2nd Quarter 2013 Results · Investor and Analyst Conference Call

13 August 2013, 3:00 p.m. CEST

Highlights in H1/13

- **K+S Group**
  - Operating earnings (EBIT I) reach € 440.5 million (H1/12: € 466.4 million)
- **Potash and Magnesium Products business unit**
  - Good sales volumes continue at 3.8 million tonnes (H1/12: 3.74 million tonnes)
- **Salt business unit**
  - Successful half year, EBIT I for the first six months rose to € 59.6 million (H1/12: 33.7 million)

Following the principle of prudence, we no longer stick to our outlook for 2013 to slightly increase the EBIT I compared to 2012

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Market Update

- **Uralkali announcement**
  - The way to educate the markets about the new strategy was very unusual
  - The potash industry often had to cope with various challenges in the past and mastered it allways well
- **Customers**
  - No major business concluded
  - We are in regular contact with our customers as always
  - Customers confirm their good relationship with K+S
  - We have a good track record of being a reliable and independent supplier for our customers worldwide for decades
  - Also in future, we will ensure security of supply

Our Unique Portfolio Makes us More Robust

K+S Group

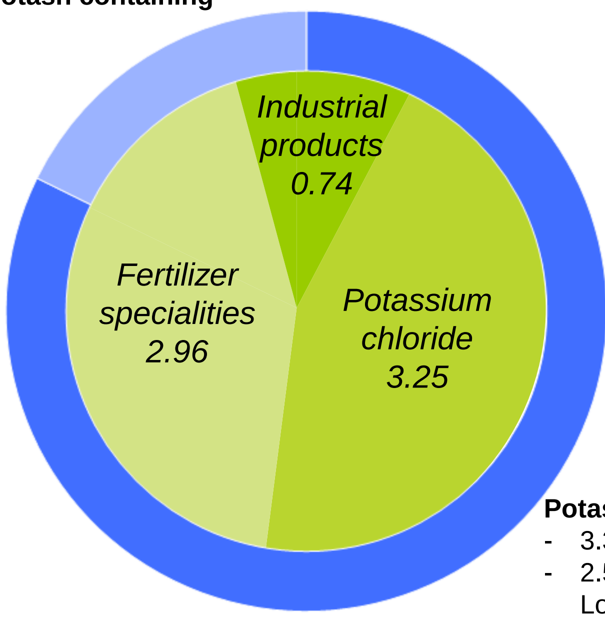
