

K+S Aktiengesellschaft

Annual General Meeting

on 11 May 2016

in Kassel

**Norbert Steiner,
Chairman of the Board of Executive Directors**

– The spoken word is binding –



K+S Aktiengesellschaft
Annual General Meeting

Kassel, 11 May 2016

Norbert Steiner, CEO

Dear Shareholders,

Dear Shareholder Representatives,

Dear Media Representatives,

Dear Guests, including those of you participating via the Internet,

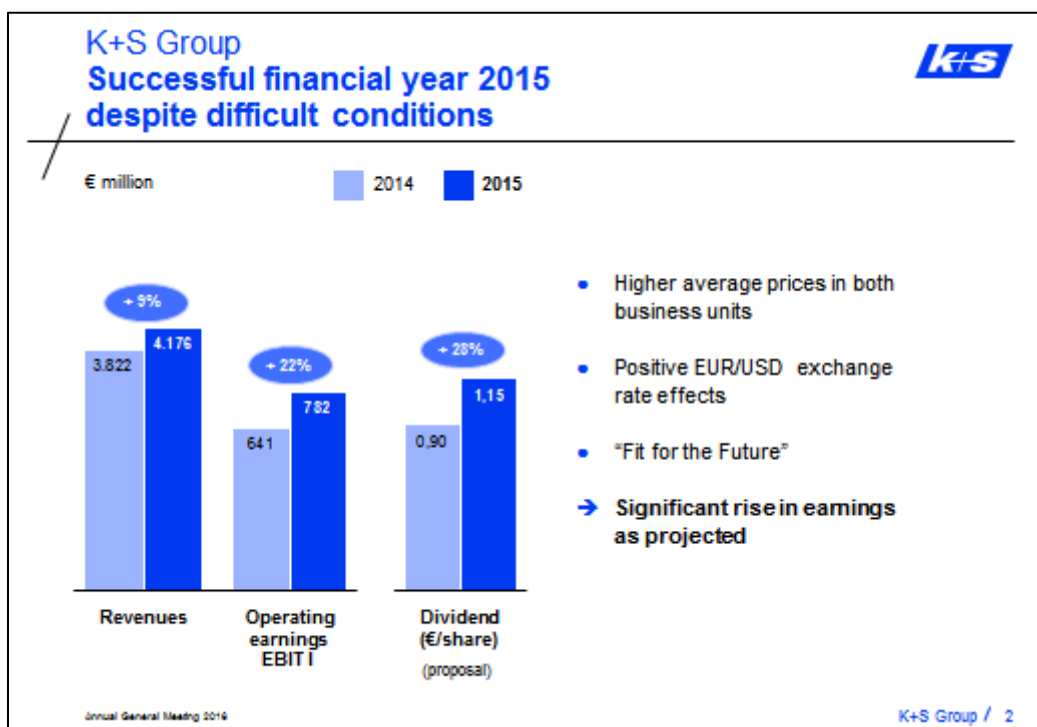
Ladies and Gentlemen,

On behalf of the Board of Executive Directors of K+S Aktiengesellschaft, I would like to welcome you to today's Annual General Meeting. We are delighted that so many of you have accepted our invitation once again – a warm “Glückauf.”

There was no shortage of challenges in the past financial year: An economic downturn in key emerging market countries and a related decline in commodity prices from which the potash market too was unable to detach itself were the main themes on the market side. Then, the complex set of questions connected with ensuring long-term disposal security for our domestic potash production needed to be addressed. Of course, there was also the unsolicited takeover bid for K+S AG made by the Canadian company PotashCorp and which required an intensive response.

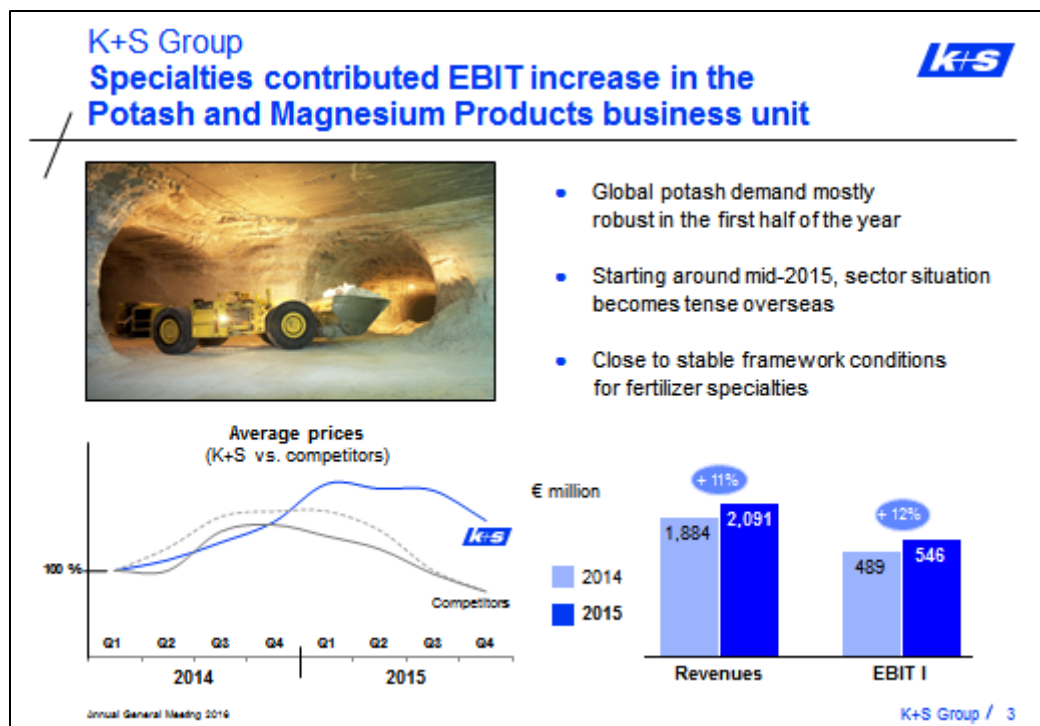
Once again, a key theme that dominated the past was also our intensive work on optimally preparing the K+S Group for the challenges of the future with our clear management agenda.

First, though, I'd like to take a brief look at the course of business for your Company in 2015 as well as in the first quarter of the current years and then move on to our goals and expectations regarding 2016 as a whole.



In financial year 2015, K+S performed very respectably. Despite the increasing price pressure on international commodities markets I've mentioned and concerns about the global economy, we not only increased **revenues** significantly compared with the previous year to €4.2 billion, but we also achieved a very substantial increase in our **operating earnings (EBIT I)** to €782 million. **Adjusted Group earnings** even climbed by about 48 per cent to €542 million. Our key figures were therefore within the range of our forecast.

The increase was mainly attributable to higher average prices in both business units. In addition, the rise in the US dollar against the euro also had a positive impact on our business. Finally, our "Fit for the Future" program also contributed to our good result.



