



12 March 2020

K+S Aktiengesellschaft

Analyst Conference

Financial Year 2019

Dr. Burkhard Lohr
CEO

Thorsten Boeckers
CFO



New focus

- Complete sale of OU Americas
- Comprehensive realignment and restructuring of K+S
- Noticeable cost reduction
- Advanced efficiency and productivity measures
- Future-oriented solutions in the environmental sector
- Sustainable positive free cash flow contribution from all sites

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

Complete Sale OU Americas



Unique position in the salt market

- Leading brands with high emotional customer loyalty
- Established customer-oriented network with 28 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
 - Initial talks held
 - Investment banks mandated
 - Signing expected in 2020

Restructuring and crystallizing values



- **Bethune is an integral part of the company's future asset sale currently **not planned****
- Restructuring of administrative functions
- Focus on the core business by selling non-core activities (e.g. Sale of Baltic Train or K+S Entsorgung Schweiz)
- Future-oriented solutions in the environmental sector
- Capital expenditure under review
- Sustained positive free cash flows at all German production sites

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



Most important work done



Increased product quality in Bethune



Avoided shutdowns caused by wastewater



Generated significant positive free cash flow



Leveraged synergies of EUR >100 million



Deterioration of conditions in the second half of the year



Sluggish demand for potassium chloride overseas



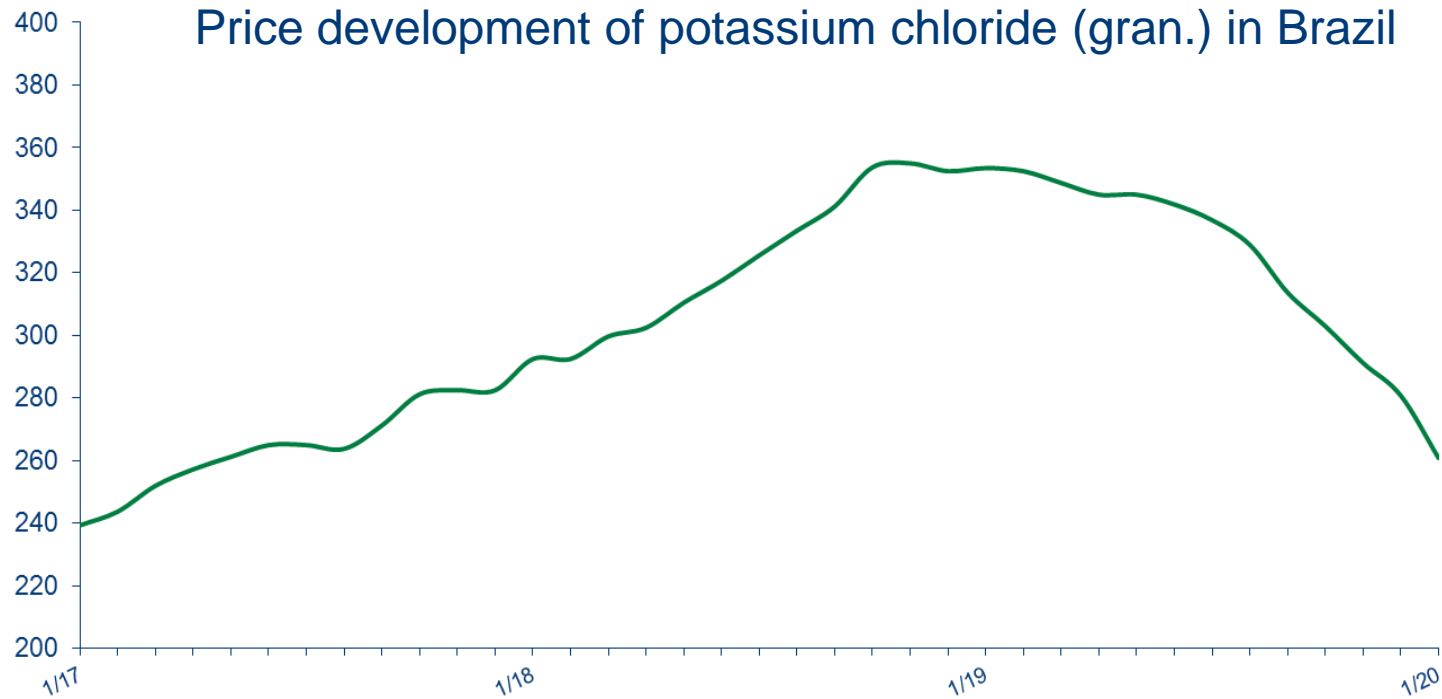
Production cutbacks in the entire potash industry



