

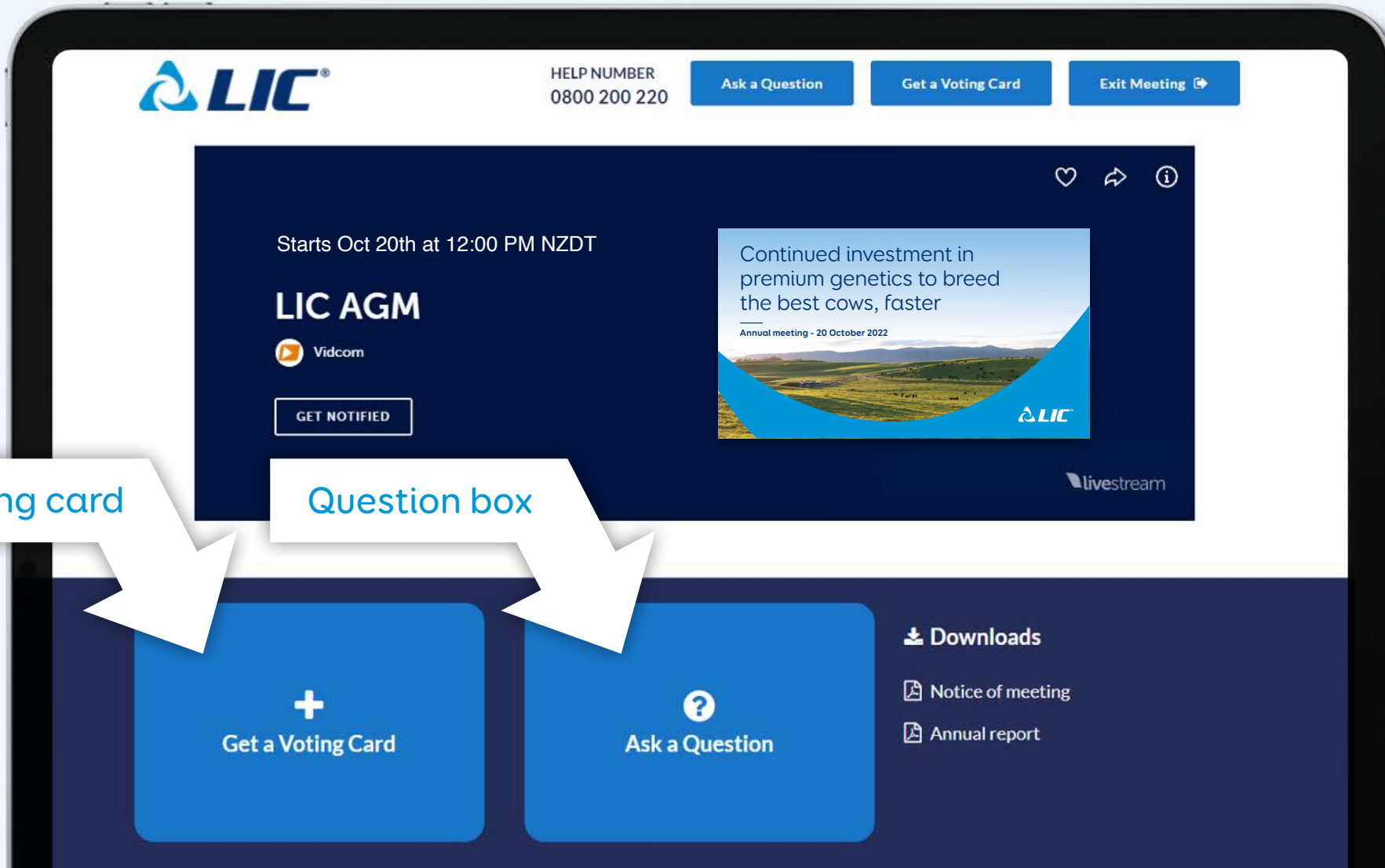
# Continued investment in premium genetics to breed the best cows, faster

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Annual meeting - 20 October 2022



# Using the Online Platform



Voting card

Question box

# Welcome

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Murray King – Board Chair

# Meeting Agenda

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1. **Business highlights**
2. **Strategy & commitments**
3. **Financial overview**
4. **Breeding the best cows, faster**
5. **Honoraria report**
6. **Meeting resolutions**
7. **General business**

