FORSYTH BARR

Sanford

OUTPERFORM

FY19 Result — Navigating Choppy Waters

Sanford (SAN) continued to show signs of execution on its value add strategy in FY19, albeit headline growth was weighed down by a number of headwinds including a one off vessel outage. Outlook commentary appears positive heading into FY20, and we have made small revisions to our aquaculture assumptions, lifting our earnings forecasts slightly. We continue to like SAN given (1) its strategy of moving up the value chain, (2) undemanding valuation at 13x forward PE, and (3) possible upside from aquaculture opportunities. OUTPERFORM.

What's changed?

- **Earnings:** We have made small positive revisions to EBIT, FY20E/FY21E/FY22E up +2%/+2%/+1%.
- **Target Price:** Increased to NZ$8.35 from NZ$8.10, consistent with earnings changes.
- **Rating:** OUTPERFORM.

FY19 a mixed catch

SAN reported a reasonable FY19 in light of headwinds faced during the period, with Underlying EBIT of NZ$65m, flat on the prior comparable period. Broad based pricing growth and pockets of strong volumes helped to offset a number of headwinds in FY19, including an extended vessel outage (c. -NZ$4m impact to EBIT) and algae blooms (c. -NZ$4m). Growth was led by the aquaculture divisions, salmon and mussels, where both pricing and volume growth positively surprised.

Evidence of EBIT/kg improvement slow but encouraging

SAN continues to make progress towards its FY23 NZ$1.00/kg EBIT/kg target, albeit slowly, reporting NZ$0.56/kg in FY19. When adjusting for the one off vessel outage, EBIT/kg lifts to NZ$0.60/kg. SAN continues to make improvements to its Hoki product mix (blocks to fillets, +NZ$5m to FY19 EBIT) and changes to distribution partners are providing early wins for aquaculture price realisation.

In order to continue to achieve value growth significant investment is required, in our opinion. SAN has guided to FY20E capex of NZ$80m and we expect capex requirements will remain above NZ$55m per annum out to FY23.

Aquaculture upside exists; new investments provide flexibility

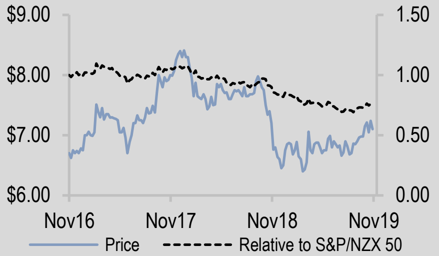
We believe upside to our forecasts exists from possible aquaculture opportunities, through either greater volume realisation or additional nutraceutical products. SAN outlined a number of investments including a new salmon hatchery and a marine extract centre. We view these investments positively and as providing SAN flexibility to grow its aquaculture operations in the future.

Investment View

SAN has a unique asset in its significant holdings of commercial fishing quota and extensive marine farming operations. While short term earnings volatility from swings in catch volume/mix will remain a feature, SAN's strategy to move up the value chain appears both sensible and achievable. Execution on EBIT/kg target is likely to be a key driver of performance. OUTPERFORM.

NZX Code	SAN
Share price	NZ$7.10
Target price	NZ$8.35
Risk rating	Medium
Issued shares	93.6m
Market cap	NZ$665m
Average daily turnover	86.7k (NZ$579k)

Share Price Performance



Financials: September	19A	20E	21E	22E
NPAT* (NZ$m)	39.3	49.7	57.9	65.9
EPS* (NZc)	42.0	53.0	61.9	70.4
EPS growth* (%)	1.0	26.2	16.7	13.8
DPS (NZc)	23.0	23.0	23.0	23.0
Imputation (%)	100	100	100	100

Valuation (x)	19A	20E	21E	22E
EV/EBITDA	9.4	7.7	6.8	6.2
EV/EBIT	12.4	10.6	9.4	8.4
PE	16.9	13.4	11.5	10.1
Price / NTA	7.0	5.5	4.2	n/a
Cash dividend yield (%)	3.2	3.2	3.2	3.2
Gross dividend yield (%)	4.5	4.5	4.5	4.5

