Q1
2014

Experience growth.

QUARTERLY FINANCIAL REPORT
OF THE K+S GROUP
JANUARY TO MARCH

+ Robust demand in the Potash and Magnesium Products business unit
+ Price level for potash fertilizers has bottomed out
+ De-icing salt sales volume up significantly on previous year
+ At € 1,189 million, quarterly revenues down moderately on previous year
+ Operating earnings EBIT I at € 220 million
+ "Fit for the Future" delivering first successes
+ 2014 outlook unchanged: Significant decrease in operating earnings due to lower average prices for potash products year on year

KEY DATA BUSINESS DEVELOPMENT

KEY FIGURES (IFRS)

		Q1/14	Q1/13	%
Revenues	€ million	1,189.0	1,280.3	(7.1)
– thereof Potash and Magnesium Products business unit	€ million	507.4	625.5	(18.9)
– thereof Salt business unit	€ million	641.0	614.5	+ 4.3
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	€ million	279.8	336.3	(16.8)
– thereof Potash and Magnesium Products business unit	€ million	165.5	236.0	(29.9)
– thereof Salt business unit	€ million	113.7	100.2	+ 13.5
Operating earnings (EBIT I)	€ million	219.6	277.9	(21.0)
– thereof Potash and Magnesium Products business unit	€ million	134.4	209.2	(35.8)
– thereof Salt business unit	€ million	89.1	73.1	+ 21.9
EBIT I margin	%	18.5	21.7	–
– thereof Potash and Magnesium Products business unit	%	26.5	33.4	–
– thereof Salt business unit	%	13.9	11.9	–
Group earnings from continued operations, adjusted [1]	€ million	141.5	190.2	(25.6)
Earnings per share from continued operations, adjusted [1]	€	0.74	0.99	(25.6)
Capital expenditure [2]	€ million	164.6	110.8	+ 48.6
Depreciation and amortisation [2]	€ million	60.2	58.4	+ 3.1
Operating cash flow	€ million	379.3	314.0	+ 20.8
Free cash flow	€ million	(361.6)	134.8	–
Free cash flow, adjusted [3, 4]	€ million	203.6	212.2	(4.1)
Net debt as of 31 March	€ million	831.9	618.8	+ 34.4
Net debt/EBITDA (LTM)		1.0	0.6	–
Equity ratio (%)	%	46.1	53.1	–
Return on Capital Employed (LTM) [5]	%	13.9	20.9	–
Book value per share as of 31 March	€	18.20	19.05	(4.5)
Average number of shares	million	191.40	191.40	–
Employees as of 31 March [6]	number	14,330	14,300	+ 0.2
Market capitalisation as of 31 March	€ billion	4.6	6.9	(34.3)
Enterprise Value as of 31 March	€ billion	5.4	7.6	(28.7)

[1] The adjusted key figures only include the result from operating forecast hedges of the respective reporting period reported in EBIT I, which eliminates effects from changes in the market value of the hedges as well as effects from the exchange rate hedging of future capital expenditure in Canadian dollar (Legacy Project). Related effects on deferred and cash taxes are also eliminated; tax rate for Q1/14: 28.6 % (Q1/13: 28.5 %).
[2] Capital expenditure in or depreciation on property, plant and equipment, intangible assets and investment properties as well as depreciation on financial assets.
[3] Q1/14: € (0.4) million, Q1/13: € (5.8) million.
[4] Q1/14: € (564.8) million, Q1/13: € (71.6) million.
[5] Return on capital employed of the last twelve months as of 31 March.
[6] FTE: Full-time equivalents; part-time positions are weighted in accordance with their respective share of working hours.

In this Quarterly Financial Report rounding differences may arise in percentages and numbers.

CONTENTS

← Key Data Business Development U2

1 MANAGEMENT REPORT

1.1 Group Structure and Business Operations 3
1.2 Corporate Strategy and Enterprise Management 3
1.3 Overview of Course of Business 3
1.4 Earnings, Financial and Asset Position 8
1.5 Segments of the K+S GROUP 14
1.6 Employees 19
1.7 Research and Development 19
1.8 Risk Report 20
1.9 Opportunity Report 20
1.10 Subsequent Events 20
1.11 Forecast Report 20
1.12 Guarantee of the Legal Representatives of K+S Aktiengesellschaft 23

2 FINANCIAL SECTION

2.1 Income Statement 25
2.2 Cash Flow Statement 27
2.3 Balance Sheet 29
2.4 Statement of Changes in Equity 30
2.5 Notes 31
2.6 Summary by Quarter 36

MANAGEMENT REPORT

1

1.1	Group Structure and Business Operations	3
1.2	Corporate Strategy and Enterprise Management	3
1.3	Overview of Course of Business	3
1.4	Earnings, Financial and Asset Position	8
1.5	Segments of the K+S GROUP	14
1.6	Employees	19
1.7	Research and Development	19
1.8	Risk Report	20
1.9	Opportunity Report	20
1.10	Subsequent Events	20
1.11	Forecast Report	20
1.12	Guarantee of the Legal Representatives of K+S Aktiengesellschaft	23

1.1 GROUP STRUCTURE AND BUSINESS OPERATIONS

For a comprehensive description of our Group structure and business operations, including our products and services, please see the relevant passages in our Financial Report 2013 from page 45.

Changes in the scope of consolidation are presented in the Notes of this Quarterly Financial Report on page 31. The Group structure and business operations described in the Financial Report 2013 remain unchanged.

1.2 CORPORATE STRATEGY AND ENTERPRISE MANAGEMENT

There were no changes in the strategy of the Company and its enterprise management in the first quarter. For a detailed description of the corporate strategy and enterprise management, please see the relevant passages in the Financial Report 2013 starting on page 54.

1.3 OVERVIEW OF THE COURSE OF BUSINESS

MACROECONOMIC ENVIRONMENT

The following discussion about the macroeconomic situation is based on the assessments of the KIEL INSTITUTE FOR THE WORLD ECONOMY and of the INTERNATIONAL MONETARY FUND.

The global economy continued to recover in the first quarter of 2014. The increase in economic activity was primarily attributable to positive developments in the industrialised countries.

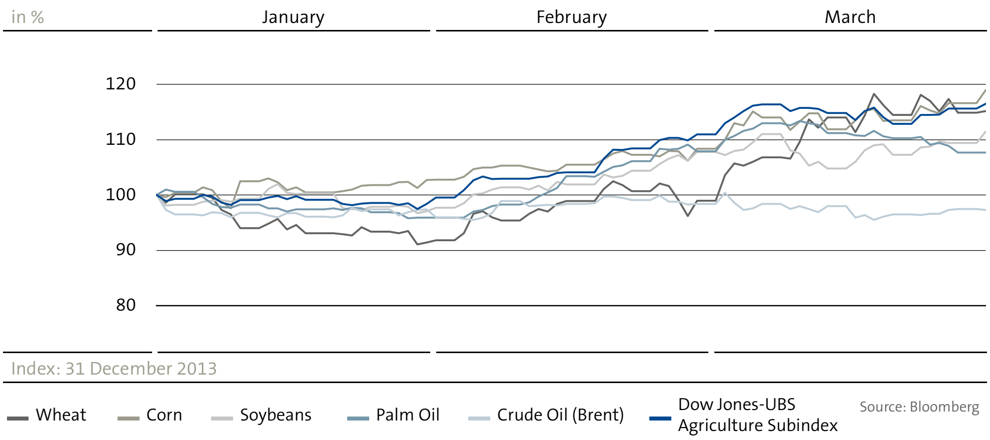
Over the past few months, a recovery has also been discernible in the European Union. Exports have risen appreciably and capital expenditure too has seen significant rates of growth. Private consumption remained muted because of constantly high unemployment.

In the United States, economic momentum has slowed because of an exceptionally harsh winter. Investment in commercial and industrial construction stagnated while investment in residential property construction declined moderately. The rise in employment was also somewhat weaker in the winter months as a result of weather factors. This was offset by a slight increase in private consumer spending.

The rise in production in the emerging market countries faltered. Economic problems and political uncertainty in Thailand, Turkey, South Africa and Ukraine resulted in the considerable withdrawal of foreign capital. In addition, some emerging market countries the relative weakness of their domestic currencies affected growth rates negatively.

Monetary policy in the industrialised countries continued to be expansionary during the course of the first quarter of 2014. The EUROPEAN CENTRAL BANK (ECB) and the FEDERAL RESERVE BANK (FED) left their key interest rates at 0% to 0.25%.

DEVELOPMENT OF PRICES FOR AGRICULTURAL PRODUCTS AND CRUDE OIL FIG: 1.3.1



Source: Bloomberg

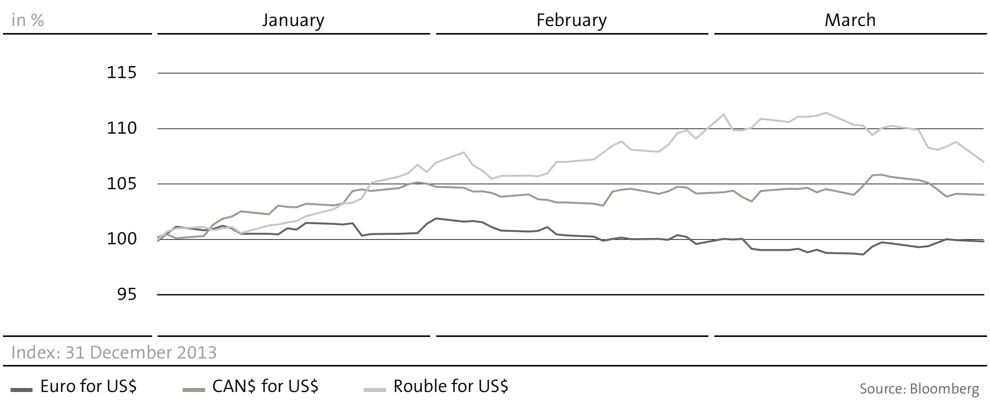
As a result of strong demand, prices for agricultural raw materials saw significant growth in the first quarter. In particular, the decrease in global corn and soybean stocks exceeded market expectations with the result that these prices rose by 19% and 12% respectively in the first three months of the year.

The DOW JONES-UBS AGRICULTURE SUBINDEX, which tracks futures prices for corn, soybeans, sugar, wheat, soya oil, cotton and coffee, rose by about 16% during the quarter under review.

The price of Brent crude oil fell slightly over the course of the quarter and was about US$ 108 per barrel at the end of March (31 December 2013: US$ 111; 31 March 2013: US$ 110). The price decline was probably attributable to the modest economic prospects for the emerging market countries, which could be expected to impact negatively on the demand for crude oil; at about US$ 108, the average price in the first quarter of 2014 was down slightly on the figure for the same period a year ago (Q1/13: US$ 113).

The US dollar remained more or less stable against the euro over the course of the quarter under review and as of 31 March, the exchange rate was 1.38 EUR/USD (31 December 2013: 1.37 EUR/USD; 31 March 2013: 1.28 EUR/USD). The relative strength of the euro continued to benefit from improved economic prospects for the eurozone. In terms of the average for the quarter, the US dollar was, at 1.37 EUR/USD, weaker compared to the same quarter of the previous year (Q1/13: 1.32 EUR/USD).

DEVELOPMENT OF CURRENCIES FIG: 1.3.2



Source: Bloomberg

IMPACT ON K+S

The changes in the macroeconomic environment had the following main effects on the course of business for K+S in the first quarter:

+ The energy costs of the K+S GROUP are particularly affected by the costs of obtaining gas. Since a part of the gas procurement is correlated with the price of crude oil, this has effects on our cost accounting. Nevertheless, our diversified purchasing strategy allows for a high degree of flexibility with regard to sources of gas supply. Overall, this enabled us to reduce our energy costs further.
+ In addition to the EUR/USD currency relationship, a relative comparison of the currencies of our competitors (Canadian dollar, Russian rouble) in relation to the US dollar in each case is of importance for us. A strong US dollar normally has a positive impact on the earnings capacity of most of the world's potash producers in their respective local currency; this is due to the fact that the bulk of worldwide potash output lies outside the US dollar zone while almost all sales, with the exception of the European volumes, are invoiced in US dollars. Figure 1.3.2 shows that the fluctuations of the US dollar against the euro were comparatively modest. The currencies of the competitors from Russia and Canada fell moderately over the course of the quarter against the US dollar.
+ Foreign currency hedging system: As a result of the hedging instruments used for the Potash and Magnesium Products business unit, the exchange rate in the first quarter was on average 1.35 EUR/USD incl. hedging costs (Q1/13: 1.31 EUR/USD) and thus more favourable than the average spot rate (1.37 EUR/USD).

