Experience growth.

K+S Group

FY/Q4 2014 – Analyst conference

12 March 2015, Frankfurt am Main

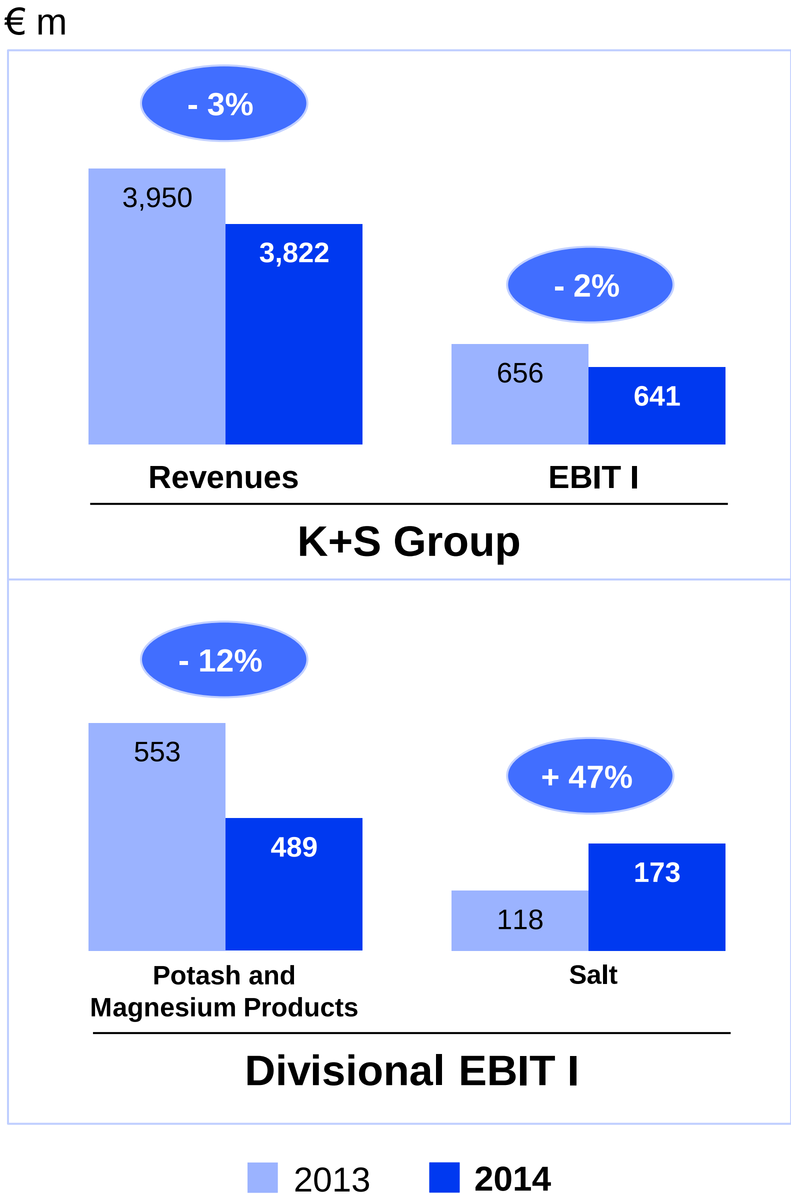
Norbert Steiner, CEO

Dr. Burkhard Lohr, CFO

Agenda

A.	**FY 2014 Financials**
B.	Projects and initiatives
C.	Q4 Financials
D.	2015 Outlook

Solid year 2014 compared to expectations



Group

- Upper end of gradually increased EBIT I guidance range of € 580-640m achieved
- Price recovery and cost discipline across the entire group

