



16 November 2016

Name of Listed Issuer: SANFORD LIMITED (SAN)

FINANCIAL RESULTS for the year ended 30 September 2016

Sanford reports 152% Improvement in Annual Net Profit With Increased Focus on Value Creation From Reduced Wildcatch

Highlights

1. Financials

- Significantly improved NPAT of 152% to \$34.7m from \$13.8m in F15. Operational performance improved by 85.5% with reported EBIT of \$57.7m (2015: \$31.1m)
- Reported EBIT, as a proportion of sales, grew from 6.9% to 12.4%, which reflects the focus on more value add, in particular fresh (non-frozen), products

2. Sales

- Revenue increased from \$450.3m in 2015 to \$463.5m, with sales volume down 11.1% compared to prior year. Volume was mainly impacted through discontinuation of skipjack tuna operations in the Central and Western Pacific region and limiting catches of pelagic species in line with demand
- Greater focus on domestic customer base and food service resulting in strong growth in the New Zealand market
- Product pricing was generally favourable, but mussels suffered from strong competition, underlining the focus for product diversification

3. Wild catch volume (Inshore and Deepwater)

- Lower catches in the pelagic sector (mackerels, tunas) and variable performance of the fishing fleet led to a 6.5% reduction in landings compared to prior year
- A focus on higher value species including toothfish and orange roughy and improved squid catch compensated for the reduced overall catch

4. Aquaculture (King salmon and Greenshell mussels)

- Strong domestic demand for fresh salmon enabled improved product cascade at greater operational efficiency
- Lower feedstock cost and better feed conversion rate also contributed to improved results.
- The positive salmon performance compensated the impact of El Niño producing less than desirable large mussels in the early part of the year, although mussel harvest volume increased 4.5% year on year

5. Strategic Initiatives

- Completion of the exit from the Pacific tuna business with the sale of *San Nikunau*
- Excellent progress of Primary Growth Partnership projects 'Precision Seafood Harvesting' (PSH) with the launch of the Tiaki brand and SPATnz with batches of spat being deployed successfully
- Key appointments in sales, marketing and sustainability to support strategy

6. Health and Safety

- Continued emphasis on the health and safety of our employees, contractors and visitors to reduce risk as much as practicable
- Notifiable event injuries halved to 6 from prior year
- Although the number of lost time injuries increased year on year, actual days lost due to injury reduced significantly

7. Summary

The continued focus on delivering greater value from our seafood through improvements in the product cascade, operational efficiencies, supply chain and procurement practices coupled with an increasingly differentiated approach in sales and marketing, has enabled us to deliver a very pleasing result for 2016, says Sanford CEO Volker Kuntzsch.

Continuing operations revenue has increased by 5.5% year on year against a sales volume reduction of approximately 11%. The volume decline is largely attributable to reduced catches of pelagic species (mackerel, skipjack tuna) to align supply with demand and limit cold storage. Limiting the amount of lower value pelagic species in our portfolio, while targeting a higher volume of chilled fish sold to customers or directly to consumers resulted in a significant increase in value from prior year. Overall, value per kilogram of greenweight fish, a measure that combines the outcome of targeted operational activities with a sustainability focused approach, has improved by over 45% compared to last year.

The improvement in EBIT was also helped by a weaker NZ dollar and lower fuel cost. The strong El Niño weather phenomenon negatively impacted mussel growth, but led to an abundant availability of squid in New Zealand waters. A general shortage of squid in other fishing areas around the globe supported strong pricing for this species. A successful toothfish catching season, excellent demand and the significant reduction in availability of illegally caught product resulted in a good year for toothfish. Sanford's King salmon business continued to improve, driven primarily by strong demand in New Zealand for fresh salmon.

The result was impacted by an impairment of \$5m for the *San Nikunau* vessel, Sanford's last remaining international purse seiner, which was sold earlier in the year to complete the exit from an unsustainable business.

Additional impacts on the result through cost, primarily in administration and centralised functions, reflect the investment into the development of a customer focused organisation. The enhancement of Sanford's sales and marketing teams, sustainability, people management and the introduction of new disciplines such as supply chain management

resulted not only in a build-up of much needed capability to help Sanford reach its vision, but also delivered a noticeable contribution to the profitability of the Group.

The appointment of a Chief Customer Officer, General Manager Brand and Consumer, Domestic Market Director and General Manager Sustainability clearly highlights where the primary strategic emphasis will be placed to create more value with New Zealand's precious marine resources. A more pointed interaction with the users and consumers of our seafood and a segmentation of our product portfolio into value added and commodity brands will bring this strategy to life over the coming year.

Final dividend: 14cps (14cps)

Record date: 1 December 2016

Payment date: 9 December 2016

Imputation tax credit on final dividend: 5.44cps

Non-GAAP Measures

	2016	2015
	(\$m)	(\$m)
Reported EBIT	57.7	31.1

Adjust for one off Items

Impairment of assets	5.4	13.3
Restructuring	0.2	3.1
Total one off items	5.6	16.4
Adjusted EBIT	63.4	47.5

Information required by NZX

SANFORD LIMITED		
Audited results for announcement to the market		
Reporting Period	12 months to 31 September 2016	
Previous Reporting Period	12 months to 31 September 2015	
	Amount	Percentage change
Revenue from ordinary activities*	\$NZ 463.5m	2.9%
Profit (loss) from ordinary activities after tax attributable to security holder*	\$NZ 34.7m	152%
Net profit (loss) attributable to security holders *	\$NZ 34.7m	152%
Final Dividend	Amount per security	Imputed amount per security
	14 cents per share	5.44 cents per share
Record Date	1 December 2016	
Dividend Payment Date	9 December 2016	

*Includes both the continuing and discontinued businesses.



P G Norling
Chairman



V Kuntzsch
Chief Executive Officer