Q3/19 QUARTERLY REPORT

K+S GROUP

+ Revenues rose in Q3 to € 905 million (Q3/18: € 840 million)
+ EBITDA increase in the third quarter to € 81 million (Q3/18: € 36 million)
+ Revenues and EBITDA after nine months at 8 % respectively 27 % above previous year
+ No wastewater-related production standstills in the current year
+ Adjusted free cash flow as of 30 September up to € 204 million (9M/18: € –60 million)
+ Net financial debt/EBITDA reduced to a factor of 4.3 (31 December 2018: factor of 5.3)

Outlook: Since autumn 2019 sustained weak market environment for potassium chloride

+ Parallel to the announced curtailment of the potassium chloride production of 300,000 tonnes, maintenance measures will reduce production by a further 200,000 tonnes
+ Increase in EBITDA now to about € 650 million expected (2018: € 606 million)
+ Still positive free cash flow for full year 2019 expected (2018: € –206 million)

KEY FIGURES

		Q3/18 [11]	Q3/19	%	9M/18 [11]	9M/19	%
K+S Group							
Revenues	€ million	840.1	904.9	+ 7.7	2,821.8	3,046.9	+ 8.0
EBITDA [1]	€ million	36.4	80.6	+ 121.4	378.3	480.6	+ 27.0
EBITDA margin	%	4.3	8.9	–	13.4	15.8	–
Depreciation and amortisation [2]	€ million	94.4	106.7	+ 13.1	276.0	309.9	+ 12.3
Operating unit Europe+ [3]							
Revenues	€ million	567.9	621.1	+ 9.4	1,801.9	1,939.7	+ 7.6
EBITDA [1]	€ million	22.2	67.3	+ 202.7	277.6	372.7	+ 34.3
EBITDA margin	%	3.9	10.8	–	15.4	19.2	–
Depreciation and amortisation [2]	€ million	78.4	82.8	+ 5.5	228.8	241.0	+ 5.3
Operating unit Americas [3]							
Revenues	€ million	271.0	282.6	+ 4.3	1,017.5	1,105.0	+ 8.6
EBITDA [1]	€ million	28.9	25.3	– 12.4	146.9	146.6	– 0.2
EBITDA margin	%	10.7	9.0	–	14.4	13.3	–
Depreciation and amortisation [2]	€ million	14.5	21.8	+ 50.1	42.3	62.4	+ 47.7
Customer segment Agriculture [4]							
Revenues	€ million	372.3	425.0	+ 14.2	1,186.2	1,326.1	+ 11.8
EBITDA [1]	€ million	–7.7	46.1	–	151.5	265.6	+ 75.3
EBITDA margin	%	–2.1	10.9	–	12.8	20.0	–
Customer segment Industry [4]							
Revenues	€ million	276.3	292.9	+ 6.0	829.0	857.2	+ 3.4
EBITDA [1]	€ million	46.6	44.8	– 3.9	171.1	159.1	– 7.0
EBITDA margin	%	16.9	15.3	–	20.6	18.6	–
Customer segment Consumers [4]							
Revenues	€ million	108.5	117.7	+ 8.4	321.3	345.8	+ 7.6
EBITDA [1]	€ million	10.6	13.9	+ 30.6	28.2	39.3	+ 39.4
EBITDA margin	%	9.8	11.8	–	8.8	11.4	–
Customer segment Communities [4]							
Revenues	€ million	81.8	68.2	– 16.7	482.9	515.8	+ 6.8
EBITDA [1]	€ million	1.6	–12.2	–	73.7	55.4	– 24.8
EBITDA margin	%	1.9	–17.9	–	15.3	10.7	–
Earnings after tax, adjusted [5]	€ million	– 60.6	– 41.8	–	13.6	68.5	–
Earnings per share, adjusted [5]	€	– 0.32	– 0.22	–	0.07	0.36	–
Capital expenditure [6]	€ million	124.4	144.3	+ 16.0	278.1	309.9	+ 11.4
Net cash flows from operating activities	€ million	– 16.3	– 7.8	–	275.9	509.8	+ 84.8
Adjusted free cash flow [7]	€ million	– 153.8	– 131.2	–	– 59.6	203.6	–
Net financial debt as of 30 September [8]	€ million	–	–	–	3,100.1	3,030.5	– 2.2
Net financial debt/EBITDA (LTM) [9]		–	–	–	5.5	4.3	–
Equity ratio	%	–	–	–	40.7	42.8	–
Return on capital employed (LTM) [9]	%	–	–	–	2.3	3.3	–
Book value per share as of 30 September	€	–	–	–	21.90	23.82	+ 8.8
Average number of shares	million	191.4	191.4	–	191.4	191.4	–
Employees as of 30 September [10]	number	–	–	–	15,018	14,780	– 1.6
Market capitalisation as of 30 September	€ billion	–	–	–	3.46	2.43	– 29.7
Enterprise value (EV) as of 30 September	€ billion	–	–	–	7.76	6.99	– 9.9

[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 forecast hedges still outstanding and changes in the fair value of operating forecast 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; Q3/19: 30.0% (Q3/18: 30.0%).
[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 contains leasing obligations arising explicitly from finance lease contracts concluded. Prior-year figures are unadjusted.
[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 period onwards.

Rounding differences may arise in the percentages and numbers shown in this Quarterly Report.

