



Experience growth.

K+S Group
Q2/15 Results

13 August 2015

Dr. Burkhard Lohr, CFO

→ Rejection of Potash Corp's unsolicited proposal

- The proposed transaction does not reflect the fundamental value of K+S and is not in the best interest of the company
- Investors are sending a clear message that € 41 per share is not sufficient

→ Group

- EBIT I of € 179 million in Q2/15 significantly above last year
 - (Q2/14: € 157 million including € 30 million insurance payment)
- Outstanding performance in Salt
- Potash and Magnesium Products continue to benefit from higher YoY prices and positive fx-effects

→ Legacy Project

- Heading closer to start of production
- On time and on budget

→ Guidance FY 2015: Significant increase confirmed

- EBIT I expected between € 780-860m

EBIT I significantly improved

€ million	Q2/14	Q2/15	YoY
Revenues	786	914	+16%
EBITDA	224	247	+10%
D&A	-66	-68	
EBIT I	157	179	+14%
t/o insurance payment	30	-	
EBIT I w/o insurance payment	127	179	+41%
<i>Margin</i>	16%	20%	
Financial result	-48	-14	
EBT, adjusted	109	166	+52%
Tax rate, adjusted	26%	28%	
Net income, adjusted	81	119	+47%
EPS, adjusted	0.42	0.62	

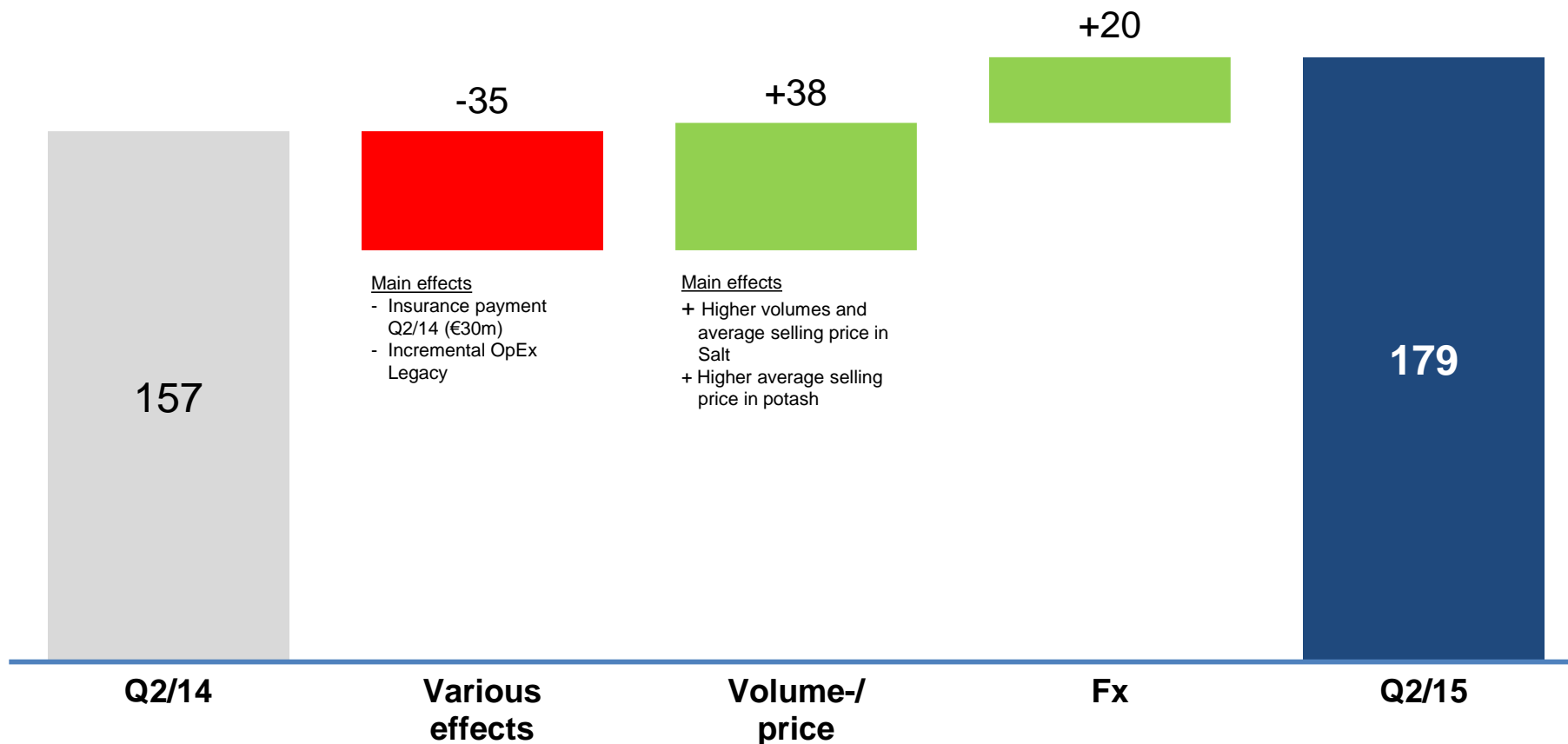
→ Improved pricing in both business units and stronger USD in particular in potash

