

New Dairy Profitability Comparison

MSC Business Services is pleased to present your 2012 *Dairy Profitability Comparison*.

For the past 13 years, we have produced the *Dairy Herd Analysis* wherein we provided limited and summarized data of various sizes of dairy farms along with articles we hope helped with management of the farm. The publication included data from farms in PA and the Northeast US. As time has passed and technology increased, a new individualized approach to helping you manage your operation has become possible. The result is the *Dairy Profitability Comparison*.

The *Dairy Profitability Comparison* will provide you the opportunity to compare your operation directly to similar sized operations in our database. A comparison to the top 10% of all operations in the database is also possible. You will note that the data are more detailed and less summarized.

Given that the total database of MSC Business Services consists of more than 600 dairy farms, from all parts of PA and from operations of all sizes, an important comparison with your competition is possible. With a database of our size, comparisons to the top 10% will tell you how you are doing compared to the best-of-the-best. These are the farms best positioned to weather an industrywide financial downturn, and are therefore the farms that should be studied most closely.

Questions regarding this report should be directed to your Account Supervisor. A more detailed analysis of your operation and possible future plans can be obtained from one of our Consultants for an additional fee.

How did you compare?



Dairy Profitability Comparison 2012

Specially Prepared For:

Management Study Comparison 2012

	My Farm			Comparable Size Farms			Top 10%		
	Avg # Cows		126.00	Avg # Cows		110.50	Avg # Cows		136.56
	Milk Sold /Cow		25,962	Milk Sold /Cow		20,987	Milk Sold /Cow		20,919
	Dollars	\$/Cow	\$/CWT	Dollars	\$/Cow	\$/CWT	Dollars	\$/Cow	\$/CWT
Revenue									
Milk, Sold	\$643,771	\$5,109	\$19.68	\$457,918	\$4,144	\$19.75	\$582,857	\$4,268	\$20.40
Livestock Income	67,424	535	2.06	33,469	303	1.44	68,081	499	2.38
Crop Income	5,194	41	0.16	10,801	98	0.47	24,881	182	0.87
Ag Program Payments	26,009	206	0.80	17,767	161	0.77	19,961	146	0.70
Crop Insurance	0	0	0.00	3,712	34	0.16	17,861	131	0.63
Miscellaneous	3,479	28	0.11	3,376	31	0.15	6,986	51	0.24
Other Income	707	6	0.02	14,400	130	0.62	18,497	135	0.65
Total Revenue	\$746,584	\$5,925	\$22.83	\$541,443	\$4,901	\$23.36	\$739,124	\$5,412	\$25.87
Production Costs									
Feed Expenses	\$103,156	\$819	\$3.15	\$153,383	\$1,388	\$6.61	\$165,647	\$1,213	\$5.80
Labor Expenses	46,162	366	1.41	29,494	267	1.27	41,867	307	1.47
Fertilizer	9,724	77	0.30	18,380	166	0.79	30,679	225	1.07
Repairs (Machinery)	14,327	114	0.44	24,919	226	1.07	28,580	209	1.00
Seeds & Plants	22,327	177	0.68	17,393	157	0.75	27,939	205	0.98
Gasoline, Fuel, Oil (Business)	14,287	113	0.44	21,921	198	0.95	27,657	203	0.97
Rent - Lease of Real Estate	37,996	302	1.16	8,434	76	0.36	17,191	126	0.60
Machine Hire (Custom Work)	38,264	304	1.17	21,121	191	0.91	14,882	109	0.52
Chemicals (Sprays or Pestic.)	36,672	291	1.12	10,119	92	0.44	14,141	104	0.50
Vet and Medicine	14,321	114	0.44	10,990	99	0.47	13,736	101	0.48
Utilities (Business)	15,713	125	0.48	12,841	116	0.55	13,179	97	0.46
Supply Expenses	20,858	166	0.64	15,296	138	0.66	13,140	96	0.46
Supplies (Livestock)	0	0	0.00	8,781	79	0.38	12,588	92	0.44
Other Production Costs	28,358	225	0.87	37,357	338	1.61	42,455	311	1.49
Total Production Costs	\$402,165	\$3,193	\$12.30	\$390,429	\$3,531	\$16.82	\$463,681	\$3,398	\$16.24
Administrative Costs									
Management Labor	\$67,398	\$535	\$2.06	\$55,313	\$501	\$2.39	\$64,622	\$473	\$2.26
Economic Depreciation	41,700	331	1.27	43,143	390	1.86	43,114	316	1.51
Marketing Expenses	27,633	219	0.84	25,749	233	1.11	29,700	217	1.04
Insurance (Business)	8,632	69	0.26	10,050	91	0.43	11,906	87	0.42
Other Administrative Costs	15,746	125	0.48	11,470	104	0.49	12,624	92	0.44
Total Administrative Costs	\$161,109	\$1,279	\$4.91	\$145,725	\$1,319	\$6.28	\$161,966	\$1,185	\$5.67
Interest Expense	\$750	\$6	\$0.02	\$19,225	\$174	\$0.83	\$18,266	\$134	\$0.64
Net Margin	\$182,560	\$1,447	\$5.60	(\$13,936)	(\$123)	(\$0.57)	\$95,211	\$695	\$3.32

