Q2 2017 – Conference Call
August 15th, 2017

Dr Burkhard Lohr, CEO
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First Potash Produced at Bethune

- First product earlier than expected
- Infrastructure in place
  - Trains
  - Harbor
- Capacity of 2 million tons p.a. by the end of 2017 ramping up to 2.86 million tons p.a. by 2023
- Positive EBITDA in 2018

"With Bethune, the most modern potash facility in the world, we are pushing into a new dimension. We are now producing potash on two continents," said Dr. Burkhard Lohr (CEO of K+S).
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
- Implementation of measures to limit production standstills
- Construction of KCF 1) to reduce saline wastewater from Werra plant by 1.5 million m³ to 5.5 million m³ p. a. will have a positive impact on disposal situation
- Expansion of tailings pile capacity Hattorf (Werra) remains challenging, but is also well on time

**2019 and beyond**

- Expansion of tailings pile capacity at Wintershall (Werra) and Zielitz
- Extension of Werra river injection permit
- Evaluation and implementation of sustainable environmental solutions
  - Oberweserpipeline
  - Underground storage (currently being analyzed)
  - Coverage of tailings piles

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1) Kainite Crystallization and Flotation Facility
Increase in MOP prices continues

Required price for EBITDA-Goal 2020 seems not longer realistic from today’s point of view

Major contracts (China/India) closed at 230 USD/t (+11) and 240 USD/t (+13) respectively

ASP slightly down QoQ due to
- Regional mix
- Korn-Kali and Industrial Potash prices lagging behind MOP

SOP demand and pricing remains sound

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1) Prices in USD converted into Euro with quarterly average Fx-rates.
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**Trading Update Salt**

### Non de-icing
- Revenues stable YoY
- ASP at €122 on last year’s level (Q2/16: €123)

### De-icing
- Another weak de-icing quarter after mild winter in the US
- Offset by better demand in Europe
- Geographical hedge works
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Q2/17 Overview

**Highlights**

- Top line growth continues
- EBIT I almost doubled due to higher product availability in potash
- Headwinds: weak de-icing business, ramp-up Bethune and higher costs (mainly saline wastewater disposal)

<table>
<thead>
<tr>
<th>Q2/2016</th>
<th>Q2/2017</th>
<th>€ million</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>732</td>
<td>742</td>
<td>+1%</td>
</tr>
<tr>
<td>t/o Potash</td>
<td>371</td>
<td>387</td>
<td>+4%</td>
</tr>
<tr>
<td>t/o Salt</td>
<td>319</td>
<td>316</td>
<td>-1%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>83</td>
<td>102</td>
<td>+22%</td>
</tr>
<tr>
<td>D&amp;A</td>
<td>-68</td>
<td>-73</td>
<td>-</td>
</tr>
<tr>
<td>EBIT I</td>
<td>15</td>
<td>29</td>
<td>+90%</td>
</tr>
<tr>
<td>t/o Potash</td>
<td>15</td>
<td>31</td>
<td>+100%</td>
</tr>
<tr>
<td>t/o Salt</td>
<td>5</td>
<td>0</td>
<td>-92%</td>
</tr>
<tr>
<td>Adjusted net profit</td>
<td>0</td>
<td>19</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted EPS (€)</td>
<td>-</td>
<td>0,10</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>H1/16</th>
<th>H1/17</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow</td>
<td>359</td>
<td>384</td>
</tr>
<tr>
<td>Adj. free cash flow</td>
<td>-178</td>
<td>-26</td>
</tr>
<tr>
<td>CapEx</td>
<td>643</td>
<td>410</td>
</tr>
</tbody>
</table>
With the start of Bethune, K+S has harmonized useful life of similar assets globally and across business units.