Potash and Magnesium Products

- Lower YoY average selling prices
- Legacy well on track

Salt

- Strong North American winter helped to offset weakness in Europe

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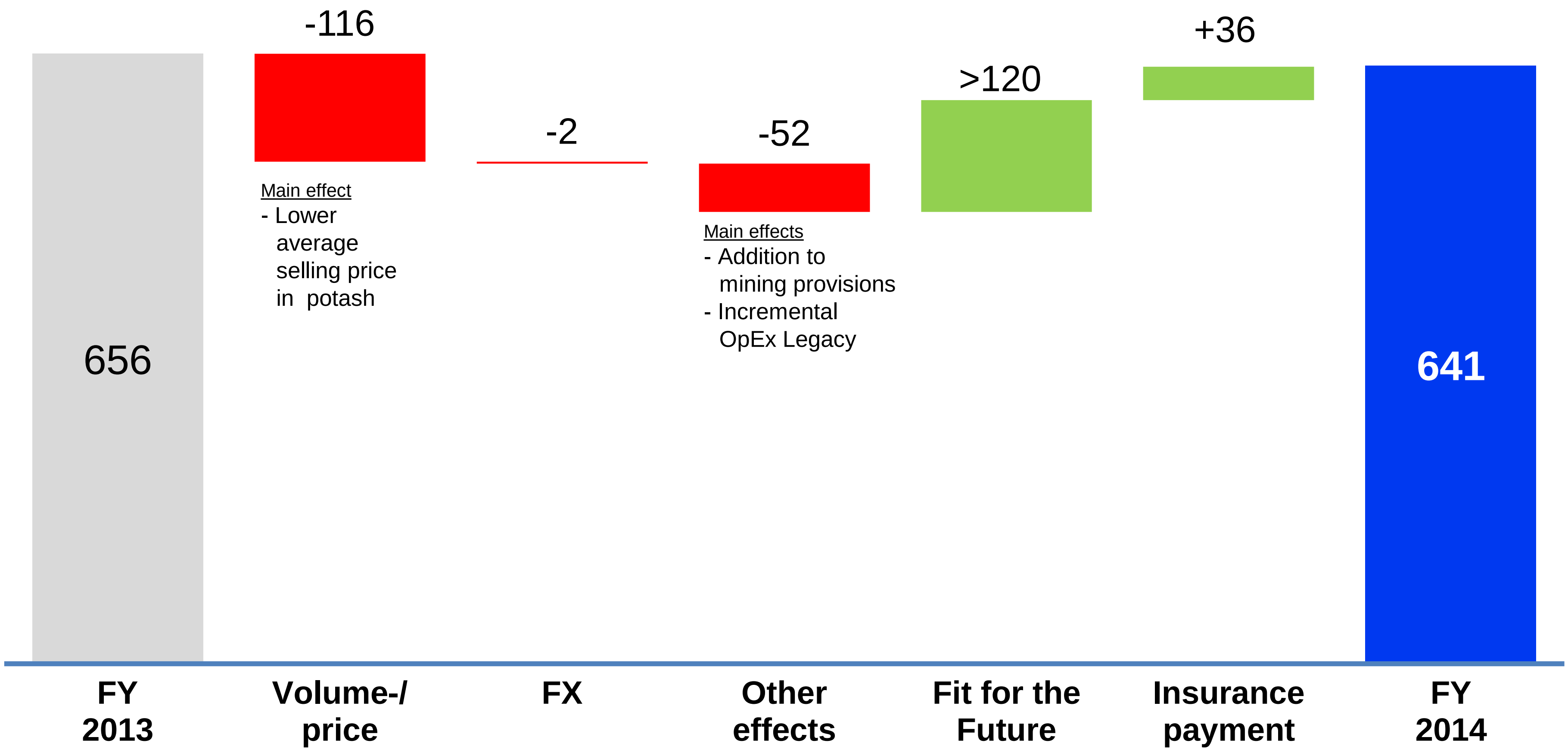
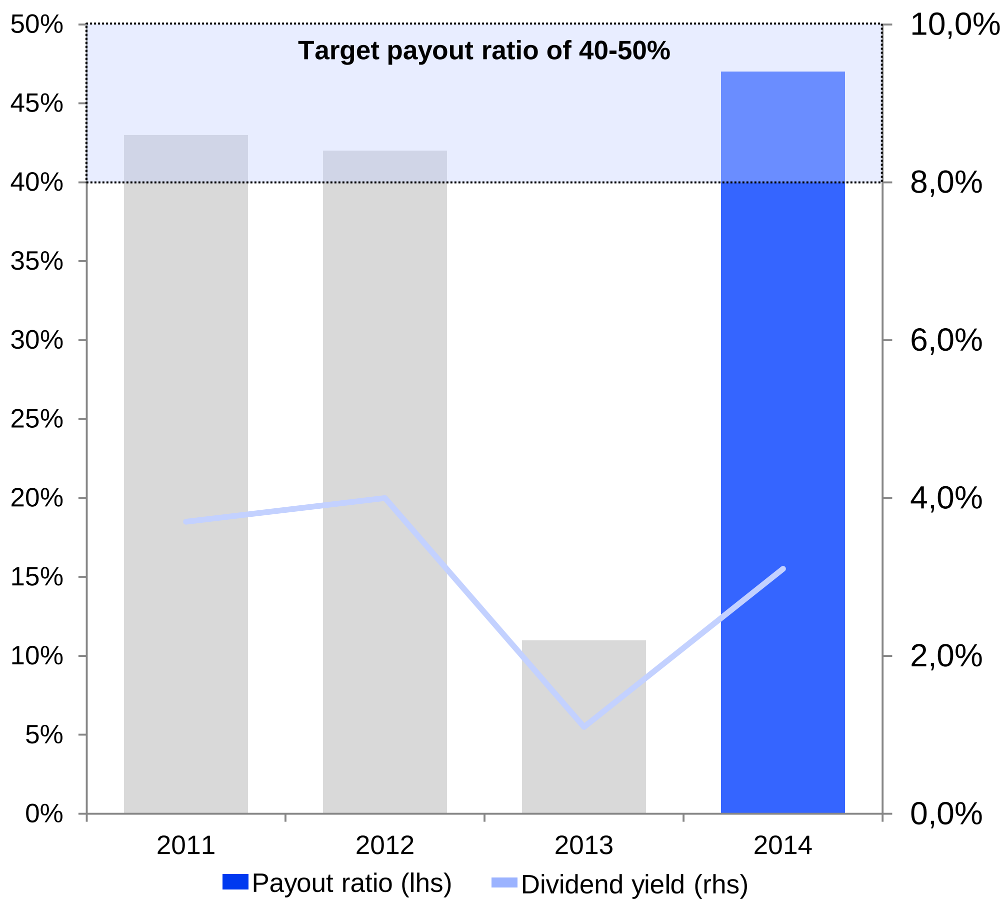
FY 2014: EBIT bridge

