



SANFORD

**ANALYST RESULT BRIEFING
INTERIM FINANCIAL PERIOD ENDED
31 MARCH 2016**

26 MAY 2016



**BEAUTIFUL
- NEW ZEALAND -
SEAFOOD**

HIGHLIGHTS

- Net profit after tax (NPAT) improved \$9.2m (96%) to \$18.8m
- Improved foreign exchange environment relative to last year positively impacted half-year performance
- Improved salmon business performance driven predominantly by a higher value product cascade and focus on fresh
- Positive performance evidenced in the wild catch business delivered from lower catch volumes, with a more targeted product mix, at better prices
- Improved returns due to the 2015 exit from the International Pacific tuna business, despite impairment of the remaining vessel at balance date, the *San Nikunau*
- Reduction in overall supply chain costs

IMPROVED GROUP ADJUSTED EBIT* BY 7.3%

	2016	2015
	\$000	\$000
Reported EBIT	22,642	18,168
<i>Adjustments:</i>		
Discontinued operations - non-trading	(869)	-
Impairment of assets	5,000	6,787
Adjusted EBIT	26,773	24,955

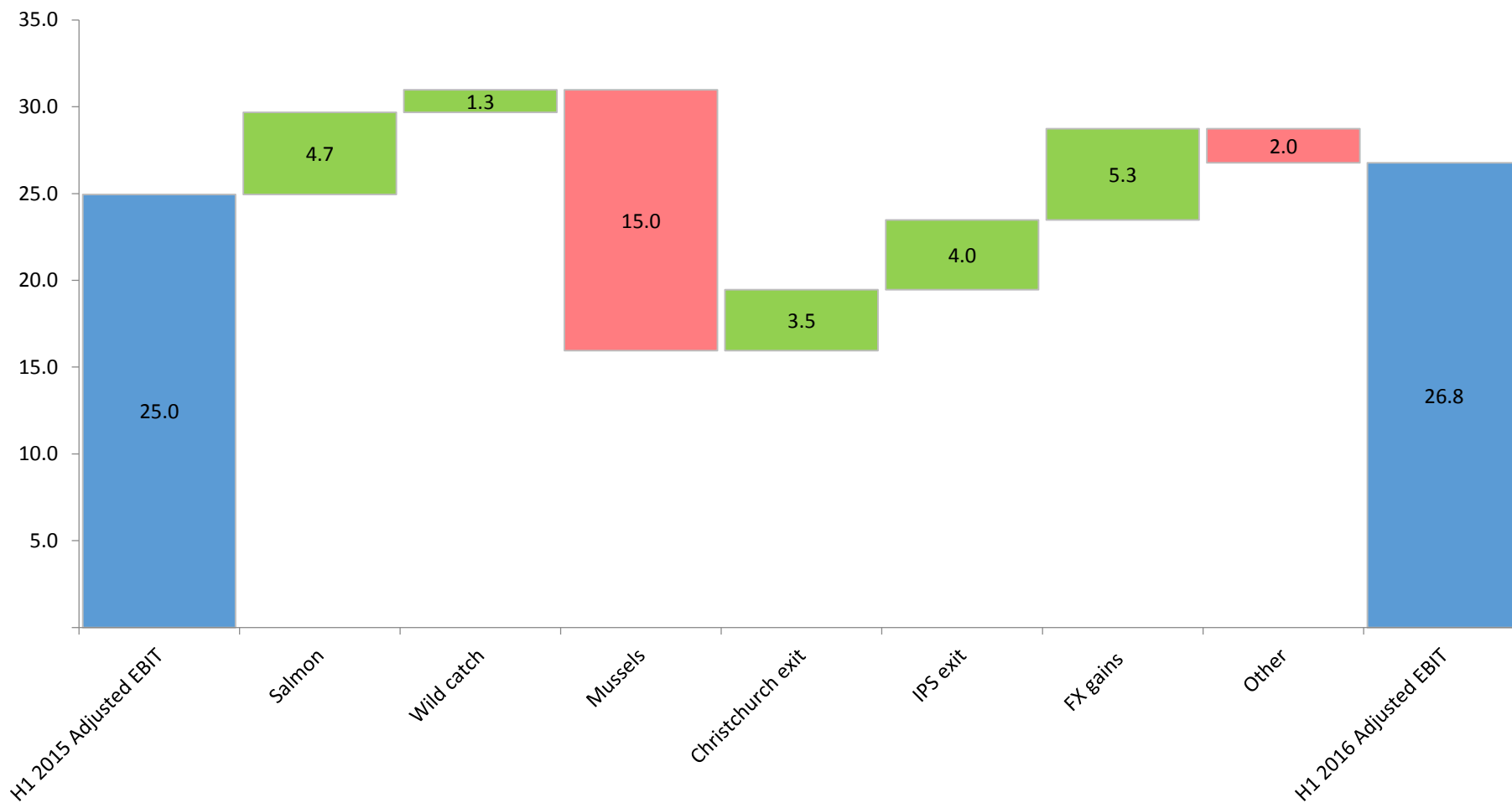
Reported EBIT growth of 25% impacted by a \$5M impairment of the remaining IPS vessel, holding costs for this vessel and a provision reversal.

