





THE BIG WHY?

Building a base

Discipline delivers

freedom

Enjoying the journey



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Target Yield per cow

- Select the cow that can deliver
- Put the system in place around the cow
- Put the person in to micro manage her (ideally a PHD in nutrition)

OUTCOME

- Yield per cow guaranteed
- Profit is a consequence (erratic depending on milk price)
- Capital reinvestment escalates to sustain the system



Target Profit with low ongoing capital reinvestment (free cash)

- Find system that can deliver (matching SR and calving date and spread to pasture curve with an efficient converter)
- Find the efficient converter of pasture to protein that can get in calf every 365 days without the nutritionist
- Train the person who can implement the few rules that ensure high pasture utilisation with a herd of cows

OUTCOME

- Profit per hectare guaranteed irrespective of milk price
- Production is a consequence
- Capital reinvestment minimised. Free cash for growth.

How does this system stack up compared with Canterbury Average?

	Guiney Farms 2013
Fonterra Milk Price	\$6.50/Kg MS (3.93 Euros/kg MS – 0.32 Euros /l)
Kg MS/Cow	Below average 9%
Economic Farm Surplus	Above average BY EXTRA \$1460 /ha (880 Euros/ha) Above average BY EXTRA \$1.55/kg MS (0.93 Euros/ kg MS)
On our home farm 900 cows with Manager	Cost of production including everything \$3.33/kg MS (2.00 Euros /kg MS) Operating profit \$3.61 /kg MS (2.17 Euros/kg)

What has changed since 2013? Now 2018

- Milk price June to June \$5.82 /kg MS
- Revenue per ha \$1800/ha **below** Canterbury average
- However EBIT is **double** the average

Home Farm

- Cost of production \$3.38 /kg MS
- EBIT/ha \$4507

Investment decisions must be your own!

Set your **own** criteria. Ours is 4 Percent minimum margin over interest rates at a conservative milk price.

Return on **capital** = profit (after mgmt wage and deprn)

Capital (all the capital_invested whether borrowed or not)

Return on **equity** = profit (after mgmt, deprn and **interest**)

Equity (Your bit, excluding the debt)

Rangitata Sharemilking 700 cows





2002 TO 2006






And
then...


2007 to 2013





**Form company with
equity partner 50/50**

**Company buys and
converts Wimborne
Needs 8M Smith and
Guiney contribute 1.5
M each. Borrow rest**



**Convert Greenburn
dryland farm at same
time.**

**Use same model.
Partners 1/3 of equity,
borrow 2/3rds
Estimate R on E 18%.
Has been >20%**



A circular text overlay is centered on a background image of a snowy mountain range under a clear blue sky. The text is in a bold, black, sans-serif font. The background shows a vast, snow-covered mountain slope on the left and a valley with more mountains in the distance on the right.

**Dec 2008 buy
Hillcrest , intending
to convert
GFC hits. Bank
won't advance
money for dairy
16 months before
we get the go
ahead**





**Bank approves
dairy late April
Cowshed in
operation on 4
August 2010
Dec 2010 sign up
Oak park**







Hillcrest 190 ha
580 cows

Greenburn
232ha 475
COWS

Rangitata
700 cows Sharemilk

Wimborne
230ha 850cows

Shamrock Fern
186 ha 700 cows

Oak Park
100ha 220
COWS





**2008
Wimborne
830 cows**

**2008
Greenburn
550 cows**

**2009
Hillcrest
550
cows**

**2010
Oak park
increases
home farm
to 920 cows**



LVR 77%



**Debt
Repayment**

LVR 50%

Summary

- Clarity of purpose is everything
 - Targeting R on E with unbending discipline delivered compound growth
 - Simple replicable systems throwing off cash
 - Having fun is part of the journey
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