



DELIVERING GROWTH THROUGH INNOVATION

LIC ANNUAL MEETING

15th October 2020



Welcome

Murray King - LIC Chair

Meeting Agenda

1. MINDA
2. Financial Overview
3. Business Highlights
4. Impact of COVID-19
5. Outlook
6. Investment in Research & Development
7. Financial Detail
8. Shareholder Council Report
9. LIC Governance & Representation
10. Appointing a Market Maker
11. Q&A: Special Resolutions
12. Honoraria Report
13. Voting Resolutions
14. General Business

MINDA

Making your data
work harder



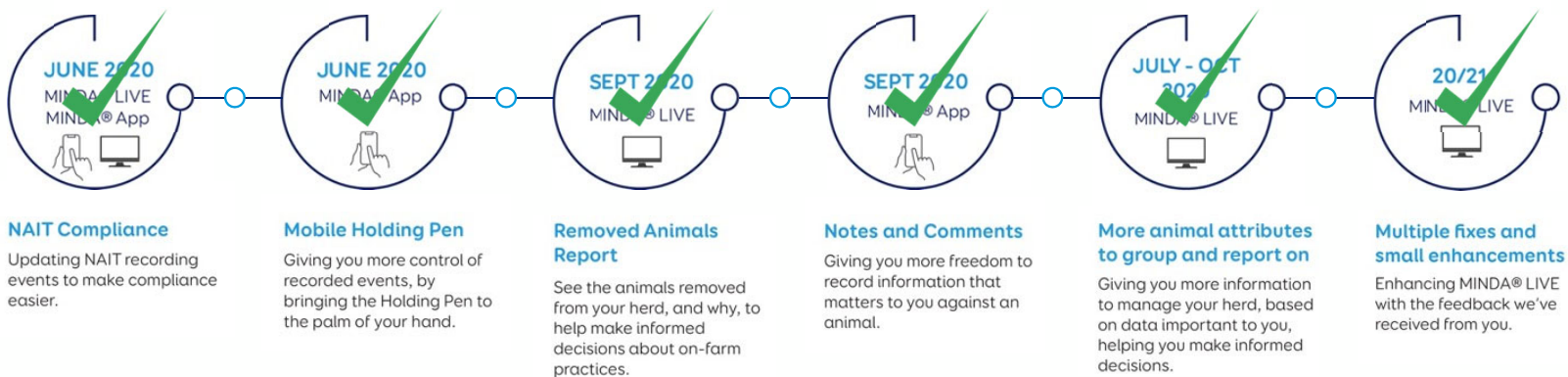
MINDA Improvement Roadmap

- We're committed to continually evolve MINDA LIVE and MINDA App to support your effective on-farm herd management decision-making and easier achievement of compliance.
- You wanted visibility of that commitment, so we've published a two-year roadmap of enhancements through to 2022.
- Prioritised with farming seasonal needs in mind.
- Refreshed quarterly.



38 enhancements to MINDA LIVE and MINDA App since June 2020

- We've delivered the new functionality provided in MINDA LIVE and MINDA App as promised.
- Your feedback has resulted in many smaller enhancements in MINDA LIVE and MINDA App, especially in improving our reports.
- We're on track to deliver the full roadmap.
- MINDA LIVE usage continues to grow.
- The use of MINDA App by multiple people per farm is increasing.



Compliance

- MINDA LIVE and MINDA App both support full compliance to current regulations.
- We're committed to continuing investment in MINDA to support your traceability and bio-security compliance.
- Working closely with OSPRI to provide the on-farm perspective on proposed NAIT regulations.



MINDA Service

- Continued focus on managing MINDA availability and reliability, especially during peak season.
- Investigating options to reduce impact of AE runs on MINDA availability.
- New processes in place to prevent reoccurrence of the issue in late August impacting MINDA LIVE processing time.



The future direction of MINDA

- Availability of MINDA LIVE during AE runs.
- Analytics and insights.
- Partner integration.
- Automation of data capture.



