

# Fourth-Quarter Business Update

Feb. 10, 2020

# Forward-Looking Statements



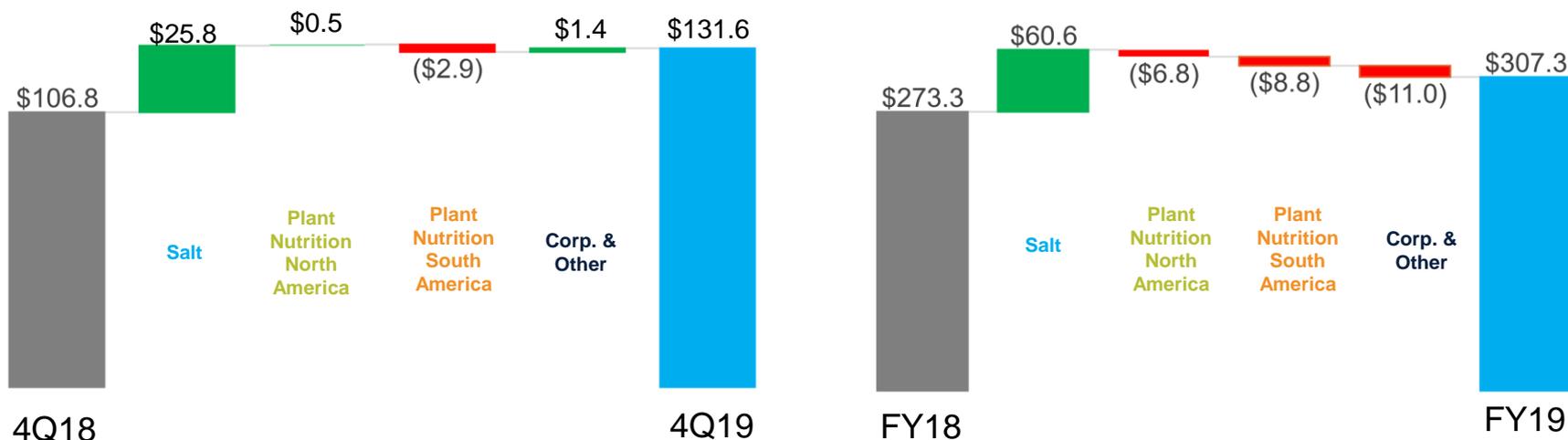
*Certain statements in this presentation, including without limitation statements about the company's ability to derive value, benefits or improvements from its enterprise-wide optimization efforts, achieve its strategic priorities or deliver free cash flow; prices; weather conditions; free cash flow; internal capital allocation; cash flow from operations; net debt leverage ratio; and its outlook for the second half of 2020 and full-year 2020, 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) 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 strategic priorities or its cost-savings and enterprise optimization initiatives, and (vi) the outcome of the strategic evaluation of the Plant Nutrition South America business. 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, 2019 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.*

# 4Q19 and FY19 Snapshot



Consolidated Results (Dollars in millions)	4Q19	FY19	Commentary
Revenue growth	+3%	–	<ul style="list-style-type: none"> <li>Year-over-year increases in Salt revenue for 4Q19 and FY19 offset declines in both Plant Nutrition businesses</li> <li>Positive 4Q19 operating earnings and adjusted EBITDA* performance across all segments</li> <li>FY19 operating earnings and adjusted EBITDA* lifted by improved Salt results driven by increased average selling prices and better North American mine performance</li> <li>Adjusted EBITDA* margin improved 4.3% pts for the quarter and 2.3% pts for the full year vs. 2018 results</li> </ul>
Operating earnings growth	+41%	+26%	
Adjusted EBITDA* growth	+23%	+12%	
Adjusted EBITDA* margin	26.3%	20.6%	

## Adjusted EBITDA\* (in millions)



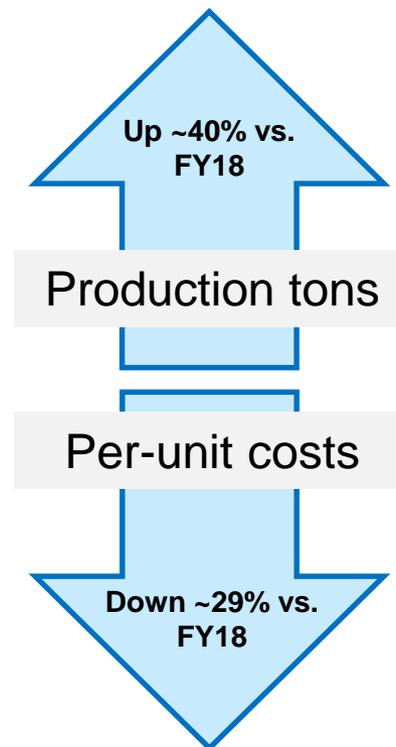
\*Earnings before interest, taxes, depreciation and amortization and adjusted for special items. See appendix for reconciliations.

