

CHS



# Harvesting Global Grain Opportunity

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**Vice President**  
**North American Grain**



## Who We Are

- CHS is the nation's leading cooperative, owned by farmers, ranchers and co-ops across the United States.
- A diversified, global energy, grains and foods business, CHS is committed to helping producers, co-ops and other stakeholders grow their businesses.



## A brief history of global grain trade

### Ancient times

- Subsistence production
- Trade by barter
- Invention of storage
- Limited transportation

### Mid 1900s shifts

- Large-scale production in Western Hemisphere
- Improved transportation
- Storage
- Industrialization
- Advent of grain exchanges and global grain merchants

# Our history in grain exports

1930s – Exports to Pacific Rim countries

1940s – Construction of Superior, Wis., export terminal; “Mercy Wheat” program to post WWII Europe

1960s – Kalama, Wash., terminal

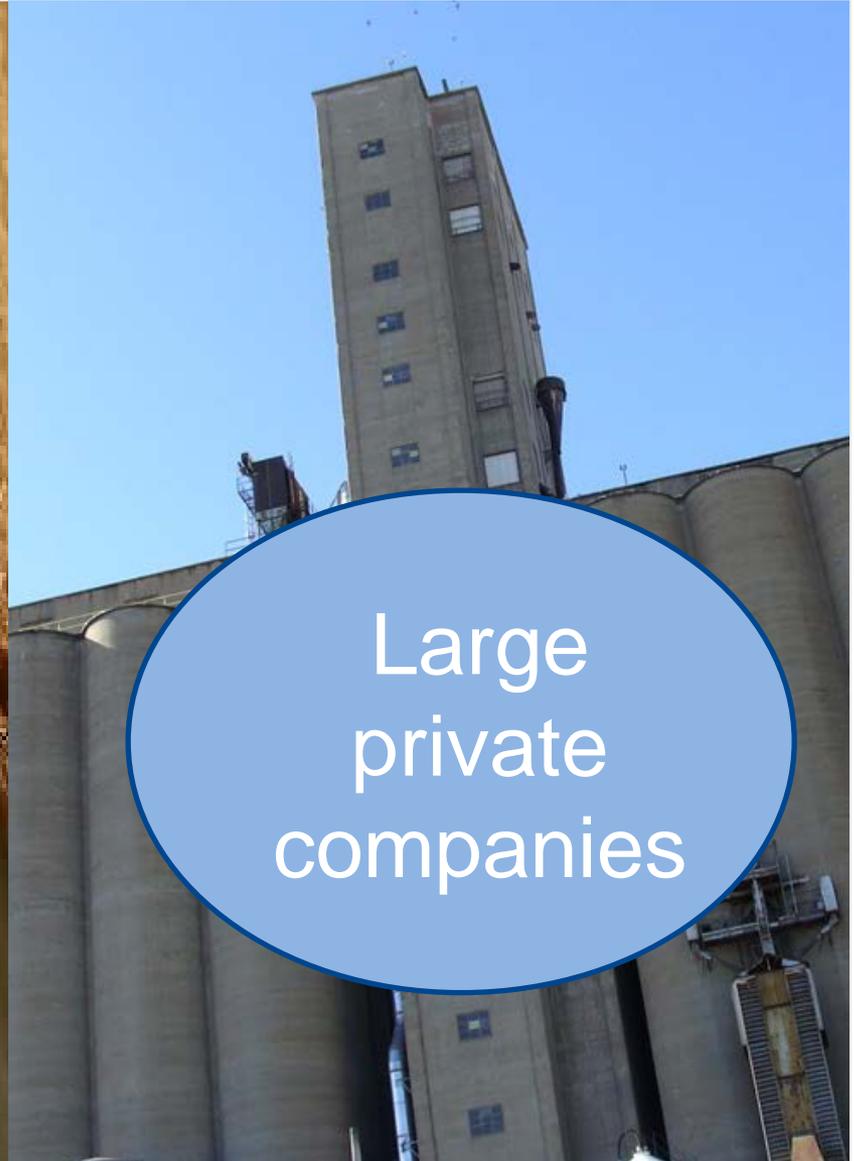
1970s – Among first grain exporters to Soviet bloc nations



