PROVIDING SOLUTIONS

3rd Quarter 2013 Results · Investor and Analyst Conference Call

14 November 2013, 2:00 p.m. CET

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K+S Group
Highlights

- **K+S Group**
  - EBIT I in the first 9 months € 556m (-11%)
  - “Fit for the future” programme initiated
  - Group guidance resumed: EBIT I of more than € 600m for 2013 expected
- **Potash and Magnesium Products business unit**
  - Sales volumes in Q3 with 1.63m tonnes somewhat down YoY
  - Average portfolio prices declined tangibly both YoY (-16%) and QoQ (-10%)
  - Uncertainty amongst customers remains
  - Loss of production from Unterbreizbach will not be compensated by other sites
- **Salt business unit**
  - Good early stocking-up in Europe
  - Non-recurring effects from the first half and further adjustment measures to clean the deck will lead to a below-average full-year EBIT I

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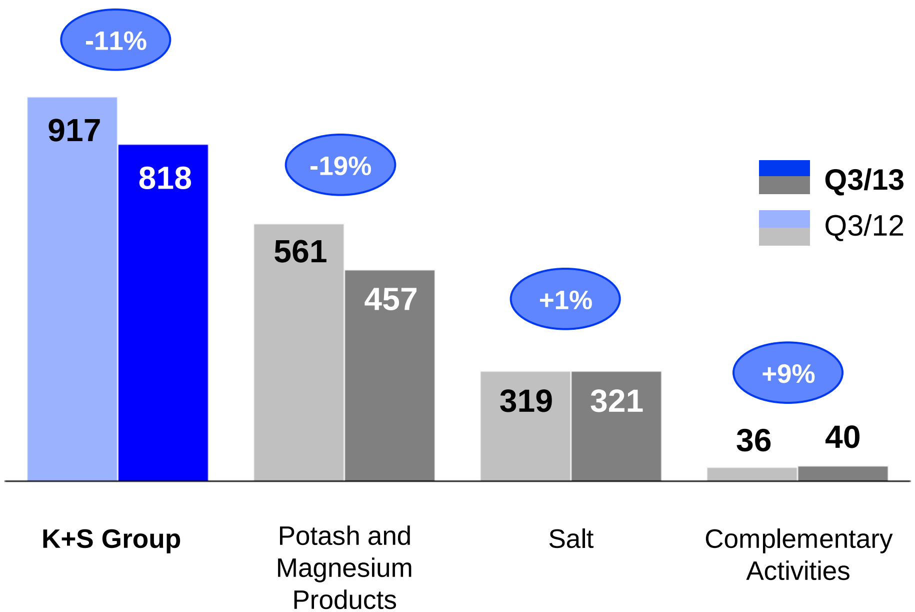
K+S Group
Revenues and EBIT I in Q3/13

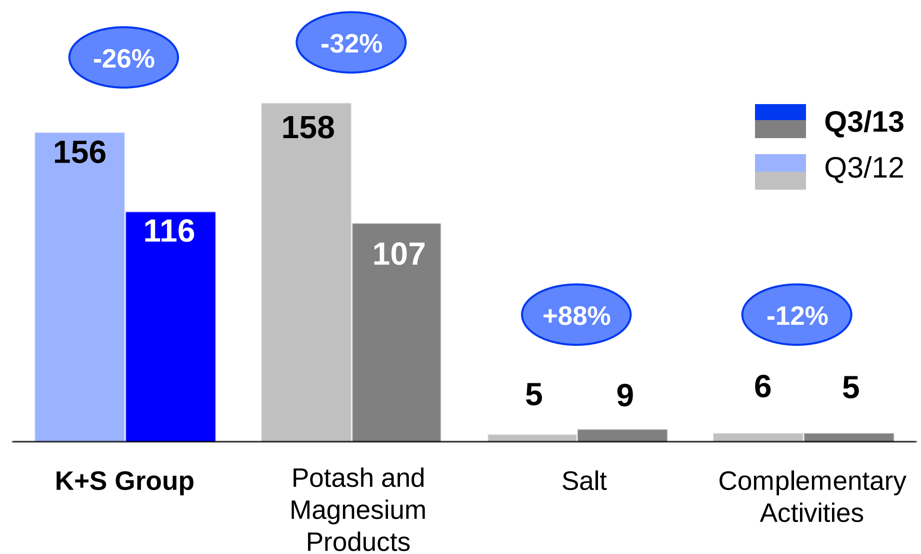
Revenues [1)] (€ million)

