

 **LIC** *to 2020*

*How we respond to the changing World*

## LIC Overview & Strategy

## Industry Good in New Zealand

# LIC History

- 1909 - Herd Testing begins
- 1939 - the 28 Herd Test Associations amalgamated to form 6 Herd Improvement Associations
- 1998 - the 6 Associations were merged to form LIC, a 100% subsidiary of the NZ Dairy Board
- 2002 - LIC was split out from the NZ Dairy Board as a 100% dairy farmer owned cooperative
- 2012 – LIC holds 90% + market shares in herd recording, 75% + genetics market share, and is a highly profitable and innovative cooperative. Listed investment shares have placed \$150M of equity on shareholder balance sheets
- 2012 – future relationship with Industry Good redefined

# Who We Are

**We deliver the world's best pastoral dairy herd performance improvement to our members and customers.**

We are 100% owned by NZ dairy farmers, focused on continuously innovating and improving our science, products, services and supporting advice to deliver an experience that our customers expect, and is delivered within a business model that is profitable and sustainable for all future dairy farmers.

# Our Purpose is Clear and Consistent

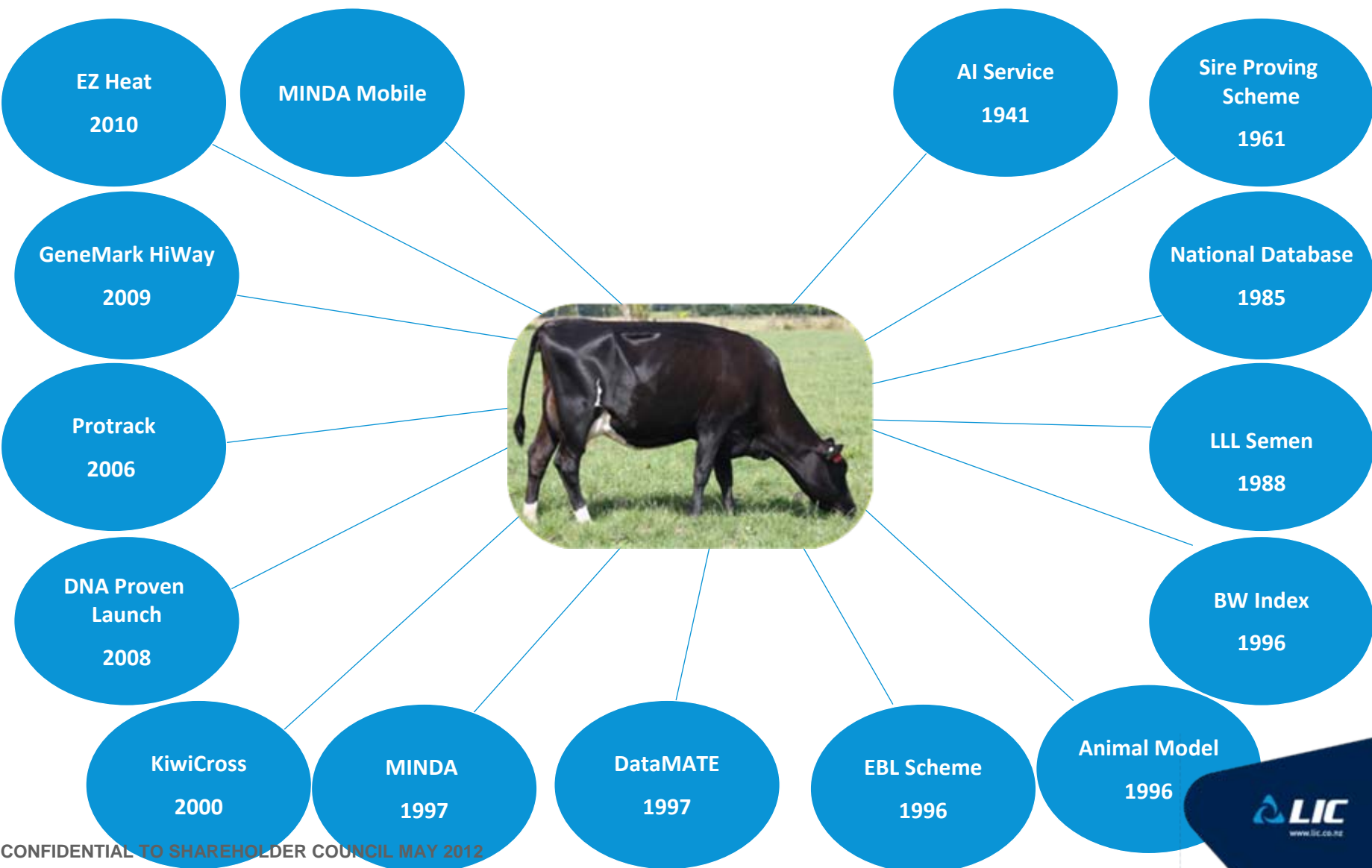
**Helping dairy farmers become more productive and profitable through: superior dairy cow performance, information, and technology that makes it easier to farm.**

