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K+S Aktiengesellschaft

Q3/2022 Results

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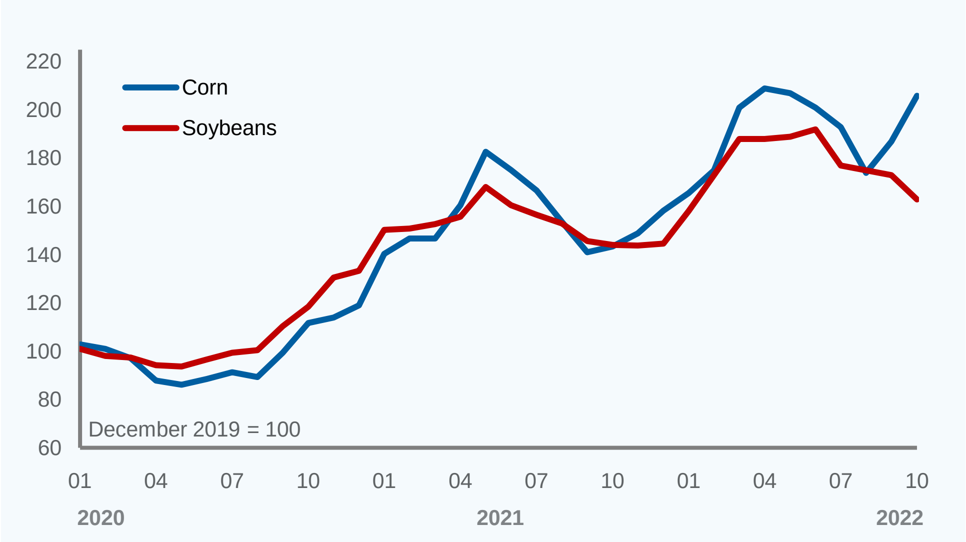
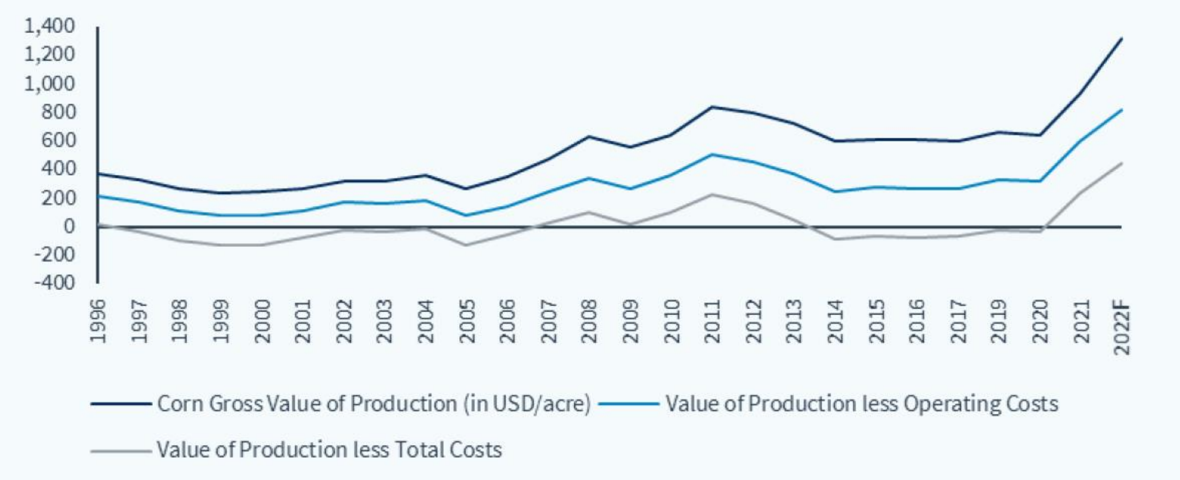
Low stocks-to-use ratios and unfavorable climate around the world keep agricultural commodity prices up and farmer profitability at high level

