



SANFORD

SANFORD STRATEGY REFRESH

- FIVE YEAR STRATEGIC DIRECTION -

21.06.22

WELCOME



SANFORD

YOUR SAFETY IN THE EVENT OF AN EMERGENCY

- All Evacuation Alarms must be treated as genuine
- Follow all Emergency Warden Instructions
- Evacuate immediately via the closest Emergency Exit to the nearest Muster Point
- Leave everything behind
- Remain at the Muster Point until the 'All Clear' is given to return to the site

DISCLAIMER

Important Notice

This presentation contains not only a review of operations and information about Sanford Limited (the *Company*), but also contains some forward-looking statements about the Company and the environment in which it operates. This disclaimer applies to this presentation and any written or verbal communications in relation to it.

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Please note : All financial metrics provided in this document are unaudited.

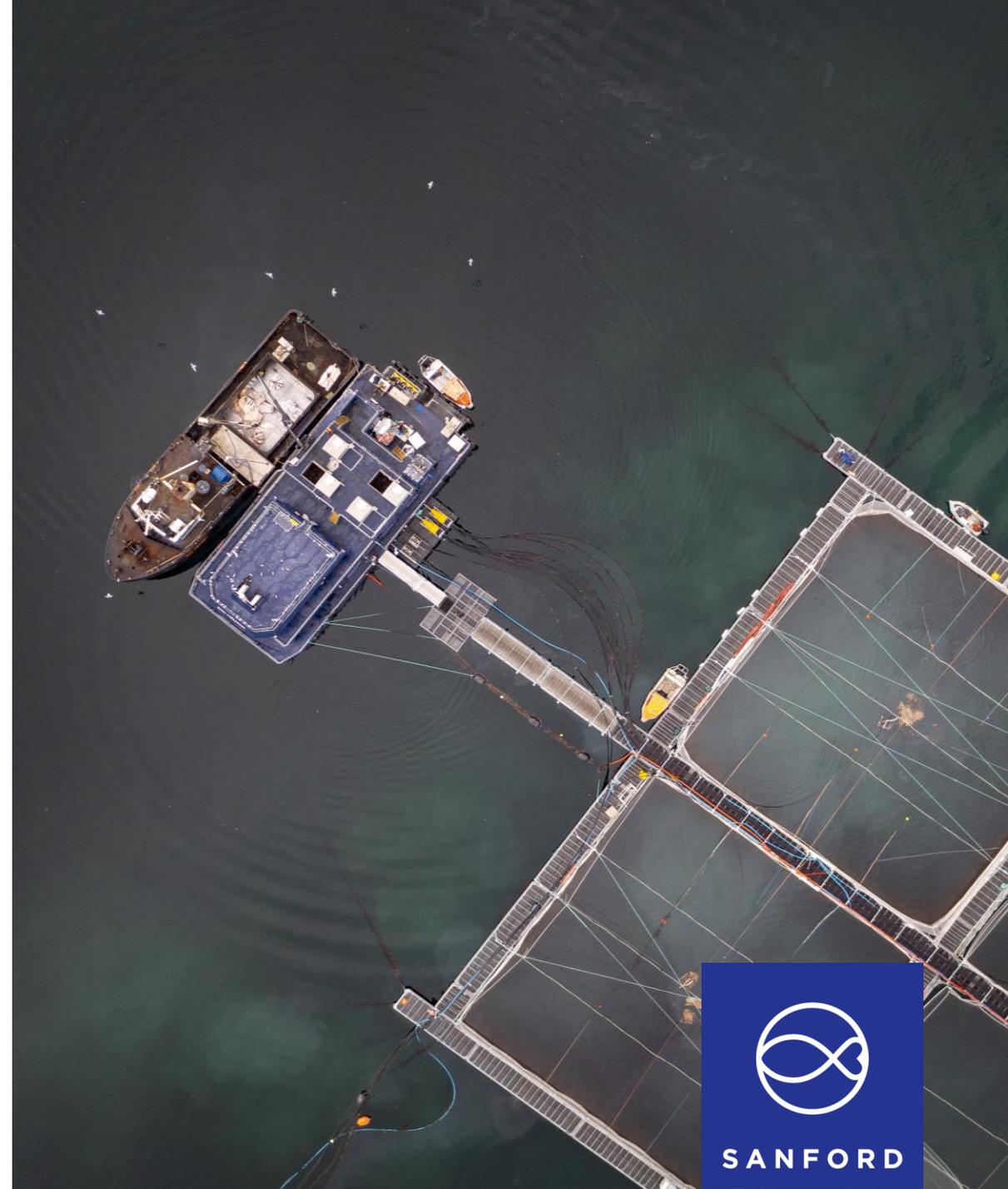
AGENDA

Presentation:

- Why Sanford
- The strategic context - global to local
- Our strategic response - priorities and strategic initiatives
- Financing our strategy
- Questions

Lunch and informal Q&A:

- Walk and fork menu
- Meeting key Sanford leaders



WHY SANFORD?

New Zealand's oldest and largest seafood company and the only fully integrated seafood business, operating in:

- Wildcatch
- Greenshell Mussels
- Salmon



KEY MESSAGES

Sanford has:

- A clear pathway to pre-Covid profitability and beyond
- The ability to fund capital requirements while restoring a dividend
- A balance of protecting cash flow from wildcatch while investing for growth in aquaculture
- A plan for investment in systems and processes that will help drive our journey to becoming a high achieving organisation



THANK YOU

- We thank our shareholders for their commitment to Sanford.
- We are confident we have the right structures and people in place to deliver on our goals.

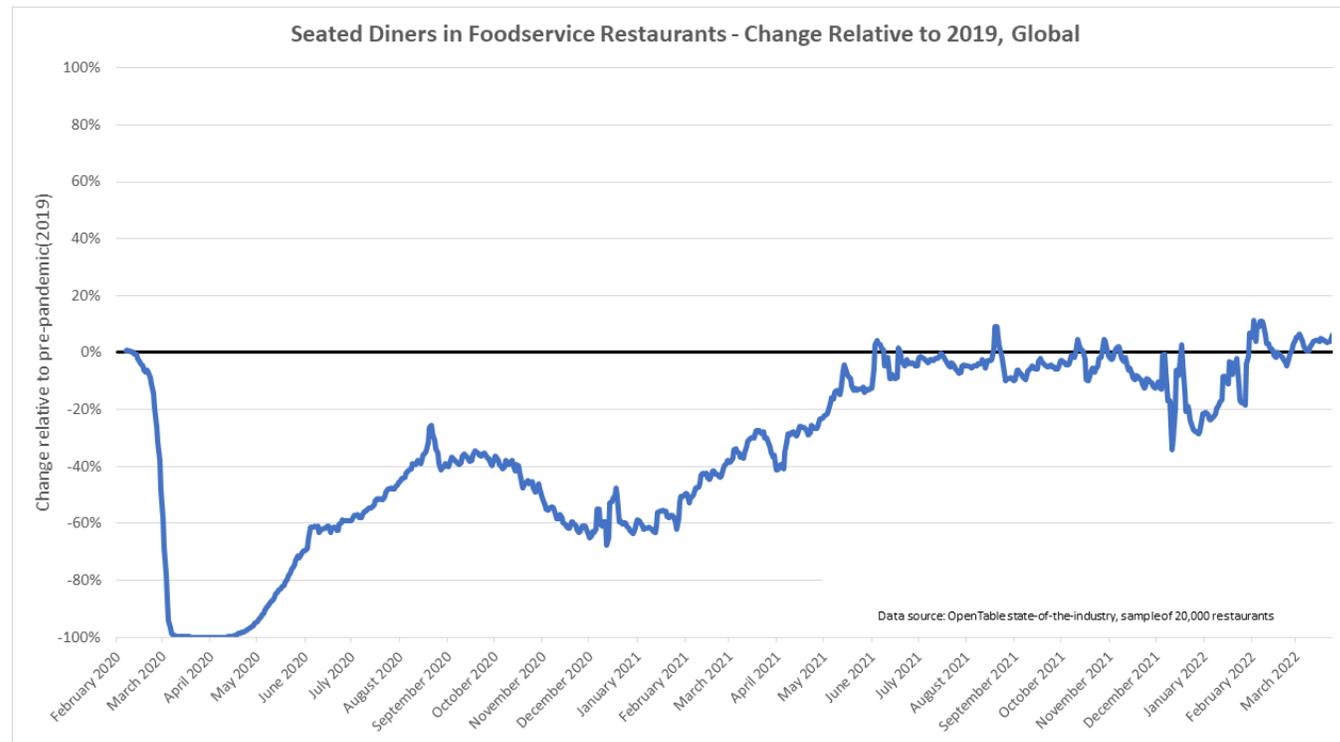


OUR VISION AND STRATEGIC PRINCIPLES

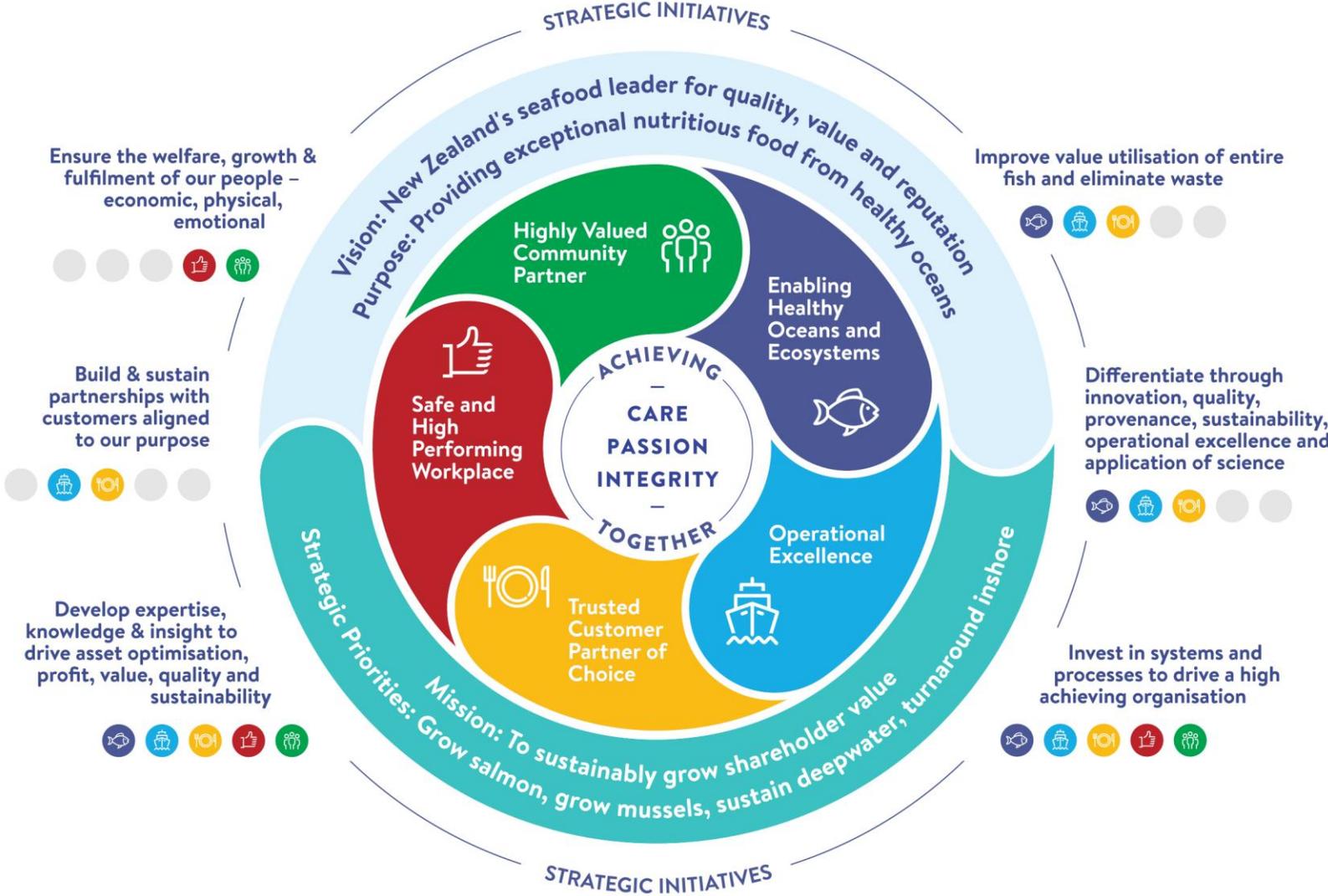


COVID CONTEXT

The impact of Covid-19 was particularly pronounced for seafood, with 70%+ of global seafood consumed out of home. But, global demand is now back (slightly above) pre 2019 levels.



