



SANFORD

ANALYST RESULT BRIEFING FINANCIAL YEAR ENDING 30 SEPTEMBER 2017

15 NOVEMBER 2017



**BEAUTIFUL
- NEW ZEALAND -
SEAFOOD**

DISCLAIMER

This presentation contains not only a review of operations, but also some forward looking statements about Sanford Limited and the environment in which the company operates. Because these statements are forward looking, Sanford Limited's actual results could differ materially. Media releases, management commentary and analysts presentations, including those relating to the previous results announcement, are all available on the company's website and contain additional information about matters which could cause Sanford Limited's performance to differ from any forward looking statements in this presentation. Please read this presentation in the wider context of material previously published by Sanford Limited.

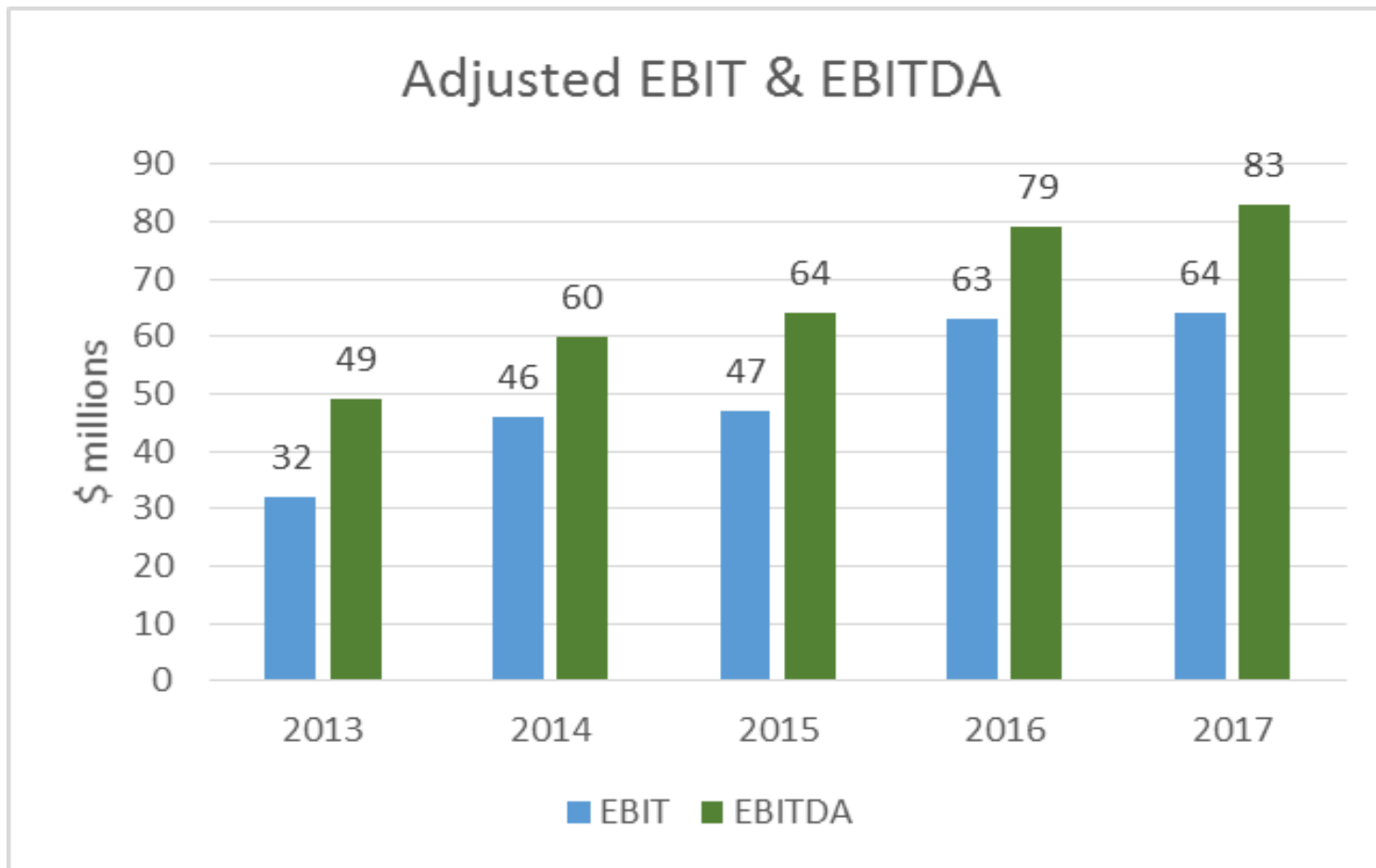
HIGHLIGHTS

- > NPAT up 7.9% to \$37.5m Adjusted EBIT improvement of 0.6% to \$63.7M
- > Revenue improvement of 3.1% to \$477.9m
- > Good pricing improvements in high value species like scampi, toothfish and salmon
- > Over 20,000 GWT processed at the Havelock plant a new record (12% higher than previous record)
- > Purchase of Enzaq, providing a platform to launch our nutraceutical business, and added 1,000MT of raw material processing capacity
- > SPAT_{NZ} hatchery produced 4 billion ready to settle larvae, achieved first full scale harvest

