

Frankfurt am Main, March 14, 2019



**Dr. Burkhard Lohr,**  
CEO

**Thorsten Boeckers,**  
CFO

**The spoken word applies.**

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***Please note the cut-off period: 14 March, 2019, 11:00 a.m.***

Dear Ladies and Gentlemen,

I would like to wish you a very warm welcome to our Annual Press Conference today. Together with our CFO, Thorsten Boeckers, I am pleased to be able to present the key figures and developments for the 2018 financial year. We will then present the outlook of our company for the current year.



When we look back to 2018, some of you will have a great memory of the summer of the century. Months and months of dry, sunny weather. I feel the same way, but I was always focused on the weather forecasts and the hope for rain and rising water levels in the Werra river.

But nature has its own laws. Who would know this better than our company, whose added value comes from nature and is geared towards nature.

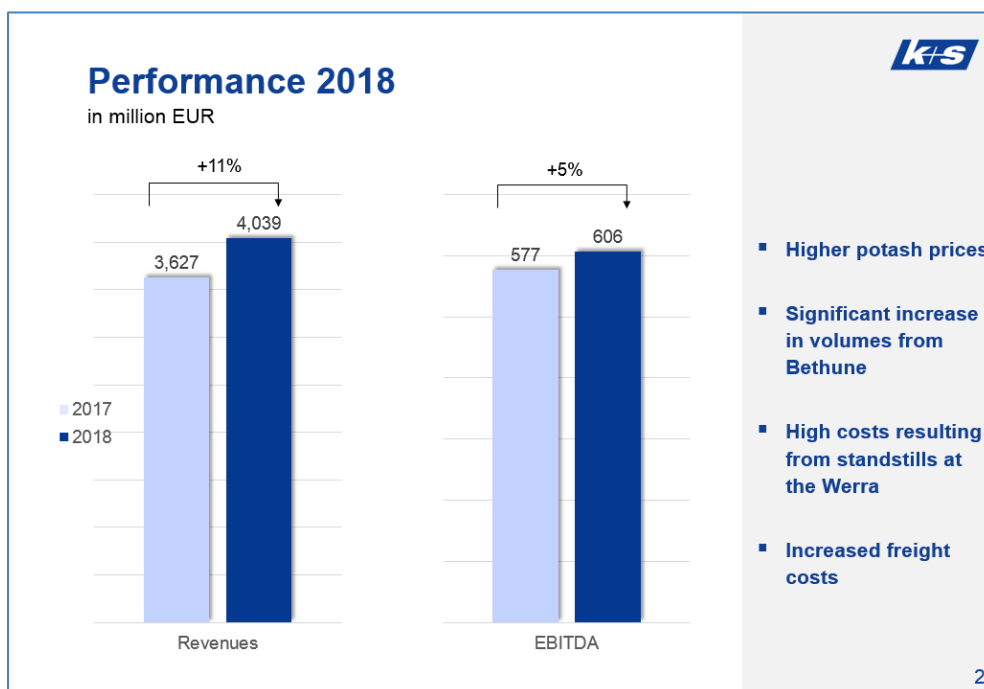
The low water levels in the Werra river forced us to stop production at the Werra plant for weeks at the end of September and again at the end of the year. The financial burden totaled about 110 million euros for the year.

In addition, production at some sites unfortunately did not go as planned at the beginning of 2018. Mining challenges had to be overcome and machine availability optimized.

