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CHS Reports \$347 Million First Quarter Fiscal 2019 Net Income

ST. PAUL, MINN. (Jan. 10, 2019) – CHS Inc., the nation’s leading farmer-owned cooperative and a global energy, grains and foods company, today reported a net income of \$347.1 million for the first quarter of fiscal 2019.

“Our strong first quarter results position us well as we start our 2019 fiscal year,” said Jay Debertin, CHS president and chief executive officer. “We are focused on making CHS our customers’ first choice by advancing our technology solutions and equipping employees to meet the changing needs of our customers around the world. We will do this while maintaining financial discipline and rigor.”

Key financial highlights for the quarter that ended Nov. 30, 2018, include:

- Net income of \$347.1 million, an increase of \$159.9 million from the restated first quarter of fiscal 2018.
- Consolidated revenues of \$8.5 billion, a \$452.4 million increase from the restated first period of fiscal 2018.
- Pretax income of \$367.2 million, an increase of \$159.4 million from the restated first period of fiscal 2018.
- Improved crude oil pricing, which drove higher refining margins.
- Favorable market conditions in the crop nutrients business, which resulted in higher margins.
- Improved earnings in the company’s CF Nitrogen, Ardent Mills and Ventura Foods investments.

First Quarter Fiscal 2019 Segment Results

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

ENERGY

The \$112.0 million increase in Energy pretax earnings reflects the following:

- Improved market conditions in the refined fuels business driven by favorable crude oil pricing.

AG

The \$5.1 million increase in Ag pretax earnings was driven by the following:

- Improved pricing within the company’s crop nutrients and processing and food ingredients businesses and volume increases within grain and processing.

NITROGEN PRODUCTION

The \$18.0 million increase in Nitrogen Production pretax earnings reflects the following:

- Improved margins within the Nitrogen Production business driven by increased sales prices of urea and UAN, which are produced and sold by CF Nitrogen.

CORPORATE AND OTHER

The \$24.3 million increase in Corporate and Other pretax earnings reflects the following:

- Higher earnings from the company’s investments in Ventura Foods, LLC and Ardent Mills, LLC as well as increased interest revenue from the company’s financing business.

In late December 2018, CHS, a 25 percent owner of West Central Distribution, exercised its option to purchase the remaining 75 percent of the respected crop protection distribution company and is in the process of completing due diligence and satisfying regulatory, legal and other requirements.

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 Nov. 30,	
	2018	(As restated) 2017
Energy	\$232.4	\$120.4
Ag	80.3	75.2
Nitrogen Production	23.7	5.7
Corporate and Other	30.8	6.5
Income before income taxes	367.2	207.8
Income tax expense (benefit)	20.1	20.6
Net income (loss)	347.1	187.2
Net income attributable to non-controlling interests	(0.4)	(0.4)
Net income (loss) attributable to CHS Inc.	\$347.5	\$187.6

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