

Concentration Analysis-Iowa

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CURRENT TRENDS FOR COOPERATIVES

The Farm Production Sector Is Rapidly
Becoming Concentrated into the Hands of
a Relatively Few Operations

Farmers Purchase in Large Volumes

Farmers Expect Different Services

Farmers Shop For Lower Margins

CURRENT TRENDS FOR COOPERATIVES

- The Concentration at the Producer Level Coupled with the Margin and Expense Pressure Have Created Concentration at the Retail Level in the Farm Input Supply and Marketing Industry
 - Need Bargaining Power With Wholesalers, Vendors and Farm Customers
 - Need Larger Volumes of Sales to Cover Fixed and Uncontrollable Expenses

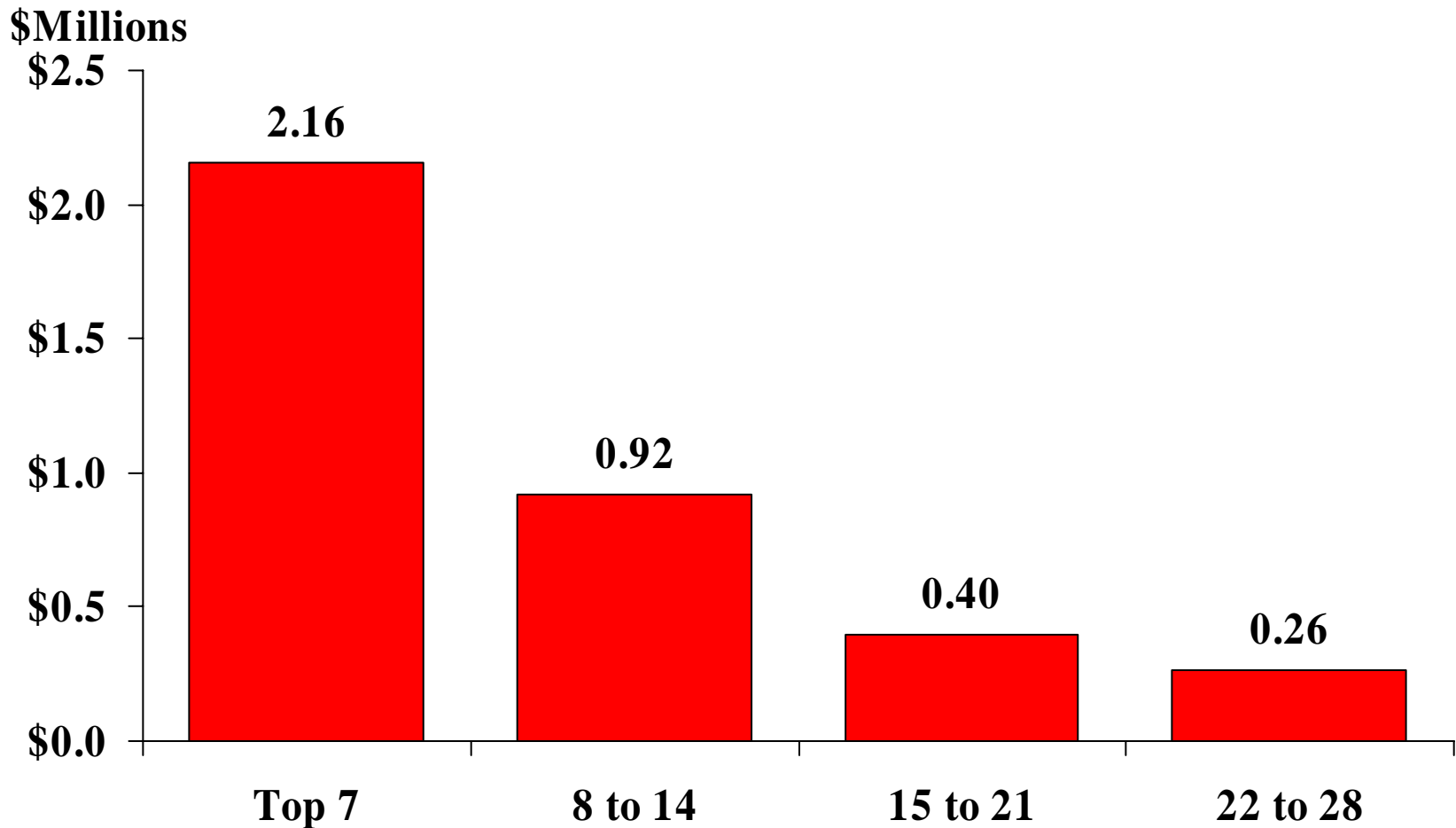
Averages IA

Concentration	Sales (\$Mil)	Fixed Assets (\$Mil)	Equity (\$Mil)
Top 7	233.5	24.2	34.1
Top 14	122.4	12.6	20.9
Top 21	93.2	7.7	12.0
Top 28	66.7	5.5	11.4
Top 34	43.5	3.6	7.4