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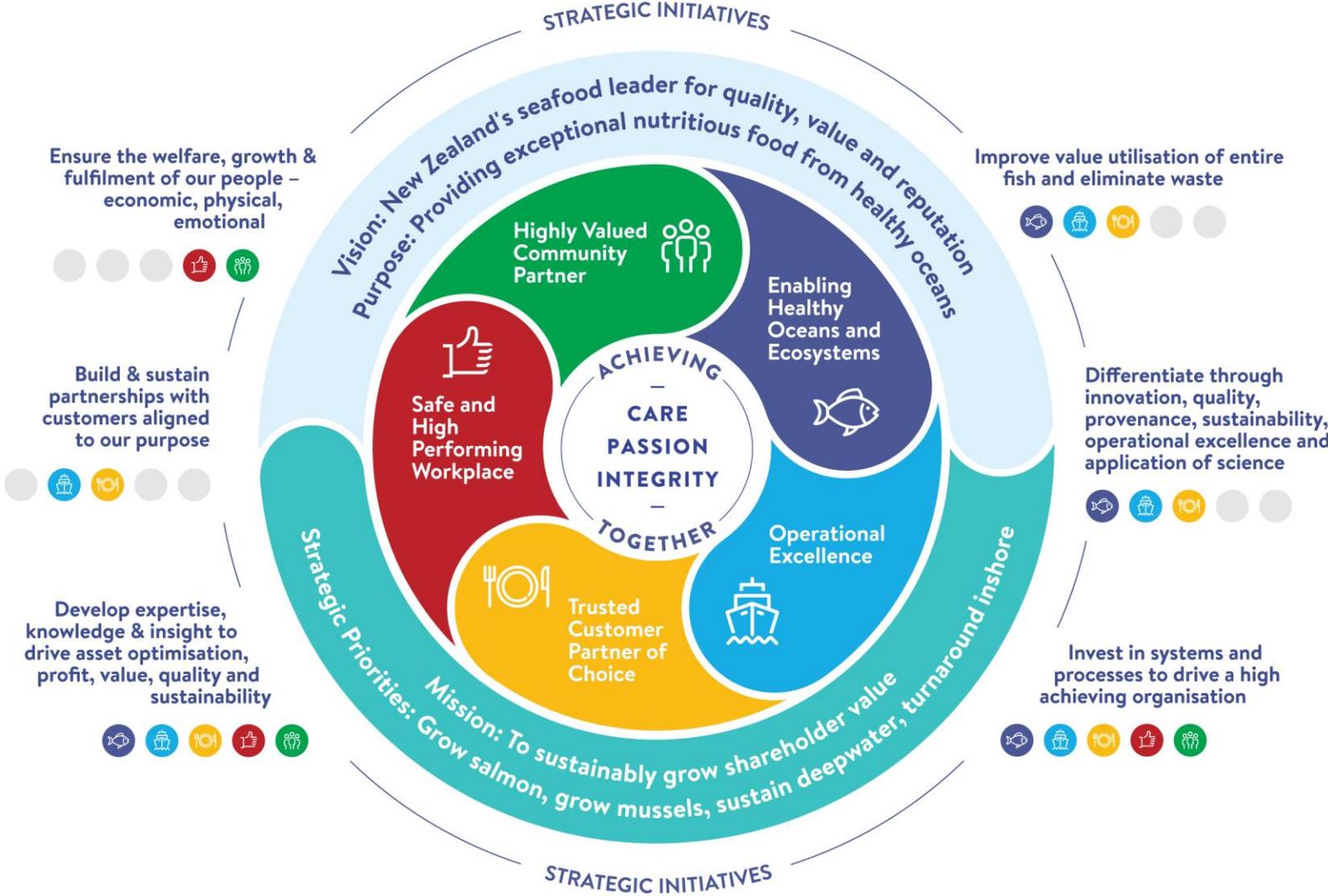
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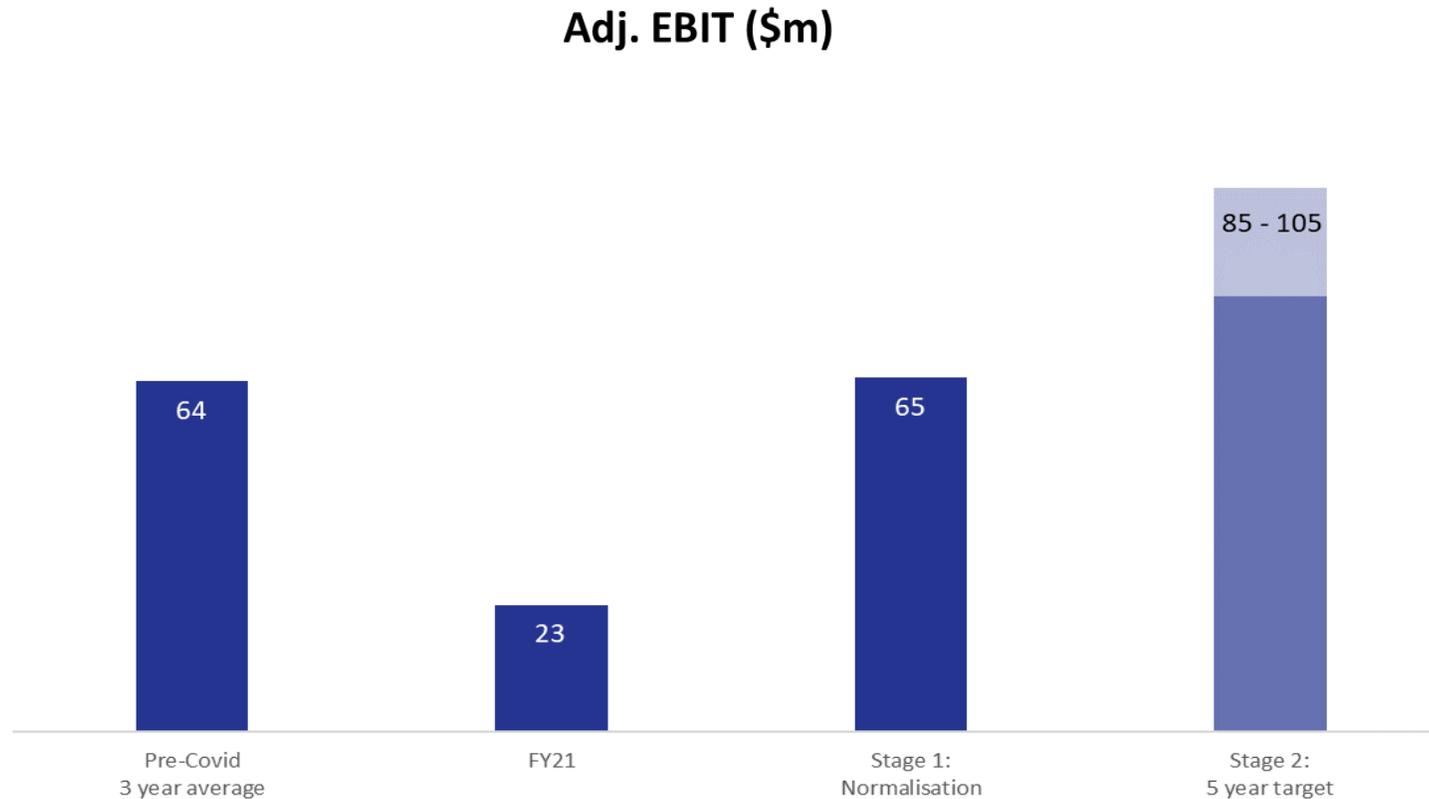


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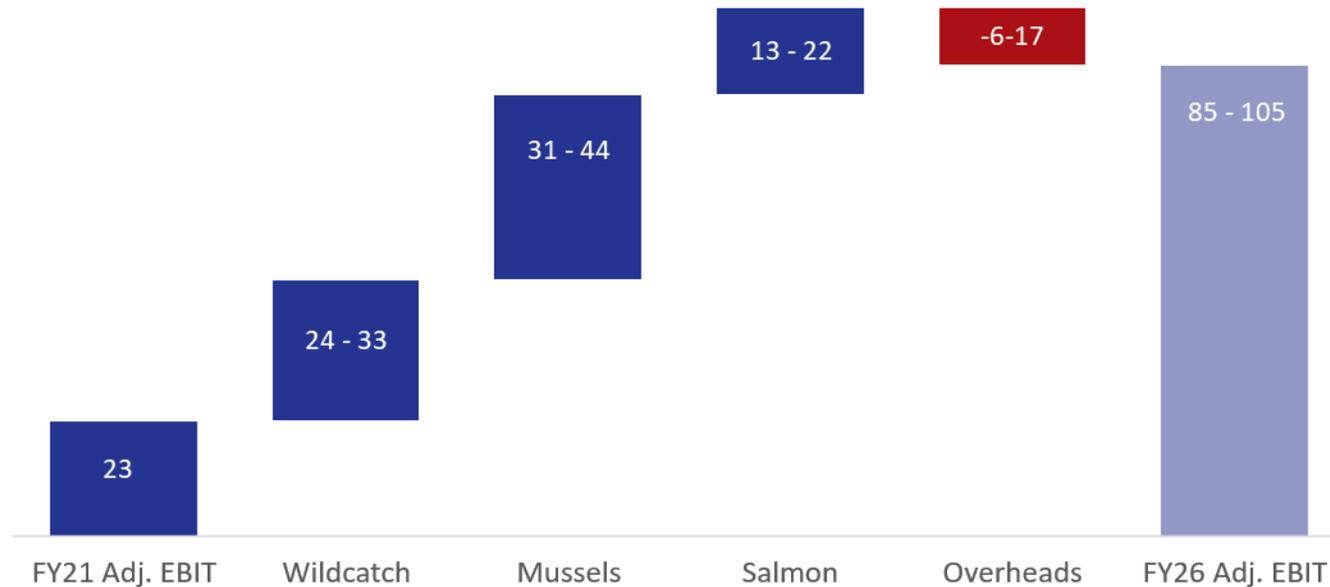
FIVE YEAR TARGET

1. Our first priority is to restore pre-Covid profits of c.\$65m Adjusted EBIT
2. We then target range \$85-\$105m of Adjusted EBIT over five years



