

The spoken word applies.

Please note the cut-off period: 12 March, 2019, 10:00 a.m.

Dear Ladies and gentlemen,

I would like to welcome you to our annual press conference today. Together with my colleague Mr. Thorsten Boeckers, I am pleased to present to you today our ad-hoc release from yesterday. In addition, we will of course explain the key developments and results of the 2019 financial year, our market assessment and our outlook.



At the beginning of December, we adopted our measures package to reduce debt. Under the prevailing market conditions, it became increasingly clear that we would not be able to reduce our debt significantly on the basis of operating strength alone.

However, we need a solid financial basis to secure the future of our company. Waiting and hoping for better conditions was not an option for us.

1

2

3

December 2019:
Adopted package of measures

- Crystallization of values in both operating units
- Focus on the core business
- Further increases in efficiency and productivity
- Future-oriented solutions in the environmental sector

➤ **Clear commitment to debt reduction**

The package of measures aims at realizing values and focusing on our core business. It affects both operating units and the holding company. Further increases in efficiency and productivity are just as much the focus as the implementation of future-oriented solutions in the environmental area.

Immediately after the adoption of the package in December 2019, we began examining the measures and the options available to us.



New focus

- Complete sale of the Operating Unit Americas
- Comprehensive realignment and restructuring of K+S
- Sustainable positive free cash flow contribution from all sites
- New dimensioning of administrative functions
- Noticeable cost reduction

➤ **The new K+S: lean and performance-oriented with a solid financial base**

K+S

As you can see from yesterday's ad hoc announcement, we are driving the complete sale of our operating unit Americas forward.

The sale will be accompanied by a comprehensive realignment of K+S. All sites must achieve a sustainable positive free cash flow. In addition, there is a major restructuring of the organization as well as a new dimensioning of the administrative functions with the aim of a noticeable reduction in costs.

What will the "new" K+S look like then? A lean and performance-oriented supplier of fertilizers and profitable specialties with a solid financial base!

Complete sale of OU Americas



Unique position on the salt market

- Outstanding brand portfolio with high emotional customer loyalty
- Strong network with 28 locations close to customers in North America and cost-effective production in South America
- Revenues: EUR 1.5 billion (2019)
- EBITDA: EUR 230 million (2019)
- Stable cash flows

- Broad portfolio of interested parties
- Initial talks held
- Investment banks mandated
- Signing expected in 2020

6 Annual Press Conference 2020 **K+S**

Let us take a closer look at the operating unit Americas. Strong cash flows characterize this unit along with its unrivaled operating network with locations close to the customers in North America, and low-cost production in South America. One of the greatest assets within operating unit Americas is its powerful, highly recognizable brands that hold leadership positions in the marketplace. In particular, Morton Salts trademark "Umbrella Girl" is iconic in America and has established emotional bond with consumers and customers for over a century. Still today, the Morton brand and its broad portfolio of products are trusted by millions of American households all across the country. The Windsor brand in Canada as well as Sal Lobos and Biosal brands in South America also possess strong brand value, trusted heritage and loyal customers in the corresponding regions.

This kind of salt platform is the only one of its kind in the world!

All options have been assessed and a full divestment of the Americas operating unit has been identified as the most value-generating option. We have already started the sale process and have mandated investment banks to assist us in this process. The range of interested parties is already extensive. Following initial discussions with potential buyers, we are confident that we will be able to reach a written agreement to this effect before the end of this calendar year.

OU Europe+: Crystallizing values



- **Bethune an integral part of the company's future**
Asset sale not planned
- **Focus on the core business by selling activities reduces complexity**
 - **Sale of Baltic Train – completed in Sept. 2019**
Positive cash flow effect in the low single-digit million Euro range
 - **Sale K+S Entsorgung Schweiz – completed in Dec. 2019**
Positive cash flow in the lower single-digit million Euro range

7

Annual Press Conference 2020

K+S

Ladies and gentlemen,

We come to our Europe+ operating unit. Our new Bethune plant in Canada is one of the most modern production facilities for potash in the world. It is a very valuable asset and an integral part of the future of K+S. A partial sale of the plant is therefore not planned.

