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K+S Aktiengesellschaft

Q4/2022 Results

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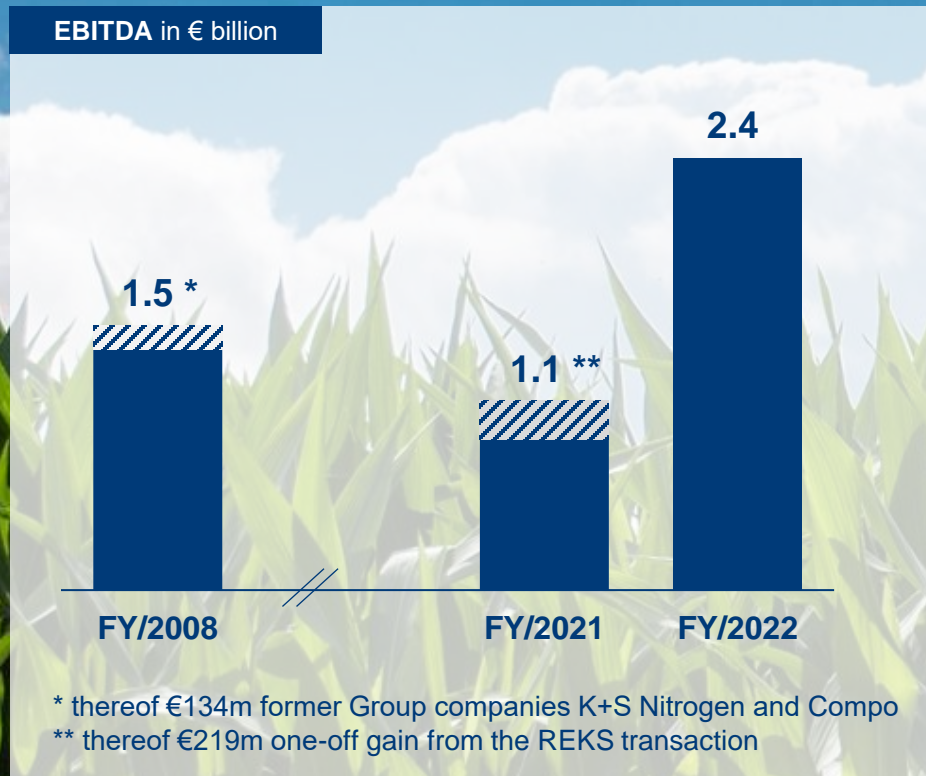
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Best EBITDA in K+S' history

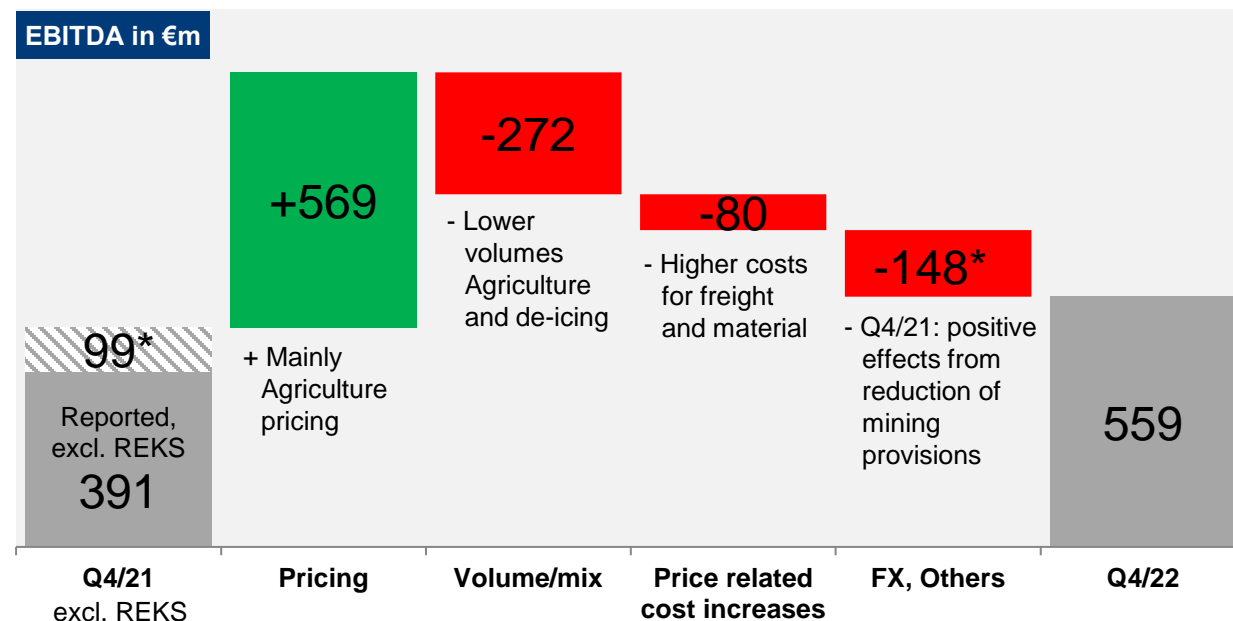
previous best-ever FY EBITDA of 2008
exceeded by about €1 billion



