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**K+S**

# Q2/2023 Results

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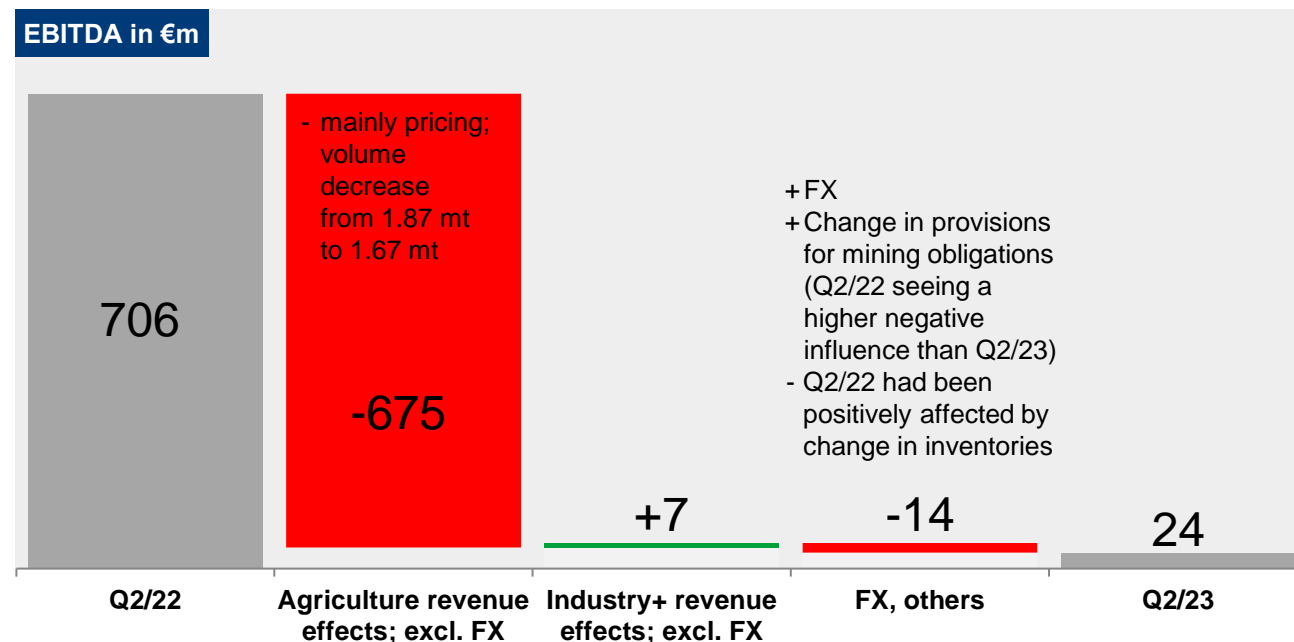
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# Q2/23 EBITDA decreased YoY

## Highlights

- Q2/23 EBITDA at €24m (Q2/22: €706m); burdened by sharp potash price decrease after China contract with turning point finally seen at the end of Q2
- Agriculture sales volume at 1.67 mt due to wait-and-see attitude on the part of customer, especially before the China contract
- Q2/23 adj. FCF at €160m (Q2/22: €131m)



## Financials

€ million	Q2/2022	Q2/2023	%
Revenues	1,510	826	-45
<i>t/o Agriculture</i>	1,244	557 <sup>1</sup>	-55
<i>t/o Industry+</i>	266	269	+1
EBITDA	706	24	-97
Scheduled D&A	115	102	-11
Adj. net profit	436	-55	-
Adj. EPS (€)	2.28	-0.29	-
ROCE (LTM; %)	47	15	-
Operating cash flow	233	263	+13
Adj. FCF	131	160	+23
Capex	76	121	+60
NFD/EBITDA (LTM)	0.2x	- <sup>2</sup>	-

<sup>1</sup> negatively influenced by price adjustments after China contract relating to other periods with mid double digit euro amount

