



Experience growth.

K+S Group  
**Q1/15 Results**

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13 May 2015

Dr. Burkhard Lohr, CFO

## → Group

- EBIT I of € 317 million driven by a very strong performance in Salt, YoY price recovery in Potash, a stronger USD and continued cost discipline across the entire group

## → Potash and Magnesium Products

- Average selling price driven by price recovery
- Legacy well on track

## → Salt

- Higher de-icing prices in North America offset weakness in Europe and lower YoY volumes
- Salt EBIT I increased by 59%

## → Fit for the Future

- Measures implemented continue to drive cost discipline

## EBIT I improved significantly

€ million	Q1/14	Q1/15	YoY
<b>Revenues</b>	<b>1,189</b>	<b>1,377</b>	<b>+16%</b>
EBITDA	280	383	+37%
D&A	-60	-66	
<b>EBIT I</b>	<b>220</b>	<b>317</b>	<b>+44%</b>
<i>Margin</i>	19%	23%	
Financial result	-27	-41	
EBT, adjusted	193	276	+43%
Tax rate, adjusted	26%	28%	
Net income, adjusted	142	198	+39%
EPS, adjusted	0,74	1,04	

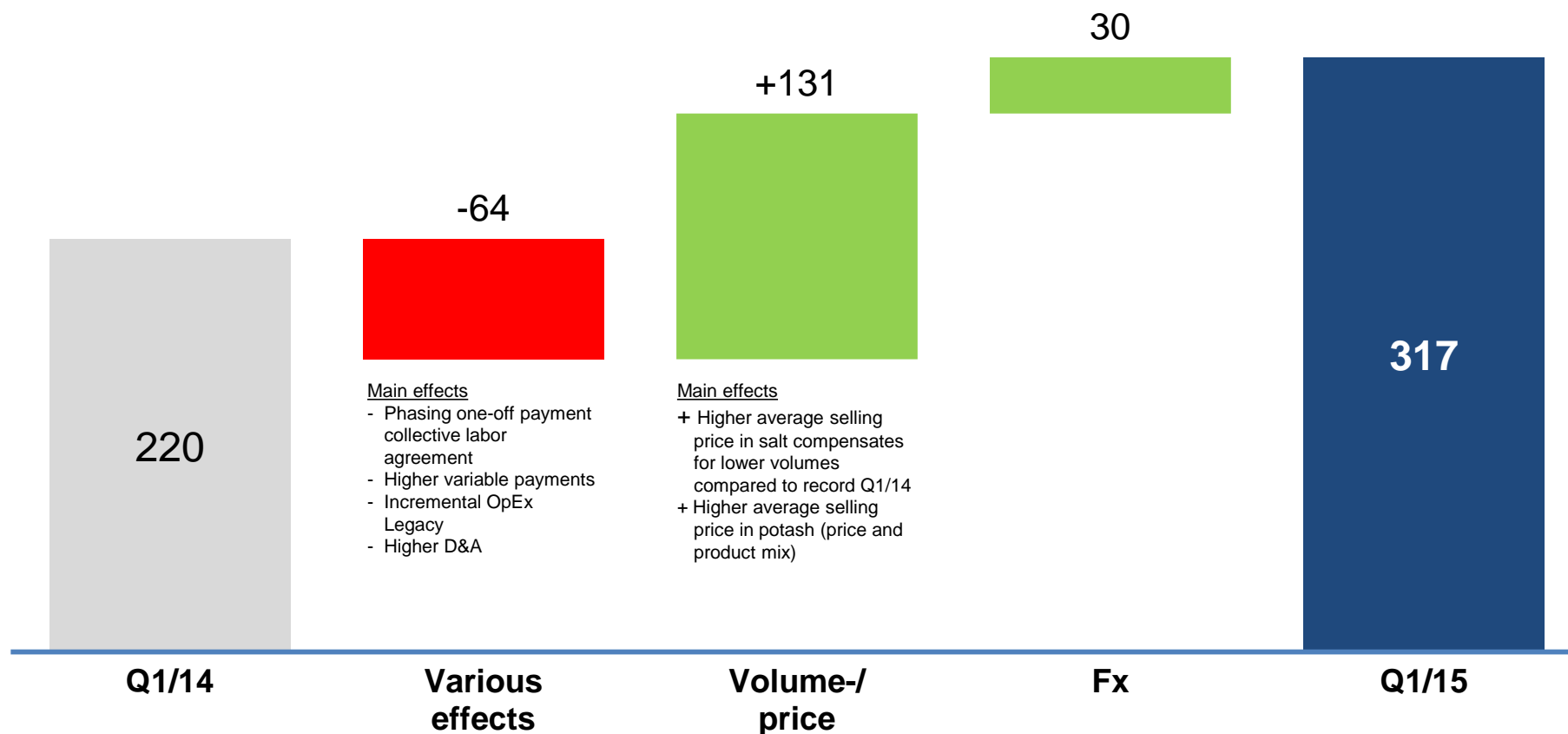
→ Improved pricing in both business units and stronger USD

