

K+S Aktiengesellschaft

Q1/16 – Conference Call

May 10th, 2016

Dr. Burkhard Lohr, CFO



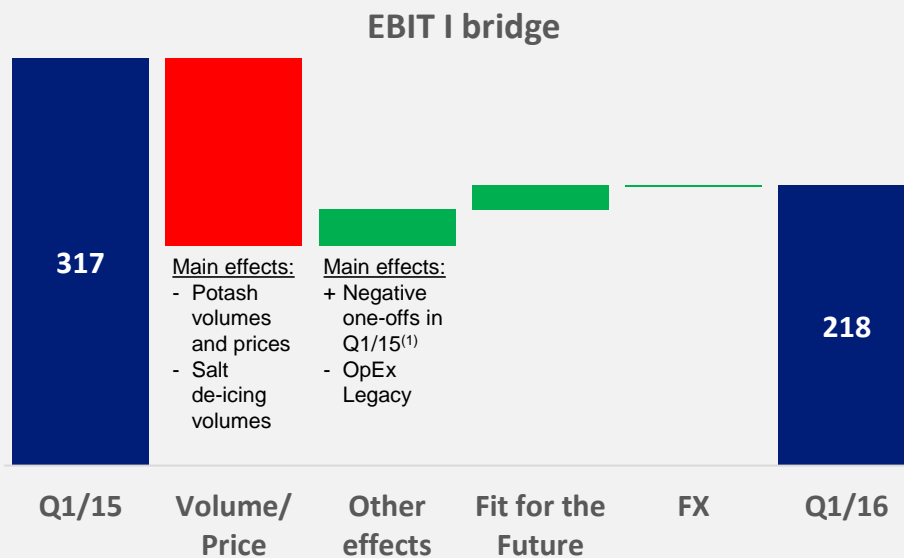
Experience growth.

- **Salt business contributing strongly to group earnings despite mild winter**
- **Impact of limited deep-well injection negligible in Q1**
- **Legacy Project on time and on budget**
- **“Salt 2020” strategy on track**
- **“Fit for the Future” contributed positively to cost structure – cost discipline remains high**
- **Schuldschein successfully issued**
- **Outlook for 2016 unchanged**



Two-Pillar Strategy Cushions Weak Start Into The Year

€ million	Q1/15	Q1/16	YoY
Revenues	1,377	1,096	-20%
EBITDA	383	285	-26%
EBIT I	317	218	-31%
t/o Potash and Magnesium	183	102	-44%
t/o Salt	142	123	-14%



⁽¹⁾ Mainly phasing of collective labor agreement in Q1/15

⁽²⁾ (Revenues – EBIT I excl. Legacy OpEx) / Sales volumes

■ Group

- Lower average selling price in potash
- Sales volumes below Q1/15 in both business units

■ Potash and Magnesium Products

- Pricing in Europe robust
- Specialties remain at high level
- Significantly lower overseas prices
- Costs per ton lower in Q1/16 despite overall lower volumes
 - € 201 vs € 212 in Q1/15⁽²⁾

■ Salt

- Margin improvement due to product mix, higher prices in non de-icing and cost focus
- De-icing: Mild winter leads to below-average sales volumes
- Non de-icing business solid