# Our 2020 Mission

Innovative solutions that improve dairy farmer prosperity.



# LIC 2012: Where We Innovate



# The World in 2020: Key External Impacts

**Global**

Growing demand  
for dairy

Technology  
enables  
connectedness

Demand for  
sustainability

**Domestic**

More diverse than  
ever before

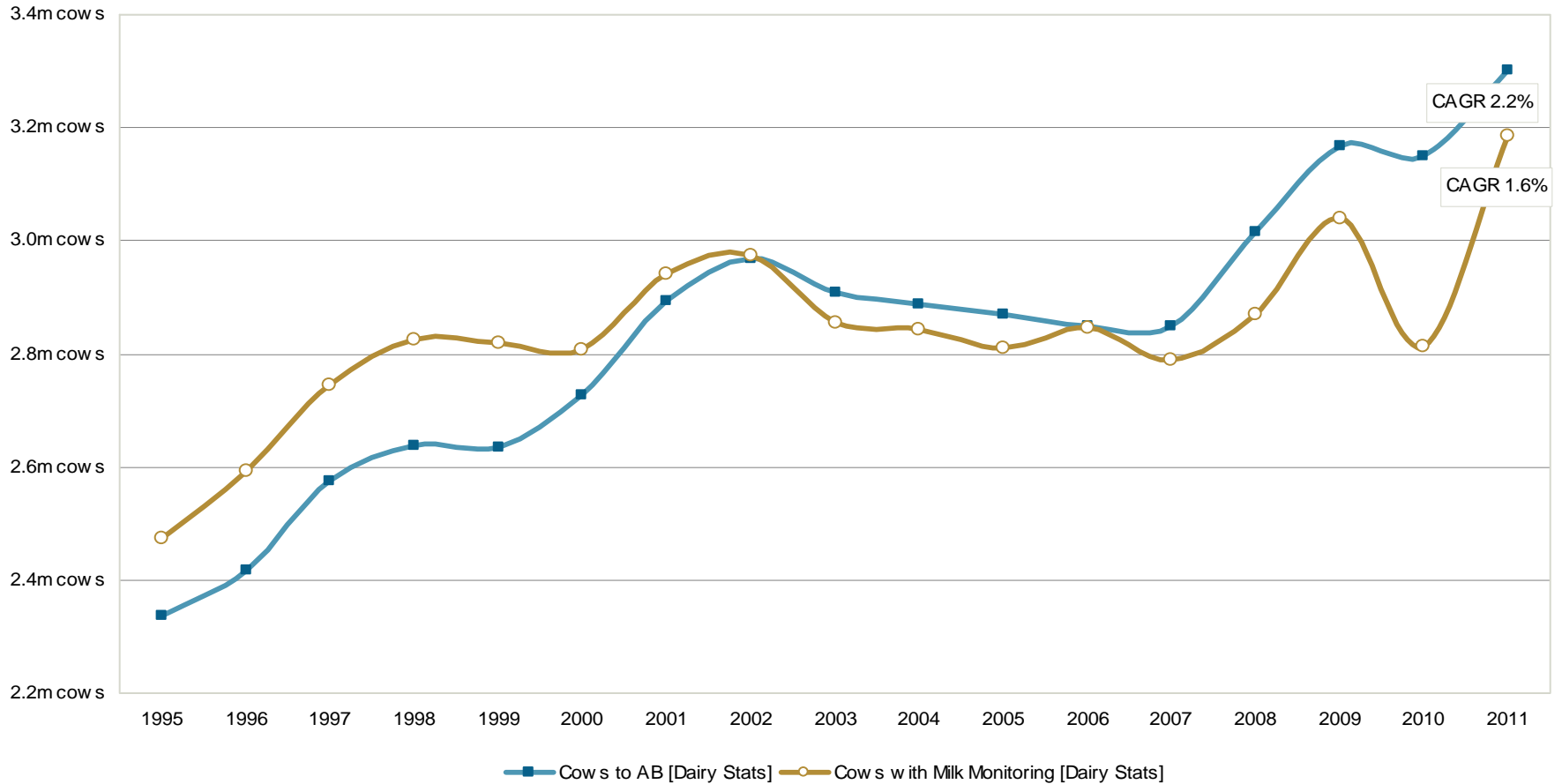
Increasing  
regulatory  
environment

Increasing  
competition



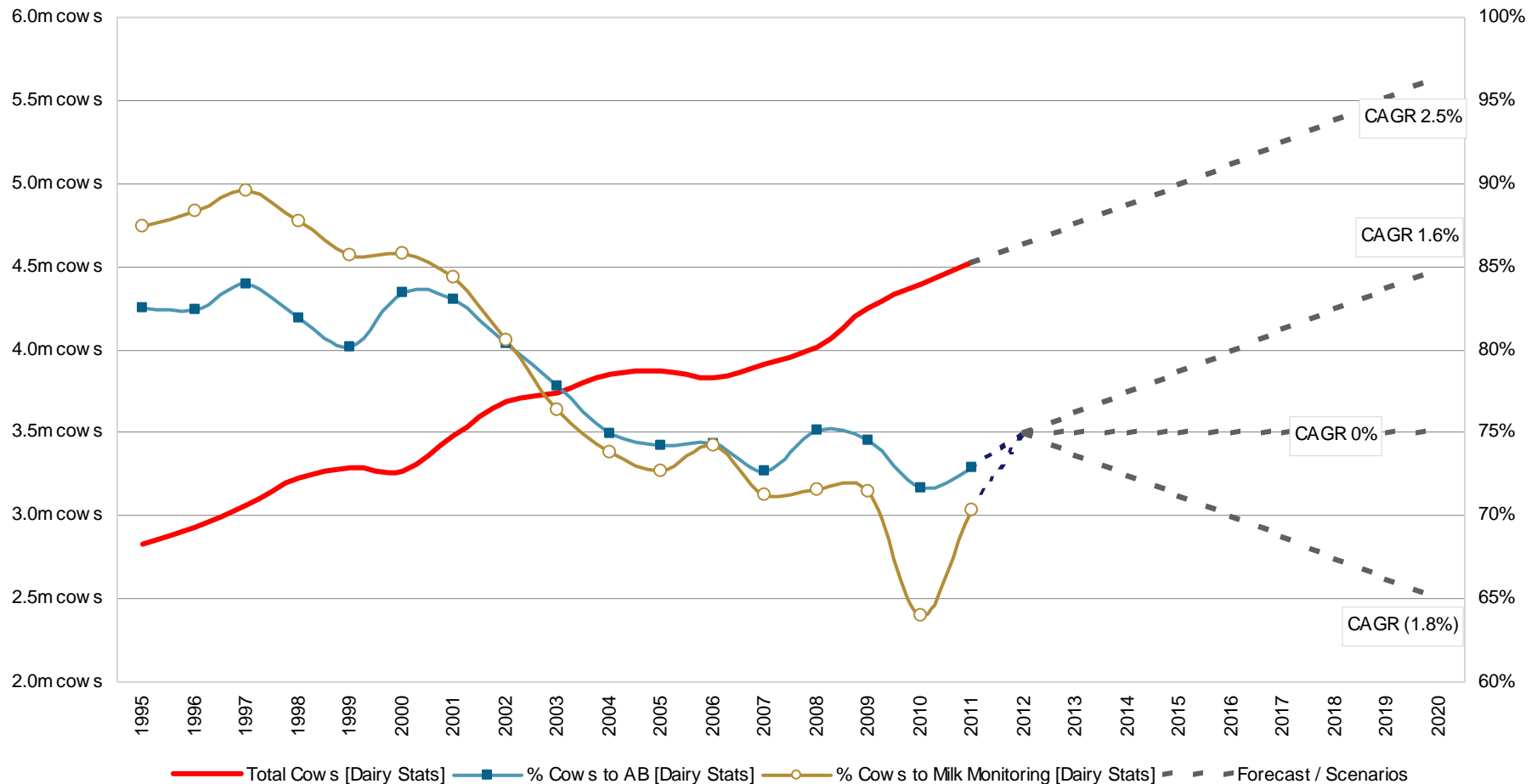
# NZ Market: Underlying volume growth trend

