



June 2023

K+S Aktiengesellschaft

# Capital Markets Conferences

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The K+S logo is positioned in the top right corner of the slide. It consists of the letters 'K+S' in a bold, white, sans-serif font, set against a dark blue, trapezoidal background that tapers to the right.The background of the slide is a photograph of the interior of a wood mill. It shows a large, conical pile of wood chips in the center, surrounded by a complex network of wooden beams and machinery that form the structure of the mill. The lighting is warm, highlighting the textures of the wood.

# Q1/2023 Results

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# Disclaimer

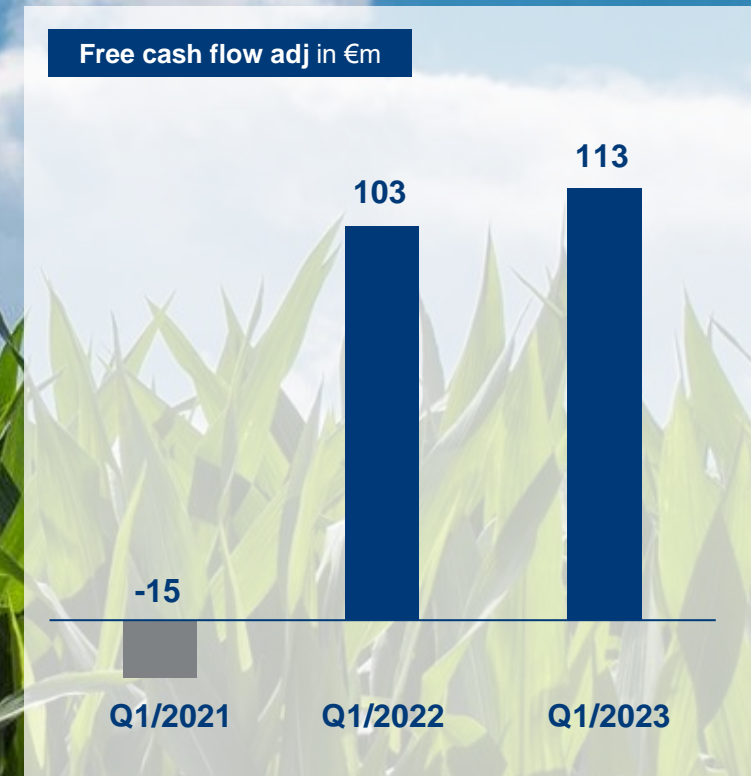
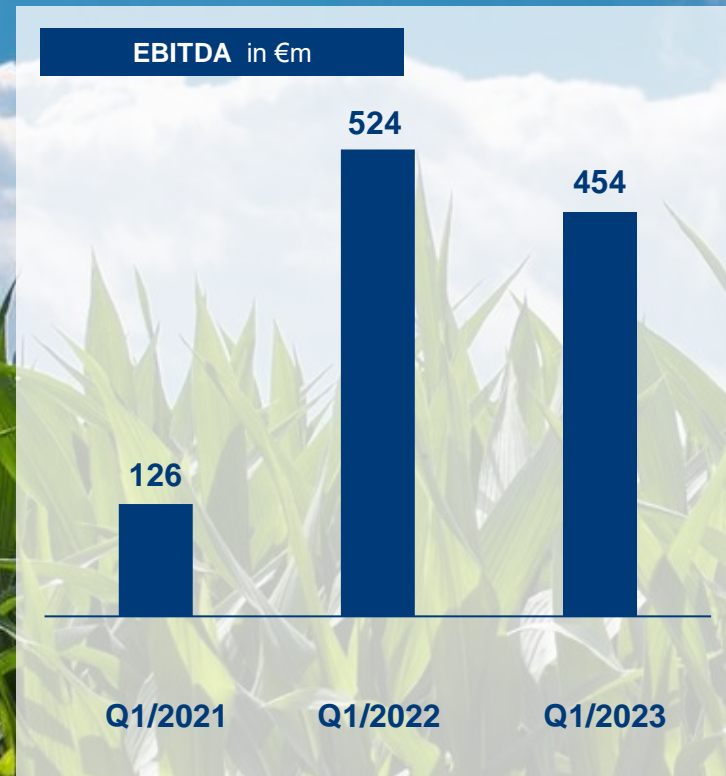
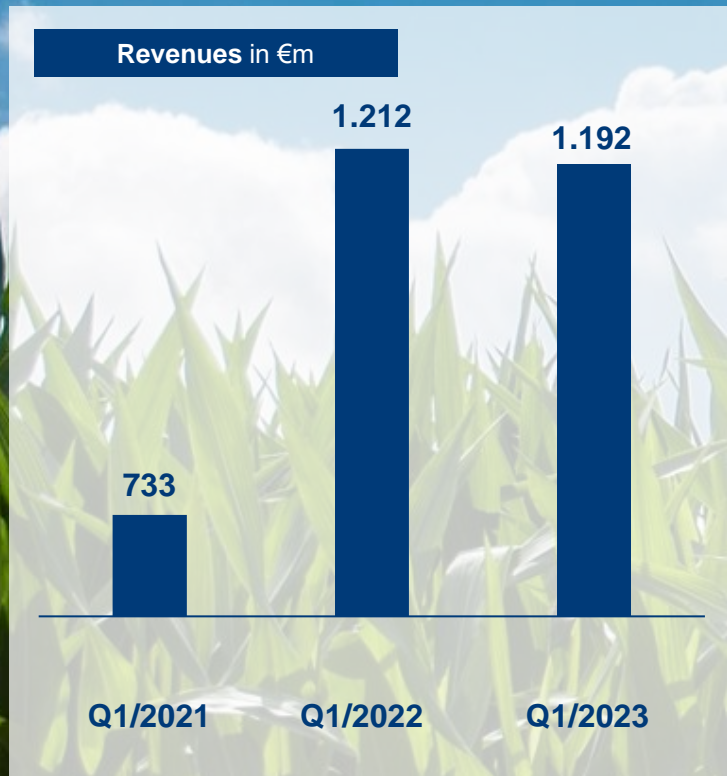
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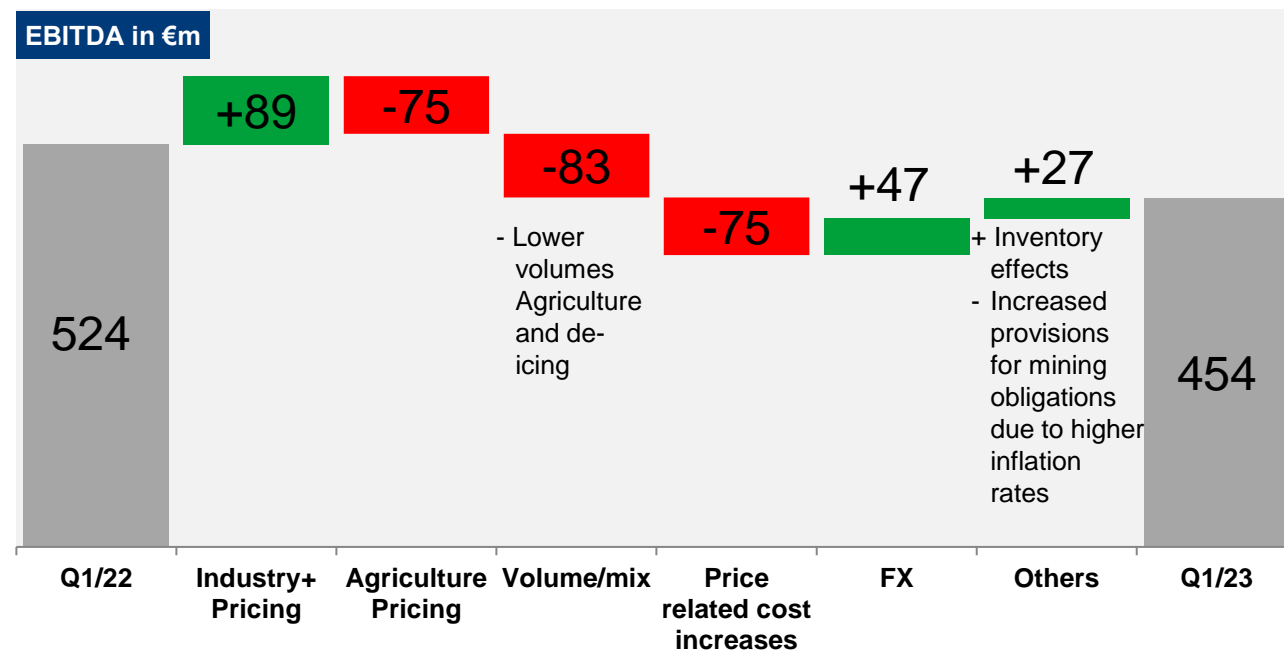
# Good start into 2023 after record 2022...