TARGET: IMPROVEMENT BY SEGMENT

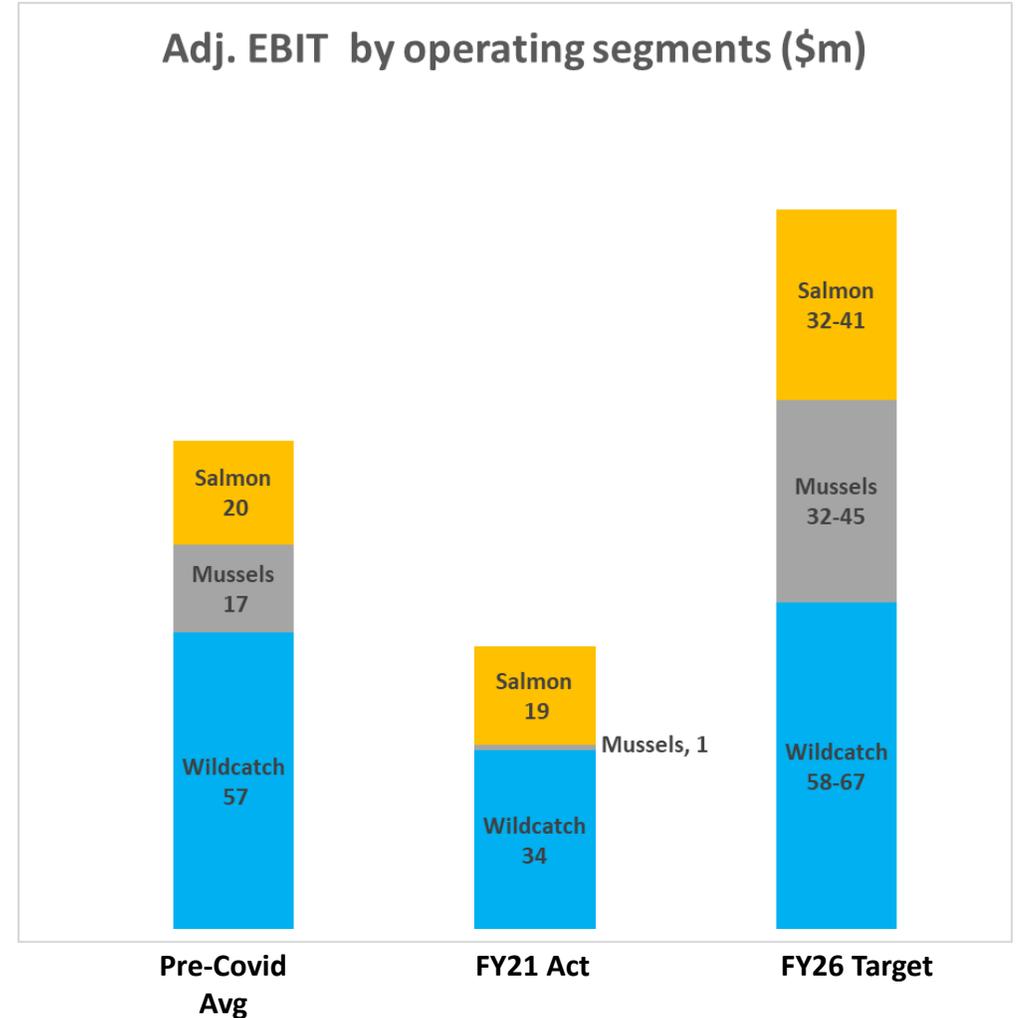
Adj. EBIT Improvement – Breakdown by segment (\$m)



(Ranges above represent improvement by segment from FY21 to FY26)

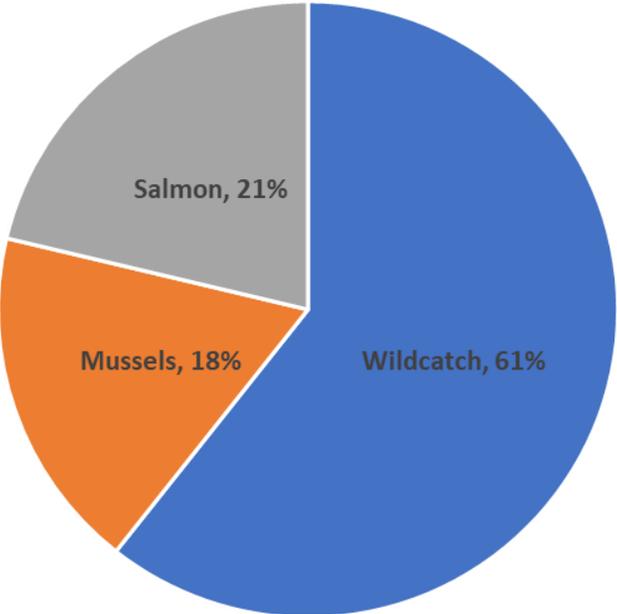
DIVISIONAL GROWTH TARGETS

- Overall growth on the back of Covid lows
- Continued Salmon growth
- Mussel turnaround and growth
- Wildcatch remains a key profit driver
- Stronger diversification of EBIT source

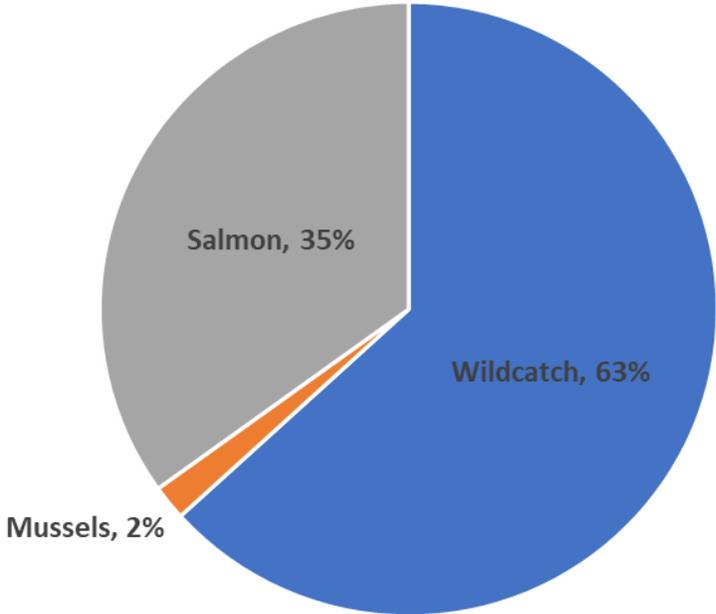


PROFIT TO BECOME MORE DIVERSIFIED

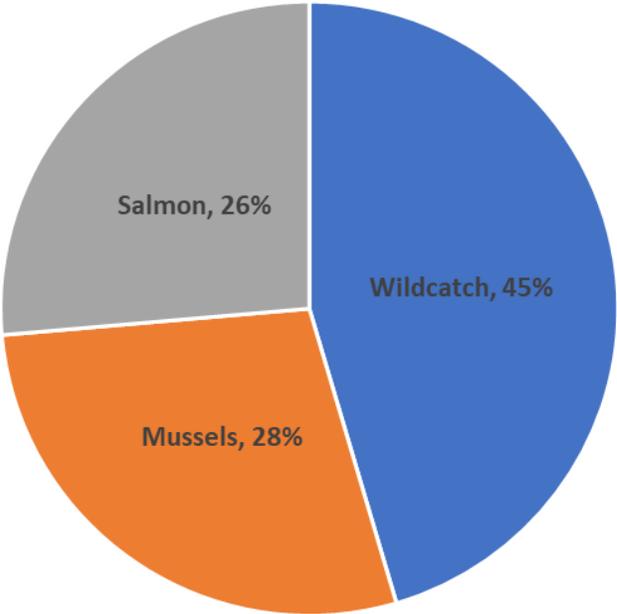
Pre-Covid % of operating profit



FY 21 Act % of operating profit



FY 26 target % of operating profit



THE CONTEXT



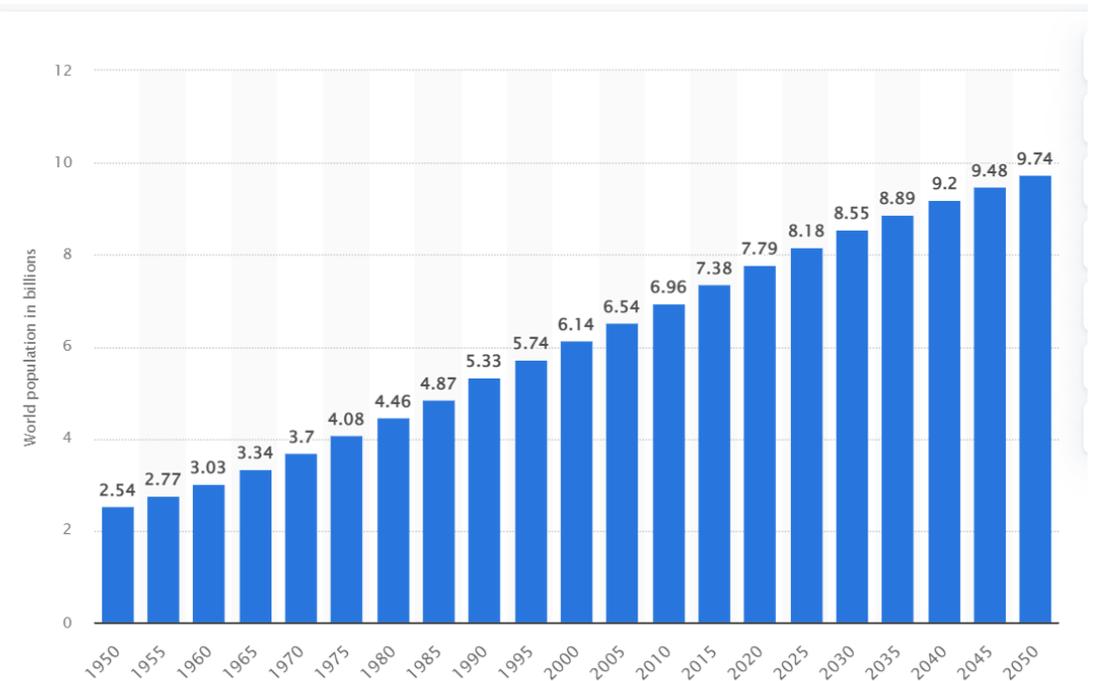
CONTEXT – GLOBAL DEMAND GROWTH

Global demand for aquatic foods predicted to nearly double by 2050

- Human population growth is expected to grow from 7.9 billion today to 9.7 billion in 2050*
- Projections to 2050 suggest a future need for more than 500 megatonnes of meat per year*
- Scaling up the production of land-derived food crops is challenging

The world population is likely to eat twice as much fish and aquatic foods by 2050 versus 2015*

Growth of the world population from 1950 to 2050



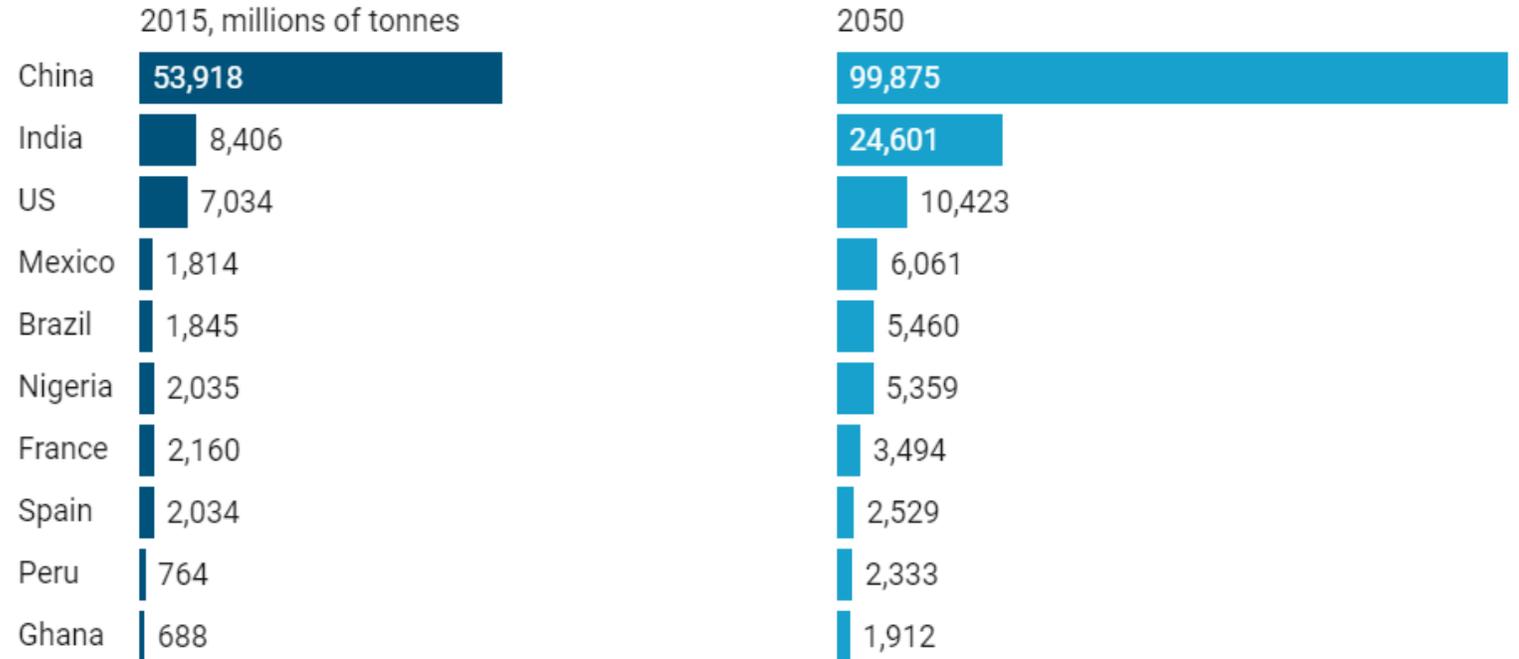
*Sources: UN FAO and Stockholm Resilience Centre, Stockholm University



