Experience growth.

Q1/19 Quarterly Report

K+S GROUP

+ EBITDA in reporting period with about € 270 million tangibly up year-on-year
+ Free cash flow again up significantly versus the previous year
+ Operating unit Europe+:

  Positive demand and price trends in customer segment Agriculture continue

  Continuous increase in production volumes at the Bethune site
+ Operating unit Americas:

  Strong de-icing salt business in North America

+ Outlook for the K+S GROUP in the financial year 2019 confirmed: Significant increase in EBITDA to € 700–850 million expected

KEY PERFORMANCE DATA

KEY INDICATORS

		Q1/18 [10]	Q1/19	%
K+S Group				
Revenues	€ million	1,169.8	1,263.5	+ 8.0
EBITDA [1]	€ million	236.8	269.9	+ 14.0
EBITDA margin	%	20.2	21.4	–
Depreciation and amortisation [2]	€ million	89.9	99.5	+10.7
Operating unit Europe+ [3]				
Revenues	€ million	662.0	691.8	+ 4.5
EBITDA [1]	€ million	155.6	177.1	+ 13.8
EBITDA margin	%	23.5	25.6	–
Depreciation and amortisation [2]	€ million	74.5	77.6	+ 4.1
Operating unit Americas [3]				
Revenues	€ million	507.2	571.2	+ 12.6
EBITDA [1]	€ million	95.9	107.6	+ 12.2
EBITDA margin	%	18.9	18.8	–
Depreciation and amortisation [2]	€ million	13.7	19.8	+ 44.5
Customer segment Agriculture [4]				
Revenues	€ million	430.8	461.0	+ 7.0
EBITDA [1]	€ million	94.7	124.2	+ 31.1
EBITDA margin	%	22.0	26.9	–
Customer segment Industry [4]				
Revenues	€ million	275.4	281.8	+ 2.3
EBITDA [1]	€ million	64.0	58.5	–8.6
EBITDA margin	%	23.2	20.8	–
Customer segment Consumers [4]				
Revenues	€ million	110.1	119.6	+ 8.6
EBITDA [1]	€ million	10.1	16.4	+ 62.7
EBITDA margin	%	9.2	13.7	–
Customer segment Communities [4]				
Revenues	€ million	352.9	400.6	+ 13.5
EBITDA [1]	€ million	82.7	85.6	+ 3.6
EBITDA margin	%	23.4	21.4	–
Earnings after tax, adjusted [5]	€ million	83.6	107.7	+ 28.8
Earnings per share, adjusted [5]	€	0.44	0.56	+ 27.3
Capital expenditure [6]	€ million	62.5	72.6	+ 16.1
Net cash flows from operating activities	€ million	232.8	324.4	+ 39.3
Free cash flow	€ million	142.8	233.1	+ 63.2
Net financial debt as of 31 March [7]	€ million	2,834.0	2,934.8	+ 7.0
Net financial debt/EBITDA (LTM) [8]		4.7	4.6	–
Equity ratio	%	42.0	42.5	–
Return on capital employed (LTM) [8]	%	3.4	2.9	–
Book value per share as of 31 March	€	20.9	23.3	+ 11.5
Average number of shares	million	191.40	191.40	–
Employees as of 31 March [9]	number	14,865	14,654	–1.4
Market capitalisation as of 31 March	€ billion	4.5	3.1	–30.3
Enterprise value (EV) as of 31 March	€ billion	8.5	7.4	–12.3

