

Profitability levels

National farm survey 2012 :

Table 1: Average gross and net margin cent per litre

Cent per litre	2012	2011	2010	2009	2008
Milk Price	32.26	35.28	30.81	23.49	34.23
Total Gross Output	33.30	35.60	30.82	23.41	34.05
Concentrate Costs	5.99	4.46	4.12	4.22	5.11
Pasture and Forage Costs	4.78	4.21	4.08	4.63	4.25
Other Direct Costs	4.26	3.74	3.57	3.70	3.70
Total Direct Costs	15.04	12.41	11.77	12.56	13.07
Gross Margin	18.26	23.20	19.05	10.85	20.98
Energy and Fuel	2.31	2.25	2.15	2.07	2.38
Hired Labour	0.48	0.52	0.40	0.42	0.50
Other Fixed Costs	7.82	7.49	8.18	7.46	9.13
Total Fixed Costs	10.60	10.27	10.73	9.95	12.01
Total Costs	25.64	22.67	22.50	22.51	25.08
Net Margin	7.66	12.93	8.32	0.90	8.97

Table 2: Average milk production, costs and net margin per hectare

Per Hectare	2012	2011	2010	2009	2008
Milk Produced (litres per hectare)	9496	9897	9651	8826	9174
Total Costs (€ per hectare)	2399	2218	2133	1932	2261
Net Margin (€ per hectare)	783	1310	845	160	893

Table 3: Costs and profit cent per litre for Top third of farms

Cent per litre	2012	2011	2010	2009	2008
Concentrate Feeds	5.36	3.89	3.95	3.55	4.20
Pasture & Forage	4.03	3.64	3.33	3.74	3.66
Other Direct Costs	4.06	3.56	3.38	3.33	3.55
Energy & Fuel	1.95	1.94	1.78	1.75	2.02
Labour	0.70	0.82	0.73	0.64	0.62
Other Fixed Costs	7.01	6.51	7.17	6.89	8.32
Total Costs	23.10	20.36	20.34	19.89	22.38
Net Margin	11.58	16.13	11.25	4.94	13.44

Table 4: Output and profit per hectare for Top third of farms

Performance Indicator	2012	2011	2010	2009	2008
Stocking rate (Cows/Hectare)	2.24	2.26	2.27	2.20	2.17
Milk Sold per hectare (litres)	12571	12927	12843	11507	12149
Concentrates fed per cow (kg)	1049	863	1053	865	930
Concentrates fed per litre of milk produced (kg)	0.18	0.15	0.18	0.16	0.16
Gross output per hectare (€)	4356	4708	4044	2845	4341
Total Costs per hectare (€)	1722	1454	1390	1241	1405
Gross Margin per hectare (€)	2634	3253	2653	1604	2936

Table 5: Distribution of net margin € per hectare – All Dairy Farms

Net Margin	2012	2011	2010	2009	2008
	% of farms	% of farms	% of farms	% of farms	% of farms
€/hectare					
<250	9%	1%	8%	32%	9%
250-500	9%	5%	8%	23%	8%
500-750	10%	4%	13%	17%	10%
750-1000	13%	10%	14%	13%	16%
1,000-1,500	28%	25%	27%	12%	23%
>1,500	32%	54%	31%	3%	35%

Table 6: Technical Performance Indicators – All Dairy Farms

Performance Indicator	2012	2011	2010	2009	2008
Production (litres per cow)	4968	5166	5064	4626	4908
Milk sales (litres per hectare)	9496	9897	9651	8826	9174
Milk solids (kg per cow)	355	367	357	312	332
Somatic Cell Count ('ooo cells/ml)	228	246	261	279	252
Concentrate feed usage (kg per cow)	1011	862	956	860	923
Use of grass (no. of days in the grazing season)	237	240	238	232	235
Artificial Insemination (% of farms using AI)	83%	84%	82%	78%	78%

Table 7: Percentage of farms achieving selected Teagasc dairy road map targets – All Dairy Farms

Teagasc Targets	2012	2011	2010	2009	2008
Milk yield per cow: ≥ 5,200 litres	36%	47%	45%	28%	35%
Milk solids per cow: ≥ 378kg	37%	43%	39%	19%	26%
Protein Content: ≥3.4%	42%	43%	32%	28%	31%
Fat Content: ≥ 3.95%	46%	33%	26%	18%	19%
Somatic Cell Count: ≤ 200,000 cells/ml	47%	37%	28%	0%	31%
Concentrate feed per cow: ≤750kg per cow	27%	46%	35%	45%	40%

