K+S Group
K+S Group

Global Presence¹

Employees by region 2017

<table>
<thead>
<tr>
<th>Region</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>70%</td>
</tr>
<tr>
<td>North America</td>
<td>22%</td>
</tr>
<tr>
<td>South America</td>
<td>5%</td>
</tr>
<tr>
<td>Rest of Europe</td>
<td>3%</td>
</tr>
<tr>
<td>Asia</td>
<td>1%</td>
</tr>
</tbody>
</table>

¹ Revenues by region 2017
K+S Group

Our Products

<table>
<thead>
<tr>
<th>Potash and Magnesium Products</th>
<th>Salt</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industrial products</strong></td>
<td></td>
</tr>
<tr>
<td><img src="image" alt="KCl (MOP)" /></td>
<td></td>
</tr>
<tr>
<td><img src="image" alt="Industrial products" /></td>
<td></td>
</tr>
<tr>
<td><img src="image" alt="Specialties" /></td>
<td></td>
</tr>
<tr>
<td><img src="image" alt="KCl (MOP)" /></td>
<td></td>
</tr>
</tbody>
</table>

**in % sales volumes, FY 2017**

**Potash and Magnesium Products**

- Industrial products: 40%
- Specialties: 12%
- KCl (MOP): 48%

**Salt**

- Food processing: 6%
- Consumer: 7%
- Salt for chemical use: 16%
- Industrial: 18%
- De-icing: 53%

K+S Group Potash and Magnesium Products | Salt | Production | Financials | Investor Relations
Adding value along our entire supply chain

**Exploration**
Our potash and salt deposits came into being millions of years ago. They are either our property or we have corresponding rights or approvals that allow the extraction or solution mining of the raw material reserves.

**Mining**
We extract raw materials in conventional mining above and below ground as well as through solution mining. We also use the power of the sun and extract salt by evaporating sea water or saline water.

**Production**
The refining of raw materials is one of our core competencies. Above ground, the crude salt is processed in complex, multi-phase, mechanical or physical processes, with the natural properties of the mineral remaining unchanged.

**Logistics**
The long-term securing of freight capacity is of strategic importance to us. A large part of our international transport volume is forwarded by service providers with which we maintain long-standing partnerships.

**Sales/Marketing**
The K+S Group wants to be its customers’ preferred partner in the market. High product quality and reliability are decisive preconditions for this. K+S offers a comprehensive range of goods and services for agriculture, industry and private consumers.

**Application**
Our customers apply our products, use our raw materials in their processes or process them in their products. We make extensive product information available and advise our customers on the application of our products.
K+S Group

Board of Executive Directors

Dr. Burkhard Lohr
CEO

Thorsten Boeckers
CFO

Mark Roberts
COO
K+S Group

Key Financials

**Revenues (€ billion)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.9</td>
<td>3.8</td>
<td>4.2</td>
<td>3.5</td>
<td>3.6</td>
</tr>
</tbody>
</table>

**EBITDA (€ million)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>907</td>
<td>896</td>
<td>1,058</td>
<td>519</td>
<td>577</td>
</tr>
</tbody>
</table>

**EBITDA Margin (%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>23</td>
<td>23</td>
<td>25</td>
<td>15</td>
<td>16</td>
</tr>
</tbody>
</table>

**FCF (adjusted) vs. Net Debt/EBITDA**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.2</td>
<td>1.8</td>
<td>2.3</td>
<td>-777</td>
<td>-390</td>
</tr>
</tbody>
</table>
**Dividend Policy**

- **Earnings-based dividend policy**
- **Payout ratio of 40 – 50% of adjusted net profit**
- **Dividend 2017: € 0.35 per share**

1 Based on year-end share prices
We will be the most customer-focused, independent minerals company and grow our EBITDA to € 3 billion in 2030 by ...

- **'One Company'**: thinking and acting as 'One Company' and realizing synergies between our businesses
- **Tapping the full potential of our existing assets**: and establish the most value-creating portfolio combination
- **Exploring new adjacent growth areas**: pursuing growth by venturing into new markets where we can use our existing capabilities
- **Increasing the share of our specialties business**: to ensure an overall stabilized performance and reduce our dependency on standard products and weather
We will implement our strategy in two phases

**Phase 1: Transformation**

- Reduce indebtedness
- Realize synergies
- Advance corporate culture
- Shaping the organization and focusing towards our clients

**Key Milestones Phase 1**

- Net debt/EBITDA halved vs. H1/2017
- Synergies > €150m
- Investment grade rating achieved in 2023
- EBITDA target €3bn
- ROCE > 15%
- Revenue growth beyond 2030 > 4%

**Phase 2: Growth**

- Tapping the full potential of our existing assets
- Exploring new adjacent growth areas
- Increased share of specialties

