

K+S Aktiengesellschaft

Q3 2017 – Conference Call

November 15th, 2017

Dr Burkhard Lohr, CEO



Experience growth.

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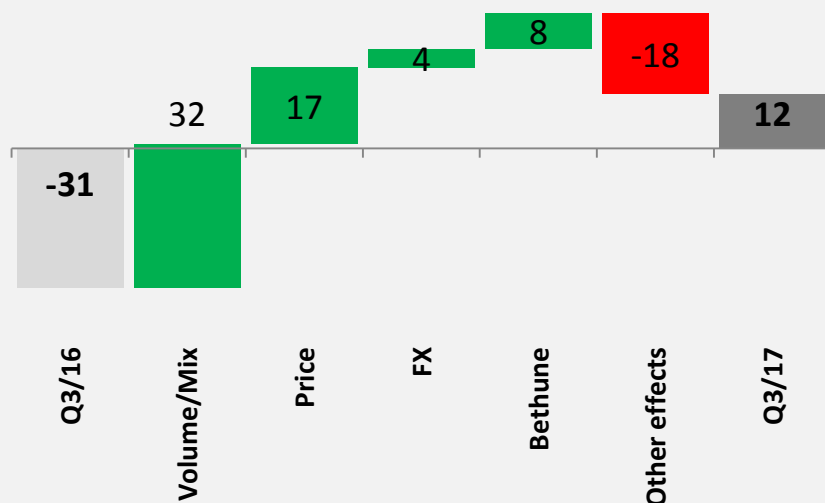
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Q3/17 – considerable improvement

Highlights

- No outage days at Werra plant in Q3
- EBITDA up from €56m to €77m (+37%)
- FCF further improved (+47%)
- Challenges: slower ramp-up at Bethune, SOP pricing and hurricane Irma

