K+S Q2/18 FACTS & FIGURES

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HIGHLIGHTS

+ Revenues and EBITDA up year-on-year in Q2/18
+ Potash and Magnesium Products business unit benefits from increased sales volumes and higher market prices
+ Production limitations still impact earnings negatively
+ Exchange rate developments and higher logistics costs hold back earnings in the Salt business unit
+ Improvement in adjusted free cash flow and net debt/EBITDA ratio compared to the previous year

OUTLOOK 2018

+ K+S confirms significant EBITDA increase, however, range of € 660–740 million below capital markets' expectations
+ Significant EBITDA rise in Potash and Magnesium Products business unit anticipated, primarily due to increase in volumes produced at the Bethune site in Canada
+ Unchanged EBITDA in the Salt business unit expected with tangible volume increases
+ CapEx expected to be below € 600 million due to liquidity discipline

SHAPING 2030

+ Transformation phase: Focus on halving the leverage and lift synergies of at least €150 million p.a. by end of 2020
+ Capital Markets Day on 5 September 2018 in Bethune

KEY INDICATORS (IFRS)

		Q2/17	Q2/18	%	H1/17	H1/18	%
Revenues	**€ million**	**742.0**	**811.9**	**+ 9.4**	**1,868.4**	**1,981.7**	**+ 6.1**
– of which Potash and Magnesium Products business unit	€ million	387.1	440.5	+ 13.8	860.8	929.2	+ 7.9
– of which Salt business unit	€ million	315.7	326.9	+ 3.5	926.6	962.5	+ 3.9
– of which Complementary Activities	€ million	38.8	43.9	+ 13.1	80.3	88.7	+ 10.5
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**€ million**	**101.9**	**105.1**	**+ 3.1**	**312.8**	**341.9**	**+ 9.3**
– of which Potash and Magnesium Products business unit	€ million	71.4	90.6	+ 26.9	152.6	211.4	+ 38.5
– of which Salt business unit	€ million	29.0	23.3	– 19.7	164.4	144.2	– 12.3
– of which Complementary Activities	€ million	6.1	8.0	+ 31.1	15.4	17.9	+ 16.2
EBITDA margin	**%**	**13.7**	**12.9**	**–**	**16.7**	**17.3**	**–**
– Potash and Magnesium Products business unit	%	18.4	20.6	–	17.7	22.8	–
– Salt business unit	%	9.2	7.1	–	17.7	15.0	–
– Complementary Activities	%	15.7	18.2	–	19.2	20.2	–
Operating earnings (EBIT I)	**€ million**	**28.5**	**13.4**	**– 53.0**	**165.9**	**160.4**	**– 3.3**
– of which Potash and Magnesium Products business unit	€ million	31.4	21.1	– 32.8	73.3	73.6	+ 0.4
– of which Salt business unit	€ million	0.4	4.0	> 100	106.2	106.1	– 0.1
– of which Complementary Activities	€ million	3.9	6.8	+ 74.4	10.9	15.4	+ 41.3
Earnings after tax, adjusted [1]	€ million	18.9	– 9.4	–	113.5	74.2	– 34.6
Earnings per share, adjusted [1]	€	0.10	– 0.05	–	0.59	0.39	– 34.6
Capital expenditure [2]	€ million	133.0	91.2	– 31.4	410.4	153.7	– 62.5
Depreciation and amortisation [2]	€ million	73.4	91.7	+ 24.9	146.9	181.5	+ 23.6
Net cash flows from operating activities	€ million	117.4	59.4	– 49.4	384.4	292.2	– 24.0
Adjusted free cash flow [3]	€ million	– 80.8	– 48.6	+ 39.8	– 25.6	94.2	–
Net debt as of 30 June	€ million	–	–	–	3,745.2	4,129.3	+ 10.3
Net debt/EBITDA (LTM)		–	–	–	8.1	6.8	–
Equity ratio	%	–	–	–	44.6	42.8	–
Return on capital employed (LTM)	%	–	–	–	2.1	3.2	–
Book value per share as of 30 June	€	–	–	–	22.44	21.61	– 3.7
Average number of shares	million	191.4	191.4	–	191.4	191.4	–
Employees as of 30 June [4]	number	–	–	–	14,570	14,809	+ 1.6
Market capitalisation as of 30 June	€ billion	–	–	–	4.29	4.05	– 5.7
Enterprise value (EV) as of 30 June	€ billion	–	–	–	8.04	8.18	+ 17.4