Disclaimer:

Numerous factors, many beyond the scope of the data in this summary, influence individual results. All data reported reflects past performance and does not predict or forecast future results. The data reported is believed to be accurate, but Pennsylvania Farm Bureau, MSC Business Services makes no warranty or representation, expressed or implied, as to its suitability or fitness for any purpose. The user of this data is cautioned to utilize the data at their own risk, recognizing that Pennsylvania Farm Bureau, MSC Business Services disclaim all liability for any damages, however occurring, to any person or entity as a result of such use.

Analytical Study Comparison 2012

	My Farm		Comparable Size Farms		Top 10%				
	Total # Milk Shipped (CWTs)		3,271,170	Total # Milk Shipped (CWTs)		2,319,055	Total # Milk Shipped (CWTs)		2,856,706
	Somatic Cells (1,000s)		200	Somatic Cells (1,000s)		236	Somatic Cells (1,000s)		273
Dairy Productivity Factors									
Total # Milk Shipped (CWTs)	3,271,170		2,319,055		2,856,706				
Somatic Cells (1,000s)	200		236		273				
Cow Cull Rate	34%		33%		33%				
Dairy Animal Inventory Change	\$5,600		\$1,141		\$28,215				
Internal Herd Growth	1.61%		-1.04%		5.09%				
Replacements per Cow	0.90		0.88		0.96				
Purchased Feed & Crop Exp / CWT	\$5.72		\$9.28		\$8.19				
Net Milk Price / CWT	\$18.84		\$18.70		\$18.96				
Total Cost Prod Milk / CWT	\$14.10		\$20.01		\$14.44				
Pur Feed / Milk Income	18%		30%		22%				
Milk Shipped / Man	1,422,248		1,051,081		975,095				
Total Feed Fed / CWT	\$7.97		\$11.17		\$9.33				
Milk Inc. over T. Feed / Cow	\$3,040		1,333		1,719				
Return per \$100 Feed Fed	\$273		\$211		\$345				
Ratios									
Return on Assets	7.54%		1.26%		9.50%				
Current Ratio	5.54:1		3.22:1		2.83:1				
Debt Coverage Ratio	7.49:1		1.45:1		3.46:1				
EBITD / Cow	\$2,321		\$1,276		\$2,379				
Percent Net Worth	81%		53%		58%				
Operating Expense %	75%		97%		79%				
Interest Expense %	0%		3%		3%				
Asset Turnover (years)	3.26		3.26		3.01				
Total Business Prod / Man	\$331,210		\$263,325		\$283,919				
Labor Productivity Ratio	6.71:1		7.04:1		7.73:1				
Total Man Equivalents	2.30		2.65		3.27				
Total Debt per Cow	\$3,683		\$7,801		\$7,533				
Cows / Man	55		50		47				
Other Cost Analysis									
Total Fixed Costs / CWT	\$5.75		\$8.69		\$9.29				
Total Variable Costs / CWT	\$11.50		\$17.20		\$14.31				
Direct Crop Expense / Acre	\$249		\$126		\$136				
Crop Margin / Acre	\$63		\$50		\$141				
Value Forage Harv / For Acre	\$545		\$469		\$513				
Value Grain Harv / Grain Acre	\$648		\$360		\$416				
Machine Op Cost / Acre	\$245		\$195		\$151				
Total Mach Op Cost / Acre	\$278		\$280		\$219				

*** Comparable Size Farms**

The data in the Comparable Size Farms column is designed to average, as closely as possible, farms with roughly the same number of cows milked as your farm. The data is not from all farms in the MSC Business Services database, but is only from those utilizing conventional feeding systems that have been designated as included in this summary by their Account Supervisor.

*** Top 10%**

The Top 10% Farms were chosen based on Net Margin per cwt within the MSC Business Services database. These farms utilize conventional feeding systems and have been designated as included in this summary by their Account Supervisor.