



# Third-Quarter Business Update

Nov. 5, 2019

# Forward-Looking Statements



*Certain statements in this presentation, including without limitation statements about the company's ability to maintain targeted utilization rates, cutting time and hoisting, improve employee relations, maximize system benefits, achieve long-term success at Goderich mine, increase mining system efficiency, decrease maintenance needs and scaling, provide greater optionality, achieve near- and long-term growth, execute and deliver on optimization plan, deliver improved and sustainable shareholder returns, improve earnings profile, prices, volumes, workplace and free cash flow, achieve balance sheet flexibility, strengthen customer position, build strong community partnerships; timing of sales; growth; free cash flow; leverage ratio; and its outlook for the fourth quarter of 2019 and full-year 2019, including revenue, EBITDA, sales volumes, corporate and other expense, interest expense, depreciation, depletion and amortization, capital expenditures and tax rates, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are those that predict or describe future events or trends and that do not relate solely to historical matters. We use words such as "may," "would," "could," "should," "will," "likely," "expect," "anticipate," "believe," "intend," "plan," "forecast," "outlook," "project," "estimate" and similar expressions suggesting future outcomes or events to identify forward-looking statements or forward-looking information. These statements are based on the company's current expectations and involve risks and uncertainties that could cause the company's actual results to differ materially. The differences could be caused by a number of factors, including without limitation (i) weather conditions, (ii) pressure on prices and impact from competitive products, (iii) any inability by the company to fund necessary capital expenditures or successfully implement any capital projects, (iv) foreign exchange rates and the cost and availability of transportation for the distribution of the company's products, (v) any inability by the company to successfully implement its cost-savings initiatives, and (vi) the effects of changes in the company's management. For further information on these and other risks and uncertainties that may affect the company's business, see the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of the company's Annual Report on Form 10-K for the year ended December 31, 2018 and its Quarterly Reports on Form 10-Q for the quarters ended March 31, 2019, June 30, 2019 and Sept. 30, 2019 filed or to be filed with the SEC. The company undertakes no obligation to update any forward-looking statements made in this presentation to reflect future events or developments. Because it is not possible to predict or identify all such factors, this list cannot be considered a complete set of all potential risks or uncertainties.*

# Third-Quarter 2019 Overview



- Total revenue up 6% from 3Q18 results
  - Increased top-line results in Salt and Plant Nutrition North America more than offset lower sales in Plant Nutrition South America
- Operating earnings declined 8% year-over-year primarily due to lower Plant Nutrition South America results and executive transition costs, offset partially by increased Salt and Plant Nutrition North America results
- Adjusted EBITDA\* essentially unchanged from prior year
- Cash flow from operations year-to-date totaled \$91 million

CMP Consolidated Results (Dollars in millions other than EPS)	Third Quarter	
	2019	2018
Sales	\$341	\$323
Operating earnings	\$30	\$33
Adjusted EBITDA*	\$67	\$67
Adjusted EBITDA* margin	20%	21%

\*Earnings before interest, taxes, depreciation and amortization and adjusted for special items. See appendix for reconciliations.

## Adjusted EBITDA\* Earnings

(in millions)



