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CHS reports a net income of \$346.7 million for the first half of fiscal 2018

ST. PAUL, MINN. (April 4, 2018) – CHS Inc., the nation’s leading farmer-owned cooperative and a global energy, grains and foods company, today reported net income of \$346.7 million for the first half of its 2018 fiscal year (six-month period ended Feb. 28, 2018), compared to net income of \$223.7 million for the same time period a year ago.

Consolidated revenues for the first half of fiscal 2018 were \$14.9 billion, down from \$15.4 billion for the first half of fiscal 2017. Pretax income was \$185.0 million and \$249.1 million for the first half of fiscal 2018 and 2017, respectively.

“CHS made meaningful progress in the first half of fiscal year 2018 as we continue to position CHS for higher performance,” said CHS President and CEO Jay Debertin. “The global environment for our businesses serving agriculture remains challenged and we continue to drive towards our priorities of better efficiency, strengthening relationships, and a more focused business portfolio. We have more work to do and we are seeing improvement that will make us a stronger company.”

For the second quarter of fiscal 2018 (Dec. 1, 2017 through Feb. 28, 2018), CHS reported net income of \$166.7 million compared with earnings of \$14.6 million for the same period in fiscal 2017. Revenues for the second quarter of fiscal 2018 were \$6.9 billion, down from \$7.3 billion for the second quarter of fiscal 2017.

Results for the quarter were attributed to:

- Increased margins at the Company’s refineries.
- Decreased volumes and margins within the Ag segment.
- A significant tax benefit recorded during the quarter related to the Tax Cuts and Jobs Act of 2017.

For the first half of fiscal 2018, reporting segment results include:

Energy

- Energy generated pretax income of \$122.1 million during the first half compared to \$86.6 million during the same period last year.
- The \$35.5 million increase reflects improved market conditions in the company’s refined fuels business, primarily driven by wider manufacturing margins in our refining operation.

Ag

- The Ag segment, which includes domestic and global grain marketing and crop nutrients businesses, renewable fuels, local retail operations and processing and food ingredients, generated pretax income of \$43.6 million for the six months ending Feb. 28, 2018. That compares to \$99.9 million for the same period the previous fiscal year.
- The \$56.3 million decrease was primarily the result of a decline in grain and oilseed volumes in the grain marketing and country operations businesses, and lower prices across the majority of the Ag sub-segments.

Nitrogen Production

- This segment is comprised of the Company's investment in CF Industries Nitrogen, LLC (CF Nitrogen) and generated pretax income of \$10.2 million during the first half of fiscal 2018 compared to \$32.4 million during the same time in fiscal 2017.
- The \$22.3 million decrease in earnings was primarily due to a gain in fiscal 2017 of \$29.1 million associated with an embedded derivative asset that did not reoccur in fiscal 2018. This was partially offset by improved prices on urea, produced by CF Nitrogen.

Corporate and Other

- This category is primarily comprised of the company's wheat milling joint venture (Arden Mills), its investment in Ventura Foods, LLC (Ventura Foods) and its financing, hedging and insurance operations. Corporate and Other generated pretax income of \$9.1 million in the first half of 2018 compared to \$30.2 million for the same period of fiscal 2017.
- The \$21.1 million decrease was due to reduced interest revenue from the company's financing business resulting from the sale of loans receivable and lower earnings from our investment in Ventura Foods.

CHS Inc. (www.chsinc.com) is a leading global agribusiness owned by farmers, ranchers and cooperatives across the United States. Diversified in energy, grains and foods, CHS is committed to helping its customers, farmer-owners and other stakeholders grow their businesses through its domestic and global operations. CHS supplies energy, crop nutrients, grain marketing services, animal feed, food and food ingredients, along with insurance, financial and risk management services. The company operates petroleum refineries/pipelines and manufactures, markets and distributes Cenex® brand refined fuels, lubricants, propane and renewable energy products.

This document and other CHS Inc. publicly available documents contain, and CHS officers and representatives may from time to time make, "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Report Act of 1995. Forward-looking statements can be identified by words such as "anticipate," "intend," "plan," "goal," "seek," "believe," "project," "estimate," "expect," "strategy," "future," "likely," "may," "should," "will" and similar references to future periods. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on CHS current beliefs, expectations and assumptions regarding the future of its businesses, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of CHS control. CHS actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause CHS actual results and financial condition to differ materially from those indicated in the forward-looking statements are discussed or identified in CHS public filings made with the U.S. Securities and Exchange Commission, including in the "Risk Factors" discussion in Item 1A of CHS Annual Report on Form 10-K for the fiscal year ended August 31, 2017. Any forward-looking statements made by CHS in this document are based only on information currently available to CHS and speak only as of the date on which the statement is made. CHS undertakes no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

CHS Inc. Earnings
millions \$

	For the Three Months Ended		For the Six Months Ended	
	Feb. 28,		Feb. 28,	
	2018	2017	2018	2017
	(fiscal year)	(fiscal year)	(fiscal year)	(fiscal year)
Energy	\$9.0	\$16.6	\$122.1	\$86.6
Ag	(30.9)	(9.3)	43.6	99.9
Nitrogen Production	4.5	5.5	10.2	32.4
Corporate and Other	<u>2.8</u>	<u>10.8</u>	<u>9.1</u>	<u>30.2</u>
Income before income taxes	(14.6)	23.6	185.0	249.1
Income taxes	<u>(181.2)</u>	<u>8.6</u>	<u>(161.2)</u>	<u>25.2</u>
Net income	166.6	15.0	346.2	223.9
Net income attributable to non-controlling interests	<u>(0.1)</u>	<u>0.4</u>	<u>(0.5)</u>	<u>0.2</u>
Net income attributable to CHS Inc.	\$166.7	\$14.6	\$346.7	\$223.7