→ Adjustment of interest rates on mining provisions (- € 24 million) partly offset by lower interest costs after bond repayment in September 2014 (+ € 9 million)

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.

# Pricing driving EBIT in Q1

€ m



## CapEx increased as planned

€ million	Q1/14	Q1/15	YoY
Operating cash flow	379	309	-18%
- Investing cash flow (pre sale/ purchase of securities)	-176	-211	
<b>Adjusted free cash flow</b>	<b>203</b>	<b>98</b>	<b>-52%</b>
<b>CapEx</b>	<b>165</b>	<b>200</b>	<b>+21%</b>

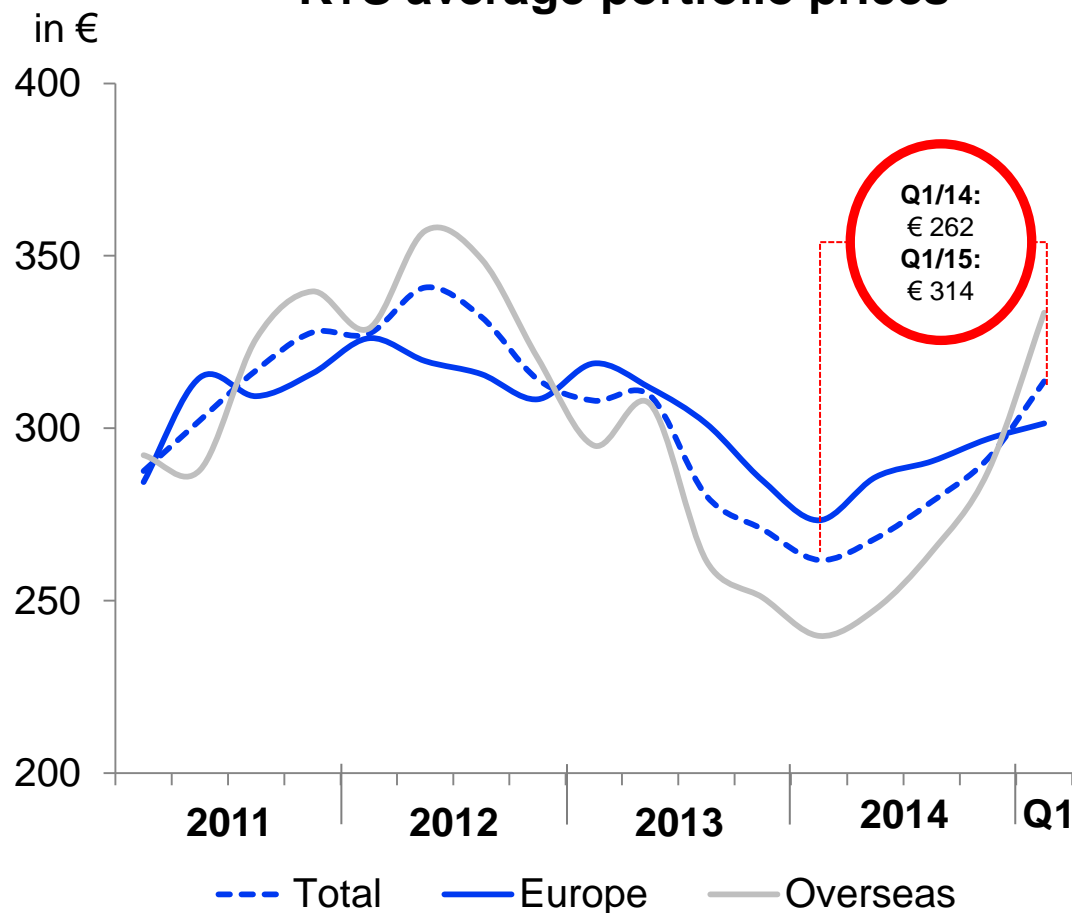
→ Despite higher EBIT, operating cash flow declined due to higher working capital