CHALLENGES

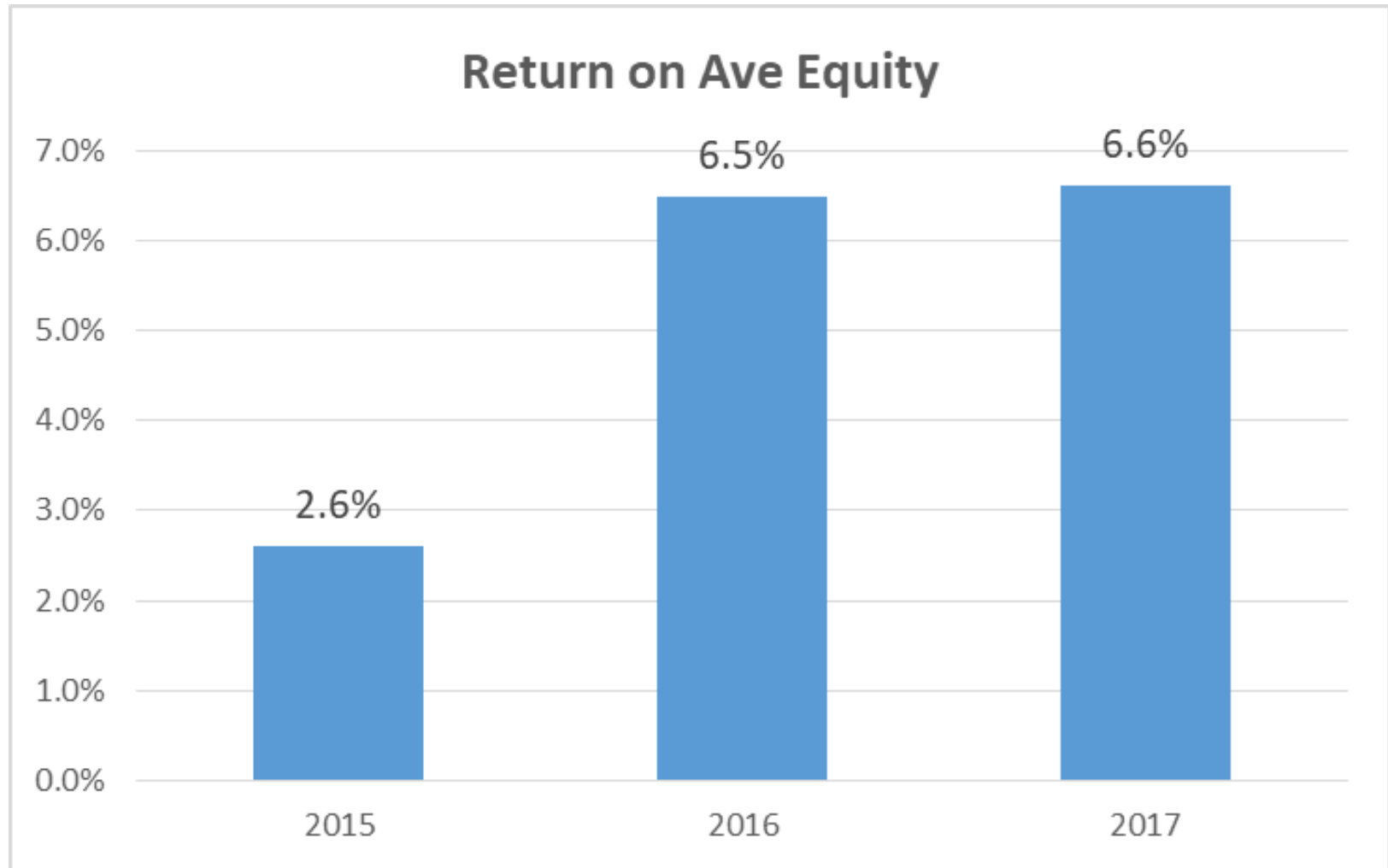
- > \$3.0m impairments, one-off vessel disposal costs and one-off restructuring cost
- > \$4.0m cost to business due to vessel and factory commissioning of San Granit
- > \$2.1m impact to business due to the shorter than expected catch season for hoki on the west coast
- > Greenshell mussel, fish meal and pelagic pricing
- > Relatively static health & safety lag indicators such as LTIFR
- > Bonamia Ostreae affecting farmed Bluff oyster production

CONTINUED IMPROVEMENT IN EBIT AND EBITDA



- Value strategy continuing strongly, with a positive result despite a challenging year in fishing
- Focus on value and customer increased return
- Strong price gains on premium species of salmon, toothfish and scampi

