Q1/17 Quarterly Report

K+S GROUP

+ Start of production in 'Bethune' (previously: Legacy Project); first tonne of potash end of June

+ Group revenues up around 3%; as expected, EBIT I significantly below previous year's level
+ Operating cash flow only moderately lower than previous year
+ Higher average selling prices in the Potash and Magnesium Products business unit achieved for second quarter in a row
+ Strong demand for fertilizer specialties in Europe and Asia
+ Weather-related production limitations at Werra plant
+ Robust Salt business unit earnings despite mild winter weather
+ Non de-icing salt business strong once again

+ Outlook for 2017 confirmed: Tangible increase in revenues and operating earnings (EBIT I) expected

BUSINESS DEVELOPMENT KEY DATA

KEY FIGURES (IFRS)

		Q1/16	Q1/17	%
Revenues	**€ million**	**1,095.5**	**1,126.4**	**+ 2.8**
– of which Potash and Magnesium Products business unit	€ million	460.5	473.7	+ 2.9
– of which Salt business unit	€ million	594.6	610.9	+ 2.7
– of which Complementary Activities	€ million	40.0	41.5	+ 3.8
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**€ million**	**285.3**	**210.9**	**–26.1**
– of which Potash and Magnesium Products business unit	€ million	137.1	81.2	–40.8
– of which Salt business unit	€ million	150.0	135.3	–9.8
– of which Complementary Activities	€ million	7.5	9.3	+ 24.0
Operating earnings (EBIT I)	**€ million**	**218.4**	**137.4**	**–37.1**
– of which Potash and Magnesium Products business unit	€ million	102.3	41.9	–59.0
– of which Salt business unit	€ million	122.5	105.9	–13.6
– of which Complementary Activities	€ million	5.3	7.0	+ 32.1
EBIT I margin	**%**	**19.9**	**12.2**	**–**
– Potash and Magnesium Products business unit	%	22.2	8.8	–
– Salt business unit	%	20.6	17.3	–
– Complementary Activities	%	13.3	16.9	–
Group earnings, adjusted [1]	€ million	147.9	94.6	–36.0
Earnings per share, adjusted [1]	€	0.77	0.49	–36.4
Capital expenditure [2]	€ million	279.8	277.4	–0.8
Depreciation and amortisation [2]	€ million	67.0	73.5	+ 9.7
Cash flow from operating activities	€ million	293.8	267.0	–9.1
Adjusted free cash flow [3]	€ million	50.4	55.2	+ 9.6
Net debt as of 31 March	€ million	2,367.2	3,613.9	+ 52.7
Net debt/EBITDA (LTM)		2.5	8.1	–
Equity ratio	%	52.3	47.5	–
Return on capital employed (LTM)	%	13.9	1.9	–
Book value per share as of 31 March	€	23.4	24.1	+ 3.0
Average number of shares	million	191.40	191.40	–
Employees as of 31 March [4]	number	14,428	14,526	+ 0.7
Market capitalisation as of 31 March	€ billion	3.9	4.2	+ 6.0
Enterprise value (EV) as of 31 March	€ billion	6.3	7.8	+ 23.5

[1] The adjusted key figures include the result from operating forecast hedges in the respective reporting period, which eliminates effects from fluctuations in the market value of the hedges as well as effects from the exchange rate hedging of future capital expenditure in Canadian dollars (Legacy Project). Related effects on deferred and cash taxes are also eliminated; tax rate in Q1/17: 29.6% (Q1/16: 29.0%).

[2] Capital expenditure in or depreciation and amortisation affecting net income on property, plant and equipment, intangible assets, investment properties and financial assets.

[3] Excluding acquisitions/disposals of securities and other financial investments.

[4] FTE: Full-time equivalents; part-time positions are weighted in accordance with their respective share of working hours.

Rounding differences may arise in the percentages and numbers shown in this Quarterly Report.

