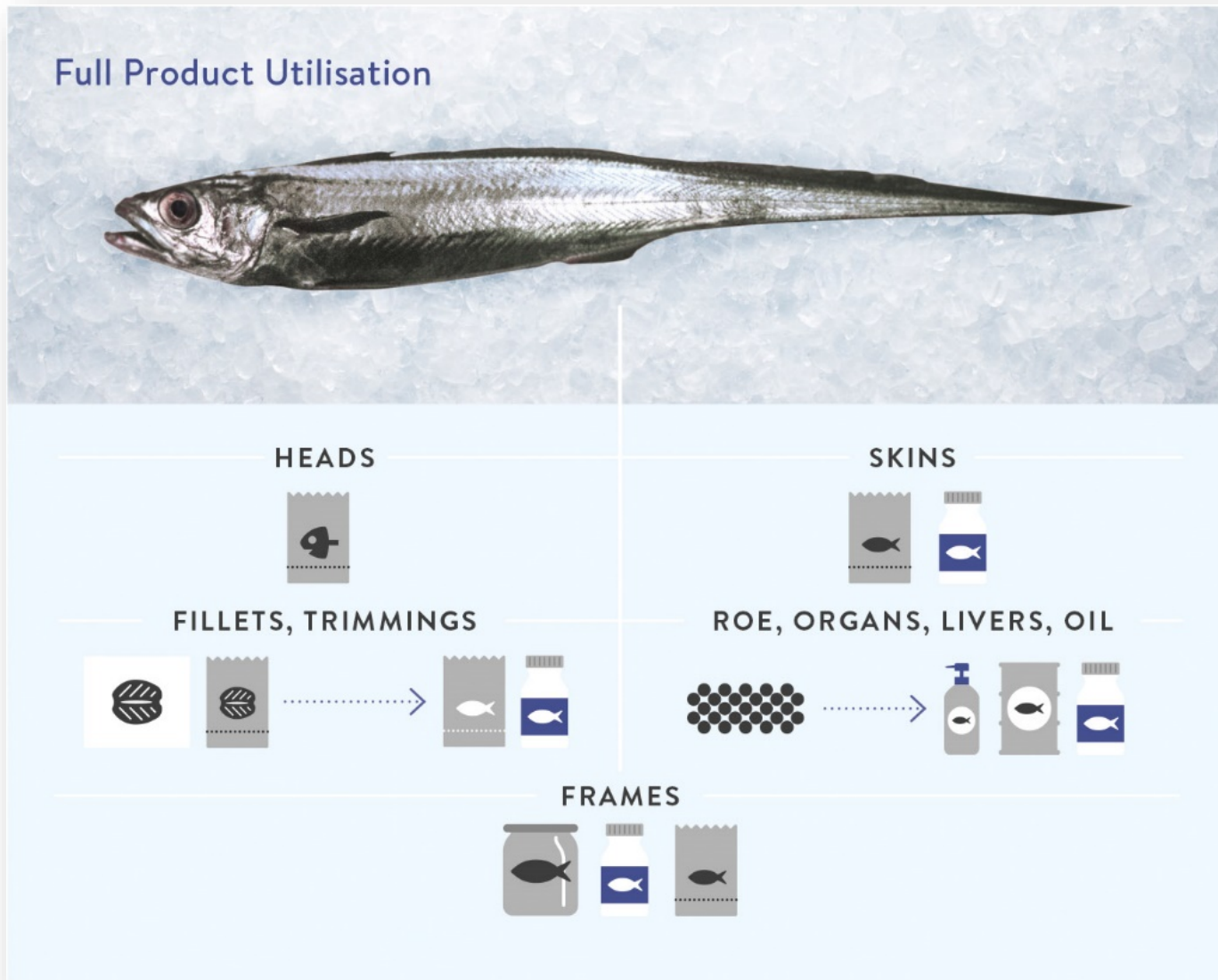
**17**  
PERSONNEL  
(STARTED WITH  
4 STAFF  
IN 2012)

**FUNDING**  
50% (\$13m) SANFORD  
50% (\$13m) MINISTRY FOR PRIMARY  
INDUSTRIES (MPI)



Commercial volume ready for harvest this year.

