



Northeast Dairy Farm Summary

2010

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FARM CREDIT EAST

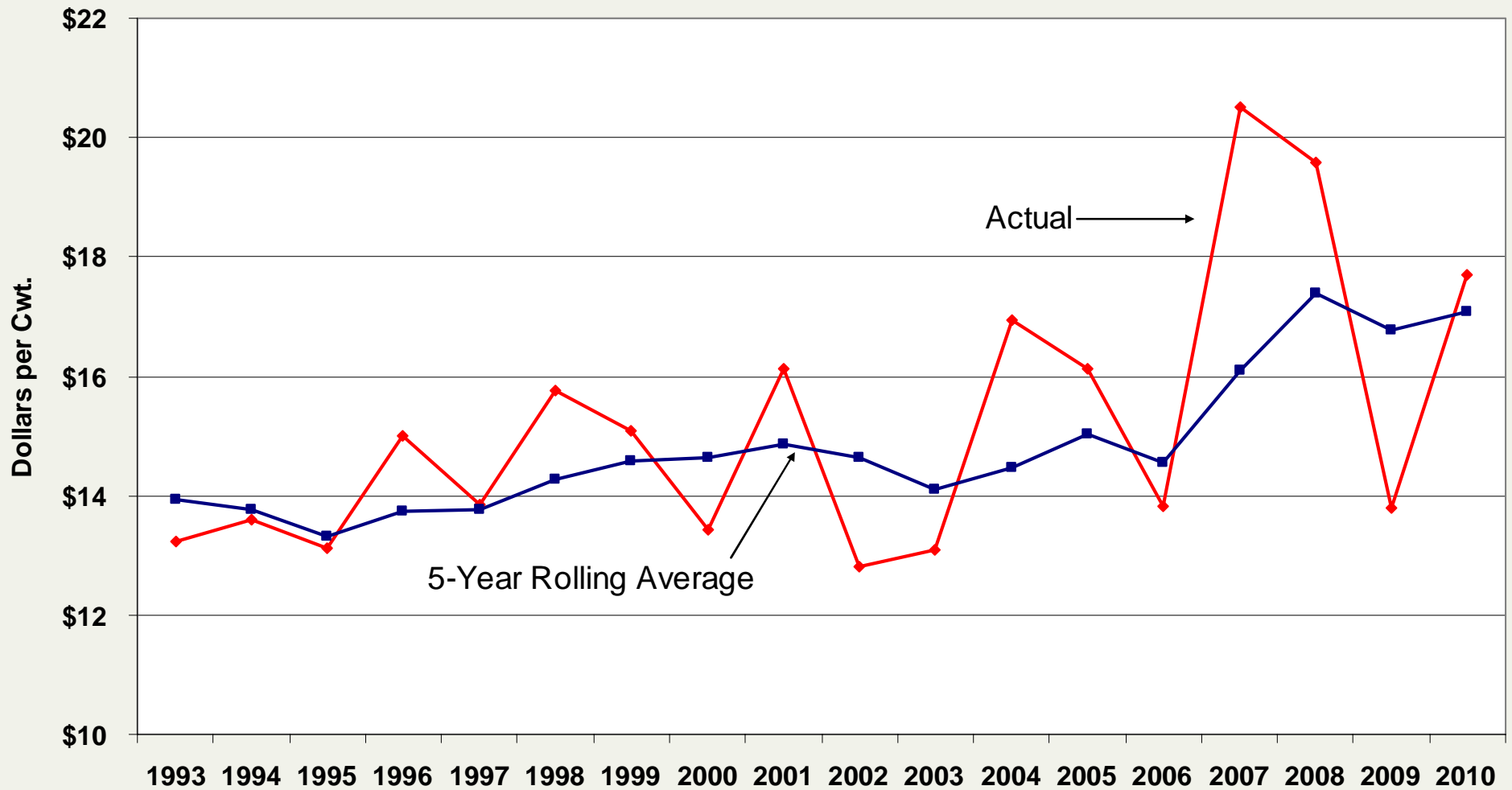
2010 Northeast Dairy Farm Summary

- New York, New England and New Jersey
- Joint project with Maine & Yankee Farm Credit
- Year-end financial statement
- Accrual results
- Economic basis used for depreciation