Let's have a closer look at the key figures for our two major business units, starting with **Potash and Magnesium Products**:

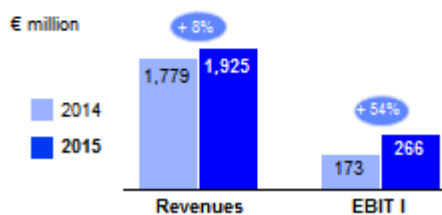
Following a good first half of the year, global price levels for the standard product potassium chloride declined in the second half of the year, especially in overseas regions. The pressure on prices was caused by the increasing decline in the value of emerging market country currencies, persistently low prices for agricultural commodities as well as a below-average monsoon in South East Asia and in India, which had a correspondingly negative impact on agriculture there and also prompted significant buying restraint in those regions as well.

By contrast, the framework conditions for our high-margin fertilizer specialties segment proved to be nearly stable. Farmers cultivating chloride-sensitive crops, such as vegetables or grapes for wine production, had a strong incentive again in 2015 to use appropriate plant nutrients, such as potassium sulfate, due to the attractive yields that can be generated with these crops.

Overall, the average prices for the year generated by this business unit surpassed the prior-year level, with the result that revenues and earnings increased tangibly while sales volumes remained nearly the same.



- Severe winter in North America in Q1/2015; Q4 weather mild on both sides of the Atlantic
- Higher average price particularly in the non de-icing salt business
- Low sales of crystallized salt after unusually good previous year



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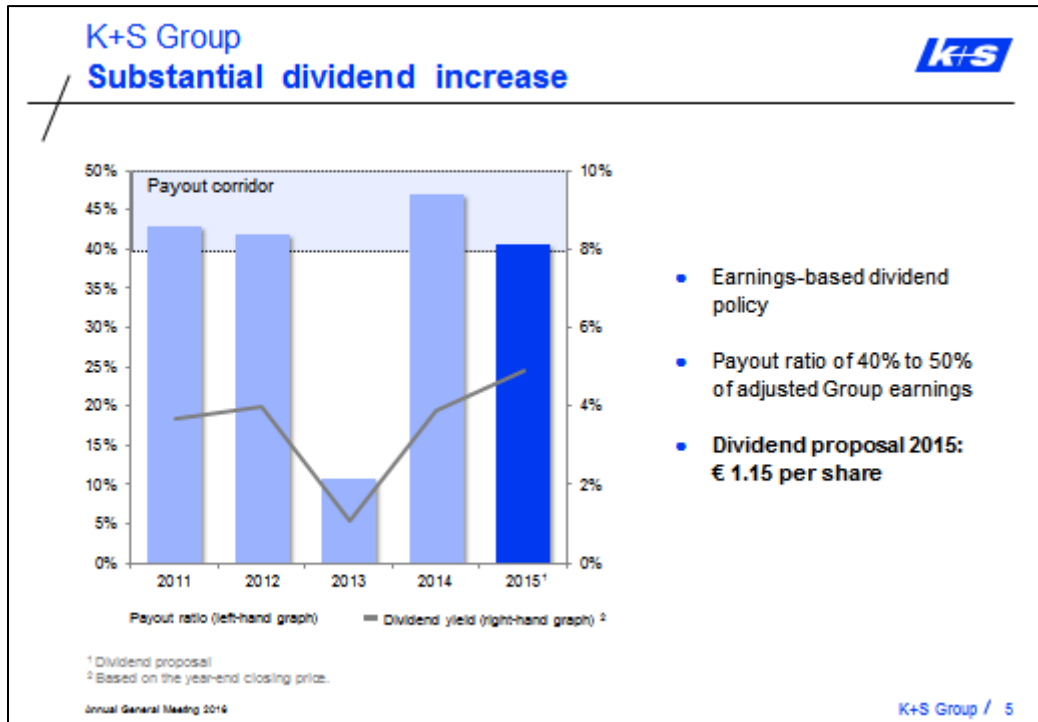
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In the **Salt business unit**, our strong position on three continents proved to be valuable once again. In the first quarter of 2015, for instance, our de-icing salt business in North America, which was again above average, was able to more than compensate for the effects of the mild European winter. What particularly helped in this respect was that our deliveries to the North American “de-icing salt regions” were also made at higher prices than in the preceding season.

However, it is also the case that we had a very mild winter in the fourth quarter on both sides of the Atlantic, especially towards the end of the year. We therefore did not manage to repeat the unusually high crystallized salt sales volumes achieved in the previous year in 2015, and instead, recorded a decrease of just under 11 per cent to a good 21 million tons.

What is all the more significant is that the business unit is increasingly strengthening its portfolio outside the de-icing salt business. With regard to sales volumes of industrial salt, salt for chemical use and food grade salt collectively, the trend was positive, and with some prices rising. From the perspective of the year as a whole, we were even able to achieve a higher average price than in the previous year. In addition to the positive currency effects, we owe this in no small measures to our strong Morton Salt premium brand, that is, “Umbrella Girl”.

All in all, the business unit generated a very respectable increase in revenues and in 2015, especially in operating earnings, with EBIT I improving by more than 50 per cent.



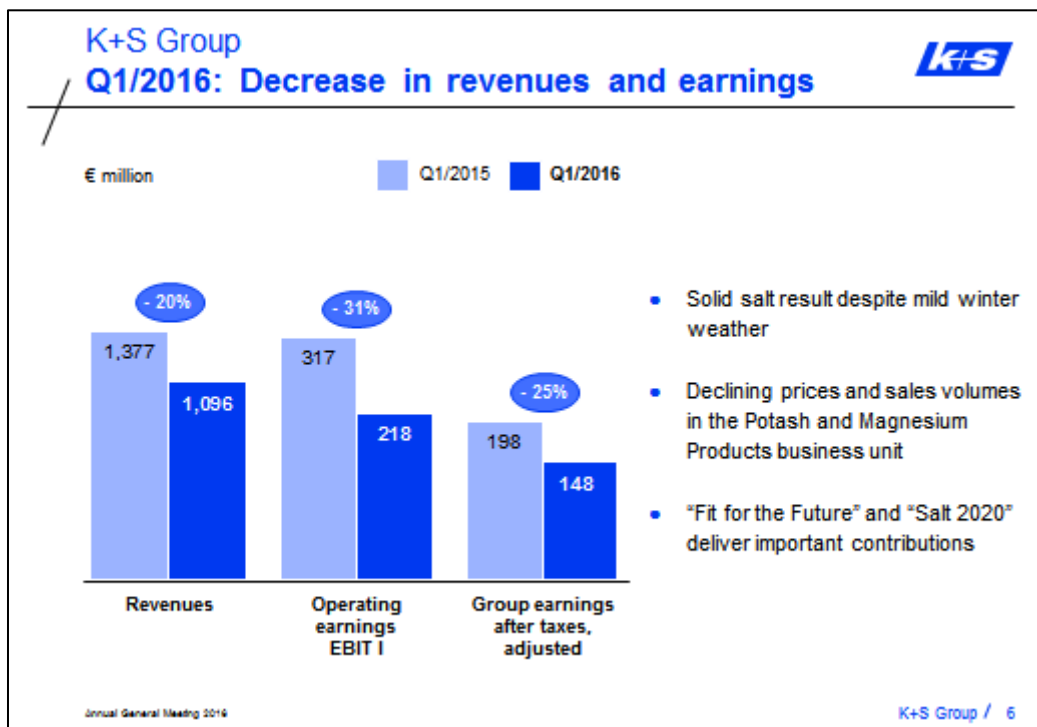
Dear shareholders, we want you to *participate* once again in our business success for 2015 under our earnings-based dividend policy.