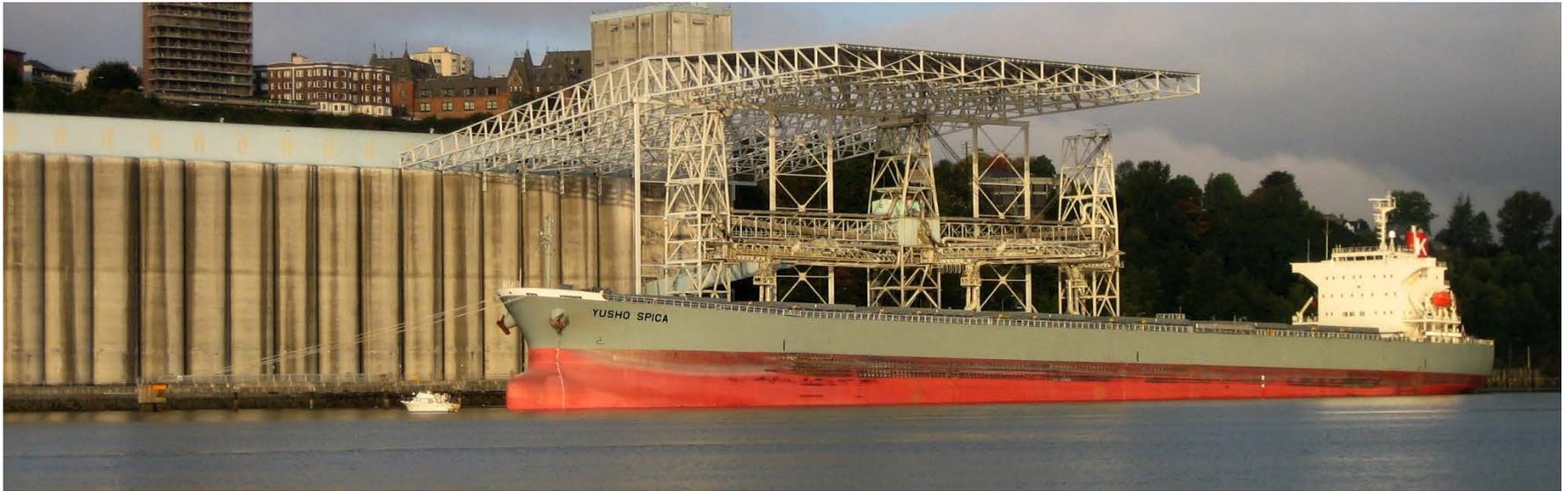
# The mid 20<sup>th</sup> Century norm



State-  
owned  
entities



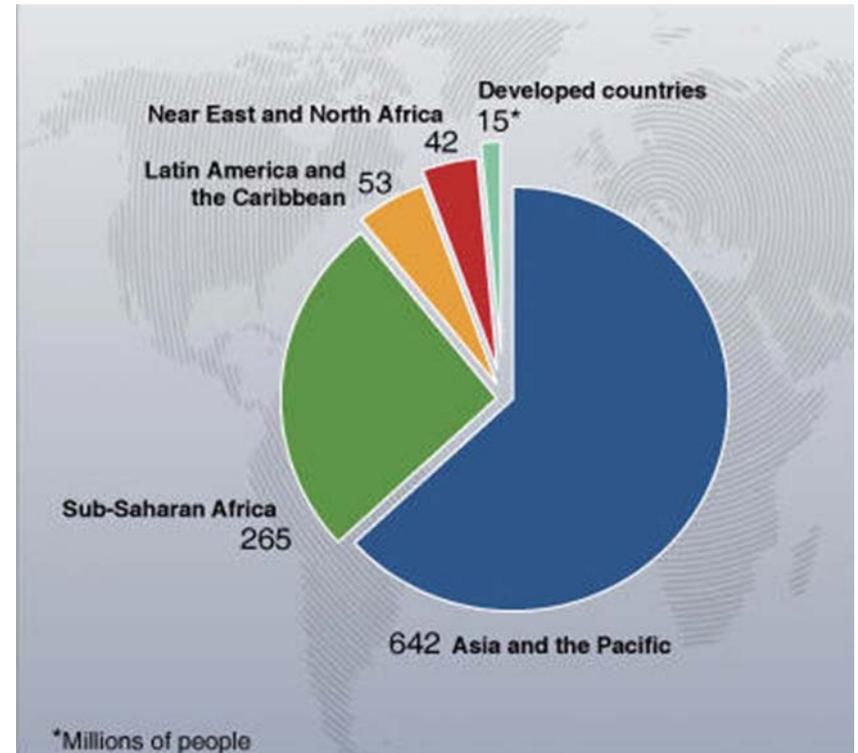
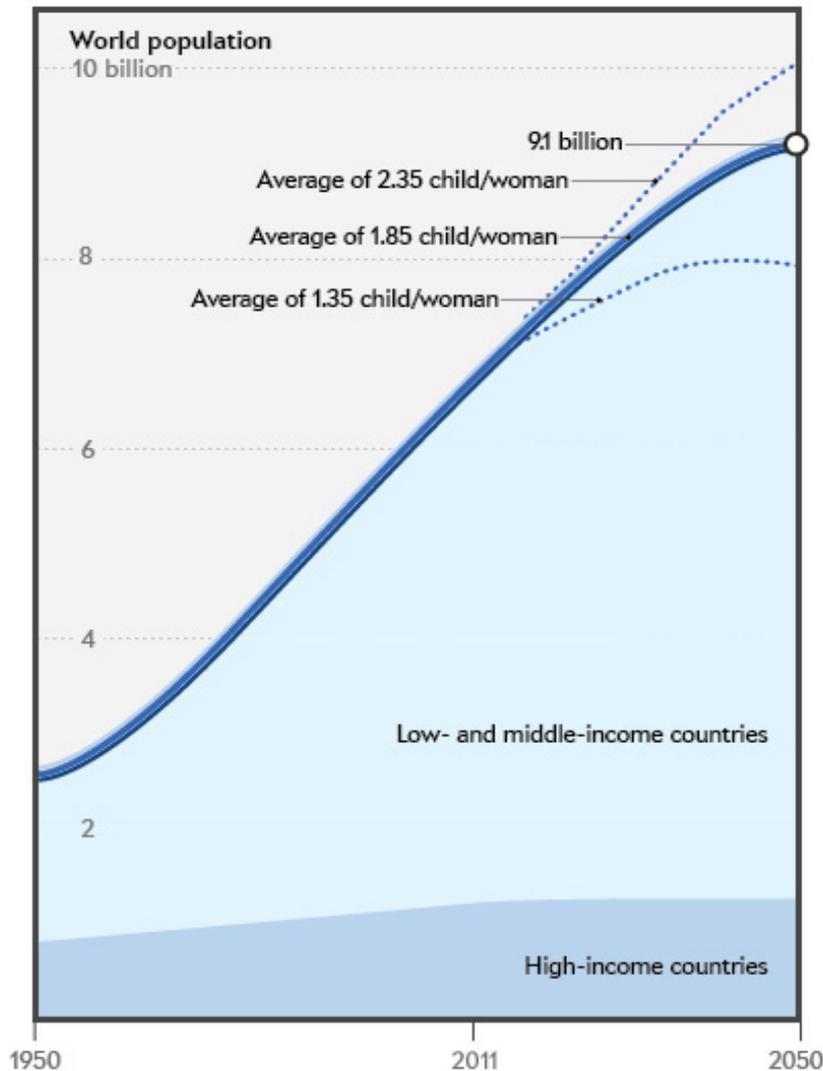
Large  
private  
companies



## Game Changers: From commodity to opportunity

- The end of state-owned trading entities
