



For further information
Contact: Rebecca Lentz
(651) 355-4579
rebecca.lentz@chsinc.com

CHS Reports Fiscal Year 2019 Net Income of \$829.9 Million
Energy, Nitrogen Production increases helped drive 7 percent growth in net income

ST. PAUL, MINN. (Nov. 6, 2019) - CHS Inc., the nation's leading agribusiness cooperative, today reported net income of \$829.9 million for the fiscal year ended Aug. 31, 2019. The results reflect an increase of \$54.0 million -- or 7 percent -- compared to fiscal year 2018.

Key financial drivers for fiscal year 2019 include:

- Consolidated revenues of \$31.9 billion for fiscal year 2019 compared to \$32.7 billion for fiscal year 2018.
- Net income of \$829.9 million for fiscal year 2019 compared to \$775.9 million for fiscal year 2018.
- Improved market conditions in our refined fuels business, primarily driven by favorable purchasing of Canadian crude oil.
- Increased equity earnings from investments, including a \$53.5 million increase related to CF Nitrogen. In addition, the CF Nitrogen investment distributed \$186.5 million of cash to CHS Inc. in fiscal year 2019.
- Acquisition of the remaining 75 percent interest in West Central Distribution, LLC, that was not previously owned by CHS.
- Pressure on the volumes and margins of grain and agronomy products, including increased costs of operations due to ongoing weather- and trade-related issues.
- A combination of recoveries on previously recorded reserves, impairment charges and gain contingencies, which more than offset additional reserves and impairment charges taken during the year.

"We are pleased with our results on behalf of our owners in fiscal year 2019. We focused on our priorities, built on our strategies, continued to improve our control environment and leveraged the



strength of our supply chain to deliver value to the farmers and co-ops that own us,” said Jay Debertin, president and CEO of CHS Inc. “Improving customer experience and innovations led to better results including increased diesel production at our refinery in McPherson, Kansas. Our acquisition of the remaining 75 percent interest in West Central Distribution that we previously didn’t own expanded our distribution channels and grew market access in agronomy.

“When flooding made major riverways impassable, we leveraged our supply chain to reposition fertilizer to ensure our cooperatives and customers had the crop nutrients they needed for spring planting,” he said. “We identified new markets for our owners’ grain to help them navigate the difficult trade situation. And we began construction on a fertilizer storage facility in North Dakota and a grain shuttle loader in Minnesota. In each of these, the driving force was to be our customers’ first choice.

“We know the headwinds agriculture faced in fiscal year 2019 have carried over to fiscal year 2020, and CHS feels those same challenges. No one, however, feels them more and understands the impact more than the farmers and cooperatives that own us,” Debertin continued. “We remain focused on delivering value to our owners and creating connections to empower agriculture. And we’re committed to continuing to raise our owners’ voices to policymakers and elected officials and identifying opportunities to continue to build our business, leveraging our supply chain and helping our owners navigate fluctuating markets.”

Fiscal Year 2019 Business Segment Results

The fiscal year 2019 segment results are:

Energy

Pretax earnings of \$618.2 million represent a \$166.1 million increase versus the prior year and reflect:

- Improved market conditions in our refined fuels business driven primarily by favorable pricing on heavy Canadian crude oil, which is processed by our refineries in Laurel, Montana, and McPherson, Kansas.
- Positive resolution of a gain contingency.
- The increase was partially offset by gains associated with the sale of the Council Bluffs pipeline and terminal and 34 Zip Trip stores located in the Pacific Northwest during fiscal year 2018 that did not recur during fiscal year 2019.



Ag

Pretax earnings of \$43.0 million represent a \$31.3 million decrease versus prior year and reflect:

- Poor weather conditions - including flooding during the spring of 2019 that prevented and delayed planting of crops - and ongoing global trade issues between the United States and foreign trading partners resulted in generally decreased margins and volumes across most of our Ag segment.
- The decrease was partially offset by gains associated with fiscal year 2019 acquisition of the remaining 75 percent interest in West Central Distribution that CHS previously did not own.
- The net positive impact of recoveries on previously recorded reserves and impairment charges more than offset additional impairment charges taken during fiscal year 2019.

Nitrogen Production

Pretax earnings of \$72.9 million represent a \$34.1 million increase versus prior year and reflect:

- Improved market pricing of urea and UAN, which are produced and sold by CF Nitrogen, of which CHS has partial ownership.

Corporate and Other

Pretax earnings of \$81.5 million represent a \$24.5 million decrease versus prior year and reflect:

- A gain from the sale of CHS Insurance during fiscal year 2018 that did not recur in fiscal year 2019.
- The decrease was partially offset by higher earnings from our investment in Ventura Foods, LLC, and from our financing business.

CHS Inc. (www.chsinc.com) is a leading global agribusiness owned by farmers, ranchers and cooperatives across the United States. Diversified in energy, agronomy, grains and foods, CHS is committed to creating connections to empower agriculture, helping its farmer-owners, customers and other stakeholders grow their businesses through its domestic and global operations. CHS supplies energy, crop nutrients, seed, crop protection products, grain marketing services, production and agricultural services, animal nutrition products, foods and food ingredients, and risk management services. The company operates petroleum refineries and 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, 2019. 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* for Fiscal Year 2019
(in millions \$)

	For the Twelve Months Ended Aug. 31,	
	2019	2018
Energy	618.2	452.1
Ag	43.0	74.3
Nitrogen Production	72.9	38.8
Corporate and Other	81.5	106.0
Income (loss) before income taxes	815.6	671.2
Income tax expense (benefit)	(12.5)	(104.1)
Net income (loss)	828.1	775.3
Net income (loss) attributable to noncontrolling interests	(1.8)	(0.6)
Net income (loss) attributable to CHS Inc.	829.9	775.9

*Earnings is defined as income (loss) before income taxes.