EBIT I in €m

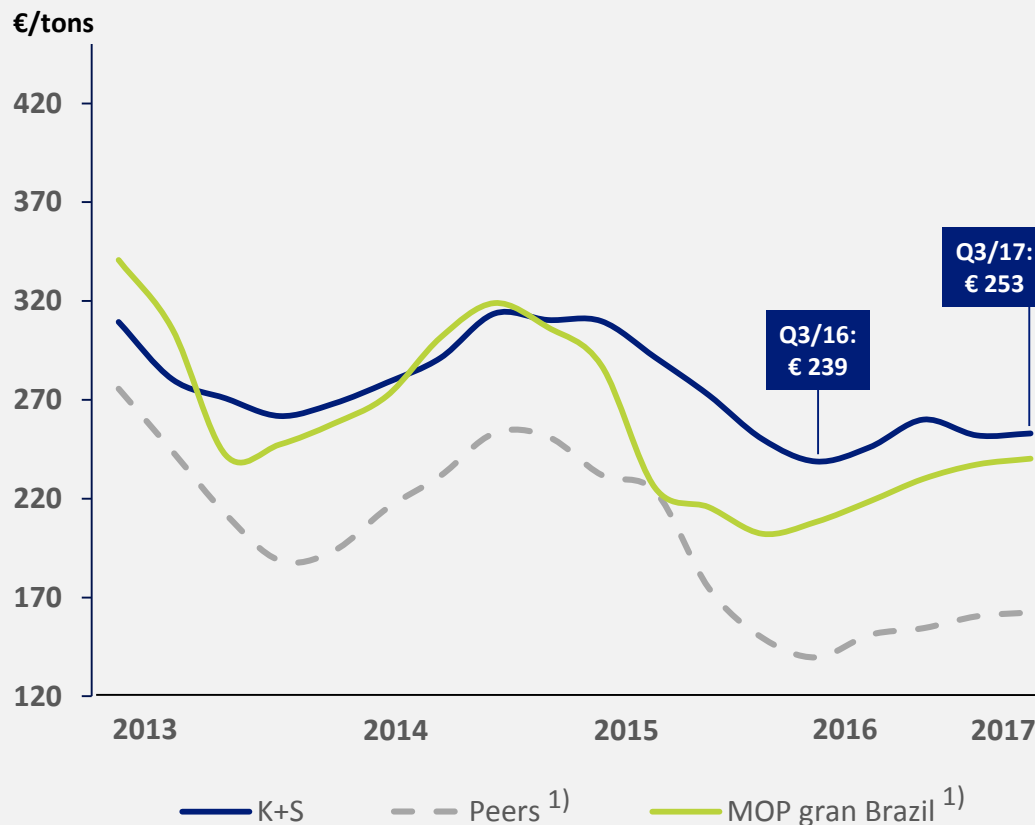


Financials

€ million	Q3/16	Q3/17	YoY
Revenues	688	727	+6%
t/o Potash	302	358	+19%
t/o Salt	346	329	-5%
EBITDA	56	77	+37%
D&A	-87	-64	-
EBIT I	-31	12	-
t/o Potash	-49	2	-
t/o Salt	18	17	-9%
Adjusted net profit	-27	2	-
Adjusted EPS (€)	-0,14	0,01	-
	9M/16	9M/17	YoY
Operating cash flow	390	382	-2%
Adj. free cash flow	-456	-241	+47%
CapEx	904	568	-37%

Trading Update Potash and Magnesium Products

K+S Average Selling Price Development



Market:

- Strong demand across all regions
- Recovery in MOP prices continues

K+S:

- ASP further increased (YoY) due to:
 - Overall pricing environment
 - Product mix improvement on the back of no production outages in Q3/17 (vs. 70 days in Q3/16)

Outlook:

- SOP prices have recently started to stabilize after softening in Q2 and beginning of Q3
- Further upward potential for Korn-Kali and Industrial Potash prices

¹⁾ Prices in USD converted into Euro with quarterly average FX-rates.

New approach to environmental challenges works

Efforts to improve our environmental standards

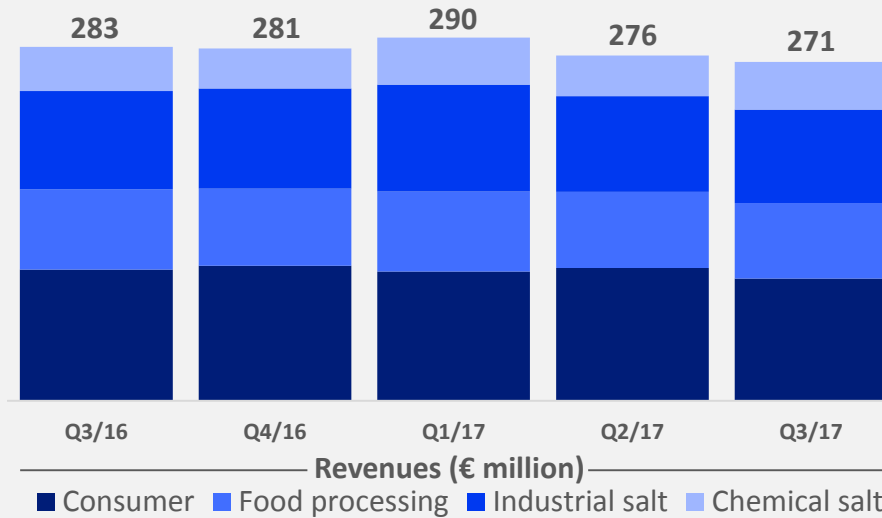
- ✓ **Deep-well injection permit** granted until 2021 (1.5m m³)
- ✓ Implementation of **measures** to limit outage days
- ✓ Construction of **KCF**¹⁾ well on track (reduction of saline wastewater by 1.5m m³ to 5.5m m³)
- ✓ **K+S mandated advisor K-UTEK** to carry out a concept for extracting further products from saline wastewater and to reduce occurrence of such
- ✓ Expansion of **tailings pile** capacity Hattorf (Werra): **Approval for 'early commencement' granted**

