



**Annual General Meeting of the K+S Aktiengesellschaft  
on May 10, 2023**

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

**Publication on May 10, 2023 on [www.kpluss.com](http://www.kpluss.com)**

- The spoken German word applies -



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

On behalf of the entire Board of Executive Directors, I would like to welcome you to the Annual General Meeting of your K+S Aktiengesellschaft. We kindly thank you for accepting our invitation.

Today is the first Annual General Meeting at K+S for Martina Tröltzsch and Christian Meyer. We have already been working together as a team on the Board of Executive Directors for several weeks. Together, we will drive the successful further development of the Company.

Ladies and Gentlemen,

You can join us live today without traveling far. You can address us in the usual way and raise questions as you would at a face-to-face event.

I'm convinced, we're getting the best of both worlds with this virtual format.



Ladies and Gentlemen,

Before I talk about the past financial year and our expectations for the current year, we will present our new image film.

No worries, it only takes a minute. Start the film, please...

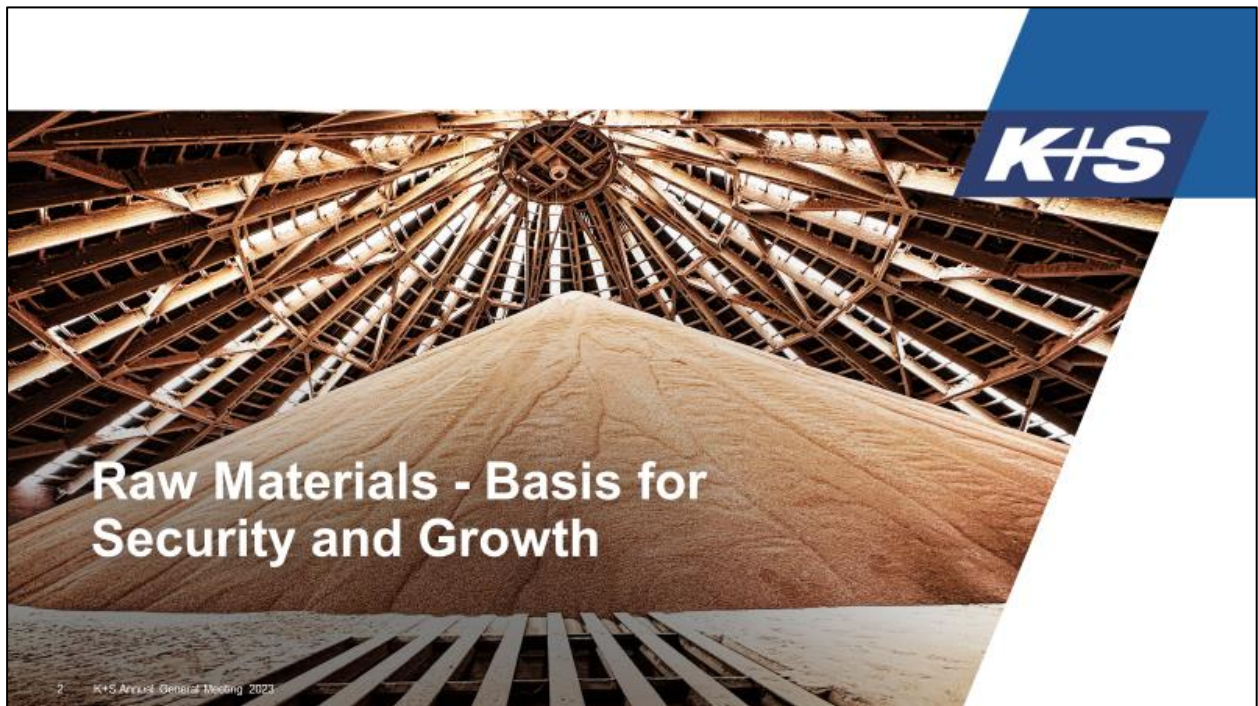
[\[Trailer\]](#)