CONSTANT RETURN ON EQUITY



- Last year's improvement has been maintained

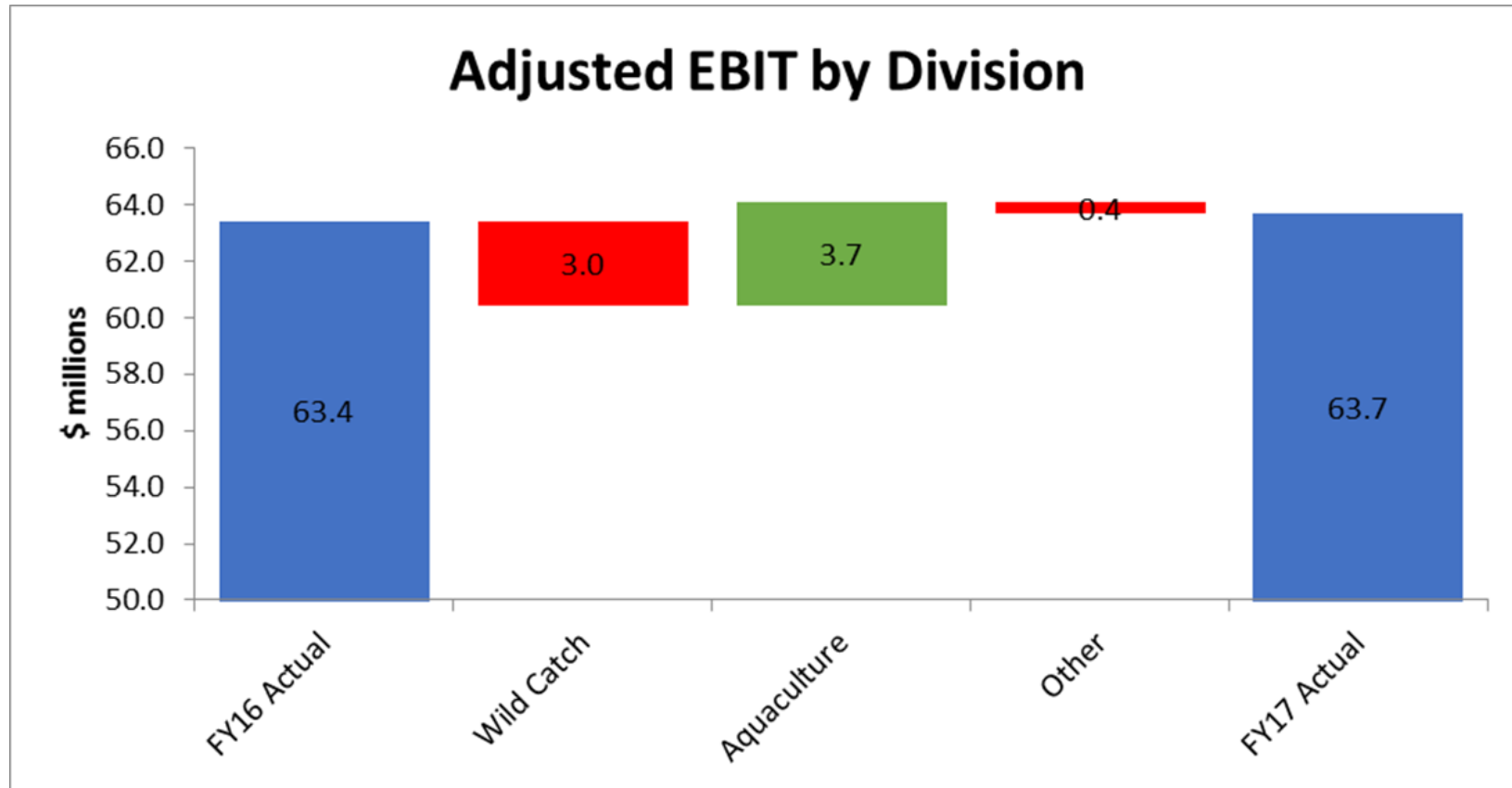
ADJUSTED EBIT OF \$63.7M *

	2017	2016
	(\$m)	(\$m)
Reported EBIT	60.7	57.8
<u>Adjust for One off Items</u>		
Impairment of Assets	2.1	5.4
Restructuring costs	0.4	0.2
Provision for one-off vessel disposal costs	0.5	-
Total one off items	3.0	5.6
Adjusted EBIT	63.7	63.4
D&A	18.8	15.5
Adjusted EBITDA	82.5	78.9

- Consolidated EBIT position despite challenging mussel meat and pelagic markets and start up of additional factory vessel
- A 5% increase in Adjusted EBITDA from \$78.9m to \$82.5m
- EBITDA % increased from 17.0% to 17.3%