Murray King - LIC Chair

Results Overview & Business Highlights

Financial Overview

LIC's result has been driven by our innovation-led growth strategy and our ongoing commitment to pushing the technological boundaries to deliver genetic gain and other products and services to our farmers. It is underpinned by ongoing benefits from our strategic initiatives to transform LIC into a modern, progressive co-op.



Financial Highlights

254.0M

TOTAL REVENUE

▲ up 3% from \$246.5 million
last year

22.7M

UNDERLYING EARNINGS

▲ up 16.2% from \$19.5 million
last year*

16M

R&D INVESTMENT

equates to 6.3% of revenue
▲ up 17.5% from \$13.6 million
last year

18.1M

12.75c per share

FULL YEAR DIVIDEND

80% of underlying earnings
▲ up from \$15.6 million/10.98c
last year

17.5M

NET PROFIT AFTER TAX (NPAT)

▼ down 21.1% from \$22.2 million
last year*

16-22M

**EXPECTED FUTURE UNDERLYING
EARNINGS FOR 2020-21**

*Please refer to the [full market announcement](#) to read notes about financial information.

Business Highlights

LIC delivering the genetic tools for precision farming.

▲ 65%

GENOMIC SEMEN

increased from 23% to 38% of LIC semen sold in New Zealand

▲ 163%

SEXED SEMEN (LIQUID)

inseminations increased 163%

▲ 49%

A2

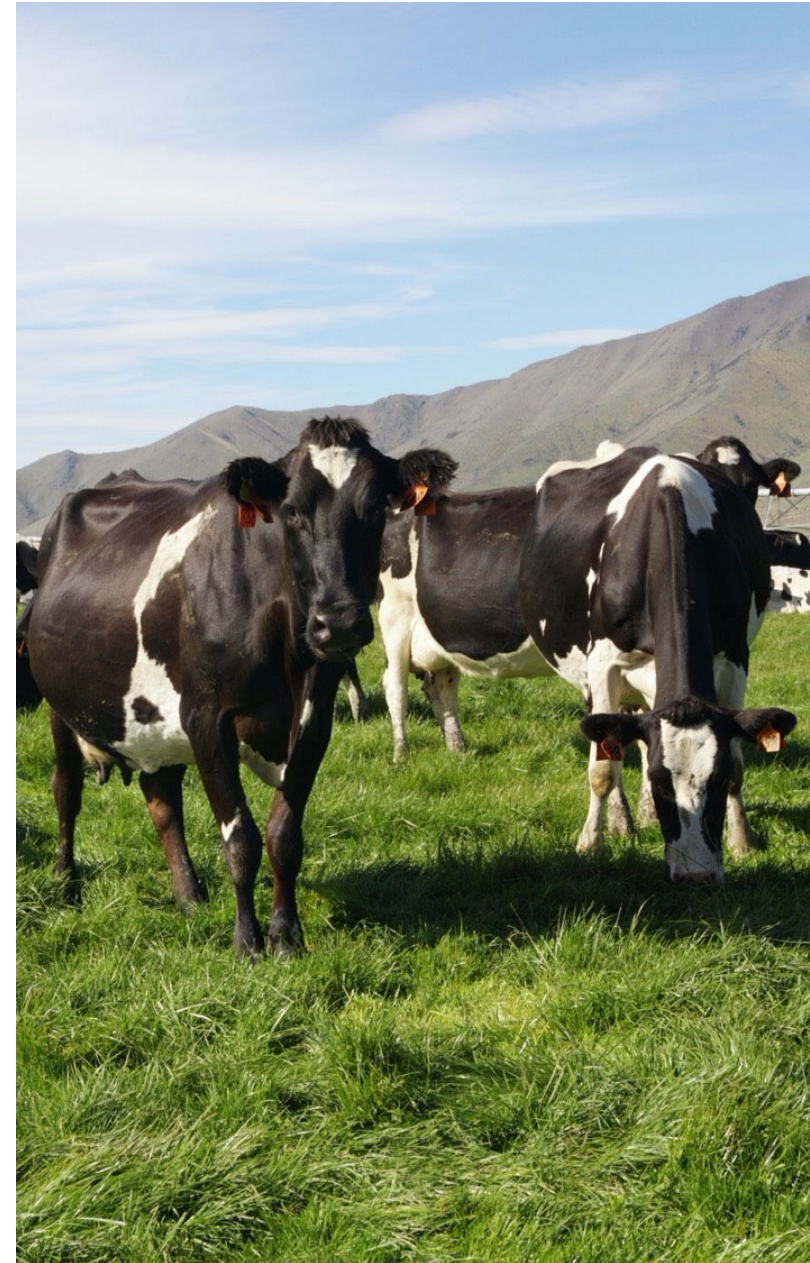
inseminations increased 49% & A2 testing increased 42%