EARNINGS, FINANCIAL AND ASSET POSITION

EARNINGS POSITION

+ Revenues generated by the K+S GROUP amounted to € 1,126.4 million in the quarter under review compared to € 1,095.5 million in the same period of the previous year; this represents an increase of around 3%.
+ We were able to more than offset lower average selling prices in the Potash and Magnesium Products business unit in comparison to the same quarter in the previous year particularly due to high demand for our fertilizer specialties in Europe and Asia.
+ Strong winter business in Europe and Canada was offset by mild weather conditions and declining prices in the US in the Salt business unit; as a result, revenues from de-icing salts essentially remained unchanged. Salt business for consumers, food processing and for industrial and chemical use once again showed a positive development.
+ Lower prices in the Potash and Magnesium Products business unit and in the North American de-icing salt business compared to the same period in the previous year as well as weather-related production limitations at the integrated Werra plant resulted in a significant decline in earnings. A one-time payment to our employees after the 2017 salary review also had an impact in the first quarter of 2017; this could only partially be offset by positive currency effects and cost saving measures. As a result, the operating earnings (EBIT I) of the K+S GROUP amounted to € 137.4 million, compared to € 218.4 million in the previous year.
+ Adjusted Group earnings after taxes amounted to € 94.6 million (Q1/16: € 147.9 million), resulting in earnings per share of € 0.49 (Q1/16: € 0.77).

FINANCIAL POSITION

CAPITAL EXPENDITURE

in € million	Q1/16	Q1/17	%
Potash and Magnesium Products business unit	266.8	257.9	−3.3
Salt business unit	12.2	18.2	+ 49.0
Complementary Activities	0.5	0.8	+ 51.0
Other capital expenditure	0.3	0.6	+ 97.0
K+S Group	**279.8**	**277.4**	**−0.8**

+ In contrast to EBIT I, cash flow from operating activities was only moderately lower than in the previous year. Significantly lower operating earnings compared to the previous year were accompanied primarily by a reduction in net working capital.
+ Cash flow from investment activities (excluding acquisitions/disposals of securities and other financial investments) amounted to € – 211.8 million (Q1/16: € – 243.4 million) and essentially reflects declining capital expenditure in the Legacy Project. Consequently, adjusted free cash flow in the quarter under review was moderately above the previous year's level.
+ As of 31 March 2017, net cash and cash equivalents amounted to € 147.7 million (31 March 2016: € 272.1 million; 31 December 2016: € 134.7 million). These capital investments relate to funds, money market instruments and comparable securities with a residual term of less than three months.

CASH FLOW OVERVIEW

in € million	Q1/16	Q1/17
Cash flow from operating activities	293.8	267.0
Cash flow from investment activities	−219.8	−206.4
Free cash flow	**74.0**	**60.6**
Adjustment for acquisitions and disposals of securities and other financial investments	−23.6	−5.4
Adjusted free cash flow	**50.4**	**55.2**

ASSET POSITION

+ The net debt of the K+S GROUP was € 3,613.9 million as of the reporting date (31 December 2016: € 3,583.8 million; 31 March 2016: € 2,367.2 million). The reason for the increase compared to the same quarter in the last year was mainly capital expenditure in the Legacy Project since this period. Net financial liabilities, excluding provisions, were also correspondingly higher.

NET DEBT

in € million	31 March 2016	31 December 2016	31 March 2017
Cash on hand and bank balances	276.7	140.2	164.1
Long-term securities and other financial investments	–	7.0	7.0
Short-term securities and other financial investments	15.9	14.3	8.9
Financial liabilities	−1,623.2	−2,534.5	−2,493.4
Liabilities from finance leases	−5.1	−50.7	−148.6
Reimbursement claim Morton Salt bond	21.2	22.6	22.2
Net financial liabilities	**−1,314.5**	**−2,401.1**	**−2,439.8**
Provisions for pensions and similar obligations	−176.6	−186.7	−171.8
Provisions for mining obligations	−876.1	−996.0	−1,002.3
Net debt	**−2,367.2**	**−3,583.8**	**−3,613.9**

