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K+S Aktiengesellschaft

# Conference Call

Q1/2022

**Dr. Burkhard Lohr**

CEO/CFO

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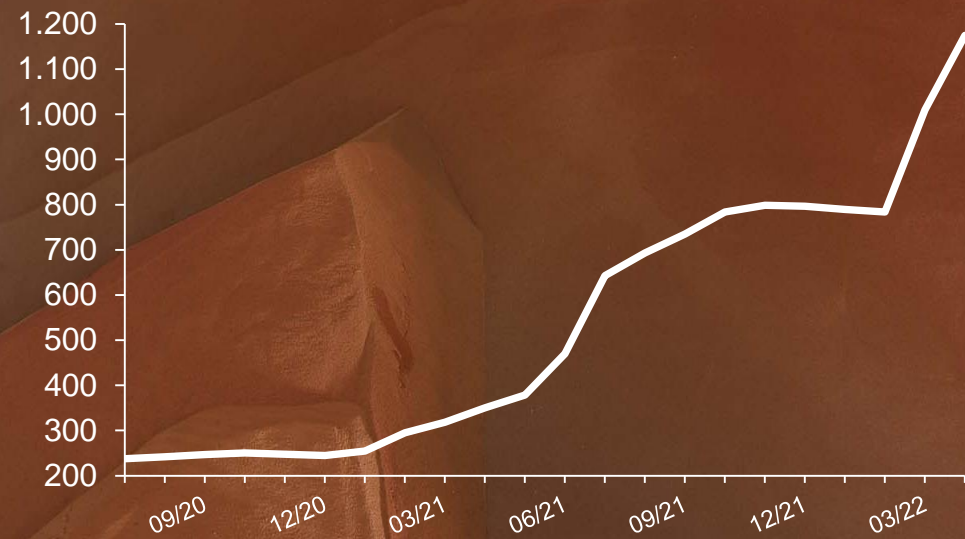
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# Attractive market environment

Brazil potash price in USD  
(MOP gran.)