<sup>2</sup> since Q3/2022: net financial asset position

# ASP development in Agriculture customer segment

		2021	Q1/22	Q2/22	Q3/22	Q4/22	2022	Q1/23	Q2/23 <sup>1</sup>
<b>Revenues</b>	€ million	<b>2,272.1</b>	<b>944.1</b>	<b>1,244.2</b>	<b>1,162.8</b>	<b>1,114.6</b>	<b>4,465.6</b>	<b>820.4</b>	<b>557.0</b>
Europe	€ million	950.9	349.9	543.0	372.0	406.8	1,671.6	340.1	231.9
Overseas	USD million	1,562.5	666.5	746.5	796.3	722.3	2,931.6	515.3	353.9
Potassium chloride	€ million	1,349.3	625.3	849.2	779.5	722.5	2,976.5	504.6	348.0
Fertilizer specialties	€ million	922.8	318.8	395.0	383.3	392.1	1,489.2	315.8	208.9
<b>Sales volumes</b>	million tonnes eff.	<b>7.62</b>	<b>1.79</b>	<b>1.87</b>	<b>1.56</b>	<b>1.89</b>	<b>7.11</b>	<b>1.73</b>	<b>1.67</b>
Europe	million tonnes eff.	3.23	0.76	0.84	0.55	0.66	2.81	0.62	0.59
Overseas	million tonnes eff.	4.39	1.03	1.03	1.01	1.23	4.30	1.11	1.08
Potassium chloride	million tonnes eff.	4.69	1.11	1.18	0.95	1.20	4.44	1.10	1.11
Fertilizer specialties	million tonnes eff.	2.94	0.69	0.69	0.61	0.68	2.67	0.63	0.56
<b>Average price</b>	€/tonne eff.	<b>298.0</b>	<b>527.0</b>	<b>663.9</b>	<b>744.5</b>	<b>592.2</b>	<b>628.1</b>	<b>474.2</b>	<b>333.5</b>
Europe	€/tonne eff.	294.4	462.1	640.7	675.9	617.7	594.1	548.3	390.5
Overseas	USD/tonne eff.	356.0	644.3	727.2	787.3	585.6	682.4	464.2	328.9
Potassium chloride	€/tonne eff.	287.9	565.3	718.9	822.7	602.1	670.4	458.7	313.5
Fertilizer specialties	€/tonne eff.	314.2	465.0	570.2	623.9	576.6	557.8	504.0	373.0

<sup>1</sup> including price adjustments after China contract relating to other periods with negative mid double-digit revenue effect.