*Total business including discontinued operations



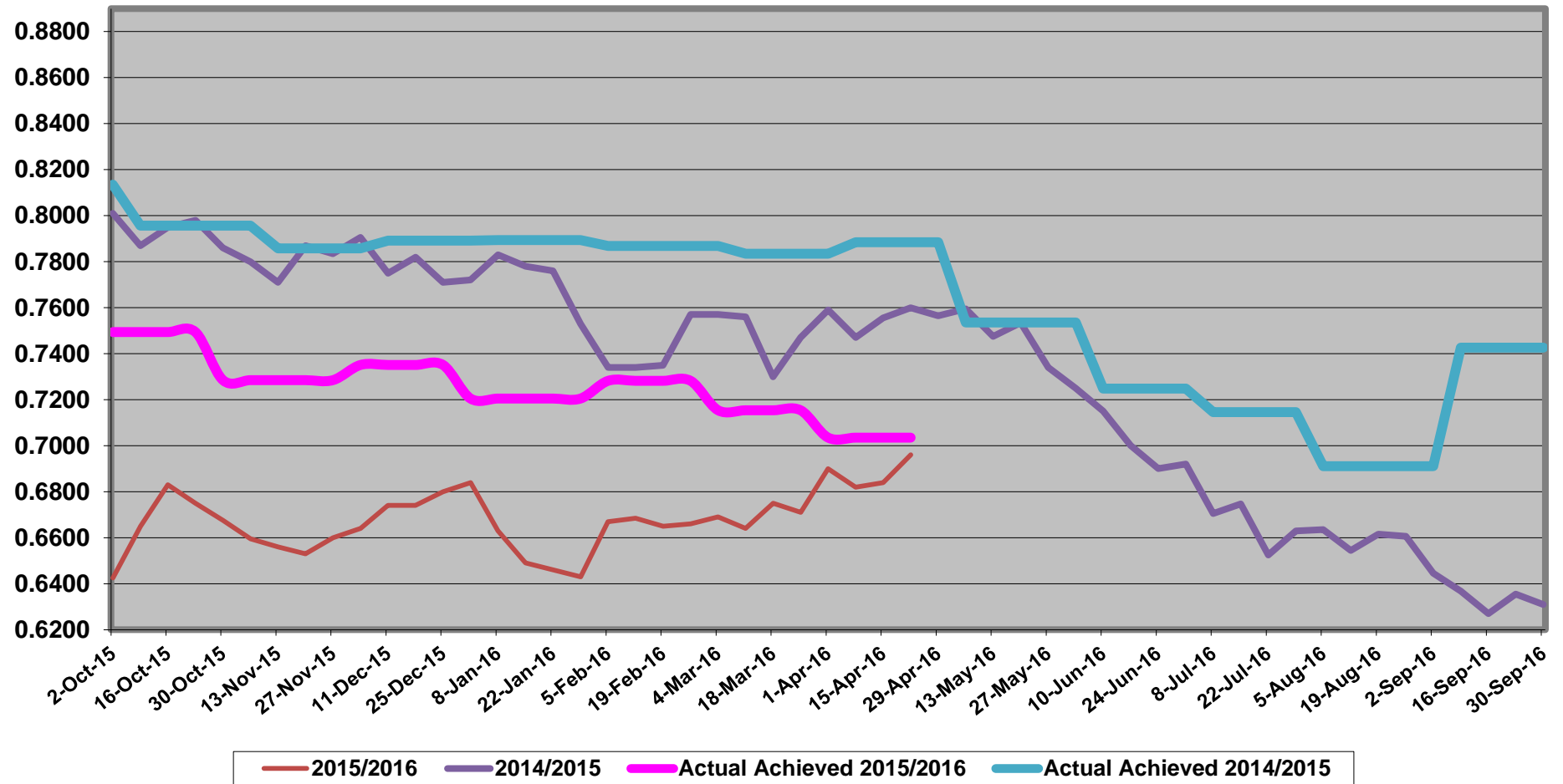
ENCOURAGING PROFIT GROWTH FOR GROUP

Group Adjusted EBIT Bridge - March 2015 to March 2016



FX CONTINUED TO MOVE IN OUR FAVOUR

USD Exchange Rates



RECENT PRESS

A report recently released which is unfortunately being the subject of much media hyperbole is not based on appropriate evidence to draw the conclusions which are now being touted in the media. Sanford wish to reiterate that we:

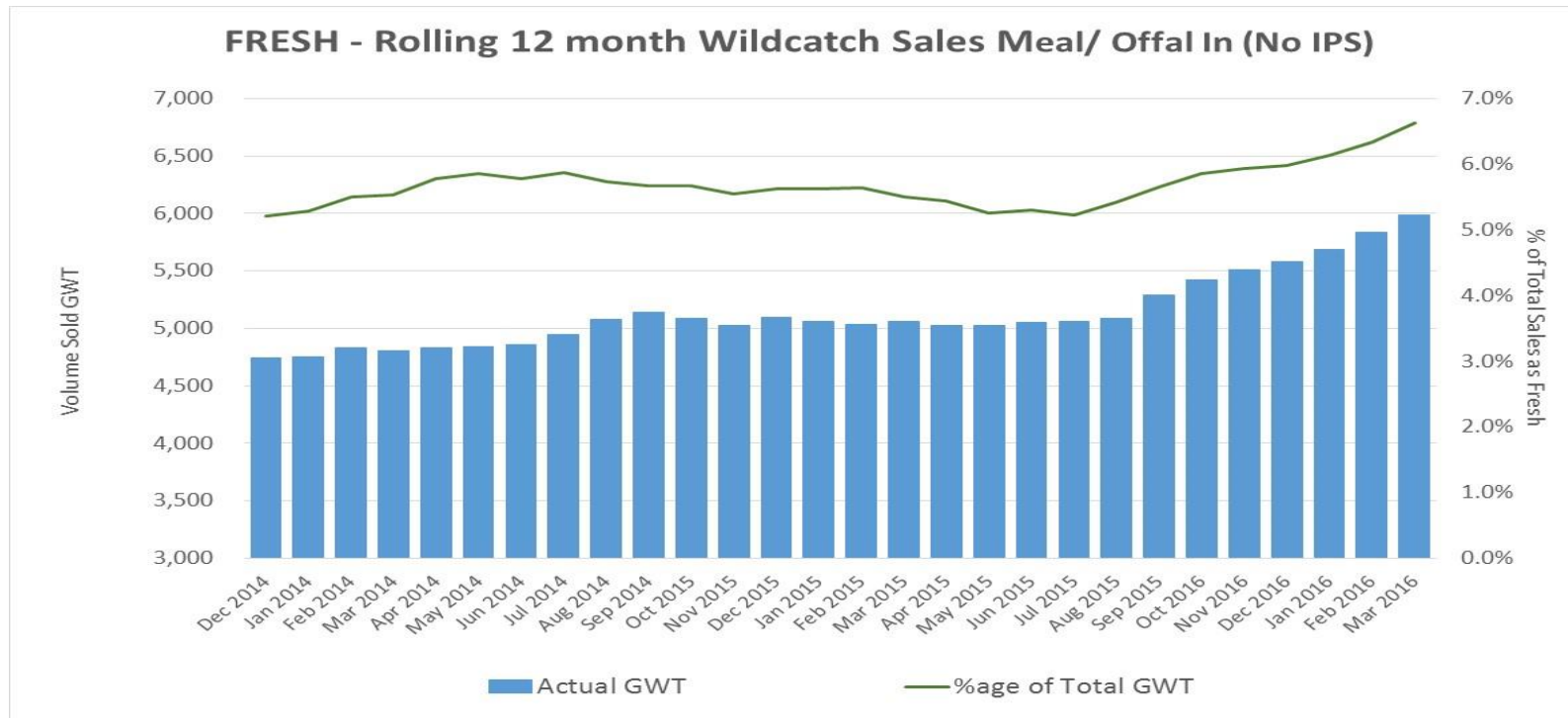
- Focus on landing all QMS species and pay for these
- Find dumping of fish abhorrent and entirely against the values by which Sanford operates.
- Don't waste fish – any fish that is landed and can't be eaten is put into fishmeal.
- Expect 100% compliance of all our fishers including all those who lease our ACE.
- Take action if there is behaviour on the water that is against the law or our brand values so we can stop it from happening.

