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K+S Aktiengesellschaft  
**Analyst Call**

Q4 and FY/2020

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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

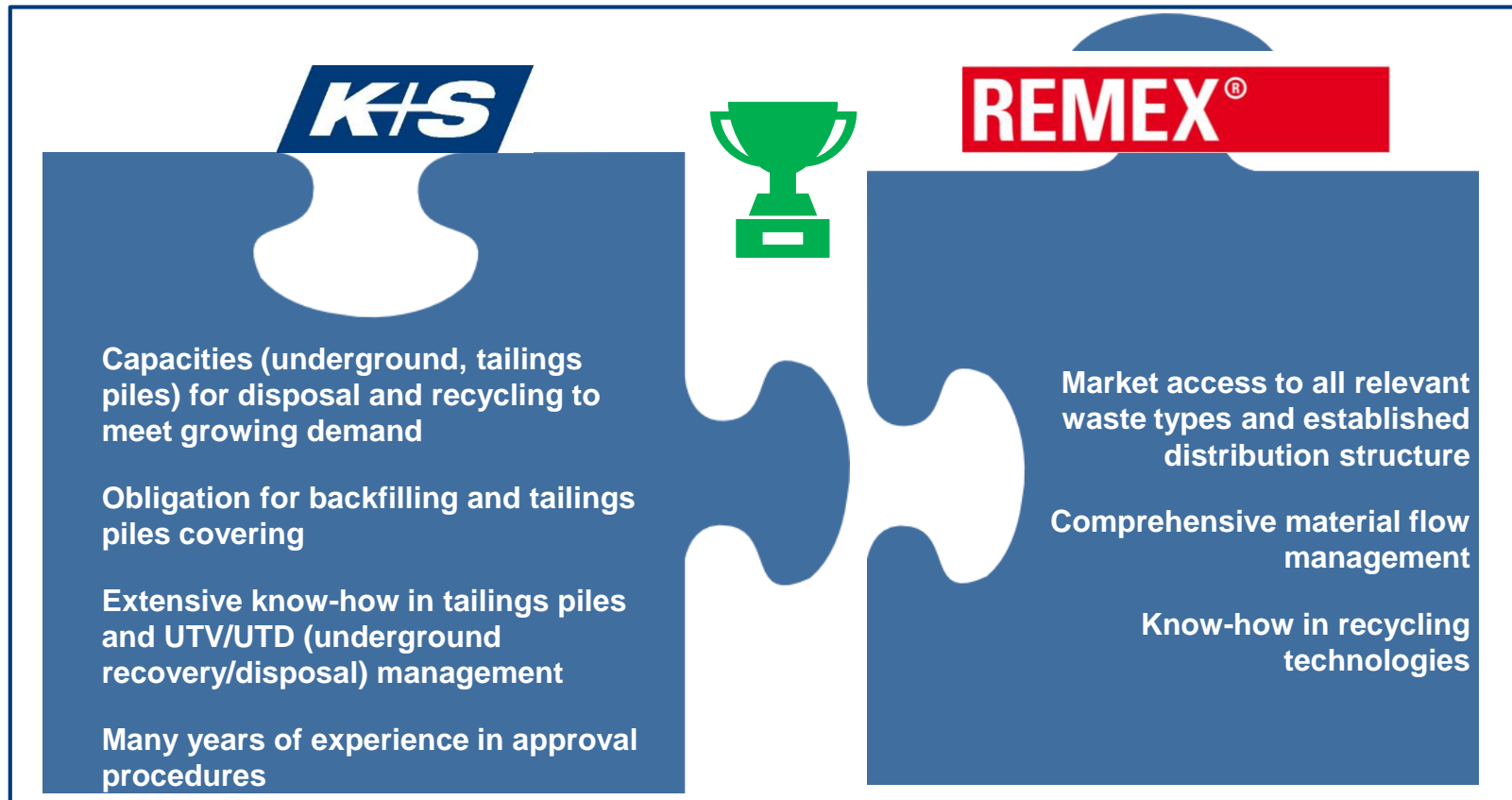


# Agreement on the sale of the OU Americas



- **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**

# Strong partnership in waste management business



$$\begin{array}{l} \text{REMONDIS}^{\circledR} \\ \text{REMEX}^{\circledR} \end{array} + \begin{array}{l} \text{K+S} \\ \text{Entsorgung} \end{array} = \begin{array}{l} \text{REKS} \end{array}$$