# Strong End to the North American Highway Deicing Bid Season

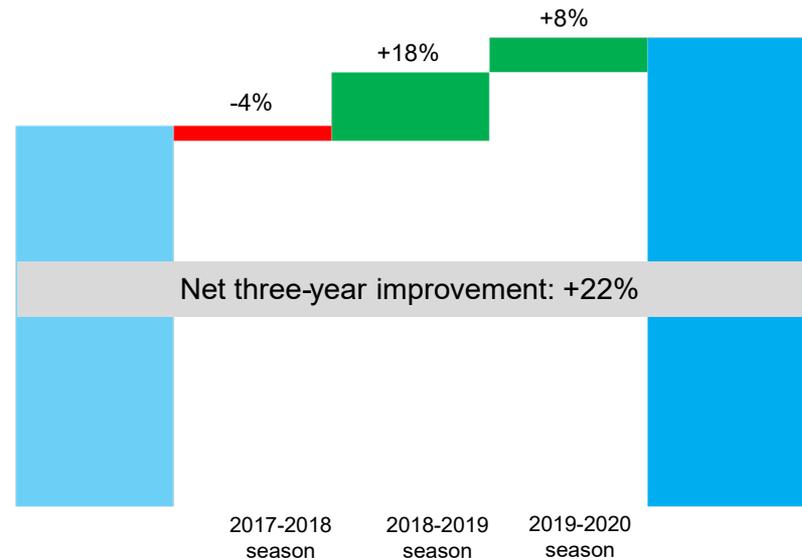


**North American  
Awarded Bid  
Volumes**

**+18%**

vs. 2018-2019  
winter season

Year-over-year price increase maintained



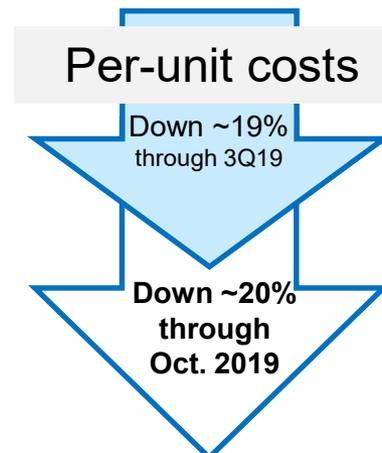
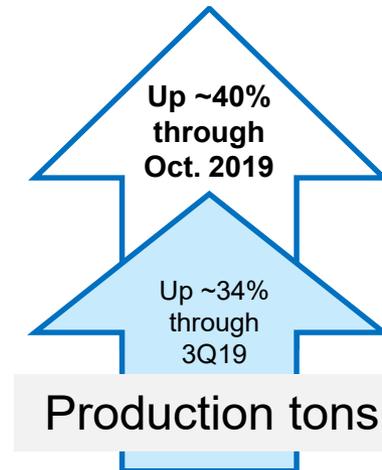
*Percent change in Compass Minerals average awarded highway deicing bids in North America*

# Goderich Mine Performance Update



- Challenging geology slowed production improvement in 3Q19
  - Now using ground-penetrating radar and in-seam, horizontal drilling to explore development areas
- Enhanced management focus on corrective actions to maintain targeted utilization rates, cutting time and hoisting
- Addressing labor issues to improve employee relations
- Re-configuring mining panels to help maximize benefits of the continuous mining and haulage systems

