

PROGRESS OF THE FARM BUSINESS

Same 43 Western and Central Plain Dairy Farms, 2007 & Preliminary 2008

| Selected Factors | Average of 43 Farms | | Percent Change |
|--|---------------------|-------------|----------------|
| | 2007 | 2008 | |
| <u>Size of Business</u> | | | |
| Average number of cows | 596 | 610 | 2.4 |
| Average number of heifers | 475 | 509 | 7.2 |
| Milk sold, lbs. | 13,802,702 | 14,597,137 | 5.8 |
| Worker equivalent | 12.69 | 13.23 | 4.3 |
| Total tillable acres | 1,131 | 1,190 | 5.2 |
| <u>Rates of Production</u> | | | |
| Milk sold per cow, lbs. | 23,150 | 23,936 | 3.4 |
| Hay DM per acre, tons | 3.4 | 4.2 | 23.5 |
| Corn silage per acre, tons | 18.8 | 20.7 | 10.1 |
| <u>Labor Efficiency & Costs</u> | | | |
| Cows per worker | 47 | 46 | -2.1 |
| Milk sold per worker, lbs. | 1,087,683 | 1,103,336 | 1.4 |
| Hired labor cost per cwt. | \$2.90 | \$3.03 | 4.5 |
| Hired labor cost per worker | \$37,845 | \$39,946 | 5.6 |
| Hired labor cost as % of milk sales | 14.3% | 15.8% | 10.5 |
| <u>Cost Control</u> | | | |
| Grain & concentrate purchased as % of milk sales | 23% | 31% | 34.8 |
| Grain & concentrate per cwt. milk | \$4.72 | \$5.85 | 23.9 |
| Dairy feed & crop expense per cwt. milk | \$5.97 | \$7.34 | 23.0 |
| Labor & machinery costs per cow | \$1,476 | \$1,619 | 9.7 |
| Total farm operating costs per cwt. sold | \$16.41 | \$18.10 | 10.3 |
| Interest costs per cwt. milk | \$0.86 | \$0.61 | -29.1 |
| Milk marketing costs per cwt. milk sold | \$0.72 | \$0.77 | 6.9 |
| Operating cost of producing cwt. of milk | \$13.90 | \$15.16 | 9.1 |
| <u>Capital Efficiency(average for the year)</u> | | | |
| Farm capital per cow | \$8,206 | \$9,007 | 9.8 |
| Machinery & equipment per cow | \$1,375 | \$1,530 | 11.3 |
| Asset turnover ratio | 0.70 | 0.61 | -12.9 |
| <u>Income Generation</u> | | | |
| Gross milk sales per cow | \$4,693 | \$4,589 | -2.2 |
| Gross milk sales per cwt. | \$20.27 | \$19.17 | -5.4 |
| Net milk sales per cwt. | \$19.55 | \$18.40 | -5.9 |
| Dairy cattle sales per cow | \$300 | \$301 | 0.3 |
| Dairy calf sales per cow | \$31 | \$22 | -29.0 |
| <u>Profitability</u> | | | |
| Net farm income without appreciation | \$673,627 | \$363,866 | -46.0 |
| Net farm income with appreciation | \$944,540 | \$479,633 | -49.2 |
| Labor & mgt. income per operator/manager | \$294,436 | \$98,963 | -66.4 |
| Rate of return on equity capital w/o appreciation | 19.0% | 7.5% | -60.5 |
| Rate of return on all capital without appreciation | 14.2% | 6.4% | -54.9 |
| <u>Financial Summary</u> | | | |
| Farm net worth, end year | \$3,425,454 | \$3,628,014 | 5.9 |
| Debt to asset ratio | 0.35 | 0.36 | 2.9 |
| Farm debt per cow | \$3,092 | \$3,380 | 9.3 |
| Debt coverage ratio | 2.80 | 1.58 | -43.6 |