Price development of important agricultural commodities since 01/2020



Source: Worldbank

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



Source: USDA, Kepler Cheuvreux

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

Further increase of ASP in Agriculture customer segment

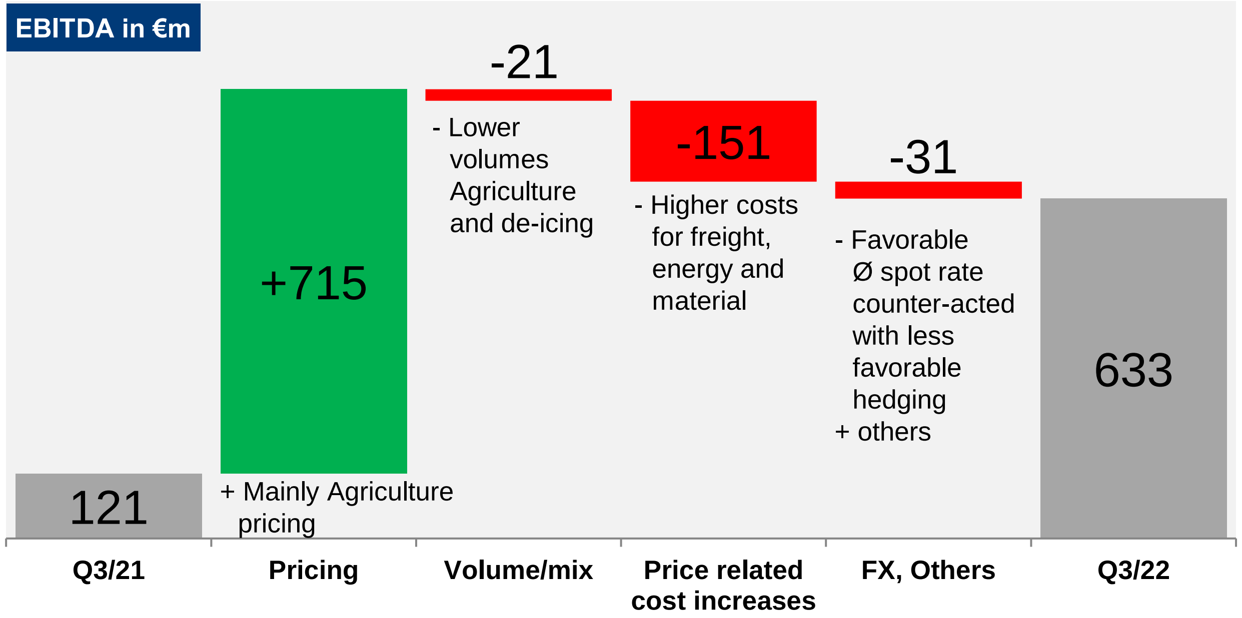
Development of revenues, sales volumes, and average prices by region

		Q1/2021	Q2/2021	Q3/2021	9M/2021	2021	Q1/2022	Q2/2022	Q3/2022	9M/2022
Revenues	**€ million**	**469.0**	**473.7**	**529.1**	**1,471.7**	**2,272.1**	**944.1**	**1,244.2**	**1,162.8**	**3,351.0**
Europe	€ million	250.6	202.1	200.5	653.1	956.1	349.9	543.0	372.0	1,264.9
Overseas	USD million	263.1	327.5	387.4	978.0	1,546.7	666.5	746.5	796.3	2,209.3
Potassium chloride	€ million	252.5	278.1	324.4	855.0	1,349.3	625.3	849.2	779.5	2,254.0
Fertilizer specialties	€ million	216.5	195.6	204.7	616.8	922.8	318.8	395.0	383.3	1,097.0
Sales volumes	**million tonnes eff.**	**2.01**	**1.89**	**1.76**	**5.67**	**7.62**	**1.79**	**1.87**	**1.56**	**5.23**
Europe	million tonnes eff.	0.97	0.77	0.69	2.43	3.23	0.76	0.84	0.55	2.16
Overseas	million tonnes eff.	1.04	1.12	1.07	3.24	4.39	1.03	1.03	1.01	3.07
Potassium chloride	million tonnes eff.	1.24	1.21	1.09	3.54	4.69	1.11	1.18	0.95	3.23
Fertilizer specialties	million tonnes eff.	0.77	0.68	0.67	2.12	2.94	0.69	0.69	0.61	1.99
Average price	**€/tonne eff.**	**233.3**	**250.0**	**300.6**	**259.7**	**298.0**	**527.0**	**663.9**	**744.5**	**641.0**
Europe	€/tonne eff.	258.4	263.8	289.9	269.0	295.7	462.1	640.7	675.9	586.9
Overseas	USD/tonne eff.	253.0	292.8	362.6	301.9	352.4	644.3	727.2	787.3	719.1
Potassium chloride	€/tonne eff.	204.4	229.7	297.6	241.5	287.9	565.3	718.9	822.7	696.8
Fertilizer specialties	€/tonne eff.	285.3	286.0	305.5	290.9	314.2	465.0	570.2	623.9	550.6