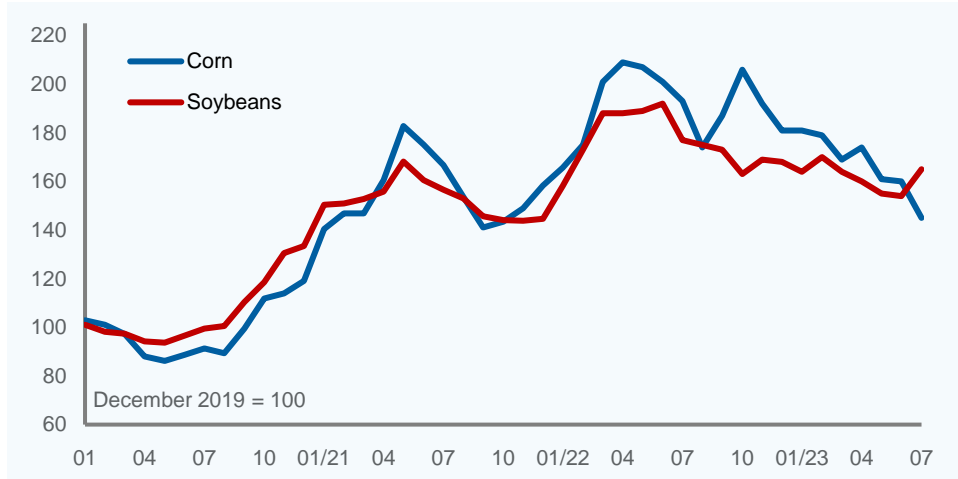
# Outlook



# Continued positive environment

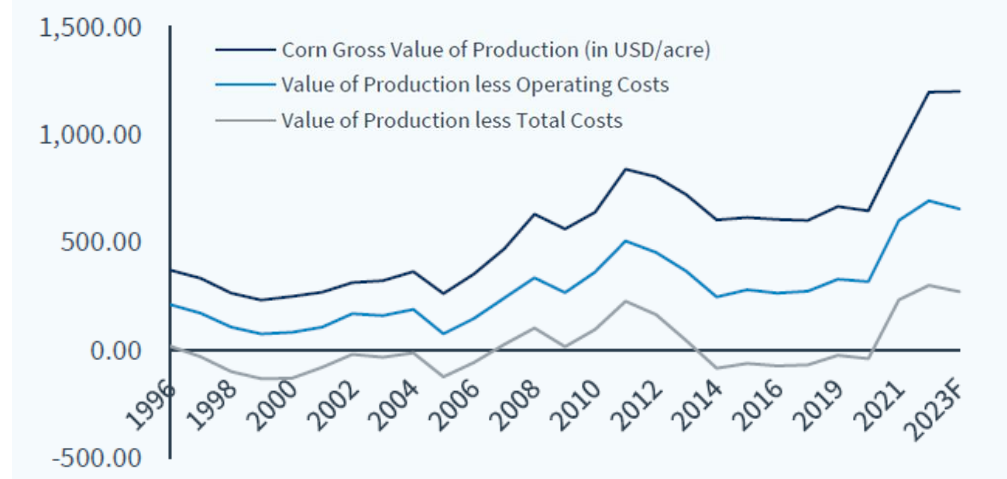
## Farmer profitability at historically high level

Price development of agricultural commodities since 01/2020



Source: Worldbank

US corn farmer profitability in USD/acre since 01/1996

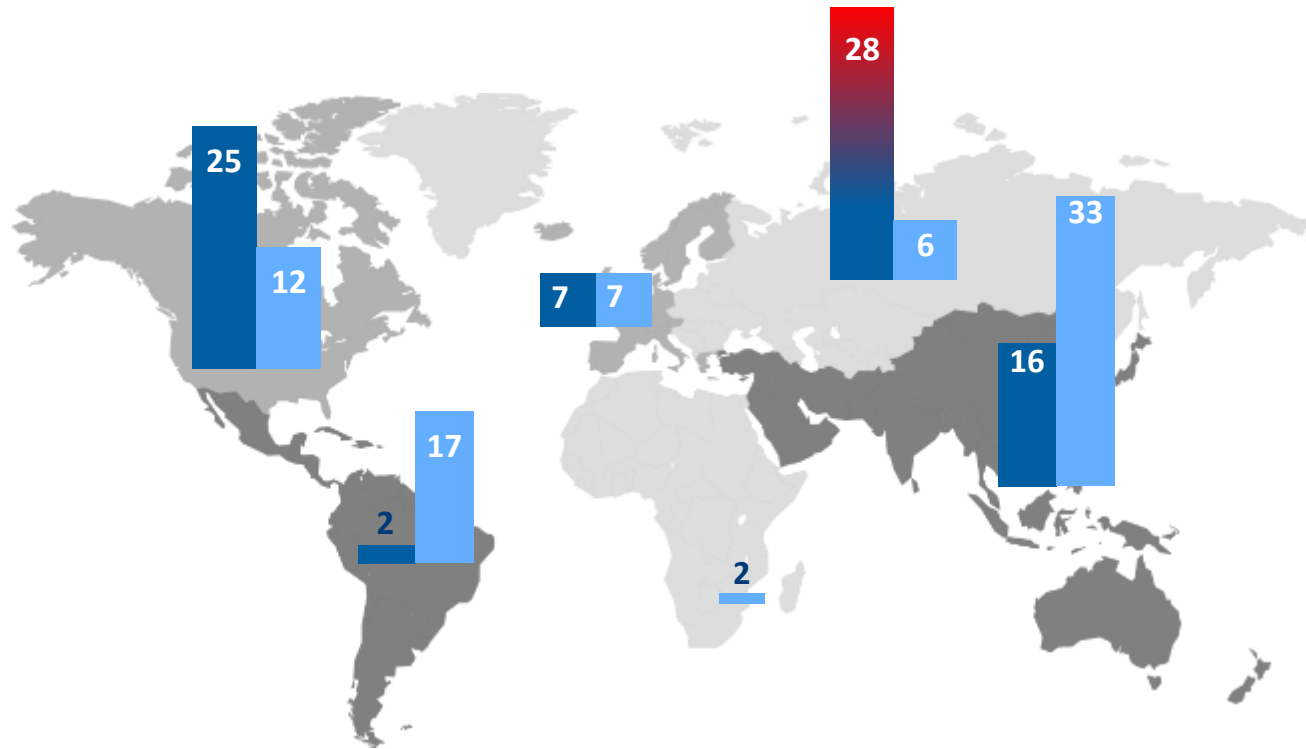


Source: USDA, Kepler Cheuvreux

- **Sharp increase in crop prices** significantly exceeds higher input costs; leading to **farmer profitability at all-time highs in some regions**
- **Potash costs** only account for **~5% of total input costs**

# World potash production and sales volumes by region

in million tonnes



- Even before limitation of Russian exports and sanctions against Belarus, the potash market was fully used at capacity limit.
- Russia and Belarus each account for approx. 16% of global potash production.
- Most of the capacity expansion projects would have come from Russian potash producers.
- 28% of global *wheat* exports come from Russia and Ukraine.