Q4/22 EBITDA increased YoY

Highlights

- Q4/22 EBITDA increased to €559m (Q4/21: €490m; excl. REKS gain)
- Still stressed logistics system, two postponed ships in CA due to weather and a **wait-and-see attitude** on the part of the customers main explanations for reduction in sales volumes
- FY FCF at €1.2b (FY/21: €0.2b) excl. one-offs from factoring and CO₂
- Adj. net profit increased to €366m (Q4/21: €255m; without reversal of impairment losses and REKS gain)



Financials

€ million	Q4/2021	Q4/2022	%
Revenues	1,069	1,484	+39
<i>t/o Agriculture</i>	800	1,115	+39
<i>t/o Industry+</i>	269	370	+38
EBITDA; <i>excl. one-off effect REKS in PY</i>	490	559	+14
Scheduled D&A	86	125	+45
Adj. net profit; <i>excl. impairment and one-off effect REKS in PY</i>	255	366	+ 7
Adj. EPS (€); <i>excl. impairment and one-off effect REKS in PY</i>	1.33	1.92	+ 7
ROCE (LTM; %); <i>excl. impairment and one-off effect REKS in PY</i>	9	26	> +100
Operating cash flow	252	251	-
Adj. FCF; <i>excl. one-off effects (REKS PY, CO₂, factoring)</i>	184	119	-36
Capex	112	163	+46
NFD/EBITDA (LTM)	0.6x	- *	-

* since Q3/2022: net financial asset position

4 * subsequent adjustment of PY EBITDA due to reversal effects of mining provisions now being recorded in EBITDA with positive effect; corresponding offsetting item recognized in interest expense and therefore financial result



Strong increase of natural gas price during 2022

- Due to our long-term supply contracts, 90% of our natural gas demand in Europe (6 TWh) were hedged at around 40 €/MWh.
- Compared to the average TTF natural gas price of about 120 €/MWh in 2022, we saved more than €400 million of opex.
- Hedging ratio of 90% for 2023 at about 50 €/MWh; >70% for 2024 at about 40 €/MWh; c.10% for 2025

We will **not make use** of the **German gas price cap** and thus:

Full ability to pay dividends is maintained

Even if gas prices rise above the cap, we will not experience any significant negative impact due to our forward-looking hedging strategy.

