



# FIRST QUARTER BUSINESS UPDATE

May 5, 2020



# Forward-Looking Statements



*Certain statements in this presentation, including without limitation statements about planted acres; product sales; the company's 2020 strategic priorities, including the Plant Nutrition South America business strategic review and ability to deliver on commitments and build a sustainable culture; the company's outlook for the second quarter 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 rate; pricing; EBITDA margin; costs; earnings; cost and cost management tactics; leverage ratio; a securitization facility; and free cash flow 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) any impact of the COVID-19 pandemic, (ii) weather conditions, (iii) pressure on prices and impact from competitive products, (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 strategic priorities or its cost saving or enterprise optimization initiatives, and (vi) the outcome of the company's 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 Report on Form 10-Q for the quarter ended March 31, 2020, 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.*

# 1Q20 Highlights

## Year-over-Year Growth in: Operating Earnings

**+ 33%**

**EBITDA\***

**+ 15%**

**1Q20 EPS**

**\$0.80**

**vs.**

**1Q19 EPS**

**\$0.22**



## Cash Flow from Operations of

**\$228.6 M**

**+ 78%**

**vs. 1Q19**

**~\$110 M**

**Cash on Hand**

**(as of 3/31/2020)**

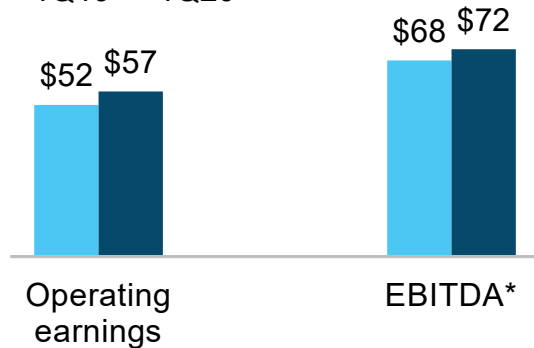
# 1Q20 EBITDA\* Growth in All Three Segments



## Salt Segment

(In millions of U.S. dollars)

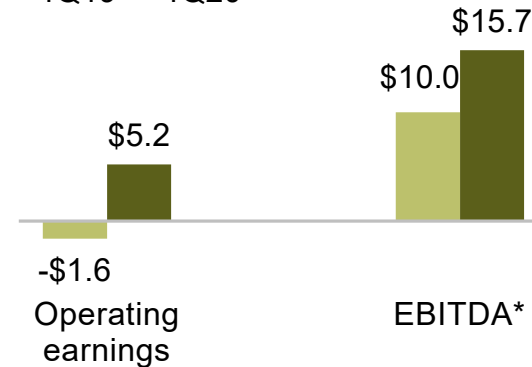
■ 1Q19 ■ 1Q20



- Mild winter reduced 1Q20 sales volumes and revenue vs. prior year
- Strong pricing for North America highway deicing pushed earnings higher vs. prior year
- Production rates at North America mines remained strong
  - Last-twelve-months Goderich mine production up 32% vs. LTM 1Q19

## Plant Nutrition North America

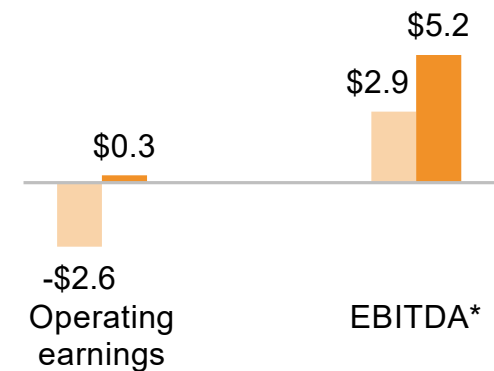
■ 1Q19 ■ 1Q20



- Sales volumes up 68% vs. prior year on strong SOP and micronutrient demand
- Favorable application and planting conditions compared to prior year
- Substantial increase in row crop acres expected to be planted in North America versus 2019

## Plant Nutrition South America

■ 1Q19 ■ 1Q20



- Improved grower economics and fertilizer affordability boosted agriculture product sales
- Rest-of-year outlook remains strong for agriculture product sales due to robust grower economics
- Solid quarter for chemical solutions business driven by demand for chlor-alkali and water treatment products

# Our COVID-19 Focus



## Health and Safety of our Employees

- Implemented work-from-home policies where possible as well as travel ban
- Staggered shifts and restricted work crews at production sites
- Restrictions on site visits and enhanced safety protocols for contractors
- Enhanced sanitary practices throughout global operations