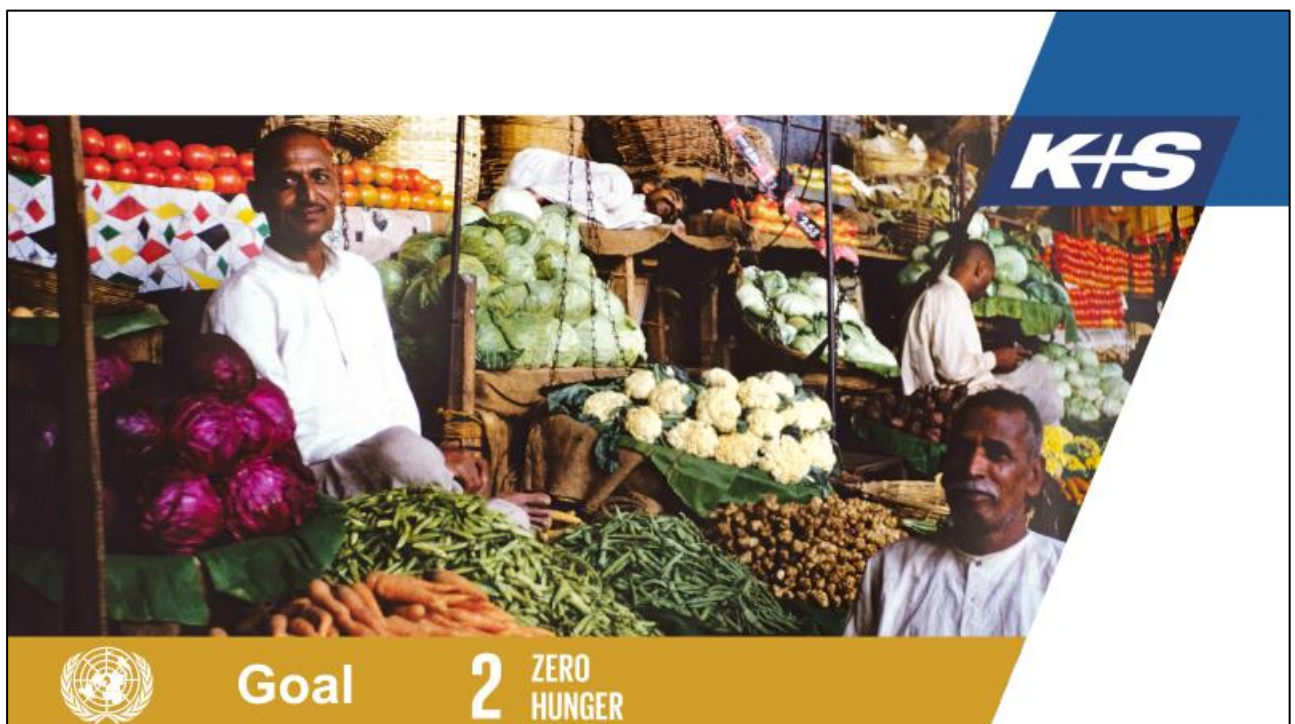
We are more than 11,000 employees. A performance-oriented, strong, and innovative team. Together, we enrich life for generations. Together, we provide for nutrition, health, and safety. Day after day.

With great deliberation, I would like to emphasize the following!