- Improved storage, transportation
- Technology creates 24/7/365 marketplace
- Global demand growth for food, energy

# Today's market drivers

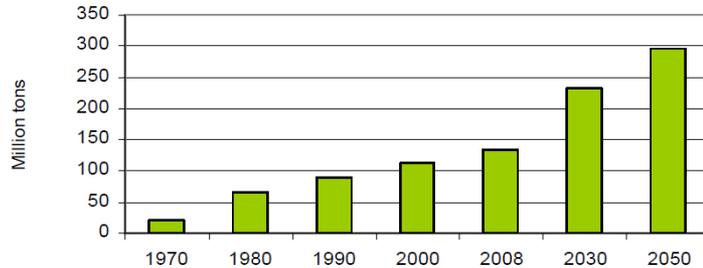


**Today:** More than 1 billion hungry people

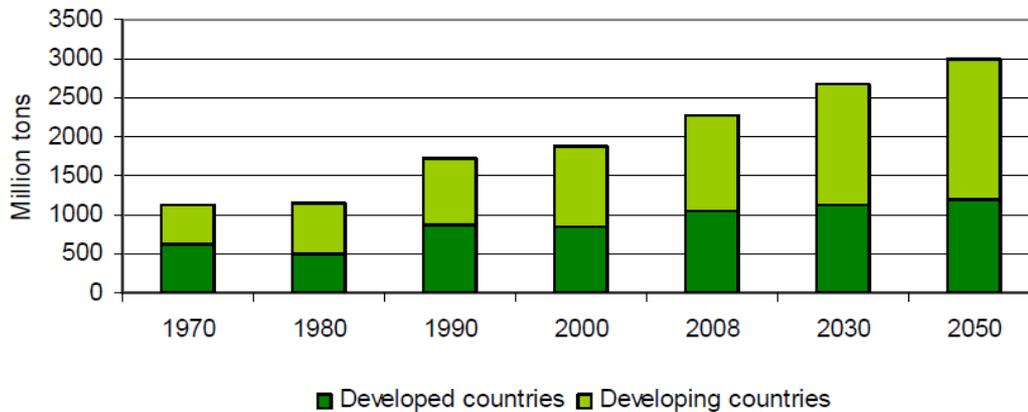
**2050:** Food supply must nearly double

