

# K+S Q2/17 FACTS & FIGURES

## HIGHLIGHTS

- + Q2 EBIT I almost doubled over previous year
- + Bethune (former Legacy):
  - + Production has started in June and first product is arriving in Vancouver
  - + We unchanged expect a production of a good 600kt in 2017 and an annual run rate of ~2mt by end of this year
- + Accounting changes:
  - + With the start of Bethune (1 July 2017) we also have harmonized the estimated useful lives of our assets
  - + While these were guided by tax accountants in the past, we now refer to IFRS accounting
  - + Impact in 2017 is expected to be around €40m
- + Management is working hard on the project for our Group strategy 'Shaping 2030'. (Release in autumn 2017)

## OUTLOOK 2017

- + EBIT I expected between € 260 and 360 million
- + Potash ASP expected to be slightly up
- + Additional outage days in H2 cannot be ruled out
- + Sales volumes of 6.8 – 7.2 million tons anticipated
- + Moderate increase of volumes in Salt (2016: 10.1mt) on the back of better European business and a moderate increase of non de-icing volumes

## MIDTERM GUIDANCE

- + From today's point of view, our assumption for our EBITDA target of €1.6bn in 2020 is not realistic anymore
- + The basis for our guidance was a potash price of around USD 330/tonne (MOP Brazil gran cfr pink)
- + In connection with the release of our 'Shaping 2030' Group strategy we will also publish new financial aspirations

## KEY FIGURES

		Q2/16	Q2/17	%	H1/16	H1/17	%
<b>Revenues</b>	€ million	732.1	742.0	+ 1.4	1,827.6	1,868.4	+ 2.2
– thereof Potash and Magnesium Products business unit	€ million	370.9	387.1	+ 4.4	831.4	860.8	+ 3.5
– thereof Salt business unit	€ million	319.2	315.7	-1.1	913.8	926.6	+ 1.4
– thereof Complementary Activities	€ million	41.8	38.8	-7.2	81.8	80.3	-1.8
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	€ million	83.4	101.9	+ 22.2	368.8	312.8	-15.2
– thereof Potash and Magnesium Products business unit	€ million	50.4	71.4	+ 41.7	187.4	152.6	-18.6
– thereof Salt business unit	€ million	32.8	29.0	-11.6	182.8	164.4	-10.1
– thereof Complementary Activities		8.4	6.1	-27.4	16.0	15.4	-3.8
<b>Operating earnings (EBIT I)</b>	€ million	15.0	28.5	+ 90.0	233.3	165.9	-28.9
– thereof Potash and Magnesium Products business unit	€ million	14.7	31.4	>100	117.0	73.3	-37.4
– thereof Salt business unit	€ million	4.9	0.4	-91.8	127.4	106.2	-16.6
– thereof Complementary Activities	€ million	6.2	3.9	-37.1	11.6	10.9	-6.0
<b>EBIT I-margin</b>	%	2.0	3.8	-	12.8	8.9	-
– Potash and Magnesium Products business unit	%	4.0	8.1	-	14.1	8.5	-
– Salt business unit	%	1.5	0.1	-	13.9	11.5	-
– Complementary Activities	%	14.8	10.1	-	14.2	13.6	-
<b>Group earnings, adj.<sup>1</sup></b>	€ million	-0.2	18.9	-	147.7	113.5	-23.1
<b>Earnings per share, adj.<sup>1</sup></b>	€	-	0.10	-	0.77	0.59	-23.1
Capital expenditure <sup>2</sup>	€ million	362.8	133.0	-63.3	642.6	410.4	-36.1
Depreciation and amortisation <sup>2</sup>	€ million	68.4	73.4	+ 7.3	135.5	146.9	+ 8.4
<b>Operating cash flow</b>	€ million	65.4	117.4	+ 79.6	359.2	384.4	+ 7.0
<b>Free cash flow, adjusted<sup>3</sup></b>	€ million	-227.9	-80.8	-	-177.5	-25.6	-
Net debt as of 30 June	€ million	-	-	-	2,860.4	3,745.2	+ 30.9
Net debt/EBITDA (LTM)		-	-	-	3.6	8.1	-
Equity ratio	%	-	-	-	49.2	44.6	-
Return on Capital Employed (LTM)	%	-	-	-	7.6	2.1	-
Book value per share as of 30 June	€	-	-	-	22.82	22.44	-1.7
Average number of shares	million	191.4	191.4	-	191.4	191.4	-
Employees as of 30 June <sup>4</sup>	number	-	-	-	14,415	14,570	+ 1.1
Market capitalisation as of 30 June	€ billion	-	-	-	3.51	4.29	+ 22.2
Enterprise Value as of 30 June	€ billion	-	-	-	6.37	8.04	+ 26.2

<sup>1</sup> The adjusted key indicators include the profit/(loss) from operating anticipatory hedges in the relevant reporting period, which eliminates effects from changes in the fair value of the hedges as well as effects from the exchange rate hedging of future capital expenditure in Canadian dollars (Bethune mine). Related effects on deferred and cash taxes are also eliminated; tax rate in Q2/17: 29.6% (Q2/16: 29.0%).