In the Europe+ operating unit, we want to focus even more strongly on our core business in the future, reduce the complexity of our Group and sell peripheral activities. As announced, we have implemented initial measures directly: Two examples of this are the sale of Baltic Train in the logistics sector and the disposal subsidiary in Switzerland at the end of 2019.

OU Europe+: Efficiency improvement and cost reduction programs



- **Future-oriented solutions in the environmental sector**
 - Extended concept for covering tailings piles
 - Cooperation with external partners
- **Sustained positive free cash flows at all German production sites**
 - Improvement of operation, efficiency and further avoidance of liquid waste (Werra)
 - Optimization of product mix
- **Significant relief in capital expenditure targeted**

8

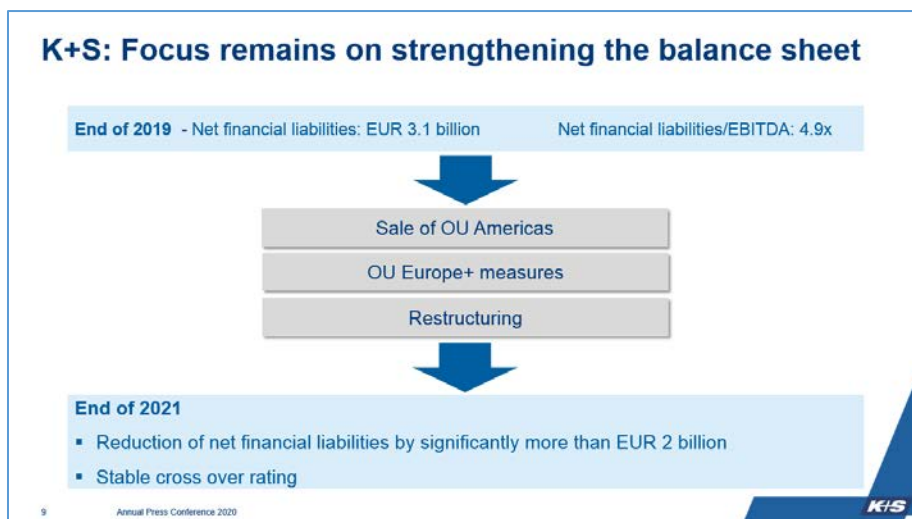
Annual Press Conference 2020

K+S

The aim is to generate sustained positive free cash flows at all locations. For the Werra site, this means realizing the environmental goals agreed with the Weser river basin district more cost-effectively by means of more intelligent solutions! For example, we want to achieve an optimized product mix to improve the way we operate, resulting in less liquid residues.

Another example: We are working with external partners on various concepts to cover our tailings piles. The aim is to achieve a faster reduction of the tailings pile water at significantly lower costs.

Over the last eight years, we have had to shoulder a total of around one billion euros in investments in environmental measures at our German sites. We will need a significant reduction in this area again in the future!



Based on the numerous measures just described, we intend to reduce our debt by well over 2 billion euros by the end of 2021. In terms of our creditworthiness, we want to use this step to create the conditions for achieving a stable cross-over rating. Cross over refers to the area marginally below investment grade. A solid financial positioning!



Restructured K+S

- Lean, performance-oriented company
- Focus on expansion of the profitable specialties business
- Solid financial basis
- Less dependence on cyclical business with de-icing salt
- With increasing share of specialties, less dependence on MOP business in the future

Annual Press Conference 2019



With this new, lean and performance-oriented company, we will become a premium provider in the fertilizer business, which will primarily also focus on the offer of high-earning specialties and will continue to grow in this area. As a result of this reorientation, we are on a solid financial basis and will become less dependent on the cyclical de-icing salt business and in future, with increasing share of specialties, also on the MOP business. The recent past confirms that this is the right path to take.