The Board of Executive Directors and the Supervisory Board propose to the Annual General Meeting under Agenda Item 2 that a **dividend** of € 1.15 cents per share be distributed for the past financial year. That represents a significant increase of 28 per cent compared with the previous year.

It will result in a **dividend payment** of a good € 220 million. The **payout ratio** of 41 per cent would lie within the payout corridor that we fundamentally seek to achieve of between 40 and 50 per cent of adjusted Group earnings.

Ladies and Gentlemen,

It is important for us to achieve this target corridor, even in a year in which the market environment is somewhat *bleaker* than in the preceding year.



What we see here are the most important key figures for the **first quarter of 2016**:

- **Revenues** amounted to € 1.1 billion, which corresponds to a decrease of 20 per cent,
- At 218 million euros, **operating earnings** were down about 31 per cent year-on-year,
- and **adjusted Group earnings** came to €148 million – 25 per cent less than for the same period a year ago.

This marked decrease in earnings is primarily attributable to lower sales volumes in both business units as well as to a lower average price in the Potash and Magnesium Products business unit.

In the case of potash prices overseas, we saw – and are seeing – signs of a bottoming out. Overall, though, we experienced a negative price effect in the **Potash and Magnesium Products business unit**. In Europe, prices were on about the same level as a year ago, although we did note a decrease in sales volumes connected with the fact that the spring application of fertilizers started late due to the weather.


The lower sales volumes in the **Salt business unit** were attributable to the weaker de-icing salt business resulting from the mild weather in North America and in Europe. However, the business involving salts that are not used for road safety purposes was robust once again – given our unique brand portfolio, it was possible to achieve slight price increases in this area while volumes remained stable.

Our **“Fit for the Future”** and **“Salt 2020”** once again delivered positive contributions to our result for the first quarter.

However, what is very apparent overall is how important that second pillar “Salt” is for our Company: In terms of earnings, it was ahead for the first quarter. While that should indeed be more the exception than the rule, it nevertheless demonstrates that unlike some of our peers, we are able to balance things out.

K+S Group

Our expectations for full-year 2016



Premises for 2016

Potash and magnesium products

- K+S sales slightly below previous year (2015: 6.8 million tons)
- Significant decline in average price (2015: €307/ton)

Salt

- Crystallized salt sales moderately below prior-year level (2015: 21 million tons)
 - Non-deicing moderately above previous year (2015: 9 million tons)

Exchange rate: €1.10/USD (2015: €1.11/USD)

Revenue

Moderately below previous year (2015: €4.2 billion)

EBIT I

Significantly below previous year (2015: €782 million)

1) Incl. approx. 4 million tons of SOP and potash varieties with lower K2O content

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Regarding our **expectations for 2016 as a whole**, the picture is as follows:

Despite the stabilization in overseas regions that is now emerging, we anticipate a significant decline in average prices in the **Potash and Magnesium Products business unit** in terms of the year as a whole. Sales volumes in this business unit are likely to be slightly below the prior-year level since further temporary production cut-backs at the Werra plant cannot be ruled out given the limitations on our permit to inject saline wastewater at the Hattorf site.

In the **Salt business unit**, the moderate increase in sales volumes for consumer products, salt for the food industry, industrial salt and salt for chemical use will probably not be able to make up for the lower sales volumes for de-icing salt resulting from the mild winter at the start of the year.

Given this backdrop, our overall view remains cautious: The **revenues** of the K+S Group are likely to see a moderate decline in financial year 2016 compared with the previous year and operating earnings, **EBITDA** and **EBIT I**, are expected to be well below the prior-year level.

As usual, today's forecast can only give an initial indication of the trends to come in the current year. As you know, we normally do not announce concrete figures or project a range of figures for a full year until mid-August when we present our half-year figures.



- **The K+S share price in the summer of 2015 did not include adequate value added**
 - for Legacy (valued at up to € 21 per share)
 - the salt business.
- **The PotashCorp Proposal**
 - failed to reflect the fundamental value of K+S
 - failed to take account of growth prospects
 - did not include any control premium
 - was not in the best interest of the Company, its employees and sites
 - was not a basis for talks

→ **As an independent company, we can develop successfully and are a better partner for employees, sites and regions**

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Dear Shareholders,

I'd now like to turn to a subject that preoccupied us a great deal in the past year and, of course, you too as owners of this Company, and to some extent it still does so today:

At the start of July 2015, after having conducted a careful review and having taken into consideration all the circumstances, the Board of Executive Directors and the Supervisory Board of K+S Aktiengesellschaft decided, jointly and unanimously, to inform PotashCorp that they would not lend their backing to a possible public takeover bid made to the shareholders of K+S on the terms set out in the unsolicited proposal conveyed to us.

This view was shared by about 85 per cent of the private shareholders who participated in our shareholder survey conducted in the summer of last year, and the response rate was fully representative according to polling criteria.

While the matter has indeed been "settled" for over seven months now, but given that it was, if I may say so, the "hot topic of the year," I would like to once again explain to you the reasons that prompted us to reject the offer at the time.

On the one hand, the price of €41 per share **failed** to reflect **the fundamental value of the Company**. *On the other hand*, the transaction did **not lie in the best interest of the Company**. We don't decide about what serves that interest on the basis of gut feeling, but have a clear direction!

First, regarding the price that was proposed. The first point to be made is that the price for the K+S share at the time did not include any positive **valuation for Legacy**. The project was even valued negatively in a whole series of valuation models used by analysts. However, we arrived a price of up to €21 per share for Legacy, because we could justifiably proceed from the assumption that the project would become reality and a success story.

Second: The share price in the summer of 2015 also failed to adequately reflect our **salt business**, which generates high and stable cash flows. If the multiples typically used in the salt industry had been applied, then the salt business alone would be worth at least three quarters of the current market capitalization of the K+S Group. We are on the right track: With the successful implementation of our "Salt 2020" growth strategy – and I will go into that in more detail in a moment – EBITDA for the business unit will also rise to more than €400 million in normal winters as well.

Third: At the time, we had already indicated our **growth prospects** by publishing our medium-term objective of EBITDA of €1.6 billion in 2020. These future prospects were not taken into account in the PotashCorp proposal.

Fourth, and finally: A takeover bid must also include a **control premium**. It would have been particularly justifiable in the PotashCorp case, because the Canadian company wanted to acquire control over our German potash plants and our new Legacy site in Canada.

All these elements taken together gave rise to the result that we know concerning the valuation. And it was not an assessment advanced solely by the Board of Executive Directors and the Supervisory Board: It was shared by two highly regarded financial institutions, each of which would have also confirmed this in a "fairness opinion", but that became unnecessary in the light of further developments.

Ladies and Gentlemen,

Leaving aside these considerations concerning value, why did we come to the conclusion that the transaction did **not lie in the best interest of the Company**? Our answer to that question at the time was also very clear: The proposal failed to take account of both the interests of the **employees** of K+S worldwide and of the **regions** in which the Company operates and bears a responsibility.

