



13-14 May 2020

K+S Aktiengesellschaft

BMO Global Farm to Market Virtual Conference

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Social contribution

We ensure the supply of essential goods with our products.

- High-purity pharmaceutical salts for medicine and use in dialysis and infusions
- Potassium salts for the preparation of a wide range of medicinal products
- Salts for the production of disinfectant materials, soaps and chlorine
- Table salt for food production
- Salts for feed and animal nutrition
- Potassium fertilizers for the agricultural production of food
- Waste disposal services with underground recovery and disposal

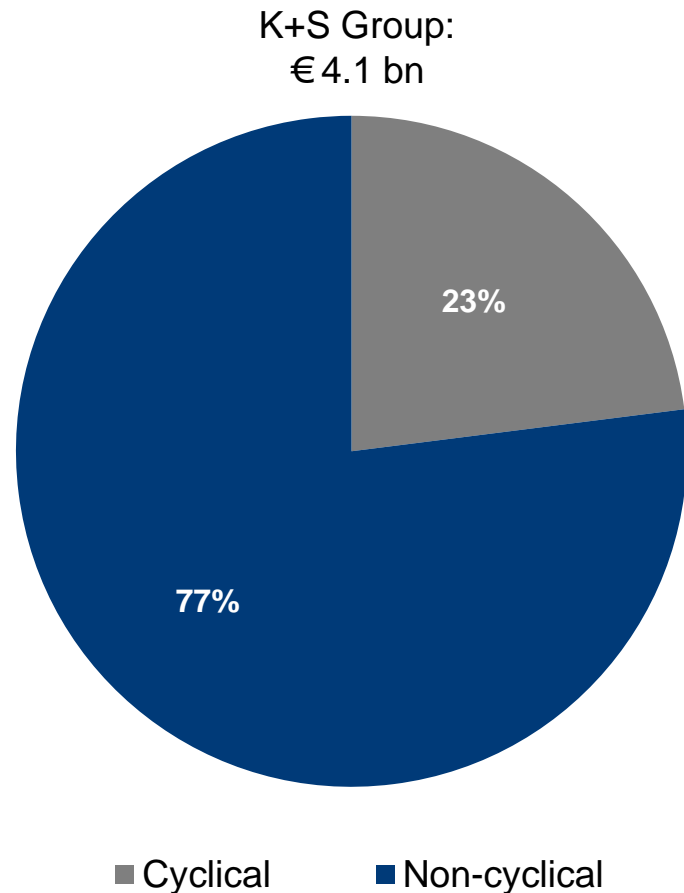


Operational Measures

- Corona prevention teams established
- Shift times shortened and staggered
- Number of shift interactions reduced
- Respiratory masks used when in close proximity (e.g. when entering or leaving a mine)
- Gloves also used when operating machines and vehicles
- Additional disinfectant dispensers installed
- Rules of conduct sent to 3,000 suppliers
- External truck drivers only leave vehicle to secure loads
- → **Limited impacts on production**
- → **Supply chains stable**

K+S: Revenue exposure to GDP cycles

77% of group revenues are non-cyclical



Non-cyclical:
Potassium Chloride
Fertilizer Specialties
De-icing
Pharma
Food, Culinary
Complementary
Animal Nutrition

Cyclical:
Chemical
Water softening
Water and Pool
Oil and gas
Others

Complete Sale OU Americas on schedule



Unique position in the salt market

- Leading brands with high emotional customer loyalty
- Established customer-oriented network with 29 locations in North America and cost-effective production in South America
- Revenues: EUR 1.5 billion (2019)
- EBITDA: EUR 230 million (2019)
- Stable cash flows

-
- Broad portfolio of interested parties
 - Investment banks mandated
 - Signing expected in 2020
 - Sale process is proceeding according to plan so far despite current conditions with regards to Covid-19
 - Present market conditions are no obstacle for the current phase of the process

Realigning of K+S has started



- Restructuring project of administrative functions started
- Focus on the core business by selling non-core activities
- Future-oriented solutions in the environmental sector
- Capital expenditure under review
- Sustained positive free cash flows at all German production sites

➤ **The new K+S: lean and performance-oriented with a solid financial base**

K+S: Focus remains on strengthening the balance sheet

Dec. 2019:

Net financial liabilities: EUR 3.1 billion

Net financial liabilities/EBITDA: 4.9x



Sale of OU Americas

OU Europe+ measures

Restructuring



End of 2021

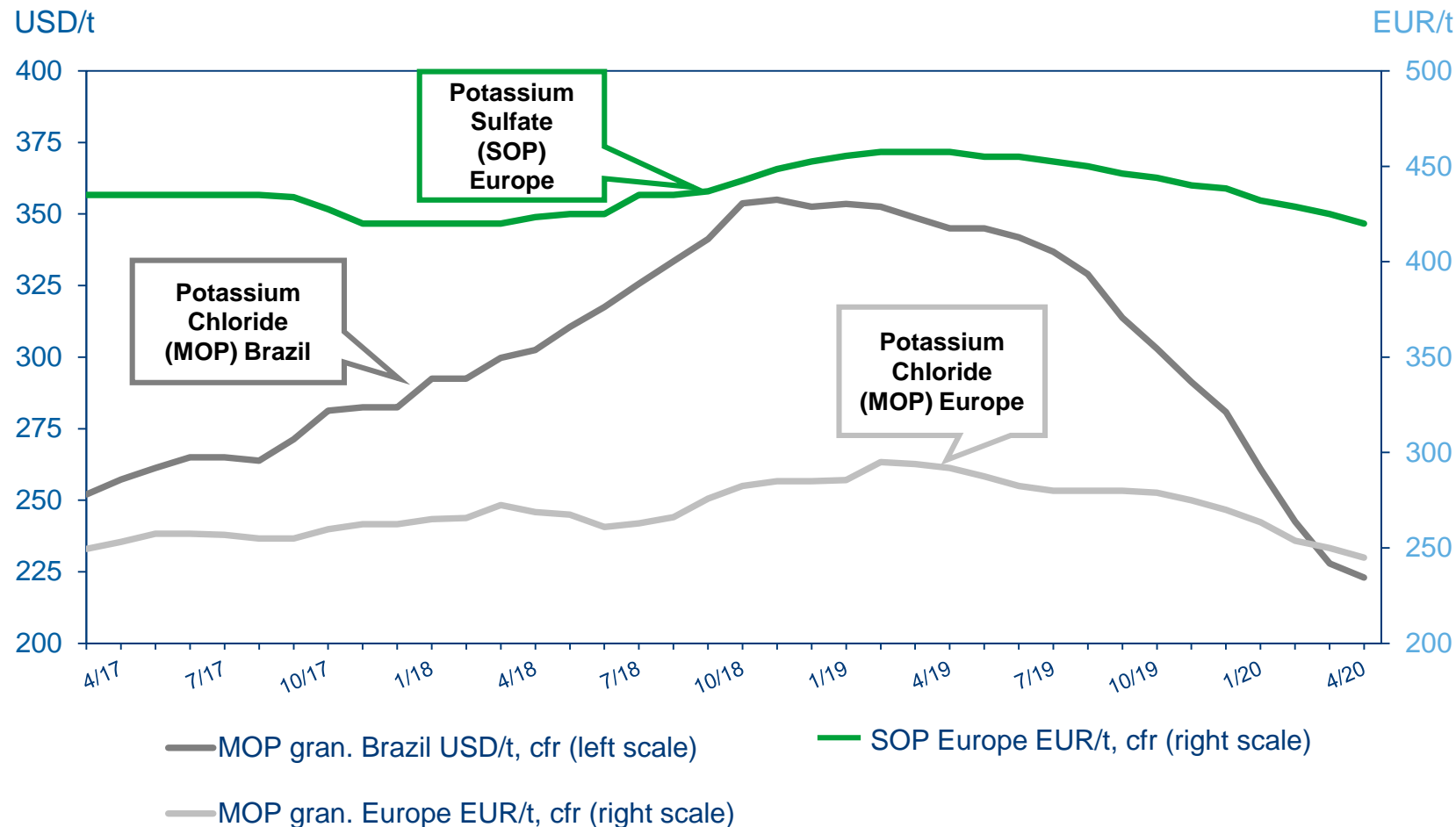
- Reduction of net financial liabilities by significantly more than €2 billion
- Stable cross over rating targeted

Current market assessment

Customer Segment Agriculture



Stable specialty business and regional diversification paying-off



Q1 2020

- Good spring fertilization in Europe due to favorable weather conditions
- High demand in Brazil
- Demand rebound in the USA
- Weak demand in SEA