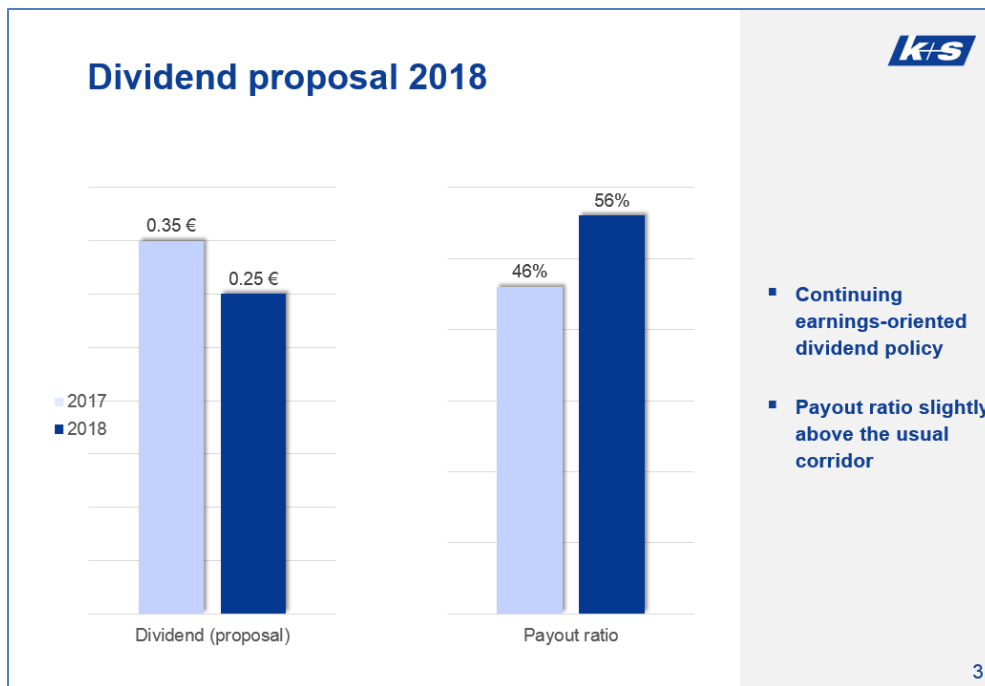
However, I do not wish to dwell on these issues for long. We are simply not satisfied with the 2018 financial figures.

All the more reason why we have consistently pushed ahead with the implementation of our Shaping 2030 corporate strategy and achieved visible results: Since October 2018, we have been working in a new matrix structure, have increased the efficiency of our administration and are focusing even more strongly on customer needs. Initial synergies have been achieved in purchasing, production, sales and marketing.

At our new Bethune potash plant we produced 1.4 million tonnes for the first time in 2018 and I will come back to this in a moment.

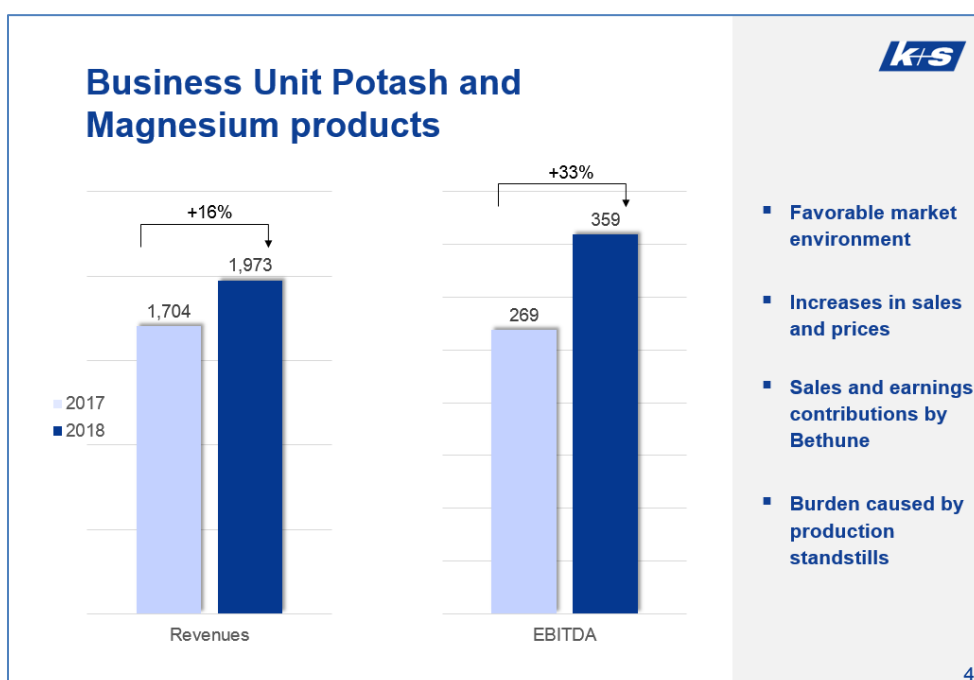


To the figures: With sales of over EUR 4 billion and EBITDA of EUR 606 million, we exceeded the previous year's figures for 2018 as a whole. However, in view of the developments described above, we have remained below our original planning.



The Board of Executive Directors and the Supervisory Board intend to propose a dividend of 25 cents per share for 2018 at the Annual General Meeting on May 15. This corresponds to a payout ratio of 56 percent, which this time is above the usual range of 40 to 50 percent of adjusted Group earnings after taxes. This is intended to express our confidence for the current year.