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

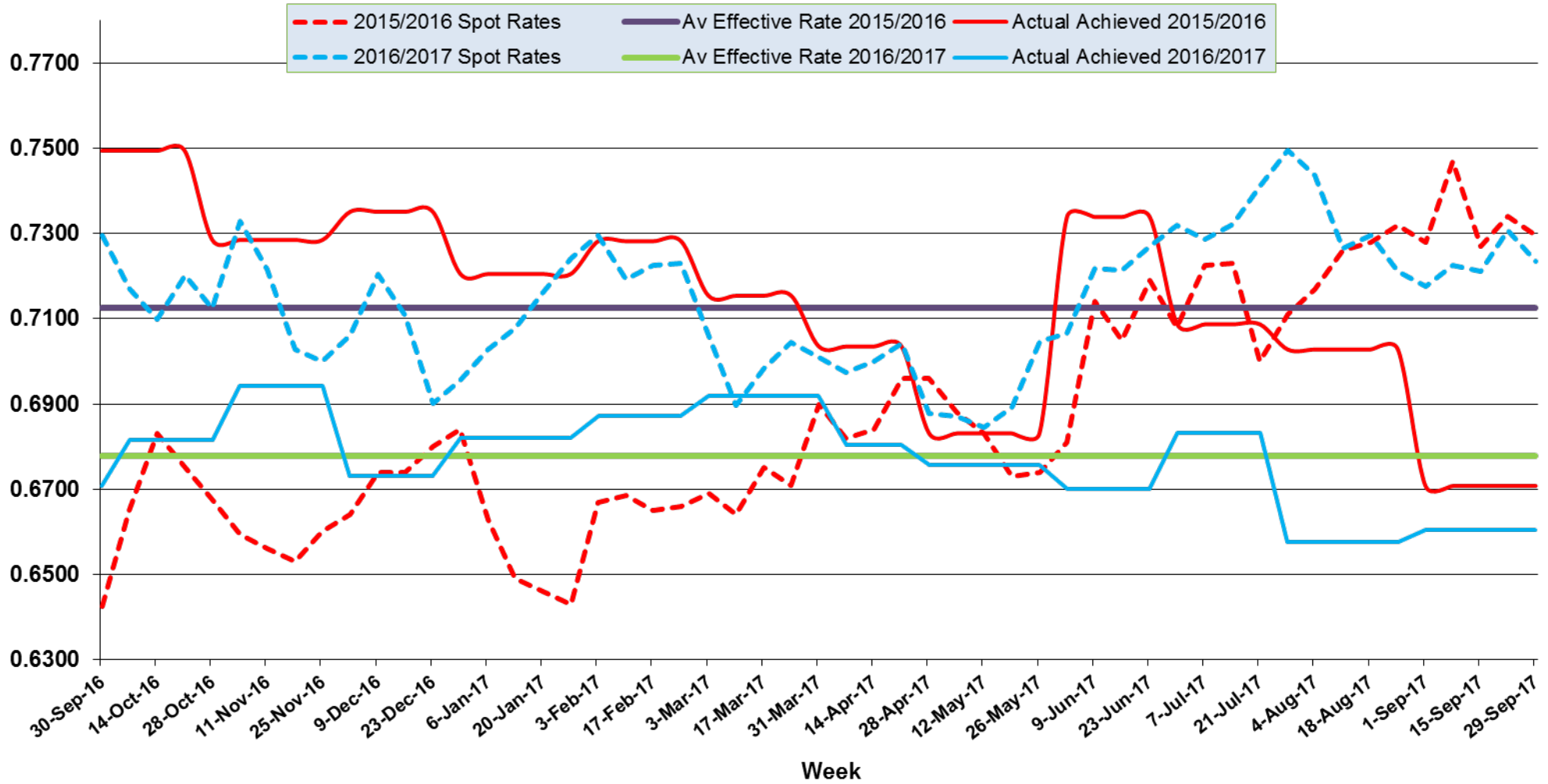
GOOD IMPROVEMENT IN AQUACULTURE



- Focus on value and customers positively lifted wild catch performance. Short hoki season along with San Granit's longer than anticipated commissioning impacted the wild catch result
- Salmon business continues to improve through branding and channel focus
- Mussel business stable despite European meat market decline
- Investment commenced at the Jellicoe Street retail site impacting on this year's profitability

