

H1/2020

Half-Yearly Financial Report

Q2 figures:

- + Revenues € 840 million (Q2/2019: € 878 million)
- + EBITDA € 88 million (Q2/2019: € 130 million)
- + Corona pandemic burdens earnings by around € 10 million
- + Adjusted free cash flow of € 161 million in the first half year (H1/2019: € 335 million)

Outlook:

- + EBITDA before one-off restructuring expenses remains at around € 520 million (2019: € 640 million); after consideration of this one-off expense, which could amount up to € 40 million, EBITDA of € 480 million expected
- + Corona-related efficiency losses are now included in our outlook and will approximately be compensated by effects from our comprehensive package of measures
- + Adjusted free cash flow guidance unchanged at approximately break even

Package of measures to reduce debt:

- + Sale process of Americas operating unit on schedule
- + Project for the comprehensive realignment of K+S will result in administrative cost savings of about € 60 million per year; one-off expense in 2020 could amount up to € 40 million

KEY FIGURES

		Q2/2019	Q2/2020	%	H1/2019	H1/2020	%
K+S Group							
Revenues	€ million	878.5	840.1	-4.4	2,141.9	1,929.2	-9.9
EBITDA ¹	€ million	130.1	87.8	-32.5	400.0	288.9	-27.8
EBITDA margin	%	14.8	10.5	-	18.7	15.0	-
Depreciation and amortization ²	€ million	103.8	117.6	+13.3	203.2	225.3	+10.9
Operating unit Europe+³							
Revenues	€ million	626.8	588.3	-6.1	1,318.6	1,233.3	-6.5
EBITDA ¹	€ million	128.4	68.7	-46.5	305.5	182.9	-40.1
EBITDA margin	%	20.5	11.7	-	23.2	14.8	-
Depreciation and amortization ²	€ million	80.7	86.1	+6.6	158.3	169.6	+7.1
Operating unit Americas³							
Revenues	€ million	251.2	251.4	+0.1	822.4	695.0	-15.5
EBITDA ¹	€ million	13.6	37.9	+178.1	121.2	139.8	+15.3
EBITDA margin	%	5.4	15.1	-	14.7	20.1	-
Depreciation and amortization ²	€ million	20.9	29.0	+38.4	40.7	50.6	+24.4
Customer segment Agriculture⁴							
Revenues	€ million	440.1	404.6	-8.1	901.1	858.4	-4.7
EBITDA ¹	€ million	95.3	39.2	-58.8	219.4	136.3	-37.9
EBITDA margin	%	21.6	9.7	-	24.4	15.9	-
Customer segment Industry⁴							
Revenues	€ million	282.5	269.2	-4.7	564.3	563.3	-0.2
EBITDA ¹	€ million	55.8	56.0	+0.5	114.3	111.1	-2.8
EBITDA margin	%	19.7	20.8	-	20.3	19.7	-
Customer segment Consumer⁴							
Revenues	€ million	108.5	132.7	+22.4	228.0	255.0	+11.8
EBITDA ¹	€ million	9.0	23.1	+155.4	25.4	44.3	+74.0
EBITDA margin	%	8.3	17.4	-	11.2	17.4	-
Customer segment Communities⁴							
Revenues	€ million	47.0	33.1	-29.5	447.6	251.7	-43.8
EBITDA ¹	€ million	-18.1	-11.8	-	67.5	30.9	-54.2
EBITDA margin	%	-38.4	-35.6	-	15.1	12.3	-
Consolidated earnings, adjusted ⁵	€ million	2.6	-30.6	-	110.4	-5.7	-
Earnings per share, adjusted ⁵	€	0.01	-0.16	-	0.58	-0.03	-
Capital expenditure (capex) ⁶	€ million	93.1	119.0	+27.8	165.7	206.8	+24.8
Net cash flows from operating activities	€ million	193.2	68.0	-64.8	517.6	323.0	-37.6
Adjusted free cash flow	€ million	101.5	-43.2	-	334.6	161.2	-51.8
Net financial debt as of June 30	€ million	-	-	-	2,893.7	2,979.4	+3.0
Net financial debt/EBITDA ratio (LTM) ⁷		-	-	-	4.4	5.6	-
Equity ratio	%	-	-	-	42.4	42.5	-
Return on capital employed (LTM) ⁷	%	-	-	-	3.0	0.8	-
Book value per share as of June 30	€	-	-	-	22.93	22.28	-2.8
Average number of shares	million	191.4	191.4	-	191.4	191.4	-
Employees on June 30 ⁸	Number	-	-	-	14,535	14,738	+1.4
Market capitalization on June 30	€ billion	-	-	-	3.14	1.08	-65.7
Enterprise value (EV) on June 30	€ billion	-	-	-	7.48	5.52	-26.2

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 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 Not a 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 Q2/2020: 30.0% (Q2/2019: 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.

MANAGEMENT REPORT

CONTENT

- 4 Corporate strategy
- 4 Overview of the course of business
- 7 Earnings position, financial position, and net assets
- 13 Operating units
- 15 Customer segments
- 18 Employees
- 18 Report on risks and opportunities
- 19 Report on expected developments

CORPORATE STRATEGY

For a detailed presentation of corporate strategy please refer to the relevant section entitled "Corporate strategy" in the 2019 Annual Report, starting on page 49. On March 11, 2020, we also announced that we are pursuing a complete sale of the Americas operating unit, which bundles the North and South American salt business. An agreement is expected to be signed in the current year. The resulting concentration on the business with mineral fertilizers and specialties will entail a comprehensive realignment of K+S. This will include an extensive restructuring of the administrative functions. With the implementation of all the measures, K+S strives to reduce debt by significantly more than €2 billion by the end of 2021 and wants to achieve the conditions for a stable crossover rating. The current sale process of the Americas operating unit is proceeding as planned, despite the current conditions with regard to COVID-19.

The Europe+ operating unit and the holding will be transformed into a leaner and more efficient K+S, with the focus on fertilizers and specialties. In the past few weeks, the restructuring project team worked extensively on developing the new functions-based organization model. This future organizational structure will see a reduction in the budget for administrative functions by 30%, or a total of around €60 million, to €140 million per year, starting from 2021.

In future, K+S will work in a functional organization. An operational management team will run the business together with the Board of Executive Directors. To this end, the central functions will be bundled so that the operations-based Board of Executive Directors will in future receive support from 15 units (previously: 36 excluding the Americas operating unit). The future unit heads have been announced and the detailed structure of the functions is currently being defined. In addition, negotiations commenced with employee representatives on a volunteer program, as well as a balancing of interests, and social plan. The one-time restructuring expenses associated with the intended savings are now included in the outlook for 2020. These expenses could amount up to €40 million. The reorganization is expected to be completed by the beginning of 2021.

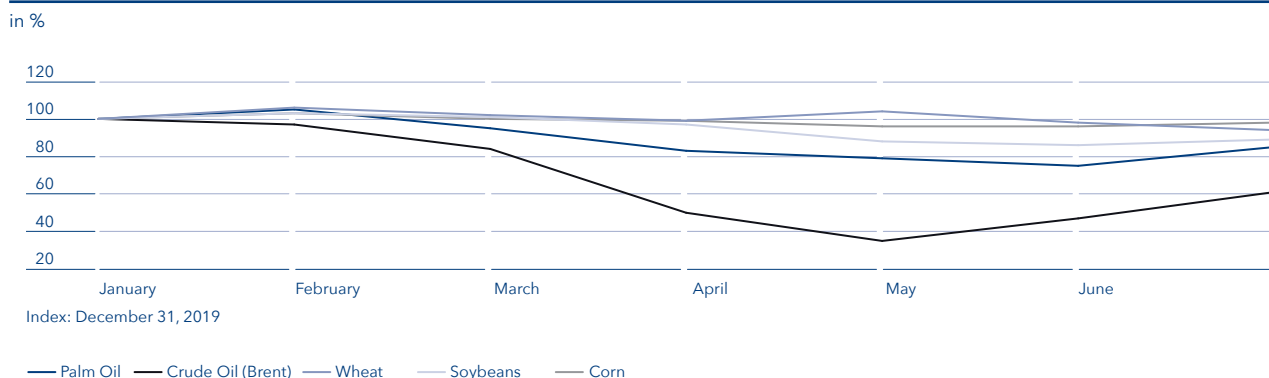
OVERVIEW OF THE COURSE OF BUSINESS

MACROECONOMIC ENVIRONMENT

The prices quoted for important soft commodities were lower at the end of the second quarter than at the beginning of the year. While wheat prices were down by around 6% and soybean prices by around 2%, the price of corn dropped more significantly by around 11%. The price of palm oil was around 15% lower at the end of June than at the beginning of the year.

The price of Brent crude oil fell significantly in the course of the first six months, at times trading at all-time lows, even in the negatives. At the end of June, it was trading at around USD 40 per barrel, some 39% less than at the beginning of the year. The average for NCG Natural Gas Year Futures, which focus primarily on western and southern Germany, declined from around €14/MWh at the beginning of the year to around €13/MWh. Henry Hub Natural Gas Futures, which focus primarily on North America, reported a significant decline from USD 2.3/mmBtu at the beginning of the year to USD 1.7/mmBtu at the end of June 2020.

CHANGES IN COMMODITY PRICES BY MONTH IN 2020



Source: World Bank

IMPACT ON K+S

The main effects of changes in the macroeconomic environment on the business performance of K+S were as follows:

- + The K+S GROUP's energy costs are affected in particular by the cost of purchasing natural gas. However, our long-term purchase contracts with favorable conditions tend to make us less dependent on short-term market price changes. In total, the K+S GROUP's cost of energy from primary sources was, despite an increased production, slightly lower in the first six months than in the previous year.
 - + Foreign currency hedging system: the use of hedging instruments resulted in an average exchange rate of €1.14/USD including hedging costs in the second quarter of 2020. The average spot rate was €1.10/USD (Q2/2019: exchange rate of €1.17/USD with an average spot rate of €1.12/USD).
 - + The prices of important soft commodities continued at low levels relative to long-term trends. Nevertheless, the resulting yield prospects, against the backdrop of a sometimes favorable exchange rate environment, thus continued to provide enough of an incentive for farmers to increase their yield per hectare by using plant nutrients in the reporting period.
- 👁 More information on the foreign currency hedging system can be found on page 65 of the 2019 Annual Report.