**Key Milestones Phase 2**

- Net debt/EBITDA halved vs. H1/2017
- Synergies > €150m
- Investment grade rating achieved in 2023
- EBITDA target €3bn
- ROCE > 15%
- Revenue growth beyond 2030 > 4%
Phase I: Building a basis for our growth options

Divisional Silos

Matrix

Board of Executive Directors
- COO Group
- CEO Group
- CFO Group

- Head of Human Resources
- Head of Corporate Development
- Head of Corporate Controlling
- Head of Corporate Communications

Customer Segments
- Agriculture
- Industries
- Consumers
- Communities

Operations
- Head of Operations Excellence
- Marketing & Sales Committee
- Operations Excellence Committee

Operating Unit | Function | Executive Committee
---|---|---

K+S Group
- Potash and Magnesium Products
- Salt
- Production
- Financials
- Investor Relations
K+S Group

Synergies

SHAPING 2030

Leverage synergies

<table>
<thead>
<tr>
<th>Synergies</th>
<th>Sponsor</th>
<th>Net synergies YE 2020 (vs. 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SG&amp;A Optimization</td>
<td>CEO</td>
<td>~ €30m</td>
</tr>
<tr>
<td>Operations</td>
<td>COO</td>
<td>&gt; €50m</td>
</tr>
<tr>
<td>Procurement</td>
<td>CFO</td>
<td>&gt; €30m</td>
</tr>
<tr>
<td>Supply Chain and Logistics</td>
<td>COO</td>
<td>&gt; €20m</td>
</tr>
<tr>
<td>Commercial Excellence</td>
<td>COO</td>
<td>&gt; €20m</td>
</tr>
</tbody>
</table>

∑ > €150m
Total costs for synergy program: ~ €150m (end of 2020)
K+S Group

Phase II: Important megatrends

- **8.5bn**
  - Global population in 2030
- **0.2**
  - Average global warming (°C)

Implications for K+S

- **40%**
  - Of population suffer from water shortage by 2030
- **5.4bn**
  - People belonging to the middle class by 2030

- **70% of water used for agriculture**
- **2015: 3.0bn**

- **Today: 7.3bn**
- **Per decade**

- **Arable land shrinking**
- **Yield needs to be improved**
- **Higher efficiency of fertilization and irrigation needed**
- **Plants have to be more stress resistant**
- **Infrastructure needs to be improved → focus on renewable energy**
- **Growing population, especially in Asia, needs more salt for various purposes**
Our steps to achieve financial target

**Assumptions**

- **Existing business 2030**
  - Forecast existing business based on sales growth, price development (updated potash price model), inflation, production capacity, environmental costs etc.

- **Realizing synergies**
  - At least €150 million through realization of synergies by 2020

- **Growth options**
  - Realization of organic as well as inorganic growth options

**ROCE**

- **13%**
- **>15%**

**EBITDA (€ bn)**

- ~1.8
- >3

Realization of synergies as well as organic and inorganic growth options will significantly contribute to closing the gap and achieving the target!
K+S Growth Landscape

Geo-expansion

Africa

Fertilizer

Increase of fertilizer specialties

Ramp of low-cost commodities

Industry

Expand Pharma & Food portfolio

Chemical applications

Growth areas and ideas cover core and adjacent businesses
## K+S sustainability KPIs and targets 2030 – People

<table>
<thead>
<tr>
<th>PEOPLE</th>
<th>Goal</th>
<th>KPI</th>
<th>Target by 2030 at the latest</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Health &amp; Safety</td>
<td>Lost time incident rate (LTIR)</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Vision 2030</td>
</tr>
<tr>
<td></td>
<td>Diversity &amp; Inclusion</td>
<td>Employees’ favorable perception of inclusive work environment (percent)</td>
<td>&gt;90</td>
</tr>
<tr>
<td></td>
<td>Human Rights</td>
<td>Sites covered by a human rights due diligence process (percent)</td>
<td>100</td>
</tr>
</tbody>
</table>
### K+S sustainability KPIs and targets 2030 – Environment