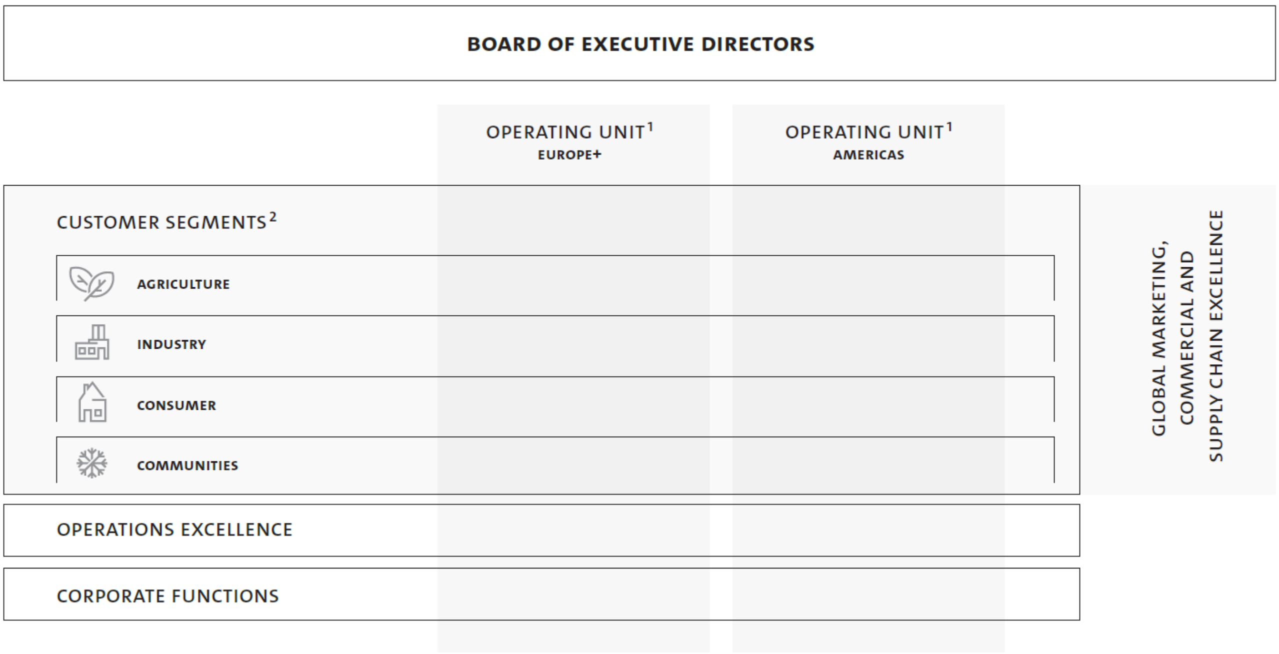
[1] Earnings before interest, taxes, depreciation and amortisation, adjusted for depreciation and amortisation of own work capitalised recognised directly in equity, earnings from fair value changes arising from operating forecast hedges still outstanding and changes in the fair value of operating forecast hedges recognised in prior periods (EBITDA).
[2] Relates to amortisation of intangible assets and depreciation of property, plant and equipment, adjusted for depreciation and amortisation of own work capitalised recognised directly in equity.
[3] Segments according to IFRS 8.
[4] No segments according to IFRS 8.
[5] The adjusted key indicators only 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. Related effects on deferred and cash taxes are also eliminated; tax rate in Q1/19: 30.0% (Q1/18: 29.9%).
[6] Relates to cash payments for investments in property, plant and equipment and intangible assets, taking claims for reimbursement from claim management into account. Investments in Q1/2019 exclude leases in accordance with IFRS 16. This standard was applied for the first time as of 1 January 2019.
[7] Contains leasing obligations since 1 January 2019, that explicitly result from finance lease contracts. Previous year figures are unadjusted.
[8] LTM: Last twelve months, inclusion of the effects arising from IFRS 16 on a pro-rata basis. This standard was applied for the first time as of 1 January 2019.
[9] FTE: Full-time equivalents; part-time positions are weighted in accordance with their respective share of working hours. .
[10] For purposes of comparison, prior-year figures for the operating units and for the customer segments will also be reported in accordance with the new breakdown of the segment reporting from the 2019 reporting period onwards.

Rounding differences may arise in the percentages and numbers shown in this Quarterly Report.

MATRIX STRUCTURE

As part of our new corporate strategy SHAPING 2030, we already created a new structure in October 2018 that is more customer oriented in order to integrate the previously separate Potash and Magnesium Products and Salt business units into 'One Company' more closely. From our standpoint, the best structure for One K+S is a matrix organisation. Within it we link regionally focused operating units[1] with market-oriented customer segments [2] as well as excellence functions and central units so that we can leverage their respective strengths in projects and solutions on behalf of our customers everywhere. Our aim here is to dispense with the silo mentality and focus on strengthening our networks across organizational units and countries.

K+S MATRIX STRUCTURE



For a detailed description of the new structure, please refer to pages 31 to 37 of our Annual Report 2018.

We conduct business operations in two units [1], into which our segment reporting will be broken down from 2019 onwards:

+ Operating unit Europe+, comprising the former Potash and Magnesium Products business unit including Bethune mine, esco (previously part of the Salt business unit) and the previous complementary activities (Waste Management and Recycling, Animal hygiene products, K+S TRANSPORT GMBH, CHEMISCHE FABRIK KALK GMBH)
+ Operating unit Americas – comprising MORTON SALT, K+S WINDSOR SALT and our group companies in South America (previously part of the Salt business unit)

The customer segments [2] comprise the segments Agriculture, Industry, Consumers and Communities. The customer segment Agriculture supplies plant nutrients. Our products in the Industry segment are extensively used in electrolysis and food processing industries, however industrial application for our products are broad, ranging from pharmaceutical production to copper mining. The products in the customer segment Consumers comprise table salt, including premium products such as sea salt, kosher salt and low-sodium salt, products for water softening, dishwasher salt and de-icing salt for use in the home. In the customer segment Communities, K+S delivers de-icing salt to public road authorities, winter road maintenance services and commercial bulk customers.

[1] Segments according to IFRS 8.
[2] No segments according to IFRS 8.