# INNOVATION VIA PRODUCT UTILISATION



# FOCUS ON BRANDING



**Sanford Blue**  
Mainstream

- Commodity
- Processing
  - B2B
  - Bulk
- Hoki, HS Mussels



**Sanford Black**  
Premium Range

- High Value
- Foodservice
  - B2B & B2C
  - Value Add
- Scampi, Snapper



**Big Glory Bay** – by Sanford  
Super Premium Provenance

- Highest Value, Quality
  - B2B & B2C
- Foodservice & Direct
- Provenance / **Organic**
- Salmon, Mussels, Oysters



**Tiaki** – by Sanford  
Premium Sustainable Seafood

- Highest quality
  - B2B & B2C
- Foodservice & Retail
- White Fish caught PSH





Hapuatuna Bay  
Pawa Beach  
Goat Island  
Bravo Island  
Boat Passage Islands  
Settlers Rest  
Goose Cove  
Glory Cove  
Reserve  
14  
23  
21  
23  
11  
22  
11  
Reserve  
Scenic  
Natural Forest



# BIG GLORY BAY

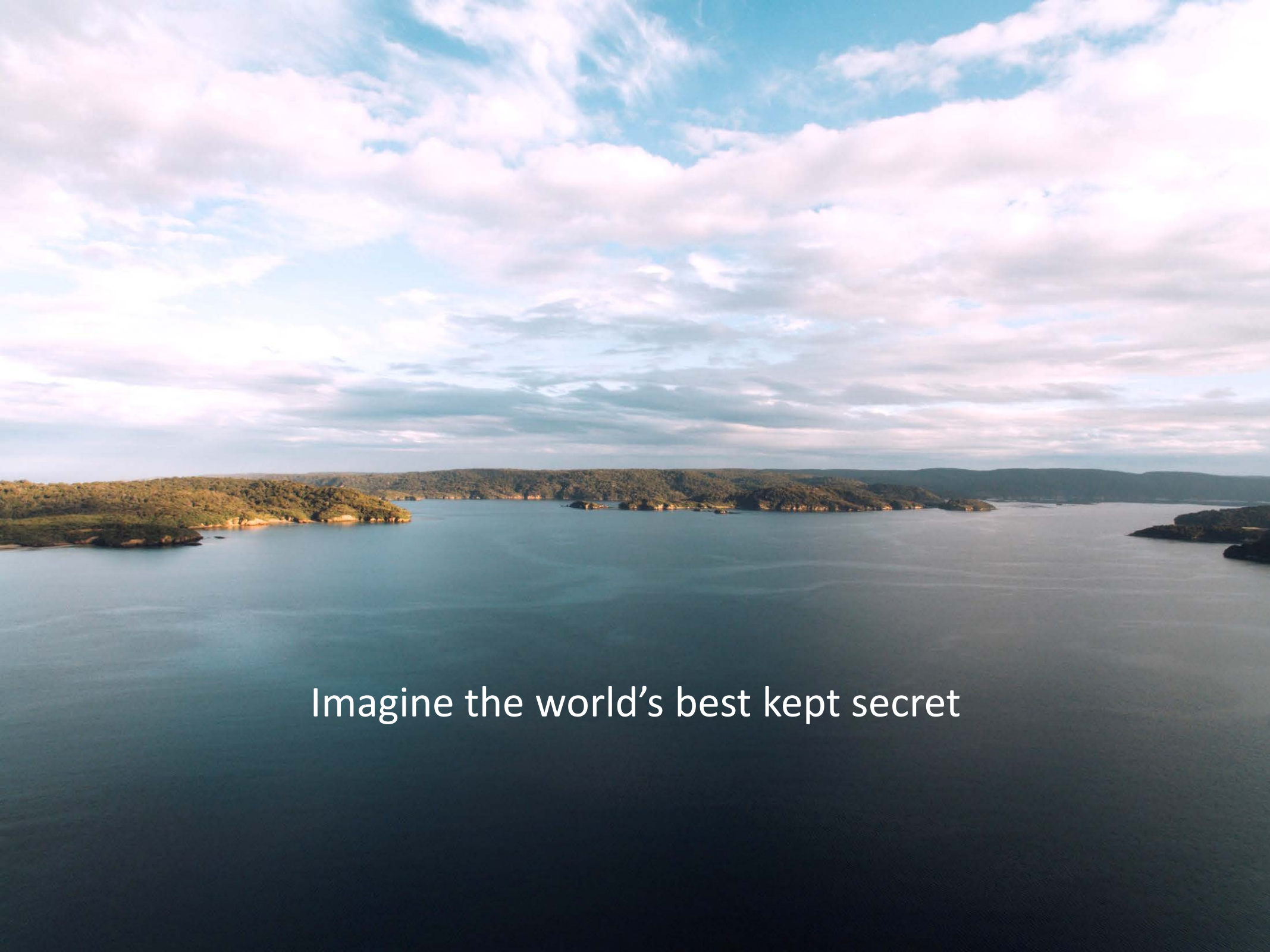
OCEAN-FARMED SEAFOOD

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STEWART ISLAND | NEW ZEALAND







Imagine the world's best kept secret

Latitude 47° South

Population C.380





In a bay accessible only by sea







# BIG GLORY BAY

OCEAN-FARMED SEAFOOD

STEWART ISLAND | NEW ZEALAND

*Nurtured in glorious isolation*



# The home of Sanford's premium ocean-farmed seafood range

Sustainably farmed  
Harvested & handled with care







King Salmon



Farmed Bluff Oysters

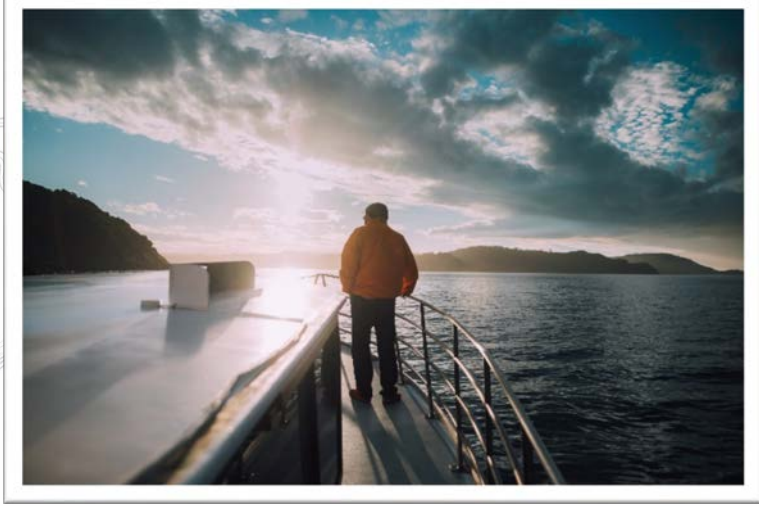
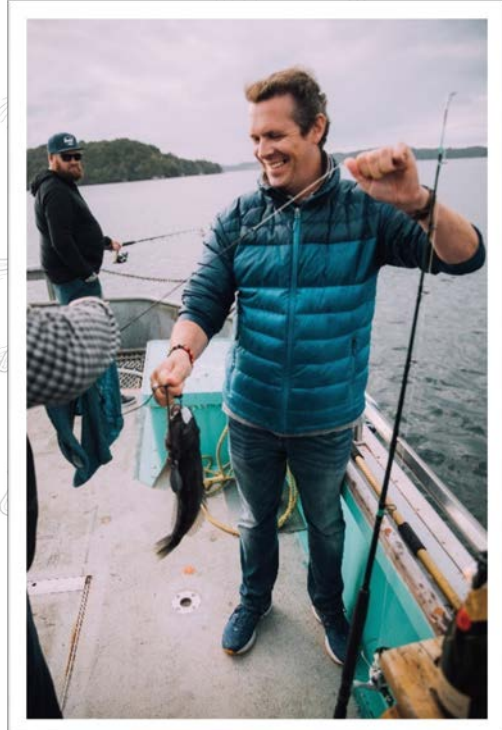
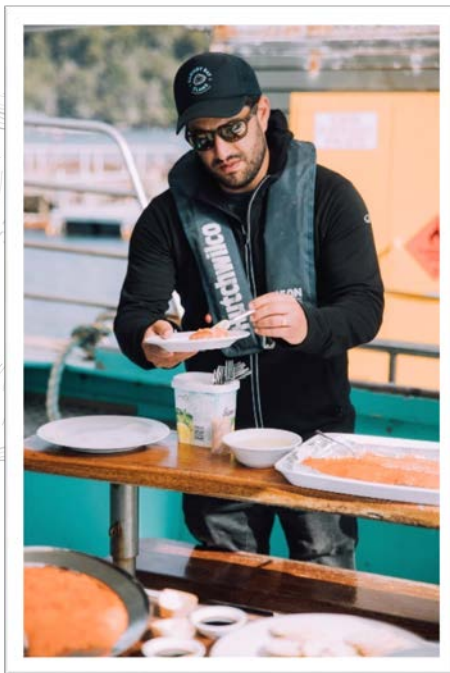