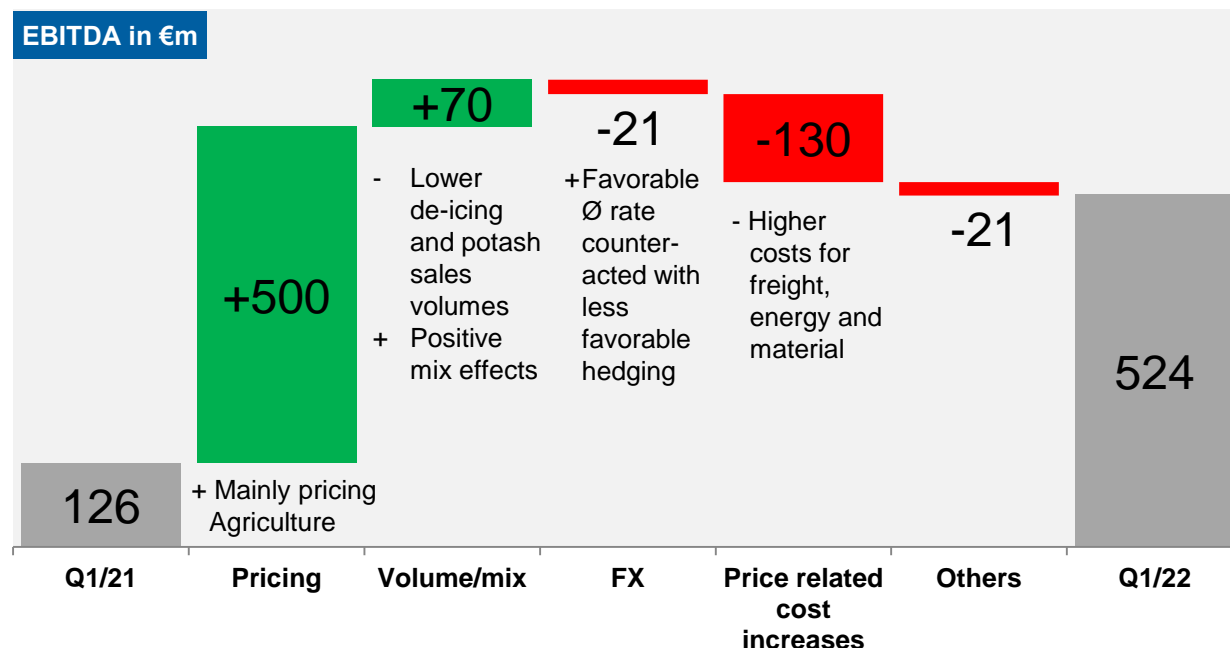
Source: Argus FMB

- Potash prices in Brazil more than quadrupled; Europe also records significant increase
- High demand for fertilizers with supply at full capacity

# Q1/22 EBITDA more than quadrupled YoY

## Highlights

- Q1/22 EBITDA increased to €524m (Q1/21: €126m)
- COVID-19:** Minor efficiency losses on the previous year's Q1 level
- Adj. net profit** increased to €313m (Q1/21: €49m; without reversal of impairment losses on assets in the amount of €180m)