Disputes and litigation handled proactively

- ✓ **Higher regional court dismisses complaint** brought by prosecutor's office - water pollution accusations baseless
- ✓ K+S **aims for** an agreement with the Federation for Environment and Nature Conservation Germany (**BUND**)
- ✓ Thuringian municipality of **Gerstungen** and K+S want to end their long-standing dispute

¹⁾ Kainite Crystallization and Flotation Facility

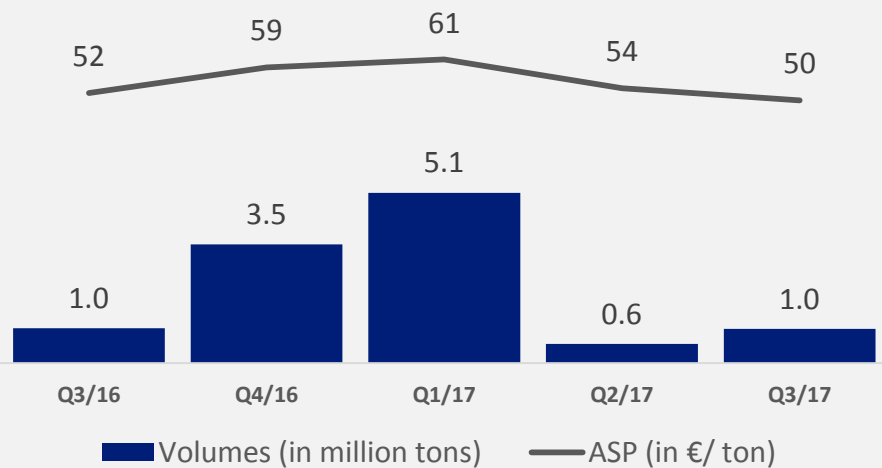
Non de-icing



Non de-icing

- Revenues moderately down YoY
- ASP at €108 (Q3/16: €113)
 - Greater share of lower yielding chemical salt products
 - Negative FX impact