- 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

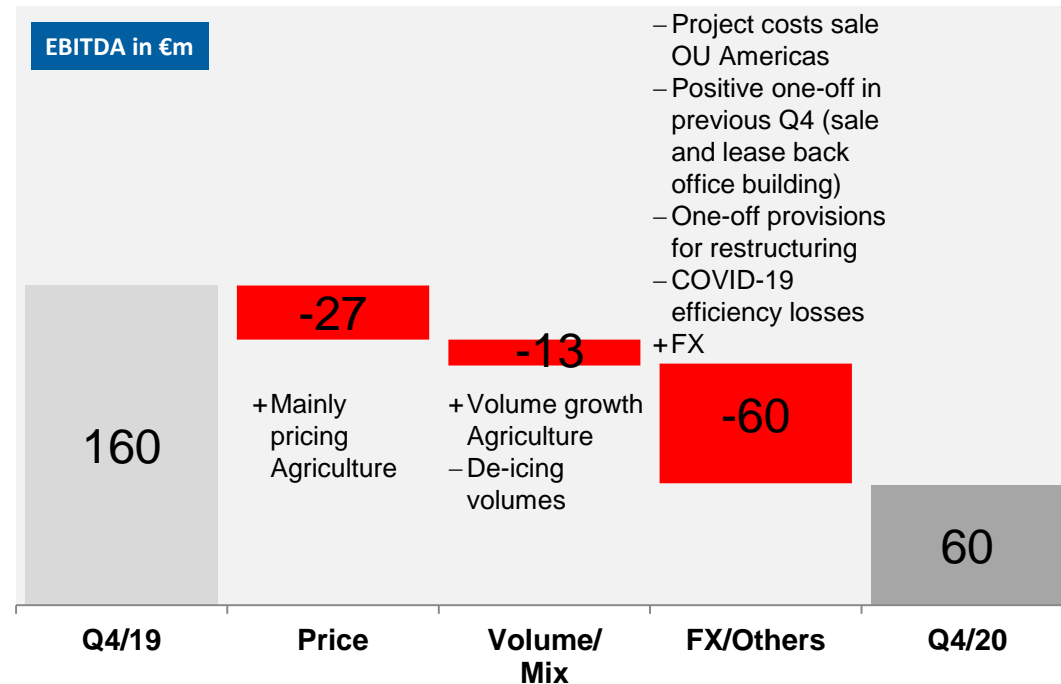


- Publication on 4 November 2020 that long-term assumptions for potash prices and cost of capital needed to be adjusted
- Non-cash impairment loss on assets of ~€2 billion accounted for in Q3 financial statements
- Business model remains intact
- Audit by the German Financial Reporting Enforcement Panel (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

