



K+S Group

German Investment Seminar, New York

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K+S at a Glance

Group financials 2018

Revenues
€ 4.04 billion

EBITDA
€ 606 million

EBITDA-Margin
15%

Earnings after taxes, adj.
€ 85 million

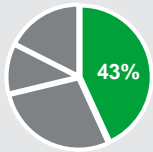
OU Europe+: Revenues: € 2.59 billion; EBITDA: € 443 million; Margin: 17%

OU Americas: € 1.45 billion; EBITDA: € 222 million; Margin: 15%

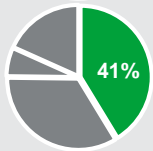
Customer Segments



Agriculture



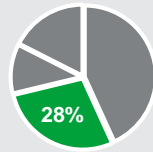
Revenues
€ 1.74 billion



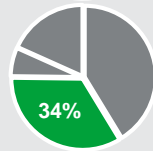
EBITDA
€ 275 million
Margin 16%



Industry



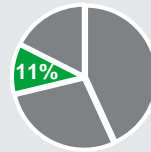
Revenues
€ 1.13 billion



EBITDA
€ 226 million
Margin 20%



Consumers



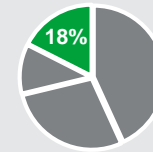
Revenues
€ 0.46 billion



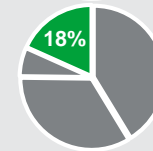
EBITDA
€ 43 million
Margin 10%



Communities



Revenues
€ 0.71 billion



EBITDA
€ 122 million
Margin 17%

Market update: Customer segment Agriculture

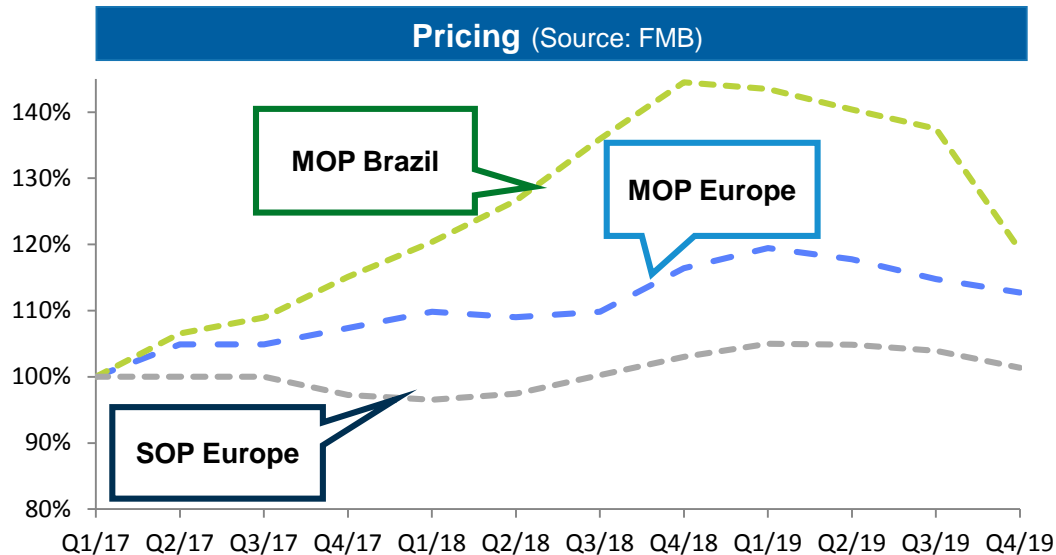


Key financials

in €million	FY/18	9M/19
Revenues	1,741.3	1,326.1
Sales volume (mt)	6.9	4.8
EBITDA	274.5	265.6

Development in Q3/19 and outlook:

- Slowdown in global potash market since Q3 after strong sales volumes in H1
- **Chinese** import stop led to waiting position in other markets
- Softer pricing in **Brazil**, but no big volumes concluded at this level
- Producers announced to reduce >3 mt of production for H2/19 in total
- Specialties and MOP prices in **Europe** relatively stable
- K+S average selling price in Q3/19 even above Q2/19 level due to positive product mix effects
- **Indian** contract at 280 USD/t vs. 290 USD/t before provided first indication
- Slight decline in global potash demand to be noticed in 2019 compared to record demand in 2018 of a good 71 mt.
- With fertilizer-depleted soils in many regions and rising agricultural commodity prices, we continue to expect robust demand in the year ahead.