PRESENTATION OF SEGMENTS

POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT

KEY FIGURES

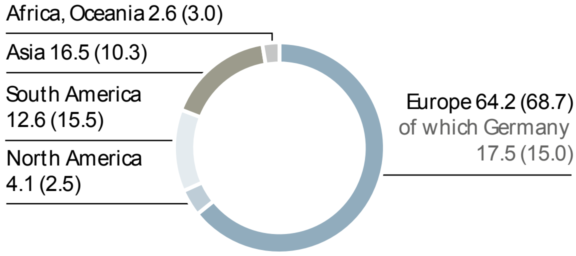
in € million	Q1/16	Q1/17	%
Revenues	460.5	473.7	+ 2.9
– of which potassium chloride	189.3	189.9	+ 0.3
– of which fertilizer specialties	202.8	211.4	+ 4.2
– of which industrial products	68.4	72.4	+ 5.8
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	137.1	81.2	−40.8
Operating earnings (EBIT I)	102.3	41.9	−59.0

+ The business unit was able to increase revenues slightly compared to the previous year. This was primarily due to an increase in sales volumes in fertilizer specialties. This positive development of sales volumes compared to the previous year was offset by lower average selling prices for plant nutrients containing potash. However, average selling prices continued to increase compared to the fourth quarter of 2016.
+ Due to inadequate possibilities for disposing of production wastewater, crude salt processing at the Hattorf site was once again temporarily suspended in the first few weeks of the quarter under review. Discharge into the Werra river as the main disposal route was only available to a limited extent at times due to low water levels.
+ Sales volumes of 1.82 million tonnes in the quarter under review were moderately above the previous year's value (Q1/16: 1.69 million tonnes). Sales volumes of potassium chloride remain stable at 0.82 million tonnes, while sales of fertilizer specialties reported a tangible increase to 0.78 million tonnes (Q1/16: 0.68 million tonnes). In particular, demand for Korn-Kali in Germany was extremely high in the quarter under review due to low inventories held by customers.
+ After a heavily burdened second half of 2016, the business unit's earnings position improved. Operating earnings EBIT I were € 41.9 million in the quarter under review. However, earnings were significantly lower compared with the previous year (Q1/16: € 102.3 million). This decline in earnings is mainly due to production limitations at the integrated Werra plant (€ – 36 million) and lower average selling prices (€ –28 million). In addition, a one-time payment to our employees had an impact on earnings in the quarter under review (€ – 20 million). Positive exchange rate effects were able to offset this in part.

VARIANCE COMPARED WITH PREVIOUS YEAR

in %	Q1/17
Change in revenues	**+ 2.9**
- volume/structure-related	+ 8.2
- price/pricing-related	−6.9
- currency-related	+ 1.2
- consolidation-related	+ 0.3

REVENUES BY REGION JANUARY – MARCH 2017 (IN %)



Previous year's figures in brackets

DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES BY REGION

		Q1/16	Q2/16	Q3/16	Q4/16	2016	Q1/17
Revenues	**€ million**	**460.5**	**370.9**	**301.7**	**398.5**	**1,531.6**	**473.7**
Europe	€ million	316.3	217.1	167.5	244.2	945.1	304.0
Overseas	US$ million	158.9	173.7	149.8	166.8	649.2	180.7
Sales volumes	**t million (product)**	**1.69**	**1.48**	**1.26**	**1.62**	**6.06**	**1.82**
Europe	t million (product)	1.05	0.78	0.65	0.95	3.42	1.14
Overseas	t million (product)	0.64	0.70	0.61	0.67	2.63	0.68
Average price	**€/t (product)**	**272.4**	**250.1**	**238.8**	**246.1**	**252.9**	**259.8**
Europe	€/t (product)	302.3	279.1	258.2	256.5	276.0	265.6
Overseas	US$/t (product)	246.6	246.4	243.7	250.0	246.7	266.2

LEGACY PROJECT NOW BETHUNE MINE

+ The new 'Bethune' mine (previously: Legacy Project) was officially opened in early May and handed over to the operations team. This represents a major step in expanding our global presence. Based on present findings, production of the first tonne of potash should start in late June 2017. We are still assuming that we will be able to achieve our target production capacity of two million tonnes by the end of 2017.
+ We were able to remain within our budget of roughly € 3.1 billion planned in 2013.