## Year-Over-Year Goderich Mine Performance

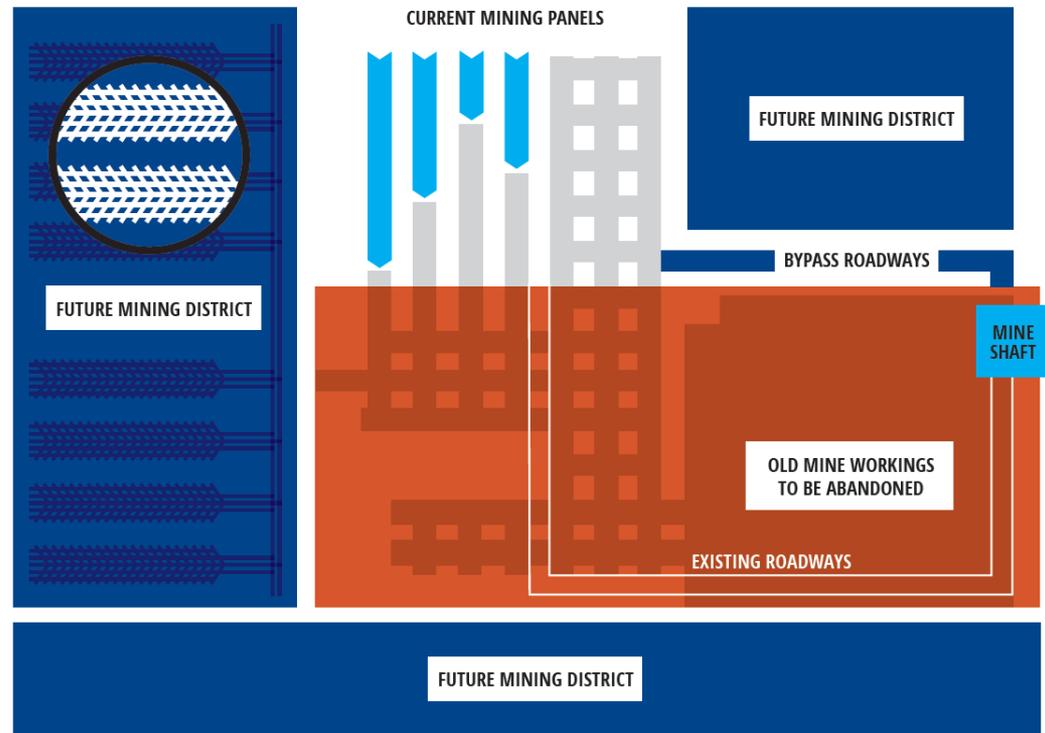


# Paving the Way for Long-Term Success at Goderich Mine



- Long-term mine plan nearing completion
- Expected to increase efficiency of mining systems, decrease maintenance needs of previously mined space and provide greater optionality to address potential variability in geology and deposit quality
- Key features include:
  - Built-for-purpose roadways to mining area which are designed for 50-year life span, have lower ceilings and require less scaling
  - Five-year panels designed to be shuttered with minimal long-term maintenance

## Long-Term Goderich Mine Illustration



*Note: Not to scale, for illustrative purposes only.*

# 2019 Challenging for Plant Nutrition



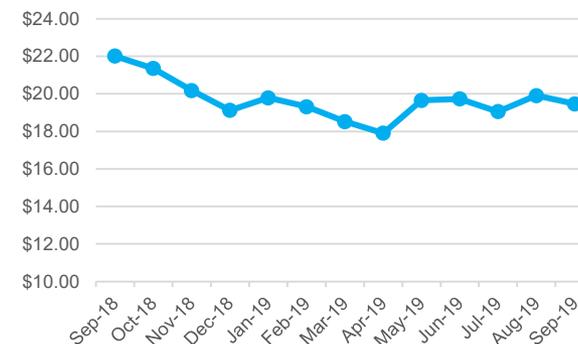
## Plant Nutrition North America

- Sulfate of Potash (SOP) 3Q19 sales holding steady vs. prior-year at relatively stable prices despite broader ag market conditions
- Micronutrient demand dampened by reduction in planted acres and trade uncertainty
  - U.S. planted soybean acres down ~14 million vs. 2018
  - Total planted acres of row crops down ~20 million vs. 2018

## Plant Nutrition South America

- Agriculture 3Q19 sales lower year-over-year due to less favorable grower economics
  - Direct to grower sales flat in challenging environment
    - Brazil soybean exports to China down 16% vs. 2018 year-to-date
    - U.S. trade uncertainty
  - B2B sales down 12% from 3Q18

