

K+S Aktiengesellschaft

FY/Q4 2016 – Conference Call

March 16th, 2017

Dr. Burkhard Lohr, CFO



Experience growth.

Legacy Project: Production of 1st Ton in Q2/17



- Rail connection completed
- Rail and harbor facilities almost complete
- **Capacity of 2 million tons p.a. by the end of 2017 ramping up to 2.86 million tons p.a. by 2023**
- **Unchanged budget of EUR ~3.1 billion due to positive currency development**
- **Positive EBITDA in 2018**



2017/2018

- ✓ **Deep-well injection permit (Werra) granted until 2021**
 - Volume 1.5 million m³ p.a. including numerous ancillary provisions
 - Situations of low water levels remain challenging especially in 2017
- ✓ **Continuous implementation of measures to limit production standstills**
- **Commissioning of KCF¹⁾ to reduce saline wastewater from Werra plant by 1.5 million m³ to 5.5 million m³ expected to have a positive impact on disposal situation**
- **Expansion of tailings pile capacity Hattorf (Werra)**

2019 and beyond

- **Expansion of tailings pile capacity at Wintershall (Werra) and Zielitz**
- **Extention of Werra river injection permit**
- **Implementation of sustainable environmental solutions**
 - Oberweserpipeline
 - Underground storage (currently being analyzed)
 - Coverage of tailings piles

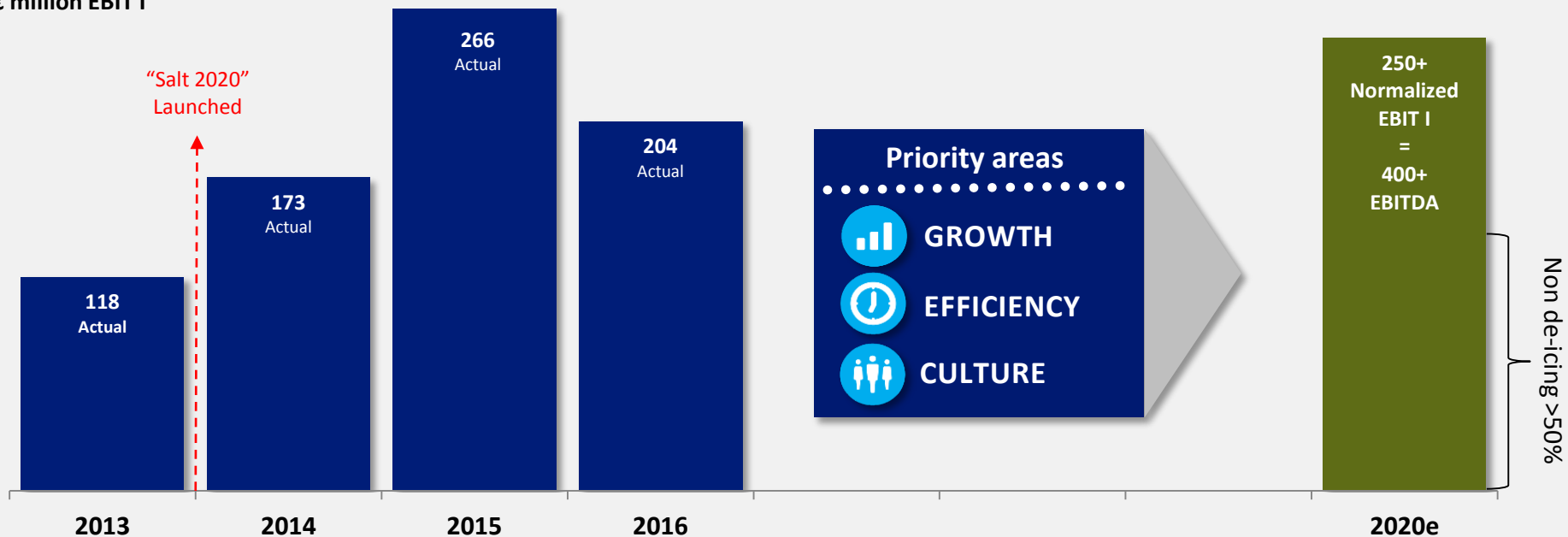
¹⁾ Kainite Crystallization and Flotation Facility

