# Q3/2020
# Quarterly Report

**Q3 figures:**

+ K+S Group revenues for the third quarter fall to €822 million (Q3/2019: €905 million)

+ EBITDA of €96 million significantly higher than in the previous year (Q3/2019: €81 million)

+ One-time, non-cash income from our extensive package of measures in the current quarter compensates for corona-related efficiency losses in the full year

+ Clean up of balance sheet: Adjustment of assumptions for long-term potash prices as well as cost of capital leads to non-cash impairment in the amount of about €2.0 billion

**Outlook 2020:**

+ The full-year outlook for EBITDA of the K+S Group in 2020 is confirmed at about €480 million after taking into account one-off restructuring expenses

+ Non-cash impairment impacts adjusted Group earnings significantly

**Package of measures to reduce debt:**

+ Sales agreement for the Americas operating unit signed, selling price amounts to USD 3.2 billion, transaction expected to be completed in summer 2021

+ A strategy for the comprehensive realignment of K+S is in preparation, administration restructuring will be completed by the end of the current year

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**KEY FIGURES**

| | | Q3/2019 | Q3/2020 | % | 9M/2019 | 9M/2020 | % |
|---|---|---|---|---|---|---|---|
| **K+S Group** | | | | | | | |
| Revenues | € million | 904.9 | 821.7 | – 9.2 | 3,046.9 | 2,751.0 | – 9.7 |
| EBITDA [1] | € million | 80.6 | 96.0 | + 19.3 | 480.6 | 384.8 | – 19.9 |
| EBITDA margin | % | 8.9 | 11.7 | — | 15.8 | 14.0 | — |
| Depreciation and amortization [2] | € million | 106.7 | 102.0 | – 4.4 | 309.9 | 327.3 | + 5.6 |
| **Operating unit Europe+ [3]** | | | | | | | |
| Revenues | € million | 621.1 | 562.6 | – 9.4 | 1,939.7 | 1,795.9 | – 7.4 |
| EBITDA [1] | € million | 67.3 | 84.8 | + 26.1 | 372.7 | 267.7 | – 28.2 |
| EBITDA margin | % | 10.8 | 15.1 | — | 19.2 | 14.9 | — |
| Depreciation and amortization [2] | € million | 82.8 | 84.8 | + 2.4 | 241.0 | 254.4 | + 5.6 |
| **Operating unit Americas [3]** | | | | | | | |
| Revenues | € million | 282.6 | 257.7 | – 8.8 | 1,105.0 | 952.7 | – 13.8 |
| EBITDA [1] | € million | 25.3 | 24.4 | – 3.6 | 146.6 | 164.1 | + 11.9 |
| EBITDA margin | % | 9.0 | 9.5 | — | 13.3 | 17.2 | — |
| Depreciation and amortization [2] | € million | 21.8 | 14.7 | – 32.6 | 62.4 | 65.3 | + 4.6 |
| **Customer segment Agriculture [4]** | | | | | | | |
| Revenues | € million | 425.0 | 373.0 | – 12.2 | 1,326.1 | 1,231.3 | – 7.1 |
| EBITDA [1] | € million | 46.1 | 11.5 | – 75.1 | 265.6 | 147.8 | – 44.3 |
| EBITDA margin | % | 10.9 | 3.1 | — | 20.0 | 12.0 | — |
| **Customer segment Industry [4]** | | | | | | | |
| Revenues | € million | 292.9 | 282.1 | – 3.7 | 857.2 | 845.4 | – 1.4 |
| EBITDA [1] | € million | 44.8 | 105.6 | + 135.7 | 159.1 | 216.7 | + 36.2 |
| EBITDA margin | % | 15.3 | 37.4 | — | 18.6 | 25.6 | — |
| **Customer segment Consumer [4]** | | | | | | | |
| Revenues | € million | 117.7 | 118.8 | + 1.0 | 345.8 | 373.8 | + 8.1 |
| EBITDA [1] | € million | 13.9 | 13.9 | — | 39.3 | 58.2 | + 48.1 |
| EBITDA margin | % | 11.8 | 11.7 | — | 11.4 | 15.6 | — |
| **Customer segment Communities [4]** | | | | | | | |
| Revenues | € million | 68.2 | 46.4 | – 32.0 | 515.8 | 298.0 | – 42.2 |
| EBITDA [1] | € million | –12.2 | –21.8 | — | 55.4 | 9.2 | – 83.5 |
| EBITDA margin | % | –17.9 | –46.9 | — | 10.7 | 3.1 | — |
| Group earnings after taxes, adjusted [5] | € million | – 41.8 | –1,975.4 | — | 68.5 | – 1,981.1 | — |
| Earnings per share, adjusted [5] | € | – 0.22 | – 10.32 | — | 0.36 | – 10.35 | — |
| Capital expenditure (capex) [6] | € million | 144.3 | 136.1 | – 5.7 | 309.9 | 342.9 | + 10.6 |
| Net cash flows from operating activities | € million | – 7.8 | 5.0 | — | 509.8 | 328.0 | – 35.7 |
| Adjusted free cash flow | € million | – 131.2 | – 116.2 | – 11.4 | 203.6 | 45.1 | — |
| Net financial debt as of September 30 | € million | — | — | — | 3,030.5 | 3,108.7 | + 2.6 |
| Net financial debt/EBITDA ratio (LTM) [7] | | — | — | — | 4.3 | 5.7 | — |
| Equity ratio | % | — | — | — | 42.8 | 26.2 | — |
| Return on capital employed (LTM) [7] | % | — | — | — | 3.3 | –23.8 | — |
| Book value per share as of September 30 | € | — | — | — | 23.82 | 10.96 | – 54.0 |
| Average number of shares | million | 191.4 | 191.4 | — | 191.4 | 191.4 | — |
| Employees on September 30 [8] | Number | — | — | — | 14,780 | 14,777 | — |
| Market capitalization on September 30 | € billion | — | — | — | 2.43 | 1.13 | – 53.8 |
| Enterprise value (EV) on September 30 | € billion | — | — | — | 6.99 | 5.68 | – 18.7 |

[1] EBITDA is defined as earnings before interest, taxes, depreciation, and amortization, adjusted for depreciation and amortization of own work capitalized recognized directly in equity, gains/losses from fair value changes arising from operating anticipatory hedges still outstanding, and changes in the fair value of operating anticipatory hedges recognized in prior periods.

[2] Relates to scheduled amortization of intangible assets and depreciation of property, plant, and equipment, adjusted for depreciation and amortization of own work capitalized recognized directly in equity.

[3] Segment in accordance with IFRS 8.

[4] No segment in accordance with IFRS 8.

[5] The adjusted key indicators include gains/losses on operating anticipatory hedges in the respective reporting period, which eliminates effects from fluctuations in the market value of the hedges. Related effects on deferred and current taxes are also eliminated; tax rate in Q3/2020: 30.0% (Q3/2019: 30.0%).

[6] Relates to cash payments for investments in property, plant, and equipment and intangible assets, excluding leases in accordance with IFRS 16.

[7] LTM = last twelve months.

[8] FTE = Full-time equivalents; part-time positions are weighted according to their share of working hours.

