

K+S Aktiengesellschaft

Q2 2017 – Conference Call

August 15th, 2017

Dr Burkhard Lohr, CEO



Experience growth.

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Potash and Magnesium Products

First Potash Produced at Bethune



- First product earlier than expected
- Infrastructure in place
 - Trains
 - Harbor
- Capacity of 2 million tons p.a. by the end of 2017 ramping up to 2.86 million tons p.a. by 2023
- Positive EBITDA in 2018



"With Bethune, the most modern potash facility in the world, we are pushing into a new dimension. We are now producing potash on two continents,"
said Dr. Burkhard Lohr (CEO of K+S).

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) remains challenging, but is also well on time**

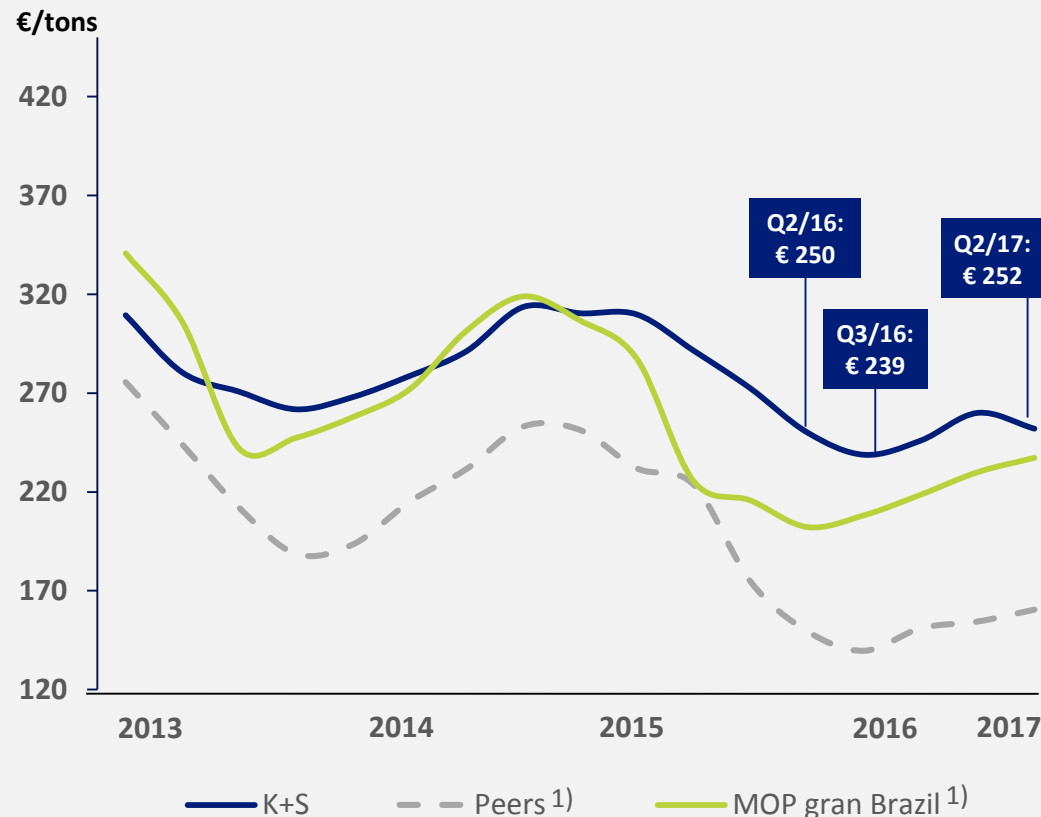
2019 and beyond

- **Expansion of tailings pile capacity at Wintershall (Werra) and Zielitz**
- **Extension 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

