



SANFORD

RESULTS BRIEFING FOR THE SIX MONTHS ENDED 31 MARCH 2021



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.

Information has been prepared by the Company with due care and attention. However neither the Company, nor any of its directors, employees or shareholders nor any other person gives warranties or representations (express or implied) as to the accuracy or completeness of this information. To the maximum extent permitted by law, none of the Company, its directors, employees, shareholders or any other person shall have any liability whatsoever to any person for any loss (including, without limitation, arising from any fault or negligence) arising from this presentation or any information supplied in connection with it.

This presentation contains financial information taken from management accounts and from the Company's audited results for the year ended 30 September 2020.

This presentation also contains forward-looking statements regarding a variety of items. Such forward-looking statements are based on current expectations, estimates and assumptions and are subject to a number of risks, and uncertainties, including material adverse events, significant one-off expenses and other unforeseeable circumstances, including further impacts from COVID-19 on the Company. There is no assurance that results contemplated in any of these forward-looking statements will be realised, nor is there any assurance that the expectations, estimates and assumptions underpinning those forward-looking statements are reasonable. The Company's actual results may differ materially from the forward-looking statements in this presentation. No person is under any obligation to update this presentation at any time after its release. Investors are strongly cautioned not to place undue reliance on forward-looking statements.

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. This presentation should be read in conjunction with the material published by Sanford Limited.

The information in this presentation is of a general nature and does not constitute financial product advice, investment advice or any recommendation. The presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any security and may not be relied upon in connection with the purchase or sale of any security. Nothing in this presentation constitutes legal, financial, tax or other advice.



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



HALF YEAR (“HY”) 21 RESULTS SUMMARY

HY21 Summary

Market conditions remain challenging:

- **Conditions and expectations** consistent with our March 17th market update, driven by Covid-19
- **Potential for H2 improvement:** expect some typical seasonal improvement in H2
- **Uncertainty:** freight and international supply chain reliability (compromised and unlikely to improve much in H2)

Conditions now vary more by division:

- **Wildcatch:** comparable profit versus last year
- **Salmon:** strong volume growth, with momentum in new retail channels
- **Mussels:** now most impacted by foodservice market demand and price. Lagged impact vs others

Achievements during HY21:

- **Salmon:** top profit contribution, with +12% revenue growth driven by new retail channels (NZ, US)
- **Australia:** continues to grow strongly with revenue for the half growing 39% year-on-year
- **Property sales:** Tauranga cold storage and Christchurch property, realised \$24m cash (\$13m gain on sale)

HY21 Results snapshot

A continuation of the impacts of Covid-19

Catch/Harvest Volume

51.6k GWT

— flat

Sales Volume

54.9k GWT

▲ +6%

Revenue

\$233.5_M

▼ -5%

Adjusted EBIT¹

\$10.7_M

▼ -54%

EBIT GW kg

19¢

▼ -27¢/kg

Adjusted EBITDA¹

\$25.8_M

▼ -30%

NPAT

\$16.2_M

▼ -15%

EPS

17 CPS

▼ -3¢

No Interim Dividend

▼ Down 5¢

¹ See Appendix for Adjusted EBIT and Adjusted EBITDA reconciliation to GAAP Reported NPAT

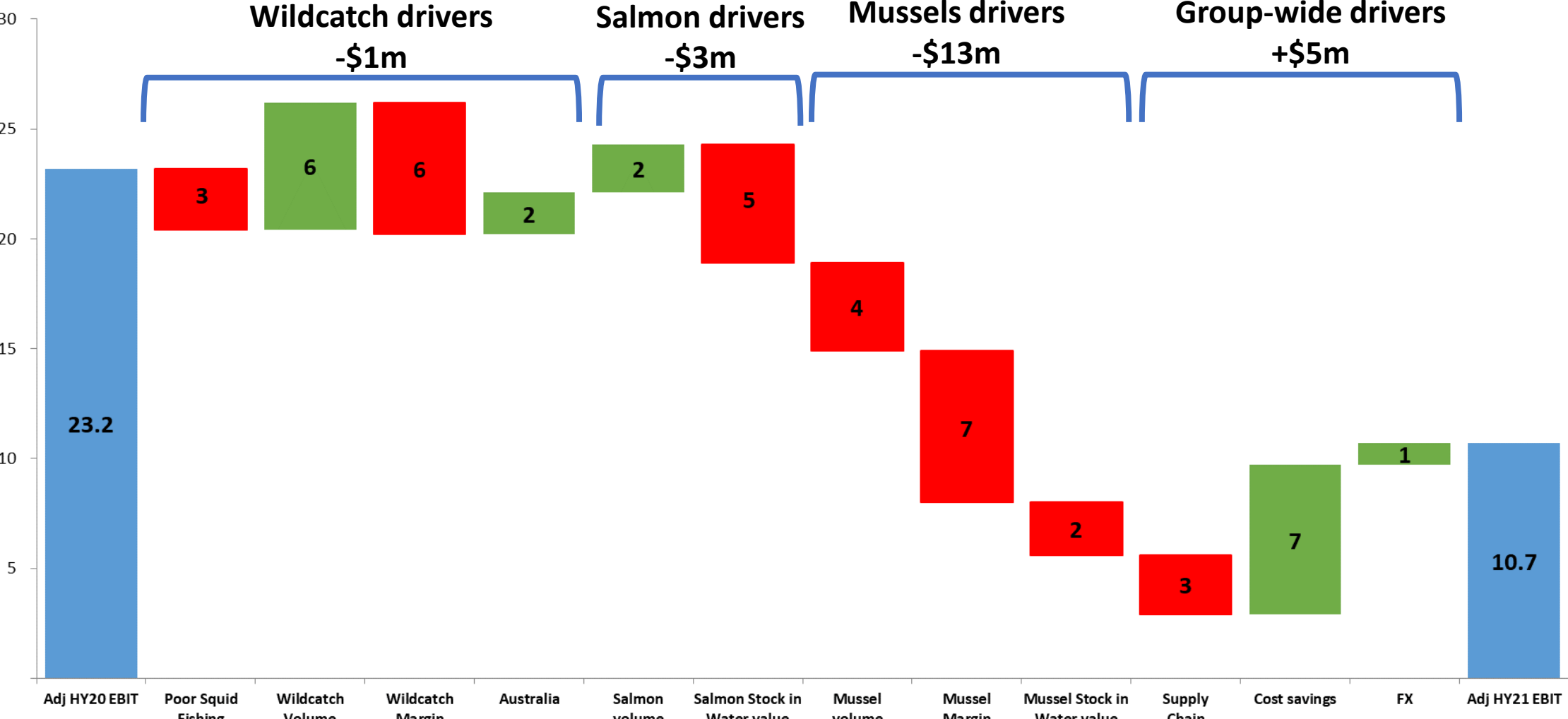
Note: Comparative is HY20



Change in profitability driven by Greenshell mussels

Key drivers of Adjusted EBIT change vs HY20¹

NZD m



¹ The driver sub-totals above differs to the profit contribution by division change in slides 14,17,20. Wildcatch above includes Australia & group-wide supply chain & cost savings have been separated out from the divisions

