Q1/16 – Conference Call
May 10th, 2016

Dr. Burkhard Lohr, CFO
K+S Group

Highlights

- Salt business contributing strongly to group earnings despite mild winter
- Impact of limited deep-well injection negligible in Q1
- Legacy Project on time and on budget
- “Salt 2020” strategy on track
- “Fit for the Future” contributed positively to cost structure – cost discipline remains high
- Schuldschein successfully issued
- Outlook for 2016 unchanged
Two-Pillar Strategy Cushions Weak Start Into The Year

### Group
- Lower average selling price in potash
- Sales volumes below Q1/15 in both business units

### Potash and Magnesium Products
- Pricing in Europe robust
- Specialties remain at high level
- Significantly lower overseas prices
- Costs per ton lower in Q1/16 despite overall lower volumes
  - € 201 vs € 212 in Q1/15 \(^{2}\)

### Salt
- Margin improvement due to product mix, higher prices in non de-icing and cost focus
- De-icing: Mild winter leads to below-average sales volumes
- Non de-icing business solid

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<table>
<thead>
<tr>
<th></th>
<th>€ million</th>
<th>Q1/15</th>
<th>Q1/16</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>1,377</td>
<td>1,096</td>
<td></td>
<td>-20%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>383</td>
<td>285</td>
<td></td>
<td>-26%</td>
</tr>
<tr>
<td>EBIT I</td>
<td>317</td>
<td>218</td>
<td></td>
<td>-31%</td>
</tr>
<tr>
<td>t/o Potash and Magnesium</td>
<td>183</td>
<td>102</td>
<td></td>
<td>-44%</td>
</tr>
<tr>
<td>t/o Salt</td>
<td>142</td>
<td>123</td>
<td></td>
<td>-14%</td>
</tr>
</tbody>
</table>

### EBIT I bridge

- **317**
  - Main effects: - Potash volumes and prices
    - Salt de-icing volumes
  - Main effects: + Negative one-offs in Q1/15 \(^{1}\)
    - OpEx Legacy

- **218**
  - Q1/15: Volume/Price Other effects Fit for the Future FX Q1/16

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\(^{1}\) Mainly phasing of collective labor agreement in Q1/15
\(^{2}\) (Revenues – EBIT I excl. Legacy OpEx) / Sales volumes
Legacy Project

On Time and Budget

~ 90% of total CapEx spent

Total CapEx of CAD 4.1 billion

CAD 4.1 billion

2013 2014 2015 2016 2017
Trading activity picking up slowly

K+S sales volumes 1.69 millions tons (Q1/15: 1.94 million tons):
- Pre-buying of Specialties in Europe in December
- Slower weather-related start into the new season

Markets still waiting for direction by major contracts

Pricing in European core markets robust

MOP prices in overseas markets continues to stabilize

SOP premium remains high

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

Improving Margins Due to Strong Brands

- Margin improvement due to product mix and focus on strong brands and cost discipline
- Stable volume development in non de-icing at higher prices
- De-icing
  - Lower YoY volumes due to mild winter in Europe and North America
  - Prices remained almost stable

### EBIT Development

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EBIT Margin %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1/13</td>
<td>11.9%</td>
</tr>
<tr>
<td>Q1/14</td>
<td>13.9%</td>
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<tr>
<td>Q1/15</td>
<td>19.5%</td>
</tr>
<tr>
<td>Q1/16</td>
<td>20.6%</td>
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</tbody>
</table>

### Non De-icing

- Sales Volumes (in million tons)
- ASP (in €/ton)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Sales Volumes</th>
<th>ASP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1/14</td>
<td>2.3</td>
<td>101</td>
</tr>
<tr>
<td>Q2/14</td>
<td>2.2</td>
<td>102</td>
</tr>
<tr>
<td>Q3/14</td>
<td>2.3</td>
<td>104</td>
</tr>
<tr>
<td>Q4/14</td>
<td>2.4</td>
<td>108</td>
</tr>
<tr>
<td>Q1/15</td>
<td>2.2</td>
<td>119</td>
</tr>
<tr>
<td>Q2/15</td>
<td>2.4</td>
<td>120</td>
</tr>
<tr>
<td>Q3/15</td>
<td>2.4</td>
<td>124</td>
</tr>
<tr>
<td>Q4/15</td>
<td>2.3</td>
<td>118</td>
</tr>
<tr>
<td>Q1/16</td>
<td>2.4</td>
<td>122</td>
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</table>

### De-icing

- Sales Volumes (in million tons)
- ASP (in €/ton)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Sales Volumes</th>
<th>ASP</th>
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</thead>
<tbody>
<tr>
<td>Q1/14</td>
<td>8.2</td>
<td>49</td>
</tr>
<tr>
<td>Q2/14</td>
<td>1.0</td>
<td>47</td>
</tr>
<tr>
<td>Q3/14</td>
<td>1.6</td>
<td>52</td>
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<tr>
<td>Q4/14</td>
<td>3.7</td>
<td>66</td>
</tr>
<tr>
<td>Q1/15</td>
<td>6.9</td>
<td>65</td>
</tr>
<tr>
<td>Q2/15</td>
<td>1.2</td>
<td>65</td>
</tr>
<tr>
<td>Q3/15</td>
<td>1.5</td>
<td>62</td>
</tr>
<tr>
<td>Q4/15</td>
<td>2.3</td>
<td>67</td>
</tr>
<tr>
<td>Q1/16</td>
<td>4.9</td>
<td>64</td>
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</tbody>
</table>
Guidance FY 2016 unchanged: EBIT I Bridge

Assumptions (highlights)

- Prices for MOP in overseas markets continue to stabilize. However, significantly lower average selling price expected in potash for FY 2016.
- Impact of limited deep-well injection may be felt more in upcoming dry spring and summer season.
- Mild winter may lead to lower de-icing sales volumes.

We stick to our forecast of significantly lower operating results.
Mid-Term Goal: From Capex to Cash

Management Agenda

- Opening Legacy this summer – production of 1st ton end of 2016
- Managing environmental challenges particularly in Germany
- Enhancing portfolio of higher yielding products
- Successful implementation of “Salt 2020“ Strategy
- Keeping cost discipline above and beyond “Fit for the Future”

Capex Phase

- Net debt (1) € 2.4 billion
- Leverage (LTM) 2.5x
- CapEx (2) € 1.3 billion
- FCF Negative
- EBITDA (2) € 1.1 billion

Cash Phase 2020

- Net debt < € 2.0 billion
- Leverage 1.0-1.5x
- CapEx Maintenance
- FCF Positive
- EBITDA ~ € 1.6 billion

(1) Q1/16 (2) 2015
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