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K+S

Q3 Results Conference Call
14th November 2019

Company Speakers

Dr. Burkhard Lohr, Chief Executive Officer

Dirk Neumann, Head of Investor Relations

Thorsten Boeckers, Chief Financial Officer

Questions From

Diogo Silva, Aptior

Christian Faitz, Kepler Cheuvreux

Chris Ryan, Bank of America

Jay Parmar, JP Morgan

Ashraful Mumin, GLG

Patrick Rafaisz, UBS

David Simmons, JP Morgan

Thomas Swoboda, Société Générale

Michael Schäfer, Commerzbank

Jemma Permalloo, JP Morgan

Claude Henkel (?), Pareto Securities?

Dr. Burkhard Lohr, Chief Executive Officer

Ladies and gentlemen, welcome to our Q3 conference call.

We'll start right away on Slide 3, with the highlights of the quarter.

We did not have any weather-related standstills at the Werra site this quarter, and do not expect any for the rest of 2019 either. This and positive price effects have been the main reason for the increase in our EBITDA from €36m to €81m.

Despite an extended maintenance break at our Bethune plant, higher sales from our Canadian site, compensated for missing volumes due to the Sigmundshall mine closure.

The EBITDA of our operating unit, Europe+, increased significantly, while our EBITDA in Americas came out below last year's result, mainly on the back of higher logistics and maintenance costs, but also due to weaker early sales in the de-icing business compared to the strong previous year.

Year-on-year, our free cash flow increased by €264m to more than €200m after nine months.

Now, please turn to Slide 4 to have a closer at our customer segments.

And here it starts with Agriculture. Despite the weakness of the markets, the average price was still very good in Q3. Therefore, both currency and price effects had a positive impact on EBITDA. In addition, more products were available due to the improved situation at the Werra site.

In our customer segment, Industry, price increases, higher volumes and the positive current effect almost compensated for increased costs. Therefore, EBITDA of €45m remains on the level of last year.

Both revenues and profits in our Consumer business improved. The most favourable pricing environment, especially for table and speciality salt, and a positive currency effect helped us to more than compensate for higher costs.

At Q3 is still seasonally low, however, the icing business in Communities reported a negative EBITDA. The sales volume was below the strong figure of the previous year, mainly as a result of weaker early sales, partially on the back of postponement into Q4.

We will give you an indication for the next winter season later in this presentation, but now let's move to Slide 5 and have a closer look at the potash market.

After seeing good prices in volume in the first half of the year, the import stop in China, which has been in place since September, is also causing restraints in other markets. Producers decided to cut their production by more than 3 million tonnes in total. Demand remains almost stable for MOP in Europe and Specialities.

We keep a higher share of SOP; the average selling price in our portfolio is even above the second quarter.

For 2019, we expect a slight decline in global potash demands to slightly below 70 million tonnes compared to the record demands in 2018 by a good 71 million tonnes.

From a current perspective, forecasting the development in the potash market is still difficult. The contract with India is already providing a first indication for the market and ensures product flows.

Rising crop prices and production cuts in the industry are further positive indicators. But, due to the continuing import stop in China and high stock levels in Brazil, the market hasn't picked up yet.

Please have a look at Slide 6 to see the development in our customer segment, Communities.

As mentioned earlier, the early sales business and the de-icing salt compares with the very strong prior year quarter. On the one hand, there are some higher inventories from the last winter season available at our customers this year. On the other hand, and we see orders increasing since the end of October, after some postponement during Q3.

On the price side, we are satisfied with the bit for the upcoming winter season, especially in the Mid-West, we are able to achieve significant price increases.

The development in Canada and Europe is also positive.

On the US East Coast, we continue to see high competition. Overall, we see a positive price trend and should, therefore, compensate for cost inflation.

And now please turn to the next slide to talk about the full year guidance.

Given the current situation on the potash markets, we already announced in September that we reduced our MOP production by around 300,000 tonnes for this year. This corresponds to an EBITDA effect of about €80m.

In addition, maintenance work, mainly at the Zielitz site, on the back of the current market situation, will reduce production by a further 200,000 tonnes. This will have an impact on earnings of about €50m. Therefore, we expect our EBITDA for 2019 to be at around €650m based on the normal winter in Q4. This would still be an increase over 2018.