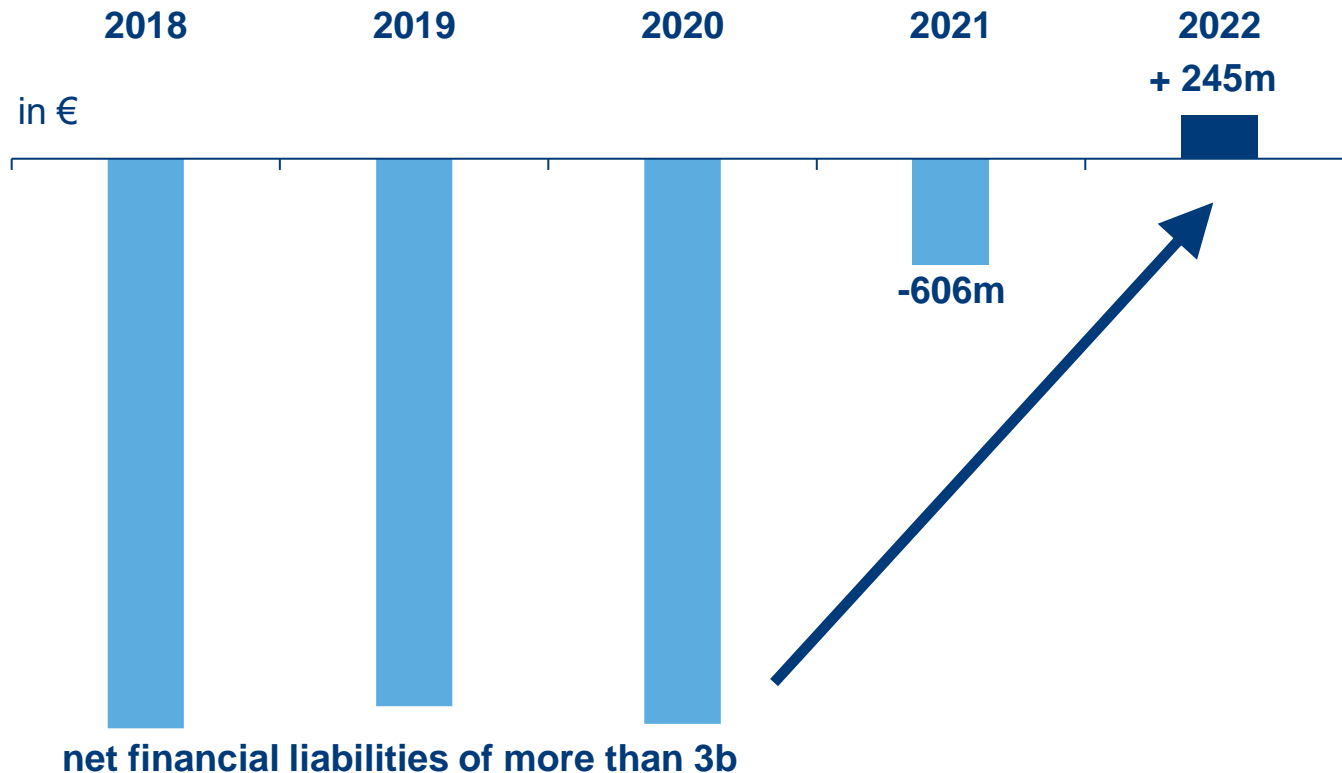
Further increase of ASP in Agriculture customer segment

Development of revenues, sales volumes, and average prices by region

		Q1/2021	Q2/2021	Q3/2021	Q4/2021	2021	Q1/2022	Q2/2022	Q3/2022	Q4/2022	2022
Revenues	€ million	469.0	473.7	529.1	800.3	2,272.1	944.1	1,244.2	1,162.8	1,114.6	4,465.6
Europe	€ million	250.6	202.1	200.5	297.7	950.9	349.9	543.0	372.0	406.8	1,671.6
Overseas	USD million	263.1	327.5	387.4	584.5	1,562.5	666.5	746.5	796.3	722.3	2,931.6
Potassium chloride	€ million	252.5	278.1	324.4	494.3	1,349.3	625.3	849.2	779.5	722.5	2,976.5
Fertilizer specialties	€ million	216.5	195.6	204.7	306.0	922.8	318.8	395.0	383.3	392.1	1,489.2
Sales volumes	million tonnes eff.	2.01	1.89	1.76	1.96	7.62	1.79	1.87	1.56	1.89	7.11
Europe	million tonnes eff.	0.97	0.77	0.69	0.80	3.23	0.76	0.84	0.55	0.66	2.81
Overseas	million tonnes eff.	1.04	1.12	1.07	1.16	4.39	1.03	1.03	1.01	1.23	4.30
Potassium chloride	million tonnes eff.	1.24	1.21	1.09	1.14	4.69	1.11	1.18	0.95	1.20	4.44
Fertilizer specialties	million tonnes eff.	0.77	0.68	0.67	0.81	2.94	0.69	0.69	0.61	0.68	2.67
Average price	€/tonne eff.	233.3	250.0	300.6	407.6	298.0	527.0	663.9	744.5	592.2	628.1
Europe	€/tonne eff.	258.4	263.8	289.9	372.1	294.4	462.1	640.7	675.9	617.7	594.1
Overseas	USD/tonne eff.	253.0	292.8	362.6	503.9	356.0	644.3	727.2	787.3	585.6	682.4
Potassium chloride	€/tonne eff.	204.4	229.7	297.6	432.4	287.9	565.3	718.9	822.7	602.1	670.4
Fertilizer specialties	€/tonne eff.	285.3	286.0	305.5	376.6	314.2	465.0	570.2	623.9	576.6	557.8

