



**Compass Minerals**  
**Business Overview and Governance Update**

April 2019

## Forward-Looking Statements



*Certain statements in this presentation, including without limitation statements about the company's ability to maximize its asset base, innovate and make production, commercial and go-to-market improvements; capital expenditures; its outlook for 2019, including EBITDA and sales volumes; free cash flow; leverage ratio; ability to create value, reduce debt, improve ratings, maintain dividends, sustain assets, invest in its business, engage in acquisitions and direct returns to shareholders 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 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.*

## **Table of Contents**

|  |           |
|--|-----------|
| <b>Business Overview and Strategy</b>          | <b>4</b>  |
| <b>Financial and Capital Allocation Review</b> | <b>10</b> |
| <b>Corporate Governance</b>                    | <b>14</b> |
| <b>Executive Compensation Policy</b>           | <b>18</b> |

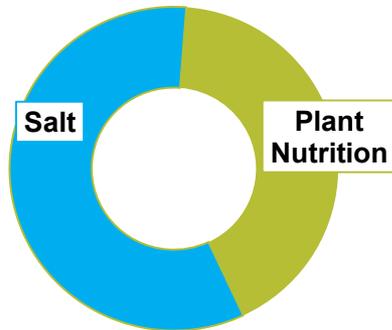
# **Business Overview and Strategy**

# Compass Minerals: A Diversified Minerals Company Focused on Essential Needs



## Financial Highlights

2018 SALES = \$1.5 BILLION



2018 adjusted EBITDA\*  
**\$273 million**

EBITDA\* Margin = **18%**

## Core Products

- Salt
- Plant Nutrients
- Magnesium Chloride
- Chemical Solutions

## Essential Needs and Markets

- Highway and residential deicing
- Water treatment for clean water
- De-dusting and road stabilization



- Specialty crops like fruits, vegetables tree nuts
- Growing portfolio of micronutrients for cereal crops
- Additional innovative nutrient solutions for all crops

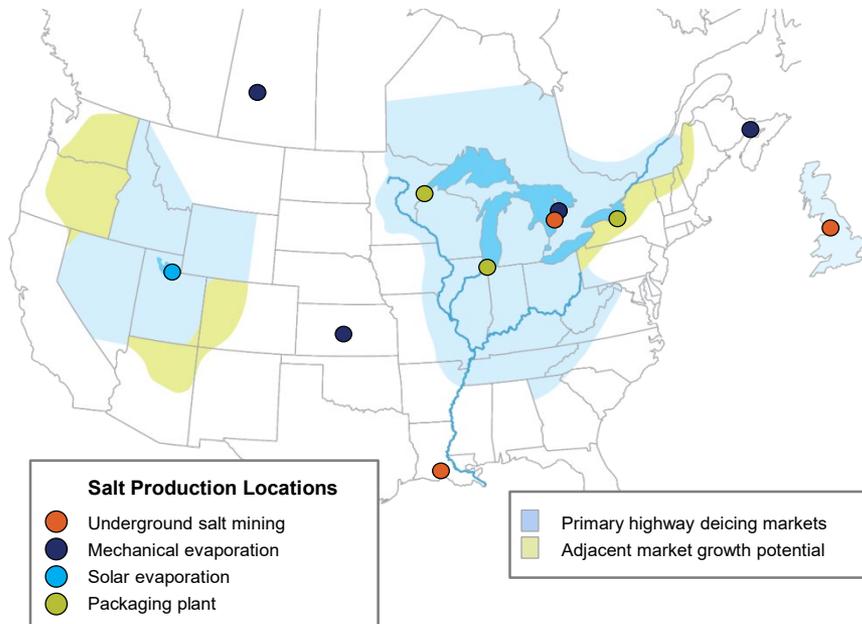
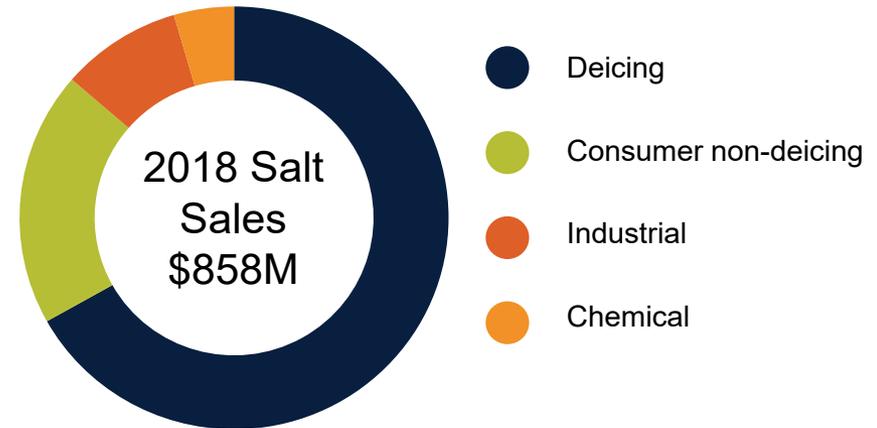
- Culinary/commercial food salt
- Residential and commercial water care
- Other miscellaneous uses