<table>
<thead>
<tr>
<th>Goal</th>
<th>KPI</th>
<th>Target by 2030 at the latest</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ENVIRONMENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Water</strong></td>
<td>Deep-well injection of saline wastewater in Germany (m³ p.a.)</td>
<td>0 starting January 2022</td>
</tr>
<tr>
<td></td>
<td>Additional reduction of saline process water from potash production in Germany (m³ p.a.)</td>
<td>-500,000 excluding reduction by KCF facility and end of production SI</td>
</tr>
<tr>
<td><strong>Waste</strong></td>
<td>Amount of residues used for other purposes than tailings piles or increased amount of raw material yield (million tons p.a.)</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Additional area of tailings piles covered (ha)</td>
<td>155</td>
</tr>
<tr>
<td><strong>Energy &amp; Climate</strong></td>
<td>Carbon footprint for power consumed (kg CO₂/MWh) (percent)</td>
<td>-20</td>
</tr>
<tr>
<td></td>
<td>Specific greenhouse gas emissions (CO₂) in logistics (percent)</td>
<td>-10</td>
</tr>
<tr>
<td>Goal</td>
<td>KPI</td>
<td>Target by 2030 at the latest</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>----------------------------------------------------------------------</td>
<td>------------------------------</td>
</tr>
<tr>
<td><strong>Sustainable Supply Chains</strong></td>
<td>Critical suppliers aligned with the K+S Group Supplier Code of Conduct (SCoC) (percent)</td>
<td>100 by end of 2025</td>
</tr>
<tr>
<td></td>
<td>Spend coverage of the K+S Group SCoC (percent)</td>
<td>&gt; 90 by end of 2025</td>
</tr>
<tr>
<td><strong>Compliance &amp; Anti-Corruption</strong></td>
<td>All employees reached by communication measures and trained appropriately in compliance matters (percent)</td>
<td>100 by end of 2019</td>
</tr>
</tbody>
</table>
Potash and Magnesium Products
Why use fertilizers?

“The growth and yield of plants are limited by the nutrient which is in shortest supply”¹

¹ Justus von Liebig, 'The Natural Laws of Husbandry', 1863

- For plants to thrive they need sunlight, water and **minerals**
- There are only few soils on earth which have a sufficient content and availability of **plant nutrients** to achieve **high yields** over a longer period without fertilization
- Potash is an **indispensable** supplement to the natural nutrient content of soils
- Compensation of the nutrient losses by harvest and other losses is necessary
Long-term key drivers for our fertilizer business

Less arable land – but more protein consumption per capita

- Each year an additional 80 million people need to be fed – this equals to the population of Germany
- Available arable land per capita will decrease at the same time
- By 2050 an expanded world population will be consuming two thirds more animal protein than it does today

In 2050, only roughly a quarter of a soccer field will be available to feed one person year round - 80 percent of future growth in crop production will come from yield advancements driven by balanced use of fertilizers

1 FAO 2014 - forecasts based on the expected increase in animal protein
What makes us different?

Fertilizer Specialties
- KaliSOP
- Magnesia-Kainit®
- Korn-Kali®
- Patentkali®
- ESTA® Kieserit

Potassium Chloride (MOP)
- 60er Kali®

- mainly used for special applications (e.g. chloride-sensitive crops)
- products containing a broad range of nutrients (e.g. potash, magnesium, sulphur)
- premium products used for high-value crops

- can be applied universally to all crops not sensitive to chloride and to all types of soil
- standard product used for commodity crops
Unique portfolio makes us more robust

- Broad portfolio of specialty products
  - flexibility
  - stability
  - partly following different trends and seasons

- Close proximity to our main customers provide logistical advantages
- Shipments to overseas customers at competitive costs from Hamburg harbor
- Strong and long-standing customer relationships

Basis: 2017 sales volumes in million tons

Basis: 2017 revenues
K+S Group

Potash price comparisons

**MOP gran. Europe vs. Brazil** (Source: FMB)

**K+S average selling price vs. selected peers**

K+S Group
Potash and Magnesium Products
Salt
Production
Financials
Investor Relations
**World potash production and sales by region**

in million tonnes

**World potash production:**
- 2017: 70.4 million tonnes
- 2016: 65.3 million tonnes

**World potash sales volume:**
- 2017: 69.9 million tonnes
- 2016: 65.6 million tonnes

Basis: year 2017
Incl. sulphate of potash and low-grade potash
Sources: IFA, K+S

---

2017

- 22
- 11

2016

- 13
- 1

---

2017

- 24
- 5

2016

- 16
- 1

---

2017

- 33

2016

- 13
World Potash Sales Volumes:
2017: 69.9 million tonnes
2016: 65.6 million tonnes

Supplier structure on the world potash market

- **Canpotex**
  - Nutrien (prev. Potash Corp. & Agrium)
  - Mosaic

- **Uralkali**
  - Belaruskali

- **BPC**

- **K+S**
  - DSW
  - CPL
  - Iberpotash

- **ICL**
  - Participation of Nutrien (prev. Potash Corp.)

- **APC**
  - Participation of Nutrien (prev. Potash Corp.)