We are confident to achieve a positive free cash flow in 2019, and I would like to say again, at this point, that we are not expecting any standstills due to the waste water situation in the current year.

Please turn to Slide 8. Ladies and gentlemen, despite the current weak market situation, I would like to take the opportunity to point out how far we have progressed with the issues that we can influence ourselves.

We have successfully implemented the customer focus, focused new organisation of the company, the operational situation with regard to personnel and machinery - availability in Germany has improved significantly. The situation to the geological challenges in Neuhof is also on the right track. We have improved our waste water management but means of remote disposal and higher storage capabilities on site so that we can rule out any weather-related standstills this year. Our active working capital management has a

positive effect on our free cash flow, and our synergy programme already shows positive EBITDA contributions.

We are making progress with the product quality in Bethune, and our customers will realise the improvement in the first half of next year.

Against the factors we have in our hands, the potash market is challenging for us at the moment, and also regulatory requirements, especially with regard to climate protection, will influence our cost position in the coming years. Given the current political discussion, we are certainly not the first to tell you that.

Before concluding my presentation, I would like to introduce our new Head of Investor Relations. Please turn to Slide 9.

Dirk Neumann, previously Head of Corporate Controlling, will take over as Head of Investor Relations. He has many years of experience at K+S and knows our business and figures. On behalf of the entire Board, I wish him great success in his new role, and now Dirk will give some words to the audience. Please, Dirk.

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Dirk Neumann, Head of Investor Relations

Yeah, thank you.

As said before, my name is Dirk Neumann. I'm 48-years-old, married, two children. After my study of economics in Göttingen, I was working for different companies, and I joined K+S in 2003. And, in this time, I had several positions in the Finance and Controlling, and the last position is Head of Controlling since 2015.

I'm happy moving to Investor Relations. I'm looking forward to my new role, and I'm looking forward to meet you in person in the future.

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Dr. Burkhard Lohr, Chief Executive Officer

Thank you, Dirk.

Dirk succeeds are Lutz Grueten, who left the company at his own request. The Board thanks Mr Grueten for his dedicated work over the past three years and wishes him all the best for his new professional duties.

Ladies and gentlemen, this concludes my presentation and we are now happy to take your questions. Operator, please open the line for our Q&A session. And as you will, please, one question by the other, one-by-one.

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Questions and Answers

Telephone Operator

Thank you.

If you would like to ask a question, please press '*1' on your telephone keypad. If you change your mind and wish to withdraw your question, please press '*2'. If you would like to ask more than one question, please submit one question at a time. Once answered, we will move to your next question.

You will be advised when to ask your question.

Our first question comes from the line of Diogo Silva from Aptior. Please go ahead.

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Diogo Silva, Aptior

Hi. Thanks so much for the call. I have two questions. I'll ask them one-by-one, as you requested.

The first one is, in terms of the volume reduction for this year, if you could just explain to us how should we think about next year? I mean, obviously, this fell very heavily onto Q4. Should we think about annualising this Q4 volume for next year? Should we think about spreading the reduction for next year? Of course assuming in a case where the market stays as it is now and doesn't improve.

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Dr. Burkhard Lohr, Chief Executive Officer

Yeah. Thank you for that question.

First of all, maybe to explain a little bit deeper in what we have done and why we have done it - the market situation was described in my speech. We're not able to shift into China. We haven't been able to since September. Now we are seeing that, due to that situation, more volumes go into Brazil.

Europe is okay, but we were forced to react, as all our competitors did, and, of course, we use the time on the site, especially Bethune and Zielitz for maintenance work which was necessary. And we will be prepared, in terms of being able to produce high volume, in a period where the market turns, but more I cannot tell you about 2020. It's too early.

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Diogo Silva, Aptior

Understood.

And then my second questions is - I mean, congratulations on it seems that this year you will finally not have any waste water issues or stoppages, but, you know, just picking up on conversations we had before about the topic, you have, obviously, your permit for injection into the soil expiring in 2021. I know different solutions were being discussing, including a potential pipeline, and I just wanted to know if there was any update in terms of, you know, what is likely to happen there and what your plan was when that permit expires.

