

21 - 24 September 2020

K+S Aktiengesellschaft

The logo for K+S Aktiengesellschaft, featuring the letters 'K+S' in a bold, white, sans-serif font. The letters are set against a dark blue rectangular background that is tilted slightly to the right. The 'K' and 'S' are connected by a thin white horizontal line.

Baader Investment Conference

Social contribution – operational measures



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
- Potassium fertilizers for the agricultural production of food
- Waste disposal services with underground recovery and disposal



We take care of health and safety of our employees

- Corona prevention teams established
- Shift times shortened and staggered
- Number of shift interactions reduced
- Additional disinfectant dispensers installed
- Rules of conduct sent to 3,000 suppliers

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

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- Sale process is proceeding according to plan so far despite current conditions with regards to Covid-19
 - Strong overall performance in H1 2020 despite mild winter mainly due to strong cost discipline, operational improvements, and optimal use of logistic network
 - Signing expected in 2020

K+S realignment is making progress



Target

Main target: all sites free cash flow positive even with a low potash price or weak winter business

- One important step is the development of a new organization based on an SG&A cost budget of EUR 140 million (EUR 60 million less than in 2019)



Approach

- One administrative level, less hierarchical levels
- Change from matrix to functional organization
- Elimination of dual functions
- Talks with labor representatives started
- Implementation by 01 January 2021

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

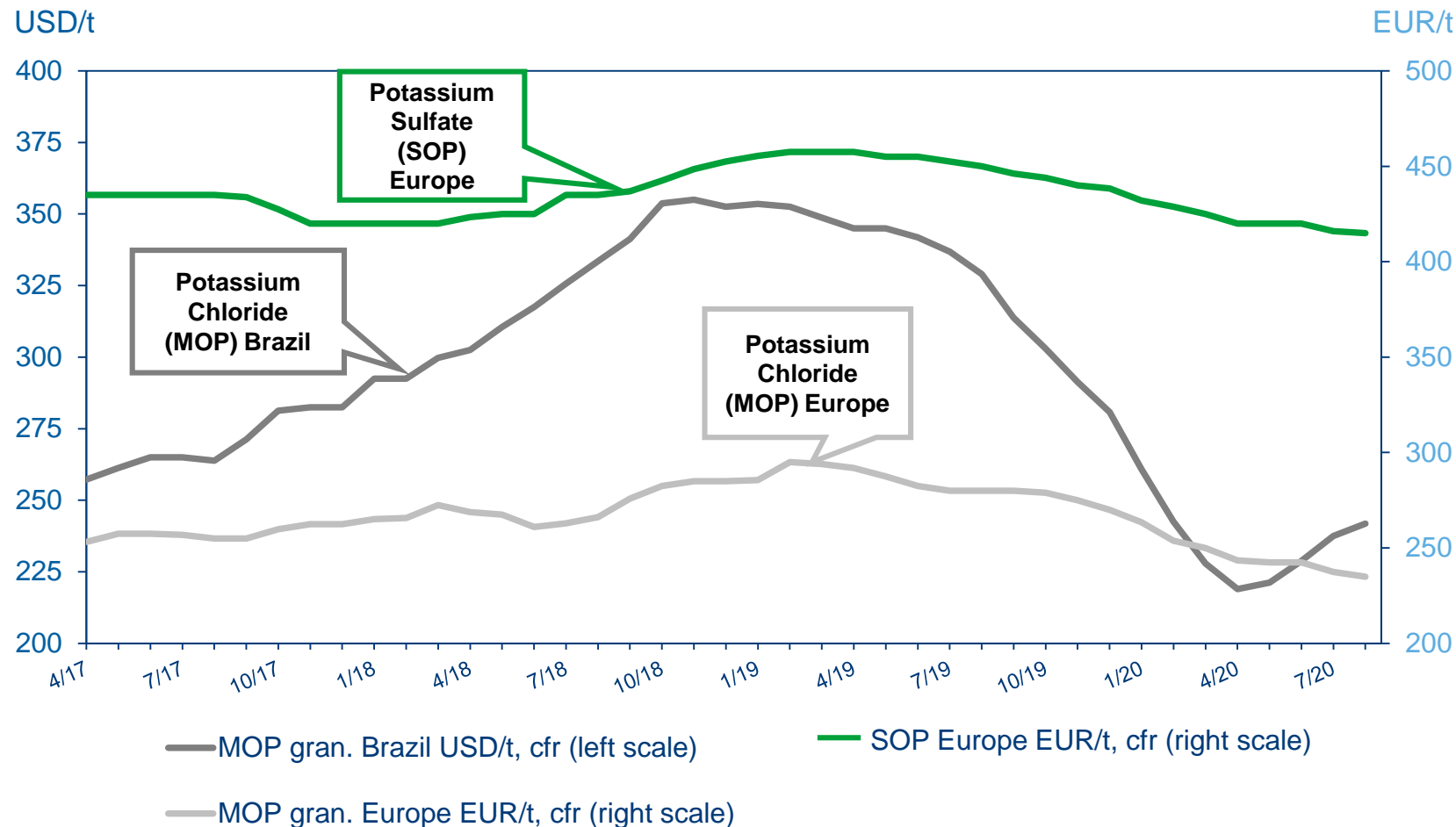
- Reduction of net financial liabilities by significantly more than €2 billion
- Stable cross over rating targeted