The growth trend in AB and milk monitoring is a success story

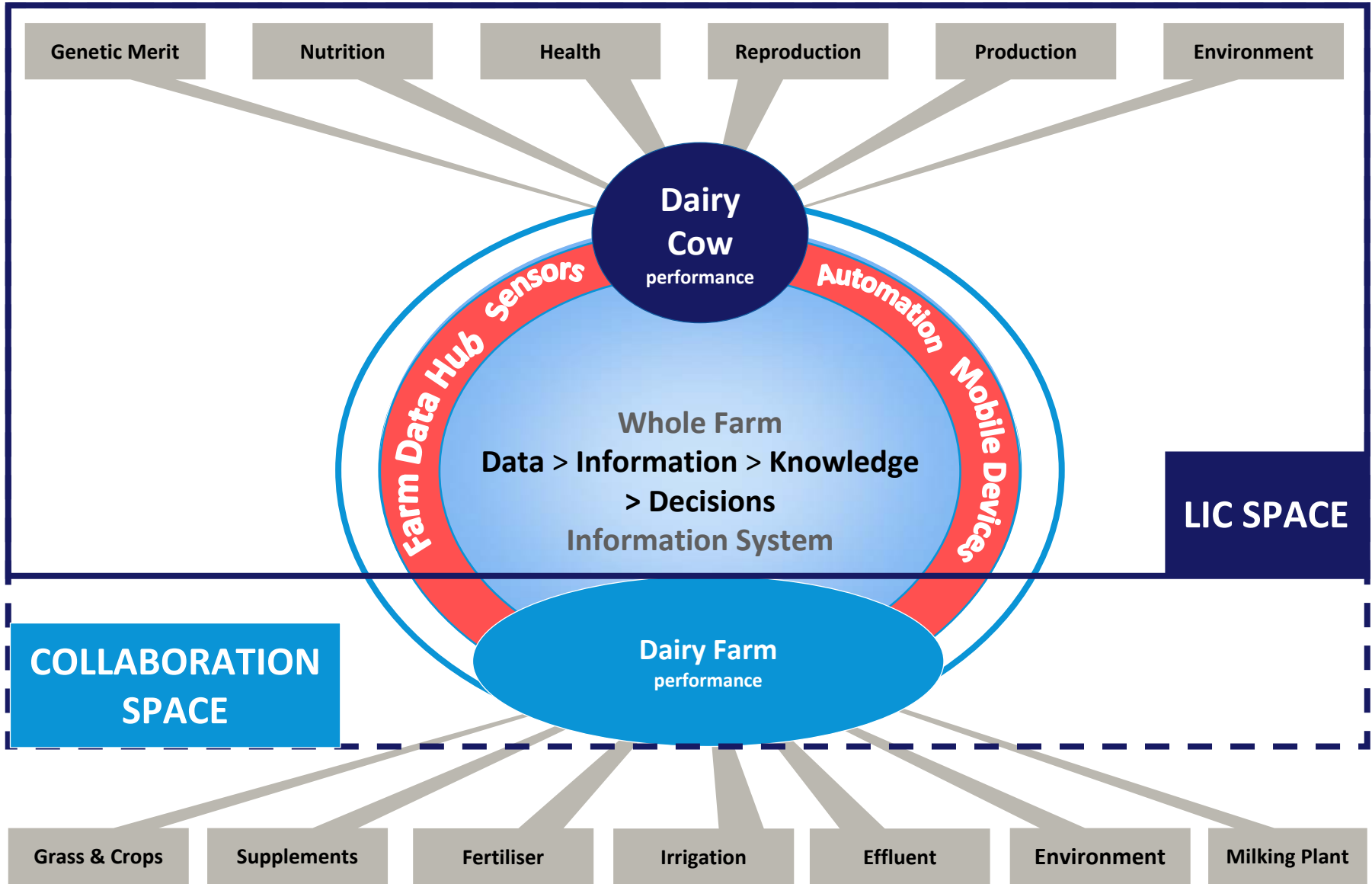


# NZ Market: Long term trend & 2020 scenarios

