K+S Group

Analysts’ Conference

13 March 2014, Frankfurt am Main

Norbert Steiner, CEO
Dr. Burkhard Lohr, CFO
# Agenda

<table>
<thead>
<tr>
<th>A.</th>
<th>K+S growth strategy</th>
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<td>B.</td>
<td>Fiscal year 2013</td>
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<tr>
<td>a.</td>
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</table>
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
### Potash and Magnesium Products

# Legacy project on track

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

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

<table>
<thead>
<tr>
<th>Growth</th>
<th>Efficiency</th>
<th>Culture</th>
</tr>
</thead>
</table>
| ● Expansion of existing sales markets towards Asia, South America and Eastern Europe  
● Margin improvement | ● Stronger international cooperation  
● Use of synergies | ● 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)
in the magnitude of € 500* million

2014
2015
2016

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

Examples for measures:

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
13 March 2014
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

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

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

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

in million m³

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount of saline waste water</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>41</td>
</tr>
<tr>
<td>1997</td>
<td>20</td>
</tr>
<tr>
<td>2006</td>
<td>14</td>
</tr>
<tr>
<td>2012</td>
<td>10</td>
</tr>
<tr>
<td>2015</td>
<td>7</td>
</tr>
</tbody>
</table>

- 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

Ensure a proportional ecological response

Safeguard industrial basis

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# Agenda

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</table>
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

13 March 2014
Fiscal Year 2013
Decline in Potash and Magnesium Products - Increase in Salt

Revenues

€ million

- 11%

Potash and Magnesium Products
2,291
1,485

Salt
2,038
1,751

Complementary Activities
154
159

+ 18%

+ 3%

EBIT I

€ million

- 28%

Potash and Magnesium Products
771
553

Salt
62
118

Complementary Activities
21
25

+ 90%

+ 19%

2013

2012

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K+S Group

Agenda

A. K+S growth strategy

B. Fiscal year 2013
   a. Potash and Magnesium Products
   b. Salt
   c. Financials

C. Outlook
Uncertainties dominate H2 2013

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
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

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

- 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

<table>
<thead>
<tr>
<th></th>
<th>2013 (€ million)</th>
<th>2012 (€ million)</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>2,038</td>
<td>2,291</td>
<td>-11%</td>
</tr>
<tr>
<td>EBIT I</td>
<td>553</td>
<td>771</td>
<td>-28%</td>
</tr>
<tr>
<td>Costs</td>
<td>1,485</td>
<td>1,520</td>
<td>-2%</td>
</tr>
<tr>
<td>Sales volumes</td>
<td>6.94</td>
<td>6.95</td>
<td>± 0</td>
</tr>
<tr>
<td>Total costs per tonne</td>
<td>214</td>
<td>219</td>
<td>-2%</td>
</tr>
</tbody>
</table>

- 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
A. K+S growth strategy

B. Fiscal year 2013
   a. Potash and Magnesium Products
   b. Salt
   c. Financials

C. Outlook
Salt
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 earnings negatively affected by one-offs

- Sales volumes of crystallised salt significantly above average 2012
  - De-icing salt 66% above previous year
- Average prices across 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

Sales volumes

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>De-icing salt</td>
<td>17.5</td>
<td>22.8</td>
</tr>
<tr>
<td>Non-de-icing</td>
<td>8.3</td>
<td>13.8</td>
</tr>
</tbody>
</table>

Revenues

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salt</td>
<td>1,485</td>
<td>1,751</td>
</tr>
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</table>

EBIT I

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
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<tr>
<td>Salt</td>
<td>62</td>
<td>118</td>
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13 March 2014
Salt
Strong winter (Q1 in Europe, Q4 in North America) driving de-icing salt volumes

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

- 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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A. K+S growth strategy

B. Fiscal year 2013
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C. Outlook
## Operating cashflow increased

<table>
<thead>
<tr>
<th></th>
<th>€ million</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As reported</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating cashflow</td>
<td></td>
<td>756</td>
<td>607</td>
</tr>
<tr>
<td>- Cashflow for investing activities</td>
<td>-809</td>
<td>-967</td>
<td></td>
</tr>
<tr>
<td>Free cashflow</td>
<td></td>
<td>-54</td>
<td>-360</td>
</tr>
<tr>
<td><strong>Adjusted</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating cashflow pre out-financing of plan assets</td>
<td>772</td>
<td>651</td>
<td></td>
</tr>
<tr>
<td>- Cashflow for investing activities pre sale/acquisition of securities</td>
<td>-707</td>
<td>-408</td>
<td></td>
</tr>
<tr>
<td>Free cashflow</td>
<td></td>
<td>65</td>
<td>243</td>
</tr>
</tbody>
</table>

- 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**

![Graph showing net debt from 2009 to 2013](image)

**Gearing/ Equity ratio**

![Graph showing gearing and equity ratio from 2009 to 2013](image)

**Target corridor**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt/ EBITDA</td>
<td>1.0x – 1.5x</td>
<td>1.1x</td>
</tr>
<tr>
<td>Net debt/ Equity</td>
<td>50% – 100%</td>
<td>30.5%</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>40% – 50%</td>
<td>45.3%</td>
</tr>
</tbody>
</table>

K+S Group

13 March 2014
K+S Group

Conservative balance sheet structure

RCF € 1 billion

Bond III € 500 million (Dec 2013)

Bond II € 500 million (Dec 2013)

Bond I € 500 million (June 2012)

Peak years in terms of financing needs

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

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A. K+S growth strategy

B. Fiscal year 2013
   a. Potash and Magnesium Products
   b. Salt
   c. Financials

C. Outlook
Dividend proposal

Deviation from basic dividend policy

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)

13 March 2014
**Outlook**

**Our projections for 2014**

<table>
<thead>
<tr>
<th>Basic assumptions</th>
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</thead>
<tbody>
<tr>
<td><strong>Potash and Magnesium Products</strong></td>
</tr>
<tr>
<td>● Global potash volumes of ~ 59(^1) million tonnes (2013: ~56 million tonnes)</td>
</tr>
<tr>
<td>● K+S sales volumes at 2013 levels (6.9 Mio t)</td>
</tr>
<tr>
<td>● Tangible decline in average price levels (2013: 293.8 €/t)</td>
</tr>
<tr>
<td><strong>Salt</strong></td>
</tr>
<tr>
<td>● 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)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Moderately below 2013 level</th>
<th>(2013: € 3.95 billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT I</td>
<td>Significantly below 2013 level</td>
<td>(2013: € 655.9 million)</td>
</tr>
<tr>
<td>CapEx</td>
<td>Approx. € 1.2 billion</td>
<td>(2013: € 742.5 million)</td>
</tr>
</tbody>
</table>

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

13 March 2014
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.