Net financial liabilities turned into a net financial asset position

Net financial liabilities (-); net financial assets (+)



- Net financial liabilities significantly reduced in 2021, following the sale of the Americas business
- High cash flows from favorable market conditions led to the net financial asset position in 2022
- Target: rating in investment grade range

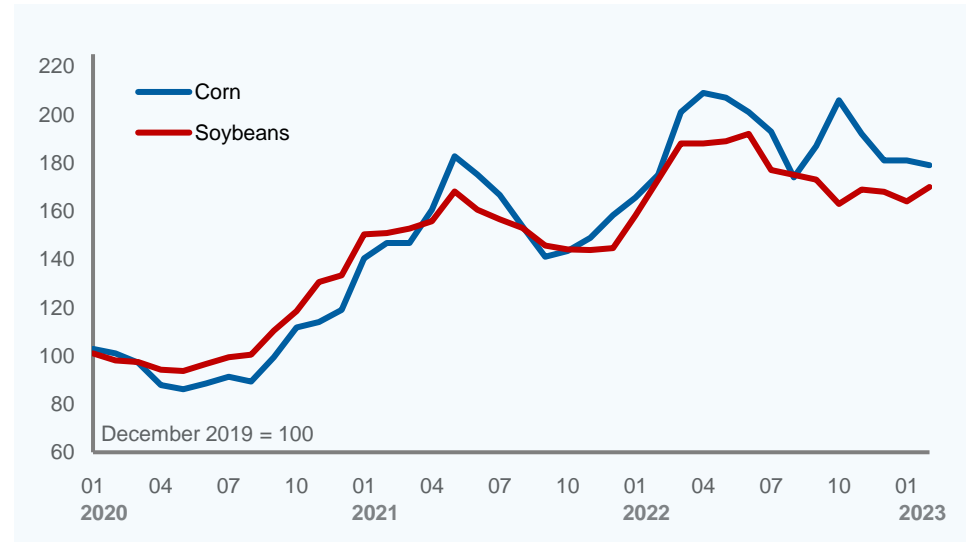
For the years 2018 and 2019, the figures relate to the continuing and discontinued operations of the K+S Group; from 2020 onwards, the figures relate to the continuing operations of the K+S Group.

Outlook

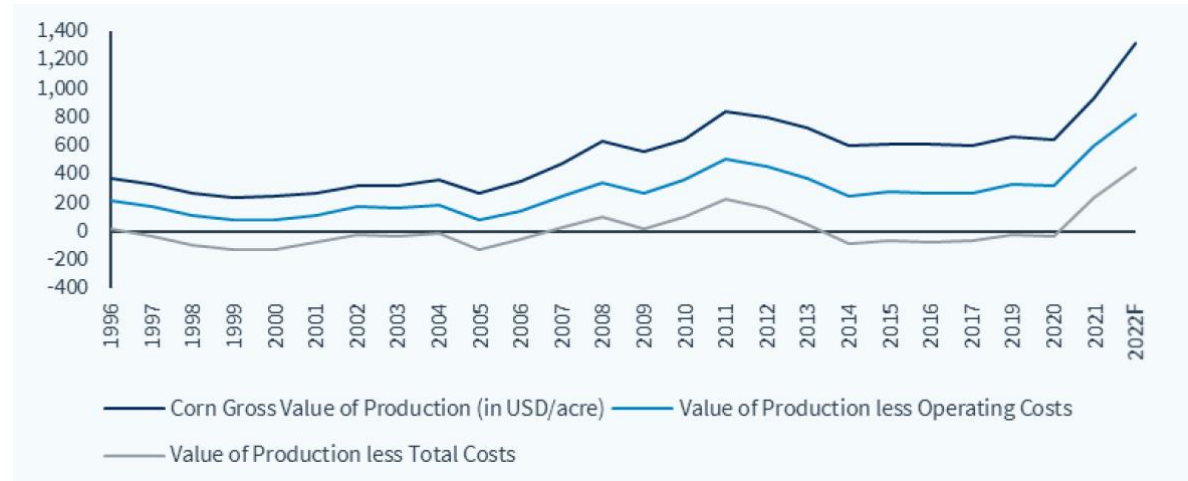


Low stocks-to-use ratios and unfavorable climate around the world keep agricultural commodity prices up and farmer profitability at high level

