

## Overall economy in dairy farms

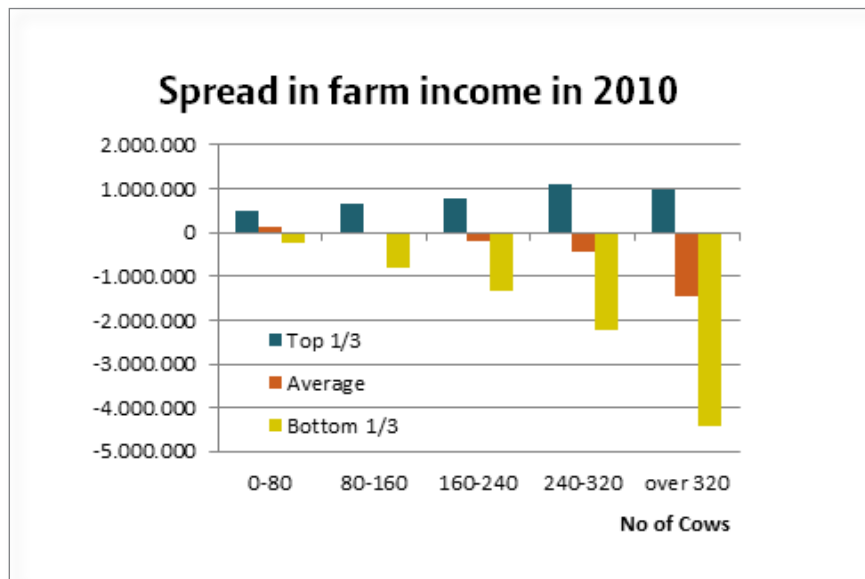


Figure 1. Spread in farm income, all dairy farms, sorted by herd size

Table 1: Farm income for all Danish dairy farms (conventional and ecological) during the past five years.

Year	2006	2007	2008	2009	2010
Farms in sample	2,598	2,047	1865	2,040	2,178
Farms in total	4,668	4,410	4202	3,737	3,528
Number of cows	103	110	121	132	149
Ha	108	113	119	126	137
<b>Amounts in DKK 1,000</b>					
Gross income	2,336	3,031	3,605	3,071	4,364
Unit related costs	825	982	1,330	1,807	2,018
Contribution margin	1,511	2,049	2,275	1,264	2,346
Cash capacity costs	742	892	1,063	1,176	1,347
Depreciations	288	361	416	479	503
<b>EBIT</b>	<b>481</b>	<b>795</b>	<b>796</b>	<b>-392</b>	<b>497</b>
Decoupled EU payments	376	401	417	433	469
Net financial costs	482	684	1,159	970	1,095
<b>Farm income</b>	<b>375</b>	<b>512</b>	<b>53</b>	<b>-928</b>	<b>-129</b>
Equity	10,178	11,542	9,469	7,613	6,995
Provisions			2,620	1,814	1,858
Debt	10,999	14,392	17,542	18,975	22,044
Total balance	21,177	25,933	29,632	28,402	30,897
<b>Net investment per cow</b>	<b>12,400</b>	<b>17,414</b>	<b>20,098</b>	<b>5,522</b>	<b>1,949</b>

This project has been subsidised by the European Union's Agricultural Fund for Rural Development and the Danish Ministry of Food, Agriculture and Fisheries.