Salt Business Unit

+

Potash and Magnesium Products Business Unit

By product	***By region***

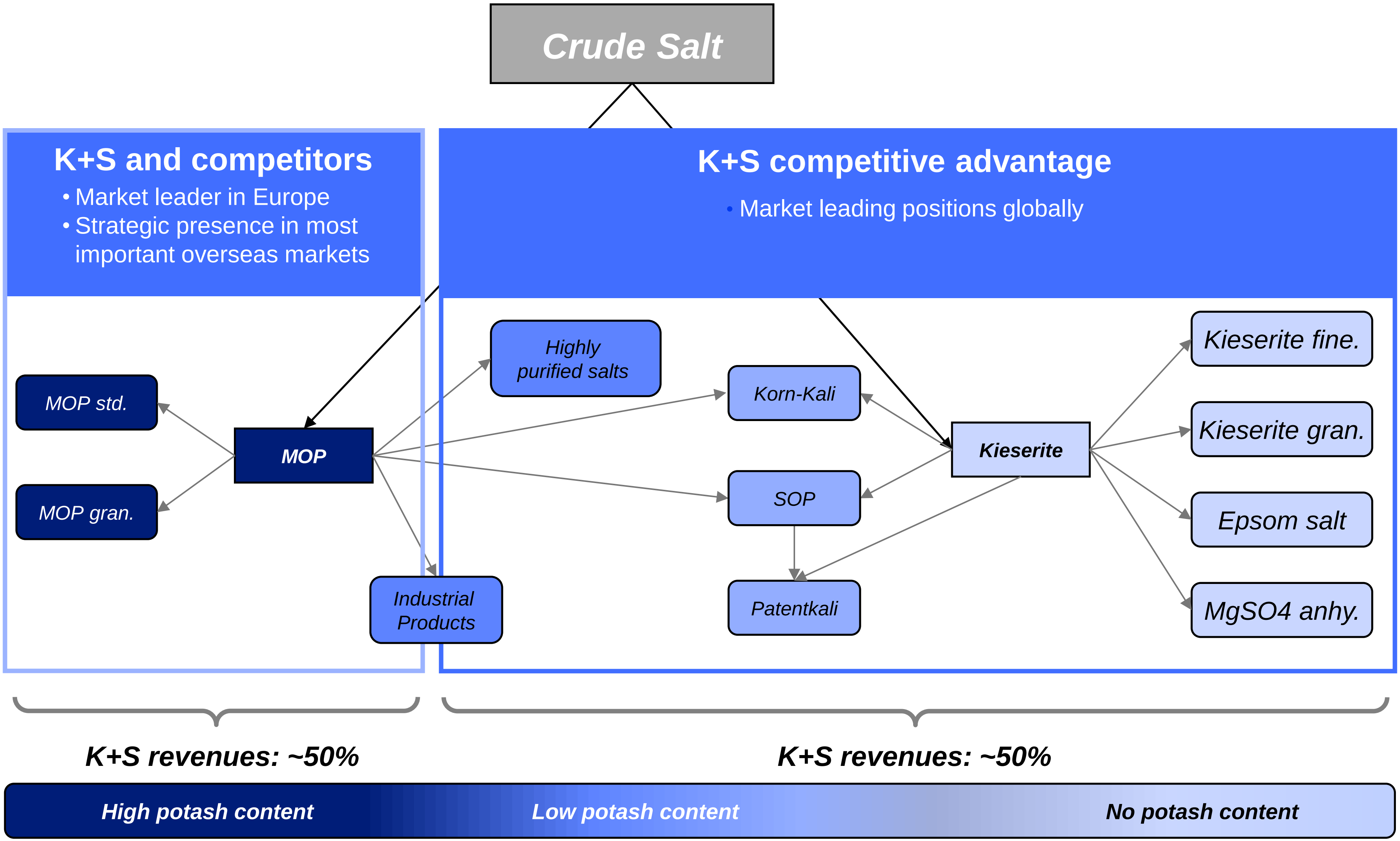
Non-potash containing
1.2m t



Potash containing
- 3.3m t MOP
- 2.5m t SOP + Lower potash content

- Strong and long-lasting customer relations
- Track record of being a reliable supplier
- Europe (~50% of revenues)
  - Established distribution network with short ways to our customers
  - Fragmented customer base with smaller order sizes
  - Serving broad portfolio of countries
- Overseas
  - Selective approach of markets fitting into our product portfolio
  - Competitve distribution costs to overseas locations

Broad Portfolio of Fertilizer Specialities



Next Steps

- We will continously monitor the competitive enviroment, include findings in our planning and prepare for potential changes
- Particular attention to improve cost efficiency in all parts of the Company will remain
- We have to balance short-term disruptions versus long-term growth opportunities
- A comprehensive evaluation of different scenarios is underway without haste in order to draw the right conclusions
- Our experienced management team is familiar with phases of market disruptions and knows how to deal with this
- Our focus will remain customer-oriented