€ m



Dividend: Payout ratio back as promised



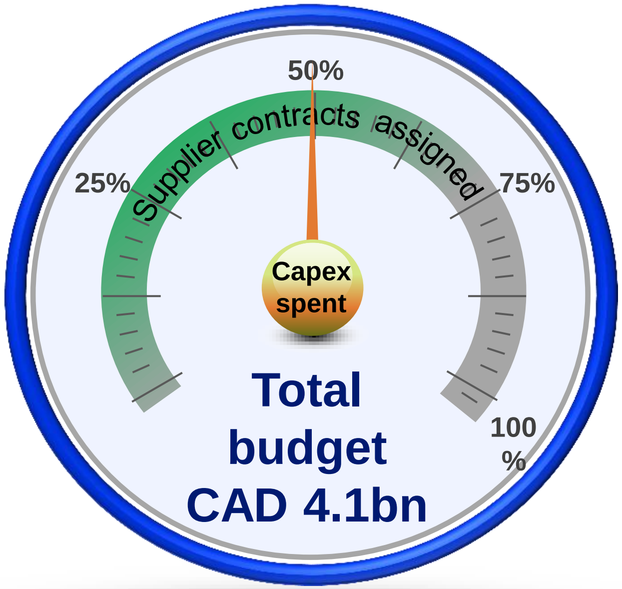
- Adjusted EPS 2014: € 1.92
- Dividend of € 0.90 per share will be proposed to AGM (2013: € 0.25)
- Equals 47% payout ratio

→ Yield of 3.1%[1] above long term average

[1] based on share price of 10 March 2015

Agenda

Potash and Magnesium Products
Status Legacy Project



- 50% of CapEx spent
- Over 75% of total budget awarded to suppliers
- 2015 year of main construction
- Project in-line with budget
- On track for commissioning of plant in summer 2016

October 2014

December 2014

March 2015

Legacy roadmap

Achievements to date

- Rail contract signed
- Completion of Basic Engineering
- Test cavern successfully connected
- Port handling contract concluded
- Camp fully operational
- Pads 2 & 3 commissioned
- Complete Detailed Engineering

Upcoming tasks

- Energy supply permanent
- Gradual Commissioning pads 4 - 7
- Build and complete
  - Northern Tankfarm
  - Debrining, drying and compaction
  - Storage buidlings
- Complete rail line and port facilities
- ECC ready for production
- First ton of product