Customer Segment Industry at a Glance



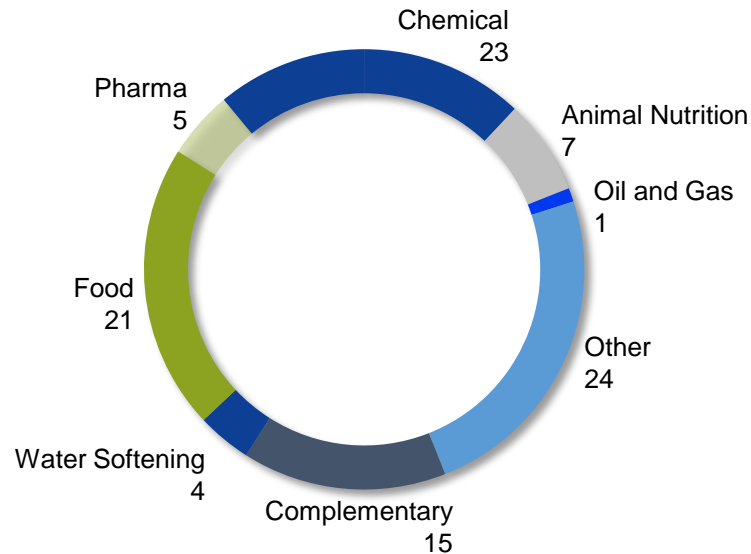
Key financials

in €million	FY/18	9M/19
Revenues	1,132.8	857.2
Sales volume (mt)	10.3	7.6
EBITDA	225.5	159.1

Current trading

- Solid demand, gradually increasing sales volumes
- Slightly lower product availability after the planned closure of Sigmundshall at the end of 2018

Revenue Split by Products 2018 (%)



Growth drivers

Increasing standard of living

Population growth

Economic growth and industrialization

Urbanization

Customer Segment Consumer at a Glance



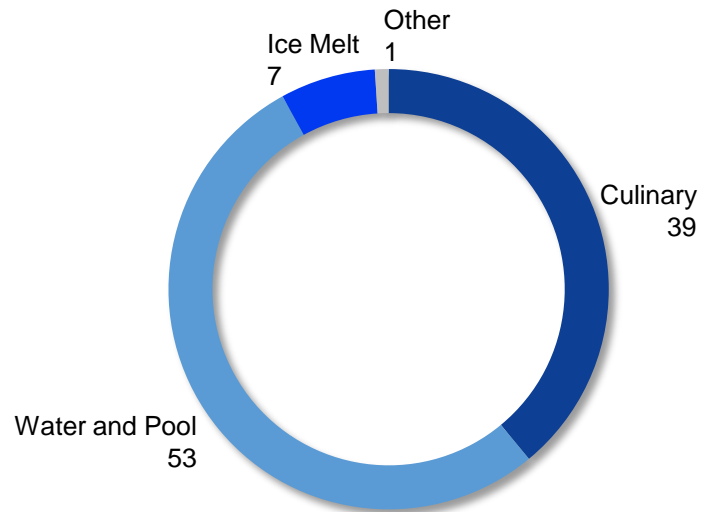
Key financials

in €million	FY/18	9M/19
Revenues	453.7	345.8
Sales volume (mt)	1.8	1.3
EBITDA	43.3	39.3

Current trading

- Consumers customer segment showed first success in 9M/19 to pass on higher costs, especially for logistics
- Good progress in the rollout of the German premium table salt brand Saldoro® to retail sellers and gastronomy

Revenue Split by Products 2018 (%)