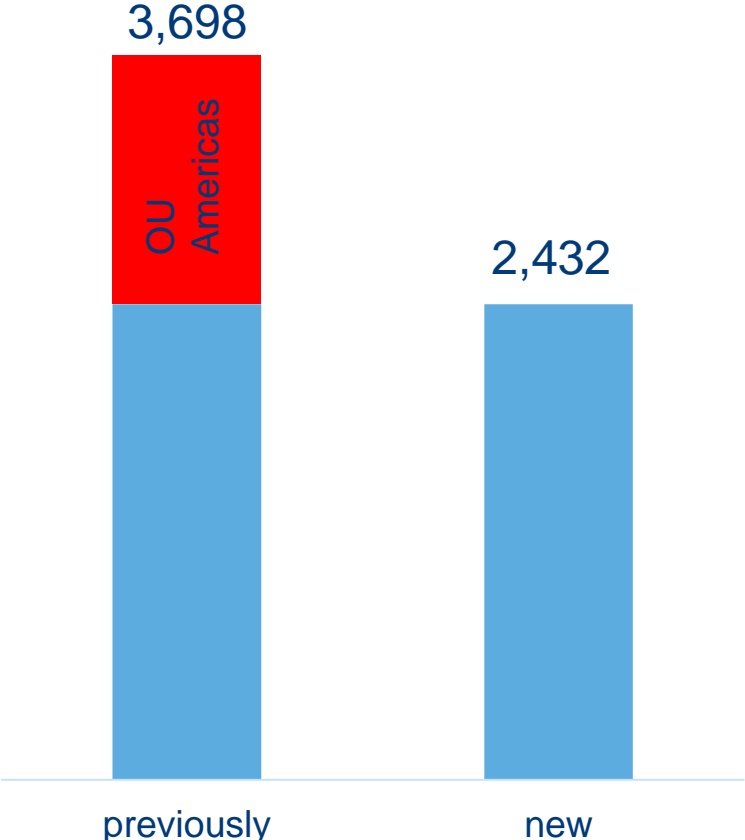


## Financials

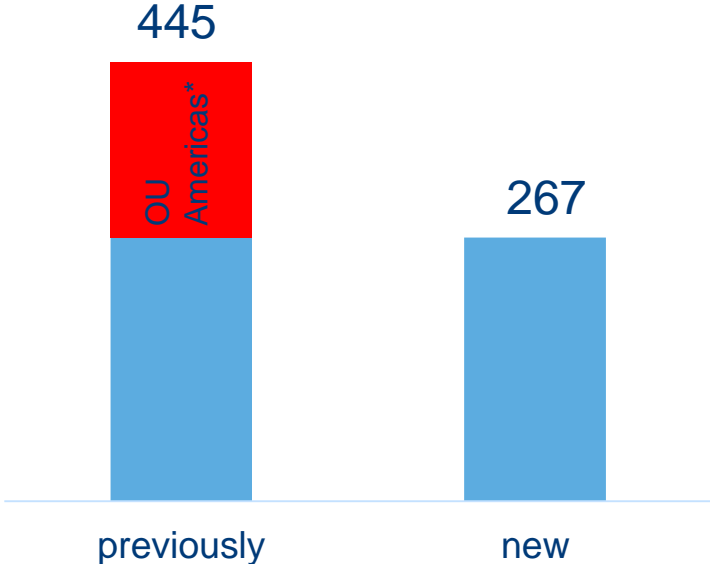
€ million	Q4/19	Q4/20	%	FY/19	FY/20	%
Revenues	1,024	634	-38	4,071	3,698	-9
<i>t/o Europe+</i>	596	632	+6	2,536	2,442	-4
<i>t/o Americas</i>	427	320	+19	1,532	1,266	-17
EBITDA	160	60	-63	640	445	-31
<i>t/o Europe+</i>	64	77	+19	437	344	-21
<i>t/o Americas</i>	83	48	-43	230	212	-8
Scheduled D&A	103	114	-6	432	405	-6
Adj. net profit	9	-30	-	78	-1,803	-
Adj. EPS (€)	0.05	-0.16	-	0.41	-9.42	-
Operating cash flow	130	101	-37	640	429	-33
Adj. FCF	-64	-87	-	140	-42	-
CapEx	183	183	-	493	526	+7
NFD/EBITDA (LTM)	-	-	-	4.9x	7.2x	-