My colleague Thorsten Boeckers will now give you a closer look at our figures.



Thank you Burkhard!

Ladies and Gentlemen, I too would like to extend my sincere thanks once again.

Burkhard has already presented the Group results to you.

I will therefore first discuss the two business units here - in 2018, of course, still in the old structure.

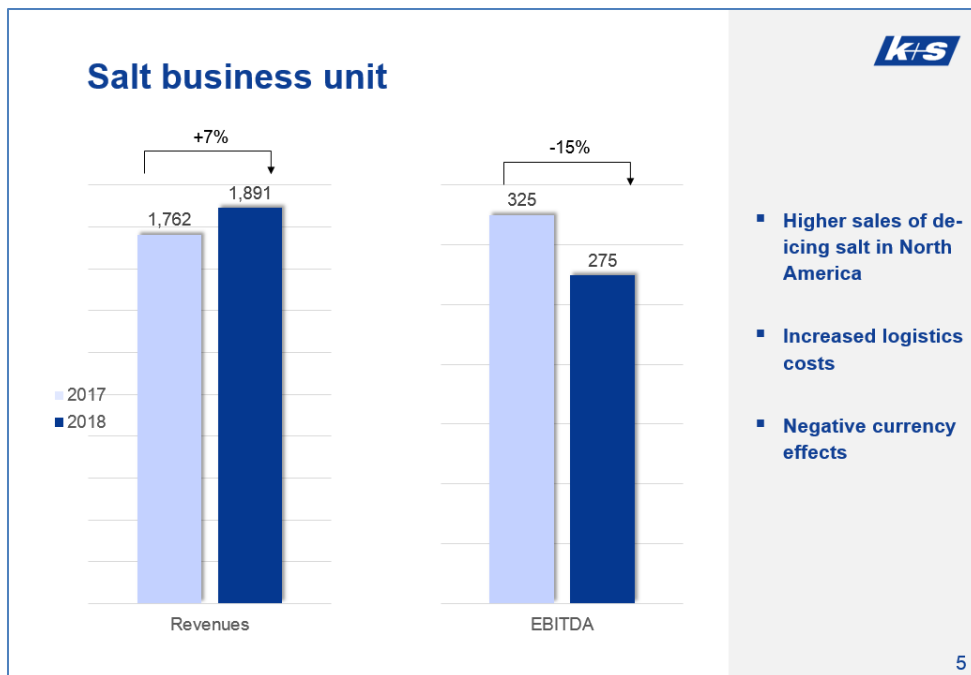
Let us start with the Potash and Magnesium Products business unit:

Revenues and earnings benefited from the good market environment. This resulted in strong demand for fertilizers and consequently in higher prices. By way of comparison, at the end of 2017, one tonne of potassium chloride still cost about 280 US dollars in Brazil, compared to about 350 US dollars at the end of 2018. And Brazil is an important market for us.

Our new plant in Canada has also made a significant contribution with higher production. We increased production from 500,000 tonnes in 2017 to just over 1.4 million tonnes in 2018. For the first time, Bethune generated positive EBITDA.