# CORPORATE STRATEGY

For a description of our current corporate strategy, please see the relevant section "Corporate Strategy" starting on page 49 of the 2019 Annual Report. On 5 October 2020, we signed the agreement on the sale of the Americas operating unit, in which the North and South American salt business is bundled, to Stone Canyon Industries Holdings LLC ("SCIH"), Mark Demetree and Partners. The enterprise value amounts to USD 3.2 billion. The transaction is expected to close in the summer of 2021, subject to customary approvals, including antitrust approvals. The sale is an important milestone in the implementation of the package of measures announced in December 2019, which will strengthen the Company's financial base.

The sale of the Americas operating unit is also accompanied by the restructuring of the remaining administrative functions in Germany. As already announced, the Europe+ operating unit and the holding company are currently being combined to form a leaner and more efficient K+S. The budget of the administrative functions, which will be organized functionally in the future, will be reduced by 30% or a total of about 60 million euros per year. The restructuring is currently being implemented and is expected to be completed by the end of the current year.

Details of the strategic realignment of K+S after the sale of the Americas operating unit are currently in preparation.

# SIGNIFICANT EVENTS IN THE REPORTING PERIOD

The K+S Board of Executive Directors has adjusted its long-term assumptions against the background of the realignment of the Company and the sale of the Americas operating unit. This mainly concerns the long-term potash price assumption as well as a higher cost of capital rate. Based on the current potash price level, K+S expects prices to continue to rise in the short and medium term. However, the assumption regarding the long-term price trend is now lower than previously assumed. Overall, this results in a one-off, non-cash impairment loss on assets in the Europe+ operating unit of about €2.0 billion. This special impairment loss will be made in the financial statements for the quarter under review and affects the adjusted group earnings after taxes and ROCE, but does not lead to a liquidity outflow.

K+S has unique raw material sources, a broad product range, and is the only potash producer with production sites on two continents. This is a good starting point from which to continue to supply numerous industries with essential products and to make a significant contribution to securing the world's food supply. During the corona pandemic, K+S has also demonstrated that its business model is not subject to disruptive changes. The megatrends that will carry this business model into the future, such as the constantly growing world population, for example, are still intact. All this underlines that the future prospects for K+S remain very good.

The sale of the Americas operating unit is expected to generate a cash inflow of more than USD 3 billion and a book profit in the mid three-digit million range after closing in summer 2021. This will significantly reduce K+S's debt and secure future financing. With the impairment, K+S has now also cleaned up its balance sheet. This will create more room to shape the future of K+S.

In addition to the restructuring measures already underway in administration, the focus will be on further optimizing the cost and capex structure at all production sites. This is expected to contribute to all production sites generating a positive free cash flow in the future, even in the event of a low price level for potassium standard fertilizers as well as weak demand for de-icing salt due to weather conditions.

## EARNINGS POSITION, FINANCIAL POSITION, AND NET ASSETS

Through our products and services, we make an important contribution to getting essential goods to the general population and key industries in the healthcare, pharmaceutical, food and feed production, and agriculture segments.

In response to the spread of the coronavirus, K+S is continuing measures at all of its sites to minimize the risk of infection and safeguard our employees. As a result, elevator trips by the workforce into our mines run with significantly fewer people to ensure a greater social distancing. Shifts have also been shortened or staggered to different time slots to prevent too many employees from sharing the same space. In relevant areas, protective mouth and nose masks are used. These measures have been successful in keeping production running at all sites. In addition, K+S administrative staff have partly been working from home since the middle of March. Here, too, we have seen that collaboration is working well in all areas.

The efficiency losses associated with these measures have once again had a negative impact of around €10 million on our quarterly result.

### EARNINGS POSITION

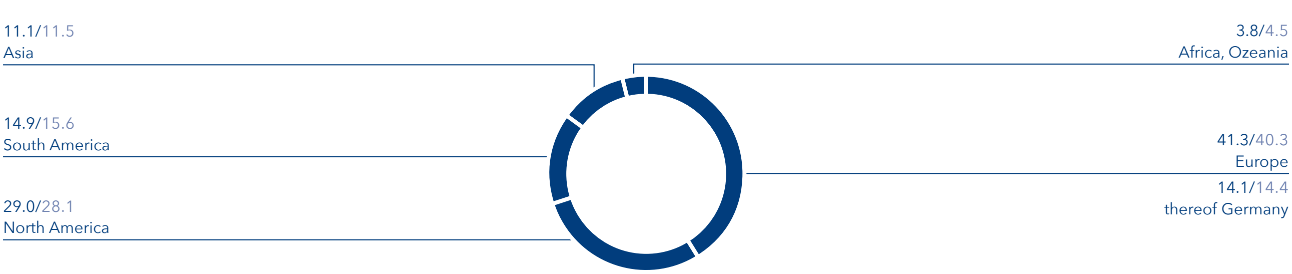
**REVENUES**

| in € million | Q3/2019 | Q3/2020 | % | 9M/2019 | 9M/2020 | % |
|---|---|---|---|---|---|---|
| Operating unit Europe+ | 621.1 | 562.6 | – 9.4 | 1,939.7 | 1,795.9 | – 7.4 |
| Operating unit Americas | 282.6 | 257.7 | – 8.8 | 1,105.0 | 952.7 | – 13.8 |
| Reconciliation | 1.2 | 1.5 | + 22.7 | 2.2 | 2.4 | + 9.5 |
| **K+S Group** | **904.9** | **821.7** | **– 9.2** | **3,046.9** | **2,751.0** | **– 9.7** |

In the third quarter, K+S GROUP revenues decreased by about 9% to €821.7 million down from €904.9 million in 2019. In the Europe+ operating unit, this development was mainly attributable to the weaker price level for potassium chloride as well as a weaker US dollar in relation to the euro. In the Americas operating unit, a higher price level could not compensate for lower volumes and an unfavorable exchange rate led to lower EUR based results. Revenues in the first nine months of the year were at €2,751.0 million, noticeably below the previous year's level (9M/19: €3,046.9 million).

**REVENUES BY REGION**

in %




July to September 2020/2019

**EBITDA**

| in € million | Q3/2019 | Q3/2020 | % | 9M/2019 | 9M/2020 | % |
|---|---|---|---|---|---|---|
| Operating unit Europe+ | 67.3 | 84.8 | + 26.1 | 372.7 | 267.7 | – 28.2 |
| Operating unit Americas | 25.3 | 24.4 | – 3.6 | 146.6 | 164.1 | + 11.9 |
| Reconciliation | –12.0 | –13.2 | + 10.0 | –38.7 | –47.0 | + 21.4 |
| **K+S Group** | **80.6** | **96.0** | **+ 19.1** | **480.6** | **384.8** | **– 19.9** |

Overall, K+S Group EBITDA for the third quarter amounted to €96.0 million and was significantly up compared to the same period last year (Q3/2019: €80.6 million). The first projects from our package of measures have been implemented. As part of the realignment, changes under company law have led to non-cash one-off income. This one-off effect will more or less compensate for efficiency losses due to COVID-19 for the year as a whole. Accordingly, EBITDA in the Europe+ operating unit increased despite the decline in sales. In the Americas operating unit, continued strict cost discipline almost completely offset the decline in sales. After the first nine months total EBITDA amounted to €384.8 million (9M/19: €480.6 million).