Current market assessment

Customer Segment Agriculture



Stable specialty business and regional diversification paying-off



Source: FMB Argus Potash

Q2/2020

- After signed contracts in China and India, product flow restarted into these markets
- Prices have bottomed out in Brazil on the back of very strong demand despite strong supply
- Still weak demand in SEA

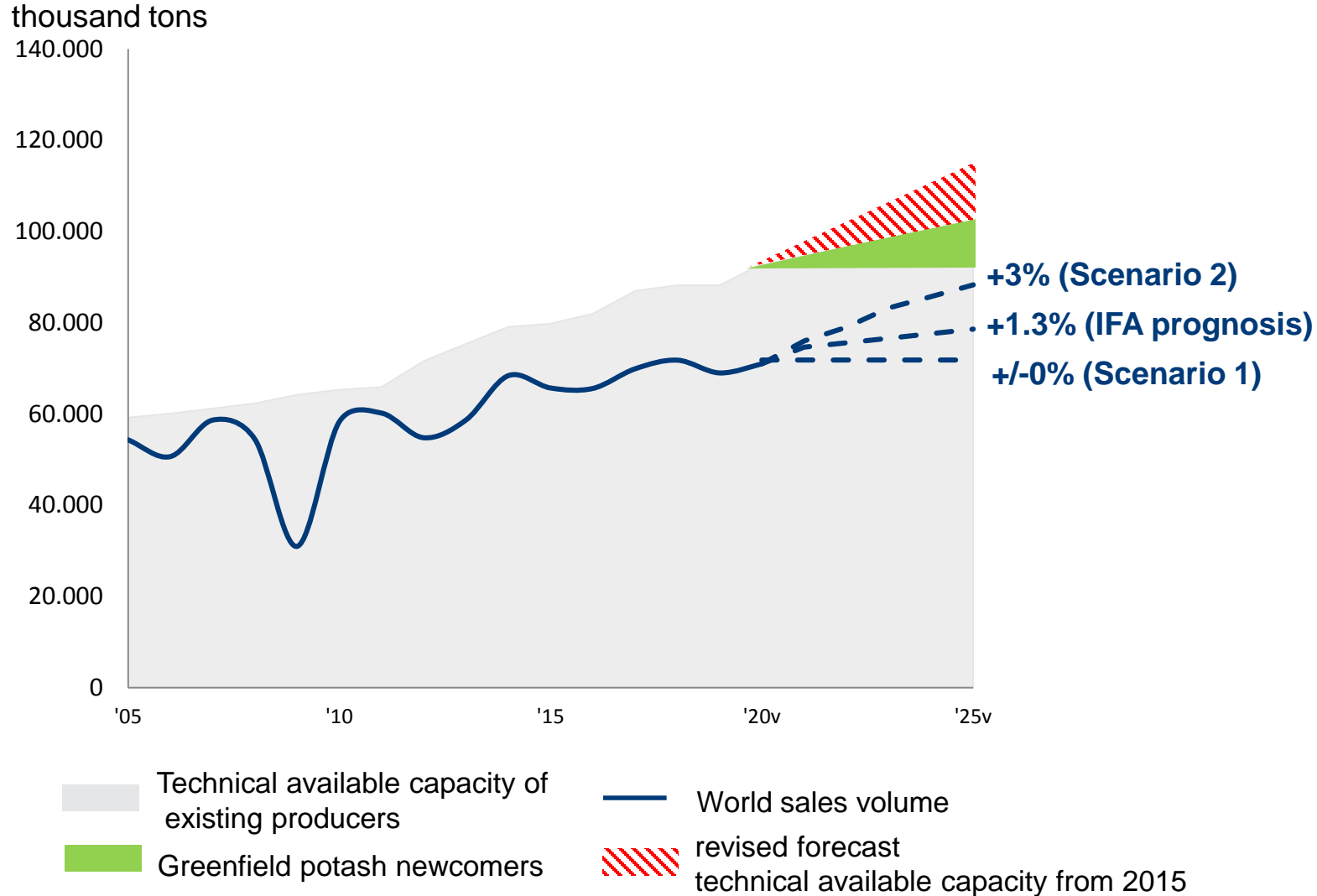
Outlook

- Price recovery in Brazil expected to continue
- This also alleviates pressure from European market