Salt

“Salt 2020” On Track

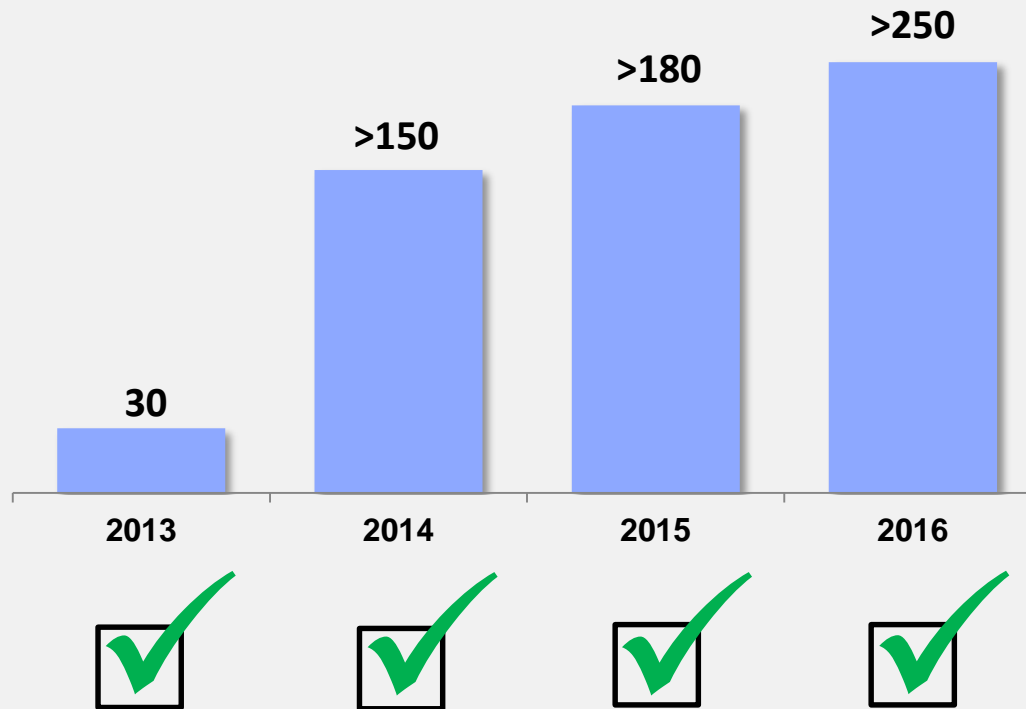


€ million EBIT I



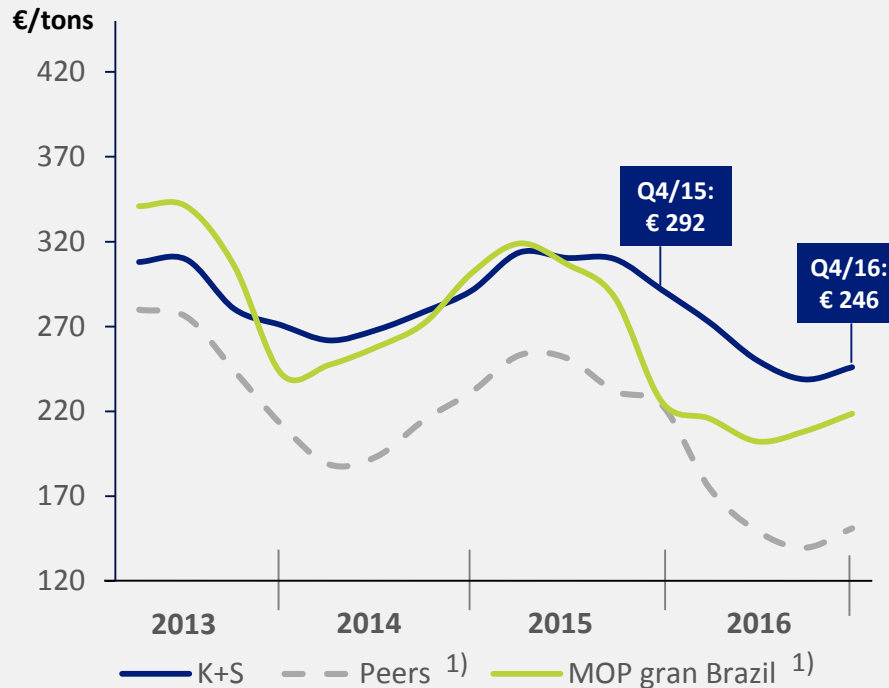
Cost Discipline Will Remain High

€ million



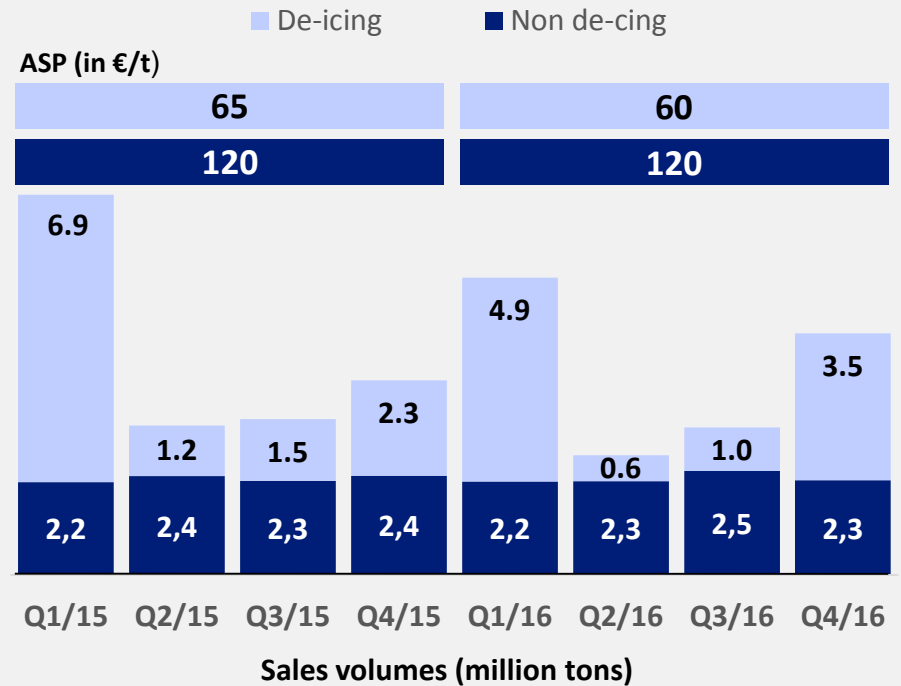
- **“Fit for the Future” successfully completed**
 - Measures implemented will continue beyond 2016 with full effects by 2018
- **Additional measures beyond “Fit for the Future” initiated**