*Historic and forecast numbers based on underlying profits

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Sanford Ltd (SAN)		Priced as at 14 Nov 2019: NZ$7.10			
Forsyth Barr valuation					
Valuation methodology					DCF
12-month target price (NZ$)*	**8.35**	**Spot valuations (NZ$)**			
Expected share price return	17.6%	1. DCF			8.15
Net dividend yield	3.2%	2. Comparative multiples			7.60
Estimated 12-month return	20.8%	3. Market multiple			n/a
Key WACC assumptions		**DCF valuation summary (NZ$m)**			
Risk free rate	2.00%	Total firm value			894
Equity beta	1.04	(Net debt)/cash			(131)
WACC	8.4%	Value of equity			763
Terminal growth	2.0%	Shares (m)			94

Profit and Loss Account (NZ$m)	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Sales revenue	515.0	545.1	583.0	620.5	653.3
Normalised EBITDA	**86.7**	**85.7**	**105.2**	**121.1**	**134.6**
Depreciation and amortisation	(19.7)	(20.9)	(28.8)	(32.5)	(35.5)
Normalised EBIT	**67.0**	**64.8**	**76.4**	**88.6**	**99.1**
Net interest	(8.1)	(7.9)	(7.4)	(8.1)	(7.5)
Associate income	-	-	-	-	-
Tax	17.7	17.6	19.3	22.5	25.6
Minority interests	-	-	-	-	-
Normalised NPAT	**38.9**	**39.3**	**49.7**	**57.9**	**65.9**
Abnormals/other	3.4	2.4	-	-	-
Reported NPAT	**42.3**	**41.7**	**49.7**	**57.9**	**65.9**
Normalised EPS (cps)	41.6	42.0	53.0	61.9	70.4
DPS (cps)	23.0	23.0	23.0	23.0	23.0

Growth Rates	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Revenue (%)	7.7	5.9	7.0	6.4	5.3
EBITDA (%)	5.0	-1.1	22.7	15.2	11.1
EBIT (%)	5.0	-3.2	17.8	16.0	11.8
Normalised NPAT (%)	-2.1	1.0	26.2	16.7	13.8
Normalised EPS (%)	-2.3	1.0	26.2	16.7	13.8
Ordinary DPS (%)	-0.2	0.0	0.1	0.0	0.0

Cash Flow (NZ$m)	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
EBITDA	**86.7**	**85.7**	**105.2**	**121.1**	**134.6**
Working capital change	6.4	(3.1)	(13.5)	(5.1)	(4.5)
Interest & tax paid	(25.7)	(25.5)	(26.7)	(30.7)	(33.1)
Other	5.3	(8.4)	-	-	-
Operating cash flow	**72.6**	**48.7**	**64.9**	**85.3**	**96.9**
Capital expenditure	(24.7)	(38.3)	(78.8)	(57.5)	(55.5)
(Acquisitions)/divestments	1.6	32.9	-	-	-
Other	-	-	-	-	-
Funding available/(required)	**49.5**	**43.2**	**(13.9)**	**27.8**	**41.4**
Dividends paid	(21.5)	(21.5)	(21.5)	(21.5)	(21.5)
Equity raised/(returned)	-	-	-	-	-
Increase/(decrease) in net debt	**(28.0)**	**(21.7)**	**35.4**	**(6.3)**	**(19.9)**

Balance Sheet (NZ$m)	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Working capital	63.2	66.3	79.9	85.0	89.5
Fixed assets	130.8	141.8	191.8	216.8	236.8
Intangibles	506.2	493.1	493.1	493.1	493.1
Other assets	74.1	70.9	69.6	69.4	70.0
Total funds employed	**774.3**	**772.1**	**834.4**	**864.3**	**889.3**
Net debt/(cash)	152.4	130.7	166.1	159.8	139.9
Other non current liabilities	40.0	53.3	53.3	53.3	53.3
Shareholder's funds	581.3	587.5	614.4	650.5	695.5
Minority interests	0.6	0.7	0.7	0.7	0.7
Total funding sources	**774.3**	**772.1**	**834.4**	**864.3**	**889.3**