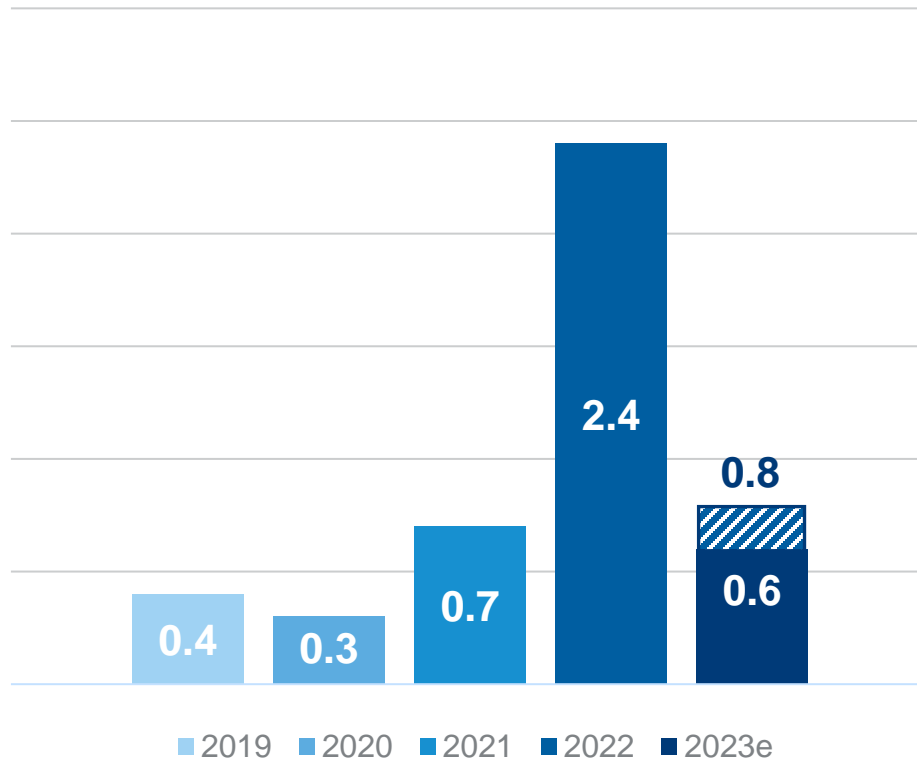
Sources: IFA 2021, K+S

Basis: Year 2021 – incl. Potassium sulphate and low-grade potash

	2020	2021	2022
World potash production	75.3 mt	77.9 mt	67.0 mt
World potash sales volume	77.3 mt	77.0 mt	64.7 mt

# 2023: EBITDA expected between €600 and €800 mln

EBITDA in € billion



- 2023 EBITDA expected to range between **€800 million and €600 million**
- Adjusted free cash flow expected to range between **€300 million and €450 million**, based on €550 million of capex
- Agriculture customer segment:
  - FY average price moderately to tangibly higher compared to Q2/23 incorporated in guidance (Q2/23: 334 €/t)
  - Sales volumes to range between 7mt and 7.4mt (2022: 7.1mt)
- Cost increases of a low triple-digit-million-euro amount especially for energy, personnel, and materials; mainly inflation-related



# Housekeeping items / Financial calendar

## Additional information on 2023 FY outlook – continuing operations

- Tax rate: 30%
- Cash interest: ~ €-20m (2022: €-53m)
- CapEx: €550m (2022: €404m)
- D&A: ~ €450m

## Financial calendar

Commerzbank and ODDO BHF Corporate Conference – CFO	September 5, 2023
Jefferies Industrials Conference – CFO	September 6-7, 2023
Berenberg and Goldman Sachs German Corporate Conference – CEO	September 18, 2023
Baader Investment Conference – CEO	September 19-21, 2023
Quarterly Report: September 31, 2023	November 14, 2023

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