

# Half Year Result 2024-25

23 January 2025

## LIC delivers positive half-year financial results



Livestock Improvement Corporation's (LIC) strong half-year financial results show New Zealand dairy farmers continue to focus on cow efficiency and good genetic decisions.

The half-year financial result for the six months to 30 November 2024 has seen significant improvement from the prior year, indicating that farmers have generally weathered the tough financial headwinds of 2023 and early 2024.

### Summary of financials\*:

- Total Revenue: up 8.0% at \$185.7 million
- Net Profit After Tax (NPAT): \$39.1 million, up 34.8% from the same period last year
- Underlying Earnings: \$33.7m, up 17.4% from the same period last year
- Underlying Earnings forecast range at year-end: \$18-22 million, a positive change from the market update in July 2024.
- [View the 2024 Interim Report.](#)

*\*Refer notes to financial information at end.*

The Interim Report shows an increase in total revenue up 8% and in Underlying Earnings up 17.4% from the same period last year. This can be attributed to improved economic conditions and farmers choosing to invest in LIC's products and services like fresh sexed semen, GeneMark Genomics and animal health testing.

Board Chair Corrigan Sowman expressed pride in the co-operative's progress, saying, "I am incredibly pleased to see farmers continue to recognise the value of investing in productive herds and resilient farms.

"As a generational co-operative and world leader in pasture-based dairy herd improvement, we will continue to work alongside farmers to improve the profitability and efficiency of the national dairy herd. As your Board Chair, I look forward to working with the LIC Board and management to continue delivering value for our farmer shareholders."

### **Business Highlights**

Reflecting on the first half of the financial year, LIC Chief Executive David Chin is pleased that the co-operative's investments are delivering tangible outcomes for farmers.

"We are making significant progress toward breeding cows with lower methane emissions," Chin said. "Our research (funded by the New Zealand Agricultural Greenhouse Gas Research Centre) has confirmed that genetic variation influences how much methane heifers produce.

"We are now one step closer to breeding low-emission cows. The next step is the building of a state-of-the-art research barn to enable large-scale monitoring of lactating cows. We are proud to contribute to emissions reductions and look forward to offering farmers low methane-emitting genetics in the near future."

In addition to methane research, LIC continues to lead in herd improvement through its genomic evaluation tools.

"The launch of our new Genomic product in July 2024 has seen significant uptake from farmers," Chin said. "We've now surpassed a major milestone, genotyping over 1 million animals. This milestone reflects the growing trust farmers place in these tools to help accelerate the genetic gain in their herds."

LIC's commitment to operational excellence has also delivered outstanding results for the fresh sexed semen product.

"The performance of our fresh sexed semen product has exceeded expectations, with 18-24 day non-return rates now within 1% of conventional fresh semen," says Chin. "This allows farmers to achieve even better results by breeding from their highest-performing cows."

Farmers' focus on herd health is also evident, as demonstrated by a significant increase in Johnes Disease testing. Testing rates have doubled in the first six months of the season compared to 2023, reflecting a growing focus on disease management.

### **Looking ahead**

LIC is actively evaluating its strategy to ensure alignment with farmers' needs and future opportunities.

“To continue delivering for our farmer shareholders, we are revisiting our strategy to ensure it is fit for purpose,” Chin said. “This includes planning for future investments that benefit our farmers. We’ll share updates on this work in the first half of 2025.”

### **Season insights**

For the 2024-25 season, LIC reports a positive increase in spring submission rates and non-return rates. Over this mating period, reported dairy industry milk production figures were also up on 2023-24.

- LIC data showed a submission rate increase from 79.6% in spring 2023 to 81.5% in spring 2024.
- LIC data showed a non-return rate\*\* rise from 63.2% to 63.8%.
- DCANZ figures showed increased milksolids production over the 2024 spring mating period, with monthly production for September to November tracking between 2.7% and 5.2% ahead of the same period in 2023.

These rises underscore farmers' dedication to productivity and the effective application of technology and insights in dairy farming.

### **Underlying earnings**

The co-operative expects underlying earnings\* for 2024-25 to be in the range of \$18-22 million, which is a positive shift from \$16-22 million announced in July 2024. This range assumes no significant events, including climate events, or milk price change takes place between now and then.

### **ENDS**

*This statement has been authorised for release by the Board of Directors.*

*For media enquiries, please email [communications@lic.co.nz](mailto:communications@lic.co.nz)*

### **\*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.
- These numbers should be read in conjunction with the financial details in the Interim Report and 2024 Annual Report.
- Figures have not been audited, with the exception of 31 May 2024 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 \$96.4 million at half-year. This valuation comprises a model that looks at future revenue streams and costs associated with the current bulls owned, discounted back to current value. The interim report includes a non-cash revaluation of the bull team.

## **\*\*Non-return rate**

Non-return rate is defined as the percentage of cows that have not returned for a second mating within a 2-to-24-day period following their first mating as is reported in the DairyNZ Fertility Focus Report. It excludes all matings that fall outside these parameters.

## **About LIC:**

*LIC is a world leader in pasture-based dairy genetics, and for one clear reason: we understand what makes grazing herds thrive. Our deep expertise is rooted in decades of involvement in farming, turning our research and product development into practical solutions.*

*This hands-on knowledge fuels our herd improvement focus, where we merge extensive research with genetic testing, great on-farm services and software. By monitoring production, health and fertility across millions of animals, we identify and select the traits that matter most for pasture performance. Each generation builds on these genetics, helping drive improvements.*

*We don't just develop better herd improvement solutions; we work alongside farmers, using their data to create herds that perform effectively in real farm conditions.*

*The results speak for themselves: every day our people are helping turn millions of dairy cows into resilient, generational herds that are more profitable and productive.*