Price development of important agricultural commodities since 01/2020



US corn farmer profitability in USD/acre since 01/1996



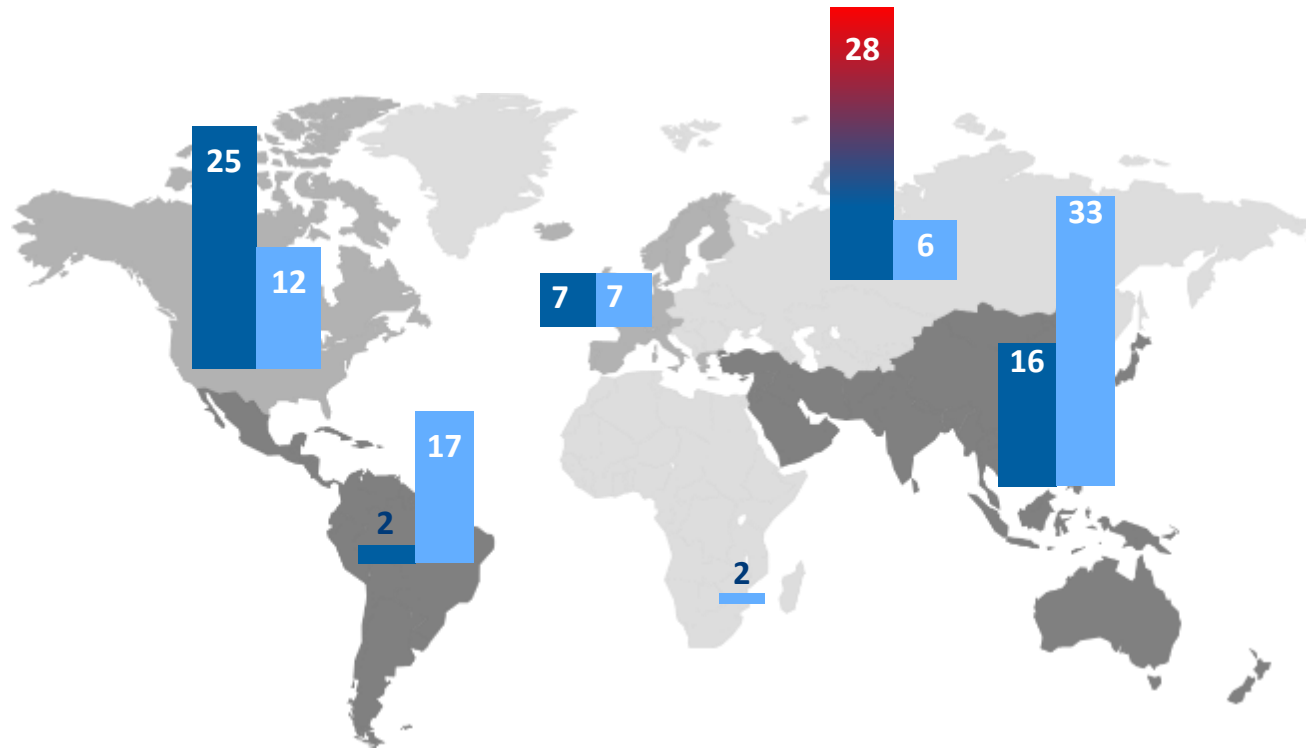
Source: USDA, Kepler Cheuvreux

Source: Worldbank

- Sharp increase in crop prices significantly exceeds higher input costs; leading to farmer profitability at all-time highs in some regions
- Potash expenses account for only ~5% of total input costs

World potash production and sales volumes by region

in million tonnes



- Even before limitation of Russian exports and sanctions against Belarus, the potash market was fully used at capacity limit.
- Russia and Belarus each account for approx. 16% of global potash production.
- Most of the capacity expansion projects came from Russian potash producers.
- 28% of global *wheat* exports come from Russia and Ukraine.