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

RESULTS OF OPERATIONS

REVENUES

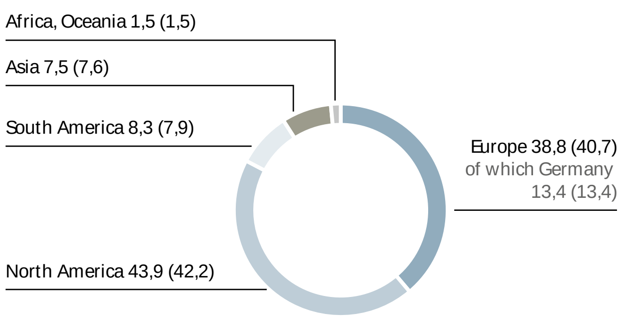
in € million	Q1/18	Q1/19	%
Operating unit Europe+	662.0	691.8	+ 4.5
Operating unit Americas	507.2	571.2	+ 12.6
Reconciliation	0.6	0.5	–16.7
K+S Group	1,169.8	1,263.5	+ 8.0

EBITDA

in € million	Q1/18	Q1/19	%
Operating unit Europe+	155.6	177.1	+ 13.8
Operating unit Americas	95.9	107.6	+ 12.2
Reconciliation	–14.7	–14.8	+ 0.7
K+S Group	236.8	269.9	+ 14.0

+ K+S GROUP revenues rose moderately to € 1,263.5 million in the quarter under review from € 1,169.8 million in the previous year, an increase of 8%.
+ Higher prices, especially in the customer segment Agriculture, lifted revenues in the operating unit Europe+. In North America, the sound de-icing salt business had a positive impact on the revenue trend in the operating unit Americas.
+ The positive effects described were also reflected in EBITDA, while an above-average increase in freight costs had an offsetting effect. Overall, EBITDA in the first quarter of 2019 increased tangibly to € 269.9 million from € 236.8 million in the previous year.
+ Adjusted Group earnings after tax amounted to € 107.7 million (Q1/18: € 83.6 million), giving earnings per share of €0.56 (Q1/18: € 0.44).

Revenues by region January – March 2019 (in %)



Previous year's figures in brackets

FINANCIAL POSITION

CAPITAL EXPENDITURE [1]

in € million	Q1/18	Q1/19	%
Operating unit Europe+	51.8	57.8	+ 11.4
Operating unit Americas	10.0	14.2	+ 41.8
Other capital expenditure	0.7	0.6	–8.8
K+S Group	62.5	72.6	+ 16.1

[1] Relates to cash payments for investments in property, plant and equipment and intangible assets, taking claims for reimbursement from claim management into account. Investments in Q1/2019 exclude leases in accordance with IFRS 16. This standard was applied for the first time as of 1 January 2019.

+ At € 324.4 million, net cash flows from operating activities in the first three months rose significantly year-on-year (Q1/18: € 232.8 million) and developed stronger than earnings.
+ Net cash flows used in investing activities of € –91.3 million were almost on a par with the previous year (Q1/18: € –90.0 million).
+ The adjusted free cash flow consequently improved by € 90 million reaching € 233.1 million (Q1/18: € 142.8 million), with an increase of more than 60% year-on-year.
+ As of 31 March 2019, net cash and cash equivalents amounted to € 397.4 million (31 December 2018: € 162.2 million; 31 March 2018: € 323.4 million).

OVERVIEW OF CASH FLOWS

in € million	Q1/18	Q1/19
Net cash flows from operating activities	232.8	324.4
Net cash flows used in investing activities	–90.0	–91.3
Free cash flow	**142.8**	**233.1**
Adjustment for purchases/sales of securities and other financial investments	–	–
Adjusted free cash flow	**142.8**	**233.1**

NET ASSETS

+ At the reporting date, the net financial debt of the K+S GROUP, excluding the long-term provisions, was € 2,934.8 million (31 December 2018: € 3,241.5 million; 31 March 2018: € 2,834.0 million).
+ The ratio net financial debt/EBITDA was a factor of 4.6 as of 31 March 2019 (LTM).

NET FINANCIAL DEBT AND NET DEBT

in € million	31/03/2018	31/12/2018	31/03/2019
Cash on hand and bank balances	329.6	167.6	402.2
Non-current securities and other financial investments	7.0	7.0	7.0
Current securities and other financial investments	11.5	11.2	11.5
Financial liabilities	–3,036.5	–3,283.3	–3,293.4
Leasing obligations from finance lease contracts	–164.6	–164.2	–82.6 [1]
Reimbursement claim Morton Salt bond	19.0	20.2	20.5
Net financial debt	**–2,834.0**	**–3,241.5**	**–2,934.8**
Leasing obligations excluding liabilities from finance lease contracts [2]	–	–	–149.5
Provisions for pensions and similar obligations	–174.1	–187.0	–190.9
Provisions for mining obligations	–1,000.9	–1,015.1	–1,017.6
Net debt	**–4,009.0**	**–4,443.6**	**–4,292.8**

[1] Leasing obligations that explicitly result from finance lease contracts. Previous year figures are unadjusted.
[2] Inclusion of the effects arising from IFRS 16 on a pro-rata basis.

