Trends in Physical and Financial

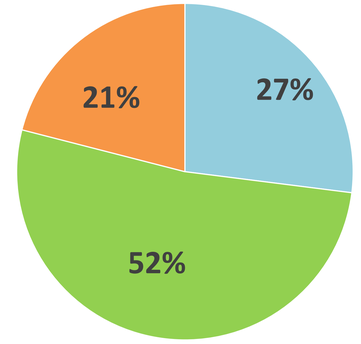
Background and context

- Decade of rapid change in dairy farm structures
- Cost changes- unit cost inflation x input levels
- Herd management decisions drive variable costs
- Farm business decisions drive fixed costs

Dairy cost profiles 2015-23

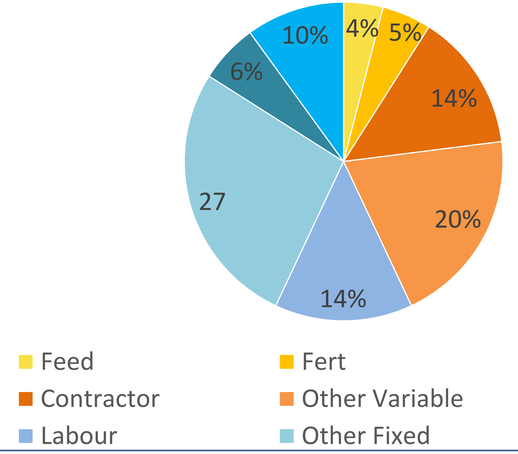
	2015	2023	% change
Gross output (c/l)	36.4	48.2	32%
Feed (c/l)	4.5	9.0	100%
Fertiliser (c/l)	3.3	3.8	15%
Total variable (c/l)	14.3	22.8	59%
Total fixed (c/l)	10.4	14.6	39%
Total costs	24.8	37.4	56%
Net profit (c/l)	11.6	10.8	-7%
Net profit €/ ha	1416	1415	-

Comparing High v Lower Margin Farms 2023



- Stocking rate 2.29 High v 2.13 Low
- €1140 margin per cow difference
- 52% from higher output
  - Milk solids
  - Replacement rate
- 21% from lower variable costs
  - Output came from grass
- 27% from lower fixed costs
  - Cost control

Cost Breakdown High v Lower Margin Farms



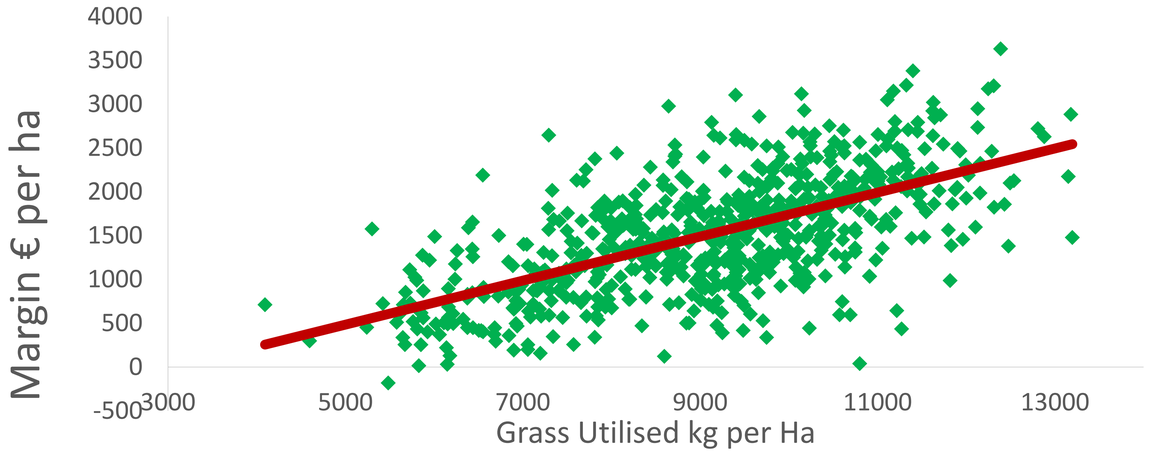
Lower margin herds:

- Higher cost across range of categories
- Feed cost/cow similar
- Milk solids from pasture

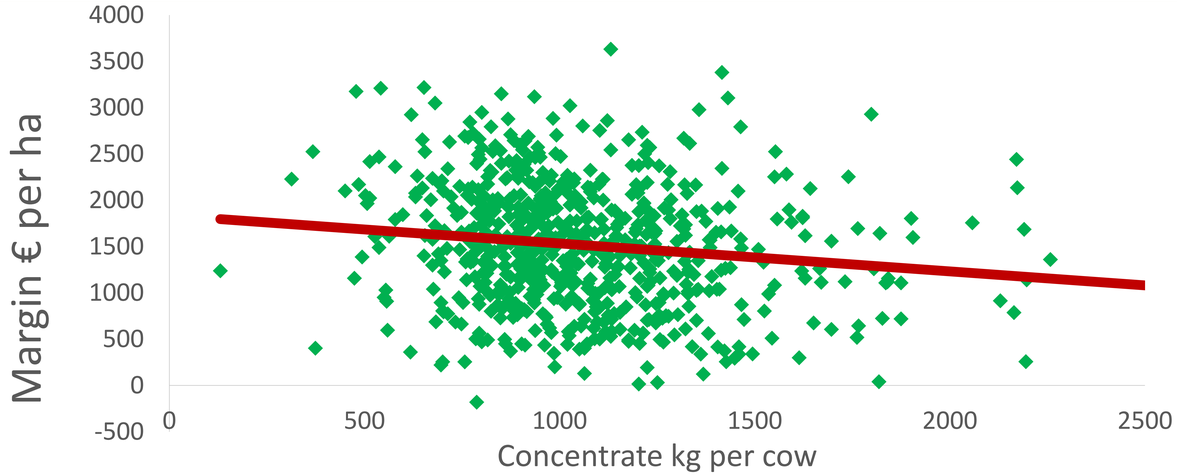
Performance on Dairy Farms

Dairy Research Ireland
funded by Irish Dairy Farmers

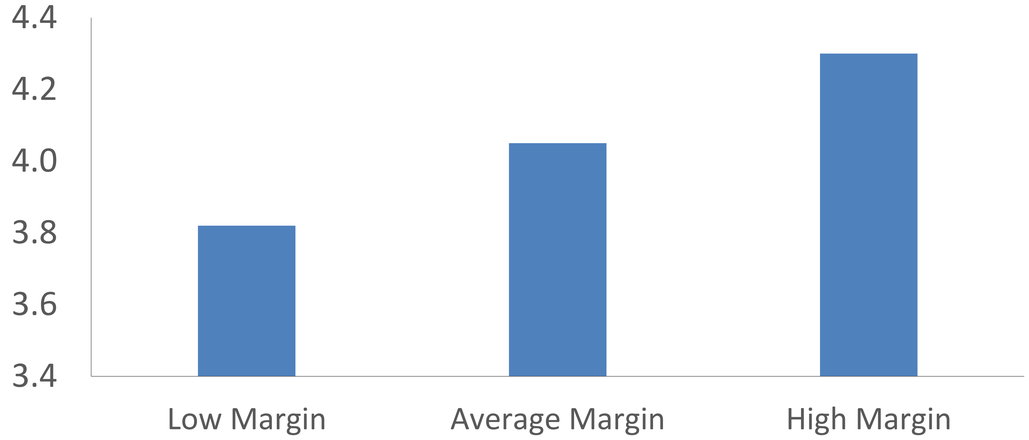
Margin per ha = + €250 per tonne extra grass



Increased concentrate did not drive margin



High margin farms +480kg grass intake per cow



High Profit Farms + 1.8 tonnes grass per ha

Take home messages

- **Fundamental change in farm cost structure 10 yrs**
- **Large range in farm financial performance in 2023**
- **Pasture converted to milk solids still drives margin**
- **Cost control essential across all areas**
- **More farms need to analyse financial performance**