.....

Dr. Burkhard Lohr, Chief Executive Officer

Yeah. We have made great progress in this matter.

On the dates - and we're talking about seven different dates around Werra, have agreed on a solution which is caused this discharged in the old mine area. So, that means we will not build a pipeline. We will deep well inject until the end of 2021, and then, beginning in 2022, we will bring the water in the underground in the Werra area that we know transportation costs for these volumes.

Of course, there has to be some preparation of work and some approvals, but time is enough to get this done.

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Diogo Silva, Aptior

And you mention those transportation costs, but I mean should we think about this as both very immaterial in terms of extra costs and the extra capex, or, you know, once you start doing this, how much will your costs increase for doing that, and how much of your capex will increase?

.....

Dr. Burkhard Lohr, Chief Executive Officer

No, compared to the old situation that we were planning, even a decrease because the pipeline through the river would have cost about €300m.

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Diogo Silva, Aptior

Sorry, I mean, compared to today, not with the pipeline.

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Dr. Burkhard Lohr, Chief Executive Officer

Compared today, I'm not seeing additional costs with the discharge in the Werra area.

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Diogo Silva, Aptior

And also no additional capex?

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Dr. Burkhard Lohr, Chief Executive Officer

There is some additional capex, but this is by far lower than we would have spent into the other - the pipeline.

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Diogo Silva, Aptior

Thank you so much.

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Dr. Burkhard Lohr, Chief Executive Officer

Yeah. You're welcome.

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Telephone Operator

The next question comes from the line of Chris Faitz from Kepler. Please go ahead.

.....
Christian Faitz, Kepler Cheuvreux

Yes. Good morning, gentlemen. Welcome, Dirk.

I have a couple of questions. I'll start with the second question. Has the cooling pump in September been successfully installed? Can you confirm that?

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Dr. Burkhard Lohr, Chief Executive Officer

We have a package of measures which we PQP. We have successfully done the work in September that we wanted to do in September, but the whole package will be done by January, which is not a problem because now we are anyway in the cold season, it's important to be prepared when the weather is getting hotter again, and then we will definitely be done with the works around the PQP.

And, by the way, we are quite happy with the progress that we are seeing in terms of quality of our product, both products, standard and granular in Bethune.

.....
Christian Faitz, Kepler Cheuvreux

Okay, but, as a follow-up to that question, that would also mean that Bethune will be out of production in January.

.....
Dr. Burkhard Lohr, Chief Executive Officer

No, no. That doesn't require an extraordinary maintenance break what we have to do now. That can be done in operation.

.....
Christian Faitz, Kepler Cheuvreux

Okay. Excellent.

My second question is regarding Neuhof and Unterbreizbach. Can you update us on the situation there? Roofing in Neuhof and the mining for the lower quality seam in Unterbreizbach. Thank you.

Thorsten Boeckers, Chief Financial Officer

Yeah, Chris. We do not give a guidance on a quarterly basis for this, but you know we were saying already, in the second quarter, that we have a greater focus on improving our working capital we are more actively managing both receivable and payable, and this continued in the third quarter despite it was in a relatively small quarter, was overshadowed by other developments, but we saw a positive development coming from working capital management, and we will see also, in the fourth quarter, but it's tough to give a certain guidance with a certain number on that.

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Dr. Burkhard Lohr, Chief Executive Officer

And I would like to add to it, Thorsten and team has done a great job if you see what we have seen, due to the market situation on EBITDA level, and we still expect to see a positive free cash flow. I think it's a great result out of great measures that we have taken.

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Chris Ryan, Bank of America

Understood. Thank you very much.

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Telephone Operator

The next question comes from the line of David Simmons from JP Morgan. Please go ahead.

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Jay Parmar, JP Morgan

Yeah, hi. Jay Parmar, actually from JP Morgan. Thanks for taking questions.

I'd just had maybe three. One is can you confirm if your Q4, or full year guidance for this year, assumes any price declines given that we've seen some pricing moderation through the last three months? That's number one.