SALINE WASTEWATER DISPOSAL REMAINS CHALLENGING

+ The permit obtained in December 2016 to continue deep-well injection of saline wastewater until the end of 2021 was an important step towards further securing production at our integrated Werra plant. However, the permit does not only include an annual injection volume of 1.5 million m^3 that is lower than it had been applied for; it also includes a limitation of the daily injection volume to 5,000 m^3 per day, among other things. This, along with the lower water levels in the Werra river, made it necessary to suspend production at the Hattorf site for 25 days during the quarter under review. Further production limitations in long periods of low water levels in the Werra river cannot be ruled out over the rest of the year.
+ We are working hard to implement additional saline wastewater disposal measures. In addition to the temporary storage of brine in the Springen mining field and discharging water into the inactive K+S Bergmannssegen-Hugo mine (Hanover region), we have been able to transport saline water to Bernburg (Saxony-Anhalt) since mid-February of 2017, where it is being used to shut down and secure a gas cavern in the long term. Furthermore, production was further stabilized by expanding the basin capacities on site by 130,000 m^3 to a total of 530,000 m^3.
+ From 2018 onwards, the commissioning of the new KCF facility will have a positive impact on the disposal situation.

COMPREHENSIVE APPROVAL PROCESS

+ The plan approval procedure/permit procedure for the expansion of tailings pile capacity at the Hattorf site, which started in 2011, continues to be extremely challenging both in terms of time and content. The further revised and amended application documents were submitted to the licensing authorities in February and made public in April. Our aim is to complete the plan approval procedure for the Hattorf tailings pile by the end of 2017. An application for 'early commencement' was also submitted in order to carry out necessary preparations by the middle of the year. Our aim is to prepare the relevant areas in a timely manner, including the installation of a base sealing, in order to ensure gravelling immediately thereafter and hence prevent any impact on production.

+ Moreover, the expansion of tailings pile capacity at the Zielitz and Wintershall sites is due for the year 2019. Preparations for the approval process are proceeding according to plan.
+ The regional planning procedure for a supplementary long-distance pipeline to the Upper Weser river continues to proceed. After the management plan was adopted by the Weser River Basin Commission (FGG Weser) in March 2016, the application documents were amended and detailed information from the initial disclosure were added.

SALT BUSINESS UNIT

KEY FIGURES

in € million	Q1/16	Q1/17	%
Revenues	594.6	610.9	+ 2.7
– of which de-icing salt	313.1	310.9	–0.7
– of which consumer products	103.6	103.2	–0.4
– of which industrial salt	78.4	85.5	+ 9.1
– of which food processing	60.3	64.0	+ 6.1
– of which salt for chemical use	29.5	37.5	+ 27.2
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	150.0	135.3	–9.8
Operating earnings (EBIT I)	122.5	105.9	–13.6

+ Revenues for the Salt business unit were up slightly on the previous year's value. It was possible to more than offset declining prices through positive currency and volume effects.
+ The salt for chemical use segment reported significantly higher revenues in Europe and North America due to volume and price effects.
+ The industrial salt business benefited from higher sales volumes and slightly higher prices in South America and Europe.
+ Our food processing activities benefited particularly from a growth in volumes and positive development in exchange rates.
+ Price increases were achieved in the consumer products segment; however, these were fully cancelled out by reduced volumes in North America.
+ Significant increases in volumes in the European de-icing salt business were able to more or less make up for declining prices and sales volumes in North America.
+ Operating earnings EBIT I in the quarter under review were significantly below the previous year's level, primarily due to lower prices in the North American de-icing salt business.

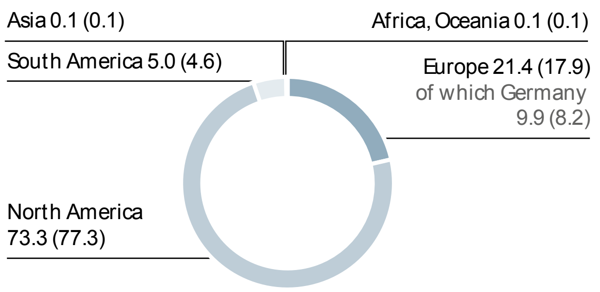
'SALT 2020' STRATEGY ON THE RIGHT TRACK

+ The business unit has set itself the target of making significant improvements in its efficiency. We are also focussing on achieving further growth in selected regions and market segments.
+ Over the past months, we were, for example, already able to generate a significant portion of additional earnings contributions derived from growth initiatives in North America.
+ Assuming normalised winter business, we are well on our way to achieve an increase in operating earnings EBIT I to over € 250 million by 2020; this figure remains unchanged. This corresponds to EBITDA of over € 400 million.