- **SQM**

- **China**
  - > 20 producers

- **Other**
  - Intrepid
  - Vale
  - Compass
  - Usbekistan
  - Laos

Incl. potassium sulphate and potash grades with lower K₂O content
World potash supply and demand

Production is driven by demand despite continuous excess capacity

Source: IFA, K+S; incl. sulphate of potash and low grade potash of about 4 million tonnes eff. (product)
Potash use by crop in selected countries

Source: IFA, Estimates of Fertilizer Use by Crop in Selected Countries in 2010-2010/11, published 2013
Farmer profitability of US corn

- Expenditure on potash products only amounting to approx. 4% of the total costs
- Earnings prospects should give the agricultural industry sufficient incentive to increase yield per hectare by using plant nutrients

Source: USDA
<table>
<thead>
<tr>
<th>Region</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Europe</td>
<td>5.9</td>
<td>5.6</td>
<td>5.8</td>
<td>6.2</td>
<td>6.0</td>
<td>5.9</td>
<td>6.2</td>
</tr>
<tr>
<td>Central Europe / FSU</td>
<td>4.4</td>
<td>5.1</td>
<td>4.7</td>
<td>4.4</td>
<td>4.8</td>
<td>4.8</td>
<td>5.2</td>
</tr>
<tr>
<td>Africa</td>
<td>0.7</td>
<td>0.7</td>
<td>0.8</td>
<td>1.0</td>
<td>1.0</td>
<td>1.1</td>
<td>1.4</td>
</tr>
<tr>
<td>North America</td>
<td>10.2</td>
<td>9.1</td>
<td>9.7</td>
<td>11.8</td>
<td>9.5</td>
<td>10.9</td>
<td>11.2</td>
</tr>
<tr>
<td>Latin America</td>
<td>10.5</td>
<td>10.5</td>
<td>11.0</td>
<td>11.9</td>
<td>11.5</td>
<td>12.2</td>
<td>12.7</td>
</tr>
<tr>
<td>Asia</td>
<td>28.0</td>
<td>23.4</td>
<td>26.2</td>
<td>32.4</td>
<td>32.3</td>
<td>30.1</td>
<td>32.5</td>
</tr>
<tr>
<td>- thereof China</td>
<td>12.7</td>
<td>12.0</td>
<td>13.8</td>
<td>16.7</td>
<td>18.5</td>
<td>16.2</td>
<td>16.2</td>
</tr>
<tr>
<td>- thereof India</td>
<td>5.0</td>
<td>2.8</td>
<td>3.5</td>
<td>4.5</td>
<td>4.1</td>
<td>4.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Oceania</td>
<td>0.5</td>
<td>0.4</td>
<td>0.5</td>
<td>0.7</td>
<td>0.6</td>
<td>0.6</td>
<td>0.7</td>
</tr>
<tr>
<td>World total</td>
<td>60.2</td>
<td>54.8</td>
<td>58.7</td>
<td>68.4</td>
<td>65.7</td>
<td>65.6</td>
<td>69.9</td>
</tr>
</tbody>
</table>

Incl. potassium sulphate and potash grades with lower K₂O content of around 4 million tonnes eff.
Sources: IFA, K+S
Bethune

- Capacity of 2 million tonnes p.a. by the end of 2017
- Roughly 500,000 t produced in 2017
- Bethune still in ramp-up phase, positive EBITDA in 2018
- EBIT break-even in 2019
- Ramping up to 2.86 million tonnes p.a. by 2023

“With Bethune, the most modern potash facility in the world, we are pushing into a new dimension. We are now producing potash on two continents”
- Dr Burkhard Lohr (CEO of K+S).
Bethune – strengthening our global presence

- Expanding our current production portfolio in Germany with a North American production site → Second-source supplier
- Securing a good asset base with competitive production costs
- Sales and distribution through existing distribution structures of the K+S Group
- Exclusive outline agreement with Koch Fertilizer about supply and sales of Potash fertilizers in the US
- Regional growth projects in China and Southeast Asia
- Flexible multi-product strategy
K+S Group

Bethune - ramp-up curve

Production capacity in million t KCl/a

- **Phase 1** (implementation: 2011 to 2017)
  - Development of infrastructure mainly for Phases 1 + 2, preparations for Phase 3
  - Capacity development + ramp-up of production to 2.0 m t KCl/a through primary mining

- **Phase 2** (implementation: 2017 to 2023)
  - Capacity expansion and ramp-up of production by 0.86 to 2.86 m t KCl/a through secondary mining (share of secondary mining in total capacity: 30%)

- **Outlook for Phase 3** (implementation: 2023 to 2034)
  - Increase in share of secondary mining in total capacity to 50%
  - Potential expansion of annual capacity by 1.14 to 4.0 m t KCl/a
K+S Group

Net Present Value (NPV) Bethune (2)

NPV for Bethune  →  EUR 4.8 bn

This NPV equals an EV per share of EUR 25

<table>
<thead>
<tr>
<th>Sensitivities</th>
<th>Variation</th>
<th>NPV change</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOP gran. Brazil</td>
<td>+/- 10 USD/t</td>
<td>+/- €200 million</td>
</tr>
</tbody>
</table>

“We create value for our stakeholders!”
Why salt?