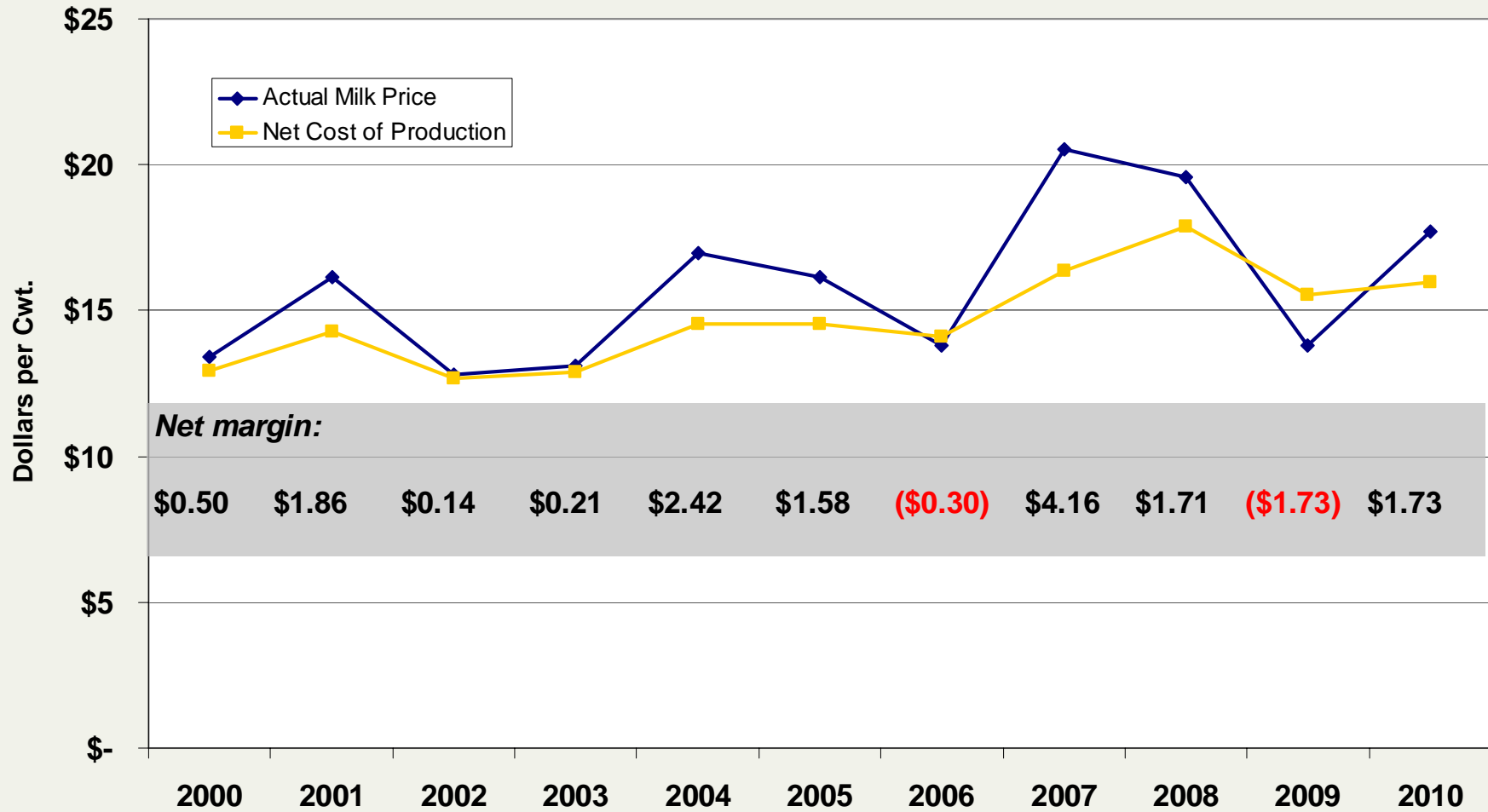
2010 DFS Numbers-at-a-Glance

- 3,657,357,237 pounds of milk
- 160,350 cows
- 22,809 lbs per cow
- 3,420 workers
- 524 dairy farms
- 306 cows per farm
- \$396 net earnings per cow