Winter below expectations

Difficult business environment for potassium chloride

USD/t



Source: Argus Media FMB

H1 2019

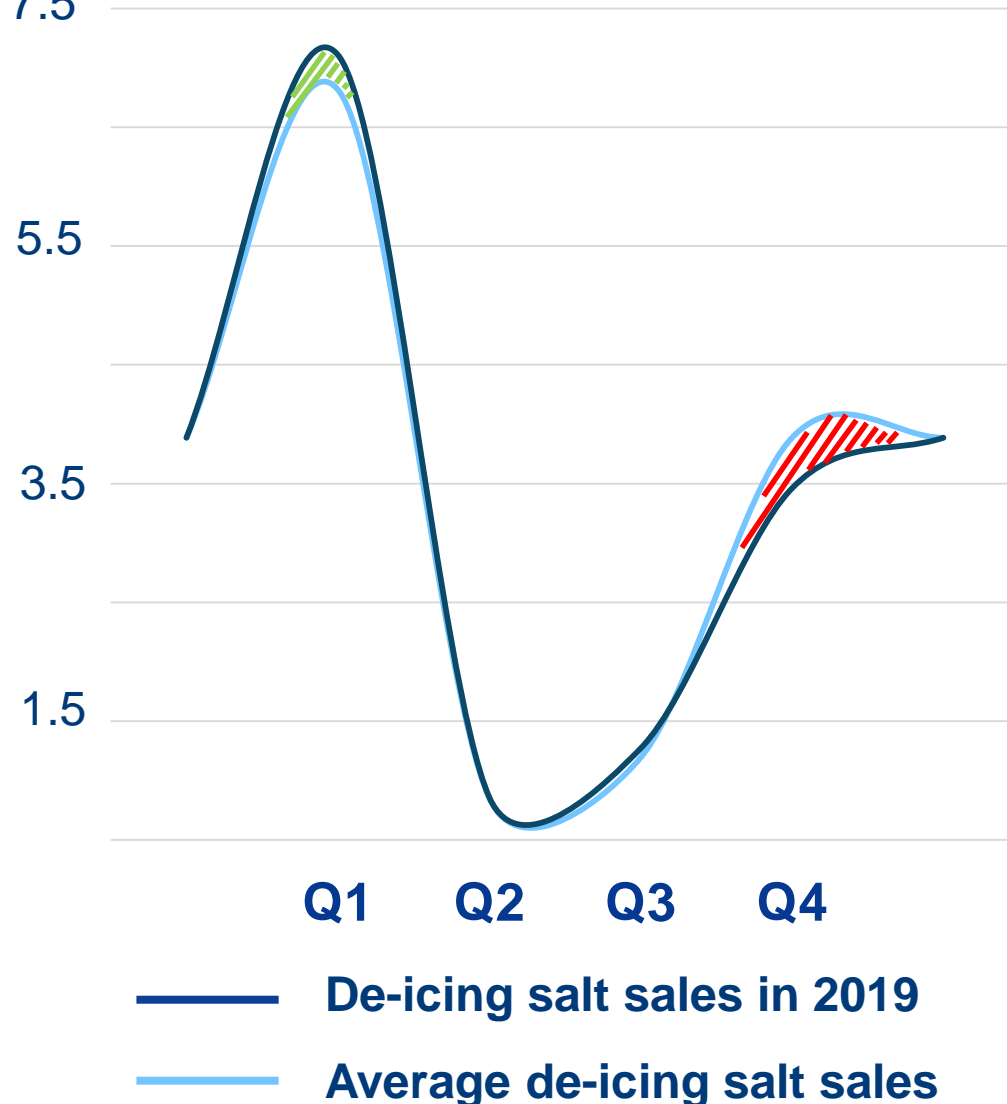
- Good global demand for potassium chloride despite unfavorable weather conditions; almost stable price level after significant increases in the course of 2018

H2 2019

- Persistent geopolitical turbulence
- Temporary import stop in China
- Subdued overseas demand for potassium chloride and, as a result, price decreases
- **Own production cuts of 0.6 million tonnes, potash industry 3-4 million tonnes**