- Group: Positive volume effects in Salt could not offset negative price effects in Potash
  - Potash: Negative price and volume effects of -19 %
  - Salt: Positive volumes (+7%) offset by Fx effects (-5%) and pricing (-1%)



EBIT I [1)] (€ million)

- Potash: Negative price effects dropping through to EBIT I
- Salt: Higher volumes due to good early stocking-up in Europe



[1)] Continued operations

K+S Group
P&L in Q3/13

€ million	Q3/13	Q3/12	%
Revenues	**817.7**	**916.6**	**-10.8**
EBITDA	**175.6**	**212.8**	**-17.5**
EBIT I	**115.8**	**155.7**	**-25.6**
Financial result	-21.4	-21.7	+1.4
Earnings before income taxes from cont. operations, adjusted[1)]	**94.4**	**134.0**	**-29.9**
Adjusted Group tax rate (%)	24.2	26.8	–
Group earnings from continued operations, adjusted[1)]	**71.6**	**98.3**	**-27.2**

[1)] 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 Q3/13: 28.5% (Q3/12: 28.5%).

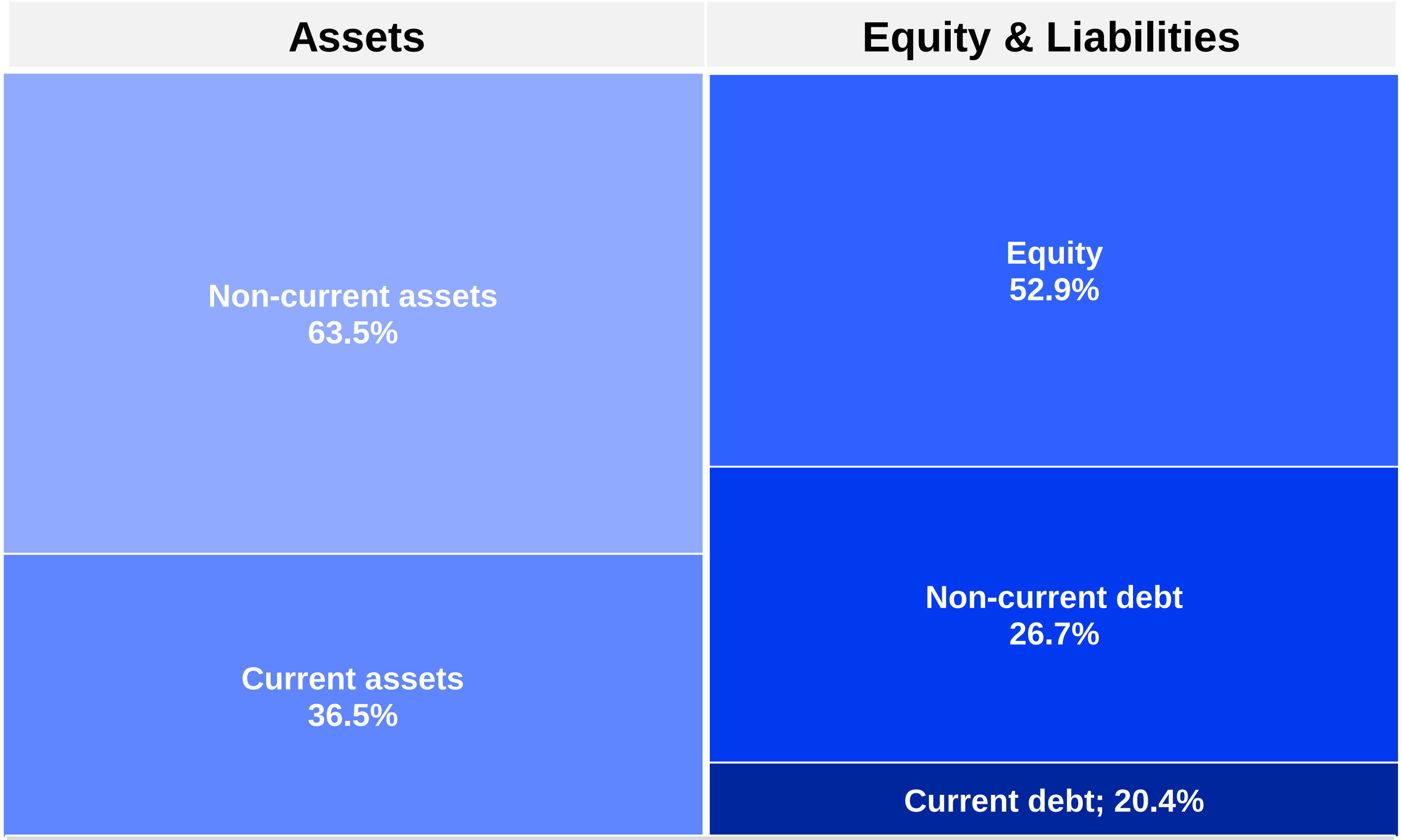
Cash Flow in 9M/13[1)]