Outlook

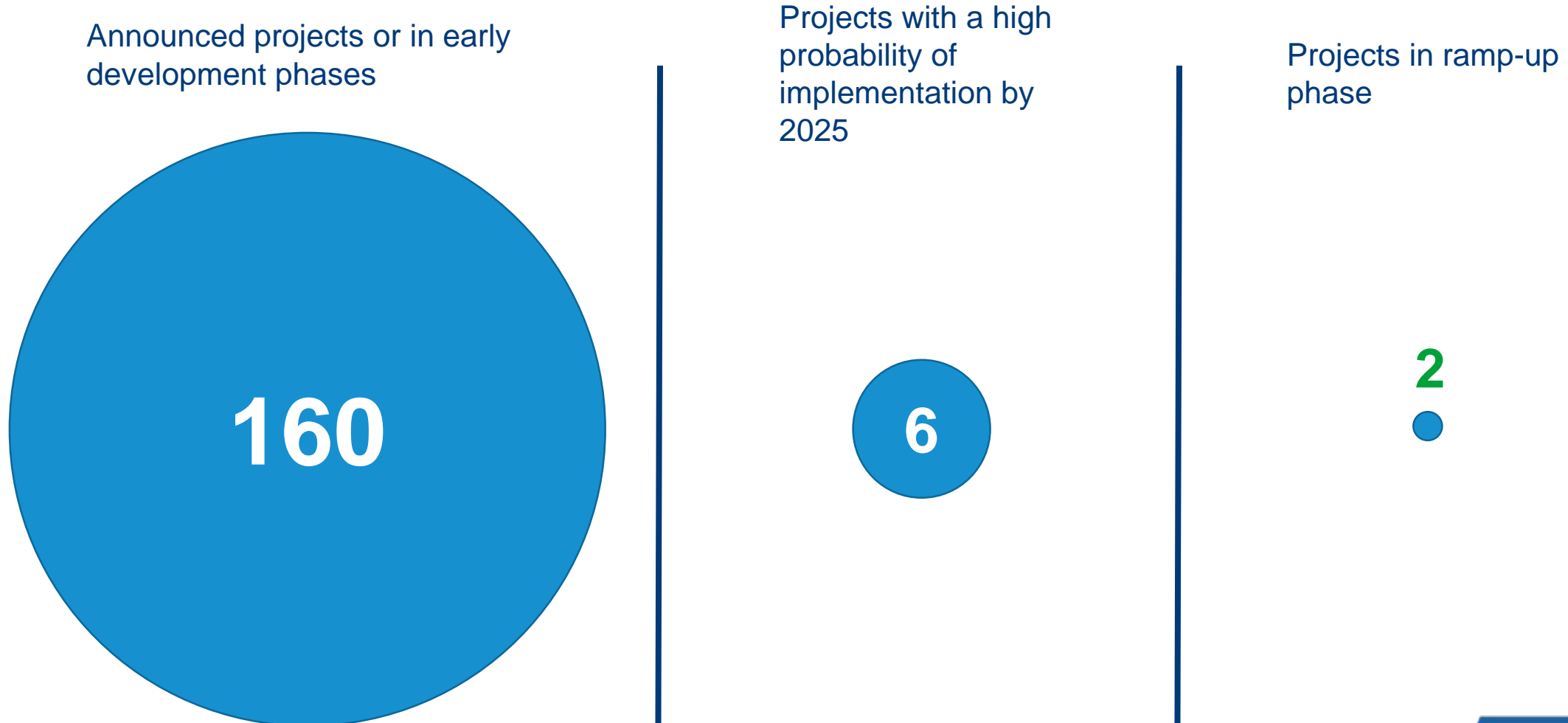
- MOP prices bottoming out
- China contract gives price orientation and ensures higher utilization
- Overall normal SOP demand in Europe and stable prices

