

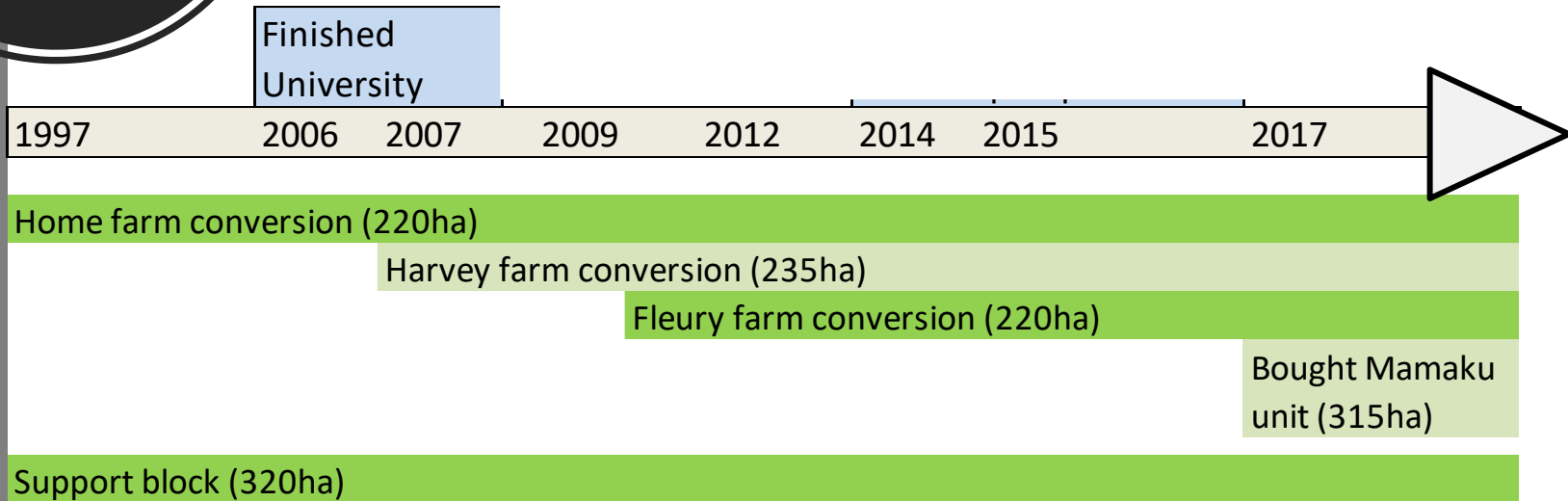


Robert Ferris
Equity growth –
reach out, grab it

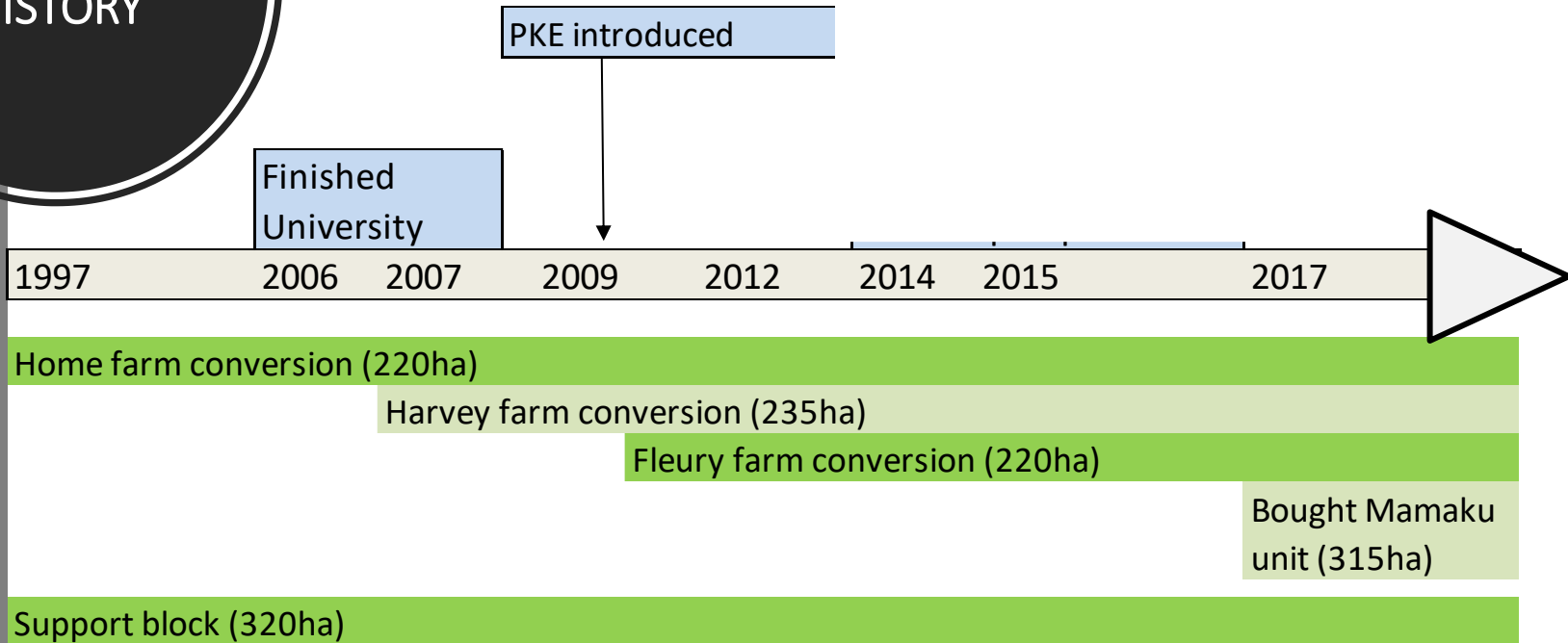
RUGBY WORLD CUP CHAMPIONS



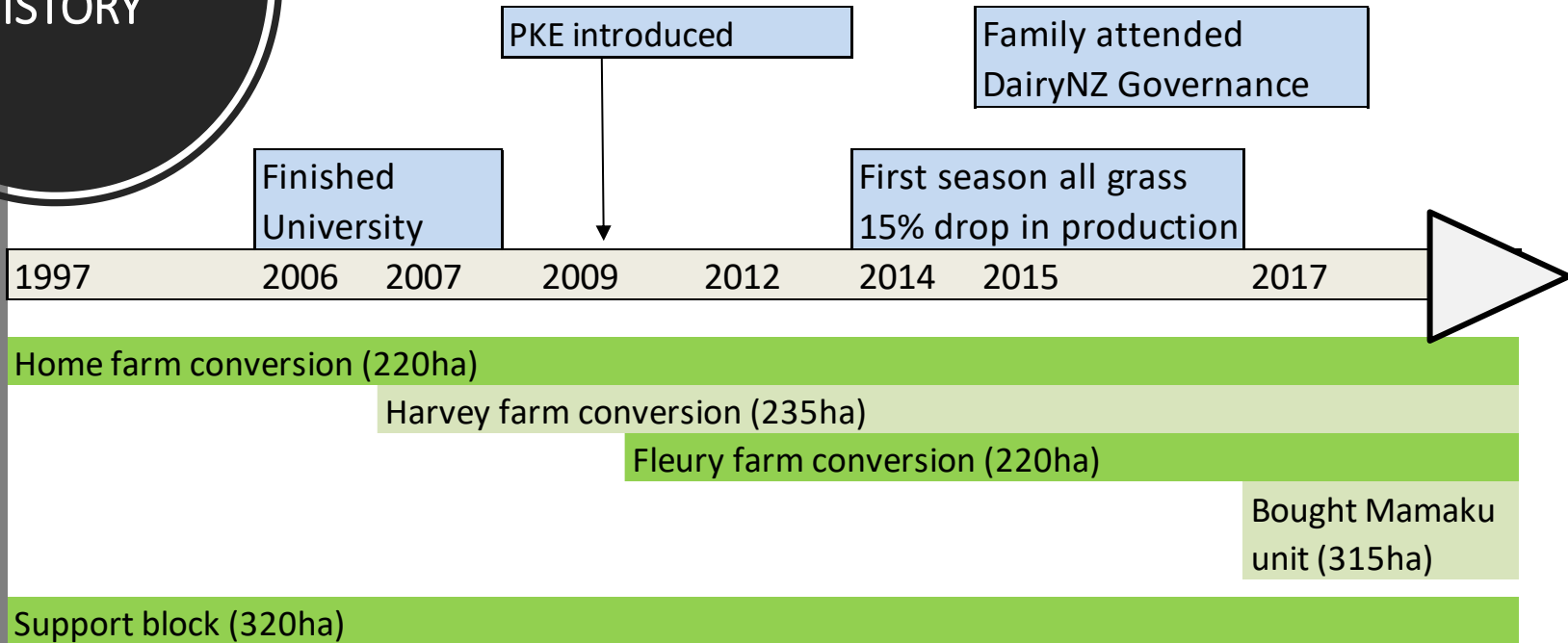
FARM HISTORY



FARM HISTORY



FARM HISTORY



The
business –
past and
present

The diagram consists of a central circle on the left containing the text 'The business – past and present'. To the right of the circle are six black rectangular boxes arranged in a grid-like pattern. The top row has one box labeled 'PAST'. The middle row has three boxes: 'Complicated', 'Busy', and 'Too worried about \$1 we might miss out on'. The bottom row has three boxes: 'Average financial understanding', 'Temptation', and 'Production focussed'.

