



K+S' Capital Markets Day 2018

Workshop III – One Company

Bethune, 5 September 2018

Mark Roberts, Chief Operating Officer

Mark Roberts



Mark Roberts was born in 1963 in New Jersey, U.S. and started his professional career at Victaulic Corporation of America, serving as a marketing manager. He later joined Ashland Chemical Company in 1988. In 1992 he joined Potash Import & Chemical Corporation (PICC), the K+S KALI U.S. distribution company, as a Sales Manager, and subsequently became vice president. In 2004, he became PICC's President, and in April 2008, he was named CEO of International Salt Company. In October 2009, Mark Roberts became CEO of Morton Salt. Since October 2012, he has been a member of the Board of Executive Directors of K+S Aktiengesellschaft. In November 2017 he assumed the role of COO and in the new matrix organization he has responsibility for the Operating Units Americas and Europe & Agriculture, as well as the Excellence Functions in Operations, Marketing and Sales, and Supply Chain. Roberts is married and has two children.

Safety Moment – Don't slip up this winter

- Wear appropriate footwear and walk slowly and consciously, when snow or ice is present and use handrails, if available.
- Look where you're stepping and anticipate slippery surfaces. Black ice – sometimes called clear ice – often appears early in the mornings, in shady areas, or where the sun shines during the day and melted snow refreezes at night.
- Watch for wet and slippery floors, when entering the workplace, as co-workers may have tracked in snow and slush.
- Look up for snow or ice that may fall or break away from awnings, buildings and windows.



Goals from Shaping 2030

Four main aspects

ONE COMPANY

The new matrix organization breaks down silos, increases collaboration, and brings us together as one company.



SYNERGIES

We will unlock commonalities and apply excellence standards across the company.



GROWTH

Our strategy creates the platform for long-term significant growth, both organic and external.



CUSTOMER FOCUS

Segment strategies focused on customer needs and wants shift the focus away from what we produce, to how we can better serve our markets.