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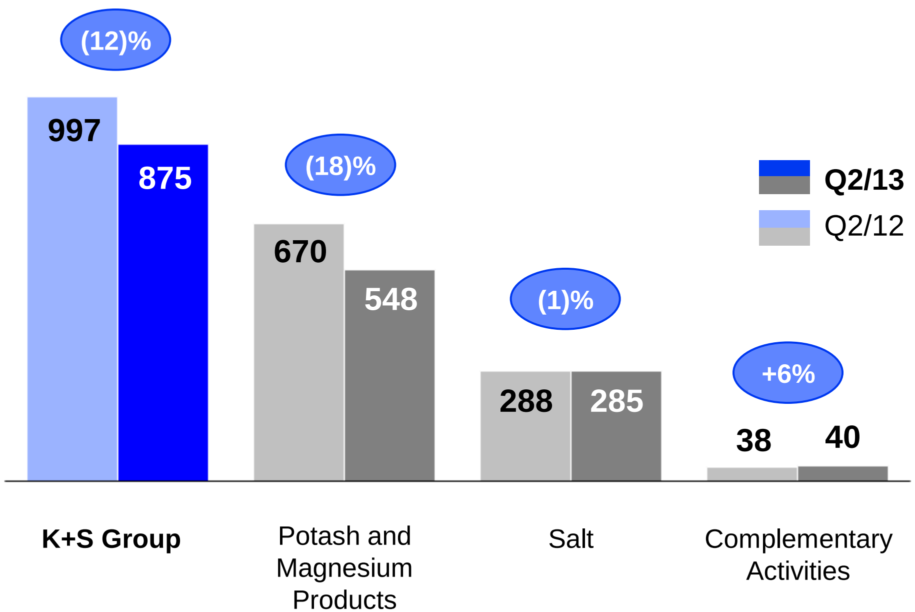
Revenues and EBIT I in Q2/13

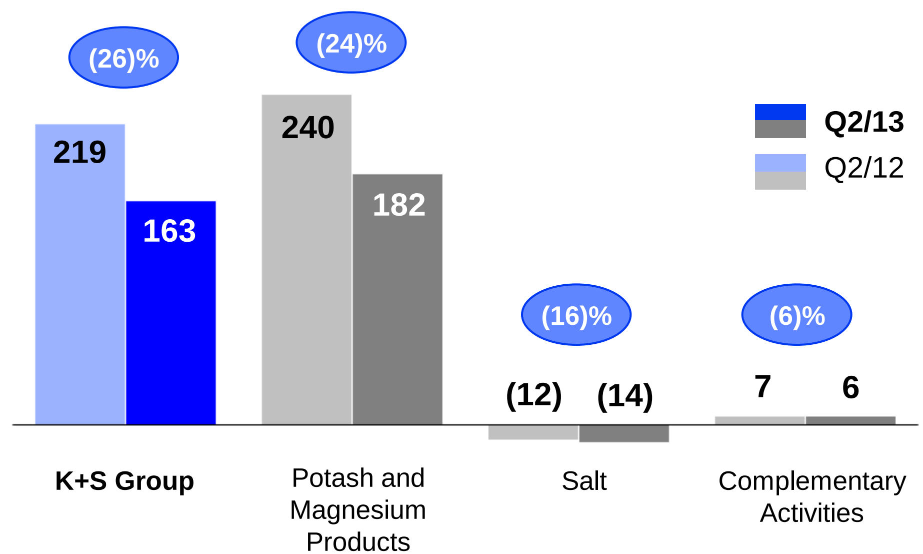
Revenues [1] (€ million)

- Decline in Group revenues mainly due to normalised sales volumes in the Potash and Magnesium Products business unit compared to exceptionally high sales volumes in Q2/12 and price-related effects
- Revenues in the Salt business unit remained stable



EBIT I [1] (€ million)

- Potash and Magnesium Products below last year due to a lower price level compared with the strong quarter a year ago as well as slightly lower sales volumes and slightly negative currency effects
- Salt: Decrease in earnings is particularly attributable to an expense related to the planned sale of a cargo and supply ship



[1] Continued operations

K+S Group
P&L in Q2/13[1)]