Winter above average in Q1, below average in Q4

Million t 7.5



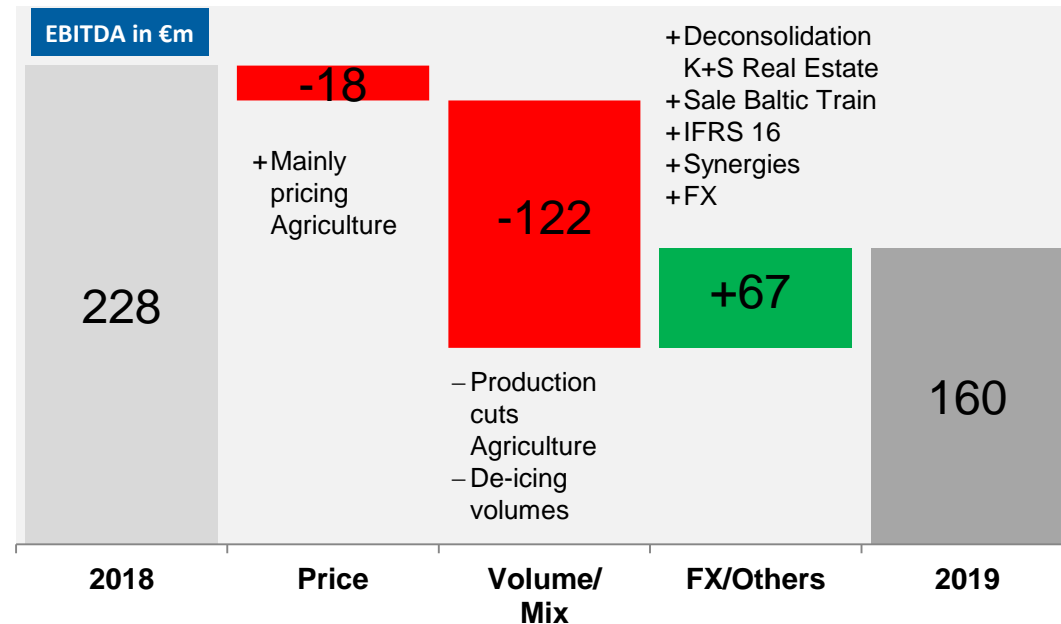
- Normal winter: Sales of de-icing salt between 12.5 and 13.0 million tonnes
- 2019: Sales of 12.7 million tonnes
- Winter business in Q1 above average; in Q4, however, below normal year (mainly Europe)
- EBITDA effect: about EUR -10 million in Q4 2019 compared to our estimate in November

