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Sanford delivers an improved half year result

Sanford announced today an unaudited NPAT of \$34.0m, a 110.0% uplift on the prior comparative period (pcp), and its highest half year adjusted earnings result in recent times.

Key highlights for the six months ended 31 March 2025:

- Revenue of \$286.0m, up 3.6% on pcp (HY24: \$276.0m)
- Adjusted EBIT¹ of \$54.0m, up 40.3% on pcp (HY24: \$38.5m)
- EBIT of \$54.4m, up 54.5% on pcp (HY24: \$35.2m)
- Net profit after tax of \$34.0m, up 110.0% on pcp (HY24: \$16.2m)
- Operating cashflow of \$49.6, up 497.6% on pcp (HY24: \$8.3m)
- Net debt of \$165.1m, down 25.1% on pcp (HY24: \$220.5m)
- Interim dividend declared of 5.0 cents per share (HY24: 5.0cps)

Sanford's Managing Director David Mair said: "Our first half performance is pleasing with our highest recent half year adjusted EBIT result. Our improvement has been supported by an expected excellent performance from the salmon business; an improving mussel result; despite challenges facing our wildcatch fleet."

A review of finished goods product stock-holding units (skus) and associated pricing, and a more targeted sales mix improved gross margin from 24.9% to 28.2%.

Profit after tax was up 110.0% on HY24 to \$34.0m and is the best result in the last ten years.

The improved profitability flowed through to improved operating cashflow boosted by a rigorous review of expenditure. At the same time, we are completing several large capex projects including the new scampi vessel that has just arrived in Timaru and the new salmon multi-purpose boat.

This disciplined approach to driving operating cashflow has enabled a debt repayment of \$23m reducing net debt to \$165.1m as at 31 March 2025 (from \$220.5m pcp).

Business Performance

HY25	Revenue \$m	Profit Contribution ² \$m	Sales volume GWT ³ (000's)
Salmon	68.1	30.7	2.9
Mussels	67.9	18.1	13.4
Wildcatch	144.1	24.0	31.4

¹ Adjusted Earnings Before Interest and Tax (EBIT) is EBIT adjusted for restructuring costs, impairment of assets and investments, gain on sale from transactions, net loss on sale of property, plant and equipment and intangible assets and one-off items.

² Profit contribution is Adjusted EBIT before head office overheads.

³ Greenweight tonnes (GWT).

Salmon

We had a plan from 01 October 2024 to pull forward sales through to both Chinese New Year and Thanksgiving that was well executed. Pricing remained firm and margins were further improved after a rationalisation of finished goods product skus. Combined with the greater volume, we had efficiency gains. This meant revenue was up 24% on pcp, with a profit contribution of \$30.7m, up 32% on pcp. We have invested in oxygenation equipment and new netting enabling Sanford to help keep control over mortalities.

Mussels

Mussel contribution has lifted 97% on pcp with a 5% increase in revenue. Our improvement in profitability has been on the back of solid frozen half shell prices and good demand. The North Island Mussel Limited Tauranga processing facility was closed in FY24 with the sale completed in H1 2025. All processing is now performed by a third-party toll processor. The operating performance of our Havelock South Island processing factory has been improving and will be a focus for H2. We are not expecting the H2 performance to mirror the first half due to off-season spawning and factory annual maintenance downtime. In addition, there is current price pressure on frozen-half shell products which could impact returns for the remainder of the year.

Wildcatch

Revenue in the wildcatch business marginally increased by 3% with a small 2% decrease in volume, reflecting a different mix of product sold. While there was more Atlantic Toothfish caught in H1, this has been more than offset by reduced scampi sales and is the main reason for a 10% drop in contribution. Orange roughy prices remain low and there has been a large clearance of aged stock during H1 with a negative impact on margin. The squid season started very slowly and a low H1 catch was a concern, however, post March 2025 the squid have arrived in abundance and the targeted catch for the season will now likely be achieved. Our new scampi vessel, San Koura Rangi, has arrived in New Zealand and is being commissioned and certified. We expect the new scampi boat to provide further opportunities to catch more scampi and a review of the scampi fleet. There is pressure on global fish prices across most categories and we are expecting some softening in H2.

Outlook

Chair of Sanford, Sir Rob McLeod, commented: "The Board is very pleased with Sanford's half year financial performance to 31 March 2025, and thanks our management team and staff led by David for a job well done. Our internal management results and our external share price have both improved during this reporting period, which is an important goal for the business. The Board continues to take a conservative approach to dividend policy and accordingly recommends an interim dividend of 5.0c per share.

The first half result is positive, however we do not anticipate the same level of profitability to be replicated in the second half due to in-market price pressure and seasonal volumes".

ENDS

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