Q3/22 EBITDA saw five-fold increase YoY

Highlights

- Q3/22 **EBITDA** increased to €633m (Q3/21: €121m)
- **Still stressed logistics system** (especially in Europe) and a postponed 50kt ship main explanations for reduction in sales volumes
- **FCF** at €+580m (Q3/21: €-69m) with first release in WC
- Net financial debt turned into a **net financial asset position** during Q3
- **Adj. net profit** increased to €379m (Q3/21: €-4m; without reversal of impairment losses on assets in the amount of €1.4b)



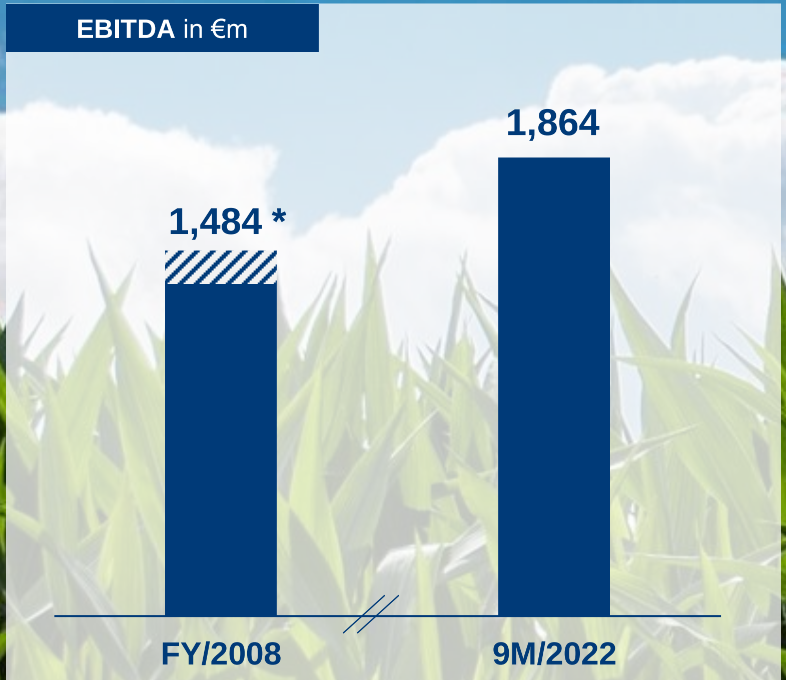
Financials

€ million	Q3/2021	Q3/2022	%
Revenues	746	**1,470**	+97
t/o Agriculture	529	**1,163**	> +100
t/o Industry+	217	**307**	+41
EBITDA	121	**633**	> +100
Scheduled D&A	74	**109**	+47
Adj. net profit; *excluding impairment effects in PY*	-4	**379**	–
Adj. EPS (€); *excluding impairment effects in PY*	-0.02	**1.98**	–
ROCE (%); *excluding impairment effects*	0	**28**	> +100
Operating cash flow	14	**656**	> +100
Adj. FCF; *excluding one-off effects (CO_2, factoring)*	-66	**590**	–
Adj. FCF	-69	**580**	–
Capex	88	**115**	+31
NFD/EBITDA (LTM)	2.0x	**– ***	–