\* Non-GAAP measure. See appendix for reconciliation.

# Our Salt Business: Well-Positioned in Unique Commodity Industry



- Salt is a commodity with unique attributes
  - Recession-resistant
  - Relatively low cost to end-users
  - Largely regional markets with natural barriers to entry
- Compass Minerals is well-positioned in North American and U.K. markets



**Salt Segment 2018 Snapshot**  
(in millions)

|                         |       |
|-------------------------|-------|
| Sales                   | \$858 |
| Adjusted EBITDA*        | \$172 |
| Adjusted EBITDA* margin | 20%   |

\* Non-GAAP measure. See appendix for reconciliation.

# Our Specialty Plant Nutrition Business: Providing Efficient Solutions for Sustainable Agriculture



To meet the global need for sustainably produced food



Specialty plant nutrient inputs help farmers maximize the genetic potential of their crops



Compass Minerals is delivering the **leading specialty plant nutrition portfolio and capability** in the Western Hemisphere



## AMERICAS FOCUSED

#1 producer and marketer of sulfate of potash (SOP)  
Leading micronutrients platform  
Focused innovation and product development capabilities



- Plant Nutrition North America
- Plant Nutrition South America Agriculture
- Plant Nutrition South America Chemical Solutions

### Total Plant Nutrition 2018 Snapshot (in millions)

|                         |        |
|-------------------------|--------|
| Sales                   | \$ 625 |
| Adjusted EBITDA*        | \$ 146 |
| Adjusted EBITDA* margin | 23%    |

\* Non-GAAP measure. See appendix for reconciliation.

# Our Strategy: Maximizing Our Asset Base to Drive Growth



- Investments in place at key assets
  - Goderich Mine: shaft relining and new mining technology
  - Ogden: expanded production capability
- Focus on commercial improvements
  - Salt business: incremental geographic expansion for key products
  - Plant Nutrition: refining and improving go-to-market approaches in North and South America
- Innovating throughout the business
  - Expanded research and development center in Kansas serving Plant Nutrition and Salt businesses
  - New Plant Nutrition products introduced in Brazil and the U.S.

# Strong and Diverse Leadership Team

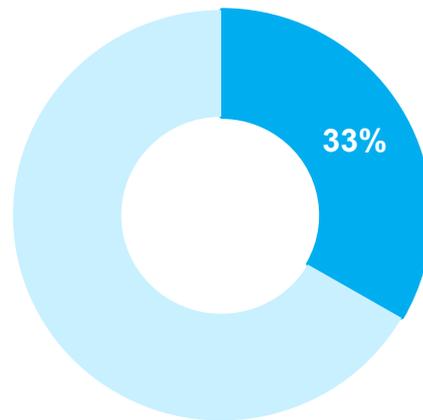


Seasoned leadership team with strong global experience

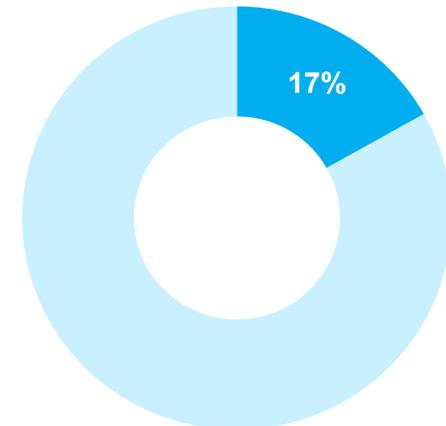
- Prior experience at large public companies such as ADM, Monsanto, ConAgra, the Clorox Group, General Cable Corp and Kansas City Southern
- Average industry experience of more than 12 years each (excluding Interim CEO)