Adjusted Group earnings after taxes were strongly negative amounting to €–1,975.4 million in the period under review (Q3/19: €–41.8 million). This was mainly due to the extraordinary write-down on assets in the potash business. This resulted in a value of €–10.32 per share (Q3/19: €–0.22). For the first nine months correspondingly also strongly negative values of €–1,981.1 million (9M/19: €68.5 million) and €-10.35 per share (9M/19: €0.36).

## FINANCIAL POSITION

In the third quarter, the K+S GROUP invested a total of €136.1 million (Q3/2019: €144.3 million). With environmental investments in the Europe+ operating unit once again higher, expenditures for base capex were temporarily down year-on-year.

**CAPITAL EXPENDITURE [1]**

| in € million | Q3/2019 | Q3/2020 | % | 9M/2019 | 9M/2020 | % |
|---|---|---|---|---|---|---|
| Operating unit Europe+ | 125.2 | 111.9 | – 10.7 | 257.0 | 281.7 | + 9.6 |
| Operating unit Americas | 16.7 | 22.4 | + 34.1 | 48.2 | 55.2 | + 14.5 |
| Reconciliation | 2.4 | 1.9 | – 22.9 | 4.7 | 6.0 | + 28.0 |
| **K+S Group** | **144.3** | **136.1** | **– 5.7** | **309.9** | **342.9** | **+ 10.6** |

[1] Relates to cash payments for investments in property, plant, and equipment and intangible assets, excluding leases in accordance with IFRS 16.

Cash flow from operating activities rose in the third quarter to €5.0 million after €-7.8 million in the previous year. In the first nine months of 2020, cash flow from operating activities fell to €328.0 million compared with €509.8 million in the previous year, in line with earnings performance. A reduction in net working capital as part of our active working capital management, e.g. through factoring, could also only partially compensate the cashflow reduction because of a faster increase in inventories due to the weak de-icing salt business. Moreover, EBITDA benefited from the aforementioned one-off non-cash income in the third quarter, which had no corresponding impact on cash flow from operating activities.

**CASH FLOW SUMMARY**

| in € million | 9M/2019 | 9M/2020 |
|---|---|---|
| Net cash flows from operating activities | 509.8 | 328.0 |
| Net cash flows used in investing activities | – 306.2 | – 278.0 |
| **Free cash flow** | **203.6** | **50.0** |
| | | |
| Adjustment for purchases/sales of securities and other financial investments | – 0.1 | – 5.0 |
| **Adjusted free cash flow** | **203.6** | **45.1** |

Cash flow from investing activities in the third quarter amounted to €-121.2 million compared to €-123.4 million in the same period of the previous year. In the first nine months of 2020, the cash flow from investing activities amounted, among other things through the receipt of the purchase price from the deconsolidation of K+S Real Estate GmbH & Co. KG, to €-278.0 million compared to €-306.2 million in the same period of the previous year.

The adjusted free cash flow improved in the third quarter to €-161.2 million after €-131.2 million in the previous year. In the first nine months of 2020, the adjusted free cash flow dropped to €45.1 million (9M/2019: €203.6 million).

## FINANCIAL POSITION

As of September 30, 2020, net cash and cash equivalents amounted to €205.2 million (December 31, 2019: €316.3 million; September 30, 2019: €249.3 million).

As of the reporting date, net financial debt of the K+S GROUP, without taking into account non-current provisions, were €3,108.7 million (December 31, 2019: € 3,116.6 million; September 30, 2019: € 3,030.5 million).

**NET FINANCIAL DEBT AND NET DEBT**

| in € million | September 30, 2019 | December 31, 2019 | September 30, 2020 |
|---|---|---|---|
| Cash and cash equivalents | 254.4 | 321.8 | 212.5 |
| Non–current securities and other financial investments | 7.0 | 7.0 | – |
| Current securities and other financial investments | 11.1 | 11.4 | 12.9 |
| Financial liabilities | – 3,241.0 | – 3,398.9 | – 3,263.4 |
| Lease liabilities from finance lease contracts[1] | –83.0 [2] | – 78.2 | – 70.7 |
| Reimbursement claim for Morton Salt bond | 21.0 | 20.3 | – |
| **Net financial debt** | **– 3,030.5** | **– 3,116.6** | **– 3,108.7** |
| Leasing obligations excluding liabilities from finance lease contracts[1] | –241.4 | –306.3 | – 274.7 |
| Provisions for pensions and similar obligations | – 264.5 | – 232.2 | – 223.6 |
| Provisions for mining obligations | – 1,018.2 | – 910.6 | – 946.5 |
| **Net debt** | **– 4,554.6** | **– 4,565.7** | **– 4,553.6** |

[1] As from the 2019 fiscal year, we distinguish between lease liabilities from financing agreements concluded with banks (lease liabilities from finance lease contracts) and other lease liabilities (leasing obligations excluding liabilities from finance lease contracts).

[2] Effects of IFRS16 included pro rata.

# OPERATING UNITS (SEGMENTS IN ACCORDANCE WITH IFRS 8)

## OPERATING UNIT EUROPE+

### KEY FIGURES FOR OPERATING UNIT EUROPE+

| in € million | Q3/2019 | Q3/2020 | % | 9M/2019 | 9M/2020 | % |
|---|---|---|---|---|---|---|
| Revenues [1] | 621.1 | 562.6 | – 9.4 | 1,939.7 | 1,795.9 | – 7.4 |
| EBITDA | 67.3 | 84.8 | + 26.1 | 372.7 | 267.7 | – 28.2 |
| Depreciation and amortization | 82.8 | 84.8 | + 2.4 | 241.0 | 254.4 | + 5.6 |
| Capital expenditure [2] | 125.2 | 110.3 | – 11.9 | 257.0 | 278.4 | + 8.3 |
| Employees | — | — | — | 10,269 | 10,415 | + 1.4 |

[1] Thereof intersegment revenues: Q3/2020: €4.3 million (Q3/2019: €3.6 million); 9M/2020: €9.6 million (9M/2019: €11.2 million).

[2] Relates to cash payments for investments in property, plant, and equipment and intangible assets, excluding leases in accordance with IFRS 16

### REVENUES

In the Europe+ operating unit, revenues declined moderately to €562.6 million in the quarter under review (Q3/2019: €621.1 million). Positive volume effects in the Agriculture and Industry customer segments could only partially offset negative price effects in the Agriculture customer segment, a more unfavorable EUR/USD exchange rate and significantly lower volumes in the pre-season business due to the mild Q1 winter in the Communities customer segment. Revenues for the first nine months fell to €1,795.9 million (9M/19: €1,939.7 million).

### EARNINGS DEVELOPMENT

EBITDA in the third quarter increased significantly year-on-year to €84.8 million (Q3/2019: €67.3 million). In the Agriculture customer segment, higher volumes and lower average costs were unable to offset lower earnings due to lower prices. In the Industry customer segment, the one-time effect described in the section "Earnings Position" resulted in a significant increase in EBITDA. In the Communities customer segment, the significantly lower sales volumes had a negative impact on earnings.
EBITDA for the first nine months amounted to €267.7 million (9M/19: €372.7 million).