# Strengthened Execution and Deicing Sales Drive Salt Segment Growth



- Top-line growth in FY19 vs. FY18 achieved through increased average selling prices in North American highway deicing and above average winter weather in North America
  - Some offset to sales from warm U.K. winter
- Strong end to 2019 with improved production results at North American salt mines
  - Goderich delivered targeted full-year increases in production tons
  - Cote Blanche achieved full-year production target despite 23 outage days related to hurricane event and safety incident

## Year-Over-Year Goderich Mine Performance



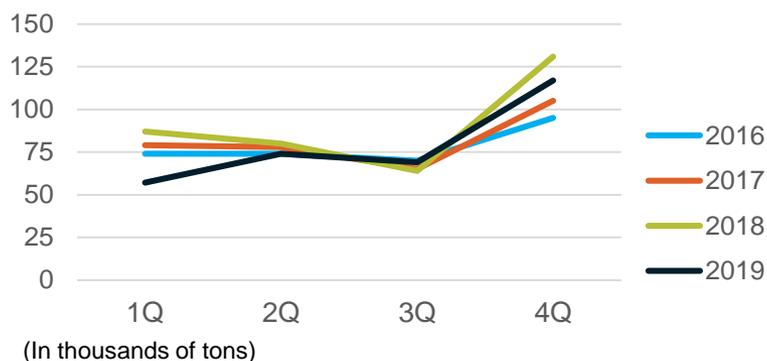
# Challenging Year for Plant Nutrition



## Plant Nutrition North America

- Sulfate of Potash (SOP) demand partially rebounded in 4Q19 from challenging weather earlier in 2019
  - 4Q19 sales volume second highest 4Q result in company history
  - SOP price remained resilient despite broader ag market challenges
- Micronutrient sales continued to be pressured in 4Q19 by weaker ag fundamentals for row crops

Plant Nutrition Sales Volume by Quarter



## Plant Nutrition South America

- Agriculture delivered year-over-year growth vs. prior year (all data in local currency)
  - Direct-to-grower revenue up 13% for 4Q19 and 12% for FY19 vs. prior year
    - Represents 64% of the agriculture business revenue
  - Product sales mix shifted to higher value foliar products and resulted in 8% price improvement
- Chemical solutions sales volume growth accelerated throughout 2019, but at lower average selling prices

Estimated Share of Brazil PAC Water Treatment Market\*



\*Source: company estimates

# Enterprise-Wide Optimization Implementation Underway

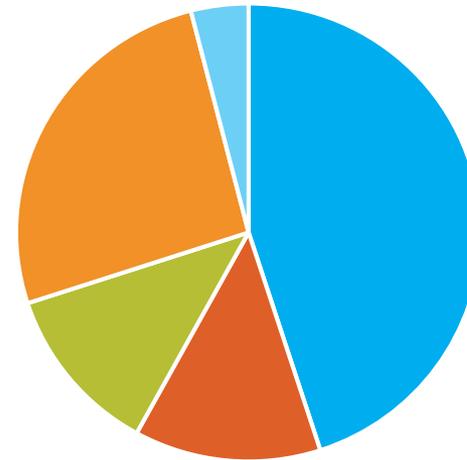


- Bottom-up process used to identify improvement opportunities in key focus areas
  - More than 1,200 initiatives identified and more than 500 business cases defined
  - Centralized support structure established to ensure execution milestones are delivered
  - Employee culture and engagement a key component to success
- Some benefits expected in 2020, ramping up through 2022

Value Ramp of Benefits



Expected Benefit by Value Stream



Focus Areas

- Operations ———— Increase production with greater efficiency
- Logistics - - - - - Leverage transportation footprint across businesses
- Strategic sourcing - - - - - Partner with key supplies to more effectively source globally
- Commercial - - - - - Improve customer experience
- Working capital - - - - - Improve order-to-cash processes