Growth drivers

Increasing standard of living

Population growth

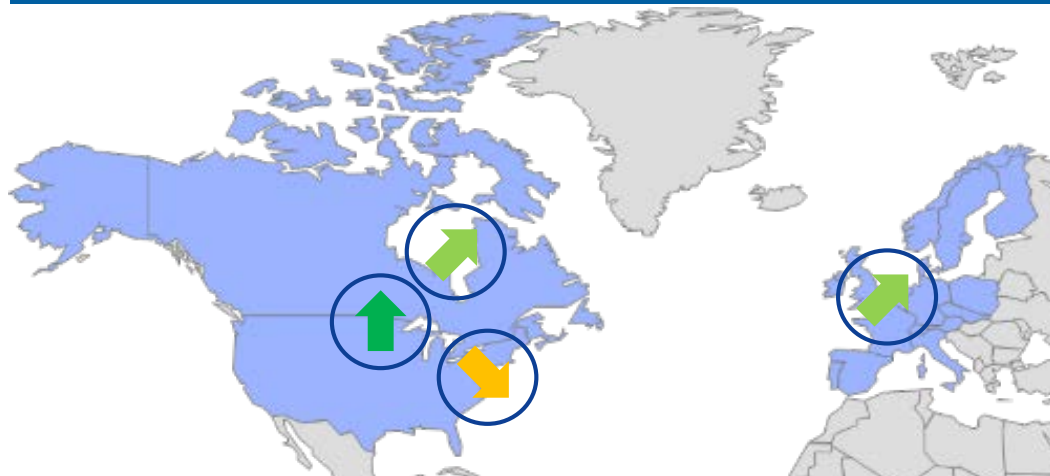
Economic growth and industrialization



Trading update: Customer segment Communities

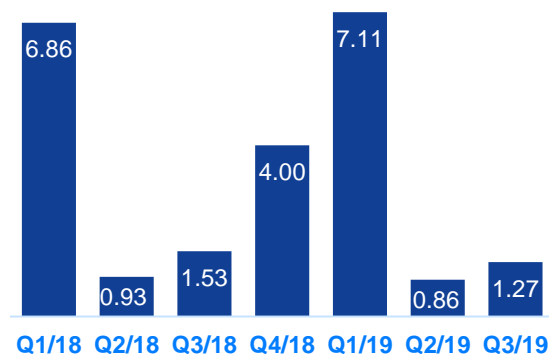


Pricing trends in customer segment Communities



Key financials and sales volumes (in mt)

in €million	FY/18	9M/19
Revenues	708.4	515.8
Sales volume (mt)	13.5	1.3
EBITDA	121.8	55.4



Q3/19 update early fills:

- Mixed picture in our regions
- Volumes down in **North America** and **Europe** mainly due to timing effects
- Highly competitive **US East Coast (USEC)**

Outlook winter season 2019/20:

- Widely promising bidding season 2019/20
 - Prices significantly up at US Mid West (USMW), Canada (CA) and Europe (EU) slightly up, USEC down
 - Higher prices more than compensate for logistics cost inflation

Q4/19:

- Volumes below average at EU and USMW; above average at the USEC and CA

Bethune: Product quality is improving

Installation of
grinder pumps in
July 2019

Preparation and
installation of
cooling-, sieving
and crushing
equipment in
September 2019