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

We have already been working in the new matrix structure for a year so as to be able to meet our customers' needs at all times. Leveraging synergies in procurement, production, logistics and sales and marketing enables us to counteract general cost increases. Another important step on the path to forming ONE K+S: the subsidiaries K+S KALI GMBH and ESCO – EUROPEAN SALT COMPANY GMBH & CO. KG were combined into one company on 1 November 2019. The new company is called K+S MINERALS AND AGRICULTURE GMBH. In July, K+S had already brought together its waste disposal and logistic activities under K+S KALI GMBH. Through improved wastewater management we have succeeded in avoiding wastewater-related production standstills at the Werra site this year. This is rounded off by our capital expenditure discipline and optimized working capital management.

RESULTS OF OPERATIONS

REVENUES

	Q3/18	Q3/19	%	9M/18	9M/19	%
in € million						
– Operating unit Europe+	567.9	621.1	+ 9.4	1,801.9	1,939.7	+ 7.6
– Operating unit Americas	271.0	282.6	+ 4.3	1,017.5	1,105.0	+ 8.6
– Reconciliation	1.2	1.2	– 1.3	2.4	2.2	– 8.9
K+S Group	**840.1**	**904.9**	**+ 7.7**	**2,821.8**	**3,046.9**	**+ 8.0**

EBITDA

	Q3/18	Q3/19	%	9M/18	9M/19	%
in € million						
– Operating unit Europe+	22.2	67.3	+ 202.7	277.6	372.7	+ 34.3
– Operating unit Americas	28.9	25.3	– 12.4	146.9	146.6	– 0.2
– Reconciliation	–14.7	–12.0	– 18.5	–46.2	–38.7	– 16.2
K+S Group	**36.4**	**80.6**	**+ 121.4**	**378.3**	**480.6**	**+ 27.0**

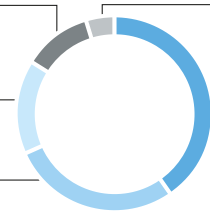
K+S GROUP revenues rose moderately to € 904.9 million in the quarter under review from € 840.1 million in the previous year, equalling an increase of around 8%. Both operating units benefited from the current EUR/USD exchange rate level. In addition, positive price and volume effects boosted the revenues of the Europe+ operating segment in particular. Following the successful expansion of storage capacity, wastewater-related production standstills at the Werra site could be avoided this year. In the first nine months of the year, revenues were up moderately on the prior-year figure (9M/18: € 2,821.8 million) at € 3,046.9 million.

The positive effects described were also reflected in EBITDA: overall, EBITDA in the third quarter rose significantly from € 36.4 million in the previous year to € 80.6 million in 2019. In the first nine months of the year, EBITDA of the K+S Group came in at € 480.6 million, up significantly as well to the prior-year level (9M/18: € 378.3 million). The revenue increases described were offset by higher costs, especially for maintenance and logistics.

Adjusted Group earnings after taxes amounted to € –41.8 million in the third quarter 2019 (Q3/18: € –60.6 million); resulting in earnings per share of € –0.22 (Q3/18: € –0.32). In the first nine months a figure of € 68.5 million (9M/18: € 13.6 million) and earnings per share of € 0.36 (9M/18: € 0.07) were achieved.

REVENUES BY REGION

in %



FINANCIAL POSITION

CAPITAL EXPENDITURE [1]

	Q3/18	Q3/19	%	9M/18	9M/19	%
in € million						
Operating unit Europe+	97.5	125.2	+ 28.4	225.4	257.0	+ 14.0
Operating unit Americas	24.0	16.7	– 30.5	48.0	48.2	+ 0.4
Reconciliation	2.9	2.4	– 14.5	4.7	4.7	+ 0.0
K+S Group	**124.4**	**144.3**	**+ 16.1**	**278.1**	**309.9**	**+ 11.4**

[1] 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.

The K+S GROUP invested a total of € 144.3 million in the third quarter of 2019 (Q3/18: € 124.4 million). The planned significant increase compared to the prior-year period is mainly due to environmental investments, expenditures in connection with tailing pile expansions at the Hattorf site and regulatory requirements. Capital expenditure in the first nine months amounted to € 309.9 million (9M/18: € 278.1 million).

Net cash flows from operating activities increased to € 509.8 million in the first nine months of 2019 from € 275.9 million in the prior-year period, rising at a faster rate than EBITDA. Factors contributing to this result were the strong business performance, lower income tax payments and an active working capital management.

Net cash flows used in investing activities (excluding purchases/sales of securities and other financial investments) amounted to just € –306.3 million (9M/18: € –335.5 million) due to sustained investment discipline.

This increased the adjusted free cash flow by € 263.2 million to € 203.6 million (9M/18: € –59.6 million).

As of 30 September 2019, net cash and cash equivalents amounted to € 249.3 million (31 December 2018: € 162.2 million; 30 September 2018: € 312.9 million).

OVERVIEW OF CASH FLOWS

in € million	9M/18	9M/19
Net cash flows from operating activities	275.9	509.8
Net cash flows used in investing activities	– 613.2	– 306.2
Free cash flow	**– 337.3**	**203.6**
Adjustment for purchases/sales of securities and other financial investments	277.7	– 0.1
Adjusted free cash flow	**– 59.6**	**203.6**

NET ASSETS

NET FINANCIAL DEBT AND NET DEBT

in € million	30/09/2018	31/12/2018	30/09/2019
Cash on hand and bank balances	318.2	167.6	254.4
Non-current securities and other financial investments	9.8	7.0	7.0
Current securities and other financial investments	286.7	11.2	11.1
Financial liabilities	– 3,564.4	– 3,283.3	– 3,241.0
Leasing obligations from finance lease contracts	– 170.5	– 164.2	– 83.0 [1]
Reimbursement claim Morton Salt bond	20.1	20.2	21.0
Net financial debt	**– 3,100.1**	**– 3,241.5**	**– 3,030.5**
Leasing obligations excluding liabilities from finance lease contracts [2]	–	–	– 241.4
Provisions for pensions and similar obligations	– 183.4	– 187.0	– 264.5
Provisions for mining obligations	– 1,015.7	– 1,015.1	– 1,018.2
Net debt	**– 4,299.2**	**– 4,443.6**	**– 4,554.6**

[1] Leasing obligations that explicitly result from finance lease contracts. Prior-year figures are unadjusted.
[2] Inclusion of the effects arising from IFRS 16 on a pro-rata basis.

