



EDF Cost of Production Comparison 2014

How successful are European Dairy Farmers?

EuroTier Dairy Event, 10/11/2014
STEFFI WILLE-SONK, European Dairy Farmers



Introduction to the EDF CoP (1)

Annual benchmarking for European Dairy Farmers:

The goal of the EDF CoP is to support farms in their European-wide benchmarking activities by providing comparable figures for a better understanding of functional relationships between structures, site conditions, strategy and economic success.


European-wide, harmonized data collection: About 300 farms from 18 countries send in their individual economic records, using a standardised questionnaire.

Close link to the farms: All farms regularly receive the results showing their performance compared to the other farms. They are available for questions.




















Entrepreneur's perspective: Full economic costs of dairy production are calculated including an estimated remuneration for farm-owned production factors/resources.

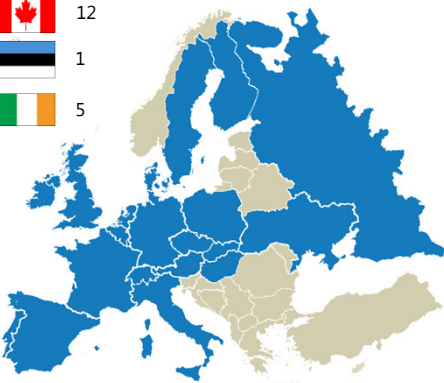
Not representative: Small, unweight and not specifically selected sample(s) and therefor the results are not representative for Europe or individual countries.

Not fully harmonized with respect to the financial year: Since the data is collected on individual farms across Europe, the economic periods differ partially between the farms. This must be considered when interpreting.



Introduction to the EDF CoP (2)

	37 + 7		15		12
	39 + 3		15		1
	31 + 2		11		5
	30		10		
	17 + 2		10		
	18		6		
	16		5		
	16		1		



309 dairy farms provided their farm records...
 ...of the financial years that have started in the 2nd, 3rd and 4th quarter of 2012 and in the 1st quarter of 2013!

