

Overall economic performance of Danish dairy farms in 2013

1 EUR approx. 7.5 DKK

Table 1. Development for all danish full-time dairy farms during the past five years (conventional and organic)

Year	2009	2010	2011	2012	2013
Number of farms in sample	2,040	2,202	2,348	2,354	1,839
Number of farms in total	3,737	3,719	3,449	3,616	3,445
Number of cows	132	139	152	158	162
Ha cultivated area	126	137	138	145	153
Amount in DKK 1,000					
Gross Income	3,071	3,605	5,232	5,586	6,212
Unit related costs	1,807	1,351	2,553	2,860	3,178
Contribution margin	1,264	2,254	2,679	2,726	3,033
Cash capacity costs	1,176	1,292	1,435	1,526	1,621
Depreciation, etc.	479	498	535	556	552
EBIT	-392	463	708	644	861
Decoupled EU-payments	433	463	457	481	488
Net financing costs	970	1,030	974	933	905
Farm Income	-928	-73	191	192	444
Equity	7,613	7,271	5,188	5,058	4,593
Provisions	1,814	1,996	1,702	1,609	1,693
Debt	18,975	20,968	22,119	22,884	23,866
Balance	28,402	30,236	29,009	29,551	30,153

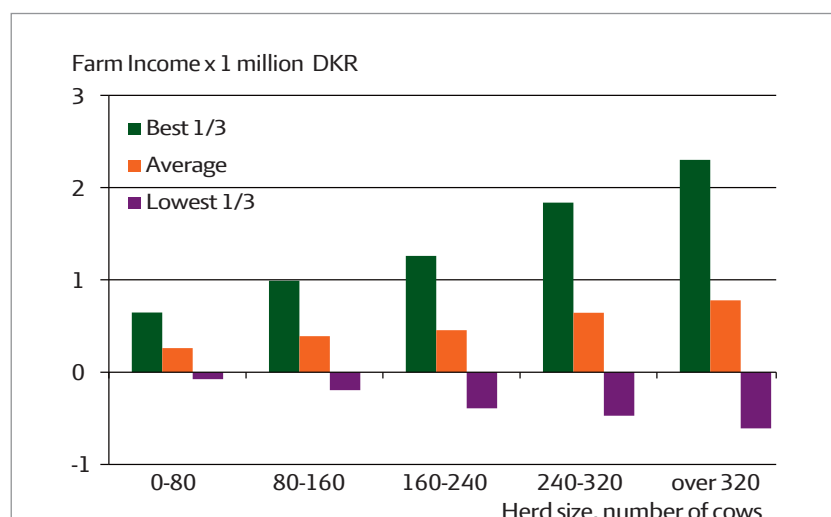


Figure 1. Spread in operating results - full time dairy farms with large breed sorted according to size

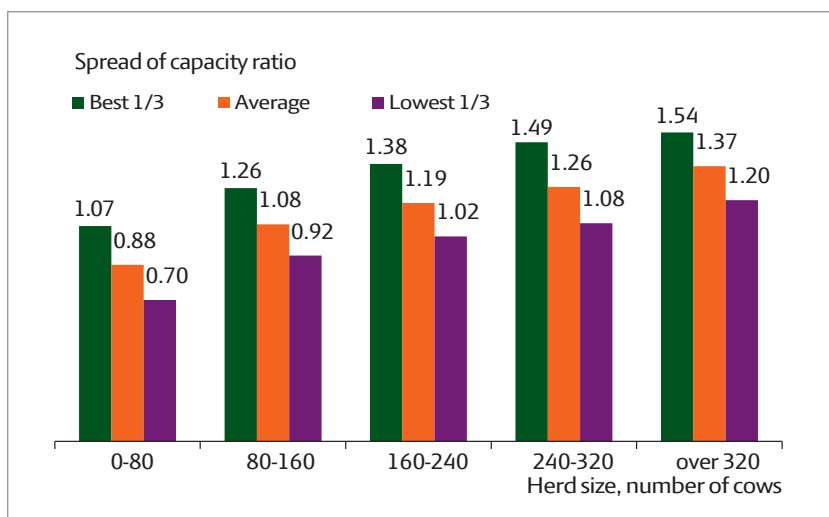


Figure 2. Spread in capacity ratio, conventional milk producers with large breed, according to herd size and sorted on farm income. Grouping matches figure 1.

