

- 2010 & 2011 -

Sheep Benchmarking Project

ONTARIO SHEEP ENTERPRISE ANALYSIS SUMMARY PRELIMINARY REPORT

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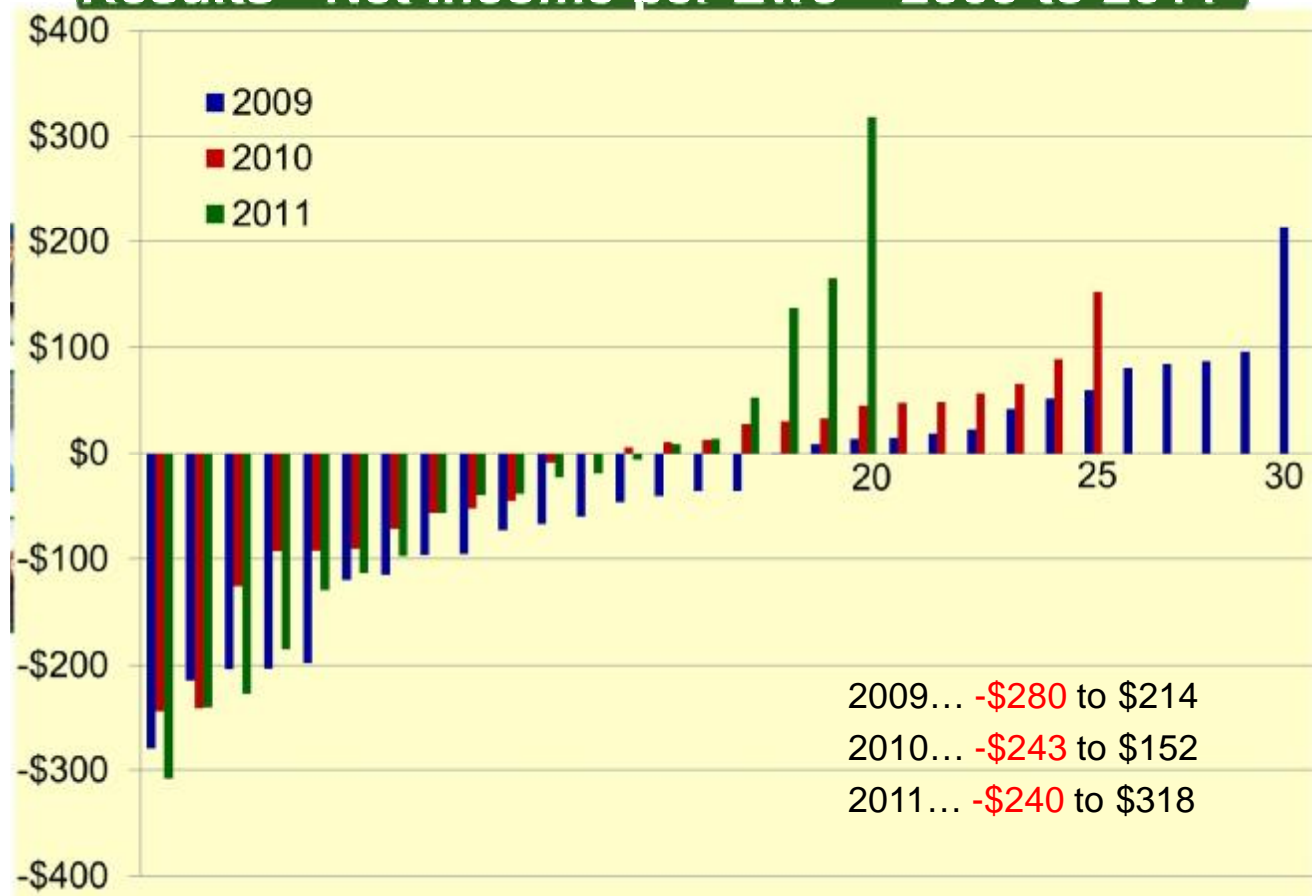


Objectives

- 2011 Individual & Summary Report – quick review
- Top 10 Management Surveys
- 2011 and 3 year overview of financial results
- Materials to have on hand
 - Group and individual summary reports sent last week



