Wachstum erleben.

K+S Group
Analysts' Conference

13 March 2014, Frankfurt am Main

Norbert Steiner, CEO

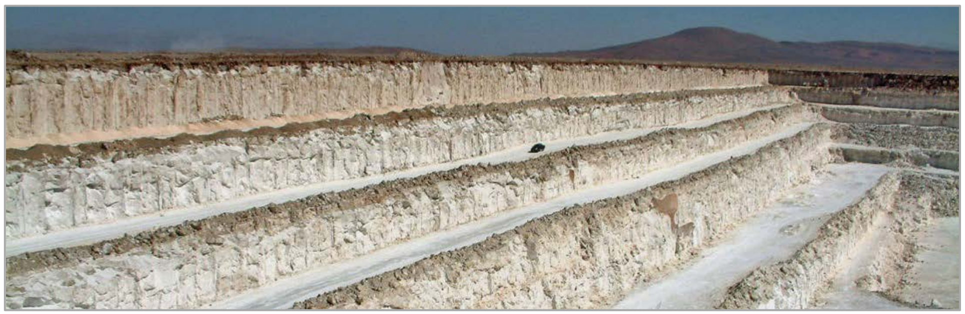
Dr. Burkhard Lohr, CFO

Agenda

A.	**K+S growth strategy**
B.	Fiscal year 2013
a.	Potash and Magnesium Products
b.	Salt
c.	Financials
C.	Outlook

K+S growth strategy

- Legacy is on track



- Strengthening of business unit salt

- Fit for the future

K+S is well positioned for long-term growth

Legacy project on track

Spring 2013	✓	Start of the main construction program, incl. earth-works, first piling activities, as well as plant site & offsite utility (e.g. gas supply) works
Summer 2013	✓	Drilling of the first two production pads (2 x 18 wells) completed
July 2013	✓	Rail contract with Canadian Pacific signed
Fall 2013	✓	Completion of Basic Engineering for all areas of the project
February 2014	✓	Test cavern successfully connected; Contract for Detailed Engineering and Project Management with AMEC
Winter 2013/14	✓	Piling & foundation work is starting site wide: first steel structures for facilities needed for develop-ment of production caverns

Goal: Participation in the future growth of the global potash market

Strengthening the Salt business unit

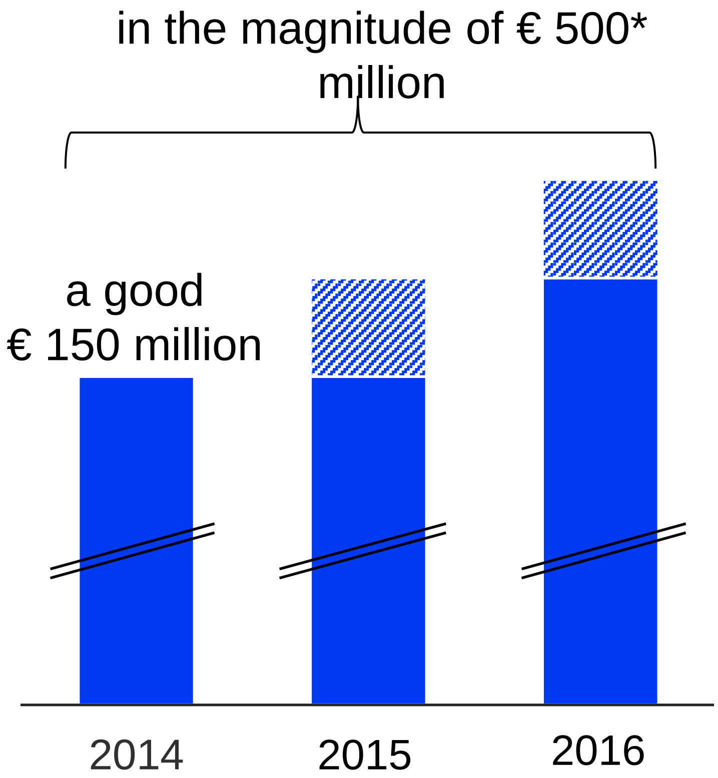
Three strategic areas to further strengthen our market position

Growth	• Expansion of existing sales markets towards Asia, South America and Eastern Europe • Margin improvement
Efficiency	• Stronger international cooperation • Use of synergies
Culture	• Clear customer focus (service, quality etc.) • Business unit wide goals

Goal: Doubling of earnings by 2020

Fit for the Future
Sustainable improvement of costs and organisational structure

Cost reductions
(schematic representation)



The “Fit for the Future“ programme bundles already ongoing initiatives under one roof

- Limiting future cost increases
- Increase our attractiveness for investors
- Basis for further growth of the K+S Group