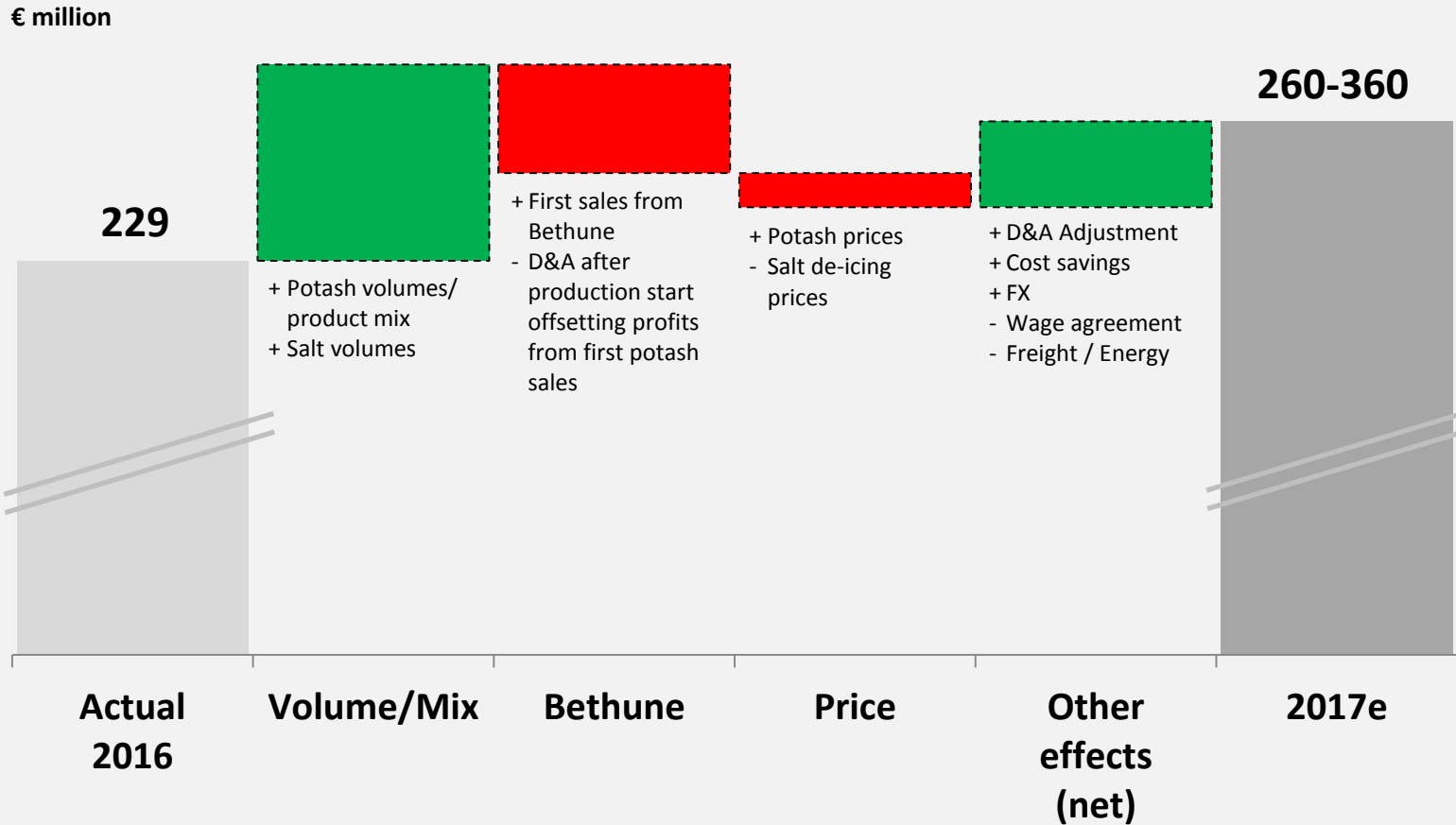
De-icing



De-icing

- On last year's level
- Slow start in the pre-buying season in the US
- Offset by better demand in Europe
- Geographical hedge supportive

Guidance 2017: EBIT I



- FY 2017 Guidance determined by:**
- Pending decision about the timing of Sigmundshall closure
 - Winter conditions in Q4 2017 either way
 - FX
 - Potash price development

Phase 1: Transformation

Phase 2: Growth

2017

2020

2030



Reduce indebtedness



Realize synergies



Advance corporate culture



Shaping the organization
 and focusing towards our clients



Tapping the full potential of our existing assets



Exploring new adjacent growth areas



Increased share of specialties



Net debt/
 EBITDA

**halved
 vs. H1/2017**



Synergies

>€150m



Investment grade rating
 achieved in 2023



EBITDA-Ambition **€3bn**



ROCE **>15%**



Revenue growth
 beyond 2030 **>4%**

Update on Shaping 2030



Ongoing tasks	<input checked="" type="checkbox"/>	Setting up project management
	<input checked="" type="checkbox"/>	Preparing to decide on new organization and reporting lines
	<input checked="" type="checkbox"/>	Start of bottom-up validation of synergies (>150 Mio. € by 2020)
	<input checked="" type="checkbox"/>	Management remuneration (LTI) linked to share price performance
Next to come	<input type="checkbox"/>	First concept about future organization and KPIs
	<input type="checkbox"/>	Bottom-up validation of synergies done
	<input type="checkbox"/>	Project to lift synergies starting
	<input type="checkbox"/>	Final concept about future organization incl. KPIs done
	<input type="checkbox"/>	Sustainability targets and KPIs defined. Possible use of solid residues clarified

