



Plan for Success

Peter Whip - PRW Agribusiness

EVENT
PARTNERS:



Ruralco
HOLDINGS LIMITED



EVENT
SUPPORTERS:



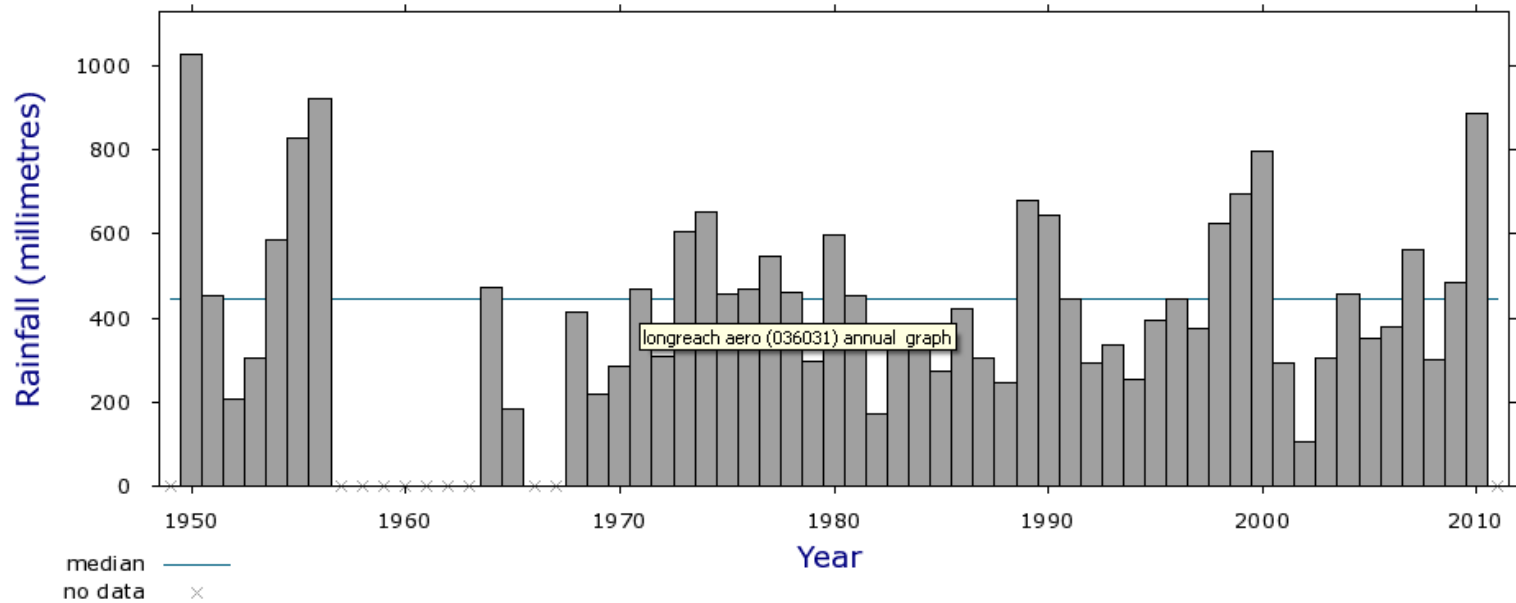
STATE
PRIMARY
INDUSTRY
AGENCIES

Profit drivers

- Production
 - Management
 - Seasonal variability
- Price
 - Wool price
 - Sheep price
- Finance