# Key 2020 Strategic Priorities



## Strategic Assessment

- Ongoing evaluation of capabilities, core competencies and adjacency strategies
- Assessing strategic fit of our Brazil business
- Seeking to unlock true value of these assets which we believe have strong, attractive positions in their markets

## Deliver on Commitments

- Meet then exceed customer expectations
- Continue operational improvements at mines and plants
- Achieve early results from optimization effort
- Enhance balance sheet flexibility

## Build Sustainable Culture

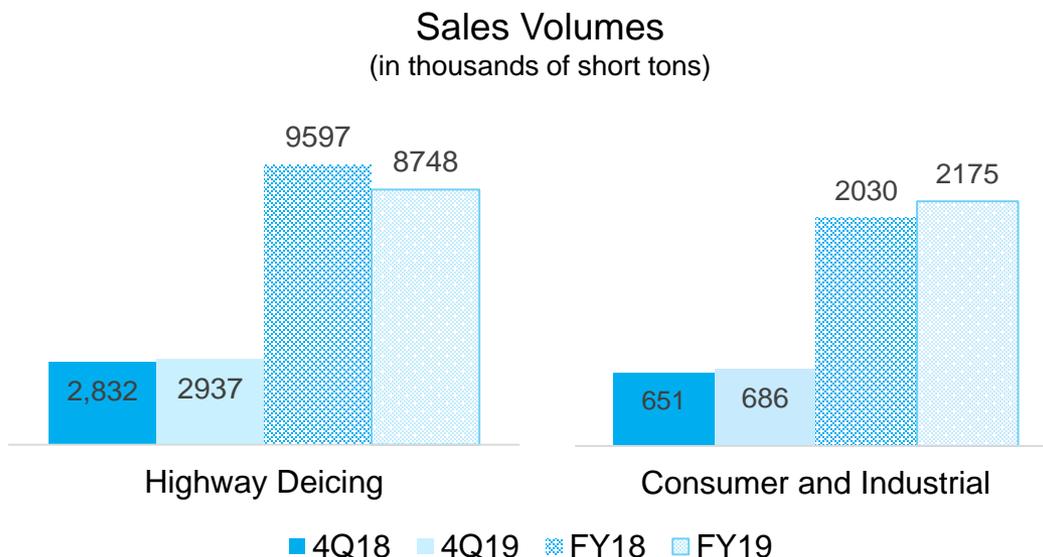
- Drive Zero Harm imperative for our people and the environment
- Increase employee engagement and build execution muscle

# Salt Segment Delivers Significant Earnings Growth for the Full Year and the Quarter



- 4Q19 Salt segment revenue increased on 4% volume growth and 5% average selling price improvement
  - Highway deicing benefited from bid season volume and price growth
    - Offset lower U.K. demand from warm winter weather
- 4Q19 operating earnings and adjusted EBITDA\* increased vs. 4Q18 on improved pricing as well as lower production and logistics costs
  - Per-unit cost reductions driven by improved NA mining operations
- FY19 EBITDA\* up 35% vs. FY18
  - Driven by highway deicing price increases, favorable geographic sales mix and higher consumer and industrial sales volumes, offset partially by lower highway deicing sales volumes

Salt Segment Results (\$ in millions, except per ton data)	4Q19	4Q18	%Δ	FY19	FY18	%Δ
Revenue	\$311	\$284	+9%	\$890	\$858	+4%
Operating earnings	\$81	\$57	+41%	\$168	\$116	+45%
Adjusted EBITDA*	\$97	\$71	+36%	\$233	\$172	+35%
Adjusted EBITDA* margin	31.0%	24.9%	+6.1 pts	26.1%	20.0%	+6.1pts
Average price per ton	\$86	\$82	+5%	\$81	\$74	+10%



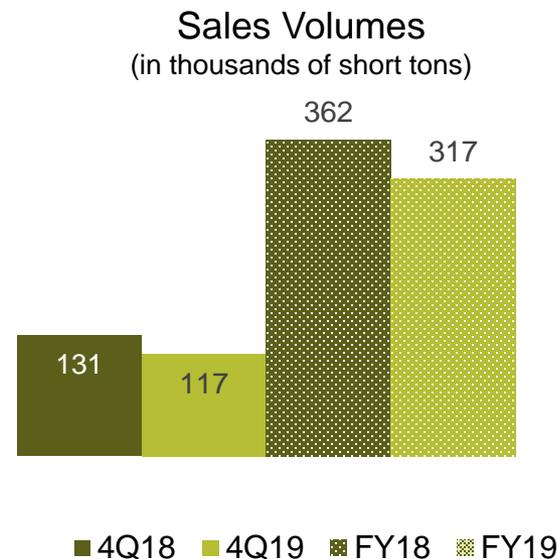
\*Non-GAAP measures. See appendix for reconciliations.