Impact of COVID-19

Outlook

LIC is match-fit to play its role in supporting our shareholders as they navigate their farming businesses through the challenges of the 20/21 season. LIC has seasonal debt and a strong balance sheet.

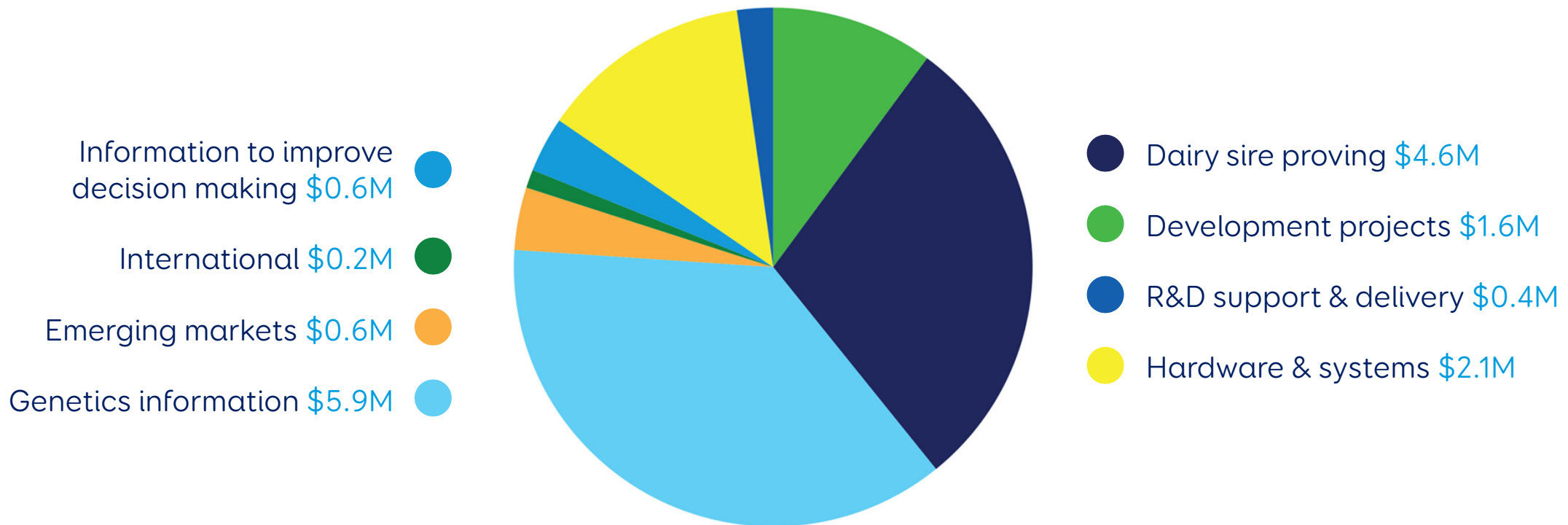
Based on the impacts of COVID-19 on forecast milk price, credit tightening for farmers and increased compliance costs for the next season for New Zealand dairy farmers and LIC, the Board updated its Underlying Earnings forecast for the next financial year. It is still expected to be in the range of \$16 million - \$22 million.