2015

2016

H2 2016

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Fit for the Future exceeds expectations

Goal

- Improve cost and organizational structures to increase efficiency of production and SG&A functions
- Aspiration to save in the magnitude of **€ 500m between 2014 and 2016** compared with previous planning for this period

Achievements

- Goal set for 2014 exceeded
  - > € 120m versus actual 2013
- Savings made with material-, energy- and logistics costs
- Fit for the Future helped to cushion decline in average selling prices in potash
- On track to achieve 2016 aspiration

Modern logistic center for Werra plant

Fleet optimization Empremar

IT outsourcing

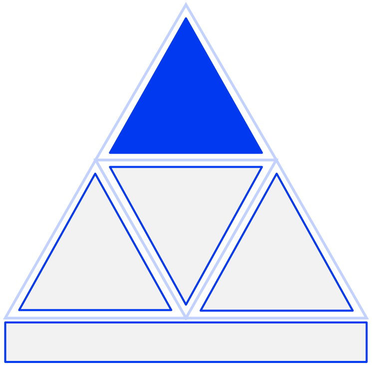
Reduction in packaging costs Europe

Morton distribution network optimization

Morton optimization of packaging

Reduction of logistics warehouses Europe

Optimization of processes and structure



“Kali 2.0“ and **“Salt 2020“** will increase international competitiveness and opportunities for growth

- **Potash and Magnesium Products:**
  Improve value creation by implementing state of the art business process management

- **Salt:**
  Strengthen market position by expansion into growth markets and use of synergies

Sustainable solution for wastewater disposal

Milestones of the Four-Phase Plan

- Newly developed facility to reduce saline wastewater by 1.5 million cubic meters p.a. starting from the end of 2017 (KKF)
- Deep well injection will be substituted by temporary operation of a pipeline to the Upper Weser in 2021
- Tailings piles to be covered to reduce pile wastewater

Tailings pile

Discharge

Course of main CapEx components

Phase 1

2015

~20 %[1]

- Kainite crystallisation flotation facility (KKF)

2018

~60 %

- Build Upper Weser pipeline

2021

Phase 2

- Testing of tailings piles covers to be concluded and initiation of approval processes

2032 **~20 %**

Phase 3

Phase 4

- 2032 - 2060: Salinity level of Werra to decrease further after termination of Unterbreizbach mine
- 2075: Werra will achieve freshwater quality

Total investment: € 400m

[1] In addition to CapEx of the extensive water protection measures implemented since 2008

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P&L Q4/14: EBIT I increases strongly

€ m	Q4/13	Q4/14	YoY
Revenues	**978**	**1,020**	***+4%***
EBITDA	168	205	
D&A[(1)]	-68	-75	
EBIT I	**100**	**130**	***+30%***
Margin	*10%*	*13%*	
Financial result	-20	-26	
EBT, adjusted	**80**	**104**	***+30%***
Tax rate, adjusted	16%	35%	
Net income, adjusted	69	68	
EPS, adjusted	0.36	0.36	