INDUSTRY-SPECIFIC FRAMEWORK CONDITIONS

The conditions in important sales regions and the competitive positions of the individual business units described in the "Group Structure and Business Operations" section of the Financial Report 2013 on page 45 remained almost unchanged.

POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT

The market for products containing potash has displayed a significant tendency towards stabilisation over the past few months. North American and Russian producers were able to conclude contracts with Chinese and Indian customers; further suppliers followed. Against this backdrop, demand stabilised and international prices for potassium chloride rose. In our main sales regions of Europe and Brazil, demand was high in the first quarter.

SALT BUSINESS UNIT

DE-ICING SALT – WESTERN EUROPE

Given the mild winter, demand for de-icing salt in the first quarter of 2014 was down significantly on the same period a year ago. Consequently, stocks held by suppliers as well as customers remained comparatively high.

DE-ICING SALT – NORTH AMERICA

In the de-icing salt regions of the United States and in Canada, distinct and continued wintry weather conditions at the start of the year caused demand to rise significantly. The high de-icing salt stocks resulting from two consecutive mild winters decreased substantially in the first quarter of 2014.

INDUSTRIAL SALT

Europe saw stronger competition with demand remaining more or less constant. In North America, demand for industrial salt for the pharmaceutical industry as well as for the oil and gas industries rose while sales volumes for water softening salts remained stable. In South America, demand for industrial salt in the first quarter was on the level of a year ago.

FOOD GRADE SALT

Demand for food grade salt in Europe and in South America remained good. In the high-end table salt segment in North America once again moderate growth rates became apparent.

SALT FOR CHEMICAL USE

While demand for salt for chemical use in the South American sales regions largely remained stable in the first quarter, Europe displayed a slight improvement. Demand also grew in North America.

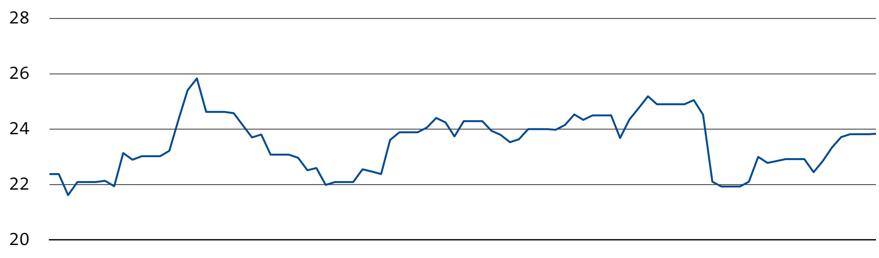
K+S ON THE CAPITAL MARKET

COURSE OF THE K+S SHARE PRICE IN THE FIRST QUARTER

/ YOU CAN FIND THE CURRENT SHARE PRICE AND FURTHER INFORMATION ABOUT THE SHARE at www.k-plus-s.com/en/ks-aktie.

+ At the beginning of the first quarter, the K+S share was quoted at a good € 22. During the first few weeks of the period under review, the share price profited from strong demand for de-icing salt in North America and from positive reports from the potash market. The share price rose to about € 25 at the start of March.
+ In the middle of March, our outlook for 2014 was received negatively by the capital market, with the result that the share price fell to just under € 22. Positive price and volume trends on the potash market as well as the continued strength of the de-icing salt business in the United States and in Canada subsequently resulted in a renewed recovery.
+ On 31 March, the price of the K+S share closed at € 23.85. It was thus just under 7% above the closing price of 2013. Over the same period, the DAX, MSCI WORLD and STOXX 600 indices remained more or less constant.

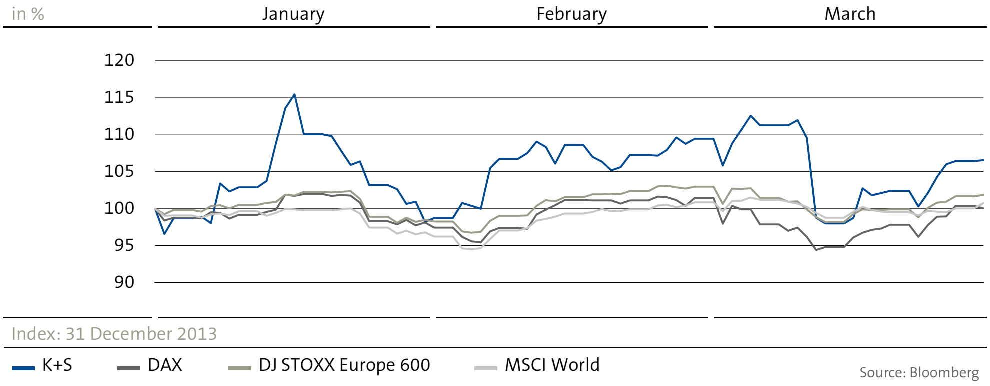
DEVELOPMENT OF THE K+S SHARE / MONTHLY HIGHEST AND LOWEST PRICES FIG: 1.3.3



in €	January	February	March
Highest price	25.84	24.53	25.19
Lowest price	21.61	22.09	21.93

Source: Bloomberg

PERFORMANCE OF THE K+S SHARE IN RELATION TO DAX, DJ STOXX EUROPE 600 AND MSCI WORLD FIG: 1.3.4



Source: Bloomberg

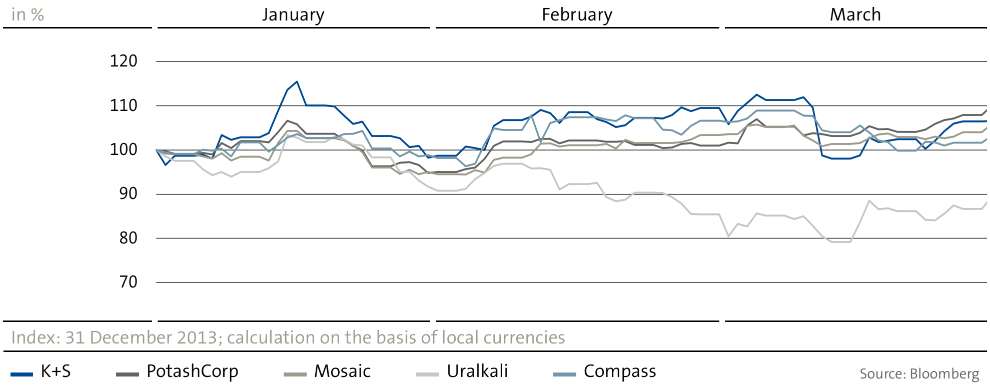
CAPITAL MARKET KEY DATA TAB: 1.3.1

		Q1/14	Q1/13	%
Closing price as of 31 March	XETRA, €	23.85	36.29	(34.3)
Highest price	XETRA, €	25.84	37.53	(31.1)
Lowest price	XETRA, €	21.61	32.61	(33.7)
Average price	XETRA, €	23.49	34.73	(32.4)
Performance year-to-date	%	+ 6.6	+ 3.7	–
Market capitalisation as of 31 March	€ billion	4.6	6.9	(34.3)
Enterprise value as of 31 March	€ billion	5.4	7.6	(28.7)

Source: Bloomberg

While the share prices of MOSAIC (+ 6%) and POTASHCORP (+ 10%) rose tangibly since the start of the year, the price of the URALKALI share fell by about 11%. The share price of salt producer COMPASS rose by 3% during the period under review.

PERFORMANCE OF THE K+S SHARE IN RELATION TO PEERS FIG: 1.3.5



Source: Bloomberg

According to Bloomberg, currently 10 banks gave us a "buy/accumulate" recommendation, 16 a "hold/neutral" recommendation and 12 a "reduce/sell" recommendation. The average target price was € 22.71.

SHAREHOLDER STRUCTURE

During the first quarter of 2014, there were no significant changes in the shareholder structure; insofar, it was as follows as of 31 March:

+ MERITUS TRUST COMPANY LIMITED via EUROCHEM GROUP SE: 9.88% (notification of 12 July 2011)
+ BLACKROCK: 5.08% (notifications of 11 May 2012)

Under the free float definition applied by DEUTSCHE BÖRSE AG, the free float remains unchanged at about 90%.

K+S BONDS

As a result of the continued high provision of liquidity by the ECB and the other major central banks, the bond prices of obligors with good credit ratings remained on a high level on the capital market while yields were comparatively low.

BOND PRICES AND YIELDS TAB: 1.3.2

	31.3.2014	
in %	Price	Yield
K+S bond (September 2014)	102.1	0.5
K+S bond (December 2018)	105.2	2.0
K+S bond (December 2021)	109.5	2.7
K+S bond (June 2022)	99.9	3.0

Source: Bloomberg

RELATED PARTIES

For a detailed description of significant transactions with related parties, please see the relevant passages in the Notes on page 35.

1.4 EARNINGS, FINANCIAL AND ASSET POSITION

DEVELOPMENT OF ORDERS

Most of the business of the K+S GROUP is not covered by longer-term agreements concerning fixed volumes and prices.

In the Potash and Magnesium Products business unit, the share of the backlog of orders in relation to revenues, at less than 10% at the end of the year, is low. This is customary in the industry. The business is characterised by long-term customer relationships as well as revolving framework agreements with non-binding volume and price indications.

In the Salt business unit, de-icing salt contracts for the public sector in Europe, Canada and the United States are issued in the form of public tenders. We generally participate in these in the second quarter for the upcoming winter season, but also, in part, for following winter seasons. The contracts include both price and maximum volume agreements. Insofar as the actual volumes are subject to fluctuations permitted by law depending on weather conditions, they cannot be classified as backlog of orders as such. This also applies in the event that volumes can be shifted to the following winter in the event of weak demand in a season.

For the above-mentioned reasons, the disclosure of the backlog of orders of the K+S GROUP is of no relevance for assessing the short- and medium-term earnings capacity.

EARNINGS POSITION

VARIANCE ANALYSIS TAB: 1.4.1

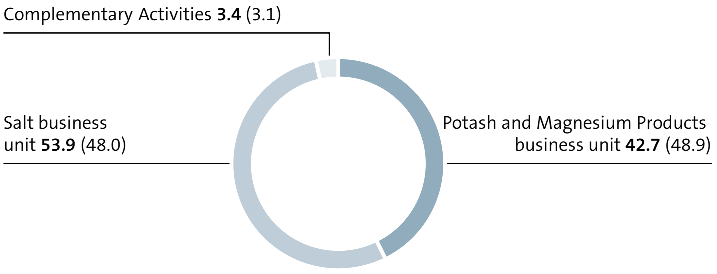
in %	Q1/14
Change in revenues	(7.1)
- volume/structure	+ 2.9
- prices/price-related	(7.4)
- exchange rates	(2.6)
- consolidation	–

Detailed information on average prices and sales volumes can be found in tables 1.5.3 and 1.5.6.

MODERATE DECREASE IN REVENUES IN THE FIRST QUARTER

The revenues of the K+S GROUP in the first quarter of 2014 amounted to € 1,189.0 million (Q1/13: € 1,280.3 million), which corresponds to a decrease of 7.1%. High sales volumes in the Salt business unit resulting from the severe winter in North America in particular made it possible to partially offset the negative price effects in the Potash and Magnesium Products business unit.

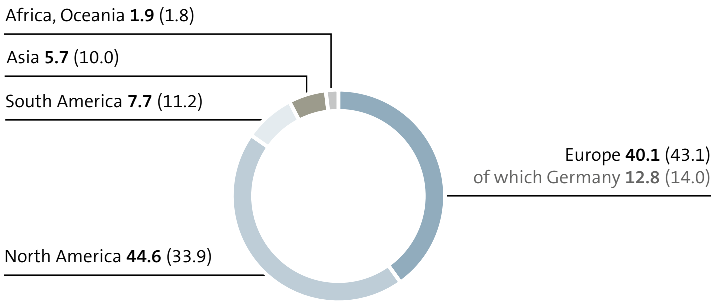
REVENUES BY UNIT JANUARY – MARCH 2014 (IN %) FIG: 1.4.1



Previous year's figures in brackets

In the first three months of the year, just under 54% of revenues were generated by the Salt business unit, followed by Potash and Magnesium Products (43%) and Complementary Activities (3%). In North America, we generated a revenue share of just under 45%, followed by Europe (40%), South America (8%) and Asia (6%). While the overseas business with potash and magnesium products declined, the fertilizer specialty business in Europe was very robust. In the Salt business unit, we were able to realise higher revenues during the quarter under review, especially in the de-icing salt business in North America.

