

K+S Q3/17 FACTS & FIGURES

HIGHLIGHTS

- + Sharp rise in EBITDA
- + Adjusted free cash flow up significantly year-on-year due to lower capital expenditure in Canada
- + Revenues and sales volumes in the Potash and Magnesium Products business unit boosted by higher product availability at the integrated Werra plant
- + Initial deliveries made to customers from the Bethune plant
- + Approval received for early commencement of expansion of tailings pile capacity in Hattorf
- + Salt business in North America impacted by Hurricane Irma

OUTLOOK 2017

- + Potash prices slightly up YoY
- + No outage days for the rest of the year
- + **EBIT I of € 260–360 million reiterated**
 - + Upper end: above average winter, which would result in a higher contribution from the de-icing salt business.
 - + Lower end: risk of a milder winter and possible provisions resulting from an early decision to shut down the Sigmundshall plant.

'SHAPING 2030'

- + Transformation phase with focus on halving the leverage and return to investment grade rating, subsequent growth phase with ambitious development goals

KEY INDICATORS (IFRS)

		Q3/16	Q3/17	%	9M/16	9M/17	%
Revenues	€ million	687.6	726.5	+ 5.7	2,515.2	2,594.9	+ 3.2
– of which Potash and Magnesium Products business unit	€ million	301.7	357.7	+ 18.6	1,133.1	1,218.5	+ 7.5
– of which Salt business unit	€ million	346.4	328.8	– 5.1	1,260.2	1,255.4	– 0.4
– of which Complementary Activities	€ million	39.0	39.5	+ 1.3	120.8	119.8	– 0.8
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	€ million	55.9	76.7	+ 37.2	424.7	389.5	– 8.3
– of which Potash and Magnesium Products business unit	€ million	5.2	42.4	>100	192.7	195.0	+ 1.2
– of which Salt business unit	€ million	46.9	37.3	– 20.5	229.7	201.7	– 12.2
– of which Complementary Activities	€ million	5.4	7.1	+ 31.5	21.4	22.5	+ 5.1
Operating earnings (EBIT I)	€ million	– 31.4	12.3	–	201.9	178.1	– 11.8
– of which Potash and Magnesium Products business unit	€ million	– 48.9	1.7	–	68.1	75.0	+ 10.1
– of which Salt business unit	€ million	18.4	16.8	– 8.7	145.8	123.1	– 15.6
– of which Complementary Activities	€ million	3.2	5.9	+ 84.4	14.8	16.9	+ 14.2
EBIT I margin	%	– 4.6	1.7	–	8.0	6.9	–
– Potash and Magnesium Products business unit	%	– 16.2	0.5	–	6.0	6.2	–
– Salt business unit	%	5.3	5.1	–	11.6	9.8	–
– Complementary Activities	%	8.2	14.9	–	12.3	14.1	–
Earnings after tax, adjusted ¹	€ million	– 27.4	1.5	–	120.3	115.0	– 4.4
Earnings per share, adjusted ¹	€	– 0.14	0.01	–	0.63	0.60	– 4.7
Capital expenditure ²	€ million	261.2	157.5	– 39.7	903.7	567.8	– 37.2
Depreciation and amortisation ²	€ million	87.3	64.4	– 26.2	222.8	211.4	– 5.1
Net cash flows from operating activities	€ million	31.1	– 1.9	–	390.3	382.5	– 2.0
Adjusted free cash flow ³	€ million	– 278.8	– 215.2	+ 22.8	– 456.3	– 240.8	+ 47.2
Net debt as of 30 September	€ million	–	–	–	3,179.5	3,939.2	+ 23.9
Net debt/EBITDA (LTM) ⁴		–	–	–	4.9	8.1	–
Equity ratio	%	–	–	–	48.1	43.9	–
Return on capital employed (LTM) ⁴	%	–	–	–	5.1	2.6	–
Book value per share as of 30 September	€	–	–	–	22.14	22.28	+ 0.6
Average number of shares	million	191.4	191.4	–	191.4	191.4	–
Employees as of 30 September ⁵	number	–	–	–	14,536	14,765	+ 1.6
Market capitalisation as of 30 September	€ billion	–	–	–	3.2	4.4	+ 36.5
Enterprise value (EV) as of 30 September	€ billion	–	–	–	6.4	8.4	+ 30.3

¹ The adjusted key indicators include the profit/(loss) from operating anticipatory hedges in the relevant reporting period, which eliminates effects from changes in the fair value of the hedges as well as effects from the exchange rate hedging of future capital expenditure in Canadian dollars (Bethune plant). Related effects on deferred and cash taxes are also eliminated; tax rate in Q3/17: 29.6% (Q3/16: 29.0%).