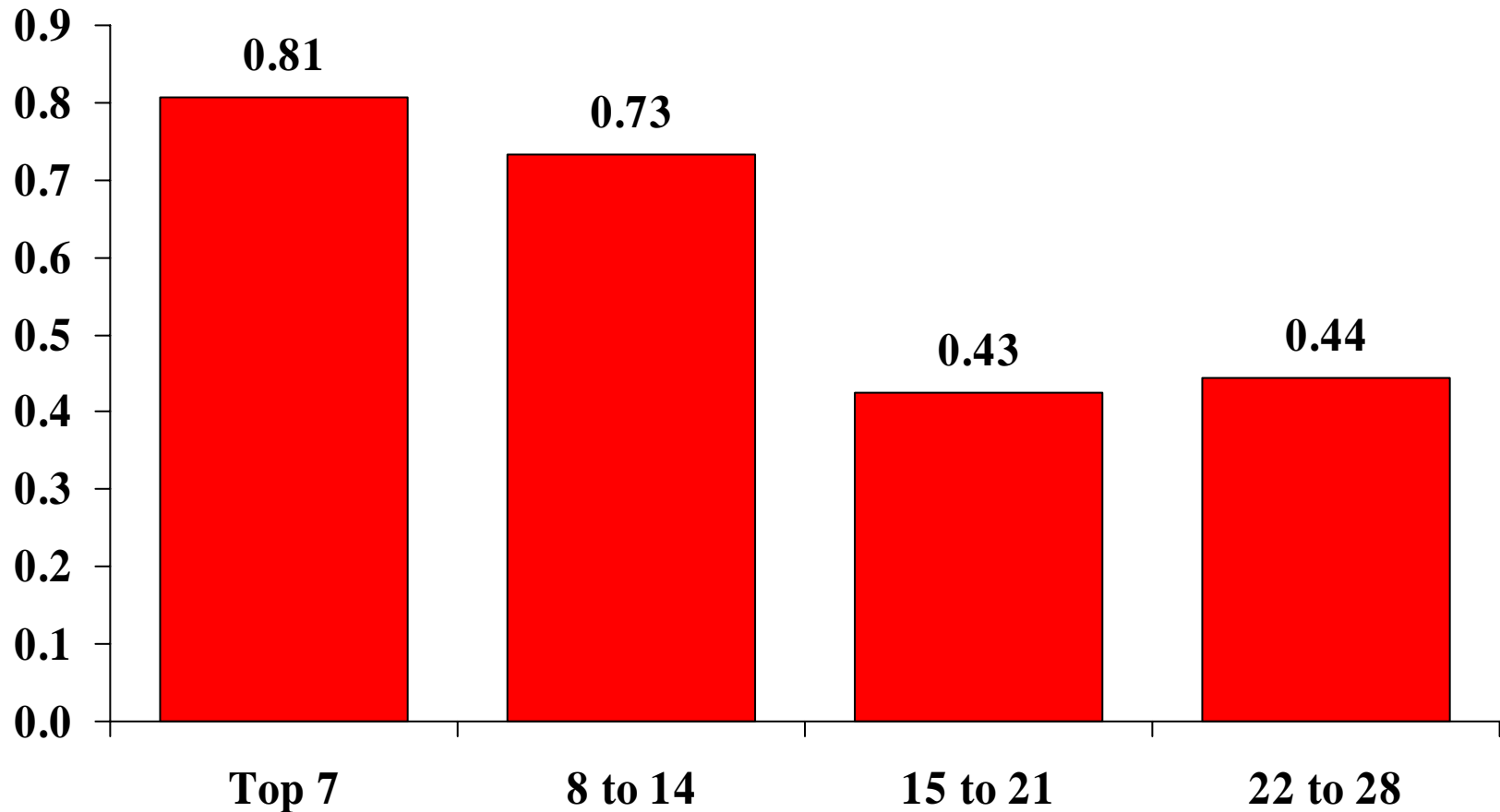
Estimated Concentration of Sales, Fixed Assets and Equity – 64 IA Coops, FY04

<u>Concentration</u>	<u>Sales</u>	<u>Fixed Assets</u>	<u>Equity</u>
Top 7	36%	38%	33%
Top 14	55%	58%	53%
Top 21	70%	70%	64%
Top 28	80%	79%	75%
Top 34	87%	85%	82%