➔ Higher revenues in Potash and Magnesium products

➔ Driven by positive pricing in both business units and cost discipline

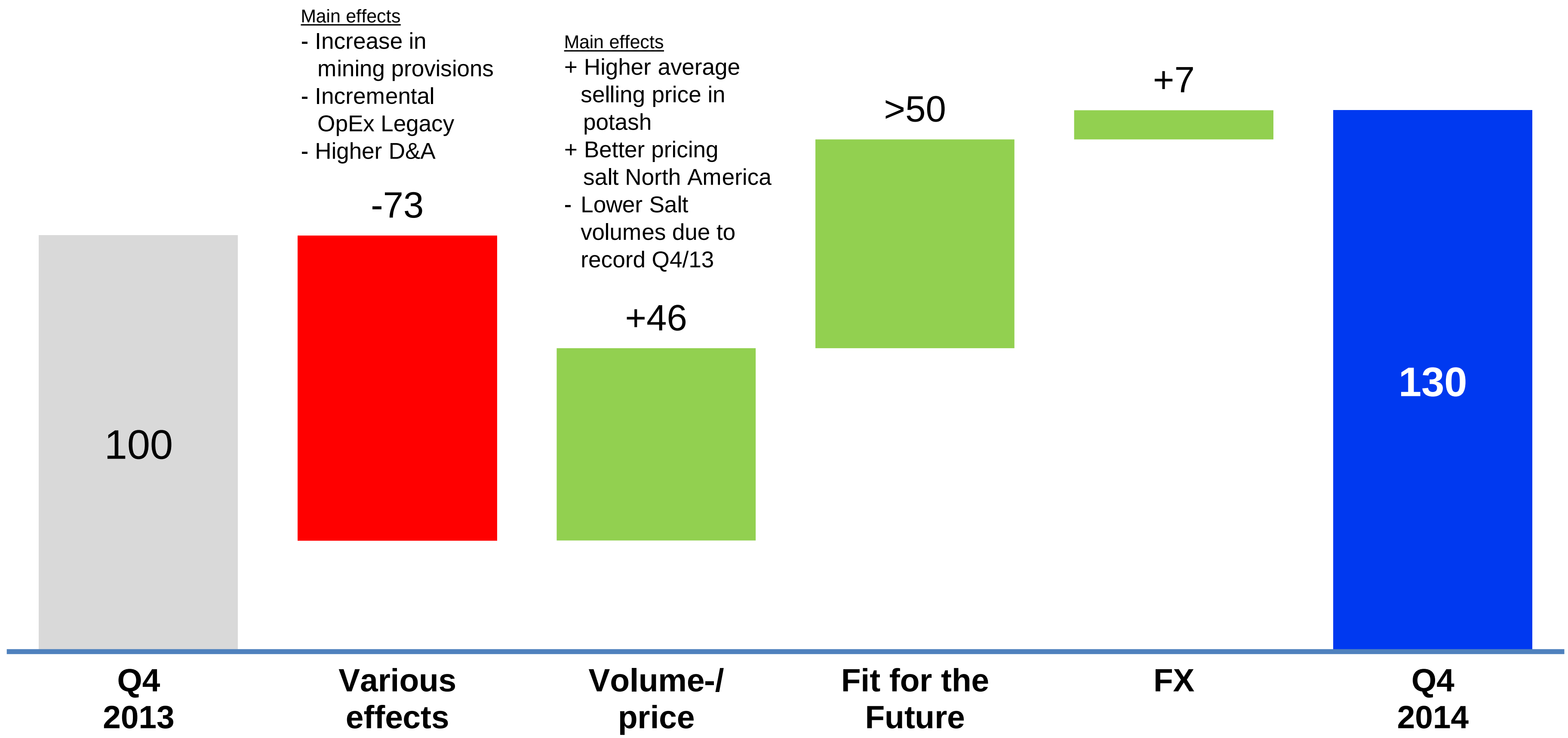
➔ Q4/13 benefited from a deferred tax income while Q4/14 includes deferred tax liabilities due to tax reform in Chile

(1) Includes earnings effective depreciation in 2014 only

The adjusted key figures only include operating forecast hedges of the respective reporting period in EBIT I. In addition, related effects on deferred and cash taxes are also excluded.

Pricing and Fit for the Future driving EBIT in Q4

€ m



Cash flow and net debt FY 2014

€m	FY13	FY14	YoY
Operating cash flow	756	707	*-6%*
- Investing cash flow (pre sale/ purchase of securities)	-707	-1,013	*+43%*
Adjusted free cash flow	**49**	**-306**	**-**
CapEx	**743**	**1,153**	***+55%***

- Decrease mainly due to higher working capital
- Free cash flow decreased due to CapEx for the Legacy Project

