

K+S Aktiengesellschaft

Q1 2017 – Conference Call

May 9th, 2017

Norbert Steiner, CEO



Experience growth.



- Grand Opening Ceremony and handover to operations team
- Infrastructure in place
 - Railroad/ trains
 - Harbor
- First ton of MOP by end of June
- **Capacity of 2 million tons p.a. by the end of 2017 ramping up to 2.86 million tons p.a. by 2023**
- **Within budget of EUR ~3.1 billion**
- **Positive EBITDA in 2018**

2017/2018

- ✓ **Deep-well injection permit (Werra) granted until 2021**
 - Volume 1.5 million m³ p.a. including numerous ancillary provisions
 - Situations of low water levels remain challenging especially in 2017
- ✓ **Implementation of measures to limit production standstills**
- ✓ **Construction of KCF¹⁾ to reduce saline wastewater from Werra plant by 1.5 million m³ to 5.5 million m³ p. a. will have a positive impact on disposal situation**
- **Expansion of tailings pile capacity Hattorf (Werra)**

2019 and beyond

- **Expansion of tailings pile capacity at Wintershall (Werra) and Zielitz**
- **Extention of Werra river injection permit**
- **Evaluation and implementation of sustainable environmental solutions**
 - Oberweserpipeline
 - Underground storage (currently being analyzed)
 - Coverage of tailings piles

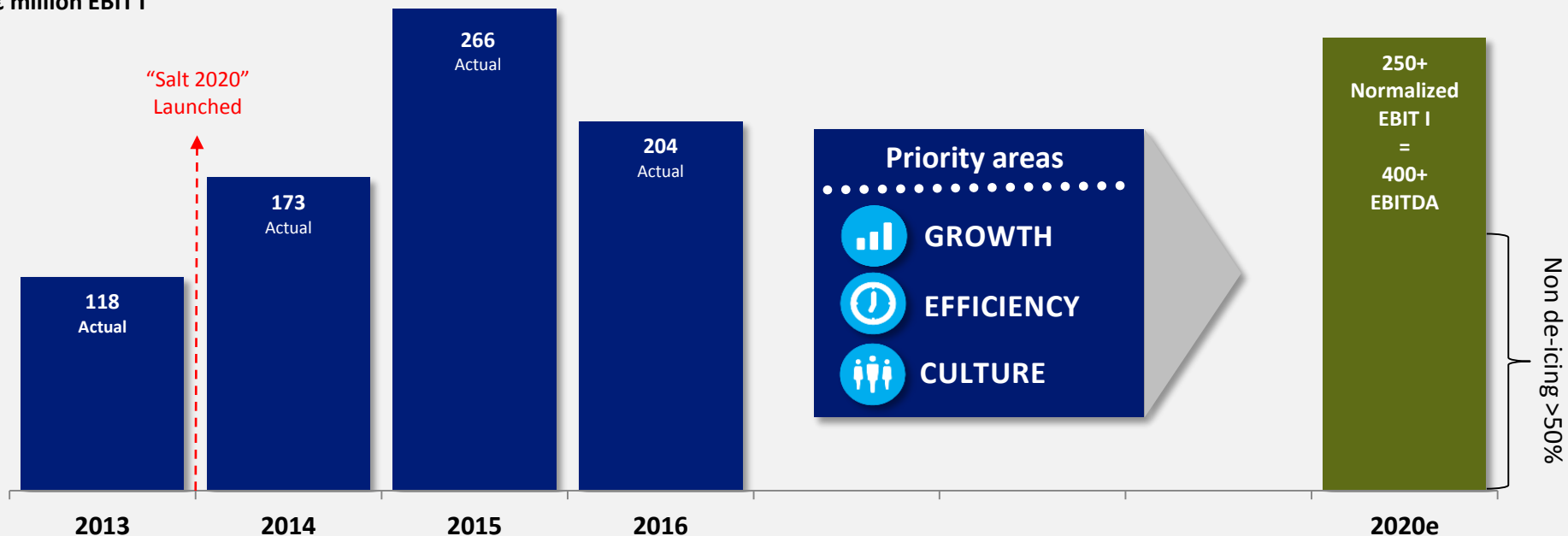
¹⁾ Kainite Crystallization and Flotation Facility

