

Teagasc

e-Profit Monitor Analysis Drystock Farms 2015

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Table of Contents

Foreword	iv
Suckler to Beef Farms 2015	1
Suckler to Weanling / Store Farms 2015	5
Non-Breeding Beef Farms 2015	9
Comparison – 2014 v 2015 (Beef Farms)	13
Lowland Sheep Farms 2015	17
Hill Sheep Farms 2015	21
Comparison – 2014 v 2015 (Sheep Farms)	25
Appendix Tables	29

Acknowledgements

Foreword

This year's analysis of the 2015 beef and sheep eProfit Monitors is made up of 553 beef farms and 137 sheep farms from across the country. It also looks at the eProfit Monitors from 276 beef and 41 sheep farms that completed data for both 2014 and 2015 and compares the differences in output, costs and profits on those farms from one year to the next.

Drystock farmers that have completed an eProfit Monitor for 2015 should benchmark their farms' analysis with the enterprise in this booklet that best matches their own. To aid this we have included beef and sheep tables behind the back cover that you can fill in from your own analysis. By folding this out you can then compare your farms figures with any of the tables in the booklet.

Where the Top 1/3 of farmers figures are presented in the tables this refers to the Top 1/3 of farms within an enterprise when the farms were ranked on their gross margin per hectare excluding any premia payments. Gross margin excluding premia per hectare is an important indicator because it highlights the current level of technical efficiency at which the enterprise is operating as well as showing the potential for improvement. There is a high correlation between this figure and net profit per hectare.

The Appendix Tables include more detailed analysis of the different enterprises and show the range in both physical and financial performance that exists from the top to the bottom farms when they were ranked on gross margin excluding premia per hectare. They also have more detail on the breakdown of the variable and fixed costs per hectare for beef and sheep farms in 2015.

Pearse Kelly, Head of Drystock Knowledge Transfer



Suckling to Beef Farms 2015

Beef farms that have a suckler cow herd
and where the progeny of the herd are
brought through to slaughter.

Suckling to Beef Farms 2015

- The top 1/3 of farms generated a gross output of €2,157 per ha compared to €1,465 per ha on the average farms, a difference of €692 per ha or 47%.
- The higher output on the top farms reflected higher stocking rate (+0.53 LU per ha), higher output per LU (+36kg) and higher output value per kg (+9c per kg LW).
- Output per ha on the top 1/3 of farms was 882 kg or 42% higher (+261 kg) than on the average farm (621kg per ha).
- Average suckler to beef farms had lower variable costs than the top farms at €690 per ha versus €913 per ha. However, as a percentage of gross output they accounted for 47% on the average farms compared to 42% of the output on the top farms.
- The gross margin was €1,244 per ha on the top 1/3 of suckler to beef farms which was 60% higher or €469 per ha higher than those on the average farms.
- The biggest variable cost on suckler to beef farms in 2015 was purchased forage and concentrate accounting for 40% or €241 per ha of total variable costs.
- The average suckler to beef farm in 2015 generated a net profit of €246 per ha excluding premia compared to €631 per ha on the top 1/3 of farms.

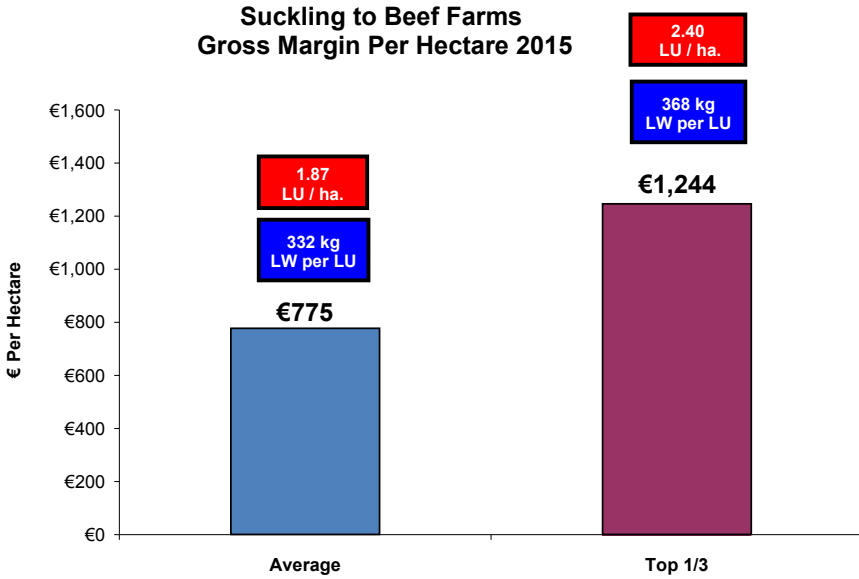
Suckling to Beef Farms 2015

Table 1 Profit Monitor per hectare analysis (159 Farms)