At the reporting date net financial debt of the K+S GROUP, excluding non-current provisions, was € 3,030.5 million (31 December 2018: € 3,241.5 million; 30 September 2018: € 3,100.1 million).

The net financial debt/EBITDA ratio as of 30 September 2019 was a factor of 4.3 (LTM) compared with a factor of 5.5 (LTM) in the prior-year period and a factor of 5.3 as of 31 December 2018.

EFFECTS OF CHANGES IN ACCOUNTING POLICIES

Since the beginning of the 2019 financial year, we have been applying the new requirements of IFRS 16 Leases. In accordance with our chosen transition method, prior-year figures are not restated. The new guidance results in all leases being recognized in the balance sheet as right-of-use assets and lease liabilities. The increase in lease liabilities to € 372.1 million as of 30 September 2019 (31 December 2018: € 164.2 million) and in the right-of-use assets arising from leases to € 420.8 million (31 December 2018: lease assets of € 217.7 million) is largely attributable to this change in financial reporting. The current portion of the lease liabilities amounts to € 57.4 million (31 December 2018: € 15.7 million). The right-of-use assets are presented under property, plant and equipment, whereas the lease liabilities are disclosed under other financial liabilities. The initial application of IFRS 16 resulted in a moderate increase in EBITDA and in no significant changes in equity. Further explanations on the guidance and effects of IFRS 16 as well as on the options applied can be found on pages 171/172 of the 2018 Annual Report as well as on pages 24/25 of the 2019 Half-Yearly Financial Report.

OPERATING UNITS OF THE K+S GROUP (SEGMENTS IN ACCORDANCE WITH IFRS 8)

OPERATING UNIT EUROPE+

KEY FIGURES

	Q3/18	Q3/19	%	9M/18	9M/19	%
in € million						
Revenues	567.9	621.1	+ 9.4	1,801.9	1,939.7	+ 7.6
EBITDA	22.2	67.3	+ 202.7	277.6	372.7	+ 34.3
Depreciation and amortisation	78.4	82.8	+ 5.5	228.8	241.0	+ 5.3
Capital expenditure [1]	97.5	125.2	+ 28.4	225.4	257.0	+ 14.0
Employees	–	–		10,224	9,863	– 3.5

[1] 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.

VARIANCE COMPARED WITH PREVIOUS YEAR

	Q3/19	9M/19
in %		
Change in revenues	**+ 9.4**	**+ 7.6**
– volume/structure-related	+ 3.8	– 1.1
– price/pricing-related	+ 3.9	+ 6.8
– currency-related	+ 1.7	+ 1.9
– consolidation-related	–	–

MODERATE INCREASE IN REVENUES

Revenues in the Europe+ operating unit rose moderately to € 621.1 million in the reporting period (Q3/18: € 567.9 million); the Agriculture customer segment made the biggest contribution to this increase. Positive price and exchange rate effects were achieved in all customer segments. The Agriculture customer segment also recorded higher volumes due to the avoidance of wastewater-related production standstills at the Werra site. Revenues for the first nine months rose to € 1,939.7 million (9M/18 € 1,801.9 million).

EARNINGS UP ON WEAK PRIOR-YEAR PERIOD

EBITDA climbed to € 67.3 million in the third quarter after a weak prior-year period impacted by wastewater-related production standstills (Q3/18: € 22.2 million). All four customer segments contributed to this increase, with the biggest increase being seen in the Agriculture customer segment. The effects referred to in connection with revenue were also behind this increase. EBITDA for the first nine months amounted to € 372.7 million (9M/18: € 277.6 million).

NO WASTEWATER-RELATED PRODUCTION STANDSTILLS IN 2019

At the beginning of August, the Kassel regional council approved the permit for temporary storage of up to 400,000 cubic meters of saline wastewater underground. We thus increased the storage capacity at the Werra plant to a total of one million cubic meters as planned. Thanks to this situation, we were able to avoid wastewater-related production standstills at the Werra site despite having a very dry summer again. Utilization of the possibilities for off-site waste disposal of saline wastewater was another contributory factor.

K+S SCALES BACK POTASH PRODUCTION

In addition to the extended maintenance break in Bethune, K+S announced on 23 September 2019, against the backdrop of the market weakness exacerbated by China's import ban, that the production of potassium chloride would be curtailed until the end of the year at a rate of up to 300,000 tonnes. The associated effect on EBITDA was estimated at up to € 80 million. Part of the production cut was achieved by extending the maintenance break at the Bethune site by a further week to three weeks in September.

Parallel to the production curtailment due to the persistently weak market environment, K+S will carry out further maintenance measures at German sites in the fourth quarter of 2019. As a result, the production of potassium chloride will be reduced by a further 200,000 tonnes in the current year.

OPERATING UNIT AMERICAS

KEY FIGURES

	Q3/18	Q3/19	%	9M/18	9M/19	%
in € million						
Revenues	271.0	282.6	+ 4.3	1,017.5	1,105.0	+ 8.6
EBITDA	28.9	25.3	– 12.4	146.9	146.6	– 0.2
Depreciation and amortisation	14.5	21.8	+ 50.1	42.3	62.4	+ 47.7
Capital expenditure [1]	24.0	16.7	– 30.5	48.0	48.2	+ 0.4
Employees	–	–		3,327	3,444	+ 3.5

[1] 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.

