

## Media Release

24 January 2024

### LIC produces a solid half-year financial result against challenging economic conditions



*LIC financial results show New Zealand dairy farmers are still seeing value in cow efficiency*

Image | [Download](#)

#### Summary of financials:

- Total Revenue from Continuing Operations: down 3.0% at \$171.9 million.
- Net Profit After Tax (NPAT) from Continuing Operations: \$29.0 million, down 13.0% from the same period last year.
- Underlying Earnings forecast range at year-end: \$17-22 million, being unchanged from the market update in August 2023.

Livestock Improvement Corporation (NZX: LIC) has released a solid half-year result for the 2023-24 financial year, despite revenue pressures in a reduced milk price environment.

LIC has declared a 13 cent per share special dividend from the proceeds of the sale of shares in UK company National Milk Records completed in late 2023.

The reporting showed a decreased revenue (down 3.0%) and profit (down 13.0%) compared to the same period last year. Board Chair Corrigan Sowman says the co-operative's strong cash position provided a degree of resilience and that, relative to the current challenging economic conditions, he is pleased with the result.

The decreased revenue was driven by the lower milk price environment, as well as credits provided to farmers as a result of a recent semen quality issue.

“Farmers have had a challenging year as they’ve had to tighten their belts in response to a lower milk price payout. The stakes are high, but they continue to show resilience.

“As a co-op, it’s our job to support farmers to navigate these challenges, in particular, providing them with the right tools to breed the most sustainable and profitable herds, now and into the future.

“On behalf of the Board, we would like to acknowledge just how challenging this year has been, and extend our appreciation to farmers for their ongoing support and commitment to their co-op.

“A special thanks also to those farmers who showed resilience and patience as we navigated our way through the recent semen quality issue. We had not experienced an issue like that before, and our investigation into the cause of this is ongoing. The costs of the credits to farmers have been accounted for in this half year result.

“This year has really brought into focus the importance of cow efficiency. Ensuring that our national dairy herd is made up of high producing, efficient cows is key to maintaining the success of the dairy sector.

“Recently, Fonterra announced it is targeting a 30% intensity reduction in on-farm emissions by 2030. We have an important role to play in supporting farmers to meet these targets and we are proud to be part of the solution. Targeting a reduction in emissions intensity cements our ongoing focus on cow efficiency – we don’t need more cows, we need better cows,” says Sowman.

Within the reporting period, demand remained steady for LIC’s animal health products, to keep cows healthy, productive and protected.

“Farmers continue to see the value of investing in animal health products and premium genetics, which indicates they are planning around the current and future needs of their herds. It is reflective of farmers’ shared commitment to breed and milk the best cows,” says Sowman.

“Collectively, our co-op is committed to making continuous improvements for cow efficiency. Small improvements made now add up to long term gain for more efficient and climate-friendly cows,” says Sowman.

Other highlights from the reporting period include the advancement of LIC’s heat tolerance programme, which aims to provide farmers with the ability to have high genetic merit dairy cows with improved heat tolerance. The programme is currently in its next stage – investigating how slick-coated animals fare in winter. The research will be critical to ensure that the co-op can provide farmers with a solution that equips cows for the challenges of a changing climate.

LIC’s methane research programme is also progressing well, and the co-op hopes to produce a methane breeding value and give dairy farmers the opportunity to access low methane elite genetics by 2026. This has the potential to make a real difference to farmers by helping to ensure emissions reductions don’t come at the cost of reducing milk production.

The co-operative confirms it is on track to deliver a year-end result in line with expectations and guidance previously provided to the market.

Looking ahead, Sowman says LIC’s focus now turns to delivering a solid result at year-end, whilst continuing to support and create value for its farmer shareholders.

## ENDS

### Notes to financial information:

- LIC's half-year result incorporates the majority of revenues from core artificial breeding (AB) and herd testing services, but not a similar proportion of total costs so are not indicative of the second half, nor the full-year, result.
- A special dividend is declared at half-year in relation to LIC's sale of shares in National Milk Records.
- These numbers should be read in conjunction with the financial details in the Interim Report and 2023 Annual Report.
- Figures have not been audited, with the exception of 31 May 2023 comparatives.
- Underlying Earnings: this is NPAT excluding bull valuation and nil paid share valuation movements and is considered useful to investors as it is the basis on which LIC has historically reported and determination of dividends. Non-GAAP financial information does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities.
- Bull team valuation: LIC's elite bull team is its largest biological asset, valued at \$97.6 million at half-year. This valuation is based on an independent model that looks at future revenue streams and costs associated with the current bulls owned, discounted back to current value.
- Market guidance is provided on the basis that no significant climate event or milk price change takes place.

**About LIC:** LIC is a farmer-owned co-operative and world leader in pasture based dairy genetics and herd improvement. LIC exists to deliver superior genetics and technological innovation to help its shareholders sustainably farm profitable animals. With origins dating back to 1909, LIC has a long history of providing world-leading innovations for the dairy sector. The co-op continues to be one of the primary sector's biggest investors in research and development. Today, the New Zealand-based co-op employs more than 700 permanent staff, swelling to 2000 during the spring 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 reinvested for new solutions, research and development. [www.lic.co.nz](http://www.lic.co.nz)

---

### IMAGE ASSETS

The hi-res image available for publication with this story is available below

[Download asset here](#)

Images available:

- 1 | LIC Board Chair Corrigan Sowman
- 2 | LIC Board Chair Corrigan Sowman on farm
- 3 | LIC financial results show New Zealand dairy farmers are still seeing value in cow efficiency

**For all media enquiries, please contact:**

LIC – Steph Slattery | M. 027 256 2057 | [Steph.Slattery@lic.co.nz](mailto:Steph.Slattery@lic.co.nz)