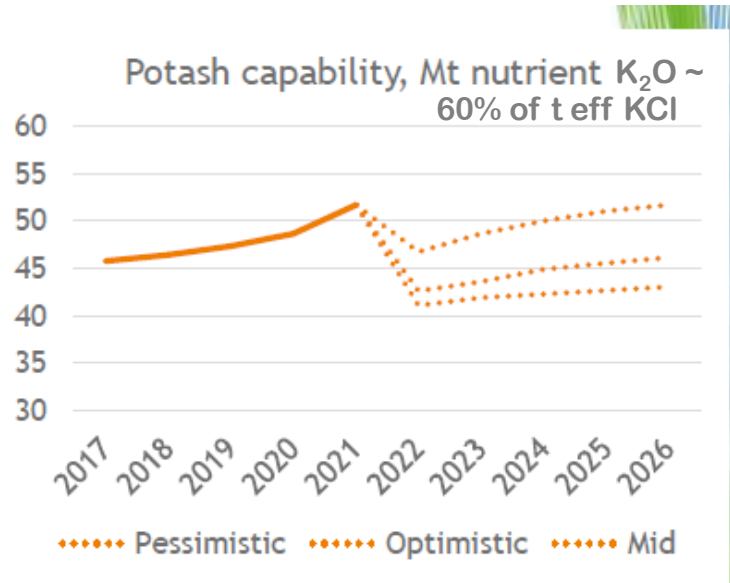
Sources: IFA 2021, K+S

Basis: Year 2021 – incl. Potassium sulfate and low-grade potash

	2020	2021	2022E*
World potash production	75.3 mt	77.9 mt	
World potash sales volume	77.3 mt	77.0 mt	~64 mt

* IFA figures for 2022 will be published in summer 2023; 2022: K+S estimate

World potash supply according to IFA: Geopolitical effects



Potash
Scenarios skewed to the downside based on sanctions and likely ability to export

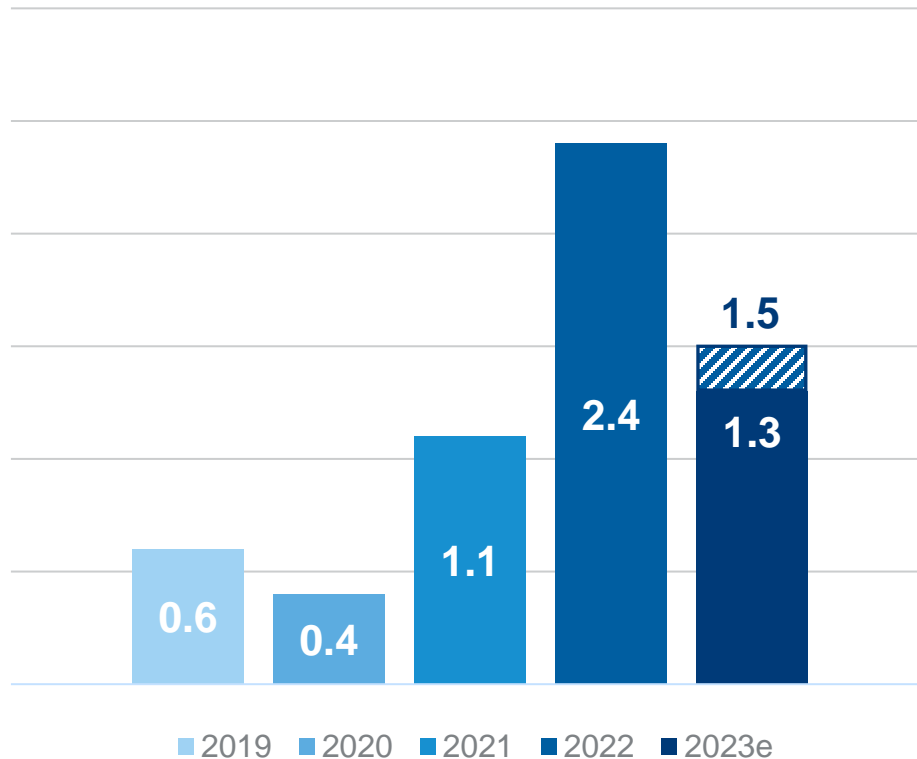
Source: IFA, May 2022

- Russia exports about 2/3 to "friendly countries"
- More than 80% of the currently forecasted expansion of potash production comes from Russia
- Different assumptions for the recovery of the world's potash supply
 - **Pessimistic scenario:** Extended conflict, Western sanctions are extended, USD sanctions are also spreading to some "friendly countries"
 - **Mid-scenario:** All current sanctions remain in force but some "friendly countries" resume/continue partial trade with Russia
 - **Optimistic scenario:** Soon resolution, economic sanctions will be eased, Russian exports will mostly recover, Belarusian exports will partially recover