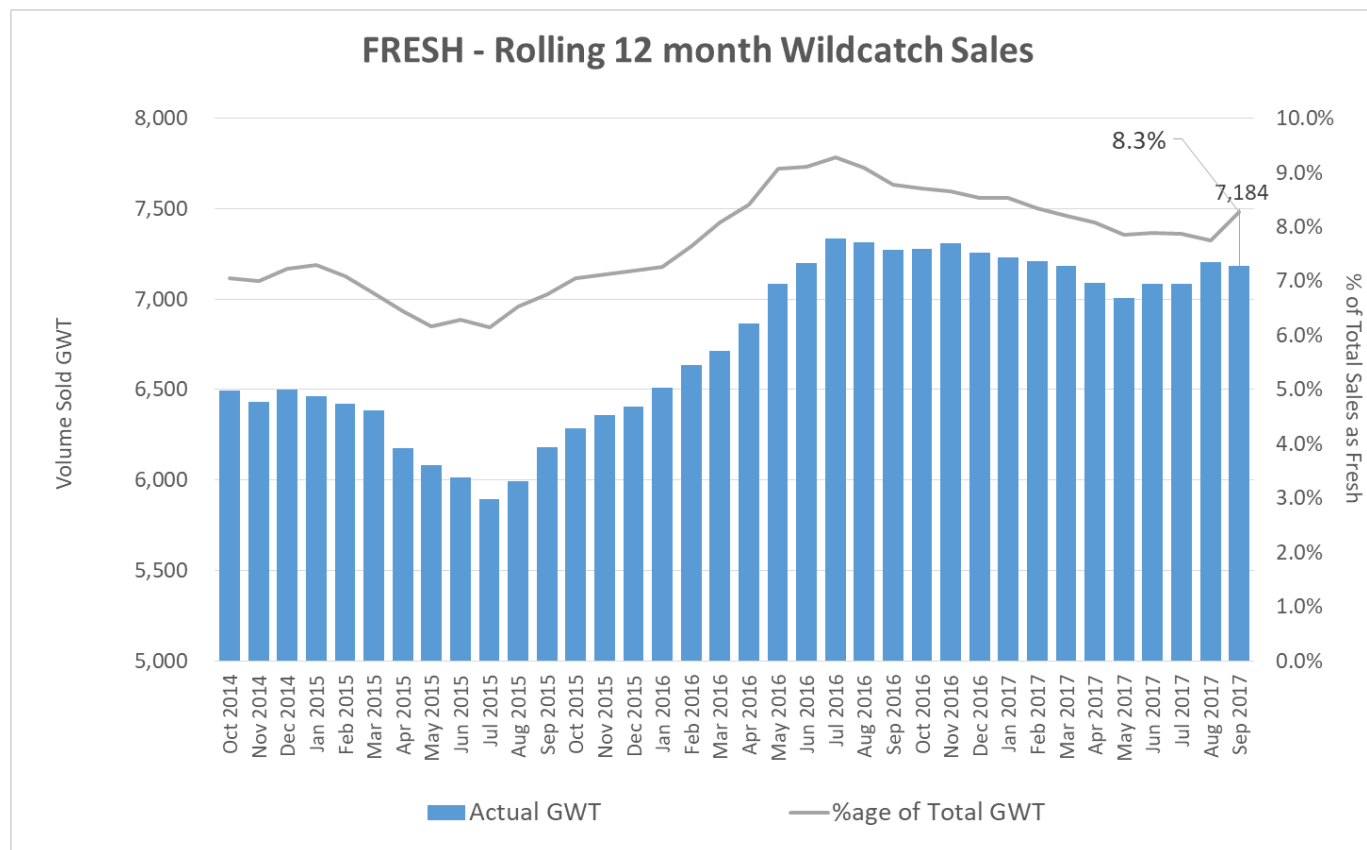
FX HEDGING DELIVERED STABILITY TO RESULT

USD Exchange Rate
2016 Year compared to 2017 Year



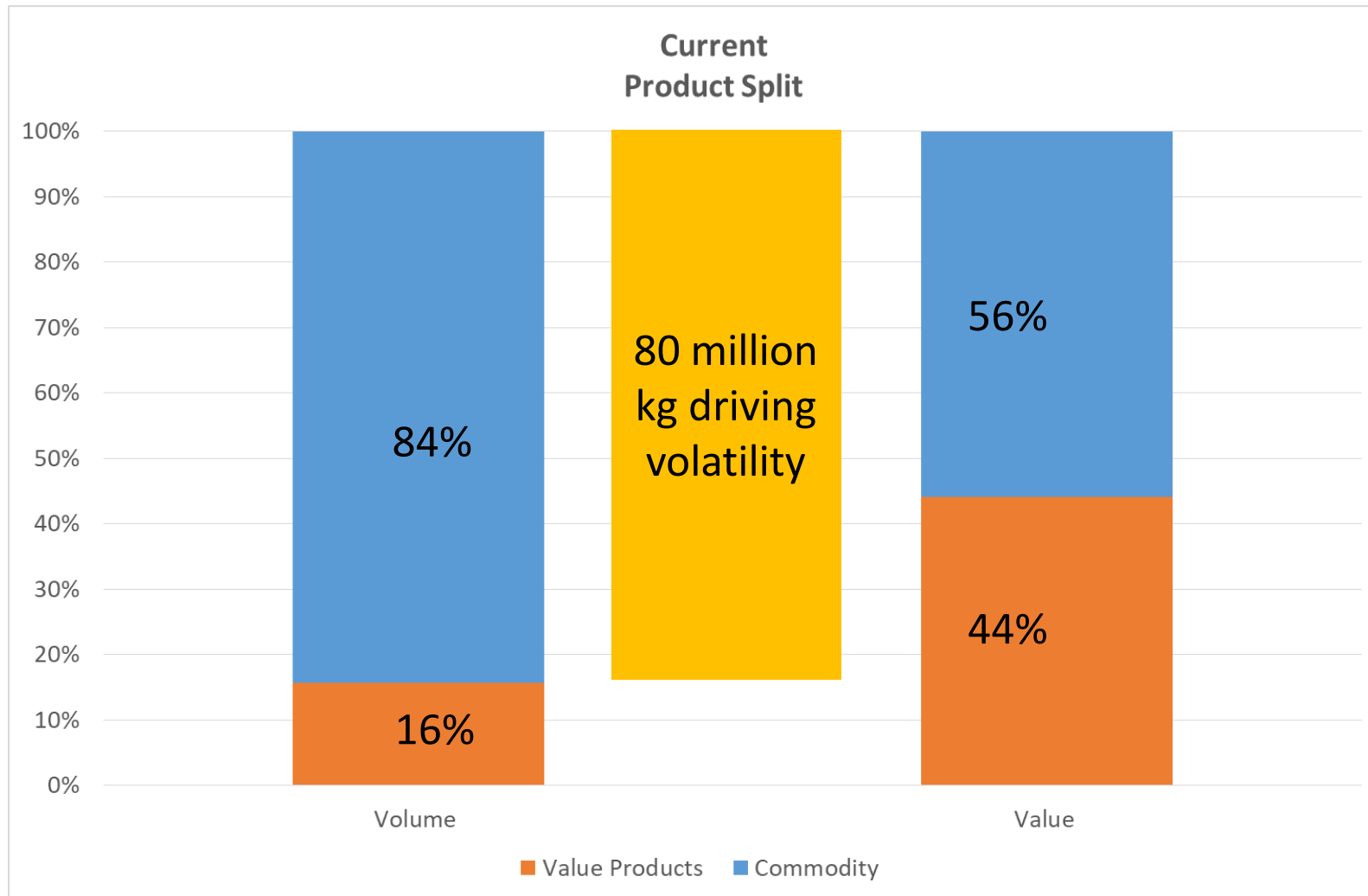
FOCUS ON CUSTOMERS

- ‘Focus on Fresh’ emphasis has been maintained during year with volumes holding at the new level
- Volume has remained static due to harvesting limitations impacting availability
- A focus on foodservice channel in New Zealand has seen a wider range of fresh cuts being offered to the market, to drive higher value returns
- Investigations into export opportunities to partner with key customers to drive market penetration