Source: FMB Argus Potash

Customer Segment Agriculture



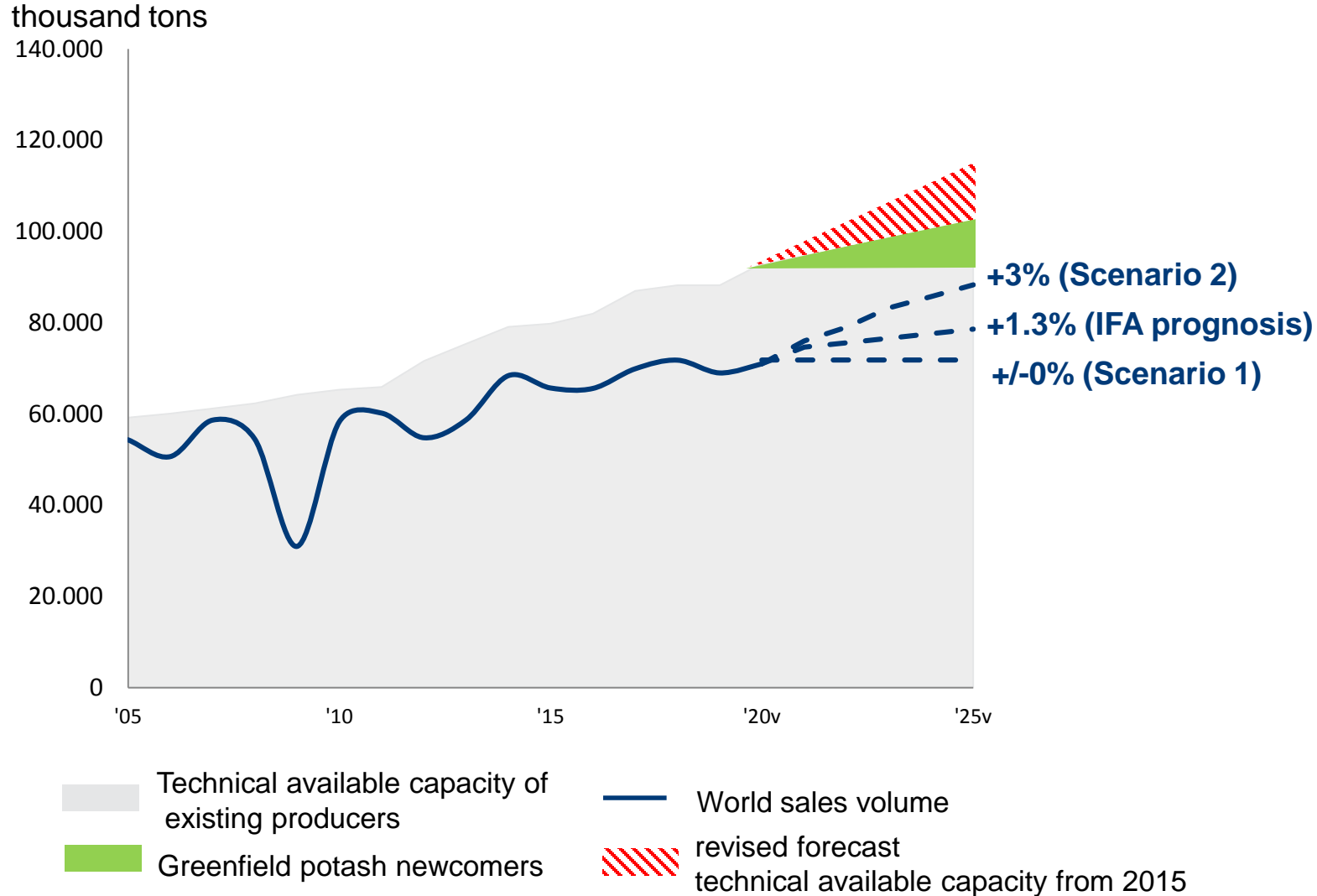
Between plan and Reality: Potash projects announced since 2006 (Greenfield)



Customer Segment Agriculture



What is behind the greatly feared oversupply?



