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CHS Reports \$54.6 million of net income for third quarter of fiscal 2019

Company reports net income of \$650.9 million for first nine months of fiscal year

ST. PAUL, MINN. (July 15, 2019) – CHS Inc., the nation’s leading agribusiness cooperative, today announced its financial results for the third quarter and the first nine months of fiscal year 2019.

CHS reported:

- Net income of \$54.6 million for the third quarter of fiscal 2019 compared to \$181.8 million for the restated third quarter of fiscal 2018. One-time pre-tax gains of \$124.1 million in the restated third quarter of fiscal year 2018 were not realized in the same time period in fiscal 2019. One-time pre-tax gains of \$19.2 million related to the purchase of the remaining 75 percent share of West Central Distribution, LLC were realized in the third quarter of fiscal 2019.
- Consolidated revenues of \$8.5 billion for the third quarter of fiscal 2019 compared to \$9.1 billion for the restated third quarter of fiscal 2018.
- Net income of \$650.9 million for the first nine months of fiscal 2019 compared to \$535.5 million for the restated first nine months of fiscal 2018, an increase of 21.5 percent.

“Our cooperative continues to perform well through the first nine months of the fiscal year. Though our net income was down compared to the prior year third quarter of fiscal 2018, the first nine months of fiscal year 2019 have been strong,” said Jay Debertin, CHS president and CEO. “During the third quarter, we completed the acquisition of the remaining 75 percent ownership interest in West Central Distribution, LLC, a full-service wholesale distributor of agronomy products headquartered in Willmar, Minnesota. The acquisition demonstrates our commitment to provide more of the products, services and technology our owners need to compete. Scheduled maintenance at our refinery in McPherson, Kansas, slowed production of refined fuels; but that maintenance investment will enable CHS to better serve our owners and rural America in the long term. We are committed and working hard to maximize earnings for our owners by creating connections to empower agriculture.

“The uncertainty of the international trade markets continues to create difficult circumstances for all who work in agribusiness. Weather challenges led to late planting that has hurt our owners – America’s farmers and cooperatives that help grow the food to feed the world,” Debertin said. “We traveled throughout our trade territory this spring to meet with our owners, and every location we visited was impacted by heavy spring rains and late planting. At CHS, we are working to navigate external challenges, and we are committed to leveraging the strength of our supply chain to help our owners and customers navigate as the year progresses.”

Third Quarter Fiscal 2019 Business Segment Results

The following business segment results were reported for the third quarter of fiscal 2019 as compared to the restated third quarter of fiscal 2018.

Energy

The \$92.7 million decrease in Energy pretax earnings reflects:

- The impact associated with the turnaround – scheduled maintenance to repair and improve operations – at our McPherson, Kansas, refinery.

- The return of Canadian crude oil prices to more normalized levels, where they are expected to remain for the rest of fiscal year 2019.
- The gains realized in fiscal year 2018 of sales of 34 Zip Trip stores and the Council Bluffs pipeline that did not recur in fiscal year 2019.

AG

The \$39 million decrease in Ag pretax earnings was driven by:

- Decreased margins and volumes for grain and oilseed, poor weather conditions including heavy snow and rainfall, historic flooding on waterways and continuing global trade tensions.
- Increased loan loss reserves associated with the challenging agricultural environment.

Nitrogen Production

The \$1.4 million increase in Nitrogen Production pretax earnings reflects:

- Increased market pricing of urea and urea ammonium nitrate, which are produced and sold by CF Nitrogen, of which CHS is a part owner.

Corporate and other

The \$44.9 million decrease in Corporate and Other pretax earnings reflects:

- A gain in the third quarter of fiscal 2018 from the sale of CHS Insurance that did not recur in the third quarter of fiscal 2019.

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 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 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, 2018. 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*
by Segment
(in millions \$)

**For the Three Months Ended
May 31**

	<u>2019</u>	<u>(As restated) 2018</u>
Energy	\$1.3	\$94.0
Ag	21.1	60.1
Nitrogen Production	20.2	18.8
Corporate and Other	19.0	63.9
Income before income taxes	61.6	236.8
Income tax expense (benefit)	6.9	55.2
Net income (loss)	54.7	181.6
Net income (loss) attributable to non-controlling interests	0.1	(0.2)
Net income (loss) attributable to CHS Inc.	54.6	181.8

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

**For the Nine Months Ended
May 31**

	<u>2019</u>	<u>(As restated) 2018</u>
Energy	\$540.3	\$239.0
Ag	39.0	81.7
Nitrogen Production	54.6	29.0
Corporate and Other	56.8	73.2
Income before income taxes	690.7	422.9
Income tax expense (benefit)	40.5	(111.9)
Net income (loss)	650.2	534.8
Net income (loss) attributable to non-controlling interests	(0.7)	(0.7)
Net income (loss) attributable to CHS Inc.	650.9	535.5

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