# Q1/23 EBITDA decreased YoY

## Highlights

- Q1/23 EBITDA at €454m (Q1/22: €524m)
- Moderately lower average selling prices** and slight declines in sales volumes due to **delayed deliveries** in view of continued tight logistics and a persistent wait-and-see attitude on the part of customer
- Q1/23 **adj. FCF** at €113m (Q1/22: €103m) incl. inflation compensation premium and energy prepayments (total: mid double-digit million amount)
- Trade receivables** at end of Q1/23 on unusually high level



## Financials

€ million	Q1/2022	Q1/2023	%
Revenues	1,212	1,192	-2
<i>t/o Agriculture</i>	944	861	-9
<i>t/o Industry+</i>	268	331	+23
EBITDA	524	454	-13
Scheduled D&A	101	108	+7
Adj. net profit	313	232	-26
Adj. EPS (€)	1.63	1.21	-26
ROCE (LTM; %)	42	24	-
Operating cash flow	254	221	-13
Adj. FCF	103	113	+10
Capex	49	78	+58
NFD/EBITDA (LTM)	0.4x	- *	-

\* since Q3/2022: net financial asset position

# ASP development in Agriculture customer segment

		2021	Q1/22	Q2/22	Q3/22	Q4/22	2022	Q1/23
<b>Revenues</b>	€ million	<b>2,272.1</b>	<b>944.1</b>	<b>1,244.2</b>	<b>1,162.8</b>	<b>1,114.6</b>	<b>4,465.6</b>	<b>861.4</b>
Europe	€ million	950.9	349.9	543.0	372.0	406.8	1,671.6	340.1
Overseas	USD million	1,562.5	666.5	746.5	796.3	722.3	2,931.6	559.3
Potassium chloride	€ million	1,349.3	625.3	849.2	779.5	722.5	2,976.5	545.6
Fertilizer specialties	€ million	922.8	318.8	395.0	383.3	392.1	1,489.2	315.8
<b>Sales volumes</b>	million tonnes eff.	<b>7.62</b>	<b>1.79</b>	<b>1.87</b>	<b>1.56</b>	<b>1.89</b>	<b>7.11</b>	<b>1.73</b>
Europe	million tonnes eff.	3.23	0.76	0.84	0.55	0.66	2.81	0.62
Overseas	million tonnes eff.	4.39	1.03	1.03	1.01	1.23	4.30	1.11
Potassium chloride	million tonnes eff.	4.69	1.11	1.18	0.95	1.20	4.44	1.10
Fertilizer specialties	million tonnes eff.	2.94	0.69	0.69	0.61	0.68	2.67	0.63
<b>Average price</b>	€/tonne eff.	<b>298.0</b>	<b>527.0</b>	<b>663.9</b>	<b>744.5</b>	<b>592.2</b>	<b>628.1</b>	<b>498.9</b>
Europe	€/tonne eff.	294.4	462.1	640.7	675.9	617.7	594.1	548.3
Overseas	USD/tonne eff.	356.0	644.3	727.2	787.3	585.6	682.4	505.6
Potassium chloride	€/tonne eff.	287.9	565.3	718.9	822.7	602.1	670.4	496.0
Fertilizer specialties	€/tonne eff.	314.2	465.0	570.2	623.9	576.6	557.8	504.0