### VARIANCE COMPARED WITH PREVIOUS YEAR

| in % | Q3/2020 | 9M/2020 |
|---|---|---|
| **Change in revenues** | **– 9.4** | **– 7.4** |
| – volume/structure–related | + 1.4 | + 1.5 |
| – price/pricing–related | – 10.4 | – 9.9 |
| – currency–related | – 1.8 | — |
| – consolidation–related | 1.4 | 1.0 |

## OPERATING UNIT AMERICAS

**KEY FIGURES FOR OPERATING UNIT AMERICAS**

| in € million | Q3/2019 | Q3/2020 | % | 9M/2019 | 9M/2020 | % |
|---|---|---|---|---|---|---|
| Revenues [1] | 282.6 | 257.7 | – 8.8 | 1,105.0 | 952.7 | – 13.8 |
| EBITDA | 25.3 | 24.4 | – 3.6 | 146.6 | 164.1 | + 11.9 |
| Depreciation and amortization | 21.8 | 14.7 | – 32.6 | 62.4 | 65.3 | + 4.6 |
| Capital expenditure [2] | 16.7 | 22.4 | + 34.1 | 48.2 | 55.2 | + 14.5 |
| Employees | — | — | — | 3,665 | 3,587 | – 2.1 |

[1] No intersegment revenues ocurred in the periods under review.

[2] Relates to cash payments for investments in property, plant, and equipment and intangible assets, excluding leases in accordance with IFRS 16.

### REVENUES

Sales in the Americas operating unit fell to €257.7 million in the quarter under review, compared with €282.6 million in the same period of the previous year, mainly due to lower volumes and exchange rates. While the decline in revenues was mainly attributable to the Industry and Communities customer segments, revenues in the Consumer customer segment rose slightly. At €952.7 million, revenues in the first nine months were noticeably down on the previous year's level (9M/19: €1,105.0 million). Revenues in the Communities customer segment were down in almost all sales regions due to significant declines in sales of de-icing salt because of the historically mild winter.

**VARIANCE COMPARED WITH PREVIOUS YEAR**

| in % | Q3/2020 | 9M/2020 |
|---|---|---|
| **Change in revenues** | **– 8.8** | **– 13.8** |
| – volume/structure–related | – 6.1 | – 16.1 |
| – price/pricing–related | + 3.1 | + 2.5 |
| – currency–related | – 5.8 | – 0.2 |
| – consolidation–related | — | — |

### EARNINGS DEVELOPMENT

EBITDA in the Americas operating unit was €24.4 million, nearly at the level with the same period of the previous year. Higher earnings contributions in the Industry and Consumer customer segments, in connection with the strict cost discipline, were able to almost completely offset the negative effect of weaker early de-icing salt fills. Despite the weak de-icing salt business, EBITDA for the first nine months increased to €164.1 million (9M/19: €146.6 million). This underscores the high robustness of our business model and the broad diversity of end markets for our products.

# CUSTOMER SEGMENTS (NO SEGMENTS IN ACCORDANCE WITH IFRS 8)

## CUSTOMER SEGMENT AGRICULTURE

**KEY FIGURES FOR CUSTOMER SEGMENT AGRICULTURE**

| in € million | Q3/2019 | Q3/2020 | % | 9M/2019 | 9M/2020 | % |
|---|---|---|---|---|---|---|
| Revenues | 425.0 | 373.0 | – 12.2 | 1,326.1 | 1,231.3 | – 7.1 |
| – of which potassium chloride | 269.5 | 212.7 | – 21.1 | 795.7 | 691.4 | – 13.1 |
| – of which fertilizer specialties | 155.5 | 160.3 | + 3.1 | 530.4 | 539.9 | + 1.8 |
| Sales volumes (in million tonnes) | 1.52 | 1.66 | + 9.1 | 4.77 | 5.31 | + 11.2 |
| – of which potassium chloride | 1.01 | 1.07 | + 6.8 | 3.00 | 3.44 | + 14.7 |
| – of which fertilizer specialties | 0.51 | 0.58 | + 13.6 | 1.77 | 1.87 | + 5.4 |
| EBITDA | 46.1 | 11.5 | – 75.1 | 265.6 | 147.8 | – 44.3 |

Revenues in the Agriculture customer segment in the quarter under review declined tangibly to €373.0 million, compared with €425.0 million in the same quarter last year. Higher sales volumes were unable to offset lower average prices. Revenues in Europe amounted to €176.2 million (Q3/2019: €182.6 million) and €196.8 million overseas (Q3/2019: €242.4 million). In total, €212.7 million of revenues were generated by potassium chloride (Q3/2019: €269.5 million) and €160.3 million by fertilizer specialties (Q3/2019: €155.5 million). While the average price in Europe remained largely stable compared to the second quarter of 2020, we recorded a price recovery overseas following the contract signing in China and India.

Sales volumes rose moderately in the third quarter to a total of 1.66 million tonnes, compared with only 1.52 million tonnes sold in the same quarter last year due to the reduction in potash production. In the quarter under review, 0.69 million tonnes were sold in Europe (Q3/2019: 0.66 million tonnes) and 0.97 million tonnes overseas (Q3/2019: 0.86 million tonnes). Potassium chloride accounted for a total of 1.07 million tonnes of the sales volume (Q3/2019: 1.01 million tonnes) and fertilizer specialties for 0.58 million tonnes (Q3/2019: 0.51 million tonnes).

**CUSTOMER SEGMENT AGRICULTURE: DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES BY REGION [1]**

| | | Q1/2019 | Q2/2019 | Q3/2019 | 9M/2019 | Q4/2019 | 2019 | Q1/2020 | Q2/2020 | Q3/2020 | 9M/2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | **€ million** | **461.0** | **440.1** | **425.0** | **1,326.1** | **389.5** | **1,715.6** | **453.7** | **404.6** | **373.0** | **1,231.3** |
| Europe | € million | 274.4 | 209.5 | 182.6 | 666.4 | 208.2 | 874.6 | 263.6 | 195.6 | 176.2 | 635.4 |
| Overseas | USD million | 211.9 | 259.2 | 269.6 | 740.7 | 200.8 | 941.5 | 217.8 | 230.2 | 229.9 | 678.0 |
| | | | | | | | | | | | |
| **Sales volumes** | **t million** | **1.64** | **1.61** | **1.52** | **4.77** | **1.53** | **6.30** | **1.90** | **1.75** | **1.66** | **5.30** |
| Europe | t million | 0.98 | 0.75 | 0.66 | 2.38 | 0.78 | 3.16 | 0.93 | 0.76 | 0.69 | 2.38 |
| Overseas | t million | 0.66 | 0.87 | 0.86 | 2.39 | 0.75 | 3.14 | 0.97 | 0.99 | 0.97 | 2.93 |
| | | | | | | | | | | | |
| **Average price** | **€/t** | **281.7** | **272.6** | **279.7** | **278.0** | **255.2** | **272.5** | **239.2** | **230.9** | **225.0** | **232.2** |
| Europe | €/t | 281.2 | 280.5 | 277.5 | 280.0 | 267.9 | 277.0 | 283.8 | 258.5 | 255.4 | 267.5 |
| Overseas | USD/t | 320.8 | 298.7 | 312.9 | 309.9 | 267.5 | 299.8 | 225.0 | 231.1 | 237.7 | 231.7 |

[1] Revenues include prices both inclusive and exclusive of freight costs and, in the case of overseas revenues, are based on the respective EUR/USD spot rates. Hedging transactions were concluded for most of these sales revenues. Prices are also affected by the relevant product mix and should therefore be taken as a rough indication only.