Financial figures 2019

Q4 and FY/2019 at a glance

Highlights

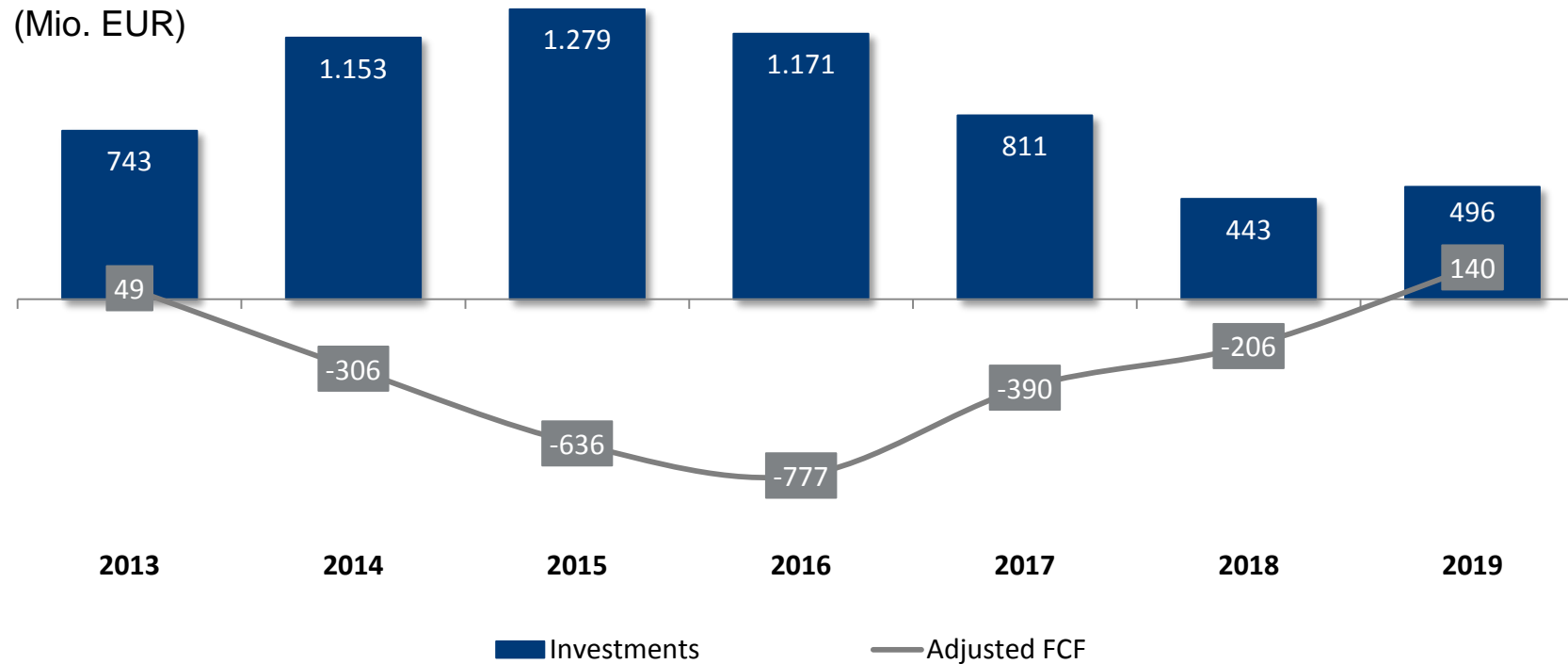
- Q4/19 **EBITDA** down to € 160m (2018: € 228m)
- FCF** plus € 83m from € -147m to € -64m in 2019
- NFD/EBITDA** with 4.9x improved (31/12/18: 5.3x)
- Dividend proposal** 0.15ct per share



Financials

€ million	Q4/18	Q4/19	%	FY/18	FY/19	%
Revenues	1,217	1,024	-16	4,039	4,071	+1
<i>t/o Europe+</i>	783	596	-20	2,585	2,536	-2
<i>t/o Americas</i>	433	427	+13	1,451	1,532	+6
D&A	103	103	-14	379	432	+14
EBITDA	228	160	-30	606	640	+6
<i>t/o Europe+</i>	166	64	-61	443	437	-1
<i>t/o Americas</i>	75	83	+11	230	230	-
Adj. net profit	72	9	-	85	78	-8
Adj. EPS (€)	0,38	0,05	-	0,45	0,41	-9
Operating cash flow	33	130	-	309	640	-
Adj. FCF	-147	-64	-	-206	140	-
CapEx	165	183	+11	443	493	+11
NFD/EBITDA (LTM)	-	-	-	5,3x	4,9x	-

Clearly positive free cash flow generated



- Construction of the new Bethune potash plant from 2011 to 2017
- Around EUR 1 billion environmental investment over the last 8 years
- 2019: High capex discipline and improved working capital management lead to clearly positive free cash flow