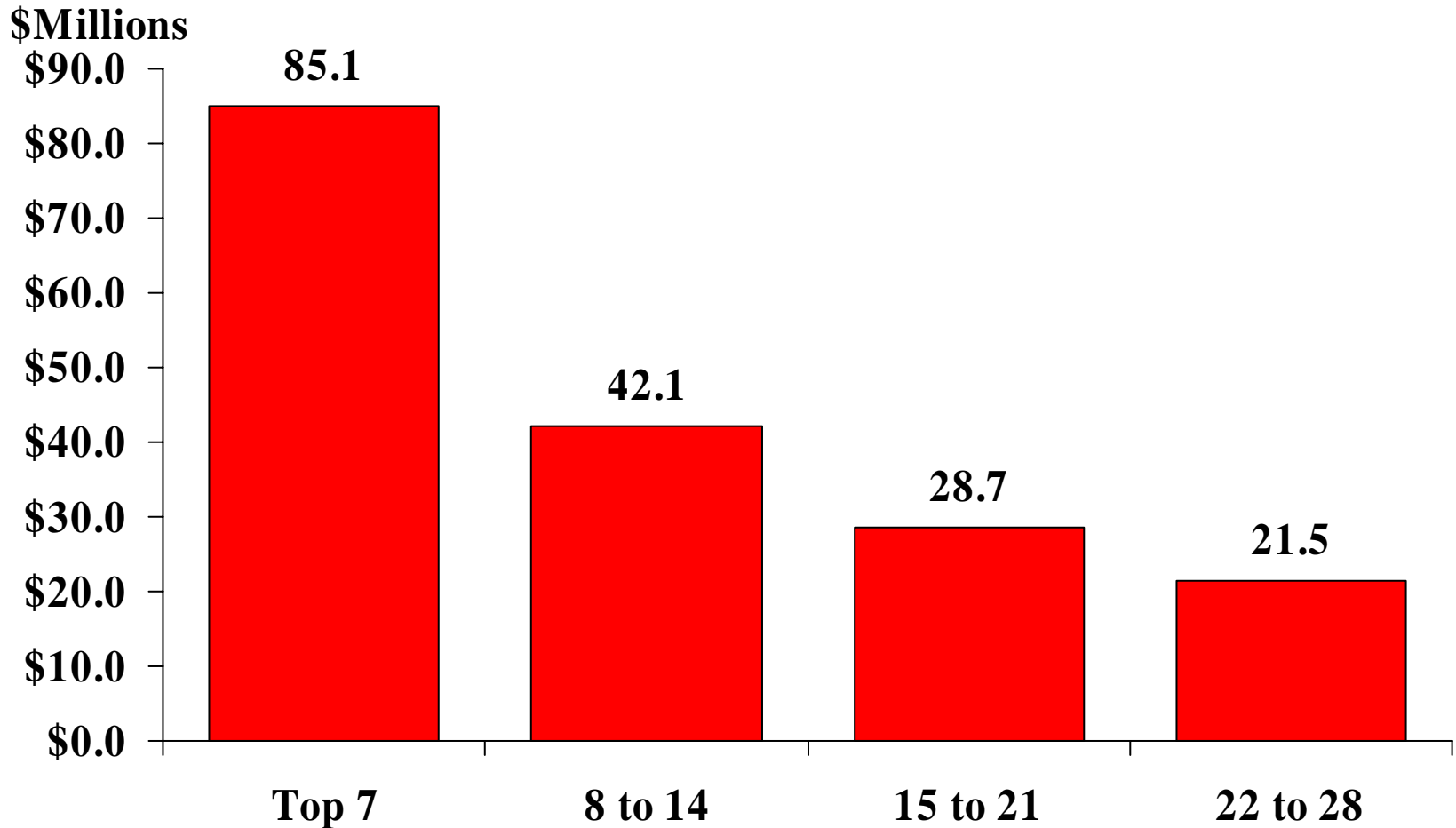
Average Local Profit Before Taxes 2004



