K+S Aktiengesellschaft

Analyst Call

Q4 and FY/2020

11 March 2021

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Successfully mastering the challenges of the pandemic

- Extensive prevention measures
- Successful crisis management
- Hardly any impact on production

K+S is systemically relevant
Consistent implementation of the package of measures

- Sales agreement signed for the Americas operating unit
- Joint venture with Remondis (REKS) in the waste management business
- Restructuring: administrative costs reduced by 30%, resp. €60 million p.a.
- Synergies > €150 million realized
- Operating improvements at the production sites
Agreement on the sale of the OU Americas

- Buyer: Stone Canyon Industries
- Sales price: USD 3.2 billion
- Multiple: 12.5 times EBITDA (2019)
- Closing: in summer 2021 at the latest
- Net proceeds: approx. €2.5 billion
K+S and REMEX combine their strengths in joint venture

- Value creation through combining capabilities beyond the addition of individual business models (1+1 = >2) and generating a true champion in waste management

- Capacities (underground, tailings piles) for disposal and recycling to meet growing demand
- Obligation for backfilling and tailings piles covering
- Extensive know-how in tailings piles and UTV/UTD (underground recovery/disposal) management
- Many years of experience in approval procedures

- Market access to all relevant waste types and established distribution structure
- Comprehensive material flow management
- Know-how in recycling technologies
Strong partnership in waste management business

- Intelligent use of our infrastructure
- Transformation of environmental obligations into a sustainable business model
- Long-term prospects for covering tailings piles
- Attractive growth potential
- Closing of transaction expected in summer 2021
- Cash inflow: approx. €90 million
- One-off gain: approx. €200 million
Strong performance in production

- 2020: sales volumes in the Agriculture customer segment increased by 1 million tonnes to 7.3 million tonnes
- Bethune: almost 2 million tonnes produced for the first time; high product quality
- Average cost per tonne reduced to below €200 across all plants
Environmental issues: Important milestones

- Amendment to the state treaty: important milestone for long-term storage of saline wastewater underground

- Tailings pile expansions at Wintershall and Zielitz provide long-term prospects for both sites
Impairment on assets

- Publication on 4 November 2020 that long-term assumptions for potash prices and cost of capital needed to be adjusted
- Non-cash impairment loss on assets of ~€2 billion accounted for in Q3 financial statements
- Business model remains intact
- Audit by the German Financial Reporting Enforcement Panel (DPR – Deutsche Prüfstelle für Rechnungslegung e.V.) announced on 17 February 2021
- Final impairment loss as of 31 December 2020: €1.86 billion
- On 9 March 2021, this impairment loss was confirmed with an unqualified audit opinion
Q4 and FY/2020 at a glance (including discontinued operations)

**Highlights**

- Q4/20 EBITDA down to € 60m (2019: € 160m)
- FCF €-42m in FY/20 coming from € +140m in FY/19
- NFD/EBITDA at 7.2x (31/12/19: 4.9x)
- No Dividend to be paid for 2020

**Financials**

<table>
<thead>
<tr>
<th>€ million</th>
<th>Q4/19</th>
<th>Q4/20</th>
<th>%</th>
<th>FY/19</th>
<th>FY/20</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
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<td>634</td>
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<td>4,071</td>
<td>3,698</td>
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<td>60</td>
<td>-63</td>
<td>640</td>
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<td>-31</td>
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<tr>
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<td>77</td>
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<tr>
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<tr>
<td>Adj. FCF</td>
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<td>CapEx</td>
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<td>493</td>
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<tr>
<td>NFD/EBITDA (LTM)</td>
<td>-</td>
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<td>-</td>
<td>4.9x</td>
<td>7.2x</td>
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2020 key indicators: Continuing operations

**REVENUES**
- in million EUR -

<table>
<thead>
<tr>
<th>Previously</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>OU Americas</td>
<td>3,698</td>
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</table>

*After allocation of project costs related to the sale of the OU Americas*

**EBITDA**
- in million EUR -

<table>
<thead>
<tr>
<th>Previously</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>OU Americas</td>
<td>445</td>
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</tbody>
</table>
Q4 and FY/2020 at a glance (only continuing operations)