The proposals that were formulated by PotashCorp in August 2015 and which were to take account of the interests of employees and site communities did not suggest any degree of reliability: There were extensive restrictions in significant parts and in addition, their effective implementation could not be guaranteed. From our perspective, there was a concern that given extensive unutilized capacity of its own, the transaction proposed by PotashCorp could have jeopardized jobs and sites while raw materials production in Germany would not have been safeguarded. Could any other assessment been at all possible in the light of the PotashCorp decision in January of this year to suspend operations indefinitely at its own production site with an annual capacity of 2 million tons in the Canadian province of New Brunswick? I don't think so.

All in all, it was clear to us, that is, for the Board of Executive Directors and the Supervisory Board and their respective advisors, that the proposal provided **no basis for talks**. At the same time, we have repeatedly stressed that we would not block a transaction per se. PotashCorp was free at any time to submit a concrete – improved – proposal or to extend a formal offer to you, dear shareholders, but it did not do so. You can only start negotiating if there are reliable offers on the table. As we know, that did not happen: On October 5, 2015, PotashCorp informed K+S that the Canadian company was withdrawing from its takeover proposal.

Ladies and Gentlemen,


The Board of Executive Directors and Supervisory Board will – as we are obliged to – also review **any future takeover bids** in the best interests of the shareholders and the Company. As a healthy company with a free float of 100 per cent we are essen-



tially of interest to all investors. However, in the future, any price offered must adequately reflect the fundamental value of the Company.

However, we are *not* waiting for a new proposal, a new offer: Rather, we want to and can develop successfully through our own efforts and with the consistent implementation of our two-pillar strategy. At the same time as an independent company, we are certainly also a better partner for employees, sites and regions.

K+S Group

"Mining is not a one-man show!"





- The past few months were very demanding for the K+S Group
- As the K+S team, we have always continued along our path with the necessary objectivity – and conveyed an image of great unity

→ The Board of Executive Directors thanks our employees who went about their work unperturbed!

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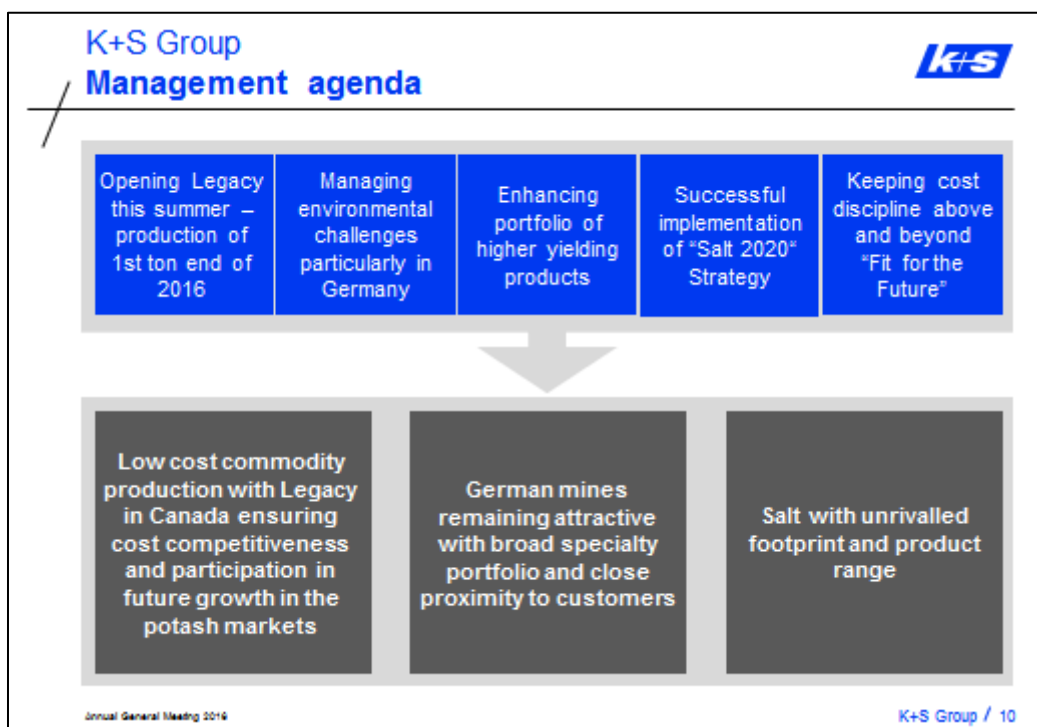
The months that lie behind the employees of the K+S Group were challenging, turbulent and anything but simple. What impressed me personally was that our workforces in Germany and abroad went about their work unperturbed and did not allow themselves to be distracted by the reports from the stock exchange and media headlines. In this, we conveyed an image of great unity – and as the global K+S team, we demonstrated once again that *"Mining is not a one-man show!"*

Ladies and Gentlemen,

I am certainly speaking on your behalf too in expressing my wholehearted thanks to our over 14,000 employees worldwide for their effort and commitment over the past few months!

However, the future will not be presented to us on a plate. The challenges will remain demanding in the future as well. All our employees know that there is much that we are doing and that we need to do to ensure our international competitiveness.

This brings me on to our **management agenda**: What are the tasks that we will be facing this year and the years to come?

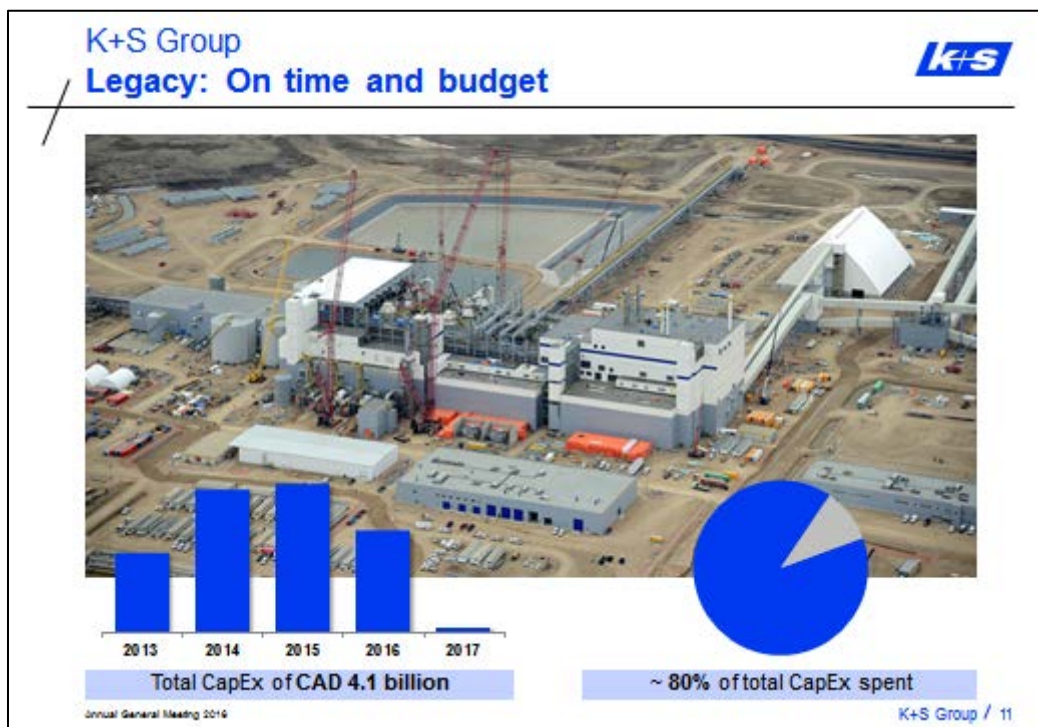


As you know, one of our biggest tasks since last summer has involved the successful commissioning of our **Legacy** plant. We want to produce our first ton of potash in Canada by the end of this year. We are breaking new ground with our new site, which gives us access to high-quality resources for generations and will enable us to participate in future market growth while at the same time allowing us to considerably reduce average production costs.