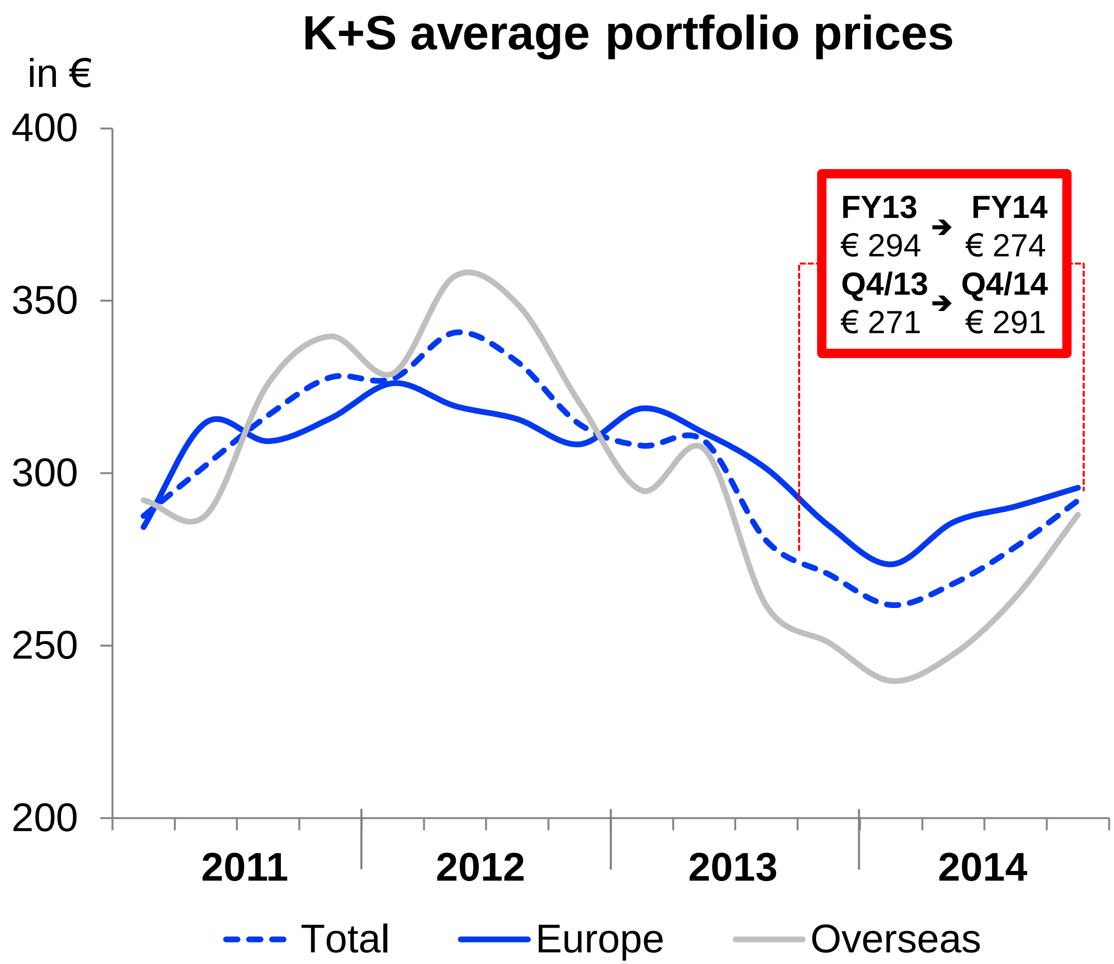
	31/12/13	31/12/14
Net debt[1]	**-1,037**	**-1,676**
t/o Net financial debt (-)	-191	-588

- Net debt increased along with higher CapEx and adjustment of interest rates on non-current provisions

[1] Including pension- and mining provisions

Potash and Magnesium Products

Average selling prices improved sequentially



- **Market**
  - Brazil: Temporary weakness due to lower YoY volume – inventories low
  - Europe: Quiet season along with price stability
  - South East Asia: Competitive environment stabilizing
- **K+S product portfolio**
  - Europe remains robust
  - Overseas prices catching up
  - Strength of Specialties continues

Prices in USD converted into Euro with quarterly average fx-rates.

Potash and Magnesium Products
Business unit performance

€m	Q4/13	Q4/14	*YoY*
Revenues	407	465	*+14%*
EBIT I	**54**	**84**	***+56%***
Margin	*13%*	*18%*	
t/o Legacy OpEx	-5	-13	
Average selling price (€/t)	271	291	-
Sales volumes (m t)	1.5	1.6	-

➔ Better pricing and continued cost discipline partly offset by addition to mining provisions, Legacy OpEx and higher D&A

➔ Sequential price improvement continued (Q3/14: € 279)