<u>Examples for measures:</u>

Mining and production: Optimisation of maintenance

Marketing and sales: Optimisation of order processes

Logistic: Streamlining of logistic network

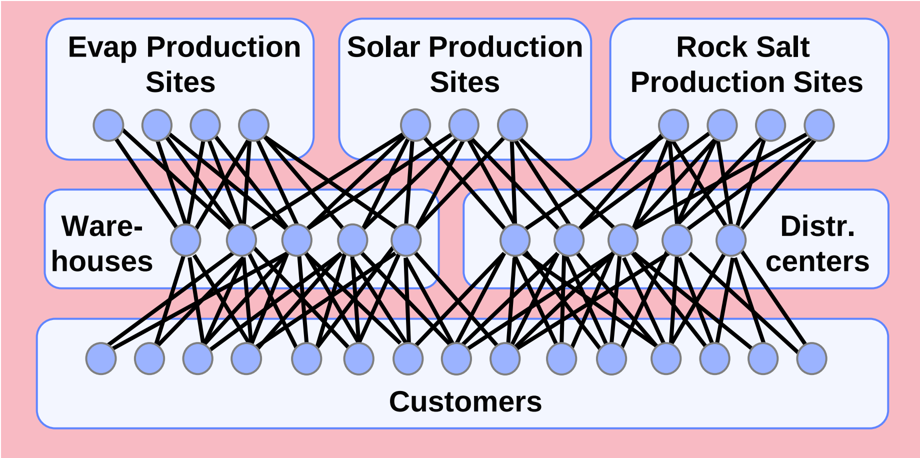
Administration: More efficient organisational structures

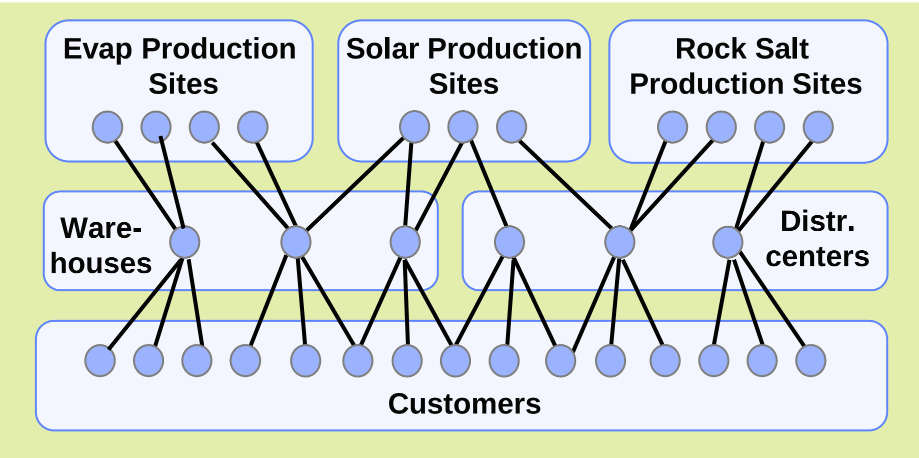
Goal: Sustainable increase of corporate value

* versus corresponding plan values as per mid of 2013

Fit for the Future

Salt: Streamlined logistic network in North America

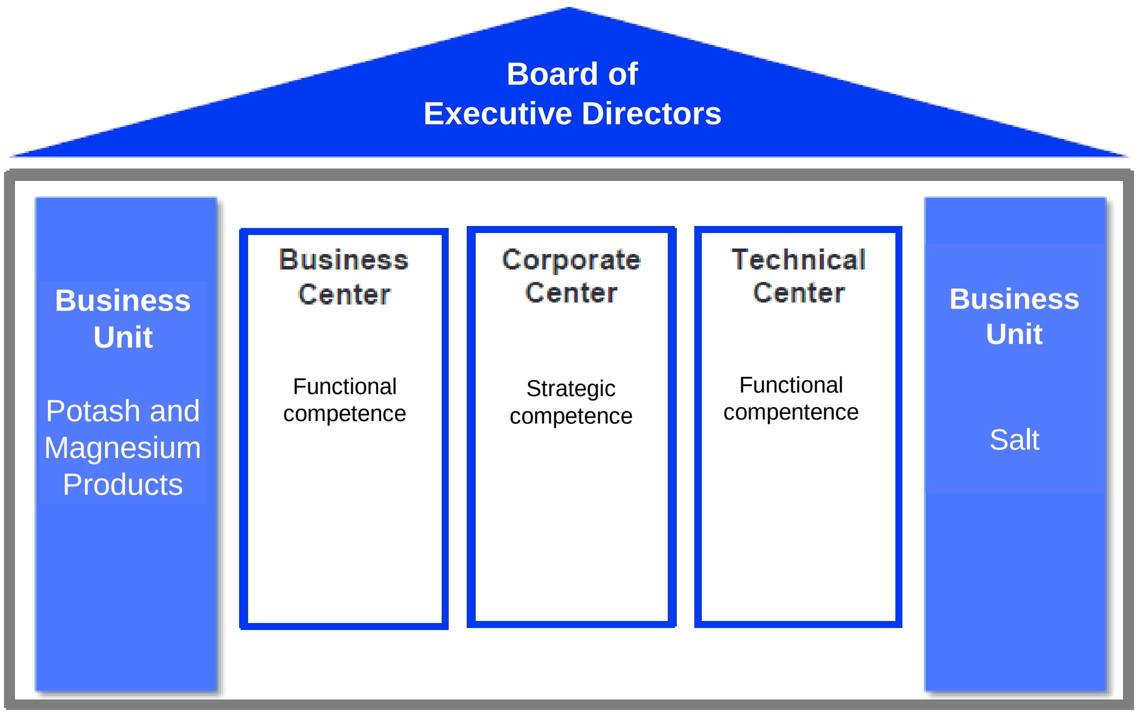




- Creation of a more efficient network structure
- Implementation of sustainable cost savings
  - Optimising line haul and reducing freight costs
  - Reducing number of warehouses and distribution centers
- Improvement of delivery service to our customers

