

# K+S Q4/18 FACTS & FIGURES

## HIGHLIGHTS

- + EBITDA improved to €606m (2017: €577 m) including a burden of €~110m due to weather-related standstills
- + At €-206m, adjusted free cash flow significantly up (2017: €-390m)
- + Net debt/EBITDA ratio in 2018 at 7.3 (31 Dec 2017: 7.2)
- + Higher potash prices and more Bethune volumes stood against productivity issues and weather-related stoppages in Germany
- + More salt products shipped, but freight cost headwind

## OUTLOOK 2019

- + Group EBITDA guidance range 2019: € 700 to 850m
- + Positive adjusted free cash flow
- + OU Europe+ EBITDA significantly up (2018: € 443m)
- + OU Americas EBITDA about stable (2018: € 222m)

## SHAPING 2030

- + Start of implementing the re-organisation in Q4/2018
- + Synergy projects in progress and synergy potential of >€150m in 2020 and beyond confirmed

## KEY FIGURES

		Q4/17	Q4/18	%	2017	2018	%
<b>Revenues</b>	€ million	<b>1,032.1</b>	<b>1,217.3</b>	<b>+ 17.9</b>	<b>3,627.0</b>	<b>4,039.1</b>	<b>+ 11.4</b>
– thereof Potash and Magnesium Products business unit	€ million	485.0	621.6	+ 28.2	1,703.5	1,973.0	+ 15.8
– thereof Salt business unit	€ million	506.6	553.3	+ 9.2	1,762.0	1,890.8	+ 7.3
<b>EBITDA<sup>1</sup></b>	€ million	<b>187.2</b>	<b>228.0</b>	<b>+ 21.8</b>	<b>576.7</b>	<b>606.3</b>	<b>+ 5.1</b>
– thereof Potash and Magnesium Products business unit	€ million	73.8	144.5	+ 95.8	268.8	359.3	+ 33.7
– thereof Salt business unit	€ million	123.5	88.8	- 28.1	325.2	274.5	- 15.6
<b>EBITDA-margin</b>	%	<b>18.1</b>	<b>18.7</b>	<b>-</b>	<b>15.9</b>	<b>15.0</b>	<b>-</b>
– Potash and Magnesium Products business unit	%	15.2	23.2	-	15.8	18.2	-
– Salt business unit	%	-	16.0	-	18.5	14.5	-
Depreciation and amortisation <sup>2</sup>		94.5	103.1	+ 9.1	305.9	379.1	+ 23.9
<b>Group earnings, adj.<sup>3</sup></b>	€ million	<b>30.0</b>	<b>71.8</b>	<b>&gt;100</b>	<b>145.0</b>	<b>85.4</b>	<b>- 41.1</b>
<b>Earnings per share, adj.<sup>3</sup></b>	€	<b>0.17</b>	<b>0.38</b>	<b>&gt;100</b>	<b>0.76</b>	<b>0.45</b>	<b>- 40.8</b>
Cash flow							
<b>Operating cash flow</b>	€ million	<b>- 76.5</b>	<b>32.8</b>	<b>-</b>	<b>306.8</b>	<b>308.7</b>	<b>+ 0.6</b>
Capital expenditure <sup>2</sup>	€ million	243.0	165.1	- 32.0	810.8	443.2	- 45.3
<b>Free cash flow, adjusted</b>	€ million	<b>- 149.8</b>	<b>- 146.7</b>	<b>- 2.1</b>	<b>- 389.8</b>	<b>- 206.3</b>	<b>- 47.1</b>
Balance sheet							
Total assets/liabilities	€ million	-	-	-	9,754.4	9,966.2	+ 2.2
Equity	€ million	-	-	-	4,160.7	4,144.1	- 0.4
Equity ratio	%	-	-	-	42.7	41.6	-
Net debt as of 31 December	€ million	-	-	-	4,140.5	4,443.6	+ 7.3
Net debt/EBITDA (LTM)		-	-	-	7.2	7.3	-
Working Capital	€ million	-	-	-	968.1	1,126.7	+ 16.4
Return on Capital Employed (ROCE)	%	-	-	-	3.2	2.6	-
Employees							
Employees as of 31 December <sup>4</sup>		-	-	-	14,793	14,931	+ 0.9
Average number of employees <sup>4</sup>		-	-	-	14,654	14,904	+ 1.7
Share							
Book value per share as of 31 December	€	-	-	-	21.74	21.65	- 0.4
Dividend per share	€	-	-	-	0.35	0.25	- 28.6
Dividend yield	%	-	-	-	1.7	1.6	-
Share price as of 31 December	XETRA, €	-	-	-	20.76	15.72	- 24.3
Market capitalisation as of 31 December	€ billion	-	-	-	4.0	3.0	- 25.0
Enterprise Value as of 31 December	€ billion	-	-	-	8.1	7.4	- 8.6
Average number of shares	million	191.40	191.40	-	191.40	191.40	-

<sup>1</sup> The EBITDA is defined as earnings before interest, taxes, depreciation and amortisation, adjusted by the depreciation and amortisation amount not recognised in profit and loss in the context of own work capitalised, earnings arising from changes in the fair market value of outstanding operating anticipatory hedges, changes in the fair value of operating anticipatory hedges recognised in prior periods and in the prior year profit/loss from currency hedging for capital expenditure in Canada. A reconciliation can be found in the 2018 annual report on page 95.