We will keep you posted with updates on our Strategy in H1/2018 on a CMD

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Backup



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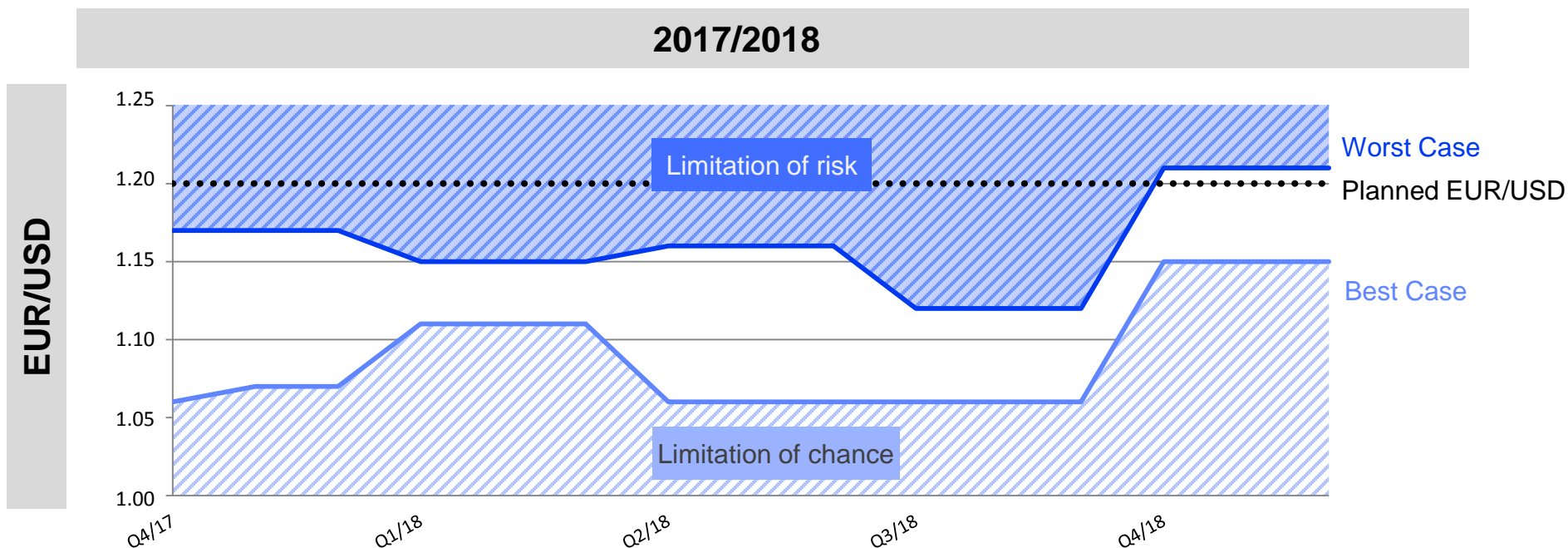
Housekeeping items

Additional information on Outlook FY 2017¹⁾

- Tax rate: ~26-28%
- Financial result: ~€-60m to -70m
- CapEx: up to €900m
- D&A (after new method): ~€300m
- Reconciliation (EBIT I): ~€-40m to -50m
- Production outages: ~25 days

FY 2017 Guidance mainly determined by:

- Pending decision about the closure of Sigmundshall
- Winter conditions in Q4
- FX
- Potash price development



Anticipated average exchange rate (full year 2017): **1.13 EUR/USD (incl. premium)**
 Premise: based on planned rate of **1.20 EUR/USD** for 2018

- 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

Roadshow London, Bankhaus Lampe	16 November 2017
Bank of America Merrill Lynch German Corporate Days, Tokyo	20 November 2017
Bank of America Merrill Lynch German Corporate Days, Hong Kong	21 November 2017
Bank of America Merrill Lynch German Corporate Days, Singapore	23 November 2017
Roadshow US West Coast with CFO, Credit Suisse	20-22 November 2017
Chemical Reverse Roadshow with CFO, Baader Helvea	28 November 2017
Eigenkapitalforum, Frankfurt	27-28 November 2017
Citibank East Coast Basic Materials Conference, New York	28-29 November 2017
Bank of America Merrill Lynch European Chemicals Conference, London	5-6 December 2017
Annual Report	15 March 2018
Analyst Conference in Frankfurt (save-the-date)	15 March 2018



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