Table 8: Herd size distribution and proportion of milk supplied– All Dairy Farms

Herd Size	2012	2011	2010	2009	2008
	% of farms	% of farms	% of farms	% of farms	% of farms
0-40	22%	23%	28%	36%	34%
40-60	30%	33%	31%	30%	33%
60-100	35%	29%	28%	27%	28%
>100	13%	14%	13%	7%	5%
Average Herd Size of Sample	65.40	64.12	61.76	54.92	53.88

Profit Monitor Analysis 2013 - Spring Milk Production

	Average	Ranked by Profit per litre		Ranked by Profit per ha
		Top 10%	Bottom 10%	Top 10%
Gross Output (c/litre)	40.57	42.15	39.06	42.16
Co-op price (c/litre)	40.17	41.30	39.23	41.25
Stocking rate (LU/ha)	2.18	2.31	2.04	2.67
Herd size (No. Cows)	100	97	88	115
Yield (litres/cow)	5187	5351	5054	5539
Fat (%)	4.08	4.15	4.05	4.15
Protein (%)	3.46	3.53	3.42	3.53
Yield (kg MS/cow)	403	423	388	437
Variable Costs (c/litre)				
Feed	6.35	4.94	7.41	5.71
Fertiliser	2.94	2.71	3.39	2.58
Vet	1.18	0.80	1.39	0.98
AI/Breeding	0.61	0.56	0.58	0.56
Contractor	1.78	1.57	2.18	1.44
Other Variable Costs	1.96	1.54	2.35	1.63
Total Variable Costs	14.83	12.23	17.26	12.90
Gross Margin	25.75	29.93	21.80	29.26
Fixed Costs (c/litre)				
Labour	0.99	0.61	1.15	0.79
Machinery	1.52	0.96	2.24	1.07
Car/ESB/Phone	1.35	1.19	1.56	1.14
Depreciation	2.05	1.66	2.29	1.86
Leases	0.92	0.60	1.29	0.70
Interest	0.70	0.28	1.05	0.39
Other Fixed Costs	2.02	1.65	2.37	1.65
Total Fixed Costs	9.54	6.95	11.95	7.60
NM/litre	16.21	22.97	9.85	21.65
NM/cow	841	1229	498	1199
NM/ha	1833	2839	1016	3202
No farms	758	76	76	76

Teagasc dairy advisers use Profit Monitor to benchmark the financial performance of their dairy farmer clients. Farmers who complete Profit Monitor are among the best farmers in the country – the average farmer nationally has 2 c/litre higher costs and 3c/litre lower profit than those who complete Profit Monitor. Early completers of Profit Monitor tend to be most profitable farmers. The data presented in the following two tables is from a data download on February 4th 2014 for the 2013 financial year.

Profit Monitor Analysis 2013 - Winter Milk Production

	<i>Average</i>	Ranked by Profit per litre	
		Top 25%	Bottom 25%
Gross Output (c/litre)	39.91	40.86	38.88
Co-op price (c/litre)	39.52	39.52	39.52
Stocking rate (LU/ha)	2.25	2.23	2.22
Herd size (No. Cows)	129	122	128
Yield (litres/cow)	6017	5976	6142
Fat (%)	3.97	4.00	3.91
Protein (%)	3.35	3.36	3.30
Yield (kg MS/cow)	453	452	456
Variable Costs (c/litre)			
Feed	8.00	6.96	9.24
Fertiliser	2.28	2.32	2.21
Vet	1.06	0.99	1.14
AI/Breeding	0.53	0.49	0.55
Contractor	1.59	1.63	1.81
Other Variable Costs	1.91	1.52	2.27
Total Variable Costs	15.37	13.71	17.23
Gross Margin	24.54	27.15	21.65
Fixed Costs (c/litre)			
Labour	1.91	1.42	1.93
Machinery	1.83	1.43	2.14
Car/ESB/Phone	1.27	1.15	1.41
Depreciation	1.97	1.69	2.18
Leases	1.00	0.78	1.21
Interest	0.65	0.51	0.86
Other Fixed Costs	1.84	1.70	2.21
Total Fixed Costs	10.47	8.69	11.94
NM/litre	14.07	18.45	9.71
NM/cow	846	1103	596
NM/ha	1905	2464	1324
No farms	93	24	24

- The overall stocking rate and herd size for the spring and winter/liquid milk producers are greater than the average nationally by approximately 0.4 Lu/ha and 30 cows per herd respectively.