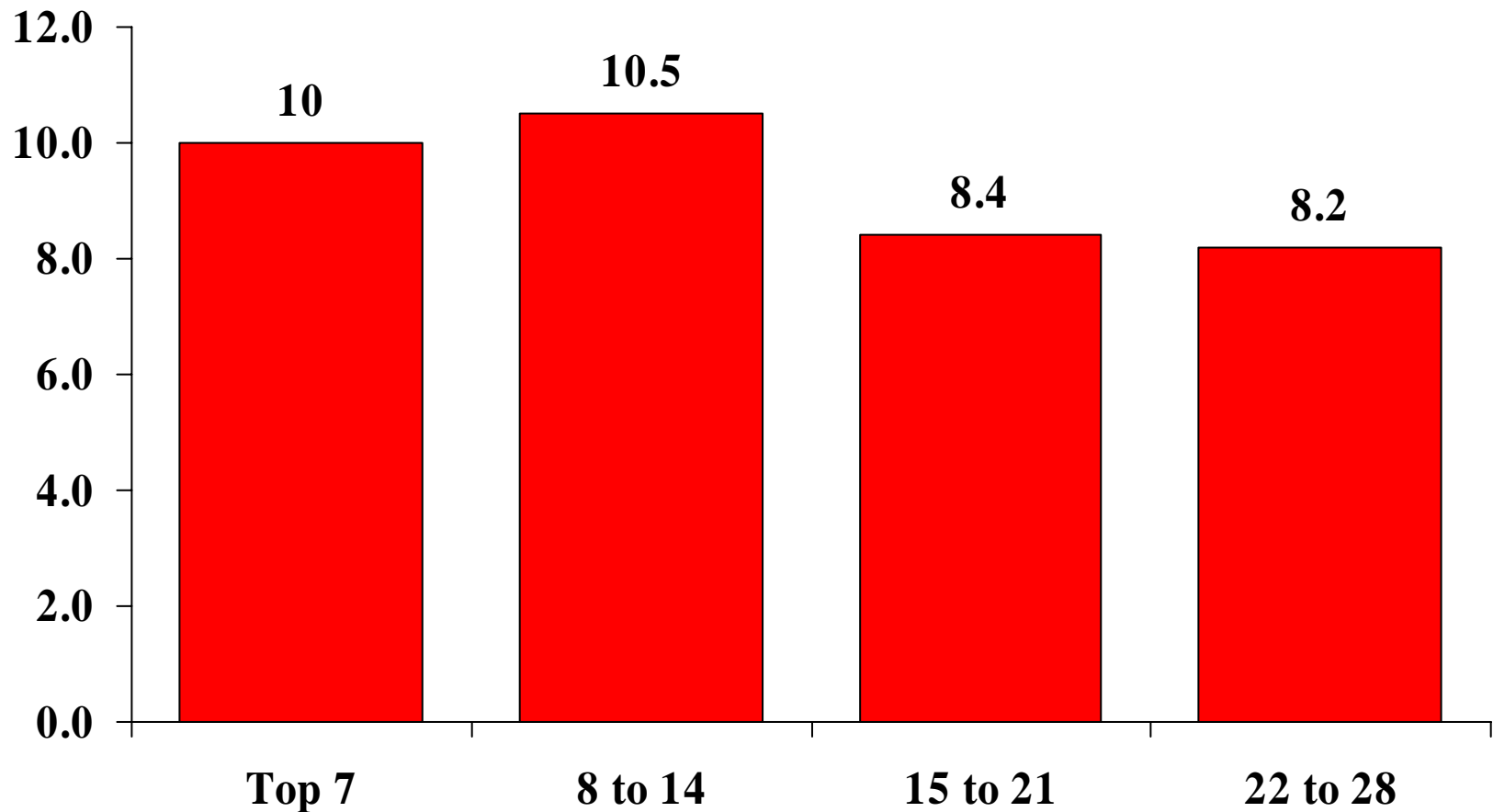
Average Local Profit as a Percent of Sales and Other Income