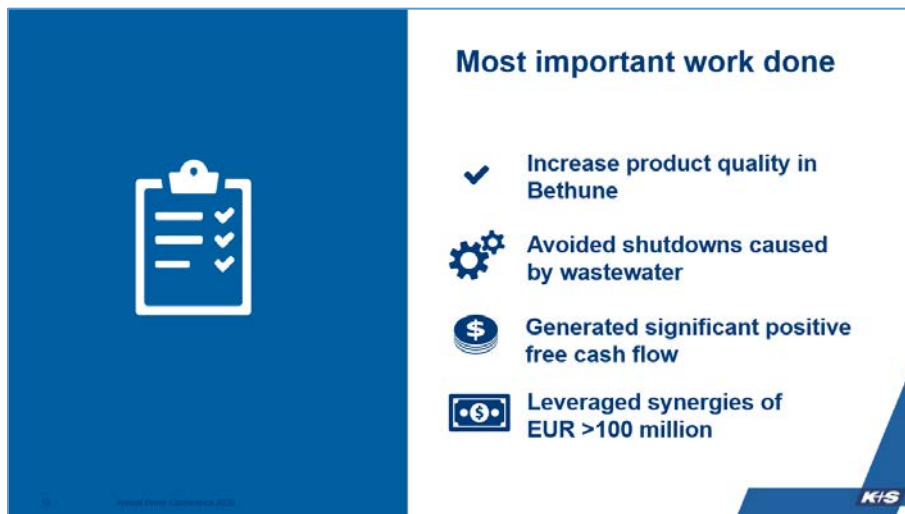
I will now hand over to my colleague on the Board of Executive Directors, Thorsten Boeckers, who will present further details about financial year 2019 business.

Thank you Burkhard!



Ladies and gentlemen,

Let us now turn to the 2019 financial year.



First of all, let's take a look at what we did in the past year:

At our Bethune potash plant in Canada, we achieved further process improvements as planned by expanding the cooling, screening and grinding facilities. Product quality is now reaching the high level expected by our customers and ourselves. I was able to convince myself personally of this two weeks ago.

We have also managed to get the wastewater-related issues under control. Despite another prolonged drought, we were able to avoid weather-related production downtimes after further optimization. For the first time, we have set up an underground, temporary storage facility for saline production wastewater at our Wintershall site, therefore increasing our storage capacity to a total of one million cubic meters. This enables us to successfully bridge dry phases with low water levels and react flexibly to phases in which discharge is not possible. Against this background, we do not expect any more wastewater-related downtimes at our Werra plant in the future.

In my opinion, the biggest success of 2019 was in terms of free cash flow: For the first time since 2013, we generated a positive free cash flow again. At 140 million euros, the figure was clearly positive. We have fulfilled our promise. High strategic capital expenditure on the construction of our potash plant in Canada and also very high

environmental investments had still resulted in negative free cash flows in the years 2014 to 2018.

We made very good progress in leveraging synergies in the past financial year. We have already realized more than 100 million euros in administration, purchasing, logistics, production, sales and marketing. That is a good two thirds of our target. We are therefore well on the way to not only achieving, but also exceeding, synergies of more than 150 million euros a year from the end of 2020. And these efforts are also worthwhile for the newly positioned K+S!