REVENUES BY REGION JANUARY – MARCH 2014 (IN %) FIG: 1.4.2



Previous year's figures in brackets

OPERATING EARNINGS EBIT I AT € 219.6 MILLION

In the first quarter of 2014, the K+S GROUP achieved operating earnings of € 219.6 million, which represents a decrease of about 21% on the figure reported a year ago (Q1/13: € 277.9 million). At € 60.2 million, depreciation and amortisation to be taken into account in the first three months were a good 3% above the figure for the same period a year ago (Q1/13: € 58.4 million) as a result of increased capital expenditure (mainly for the package of measures on water protection). Despite a discernible trend towards price stabilisation and good demand, the lower price level compared with the same period a year ago resulted in lower earnings for the Potash and Magnesium Products business unit. By contrast, operating earnings in the Salt business unit were significantly higher; higher volume-related earnings contributions from the good winter business in North America as well as savings from the “Fit for the Future” programme could more than offset the decreases in Europe. The exceptional diversification of our portfolio in terms of regions and products made it possible to limit the negative trend in the first quarter.

The result from operating forecast hedges included in EBIT I corresponds – due to the elimination of all fluctuations in the market value during the term – to the value of the hedges at the time of realisation (difference between the spot rate and hedged rate) less the premiums paid or plus the premiums received in the case of option transactions. The changes in the market value of the operating forecast hedges still outstanding are, however, only taken into consideration in the result after operating hedges (EBIT II).

RESULT AFTER OPERATING HEDGES (EBIT II)

At € 195.3 million, the result after operating hedges EBIT II for the quarter under review was down significantly on the figure of a year ago (Q1/13: € 274.1 million). In addition to the effects already described, the operating forecast hedges also had an impact as temporary valuation effects with € (24.3) million (Q1/13: € (3.8) million).

Under IFRS, changes in the market value from hedging transactions have to be reported in the income statement. EBIT II includes all earnings arising from operating hedging transactions, i.e. both valuation effects as at the reporting date and earnings from realised operating hedging derivatives. Hedging transactions which are connected with financing activities and the earnings effects of which are not reflected in EBIT are shown in the financial result.

FIRST SUCCESSES FOR “FIT FOR THE FUTURE”

The programme initiated in November 2013 to improve cost and organisational structures aims to increase the efficiency of production as well as the administrative and sales functions. K+S is striving to save a total of some € 500 million over the next three years in comparison with the previous cost planning for the same period. In 2014, a cost reduction of a good € 150 million compared with previous planning is to be achieved. First successes were already accomplished in the first quarter of 2014. In the case of material costs and maintenance in particular, the targeted cost savings could be achieved.

FINANCIAL RESULT

/ FURTHER DETAILS REGARDING THE FINANCIAL RESULT can be found in the Notes on page 32.

Overall, the financial result for the first three months was € (27.4) million against € (17.9) million in the previous year. This is largely due to higher interest expenses as a result of the bonds issued in December 2013 being taken into account in full for the first time. In addition to the interest expenses for pension provisions (Q1/14: € (1.1) million), the financial result also includes the interest expenses for other non-current provisions, mainly provisions for mining obligations (Q1/14: € (7.4) million); both are non-cash.

GROUP EARNINGS AND EARNINGS PER SHARE

Group earnings after taxes and minority interests for the first quarter amounted to € 124.1 million (Q1/13: € 187.5 million). The tax expense for the period was € 43.8 million, including a deferred, i.e. non-cash, tax expense of € 9.9 million (income tax expense Q1/13: € 68.5 million, of which € 8.6 million was deferred tax income). In terms of earnings per share, this represents a decrease compared with the same period a year ago by € 0.33 to € 0.65 (Q1/13: € 0.98). This was computed on the basis of 191.4 million no-par value shares, being the average number of shares outstanding.

ADJUSTED GROUP EARNINGS AND ADJUSTED EARNINGS PER SHARE

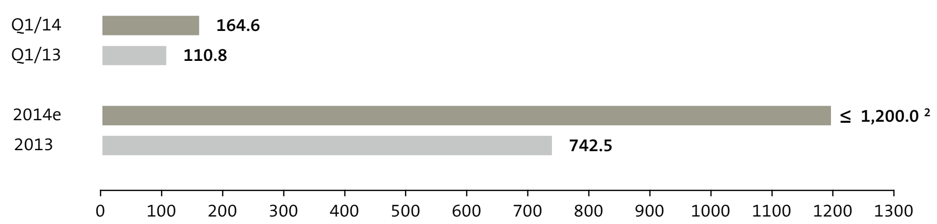
Adjusted Group earnings after taxes for the period under review came to € 141.5 million (Q1/13: € 190.2 million); this corresponds to a decrease of € 48.8 million or just below 26%. Adjusted earnings per share for the same period reached € 0.74 after having been € 0.99 in the same period last year. This was computed on the basis of 191.4 million no-par value shares, being the average number of shares outstanding.

FINANCIAL POSITION

CAPITAL EXPENDITURE IN FIRST QUARTER RISES STEEPLY AS PLANNED

In the first quarter of 2014, the capital expenditure by the K+S GROUP came to € 164.6 million and was therefore about 50% higher than in the same quarter of the previous year (Q1/13: € 110.8 million). The majority of the capital expenditure was accounted for by the Potash and Magnesium Products business unit. Here, the capital expenditure was mainly spent for infrastructure, construction work on foundations and steel structures related to the Legacy Project in Canada. In addition, we also invested in the implementation of the package of measures on water protection in the Hesse-Thuringia potash district. However, the volume of capital expenditure in the Salt business unit declined. The optimisation of the mining process at the rock salt site in Fairport, USA, the expansion of the brine field at Frisia Zout in Harlingen, the Netherlands, and the improvement of warehouse logistics at the Borth salt mine in North Rhine-Westphalia were among the most significant projects in the quarter under review.

CAPITAL EXPENDITURE [1] (IN € MILLION) FIG: 1.4.3



[1] Capital expenditure in property, plant and equipment, intangible and financial assets of the continued operations.
[2] Further information regarding future capital expenditures can be found on page 22.

CASH FLOW FROM OPERATING ACTIVITIES BENEFITS FROM SIGNIFICANTLY FEWER FUNDS BEING TIED UP IN WORKING CAPITAL

CASH FLOW OVERVIEW TAB: 1.4.2

in € million	Q1/14	Q1/13
Cash flow from operating activities	379.3	314.0
Cash flow for investing activities	(740.9)	(179.2)
Free cash flow	**(361.6)**	**134.8**
Cash flow from operating activities without out-financing of pension obligations [1]	379.7	319.8
Cash flow for investing activities without investments in/sales of securities and other financial investments [2]	(176.1)	(107.6)
Adjusted free cash flow [1,2]	**203.6**	**212.2**

[1] Q1/14: € (0.4) million, Q1/13: € (5.8) million.
[2] Q1/14: € (564.8) million, Q1/13: € (71.6) million.

Cash flow from operating activities (excluding out-financing of pension obligations) in the quarter under review could be increased by € 59.9 million or about 19% to € 379.7 million. Working capital declined since the start of the year; stocks in the Salt business unit fell significantly as a result of the wintry weather conditions in North America.

Cash flow for investing activities (excluding purchases/sales of securities and other financial investments) in the first three months amounted to € (176.1) million (Q1/13: € (107.6) million) due to planned higher capital expenditure, especially for the Legacy Project. Adjusted free cash flow reached € 203.6 million (Q1/13: € 212.2 million).

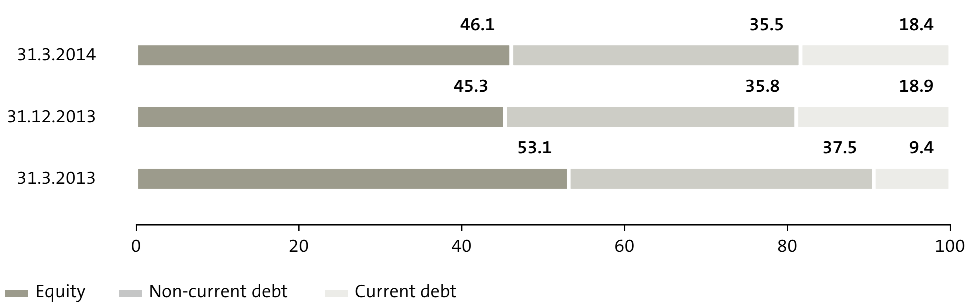
The cash flow from/for financing activities for the first three months amounted to € (11.4) million, compared with € (0.6) million for the same period a year ago. As of 31 March 2014, net cash and cash equivalents amounted to € 626.9 million (31 March 2013: € 484.3 million; 31 December 2013: € 1,005.0 million). These concerned investments, mainly relating to time deposits, money market instruments as well as comparable securities with a residual term of less than three months.

SOLID FINANCING STRUCTURE

/ FURTHER DETAILS CONCERNING THE MAIN CHANGES IN INDIVIDUAL BALANCE SHEET ITEMS can be found in the Notes on page 34.

The financing structure of the K+S GROUP is solid: As of 31 March 2014, the equity ratio remained on a high level, amounting to about 46% of the balance sheet total (31 March 2013: 53%); the decline results from the issuance of two bonds in December 2013. The share of non-current debt, including non-current provisions, amounted to 36% (31 March 2013: 38%), while the share of current debt rose to 18% (31 March 2013: 9%). This was largely due to reclassifications resulting from residual maturities.

EQUITY AND LIABILITIES (IN %) FIG: 1.4.4



As of 31 March 2014, the K+S GROUP's debt consisted mainly of financial liabilities (55%), provisions (30%) and accounts payable trade (5%). As of 31 March 2014, financial liabilities amounted to € 2,244.5 million; of this, € 735.6 million had to be classified as current. The main provisions of the K+S GROUP as of 31 March 2014 were provisions for mining obligations (€ 741.6 million, down € 2.3 million compared with 31 December 2013) as well as for pensions and similar obligations (€ 98.8 million, € (3.8) million).

OFF-BALANCE SHEET FINANCING INSTRUMENTS/OFF-BALANCE SHEET ASSETS

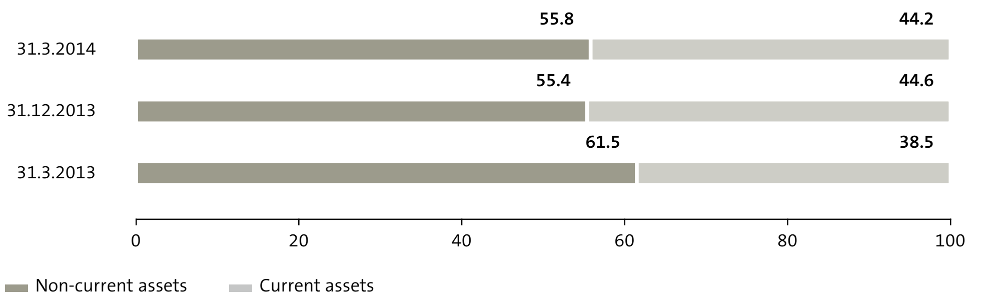
We primarily use operating leases, for example for vehicles, storage capacity and IT accessories. Due to the chosen contractual structures, these items are not to be carried under fixed assets.

ASSET POSITION

As of 31 March 2014, the balance sheet total of the K+S GROUP amounted to € 7,556.2 million and was therefore more or less unchanged compared to the end of 2013 (31 December 2013: € 7,498.2 million). The ratio of non-current to current assets was 56:44. The proceeds from the two bonds issued in December 2013 were partly invested in assets with a maturity of less than twelve months, so that current securities and other financial investments rose sharply compared to the figure for the same period a year ago. Cash and cash equivalents, current and non-current securities and other financial investments totalled € 2,234.6 million, which corresponds to an increase of about 9% since the start of the year (31 December 2013: € 2,046.8 million).

Including the cash and cash equivalents (€ 633.1 million), the non-current and current securities and other financial investments (€ 1,601.5 million) on the one hand and claims for reimbursement in connection with a bond at Morton Salt (€ 18.4 million) , the provisions for mining obligations and pensions (€ 741.6 million and € 98.8 million respectively) and the financial liabilities (€ 2,244.5 million) on the other, the net debt of the K+S GROUP was € 831.9 million as of 31 March 2014 (31 December 2013: € 1,037.0 million); this represents an increase of € 213.1 million on the figure posted a year ago (31 March 2013: € 618.8 million).