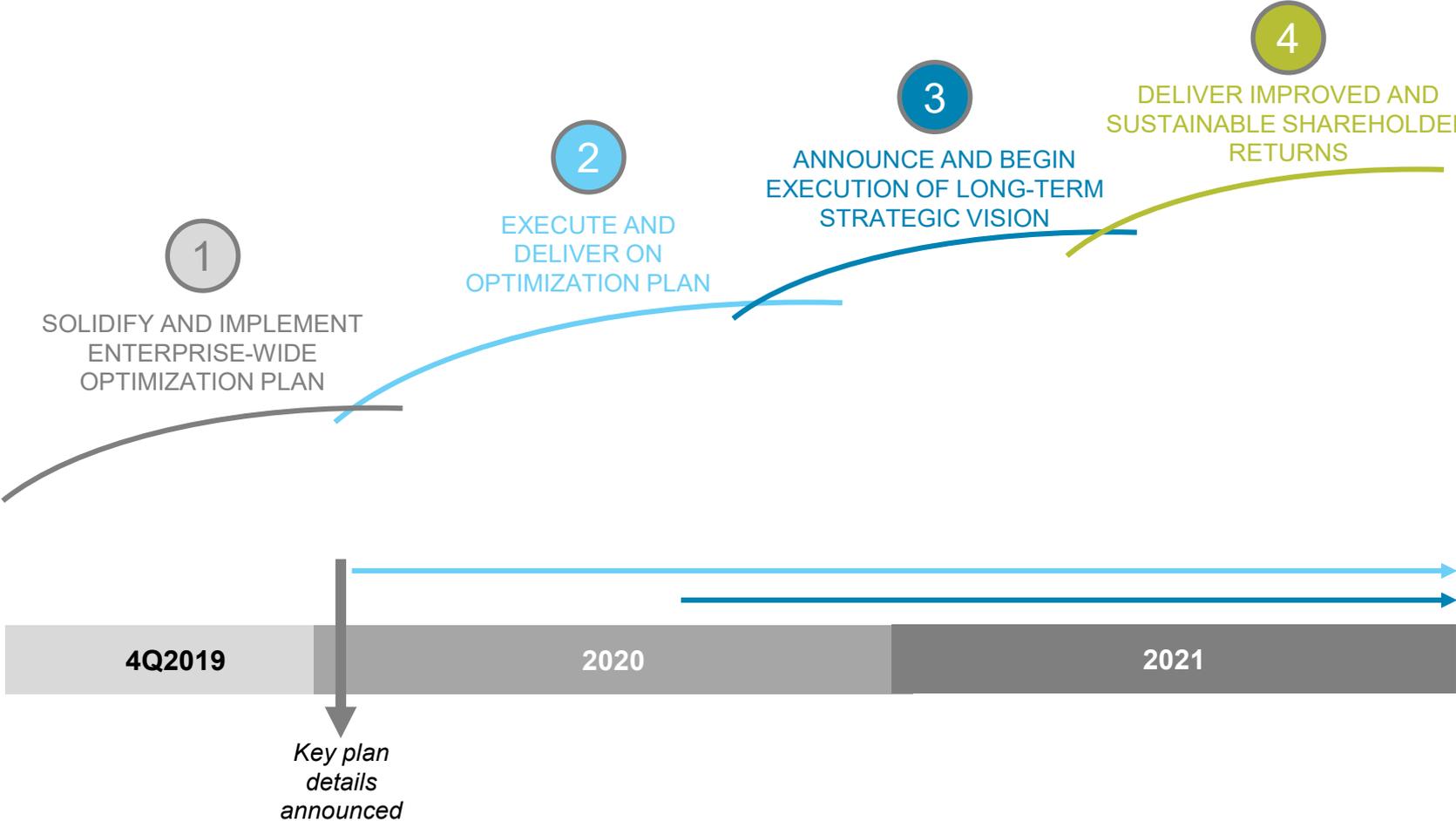
### Brazil soybean prices down 13% vs. prior year



Month-ending price index (\$/60kg bag)

Source: Factset

# Phased Approach to Near-Term and Long-Term Growth



# Phase 1 Progress Underway

- Completed top-to-bottom “MRI” of all operational and commercial functions
- Identified substantial opportunity for unrealized value
- Working through a bottom-up planning process to build implementation plan



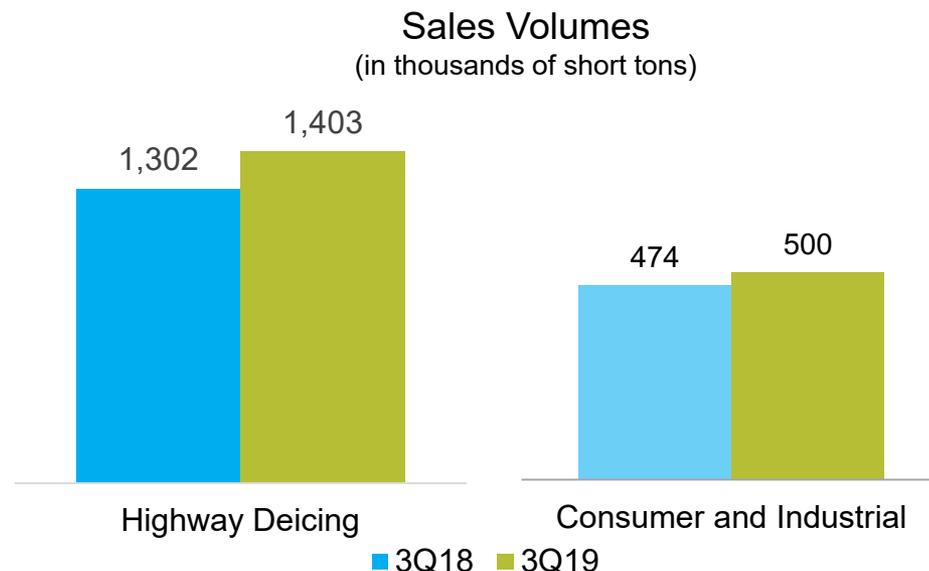
# Improved Deicing Performance Lifted 3Q19 Salt Earnings