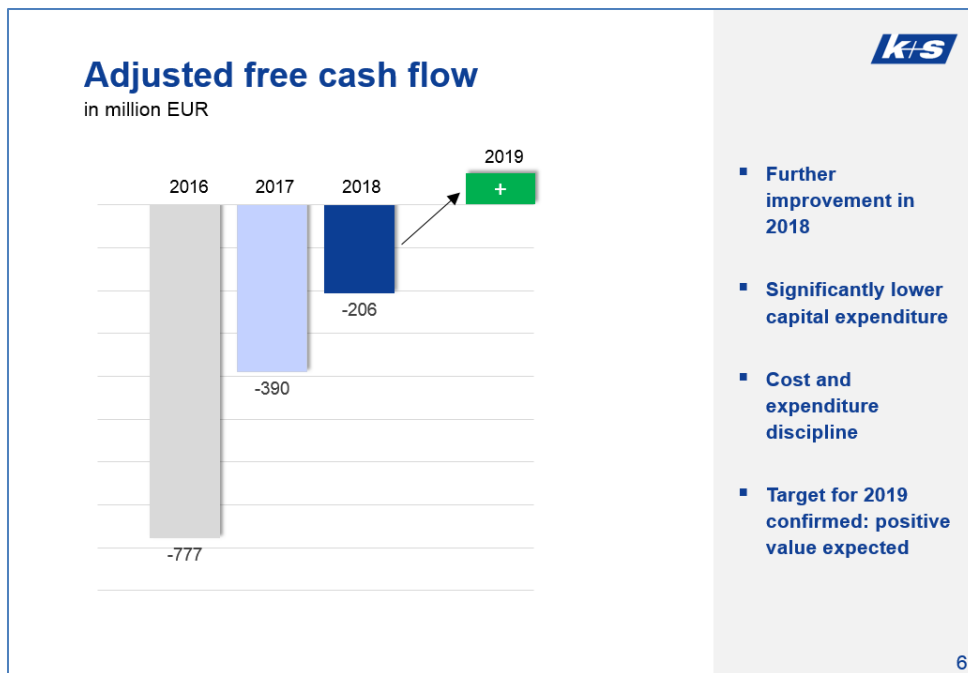
As Burkhard mentioned earlier, the costs of the shutdowns at our Werra plants have cost us a lot of money - we are therefore around 110 million euros short.

In summary, however, there was a pleasing development in the unit with a 34% increase in EBITDA to almost 360 million euros.



The Salt business unit presents a mixed picture. Revenues rose by 7% to almost 1.9 billion euros. This was particularly due to higher volumes. Winter - especially in North America - was hard and long at the beginning of 2018. This led to low inventories and therefore good pre-stocking business in the second and third quarters.

The operating result did not reflect this development to the same extent. On the one hand, this is due to an unfavorable currency translation of the US dollar. On the other hand, higher freight costs had a negative effect - in the USA and Europe. In America, costs are rising due in particular to a shortage of truck drivers. In Europe there was a shortage of cargo space for barges again due to dry weather and the associated low water levels of the rivers.



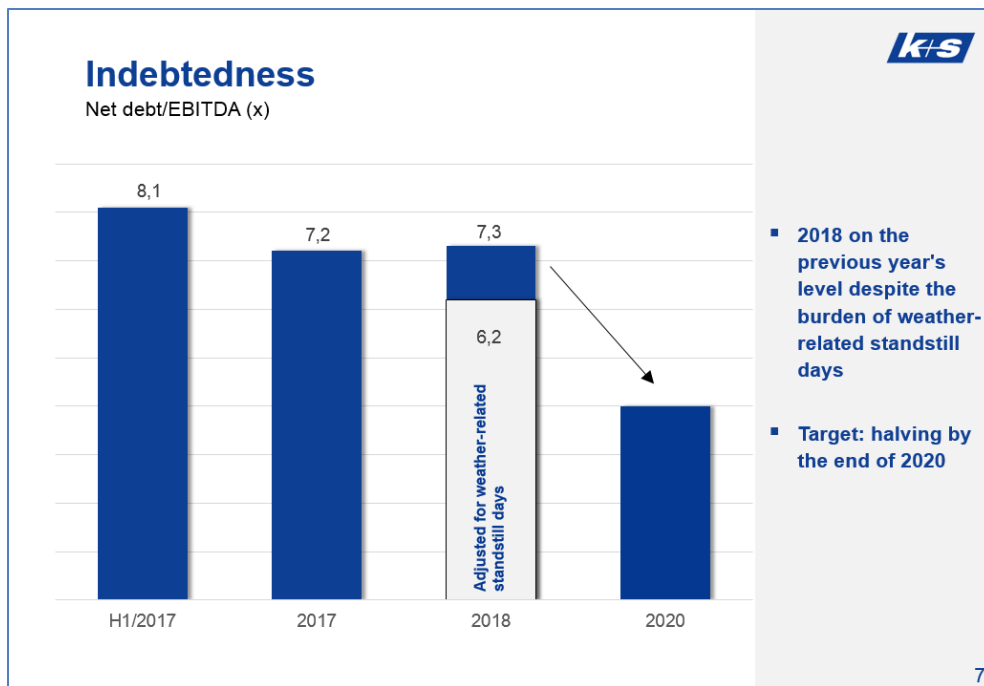
Let's look at the cash flow:

For 2018, we had planned a considerable improvement over the previous year, but knew that we would still remain in the negative. In the end, we ended up with a negative figure of around 200 million euros.