→ Run-rate for remainder of 2015 after bond repayment in September 2014 and capitalization of interest costs for Legacy. Q2/14 included adjustment of interest costs on mining provisions

The adjusted key figures only include operating forecast hedges of the respective reporting period in EBIT I. In addition, related effects on deferred and cash taxes are also excluded.

Pricing driving EBIT in Q2

€ million



CapEx increased as planned

€ million	H1/14	H1/15	YoY	
Operating cash flow	516	433	-16%	→ Higher working capital
- Investing cash flow (pre sale/ purchase of securities)	-363	-532		
Adjusted free cash flow	153	-99		
CapEx	436	555	+27%	→ Mainly Legacy

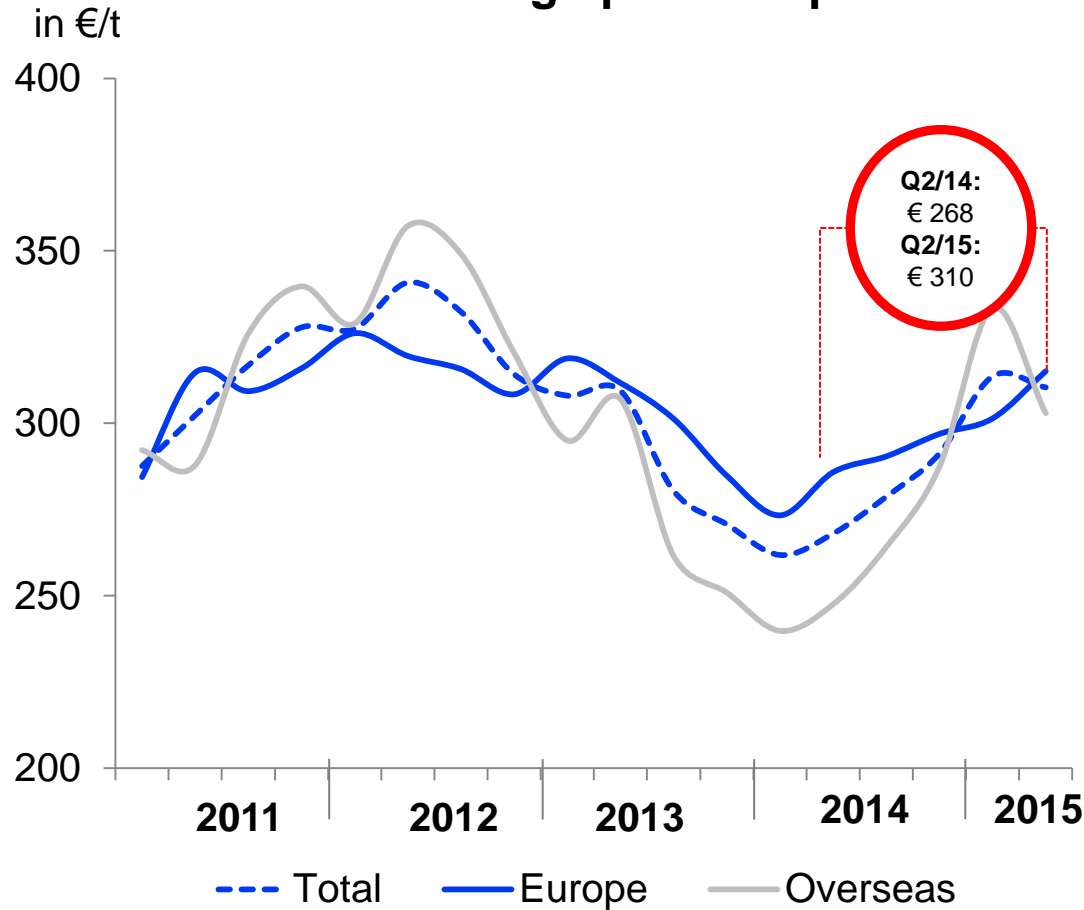
	30/06/14	31/12/14	30/06/15	
Net debt	-1,098	-1,676	-2,019	→ Planned CapEx for the Legacy Project and adjustment of interest rates on provisions (€ -115 million) in Q1/15
t/o Net financial debt (-)	-102	-588	-833	