ASSETS (IN %) FIG: 1.4.5



1.5 SEGMENTS OF THE K+S GROUP

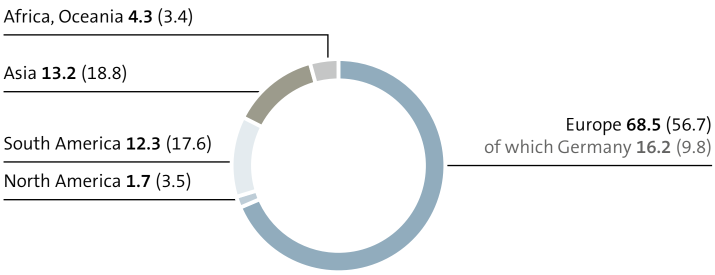
POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT

/ A DESCRIPTION OF THE MARKET ENVIRONMENT IN THE POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT can be found on page 5 in the "Industry-specific framework conditions" section.

POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT — TAB: 1.5.1

in € million	Q1/14	Q1/13	%
Revenues	507.4	625.5	(18.9)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	165.5	236.0	(29.9)
Operating earnings (EBIT I)	134.4	209.2	(35.8)
Capital expenditure	153.6	85.4	+ 79.9
Employees as of 31 March (number)	8,333	8,310	+ 0.3

REVENUES BY REGION JANUARY – MARCH 2014 (IN %) — FIG: 1.5.1



Previous year's figures in brackets

REVENUES

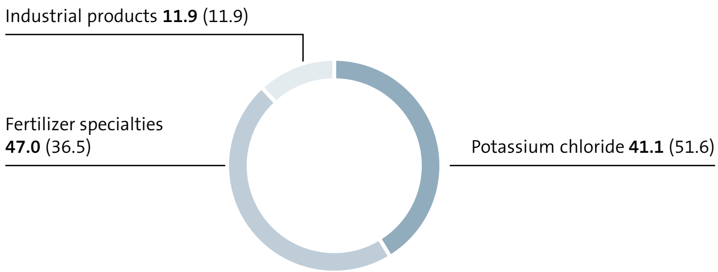
At € 507.4 million, the revenues of the Potash and Magnesium Products business unit for the first quarter of 2014 were down € 118.1 million or 18.9% on the figure posted for the same quarter a year ago (Q1/13: € 625.5 million). The principal cause of the revenue decrease is a significantly lower price level on the global potash market compared to a year ago as well as slightly lower sales volumes than in the same quarter a year ago. Additionally, exchange rate effects in the overseas business had a negative impact on the development of revenues. Our home region of Europe was comparatively stable, with its share of total revenues rising significantly. The stable price and demand situation in Germany in particular cushioned the downward revenue trend in the overseas regions.

VARIANCE ANALYSIS — TAB: 1.5.2

in %	Q1/14
Change in revenues	**(18.9)**
- volume/structure	(4.2)
- prices/price-related	(13.2)
- exchange rates	(1.5)
- consolidation	–
Potassium chloride	(35.3)
Fertilizer specialties	+ 4.3
Industrial products	(18.8)

For the standard product potassium chloride, revenues for the quarter under review fell by € 114.0 million or 35.3% to € 201.2 million, which was mainly due to the decline in prices as well as lower sales volumes compared with the corresponding period a year ago. By contrast, our fertilizer specialties, such as potassium sulphate or Korn-Kali, contributed with positive price and volume effects, with their share of total revenues rising significantly. Revenues could be increased due to higher sales volumes to € 238.2 million; this corresponds to a rise of 4.3% (Q1/13: € 228.3 million). In the case of industrial products, revenues declined by 18.8% to € 60.5 million (Q1/13: € 74.5 million), especially as a result of price and volume factors. By contrast, their share of total revenues remained more or less constant.

REVENUES BY PRODUCT GROUP JANUARY – MARCH 2014 (IN %) FIG: 1.5.2



Previous year's figures in brackets

Sales volumes for potash and magnesium products in the quarter under review decreased by about 4.6% to 1.94 million tonnes, also because production at the Unterbreizbach site has not reached full capacity yet, compared with the above-average figure of a year ago (Q1/13: 2.03 million tonnes).

DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES BY REGION[1] TAB: 1.5.3

		Q1/13	Q2/13	Q3/13	Q4/13	2013	Q1/14
Revenues	**€ million**	**625.5**	**548.3**	**456.7**	**407.1**	**2,037.6**	**507.4**
Europe	€ million	354.4	276.3	233.1	250.1	1,113.9	347.5
Overseas	US$ million	358.0	355.3	296.5	216.9	1,226.7	219.0
Sales volumes	**t eff. million**	**2.03**	**1.77**	**1.63**	**1.51**	**6.94**	**1.94**
Europe	t eff. million	1.11	0.89	0.77	0.88	3.65	1.27
Overseas	t eff. million	0.92	0.88	0.86	0.63	3.29	0.67
Average prices	**€/t eff.**	**308.0**	**309.4**	**280.4**	**270.7**	**293.8**	**261.8**
Europe	€/t eff.	318.8	311.7	301.3	284.8	305.2	273.3
Overseas	US$/t eff.	389.5	401.0	346.3	346.8	373.3	328.5

[1] Revenues include prices both inclusive and exclusive of freight costs and, in the case of overseas revenues, are based on the respective EUR/USD spot rates. For most of these revenues, hedging transactions have been concluded. The price information is also affected by the respective product mix and is therefore to be understood as providing a rough indication only.

DEVELOPMENT OF EARNINGS

At € 134.4 million, operating earnings EBIT I for the first quarter of 2014 were down 35.8% on the strong figure of a year ago (Q1/13: € 209.2 million); this figure includes depreciation and amortisation of € 32.0 million (Q1/13: € 26.8 million). The decrease in earnings compared with the same quarter a year ago especially resulted from the lower price level for the standard product potassium chloride; the positive cost-saving effects from the "Fit for the Future" programme were thus cancelled out.

LEGACY PROJECT PROCEEDING ACCORDING TO SCHEDULE

Our "Legacy" greenfield project in the Canadian province of Saskatchewan is continuing to make good progress. The first quarter of 2014 saw the completion of a first cavern for the extraction of brine containing potash at a depth of approximately 1,500 metres. It is a test cavern that will now serve as the basis for the completion of further caverns for operations. At the time of the planned commissioning of Legacy in the summer of 2016, a total of 36 production caverns are to be operationally ready and brine containing potassium will be extracted from them for further processing into potash products in a factory on the surface.

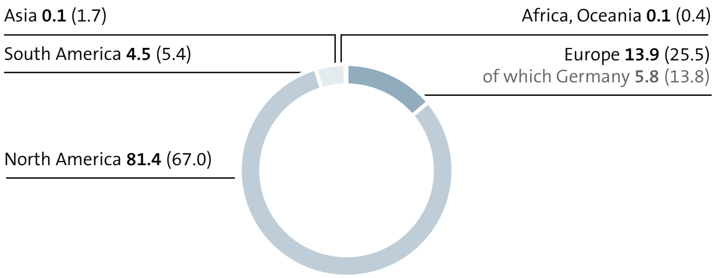
SALT BUSINESS UNIT

/ A DESCRIPTION OF THE MARKET ENVIRONMENT IN THE SALT BUSINESS UNIT can be found on page 5 in the "Industry-specific framework conditions" section.

SALT BUSINESS UNIT TAB: 1.5.4

in € million	Q1/14	Q1/13	%
Revenues	641.0	614.5	+ 4.3
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	113.7	100.2	+ 13.5
Operating earnings (EBIT I)	89.1	73.1	+ 21.9
Capital expenditure	7.4	10.9	(32.1)
Employees as of 31 March (number)	5,038	5,015	+ 0.5

REVENUES BY REGION JANUARY – MARCH 2014 (IN %) FIG: 1.5.3



Previous year's figures in brackets

REVENUES

In the first quarter, the Salt business unit was able to increase its total revenues for the first quarter to € 641.0 million due to volume factors (Q1/13: € 614.5 million), which corresponds to an increase of 4.3%. While the price level was comparatively low as a result of the past two mild winters in North America, sales volumes rose significantly there because of above-average wintry weather conditions. As a result, the weather-related revenue decrease in Europe could be more than offset. Thus, our presence on three continents has paid off once again. The revenues, however, were negatively affected by the development of the EUR/USD exchange rate.

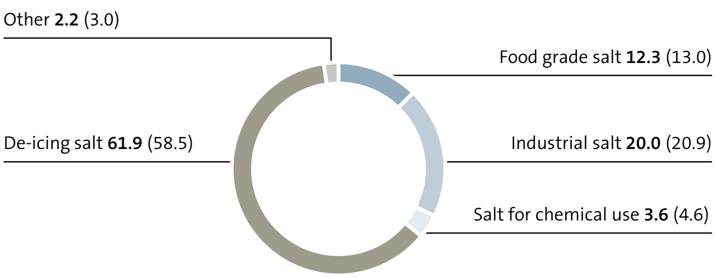
VARIANCE ANALYSIS TAB: 1.5.5

in %	Q1/14
Change in revenues	**+ 4.3**
- volume/structure	+ 10.3
- prices/price-related	(2.1)
- exchange rates	(3.8)
- consolidation	–
Food grade salt	(0.9)
Industrial salt	(0.2)
Salt for chemical use	(17.8)
De-icing salt	+ 10.3
Other	(25.0)

Total revenues for de-icing salts in the quarter under review increased by 10.3% to € 396.6 million (Q1/13: € 359.4 million) as a result of volume factors. Revenues for food grade salt fell by about 1% to € 79.2 million (Q1/13: € 79.9 million), mainly due to currency effects. Compared with the same quarter a year ago, industrial salt revenues remained more or less stable at € 128.2 million (Q1/13: € 128.5 million); positive volume effects could almost offset revenue decreases attributable to structural, price and currency factors. At € 23.1 million, revenues for salt for chemical use in the first quarter were down significantly on the figure for the same period a year ago (Q1/13: € 28.1 million);

this was mainly due to lower shipments to Asia. In the case of Other, revenues totalled € 13.9 million (Q1/13: € 18.6 million).

REVENUES BY PRODUCT GROUP JANUARY – MARCH 2014 (IN %) FIG: 1.5.4



Previous year's figures in brackets

The crystallised salt sales volume for the first three months rose by 17.1% to 10.43 million tonnes against the background of an above-average sales volume for de-icing salt in North America (Q1/13: 8.91 million tonnes).

DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES [1] TAB: 1.5.6

		Q1/13	Q2/13	Q3/13	Q4/13	2013	Q1/14
De-icing salt							
Revenues	€ million	359.4	40.4	73.3	280.3	753.4	396.6
Sales volumes	t million	6.53	0.77	1.41	5.07	13.79	8.15
Average prices	€/t	55.1	52.1	51.9	55.2	54.6	48.7
Industrial salt, salt for chemical use and food grade salt							
Revenues	€ million	236.5	233.2	233.6	228.4	931.6	230.4
Sales volumes	t million	2.38	2.19	2.24	2.21	9.02	2.28
Average prices	€/t	99.5	106.5	104.4	103.2	103.3	100.9

[1] Revenues include prices both inclusive and exclusive freight costs. The price information is also affected by changes of the exchange rates and the respective product mix and is therefore to be understood as providing a rough indication only.

DEVELOPMENT OF EARNINGS

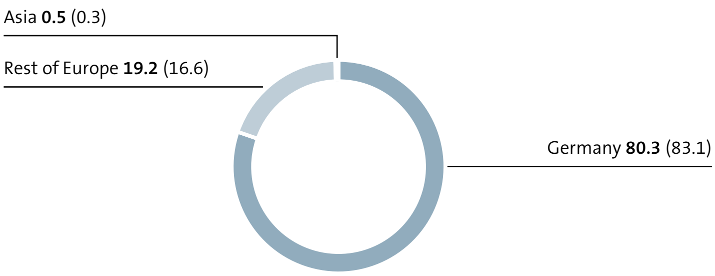
Operating earnings EBIT I in the Salt business unit for the first quarter of 2014 rose to € 89.1 million compared with € 73.1 million a year ago; this included depreciation and amortisation of € 24.6 million (Q1/13: € 27.1 million). The earnings increase of just below 22% is primarily attributable to higher revenues as a result of volume factors due to the above-average de-icing salt business in North America, which could more or less offset the decrease in Europe. In addition, savings in the Salt business unit connected with the "Fit for the Future" programme also had a positive effect.