SECTOR-SPECIFIC ENVIRONMENT

The conditions in the main sales regions and the competitive positions described in the 2019 Annual Report, starting on page 39, remained almost unchanged for the respective customer segments.

CUSTOMER SEGMENT AGRICULTURE

While demand in the Agriculture customer segment in the Northern Hemisphere and Brazil was good in the first quarter, as expected, the revival of demand in Southeast Asia largely failed to materialize due to the coronavirus pandemic. Contracts signed in China and India have resulted in the expected bottoming out of prices for potassium chloride in Brazil and to slight price increases in the course of the second quarter. Apart from seasonal particularities in some regions (e.g., a staggered pricing system in Europe), the prices for fertilizer specialties remained largely stable.

CUSTOMER SEGMENT INDUSTRY

In both operating units, the coronavirus pandemic caused a decline in demand for products for the food industry in the second quarter of 2020. Demand for commercial-use water softening salts as well as products for the oil and gas industry was also affected by this. Demand from the chemical industry decreased cyclically. While demand for products for the pharmaceutical industry increased, it remained relatively stable for animal nutrition products.

CUSTOMER SEGMENT CONSUMER

After demand for consumer products in both operating units, especially in the area of table salt, had been positively impacted in the first quarter by increased home consumption as a result of the coronavirus pandemic, an additional positive development in the second quarter was a revival of demand for pool and water-softening salts following the reopening of DIY stores in some European countries.

CUSTOMER SEGMENT COMMUNITIES

In both Europe and North America, the historically mild winter at the beginning of the year had a negative effect on demand and led to a relatively slow early purchase business overall.

RELATED PARTIES

For a detailed presentation of the main related party transactions, please refer to the relevant section on page 35 of the notes.

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 immediately implemented comprehensive measures at all of its sites to minimize the risk of infection. As a consequence, elevator trips by the workforce into our mines run with significantly fewer people to ensure a greater distance can be maintained between miners. 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 almost 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 cooperation is working well in all areas. The general works agreement for German operations specifies, among other things, that working hours will be made more flexible and support will be provided to organize childcare.

The efficiency losses associated with the hygiene measures and the short-term, corona-related production irregularities had a negative impact of around €10 million on our quarterly result.

EARNINGS POSITION

REVENUES

KEY FIGURES

in € million	Q2/2019	Q2/2020	%	H1/2019	H1/2020	%
– Operating unit Europe+	626.8	588.3	–6.1	1,318.6	1,233.3	–6.5
– Operating unit Americas	251.2	251.4	+0.1	822.4	695.0	–15.5
– Reconciliation	0.5	0.3	–30.3	0.9	0.9	–0.3
Revenues	878.5	840.1	–4.4	2,141.9	1,929.2	–9.9
– Operating unit Europe+	128.4	68.7	–46.5	305.5	182.9	–40.1
– Operating unit Americas	13.6	37.9	+178.1	121.2	139.8	+15.3
– of which reconciliation	–11.9	–18.8	+57.7	–26.7	–33.8	+26.6
EBITDA	130.1	87.8	–32.5	400.0	288.9	–27.8
Return on capital employed (LTM, in %)	–	–	–	3.0	0.8	–

After €878.5 million in the prior-year period, the K+S GROUP's revenues decreased by around 4% to €840.1 million in the second quarter of 2020. While revenues in the Americas operating unit remained stable, lower average prices in the Europe+ operating unit were not fully offset by positive volume and exchange rate effects.

In the first half of 2020, the above factors as well as the downturn in the de-icing salt business, especially in the first quarter, caused a decline of almost 10% to €1,929.2 million (H1/2019: €2,141.9 million).

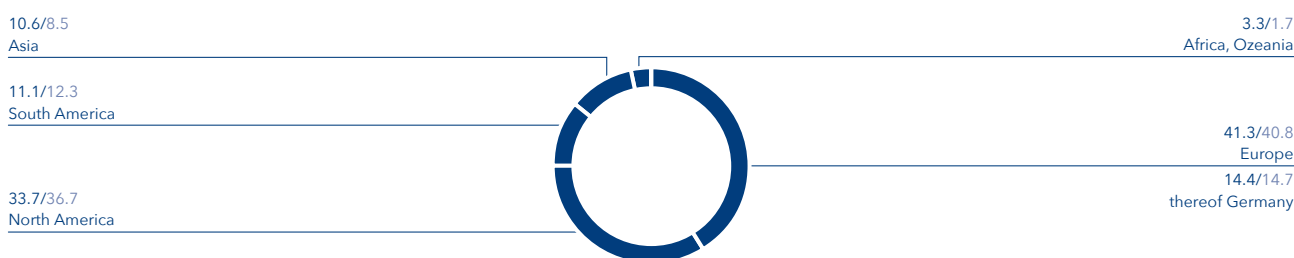
In the quarter under review, around 70% of revenues were attributable to the Europe+ operating unit and 30% to the Americas operating unit.

VARIANCE COMPARED WITH PREVIOUS YEAR

in %	Q2/2020	H1/2020
Change in revenues	-4.4	-9.9
- volume/structure-related	+2.7	-6.5
- price/pricing-related	-9.1	-5.1
- currency-related	+0.8	+1.2
- consolidation-related	+1.2	+0.5

REVENUES BY REGION

in %



○ January to June 2020/2019

CHANGES IN SELECTED COST TYPES

Cost of sales amounted to €744.6 million in the second quarter of 2020, and were thus roughly on par with the prior-year level (Q2/2019: €738.5 million). Marketing, general and administrative expenses were down in the quarter under review, declining from €85.5 million in the previous year to €84.4 million. Cost of sales in the first half of the year amounted to €1,613.4 million, compared with €1,715.7 million in the previous year, and marketing, general and administrative expenses rose due to one-off expenses to €175.1 million (H1/2019: €166.9 million).

The main cost drivers for K+S are personnel expenses and the cost of freight, material, and energy. Personnel expenses increased slightly to €301.5 million (Q2/2019: €289.4 million) in the second quarter of 2020, primarily due to a change in the scope of consolidation (see p. 29) and salary adjustments; in the first six months, they amounted to €593.4 million (H1/2019: €588.9 million). Freight costs of €138.1 million in the second quarter and of €358.7 million in the first half of 2020 were both significantly down on the prior-year figures (Q2/2019: €178.1 million; H1/2019: €435.5 million). This is due to the optimized use of our logistics network, especially in North America, and to lower supply volumes in the de-icing salt business. Expenses for raw materials, consumables, and supplies and for purchased goods (material costs) were up slightly to €142.2 million in the second quarter of 2020 (Q2/2019: €135.6 million), but the six-month figure of €286.1 million was approximately on a par with the prior-year period (H1/2019: €285.9 million). K+S incurred energy costs of €68.1 million in the second quarter (Q2/2019: €62.7 million); in the first half of the year, energy costs rose to €142.8 million, compared with €132.1 million in the previous year. This is attributable to the fact that a price- and volume-related reduction in energy costs was more than offset by higher expenses for CO₂ emission certificates.

RECONCILIATION TO OPERATING EARNINGS AND EBITDA

in € million	Q2/2019	Q2/2020	H1/2019	H1/2020
Earnings after operating hedges	42.4	7.9	214.8	63.1
Gain (-)/loss (+) arising from changes in the fair values of outstanding operating anticipatory hedges	-9.7	-35.0	-4.2	8.4
Elimination of prior-period changes in the fair values of operating anticipatory hedges	-6.4	-2.9	-13.8	-8.2
Realized gain (-)/loss (+) on investment hedges	-	0.2	-	0.3
Earnings before operating hedges	26.3	-30.0	196.8	63.6
Depreciation and amortization (+)/impairment losses (+)/reversals of impairment losses (-) on non-current assets	105.2	119.3	206.0	228.5
Capitalized depreciation (-) ¹	-1.4	-1.7	-2.8	-3.2
EBITDA	130.1	87.8	400.0	288.9

¹ This relates to depreciation of assets used for the production of other items of property, plant, and equipment. Depreciation is capitalized as part of cost and not recognized in profit or loss.

EARNINGS PERFORMANCE

The K+S Group's EBITDA amounted to €87.8 million in the quarter under review, compared with €130.1 million in the prior-year period. While EBITDA in the Americas operating unit had a significantly positive trend compared with the prior-year period, due in particular to strong operational performance and high cost discipline, this improvement was not enough to compensate for price-driven lower average revenues in the Europe+ operating unit.

Earnings after operating hedges came to €7.9 million in the quarter under review (Q2/2019: €42.4 million), benefiting to a greater extent from fair value changes arising from anticipatory hedges still outstanding than in the prior-year period.

The described effects led to an EBITDA of €288.9 million in the first six months (H1/2019: €400.0 million) and earnings after operating hedges of €63.1 million (H1/2019: €214.8 million).

Under IFRS, changes in the fair values of hedges are recognized in profit or loss. Earnings after operating hedges include all results from operating hedging transactions, i.e., both valuation effects as of the balance sheet date and results from realized operating hedging derivatives. Earnings before operating hedges comprise the operating result, including the result from realized operating hedges, adjusted for market value fluctuations that have not yet matured. Market value fluctuations of hedging transactions that have not yet matured are thus eliminated. Results from hedging transactions for financing purposes are reported in the financial result.

FINANCIAL RESULT

The financial result amounted to €-14.0 million in the quarter under review (Q2/2019: €-20.9 million), benefiting above all from positive exchange rate effects in the other financial result. The financial result for the first half of 2020 stood at €-71.7 million (H1/2019: €-37.6 million).

👁 More information on the financial result and discount rates for provisions can be found in the notes, starting on page 31.

(ADJUSTED) CONSOLIDATED EARNINGS AND (ADJUSTED) EARNINGS PER SHARE

Consolidated earnings after tax and non-controlling interests amounted to €-4.2 million in the second quarter of 2020 (Q2/2019: €13.9 million), resulting in earnings per share of €-0.02 (Q2/2019: €0.07). The ratio has been calculated on the basis of an average of 191.4 million no-par value shares outstanding. In the six-month period, consolidated earnings after tax and non-controlling interests stood at €-6.0 million (H1/2019: €123.0 million), leading to a fall in earnings per share to €-0.03 (H1/2019: €0.64).

