



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 /I)
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	Cost of production including everything \$3.33/kg MS (2.00 Euros /kg MS)
900 cows with Manager	Operating profit
	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





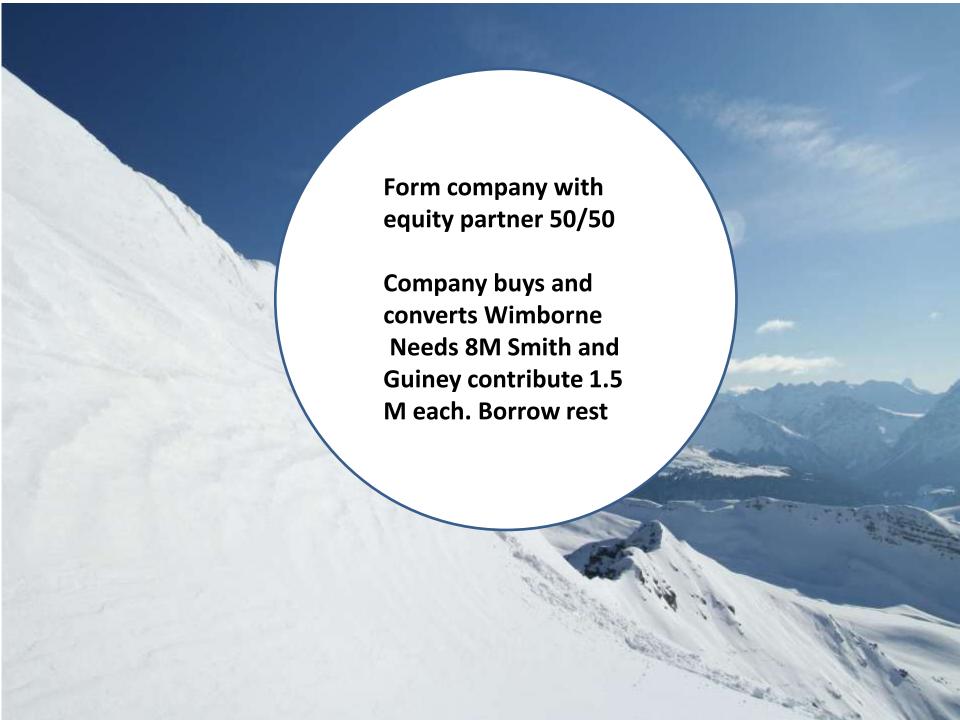
2002 TO 2006



And then...

2007 to 2013









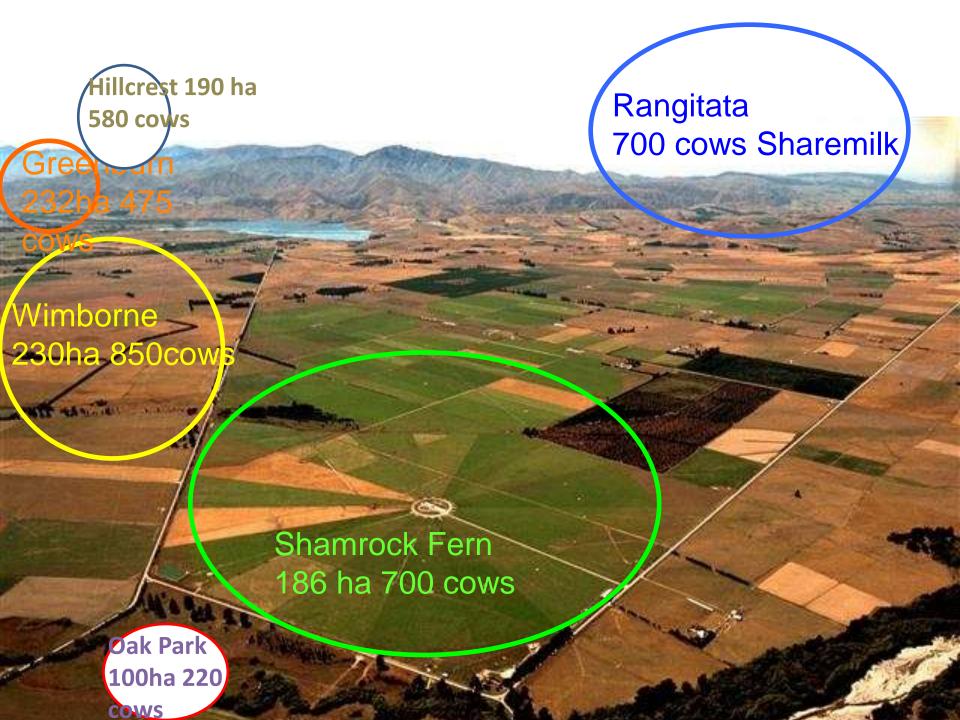






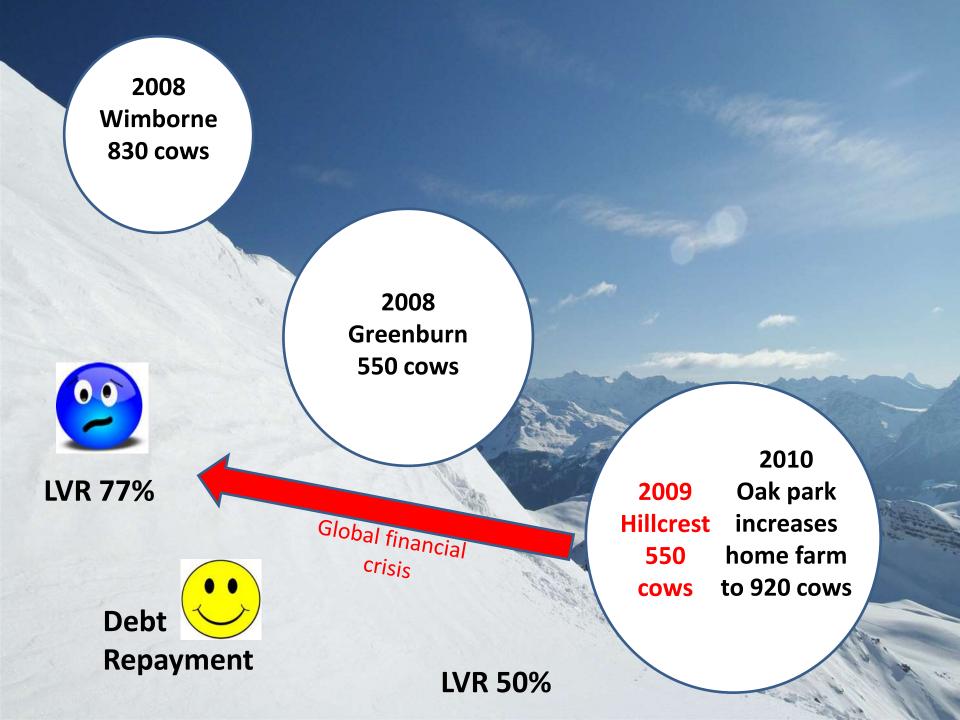












Summary

- 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