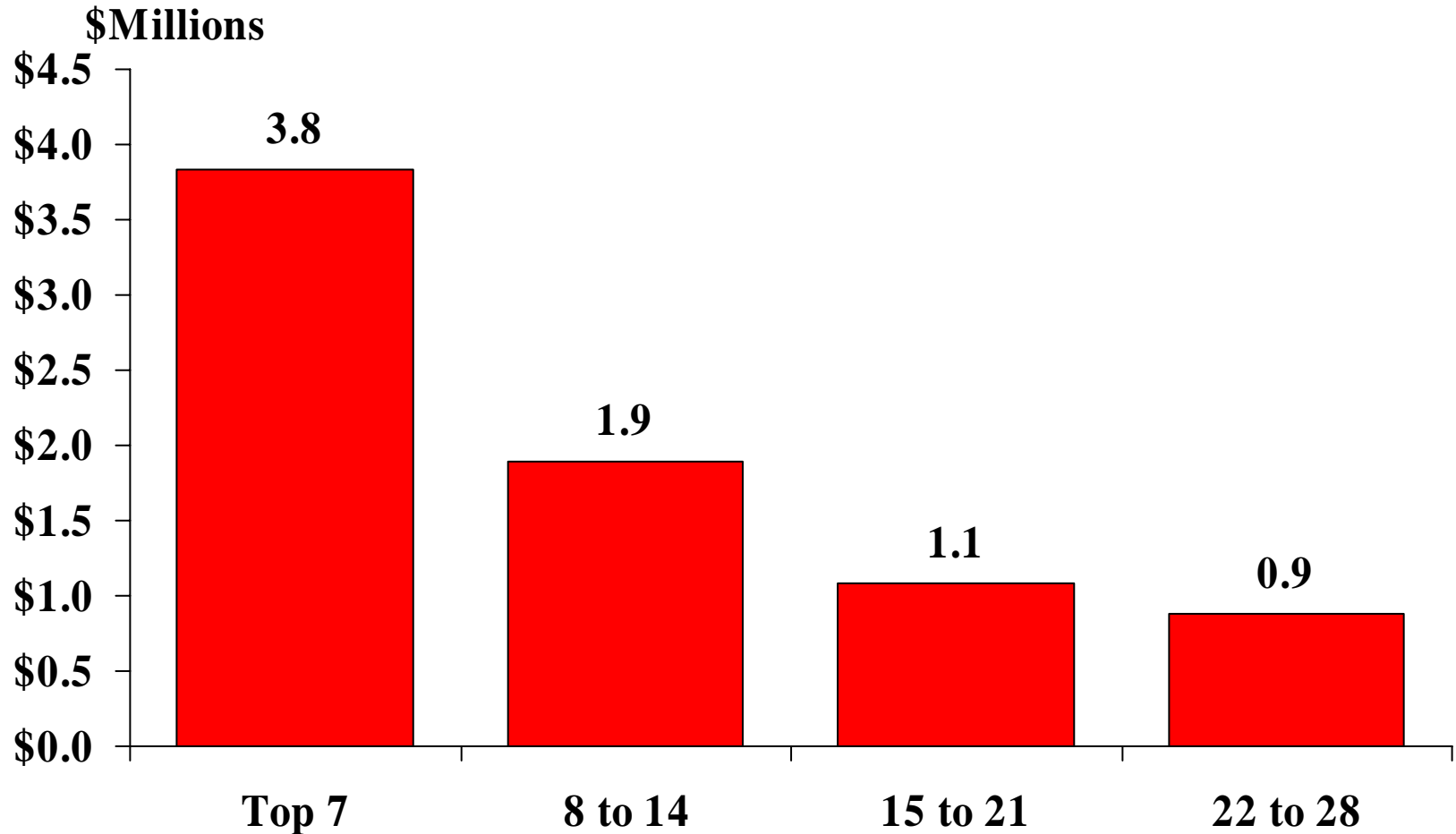
Average Total Assets



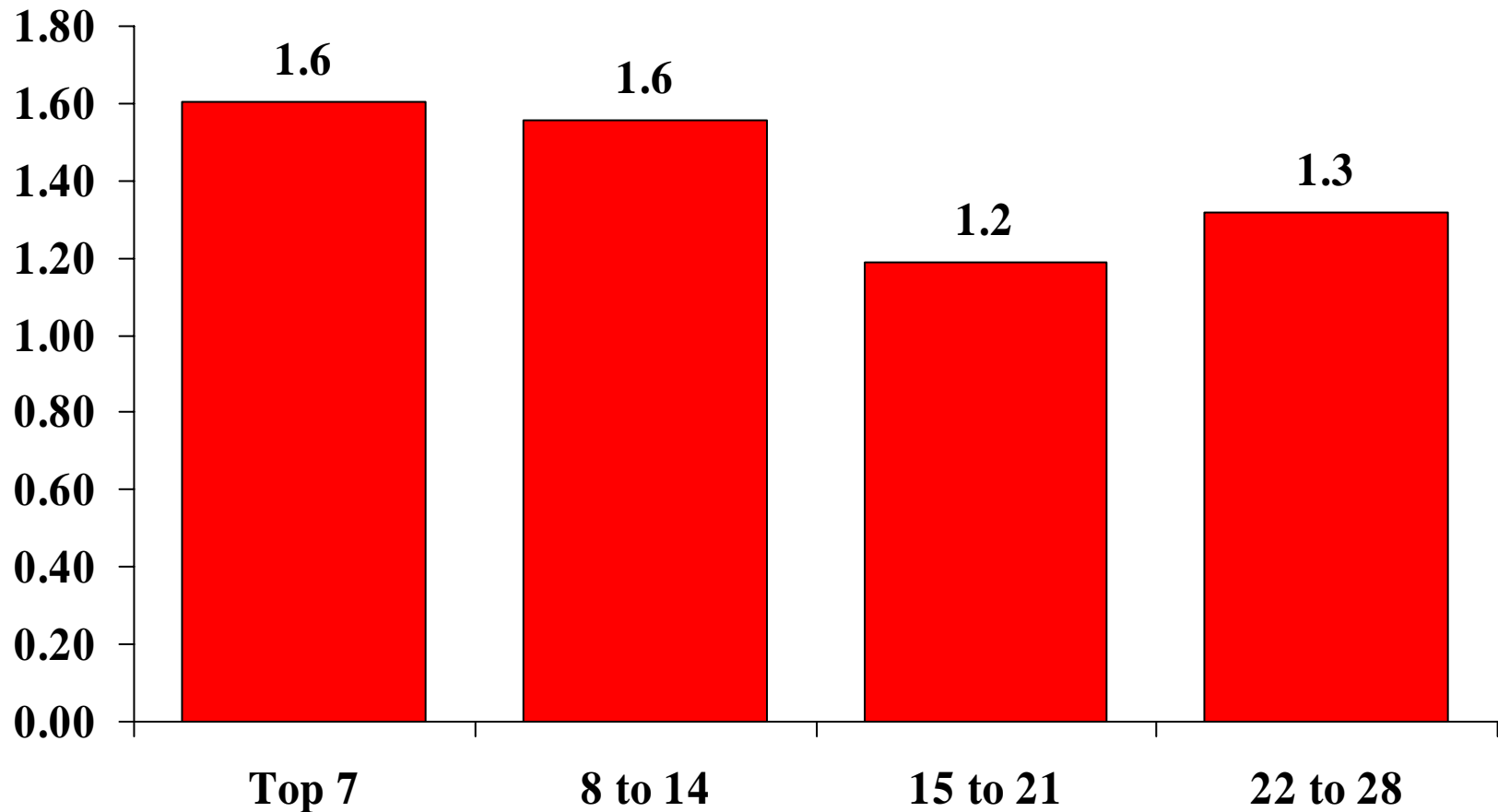
Average Fixed Assets as a Percent of Sales & Other Income