Salt

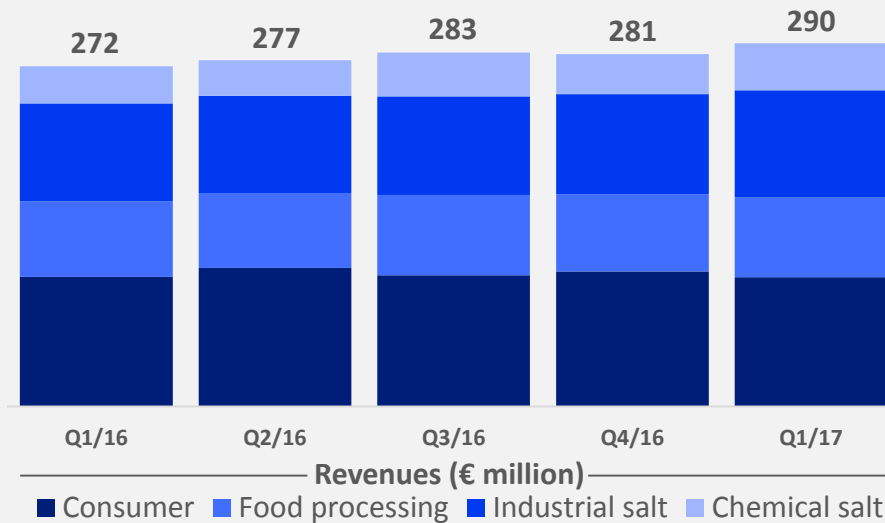
“Salt 2020” On Track



€ million EBIT I



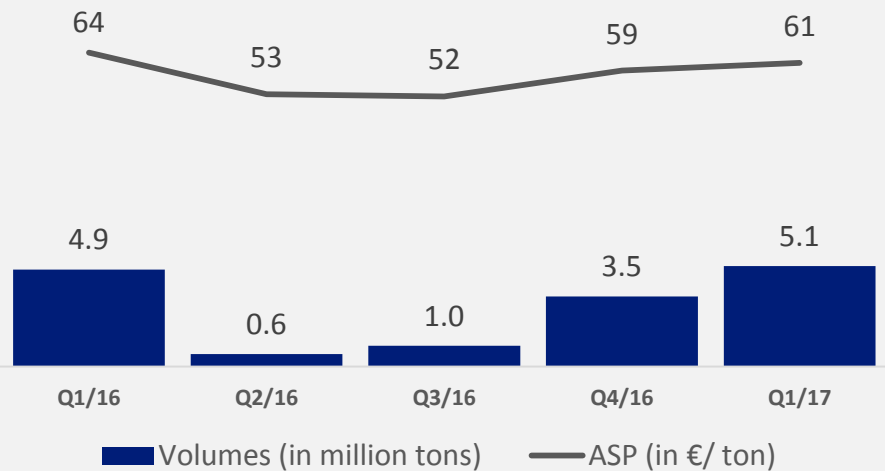
Non de-icing



■ **Non de-icing**

- 7% revenue increase YoY
- Stable ASP at ~120 € per ton (Q1/16: 122 €)
- Leveraging our strong consumer brands like Morton Salt

