

2020 EXECUTIVE FARM MANAGEMENT

“What got you here won’t necessarily get you there.” —Dr. Marshall Goldsmith

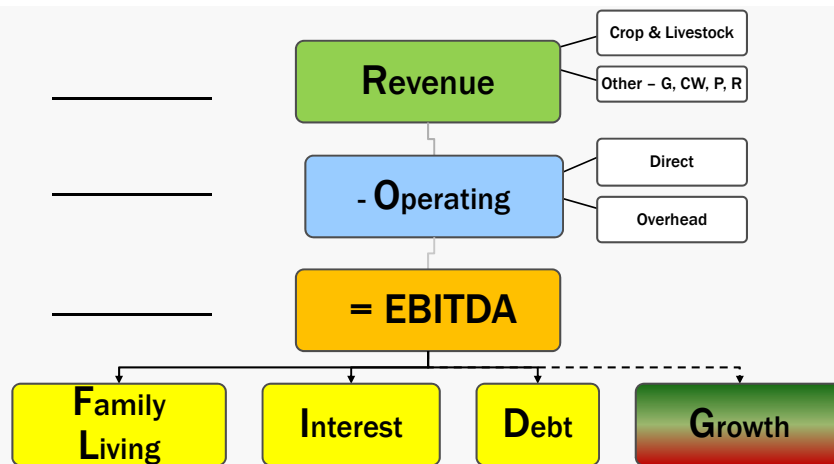
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EBITDA



WHO IS FLOID?

Family
Living & taxes
Operating expenses
Interest
Debt (principal)



FLOID = BREAKEVEN Revenue

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Side by Side Analysis

Brown Family Farms - Oper

Financial Data:

	2018	2019	2020
EBITDA SUPPLY & DEMAND			
Revenue	8,220,445	8,359,627	9,682,845
- Operating Expenses	7,704,912	7,671,545	7,888,446
= EBITDA (Supply)	515,533	688,082	1,794,399
EBITDA Uses:			
Family Living & taxes	260,000	287,450	300,000
+ Interest expense	187,836	194,915	222,164
+ term Debt payments	346,704	364,462	363,779
= EBITDA Uses (Demand)	794,540	846,827	885,943
= Available for Asset GROWTH (Decline)	(279,007)	(158,745)	908,456
BALANCE SHEET			
	12/31/2018	12/31/2019	12/31/2020
Total Current Assets	2,849,602	2,062,400	2,814,938
Total Assets	8,035,252	7,391,800	7,813,088
Total Current Liabilities	3,120,247	2,588,007	2,292,218
Total Liabilities	3,726,495	3,210,476	2,690,779
Owner Equity	4,308,757	4,181,324	5,122,309
OTHER INFORMATION			
	2018	2019	2020
Term Debt Payments	417,441	466,214	413,370
Depreciation	350,800	234,000	331,250
Cash On Hand	466,000	248,352	378,367

Do not include Interest or Depreciation in Operating Expenses

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Side by Side Analysis		Financial Dashboard					
Practice:	Vulnerable	Resilient	Agile	2018	2019	2020	GOAL Projected
1 Working Capital Sufficiency	< 10 %	10 – 33 %	> 33 %	-3.5%	-6.9%		
Formula: $(\text{Current Assets} - \text{Current Liabilities}) / \text{Operating Expenses}$							6.6%
2 Cash to Current Assets	< 5 %	5 – 15 %	> 15 %	16.4%	12.0%		
Formula: $\text{Cash} / \text{Total Current Assets}$							13.4%
3 WC Burn Rate: Debt Service	< 1:1	1:1 – 5: 1	> 5:1	(0.6)	(1.1)		
Formula: $\text{Working Capital} / \text{Term Debt Payments}$							1.26
4 Equity to Asset Ratio:	< 40 %	40 – 70 %	> 70 %	54%	57%		
Formula: $\text{Total Equity} / \text{Total Assets}$							65.6%

Side by Side Analysis		Financial Dashboard					
Practice:	Vulnerable	Resilient	Agile	2018	2019	2020	GOAL Projected
5 Core Equity Burn Rate	< 2:1	2:1 – 5: 1	> 5:1				7.72
Formula: $\text{Excess Reserves} / (\text{EBITDA} - \text{FL} - \text{Interest} - \text{Debt payments})$							(158,745)
	<u>Assets</u>	<u>12/31/2019 Market Value</u>	<u>Loan Max</u>	<u>Borrowing Capacity</u>	<u>Long Term Liability</u>		<u>Excess Reserve</u>
	Breeding livestock						
	Machinery & equipment	3,000,150	21%	622,469	622,469		-
*	Real Estate & Buildings	1,750,000	70%	1,225,000			1,225,000
* Real estate is primary core asset in todays economy.							
6 Debt Efficiency	> 7:1	3:1 – 7:1	< 3:1	1.18	0.90		
Formula: $\text{Term Debt} / \text{EBITDA}$							0.22

Side by Side Analysis

Financial Dashboard

Practice:	Vulnerable	Resilient	Agile	2018	2019	2020	GOAL Projected
7 EBITDA Efficiency	< 10 %	10 – 25 %	> 25 %	6%	8%		
Formula: EBITDA / Revenue							18.5%
8 Asset Turnover	< 30 %	30 – 70 %	> 70 %	102%	113%		
Formula: Revenue / Total Assets							123.9%
9 Rate of Return on Assets	< 2 %	2 – 8 %	> 8 %	-1%	2%		
Formula: $\frac{\text{EBITDA} - \text{FL- Deprec}}{\text{Total Assets}}$							14.9%
10 Family Living Withdrawals	> 25 %	15 – 25 %	< 15 %	50%	42%		
Formula: FL / EBITDA							16.7%

Action Plans

Brown Family Farms - Oper

EBITDA Improvement Plan

Metric:	Vulnerable	Resilient	Agile
EBITDA Efficiency	< 10 %	10 – 25 %	> 25 %

Revenue Strategies:

	2019	% of Revenue
Revenue	8,359,627	100%
- Operating	7,671,545	92%
= EBITDA	688,082	8%
2020 EBITDA Goal >	1,671,925	20%

EBITDA CHANGE Needed: **983,843**

Expense Strategies:

Working Capital Improvement Plan

Metric:	Vulnerable	Resilient	Agile
Working Capital Sufficiency	< 10 %	10 – 33 %	> 33 %

		2019	
			Family Living Strategies:
Current Assets		2,062,400	
- Current Liabilities		2,588,007	
= Working Capital		(525,607)	
/ Operating Expenses		7,671,545	-7%
2020 WC Goal is		1,150,732	15%
WORKING CAPITAL CHANGE:		1,676,339	

		< 1:1	1:1 – 5: 1	> 5:1
				Liability Strategies:
Working Capital		(525,607)		
/ Term Debt Payments		466,214	-1.13	
2020 WC Goal is		932,428	2.00	
WORKING CAPITAL CHANGE:		1,458,035		