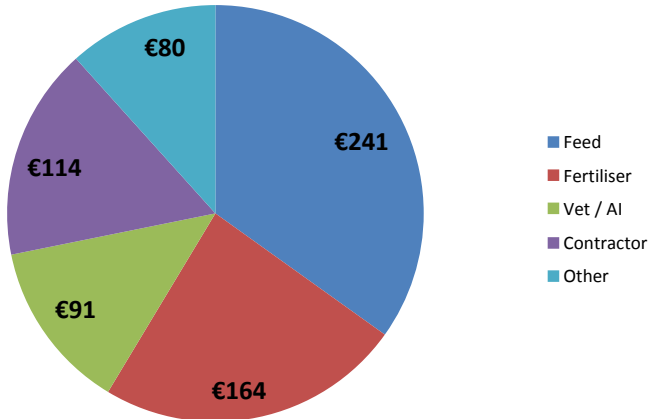
	Average	Top 1/3	Top v Average
Physical			
Farm Size (cattle ha)	54.4	53.6	-0.80
Stocking Rate (LU/ha)	1.87	2.40	+0.53
Liveweight Produced (kg/LU)	332	368	+36
Liveweight Produced (kg/ha)	621	882	+1261
Financial (€ / ha.)			
Gross Output Value	€1,465	€2,157	+€692
Variable Costs	€690	€913	+€223
Gross Margin	€775	€1,244	+€469
Fixed Costs	€530	€613	+€83
Net Profit Excl. Premia	€246	€631	+€385
Total Premia *	€488	€549	€61
Total Premia Retained *	150%	215%	+65%

(* Includes Basic Payment, AEOS, ANC, GLAS, BDGP, & STAP payments)

Suckling to Beef Farms 2015



Suckling to Beef Variable Costs per Hectare 2015





Suckling to Weanling / Store Farms 2015

Beef farms that have a suckler cow herd and where the progeny of the herd are sold as either weanlings or stores for finishing on another farm.

Suckling to Weanling / Store Farms 2015

- The top 1/3 of producers in this system carried 20% more stock at 1.92 LU per ha versus 1.60 LU per ha for the average. They also produced 41 kg per LU more than the average (332 kg v 291 kg).
- Gross Output was €1,072 per ha in the average group, 30% or €447 per ha lower than the top 1/3 of farms (€1,519 per ha).
- Variable costs were €575 per ha on the average farms or 15% lower than on the top 1/3. However, as a proportion of output they accounted for 54% and 44% of the output on the average and top 1/3 of farms, respectively.
- Average fertiliser costs and feed costs (purchased forage and concentrates) accounted for 51% or €291 per ha of total variable costs in 2015.
- Gross margin per ha on the top 1/3 of suckling to weanling/store farms was almost 70% higher when compared to the average farm. The top 1/3 of farms generated a gross margin of €846 per ha compared to €498 per ha on the average farm.
- The lower gross margin on the average farms was not sufficient to cover all the fixed costs of €514 per ha. This had the effect of generating a net loss of €16 per ha before premia on these farms resulting in them retaining 97% of their premia.
- In contrast, fixed costs on the top 1/3 of suckling to weanling/store farms were €620 per ha, leaving a net profit before premia of €226 per ha.

Suckling to Weanling / Store Farms 2015

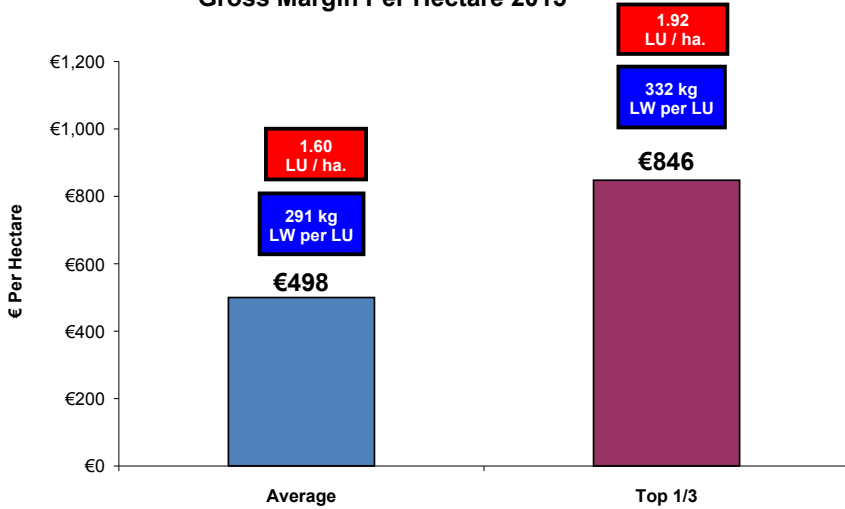
Table 2 Profit Monitor per hectare analysis (237 Farms)