CONTEXT – PRICES

- UN’s Food and Agriculture Organisation estimates a 22% increase in the average price of internationally traded fish by 2030, relative to 2018
- Aquaculture will continue to be the driving force behind the growth in global fish production
- Overall, farmed fish prices will climb 24% by 2030

These 10 countries are considered to be indicative of future global fish consumption by humans



New Scientist Source: Naylor et al / Nature Communications

Fish demand and prices are expected to lift

CONTEXT – THE NEW ZEALAND PICTURE

- New Zealand's Exclusive Economic Zone is the fourth-largest in the world
- New Zealand is globally recognised as a world-leader in sustainable and innovative aquaculture management
- Our seafood industry is very small internationally – less than 0.5% of the global supply chain
- The New Zealand Government intends to support aquaculture – goal to grow revenue to \$3 billion by 2035 (currently \$600m)

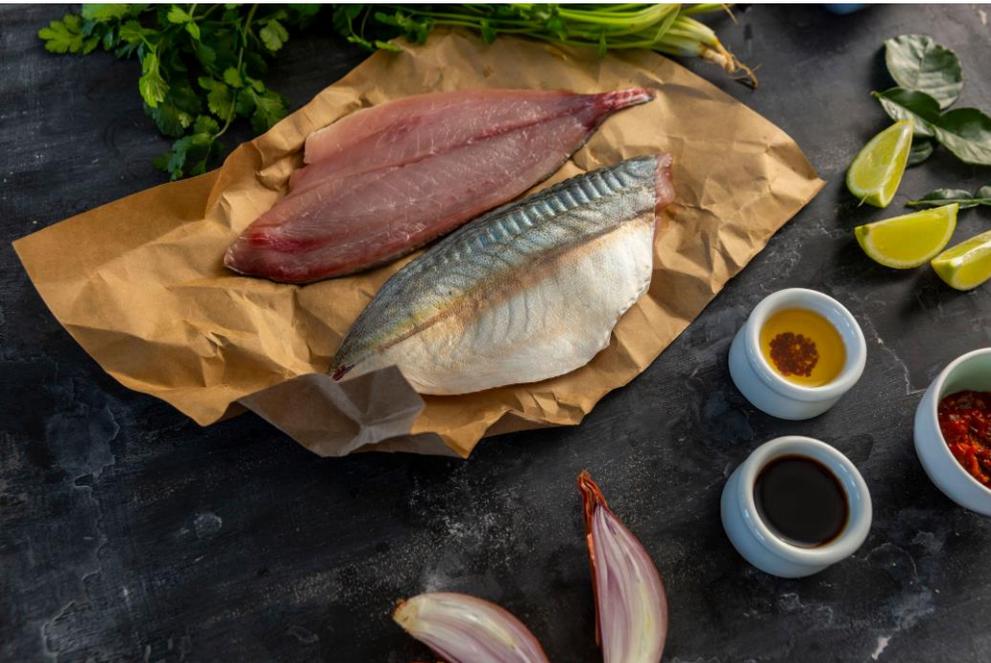
New Zealand industry is recognised as a world leader. We expect opportunities in open ocean are likely to emerge with Government support.



CONTEXT – OUR OFFERING: BEAUTIFUL NEW ZEALAND SEAFOOD

Sanford is well placed as a sustainable, New Zealand company

- 31% of fish populations in the world are overexploited (overfished, UN FAO)
- When managed by good science fisheries do well - The New Zealand fishery is managed by good science
- New Zealand has a strict regulatory framework and carefully monitored fishery, putting us ahead of much of the rest of the world
 - 94% of catch come from stocks with no sustainability risk (MPI figures)
 - 30% of New Zealand waters set aside as Benthic (sea floor) Protection Areas



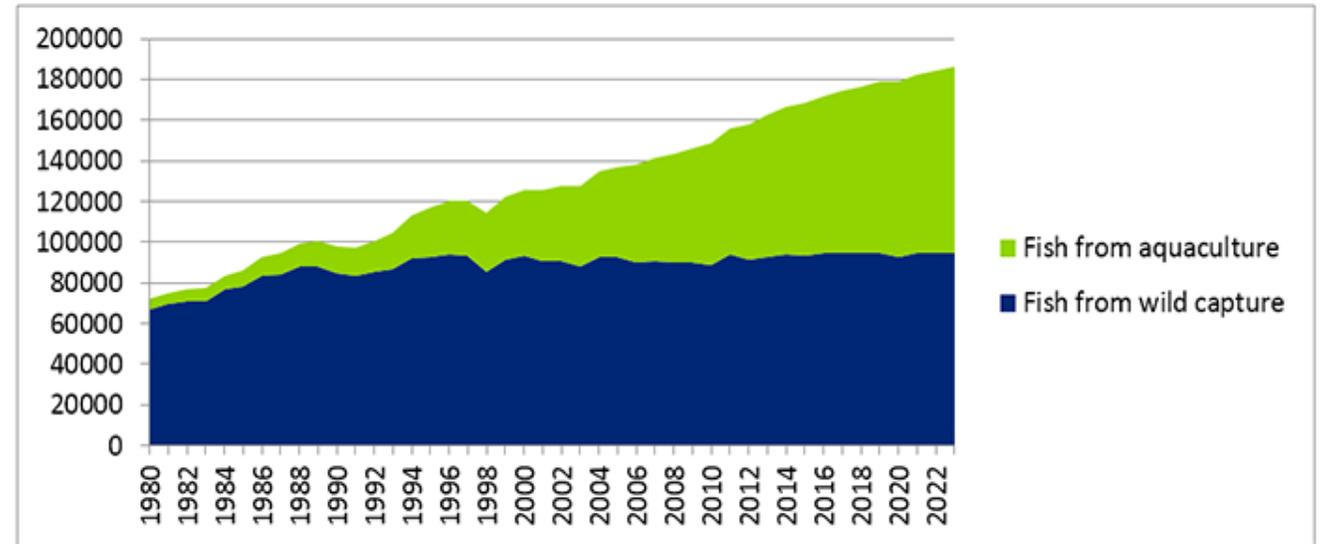
Sustainable seafood companies are expected to prosper. A sustainable approach is required.



CONTEXT - GROWTH WILL COME FROM AQUACULTURE

- Aquaculture will need to continue to grow to meet the growing needs of the global human population
- Aquaculture production worldwide has undergone a transformation from labour-intensive farming methods to greater mechanisation
- Wildcatch remains important but catch levels will remain largely static in New Zealand under our Quota Management System
- Wildcatch levels globally are likely to remain static or drop. Aquaculture production volumes have now surpassed those of wild caught fish*

Global fisheries production 1980-2022



*Source: OECD-FAO Agriculture Outlook

Aquaculture is where growth will come from– automation and reduced labour is key. Wildcatch remains static.

CONTEXT – WILDCATCH REMAINS OUR ENGINE ROOM

- Our wildcatch offering will continue to be in demand
- Wildcatch is the foundation of our business
- 60% of our sales volume in H1 2022
- We have scale and experience
- Sanford holds 19.8% of New Zealand's fishing quota*
- A significant commodity component

*Quota ownership based on New Zealand Annual Catch Entitlement (ACE).



CONTEXT – OUR STRENGTHS

- Our size – nimble by global standards, large and with scale by New Zealand standards
- Reputation
- Excellent products
- Diversity of products, markets and channels
- Large sustainable quota holdings
- Aquaculture water space access
- Prudent debt management
- History and experience