➔ **The detailed plan is being jointly developed by Morton Salt, ISCO and K+S**

Fit for the Future
More efficient organisational structure in the holding

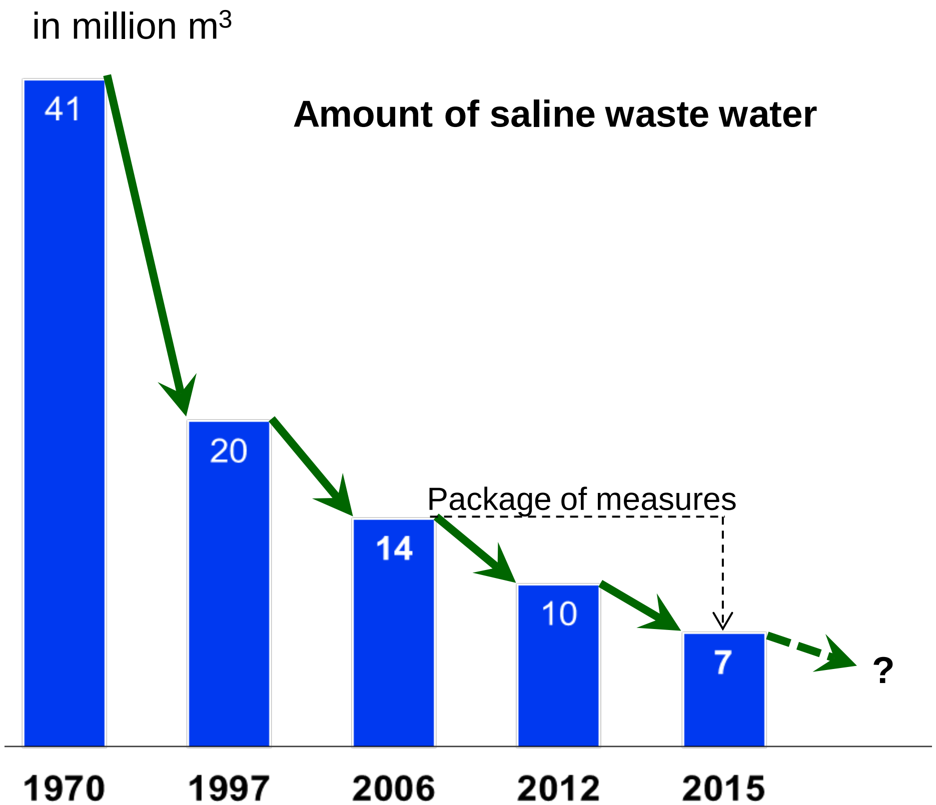


- Divide between governance and services
- Establish transparency and cost awareness
- Consolidate skills and resources

In 2014, we will determine whether we can integrate further administrative activities of the business units into the center concept

In our business units projects are also underway to optimise the organisational structure (e.g. „Pareto“ at K+S Chile, „SG&A“ at Morton Salt)

Saline waste water
Package of measures on water protection



Hattorf: Electrostatic Processing

Unterbreizbach: Cold predecomposition

- 90 percent of the planned waste water reduction by 2015 is already achieved
- K+S is committed to the domestic mining industry and is investing in the future of the Werra region
- K+S steadily conducts research and works on further reducing the environmental impact of potash