Potash and Magnesium Products

Average selling price robust



K+S average portfolio prices



→ Market

- Continued solid demand
- Europe stable
- Quiet season South East Asia
- Temporary challenges in Brazil

→ K+S product portfolio

- Europe remains in good shape
- Overseas prices remain elevated due to positive fx-effects – QoQ decline due to phasing of Specialty shipments
- SOP strong demand and pricing stable

Prices in USD converted into Euro with quarterly average fx-rates.

Potash and Magnesium Products

Business unit performance



EBIT margin improved

€ million	Q2/14	Q2/15	YoY
Revenues	461	501	+9%
EBIT I	159	144	-9%
t/o insurance payment	30		
EBIT I w/o insurance payment	129	144	+12%
<i>Margin</i>	28%	29%	
t/o Legacy OpEx	-7	-20	
Average selling price (€/ton)	268	310	
Sales volumes (million tons)	1.72	1.61	

→ Sequential recovery of prices in 2014 and stronger USD

→ Phasing effect: Delayed overseas shipments (mainly SOP)

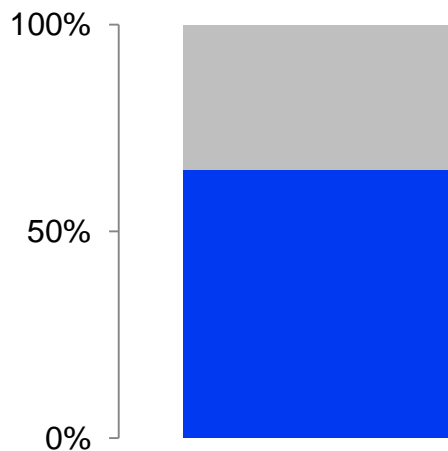
Costs/ton ^(1,2)	FY/13	FY/14	Q1/15	Q2/15	LTM
Excl. Legacy	211	203	212	209	215
Incl. Legacy	214	208	219	221	223

→ Costs per tonne stable despite lower volumes

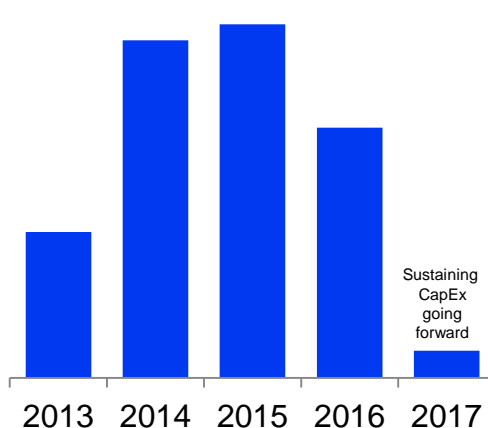
⁽¹⁾ (Revenues – EBIT)/ Sales volumes ⁽²⁾ Excl. insurance payment