**Highlights**

- **Q4/20 EBITDA** down to € 39m (2019: € 76m)
- **FCF** €-110m in FY/20 coming from € +33m in FY/19

**Financials**

<table>
<thead>
<tr>
<th>€ million</th>
<th>Q4/19</th>
<th>Q4/20</th>
<th>%</th>
<th>FY/19</th>
<th>FY/20</th>
<th>%</th>
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<tr>
<td>Revenues</td>
<td>540</td>
<td>634</td>
<td>+17</td>
<td>2,550</td>
<td>2,432</td>
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<tr>
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<td>39</td>
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<td>410</td>
<td>267</td>
<td>-35</td>
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<tr>
<td>t/o Agriculture</td>
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<td>97</td>
<td>+230</td>
<td>295</td>
<td>245</td>
<td>-17</td>
</tr>
<tr>
<td>t/o Industry+</td>
<td>35</td>
<td>-20</td>
<td>-</td>
<td>142</td>
<td>100</td>
<td>-30</td>
</tr>
<tr>
<td>Scheduled D&amp;A</td>
<td>n.a.</td>
<td>n.a.</td>
<td>-</td>
<td>347</td>
<td>340</td>
<td>-2</td>
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<tr>
<td>Adj. net profit</td>
<td>n.a.</td>
<td>n.a.</td>
<td>-</td>
<td>15</td>
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<td>-</td>
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<td>Adj. EPS (€)</td>
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<td>-</td>
<td>0.08</td>
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<tr>
<td>Operating cash flow</td>
<td>n.a.</td>
<td>n.a.</td>
<td>-</td>
<td>456</td>
<td>271</td>
<td>-41</td>
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<tr>
<td>Adj. FCF</td>
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<td>n.a.</td>
<td>-</td>
<td>33</td>
<td>-110</td>
<td>-</td>
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<tr>
<td>CapEx</td>
<td>150</td>
<td>140</td>
<td>-7</td>
<td>412</td>
<td>428</td>
<td>+4</td>
</tr>
</tbody>
</table>

**EBITDA in €m**

- Positive one-off in previous Q4 (sale and lease back office building)
- One-off provisions for restructuring
- COVID-19 efficiency losses

**Q4/19 Price Volume/Mix**

- +30
- +22
- -29

**FX/Others**

- 39

**Q4/20 Price Volume/Mix**

- +Value growth Agriculture
- -De-icing volumes Europe
2021 outlook: Favorable conditions for the agricultural sector

- Significant price increases for agricultural products
- Positive yield situation of farmers leads to rising demand for input factors
- Consequently, also continuing increase in demand for potash fertilizers in all regions
- Substantial price increase in Q1 following conclusion of potash contracts in India & China
- Potential for further price increases due to seasonal start in northern hemisphere and Brazil
Moderately higher average price for potash and magnesium fertilizers

Sales volume in the Agriculture customer segment expected to be >7.5 million tonnes (2020: 7.3 million tonnes)

Strong de-icing salt business in Europe in Q1/2021

Sales volumes in de-icing salt business: >2.5 million tonnes expected (2020: 0.9 million tonnes; normal year: 2-2.5 million tonnes)

One-off gain from REKS joint venture expected to amount to around €200 million

FCF including cash-in from sale of OU Americas expected well over €2 billion; excluding this and REKS cash-in, FCF expected significantly negative in 2021
Q&A

Dr. Burkhard Lohr
CEO

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CFO
## Housekeeping items / Financial calendar

### Additional information on FY 2021 outlook – continued operations

- **Tax rate:** 30%
- **Financial result:** on the level of last year (2020: €-106m)
- **CapEx:** on the level of last year (2020: €428m)
- **D&A:** ~€300m

### Financial calendar

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>10th European Chemicals Conference – GoldmanSachs</td>
<td>12 Mar 2021</td>
</tr>
<tr>
<td>Société Générale Virtual CEO Roadshow Frankfurt</td>
<td>12 Mar 2021</td>
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</tbody>
</table>
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