Wayne McNee - LIC Chief Executive

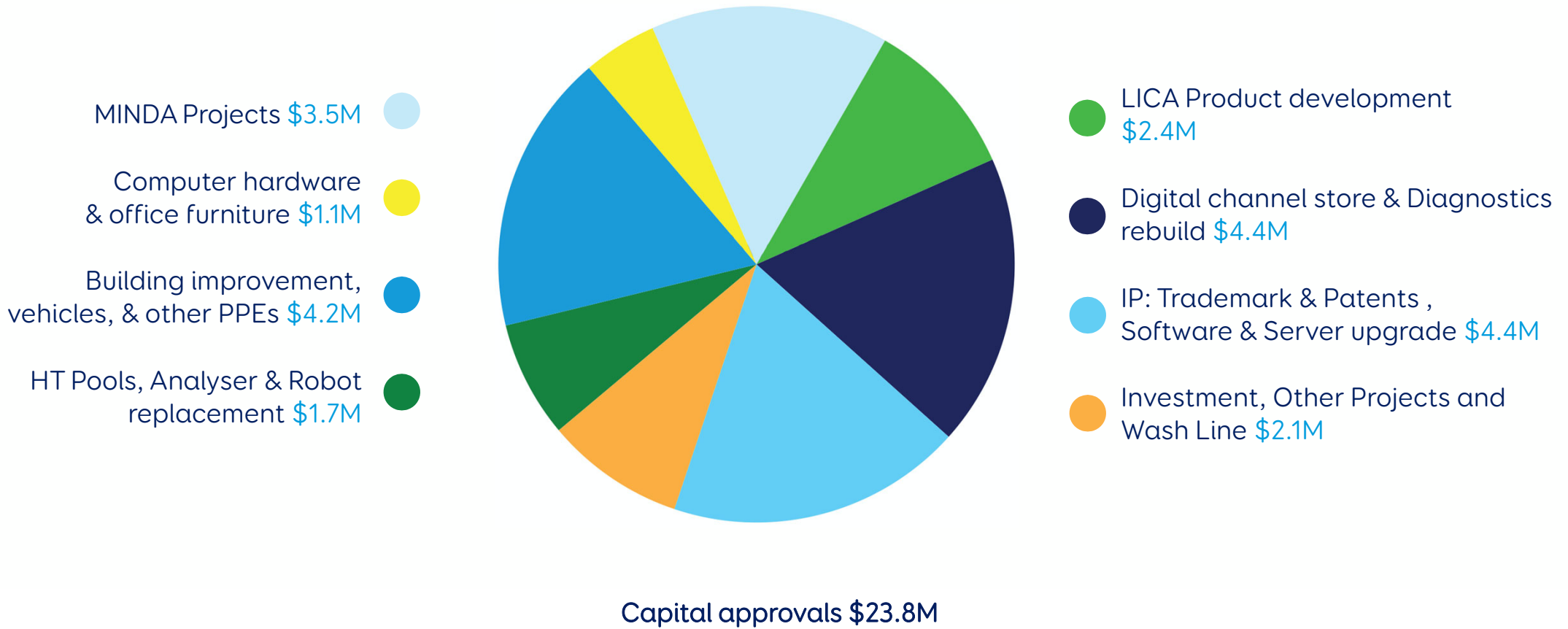
Investment in Research & Development
& Financial Detail