COMPLEMENTARY ACTIVITIES

COMPLEMENTARY ACTIVITIES TAB: 1.5.7

in € million	Q1/14	Q1/13	%
Revenues	40.3	39.7	+ 1.5
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	9.8	8.6	+ 14.0
Operating earnings (EBIT I)	8.0	6.8	+ 17.6
Capital expenditure	0.5	0.3	+ 66.7
Employees as of 31 March	296	296	–

REVENUES BY REGION JANUARY – MARCH 2014 (IN %) FIG: 1.5.5



Previous year's figures in brackets

REVENUES

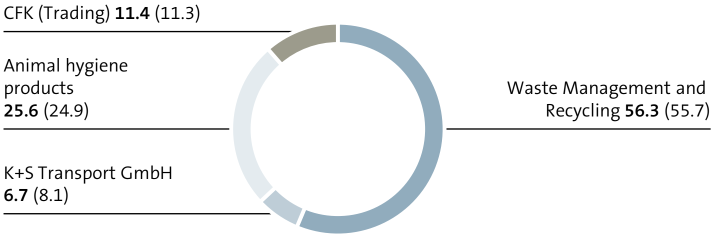
For the first three months of 2014, the Complementary Activities achieved revenues involving third parties of € 40.3 million (Q1/13: € 39.7 million), while total revenues came to € 48.9 million (Q1/13: € 49.5 million).

VARIANCE ANALYSIS TAB: 1.5.8

in %	Q1/14
Change in revenues	**+ 1.5**
- volume/structure	+ 0.5
- prices/price-related	+ 1.0
- exchange rates	–
- consolidation	–
Waste Management and Recycling	+ 2.7
K+S TRANSPORT GMBH	(15.6)
Animal hygiene products	+ 4.4
CFK (Trading)	+ 2.2

In the quarter under review, revenues for the animal hygiene products segment rose from € 9.9 million to € 10.3 million while those of the CFK trading business rose by € 0.1 million to € 4.6 million during the period under review. The waste management and recycling segment increased its revenues by € 0.6 million to € 22.7 million primarily as a result of volume factors. As a result of lower volumes, the revenues generated by K+S TRANSPORT GMBH fell by € 0.5 million to € 2.7 million.

REVENUES BY SEGMENT JANUARY – MARCH 2014 (IN %) FIG: 1.5.6



Previous year's figures in brackets

DEVELOPMENT OF EARNINGS

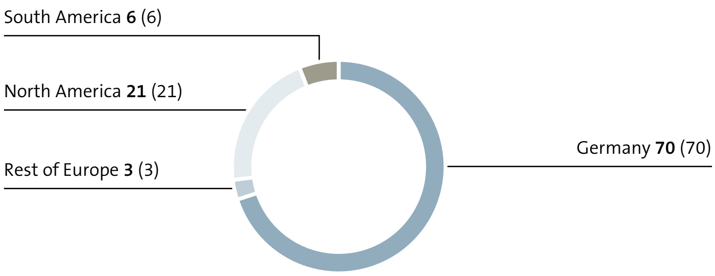
Operating earnings EBIT I for the quarter under review reached € 8.0 million compared with € 6.8 million a year ago; this corresponds to a rise of 17.6%. EBIT I included depreciation and amortisation of € 1.8 million (Q1/13: € 1.8 million). While the CFK (trading), animal hygiene products as well as waste management and recycling segments were able to achieve higher contributions to earnings as a result of volume factors, the K+S TRANSPORT GMBH segment posted an earnings decrease.

1.6 EMPLOYEES

NUMBER OF EMPLOYEES STABLE

As of 31 March 2014, the K+S GROUP employed a total of 14,330 people (full-time equivalents). Compared with 31 March 2013 (14,300 employees), the number thus remained almost stable. The average number of people employed over the quarter was 14,364 (Q1/13: 14,325). As a result of the enhanced internationalisation of the K+S GROUP, just under a third of the employees are now located outside Germany and more than a quarter outside Europe. On 31 March 2014, the number of trainees in Germany was 507 and thus up slightly on the level of a year ago (31 March 2013: 498).

EMPLOYEES BY REGION AS OF 31 MARCH 2014 (IN %) FIG: 1.6.1



Previous year's figures in brackets

PERSONNEL EXPENSES

In the first quarter, personnel expenses amounted to € 239.4 million and therefore remained more or less stable compared with the figure for the same period a year ago (Q1/13: € 239.8 million). Higher personnel expenses arising from collective agreement adjustments were partially offset by a lower deferral being set for performance-related remuneration, lower personnel expenses arising from exchange rate factors and the higher utilisation of provisions for semi-retirement.

1.7 RESEARCH AND DEVELOPMENT

Research costs came to € 3.0 million for the quarter under review (Q1/13: € 3.4 million). The reduction was mainly attributable to savings at Morton Salt. Capitalised development-related capital expenditure amounted to about € 0.5 million for the first quarter and therefore remained stable compared with the same quarter a year ago (Q1/13: € 0.5 million). Good progress is being made on the construction of our new analysis and research centre in Unterbreizbach where environmental and process analytics will be expanded and combined with the analytical and process technology research facilities of the K+S research institute in Heringen. As of 31 March 2014, 85 persons were employed in the R&D area of the K+S GROUP (31 March 2013: 86).

For a comprehensive description of the research and development activities, please see the relevant passages in our Financial Report 2013 on page 67; the goals and focuses described there continue to apply.

1.8 RISK REPORT

For a comprehensive presentation of the risk management system as well as possible risks, reference is made to the corresponding comments in our Financial Report 2013 starting on page 94. The risks described there remain largely unchanged as of 31 March 2014.

The risks to which the K+S GROUP is exposed, both in isolation or in interaction with other risks, are limited and do not, according to current estimates, jeopardise the continued existence of the Company.

1.9 OPPORTUNITY REPORT

For a comprehensive presentation of the opportunity management system, please refer to the relevant passages in our Financial Report 2013 starting on page 109. The opportunities described there remain largely unchanged as of 31 March 2014.

There is no offsetting of opportunities and risks or their positive and negative changes.

1.10 SUBSEQUENT EVENTS

On April 15, 2014, PACIFIC COAST TERMINALS CO. LTD. (PCT) and K+S POTASH CANADA GP signed a long-term exclusive contract for the construction and operation of a new cargo terminal and storage facility for potash products. The potash products delivered by rail from the Legacy site in Saskatchewan to Vancouver are to be unloaded at the new facility, stored and loaded onto ocean-going ships for transportation to the international customers of the K+S GROUP. It represents a further step towards realising our Legacy Project, which is progressing well along the set investment path.

Apart from this, the K+S GROUP has experienced no significant changes in the economic environment or in the situation of our industry following the end of the quarter under review and no events of material importance require disclosure.

1.11 FORECAST REPORT

FUTURE MACROECONOMIC SITUATION

The following discussion about the future macroeconomic situation is based on the assessments of the KIEL INSTITUTE FOR THE WORLD ECONOMY (Kiel Discussion Papers: Weltkonjunktur im Frühjahr 2014, April 2014) and of the INTERNATIONAL MONETARY FUND (World Economic Outlook, April 2014).

PERCENTAGE CHANGE IN GROSS DOMESTIC PRODUCT TAB: 1.11.1

	2014e	2013	2012	2011	2010
in %; real					
Germany	+ 1.7	+ 0.5	+ 0.9	+ 3.4	+ 3.9
European Union (EU-28)	+ 1.6	0.0	(0.3)	+ 1.7	+ 2.0
World	+ 3.6	+ 2.9	+ 3.2	+ 3.9	+ 5.2

Source: IMF

According to these assessments, the global economic growth should accelerate. Overall, the INTERNATIONAL MONETARY FUND expects global GDP growth of 3.6% for 2014. The industrialised countries in particular should post higher growth rates in view of the economic upturn in the European Union and the progress on debt reduction in the private sector in the United States. In some emerging market countries, recent political unrest and continuing structural problems still cast a shadow over the prospects for growth.

FUTURE INDUSTRY SITUATION

The medium- to long-term trends described in the Financial Report 2013 on pages 112-113, which positively influence the demand for K+S GROUP products retain their validity.

POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT

Global demand for potash is expected to rise slightly in 2014. Overall, the lower prices compared to a year ago offer good client-side conditions for a positive development of demand in 2014, as simultaneously prices for agricultural products remain on a good level.

Scarcity of supply for some products and the conclusion of contracts with the major purchasing countries China and India should ensure good basic utilisation for suppliers especially in the first half of the year. Now that the first signs of a trend towards price increases are discernible, the price level should have bottomed out.

SALT BUSINESS UNIT

While the severe winter in North America resulted in a considerable reduction in stocks there and should therefore have a positive effect on consumption for the year as a whole, the mild winter weather in Europe should result in muted demand. With its production sites in North and South America as well as in Europe, K+S is well prepared for the opportunities emerging in this market environment. Regarding the de-icing salt business, we assume, as usual, multi-year average sales volumes for the remaining months of the year. There should be growth opportunities in the industrial salt segment as a result of rising demand for pharmaceutical salts in North America. In the food grade salt segment, slight sales volume increases are expected in the North American premium segment. Demand in both Europe and South America should largely remain stable in 2014. The salt business with the chemical industries in North America and Europe should increase slightly, while we expect the sales volume level in South America to remain stable.

FUTURE EARNINGS, FINANCIAL AND ASSET POSITION

The following forecasts relate to the expected organic revenue and earnings development of the K+S GROUP.

Our assessment for 2014 as a whole is largely based on the following assumptions:

+ Global potash sales volumes of about 60 million tonnes (2013: about 59 million tonnes), including about 3 million tonnes of potassium sulphate and potash grades with lower mineral content.
+ For 2014 as a whole, a tangible decline in average prices in the Potash and Magnesium Products business unit compared with the previous year (2013: € 293.8 per tonne), but combined with the expectation that the general price level has bottomed out.
+ As a result of the consequences of the tragic accident at the Unterbreizbach site, which also had an effect on the first quarter, it will not be possible to fully utilise the capacity theoretically available for the year as a whole. In the meantime, the plant is operating at normal capacity; however, lower production in the last months still could have an effect on our ability to deliver for some time. With this in mind, sales volumes in the Potash and Magnesium Products business unit should reach the previous year's level (2013: 6.94 million tonnes).

+ Crystallised salt sales volumes up slightly on the previous year's level (2013: 22.8 million tonnes), of which de-icing salt approximately 14 million tonnes (2013: 13.8 million tonnes).
+ An average exchange rate for the year of 1.37 EUR/USD (2013: 1.33 EUR/USD) as well as 1.51 EUR/CAD for the Canadian dollar (2013: 1.37 EUR/CAD).

REVENUES DOWN ON PREVIOUS YEAR'S LEVEL

The revenues of the K+S GROUP for financial year 2014 should be moderately below the figure of the previous year (2013: € 3,950.4 million). Tangibly lower average prices year on year, in particular, are likely to result in lower revenues for the Potash and Magnesium Products business unit. The trend towards price increases that is discernible in this regard as well as solid sales volumes in the Salt business unit are not expected to make up for this effect.

To make sustainable improvements to cost and organisational structures, K+S is implementing the "Fit for the Future" programme with the aim of increasing the efficiency of production as well as of the administrative and sales functions. The Company is striving to reduce costs by a good € 150 million in 2014 compared with the previous planning.

Due to the revenue decrease in the Potash and Magnesium Products business unit, operating earnings EBITDA and EBIT I of the K+S GROUP should be significantly lower than a year ago (2013: € 907.2 million and € 655.9 million, respectively).

Adjusted Group earnings after taxes should follow the trend in operating earnings and thus also be significantly lower than in the previous year (2013: € 434.8 million).

FUTURE CAPITAL EXPENDITURE INCREASES AS PLANNED BECAUSE OF LEGACY

The K+S GROUP's anticipated volume of capital expenditure for 2014 amounts to just under € 1.2 billion (2013: € 742.5 million). Outlays connected with the Legacy Project should account for about € 800 million of this figure. Part of the capital expenditure is also intended for the implementation of the package of measures on water protection in the Hesse-Thuringia potash district. In total, we expect a volume for the Potash and Magnesium Products business unit which will significantly exceed that of the previous year (2013: € 606.5 million). Capital expenditure in the Salt business unit should be at the previous year's level (2013: € 107.4 million).

As a result of the increasing volume of capital expenditure, free cash flow (2013: € (53.6) million) should be significantly negative. The return on capital employed (ROCE) should also fall sharply (2013: 15.2%), due to EBIT I being significantly down on the previous year and a higher amount of capital tied up as a result of increasing capital expenditure.