<sup>2</sup> Concerns cash investments as well as depreciation of property, plant and equipment and amortization of intangible assets, taking claims for reimbursement from claim management into account.

<sup>3</sup> Adjusted for purchases/sales of securities and other financial investments.

<sup>4</sup> FTE: Full-time equivalents; part-time positions are weighted in accordance with their respective share of working hours.

## Forward-looking statements

This document contains facts and forecasts that relate to the future development of the K+S Group and its companies. The forecasts are estimates that we have made on the basis of all the information available to us at this moment in time. Should the assumptions underlying these forecasts prove not to be correct or should certain risks – such as those referred to in the recent Risk Report – materialise, actual developments and events may deviate from current expectations. The Company assumes no obligation to update the statements contained in this document.

# K+S Q2/17 FACTS & FIGURES

## BUSINESS SEGMENT INFORMATION

### POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT

#### DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES BY REGION <sup>1</sup>

		Q1/16	Q2/16	H1/16	Q3/16	Q4/16	2016	Q1/17	Q2/17	H1/17
<b>Revenues</b>	€ million	460.5	370.9	831.4	301.7	398.5	1,531.6	473.7	387.1	860.8
Europe	€ million	316.3	217.1	533.4	167.5	244.2	945.1	304.0	227.9	531.9
Overseas	US\$ million	158.9	173.7	332.6	149.8	166.8	649.2	180.7	175.5	356.2
<b>Sales volumes</b>	t million (product)	1.69	1.48	3.17	1.26	1.62	6.06	1.82	1.54	3.36
Europe	t million (product)	1.05	0.78	1.82	0.65	0.95	3.42	1.14	0.86	2.00
Overseas	t million (product)	0.64	0.70	1.35	0.61	0.67	2.63	0.68	0.68	1.36
<b>Average prices</b>	€/t (product)	272.4	250.1	262.0	238.8	246.1	252.9	259.8	252.0	256.2
Europe	€/t (product)	302.3	279.1	292.4	258.2	256.5	276.0	265.6	265.3	265.5
Overseas	US\$/t (product)	246.6	246.4	246.5	243.7	250.0	246.7	266.2	259.0	262.6

<sup>1</sup> Revenues include prices both inclusive and exclusive of freight costs and, in the case of overseas revenues, are based on the respective EUR/USD spot rates. For most of these revenues, hedging transactions have been concluded. The price information is also affected by the respective product mix and is therefore to be understood as providing a rough indication only.

- + EBIT I in Q2/17 more than doubled (y/y) and sales up in both reported regions
- + Volumes up y/y: No production limitations with respect to low water levels of the Werra river
- + ASP in Q2 up y/y but sequentially slightly down due to a less favorable regional mix in overseas
- + Prices for Korn-Kali and Industrial potash are lagging behind the trend in MOP
- + Prices for SOP remain on healthy levels

### SALT BUSINESS UNIT

#### DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES <sup>2</sup>

		Q1/16	Q2/16	H1/16	Q3/16	Q4/16	2016	Q1/17	Q2/17	H1/17
<b>De-icing salt</b>										
Revenues	€ million	313.1	33.8	346.9	54.1	208.9	609.9	310.9	30.5	341.4
Sales volumes	t million	4.89	0.64	5.53	1.04	3.53	10.10	5.07	0.57	5.64
Average prices	€/t	64.0	52.8	62.7	52.3	59.2	60.4	61.3	53.6	60.5
<b>Consumer, food processing, industrial and salt for chemical use</b>										
Revenues	€ million	271.7	276.8	548.5	283.0	281.4	1,112.9	290.1	275.9	566.1
Sales volumes	t million	2.24	2.25	4.49	2.50	2.27	9.26	2.43	2.26	4.69
Average prices	€/t	121.5	123.1	122.2	113.3	124.1	120.2	119.6	122.0	120.7

<sup>2</sup> Revenues include prices both inclusive and exclusive of freight costs and, in the case of overseas revenues, are based on the respective EUR/USD spot rates. The price information is also affected by the respective product mix and is therefore to be understood as providing a rough indication only.

- + Sales were about flat in the second quarter (y/y)
- + EBIT I down on the back of lower volumes in de-icing salt and a somewhat less favorable product mix in our non de-icing business

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