



The 2016 Teagasc National Farm Survey (NFS) recorded data on 861 farms. The full financial results for these farms are available in the Teagasc NFS 2016 Report which is available at www.teagasc.ie/publications. This factsheet summarises results for farms with a mid-season lamb enterprise and only sheep farms with more than 20 ewes are included in the analysis. The data relates to 95 farms nationally representative of almost 9,800 farms.

1. Analysis of Financial Performance

The profit figures reported here exclude all decoupled payments and the costs relating to family labour. Following a decline in sheep margins in 2015, a strong recovery is evident in 2016 with gross output increasing 17% year-on-year to €1,133 per hectare, despite a reduction in coupled payments and a 2% decline in lamb prices. Total direct costs increased 12% on average in 2016, due to higher concentrate and other costs. Overhead costs also increased over the period, albeit by a smaller magnitude (4%). Overall, gross margin increased 22% in 2016 to €642 per hectare on average, whilst net margin in 2016 increased to almost 2.5 times the 2015 level, reaching €155 per hectare. The very good technical performance across sheep farms in 2016 is reflected in the greater physical output achieved on a per hectare basis as reported in Table 2.

Table 1: Average gross margin and net margin € per hectare in 2015/2016: Mid-Season Lamb

	2015	2016	2016/2015 % change
Coupled payments	9	2	-81
Gross Output	967	1,133	+17
Concentrate Costs	191	216	+13
Pasture and Forage Costs	140	140	-
Other Direct Costs	108	135	+25
Total Direct Costs	439	491	+12
Gross Margin	528	642	+22
Energy and Fuel	105	119	+13
Other Fixed Costs	363	368	+1
Total Fixed Costs	468	487	+4
Net Margin	60	155	+159%

Table 2 presents the average gross and net margin per ewe for 2015 and 2016, reflecting a threefold increase in net margin per ewe in 2016 at €18 per ewe.

Table 2: Average, gross and net margin € per ewe in 2015/2016: Mid-Season Lamb

	2015	2016	2016/2015 % change
Gross Output	133	149	+12
Total Direct Costs	60	64	+7
Gross Margin	73	84	+16
Total Fixed Costs	67	67	-
Net Margin	6	18	+198%

2. Variation in Financial Performance

Table 3 summarises results for farms classified on the basis of gross margin per hectare; the best performing one-third of farms (Top), the middle one-third (Middle) and the poorest performing one-third (Bottom). Due to higher stocking and weaning rates, output on the Top farms is more than twice that on the Bottom performing farms. Interestingly, expenditure on feed and other costs directly related to the sheep enterprise are broadly similar on the Top performing farms compared to the Bottom group, signalling efficiency and productivity gains on the part of the former. Gross margin per hectare is four times higher on the Top farms compared to the Bottom.

Table 3: Variation in output and profit: Top, Middle and Bottom one-thirds of Mid-Season Lamb producers 2016

	Top	Middle	Bottom
Stocking rate (Ewes per hectare)	9.73	6.81	6.56
Weaning rate (lambs per ewe)	1.51	1.53	1.24
Gross Output (€/hectare)	1,636	982	788
Concentrates (€/hectare)	262	158	228
Pasture and Forage (€/hectare)	142	130	148
Other Direct Costs (€/hectare)	155	108	142
Total Direct Costs (€/hectare)	559	396	519
Gross Margin (€/hectare)	1,077	586	269

The proportion of farms achieving higher gross margins per hectare increased substantially in 2016, with almost one-third of producers earning more than €750 per hectare. At the other end of the spectrum, a decline in the proportion of farms in the lowest income group is evident.

Table 4: Distribution of gross margin € per hectare: 2015/2016

Gross Margin	% of farms 2015	% of farms 2016
<300	26	19
300-500	23	23
500-750	28	25
750-1000	14	15
>1000	9	17

Variation in Technical Performance

Table 5 presents a number of technical performance indicators for sheep producers. Improvements in the stocking rate and weaning rate (+4% and +6% respectively) from 2015 to 2016 are evident and progress in technical performance is reflected in the 12% increase in carcass output per hectare. This strong growth in physical output per hectare was the key driver in the output growth reported in Table 1 during 2016.

Table 5: Technical performance indicators sheep farms in 2015/2016

Teagasc Road Map Target for 2020	2015	2016	2016/2015 % change
Stocking rate (Ewes per hectare)	7.4	7.69	+4
Weaning rate (Lambs per Ewe)	1.34	1.42	+6
Lamb mortality (%)	7	6	-14
Lambs weaned (No. lambs per hectare)	10	11	+8
Lamb carcass weight (kg per hectare)	193	217	+12

The proportion of sheep farms attaining the Teagasc Sectoral Road Map targets for sheep production in 2025 is presented in Table 6. In line with the findings above, the proportion of sheep producers reporting a lamb mortality rate of less than 8% increased to almost three-quarters in 2016. In addition, 83% of farms reported more than 94% of ewes lambed. Furthermore, twice as many farms weaned more than 1.6 lambs per ewe in 2016 compared to the previous year, alongside an almost 10 percentage point increase in the share of farms reporting a stocking rate of at least 9 ewes per hectare.

Table 6: Percentage of farms achieving selected Teagasc 2025 Sheep Road Map Targets

	2015	2016
Lamb Mortality \leq 8%	68	74
Ewes lambed \geq 94%	70	83
Weaning rate: $>$ 1.6	14	28
Stocking rate $>$ 9 Ewes per hectare	24	33

Table 7 illustrates the relatively small flock size across farms, with almost two-thirds of all flocks below 100 ewes. This cohort is responsible for a similar proportion of the lamb produced across farms. Just 13% of farms had flocks of more than 150 ewes in 2016. The equivalent figure in 2015 was 17%.

Table 7: Distribution of flock size 2016

	% of flocks	% of lamb produced
<50	43	40
50-100	21	22
100-150	23	24
>150	13	14

For further information on this publication or other Teagasc National Farm Survey Publications please contact NFS@teagasc.ie