# Market Drivers: Grain supply and demand outlook

## Net grain imports in developing countries



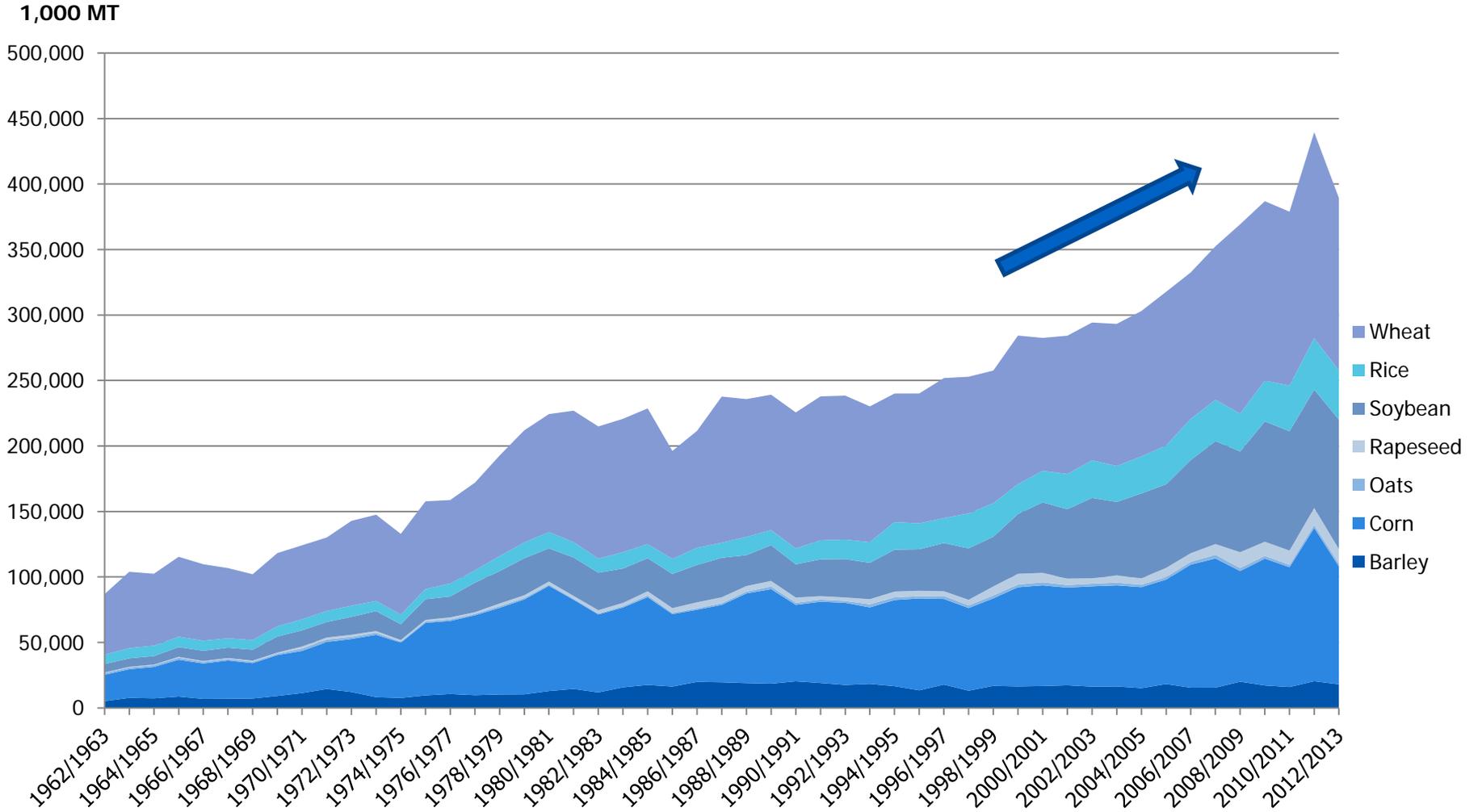
## Global grain production



Source: FAO



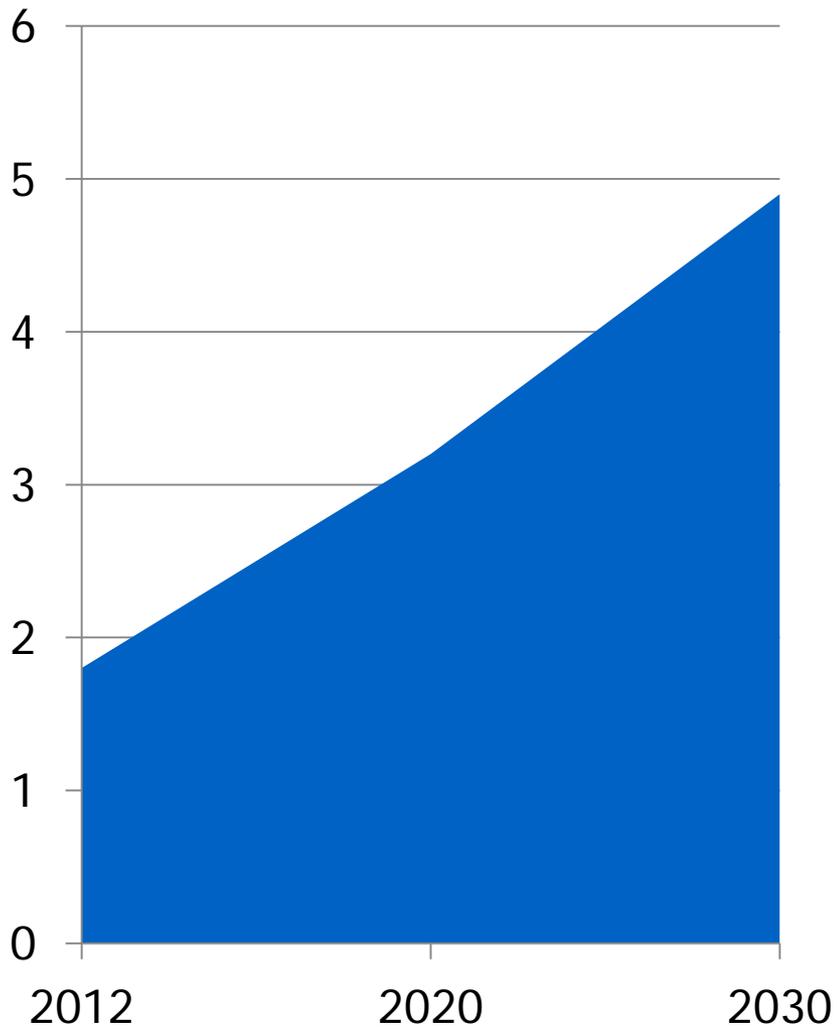
# World Major Crop Export



Source: USDA, Bloomberg, CHS Inc.

# Global middle class

*in billions*



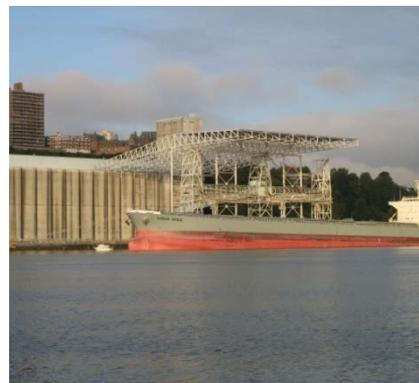
# Global grain trade drivers

- More global supply chain players
  - Regional companies are takeover targets
  - Outside money investing in ag
- Global commodities boom increases supply chain value
- Risk management and working capital essential in highly volatile markets
- Food versus energy tightens supplies



# Benefits of a global footprint

- Market knowledge/price discovery
- Export competitiveness
- Profitability
- Manage risk/global arbitrage
- Year-round customer service
- Long-term growth prospects



# What CHS delivers to our customers

- 12-month secure supply
- Source from all critical supply regions
- Grower Connection
- Security and control via access to a physical supply chain
- Risk management
- Market information





## CHS Global Commodities Strategy

- Strengthen our grain marketing system by:
  - Domestic grain origination and export infrastructure investments and partnerships
  - Global grain origination and market access
    - Add incremental value to our producer-owned system

# CHS Global grain/CN footprint



# South America: A decade of global growth

2003  
Sao Paulo, Brazil  
grain trading office  
15 employees

10 years of  
deliberate, strategic  
growth

2013  
Commodity trading,  
infrastructure and  
1,000 employees in  
24 countries

# How we got there: South America



# South America

- Began with trading office
- Established joint venture to access origination
- Ended joint venture
- Establishing own supply chain/infrastructure
  - Offices in Brazil, Argentina, Paraguay
  - Interior origination assets
  - Fertilizer imports
  - Export facilities
- Leveraging internal integration opportunities