Maintaining or creating the regulatory conditions for **the sustainable production of potash in Germany** is another key area of our work. As a commodities company with deep roots in Germany and which can confidently champion the economic contributions of this industry in the related political and social debate, we want to lead domestic mining towards a good future.

Finally, we continue to work on the **growth initiatives** in our two major business units and on our program to **reduce costs and increase efficiency** in order to put the K+S Group on a more robust footing among our global competitors and to further reinforce the future viability of the company.

Here too, I would like to discuss these points in more detail in the following.



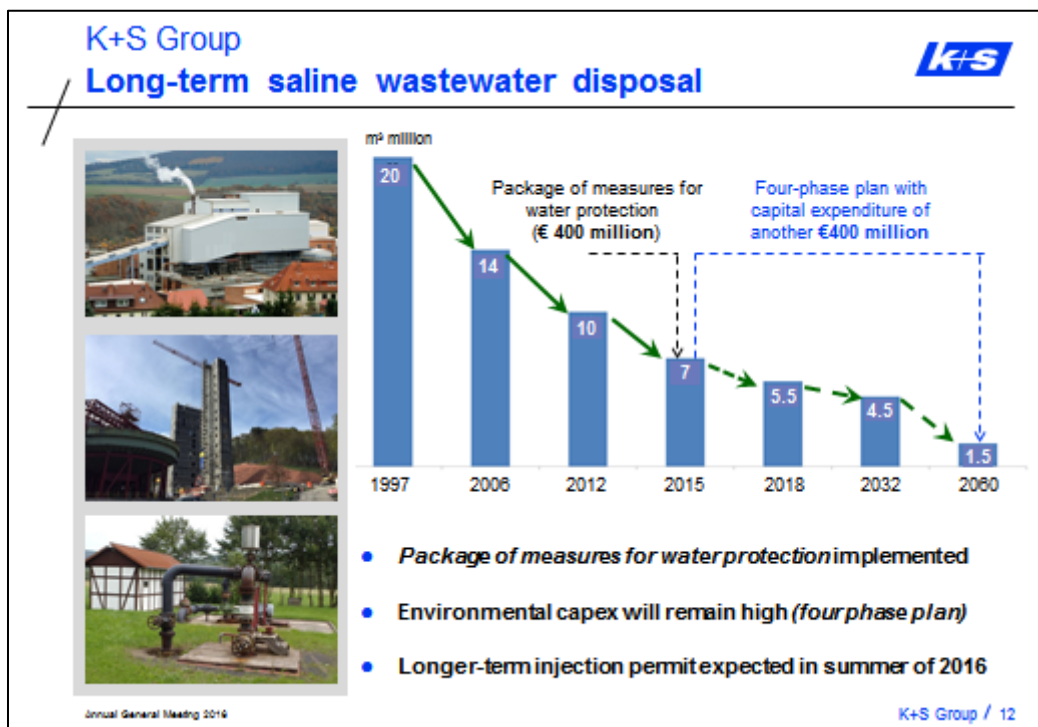
Our **Legacy** project is still on track in terms of timing and costs.

In financial year 2015, work focused on the erection of the plant's steelwork and installation of the main components. With regard to the brine field, a total of four more "pads" were commissioned for the cavern development works. We also made good progress at the port of Vancouver, where pile foundations were installed and the flat foundation work undertaken for the planned storage and handling facility, which will be among the most modern of its kind in the world.

Most of the work has already been completed, including significant portions of the production facilities, the warehouses and the maintenance and administrative build-

ings. Anyone who has been there can easily see that no less than five times more steel was used in the construction of the new plant than for the Eiffel Tower.

A total of around 90 per cent of the total budget of CAD 4.1 billion has been utilized. The year 2016 will therefore be the last year of high capital expenditure before we start production at the end of the year.



Ladies and Gentlemen,

As a company involved in the mining of raw materials, we know that we need the acceptance of the public for the long-term success of our business. We have therefore been working very intensively for years on keeping the impact on both nature and people as low as possible and to gradually reduce it wherever possible.

K+S has done a great deal over the past few decades to improve the Werra and Weiser environmental situation: Between 1997 and 2015, the volume of saline wastewater declined from 20 million m³ per year to 7 million m³ per year. We have invested around €400 million on this between 2011 and 2015 alone as part of our **package of water protection measures**.

And that's not all, because the **four-phase plan** of K+S and the state government of Hesse foresees capital expenditure, in part in the Weser River Basin Association (FGG) master saline reduction plan, in around the same amount again.

It includes a kainite crystallization and flotation facility (KCF) on which construction work has already started and which will lead to another significant reduction of a good 20 per cent in quantities of saline wastewater to 5.5 million m³ from 2018 onward. About € 165 million will be spent on this project alone until it is completed.

In total, K+S has invested about € 800 million in environmental protection within a few years. This represents an enormous economic challenge. I know of no other company of a comparable size that has borne such a burden. However, we are ready to do so! That is because we want to find long-term solutions to the Werra disposal issues.

However, this cannot be done overnight: Alongside discharging into the Werra, **injecting** is also an important element today for bridging the gap to the future. For that reason, we have submitted an application with the licensing authority to allow us to continue injecting until the end of 2021. Last but not least, the **short-time working** at two potash sites in April and once again now – a good week ago we had to “shut-down” substantial parts of the Werra plant – clearly demonstrates that we need a permit of sufficient dimensions as quickly as possible. This is the case even more so in the light of the fact that there is a very highly likelihood of further short-time working periods in the coming weeks, especially against the backdrop of the coming summer months, when, as experience shows, there is less water in the Werra, placing additional limits on the possibility of disposing of saline wastewater.

That our colleagues at the Werra plant are not alone in having to bear the lost earnings resulting from short-time work offers little comfort: All the employees of the K+S Group in Germany, including, naturally, the Board of Executive Directors, contribute to bringing the monthly net earnings of colleagues on short-time working up to 90% or 85% of what they are regularly. That is solidarity in practice – and something that we regard as self-evident.

And one more comment: After the short-time working in April, we were accused of having staged that in order to exert political pressure. It was pointed out that we supposedly had free capacity in our retention basins, which could have been used to temporarily store production wastewater. The truth is that have to keep such capacity available for tailings pile wastewater. It arises irrespective of production on the surfaces of the tailings piles and it also has to be disposed of. Because of the low flow of water in the Werra, we were left with no room for maneuver – short-time working was unavoidable, unfortunately. To say it clearly: We do not play about with the interests of our employees, who trust us.