## Senior Management Team Profile

Female Representation



Minority Representation



## **Financial and Capital Allocation Overview**

# Strong Top-Line and Cash Flow Generation in 2018; Expect Earnings Growth in 2019



| CMP Consolidated Results<br>(Dollars in millions)        | Full-Year |         |
|--|-----------|---------|
|  | 2018      | 2017    |
| Revenue  | \$1,494   | \$1,364 |
| Operating earnings                                       | \$130     | \$159   |
| Adjusted operating earnings*                             | \$135     | \$164   |
| Adjusted EBITDA*   | \$273     | \$287   |
| Adjusted EBITDA* margin                                  | 18.3%     | 21.0%   |
| Net earnings per diluted share                           | \$2.02    | \$1.25  |
| Net earnings per diluted share, excluding special items* | \$1.93    | \$2.75  |

- FY18 revenue up 9% vs. FY17
- FY18 operating earnings down 18% vs. FY17 due to lower Salt results
- Special items in the 2018 included CEO transition expenses and one-time tax items
- Cash flow from operations for FY18 exceeded \$190 million, a 30% year-over-year increase

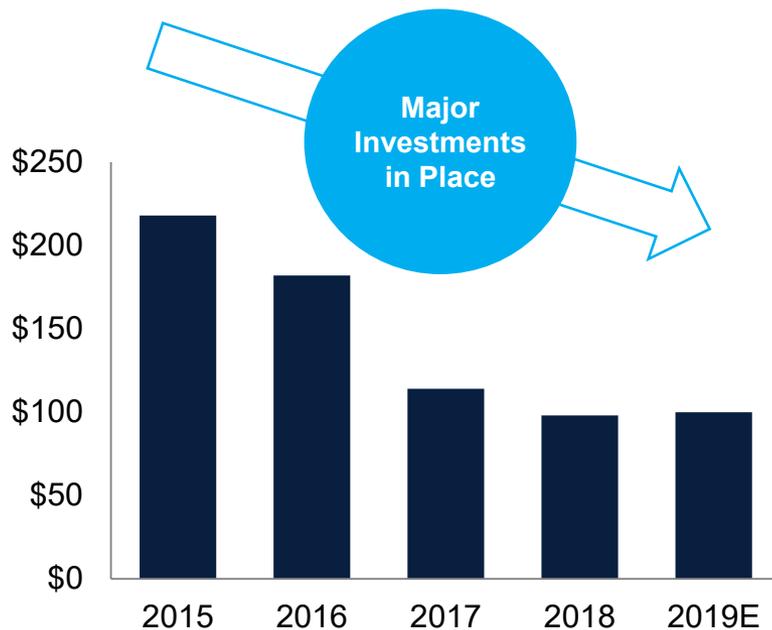
| 2019 Outlook<br>(as of Feb. 12, 2019)                                      | Low           | High          | 2018 Actual   |
|--|---------------|---------------|---------------|
| Consolidated EBITDA  | \$310 million | \$350 million | \$273 million |
| <b>Segment Metrics</b>   |               |               |               |
| Salt segment sales volumes (in millions of tons)                           | 10.0          | 10.5          | 11.6          |
| Plant Nutrition North America segment sales volumes (in thousands of tons) | 350           | 400           | 362           |
| Plant Nutrition South America segment sales volumes (in thousands of tons) | 800           | 900           | 761           |