The geopolitical upheavals following Russia's invasion of Ukraine have made one thing very clear:



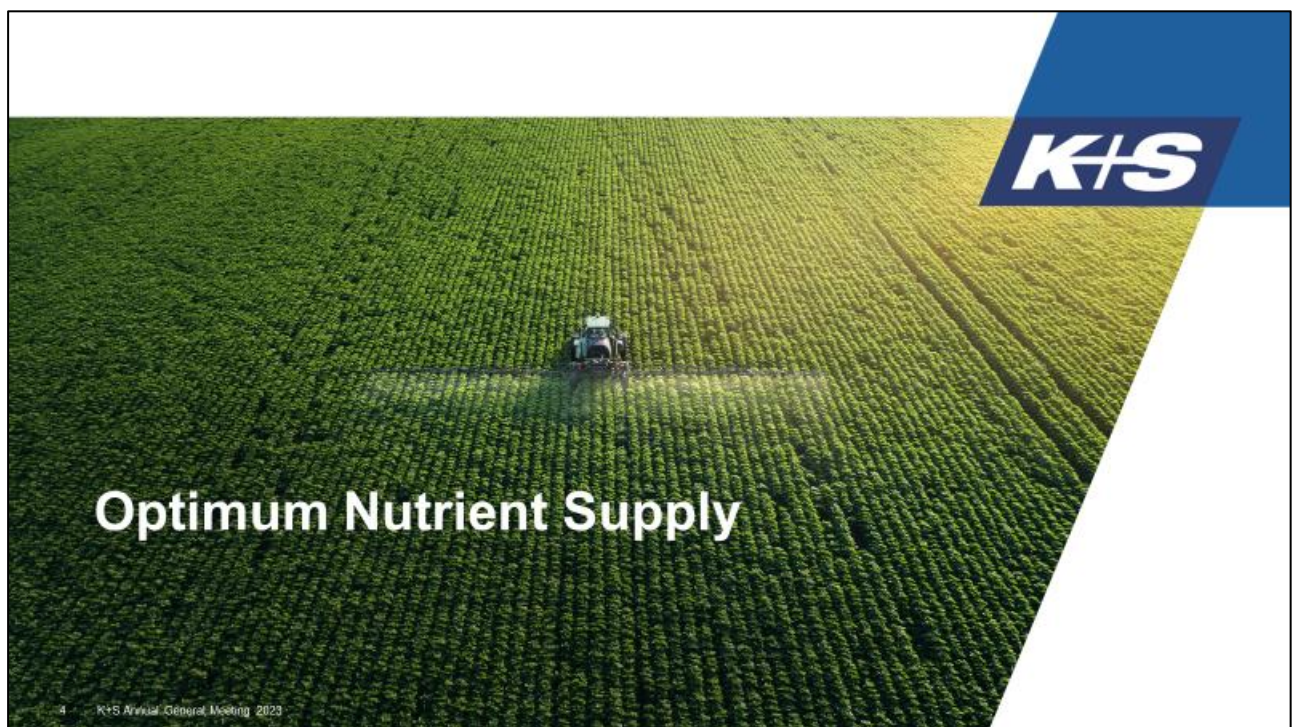
A stable supply of domestic raw materials is a crucial basis for security and growth! At the same time, we must note with great concern that progress in combating global hunger has largely come to a standstill.





70 percent of all hungry people live in regions suffering from war and violent conflict. Even before the Russian attack began, nearly 830 million people worldwide did not have enough food. And the trend is rising.

The United Nations' goal of eradicating hunger by 2030 is now more at risk than ever. The same applies to the secure supply of grain to import-dependent countries, particularly in large parts of Africa.



The tense global food situation demonstrates the importance of efficient agriculture and therefore an adequate supply of nutrients to the soil.

This is where we and this is where our products make a system-relevant contribution: for society, for agriculture, for industry, and for the production of food.