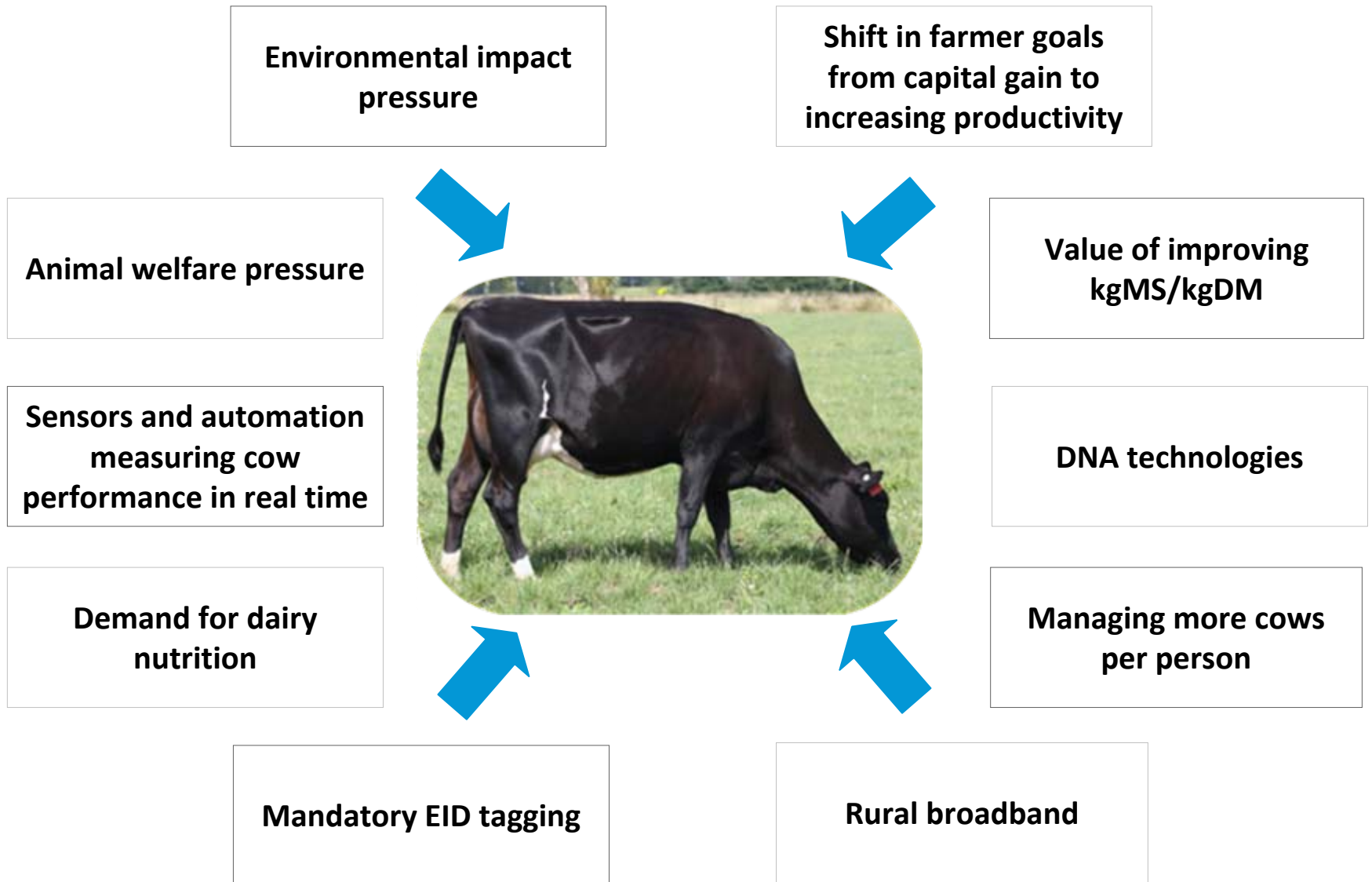
If we assume that cow numbers will grow at 2.5% CAGR through to 2020 (i.e. 5.7m cows), then a huge opportunity is in front of us