VARIANCE COMPARED WITH PREVIOUS YEAR

	Q3/19	9M/19
in %		
Change in revenues	**+ 4.3**	**+ 8.6**
– volume/structure-related	– 0.6	– 0.2
– price/pricing-related	– 0.6	+ 2.8
– currency-related	+ 5.5	+ 6.0
– consolidation-related	–	–

SLIGHT INCREASE IN REVENUES IN THE THIRD QUARTER

Revenues for the Americas operating unit in the quarter under review increased year-on-year to € 282.6 million (Q3/18: € 271.0 million). Most of the increase in revenues was accounted for by the Industry and Consumers customer segments, while revenues in the Communities customer segment declined.

In the first nine months of the year, revenues were up moderately on the prior-year figure (9M/18: € 1,017.5 million) at € 1,105.0 million. This results in particular from positive price effects in all customer segments as well as from positive exchange rate effects.

EBITDA CONSTANT AFTER NINE MONTHS

EBITDA decreased to € 25.3 million from € 28.9 million in the previous year, with a decline in earnings in the Communities customer segment being almost compensated by higher earnings in the Industry and Consumers customer segments. In the first nine months of the year, EBITDA for the Americas operating unit came in at € 146.6 million, on a level with the previous year (9M/18: € 146.9 million). The revenue increases described were offset by higher costs, especially for maintenance and logistics.

CUSTOMER SEGMENTS OF THE K+S GROUP (NOT SEGMENTS IN ACCORDANCE WITH IFRS 8)

CUSTOMER SEGMENT AGRICULTURE

KEY FIGURES

	Q3/18	Q3/19	%	9M/18	9M/19	%
in € million						
Revenues	372.3	425.0	+ 14.2	1,186.2	1,326.1	+ 11.8
– of which potassium chloride	208.3	269.5	+ 29.4	627.6	795.7	+ 26.8
– of which fertilizer specialities	164.0	155.5	– 5.2	558.6	530.4	– 5.0
Sales volumes (million t)	1.44	1.52	+ 5.5	4.78	4.77	– 0.2
– of which potassium chloride	0.85	1.01	+ 18.1	2.74	3.00	+ 9.3
– of which fertilizer specialities	0.59	0.51	– 12.8	2.04	1.77	– 13.1
EBITDA	– 7.7	46.1	–	151.5	265.6	+ 75.3

In the Agriculture customer segment, revenues in the quarter under review rose tangibly to € 425.0 million (Q3/2018: € 372.3 million), higher prices and positive exchange rate effects as well as higher sales volumes contributed to this development. In the third quarter, revenues from sales in Europe came to € 182.6 million (Q3/2018: € 174.6 million), while revenues from sales overseas stood at € 242.4 million (Q3/2018: € 197.7 million). Of the total revenue in the Agriculture customer segment, € 269.5 million was attributable to potassium chloride (Q3/2018: € 208.3 million) and € 155.5 million to fertilizer specialties (Q3/2018: € 164.0 million). In the first nine months of the year, revenues totalled € 1,326.1 million, up from € 1,186.2 million in the previous year.

The sales volume rose moderately to a total of 1.52 million tonnes in the third quarter (Q3/2018: 1.44 million tonnes). Here, additional volumes from the Werra site following the wastewater-related production standstills in the previous year and from the Bethune site more than compensated for the shortfall in volume after the closure of the Sigmundshall mine at the end of 2018. In the quarter under review, 0.66 million tonnes were sold in Europe (Q3/18: 0.65 million tonnes) and 0.86 million tonnes were sold overseas (Q3/18: 0.79 million tonnes). Of the total sales volume, 1.00 million tonnes of potassium chloride (Q3/18: € 0.85 million) and 0.51 million tonnes of fertilizer specialties were sold (Q3/18: 0.59 million tonnes). The decline in sales volumes of fertilizer

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

		Q1/18	Q2/18	Q3/18	9M/18	Q4/18	2018	Q1/19	Q2/19	Q3/19	9M/19
Revenues	**€ million**	**430.8**	**383.1**	**372.3**	**1,186.2**	**555.0**	**1,741.3**	**461.0**	**440.1**	**425.0**	**1,326.1**
Europe	€ million	258.2	201.3	174.6	634.1	241.0	875.2	274.4	209.5	182.6	666.4
Overseas	US$ million	212.3	216.3	229.3	657.9	358.0	1,016.0	211.9	259.2	269.6	740.7
Sales volumes	**million t (product)**	**1.79**	**1.55**	**1.44**	**4.78**	**2.07**	**6.84**	**1.64**	**1.61**	**1.52**	**4.77**
Europe	million t (product)	0.98	0.77	0.65	2.40	0.87	3.27	0.98	0.75	0.66	2.38
Overseas	million t (product)	0.81	0.78	0.79	2.38	1.20	3.58	0.66	0.87	0.86	2.39
Average price [2]	**€/t (product)**	**241.1**	**246.5**	**258.4**	**248.3**	**265.5**	**253.7**	**280.0**	**272.5**	**275.8**	**276.1**
Europe	€/t (product)	264.0	260.2	267.0	264.7	272,8	266.8	280.8	280.5	277.5	279.8
Overseas	US$/t (product)	262.6	277.1	291.4	276.9	297.0	283.7	316.6	298.5	305.2	305.9

[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.
[2] Adjusted for effects from other periods

specialties is attributable to limited availability due to the closure of the Sigmundshall mine. In the first nine months of the year, sales volumes in the Agriculture customer segment totalled 4.77 million tonnes, down from 4.78 million tonnes in the previous year.