Actual Milk Price vs. 5-Year Rolling Average



Net Margin has Varied in 2000s



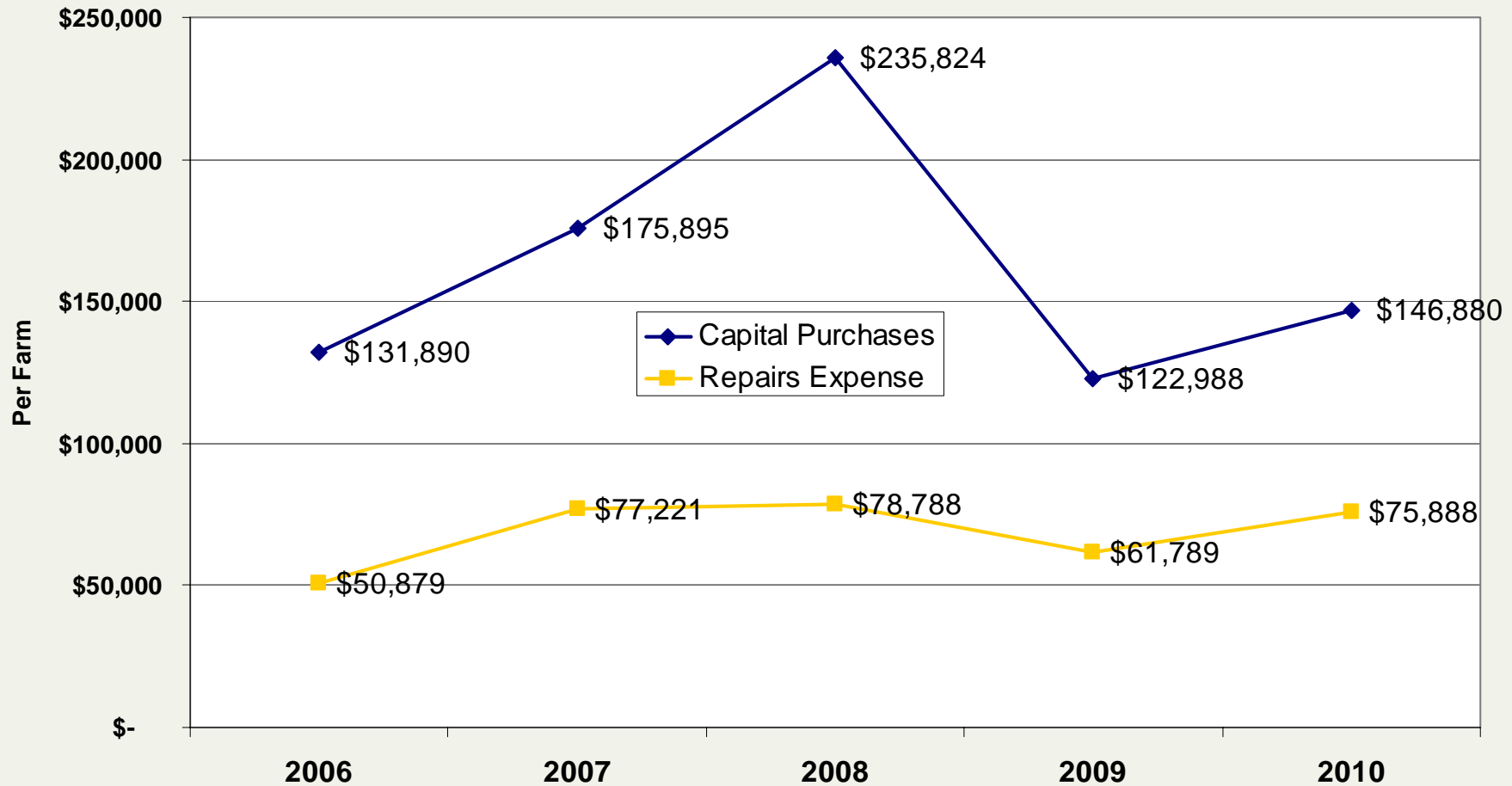
2009-2010 Change in Net Margin Ranks 2nd to 2007

<i>Per Cow</i>	Actual Net Earnings	Change from Previous Year
2000	\$105	(\$236)
2001	\$384	\$279
2002	\$31	(\$353)
2003	\$41	\$10
2004	\$508	\$467
2005	\$339	(\$169)
2006	(\$64)	(\$403)
2007	\$908	\$972
2008	\$383	(\$525)
2009	(\$386)	(\$769)
2010	\$396	\$782

Net Cost of Production Slightly Higher in 2010 over 2009

<i>Per Cwt.</i>	2006	2007	2008	2009	2010
Adj. Cash Operating Expenses	\$15.05	\$17.44	\$18.92	\$16.84	\$17.09
+ Depreciation	1.24	1.25	1.40	1.32	1.23
+ Family Living	<u>0.79</u>	<u>0.76</u>	<u>0.87</u>	<u>0.74</u>	<u>0.67</u>
Total Costs	\$17.09	\$19.45	\$21.19	\$18.90	\$18.99
- Nonmilk Income	<u>2.99</u>	<u>3.12</u>	<u>3.31</u>	<u>3.37</u>	<u>3.02</u>
Net Cost of Production	\$14.10	\$16.30	\$17.88	\$15.53	\$15.97