- Salt segment 3Q19 revenue rose 16% vs. prior year on improved sales volumes and price
  - Volumes increased 7% on increases in both highway deicing and consumer and industrial growth vs. prior year
    - Strong pre-season deicing orders
    - Offset lower U.K. demand following mild winter
  - Average selling price up 9% primarily due to highway deicing contract price increases in North America
- Stronger pricing and lower logistics costs more than offset production cost increases
  - Unplanned downtime due to fatality at Cote Blanche as well as inconsistent geology at Goderich

Salt Segment Results (\$ in millions)	3Q19	3Q18	%Δ
Revenue	\$160	\$137	16%
Operating earnings	\$21	\$12	+70%
Operating earnings margin	13%	9%	+4 pts
Adjusted EBITDA*	\$36	\$26	+40%
Adjusted EBITDA* margin	23%	19%	+4 pts
Average price per ton	\$84/ton	\$77/ton	+9%

\*Non-GAAP measures. See appendix for reconciliations.



# Plant Nutrition North America 3Q19

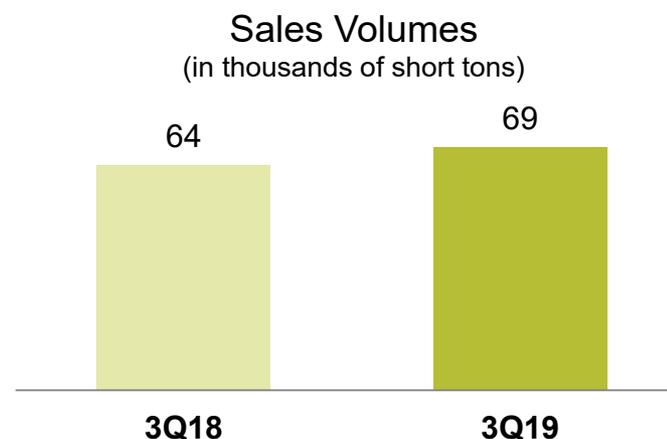
## Results Mixed



- Revenue up 6% on 8% increase in sales tons partially offset by 3% lower average sales price
  - SOP sales above prior-year but below forecast, while average selling price up 2% to \$594 per ton
  - Micronutrient sales below prior year due to weak row crop fundamentals
- Operating earnings increased \$2.4 million and EBITDA\* up slightly
  - SOP-only per-unit cash product costs improved 9% vs. prior year, similar to 2Q19 results
  - Earnings pressured by increased logistics costs from unfavorable geographic sales mix

Plant Nutrition North America Segment Results (\$ in millions)			
	3Q19	3Q18	%Δ
Revenue	\$44	\$42	+6%
Operating earnings	\$4.7	\$2.3	+104%
Operating margin	11%	6%	+5 pts
EBITDA*	\$16	\$15	+4%
EBITDA* margin	35%	36%	-1 pt
Average price per ton	\$641/ton	\$658/ton	-3%

\*Non-GAAP measures. See appendix for reconciliations.



# Plant Nutrition South America 3Q19 Results Pressured

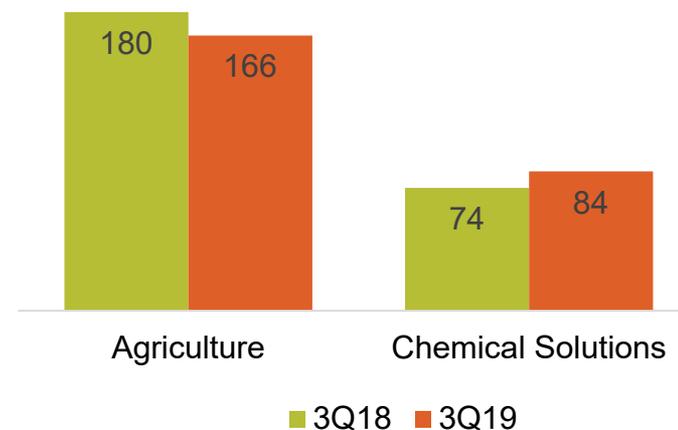


- Revenue down 4% vs. 3Q18 on 2% lower sales volumes and a 3% decline in average price
  - Agriculture sales volumes down 8% due to lower demand in the B2B channel
    - Direct-to-grower sales up slightly
  - Chemical solutions volumes up 14% on lower-priced water treatment sales
- Operating earnings and EBITDA\* negatively impacted by lower agriculture sales, lower-margin chemical solutions sales mix and increased raw materials costs for agriculture products