- Essential mineral for life
- Diverse and stable salt end uses driving continuous growth
- Mineral without economically viable substitutes
- Basic material representing only a small portion of production costs
Long-term dynamics in salt demand

Demand driven by ...

- Winter weather conditions
- Infrastructure development
- Increasing standard of living
- Population growth
- Economic growth and industrialization
- Urbanization

Product category

- De-icing
- Consumer products
- Food processing
- Industrial
- Chemical

Low single-digit demand growth p.a. to 2025

1 Source: Roskill 2016
### Broad variety of application areas

**De-icing**
- Main applications:
  - winter road maintenance services
  - commercial users
  - private households

**Consumer products**
- Main applications:
  - table salt
  - dishwasher care
  - water softening
  - pool chlorination
  - body care

**Food processing**
- Main applications:
  - food processing industry
  - baking industry
  - condiment and preservative agent

**Industrial**
- Main applications:
  - water treatment
  - drilling fluids
  - animal feed
  - infusion, dialysis solutions
  - pharmaceuticals
  - preserving of fish
  - dyeing works
  - leather treatment

**Chemical**
- Main applications:
  - Chemical industry
  - Chlor-Alkali processes (→ PVC)
  - Polycarbonates, MDI (Isocyanat) (→ plastics, synthetic resin)
  - Synthetic Soda Ash (→ glass)

**K+S Group**
- Potash and Magnesium Products
- Salt
- Production
- Financials
- Investor Relations
Main salt suppliers worldwide

Capacity in million tonnes (crystallized salt and salt in brine; excl. captive use)

- Compass: 15
- Cargill: 14
- Artomsol: 14
- China National Salt: 21
- ESSA: 8
- Akzo: 7
- Süd-salz: 5
- Sal-mis: 4
- Cargill: 5
- American Rock Salt: 4
- Mitsui: 4
- Dummer: 10

Source: Roskill 2016, K+S
Development of salt consumption and production

**Consumption**
- CAGR: 2.0%
- 2000: 220 million tonnes
- 2009: 268 million tonnes
- 2015: 295 million tonnes

**Production**
- CAGR: 2.1%
- 2000: 217 million tonnes
- 2009: 264 million tonnes
- 2015: 295 million tonnes

1 excl. captive use; Source: K+S, Roskill 2011, 2014, 2016
Salt consumption by product group

**Global**
(Consumption 2015: 295 million tonnes)
- Industrial salt/Other: 24%
  - Salt for chemical use: 54%
  - Food-grade salt: 9%
  - De-icing salt: 13%

**North America**
(Consumption 2015: 80 million tonnes)
- Industrial salt/Other: 31%
  - Salt for chemical use: 30%
  - Food-grade salt: 1%
  - De-icing salt: 38%

**Europe**
(Consumption 2015: 73 million tonnes)
- Industrial salt/Other: 29%
  - Salt for chemical use: 53%
  - Food-grade salt: 4%
  - De-icing salt: 14%

**Asia**
(Consumption 2015: 118 million tonnes)
- Industrial salt/Other: 17%
  - Salt for chemical use: 64%
  - Food-grade salt: 16%
  - De-icing salt: 3%

**Other**
(Consumption 2015: 24 million tonnes)
- Industrial salt/Other: 50%
  - Salt for chemical use: 22%
  - Food-grade salt: 28%

1 excl. captive use; Source: Roskill 2016
Our strengths

Production network and know-how
- Geographical diversification of production facilities within a region and across continents
- Access to a multitude of technical and geological experts within the K+S Group

Logistics network
- Mixture of own cargo ships, medium-term sea freight contracts and freight hedging
- Utilization of global logistics knowledge of K+S Group
- Close supply chain cooperation for most efficient group-wide sourcing

Product portfolio
- Balanced and less cyclical product portfolio
- Product innovations through access to group-wide R&D network
Diverse regional and product portfolio

- **De-icing**
  - normalized revenue distribution

- **Non-De-icing**

- **Salt for chemical use**
  - Food processing
  - Industrial
  - Consumer products

1 De-icing adjusted to normal winter
Unrivalled global production network

- More than 30 assets on 3 continents allow close proximity to customers in a business that is highly freight-cost sensitive
- Broad range of products due to variety of production methods
- Best in class supply chain assets and competence
- Industry best-cost production in Chile

Potential Expansion into Asia-Pacific
### Presence in attractive de-icing markets