	€ million	9M/13	9M/12
As reported	**Operating cash flow**	**617.6**	**464.9**
	- Investing cash flow	-352.8	-787.4
	Free cash flow	**264.8**	**-322.5**
Adjusted	**Operating cash flow pre-funding plan assets**	**631.4**	**475.0**
	- Investing cash flow pre-purchases/disposals securities	-458.0	-223.1
	Adjusted free cash flow	**173.4**	**251.9**

- Higher operating cash flow despite higher cash taxes
  - Lower inventories (Salt)
  - Lower receivables (Potash and Salt)
- Investing cash flow affected by higher CapEx mainly due to Legacy and Werra package of measures

[1)] Information refers to the continued operations of the K+S Group.

K+S Group
Balance Sheet



Balance sheet total (30.09.2013): € 6.490,8 milion

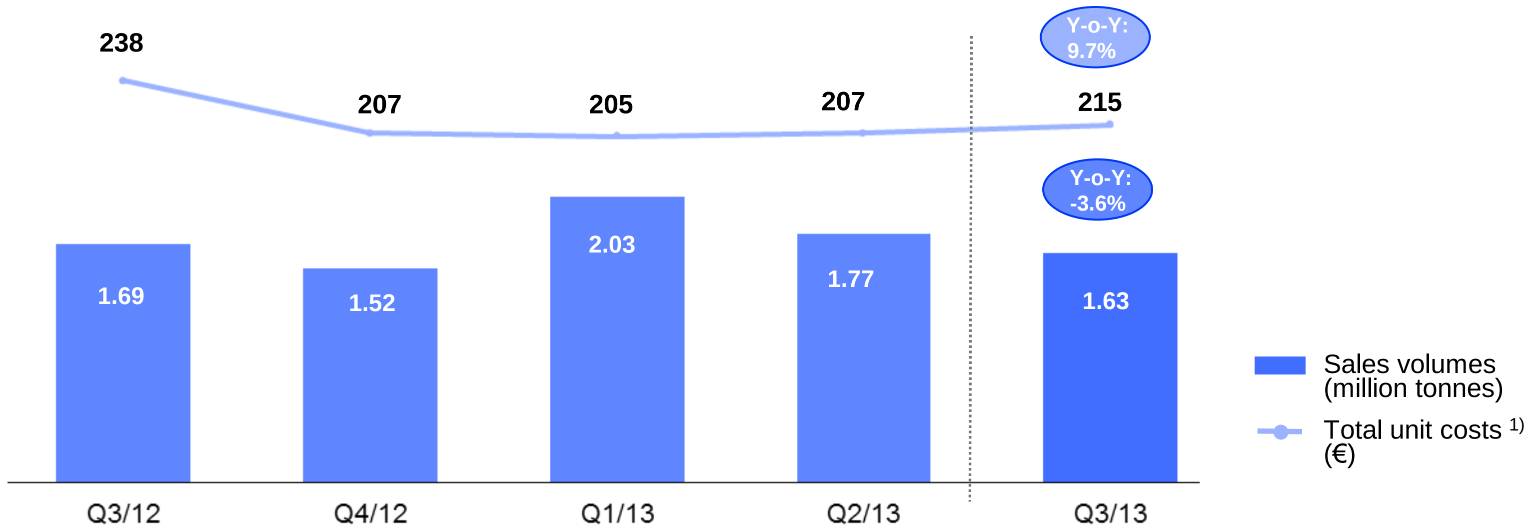
	Q3/2013	Q2/2013	2012
Net indebtedness / EBITDA (LTM)	0.9x	0.8x	0.8x
Net indebtedness / Equity	26.3%	17.0%	24.4%
Equity ratio	52.9%	52.5%	51.4%