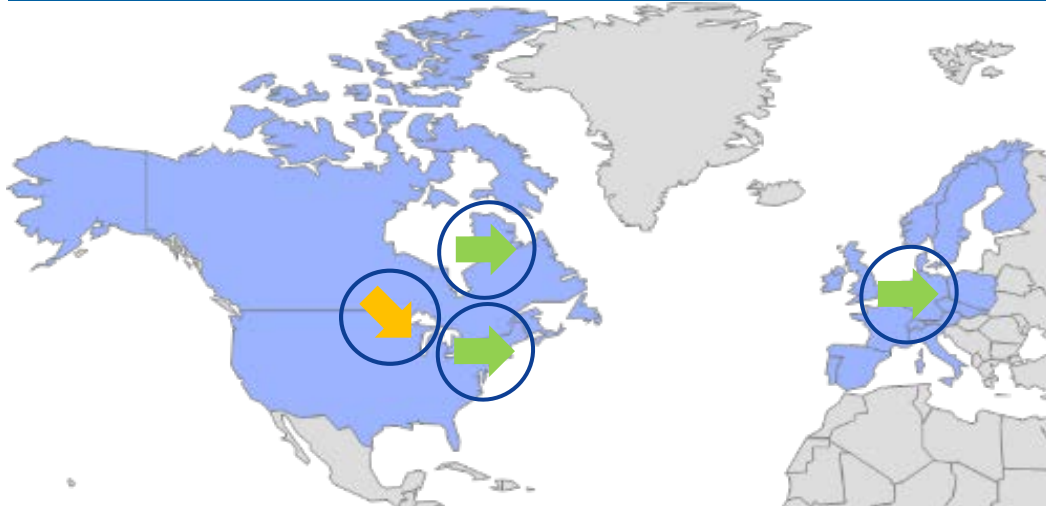
- Only 5 years ago, the technically available capacity in 2025 was estimated to be 12 million tons higher than today
- Even now, greenfield projects by potash newcomers will still account for a significant share of the total until 2025
- Non-utilization of capacity by existing producers not taken into account
- Global capacity load should level off at the long-term average by 2025

Source: IFA, K+S; including potassium sulfate and potash varieties with a lower K₂O content of about 5 million tonnes eff.

Trading update: Communities



Pricing trends in customer segment Communities



Q1/20 update:

- Sales volume almost 50% below the high level of the previous year.

Outlook:

- High customer inventory levels
- However, multi-year contracts help us to keep prices stable
- Some contracts in higher price regions (e.g. Canada) already settled at the end of 2019
- For Q4/20 we expect prices to decline moderately yoy across all regions
- Expected sales volumes ~ 8 million tonnes for 2020 (Ø-year: 12.5 – 13.0 million tonnes)

Current Trading Customer Segments Industry + Consumers

Industry



- Broad portfolio of products containing potassium- and salt
- Broad variety of industries supplied
- Resilience against GDP drop

Consumers

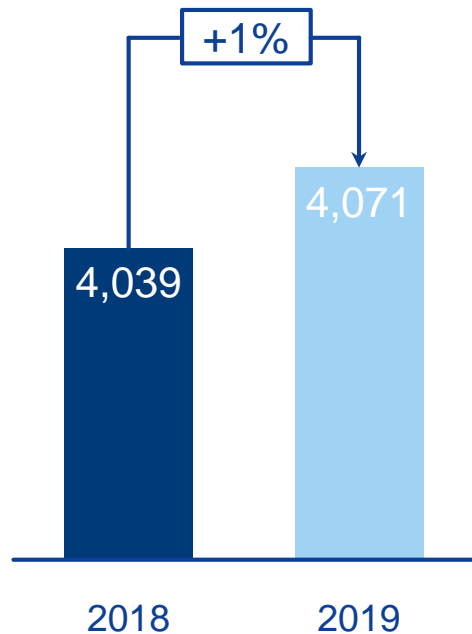


- Good progress in the rollout of the German premium table salt brand Saldoro®
- Stable or even higher demand situation in times of Covid-19

