

K+S Q2/19 FACTS & FIGURES

HIGHLIGHTS

- + Q2/19 EBITDA up 24% year-on-year to € 130 million
- + Q2/19 adjusted free cash flow up by around € 150m to € 102m due to higher operating earnings and optimized working capital
- + Net financial debt/EBITDA reduced to 4.4x

MORE PRECISE OUTLOOK FOR 2019

- + Significant EBITDA increase to a range of € 730–830m expected on the base of adjusted market assumptions (previously: € 700–€ 850m; 2018: € 606m)
- + At the midpoint of our earnings guidance we now expect an adjusted free cash flow of at least € 100m (2018: € -206m)

KEY INDICATORS

		Q2/18 ¹	Q2/19	%	H1/18 ¹	H1/19	%
K+S Group							
Revenues	€ million	811.9	878.5	+ 8.2	1,981.7	2,141.9	+ 8.1
EBITDA ¹	€ million	105.1	130.1	+ 23.8	341.9	400.0	+ 17.0
EBITDA margin	%	12.9	14.8	–	17.3	18.7	–
Depreciation and amortisation ²	€ million	91.7	103.8	+ 13.2	181.5	203.2	+ 12.0
Operating unit Europe³							
Revenues	€ million	571.9	626.8	+ 9.6	1,233.9	1,318.6	+ 6.9
EBITDA ¹	€ million	99.8	128.4	+ 28.6	255.4	305.5	+ 19.6
EBITDA margin	%	17.5	20.5	–	20.7	23.2	–
Depreciation and amortisation ²	€ million	75.9	80.7	+ 6.4	150.4	158.3	+ 5.2
Operating unit Americas³							
Revenues	€ million	239.3	251.2	+ 5.0	746.5	822.4	+ 10.2
EBITDA ¹	€ million	22.1	13.6	– 38.2	118.0	121.2	+ 2.7
EBITDA margin	%	9.2	5.4	–	15.8	14.7	–
Depreciation and amortisation ²	€ million	14.1	20.9	+ 48.7	27.8	40.7	+ 46.4
Customer segment Agriculture⁴							
Revenues	€ million	383.1	440.1	+ 14.9	813.9	901.1	+ 10.7
EBITDA ¹	€ million	64.5	95.3	+ 47.7	159.2	219.4	+ 37.8
EBITDA margin	%	16.8	21.6	–	19.6	24.4	–
Customer segment Industry⁴							
Revenues	€ million	277.3	282.5	+ 1.9	552.7	564.3	+ 2.1
EBITDA ¹	€ million	60.5	55.8	– 7.8	124.5	114.3	– 8.2
EBITDA margin	%	21.8	19.7	–	22.5	20.3	–
Customer segment Consumers⁴							
Revenues	€ million	102.7	108.5	+ 5.6	212.8	228.0	+ 7.2
EBITDA ¹	€ million	7.5	9.0	+ 21.2	17.5	25.4	+ 45.1
EBITDA margin	%	7.3	8.3	–	8.2	11.2	–
Customer segment Communities⁴							
Revenues	€ million	48.2	47.0	– 2.4	401.1	447.6	11.6
EBITDA ¹	€ million	– 10.6	– 18.1	–	72.1	67.5	– 6.3
EBITDA margin	%	– 22.0	– 38.4	–	18.0	15.1	–
Earnings after tax, adjusted ⁵	€ million	– 9.4	2.6	–	74.2	110.4	48.8
Earnings per share, adjusted ⁵	€	– 0.05	0.01	–	0.39	0.58	47.9
Capital expenditure ⁶	€ million	91.2	93.1	+ 2.1	153.7	165.7	7.8
Net cash flows from operating activities	€ million	59.4	193.2	+ 225.3	292.2	517.6	77.1
Adjusted free cash flow ⁷	€ million	– 48.6	101.5	–	94.2	334.6	255.2
Net financial debt as of 30 June ⁸	€ million	–	–	–	2,944.2	2,893.7	– 1.7
Net financial debt/EBITDA (LTM) ⁹		–	–	–	4.9	4.4	–
Equity ratio	%	–	–	–	42.8	42.4	–
Return on capital employed (LTM) ⁹	%	–	–	–	3.2	3.0	–
Book value per share as of 30 June	€	–	–	–	21.61	22.93	+ 6.1
Average number of shares	million	191.4	191.4	–	191.4	191.4	–
Employees as of 30 June ¹⁰	number	–	–	–	14,809	14,535	– 1.9
Market capitalisation as of 30 June	€ billion	–	–	–	4.05	3.14	– 22.6
Enterprise value (EV) as of 30 June	€ billion	–	–	–	8.18	7.48	– 8.5

¹ Earnings before interest, taxes, depreciation and amortisation (EBITDA), adjusted for depreciation and amortisation of own work capitalised recognised directly in equity, earnings from fair value changes arising from operating anticipatory hedges still outstanding and changes in the fair value of operating anticipatory hedges recognised in prior periods (EBITDA).