* since Q3/2022: net financial asset position

EBITDA record already exceeded

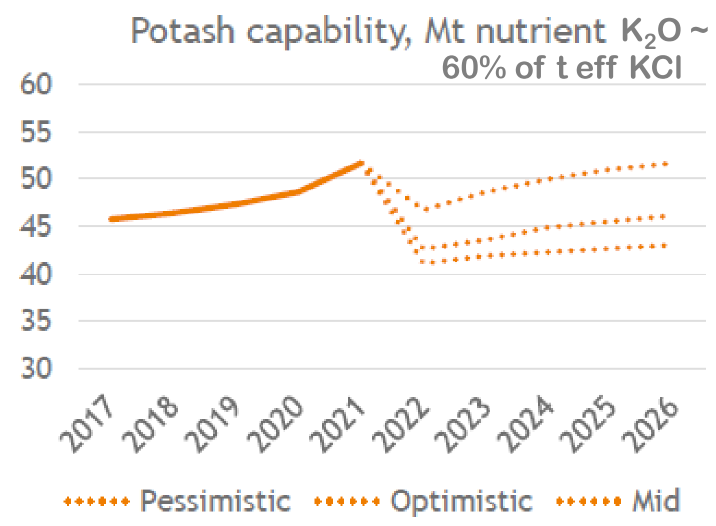
Previous best-ever FY-EBITDA significantly exceeded after 9M/2022



* thereof €134m former group companies K+S Nitrogen and Compo

Successful 9M/2022 – Attractive prospects

World potash supply according to IFA: Geopolitical effects



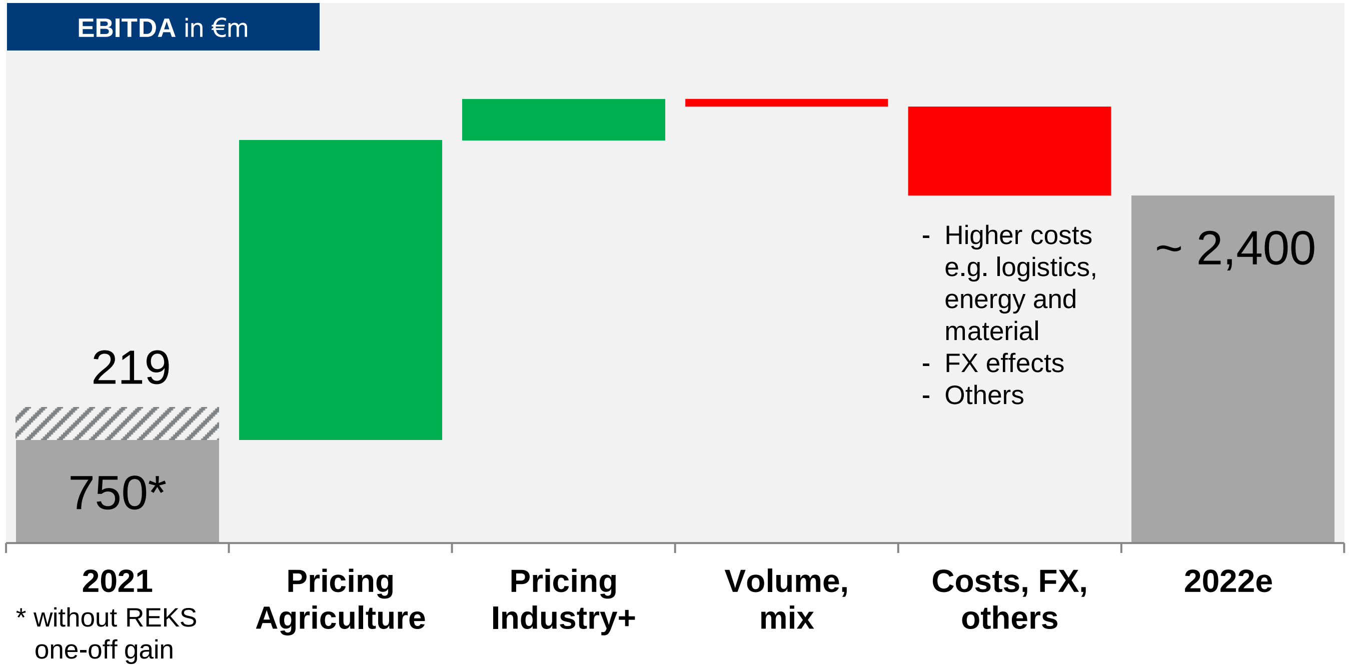
Potash
Scenarios skewed to the downside based on sanctions and likely ability to export

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:** Resolution in 2022, 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

2022 EBITDA outlook substantiates at about €2.4 billion – Previous best EBITDA in K+S' history (2008) would be exceeded by nearly €1 billion



- Higher prices YoY, both, in Agriculture and Industry+ customer segment
- Cost increases for energy, logistics, and materials to be significantly exceeded
- Agriculture sales volumes now expected at about 7.2mt (2021: 7.6mt) due to availability of logistics, wait-and-see attitude of customers as well as relatively high illness rates

Assumptions for Q4:

- No change in working capital
- Back-end loaded cash tax distribution (> €200m)
- Unlimited energy availability

We now expect FCF to amount to a good €1.2 billion (before: €1.0-1.2b; 2021: €0.09b). Even without one-off effect of around €230 million for the repayment of factoring and purchase of CO_2-certificates, about €1 billion forecast.