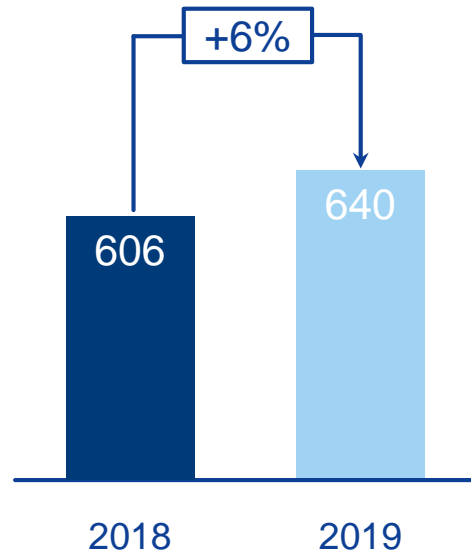
Financials

Slight increase of revenues and EBITDA in 2019 despite adverse conditions

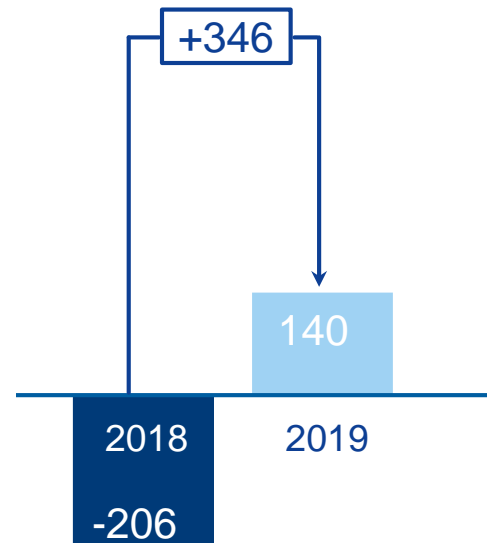
REVENUES
- in € million -



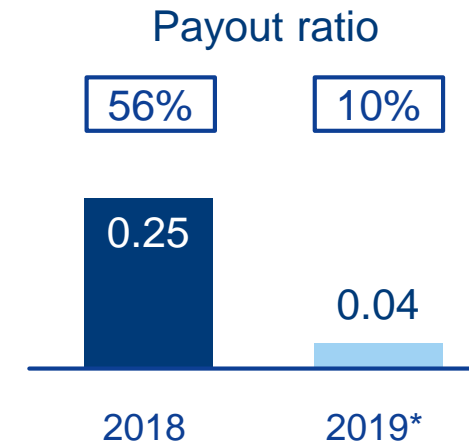
EBITDA
- in € million -



FCF
- in € million -



DIVIDEND
- in € -



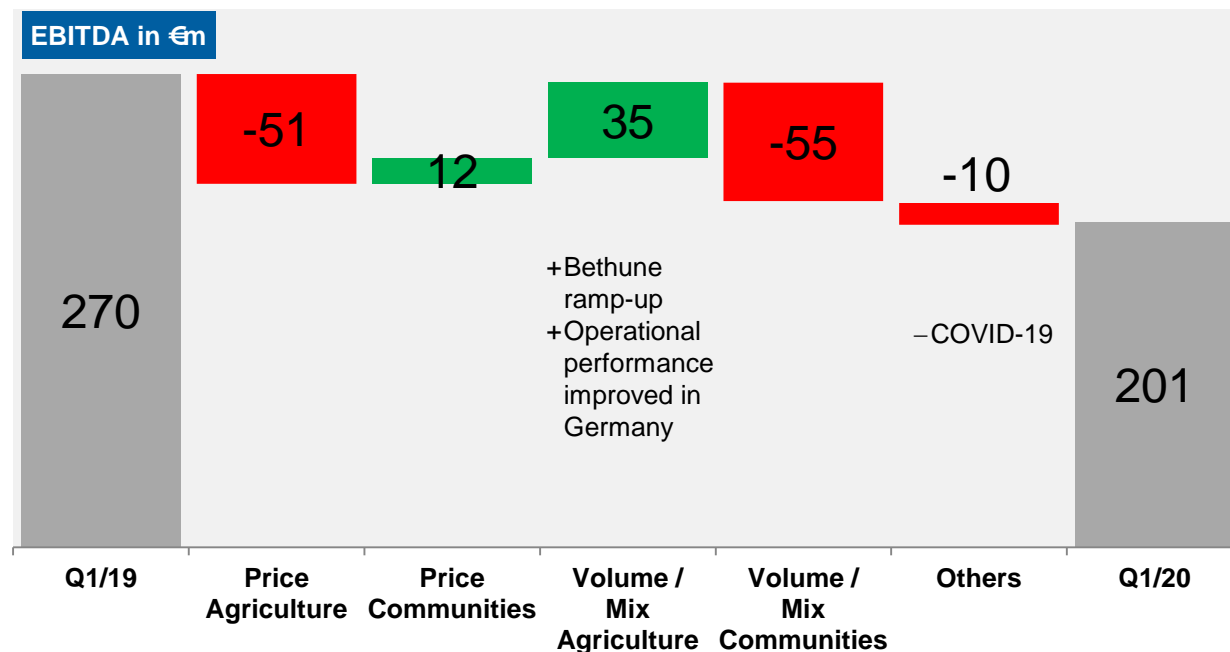
- EBITDA improved third consecutive year
- Synergies contributed more than € 100 million
- Dividend proposal adjusted to KfW requirements

