



PRIMELAND

Primeland Perspective



By Ken Blakeman
General manager,
CHS Primeland

2021: A year for the record books

The year 2021 was definitely one for the record books:

- Our growers harvested possibly the best crop ever in 2020.
- That 2021 crop led to a great year in 2021, with CHS Primeland handling the largest number of bushels, across all kinds of crops.
- When our fiscal year ended Aug. 31 2021, our bottom line was more than \$8.4 million — the highest net profit we've achieved since merging into CHS in 1995.

What this means for our producers is that we'll be allocating out record amounts of patronage. As you know, patronage is based on how each business line performs, so the better the performance the higher the patronage paid. We saw particularly strong profitability in Grain, Seed, Retail and Energy, with Agronomy breaking even.

2021 Patronage Rates

Commodity	Rate
Wheat	20.75 cents/bu.
Barley, other grains	46.66 cents/bu. = \$19.45/ton
Canola	2.86/\$ cwt. = \$57.20/ton
Fertilizer	2.56% per sales \$
Crop Protection Products	2.31% per sales \$
Oils	9.20% per sales \$
Petroleum (gas & diesel)	1.50% per sales \$
Feed	1.00% per sales \$
Merchandise	2.70% per sales \$
Total 2021 patronage issued	\$6,617,572

These results are thanks to you. You supported your cooperative by delivering bushels, buying inputs and shopping at our retail stores. All of us at CHS Primeland thank you, not only for your business, but also for your flexibility as we worked through the challenges posed by supply-chain issues and the ongoing pandemic.

Cautiously optimistic for 2022

I don't have to tell you that, due to the extensive drought, the region suffered a devastating crop year. As a result, the amount of bushels delivered to CHS Primeland in Fall 2021 was down 67%. So what does that mean for 2022?

The tail of that small crop is very long and will affect us throughout the rest of the year. We won't have much crop to handle, producers will be cautious with their spending, and we're still seeing a run-up in costs for inputs caused by inflationary pressures and supply-chain disruptions.

However, we're off to a relatively good start. At the end of November 2020, our bottomline was \$6.3 million; at the end of November 2021, we stood at \$5.8 million, which was actually over budget.

So far, Seed is performing about the same, Agronomy is having a better year than last, while both Retail and Energy are down — Retail due to inflation and cost of products and Energy because less fuel was used for harvest and not as much tillage was done in the fall.

Because of extreme market volatility in fertilizer, which could affect availability and growers' plans, we'll be very cautious as we manage through the rest of this year. That includes expenses, risk and inventories. We'll also be coping with inflation and continued high worker turnover. To deal with turnover, we're paying competitive wages, actively recruiting new employees, rolling out programs for employees to help with recruitment, and paying hiring bonuses. If you know of someone who would be an addition to the CHS Primeland team, please refer them to our website.

As 2022 began, we saw a number of retirements across the system, including Ken Mingo, Agronomy manager; Darrell Tyler, Port of Wilma fertilizer hub plant manager; and Rory Eggers, an agronomist in the Spokane area. Thank you to everyone for your service to CHS Primeland and for always putting our customers first. We wish you great success in your new ventures. And to our customers, I hope you'll get to know some of our new people.

Every day, we evaluate everything we do and strive to make the best-possible decisions. Some of these decisions are tough, may not be popular and have an impact on our communities. But making no decision is the worst decision we could make. We have to be flexible, resilient, innovative and always attuned to what will best serve you, our customers, for the long term.



By Russ Braun
manager, Grain Division

Tried-and-true advice makes sense for 2022

Multiple times in my career, I've heard the advice, "Don't market grain on last year's successes or failures." It's always good to keep in mind, but especially in 2021.

Having experienced the worst drought in more than 50 years and seeing growers go from harvesting one of the largest crops on record to one of the smallest, we're helping them pivot and take advantage of this tried-and-true advice.

The key is to make decisions based on what the markets are doing this year. The markets are going to be influenced by the slight increase in U.S. planted acres, the extreme dryness in areas where hard wheat is produced and the amount of winter moisture we get.

When the new crop bushels come in, the price may go down, but if the drought continues into the year, they may remain higher. So producers may want to cautiously market some of the 2022 crop at these higher levels.

We can help you make the most of your crop, so if you have questions, please contact me.



Overcoming shortages, serving customers top focus of 2022

Throughout 2021, we struggled with product supplies and the impact COVID-19 was having on our workforce. But agriculture doesn't stop, and neither did we. Here's how we dealt with these challenges and what we're focusing on in 2022.

Employees

At times, half of our drivers were out sick with COVID-19. To keep deliveries and services moving, the rest of our team stepped up and took on new tasks and roles, often outside of their regular jobs. Thank you to everyone for making sure our customers received the service they've come to expect from us. Unfortunately, staff

shortages are continuing into 2022, but we'll continue to find solutions.

Products and prices

DEF has been in short supply since August '21, due in large part to a storm in the Gulf of Mexico, which shut down several nitrogen plants. DEF is made from nitrogen, along with anhydrous and urea, so all of these products became difficult to source. And remain so into 2022.

