



AFBI Dairy Conference

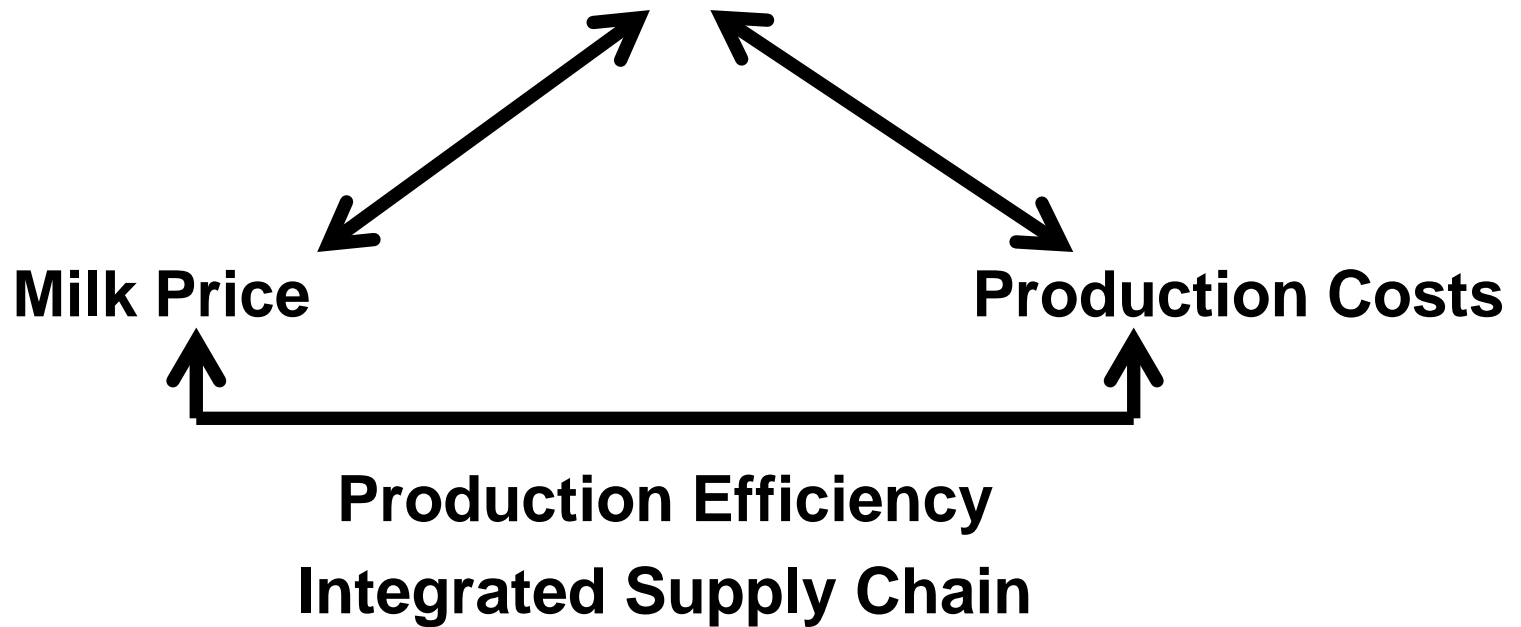
Growth Through Innovation

Applying Science for Profit

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Dairy Farming Profitability

Profit = Margin x Volume



Dairy Farming is continually evolving.

But one thing is constant.

You need to produce and sell milk profitability to remain in business.

Structural and Production Trends in N.I. Dairy Farming

	1984	2013
Numbers of Herds	8,083	3,227
Number of Dairy Cows' 000's	298	278
Average Herd Size	36	86
Average Milk Yield Per Cow	4,630	7,034
B.F and Protein Kg/Cow	330	510
Total N.I. Milk Output ml	1,320	1.955

Change is on-going

Cow Management Key to Success

Calf

Breeding

Dry

Heifer

Housing

**Early
Lactation**

Conc

Forage



Benchmarking 2012/13

Range in Physical Performance

	High 25%	Low 25%	Differential
Yield / Cow (l)	7561	6553	+ 1008
Concentrate/Cow (kg)	2301	2516	-213
Milk from Forage/Cow (l)	2446	968	+ 1478
Replacement Rate (%)	28	33	-5
Butterfat (%)	4.11	3.96	+ 15 pts
Protein (%)	3.32	3.21	+ 11 pts

Benchmarking 2012/13

Range in Financial Performance

	High 25%	Low 25%	Differential
Milk price (ppl)	27.19	25.93	+ 1.26
Total Output / Cow (£)	2005	1518	+ 487
Variable Costs / Cow (£)	896	937	- 41
Gross Margin / Cow (£)	1109	581	+ 528
Overhead Costs / Cow (£)	824	937	- 113
* Profit / Cow (£)	285	- 356	+ 641
* <i>After Family Labour Paid</i>			

Limiting Resources

- Land
- Grazing Platform
- Cows
- Genetics
- Buildings
- Milking Facilities
- Labour
- Finance



AFBI
Dairy Farm
Business
Model

AFBI Dairy Farm Business Model

- Spring Calving 7,000 l from 1.4t concentrate.
- Autumn Calving 8,000 l from 2.0t concentrate.
- Spread Calving High Input / Output 10,000 l from 3.0t concentrate + alternative forages.

EFFICIENCY TARGETS

AFBI Dairy Farm Business Model

Current Top 10% from Benchmarking

5,980 l from 1,040 kg concentrate A

7,880 l from 1,920 kg concentrate B

9,030 l from 3,200 kg concentrate C

EFFICIENCY TARGETS KEY MESSAGE

At a range of milk prices efficient farms are
profitable



AFBI Dairy Farm Business Model

How does the average measure up?