Number two, the second question was -

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Dr. Burkhard Lohr, Chief Executive Officer

Wait. We would like to do one-by-one.

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Jay Parmar, JP Morgan

Yeah, sure.

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Dr. Burkhard Lohr, Chief Executive Officer

Yeah. When you look into our average selling price you have to take into account, which is always the case with us, because we have the mix out of MOP, which is not more in the focus when it comes to the current bad situation in the market and Specialties and the mix out of European business and overseas business, and price decline, which obviously is the case, rose into our numbers with a delay.

And, due to the fact that we have cut MOP, we have given a higher average selling price because the portion of Specialities with the higher prices is higher. And, therefore, we still expect that the average selling price of the full year, so that gives you guidance for Q4, should be around the level that we have seen in the fourth quarter of 2018.

Now we are ready for your next question.

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Telephone Operator

I'm sorry. We have lost that line.

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Dr. Burkhard Lohr, Chief Executive Officer

Okay.

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Telephone Operator

I will move onto the next question for now, coming from Ashraful Mumin form GLG. Please go ahead.

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Ashraful Mumin, GLG

Hi there. I had a quick question on the China contract. When do you think it will settle? What kind of price range are we talking? Do you expect it come lower than the India contract?

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Dr. Burkhard Lohr, Chief Executive Officer

That's a difficult question.

As you know, we are not negotiating directly with them because our stake in China still is not big enough to be the first to do that. But, looking into the stocks into China, they're still very high, so that's, most probably, not going to happen this year. So, around Chinese New Year is potentially maybe an indicator which is not too bad.

Pricing depends, of course, heavily to the situation that we are facing by that time, but at least the fact that all producers have cut production, and we are seeing some positive developments in South East Asia with crop prices rising, etc, so I'm not giving you a price now, but one could be not too negative on the outcome of the Chinese contract. But it's too early.

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Ashraful Mumin, GLG
Okay. Thank you.

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Telephone Operator

The next question is coming from the line of Patrick Rafaisz from UBS. Please go ahead.

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Patrick Rafaisz, UBS

Thank you, and good morning, everyone.

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Dr. Burkhard Lohr, Chief Executive Officer

Good morning.

.....
Patrick Rafaisz, UBS

Good morning. The first question out of three is on the Bethune volumes. I understand the site is up and running again after the extended maintenance shutdown in Q3, with Brazil inventories very high, China not in the market currently there. Where will these volumes more to? Is that South East Asia mainly?

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Dr. Burkhard Lohr, Chief Executive Officer

We still ship into South East Asia and Brazil, the volumes that are produced.

.....
Patrick Rafaisz, UBS

Okay.

.....
Dr. Burkhard Lohr, Chief Executive Officer

Yeah?

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Patrick Rafaisz, UBS

Yeah, okay, good. And you expect that to remain?

.....
Dr. Burkhard Lohr, Chief Executive Officer

Yeah. We have running agreements and so that - You know we have already reduced,

particularly, our volumes to the market situation in Bethune, but what we are producing now is running into these two markets.

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Patrick Rafaisz, UBS

Okay. Thanks.

And the second question is on Communities and the decline in EBITDA versus prior year. You mentioned, of course, the softer refill - early fill business, and your guidance for volumes for the full year remains unchanged, right? 12.5 million to 13 million tonnes. So does that mean you expect a full recovery of the lost EBITDA? So we should see something like 10 million to 15 million reversal in Q4?

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Dr. Burkhard Lohr, Chief Executive Officer

Yeah, one should not overestimate the split between the de-icing business in Q3 and Q4. The heavy business is really December, January, February, and here we are still hopeful that we can achieve our average volumes.

By the way, we've seen some snow already in the US, and we have seen stronger business after October, as I said, so good portions of the lower volumes compared to Q3 '18 could run into, or will run into Q4. But, of course, the final decision will be made by the weather conditions in December and the next season, January and February.

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Patrick Rafaisz, UBS

Yeah, yeah. Okay.

And the last question is a bit of a wider one. You mentioned in your opening remarks, at the end, the pressure on costs from environmental regulation. How should we think about that if you try to size that, or how do you account for that in your budgeting and planning? What kind of costs do you see coming over the next five or 10 years?

