



18 November 2015

Name of Listed Issuer: SANFORD LIMITED (SAN)

FINANCIAL RESULTS for the Year Ended: 30 SEPTEMBER 2015

Sanford Limited reports very strong cash flow on the back of improved operational business performance.

Highlights

1. Financials

- Strong cash flow from operations of \$55m (2014: \$32.5m), which resulted in \$27m debt reduction to \$149m (2014 net debt: \$176m), allowing full year dividend of 23c per share
- Significantly improved operational business performance with adjusted EBIT of \$52.4m (2014:\$42.0m), before one off items
- Addressed non performing parts of the business, incurring one off cost of \$16.3m, including \$13.3m of non-cash impairment of assets
- NPAT of \$13.8m (2014:\$22.4m) impacted by one off items

2. Wild catch volume (Inshore and Deepwater)

- Catches were generally in line with expectations and last year at 86,000 tonnes

3. Aquaculture (Salmon and Mussel)

- Salmon harvest volume grew 10.6% from last year with good growth and feed conversion ratio
- Mussel growth impacted by environmental conditions, leading to reduction in harvest
- All South Island mussels now processed through automated Havelock plant

4. Strategic Initiatives

- Exit of non-profitable IPS business
- New brand incorporating our Sanford Values
- Complemented operational structure with financial expertise and dedicated supply chain management
- Marine Operator Safety System certification across majority of our vessel fleet
- Excellent progress of Primary Growth Partnership projects 'Precision Seafood Harvesting' (PSH) and 'SPATnz'

5. Health and Safety

- Developed Health & Safety performance lead indicators to place emphasis on prevention, education and employee involvement in decisions concerning the safety of their workplace

6. Social responsibility

- Doubled our financial contribution to community and charity programmes, including a new partnership with Paralympics NZ
- Increased participation in industry and cross sectoral groups and forums to further our social license to operate

CEO Volker Kuntzsch is pleased with the progress Sanford had made in 2015, a year which saw many key strategic decisions taken by the Board and Management. This included exiting non-core and non-profitable activities like the International Purse Seining Tuna business and shifting the focus in Australia to marketing away from fishing. Another tuna fishing vessel was divested and the remaining vessel is on the market. Australia remained a strategically important market for Sanford although its limited quota holding and the lack of economies of scale in fishing the Great Australian Bight prevents the company from competitively fishing there. The decision to take a NZD6.5 million non-cash impairment of that asset will re-focus the company's efforts towards the marketing and selling of its NZ based catch which is in high demand in Australia.

Kuntzsch is particularly delighted with the company's strong cash flow performance which had enabled the company to reduce its borrowings by \$27 million (15.3%) in 2015. "This remarkable achievement is partly due to the new Supply Chain and Procurement team, which was introduced to focus on streamlining the supply chain and enable efficient sourcing", Kuntzsch said. "Sales and Operations Planning processes were introduced to the business to efficiently link supply capabilities with customer demand. Better and more effective planning had resulted in significantly improved mix of stock holding with sell down of low value stock items like mackerel and fish meal. An effective S&OP process is critical to the business in realising its strategic goal of delivering fresh, beautiful New Zealand Seafood to the world."

Sanford's deep water and inshore fishing businesses performed well. Catches were generally in line with expectations and despite some pressure on selected whitefish commodity prices, sales were satisfactory overall.

While Sanford's salmon farming operation performed well, Greenshell mussel farming faced some environmental challenges which impacted on mussel growth rates and quality. The reduced supply of mussels led to a consolidation of Sanford's South Island operations into the automated mussel processing plant in Havelock.

“The result of the company speaks for itself with adjusted EBIT of \$52.4m, before one off items, representing a 24.8% improvement on prior year on a comparable basis (2014:\$42.0m). However, addressing the non-performing parts of the business came with a one off cost of \$16.3m (\$13.3m of non-cash impairment), reducing the company’s reported Profit after Tax for the year to \$13.8m compared to \$22.4m in 2014.”

Kuntzsch highlighted the progress his team has made in 2015. “The year was marked by the introduction of a new direction which led to the introduction of a new logo and tagline and changes in the organisational structure, the way we work and in the focus on our resources. The next step will be a consolidation of these changes into specific activities pointed at creating value. In addition to the focus on delivering an increasing share of chilled seafood we will continue our innovative approach to improved utilisation of fish by-products, waste and alternative uses of commodities. The recent commitment to investing in an additional freezer trawler will result in greater value from our frozen seafood portfolio.

Global population growth and an ever increasing middle class with a greater appreciation for healthy food options in many of our customer countries bode well for New Zealand seafood and Sanford as a supplier of high quality products. Now that we have aligned our organisational structure with the strategy and vision, we will continue with dedication on our customer driven journey.”

Final dividend: 14cps (14cps)

Record date: 2 December 2015

Payment date: 9 December 2015

Imputation tax credit on final dividend: 5.4444cps

Non-GAAP Measures

	2014	2015
	(\$m)	(\$m)
Reported EBIT	44.1	36.1

Adjust for one off Items

Impairment of assets	2.3	13.3
Restructuring costs		3.0
Gain on business combination	(2.2)	
Insurance receipt	(2.2)	
Total one off items	(2.1)	16.3

Adjusted EBIT	42.0	52.4
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Information required by NZX


SANFORD LIMITED		
Audited results for announcement to the market		
Reporting Period	12 months to 30 September 2015	
Previous Reporting Period	12 months to 30 September 2014	
	Amount	Percentage change
Revenue from ordinary activities*	\$NZ 455.3m	(1.1%)
Profit (loss) from ordinary activities after tax attributable to security holder*	\$NZ 13.8m	(38.4%)
Net profit (loss) attributable to security holders *	\$NZ 13.8m	(38.4%)
Final Dividend	Amount per security	Imputed amount per security
	14 cents per share	5.4444 cents per share
Record Date	2 December 2015	
Dividend Payment Date	9 December 2015	

*Includes both the continuing and discontinued businesses.



P G Norling

Chairman



V Kuntzsch

Chief Executive Officer