➔ **Even in the optimistic case, global potash supply will not return to the level of 2021 before 2026**

2023: Very good Group earnings expected again

EBITDA in € billion



- 2023 EBITDA expected to range between **€1.3 billion and €1.5 billion**
- Adjusted free cash flow expected to range between **€700 million and €900 million**, based on a mid triple-digit-million-euro amount of capex
- Agriculture customer segment:
 - Decrease of average price of more than 20% YoY incorporated in guidance (2022: 628 €/t)
 - Relief in logistical constraints compared to 2022 should lead to an increase of sales volumes to 7.3mt to 7.5mt (2022: 7.1mt)
- Inflation-related cost increases of a low triple-digit-million-euro amount, mainly for energy, logistics, personnel, and materials



Planned use of additional liquidity

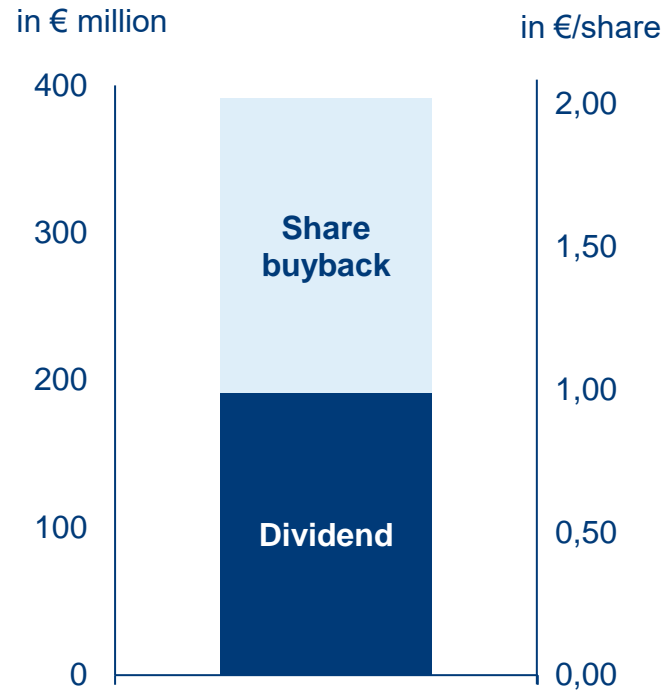
- Participation of shareholders for the 2022 financial year
 - €1.00 dividend per share and
 - additional share buyback of up to €200m (about €1.00 per share)
- Investment in optimizing our existing business (Bethune, Werra 2060)
- Securing crisis-proof balance sheet and liquidity position (war/energy)

Already done:

- ✓ Dividend payment for the 2021 financial year (done in 2022)
- ✓ Repayment of factoring (done in 2022)
- ✓ Purchase of CO₂ certificates for the rest of the trading period (done in 2022)
- ✓ Repayment of bond in June 2022
- ✓ Repayment of bond in January 2023