3 11 January 2015 European Dairy Farmers

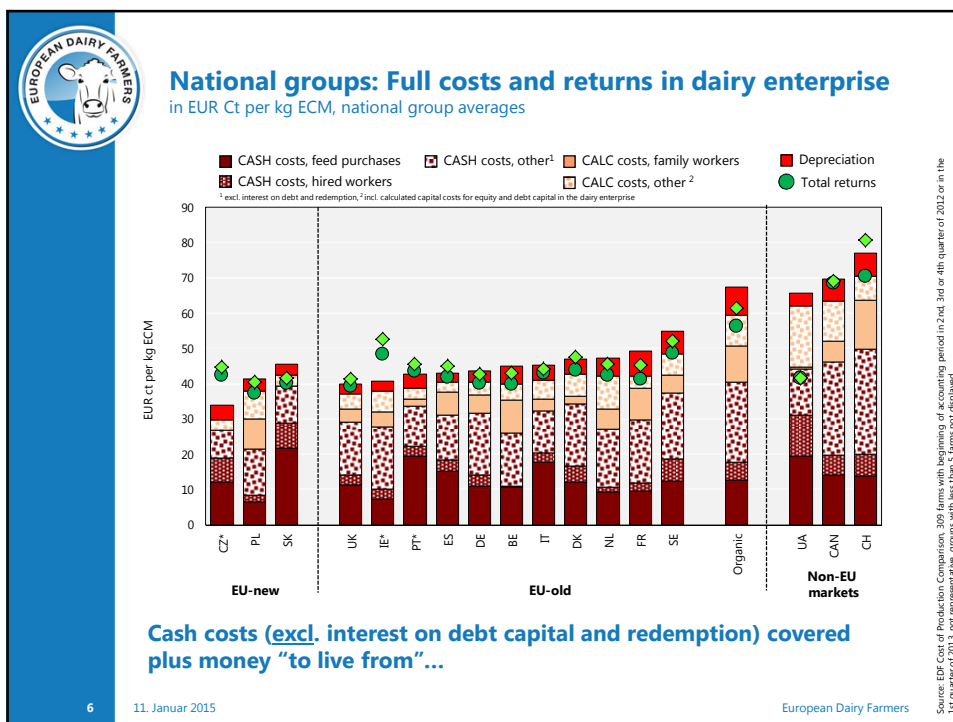
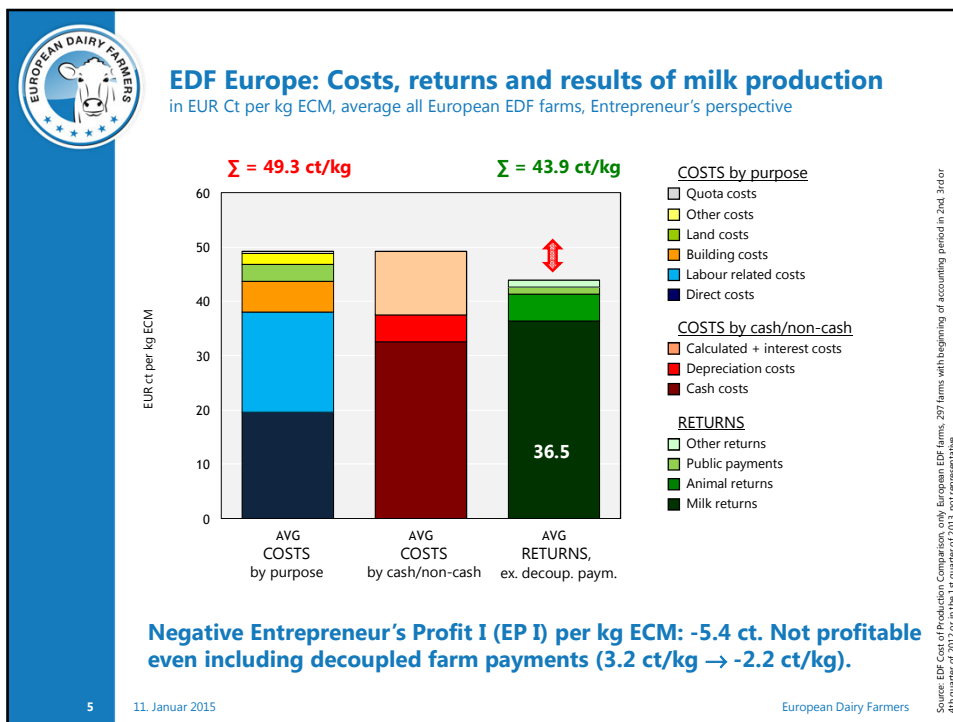


