

Press Release

Kassel (Germany), March 11, 2021

2020 financial year

Keeping on track during the pandemic

- **Package of measures to significantly reduce debt consistently implemented**
- **Lower potash prices and a very mild winter negatively impacted earnings in 2020**
- **Revenues: €3.7 billion (2019: €4.1 billion) incl. discontinued operations**
- **EBITDA: €445 million (2019: €640 million) incl. discontinued operations**
- **2021 outlook:**
 - **Slightly higher average prices for potash and magnesium fertilizers**
 - **EBITDA from continuing operations expected to range between €440 million and €540 million (2020: €267 million)**
 - **One-off gain from joint venture with REMEX amounting to around €200 million**
 - **Closing of sale of American salt business expected by summer at the latest**

Through extensive prevention measures and an effectively functioning crisis management system, K+S has been mastering the challenges of the ongoing corona pandemic comparatively well. Production at all potash sites could even be increased year-on-year. Nevertheless, the measures required as a consequence of the pandemic burdened earnings by about €40 million.



General conditions challenging in 2020

Following the long-anticipated conclusion of contracts with Chinese customers, the recovery in potash prices in the course of 2020 was weaker than expected. The mild winter in North America and Europe also negatively impacted sales volumes of de-icing salt. Moreover, there were one-off expenses associated with the restructuring of the administration as well as transaction costs from the sale of the Americas operating unit. All these factors resulted in a decline in operating earnings EBITDA to €445 million (2019: €640 million), including discontinued operations.

“Despite the difficult conditions, we are not satisfied with the EBITDA achieved in 2020,” said Dr. Burkhard Lohr, Chairman of the Board of Executive Directors of K+S. “On the other hand, we made good progress with the measures we could take ourselves.” In this regard, Lohr refers to the sales agreement for the Americas operating unit reached in October 2020. With this sale, K+S will generate proceeds of around €2.5 billion and therefore significantly reduce its debt, he said. The associated restructuring of the administration was completed on schedule at the end of the year. In the future, this will save 30% of previous administrative costs, equivalent to €60 million. K+S also achieved more than €150 million in synergies in 2020 as planned, implemented further operational improvements at the production sites, and accomplished an important step in the strategic realignment of K+S with the new REKS joint venture.

“We have seen some improvement in our business environment for 2021, and therefore expect higher operating earnings this year,” Dr. Lohr said concerning the outlook for the current year.

Negative Group earnings due to impairment

Due to the strongly negative adjusted Group earnings after tax of €-1.8 billion in 2020 attributable to the impairment - which would also have been negative without this impairment - the resulting balance sheet loss of K+S Aktiengesellschaft, an expected significantly negative free cash flow from operating business in 2021, and the planned



utilization of the purchase price for the Americas operating unit to repay debt and strengthen the balance sheet, no dividend will be paid for the 2020 financial year.

Outlook 2021: Higher EBITDA expected

Since the beginning of the year, the general conditions for the business of K+S have improved. As a result of the partly significant increase in prices for agricultural raw materials, yield prospects in agriculture are improving. Accordingly, K+S assumes a very good demand for potash fertilizers and a further recovery in prices during the current year. The Company expects above-average demand for de-icing salt overall in the first quarter due to the winter weather conditions at the beginning of the year. This should also have a positive impact on the early fills business for the current year.

The expected developments as well as the measures to significantly streamline administration and the one-off gain on the closing of the REKS joint venture of around €200 million should lead to an improvement in EBITDA from continuing operations to range between €440 million and €540 million in the current financial year (2020: €267 million).

Further information and additional assumptions for the 2021 full-year forecast are provided in the [2020 Annual Report](#) starting from page 122.

Note to editors

Additional information and key figures on the development in the 2020 financial year are presented in our 2020 Annual Report on our [website](#) and in the [video interview](#) on business development with Dr. Burkhard Lohr, Chairman of the K+S Board of Executive Directors.

A virtual Annual Press Conference with CEO Dr. Burkhard Lohr and CFO Thorsten Boeckers for media representatives will be held at 9:00 a.m. today. You can download press pictures of the event from our [media library](#). There will be a virtual conference for investors and analysts today in English with the same participants at 12:00 p.m. Both conferences will be available as a recording on our [website](#) early this afternoon.



About K+S

K+S considers itself a customer-focused, independent supplier of mineral products for the Agriculture, Industry, Consumers, and Communities segments. Our more than 14,000 employees enable farmers securing the world's food supply, provide solutions that keep industries running, enrich consumers' daily lives, and ensure safety in winter. From production sites in Europe, North and South America, as well as through a global distribution network, we serve the ever-increasing demand for mineral products. We strive for sustainability because we are deeply committed to our responsibilities towards people, the environment, communities, and the 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.

Your contact persons:

Press:

Michael Wudonig
Phone: +49 561 9301-1262
michael.wudonig@k-plus-s.com

Investor Relations:

Dirk Neumann
Phone: +49 561 9301-1460
d.neumann@k-plus-s.com