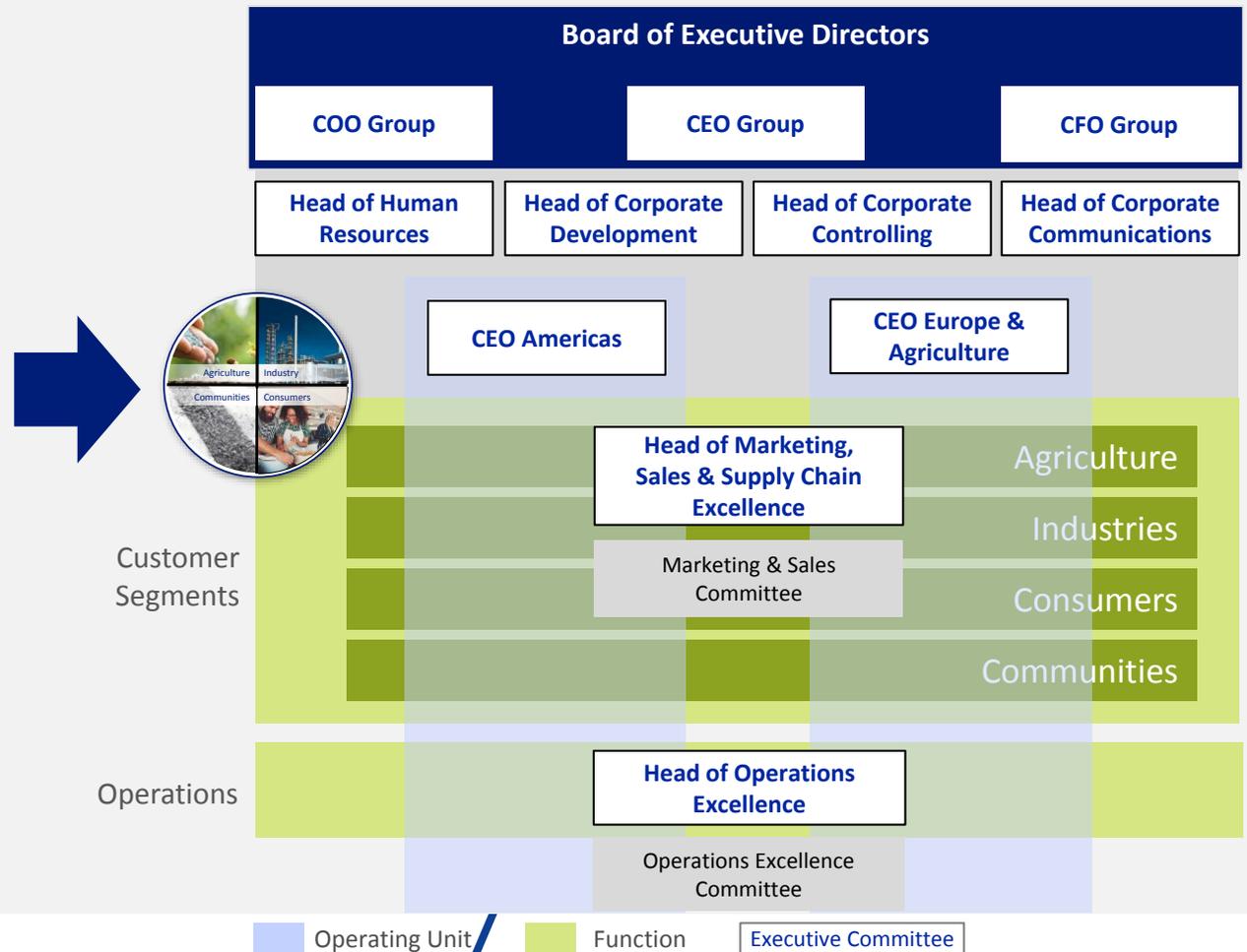


Phase I: Building a basis for our growth options

Divisional Silos



Matrix



Excellence Functions & Committees

Functional Excellence:

- Our excellence initiatives are more than projects
- We will ensure that functional excellence becomes part of our DNA
- We will define global functional strategies & directives
- We will drive standardization, improvement, and accountable performance management
- Fundamental change is supported by committees representing different parts of the matrix

Marketing & Sales Committee:

- Deciding on strategic topics, excellence initiatives, benchmarking, cross-segment & cross-OU initiatives, product portfolio planning, etc.

Operations Excellence Committee:

- Deciding on group-wide implementation of excellence measures
- Review of KPIs against targets
- Core projects and initiatives – status quo and progress
- Core risks in the operating business



Synergies

Projects and net impact by the end of 2020

**SHAPING
2030**



Lift synergies

	Sponsor	Net synergies YE 2020 (vs. 2017)
Sales, General & Administrative Optimization (SG&A)	CEO	~ €30m
Operations	COO	> €50m
Procurement	CFO	> €30m
Supply Chain and Logistics	COO	> €20m
Commercial Excellence	COO	> €20m
	Σ	> €150m

Our synergy initiatives

Transformation of the business **until 2020**

Excellence synergy projects focused on **improving and standardizing processes and tools**, improving efficiency and cost and **changing mindset**

COO sponsored **projects** and involved functions:

- **Operations**
- **Commercial Excellence**
- **Supply Chain and Logistics**



Operations

Expected to contribute at least €50m

Operations synergy efforts have already started early this year

- Operations will be the **largest synergy contributor**
- **Every site will contribute** in a joint effort to reach the target
- **Site-by-site investigation** with own team supported by experienced partner
- The **validation phase was completed** successfully
- We have **already identified first opportunities** to increase efficiency
- **Start of implementation in 2019** to stabilize current production
- **On top of the aim to stabilize our production, we have targeted a synergy potential of at least €50m by the end of 2020**



Operations

Some examples



- In some mines, reducing number of daily blasts can **increase productive time**.
- **Optimizing preparation** for incoming shift before entry into mine
- **Improve underground performance management** will increase visibility of, and adherence to, production targets
- Mobile **machines remain in work** area (no blast)
- **Hot seat change-over:** Transportation of employees of incoming shift to district of work via joint transportation
- Increased “wrench time” through improved maintenance processes
 - **Deeper Dive**