	Average	Top 1/3	Top v Average
Physical			
Farm Size (cattle ha)	32.9	31.5	-1.4
Stocking Rate (LU/ha)	1.60	1.92	+0.32
Liveweight Produced (kg/LU)	291	332	+41
Liveweight Produced (kg/ha)	465	637	+172
Financial (€ / ha.)			
Gross Output Value	€1,072	€1,519	+€447
Variable Costs	€575	€674	+€99
Gross Margin	€498	€846	+€348
Fixed Costs	€514	€620	+€106
Net Profit Excl. Premia	-€16	€226	+€242
Total Premia *	€464	€529	+€65
Total Premia Retained *	69%	124%	+55%

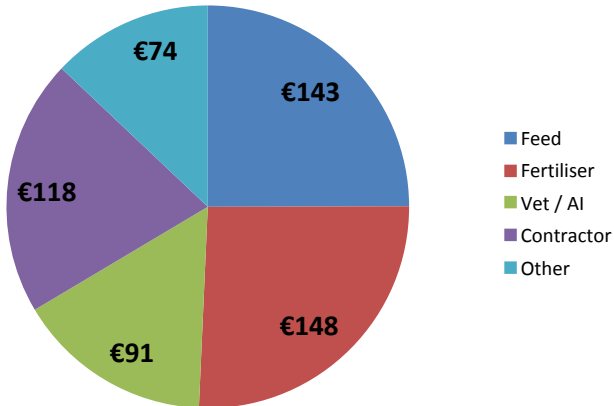
(* Includes Basic Payment, AEOS, ANC, GLAS, BDGP, & STAP payments)

Suckling to Weanling / Store Farms 2015

Suckling to Weanling / Store Farms
Gross Margin Per Hectare 2015



Suckling to Weanling / Store Variable Costs per Hectare 2015



Non-Breeding Beef Farms 2015

Beef farms that buy in calves, weanlings or stores that finish them on their farm or sell them as stores. Some of these farms may have suckler cows but they make up a small proportion of their herd.

Non-Breeding Beef Farms 2015

- The gross margin on the top 1/3 of non-breeding beef farms was €611 per ha higher than the average (€1,426 versus €815 per ha).
- The higher gross margin was due to the higher level of output achieved on the top 1/3 of farms (gross output was €980 per ha higher on the top 1/3 of farms).
- The increased gross output on the top performing herds came from three key areas; a higher output per LU, a higher stocking rate and a higher price per kg liveweight sold.
- Output per LU was 78 kg higher than the average on the top 1/3 of farms (489 kg versus 411 kg per LU).
- Stocking rate was 0.47 LU per ha higher (2.28 LU per ha on top 1/3 of farms versus 1.81 LU per ha on the average farms).
- The top 1/3 of farms achieved a price of €2.39 per kg live-weight versus €2.27 per kg achieved on the average farms.
- Variable costs were €369 per ha higher on the top 1/3 of farms but the higher output offset these costs (variable costs made up 47% of output on the top 1/3 versus 52% of output on the average farms).
- Purchased feed and concentrates accounted for almost 50% (€435 per ha) of variable costs on non-breeding farms
- The average non-breeding beef farm made a net profit of €241 per ha whereas the significantly higher gross output on the top 1/3 of non-breeding beef farms resulted in a net profit of €663 per ha before premia.

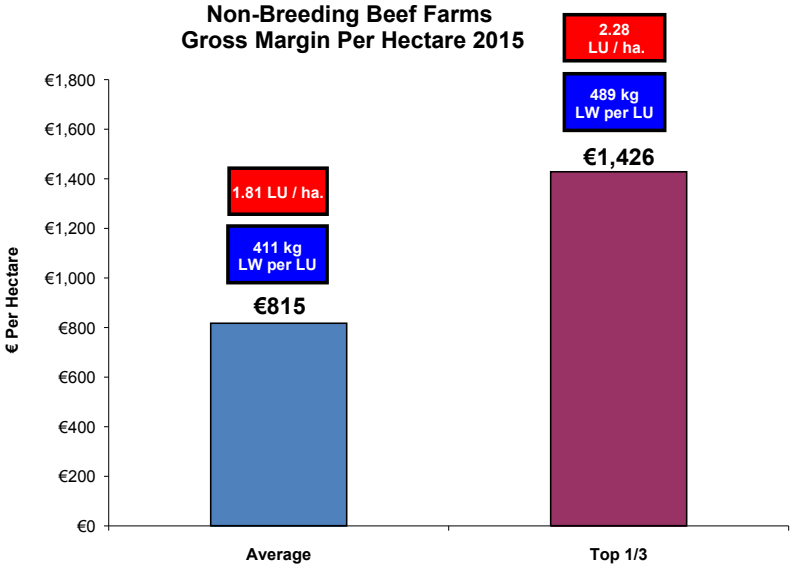
Non-Breeding Beef Farms 2015

Table 3 Profit Monitor per hectare analysis (157 Farms)

