



Business plan for farmers initiative – DURUM WHEAT

Snježana Turčić, Ana-Marija Špicnagel; IPS
Konzalting



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UK Research
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About farmers initiative

- **Non-profit organisation**, founded in 2019 with the purpose of conducting research and developing seeds for organic market
- **certified distributor** of organic seeds
- First organisation to initiate applying for **variety registration** for durum wheat
- As a non-profit foundation - not legally permitted to sell seeds directly on the open market
- Seed multiplication processes are outsourced



Production

- Four farms involved in the production process
- Farmers are paid the highest applicable category rate per tonne + extra premium of 50.00€ per tonne for wheat discarded during the cleaning process.
- Wheat variety selection is carried out by public institutions and farmers
- After harvest, the wheat is cleaned by Cooperative, and sometimes manually

**248.5 t
produced**

**26.9 t or 10.8%
discarded**

**221.6 t
ready for market**

Sensitivity analysis

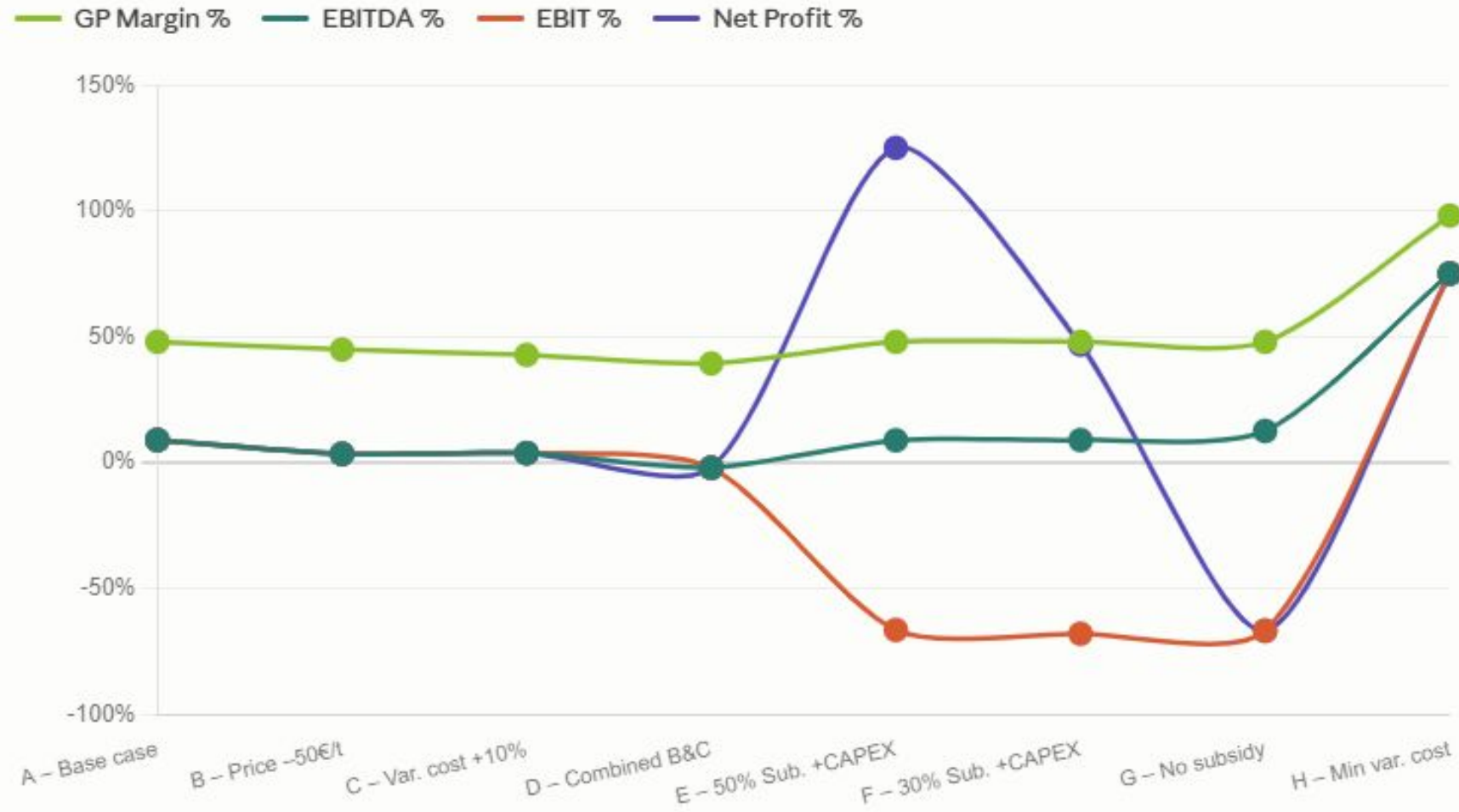
Analysis	Case	Scenario	GP Margin %	EBITDA %	EBIT %	Net Profit %	MOS /t	BE Vol /t
Benchmark	A	Base Case	48.1%	9.1%	9.1%	9.1%	41.8	179.8
Sensitivity	B	Price –50.00€/t	45.0%	3.6%	3.6%	3.6%	17.9	203.7
	C	Variable Cost +10%	42.9%	3.9%	3.9%	3.9%	20.1	201.5
	D	Combined B&C	39.5%	-1.9%	-1.9%	-1.9%	-10.5	232.1
Capex and Subsidy	E	50% Subsidy +CAPEX cost	48.1%	9.0%	-66.3%	125.1%	-305.3	526.9
	F	30% Subsidy +CAPEX cost	48.1%	9.1%	-67.8%	47.0%	-312.6	534.2
	G	No Subsidy , CAPEX cost	48.1%	12.7%	-66.6%	-66.6%	-306.7	528.3
Client Request	H	Min Variable Cost + production	98.2%	75.2%	75.2%	75.2%	302.0	302.0