Customer Segment Agriculture



What is behind the greatly feared oversupply?



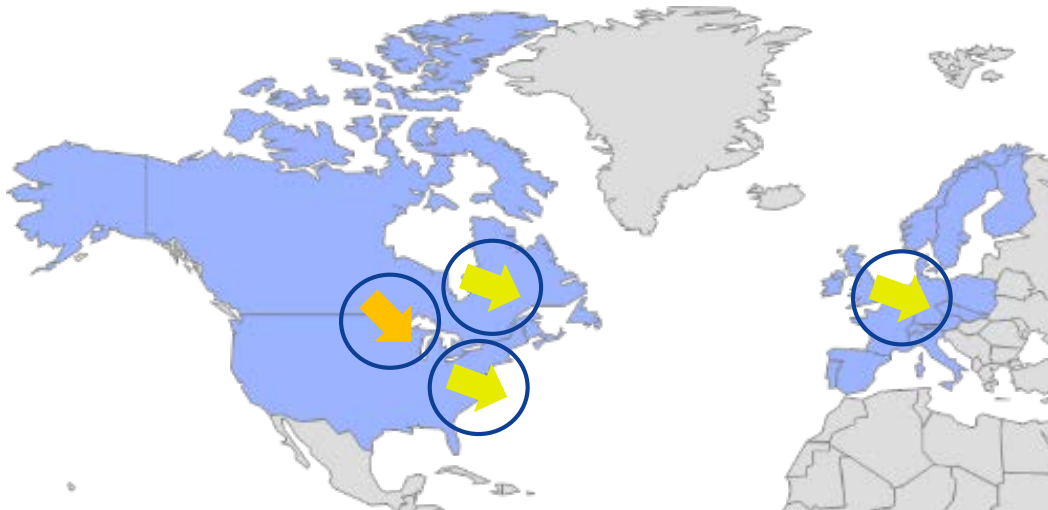
- Only 5 years ago, the technically available capacity in 2025 was estimated to be 12 million tons higher than today
- Even now, greenfield projects by potash newcomers will still account for a significant share of the total until 2025
- Non-utilization of capacity by existing producers not taken into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



Q2/20 update:

- Sales volume ~30% below previous year.