€ million	Q2/13	Q2/12	%
Revenues	**874.5**	**996.5**	**(12.2)**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**227.0**	**274.7**	**(17.4)**
Operating earnings (EBIT I)	**162.6**	**218.7**	**(25.7)**
Financial result	(17.5)	(24.1)	+ 27.4
Earnings before income taxes, adjusted[2)]	**145.1**	**194.6**	**(25.4)**
Adjusted Group tax rate (%)	26.7	27.8	–
Group earnings from continued operations, adjusted[2)]	**105.9**	**140.5**	**(24.6)**
Earnings after taxes from discontinued operations	–	9.6	–
Group earnings after taxes, adjusted[2), 3)]	**105.9**	**150.1**	**(29.4)**

[1)] Information refers to the continued operations of the K+S Group.
[2)] The adjusted key figures only include the result from operating forecast hedges of the respective reporting period reported in EBIT I, which eliminates effects from changes in the market value of the hedges. Related effects on deferred and cash taxes are also eliminated; average domestic Group tax rate for Q2/13: 28.5% (Q2/12: 28.5%).
[3)] Earnings from continued and discontinued operations.

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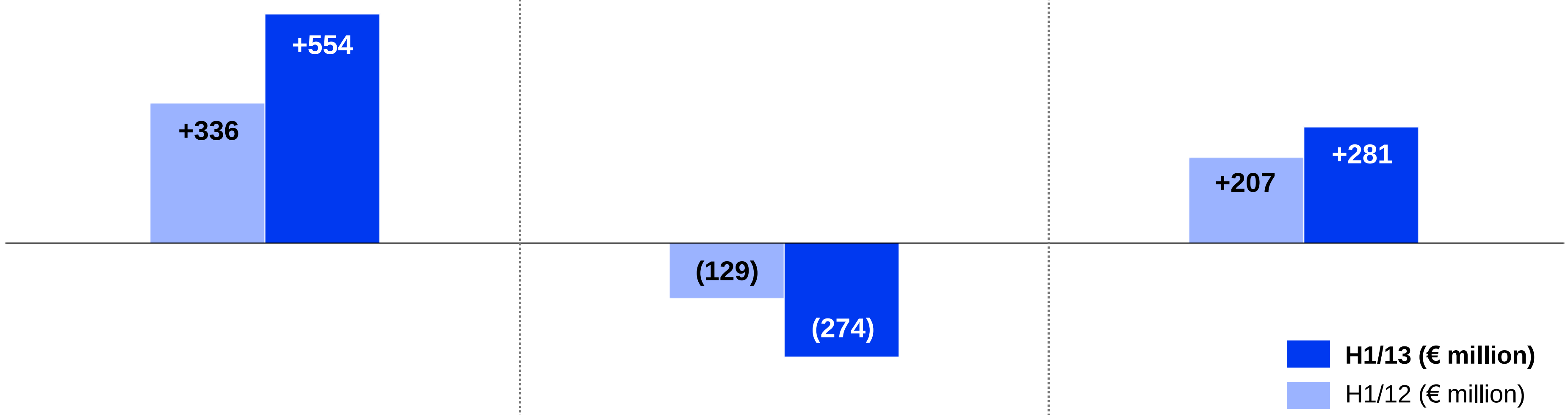
Cash Flow in H1/13[1)]

Cash flow from operating activities[2)]	Cash flow for investing activities[3)]	Free cash flow[2),3)]



- Increase driven by significantly lower tying up of working capital due to a reduction of receivables in the potash business and a decrease in inventories (Salt).
- Investing cash flow impacted by capex for package of measures for water protection and ramp-up of Legacy, both as expected

➔ Higher free cash flow

1) The information refers to the continued operations of the K+S Group.
2) Without out-financing of pension obligations in the amount of € (10.0) million in H1/13 (H1/12: € (6.9) million).
3) Without purchases/disposals of securities and other financial investments in the amount of € 63.1 million net in H1/13 (H1/12: € (204.0) million).