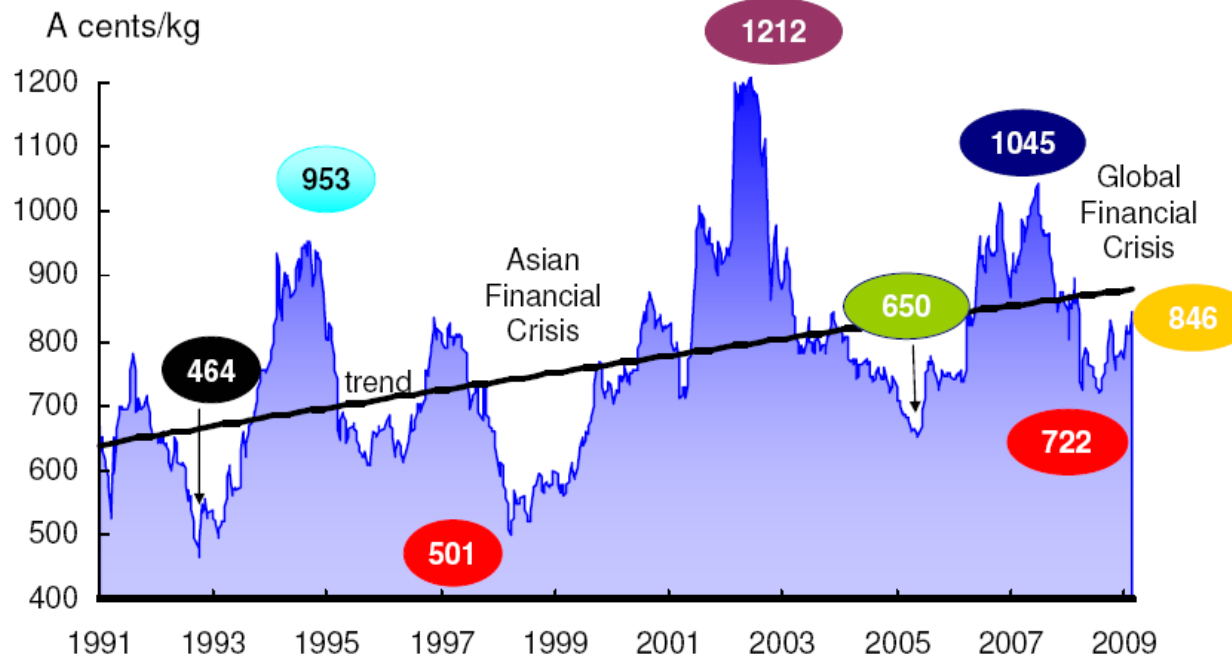
Production variability

Longreach Aero (036031) Annual rainfall



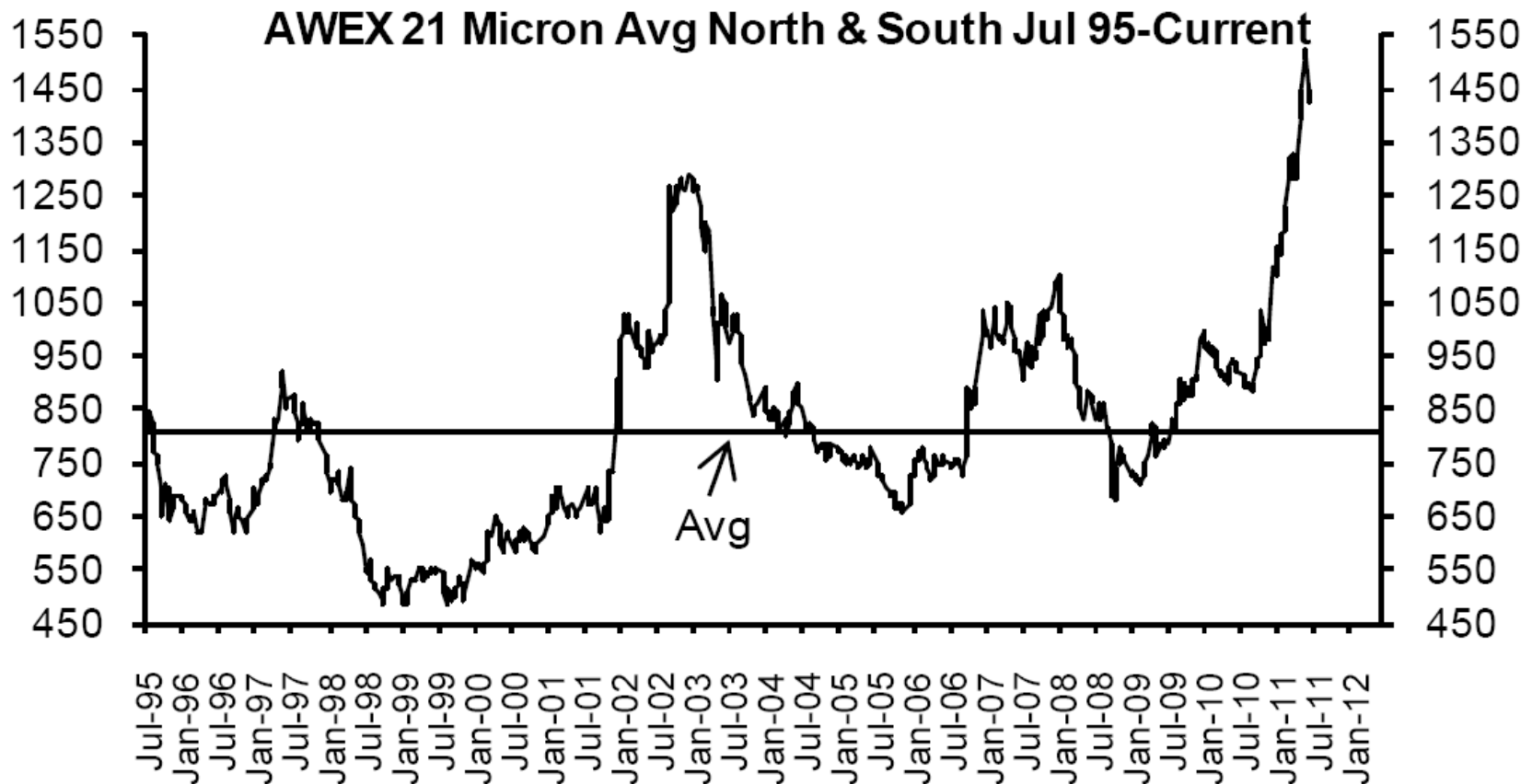