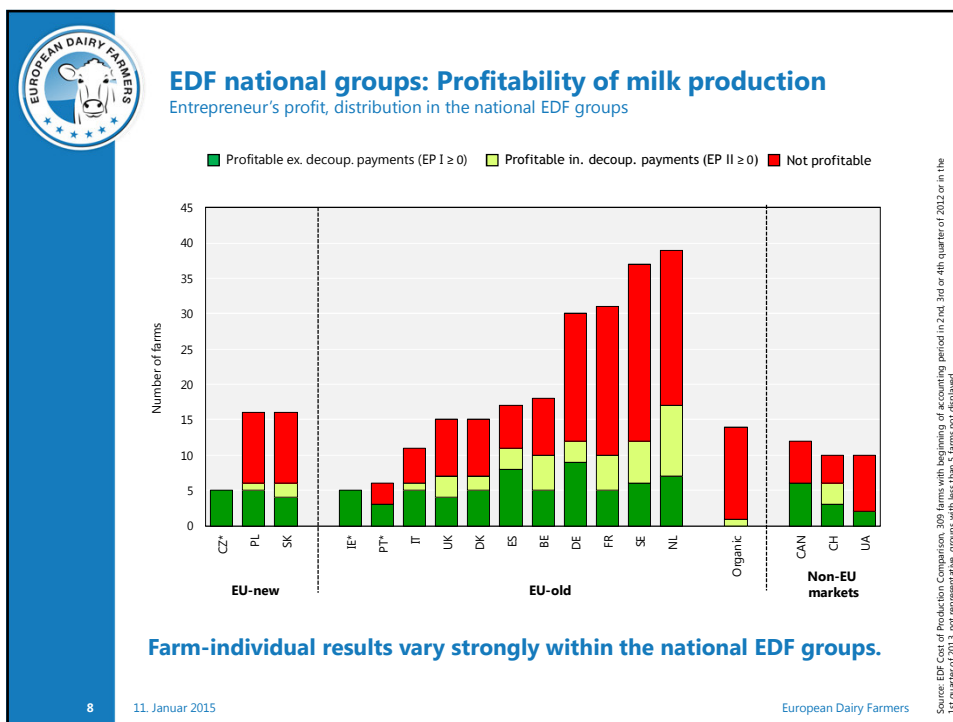
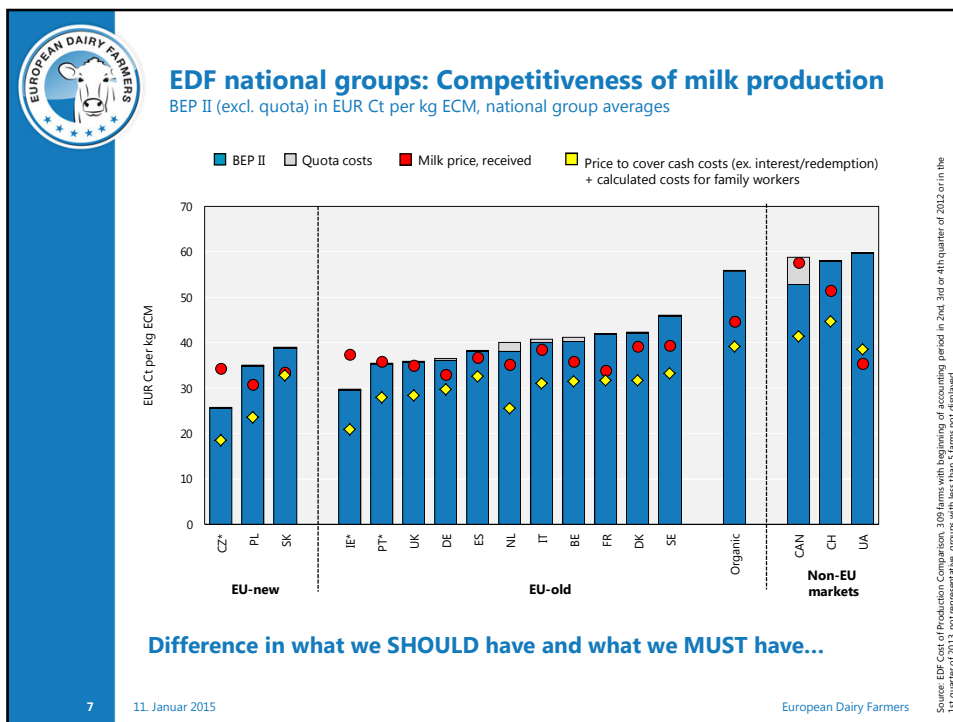
Where we are today?