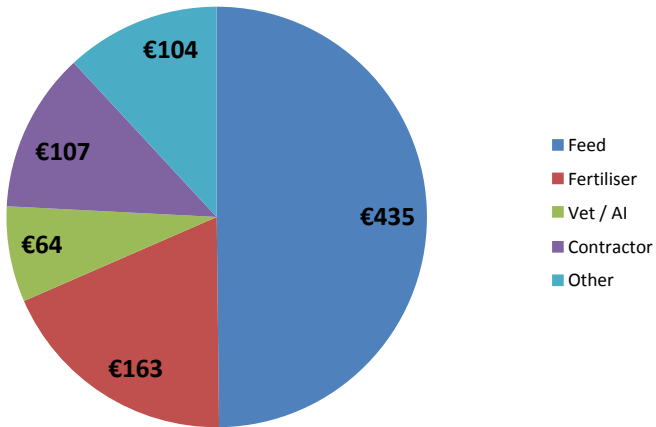
	Average	Top 1/3	Top v Average
Physical			
Farm Size (cattle ha)	39.2	40.5	+1.3
Stocking Rate (LU/ha)	1.81	2.28	+0.47
Liveweight Produced (kg/LU)	411	489	+78
Liveweight Produced (kg/ha)	744	1,116	+372
Financial (€ / ha.)			
Gross Output Value	€1,688	€2,668	+€980
Variable Costs	€873	€1,242	+€369
Gross Margin	€815	€1,426	+€611
Fixed Costs	€574	€763	+€189
Net Profit Excl. Premia	€241	€663	+€422
Total Premia *	€463	€549	+€86
Total Premia Retained *	152%	221%	+69%

(* Includes Basic Payment, AEOS, ANC, GLAS, BDGP, & STAP payments)

Non-Breeding Beef Farms 2015



Non-Breeding Variable Costs per Hectare 2015





Comparison – 2014 - 2015 (Beef Farms)

Where a farm completed an eProfit Monitor on their beef enterprise for both 2014 and 2015 they are included in this analysis. It includes both suckling and non-breeding beef enterprises.

Comparison – 2014 - 2015 (Beef Farms)

- Gross margin (excluding premia) increased from €551 per ha in 2014 to €747 per ha in 2015 (an increase of €196 per ha).
- This was due primarily to an increase in gross output value of €218 per ha (€1,283 per ha in 2014 compared to €1,502 per ha in 2015)
- This increase in output value resulted from improved animal performance in what was a reasonably good grass growing season but the main factor was the improved store and beef prices which prevailed for most of 2015.
- Variable costs remained virtually unchanged up only marginally by €22 per ha on 2014 figures. Reflecting the fact that feed and fertiliser prices were on a par with where they had been in the previous year.
- The dilution of variable costs is quite evident however when viewed against the rise in gross output value. In 2014 variable costs accounted for 57% of gross output compared to 50% in 2015.
- Net profit excluding premia increased from a slight profit of €14 per ha in 2014 to a figure of €180 per ha in 2015.

Comparison – 2014 - 2015 (Beef Farms)

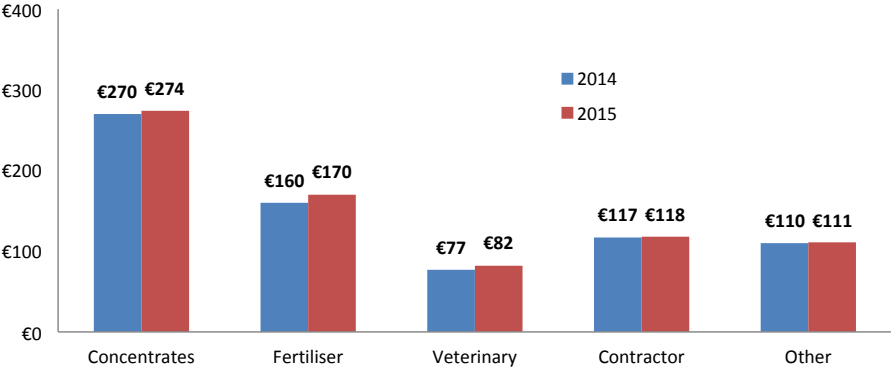
Table 4 Profit Monitor per hectare analysis (276 Farms)