The improvement compared to the previous year was due to significantly lower investments achieved. The Bethune plant is in operation and in the past has consumed large amounts of money for the construction – that was the greatest effect.

In addition, there is a strong focus throughout our Group on our cash flow targets and therefore good cost and expenditure discipline.

Keyword cash flow target: Let me mention one element of our forecast. K+S generated a positive free cash flow for the last time in 2013. For the first time since then, we expect a positive figure again for 2019.



And that brings me to our debt. Our net debt is still very high. Expressed as a ratio, it was 7.3 times EBITDA at the end of 2018.

The figure was at the previous year's level - even though we had to cope with the weather-related lost days which cost us 110 million. Adjusted for this effect, we would have come in at 6.2 times EBITDA.

We are therefore still well on the way to achieving our 2020 target. This represents a halving of the debt ratio compared with the first half of 2017.

That's all for the figures. I will now hand you back over to Burkhard.

Thank you Thorsten!



## Bethune achieves goals and continues to make progress



- **Production target 2018 of 1.4 million tonnes achieved**
- **Positive EBITDA contribution in 2018**
- **Target 2019: 1.7 to 1.9 million tonnes**
- **Progress in product quality; further optimization continues**

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Ladies and Gentlemen,

Let's take a look at Canada: We're continuing to make good progress at our new potash plant in Bethune! The team there is doing an excellent job. At 1.4 million tonnes in 2018, we have reached almost half the capacity. As planned, the plant also achieved a positive EBITDA last year.

This year, we want to produce 1.7 to 1.9 million tonnes of potash in Bethune. The plant is still in the so-called ramp-up phase. As already addressed in summer 2018, we are working intensively on the various challenges associated with the start-up of a new potash mine. We have identified several approaches to product quality and are on the right track. We are confident that we will be able to significantly improve quality further by the end of 2019.

At this point, I would like to stress once again that we have advanced to a new league with Bethune. We produce potash on two continents and can respond even better to the needs of our global customers. When the ramp-up is completed in 2023, we will be able to produce just under 3 million tonnes of potash in Bethune. On this basis, the costs per tonne there will be about one third lower than those in our German plants. In addition, most of the costs are variable. Overall, with Bethune we can

significantly reduce average production costs, become more flexible thereby significantly improve our competitive position.

## Production at domestic potash sites



- On the right track to overcoming challenges
- Improved performance
- “Operations Excellence“ shall significantly increase the efficiency of the sites by 2020

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Regarding our German potash sites: The framework conditions at our important Werra plant have improved significantly again. The many vacancies have now been filled and machine availability has also been significantly improved. At the Neuhofer site, on the other hand, the mining challenges will continue to occupy us for some time to come.

Given this background, too, the improvement in our operating performance is running at full speed. This primarily involves process improvements and the application of best practices across all our sites. The renewal of our vehicle fleet in some areas underground, the increase in the mineral yield and the higher efficiency in process sequences are just some of the focal points on which we are concentrating.

## Environmental and disposal issues



### ▪ Securing of production at the Werra site:

- Increase in temporary storage capacity
- Off-site disposal necessary
- With high probability, no standstills in 2019



### ▪ Long-term disposal issues:

- Continuation of constructive discussions with the FGG Weser
- Determination of long-term cornerstones expected in the course of this year
- Tailings pile extension at Wintershall and Zielitz sites

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Ladies and Gentlemen,

In order to be better prepared for longer dry periods in the future, we expanded the temporary storage facilities for salt water at the Werra plant last year and will significantly increase them again by early summer. In addition, the KCF plant will help to reduce the wastewater after the ramp-up phase has ended.

Because of this, there is a high probability that there will be no weather-related shut-downs in production at the Werra in 2019. Nevertheless, we will also dispose of saline wastewater from the Werra off site this year.

In the longer term, we're on the right track. We are still in very constructive discussions with the Weser river basin community. In the course of the year, the cornerstones for the coming years should be adopted by the Ministerial Conference of the Weser border states. In addition, the extensive approval procedures for the necessary extensions to our tailings piles at the Zielitz and Wintershall sites are proceeding as planned.

## Shaping 2030: proceeding implementation



- First synergies achieved
- Around 1,500 concrete measures to increase efficiency
- Consistent discipline in expenditures
- Establishment of new organization almost completed

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This brings me to the implementation of our new Shaping 2030 strategy.