Investment in Research & Development

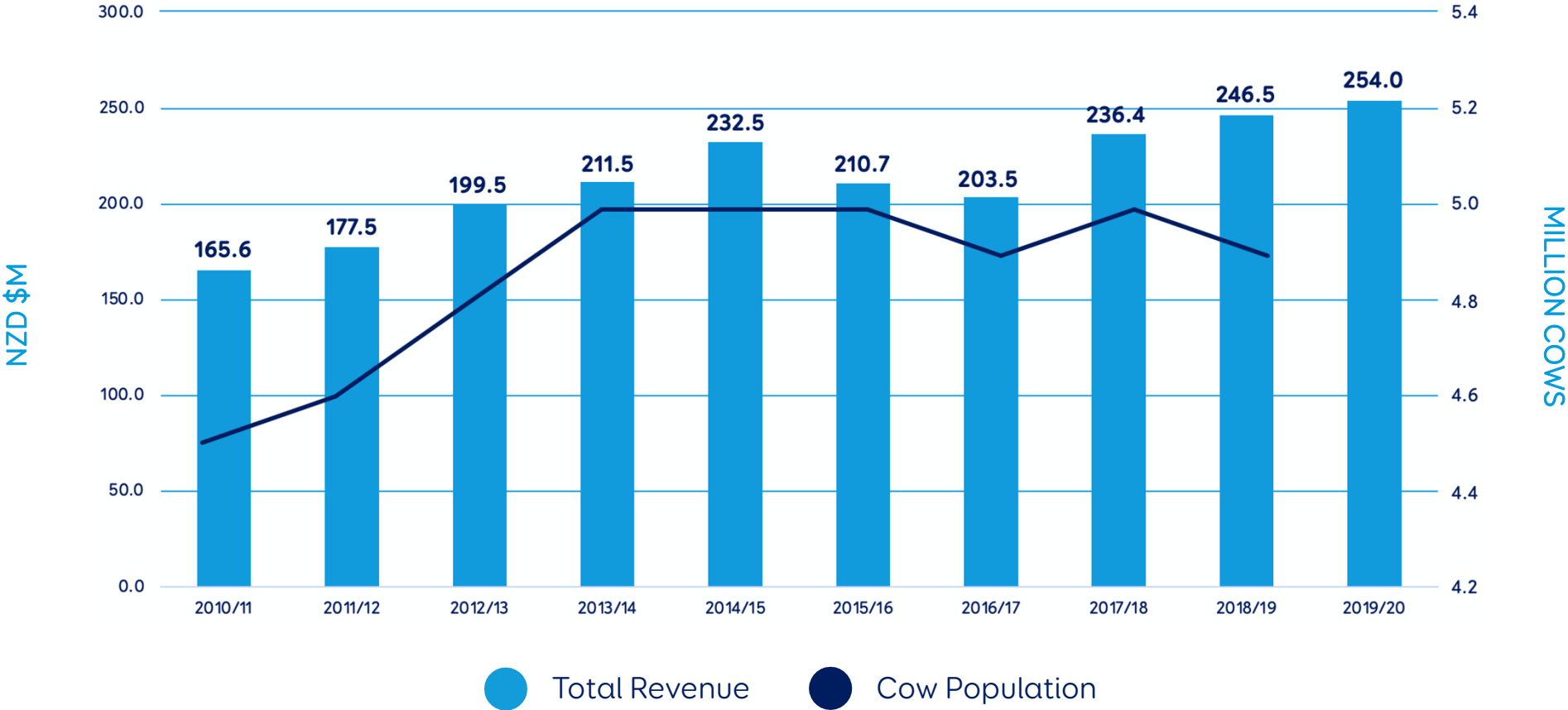


Around \$16.0M invested annually in product development and R&D; approx. 6.3% of revenue