September year end

Valuation Ratios	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
EV/EBITDA (x)	9.5	9.4	7.7	6.8	6.2
EV/EBIT (x)	12.3	12.4	10.6	9.4	8.4
PE (x)	17.1	16.9	13.4	11.5	10.1
Price/NTA (x)	8.9	7.0	5.5	4.2	3.3
Free cash flow yield (%)	7.2	1.6	-2.1	4.2	6.2
Net dividend yield (%)	3.2	3.2	3.2	3.2	3.2
Gross dividend yield (%)	4.5	4.5	4.5	4.5	4.5
Imputation (%)	100	100	100	100	100
Pay-out ratio (%)	55	55	43	37	33

Capital Structure	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Interest cover EBIT (x)	8.3	8.2	10.3	10.9	13.2
Interest cover EBITDA (x)	10.7	10.9	14.2	14.9	18.0
Net debt/ND+E (%)	20.8	18.2	21.3	19.7	16.7
Net debt/EBITDA (x)	1.8	1.5	1.6	1.3	1.0

Key Ratios	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Return on assets (%)	8.3	7.9	8.7	9.7	10.6
Return on equity (%)	6.7	6.7	8.1	8.9	9.5
Return on funds employed (%)	7.1	5.7	7.2	7.8	8.4
EBITDA margin (%)	16.8	15.7	18.0	19.5	20.6
EBIT margin (%)	13.0	11.9	13.1	14.3	15.2
Capex to sales (%)	4.8	7.0	13.5	9.3	8.5
Capex to depreciation (%)	125	184	274	177	156

Operating Performance	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Revenue split (division)					
Wild catch	366	371	388	406	418
Mussels	103	114	127	137	146
Salmon	46	60	67	77	89
Total	**515**	**545**	**583**	**621**	**653**
Revenue split (market)					
NZ	221	239	258	276	293
North America	57	73	79	85	91
Australia	55	49	57	63	69
Japan	17	15	17	18	19
Europe	62	67	59	57	53
Other Asia	88	88	96	103	110
Other	16	14	16	18	19
Total	**515**	**545**	**583**	**621**	**653**
Catch split (division GWT)					
Wild catch	92,612	90,351	92,158	93,540	93,540
Mussels	26,976	29,419	36,798	38,454	39,223
Salmon	3,498	4,028	4,169	4,440	4,862
Total	**123,086**	**123,798**	**133,125**	**136,434**	**137,625**
EBIT	**67.0**	**64.8**	**76.4**	**88.6**	**99.1**
EBIT ($/kg)	**0.52**	**0.56**	**0.63**	**0.72**	**0.79**

* Forsyth Barr target prices reflect valuation rolled forward at cost of equity less the next 12-months dividend

FY19 — Good end to a challenging year

SAN reported a reasonable FY19 in light of challenges faced during the period, with FY19 adjusted EBIT of NZ$64.8m flat on the prior period and in line with our expectations (NZ$65.3m). This represents an EBIT/kg of NZ$0.56/kg consistent with our expectations and up on the NZ$0.54/kg in the prior comparable period. Adjusting for one off impact relating to a vessel outage lifts FY19 EBIT/kg to NZ$0.60/kg.

Figure 1. FY19 earnings summary (NZ$m)

	FY18	FY19	% chg	ForBarr
Sales revenue	515.0	545.1	5.9%	526.6
Gross profit	113.9	107.4	-5.7%	126.8
Underlying EBIT	64.7	64.8	0.3%	65.3
EBIT/kg	0.54	0.56	3.7%	0.57
Reported NPAT	42.3	41.7	-1.4%	41.6
Underlying NPAT	39.8	40.0	0.4%	42.3
Underlying EPS (cps)	45.2	44.5	-1.4%	44.4
DPS (full year, cps)	23.0	23.0	0.0%	23.0

Source: Company reports, Forsyth Barr analysis

Earnings changes

We have made minor revisions to our forecasts, lifting EBIT +1% to +2% over the explicit forecast period. Changes reflect (1) small lifts to our aquaculture volume assumptions, and (2) improved price realisation as branding/channel efforts bare fruit. We continue to hold dividends flat given elevated capex requirements.

