Q3 2014

K+S
Experience growth.

QUARTERLY FINANCIAL REPORT OF THE K+S GROUP
JULY TO SEPTEMBER

+ Average prices for potash and magnesium products still below the previous year
+ Positive price effects in North American salt business
+ Quarterly revenues of € 827 million; EBIT I of € 134 million
+ 'Fit for the Future' delivers expected results
+ Improved outlook for 2014:
  Expected EBIT I of between € 580 million and € 640 million (including special item of € 36 million)

KEY DATA BUSINESS DEVELOPMENT

KEY FIGURES (IFRS)

		Q3/14	Q3/13	%	9M/14	9M/13	%
Revenues	€ million	826.9	817.7	+ 1.1	2,801.6	2,972.5	–5.7
– of which Potash and Magnesium Products business unit	€ million	451.0	456.7	–1.2	1,419.5	1,630.5	–12.9
– of which Salt business unit	€ million	335.0	321.0	+ 4.4	1,263.2	1,220.7	+ 3.5
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	€ million	187.0	175.6	+ 6.5	690.3	739.0	–6.6
– of which Potash and Magnesium Products business unit	€ million	133.6	134.8	–0.9	495.5	580.6	–14.7
– of which Salt business unit	€ million	50.3	37.0	+ 35.9	190.4	155.8	+ 22.2
Operating profit (EBIT I)	€ million	134.0	115.8	+ 15.7	510.9	556.3	–8.2
– of which Potash and Magnesium Products business unit	€ million	110.8	107.0	+ 3.6	404.4	498.2	–18.8
– of which Salt business unit	€ million	24.7	9.2	> 100	115.5	68.8	+ 67.9
EBIT I margin	%	16.2	14.2	–	18.2	18.7	–
– Potash and Magnesium Products business unit	%	24.6	23.4	–	28.5	30.6	–
– Salt business unit	%	7.4	2.9	–	9.1	5.6	–
Group earnings from continued operations, adjusted [1]	€ million	76.3	71.6	+ 6.5	298.9	367.7	–18.7
Earnings per share from continued operations, adjusted [1]	€	0.40	0.37	+ 8.1	1.56	1.92	–18.8
Capital expenditure [2]	€ million	294.8	186.4	+ 58.2	731.1	488.5	+ 49.7
Depreciation and amortisation [2]	€ million	53.1	59.8	–11.2	179.5	182.7	–1.8
Cash flow from operating activities	€ million	107.2	73.5	+ 45.9	623.6	617.6	+ 1.0
Free cash flow	€ million	482.3	–68.8	–	135.4	264.8	–48.9
Free cash flow, adjusted [3,4]	€ million	–174.1	–107.1	–62.6	–16.9	173.4	–
Net debt as of 30 September	€ million	–	–	–	1,305.0	902.0	+ 44.7
Net debt/EBITDA (LTM)		–	–	–	1.5	0.9	–
Equity ratio	%	–	–	–	51.7	52.9	–
Return on Capital Employed (LTM) [5]	%	–	–	–	13.0	17.5	–
Book value per share as of 30 September	€	–	–	–	20.14	17.93	+ 12.3
Average number of shares	million	191.40	191.40	–	191.40	191.40	–
Employees as of 30 September [6]	number	–	–	–	14,334	14,473	–1.0
Market capitalisation as of 30 September	€ billion	–	–	–	4.3	3.7	+ 17.2
Enterprise value as of 30 September	€ billion	–	–	–	5.6	4.6	+ 22.6

[1] The adjusted key figures only include the result from operating anticipatory hedges in 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 dollars (Legacy Project). Related effects on deferred and cash taxes are also eliminated; tax rate for Q3/14: 28.6% (Q3/13: 28.5%).

[2] Capital expenditure in or depreciation affecting net income on property, plant and equipment, intangible assets and investment properties, as well as depreciation on financial assets.

[3] Without financing of pension obligations amounting to Q3/14: € – 2.1 million, Q3/13: € – 3.8 million; 9M/14: € – 5.5 million, 9M/13: € – 13.8 million.

[4] Without purchases/disposals of securities and other financial investments of € + 658.5 million net in Q3/14 (Q3/13: € + 42.1 million) and € + 157.8 million net in 9M/14 (9M/13: € + 105.2 million).

[5] Return on capital employed over the last twelve months as of 30 September.

[6] FTE: Full-time equivalents; part-time positions are weighted in accordance with their respective share of working hours.

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

CONTENTS

MANAGEMENT REPORT

1

1.1 GROUP STRUCTURE AND BUSINESS OPERATIONS

Please see the relevant sections of our 2013 Financial Report (page 45) for a full description of our Group structure and business operations, including products and services.

The section 'Changes in the scope of consolidation' can be found on page 32 in the Notes to this Quarterly Financial Report. The Group structure and business operations described in the 2013 Financial Report remain unchanged.

1.2 CORPORATE STRATEGY AND ENTERPRISE MANAGEMENT

There were no changes to corporate strategy or enterprise management in the third quarter. Please see the relevant sections of the 2013 Financial Report (page 54) for a detailed description of corporate strategy and enterprise management.

1.3 OVERVIEW OF THE COURSE OF BUSINESS

MACROECONOMIC ENVIRONMENT

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

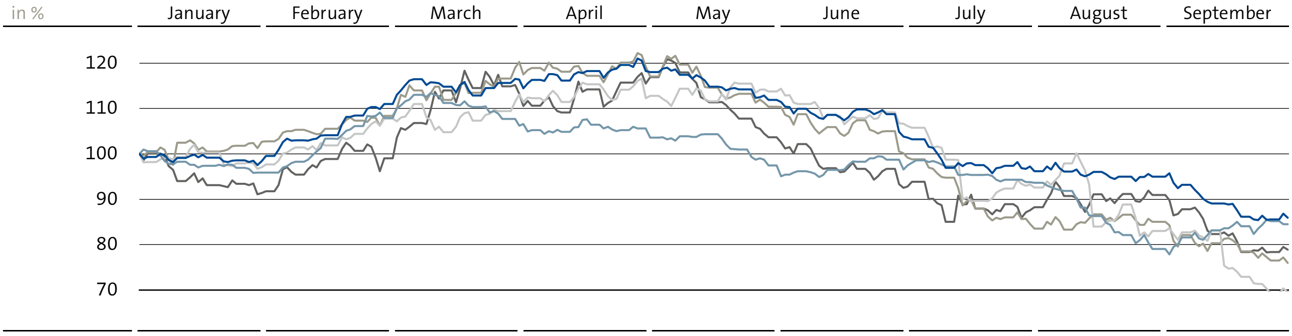
Global economic growth has slowed in recent months. While growth rates in emerging markets remained restrained, geopolitical tensions in Eastern Europe triggered by the Ukraine conflict placed a strain on the economies of the leading industrial countries. As a result, the anticipated economic recovery in the European Union stalled and production growth stagnated through the year. Against the background of a slight increase in private consumption, companies reduced their capital expenditure and exports. Despite the tangible deterioration in economic indicators, the unemployment rate fell to 11.5%, approximately 0.5 percentage points below the previous year's level.

Overall economic output rose in the United States. Buoyancy in the job market continued over the summer months and the unemployment rate remained very low at 6.1%. There were positive trends in private consumer spending and exports.

Economic growth in emerging markets fell short of expectations. Significant capital withdrawals on the part of foreign investors in the first half of 2014 continued to put pressure onto financial framework conditions.

Industrialised countries continued to pursue expansionary monetary policies during the third quarter of 2014. The EUROPEAN CENTRAL BANK (ECB) cut its key interest rate to the present 0.05% at the beginning of September. The FEDERAL RESERVE BANK (FED) retained its target rate of between 0% and 0.25%.

DEVELOPMENT OF PRICES FOR AGRICULTURAL PRODUCTS FIG: 1.3.1



Index: 31 December 2013

Wheat — Corn — Soybeans — Palm oil — Dow Jones-UBS Agriculture Subindex

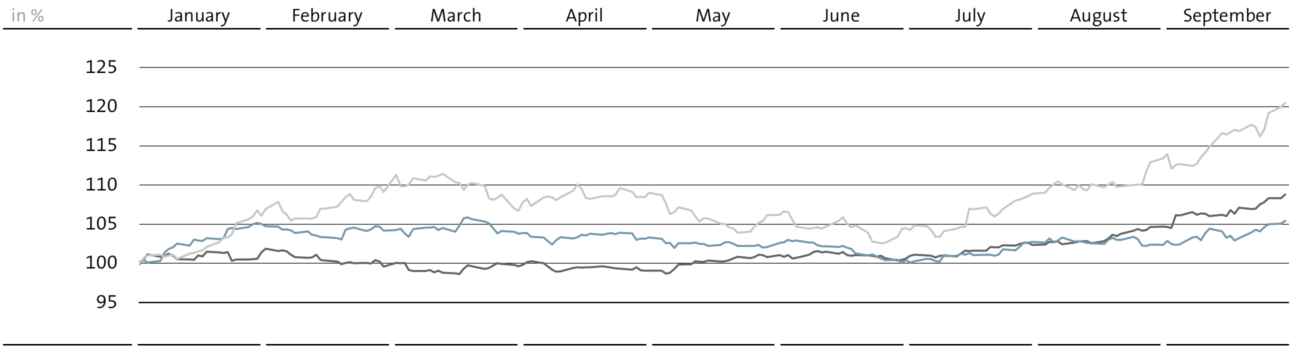
Source: Bloomberg

The prices for major soft commodities continued to fall in the third quarter as the result of significantly higher harvest estimates. The DOW JONES-UBS AGRICULTURE SUBINDEX, which tracks trends in the prices for corn, soybeans, sugar, wheat, soybean oil, cotton and coffee, fell by about 18% during the quarter under review.

The price of Brent Crude fell sharply over the quarter and was around US$ 95 a barrel at the end of September. In all probability, the drop in price was mainly due to higher exports of crude oil by the United States and weaker global demand; at around US$ 103, the average price in the third quarter of 2014 was down moderately on the previous year's figure (Q3/13: US$ 110).

The US dollar was up against the euro over the quarter under review and was trading at 1.26 EUR/USD as of 30 September. In terms of the average for the quarter, the US dollar remained more or less stable compared with the previous year's figure at 1.33 EUR/USD (Q3/13: 1.32 EUR/USD).

DEVELOPMENT OF CURRENCIES FIG: 1.3.2



Index: 31 December 2013

Euros to US$ — CAN$ to US$ — Roubles to US$

Source: Bloomberg

IMPACT ON K+S

Changes in the general economic environment had the following key effects on the course of business of K+S in the third quarter:

+ The K+S GROUP'S energy costs are particularly affected by the cost of purchasing gas. Since a portion of gas purchases are correlated with the price of crude oil, this has an impact on our cost accounting. Our diversified purchasing strategy gives us a high degree of flexibility in terms of our procurement source. Overall, we were able to make further reductions in energy costs.
+ In addition to the EUR/USD exchange rate, the relative comparison between our competitors' currencies (Canadian dollar, Russian rouble) and the US dollar is important for us. A strong US dollar generally has a positive impact on the profitability 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 production lies outside the US dollar zone, while almost all sales, with the exception of those in Europe, are invoiced in US dollars. Figure 1.3.2 shows that the US dollar was up against the euro and the currencies of competitors in Russia and Canada during the quarter under review.
+ Foreign currency hedging system: The application of hedging instruments for the Potash and Magnesium Products business unit resulted in an average exchange rate in the third quarter of 1.34 EUR/USD, including hedging costs (Q3/13: 1.29 EUR/USD), more or less at the level of the average spot rate (1.33 EUR/USD).
+ If the pressure on soft commodity prices continues to increase in the long term, it may result in a deterioration in farmers' earnings prospects, prompting them to implement cost-savings. Overall, expenditure on fertilizers accounts for about 30% of a farm's total costs, with expenditure on potash products accounting for just 2-4%. The current drop in price should therefore have only a slight impact on the demand for potash.

/ **FURTHER DETAILS ON THE FOREIGN CURRENCY HEDGING SYSTEM** can be found on page 82 of the 2013 Financial Report.