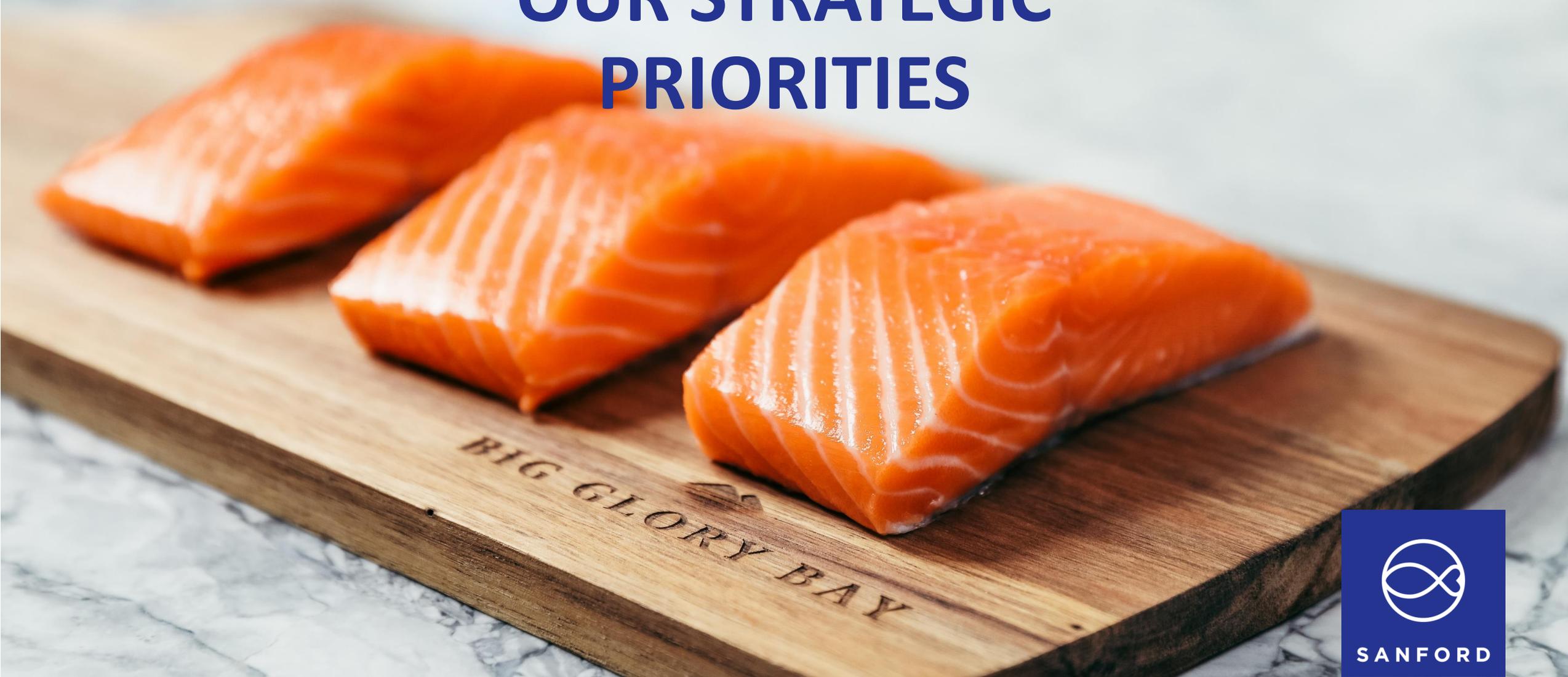


CONTEXT – CONCLUSION

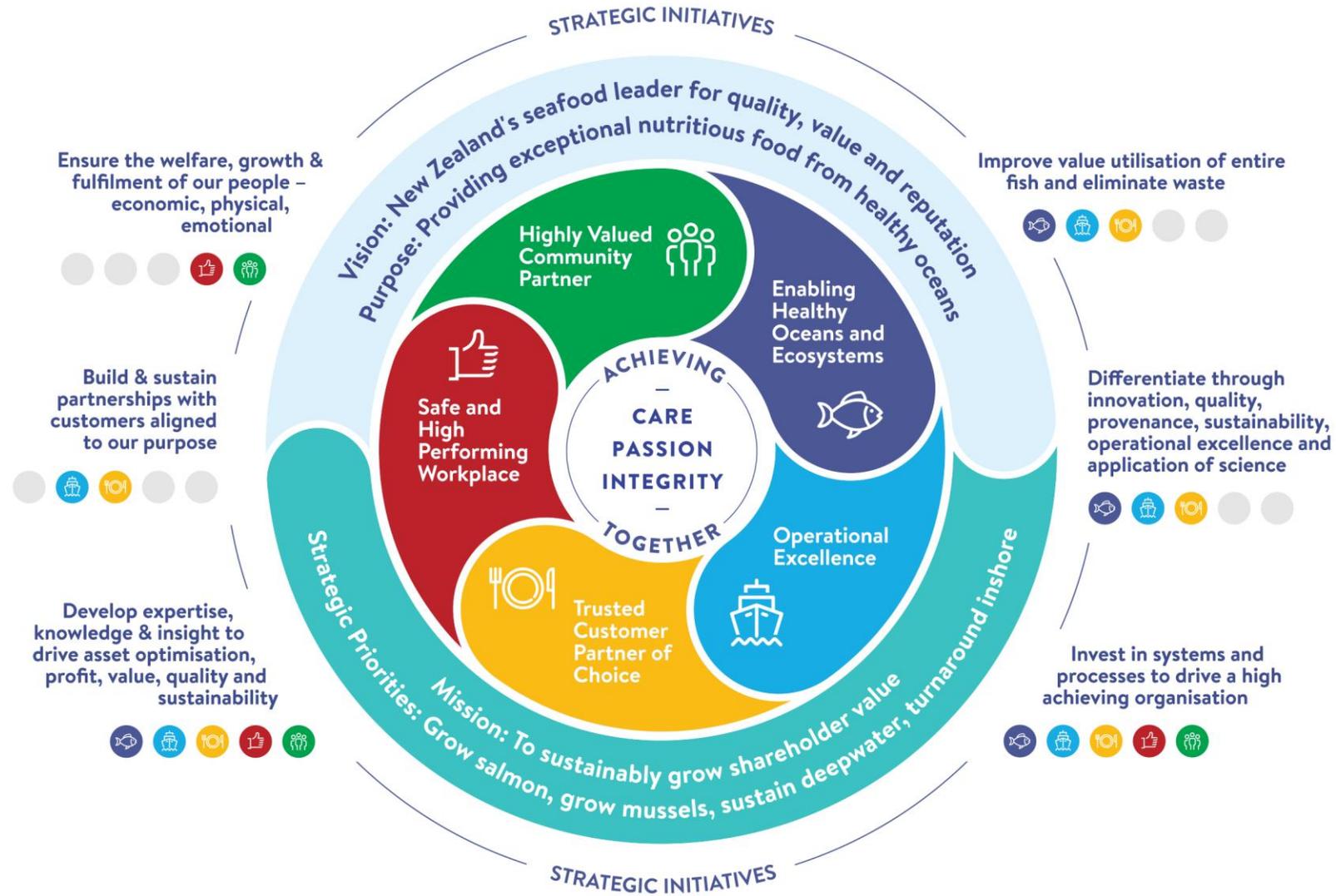
- More people eating more fish at a higher price
- New Zealand is very well placed
 - Secure regulatory environment
 - Sustainable wildcatch
 - Commitment to aquaculture
- Sanford is positioned to benefit
 - Significant quota holdings
 - Integrated mussel business
 - Salmon track record



OUR STRATEGIC PRIORITIES



STRATEGY ON A PAGE



SUSTAINABILITY

We are committed to a sustainable future for our business and stakeholders, our people, customers and communities.

Our mission:

To sustainably grow shareholder value.



SUSTAINABILITY

Climate

New Zealand sector-wide climate adaptation strategy (2021-2030) has set a target to reduce operational carbon emissions by 25% by 2030.

To be achieved through:

- Vessel efficiency improvements
- Operational improvements - more efficient boilers, waste treatment systems and modern refrigeration technologies used across the business
- Phased rollout of sustainable marine fuels



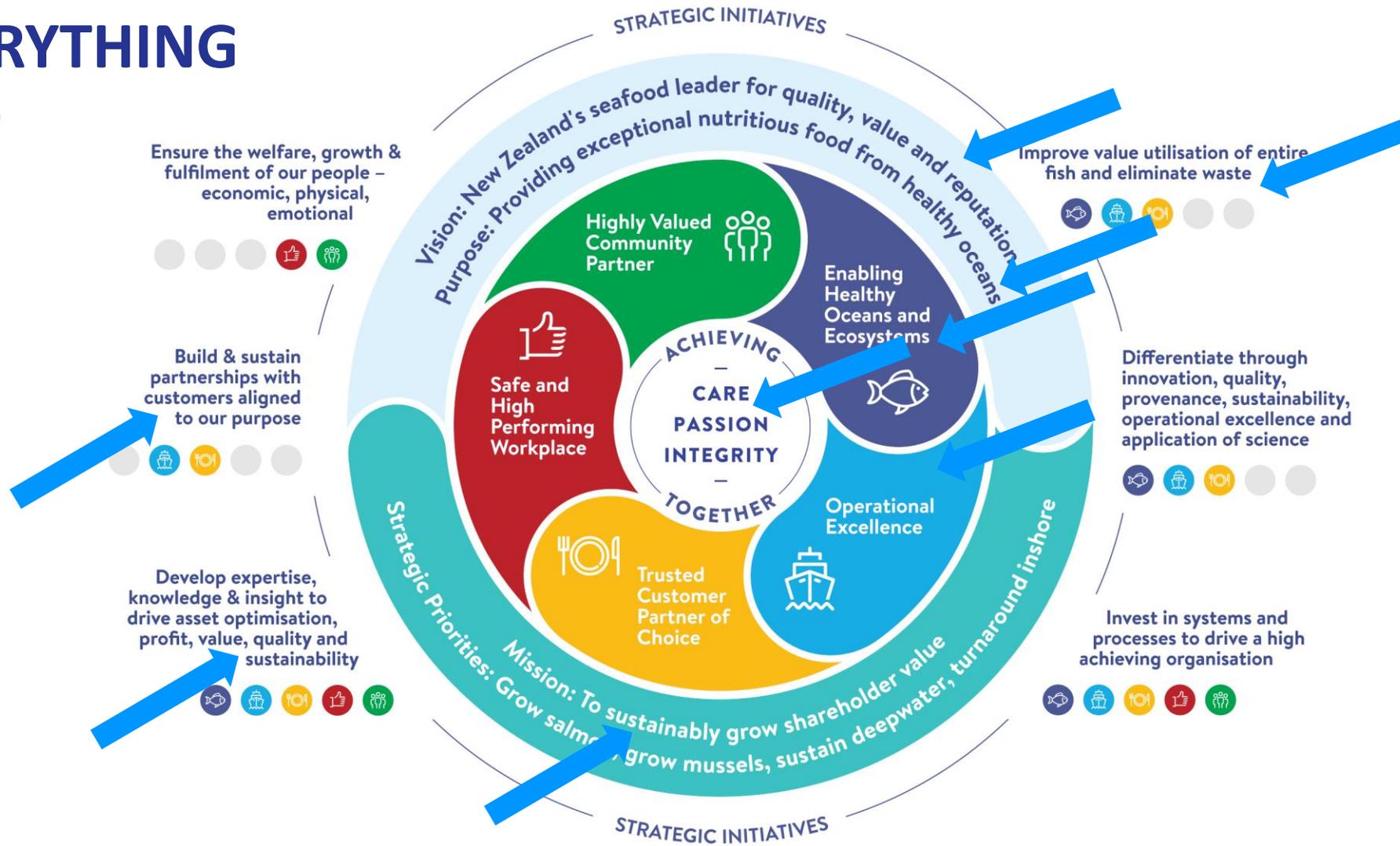
SUSTAINABILITY

Going forward:

- TCFD (Task Force on Climate Related Financial Disclosures)/NZCS (New Zealand Climate Standard)
- ESG platform / database
- Supplier engagements – Code of Conduct
- Continued focus on partnerships, transparency, engagement, community work