HY21 Balance Sheet and Cash flow

Balance Sheet remains strong, debt levels contained

Gearing¹

23.8%

▲ Mar 20 | 22.1%

Net Debt

\$181.0M

▲ +15% vs Mar 20 ▼ -2% vs Sep 20

Total Equity

\$642M

▲ +10% vs Mar 20

Net Debt / Adjusted EBITDA

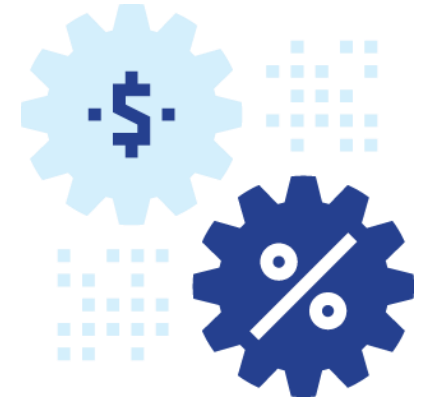
3.3x

▲ Mar 20 | 1.9x ▲ Sep 20 | 2.8x

Return on Average Total Equity

3.1%

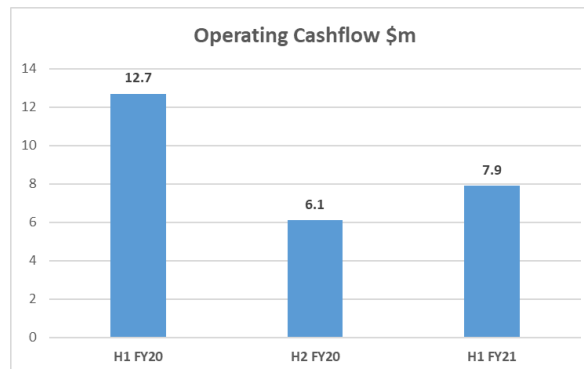
▼ Mar 20 | 6.4%



Operating Cashflow

\$7.9m

▼ -37% vs Mar 20



Free Cashflow²

\$12.2m

▲ Mar 20 | -\$5.4m

Liquidity Ratio

149%

▲ Mar 20 | 146%

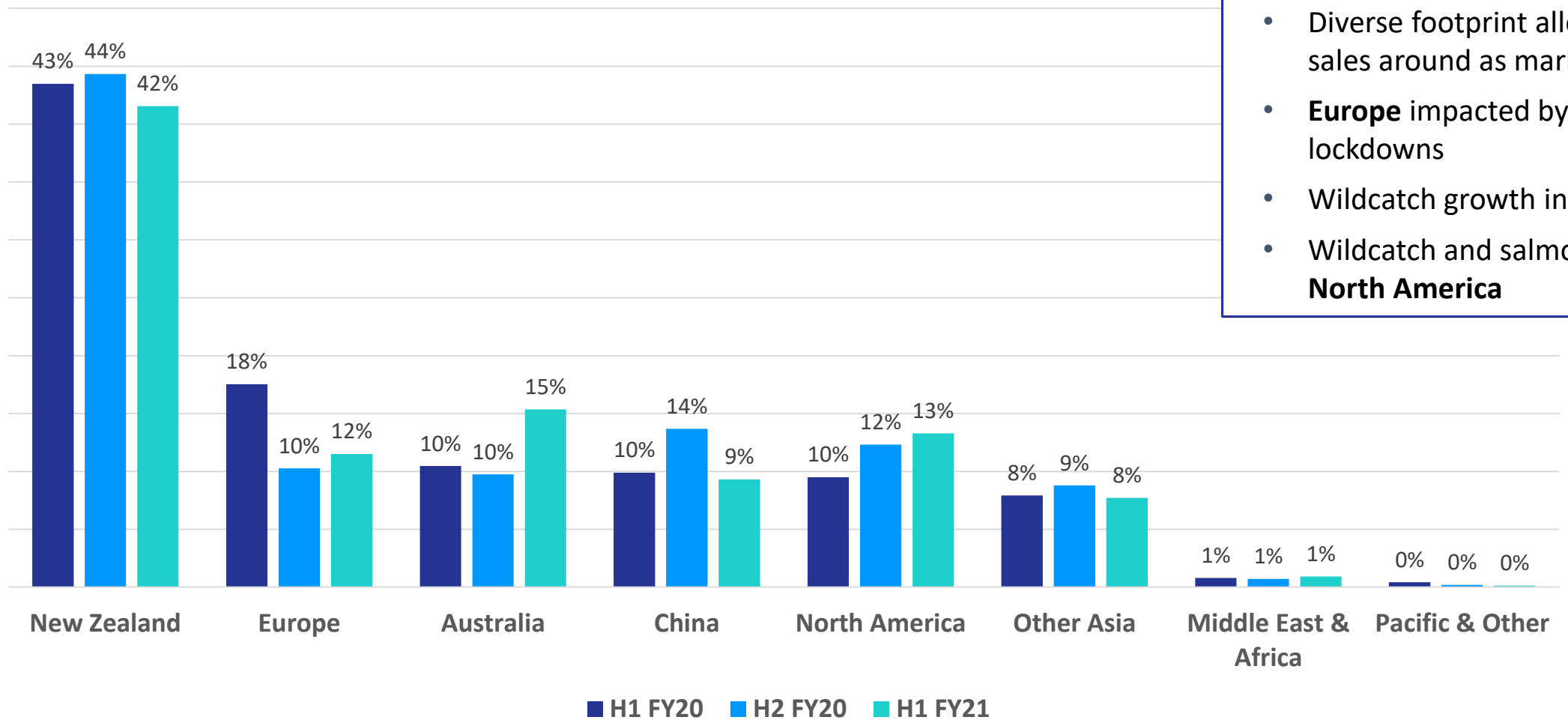
¹ Debt/(Debt + Equity) – a change in definition from last reporting period

² Net cash flows from operating activities + net cash flows used in investing activities

³ Liquidity ratio – Net debt facility/Utilised facility

Geographic diversity of revenue

Revenue by geographic distribution - H1 FY21 vs. H1 & H2 FY20¹



- Diverse footprint allows us to move sales around as markets change
- **Europe** impacted by Covid-19 lockdowns
- Wildcatch growth in **Australia**
- Wildcatch and salmon growth in **North America**

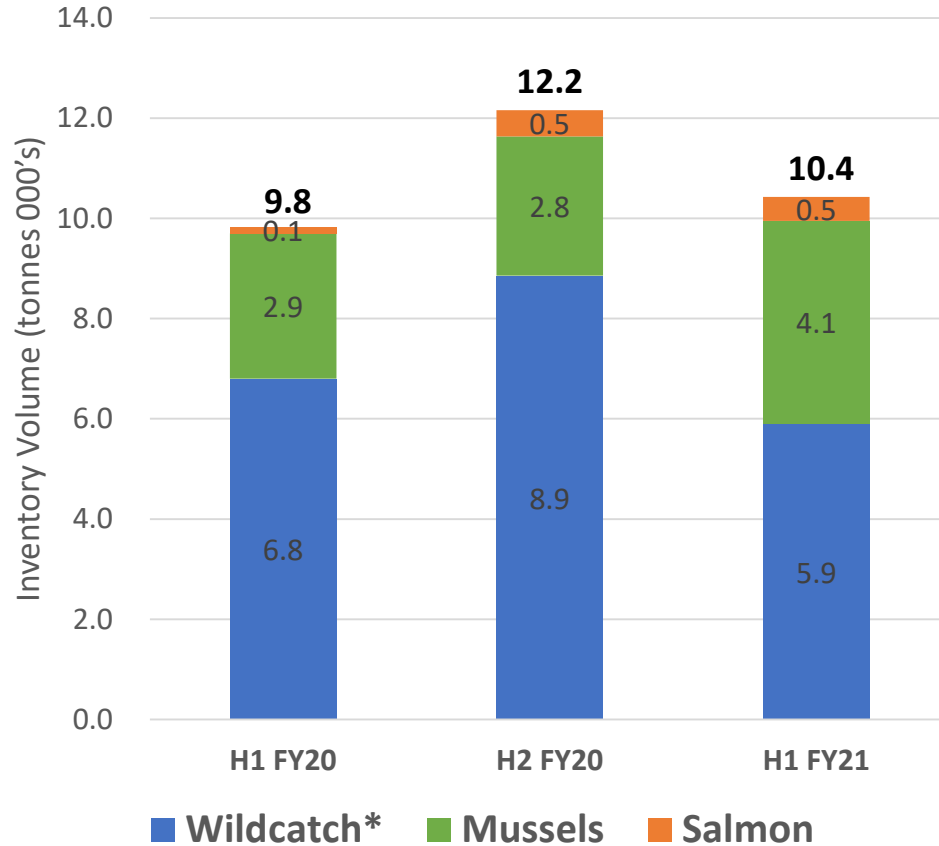
¹ Revenue information above is based on the delivery destination of sales.



Seafood inventory value stabilised, with mix changing

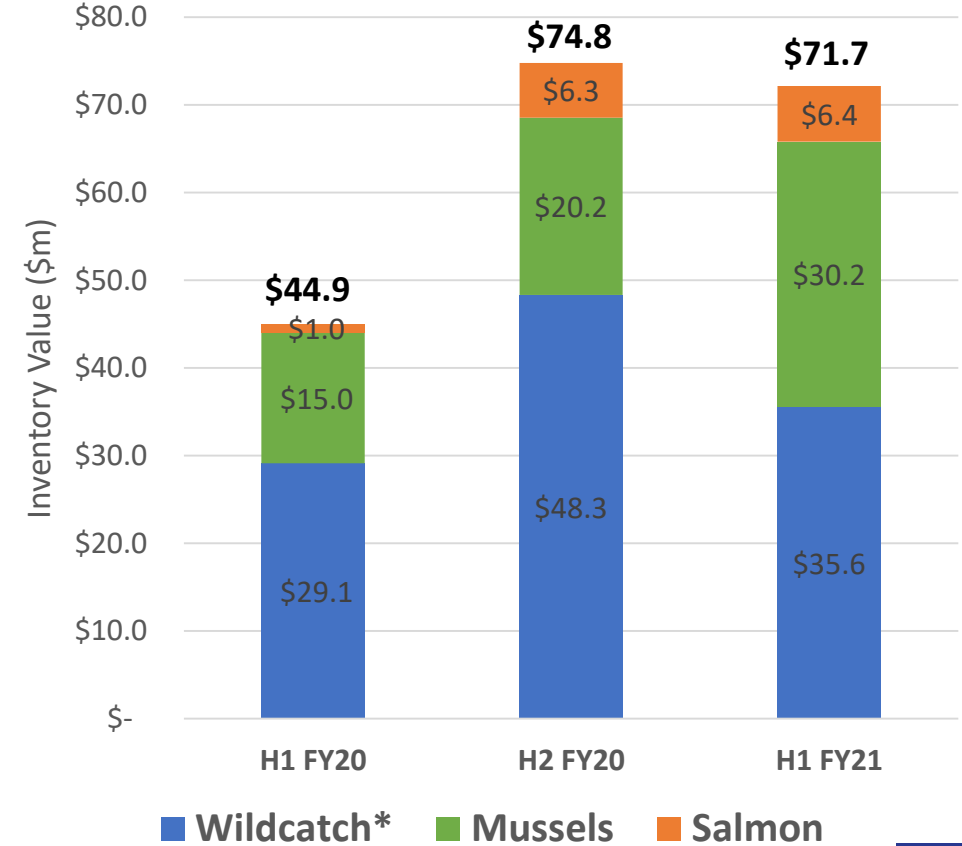
VOLUME (PWT)

