



SANFORD

25 May 2017

Name of Listed Issuer: SANFORD LIMITED (SAN)

INTERIM FINANCIAL RESULTS for the 6 months ended 31 March 2017

Sanford reports 25% Improvement in Net Profit in Six Month Result with Portfolio Diversity offsetting Weakness in Commodity Pricing and Weather Impacts



Image above: Sanford welcomes the arrival of new fishing vessel, the San Granit, into Timaru in November 2016, seen here with the ceremonial bagpipes in the foreground

Highlights

1. Financials

- Improved NPAT to \$19.0m from \$15.3m in H1 F16
- Sales revenue increased 5% to \$230.4m from a year earlier
- Commodity price pressures mitigated by focus on value product pricing increase to deliver 4.4% EBITDA growth

2. Wild catch volume (Inshore and Deepwater)

- Deepwater catches improved across the pelagic sector (mackerels), long liners and freezer vessels
- Inshore catches were negatively impacted by weather events and vessel refits resulting in reduced supplies of fresh fish

3. Aquaculture (King salmon and Greenshell mussels)

- Mussel harvest volume was impacted by limited spat supply in previous years
- Salmon harvest volume was in line with expectations and prior year
- Strong domestic demand for fresh salmon and international demand for frozen product resulted in improved pricing

4. Strategic Initiatives

- Improved focus on the domestic high end food service market resulted in a greater foothold in New Zealand and enabled the launch of the Big Glory Bay brand
- Continued focus on product diversification and improved value addition through innovation
- The first mussels reared from artificially bred spat through the SPATnz PGP will be soon be harvested
- The upgrade of the Auckland Fish Market to deliver a first class consumer experience is underway

5. Health and Safety

- Severity of incidents continue a downward trend, but the number of incidents are increasing
- Concerted efforts by Board and management in emphasising awareness and the need for stronger personal engagement across the company

Sanford Limited (NZX: SAN) has today posted a 25% increase in net profit after tax to \$19.0m for the six months ended 31 March, 2017, compared to the same period in the prior year.

The Group reports improved revenue of \$230.4m for the first half of its financial year, compared to \$219.4m for the same period last year. This has been achieved through increased pricing of higher value, non-commodity offerings such as toothfish, scampi and salmon and shifting production plans towards higher value items such as fillets.

CEO Volker Kuntzsch says this is a heartening validation of Sanford's shift to focusing on non-commodity products, where greater value can be added through branding and a relentless approach to quality.

Mr Kuntzsch says “we have had a challenging first half in some ways – adverse weather impacted operations on numerous occasions and pricing for commodity items such as jack and blue mackerel was lower than we would like, but our ability to still deliver a good result speaks to the value of a focus on fresh and to the resilience we have in this company, resulting from the diversity of our excellent portfolio.”

“Our new vessel, *San Granit*, which is the latest and largest addition to our freezer fleet, took longer than expected to start fishing to capacity because a number of technical adjustments had to be made to optimise the vessel for New Zealand conditions.”

Overall, the wild catch business has performed well, with the volume of fish caught increasing year-on-year by 1,600 tonnes. The longline and deepwater freezer vessels contributed the majority, while the inshore fleet was often hampered by poor weather.

Additions in the fleet were complemented by additions to Sanford’s corporate capability. The company has welcomed a new Chief People Officer - Karen Duffy joined Sanford in February and is working to grow the capability of the business at all levels. Sanford has also appointed the first communications manager in its 150 year history with the addition of Fiona MacMillan as GM Corporate Communications. Both of these appointments speak to the culture change within Sanford and its commitment to transparency.

With the focus on fresh, the company is committed to New Zealand as a market for its seafood. New Zealand was the destination for \$79.7m worth of Sanford product to March 2017, compared to \$68.7m for the same period in 2016.

Aligned with this is the new approach to branding at Sanford. Development work continued in H1 on premium brands, including the Big Glory Bay brand of King salmon, farmed Bluff oysters and Greenshell mussels from Stewart Island. The brand has recently been welcomed to several high end New Zealand restaurants. Sanford’s GM Marketing and Consumer, Justine Powell, says “we have gone in a very short amount of time from servicing no Auckland restaurants to supplying approximately one third of the top 50 eateries. Clearly this is an exciting start and we feel there are more great things to come.”

Mr Kuntzsch and his executive team agree that Sanford has a number of exciting challenges ahead. “We have really just begun this journey and will continue to focus on adding more and more value and thereby creating improved returns with one of New Zealand’s most iconic natural resources.”

Information required by NZX

SANFORD LIMITED		
Unaudited results for announcement to the market		
Reporting Period	6 months to 31 March 2017	
Previous Reporting Period	6 months to 31 March 2016	
	Amount	Percentage change
Revenue from ordinary activities	\$NZ 230.4m	5.0%
Profit (loss) from ordinary activities after tax attributable to security holder	\$NZ 19.0m	24.8%
Net profit (loss) attributable to security holders	\$NZ 19.0m	24.8%
Interim Dividend	Amount per security	Imputed amount per security
	9 cents per share	3.5000 cents per share
Record Date	9 June 2017	
Dividend Payment Date	16 June 2017	



P G Norling

Chairman



V Kuntzsch

Chief Executive Officer