Latest results of the CoP

4 11. Januar 2015 European Dairy Farmers

Source: xxxx







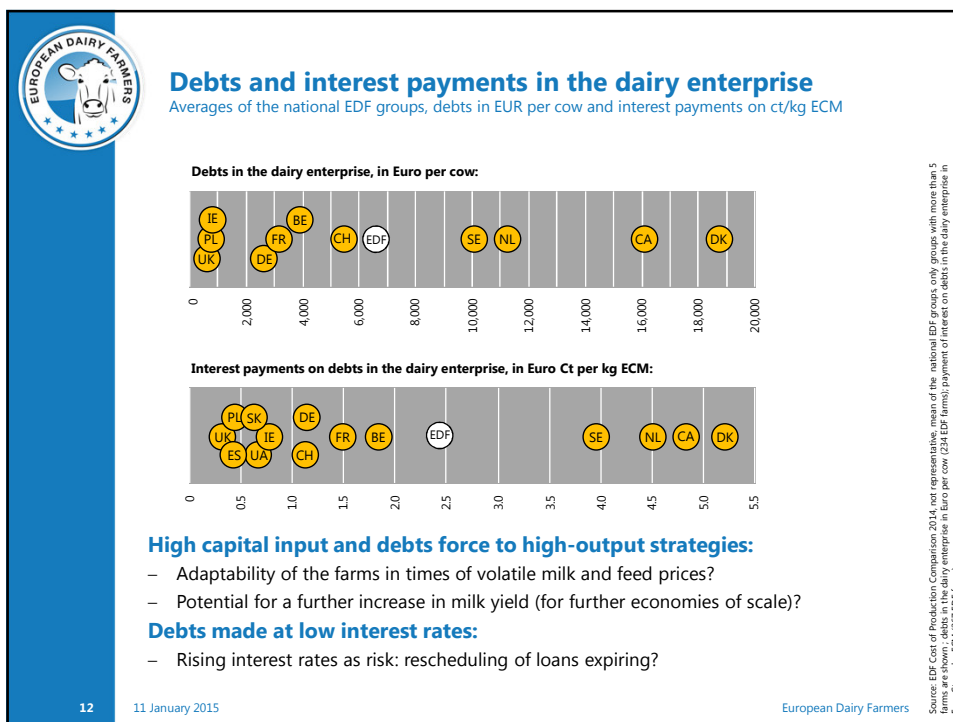
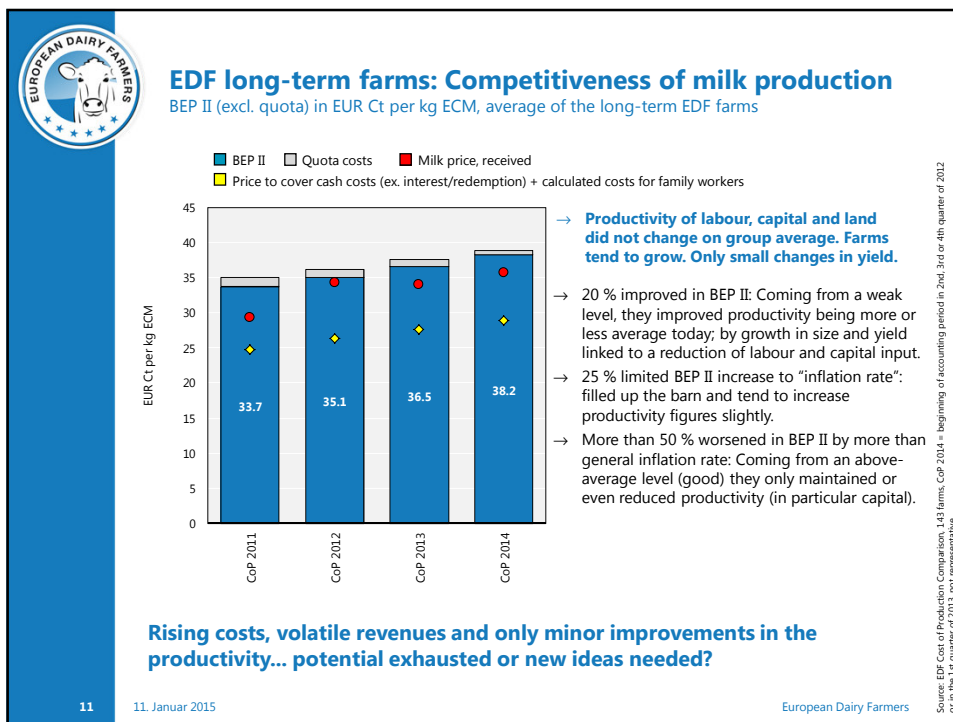
To think about

