

Financial performance of dairy farms in 2018

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Summary

- Spring milk producers generated a net profit, excluding premia, of €1,559/ha in 2018 according to the Teagasc eProfit monitor results.
- The corresponding figure for winter milk producers was €1,707/ha.
- The combined effects of higher production costs and a lower milk price in 2018 resulted in a reduction in net profit in 2018.

Introduction

A summary of the average physical and financial performance from an analysis of approximately 1,500 dairy farms that completed a Profit Monitor (PM) by the end of April 2019 for the 2018 financial year is presented in Table 1.

Table 1. Physical and financial performance of spring and winter milk producers who completed a Profit Monitor for 2018

	Spring milk (N = 1,390)			Winter milk (N = 163)		
Physical						
Herd size (no. cows)	124			143		
Dairy ha	55.1			63.6		
St. rate (LU/ha) ¹	2.25			2.28		
Pasture used (t DM/ha)	8.6			8.3		
	/ha	/cow		/ha	/cow	
Milk yield (litres)	12,843	5,708		14,517	6,367	
Fat (%)		4.25			4.10	
Protein (%)		3.55			3.44	
Milk solids (kg)	1,031	458		1,124	493	
Financial						
	€/ha	€/cow	c/litre	€/ha	€/cow	c/litre
Gross output	4,711	2,094	36.68	5,351	2,347	36.86
Co-op price			36.27			36.52
Variable costs	1,921	854	14.96	2,173	953	14.97
Gross margin	2,789	1,240	21.72	3,178	1,394	21.89
Fixed costs	1,230	547	9.58	1,469	644	10.12
Net profit excl. premia	1,559	693	12.14	1,707	749	11.76

Trends in financial performance between 2017 and 2018

Data from a matched sample of 693 spring calving farms that completed Profit Monitor in both 2017 and 2018 is presented in Table 2.

Table 2. Herd size, milk price, production, feed and total costs and net profit for a matched sample of 693 spring calving farms in 2017 and 2018

	2018		2017		Difference (2018–2017)	
Herd size (cows)	137		130		+ 7	
Dairy ha	59		57		+ 2	
St. rate (LU/ha)	2.31		2.29		+ 0.02	
Pasture used (t DM/ha)	8.6		10.9		- 2.3	
	/ha	/cow	/ha	/cow	/ha	/cow
Milk yield (litres)	13,296	5,755	12,754	5,569	+ 542	+ 186
Fat (%)		4.30		4.25		+0.05
Protein (%)		3.57		3.57		0.00
Milk solids (kg)	1,077	466	1,027	448	+ 51	+ 18
	€/ha	€/cow	€/ha	€/cow	€/ha	€/cow
Gross output	4,898	2,120	4,933	2,154	- 34	- 125
Total costs	3,262	1,412	2,650	1,157	613	255
Including feed costs	952	412	529	231	423	181
Net profit	1,636	708	2,283	997	- 648	- 289

While cow numbers increased by 5% (seven cows), this group of farmers reported a 10% increase in total milk solids production (achieved through a combination of increased cow numbers and increased production per cow). Gross output declined because of the decline in milk price between 2017 and 2018. The large increase in feed costs of + €181/cow is reflective of the reduced pasture growth of 2018. The increase in cost of production was greater than the change in gross output. So while feed usage and milk production increased, the net profit declined by 28%.

Differences between Profit Monitor and National Farm Survey farms

Farms selected for inclusion in the National Farm Survey (NFS) are chosen on the basis of a nationally representative sample of dairy farms from around the country. In contrast, those completing the PM tend to be larger, more intensive and more productive than NFS farms. The purpose of the PM reports generated is not to provide national averages but to provide participating farmers with data from more similar profit-focused, more intensive operators against which they can benchmark themselves.