2010 was a Catch Up Year for Repairs & Capital Purchases



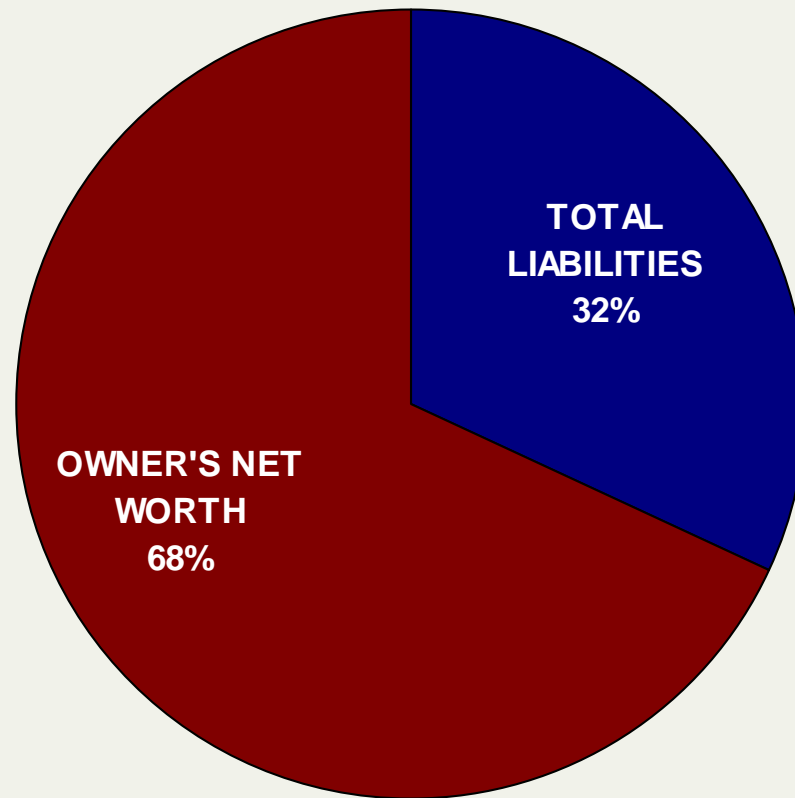
Sources & Uses Statement Ties Out Where Cash Came from and Where it Went

<i>Per Cow</i>	2006	2007	2008	2009	2010
SOURCES					
Net Farm Income *cash	\$355	\$746	\$765	\$113	\$507
Net Nonfarm Income	44	44	42	40	41
Sale of Capital	64	57	30	35	50
Savings Withdrawn	44	11	15	30	22
Money Borrowed	<u>521</u>	<u>285</u>	<u>586</u>	<u>780</u>	<u>411</u>
Total Sources	\$1,028	\$1,143	\$1,438	\$998	\$1,031
USES					
Family Living	\$174	\$178	\$194	\$166	\$153
Capital Purchases	<u>545</u>	<u>635</u>	<u>867</u>	<u>444</u>	<u>480</u>
Debt Principal Payments	<u>309</u>	<u>330</u>	<u>377</u>	<u>388</u>	<u>398</u>
Total Uses	\$1,028	\$1,143	\$1,438	\$998	\$1,031

Cash Flow Recovered; Breakeven Milk Price Slightly Higher than 2009

<i>Per Cwt.</i>	2006	2007	2008	2009	2010
Actual Milk Price	\$13.81	\$20.52	\$19.59	\$13.80	\$17.70
Cash Required	\$17.17	\$19.53	\$21.09	\$19.14	\$19.31
- Other Income	<u>3.04</u>	<u>3.15</u>	<u>3.19</u>	<u>3.12</u>	<u>2.98</u>
Breakeven Milk Price	\$14.13	\$16.38	\$17.90	\$16.02	\$16.33
Cash Margin	(\$0.32)	\$4.14	\$1.69	(\$2.22)	\$1.37