	2014	2015	Change
Physical			
Stocking Rate (LU/ha)	1.78	1.86	+0.08
Liveweight Produced (kg/LU)	336	354	+18
Liveweight Produced (kg/ha)	598	659	+61
Financial (€ / ha.)			
Gross Output Value	€1,283	€1,502	+€218
Variable Costs	€733	€755	+€22
Gross Margin Excl. Premia	€551	€747	+€196
Fixed Costs	€537	€567	+€30
Net Profit Excl. Premia	€14	€180	+€166
Total Premia*	€524	€493	-€31
Premia Retained*	103%	137%	+34%

(* Includes Basic Payment, AEOS, ANC, GLAS, BDGP, & STAP payments)

Comparison – 2014 - 2015 (Beef Farms)

Variable Costs per Hectare - All Cattle Farms 2014 vs 2015



Lowland Sheep Farms 2015



Sheep farms that have lowland flocks of ewes. The majority of which lamb in mid-season and the lambs are finished on the farm or sold as stores.

Lowland Sheep Farms 2015

- The top 1/3 of farms had a stocking rate of 2.3 ewes per hectare higher and produced an extra 0.1 lambs extra per ewe when compared to the average farms.
- The combined effect of the higher stocking rate, higher weaning rate and higher lamb price contributed to output being €458 per ha higher for the top 1/3 of farms (€1,605 per ha vs €1,147 per ha).
- At €949 per ha the gross margin for the top 1/3 was €339 per ha higher than the average.
- Net profit (excluding premia payments) at €376 per ha for the top 1/3 of farms was €241 per ha higher than for the average farms.
- Both variable and fixed costs per ewe were €3 lower for the top 1/3 of farms compared to the average farms.
- The gross margin per ewe on the top 1/3 of farms at €91 per ewe was €16 per ewe higher than what was achieved on the average farms.
- Purchased feed remains the single biggest variable cost on sheep farms and at €21 per ewe this equates to almost €15 per lamb weaned.
- The cost of producing a lamb was €77 and €87 for the top 1/3 and average farms, respectively.

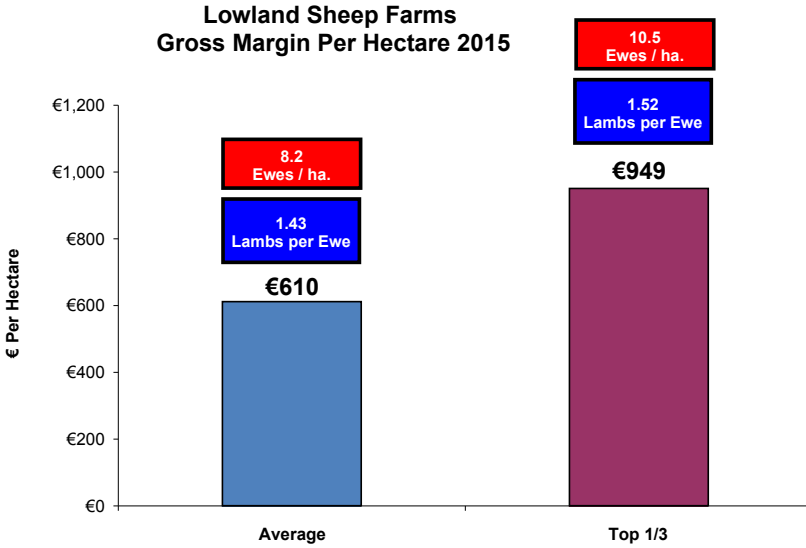
Lowland Sheep Farms 2015 (Mid-Season Flocks)

Table 5 - Profit Monitor per hectare analysis (113 Farms)