Legacy Project status: On time and budget

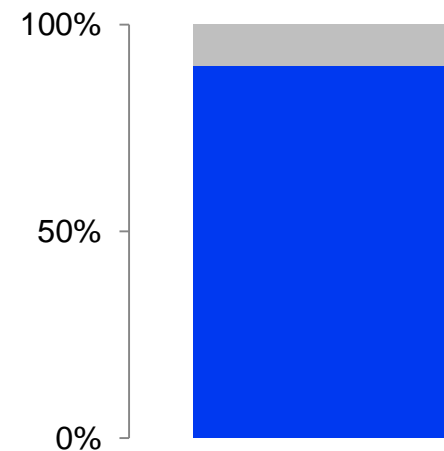
**65% of
CapEx spent**



**2015 year of main
construction and
CapEx**



**More than 90% of
total budget awarded
to suppliers**



April 2015



June 2015



July 2015

Potash and Magnesium Products

Heading closer to production in 2016



Achievements to date

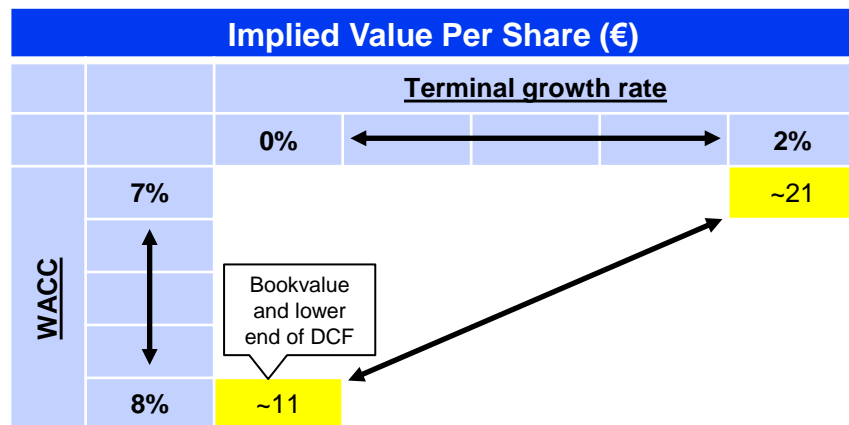


- ✓ Completion of Basic Engineering
- ✓ Port handling contract concluded
- ✓ Pads 2 to 4 commissioned
- ✓ Detailed Engineering completed
- ✓ Permit for port facilities granted
- ✓ Rail construction permit granted, major earthworks started
- ✓ Major utilities (water, gas, power) available on site

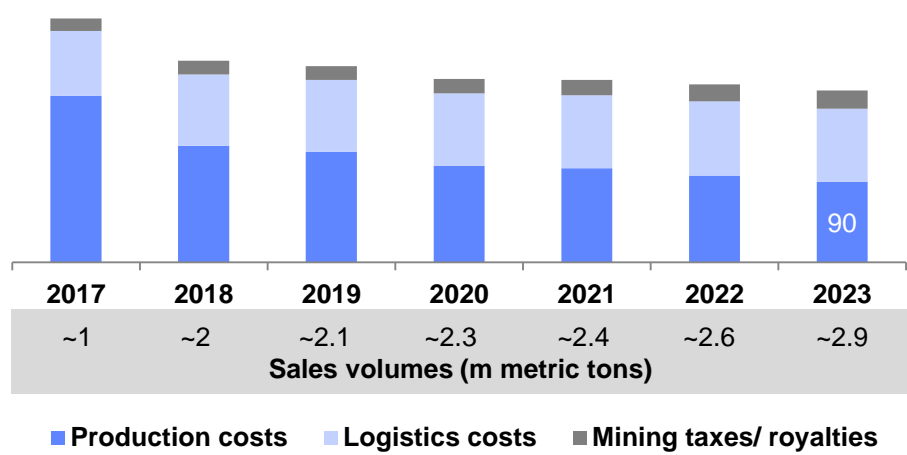
Tasks to complete by 2016



- Gradual Commissioning pads 5 - 7
- Build and complete:
 - Northern tank farm
 - Debrining, drying and compaction
 - Storage buildings
- Complete rail line and port facilities
- ECC ready for production
- First ton of product by end 2016



Volume ramp-up (m metric tons) /costs per ton (CAD)