Thanks to the excellent work of our highly motivated employees, we're making very good progress! We've already realized our first synergies.

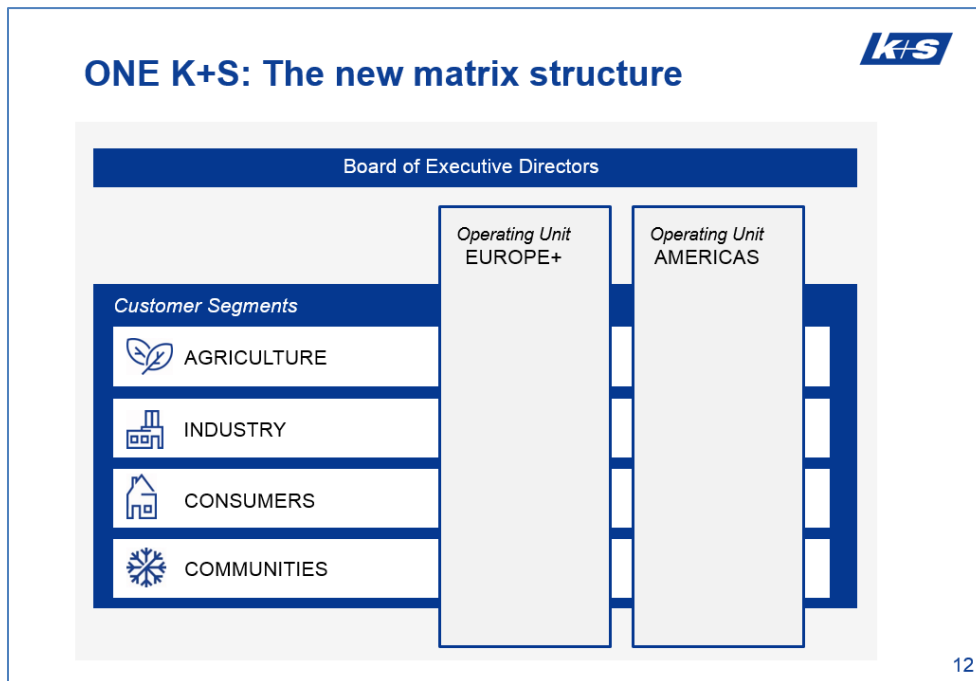
We assume that we will need 10 percent less administrative work worldwide as a result of the reorganization. However, I would like to emphasize once again that Shaping 2030 does not primarily aim to reduce staffing levels. On the contrary, it is about consolidating our business and becoming more efficient so that we can then grow.

We currently have more than 1,500 concrete measures in place to increase efficiency and standardization. For example, employees at a potash site had an excellent idea of how a change in personnel deployment could significantly reduce the time required for the daily inspection of the mine shaft. This means that we can now hoist more tonnes there each day. We also want to implement this at other locations.

A further example comes from the supply chain/logistics area, where our potash and salt companies each had their own independent logistics area up to now. As part of the reorganization into ONE K+S, these will now be merged. This will make us more efficient and enable us to save a lot of money.

All these measures will help us to achieve our target of over 150 million euros in synergies per year by the end of 2020.

The restructuring of our organization is also largely complete.



We have been working in a matrix since 1 October 2018. We are now even more focused on the customers. We think and act in the customer segments of agriculture, industry, consumers and communities. These segments form a completely new organizational dimension. Because of our long value chain, we are bundling our business equally into two operating units: Americas and Europe+. These two regional segments have a direct, close relationship with our customers. They are responsible for the entire value chain. From sales planning through production, marketing and sales to delivery.

As you know, we are strengthening our customer focus with our realignment. And: We will become even more transparent in the future. You, too, will soon be able to better see the areas in which we are active, growing and earning our money.

We will publish more detailed key figures for our new operating units and for our customer segments agriculture, industry, communities and consumers for the first time on 14 May when we present our results for the first quarter of 2019.

We will complete the transformation phase by the end of 2020 and then start the subsequent growth phase from a solid foundation.



We have firmly anchored our self-image as a sustainable company in our strategy.

We have set ourselves ambitious goals in the areas of people, the environment and business ethics. Each board member is a personal sponsor of individual goals and actively promotes their implementation. By regularly publishing key performance indicators (KPIs), we aim to make our progress more measurable and transparent in the future. I would like to give you a few examples from the field of the environment:

By 2030, for example, we want to achieve an additional reduction of 500,000 cubic meters per year of saline process wastewater from potash production in Germany. In addition, three million tonnes of solid residue per year from 2030 can be avoided. Until then, we also want to cover an additional 155 hectares of our tailings piles. You will find all our defined sustainability goals in our Annual Report for 2018 published today as well as on our website.