EFFECTS OF CHANGES IN ACCOUNTING POLICIES

+ We have applied the new guidance of IFRS 16 "Leases" since the beginning of the 2019 financial year. In accordance with the transition method we chose, no prior-year figures have been adjusted. The new guidance results in all leases being recognised in the balance sheet as right-of-use assets and lease liabilities. The increase in lease liabilities to € 388.3 million as of 31 March 2019 (31 December 2018: € 164.2 million) and in the right-of-use assets arising from leases to € 434.1 million (31 December 2018: lease assets of € 217.7 million) is largely attributable to this change in financial reporting. The current portion of the lease liabilities is € 51.4 million (31 December 2018: € 15.7 million). The right-of-use assets are presented under property, plant and equipment, whereas the lease liabilities are disclosed under other financial liabilities. First-time application of IFRS 16 lead to a slight increase of EBITDA and did not lead to any significant changes in equity. Further explanations on the guidance and effects of IFRS 16 as well as on the options applied can be found on pages 171/172 of the 2018 Annual Report.

OPERATING UNITS OF THE K+S GROUP (SEGMENTS IN ACCORDANCE WITH IFRS 8)

OPERATING UNIT EUROPE+

KEY INDICATORS

in € million	Q1/18	Q1/19	%
Revenues	662.0	691.8	+ 4.5
EBITDA	155.6	177.1	+ 13.8
Depreciation and amortisation	74.5	77.6	+ 4.1
Capital expenditure [1]	51.8	57.8	+ 11.5
Employees	10,152	9,856	–2.9

[1] Relates to cash payments for investments in property, plant and equipment and intangible assets, taking claims for reimbursement from claim management into account, excluding leases in accordance with IFRS 16. This standard was applied for the first time as of 1 January 2019.

HIGHER POTASH PRICES PUSH UP REVENUES

+ Revenues in the operating unit Europe+ rose moderately to € 691.8 million in the reporting period (Q1/2018: € 662.0 million), with positive price and currency effects bolstering the revenue trend. Additional production volumes at the site in Bethune, Canada, have not yet been able to make up for the expected closure of the Sigmundshall site at the end of 2018. Moreover, low inventories let to a lower volume of potash and magnesium products available for sale which therefore decreased in the first quarter of 2019.

VARIANCE COMPARED WITH PREVIOUS YEAR

in %	Q1/19
Change in revenues	**+ 4.5**
– volume/structure-related	–7.9
– price/pricing-related	+ 10.3
– currency-related	+ 2.1
– consolidation-related	–

TANGIBLE INCREASE IN EARNINGS

+ EBITDA increased tangibly to € 177.1 million in the first quarter (Q1/18: € 155.6 million). This was also attributable to the positive price effects.

OPERATING UNIT AMERICAS

KEY INDICATORS

in € million	Q1/18	Q1/19	%
Revenues	507.2	571.2	+ 12.6
EBITDA	95.9	107.6	+ 12.2
Depreciation, amortisation and impairment losses	13.7	19.8	+ 44.5
Capital expenditure [1]	10.0	14.2	+ 42.0
Employees	3,236	3,318	+ 2.5

[1] Relates to cash payments for investments in property, plant and equipment and intangible assets, taking claims for reimbursement from claim management into account, excluding leases in accordance with IFRS 16. This standard was applied for the first time as of 1 January 2019.

TANGIBLE INCREASE IN REVENUES

+ Revenues for the operating unit Americas in the quarter under review saw an increase year-on-year to € 571.2 million (Q3/18: € 507.2 million). This is due in particular to positive price and volume effects – both in the North American de-icing business and in the customer segments Industry and Consumers – as well as to positive currency effects.

TANGIBLE INCREASE IN EARNINGS

+ In the first three months of the year, EBITDA climbed more than 12% to € 107.6 million (Q1/18: € 95.9 million). The revenue increases described were offset by a further increase in costs, in particular for logistics.

VARIANCE COMPARED WITH PREVIOUS YEAR

in %	Q1/19
Change in revenues	**+ 12.6**
– volume/structure-related	+ 2.0
– price/pricing-related	+ 4.0
– currency-related	+6.6
– consolidation-related	–

CUSTOMER SEGMENTS OF THE K+S GROUP (NOT SEGMENTS IN ACCORDANCE WITH IFRS 8)

CUSTOMER SEGMENT AGRICULTURE

KEY INDICATORS

in € million	Q1/18	Q1/19	%
Revenues	430.8	461.0	+ 7.0
– of which potassium chloride	219.6	246.0	+ 12.1
– of which fertilizer specialities	211.2	215.0	+ 1.8
Sales volumes (in million t)	1.79	1.64	–8.4
– of which potassium chloride	1.02	0.92	–9.8
– of which fertiliser specialities	0.77	0.72	–6.6
EBITDA	94.7	124.2	+ 31.1

+ In the customer segment Agriculture, revenues in the quarter under review rose moderately to € 461.0 million (Q1/2018: € 430.8 million); higher prices and positive currency effects more than compensated for lower sales volumes as a result of availability factors. Overall, € 246.0 million of revenues in the customer segment Agriculture were attributable to potassium chloride (Q1/2018: € 219.6 million) and € 215.0 million to fertilizer specialties (Q1/2018: € 211.2 million).
+ Sales volumes in the customer segment Agriculture fell moderately to a total of 1.64 million tonnes (Q1/2018: 1.79 million tonnes); of the lower volumes available, 0.98 million tonnes were sold in Europe in the quarter under review. Overseas sales decreased in the first quarter from 0.81 million tonnes in the previous year to 0.66 million tonnes. Overall, 0.92 million tonnes of sales volumes in the customer segment Agriculture were attributable to potassium chloride (Q1/2018: 1.02 million tonnes) and 0.72 million tonnes to fertilizer specialties (Q1/2018: 0.77 million tonnes).
+ EBITDA in the customer segment Agriculture increased significantly to € 124.2 million in the first quarter (Q1/18: € 94.7 million). This was chiefly due to the price increases described.