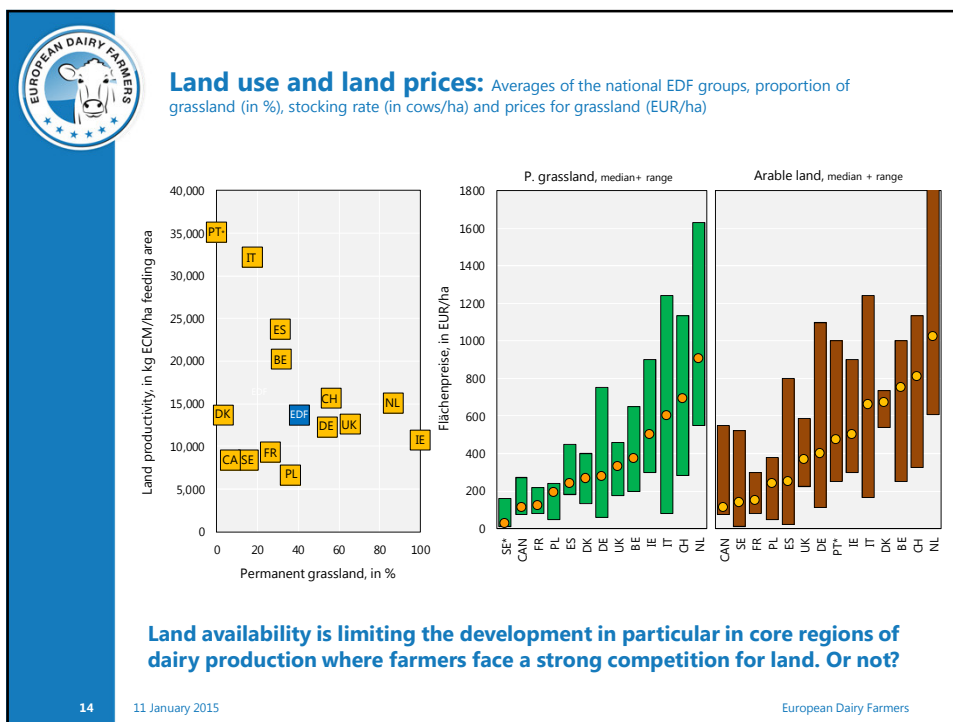
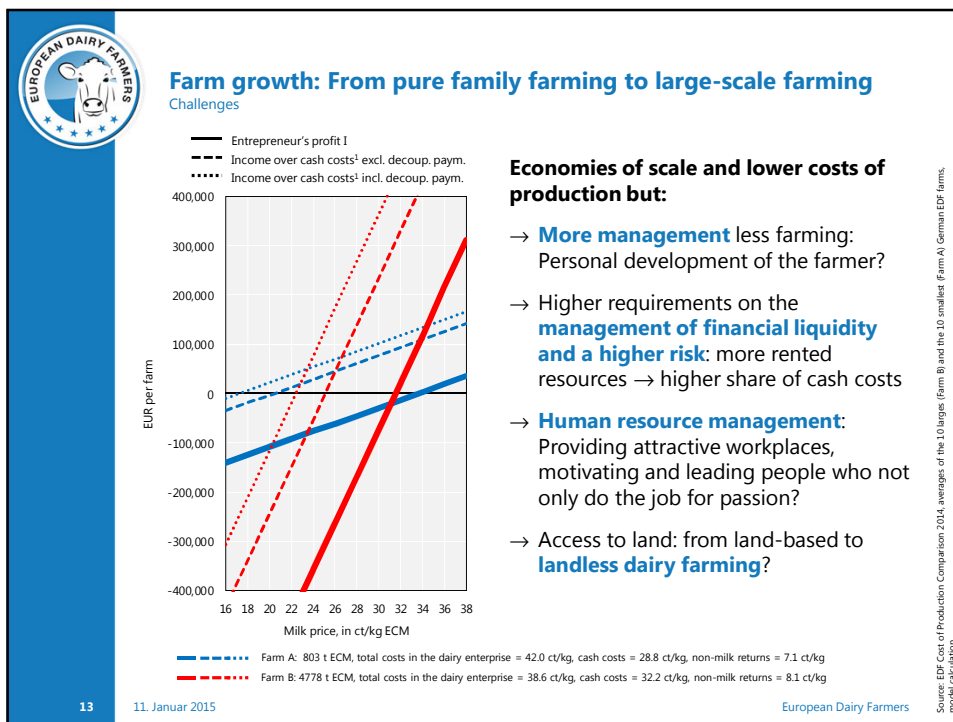
- Not all production factors are remunerated at market prices: Milk production is not profitable in many (EDF) farms.
- What companies SHOULD have in the long-run (entrepreneur's perspective) is not what they NEED (CASH perspective).
- Individual results of the farms vary strongly: the farm manager + site conditions are crucial.



Where will we go tomorrow?

Some challenges ahead





Land availability is limiting the development in particular in core regions of dairy production where farmers face a strong competition for land. Or not?



To think about

- Not all production factors are remunerated at market prices: Milk production is not profitable in many (EDF) farms.
- What companies SHOULD have in the long-run (entrepreneur's perspective) is not what they NEED (CASH perspective).
- Individual results of the farms vary greatly: the farm manager + site conditions are crucial.

- Rising costs, volatile revenues and only minor improvements in the productivity... **new management practices** necessary?
- High capital and debt to force **high-output strategies**: Future **operational adaptability** and **development opportunities**?
- The growing farm: **Rising requirements to the management** and **rising risks in times of volatile prices**.
- It is all about the **land**. **Or is it about milk production at all costs?**