Legacy Project On Time and Budget



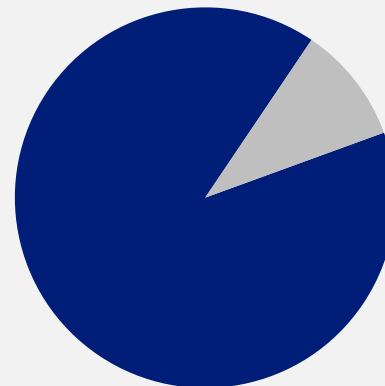
Legacy plant



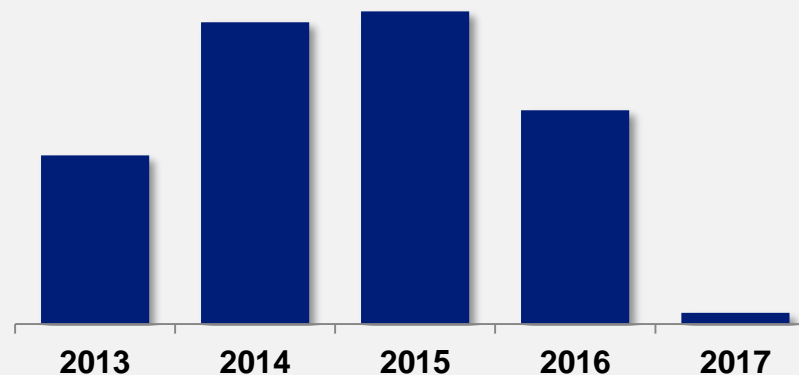
Port Vancouver



~ 90% of total CapEx spent

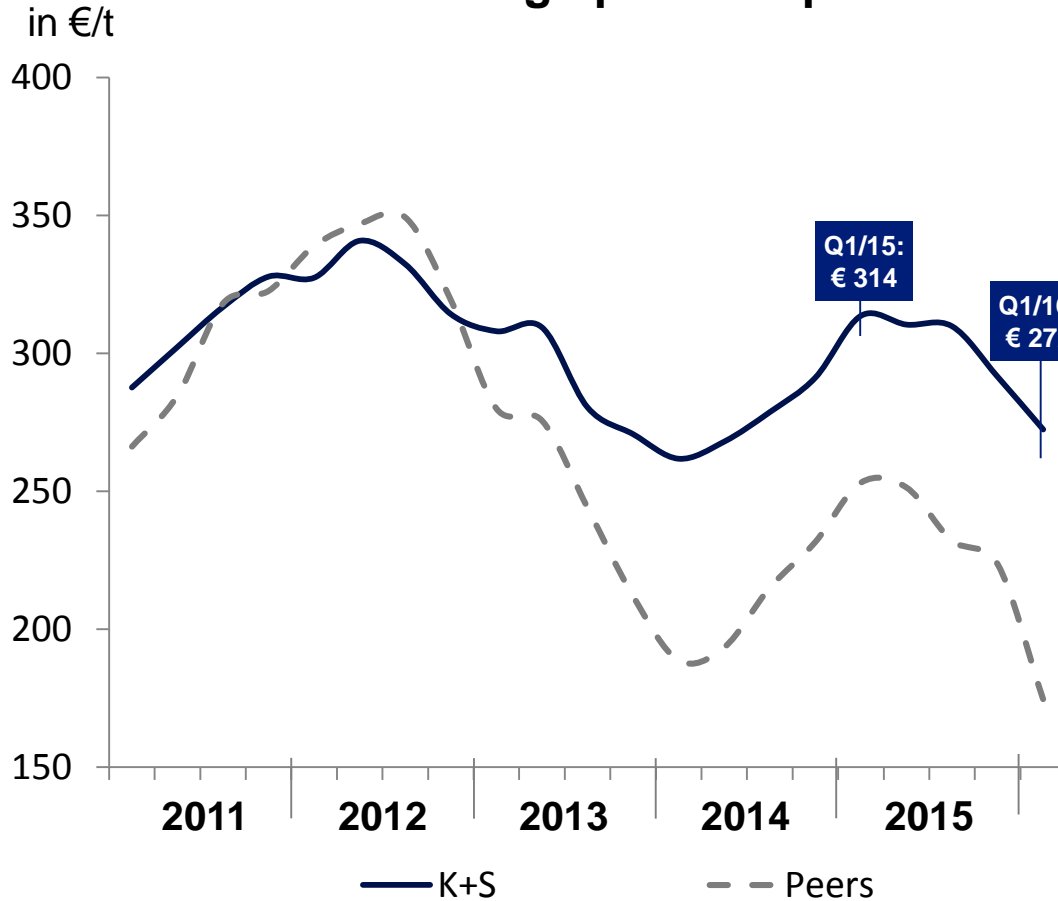


Total CapEx of CAD 4.1 billion



Overseas Prices Stabilizing

K+S average portfolio prices

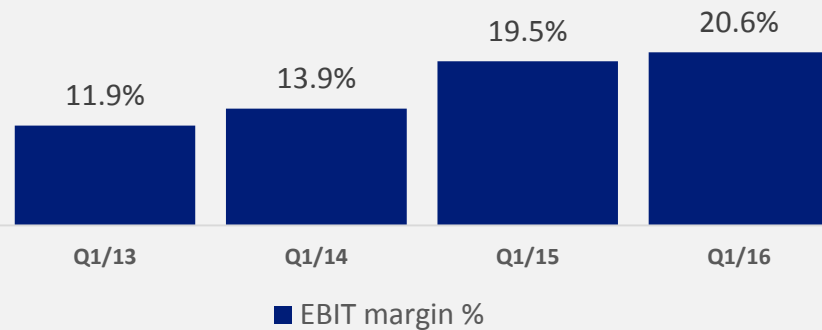


- ➔ Trading activity picking up slowly
- ➔ K+S sales volumes 1.69 millions tons (Q1/15: 1.94 million tons):
 - Pre-buying of Specialties in Europe in December
 - Slower weather-related start into the new season
- ➔ Markets still waiting for direction by major contracts
- ➔ Pricing in European core markets robust
- ➔ MOP prices in overseas markets continues to stabilize
- ➔ SOP premium remains high