Results - Net Income per Ewe – 2009 to 2011



Top 10 Finishers

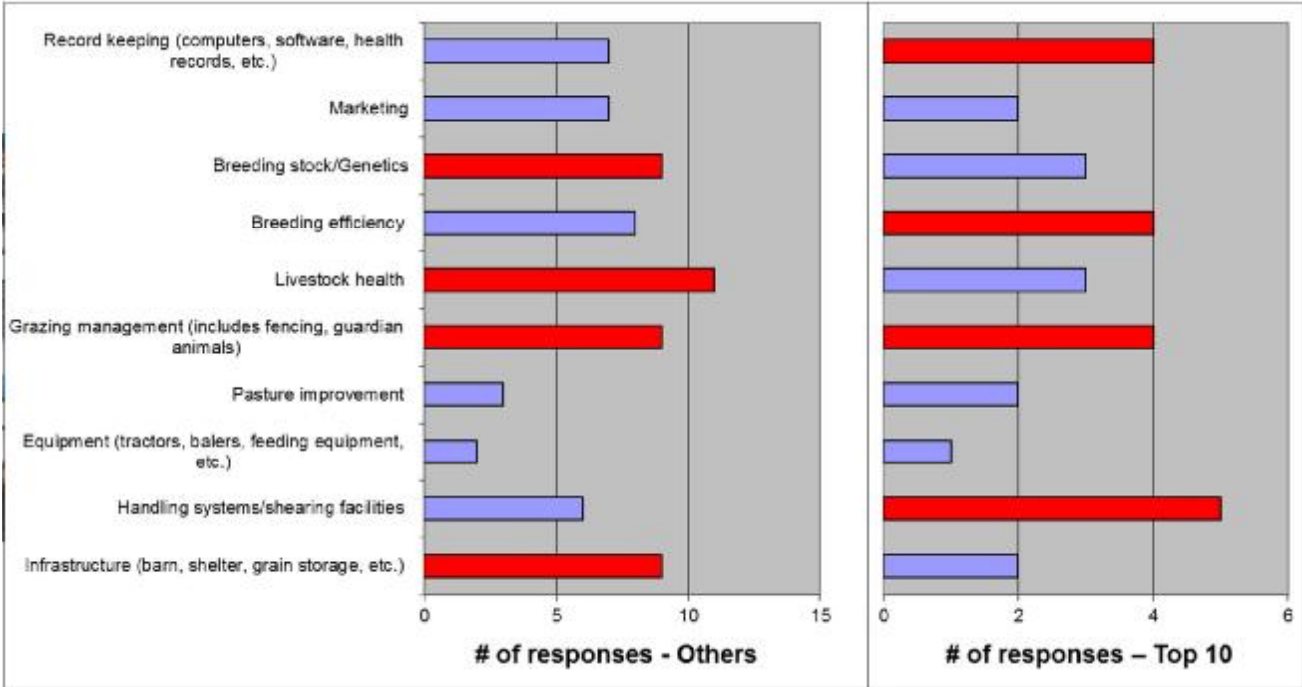
- 14 farms over the 3 years
 - 6 farms in the top 10 all 3 years
 - 4 farms – 2 years
 - 4 farms – 1 year








Top 10 Profile – from mgmt survey (2009)

	Top 10	Others
 Average age	48	42
 Years Raising Sheep	21	14
 Years working on other livestock farms	17	14
Number of dependents	2.3	2.8

Top Management Practices







Computer use

	Top 10	Others
 Computer for management	80%	95%
 Check market prices (regularly)	80%	42%
 Electronic individual livestock records	60%	33%
 Electronic Flock Management records	70%	25%
 Genetic records	40%	17%
Market your business	40%	25%




Record on your flock and use for Genetic Selection

	Top 10	Others
 Milking ability	70%	50%
 Lambs born per ewe	90%	63%
 Lambs weaned per ewe	80%	50%
 # weaned	70%	50%

Handling Facilities

	Top 10	Others
 Uncovered raceway and handling area	40%	25%
 Covered raceway and handling area	70%	42%
 Portable handling facilities	60%	50%
 Permanent shearing facilities	60%	33%
Shearing chute	30%	33%
Loading chute	80%	54%

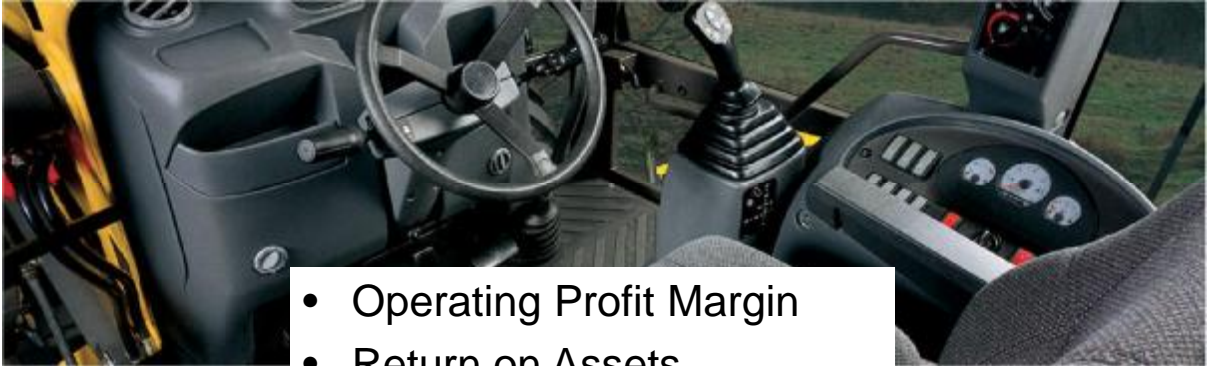
Predation Control Methods

	Top 10 & Others	Effectiveness Rating Rank
 Dogs	70%	1
 Llamas	30%	4
 Donkeys	10%	5
High tensile 6" page	40%	2
Electric high tensile	50%	3