# Business highlights

# Business highlights

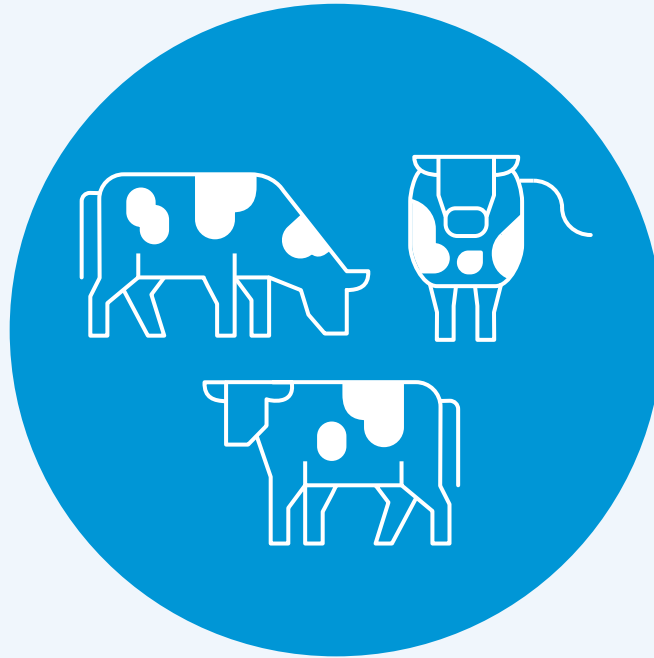
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Increased farmer spend on premium genetics and herd improvement services is breeding more efficient cows with a lighter environmental footprint.

## Premium AB Products



## Animal Health Testing



## New Chief Executive, David Chin





# The year ahead

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LIC's focus will be on investing in R&D for the future and delivering on our commitments to farmer shareholders.

**LIC expects underlying earnings in 2022-23 to be in the range of \$20-26 million.**



# Strategy & commitments

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Murray King - Board Chair

David Chin - Chief Executive

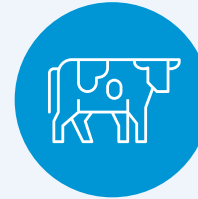


# Strategy



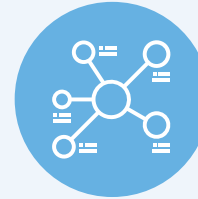
## Our Farmers

Deepen our understanding of the current and future needs of all of our farmers.



## Animal

Most sustainable & efficient animal. Highest value products.



## Data & Digital

Modernising the animal data & digital capabilities.



## Innovation

Research & development. Responsive innovation.

# Our three commitments to you

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Operational  
excellence



Faster genetic  
improvement



Software reliability  
and performance

We need to measure  
it to manage it

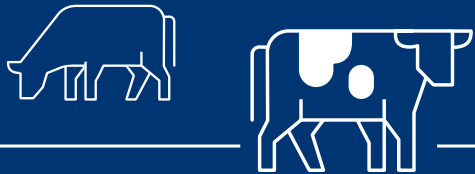


# Operational excellence

We commit to getting the basics right and delivering for you, on time, every time.

## ► HERD TESTING

Provide a result for  
99.9% of all cows  
**within 72 hours**



99.9% ●

## ► GENEMARK

**5-week turnaround**  
time for test results  
(from booking week)



70% ●

# Faster genetic improvement

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We commit to having your back when it comes to helping you meet the environmental challenges you face, in particular animal efficiency, and nitrogen and methane mitigation.

