K+S Q3/2020 FACTS & FIGURES

HIGHLIGHTS

+ Revenues at €822 million (Q3/2019: €905 million) on the back of lower potash prices
+ EBITDA at €96 million (Q3/2019: €81 million); one-time, non-cash income from package of measures compensates for corona-related efficiency losses in the full year
+ Clean up of balance sheet: Adjustment of assumptions for long-term potash prices as well as cost of capital leads to non-cash impairment in the amount of about €2 billion

OUTLOOK

+ 2020 full-year EBITDA outlook for the K+S Group including OU Americas is confirmed at about €480 million after restructuring expenses
+ Non-cash impairment impacts adjusted Group earnings significantly
+ Adjusted free cash flow guidance unchanged at approximately break even

PACKAGE OF MEASURES TO REDUCE DEBT

+ Sales agreement for the Americas operating unit signed, selling price amounts to USD 3.2 billion, transaction expected to be completed in summer 2021, expected net proceeds of about €2.5 billion after tax (currency risk fully hedged)
+ Strategy for the comprehensive realignment of K+S is in preparation, administration restructuring will be completed by the end of 2020

KEY FIGURES

		Q3/2019	Q3/2020	%	9M/2019	9M/2020	%
K+S Group							
Revenues	€ million	904.9	821.7	– 9.2	3,046.9	2,751.0	– 9.7
EBITDA [1]	€ million	80.6	96.0	+ 19.3	480.6	384.8	– 19.9
EBITDA margin	%	8.9	11.7	—	15.8	14.0	—
Depreciation and amortization [2]	€ million	106.7	102.0	– 4.4	309.9	327.3	+ 5.6
Operating unit Europe+ [3]							
Revenues	€ million	621.1	562.6	– 9.4	1,939.7	1,795.9	– 7.4
EBITDA [1]	€ million	67.3	84.8	+ 26.1	372.7	267.7	– 28.2
EBITDA margin	%	10.8	15.1	—	19.2	14.9	—
Depreciation and amortization [2]	€ million	82.8	84.8	+ 2.4	241.0	254.4	+ 5.6
Operating unit Americas [3]							
Revenues	€ million	282.6	257.7	– 8.8	1,105.0	952.7	– 13.8
EBITDA [1]	€ million	25.3	24.4	– 3.6	146.6	164.1	+ 11.9
EBITDA margin	%	9.0	9.5	—	13.3	17.2	—
Depreciation and amortization [2]	€ million	21.8	14.7	– 32.6	62.4	65.3	+ 4.6
Customer segment Agriculture [4]							
Revenues	€ million	425.0	373.0	– 12.2	1,326.1	1,231.3	– 7.1
EBITDA [1]	€ million	46.1	11.5	– 75.1	265.6	147.8	– 44.3
EBITDA margin	%	10.9	3.1	—	20.0	12.0	—
Customer segment Industry [4]							
Revenues	€ million	292.9	282.1	– 3.7	857.2	845.4	– 1.4
EBITDA [1]	€ million	44.8	105.6	+ 135.7	159.1	216.7	+ 36.2
EBITDA margin	%	15.3	37.4	—	18.6	25.6	—
Customer segment Consumer [4]							
Revenues	€ million	117.7	118.8	+ 1.0	345.8	373.8	+ 8.1
EBITDA [1]	€ million	13.9	13.9	—	39.3	58.2	+ 48.1
EBITDA margin	%	11.8	11.7	—	11.4	15.6	—
Customer segment Communities [4]							
Revenues	€ million	68.2	46.4	– 32.0	515.8	298.0	– 42.2
EBITDA [1]	€ million	–12.2	–21.8	—	55.4	9.2	– 83.5
EBITDA margin	%	–17.9	–46.9	—	10.7	3.1	—
Group earnings after taxes, adjusted [5]	€ million	– 41.8	–1,975.4	—	68.5	– 1,981.1	—
Earnings per share, adjusted [5]	€	– 0.22	– 10.32	—	0.36	– 10.35	—
Capital expenditure (capex) [6]	€ million	144.3	136.1	– 5.7	309.9	342.9	+ 10.6
Net cash flows from operating activities	€ million	– 7.8	5.0	—	509.8	328.0	– 35.7
Adjusted free cash flow	€ million	– 131.2	– 116.2	– 11.4	203.6	45.1	—
Net financial debt as of September 30	€ million	—	—	—	3,030.5	3,108.7	+ 2.6
Net financial debt/EBITDA ratio (LTM) [7]		—	—	—	4.3	5.7	—
Equity ratio	%	—	—	—	42.8	26.2	—
Return on capital employed (LTM) [7]	%	—	—	—	3.3	–23.8	—
Book value per share as of September 30	€	—	—	—	23.82	10.96	– 54.0
Average number of shares	million	191.4	191.4	—	191.4	191.4	—
Employees on September 30 [8]	Number	—	—	—	14,780	14,777	—
Market capitalization on September 30	€ billion	—	—	—	2.43	1.13	– 53.8
Enterprise value (EV) on September 30	€ billion	—	—	—	6.99	5.68	– 18.7

