

JULY 15, 2019

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

CHS Inc. 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 \$39 million decrease in Ag pretax earnings was driven by:

- 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:

[Read the full press release here.](#)