

## / Press Release

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Kassel (Germany) – 15 August 2019

### Solid Q2 2019

#### **K+S improves revenues, earnings and cash flow**

- **Revenues: + 8 % to €879 million (Q2/2018: €812 million)**
- **EBITDA up 24 % to €130 million (Q2/2018: €105 million)**
- **Adjusted free cash flow significantly improved by around €150 million to €102 million (Q2/18: €-49 million)**
- **Net financial debt to EBITDA further reduced**
- **More precise outlook for 2019:**
  - **significant increase in EBITDA to between € 730 and €830 million expected (previously: € 700 – € 850 million; 2018: €606 million)**
  - **adjusted free cash flow of at least €100 million (2018: €-206 million) expected**

In the second quarter of the current financial year, the K+S Group again achieved increases in the most important key figures. Revenues rose year-on-year by 8 % to €879 million. Earnings before interest, taxes, depreciation and amortization (EBITDA) improved by 24 % to €130 million. The good price environment for fertilizers as well as higher production volumes at the Werra and Bethune plants made a significant contribution to this. Adjusted free cash flow again increased significantly in the same period and, at €102 million, reached the best level of a second quarter since 2011.

“The development of cash flow is very positive, and our earnings growth even accelerated somewhat in the second quarter,” says Dr. Burkhard Lohr, Chairman of the Board of Executive Directors of K+S Aktiengesellschaft. “I am

therefore still very confident that we will significantly increase our EBITDA this year."

### **Revenue growth in both operating units**

In the second quarter, revenues of the Europe+ operating unit rose by 10 % to € 627 million and EBITDA improved by almost 30 % to € 128 million. The Americas operating unit increased sales by 5 % to € 251 million. Due to higher costs, EBITDA in a seasonally weak quarter was € 14 million, around € 8 million lower than in the previous year.

### **Developments in the new customer segments**

#### **Agriculture**

Higher prices and higher sales volumes compared with the prior-year period led to a 15 % increase in revenue to € 440 million in the Agriculture customer segment and an improvement of EBITDA by almost half to € 95 million.

#### **Industry**

Despite a 2 % increase in sales to € 283 million supported by higher prices and positive currency effects, higher costs led to an 8 % decline in EBITDA in the Industry customer segment.

#### **Consumer**

The Consumer customer segment improved sales in the second quarter by 6 % to € 109 million and EBITDA by as much as 21 % to € 9 million. Higher prices, especially for water softening salts in North America, as well as positive currency effects were the main reasons for this.

#### **Communities**

In the second quarter, which is usually weak due to seasonal factors, sales in the Communities customer segment fell by 2 % to € 47 million. Sales of de-icing salts were slightly lower than in the same period of the previous year. EBITDA declined to € -18 million due to higher maintenance and logistics costs.

### **Adjusted free cash flow again significantly improved**

Mainly due to the improvement in operating earnings and further optimized net working capital, adjusted free cash flow increased by around € 150 million to € 102 million in the second quarter. On a half-year basis, the figure even increased by around € 240 million to € 335 million.

The net financial debt ratio (net financial debt/EBITDA) was also further significantly reduced to 4.4 times as of June 30, 2019 (December 31, 2018: 5.3 times). K+S is therefore well on the way to halving its net financial debt ratio compared with the first half of 2017 (5.6 times) by the end of 2020 as planned.

### **Outlook now more precise - Significant increase in EBITDA expected**

For 2019, K+S expects EBITDA of between € 730 million and € 830 million (previously: € 700 million to € 850 million, 2018: € 606 million). At the midpoint, this corresponds to a slight increase compared with the most recently published range. The positive effect of a change in the assessment of the euro-dollar exchange rate should more than make up for the extended maintenance period in Bethune as well as a temporary somewhat more cautious assessment due to the Chinese import ban on potassium chloride.

Against the backdrop of the recently increased storage capacity for saline wastewater underground, K+S sees itself strengthened in being able to exclude with a high degree of probability, weather-related standstills in production at the Werra plant even in the event of prolonged drought.

At the midpoint of the earnings range, the company expects a significantly improved adjusted free cash flow of at least € 100 million for 2019 (previously: significant increase/positive, 2018: € -206 million).

All assumptions underlying this forecast are described in the H1/19 [Half-Yearly Financial Report](#) on page 17.

### **Note for editors**

More information and data on developments in the second quarter of 2019 can be found on our [website](#). In addition, an interview on business development with Dr. Burkhard Lohr, Chairman of the K+S Board of Executive Directors, as well as printable press photos are available there.

A conference call for investors and analysts with Dr. Burkhard Lohr and Thorsten Boeckers, CFO of K+S, will take place in English today at 10:00 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 available as a podcast.

### **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