Additional assumptions

- Conservative price assumptions for Legacy based on MOP gran. Brazil
- Positive cash flow generated from 2017 onwards
- Sustaining capex approximately CAD 100 million p.a. from 2018
- Tax profile

Salt Business unit performance



EBIT I driven by improved pricing

€ million	Q2/14	Q2/15	YoY
Revenues	287	374	+30%
EBIT I	2	43	>100%
<i>Margin</i>	1%	11%	
Sales volumes (million tons)			
De-icing	3.2	3.6	+13%
Non de-icing	1.0	1.2	+20%
	2.2	2.4	+9%
Average selling prices (€)			
De-icing	47.1	65.1	+38%
Non de-icing	102.4	120.3	+17%

→ Better volumes and pricing

→ Higher early fills and better demand in non de-icing

→ North America compensating for slight decline in Europe

→ Non de-icing improved pricing structure and positive fx-effects

Salt

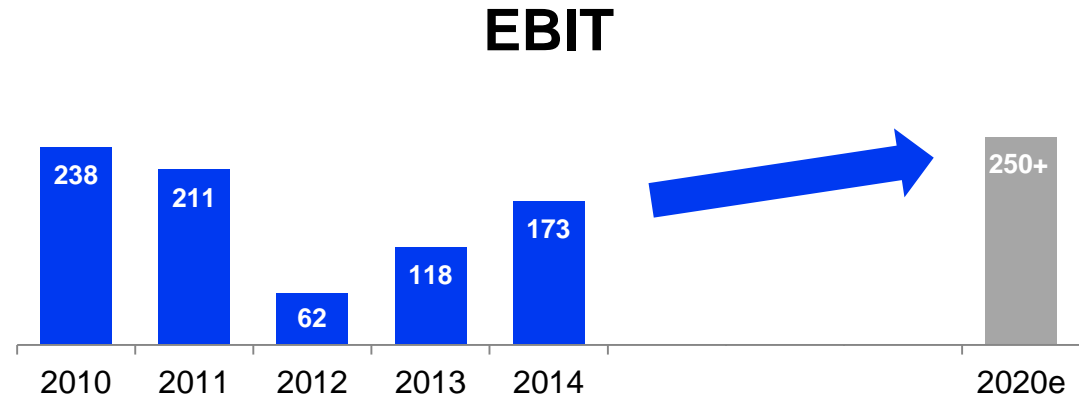
Salt 2020 well on track



OUR STRATEGIC GOAL

2020

Double Business Unit Salt earnings by 2020



GROWTH

- Market share growth
- New segments
- New regions



EFFICIENCY

- Fit for the Future
- Business and Tech. Processes
- Supply Chain and Distr. Network improvements



CULTURE

- Remove silo thinking
- Transparency /Trust
- High performance and engaged workforce