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Dr. Burkhard Lohr, Chief Executive Officer

That is a theory which is, by far, too long because if you see what's going on all over the world with additional measures to safeguard the climate it could be good to predict what's going on in the next couple of years, but, actually, it will affect everybody who's doing industrial production.

And one effect that we are seeing already is that the CO2 emission rise for the first time will cost money in 2020. So far it was for free, but this time we are spending money, and we will have additional costs for CO2. It's still on a level which is doable, but one has to follow the development very closely. And, of course, we are directly, and via our organisations, BDI, etc, in touch with politics to make sure that we will see a balanced situation between environment and the needs of the industry.

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Patrick Rafaisz, UBS

Okay. Thank you very much for the answers.

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Dr. Burkhard Lohr, Chief Executive Officer

Thank you.

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Telephone Operator

The next question comes from the line of David Simmons from JP Morgan. Please go ahead.

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David Simmons, JP Morgan

Hi. Sorry. I think we got cut off previously.

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Dr. Burkhard Lohr, Chief Executive Officer

Did you get the answer on the first question?

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David Simmons, JP Morgan

No, we didn't, but it's okay. We'll catch up with that.

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Dr. Burkhard Lohr, Chief Executive Officer

No problem. Then I'll answer this again and then you -

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David Simmons, JP Morgan

No, no, no, honestly, don't worry. We'll catch up. We'll catch up with people later.

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Dr. Burkhard Lohr, Chief Executive Officer

Okay.

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David Simmons, JP Morgan

I think the second question, I hope we didn't miss this as well, your MOP ASP was actually slightly up quarter-on-quarter in Q3 versus Q2, and I think it's fair to say that most global averages were down, if not, you know, significantly then at least slightly. So I was just wondering whether there was some kind of, you know, regional mix effect

that enables you to increase that price or how that came about? And, you know, following on from that, what you expect to happen to ASP going forward.

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Thorsten Boeckers, Chief Financial Officer

It can be - I'm telling you the following because we have just seen - a small internal discussions, and we'll come back with this answer to you after the call.

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David Simmons, JP Morgan

Yeah, sure. No problem.

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Dr. Burkhard Lohr, Chief Executive Officer

Okay.

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Telephone Operator

The next question is coming from the line of Thomas Swoboda from Société Générale. Please go ahead.

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Thomas Swoboda, Société Générale

Yes. Good morning. I have three questions, please.

Firstly, on the volumes, have you seen any pick up in volumes actually since the Indian settlement, or is there just no change yet?

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Dr. Burkhard Lohr, Chief Executive Officer

Frankly, not really. I mean, we have seen some recovery in South East Asia, but that did not rise our volumes, so there is not yet the trigger in the market which would change the thing entirely.

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Thomas Swoboda, Société Générale

Understood.

On Specialities and in mix, in Q3, in fertilisers, you seem to be assuming that the positive mix effect will continue in Q4 given your average price guidance. Is it something more substantial? Is it something that could continue into 2020 or is just a temporary effect because of your product mix and the overall demand trends across the regions?

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Dr. Burkhard Lohr, Chief Executive Officer

Yeah, that is purely on mathematical effects that we kept another 200,000 from MOP in Q4, then, of course, this will have the effect in the average selling price. And, as I said earlier, also we see the price decline with the delay in our numbers.

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Thomas Swoboda, Société Générale

Understood.

And, lastly, probably for the CFO, the volatility in the financial result is quite high. How should we think about the run rate, also thinking about 2020? Is it rather the run rate we saw in H1 or the run rate you were guiding for in H2?

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Thorsten Boeckers, Chief Financial Officer

Thomas, the volatility comes especially from the other financial results, and this is linked to the FX development. I would expect, for this year, on a full year basis, a financial result which is somewhere between €110m and €115m, and it will - Yeah, I don't want to go too much, too far into the next year, but this is certainly the number which will maintain until we have the set level.

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Thomas Swoboda, Société Générale

Terrific. Thank you so much.

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Dr. Burkhard Lohr, Chief Executive Officer

You're welcome.