#### Indicative regional strength of winter

<table>
<thead>
<tr>
<th>Year</th>
<th>Europe</th>
<th>North America</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012/13</td>
<td><img src="indicator1213.jpg" alt="Indication" /></td>
<td><img src="indicator1213.jpg" alt="Indication" /></td>
</tr>
<tr>
<td>2013/14</td>
<td><img src="indicator1314.jpg" alt="Indication" /></td>
<td><img src="indicator1314.jpg" alt="Indication" /></td>
</tr>
<tr>
<td>2014/15</td>
<td><img src="indicator1415.jpg" alt="Indication" /></td>
<td><img src="indicator1415.jpg" alt="Indication" /></td>
</tr>
<tr>
<td>2015/16</td>
<td><img src="indicator1516.jpg" alt="Indication" /></td>
<td><img src="indicator1516.jpg" alt="Indication" /></td>
</tr>
<tr>
<td>2016/17</td>
<td><img src="indicator1617.jpg" alt="Indication" /></td>
<td><img src="indicator1617.jpg" alt="Indication" /></td>
</tr>
<tr>
<td>2017/18</td>
<td><img src="indicator1718.jpg" alt="Indication" /></td>
<td><img src="indicator1718.jpg" alt="Indication" /></td>
</tr>
</tbody>
</table>
Production
K+S Group

Potash and magnesium products

Production sites in Germany

Share of annual production capacity (in %)

1. Wintershall
2. Unterbreizbach Integrated Werra Plant ~ 50
3. Hattorf
4. Zielitz ~ 25
5. Neuhof-Ellers ~ 20
6. Bergmannssegen-Hugo (production site only, no mining) ~ 5

Potash mining in the Werra-Fulda region

Potash seam Hesse

Potash seam Thuringia
K+S Group

Potash and magnesium products

Extraction cycle underground – Conventional mining

1. Blasting after shift end
2. Muck pile load and dump
3. Roof scaling
4. Roof bolting
5. Auger drilling
6. Cleaning
7. Drilling
8. Loading with explosives
K+S Group

Potash and magnesium products

Potash processing above ground

**Thermal dissolution**

- Heating at 25 °C
- Undissolved residue + dissolved KCl
- 95 °C cooling
- Filtering
- Flotation agent
- Air bubbles
- Filtering and drying

**Flotation**

- Finely ground crude salt
- Flotation brine
- Residue (NaCl)
- Potassium chloride (KCl) and Kieserite

**Electrostatic separation (ESTA®)**

- Finely ground crude salt
- Conditioning
- Triboelectric charging
- Separation in a free fall separator
- Residue (NaCl)
- Potassium chloride (KCl) and Kieserite
In solution mining, freshwater is brought into solvent (salt) rock through a drill hole, therefore creating chambers, or caverns, filled with a water-salt solution. In a subsequent step, the saturated brine is brought to the surface through an additional pipeline.
## Main production methods

<table>
<thead>
<tr>
<th>Rock salt</th>
<th>Sea-/Solar salt</th>
<th>Evaporated salt</th>
<th>Brine</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conventional mining</td>
<td>Crystallization from sea water</td>
<td>Recrystallization of purified brine</td>
<td>Controlled borehole-brining</td>
</tr>
</tbody>
</table>

- Around 70% of worldwide salt production (more than 290 million tonnes including brine) is obtained from rock salt mining and solution mining.
- Approximately 30% of production is obtained from seawater and salt lakes.
- Salt is produced in almost every country in the world. Due to the high share of transportation costs in production costs, markets are generally regionally limited to the area around the production locations.
Financials
### Key figures

<table>
<thead>
<tr>
<th>Metric</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt/EBITDA</td>
<td>1.2</td>
<td>1.8</td>
<td>2.3</td>
<td>6.9</td>
<td>7.2</td>
</tr>
<tr>
<td>Net debt/Equity (%)</td>
<td>30.5</td>
<td>40.9</td>
<td>55.9</td>
<td>78.7</td>
<td>99.5</td>
</tr>
<tr>
<td>Equity ratio (%)</td>
<td>45.3</td>
<td>50.6</td>
<td>51.9</td>
<td>47.2</td>
<td>42.7</td>
</tr>
</tbody>
</table>

### Maintain dividend policy

40–50% of net profit

### Excess cash

- Strengthening our balance sheet
- Share buybacks
- Special dividends

### Rating

Return to investment grade by 2023
Currency management

2018:

- Anticipated average exchange rate: 1.14 EUR/USD (incl. premiums)¹
- Anticipated average exchange rate: 1.21 EUR/USD (incl. premiums)¹

2019:

- Anticipated average exchange rate: 1.31 USD/CAD (incl. premiums)²
- Anticipated average exchange rate: 1.28 USD/CAD (incl. premiums)²

1 Premise: based on planned rate of 1.20 EUR/USD for 2018 and 1.21 EUR/USD for 2019;
2 Premise: based on planned rate of 1.29 USD/CAD for 2018 and 1.28 USD/CAD for 2019

- Hedging of transaction risks, basis USD budget net position
- Cash flow view: anticipated net position hedged
- Hedging is used, if an underlying transaction exists or is expected with great probability

As of Q3 2018
Debt profile (schuldschein and bonds)