Operating responsibly and in adherence with regulations is a non-negotiable element of our business. Without due care for our resources we risk the future of our business.



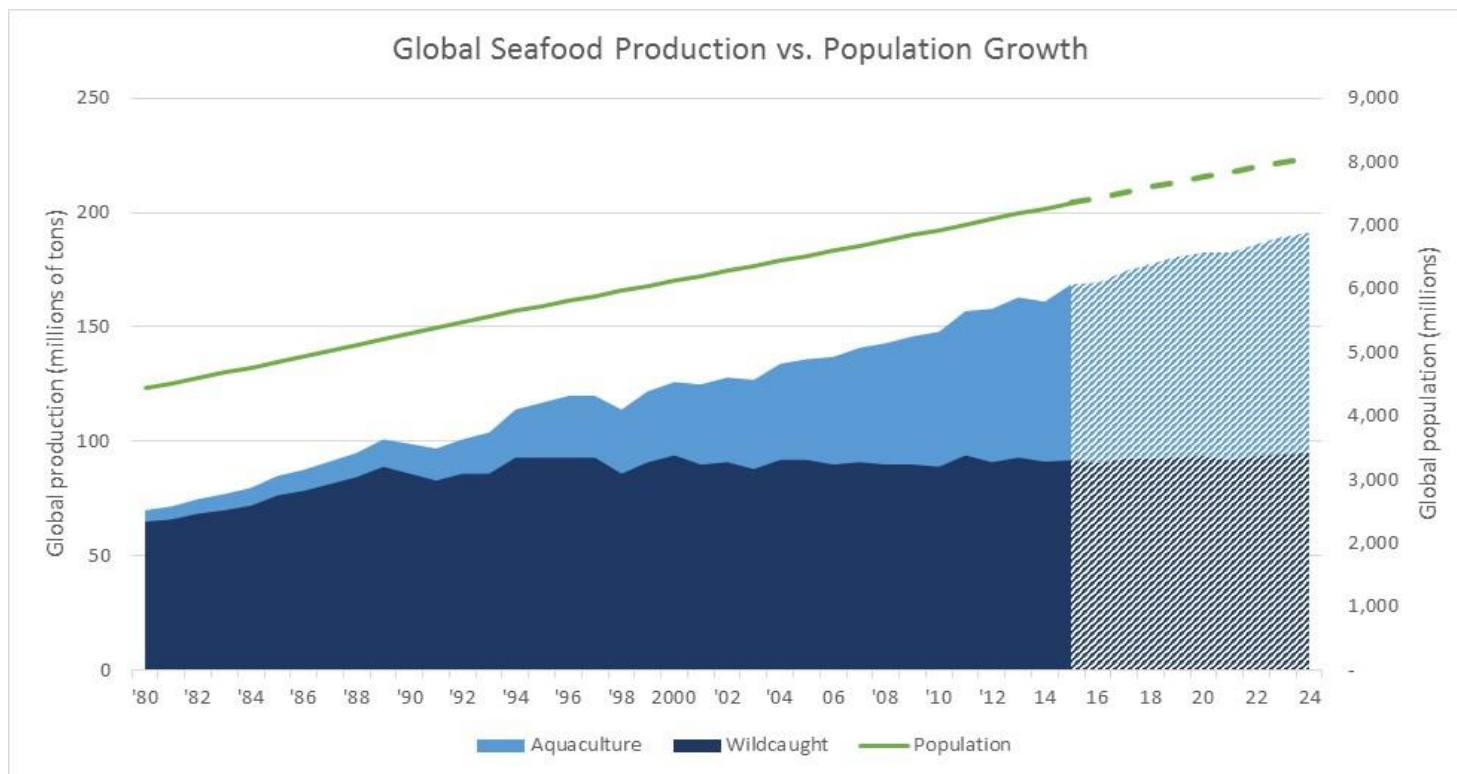
FOCUS ON CUSTOMERS

- Appointment of Andre Gargiulo as Chief Customer Officer will enhance the focus on maintaining and building the strong relations with our existing customer base and the development of new business relationships across the globe.
- ‘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.



GLOBAL SEAFOOD PRODUCTION GROWTH TO COME FROM AQUACULTURE

- Growth from Aquaculture expected c.15 million tonnes
- By 2024 Aquaculture is forecast to be equal to wildcatch in global production
- NZ wildcatch accounts for 0.3% of global wildcatch, and aquaculture accounts for 0.1% of global production
- Global population will continue to grow and consumption of seafood expected to increase