Adjusted for changes in the fair values of derivatives, consolidated earnings after tax dropped to €-30.6 million in the second quarter of 2020, compared with €2.6 million in the prior-year period. This equates to adjusted earnings per share of €-0.16 (Q2/2019: €0.01). After the first six months, adjusted consolidated earnings after tax stood at €-5.7 million (H1/2019: €110.4 million). Adjusted earnings per share amounted to €-0.03 in the same period, compared with €0.58 in the previous year.

RETURN ON CAPITAL EMPLOYED (ROCE)

As of June 30, 2020, the return on capital employed (LTM) contracted to 0.8%, from 3.0% in the prior-year period.

FINANCIAL POSITION

SIGNIFICANT YEAR-ON-YEAR INCREASE IN CAPITAL EXPENDITURE IN THE SECOND QUARTER

CAPITAL EXPENDITURE ¹

in € million	Q2/2019	Q2/2020	%	H1/2019	H1/2020	%
Operating unit Europe+	74.0	99.3	+34.2	131.8	169.8	+28.9
Operating unit Americas	17.3	17.4	+0.6	31.5	32.8	+4.1
Reconciliation	1.8	2.3	+27.8	2.4	4.2	+73.5
K+S Group	93.1	119.0	+27.8	165.7	206.8	+24.8

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

In the second quarter, the K+S GROUP invested a total of €119.0 million (Q2/2019: €93.1 million). The planned year-on-year increase is primarily due to the solution mining of a new cavern in the Netherlands, the expansion of tailings piles at the Zielitz site, and additional capital expenditure under the legally required occupational exposure limits (OELs) project to reduce pollutant emissions at underground workplaces.

The rise in capital expenditure to €206.8 million in the first 2020 is attributable to the above-mentioned effects as well as the expansion of tailings piles at the Hattorf and Wintershall sites; capex in the prior-year period was €165.7 million.

OPERATING AND FREE CASH FLOW DOWN ON PREVIOUS YEAR

Cash flows from operating activities amounted to €323.0 million in the first half of 2020, a significant decrease compared with the prior-year period (€517.6 million) in line with earnings performance. Another negative factor was a faster increase in inventories because of the weak de-icing salt business. A reduction in net working capital as part of our active working capital management, e.g. through factoring, could only partially compensate for the above-mentioned effects.

The receipt of the purchase price from the deconsolidation of K+S Real Estate GmbH & Co. KG led to net cash flows used in investing activities of €-156.8 million in the first half of 2020, compared with €-182.8 million in the same period of the previous year.

CASH FLOW SUMMARY

in € million	H1/2019	H1/2020
Net cash flows from operating activities	517.6	323.0
Net cash flows used in investing activities	-182.8	-156.8
Free cash flow	334.8	166.2
Adjustment for purchases/sales of securities and other financial investments	-0.2	-5.0
Adjusted free cash flow	334.6	161.2

This resulted in adjusted free cash flow of €161.2 million, compared with €334.6 million in the previous year.

The repayment of current liabilities increased net cash flows used in financing activities to €-312.9 million in the reporting period (H1/2019: €-104.3 million).

As of June 30, 2020, net cash and cash equivalents amounted to €177.8 million (December 31, 2019: €316.3 million; June 30, 2019: €393.9 million). These consist of cash deposits, primarily at banks, as well as money market instruments and comparable securities with maturities of up to three months.

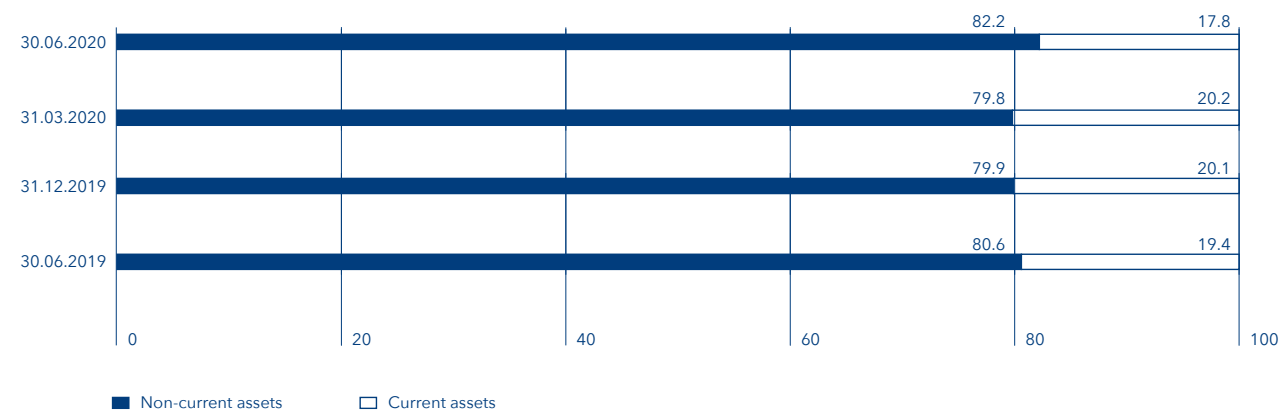
NET ASSETS

Total assets of the K+S GROUP amounted to €10,045.9 million as at June 30, 2020 (December 31, 2019: €10,592.2 million). Property, plant, and equipment went down to €7,045.3 million, mainly for currency-related reasons (December 31, 2019: €7,210.0 million). Cash and cash equivalents, current securities and other financial investments dropped to €197.5 million, primarily because of the repayment of current liabilities (December 31, 2019: €333.2 million).

At €4,264.5 million, equity was down on the figure on December 31, 2019 (€4,495.1 million), mainly for currency-related reasons. The equity ratio was 42.5% as of the reporting date, compared with 42.4% as of December 31, 2019.

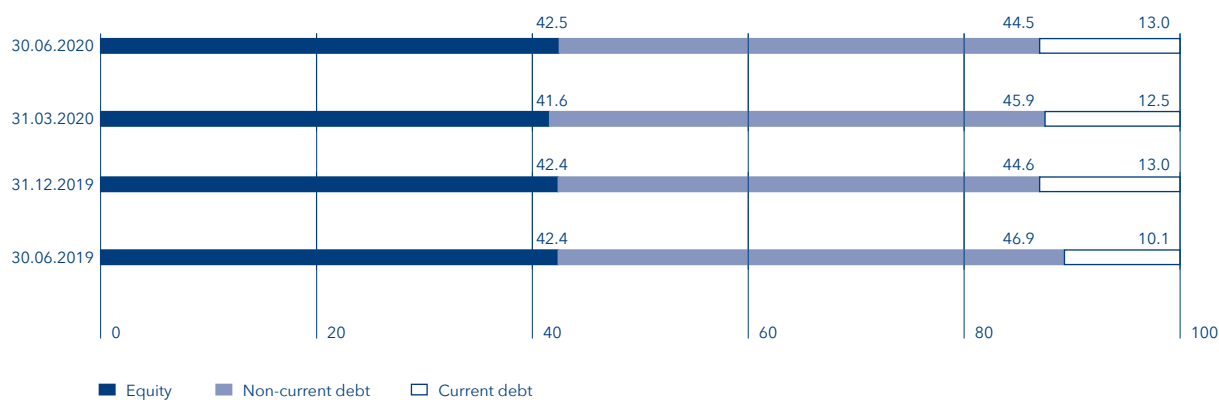
ASSETS

in %



EQUITY AND LIABILITIES

in %



More information on significant changes in selected balance sheet items and in equity can be found on page 34 of the notes.

Net financial liabilities of the K+S GROUP were €2,979.4 million as of the reporting date (December 31, 2019: €3,116.6 million; June 30, 2019: €2,893.7 million). The decline as compared with December 31, 2019 was attributable to the positive free cash flow.

NET FINANCIAL DEBT AND NET DEBT

in € million	June 30, 2019	December 31, 2019	June 30, 2020
Cash and cash equivalents	398.7	321.8	184.6
Non-current securities and other financial investments	7.0	7.0	—
Current securities and other financial investments	11.0	11.4	12.9
Financial liabilities	–3,247.9	–3,398.9	–3,101.2
Lease liabilities from finance lease contracts ¹	–82.7	–78.2	–75.7
Reimbursement claim for Morton Salt bond	20.2	20.3	—
Net financial debt	–2,893.7	–3,116.6	–2,979.4
Leasing obligations excluding liabilities from finance lease contracts ¹	–197.1 ²	–306.3	–289.1
Provisions for pensions and similar obligations	–240.8	–232.2	–243.0
Provisions for mining obligations	–1,015.5	–910.6	–931.8
Net debt	–4,347.1	–4,565.7	–4,443.2

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

in € million	Q2/2019	Q2/2020	%	H1/2019	H1/2020	%
Revenues ¹	626.8	588.3	-6.1	1,318.6	1,233.3	-6.5
EBITDA	128.4	68.7	-46.5	305.5	182.9	-40.1
Depreciation and amortization	80.7	86.1	+6.6	158.3	169.6	+7.1
Capital expenditure ²	74.0	99.3	+34.2	131.8	169.8	+28.9
Employees	—	—		10,013	10,331	+3.2

¹ thereof intersegment revenues: Q2/2020: €3.1 million (Q2/2019: €4.4 million); H1/2020: €5.3 million (H1/2019: €7.6 million).

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

REVENUES

The Europe+ operating unit's revenues declined moderately to a total of €588.3 million in the quarter under review (Q2/2019: €626.8 million). Positive volume effects in the Agriculture, Industry, and Consumers customer segments and positive exchange rate effects only partially offset lower average prices in the Agriculture and Industry customer segments. The inclusion of Shenzhen K+S Trading Co. LTD. and K plus S Middle East FZE in the scope of consolidation also led to a slight increase in revenues compared with the prior-year period.

In the first half of 2020, the operating unit's revenues amounted to €1,233.3 million, compared to €1,318.6 million in the same period of the previous year.