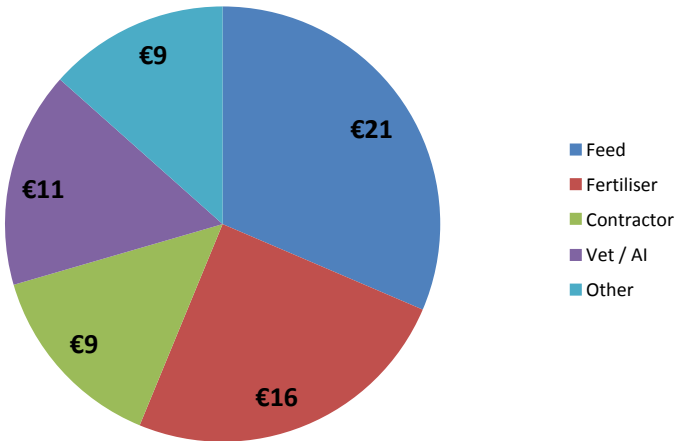
	Average	Top 1/3	Top v Average
Physical Performance			
Flock Size	165	237	+72
Stocking Rate (LU/ha)	1.78	2.08	+0.3
Ewes/ha	8.2	10.5	+2.3
Lambs reared per ewe to ram	1.43	1.52	+0.09
Lambs reared per hectare	11.7	16.0	+4.3
Financial (€ / ha.)			
Gross Output	€1,147	€1,605	+€458
Variable Costs	€538	€656	+€118
Gross Margin	€610	€949	+€339
Fixed Costs	€475	€573	+€98
Net profit Excl. premia	€135	€376	+€241
Total Premia *	€408	€447	+€39
Premia Retained*	133%	184%	+51%
Financial (€ / Ewe)			
Gross Output	€141	€154	+€13
Variable Costs	€66	€63	-€3
Gross Margin	€75	€91	+€16
Fixed Costs	€58	€55	-€3
Net Profit Excl. Premia	€17	€36	+€19
Average Lamb Price € / head	€101	€102	+€1

(* Includes Basic Payment, AEOS, ANC, GLAS, BDGP, & STAP payments)

Lowland Sheep Farms 2015



Lowland Sheep Variable Costs per Ewe 2015



Hill Sheep Farms 2015



Sheep farms that have mountain or hill sheep flocks of ewes. Lambs are finished on the farm or sold as stores.

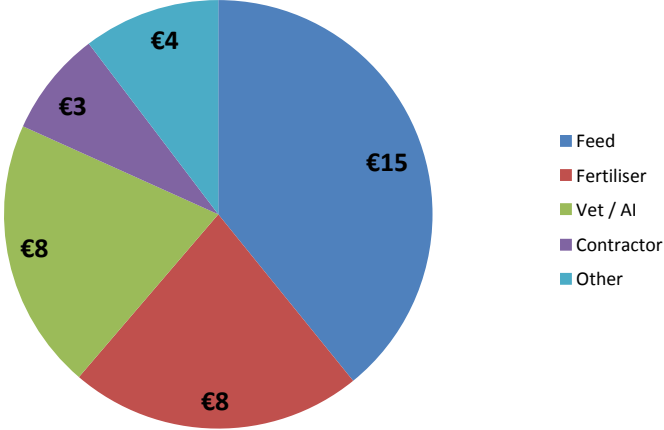
Hill Sheep Farms 2015

- The average number of ewes mated in hill sheep flocks that completed a profit monitor for 2015 was 164.
- The average numbers of lambs reared per ewe mated was 1.0.
- Average sale price achieved per lamb was €73.
- Gross output per ewe joined to the ram was €69.
- Total variable costs per ewe were €38. Similar to lowland producers purchased feed and fertiliser were the two largest costs at €15 and €8 per ewe, respectively. These accounted for 61% of the total variable costs per ewe.
- Gross margin on the hill sheep farms in 2015 was €31 per ewe.
- With average fixed costs of €31 per ewe, the average hill sheep ewe was left with a zero net profit excluding premia payments.

Table 6 - Profit Monitor per ewe analysis (24 Farms)

Physical Performance	
Flock Size	164
Lambs reared per ewe to ram	1.00
Average Lamb Price € / head	€73
Financial (€/ Ewe)	
Gross Output	€69
Purchased Feed	€15
Fertiliser & Lime	€8
Veterinary	€8
Contractor	€3
Other Variable Costs	€4
Total Variable Costs	€38
Gross Margin	€31
Total Fixed Costs	€31
Net Profit Excl. Premia	€0

Hill Sheep Variable Costs per Ewe 2015



Comparison – 2014 - 2015 (Sheep Farms)



Where a farm completed an eProfit Monitor on their sheep enterprise for both 2014 and 2015 they are included in this analysis. It only includes lowland sheep farms.

Comparison – 2014 - 2015 (Lowland Sheep Farms)

- Gross output per ha on lowland sheep flocks increased by €84 (+7%) from 2014 to 2015.
- The increase in gross output was mostly due to an increase in the kilograms of lamb sold which was achieved by increasing sale weight and reducing the amount of replacements retained
- Variable and fixed costs per ha decreased by <1% or €5 and €4 per ha respectively.
- The main variable costs continue to be 1) concentrates (32%), 2) fertiliser (27%), 3) veterinary (17%) and 4) contractor costs (11%). Together these costs accounted for 87% of total variable costs.
- Gross margin per ha excluding premia increased by 14%, from €594 to €683 due to the higher output and lower variable costs.
- Net profit excluding premia per ha increased from 2014 to 2015 by €93, from €116 to €209. However, total premia reduced by €52 per ha from 2014 to 2015.