# How we got there: Black Sea and Europe

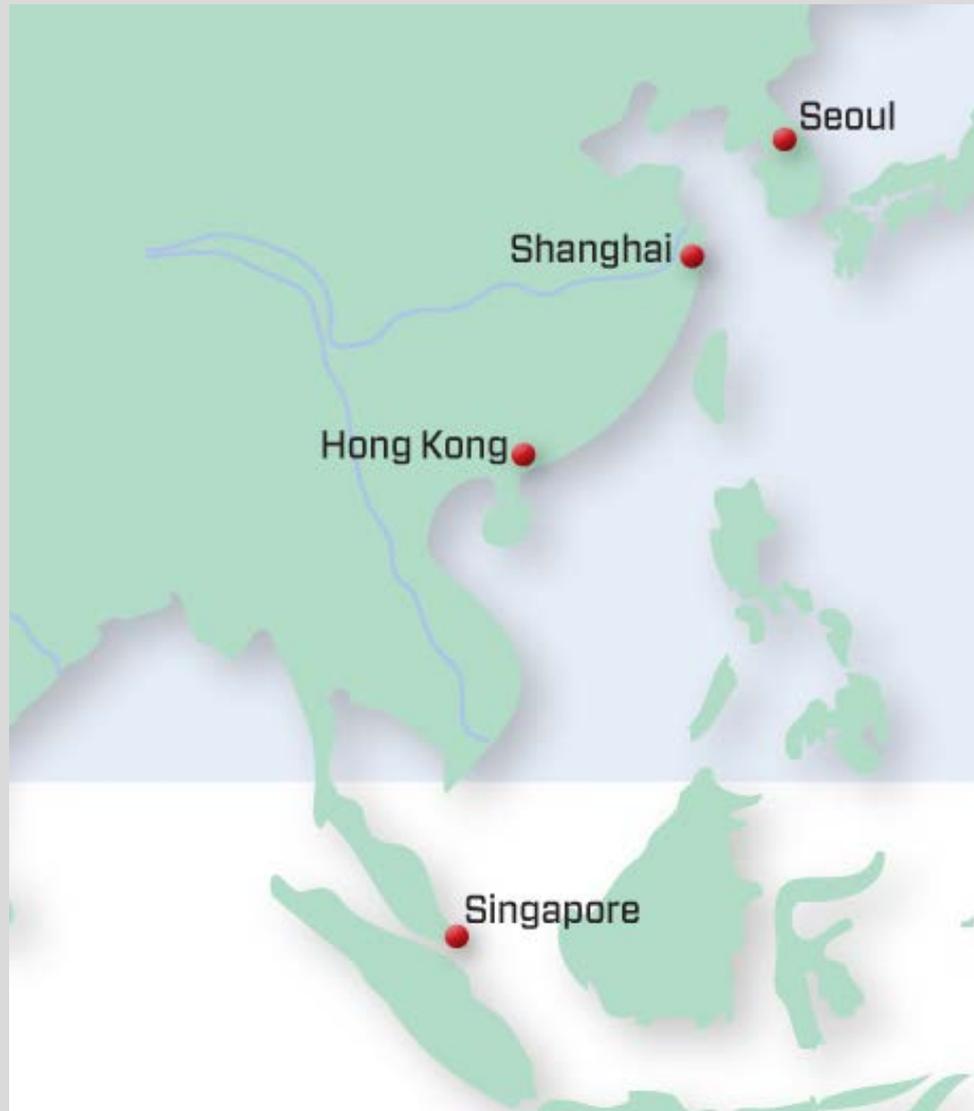


# Europe/Black Sea

- Established grain trading office in Geneva, Switzerland
- Black Sea origination/infrastructure
  - Kiev, Ukraine office; origination program
  - Odessa, Ukraine export terminal joint venture
  - South Russia office and port facilities
  - Acquired export terminal at Constanta, Romania
  - Origination and river facilities along Danube in Romania, Serbia, Bulgaria and Hungary
- Grain marketing offices in Barcelona, Spain, and Amman, Jordan



# How we got there: Asia-Pacific



# Asia/Pacific

- Goal: Develop a secure and consistent demand base to support CHS global supply chains
- Opened marketing offices in Hong Kong, Shanghai and Seoul
- Established joint venture as grain supplier to Japanese co-op ZehNoh
- Established Asia-Pac headquarters office in Singapore
- Exploring storage and distribution opportunities