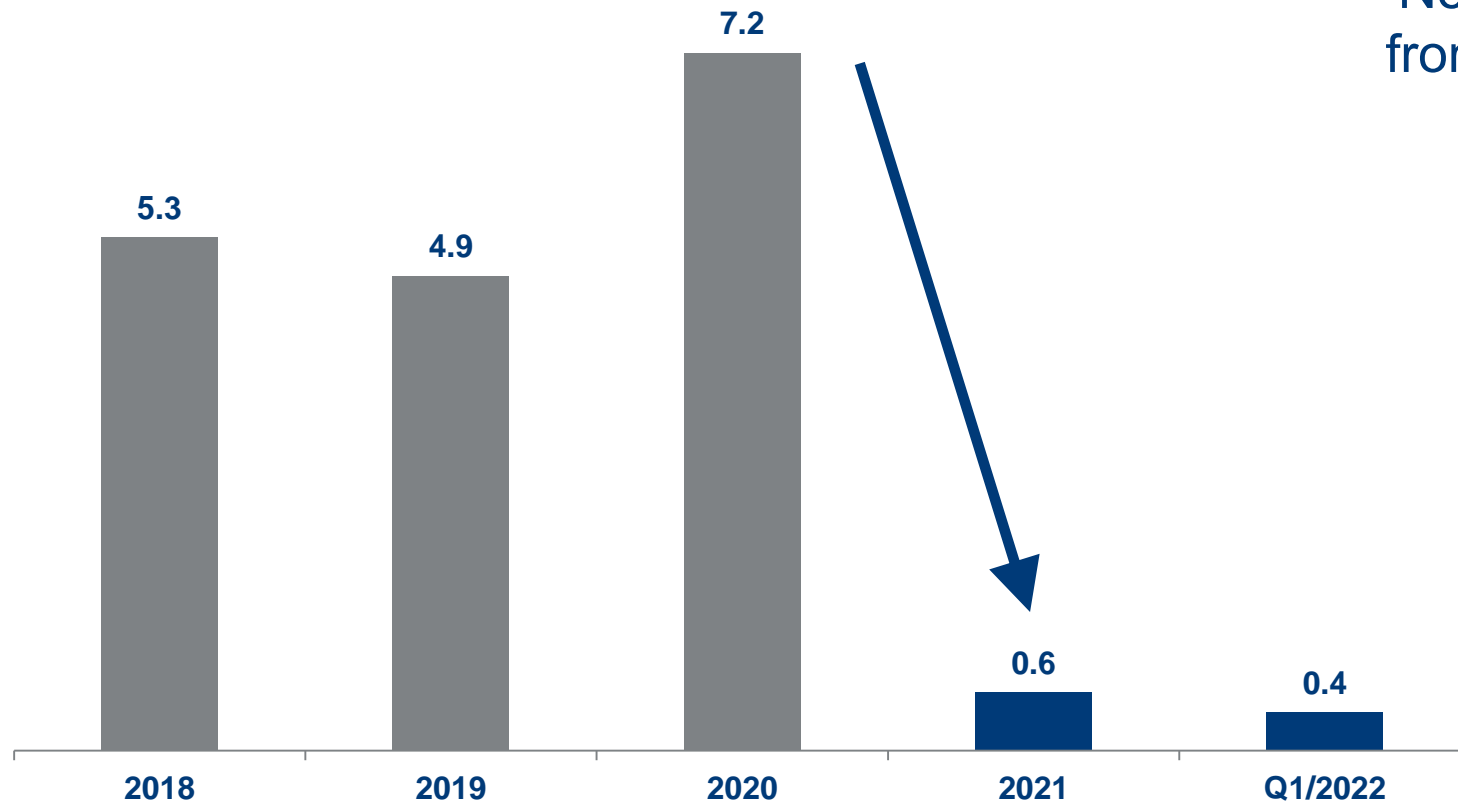


## Financials (continuing operations)

€ million	Q1/2021	Q1/2022	%
Revenues	733	1,212	+65
<i>t/o Agriculture</i>	469	944	> +100
<i>t/o Industry+</i>	264	268	+2
Scheduled D&A	65	101	+56
EBITDA	126	524	> +100
Adj. net profit; <i>excluding impairment effects</i>	49	313	> +100
Adj. EPS (€); <i>excluding impairment effects</i>	0.26	1.63	> +100
ROCE (%); <i>excluding impairment effects</i>	-33	16	-
Operating cash flow	82	254	> +100
Adj. FCF; <i>excluding one-off effects (CO<sub>2</sub>, factoring)</i>	-15	291	-
Adj. FCF	-15	103	-
Capex	48	49	+2
NFD/EBITDA (LTM)	8.3x	0.4x	-95

# Debt significantly reduced

Net financial liabilities / EBITDA (x times)



Years 2018 – 2020 including discontinued operations.

Net financial liabilities reduced from €3.2 billion end of 2020 to €520 million in Q1/2022