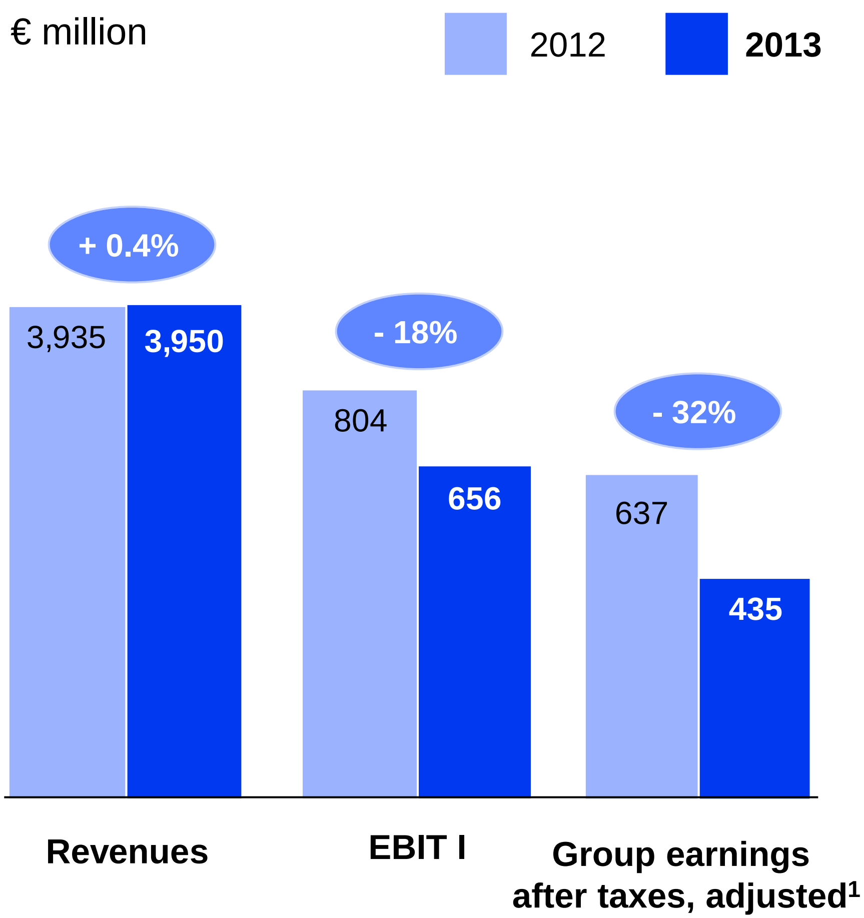
Safeguard industrial basis

Ensure a proportional ecological response

Agenda

A.	K+S growth strategy
B.	**Fiscal year 2013**
a.	Potash and Magnesium Products
b.	Salt
c.	Financials
C.	Outlook

Fiscal Year 2013
Major challenges – thanks to our robust business model we achieved good results nevertheless



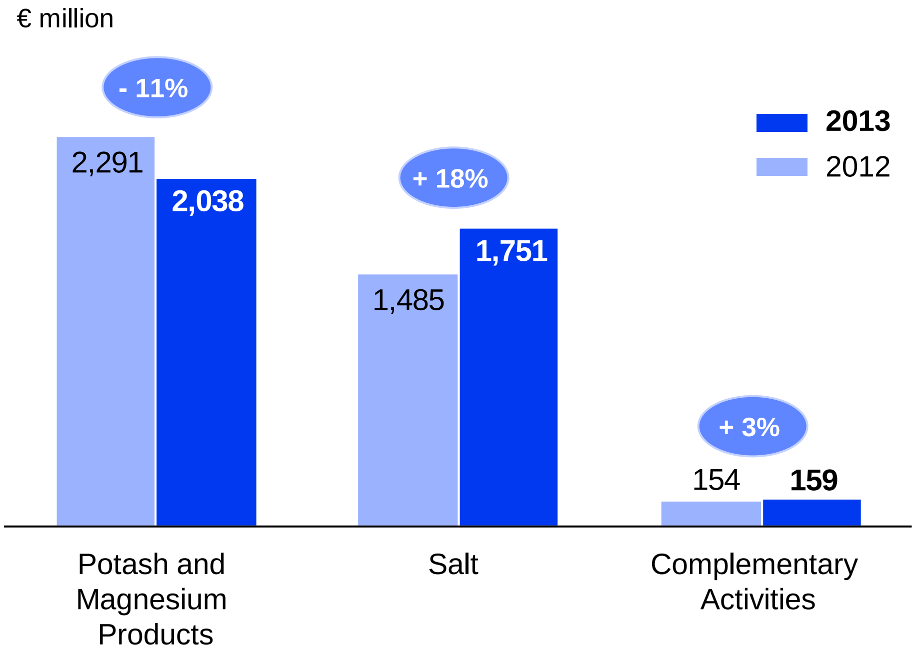
- Revenues at previous year's level
- EBIT I significantly lower, however, in line with recently published guidance
- 2012 adjusted group earnings after taxes included € 100 million from discontinued operations due to the sale of the Nitrogen-business

[1] The figures relate to the continued and discontinued operations of the K+S Group