YOY increase +6%



VALUE (\$M)

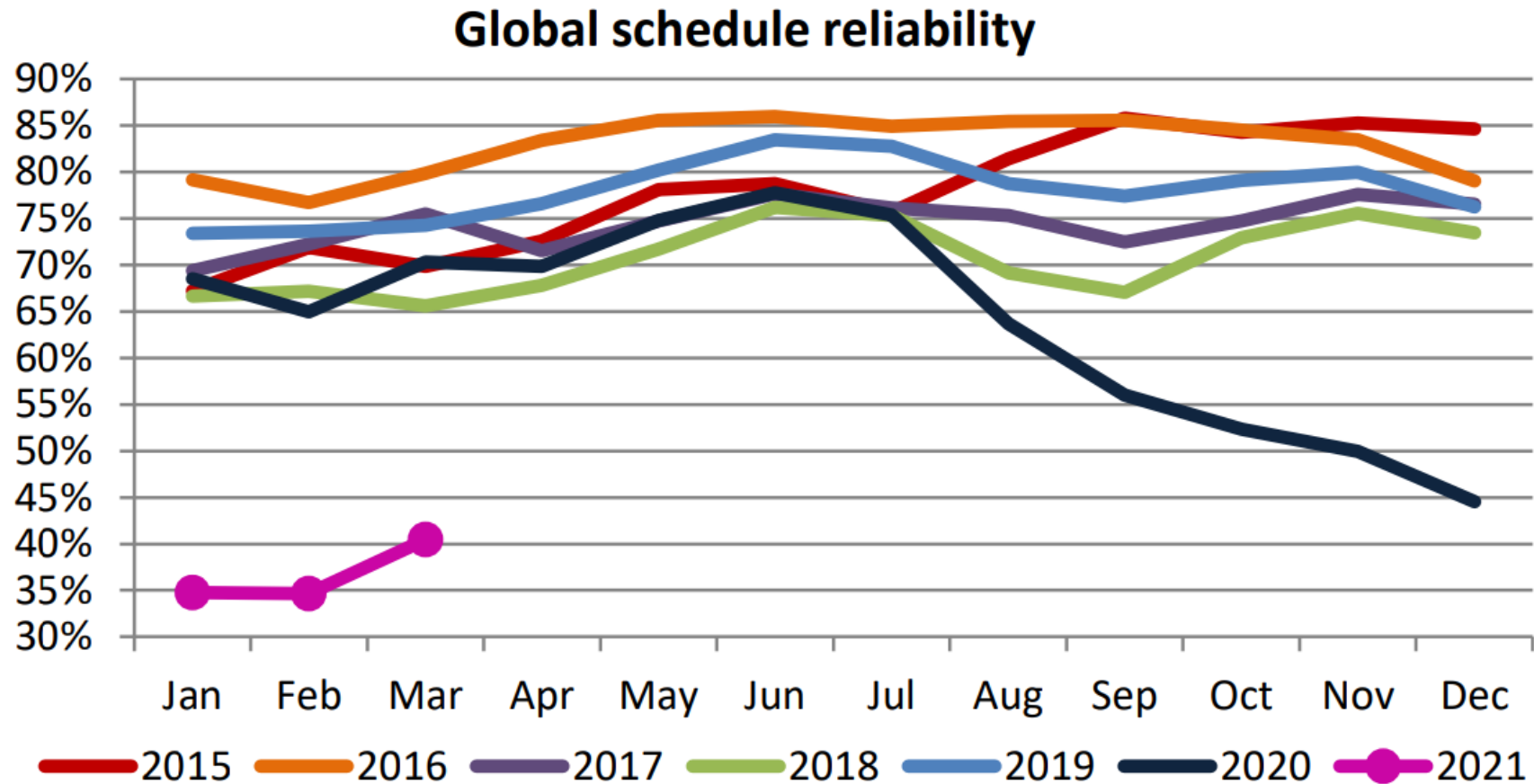
YOY increase +60%



- Wildcatch inventory includes stock on board vessels not yet available for sale
- Inventory value differs to financial statements as above excludes non-seafood inventory