Price Variability

Australian Wool Prices Eastern Market Indicator



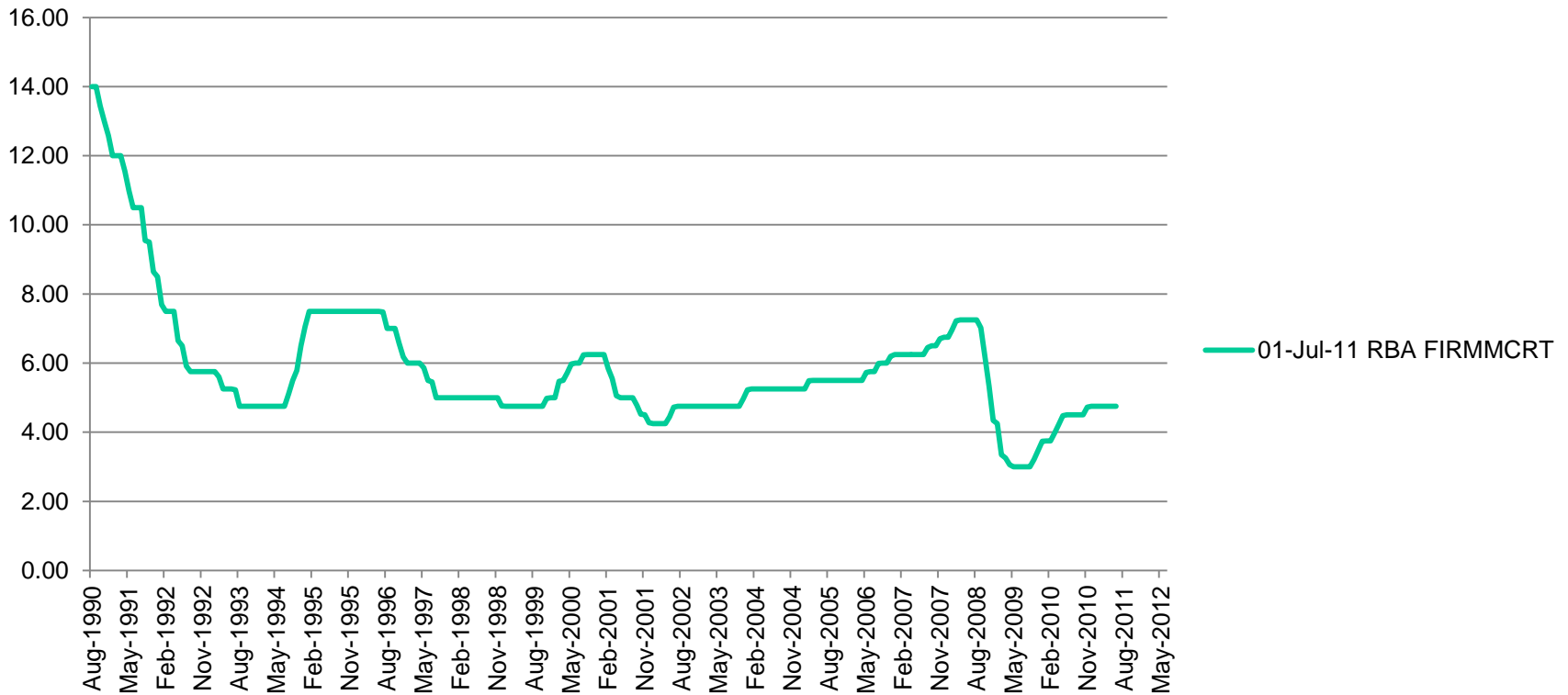
Source: AWEX
Data to 25th September 2009