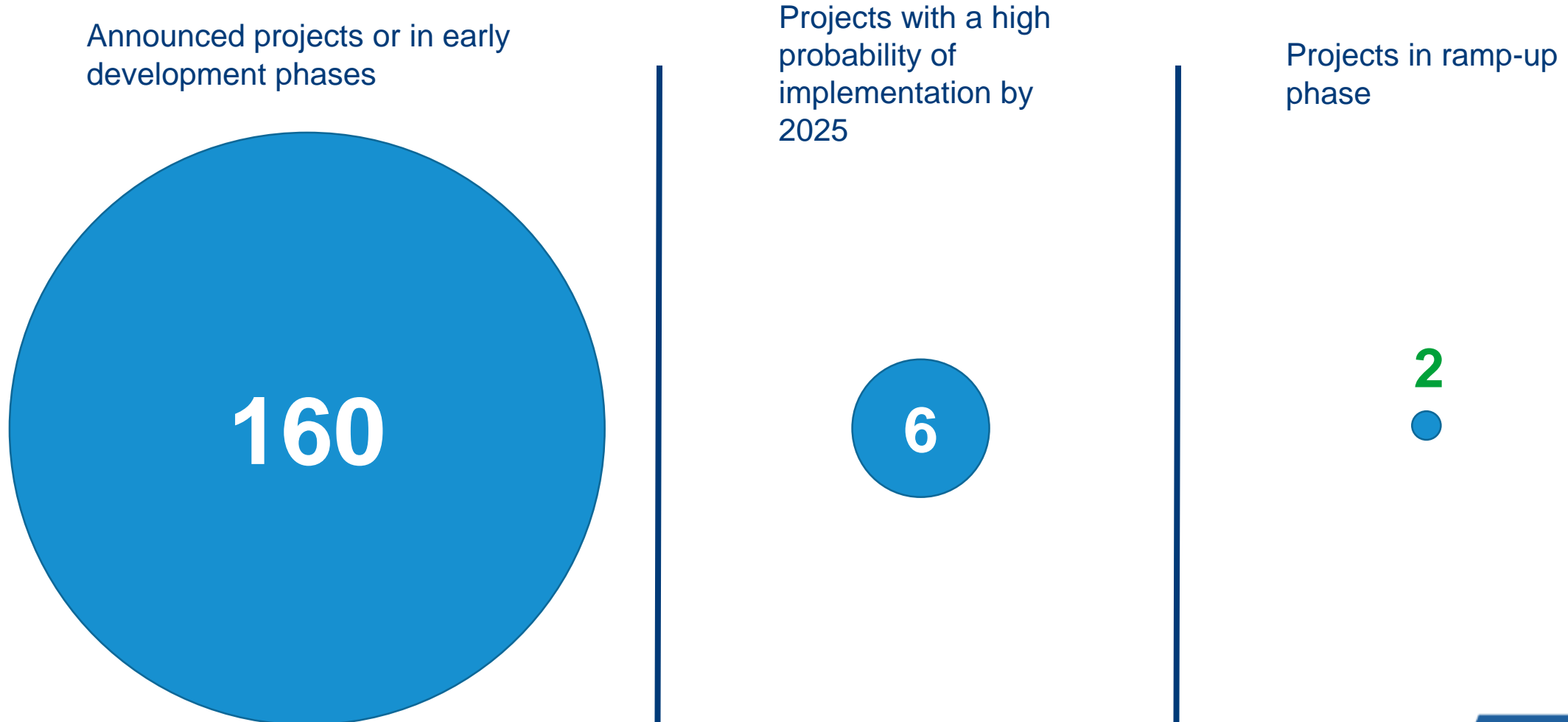
Promise of positive free cash flow from October 2017 fulfilled!