In the first nine months, sales volumes totaled 5.30 million tonnes, compared with 4.77 million tonnes in the previous year. EBITDA for the third quarter was €11.5 million, significantly lower than in the previous year (Q3/2019: €46.1 million). Higher volumes and lower average costs were offset by significantly lower average revenues. Accordingly, EBITDA for the first nine months also fell to €147.8 million, compared with €265.6 million in the previous year.

## CUSTOMER SEGMENT INDUSTRY

**KEY FIGURES FOR CUSTOMER SEGMENT INDUSTRY**

| in € million | Q3/2019 | Q3/2020 | % | 9M/2019 | 9M/2020 | % |
|---|---|---|---|---|---|---|
| Revenues | 292.9 | 282.1 | – 3.7 | 857.2 | 845.4 | – 1.4 |
| Sales volumes (in million tonnes) | 2.66 | 2.53 | – 5.1 | 7.57 | 7.38 | – 2.5 |
| EBITDA | 44.8 | 105.6 | + 135.7 | 159.1 | 216.7 | + 36.2 |

In the Industry customer segment, revenues in the reporting quarter amounted to €282.1 million compared to €292.9 million in the same quarter of the previous year. While sales in the Europe+ operating unit remained stable due to the favorable product mix, positive price effects in the Americas operating unit could not fully offset lower volumes and negative currency effects. As a result, revenues in the first nine months were also slightly down on the previous year at €845.4 million (9M/2019: €857.2 million).

At 2.53 million tonnes, overall sales volumes were moderately below the previous year (Q3/2019: 2.66 million tonnes). Sales volumes of products for the oil and gas, pharmaceutical and chemical industries in particular, declined in both operating units due to COVID-19. The Americas operating unit was also negatively impacted by lower demand from the food service and food processing industries in the wake of the coronavirus pandemic compared with the same quarter of the previous year. In contrast, demand of animal nutrition products remained stable. Sales volumes for the first nine months amounted to 7.38 million tonnes and were thus slightly below the level of the previous year (9M/2019: 7.57 million tonnes).

EBITDA totalled €105.6 million, compared with €44.8 million in the previous year. The high level of earnings is mainly due to the positive one-off effect described in the section "Earnings Position". Moreover, the high cost discipline and optimized utilization of the distribution and logistics network in the Americas operating unit compensated for the decline in sales. In the Europe+ operating unit the favorable product mix led to an additional improvement of EBITDA.

In the first nine months, EBITDA totaled €216.7 million compared with €159.1 million in the previous year.

## CUSTOMER SEGMENT CONSUMER

**KEY FIGURES FOR CUSTOMER SEGMENT CONSUMER**

| in € million | Q3/2019 | Q3/2020 | % | 9M/2019 | 9M/2020 | % |
|---|---|---|---|---|---|---|
| Revenues | 117.7 | 118.8 | + 1.0 | 345.8 | 373.8 | + 8.1 |
| Sales volumes (in million tonnes) | 0.42 | 0.41 | – 0.9 | 1.31 | 1.26 | – 3.7 |
| EBITDA | 13.9 | 13.9 | – | 39.3 | 58.2 | + 48.1 |

In the Consumer customer segment, revenues in the quarter under review were stable compared to the previous quarter at €118.8 million (Q3/2019: €117.7 million). In the first nine months, the segment nevertheless recorded an 8.1% increase in revenue to €373.8 million (9M/2019: €345.8 million).

At 0.41 million tonnes, sales volumes were also almost at the level of the previous year (Q3/2019: 0.42 million tonnes). Sales volumes for the first nine months amounted to 1.26 million tonnes, slightly down from the previous year (9M/2019: 1.31 million tonnes). Here, an overall positive trend for table, water softening, and pool salts was offset by a decline in sales volumes of packaged de-icing salts.

In line with revenues, EBITDA in the third quarter was stable at €13.9 million (Q3/2019: €13.9 million). In contrast, a significant increase to €58.2 million could be achieved for the first nine months compared with €39.3 million for the same period last year, as the increased share of sales of higher quality products had a positive effect.

## CUSTOMER SEGMENT COMMUNITIES

**KEY FIGURES FOR CUSTOMER SEGMENT COMMUNITIES**

| in € million | Q3/2019 | Q3/2020 | % | 9M/2019 | 9M/2020 | % |
|---|---|---|---|---|---|---|
| Revenues | 68.2 | 46.4 | – 32.0 | 515.8 | 298.0 | – 42.2 |
| Sales volumes (in million tonnes) | 1.27 | 0.88 | – 31.0 | 9.24 | 5.09 | – 44.9 |
| EBITDA | –12.2 | –21.8 | | 55.4 | 9.2 | – 83.5 |

In the Communities customer segment, revenues fell to €46.4 million (Q3/2019: €68.2 million) in the reporting quarter, which is typically still seasonally weak. This was mainly due to lower sales volumes in the pre-season business as well as negative currency effects. Against the backdrop of the historically mild winter at the beginning of the year, sales for the first nine months fell significantly to €298.0 million, compared with €515.8 million in the same period last year.

Overall, at 0.88 million tonnes, sales of de-icing salt in the third quarter were down significantly year-on-year (Q3/2019: 1.27 million tonnes). During the first nine months, sales volumes also fell significantly year-on-year to a total of 5.09 million tonnes, down from 9.24 million tonnes.

EBITDA fell to €-21.8 million after €-12.2 million in the same period of the previous year; the weaker early procurement business was also reflected here. EBITDA for the first nine months totalled €9.2 million, compared with €55.4 million in the previous year; despite the historically mild winter, the high cost discipline and optimized use of the distribution and logistics network had a dampening effect.

# REPORT ON RISKS AND OPPORTUNITIES

For a detailed presentation of the risk and opportunity management system as well as possible risks and opportunities, please refer to the relevant sections in our Annual Report 2019 on page 119 onwards. The risks and opportunities described there have changed as of September 30, 2020, as follows:

For the risk ramp-up phase at the Bethune mine described on page 127 of the Annual Report 2019, as a result of achieving a sustained high product quality, the level of net loss potential has fallen within the range.

K+S set up crisis management teams (task forces) early on, which are continuing to monitor and assess the current coronavirus crisis and coordinating any necessary measures for employees and business partners. Protecting employees' health and ensuring supply to our customers, have the highest priority.

We make an important contribution to ensuring that essential goods are supplied to the population and important key industries. As a result of largely maintaining production and stable global demand, the effects of the pandemic have burdened third quarter earnings by about €10 million. Because the further development of this crisis remains uncertain, the possibility of significant burdens in the future though cannot be excluded.

Due to the current renewed rise in the number of cases of corona infections and the uncertainty about the economic consequences of the pandemic, there is still uncertainty on the capital and financial markets. It cannot be ruled out that refinancing of expiring financing instruments could be considerably more difficult, or that access to the financial market may not, in certain cases, always be possible.

The risks to which the K+S GROUP is exposed, both in isolation and in interaction with other risks, are limited and do not, according to current estimates, jeopardize the continued existence of the Company. Opportunities and risks and any positive or negative changes in them are not netted against each other.

