

Press Release

Bethune (Canada), September 5, 2018

Capital Markets Day at the Bethune Mine On the right road with “Shaping 2030”

At today’s Capital Markets Day in the new Bethune Mine in Canada, the K+S Board of Executive Directors presents the business to analysts and investors. K+S CEO Dr. Burkhard Lohr emphasizes the progress made in implementing the “Shaping 2030” strategy towards the new “One K+S”: “We are continuing to make good progress with the implementation and have now developed the detailed concept of our new organization. The first synergies are already being realized. As planned, we want to achieve synergies of about 150 million euros per year by the end of 2020.”

Concrete measures to cut costs and improve efficiency

Fifty concrete measures are defined in administration worldwide in the detailed concept, which will lead to a cost reduction of about 30 million euros as well as improvements in efficiency. This involves a planned downsizing of about 10 per cent of administration positions. In production, K+S expects synergies of over 50 million euros. Other sectors in which double-digit million euro sums are expected respectively are purchasing, logistics/supply chain and marketing/sales.

Focus on excellence initiatives

Mark Roberts, Chief Operating Officer of K+S, reports on the newly created excellence initiatives in the Company. “With these initiatives in production, marketing & sales, and supply chain, we will achieve significant improvements in efficiency and cost. Most importantly, we want to optimize and standardize our processes, while developing a set performance metrics by which all of our

sites will be measured,” he explains. With the “Operations Excellence” initiative, initial possibilities for increasing efficiency have already been identified. These will be implemented in 2019.

Additional savings this year

Lohr points out: “Our current operating problems as well as the weather situation make it clear why implementing ‘Shaping 2030’ is so important.” With our new strategy and organizational structure, the customer focus will be strengthened, silos in the Company dismantled, work processes optimized and duplication of work phased out. In order to support the achievement of the forecasted EBITDA range of €660 to €740 million for 2018 – not taking into account weather-related production standstills at the Werra plant – a hiring freeze will apply globally for vacant jobs in administration until the end of the year. “We will be putting on the cost brakes more sharply in the next few months,” Lohr emphasizes.

Progress in strengthening the balance sheet

Chief Financial Officer Thorsten Boeckers explains that progress has been made in consolidating finances as part of the ongoing transformation phase of “Shaping 2030”: “After setting up the Bethune mine, we have scaled back our capital expenditures back to a normal level. This helps us to move forward with the targeted goal of halving of our indebtedness.” The cost for achieving the synergy target will be about 150 million euros. “As planned, we will reach a positive free cash flow as of 2019 again”, Boeckers says.

Bethune creates value

With regard to the new Bethune Mine, Dr. Lohr emphasizes: “With Bethune we create value for our shareholders!” The Company’s revised evaluation of the new site results in an enterprise value of €25 per share.

In his presentation, Sam Farris, President and General Manager Operations of K+S Potash Canada, provides an overview of the site’s favorable cost outlook as well as the advantageous logistics to deliver to customers globally.

Specific sustainability targets defined

With “Shaping 2030”, K+S has set itself ambitious sustainability targets. Specific [target values](#) have now been formulated. Through regular reporting of performance indicators, the Company’s progress is to be measurable and more transparent in the future. “The clear commitment to the cause of sustainability is one of the elements of our corporate responsibility. Especially for us as a mining group it is of fundamental importance that our conduct does not harm others. Only if our actions are also socially accepted we will be able to work successfully”, says Lohr.

Note to editors

The presentations given by the K+S members of the Board of Executive Directors on Capital Markets Day can be downloaded on the [website](#).

About K+S

K+S considers itself a customer-focused, independent minerals company for the Agriculture, Industry, Consumers, and Communities segments and wants to grow the EBITDA to €3 billion by 2030. Our approximately 15,000 employees enable farmers to provide nutrition for the world, solutions that keep industries going, improve daily life for consumers and provide safety in the winter. We continually meet the growing demand for mineral products from production sites in Europe, North and South America as well as a worldwide sales network. We strive for sustainability because we are deeply committed to our responsibilities to people, the environment, the communities and the economy in the regions in which we operate. Learn more about K+S at www.k-plus-s.com.

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