- Milk yield and composition are also higher than the national average (by approximately 30 kg milk solids per cow). Compared with the previous year, milk yield has remained relatively similar to 2012.
- Winter milk producers produced more milk per cow than their spring milk counterparts (50 kg milk solids more) however composition is 0.22% lower than the average spring milk producer.
- Co-op price increased substantially in 2013. However the average price paid to the winter/liquid milk producers was less than that received by their spring milk counterparts. This is an especially challenging development particularly as such producers milk all year round and have to operate higher cost systems of milk production.
- This increase was badly needed by spring and winter milk producers following a very difficult end to the 2012 milk production season and the exceptionally cold late spring endured in 2013. On average cows were turned out to grass fully on 18th March and housed full-time again 8 months later on 18th November. This weather issue turned added cost to the system – spring milk producers spent over almost €330 per cow on feed – that's approximately 1 tonne of meal per cow while their winter milk counterparts fed approximately 1 ½ tonnes of meal per cow.
- Price inflation is another challenge facing farmers. Fuel related inputs notably fertiliser and contractor are higher in 2013. Fertiliser costs averaged €152 and €137 per cow on spring and winter/liquid milk farms respectively. This represents an increase of approximately €30 and €20 per cow on the spring and winter/liquid milk farms respectively compared with the previous year.

Profit Monitor 2009-2013

The data in the following table is a summary of the average physical and financial performance of spring milk producers who completed Profit Monitor between 2009 and 2013.

No inference regarding trends in production or profit can be made from the data in the table as the farms detailed are not a matched sample.

- ⇒ The average milk price received by milk producers reflect trends observed nationally. Gross output closely follows the average milk price received because it represents by far the greatest proportion of output.

- ⇒ Dairy herd size, stocking rate and milk yield are higher than the respective national averages for dairy farmers completing Profit Monitor. Milk composition and hence milk solids yield are also approximately 10% higher than the national average.

- ⇒ Average feed and fertiliser costs are higher than Teagasc targets particularly in 2012 and 2013. Higher feed costs reflect the adverse weather conditions experienced in both years requiring above normal supplementation rates and also reflect feed cost inflation. The high fertiliser costs reflect fuel-related inflation in fertiliser prices recorded in 2012 and 2013 and higher lime application rates in late 2013. High contractor costs in 2013 may also be fuel-related.

	2013	2012	2011	2010	2009
Gross Output (c/litre)	40.57	34.21	36.15	31.00	23.75
Co-op price (c/litre)	40.17	32.70	35.46	30.88	23.55
Stocking rate (LU/ha)	2.18	2.11	2.03	2.03	2.10
Herd size (No. Cows)	100	90	84	85	90
Yield (litres/cow)	5187	5017	5071	5171	4834
Fat (%)	4.08	4.04	3.97	3.92	3.93
Protein (%)	3.46	3.43	3.43	3.42	3.41
Yield (kg MS/cow)	403	386	386	391	365
Variable Costs (c/litre)					
Feed	6.35	5.31	3.74	3.77	3.25
Fertiliser	2.94	2.46	2.35	1.97	1.99
Vet	1.18	1.22	1.14	1.06	1.09
AI/Breeding	0.61	0.61	0.58	0.57	0.61
Contractor	1.78	1.53	1.64	1.58	1.45
Other Variable Costs	1.96	1.85	1.76	1.59	1.56
Total Variable Costs	14.83	12.98	11.22	10.54	9.96
Gross Margin	25.75	21.24	24.93	20.46	13.79
Fixed Costs (c/litre)					
Labour	0.99	0.91	0.88	0.76	0.92
Machinery	1.52	1.67	1.65	1.47	1.28
Car/ESB/Phone	1.35	1.43	1.45	1.33	1.25
Depreciation	2.05	2.06	1.99	1.95	1.96
Leases	0.92	0.90	0.83	0.81	0.83
Interest	0.70	0.70	0.68	0.73	* ⁷
Other Fixed Costs	2.02	2.14	2.24	2.04	2.72
Total Fixed Costs	9.54	9.80	9.71	9.09	8.96
NM/litre	16.21	11.44	15.22	11.37	4.84
NM/cow	841	574	776	597	243
NM/ha	1833	1211	1599	1233	534
No farms	758	1133	1848	1620	1096

⁷ Interest not recorded separately in 2009 Profit Monitor Data.