Capitalization table

<table>
<thead>
<tr>
<th>€m</th>
<th>Amount outstanding</th>
<th>Coupon</th>
<th>Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schuldschein loans</td>
<td>765</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior unsecured notes due 2021</td>
<td>500</td>
<td>4.125%</td>
<td>Dec-21</td>
</tr>
<tr>
<td>Senior unsecured notes due 2022</td>
<td>500</td>
<td>3.000%</td>
<td>Jun-22</td>
</tr>
<tr>
<td>Senior unsecured notes due 2023</td>
<td>625</td>
<td>2.625%</td>
<td>Apr-23</td>
</tr>
<tr>
<td>Senior unsecured notes due 2024</td>
<td>600</td>
<td>3.250%</td>
<td>Jul-24</td>
</tr>
</tbody>
</table>

Debt maturity profile

Syndicated credit line of up to €1 billion and a commercial paper program as an additional source of liquidity, available until 2020
# Cash flow and balance sheet

<table>
<thead>
<tr>
<th>€ million</th>
<th>FY/16</th>
<th>Q1/17</th>
<th>H1/17</th>
<th>9M/17</th>
<th>FY/17</th>
<th>Q1/18</th>
<th>H1/18</th>
<th>9M/18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating cash flow</strong></td>
<td>445</td>
<td>267</td>
<td>384</td>
<td>383</td>
<td>307</td>
<td>233</td>
<td>292</td>
<td>276</td>
</tr>
<tr>
<td>- Investing cash flow (pre sale/purchase of securities)</td>
<td>-1,222</td>
<td>-212</td>
<td>-410</td>
<td>-623</td>
<td>-697</td>
<td>-90</td>
<td>-198</td>
<td>-336</td>
</tr>
<tr>
<td><strong>Adjusted free cash flow</strong></td>
<td>-777</td>
<td>55</td>
<td>-26</td>
<td>-241</td>
<td>-390</td>
<td>143</td>
<td>94</td>
<td>-60</td>
</tr>
<tr>
<td><strong>CapEx</strong></td>
<td>1,171</td>
<td>277</td>
<td>410</td>
<td>568</td>
<td>811</td>
<td>63</td>
<td>154</td>
<td>278</td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td>3,584</td>
<td>3,614</td>
<td>3,745</td>
<td>3,939</td>
<td>4,141</td>
<td>4,009</td>
<td>4,129</td>
<td>4,299</td>
</tr>
<tr>
<td>t/o Net financial debt</td>
<td>2,401</td>
<td>2,440</td>
<td>2,592</td>
<td>2,780</td>
<td>2,974</td>
<td>2,834</td>
<td>2,944</td>
<td>3,100</td>
</tr>
<tr>
<td><strong>Net debt/ EBITDA (LTM)</strong></td>
<td>6.9</td>
<td>8.1</td>
<td>8.1</td>
<td>8.1</td>
<td>7.2</td>
<td>6.7</td>
<td>6.8</td>
<td>7.6</td>
</tr>
<tr>
<td><strong>Equity ratio</strong></td>
<td>47%</td>
<td>48%</td>
<td>45%</td>
<td>44%</td>
<td>43%</td>
<td>42%</td>
<td>43%</td>
<td>41%</td>
</tr>
</tbody>
</table>
CapEx development 2015-2020

in m€

- BU Potash (ex Bethune)
- Bethune
- BU Salt
- Complementary Activities

2015 2016 2017 2018e 2019e 2020e
K+S Group

Operating and free cash flow (adjusted)

(€ million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Cash Flow</th>
<th>Free Cash Flow (adjusted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>756</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>719</td>
<td>-306</td>
</tr>
<tr>
<td>2015</td>
<td>669</td>
<td>-636</td>
</tr>
<tr>
<td>2016</td>
<td>445</td>
<td>-777</td>
</tr>
<tr>
<td>2017</td>
<td>307</td>
<td>-390</td>
</tr>
<tr>
<td>9M/2018</td>
<td>276</td>
<td>-60</td>
</tr>
</tbody>
</table>
K+S Group

Moving parts free cash flow 2017-2020

in m€

-390

2017
Operations

Shaping

CapEx

2018e
Significant improvement

Operations

Shaping

CapEx

2020e

+ Bethune
+ Price
− Werra
− FX

+ Bethune
+ Volume
= Price
= FX
− Net working capital
Investor Relations
K+S Group

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## K+S Share

### Key Data

<table>
<thead>
<tr>
<th><strong>WKN:</strong></th>
<th>KSAG88</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ISIN:</strong></td>
<td>DE000KSAG888</td>
</tr>
<tr>
<td><strong>Type of shares:</strong></td>
<td>Registered shares of no-par value</td>
</tr>
<tr>
<td><strong>Total number of shares:</strong></td>
<td>191,400,000</td>
</tr>
<tr>
<td><strong>Trading segment:</strong></td>
<td>Prime Standard</td>
</tr>
<tr>
<td><strong>Ticker symbols:</strong></td>
<td>Bloomberg SDF / Reuters SDFG</td>
</tr>
</tbody>
</table>