Table 2. Farm income for conventional dairy farms with large race sorted according to size.

Number of cows	Avg.	0-80	80-160	160-240	240-320	over 320
Number of farms	2,695	617	1,039	582	252	205
Number of cows	164	57	122	195	278	469
Ha cultivated area	149	74	124	182	225	316
kg ECM per cow	9,333	8,582	9,228	9,397	9,468	9,574
Amount in DKK 1,000						
Contribution margin	3,020	1,030	2,265	3,650	5,096	8,496
Cash capacity costs	1,611	602	1,198	1,942	2,634	4,547
Depreciation. etc.	553	193	458	679	918	1,321
EBIT	856	236	610	1,029	1,543	2,628
Decoupled EU-payments	484	243	407	577	709	1,054
Net financing costs	909	217	626	1,151	1,587	2,905
Farm income	430	261	391	456	665	777
Assets total	30,159	14,352	24,968	35,462	47,537	67,653
Equity	4,353	5,867	4,786	4,352	3,045	-795
Key figures						
Equity-to-assets ratio. %	19.5	43.0	18.7	10.6	4.5	-3.5
Return on farm assets	2.5	0.4	2.0	2.6	3.2	3.9
Operating margin	11.2	2.1	9.7	11.7	13.7	14.3
Asset turnover ratio	0.23	0.17	0.20	0.23	0.24	0.29
Capacity ratio	1.17	0.88	1.08	1.19	1.27	1.37
Number of cows per ha	1.10	0.77	0.98	1.07	1.24	1.48
Area of rented land. %	30	23	26	32	33	36
Farm assets pr cow	171,275	222,535	190,019	170,994	160,663	136,581

Table 3. Investment and financing for conventional dairy farms with large breed sorted according to size groups.

Number cows	Avg.	0-80	80-160	160-240	240-320	over 320
Investments, DKK 1.000						
Farm buildings	210	27	155	263	457	587
Equipment, stable	145	24	116	159	314	405
Machinery, field	140	66	126	175	221	237
Land improvement	8	1	7	8	17	19
Investment in production facilities in total	502	118	402	606	1,010	1,248
Depreciation	553	193	458	679	918	1,321
Net investment, production facilities	-51	-75	-55	-73	91	-72
Land	342	72	253	380	684	1,074
Milk quota and other intangible assets	34	-26	-3	41	124	276
Net investment farming	325	-30	195	348	899	1,278
Housing, cars and assets outside of farming	91	39	85	90	134	223
Total investment	969	202	738	1,117	1,951	2,822
Cash flow, DKK 1,000						
Cash flow after regulation and private	660	286	601	847	987	1,155
Cash surplus/need	-309	84	-136	-270	-964	-1,667
Self-financing, %	68%	141%	82%	76%	51%	41%
DKK per cow						
Net investment, production facility pr. cow	-312	-1,320	-453	-373	329	-154