 - Results in 2017 and 2018

Potash and Magnesium Products



- ➔ Strong demand
- ➔ Prices improving slightly

Salt



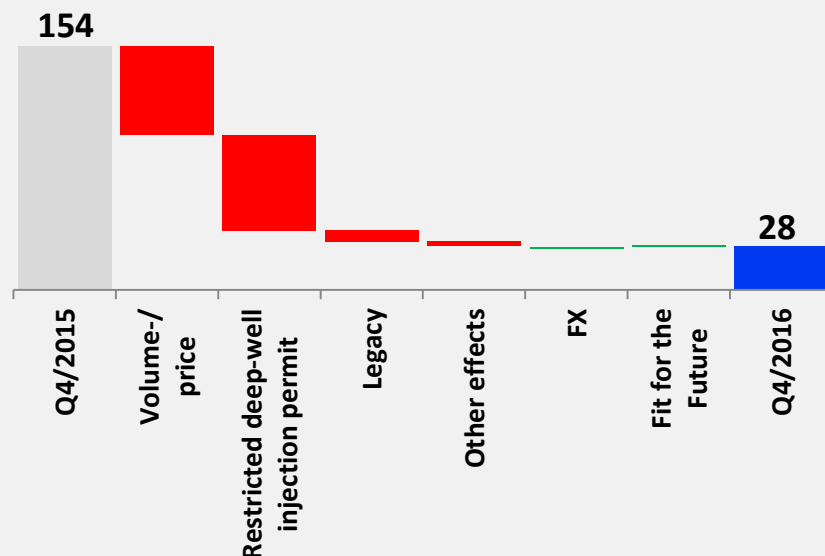
- ➔ De-icing well below FY 2015 and long-term averages; sound Q4/16 in North America
- ➔ Stable volume and price development in Non de-icing

¹⁾ Prices in USD converted into Euro with quarterly average Fx-rates.