A	B	C
4-6000 l / cow	6 – 8000 l / cow	8000+ l / cow
(5357)	(7042)	(8781)
1.6t meal	2.4t meal	3.2t meal
Profit £163/cow	Profit £335/cow	Profit £426/cow
3.0 ppl	4.8 ppl	4.9 ppl



Know Your System

Breed a Cow for your System



Return on Investment in Management

Profit per cow

Low 25%

High 25%

Yield

6,553

7,561

Meal t/cow

2.5

2.3

**Milk price, quality and replacement rate equal
For 100 cows, the high 25% are better off**

£

Milk value higher by

36,000

Variable costs lower by

4,100

Overhead costs lower by

11,300



Return on Investment in Dairy Cow Fertility

Moving from 30% → 50% Conception Rate
After 12 weeks breeding

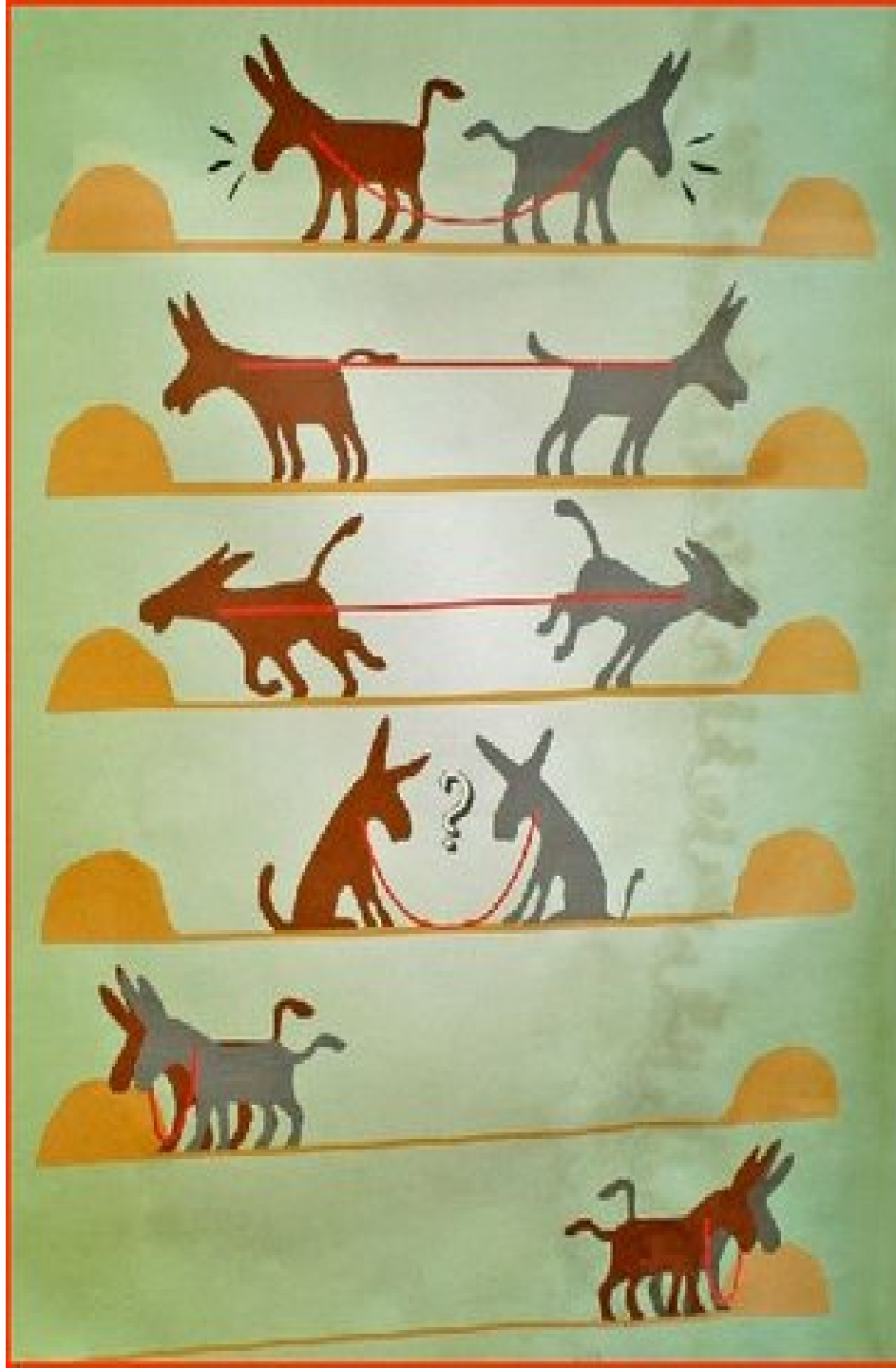
Moving from 73% → 89% In Calf
Value £115 / cow



Ideal Dairying System?

Dairy system – resource dependent

- Farmer interests
- Land availability, quantity, quality, layout
- Legislative environment
- Market demands
- Sustainable



Forward Look

- Potential expansion
 - existing producers
 - new entrants
- Confidence
- Milk Price / Meal Price Ratio
- Environmental Legislation
 - NAP / Derogation
 - IPPC
- SFP (Short term)
- Herd Health
- Genomics

GOING FORWARD

Key Management Areas

- Quality Forage
- Margin Over Concentrate
- Herd Fertility
- Head Genetics

INFORMATION TO MAKE DECISIONS