Potash and Magnesium Products
Volumes and Average Prices in Q3/13

	Year on Year			Year on Year	
	Q3/13	**Q3/12**	**%**	**9M/13**	**%**
Volume (million t)	1.63	1.69	-3.6	5.43	-
- Europe	0.77	0.85	-9.4	2.77	+3.4
- Overseas	0.86	0.84	+2.4	2.66	-3.3
Average price (€ per t)	280.4	332.3	-15.6	300.2	-10.0
- Europe (€ per t)	301.3	315.7	-4.6	311.7	-2.8
- Overseas (US$ per t)	346.3	436.5	-20.7	379.6	-14.4

- Q3/13:
  - Slight decrease in volumes due to market uncertainties
  - European volumes weaker in Q3 due to strong H1
  - Tangible decline in average portfolio price driven by overseas markets
- 9M/13:
  - Volumes on par with first nine months 2012 due to strong H1
  - Price decline in Q3 negatively affecting average year-to-date prices

Potash and Magnesium Products
Quarterly Cost Position



- YoY: Improvement due to lower energy costs, volume-related freight costs as well as favourable Fx-effects
- QoQ: Increase on a per tonne basis due to lower volumes

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

Salt
Volumes and Average Prices in Q3/13

	Q3/13	Q3/12	%	9M/13	%
		Year on Year		Year on Year	
Volume (million t)	3.65	3.34	+9.0	15.53	+24.0
- De-icing salt	1.41	1.11	+27.0	8.72	+52.2
- Non de-icing salt	2.24	2.23	+0.4	6.81	+0.6
Average price (€ per t)					
- De-icing salt	51.9	51.7	+0.4	54.3	+5.8
- Non de-icing salt	104.4	110.0	-5.1	103.3	-2.8

- Q3/13 :
  - De-icing volumes up thanks to high early stocking-up in Europe
  - Pricing improved in Europe in de-icing, stable in overseas
  - Non de-icing pricing down 5% due to regional mix shifts and changed product mix
- 9M/13 :
  - De-icing volumes driven by strong wintry conditions in Q1/13 especially in Europe and good early stocking-up in Europe

Content

We Aim to be Better

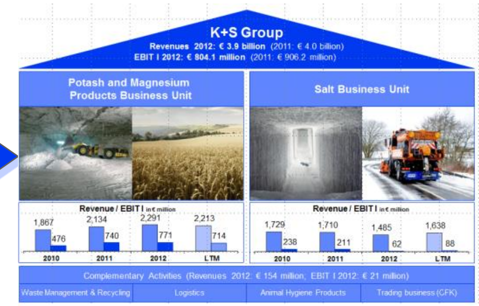
We must become more efficient and improve our structures.
Changes are needed on two levels:

- Cost structure
- Organisational structure

Making our Company more robust

K+S Group
Acquisitions and Divestments Have Significantly Changed the Structure of the Group

- 2004: Full acquisition of esco
- 2006: Acquisition of SPL (Chile)
- 2009: Acquisition of Morton Salt (USA)
- 2011: Acquisition of Potash One (Canada); Disposal of COMPO
- 2012: Sale of K+S Nitrogen