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

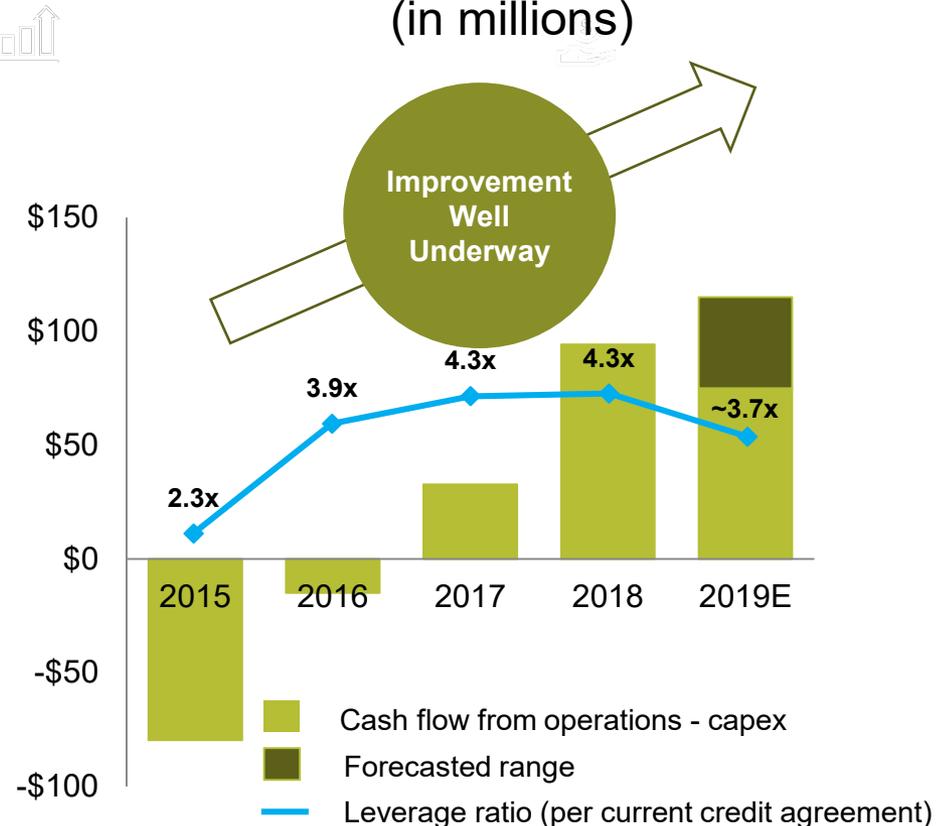
# Delivering on Commitments: Free Cash Flow Surpasses Expectations