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Telephone Operator

The next question is coming from the line of Michael Schäfer from Commerzbank. Please go ahead.

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Michael Schäfer, Commerzbank

Yeah. Thanks for taking my three questions. Good morning, gentlemen.

The first one is coming back to your, let's say €80m plus €50m, i.e. €130m EBITDA reduction we have seen since you announced the first round of curtailments at the end of September. I wonder whether you can break this up a bit into what kind of proportion should we expect that is link to accelerated maintenance costs and maybe additional maintenance costs which you otherwise wouldn't have had. Just to get a bit of a flavour of what kind of - really linked to and missing volumes and linked to really extra costs you are bearing which may not recur in 2020. This would be my first question.

.....
Dr. Burkhard Lohr, Chief Executive Officer

Of course, you're not expected to get hard numbers on that, but the biggest portion, by far the biggest portion, of course, is not reducing the volumes and not selling them. And, as you know, we are not only talking about Bethune, but also about with other two pure MOP sites. And, of course, in Zielitz we have the highest fixed cost portion. So, the majority of the numbers are due to that. Only a small number is additional maintenance.

.....
Michael Schäfer, Commerzbank

Okay.

The second one would be sticking to costs - Looking into 2020, can you update us on your - you mentioned that you're progressing well will synergies. What should we expect as a kind of additional cost reduction heading into 2020 from your shaping programme?

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Dr. Burkhard Lohr, Chief Executive Officer

Michael, we will - And we're making good progress, by the way, on the shaping, on the synergies project in all of the different work streams, and we expect for the next year positive net numbers.

Also, here, we don't want to talk too much about 2020 versus today. We do this in spring next year. But it will be a qualitatively net number.

The thing is, we also see and we always said that, we see a general cost inflation, but then you can put personal costs, when I look at mid-year costs, now, especially, in 2019, there's third party costs which are linked to maintenance, and this will go into the next year. So the general cost inflation will be there, and it needs to be seen how much of this will be eaten up by the inflation.

.....
Michael Schäfer, Commerzbank

Okay.

And last, not least, on de-icing, on your slides, presenting the outlook into the next winter season, just a clarification question, you're referring, basically, to higher ASP you're expecting on the back of the negotiations you have done, however, you're saying, basically, that those higher prices can compensate for logistics costs inflation. Just clarifying, I thought that we have seen the bulk of rising logistics costs in the past, basically, and are you suggesting that there's no margin improvement from higher prices heading into 2019/'20 season? Is this what you are saying?

Thorsten Boeckers, Chief Financial Officer

So, can I ask you, are you referring to the guidance or to the Q3 number?

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Michael Schäfer, Commerzbank

No. You're giving on Slide 6, you're showing an outlook winter season 2019/'20, and the second bullet point is saying higher prices can compensate for logistic costs inflation. So I thought that we talked about rising logistics costs in the past winter, and, well, this is done, and we have seen some plateau of logistics costs and, hence, the improved pricing you have negotiated now is at least partly contributing to higher margins, assuming volumes remain unchanged. That's what I'm asking.

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Thorsten Boeckers, Chief Financial Officer

The statement doesn't refer only to Q3 isolated, it refers to the full nine months where we have seen the start of the increasing logistics costs, not in the first quarter last year.

And what also included here, it's not just a pure price increase, we have something that we call non-standard sourcing costs where we need to shift, between the sites sometimes source in order to satisfy customers' demands in some regions, and this brings us also additional costs.

The main thing is, when you look at the third quarter, we're talking about small numbers. So, a small movement up in logistics costs, which is not explainable by significant price increases or other factors can have a big impact. So, I wouldn't overestimate that.

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Michael Schäfer, Commerzbank

Okay. Thanks for this.

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Telephone Operator

The next question comes from the line of Diogo Silva from Aptior. Please go ahead.

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Diogo Silva, Aptior

Hi. Sorry, I just had one follow-up question, and this is more of a confirmation - As it was mentioned before in the call, you had a big working capital inflow on the nine months up to now. I know you don't give guidance for the remaining quarter, but I'm just wondering more broadly, is this in flow something that just says now and it could revert over the next quarters, or are these genuine like working capital improvements that you've managed to achieve this year and so you actually are not expecting them to reverse?

