

Press Release

Kassel/Germany, October 5, 2020

Sales agreement signed

K+S sells its Americas salt business to Stone Canyon Industries Holding, Mark Demetree and Affiliates

- **Contract of sale of the Americas salt business for USD 3.2 billion signed**
- **Milestone in reducing debt significantly**
- **Clear focus on costs and cash flow as part of the realignment**
- **Solid financial basis for sustainable development of K+S**

Today, K+S Aktiengesellschaft signed a contract to sell its Americas salt business bundled together as the Americas Operating Unit to Stone Canyon Industries Holdings LLC ("SCIH"), Mark Demetree and affiliates. The sales price (enterprise value) amounts to USD 3.2 billion and represents 12.5 times the 2019 EBITDA of USD 257 million. The closing of the transaction is expected to occur in summer 2021, subject to customary closing conditions, including approvals from regulatory authorities. The purchase price will be paid in cash at that time.

"With the sale of our Americas salt business, we are taking a giant step in reducing debt. We are thus creating a solid financial basis for the sustainable development of the company," says Dr. Burkhard Lohr, Chairman of the Board of Executive Directors of K+S. "I would like to thank our Americas team for their excellent work over the past years. I am sure that Stone Canyon will continue to develop the business successfully."



"We look forward to the addition of the K+S Americas salt business to SCIH," said James Fordyce, Co-CEO of SCIH. "With its iconic Morton Salt brand and other industry leading products and solutions, the combination of the Americas salt business with SCIH's Kissner Group Holdings allows us to expand our product offerings to consumers along with our existing government and commercial customers. The Americas salt business adds an integral component to SCIH's long-term, growth-oriented business model."

The Americas operating unit mainly comprises K+S Chile, formerly known as the Chilean company SPL, acquired in 2006, as well as Morton Salt (USA) and K+S Windsor Salt (Canada), acquired in 2009.

As expected, the high level of interest in the attractive Americas salt business resulted in a generally rapid negotiation process and led to the signing of the agreement in the current financial year as anticipated.

For K+S, the transaction was supported by Deutsche Bank AG, RBC Capital Markets LLC and Sullivan & Cromwell LLP. SCIH was advised by Morgan Stanley and Gibson, Dunn & Crutcher LLP.

Milestone in reducing debt significantly

This sale is an important milestone for K+S in the implementation of the package of measures announced in December 2019. The extensive projects were adopted in response to the difficult external environment in order to strengthen the financial basis of the company and to reduce debt by significantly more than EUR 2 billion by the end of 2021. The package of measures and the transaction that has now been agreed upon will help to reduce debt even more significantly.



Clear focus on costs and cash flow as part of the realignment

K+S continues to be well on track in realizing synergies and reducing costs in production, logistics, purchasing, sales, and marketing. Moreover, the company aims to generate a positive free cash flow at all German production sites even with a low global price level for potash as well as weak demand for de-icing salt as a result of weather conditions. For this purpose, the cost and capital expenditure structure of all production sites is being further optimized consequently.

The sale of the Americas operating unit is accompanied by the reorganization of the remaining administrative functions in Germany. As already announced, the Europe+ Operating Unit and the K+S holding entity are currently being merged to form a leaner and more efficient K+S. The budget for the administrative functions of the future functional organizational structure will be reduced by 30 % for a total of about EUR 60 million per year. The measures to restructure the administrative functions are currently being implemented and should be completed by the end of this year.

Solid financial basis for sustainable growth through own resources

K+S is strongly positioned in Europe and Canada with its needs-based fertilizers and specialties and has a robust business with industrial products. Once the realignment is completed, the company will further strengthen this position by exploiting existing competitive advantages in unique resources, efficient production processes, strong brands and customer orientation through tailor-made products and services.

K+S will benefit from the strong customer relationships established over decades and its expertise in the field of logistics in order to participate in the attractive market growth. At the same time, the desired financial flexibility will provide the company with the necessary resources to identify new and sustainable business opportunities and implement them with corresponding value potential.



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.

About Stone Canyon Industries Holdings

Stone Canyon Industries Holdings ("SCIH") is a global industrial holding company designed to "buy, build and hold" for the long term, with a strategy focused on acquiring and operating market leading companies. SCIH was founded by Co-CEOs Adam Cohn and James Fordyce. SCIH companies operate in essential industries that provide mission-critical products and services to customers around the world. SCIH seeks to build out industrial verticals in stable and mature industries that possess favorable economic dynamics, as well as an opportunity to build a substantial company that will make a difference. For more information, please visit www.scihinc.com.

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