Plant Nutrition South America Segment (\$ in millions)	3Q19 USD	vs 3Q18 USD	3Q19 BRL	vs 3Q18 BRL
Revenue	\$135	-4%	R\$529	-4%
Operating earnings	\$22	-28%	R\$89	-28%
Operating earnings margin	17%	-5 pts	17%	-5 pts
EBITDA*	\$29	-22%	R\$114	-21%
EBITDA* margin	21%	-5 pts	21%	-5 pts
Average price per ton	\$540	-3%	R\$2,117	-3%

\*Non-GAAP measures. See appendix for reconciliations.

Sales Volumes  
(in thousands of short tons)



# 4Q19 Outlook



	Salt	Plant Nutrition North America	Plant Nutrition South America
4Q19 Revenue	\$310M —●—● \$330M	\$75M —●—● \$95M	\$115M —●—● \$135M
4Q19 EBITDA	\$95M —●—● \$110M	\$20M —●—● \$30M	\$20M —●—● \$30M

- Salt segment year-over-year revenue and EBITDA growth expected on improved highway deicing salt price and volumes as well as lower salt costs
- Plant Nutrition North America segment remains focused on recouping SOP sales following lower spring application rates due to poor weather conditions in the U.S.
  - Delayed harvests of some specialty crops pushing timing of sales into 4<sup>th</sup> quarter
  - Minimal micronutrient recovery expected due to fewer U.S. row crop acres and high customer inventory levels
- Plant Nutrition South America segment expected to deliver moderate year-over-year growth despite weaker grower economics and global trade uncertainty