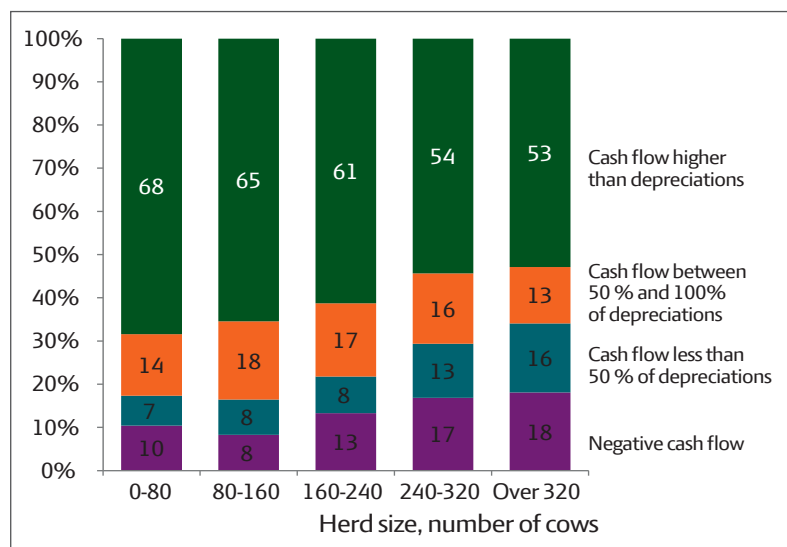


Figure 3. Comparison of cash flows after regulation and private with the level of depreciation

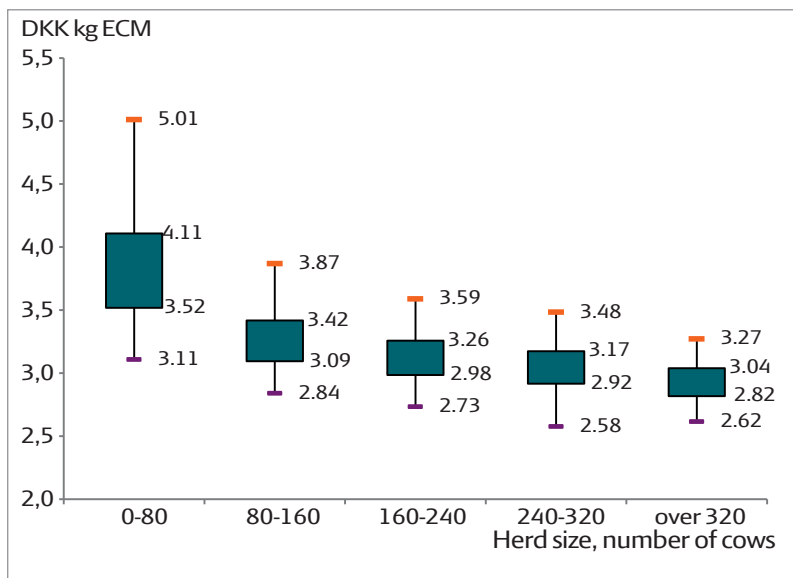


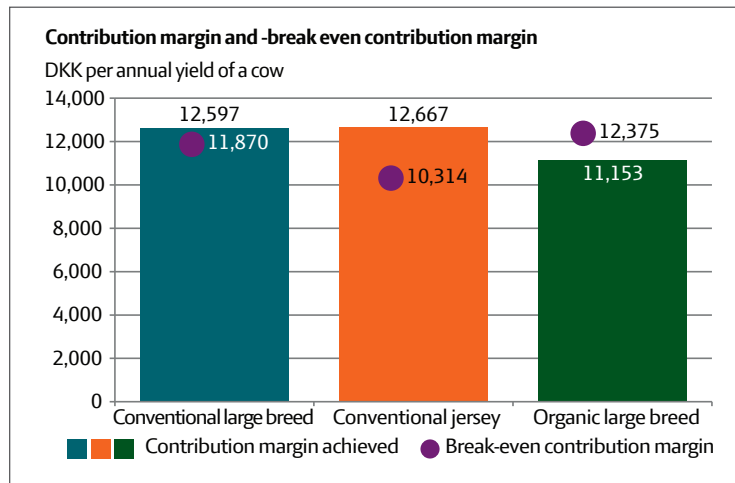
Figure 4. Spread of production price per kg ECM, including owner's salaries and remuneration of capital employed. The production price is calculated on the entire business for farms with conventional large breed. The middle third of the farms measured in terms of the production price is displayed at the blue square, while the purple line below shows the level of the top 10 percent, and the orange line above shows the level of the lowest 10 percent

Table 4. Revenue for dairy farms according to breed and after race and type of farm