[1] EBITDA is defined as earnings before interest, taxes, depreciation, and amortization, adjusted for depreciation and amortization of own work capitalized recognized directly in equity, gains/losses from fair value changes arising from operating anticipatory hedges still outstanding, and changes in the fair value of operating anticipatory hedges recognized in prior periods. [2] Relates to scheduled amortization of intangible assets and depreciation of property, plant, and equipment, adjusted for depreciation and amortization of own work capitalized recognized directly in equity. [3] Segment in accordance with IFRS 8. [4] No segment in accordance with IFRS 8. [5] The adjusted key indicators include gains/losses on operating anticipatory hedges in the respective reporting period, which eliminates effects from fluctuations in the market value of the hedges. Related effects on deferred and current taxes are also eliminated; tax rate in Q3/2020: 30.0% (Q3/2019: 30.0%). [6] Relates to cash payments for investments in property, plant, and equipment and intangible assets, excluding leases in accordance with IFRS 16. [7] LTM = last twelve months. [8] FTE = Full-time equivalents; part-time positions are weighted according to their share of working hours.

OPERATING UNITS INFORMATION

EUROPE+

+ Revenues declined moderately to a total of €562.6 million in Q3/2020 (Q3/2019: €621.1 million)
+ Positive volume effects in the Agriculture and Industry customer segments could only partially offset negative price effects in the Agriculture customer segment
+ EBITDA amounted to €84.8 million after €67.3 million in the prior-year quarter, supported by non-cash one-off income from the package of measures

AMERICAS

+ Sales fell to €257.7 million (Q3/2019: €282.6 million), mainly due to lower volumes and unfavorable EUR/USD exchange rate
+ EBITDA with €24.4 million nearly in line with the previous year (Q3/2019: €25.3 million)
+ Higher earnings contributions in the Industry and Consumer customer segments in connection with the strict cost discipline were able to almost completely offset the negative effect of weaker early de-icing salt fills

CUSTOMER SEGMENT INFORMATION

CUSTOMER SEGMENT AGRICULTURE

+ Drop in revenues to €373.0 million (Q3/2019: €425.0 million) and EBITDA to €11.5 million (Q3/2019: €46.1 million)
+ Higher volumes and lower average costs were offset by significantly lower average prices yoy
+ While the average price in Europe remained largely stable compared to the second quarter of 2020, we recorded a price recovery overseas following the contract signing in China and India.

CUSTOMER SEGMENT AGRICULTURE: DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES BY REGION

		Q1/2019	Q2/2019	Q3/2019	9M/2019	Q4/2019	2019	Q1/2020	Q2/2020	Q3/2020	9M/2020
Revenues	**€ million**	**461.0**	**440.1**	**425.0**	**1,326.1**	**389.5**	**1,715.6**	**453.7**	**404.6**	**373.0**	**1,231.3**
Europe	€ million	274.4	209.5	182.6	666.4	208.2	874.6	263.6	195.6	176.2	635.4
Overseas	USD million	211.9	259.2	269.6	740.7	200.8	941.5	217.8	230.2	229.9	678.0
Sales volumes	**t million**	**1.64**	**1.61**	**1.52**	**4.77**	**1.53**	**6.30**	**1.90**	**1.75**	**1.66**	**5.30**
Europe	t million	0.98	0.75	0.66	2.38	0.78	3.16	0.93	0.76	0.69	2.38
Overseas	t million	0.66	0.87	0.86	2.39	0.75	3.14	0.97	0.99	0.97	2.93
Average price	**€/t**	**281.7**	**272.6**	**279.7**	**278.0**	**255.2**	**272.5**	**239.2**	**230.9**	**225.0**	**232.2**
Europe	€/t	281.2	280.5	277.5	280.0	267.9	277.0	283.8	258.5	255.4	267.5
Overseas	USD/t	320.8	298.7	312.9	309.9	267.5	299.8	225.0	231.1	237.7	231.7

CUSTOMER SEGMENT INDUSTRY

+ Revenues only down slightly by 4% to €282.1 million (Q3/2019: €292.9 million), despite the corona pandemic
+ EBITDA increase to €105.6 million (Q3/2019: €44.8 million), mainly due to the positive one-off effect from the package of measures
+ Furthermore, high cost discipline and optimized utilization of the distribution and logistics network and a favorable product mix compensated for the decline in sales

CUSTOMER SEGMENT CONSUMER

+ Stable revenues at €118.8 million (Q3/2019: €117.7 million) and and stable EBITDA at €13.9 million (Q3/2019: €13.9 million)
+ An overall positive trend for table, water softening, and pool salts was offset by a decline in sales volumes of packaged de-icing salts

CUSTOMER SEGMENT COMMUNITIES

+ Revenue decline to €46.4 million (Q3/2019: €68.2 million) due to lower sales volumes in the pre-season business and currency effects
+ EBITDA fell to €-21.8 million (Q3/2019: €-12.2 million), despite the historically mild winter in Q1: the high cost discipline and optimized use of the distribution and logistics network had a dampening effect

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