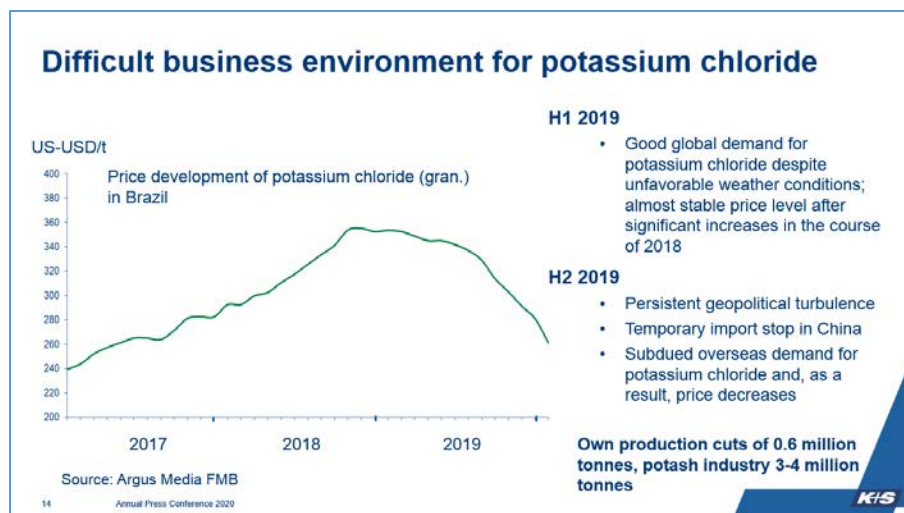


Deterioration of conditions in the second half of the year

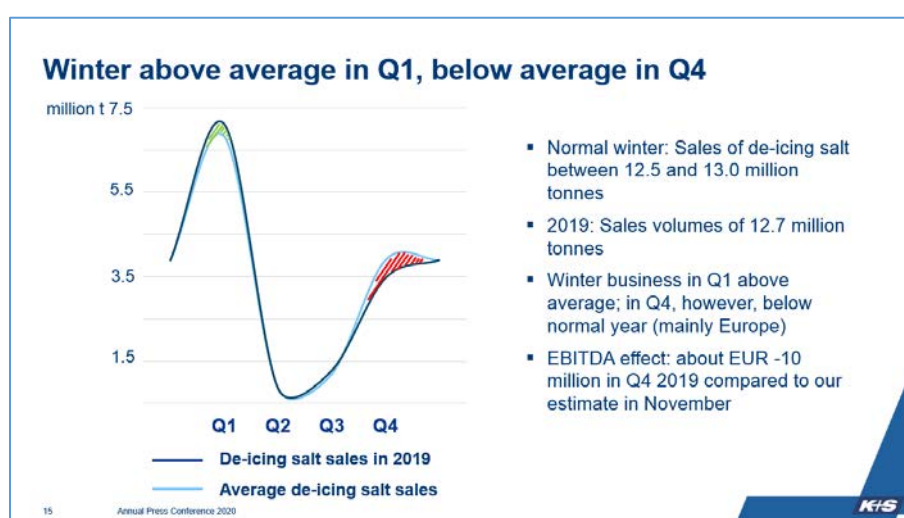
-  Sluggish demand for potassium chloride overseas
-  Production cutbacks in the entire potash industry
-  Winter below expectations

© K+S AG 2020

Looking back on the course of business in 2019, we were initially very confident during the first half of the year. In the course of the second half of the year, however, the general conditions for large parts of our business became increasingly unfavorable. Let us take a closer look at this.

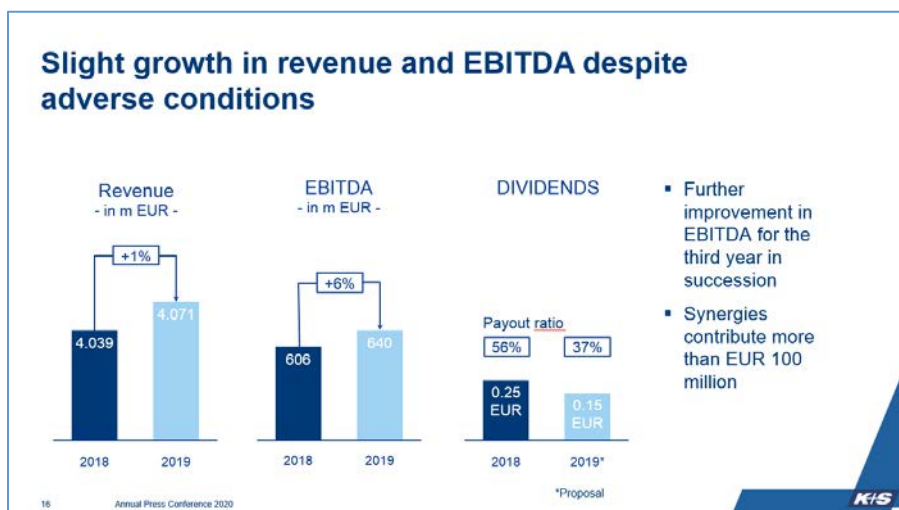


During the first half of the year, we have seen individual factors that have already caused minor disruptions on the potash market. I am thinking, for example, of floods in the United States. However, this alone would not have led to any lasting instability. One of the main causes of the market weakness from the second half of the year onwards was the import ban on potassium chloride from overseas imposed in China. This resulted in falling prices and lower demand in other important overseas markets too. Almost all producers worldwide have responded to this by cutting back on production. In the potash industry as a whole, production was reduced by about 4 million tonnes. We cut back our production in Canada and Germany by a total of 600,000 thousand tonnes.