## ► PREMIER SIRES BULL TEAM GENETIC GAIN

**15 BW**  
increase  
per annum



**20 BW** ●

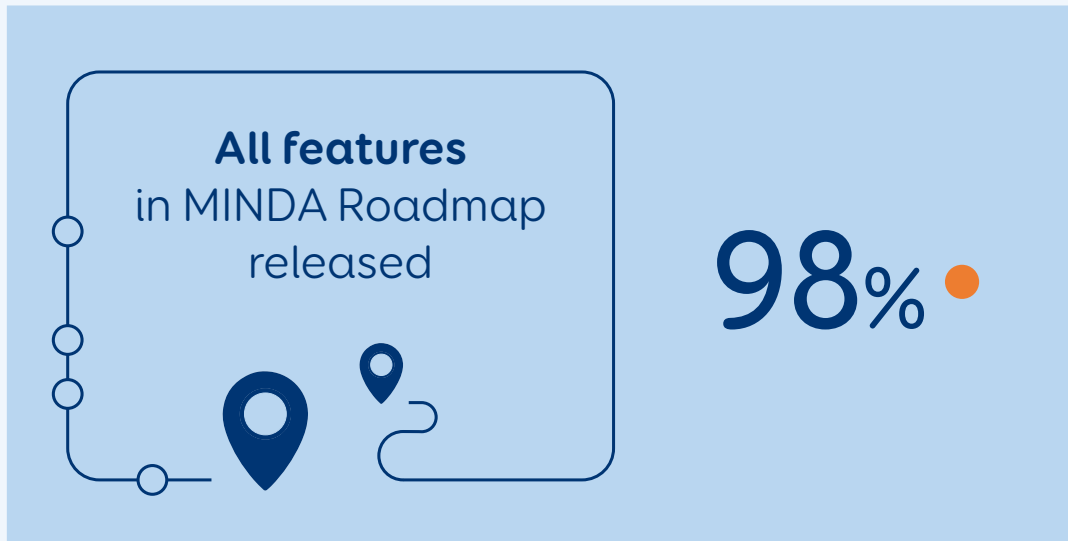


# Software performance and reliability

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We commit to being better at delivering our software to you. We renew our commitment to continuous improvement and transparency around delivery of new features.

## ► MINDA ROADMAP





# Financial overview

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David Hazlehurst - Chief Financial Officer

# Financial overview

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Delivering value for our farmers is at the centre of everything we do and it's results like this that enable us to do just that.



**Products and services**



**Solid dividend**



**R&D investment**

# Financial Highlights

## \$263.2m

Total Revenue from  
Continuing Operations

↑ up 5.7% from \$249 million  
last year

## \$385.6m

Total Assets

↑ up 1.2% from \$382 million  
last year

## \$26.7m

Net Profit After Tax (NPAT)