## Meeting Customer Needs for our Essential Products

- All North America and Brazil manufacturing facilities have remained open
  - U.K. mine idled at end of March in voluntary compliance with government recommendations
- No material impacts to date on logistics or critical raw material sourcing



## Liquidity Management

- Ended 1Q20 with \$110 million cash on hand
- Carefully monitoring all capital expenditures and minimizing spending where possible



## Intensified Risk Management

- Pressure testing business plans under a variety of potential challenges
- Preparing a range of measures to address potential impacts

# Key 2020 Strategic Priorities



## Strategic Assessment

- Temporarily suspending strategic review of Plant Nutrition South America business
- Strong start to the year reinforces our view of its value proposition

## Deliver on Commitments

- Meet then exceed customer expectations, even in this challenging time
- Continue operational improvements at mines and plants
- Full commitment to optimization effort across enterprise
- Enhance balance sheet flexibility

## Build Sustainable Culture

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

# 1Q20 Consolidated Results Snapshot



Consolidated Results (Dollars in millions)	1Q20 vs. 1Q19	Commentary
Revenue growth	+3%	<ul style="list-style-type: none"> <li>Year-over-year 1Q20 revenue increases in Plant Nutrition North and South America segments more than offset mild winter impact on Salt sales</li> </ul>
Operating earnings growth	+33%	<ul style="list-style-type: none"> <li>Positive 1Q20 operating earnings and adjusted EBITDA* performance across all operating segments</li> </ul>
Adjusted EBITDA* growth	+15%	<ul style="list-style-type: none"> <li>Adjusted EBITDA* margin improved 2.1% pts. for the quarter vs. 1Q19 results</li> </ul>
Adjusted EBITDA* margin	19.2%	<ul style="list-style-type: none"> <li>Strong cash flow from operations generation, up 78% from 1Q19 result; up 35% excluding \$55 million U.S. tax refund</li> </ul>
Cash flow from operations	\$228.6	<ul style="list-style-type: none"> <li>Free Cash Flow* of ~\$145 excluding tax refund vs. \$107 million in 1Q19</li> </ul>

## Adjusted EBITDA\* (in millions)



\*Earnings before interest, taxes, depreciation and amortization and adjusted for special items (EBITDA) and Free Cash Flow are non-GAAP measures. See appendix for reconciliations.

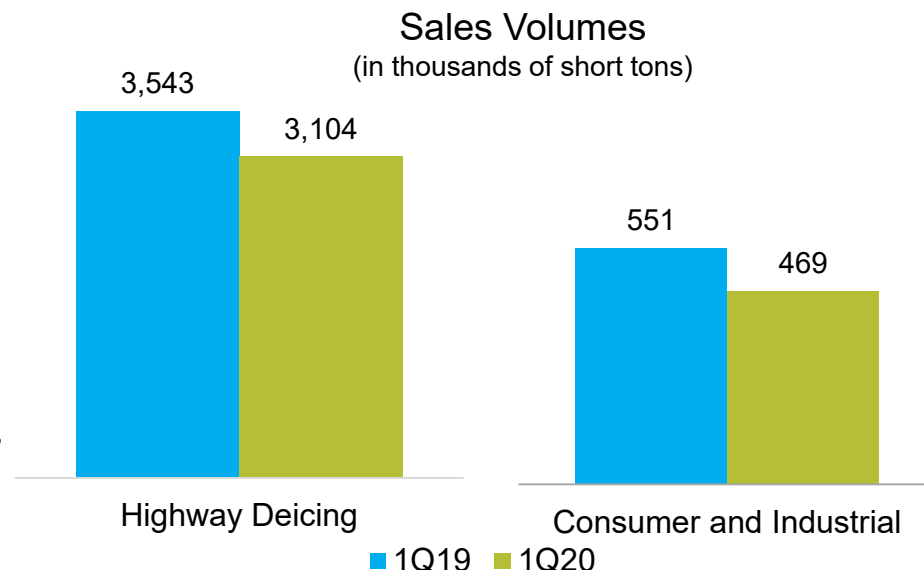
# Improved 1Q20 Salt Segment Earnings Despite Mild Winter Weather



