

## / Press Release

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Kassel (Germany) – March 14, 2019

**After higher revenues and EBITDA in 2018**

**K+S expects significant increase in earnings for 2019**

- **Revenues in 2018: € 4.0 billion (2017: € 3.6 billion)**
- **EBITDA 2018: € 606 million (2017: € 577 million)**
- **Earnings in 2018 burdened by extreme drought**
- **Bethune potash plant with positive EBITDA for the first time**
- **Outlook for 2019: Significant EBITDA increase to € 700-850 million and positive free cash flow expected**

The K+S Group increased revenues for the 2018 financial year by 11 % to € 4.0 billion (previous year: € 3.6 billion). Earnings before interest, taxes and depreciation (EBITDA) improved by 5 % to € 606 million (previous year: € 577 million). EBITDA was negatively impacted above all by the prolonged heat wave and severe drought in Germany last year, which led to considerable production losses at the Werra plant. "Despite this headwind, we still achieved an increase in our operating earnings", says Dr. Burkhard Lohr, Chairman of the Board of Executive Directors of K+S. "I see many positive signals for 2019 and am optimistic as a result. Our EBITDA should increase significantly compared with the previous year".

### **2018 financial year: Revenue growth and EBITDA increase**

Larger sales volumes in both business units, in particular from the Bethune plant, as well as higher market prices for potassium and magnesium products had a positive effect on revenues and EBITDA of the K+S Group in the 2018 financial year. By contrast, the weather-related production standstills at the Werra plant burdened Group EBITDA by a total of about € 110 million. In

addition, costs for the transport of goods rose disproportionately, especially in the Salt business unit.

Adjusted Group earnings after taxes for the 2018 financial year, which form the basis for the dividend, fell to € 85 million (previous year: € 145 million). This was due to higher interest expenses and the depreciation of the Bethune plant in Canada, which had to be taken into account for a full financial year.

In the fourth quarter of 2018, EBITDA of the K+S Group rose by 22 % year-on-year to € 228 million, while revenues rose by 18 % to € 1.2 billion.

### **Bethune with positive EBITDA for the first time in 2018**

At the Bethune potash plant (Canada), 1.4 million tonnes of potassium chloride were produced for the first time, thereby achieving the production target for 2018. In addition, the plant achieved positive EBITDA for the first time and is still in the ramp-up phase.

### **Shaping 2030 achieves first milestones**

K+S continues to make good progress in the consistent implementation of the new Shaping 2030 strategy. Initial synergies have already been realized and efficiency has been improved in many areas. More than € 150 million in synergies are to be generated annually from the end of 2020 onwards, as planned. The restructuring of the organization is also making good progress. With a new matrix structure, K+S has now focused even more strongly on the customer.

### **Outlook 2019: Significant increase in EBITDA and positive free cash flow expected**

K+S is looking positively at 2019 and expects EBITDA to be significantly higher than last year's and in a corridor between € 700 million and € 850 million (2018: € 606 million). The main reasons for this are the favorable market environment for fertilizers, the continued ramp-up of the Bethune site, the continuation of measures to improve operating performance as well as the expectation that the wastewater-related production stoppages at the Werra

plant will not recur. Despite the closure of the Sigmundshall site, K+S expects potash production to rise in 2019 compared with the previous year.

The continued implementation of Shaping 2030 is also expected to have a positive impact on earnings. This year, the synergies achieved should exceed the corresponding costs. In addition, the Company continues to maintain a high level of cost and spending discipline. For the first time since 2013, K+S wants to achieve a positive free cash flow this year.

### **Higher payout ratio**

The earnings-oriented dividend policy of K+S is essentially reflected in a payout ratio of 40 to 50 % of adjusted Group earnings after taxes. Given the positive view on 2019, The Board of Executive Directors and the Supervisory Board intend to propose a dividend of € 0.25 per share (previous year: € 0.35 per share) to the Annual General Meeting on 15 May 2019. Against this background, the payout ratio of 56 % (previous year: 46 %) is slightly above the usual range.

### **Note for editors**

The 2018 Annual Report as well as K+S Q4/18 Facts & Figures can be downloaded from [www.k-plus-s.com/en](http://www.k-plus-s.com/en). In addition, an interview with Dr. Burkhard Lohr, Chairman of the Board of Executive Directors of K+S, on business development is available there.

A conference call for investors and analysts with Dr. Burkhard Lohr and Thorsten Boeckers (CFO) will take place in English today at 9:00 a.m. Press representatives and interested members of the public are invited to follow the conference via the live webcast:

[www.k-plus-s.com/en/audio-und-video/cc.html](http://www.k-plus-s.com/en/audio-und-video/cc.html).

The conference will be recorded and will also be available as a podcast.

From 11:00 a.m. onwards, the presentations by Dr. Burkhard Lohr and Thorsten Boeckers for today's K+S Annual Press Conference in Frankfurt am Main as well as press photos will also be available on our website.

### **About K+S**

K+S is 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 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, environment, communities and economy in the regions in which we operate. Learn more about K+S at [www.k-plus-s.com](http://www.k-plus-s.com).

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### **Forward-looking statements**

This press release contains information and forecasts relating to the future development of the K+S Group and its companies. The forecasts represent estimates that we have made on the basis of all the information available to us at the present time. Should the assumptions underlying these forecasts prove to be incorrect or should risks - such as those mentioned in the risk report of the current Annual Report - materialize, actual developments and results may deviate from current expectations. The company does not assume any obligation to update the statements contained in this press release outside the statutory publication requirements