Figure 2. Forecast changes (NZ$m)

	FY20			FY21			FY22		
	old	new	% chg	old	new	% chg	old	new	% chg
Revenue	552.5	583.0	5.5%	592.4	620.5	4.7%	626.7	653.3	4.3%
EBITDA	102.9	105.2	2.1%	116.8	121.1	3.7%	131.0	134.6	2.7%
EBIT	74.7	76.4	2.3%	86.6	88.6	2.3%	97.8	99.1	1.3%
NPAT	51.4	53.0	3.2%	60.4	61.9	2.5%	69.5	70.4	1.4%
EPS (cps)	23.0	23.0	0.0%	23.0	23.0	0.0%	23.0	23.0	0.0%
DPS (cps)	552.5	583.0	5.5%	592.4	620.5	4.7%	626.7	653.3	4.3%

Source: Forsyth Barr analysis

Target price and investment view

Our target price lifts to NZ$8.35 from NZ$8.10, consistent with earnings changes. Outlook commentary appears positive heading into FY20 and we expect to see some normalisation of the headwinds faced in FY19. SAN remains in a period of elevated capex, and has outlined a number of investments including a new salmon hatchery and a marine extract (nutraceuticals) facility. At first glance, we view these investments positively and necessary to achieve SAN's EBIT/kg targets. We continue to see SAN as offering attractive medium to long-term growth prospects at relatively undemanding multiples (~13x forward PE). OUTPERFORM.

Result highlights

1) Divisional insight: FY19 mixed, outlook for FY20 positive

FY19 was mixed with broad based pricing growth and better than expected aquaculture volumes offsetting a mixture of vessel and environmental challenges. The outlook appears positive heading into FY20 with possible upside from aquaculture opportunities.

Wild catch

- **FY19 — Ups and downs:** A reduction to Hoki quota, disruption (breakdowns) in the inshore fleet, and the extended outage of its San Granit vessel (three month outage had a -NZ$4.1m negative EBIT impact) all contributed to lower catch outcomes with volume caught down -2% on the prior comparable period (pcp). Providing some offset was a strong squid season, broad based pricing growth, and execution on product format initiatives, namely the Hoki cascade (~+NZ$5m to EBIT), driving revenue up +7%. However, catch mix, higher opex and marketing spend, and increased contribution from third party fishers all had a negative impact on margins.
- **FY20E — Vessel utilisation to improve:** We forecast small increases (c. +2%) in both volume and price achieved in wild catch. Full utilisation of the San Granit combined with a full year contribution from precision seafood harvesting (PSH) caught catch should deliver improved outcomes.

Greenshell mussels

- **FY19 — A recovery:** Mussel harvest volume increased +9% on the pcp, ahead of expectations, as it recovered from a series of algae blooms in FY18 and FY19. Strong market prices and improved channel mix helped lift revenue +13%.
- **FY20E — Risk to the upside:** We expect mussel growth to continue, enabled by additional water space and higher utilisation of hatchery spat. With commodity prices at record highs we do not expect to see the same degree of price growth although note that improvements in sales channels and product format mix should provide some upside. We see risk to our mussel forecasts as positively skewed given (1) SAN's ability to ramp up volume ahead of our forecasts, with excess spat and water space capacity available, and (2) value upside should SAN successfully execute on expanding its marine extract strategy.

King salmon

- **FY19 — Strong end to the year:** A highlight with its profit contribution up +62% on the prior year, helped by both volume (up +16%) and pricing (revenue up +23%) gains. An algae bloom in 1H19 slowed salmon growth, and had a c. -NZ$2m impact on EBIT.
- **FY20E — Positioned for growth:** SAN's Big Glory Bay (BGB) salmon is well positioned for growth with new consent conditions allowing for an increase in production volumes (~+30% by FY23) and good traction with its branded product. The volume sold as BGB branded product was <5% in FY19, SAN expect to exceed 10% in FY20. SAN is also better positioned from a climate change mitigation perspective, having installed upwelling systems to combat warmer waters and algae blooms.