EBITDA in the Agriculture customer segment improved to € 46.1 million in the third quarter after a weak prior-year period caused by the wastewater-related production standstills (Q3/18: € –7.7 million). In the first nine months of the year, EBITDA increased significantly to € 265.6 million from € 151.5 million in the previous year.

CUSTOMER SEGMENT INDUSTRY

KEY FIGURES

	Q3/18	Q3/19	%	9M/18	9M/19	%
in € million						
Revenues	276.3	292.9	+ 6.0	829.0	857.2	+ 3.4
Sales volumes (in million t) [1]	2.57	2.66	+ 3.5	7.56	7.57	+ 0.1
EBITDA	46.6	44.8	– 3.9	171.1	159.1	– 7.0

[1] Including brine but not including supplementary sales volumes

In the Industry customer segment, revenues in the quarter under review were lifted to € 292.9 million (Q3/18: € 276.3 million) by higher prices as well as positive volume and exchange rate effects. Revenues rose in the first nine months to € 857.2 million (9M/18 € 829.0 million).

At 2.66 million tonnes, sales volumes were up slightly on the prior-year level (Q3/18: 2.57 million tonnes). While sales volumes of products for the food, oil and gas, and pharmaceutical industries rose, sales volumes of products for animal feed saw a slight decline. The decrease in the sales volumes of products for the chemical industry in Europe owing to availability factors was more than compensated by the increased demand in North and South America. In the first nine months, sales volumes equalled the prior-year level (9M/18: 7.56 million tonnes) at a total of 7.57 million tonnes.

EBITDA amounted to € 44.8 million, down from € 46.6 million in the previous year. The higher revenues nearly made up for the higher costs incurred. In the first three quarters of the year, EBITDA in the Industry customer segment totalled € 159.1 million, down from € 171.1 million in the previous year; this decrease is mainly due to higher logistics costs.

CUSTOMER SEGMENT CONSUMERS

KEY FIGURES

	Q3/18	Q3/19	%	9M/18	9M/19	%
in € million						
Revenues	108.5	117.7	+ 8.4	321.3	345.8	+ 7.6
Sales volumes (million t)	0.42	0.42	+ 1.2	1.31	1.31	– 0.4
EBITDA	10.6	13.9	+ 30.6	28.2	39.3	+ 39.4

In the Consumers customer segment, revenues in the quarter under review rose to € 117.7 million (Q3/18: € 108.5 million) mainly due to higher prices, especially in North America, and to positive exchange rate effects. Revenues rose in the first nine months to € 345.8 million (9M/18 € 321.3 million).

At 0.42 million tonnes, sales volumes were at the level of the prior-year figure (Q3/18: 0.42 million tonnes). Sales volumes in the first nine months came to 1.30 million tonnes, matching the prior-year figure.

EBITDA climbed to € 13.9 million in the third quarter (Q3/18: € 10.6 million) and to € 39.3 million in the first nine months (9M/18: € 28.2 million). The revenue increases described more than compensated for higher costs.

CUSTOMER SEGMENT COMMUNITIES

KEY FIGURES

	Q3/18	Q3/19	%	9M/18	9M/19	%
in € million						
Revenues	81.8	68.2	– 16.7	482.9	515.8	+ 6.8
Sales volumes (million t)	1.53	1.27	– 16.7	9.32	9.24	– 0.8
EBITDA	1.6	–12.2	–	73.7	55.4	– 24.8

Revenues in the Communities customer segment in the usually seasonally weak third quarter decreased to € 68.2 million (Q3/18: € 81.8 million). In particular, lower sales volumes in early fills compared to the strong previous year were unable to be compensated full by positive exchange rate effects. In the first nine months of the year, revenues nevertheless increased to € 515.8 million, up from € 482.9 million in the previous year.

In total, sales volumes of de-icing salt of 1.27 million tonnes in the third quarter fell short compared to the strong prior-year level (Q3/18: 1.53 million tonnes). In Europe as well as in North America the early stocking-up business normalized after a strong reference period; in North America this is also the result of time lags. In the first nine months, sales volumes declined compared to the previous year, albeit only slightly, from 10.26 million tonnes to a total of 10.01 million tonnes.

EBITDA decreased to € –12.2 million from € 1.6 million in the previous year, tracking the development of revenues. In the first nine months of the year, EBITDA totalled € 55.4 million, down from € 73.7 million in the previous year. Here, higher maintenance and logistics costs counteracted the encouraging revenue trend.

REPORT ON RISKS AND OPPORTUNITIES

Please see the relevant sections starting on page 110 of our 2018 Annual Report for a detailed description of potential risks and opportunities.

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, jeopardise the continued existence of the Company. There is no mutual offsetting of opportunities and risks or their positive and negative changes.

OUTLOOK FOR 2019

The medium- to long-term trends for the future industry situation described on pages 126 – 128 of the 2018 Annual Report still largely apply. We also refer to the statements on the future industry situation on page 16 of our 2019 Half-Yearly Financial Report. In contrast to this presentation, there was only a change in the industry-specific framework conditions in the Agricultural customer segment: For 2019, we now expect a slight decline in demand on the global potash market compared with the strong previous year to just under 70 million tonnes (previously: stable demand for around 71 million tonnes, including just under 5 million tonnes of potassium sulfate and potash grades with low levels of valuable materials in the previous year). China's import freeze, which has continued since September, has also caused other sales markets to hold back. Against this background, potash producers cut production in the second half of the year.