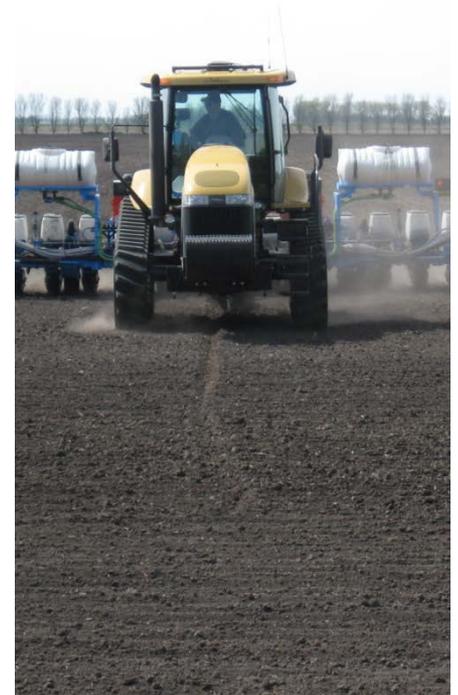


# How we got there: North America



# North America growth

- North America and CHS producers remain core of our grain platform
- Continued investments in domestic origination supply chain
  - Strong asset base
- Investments in export infrastructure
  - Expansion at Kalama, Wash., for greater Pacific Rim export volume and efficiency
- Established Canada presence in Winnipeg
- Leverage enterprise connections of CHS facilities, co-ops, inputs, services



# Ag Business global operations today

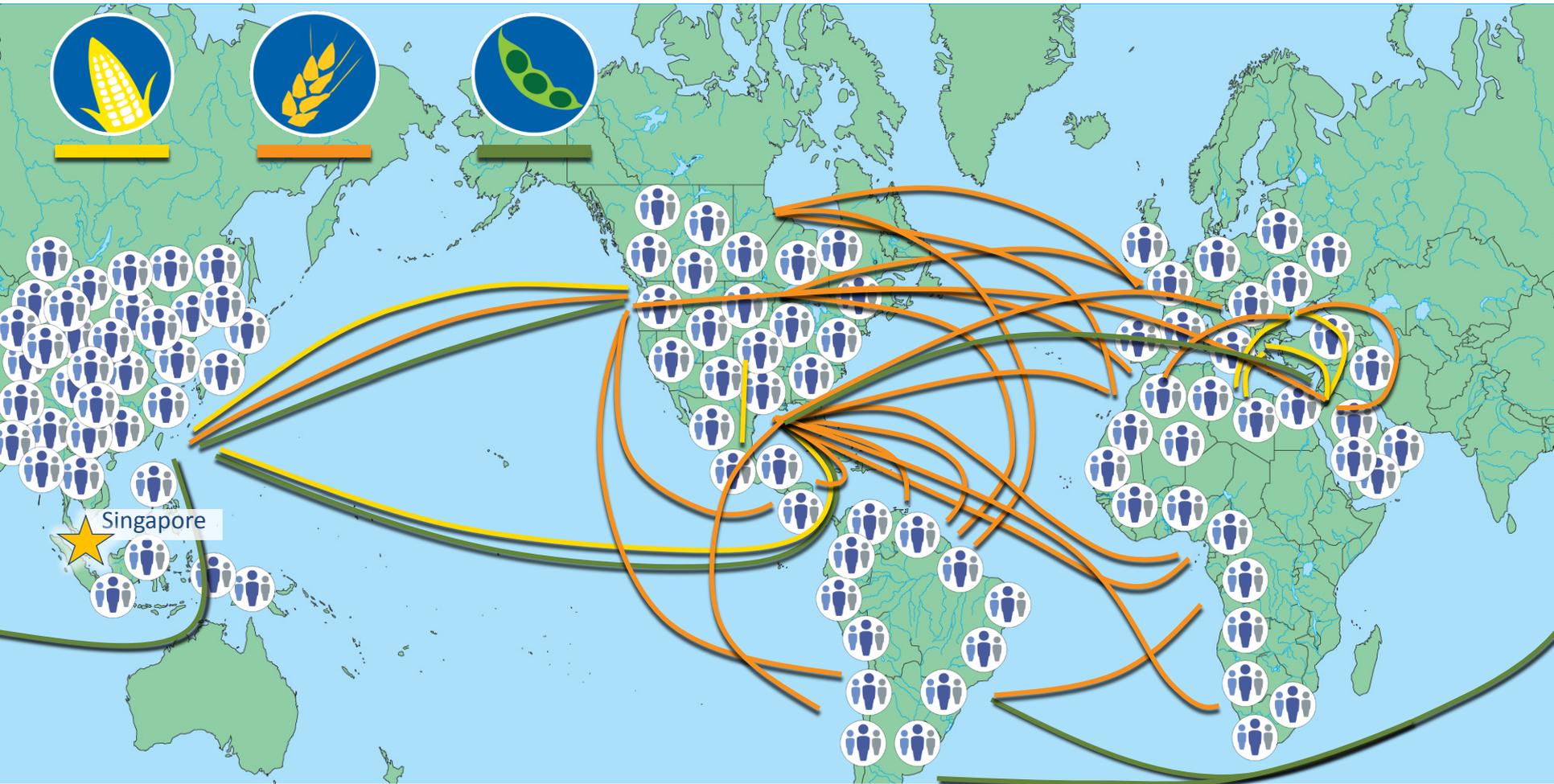


# CHS global grain marketing today

- A top five North America grain exporter, with significant domestic trading platform
- Markets more than 2 billion bushels (52 MMT) of grain annually
- Sales domestically and in 65 countries
- 17 global offices