Global supply chain disruptions creating significant challenges

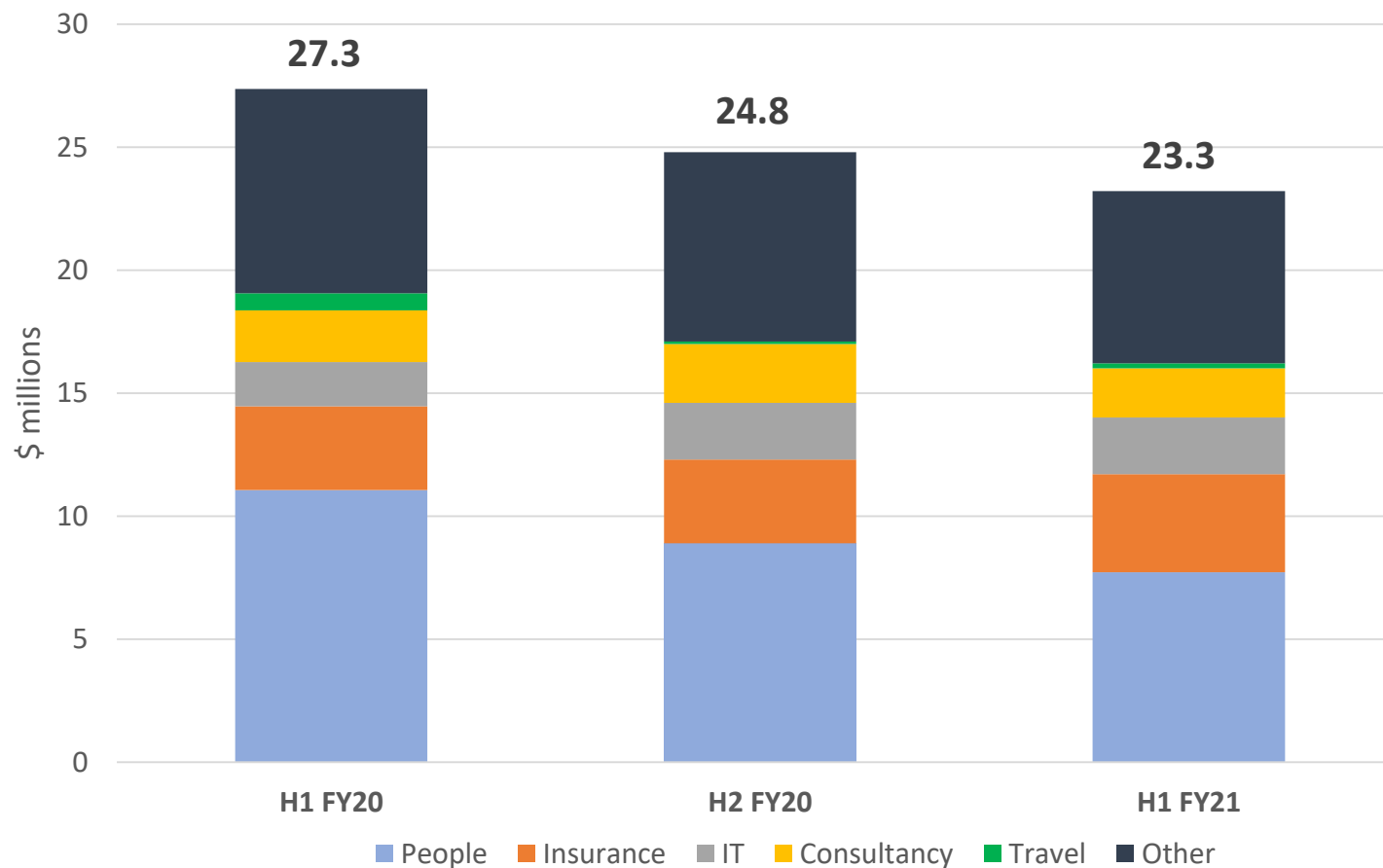


© Sea-Intelligence Maritime Analysis

Global Liner Performance Report - April 2021

Managing expenditure carefully for Covid conditions

Operating Expenses -15% vs HY20¹

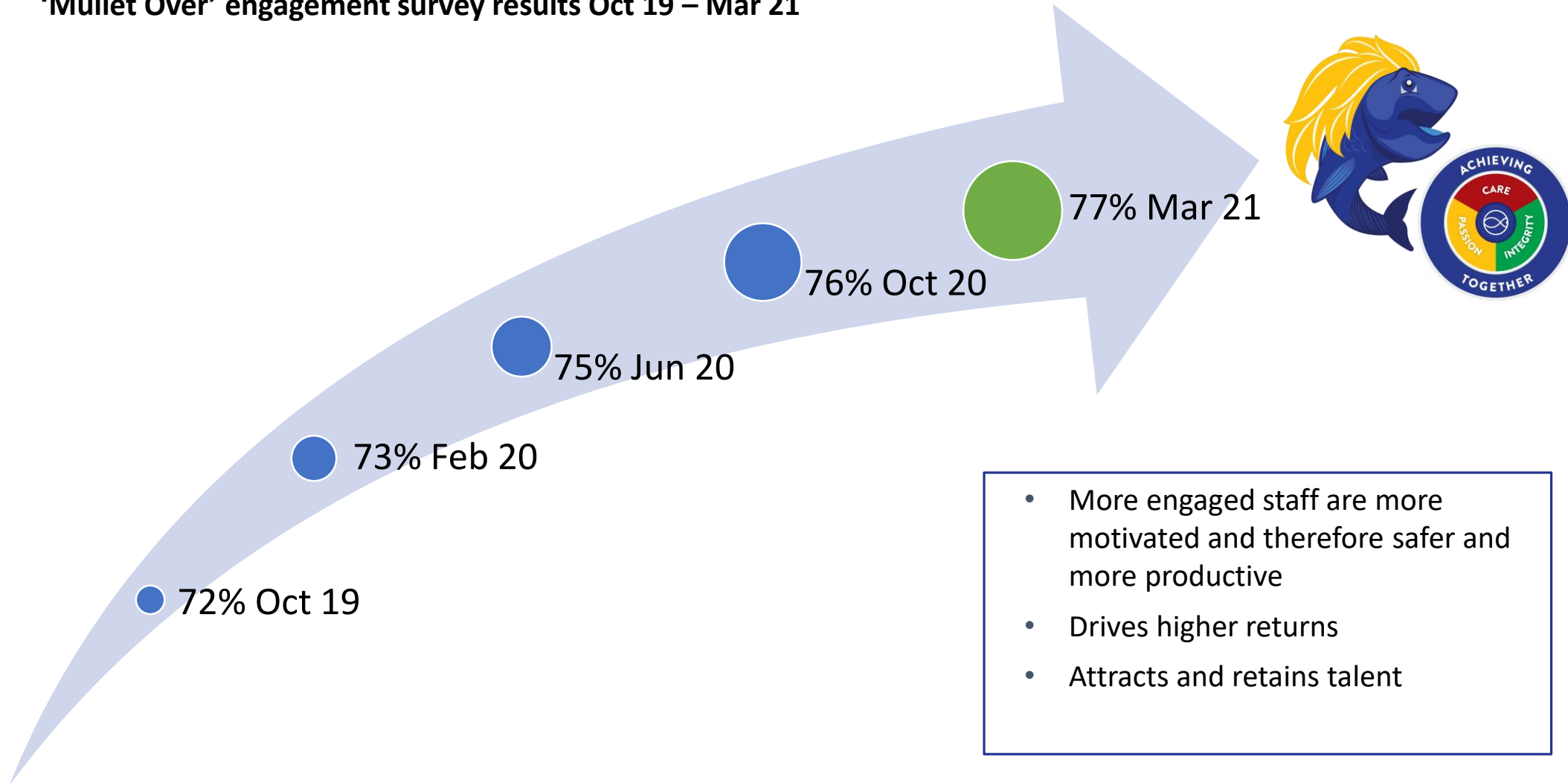


¹ Operating expenses adjusted for one-off restructuring and impairment costs.



People engagement score improved through Covid

'Mullet Over' engagement survey results Oct 19 – Mar 21



- More engaged staff are more motivated and therefore safer and more productive
- Drives higher returns
- Attracts and retains talent

UPDATE BY DIVISION

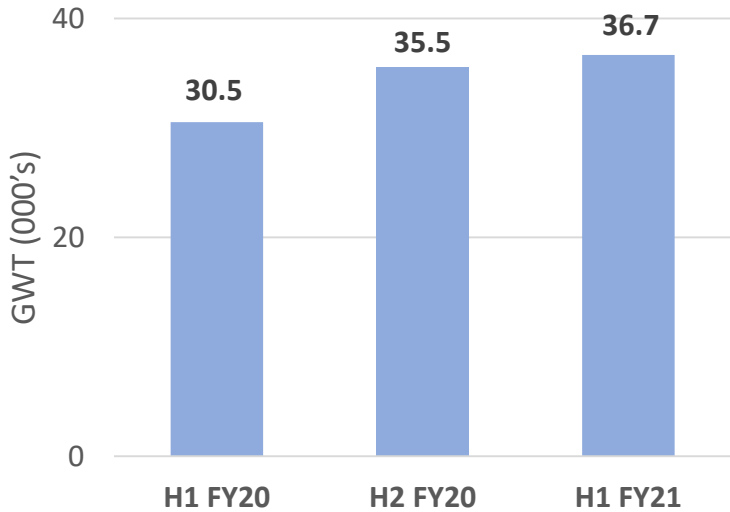
SAN DISCOVERY

Wildcatch HY21

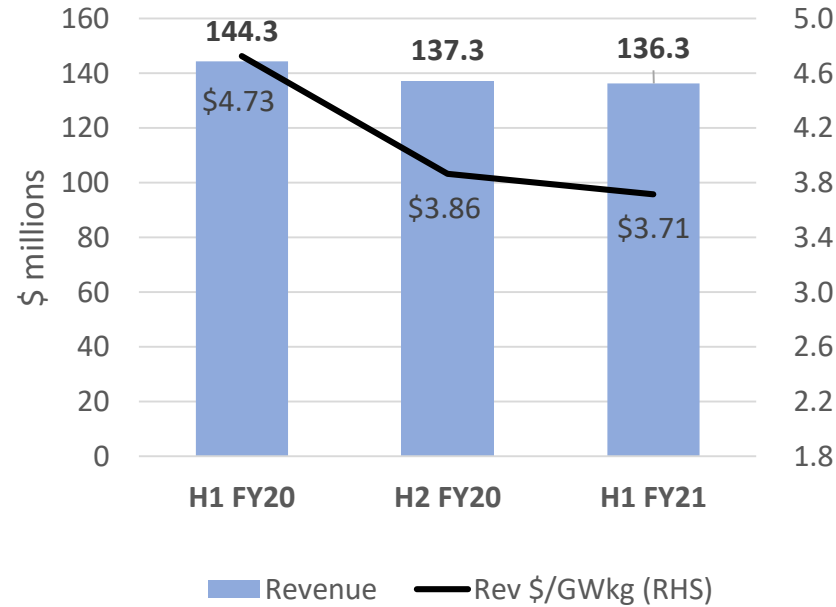
Solid volumes for catch and sales. Prices are low, but stabilising



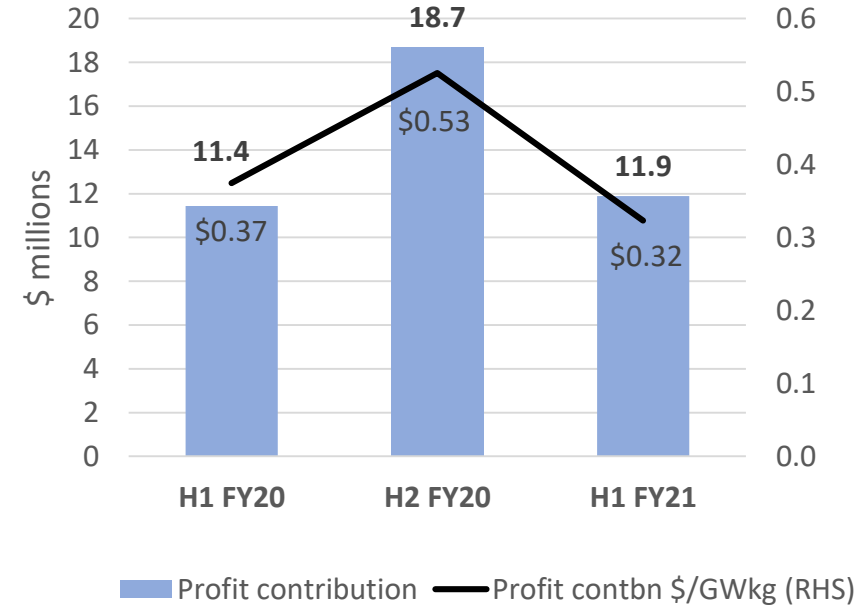
Sales Volumes +20% YoY



Revenue -6% YoY



Profit contribution* +4% YoY



*Profit contribution is Adjusted EBIT before head office overheads





Positives

- 20% increase in sales volumes (incl. clearing of hoki inventory back to historical levels)
- Deepwater catch volumes +2% (incl. +11% for hoki catch)
- Antarctic toothfish catch +93% vs HY20, +113% vs HY19
- Cost savings from closure of Tauranga processing site
- Pricing low, but has stabilised and beginning to improve