Let us take a look at our de-icing salt business: At 12.7 million tonnes, sales of de-icing salt for the year as a whole were in the range of a so-called normal winter and in line

with our expectations. While deliveries were above average in the first quarter of 2019, we lacked a good winter in Europe in the fourth quarter. This had an impact on EBITDA of around 10 million euros compared with our forecast of around 650 million euros for 2019 issued in November.



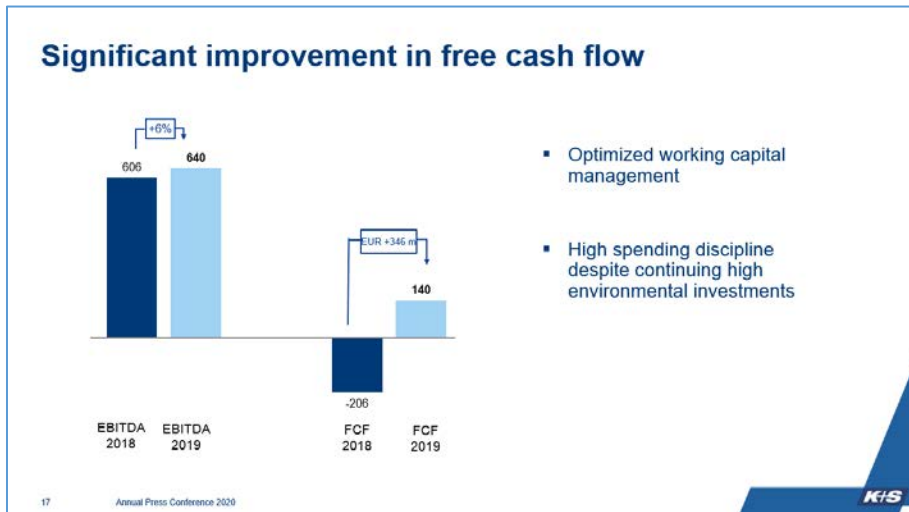
Despite the adverse conditions in the second half of the year just described, we achieved slight growth in revenue and earnings in the 2019 financial year. At 640 million euros, our EBITDA was 6% higher than in the previous year and therefore improved for the third year in succession.

In the Agriculture segment, the segment with the highest sales, higher average prices in the first nine months and positive currency effects almost offset lower sales volumes due to production cutbacks. Another positive factor is that our product availability from the German plants improved significantly in 2019.

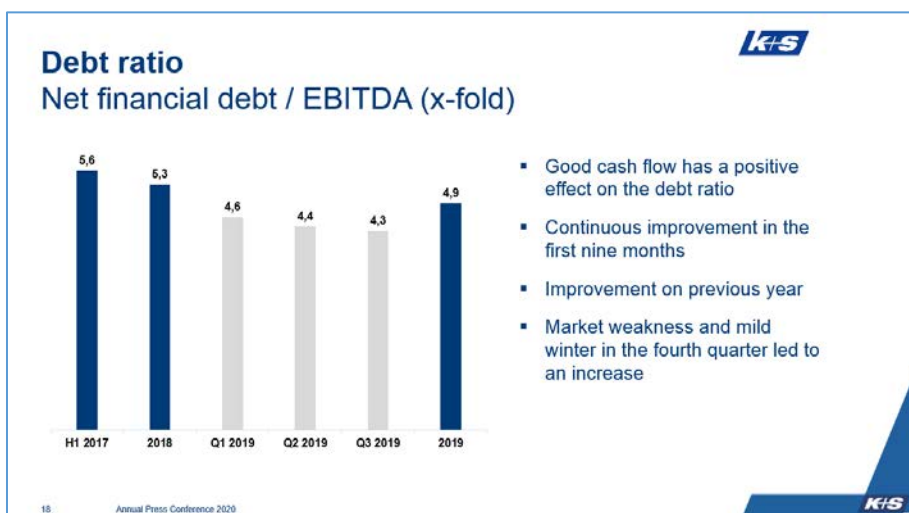
We have profited from improved prices in the consumer customer segment as well as for our high-quality potash, magnesium and salt products for industrial applications. However, in the Industry segment, the increase in revenues was offset by higher costs, especially in logistics.