## Capital Expenditures Declining (in millions)

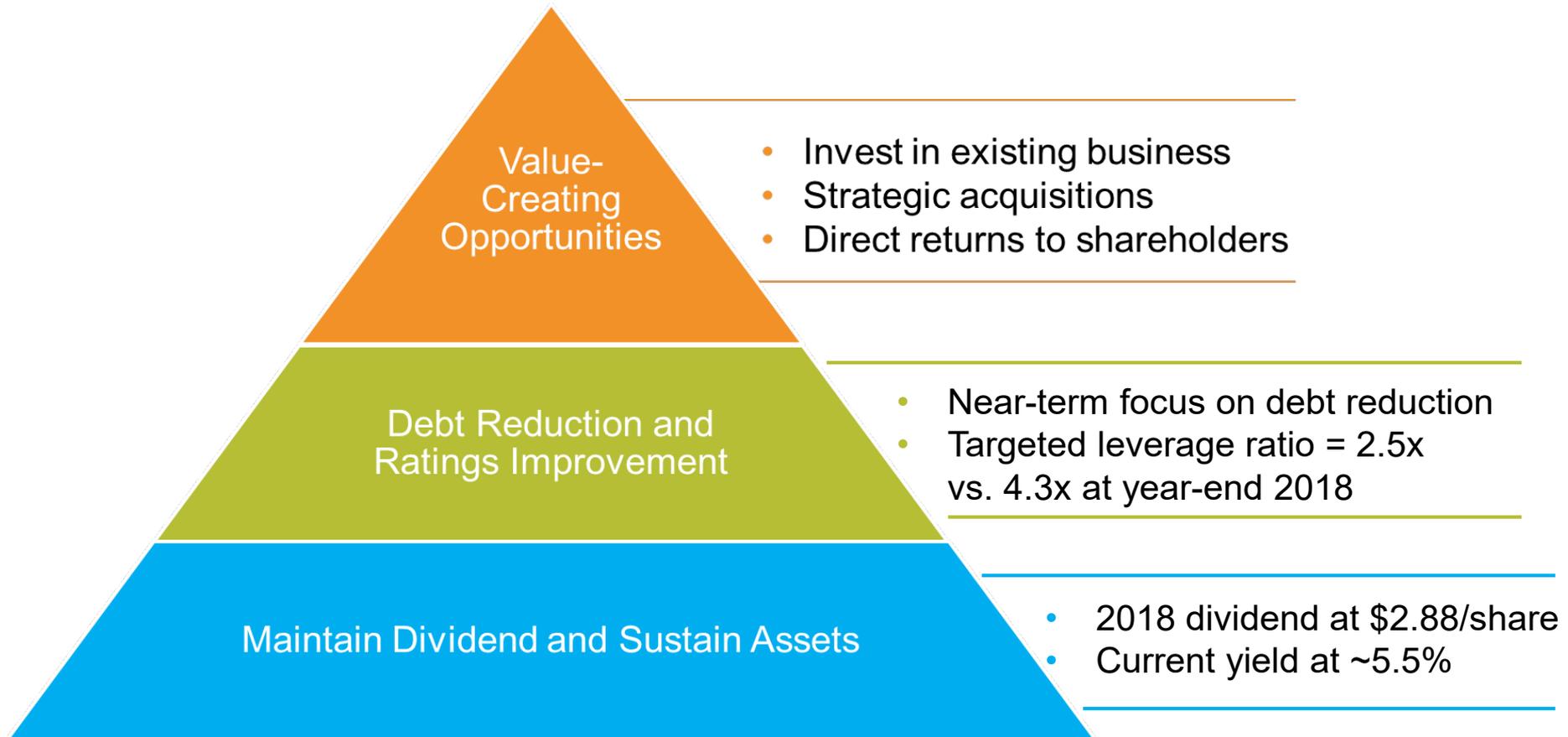


## Free Cash Flow\* Increasing (in millions)



\*Free Cash Flow is defined as Cash Flow From Operations – capital expenditures. This is a non-GAAP measure. See appendix for reconciliations. Estimates are as of Feb. 12, 2019.