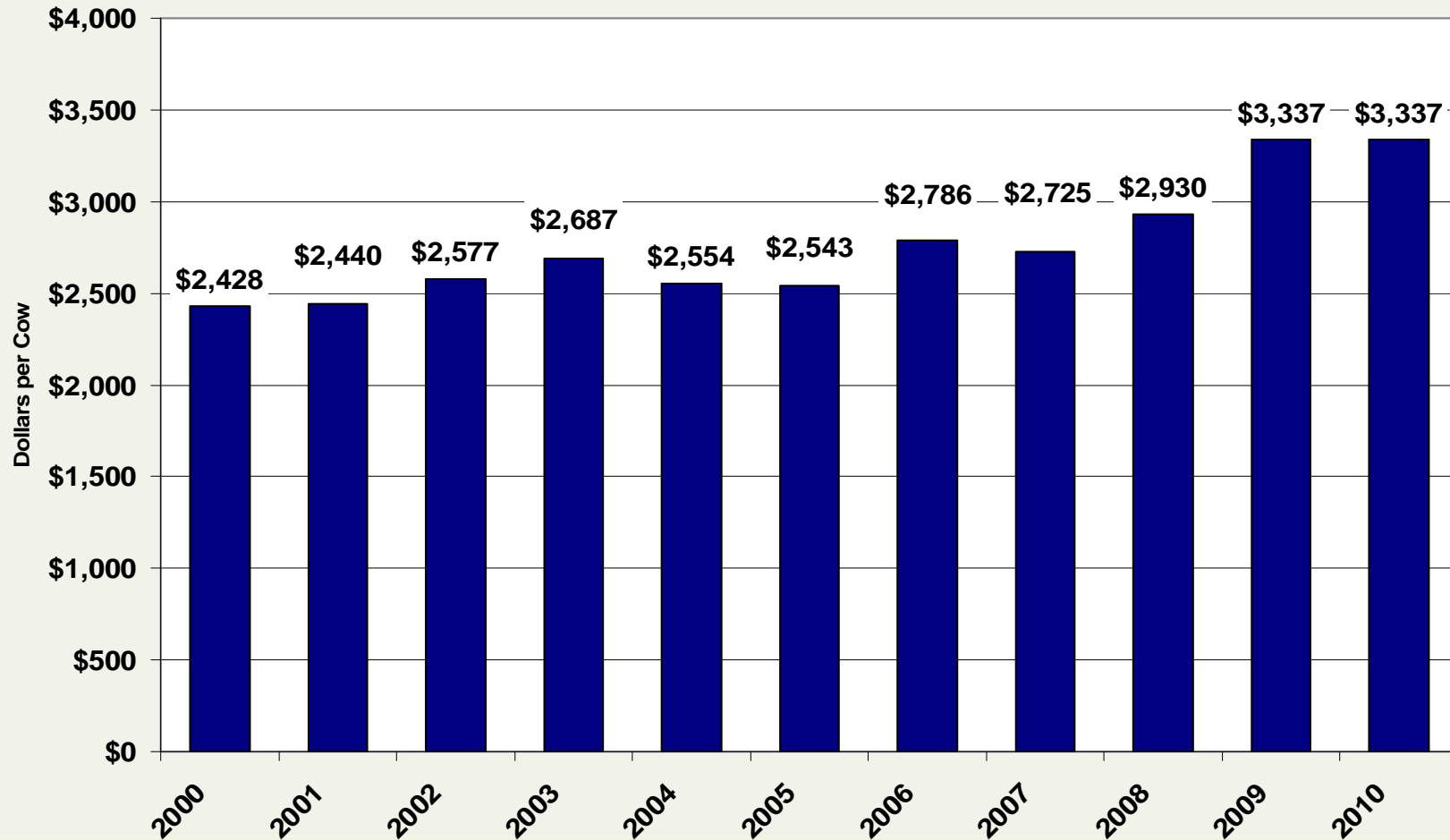
Overall Financial Position Stayed Relatively Similar to 2009



Better Short-Term Positioning for Producers at End of 2010; Liquidity Improved

	2006	2007	2008	2009	2010
Current Ratio	2.1	3.2	2.5	2.0	2.3
Quick Ratio	0.9	1.5	1.0	0.8	0.9
Cash / Cash Equivalent Position	\$109,768	\$223,611	\$176,579	\$142,996	\$171,630