De-icing

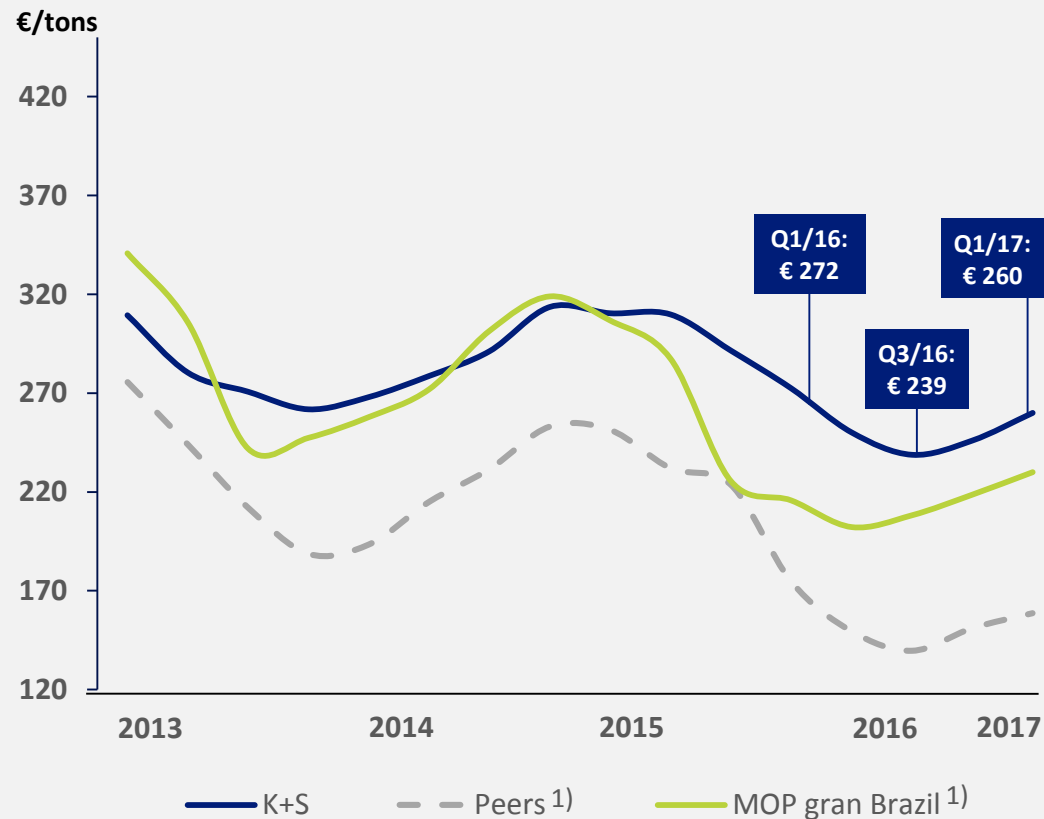


■ **De-icing**

- Higher volumes in Europe and Canada offset negative price and volume effects in the US
- Geographical hedge working

Trading Update Potash and Magnesium Products

K+S Average Selling Price Development

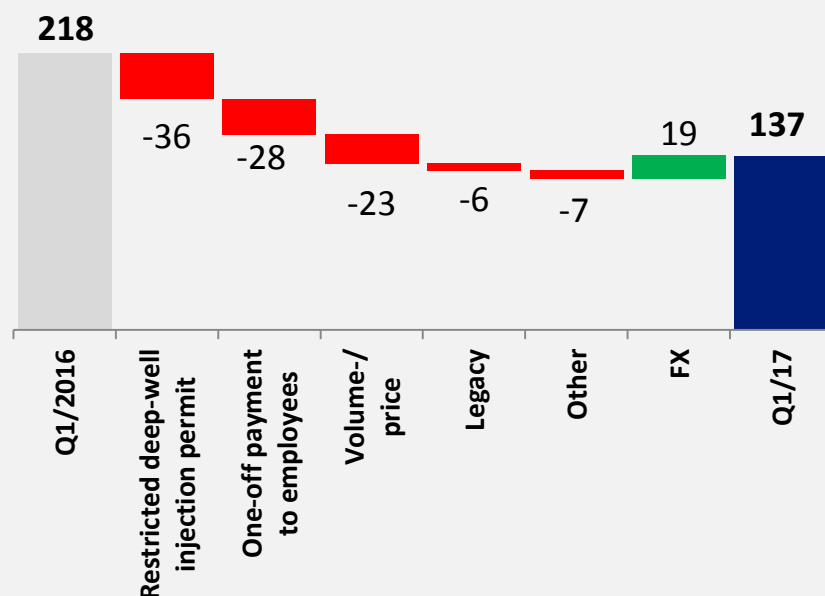


- Increase of average selling price continues despite still unfavorable product mix due to Werra standstills
- Strong demand for Specialties in Europe and Asia
- SOP demand and pricing remains healthy
- Major contracts (India/ China) pending

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

Highlights

- Revenue increase driven by both business units
- EBIT mainly affected by production standstills in potash, one-off payment to employees and pricing