# OUTLOOK 2020

The medium to long-term trends regarding the future development of the industry described on pages 134 to 137 of the 2019 Annual Report, remain largely valid. In addition, we refer to our comments in the half-year financial report H1/2020 on the sector-specific conditions in the four customer segments. In the case of the Agriculture customer segment, we continue to expect global potash sales volumes for 2020 as a whole to increase by around 2 million tonnes to around 70 million tonnes in 2020 (including just under 5 million tons of potassium sulfate and potash types with lower reusable material content). After potassium chloride prices in Brazil bottomed out following the conclusion of contracts in China and India in the second quarter of this year, we continue to assume a slight recovery of potassium chloride prices in the remaining months of 2020 compared to the price level of the third quarter (previously: moderate recovery compared to the price level of the second quarter). Prices for fertilizer specialties should remain largely stable (previously: largely stable).

The full-year EBITDA outlook for the K+S Group in 2020 is confirmed at about €480 million (2019: €640 million). Here, it is important to note that with the application of IFRS 5 at December 31, 2020, the EBITDA of the operating unit Americas as well as transaction related costs will be reported as discontinued operations and therefore are no longer part of continued operations. The impairment loss on assets of the Europe+ operating unit is not reflected in EBITDA, but significantly impacts adjusted Group earnings after taxes as well as ROCE.

Our estimate for the full year 2020 is largely based on the following assumptions:

+ In line with our assessment of the market environment in the Agriculture customer segment, we expect the average price for potash and magnesium fertilizers in our product portfolio for 2020 as a whole to be slightly higher than in the third quarter (Q3/2020: €225/t; previous forecast: slightly above the level of the second quarter of 2020 of €231/t). We expect a slight recovery in potassium chloride prices in the remaining months of 2020 compared with the third quarter (previously: moderate recovery compared with the second quarter).
+ With regard to sales volumes in the Agriculture customer segment, we continue to expect an unchanged volume of more than 7 million tonnes (2019: 6.30 million tonnes), particularly due to the return to normal production in Germany, a continued stable production in Bethune (no production cuts), and against the backdrop of the good sales performance in the first nine months.
+ As a result of the very weak de-icing salt business overall due to weather conditions, we continue to expect sales volumes of about 8 million tonnes in the Community customer segment for financial year 2020 (normal year: between 12.5 and 13.0 million tonnes; 2019: 12.7 million tonnes). Already concluded multi-year contracts should moderate the expected price declines.
+ With regard to the euro-dollar exchange rate, an average spot rate of EUR/USD 1.15 is still assumed for the rest of 2020. Including currency hedging, this corresponds to an annual average exchange rate of 1.14 EUR/USD (previously: 1.13 EUR/USD; 2019: 1.14 EUR/USD).
+ Corona-related efficiency losses have been taken into account in our forecast and are largely offset by the positive effects of our extensive package of measures. Furthermore, we do not assume any significant adverse effects on our business as a result of the corona pandemic, which is again becoming increasingly widespread.
+ Positive effects in connection with the signing of the sales agreement for the Americas operating unit will no longer affect 2020; consulting costs in this context are already included in EBITDA with about € 20 million.

In the Europe+ operating unit (segment in accordance with IFRS 8), higher sales volumes in the Agricultural customer segment following the production cuts in the previous year should be offset by negative price effects. We therefore continue to expect a noticeable decline in EBITDA (2019: €437.0 million). Despite the historically mild winter at the beginning of the year, EBITDA for the Americas operating unit (segment in accordance with IFRS 8) is expected to decline only slightly (2019: €230.0 million).

Against the backdrop of the impairment loss on assets amounting to about €2.0 billion in the Europe+ operating unit, we expect adjusted Group earnings after taxes to fall sharply to a significant negative figure (previously significant decline; 2019: €77.8 million).

Although the volume of capital expenditure of the K+S GROUP in 2020 should be significantly higher than in the previous year (2019: €493.3 million), especially as a result of the ongoing expansion of our tailings pile capacities in Germany, we expect adjusted free cash flow to be about balanced (2019: €+139.7 million) as a result of further planned measures to improve working capital. Return on capital employed (ROCE) is expected to be negative due to the impairment charge (2019: 2.3%).

**CHANGES IN FORECASTS FOR FULL–YEAR 2020**

| | | ACTUAL 2019 | Forecast in 2019 Annual Report | Forecast in Q1/2020 report | Forecast in H1/2020 report | Forecast in Q3/2020 report |
|---|---|---|---|---|---|---|
| **K+S Group** | | | | | | |
| EBITDA [1] | € million | 640.4 | 500 to 620 | around 520 before restructuring costs | around 480 including restructuring costs | around 480 including restructuring costs |
| – Operating unit Europe+ | € million | 437.0 | tangible decline to largely stable | tangible decline | tangible decline | tangible decline |
| – Operating unit Americas [2] | € million | 230.0 | slight to tangible decline | moderate decline | slight decline | slight decline |
| Capital expenditure [3] | € million | 493.3 | significant increase | significant increase | significant increase | significant increase |
| Adjusted consolidated earnings after tax [4] | € million | 77.8 | significant decline | significant decline | significant decline | strongly negative |
| Adjusted free cash flow | € million | 139.7 | approximately break even | approximately break even | approximately break even | approximately break even |
| ROCE | % | 2.3 | significant decline | significant decline | significant decline | strongly negative |
| €/USD exchange rate after hedging | €/USD | 1.14 | 1.12 | 1.12 | 1.13 | 1.14 |
| Sales volumes in customer segment Agriculture | million tonnes | 6.3 | over 7 | over 7 | over 7 | over 7 |
| Average price in customer segment Agriculture | €/t | 272.4 | slight decline from Q4 2019 (€255 per tonne) | slight increase from Q1 2020 (€239 per tonne) | slight increase from Q2 2020 (€231 per tonne) | slight increase from Q3 2020 (€225 per tonne) |
| Sales volumes in customer segment Communities | million tonnes | 12.7 | 8 to 9 | around 8 | around 8 | around 8 |

[1] EBITDA is defined as earnings before interest, taxes, depreciation, and amortization, adjusted for depreciation and amortization of own work capitalized recognized directly in equity, gains/losses from fair value changes arising from operating anticipatory hedges still outstanding and changes in the fair value of operating anticipatory hedges recognized in prior periods.

[2] Will be reported as discontinued operations as of December 31, 2020 (IFRS 5).

[3] Relates to cash payments for investments in property, plant, and equipment and intangible assets, excluding leases in accordance with IFRS 16.

[4] The adjusted key indicators include gains/losses on operating anticipatory hedges in the respective reporting period, which eliminates effects from fluctuations in the market value of the hedges. In addition, related effects on deferred and current taxes are eliminated; tax rate for 2019: 30.0%.