As a result of the development described above, we sold almost 5% less de-icing salt compared with the previous year. In addition, there were also higher maintenance and logistics costs.

This brings me to the dividend proposal. We will propose to the Annual General Meeting a dividend of 15 cents per share for financial year 2019, compared with 25 cents a year ago. The payout ratio is thus 37 percent, slightly below our minimum target payout. The reason for the lower payout is, in addition to a lower adjusted net income compared with the previous year, our cautious forecast for the current year.



Now we come again to free cash flow, a very important indicator for us and the capital market. In 2019, we were back in the positive for the first time since 2013. In absolute terms, we even improved by 346 million euros compared with 2018, even though our EBITDA improved by only 34 million euros. The main reasons for this very good development are our optimized working capital management and our continued high spending discipline despite high environmental investments.



The good cash flow development also had a slightly positive effect on the debt ratio in the 2019 financial year. In the first nine months of the year, the debt ratio fell continuously from 5.3 times at the beginning of the year to 4.3 times at the end of September. The fact that at the end of the year, however, we were only 4.9 times that level is mainly due to the weakness of the potash market described above and the mild winter.

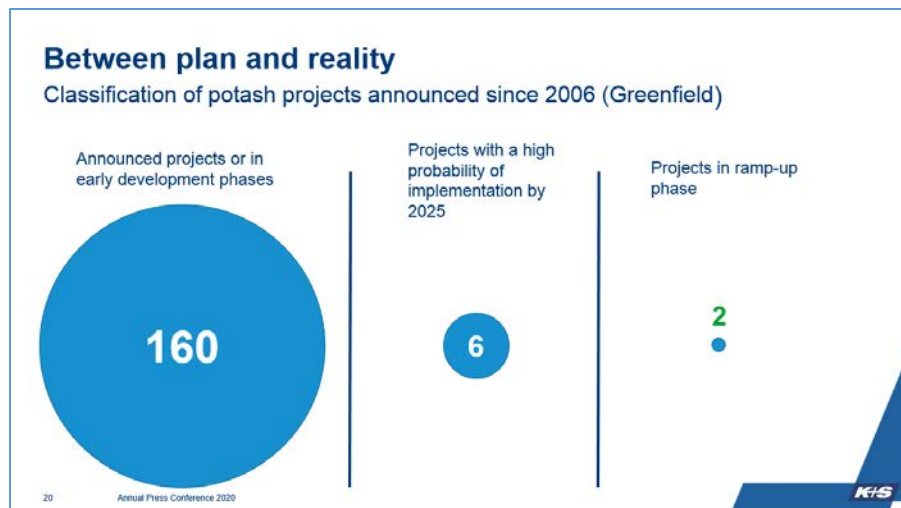
That concludes my look at the most important financial figures for 2019 and I will now hand back to Burkhard Lohr.