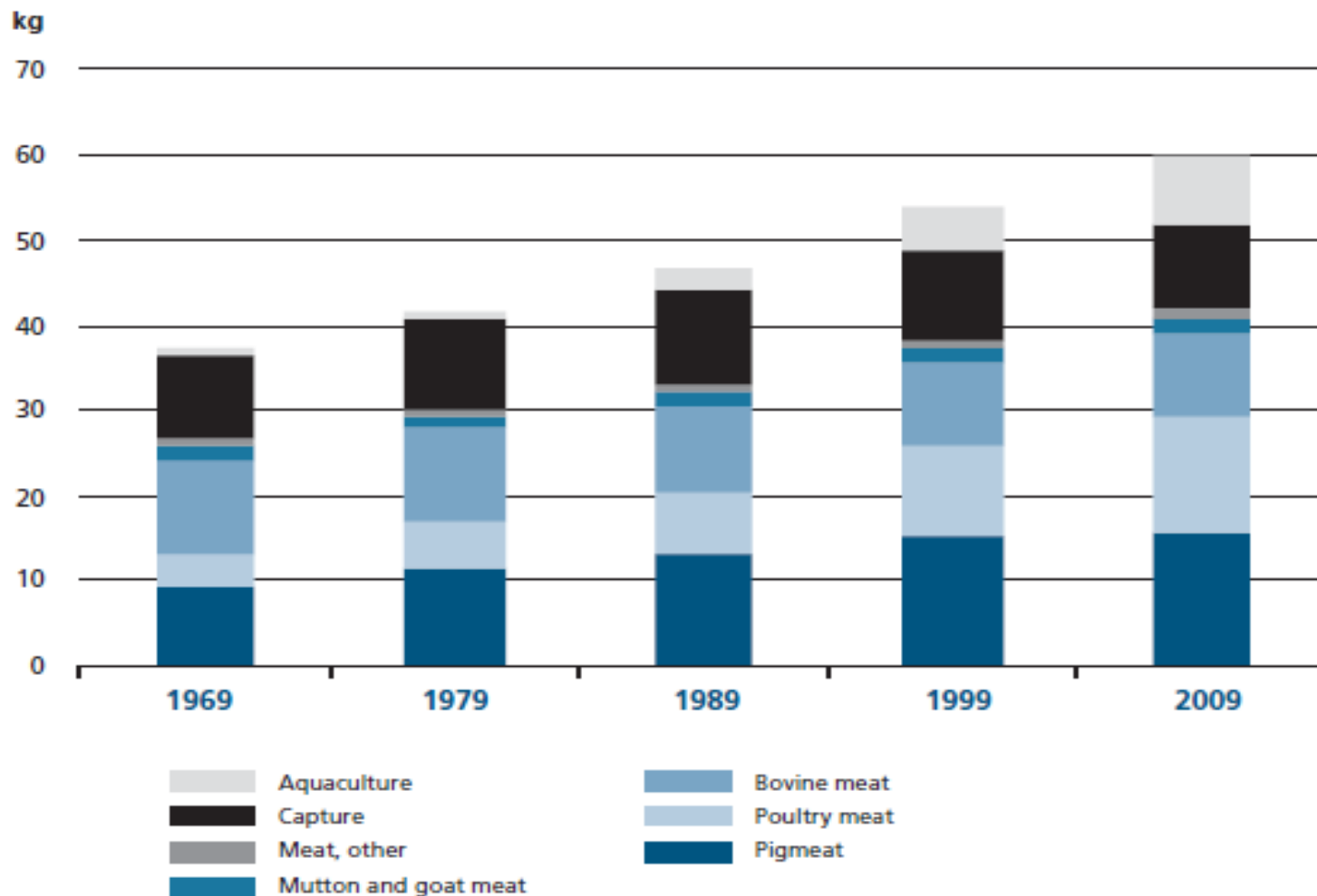


Source: United Nations and OECD

INCREASING CONSUMPTION PER CAPITA

- Aquaculture consumption per capita has grown steadily since 1969, while Bovine meat declined