↑ up 16.5% from \$22.9 million  
last year

## \$26.2m

18.43 c per share  
Full Year Dividend

Representing 80% of  
underlying earnings

## \$25.7m

Underlying Earnings\*

↑ up 15.3% from \$22.3  
million last year

## \$20-26m

Expected Underlying  
Earnings\*

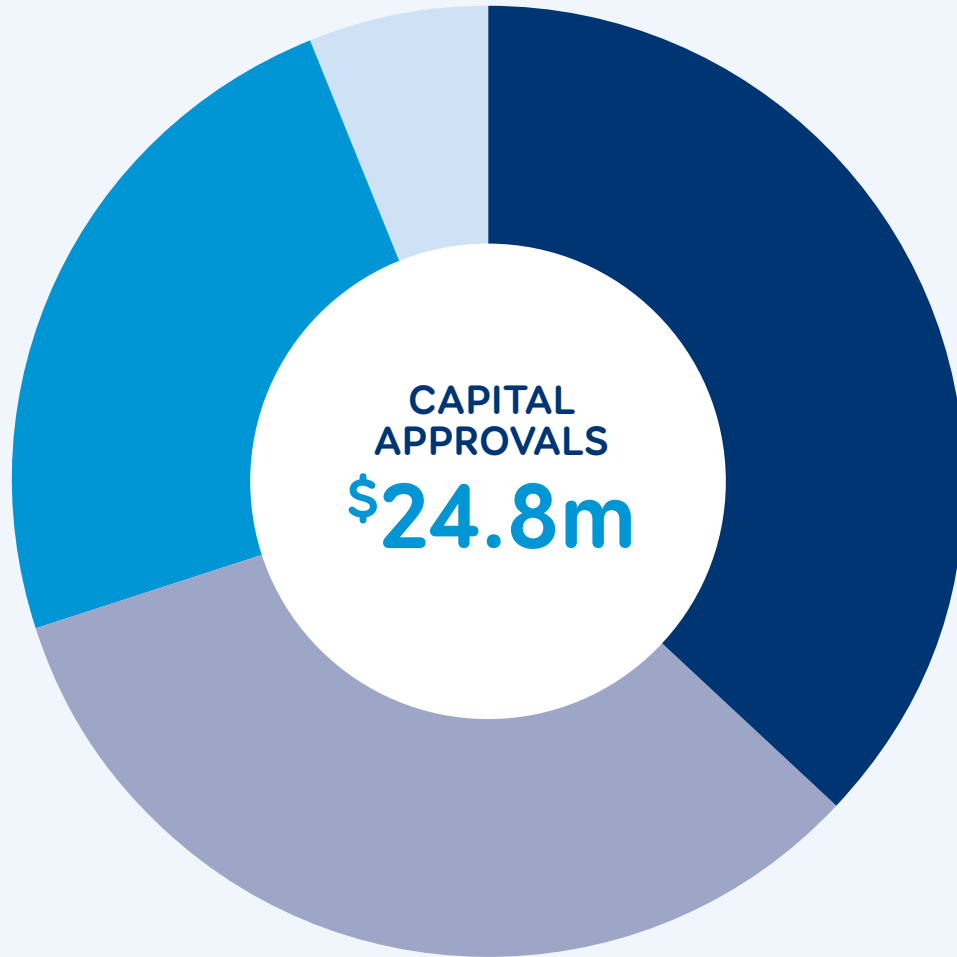
for 2022-23

Please refer to the **full market announcement** to read notes about financial information

# Total revenue



# Reinvesting - Capital approvals



- Data and digital **37%**
- Buildings, including improvements and fit outs **33%**
- Vehicles and other property, plant, and equipment **24%**
- Computer hardware, office furniture/equipment **6%**

# Investment in research and development

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**\$18.2 million Investment in R&D representing 6.9% of revenue, up from \$17.1 million.**

LIC is the one of the largest private investors in R&D in the primary sector.





# Research and development

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LIC's continued investment in R&D is helping dairy farmers build a better herd.



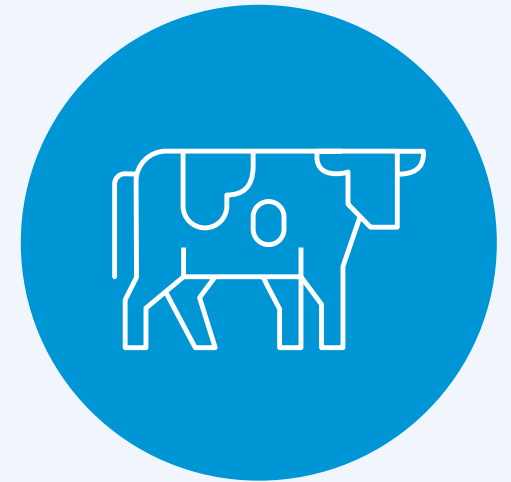
**GeneMark**



**Genomics**



**Short Gestation  
Length Semen**



**Johne's Testing**

# Breeding the best cows, faster

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David Chin - Chief Executive

The dairy industry needs to continue to evolve - for climate change and because of it. The production efficiency of our national herd has never been more important. Consumers expect a more sustainable approach to farming so we must continue to improve our environmental credentials.

**We're proud to be part of the solution.**



# Herd improvement is what we do

We're providing farmers with precision genetics and technology tools to improve their herds and be more sustainable.



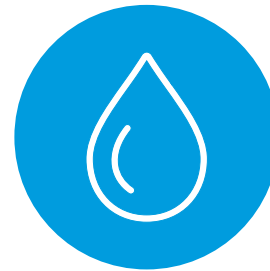
**1:1 support**  
via nationwide  
team



Genetics



Herd  
Management  
Software



Milk  
Analysis



DNA &  
Diagnostic  
Testing

# The opportunity: All cows aren't created equal

Holstein Friesian	BW Quartile	Animal Count	Average BW	Average kgMS	Average LWGT BV	Average FERT BV
	Q1	51,375	163	518	37	0.8
	Q2	51,375	102	486	37	-0.2
	Q3	51,375	60	467	37	-1
	Q4	51,375	-0.8	445	38.6	-2.1