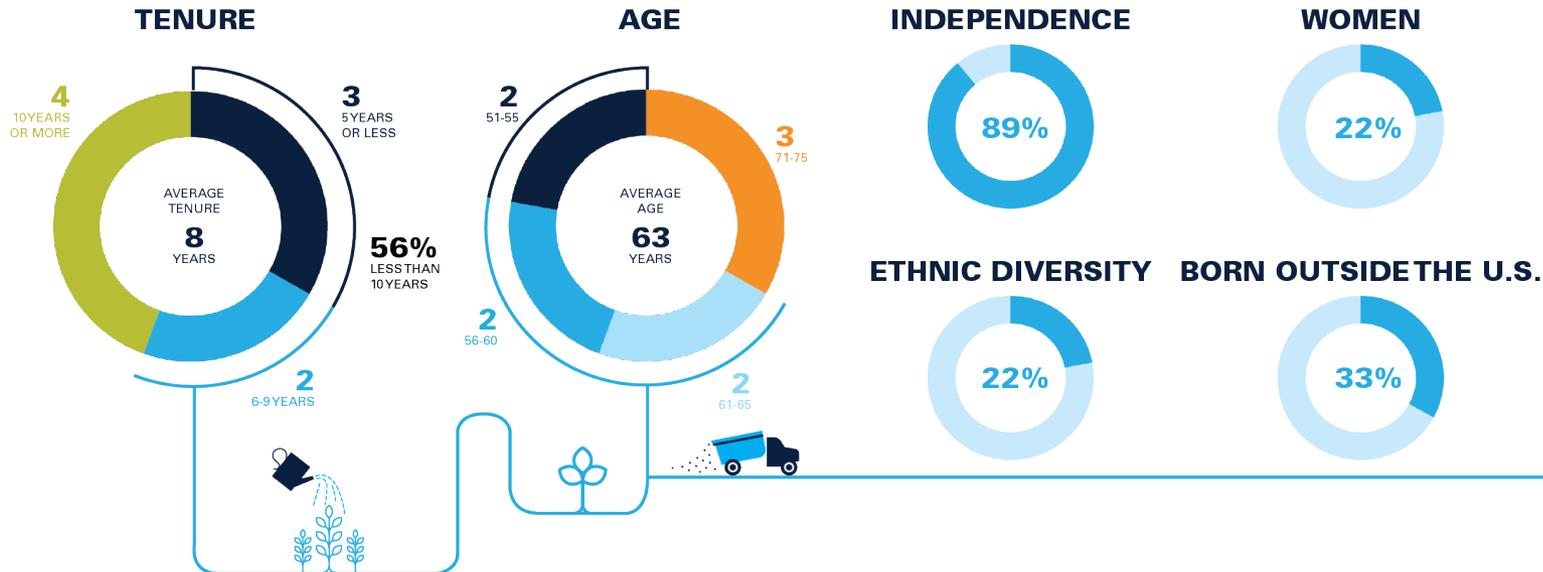
# Capital Allocation Priorities



## **Corporate Governance**

# Corporate Governance Highlights

## 2019 Board Profile



## Recent Developments

- Enhanced capital markets experience by adding new Board member, Joe Reece, in March 2019
- Continued commitment to board oversight of sustainability objectives
- Expanded Compensation Committee's oversight of diversity and inclusion objectives
- Adopted Human Rights Policy

## Board Leadership Structure



- Chairman of the Board position created in November 2018 and Richard S. Grant elected to this position
  - Mr. Grant has been serving as Chairman of the Board and Interim CEO since the November 2018 departure of our CEO
  - Mr. Grant had previously served as the Lead Independent Director
  - Following the appointment of a permanent CEO, Mr. Grant is expected to serve as Non-Executive Chairman of the Board
- Most tenured independent director has been fulfilling duties of a typical lead independent director since November 2018
  - This leadership role will only be in place during the period of time that Mr. Grant is serving as Chairman of the Board and Interim CEO (following the appointment of a permanent CEO, Mr. Grant is expected to serve as Non-Executive Chairman of the Board)
- Independent directors serve as chairs of all Board committees
  - Three of four Board committee chairs are diverse (two Board chairs are held by women and one is held by an African-American)

# Board Matrix

| NAME  | QUALIFICATIONS AND ATTRIBUTES   |
|---|---|
| <b>2019 Nominees</b>                        |   |
| Eric Ford*                                  |    |
| Joseph E. Reece*                            |    |
| Paul S. Williams*                           |    |
| <b>Continuing Directions</b>                |   |
| David J. D'Antoni*                          |    |
| Valdemar L. Fischer*                        |    |
| Richard S. Grant<br>(Chairman of the Board) |    |
| Allan R. Rothwell*                          |   |
| Lori A. Walker*                             |  |
| Amy J. Yoder*                               |  |

\*Independent

| Qualifications and Attributes Summary    |   |
|--|---|
| Business/Functional Leader (9 Directors) |  |
| Diversity (4 Directors)                  |  |
| Financial Experts (3 Directors)          |  |
| Risk Management (8 Directors)            |  |
| Industry Knowledge (4 Directors)         |  |
| Sales and Marketing (8 Directors)        |  |
| Strategy/M&A (9 Directors)               |  |
| International Business (9 Directors)     |  |

