

Press Release

Kassel (Germany), November 11, 2021

New corporate strategy

Focus on potash and magnesium

- **Global supplier of plant nutrients and services in the agricultural sector**
- **Strategic guiding principles:**
 - **Greatest management focus on optimizing the existing business**
 - **Expand and develop the core business**
 - **Establish new business areas**
- **Climate and sustainability goals clearly in focus**
- **Financial ambitions:**
 - **Earn cost of capital over 5-year cycle**
 - **Achieve EBITDA margin of more than 20% over cycle**
 - **Each site and the Group to achieve positive free cash flow from 2023 onwards even in the event of low potash prices**
 - **Basic dividend: 15 cents/share, plus discretionary premium assuming good economic developments**

In future, K+S will strategically focus on its core business with potash and magnesium products. The new corporate strategy is characterized by three focal points: K+S wants to optimize its existing business, expand and further develop its core business and establish new business areas.

The following remains unchanged: K+S has a strong focus on the environment, nature and climate protection as well as considers itself to be a pioneer of sustainable mining. Every corporate decision must be in line with the climate strategy and the sustainability goals.



“Our strategic focus is on the core business with potash and magnesium and the Agriculture customer segment. As a global supplier of plant nutrients, we are therefore addressing the megatrends of nutrition, water, and energy,” says Dr. Burkhard Lohr, Chairman of the Board of Executive Directors of K+S.

Focus on optimization of existing business

With the sale of the Americas operating unit, the significant reduction in debt and the restructuring of the organization, K+S has reached decisive milestones on the path to strategic realignment. The main management focus in the coming years will be on further optimizing the existing business.

At the Bethune and Zielitz sites, production is focused on the standard product potassium chloride. All processes there are being improved in accordance with the strategic principle of cost leadership. The aim is to continuously reduce production costs and increase competitiveness. At the Werra and Neuhof sites, we concentrate on the production of specialties. The further development of our product portfolio, towards innovative specialty products, is the main focus here. At the same time, the carbon footprint in the manufacturing process is to be significantly reduced.

As the largest salt producer in Europe, the focus for the salt business in the future will be on operational improvements in terms of the product portfolio, costs, and efficiency.

Expansion and further development of the core business

“The economic success of farmers is our benchmark. We are therefore expanding our product portfolio, strengthening digital services, and intensifying our presence directly on site,” says Holger Riemensperger, Chief Operating Officer.

In further developing its product portfolio, the Company is considering adjacent nutrients and so-called biostimulants, but also the greater expansion of liquid fertilization. In expanding its core business, K+S is primarily focusing on organic growth and on cooperation with strong partners.



New business areas

There is a growing market for sustainable waste management solutions. For this purpose, K+S wants to combine the operations and unique infrastructure of the state-of-the-art disposal facilities with the distribution network of its new partner, a subsidiary of the Remondis Group, in the REKS joint venture. Moreover, K+S is examining alternative uses for the infrastructure. The underground caverns, for example, offer the potential to store CO₂ or hydrogen in the medium to long term.

Ambitious climate goals

Since 1990, K+S has already reduced its CO₂ emissions by 80% in absolute terms - a major effort for an energy-intensive company. The energy turnaround is also to be actively promoted further. For this purpose, the Company has introduced a climate protection fund. The goal is to reduce CO₂ emissions by a further 10% by 2030 compared with 2020. K+S furthermore supports the goals of the Paris Agreement.

"We are convinced that we can become climate-neutral by 2050. To achieve this, however, politicians urgently need to make improvements to the energy industry and energy policy. After all, energy must remain affordable for everyone," emphasizes Dr. Lohr.

Strategic financial targets set

With its new corporate strategy, K+S is safeguarding its economic success in the future. "On the basis of a solid balance sheet, each site as well as the Group as a whole should achieve a positive free cash flow from 2023 onwards - even in the event of low potash prices. Our strategic financial targets are intended to ensure that we meet the demands and return expectations of our capital providers," says Thorsten Boeckers, K+S Chief Financial Officer.

Over a cycle of 5 years, K+S aims to earn its cost of capital and achieve an EBITDA margin of more than 20%. The new dividend policy provides in principle for a basic dividend of 15 cents per share. This can be increased by a discretionary premium assuming a good economic development. Several additional factors are taken into



account, in particular the balance sheet structure, expected business performance, and the development of adjusted free cash flow.

Note to editors

Further information and details on the new K+S corporate strategy can be found on our [website](#).

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.

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