Guiding principles of strategy and management focus

Financial ambitions

- Earn cost of capital over a 5-year cycle
- At the same time, an EBITDA margin of > 20% is aimed for over this cycle

Planned use of additional liquidity

- ✓ Repayment of factoring (done in 9M/22)
- ✓ Purchase of CO_2 certificates for the rest of the trading period (done in H1/22)
- ✓ Dividend payment for the 2021 financial year (done in H1/22)
- ✓ Repayment of bond in June 2022
- ▪ Repayment of bond in early 2023
- ▪ Investment in optimizing our existing business (Bethune, Werra 2060)
- ▪ Building a crisis-proof balance sheet and liquidity position (war/energy)
- ▪ March 2023: Decision on participation of shareholders*

* The design of the German government's defense shield (gas price cap) is still to be determined. As far as we know at present, we will not make use of it. This would maintain our full ability to pay dividends. With a high share of fixed prices for our natural gas needs for 2023, we have a high predictability for our energy costs

K+S

Housekeeping items / Financial calendar

Additional information on 2022 FY outlook – continuing operations			
Tax rate:	30%	CapEx:	about €400m (2021: €334m)
Cash taxes:	> €400m	D&A:	~ €450m
Cash interest:	~ €-50m (2021: €-126m)		

Financial calendar	
Kepler Cheuvreux Global Agriculture Forum, virtual – CEO	14 November 2022
DZ Bank Equity Conference, Frankfurt – CEO	21 November 2022
Deutsches Eigenkapitalforum, Frankfurt – IR	28 November 2022
Bank of America Materials & Infrastructure Conference, London – IR	29 November 2022
Citi's Basic Materials Conference, New York – IR	30 November 2022
Annual Report	15 March 2023
Quarterly Report; March 31, 2023	9 May 2023
Annual Shareholders' Meeting	10 May 2023
Quarterly Report; June 30, 2023	10 August 2023

Werra 2060

Securing a sustainable future

K+S Aktiengesellschaft

Werra region…

…provides reserves for at least another 40 years!

* No mining & production

Start of operations:	1893
Crude salt extraction:	~20 mt/a (today)
Production capacity:	>3 mt/a (today)
Employees:	~4,400, thereof 300 trainees

Products:

- Fertilizers (crude salt containing potassium, magnesium and sulfur)
- Products for technical and industrial processes and pharmaceutical as well as food and feed use (high-purity salts)

Werra 2060 – Securing a sustainable future

How do we want to achieve this?

Innovations in extraction and production

- Unterbreizbach and Wintershall sites: Focus on wastewater-free processing methods
- Unterbreizbach mine: Expansion of secondary mining operations (drill and blast)
- Hattorf-Wintershall mine: Introduction of secondary mining (drill and blast)
- Unterbreizbach and Hattorf-Wintershall mines: Dry backfill utilization
- Hattorf plant: Continued operation unchanged for the time being

Methods already tested or in use on other sites!

Future-oriented product portfolio

- New processing methods in Unterbreizbach and Wintershall have an energy-saving effect with CO_2-reduction, and also change the product portfolio:
- Further development of specialties portfolio with unchanged production volumes
- Increase in share of round granules
- The products become more competitive under cost, sustainability, and quality criteria