CUSTOMER SEGMENT AGRICULTURE: DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES BY REGION

		Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19
Revenues	**€ million**	**430.8**	**383.0**	**372.3**	**555.0**	**1,741.3**	**461.0**
Europe	€ million	258.2	201.3	174.6	241.0	875.1	274.4
Overseas	US$ million	212.3	216.3	229.3	358.0	1,022.1	211.9
Sales volumes	**t million (product)**	**1.79**	**1.55**	**1.44**	**2.07**	**6.85**	**1.64**
Europe	t million (product)	0.98	0.77	0.65	0.87	3.27	0.98
Overseas	t million (product)	0.81	0.78	0.79	1.20	3.58	0.66
Average price	**€/t (product)**	**241.1**	**246.5**	**258.4**	**267.9**	**254.2**	**281.7**
Europe	€/t (product)	264.0	260.2	267.0	276.0	267.6	281.2
Overseas	US$/t (product)	262.6	277.1	291.4	298.6	285.5	320.8

CUSTOMER SEGMENT INDUSTRY

KEY INDICATORS

in € million	Q1/18	Q1/19	%
Revenues	275.4	281.8	+ 2.3
Sales volumes (in million t)[1]	2.47	2.44	–1.3
EBITDA	64.0	58.5	–8.6

[1] Including brine but not including complementary sales volumes

+ In the customer segment Industry, revenues in the quarter under review rose to € 281.8 million (Q1/2018: € 275.4 million); higher prices and positive currency effects more than compensated for an overall drop in sales volumes.
+ On the whole, sales volumes fell slightly to 2.44 million tonnes from 2.47 million tonnes in the previous year (including brine but not including complementary sales volumes). While sales volumes of industrial products for the food processing, animal feed and oil and gas industries rose, sales volumes of products for the chemical industry declined, mainly as a result of availability factors owing to the loss of the volumes produced at the Sigmundshall site in the past.
+ EBITDA amounted to € 58.5 million, down from € 64.0 million in the previous year. The revenue increases described were unable to fully compensate for higher costs, particularly freight costs.

CUSTOMER SEGMENT CONSUMERS

KEY INDICATORS

in € million	Q1/18	Q1/19	%
Revenues	110.1	119.6	+ 8.6
Sales volumes (in million t)	0.48	0.48	–
EBITDA	10.1	16.4	+ 62.7

+ In the customer segment Consumers, revenues in the period under review rose to € 119.6 million (Q1/2018: € 110.1 million) on the strength of higher prices and positive currency effects.
+ At 0.48 million tonnes, sales volumes in the customer segment Consumers stood at the prior-year level. While sales volumes of packed de-icing salt rose in both Europe and North America, sales volumes of table salts and water softening- and pool salts witnessed a slight decrease.
+ EBITDA surged to € 16.4 million (Q1/2018: € 10.1 million). The described revenue increases more than compensated for higher costs, particularly freight costs.

CUSTOMER SEGMENT COMMUNITIES

KEY INDICATORS

in € million	Q1/18	Q1/19	%
Revenues	352.9	400.6	+ 13.5
Sales volumes (in million t)	6.86	7.11	+ 3.7
EBITDA	82.7	85.6	+ 3.5

+ In the customer segment Communities, revenues in the period under review rose tangibly to € 400.6 million (Q1/2018: € 352.9 million) on the back of positive price, volume and currency effects.
+ Sales volumes of de-icing salt were increased slightly to a total of 7.11 million tonnes (Q1/2018: 6.86 million tonnes). While sales volumes in Canada and on the East Coast of the United States rose, they fell in the Midwest of the USA and in Europe were more or less level with the prior-year period.
+ EBITDA edged up to € 85.6 million, from € 82.7 million in the previous year. The revenue increases described more than compensated for higher costs, primarily for freights and effects arising from an unfavourable regional mix.

REPORT ON RISKS AND OPPORTUNITIES

Please see the relevant sections starting on page 110 of our 2018 Annual Report for a detailed description of potential risks and opportunities.

The risks to which the K+S GROUP is exposed, both in isolation or in interaction with other risks, are limited and do not, according to current estimates, jeopardise the continued existence of the Company. There is no mutual offsetting of opportunities and risks or their positive and negative changes.

OUTLOOK FOR 2019

The medium- to long-term trends for the future industry situation described on pages 126 to 128 of the 2018 Annual Report still largely apply.

For 2019 as a whole, we continue to expect a moderate increase in revenues in the K+S GROUP (2018: € 4.04 billion). We also continue to anticipate that EBITDA of the K+S GROUP will increase significantly to between € 700 and € 850 million (2018: € 606.3 million).

