



Experience growth.

K+S Group
Q2/14 results

14 August 2014

Dr. Burkhard Lohr, CFO

→ Group

- Solid group EBIT I of € 157 million driven by continued strength of specialty products and an anticipated refund claim of around € 30 million

→ Potash and Magnesium Products

- Specialties and lower costs driving solid result
- Anticipated refund claim for Unterbreizbach of around € 30 million recognized here
- Legacy well on track

→ Salt

- First de-icing tenders in North America successfully concluded
- Stable volumes in non de-icing

→ Fit for the Future

- Program making good progress

Solid EBIT I benefited from Specialty products and refund claim for Unterbreizbach

€ million	Q2/13	Q2/14	YoY
Revenues	875	786	-10%
EBIT I	163	157	-4%
t/o anticipated refund claim	-	~30	
EBIT I w/o anticipated refund claim	163	127	-22%
<i>Margin</i>	19%	16%	
Financial result	-18	-48	
EBT, adjusted	145	109	-25%
Tax rate, adjusted	27%	26%	
Net income, adjusted	106	81	-24%
EPS, adjusted	0.56	0.42	

- ➔ Including anticipated refund claim due to service interruptions at Unterbreizbach site
- ➔ Lower YoY average selling prices for Potash and Magnesium Products partly offset by success of specialty products
- ➔ Bonds issued in December 2013 (- € 9 million) and adjustment of interest rates on mining provisions (- €22 million) reduced financial result

The adjusted key figures only include operating forecast hedges of the respective reporting period in EBIT I. In addition, related effects on deferred and cash taxes are also excluded.

Cash flow and net debt

Solid cash flow – CapEx increased as planned

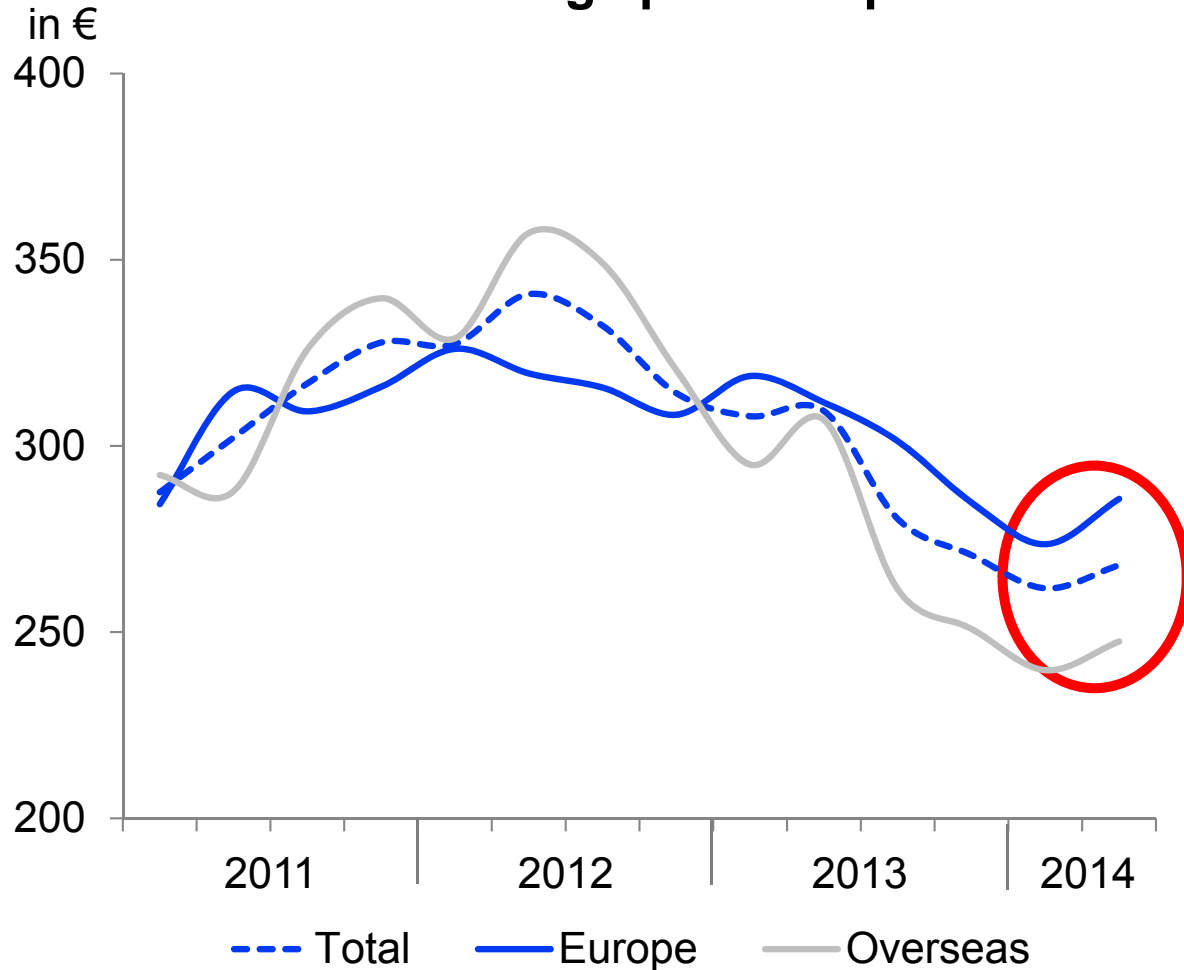
€ million	H1/13	H1/14	YoY	
Operating cash flow (pre funding plan assets)	554	520	-6%	→ Operating cash flow decreased due to lower EBIT and lower working capital
- Investing cash flow (pre sale/ purchase of securities)	-274	-363	-32%	
Adjusted free cash flow	280	157	-44%	→ Free cash flow decreased due to higher CapEx mainly for the Legacy Project as planned
CapEx	302	436	+44%	
	30/06/13	31/12/13	30/06/14	
Net debt	-791	-1,037	-1,098	→ Net debt increased due to adjustment of interest rates on provisions
t/o Net financial debt (-)	17	-191	-102	

