Allen D. Leman Swine Conference

UNIVERSITY OF MINNESOTA
College of Veterinary Medicine
Driven to Discover

Volume 39
2012

Published by: Veterinary Continuing Education

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Key factors affecting profitability of swine production companies

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ABSTRACT

Financial and production data from twenty-seven commercial swine production companies were analyzed to determine key factors affecting profitability of the most profitable companies. Company financial and production data were collected monthly through regular participation in the Agri Stats, Inc. swine benchmarking program. The number of animals represented annually was approximately 2.0 million sows, 44 million weaned pigs and 40 million finishing pigs. Data were audited by Agri Stats to ensure cost and production measurements were categorized and compared correctly across companies. Twelve cost and production measures were evaluated annually from 2007 through 2011. Means for the top 25% in profit were subtracted from the overall population average to determine the top 25% group's variance to the average for each production and cost measurement. Average top 25% category variances to the population average were then converted to a percent of variance to the population and ranked. Higher percentages of variance indicated the categories in which the top 25% had the greatest advantages to the average of the population. Nursery-finishing mortality ranked number one for 2011 and number two each year from 2007 through 2010. Percent market culls (light weights, lames) ranked number two in 2011 but was number one in all the other calendar years. Pre-wean mortality ranked number three in advantage for each of the years evaluated. This indicated the top three advantages held by the top 25% in profit were each related to keeping pigs alive and marketing a high percentage of top market pigs. Total finishing cost/cwt ranked #4, #4, #5,

feed, facility, milling and delivery, medication and vaccination, pig transport into finishing and farm service cost. Weaned pig cost ranked as a top five advantage three of the five years but came in at number five only in 2007, 2010 and 2011. Weaned pig cost was knocked out of fifth place in 2008 and 2009 by average feed cost per ton. In 2007 the top 25% in profit had a \$0.21/ton advantage to the average of the population in feed cost per ton. That jumped to an advantage of \$23.41/ton in 2008 and \$9.39/ton in 2009 (corn and feed ingredient price spikes). Weight when marketed ranked 10th in advantage for each year except for 2009 when it was the 11th strongest advantage of the top 25% in profit. Even though the top 25% in profit had a sales price advantage to the average, the advantage was not strong enough to warrant a higher ranking (11th, 12th, 12th, 11th and 11th, respectively. Pre-wean mortality was the only sow farm variable to rank in the top five of advantages. The top 25% in Profit ranked 6th, 7th, 6th, 9th and 9th in number born live per litter and 12th, 11th, 10th, 12th and 12th in pigs per mated sow per year. In a large population of swine production companies and animal volume, key factors affecting profitability were percent cull pigs, nursery-finishing mortality, pre-wean mortality, finishing cost, weaned pig cost and feed cost per ton.

Abstracts