In the operating unit Europe+, mainly the further increase in production at our new Bethune potash plant in Canada and the assumption that there will not be a reoccurrence of the wastewater-related production standstills at the Werra plant are expected to have a positive effect, such that we still believe that revenues will probably rise moderately and EBITDA significantly as a result (revenues 2018: € 2.60 billion, EBITDA: € 443.4 million). Meanwhile, revenues and earnings in the operating unit Americas are expected to remain more or less stable (revenues 2018: € 1.46 billion, EBITDA: € 221.7 million).

Our assessment for full-year 2019 is mainly based on the following assumptions:

+ A positive market environment in the customer segment Agriculture, which is allocated to the operating unit Europe+, is being offset by a change in the product mix, leading us to continue to expect a moderate rise in the average price for our product portfolio in the Agriculture customer segment for 2019 (2018: € 254/t).
+ The expected sales volume of all products in the customer segment Agriculture is likely to continue to be between 6.9 and 7.2 million tonnes (2018: 6.85 million tonnes), mainly as a result of higher production volumes at the Bethune site. Assuming a normal hydrological year for the remaining year 2019, no wastewater-related production cuts due to prolonged low water periods in the Werra are expected. The measures we have already implemented to further improve our wastewater management, coupled with our efforts to expand local storage capacity, should significantly reduce the risk of production standstills even in the event of a prolonged drought. The challenges we face at the Werra and Neuhof plants are being tackled and product availability has already improved. Nevertheless, we expect that in 2019 the German sites will still lag behind the technically available capacity.
+ In the customer segment Communities, we still anticipate total sales volumes of between 12.5 and 13.0 million tonnes for the 2019 financial year. The forecast assumes that our sales volumes of de-icing salt will remain at the long-term average level.
+ An average spot rate of EUR/USD 1.20 is assumed for the euro-dollar exchange rate for the remaining months of 2019; including the average EUR/USD exchange rate after hedging in the first quarter of 2019, this assumes an annual average exchange rate of EUR/USD 1.19 (2018: EUR/USD 1.16).

Due to the effects described above, we likewise continue to assume a significant increase in adjusted Group earnings after tax (2018: € 85.4 million).

Although the capital expenditure volume of the K+S GROUP for 2019 should exceed that of the previous year (€ 443.2 million), mainly as a result of the expansion of our tailings pile capacities in Germany, the adjusted free cash flow should improve significantly compared with the previous year as a result of our operating improvements and active working capital management and this should return to positive figures for the first time since 2013 (2018:

€ –206.3 million). Despite more capital being tied up, the return on capital employed (ROCE) should increase significantly due to anticipated significantly higher earnings (2018: 2.6%). At the operating unit level, ROCE for the operating unit Europe+ is expected to rise significantly (2018: 2.0%), while it is expected to remain significantly below the prior-year level for the Americas (2018: 7.9%).

DEVELOPMENT OF FORECASTS FOR FULL-YEAR 2019

		ACTUAL 2018	Forecast 2018 Annual Report	Forecast Q1/19
K+S Group				
Revenues	€ billion	4,039.1	tangible increase	tangible increase
– Operating unit Europe+	€ billion	2,525.2	moderate increase	moderate increase
– Operating unit Americas	€ billion	1,451.0	about stable	about stable
EBITDA [1]	€ million	606.3	700 to 850	700 to 850
– Operating unit Europe+	€ million	443.3	significant increase	significant increase
– Operating unit Americas	€ million	221.8	about stable	about stable
Capital expenditure [2]	€ million	443.2	above prior year	above prior year
Group earnings after taxes, adjusted [3]	€ million	85.4	significant increase	significant increase
Adjusted free cash flow	€ million	– 206.3	significant increase, positive	significant increase, positive
ROCE	%	2.6	significant increase	significant increase
– Operating unit Europe+	%	2.0	significant increase	significant increase
– Operating unit Americas	%	7.9	significant decrease	significant decrease
Average EUR/USD exchange rate after hedging	EUR/USD	1.16	1.20	1.19
Sales volumes Agriculture customer segment	million tonnes	6.85	6.9 to 7.2	6.9 to 7.2
Average price Agriculture customer segment	€/t	254.2	moderate increase	moderate increase
Sales volumes Communities customer segment	million tonnes	13.3	12.5 to 13.0	12.5 to 13.0

[1] Earnings before interest, taxes, depreciation and amortisation, adjusted for depreciation and amortisation of own work capitalised recognised directly in equity, earnings from fair value changes arising from operating anticipatory hedges still outstanding, changes in the fair value of operating anticipatory hedges recognised in prior periods (EBITDA).
[2] Relates to cash payments for investments in property, plant and equipment and intangible assets, taking claims for reimbursement from claim management into account, excluding leases in accordance with IFRS 16.
[3] 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. In addition, related effects on deferred and cash taxes are eliminated; tax rate for 2018: 29.6%.

