

Press Release

Kassel (Germany), March 11, 2020

Reduction of debt / Figures for the financial year 2019

K+S is driving the complete sale of the Operating Unit Americas forward and is realigning the company

- **Reduction of debt by well over EUR 2 billion by end of 2021**
- **Process for the sale of the operating unit Americas launched**
- **Comprehensive realignment and restructuring of K+S**
- **Focus on fertilizer business and specialties**
- **Solid financial basis for future growth**
- **2019 financial year: Moderate increase in EBITDA and positive free cash flow**
- **Proposed dividend for 2019: 0.15 Euro/share (2018: 0.25 Euro/share)**
- **Outlook 2020: EBITDA between € 500 and € 620 million expected (2019: 640 million)**

K+S will completely sell the Operating Unit Americas, in which the North and South American salt business is bundled. A sales agreement (signing) is expected before the end of this year. With the accompanying focus on the core business with mineral fertilizers and specialties, the Company will continue to pursue the ongoing increases in efficiency and productivity. Future-oriented solutions in the environmental area are just as much the focus of our work.

“The sale of our strong Americas salt business is a decisive step in setting the course for the future development of K+S. After intensive examination, it is the best option to achieve the urgently required reduction of the company's debt,” says Dr. Burkhard Lohr, Chairman of the Board of Executive Directors of K+S.



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.

Following the completion of the transaction, K+S will be further developed into a lean, performance-oriented supplier of fertilizers and specialties on the basis of solid financial resources. No sale of shares in the new Bethune potash plant in Canada is planned.

"Following the repositioning of K+S, we will be focusing on the expansion of the highly profitable fertilizer specialties business in the subsequent growth phase," Dr. Lohr continued.

Following the signing, K+S will provide details of the transaction, the necessary restructuring and medium-term options for the development of the newly established business.

Debt reduction

The implementation of all measures will make it possible to reduce debt by well over EUR 2 billion over the next two years. At the same time, the conditions for a stable crossover rating will be created.

2019 financial year

Moderate increase in operating profit

K+S has increased operating earnings (EBITDA) in the 2019 financial year by a moderate 6% to € 640 million. Group revenues remained almost stable in 2019 at just over € 4 billion. Despite the cloudy conditions in the second half of the year, at € 140 million in 2019 (2018: € -206 million), the Company achieved positive adjusted free cash flow for the first time since 2013. The debt ratio (net financial liabilities/EBITDA) decreased to 4.9 times at the end of 2019 (31 December 2018: 5.3 times). Higher average prices for potash fertilizers compared with the previous year



had a positive impact on the development of earnings, especially in the first half of the year. This was offset by production cutbacks and generally higher costs.

“2019 was another very challenging year for us. Following a good start in the first half of the year, the weakening of the potash market as well as the mild winter in Europe impacted our business development over the further course of the year,” says Dr. Lohr. “Despite these adverse circumstances, we nevertheless succeeded in increasing our earnings in 2019 and, as promised, in generating positive free cash flow for the first time in six years. At the same time, we have done our homework and reached important milestones”.

Product quality in Bethune improved

Thanks to further improvements in the manufacturing process, product quality has now reached the high level expected by customers and the company itself.

No standstills due to wastewater

Wastewater management at the Werra plant was further optimized in 2019, among other things, by means of an underground, temporary storage facility for saline production wastewater. In this way, it was possible to avoid weather-related production stoppages in 2019 despite a further prolonged drought.

More than €100 million synergies achieved

K+S has made very good progress in leveraging synergies. More than € 100 million have already been achieved in administration, procurement, logistics, production as well as in sales and marketing. That is a good two thirds of the goal of achieving more than € 150 million in synergies per year from the end of 2020.



Earnings Forecast for 2020

The outlook for the current year is complicated by numerous uncertainties. There is still a lack of guidance for overseas potash markets, especially because the important conclusion of the contract in China is still pending. In addition, the effects of the further spread of the coronavirus cannot be predicted. From today's perspective, a stabilization of potassium chloride prices on a tangibly higher level can only be expected in the second half of 2020. Against this backdrop, EBITDA is expected to range between € 500 million and € 620 million (2019: € 640 million). In this regard, negative price effects in the customer segment agriculture are offset by higher sales volumes following the production cutbacks in the previous year. Following the weak start to the de-icing salt business in the first quarter of 2020, overall sales volumes in the customer segment Communities are expected to be lower than a year ago.

Editor's note

For further information about financial year 2019 and the outlook, please see the [Annual Report 2019](#) on our website, which will be published on 12 March at 7:00 a.m. In addition, an interview on the development of business with the chairman of the K+S Board of Executive Directors, Dr. Burkhard Lohr, will also be available to you on that date.

At 10:00 a.m. on 12 March, the annual press conference will be held in Frankfurt am Main. From that time onwards, the [presentation documents](#) of Dr. Burkhard Lohr and Thorsten Boeckers, Chief Financial Officer, as well as press photos will also be available on our website.

A conference for investors and analysts with Dr. Burkhard Lohr and Thorsten Boeckers will be held in English on March 12 at 1:00 p.m. Press representatives and the interested public are invited to follow the conference via a live [webcast](#). The conference will be recorded and is also available as a podcast.



About K+S

K+S considers itself a customer-focused, independent minerals company for the Agriculture, Industry, Consumers, and Communities segments. Our more than 14,000 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, environment, communities and economy in the regions in which we operate. Learn more about K+S at www.kpluss.com.

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Future-related statements

This press release contains facts and forecasts that relate 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 not to be correct or risks - such as those described in the risk report contained in the current annual report - materialize, actual developments and results may deviate from current expectations. The company assumes no obligation to update the statements contained in this press release other than as required by law.