Aspiration: > € 250m EBIT by 2020⁽¹⁾

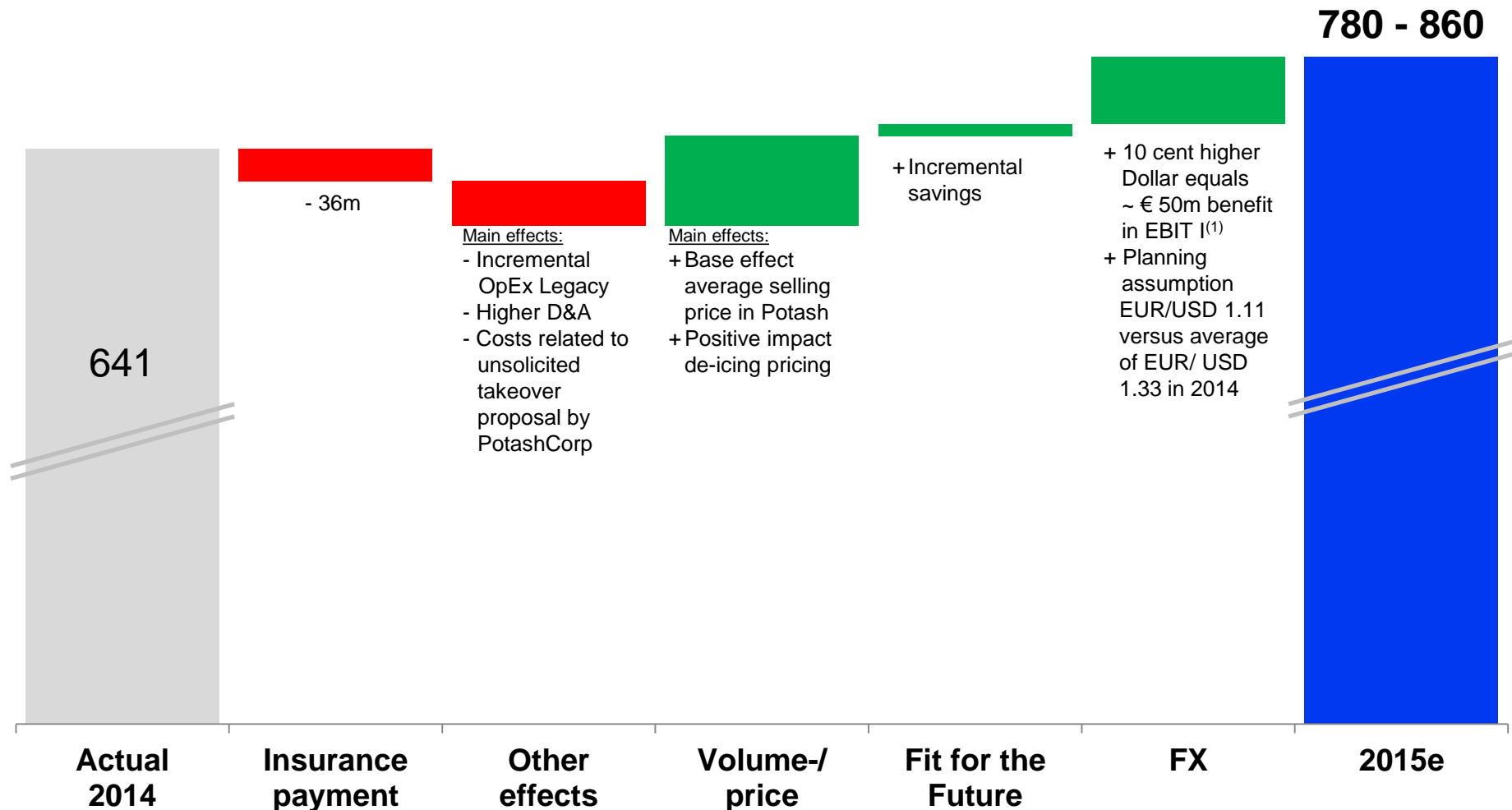
Strong cash conversion: > € 400m EBITDA

⁽¹⁾ Normalized for winter effects

	FY 2015e YoY	Prev. guidance	FY 2014
Potash and Magnesium Products			
Global sales volumes ⁽¹⁾	Moderate decline	Moderate decline	~ 68m tons
K+S sales volumes	~ 7m tons	~ 7m tons	6.9m tons
Average selling price	Tangible increase	Tangible increase	€ 274
Salt			
K+S sales volumes	On last year's level	On last year's level	24m tons
t/o de-icing	~ 14m tons	~ 14m tons	14m tons
Group			
Revenues	€ 4.35 bn - 4.55 bn	Significant increase	€ 3.8bn
EBITDA	€ 1.06 bn - 1.14 bn	Significant increase	€ 896m ⁽²⁾
EBIT I	€ 780m – 860m	Significant increase	€ 641m ⁽²⁾
Financial result	Significant improvement	Significant improvement	€ -126m
Capex	~ € 1.3bn	~ € 1.3bn	€ 1.2bn
Average fx-rate (EUR/USD)	1.11	1.10	1.33
Dividend policy	40-50% payout ratio		