Current market assessment



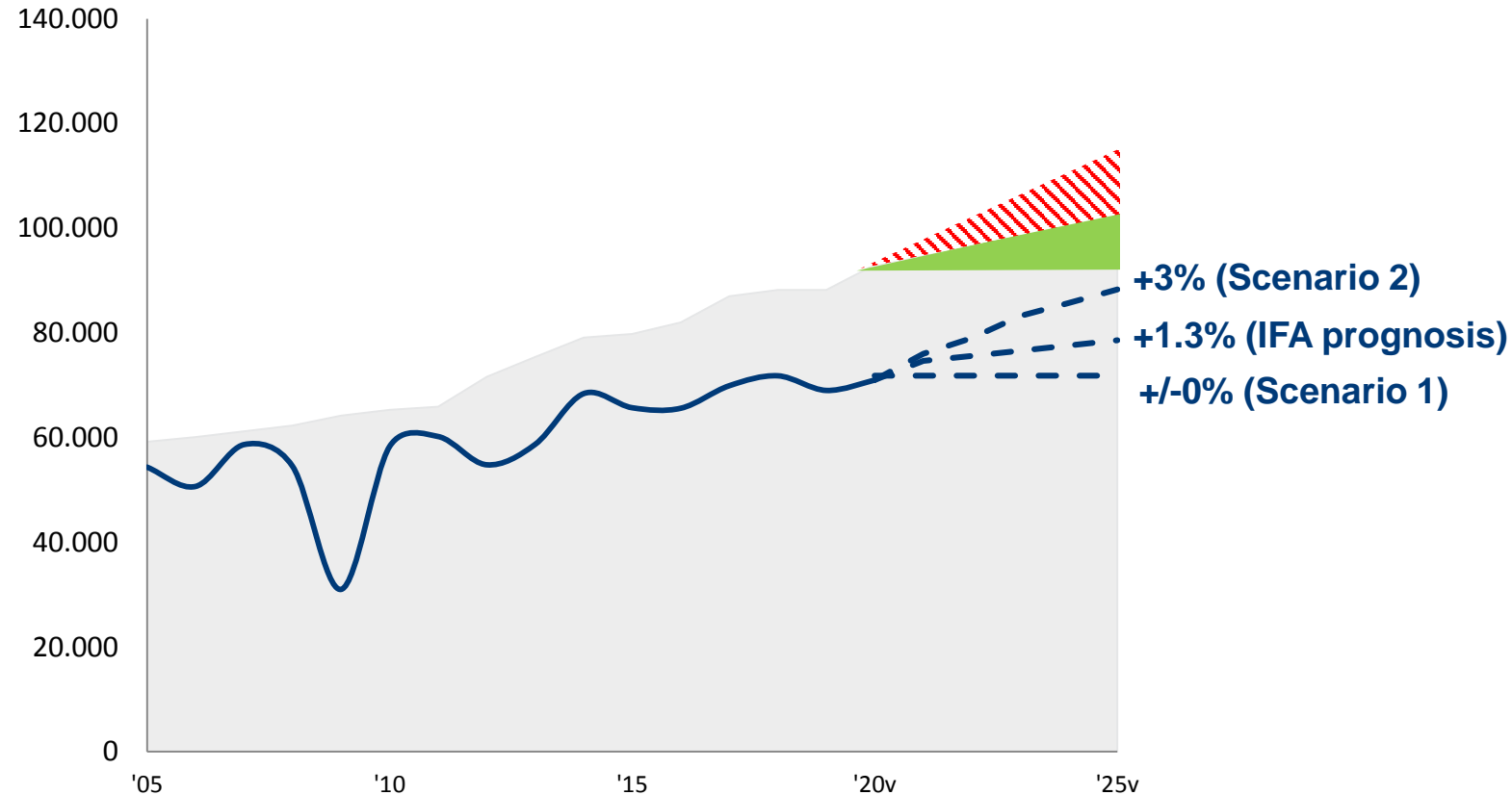
Between plan and reality

Classification of potash projects announced since 2006 (Greenfield)



What is behind the greatly feared oversupply?

thousand tonnes



- Only 5 years ago, the technically available capacity in 2025 was estimated to be 12 million tonnes 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

Technical available capacity of existing producers
 Greenfield potash newcomers
 Revenue
 revised forecast technical available capacity from 2015