→ Mainly Legacy

	31/12/14	31/03/15
<b>Net debt</b>	<b>-1,676</b>	<b>-1,653</b>
t/o Net financial debt (-)	-588	-460

→ Positive free cash flow offset by adjustment of interest rates on mining provisions (- € 115 million)

### K+S average portfolio prices



#### → Market

- Good demand in Q1/15 in all regions, however, below record Q1/14
- Europe: Promising start into the new season
- Brazil and South East Asia most competitive

#### → K+S product portfolio

- Europe remains in good shape
- Overseas prices driven by Fx-effects
- Strength of specialties continues

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

# Potash and Magnesium Products

## Business unit performance



### EBIT margin improved

€ million	Q1/14	Q1/15	YoY
Revenues	507	608	+20%
<b>EBIT I</b>	<b>134</b>	<b>183</b>	<b>+36%</b>
<i>Margin</i>	26%	30%	
t/o Legacy OpEx	-7	-13	
Average selling price (€/t)	262	314	
Sales volumes (million ton)	1.94	1.94	

→ Sequential recovery of prices in 2014 and stronger USD

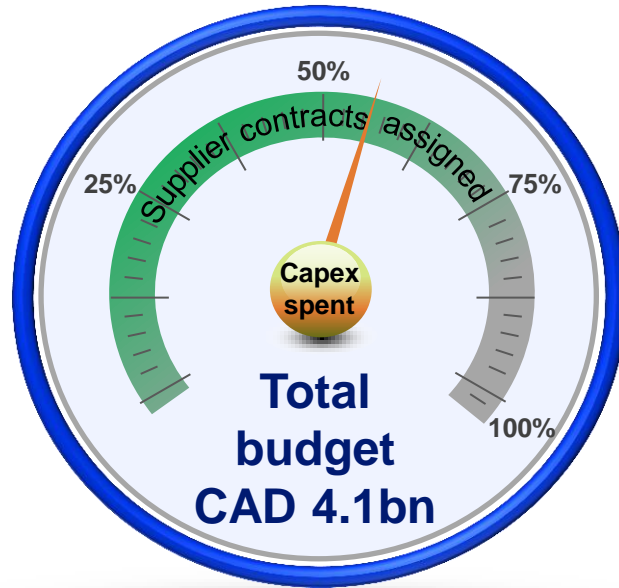
→ Slightly higher portion in overseas markets YoY

Costs/ton <sup>(1,2)</sup>	FY/13	Q1/14	FY/14	Q1/15	LTM
Excl. Legacy	211	189	203	212	209
Incl. Legacy	214	192	208	219	216

→ Phasing collective labor agreement and higher variable payments

<sup>(1)</sup> (Revenues – EBIT)/ Sales volumes <sup>(2)</sup> Excl. insurance gain

# Potash and Magnesium Products Status Legacy Project



- 55% of CapEx spent
- Over 85% of total budget awarded to suppliers
- 2015 year of main construction
- Project in line with budget
- On track for commissioning of plant in summer 2016