Outlook:

- High customer inventory levels
- However, multi-year contracts help us prevent stronger price declines
- Some contracts in higher price regions (e.g. Canada) already settled end of 2019
- For Q4/20 we expect prices to decline slightly to 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 potash/salt products supplying a broad variety of industries
- Examples:
 - Food salt for hotels and restaurants or chemical salt for the automotive industry as well as Oil & Gas salt negatively affected by COVID-19
 - Pharma salt and other sub segments showing positive trends

Consumers



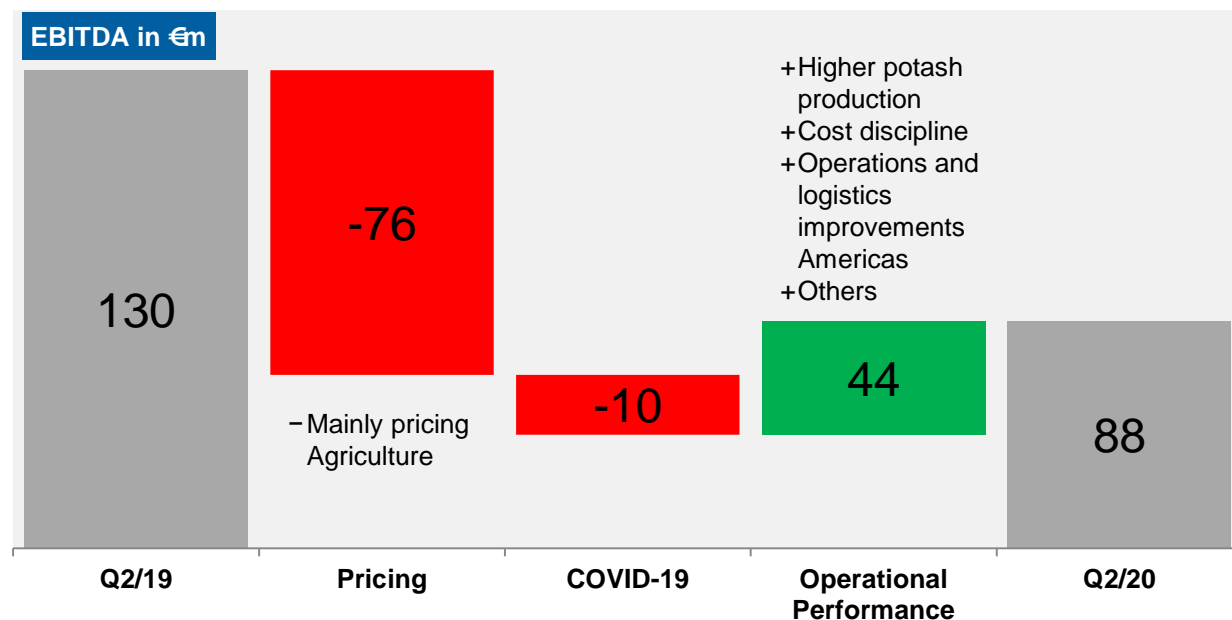
- Good progress in the rollout of the German premium table salt brand Saldoro®
- Strong performance in the Americas, with stable or growing volumes across categories
- Strong demand for water softening and pool salt

Financials

Solid Q2/20 EBITDA despite difficult market environment

Highlights

- Q2/20 EBITDA down to €88m (Q2/19: €130m)
- Adj. FCF €-43m in Q2/20
- COVID-19:** Minor efficiency losses due to protective measures and short shutdowns of small sites