Price Variability



Interest Rates

RBA Cash Rate 1990-2011



Do profit drivers = profit?

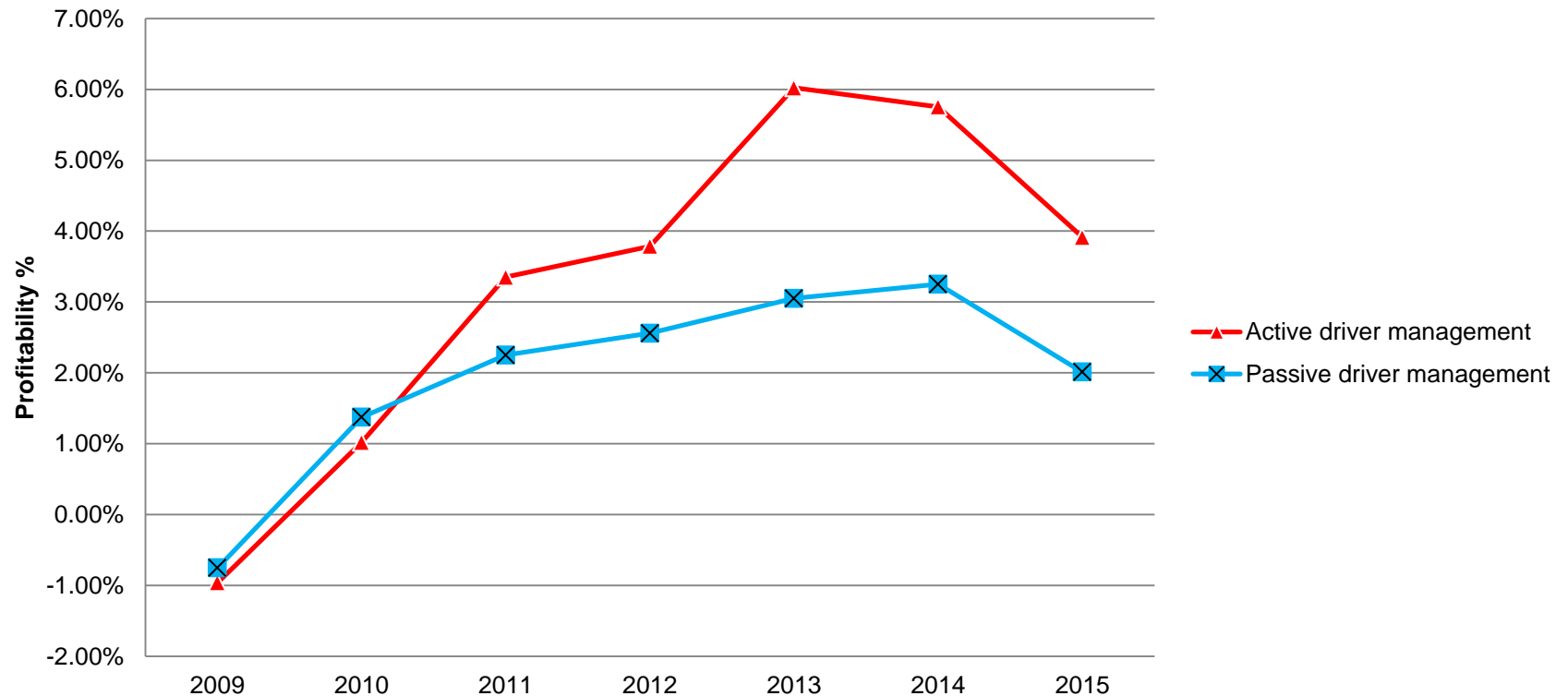
- Production curve not matched to profit drivers
- Pasture utilisation
- History
 - Drought
 - Debt
 - Decline of markets
- Look at GM/Turnover/Overheads