No Change in Debt per Cow in 2010 from 2009



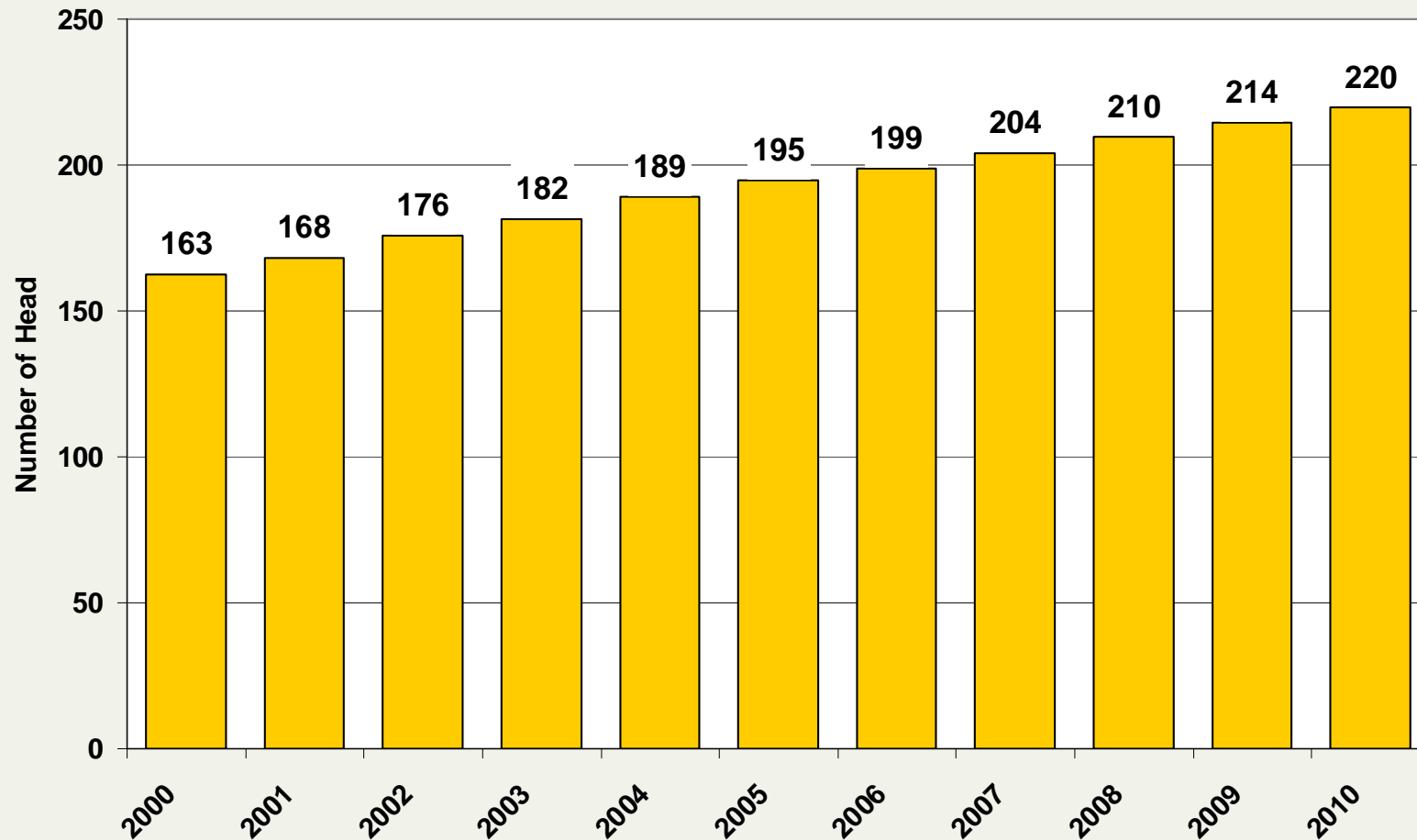
Range of Financial Factors Continues to be Wide Between Top & Bottom Profit Groups

	Bottom 25%	All Farm Average	Top 25%
Milk Sold per Cow	20,720	22,809	24,428
Milk Sold per Worker	896,125	997,100	1,280,729
Net Earnings per Cow	(\$286)	\$396	\$844
Net Worth	73%	71%	65%
Cows per Farm	173	306	367

Net Cost of Production Another Key Difference in Profit Groups

	2006	2007	2008	2009	2010
Bottom 25%	\$16.43	\$19.17	\$21.35	\$18.22	\$18.91
Top 25%	<u>12.12</u>	<u>14.46</u>	<u>15.90</u>	<u>13.12</u>	<u>14.16</u>
Difference	\$4.31	\$4.71	\$5.45	\$5.10	\$4.75