## **Executive Compensation Philosophy**

## CEO Transition



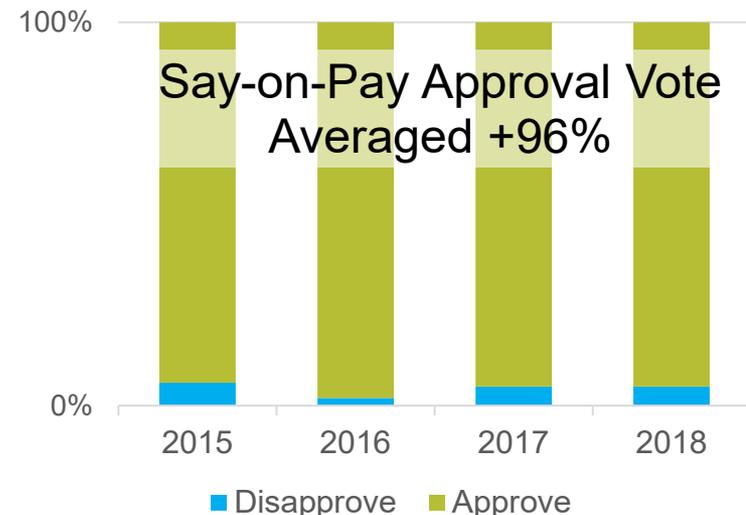
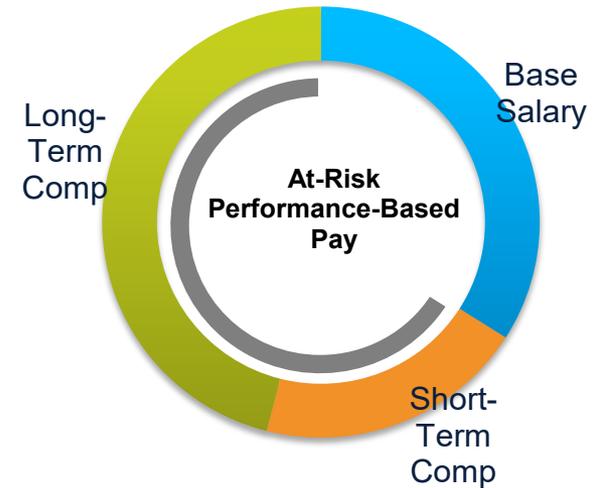
- Richard S. Grant has been serving as Interim CEO since the November 2018 departure of our CEO
  - Mr. Grant had previously served as the company's lead independent director
- Separation payments and benefits paid to former CEO were with consistent with former CEO's employment agreement
  - Lump sum payment of ~\$2.1 million
  - Accelerated vesting of stock options and RSUs
  - Continued vesting of PSUs based on company's actual performance
  - Likely to create a temporary bulge in CEO pay results
- Retention of remaining executive officers to encourage stability through CEO transition is a Board of Director priority

# Executive Compensation Program and Philosophy



- Seeks to align executive officer and shareholder interests
- Is performance based with a significant variable component, consistent with our pay-for-performance philosophy
- Includes at-risk short-term and long-term components
- Provides total direct compensation that is tied to performance, competitive in comparison to our peers and appropriate to attract and retain top talent

## Executive Compensation Program

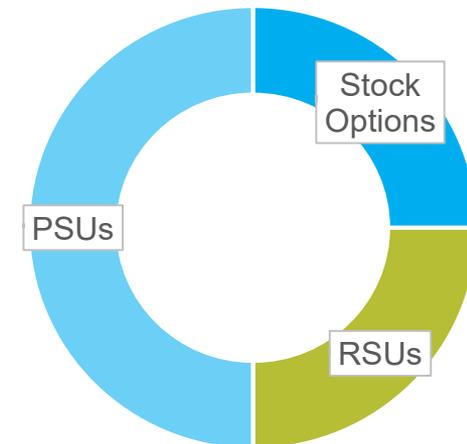


# Executive Officer (other than Interim CEO) Compensation Components



- Base pay
- Short-term cash incentive based on:
  - Company adjusted EBITDA and, for business unit executive officers business unit adjusted EBITDA (weighted at 80%)
  - Individual performance (weighted at 20%)
- Long-term equity incentives:
  - Stock options
    - Four-year ratable vesting, seven-year term
    - Value is based on future stock price growth
  - RSUs
    - Three-year cliff vesting
    - Vesting contingent on achieving company adjusted EBITDA financial performance hurdle for the initial grant year
  - PSUs
    - Three-year cliff vesting
    - Number of shares earned based on significant performance hurdles for rTSR (maximum potential of 150% of target) and ROIC (maximum potential of 200% of target)