PAST

Complicated

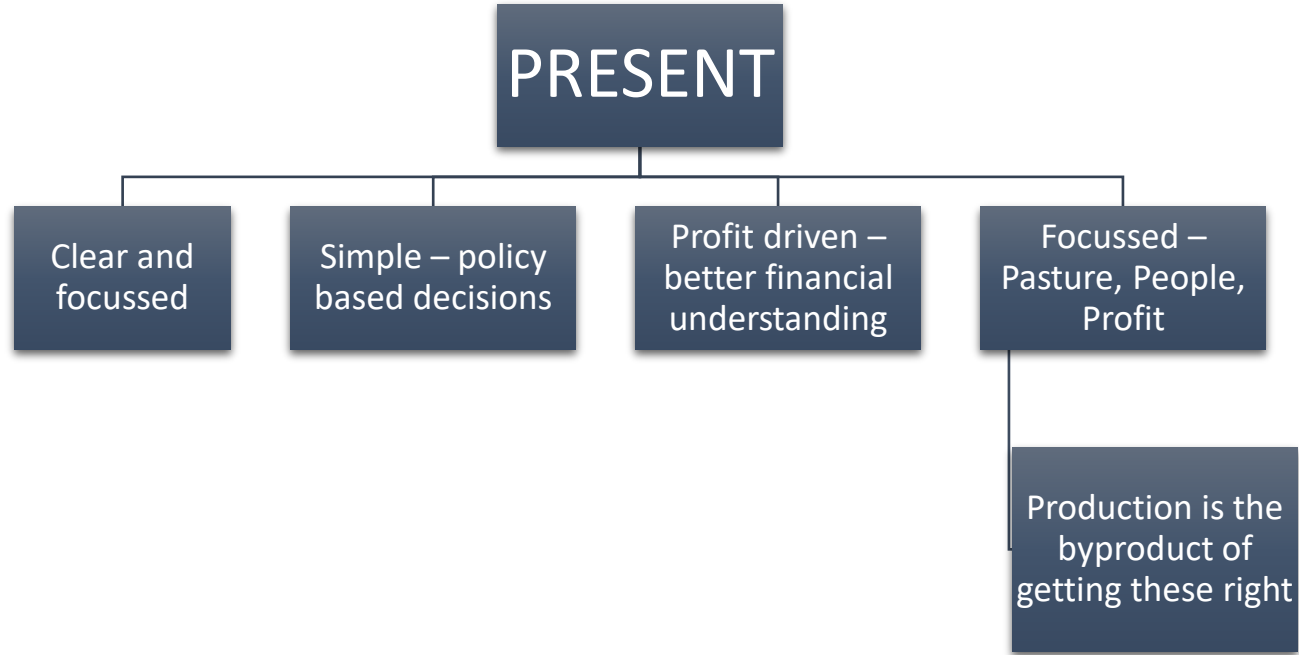
Busy

Too worried
about \$1 we
might miss
out on

Average
financial
understanding

Temptation

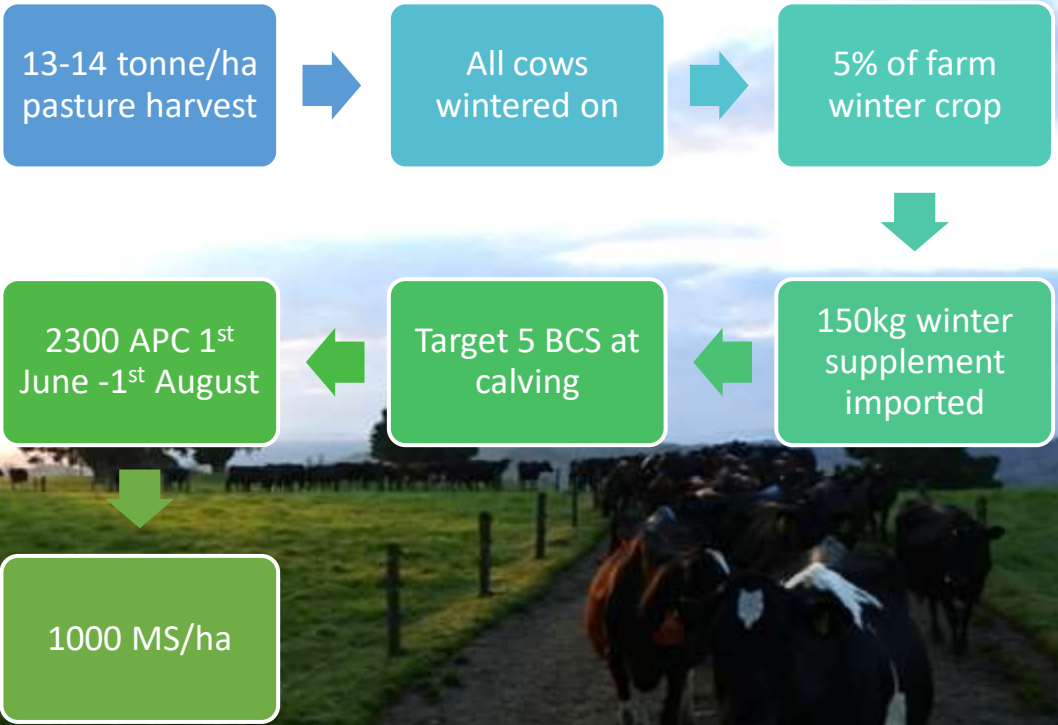
Production
focussed





Physical
KPI's

Physical
KPI's





\$40 per cow
animal health

50% of herd Dry Cow
Treatment

Animal
health KPI's

No intervention

Average SCC
120-140,000

5-7% empty
rates



Human KPI's



2150-2300
hours
worked/year



8.4 hours
worked/day
average



210 cows
per FTE



\$0.95/MS
wages on
farm

Financial KPI's



\$3.20-3.50/MS farm
operating expenses



7.6% return on
capital



12% cash return on
equity



EBIT - \$3500/ha @
\$6 milk price



14% compounding
ROE over 10 years

Policy rules
the business



Always being
prepared



Spring Rotation
Planner



Round speed
and dates



Fertiliser



APC-Pre/post
grazing covers



Culling

**Equity:
What is
it?**



EQUITY IN ITS MOST
SIMPLISTIC FORM IS:



**TOTAL ASSETS MINUS
TOTAL LIABILITIES**

How to achieve equity



+ **Hard
work** **=**

How to achieve equity

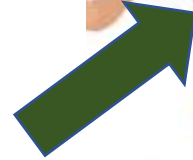


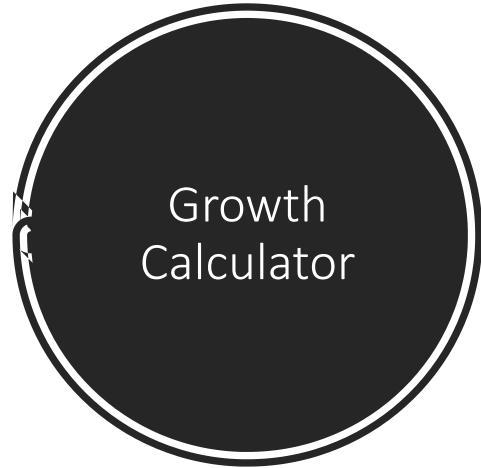
+

**Hard
work**

=

Equity

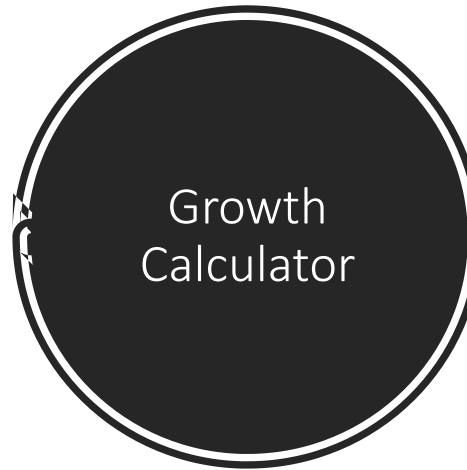




Reinvestment \$60,000 pa

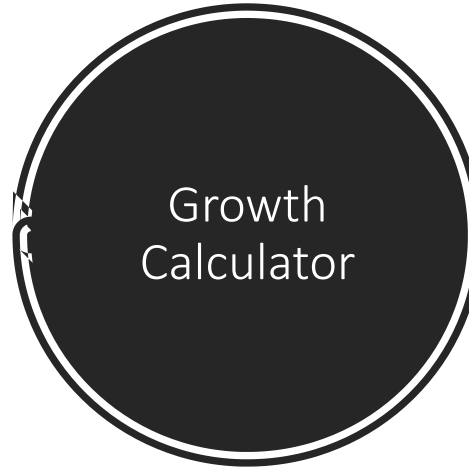
Years	10%	15%	25%
0	\$50,000	\$50,000	\$50,000
5	\$390,000	\$450,000	\$590,000
10	\$1,000,000	\$1,400,000	\$2,400,000
15	\$2,100,000	\$3,200,000	\$7,900,000
20	\$3,700,000	\$6,900,000	\$25,000,000
25	\$6,400,000	\$14,000,000	\$76,000,000

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Family/business
equity

- Why be in a family or equity partnership?
 - Opportunity to invest, and keep investing
 - Growth on top of established business
 - Accelerates personal growth
 - Challenge/responsibility to maintain equity base
 - but expectation to grow it
 - Creates strict financial disciplines
 - answerable to a board/other shareholders.

Lessons/Disciplines



ALWAYS MAKE
A PROFIT

Lessons/Disciplines



ALWAYS MAKE
A PROFIT



A BUDGET IS A
BUDGET IS A
BUDGET

Lessons/Disciplines



ALWAYS MAKE
A PROFIT



A BUDGET IS A
BUDGET IS A
BUDGET



SCIENCE NOT
SALES

Lessons/Disciplines



ALWAYS MAKE
A PROFIT



A BUDGET IS A
BUDGET IS A
BUDGET



SCIENCE NOT
SALES



DON'T GIVE
YOUR MONEY
AWAY

Lessons/Disciplines



ALWAYS MAKE
A PROFIT



A BUDGET IS A
BUDGET IS A
BUDGET



SCIENCE NOT
SALES



DON'T GIVE
YOUR MONEY
AWAY




EVERYTHING
YOU NEED
NOTHING YOU
DON'T



Pasture farming

Something everyone can do...
but only very few farmers will ever master it.



Remember:
Always take
care of your
greatest asset