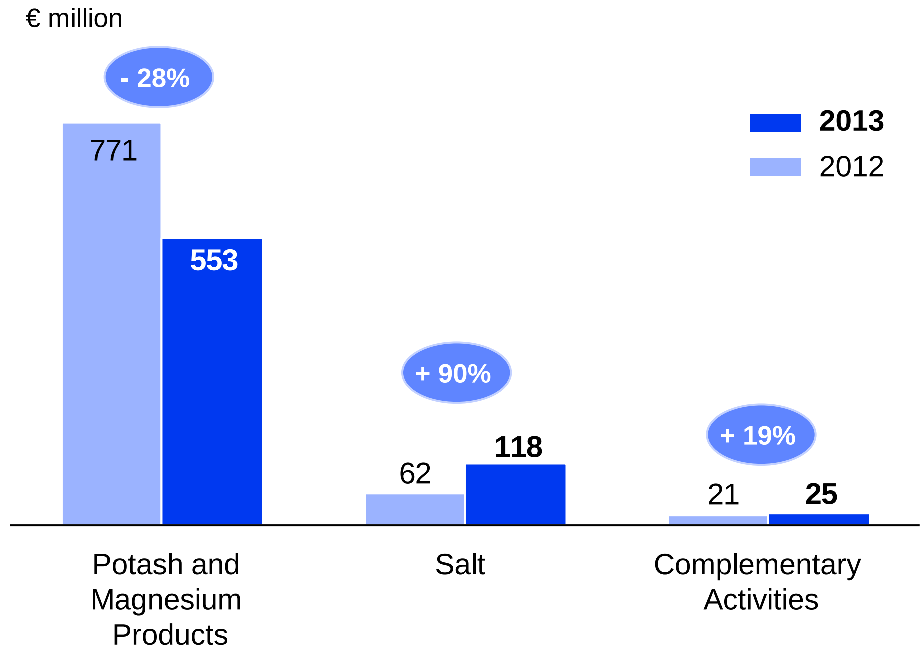
Fiscal Year 2013

Decline in Potash and Magnesium Products - Increase in Salt

Revenues



EBIT I



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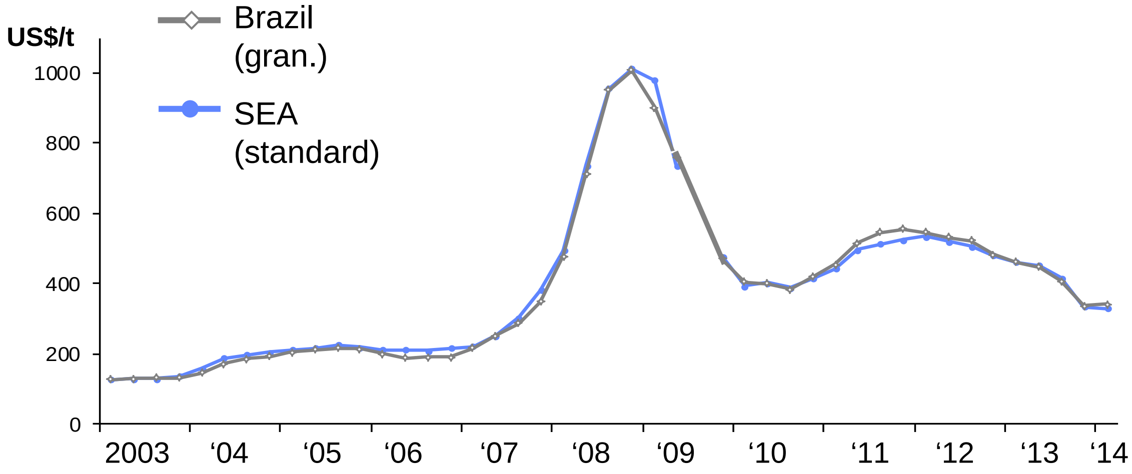
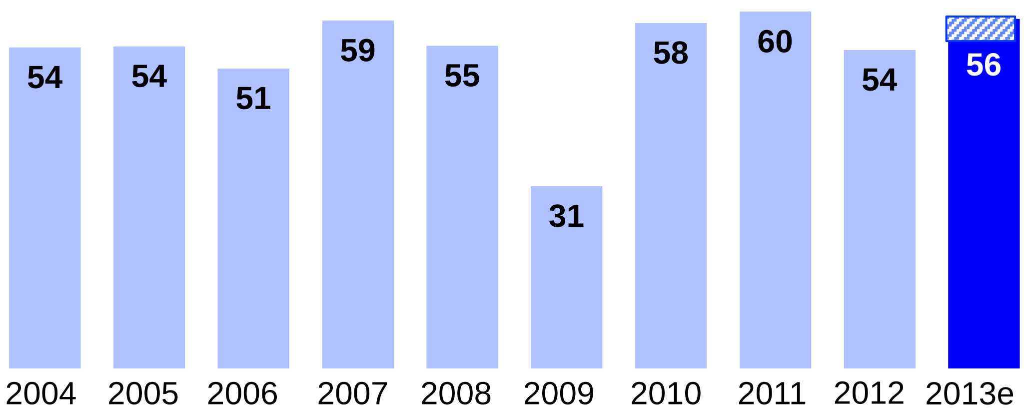
Potash and Magnesium Products
Uncertainties dominate H2 2013

Prices potassium chloride (Ø)



Source: FMB

Global sales volumes (million tonnes)



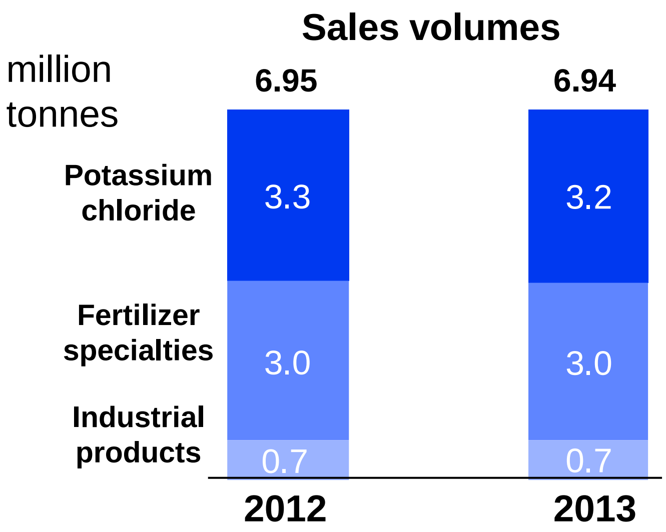
Source: IFA, K+S
Incl. ~ 3 million tonnes of potassium sulphate and potash grades with lower mineral content

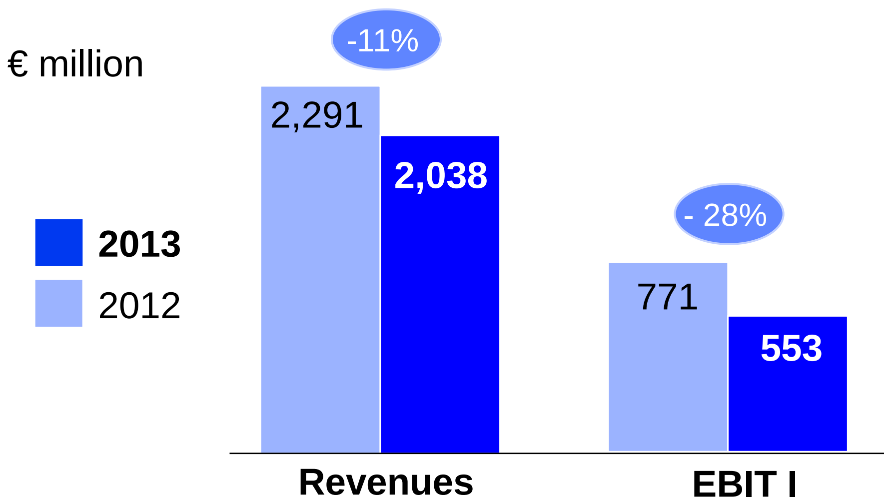
- International potash prices stable in the first half 2013, but below 2012 levels
- Uralkali statements leading to significant uncertainties with regard to future volume and price development