- Salt segment 1Q20 revenue declined 6% vs. prior year
  - Sales volumes down 13% vs. 1Q19 due to mild winter weather that reduced sales of highway deicing and consumer & industrial products
    - North American snow events in 1Q20 estimated to be 24% below 10-year average
  - Average selling price up 8% vs. 1Q19 primarily due to highway deicing contract price increases in North America
    - Highway deicing average selling price up 12% while C&I average selling price down 3% on sales mix impacts
- Stronger pricing more than offset production cost increases
  - Per-unit cost impacted by significantly lower U.K. production rates
  - Equipment refurbishment and upgrades at Goderich mine resulted in incremental costs in 1Q20

Salt Segment Results (\$ in millions)	1Q20	1Q19	%Δ
Revenue	\$288	\$306	-6%
Operating earnings	\$57	\$52	+9%
Operating earnings margin	20%	17%	+3 pts
Adjusted EBITDA*	\$72	\$68	+6%
Adjusted EBITDA* margin	25%	22%	+3 pts
Average price per ton	\$81/ton	\$75/ton	+8%

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





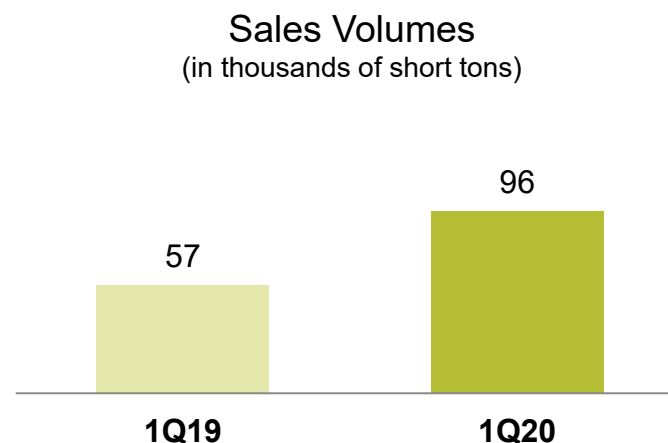
# Plant Nutrition North America Posts Strong 1Q20 Results



- Revenue up 63% vs. 1Q19 on 68% increase in sales tons partially offset by 4% lower average sales price
  - SOP and micronutrient sales volumes increased significantly vs. prior year driven by favorable application and planting conditions in key agriculture markets in North America
  - SOP-only sales price down 3% to \$581 per ton mainly due to geographic sales mix vs. prior year
- Operating earnings increased \$6.8 million vs. 1Q19 and EBITDA\* up 57%
  - Earnings benefited from decreased logistics costs driven by more favorable geographic sales mix
  - SOP-only per-unit cash cost held steady vs. prior year

Plant Nutrition North America Segment Results (\$ in millions)			
	1Q20	1Q19	%Δ
Revenue	\$61	\$37	+63%
Operating earnings	\$5.2	(\$1.6)	-
Operating margin	9%	-4%	+13 pts
EBITDA*	\$16	\$10	57%
EBITDA* margin	26%	27%	-1 pt
Average price per ton	\$632/ton	\$656/ton	-4%

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



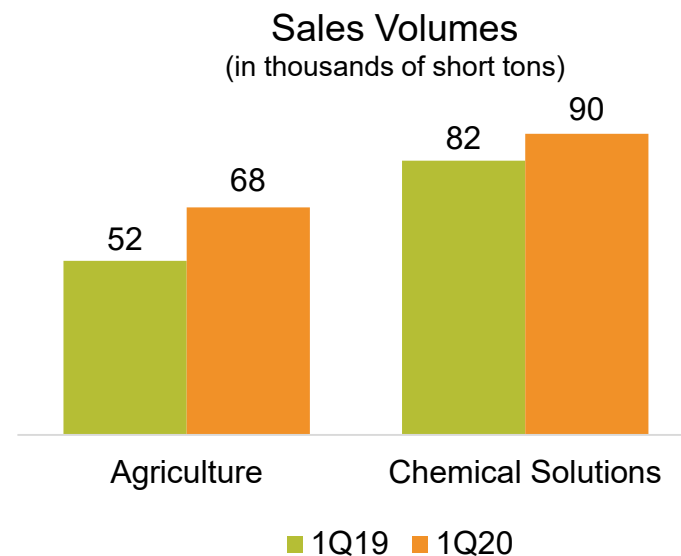
# Agriculture Sales Growth Boosts 1Q20 Plant Nutrition South America Results