2) Headline strategy execution slow, but underlying improvements encouraging

SAN reported muted headline FY19 EBIT/kg growth of +2c to NZ$0.56/kg. However, adjusting for the one off impact relating to the San Granit outage lifts it to NZ$0.60/kg. SAN has reiterated its target of achieving NZ$1.00 EBIT/kg by FY23. We view the timeframe (rather than the target) as optimistic but note early improvements in Hoki cascade and salmon, and mussel sales channels are encouraging and remain comfortable with our FY23 forecast of ~NZ$0.90/kg.

Capex required to hit EBIT/kg target, expect it to remain elevated beyond FY20

In order to achieve value growth, significant investment is required and SAN is in the midst of an elevated capex period. FY20E capex guidance of NZ$80m is higher than expected, although follows on from lower than expected FY19 capex (i.e. ~NZ$15m expected in FY19 will now be in FY20E). We believe the previous capex shortfall is significant and forecast capex >NZ$55m per annum out to FY23.

Figure 3. Capex forecasts (NZ$m)

	FY18A	FY19A	FY20E	FY21E	FY22E	FY23E
Capex	24.7	38.3	78.8	57.5	55.5	55.1

Source: Company reports, Forsyth Barr analysis

3) Aquaculture upside

We believe upside to our forecasts exists from possible aquaculture opportunities, either through additional water space for salmon or should SAN leverage additional mussel volume through its spatNZ hatchery at a faster rate. We highlight two investments made in FY20 that could help facilitate further growth.

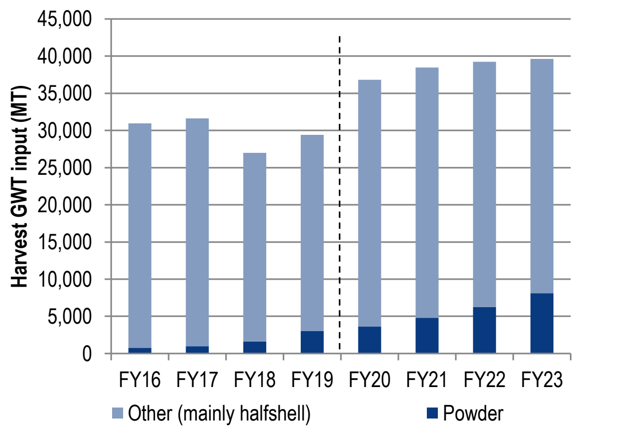
Salmon reticulated aquaculture system (RAS) hatchery (capex NZ$10m)

SAN is investing in a new RAS hatchery in Southland. A RAS hatchery can provide capacity to lift production volume, ahead of our forecasts, through longer smolt grow out times. Smolt typically go out to sea at ~130g, delaying smolt transfer to 1kg through use of a RAS reduces time spent at sea farms and allows the site to be farmed more intensely. Additionally, reduced sea time can lead to a higher quality fish that is less susceptible to standard stressors, reducing annual mortalities. Salmon currently spend ~16 months at a sea farm.

Marine extract centre (capex NZ$20m)

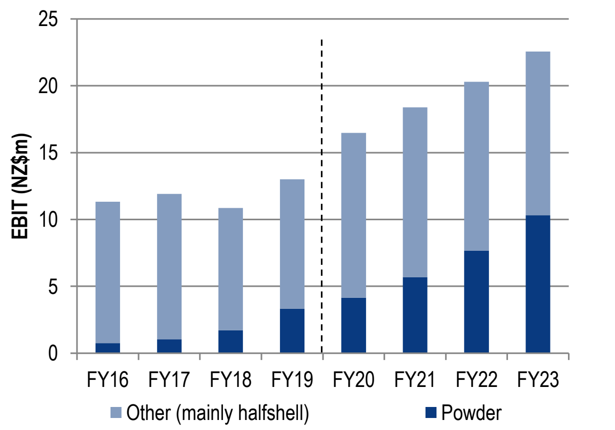
SAN plans to open a marine extract (nutraceutical) facility in early FY21. This investment is effectively an extension of its Greenshell mussel powder operation, ENZAQ, and marks SAN's intention to expand into additional product lines such as oils and collagen. Natural supplements and alternatives to modern medicine are growing in provenance, particularly in the Asian market. We see the potential nutraceutical opportunity as large, although recognise the competitiveness of the market and the early stages of its Sea to Me brand. We, therefore, do not include additional product lines (outside of the established bulk powder business) in our forecasts, although see upside should powder volume increase at a faster rate than expected or should other marine extracts gain traction.