	Large breed		Jersey	
	Organic	Conventional	Organic	Conventional
Number of farms	388	2,695	37	315
Number of cows	145	164	163	172
Ha cultivated area	197	149	157	130
kg ECM per cow	8,331	9,333	7,838	8,628
Sales price per kg ECM	3.31	2.87	3.40	3.01
Amount in DKK 1,000				
Contribution margin	3,096	3,020	2,851	3,083
Cash capacity costs	1,696	1,611	1,551	1,614
Depreciation	590	553	524	489
Result of primary operation	810	856	777	980
Decoupled EU-payments	581	484	473	410
Net tenancy costs	302	213	226	215
Other net financing costs	664	696	632	587
Operating result	424	430	392	588
Farming assets total	28,393	30,501	27,082	23,694
Key figures				
Equity-to-assets ratio, %	19.3	19.5	16.3	21.7
Return on farm assets	2.2	2.5	2.3	3.5
Operating margin	10.8	11.4	10.5	13.9
Asset turnover ratio	0.20	0.23	0.22	0.25
Capacity ratio	1.14	1.17	1.15	1.26
Number of cows per ha	0.74	1.10	1.04	1.32
Area of rented land, %	37	30	36	38

Business check Cattle 2013

Results from the farms' milk production



Figur 1. Achieved contribution margin (the boxes) and break-even contribution margin (the spots).

Table 1: key figures for conventional farms from 2010-2013 with large breed. (The same farms are not included in each year)

	2010*	2011	2012	2013
Number of farms	36	151	431	472
Milk yield pr. year, ECM pr cow	9140	8900	9227	9619
Achieved price per kg ECM	2,5	2,59	2,52	2,87
	2010*	2011	2012	2013
Gross income	23.593	26.403	26.663	30.290
Feed costs	10.997	12.812	13.555	15.261
Veterinarian and various unit related costs	2.640	2.449	2.382	2.432
Unit related costs	13.637	15.261	15.937	17.693
Contribution margin	9.956	11.142	10.726	12.597
Labour costs (incl. owner salary)	3.788	3.606	3.818	3.905
Maintenance and energy, etc.	2.754	3.262	3.050	3.173
Interest, rental and depreciation	5.576	5.007	5.062	4.792
Economic value added	-2.162	-733	-1.204	727
Break-even contribution margin	12.117	11.875	11.930	11.870
Productions price per kg ECM	2,58	2,68	2,71	2,76
Feed cost per kg ECM	1,2	1,43	1,46	1,58
Return on dairy assets	1,3	3,0	1,8	4,5

*In 2010, only farms with milking parlour.

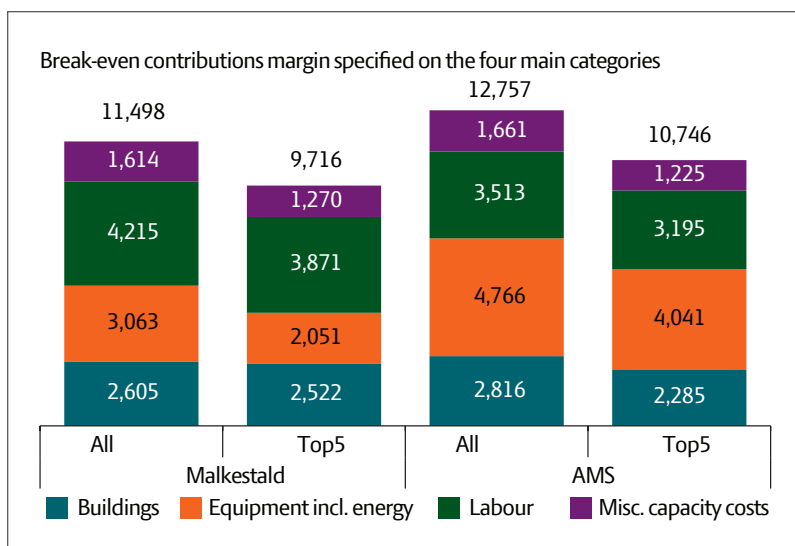


Table 1: key figures for conventional farms from 2010-2013 with large breed. (The same farms are not included in each year)