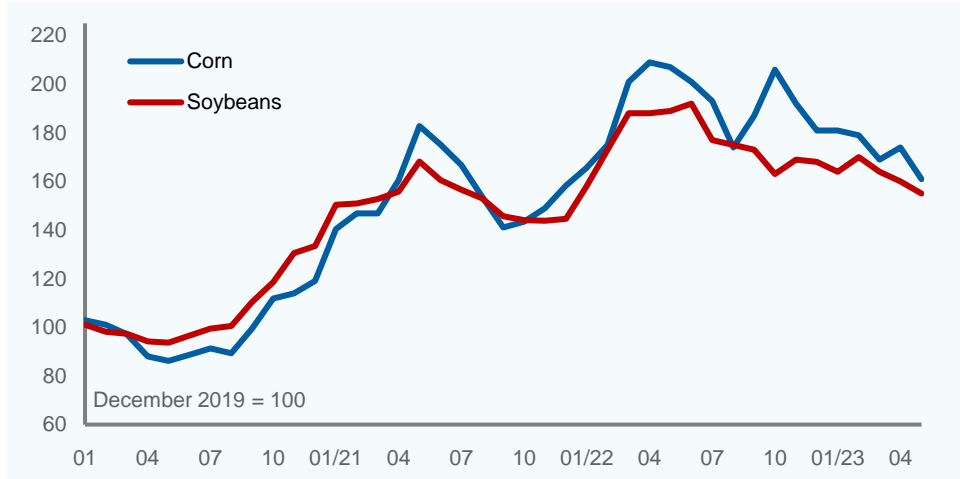
# Outlook



# Continued positive environment

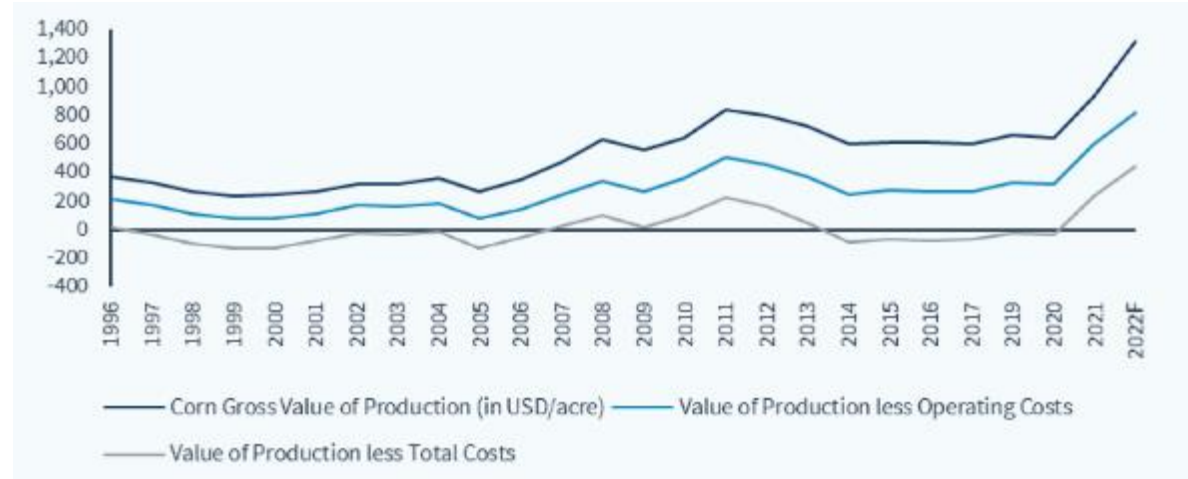
## Farmer profitability at historically high level