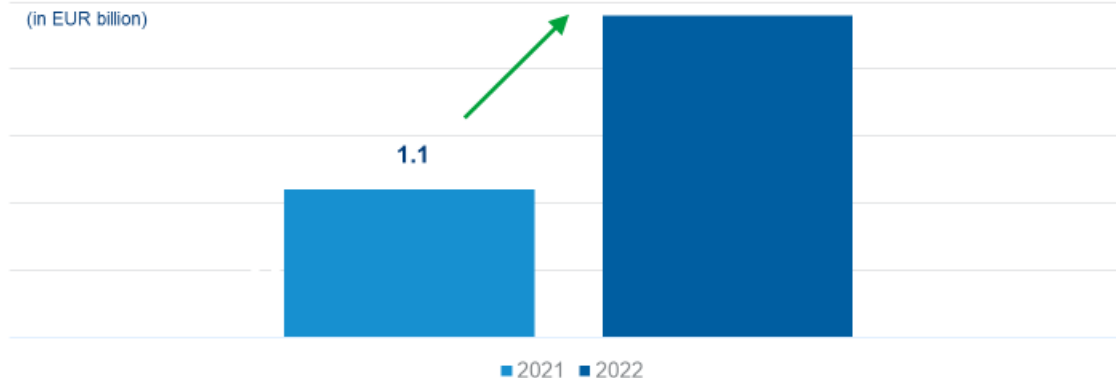
I would now like to present the results for the past financial year:



## 2022: Outstanding year for K+S

### EBITDA operating earnings

(in EUR billion)



Ladies and Gentlemen,

2022 was an outstanding year for K+S!

With operating earnings of 2.4 billion euros, we generated by far the best annual result in the history of the Company!

Most of our earnings improvement is attributable to the fertilizer business.



Demand in the Agriculture customer segment was extremely good overall and encountered limited availability on the world market.

Potash exports from Russia declined sharply from the second quarter onwards; even without the sanctions resulting from the attack on Ukraine.

Furthermore, most of the sales channels for potash supplies from Belarus were blocked due to the sanctions imposed, so that only small volumes could be exported.

In total, there was a shortfall of around 15 million tonnes on the market.

As a result of this development, potash prices again rose very significantly in all sales regions. In Brazil, the USD 1,000 per tonne mark was even exceeded in the meantime for individual supplies.

In the second half of the year, prices returned to normal, although with regional differences.

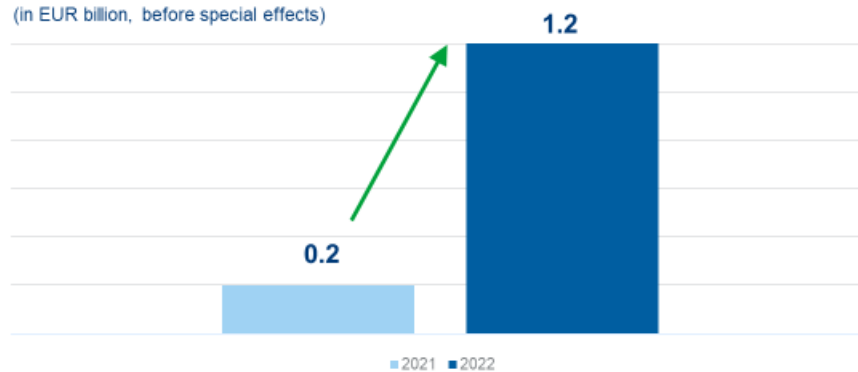


Overall, the Industry+ customer segment was characterized by a positive demand trend. We experienced rising prices for both potash and salt products.

## 2022: Free cash flow reaches record level

### Free cash flow (adjusted)

(in EUR billion, before special effects)





Ladies and Gentlemen

Our good earnings performance was also reflected in our cash position.

Adjusted free cash flow reached a peak of about 1.2 billion euros.

A presentation slide for the 2022 financial year. The left side features a photograph of two people standing in a large, dimly lit cave with a tunnel in the background. The right side is white with blue text. The title '2022 financial year' is in bold. Below it is a bulleted list of achievements. The K+S logo is in the bottom right corner.

**2022 financial year**

- Debt-free
- S&P rating improved
- K+S share up 20%

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K+S has been free of debt since the end of 2022!

Following the sale of the Americas operating unit in 2021 and the very good operating business last year, we can again report positive net assets.

The rating agency Standard & Poor's has meanwhile upgraded our rating by three notches. If we were to be raised by just one notch, we would achieve the investment grade rating we are aiming for.