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Dr. Burkhard Lohr, Chief Executive Officer

This is a general decline in working capital, and we do not expect a reversal of that.

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Diogo Silva, Aptior

Thank you.

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Telephone Operator

The next question comes from the line of Jemma Permalloo from JP Morgan. Please go ahead.

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Jemma Permalloo, JP Morgan

Hi. Morning. Thank you for taking my question. I understand we have a few from our side this morning, but I've just go one that's credit specific.

Given your new EBITDA guidance for this year, was just hoping that if you could provide an update on your leverage targets and just your general thoughts on debt issuance at some point, given your promise of re-notes that are due in 2020. Thank you.

.....

Thorsten Boeckers, Chief Financial Officer

Yeah, we made progress in the third quarter, and with a general positive free cash flow by the end of the year, which is operating minus investing. It means that we do see on the reduced EBITDA expectations, a small increase in the debt number when we look at the net number. We, therefore, expect no further progress by the end of the year, and when I look at the fourth quarter in isolation.

And can you repeat the second question, please?

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Jemma Permalloo, JP Morgan

So, the second question was really just on the promise of re-notes that are due in 2019. So, I was just really hoping for some general update in terms of your thoughts on debt issuance at some point, or just general financial thoughts.

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Thorsten Boeckers, Chief Financial Officer

This is our commercial paper programme, and this is what we do on a rolling basis, so this will go on, yeah.

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Jemma Permalloo, JP Morgan

Got it. Thank you.

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Telephone Operator

The next question comes from the line of Chris Ryan from Bank of America. Please go ahead.

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Chris Ryan, Bank of America.

Hi. Yes. Thank you for taking my follow-up. Just again, on capex, you had priorly been guiding for 2020 and 2021 capex to be, you know, looked about even with 2019. Is that guidance still, you know, valid?

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Dr. Burkhard Lohr, Chief Executive Officer

We're not adjusting any guidance for '20 and '21 now. This will be all new in March.

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Chris Ryan, Bank of America

And just a follow-up on that previous question. I think she was referring to the S.... notes that are due in 2019. Have those been addressed, and is there any other material maturities coming up in 2020 or 2021?

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Thorsten Boeckers, Chief Financial Officer

The next major maturities are coming up in '21.

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Chris Ryan, Bank of America

Thank you.

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Telephone Operator

The next question is coming from Claude Henkel (?) from Pareto Securities. Please go ahead.

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Claude Henkel (?), Pareto Securities

Yeah. Good morning, gentlemen. Thank you for taking my question.

I have some problems reconciling the volume guidance, or the reduced volume guidance you've given and the EBITDA impact. If I take the average selling price and multiple it with 2.5 kilo tonnes then that's, well, the average selling price is probably too high because I understand that the cuts mainly refer to pure MOP, so that's probably a little

bit high, but nevertheless, if I do that exercise I come up with revenues which are around €50m, or even below €50m. So my question is basically why is the EBITDA impact higher than, or on par, with the revenue impact? Thanks.

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Dr. Burkhard Lohr, Chief Executive Officer

As we said earlier, because we do, at the same time, maintenance work, which, of course, has a smaller impact than the lost volumes and the not sold volumes, but still has an impact. And, if you add that, you end up with these numbers.

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Claude Henkel (?), Pareto Securities

Okay. Thanks.

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Dr. Burkhard Lohr, Chief Executive Officer

And, I mentioned it earlier Zielitz is almost 100% fixed costs. We didn't have the chance to do, I don't know, short work etc which would, a little bit, relax the situation. So, almost 100% fixed cost.

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Telephone Operator

Thank you. We have no further questions coming through, so I'll now hand back to Dr. Burkhard Lohr for the conclusion of the call. Please go ahead.

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Dr. Burkhard Lohr, Chief Executive Officer

Yeah. Thank you for joining us. The situation is currently difficult, but we are hopeful that the market will react on the actions which we're taking in the course of 2020 and we will see you soon on roadshows and other occasions. But, until then, thank you for joining and for listening to our call. Bye-bye.

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