As always: In our point of view, the decision on our application to continue injecting until the end of 2021, which we filed back in April of 2015, should be taken in the summer of this year.

K+S Group
Environmental protection and value creation






- The *four-phase plan* (Hesse, K+S) calls for an additional reduction in the environmental footprint and is intended to create a reliable perspective for domestic raw materials exploitation
- The *master saline reduction plan* (FGG Weser) goes beyond the four-phase plan and
 - will include measures that must still be thoroughly reviewed
 - sets targets and threshold levels that could necessitate production cutbacks

→ K+S has ruled out any such intervention in the production process (disproportionate economic effect!)

→ K+S reserves the right to take legal action against the *Master saline reduction plan*

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Ladies and Gentlemen,

We need **reliable foundations and prospects for domestic raw materials extraction** and the associated creation of value in the Werra-Fulda potash district. That is important because the Werra plant has to bear all environment-related capital ex-

penditure and the associated operating costs by itself. The latest point at which the “threshold for economic viability would not be attained” would occur if further reductions in saline wastewaters could only be achieved by means of production cutbacks.

I’d like to stress this in the context of the special saline reduction master plan that was approved by the Weser River Basin Association in March of this year and only deals with the injecting of salt pollutants with regard to what are termed “good ecological conditions” for the Werra and Weser.

From our perspective, there are grounds for doubting whether the objectives of the plan are attainable, because there are numerous other stress factors that would not result in good ecological conditions even if all our emissions into the Werra were to completely stop from today.

On the other hand, the plan does contain the essential elements of the first phase of the *four-phase plan*. However, for the purposes of achieving objectives, it will also be based on measures that will first have to be reviewed and tested even more thoroughly in the coming year: For instance, the “master plan” assumes that it will be possible to store saline wastewater underground on a scale that has not been realized in mining anywhere in the world thus far. To avoid any misunderstandings: We will review this very intensively and with a lot of effort. However, that also means that we still do not know the result.

Furthermore, the plan only treats as optional – that is, not as a firmly established means of disposal – the construction of what is termed a Werra bypass that, from today’s perspective, would have insufficient transportation capacity. And it would only apply if the planned reduction in wastewater from storage is not achieved or not achieved in full.

The master plan also includes the objective of adherence to very low threshold levels for chloride, magnesium and potassium in the Upper Weser starting as early as the end of 2021/2027, which could even necessitate production cutbacks, and that brings me on to the point raised.

Ladies and Gentlemen,

K+S cannot and will not accept an intervention of this kind in the managing of production. It is not proportionate and would have a hugely adverse effect on the operation of sites in the Werra Fulda potash district and ultimately make it no longer commercially viable. We must therefore reserve the right to take legal action with respect to, in particular, scaling back production and the hitherto unattainable target values contained in the master plan. Today, I assume that we will have to take legal action against provisions of the “master plan,” which we regard as failing to conform to the law.

Nevertheless, we continue to stand by the commitments we have made. The covering of tailings piles is, for example, already being looked into right now. If large-scale tests confirm the many years of experience gained at our Lower Saxony sites, the grassing and planting of the Werra tailings piles could start from about 2025. It would mean that much less saline wastewater would occur over the long term.

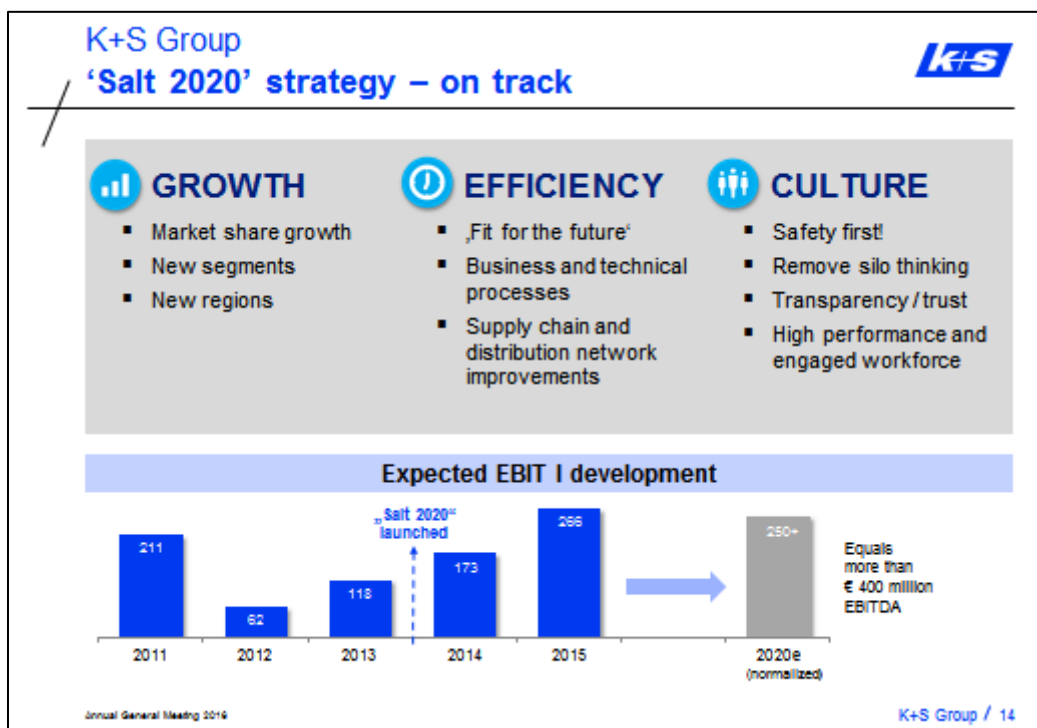
Furthermore, a project group is already working on drawing up planning principles for the supplementary long-distance pipeline that is needed on the Upper Weser. This undertaking is currently the subject of controversy and debate. It has prompted concerns among the population, and especially among farmers whose land could be affected.

We take these concerns very seriously. However, no one needs to fear long-term disadvantages – we could already demonstrate this with the construction of our saline water pipeline from Neuhof to Philippsthal in the years 2012 and 2013: Even if the working strips during the construction phase were up to 25 meters wide – any losses that arose, during harvests, for example, were, of course, compensated. In addition a pipeline of this kind would be laid at a depth of at least one meter. Thus, after the construction phase, farming is possible without any limitations.

The entire pipeline system will be planned and built by us in accordance with the strict requirements of the law. In doing so, we will ensure that groundwater and drinking water as well as all other protected resources in the plan corridor will not be nega-

tively impacted. Pipeline safety will be ensured by, for example, the pipeline material selected, corrosion protection as well as strict quality controls. In addition, the pipeline will be equipped with the latest monitoring technology.

In the light of this, we hope that we will be able to dispel all existing concerns on the part of the population and in farming circles. That is because an Upper Weser supplementary pipeline that is suitable for operational needs is a central element of our long-term environmental strategy in the Werra region: From today's perspective, injecting can only be dispensed with as of the end of 2021 if such a pipeline can be successfully realized. And that is our goal – incidentally, it is also consistent with Weser River Basin Association's management plan.



