

## Press Release

Kassel (Germany), November 11, 2021

### Strong third quarter of 2021

### Significant increase in earnings – forecast raised

- Revenues up 32% to €746 million (Q3/2020: €566 million)
- EBITDA of €121 million up 50% year-on-year (Q3/2020: €81 million); Vara consensus estimate: €122 million
- Significantly positive impact on adjusted Group earnings after taxes due to reversal of impairment loss; non-cash impairment loss from prior year fully reversed
- Antitrust clearance of REKS transaction ongoing
- 2021 outlook:
  - EBITDA forecast raised to around €630 million (previously: €500 to 600 million, excluding REKS transaction, 2020: €267 million); Vara consensus estimate: €603 million
  - Expectation of balanced free cash flow for 2021 (previously -€180 million; excluding REKS transaction)

In the third quarter, K+S again increased revenues and operating earnings very significantly year-on-year. Excluding a one-off gain (€56 million) in the previous year, EBITDA even more than quadrupled in the third quarter. Higher average prices and increased volumes in the Agriculture customer segment and higher sales volumes in the industrial business mainly contributed to the positive development.



“We continue to benefit from the ongoing positive market situation and our improved operating performance at the production sites,” says Dr. Burkhard Lohr, Chairman of the Board of Executive Directors of K+S Aktiengesellschaft. “In addition to raising our EBITDA forecast, we also expect to achieve a balanced free cash flow this year,” Dr. Lohr adds.

### **Positive development of revenues in both customer segments**

In the **Agriculture customer segment**, third-quarter revenues rose significantly by 42% to €529 million (Q3/2020: €373 million) due to price and volume factors. Sales volumes increased by 6% compared with the prior-year quarter to just under 1.8 million tonnes. While the average price in Europe increased tangibly compared to the third quarter of 2020, prices overseas even recorded an increase of more than 50%.

At €217 million, the **Industry+ customer segment** achieved a 13% increase in revenues in the third quarter. The de-icing salt business in particular recorded a strong increase in revenues due to above-average early-fills business. Revenues from products for the chemical and pharmaceutical industries also recorded a significant increase in demand following the weaker comparative quarter due to COVID-19. At 1.73 million tonnes, sales volumes in Industry+ were again significantly higher than the comparable prior-year figure (Q3/2020: 1.35 million tonnes).

### **Reversal of impairment losses on non-current assets**

The regular impairment test of the Potash and Magnesium Products cash-generating unit indicated that adjusted Group earnings after taxes for the third quarter were positively influenced in the amount of about €1.4 billion by a reversal of an impairment loss. This is based on a significantly more optimistic long-term expectation for the potash business and the associated price trend. The non-cash impairment loss of the third quarter of 2020 was therefore fully reversed.



### **Antitrust review of REKS transaction ongoing**

After the EU Commission referred the antitrust clearance procedure to the German Federal Cartel Office, the review of the REKS transaction is continuing. K+S continues to assume that clearance can be granted, but that this may no longer be possible in 2021 as previously assumed. Against this background, K+S only includes the operating business in its full-year outlook for 2021.

### **2021 outlook: Increase in forecasts for EBITDA and free cash flow**

The price increase for potassium chloride, the above-average de-icing salt business and the measures to streamline administration should lead to a significant improvement in EBITDA from continuing operations. Based on the operating business development – and excluding the one-off income of about €200 million from the REKS transaction – K+S now expects EBITDA to improve to about €630 million (previous forecast: €500 to 600 million without REKS transaction; 2020: €267 million).

### **Note**

Further information and data on the development in the third quarter of 2021 and the first nine months of 2021, respectively, can be found in the [Q3/2021 Quarterly Report](#) on our website as well as in the [interview](#) on business development with Dr. Burkhard Lohr, Chairman of the K+S Board of Executive Directors.

Furthermore, a Capital Markets Day for institutional capital market participants will be held in English from 1:30 p.m. to 6:00 p.m. today. The focus will be on the new corporate strategy, the new financial and climate strategy, the current market outlook as well as an explanation of the Q3 figures. Speakers: Dr. Burkhard Lohr, CEO, Thorsten Boeckers, CFO, Holger Riemensperger, COO, and Markus Midden, Head of Technology & Energy. Members of the press and interested members of the public are invited to follow the event via a live [webcast](#) (listen only). The conference will be recorded and available via video after the event. The relevant presentations will also be available on our [website](#) from 1:30 p.m..



## About K+S

We make an important contribution to society: We enable farmers securing the world's food supply. Our products keep numerous industries running. We enrich consumers' daily lives and ensure safety in winter. With around 11,000 employees, production sites on two continents, and a global distribution network, we are a reliable partner for our customers. At the same time, we are realigning ourselves: We are focusing even more strongly than before on fertilizers and specialties. We are becoming leaner, more cost-efficient, more digital, and more performance-oriented. On a solid financial basis, we are tapping into new markets and business models. We are committed to our responsibility towards society and the environment in all regions in which we operate. Learn more about K+S at [www.kpluss.com](http://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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