# 2020 key indicators: Continuing operations

## REVENUES - in million EUR -



## EBITDA - in million EUR -

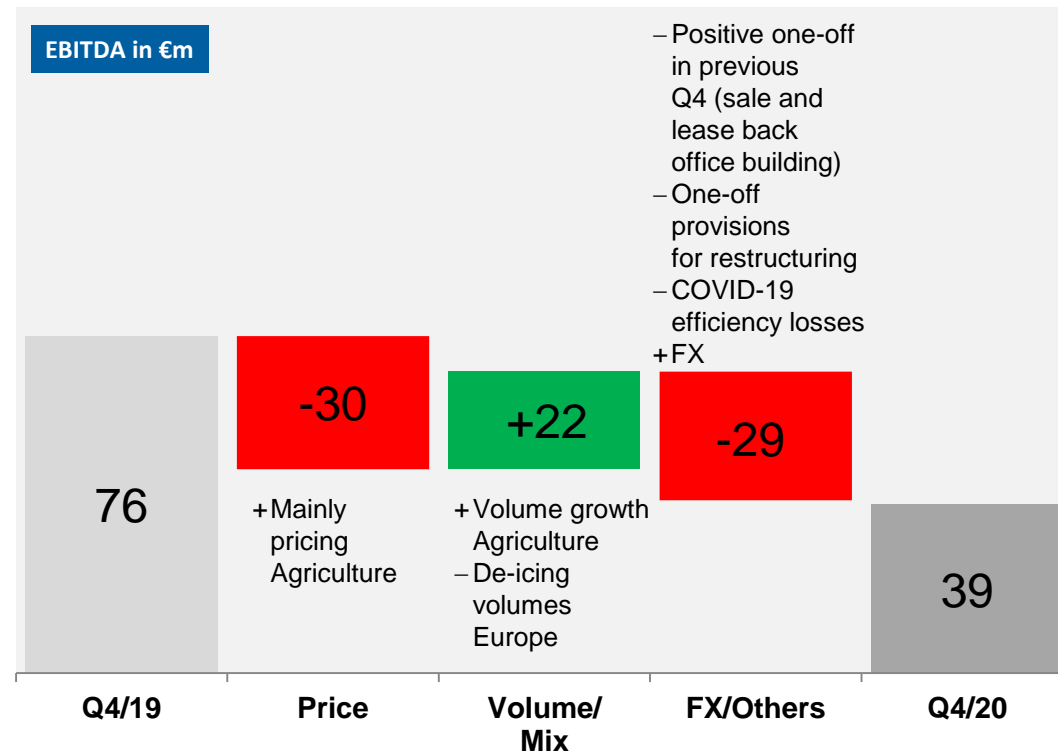


\* After allocation of project costs related to the sale of the OU Americas

# 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

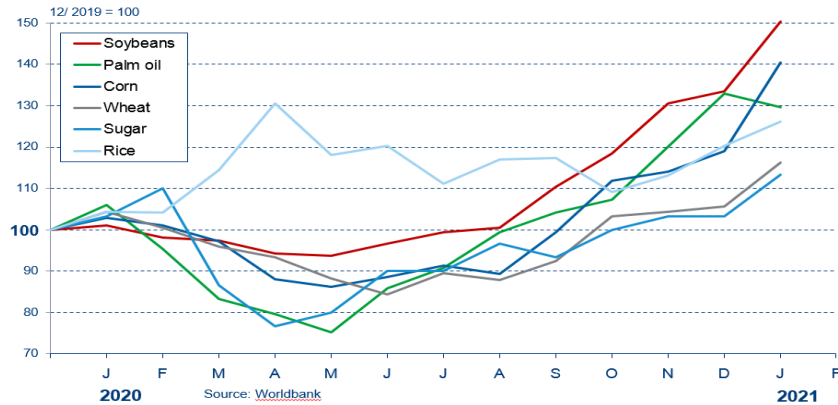


## Financials

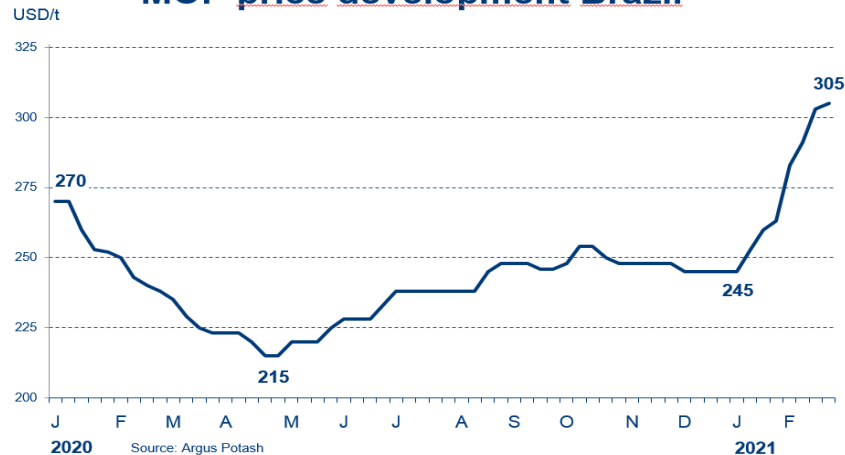
€ million	Q4/19	Q4/20	%	FY/19	FY/20	%
Revenues	540	634	+17	2,550	2,432	-5
<i>t/o Agriculture</i>	390	470	+21	1,716	1,702	-1
<i>t/o Industry+</i>	207	162	-22	820	727	-11
EBITDA	76	39	-49	410	267	-35
<i>t/o Agriculture</i>	29	97	+230	295	245	-17
<i>t/o Industry+</i>	35	-20	-	142	100	-30
Scheduled D&A	n.a.	n.a.	-	347	340	-2
Adj. net profit	n.a.	n.a.	-	15	-1,921	-
Adj. EPS (€)	n.a.	n.a.	-	0.08	-10.04	-