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

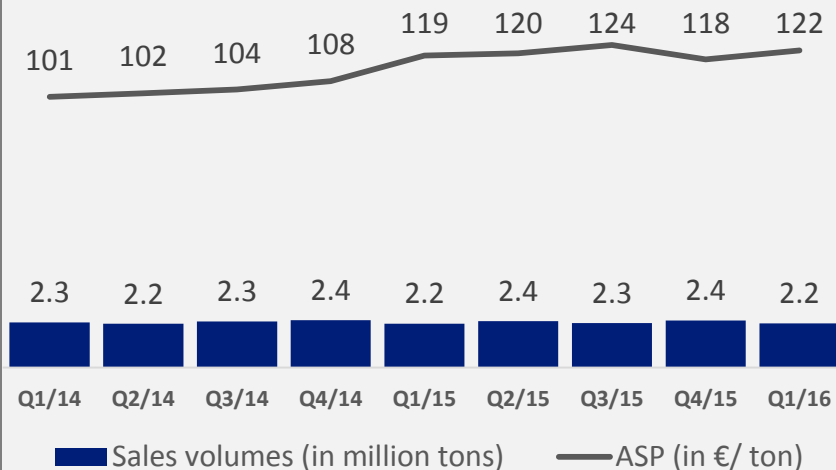
Improving Margins Due to Strong Brands

EBIT development

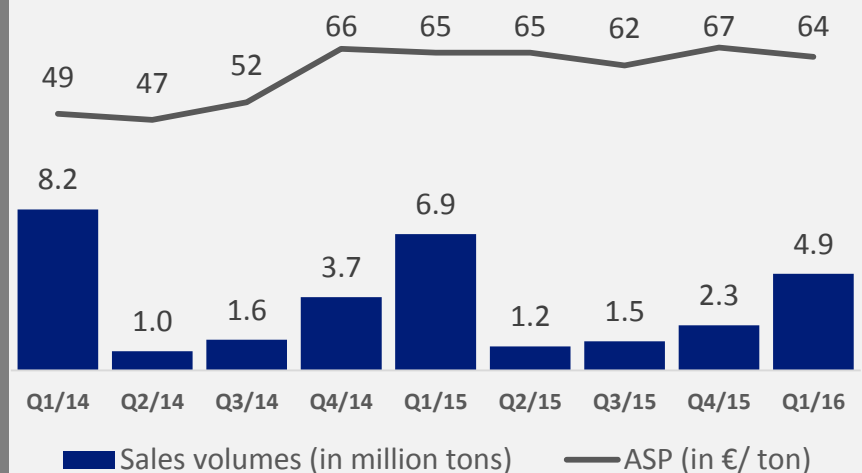


- Margin improvement due to product mix and focus on strong brands and cost discipline
- Stable volume development in non de-icing at higher prices
- De-icing
 - Lower YoY volumes due to mild winter in Europe and North America
 - Prices remained almost stable

Non de-icing

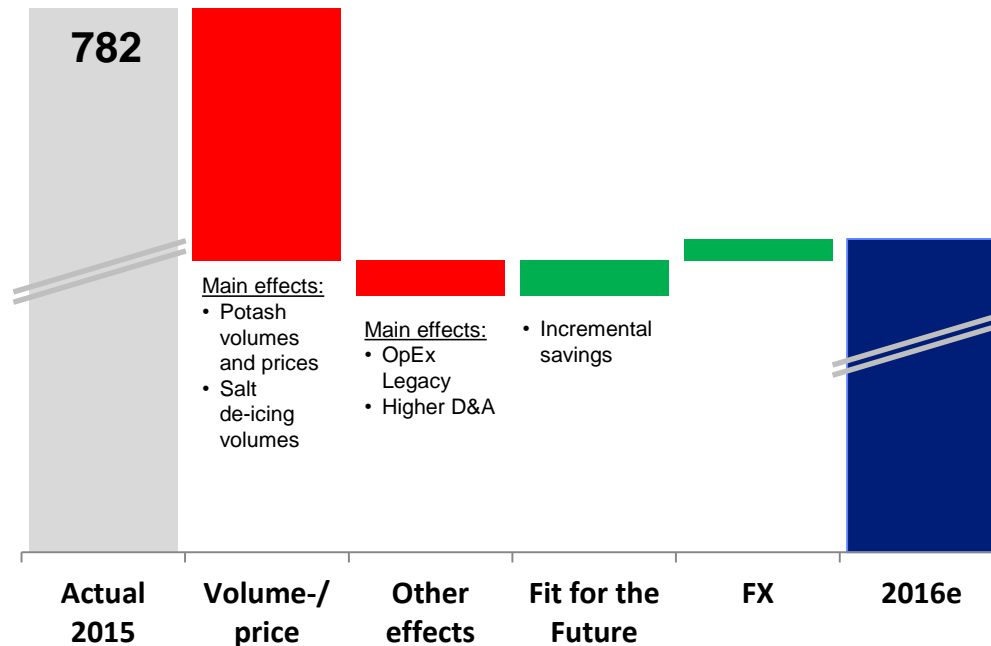


De-icing



Guidance FY 2016 unchanged: EBIT I Bridge

€ million



→ Assumptions (highlights)

- Prices for MOP in overseas markets continue to stabilize. However, significantly lower average selling price expected in potash for FY 2016
- Impact of limited deep-well injection may be felt more in upcoming dry spring and summer season
- Mild winter may lead to lower de-icing sales volumes

➤ **We stick to our forecast of significantly lower operating results**

Mid-Term Goal: From Capex to Cash



(1) Q1/16 (2) 2015

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