Top 10 –

5 used 1 method, 1 used 2, 3 used 3 and 1 used 5 different methods

Financial Measures



- Operating Profit Margin
- Return on Assets
- Asset Turnover
- Current Ratio
- Debt to Equity
- Debt repayment capacity

Profitability (page (a) & 5)

Operating Profit Margin =

$$\frac{\text{Net Farm Income} + \text{Interest}}{\text{Gross Farm Income}}$$



Target:
15 %

	2009	2010	2011	3 yr Avg
Avg	12.9 %	20.6 %	21.7%	18.4%
High	24.8%	24.7%	31.6%	27.0%



Profitability (page (a) & 5)

- How well the business is able to generate a profit

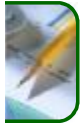


Return on Assets (ROA)

$$\text{ROA} = \frac{\text{Net Farm Income} + \text{Interest}}{\text{Total Assets}}$$

Target:
Greater than 5 %

	2009	2010	2011	3 yr Avg
Avg	2.2 %	3.8%	4.3%	3.4%
High	4.6%	5.3%	7.8%	5.9%



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Financial Efficiency (page 5)

- How well are assets being used?
- Over capitalized?



$$\text{Asset turnover} = \frac{\text{Gross Farm Income}}{\text{Total Assets}}$$

Target:
Greater than 0.40
Every dollar invested in assets is generating 40 cents in sales

	2009	2010	2011	3 yr Avg
Avg	0.15	0.19	0.20	0.18
High	0.18	0.21	0.25	0.21



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Liquidity (page 4)

- Can you pay your bills as they come due

- Current ratio = $\frac{\text{Current assets}}{\text{Current liabilities}}$

Target:
> 1.50



	2009	2010	2011	3 yr Avg
Avg	1.72	1.91	4.34	2.66
High	2.68	2.00	5.97	3.55

- 2011
 - better crop values
 - lower operating loans

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Solvency (page 4)

- How much you are relying on debt to finance the business

- Debt to Equity = $\frac{\text{Total Debt}}{\text{Equity}}$

Target:
Less than 0.40

For every \$ of equity
there is 40 cents of debt



	2009	2010	2011	3 yr Avg
Avg	0.35	0.19	0.29	0.28
High	0.25	0.21	0.19	0.22

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Repayment Capacity (page 5)

- Measures the ability of a borrower to repay term farm debt from farm and non-farm income.



Debt Servicing Capacity = $\frac{\text{Cash available for debt payments}}{\text{Debt payments}}$



Target:
Greater than 1.50



	2009	2010	2011	3 yr Avg
Avg	1.64	2.40	4.07	2.70
High	3.57	3.48	7.08	4.71

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High Profit Group – 2009 to 2010 to 2011



- Flock size growing
 - 651(2009) to 701(2010) to 881(2011)



- Lambs produced per ewe
 - 1.54 (2009) to 1.48 to 1.50(2011)



- Feed cost control
 - \$ 75 per lamb produced to \$69 to \$88 (2011)

- Cost Control
 - \$153 per lamb in 2009 to \$161 to \$196(2011)

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3. Cost Control – 2011 & 2010

Table 1. Costs per Lamb Produced



Cost	2011		2010	
	Low 9	High 10	Low 10	High 10
Total Feed cost –	148.23	87.68	106.70	69.41
Home-grown Forage	76.25	41.69	56.51	29.01
Building, Fence Repairs	9.03	8.56	18.78	4.87
Marketing/Transportation	8.63	6.95	7.94	7.93

Average COP per lamb = \$206 (2010), \$252 (2011)

High Profit = \$151(2010), \$ 196 (2011)

Net Farm Income (Whole Farm) Per Ewe



- Average = \$89 per ewe, 72% of income from sheep
- High 10 = \$191 per ewe, 84% of income sheep
- Cash costs for feed costs – home-grown feed costs as expensed not transfer value of crops

Net Farm Income Per Ewe



Lamb Birth and Mortality Rates



	High Profit	Low Profit
Birthing Rate	1.65	1.41
Lamb Mortality	7.1%	9.0%
Lambs Produced per Ewe	1.50	1.18
	Accel	Annual
Birthing Rate	1.91	1.26
Lamb Mortality	7.5%	9.8%
Lambs Produced per Ewe	1.73	1.05

What's next...

- Update summary/individual reports
 - Resend via email
 - Revisit KPI's
- Whole Farm/Ewe, Lamb birthing and mortality rates
 - over 3 years
- Further webex sessions?



Thank you...Questions??



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