² Relates to amortisation of intangible assets and depreciation of property, plant and equipment, adjusted for depreciation and amortisation of own work capitalised recognised directly in equity.

³ Segments according to IFRS 8.

⁴ No segments according to IFRS 8.

⁵ The adjusted key indicators include the profit/(loss) from operating anticipatory hedges in the relevant reporting period, which eliminates effects from changes in the fair value of the hedges. Related effects on deferred and cash taxes are also eliminated, tax rate in Q2/19: 30.0% (Q2/18: 29.9%).

⁶ Relates to cash payments for investments in property, plant and equipment and intangible assets, taking claims for reimbursement from claim management into account excluding additions to leases in accordance with IFRS 16. The standard was applied for the first time as of 1 January 2019.

⁷ Adjusted for purchases/sales of securities and other financial investments.

⁸ From 1 January 2019 includes leasing obligations arising explicitly from finance lease contracts concluded. Previous year's values are reported without corresponding adjustment.

⁹ LTM = last twelve months; inclusion of the effects arising from IFRS 16 on a pro-rata basis. The standard was applied for the first time as of 1 January 2019.

¹⁰ FTE: Full-time equivalents; part-time positions are weighted in accordance with their respective share of working hours.

¹¹ For purposes of comparison, prior-year figures for the operating units and for the customer segments will also be reported in accordance with the new breakdown of the segment reporting from the 2019 reporting year onwards.

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OPERATING UNITS INFORMATION³

EUROPE+

+ Europe+: Price increase across all Potash and Magnesium products

AMERICAS

+ Americas: Maintenance measures and elevated logistics costs showing impact on EBITDA especially in a seasonally low quarter

CUSTOMER SEGMENT INFORMATION⁴

CUSTOMER SEGMENT AGRICULTURE

- + Tangible rose to € 440.1m (Q2/2018: € 383.1m), mainly driven by higher prices, positive FX effects and higher volumes.
- + Additional production volumes from Bethune and the Werra plant overcompensated lower volumes due to the closure of Sigmundshall (end of 2018).
- + EBITDA rose significantly to € 95.3m in Q2/19 (Q2/18: € 64.5m); in H1/19, EBITDA totalled € 219.4m (H1/18: € 159.2m).

CUSTOMER SEGMENT AGRICULTURE: DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES BY REGION

		Q1/18	Q2/18	H1/18	Q3/18	Q4/18	2018	Q1/19	Q2/19	H1/19
Revenues	€ million	430.8	383.1	813.9	372.3	555.0	1,741.3	461.0	440.1	901.1
Europe	€ million	258.2	201.3	459.5	174.6	241.0	875.1	274.4	209.5	483.9
Overseas	US\$ million	212.3	216.3	428.6	229.3	358.0	1,016.0	211.9	259.2	471.1
Sales volumes	million t (product)	1.79	1.55	3.34	1.44	2.07	6.85	1.64	1.61	3.25
Europe	million t (product)	0.98	0.77	1.75	0.65	0.87	3.27	0.98	0.75	1.72
Overseas	million t (product)	0.81	0.78	1.59	0.79	1.20	3.58	0.66	0.87	1.53
Average price	€/t (product)	241.1	246.5	243.6	258.4	267.9	254.2	281.7	272.6	277.2
Europe	€/t (product)	264.0	260.2	262.3	267.0	276.0	267.6	281.2	280.5	280.9
Overseas	US\$/t (product)	262.6	277.1	269.7	291.4	298.6	283.8	320.8	298.7	308.2

CUSTOMER SEGMENT INDUSTRY

+ EBITDA in Q2/19 slightly down to € 55.8m (Q2/19: € 60.5m); higher revenues could not fully compensate for higher costs; in H1/19, EBITDA totalled € 114.3m compared with € 124.5m in the previous year.

CUSTOMER SEGMENT CONSUMERS

+ EBITDA climbed to € 9.0m in Q2/19 (Q2/18: € 7.5m) and to € 25.4m in H1/19 (H1/18: € 17.5m); higher revenues especially for water softening salts and positive FX effects more than compensated for higher costs and softer volumes.

CUSTOMER SEGMENT COMMUNITIES

+ EBITDA in Q2/19 fell to € -18.1m from € -10.6m in Q2/18. A slight decrease in revenues, higher costs, especially for maintenance and logistics as well as effects from a less favourable regional mix had a disproportionately strong impact in a seasonally weaker quarter. In H1/19, EBITDA totalled € 67.5m compared with € 72.1m in H1/18.

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