World per capita meat and fish food supply

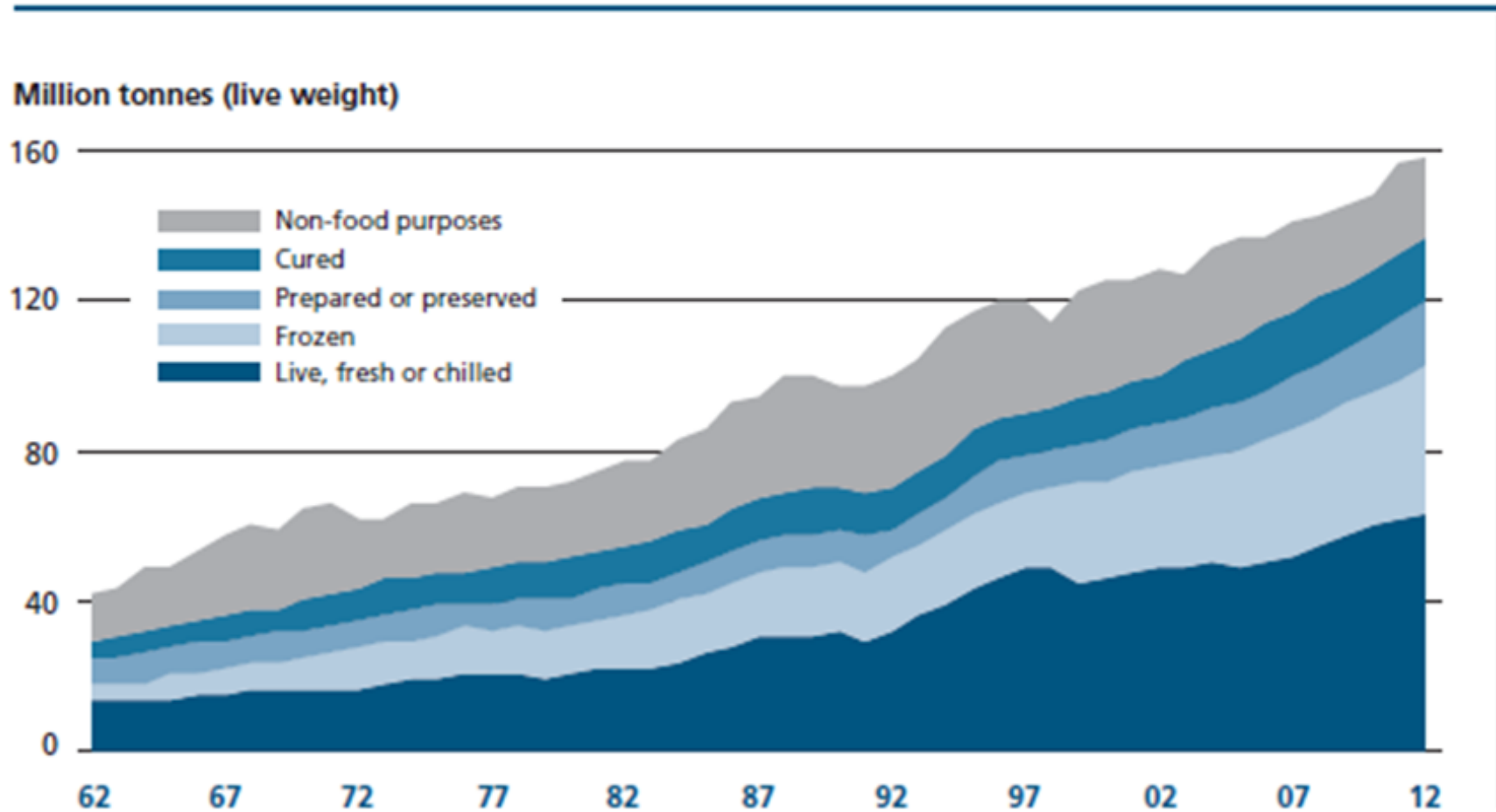


Source: United Nations and OECD

INCREASING CONSUMPTION

- Live and Fresh Seafood trend is good

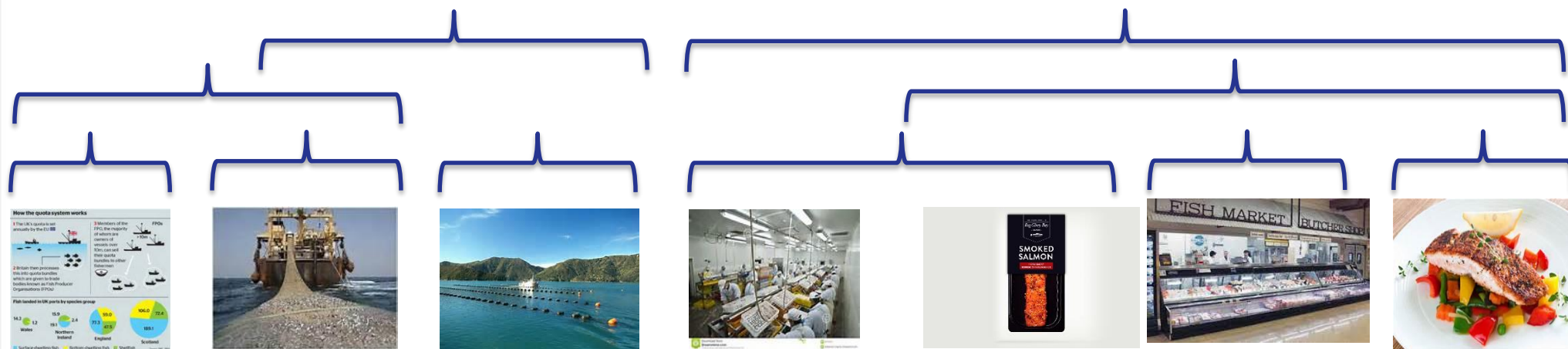
Utilization of world fisheries production (breakdown by quantity), 1962–2012



Source: United Nations and OECD

HOW WILL WE WIN IN A COMPETITIVE ENVIRONMENT?

Others in the Global Seafood Value Chain



Value

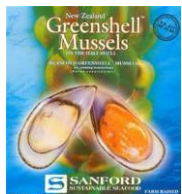
Value through Efficiency

Value via Brands

Opportunity



HOW DO WE BUILD VALUE?