Operating cash flow	n.a.	n.a.	-	456	271	-41
Adj. FCF	n.a.	n.a.	-	33	-110	-
CapEx	150	140	-7	412	428	+4

# 2021 outlook: Favorable conditions for the agricultural sector

Price development of agricultural products

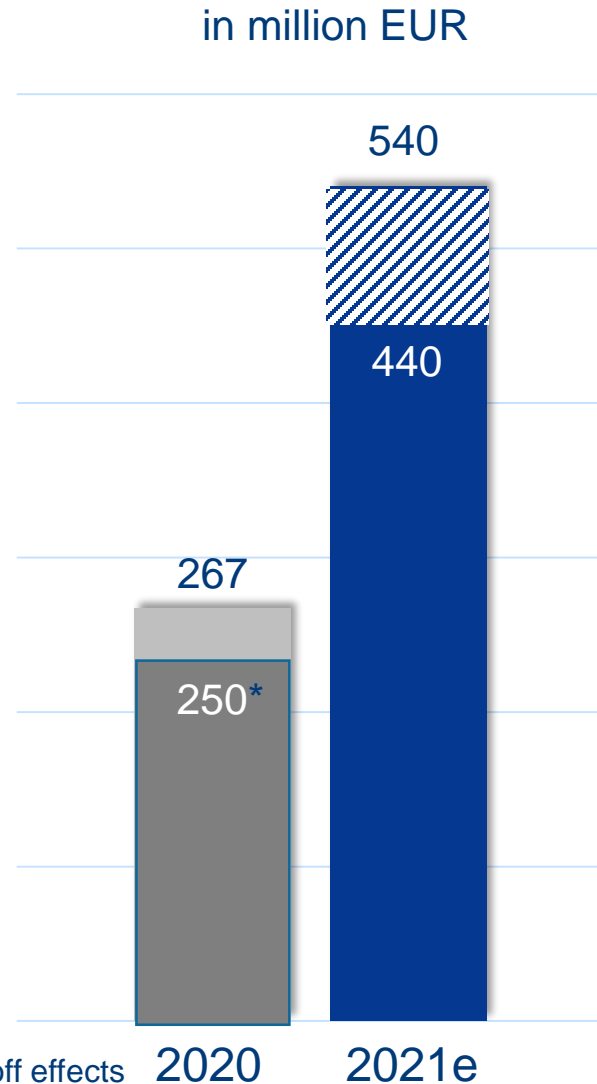


MOP price development Brazil



- 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

# EBITDA forecast for continuing operations for 2021



- 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

**K+S**



# 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

10th European Chemicals Conference – GoldmanSachs	12 Mar 2021
Société Générale Virtual CEO Roadshow Frankfurt	12 Mar 2021

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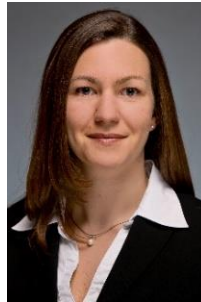
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