➔ **Curbing of production globally and reduction in capacities**

Potash and Magnesium Products

Strong EBIT decline amid stable sales volumes





- Sales volumes 2013 on level with previous year
- Significant decline of averages prices (mainly potassium chloride)
- Relatively stable revenues from fertilizer specialties and industrial products

➔ **Tangible decline in revenues**

➔ **Sharp decrease of operating earnings**

Potash and Magnesium Products
Tangible decline in average selling prices

	Q4/13	Q4/12	YoY %	2013	YoY %
Sales volumes (million tonnes)	1.51	1.52	-0.6	6.94	-0.2
- Europe	0.88	0.84	+4.8	3.65	+3.7
- Overseas	0.63	0.68	-7.4	3.29	-4.3
Average prices	270.7	314.2	-13.8	293.8	-10.8
- Europe (€ per tonne)	284.8	308.4	-7.7	305.2	-4.0
- Overseas (US$ per tonne)	346.8	415.4	-16.6	373.3	-14.7

- Q4 sales volumes on last year's level
- Higher volumes in Europe compensate for decline in overseas markets
- Pricing of fertilizer specialties and industrial products more robust than MOP

Relative strength of our broad portfolio reflected in average selling price per tonne

Potash and Magnesium Products
Improvement in cost position

	2013	**2012**	**YoY**
Revenues (€ million)	2,038	2,291	- 11%
EBIT I (€ million)	553	771	- 28%
Costs (€ million)	1,485	1,520	-2%
Sales volumes (million tonnes)	6.94	6.95	± 0
Total costs per tonne (€)	**214**	**219**	**- 2%**

➔ t/o **Legacy** OpEx: € 22 million

➔ excl. **Legacy: 211 €/t**

- Slight improvement of costs per tonne despite declining revenues
- Positive development of all cost lines with the exception of D&A

Agenda

Presence on three continents pays off

Europe:

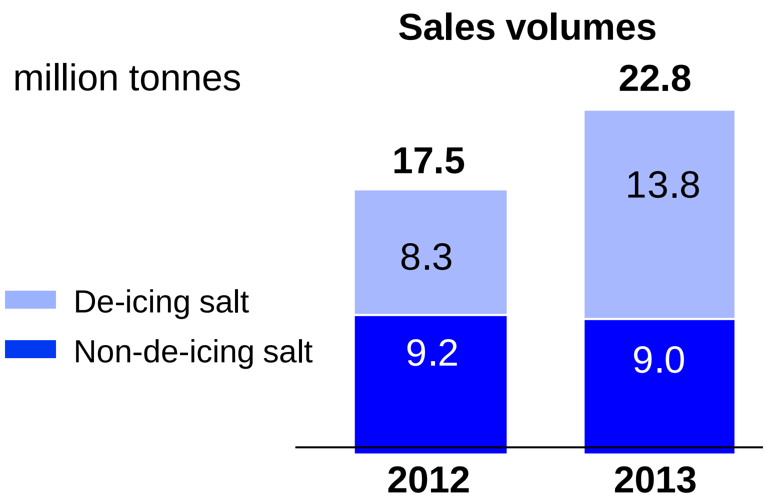
- Above average de-icing salt demand in Q1/13 and very good early storage
- Unusually mild winter in Q4/13
- Excess supply of salt for chemical use

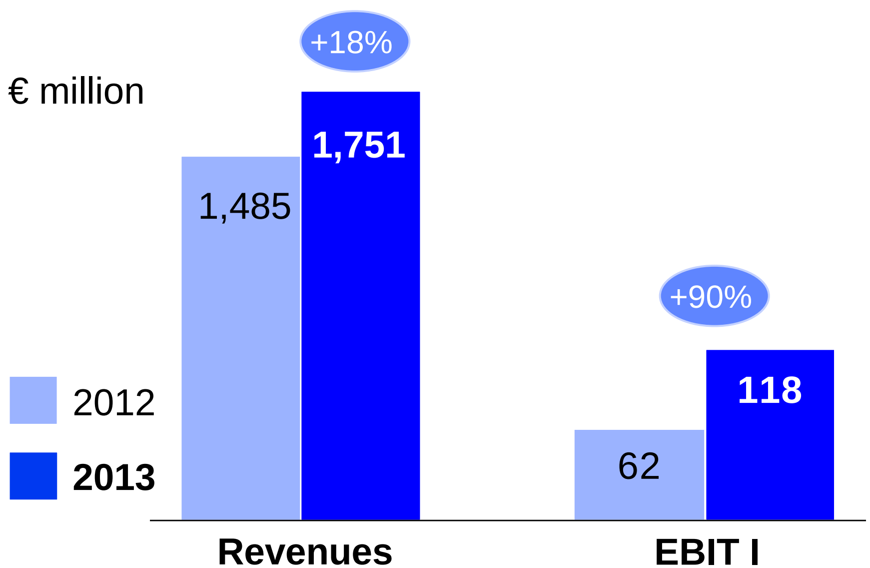
North America:

- Normalised de-icing salt demand in Q1/13 after weak 2012
- Above average demand in December
- Remaining price pressure due to high inventories after „green winter“ 2012/2013
- Improved demand for salt for chemical use

Salt

Salt earnings negatively affected by one-offs





- Sales volumes of crystallised salt significantly above average 2012
  - De-icing salt 66% above previous year
- Average prices accross portfolio almost stable on full-year basis

➔ **Revenues increased significantly**

➔ **EBIT I continually below average**

- Non-recurring effects from SAP introduction and sale of a vessel

Salt

Strong winter (Q1 in Europe, Q4 in North America) driving de-icing salt volumes

	Q4/13	Q4/12	YoY %	2013	YoY %
Sales volumes (million tonnes)	7.28	5.06	+43.9	22.81	+29.9
- De-icing salt	5.07	2.60	+95.0	13.79	+65.5
- Non-de-icing salt	2.21	2.46	-10.2	9.02	-2.3
Average prices (€ per tonne)					
- De-icing salt	55.2	62.2	-11.3	54.6	-0.1
- Non-de-icing salt	103.2	97.5	+5.8	103.3	-0.7

- Volume increase in de-icing salt due to good early storage in Europe and strong year-end in North America
- Declining prices in the course of the year due to high de-icing salt inventories in North America
- Lower volumes in salt for chemical use, however, prices increased due to change in regional mix

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Operating cashflow increased

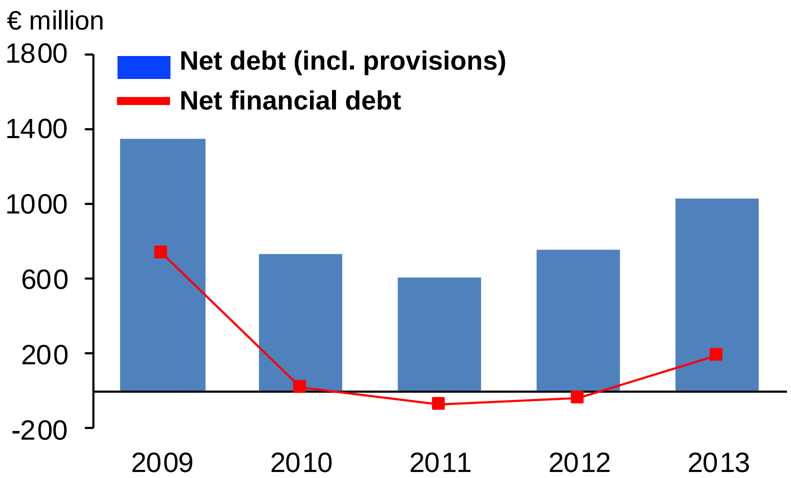
	€ million	2013	2012
As reported	**Operating cashflow**	**756**	**607**
	- Cashflow for investing activities	-809	-967
	Free cashflow	**-54**	**-360**
Adjusted	**Operating cashflow pre out-financing of plan assets**	**772**	**651**
	- Cashflow for investing activities pre sale/ acquisition of securities	-707	-408
	Free cashflow	**65**	**243**

- Higher operating cashflow despite lower EBIT I due to decrease in working capital
- Cashflow for investing activities increasing as planned