RESPONSIBILITY STATEMENT FROM THE LEGAL REPRESENTATIVES OF K+S AKTIENGESELLSCHAFT

To the best of our knowledge, and in accordance with the applicable accounting principles for interim reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Kassel, Germany, 14 May 2019
K+S Aktiengesellschaft
Board of Executive Directors

INCOME STATEMENT

INCOME STATEMENT [1]

in € million	3M/18	3M/19	12M/18	LTM[2]
Revenues	**1,169.8**	**1,263.5**	**4,039.1**	**4,132.8**
Cost of sales [3]	971.9	976.5	3,437.9	3,442.5
Gross profit	**197.9**	**287.0**	**601.2**	**690.3**
Sales and distribution/general and administrative expenses [3]	85.5	81.4	349.9	345.8
Other operating income	58.8	24.8	146.8	112.8
Other operating expenses[3]	36.0	53.2	187.5	204.7
Net income from equity investments	0.1	0.2	4.2	4.3
Gains/(losses) on operating anticipatory hedges	1.4	−5.0	−49.5	−55.9
Earnings after operating hedges (EBIT II)[4]	**136.7**	**172.4**	**165.3**	**201.0**
Interest income	1.3	1.1	11.6	11.4
Interest expense	29.2	31.4	120.7	122.9
Other financial result	−2.9	13.6	−3.1	13.4
Financial result	**– 30.8**	**−16.7**	**−112.2**	**−98.1**
Earnings before tax	**105.9**	**155.7**	**53.1**	**102.9**
Income tax expense	29.5	46.7	10.9	28.1
– of which deferred taxes	3.8	12.8	−17.9	−8.9
Earnings for the period	**76.4**	**109.0**	**42.2**	**74.8**
Non-controlling interests	–	–	0.1	0.1
Earnings after tax and non-controlling interests	**76.4**	**109.0**	**42.1**	**74.7**
Earnings per share in € (basic ≙ diluted)	**0.40**	**0.57**	**0.22**	**0.39**

RECONCILIATION TO OPERATING EARNINGS (EBIT I) AND EBITDA [1, 4]

in € million	3M/18	3M/19	12M/18	LTM [2]
Earnings after operating hedges (EBIT II)	**136.7**	**172.4**	**165.3**	**201.0**
Income (–)/expenses (+) arising from changes in the fair value of outstanding operating forecast hedges	0.7	5.4	25.7	30.4
Elimination of prior-period changes in the fair value of operating forecast hedges	9.6	−7.3	36.2	19.3
Operating earnings (EBIT I)	**147.0**	**170.5**	**227.2**	**250.7**
Depreciation and amortisation (+)/impairment losses (+)/reversals of impairment losses (–) on non-current assets	91.2	100.8	385.0	394.6
Capitalised depreciation expenses recognised directly in equity(-) [5]	−1.4	−1.4	−5.9	−5.9
EBITDA	**236.8**	**269.9**	**606.3**	**639.4**

[1] Rounding differences may arise in percentages and numbers.
[2] LTM = last twelve months.
[3] Previous year restated due to a structural adjustment in 2019. Delivery and transport costs were reclassified as cost of sales and recognised directly in equity, and research and development costs were reclassified to other operating expenses. The remaining sales and distribution and administrative costs were combined in the Sales and distribution/general and administrative expenses item.
[4] Key indicators not defined in the IFRS regulations.
[5] Relates to depreciation of assets used to create other items of property, plant and equipment. The depreciation expenses are capitalised as part of cost and not charged to profit or loss.

STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS [1]

in € million	3M/18	3M/19	12M/18	LTM [2]
Earnings after operating hedges (EBIT II)	**136.7**	**172.4**	**165.3**	**201.0**
Income (–)/expenses (+) arising from changes in the fair value of outstanding operating anticipatory hedges	0.7	5.4	25.7	30.4
Elimination of prior-period changes in the fair value of operating forecast hedges	9.6	−7.3	36.2	19.3
Depreciation, amortisation, impairment losses (+)/reversals of impairment losses (–)	89.7	99.4	379.1	388.8
Increase (+)/decrease (–) in non-current provisions (excluding interest rate effects)	−1.7	−1.1	5.7	6.3
Interest received and similar income	1.3	1.3	8.3	8.3
Realised gains (+)/losses (–) on financial assets/liabilities	−10.3	13.4	27.9	51.6
Interest paid (–)	− 1.8	−5.2	−91.6	−95.0
Income tax paid (–)	−7.0	−5.1	−99.6	−97.7
Other non-cash expenses (+)/income (–)	1.3	−1.3	−0.1	−2.7
Gain (–)/loss (+) on sale of assets and securities	−5.9	1.1	6.7	13.7
Increase (–)/decrease (+) in inventories	110.2	84.3	6.8	−19.1
Increase (–)/decrease (+) in receivables and other operating assets	−3.6	31.0	−134.7	−100.1
Increase (+)/decrease (–) in liabilities from operating activities	− 78.1	−21.3	−37.6	19.2
Increase (+)/decrease (–) in current provisions	−8.3	−41.4	32.1	−1.0
Allocations to plan assets	–	−1.2	−21.5	−22.7
Net cash flows from operating activities	**232.8**	**324.4**	**308.7**	**400.3**
Proceeds from sale of assets	0.2	7.0	6.4	13.2
Purchases of intangible assets	−1.3	−0.6	−10.0	−9.3
Purchases of property, plant and equipment	− 88.4	−97.7	−504.7	−514.0
Purchases of financial investments	−0.5	–	−6.7	−6.2
Proceeds from the sale of consolidated companies	–	–	–	–
Proceeds from sale of securities and other financial investments	5.2	5.1	297.8	297.7
Purchases of securities and other financial investments	−5.2	−5.1	−295.5	−295.4
Net cash flows used in investing activities	**−90.0**	**−91.3**	**−512.7**	**−514.0**
Repayment (–) of borrowings	− 60.9	−195.4		
Proceeds (+) from borrowings	75.0	193.5		
Net cash flows from/(used in) financing activities	**14.1**	**−1.9**		
Cash change in cash and cash equivalents	**156.9**	**231.2**		
Exchange rate-related change in cash and cash equivalents	−9.2	4.0		
Net change in cash and cash equivalents	**147.7**	**235.2**		
Net cash and cash equivalents as at 1 January	**175.7**	**162.2**		
Net cash and cash equivalents as of 31 March	**323.4**	**397.4**		
– of which cash on hand and bank balances	329.6	402.2		
– of which cash invested with affiliated companies	0.2	0.1		
– of which cash received from affiliated companies	− 6.4	−4.9		