# RESPONSIBILITY STATEMENT FROM THE LEGAL REPRESENTATIVES OF K+S AKTIENGESELLSCHAFT

To the best of our knowledge, and in accordance with the applicable accounting principles for interim reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Kassel, Germany, November 12, 2020

K+S Aktiengesellschaft

Board of Executive Directors

**INCOME STATEMENT** [1]

| in € million | Q3/2019 | Q3/2020 | 9M/2019 | 9M/2020 | 12M/2019 | LTM [2] |
|---|---|---|---|---|---|---|
| **Revenues** | **904.9** | **821.7** | **3,046.9** | **2,751.0** | **4,070.7** | **3,774.8** |
| Cost of goods sold | 798.9 | 2,793.2 | 2,514.7 | 4,406.7 | 3,372.6 | 5,264.6 |
| **Gross profit** | **106.0** | **–1,971.5** | **532.2** | **–1,655.7** | **698.1** | **–1,489.8** |
| Selling, general, and administrative expenses | 99.1 | 81.6 | 266.0 | 256.8 | 362.8 | 353.6 |
| Other operating income | 38.3 | 92.4 | 90.6 | 141.8 | 133.3 | 184.5 |
| Other operating expenses | 63.9 | 52.4 | 166.0 | 163.7 | 230.6 | 228.3 |
| Income from equity investments, net | 0.2 | 0.8 | 3.0 | 3.6 | 3.2 | 3.8 |
| Gains/(losses) on operating anticipatory hedges | –28.8 | 23.3 | –26.2 | 4.9 | –16.9 | 14.2 |
| **Earnings after operating hedges** [3] | **–47.3** | **–1,989.0** | **167.6** | **–1,925.9** | **224.3** | **–1,869.2** |
| Interest income | 2.9 | 0.5 | 6.6 | 2.8 | 9.2 | 5.4 |
| Interest expense | 43.3 | 32.1 | 107.0 | 93.2 | 144.2 | 158.0 |
| Other financial result | 6.0 | –4.4 | 28.3 | –17.3 | 37.7 | –7.9 |
| **Financial result** | **–34.4** | **–36.0** | **–72.1** | **–107.7** | **–97.3** | **–132.9** |
| **Earnings before tax** | **–81.7** | **–2,025.0** | **95.5** | **–2,033.6** | **127.0** | **–2,002.1** |
| Income tax expense | –25.1 | –61.5 | 29.1 | –64.1 | 38.1 | –55.1 |
| – of which deferred taxes | –25.7 | –66.3 | –22.7 | –79.7 | –29.4 | –86.4 |
| **Earnings for the period** | **–56.6** | **–1,963.5** | **66.4** | **–1,969.5** | **88.9** | **–1,947.0** |
| Noncontrolling interests | 0.1 | – | 0.1 | – | – | –0.1 |
| **Consolidated earnings after tax and noncontrolling interests** | **–56.7** | **–1,963.5** | **66.3** | **–1,969.5** | **88.9** | **–1,946.9** |
| | | | | | | |
| **Earnings per share in € (basic diluted)** | **–0.30** | **–10.26** | **0.35** | **–10.29** | **0.46** | **–10.18** |

[1] Rounding differences may arise in percentages and numbers.
[2] LTM = last twelve months.
[3] Key indicators not defined in IFRS.

**RECONCILIATION TO EBITDA** [1, 3]

| in € million | Q3/2019 | Q3/2020 | 9M/2019 | 9M/2020 | 12M/2019 | LTM [2] |
|---|---|---|---|---|---|---|
| **Earnings after operating hedges** | **–47.3** | **–1,989.0** | **167.6** | **–1,925.9** | **224.3** | **–1,869.2** |
| Income (-)/expenses (+) arising from changes in the fair value of outstanding operating anticipatory hedges | 25.5 | –15.5 | 21.2 | –7.2 | 6.1 | –22.3 |
| Elimination of prior–period changes in the fair value of operating anticipatory hedges | –4.3 | –1.5 | –18.1 | –9.7 | –22.0 | –13.6 |
| Realized gains (-)/losses (+) on investment hedges | – | – | – | 0.3 | – | 0.3 |
| Depreciation and amortization (+)/impairment losses (+)/reversals of impairment losses (-) on non–current assets | 108.3 | 2.103.8 | 314.3 | 2.332.3 | 438.1 | 2.456.1 |
| Capitalized depreciation expenses recognized directly in equity (–) [4] | –1.6 | –1.6 | –4.4 | –5.0 | –6.1 | –6.7 |
| **EBITDA** | **80.6** | **96.0** | **480.6** | **384.8** | **640.4** | **544.6** |

[1] Rounding differences may arise in percentages and numbers.
[2] LTM = last twelve months.
[3] Key indicators not defined in the IFRS regulations.
[4] These are depreciations of assets used for the production of other assets, plant and equipment. Depreciation is capitalized as part of cost and not recognized in profit or loss.

### BALANCE SHEET — ASSETS [1]

| in € million | 30.09.2019 | 31.12.2019 | 30.09.2020 |
|---|---|---|---|
| Intangible assets | 1,023.3 | 998.5 | 920.2 |
| – of which goodwill from acquisitions of companies | 731.9 | 712.4 | 664.7 |
| Property, plant, and equipment | 7,295.9 | 7,210.0 | 4,997.4 |
| Investment properties | 6.4 | 6.3 | 4.6 |
| Financial assets | 93.9 | 106.2 | 58.1 |
| Investments accounted for using the equity method | – | – | 27.9 |
| Other financial assets | 82.0 | 6.0 | 9.2 |
| Other non–financial assets | 20.4 | 30.2 | 25.0 |
| Securities and other financial investments | 7.0 | 7.0 | – |
| Deferred taxes | 127.1 | 95.5 | 129.2 |
| Income tax refund claims | 29.4 | – | – |
| **Non–current assets** | **8,611.5** | **8,459.6** | **6,171.7** |
| Inventories | 781.4 | 789.3 | 865.5 |
| Trade receivables | 755.0 | 724.7 | 476.0 |
| Other financial assets | 103.7 | 141.6 | 111.3 |
| Other non–financial assets | 106.7 | 116.6 | 141.5 |
| Income tax refund claims | 20.8 | 27.4 | 24.5 |
| Securities and other financial investments | 11.1 | 11.4 | 12.9 |
| Cash and cash equivalents | 254.4 | 321.8 | 212.5 |
| **Current assets** | **2,033.0** | **2,132.6** | **1,844.4** |
| **ASSETS** | **10,644.5** | **10,592.2** | **8,016.1** |

[1] Rounding differences may arise in percentages and numbers.