Capital Approvals



Total Revenue



LIC Contribution to Value on Farm 20/21

Genetic Merit
\$292m

Reproductive
performance
\$35m

Health
(Johne's, BVD, Mastitis)
\$45m

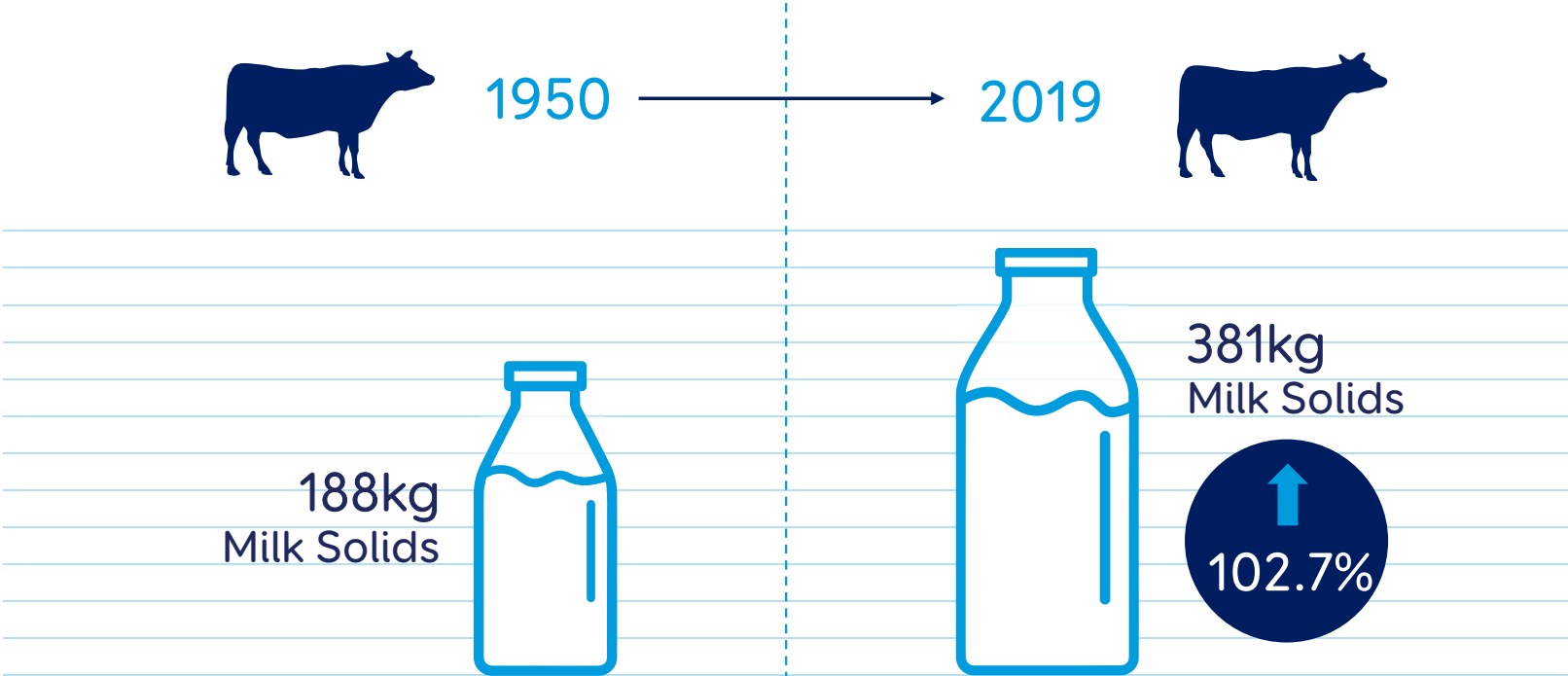
Production
(Culling & SGL)
\$57m

SPACE
\$15m



Contribution to Value on Farm 70 Years of Artificial Breeding

Average annual milk solid production per cow 1950 vs 2019



**Milk protein portion is derived from the milk fat production of the day recorded in 1950*

Shareholder Council Report

Mark Meyer – Shareholder Council Chair

Proposed Changes to LIC's Governance & Representation Structure

Murray King - LIC Chair
& Mark Meyer - Shareholder Council Chair

Proposed Changes to the Shareholder Council

1

Streamlining the Council, to a Shareholder Reference Group of 12 members across four territories.

2

Eight elected members, four appointed members, ensuring diversity and a broad range of skills in the group.

3

Clear purpose and agreed annual engagement plan with the Board and clear objectives to report back to the Board.

4

Focusing on promoting issues that matter to shareholders, including operational performance and quality, product development, service delivery, and enhancements.

Proposed Changes to the Board

1

Reducing the number of Elected Directors to six - balancing the number of Elected Directors between the North and South Islands. Each will have three Elected Directors.

2

All shareholders will get to vote for three farmer Directors for their Island - Directors will be elected by a broader mix of shareholders across an expanded geographic area.

3

Elections will be simplified. All Directors will be elected for approximately three years and all elections will be held at the Annual Meeting.

4

The Board is reducing from ten Directors to nine, with flexibility to appoint a further Appointed Director based on the need for specialist expertise in the future.