# CHS: Moving Grain to a Hungry Planet



# CHS global presence: More than grain

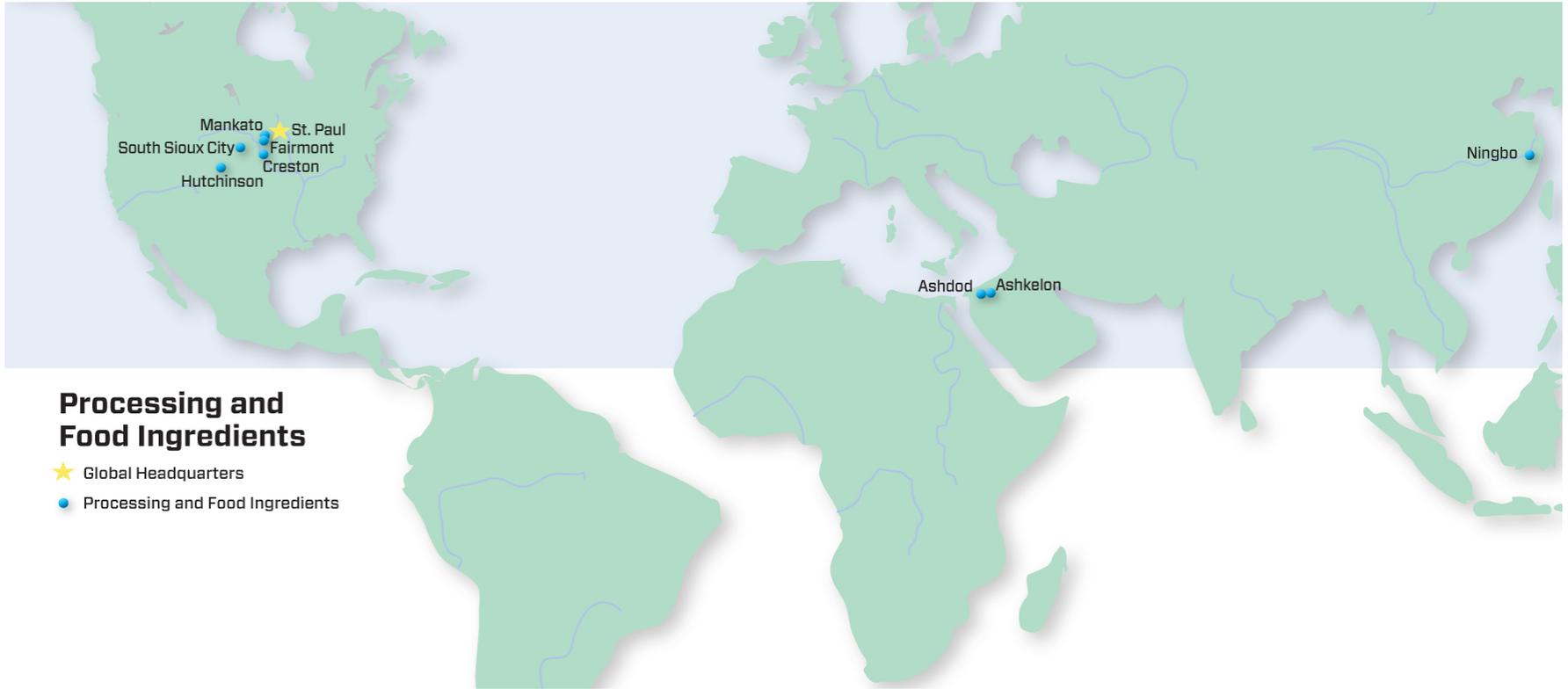
- Crop nutrients sourcing from 19 countries; global trading on three continents
- Soybean processing in China, Israel and U.S.
- Renewable fuels marketing in North America, South America and Europe



# Global fertilizer origination



# Global oilseed processing





**Global demand +  
Global footprint =  
Opportunity for CHS  
Producers**

CHS

The image features the letters 'CHS' in a white, serif font, centered in the upper half. A thick white swoosh underline starts under the 'C', loops under the 'H' and 'S', and ends under the 'S'. At the bottom of the image, a horizontal trail of small, bright blue particles or stars curves across the width of the frame.