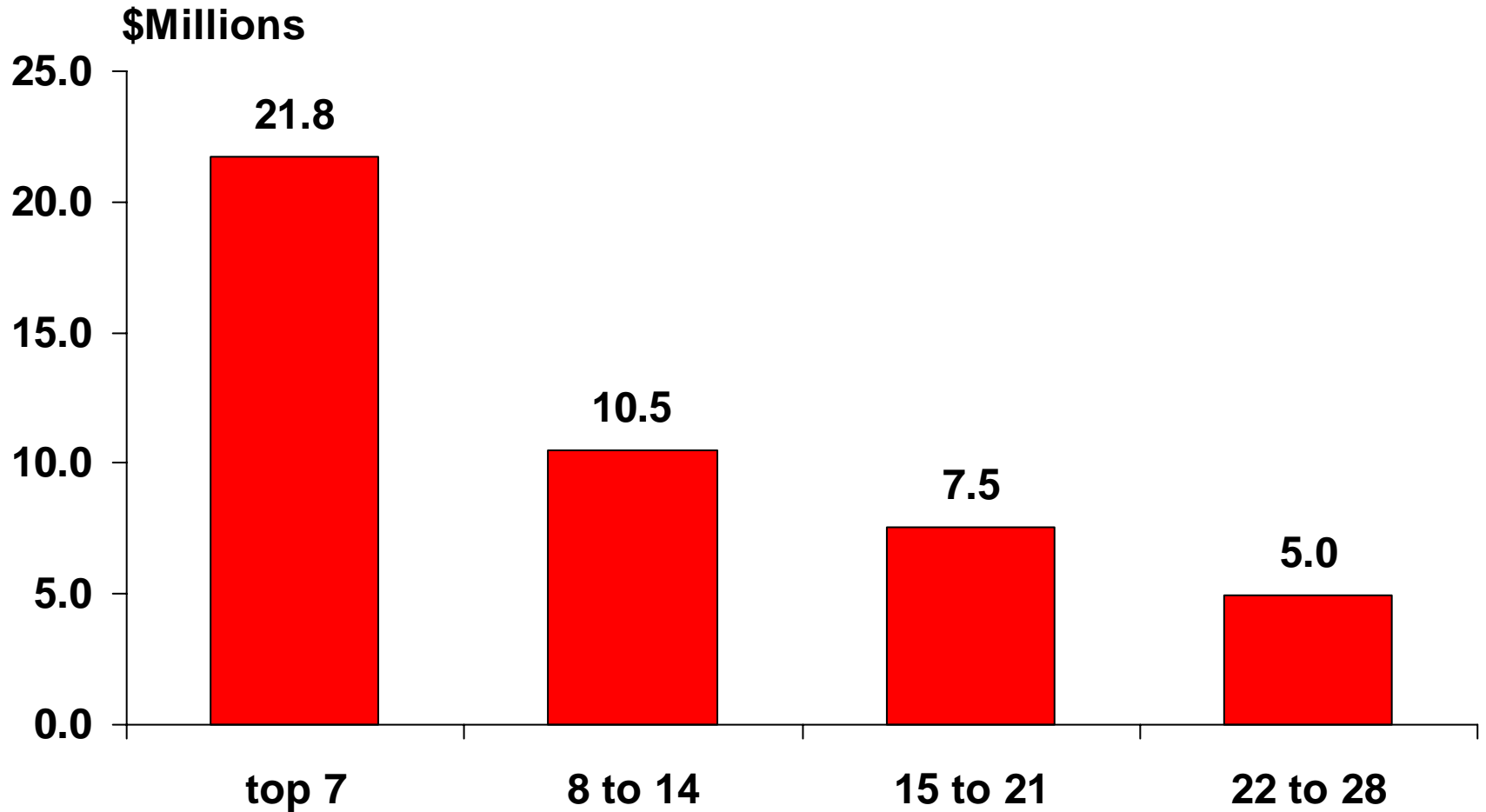
Average Depreciation



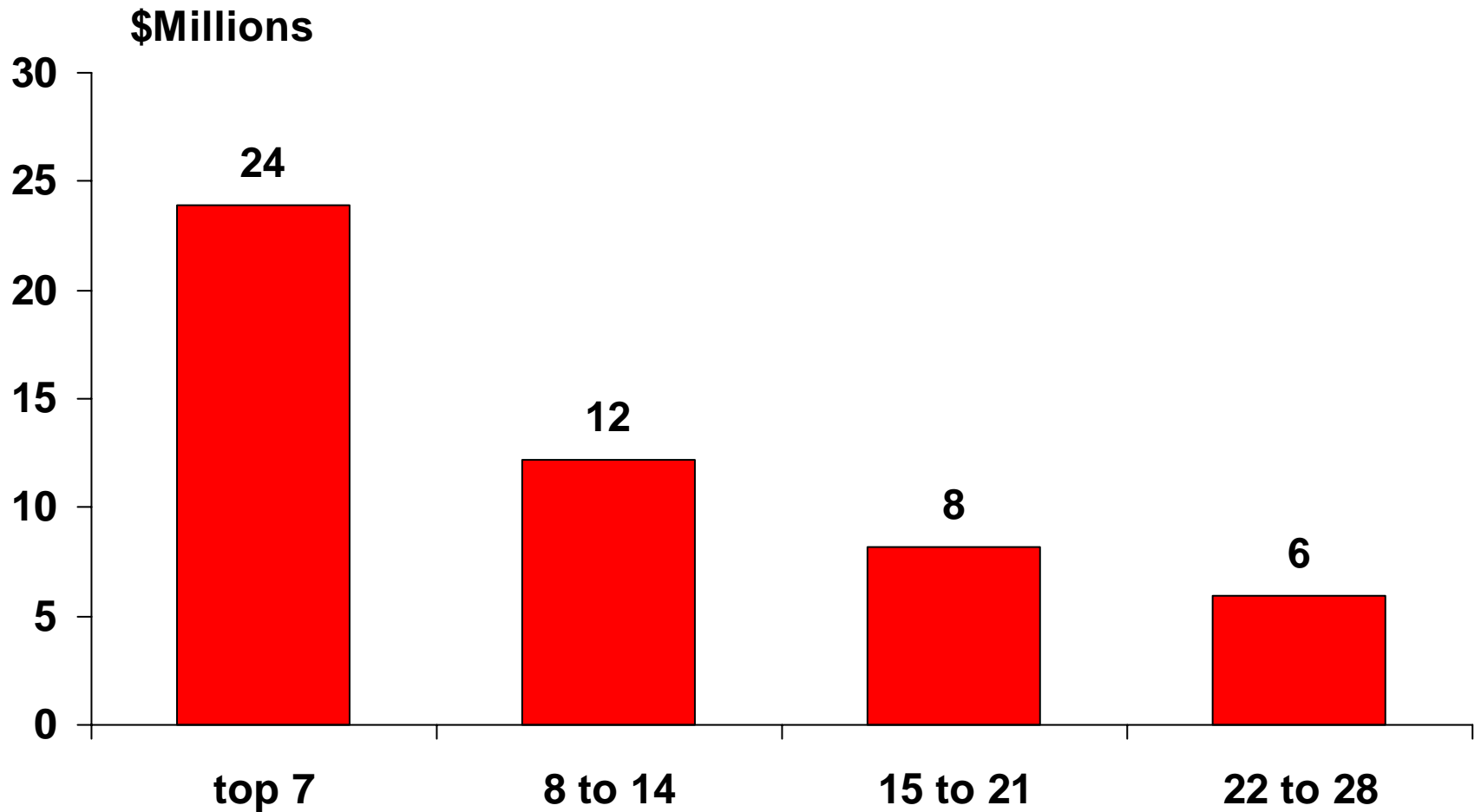
Average Depreciation as a Percent of Sales and Other Income