Challenges

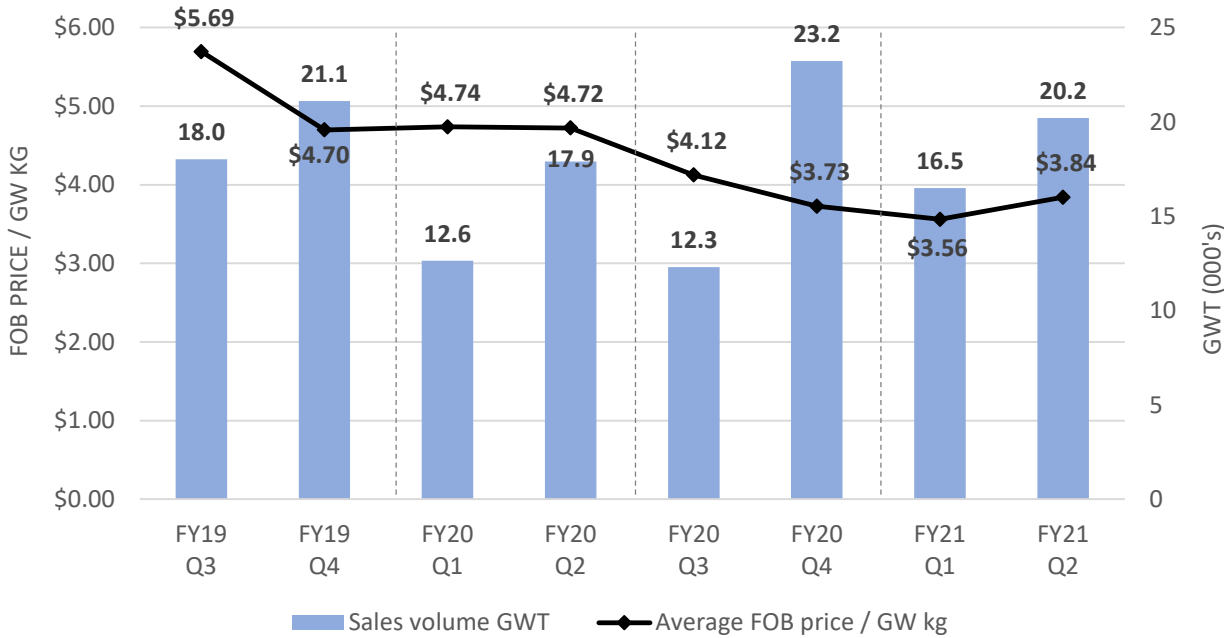
- Average wildcatch pricing 22% lower than HY20
- Squid: catch down 25%, impacting second half; reduced pricing and margins
- Antarctic toothfish pricing 17% lower than HY20
- San Waitaki ruling

Wildcatch HY21

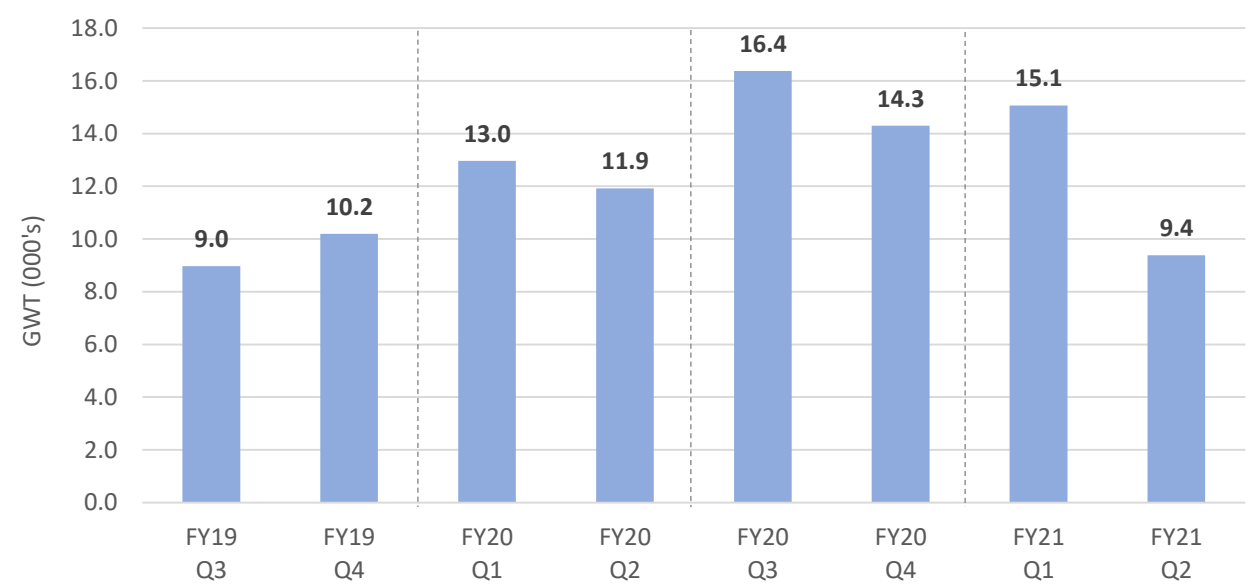


Prices are low, but stabilising. Volume and inventory normalising

GWT AND AVERAGE PRICING TREND



INVENTORY GWT (000's)



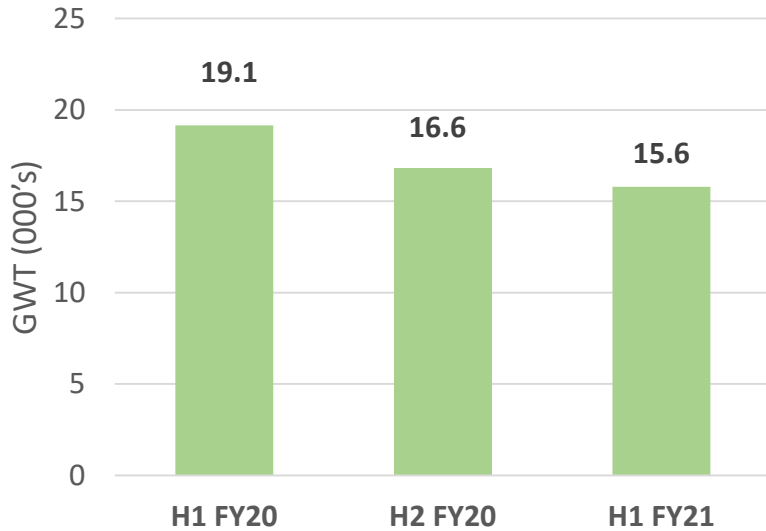
Greenshell Mussels HY21



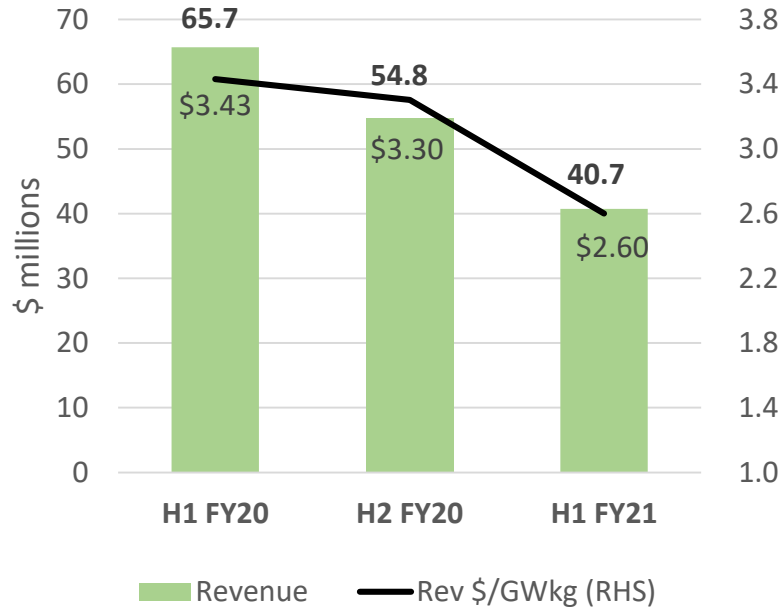
MUSSELS

Hardest hit this reporting period, ongoing disruption to global foodservice channel

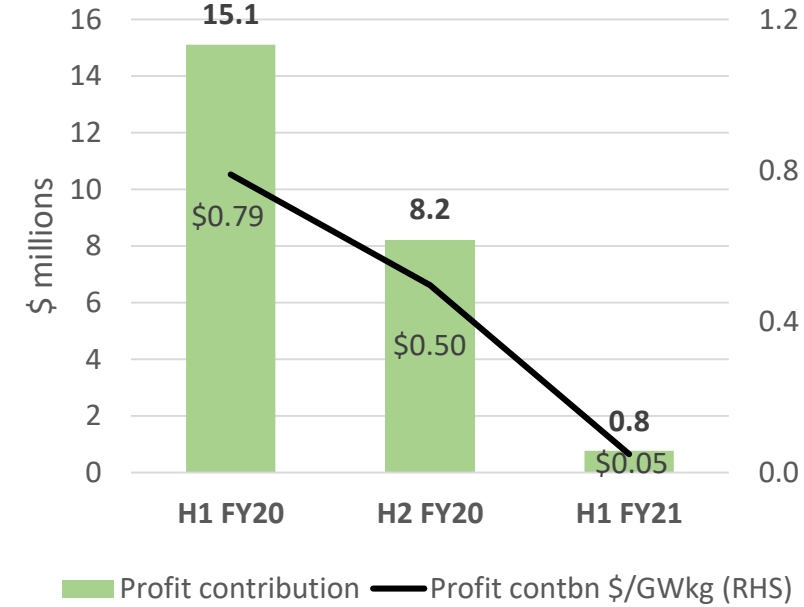
Sales volume -18% YoY



Revenue -38% YoY



Profit contribution* -95% YoY



*Profit contribution is Adjusted EBIT before head office overheads



Greenshell Mussels HY21

Volume and pricing for half shell mussels significantly impacted



MUSSELS

Positives

- Consistent reduction in growth time from spat to final harvest (from 18-24 to 10-16 months)
- Starting to see positive lifts in demand in US and Asia
- Mussel powder pet market continues to grow and is resilient to the current climate