# Plant Nutrition North America Maintains Strong Profit Margins



- 4Q19 revenue down on 11% lower sales volumes and 1% lower average selling prices vs. 4Q18
  - Second highest 4Q sales volume in company history
  - SOP-only price remained stable at \$580 vs. \$586 in 4Q18
- 4Q19 operating earnings and EBITDA\* increased vs. prior year, despite lower revenue
  - Continued improvement in SOP-only per-unit cash product costs vs. 4Q18
- FY19 EBITDA\* pressured by lower demand early in the year due to wet and cold weather in the U.S.
  - Reduced applications of fertilizers
  - Micronutrient demand pressured throughout 2019 by weaker row crop economics

Plant Nutrition North America Segment Results (\$ in millions except per ton data)	4Q19	4Q18	%Δ	FY19	FY18	%Δ
Revenue	\$77	\$87	-12%	\$206	\$233	-12%
Operating earnings	\$15	\$14	+6%	\$23	\$25	-11%
Operating margin	19%	16%	+3 pts	11%	11%	-
EBITDA*	\$26	\$25	+2%	\$67	\$74	-9%
EBITDA* margin	34%	29%	-5 pts	33%	32%	+ 1 pt
Average price per ton	\$655	\$662	-1%	\$651	\$645	+1%



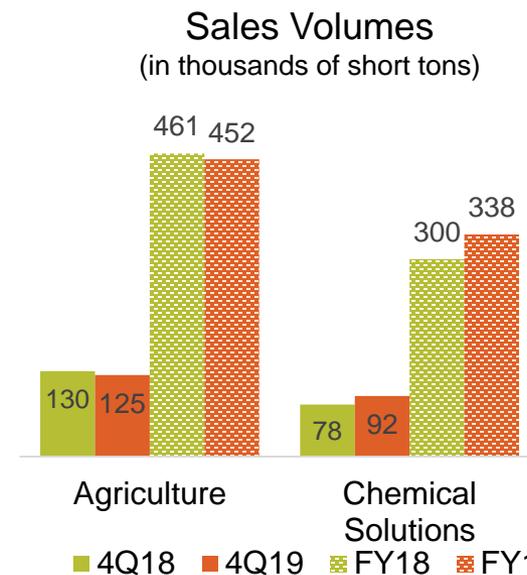
\*Non-GAAP measures. See appendix for reconciliations.

# Plant Nutrition South America Ended Year with Stronger 4Q19 Earnings



- 4Q19 revenue down 3% vs. 4Q18, but up 4% in local currency on improved sales volumes and higher average selling prices
  - Agriculture sales volumes down 4% primarily due to lower demand in the B2B channel and mix shift to lower-volume, higher-priced foliar products, which pushed average selling prices up 8% in local currency
    - Direct-to-grower sales volumes delivered 18% growth vs. 4Q18
    - Chemical solutions volumes up 17% on lower-priced water treatment sales
- Operating earnings and EBITDA\* benefits from improved revenue, product sales mix and lower input costs
- FY19 EBITDA\* down 8% in local currency vs. FY18 primarily driven by lower-priced chemical solutions product sales mix vs. FY18 and continued investment in direct-to-grower sales force

Plant Nutrition South America Segment (\$ in millions)	vs				vs			
	4Q19 USD	4Q18 USD	FY19 USD	FY18 USD	4Q19 BRL	4Q18 BRL	FY19 BRL	FY18 BRL
Revenue	\$110	-3%	\$385	-2%	R\$457	+4%	R\$1,525	+5%
Operating earnings	\$19	+16%	\$40	-18%	R\$77	+23%	R\$163	-15%
EBITDA*	\$24	+11%	\$63	-12%	R\$101	+18%	R\$254	-8%
EBITDA* margin	22%	-3 pts	16%	-2 pts	22%	+3 pts	17%	-2 pts
Average price per ton	\$510	-6%	\$488	-5%	R\$2,113	-	R\$1,931	+1%