Comparison – 2014 - 2015 (Lowland Sheep Farms)

Table 7- Profit Monitor per hectare analysis (41 Farms)

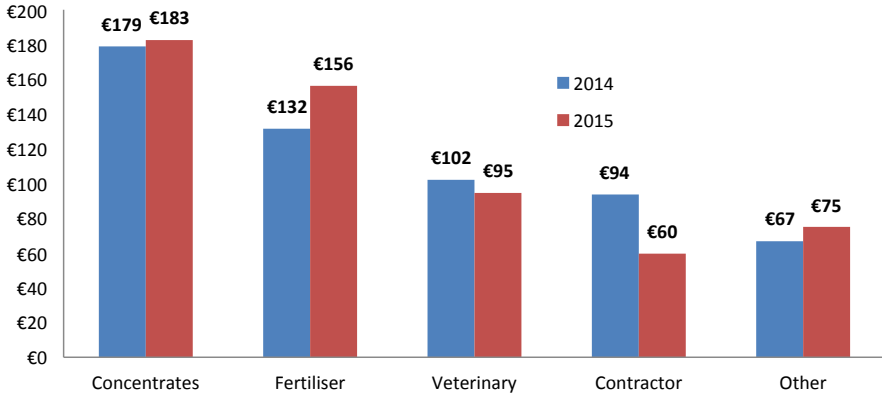
Comparison of costs and income on the same sheep farms over two years


	2014	2015	Change
Physical			
Stocking rate LU/ha	1.81	1.87	+0.06
Ewes to ram	201	208	+7
Lambs reared per ewe joined to ram	1.49	1.49	-
Lambs reared per hectare	12.9	12.7	-0.2
Ewe lambs retained	48	46	-2
Financial (€ / ha.)			
Average lamb price	€100	€100	-
Gross Output	€1,167	€1,251	+€84
Variable Costs	€573	€568	-€5
Gross Margin	€594	€683	+€89
Fixed Costs	€478	€474	-€4
Net Profit Excl. Premia	€116	€209	+€93
Total Premia*	€449	€397	-€52
Premia Retained*	127%	153%	27%

(* Includes Basic Payment, AEOS, ANC, GLAS, BDGP, & STAP payments)


Comparison – 2014 - 2015 (Lowland Sheep Farms)

Variable Costs per Ewe - Lowland Farms 2014 vs 2015





Appendix Tables



These tables include a breakdown of the different beef and sheep enterprises when they are ranked on their gross margins per ha excluding premia. More details are also given on some of the variable and fixed costs for beef and sheep farms.

Appendix Table 1

Suckling to Beef farms 2015– per hectare analysis (159 Farms)

	Top 10%	Top 1/3	Average	Bottom 1/3	Bottom 10%
Physical					
Farm Size (cattle ha)	48.4	53.6	54.4	52.0	65.7
Stocking Rate LU/ha	2.59	2.40	1.87	1.42	1.25
Liveweight Produced kg/LU	415	368	332	268	257
Liveweight Produced kg/ha	1,074	882	621	380	321
Financial €/ha					
Gross Output Value	€2,662	€2,157	€1,465	€871	€721
Variable Costs	€1,063	€913	€690	€518	€492
Gross Margin	€1,599	€1,24	€775	€354	€229
Fixed Costs	€603	€613	€530	€441	€437
Net Profit excl. Premia	€996	€631	€246	-€87	-€208
Total Premia *	€607	€549	€488	€438	€361
Total Premia Retained *	264%	215%	150%	80%	43%

(* Includes Basic Payment, AEOS, ANC, GLAS, BDGP, & STAP payments)

Appendix Table 2

Suckling to Weanling / Store Farms 2015 – per hectare analysis (237 Farms)

	Top 10%	Top 1/3	Average	Bottom 1/3	Bottom 10%
Physical					
Farm Size (cattle ha)	31.4	31.5	32.9	36.1	34.2
Stocking Rate LU/ha	2.16	1.92	1.60	1.31	1.23
Liveweight Produced kg/LU	343	332	291	243	210
Liveweight Produced kg/ha	741	637	465	318	258
Financial €/ha					
Gross Output Value	€1,827	€1,519	€1,072	€700	€621
Variable Costs	€716	€674	€575	€484	€566
Gross Margin	€1,111	€846	€498	€216	€55
Fixed Costs	€633	€620	€514	€430	€426
Net Profit excl. Premia	€477	€226	-€16	-€214	-€371
Total Premia *	€539	€529	€464	€405	€352
Total Premia Retained *	189%	143%	97%	47%	-5%