Ladies and Gentlemen,

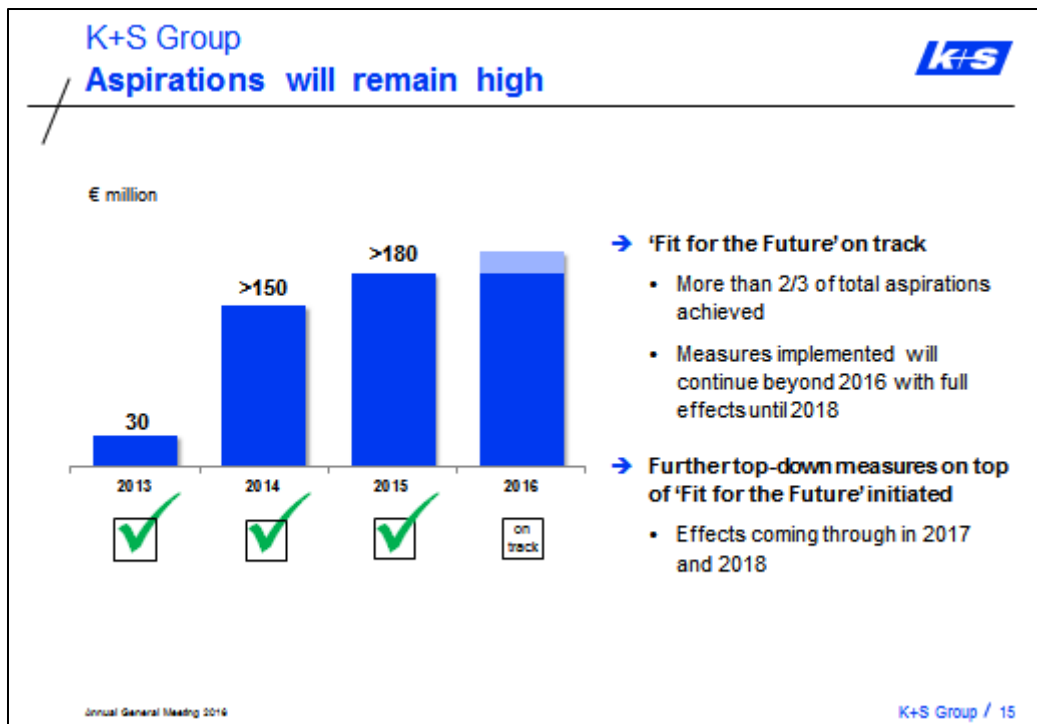
Another task we are focusing on is the work connected with our efficiency enhancement and growth programs. In the Salt business unit, we have already made very good progress in the past two years in implementing our **Salt 2020 strategy**.

Regardless of where you look – whether at esco or Frisia Zout, Morton or Windsor Salt, K+S Chile or Salina Diamante Branco – production processes have been improved, distribution networks optimized, new markets developed and work undertaken on improving value added everywhere.

To improve margins, we have carefully realigned our portfolio in addition to brand maintenance and price adjustments. At Morton Salt, for example, now, in the famous “normal year,” only half of the operating profit is attributable to de-icing salt. We are also expending great efforts to keep expanding the high-margin business at esco, by, for example, adding pharmaceutical salt and water softening products. The higher proportion of high-quality specialty products will bring more stability and thus higher earnings.

This business unit is therefore well on its way to reaching its target for 2020 – annual EBIT I of more than €250 million and EBITDA of more than €400 million.

One could assume that we have already cleared that hurdle given the higher earnings of €266 million generated last year. However, it should not be forgotten that our target for 2020 assumes a “normal” winter, i.e. is based on long-term average volumes and prices. The year 2015 benefited from two severe winters in North America in a row.



We made great progress in the implementation of our **Fit for the Future** program. Once again, we exceeded our savings target for 2015. Cost reductions were achieved in the areas of production materials management, logistics and IT in particular. We have already realized two-thirds of the savings targets set during the term of the program.

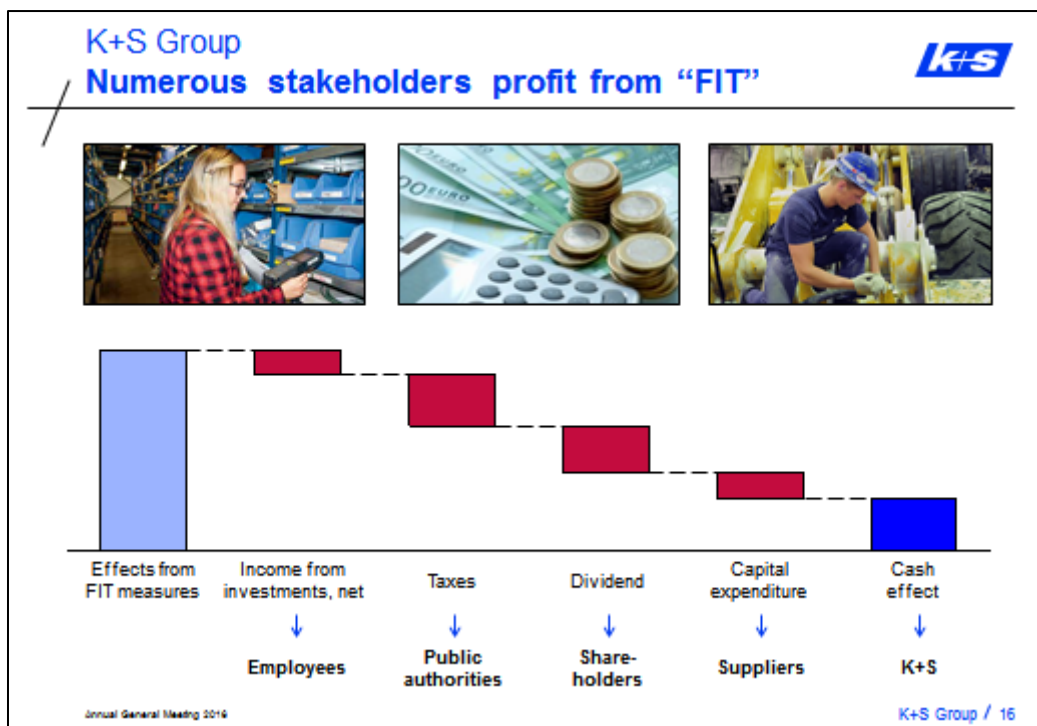
As you probably know – we have already been reporting on the “Fit for the Future” for some years – the program encompasses a number of initiatives across the entire K+S Group. Successful completion of these initiatives will give us a considerable boost in improving our cost position and making our organizational structures more efficient in both of our major business unit and at Group level.

Compared with the savings already achieved in 2014 and 2015, we want to achieve even more in 2016, as planned from the start. We are right on track with this, but we will not be satisfied with that alone: In order to be successful over the long term, cost consciousness and efficiency are becoming a permanent task that is part of everyday business. That consciousness will continue, even after “Fit for the Future” expires at the end of the year:

For one thing, the measures already *initiated* will continue to be implemented, even after 2016 – measures that are linked to rising cost cutting potential until the end of 2018. And for another, the current uncertain conditions on the market will require *additional* efforts. We have therefore decided to develop further measures beyond the “Fit for the Future” program, which should enable us to reduce costs even more in 2017 and 2018.

