



14 November 2019

Name of Listed Issuer: SANFORD LIMITED (SAN)
FINANCIAL RESULTS for the year ended 30 September 2019

**Sanford Reports Higher Returns from Lower Sales Volumes in Full Year Results 2019,
Supporting Value Add Strategy and Innovation Commitment**

	2019	vs 2018
Catch / Harvest Volumes (000 GW tonne)	113	-4%
Sales Volumes (000 GW tonne)	115	-5%
	\$m	
Revenue	545	+6%
Gross Profit	107	-6%
Like for Like Revenue*	558	+8%
Like for Like Gross Profit*	120	+6%
Like for Like Gross Profit %*	21.5%	-0.6%
Adjusted EBIT	64.8	0%
Net Profit After Tax	41.7	-1%
Earnings per Share	44.6 cents	
Dividend per Share	23 cents	
Final Dividend paid 6th December	14 cents	

**Like for like views revenue (and gross profit) comparable to 2018 without implementing the new revenue accounting standard (NZ IFRS 15)*

New Zealand's largest seafood company Sanford Limited (NZX: SAN) has reported Net Profit After Tax (NPAT) for the financial year ending September 30, 2019 of \$41.7m, compared to its 2018 result of \$42.3m. Sanford's underlying Adjusted Earnings before Interest and Tax (EBIT) are \$64.8m, compared to \$64.7 million in 2018. Sales revenue however, increased to \$558m on a like-for-like basis*, up 8% from \$515 million in the prior year, despite sales volume decreasing by 5% to 115,000 tonnes.

CEO Volker Kuntzsch says that while the result did not meet original expectations, it was a good outcome following a difficult year and certainly confirms that Sanford has adopted the right strategy for challenging times.

“Climate change is the number one risk we face as a business. We see the consequences of warmer waters and adverse weather conditions playing out in the oceans and on our bottom line. In this situation, it is important for Sanford to be doing the right thing on the water to ensure we fish sustainably, and also to be vigilant and agile so that we are best placed to manage these changes. Our strategy to mitigate this risk through investing in innovation across the business and bringing our customer focus to life at the same time is clearly bearing fruit. Achieving significant top line growth with reduced volumes strongly aligns with our strategic direction.”

Among the challenges faced by Sanford in 2019 year was the sad loss of crew member Steffan Stewart in a tragic accident on the deepwater vessel, the San Granit. Sanford removed the vessel from operations for three months to complete a further and even more highly detailed risk analysis of all factory equipment and processes, despite having already had extensive adjustments made to the vessel to align it to regulatory safety standards prior to its addition to Sanford’s fleet.

Mr Kuntzsch says safety is a top priority for Sanford.

“With safety such a major area of focus for us, we were pleased that our latest engagement survey shows a very high awareness of the focus on safety and health across the business, with the outcome of 85%, the highest score of the entire survey, well above the international benchmark. We will not compromise on safety and we are glad our people see that and are actively taking part in the safety conversation within the business.”

The three-month tie-up of the San Granit meant a reduction in catch volumes as did the decision by Sanford to support an industry initiative to voluntarily forgo 20,000 tonnes of hoki quota on the West Coast as a precautionary sustainability measure. These volume reductions could only partially be compensated for through higher catches of species like squid and product mix improvements on board the deepwater fleet. The Precision Seafood Harvesting (PSH) fishing method has been approved by the Ministry for Primary Industries (MPI) for use in inshore and in deepwater fishing and has since been deployed across Sanford’s fleet. This New Zealand-developed fishing gear is a game changer in world fisheries, delivering a superior quality of product through its gentler method.

Mr Kuntzsch says “PSH is creating a strong level of interest globally. Our fishing crews and our customers are enjoying the improvement in quality and customers are already telling us they want ‘fish caught the PSH way’.”

In the face of algal blooms limiting harvests in the Marlborough Sounds, Sanford’s mussel business posted an encouraging result on the back of stronger volumes, sales channel focus and product diversification. The mussel powder operation was boosted with the launch of the Sea To Me nutraceutical brand. The company has confirmed its intention to make a substantial investment in a marine extracts facility in Blenheim in 2020.

Sanford’s salmon division delivered a very good result, due to stronger volumes and value realisation. This was partly driven through its Big Glory Bay brand which is now on offer on menus in high end restaurants in New Zealand and the US. Sanford has been granted a consent variation for its Stewart Island salmon farm which will allow it to farm up to 30% more fish over the next three years. The salmon business was challenged by an algal bloom causing higher mortalities and a management plan is now in place to deal with climate change related risks in Big Glory Bay.

Sanford Chief Financial Officer Katherine Turner says despite reporting flat year-on-year EBIT, 2019 has been very successful in achieving other key milestones.

“We have laid the foundation for further value creation by realising a number of operational projects, for example the sale of our pelagic business in Tauranga and the footprint optimisation in Southland. Furthermore, the innovation and value strategies are proving themselves, and we are now focusing on investing into our scampi fleet and the marine extracts facility. The opening of the refurbished Auckland Fish Market in the city’s rapidly growing Wynyard Quarter earlier this year went really well and highlights our increasing focus on consumers. It includes our Sanford and Sons Fishmonger where we showcase our wonderful seafood to the public.”

Another key measure necessary to ensure successful implementation of the company’s strategy is people engagement. Ms Turner says higher engagement survey results from staff and sharefishers provided one of the most satisfying numbers for the leadership team.

“We saw a lift in our people engagement in 2019 with an overall engagement score of 72% which was a significant improvement on 2018. Of the many numbers we report, this is one of the most satisfying, along with the staff endorsement on health and safety already mentioned.”

Volker Kuntzsch agrees.

“Having our people focused on our strategy, embracing our values of care, passion and integrity and the principle of achieving together, this is also for me a very satisfying aspect of 2019. With that level of engagement from our people, we are now well placed to make 2020 a year of further successes. As our heightened level of investment into asset rejuvenation and innovation continues over the next three years, we will be creating greater value for every kilogram of seafood we harvest. Along the way, we will need to tackle the challenges of climate change and ensure we stay abreast of rapidly changing customer and consumer expectations. We want our people to feel increasingly engaged in this journey and together we are feeling positive about what we can do in 2020.”

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