SUSTAINABILITY IN EVERYTHING WE DO



STRATEGIC PRIORITIES



OUR STRATEGIC PRIORITIES

1. GROW SALMON
2. GROW MUSSELS
3. SUSTAIN DEEPWATER
4. TURNAROUND INSHORE

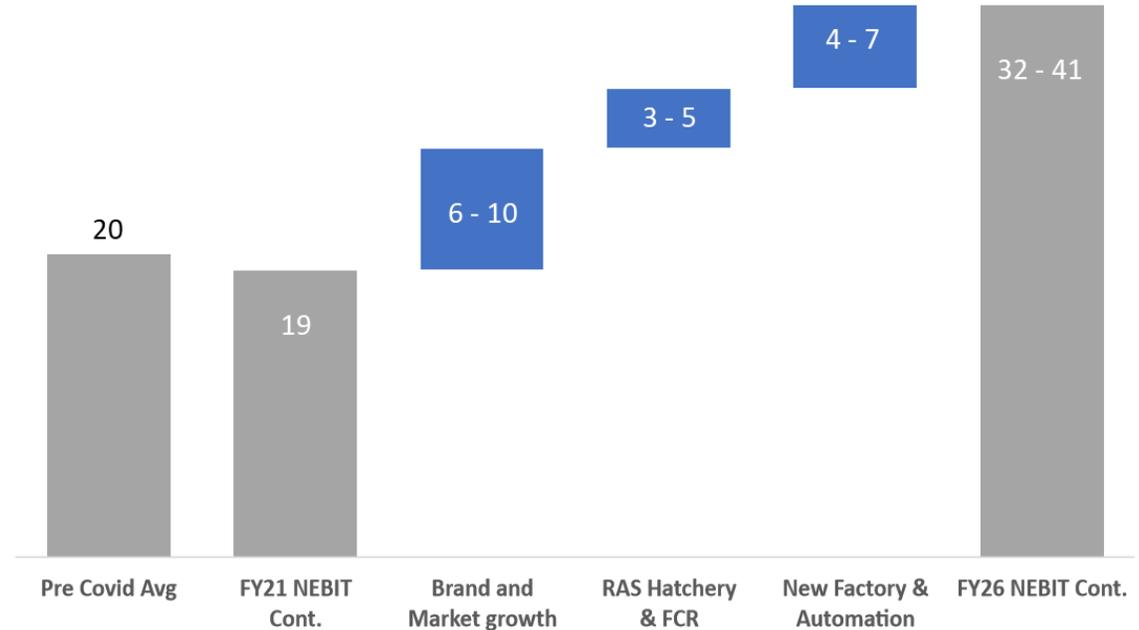


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1. GROW SALMON

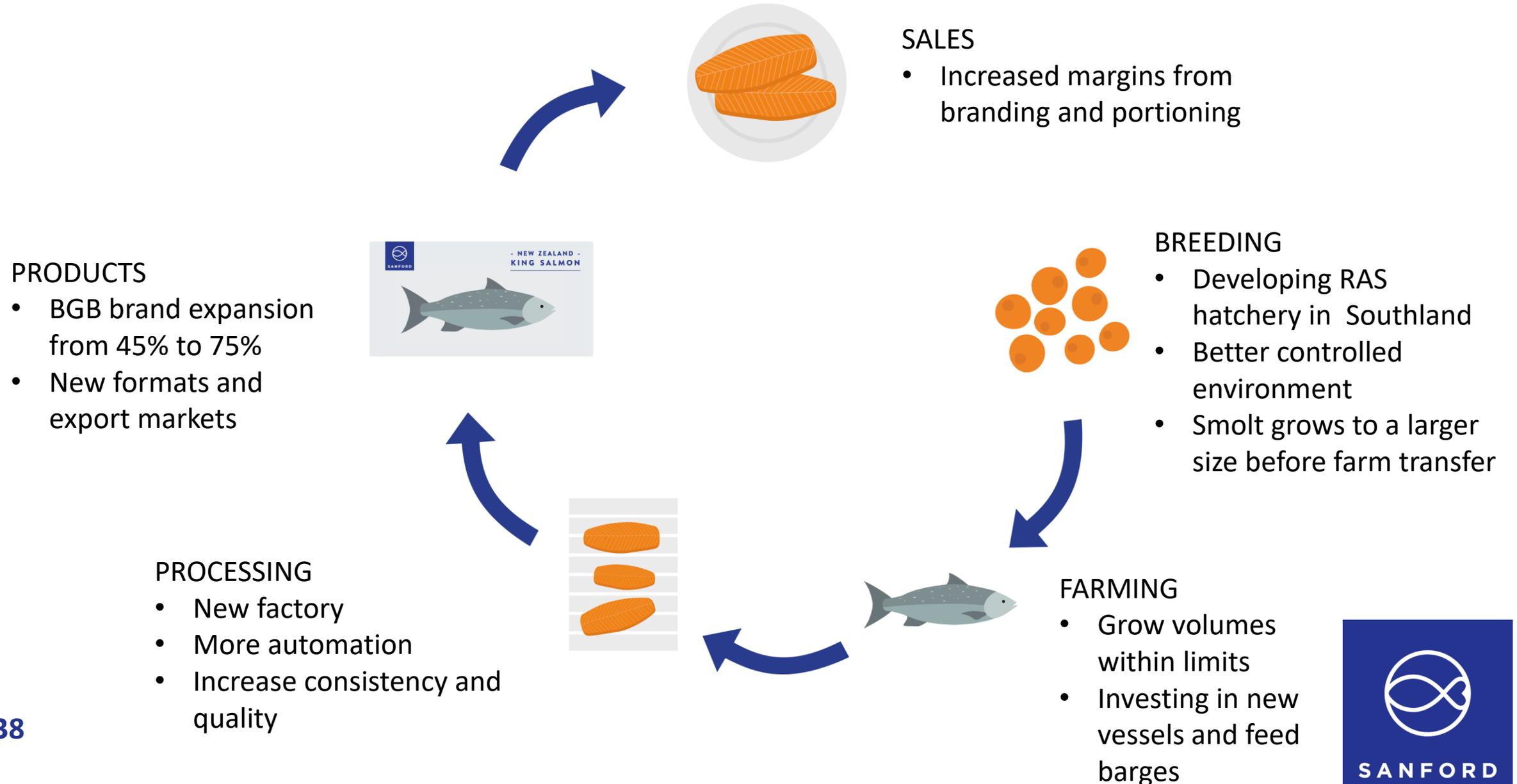
- Global growth in aquaculture required to support increasing global protein demands
- New Zealand produces King Salmon making up only 0.7% of the world's total farmed salmon. Most salmon producers globally farm Atlantic Salmon
- Investment is to expand current volumes from **4,800 GWT to 6,100 GWT (27% increase) by FY26:**
 - RAS hatchery to support growth targets
 - Key “in market” presence
 - Automation (automatic deboning, portioning and primary line automation) will be implemented

Adj. EBIT Improvement – Breakdown of Salmon (\$m)



(Ranges above represent improvement from FY21 to FY26)

SALMON – GROWTH PATHWAY



BUILDING SUSTAINABLE COMPETITIVE ADVANTAGE - SALMON

Farming

1. Unique farming location
2. Legacy hatchery at Kaitangata
3. Brood and smolt farm in BGB
4. Grower cages in BGB. Max output 4800GWT

Processing

1. Ageing processing factory
2. Partial automation and suboptimal layout
3. High level of manual handling
4. Challenged to deliver highest quality consumer specs

Sales/Marketing

1. Premium raw material
2. Strong local market with minimal brand presence
3. Strong but young BGB brand in export markets
4. Diverse country mix

FROM

Farming

1. World class RAS hatchery
2. BGB focused on grower cages. Max output 6,100 GWT
3. Improved infrastructure to ensure reliability and risk mitigation, advanced oxygenation

Processing

1. Modern processing factory that drives efficiency and quality
2. Automated multi-product capability. Fresh portions to smoked
3. Market leading cost per kg
4. Maintain freshness of product from harvest to consumer

Sales/Marketing

1. Diverse markets and channels
2. 70% of salmon in BGB brand
3. Product diversification to allow 100% fish utilization

TO

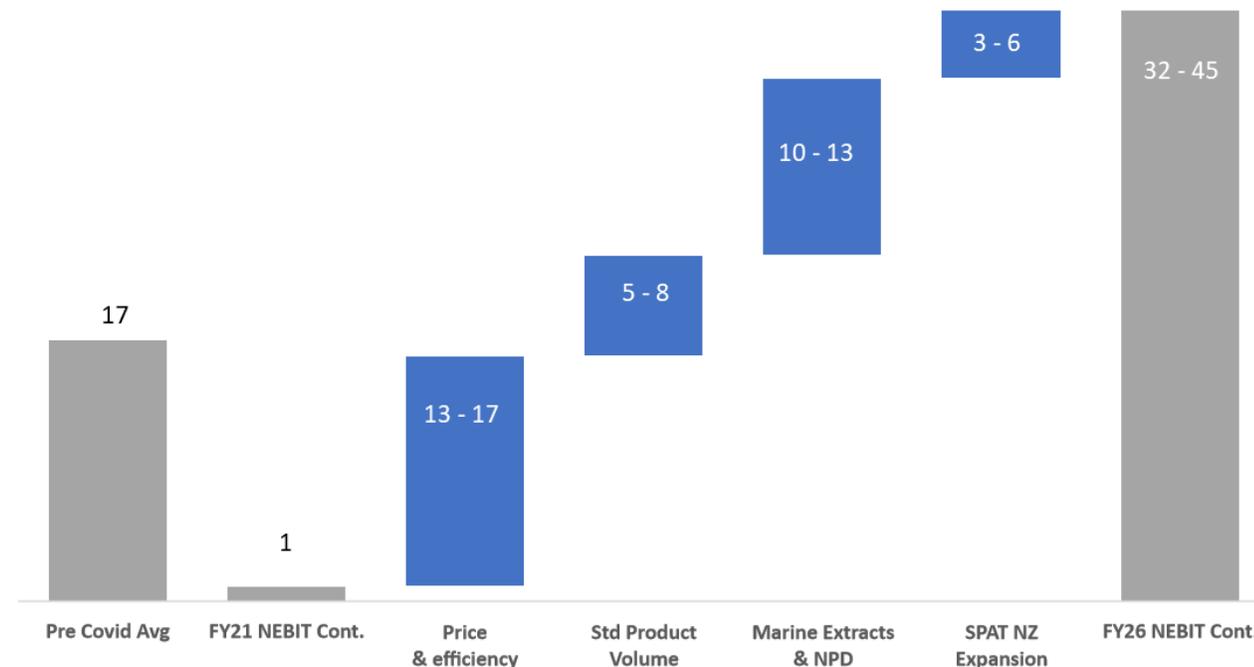


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2. GROW MUSSELS

- Price and volume recovery anticipated over FY22/23 following Covid-19 pandemic
- Global growth in aquaculture is required to support increasing global protein demands
- Greenshell mussels are native to New Zealand
- Investment to grow volume - **35,000 GWT to 55,000 GWT (57% increase) by FY26:**
 - Growing our world first Greenshell mussel spat hatchery facility
 - A new marine extract facility producing mussel powder and oils
 - Automation which will deliver improved cost per kilogram

Adj. EBIT Improvement – Breakdown of Mussels (\$m)



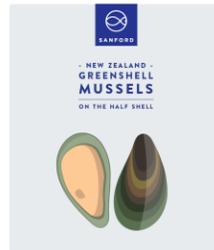
(Ranges above represent improvement from FY21 to FY26)



MUSSELS - GROWTH PATHWAY

PRODUCTS

- Diversify product range
- Develop new products to meet retail demand



SALES

- Maintain diversified markets
- Grow smaller markets to optimize value

HATCHERY

- Deliver hatchery output
- Minor expansion to existing hatchery
- Planning underway for major expansion or second location



FARMING

- Optimise farming assets
- Location diversity
- Utilise hatchery spat to fullest extent



PROCESSING

- Fully utilise processing assets
- Grow marine extracts facility
- Use third parties as required

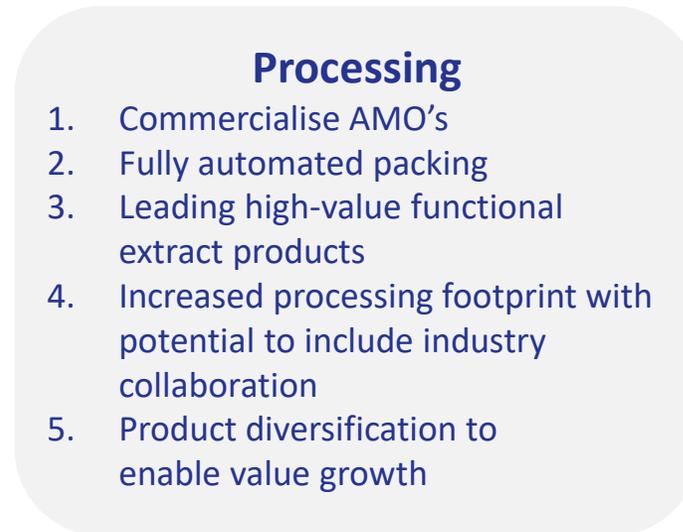
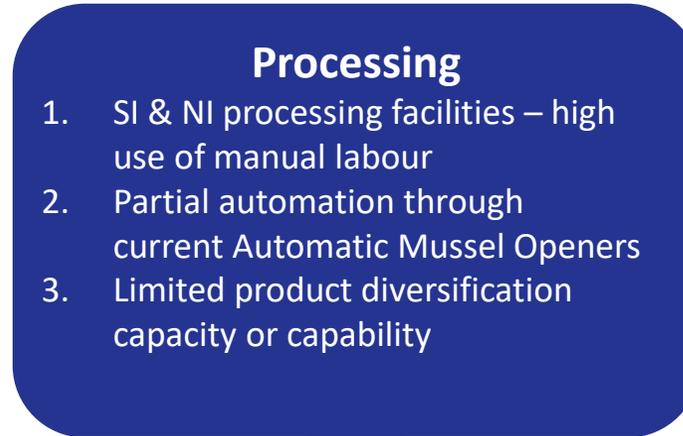
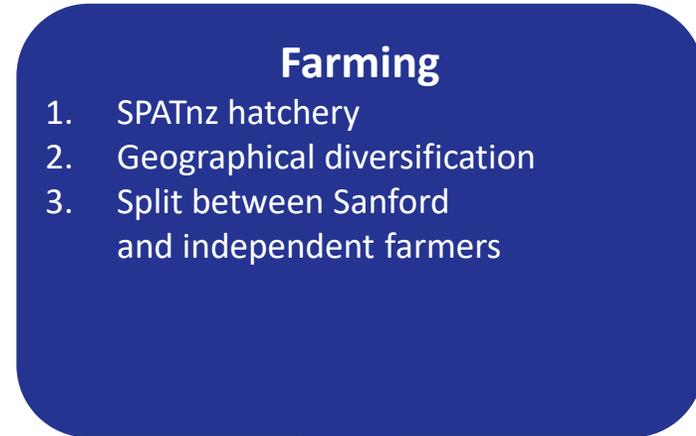


NEW MARINE EXTRACTS CENTRE

- Construction began in November 2021, scheduled for completion and commissioning before year end 2022
- Interim collagen manufacturing facility has been in production from March 2021 and has exceeded production targets throughout the year, converting low value hoki skins, into high value collagen