### Quoted in the following indices

- MDAX
- DJ STOXX 600
- DJ EURO STOXX
- HDAX
- CDAX
- Prime Allshare Index
- Classic Allshare Index
- Prime Sector Chemicals
- Industry Group Chemicals / Commodity
- DJ STOXX TMI
- ECPI Ethical Index Global

### Covered by

- AlphaValue
- Baader Helvea Equity Research
- Bankhaus Lampe
- BMO Capital Markets
- Citi Research
- Commerzbank
- Credit Suisse
- Deutsche Bank
- DZ Bank AG
- Equita Sim SpA

- Equinet Bank AG
- Independent Research
- J.P. Morgan Cazenove
- Kepler Cheuvreux
- LBBW
- M.M. Warburg
- MainFirst Bank AG
- Metzler Capital Markets
- Morgan Stanley & Co International PLC+
- Morningstar
- Nord/LB
- Redburn
- Scotia Capital
- Société Générale
- Solventis
- UBS
Shareholder structure

Retail shareholders 41%

Free float 100%

Institutional shareholders 59%

As of January 7th 2019
The K+S ADR Program offers North American investors the opportunity to take stock in K+S. Since the ADRs are quoted in US dollars and dividends are also distributed in US dollars, this financial instrument closely resembles an American share. Two ADRs represent one K+S ordinary share. The K+S ADRs are traded in the United States under a level 1 ADR Program in the over-the-counter market (OTC).

### Trade on OTCQX
- **Symbol:** KPLUY
- **CUSIP:** 48265W108
- **Ratio:** 2 ADRs = 1 Share
- **Country:** Germany
- **ISIN:** DE000KSAG888
- **Depositary:** The Bank of New York Mellon

### Benefits to North American investors
- Clear and settle according to normal U.S. standards
- Stock quotes and dividend payments in U.S. dollars
- Can be purchased/sold in the same way as other U.S. stocks via a U.S. broker
- Cost-effective means of international portfolio diversification

### K+S Bonds and Issuer Rating

<table>
<thead>
<tr>
<th></th>
<th>Bond 12/2021</th>
<th>Bond 06/2022</th>
<th>Bond 04/2023</th>
<th>Bond 07/2024</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WKN</strong></td>
<td>A1Y CR5</td>
<td>A1P GZ8</td>
<td>A2E 4U9</td>
<td>A2N BE7</td>
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<tr>
<td><strong>ISIN</strong></td>
<td>XS0997941355</td>
<td>DE000A1PGZ82</td>
<td>XS1591416679</td>
<td>XS1854830889</td>
</tr>
<tr>
<td><strong>Listing</strong></td>
<td>Luxembourg SE</td>
<td>Luxembourg SE</td>
<td>Luxembourg SE</td>
<td>Luxembourg SE</td>
</tr>
<tr>
<td><strong>Volume</strong></td>
<td>EUR 500 million</td>
<td>EUR 500 million</td>
<td>EUR 625 million</td>
<td>EUR 600 million</td>
</tr>
<tr>
<td><strong>Issue price</strong></td>
<td>99.539%</td>
<td>99.422%</td>
<td>100.000%</td>
<td>100.000%</td>
</tr>
<tr>
<td><strong>Coupon payment</strong></td>
<td>4.125%</td>
<td>3.000%</td>
<td>2.625%</td>
<td>3.25%</td>
</tr>
<tr>
<td><strong>Maturity</strong></td>
<td>06.12.2021</td>
<td>20.06.2022</td>
<td>06.04.2023</td>
<td>18.07.2024</td>
</tr>
<tr>
<td><strong>Face value</strong></td>
<td>1,000 EUR</td>
<td>100,000 EUR</td>
<td>1,000 EUR</td>
<td>100,000 EUR</td>
</tr>
</tbody>
</table>

**Issuer Rating (S&P):** BB (outlook: negative), August 2018
Financial calendar  2018/2019

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Report 2018</td>
<td>14 March 2019</td>
</tr>
<tr>
<td>Quarterly Report, 31 March 2019</td>
<td>14 May 2019</td>
</tr>
<tr>
<td>Annual General Meeting, Kassel</td>
<td>15 May 2019</td>
</tr>
<tr>
<td>Dividend payment (subject to resolution of the AGM)</td>
<td>20 May 2019</td>
</tr>
<tr>
<td>Quarterly Report, 30 September 2019</td>
<td>14 November 2019</td>
</tr>
</tbody>
</table>

More content available online

- K+S website: www.k-plus-s.com
- Annual reports: www.k-plus-s.com/publications
- Social media: ![Social media icons]
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