# Whole Farm System to Dairy Cow Performance



# Big Opportunity in Dairy Cow Performance



# Technology as a Competitive Advantage



Data Exchange  
B2C, B2B



Data Integration



Geospatial data



R&D Data volumes



Real-time on farm solutions



Predictive Analytics



Mobile Solution:

Move from within farm view to between farm view – enabled by web

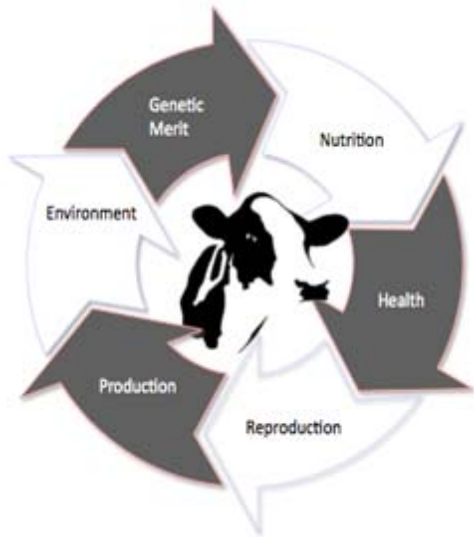


Time referenced data

24/7



# Our Strategic Focus Is To:

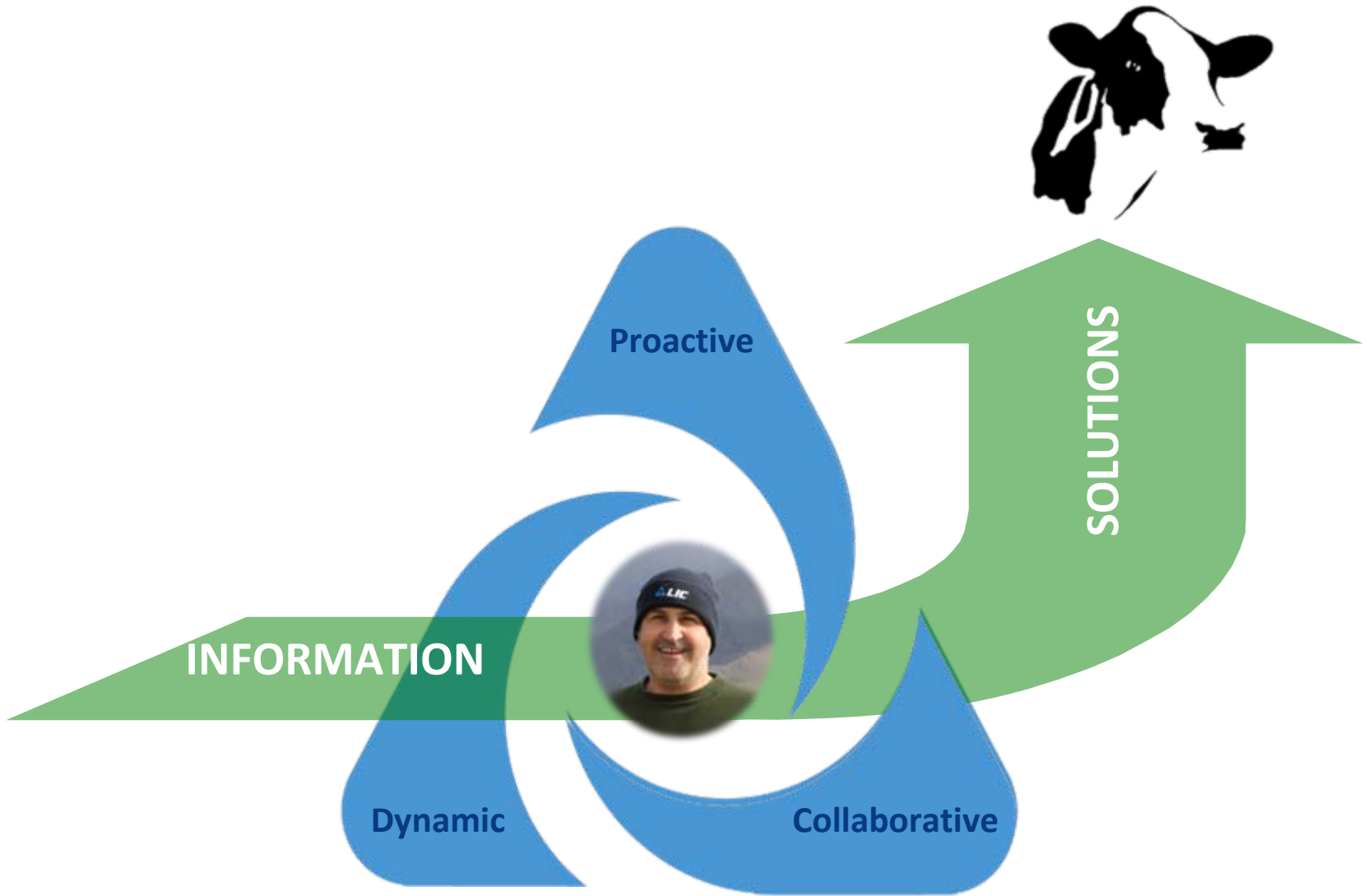


**1. Improve dairy cow performance**



**2. Provide a 'virtuous circle' of information for farmers**

# Providing superior customer solutions and service



# Role of Industry Good in NZ

- LIC – customer driven, commercial cooperative
  - Focused on customers, innovation, research, competitors, profitability
- DairyNZ – levy funded, Industry Good body
  - Focused on Industry Good research, extension, market failure, industry standards
- Government – policy, Public Good via MAF, Animal Health, Traceability (NAIT)
  - Focused on market access, biosecurity, policy, fair trading
- Core database transfer
  - Under discussion since 2009
  - DairyNZ will establish new Industry Good core database
  - LIC and other herd testers will transfer core data to new database
  - DairyNZ will take over Animal Evaluation
  - LIC and other AI companies will provide data for purposes of sire evaluations
  - “Breeding Worth - BW” Index will be licensed to DairyNZ for sire evaluations
  - Cow Indices will remain with commercial companies; LIC will have sole rights for cow BW
  - Genomics stays outside Industry Good evaluations