

## PROGRESS OF THE FARM BUSINESS

Same 11 Western and Central Plain Dairy Farms, 2007 & Preliminary 2008

Top 25% of Farms by Rate of Return on All Capital, Without Appreciation

Selected Factors	Average of 11 Farms		Percent Change
	2007	2008	
<u>Size of Business</u>			
Average number of cows	560	600	7.2
Average number of heifers	460	477	3.7
Milk sold, lbs.	12,715,606	14,070,857	10.7
Worker equivalent	10.30	11.31	9.8
Total tillable acres	1,038	1,115	7.4
<u>Rates of Production</u>			
Milk sold per cow, lbs.	22,721	23,441	3.2
Hay DM per acre, tons	3.6	3.8	5.6
Corn silage per acre, tons	19.3	21.4	10.9
<u>Labor Efficiency &amp; Costs</u>			
Cows per worker	54	53	-1.9
Milk sold per worker, lbs.	1,234,525	1,244,108	0.8
Hired labor cost per cwt.	\$2.45	\$2.47	0.8
Hired labor cost per worker	\$38,266	\$38,575	0.8
Hired labor cost as % of milk sales	12.0%	12.8%	6.7
<u>Cost Control</u>			
Grain & concentrate purchased as % of milk sales	22%	26%	18.2
Grain & concentrate per cwt. milk	\$4.46	\$4.93	10.5
Dairy feed & crop expense per cwt. milk	\$5.85	\$6.60	12.8
Labor & machinery costs per cow	\$1,376	\$1,421	3.3
Total farm operating costs per cwt. sold	\$16.04	\$16.44	2.5
Interest costs per cwt. milk	\$0.83	\$0.50	-39.8
Milk marketing costs per cwt. milk sold	\$0.68	\$0.74	8.8
Operating cost of producing cwt. of milk	\$13.27	\$13.39	0.9
<u>Capital Efficiency(average for the year)</u>			
Farm capital per cow	\$7,989	\$8,604	7.7
Machinery & equipment per cow	\$1,232	\$1,316	6.8
Asset turnover ratio	0.74	0.63	-14.9
<u>Income Generation</u>			
Gross milk sales per cow	\$4,632	\$4,511	-2.6
Gross milk sales per cwt.	\$20.38	\$19.25	-5.5
Net milk sales per cwt.	\$19.71	\$18.51	-6.1
Dairy cattle sales per cow	\$280	\$340	21.4
Dairy calf sales per cow	\$67	\$34	-49.3
<u>Profitability</u>			
Net farm income without appreciation	\$716,652	\$614,444	-14.3
Net farm income with appreciation	\$1,057,159	\$666,697	-36.9
Labor & mgt. income per operator/manager	\$347,439	\$228,684	-34.2
Rate of return on equity capital w/o appreciation	22.1%	15.0%	-32.1
Rate of return on all capital without appreciation	16.2%	11.3%	-30.3
<u>Financial Summary</u>			
Farm net worth, end year	\$3,253,810	\$3,645,183	12.0
Debt to asset ratio	0.34	0.33	-2.9
Farm debt per cow	\$2,902	\$2,956	1.9
Debt coverage ratio	3.72	2.32	-37.6