

Press Release

Kassel, Germany, August 15, 2017

Second Quarter of 2017

K+S records higher revenues and earnings in the second quarter

- **Revenues: +1.4% to €742 million; EBIT I almost doubled to €29 million (Q2/2016: €15 million)**
- **Significant earnings increase in the Potash and Magnesium Products business unit**
- **Efficient wastewater management system substantially improves production conditions at the Werra plant**
- **Subdued demand for de-icing salt after mild winter in North America**
- **Successful production start at the new Bethune potash mine**
- **Outlook for 2017 reiterated: EBIT I of €260-360 million expected**
- **Assumptions for EBITDA target in 2020 not realistic anymore from the present point of view**

In the second quarter of the year, the K+S Group saw its earnings rise compared to the same period in the previous year, mainly due to a significant improvement in the profit trend of the Potash and Magnesium Products business unit.

“We are still confident regarding the development for the rest of the year and are reiterating our forecast of a tangible increase in earnings. That said, 2017 will remain a transition year,” said Dr. Burkhard Lohr, Chairman of the Board of Executive Directors of K+S.

Day-long production stoppages at the Werra plant cannot be ruled out entirely for the second half of the year. The commissioning of the new KCF facility early next year will lead to a further substantial reduction in the quantity of saline wastewater.

“The successful production start at our new Bethune Mine in Canada also makes us optimistic about the future,” Lohr added. It is anticipated that the target annual capacity of two million tonnes will be reached from the end of 2017.

Development of revenues and earnings

K+S Group revenues slightly rose by 1.4% in the second quarter to € 742 million. Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased to € 102 million in the second quarter of 2017 (Q2/2016: € 83 million), while operating profit (EBIT I) almost doubled, rising to € 29 million (Q2/2016: € 15 million).

Higher product availability at the Werra plant boosted sales volumes in the **Potash and Magnesium Products business unit** in particular. Thanks to an efficient wastewater management system, there were no disposal-related interruptions in production during the second quarter in spite of prolonged low water levels of the Werra river. In addition, on account of the start of production at the new plant in Canada, higher start-up costs were incurred in line with planning. EBIT I, at € 31 million, was more than double the figure for the prior-year period (Q2/2016: € 15 million).

Operating profit (EBIT I) for the **Salt business unit** fell to € 0.4 million in the seasonally weaker second quarter (Q2/2016: € 5 million), primarily as a result of lower prices in the North American de-icing salt business attributable to the recent mild winter. Higher sales volumes in the salt for chemical use segment were offset by a lower sales volume of high-value consumer products in the non de-icing salt business.

Please refer to pages 4 to 6 of the [Half-Yearly Financial Report](#) for the revenue and earnings figures for the first half of 2017.

Outlook for 2017 reiterated

The revenues of the **K+S Group** should be between € 3.6 billion and € 3.8 billion in the 2017 financial year (2016: € 3.5 billion). EBITDA is expected to be in the range of € 560 million and € 660 million (2016: € 519 million). It is assumed based on an adjustment of the plants' useful lives (see page 5 of the [Half-Yearly Financial Report](#)

for details) that EBIT I will amount to between € 260 million and € 360 million (2016: € 229 million).

In the **Potash and Magnesium Products business unit**, a tangible increase in operating profit year-on-year is anticipated. In particular, far fewer production suspensions resulting from an improved disposal situation at the Werra sites should give earnings a boost. Higher operating expenses year-on-year for the commissioning of the new plant in Canada will have an offsetting effect.

In the **Salt business unit**, given moderate increases in volumes and a slight decrease in average prices, a tangible improvement in operating profit is expected as a consequence of the measures being continuously implemented to enhance efficiency.

Other assumptions on which this forecast is based are outlined on page 15 of the [Half-Yearly Financial Report](#).

Assumptions for mid-term forecast no longer realistic from today’s standpoint

From today’s point of view, the target set in 2015 of achieving consolidated EBITDA of around € 1.6 billion in 2020 is not realistic anymore. The basis for the calculations was the price of around US\$ 330/tonne for potassium chloride in Brazil that K+S assumed at the time. Although the current price trend is pointing in the right direction, it is unlikely that this envisaged figure will be reached. However, the company will do everything in its power to narrow the gap as effectively as possible. K+S intends to publish its new “Shaping 2030” Group strategy this autumn and will release new mid-term and long-term ambitions at the same time.

Further information

For more information on the disposal issue, please refer to page 10 of the [Half-Yearly Financial Report](#). Information on the ongoing approval processes is provided on pages 13 and 14.

Information for Editorial Departments

Further information and data on development in the second quarter and the first half of 2017 can be found in the Half-Yearly Financial Report at www.k-plus-s.com/2017q2en on our website. An interview on business development with K+S CEO Dr. Burkhard Lohr is also available there.

A conference call with Dr. Burkhard Lohr and K+S CFO Thorsten Boeckers for investors and analysts will take place today in English at 10:00 am (CET). Press representatives and interested parties from the general public are invited to follow the conference via a live webcast (www.k-plus-s.com/en/audio-und-video/cc.html). The conference will be recorded and made available as a podcast.

About K+S

K+S is an international resources company. We have been mining and processing mineral raw materials for more than 125 years. The products we produce from them are used worldwide in agriculture, food and road safety and are important elements in numerous industrial processes. Potash and salt are integral nutrients for the megatrend of a constantly growing and increasingly prosperous global population striving for a higher standard of living. This will result in increasing consumption of mineral resources. We serve the resulting growth in demand from production sites in Europe, North America and South America as well as through a global distribution network. K+S is the world’s largest salt producer and one of the top potash providers worldwide. With more than 14,000 employees, K+S achieved revenues in financial year 2016 of about €3.5 billion and an EBIT of €229 million. Learn more about K+S at www.k-plus-s.com.

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Forward-looking Statements

This press release 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 moment in time. Should the assumptions underlying these forecasts prove incorrect or should certain risks – such as those referred to in the Risk Report – materialise, actual developments and results may deviate from current expectations. The Company assumes no obligation to update the statements contained in this press release, save for the making of such disclosures as required by law.