



**Annual General Meeting of K+S Aktiengesellschaft
on May 12, 2021**

Speech of the Chairman of the Board of Executive Directors, Dr. Burkhard Lohr

– The spoken word is binding –



Dear Shareholders,
Dear Shareholder Representatives,
Dear Media Representatives,
Dear Customers,
Dear Colleagues,
Dear Ladies and Gentlemen!

On behalf of the entire Board of Executive Directors, I would like to welcome you to our Annual General Meeting. We hope to reach you in good health at the screens.

I would also like to welcome our new colleague Holger Riemensperger. He has been a member of the Board of Executive Directors team since April 1, 2021.

We very much look forward to working with you, dear Holger Riemensperger.

Ladies and Gentlemen,

Due to the COVID-19 pandemic, unfortunately, we are once again restricted to a virtual format for this year's meeting. I very much regret that! Instead, I would much rather have welcomed you in person to report on the business development and prospects of your K+S.

With the anticipated progress in combating the pandemic, we hope to have the opportunity of welcoming you again next year at a face-to-face event in Kassel. We are already looking forward to seeing you again!

Ladies and Gentlemen,

the economic development in 2020 is disappointing for all of us. Nevertheless, we consistently accomplished what we had promised you: The important milestones for substantially reducing our debt and further increasing efficiency have been achieved. In this way, we mastered all tasks we could handle ourselves in a very short time.

I would like to focus more closely on five key measures with a particularly high leverage effect:

The first and most decisive measure for K+S: Contrary to the expectations of some observers, we completed the sale of our North and South American salt business to Stone Canyon Industries just a few days ago. The net proceeds of about 2.6 billion euros will be completely



appropriated to repay debt. Everyone involved at K+S has worked hard and with focus to realize this successful transaction. On behalf of the entire Board of Executive Directors, I would like to express my sincere thanks for this extraordinary commitment!

I would like to take this opportunity, together with Thorsten Boeckers, to thank our long-standing colleague Mark Roberts for his successful work and the outstanding collaboration in our team. Mark has played a decisive role in shaping K+S in many respects. We wish him and his team in the Americas all the best for the future and continued success!

Ladies and Gentlemen,

let's now turn to the second measure of great importance for our future: the signing of the agreements to establish the REKS joint venture with the Remondis subsidiary REMEX. In this new partnership, we combine our unique infrastructure of state-of-the-art waste management operations with REMEX's extensive distribution network.

What is being created here is:

- a new champion in the waste management business,
- a profitable business in an attractive growth market, and
- an important component of our strategic realignment.

Our focus is on the most efficient utilization of residual materials while at the same time protecting natural resources. With the closing of this transaction, we will generate a cash inflow of around 90 million euros before taxes. Moreover, we will realize a book gain of around 200 million euros. A further step towards reducing debt.

As a third measure, we completed the restructuring of our administration in a just a few months. This will reduce our administrative costs by 60 million euros per year. In other words, we are saving almost 30 percent!

We managed the necessary reduction of around 300 full-time positions in a socially responsible manner and in close consultation with our social partners. Through a voluntary program and a transfer company, we almost completely avoided compulsory redundancies.



The fourth leveraging measure is the intensification of our efforts in terms of process optimization and operational excellence. We have achieved the target set for 2021 of leveraging more than 150 million euros per year in synergies in Procurement, Logistics, Production, as well as Sales and Marketing.

Finally, as a fifth measure, we succeeded in increasing production volumes at all our sites. This involved both our domestic sites and our Bethune potash plant in Canada. There we produced just under two million tonnes of potash for the first time. This was achieved with very good product quality. Increased production resulted in an overall increase in sales volumes of one million tonnes to over 7 million tonnes.

Dear Shareholders,

This concludes the status of our priority tasks.

Environmental issues continue to be equally challenging and essential for us in the long term:

In this respect, too, we made great progress last year. Shortly before Christmas, the state parliaments of Hesse and Thuringia approved the amendment of the state treaty on the cross-border mining of potash salts by an overwhelming majority. This is an important prerequisite for our future waste management concept at the Werra plant. At the same time, the parliaments are expressing their strong commitment to the domestic mining industry. That's something we are particularly grateful for.