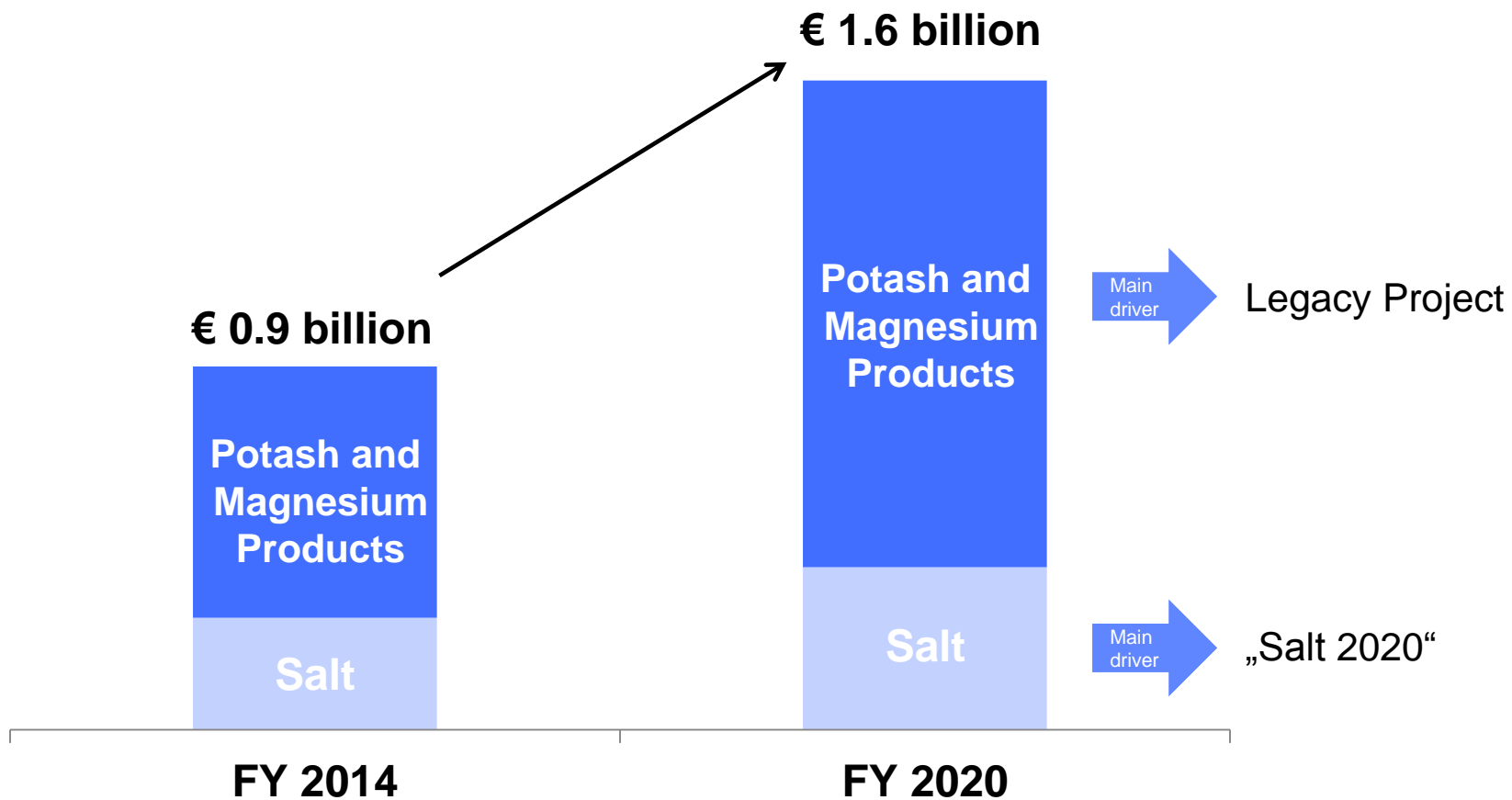
⁽¹⁾ Incl. ~4mt of potassium sulphate and potash grades with lower mineral content ⁽²⁾ Incl. insurance gain of € 36 m