VARIANCE COMPARED WITH PREVIOUS YEAR

in %	Q2/2020	H1/2020
Change in revenues	-6.1	-6.5
- volume/structure-related	+3.8	+1.6
- price/pricing-related	-12.5	-9.7
- currency-related	+0.9	+0.8
- consolidation-related	+1.7	+0.8

EARNINGS PERFORMANCE

EBITDA amounted to €68.7 million, compared with €128.4 million in the prior-year quarter. In the Agriculture customer segment, higher sales volumes and lower average costs attributable to the good operating performance and continuing ramp-up of production in Bethune failed to compensate for a price-related decline in earnings. The Consumers customer segment recorded a significant increase in earnings, although this was not enough to offset the slight decrease in earnings in the Industry customer segment compared with the prior-year quarter. In the Communities customer segment, the significant decrease in sales volumes had an additional impact on earnings.

In the first half of 2020, EBITDA went down to €182.9 million (H1/2019: €305.5 million).

OPERATING UNIT AMERICAS

KEY FIGURES

in € million	Q2/2019	Q2/2020	%	H1/2019	H1/2020	%
Revenues ¹	251.2	251.4	+0.1	822.4	695.0	-15.5
EBITDA	13.6	37.9	+178.1	121.2	139.8	+15.3
Depreciation and amortization	20.9	29.0	+38.4	40.7	50.6	+24.4
Capital expenditure ²	17.3	17.4	+0.6	31.5	32.8	+4.1
Employees	—	—		3,575	3,621	+1.3

¹ No intersegment revenues occurred 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

Revenues generated in the Americas operating unit were stable in the quarter under review, at €251.4 million (Q2/2019: €251.2 million). The positive revenue performance in the Consumers customer segment fully compensated for a downturn in revenues in the Industry and Communities customer segments.

In the six-month period, the main factor was a significant decrease in sales of de-icing salt because of the historically mild winter, resulting in a significant year-on-year drop in revenues to €695.0 million (H1/2019: €822.4 million).

VARIANCE COMPARED WITH PREVIOUS YEAR

in %	Q2/2020	H1/2020
Change in revenues	+0.1	-15.5
- volume/structure-related	-0.1	-19.6
- price/pricing-related	-0.4	+2.1
- currency-related	+0.6	+2.0
- consolidation-related	—	—

EARNINGS PERFORMANCE

EBITDA in the Americas operating unit increased significantly to €37.9 million in the quarter under review compared with the previous year (Q2/2019: €13.6 million). Increased revenues with higher priced premium products in the Consumers customer segment, strong operational performance and high cost discipline, and the optimized use of the distribution and logistics network led to improvements in earnings in all customer segments.

Six-month EBITDA was €139.8 million, more than 15% up on the previous year (H1/2019: €121.2 million), despite the poor performance of the de-icing salt business. This underpins once again the high robustness of the business model and broad diversity of end-markets for our products.

CUSTOMER SEGMENT INFORMATION (NO SEGMENTS IN ACCORDANCE WITH IFRS 8)

CUSTOMER SEGMENT AGRICULTURE

KEY FIGURES FOR CUSTOMER SEGMENT AGRICULTURE

in € million	Q2/2019	Q2/2020	%	H1/2019	H1/2020	%
Revenues	440.1	404.6	-8.1	901.1	858.4	-4.7
– of which potassium chloride	280.2	232.8	-16.9	526.2	478.7	-9.0
– of which fertilizer specialties	160.0	171.8	+7.4	374.9	379.6	+1.3
Sales volumes (in million tonnes)	1.61	1.75	+8.6	3.25	3.65	+12.3
– of which potassium chloride	1.08	1.15	+7.0	1.99	2.37	+18.7
– of which fertilizer specialties	0.54	0.60	+11.8	1.26	1.28	+2.0
EBITDA	95.3	39.2	-58.8	219.4	136.3	-37.9

🔍 A description of market conditions in the Agriculture customer segment can be found under 'Sector-specific environment' on page 5.

Revenues in the Agriculture customer segment declined moderately in the second quarter to €404.6 million (Q2/2019: €440.1 million). Higher sales volumes and positive exchange rate effects were unable to offset the decline in average prices. In the quarter under review, revenues from sales in Europe came to €195.6 million (Q2/2019: €209.5 million), while revenues from sales overseas stood at €209.0 million (Q2/2019: €230.6 million). Of total revenues, an amount of €232.8 million was attributable to potassium chloride (Q2/2019: €280.2 million) and €171.8 million to fertilizer specialties (Q2/2019: €160.0 million). In the first half of the year, revenues amounted to €858.4 million, compared to €901.1 million in the previous year.

Sales volumes rose tangibly in the second quarter, totaling 1.75 million tonnes, compared with sales of only 1.61 million tonnes in the prior-year quarter, which had been affected by availability constraints. Operating performance improved significantly, especially at the Werra plant, while the continuing ramp-up of production at the Bethune mine, as planned, ensured higher product availability. Product quality at the Bethune mine is now at the desired level, and this allowed entry into new markets.

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

		Q1/2019	Q2/2019	H1/2019	Q3/2019	Q4/2019	2019	Q1/2020	Q2/2020	H1/2020
Revenues	€ million	461.0	440.1	901.1	425.0	389.5	1,715.6	453.7	404.6	858.4
Europe	€ million	274.4	209.5	483.9	182.6	208.2	874.6	263.6	195.6	459.2
Overseas	USD million	211.9	259.2	471.1	269.6	200.8	941.5	217.8	230.2	448.0
Sales volumes	t million	1.64	1.61	3.25	1.52	1.53	6.30	1.90	1.75	3.65
Europe	t million	0.98	0.74	1.72	0.66	0.78	3.16	0.93	0.76	1.69
Overseas	t million	0.66	0.87	1.53	0.86	0.75	3.14	0.97	0.99	1.96
Average price	€/t	281.7	272.6	277.2	279.7	255.2	272.5	239.2	230.9	235.2
Europe	€/t	281.2	280.5	280.9	277.5	267.9	277.0	283.8	258.5	272.4
Overseas	USD/t	320.8	298.7	308.2	312.9	267.5	299.8	225.0	231.1	228.1

In the quarter under review, 0.76 million tonnes were sold in Europe (Q2/2019: 0.74 million tonnes) and 0.99 million tonnes overseas (Q2/2019: 0.87 million tonnes). Of the total sales volume, 1.15 million tonnes was attributable to potassium chloride (Q2/2019: 1.08 million tonnes) and 0.60 million tonnes to fertilizer specialties (Q2/2019: 0.54 million tonnes). In the first half of the year, sales amounted to 3.65 million tonnes, compared to 3.25 million tonnes in the previous year.

EBITDA in the Agriculture customer segment amounted to €39.2 million in the second quarter, significantly down on the previous year's amount (Q2/2019: €95.3 million). Higher sales volumes and improved operating performance were unable to compensate for the decline in average prices. In the first half of the year, EBITDA amounted to €136.3 million, compared to €219.4 million in the previous year.

CUSTOMER SEGMENT INDUSTRY

KEY FIGURES FOR CUSTOMER SEGMENT INDUSTRY

in € million	Q2/2019	Q2/2020	%	H1/2019	H1/2020	%
Revenues	282.5	269.2	-4.7	564.3	563.3	-0.2
Sales volumes (in million tonnes)	2.47	2.28	-7.8	4.91	4.86	-1.0
EBITDA	55.8	56.0	+0.5	114.3	111.1	-2.8

🔍 A description of market conditions in the Industry customer segment can be found under 'Sector-specific environment' on page 5.

Revenues in the Industry customer segment amounted to €269.2 million in the quarter under review, down only slightly on the previous year (Q2/2019: €282.5 million). Despite lower sales volume, the product mix ensured that revenues in the Europe+ operating unit remained stable, while they decreased in the Americas operating unit because of lower volumes.

Despite the corona pandemic, revenues remain largely stable in the first half of the year, at €563.3 million (H1/2019: €564.3 million).

Totaling 2.28 million tonnes, sales volumes were moderately down on the prior-year level (Q2/2019: 2.47 million tonnes). Overall, the decline in the sales volumes of products for the food service and food processing industries tracked the falls in demand due to the corona pandemic. Sales volumes for commercial-use water-softening products as well as for the oil and gas industry were also affected by this. While sales of products for the pharmaceutical industry increased, those for animal feed products remained relatively stable. For the chemical industry, lower sales volumes to the automotive industry, amongst others, could be compensated by higher sales in other application areas. However, due to our high degree of diversification in terms of application areas and regions, it was possible to limit the overall decline in sales volumes.

A sales volume of 4.86 million tonnes was recorded in the first six months (H1/2019: 4.91 million tonnes).

EBITDA amounted to €56.0 million, compared with €55.8 million in the prior-year quarter. The high cost discipline and optimized use of the distribution and logistics network, especially in the Americas operating unit, ensured that EBITDA remained unchanged amid lower revenues. In the first half of the year, EBITDA amounted to €111.1 million, compared to €114.3 million in the previous year. This underpins the high robustness of the customer segment and broad diversity of end markets for our industrial products.

CUSTOMER SEGMENT CONSUMER

KEY FIGURES FOR CUSTOMER SEGMENT CONSUMER

in € million	Q2/2019	Q2/2020	%	H1/2019	H1/2020	%
Revenues	108.5	132.7	+22.4	228.0	255.0	+11.8
Sales volumes (in million tonnes)	0.40	0.42	+6.2	0.88	0.85	-3.6
EBITDA	9.0	23.1	+155.4	25.4	44.3	+74.0

🔍 A description of market conditions in the Consumers customer segment can be found under 'Sector-specific environment' on page 5.

In the Consumers customer segment, revenues in the quarter under review rose significantly to €132.7 million (Q2/2019: €108.5 million). Higher sales volumes, increased sales of premium products, and positive exchange rate effects were the main reason. Revenues increased to €255.0 million in the first six months (H1/2019: €228.0 million).

Sales volumes of 0.42 million tonnes were higher than in the previous year (Q2/2019: 0.40 million tonnes). Sales of culinary salts continued to benefit from an increase in home consumption and growing demand for higher margin products. Sales of water softening and pool salts also rose. A sales volume of 0.85 million tonnes was recorded in the first six months (H1/2019: 0.88 million tonnes).