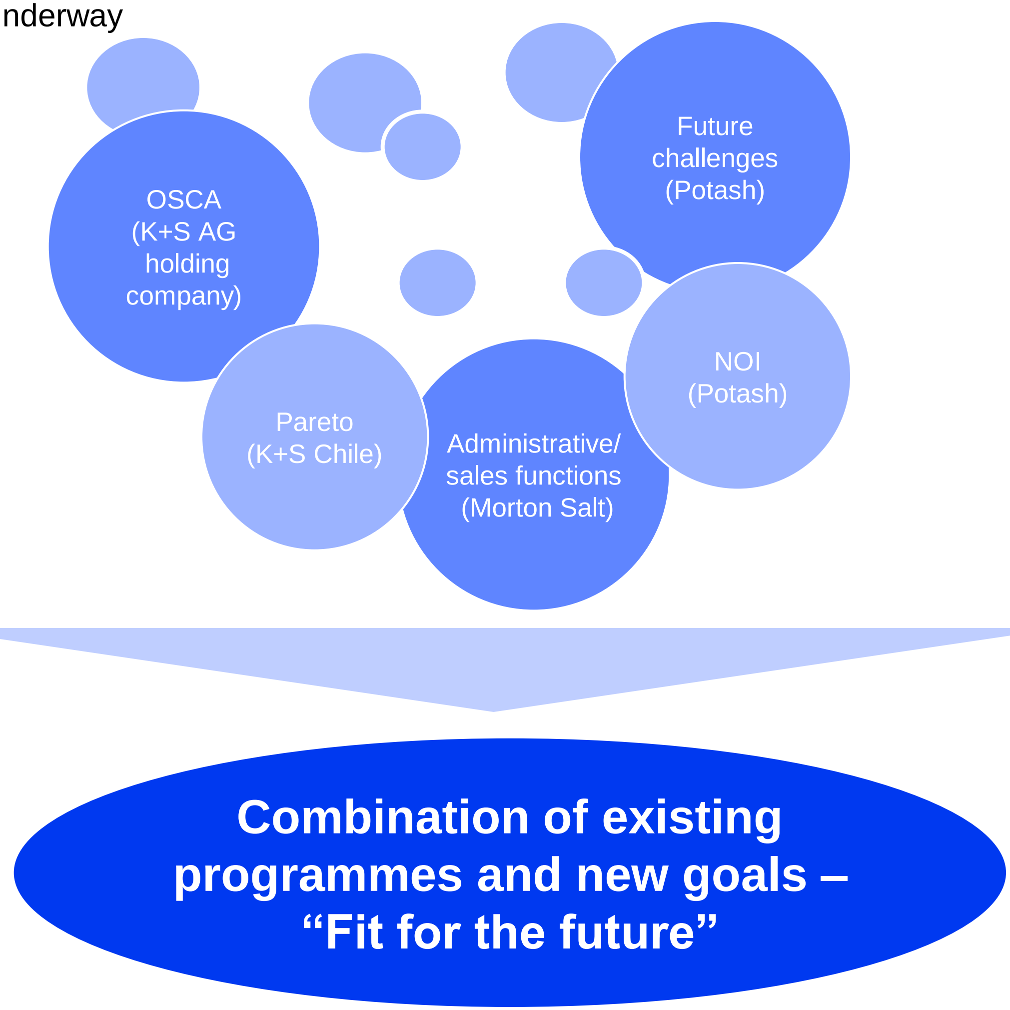


- We have made progress, focused our business model and broadened our international base
- We are continuously working on further improvements in processes and work organisation in many areas and regions

➔ **Further adjustments in the organisational structure are necessary**

Efficiency Improvement Programmes Have already been Started – But We Need to do More