As early as September 2019, we reported that we would reduce our potassium chloride production by up to 300,000 tonnes by the end of the year against the backdrop of the described weak market. The effect on EBITDA was estimated at up to € 80 million. Parallel to this reduction in production and due to the persistently weak market environment, K+S will carry out additional maintenance measures at German sites in the fourth quarter of 2019. This will reduce potash production by an additional 200,000 tonnes in the current year. The effect on EBITDA amounts to further about € 50 million. Nevertheless, we expect a slight increase in revenues for the K+S Group for 2019 as a whole (2018: € 4.04 billion). Taking these effects into account, an increase to about 650 million is expected for the EBITDA of the K+S Group (2018: € 606.3 million).

In the Europe+ operating unit, positive price effects compared with 2018 as a whole should have a particular impact. Despite the reduction in production, we expect revenue to increase slightly and EBITDA moderately (revenues 2018: € 2.59 billion, EBITDA: € 443.3 million). Meanwhile, we expect sales and earnings of the Americas operating unit to remain almost stable (revenues 2018: € 1.45 billion, EBITDA: € 221.8 million).

Our assessment for full-year 2019 is mainly based on the following assumptions:

+ Despite the current weak market environment, which is being further exacerbated by the continuing Chinese import ban on the standard product potassium chloride, we continue to assume, following the positive development in the first nine months, that the average price for 2019 will rise moderately overall in relation to our product portfolio (2018: € 254/t). At the end of October, Russian, Belarusian and Israeli producers concluded supply agreements with India until March 2020 at a price of 280 USD/tonne (previously 290 USD/tonne). These contracts provide an initial orientation, but have not yet triggered a noticeable revival in demand against the backdrop of China's continuing import bans.
+ The challenges we face at the Werra and Neuhof plants have been tackled and product availability has already improved. Nevertheless, we expect that in 2019 the German sites will still lag behind their technically available capacity. Due to the market-related production cutbacks described, sales volumes of around 6.4 million tonnes for all products (2018: 6.85 million tonnes) are currently anticipated for the Agriculture customer segment.
+ In the Communities customer segment we continue to expect sales volumes in the range of 12.5 – 13.0 million tonnes for the 2019 financial year. This forecast assumes that our sales volumes for de-icing salt in the fourth quarter of 2019 will be around the long-term average level.
+ An average spot rate of EUR/USD 1.10 (previously: EUR/USD 1.15) is now assumed for the euro-dollar exchange rate for the remaining months of 2019; including the average EUR/USD exchange rate after hedging, this corresponds to an average exchange rate for the year of EUR/USD 1.14 (2018: EUR/USD 1.16).

After the effects described above, adjusted Group earnings after taxes are now expected to remain roughly stable (2018: € 85.4 million).

Although the investment volume of the K+S Group in 2019, in particular as a result of the expansion of our tailings pile capacities in Germany, should, at about € 550 million, be higher than in the previous year (€ 443 million), the adjusted free cash flow should also improve significantly with the aforementioned operating improvement as a result of active working capital management compared with the previous year and should be positive again for the first time since 2013 (2018: € –206.3 million). The return on capital employed (ROCE) is now expected to be roughly stable (2018: 2.6%). While the ROCE of the Europe+ operating unit should remain stable (2018: 2.0%), it is expected to be significantly lower in the Americas than in the previous year (2018: 7.9%).

DEVELOPMENT OF FORECASTS FOR FULL-YEAR 2019

		ACTUAL 2018	Forecast 2018 Annual Report	Forecast Q1/19	Forecast H1/19	Forecast 9M/19
K+S Group						
Revenues	€ billion	4,039.1	moderate increase	moderate increase	moderate increase	slight increase
– Operating unit Europe+	€ billion	2,525.2	moderate increase	moderate increase	moderate increase	slight increase
– Operating unit Americas	€ billion	1,451.0	about stable	about stable	about stable	about stable
EBITDA[1]	€ million	606.3	700 to 850	700 to 850	730 to 830	about 650 [4]
– Operating unit Europe+	€ million	443.3	significant increase	significant increase	significant increase	moderate increase
– Operating unit Americas	€ million	221.8	about stable	about stable	about stable	about stable
Capital expenditure	€ million	443.2	600	600	600	550
Group earnings after taxes, adjusted[2]	€ million	85.4	significant increase	significant increase	significant increase	stable
Adjusted free cash flow	€ million	– 206.3	significant increase, positive	significant increase, positive	at least € 100 million	significant increase, positive
ROCE	%	2.6	significant increase	significant increase	significant increase	stable
– Operating unit Europe+	%	2.0	significant increase	significant increase	significant increase	stable
– Operating unit Americas	%	7.9	significant decrease	significant decrease	significant decrease	significant decrease
EUR/USD exchange rate	EUR/USD	1.16	1.20	1.19	1.16	1.14
Sales volumes Agriculture customer segment	million tonnes	6.85	6.9 to 7.2	6.9 to 7.2	6.9 to 7.1	about 6.4
Average price Agriculture customer segment	€/t	254.2	moderate increase	moderate increase	moderate increase	moderate increase
Sales volumes Communities customer segment	million tonnes	13.3	12.5 to 13.0	12.5 to 13.0	12.5 to 13.0	12.5 to 13.0

[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 forecast hedges still outstanding and changes in the fair value of operating forecast hedges recognised in prior periods (EBITDA).
[2] 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.
[3] The adjusted key indicators include the profit/(loss) from operating forecast hedges in the relevant reporting period, which eliminates effects from changes in the fair value of the hedges. In addition, related effects on deferred and cash taxes are eliminated; tax rate for 2018: 29.6%.
[4] Forecast already reduced by € 80 million on 23 September 2019.

