Harvesting Global Grain Opportunity

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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 20th 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: 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

1,000 MT

Wheat
Rice
Soybean
Rapeseed
Oats
Corn
Barley

Source: USDA, Bloomberg, CHS Inc.
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
South America: A decade of global growth

2003
São 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
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 demand + Global footprint = Opportunity for CHS Producers