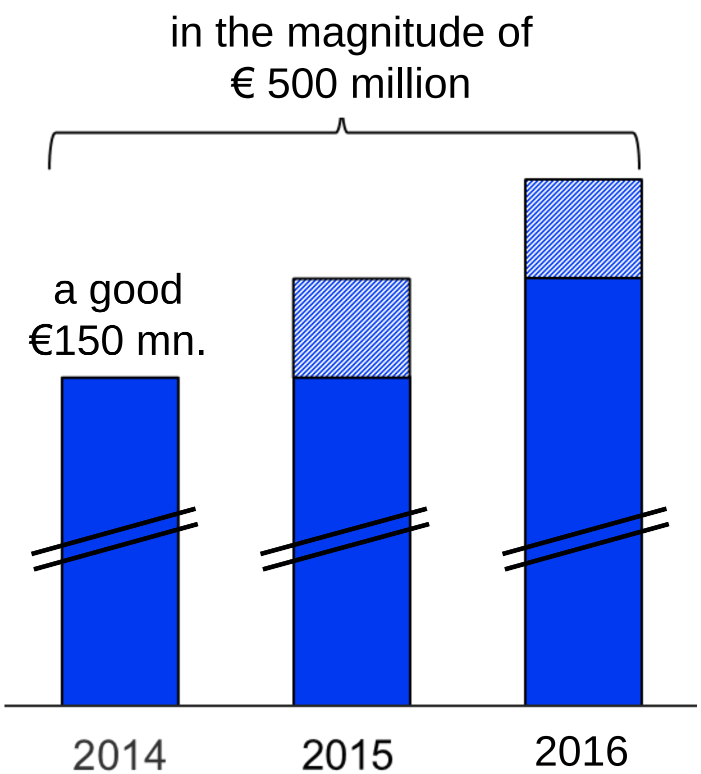
Selected projects already underway



- Effects and measures of existing programmes also contribute
- New challenging goals exceed our previous ambitions

Cost Reductions will be Sustainable

Cost reductions
(schematic representation)



- Our goal is, starting in **2016**, to realise cost reductions by **sustainable measures** only.
- For **2014** and **2015, combination** of **structural** and **short-term measures**.
- The **Potash and Magnesium Products** business unit contributes more than half, the **Salt** business unit about a third of the savings.
- The remaining amount we expect from the **Complementary Activities,** the **Holding** and the **IT department.**

Our goal is to sustainably increase corporate value over the medium term.

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Comprehensive List of Measures for all Levels and Functions (examples)

Here are a few examples for various areas:

- **Production:** centralisation of production control in the mines with modern online technology; optimisation of maintenance procedures and processes
- **Marketing and Sales:** optimisation of order processes in sales and along the supply chain to increase efficiency and improve customer service
- **Logistics:** optimisation, e.g. use a more streamlined logistics network
- **Administration:** review of double functions within the entire Group and pooling of cross-divisional functions; critical assessment of material costs, including, for example, a reduction of the budget allocated to external services

- The focus is on reducing material costs. We are, however, also including considerations that could lead to reducing employee numbers.
- **One thing is clear: Under no circumstances will we compromise safety.**

Making K+S Fit for the Future to Achieve Our Goals

1.
Improve our cost situation

2.
Strengthen our earnings power and financial strength

3.
Implement our Legacy Project

Increase our international competitiveness

Content

K+S Group
Market Outlook

Potash and Magnesium Products business segment

- Uncertainty amongst customers after Uralkali's exit from BPC still prevailing
- The level at which prices will stabilise still difficult to assess
- However, first tentative signs of bottoming out in some regions
- Producers adjusting production planning for 2013 downwards
- World potash sales volume now expected at 56 million tonnes[1)]

Salt business segment

- Assumption of multi-year average sales volumes for de-icing salt over the remaining months of the year
- Taking into account the de-icing salt business for the first half of the year as well as the good early stocking-up business in the last two quarters, expectation of significantly higher sales volumes compared to below-average demand in 2012
- Demand for food grade salt in both Europe and North America should largely remain stable in 2013
- Salt consumption in Asia for the chemical industry continues to grow considerably

1) Incl. potassium sulphate and potash grades with lower K_2O content of around 3 million tonnes eff.

Outlook 2013

Underlying assumptions	
Potash and Magnesium Products	**Salt**
• Sales volumes of roughly 6.8 million tonnes • Tangible decrease in average portfolio prices	• A good 22 million tonnes crystallised salt • Thereof a good 13 million tonnes de-icing salt
Average exchange rate: 1.33 USD/EUR and 1.36 CAD/EUR	

Revenues	**On last year‘s level (2012: € 3.9 billion)**
EBIT I	**More than € 600 million**
Net profit	**Just below € 400 million**
CapEx	**~€ 800 million**
Dividend	▪ **Earnings-based: 40-50% of adjusted earnings after taxes** ▪ **A temporary deviation from that policy cannot be ruled out**

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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