INDUSTRY-SPECIFIC FRAMEWORK CONDITIONS

The conditions in the most important sales regions and the competitive positions of the individual business units described in the 'Group Structure and Business Operations' section of the 2013 Financial Report (page 45) have remained virtually unchanged.

POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT

Demand for potassium chloride remained extremely robust in the third quarter in spite of the fall in soft commodity prices. Availability of product was limited at times. While customers in Europe remained cautious due to seasonal factors, strong demand, primarily in the major overseas regions South America and South East Asia, led to further price increases. The fertilizer specialties business was again very positive in the quarter under review.

SALT BUSINESS UNIT

The mild winter in Europe meant that demand for de-icing salt was significantly lower in the first nine months than in the same period last year. Stocks held by both suppliers and customers were comparatively high, resulting in moderate price pressure. Wintry conditions in the de-icing salt regions of the United States and Canada produced a significant rise in demand at the start of the year. This was also reflected in tenders for the coming North American winter season, where it was possible to implement significant price increases in some cases.

In the United States, there was also an increase in demand for industrial salt and salt for chemical use. However, demand for food grade salt declined. There was a positive trend in Europe in sales of salt for chemical use, while demand for food grade salt and industrial salt remained more or less stable.

K+S ON THE CAPITAL MARKET

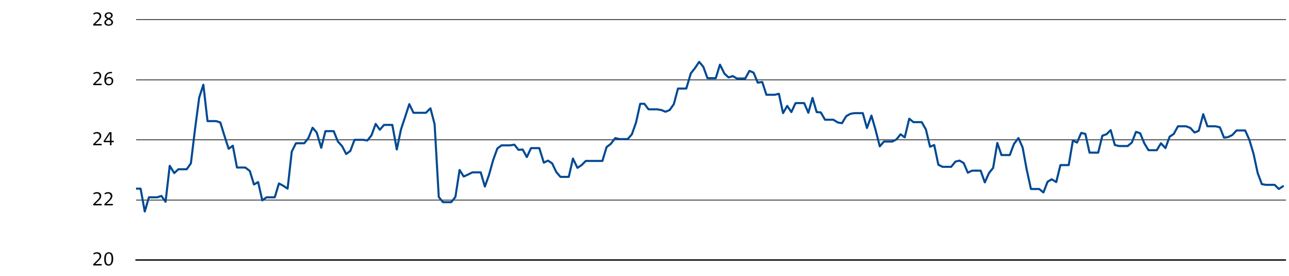
PERFORMANCE OF THE K+S SHARE PRICE IN THE THIRD QUARTER

/ THE CURRENT SHARE PRICE AND FURTHER INFORMATION ON SHARES IS AVAILABLE AT www.k-plus-s.com/de/ks-aktie

+ Profit-taking in the first few weeks of the third quarter led to a fall in the share price.
+ The share price rose to around € 24 in mid-August, following the publication of better than expected figures for the second quarter. In particular, the positive business trends for potash and magnesium products were well received.
+ However, falling soft commodity prices and their potential impact on K+S, as well as profit warnings from some competitors, triggered some sharp falls over the following weeks.
+ The K+S share price closed at € 22.46 on 30 September, more or less the same closing price as in 2013. Over the same period, the DAX fell by almost 1%, whereas the MSCI WORLD and DJ STOXX EUROPE 600 indices rose by 2% and 5% respectively.

K+S SHARE PERFORMANCE/MONTHLY HIGHS AND LOWS FIG: 1.3.3

in €	January	February	March	April	May	June	July	August	September



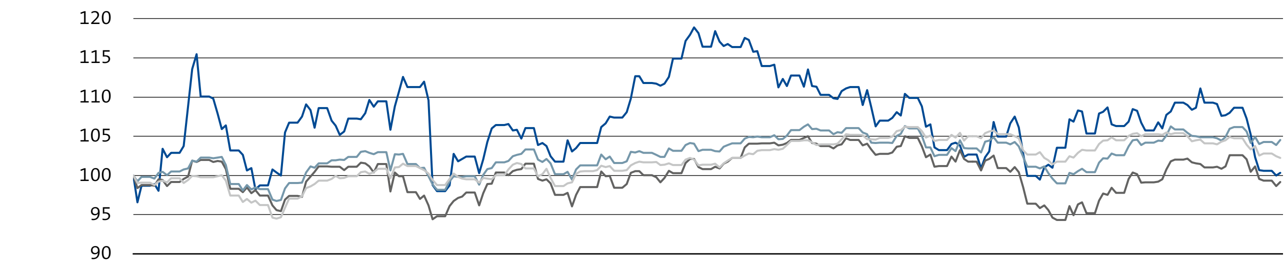
Highest price	25.84	24.53	25.19	25.21	26.60	25.54	24.71	24.32	24.86
Lowest price	21.61	22.09	21.93	22.77	24.94	23.78	22.58	22.26	22.37

K+S

Source: Bloomberg

K+S SHARE PERFORMANCE IN COMPARISON WITH THE DAX, DJ STOXX EUROPE 600 AND THE MSCI WORLD FIG: 1.3.4

in %	January	February	March	April	May	June	July	August	September



Index: 31 December 2013

K+S DAX DJ STOXX Europe 600 MSCI World

Source: Bloomberg

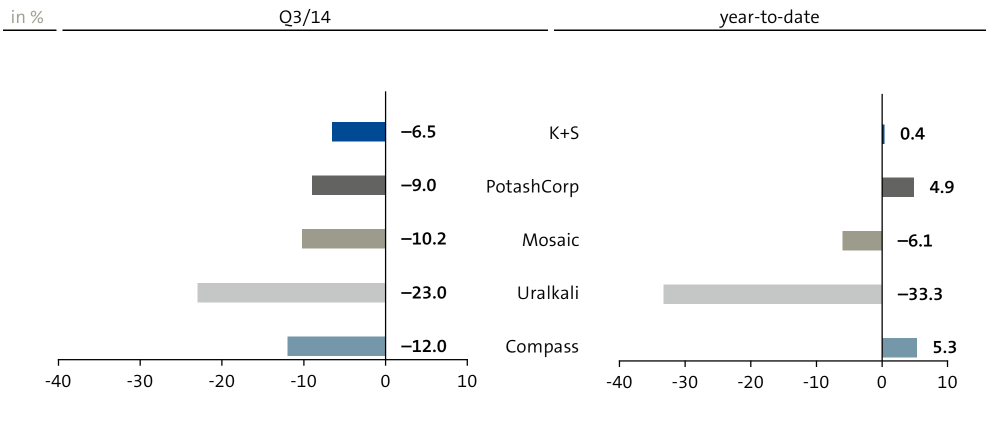
PERFORMANCE DATA TAB: 1.3.1

		Q3/14	Q3/13	%	9M/14	9M/13	%
Closing price as of 30 September	XETRA, €	–	–	–	22.46	19.16	+ 17.2
Highest price	XETRA, €	24.86	28.32	–12.2	26.60	37.53	–29.1
Lowest price	XETRA, €	22.26	15.92	+ 39.8	21.61	15.92	+ 35.7
Average price	XETRA, €	23.66	21.69	+ 9.1	23.95	29.58	–19.0
Market capitalisation as of 30 September	€ billion	–	–	–	4.3	3.7	+ 17.2
Enterprise value as of 30 September	€ billion	–	–	–	5.6	4.6	+ 22.6

Source: Bloomberg

Whereas the POTASHCORP share price rose since the start of the year (+ 4.9%), those of MOSAIC (– 6.1%) and URALKALI (– 33.3%) both fell. The share price of salt producer COMPASS climbed by approximately 5% in the first nine months of the year.

K+S SHARE PERFORMANCE IN COMPARISON WITH COMPETITORS FIG: 1.3.5



Source: Bloomberg

According to Bloomberg, 13 banks currently assign to our stock a 'buy/accumulate', 11 a 'hold/neutral' and 13 a 'reduce/sell' recommendation. The average target share price was € 23.68.

SHAREHOLDER STRUCTURE

As at 30 September 2014, our shareholder structure was as follows:

+ MERITUS TRUST COMPANY LIMITED via EUROCHEM GROUP SE: 9.88% (as announced on 12 July 2011). The last status known to us is 7.05%. This reduction did not trigger a reporting requirement.
+ BLACKROCK: 5.28% (as announced on 25 September 2014)
+ CAPITAL GROUP: 3.11% (as announced on 28 May 2014)

Under the free float definition applied by DEUTSCHE BÖRSE AG, the free float is approximately 93%.

K+S BONDS

The first K+S bond issued in 2009, with a volume of € 750 million (coupon: 5%), matured in September 2014 and was repaid as scheduled.

As a result of the continued high liquidity supply from the ECB and other leading central banks, bond prices for borrowers with good credit ratings remained high on the capital market, while yields were comparatively low.

BOND PRICES AND YIELDS TAB: 1.3.2

in %	30 September 2014 Price	Yield
K+S bond (December 2018); coupon: 3.125%	107.9	1.2
K+S bond (December 2021); coupon: 4.125%	113.4	2.1
K+S bond (June 2022); coupon: 3.000%	105.7	2.2

Source: Bloomberg

AFFILIATED COMPANIES AND RELATED PARTIES

Please see the relevant sections in the Notes on page 35 for a detailed description of significant transactions with affiliated companies and related parties.

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 on fixed volumes and prices.

At less than 10%, the share of orders on hand in relation to revenues at the end of the year in the Potash and Magnesium Products business unit is low. 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 coming winter season, but also, in some cases, for subsequent winter seasons. The contracts include agreements on both prices and maximum volumes. Where actual volumes are subject to fluctuations permitted by law according to weather conditions, these cannot be classified as orders on hand. This also applies if volumes can be moved to the following winter when demand is weak in a particular season.

For the above-mentioned reasons, the reporting of orders on hand for the K+S GROUP is not relevant for the assessment of short- and medium-term profitability.

EARNINGS POSITION

VARIANCE ANALYSIS TAB: 1.4.1

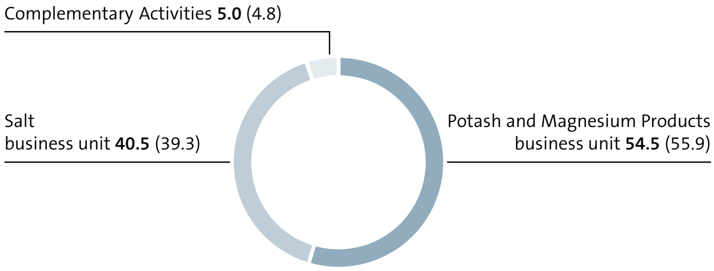
in %	Q3/14	9M/14
Change in revenues	**+ 1.1**	**−5.7**
- volume/structure-related	+ 1.1	+ 1.9
- price/pricing-related	+ 0.2	−5.5
- currency-related	−0.2	−2.1
- consolidation-related	–	–

Detailed figures for average prices and sales volumes can be found in Tables 1.5.3 and 1.5.6.

MODERATE DECLINE IN REVENUES IN THE FIRST NINE MONTHS

K+S GROUP revenues amounted to € 2,801.6 million in the first nine months of 2014 (9M/13: € 2,972.5 million), which corresponds to a decline of 5.7%. Higher sales volumes in the Salt business unit resulting from the severe winter in North America only partially offset the fall in price in the Potash and Magnesium Products business unit. Revenues of € 826.9 million were achieved in the third quarter; this was € 9.2 million more than in the same period in the previous year, due primarily to an increase in volume.

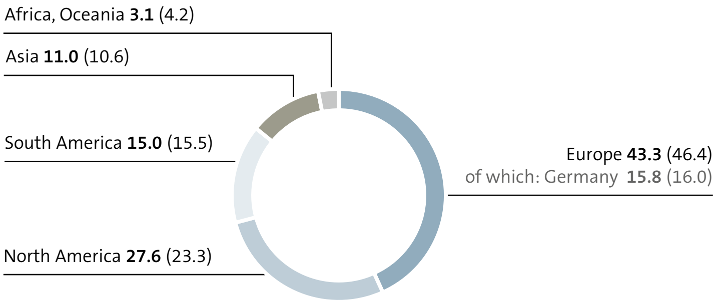
REVENUE BY UNIT JULY – SEPTEMBER 2014 (IN %) FIG: 1.4.1



Previous year's figures in brackets

In the quarter under review, approx. 55% of revenue was generated by the Potash and Magnesium Products business unit, followed by Salt with just under 41% and Complementary Activities (5%). Europe accounted for a revenue share of 43%, followed by North America (28%), South America (15%) and Asia (11%).