<sup>2</sup> Concerns cash investments as well as depreciation of property, plant and equipment and amortization of intangible assets, taking claims for reimbursement from claim management into account.

<sup>3</sup> The adjusted key figures only include the result from operating forecast hedges of the respective reporting period reported in EBIT I (see also 'Notes to the income statement and the statement of comprehensive income' on page 173). In addition, related effects on deferred and cash taxes are eliminated; tax rate for 2018: 30.0% (2017: 29.9%).

<sup>4</sup> FTE: Full-time equivalents; part-time positions are weighted in accordance with their respective share of working hours.

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## BUSINESS SEGMENT INFORMATION

### POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT

#### DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES BY REGION

		2017	Q1/18	Q2/18	H1/18	Q3/18	9M/18	Q4/18	2018	%
<b>Revenues</b>	€ million	1,703.5	488.7	440.5	929.2	422.2	1,351.4	621.6	1,973.0	+ 15.8
Europe	€ million	1,002.8	306.0	244.2	550.2	214.3	764.6	288.2	1,052.7	+ 5.0
Overseas	US\$ million	791.5	224.7	233.6	458.3	242.0	700.9	386.5	1,086.8	+ 37.3
<b>Sales volumes</b>	t million (product)	6.71	1.94	1.71	3.65	1.56	5.22	2.24	7.46	+ 11.2
Europe	t million (product)	3.77	1.11	0.89	2.00	0.75	2.75	0.99	3.74	- 0.8
Overseas	t million (product)	2.94	0.84	0.83	1.67	0.81	2.47	1.25	3.72	+ 26.5
<b>Average prices</b>	€/t (product)	253.8	251.6	257.2	254.2	270.0	258.9	276.9	264.4	+ 4.2
Europe	€/t (product)	266.0	276.3	274.4	276.0	285.7	278.5	289.6	281.5	+ 5.8
Overseas	US\$/t (product)	269.0	269.1	282.8	276.0	297.5	283.3	304.5	291.9	+ 8.5

- + Significant increase in revenues to €1,973 million, compared to €1,704 million in the previous year
- + Supportive potash market environment, especially in overseas
- + Werra plant temporarily standing still due to extreme drought causing a negative EBITDA impact of ~€110m in 2018
- + Staff/machinery issues at the Werra plant improved; geology at Neuhoof and nutrient content at Unterbreizbach remain challenging
- + Expansion of tailings pile capacity for the Hattorf site approved
- + Potash production at the Sigmundshall site (Hanover region) terminated at the end of 2018
- + Bethune production of 1.4mt and positive EBITDA contribution in 2018 achieved

### SALT BUSINESS UNIT

#### DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES

		2017	Q1/18	Q2/18	H1/18	Q3/18	9M/18	Q4/18	2018	%
<b>De-icing salt</b>										
Revenues	€ million	613.2	361.4	48.3	409.7	88.8	498.5	241.3	739.8	+ 20.6
Sales volumes	t million	10.66	6.89	0.94	7.83	1.59	9.42	4.11	13.53	+ 26.9
Average prices	€/t	57.5	52.5	51.4	52.3	55.9	52.9	58.7	54.7	- 4.9
<b>Consumer, food processing, industrial and salt for chemical use</b>										
Revenues	€ million	1,108.3	262.4	271.5	533.9	277.4	811.3	297.7	1,109.0	+ 0.1
Sales volumes	t million	9.66	2.45	2.51	4.96	2.54	7.50	2.65	10.15	+ 5.1
Average prices	€/t	114.8	107.1	108.2	107.6	109.3	108.2	112.3	109.3	- 4.9

- + Moderate increase in revenues to €1,891 million (2017: €1,762 million) on the back of more salt shipped
- + At 13.5 million tonnes, approximately 27% more de-icing salt was sold in 2018 (2017: 10.7 million tonnes)
- + Mixed picture in our winter regions; good pre-stocking in US Mid-West; highly competitive US East Coast; December below average in terms of volumes, January/February more normal
- + EBITDA burdened from logistics costs

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