EBITDA increased significantly, to €23.1 million, in the second quarter (Q2/2019: €9.0 million) and to €44.3 million in the first six months (H1/2019: €25.4 million). Here, too, the increased proportion of sales attributable to higher priced end products, improved operational performance, high cost discipline, and the optimized use of the distribution and logistics network made a significant positive contribution.

CUSTOMER SEGMENT COMMUNITIES

KEY FIGURES FOR CUSTOMER SEGMENT COMMUNITIES

in € million	Q2/2019	Q2/2020	%	H1/2019	H1/2020	%
Revenues	47.0	33.1	-29.5	447.6	251.7	-43.8
Sales volumes (in million tonnes)	0.86	0.60	-30.3	7.97	4.21	-47.2
EBITDA	-18.1	-11.8	-34.7	67.5	30.9	-54.2

🔍 A description of market conditions in the Communities customer segment can be found under 'Sector-specific environment' on page 5.

Revenues in the Communities customer segment declined to €33.1 million in the quarter under review, which is normally weak due to seasonal factors (Q2/2019: €47.0 million). Positive price and exchange rate effects could not compensate for negative volume effects. In the first half of 2020, revenues amounted to €251.7 million against the backdrop of a historically mild winter; this compares to €447.6 million in the previous year.

Sales of de-icing salt amounted to 0.60 million tonnes (Q2/2019: 0.86 million tonnes), a significant drop compared with the previous year caused by a downturn in the early purchase business. Sales volumes of 4.21 million tonnes in the first six months were also down significantly on the prior-year period (7.97 million tonnes).

EBITDA improved to €-11.8 million, compared with €-18.1 million in the previous year. Here, high cost discipline and the optimized use of the distribution and logistics network also had a cushioning effect. In the first half of the year, EBITDA amounted to €30.9 million, compared to €67.5 million in the previous year.

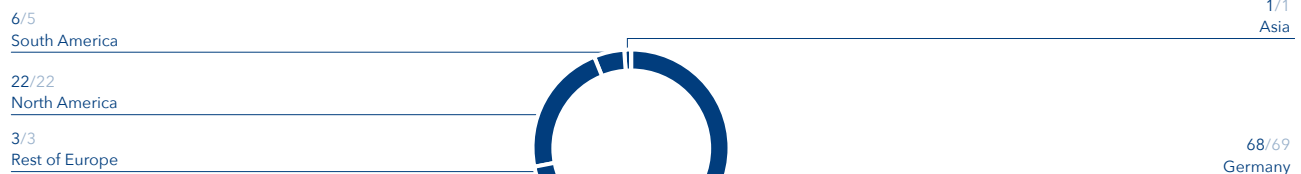
EMPLOYEES

HEADCOUNT UP SLIGHTLY ON PREVIOUS YEAR

As of June 30, 2020, the K+S GROUP had a total of 14,738 employees (full-time equivalents). This represents a slight rise compared with June 30, 2019 (14,535 employees) because of the inclusion of Shenzhen K+S Trading Co. LTD. and K plus S Middle East FZE in the scope of consolidation. The quarterly average was 14,772 employees (Q2/2019: 14,607). Around one third of employees work outside of Germany, and more than a quarter outside of Europe. The number of trainees stood at 502 on June 30, 2020 and thus exceeded the prior-year figure (June 30, 2019: 455).

EMPLOYEES BY REGION

in %



○ June 30, 2020/2019

REPORT ON RISKS AND OPPORTUNITIES

For a detailed presentation of the risk and opportunity management system and of potential risks and opportunities, please refer to the relevant section of our 2019 Annual Report, starting on page 119. The risks and opportunities described there changed as follows as of June 30, 2020:

For the risk relating to the ramp-up phase at the Bethune site described on page 127 of the 2019 Annual Report, the amount of net loss potential has fallen because consistently high product quality within the specified range has been achieved.

K+S set up task forces early on, which continuously monitor and assess the coronavirus situation and coordinate any measures necessary. This approach allows the Company to coordinate all measures in the interest of employees and business partners. Protecting employees' health and ensuring supplies to our customers have the highest priority.

K+S makes 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 the earnings for the first half of 2020 by about €20 million. Because the further development of this crisis remains uncertain, the possibility of significant negative impacts in the future cannot, however, be ruled out.

Due to the prevailing uncertainty on the capital and financial markets regarding the economic consequences of the coronavirus pandemic, it cannot be ruled out that refinancing of expiring financial instruments is made considerably more difficult. It cannot be ruled out either that access to the financial market may temporarily not be available.

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.

REPORT ON EXPECTED DEVELOPMENTS

FUTURE MACROECONOMIC SITUATION

The following section on the future macroeconomic situation is based on forecasts by the INTERNATIONAL MONETARY FUND (IMF).

PERCENTAGE CHANGE IN GROSS DOMESTIC PRODUCT

in %; in real terms	2016	2017	2018	2019	2020e
Germany	+2.2	+2.2	+1.5	+0.6	-7.8
European Union	+1.9	+2.4	+1.8	+1.3	-10.2
World	+3.3	+3.8	+3.7	+2.9	-4.9

Source: IMF

The IMF forecasts that the worldwide coronavirus pandemic will lead to a decline in global gross domestic product by 4.9% in 2020 (2019: growth of 2.9%). The implementation of protection measures and the scaling back of economic activity had a significantly negative impact on economic growth, and any recovery in the second half of the year can only be expected to be gradual.

FUTURE INDUSTRY SITUATION

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.

CUSTOMER SEGMENT AGRICULTURE

For 2020, we expect potash sales in the global potash market as a whole to increase by around 2 million tonnes to around 70 million tonnes (including just under 5 million tonnes of potassium sulfate and potash grades with a lower mineral content). As prices for potassium chloride in Brazil have bottomed out following the contracts signed in China and India, we continue to assume a moderate recovery in potassium chloride prices in the remaining months of 2020 compared to price levels in the second quarter. The prices of fertilizer specialties are expected to remain largely stable.

CUSTOMER SEGMENT INDUSTRY

While forecast demand in food service in the second half of the year will depend on the extent to which measures to contain the coronavirus pandemic will be eased, demand for products for the pharmaceutical industry is still expected to be robust. In terms of demand for products for the chemical industry, the large variety of applications of our products should also make us robust in the second half of the year; we expect that demand for products to produce chlorine and bleach for disinfectants, for example, will continue to be high. Demand for products for the food processing industry is expected to normalize in the second half of the year. In the oil and gas industry, demand both for potash products in Europe and for salt products in North America should recover somewhat in the second six-month period, but remain significantly down on the previous year when analyzing the full year. In South America, the positive demand trend for salt used to extract copper from mined copper ore (copper leaching) is expected to continue in 2020.

CUSTOMER SEGMENT CONSUMER

For the business with consumer products, North America is among the most important sales regions. Following the strength in demand for table salt in the first half of 2020 due to increased home consumption, the reopening of DIY stores in some European markets had a similarly positive effect on sales of pool and water softening salts. The forecast for the second half of the year will depend on how restrictions will be eased going forward and on the financial situation of consumers. At present, we anticipate the strong momentum seen in the first half of 2020 to continue into the second half, albeit possibly a lower rate. The situation in the Europe and South America regions is similar.

CUSTOMER SEGMENT COMMUNITIES

In the Communities customer segment, we anticipate that the early purchase business will again be poor in the third quarter, with the result that, even if weather conditions are average in the fourth quarter, demand for de-icing salt is expected to be significantly below average for the full year.

EXPECTED EARNINGS PERFORMANCE

We continue to expect 2020 EBITDA of around €520 million (2019: €640 million) for the K+S GROUP, before one-off restructuring expenses; after taking these one-off expenses into account, which could amount up to €40 million, we expect EBITDA of about €480 million.

Our estimate for 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 full-year 2020 to be slightly higher than in the second quarter (Q2/2020: €231 per tonne; previous forecast: slightly above the level of the first quarter of 2020 of €239 per tonne). We expect a moderate recovery in potassium chloride prices in the remaining months of 2020 in relation to the second quarter.
- + With regard to the sales volumes of all products in the Agriculture customer segment, we continue to assume over 7 million tonnes (2019: 6.30 million tonnes), particularly due to the return to normal production in Germany and a further ramp-up of production in Bethune (no production cutbacks) against the background of the favorable sales situation in the first half of the year.
- + Owing to the generally very poor start in the de-icing salt business for weather-related reasons, we continue to expect sales volumes of around 8 million tonnes for the 2020 fiscal year (normal year: between 12.5 and 13.0 million tonnes; 2019: 12.7 million tonnes) in the Communities customer segment. Multi-year contracts already entered into are expected to cushion the expected price decreases in the early purchase business.
- + An average spot rate of €1.15/USD (previously €1.10/USD) has been assumed for the euro-dollar exchange rate for the remaining months of 2020. Including currency hedging, this assumes an annual average exchange rate of €1.13/USD (2019: €1.14/USD).
- + Corona-related efficiency losses are now included in our outlook for the remainder of the year and will approximately be compensated by effects from our comprehensive package of measures. Beyond the effects mentioned, we assume no material negative impact on our business resulting from the coronavirus pandemic.
- + Effects from the intended sale of the Americas operating unit have not been included.

In the Europe+ operating unit (segment in accordance with IFRS 8), higher sales volumes in the Agricultural customer segment following the production cutbacks in the previous year are expected to be offset by negative price effects. We therefore continue to assume a tangible decrease in EBITDA (EBITDA in 2019: €437.0 million). For the Americas operating unit (segment in accordance with IFRS 8), despite the below-average overall performance of the de-icing salt business and a higher €/USD, we now expect that there will only be a slight decrease in EBITDA due to the improved operational performance, high cost discipline, and the optimized use of the distribution and logistics network (previous forecast: moderate decrease; 2019: €230.0 million).

We expect a significant decrease in adjusted consolidated earnings after tax to a negative figure, especially as a result of higher depreciation and amortization (2019: €77.8 million).

EXPECTED FINANCIAL POSITION AND PLANNED CAPITAL EXPENDITURE

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 progressive expansion of our tailings pile capacities in Germany, we expect adjusted free cash flow to be at break-even (2019: €+139.7 million) as a result of additional planned measures to improve working capital. The return on capital employed (ROCE) is expected to decline significantly (2019: 2.3%).

