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**Market Announcement**  
**23 March 2020**

**COVID-19 IMPACT ON PROPOSED AFIMILK STRATEGIC INVESTMENT**

Livestock Improvement Cooperation (NZX: LIC) acknowledges COVID-19 is having a significant impact on businesses and economies globally. The global impacts are expected to be substantial and continue for the foreseeable future.

LIC has received a number of questions from shareholders about the impact of COVID-19 on the proposed strategic investment in Afimilk announced to the market by LIC on 19 February 2020.

Afimilk operates in markets currently most impacted by COVID-19 namely Europe, USA and China. While the long-term impact is uncertain, there will be at least a short-term impact on the Afimilk business.

In addition, given current border closures, and other movement restrictions, an efficient transfer of governance will be difficult.

As outlined in the Notice of Meeting, the parties were discussing, and are continuing to discuss, a potential sale by LIC of complementary parts of its automation business to Afimilk. These discussions are continuing but some due diligence activity has had to be deferred given the travel restrictions in place.

There is a material current impact on the LIC acquisition price.

The Notice of Meeting assumed an NZD/USD exchange rate of 0.64 for the purpose of setting out the financial aspects of the transaction in New Zealand dollars. At 10:00am NZ time on 20 March 2020 this rate had reduced to 0.5675.

Assuming an exchange rate of 0.5675 on 1 June 2020 the amount required to be paid by LIC for the proposed 50% stake in Afimilk would increase from NZD108.7m to NZD123.3m, an increase of NZD14.6m.

While the acquisition is conditional on there being no material adverse effect specifically affecting the Afimilk business, the definition contains a number of typical exclusions (and excludes pandemics). The agreement does not give LIC the ability to unilaterally defer the acquisition.

The acquisition remains conditional on a number of other matters (including LIC shareholder approval). If LIC shareholders do not approve the acquisition, the LIC shareholder approval condition will not be met.

Shareholders can vote for or against electronically (at [investment.lic.co.nz](https://investment.lic.co.nz) or on LIC's website), by post or by appointing a proxy until 10.30am on Sunday 5 April.

As announced to the market on 20 March 2020, a virtual meeting will now replace the in-person Special Meeting at 10.30am, Tuesday 7 April 2020 with online registration from 10.15am. The meeting will be livestreamed on LIC's website (<https://www.lic.co.nz/livestream/>).

LIC will continue to update the market in line with its continuous disclosure obligations.

## **Ends**

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## **About LIC**

LIC is a farmer-owned co-operative that provides a range of services and solutions to improve the productivity and prosperity of farmers. This includes dairy genetics, information technology, herd testing, DNA parentage verification and farm advisory services through FarmWise. Subsidiary business LIC Automation also provides integrated automation systems and unique milk testing sensors that present real-time data while a cow is being milked. With origins dating back to 1909, LIC has a long history of world-leading innovations for the dairy industry. Today the New Zealand-based co-operative employs more than 700 permanent staff, swelling to 2000 during the peak dairy mating season. LIC also has offices in the United Kingdom, Ireland and Australia. All LIC profit is returned to its farmer owners/shareholders in dividends or re-invested for new solutions and research and development. [www.lic.co.nz](https://www.lic.co.nz)