↑ +73 kgMS (16.4%)  
-1.6kg liveweight

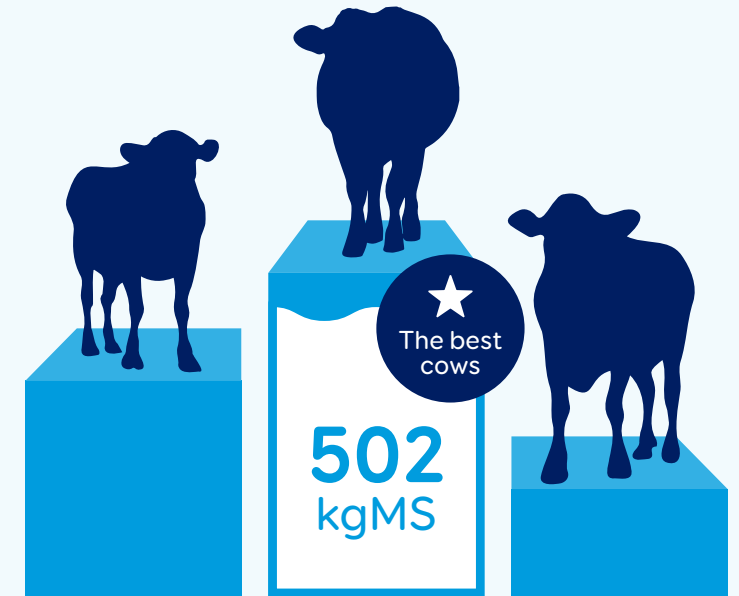
The best cows are more efficient at turning feed into milk – they **produce more** and are **more emissions efficient**.

Crossbred (FxJ)	BW Quartile	Animal Count	Average BW	Average kgMS	Average LWGT BV	Average FERT BV
	Q1	146,050	208	505	-4.1	1.3
	Q2	146,050	152	478	0.7	0.5
	Q3	146,050	110	464	5.2	-0.2
	Q4	146,048	47	442	10.7	-1.2

↑ +63 kgMS (14.2%)  
-14.8kg liveweight

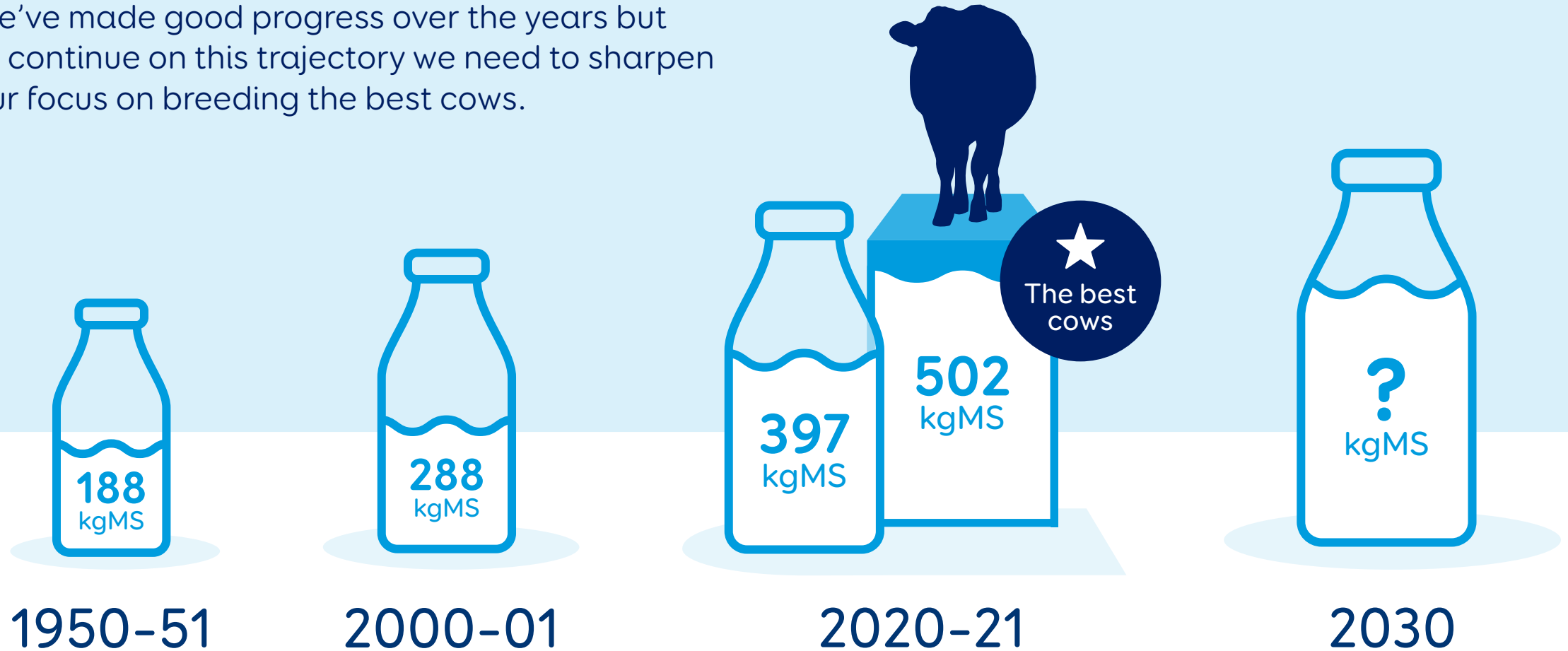
Jersey	BW Quartile	Animal Count	Average BW	Average kgMS	Average LWGT BV	Average FERT BV
	Q1	18,988	252	431	-50.4	2.9
	Q2	18,988	202	404	-50.9	2.2
	Q3	18,988	166	387	-51.2	1.5
	Q4	18,988	87	382	-51.7	0.1