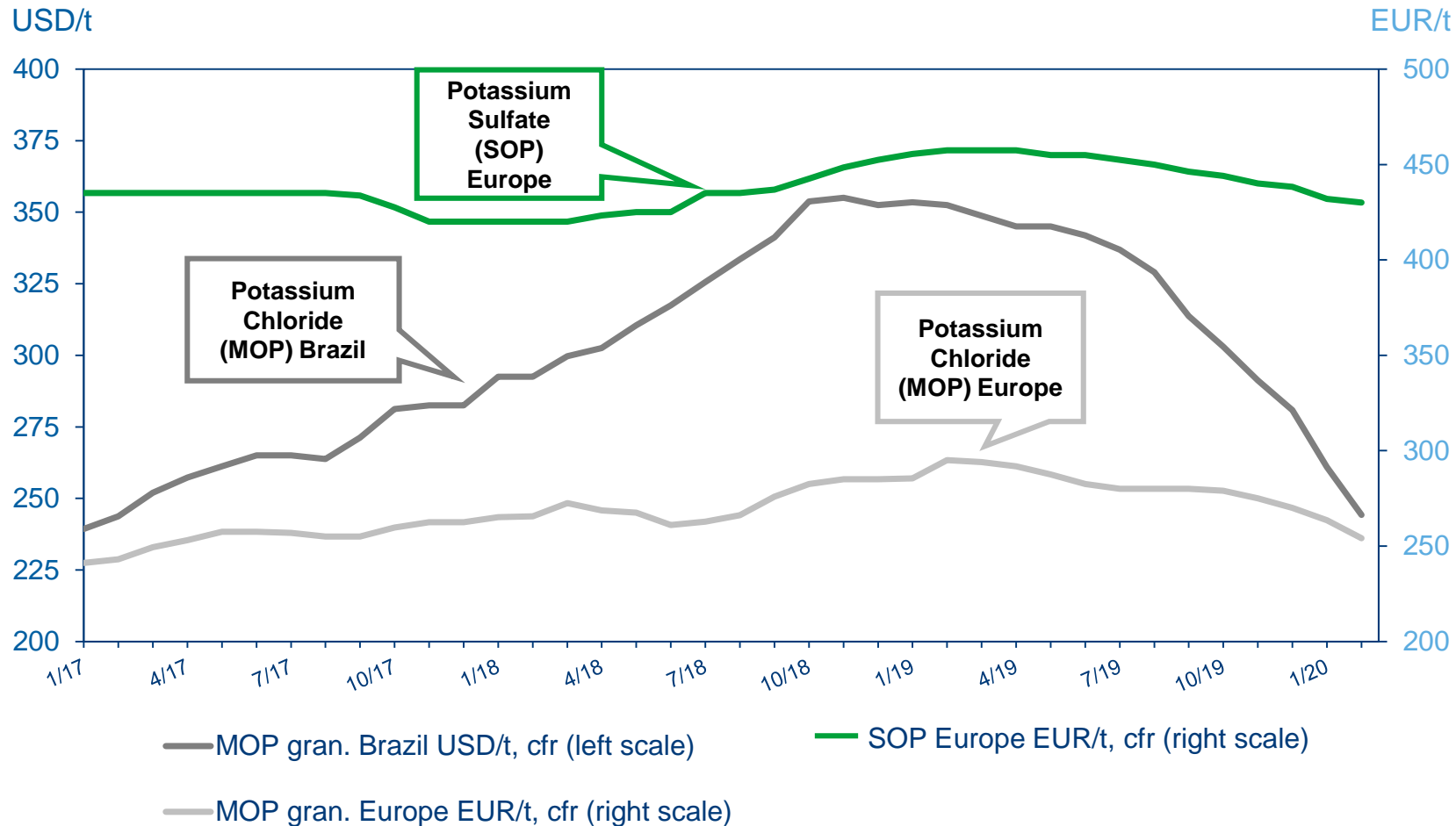
Source: IFA, K+S; including potassium sulfate and potash varieties with a lower K₂O content of about 5 million tonnes eff.

Good conditions for the fertilizing season 2020



- Demand for cereals increases and fertilization remains essential to increase yields
- Grain prices remain at an attractive level and should lead to an expansion of acreage in North America and Brazil in 2020
- Agricultural sector largely in good financial condition
- Reduction of stocks and positive purchase incentives for fertilizers in 2020

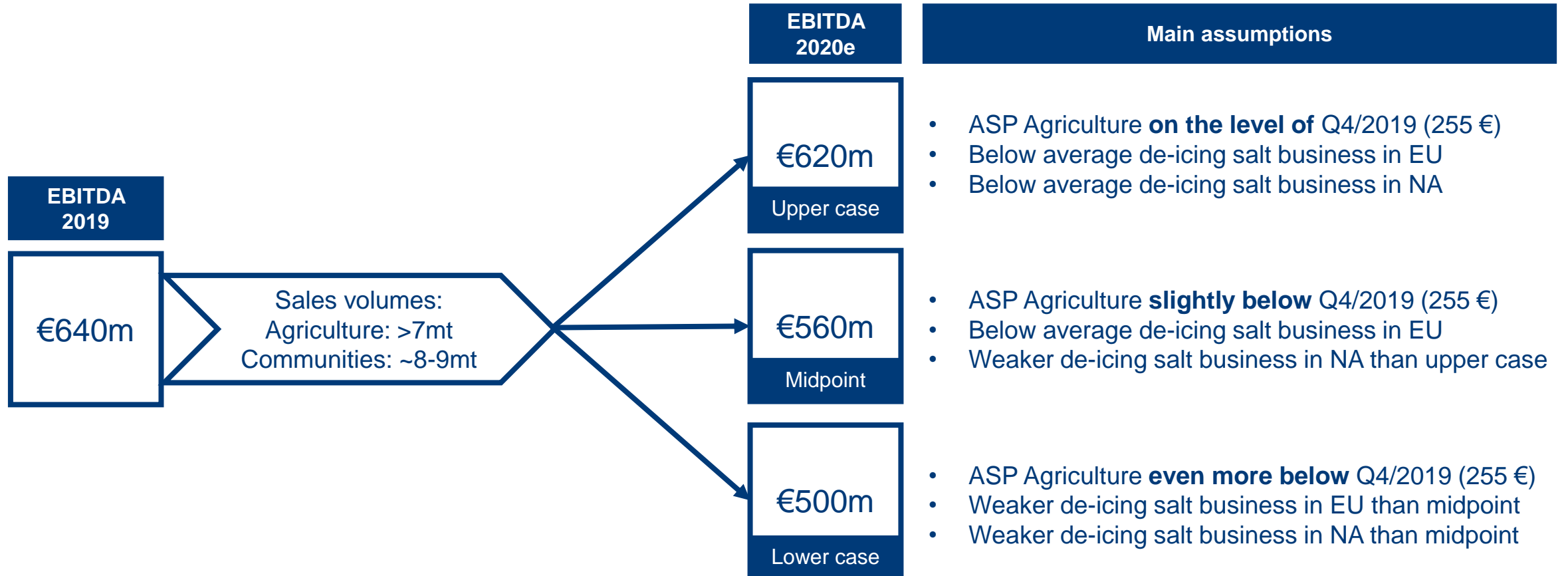
Stable speciality and regional diversification pays off