FUTURE NUMBER OF EMPLOYEES

As for the end of 2014, we expect the number of employees (full-time equivalents) to be more or less the same compared with the previous year (31 December 2013: 14,421). This should also be the case for the average number of employees (2013: 14,348). The expected growth of personnel at our foreign subsidiaries, primarily for the Legacy Project, should be compensated for by a declining number of employees in Germany.

FUTURE DIVIDEND POLICY

K+S pursues an essentially earnings-based dividend policy. According to this, a dividend payout ratio between 40% and 50% of adjusted Group earnings after taxes (including discontinued operations) forms the basis for the amount of future dividend recommendations to be determined by the Board of Executive Directors and the Supervisory Board. The Board of Executive Directors and the Supervisory Board proposed a dividend of € 0.25 per share for financial year 2013 to the Annual General Meeting. The Board of Executive Directors and the Supervisory Board consider a temporary deviation from the dividend policy to be necessary, especially in the light of upcoming substantial capital expenditure. The intention is to return to the previous dividend payout ratio as soon as possible.

DEVELOPMENT OF FORECASTS FOR THE FULL YEAR 2014 TAB: 1.11.2

		Actual 2013	Forecast Financial Report 2013	Forecast Q1/14
K+S Group				
Revenues	€ billion	3.95	moderate decrease	moderate decrease
EBITDA	€ million	902.7	significantly below previous year's level	significantly below previous year's level
Operating earnings (EBIT I)	€ million	655.9	significantly below previous year's level	significantly below previous year's level
Group earnings after taxes, adjusted [1]	€ million	434.8	significantly below previous year's level	significantly below previous year's level
Capital expenditure [2]	€ million	742.5	about 1,200	just below 1,200
Number of employees	FTE	14,421	stable	stable
Potash and Magnesium Products business unit				
Sales volume	t million	6.94	on previous year's level	on previous year's level
Salt business unit				
Sales volume crystallised salt	t million	22.8	on previous year's level	slightly above previous year's level
- of which de-icing salt	t million	13.8	about 14	about 14

[1] The adjusted key figures only include the result from operating forecast hedges of the respective reporting period reported in EBIT I, which eliminates effects from changes in the market value of the hedges as well as effects from the exchange rate hedging of future capital expenditure in Canadian dollar (Legacy Project). Related effects on deferred and cash taxes are also eliminated; tax rate for Q1/14: 28.6 % (Q1/13: 28.5 %).
[2] Capital expenditure in or depreciation on property, plant and equipment, intangible assets and investment properties as well as depreciation on financial assets.

1.12 GUARANTEE OF 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 principal opportunities and risks associated with the expected development of the Group.

Kassel, 6 May 2014
K+S Aktiengesellschaft
The Board of Executive Directors

FORWARD-LOOKING STATEMENTS

This 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 moment in time. Should the assumptions underlying these forecasts prove not to be correct or should certain risks – such as those referred to in the Risk Report – materialise, actual developments and results may deviate from current expectations. The Company assumes no obligation to update the statements contained in the Management Report, save for the making of such disclosures as are required by the provisions of statute.

FINANCIAL SECTION

2

2.1	Income Statement	25
2.2	Cash Flow Statement	27
2.3	Balance Sheet	29
2.4	Statement of Changes in Equity	30
2.5	Notes	31
2.6	Summary by Quarter	36

2.1 INCOME STATEMENT

INCOME STATEMENT TAB: 2.1.1

in € million	Q1/14	Q1/13	LTM[1]/14	12M/13
Revenues	**1,189.0**	**1,280.3**	**3,859.1**	**3,950.4**
Cost of sales	668.6	715.4	2,199.0	2,245.8
Gross profit	**520.4**	**564.9**	**1,660.1**	**1,704.6**
Selling expenses	242.8	235.2	843.2	835.6
General and administrative expenses	45.1	50.4	186.4	191.7
Research and development costs	3.0	3.4	13.5	13.9
Other operating income	19.0	30.7	110.4	122.1
Other operating expenses	31.1	31.4	150.1	150.4
Income from investments, net	1.0	2.4	5.2	6.6
Result from operating forecast hedges	(23.1)	(3.5)	(36.2)	(16.6)
Result after operating hedges (EBIT II) [2]	**195.3**	**274.1**	**546.3**	**625.1**
Interest income	6.4	5.9	24.5	24.0
Interest expenses	32.2	24.0	108.0	99.8
Other financial result	(1.6)	0.2	(2.3)	(0.5)
Financial result	**(27.4)**	**(17.9)**	**(85.8)**	**(76.3)**
Earnings before income taxes	**167.9**	**256.2**	**460.5**	**548.8**
Taxes on income	43.8	68.5	108.5	133.2
– of which deferred taxes	9.9	(8.6)	(42.6)	(61.1)
Earnings after taxes from continued operations	**124.1**	**187.7**	**352.0**	**415.6**
Earnings after taxes from discontinued operations	–	–	(2.3)	(2.3)
Net income	**124.1**	**187.7**	**349.7**	**413.3**
Minority interests in earnings	–	0.2	0.3	0.5
Group earnings after taxes and minority interests	**124.1**	**187.5**	**349.4**	**412.8**
– thereof continued operations	124.1	187.5	351.7	415.1
– thereof discontinued operations	–	–	(2.3)	(2.3)
Earnings per share in € (undiluted ≙ diluted)	**0.65**	**0.98**	**1.83**	**2.16**
– thereof continued operations	0.65	0.98	1.84	2.17
– thereof discontinued operations	–	–	(0.01)	(0.01)
Average number of shares in million	191.40	191.40	191.40	191.40
Operating earnings (EBIT I)[2]	**219.6**	**277.9**	**597.6**	**655.9**
Earnings before income taxes from continued operations, adjusted [3]	**192.2**	**260.0**	**511.8**	**579.6**
Group earnings from continued operations, adjusted [3]	**141.5**	**190.2**	**388.4**	**437.1**
Earnings per share from continued operations in €, adjusted [3]	**0.74**	**0.99**	**2.03**	**2.28**
Group earnings after taxes, adjusted [3, 4]	**141.5**	**190.2**	**386.1**	**434.8**
Earnings per share in €, adjusted [3, 4]	**0.74**	**0.99**	**2.02**	**2.27**

[1] LTM = last twelve months (Q2/13 + Q3/13 + Q4/13 + Q1/14).
[2] Management of the K+S Group is handled, amongst others, on the basis of operating earnings (EBIT I). Reconciliation of EBIT II to operating earnings (EBIT I) is recorded in table 2.1.3.
[3] The adjusted key figures only include the result from operating forecast hedges of the respective reporting period reported in EBIT I, which eliminates effects from changes in the market value of the hedges as well as effects from the exchange rate hedging of future capital expenditure in Canadian dollar (Legacy Project). Related effects on deferred and cash taxes are also eliminated; tax rate for Q1/14: 28.6 % (Q1/13: 28.5 %).
[4] Earnings from continued and discontinued operations.

STATEMENT OF COMPREHENSIVE INCOME				TAB: 2.1.2
	Q1/14	Q1/13	LTM [1]/14	12M/13
in € million				
Net income	**124.1**	**187.7**	**349.7**	**413.3**
Items that may be reclassified subsequently to profit or loss	(39.7)	60.1	(278.3)	(178.5)
Financial assets available for sale	0.5	0.4	(0.9)	(1.0)
Difference resulting from foreign currency translation	(40.2)	59.7	(277.4)	(177.5)
Items that will not be reclassified to profit or loss	1.7	5.7	32.2	36.2
Revaluation of net debt /defined benefit pension plan assets	1.7	5.7	32.2	36.2
Other comprehensive income after taxes	**(38.0)**	**65.8**	**(246.1)**	**(142.3)**
Comprehensive income of the period	**86.1**	**253.5**	**103.6**	**271.0**
Minority interests in comprehensive income	–	0.2	0.3	0.5
Group comprehensive income after taxes and minority interests	**86.1**	**253.3**	**103.3**	**270.5**

OPERATING EARNINGS (EBIT I) [2]				TAB: 2.1.3
	Q1/14	Q1/13	LTM[1]/14	12M/13
in € million				
Result after operating hedges (EBIT II) [3]	**195.3**	**274.1**	**546.3**	**625.1**
Income (-) / expenses (+) from market value changes of operating forecast hedges still outstanding	18.0	2.7	30.8	15.5
Neutralisation of market value changes of realised operating forecast hedges, recognised in earlier periods	2.7	1.8	11.2	10.3
Realised income (-) / expenses (+) of currency hedging for capital expenditure in Canada	3.6	(0.7)	9.3	5.0
Operating earnings (EBIT I) [3]	**219.6**	**277.9**	**597.6**	**655.9**

[1] LTM = last twelve months (Q2/13 + Q3/13 + Q4/13 + Q1/14).
[2] Information on operating earnings refers to continued operations.
[3] Management of the K+S Group is handled, amongst others, on the basis of operating earnings (EBIT I).

2.2 CASH FLOW STATEMENT

CASH FLOW STATEMENT TAB: 2.2.1

in € million	Q1/14	Q1/13	LTM [1]/14	12M/13
Result after operating hedges (EBIT II)	**195.3**	**274.1**	**546.3**	**625.1**
Income (-) / expenses (+) from market value changes of operating forecast hedges still outstanding	18.0	2.7	30.8	15.5
Neutralisation of market value changes of realised operating forecast hedges, recognised in earlier periods	2.7	1.8	11.2	10.3
Realised income (-) /expenses (+) of currency hedging for capital expenditure in Canada	3.6	(0.7)	9.3	5.0
Operating earnings (EBIT I)	**219.6**	**277.9**	**597.6**	**655.9**
Depreciation (+) / write-ups (-) on intangible assets, property, plant and equipment and financial assets	60.1	58.4	253.0	251.3
Increase(+) / decrease (-) in non-current provisions (without interest rate effects)	(5.4)	9.0	(21.7)	(7.3)
Interests and dividends received and similar income	5.5	6.0	24.9	25.4
Gains (+) / losses (-) from the realisation of financial assets / liabilities	(4.9)	2.5	(12.5)	(5.1)
Interest paid (-)	(1.7)	(0.8)	(64.3)	(63.4)
Income taxes paid (-)	(31.1)	(72.7)	(147.4)	(189.0)
Other non-cash expenses (+) / income (-)	0.4	(3.3)	3.3	(0.4)
Gross cash flow	**242.5**	**277.0**	**632.9**	**667.4**
Gain (-) / loss (+) on the disposal of fixed assets and securities	(0.3)	(1.7)	8.9	7.5
Increase (-) / decrease (+) in inventories	155.0	153.3	118.4	116.7
Increase (-) / decrease (+) in receivables and other assets from operating activities	22.1	(76.0)	111.6	13.5
Increase (+) / decrease (-) in liabilities from operating activities	(54.2)	(60.7)	(7.8)	(14.3)
Increase (+) / decrease (-) in current provisions	14.6	27.9	(32.5)	(19.2)
Out-financing of plan assets	(0.4)	(5.8)	(10.5)	(15.9)
Cash flow from operating activities	**379.3**	**314.0**	**821.0**	**755.7**
Proceeds from disposals of fixed assets	1.5	3.2	11.1	12.8
Disbursements for intangible assets	(3.0)	(0.8)	(13.0)	(10.8)
Disbursements for property, plant and equipment	(174.6)	(110.0)	(773.5)	(708.9)
Disbursements for financial assets	–	–	(0.1)	(0.1)
Proceeds from the disposal of consolidated companies	–	–	–	–
Disbursements for the acquisition of consolidated companies	–	–	–	–
Proceeds from the disposal of securities and other financial investments	136.6	61.0	720.5	644.9
Disbursements for the purchase of securities and other financial investments	(701.4)	(132.6)	(1,316.0)	(747.2)
Cash flow for investing activities	**(740.9)**	**(179.2)**	**(1,371.0)**	**(809.3)**
Free cash flow	**(361.6)**	**134.8**	**(550.0)**	**(53.6)**

To be continued on the next page.