Reduction in environmental impact

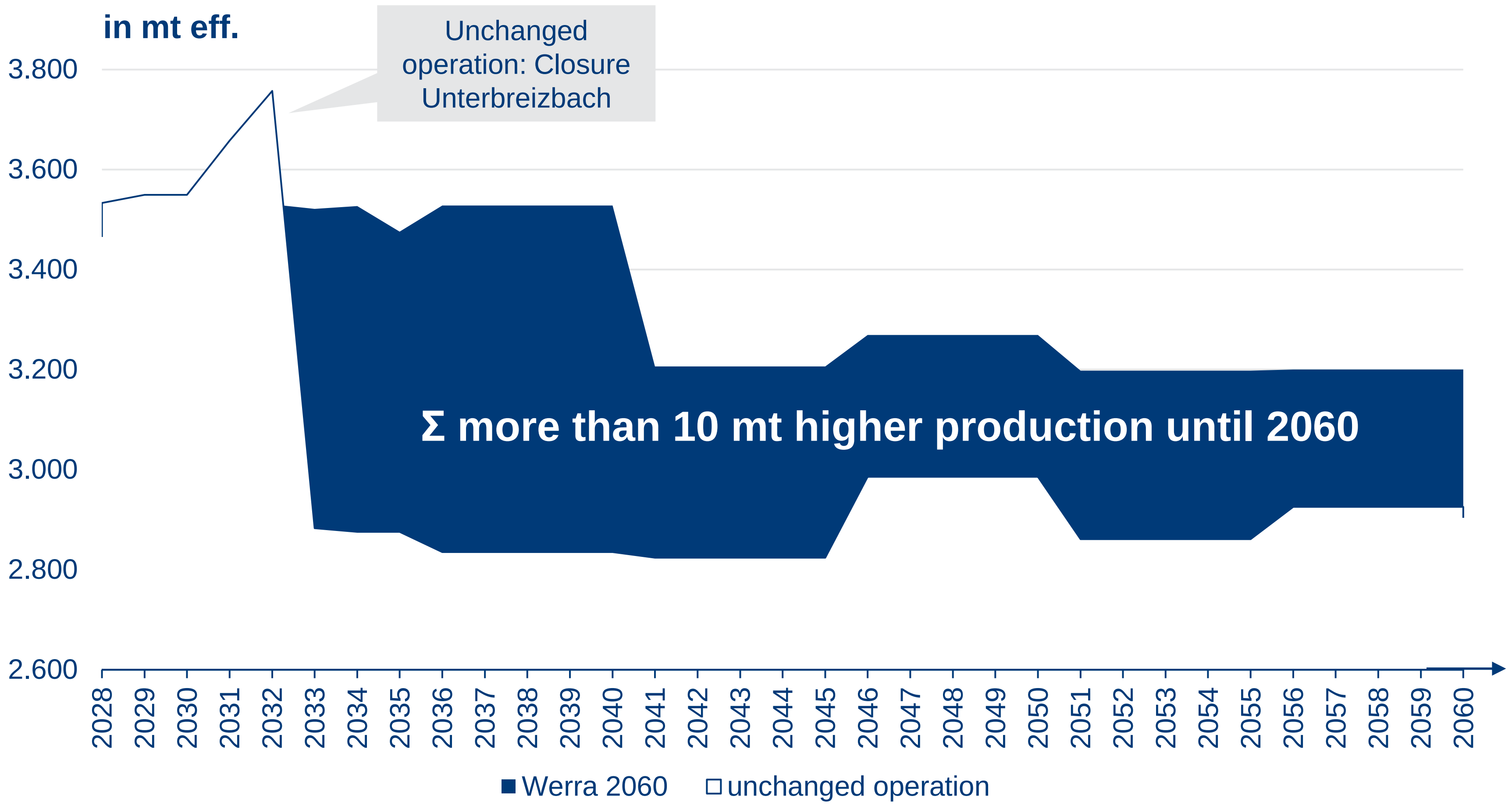
Reduction solid residues:
by 8 to 7 million t eff. p.a.
► avoiding tailings pile expansion Wintershall beginning of the 2030s

CO_2 emissions reduced
by 190kt to 650kt p.a.;
Reduced steam requirement: higher flexibility regarding the energy source

Saline process waters reduced:
by 1.2 to 1.0 million m^3 p.a.