This strengthens the security of the K+S sites for our employees too and encourages us to be on the right track. As you know, we will finally discontinue injection at the end of this year. Underground storage of saline solutions is scheduled to start at the beginning of 2022. We are working intensively to obtain the necessary permits over the course of the year.

The tailings pile expansions at the Wintershall and Zielitz sites have already been approved. We therefore have long-term planning security for our potash production in Hesse and Saxony-Anhalt.

I would now like to turn to the 2020 annual financial statements.



Ladies and Gentlemen

Given the specific circumstances, I would like to start by saying that the 2020 annual financial statements have received an unqualified opinion by the auditors. Normally, this is not worth mentioning. Against the background of the ongoing examination by the German Financial Reporting Enforcement Panel ("FREP"), which you are aware of, however, I consider this note to be important. Since this is a pending proceeding, I will now limit my comments to the following information:

(1): At the beginning of November 2020 we informed the public about the non-cash impairment on assets in the Europe+ operating unit. This was necessary following an adjustment of the long-term assumptions for the potash business. An increase in the cost of capital was also considered. The impairment in the consolidated financial statements as of December 31, 2020 amounts to a total of 1.86 billion euros. It is therefore around 140 million euros lower than initially expected.

(2): At the request of BaFin (Federal Financial Supervisory Authority), the FREP's examination focuses on the timing and amount of this impairment. We have assured our comprehensive support to the FREP, provided numerous documents and responded to several questions in the meantime. As expected, the result will only be available in a few months.

(3): As the Board of Executive Directors, we continue to be firmly convinced of both our properly performed duties and compliance with all relevant regulations concerning the impairment loss.

I will now proceed to the specific figures for the 2020 financial year:

Compared to 2019, revenues decreased by 9 percent to 3.7 billion euros. At 445 million euros, EBITDA was one-third below the prior-year figure of 640 million euros. Furthermore, the adjusted free cash flow amounted to minus 42 million euros.

Despite the difficult conditions for our business and the additional negative impact of the pandemic, we are not satisfied overall. Let me therefore address the reasons:



Prices for our products remained at a very low level and only recovered slowly in the fourth quarter. The mild winter in North America and Europe also significantly reduced sales volumes of de-icing salt. The fourth quarter in particular was the weakest we have ever recorded.

In terms of costs, we were burdened by numerous special effects, including 40 million euros for the corona prevention program. We had to spend a further 40 million euros on administrative restructuring. Additionally, transaction costs of just over 30 million euros were incurred for the sale of the Americas operating unit.

Ladies and Gentlemen,

The developments described, and the high impairment loss already mentioned have resulted in our adjusted Group earnings after taxes being clearly negative at minus 1.8 billion euros.

The Board of Executive Directors and Supervisory Board have therefore resolved not to propose a dividend for the 2020 financial year to the Annual General Meeting. This decision is also attributable to our expectation of a negative free cash flow from continuing operations in the current year 2021 because of further high capital expenditures, especially for environmental measures and interest expenses. The proceeds generated from the sale of the American salt business will furthermore be entirely used to repay debt.

Ladies and Gentlemen,

Let me now turn to the current business situation of the Company and the forward-looking development of K+S:

We made a very good start to the current year:

Revenues in the first quarter increased by around 13% to 733 billion euros. At 126 million euros, EBITDA more than significantly exceeded the previous year's figure.

At this point, please note that these key figures relate to continuing operations. Following the successful sale of the North and South American salt business, they therefore no longer include any contributions from the Americas operating unit.



From the market perspective, we observe continued good demand for potash in all relevant regions. Compared to the previous year, the general conditions have improved again, and agricultural prices are rising: Potash prices are now above 300 US dollars again. We see further potential in the course of the year.

The favorable winter in Europe resulted in a strong de-icing salt business in the first quarter. Snowfall over Easter also caused a further reduction in customers' inventories. We therefore also expect a favorable early fills business on the part of our customers and, overall, significantly improved sales figures for the year as a whole.

Ladies and Gentlemen,

With the positive start into 2021, our full-year forecast for EBITDA from continuing operations has been raised to a range of between 500 and 600 million euros. This includes the one-off gain of around 200 million euros following the closing of the joint venture with Remondis, which we continue to expect this summer.

This concludes our operating forecasts for the current year.