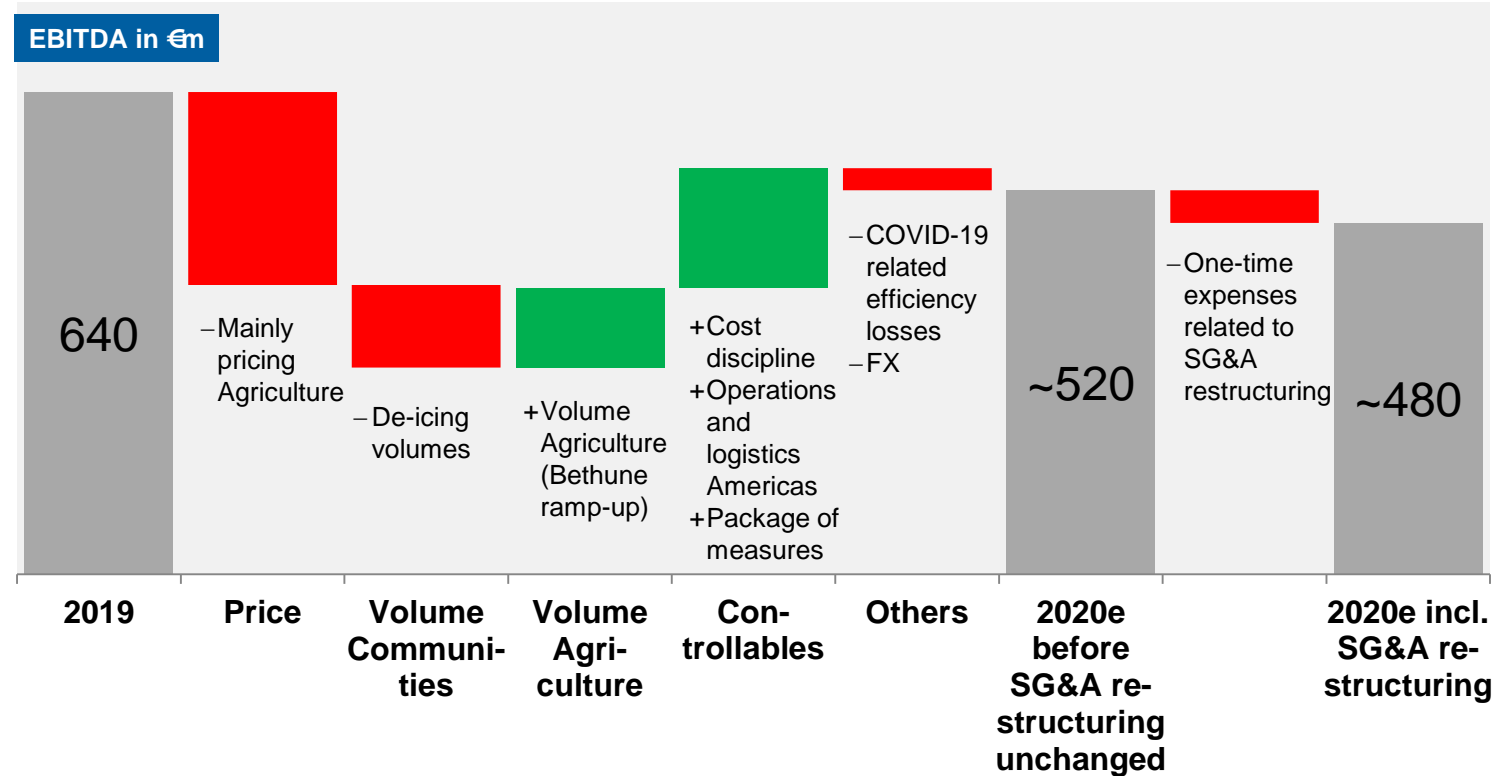


Financials

€million	Q2/2019	Q2/2020	%
Revenues	878	840	-4
<i>t/o Europe+</i>	627	588	-6
<i>t/o Americas</i>	251	251	-
D&A	104	118	+13
EBITDA	130	88	-32
<i>t/o Europe+</i>	128	69	-46
<i>t/o Americas</i>	14	38	-
Adj. net profit	3	-31	-
Adj. EPS (€)	0.01	-0.16	-
Operating cash flow	193	68	-65
Adj. FCF	102	-43	-
CapEx	93	119	+28
NFD/EBITDA (LTM)	4.4x	5.6x	-

Outlook 2020 confirmed¹

No effects from sale of OU Americas included



Main assumptions

- FY/20 Agriculture ASP expected to be slightly above Q2/20 level (€231/t)
- FY/20 Agriculture sales volume expected to be >7mt (2019: 6.3 mt)
- FY/20 Communities sales volume of 8 mt (normal year 12.5-13.0 mt); normal winter conditions in Q4
- COVID-19-related efficiency losses included for the remainder of the year; larger unforeseeable effects not assumed (e.g. shutdown)