Number of Cows per Herd in Same DFS Farms Shows Steady Growth



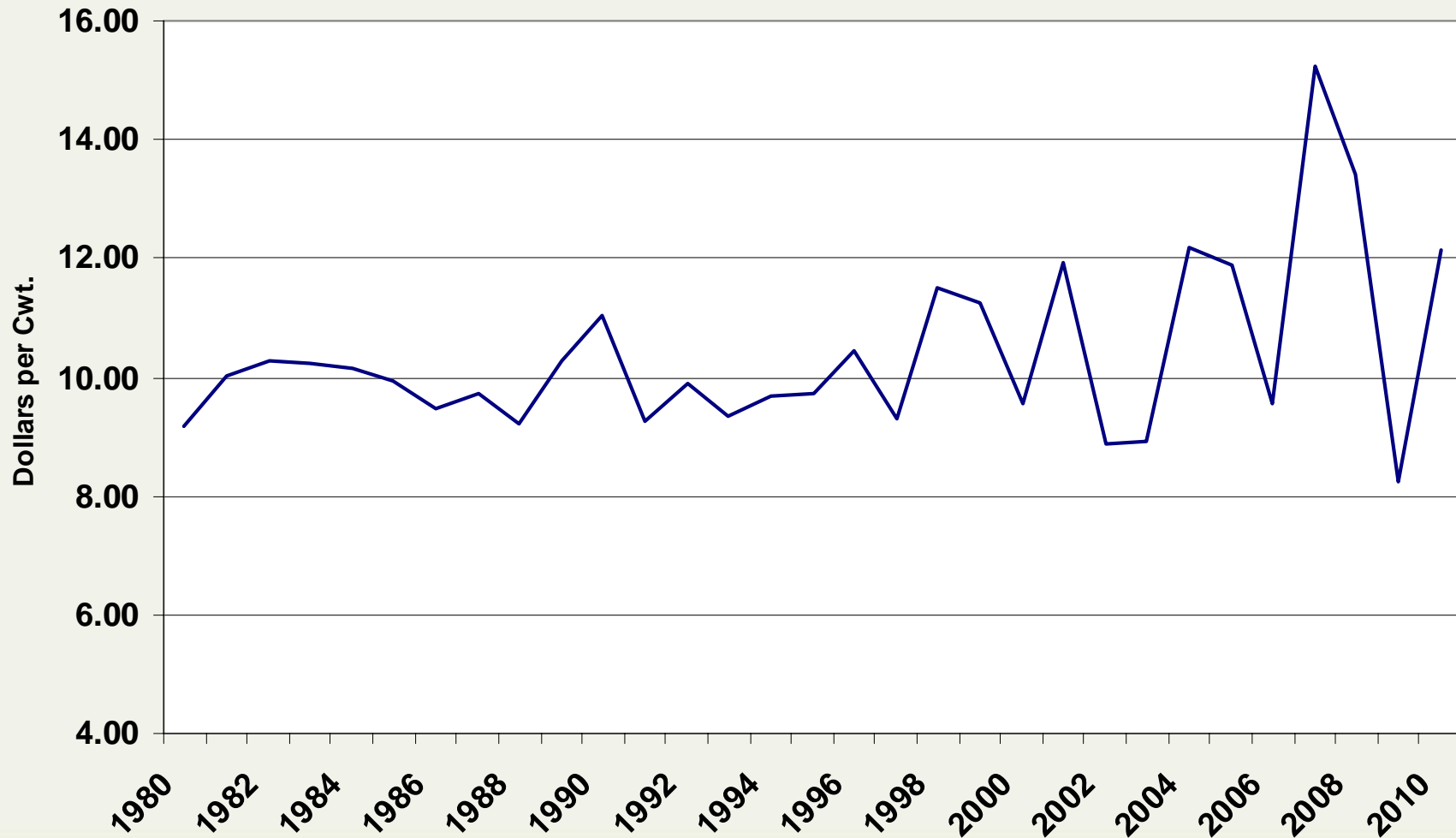
Larger Farms Have Advantages, Yet No Guarantee of Profitability

	89 Cows or Less	90-149 Cows	150-299 Cows	300 Cows or More
Milk Sold per Cow	19,909	19,433	21,371	23,735
Milk Sold per Worker	657,000	744,933	880,480	1,188,479
Assets per Cow	\$15,490	\$13,067	\$12,045	\$9,410
Asset Turnover	0.27	0.31	0.37	0.51
Adj. Cash Operating Expenses per Cwt.	\$16.51	\$17.26	\$17.71	\$17.33
Net Cost of Production per Cwt.	\$16.66	\$17.06	\$16.86	\$15.97
Net Earnings per Cow	\$179	\$107	\$204	\$487