## Spread in farm income 2010

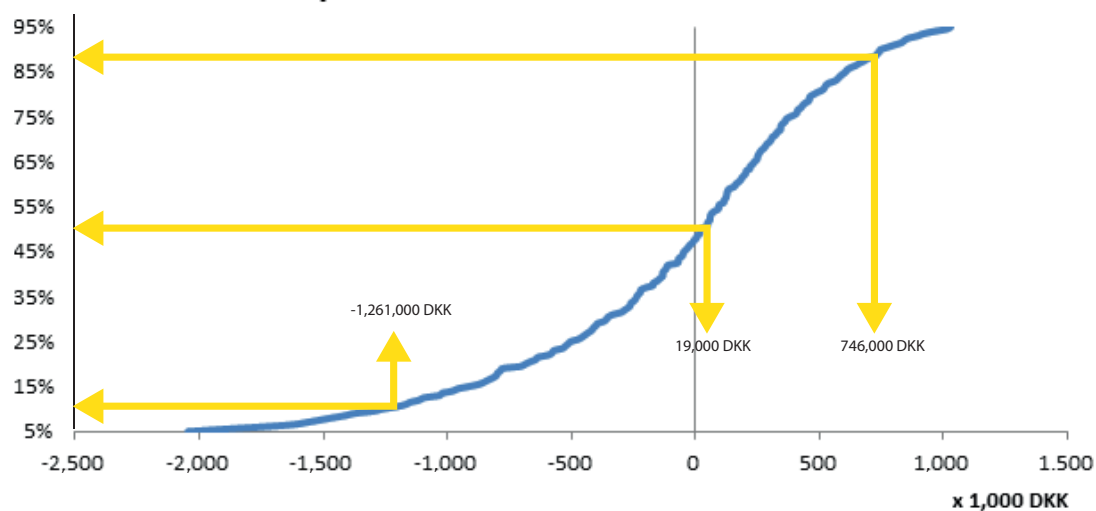


Figure 2: The accumulative spread in operating income in 2010

Table 2. Farm income for conventional dairy farms according to herd size.

Herd size	Average	0-80	80-160	160-240	240-320	over 320
Farms in sample	3,226	850	1,250	696	261	168
No. of cows	149	66	122	192	274	445
Ha	134	57	123	167	216	299
Kg ECM per cow/year	8,930	8,514	8,887	9,100	9,028	8,890
Herd of Jersey, percentage	12	11	12	12	13	14
Price per kg ECM	2,37	2,34	2,36	2,37	2,38	2,39
Amounts in DKK 1,000						
Contribution margin	2,297	864	1,899	3,000	4,209	6,626
Labour costs	-313	-66	-199	-419	-711	-1,343
Other cash capacity costs	-1,016	-467	-895	-1,270	-1,726	-2,535
Depreciations	-496	-148	-431	-685	-873	-1,382
<b>EBIT</b>	<b>472</b>	<b>183</b>	<b>374</b>	<b>627</b>	<b>899</b>	<b>1,365</b>
Decoupled EU payments	464	230	427	577	739	1,026
Net financial costs	-1,090	-276	-861	-1,435	-2,158	-3,829
<b>Farm income</b>	<b>-154</b>	<b>136</b>	<b>-60</b>	<b>-232</b>	<b>-520</b>	<b>-1,437</b>
- hereof realized gain and loss on financial instrument and derivatives	-221	-35	-170	-264	-479	-957
<b>Farm assets</b>	<b>28,659</b>	<b>13,347</b>	<b>25,503</b>	<b>35,952</b>	<b>47,577</b>	<b>70,082</b>
Equity	6,814	6,684	7,009	6,800	6,752	6,164
Equity-to-asset ratio	22 %	45 %	26 %	18 %	14 %	8 %

Table 3. Investments for conventional dairy farms according to herd size.

Number of cows						
Herd size	Average	0-80	80-160	160-240	240-320	over 320
<b>Investment in</b>						
Amounts in DKK 1,000						
Buildings	201	34	164	276	396	716
Machinery and equipment	249	76	196	349	424	827
Livestock and other biological assets	78	-28	13	135	243	621
Quota, etc.	61	-57	-11	123	224	687
Land	224	38	212	351	525	249
Cars, private housing and non-farm assets	82	56	79	92	85	187
<b>Investments in total</b>	<b>895</b>	<b>118</b>	<b>653</b>	<b>1,326</b>	<b>1,897</b>	<b>3,287</b>
Cash flow before investments and debt repayments	186	127	214	353	187	-428
Total liquidity surplus	-709	10	-439	-973	-1,710	-3,715
<b>Self-financing of investments</b>	<b>21 %</b>	<b>108 %</b>	<b>33 %</b>	<b>27 %</b>	<b>10 %</b>	<b>-13 %</b>
Depreciations, etc.						
	496	148	431	685	873	1.382
Net investments						
	399	-30	222	641	1.025	1.905
DKK per cow/year						
Net investment per cow	2,671	-530	1,815	3,340	3,734	4,276