Subsidy income included in Net Profit calculation only
Case H , production increase 390t

Variable cost reduced by +95k - Case H
Subsidy Case E 375k, case F 225k

8 scenarios to see how the organisation performs under different situations, including price changes, rising costs, investment needs, changes in subsidy support, higher production volumes, and minimum variable cost conditions.

Sensitivity analysis



Sensitivity analysis conclusion

- The core business is sound and trades profitably under normal conditions,
- Case D demonstrated that a **simultaneous price drop** and cost increase **produces a loss**.
- **Without subsidy**, capital **investment cannot be serviced** from trading income alone. The investment is simply beyond what the business can cover at current scale.
- Case H proves that **variable cost control and increase in production** gives highest margins, Improvement is material and immediate

10 years forecast

Assumptions

+1.5%

- Selling price
- Fixed cost
- Variable cost

+2.0%

- Production volume increase

Investment

- 950k€ , financed over
- 10 years, 3.5% interest
- rate

Subsidy

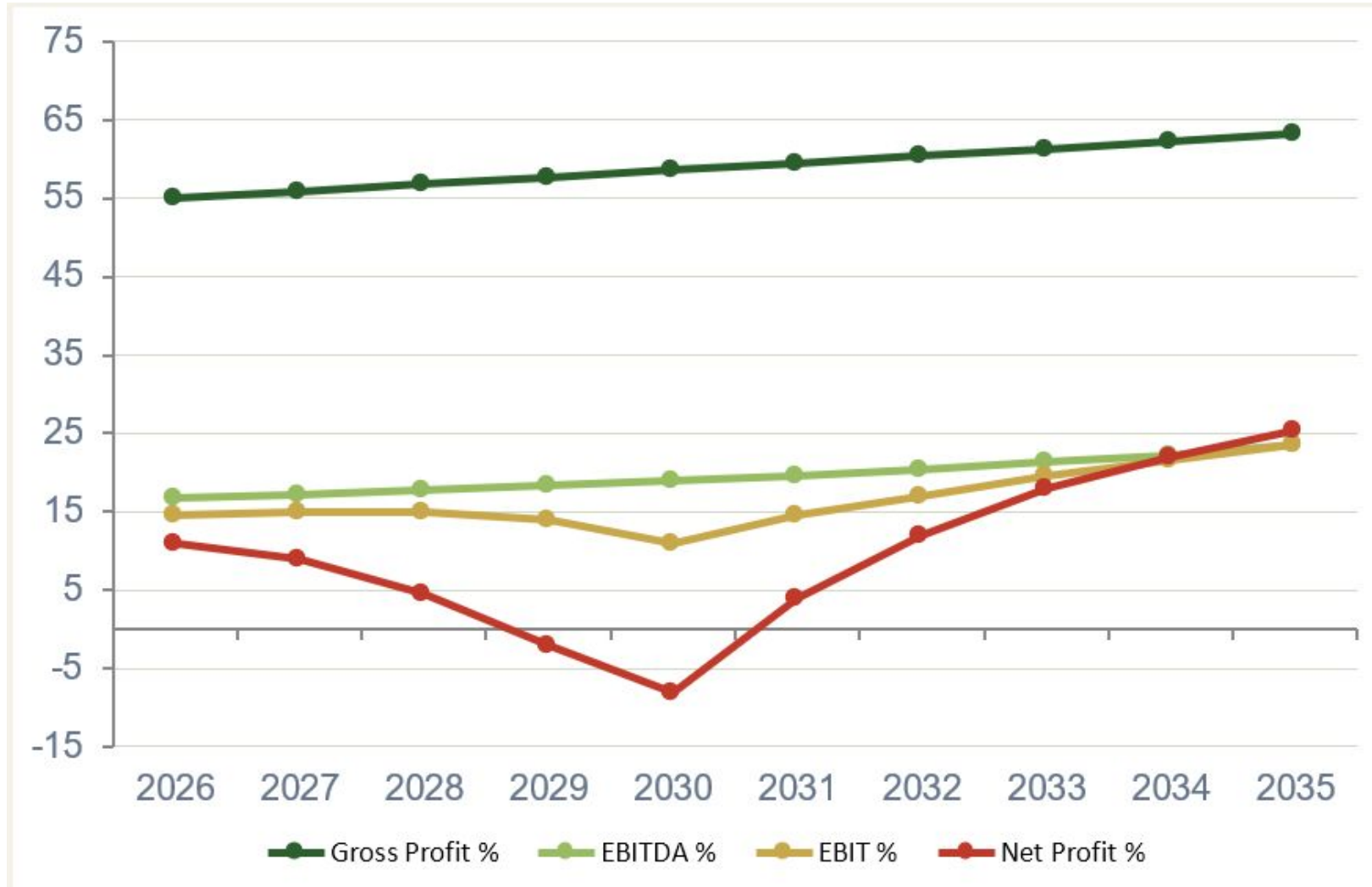
- none

Profitability Margins 2026-2035

■ GP Margin % ■ Net Profit Margin % ■ EBIT Margin % ■ EBITDA Margin %



10 years forecast



10 years forecast

- Capital financing cost create a **temporary net profit dip** before full recovery by 2035
- **EBITDA remains positive** throughout, confirming operations remain cash-generative during the investment phase
- **GP margin** is consistent over 10 years, rising 8.3% over the period
- **Revenue** grows faster +3.5%/y vs cost growth 2.5%
- **By 2035 net profit, EBIT and EBITDA margins realign at 25%.** Overall margin improvement of 14.6% across the period confirms the business model becomes stronger as it scales

10 years forecast

	Ten Year Forecast										
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Operational assumptions	Selling Price (€/t)										
	Variable Cost (€/t)										
	Sales Volume (t)	226.0	230.6	235.2	239.9	244.7	249.6	254.5	259.6	264.8	270.1
Revenue and cost	Revenue (€)										
	Total Variable Cost (€)										
	Fixed Costs (€)										
Profitability metrics	Gross Profit (€)	99,626.20 €	105,238.09 €	111,079.51 €	117,159.02 €	123,485.52 €	130,068.21 €	136,916.62 €	144,040.64 €	151,450.49 €	159,156.79 €