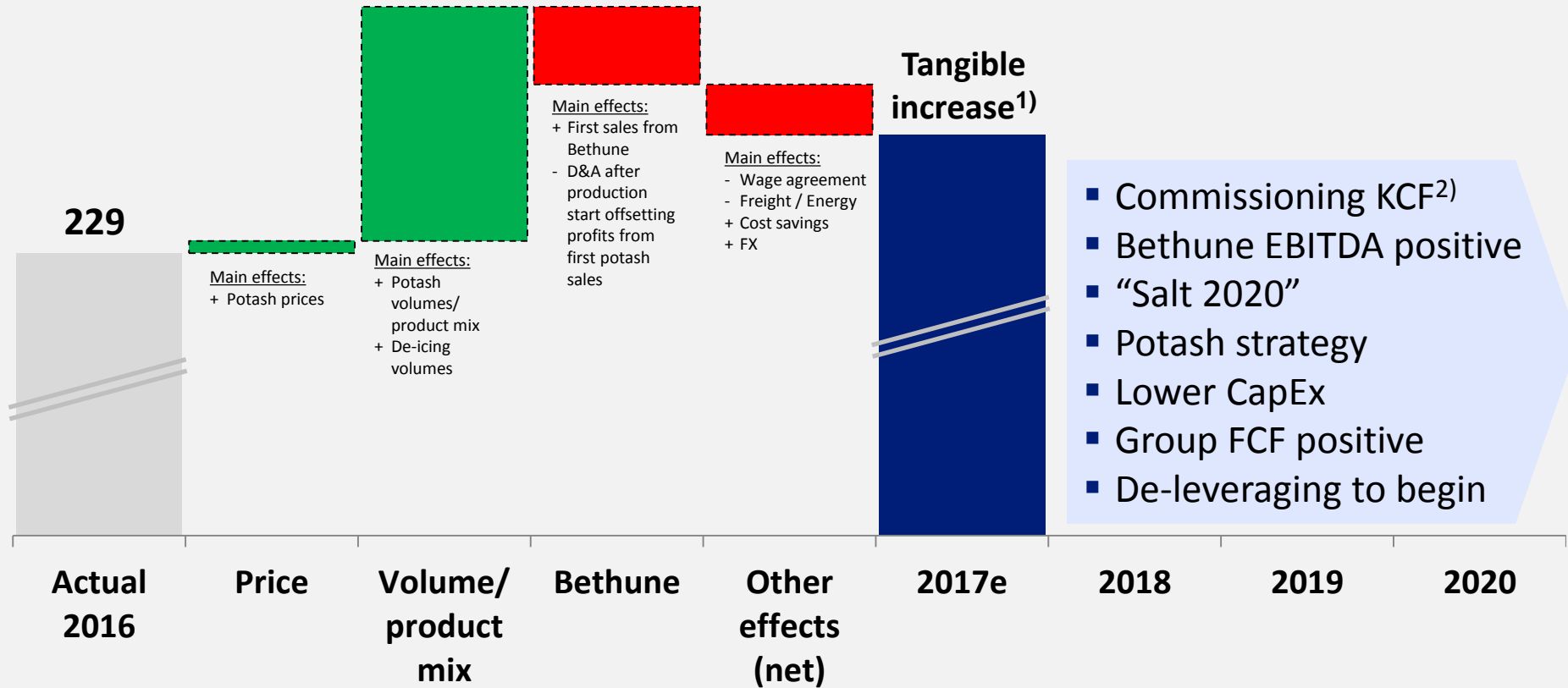


Financials

€ million	Q1/16	Q1/17	YoY
Revenues	1,096	1,126	+3%
t/o Potash	461	474	+3%
t/o Salt	595	611	+3%
EBITDA	285	211	-26%
D&A	-67	-74	-
EBIT I	218	137	-37%
t/o Potash	102	42	-59%
t/o Salt	123	106	-14%
Adjusted net profit	148	95	-36%
Adjusted EPS (€)	0.77	0.49	-
Operating cash flow	294	267	-9%
Adj. free cash flow	50	55	+10%
CapEx	280	277	-1%

Guidance: EBIT I

€ million



¹⁾ Based on average weather conditions for the rest of 2017. Dry periods could have a severe impact on earnings of the Potash and Magnesium products business unit

²⁾ Kainite Crystallization and Flotation Facility

Salt 2020



GROWTH

- Market share growth
- New segments
- New regions
- EBITDA of € 400 million+ by 2020



EFFICIENCY

- Cost discipline
- Business and technical processes
- Supply chain and distribution network improvements



CULTURE

- Safety first!
- Remove silo thinking
- Transparency/trust
- High performance and engaged workforce

Potash Strategy

We understand the challenges of our customers and provide products & services around minerals. We are thereby pioneers for innovative solutions on the basis of our expertise.



Products

- Recognize market trends early
- Provide services valued by customer

Distribution network

- Market concepts according to customer needs
- Internationally present

Digitalization

- Digitalization as chance to strengthen our competitive position

Product Quality

- Provide quality according to customer requirements
- Set standards for special applications

Growth areas

- Product differentiation
- Add complementary products to our portfolio

Innovation

- Commit resources to innovation

Production network

- Proximity to markets
- Utilize local cooperations

Culture

- Foster individual responsibility
- Support individual development

Earnings

- EBITDA € 1.2 billion by 2020

€ 1.6 billion EBITDA by 2020

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