Figure 4. Estimated and forecast mussel harvest weight use



Source: Forsyth Barr analysis

Figure 5. Estimated and forecast mussel EBIT contribution



Source: Forsyth Barr analysis

FY19 result summary

Figure 6. FY19 result summary (NZ$m)

	FY18	FY19	% chg	Comment
Profit and loss account				
Revenue	**515.0**	**545.1**	**5.9%**	**$558m on a like for like basis (excluding impact of IFRS 15)**
COGS	(401.1)	(437.7)	9.1%	
Gross profit	**113.9**	**107.4**	**-5.7%**	
EBITDA	**84.4**	**85.7**	**1.6%**	**Margin contraction due to higher opex and increased third party catch**
Depreciation & ammortisation	(19.7)	(20.9)	5.8%	Higher asset base
EBIT	**64.7**	**64.8**	**0.3%**	**~-NZ$4m impact from San Granit outage**
Interest expense	(8.1)	(7.9)	-2.3%	Reduction in net debt
PBT	**56.6**	**57.0**	**0.6%**	
Tax	(16.8)	(18.3)	8.6%	Effective tax rate of 30%
Reported profit	**42.3**	**41.7**	**-1.4%**	
Normalised profit	**39.8**	**40.0**	**0.4%**	
EPS (cps)	45.2	44.6	-1.3%	Average weighted shares on issue at 93.6m
Final DPS (cps)	14.0	14.0	0.0%	Expected to remain flat in the medium-term, FY20E 23cps
EBIT/kg	**0.54**	**0.56**	**3.7%**	**Weighed down by headwinds (~NZ$0.60/kg ex. San Granit impact)**
Cashflow and net debt				
Operating cashflow	72.6	48.7	-33.0%	Helped by insurance settlement
Capex	24.7	38.3	55.0%	FY20E guidance NZ$80m
Net debt	152.4	130.7	-14.2%	Net debt/EBITDA of 1.5x versus 1.8x in the pcp, expect to lift in FY20E
Revenue split				
By division				
Wild Catch	323.2	347.4	7.5%	Squid volume and price increase offset lower Hoki and inshore volumes
Mussels	91.8	104.2	13.5%	Volume recovery and exceptionally strong pricing
Salmon	41.1	50.5	23.1%	Big Glory Bay branded sales <5% of volume, targeting >10% in FY20E
By geography				
New Zealand	220.7	239.1	8.3%	Big Glory Bay salmon called out on menu in over 50 NZ restaurants
North America	56.8	73.0	28.5%	Focus on introducing premium species into the high end food service channel
Europe	61.5	67.0	8.9%	Revenue from Hoki in Europe up +20% (improved product cascade)
Asia (ex Japan)	87.9	88.0	0.0%	
Other	88.0	78.0	-11.3%	Exit of Pelagic species

Source: Company reports, Forsyth Barr analysis

Investment summary

SAN has a unique asset in its significant fishing quota holdings and marine farm licenses. SAN is targeting EBIT/kg of NZ$1.00/kg through a range of initiatives such as improved product utilisation, a directed sales and marketing strategy, and internal efficiency gains. While earnings volatility is likely to be a feature in the near-term, execution on its value add strategy will be a key driver of share price performance in the medium-term and will reduce commodity exposures over time. We rate SAN OUTPERFORM.