	GP Margin %	49.1%	50.1%	51.1%	52.1%	53.0%	53.9%	54.8%	55.7%	56.6%	57.4%
	EBITDA (€)	22,036.44 €	26,484.48 €	31,144.60 €	36,025.09 €	41,134.58 €	46,482.00 €	52,076.62 €	57,928.03 €	64,046.20 €	70,441.44 €
	EBITDA Margin %	10.9%	12.6%	14.3%	16.0%	17.7%	19.3%	20.9%	22.4%	23.9%	25.4%
	EBIT (€)	22,036.44 €	26,484.48 €	-104,569.69 €	-99,689.20 €	-94,579.71 €	-89,232.28 €	-83,637.67 €	-77,786.25 €	-71,668.09 €	70,441.44 €
	EBIT Margin %	10.9%	12.6%	-48.1%	-44.3%	-40.6%	-37.0%	-33.5%	-30.1%	-26.8%	25.4%
	Net Profit (€)	22,036.44 €	26,484.48 €	-135,876.43 €	-126,660.06 €	-117,060.47 €	-107,063.25 €	-96,653.47 €	-85,815.62 €	-73,655.36 €	70,441.44 €
	Net Profit Margin %	10.9%	12.6%	-62.5%	-56.3%	-50.2%	-44.4%	-38.7%	-33.2%	-27.5%	25.4%
Non-operating cost	Amortisation (€)			135,714.29 €	135,714.29 €	135,714.29 €	135,714.29 €	135,714.29 €	135,714.29 €	135,714.29 €	
	Interest (€)			31,306.74 €	26,970.86 €	22,480.76 €	17,830.97 €	13,015.80 €	8,029.37 €	1,987.27 €	
Break even and Risk analysis	Contribution Margin (€/t)	440.76 €	456.46 €	472.35 €	488.43 €	504.71 €	521.20 €	537.88 €	554.77 €	571.87 €	589.19 €
	BE Volume (t)	176.0	172.5	169.2	166.1	163.2	160.4	157.7	155.2	152.8	150.6
	Margin of Safety (t)	50.00 €	58.02 €	65.94 €	73.76 €	81.50 €	89.18 €	96.82 €	104.42 €	111.99 €	119.56 €
	BE Selling Price (€/t)	799.87 €	795.95 €	792.05 €	788.16 €	784.30 €	780.46 €	776.63 €	772.82 €	769.03 €	765.26 €

Conclusion

Production growth needs to be the top operational priority. The 10-year forecast makes this point repeatedly. Adding a fifth farm is a step in the right direction, but the goal should be to move closer to 390-tonne level modelled in Case H.

Reducing costs would have a major impact on profitability. Even a partial reduction in cost would move the numbers in the right direction.

Investment can work, but not under all conditions. Case E shows it is manageable with subsidy support in place, while Case G shows what happens without it, with repayments consuming nearly 79% of revenue. NPO should delay investment until **subsidy funding** is secured and production volume is high enough to support the debt.





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Thank you for your attention!