REVENUES BY REGION JULY – SEPTEMBER 2014 (IN %) FIG: 1.4.2



Previous year's figures in brackets

OPERATING RESULT EBIT I OF € 510.9 MILLION

The K+S GROUP achieved an operating result of € 510.9 million in the first nine months of 2014, which corresponds to a year-on-year decrease of around 8% (9M/13: € 556.3 million). At € 179.5 million, depreciation and amortisation to be taken into account in the first nine months was at the same level as the previous year (9M/13: € 182.7 million).

The recovery in average prices in the Potash and Magnesium Products business unit also continued in the third quarter. EBIT I for the Salt business unit rose compared with the previous year thanks to early fills in North America. Cost savings from the 'Fit for the Future' programme also had a positive impact. An operating profit of € 134.0 million was recorded for the quarter under review (Q3/13: € 115.8 million). This includes a special item of € 6 million relating to an insurance gain following the suspension of operations at the Unterbreizbach site. A portion of € 30 million was taken into account in the second quarter. Thus, the total compensation claim amounted to € 36 million.

RESULT AFTER OPERATING HEDGES (EBIT II)

An operating profit EBIT II of € 539.5 million after operating hedges was generated in the first nine months of 2014, compared to a figure of € 546.1 million in the previous year. The earnings effect from operating anticipatory hedges included in this figure was € 28.6 million (9M/13: € 10.2 million). At € 151.8 million, EBIT II in the quarter under review was up € 36.9 million or 32% on the previous year's figure (Q3/13: € 114.9 million), which was adversely affected by effects from operating anticipatory hedges amounting to € 0.9 million. These had a positive impact of € 17.8 million in the third quarter of 2014.

In accordance with IFRS, fluctuations in market value from hedging transactions must be reported in the income statement. EBIT II includes all results from hedging transactions, i.e. both key date-related valuation effects and results from any hedging derivatives realised. Any effects on earnings not reflected in EBIT from securing hedged items relating to financing are reported in the financial result.

'FIT FOR THE FUTURE' DELIVERS EXPECTED RESULTS

To improve cost and organisational structures the 'Fit for the Future' programme was launched in November 2013. It aims to increase the efficiency of production and that of administration and sales functions. K+S is targeting total savings in the magnitude of € 500 million by the end of 2016 compared with the previous cost planning for this period. Up to 70% of the € 150 million savings target for 2014 has already been achieved. Savings were made with material and energy costs in particular, but structural savings were also implemented in the area of logistics.

FINANCIAL RESULT

/ **FURTHER DETAILS OF THE FINANCIAL RESULT** can be found in the Notes on page 33.

The financial result for the first nine months of the year amounted to € – 99.8 million, compared with € – 56.8 million in the previous year. The decrease is due mainly to higher interest expenses resulting from recognition of the bonds issued in December 2013 (€ – 27.9 million) and an adjustment of the discount rate for mining provisions (€ – 22.2 million), a step that proved necessary because of a further drop in market interest rates. The financial result was € – 24.1 million (Q3/13: € – 21.4 million) for the third quarter. This includes interest charges for other long-term provisions, mainly provisions for mining obligations (Q3/14: € – 7.4 million), as well as interest charges for pension provisions (Q3/14: € – 1.1 million); both are non-cash items.

GROUP EARNINGS AND EARNINGS PER SHARE

Group earnings after taxes and minority interests amounted to € 319.3 million (9M/13: € 360.4 million) as of 30 September 2014. Tax expense for this period was € 120.0 million, including a deferred, i.e. non-cash expense of € 4.1 million (income tax expense 9M/13: € 128.6 million; of which € 40.1 million deferred tax income). In terms of earnings per share, this represents a decrease of € 0.21 to € 1.67 (9M/13: € 1.88) compared with the previous year. An average number of 191.4 million outstanding shares was used as the basis for the calculation.

Group earnings after taxes and minority interests were € 89.0 million (Q3/13: € 70.9 million) for the third quarter. Tax expense was € 38.5 million (of which € 3.5 million was deferred tax expense) compared with € 22.5 million in the previous year (of which € 15.4 million was deferred tax income). In terms of earnings per share, this gives a value of € 0.47, which is significantly above the previous year's figure (Q3/13: € 0.37).

ADJUSTED GROUP EARNINGS AND ADJUSTED EARNINGS PER SHARE

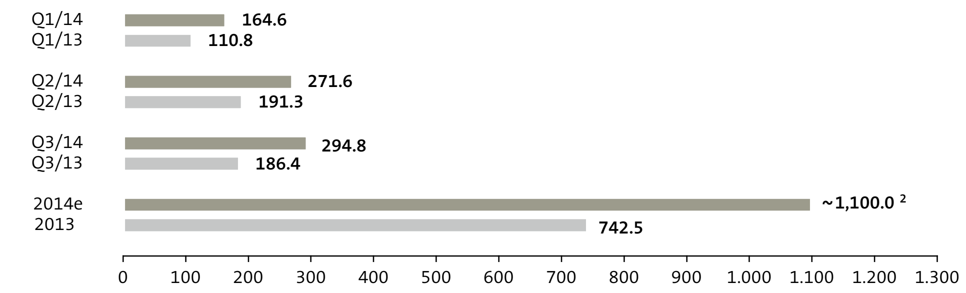
Adjusted Group earnings after taxes were € 298.9 million (9M/13: € 367.7 million) after the first nine months; this corresponds to a fall of € 68.8 million or 18.7%. Adjusted earnings per share was € 1.56 in the same period following € 1.92 in the previous year. An average number of 191.4 million outstanding shares was used as the basis for the calculation. Adjusted Group earnings after taxes amounted to € 76.3 million (Q3/13: € 71.5 million) in the third quarter, resulting in a figure of € 0.40 per share compared with € 0.37 for the same quarter in the previous year.

FINANCIAL POSITION

STRONG INCREASE IN CAPITAL EXPENDITURE IN THIRD QUARTER AS PLANNED

The K+S GROUP invested € 294.8 million in the third quarter of 2014, roughly equivalent to a 60% increase on the same period in the previous year (Q3/13: € 186.4 million). The bulk of investment was in the Potash and Magnesium Products business unit. It was mainly for infrastructure, foundation and steelwork, as well as drilling and engineering work as part of the Legacy Project in Canada and the implementation of the package of measures for water protection in the Hesse-Thuringia potash district. In the Salt business unit, the focus was on improving warehouse logistics at the Borth salt mine in North Rhine-Westphalia, measures to secure production at Frisia Zout in Harlingen in the Netherlands and measures to open up a deeper mining level at the rock salt site at Weeks Island, USA.

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



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

CASH FLOW FROM OPERATING ACTIVITIES MATCHES PREVIOUS YEAR'S FIGURE

CASH FLOW OVERVIEW TAB: 1.4.2

in € million	9M/14	9M/13
Cash flow from operating activities	623.6	617.6
Cash flow from investing activities	–488.2	–352.8
Free cash flow	**135.4**	**264.8**
Cash flow from operating activities without financing of pension obligations [1]	629.1	631.4
Cash flow from investing activities without purchases/sales of securities and other financial investments [2]	–646.0	–458.0
Adjusted free cash flow [1,2]	**–16.9**	**173.4**

[1] 9M/14: € – 5.5 million, 9M/13: € – 13.8 million.
[2] 9M/14: € + 157.8 million, 9M/13: € + 105.2 million.

As of the reporting date, cash flow from operating activities (without financing of pension obligations) was the same as in the previous year (€ 629.1 million). The lower operating earnings due to lower prices for potassium chloride was offset by the reduction of inventories as a result of a good North American salt business.

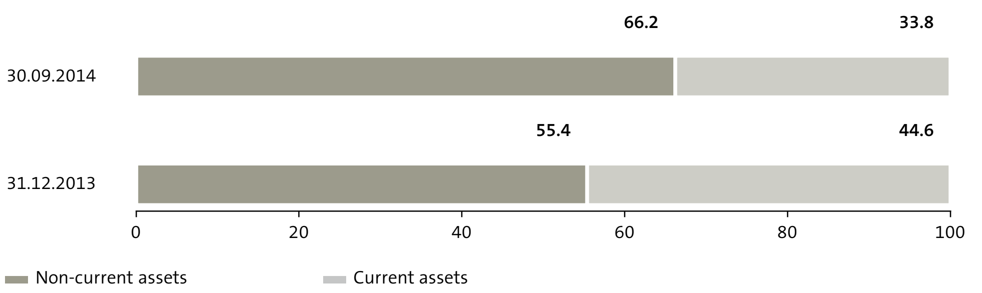
Cash flow from investing activities (excluding purchases/sales of securities and other financial investments) amounted to € – 646.0 million (9M/13: € – 458.0 million) in the first nine months due to planned higher capital expenditure, essentially for the Legacy Project. Consequently, adjusted free cash flow fell to € – 16.9 million compared with € 173.4 million in the previous year.

Cash flow from financing activities amounted to € – 793.0 million as a result of repayment of the bond that matured in September 2014, compared with € – 271.3 million in the same period in the previous year. As of 30 September 2014, net cash and cash equivalents amounted to € 363.1 million (30 September 2013: € 334.0 million; 31 December 2013: € 1,005.0 million). These capital investments relate mainly to term deposit investments, money market instruments and comparable securities with a residual term of less than three months.

ASSET POSITION

The balance sheet total of the K+S GROUP was € 7,460.8 million as of 30 September 2014 (31 December 2013: € 7,498.2 million). The ratio of non-current to current assets shifted considerably and was 66:34 as of the reporting date. The main reason for this was the repayment of the bond that matured in September 2014. Cash and cash equivalents, current and non-current securities and other financial investments fell to € 1,218.0 million, which corresponds to a drop of more than 40% since the start of the year (31 December 2013: € 2,046.8 million).

ASSETS (IN %) FIG: 1.4.4

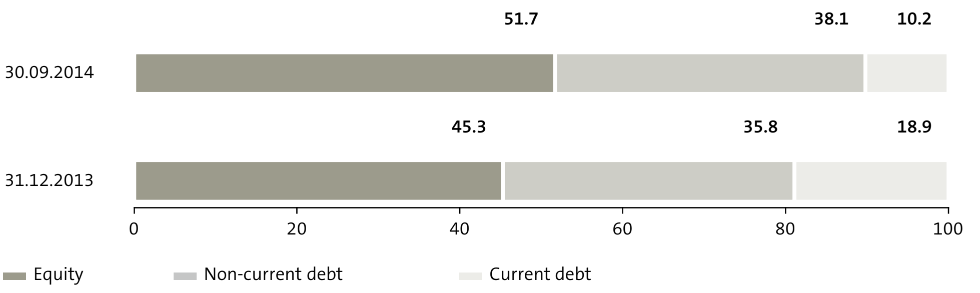


/ FURTHER DETAILS ON THE MAIN CHANGES IN INDIVIDUAL BALANCE SHEET ITEMS can be found in the Notes on page 34.

At € 3,850.8 million, equity available to the shareholders of K+S AKTIENGESELLSCHAFT was € 458.3 million higher than the figure as of 31 December 2013 (€ 3,392.5 million). The principal increase stemmed from the Group net income for the period. The equity ratio was approx. 52% as of the reporting date.

As of 30 September 2014, the K+S GROUP's debt consisted mainly of financial liabilities (42%), provisions (41%) and trade payables (7%). As of 30 September 2014, financial liabilities amounted to € 1,512.0 million; of this, € 1.1 million had to be classified as current. Current debt fell sharply following the bond repayment in September 2014. As of 30 September, the main provisions of the K+S GROUP related to mining provisions of € 868.7 million (up € 124.8 million compared with 31 December 2013) as well as for pensions and similar obligations of € 161.8 million (up € 59.2 million).

