



WEEKLY NEWSLETTER

"For SMART Management"

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MARGINSMART® Sample Farm Profitability Changes From Last Report

	Mar. '15	April '15	May '15	June '15	July '15	Aug. '15	Sep. '15	Oct. '15	Nov. '15	Dec. '15	Jan. '16	Feb. '16
Change From Prior Week	-0.24	-0.37	-0.60	-0.70	-0.72	-0.67	-0.49	-0.40	-0.33	-0.29	-0.12	-0.03

WEEKLY MARGINSMART® Notes From President Mark Linzmeier

The weekly newsletter will keep you up-to-date on various topics such as market news, upcoming events, and getting the most out of MARGINSMART®.



MARGINSMART® Tip of the Week

This week we will discuss some historical levels on dairy farm profitability and how that may impact the next 12-24 months. To start this discussion I must reiterate that I cannot predict the future and cannot guarantee what it may bring for prices, BUT no one can. (Refer to our 11 year historical chart on page 3 of this newsletter.) The last 2 times that the industry experienced profitability levels above \$8.00/cwt. it resulted in the following:

Month	Class III	Profitability Per Cwt.	Net Change	Months to Bottom
May 2004	\$19.66	\$9.00		
May 2006	\$10.83	(\$1.01)	(\$10.01)	24
July 2007	\$21.38	\$8.62		
Feb 2009	\$9.31	(\$5.05)	(\$13.67)	20
Sept 2014	\$24.58	\$8.74		
Feb 2015	\$15.46	(\$0.39)	??	??

This is where it is at this point, but if history repeats the bottom will not set in for another 12-18 months. In addition, as operating costs go up it takes a higher Class III/IV price to generate similar profits. In the past occurrence, the variance in both the Class III and the profitability increased from the

Tip of the Week (Continued)

2004-2006 period. MARGINSMART is designed to project your profitability. Most of our customers currently have profitability opportunities for the 2nd half of 2015 and close to +/- a breakeven in 2016. Please review your situation and call with any questions.

Market News

Milk: The final Feb '15 announced Class III price was \$15.46 per cwt. – down \$.72 from Jan '15 and down \$7.89 from Feb '14. The final Feb '15 Class IV price was \$13.82 per cwt., up \$.59 from Jan '15, and down \$9.64 per cwt. from Feb '14.

MARGINSMART® Insight

As you wrap up your 2014 financial statements and tax work, this is a great time for us to revisit your 2015 and 2016 projections for operating income and expenses.

Contact Curtis Gerrits for a **FREE**
MARGINSMART® Demo!!
DIRECT: 920-264-9140
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Market Price Updates (As of 3/6/2015 Close)

	Mar '15	+/-*	Apr '15	+/-*	May '15	+/-*	June '15	+/-*	Jul '15	+/-*	Sep '15	+/-*	New Crop	+/-*
Class III Milk	15.42	-0.27	15.50	-0.37	15.50	-0.63	16.15	-0.78	16.68	-0.73	17.28	-0.55	17.00	-0.33
Class IV Milk	14.79	-0.35	14.75	-1.19	15.24	-1.08	15.54	-0.98	15.89	-1.21	17.18	-0.37	17.34	-0.23
Cash Butter	1.75	-0.04	1.77	-0.06	1.80	-0.03	1.78	-0.04	1.82	-0.03	1.83	-0.01	1.87	-0.01
Cash Cheese	1.57	-0.01	1.59	-0.02	1.61	-0.04	1.68	-0.06	1.74	-0.06	1.80	-0.04	1.77	-0.03
Corn	3.79	-0.05			3.86	-0.07			3.94	-0.07	4.01	-0.07	4.11	-0.06
Soybeans	9.79	-0.52			9.85	-0.47			9.90	-0.45	9.75	-0.37	9.65	-0.32
Soybean Meal	337	-17			328	-14			325	-14	322	-13	319	-9