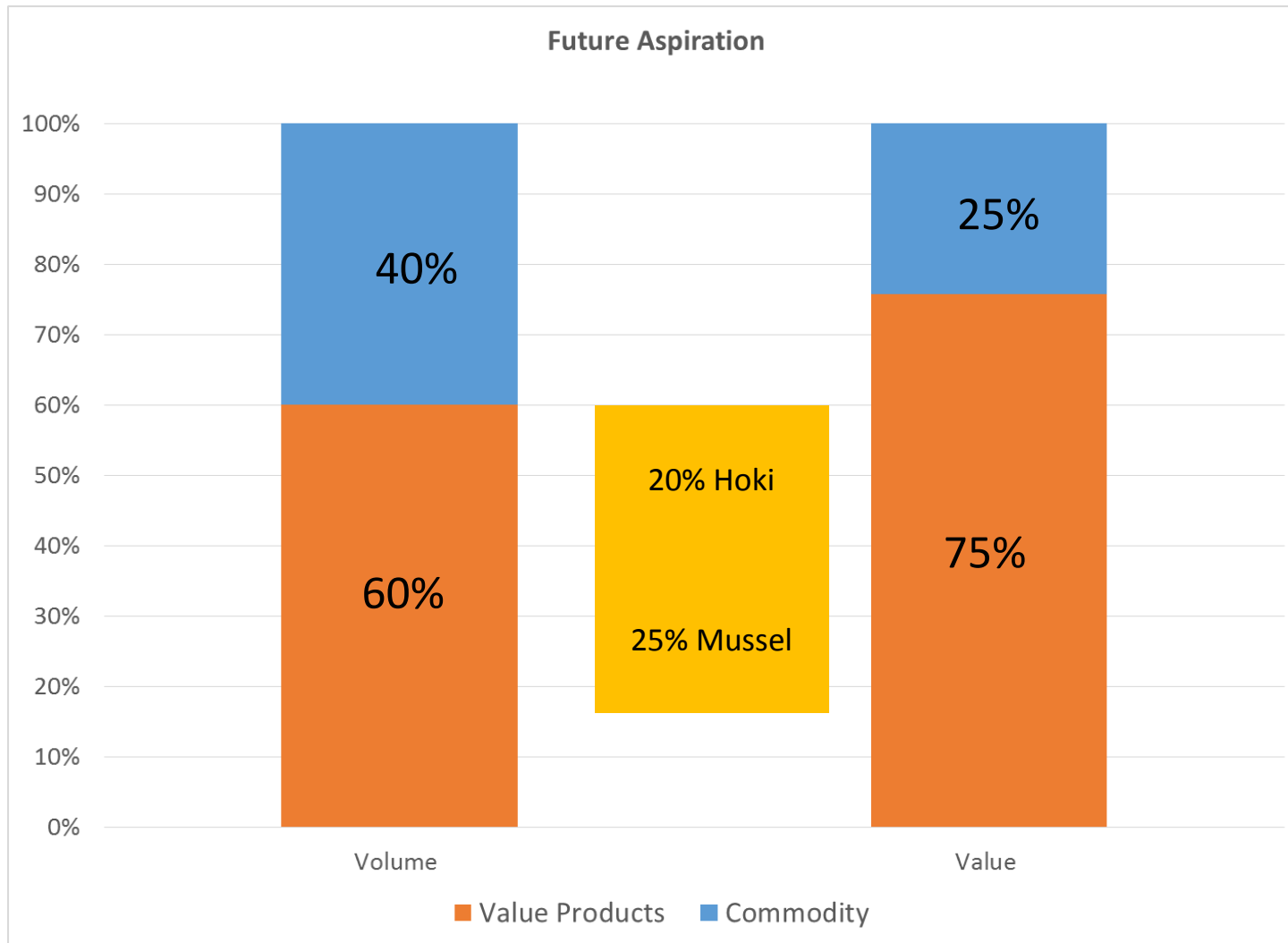
Every % means c.\$2m

COMMODITY VS VALUE PRODUCTS - CURRENT



Commodity volume impacts predictability of business performance

COMMODITY VS VALUE PRODUCTS - ASPIRATION



Movement towards 60:40 requires just 2 species:

- Hoki through value cascade towards fillets and calling out Hoki
- Mussels through channel and innovation

EVOLVING OUR MINDSET

Shifting the thinking from a volume-based, ocean-facing, resource-extraction attitude to a focus on creating value with beautiful seafood for discerning customers will unlock tremendous potential but proves to be a challenging proposition. Our people strategy takes a three pronged approach:

Build capabilities that take us to our vision and deliver against our business strategy

- Grow our leadership and management capability to re-set expectations of high performance
- Invest in building innovative thinking and sustainable change management to transform business processes and outcomes
- Strengthen expertise in our core business and across our value chain i.e. from fishing to processing, sales and operations planning, customer and consumer

EVOLVING OUR MINDSET

- **Build workplace culture that unlocks engagement of our people at an individual, team, site and business level**
 - Strengthen our culture with increased and consistent demonstration of our values
 - Step change our levels of individual and team engagement across the business
- **Proactively manage our transformation to Best Seafood Company in the World and Employer of Choice**
 - Map and manage all change to optimise and embed target outcomes
 - Take all of our people on the journey with targeted change programmes and communications

ENZAQ ACQUISITION

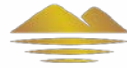


- > ENZAQ produces premium GLM mussel powder as a nutraceutical ingredient since 1995
- > The current customer base includes both human and pet nutrition, distributed in bulk format
- > ENZAQ acquisition represents a step into the marine extract market for Sanford
- > Opportunity to brand and grow product range and usage AND opportunity to optimise scientific discovery from SPAT_{NZ} to maximise nutraceutical value
- > Global nutraceutical ingredients market size was estimated at US\$29.5 billion in 2016, with projected CAGR taking it to US\$45.6 billion in 2022
- > Of the US\$29.5 billion total nutraceutical ingredient market in 2016, dietary supplements made up 38%, with animal nutrition contributing 13%. CAGR for these applications globally is trending at over 7%
- > Mussel powder itself provides a source of Omega 3 oils (in competition with fish oils and some plant oils), plus is well known for its anti-inflammatory properties, a market of US\$82.4 billion in 2014

CUSTOMER GROWTH PROJECTION

- > Historic growth in volume has been strong with ENZAQ's top 4 customers, underpinned by our foundation partner in the pet supplement market. Forecast customer growth projections are significant, particularly as customers launch into new markets. Growing customer markets are the US, Europe, UK and Asia, particularly Korea





BIG GLORY BAY

OCEAN-FARMED SEAFOOD

STEWART ISLAND | NEW ZEALAND

Our strategy to drive value by developing Sanford Branded offerings began in earnest in April this year with the launch of Big Glory Bay brand of premium Aquaculture