CHANGES IN FORECASTS FOR FULL-YEAR 2020

		ACTUAL 2019	Forecast in 2019 Annual Report	Forecast in Q1/2020 report	Forecast in Q2/2020 report
K+S Group					
EBITDA ¹	€ million	640.4	500 to 620	around 520 before restructuring costs	around 480 including restructuring costs
– Operating unit Europe+	€ million	437.0	tangible decline to largely stable	tangible decline	tangible decline
– Operating unit Americas	€ million	230.0	slight to tangible decline	moderate decline	slight decline
Capital expenditure ²	€ million	493.3	significant increase	significant increase	significant increase
Adjusted consolidated earnings after tax ³	€ million	77.8	significant decline	significant decline	significant decline
Adjusted free cash flow	€ million	139.7	approximately break even	approximately break even	approximately break even
ROCE	%	2.3	significant decline	significant decline	significant decline
€/USD exchange rate	€/USD	1.14	1.12	1.12	1.13
Sales volumes in customer segment Agriculture	million tonnes	6.3	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)
Sales volumes in customer segment Communities	million tonnes	12.7	8 to 9	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 Relates to cash payments for investments in property, plant, and equipment and intangible assets, excluding leases in accordance with IFRS 16.

³ 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%.

FINANCIAL STATEMENTS

CONTENT

- 23 Income statement
- 24 Statement of comprehensive income
- 25 Balance sheet
- 27 Statement of cash flows
- 28 Statement of changes in equity
- 29 Notes
- 35 Responsibility statement by the legal representatives
of K+S Aktiengesellschaft

- 36 Summary by quarter

INCOME STATEMENT ¹

in € million	Q2/2019	Q2/2020	H1/2019	H1/2020	12M/2019	LTM ²
Revenues	878.5	840.1	2,141.9	1,929.2	4,070.7	3,858.0
Cost of goods sold	738.5	744.6	1,715.7	1,613.4	3,372.6	3,270.3
Gross profit	140.0	95.5	426.2	315.8	698.1	587.7
Selling, general, and administrative expenses	85.5	84.4	166.9	175.1	362.8	371.0
Other operating income	27.3	20.7	52.2	49.3	133.3	130.4
Other operating expenses	49.6	55.1	102.1	111.3	230.6	239.8
Income from equity investments, net	2.6	2.8	2.8	2.8	3.2	3.2
Gains/(losses) on operating anticipatory hedges	7.6	28.4	2.6	-18.4	-16.9	-37.9
Earnings after operating hedges ³	42.4	7.9	214.8	63.1	224.3	72.6
Interest income	2.7	0.8	3.7	2.2	9.2	7.7
Interest expense	32.4	27.9	63.8	61.1	144.2	146.9
Other financial result	8.8	13.1	22.5	-12.8	37.7	2.4
Financial result	-20.9	-14.0	-37.6	-71.7	-97.3	-131.4
Earnings before tax	21.5	-6.0	177.2	-8.6	127.0	-58.8
Income tax expense	7.6	-1.8	54.2	-2.6	38.1	-18.7
– of which deferred taxes	-9.7	-6.4	3.0	-13.4	-29.4	-45.8
Earnings for the period	13.9	-4.2	123.0	-6.0	88.9	-40.1
Noncontrolling interests	–	–	–	–	–	–
Consolidated earnings after tax and noncontrolling interests	13.9	-4.2	123.0	-6.0	88.9	-40.1
Earnings per share in € (basic diluted)	0.07	-0.02	0.64	-0.03	0.46	-0.21

¹ Rounding differences may arise in percentages and numbers.

² LTM = last twelve months.

³ Key indicators not defined in IFRS.

STATEMENT OF COMPREHENSIVE INCOME ¹

in € million	Q2/2019	Q2/2020	H1/2019	H1/2020	12M/2019	LTM ²
Earnings for the period	13.9	-4.2	123.0	-6.0	88.9	-40.1
Exchange differences on translation of foreign operations	-0.7	20.1	203.3	-189.5	317.4	-75.4
Items of other comprehensive income that may be reclassified to profit or loss in subsequent periods	-0.7	20.1	203.3	-189.5	317.4	-75.4
Remeasurement gains/(losses) on net liabilities/assets under defined benefit plans	-35.1	-8.4	-33.9	3.6	-17.1	20.4
Disposal/measurement gains/(losses) on equity instruments at fair value	-	-	-	-35.6	9.7	-25.9
Items of other comprehensive income not to be reclassified to profit or loss	-35.1	-8.4	-33.9	-32.0	-7.4	-5.5
Other comprehensive income (after tax)	-35.8	11.7	169.4	-221.5	310.0	-80.9
Total comprehensive income for the period	-21.9	7.5	292.4	-227.5	398.9	-121.0
Noncontrolling interests	-	-	-	-	-	-
Consolidated total comprehensive income, net of tax and noncontrolling interests	-21.9	7.5	292.4	-227.5	398.9	-121.0

¹ Rounding differences may arise in percentages and numbers.

² LTM = last twelve months.

BALANCE SHEET – ASSETS¹

in € million	June 30, 2019	December 31, 2019	June 30, 2020
Intangible assets	986.2	998.5	986.4
– of which goodwill from acquisitions of companies	702.5	712.4	708.0
Property, plant, and equipment	7,082.0	7,210.0	7,045.3
Investment properties	6.4	6.3	5.5
Financial assets	93.9	106.2	61.3
Other financial assets	33.8	6.0	10.0
Other non–financial assets	19.3	30.2	38.6
Securities and other financial investments	7.0	7.0	–
Deferred taxes	90.1	95.5	111.0
Income tax refund claims	28.1	–	–
Non–current assets	8,346.8	8,459.6	8,258.1
Inventories	714.3	789.3	858.1
Trade receivables	685.2	724.7	538.7
Other financial assets	71.2	141.6	61.7
Other non–financial assets	96.4	116.6	113.1
Income tax refund claims	36.2	27.4	18.5
Securities and other financial investments	11.0	11.4	12.9
Cash and cash equivalents	398.7	321.8	184.6
Current assets	2,012.9	2,132.6	1,787.8
ASSETS	10,359.7	10,592.2	10,045.9

¹ Rounding differences may arise in percentages and numbers.

BALANCE SHEET – EQUITY AND LIABILITIES¹

in € million	June 30, 2019	December 31, 2019	June 30, 2020
Issued capital	191.4	191.4	191.4
Share premium	645.7	645.7	645.7
Other reserves and net retained earnings	3,550.0	3,656.4	3,425.8
Total equity attributable to shareholders of K+S Aktiengesellschaft	4,387.1	4,493.5	4,262.9
Noncontrolling interests	1.6	1.6	1.6
Equity	4,388.7	4,495.1	4,264.5
Financial liabilities	2,853.2	2,873.0	2,633.9
Other financial liabilities	325.6	296.1	240.0
Other non-financial liabilities	8.3	17.5	16.7
Income tax liabilities	47.6	22.8	23.9
Provisions for pensions and similar obligations	240.8	232.2	243.0
Provisions for mining obligations	1,015.5	910.6	931.8
Other provisions	148.6	166.4	178.8
Deferred taxes	222.7	202.4	203.8
Non-current liabilities	4,862.3	4,721.1	4,471.9
Financial liabilities	394.7	525.9	467.3
Trade payables	194.0	241.3	237.3
Other financial liabilities	143.9	175.8	228.7
Other non-financial liabilities	47.4	71.3	77.8
Income tax liabilities	50.1	32.7	25.5
Provisions	278.4	329.0	272.7
Current liabilities	1,108.7	1,376.0	1,309.5
TOTAL EQUITY AND LIABILITIES	10,359.7	10,592.2	10,045.9

¹ Rounding differences may arise in percentages and numbers.

STATEMENT OF CASH FLOWS ¹

in € million	Q2/2019	Q2/2020	H1/2019	H1/2020	12M/2019	LTM ²
Earnings after operating hedges	42.4	7.9	214.8	63.1	224.3	72.6
Gains (-)/losses (+) arising from changes in the fair values of outstanding operating anticipatory hedges	-9.6	-35.0	-4.2	8.4	6.1	18.7
Elimination of prior-period changes in the fair values of operating anticipatory hedges	-6.5	-3.0	-13.8	-8.2	-22.0	-16.4
Realized gains (-)/losses (+) on investment hedges	-	0.2	-	0.3	-	0.3
Depreciation, amortization, impairment losses (+)/reversals of impairment losses (-)	103.8	117.6	203.2	225.3	431.9	454.0
Increase (+)/decrease (-) in non-current provisions (excluding interest rate effects)	-3.7	0.2	-4.8	-3.1	-14.1	-12.4
Interest received and similar income	2.3	0.6	3.6	2.2	13.4	12.0
Realized gains (+)/losses (-) on financial assets/liabilities	9.1	-1.3	22.5	2.1	35.3	14.9
Interest paid and similar expense (-)	-48.5	-42.5	-53.7	-50.8	-113.6	-110.7
Income tax paid (-)	-18.2	-0.4	-23.3	-8.4	-45.9	-31.0
Other non-cash expenses (+)/income (-)	2.2	4.8	0.9	2.8	1.5	3.4
Gains (-)/losses (+) on sale of assets and securities	2.3	2.5	3.4	3.3	-19.9	-20.0
Increase (-)/decrease (+) in inventories	-98.7	-78.0	-14.4	-75.5	-82.7	-143.8
Increase (-)/decrease (+) in receivables and other operating assets	219.1	150.2	250.1	188.5	205.3	143.7
Increase (+)/decrease (-) in current operating liabilities	-8.1	-17.5	-29.4	4.7	32.3	66.4
Increase (+)/decrease (-) in current provisions	5.3	-38.3	-36.1	-31.7	14.8	19.2
Allocations to plan assets	-	-	-1.2	-	-26.9	-25.7
Net cash flows from operating activities	193.2	68.0	517.6	323.0	639.8	445.2
Proceeds from sale of assets	2.2	2.4	9.2	16.8	11.8	19.4
Purchases of intangible assets	-1.9	-4.8	-2.5	-7.4	-12.6	-17.5
Purchases of property, plant, and equipment	-87.1	-108.7	-184.8	-215.4	-493.3	-523.9
Purchases of financial assets	-4.9	-0.1	-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	5.1	5.0	10.2	5.0	15.2	10.0
Purchases of securities and other financial assets	-4.9	-	-10.0	-	-15.1	-5.1
Net cash flows used in investing activities	-91.5	-106.2	-182.8	-156.8	-500.0	-474.0
Dividends paid	-47.9	-7.7	-47.9	-7.7	-	-
Repayment (-) of borrowings	-599.0	-419.0	-794.4	-983.1	-	-
Proceeds (+) from borrowings	544.5	290.2	738.0	677.9	-	-
Net cash flows/from (used in) financing activities	-102.4	-136.5	-104.3	-312.9	-	-
Cash change in cash and cash equivalents	-0.7	-174.7	230.6	-146.7	-	-
Exchange rate-related change in cash and cash equivalents	-2.8	1.4	1.2	3.2	-	-
Consolidation-related changes	-	-	-	5.0	-	-
Net change in cash and cash equivalents	-3.5	-173.3	231.8	-138.5	-	-
Net cash and cash equivalents on January 1	-	-	162.2	316.3	-	-
Net cash and cash equivalents on June 30	-	-	393.9	177.8	-	-
- of which cash on hand and bank balances	-	-	398.7	184.6	-	-
- of which cash received from affiliated companies	-	-	-4.8	-6.8	-	-

¹ Rounding differences may arise in percentages and numbers.