↑ +49 kgMS (12.8%)  
+1.3kg liveweight



# We don't need more cows – we need the best cows

We've made good progress over the years but to continue on this trajectory we need to sharpen our focus on breeding the best cows.



Source: New Zealand Dairy Statistics 2020-2021, average cow production.



# The size of the prize for New Zealand – a profitable and sustainable dairy sector

What it's worth if we accelerate the rate of genetic gain and only breed the best cows:



**Increase cow production relative to liveweight**



**Maintain total milk production from fewer cows**

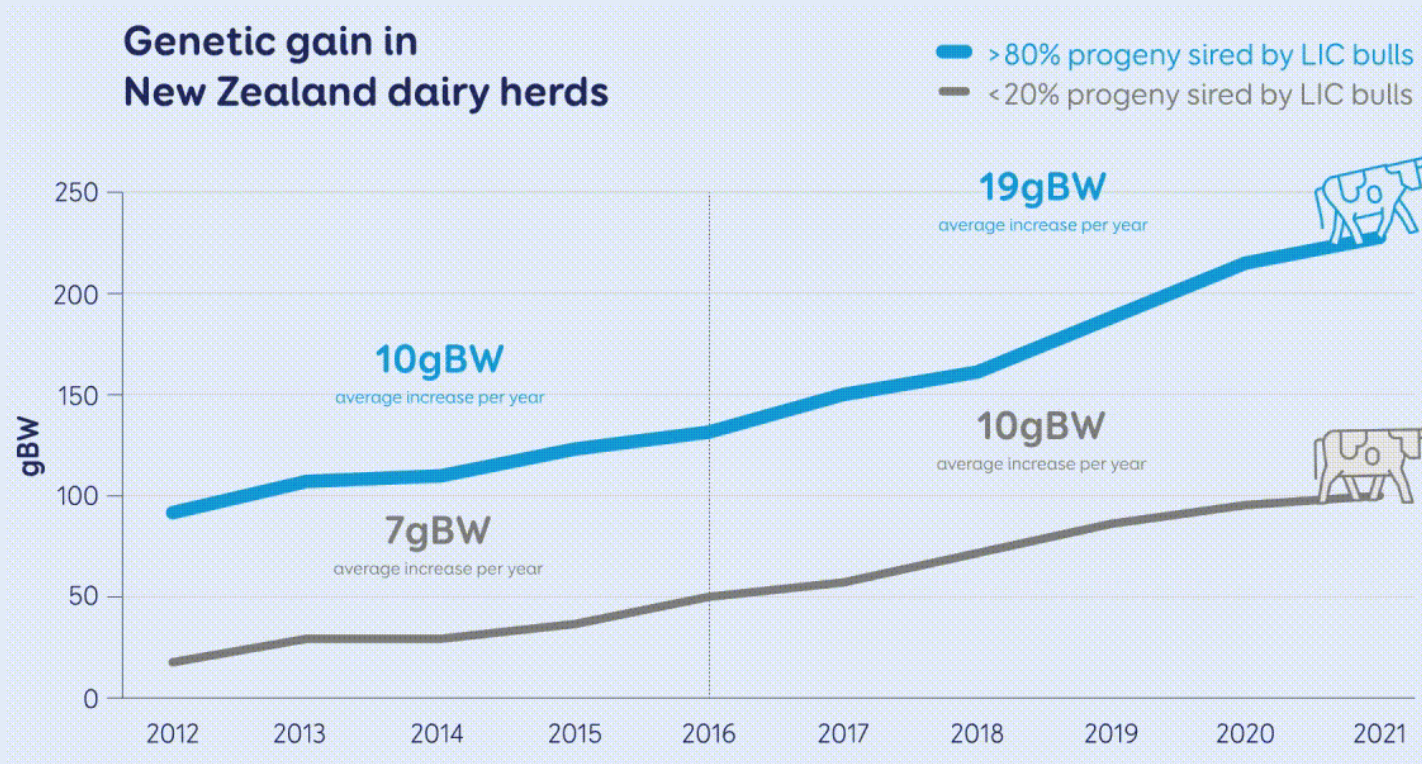


**Reduce agricultural emissions**



At an individual farm level there can be many variable factors but it is conceivable that by 2030 your whole herd could be performing at the level of your top 25% cows today.

# Breeding the best cows, faster is key to solving the challenge of being profitable and sustainable



**Farmers using LIC genetics are already doing this** – they’ve almost doubled the speed of improvement in their herds over the last decade.



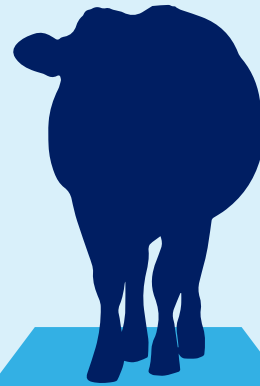
# We're helping farmers breed the best cows and get the best from them.



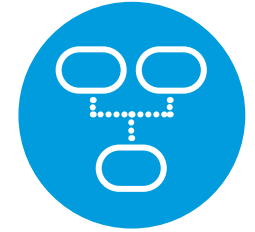