In the 2022 stock market year, our share achieved a significant year-on-year increase of a good 20 percent. Our performance therefore exceeded both the performance of our competitors and of our stock market segment: the MDAX lost just under 30 percent in 2022.



**Proposal for the appropriation of profits**

**Repayment of up to €400 million**

- > 40% free cash flow
- Equivalent to €2 / share

**Two instruments**

- Dividend and share buyback

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You, our Shareholders,

will participate appropriately in the success of the Company. We intend to return capital of up to 400 million euros to you.

This is equivalent to around 2 euros per share.

In other words:

More than 40 percent of the free cash flow we generated last year and a return of around 9 percent based on the share price at the end of 2022.

This amount is split equally between two instruments to reflect the different interests of institutional and private investors: Dividend and share buyback.

In making this decision, we have taken the following into account:



1. The various interests in our broadly diversified shareholder structure.
2. The financing of our profitable investments in the Werra 2060 and the further Bethune Ramp-up projects.
3. In view of our volatile business and the ongoing geopolitical upheavals, we intend to be very cautious with our debt in this phase.

The Board of Executive Directors and the Supervisory Board therefore also propose that you vote especially against the proposed resolution of Deutsche Balaton AG under agenda item 13.

In the future, we will continue to use the financial opportunities to an appropriate extent to let you participate in the success of your K+S. We will also incorporate this in our new dividend strategy, which we are working on this year.

**Our strategy**

- Optimization of existing business
- Expansion of core business
- New business areas

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The K+S logo, consisting of the letters 'K' and 'S' in white, separated by a plus sign, all contained within a blue parallelogram.



Ladies and Gentlemen,


I would now like to turn to the implementation of our corporate strategy in the past year: We want to optimize our existing business, further develop our core business, and establish new business areas.

We are focusing even more strongly than before on fertilizers and specialties. We want to become leaner, more efficient, more digital, and more performance-oriented.




The Werra 2060 project is making a decisive contribution to optimizing our existing business.

Today, our Werra integrated plant represents 45 percent of our European production. The transformation of the plant will make domestic potash production more sustainable and competitive within a few years.



- Halve CO<sub>2</sub> emissions
- Reduce tailings pile operations in Wintershall by 90%
- Reduce process wastewater by >1 million m<sup>3</sup> per year
- Terminate discharge into the Werra river from 2028

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We will:

- reduce CO<sub>2</sub> emissions by 50 percent,
- reduce our tailings pile operations at the Wintershall site by 90 percent,
- reduce process waters by more than 1 million cubic meters per year, and
- discontinue discharging them into the Werra River from 2028 onwards.



At the same time, we will:

- reduce costs by 20 percent per tonne,
- increase the lifetime of the site,
- increase production by a total of 10 million tonnes, and
- significantly expand our specialties portfolio.

Werra 2060 therefore considers both the environmental challenges and the market development of the years ahead.

In other words, we are creating a win-win development for greater sustainability and economic efficiency.

The Werra 2060 project is also an important step in decarbonizing our European production.



Germany will therefore be a pioneer in green potash production.

At the same time, we have been and will continue to be a reliable guarantor of long-term value creation and secure jobs, especially in structurally weak regions!

For the successful implementation of the project, however, political as well as regulatory support is an important prerequisite. This applies above all to the acceleration of planning and permit procedures.

We also need the support of the communities in which we operate.

Mining inevitably involves interference with nature. We can only provide people with sufficient food by extracting raw materials.

We take our responsibility very seriously, please be assured!



On the other side of the Atlantic, we are continuing to push ahead intensively with the expansion of our potash plant in Bethune.

At the same time, we have launched initial projects to expand our core business and develop new business areas. We are therefore also striving to strengthen activities with cycles different from those of the potash business.

This should also be reflected in the share price, which is currently strongly driven by the development of the potash price.