(* Includes Basic Payment, AEOS, ANC, GLAS, BDGP, & STAP payments)

Appendix Table 3

Non-Breeding Farms 2015 – per hectare analysis (157 Farms)

	Top 10%	Top 1/3	Average	Bottom 1/3	Bottom 10%
Physical					
Farm Size (cattle ha)	45.0	40.5	39.2	34.2	25.3
Stocking Rate LU/ha	2.55	2.28	1.81	1.44	1.44
Liveweight Produced kg/LU	545	489	411	322	297
Liveweight Produced kg/ha	1,390	1,116	744	463	427
Financial €/ha					
Gross Output Value	€3,588	€2,668	€1,688	€895	€497
Variable Costs	€1,614	€1,242	€873	€653	€607
Gross Margin	€1,974	€1,426	€815	€242	-€110
Fixed Costs	€928	€763	€574	€453	€512
Net Profit excl. Premia	€1,045	€663	€241	-€211	-€622
Total Premia *	€533	€549	€463	€392	€376
Total Premia Retained *	296%	221%	152%	46%	-66%

(* Includes Basic Payment, AEOS, ANC, GLAS, BDGP, & STAP payments)

Appendix Table 4

Lowland Sheep 2015 - per hectare analysis (113 farms)

	Top 10%	Top 1/3	Average	Bottom 1/3	Bottom 10%
Physical Performance					
Flock Size	267	237	165	96	92
Stocking Rate(LU/ha)	2.11	2.08	1.78	1.53	1.68
Ewes/ha	10.5	10.5	8.2	6.25	6.95
Lambs reared per ewe to ram	1.61	1.52	1.43	1.29	1.22
Lambs reared per hectare	16.9	16.0	11.7	8.1	8.5
Financial Performance €/ha					
Gross Output	€1,693	€1,605	€1,147	€718	€679
Variable Costs	€550	€656	€538	€466	€573
Gross Margin	€1,143	€949	€610	€252	€106
Fixed Costs	€570	€573	€475	€384	€288
Net profit excl premia	€573	€376	€135	-€132	-€182
All Premia*	€458	€447	€135	€370	€466
% Premia* retained	195%	184%	133%	64%	62%
Average lamb price €/ head	€103	€102	€101	€99	€97

(* Includes Basic Payment, AEOS, ANC, GLAS, BDGP, & STAP payments)

Appendix Table 5

Major Costs per hectare on Suckling Farms 2015 (396 Farms)

	Top 1/3	Average	Bottom 1/3
Total Variable Costs	€20	€635	€484
Of which:			
Feed	€267	€181	€155
Fertiliser & Lime	€201	€156	€112
Contractor	€119	€116	€112
Vet/Meds/AI	€115	€91	€70
Other	€118	€91	€75
Total Fixed Costs	€605	€522	€445
Of which:			
Land Rental	€54	€46	€35
Machinery Running	€99	€85	€72
Hired Labour	€45	€39	€39
Depreciation	€132	€104	€84
Interest	€34	€26	€19
Other	€241	€222	€196

Appendix Table 6

Major Costs per hectare on Non Breeding Farms 2015 (157 Farms)

	Top 1/3	Average	Bottom 1/3
Total Variable Costs	€1,242	€873	€653
Of which:			
Feed	€707	€423	€260
Fertiliser & Lime	€204	€163	€129
Contractor	€105	€107	€112
Vet/Meds/AI	€87	€64	€54
Other	€139	€116	€98
Total Fixed Costs	€763	€574	€453
Of which:			
Land Rental	€64	€55	€50
Machinery Running	€150	€101	€69
Hired Labour	€72	€43	€24
Depreciation	€148	€98	€60
Interest	€57	€35	€22
Other	€272	€242	€228

Appendix Table 7

Major costs per ewe to ram analysis 2015 (113 farms)

	Top 1/3	Average	Bottom 1/3
Total Variable Costs	€63	€66	€75
Of which			
Purchased Feed	€20	€21	€22
Fertiliser	€16	€16	€17
Veterinary	€11	€11	€11
Contractor	€8	€9	€14
Other	€8	€9	€10
Total Fixed Costs	€55	€58	€61
Of which			
Machinery Running	€8	€10	€11
Labour	€8	€7	€7
Land Lease	€4	€5	€7
Depreciation Buildings	€5	€5	€6
Depreciation Machinery	€5	€6	€3
Repairs & Maintenance	€5	€6	€6
Interest	€2	€2	€2
Other	€18	€17	€19