December 2014



March 2015



April 2015



# Potash and Magnesium Products

## Legacy roadmap



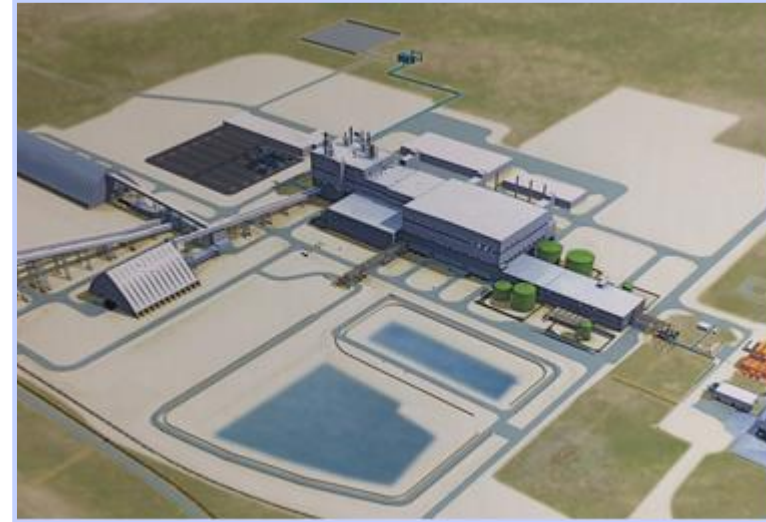
### Achievements to date



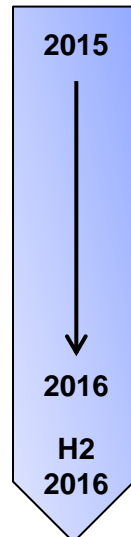
- Rail contract signed
- Completion of Basic Engineering
- Test cavern successfully connected
- Port handling contract concluded
- Camp fully operational
- Pads 2 & 3 commissioned
- Detailed Engineering completed
- Permits for port facilities granted



### Upcoming tasks



- Energy supply permanent
- Gradual Commissioning pads 4 - 7
- Build and complete
  - Northern tank farm
  - Debrining, drying and compaction
  - Storage buildings
- Complete rail line and port facilities
- ECC ready for production
- First ton of product



# Salt Business unit performance



## EBIT I driven by improved pricing in North America

€ million	Q1/14	Q1/15	YoY
Revenues	641	727	+13%
<b>EBIT I</b>	<b>89</b>	<b>142</b>	<b>+59%</b>
<i>Margin</i>	14%	20%	
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<b>Sales volumes</b> (million ton)	10.5	9.1	-13%
De-icing	8.2	6.9	-16%
Non de-icing	2.3	2.2	-4%
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<b>Average selling prices</b> (€)			
De-icing	48.7	65.1	+34%
Non de-icing	100.9	120.4	+19%