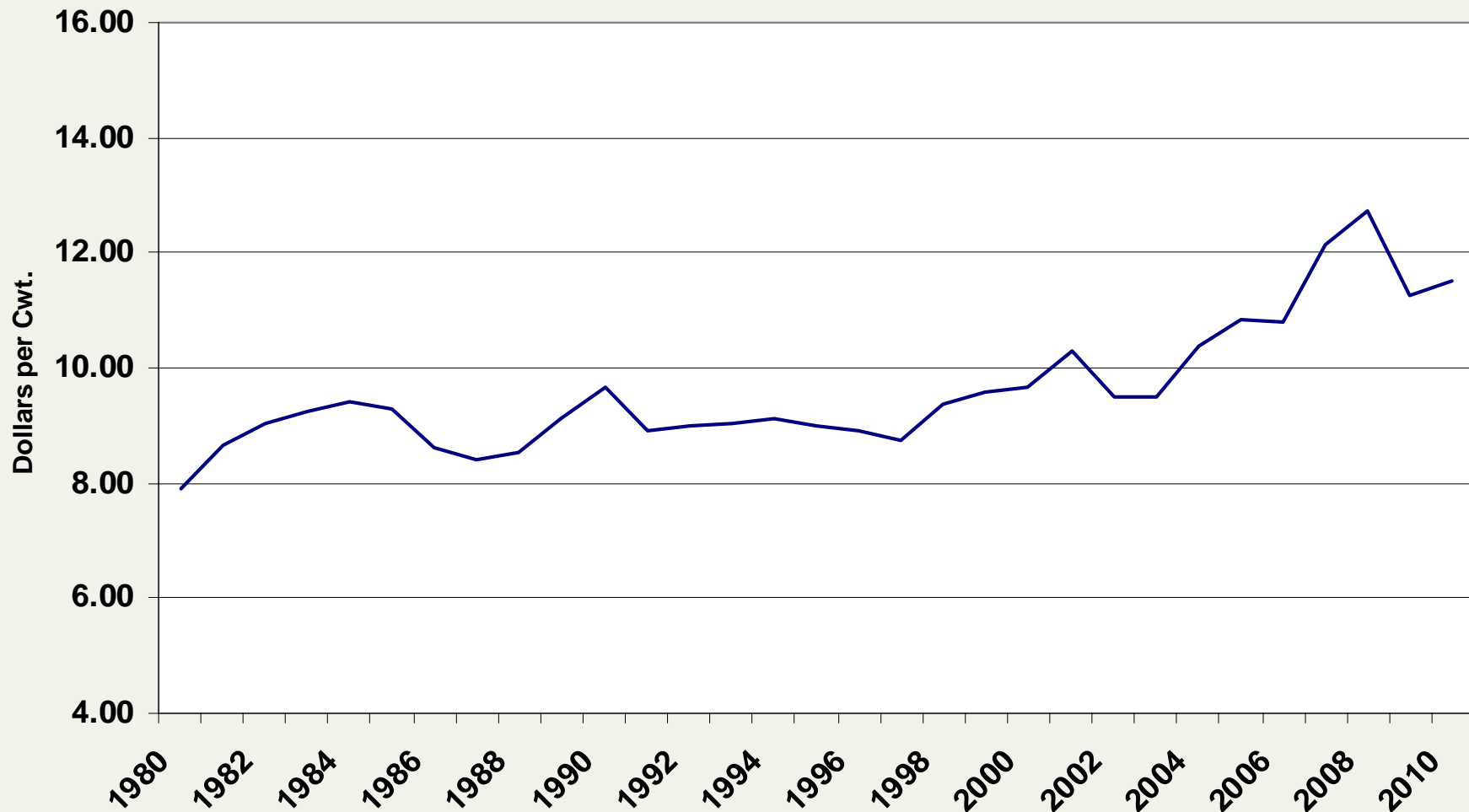
Margin Management Key Focus Area

- Increased attention over past several years
- Most important margin is bottom line
- Milk Income Over Purchased Feed Costs
 - Evaluates two largest economic factors on a farm: Milk Income and Feed Expense
- Helps to identify where shortfall may be
- Determines if enough funds to cover overhead & family living

Milk Income Over Feed Cost Volatile in Recent Years



All Other Costs Have More Steady Growth Path



2011 Looking to Be Another Profitable Year in the Northeast, Despite Higher Feed Costs

- Current consensus for farm milk price forecast is strong for 2011
- Higher milk prices dependent on exports
- Elevated beef prices persist
- Cost of production will be up
- Due to increased volatility of prices & input costs, important to remain cautious
- Rapid changes make managing more difficult

Thank you.

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