<table>
<thead>
<tr>
<th>Effects on EBIT I</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>K+S Group</td>
<td>Δ €~40m</td>
</tr>
<tr>
<td>t/o Potash and Magnesium (excl. Bethune)</td>
<td>Δ €~30m</td>
</tr>
<tr>
<td>t/o Salt</td>
<td>Δ €~10m</td>
</tr>
</tbody>
</table>

Dividend policy remains unchanged for the time being: Payout ratio (40-50% of adjusted net profit)
Guidance: EBIT I

<table>
<thead>
<tr>
<th>Actual 2016</th>
<th>Volume/product mix</th>
<th>Adj. D&amp;A</th>
<th>Bethune</th>
<th>Price</th>
<th>Other effects (net)</th>
<th>2017e</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ million</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>229</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- €~40m</td>
<td></td>
</tr>
</tbody>
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Main effects:
- Potash volumes/product mix
- Salt volumes

Main effects:
- First sales from Bethune
- D&A after production start
- Profits from first potash sales

Main effects:
- Potash prices
- Salt de-icing prices

Main effects:
- Cost savings
- FX
- Wage agreement
- Freight/energy

260-360

1) Based on average weather conditions for the rest of 2017 both for Potash and Salt. Dry periods could have a severe impact on earnings of the Potash and Magnesium products business unit.
Outlook 2018: Great Expectations

„2017 is still a transitional year“, but beyond:

- New group strategy
- Bethune EBITDA positive
- Salt business continues to grow
- Significantly lower CapEx
- Group free cash flow positive
- De-leveraging to begin
- Commissioning KCF¹ and tailings pile expansions

1) Based on average weather conditions for the rest of 2017 both for Potash and Salt. Dry periods could have a severe impact on earnings of the Potash and Magnesium products business unit.

²) Kainite Crystallization and Flotation Facility
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Backup
Additiona information on Outlook FY 2017\(^1\)

- **Tax rate:** \(~26-28\%\)
- **Financial result:** \(~-70\) to \(~-80\) million EUR
- **CapEx:** \(~900\) million EUR
- **D&A (after new method):** \(~300\) million EUR
- **Reconciliation (EBIT I):** \(~-40\) to \(~-50\) million EUR
- **Production outages:** \(~55\) days (based on normal rainfalls)

FY 2017 Guidance mainly determined by:

- Ramp-up at Bethune
- Rainfalls in H2 (days of outages)
- Winter conditions in Q4
- FX, and potash price development

\(^1\) At USD/EUR 1.12
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Currency Management

- Hedging of transaction risks, basis USD budget net position
- Cash flow view: most of anticipated net position hedged
- Hedging is used if an underlying transaction exists or is expected with great probability

Anticipated average exchange rate (full year): **1.12 EUR/USD (incl. premium)**
Premise: based on planned rate of **1.15 EUR/USD** for the second half of the year
<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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<tbody>
<tr>
<td>Roadshow Frankfurt, Kepler Cheuvreux</td>
<td>16 August 2017</td>
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<tr>
<td>Roadshow London, Redburn</td>
<td>24 August 2017</td>
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<tr>
<td>Commerzbank Sector Conference, Frankfurt</td>
<td>29 August 2017</td>
</tr>
<tr>
<td>JP Morgan European High Yield &amp; Leveraged Finance</td>
<td>8 September 2017</td>
</tr>
<tr>
<td>Conference, London</td>
<td></td>
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<tr>
<td>Credit Suisse 30th Annual Basic Materials Conference</td>
<td>11-13 September 2017</td>
</tr>
<tr>
<td>New York</td>
<td></td>
</tr>
<tr>
<td>UBS Best of Germany One-on-One Conference, New York</td>
<td>13-14 September 2017</td>
</tr>
<tr>
<td>Annual Berenberg Food Ingredients &amp; Chemicals, London</td>
<td>13 September 2017</td>
</tr>
<tr>
<td>Berenberg/Goldman Sachs 6th German Corporate</td>
<td>18-20 September 2017</td>
</tr>
<tr>
<td>Conference, Munich</td>
<td></td>
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<tr>
<td>Baader Investment Conference, Munich</td>
<td>21 September 2017</td>
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<tr>
<td>Quarterly Report, 30 September 2017</td>
<td>15 November 2017</td>
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