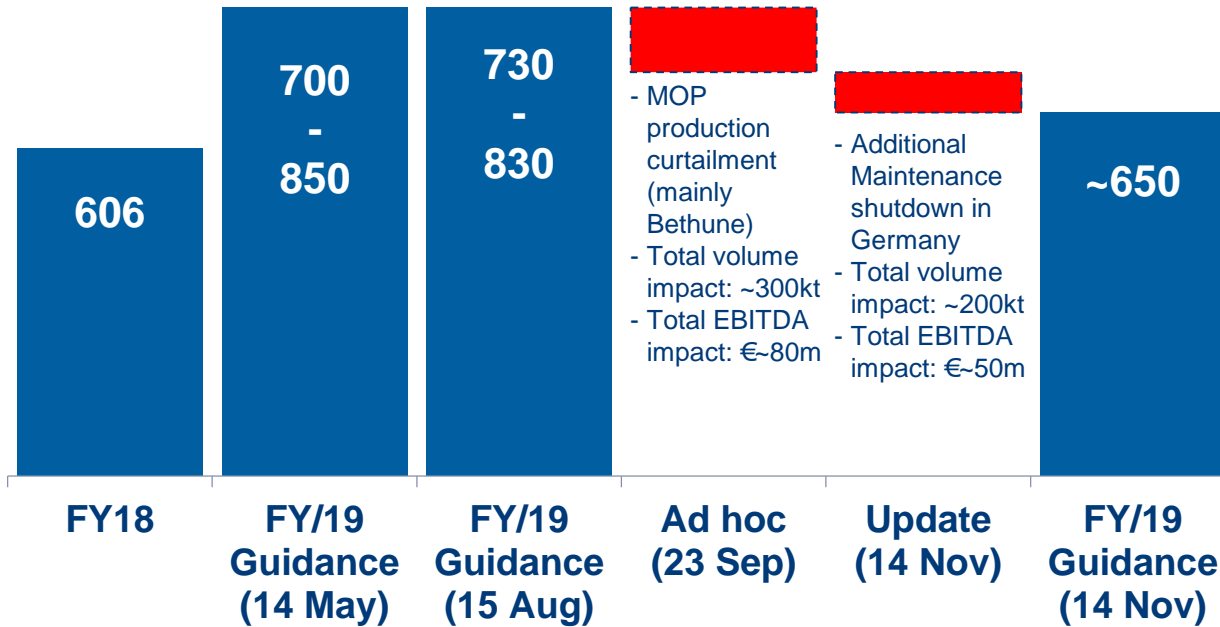
Implementation
at the turn
of the year



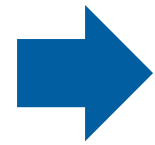
Quality improvement already in 2019 but somewhat lower production than previously planned. It is expected that customers will recognize this improvement in H1/2020.

Outlook 2019 (as of 14 November 2019)

EBITDA in €m









- ↑ No weather-related standstills in 2019
- ↑ Higher ASP in customer segment Agriculture and supportive prices in other segments
- Q4/19 de-icing volumes based on normal winter
- ↓ Market-related MOP production curtailment / maintenance shutdown earlier than planned



K+S still expects to achieve a positive adjusted free cash flow in 2019 (2018: € -206 m)

Important Milestones have been achieved so far

Customer focus / new organization	implemented	
Operating performance	improved	
Wastewater management	improved	
Working capital management	improved	
Synergy program	on track	
Bethune product quality	making progress	

External conditions

Potash market	challenging
Regulatory environment	challenging

Measures for the rapid crystallization of values and reduction of debt

- Strong commitment to reduce debt.
- A major focus of measures on the Operating Unit Americas with its strong and stable cash flows.
- Additional measures in the Operating Unit Europe+.
- We are examining all options to reduce debt.
- The right mix of measures will be key.

Refocusing of the BoED to implement value enhancing measures



Dr. Burkhard Lohr, CEO, will additionally assume responsibility for managing the Operating Unit Europe+ on the Board of Executive Directors. This underlines the importance of the measures to leverage synergies, strengthen technical and operational excellence and achieve future-oriented solutions in the environmental area.



Mark Roberts will focus on the Operating Unit Americas and the transactions required for the implementation of the value enhancing measures already adopted.



Thorsten Boeckers, CFO, will continue to be responsible for the finance organization, i.e. Treasury, Controlling, Tax, Internal Audit, Procurement.



Fabiola Fernandez Grund has been appointed by the Supervisory Board of K+S AG as a new member of the BoED. Upon assuming her new role, she will become Labor Relations Officer and take on responsibility for the areas of IT as well as Operations and Technical Excellence Center.