Your Decision

1

The Shareholder Council and the Board have worked together on the review and on developing the recommended changes as a result of the review.

2

We believe that the proposed changes to LIC's governance and shareholder engagement will ensure shareholder voices and views are heard and acted upon as we grow and build our co-op in the years to come.

3

These changes will establish an efficient and effective governance structure for the future, that is truly representative of LIC's shareholder base.

4

The decision is now over to shareholders, to vote on at this annual meeting.

Appointing a Market Maker

Murray King- LIC Chair

Appointing a Market Maker

- Introduce the option to be able to appoint one or more firms to act as a “market maker”.
- Due to the restrictions on who may hold LIC’s shares, stock is more illiquid than other listed companies.
- The aim of the “market maker” is to create price stability and additional liquidity through consistent two-way quotes in LIC shares on the NZX.
- Its role is solely to provide additional liquidity in LIC shares for those farmers approved to buy and sell shares without the need to wait for another LIC shareholder to trade with.

Q&A

Special Resolutions

Honoraria Report

Ian Brown - Honoraria Committee Chair

Meeting Resolutions

Murray King - LIC Chair

Resolution 1

To reappoint KPMG as External Auditor

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

“Reappoint 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.”

Shareholder Council / Shareholder Reference Group's Budget

Expenditure	2019 - 2020		2020 - 2021	
	Budget	Actual	Budget (Council) **	Budget (Council/SRG) ***
Honoraria	\$142,000	\$136,146	\$142,000	\$118,250
Training Costs	\$21,500	\$5,133	\$21,500	\$16,708
Meeting Related Expenses	\$75,200	\$39,262	\$76,800	\$65,117
Administration	\$4,320	\$9,752	\$4,320	\$3,695
Total	\$243,020	\$190,293	\$244,620	\$203,770

** The budget in this column will apply if the Proposed Governance Changes are not approved at this Annual Meeting.

*** If the Proposed Governance Changes are approved at this Annual Meeting, the budget set out in this column will apply. This budget is a combination of the budget for the Council up to and including 31 December 2020 and the budget for the Shareholder Reference Group from 1 January 2021 until 31 May 2021.

Resolution 2

To approve the LIC Shareholder Council /
Shareholder Reference Group's Budget

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

“Approve the budget for the LIC Shareholder Council /
Shareholder Reference Group for the year ending 31
May 2021 as outlined in the Explanatory Note in the
Notice of Annual Meeting.”

Resolution 3

To ratify the reappointment of Sophie Haslem as an Appointed Director

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

“Ratify the reappointment of Sophie Haslem as an Appointed Director for a term of approximately three years expiring at the conclusion of the third annual meeting following this Annual Meeting.”

Resolution 4

To amend the areas relating to governance arrangements

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

“To approve:

- a) for the purposes of clause 21.4 of the Constitution, a reduction in the number of Wards from 21 to four with effect from 1 January 2021;
- b) for the purposes of clause 22.5 of the Constitution, a reduction in the number of Regions from four to two; and
- c) the re-designation of Gray Baldwin, Ken Hames, Alison Watters and Ben Dickie as the Elected Directors of the North Island, and Murray King and Matt Ross as Elected Directors of the South Island, subject to the Transitional Arrangements described in the Explanatory Notes to Resolution 5,

each in accordance with the Revised Ward Description and Revised Region Description respectively, and subject to the passing of Resolution 5.”

Resolution 5

To amend LIC's Constitution to reflect the Proposed Governance Changes and General Changes

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

“To approve:

- a) the amendment of the Constitution to reflect the Proposed Governance Changes and the General Changes; and
- b) the proposed changes to existing Elected Directors' and Councillors' terms of tenure made with a view to implementing the Proposed Governance Changes and as set out in the Transitional Arrangements,

subject to the passing of Resolution 4.”

Resolution 6

To amend LIC's Constitution to implement the Market Maker Changes

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

“To approve, subject to the approval by the Minister of Agriculture, the amendment to the Constitution to reflect the Market Maker Changes.”

General Business

Q&A