EQUITY AND LIABILITIES (IN %) FIG: 1.4.5



The net debt of the K+S GROUP was € 1,304.4 million as of the reporting date (31 December 2013: € 1,037.0 million). Net financial liabilities, i.e. not including provisions, amounted to € 294.0 million as of the reporting date, compared with € 95.7 million in the previous year.

NET DEBT TAB: 1.4.3

in € million	9M/14	9M/13
Cash on hand and balances with banks as of 30 September	368.0	340.8
Non-current securities and other financial investments as of 30 September	86.2	229.2
Current securities and other financial investments as of 30 September	763.8	600.1
Financial liabilities	−1,512.0	−1,265.8
Net financial liabilities as of 30 September	**−294.0**	**−95.7**
Provisions for pensions and similar obligations	−161.8	−104.3
Provisions for mining obligations	−868.7	−720.3
Reimbursement claim Morton Salt bond	19.5	18.3
Net debt as of 30 September	**−1,305.0**	**−902.0**

OFF-BALANCE SHEET FINANCING INSTRUMENTS/ ASSETS NOT SHOWN ON THE BALANCE SHEET

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

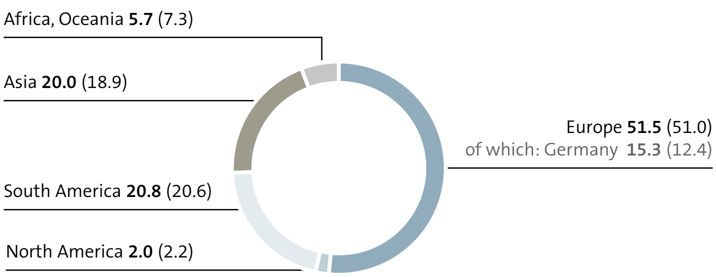
1.5 SEGMENTS OF THE K+S GROUP

POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT

KEY FIGURES TAB: 1.5.1

in € million	Q3/14	Q3/13	%	9M/14	9M/13	%
Revenues	451.0	456.7	–1.2	1,419.5	1,630.5	–12.9
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	133.6	134.8	–0.9	495.5	580.6	–14.7
Operating profit (EBIT I)	110.8	107.0	+ 3.6	404.4	498.2	–18.8
Capital expenditure	269.2	159.5	+ 68.8	674.1	418.0	+ 61.3
Employees as of 30 September (number)	–	–	–	8,334	8,382	–

REVENUES BY REGION JULY – SEPTEMBER 2014 (IN %) FIG: 1.5.1



Previous year's figures in brackets

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

REVENUES

Revenues for the Potash and Magnesium Products business unit of € 1,419.5 million in the first nine months of 2014 were down 12.9% on the figure for the same period in the previous year (9M/13: € 1,630.5 million). The principal reason for the fall in revenues was the significantly lower price level on the global potash markets compared with the previous year. Sales volumes were also down, particularly overseas, and at 5.28 million tonnes were 2.8% below previous year's level (9M/13: 5.43 million tonnes). Lower volumes were available in the first few months of 2014 due to restricted production at the Unterbreizbach site.

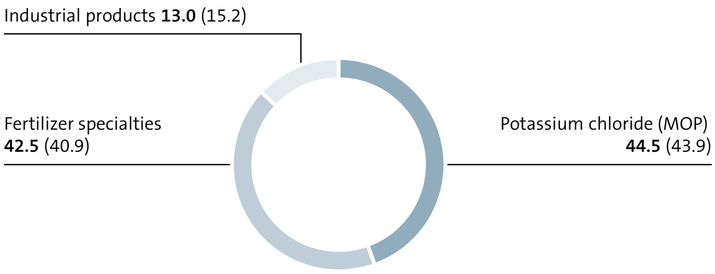
VARIANCE ANALYSIS TAB: 1.5.2

in %	Q3/14	9M/14
Change in revenues	**–1.2**	**–12.9**
- volume/structure-related	–1.4	–2.8
- price/pricing-related	–0.1	–8.8
- currency-related	+ 0.3	–1.3
- consolidation-related	–	–
Potassium chloride	+ 0.1	–25.0
Fertilizer specialties	+ 2.6	+ 2.0
Industrial products	–15.5	–12.2

Global price recovery also continued in the third quarter of 2014 and demand proved robust. Revenues of € 451.0 million in the reporting quarter more or less matched the level of the previous year (Q3/13: € 456.7 million). Our home region Europe remained strong, with 52% of total revenue generated here.

Revenues from the standard product, potassium chloride, remained largely stable in the reporting quarter at € 200.5 million (Q3/13: € 200.3 million); falls in price compared with the previous year were offset by higher sales volumes. Higher revenues were generated in the fertilizer specialties segment in the third quarter of 2014, particularly due to higher prices. Revenues amounted to € 191.8 million compared with € 186.9 million in the previous year. Measured against total revenues, the specialties share rose to 42.5%. On the other hand, revenues from industrial products of € 58.7 million were down due to lower prices by a significant € 10.8 million or 15.5% compared with the figure in the previous year (Q3/13: € 69.5 million). This fall is due in particular to the delayed reaction to price changes of potassium chloride.

REVENUES BY PRODUCT GROUP JULY – SEPTEMBER 2014 (IN %) FIG: 1.5.2



Previous year's figures in brackets

Sales volumes in the reporting quarter was 1.62 million tonnes, compared with 1.63 million tonnes in the previous year. Whereas overseas volumes declined slightly, more goods were sold in Europe.

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

		Q1/13	Q2/13	Q3/13	9M/13	Q4/13	2013	Q1/14	Q2/14	Q3/14	9M/14
Revenues	**€ million**	**625.5**	**548.3**	**456.7**	**1,630.5**	**407.1**	**2,037.6**	**507.4**	**461.1**	**451.0**	**1,419.5**
Europe	€ million	354.4	276.3	233.1	863.8	250.1	1,113.9	347.5	263.6	232.3	843.4
Overseas	US$ million	358.0	355.3	296.5	1,009.8	216.9	1,226.7	219.0	270.8	290.7	780.5
Sales volumes	**t million (product)**	**2.03**	**1.77**	**1.63**	**5.43**	**1.51**	**6.94**	**1.94**	**1.72**	**1.62**	**5.28**
Europe	t million (product)	1.11	0.89	0.77	2.77	0.88	3.65	1.27	0.92	0.80	2.99
Overseas	t million (product)	0.92	0.88	0.86	2.66	0.63	3.29	0.67	0.80	0.82	2.29
Average price	**€/t (product)**	**308.0**	**309.4**	**280.4**	**300.2**	**270.7**	**293.8**	**261.8**	**268.1**	**278.7**	**269.0**
Europe	€/t (product)	318.8	311.7	301.3	311.7	284.8	305.2	273.3	285.8	290.4	282.6
Overseas	US$/t (product)	389.5	401.0	346.3	379.6	346.8	373.3	328.5	339.3	351.2	340.5

[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. Hedging transactions were concluded for most of this sales revenue. Prices are also affected by the respective product mix and should therefore be taken as a rough indication only.

DEVELOPMENT OF EARNINGS

Operating profit EBIT I for the Potash and Magnesium Products business unit amounted to € 404.4 million after the first nine months (9M/13: € 498.2 million); this corresponds to a fall of 18.8%. The depreciation and amortisation included amounted to € 91.1 million, compared with € 82.4 million in the previous year; the reason for the increase was primarily the investment made as part of the package of water protection measures. The decrease in earnings compared with the previous year was mainly the result of the lower price level for potassium chloride and also a slightly decline in sales volumes. This was offset by cost savings and a one-off effect relating to an insurance gain of € 34 million following the business interruption at the Unterbreizbach site. EBIT I of € 110.8 million in the quarter under review was slightly up on the previous year's figure (Q3/13: € 107.0 million). Measures connected with the 'Fit for the Future' programme as well as the one-off effect relating to an insurance gain of € 4 million had a positive impact.

LEGACY PROJECT IS CONTINUING TO MAKE GOOD PROGRESS

Our 'Legacy' greenfield project in the Canadian province of Saskatchewan is continuing to make good progress as planned. At the beginning of the year, a first test cavern for the extraction of brine containing potash at a depth of approximately 1,500 metres was completed. 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. A long-term exclusive contract was signed with Pacific Coast Terminals Co. Ltd. (PCT) for the construction and operation of a new cargo terminal and storage facility in the port of Vancouver (Canada). In addition, a camp was opened to provide food and accommodation to site employees.

PERMANENT SOLUTION FOR DISPOSAL OF SALINE WASTEWATER

At the end of September, K+S agreed on guidelines with the Hessian Ministry of the Environment regarding a four-phase plan for the permanent disposal of saline wastewater in the Werra potash district. The points presented include a commitment period until 2075 and are to be set out in a public-law contract. The aim of the various measures is, according to European water legislation, to further reduce the effect on the environment in the Werra-Weser area and ensure the future viability of local jobs. A further investment of approx. € 400 million is planned from 2018 onwards.

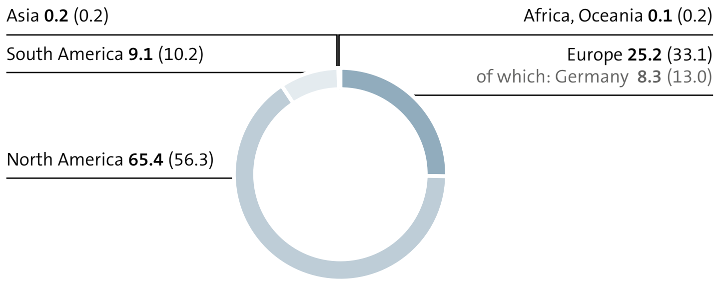
SALT BUSINESS UNIT

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

KEY FIGURES TAB: 1.5.4

in € million	Q3/14	Q3/13	%	9M/14	9M/13	%
Revenues	335.0	321.0	+ 4.4	1,263.2	1,220.7	+ 3.5
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	50.3	37.0	+ 35.9	190.4	155.8	+ 22.2
Operating profit (EBIT I)	24.7	9.2	> 100	115.5	68.8	+ 67.9
Capital expenditure	19.8	23.3	–15.0	43.0	50.0	–14.0
Employees as of 30 September (number)	–	–	–	5,070	5,123	–1.0

REVENUES BY REGION JULY – SEPTEMBER 2014 (IN %) FIG: 1.5.3



Previous year's figures in brackets

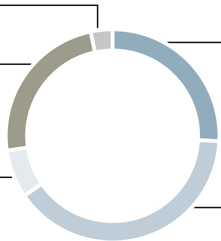
REVENUES

Revenues in the Salt business unit rose by 3.5% to € 1,263.2 million in the first nine months (9M/13: € 1,220.7 million). North America in particular experienced volume-related increases as a result of above-average wintry weather in the first quarter. Overall, this more than offset a weather-related drop in revenues in Europe. Our presence on three continents has therefore paid off once again. Revenues were, however, adversely affected by the trend in the EUR/USD exchange rate. The sales volumes for crystallised salt rose by 12.8% to 17.52 million tonnes in the first nine months (9M/13: 15.53 million tonnes) against the backdrop of above-average sales of de-icing salt in North America.

VARIANCE ANALYSIS		TAB: 1.5.5
	Q3/14	9M/14
in %		
Change in revenues	**+ 4.4**	**+ 3.5**
- volume/structure-related	+ 4.5	+ 8.5
- price/pricing-related	+ 0.8	−1.5
- currency-related	−0.9	−3.5
- consolidation-related	–	–
Food grade salt	+ 4.3	+ 0.2
Industrial salt	+ 7.1	+ 1.8
Salt for chemical use	−8.6	−11.4
De-icing salt	+ 9.3	+ 10.5
Other	−20.6	−11.9

Revenues increased by approx. 4% to € 335.0 million in the third quarter (Q3/13: € 321.0 million). Revenues for de-icing salt rose 9.3% to € 80.1 million (Q3/13: € 73.3 million). In Europe, however, continued high inventory levels led to a volume-related drop in revenues, which was more than offset by higher volumes and price increases in North America. For industrial salt, salt for chemical use and food grade salt, positive volume and price effects led to a slight increase in revenues to € 243.7 million (Q3/13: € 233.6 million).