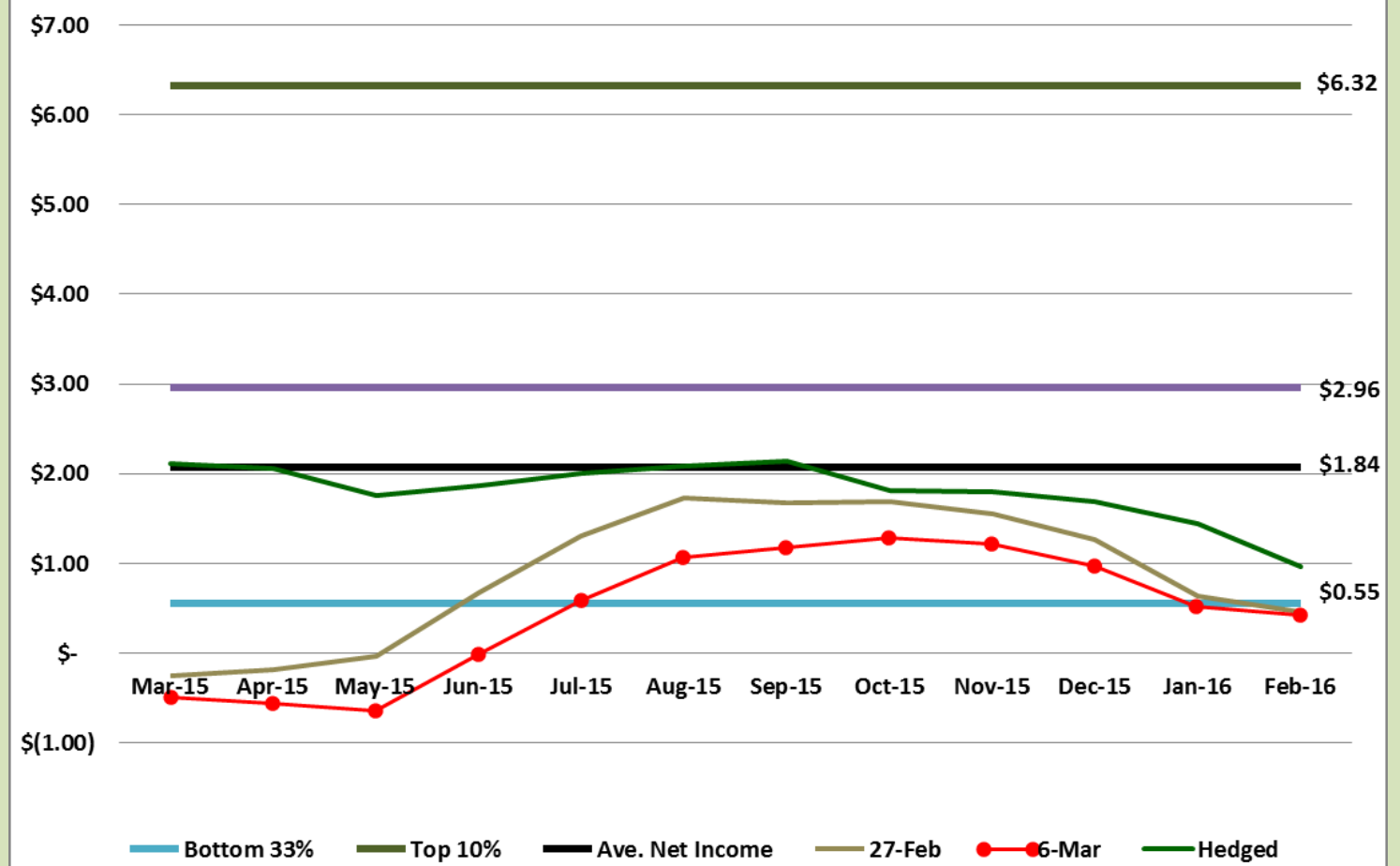
*Change from the Previous Week Price

**New Crop: Milk (Dec.), Corn (Dec.), Soybeans (Nov.), Soybean Meal (Dec.)



MARGINSMART® maintains a fully virtual Sample Farm with 1,500 mature cows and an 86 #s of milk / head / day shipped average. It buys 100% of its feed at market and its heifers are custom raised. The red line on the Net Income chart below shows the net income / cwt. available last Friday over the next 12 months based on 100% market prices for milk and feed, and full operating activities.