Significantly higher, more stable production over time

Output comparison to unchanged operation of the Werra site

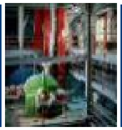


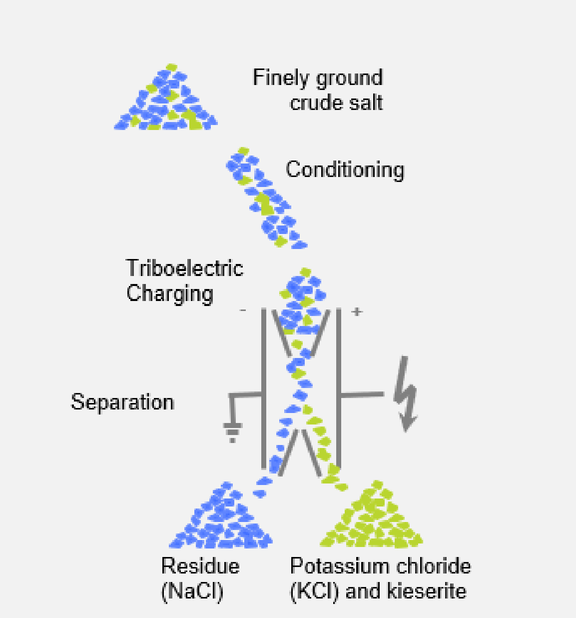
- Lifetime of Unterbreizbach increased by 8 years to 2040.
- Secondary mining/dry backfill utilization increase output.
- Reserves provide lifetime even beyond 2060.

All changes mutually dependent on each other

Improved ESTA® technology creates residues dry enough to be used for backfill underground

Electrostatic separation (ESTA®)

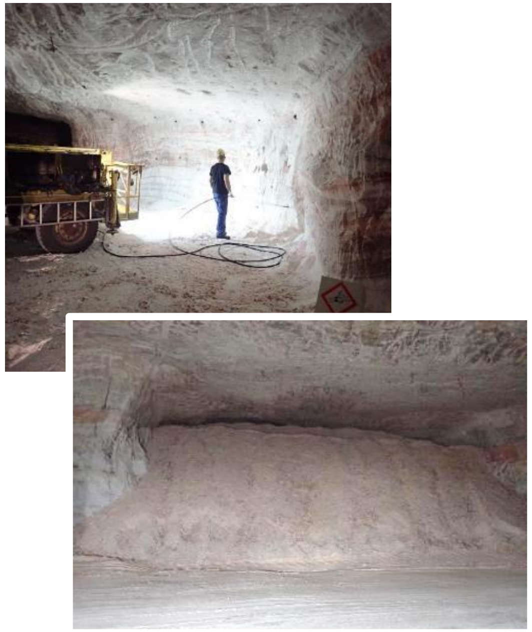




New process enables us to:

- process also dusty rock salt
- avoid wet separation processes afterwards
- have dry residues capable to be used for backfill underground

Secondary mining/ dry backfill



Secondary mining enables us to:

- exploit the high pillar ore content
- mine close to the shaft
- reduce required rock salt volumes

Dry backfilling enables us to:

- reduce tailing of residues

Future-oriented product portfolio (described on next slide)