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

# 1H20 Outlook



	Salt	Plant Nutrition North America	Plant Nutrition South America
1H20 Revenue	\$420M —●—● \$460M	\$90M —●—● \$105M	\$135M —●—● \$155M
1H20 EBITDA	\$105M —●—● \$130M	\$20M —●—● \$30M	\$10M —●—● \$20M

- Salt segment 1H20 year-over-year revenue and EBITDA growth expected primarily due to improved highway deicing salt prices
- Plant Nutrition North America segment expected to deliver improved 1H20 sales based on normalized weather conditions in key North American markets
- Plant Nutrition South America expected to deliver higher 1H20 revenue on improved water treatment and B2B agriculture product sales volumes

# 2020 Full-Year Guidance Items



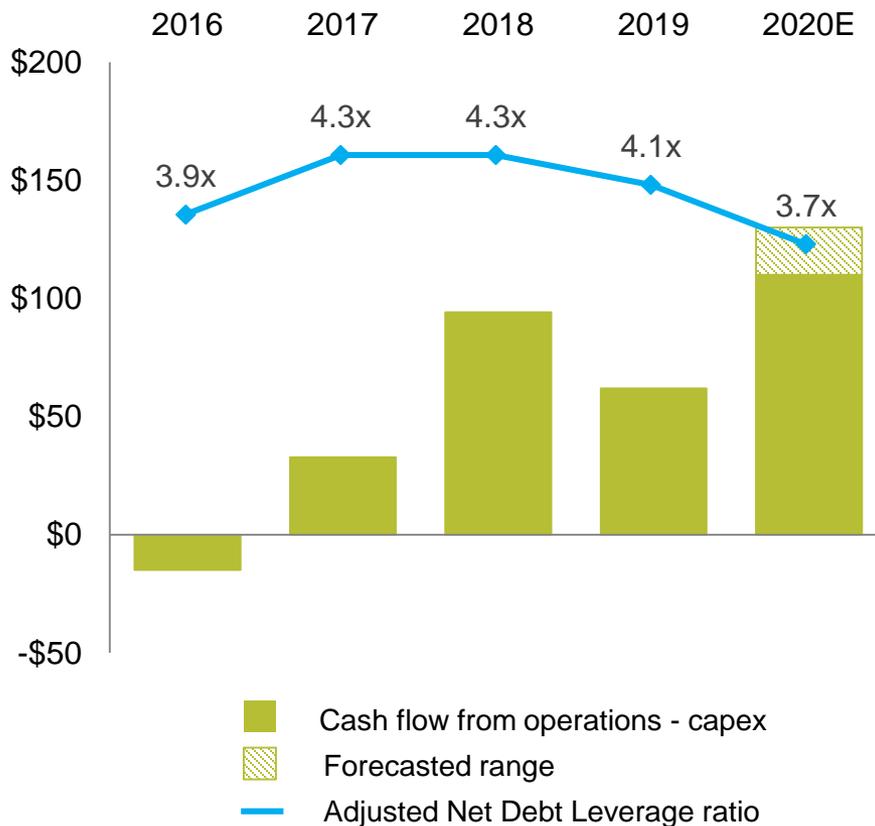
<b>Key Metrics</b> (in millions of dollars unless otherwise noted)	<b>Current</b>	
<b>Segment Outlook</b>	<b>Low</b>	<b>High</b>
Salt Segment sales volumes (in millions of tons)	11.0	11.5
Plant Nutrition North America Segment sales volumes (in thousands of tons)	340	380
Plant Nutrition South America Segment sales volumes (in thousands of tons)	800	900
<b>Consolidated and Corporate Outlook</b>	<b>Low</b>	<b>High</b>
<b>Consolidated EBITDA</b>	<b>\$350</b>	<b>\$400</b>
Corporate and other expense*	\$50	\$55
Interest expense	\$77	\$80
Depreciation, depletion and amortization	\$135	\$138
Capital expenditures	\$100	\$110
Effective tax rate	~30%	

\*Excludes non-cash items of depreciation, amortization and stock-based compensation.

# Delivering Free Cash Flow Remains Key Focus



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



- Expect 2020 free cash flow\* to increase due to ~\$58 million tax refund partially offset by salt inventory build and cost reduction capex
- Strong attention to internal capital allocation continues

\*Free Cash Flow is defined as Cash Flow From Operations – capital expenditures. This is a non-GAAP measure. See appendix for reconciliations.