Ladies and Gentlemen,

Following the sale of the American salt business and the completion of important tasks as described above, we are now also realigning K+S strategically: Initially, we revised our Vision and Mission, i.e. our mission statement. On this basis, the ongoing strategy process has been launched. Our aim is to complete it by late summer of this year. Today, I will therefore focus on the key aspects of our strategic work guiding us:

Our new mission statement is:

“We enrich life for generations.”

This clearly demonstrates our commitment to making the great resources of nature available in such manner that is environmentally responsible and creates value for people. Essential minerals are extracted by mining. They are the indispensable basis for a healthy life. Our range of products and services will be developed for generations to come, providing our employees and you, our shareholders, with long-term prospects.



The following five principles reflect our approach:

- We ensure nutrition, health, and safety.
- We enable the success of our customers.
- We are committed to sustainable mining.
- We leverage our unique infrastructure for economic efficiency.
- We act as a partner with our communities.

We are supported by the megatrends: Population growth will continue. The amount of arable land available globally will continue to diminish, also because of climatic changes. Without highly efficient agriculture and the application of fertilizers, the production of sufficient food in the long term is practically impossible.

Ladies and Gentlemen,

In developing our new strategy, we are focusing on the following 4 key aspects:

First: We will make our existing business even more robust! By 2023 at the latest, we want to be capable of generating a positive free cash flow at each of our production sites, even at low potash prices. For this purpose, an extensive project has already been launched to strengthen our sites on a sustainable basis! We are not only focusing on cost efficiency, but also on optimizing our product and regional mix. First measures will already have been implemented by 2022.

From 2023, our capital expenditures will also stabilize again. This year and next, however, we will once again have to face high environmental expenditures.

Second: We will continue to further develop our existing business. One of the strategic potentials we identify is the expansion of liquid fertilization, associated with the resource-conserving use of water and the utilization of water-soluble minerals. This aligns with our overarching strategic approach of further expanding our portfolio of specialized fertilizers.

Growth and customer focus are inseparable. Our activities must therefore focus even more strongly than before on the perspectives and needs of our customers. For this purpose, we will work along our entire value chain, including the enhancement of our individual customer



advisory services and our range of digital solutions. Our salt business will focus on the European continent in the future. We see attractive growth potential here as well.

One of the reasons is the changing consumer behavior leading to an increasing demand for convenience foods and wellness products. Another reason is the increasingly older and at the same time growing population in need of health products and therapeutics which results in an increasing demand for our pharmaceutical salts. We will be prepared for this.

Third: We will tap into new business areas. For this purpose, we want to leverage our unique infrastructure in particular. Our future joint venture REKS is already impressively demonstrating the potential of this approach. In this context, I would like to mention that we will continue focusing on further opportunities for new partnerships: We have many years of expertise - from the extraction of raw materials to the sale and local application of our products by customers. This provides us with numerous interesting, future-oriented approaches we can implement in cooperation with partners.

Fourth: Our climate strategy. Climate protection is neither something new for us, nor is it an issue considered as a core principle of our strategy by merely following the zeitgeist: We have been committed to improving the environmental footprint of our mining operations for decades. Over the past thirty years, i.e. from 1990 to 2020, we have succeeded in reducing our CO₂ emissions by around 80 percent (!).

By the end of this decade, i.e. by 2030, we have set ourselves the target of reducing our CO₂ emissions by a further 10 percent using our own resources. At the same time, production is set to rise.

Ladies and Gentlemen,

We expressly support the goals of the Paris Agreement. In a joint effort, we can be climate neutral by 2050! The prerequisite for this, however, is the creation of the appropriate framework conditions, particularly at the political level, to support this far-reaching transformation. Globally effective and fair competitive conditions are therefore essential. We also require an appropriate and resilient energy infrastructure and, last but not least, affordable renewable energies.

This concludes my brief overview of our current strategic work topics.



Ladies and Gentlemen,

As you can see, K+S has not only streamlined its organization and reduced its debt. We are also highly motivated and committed to orienting the Company towards a successful future in both its established and new markets.

On behalf of the entire Board of Executive Directors, I would like to thank you for your trust, your loyalty, and your wide-ranging support along the way.

I would like to extend my sincere thanks to our colleagues at K+S for their great commitment and outstanding performance in these challenging times!

A very warm "Glückauf" to all of you!