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Name of Listed Issuer: SANFORD LIMITED (SAN)
INTERIM FINANCIAL RESULTS for the 6 months ended 31 March 2022

Sanford Interim Results Boosted by International Post-Covid Recovery

Sanford Limited (NZX: SAN) has reported a solid recovery in the first half of its 2022 financial year, with Adjusted (underlying) Earnings Before Interest and Tax (Adjusted EBIT) of \$19.2 million for the six months to 31 March. This represents a 79.4% increase on Adjusted EBIT from the same period last year (\$10.7 million). Total revenue was \$270.9 million for the period, a 16.0% increase on the same period in 2021 (\$233.5 million).

Statutory net profit after tax (NPAT) for the period was \$6.1 million, 55.5% behind last year's interim result of \$13.8 million¹ which included a one-off gain of \$13.4 million from the sale of non-core property.

Sanford is New Zealand's largest and oldest seafood company and has a diverse range of interests across fishing and aquaculture.

Key highlights from the first half of the 2022 financial year include:

- The profit contribution from Sanford's wildcatch division is up 108.4% versus the prior comparable period, driven by a significant lift in global demand for whitefish
- Maintenance of salmon profitability through increasing revenues by 35.9% to compensate for additional cost in feed, freight and some increased investment to minimise a minor increase in mortality due to warmer water temperatures
- Sanford's balance sheet is strong, with net debt at \$175.6 million and around \$90 million in headroom with current banking facilities
- Significantly improved operating cashflows of \$35.8 million versus \$4.5 million for the same period last year

CEO Peter Reidie says the result is pleasing, although challenges continue on the domestic front.

"The uplift in EBIT and revenue is satisfying and we are pleased we have been in a good position to take advantage of the post-Covid recovery in many of our international markets. Now the challenges we face have shifted from demand to supply, with Covid-19 continuing to

¹ The Previous Reporting Period figures have been restated as detailed in Note 2 of the Interim Report.

make its presence felt in New Zealand. This is impacting our operations, particularly in processing where reduced staff availability has impacted productivity and increased costs.

“The good news is that our plans to minimise the impact on fishing, farming and production are paying off. We have a 100% vaccinated workforce and we are using Rapid Antigen Testing at the majority of sites, including before entry to our vessels.”

Divisional Highlights

Wildcatch Performs Strongly

Sanford’s wildcatch division has performed well and demand is strong in this seafood category. Sales volumes however have been depressed by supply availability, with the squid season starting somewhat later than usual.

Improved margins for species such as hoki, scampi and toothfish have driven a lift in profitability for this division.

Looking forward, Sanford anticipates continuing, short term Covid-19 impacts on crewing and processing which it is managing through testing, staff attentiveness and policies and procedures.

Mussels Stable, Labour Shortage Impacts Processing

Sanford’s mussel division is seeing strong signs of demand recovery and its profit contribution was stable compared to the first half of 2021, but improvement is hampered by a processing bottleneck caused by domestic labour shortages.

Mr Reidie says “we face serious production constraints in both our Havelock processing facility and in our joint venture operations with North Island Mussels Limited in Tauranga, despite sustained attempts to recruit more workers to these areas. There simply aren’t enough work-ready New Zealanders available to fill all the positions we have.”

Salmon Solid, Risks Well Managed

The profit contribution from salmon was flat versus the prior comparable period, but revenue was up 35.9% with strong demand internationally.

CEO Peter Reidie says “we are fortunate to farm our prized salmon in Stewart Island waters, where risks from warmer temperatures are reduced and are also being well managed by our farming team. Reduced stocking densities alongside aeration and oxygenation technologies have shown their value during the last six months, keeping seasonal mortalities across all fish at 3.5% from January to March.”

People, Supply Chain and Outlook

Sanford has recorded stable personnel engagement rates in its recent survey of 7.5/10, which Mr Reidie describes as pleasing. “Our people have had to work very hard over the last two years, responding to the Covid pandemic and we are pleased they are generally in good spirits, despite the challenges.”

The company reports few current concerns about supply chain impacts, thanks in large part to its relationship with supply chain collaboration group Kotahi.

Mr Reidie says “our overall outlook is positive as we expect strong demand improvements to continue. The limiting factors for us now are working our way through the domestic impacts of Covid-19 and addressing staff shortages in key areas such as mussel processing.”

Given the early stage of its recovery, Sanford’s Board has determined it will not be paying an interim dividend. It remains focused on returning to normalised dividend payments as soon as it is financially prudent to do so. The Board is committed to taking a step towards this with a modest final dividend payment at the end of this financial year.

For more information or to arrange interviews or request imagery or video, please contact:

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