REVENUES BY PRODUCT GROUP JULY – SEPTEMBER 2014 (IN %) FIG: 1.5.4



Previous year's figures in brackets

Sales volume for crystallised salt in the third quarter amounted to 3.89 million tonnes compared with 3.65 million tonnes in the same period in the previous year (up 6.6%).

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

		Q1/13	Q2/13	Q3/13	9M/13	Q4/13	2013	Q1/14	Q2/14	Q3/14	9M/14
De-icing salt											
Revenues	€ million	359.4	40.4	73.3	473.1	280.3	753.4	396.6	46.0	80.1	522.7
Sales volumes	million tonnes	6.53	0.77	1.41	8.72	5.07	13.79	8.15	0.98	1.55	10.67
Average price	€/t	55.1	52.1	51.9	54.3	55.2	54.6	48.7	47.1	51.8	49.0
Industrial salt, salt for chemical use and food grade salt											
Revenues	€ million	236.5	233.2	233.6	703.2	228.4	931.6	230.4	227.3	243.7	701.4
Sales volumes	million tonnes	2.38	2.19	2.24	6.81	2.21	9.02	2.28	2.22	2.34	6.85
Average price	€/t	99.5	106.5	104.4	103.3	103.2	103.3	100.9	102.4	104.1	102.5

[1] Revenues include prices both inclusive and exclusive of freight costs. Prices are also affected by exchange rate changes and the respective product mix and should therefore be taken as a rough indication only.

DEVELOPMENT OF EARNINGS

Operating profit EBIT I for the Salt business unit rose to € 115.5 million in the first nine months compared with € 68.8 million in the previous year (up 67.9%); this included depreciation and amortisation of € 74.9 million (9M/13: € 87.0 million). While earnings came under pressure essentially as a result of the mild winter in Europe, this was more than offset by volume-related higher revenues in North America. Savings associated with the 'Fit for the Future' programme also had a positive influence.

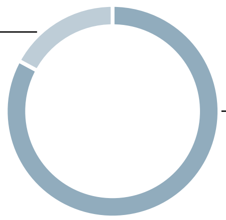
EBIT I amounted to € 24.7 million in the quarter under review (Q3/13: € 9.2 million). The early fills in North America and cost savings both boosted earnings.

COMPLEMENTARY ACTIVITIES

KEY FIGURES TAB: 1.5.7

in € million	Q3/14	Q3/13	%	9M/14	9M/13	%
Revenues	40.9	39.6	+ 3.3	118.1	119.7	−1.3
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	9.9	6.9	+ 43.5	27.0	23.5	+ 14.9
Operating profit (EBIT I)	7.9	5.3	+ 49.1	21.5	18.3	+ 17.5
Capital expenditure	2.2	0.8	> 100	3.4	1.6	> 100
Employees as of 30 September (number)	–	–	–	290	293	−1.0

REVENUES BY REGION JULY – SEPTEMBER 2014 (IN %) FIG: 1.5.5



Previous year's figures in brackets

REVENUES

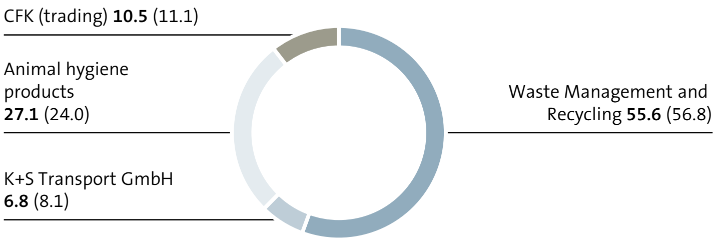
Complementary Activities posted third-party revenues of € 118.1 million in the first nine months (9M/13: € 119.7 million), while total revenues amounted to € 143.1 million (9M/13: € 146.3 million). Third-party revenues generated by Complementary Activities amounted to € 40.9 million in the third quarter (Q3/13: € 39.6 million). Including intersegment revenues, total revenues amounted to € 49.1 million, compared with € 47.8 million in the same quarter in the previous year.

VARIANCE ANALYSIS TAB: 1.5.8

in %	Q3/14	9M/14
Change in revenues	**+ 3.3**	**−1.3**
- volume/structure-related	+ 2.5	−1.8
-price/pricing-related	+ 0.8	+ 0.5
-currency-related	–	–
-consolidation-related	–	–
Waste Management and Recycling	+ 1.3	−0.6
K+S Transport GmbH	−12.5	−16.0
Animal hygiene products	+ 16.8	+ 3.5
CFK (trading)	−2.3	−3.7

Revenues for the Waste Management and Recycling segment rose € 0.3 million to € 22.8 million during the quarter under review. Due to lower volumes, revenues generated by K+S TRANSPORT GMBH fell by € 0.4 million to € 2.7 million. Revenues increased in the animal hygiene products segment, mainly as a result of higher volumes, from € 9.6 million to € 11.1 million. The CFK trading business posted revenues of € 4.3 million (Q3/13: € 4.4 million).

REVENUES BY SEGMENT JULY – SEPTEMBER 2014 (IN %) FIG: 1.5.6



Previous year's figures in brackets

DEVELOPMENT OF EARNINGS

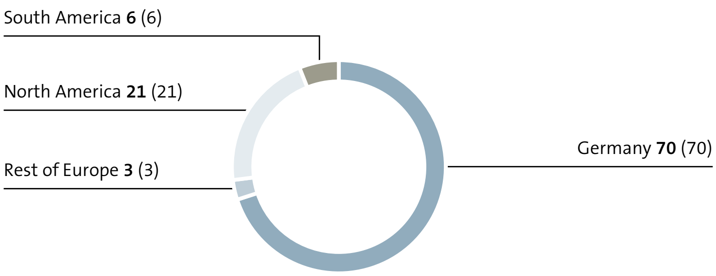
Operating profit EBIT I increased significantly to € 21.5 million in the first nine months (9M/13: € 18.3 million); these include depreciation and amortisation of € 5.5 million (9M/13: € 5.2 million). Operating profit EBIT I amounted to € 7.9 million in the quarter under review compared with € 5.3 million in the previous year; these include depreciation and amortisation of € 2.0 million (Q3/13: € 1.6 million). The increased profit was mainly due to one-off effects in the Waste Management and Recycling segment. Compared with the same quarter in the previous year, K+S TRANSPORT GMBH and the animal hygiene products segment were able to make higher contributions to the result, whereas the CFK (trading) result was down.

1.6 EMPLOYEES

NUMBER OF EMPLOYEES STABLE

As of 30 September 2014, the K+S GROUP employed a total of 14,334 people (full-time equivalents). The figure therefore remained more or less stable compared with 30 September 2013 (14,473 employees). The average number of people employed over the quarter was 14,230 (Q3/13: 14,342). As a result of the internationalisation of the K+S GROUP, just under a third of employees are now located outside Germany and more than a quarter outside Europe. The number of trainees in Germany was 603 on 30 September 2014, i.e. on the same level as in the previous year (30 September 2013: 602).

EMPLOYEES BY REGION AS OF 30 SEPTEMBER 2014 (IN %) FIG: 1.6.1



Previous year's figures in brackets

PERSONNEL EXPENSES

In the first nine months personnel expenses remained more or less stable at € 725.8 million (9M/13: € 716.0 million). Personnel expenses amounted to € 243.1 million in the third quarter, up slightly compared with the figure in the previous year (Q3/13: € 226.0 million). Higher personnel expenses resulting from adjustments in collective agreements and a higher cut-off for performance-related compensation were offset by a reduced number of employees and by lower personnel expenses due to exchange rate effects.

1.7 RESEARCH AND DEVELOPMENT

Research costs fell to € 8.6 million in the first nine months (9M/13: € 10.6 million) and capitalised development-related capital expenditure to € 2.1 million (9M/13: € 3.4 million). Research costs amounted to € 2.8 million for the quarter under review (Q3/13: € 3.9 million). Capitalised development-related capital expenditure was reduced, as planned, to approx. € 0.5 million in the third quarter (Q3/13: € 1.1 million). Progress continues as planned on the construction of our new analysis and research centre in Unterbreizbach. It is scheduled to be opened in summer 2015.
As of 30 September 2014, 84 persons were employed in the R&D area of the K+S GROUP (30 September 2013: 87).

Please see the relevant sections on page 67 of our 2013 Financial Report for a detailed description of research and development activities; the goals and areas of focus described there continue to apply.

1.8 RISK REPORT

Please see the relevant comments from page 94 onwards in our 2013 Financial Report for a detailed description of the risk management system and possible risks. The risks described there remain largely unchanged as of 30 September 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 and possible opportunities, please refer to the relevant sections in our Financial Report 2013 starting on page 109. The opportunities described there remain largely unchanged as of 30 September 2014.

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

1.10 SUBSEQUENT EVENTS

The K+S GROUP has experienced no significant changes in the economic environment or in the situation of its 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 of the future macroeconomic situation is based on forecasts from the KIEL INSTITUTE FOR THE WORLD ECONOMY (Kiel Discussion Papers: Weltkonjunktur im Herbst 2014, September 2014) and of the INTERNATIONAL MONETARY FUND (World Economic Outlook, October 2014).

PERCENTAGE CHANGE IN GROSS DOMESTIC PRODUCT TAB: 1.11.1

in %; real	2014e	2013	2012	2011	2010
Germany	+ 1.4	+ 0.5	+ 0.9	+ 3.4	+ 3.9
European Union (EU–28)	+ 1.4	0.0	−0.3	+ 1.7	+ 2.0
World	+ 3.3	+ 2.9	+ 3.2	+ 3.9	+ 5.2

Source: IMF

In light of weaker than expected world economic growth in the first two quarters of 2014, the INTERNATIONAL MONETARY FUND has reduced its forecast for the current year from 3.6% to 3.3%. Nevertheless, the economic situation in the developed economies should gradually strengthen. This development is driven in particular by the tangible increase in production in the United States. Economic activity in emerging markets should initially remain restrained as a result of low demand from industrialised countries. Geopolitical developments in the Ukraine conflict still present a downside risk for the growth forecast.

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, remain valid.

POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT

Global potash sales were extremely strong in the first nine months of 2014. For both the fertilizer specialties segment and for granulated potassium chloride, there has been a demand overhang in many regions since the start of the spring season – the recovery in prices continued worldwide. The price level for agricultural products still offers farmers sufficient incentives to use mineral plant nutrients, although it has dropped significantly following exceptionally good harvests. The resulting increased nutrient extraction from the soil offers good conditions for a continued positive development in demand. We expect global demand for potash to rise moderately for 2014 as a whole.

SALT BUSINESS UNIT

While the severe winter in North America resulted in a considerable reduction in inventories at the start of the year and should therefore have a positive effect on demand for the year as a whole, the mild winter weather in Europe is likely to result in sluggish demand. There should be growth opportunities in the industrial salt segment as a result of rising demand for water-softening and pharmaceutical salts in North America. Slight increases in sales volumes are expected for food grade salt in the North American premium segment; however, demand in the food processing industry may decline. Sales volumes in South America should remain stable, while a downward trend is expected for Europe. Salt business for the chemical industry should grow slightly in North America and Europe, and remain stable in South America.

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 mainly based on the following assumptions:
+ Global potash sales volumes of about 62 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 moderate decline in average prices in the Potash and Magnesium Products business unit compared with the previous year (2013: € 293.8 per tonne), based on the expectation that the general price level has bottomed out.
+ Sales volumes in the Potash and Magnesium Products business unit should reach the previous year's level (2013: 6.9 million tonnes).
+ Crystallised salt sales volumes moderately above the previous year's level (2013: 22.8 million tonnes), with de-icing salt sales volumes of a good 14 million tonnes (2013: 13.8 million tonnes). For the de-icing salt business, we assume, as usual, multi-year average sales volumes for the rest of the year.
+ An average annual spot exchange rate for the year of 1.33 EUR/USD (2013: 1.33 EUR/USD) as well as 1.47 EUR/CAD for the Canadian dollar (2013: 1.37 EUR/CAD).