## Outlook 2019 – essential assumptions



Agriculture



Industry



Consumers



Communities

- Favorable market environment for fertilizers
- Increased production in Bethune
- Positive effects by Shaping 2030
- No disposal-related production restrictions
- Good start in de-icing salt business

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Ladies and Gentlemen,

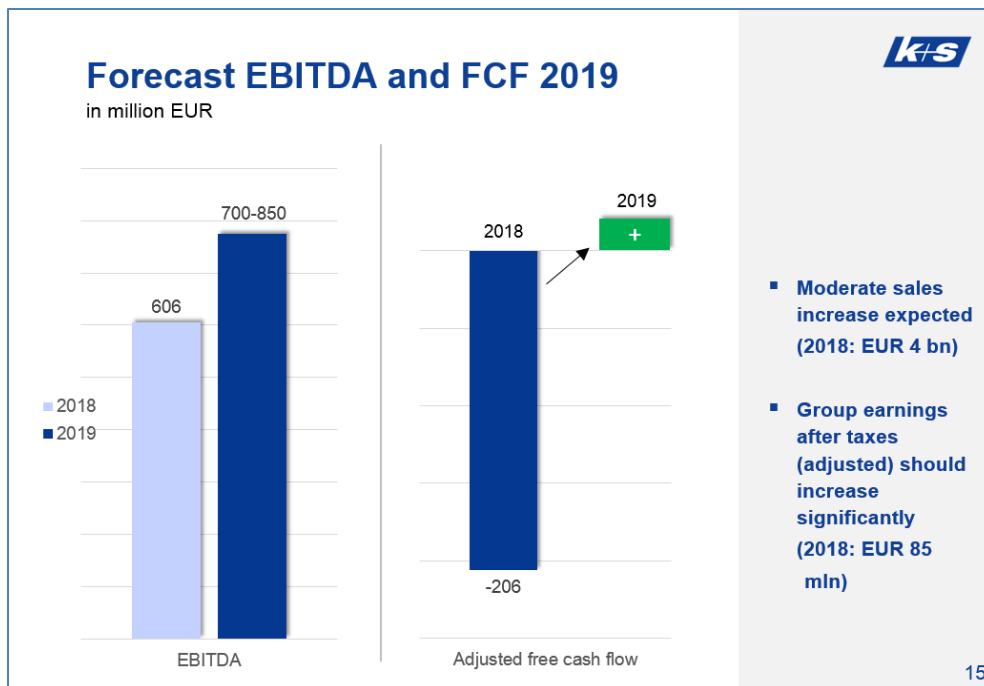
Let me now turn to the outlook for 2019. My colleagues on the Board of Executive Directors and I see many positive signals for the current year. I am convinced that we are on the right track.

The market environment for fertilizers remains favorable. Global demand for potash should also be at least stable this year. For our product portfolio in the agriculture customer segment, we expect moderately rising average prices as well as higher sales volumes, in particular because of the higher production volume in Bethune.

The continued implementation of Shaping 2030 is also expected to have a positive impact on earnings. This year, the synergies achieved should exceed the corresponding costs. In addition, we continue to maintain a high level of cost and spending discipline.

As mentioned, there is a high probability that there will be no weather-related production interruptions at the Werra plant this year.

We had a good start into the new year in the de-icing salt business, which we have placed in the customer segment of communities.



In the past, we have only informed you of a range for our expected annual result in August. This year, we want to give you a clearer picture of our expectation for the EBITDA operating result much earlier:

After around EUR 606 million last year, we expect EBITDA of between EUR 700 and 850 million in 2019. And: We want to and will achieve a positive free cash flow again this year..

That's all for now. Thank you!

Thorsten and I are now looking forward to your questions.





This presentation contains information and forecasts relating to the future development of the K+S Group and its companies. The forecasts represent estimates that we have made on the basis of all the information available to us at the present time. Should the assumptions underlying these forecasts prove to be incorrect or should risks - such as those mentioned in the risk report - materialize, actual developments and results may deviate from current expectations. The company assumes no obligation to update the statements contained outside the legal publication requirements.