Price development of agricultural commodities since 01/2020



Source: Worldbank

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



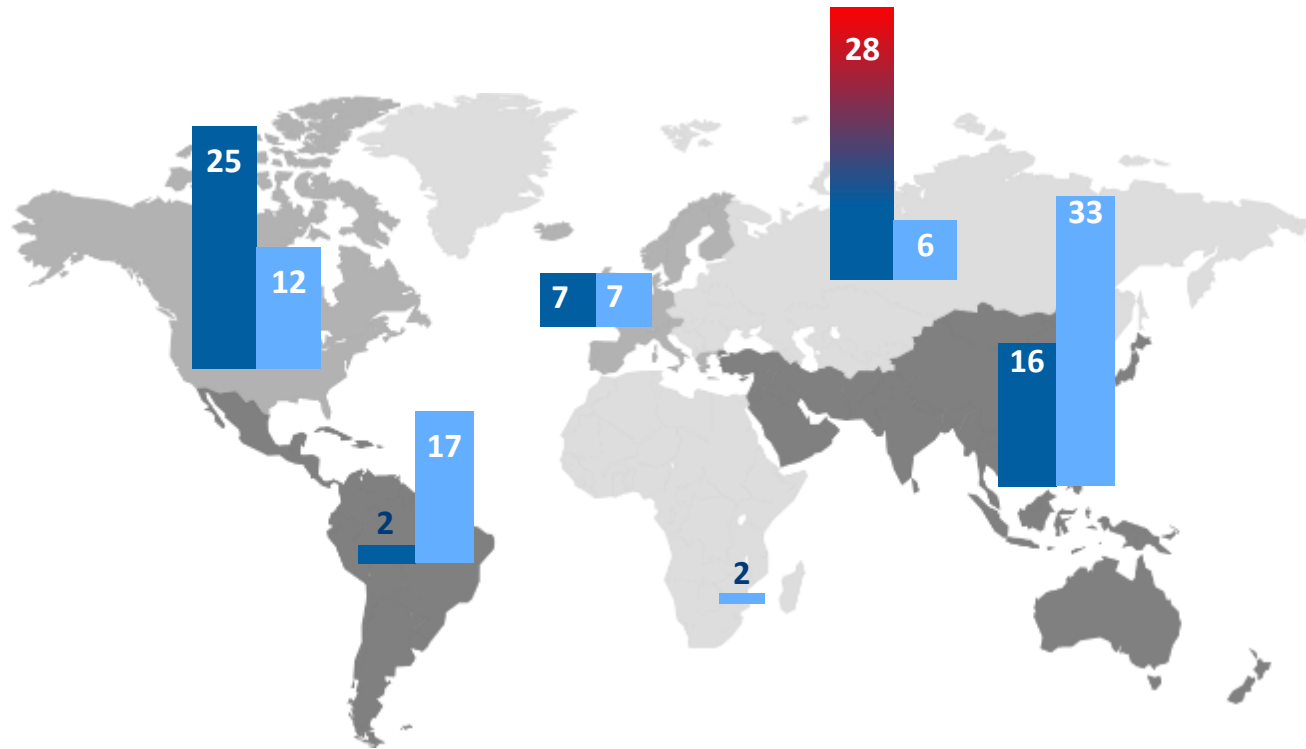
Source: USDA, Kepler Cheuvreux

- **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**



# 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

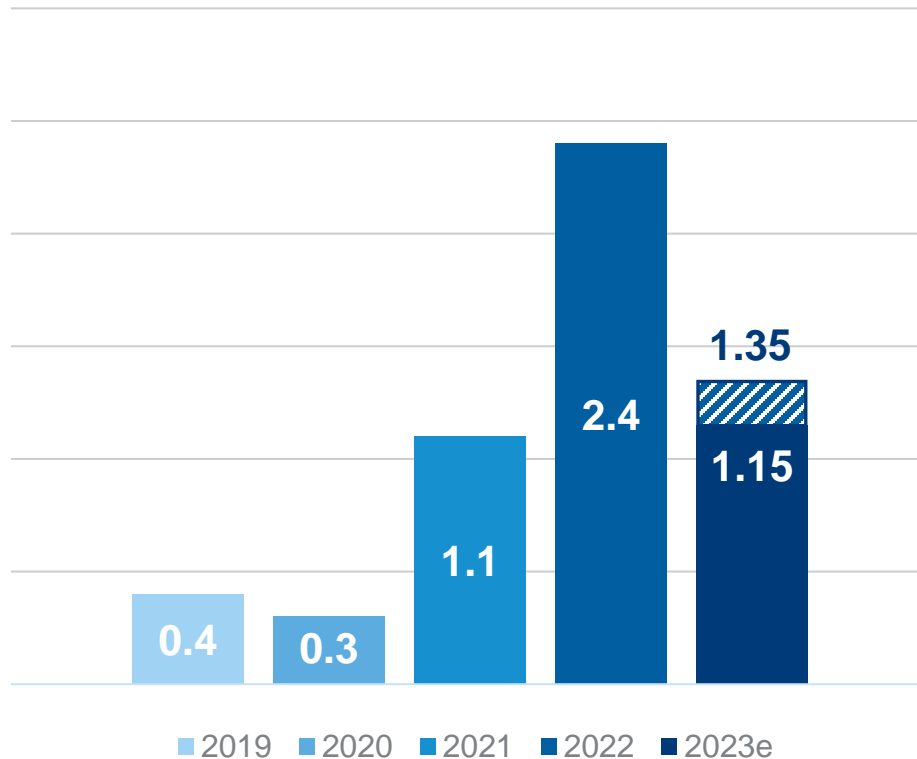
Basis: Year 2021 – incl. Potassium sulphate and low-grade potash

	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

# 2023: Very good full-year figures expected again

EBITDA in € billion



All forecasts as of May 9<sup>th</sup>, 2023

- 2023 EBITDA expected to range between **€1.15 billion and €1.35 billion**
- Adjusted free cash flow expected to range between **€650 million and €850 million**, based on a mid triple-digit million euro amount of capex
- Agriculture customer segment:
  - Tangible decrease of average price below Q1/23 incorporated in guidance (Q1/23: 499 €/t)
  - Relief in logistical constraints compared to 2022 should lead to an increase of sales volumes to 7.2mt to 7.4mt (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