BUILDING SUSTAINABLE COMPETITIVE ADVANTAGE - MUSSELS



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3. SUSTAIN WILDCATCH

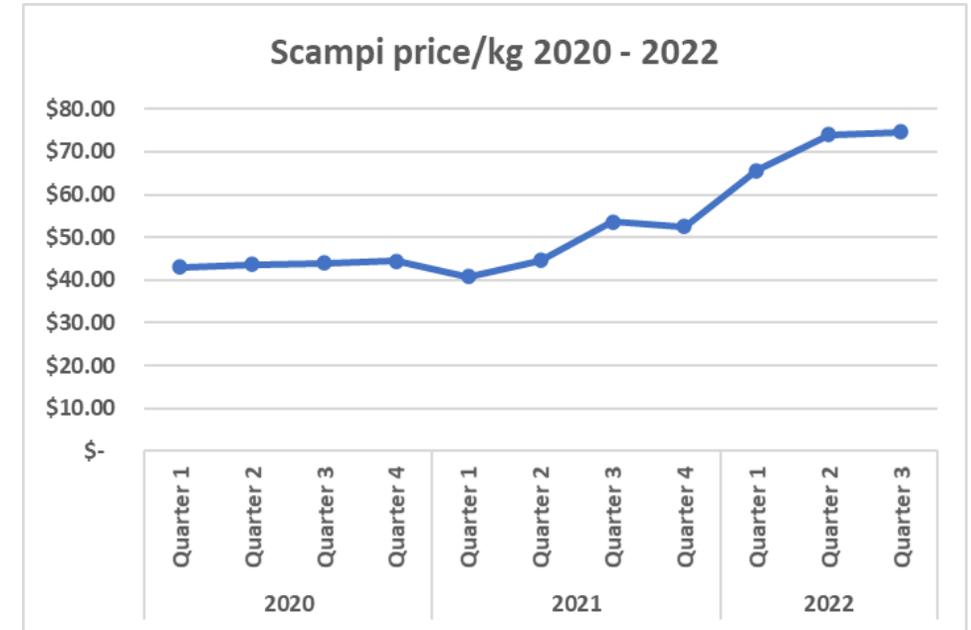
- Wildcatch is the engine room of Sanford's business and funds our growth
- In addition to the three priority investment areas there is significant investment required over the next five years to keep the deepwater fleet operating and up to standard
- Vessels are required to have five-year surveys and midlife makeovers
- This capex does not include new vessels (outside of scampi boats).
- Will explore collaboration opportunities as larger vessels need replacing. There may be an industry-wide solution and a better way of managing the harvesting of quota



3. SUSTAIN WILDCATCH - SCAMPI

High value species contributing **higher revenue and gross margin** per kg than other wildcatch

- Sanford fishes 51% of total NZ ACE (Annual Catch Entitlement)
- Scampi fleet is end of life (average age of 35 years), increasing maintenance costs and down-time and second-hand options are not available
- **Sanford has unfished ACE each season of 50–60T (around 20% of our quota), because of sub-optimal fleet.** The new vessels can meet their target returns and increase quota returns – value has been lost in the meantime (other options also being evaluated)
- Mixture of stay in business and growth capex
- Cost and timing options being explored



BUILDING SUSTAINABLE COMPETITIVE ADVANTAGE - DEEPWATER

Fleet

1. Quota Management System globally recognised sustainable fishery
2. Great balance of commodity and value species
3. Access to 20% hoki, 36% orange roughy, 60% scampi



Fleet

1. Continued engagement through world leading quota system
2. New scampi fleet improving reliability and catch rates
3. PSH utilized on all vessels to improve yield, quality and sustainability

Processing

1. High level of automation on vessels
2. Processing challenged by technology
3. Output fillet or fishmeal
4. Marine extracts hoki collagen



Processing

1. Consolidated national fit for purpose processing footprint
2. Additional land-based automation to facilitate value add products
3. Extend offer from fillet and elevate up from fishmeal
4. Marine extracts NPD unlocking other high value opportunities eg oil, sounds

Sales/Marketing

1. Predominantly commoditised trading
2. Value gain only from limited quantity
3. Flexibility to meet market conditions



Sales/Marketing

1. Continued commodity and value added
2. Linkage back to provenance through Sanford and Sons with branded product
3. Partnership with highest returning customers of scampi and orange roughy

FROM

TO



4. OPPORTUNITIES IN INSHORE

- Due to significance, strategic priorities have been Salmon, Mussels and Deepwater
- Now turning to opportunities in inshore where we can improve
- These include:-
 - Consolidation and collaboration for processing
 - Additional utilisation of inshore vessels (in good state relative to industry)
 - Pricing opportunities
 - Further utilising strong retail partnerships



BUILDING SUSTAINABLE COMPETITIVE ADVANTAGE - INSHORE

Fishing

1. Bulk traditional trawl dominant
2. Under utilised assets
3. Strong position on quota package
4. Leading market in terms of integration



Fishing

1. Further investment in PSH catch, more targeted business
2. Fully utilised assets incl. replacing two older vessels with one
3. Market leading quality

Processing

1. Auckland facility doesn't fit current business model
2. No automation in filleting
3. Current location untenable medium term
4. Uncompetitive cost per kg



Processing

1. Move to new premises, either JV or potential toll
2. Competitive cost structure
3. Retail ready SKUs including fixed price portions

Sales/Marketing

1. Low margin delivery across the total catch
2. Lack of market and channel diversity
3. No customer brand presence



Sales/Marketing

1. Leading customer brand
2. Diversified markets and channels throughout Asia
3. Supplier of choice for quality and scale

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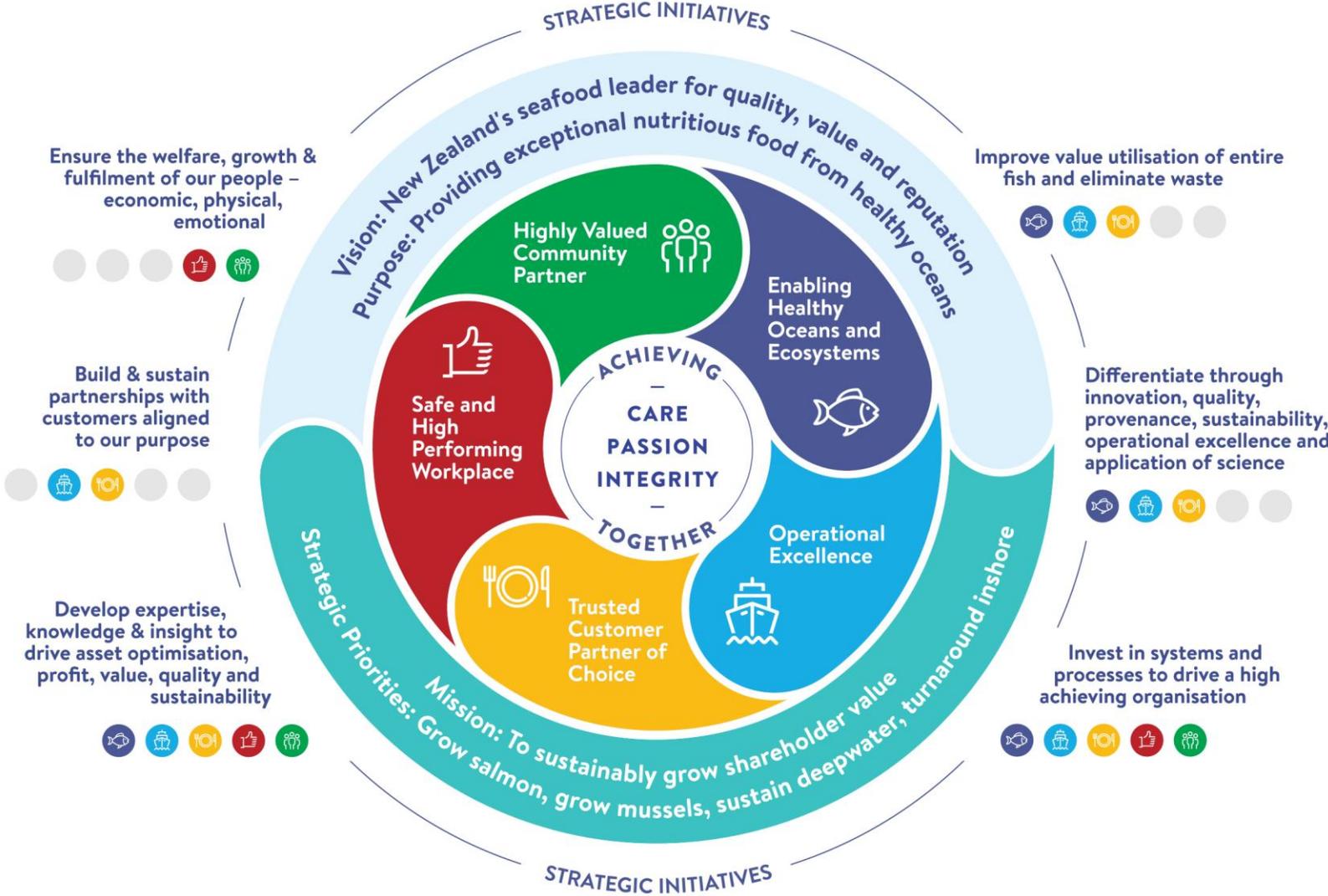
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STRATEGIC INITIATIVES

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FINANCING OUR STRATEGY



FINANCING OUR STRATEGY

- Operating cashflow
- Existing debt facilities
- Not intending to raise equity



HURDLE RATES FOR INVESTMENT

- Different hurdle rates are used for investments with different risk profiles (using the company WACC plus a risk premium)
- Hurdle rates vary according to the risks associated with the activity (such as volatility), and the duration and nature of investment
- Hurdle rates are subject to regular reviews that account for changes to inflation and risk
- Maximisation of shareholder value is a key metric

Investment Area	Hurdle Rate*
Integrity capital	9.0%
Growth of Existing business	12.0%
A new Business	20.0%

* These hurdles are subject to review



WHAT WILL IT COST?

PRIORITISED CAPEX SPEND

- Five-year capex (growth and maintenance) estimated to be between \$300m - \$395m
- Focus of aquaculture growth is salmon and mussels
- Scampi vessel replacement – best performing deepwater catch with some growth opportunities – timing to be determined
- Protection of core wildcatch business via maintenance of deepwater fleet
- Mussel diversification (powder and oil)
- Includes automation capex for mussels and salmon
- New factory build salmon



Division	Initiative	5-year capex estimate range (\$m)	
		Min	Max
Mussels	Growth	45	55
Mussels	Integrity	18	20
Total Mussels		63	75

Salmon	Growth	55	65
Salmon	Integrity	25	30
Total Salmon		80	95

Wildcatch	Growth	15	20
Wildcatch	Integrity	122	180
Total Wildcatch		137	200

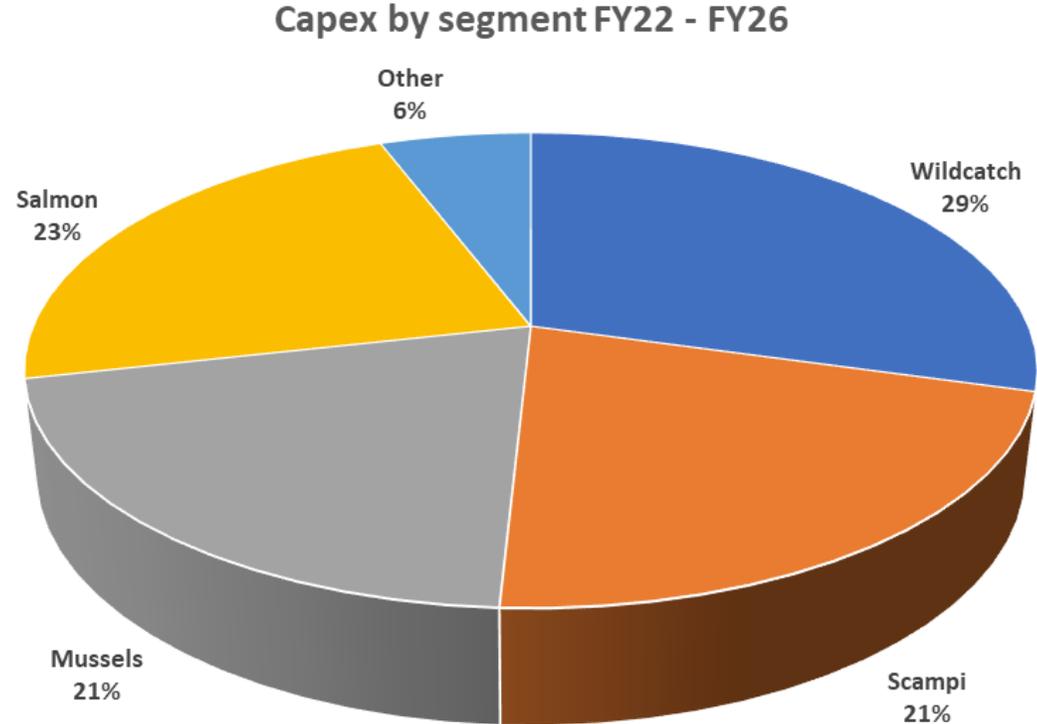
Other	Growth	8	10
Other	Integrity	12	15
Total Other		20	25