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, 14 November 2019

K+S Aktiengesellschaft

Board of Executive Directors

INCOME STATEMENT

INCOME STATEMENT [1]

in € million	Q3/2018	Q3/2019	9M/2018	9M/2019	12M/2018	LTM [2]
Revenues	**840.1**	**904.9**	**2,821.8**	**3,046.9**	**4,039.1**	**4,264.2**
Cost of goods sold [3]	794.3	798.9	2,478.9	2,514.7	3,437.9	3,473.7
Gross profit	**45.8**	**106.0**	**342.9**	**532.2**	**601.2**	**790.5**
Marketing, general and administrative expenses [3]	82.5	99.1	254.8	266.0	349.9	361.1
Other operating income	14.3	38.3	116.7	90.6	146.8	120.7
Other operating expenses [3]	40.3	63.9	127.0	166.0	187.5	226.5
Net income from equity investments	–	0.2	4.4	3.0	4.2	2.8
Gains/(losses) on operating forecast hedges	0.6	−28.8	−26.4	−26.2	−49.5	−49.3
Earnings after operating hedges (EBIT II) [4]	**−62.1**	**−47.3**	**55.8**	**167.6**	**165.3**	**277.1**
Interest income	3.1	2.9	6.2	6.6	11.6	12.0
Interest expense	31.2	43.3	89.2	107.0	120.7	138.5
Other financial result	1.8	6.0	1.0	28.3	−3.1	24.2
Financial result	**−26.3**	**−34.4**	**−82.0**	**−72.1**	**−112.2**	**−102.3**
Earnings before tax	**−88.5**	**−81.7**	**−26.3**	**95.5**	**53.1**	**174.9**
Income tax expense	−25.1	−25.1	−7.4	29.1	10.9	47.4
– of which deferred taxes	−21.9	−25.7	−42.4	−22.7	−17.9	1.8
Earnings for the period	**−63.4**	**−56.6**	**−18.9**	**66.4**	**42.2**	**127.5**
Non-controlling interests	–	0.1	0.1	0.1	0.1	0.1
Earnings after tax and non−controlling interests	**−63.4**	**−56.7**	**−19.0**	**66.3**	**42.1**	**127.4**
Earnings per share in € (basic ≙ diluted)	**−0.33**	**−0.30**	**−0.10**	**0.35**	**0.22**	**0.67**

[1] Rounding differences may arise in percentages and numbers.
[2] LTM = last twelve months.
[3] The profit and loss reporting was changed in line with the internal reporting structure and to improve the industry comparison from the 2019 financial year onwards. The previous year's figures (9M/2018) were adjusted as follows: Delivery and transportation costs (distribution costs € 471.5 million, other operating expenses € 1.1 million) were reclassified to cost of sales in the amount of € 472.6 million and research and development costs were reclassified to other operating expenses in the amount of € 9.9 million. The remaining distribution expenses of € 85.5 million were combined with general administrative expenses in the new item Marketing and general administrative expenses.
[4] Key indicators not defined in the IFRS regulations.

RECONCILIATION TO OPERATING EARNINGS (EBIT I) AND EBITDA [1,3]

in € million	Q3/18	Q3/19	9M/18	9M/19	12M/18	LTM [2]
Earnings after operating hedges (EBIT II)	**−62.1**	**−47.3**	**55.8**	**167.6**	**165.3**	**277.1**
Income (–)/expenses (+) arising from changes in the fair value of outstanding operating anticipatory hedges	−9.7	25.5	13.2	21.2	25.7	33.7
Elimination of prior-period changes in the fair value of operating anticipatory hedges	13.7	−4.3	33.3	−18.1	36.2	−15.2
Operating earnings (EBIT I)	**−58.1**	**−26.1**	**102.3**	**170.7**	**227.2**	**295.6**
Depreciation and amortisation (+)/impairment losses (+)/reversals of impairment losses (–) on non-current assets	96.0	108.3	280.6	314.3	385.0	418.7
Capitalised depreciation expenses recognised directly in equity (-) [4]	−1.5	−1.6	−4.6	−4.4	−5.9	−5.7
EBITDA	**36.4**	**80.6**	**378.3**	**480.6**	**606.3**	**708.6**

[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 capitalised as part of cost and not recognized in profit or loss.

STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS [1]