**Sexed semen** - generate more heifer replacements from your best-performing animals



**Herd testing** - accurately identify how your cows are performing



**Parentage verification** - take the guesswork out of matching calves to parents, adding precision and selection accuracy to your breeding programme



**Genomic evaluation** - confidently select your highest genetic merit heifers to join the herd and breed from



# We're focussed on new solutions for the future too

LIC is one of the largest investors in R&D in the primary sector – **\$18 million in FY21** (6.9% of revenue)



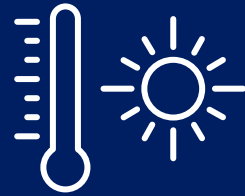
## **Methane Research**

Identifying a genetic link between a bull and the amount of methane it produces, so farmers can breed low methane-emitting cows



## **Resilient Dairy Programme**

Utilising disease management technologies and genomic advances to enhance the health and wellbeing of the national dairy herd and improve cow productivity



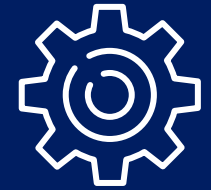
## **Slick Gene Research and Trial**

Enabling farmers to breed more heat tolerant cows



## **Genomic selection and evaluation**

Utilising cutting-edge DNA technology and genomic science to help farmers breed the best



## **Portfolio approach with partners**

Exploring technology options



Breeding the best cows, faster is key to helping farmers solve the challenge of being profitable and sustainable.

Farmers, industry and Government are aligned on the importance of improving the efficiency of the national dairy herd to achieve our environment goals.