EBIT I BENEFITS FROM SPECIAL ITEM

For the financial year 2014, the revenues of the K+S GROUP should be between € 3.7 billion and € 3.9 billion (2013: € 3,950.4 million). Moderately lower year-on-year average prices are likely to result in decreasing revenues compared with the previous year for the Potash and Magnesium Products business unit. The sales volume development in the Salt business unit will probably be unable to compensate fully 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 both production, sales and administrative functions. The Company aims to reduce costs by a good € 150 million in 2014 compared with the previous planning.

We expect a range of between € 820 million and € 880 million for the EBITDA of the K+S GROUP, (2013: € 907.2 million) and anticipate an EBIT I of between € 580 and 640 million (2013: € 655.9 million). The decrease is mainly the result of moderately lower average prices in the Potash and Magnesium Products business unit compared with the previous year. Both operating results include a special item relating to an insurance gain of € 36 million following the business interruption at the Unterbreizbach site.

In addition to the trend in operating results, adjusted Group earnings after taxes will be influenced by higher interest expenses in connection with the December 2013 bond issue, as well as an interest adjustment for mining provisions in the second quarter of 2014. For the year as a whole, we expect adjusted Group earnings after taxes of between € 330 million and € 380 million (2013: € 434.8 million).

FUTURE CAPITAL EXPENDITURE INCREASES AS PLANNED BECAUSE OF LEGACY

The K+S GROUP's anticipated capital expenditure for 2014 amounts to about € 1.1 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 still intended for the implementation of the package of water protection measures 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 on the same level as the previous year (2013: € 107.4 million).

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

FUTURE NUMBER OF EMPLOYEES

By the end of 2014, we expect the number of employees (full-time equivalents) to be roughly the same as last year (31 December 2013: 14,421). This should also be the case for the average number of employees (2013: 14,348). The anticipated increase in personnel in our foreign subsidiaries – mainly in connection with the Legacy Project – should be offset by a reduction in the number of employees in Germany.

FUTURE DIVIDEND POLICY

K+S pursues an essentially earnings-based dividend policy. In line with this approach, a dividend payout ratio of between 40% and 50% of adjusted Group earnings after taxes (including discontinued operations) forms the basis for the amount of future dividend proposals to be determined by the Board of Executive Directors and the Supervisory Board. In view of the substantial capital expenditure, the dividend payment for the 2013 financial year was only € 0.25 per share. It is intended 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	Forecast H1/14	Forecast Q3/14
K+S Group						
Revenues	€ billion	3.95	moderate decrease	moderate decrease	3.65 – 3.85	3.70 – 3.90
EBITDA	€ million	907.2	significantly below previous year's level	significantly below previous year's level	770 – 850	820 – 880
Operating profit (EBIT I)	€ million	655.9	significantly below previous year's level	significantly below previous year's level	490 – 570	580 – 640
Group earnings after taxes, adjusted	€ million	434.8	significantly below previous year's level	significantly below previous year's level	270 – 340	330 – 380
Capital expenditure [1]	€ million	742.5	about 1,200	just below 1,200	about 1,100	about 1,100
Number of employees	FTE	14,421	stable	stable	stable	stable
Potash and Magnesium Products business unit						
Sales volumes	million tonnes	6.94	on previous year's level	on previous year's level	on previous year's level	on previous year's level
Salt business unit						
Sales volumes crystallised salt	million tonnes	22.8	on previous year's level	slightly above previous year's level	slightly above previous year's level	moderately above previous year's level
- of which de-icing salt	million tonnes	13.8	about 14	about 14	a good 14	a good 14

[1] Capital expenditure on property, plant and equipment, intangible assets and investment properties.

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 incorrect 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.

1.12 RESPONSIBILITY STATEMENT FROM 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 accurate 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, 5 November 2014
K+S Aktiengesellschaft
The Board of Executive Directors

FINANCIAL SECTION

2

2.1 INCOME STATEMENT

INCOME STATEMENT TAB: 2.1.1

in € million	Q3/14	Q3/13	9M/14	9M/13	LTM[1]/14	12M/13
Revenues	**826.9**	**817.7**	**2,801.6**	**2,972.5**	**3,779.5**	**3,950.4**
Cost of sales	487.5	490.6	1,592.5	1,671.1	2,167.2	2,245.8
Gross profit	**339.4**	**327.1**	**1,209.1**	**1,301.4**	**1,612.3**	**1,704.6**
Selling expenses	170.6	186.3	588.3	610.1	813.8	835.6
General and administrative expenses	44.9	41.1	135.1	141.8	185.0	191.7
Research and development costs	2.8	3.9	8.6	10.6	11.9	13.9
Other operating income	51.9	42.9	119.8	91.6	150.3	122.1
Other operating expenses	40.0	33.0	93.7	91.2	152.9	150.4
Income from investments, net	2.6	3.1	3.9	6.1	4.4	6.6
Result from operating anticipatory hedges	16.2	6.1	32.4	0.7	15.1	−16.6
Result after operating hedges (EBIT II)[2]	**151.8**	**114.9**	**539.5**	**546.1**	**618.5**	**625.1**
Interest income	6.8	6.1	20.4	17.7	26.7	24.0
Interest expenses	32.2	27.8	120.9	75.1	145.6	99.8
Other financial result	1.3	0.3	0.7	0.6	−0.4	−0.5
Financial result	**−24.1**	**−21.4**	**−99.8**	**−56.8**	**−119.3**	**−76.3**
Earnings before income taxes	**127.7**	**93.5**	**439.7**	**489.3**	**499.2**	**548.8**
Taxes on income	38.5	22.5	120.0	128.6	124.6	133.2
– of which deferred taxes	3.5	−15.4	4.1	−40.1	−16.9	−61.1
Earnings after taxes from continued operations	**89.2**	**71.0**	**319.7**	**360.7**	**374.6**	**415.6**
Earnings after taxes from discontinued operations	–	–	–	–	−2.3	−2.3
Net income	**89.2**	**71.0**	**319.7**	**360.7**	**372.3**	**413.3**
Minority interests in earnings	0.2	0.1	0.4	0.3	0.6	0.5
Group earnings after taxes and minority interests	**89.0**	**70.9**	**319.3**	**360.4**	**371.7**	**412.8**
– from continued operations	89.0	70.9	319.3	360.4	374.0	415.1
– from discontinued operations	–	–	–	–	−2.3	−2.3
Earnings per share in € (undiluted ≙ diluted)	**0.47**	**0.37**	**1.67**	**1.88**	**1.95**	**2.16**
– from continued operations	0.47	0.37	1.67	1.88	1.96	2.17
– from discontinued operations	–	–	–	–	−0.01	−0.01
Average number of shares, in millions	191.40	191.40	191.40	191.40	191.40	191.40
Operating profit (EBIT I)[2]	**134.0**	**115.8**	**510.9**	**556.3**	**610.5**	**655.9**
Earnings before income taxes from continued operations, adjusted[3]	**109.9**	**94.4**	**411.1**	**499.5**	**491.2**	**579.6**
Group earnings from continued operations, adjusted[3]	**76.3**	**71.6**	**298.9**	**367.7**	**368.3**	**437.1**
Earnings per share from continued operations in €, adjusted[3]	**0.40**	**0.37**	**1.56**	**1.92**	**1.92**	**2.28**
Group earnings after taxes, adjusted[3,4]	**76.3**	**71.5**	**298.9**	**367.7**	**366.0**	**434.8**
Earnings per share in €, adjusted[3,4]	**0.40**	**0.37**	**1.56**	**1.92**	**1.91**	**2.27**

[1] LTM = last twelve months (Q4/13 + Q1/14 + Q2/14 + Q3/14).
[2] The K+S Group is managed, inter alia, on the basis of operating profits (EBIT I). Reconciliation of EBIT II to operating profits (EBIT I) is recorded in table 2.1.3.
[3] The adjusted key figures only include the result from operating anticipatory 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 dollars (Legacy Project). Related effects on deferred and cash taxes are also eliminated; tax rate for Q3/14: 28.6% (Q3/13: 28.5%).
[4] Earnings from continued and discontinued operations.

STATEMENT OF COMPREHENSIVE INCOME

TAB: 2.1.2

in € million	Q3/14	Q3/13	9M/14	9M/13	LTM[1]/14	12M/13
Net income	**89.2**	**71.0**	**319.7**	**360.7**	**372.3**	**413.3**
Items that may be reclassified subsequently to profit or loss	**192.3**	**−64.1**	**226.7**	**−87.6**	**135.8**	**−178.5**
Financial assets available for sale	−0.1	−0.2	0.9	−0.2	0.1	−1.0
Difference resulting from foreign currency translation	192.4	−63.9	225.8	−87.4	135.7	−177.5
Items that will not be reclassified to profit or loss	**−1.6**	**7.4**	**−38.7**	**35.6**	**−38.1**	**36.2**
Revaluation of net debt /defined benefit pension plan assets	−1.6	7.4	−38.7	35.6	−38.1	36.2
Other income after taxes	**190.7**	**−56.7**	**188.0**	**−52.0**	**97.7**	**−142.3**
Comprehensive income for the period	**279.9**	**14.3**	**507.7**	**308.7**	**470.0**	**271.0**
Minority interests in comprehensive income	**0.2**	**0.1**	**0.4**	**0.3**	**0.6**	**0.5**
Group comprehensive income after taxes and minority interests	**279.7**	**14.2**	**507.3**	**308.4**	**469.4**	**270.5**

OPERATING PROFIT (EBIT I) [2]

TAB: 2.1.3

in € million	Q3/14	Q3/13	9M/14	9M/13	LTM[1]/14	12M/13
Result after operating hedges (EBIT II)[3]	**151.8**	**114.9**	**539.5**	**546.1**	**618.5**	**625.1**
Income (–) / expenses (+) from market value changes of operating anticipatory hedges still outstanding	−16.2	−7.5	−35.5	−3.0	−17.0	15.5
Neutralisation of market value changes of realised operating anticipatory hedges, recognised in earlier periods	0.5	5.9	8.4	10.4	8.3	10.3
Realised income (–) /expenses (+) of currency hedging for capital expenditure in Canada	−2.1	2.5	−1.5	2.8	0.7	5.0
Operating profit (EBIT I)[3]	**134.0**	**115.8**	**510.9**	**556.3**	**610.5**	**655.9**

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

2.2 CASH FLOW STATEMENT

CASH FLOW STATEMENT TAB: 2.2.1

in € million	Q3/14	Q3/13	9M/14	9M/13	LTM[1]/14	12M/13
Result after operating hedges (EBIT II)	**151.8**	**114.9**	**539.5**	**546.1**	**618.5**	**625.1**
Income (–) / expenses (+) from market value changes of operating anticipatory hedges still outstanding	−16.2	−7.5	−35.5	−3.0	−17.0	15.5
Neutralisation of market value changes of realised operating anticipatory hedges, recognised in earlier periods	0.5	5.9	8.4	10.4	8.3	10.3
Realised income (–) /expenses (+) of currency hedging for capital expenditure in Canada	−2.1	2.5	−1.5	2.8	0.7	5.0
Operating profit (EBIT I)	**134.0**	**115.8**	**510.9**	**556.3**	**610.5**	**655.9**
Depreciation (+) / write-ups (–) on intangible assets, property, plant and equipment and financial assets	53.1	59.8	179.5	182.5	248.3	251.3
Increase(+) / decrease (–) in non-current provisions (without interest rate effects)	0.3	−10.4	−22.7	−18.3	−11.7	−7.3
Interests and dividends received and similar income	7.7	2.8	20.5	16.9	29.0	25.4
Gains (+) / losses (–) from the realisation of financial assets / liabilities	9.3	−1.7	9.1	−0.4	4.4	−5.1
Interest paid (–)	−41.7	−42.1	−58.8	−58.9	−63.3	−63.4
Income taxes paid (–)	−29.0	−48.9	−96.1	−185.5	−99.6	−189.0
Other non-cash expenses (+) / income (–)	−1.5	0.9	−0.8	−1.7	0.5	−0.4
Gross cash flow	**132.2**	**76.2**	**541.6**	**490.9**	**718.1**	**667.4**
Gain (–) / loss (+) on the disposal of fixed assets and securities	−1.9	0.3	−2.1	−1.8	7.2	7.5
Increase (–) / decrease (+) in inventories	−57.8	−39.3	22.0	49.7	89.0	116.7
Increase (–) / decrease (+) in receivables and other assets from operating activities	26.0	10.6	136.6	150.3	−0.2	13.5
Increase (+) / decrease (–) in liabilities from operating activities	2.6	3.4	−65.4	−48.7	−31.0	−14.3
Increase (+) / decrease (–) in current provisions	8.2	26.1	−3.6	−9.0	−13.8	−19.2
Out-financing of plan assets	−2.1	−3.8	−5.5	−13.8	−7.6	−15.9
Cash flow from operating activities	**107.2**	**73.5**	**623.6**	**617.6**	**761.7**	**755.7**
Proceeds from disposals of fixed assets	1.7	0.9	4.3	5.6	11.5	12.8
Disbursements for intangible assets	−1.7	−2.9	−6.3	−6.7	−10.4	−10.8
Disbursements for property, plant and equipment	−283.4	−182.4	−644.0	−456.8	−896.1	−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	657.0	98.4	1,054.2	342.4	1,356.7	644.9
Disbursements for the purchase of securities and other financial investments	1.5	−56.3	−896.4	−237.2	−1,406.4	−747.2
Cash flow from investing activities	**375.1**	**−142.3**	**−488.2**	**−352.8**	**−944.7**	**−809.3**
Free cash flow	**482.3**	**−68.8**	**135.4**	**264.8**	**−183.0**	**−53.6**