² LTM = last twelve months.

STATEMENT OF CHANGES IN EQUITY¹

in € million	Issued capital	Share premium	Net retained profits/revenue reserves	Currency translation differences	Remeasurement gains/(losses) on defined benefit plans	Disposal/measurement gains/(losses) on equity instruments at fair value	Total equity attributable to shareholders of K+S AG	Noncontrolling interests	Equity
As of January 1, 2020	191.4	645.7	3,365.2	329.9	-110.7	72.0	4,493.5	1.6	4,495.1
Earnings for the period	—	—	-6.0	—	—	—	-6.0	—	-6.0
Other comprehensive income (after tax)	—	—	—	-189.5	3.6	-35.6	-221.5	—	-221.5
Total comprehensive income for the period	—	—	-6.0	-189.5	3.6	-35.6	-227.5	—	-227.5
Dividend for the previous year	—	—	-7.7	—	—	—	-7.7	—	-7.7
Other changes in equity	—	—	4.6	—	—	—	4.6	—	4.6
As of June 30, 2020	191.4	645.7	3,356.1	140.4	107.1	36.4	4,262.9	1.6	4,264.5
As of January 1, 2019	191.4	645.7	3,324.2	12.5	-93.6	62.3	4,142.5	1.6	4,144.1
Earnings for the period	—	—	123.0	—	—	—	123.0	—	123.0
Other comprehensive income (after tax)	—	—	—	203.0	-33.9	—	169.4	—	169.4
Total comprehensive income for the period	—	—	123.0	203.0	-33.9	—	292.4	—	292.4
Dividend for the previous year	—	—	-47.9	—	—	—	-47.9	—	-47.9
Other changes in equity	—	—	0.1	—	—	—	0.1	—	0.1
As of June 30, 2019	191.4	645.7	3,399.4	215.8	-127.5	62.3	4,387.1	1.6	4,388.7

¹ Rounding differences may arise in percentages and numbers.

NOTES

EXPLANATORY DISCLOSURES

The interim financial report as of June 30, 2020 has been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union. It is presented as a set of condensed financial statements with selected explanatory notes in accordance with IAS 34. With the exception of the changes described below, the accounting policies applied in the interim report are the same as those used in the consolidated financial statements for fiscal year 2019.

Segment disclosures in accordance with IFRS 8 are made in the management report and in the quarterly overview. Information on the effects of the COVID-19 pandemic on the K+S Group can be found in the management report.

Assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing on the balance sheet date. Income and expenses are translated at the average exchange rates for the quarter.

An audit review of the interim financial statements and interim management report was not conducted (section 115 [5] of the German Securities Trading Act [Wertpapierhandelsgesetz, WpHG]).

CHANGES IN THE SCOPE OF CONSOLIDATION

The following companies have been included in the scope of consolidation since the beginning of 2020:

- + K plus S Middle East FZE
- + Shenzhen K+S Trading Co. Ltd.

REVENUES

Sales revenues (total revenues) can be broken down as follows:

TOTAL REVENUES

in € million	Q2/2019	Q2/2020	H1/2019	H1/2020
OU Europe+	631.2	591.4	1,326.2	1,238.7
OU Americas	251.2	251.4	822.4	695.0
Reconciliation	-3.9	-2.7	-6.7	-4.4
Revenues	878.5	840.1	2,141.9	1,929.2

Revenues are broken down on the basis of market-related customer segments (Agriculture, Industry, Consumer, and Communities), which pool joint customer interests, on the one hand, and on the basis of product groups, on the other.

The chosen breakdowns of revenues reflect the influence of economic factors on the nature, amount, timing, and uncertainty of revenues and cash flows.

BREAKDOWN OF REVENUES BY SEGMENT/CUSTOMER SEGMENT (THIRD PARTIES)

in € million	Q2/2019	Q2/2020	H1/2019	H1/2020
Operating unit Europe+	626.8	588.3	1,318.6	1,233.3
– Customer segment Agriculture	440.1	404.6	901.1	858.4
– Customer segment Industry	156.5	156.4	315.0	320.2
– Customer segment Consumer	14.7	16.1	32.2	31.3
– Customer segment Communities	15.5	11.1	70.4	23.4
Operating unit Americas	251.2	251.4	822.4	695.0
– Customer segment Industry	126.0	112.8	249.3	243.1
– Customer segment Consumer	93.8	116.6	195.9	223.6
– Customer segment Communities	31.5	22.0	377.2	228.3
Reconciliation	0.5	0.3	0.9	0.9
Total	878.5	840.1	2,141.9	1,929.2

👁 More information on revenues can be found in the management report, starting on page 7.

OTHER OPERATING INCOME/EXPENSES

Other operating income and expenses include the following material items:

OTHER OPERATING INCOME/EXPENSES

in € million	Q2/2019	Q2/2020	H1/2019	H1/2020
Exchange gains/losses	–2.2	–2.4	–3.1	–6.9
Changes in provisions	3.0	3.7	25.0	6.9
Other	–23.2	–36.0	–71.8	–62.0
Other operating income/expenses	–22.4	–34.7	–49.9	–62.0

FINANCIAL RESULT

The financial result includes the following material items:

FINANCIAL RESULT

in € million	Q2/2019	Q2/2020	H1/2019	H1/2020
Interest income	2.7	0.8	3.7	2.2
Interest expense	-32.4	-27.9	-63.8	-61.1
– of which: interest expense on pension provisions	-1.6	-1.4	-3.1	-2.8
– of which: interest expenses on provisions for mining obligations	-6.5	-4.7	-14.2	-8.6
Net interest	-29.7	-27.1	-60.1	-58.9
Income from the realization of financial assets/liabilities	9.1	-1.4	22.5	2.4
Net gain/loss on the measurement of financial assets/liabilities	-0.3	14.5	–	-15.2
Other financial result	8.8	13.1	22.5	-12.8
Financial result	-20.9	-14.0	-37.6	-71.7

More information on the financial result can be found on page 9 of the management report.

DISCOUNT RATE FOR PROVISIONS

The actuarial valuation of pension provisions uses the projected unit credit method in accordance with IAS 19. The average weighted interest rate for pensions and similar obligations was 2.1% as of the reporting date (December 31, 2019: 2.2%; June 30, 2019: 2.2%).

Provisions for long-term mining obligations increased to €931.8 million. The standard euro discount rate for long-term mining and similar obligations, which was calculated retrospectively for all payment dates, was 3.4% as of the reporting date (December 31, 2019: 3.5%; June 30, 2019: 3.3%) for all remaining maturities.

INCOME TAX

Income tax includes the following material items:

INCOME TAX EXPENSE

in € million	Q2/2019	Q2/2020	H1/2019	H1/2020
Corporate income tax	3.2	0.2	10.9	0.5
Trade tax	4.2	0.9	14.2	1.0
Foreign income taxes	9.9	3.6	26.1	9.3
Deferred taxes	-9.7	-6.4	3.0	-13.4
Income tax expense	7.6	-1.8	54.2	-2.6

FINANCIAL INSTRUMENTS

CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS

in € million	IFRS 9 measurement category	December 31, 2019		June 30, 2020	
		Carrying amount	Fair value	Carrying amount	Fair value
Shares in affiliated companies and other equity investments	Fair value through other comprehensive income	101.0	101.0	56.1	56.1
Equity investments	Fair value through profit or loss	5.0	5.0	5.0	5.0
Loans	Amortized cost	0.2	0.2	0.2	0.2
Financial assets		106.2	106.2	61.3	61.3
Trade receivables	Amortized cost	724.7	724.7	514.3	514.3
Trade receivables	Fair value through other comprehensive income (items that may be recycled to profit or loss)	—	—	24.4	24.4
Derivatives with positive fair values	Fair value through profit or loss	18.5	18.5	21.4	21.4
Other non-derivative financial assets	Amortized cost	147.5	147.5	50.3	50.3
Other financial assets		166.0	166.0	71.7	71.7
Securities and other financial investments	Amortized cost	11.4	11.4	5.9	5.9
Securities and other financial investments	Fair value through other comprehensive income	7.0	7.0	7.0	7.0
Cash and cash equivalents	Amortized cost	321.8	321.8	184.6	184.6
Financial liabilities	Amortized cost	3,398.9	3,535.6	3,101.2	2,916.9
Trade payables	Amortized cost	241.3	241.3	237.3	237.3
Derivatives with negative fair values	Fair value through profit or loss	15.0	15.0	28.6	28.6
Other non-derivative financial liabilities	Amortized cost	70.2	70.2	73.5	73.5
Lease liabilities	IFRS 7	386.6	386.6	366.6	366.6
Other financial liabilities		471.9	471.9	468.7	468.7

The fair values of financial instruments are always based on the market information available on the balance sheet date. They can be allocated to one of the three levels of the fair value hierarchy of IFRS 13. Level 1 financial instruments are measured on the basis of quoted prices in active markets for identical assets and liabilities. Level 2 financial instruments are measured using inputs that can be derived from observable market data, or on the basis of market prices for similar instruments.