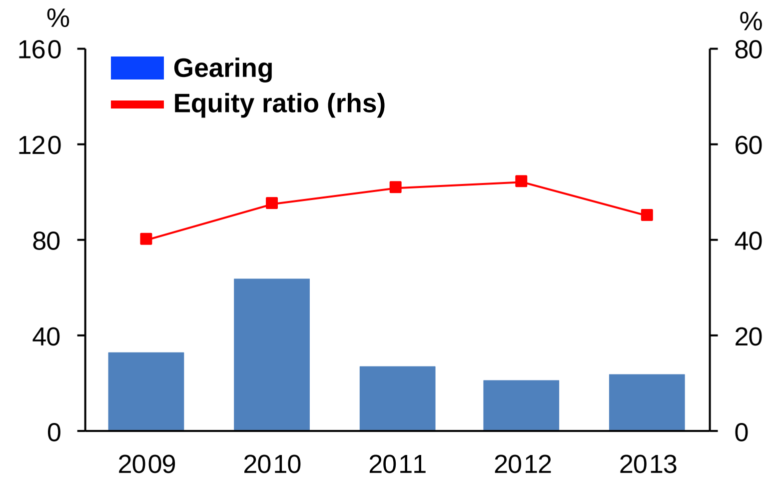
➔ **Declining free cashflow**

Net debt increases as planned

Net debt

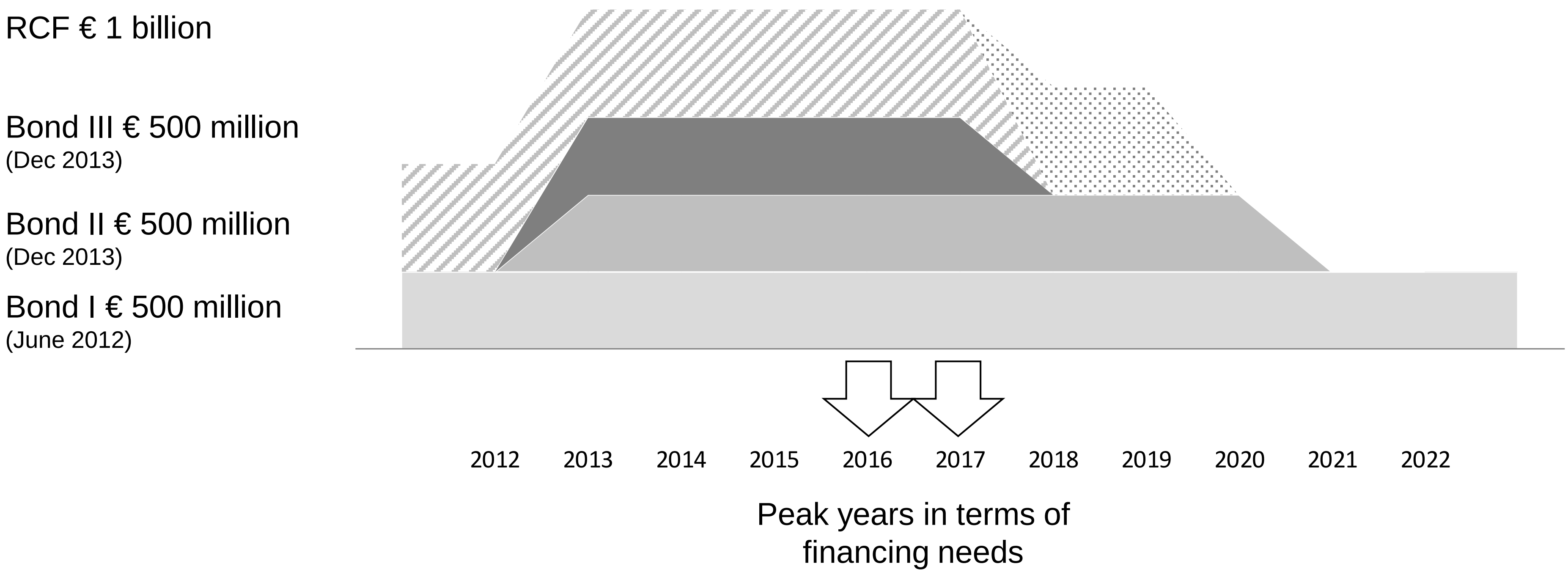


Gearing/ Equity ratio



	Target corridor	2013	2012
Net debt/ EBITDA	1.0x – 1.5x	1.1x	0.8x
Net debt/ Equity	50% – 100%	30.5%	24.4%
Equity ratio	40% – 50%	45.3%	51.4%

Conservative balance sheet structure



K+S is well positioned for future tasks with regard to its debt capital structure

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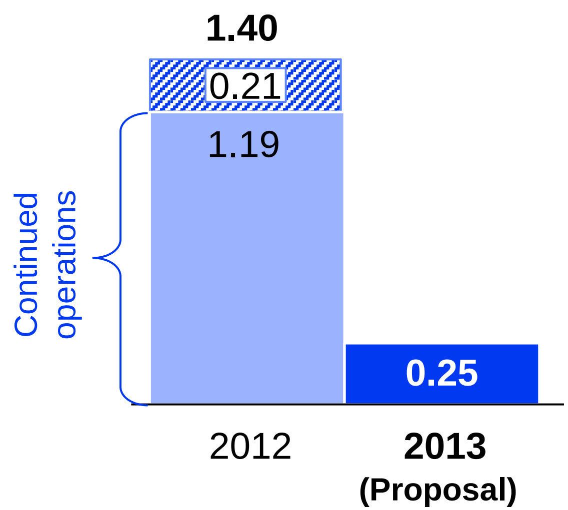
Dividend proposal
Deviation from basic dividend policy

Dividend
€/share



Major challenges ahead of us:

- Uncertainties in the potash market not resolved yet
- Significant investments in the coming years

➔ **Dividend proposal of € 0.25 per share for 2013**
➔ **Total payout: € 47.9 million**
➔ **Payout ratio: 11%**
➔ **However, no overfunding!**

Our goal is to return to our long-term oriented dividend policy as soon as possible (payout of 40-50 % of adjusted Group earnings)

Outlook
Our projections for 2014

Basic assumptions

Potash and Magnesium Products

- Global potash volumes of ~ 59[1)] million tonnes (2013: ~56 million tonnes)
- K+S sales volumes at 2013 levels (6.9 Mio t)
- Tangible decline in average price levels (2013: 293.8 €/t)

Salt

- Sales volumes of crystallised salt at 2013 level (22.8 million tonnes), thereof approx. 14 million tonnes of de-icing salt (2013: 13.8 million tonnes)

Revenues	**Moderately below 2013 level** ↘	(2013: € 3.95 billion)
EBIT I	**Significantly below 2013 level** ↘	(2013: € 655.9 million)
CapEx	**Approx. € 1.2 billion** ↗	(2013: € 742.5 million)

1) incl. 3 million tonnes of potassium sulphate and lower mineral grades

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