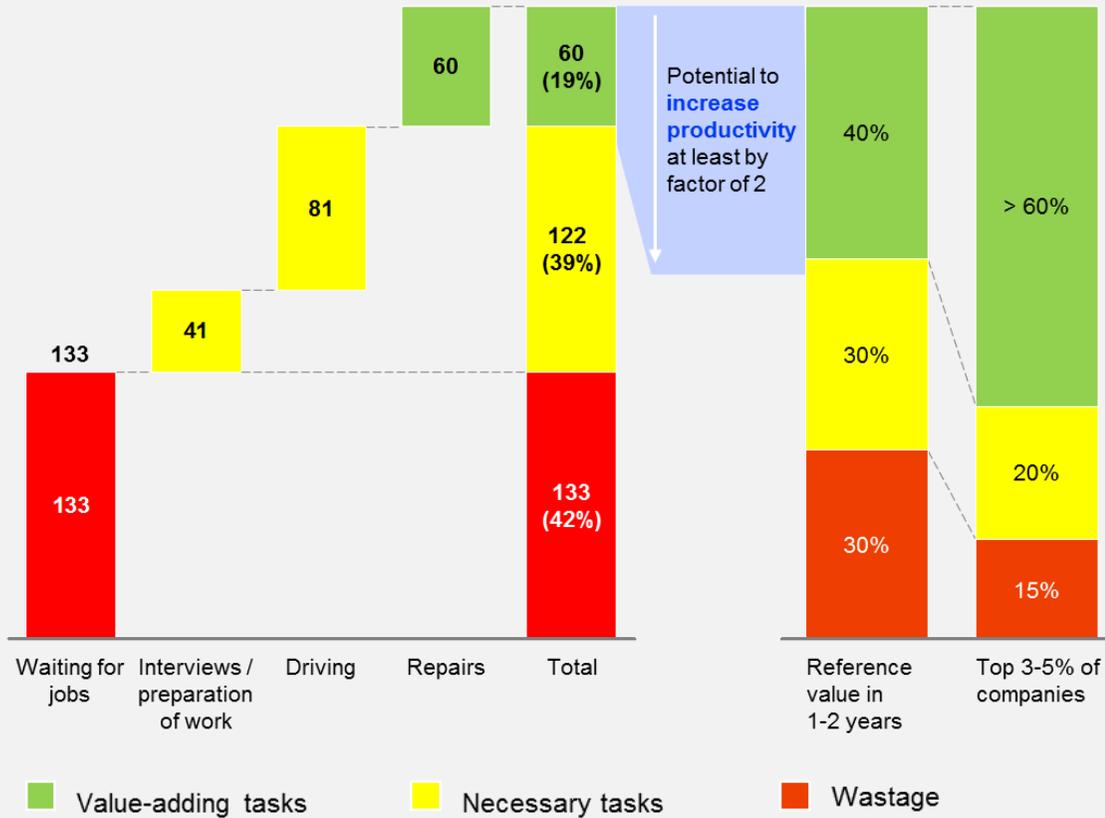


Operations

Target – Increase wrench time

Current productive time of maintenance at site x ..., in min.

... deviate widely, including from reference values in Germany



Key to efficient execution of work is increasing wrench time based on activities that eliminate time wastage



Supply Chain and Logistics

Expected to contribute at least €20m

Some Key Examples

- **New Transport Management System:** Implementing a new TMS and outsourcing certain parts of the order processing (i.e. carrier allocation) ensures higher route guide compliance and improved customer service
- **Distribution Network Optimization:** Consistent utilization of robust modeling tool to identify and subsequently implement low-cost warehouse network
- **Supply Chain Planning:** Improve maturity level and consistent application of the S&OP process
- **Tender Process EU:** Optimize and standardize truck tendering process