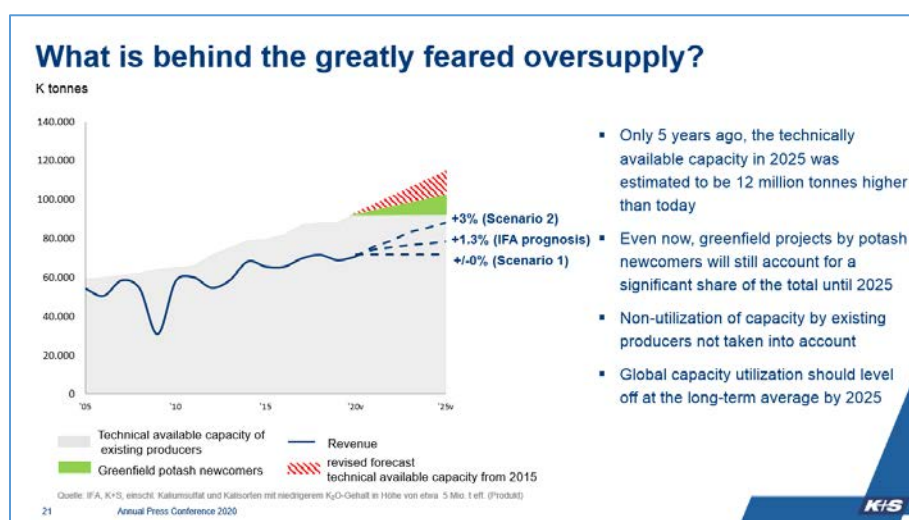
Thanks Thorsten!

Ladies and gentlemen,

We now come to our current market assessment and outlook.



Some industry observers believe that there could be a significant increase in potash capacity over the coming years creating an excess supply in the market. However, a closer look at the facts makes it clear that there is a large gap between wishful thinking and reality. Over the past 15 years or so, some 160 potash projects have been announced worldwide. Currently, we see a high probability of just six of these projects being implemented by 2025. Two projects are currently being ramped up. One of them is our Bethune potash plant in Canada. So you can see: A lot is always announced, but very little is actually realized in the end.



On the demand side, and this is confirmed by all market observers, the long-term trends remain intact and assume an annual increase in global potash demand. The drivers for this continue to be global population growth and the need for an optimal

supply of nutrients to soils in order to increase agricultural yields while the amount of arable land is declining at the same time.

We therefore see a rather balanced relationship between supply and demand in the medium term and do not expect any oversupply on the world market. Rather, we assume that global capacity use will level off at the long-term average over the next few years, especially as capacity is repeatedly leaving the market due to premature plant closures or uncontrollable water inflows.

Good conditions for the fertilizing season 2020

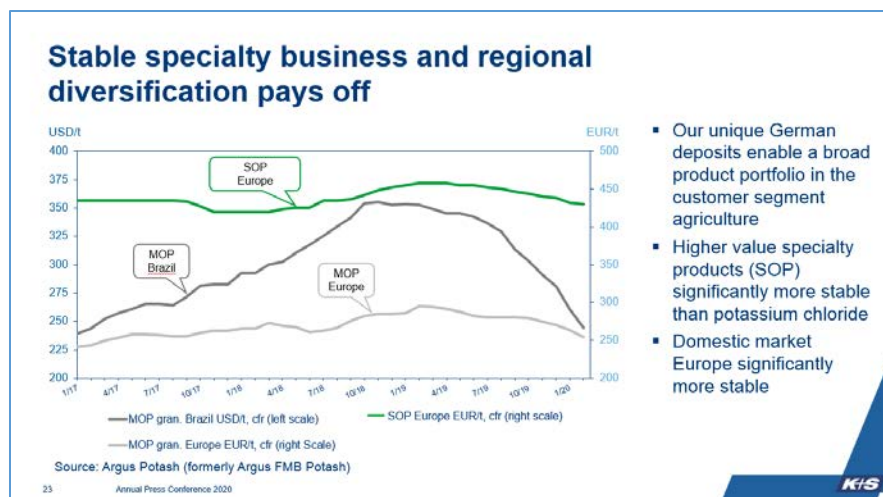


- Demand for cereals increases and fertilization remains essential to increase yields
- Grain prices remain at an attractive level and should lead to an expansion of acreage in North America and Brazil in 2020
- Agricultural sector largely in good financial condition
- Reduction of stocks and positive purchase incentives for fertilizers in 2020