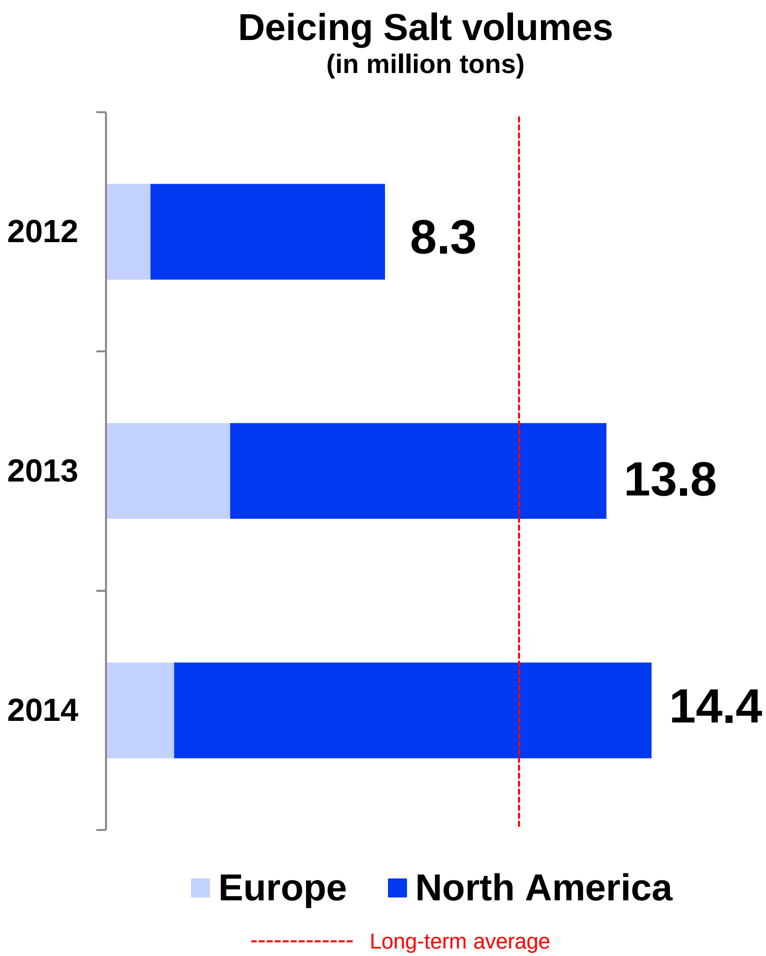
€/tonne[1,2]	Q4/13	FY13	Q4/14	FY14
Costs per tonne	234	214	239	208
Excl. Legacy	230	211	231	203

➔ Increase in mining provisions; incremental Legacy OpEx and higher D&A

[1] (Revenues – EBIT)/Sales volumes [2] Excl. insurance gain

Salt

Portfolio diversification paying off again



- **Europe**
  - Both winter quarters (Q1 and Q4 2014) were mild and volumes below the long-term average
- **North America**
  - Very strong Q1 2014 and a good finish more than offset developments in Europe
  - Improving prices driven by low inventories
- **Total de-icing volumes above long-term average**

Salt
Business unit performance

€ m	Q4/13	Q4/14	YoY
Revenues	531	515	*-3%*
EBIT I	**49**	**57**	***+16%***
Margin	*9%*	*11%*	
Sales volumes (m t)	7.3	6.1	*-16%*
De-icing	5.1	3.7	*-27%*
Non de-icing	2.2	2.4	*+9%*
Average selling prices (€)			
De-icing	55.2	66.1	*+20%*
Non de-icing	103.2	107.9	*+5%*

➔ Lower de-cing volumes after record Q4/13 offset by better pricing in North America and cost discipline

➔ North American volumes normalizing after strong Q4/13

➔ Price increases in North America more than offset lower prices in Europe

Agenda

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Guidance FY 2015: underlying assumptions

	FY 2015e	FY 2014
Potash and Magnesium Products		
Global sales volumes(1)	Slight decline	> 65m t
K+S sales volumes	~ 7m t	6.9m t
Average selling price	Tangible increase	€ 274
Salt		
K+S sales volumes	Moderate decline	24m t
t/o de-icing	~ 12m t	14m t
Group		
Revenues	Moderate increase	€ 3.8bn
EBITDA	Significant increase	€ 896m(2)
EBIT I	Significant increase	€ 641m(2)
Financial result	Significant improvement	€ -126m
Capex	~ € 1.3bn	€ 1.15bn
Average fx-rate for planning assumptions	1,15 EUR/USD	1.33 EUR/USD
Dividend policy	40-50% payout ratio	

(1) Incl.~4mt of potassium sulphate and potash grades with lower mineral content (2) Incl. insurance gain of € 36 m