Trading Update Potash and Magnesium Products

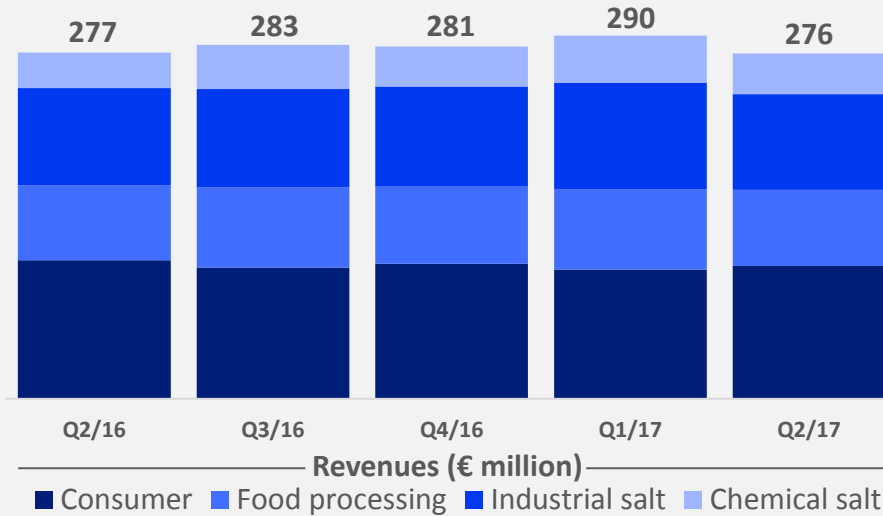
K+S Average Selling Price Development



- Increase in MOP prices continues
- Required price for EBITDA-Goal 2020 seems not longer realistic from today's point of view
- Major contracts (China/India) closed at 230 USD/t (+11) and 240 USD/t (+13) respectively
- ASP slightly down QoQ due to
 - Regional mix
 - Korn-Kali and Industrial Potash prices lagging behind MOP
- SOP demand and pricing remains sound

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

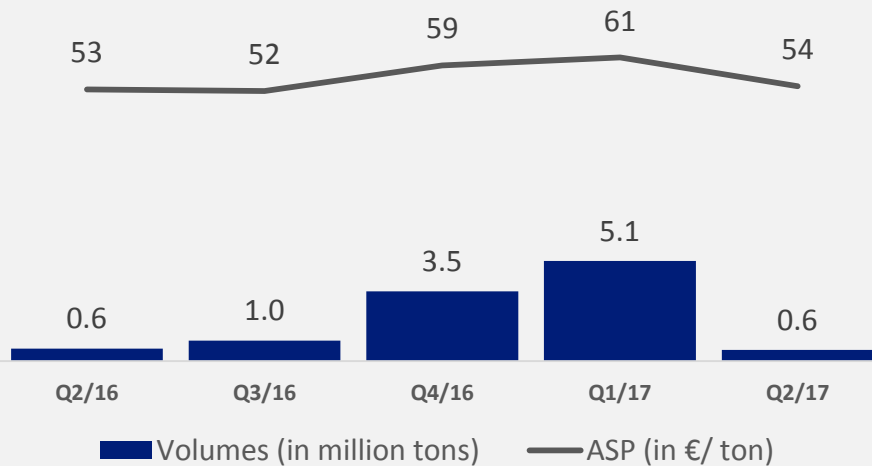
Non de-icing



Non de-icing

- Revenues stable YoY
- ASP at €122 on last year's level (Q2/16: €123)

De-icing

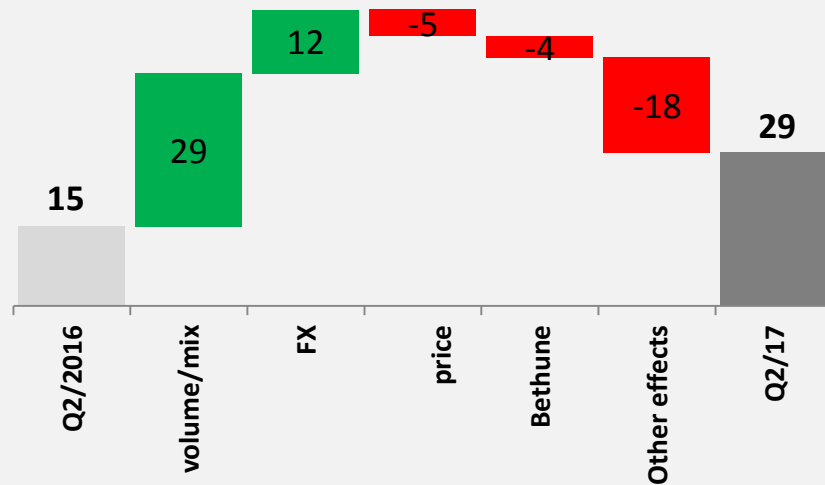


De-icing

- Another weak de-icing quarter after mild winter in the US
- Offset by better demand in Europe
- Geographical hedge works

Highlights

- Top line growth continues
- EBIT I almost doubled due to higher product availability in potash
- Headwinds: weak de-icing business, ramp-up Bethune and higher costs (mainly saline wastewater disposal)



