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CHS Reports \$97.6 Million in Third Quarter Fiscal 2020 Net Income

ST. PAUL, MINN. (July 7, 2020) - CHS Inc., the nation's leading agribusiness cooperative, today reported net income of \$97.6 million for the third quarter of fiscal year 2020 that ended May 31, 2020. This represents a 78.8 percent increase compared to net income of \$54.6 million in the third quarter of fiscal year 2019.

The results for the third quarter of fiscal year 2020 reflect:

- Revenues of \$7.2 billion compared to revenues of \$8.5 billion for the third quarter of fiscal year 2019.
- Improved margins and volumes across much of the Ag segment as a result of more favorable weather conditions for spring planting compared to third quarter of fiscal year 2019.
- Improved trade relations between the United States and foreign trading partners.
- Decreased selling prices and volumes for refined fuels driven by global market conditions including the impact of COVID-19, which has depressed demand for energy products.
- A \$42.0 million noncash charge to reduce our refined fuels inventory to its market value.

“We continue to adapt how we do business to ensure the safety of our employees and our customers. A successfully managed supply chain helped our owners get the products and services they and their customers need to grow their crops. That focus also helped us deliver value to our customers around the world,” said Jay Debertin, president and CEO of CHS Inc. “Improved trade relations benefited us, and, in turn, our owners, and we are eager for that to continue. We are not immune to the market pressures caused by COVID-19, and we will continue to adjust to best serve our owners and customers.”

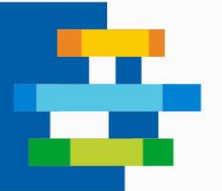
Third Quarter Fiscal 2020 Business Segment Results

The following segment results were reported for the third quarter of fiscal year 2020 compared to the third quarter of fiscal year 2019.

Energy

Pretax loss of \$54.8 million in the third quarter of fiscal year 2020 compared to \$1.3 million in pretax earnings for the third quarter of fiscal year 2019 reflects:

- Lower margins due to less advantageous market conditions compared to the third quarter of fiscal year 2019. Those lower margins were the result of decreased refining margins, which were partially offset by improved crude oil differentials for heavy Canadian crude oil processed by our refineries and by improved propane margins.



- Decreased selling prices and volumes for refined fuels driven by global market conditions including the impact of COVID-19 and product mix, which has depressed demand for energy products.
- A \$42.0 million noncash charge to reduce our refined fuels inventory to its market value.

Ag

Pretax earnings of \$95.4 million in the third quarter of fiscal year 2020 compared to pretax earnings of \$21.1 million in the third quarter of fiscal year 2019 reflect:

- Improved trade between the United States and foreign trading partners.
- Improved margins across much of the Ag segment as a result of more favorable weather conditions for spring planting compared to third quarter of fiscal year 2019, which were partially offset by decreased margins and volumes in our renewable fuels and processing and food ingredients businesses. Those decreases are attributable to COVID-19-related demand shocks in food service and transportation sectors.
- Impact of additional loan loss reserves established in the third quarter of fiscal year 2019 that did not reoccur in the third quarter of fiscal year 2020.

Nitrogen Production

Pretax earnings of \$23.5 million compared to pretax earnings of \$20.2 million in the third quarter of fiscal 2019 reflect:

- Decreased interest expense associated with our CF Nitrogen investment.

Corporate and Other

Pretax earnings of \$6.3 million compared to pretax earnings of \$19.0 million in the third quarter of fiscal 2019 reflect:

- Lower earnings from our investment in Ventura Foods resulting from decreased demand due to COVID-19-related demand shocks in the food service sector.



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 contains, and other CHS Inc. internally and 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 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 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, and in Item 1A of Part II of CHS Quarterly Report on Form 10-Q for the quarterly period ended May 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 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*
by Segment
(in thousands \$)

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2020	2019	2020	2019
Energy	\$ (54,764)	\$ 1,259	\$ 246,309	\$ 540,305
Ag	95,360	21,112	60,653	39,031
Nitrogen Production	23,507	20,178	45,698	54,569
Corporate and Other	6,346	19,030	31,014	56,761
Income before income taxes	70,449	61,579	383,674	690,666
Income tax (benefit) expense	(27,052)	6,866	(18,258)	40,534
Net income	97,501	54,713	401,932	650,132
Net income (loss) attributable to noncontrolling interests	(147)	93	955	(758)
Net income attributable to CHS Inc.	\$ 97,648	\$ 54,620	\$ 400,977	\$ 650,890

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