**Target:**  
Rating in investment grade range

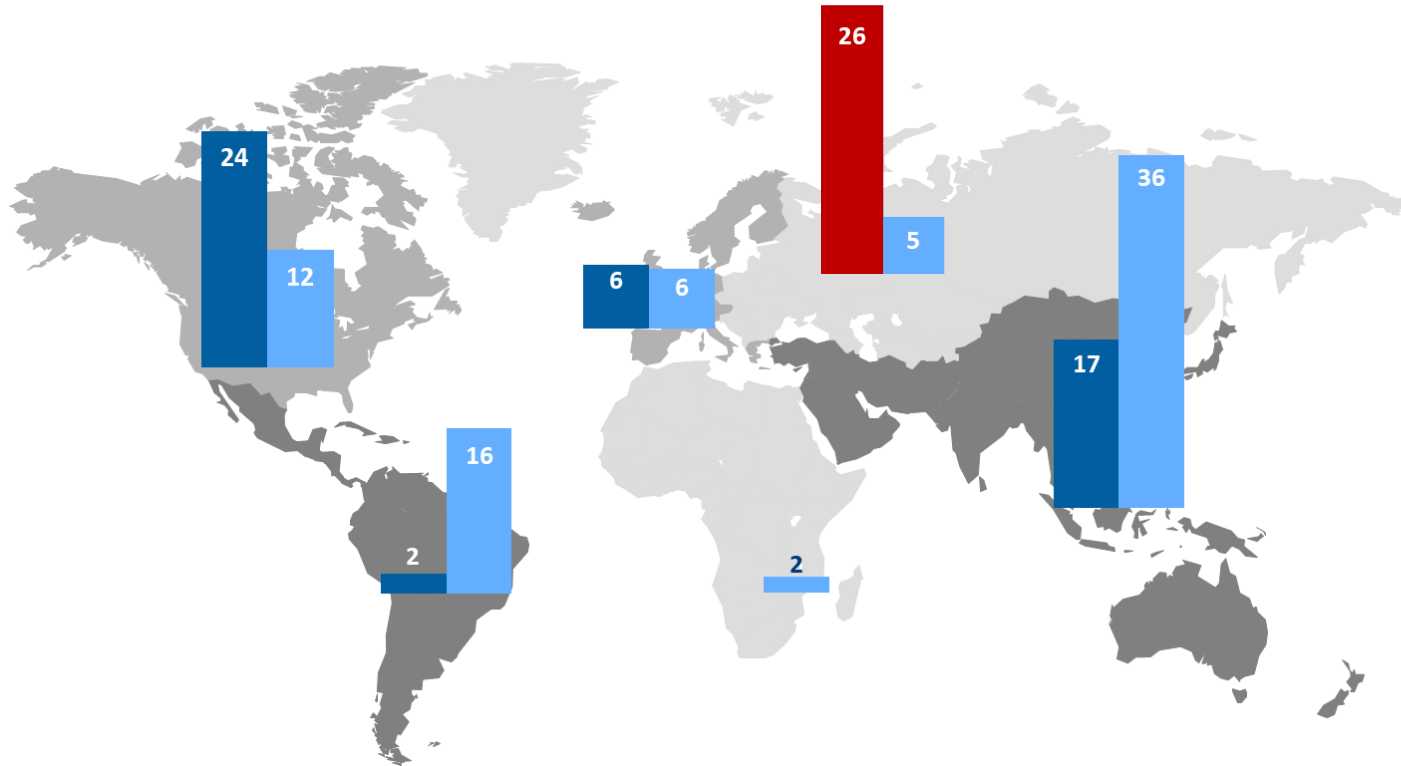


# Outlook



# Substantial restraints of global potash supply

in million tonnes



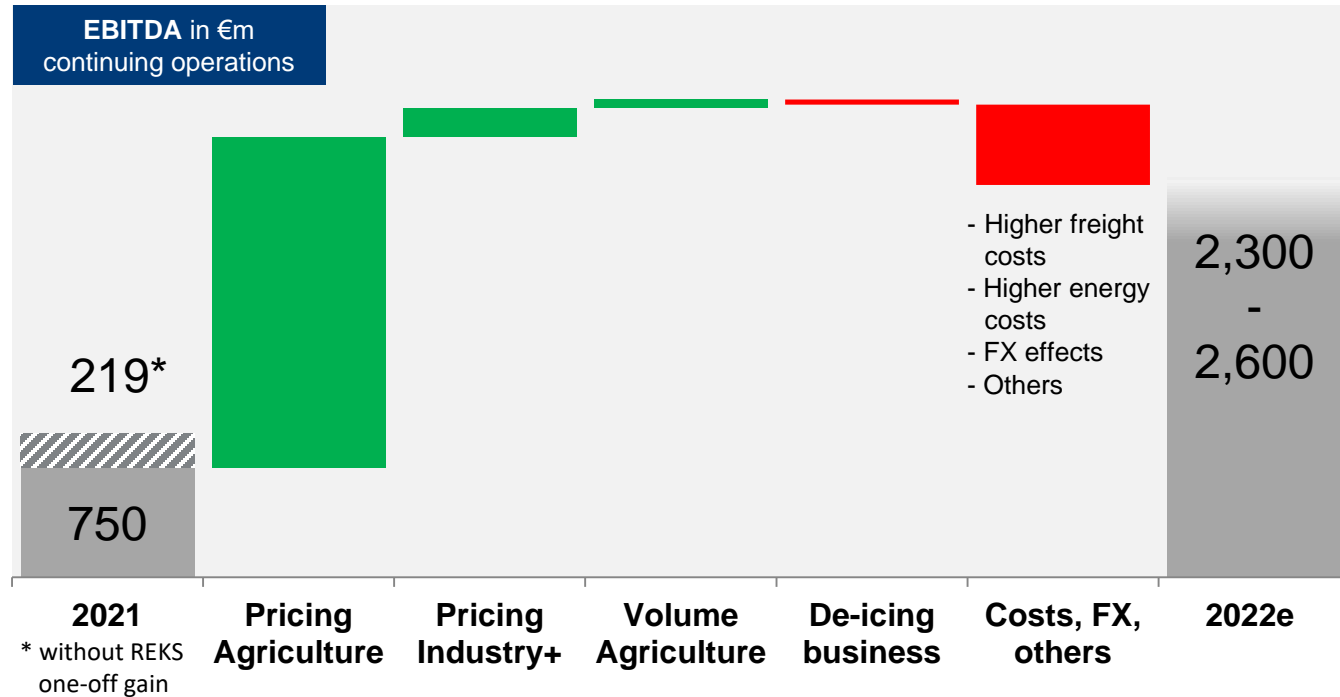
2020

World potash production	75.3 mt
World potash sales volume	77.3 mt

Sources: IFA 2021, K+S Basis: Year 2020 – incl. Potassium sulphate and low-grade potash