FY 2016 and Q4/16 Overview

Highlights

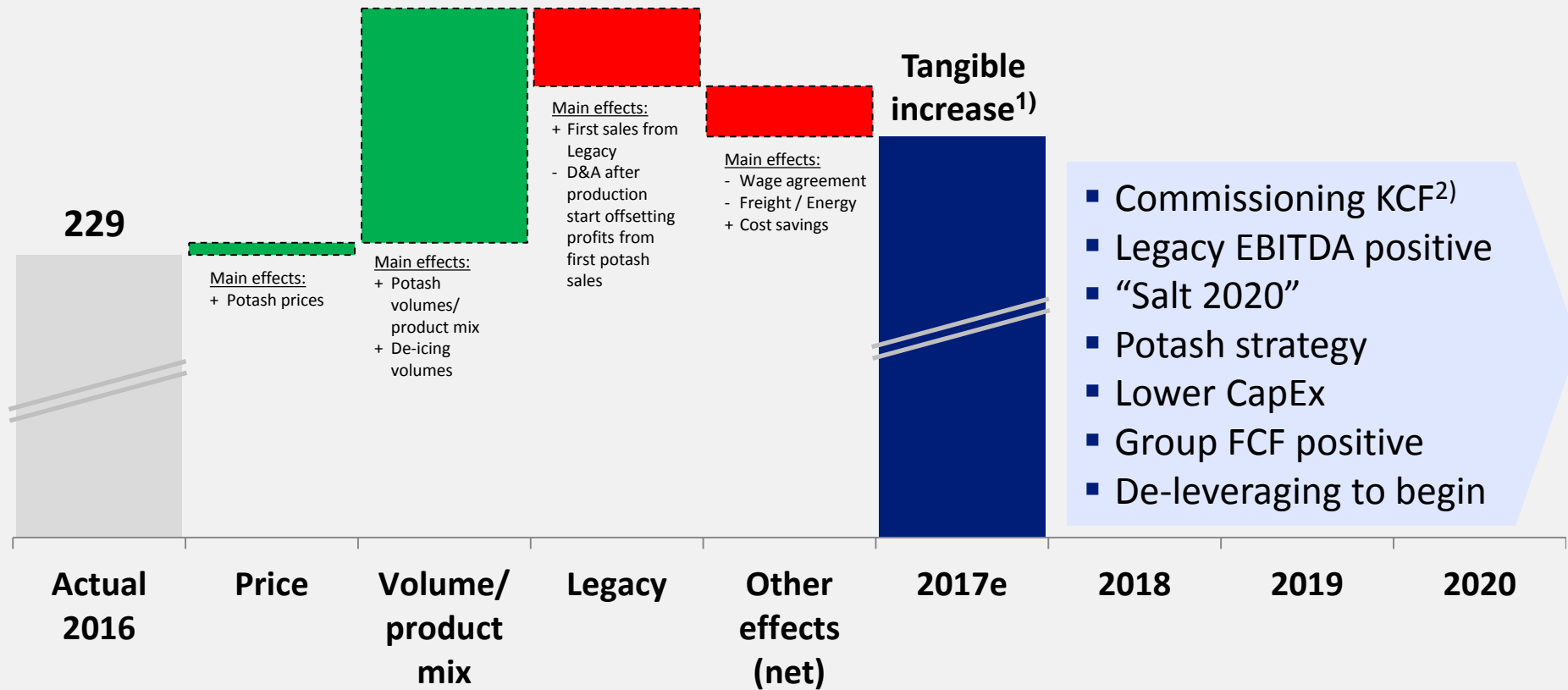
- Salt EBIT up 49% YOY in Q4/16
- Potash negatively affected due to lower prices and restricted deep-well injection permit
- Dividend proposal of € 0.30 per share



Financials

€ million	Q4/15	Q4/16	YoY
Revenues	993	941	-5%
EBITDA	228	94	-59%
EBIT I	154	28	-82%
t/o Potash	127	-35	-
t/o Salt	39	58	49%
	FY 2015	FY 2016	YoY
Revenues	4,176	3,457	-17%
EBITDA	1,058	519	-51%
D&A	276	290	-
EBIT I	782	229	-71%
Adjusted net profit	542	131	-76%
Adjusted EPS (€)	2.83	0.68	-
Proposed DPS (€)	1.15	0.30	-

€ million



¹⁾ Based on average weather conditions for the rest of 2017. Dry periods could have a severe impact on earnings of the Potash and Magnesium products business unit

²⁾ Kainite Crystallization and Flotation Facility

Salt 2020



GROWTH

- Market share growth
- New segments
- New regions
- EBITDA of € 400 million+ by 2020



EFFICIENCY

- Cost discipline
- Business and technical processes
- Supply chain and distribution network improvements



CULTURE

- Safety first!
- Remove silo thinking
- Transparency/trust
- High performance and engaged workforce

Potash Strategy

We understand the challenges of our customers and provide products & services around minerals. We are thereby pioneers for innovative solutions on the basis of our expertise.



Products

- Recognize market trends early
- Provide services valued by customer

Distribution network

- Market concepts according to customer needs
- Internationally present

Digitalization

- Digitalization as chance to strengthen our competitive position

Product Quality

- Provide quality according to customer requirements
- Set standards for special applications

Growth areas

- Product differentiation
- Add complementary products to our portfolio

Innovation

- Commit resources to innovation

Production network

- Proximity to markets
- Utilize local cooperations

Culture

- Foster individual responsibility
- Support individual development

Earnings

- EBITDA € 1.2 billion by 2020

€ 1.6 billion EBITDA by 2020

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