## LONG-TERM INCENTIVES



# 2018 Compensation: NEO Total Comp Reflects Performance



- Base salary increases for certain NEOs due to reallocation of responsibilities
  - After increases, NEO\* base salaries averaged 1.4% below the 50<sup>th</sup> percentile of our market group
- Short-term cash incentive performance results averaged 22.5% below target
- Long-term equity incentives
  - All stock options granted in past seven years currently underwater with lowest strike price at \$59.50
  - 0% of PSUs based on ROIC and rTSR vested in 2018
  - 0% of PSUs based on ROIC vested in 2019 (rTSR PSU performance not yet determined)
- NEO\* total direct compensation at target averaged 13.4% below the 50<sup>th</sup> percentile of our market group

| Short Term Incentive Performance  |                                  |
|-----------------------------------|----------------------------------|
| NEO                               | % of Target 2018 MAIP Bonus Paid |
| J. Standen – CFO                  | 76.8%                            |
| S. Griffith – SVP Plant Nutrition | 86.7%                            |
| A. Sepich – SVP Salt              | 71.7%                            |
| D. Toman – SVP General Counsel    | 74.8%                            |

\* Excludes Interim CEO and former executive officers.

## 2019 Compensation Decisions



- No material base salary increases
- Increases to target short-term incentive and long-term incentives, in line with market group compensation
- Eliminated stock options from the equity award mix for executive officers
- Special RSU retention awards to encourage stability through CEO transition and retention of key talent
- Adoption of executive severance plan to encourage retention of key talent

## **Appendix**

# Reconciliation of Non-GAAP Information



| Reconciliation for EBITDA and Adjusted EBITDA (unaudited) |  |
|---|--|
| (in millions)   |  |
|   | Twelve months ended<br>December 31, 2018 |
| Net earnings (loss)                                       | \$ 68.8                                  |
| Interest expense  | 62.5                                     |
| Income tax expense  | 8.8                                      |
| Depreciation, depletion and amortization                  | 136.9                                    |
| EBITDA  | <u>\$ 277.0</u>                          |
| Adjustments to EBITDA                                     |  |
| Restructuring charges                                     | -  |
| CEO transition costs <sup>(1)</sup>                       | 5.1                                      |
| Other (income) expense, net <sup>(2)</sup>                | <u>(8.8)</u>                             |
| Adjusted EBITDA   | <u>\$ 273.3</u>                          |
| Revenue   | \$ 1,593.6                               |
| Adjusted EBITDA margin                                    | <u>18.3%</u>                             |

(1) The company incurred certain severance costs related to the transition of Mr. Malecha from his role as Chief Executive Officer and the appointment of Mr. Grant to Interim Chief Executive Officer. These costs related primarily to separation payments and benefits, including the accelerated vesting of certain equity awards.

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

# Reconciliation of Non-GAAP Information



## Reconciliation for Salt Segment EBITDA (unaudited) (in millions)

|  | Twelve months ended<br>December 31, 2018 |
|--|--|
| Segment GAAP operating earnings          | \$ 115.7                                 |
| Depreciation, depletion and amortization | 56.2                                     |
| Segment EBITDA                           | \$ 171.9                                 |
| Restructuring charges                    | -  |
| Adjusted segment EBITDA                  | \$ 171.9                                 |
| Segment sales                            | 858.1                                    |
| Segment adjusted EBITDA margin           | 20.0%                                    |

# Reconciliation of Non-GAAP Information



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

(in millions)

|   | Twelve months ended<br>December 31, 2018 |
|---|--|
| Plant Nutrition North America GAAP operating earnings | \$ 25.3                                  |
| Depreciation, depletion and amortization              | 48.6                                     |
| Plant Nutrition North America EBITDA                  | <u>\$ 73.9</u>                           |
| Plant Nutrition South America GAAP operating earnings | \$ 48.7                                  |
| Depreciation, depletion and amortization              | 22.2                                     |
| Earnings in equity method investee                    | 1.0                                      |
| Plant Nutrition South America EBITDA                  | <u>\$ 71.9</u>                           |
| Total Plant Nutrition North and South America EBITDA  | 145.8                                    |
| Total Plant Nutrition North and South America Revenue | 625.0                                    |
| Segment adjusted EBITDA margin                        | 23.3%                                    |