

Press Release

Kassel (Germany), May 8, 2020

Figures for Q1 2020

EBITDA reaches €201 million - Outlook specified

- **Corona pandemic: K+S makes an important contribution to the supply of essential goods; so far only minor operational effects**
- **Weaker potash prices and mild winter burden as expected**
- **Higher earnings contributions from the Consumer and Industrial customer segments in the Americas operating unit can partially offset**
- **Revenues: €1.1 billion (Q1/2019: €1.3 billion)**
- **EBITDA: €201 million (Q1/2019: €270 million)**
- **Adjusted free cash flow reaches €204 million (Q1/2019: €233 million)**
- **Outlook 2020: EBITDA of around €520 million expected (previously: €500 to €620 million; 2019: €640 million)**
- **Package of measures to reduce debt:**
 - **Sale process of the Americas operating unit on schedule**
 - **K+S launches major realignment project**

During the corona pandemic, K+S has been able to ensure the supply of essential products to its customers from the sectors of pharmaceuticals, food production, feed, agriculture and chemicals. As a result of extensive measures taken to protect employees, production has been running at almost all sites without interruption. The supply chains are also largely stable. "So far, we have been getting through the corona pandemic well overall. With our products and services, we are in a position to make an important contribution to the supply of essential goods to the population and important key industries," emphasizes Dr. Burkhard Lohr, Chairman of the Board of Executive Directors of K+S.



Weaker de-icing salt business in Europe and North America as a result of mild weather conditions, as well as lower prices for potash fertilizers, resulted in a revenue decline of about 14% to € 1.1 billion for the first quarter of the current year compared with the same period last year. EBITDA operating earnings for this period reached €201 million.

Americas operating unit robust

The Americas operating unit reported only a slight decline in EBITDA to € 102 million in the first quarter, compared with € 108 million in the previous year. Cost discipline as well as higher earnings contributions in the Industrial and Consumer customer segments were the key factors in this regard and largely made up for weather-related decreases in de-icing salt volumes. This highlights the strength of the business model and the wide range of applications for the products.

Lower prices in Europe+ operating unit

In the Europe+ operating unit, lower prices for potassium chloride in the wake of the potash market weakness resulted in a decline in EBITDA to € 114 million (Q1/2019: € 177 million). In addition, there were significantly lower de-icing salt volumes as a result of the mild winter in the Communities customer segment. This was offset by higher sales volumes at lower average costs in the Agriculture customer segment.

Free cash flow remains high

After € 233 million in the same quarter of the previous year, adjusted free cash flow again reached a high level of € 204 million in the first quarter of 2020.

Outlook 2020

K+S is specifying the outlook for 2020 in more concrete terms and expects EBITDA of about €520 million (previously: € 500 to € 620 million; 2019: € 640 million). The contract concluded by the major potash producers with Chinese customers should result in a bottoming out of overseas prices for potassium chloride. In the previous forecast, K+S assumed an earlier settlement, which however due to the corona pandemic did not take place until the end of April and at a lower level than expected.



This has an impact on the expected recovery in potash prices this year. In the Communities customer segment, sales of de-icing salt for the year as a whole are only expected to amount to about 8 million tonnes (normal year: 12.5 to 13 million tonnes).

Further assumptions concerning the outlook for 2020 as a whole are described on page 12 in the Q1 2020 report which will be published on Monday, May 11 at 7:00 am.

Package of measures to reduce debt

Despite the corona pandemic, the divestment process initiated for the Americas operating unit continues to proceed according to plan. A sales agreement (signing) is expected before the end of this year. The resulting focus on the mineral fertilizers and specialities business is linked to a significant restructuring of K+S which includes an extensive adjustment of administrative functions to fit the new circumstances. The project to streamline administrative functions in Kassel and Hanover has already started.

Notes for editors

More information and data on developments in the first quarter of 2020 are available in the Q1/2020 Facts & Figures on our [website](#) and in the [interview](#) on the business development with Dr. Burkhard Lohr, Chairman of the K+S Board of Executive Directors. The Q1 2020 report will be available on our [website](#) on Monday, May 11 at 7:00 am .

A conference call for investors and analysts with Dr. Burkhard Lohr, CEO, and Thorsten Boeckers, CFO, will be held today on Monday, May 11 at 10:00 a.m. in English. Members of the press and interested members of the 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.

Forward-looking 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.

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