Challenges

- Mussels are foodservice reliant
- Sales volumes fell 18%
- Inventories climbed 46% in volume (PWT) and 44% in value since September 2020
- Lower pricing impacting stock in water valuation
- Lower throughput impacted cost recoveries



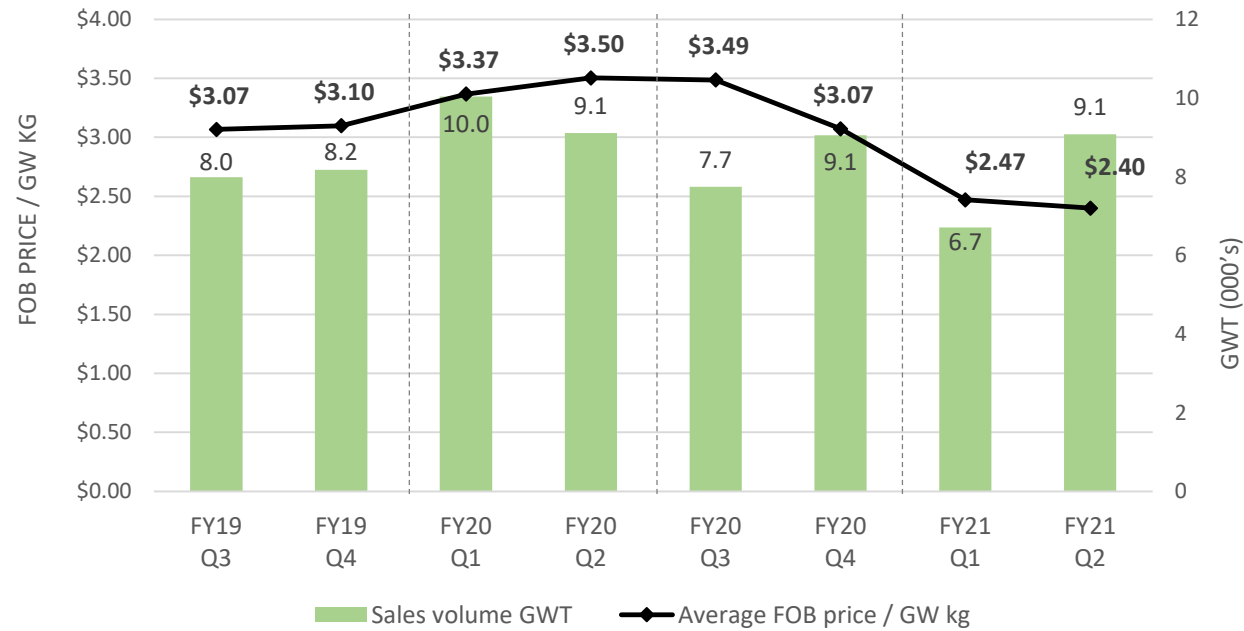
Greenshell Mussels HY21

Covid impact was coming off record prices and volumes. Inventories climbed

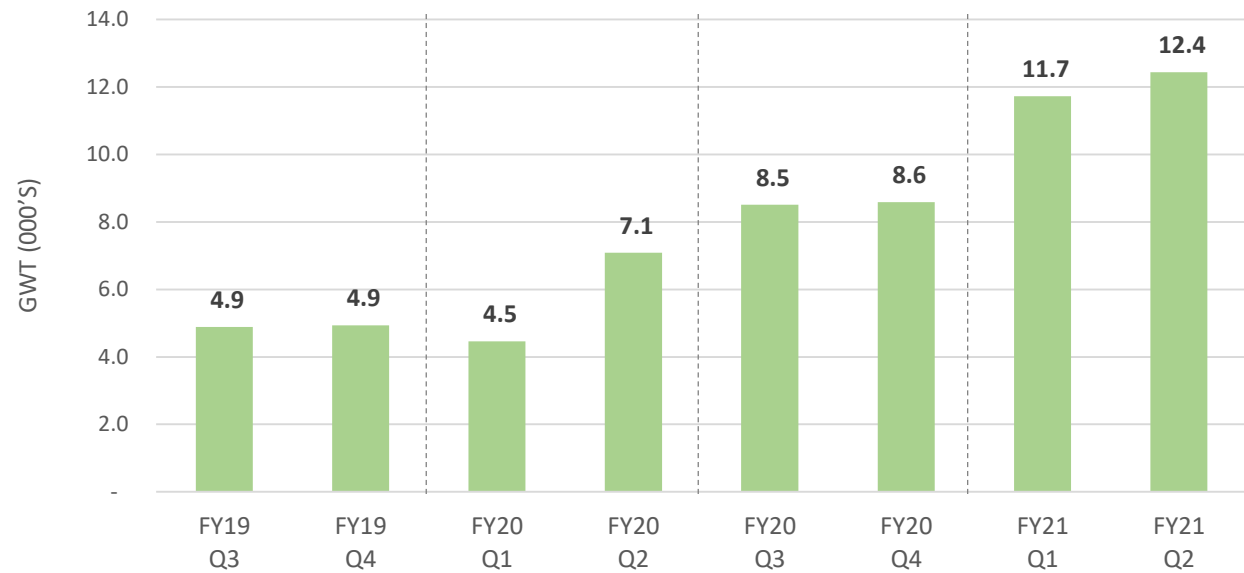


MUSSELS

GWT AND AVERAGE PRICING TREND



INVENTORY GWT (000's)



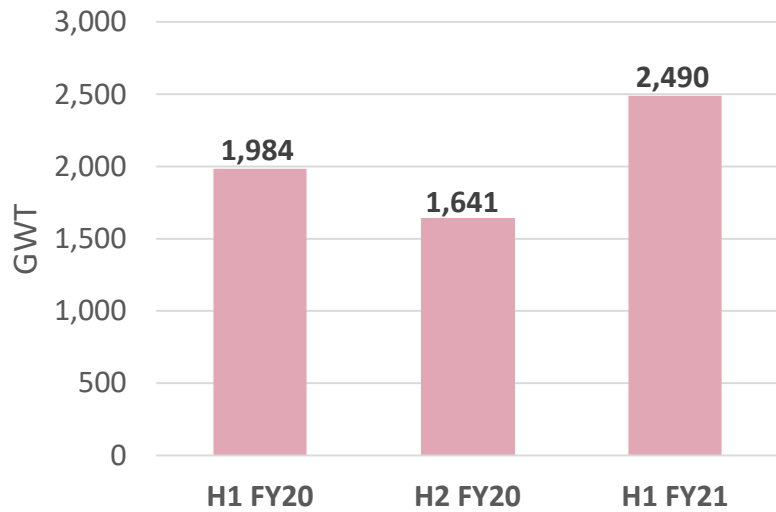
King Salmon HY21

Strong production and sales growth in challenging times

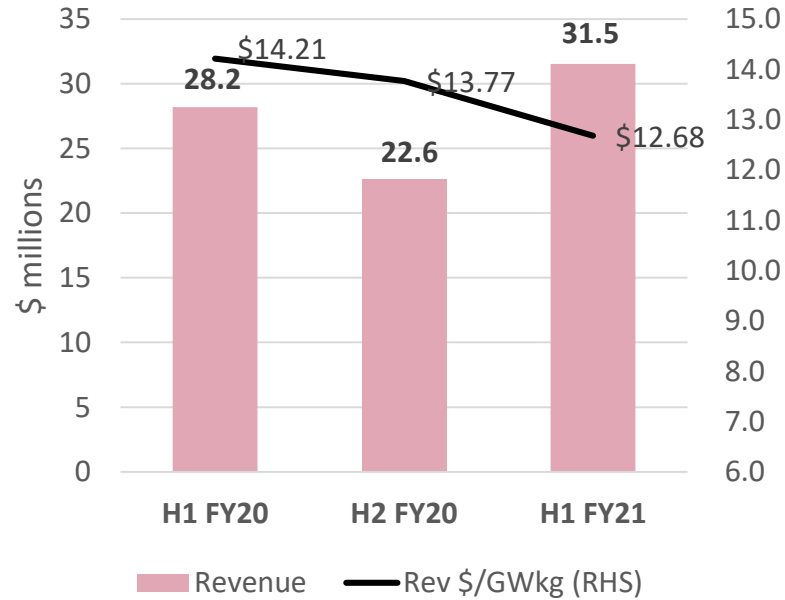


SALMON

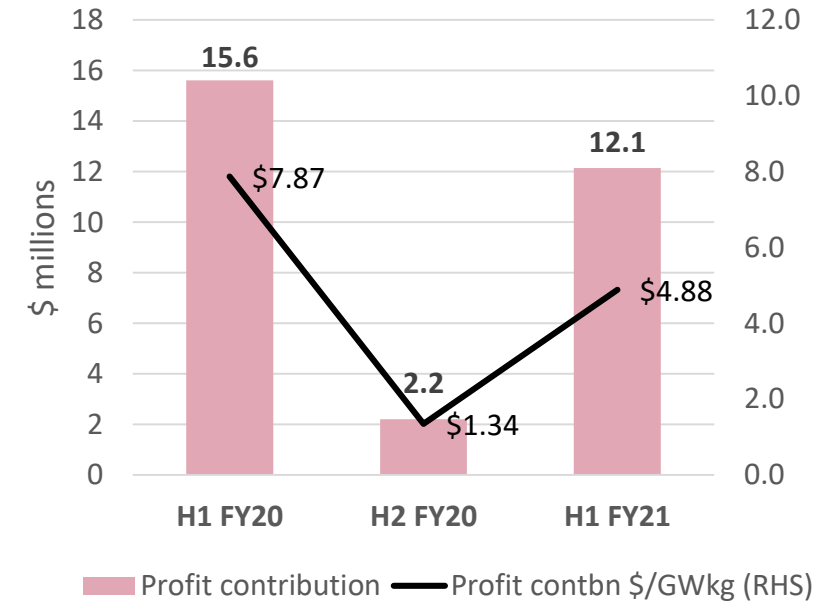
Sales volumes +26% YoY



Revenue +12% YoY



Profit contribution^{1,2} -22% YoY



¹ P&L impact of fair value movement in salmon biomass, net of change in feed costs (H1 FY20 +\$8m, H2 FY20 -\$9m, H1 FY21 +\$5m)