continued on next page

CASH FLOW STATEMENT TAB: 2.2.1

in € million	Q3/14	Q3/13	9M/14	9M/13
Dividends paid	–	–	−47.9	−268.0
Disbursements for the acquisition of non-controlling interests	–	–	–	–
Payments from other allocations to equity	–	–	1.7	4.1
Purchase of own shares	–	–	−2.1	−5.1
Sale of own shares	–	–	–	–
Increase (+) / decrease (–) in liabilities from finance leases	−0.3	−0.4	−0.7	−1.3
Taking out (+) / repayment of (–) loans	−0.9	−0.5	−0.8	−1.0
Incoming payments (+) / repayments (–) from the issuing of bonds	−730.4	–	−743.2	–
Cash flow from financing activities	**−731.6**	**−0.9**	**−793.0**	**−271.3**
Change in cash and cash equivalents affecting cash flow	**−249.3**	**−69.7**	**−657.6**	**−6.5**
Change in cash and cash equivalents resulting from exchange rate fluctuations	15.6	−1.9	15.7	−5.2
Change in cash and cash equivalents resulting from consolidation	–	–	–	0.7
Change in cash and cash equivalents	**−233.7**	**−71.6**	**−641.9**	**−11.0**
				–
Net cash and cash equivalents as of 1 January	**–**	**–**	**1,005.0**	**345.0**
Net cash and cash equivalents as of 30 September	**–**	**–**	**363.1**	**334.0**
– of which cash on hand and balances with banks	–	–	368.0	340.8
– of which cash invested with affiliated companies	–	–	1.0	0.1
– of which account overdrafts	–	–	−0.2	–
– of which cash received from affiliated companies	–	–	−5.7	−6.9
– of which net cash and cash equivalents from discontinued operations	–	–	–	–

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

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	30.09.2014	30.09.2013	31.12.2013
Intangible assets	992.4	960.4	935.7
– of which goodwill from acquisitions	655.4	623.2	606.3
Property, plant and equipment	3,716.8	2,785.6	2,933.2
Investment properties	6.7	7.6	7.3
Financial assets	13.7	14.3	13.9
Receivables and other assets	108.1	41.6	54.0
– of which financial receivables and other assets	106.6	40.4	48.1
Securities and other financial investments	86.2	229.2	179.3
Deferred taxes	16.6	79.7	33.4
Refund claims for income taxes	0.1	0.1	0.1
Non-current assets	**4,940.6**	**4,118.5**	**4,156.9**
Inventories	553.6	626.8	552.6
Accounts receivable – trade	611.2	599.5	737.9
Other receivables and assets	189.8	166.8	154.0
– of which financial receivables and assets	104.1	66.4	67.0
Refund claims for income taxes	33.8	38.3	29.3
Securities and other financial investments	763.8	600.1	856.2
Cash on hand and balances with banks	368.0	340.8	1,011.3
Current assets	**2,520.2**	**2,372.3**	**3,341.3**
ASSETS	7,460.8	6,490.8	7,498.2

BALANCE SHEET – EQUITY AND LIABILITIES TAB: 2.3.2

in € million	30.09.2014	30.09.2013	31.12.2013
Subscribed capital	191.4	191.4	191.4
Additional paid-in capital	645.8	645.9	646.8
Other reserves and accumulated profit	3,013.6	2,591.5	2,554.3
Total K+S AG shareholders' equity	3,850.8	3,428.8	3,392.5
Minority interests	4.5	3.9	4.1
Equity	**3,855.3**	**3,432.7**	**3,396.6**
Bank loans and overdrafts	1,510.9	516.3	1,509.0
Other liabilities	14.1	15.6	17.5
– of which financial liabilities	9.0	11.0	13.2
Provisions for pensions and similar obligations	161.8	104.3	102.6
Provisions for mining obligations	868.7	720.3	743.9
Other provisions	102.9	109.1	117.7
Deferred taxes	182.2	267.2	196.1
Non-current debt	**2,840.6**	**1,732.8**	**2,686.8**
Bank loans and overdrafts	1.1	749.5	746.2
Accounts payable – trade	246.4	228.8	271.5
Other liabilities	110.0	67.8	94.6
– of which financial liabilities	80.7	35.7	65.5
Income tax liabilities	74.9	32.0	49.1
Provisions	332.5	247.2	253.4
Current debt	**764.9**	**1,325.3**	**1,414.8**
EQUITY AND LIABILITIES	7,460.8	6,490.8	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/ Income retained	Differences from foreign currency translation	Financial assets available for sale	Revaluation of defined benefit pension plans	Total Equity 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	–	–	319.3	–	–	–	319.3	0.4	319.7
Other income after taxes	–	–	–	225.8	0.9	−38.7	188.0	–	188.0
Comprehensive income for the period	**–**	**–**	**319.3**	**225.8**	**0.9**	**−38.7**	**507.3**	**0.4**	**507.7**
Dividend for the previous year	–	–	−47.9	–	–	–	−47.9	–	−47.9
Issuance of shares to employees	–	−1.0	–	–	–	–	−1.0	–	−1.0
Other changes in equity	–	–	−0.1	–	–	–	−0.1	–	−0.1
Balances as of 30 September 2014	**191.4**	**645.8**	**2,877.3**	**220.6**	**2.8**	**−87.1**	**3,850.8**	**4.5**	**3,855.3**
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	–	–	360.4	–	–	–	360.4	0.3	360.7
Other income after taxes	–	–	–	−87.4	−0.2	35.6	−52.0	–	−52.0
Comprehensive income for the period	**–**	**–**	**360.4**	**−87.4**	**−0.2**	**35.6**	**308.4**	**0.3**	**308.7**
Dividend for the previous year	–	–	−268.0	–	–	–	−268.0	–	−268.0
Issuance of shares to employees	–	−1.3	–	–	–	–	−1.3	–	−1.3
Other changes in equity	–	–	−0.6	–	–	–	−0.6	–	−0.6
Balances as of 30 September 2013	**191.4**	**645.9**	**2,552.9**	**84.9**	**2.7**	**−49.0**	**3,428.8**	**3.9**	**3,432.7**

2.5 NOTES

EXPLANATORY NOTES

The interim report of 30 September 2014 is prepared in accordance with the International Financial Reporting Standards (IFRS), and with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), insofar as these 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 applicable 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

Gerd Grimmig, member of the Board of Executive Directors, retired on 30 September 2014 after a successful career lasting 32 years. In the third quarter, there were no other changes in the composition and responsibilities of the Board of Executive Directors and the Supervisory Board as described in the Financial Report 2013.

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

No material changes occurred in the scope of consolidation in the third quarter of 2014.

SEASONAL FACTORS

There are seasonal differences over the course of the year that affect the sale 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 wintry weather conditions 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	3,779.5	3,950.4
EBITDA	858.5	907.2
EBIT I	610.5	655.9
Group earnings from continued operations, adjusted	368.3	437.1

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

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

Any such information can be found in our Subsequent Events section on page 20.

OTHER OPERATING INCOME/EXPENSES

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

OTHER OPERATING INCOME/EXPENSES TAB: 2.5.2

in € million	Q3/14	Q3/13	9M/14	9M/13
Gains/losses on foreign exchange rates	4.2	−3.0	4.3	−4.5
Change in provisions	5.0	12.6	19.1	24.2
Other	2.7	0.3	2.7	−19.3
Other operating income/expenses	**11.9**	**9.9**	**26.1**	**0.4**

The increase in other operating profit is due to a one-off effect relating to an insurance payment of € 36 million following the business interruption at the Unterbreizbach site.

FINANCIAL RESULT

The financial result includes the following significant items:

FINANCIAL RESULT TAB: 2.5.3

in € million	Q3/14	Q3/13	9M/14	9M/13
Interest income	6.8	6.1	20.4	17.7
Interest expenses	−32.2	−27.8	−120.9	−75.1
– of which interest expenses for pension provisions	−1.1	−1.4	−3.3	−4.3
– of which interest expenses for provisions for mining obligations	−7.4	−7.0	−44.3	−20.9
Interest income, net	**−25.4**	**−21.7**	**−100.5**	**−57.4**
Income from the realisation of financial assets/liabilities	7.3	0.8	7.7	2.4
Income from the valuation of financial assets/liabilities	−6.0	−0.5	−7.0	−1.8
Other financial result	**1.3**	**0.3**	**0.7**	**0.6**
Financial result	**−24.1**	**−21.4**	**−99.8**	**−56.8**

DISCOUNT FACTORS FOR PROVISIONS

The actuarial valuation of pension provisions uses the projected unit credit method in accordance with IAS 19. The average weighted discount factor for pensions and similar obligations on the reporting date was 3.4% (30.09.2013: 4.2%, 31.12.2013: 4.2%). The average weighted discount factor for mining obligations on 30 September 2014 amounted to 3.8% (30.09.2013: 4.3%, 31.12.2013: 4.3%).

TAXES ON INCOME

The following key items are included in taxes on income:

TAXES ON INCOME TAB: 2.5.4

in € million	Q3/14	Q3/13	9M/14	9M/13
Corporate income tax	14.5	17.9	51.8	82.4
Trade tax on income	14.3	15.0	44.1	68.7
Foreign taxes on income	6.2	5.0	20.0	17.6
Deferred taxes	3.5	−15.4	4.1	−40.1
Taxes on income	**38.5**	**22.5**	**120.0**	**128.6**

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

FINANCIAL INSTRUMENTS

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

CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS TAB: 2.5.5

in € million	Valuation category under IAS 39	30.09.2014 Carrying amount	30.09.2014 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	0.6	0.6	0.8	0.8
Financial assets		**13.7**	**13.7**	**13.9**	**13.9**
Accounts receivable – trade	**Loans and receivables**	**611.2**	**611.2**	**737.9**	**737.9**
Remaining receivables and non-derivative financial assets	Loans and receivables	161.2	161.2	92.2	92.2
Derivatives	Held for trade	49.6	49.6	22.9	22.9
Other assets	not IFRS 7	87.2	87.2	92.9	92.9
Other receivables and assets		**298.0**	**298.0**	**208.0**	**208.0**
Securities and other financial investments	**Loans and receivables**	**693.2**	**695.0**	**722.7**	**723.4**
Securities and other financial investments	**Available for sale**	**156.7**	**156.7**	**312.8**	**312.8**
Cash on hand and balances with banks	**Loans and receivables**	**368.0**	**368.0**	**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**	**1,512.0**	**1,648.6**	**2,255.2**	**2,304.2**
Accounts payable – trade	**Financial liabilities at amortised cost**	**246.5**	**246.5**	**271.5**	**271.5**
Other non-derivative financial liabilities	Financial liabilities at amortised cost	60.7	60.7	50.3	50.3
Derivatives	Held for trade	25.9	25.9	25.2	25.2
Liabilities from finance leases	IFRS 7	3.1	3.1	3.2	3.2
Other liabilities	not IFRS 7	34.4	34.4	33.4	33.4
Remaining and other liabilities		**124.1**	**124.1**	**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 classified on the basis of prices quoted on active markets for identical assets and liabilities. In Level 2, financial instruments are valued using input factors that can be derived from observable market data, or based on market prices for similar instruments. Level 3 financial instruments are calculated on the basis of input factors that cannot be derived from observable market data. As of 30 September 2014, financial assets held for trading amounting to € 49.6 million and financial liabilities held for trading amounting to € 25.9 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 valuations 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 30 September 2014 declined by € 37.4 million.