Balance Sheet

- Proven conservative approach with regard to our financial planning
- Balance sheet remains strong
- Freedom for comprehensive evaluation of developments without time pressure
- New credit line of € 1bn provides financial flexibility: No financial covenants

	Q2/2013	Q1/2013	2012
Net indebtedness / EBITDA	0.8x	0.6x	0.8x
Net indebtedness / Equity	23.1%	17.0%	24.4%
Equity ratio	52.5%	53.1%	51.4%

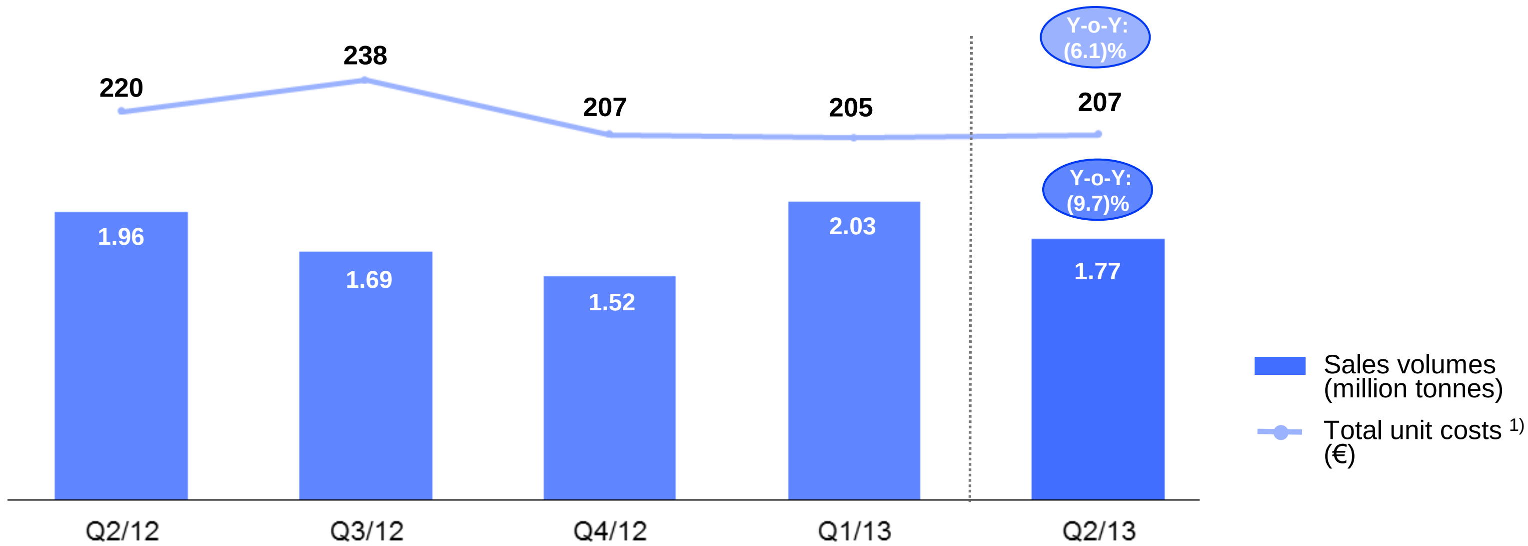
Potash and Magnesium Products
Volumes and Average Prices in Q2/13

	Q2/13	Q2/12	%	Q1/13	%
		Year on Year		Quarter on Quarter	
Volume (million t)	1.77	1.96	(9.7)	2.03	(12.8)
- Europe	0.89	0.85	+4.7	1.11	(19.8)
- Overseas	0.88	1.11	(20.7)	0.92	(4.3)
Average price (€ per t)	309.4	340.8	(9.2)	308.0	+0.5
- Europe (€ per t)	311.7	319.5	(2.4)	318.8	(2.2)
- Overseas (US$ per t)	401.0	457.7	(12.4)	389.5	+3.0

- Y-o-Y: Overall, sales volumes normalised compared to a very robust Q2/12. Average prices decreased, especially in Overseas markets, as prices for MOP came under pressure in 2013.

- Q-o-Q: After conclusion of Asian contracts at the beginning of the year, demand picked up quickly in Q1/13. In the second quarter, demand remained on a good level too, and prices remained stable compared to the preceding quarter.