\$5.80

\$180

Foundation

Value Creation



TRANSITION FROM GLOBAL COMMODITY TO PROVENANCE VALUE

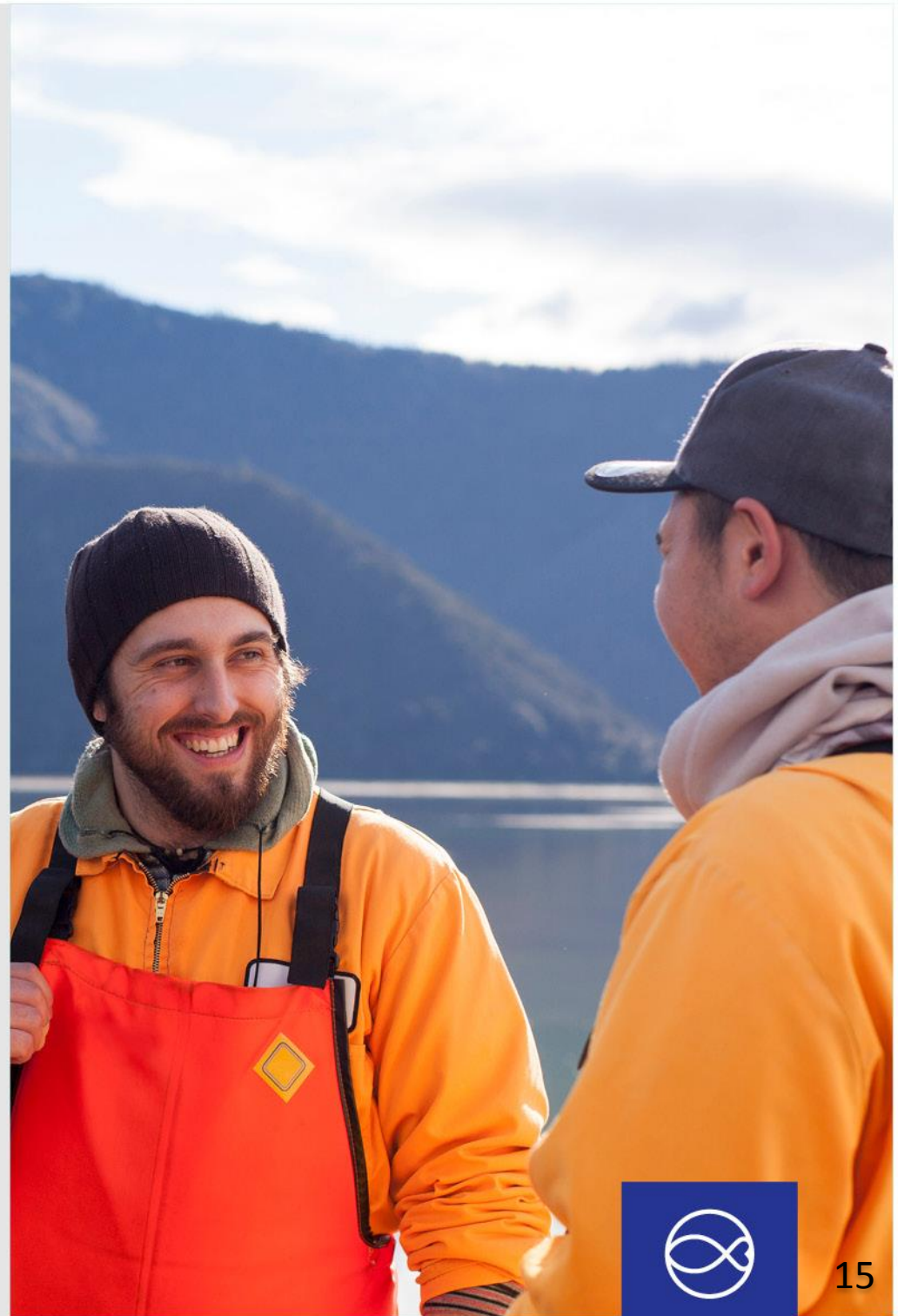


OUR DECISIONS WILL START AND FINISH WITH OUR CUSTOMERS AND CONSUMERS.



FOCUS ON FRESH FISH FROM NEW ZEALAND

- > Increasing demand from
 - > New Zealand
 - > Australia
 - > Asia
 - > Rest of the World
- > NZ offers great variety
- > Precision Seafood Harvesting as a game changer
- > Simplified processes, streamlined logistics
- > Establishing the link to consumers
- > Provenance
- > Gateway to Asia





SANFORD

THANK YOU