- Our unique German deposits enable a broad product portfolio in the customer segment agriculture
- Higher value specialty products (SOP) significantly more stable than potassium chloride
- Domestic market Europe significantly more stable

Quelle: FMB Argus Potash

Outlook 2020¹



- Stable earnings for **Industry** and **Consumer** segment expected
- Positive **Shaping** effects should slightly overcompensate for cost inflation
- We expect free cash flow to **break more or less even** at the midpoint of the EBITDA range

Summary

- Reduction of net debt by significantly more than € 2 billion by the end of 2021
- Solid financial basis for sustainable growth
- Lean and performance-oriented producer of fertilizers
- Prerequisite for global growth and expansion of the profitable specialty business
 - Fertigation
 - Pharmaceutical and industrial products
 - Growth markets Africa and Asia

Admission in the DAX[®] 50 ESG

The DAX[®] 50 ESG tracks the performance of the 50 largest, most liquid German market stocks that have comparably good performance based on their Environmental, Social and Governance criteria.



Sustainability KPIs and targets 2030

Environment 

People 

Business Ethics 

- Environmental peace achieved
- Round table with FGG Weser
- Goal to provide a healthy and safe working environment
- Supplier code of conduct implemented
- Long term management bonus will be linked to the achievement of sustainability goals

We consider sustainability as a key factor to maintain our license to operate

Q&A

Dr. Burkhard Lohr
CEO

Thorsten Boeckers
CFO

The logo for K+S, 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 logo is positioned in the bottom right corner of the slide, overlapping the white background area.

IR Contact Details



Dirk Neumann

Head of Investor Relations

Phone: +49 561 / 9301-1460
Fax: +49 561 / 9301-2425
d.neumann@k-plus-s.com



Christiane Martel

Roadshow Management

Phone: +49 561 / 9301-1100
Fax: +49 561 / 9301-2425
christiane.martel@k-plus-s.com

K+S Aktiengesellschaft

Bertha-von-Suttner-Str. 7
34131 Kassel (Germany)

e-mail: investor-relations@k-plus-s.com

homepage: www.kpluss.com

IR-website: www.kpluss.com/ir



Julia Bock, CFA

Senior Investor Relations Manager

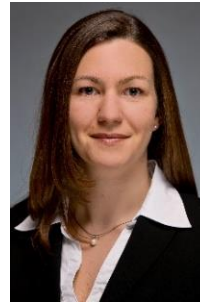
Phone: +49 561 / 9301-1009
Fax: +49 561 / 9301-2425
julia.bock@k-plus-s.com



Alexander Enge

Investor Relations Manager

Phone: +49 561 / 9301-1885
Fax: +49 561 / 9301-2425
alexander.enge@k-plus-s.com



Janina Rochell

Investor Relations Manager

Phone: +49 561 / 9301-1403
Fax: +49 561 / 9301-2425
Janina.rochell@k-plus-s.com

Housekeeping Items / Financial Calendar

Additional information on Outlook FY 2020

- Tax rate: ~30%
- Financial result: ~€-130
- 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: ~8-9mt (2019: 12.7mt)

Financial Calendar

Roadshow, Frankfurt	13 March 2020
Goldman Sachs Annual European Chemicals Conference, London	13 March 2020
Bankhaus Lampe Deutschlandkonferenz, Baden Baden	25 March 2020
Börsentag, Munich	28 March 2020

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