- Revenue up 9% vs. 1Q19 on 18% higher sales volumes and an 8% decline in average sales price
- In local currency, revenue up 24% and average sales price up 5%
  - Agriculture sales volumes jumped 31% due to improved grower economics, particularly for soybeans
  - Chemical solutions volumes up 10% on increased water treatment and chlor-alkali demand
- Operating earnings and EBITDA\* lifted by improved agriculture and chemical solutions sales as well as lower logistics and per-unit costs
- BRL weakened significantly vs. prior year, which supported increased sales, but pressured reported earnings
  - Average 1Q20 BRL-USD rate 4.28 vs. 3.76 in 1Q19
  - Current exchange rate above 5.25

Plant Nutrition South America Segment (\$ in millions)	vs		vs	
	1Q20 USD	1Q19 USD	1Q20 BRL	1Q19 BRL
Revenue	\$63	+9%	R\$269	+24%
Operating earnings	\$0.3	-	R\$1.0	-
Operating earnings margin	0.5%	+5 pts	0.4%	+4.9 pts
EBITDA*	\$5	+79%	R\$22	+102%
EBITDA* margin	8%	+3 pts	8%	+3 pts
Average price per ton	\$397	-8%	R\$1,699	+5%

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



# 2Q20 Outlook



	Salt	Plant Nutrition North America	Plant Nutrition South America
2Q20 Revenue	\$110M — \$125M	\$45M — \$55M	\$75M — \$85M
2Q20 EBITDA	\$28M — \$35M	\$13M — \$18M	\$8M — \$12M

- Salt segment 2Q20 revenue expected to increase modestly on improved pricing vs. prior year while EBITDA margin expected to be impacted by short-term increase in per-unit cost
- Plant Nutrition North America segment expected to deliver similar revenue and EBITDA to 2Q19 due to anticipated strong pull-forward of sales volumes in 1Q20
- Plant Nutrition South America expected to deliver similar revenue to 1Q19 but increased earnings anticipated due to improved product sales mix and lower logistics and per-unit cost
  - Much stronger performance expected in local currency with top-line growth of approximately 20% and EBITDA growth of more than 75%

# 2020 Full-Year Guidance Items



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)	10.7	11.1	11.0	11.5
Plant Nutrition North America Segment sales volumes (in thousands of tons)	340	365	340	380
Plant Nutrition South America Segment sales volumes (in thousands of tons)	800	900	unchanged	
<b>Consolidated and Corporate Outlook</b>	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>
<b>Consolidated EBITDA</b>	<b>\$330</b>	<b>\$370</b>	<b>\$350</b>	<b>\$400</b>
Corporate and other expense*	\$50	\$55	unchanged	
Interest expense	\$77	\$80	unchanged	
Depreciation, depletion and amortization	\$135	\$138	unchanged	
Capital expenditures	\$100	\$110	unchanged	
Effective tax rate	~30%		unchanged	

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

# Contingency Planning to Mitigate COVID-19 Risks



Multi-phased approach to cost and cash management

- Critical role hiring only
- Limit business travel and entertainment for foreseeable future
- Control and reduce discretionary spending
- Managing to lower capital spending and delaying projects where possible

# Strong Liquidity Position with Limited Near-Term Maturities



## DEBT MATURITIES BY YEAR

(in millions, as of March 31, 2020)



## Total Year-End Liquidity

(in millions)