Ladies and Gentlemen,

Last year, the secure and economical supply of energy was also given strategic importance. Securing the high gas requirements of our plants at an early stage and concluding corresponding supply contracts is part of our business policy. This paid off in the 2022 financial year with a cost benefit of half a billion euros.

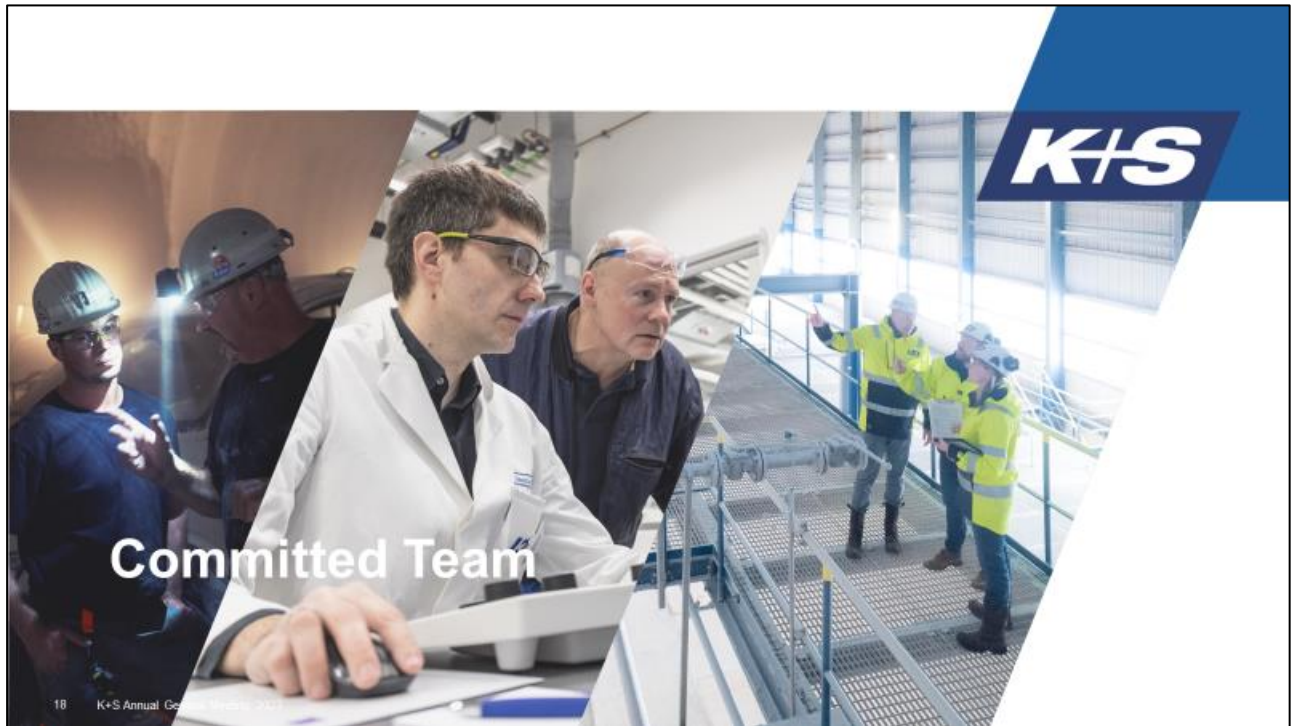
We have also almost completely secured our natural gas requirements for the current year and to a large extent for 2024.

At the same time, we cover large volumes of our electricity requirements from our own power plants. We have therefore been able to secure production at our domestic sites at all times.

We are preparing for the risk of a gas shortage by developing alternative power plant and energy technology. Examples include new power-to-heat plants and the use of propane gas.

And: We have not made use of the cap on electricity and gas prices adopted by law at the beginning of this year.

Your K+S will therefore retain its full ability to pay dividends.