We are now gearing up our activities around the brand in key partner restaurants in New Zealand with further expansion plans underway both here and internationally

As a result of this branded launch we are now delivering an additional 15-20% gross margin on our salmon offerings under the Big Glory Bay brand vs last year, with 11 outlets now selling this brand

PARTNERING WITH KEY HIGH END RESTAURANTS TO DRIVE BRAND AWARENESS HAS BEEN PART OF OUR ONGOING GROWTH STRATEGY. EXAMPLES OF THE RECENT “FESTIVAL OF THE SEA PROMOTION” THAT RAN IN THE GOOD GROUP, PROMOTED IN HOUSE AND ON SOCIAL MEDIA



FESTIVAL OF THE SEA

Proudly brought to you by Big Glory Bay

BE IN TO
WIN

A PROGRESSIVE LUNCH

at Botswana Butchery, Harbourside and White & Wong's for you and three friends.*

To enter visit our facebook page facebook.com/BigGloryBaySeafood tell us who you would bring with you, and you're in the draw to win.

*Terms and conditions apply.



We hope you enjoyed the delicious amuse-bouche presented with your meal today. Our King Salmon are raised in the crisp, clear waters of Big Glory Bay, Stewart Island. This amazing location produces exquisite Salmon with a rich, smooth flavour and a tender texture that melts in the mouth.

For more information please visit our website or facebook page

bigglorybay.co.nz | facebook.com/BigGloryBaySeafood

IN HOUSE ACTIVATION – AMUSE-BOUCHE (TASTER)

“We have been working with Sanford for a little over a year now and in April I was invited to attend the launch of their Big Glory Bay brand down in Stewart Island. It was a fantastic experience, the place, the people and the product were all outstanding. As a chef it’s great to see firsthand where the product comes from, and have confidence in serving this to our customers”
Stuart Rogan, Executive Head Chef, Good Group

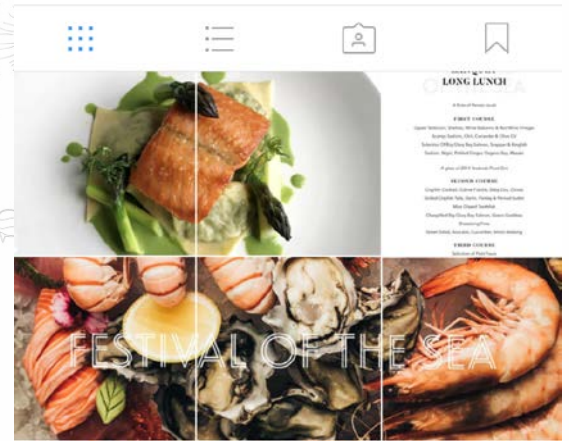
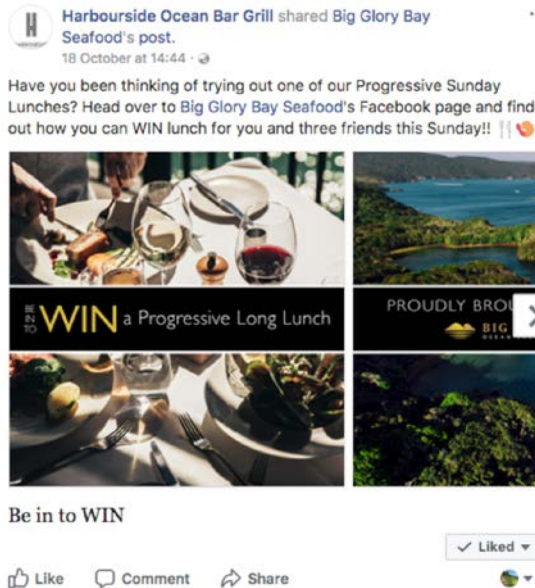
IN HOUSE ACTIVATION - BILLFOLD

DIGITAL AND SOCIAL MEDIA ARE GREAT PLATFORMS FOR DRIVING AWARENESS AND ENGAGEMENT.

DURING THE PROMOTION WE HAD 165,000 IMPRESSIONS ON BIG GLORY BAY FACEBOOK PAGE



PROMOTIONAL CAROUSEL



SOCIAL MEDIA SCREEN SHOTS



We are Auckland Fish Market

We exist to enhance dinnertimes, waistlines and oceans by being the ultimate gateway between Aucklanders, international visitors and New Zealand's greatest natural resource

Aucklanders live in a country with the one of the greatest varieties of fish species in the world. And yet, due to a lack of knowledge and experience, they default to regularly cooking and eating just four Fish species – and being 'spectators' of the rest.

We are a fish market that turns people from spectators into participants in New Zealand's rich diversity of seafood.







SANFORD

THANK YOU