**We've got this.**





# Honoraria report

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Ian Brown – Honoraria Committee Chair

# Meeting resolutions

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Murray King – Board Chair

## Resolution 1:

# Approval of LIC Directors' Remuneration

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To receive and consider the LIC Honoraria Committee's recommendation as to Directors' remuneration, and if thought fit, to resolve by way of ordinary resolution to:

**“Approve the total remuneration of all nine Directors to be \$664,000 per annum”**

## Resolution 1:

# Director Remuneration

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	Current	Recommended	\$ Increase	% Increase
Chair	\$123,600	\$132,000	\$8,400	6.80%
Director	\$54,000	\$59,000	\$5,000	9.26%
Discretionary Pool*	\$60,000	\$60,000	No change	No change
<b>Total for LIC Board</b>	<b>\$615,600**</b>	<b>\$664,000</b>	<b>\$48,400</b>	<b>7.86%</b>

\* Maximum pool available for additional duties and specialist skills, including roles as Committee Chairs.

\*\* Based on current Board size of nine Directors. Shareholders approved total remuneration of \$669,000 in 2019 for a Board of 10 Directors.

## Resolution 2:

# Approval of LIC Shareholder Reference Group Remuneration

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To receive and consider the LIC Honoraria Committee's recommendation as to Shareholder Reference Group's remuneration, and if thought fit, to resolve by way of ordinary resolution to:

**“Approve the total remuneration of all Shareholder Reference Group members being increased from \$171,000 to \$179,500”**

## Resolution 2:

# Shareholder Reference Group Remuneration

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	Current	Recommended	\$ Increase	% Increase
SRG Chair	\$35,000	\$36,500	\$1,500	4.29%
SRG Deputy Chair	\$16,000	\$17,000	\$1,000	6.25%
SRG Member	\$12,000	\$12,600	\$600	5.00%
<b>Total</b>	<b>\$171,000</b>	<b>\$179,500</b>	<b>\$8,500</b>	<b>4.97%</b>

### Daily Allowance

Daily Allowance*	\$320	\$350	\$30	9.38%
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\* Paid for time spent on extraordinary duties.



### Resolution 3:

## To reappoint KPMG as External Auditor

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To consider, and if thought fit, to resolve by way of ordinary resolution to:

**“Re-appoint the chartered accountancy partnership KPMG as the Auditor until the conclusion of the Company’s next Annual Meeting, and that the Directors be authorised to fix its remuneration”**

## Resolution 4:

# To elect one Elected Director for the South Island

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To consider, and if thought fit:

**“Elect ONE (1) candidate representing the South Island, as an Elected Director to the Board of Directors with effect from the conclusion of this Annual Meeting”**

Note: That only shareholders in the South Island are eligible to vote on this resolution

## Resolution 4:

# To elect one Elected Director for the South Island

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**Siobhan O'Malley**



**Corrigan Sowman**



**Victoria Trayner**

## Resolution 5:

# To ratify the re-appointment of Tim Gibson as an Appointed Director

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To consider, and if thought fit, to resolve by way of ordinary resolution to:

**“Ratify the re-appointment of Tim Gibson as an Appointed Director for a term expiring at the conclusion of the third Annual Meeting following this Annual Meeting (approximately three years)”**



**Tim Gibson**

## Resolution 6:

# To elect two members of the Shareholder Reference Group for the Upper North Territory

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To consider, and if thought fit:

**“Elect TWO (2) candidates from the Upper North Territory to the Shareholder Reference Group with effect from the conclusion of this Annual Meeting”**

Note: That only shareholders in the Upper North Island Territory are eligible to vote on this resolution

## Resolution 6:

# To elect two members of the Shareholder Reference Group for the Upper North Territory

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**Mark Benns**



**Aleisha Broomfield**



**Murray Hawkings**



## Resolution 7:

# Re-election of Scott Montgomerie to the Honoraria Committee

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To consider, and if thought fit, to resolve by way of ordinary resolution to:

**“Approve the re-election of Scott Montgomerie to the Honoraria Committee, with effect from the conclusion of this Annual Meeting”**



**Scott Montgomerie**



## Resolution 8:

# Re-election of Shirley Trumper to the Honoraria Committee

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To consider, and if thought fit, to resolve by way of ordinary resolution to:

**“Approve the re-election of Shirley Trumper to the Honoraria Committee, with effect from the conclusion of this Annual Meeting”**



**Shirley Trumper**

# General business

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Murray King – Board Chair

# Q & A

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