² Profit contribution is Adjusted EBIT before head office overheads





King Salmon HY21

Long-term strategic opportunity validated, but responding to changing near-term environment

Positives

- Harvest volumes and processing efficiencies
- Maintained focus on sustainability and licence to operate initiatives e.g. 10c per salmon fund
- Switch into new Retail channels was a highlight:
 - Strong retail growth in top US retailers - Yokes and Harmon's
 - Ole supermarket chain in Asia
 - Foodstuffs
- Resource on ground in US

Challenges

- Lower pricing impacting fair value of salmon stock in water
- Frozen market in Japan



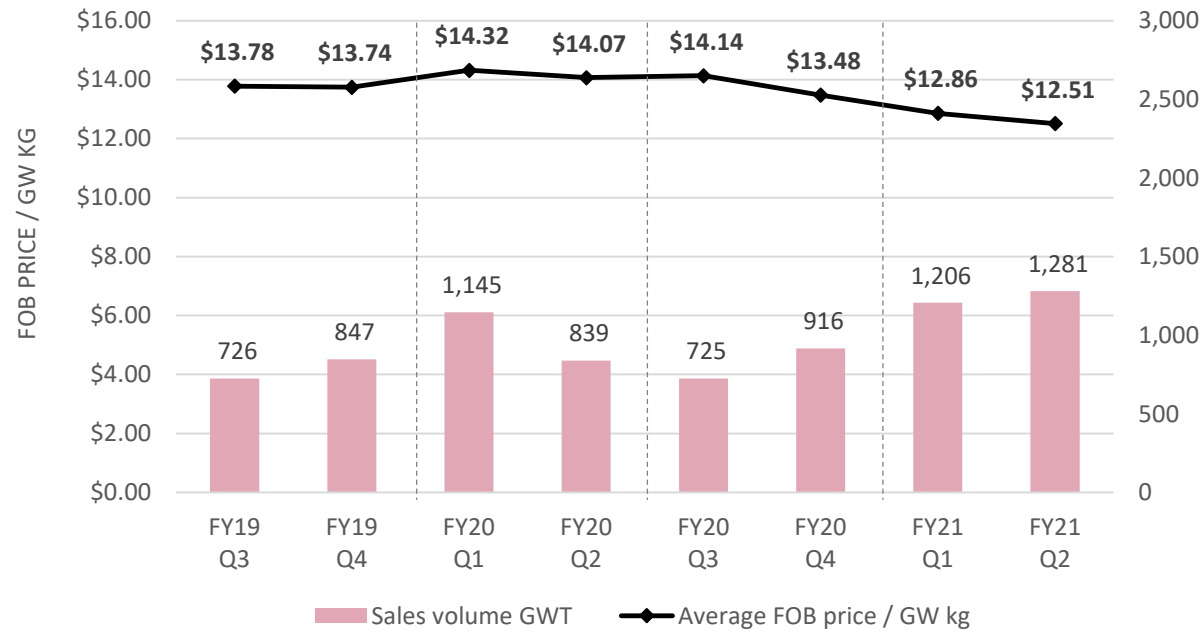
King Salmon HY21

Long-term strategic opportunity validated, but responding to changing near-term environment

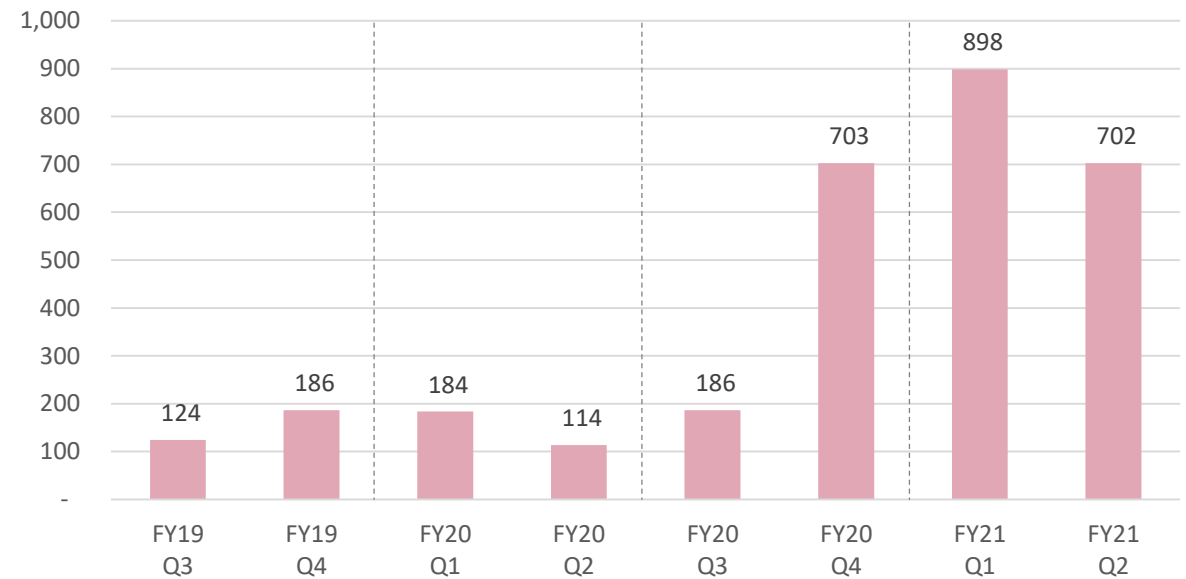


SALMON

GWT AND AVERAGE PRICING TREND



INVENTORY GWT



A photograph of three men standing on a construction site. The man on the left is wearing an orange hard hat, an orange long-sleeved shirt, and a black safety harness with 'STORMLINE' written on it. The man in the middle is wearing a black hard hat, a black polo shirt, and a high-visibility yellow safety vest. The man on the right is wearing a blue hard hat, a white t-shirt, and a high-visibility orange safety vest. They are all smiling and looking towards the camera. The background shows industrial equipment, including a large blue vertical pipe and a concrete block with 'OPEN' and 'FREE' markings.

LOOKING FORWARD

FY21 Focus recap

- Covid-19 tactical response plan:
 1. Focus on fundamentals
 2. Build agility to respond to change
 3. Spend aligned to integrity projects
 4. Reduce costs and protect EBIT
 5. Safe and high-performance culture
- Maintain the momentum that allows us to return to growth
- Leverage the commitment and talents of our people to respond to ongoing Covid-19 challenges and business opportunities



H2 21 Focus

Wildcatch

- Focus on profitable inventory reduction plan
- San Granit back in service in June for hoki season
- Meet demand and drive favourable product mix



Greenshell Mussels

- Traditional markets reopening
- Marine extracts consent process
- Harvest vessel asset rejuvenation



King Salmon

- Big Glory Bay in-market activation
- RAS (Recirculation Aquaculture System Hatchery) investment work
- Continued infrastructure investment for volume increase (e.g. nets and pens)



Marine extracts

- Marine Extracts facility 2022, consent process the priority
- Interim collagen facilities up and running



Concept Marine Extracts Plant



Hoki Collagen Powder



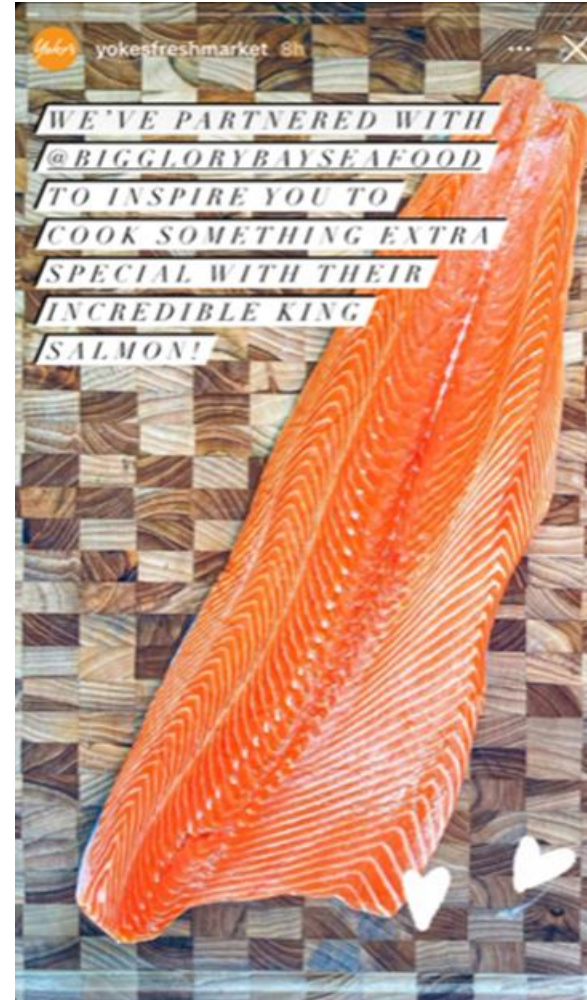
Collagen Manufacturing Equipment

King Salmon retail in Asia, US and NZ

Products that allow us to respond to not only changing channels, but also high value consumer trends