*Proposal

Strong Q1/20 EBITDA despite difficult market environment

Highlights

- Q1/20 **EBITDA** down to € 201m (Q1/19: € 270m)
- FCF** € 204m in Q1/20
- COVID-19**: Minor efficiency losses due to protective measures and short shutdowns of small sites

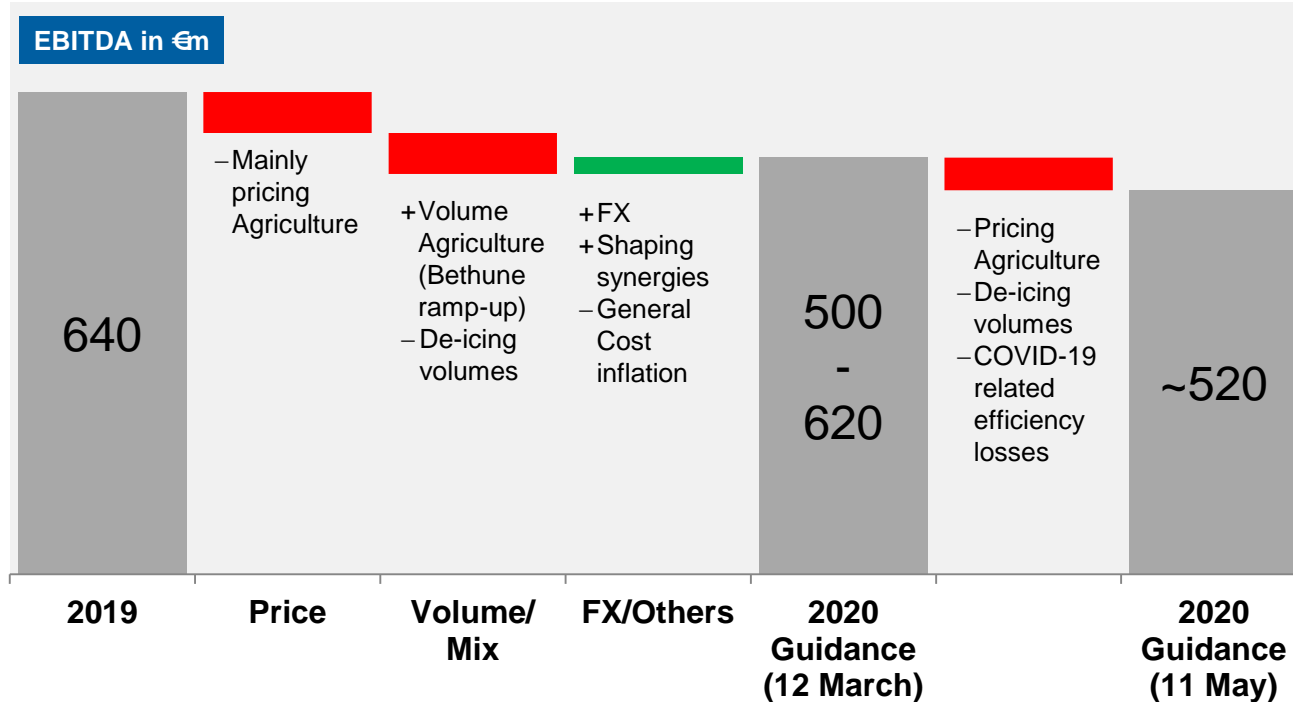


Financials

€million	Q1/19	Q1/20	%
Revenues	1,264	1,089	-14
<i>t/o Europe+</i>	692	645	-7
<i>t/o Americas</i>	571	444	-22
D&A	100	108	+8
EBITDA	270	201	-26
<i>t/o Europe+</i>	177	114	-36
<i>t/o Americas</i>	108	102	-5
Adj. net profit	108	26	-76
Adj. EPS (€)	0.56	0.13	-76
Operating cash flow	324	255	-21
Adj. FCF	233	204	-12
CapEx	73	88	+21
NFD/EBITDA (LTM)	4,6x	5,1x	-

Outlook 2020¹

¹Impacts from Corona-related shutdowns not included;
no effects from restructuring or sale of OU Americas included



Main assumptions

- FY/20 Agriculture ASP expected to be slightly above Q1/20 level (€239/t)
- Below average de-icing salt business across all regions
- Stable earnings for Industry and Consumer segment expected
- Positive Shaping effects should slightly overcompensate for cost inflation
- COVID-19-related efficiency losses due to protective measures