# Appendix



# Reconciliation of Non-GAAP Information



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

	<i>Three months ended Dec. 31</i>		<i>Twelve months ended Dec. 31</i>	
	2019	2018	2019	2018
Net earnings	\$ 56.1	\$ 51.0	\$ 62.5	\$ 68.8
Interest expense	17.7	18.0	68.4	62.5
Income tax expense	16.8	7.8	22.1	8.8
Depreciation, depletion and amortization	35.1	33.3	137.9	136.9
<b>EBITDA</b>	<b>\$ 125.7</b>	<b>\$ 110.1</b>	<b>290.9</b>	<b>277.0</b>
Adjustments to EBITDA				
Executive transition costs <sup>(1)</sup>	-	5.1	2.3	5.1
Logistics impact from flooding <sup>(2)</sup>	-	-	2.8	-
Other expense (income), net <sup>(3)</sup>	5.9	(8.4)	11.3	(8.8)
<b>Adjusted EBITDA</b>	<b>\$ 131.6</b>	<b>\$ 106.8</b>	<b>\$ 307.3</b>	<b>\$ 273.3</b>
Total revenue	\$ 500.3	\$ 486.5	\$ 1,490.5	\$ 1,493.6
<b>Adjusted EBITDA margin</b>	<b>26.3%</b>	<b>22.0%</b>	<b>20.6%</b>	<b>18.3%</b>

- (1) The company incurred severance and other costs related to executive transition.  
(2) The Company incurred additional logistics costs related to Mississippi River flooding.  
(3) 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 Dec. 31		Twelve months ended Dec. 31	
	2019	2018	2019	2018
Segment GAAP operating earnings	\$ 80.5	\$ 57.0	\$ 168.0	\$ 115.7
Depreciation, depletion and amortization	16.0	13.7	60.4	56.2
Segment EBITDA	\$ 96.5	\$ 70.7	\$ 228.4	\$ 171.9
Adjustments to EBITDA				
Executive transition costs <sup>(1)</sup>	-	-	1.3	-
Logistics impact from flooding <sup>(2)</sup>	-	-	2.8	-
Adjusted EBITDA	\$ 96.5	\$ 70.7	\$ 232.5	\$ 171.9
Segment sales	\$310.9	\$284.1	\$ 889.5	\$ 858.1
Segment EBITDA margin	31.0%	24.9%	26.1%	20.0%

- (1) The company incurred severance and other costs related to executive transition.  
(2) The Company incurred additional logistics costs related to Mississippi River flooding.

# Reconciliation of Non-GAAP Information



Reconciliation for Plant Nutrition North America Segment EBITDA (unaudited)				
(in millions)				
	Three months ended Dec. 31		Twelve months ended Dec. 31	
	2019	2018	2019	2018
Segment GAAP operating earnings	\$ 14.8	\$ 13.9	\$ 22.3	\$ 25.3
Depreciation, depletion and amortization	11.1	11.5	44.6	48.6
Segment EBITDA	\$ 25.9	\$ 25.4	\$ 67.1	\$ 73.9
Segment sales	\$ 76.5	\$ 86.8	\$ 206.2	\$ 233.2
Segment EBITDA margin	33.9%	29.3%	32.5%	31.7%

Reconciliation for Plant Nutrition South America Segment EBITDA (unaudited)				
(in millions)				
	Three months ended Dec. 31		Twelve months ended Dec. 31	
	2019	2018	2019	2018
Segment GAAP operating earnings	\$ 18.5	\$ 16.0	\$ 40.0	\$ 48.7
Depreciation, depletion and amortization	5.4	5.7	22.4	22.2
Earnings in equity method investee	0.3	0.1	0.7	1.0
Segment EBITDA	\$ 24.2	\$ 21.8	\$ 63.1	\$ 71.9
Segment sales	\$ 110.3	\$ 113.2	\$ 385.1	\$ 391.8
Segment EBITDA margin	21.9%	19.3%	16.4%	18.4%

# Reconciliation of Non-GAAP Information



Reconciliation for Free Cash Flow					
(unaudited, in millions)					
	2015	2016	2017	2018	2019
Cash Flow From Operations	\$138	\$167	\$151	\$182	\$160
Capital Spending	(218)	(182)	(114)	(97)	(98)
Free Cash Flow	<u>\$(80)</u>	<u>\$(15)</u>	<u>\$37</u>	<u>\$85</u>	<u>\$62</u>