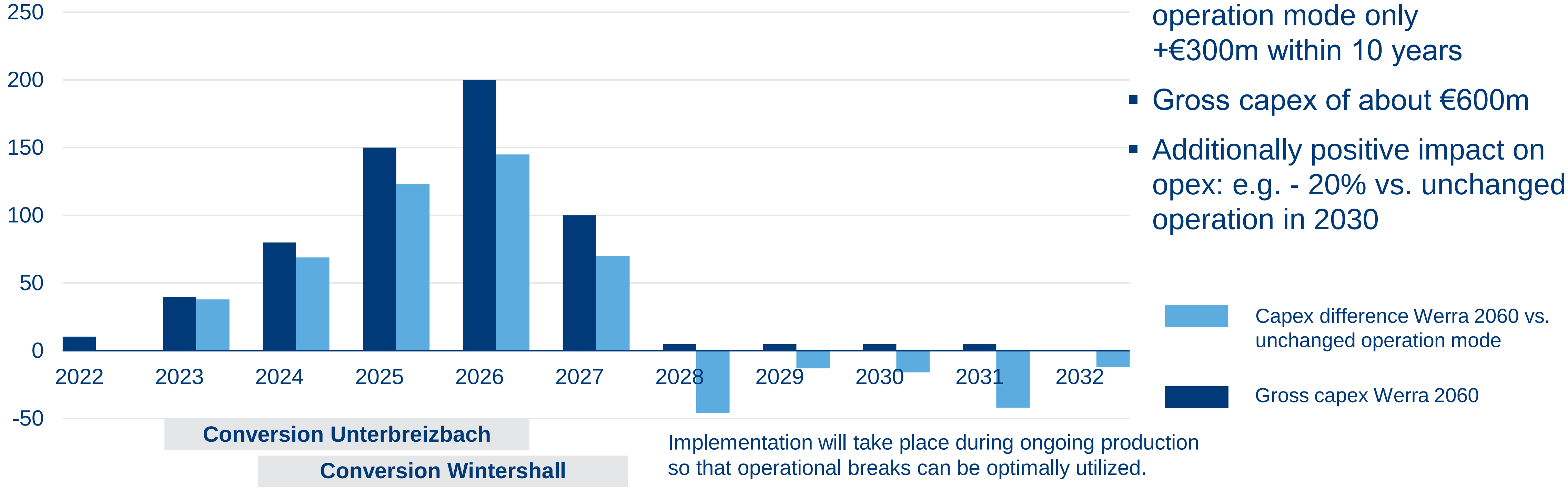
Future-oriented product portfolio

New processing methods have an energy-saving effect and also change the product portfolio

- Further development of specialties portfolio with unchanged production volumes.
- Expanding our market position in potash-magnesium fertilizers.
- We will serve the trend towards sustainably manufactured products; primarily aimed at customers who want to reduce their CO_2 footprint (green potash).
- Increase in the share of round granules to attract more customers from the bulk blending industry.

Werra 2060

Schematic course of capex



- Compared to unchanged operation mode only +€300m within 10 years
- Gross capex of about €600m
- Additionally positive impact on opex: e.g. - 20% vs. unchanged operation in 2030

Implementation will take place during ongoing production so that operational breaks can be optimally utilized.

Capex amortization period: < 10 years (as of today)

Value contribution of Werra 2060

	NPV drivers	Ø FCF advantage p.a. 2026-2060
Significantly higher and more stable production over time/changed product mix	+€100m	+€45m
ESG improvements • Reduction of solid residues and thus avoiding tailings pile expansions and enabling backfill and secondary mining • Reduction of CO_2 emissions • Reduction of saline process waters and thus reducing remote disposal CO_2	+€425m	+€40m
Mid-term adjusted personnel requirement	+€275m	+€25m
Present value of additional capex compared to unchanged operation mode	-€275m	
Total	>~500€m	+~€110m

Werra 2060 increases site NPV by > €0.5 bn to > €1.5 bn

We create value for our stakeholders!

Total NPV Werra site

with Werra 2060 project

> €1.5 billion or **7.80 €/share**

Sensitivities

- Even an eternal price of ~330 $/t (MOP Brazil) after 2026 results in NPV of more than €1 billion.
- Even 50% higher initial capex would still result in NPV advantage of more than €300 million.

Variation of MOP Brazil price after 2026:	change in NPV
+/- 10 $/t	+/- ~ €150 m

What does that mean for the valuation of K+S Group?

Using data of our Half-Year Financial Report:

K+S fair value (equity) as of 30 June 2022 • thereof: €6.2 billion book value (equity) • thereof: €1.4 billion surplus recoverable amount Potash and Magnesium Products CGU (already reduced by mining provisions)*	€7.6 billion
Increase value of Werra site due to Werra 2060 (as presented with the previous slides)	+ €0.5 billion
K+S fair value – total	**€8.1 billion**
K+S fair value per share	**€42.40**

* Surplus of recoverable amount of Potash and Magnesium Products cash generating unit compared with carrying amount (page 34 – Half-Year Financial Report) – ignoring minor surpluses of other CGUs.

Appendix

Assumptions

- MOP price development according to Argus as of 08/2022
- WACC (after taxes): 7.7%
- Gas/electricity prices: elevated price situation until 2025/normalization after 2025
- CO_2 price: continuous growth to triple digit € price
- In addition, K+S will apply for subsidies for individual project strands.
- In all potash price scenarios, the planned measures increase the NPV of the Werra site by more than €500m compared to unchanged operation mode. The lower the potash price, the higher the NPV advantage. This makes us more resilient and provides downside protection.

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