[1] The adjusted key indicators include the result from operating forecast hedges in the respective reporting period, which eliminates effects from fluctuations in the market value of the hedges as well as effects from the exchange rate hedging of capital expenditure in Canadian dollars. Related effects on deferred and cash taxes are also eliminated; tax rate in Q2/18: 29.9% (Q2/17: 29.6%).
[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] 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

		Q1/17	Q2/17	H1/17	Q3/17	Q4/17	2017	Q1/18	Q2/18	H1/18
Revenues	**€ million**	**473.7**	**387.1**	**860.8**	**357.7**	**485.0**	**1,703.5**	**488.7**	**440.5**	**929.2**
Europe	€ million	304.0	227.9	531.9	213.4	257.5	1,002.8	306.0	244.5	550.4
Overseas	US$ million	180.7	175.5	356.2	170.9	264.4	791.5	224.7	233.6	458.5
Sales volumes	**t million (product)**	**1.82**	**1.54**	**3.36**	**1.41**	**1.94**	**6.71**	**1.94**	**1.71**	**3.66**
Europe	t million (product)	1.14	0.86	2.00	0.80	0.97	3.77	1.11	0.89	1.99
Overseas	t million (product)	0.68	0.68	1.36	0.62	0.97	2.94	0.84	0.83	1.66
Average price	**€/t (product)**	**259.8**	**252.0**	**256.2**	**253.0**	**250.1**	**253.8**	**251.6**	**257.2**	**254.2**
Europe	€/t (product)	265.6	265.3	265.5	268.9	264.6	266.0	276.3	274.7	276.0
Overseas	US$/t (product)	266.2	259.0	262.6	273.4	276.5	269.0	269.1	282.8	276.0

+ Higher sales volumes due to the ramp-up of the potash plant in Bethune, Canada,
+ ASP slightly higher than last year due to positive market price development. However, more standard product from Bethune and negative currency effects burdened the ASP
+ Cash unit costs flat YoY due to high cost discipline and despite production issues at the Werra plant and Bethune

SALT BUSINESS UNIT

DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES BY PRODUCT GROUP [1]

		Q1/17	Q2/17	H1/17	Q3/17	Q4/17	2017	Q1/18	Q2/18	H1/18
De-icing salt										
Revenues	€ million	310.9	30.5	341.4	51.2	220.6	613.2	361.4	48.3	409.7
Sales volumes	t million	5.07	0.57	5.64	1.02	4.00	10.66	6.89	0.94	7.83
Average price	€/t	61.3	53.6	60.5	50.4	55.1	57.5	52.5	51.4	52.3
Consumer products, food processing, industrial salt and salt for chemical use										
Revenues	€ million	290.1	275.9	566.1	270.9	275.9	1,112.9	262.4	271.5	533.9
Sales volumes	t million	2.43	2.26	4.69	2.49	2.48	9.66	2.45	2.51	4.96
Average price	€/t	119.6	122.0	120.7	108.8	111.3	115.2	107.1	108.2	107.6

+ Revenues for the Salt business unit in the quarter under review were slightly up
+ De-icing: Q2/18 volumes significantly (65%) up compared to last year's second quarter
+ Biddings in progress and supportive indications for the next winter season
+ Non de-icing: Negative currency effects were partially compensated by slightly higher sales volumes

K+S Investor Relations Contacts

E-mail: investor-relations@k-plus-s.com
Homepage: www.k-plus-s.com

- Lutz Grüten, Head of Investor Relations, +49 561 9301 1460, lutz.grueten@k-plus-s.com
- Martin Heistermann, Senior Investor Relations Manager, +49 561 9301 1403, martin.heistermann@k-plus-s.com
- Alexander Enge, Investor Relations Manager, +49 561 9301 1885, alexander.enge@k-plus-s.com
- Laura Schumbera, Junior Investor Relations Manager, +49 561 9301 1607, laura.schumbera@k-plus-s.com
- Katharina Volkmar, Roadshow Management, +49 561 9301 1100, katharina.volkmar@k-plus-s.com