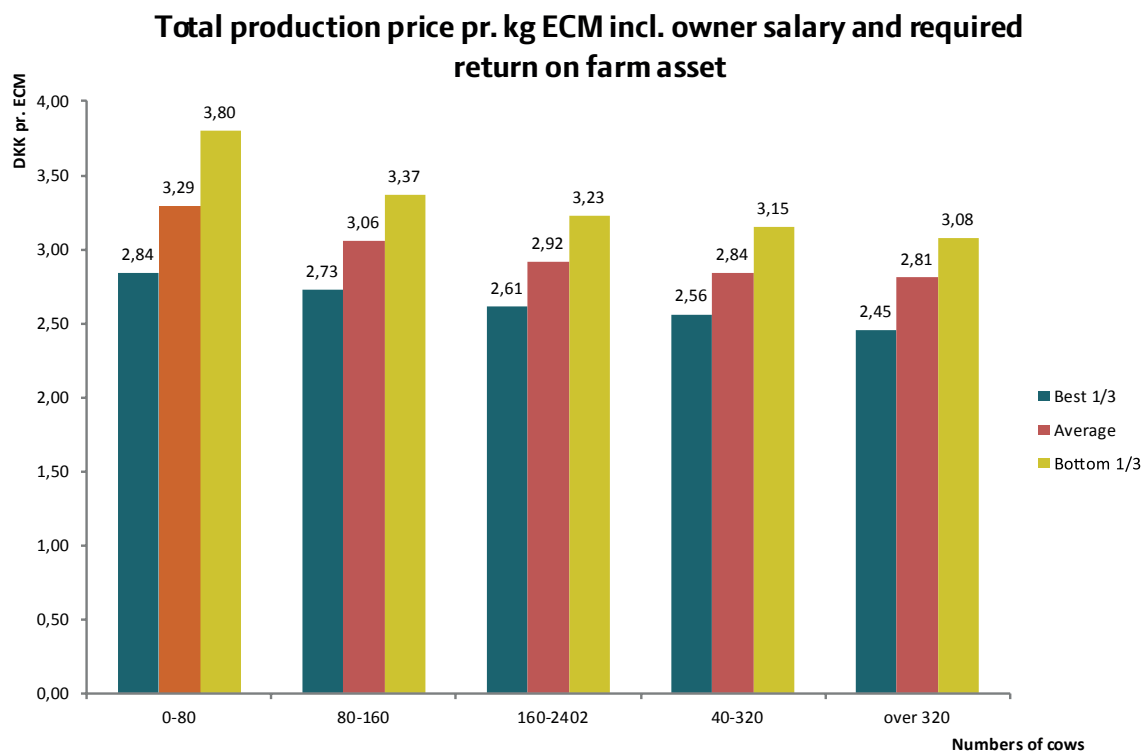


Figure 3: The total cost of producing 1 kg ECM (in 2010, milk prices were between DKK 2.31 and 2.39) sorted by herd size and farm income

Table 4. Farm income for dairy farms according to breed and management method.

	Large breed		Jersey	
	Ecological	Conventional	Ecological	Conventional
Farms	259	2848	41	374
Ha	178	135	111	122
Number of cows	152	148	145	156
Ha roughage per cow	0,92	0,67	0,58	0,51
Kg ECM per cow/year	8,175	9,035	7,523	8,164
Price per ECM, DKK	2,86	2,36	2,89	2,44
<b>amounts in 1,000 DKK</b>				
Contribution margin	2,959	2,313	2,219	2,156
Labour costs	400	312	326	311
Other cash capacity costs	1,168	1,022	1,006	963
Depreciations	576	498	510	483
<b>EBIT</b>	<b>816</b>	<b>481</b>	<b>377</b>	<b>399</b>
Decoupled EU payments	545	471	365	407
Net tenancy costs	250	188	77	194
Net financial costs	902	920	839	759
<b>Farm income</b>	<b>208</b>	<b>-156</b>	<b>-175</b>	<b>-147</b>
<b>Farm assets</b>	<b>32,697</b>	<b>29,180</b>	<b>26,826</b>	<b>24,553</b>
Return on farm assets, %	5,19 %	4,95 %	3,66 %	4,58 %
Equity- to-asset ratio, %	23 %	22 %	27 %	18 %

