



15 November 2017

Name of Listed Issuer: SANFORD LIMITED (SAN)

FINANCIAL RESULTS for the year ended 30 September 2017

Sanford Reports 8% Improvement in Net Profit

Highlights

1. Financials

- Improved Net Profit After Tax of 8% to \$37.5m from \$34.7m in 2016. Sustained adjusted EBIT* of \$63.7m from \$63.4m.
- Net operating cash flows improved by 46% to \$50.3m from \$34.4m in 2016 on higher revenues and improved collection timeframes.

2. Sales

- Increased revenue of 3% to \$477.9m from \$463.5m in the previous year while volume of greenweight tonne sold was flat year on year, highlighting improved value extraction.
- Stronger pricing achieved for king salmon from our Stewart Island based farm, driven by focused channel strategy, introduction of the Big Glory Bay brand and attention on quality.
- Prices for premium value species such as toothfish, scampi, snapper and orange roughy strengthened.
- Strong focus on high-end foodservice customer base led to increasing sales into the domestic market.

3. Innovation

- Acquisition of Blenheim, New Zealand, based mussel powder business Enzaq in July 2017, giving the Group a platform to launch a high value nutraceutical business.
- Sanford's SPAT_{NZ} hatchery in Nelson, winner of New Zealand Innovation Award for Innovation in Agribusiness and Environment 2017, is progressing as planned with successful hatchery breeding of New Zealand Greenshell™ mussel spat at faster and more consistent growth rate than wild harvested spat.
- Improved utilisation of fish by-product (e.g. skins, swim bladders) and continuing trials on the new fishing method Precision Seafood Harvesting are progressing well.

4. Branding

- Launch of the Big Glory Bay brand for Stewart Island king salmon and Greenshell™ mussels into several high-end New Zealand restaurants supported by a social media awareness campaign.

5. Supply chain

- Kaikoura earthquake (November 2016) led to a two week closure of Sanford's Havelock mussel processing plant, but impact on customer deliveries was successfully avoided through effective supply chain management.
- Prolonged commissioning of the new deepwater vessel *San Granit* and a concentration of vessel surveys created shortfalls in fishing capacity.
- The West Coast fishing season for hoki started later than expected, was inconsistent and finished earlier than planned, resulting in reduced hoki catches.

6. Strategy and capacity building

- The appointment of a new Chief People Officer with focus on culture and capability, taking responsibility for health and safety and driving cultural change and remuneration strategy to assist Sanford in becoming an employer of choice.
- Continuing focus on operational efficiency improvements, while adding capacity in business development, corporate communication, IT and innovation.

7. Sustainability

- Continuing focus on ensuring a sustainable future for our business through active engagement in the communities we work in and through developing measures to mitigate Maui dolphin captures by the fishing industry, advancing thinking on industry's obligation to safeguard our marine environment for future generations and taking action on evolving challenges like climate change and plastic pollution of the oceans.

Summary

We are satisfied with the progress we are making at Sanford in continuing to implement our strategy of enhancing the value of New Zealand's beautiful seafood. After a very gratifying result in 2016 and despite delays in the bedding down of *San Granit*, we have increased the level of Profit After Tax by 8% to \$37.5m for 2017 (2016: \$34.7m) at constant volume.

Adjusted earnings before interest and tax (EBIT) is \$63.7m for the 2017 year (2016: \$63.4m), this is before impairments, one-off restructuring and other one-off costs of \$3.0m, which is lower than the one-off adjustments in 2016 (\$5.6m). This EBIT performance was maintained relative to sales growth of 3%.

Progress towards our goal of an EBIT of \$1/kg of seafood we catch or harvest is a function of differentiating our product portfolio through branding and innovation and the degree of commodity product remaining in our portfolio. The challenge to change this balance towards differentiation is an exciting one. Sanford stands to benefit from a greater focus on innovation and branding and from growing middle classes in Asia and ageing populations in developed countries which point to more seafood consumption per capita.

2017 offered up several challenges including the Kaikoura earthquake and the *Bonamia ostreae* outbreak in Stewart Island which were opportunities to demonstrate the resilience of the Group and the successful operation of relatively new business functions such as supply chain management. The advantage of Sanford's diverse product portfolio and our geographically spread business is highlighted at these times.

The focus on value creation and innovation will continue, as we build on the platform we now have in the nutraceutical market via the acquisition of Enzaq and the technical expertise in Greenshell mussel breeding from our SPAT_{NZ} hatchery and continue to achieve better prices for our premium wildcatch and aquaculture products through a focus on quality and branding.

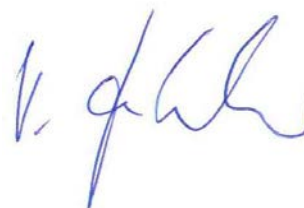
SANFORD LIMITED		
Audited results for announcement to the market		
Reporting Period	12 months to 30 September 2017	
Previous Reporting Period	12 months to 30 September 2016	
	Amount	Percentage change
Revenue from ordinary activities**	\$NZ 477.9m	3.1%
Profit (loss) from ordinary activities after tax attributable to security holder**	\$NZ 37.5m	7.9%
Net profit (loss) attributable to security holders **	\$NZ 37.5m	7.9%
Final Dividend	Amount per security	Imputed amount per security
	14 cents per share	5.44 cents per share
Record Date	30 November 2017	
Dividend Payment Date	8 December 2017	

*As this is a Non-GAAP measure, see page 112 of the Annual Report for a GAAP to Non-GAAP reconciliation.

**Includes both the continuing and discontinued businesses.



P G Norling
Chairman



V Kuntzsch
Chief Executive Officer