Potash and Magnesium Products

Bottomed market prices materializing



K+S average portfolio prices



→ Market

- Continued robust demand in Europe and Brazil especially for granulated MOP
- South East Asia most competitive with price recovery lagging behind

→ K+S product portfolio

- Strength of specialties - mainly SOP – continued
- European home market and Brazil holding up well

Prices in USD converted into Euro with quarterly average fx-rates.

Potash and Magnesium Products

Business unit performance



Costs per tonne remained at a low level

€ million	Q2/13	Q2/14	YoY
Revenues	548	461	-16%
EBIT I	182	159	-13%
t/o anticipated refund claim	-	~30	
EBIT I w/o anticipated refund claim	182	129	-29%
<i>Margin</i>	33%	28%	
t/o Legacy OpEx	-6	-7	
Average selling price (€/t)	309	268	-13%
Sales volumes (million tonnes)	1.77	1.72	-3%

€/tonne	FY/13	Q1/14	Q2/14	LTM
Costs per tonne ^(1,2)	214	192	193	208

- ➔ Including anticipated refund claim due to service interruptions at Unterbreizbach site
- ➔ Solid result due to specialties and regional mix despite lower YoY average selling prices
- ➔ Higher QoQ mainly due to specialties
- ➔ More volumes in Europe
- ➔ Improvement due to lower energy costs, regional mix and positive effects of „Fit for the Future“

(1) (Revenues – EBIT) / Sales volumes (2) Excl. anticipated insurance payment

Salt Business unit performance



Salt EBIT I turned positive but held back by mild winter in Europe

€ million	Q2/13	Q2/14	YoY	
Revenues	285	287	+1%	
EBIT I	-14	2	-	→ Cost improvements and absence of one-offs; Europe well below expectation due to mild winter.
Margin	-5%	+1%		
Sales volumes (million tonnes)				
De-icing	3.0	3.2	+7%	→ First early fills in the US
Non de-icing	0.8	1.0	+25%	
	2.2	2.2	-	
Average selling prices (€)				
De-icing	52.1	47.1	-10%	→ Prices overall stable, decline in average selling prices due regional mix in de-icing and fx-effects (USD)
Non de-icing	106.5	102.4	-4%	

Basic assumptions

Potash and Magnesium Products

- Global potash volumes of ~60¹⁾ million tonnes (2013: ~59¹⁾ million tonnes)
- K+S sales volumes at 2013 levels (6.9 million tonnes)
- Tangible YoY decline in average price levels (2013: 293.8 €/t)

Salt

- Sales volumes slightly above 2013 (22.8 million tonnes),
thereof a good 14 million tonnes of de-icing salt (2013: 13.8 million tonnes)

Revenues	€3.65 – 3.85 billion (2013: € 3.95 billion)	EBITDA	€770 – 850 million (2013: € 907 million)
CapEx	Around €1.1 billion (2013: € 743 million) t/o Legacy around €800 million	EBIT I	€490 – 570 million (2013: € 656 million) Including anticipated refund claim of ~€ 30 million

1) incl. ~3 million tonnes of potassium sulphate and potash grades with lower mineral content

This presentation contains facts and forecasts that relate to the future development of the K+S Group and its companies. The forecasts are estimates made on the basis of all the information available to us at this point. Should the assumptions underlying these forecasts prove not to be correct or should certain risks materialise, such as those referred to in the Risk Report, actual developments and events may deviate from current expectations. The Company assumes no obligation to update the statements, with the exception of disclosures required by the provisions of statute.



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