CASH FLOW STATEMENT

TAB: 2.2.1

in € million	Q1/14	Q1/13	LTM [1]/14	12M/13
Dividends paid	–	–		
Disbursements for the acquisition of non-controlling interests	–	–		
Payments from other allocations to equity	–	–		
Purchase of own shares	–	–		
Sale of own shares	–	–		
Increase(+)/decrease(-) in liabilities from finance leases	(0.2)	(0.4)		
Taking out (+)/repayment of (-) loans	–	(0.2)		
Incoming payments (+)/repayments(-) from the issuing of bonds	(11.2)	–		
Cash flow for financing activities	**(11.4)**	**(0.6)**		
Change in cash and cash equivalents affecting cash flow	**(373.0)**	**134.2**		
Change in cash and cash equivalents resulting from exchange rates	(5.1)	4.4		
Change in cash and cash equivalents resulting from consolidation	–	0.7		
Change in cash and cash equivalents	**(378.1)**	**139.3**		
Net cash and cash equivalents as of 1 January	**1,005.0**	**345.0**		
Net cash and cash equivalents as of 31 March	**626.9**	**484.3**		
– thereof cash on hand and balances with banks	633.1	492.6		
– thereof cash invested with affiliated companies	0.5	0.4		
– thereof account overdrafts	–	(1.2)		
– thereof cash received from affiliated companies	(6.7)	(7.5)		
– thereof net cash and cash equivalents from discontinued operations	–	–		

[1] LTM = last twelve months (Q2/13 + Q3/13 + Q4/13 + Q1/14).

The notes to the cash flow statement can be found on page 11.

2.3 BALANCE SHEET

BALANCE SHEET – ASSETS TAB: 2.3.1

in € million	31.3.2014	31.3.2013	31.12.2013
Intangible assets	923.3	1,019.3	935.7
– of which goodwill from acquisitions	601.6	658.4	606.3
Property, plant and equipment	3,006.9	2,611.2	2,933.2
Investment properties	6.7	7.7	7.3
Financial assets	13.9	15.3	13.9
Receivables and other assets	53.6	48.8	54.0
– of which financial receivables and other assets	49.5	44.4	48.1
Securities and other financial investments	184.9	464.3	179.3
Deferred taxes	26.3	54.6	33.4
Reimbursement claims of income taxes	0.1	0.1	0.1
Non-current assets	**4,215.7**	**4,221.3**	**4,156.9**
Inventories	396.5	545.8	552.6
Accounts receivable – trade	695.0	837.3	737.9
Other receivables and assets	168.8	183.7	154.0
– of which financial receivables and assets	60.4	88.4	67.0
Reimbursement claims of income taxes	30.5	39.2	29.3
Securities and other financial investments	1,416.6	542.2	856.2
Cash on hand and balances with banks	633.1	492.6	1,011.3
Current assets	**3,340.5**	**2,640.8**	**3,341.3**
ASSETS	**7,556.2**	**6,862.1**	**7,498.2**

BALANCE SHEET – EQUITY AND LIABILITIES TAB: 2.3.2

in € million	31.3.2014	31.3.2013	31.12.2013
Subscribed capital	191.4	191.4	191.4
Additional paid-in capital	646.8	647.2	646.8
Other reserves and accumulated profit	2,640.4	2,804.7	2,554.3
Minority interests	4.1	3.8	4.1
Equity	**3,482.7**	**3,647.1**	**3,396.6**
Bank loans and overdrafts	1,508.9	1,265.5	1,509.0
Other liabilities	21.8	19.5	17.5
– of which financial liabilities	17.4	7.0	13.2
Provisions for pensions and similar obligations	98.8	153.1	102.6
Provisions for mining obligations	741.6	716.3	743.9
Other provisions	118.7	137.0	117.7
Deferred taxes	192.1	279.6	196.1
Non-current debt	**2,681.9**	**2,571.0**	**2,686.8**
Bank loans and overdrafts	735.6	2.4	746.2
Accounts payable – trade	211.0	219.4	271.5
Other liabilities	120.2	98.8	94.6
– of which financial liabilities	76.2	60.2	65.5
Income tax liabilities	58.4	56.8	49.1
Provisions	266.4	266.6	253.4
Liabilities directly associated with assets classified as held for sale	–	–	–
Current debt	**1,391.6**	**644.0**	**1,414.8**
EQUITY AND LIABILITIES	**7,556.2**	**6,862.1**	**7,498.2**

2.4 STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY TAB: 2.4.1

in € million	Subscribed capital	Additional paid-in capital	Accumulated profit/ revenue reserves	Differences from foreign currency translation	Financial assets available for sale	Revaluation of defined benefit pension plans	Total K+S AG shareholders' equity	Minority interests	Equity
Balances as of 1 January 2014	191.4	646.8	2,606.0	(5.2)	1.9	(48.4)	3,392.5	4.1	3,396.6
Net income	–	–	124.1	–	–	–	124.1	–	124.1
Other comprehensive income after taxes	–	–	–	(40.2)	0.5	1.7	(38.0)	–	(38.0)
Comprehensive income of the period	**–**	**–**	**124.1**	**(40.2)**	**0.5**	**1.7**	**86.1**	**–**	**86.1**
Dividend for the previous year	–	–	–	–	–	–	–	–	–
Issuance of shares to employees	–	–	–	–	–	–	–	–	–
Other changes in equity	–	–	–	–	–	–	–	–	–
Balances as of 31 March 2014	**191.4**	**646.8**	**2,730.1**	**(45.4)**	**2.4**	**(46.7)**	**3,478.6**	**4.1**	**3,482.7**
Balances as of 1 January 2013	191.4	647.2	2,461.1	172.3	2.9	(84.6)	3,390.3	3.6	3,393.9
Net income	–	–	187.5	–	–	–	187.5	0.2	187.7
Other comprehensive income after taxes	–	–	–	59.7	0.4	5.7	65.8	–	65.8
Comprehensive income of the period	**–**	**–**	**187.5**	**59.7**	**0.4**	**5.7**	**253.3**	**0.2**	**253.5**
Dividend for the previous year	–	–	–	–	–	–	–	–	–
Issuance of shares to employees	–	–	–	–	–	–	–	–	–
Other changes in equity	–	–	(0.3)	–	–	–	(0.3)	–	(0.3)
Balances as of 31 March 2013	**191.4**	**647.2**	**2,648.3**	**232.0**	**3.3**	**(78.9)**	**3,643.3**	**3.8**	**3,647.1**

2.5 NOTES

EXPLANATORY NOTES

The interim report of 31 March 2014 is prepared in accordance with the International Financial Reporting Standards (IFRS) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), insofar as those have been recognised by the European Union. The report is prepared as abridged financial statements with selected explanatory notes as stipulated by IAS 34.

Foreign currency assets and liabilities are translated at the exchange rate prevailing on the balance sheet date. Income and expenses are translated applying the average exchange rates for the quarter.

CHANGES IN THE LEGAL GROUP AND ORGANISATIONAL STRUCTURE

The change in the organisational structure connected with the "Fit for the Future" programme resulted in altered responsibilities on the Board of Executive Directors as of 1 January 2014. The corresponding responsibilities can be found in the Financial Report 2013 on page 12.

AUDITOR'S REVIEW

The interim financial statements and the interim management report were not reviewed by the auditor (Section 37w, Para. 5, Sent. 1 of the German Securities Trading Act).

CHANGES IN THE SCOPE OF CONSOLIDATION

In the first quarter of 2014, no material changes occurred in the scope of consolidation.

SEASONAL FACTORS

There are seasonal differences over the course of the year that affect the sales volumes of fertilizers and salt products. In the case of fertilizers, we generally attain our highest sales volumes in the first half of the year because of the spring fertilization in Europe. Sales volumes of salt products – especially of de-icing salt – largely depend on the respective wintry weather during the first and fourth quarters. In the aggregate, both these effects mean that revenues and particularly earnings are generally strongest during the first half of the year.

IMPORTANT KEY FIGURES (LTM [1]) TAB: 2.5.1

in € million	LTM 2014[1]	2013
Revenues	3,859.1	3,950.4
EBITDA	850.7	907.2
EBIT I	597.6	655.9
Group earnings from continued operations, adjusted	388.4	437.1

[1] LTM = last twelve months (Q2/13 + Q3/13 + Q4/13 + Q1/14)

INFORMATION CONCERNING MATERIAL EVENTS SINCE THE END OF THE INTERIM REPORTING PERIOD

You will find such information in our Subsequent Events section on page 20.

FOREIGN CURRENCY HEDGING

Exchange rate fluctuations can lead to the value of the service performed not matching the value of the consideration, because income and expenditure arise at different times in different currencies (transaction risks). Exchange rate fluctuations, especially in relation to the US dollar, play a particular role for the Potash and Magnesium Products business unit in relation to the levels of its proceeds and receivables. Furthermore, currency effects arise at subsidiaries whose functional currency is not the euro (translation risks): On the one hand, the earnings of these companies determined in a foreign currency are translated into euros at average rates and recognised in profit or loss, and on the other hand, their net assets are translated into euros at spot rates. This can result in currency-related fluctuations in the equity of the K+S GROUP. Translation effects from the conversion of US dollars mainly appear in the Salt business unit.

Within the framework of transaction hedging, options and futures are utilised to hedge the worst case, but at the same time, the opportunity is created for part of the hedging transactions to participate in a more favourable exchange rate development. Translation risks are not hedged.

FOREIGN CURRENCY HEDGING POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT TAB: 2.5.2

	Q1/13	Q2/13	Q3/13	Q4/13	2013	Q1/14
EUR/USD exchange rate after premiums	1.31	1.28	1.29	1.34	1.30	1.35
Average EUR/USD spot rate	1.32	1.31	1.32	1.36	1.33	1.37

For the construction of the new potash plant in Canada (Legacy Project), during the primary investment phase, payments will be made in the Canadian dollar (CAD) and the US dollar (USD). The Canadian dollar investment is partly aided by a natural hedge arising from surpluses in the salt business in Canada. Futures or options are also used to hedge the remaining CAD net position. The US dollar investments are included in the USD net position of the Potash and Magnesium Products business unit; during the investment phase, this leads to a reduction of the total US dollar volume requiring hedging. In the subsequent operating phase, the hedge volume will increase given the anticipated additional USD revenues.

OTHER OPERATING INCOME/EXPENSES

The following significant items are included in other operating income and expenses:

OTHER OPERATING INCOME/EXPENSES TAB: 2.5.3

in € million	Q1/14	Q1/13
Gains/losses on foreign exchange rates	(0.5)	1.3
Change in provisions	2.0	1.8
Other	(13.6)	(3.8)
Other operating income/expenses	**(12.1)**	**(0.7)**

In comparison to the previous year, the change in the item “Other” results from a multitude of smaller operating income and expense items.

FINANCIAL RESULT

The financial result includes the following significant items:

FINANCIAL RESULT TAB: 2.5.4

in € million	Q1/14	Q1/13
Interest income	6.4	5.9
Interest expenses	(32.2)	(24.0)
– of which interest expenses for pension provisions	(1.1)	(1.4)
– of which interest expenses for provisions for mining obligations	(7.4)	(7.0)
Interest income, net	**(25.8)**	**(18.1)**
Income from the realisation of financial assets/liabilities	(1.3)	1.8
Income from the valuation of financial assets/liabilities	(0.3)	(1.6)
Other financial result	**(1.6)**	**0.2**
Financial result	**(27.4)**	**(17.9)**

DISCOUNT FACTORS FOR PROVISIONS

The actuarial measurement of pension provisions is performed by applying the projected unit credit method in accordance with IAS 19. The average weighted discount factor for pensions and similar obligations as of 31 March 2014 was 4.2% (31.3.2013: 3.8%, 31.12.2013: 4.2%). The average weighted discount factor for mining obligations as of 31 March 2014 was the same as of 31 December 2013 and amounted to 4.3% (31.3.2013: 4.3%).

TAXES ON INCOME

The following key items are included in taxes on income:

TAXES ON INCOME — TAB: 2.5.5

in € million	Q1/14	Q1/13
Corporate income tax	13.8	38.3
Trade tax on income	10.9	31.7
Foreign taxes on income	9.2	7.1
Deferred taxes	9.9	(8.6)
Taxes on income	**43.8**	**68.5**

Non-cash deferred taxes result from tax loss carryforwards as well as from other temporary tax-related measurement differences.

FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of Group financial instruments:

CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS — TAB: 2.5.6

in € million	Measurement category under IAS 39	31.3.2014 Carrying amount	31.3.2014 Fair value	31.12.2013 Carrying amount	31.12.2013 Fair value
Investments in affiliated companies and equity interests	Available for sale	13.1	13.1	13.1	13.1
Loans	Loans and receivables	0.8	0.8	0.8	0.8
Financial assets		**13.9**	**13.9**	**13.9**	**13.9**
Accounts receivable – trade	**Loans and receivables**	**695.0**	**695.0**	**737.9**	**737.9**
Remaining receivables and non-derivative financial assets	Loans and receivables	90.8	90.8	92.2	92.2
Derivatives	Held for trade	19.1	19.1	22.9	22.9
Other assets	not IFRS 7	112.5	112.5	92.9	92.9
Other receivables and assets		**222.4**	**222.4**	**208.0**	**208.0**
Securities and other financial investments	**Loans and receivables**	**1,253.3**	**1,253.2**	**722.7**	**723.4**
Securities and other financial investments	**Available for sale**	**348.2**	**348.2**	**312.8**	**312.8**
Cash on hand and balances with banks	**Loans and receivables**	**633.1**	**633.1**	**996.3**	**996.3**
Cash on hand and balances with banks	**Available for sale**	**–**	**–**	**15.0**	**15.0**
Financial liabilities	**Financial liabilities at amortised cost**	**2,244.5**	**2,358.4**	**2,255.2**	**2,304.2**
Accounts payable – trade	**Financial liabilities at amortised cost**	**211.0**	**211.0**	**271.5**	**271.5**
Other non-derivative financial liabilities	Financial liabilities at amortised cost	50.8	50.8	50.3	50.3
Derivatives	Held for trade	39.8	39.8	25.2	25.2
Liabilities from finance leases	IFRS 7	3.0	3.0	3.2	3.2
Other liabilities	not IFRS 7	48.4	48.4	33.4	33.4
Remaining and other liabilities		**142.0**	**142.0**	**112.1**	**112.1**

The fair values of the financial instruments were, on principle, determined on the basis of the market information available on the balance sheet date and are to be allocated to one of the three levels of the fair value hierarchy in accordance with IFRS 13.

Level 1 financial instruments are calculated on the basis of prices quoted on active markets for identical assets and liabilities. In Level 2, financial instruments are calculated on the basis of input factors which are derivable from observable market data or on the basis of market prices for similar instruments. Level 3 financial instruments are calculated on the basis of input factors which are not derivable from observable market data. As of 31 March 2014, financial assets held for trading amounting to € 19.1 million and financial liabilities held for trading amounting to € 39.8 million are to be allocated to Level 2 of the fair value hierarchy. Securities and other financial investments in the "Available for sale" category are based on measurements at Level 1. There are no financial instruments at Level 3 of the fair value hierarchy.

MATERIAL CHANGES IN INDIVIDUAL BALANCE SHEET ITEMS

Compared with the 2013 consolidated financial statements, the balance sheet total as of 31 March 2014 increased by € 58.0 million.

On the asset side, non-current assets increased by € 58.8 million and current assets declined by € 0.8 million. The rise in non-current assets is mainly due to an increase in property, plant and equipment resulting from increased investment activities connected with the Legacy Project (€ 73.7 million). There was no significant change in the level of current assets. Within current assets, decreases in inventories (€ 156.1 million), trade receivables (€ 42.9 million) and cash on hand and balances with banks (€ 378.2 million) were largely offset by the increase in securities and other financial investments (€ 560.4 million). The reduction in inventories primarily resulted from a decrease in finished goods and merchandise. The rise in current securities and other financial investments is in part attributable to the K+S AKTIENGESELLSCHAFT bond issue in December 2013.

On the equity and liabilities side, equity rose by € 86.1 million. This is primarily due to the positive net income in the first quarter of 2014. Non-current debt decreased by € 4.9 million. Current debt decreased by € 23.2 million.

MATERIAL CHANGES IN EQUITY

Equity is influenced by transactions with and without recognition in profit or loss as well as through capital transactions with shareholders. Compared with the 2013 consolidated financial statements, accumulated profit and other reserves increased by € 86.1 million. The increase is mainly due to the positive net income for the period comprising the first three months of financial year 2014 (after taxes and minority interests). Furthermore, changes in equity without recognition in profit or loss resulting from the foreign currency translation of subsidiaries in functional currencies (primarily US dollar) had to be taken into account. Differences from foreign currency translation are recorded in a separate foreign currency translation reserve, which decreased due to exchange rate fluctuations by € 40.2 million as of 31 March 2014 to € 45.4 million. In addition, actuarial gains (after taxes) totalling € 1.7 million served to increase equity.

NET DEBT — TAB: 2.5.7

in € million	Q1/14	Q1/13
Net debt as of 1 January	(1,037.0)	(827.3)
Cash on hand and balances with banks as of 31 March	633.1	492.6
Non-current securities and other financial investments as of 31 March	184.9	464.3
Current securities and other financial investments as of 31 March	1,416.6	542.2
Bank loans and overdrafts	(2,244.5)	(1,267.9)
Net financial liabilities as of 31 March	**(9.9)**	**231.2**
Provisions for pensions and similar obligations	(98.8)	(153.1)
Provisions for mining obligations	(741.6)	(716.3)
Reimbursement claim bond Morton Salt	18.4	19.4
Net debt as of 31 March	**(831.9)**	**(618.8)**

CONTINGENT LIABILITIES

There have been no significant changes in contingent liabilities in comparison with the 2013 consolidated financial statements and they can be classified as immaterial overall.

RELATED PARTIES

Within the K+S GROUP, deliveries are made and services rendered on customary market terms. Besides transactions between K+S GROUP companies, business relations are maintained with non-consolidated subsidiaries as well as companies over which the K+S GROUP can exercise a significant influence (associated companies). Such relationships do not have a material influence on the consolidated financial statements of the K+S GROUP. In the K+S GROUP, related persons are mainly the Board of Executive Directors and the Supervisory Board. The remuneration received by this group of persons is disclosed annually in the Remuneration Report. There were no other material transactions with related parties.

TOTAL REVENUES Q1 TAB: 2.5.8

in € million	Third-party revenues	Intersegment revenues	Total revenues
Potash and Magnesium Products business unit	507.4	18.1	525.5
Salt business unit	641.0	1.9	642.9
Complementary Activities	40.3	8.6	48.9
Reconciliation	0.3	(28.6)	(28.3)
K+S Group Q1/14	**1,189.0**	**–**	**1,189.0**
Potash and Magnesium Products business unit	625.5	19.6	645.1
Salt business unit	614.5	1.4	615.9
Complementary Activities	39.7	9.8	49.5
Reconciliation	0.6	(30.8)	(30.2)
K+S Group Q1/13	**1,280.3**	**–**	**1,280.3**

2.6 SUMMARY BY QUARTER

REVENUES & OPERATING EARNINGS (IFRS) TAB: 2.6.1

in € million	Q1/13	Q2/13	Q3/13	Q4/13	2013	Q1/14
Potash and Magnesium Products business unit	625.5	548.3	456.7	407.1	2,037.6	507.4
Salt business unit	614.5	285.2	321.0	530.7	1,751.4	641.0
Complementary Activities	39.7	40.4	39.6	39.7	159.4	40.3
Reconciliation	0.6	0.6	0.4	0.4	2.0	0.3
K+S Group revenues	**1,280.3**	**874.5**	**817.7**	**977.9**	**3,950.4**	**1,189.0**
Potash and Magnesium Products business unit	236.0	209.8	134.8	86.9	667.5	165.5
Salt business unit	100.2	18.6	37.0	80.1	235.9	113.7
Complementary Activities	8.6	8.0	6.9	8.2	31.7	9.8
Reconciliation	(8.5)	(9.4)	(3.1)	(6.9)	(27.9)	(9.2)
K+S Group EBITDA	**336.3**	**227.0**	**175.6**	**168.3**	**907.2**	**279.8**
Potash and Magnesium Products business unit	209.2	182.0	107.0	54.3	552.5	134.4
Salt business unit	73.1	(13.5)	9.2	49.0	117.8	89.1
Complementary Activities	6.8	6.2	5.3	6.4	24.7	8.0
Reconciliation	(11.2)	(12.1)	(5.7)	(10.2)	(39.2)	(11.9)
K+S Group EBIT I	**277.9**	**162.6**	**115.8**	**99.6**	**655.9**	**219.6**

INCOME STATEMENT (IFRS) TAB: 2.6.2

in € million	Q1/13	Q2/13	Q3/13	Q4/13	2013	Q1/14
Revenues	**1,280.3**	**874.5**	**817.7**	**977.9**	**3,950.4**	**1,189.0**
Cost of sales	715.4	465.1	490.6	574.7	2,245.8	668.6
Gross profit	**564.9**	**409.4**	**327.1**	**403.2**	**1,704.6**	**520.4**
Selling expenses	235.2	188.6	186.3	225.5	835.6	242.8
General and administrative expenses	50.4	50.3	41.1	49.9	191.7	45.1
Research and development costs	3.4	3.3	3.9	3.3	13.9	3.0
Other operating income/expenses	(0.7)	(8.8)	9.9	(28.7)	(28.3)	(12.1)
Income from investments, net	2.4	0.6	3.1	0.5	6.6	1.0
Result from operating forecast hedges	(3.5)	(1.9)	6.1	(17.3)	(16.6)	(23.1)
Result after operating hedges (EBIT II)	**274.1**	**157.1**	**114.9**	**79.0**	**625.1**	**195.3**
Financial result	(17.9)	(17.5)	(21.4)	(19.5)	(76.3)	(27.4)
Earnings before income taxes	**256.2**	**139.6**	**93.5**	**59.5**	**548.8**	**167.9**
Taxes on income	68.5	37.6	22.5	4.6	133.2	43.8
– of which deferred taxes	(8.6)	(16.1)	(15.4)	(21.0)	(61.1)	9.9
Earnings after taxes from continued operations	**187.7**	**102.0**	**71.0**	**54.9**	**415.6**	**124.1**
Earnings after taxes from discontinued operations	–	–	–	(2.3)	(2.3)	–
Net income	**187.7**	**102.0**	**71.0**	**52.6**	**413.3**	**124.1**
Minority interests in earnings	0.2	–	0.1	0.2	0.5	–
Group earnings after taxes and minority interests	**187.5**	**102.0**	**70.9**	**52.4**	**412.8**	**124.1**
Operating earnings from continued operations (EBIT I)	**277.9**	**162.6**	**115.8**	**99.6**	**655.9**	**219.6**
Earnings before income taxes from continued operations, adjusted [1]	**260.0**	**145.1**	**94.4**	**80.1**	**579.6**	**192.2**
Group earnings from continued operations, adjusted [1]	**190.2**	**105.9**	**71.6**	**69.4**	**437.1**	**141.5**
Group earnings after taxes, adjusted [1, 2]	**190.2**	**105.9**	**71.6**	**67.1**	**434.8**	**141.5**

OTHER KEY DATA (IFRS) TAB: 2.6.3

		Q1/13	Q2/13	Q3/13	Q4/13	2013	Q1/14
Capital expenditure [3]	€ million	110.8	191.3	186.4	254.0	742.5	164.6
Depreciation and amortisation [3]	€ million	58.4	64.4	59.8	68.7	251.3	60.2
Working capital	€ million	982.6	836.2	845.5	–	844.9	696.9
Net debt	€ million	618.8	791.1	902.0	–	1,037.0	831.9
Earnings per share from continued operations, adjusted [1]	€	0.99	0.56	0.37	0.36	2.28	0.74
Earnings per share, adjusted [1, 2]	€	0.99	0.56	0.37	0.35	2.27	0.74
Book value per share	€	19.05	17.86	17.93	–	17.75	18.20
Average number of shares [4]	million	191.40	191.40	191.40	191.40	191.40	191.40
Closing price	XETRA, €	36.29	28.41	19.16	–	22.38	23.85
Employees as of the reporting date [5]	number	14,300	14,255	14,473	–	14,421	14,330

[1] The adjusted key figures only include the result from operating forecast hedges of the respective reporting period reported in EBIT I, which eliminates effects from changes in the market value of the hedges as well as effects from the exchange rate hedging of future capital expenditure in Canadian dollar (Legacy Project). Related effects on deferred and cash taxes are also eliminated; tax rate for Q1/14: 28.6 % (Q1/13: 28.5 %).
[2] Earnings from continued and discontinued operations.
[3] Capital expenditure in or depreciation on property, plant and equipment, intangible assets and investment properties as well as depreciation on financial assets.
[4] Total number of shares less the average number of own shares held by K+S.
[5] FTE: Full-time equivalents; part-time positions are weighted in accordance with their respective share of working hours.

FINANCIAL CALENDAR

FINANCIAL CALENDAR	2014/2015
Half-yearly Financial Report, 30 June 2014	14 August 2014
Quarterly Financial Report, 30 September 2014	13 November 2014
Report on business in 2014	12 March 2015
Annual General Meeting, Kassel	12 May 2015
Quarterly Financial Report, 31 March 2015	12 May 2015
Dividend payment	13 May 2015

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