in € million	Q3/2018	Q3/2019	9M/2018	9M/2019	12M/18	LTM [2]
Earnings after operating hedges (EBIT II)	**−62.1**	**−47.2**	**55.8**	**167.6**	**165.3**	**277.1**
Income (–)/expenses (+) arising from changes in the fair value of outstanding operating forecast hedges	−9.7	25.4	13.2	21.2	25.7	33.7
Elimination of prior-period changes in the fair value of operating forecast hedges	13.7	−4.3	33.3	−18.1	36.2	−15.2
Depreciation, amortisation, impairment losses (+)/reversals of impairment losses (–)	94.5	106.7	276.0	309.9	379.1	413.0
Increase (+)/decrease (–) in non-current provisions (excluding interest rate effects)	4.6	−7.3	3.2	−12.1	5.7	−9.6
Interest received and similar income	2.1	2.4	4.7	6.0	8.3	9.6
Realised gains (+)/losses (–) on financial assets/liabilities	9.7	13.3	18.8	35.8	27.9	44.9
Interest paid (–)	−6.8	−27.5	−46.2	−81.2	−91.6	−126.6
Income tax paid (–)	−3.5	2.3	−60.1	−21.0	−99.6	−60.5
Other non-cash expenses (+)/income (–)	2.3	−3.2	−0.2	−2.3	−0.1	−2.2
Gain (–)/loss (+) on sale of assets and securities	2.1	2.3	0.3	5.7	6.7	12.1
Increase (–)/decrease (+) in inventories	−38.8	−50.4	−27.0	−64.8	6.8	−31.0
Increase (–)/decrease (+) in receivables and other operating assets	−61.8	−64.1	100.5	186.0	−134.7	−49.2
Increase (+)/decrease (–) in liabilities from operating activities	21.7	20.5	−86.8	−8.9	−37.6	40.3
Increase (+)/decrease (–) in current provisions	15.8	23.4	−8.5	−12.7	32.1	27.9
Allocations to plan assets	−0.1	−0.1	−1.1	−1.3	−21.5	−21.7
Net cash flows from operating activities	**−16.3**	**−7.8**	**275.9**	**509.8**	**308.7**	**542.6**
Proceeds from sale of assets	2.6	1.3	4.7	10.5	6.4	12.2
Purchases of intangible assets	−2.1	−2.9	−4.7	−5.4	−10.0	−10.7
Purchases of property, plant and equipment	−132.1	−121.7	−328.9	−306.5	−504.7	−482.3
Purchases of financial investments	−5.9	–	−6.6	−4.9	−6.7	−5.0
Proceeds from sale of securities and other financial investments	9.6	–	25.4	10.2	297.8	282.6
Purchases of securities and other financial investments	−240.3	−0.1	−303.1	−10.1	−295.5	−2.5
Net cash flows used in investing activities	**−368.2**	**−123.4**	**−613.2**	**−306.2**	**−512.7**	**−205.7**
Dividends paid			−67.0	−47.9		
Repayment (–) of borrowings	−104.3	−348.5	−241.8	−1,142.9		
Proceeds (+) from borrowings	600.1	326.4	779.8	1,064.4		
Net cash flows from/(used in) financing activities	**495.8**	**−22.1**	**471.0**	**−126.4**		
Cash change in cash and cash equivalents	**111.3**	**−153.3**	**133.7**	**77.2**		
Exchange rate-related change in cash and cash equivalents	2.5	8.7	3.5	9.9		
Net change in cash and cash equivalents	**113.8**	**−144.6**	**137.2**	**87.1**		
Net cash and cash equivalents as at 1 January			**175.7**	**162.2**		
Net cash and cash equivalents as of 30 September			**312.9**	**249.3**		
– of which cash on hand and bank balances			318.2	254.4		
– of which cash invested with affiliated companies			–	0.1		
– of which cash received from affiliated companies			−5.3	−5.2		

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

BALANCE SHEET

BALANCE SHEET – ASSETS [1]

in € million	30/09/2018	31/12/2018	30/09/2019
Intangible assets	979.3	982.3	1,023.3
– of which goodwill from acquisitions of companies	691.6	693.2	731.9
Property, plant and equipment	6,760.0	6,687.9	7,295.9
Investment properties	5.2	6.4	6.4
Financial investments	78.4	89.1	93.9
Other financial assets	32.6	36.2	8.2
Other non-financial assets	20.4	21.9	20.4
Securities and other financial investments	9.8	7.0	7.0
Deferred taxes	132.4	92.6	127.1
Income tax refund claims	0.0	28.0	29.4
Non–current assets	**8,018.1**	**7,951.2**	**8,611.5**
Inventories	727.2	691.5	781.4
Trade receivables	673.2	836.7	755.0
Other financial assets	93.0	86.2	103.7
Other non-financial assets	152.6	172.5	106.7
Income tax refund claims	23.1	49.3	20.8
Securities and other financial investments	286.7	11.2	11.1
Cash on hand and bank balances	318.2	167.6	254.4
Current assets	**2,274.0**	**2,015.0**	**2,033.0**
TOTAL ASSETS	**10,292.1**	**9,966.2**	**10,644.5**

BALANCE SHEET – EQUITY AND LIABILITIES [1]

in € million	30/09/2018	31/12/2018	30/09/2019
Issued capital	191.4	191.4	191.4
Share premium	645.7	645.7	645.7
Other reserves and net retained earnings	3,352.1	3,305.4	3,720.8
Total equity attributable to shareholders of K+S Aktiengesellschaft	4,189.2	4,142.5	4,557.9
Non-controlling interests	1.6	1.6	1.7
Equity	**4,190.8**	**4,144.1**	**4,559.6**
Financial liabilities	2,723.9	2,741.4	2,853.1
Other financial liabilities	155.9	154.9	317.3
Other non-financial liabilities	10.9	13.2	9.6
Income tax liabilities	45.9	46.6	51.3
Provisions for pensions and similar obligations	183.4	187.0	264.5
Provisions for mining obligations	1,015.7	1,015.1	1,018.2
Other provisions	166.2	140.1	155.7
Deferred taxes	248.7	230.1	238.4
Non–current liabilities	**4,550.5**	**4,528.4**	**4,908.1**
Financial liabilities	840.5	541.9	387.9
Trade payables	243.0	239.7	221.3
Other financial liabilities	117.8	112.3	164.4
Other non-financial liabilities	54.9	49.9	55.4
Income tax liabilities	27.4	35.3	37.2
Provisions	267.1	314.6	310.8
Current liabilities	**1,550.8**	**1,293.7**	**1,176.8**
TOTAL EQUITY AND LIABILITIES	**10,292.1**	**9,966.2**	**10,644.5**

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

FINANCIAL CALENDAR

DATES

	2020
2019 Annual Report	12 March 2020
Quarterly Report, 31 March 2020	11 May 2020
Annual General Meeting, Kassel	12 May 2020
Dividend payment	15 May 2020
Half-Yearly Financial Report, 30 June 2020	13 August 2020
Quarterly Report, 30 September 2020	12 November 2020

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FORWARD-LOOKING STATEMENTS