→ Higher de-icing prices in North America drove EBIT I despite lower volumes

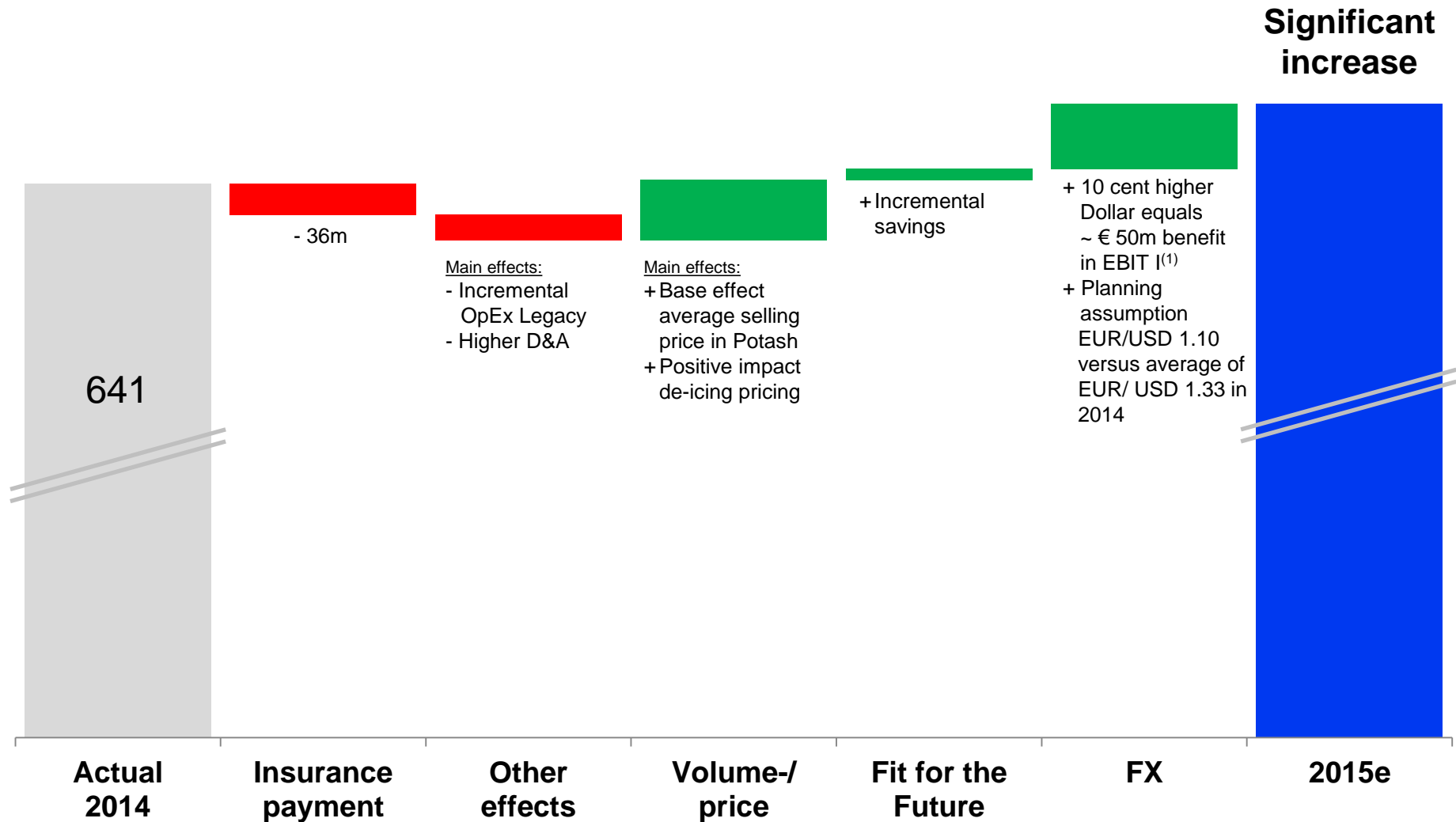
→ Q1/15 compares to a record Q1/14 in North America

→ North America effect compensating for slight decline in Europe  
→ Non de-icing mainly fx-effect

	FY 2015e YoY	Prev. guidance	FY 2014
<b>Potash and Magnesium Products</b>			
Global sales volumes <sup>(1)</sup>	Moderate decline	Slight decline	~ 68m tons
K+S sales volumes	~ 7m tons	~ 7m tons	6.9m tons
Average selling price	Tangible increase	Tangible increase	€ 274
<b>Salt</b>			
K+S sales volumes	On last year's level	Moderate decline	24m t
t/o de-icing	~ 14m t	~ 12m t	14m t
<b>Group</b>			
Revenues	Significant increase	Moderate increase	€ 3.8bn
EBITDA	Significant increase	Significant increase	€ 896m <sup>(2)</sup>
EBIT I	Significant increase	Significant increase	€ 641m <sup>(2)</sup>
Financial result	Significant improvement	Significant improvement	€ -126m
Capex	~ € 1.3bn	~ € 1.3bn	€ 1.15bn
Budget fx-rate (EUR/USD)	1,10	1,15	1.33
Dividend policy	40-50% payout ratio		

<sup>(1)</sup> Incl. ~4mt of potassium sulphate and potash grades with lower mineral content <sup>(2)</sup> Incl. insurance gain of € 36 m

€ m



(1) Valid for 2015; no linear development in both ways, after hedging

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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