Financials

€ million	Q2/16	Q2/17	YoY
Revenues	732	742	+1%
t/o Potash	371	387	+4%
t/o Salt	319	316	-1%
EBITDA	83	102	+22%
D&A	-68	-73	-
EBIT I	15	29	+90%
t/o Potash	15	31	>+100%
t/o Salt	5	0	-92%
Adjusted net profit	0	19	-
Adjusted EPS (€)	-	0,10	-
	H1/16	H1/17	YoY
Operating cash flow	359	384	+7%
Adj. free cash flow	-178	-26	-
CapEx	643	410	-36%

- With the start of Bethune, K+S has harmonized useful life of similar assets globally and across business units

Effects on EBIT I		2017
K+S Group		Δ €~40m
t/o Potash and Magnesium (excl. Bethune)		Δ €~30m
t/o Salt		Δ €~10m

- Dividend policy remains unchanged for the time being: Payout ratio (40-50% of adjusted net profit)

€ million

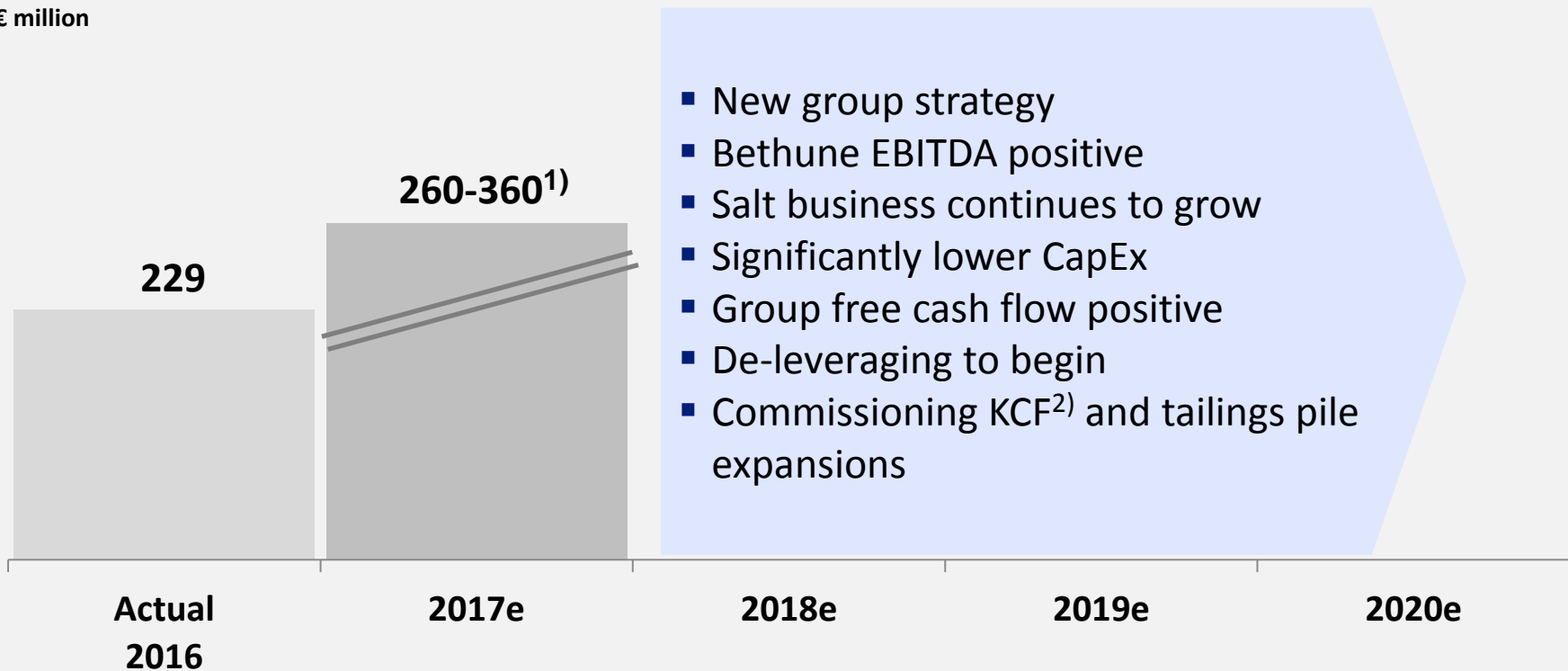


¹⁾ Based on average weather conditions for the rest of 2017 both for Potash and Salt. Dry periods could have a severe impact on earnings of the Potash and Magnesium products business unit.