Supplies of crude and refined products hit the very bottom of a typical five-year average following the severe decrease in demand caused by COVID. Even though the OPEC+ leaders have been lifting production



By Lee Holtom
manager, Energy Division

cuts put in place to match the demand destruction, these countries have not been able to meet the increased production targets and keep up with growing demand. The latest tensions between the Ukraine and Russia have also kept prices elevated on a global scale. Many analysts expect petroleum products to be in short supply through the summer months, but to begin getting better during the last half of the year.

Since late December 2021, crude prices have been holding at \$75/



By Craig Stilwell
manager, Agronomy/Sales

Word of the Year: Supply

In September 2021, I moved into my new role as Agronomy/Sales manager, following in the footsteps of Ken Mingo, who retired in mid-January of this year. During that transition period, I must have asked him at least five times, “Have you ever seen a supply situation like this before?” And his answer always was, “Never.”

So for 2021 — and at least the first months of 2022 — the Word of the Year was “supply.” Here’s where we’ve been and where we’re going:

Nutrients

In 2021, we possibly hit a record price for nitrogen and phosphates. Throughout the year and into this, these nutrients haven’t been available in a timely manner. So since December ‘21, we’ve been asking growers what their needs will be for Spring 2022 so that we could get a handle on how much we’ll need. Ideally,

we won’t have a single pound left in inventory when our last customer is served. The markets have been volatile and will remain volatile well into this year, with prices continuing to increase.

Crop protection products

Throughout 2021, we just couldn’t get all the chemicals we needed, and a number of them were on allocation. Many active ingredients come from China, and shipping issues gave everyone in the industry headaches. Then Hurricane Ida shut down a plant in the U.S. But we have strong partners in Bayer and BASF, and a lot of product is on order, so we’re well positioned for spring. Kudos also to CHS, who did better than most competitors in helping us satisfy grower needs.

In a typical year, our goal is to grow the business. But this year, our number-

one goal is to maintain, take care of our customers in the best way possible and look ahead to “typical” and “normal” later in 2022.

To share the latest information, we’re holding two grower meetings in February. The first was February 10 in Greencreek; the second will be February 22, 7:45 a.m. to 12:30 p.m. at Lindsay Creek Vineyards in Lewiston. Lunch is provided. Thank you to all who join us at these meetings.

I’d like to congratulate and thank Ken Mingo for his years of service to our customers and this cooperative. Of all the words that describe his career, the first two are “customer service.”

Darrel Tyler, location manager, also retired in January. Thank you, Darrell, and welcome to the new manager, Mason Norton.



barrel, and it looks like that \$75-85 range will be the new normal through 2022. These prices are similar to those in 2018, but harder to swallow after the low rates of 2020-21. To help you cope with them, CHS Primeland has price protection options that allow you to lock in a price for future delivery of 1,000 gallons and more. If you’re interested, please contact me.

Looking ahead

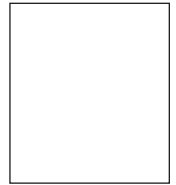
Our focus in 2022 is on improving the efficiency of our fuel deliveries and adding value for our customers. We’re doing this by installing tank monitors that allow customers to check how much is in their tanks on a daily basis and let CHS Primeland monitor tank inventories remotely. With this system, we take usage variabilities into account, create automated delivery schedules and ensure that you never run out of fuel. Please contact us to install a tank monitor at your location.





PRIMELAND

PO Box 467-468
Lewiston, ID 83501-0467



*By Butch Schwindt
manager, Retail Division*

Retail: So much more than a farm store

Like every division of CHS Primeland, Retail was affected by COVID-19, whether it was difficulties keeping the shelves stocked or employees out sick. And we still face the same challenges from online shopping as every other brick-and-mortar business. While 2021 wasn't a great year, we did see some real bright spots.

One of those was the launch of a new marketing campaign to better position our retail stores with suburban homeowners and hobby farmers, those with five to 10 acres. Our new slogan is, "So much more than a farm store," and so far, we're receiving very positive response. We also plan to increase our social-media presence, as well as our advertising in general so you will be seeing more focus on retail.

While new employees are hard to find, we have a good, solid team working in Retail. One area of the business that has grown exponentially is cattle equipment. Great job, everyone!

We're also upgrading several of our locations. Craigmont has seen several store closures, so we're now the go-to place for shopping. We've enhanced the convenience store and added more choices from food to hardware. We'll continue to develop our product mix in 2022.

At Grangeville, we're undertaking a large reset of the store, which will include new and more products to give the community wider selection. A facelift of our Lewiston store is in the planning process.

We've upgraded our diesel at Lewiston and Craigmont to Premium CENEX Roadmaster and Roadmaster, the best diesel you can buy.

And finally, around Christmas, we held an event to collect donations for the foodshelf in Lewiston. To take it beyond your typical food drive, we teamed up with local wineries and offered horse-drawn wagon rides. We had good turnout and are considering a similar event in December.