Total Growth		123	150
Total Integrity		177	245

Total Capex		300	395
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PRIORITISED CAPEX SPEND BY DIVISION

- 2022 capex forecast between \$50 - \$60m
- Mixture of growth (40%) and integrity capex (60%)



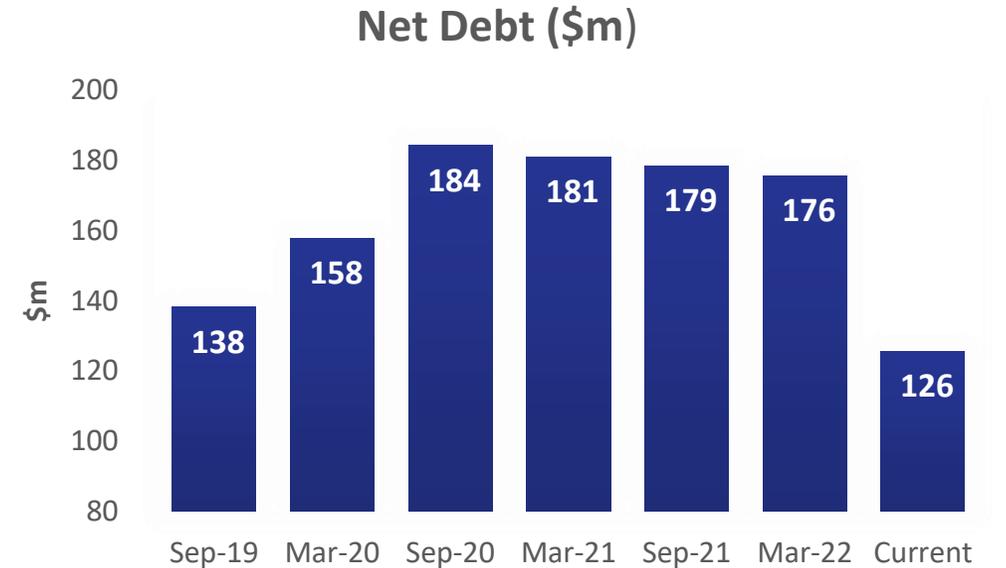
SANCORE

- Investment in a new operating and ERP system critical to support growth plans and reduce risk
- Spend to date is \$23m and remaining spend for calendar year 2022 of \$12m
- Manual and aged, unsupported systems need replacement. Increased efficiency and improvements in data accuracy
- The investment is compressed (updating and modernising)
- Sancore project cost complete in 2023, with on-going normalised investment in system infrastructure in subsequent years



FUNDING THE EXPANSION

- The capital requirements over five years will mainly be funded out of operating cashflows and debt
- In addition, \$52.7m of funds received from the sale of the crayfish quota will be used to invest in higher returning growth initiatives (scampi, mussels and salmon). Current debt levels circa \$130m
- Headroom on existing facilities of \$140m
- Active working capital management throughout the Covid period, with inventory at improved levels
- An equity raise is not being considered



DIVIDENDS

- No interim dividend announced for 2022
- Intention is to return to regular dividend as soon as practicable
- Strong likelihood a modest final dividend will be payable after the full year result announced at the end of the FY22 – subject to performance



HIGH LEVEL FINANCIAL TARGETS – FY26

Target	Measure
Net Debt / EBITDA	1.5x to 2.25x
Gearing (debt/debt + equity)	Less than 35%
Gross margin %	17% - 25%
Adjusted EBIT	\$85m - \$105m
Adjusted EBIT CAGR FY21 - FY26	30% - 35%

RISK MITIGATION

Risk	Managed by...
Geopolitical	<ul style="list-style-type: none"> • Diversity of markets • Strong customer relationships • Fewest layers possible in customer relationships
Labour	<ul style="list-style-type: none"> • Increasing hourly rates • Build employee engagement • Recruitment drives, including working to attract overseas talent • Accommodation offered where appropriate • Automation • Improving the employee experience
Supply chain	<ul style="list-style-type: none"> • Diversity in markets • Diversity in load ports • High percentage of domestic sales • Kotahi
Climate change	<ul style="list-style-type: none"> • Oxygenation and other mitigation measures for salmon • Salmon breeding for resilience • SPATnz breeding for tolerance

RISK MITIGATION

Risk	Managed by...
Cost inflation and interest rate rises	<ul style="list-style-type: none"> • Long term fixed rate interest hedging • Fuel hedging • Alternative feed supply. Optimising growth rates
Regulatory change	<ul style="list-style-type: none"> • Engage with industry representation on legislative submissions • Active engagement with regulators and decision-making bodies at all levels of Government • Participate in local and global communications initiatives
Pressure groups and social license	<ul style="list-style-type: none"> • Emphasize sustainable approach • Maintaining strong community links • Programme of engagement with select NGOs • Engaging with industry, regulator and Government



WRAP-UP



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IN CONCLUSION

Sanford has:

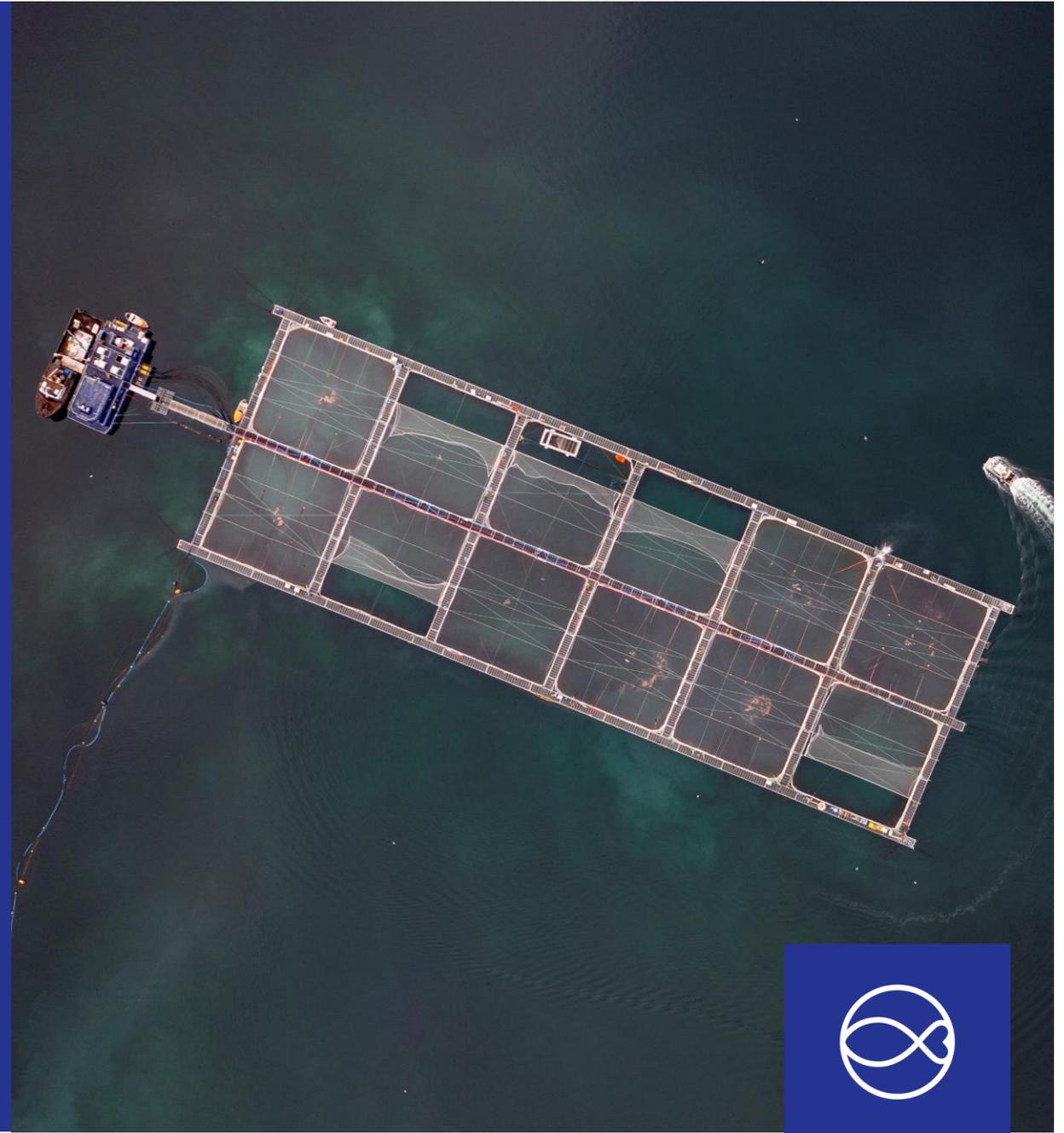
- A well placed portfolio
- From a country that manages its seafood resource well
- In a world where there is growing demand for our products



IN CONCLUSION

Sanford has:

- A clear pathway to pre-Covid profitability and growth
- The ability to fund capital requirements
- A balance of protecting cash flow from wildcatch while investing for growth in aquaculture
- A plan for investment in systems and processes that will help drive our journey to becoming a high achieving organisation



IN CONCLUSION

Sanford has:

- A target range of \$85 - \$105 million for Adjusted EBIT by 2026
- The intention to return to paying a dividend, starting with a modest final dividend payment at the end of this financial year
- The ability to fund our capital initiatives via operating cashflow, existing debt facilities and without an equity raise



IN CONCLUSION

Sanford is investing for growth in three clear areas:

1. Mussel growth to \$32-\$45 million of Adjusted EBIT by 2026
2. Salmon growth to \$32-\$41 million of Adjusted EBIT by 2026
3. New scampi vessels to secure our foundations and enable growth



IN CONCLUSION

Opportunities exist for further growth and/or to sustain profitability:

- Wildcatch fleet investment
- Inshore area rebuild
- Customer partnerships
- SanCore
- An ongoing commitment to people and sustainable practices



IN CONCLUSION



THE SANFORD LEADERSHIP TEAM

THE EXECUTIVE

Peter Reidie, CEO
Paul Alston, CFO
Andre Gargiulo, CCO
Peter Young, (Acting) COO
Karen Duffy, CPO
Louise Wood, CSCO
Colin Williams, GM Fishing

SENIOR LEADERS

Stuart Houlston, GM Finance
Richard Miller, GM Salmon
Andrew Stanley, GM Innovation
Fiona MacMillan, GM Communications
Rodney Roberts, GM SPATnz
Peter Longdill, GM Sustainability

Hardeep Kang, GM Food Safety and Quality
Blair Robinson, GM International Sales
Karyn Murray, Market Manger, North America
Mackenzie Collis, Group Export Sales Manager
Paul Turnbull, GM Strategic Projects
Adrian Grey, GM Business Development





SANFORD

QUESTIONS?