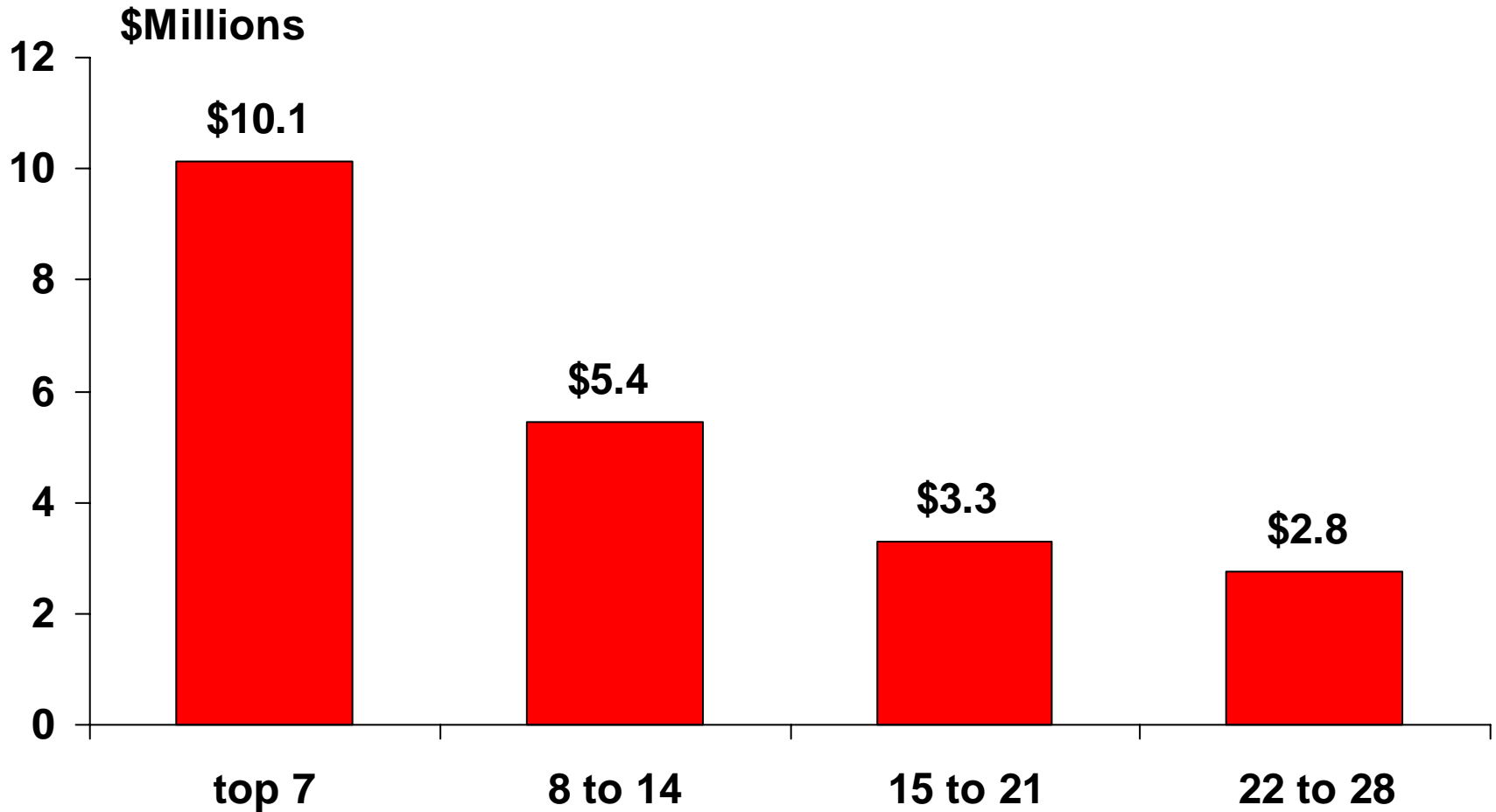
Average Local Equity, 2004



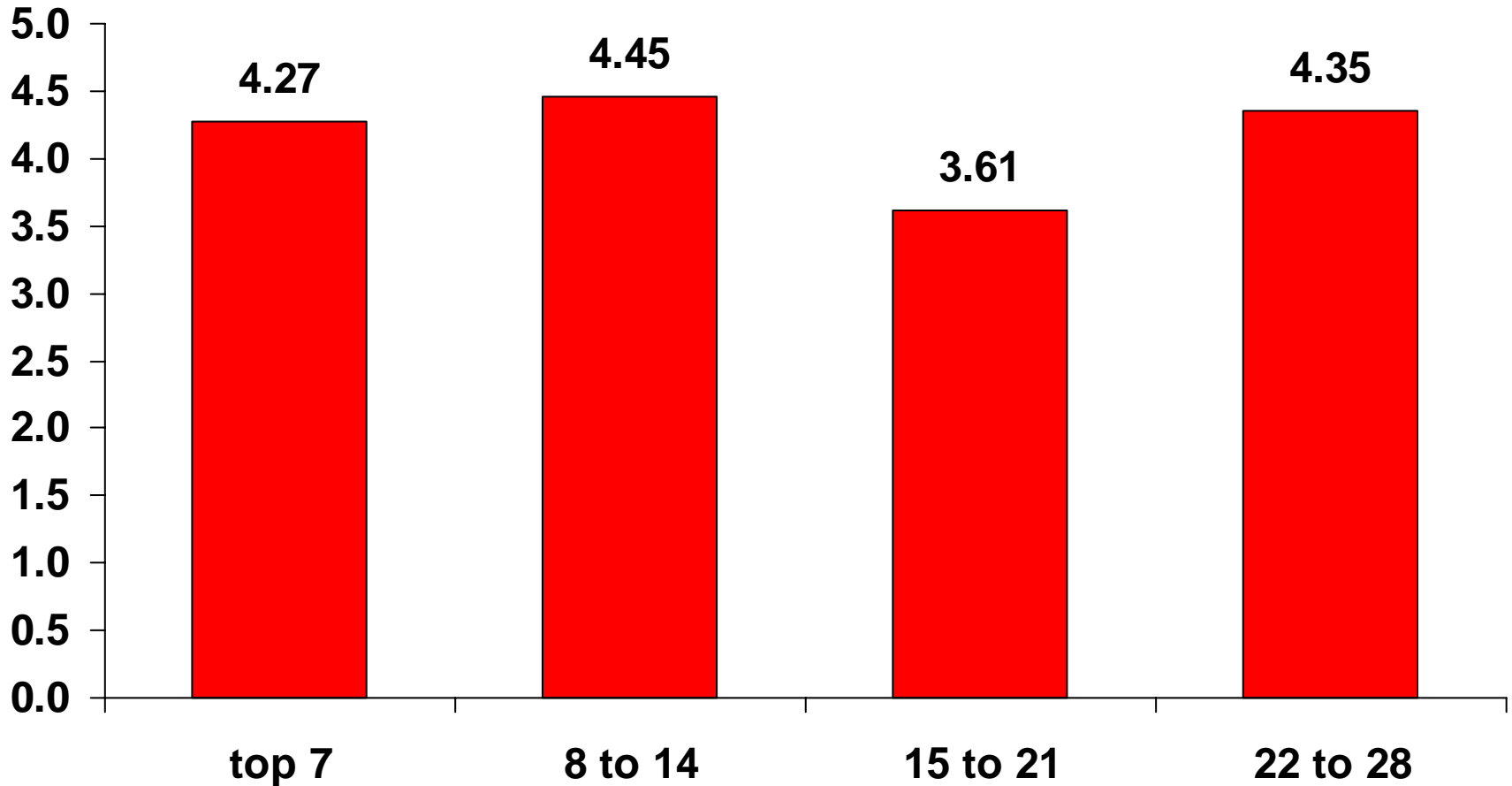
Average Total Expense, 2004



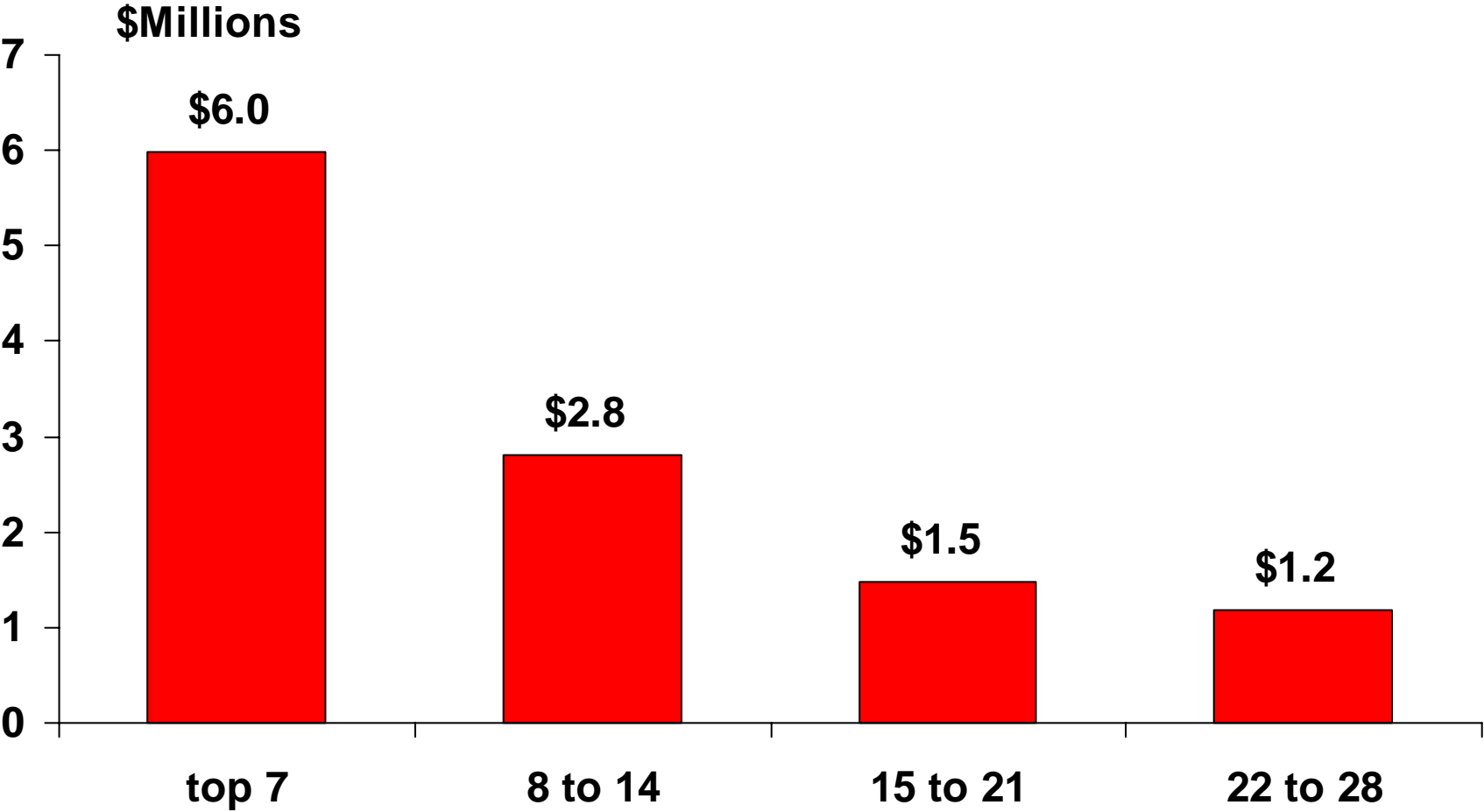
Average Labor Expense, 2004



Average Labor Expense as a Percent of Sales & Other Income, 2004



Average Local Cash Flow, 2004



Four State Concentration Analysis

- Iowa Firms 64
- Nebraska Firms 34
- Illinois Firms 34
- S. Dakota Firms 12

Total Firms	<hr/> 144
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Averages ALL

Concentration	Sales (\$Mil)	Fixed Assets (\$Mil)	Equity (\$Mil)
Top 10	292.0	28.0	39.4
Top 20	144.2	14.0	22.9
Top 30	116.5	11.0	18.3
Top 40	90.9	7.8	13.6
Top 50	73.0	6.3	13.4

Estimated Concentration of Sales, Fixed Assets and Equity – Four State Coops, FY04

<u>Concentration</u>	<u>Sales</u>	<u>Fixed Assets</u>	<u>Equity</u>
Top 10	30%	30%	24%
Top 20	44%	45%	39%
Top 30	56%	57%	50%
Top 40	66%	65%	58%
Top 50	73%	72%	67%

QUESTIONS?