Commercial Excellence

Expected to contribute at least €20m

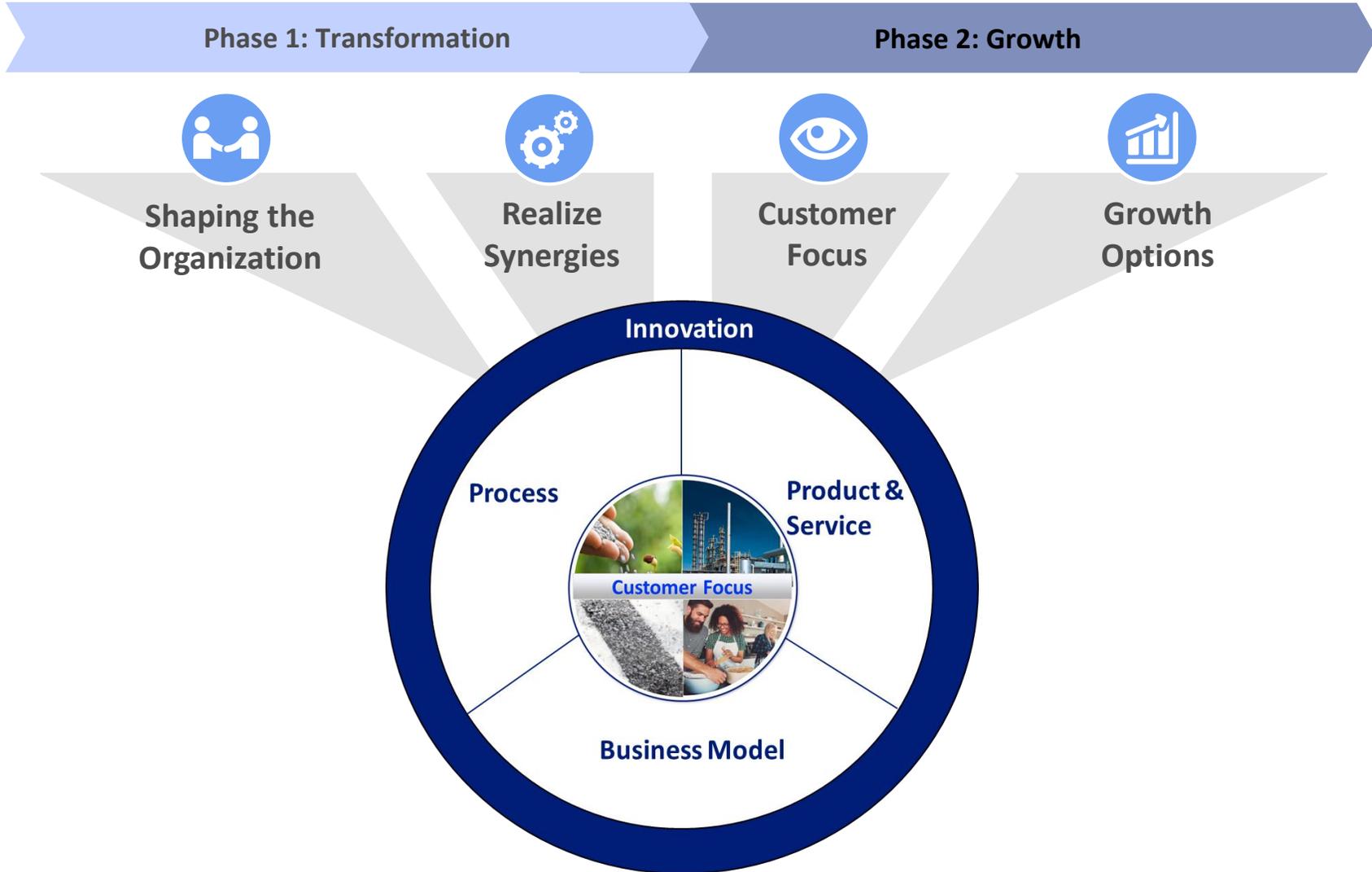


Some Key Examples

- **Pricing & Margin Management:** Revisit pricing strategies, improve pricing tools, and explore price potential
- **Market & Customer Insights:** Explore white spaces / untapped market potential across K+S
- **Lead & Opp. Management:** Better & consistent use of CRM system to identify, pursue and win “non-customers”
- **Market Strategy:** Review existing market segment strategies



Growth: Innovation will be a key enabler



Examples to reflect variety of innovation types and efforts

Process Innovation

Cooperation with provider for Open Innovation (NineSigma) for crowdsourcing new ideas to address the potash tailings piles covering challenge



✓ Sustainability

Product & Service Innovation

Customer-specific salt brine tanks for Chilean fish farms as a managed & value-added service.



✓ Service



✓ New adjacent growth areas



Ag Trading Platform in Uganda that enables small farmers to procure urgently needed inputs and provides access to complementary services

Business Model Innovation

Wrap-up



Thinking and acting as **One K+S** is more than a structural change

We have started projects, but we will ensure that a commitment to **'excellence'** becomes an **important part of our DNA**

First time ever that we are benchmarking and consistently implementing best-practice across the entire company

Challenges related to our organization and mature mining assets **have now been addressed**

Excellence **initiatives have started with promising findings**

Entire management team is dedicated to deliver on synergies



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