# Updated 2019 Full-Year Guidance Ranges

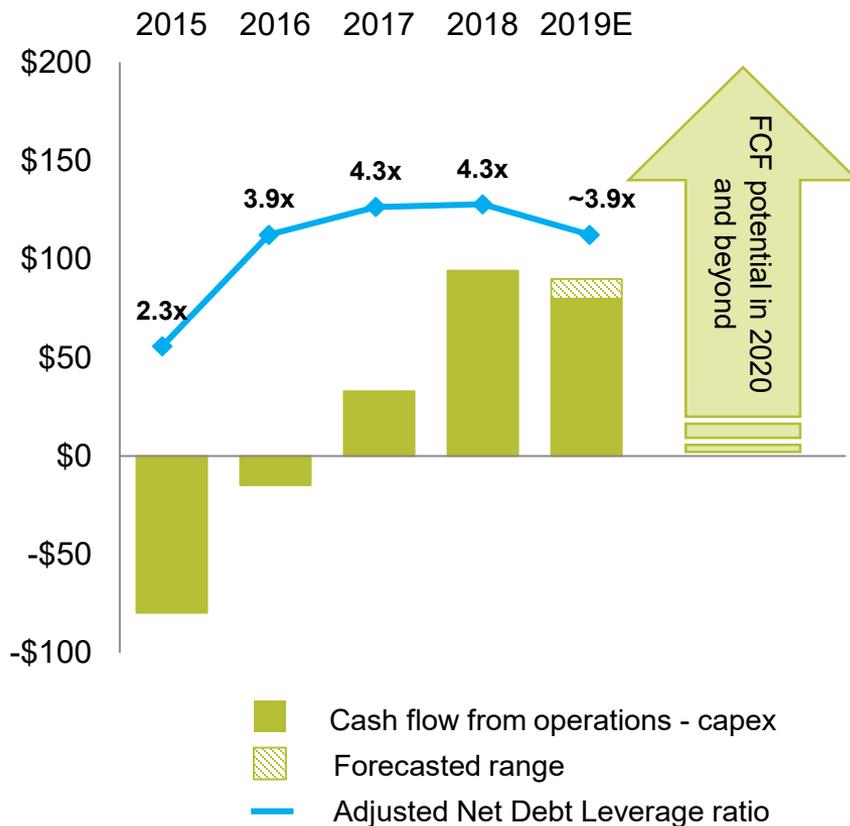


Key Metrics (in millions of dollars unless otherwise noted)	Current		Prior	
	Low	High	Low	High
<b>Segment Outlook</b>				
Salt				
Segment sales volumes (in millions of tons)	10.8	11.2		
Plant Nutrition North America				
Segment sales volumes (in thousands of tons)	310	340	340	360
Plant Nutrition South America				
Segment sales volumes (in thousands of tons)	775	825	800	900
<b>Consolidated and Corporate Outlook</b>	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>
<b>Consolidated EBITDA</b>	<b>\$300</b>	<b>\$330</b>		
Corporate and other expense (ex. depreciation)		~\$60		
Interest expense		~\$70	\$68	\$70
Depreciation, depletion and amortization		~\$140		
Capital expenditures	\$90	\$95		
Effective tax rate		~28%		

# Reducing 2019 Cash Flow Outlook; Significant 2020 Increase Expected



## Free Cash Flow\* Improving (in millions)



- 2019 free cash flow\* (FCF) estimate reduced to reflect lowered EBITDA outlook
  - Significant step up expected in 2020
- Strong attention to internal capital allocation continues
- Outlook does not include any potential benefits from enterprise-wide optimization plan



# Appendix



# Reconciliation of Non-GAAP Information



## Reconciliation for EBITDA and Adjusted EBITDA (unaudited) (in millions)

Three months ended Sept. 30

	2019	2018
Net earnings	\$ 10.6	\$ 12.8
Interest expense	17.7	15.9
Income tax expense	4.8	1.7
Depreciation, depletion and amortization	33.9	34.0
EBITDA	\$ 67.0	\$ 64.4
Adjustments to EBITDA		
Executive transition costs <sup>(1)</sup>	2.3	-
Other expense, net <sup>(2)</sup>	(2.6)	2.8
Adjusted EBITDA	\$ 66.7	\$ 67.2
Total revenue	\$ 341.3	\$ 322.5
Adjusted EBITDA margin	19.5%	20.8%

(1) The company incurred severance and other costs related to executive transition.

(2) Primarily includes interest income and foreign exchange gains and losses.

# Reconciliation of Non-GAAP Information



Reconciliation for Salt Segment EBITDA (unaudited) (in millions)		
	Three months ended Sept. 30	
	2019	2018
Segment GAAP operating earnings	\$ 20.6	\$ 12.1
Depreciation, depletion and amortization	14.3	13.7
Segment EBITDA	\$ 34.9	\$ 25.8
Executive transition costs <sup>(1)</sup>	1.3	-
Segment adjusted EBITDA	\$ 36.2	\$ 25.8
Segment sales	\$159.6	\$137.0
Segment EBITDA margin	21.9%	18.8%
Segment adjusted EBITDA margin	22.7%	18.8%

(1) The company incurred severance and other costs related to executive transition.

# Reconciliation of Non-GAAP Information



## Reconciliation for Plant Nutrition North America Segment EBITDA (unaudited) (in millions)

	<i>Three months ended Sept. 30</i>	
	2019	2018
Segment GAAP operating earnings	\$ 4.7	\$ 2.3
Depreciation, depletion and amortization	11.0	12.8
Segment EBITDA	\$ 15.7	\$ 15.1
Segment sales	\$ 44.4	\$ 41.7
Segment EBITDA margin	35.4%	36.2%

## Reconciliation for Plant Nutrition South America Segment EBITDA (unaudited) (in millions)

	<i>Three months ended Sept. 30</i>	
	2019	2018
Segment GAAP operating earnings	\$ 22.4	\$ 31.2
Depreciation, depletion and amortization	6.0	5.0
Earnings in equity method investee	0.4	0.6
Segment EBITDA	\$ 28.8	\$ 36.8
Segment sales	\$ 135.0	\$ 141.2
Segment EBITDA margin	21.3%	26.1%

# Reconciliation of Non-GAAP Information



Reconciliation for Free Cash Flow (unaudited, in millions)				
	2015	2016	2017	2018
Cash Flow From Operations	\$138	\$167	\$147	\$191
Capital Spending	(218)	(182)	(114)	(97)
Free Cash Flow	<u>\$(80)</u>	<u>\$(15)</u>	<u>\$33</u>	<u>\$94</u>