### BALANCE SHEET — EQUITY AND LIABILITIES [1]

| in € million | 30.09.2019 | 31.12.2019 | 30.09.2020 |
|---|---|---|---|
| Issued capital | 191.4 | 191.4 | 191.4 |
| Share premium | 645.7 | 645.7 | 645.7 |
| Other reserves and net retained earnings | 3,720.8 | 3,656.4 | 1,259.4 |
| Total equity attributable to shareholders of K+S Aktiengesellschaft | 4,557.9 | 4,493.5 | 2,096.5 |
| Noncontrolling interests | 1.7 | 1.6 | 1.6 |
| **Equity** | **4,559.6** | **4,495.1** | **2,098.1** |
| Financial liabilities | 2,853.1 | 2,873.0 | 2,532.5 |
| Other financial liabilities | 317.3 | 296.1 | 226.4 |
| Other non–financial liabilities | 9.6 | 17.5 | 20.9 |
| Income tax liabilities | 51.3 | 22.8 | 23.1 |
| Provisions for pensions and similar obligations | 264.5 | 232.2 | 223.6 |
| Provisions for mining obligations | 1,018.2 | 910.6 | 946.5 |
| Other provisions | 155.7 | 166.4 | 184.2 |
| Deferred taxes | 238.4 | 202.4 | 145.0 |
| **Non–current liabilities** | **4,908.1** | **4,721.1** | **4,302.2** |
| Financial liabilities | 387.9 | 525.9 | 730.9 |
| Trade payables | 221.3 | 241.3 | 231.8 |
| Other financial liabilities | 164.4 | 175.8 | 222.2 |
| Other non–financial liabilities | 55.4 | 71.3 | 81.5 |
| Income tax liabilities | 37.2 | 32.7 | 28.2 |
| Provisions | 310.8 | 329.0 | 321.3 |
| **Current liabilities** | **1,176.8** | **1,376.0** | **1,615.8** |
| **TOTAL EQUITY AND LIABILITIES** | **10,644.5** | **10,592.2** | **8,016.1** |

[1] Rounding differences may arise in percentages and numbers.

**STATEMENT OF CASH FLOWS** [1]

| in € million | Q3/2019 | Q3/2020 | 9M/2019 | 9M/2020 | 12M/2019 | LTM [2] |
|---|---|---|---|---|---|---|
| **Earnings after operating hedges** | **–47.2** | **–1,989.0** | **167.6** | **–1,925.9** | **224.3** | **–1,869.2** |
| Gains (–)/losses (+) arising from changes in the fair values of outstanding operating anticipatory hedges | 25.4 | –15.6 | 21.2 | –7.2 | 6.1 | –22.3 |
| Elimination of prior–period changes in the fair values of operating anticipatory hedges | –4.3 | –1.5 | –18.1 | –9.7 | –22.0 | –13.6 |
| Realized gains (–)/losses (+) on investment hedges | – | – | – | 0.3 | – | 0.3 |
| Depreciation, amortization, impairment losses (+)/reversals of impairment losses (–) | 106.7 | 2,102.0 | 309.9 | 2,327.3 | 431.9 | 2,449.3 |
| Increase (+)/decrease (–) in non–current provisions (excluding interest rate effects) | –7.3 | 1.8 | –12.1 | –1.3 | –14.1 | –3.3 |
| Interest received and similar income | 2.4 | 0.4 | 6.0 | 2.6 | 13.4 | 10.0 |
| Realized gains (+)/losses (–) on financial assets/liabilities | 13.3 | –19.2 | 35.8 | –17.1 | 35.3 | –17.6 |
| Interest paid and similar expense (–) | –27.5 | –31.7 | –81.2 | –82.5 | –113.6 | –114.9 |
| Income tax paid (–) | 2.3 | –8.4 | –21.0 | –16.8 | –45.9 | –41.7 |
| Other non–cash expenses (+)/income (–) | –3.2 | 0.9 | –2.3 | 3.7 | 1.5 | 7.5 |
| Gains (–)/losses (+) on sale of assets and securities | 2.3 | –54.8 | 5.7 | –51.5 | –19.9 | –77.1 |
| Increase (–)/decrease (+) in inventories | –50.4 | –23.7 | –64.8 | –99.2 | –82.7 | –117.1 |
| Increase (–)/decrease (+) in receivables and other operating assets | –64.1 | –14.3 | 186.0 | 174.2 | 205.3 | 193.5 |
| Increase (+)/decrease (–) in current operating liabilities | 20.5 | 19.8 | –8.9 | 24.4 | 32.3 | 65.6 |
| Increase (+)/decrease (–) in current provisions | 23.4 | 38.4 | –12.7 | 6.7 | 14.8 | 34.2 |
| Allocations to plan assets | –0.1 | – | –1.3 | – | –26.9 | –25.6 |
| **Net cash flows from operating activities** | **–7.8** | **5.0** | **509.8** | **328.0** | **639.8** | **458.0** |
| Proceeds from sale of assets | 1.3 | 4.5 | 10.5 | 21.3 | 11.8 | 22.6 |
| Purchases of intangible assets | –2.9 | –1.2 | –5.4 | –8.6 | –12.6 | –15.8 |
| Purchases of property, plant, and equipment | –121.7 | –124.5 | –306.5 | –339.9 | –493.3 | –526.7 |
| Purchases of financial assets | – | – | –4.9 | –0.1 | –4.9 | –0.1 |
| Proceeds from sale of consolidated companies | – | – | – | 44.3 | – | 44.3 |
| Cash and cash equivalents of companies deconsolidated in the year under review | – | – | – | – | –1.1 | –1.1 |
| Proceeds from sale of securities and other financial assets | – | – | 10.2 | 5.0 | 15.2 | 10.0 |
| Purchases of securities and other financial assets | –0.1 | – | –10.1 | – | –15.1 | –5.0 |
| **Net cash flows used in investing activities** | **–123.4** | **–121.2** | **–306.2** | **–278.0** | **–500.0** | **–471.8** |
| Dividends paid | – | – | –47.9 | –7.7 | | |
| Repayment (–) of borrowings | –348.5 | –46.3 | –1,142.9 | –1,029.4 | | |
| Proceeds (+) from borrowings | 326.4 | 193.8 | 1,064.4 | 871.7 | | |
| **Net cash flows/from (used in) financing activities** | **–22.1** | **147.5** | **–126.4** | **–165.4** | | |
| Cash change in cash and cash equivalents | –153.3 | 31.3 | 77.2 | –115.4 | | |
| Exchange rate–related change in cash and cash equivalents | 8.7 | –3.9 | 9.9 | –0.7 | | |
| Consolidation–related changes | – | – | – | 5.0 | | |
| Net change in cash and cash equivalents | –144.6 | 27.4 | 87.1 | –111.1 | | |
| **Net cash and cash equivalents on January 1** | | | **16.2** | **316.3** | | |
| **Net cash and cash equivalents on September 30** | | | **249.3** | **205.2** | | |
| – of which cash on hand and bank balances | | | 254.4 | 212.5 | | |
| – of which financial investments at affiliated companies | | | 0.1 | – | | |
| – of which cash received from affiliated companies | | | –5.2 | –7.3 | | |

[1] Rounding differences may arise in percentages and numbers.
[2] LTM = last twelve months.

# FINANCIAL CALENDAR

**DATES**

| | 2020/2021 |
|---|---|
| 2020 Annual Report | March 11, 2021 |
| Quarterly Report as of March 31, 2021 | May 11, 2021 |
| Annual General Meeting | May 12, 2021 |
| Dividend payment | May 17, 2021 |
| Half–Yearly Financial Report, June 30, 2021 | August 12, 2021 |
| Quarterly Report as of September 30, 2021 | November 11, 2021 |

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# IMPRINT

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# FORWARD-LOOKING STATEMENTS

This quarterly report contains facts and forecasts that relate to the future development of the K+S GROUP and its companies. The forecasts are estimates that we have made on the basis of all the information available to us at this time. Should the assumptions underlying these forecasts prove incorrect or should certain risks – such as those referred to in the risk report of the current Annual Report – materialize, actual developments and results may deviate from current expectations. The Company assumes no obligation to update the statements contained in this quarterly report, save for the making of such disclosures as required by law.