Outlook 2018: Great Expectations

„2017 is still a transitional year“, but beyond:

€ million



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

²⁾ Kainite Crystallization and Flotation Facility

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Backup



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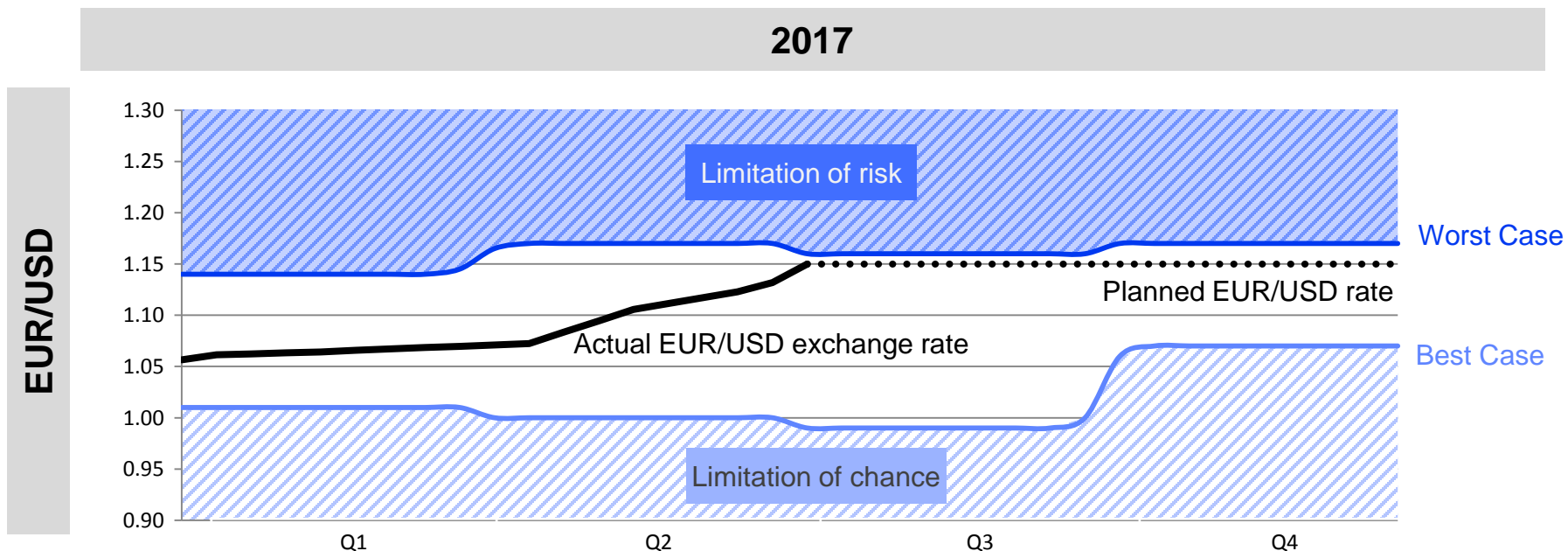
Housekeeping items

Additional information on Outlook FY 2017¹⁾

- Tax rate: ~26-28%
- Financial result: ~-70 to -80 million EUR
- CapEx: ~900 million EUR
- D&A (after new method): ~300 million EUR
- Reconciliation (EBIT I): ~-40 to -50 million EUR
- Production outages: ~55 days
(based on normal rainfalls)

FY 2017 Guidance mainly determined by:

- Ramp-up at Bethune
- Rainfalls in H2 (days of outages)
- Winter conditions in Q4
- FX, and potash price development



Anticipated average exchange rate (full year): **1.12 EUR/USD (incl. premium)**
 Premise: based on planned rate of **1.15 EUR/USD** for the second half of the year

- Hedging of transaction risks, basis USD budget net position
- Cash flow view: most of anticipated net position hedged
- Hedging is used if an underlying transaction exists or is expected with great probability

Roadshow Frankfurt, Kepler Cheuvreux	16 August 2017
Roadshow London, Redburn	24 August 2017
Commerzbank Sector Conference, Frankfurt	29 August 2017
JP Morgan European High Yield & Leveraged Finance Conference, London	8 September 2017
Credit Suisse 30th Annual Basic Materials Conference, New York	11-13 September 2017
UBS Best of Germany One-on-One Conference, New York	13-14 September 2017
Annual Berenberg Food Ingredients & Chemicals, London	13 September 2017
Berenberg/Goldman Sachs 6th German Corporate Conference, Munich	18-20 September 2017
Baader Investment Conference, Munich	21 September 2017
Quarterly Report, 30 September 2017	15 November 2017



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