Shareholder's participation in the Company's success

Combination of dividend payment and share buyback



Total distribution

Dividend	€191.4 million
Share buyback	up to €200.0 million *

▶ **up to €391.4 million, respectively about €2 per share**

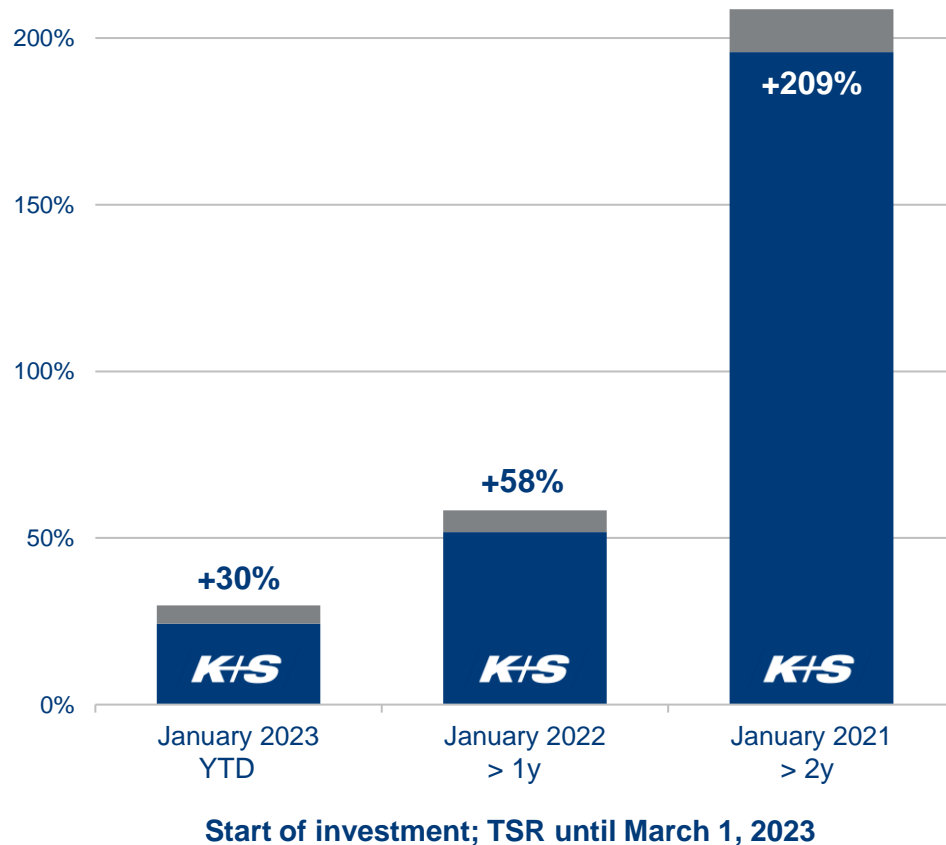
▶ **this equals > 40% of the adj. Free Cash Flow 2022**

* At K+S share closing price on 13 March 2023 of €20.38, this would result in a share buyback of up to about 5% of the share capital. To start after AGM 2023 and to last until end of February 2024, at the latest.

We announced our dividend policy in the strategy published in 2021. This provides for a basic dividend of 15 cents per share, with the possibility to be increased by a discretionary premium in the event of good economic development. At the time this dividend policy was set, the focus was on rapidly reducing the Company's debt, securing its financing capability, and creating a solid balance sheet. Following the sale of the OU Americas, net financial liabilities were still in the higher triple-digit million euro range and, at the potash price level at the time, debt reduction would have progressed much more slowly. Since the business development in 2022 has already had the effect for K+S to report a net asset position, we will revise the distribution policy for future decisions on shareholders' participation in the success of the Company.

Significant returns for investors in recent years

Total Shareholder Return; cumulative *



* incl. €1.00 dividend proposal for the 2022 financial year

- Total Shareholder Return (TSR) comprises **dividend income** as well as the **development of the share price**.
- Despite lower dividend payments per share, TSR for K+S' investors was above TSR of our peers, in the period under review.
- The investment in K+S led to a TSR of **more than +200% since beginning of 2021**.
- Even since the beginning of this year, the total shareholder return amounts to about +30%.

Housekeeping items / Financial calendar

Additional information on 2023 FY outlook

- | | | | |
|------------------|----------------------|----------|--|
| ▪ Tax rate: | 30% | ▪ CapEx: | mid triple-digit million € (2022: €404m) |
| ▪ Cash interest: | ~ €-20m (2022: €-53) | ▪ D&A: | ~ €450m |

Financial calendar

Kepler Cheuvreux Frankfurt Roadshow – CEO, CFO	March 16, 2023
UBS London Roadshow – CEO, CFO	March 21, 2023
Q1 reporting	May 9, 2023
AGM, virtual	May 10, 2023
BMO Conference, New York – CEO	May 17, 2023
Citi's European Chemicals Conference, virtual – IR	May 17, 2023
Société Générale Nice Conference, Nice – IR	June 1, 2023
Warburg Highlights, Hamburg – CEO, CFO	June 15, 2023

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