K+S

Appendix

Housekeeping Items / Financial Calendar

Additional information on Outlook FY 2019

- Tax rate: ~30%
- Financial result: ~€-110 to €120m
- CapEx: ~€550m
- D&A: ~€400m
- Reconciliation (EBITDA): €-50m to €-60m
- Customer segment Agriculture:
Sales volume: ~6.4mt (2018: 6.8mt) and
ASP moderately up (2018: 254 €/t)
- Customer segment Communities:
Sales volume: 12.5-13.0mt
(2018: 13.3mt)

Financial Calendar

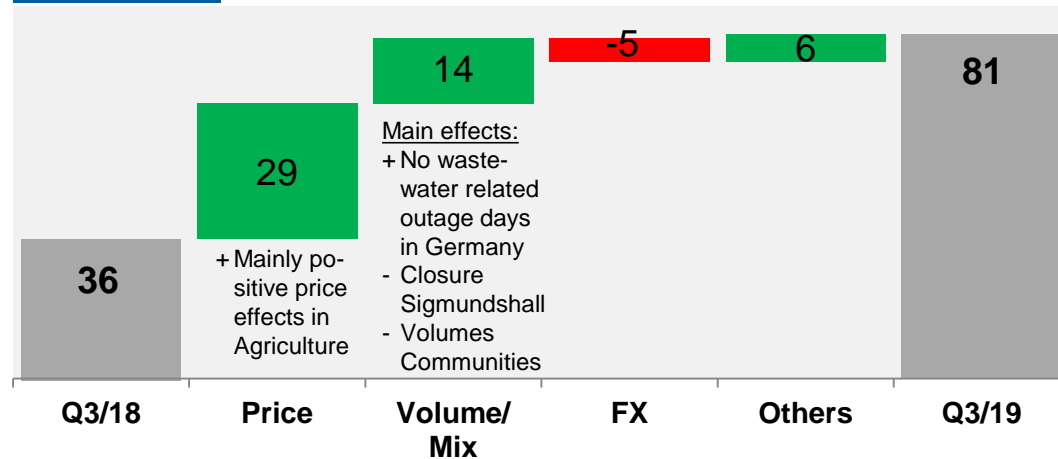
Kepler Cheuvreux German Corporate Conference Frankfurt	20 January 2020
Bankhaus Lampe German Conference 2020	30 January 2020
FY Reporting	12 March 2020

Q3 and 9M/19 at a glance

Highlights

- Q3/19 EBITDA increased to €81m (Q3/18: €36m)
- No wastewater-related outage days in 2019
- Adj. FCF increased by €264m to €204m in 9M/19
- Net financial debt/EBITDA down to 4.3x (31 Dec 18: 5.3x)

EBITDA in €m



Financials

€million	Q3/18	Q3/19	%	9M/18	9M/19	%
Revenues	840	905	+8	2,822	3,047	+8
<i>t/o Europe+</i>	568	621	+9	1,802	1,940	+8
<i>t/o Americas</i>	271	283	+4	1,018	1,105	+9
D&A	95	107	+13	276	310	+12
EBITDA	36	81	>100	378	481	+27
<i>t/o Europe+</i>	22	67	>100	278	373	+34
<i>t/o Americas</i>	29	25	-12	147	147	-
Adj. net profit	-61	-42	-	14	69	>100
Adj. EPS (€)	-0.32	-0.22	-	0.07	0.36	>100
Operating cash flow	-16	-8	-	276	510	-
Adj. FCF	-154	-131	-	-60	204	-
CapEx	124	144	+16	278	310	+11
Nfd/EBITDA (LTM)	-	-	-	5.5x	4.3x	-

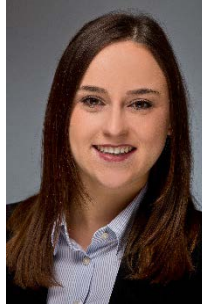
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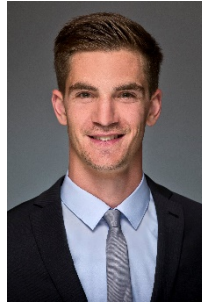
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