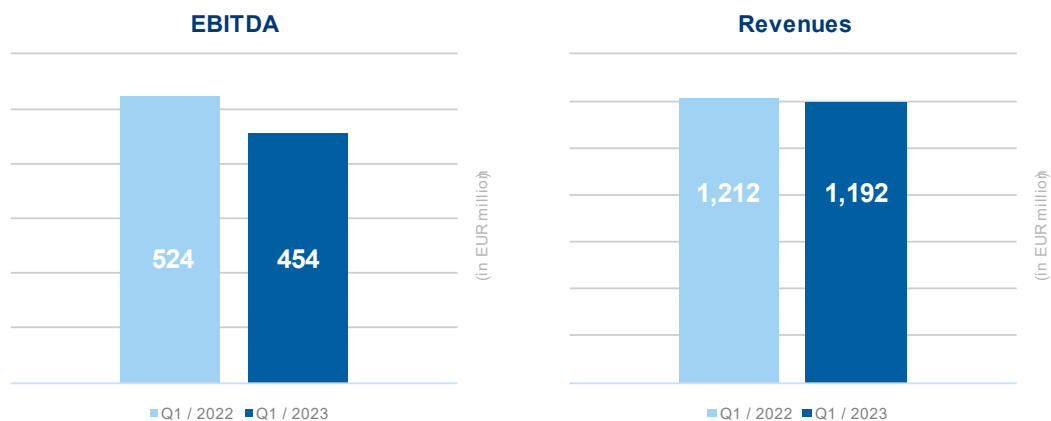
Ladies and Gentlemen,

K+S performed excellently in a tense political and economic environment last year.

Achieving this is only possible with a dedicated team! We are very much aware of the passionate commitment of our colleagues along the entire value chain! On behalf of the entire Board of Executive Directors, and I am sure on your behalf as well, I would like to take this opportunity to express my sincere thanks for the work performed by our colleagues in the past year!



## Q1 / 2023 key figures



Ladies and Gentlemen,

Let's take a brief look at developments in the first quarter of this year. We presented the results yesterday:

Revenues increased to around 1.2 billion euros in the first quarter.

At 454 million euros, EBITDA exceeded the previous year's figure by 38 percent.



Ladies and Gentlemen,

I would now like to turn to the outlook and our forecasts.

Against the backdrop of the exceptional year 2022, the global potash business has taken significantly longer to establish a new price orientation in recent months.

Overall, we expect prices to remain attractive, although at a lower level than in the previous year.

On the demand side, we continue to see a positive development for 2023.

This expected increase will be accompanied by a continued limited supply of potash from Russia and Belarus.

At the same time, the yield prospects in agriculture remain intact and provide an incentive to increase yield per hectare through the balanced use of fertilizers.

We expect costs to remain high, particularly for energy, logistics, and materials. On top of this, there will be higher wage costs following the collective bargaining agreement reached at the end of February this year.



### Outlook for the 2023 full year

- EBITDA €1.15 billion - €1.35 billion
- Free cash flow €650 million - €850 million

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Overall, we continue to expect that, from today's perspective, our EBITDA in the 2023 financial year should range between 1.3 and 1.5 billion euros.

Adjusted free cash flow is expected to range between 700 and 900 million euros.

2023 will therefore be another good year for K+S!

Ladies and Gentlemen,

Please allow me to conclude on a personal note.

The crises and upheavals of recent years have made it clear: More and more, we must be able to react at short notice. At the same time, it is our task to strike a balance between the most diverse interests. I'm here referring to all of our stakeholders:



- Our shareholders,
- our colleagues,
- our customers and suppliers,
- representatives from politics,
- authorities, and
- the environmental associations and site communities.

Against this background, the fact that K+S is solidly and robustly positioned today is good and right. This will also continue to be our orientation in the years ahead. In this regard, however, we will not be able to satisfy all the maximum demands of individual interest groups. I would like to thank you on behalf of the entire Board of Executive Directors for your trust, for your loyalty, and for your manifold support along the way.

A very warm "Glückauf" to all of you!

**Thank you!**