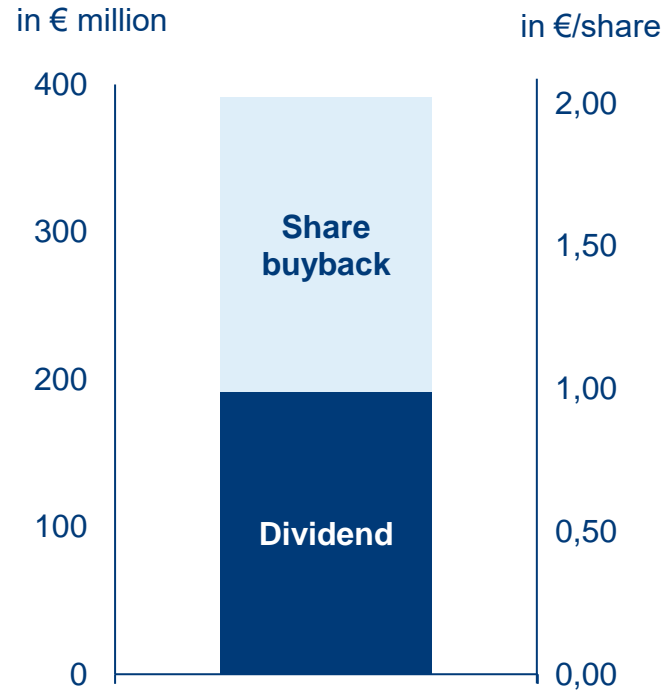
- Participation of shareholders for the 2022 financial year  
→ €1.00 dividend per share (paid on May 15<sup>th</sup>,2023)  
and  
→ additional share buyback of up to €200m (about €1.00 per share) which started on May 16<sup>th</sup>,2023
- Investment in optimizing our existing business (Bethune, Werra 2060)
- Securing crisis-proof balance sheet and liquidity position (war/energy)
- Further development of our specialty portfolio in our existing business areas
- Energy transformation

## Already done in 2022:

- Dividend payment for the 2021 financial
- Repayment of factoring
- Purchase of CO<sub>2</sub> certificates for rest of trading period
- Repayment of bond in 06/2022 and 01/2023

# 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.

# Share buyback 2023

In addition to the dividend payment in the amount of €1 per share, the Supervisory Board and the Board of Executive Directors resolved a share buyback program in a **volume of up to €200 million** to return capital to the shareholders for the 2022 financial year. This combination shall meet the different interests of our shareholders.

The share buyback started on May 16, 2023, and is to be completed by February 15, 2024, at the latest.

## Technical execution:

- The buyback is to be carried out via the stock exchange in electronic trading on the Frankfurt Stock Exchange (Xetra) as well as via European multilateral trading facilities.
- The purchase price per share bought back (excluding incidental acquisition costs) may not be more than 10% higher or lower than the price of a K+S share determined by the opening auction in Xetra trading (or a comparable successor system) on the trading day.
- In accordance with the Buyback Regulation, no more than 25% of the average daily share turnover on the trading facility on which the respective purchase is made may be purchased on any one day. The average share turnover is derived from the average daily trading volume of the 20 trading days prior to the specific purchase date.
- Following the share buyback, the shares are to be cancelled.

Details on the status of the share buyback can be found on our website: [Shares & Bonds - Key Data](#)



# S&P recognizes our high creditworthiness

- The rating agency Standard & Poor's (S&P) upgraded the long-term rating of K+S to **BBB-** (previously: BB+).
- K+S is, therefore, now rated in the **investment grade** range again.
- The rating outlook is **stable**.
- S&P justifies the improvement with significant deleveraging as well as the cautious financial policy.
- This has already been the fourth upgrade of the K+S rating since fall 2021.

# Housekeeping items / Financial calendar

## Additional information on 2023 FY outlook – continuing operations

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

## Financial calendar

The Nice Conference, Nice – IR	June 1, 2023
Warburg Highlights, Hamburg – CEO, CFO	June 15, 2023
dbAccess, Frankfurt – CEO, CFO	June 20, 2023
Chemical Roadshow, North America, Baader Bank – IR	June 27-29, 2023
Societe Generale Roadshow, Paris – CEO, CFO	July 11, 2023

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