[1] Rounding differences may arise in percentages and numbers.
[2] LTM = last twelve months.

BALANCE SHEET

BALANCE SHEET – ASSETS [1]

in € million	31/03/2018	31/12/2018	31/03/2019
Intangible assets	931.5	982.3	998.7
– of which goodwill from acquisitions of companies	651.7	693.2	708.8
Property, plant and equipment	6,438.4	6,687.9	7,066.3
Investment properties	5.3	6.4	6.4
Financial investments	73.1	89.1	89.0
Other financial assets	34.0	36.2	34.2
Other non-financial assets	36.9	21.9	20.4
Securities and other financial investments	7.0	7.0	7.0
Deferred taxes	88.3	92.6	80.3
Income tax refund claims	–	28.5	28.5
Non-current assets	**7,614.6**	**7,951.2**	**8,330.9**
Inventories	568.2	691.5	616.9
Trade receivables	708.0	836.7	848.6
Other financial assets	124.0	86.2	85.2
Other non-financial assets	149.7	172.5	140.5
Income tax refund claims	30.9	49.3	54.1
Securities and other financial investments	11.4	11.2	11.5
Cash and cash equivalents	329.6	167.6	402.2
Current assets	**1,921.9**	**2,015.0**	**2,158.9**
TOTAL ASSETS	9,536.5	9,966.2	10,489.8

BALANCE SHEET – EQUITY AND LIABILITIES [1]

in € million	31/03/2018	31/12/2018	31/03/2019
Issued capital	191.4	191.4	191.4
Share premium	645.7	645.7	645.7
Other reserves and net retained earnings	3,162.9	3,305.4	3,619.7
Total equity attributable to shareholders of K+S Aktiengesellschaft	4,000.0	4,142.5	4,456.8
Non-controlling interests	1.5	1.6	1.6
Equity	**4,001.5**	**4,144.1**	**4,458.4**
Financial liabilities	2,451.5	2,741.4	2,740.7
Other financial liabilities	109.7	154.9	339.4
Other non-financial liabilities	10.8	13.2	7.7
Income tax liabilities	47.5	46.6	47.9
Provisions for pensions and similar obligations	174.1	187.0	190.9
Provisions for mining obligations	1,000.9	1,015.1	1,017.6
Other provisions	158.4	140.1	145.1
Deferred taxes	238.7	230.1	236.6
Non-current liabilities	**4,191.6**	**4,528.4**	**4,725.8**
Financial liabilities	585.1	541.9	552.7
Trade payables	221.1	239.7	202.6
Other financial liabilities	142.6	112.3	161.1
Other non-financial liabilities	43.6	49.9	48.4
Income tax liabilities	71.9	35.3	69.3
Provisions	279.2	314.6	271.5
Current liabilities	**1,343.4**	**1,293.7**	**1,305.6**
TOTAL EQUITY AND LIABILITIES	9,536.5	9,966.2	10,489.8

[1] Rounding differences may arise in percentages and numbers.

FINANCIAL CALENDAR

DATES	2019/2020
Annual General Meeting, Kassel	15 May 2019
Dividend payment	20 May 2019
Half-Yearly Financial Report, 30 June 2019	15 August 2019
Quarterly Report, 30 September 2019	14 November 2019
2019 Annual Report	12 March 2020
Quarterly Report, 31 March 2020	11 May 2020

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FORWARD-LOOKING STATEMENTS

This Quarterly Report contains facts and forecasts that relate to the future development of the K+S GROUP and its companies. The forecasts are estimates that we have made on the basis of all the information available to us at this time. Should the assumptions underlying these forecasts prove incorrect or should certain risks – such as those referred to in the Risk Report of the current Annual Report – materialise, actual developments and results may deviate from current expectations. The Company assumes no obligation to update the statements contained in this Quarterly Report, save for the making of such disclosures as required by law.