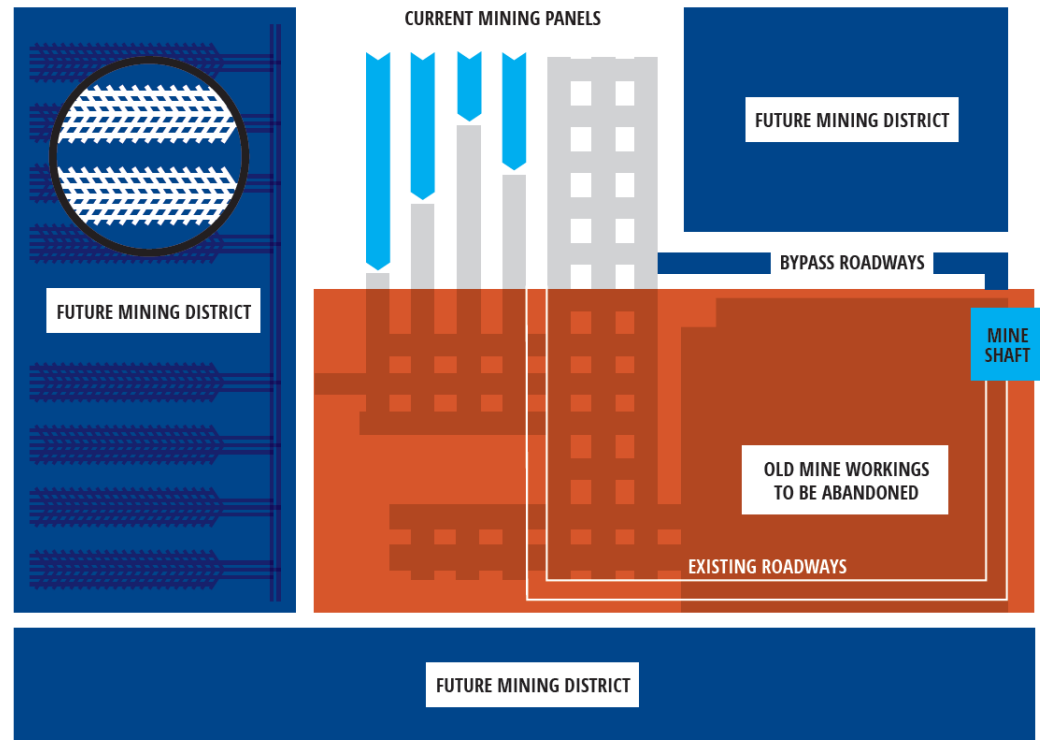
- \$110 million of cash on hand and \$340 million of total liquidity at end of 1Q20
- No large debt maturities until 2024
- Planning for A/R securitization facility to further enhance liquidity in 2020 and 2021
- Expect FCF range from \$120 million to \$150 million
- Anticipate ending 2020 with adjusted net-debt-to-EBITDA leverage ratio of ~3.9x

# Appendix

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

- 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.*



# Reconciliation of Non-GAAP Information



Reconciliation for EBITDA and Adjusted EBITDA (unaudited)		
(in millions)		
	Three months ended March 31,	
	2020	2019
Net earnings	\$ 27.6	\$ 7.6
Interest expense	19.0	16.2
Income tax expense	11.7	4.9
Depreciation, depletion and amortization	33.1	35.0
EBITDA	\$ 91.4	\$ 63.7
Adjustments to EBITDA		
Stock-based compensation – non cash	2.4	1.1
(Gain) loss on foreign exchange	(14.3)	5.0
Other expense (income), net	0.1	(0.6)
Adjusted EBITDA	\$ 79.6	\$ 69.2
Total Revenue	\$ 413.9	\$ 403.7
Adjusted EBITDA margin	19%	17%

# Reconciliation of Non-GAAP Information



Reconciliation for Salt Segment EBITDA (unaudited) (in millions)		
	Three months ended March 31,	
	2020	2019
Segment GAAP operating earnings	\$ 56.9	\$ 52.3
Depreciation, depletion and amortization	14.6	15.3
Segment EBITDA	\$ 71.5	\$ 67.6
Segment sales	287.8	306.4
Segment EBITDA margin	24.8%	22.1%

Estimated Effect of Winter Weather on Salt Segment Performance (in millions)				
	Three months ended March 31,		Winter Season(1)	
	2020	2019	2020	2019
Favorable (unfavorable) to average weather: Sales	(\$40) to (\$45)	\$20 to \$25	(\$40) to (\$45)	\$4 to \$7
Operating earnings	(\$15) to (\$18)	\$8 to \$10	(\$15) to (\$18)	~\$2

(1) Includes estimated impact for the three months ended March 31 and the three months ended December 31.

# Reconciliation of Non-GAAP Information



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

	Three months ended March 31,	
	2020	2019
Segment GAAP operating earnings (loss)	\$ 5.2	\$ (1.6)
Depreciation, depletion and amortization	10.5	11.6
Segment EBITDA	\$ 15.7	\$ 10.0
Segment sales	60.6	37.2
Segment EBITDA margin	25.9%	26.9%

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

	Three months ended March 31,	
	2020	2019
Segment GAAP operating earnings (loss)	\$ 0.3	\$ (2.6)
Depreciation, depletion and amortization	5.0	5.6
Earnings in equity method investee	(0.1)	(0.1)
Segment EBITDA	\$ 5.2	\$ 2.9
Segment sales	62.8	57.7
Segment EBITDA margin	8.3%	5.0%

# Reconciliation of Non-GAAP Information



Reconciliation for Free Cash Flow (unaudited, in millions)		
	1Q19	1Q20
Cash Flow From Operations	\$128	\$229
Capital Spending	(22)	(25)
Free Cash Flow	\$107	\$204