Business quality

- **Property rights:** SAN holds ~19% of commercial fishing quota as well as extensive aquaculture interests in salmon and mussels.
- **Growing demand and sustainable supply:** Global demand for protein is expected to rise as population and protein consumption/capita increases. New Zealand fisheries are regarded as one of the most sustainable in the world.
- **Diversity of operations:** SAN has one of the most diverse earnings exposures by species in the world with operations in wild capture and aquaculture. Diversity of exposure mitigates, to some extent, year on year fluctuations in single species.

Earnings and cash flow outlook

- **Seafood volumes and quality:** Changes in catch and climatic impacts on fish stocks make volume and quality forecasts challenging.
- **EBIT/kg:** SAN's key performance metric of execution on value add strategy. SAN is targeting NZ$1.00 EBIT for every kg of fish by FY23.

Company description

Sanford (SAN) is an integrated fishing company, which is involved in the harvesting, processing and marketing of fish and fish products globally. SAN's fish quota holdings are spread over 100 fish species and account for 19% of the total quota available. SAN has extensive interests in aquaculture across mussels and salmon.

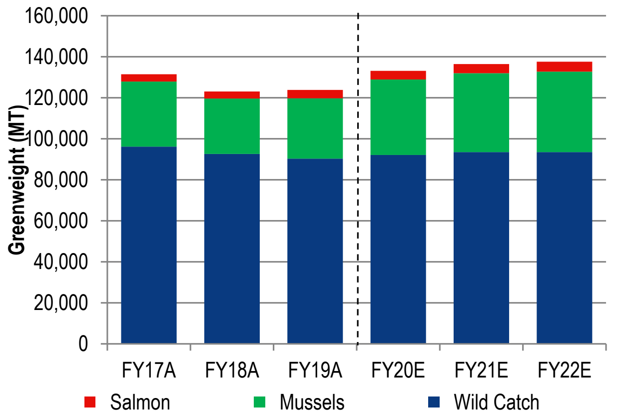
Financial structure

- **Elevated capex cycle:** SAN has entered an elevated capex cycle with a mix of rejuvenation and business transformation investments occurring. Dividends are expected to remain flat as SAN reinvests in the business.
- **Balance sheet capacity:** SAN targets net debt to EBITDA of 1.75x and currently has ~NZ$50m headroom on its balance sheet.

Risk factors

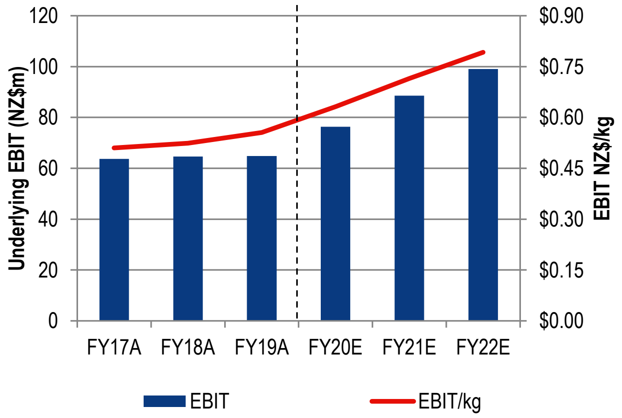
- **Environmental and food safety regulations:** A biosecurity event is likely to impact production outcomes and can affect market access.
- **Catch volume and commodity mix:** Catch volumes can fluctuate from year to year with upside and downside risk to quota numbers following material swings. The diverse species exposure can mean catch mix varies, with a risk that commodity exposure may be greater in any given year with a risk that commodity exposure may be greater in any given year.