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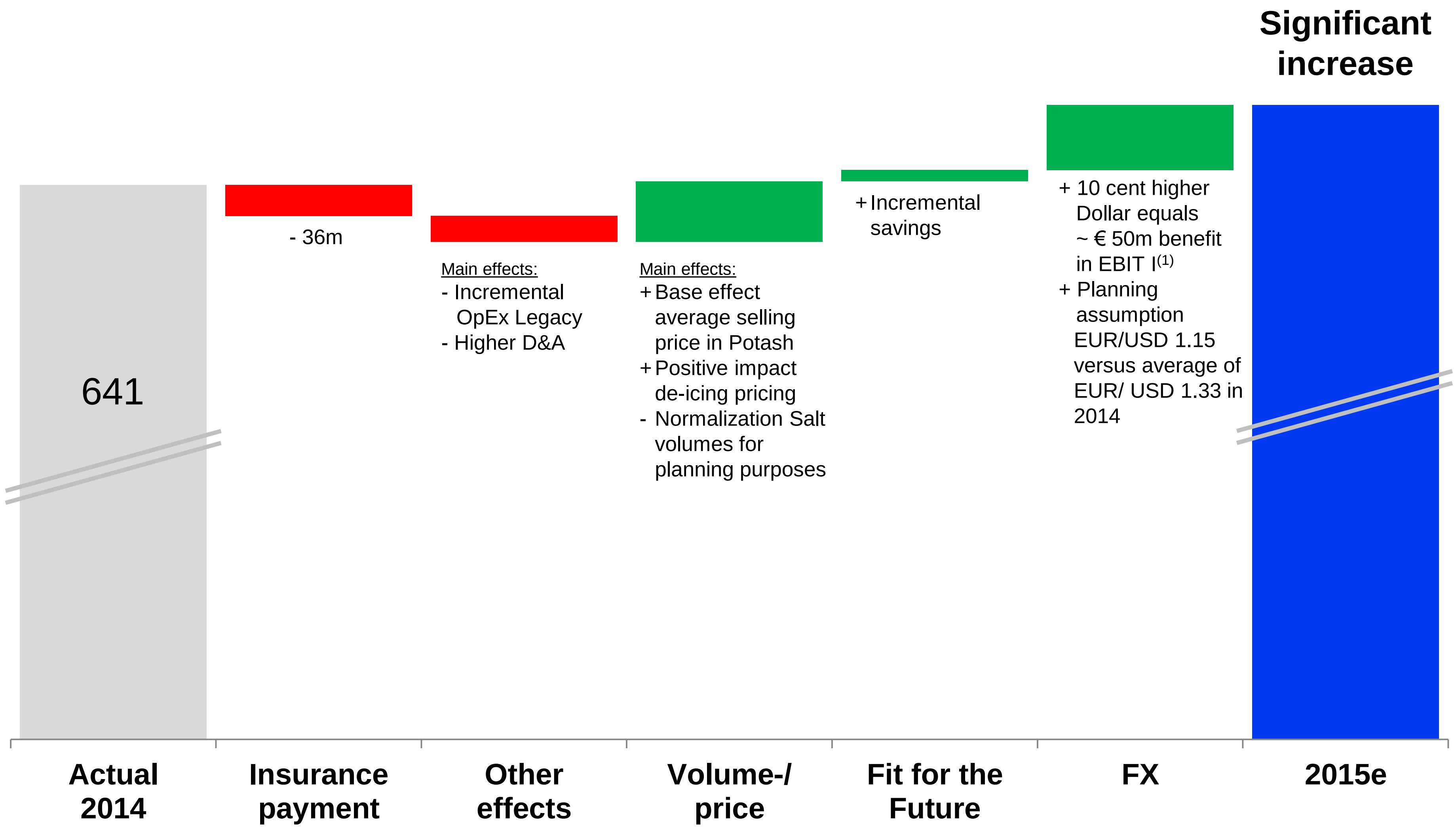
Guidance FY 2015: EBIT I bridge

€ m



(1) Valid for 2015; no linear development in both ways

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Q&A session

12 March 2015, Frankfurt am Main

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Dr. Burkhard Lohr, CFO


DEEP VALUE
Save the date: November 12th, 2015
Capital Markets Day

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 made on the basis of all the information available to us at this point. Should the assumptions underlying these forecasts prove not to be correct or should certain risks materialise, such as those referred to in the Risk Report, actual developments and events may deviate from current expectations. The Company assumes no obligation to update the statements, with the exception of disclosures required by the provisions of statute.

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