- Russia and Belarus each account for 16% of global potash production
- Most projects for capacity expansion came from Russian potash producers
- 28% of global wheat exports come from Russia and Ukraine

# 2022 EBITDA outlook raised to €2.3 to €2.6 billion



- Strong increase in average price in Agriculture product portfolio
- Cost increases for energy, logistics, and materials to be significantly exceeded
- Capex of a good €400 million (2021: €334 million)
- Assuming that there are no production restrictions in Germany due to bottlenecks in the availability of natural gas.

**FCF expected to range from €1 billion to €1.2 billion** without one-off effect of around €230 million for the repayment of factoring and purchase of CO<sub>2</sub>-certificates. (2021: €93 million; including €89 million attributable to REKS transaction)





# European energy supply

- Price secured for more than 90% of natural gas demand 2022
- Prices secured for more than 70% of natural gas demand in 2023 and 2024
- Like all industrial companies in Germany, we are dependent on the reliable supply of natural gas
- Canadian site Bethune independent of natural gas availability in Europe, German Wintershall plant of the Werra site runs with waste incineration plant

# Guiding principles of strategy and management focus



## Financial ambition

- Earn cost of capital over a 5-year cycle
- At the same time, an EBITDA margin of > 20% is aimed for over this cycle
- From 2023, positive free cash flow even in the event of temporarily low potash prices

# Optimize the existing – site strategies



## Bethune

- 2022 expense budget has been increased by €50 million
- Additional capex proactively target
  - short-term acceleration as well as
  - longer-term ramp-up
- Hiring process for more than 70 additional people for the further ramp-up project mainly in the field of engineering, IT and operations has started
- The ramp-up project will not only increase production and reduce production costs, but improve environmental and sustainable impact



# Planned use of additional liquidity

- Repayment of factoring
- Purchase of CO<sub>2</sub> certificates for the years 2026 onwards
- Dividend payment for the 2021 financial year
- Repayment of bond due in June 2022
- Accelerated Bethune ramp-up
- Investment in optimizing our existing business
- Building a crisis-proof balance sheet and liquidity position

# Successful start in 2022 – Attractive prospects



# Q&A

Dr. Burkhard Lohr

CEO

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, parallelogram-shaped background that is tilted slightly to the right. The logo is positioned in the bottom right corner of the slide, overlapping the dark blue background and the white bottom edge.

# Housekeeping items / Financial calendar

## Additional information on 2022 FY outlook – continuing operations

- Tax rate: 30%
- Cash interest: ~ €-50m (2021: €-126m)
- CapEx: a good €400m (2021: €334m)
- D&A: ~ €400m

## Financial calendar

AGM, virtual	May 12, 2022
BMO Conference, New York – CEO	May 18, 2022
UBS Roadshow, New York – CEO	May 19, 2022
Société Générale, The Nice Conference, Nice – IR	May 25, 2022
dbAccess Conference, Frankfurt – CEO	May 25, 2022
Credit Suisse Chemicals and Agriculture Conference, London – CEO	June 8, 2022

# Investor Relations Contacts



**Nathalie Frost**  
Investor Relations Manager

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

**Julia Bock, CFA**  
Head of Investor Relations

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

**Esther Beuermann**  
Investor Relations Manager

Phone: + 49 561 / 9301-1679  
Fax: + 49 561 / 9301-2425  
esther.beuermann@k-plus-s.com

**K+S Aktiengesellschaft, Bertha-von-Suttner-Str. 7, 34131 Kassel (Germany)**

- Email: [investor-relations@k-plus-s.com](mailto:investor-relations@k-plus-s.com)
- Website: [www.kpluss.com](http://www.kpluss.com)
- IR-Website: [www.kpluss.com/ir](http://www.kpluss.com/ir)
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