Comparison on Gross Margin

- Agistment GM \$18-22 per DSE
- Cattle GM \$20-30 per DSE
- Historical Sheep \$15-25 per DSE
- New territory \$45-65 per DSE

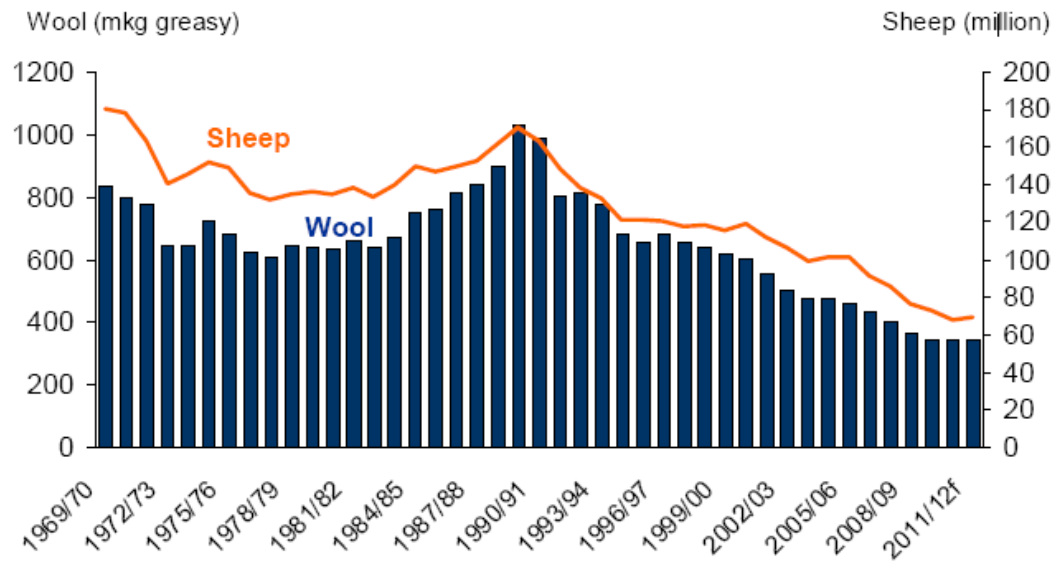
Case study – 2 strategies

Profitability % - ROAM (excluding finance costs)



How long will it last?

Australian Sheep Numbers and Wool Production 1969/70 to 2011/12f



Source: Australian Wool Innovation Production Forecasting Committee, ABS,
Wool production is shorn wool; sheep numbers is as at 1st July.
Updated April 2011



Key Messages

- Match management decisions to profit drivers not history
- Know GM for enterprises
- Identify Turnover issues – cost/benefit.
- Monitor cost of production - MMFS
- Match stock numbers to carrying capacity