Figure 7. Catch/harvest weight by division



Source: Forsyth Barr analysis, Company reports

Figure 8. EBIT/Kg



Source: Forsyth Barr analysis, Company reports

Figure 9. Substantial Shareholders

Shareholder	Latest Holding
Amalgamated Dairies Ltd	12.0%
Harbour Asset Management & Jarden Securities Limited	7.8%
Forsyth Barr Investment Management	5.6%

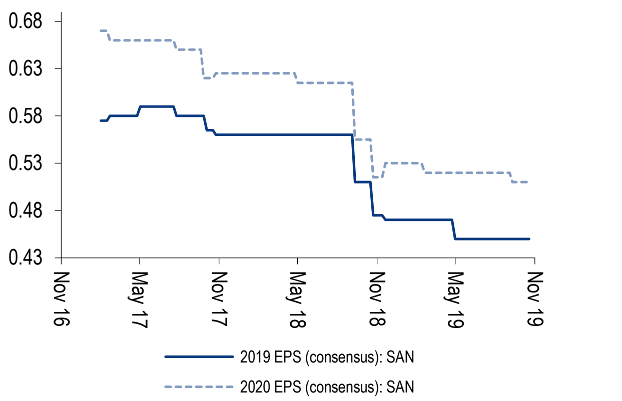
Source: NZX, Forsyth Barr analysis, NOTE: based on SSH notices only

Figure 10. International Compcos

Company	Code	Price	Mkt Cap	PE		EV/EBITDA		EV/EBIT		Cash D/Yld
(metrics re-weighted to reflect SAN's balance date - September)			(m)	2020E	2021E	2020E	2021E	2020E	2021E	2021E
Sanford	**SAN NZ**	**NZ$7.10**	**NZ$665**	**13.4x**	**11.5x**	**7.6x**	**6.6x**	**10.4x**	**9.0x**	**3.2%**
Nippon Suisan Kaisha	1332 JT	¥635.00	¥198,393	10.9x	9.9x	8.9x	8.2x	n/a	n/a	1.7%
High Liner Foods Inc	HLF CN	US$9.55	US$319	14.5x	12.9x	8.1x	8.0x	11.7x	n/a	2.1%
Huon Aquaculture Group	HUO AT	A$4.52	A$395	15.4x	10.6x	7.7x	6.1x	14.7x	9.4x	2.7%
Tassal Group	TGR AT	A$4.15	A$861	12.6x	11.4x	7.7x	6.7x	10.4x	9.3x	4.9%
New Zealand King Salmon *	NZK NZ	NZ$2.21	NZ$307	21.1x	16.5x	11.0x	9.0x	14.9x	11.7x	2.8%
Delegat Group *	DGL NZ	NZ$11.44	NZ$1,157	21.7x	18.6x	13.8x	12.3x	16.4x	14.3x	1.8%
Comvita *	CVT NZ	NZ$3.00	NZ$149	15.5x	10.9x	11.1x	9.1x	16.1x	12.3x	2.3%
Scales *	SCL NZ	NZ$5.05	NZ$715	18.2x	17.1x	13.2x	12.6x	16.3x	15.1x	4.1%
			Compco Average:	**16.2x**	**13.5x**	**10.2x**	**9.0x**	**14.3x**	**12.0x**	**2.8%**
EV = Current Market Cap + Actual Net Debt			**SAN Relative:**	**-18%**	**-15%**	**-26%**	**-27%**	**-27%**	**-25%**	**+15%**

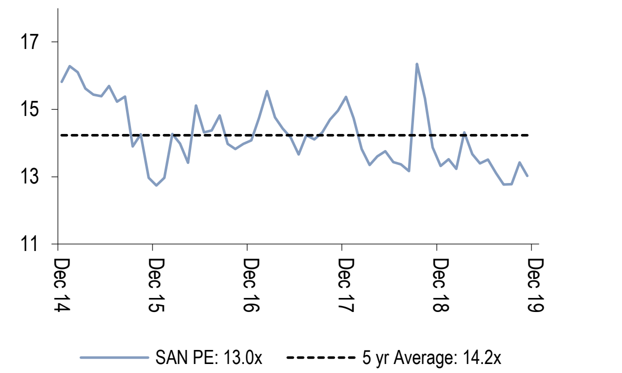
Source: *Forsyth Barr analysis, Bloomberg Consensus, Compco metrics re-weighted to reflect headline (SAN) companies fiscal year end

Figure 11. Consensus EPS Momentum



Source: Forsyth Barr analysis, Bloomberg

Figure 12. 12 Month Forward PE



Source: Forsyth Barr analysis