10 Years development										
Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Number of dairy farms	8,330	7,515	6,793	5,697	4,995	4,668	4,410	4,202	3,737	3,528
Number of cows	76	78	84	92	95	103	110	121	133	149
Ha	78	82	86	98	93	108	113	119	129	137
Kg ECM per cow/year	7,478	7,715	8,004	8,155	8,253	8,481	8,583	8,603	8,799	8,856
DKK per kg ECM	2.48	2.46	2.36	2.34	2.27	2.17	2.38	2.77	2.08	2.41
DKK per kg ECM. 2010 prices	3.02	2.92	2.75	2.68	2.55	2.38	2.57	2.87	2.12	2.41
<b>Total economy</b>										
<b>Amounts in 1,000 DKK per farm</b>										
Contribution margin	1,290	1,293	1,398	1,537	1,452	1,511	2,049	2,275	1,264	2,346
Cash capacity costs	511	531	583	640	678	742	892	1,063	1,176	1,347
Depreciations	200	204	221	269	275	288	361	416	479	503
<b>EBIT</b>	<b>579</b>	<b>558</b>	<b>594</b>	<b>628</b>	<b>499</b>	<b>481</b>	<b>796</b>	<b>796</b>	<b>-392</b>	<b>496</b>
Decoupled EU payments					277	376	401	417	433	469
Net financial costs	404	383	407	459	429	482	684	1,159	970	1,095
<b>Farm income</b>	<b>175</b>	<b>175</b>	<b>187</b>	<b>169</b>	<b>347</b>	<b>375</b>	<b>512</b>	<b>54</b>	<b>-928</b>	<b>-129</b>
<b>Farm income, 2010 prices</b>	<b>213</b>	<b>208</b>	<b>218</b>	<b>194</b>	<b>389</b>	<b>411</b>	<b>554</b>	<b>56</b>	<b>-945</b>	<b>-129</b>
<b>Key figures</b>										
<b>Amounts in DKK per cow</b>										
Contribution margin per cow, large breed	10,440	10,858	10,670	10,545	11,179	10,138	11,619	13,321	5,151	9,947
<b>CM per kg ECM, large breed</b>	<b>1.32</b>	<b>1.36</b>	<b>1.31</b>	<b>1.25</b>	<b>1.28</b>	<b>1.13</b>	<b>1.28</b>	<b>1.46</b>	<b>0.56</b>	<b>1.08</b>
<b>CM per kg ECM, large breed, 2010 prices</b>	<b>1.60</b>	<b>1.62</b>	<b>1.53</b>	<b>1.43</b>	<b>1.44</b>	<b>1.24</b>	<b>1.38</b>	<b>1.51</b>	<b>0.57</b>	<b>1.08</b>
Contribution margin per cow, Jersey	10,439	10,444	10,646	10,711	10,945	9,370	10,640	12,368	5,126	9,827
<b>CM per kg ECM, Jersey</b>	<b>1.41</b>	<b>1.38</b>	<b>1.33</b>	<b>1.32</b>	<b>1.31</b>	<b>1.12</b>	<b>1.27</b>	<b>1.47</b>	<b>0.61</b>	<b>1.15</b>
<b>CM per kg ECM, Jersey, 2010 prices</b>	<b>1.71</b>	<b>1.64</b>	<b>1.55</b>	<b>1.51</b>	<b>1.47</b>	<b>1.23</b>	<b>1.37</b>	<b>1.52</b>	<b>0.62</b>	<b>1.15</b>

Source all figures and tables: Knowledge centre for agriculture, Cattle