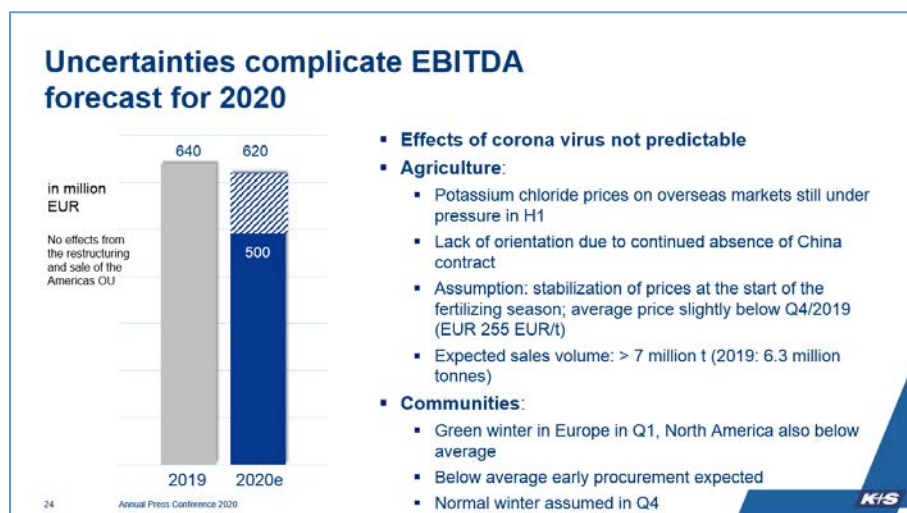
22 Annual Press Conference 2020



The general conditions for the current year 2020 underline our long-term assessment of demand. In the case of cereals, for example, demand is increasing and prices remain at an attractive level. This is likely to lead to an increase in acreage under cultivation in North America and Brazil. In addition, the agricultural sector is currently in good financial shape. All these are positive factors that should also already favor demand for fertilizers in the short term.



The market weakness for potassium chloride that has been observed since the second half of 2019 is currently being felt primarily on overseas markets, but less so on our home European market. Here, the price level is proving to be significantly more stable. The same applies to fertilizer specialties, such as potassium sulfate, which is more expensive. There, we see a significantly more stable price trend compared with MOP overseas. Both our broad regional base and our strong market position in the case of fertilizer specialties are our plus points in the current market situation and should help us to manage this difficult phase.



This brings us to our forecast for 2020, which is complicated by numerous uncertainties. There is still a lack of orientation on overseas potash markets, especially because the important deal in China is still pending. In addition, the effects of the corona virus cannot be predicted. However, from today's perspective, we assume that

potassium chloride prices will bottom out with the start of the fertilizer season in the northern hemisphere in spring. In the second half of 2020, we expect prices to stabilize on a significantly higher level.

In view of the green winter, we expect a below-average de-icing salt business in the first quarter of the year, both here in Europe and in North America. This will then also be reflected in below-average early fills business in the second and third quarters.

Against this backdrop, we expect our operating earnings EBITDA for 2020 to be in a range of 500 to 620 million euros.



The slide is titled 'Summary' and contains a bulleted list of key points. The list is enclosed in a blue-bordered box. The K+S logo is visible in the bottom right corner of the slide.

Summary

- Reduction of net debt by significantly more than € 2 billion by the end of 2021
- Solid financial basis secures future
- Lean and performance-oriented producer of fertilizers
- Prerequisite for global growth and expansion of the specialty business
 - Fertigation
 - Pharmaceutical and industrial products
 - Growth markets Africa and Asia

25 Annual Press Conference 2020 K+S

Dear Ladies and gentlemen,

let me finish by summarizing the most important points:

- The package of measures will reduce our debt by significantly more than 2 billion euros by the end of 2021.
- This will create a solid financial basis for sustainable growth of our company.
- The new K+S will then be a lean, performance-oriented producer of fertilizers and high-earnings specialties.
- This realignment will create the prerequisites for global growth, for example in Africa and China, and for the further expansion of our high-earnings specialties business. I am thinking here of the topic of fertigation or solutions for pharma products and industrial applications.

Thank you very much for your attention, especially because it was a bit more extensive today. We now look forward to your questions.