Ladies and Gentlemen,

All this may sound easy to you – but it is not. Implementing “Fit” requires hard work and places many demands on employees and the Company, maybe even too many. It would be wonderful if all the successes just accrued to the Company.



As you can see, however, that is certainly not the case: A substantial number of stakeholders profit from “Fit for the Future”, and, in part, even do so to a disproportional extent. I hope, ladies and gentlemen, that you can understand that it annoys us when a not insignificant part of the success flows into the public space, but nearly all we get in return is nothing but criticism of our actions!


Regarding criticism of our actions, we treat all well informed criticism seriously. However, some things are simply going too far, for example if it is taken in doubt in a subtle way that we are a company which products are important for human beings and animals – simply for the whole life. What is omitted from the picture is that we offer many people good work, and much more than that. And that fragments from our exchanges of ideas are quoted in isolation, removed from their context, and then interpreted, and issues that are in no way connected are all mixed up together.


Ladies and Gentlemen,

For years, our corporate culture has been characterized by trust in relation to all internal and external stakeholders, by credibility and by openness – and that will remain so.

K+S Group


We are strategically well positioned






Broad product range

- The composition of our deposits makes it possible to produce a unique spectrum of standard and special products
- High flexibility and a robust portfolio



Geographical range

- In the Salt BU, we engage in production on three continents and in the Potash and Magnesium Products BU shortly on two continents
- Proximity to existing customers and tapping into new market regions



Strong positioning

- Our strategy is based on two pillars (potash and salt)
- Long-term trends (e.g., population growth, rising protein consumption) are growth drivers for our business

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Ladies and Gentlemen,

I'm slowly coming towards the end of my speech. We are convinced that **we are strategically well positioned**, and that this is also true regardless of our current growth initiatives and our program for cutting costs and enhancing efficiency. Why?

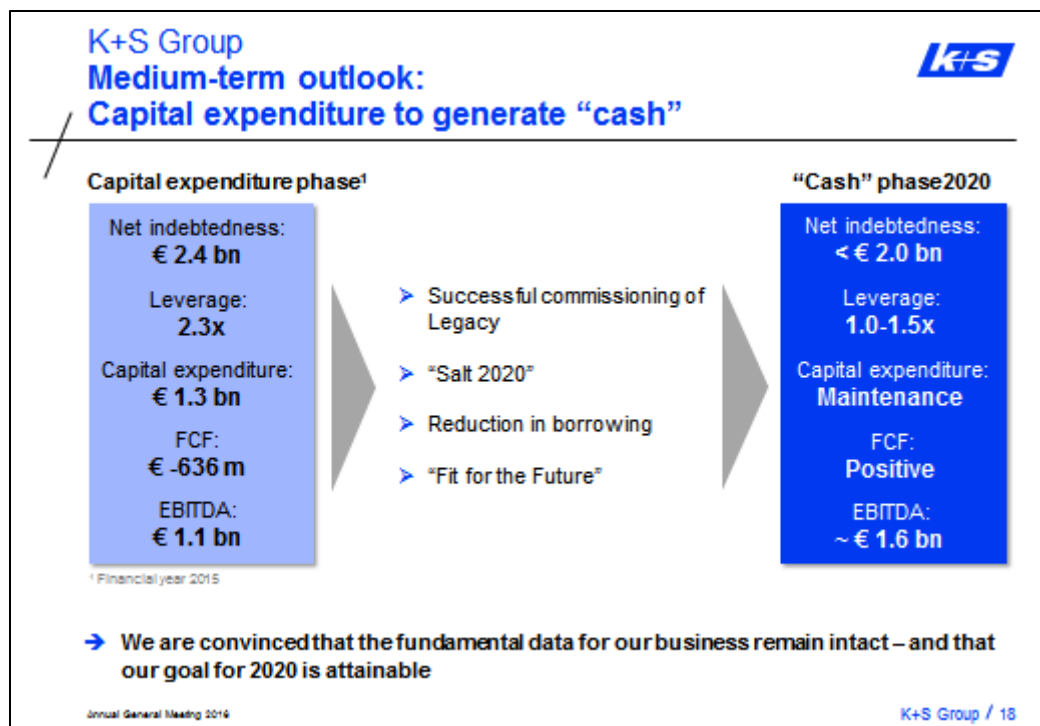
First, we have a **unique product portfolio**. That is true of the Salt business unit but also, and in particular, of the Potash and Magnesium Products business unit. Because of the mineralogical composition of our domestic deposits, alongside standard products, our assortment also includes a broad range of fertilizer specialties as well as intermediate products for industrial and pharmaceutical applications. Consequently, we are not quite as dependent on the performance of the global potash market as our competitors.

Second, our **geographical range**. With esco, K+S Chile and Morton Salt, we engage in production on three continents in the Salt business unit. Once Legacy starts up, we will be the only potash supplier in the world with production facilities on two continents. This will enable us to develop regions in which we are currently underrepresented and will, at the same time, increase our flexibility in responding to market opportunities. However, our German potash sites will not lose their importance. That is because being in the heart of Europe, we profit from proximity to our buyers and a high degree of customer loyalty.

And *third*, we enjoy **strong positioning** with our two-pillar strategy. In both business units, global megatrends lie in our favor: The global population is growing, many people are becoming older and prosperity is on the rise in emerging market countries. The need for raw materials for agriculture and industry will therefore continue to increase, and our products are in demand worldwide.

And last but not least the successful placement of a *Schuldschein* with a total volume of €600 million a few days ago is an expression of the great confidence that investors have in our Company. It will enable us to strengthen our liquidity and financing structure for the strategic development of K+S on very favorable terms.

K+S is and will therefore remain a company with very good prospects for the future, we have reason to look to the future with optimism.



This is true from a **medium-term perspective** and not just from a long-term one. That is because the Legacy Project, “Salt 2020” and “Fit for the Future” are the cornerstones of the K+S Group’s growth. They will make it possible for us to substantially reduce our indebtedness in a very short period of time. Put differently, our enormous capital expenditure over the past few year will generate “cash.”

Of course, our medium-term earnings targets are ambitions given declining commodity prices and higher product availability. Nevertheless and despite the current turbulence on the global potash market, we are convinced that the fundamental data for our business remain intact.

We will therefore continue working on achieving **EBITDA of approximately €1.6 billion in 2020**, which corresponds to an increase of about 45 per cent compared financial year 2015.



K+S Gruppe
Annual General Meeting

Kassel, 11 May 2016

Norbert Steiner, CEO

Dear Shareholders,

We want to continue presenting you with a strong K+S in the future as well. I hope that you share our confidence in the further development of the K+S Group – I at least wanted to show you the reasons for that confidence with what I have said here today.

On behalf of my colleagues on the board too, I would like to thank you for your trust and constructive cooperation over the past financial year – and I also wish that you will remain loyal to us. We want to continue to shape the future together with you and impress you with our achievements!

Many thanks and all the best!

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