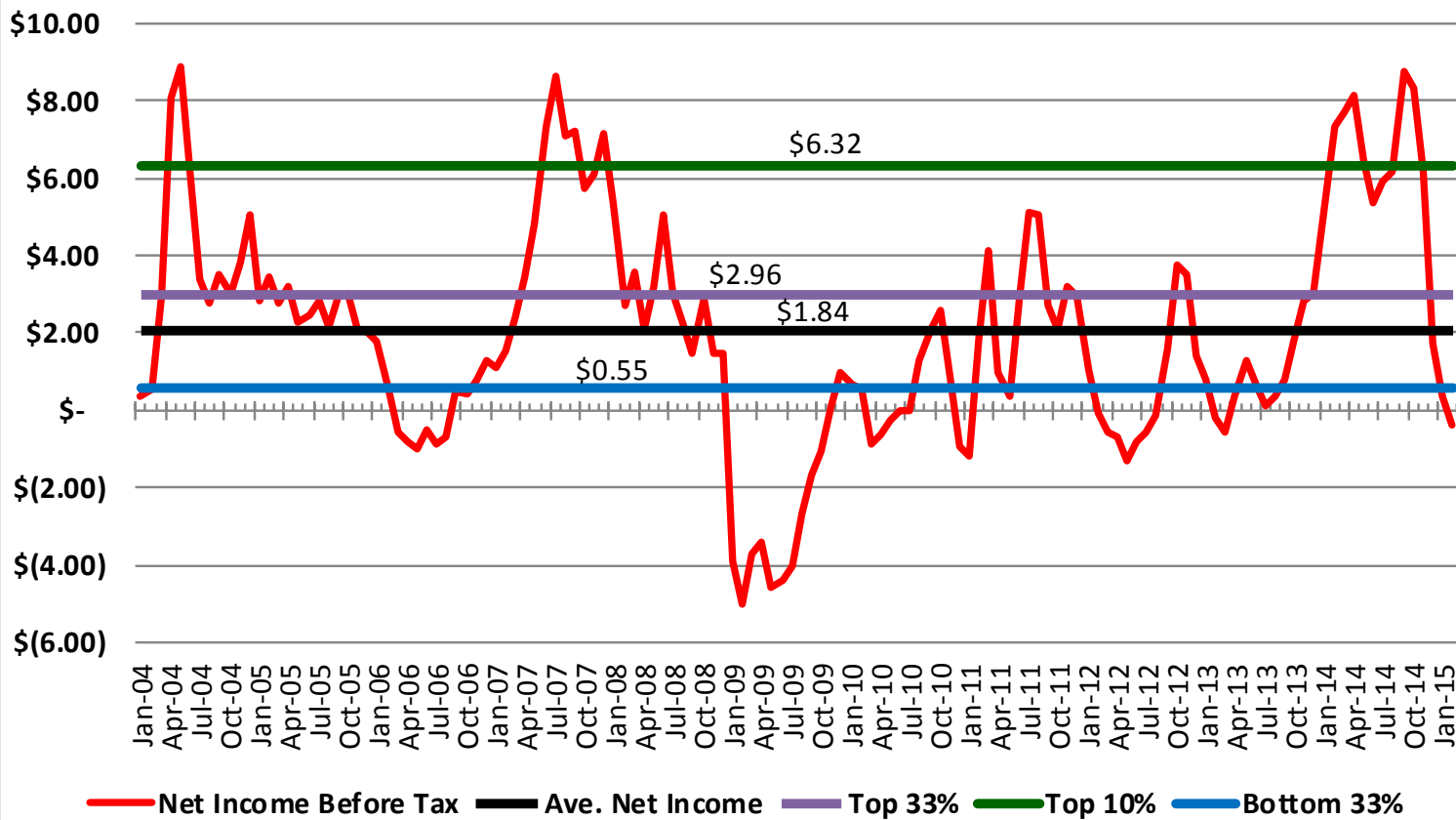
Net Income Available March 6, 2015





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2004-2015 Historical Net Income Before Tax





MARGINSMART® maintains a fully virtual Sample Farm with 1,500 mature cows and an 86 #s (current level – this has increased over the past 10 years) of milk / head / day shipped average. It buys 100% of its feed at market and its heifers are custom raised. We calculated the past 11 year’s results (with adj. milk / day). The first chart is the yearly average net income per cwt. for the last 11 years. The second chart breaks the yearly income into quarterly increments per cwt. for the last 11 years. The charts below are a breakdown of the information in the historical graph above.

Historical Annual Average Net Income Before Tax

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
4.04	2.67	0.07	5.21	2.89	-2.79	0.44	2.52	0.60	0.95	6.46

Historical Quarterly Average Net Income Before Tax

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
2004	1.27	7.70	3.22	3.95
2005	3.01	2.64	2.64	2.38
2006	0.58	-0.79	-0.34	0.83
2007	1.66	5.19	7.64	6.34
2008	3.90	3.43	2.27	1.95
2009	-4.22	-4.15	-2.79	-0.01
2010	0.11	-0.30	1.13	0.82
2011	1.58	1.42	4.30	2.76
2012	0.15	-0.95	0.30	2.92
2013	0.02	0.77	0.43	2.57
2014	6.82	6.67	6.93	5.41