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## CHS Reports Fiscal Year 2020 Net Income of \$422.4 million

ST. PAUL, MINN. (Nov. 5, 2020) - CHS Inc., the nation's leading agribusiness cooperative, today reported net income of \$422.4 million for the fiscal year that ended Aug. 31, 2020. This compares to fiscal year 2019 net income of \$829.9 million.

Key financial drivers for fiscal year 2020 include:

- Consolidated revenues of \$28.4 billion for fiscal year 2020 compared to \$31.9 billion for fiscal year 2019.
- Strong supply chain performance in our propane business driven by efficiently sourced propane to customers to meet strong crop drying and home heating demand that contributed to improved results especially during the first half of fiscal year 2020.
- Less advantageous market conditions in our refined fuels business, primarily driven by the COVID-19 pandemic, resulted in volume and price declines that significantly reduced earnings compared to the prior year.
- Poor weather conditions negatively impacted our Ag segment's operations during the first half of fiscal year 2020, resulting in lower crop yields and poor grain quality following a late harvest and lower crop nutrient sales during fall 2019.
- Improved weather conditions during the 2020 spring planting season drove increased earnings across much of our Ag segment in the second half of fiscal year 2020.

"Our focus remains on serving our owners, local cooperatives and our customers around the world, keeping our employees safe and ensuring the company emerges stronger after the pandemic," said Jay Debertin, president and CEO of CHS Inc. "Since March, we have been focused on taking care of those who depend on us, maintaining financial strength and planning for the future."

"We delivered record earnings in propane and benefited from good weather that led to a good planting season. Consistent with our focus on innovation in agriculture, we were awarded a patent for a crop input product that can help plants access more phosphorus and, in turn, have better yield. Continued work on integration of the West Central acquisition of 2019 and leveraging commercial synergies resulted in strong crop protection sales, and we moved increased volumes of grain because of improved trade relations," he said. "Like many companies, we were not immune to the challenges posed by the impacts of the pandemic especially in our refined fuels business and with our Ventura Foods joint venture."

"Our continued investment in digital capabilities helps us anticipate and meet owners' and customers' needs by leveraging the strength of our supply chain," he said. "Enhancing our customers' experience through solutions using efficient, effective data across our supply chain encourages our customers to make CHS their first choice."

### Fiscal Year 2020 Business Segment Results

#### Energy



Pretax earnings of \$225.3 million represent a \$392.9 million decrease versus the prior year and reflect:

- Significantly less advantageous market conditions in refined fuels business compared to the prior year that resulted in lower margins and volumes. These market conditions were driven by decreased crude oil differentials on heavy Canadian crude oil processed by our refineries and decreased crack spreads, which were both negatively impacted by demand shock associated with COVID-19.
- Positive resolution of an \$80.8 million gain contingency associated with a tax credit during fiscal year 2019 that did not reoccur during fiscal year 2020.
- Increased propane volumes and improved propane margins during fiscal year 2020 helped partially offset decreased overall earnings in our Energy segment.

### **Ag**

Pretax earnings of \$53.7 million represent a \$10.7 million increase versus the prior fiscal year and reflect:

- Improved margins across certain Ag segment businesses including feed and farm supplies, grain and oilseed and renewable fuels. These improvements resulted from optimism for improved trade relations between the United States and foreign trade partners in the second half of fiscal 2020 and favorable weather conditions for spring planting during fiscal year 2020.
- Decreased agronomy and processing and food ingredients margins, due to an oversupply in the market and the COVID-19 pandemic, respectively.
- Lower volumes driven by a combination of poor weather conditions in fiscal year 2019 that led to a smaller harvest, impacts from the COVID-19 pandemic on our processing and food ingredients business and global trade tensions between the United States and foreign trading partners, particularly in the first half of fiscal 2020.

### **Nitrogen Production**

Pretax earnings of \$51.8 million represent a \$21.0 million decrease versus the prior year and reflect:

- Lower income associated with reduced sale prices of urea and urea ammonium nitrate, which are produced and sold by CF Nitrogen, of which CHS is a partial owner.

### **Corporate and Other**

Pretax earnings of \$56 million represent a \$25.5 million decrease compared to the prior fiscal year and reflect:

- Lower earnings in our Ventura Foods joint venture, which experienced significantly reduced demand in the food service industry during the COVID-19 pandemic.
- Decreased financing business income due to lower interest rates during fiscal year 2020 compared to fiscal year 2019.

Based on fiscal year 2020 earnings, CHS expects to return an estimated \$30 million in cash patronage and \$33 million in equity redemptions to member cooperatives and individual owners in fiscal year 2021.

CHS Inc. ([www.chsinc.com](http://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 Reform 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 place undue reliance 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, 2020. 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, except as required by applicable law.*

**CHS Inc. Earnings\***  
(in thousands \$)

	Years Ended August 31,	
	2020	2019
<b>Energy</b>	\$ 225,317	\$ 618,188
<b>Ag</b>	53,724	43,016
<b>Nitrogen Production</b>	51,837	72,870
<b>Corporate and Other</b>	56,000	81,527
<b>Income before income taxes</b>	386,878	815,601
<b>Income tax benefit</b>	(36,731)	(12,456)
<b>Net income</b>	423,609	828,057
<b>Net income (loss) attributable to noncontrolling interests</b>	1,170	(1,823)
<b>Net income attributable to CHS Inc.</b>	\$ 422,439	\$ 829,880

\*Earnings is defined as income before income taxes.