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

We are making progress with the measures that are in our hands



Strong operational performance; widely COVID-19 robust



No wastewater-related issues in Germany



Bethune quality fulfills customers expectations; ramp-up according to plan



Active working capital management to secure liquidity



Package of measures making progress, e.g. optimization of logistics network



Improved liquidity headroom thanks to KfW credit facility



Signing for OU Americas sale expected this year



Realignment of the “New K+S” has started

Appendix

Housekeeping items / Financial calendar

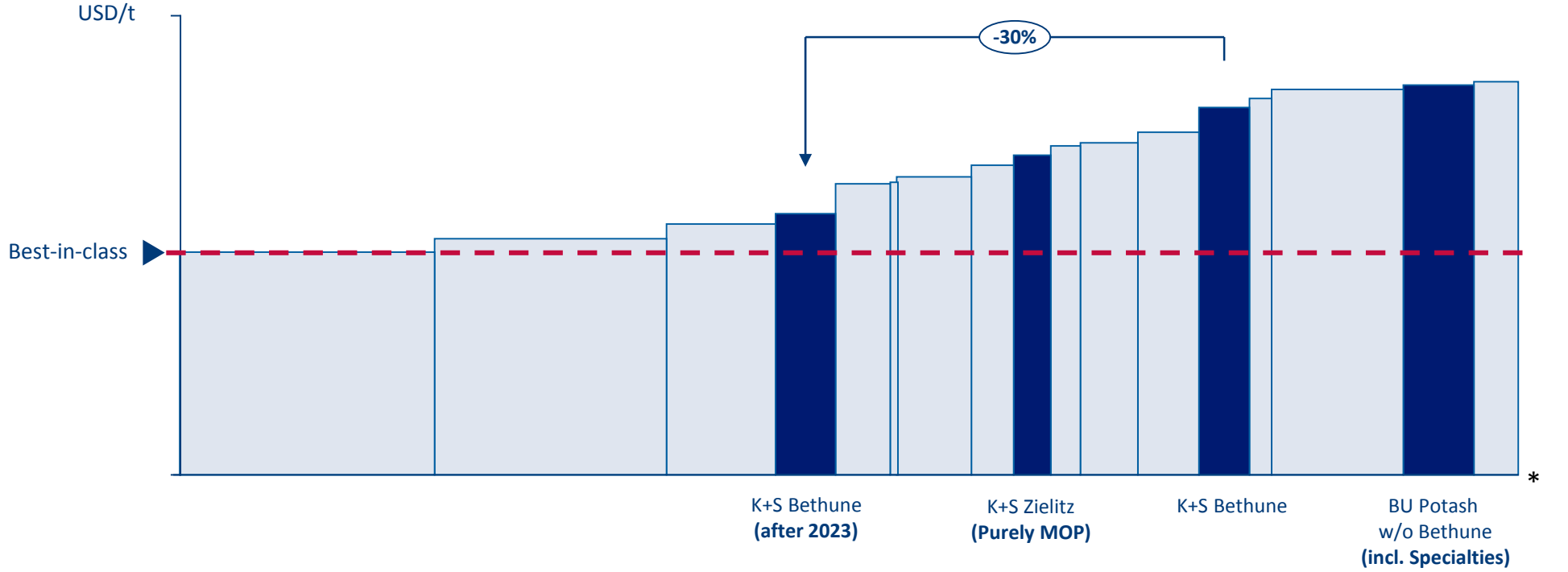
Additional information on FY 2020 outlook

- Tax rate: ~30%
- Financial result: ~€-140m-€-150m
- CapEx: significantly up
- D&A: ~€450m
- Reconciliation (EBITDA): €-80m to €-100m (including recon part of SG&A restructuring expenses)

Financial calendar

GS/Berenberg Ninth German Corporate Conference	21 Sep 2020
17th Annual Strategic Decisions CEO Conference Online	23 - 24 Sep 2020
Baader Investment Conference 2020	24 Sep 2020
Q3 2020 Earnings Release	12 Nov 2020

Site costs (FOB) in comparison (2020)



Source: CRU Report 2016, K+S

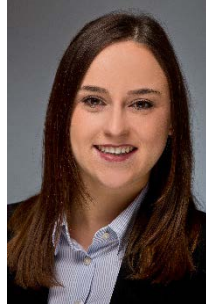
* column width = production capability in million tonnes

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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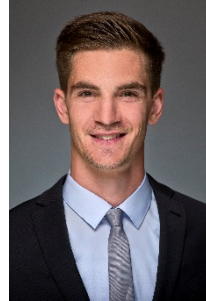
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