Level 3 financial instruments are calculated on the basis of inputs that cannot be derived from observable market data. The shares in affiliated companies and other long-term equity investments shown in the tables are not consolidated due to immateriality. Fair value was calculated as the present value of the figures in the latest three-year results planning (mid-term planning) and a subsequent perpetual annuity. The Company's cost of capital has been used for discounting purposes. Changes in future results or the cost of capital will have a corresponding effect on the present value calculation. Shares in affiliated companies are always held for the long term and not for trading. For this reason, when permitted, the OCI option was exercised, which allows changes in fair value to be recognized in other comprehensive income without reclassifying them to the income statement on disposal.

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

						June 30, 2020
in € million	IFRS 9 measurement category	Level 1	Level 2	Level 3	Total	
Assets		–	28.4	85.5	113.9	
Shares in affiliated companies and other equity investments	Fair value through other comprehensive income	–	–	56.1	56.1	
Equity investments	Fair value through profit or loss	–	–	5.0	5.0	
Trade receivables	Fair value through other comprehensive income (items that may be recycled to profit or loss)	–	–	24.4	24.4	
Derivative financial instruments	Fair value through profit or loss	–	21.4	–	21.4	
Securities and other financial investments	Fair value through other comprehensive income	–	7.0	–	7.0	
Equity and liabilities		–	28.6	–	28.6	
Derivative financial instruments	Fair value through profit or loss	–	28.6	–	28.6	

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

						December 31, 2019
in € million	IFRS 9 measurement category	Level 1	Level 2	Level 3	Total	
Assets		–	25.5	106.0	131.5	
Shares in affiliated companies and other equity investments	Fair value through other comprehensive income	–	–	101.0	101.0	
Equity investments	Fair value through profit or loss	–	–	5.0	5.0	
Derivative financial instruments	Fair value through profit or loss	–	18.5	–	18.5	
Securities and other financial investments	Fair value through other comprehensive income	–	7.0	–	7.0	
Equity and liabilities		–	15.0	–	15.0	
Derivative financial instruments	Fair value through profit or loss	–	15.0	–	15.0	

RECONCILIATION OF SHARES IN NON-CONSOLIDATED AFFILIATED COMPANIES AND OTHER EQUITY INVESTMENTS (LEVEL 3)

in € million	H1/2019	H1/2020
As of January 1	88.8	106.0
Additions	4.9	—
Disposals	—	44.9
As of June 30	93.7	61.1

SIGNIFICANT CHANGES IN SELECTED BALANCE SHEET ITEMS

Compared with the 2019 annual financial statements, total assets decreased by €546.3 million as of June 30, 2020.

On the assets side, non-current assets declined by €201.5 million. Current assets were €344.8 million lower. The reduction in non-current assets is primarily attributable to a €164.7 million decline in property, plant, and equipment, mainly due to exchange differences. Trade receivables were down by €186.0 million, primarily due to our active working capital management (e.g. through factoring). Current other financial assets were €79.9 million lower, while cash and cash equivalents declined by €137.2 million.

On the equity and liabilities side, equity was down by €230.6 million. Non-current liabilities were €249.2 million lower, mainly due to a €239.1 million reduction in non-current financial liabilities and a €56.1 million decrease in other financial liabilities. The drop in non-current financial liabilities is primarily attributable to changes in maturities of existing promissory note loans. This was offset by an increase in provisions for mining obligations by €21.2 million. Furthermore, other provisions were up by €12.4 million and provisions for pensions and similar obligations by €10.8 million. Current liabilities, on the other hand, were €66.5 million lower, mainly due to a €56.3 million reduction in current financial provisions and a €58.6 million decrease in current financial liabilities. The reclassification of promissory note loans was set against repayments of commercial paper. The €52.9 million increase in other financial liabilities was another offsetting factor.

SIGNIFICANT CHANGES IN EQUITY

Equity is affected by transactions recognized through profit or loss and directly in equity as well as by capital transactions with shareholders. Compared with the 2019 annual financial statements, net retained earnings and other reserves decreased by €230.6 million. The decline is above all attributable to changes in equity recognized directly in equity, which resulted from the translation of foreign operations denominated in functional currency (mainly CAD and USD). Currency translation differences are recognized in a separate currency translation reserve, which declined by €189.5 million as of June 30, 2020 because of exchange rate fluctuations. The payment of the dividend of €7.7 million and the negative earnings of €6.0 million in the first six months of 2020 also had a reducing effect.

SEASONAL FACTORS

The sale of plant nutrients and salt products is subject to seasonal variation. For plant nutrients, we normally generate the highest sales volumes in the first six months because fertilizers are applied in the European spring. Sales of salt products - specifically of de-icing salt - depend to a considerable extent on the winter weather in the first and fourth quarter. On aggregate, the two factors result in stronger revenue and especially earnings performance in the first half of the year.

CONTINGENT LIABILITIES

Contingent liabilities did not change significantly compared with the 2019 annual financial statements, and their total amount is not considered material.

RELATED PARTIES

Supplies of goods and services within the K+S GROUP are settled on an arm's length basis. In addition to transactions between consolidated companies of the K+S Group, there are business relations with non-consolidated subsidiaries and companies over which the K+S GROUP can exercise significant influence (associates). These relations have no significant impact on the consolidated financial statements of the K+S GROUP. At the K+S GROUP, the group of related persons includes primarily the Board of Executive Directors and the Supervisory Board of K+S AKTIENGESELLSCHAFT. There were no material transactions with this group of persons.

RESPONSIBILITY STATEMENT BY 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, August 13, 2020

K+S Aktiengesellschaft

Board of Executive Directors

SUMMARY BY QUARTER

in € million	Q1/2019	Q2/2019	H1/2019	Q3/2019	Q4/2019	2019	Q1/2020	Q2/2020	H1/2020
Operating unit Europe+ ¹	691.8	626.8	1,318.6	621.1	596.2	2,535.9	645.0	588.3	1,233.3
Operating unit Americas ¹	571.2	251.2	822.4	282.6	427.2	1,532.2	443.5	251.4	695.0
Reconciliation	0.5	0.5	0.9	1.2	0.4	2.6	0.6	0.3	0.9
K+S Group revenues	1,263.5	878.5	2,141.9	904.9	1,023.8	4,070.7	1,089.1	840.1	1,929.2
Operating unit Europe+ ¹	177.1	128.4	305.5	67.3	64.2	437.0	114.2	68.7	182.9
Operating unit Americas ¹	107.6	13.6	121.2	25.3	83.9	230.0	101.9	37.9	139.8
Reconciliation	-14.8	-11.9	-26.7	-12.0	11.7	-26.6	-15.0	-18.8	-33.8
K+S Group EBITDA²	269.9	130.1	400.0	80.6	159.8	640.4	201.1	87.8	288.9
Operating unit Europe+ ¹	57.8	74.0	131.8	125.2	147.1	404.1	70.6	99.3	169.8
Operating unit Americas ¹	14.2	17.3	31.5	16.7	33.5	81.7	15.4	17.4	32.8
Reconciliation	0.6	1.8	2.4	2.4	2.7	7.5	1.8	2.3	4.2
K+S Group capital expenditures³	72.6	93.1	165.7	144.3	183.3	493.3	87.8	119.0	206.8
Operating unit Europe+ ¹	77.6	80.7	158.3	82.8	97.3	338.3	83.6	86.1	169.6
Operating unit Americas ¹	19.8	20.9	40.7	21.8	22.5	84.9	21.6	29.0	50.6
Reconciliation	2.1	2.2	4.2	2.1	2.3	8.8	2.5	2.6	5.1
K+S Group depreciation and amortization⁴	99.5	103.8	203.2	106.7	122.0	431.9	107.7	117.6	225.3
Adjusted free cash flow ⁵	233.1	101.5	334.6	-131.1	-63.8	139.7	204.4	-43.2	161.2
Working capital	1,089.6	987.3	987.3	1,059.3	1,037.9	1,037.9	926.0	913.7	913.7
Net financial liabilities	2,934.8	2,893.7	2,893.7	3,030.5	3,116.6	3,116.6	2,917.2	2,979.4	2,979.4
Consolidated earnings, adjusted ⁶	107.7	2.6	110.4	-41.8	9.2	77.8	24.9	-30.6	-5.7
Adjusted earnings per share (€) ⁶	0.56	0.01	0.58	-0.20	0.10	0.41	0.13	-0.20	-0.03
Earnings after operating hedges	172.4	42.4	214.8	-47.3	56.8	224.3	55.2	7.9	63.1
Financial result	-16.7	-20.9	-37.6	-34.4	-25.3	-97.3	-57.7	-14.0	-71.7
Earnings before tax	155.7	21.5	177.2	-81.7	31.5	127.0	-2.5	-6.0	-8.6
Income tax expense	46.7	7.6	54.2	-25.1	9.0	38.1	-0.8	-1.8	-2.6
Consolidated earnings after tax and noncontrolling interests	109.0	13.9	123.0	-56.7	22.6	88.9	-1.8	-4.2	-6.0

¹ Segment in accordance with IFRS 8.

² 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.

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

⁴ Relates to amortization of intangible assets and depreciation of property, plant, and equipment, adjusted for depreciation and amortization of own work capitalized recognized directly in equity.

⁵ Excludes purchases/sales of securities and other financial investments

⁶ 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 Q2/2020: 30.0% (Q2/2019: 30.0%).

FINANCIAL CALENDAR

DATES

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

CONTACT

K+S Aktiengesellschaft

Bertha-von-Suttner-Str. 7
34131 Kassel, Germany
Tel.: +49 (0)561/9301-0
Fax: +49 (0)561/9301-1753
Website: www.kpluss.com

Investor Relations

Tel.: +49 (0)561/9301-1100
Fax: +49 (0)561/9301-2425
E-mail: investor-relations@k-plus-s.com

PUBLICATION DETAILS

Editorial team/text
K+S Investor Relations
Layout and implementation
Kirchhoff Consult AG, Hamburg, Germany

Published on August 13, 2020

FORWARD-LOOKING STATEMENTS

This half-yearly 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 half-yearly report, other than for disclosures required by law.