



2019 EXECUTIVE FARM MANAGEMENT

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

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CAPITAL EXPENDITURE PLAN

ITEM	Date Purchased	"BOOT" Purchase Price	12/31/2018		Remaining Term	Annual Payment	Replace in X Years
			FMV	Principal Balance			
No Till Planter	2/1/2017	85,000	70,000	47,166	1.3	\$ 36,505	5
100hp Tractor (2)	6/1/2015	125,000	90,000		1.0	\$ -	10
150hp Tractor (2)	7/1/2009	200,000	140,000		1.0	\$ -	10
200hp Tractor (2)	10/1/2017	325,000	280,000	213,486	2.4	\$ 92,254	6
50hp Tractor (2)	12/1/2012	100,000	40,000		1.4	\$ -	8
Combine 1	2/1/2014	245,000	150,000		1.4	\$ -	7
Combine 2	2/1/2017	375,000	300,000	190,531	1.7	\$ 124,692	7
High Boys	4/1/2010	120,000	70,000	74,287	3.4	\$ 23,303	10
Irrigation	3/1/2015	750,000	600,000	399,738	3.4	\$ 128,713	20
Equip Refi	11/1/2016			45,502	4.3	\$ 11,871	
Other Equipment			1,260,150				0%
<i>OPERATING INTEREST</i>						\$ 125,000	
TOTAL			\$ 3,000,150	\$ 970,710		\$ 542,338	

Appreciation Per Year	3%	per year
Downpayment	0%	
Interest Rate (New)	6.50%	
Loan Term	4	years

CAPITAL EXPENDITURE PLAN

ITEM	REPLACEMENT PLAN			PLANNED CAPITAL EXPENDITURES					
	Year	PROJECTED Cost	100% Financing	Projected Payment	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
No Till Planter	2022	98,538	98,538	\$28,764	-	-	-	98,538	-
100hp Tractor (2)	2025	167,990	167,990	\$49,037	-	-	-	-	-
150hp Tractor (2)	2019	268,783	268,783	\$78,459	268,783	-	-	-	-
200hp Tractor (2)	2023	388,067	388,067	\$113,278	-	-	-	-	388,067
50hp Tractor (2)	2020	126,677	126,677	\$36,977	-	126,677	-	-	-
Combine 1	2021	301,319	301,319	\$87,956	-	-	301,319	-	-
Combine 2	2024	461,203	461,203	\$134,626	-	-	-	-	-
High Boys	2020	161,270	161,270	\$47,075	-	161,270	-	-	-
Irrigation	2035	1,354,583	1,354,583	\$395,407	-	-	-	-	-
Equip Refi	2016	-	-	\$0	-	-	-	-	-
Other Equipment									
<i>OPERATING INTEREST</i>									
TOTAL		\$1,977,056		\$577,108	\$ 268,783	\$ 287,947	\$ 301,319	\$ 98,538	\$ 388,067

CAPITAL EXPENDITURE PLAN

ITEM	PROJECTED PAYMENT				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
No Till Planter	36,505	12,736	-	-	28,764
100hp Tractor (2)	-	-	-	-	-
150hp Tractor (2)	-	78,459	78,459	78,459	78,459
200hp Tractor (2)	92,254	92,254	42,107	-	-
50hp Tractor (2)	-	-	36,977	36,977	36,977
Combine 1	-	-	-	87,956	87,956
Combine 2	124,692	77,164	-	-	-
High Boys	23,303	23,303	70,378	57,334	47,075
Irrigation	128,713	128,713	128,713	45,246	-
Equip Refi	11,871	11,871	11,871	11,871	2,262
Other Equipment					
<i>OPERATING INTEREST</i>	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ 125,000</u>
TOTAL	\$ 542,338	\$ 549,500	\$ 493,506	\$ 442,843	\$ 406,493
MINIMUM EBITDA	\$1,084,676	\$1,099,000	\$987,012	\$885,686	\$812,985
	(Interest + Principal < 50% of EBITDA)				

CAPITAL EXPENDITURE PLAN

COMPLICATIONS:

1. 100% FINANCING
 - a. Realistic?
 - b. Down payment source?
 - c. Payment change
2. "Other" Equipment
3. Timing – Buy today, payment...
4. Lease versus Purchase

Side by Side Analysis

Financial Dashboard

Practice:	Vulnerable	Resilient	Agile	2017	2018	<u>GOAL</u> Projected
1 Working Capital Sufficiency	< 10 %	10 – 33 %	> 33 %	-0.4%	-3.5%	
Formula: $(\text{Current Assets} - \text{Current Liabilities}) / \text{Operating Expenses}$						7.3%
2 Cash to Current Assets	< 5 %	5 – 15 %	> 15 %	16.8%	8.7%	
Formula: $\text{Cash} / \text{Total Current Assets}$						12.5%
3 WC Burn Rate: Debt Service	< 1:1	1:1 – 5: 1	> 5:1	(0.1)	(0.6)	
Formula: $\text{Working Capital} / \text{Term Debt Payments}$						1.38
4 Equity to Asset Ratio:	< 40 %	40 – 70 %	> 70 %	55%	54%	
Formula: $\text{Total Equity} / \text{Total Assets}$						67.6%

Side by Side Analysis

Financial Dashboard

Practice:	Vulnerable	Resilient	Agile	2017	2018	<u>GOAL</u> Projected
	5 Core Equity Burn Rate	< 2:1	2:1 – 5: 1	> 5:1		
Formula: $\text{Excess Reserves} / (\text{EBITDA} - \text{FL} - \text{Interest} - \text{Debt payments})$						(279,007)
	<u>12/31/2018</u> <u>Assets</u>	<u>Market Value</u>	<u>Loan Max</u>	<u>Borrowing</u> <u>Capacity</u>	<u>Long Term</u> <u>Liability</u>	<u>Excess Reserve</u>
	Breeding livestock					
	Machinery & equipment	3,000,150	60%	1,800,090	606,248	1,193,842
*	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	0.91	1.18	
Formula: $\text{Term Debt} / \text{EBITDA}$						0.17

Side by Side Analysis

Financial Dashboard

Practice:	Vulnerable	Resilient	Agile	2017	2018	<u>GOAL</u> Projected
7 EBITDA Efficiency	< 10 %	10 – 25 %	> 25 %	11%	6%	
Formula: EBITDA / Revenue						16.9%
8 Asset Turnover	< 30 %	30 – 70 %	> 70 %	109%	102%	
Formula: Revenue / Total Assets						124.8%
9 Rate of Return on Assets	< 2 %	2 – 8 %	> 8 %	6%	-1%	
Formula: <u>(EBITDA - FL- Deprec)</u> Total Assets						13.6%
10 Family Living Withdrawals	> 25 %	15 – 25 %	< 15 %	26%	50%	
Formula: FL / EBITDA						16.1%