Greenshell Mussels



# Shared with some of NZ's best chefs

*"Big Glory Bay oysters @ the source. Plump, steely and bloody delicious...Watch this space!"* Al Brown





# and now served at some of Auckland's finest restaurants

- Eight Restaurant, The Langham
- Botswana Butchery
- Harbourside Ocean Bar Grill

freshfastnz  
Harbourside Ocean Bar Grill



85 likes

freshfastnz Oysters from around NZ including @bigglorybayseafood bluffies plus #sashimi #scampi #mussels #bluenose #TeAnau #crayfish... more

bhptan 😊😊😊😊😊

3 DAYS AGO



# The Oyster Inn, Waiheke



**Following**

Beautiful Big Glory Bay King Salmon #theoysterinnwaiheke #chefslifelove myjob #bigglorybay #waihekeallday #sanfoodseafood #kingsalmonstewartisland

Glad you're liking the product! #bigglorybayseafood

New Zealand's greatest salmon Big Glory Bay now being served at one of New Zealand's most amazing restaurants #oysterinn @oysterinninstagram #sanford #waihekeisland



17 likes  
3 DAYS AGO

Add a comment...

**Paulie735**  
The Oyster Inn



36 likes

Big glory bay baked Miso salmon tail, spring onion, carrot, nori, sesame slaw, cape gooseberries, coriander #chefslife... more

At first glance it looks like a crazy crayfish

Looks delicious! 🙌

4 DAYS AGO



# Seafarers Club, Urban Polo (Feb 2017)

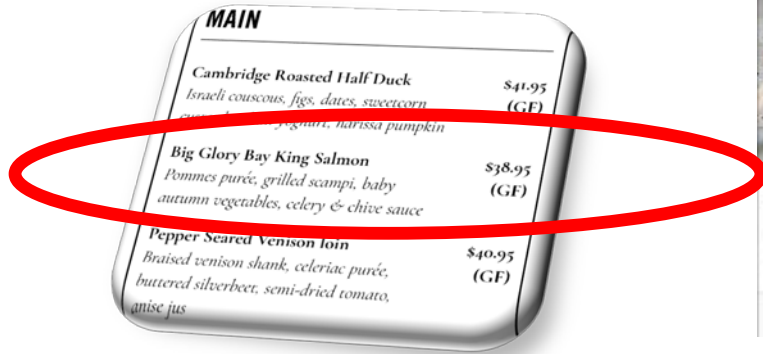


BIG GLORY BAY



# EARLY WINS

Botswana Butchery



Big Glory Bay King Salmon on high end menu and social media.

# UNCOMPROMISING CARE CREATES THE SANFORD DIFFERENCE



FINEST  
SOURCE

INTEGRITY



UNCOMPROMISING  
CARE

CARE



SANFORD

PASSION





SANFORD

THANK YOU