We expect free cash flow to be at **break even**

Appendix

Housekeeping Items / Financial Calendar

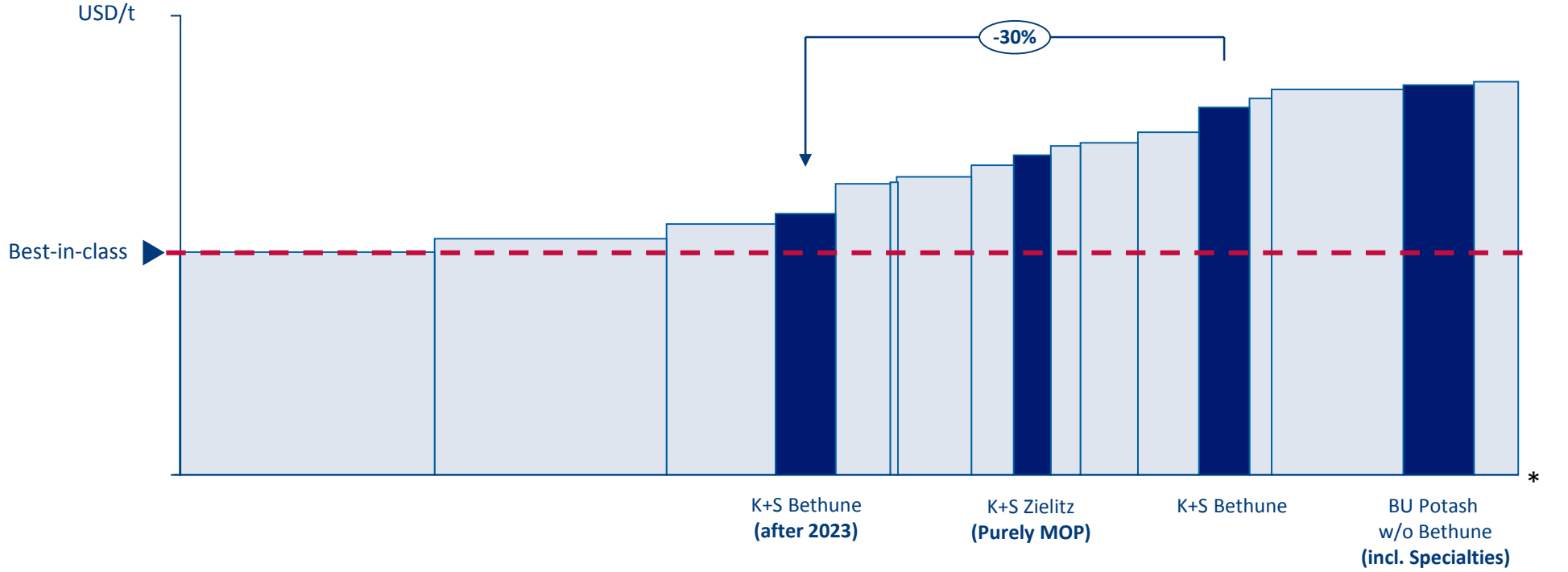
Additional information on Outlook FY 2020

- Tax rate: ~30%
- Financial result: ~€-140m-€-150m
- CapEx: significantly up
- D&A: ~€450m
- Reconciliation (EBITDA): €-60m to €-80m
- Customer segment Agriculture: Sales volume: >7.0mt (2019: 6.3mt)
- Customer segment Communities: Sales volume: ~8mt (2019: 12.7mt)

Financial Calendar

Virtual Roadshow, Frankfurt	12 May 2020
Virtual Roadshow, London	12 May 2020
BMO (virtual) Conference, NYC	14 May 2020
Virtual Roadshow, Boston	15 May 2020

Site costs (FOB) in comparison (2020)



Source: CRU Report 2016, K+S

* column width = production capability in million tonnes

The Bethune ramp-up to 2.86 million tons in the mid 2020s (production capability) significantly improves K+S's competitive position.

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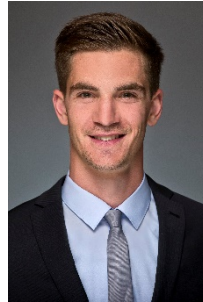
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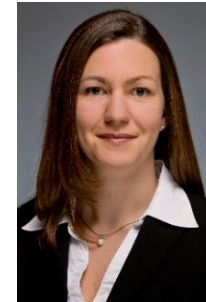
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