Table 2. Result per cow, conventional large breed distributed according to size

Numbers of cows	50-79*	80-159	160-239	240-319	>320
Number of farms in group	13	162	160	82	55
Number cows	69	131	196	280	444
Milk yield pr. year, ECM pr cow	9,815	9,533	9,627	9,718	9,645
Production price per kg ECM	2.93	2.81	2.77	2.72	2.67
Achieved price per kg ECM milk	2.83	2.86	2.87	2.87	2.89
Result per cow					
Gross proceeds	30,474	30,011	30,340	30,379	30,747
Roughages	6,414	6,576	6,431	6,579	6,307
Purchased feed	8,897	8,617	8,850	8,730	8,908
Veterinarian and various unit related costs	2,600	2,444	2,517	2,291	2,440
Total unit related costs	17,911	17,636	17,798	17,600	17,655
Contribution margin	12,563	12,375	12,542	12,780	13,092
Buildings	2,689	2,549	2,784	2,789	2,595
Equipment incl. energy	4,647	3,757	3,563	3,561	3,623
Labour	4,435	4,132	3,864	3,716	3,567
Misc. capacity costs	2,037	1,694	1,616	1,487	1,435
Break-even contribution margin	13,808	12,132	11,827	11,552	11,220
Economic value added	-1,244	243	715	1,227	1,872
Number of farms with positive profit	31%	56%	67%	65%	87%
Return on dairy assets	1.3	4.2	4.8	5.6	7.1

* there are no farms in "Business Check 2013" with under 50 cows

Ten years' development of Danish dairy farms - all breeds

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Number of farms	5,697	4,995	4,668	4,410	4,202	3,737	3,719	3,449	3,619	3,445
Number of cows	92	95	103	110	121	133	139	152	158	162
Number of ha	98	93	108	113	119	129	137	138	145	153
kg ECM per cow	8,155	8,253	8,481	8,583	8,603	8,799	8,813	8,739	8,891	9,148
sales prices DKK per kg ECM	2.34	2.27	2.17	2.38	2.77	2.08	2.42	2.67	2.57	2.93
sales prices DKK per kg ECM, 2013 prices	2.82	2.68	2.51	2.71	3.02	2.23	2.55	2.73	2.59	2.93
Profit-and-loss account in DKK 1.000										
Contribution margin	1,537	1,452	1,511	2,049	2,275	1,264	2,254	2,679	2,726	3,033
Cash capacity costs	640	678	742	892	1,063	1,176	1,292	1,435	1,526	1,621
Depreciation, etc.	269	275	288	361	416	479	498	535	556	552
EBIT	628	499	481	796	796	-392	463	709	644	861
Decoupled EU-payments		277	376	401	417	433	463	457	481	488
Net financing costs	459	429	482	684	1,159	970	1,030	974	933	905
Farm income	169	347	375	512	54	-928	-104	192	192	444
farm income 2013-prices	204	410	433	584	59	-996	-109	197	194	444
Balance sheet in DKK 1,000										
Total assets	13,272	16,286	21,177	25,933	29,632	28,402	30,236	29,009	28,116	30,153
Debt in total	9,148	9,816	10,999	14,392	17,542	18,975	20,968	22,119	21,781	23,866
Debt per cow	99	103	107	131	145	143	151	146	138	147
Contribution margin per cow										
Contribution margin per cow, large breed	10,545	11,179	10,138	11,619	13,321	5,151	9,947	11,850	11,064	13,534
Contribution margin per kg ECM, large breed	1.25	1.28	1.13	1.28	1.46	0.56	1.08	1.29	1.18	1.40
Contribution margin per kg ECM, large breed 2013 prices	1.51	1.51	1.31	1.46	1.59	0.60	1.14	1.32	1.19	1.40

Table 1. From 2004 to 2008 the value of the land has partly been estimated according to the public assessment, while it as of 2009 and onwards follows the fair value of the land. The change of the principles of estimation means that the assets are not directly comparable between years in table 1.