

Teagasc National Farm Survey Results 2015

Cattle Finishing Enterprise



The 2015 Teagasc National Farm Survey (NFS) recorded data on 898 farms. The full financial results for these farms are available in the National Farm Survey Report and to download at www.teagasc.ie/nfs. The performance of the cattle finishing enterprise in 2015 is summarised here. An enterprise is defined as cattle finishing if over 70% of the animals are sold for slaughter, approximately 10,900 farms nationally are represented in this analysis. The data presented here are for enterprises with more than 10 livestock units (lu) in 2015.

1. Analysis of Financial Performance

The profit figures reported here exclude all decoupled payments and the costs relating to family labour. Higher finished cattle prices boosted gross output on cattle finishing farms by 13% per hectare in 2015. Direct costs decreased by 3% driven in particular by reductions in pasture and forage costs. Despite the improvement in gross output and the reduced input expenditure, net margin per hectare was still negative at -€31 in 2015.

Table 1: Average gross and net margin Euro per hectare: Cattle finishers

	2014	2015	% Change '14 to '15
Gross Output	948	1,074	+13
Concentrate Costs	278	305	+10
Pasture and Forage Costs	277	235	-15
Other Direct Costs	79	73	-8
Total Direct Costs	634	613	-3
Gross Margin	314	461	+47
Energy and Fuel	117	109	-7
Other Fixed Costs	367	383	+4
Total Fixed Costs	484	492	+2
Net Margin	-170	-31	+82

The average net margin per livestock unit in 2015 was -€39 a 70% improvement on 2014.

Table 2: Average gross and net margin Euro per Livestock unit: cattle finishers

	2014	2015	% Change '14 to '15
Gross Output	602	703	+17
Total Direct Costs	407	400	-2
Gross Margin	196	303	+55
Total Fixed Costs	325	342	+5
Net Margin	-129	-39	+70

Table 3: Animal Purchase and Sale Prices 2014 and 2015

	2014	2015	% Change '14 to '15
Weanlings Purchases	766	830	+8
Male Stores Purchases	948	1006	+6
Female Stores Purchases	867	962	+11
Finished Males Sales	1,391	1534	+10
Finished Females Sales	1,273	1399	+10

Table 3 presents the average purchase and sales prices recorded on cattle finishing farms for the various animal types in 2014 and 2015. The boost in margins experienced by cattle finishers in 2015 is evident with young animal purchase prices increasing at a slower pace than finished animal sale prices. Average finished male animal price was up 10 percent in 2015.

2. Variation in Financial Performance

Table 4 summarises results for farms classified on the basis of gross margin per hectare; the best performing one-third of farms (Top), the middle one-third (Middle) and the poorest performing one-third (Bottom). The value of gross output per hectare varies considerably across the three groups, mostly due to a variation in stocking rates. Gross margin on the Top farms is 16 times higher than the Bottom farms. The superior performance of the Top group is supported by natural advantage with 80% of top farms on very good soils.

Table 4: Costs and profit per hectare for Top, Middle and Bottom one-third of farms: 2015

	Top	Middle	Bottom
Stocking rate (lu/hectare)	1.87	1.41	1.17
Percentage of Farms on Very good soils	80	62	54
Gross Output (€/hectare)	1,615	998	618
Concentrates (€/hectare)	356	224	332
Pasture and Forage (€/hectare)	278	247	182
Other Direct Costs (€/hectare)	92	77	50
Total Direct Costs (€/hectare)	726	548	564
Gross Margin (€/hectare)	889	450	54

The average sale and purchase prices recorded for the various animal types on the Top, Middle and Bottom farms are presented in Table 5. On average farms in the Top group purchased young animals at prices about 10 percent lower than farms in the Bottom group while the sale prices of the Top group were just 4 percent lower than the Bottom.

Table 5: Average Sale and Purchase Prices by Animal Type for Top, Middle & Bottom farms: 2015

	<i>Top</i>	<i>Middle</i>	<i>Bottom</i>
Weanlings purchases	794	832	888
Male Stores purchases	892	1,085	1,149
Female Stores purchases	853	1,074	924
Finished Males sales	1,507	1,540	1,586
Finished Females sales	1,312	1,494	1,374

3. Variation in Technical Performance

Table 6 presents selected technical performance indicators for cattle finishing enterprises in 2014 and 2015. While there was an improvement in labour efficiency in 2015, the use of concentrate feeds increased and the stocking rate declined.

Table 6: Technical Performance Indicators

	<i>2014</i>	<i>2015</i>	<i>% Change '14 to '15</i>
Use of concentrate feeds (kg per livestock unit)	686	763	+11
Stocking rate (livestock units per hectare)	1.53	1.48	-3
Labour efficiency (livestock units per labour unit)	50	53	+6

Table 7: Distribution of gross margin € per hectare: 2014 and 2015

In 2014 13% of farms earned a negative gross margin, i.e. made a loss when only direct costs were considered, this number decreased to 10 percent in 2015. At the opposite end of the spectrum, the percentage of farms earning a gross margin per hectare of €500 or more increased from 26% in 2014 to 46% in 2015.

Gross Margin	% of farms 2014	% of farms 2015
<0	13	10
0 to 150	18	11
150-300	21	15
300-500	22	18
>500	26	46