Ole Supermarket, China



Yokes Fresh Market, Idaho, US



Ryan's Grocery, Singapore



New World North Island, New Zealand

Capital expenditure

- We maintain our previously signalled expected level of spend in FY21 of ~\$45-55m
- Spend aligned to business performance for next 18 months, with integrity capex prioritised
- We maintain an eye on the future and will respond accordingly
- Scampi project remains on hold for now

	H1 FY21	H2 FY21
Integrity	\$15m	~\$25m
	Vessel surveys (incl. San Aspiring + San Granit) \$10m Processing equipment \$2m IT system "SanCore" \$3m	Vessel surveys (incl. San Granit) \$15m Processing equipment \$1m IT system "SanCore" \$9m
Growth	\$5m	~\$5m
	Marine extracts \$3m Salmon development \$2m	Salmon development \$5m
Total	\$20m	~\$30m



Looking ahead ...

Near term – “Adaptable and robust”:

- Adaptability to rapidly changing market conditions will help business recover from Covid-19 impacts
- However, as demand returns, supply chain congestion a challenge
- Strong balance sheet with sufficient covenant headroom

Medium term – “Ready for reopening”:

- Positioned for reopening of foodservice in key markets, driven by vaccines
- Seafood pricing to lag recovery for foodservice operators (time for inventory to normalise)
- Mussels expected to lag wildcatch and salmon

Long term – “Continuation of strategy”:

- Core strategy remains appropriate, but to be refined with benefit of recent learnings
- Compelling trend of growing global demand for clean protein

Early impressions: Peter Reidie

Strengths:

- Scale, diversity, growth potential of all four business areas: wildcatch, mussel, salmon, innovation
- Heritage, legacy, tenure and knowledge of our fishing. We have been doing it for over 150 years
- Engagement, positivity, skills and capability of our people during what has been a very challenging time
- Sustainability and licence to operate

Opportunities:

- Prioritisation, roadmap and delivery of growth initiatives
- Building on existing partnerships in key markets
- Genius of the “and”: commodity and value-add
- Ensuring sustainability and profitability run hand in hand

Strategic direction

- The essence of our long-term strategy is unchanged. We are focused on creating sustainable long-term value for all our stakeholders.
- The challenges of the pandemic have offered insights, which we will factor into our long-term strategy. We will share this strategic refinement at the appropriate time.
- We are excited about the opportunities in front of us as demand returns and we continue to provide high quality seafood to a world that is going to want more of it.



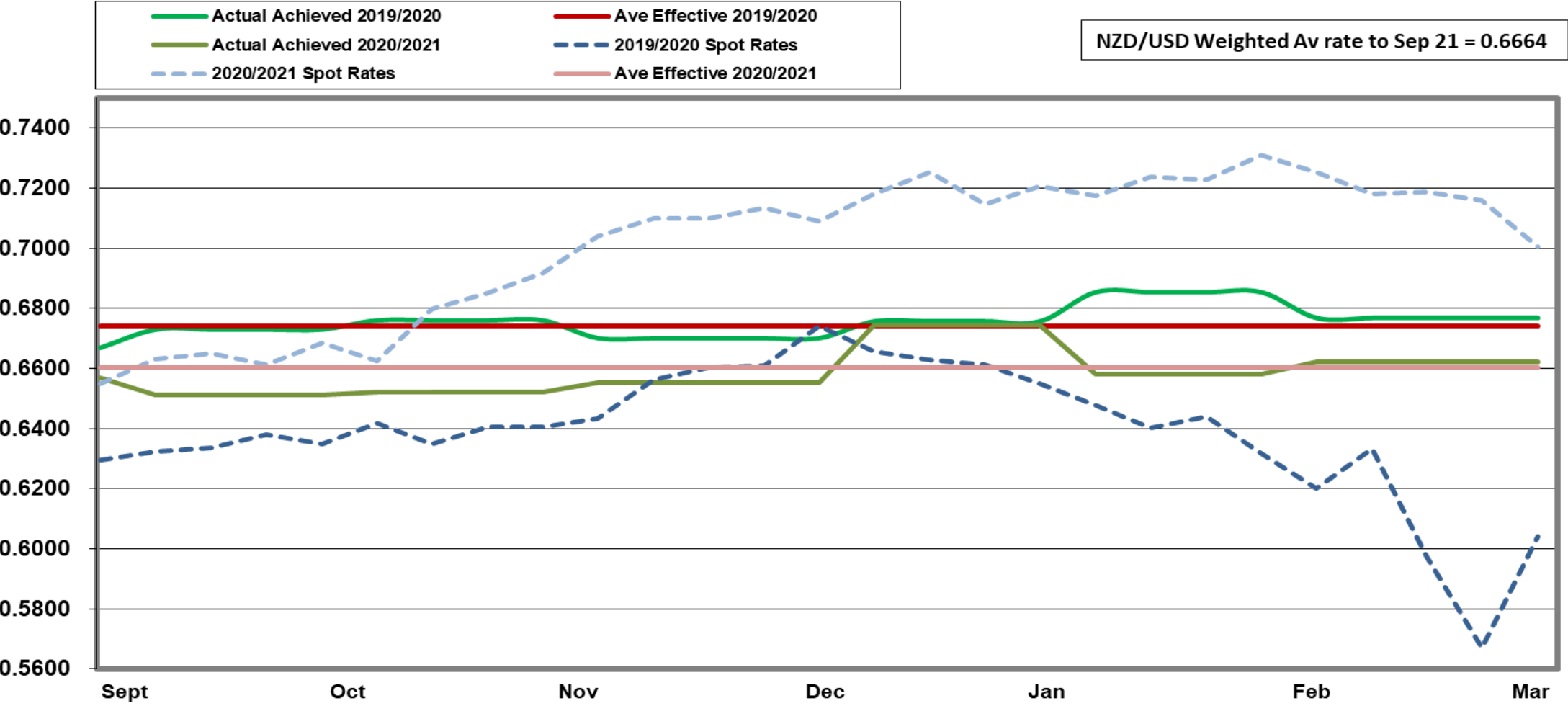
QUESTIONS?

CLOSE



APPENDIX : USD FX HEDGING PATTERN FOR THE YEAR

USD Exchange Rate
2021 Half Year compared to 2020 Half Year



APPENDIX : HY21 Financial Results - GAAP to Non GAAP reconciliation

	H1 FY21	H1 FY20	FY20
	\$m	\$m	\$m
	Unaudited	Unaudited	Audited
Revenue	233.5	245.5	468.8
Gross Profit	31.1	47.6	82.5
%	13.3%	19.4%	17.6%
Reported net profit (GAAP)	16.2	19.0	22.4
Add back:			
Net interest and tax expense	7.2	9.4	17.3
Net gain on sale of investments, property, plant and equipment and intangibles	(13.2)	(4.0)	(4.0)
Reported EBIT	10.2	24.4	35.7
Adjustments:			
Impairment of assets and restructuring costs	0.2	0.5	4.6
Other one-off items	0.3	(1.8)	(2.1)
Total one off items	0.5	(1.3)	2.6
Adjusted EBIT	10.7	23.2	38.3
Depreciation and amortisation	15.1	13.5	28.0
Adjusted EBITDA	25.8	36.7	66.3

Non-GAAP Profit measures

Sanford's standard profit measure prepared under New Zealand GAAP is net profit. Sanford has used non-GAAP measures when discussing financial performance in this document. The Directors and management believe that these measures provide useful information as they are used internally to evaluate divisional and total Group performance and to establish operating and capital budgets. Non-GAAP profit measures are not prepared in accordance with NZ IFRS (New Zealand Equivalents to International Financial Reporting Standards) and are not uniformly defined, therefore the non-GAAP profit measures included in this report are not comparable with those used by other companies. They should not be viewed in isolation or as a substitute for GAAP profit measures as reported by Sanford in accordance with NZ IFRS.

Definitions

Reported EBIT: Earnings before interest, taxation, non-trading currency exchange losses and gain (loss) on sales of investments, intangible and long term assets

Adjusted EBIT: Reported EBIT adjusted for impairment, restructuring and other one-off items

Adjusted EBITDA: Earnings before interest, taxation, non-trading currency exchange losses, depreciation, amortisation, restructuring, adjusting items, impairment and gain (loss) on sale of investments, intangible and long term assets