On the asset side, non-current assets increased by € 783.6 million and current assets decreased by € 821.2 million. The rise in non-current assets is due in particular to an increase in property, plant and equipment resulting from the increased investment activity connected with the Legacy Project. The decrease in current assets is based mainly on an outflow of cash on hand and balances in banks, which were used to repay the bond that matured in September 2014.

On the equity and liabilities side, equity rose by € 458.7 million. This is due primarily to the positive net income for the period in 2014. Non-current debt increased by € 154.0 million. This is mainly due to the increase in provisions for mining obligations as well as in provisions for pensions and similar obligations because of the reduction in discount rates. Current debt decreased by € 649.9 million. The repayment of a bond in September 2014 is primarily responsible for this decrease.

MATERIAL CHANGES IN EQUITY

Equity is influenced by transactions with and without recognition in profit or loss, as well as by capital transactions with shareholders. Compared with the 2013 annual financial statements, accumulated profit and other reserves increased by € 458.3 million. The increase is due primarily to the positive net income for the first nine months of the 2014 financial year. Furthermore, changes in equity without recognition in profit or loss resulting from the foreign currency translation of subsidiaries in functional currencies (primarily the US dollar) had to be taken into account. Differences arising from foreign currency translation are recorded in a separate currency translation reserve; this reserve increased by € 225.8 million as of 30 September 2014 because of exchange rate fluctuations. In addition, dividend payments and actuarial losses (after taxes) in particular totalling € 38.7 million reduced equity. These resulted primarily from the reduction in the discount rate for provisions for pensions and similar obligations.

CONTINGENT LIABILITIES

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

AFFILIATED COMPANIES AND 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 with companies over which the K+S GROUP can exercise a significant influence (associated companies). Such relationships have no material influence on the consolidated financial statements of the K+S GROUP. In the K+S GROUP, related persons are mainly the members of the Board of Executive Directors and the Supervisory Board. There were no material transactions with this circle of persons.

TOTAL REVENUES Q3

TAB: 2.5.6

in € million	Third-party revenues	Intersegment revenues	Total revenues
Potash and Magnesium Products business unit	451.0	19.6	470.6
Salt business unit	335.0	1.6	336.6
Complementary Activities	40.9	8.2	49.1
Reconciliation	–	−29.4	−29.4
K+S Group Q3/14	**826.9**	**–**	**826.9**
Potash and Magnesium Products business unit	456.7	14.8	471.5
Salt business unit	321.0	1.8	322.8
Complementary Activities	39.6	8.2	47.8
Reconciliation	0.4	−24.8	−24.4
K+S Group Q3/13	**817.7**	**–**	**817.7**

TOTAL REVENUES 9M

TAB: 2.5.7

in € million	Third-party revenues	Intersegment revenues	Total revenues
Potash and Magnesium Products business unit	1,419.5	54.1	1,473.6
Salt business unit	1,263.2	4.9	1,268.1
Complementary Activities	118.1	25.0	143.1
Reconciliation	0.8	−84.0	−83.2
K+S Group 9M/14	**2,801.6**	**–**	**2,801.6**
Potash and Magnesium Products business unit	1,630.5	53.8	1,684.3
Salt business unit	1,220.7	4.8	1,225.5
Complementary Activities	119.7	26.6	146.3
Reconciliation	1.6	−85.2	−83.6
K+S Group 9M/13	**2,972.5**	**–**	**2,972.5**

2.6 SUMMARY BY QUARTER

REVENUES & OPERATING PROFIT (IFRS) TAB: 2.6.1

in € million	Q1/13	Q2/13	Q3/13	9M/13	Q4/13	2013	Q1/14	Q2/14	Q3/14	9M/14
Potash and Magnesium Products business unit	625.5	548.3	456.7	1,630.5	407.1	2,037.6	507.4	461.1	451.0	1,419.5
Salt business unit	614.5	285.2	321.0	1,220.7	530.7	1,751.4	641.0	287.2	335.0	1,263.2
Complementary Activities	39.7	40.4	39.6	119.7	39.7	159.4	40.3	36.9	40.9	118.1
Reconciliation	0.6	0.6	0.4	1.6	0.4	2.0	0.3	0.5	–	0.8
K+S Group revenues	**1,280.3**	**874.5**	**817.7**	**2,972.5**	**977.9**	**3,950.4**	**1,189.0**	**785.7**	**826.9**	**2,801.6**
Potash and Magnesium Products business unit	236.0	209.8	134.8	580.6	86.9	667.5	165.5	196.4	133.6	495.5
Salt business unit	100.2	18.6	37.0	155.8	80.1	235.9	113.7	26.4	50.3	190.4
Complementary Activities	8.6	8.0	6.9	23.5	8.2	31.7	9.8	7.4	9.9	27.0
Reconciliation	−8.5	−9.4	−3.1	−21.0	−6.9	−27.9	−9.2	−6.7	−6.8	−22.7
K+S Group EBITDA	**336.3**	**227.0**	**175.6**	**739.0**	**168.3**	**907.2**	**279.8**	**223.5**	**187.0**	**690.3**
Potash and Magnesium Products business unit	209.2	182.0	107.0	498.2	54.3	552.5	134.4	159.2	110.8	404.4
Salt business unit	73.1	−13.5	9.2	68.8	49.0	117.8	89.1	1.7	24.7	115.5
Complementary Activities	6.8	6.2	5.3	18.3	6.4	24.7	8.0	5.6	7.9	21.5
Reconciliation	−11.2	−12.1	−5.7	−29.0	−10.2	−39.2	−11.9	−9.2	−9.4	−30.5
K+S Group EBIT I	**277.9**	**162.6**	**115.8**	**556.3**	**99.6**	**655.9**	**219.6**	**157.3**	**134.0**	**510.9**

INCOME STATEMENT (IFRS)

TAB: 2.6.2

in € million	Q1/13	Q2/13	Q3/13	9M/13	Q4/13	2013	Q1/14	Q2/14	Q3/14	9M/14
Revenues	**1,280.3**	**874.5**	**817.7**	**2,972.5**	**977.9**	**3,950.4**	**1,189.0**	**785.7**	**826.9**	**2,801.6**
Cost of sales	715.4	465.1	490.6	1,671.1	574.7	2,245.8	668.6	436.4	487.5	1,592.5
Gross profit	**564.9**	**409.4**	**327.1**	**1,301.4**	**403.2**	**1,704.6**	**520.4**	**349.3**	**339.4**	**1,209.1**
Selling expenses	235.2	188.6	186.3	610.1	225.5	835.6	242.8	174.9	170.6	588.3
General and administrative expenses	50.4	50.3	41.1	141.8	49.9	191.7	45.1	45.1	44.9	135.1
Research and development costs	3.4	3.3	3.9	10.6	3.3	13.9	3.0	2.8	2.8	8.6
Other operating income/expenses	−0.7	−8.8	9.9	0.4	−28.7	−28.3	−12.1	26.3	11.9	26.1
Income from investments, net	2.4	0.6	3.1	6.1	0.5	6.6	1.0	0.3	2.6	3.9
Result from operating anticipatory hedges	−3.5	−1.9	6.1	0.7	−17.3	−16.6	−23.1	39.3	16.2	32.4
Result after operating hedges (EBIT II)	**274.1**	**157.1**	**114.9**	**546.1**	**79.0**	**625.1**	**195.3**	**192.4**	**151.8**	**539.5**
Financial result	−17.9	−17.5	−21.4	−56.8	−19.5	−76.3	−27.4	−48.3	−24.1	−99.8
Earnings before income taxes	**256.2**	**139.6**	**93.5**	**489.3**	**59.5**	**548.8**	**167.9**	**144.1**	**127.7**	**439.7**
Taxes on income	68.5	37.6	22.5	128.6	4.6	133.2	43.8	37.7	38.5	120.0
– of which deferred taxes	−8.6	−16.1	−15.4	−40.1	−21.0	−61.1	9.9	−9.3	3.5	4.1
Earnings after taxes from continued operations	**187.7**	**102.0**	**71.0**	**360.7**	**54.9**	**415.6**	**124.1**	**106.4**	**89.2**	**319.7**
Earnings after taxes from discontinued operations	–	–	–	–	−2.3	−2.3	–	–	–	–
Net income	**187.7**	**102.0**	**71.0**	**360.7**	**52.6**	**413.3**	**124.1**	**106.4**	**89.2**	**319.7**
Minority interests in earnings	0.2	–	0.1	0.3	0.2	0.5	–	0.2	0.2	0.4
Group earnings after taxes and minority interests	**187.5**	**102.0**	**70.9**	**360.4**	**52.4**	**412.8**	**124.1**	**106.2**	**89.0**	**319.3**
Operating profit from continued operations (EBIT I)	**277.9**	**162.6**	**115.8**	**556.3**	**99.6**	**655.9**	**219.6**	**157.3**	**134.0**	**510.9**
Earnings before income taxes from continued operations, adjusted[1]	**260.0**	**145.1**	**94.4**	**499.5**	**80.1**	**579.6**	**192.2**	**109.0**	**109.9**	**411.1**
Group earnings from continued operations, adjusted[1]	**190.2**	**105.9**	**71.6**	**367.7**	**69.4**	**437.1**	**141.5**	**81.1**	**76.3**	**298.9**
Group earnings after taxes, adjusted[1,2]	**190.2**	**105.9**	**71.6**	**367.7**	**67.1**	**434.8**	**141.5**	**81.1**	**76.3**	**298.9**

OTHER KEY DATA (IFRS)

TAB: 2.6.3

in € million	Q1/13	Q2/13	Q3/13	9M/13	Q4/13	2013	Q1/14	Q2/14	Q3/14	9M/14
Capital expenditure[3]	110.8	191.3	186.4	488.5	254.0	742.5	164.6	271.6	294.8	731.1
Depreciation and amortisation[3]	58.4	64.4	59.8	182.6	68.7	251.3	60.2	66.2	53.1	179.5
Working capital	982.6	836.2	–	845.5	–	844.9	696.9	628.5	–	705.9
Net debt	618.8	791.1	–	902.0	–	1,037.0	831.9	1,098.2	–	1,305.0
Earnings per share from continued operations, adjusted[1] (€)	0.99	0.56	0.37	1.92	0.36	2.28	0.74	0.42	0.40	1.56
Earnings per share, adjusted[1,2] (€)	0.99	0.56	0.37	1.92	0.35	2.27	0.74	0.42	0.40	1.56
Book value per share (€)	19.05	17.86	–	17.93	–	17.75	18.20	18.68	–	20.14
Average number of shares[4] (millions)	191.40	191.40	–	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	24.02	–	22.46
Employees as of the reporting date[5]	14,300	14,255	–	14,473	–	14,421	14,330	14,248	–	14,334

[1] The adjusted key figures only include the result from operating anticipatory hedges in 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 dollars (Legacy Project). Related effects on deferred and cash taxes are also eliminated; tax rate for Q3/14: 28.6% (Q3/13: 28.5%).
[2] Earnings from continued and discontinued operations.
[3] Capital expenditure in or depreciation affecting net income on property, plant and equipment, intangible assets and investment properties, and 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	2015
Report on business in 2014	12 March 2015
Quarterly Financial Report, 31 March 2015	12 May 2015
Annual General Meeting, Kassel	12 May 2015
Dividend payment	13 May 2015
Half-yearly Financial Report, 30 June 2015	13 August 2015
Quarterly Financial Report, 30 September 2015	12 November 2015

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