Potash and Magnesium Products
Quarterly Cost Position



- Compared to one year ago, unit costs decreased to € 207 (Q2/12: € 220). Lower sales volumes in Q2/13 resulted in a significantly positive effect from changes in inventory compared to Q2/12. Additionally, positive currency effects and lower freight costs contributed to a decrease in unit costs.

1) Total unit costs are defined as revenues minus EBIT I divided by sales volumes.

Volumes and Average Prices in Q2/13

	Q2/13	Year on Year Q2/12	Year on Year %	Quarter on Quarter Q1/13	Quarter on Quarter %
Volume (million t)	2.96	2.98	(0.7)	8.91	(66.8)
- De-icing salt	0.77	0.60	+28.3	6.53	(88.2)
- Non de-icing salt	2.19	2.38	(8.0)	2.38	(8.0)
Average price (€ per t)					
- De-icing salt	52.1	49.6	+5.0	55.1	(5.4)
- Non de-icing salt	106.5	103.2	+3.2	99.5	+7.0

- Y-o-Y: Overall, stable sales volumes. De-icing salt sales increased significantly due to strong pre-season sales in Europe. Pricing benefitted from a positive regional mix effect as a higher portion of de-icing salt products was sold in Europe with higher average prices compared to North America.
- Q-o-Q: Sales volumes in Q2/13 decreased significantly as a result of the usual seasonal pattern in the de-icing salt business. Average prices per unit of de-icing salt decreased mainly due to pre-season deliveries in Q2 which are usually lower than during the season. In addition, there was price pressure in North America as customers' inventory levels were still high.

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Potash and Magnesium Products
Market Environment in Q2/13

- Demand for Potash and Magnesium Products picked up after the North American and Russian producers concluded contracts with Chinese and Indian customers at the beginning of the year in time for the spring season in Europe and North America as well as South America and South-East Asia

- Against this background, the international prices for potassium chloride stabilised over the course of the second quarter and were in line with the price level of the preceding quarter

- Price level for agricultural raw materials continued to offer attractive income prospects for farmers and therefore an incentive to use fertilizers

Salt

Market Environment in Q2/13

- **European de-icing salt business**
  Wintry weather at the start of the year resulted in above-average sales volumes. Early stocking-up demand for the 2013/14 winter season was therefore good. Prices were on the high level of a year ago, although some slight pressure was noticeable in some regions.

- **North American de-icing salt business**
  Market conditions in the de-icing salt regions of the USA and Canada normalised during the first quarter. Due to the mild winter 2012/13, customers still had relatively high stocks. As a result, tender price levels for the coming winter season came under pressure.

- **Industrial and food grade salt**
  Demand for industrial salt remained stable in South America and rose slightly in some regions of Europe. A slight price decrease had to be recorded in North America while prices increased slightly in Europe. Demand for food grade salt in Europe and in South and North America remained good. Prices in Europe remained stable.

- **Salt for chemical use**
  Demand for salt for chemical use in Europe continued to display relative weakness, demand on the North and South American markets remained more or less stable.

Revenues and Earnings Outlook 2013

- As a result of the announcement made by Russian Uralkali that it would exit the BPC sales organisation operated jointly with Belarusian Belaruskali and related statements on the part of Uralkali concerning the expansion of output, the uncertainty about the further development in the market for potash fertilizers increased significantly.

- Against this background and following the principle of prudence, we no longer stick to our outlook for 2013 to slightly increase the operating earnings EBIT I compared to 2012 (€ 804.1 million).

➔ **It is probable that the expected increase in earnings of the Salt business unit will not be sufficient to compensate for the decrease in earnings of the Potash and Magnesium Products business unit.**

- We will continuously monitor the competitive environment, include findings in our planning and prepare for potential changes.

Forward-looking Statements

This presentation 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 not to be correct or should certain risks – such as those referred to in the Risk Report – materialise, actual developments and events may deviate from current expectations. The Company assumes no obligation to update the statements, save for the making of such disclosures as are required by the provisions of statute.

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