² Concerns cash investments as well as depreciation of property, plant and equipment and amortisation of intangible assets, taking claims for reimbursement from claim management into account.

³ Adjusted for purchases/sales of securities and other financial investments.

⁴ LTM = last twelve months.

⁵ FTE: Full-time equivalents; part-time positions are weighted in accordance with their respective share of working hours.

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BUSINESS SEGMENT INFORMATION

POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT

DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES BY REGION											
		Q1/16	Q2/16	Q3/16	9M/16	Q4/16	2016	Q1/17	Q2/17	Q3/17	9M/17
Revenues	€ million	460.5	370.9	301.7	1,133.1	398.5	1,531.6	473.7	387.1	357.7	1,218.5
Europe	€ million	316.3	217.1	167.5	700.9	244.2	945.1	304.0	227.9	213.4	745.3
Overseas	US\$ million	158.9	173.7	149.8	482.4	166.8	649.2	180.7	175.5	170.9	527.1
Sales volumes	t million (product)	1.69	1.48	1.26	4.43	1.62	6.06	1.82	1.54	1.41	4.77
Europe	t million (product)	1.05	0.78	0.65	2.47	0.95	3.42	1.14	0.86	0.80	2.80
Overseas	t million (product)	0.64	0.70	0.61	1.96	0.67	2.63	0.68	0.68	0.62	1.98
Average price	€/t (product)	272.4	250.1	238.8	255.4	246.1	252.9	259.8	252.0	253.0	255.3
Europe	€/t (product)	302.3	279.1	258.2	283.4	256.5	276.0	265.6	265.3	268.9	266.4
Overseas	US\$/t (product)	246.6	246.4	243.7	245.7	250.0	246.7	266.2	259.0	273.4	266.8

- + Revenues in Potash and Magnesium Products business unit increased from € 301.7 million to € 357.7 million in Q3/17
- + Recovery in sales of high-margin products such as potassium sulphate (SOP) due to stabilization of the disposal of saline wastewater from production at the Werra plant
- + Sales volumes in Q3/17 at 1.41 million tons were significantly higher than the figure for Q3/16
- + EBITDA surged to € 42.4 million (Q3/16: € 5.2 million), operations improvement offset by ramp-up costs Bethune, EBIT I in Q3/17 amounted to € 1.7 million (Q3/16: € – 48.9 million)

SALT BUSINESS UNIT

DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES BY PRODUCT GROUP											
		Q1/16	Q2/16	Q3/16	9M/16	Q4/16	2016	Q1/17	Q2/17	Q3/17	9M/17
De-icing salt											
Revenues	€ million	313.1	33.8	54.1	401.0	208.9	609.9	310.9	30.5	51.2	392.6
Sales volumes	t million (product)	4.89	0.64	1.04	6.57	3.53	10.10	5.07	0.57	1.02	6.66
Average price	€/t (product)	64.0	52.8	52.3	61.0	59.2	60.4	61.3	53.6	50.4	59.0
Consumer products, food processing, industrial salt and salt for chemical use											
Revenues	€ million	271.7	276.8	283.0	831.5	281.4	1,112.9	290.1	275.9	270.9	836.9
Sales volumes	t million (product)	2.24	2.25	2.50	6.98	2.27	9.26	2.43	2.26	2.49	7.18
Average price	€/t (product)	121.5	123.1	113.3	119.1	124.1	120.2	119.6	122.0	108.8	116.5

- + Revenues moderately down YoY
- + EBITDA and EBIT negatively impacted by Hurricane Irma
- + Reduced D&A from adjustment of the plants' useful lives performed on 1 July 2017
- + De-icing: On last year's level, slow start in the pre-buying season in the US offset by better demand in Europe
- + Non de-icing: Revenues moderately down YoY, ASP at €108 (Q3/16: €113)

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