€ million



(1) Valid for 2015; no linear development in both ways, after hedging

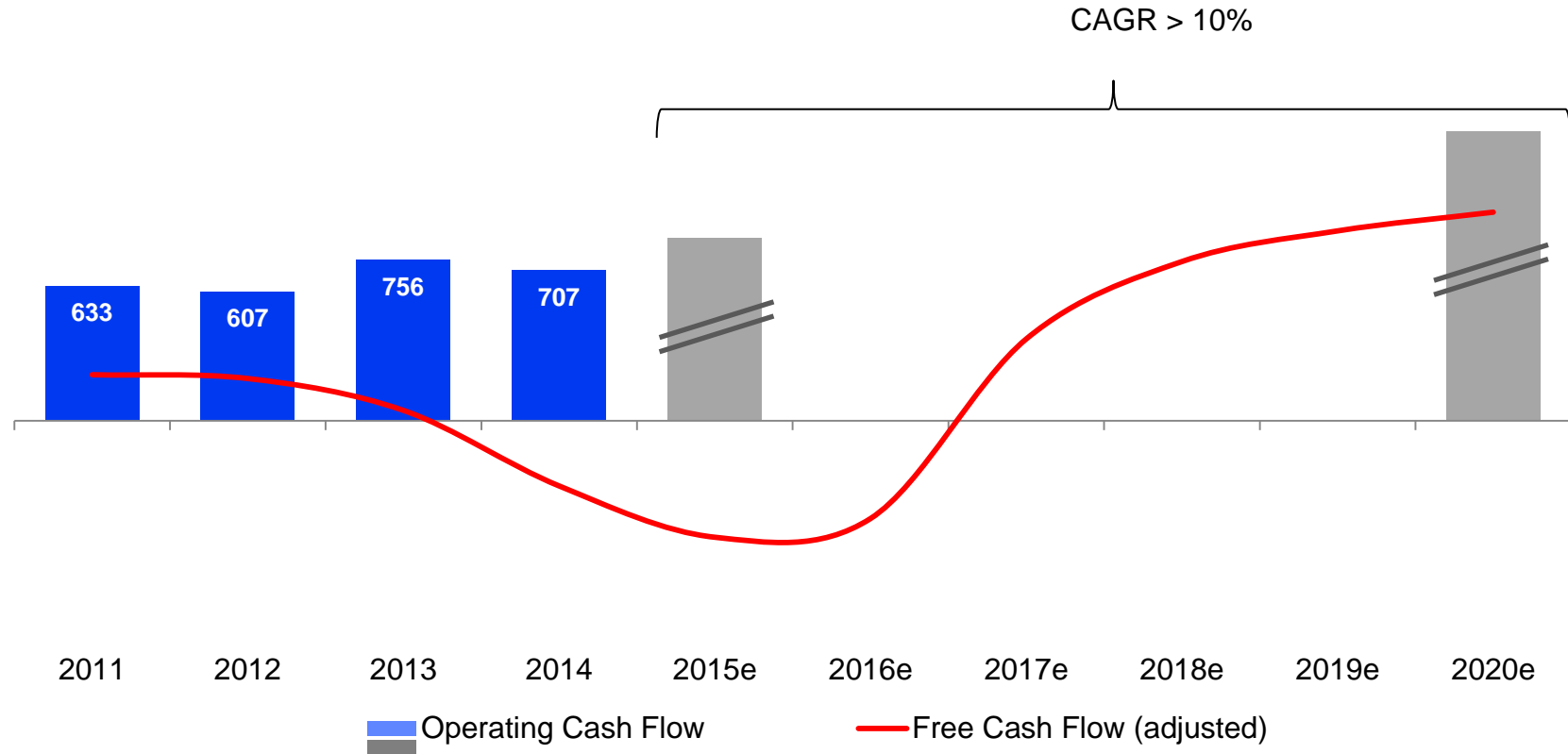
Group EBITDA to increase significantly by 2020



K+S Group Group Cash Flow Profile



€ million



Free Cash Flow adjusted for acquisition / disposal of financial assets

This presentation contains facts and forecasts that relate to the future development of the K+S Group and its companies. The forecasts are estimates made on the basis of all the information available to us at this point. Should the assumptions underlying these forecasts prove not to be correct or should certain risks materialise, such as those referred to in the Risk Report, actual developments and events may deviate from current expectations. The Company assumes no obligation to update the statements, with the exception of disclosures required by the provisions of statute.



Experience growth.

K+S Group
Q2/15 Results

13 August 2015

Dr. Burkhard Lohr, CFO