



SANFORD

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## NZX Continuous Disclosure

### Sanford Market Update – Challenging Market Conditions Continue

Sanford Limited (NZX: SAN) is continuing to face market challenges, due to the ongoing disruption to global food service markets caused by the impacts of Covid-19.

Year-to-date trading conditions and expected financial outcomes are similar to those seen in the second half of the prior financial year ended 30 September 2020.

Acting CEO Andre Gargiulo says the ongoing impacts of Covid-19 remain a significant challenge for seafood producers focused on food service.

“While longer term dynamics remain positive, difficult conditions could remain for the full year.”

“Food service continues to be unpredictable globally, with restaurants and other food service businesses having been badly hit by ongoing lockdowns. Where possible, Sanford has made the switch to retail in fresh salmon and white fish and we are continuing to develop further opportunities to increase our retail footprint”.

The company has taken action to reduce inventory levels, which have flattened out. However, pricing is compressed, being on average 8% lower than the same period last year, adversely impacting margins. Supply chain and inventory holding costs are up approximately 25 percent on a year ago, reflecting cost pressure from current inefficiencies in global freight markets.

Pricing is under pressure across all divisions. Sales volumes remain consistent for salmon and wildcatch but mussels are negatively impacted in both volume and pricing, when compared to the prior six-month period.

Mr Gargiulo says the company’s balance sheet remains strong.

“We have good support from our lenders and sufficient debt headroom. We are also continuing action on a programme of cost reduction and business improvement initiatives, enabling us to realise short term benefits and scale up our operations as markets improve.”

Sanford has also completed the sale of two non-strategic property assets in Christchurch and Tauranga, which has realised an additional \$24m of cash receipts.

Mr Gargiulo says the necessary short-term responses to the effects of Covid-19 have not altered its long term strategy.

“We see ourselves as a company built on a strong commodity base, which is also focused on growing value, by realising greater margins from our beautiful New Zealand seafood.”

Sanford will report its interim results in the second half of May 2021.

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