FY/Q4 2016 – Conference Call
March 16th, 2017

Dr. Burkhard Lohr, CFO
Potash and Magnesium Products

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
Potash and Magnesium Products

Environmental Roadmap

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 KCF ¹ 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

Normalized EBIT: Normalized for severe weather effects (e.g. volumes); Normal winter de-icing volumes ~12.5m tons;
Cost Discipline Will Remain High

- **“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
Strong demand
Prices improving slightly

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.
K+S Group

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**

<table>
<thead>
<tr>
<th>€ million</th>
<th>Q4/15</th>
<th>Q4/16</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>993</td>
<td>941</td>
<td>-5%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>228</td>
<td>94</td>
<td>-59%</td>
</tr>
<tr>
<td>EBIT I</td>
<td>154</td>
<td>28</td>
<td>-82%</td>
</tr>
<tr>
<td>t/o Potash</td>
<td>127</td>
<td>-35</td>
<td>-</td>
</tr>
<tr>
<td>t/o Salt</td>
<td>39</td>
<td>58</td>
<td>49%</td>
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<table>
<thead>
<tr>
<th>FY 2015</th>
<th>FY 2016</th>
<th>YoY</th>
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</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>4,176</td>
<td>3,457</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,058</td>
<td>519</td>
</tr>
<tr>
<td>D&amp;A</td>
<td>276</td>
<td>290</td>
</tr>
<tr>
<td>EBIT I</td>
<td>782</td>
<td>229</td>
</tr>
<tr>
<td>Adjusted net profit</td>
<td>542</td>
<td>131</td>
</tr>
<tr>
<td>Adjusted EPS (€)</td>
<td>2.83</td>
<td>0.68</td>
</tr>
<tr>
<td>Proposed DPS (€)</td>
<td>1.15</td>
<td>0.30</td>
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Guidance: EBIT I

<table>
<thead>
<tr>
<th>Actual 2016</th>
<th>Price</th>
<th>Volume/product mix</th>
<th>Legacy</th>
<th>Other effects (net)</th>
<th>2017e</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>229</td>
<td></td>
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Main effects:
- + Potash prices
- + Potash volumes/product mix
- + De-icing volumes

Main effects:
- First sales from Legacy
- D&A after production start offsetting profits from first potash sales

Main effects:
- Wage agreement
- Freight / Energy
- Cost savings

Tangible increase $^1\)$

- Commissioning KCF $^2\)$
- Legacy EBITDA positive
- “Salt 2020”
- Potash strategy
- Lower CapEx
- Group FCF positive
- De-leveraging to begin

$^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

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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

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€ 1.6 billion EBITDA by 2020