VARIANCE COMPARED WITH PREVIOUS YEAR

in %	Q1/17
Change in revenues	**+ 2.7**
- volume/structure-related	+ 1.4
- price/pricing-related	–2.4
- currency-related	+ 3.7
- consolidation-related	–

REVENUES BY REGION JANUARY – MARCH 2017 (IN %)



Previous year's figures in brackets

DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES BY PRODUCT GROUP

		Q1/16	Q2/16	Q3/16	Q4/16	2016	Q1/17
De-icing salt							
Revenues	€ million	313.1	33.8	54.1	208.9	609.9	310.9
Sales volumes	t million (product)	4.89	0.64	1.04	3.53	10.10	5.07
Average price	€/t (product)	64.0	52.8	52.3	59.2	60.4	61.3
Consumer products, food processing, industrial salt and salt for chemical use							
Revenues	€ million	271.7	276.8	283.0	281.4	1,112.9	290.1
Sales volumes	t million (product)	2.24	2.25	2.50	2.27	9.26	2.43
Average price	€/t (product)	121.5	123.1	113.3	124.1	120.2	119.6

RISK AND OPPORTUNITY REPORT

Please see the relevant comments from page 59 onwards and page 99 onwards in our 2016 Annual Report for a detailed description of the risk and opportunity management system as well as potential risks and opportunities. The risks and opportunities described there have changed as follows as of 31 March 2017:

The risk described on page 107 of the 2016 Annual Report regarding the refusal or revocation by a court of official permits for the disposal of solid production residues has increased in our opinion within the probability of risk between 10-50%. The plan approval procedure/permit procedure for the expansion of tailings pile capacity at the Hattorf site, which started in 2011, continues to be extremely challenging both in terms of time and content. The further revised and amended application documents were submitted to the licensing authorities in February and made public in April. An application for 'early commencement' was also submitted in order to carry out necessary preparations by the middle of the year, whose approval is still pending. If our application would not be approved in a timely manner, impacts on production will be inevitable.

The risks to which the K+S GROUP is exposed, both in isolation or in interaction with other risks, are limited and do not, according to current estimates, jeopardise the continued existence of the Company. There is no mutual offsetting of opportunities and risks or their positive and negative changes.

OUTLOOK 2017

+ We continue to assume that revenues and operating earnings EBITDA and EBIT I should be tangibly higher in the 2017 financial year than in the previous year. The assumptions described on pages 115 and 116 in the Annual Report look set to remain unchanged.
+ The deep-well injection permit for saline wastewater from potash production at the Werra plant, granted in December 2016, enables an annual injection volume of 1.5 million m^3, limited to 5,000 m^3 per day. The permit also includes a number of ancillary conditions. As it was the case at the beginning of 2017, further production limitations in long periods of low water levels in the Werra river cannot be ruled out during the course of the year. This could lead to significant deviations from our assessment.

DEVELOPMENT OF FORECASTS FOR THE WHOLE OF 2017

		ACTUAL 2016	Forecast 2016 Annual Report	Forecast Q1/17
K+S Group				
Revenues	€ billion	3.46	tangible increase	tangible increase
EBITDA	€ million	519.1	tangible increase	tangible increase
Operating earnings (EBIT I)	€ million	229.3	tangible increase	tangible increase
Group earnings after taxes, adjusted [1]	€ million	130.5	tangible increase	tangible increase
Capital expenditure [2]	€ million	1,170.8	significantly below previous year's level	significantly below previous year's level
Adjusted free cash flow	€ million	–776.8	tangible improvement, remains negative	tangible improvement, remains negative
ROCE	%	3.0	tangible increase	tangible increase
EUR/USD exchange rate	EUR/USD	1.11	1.10	1.09
Potash and Magnesium Products business unit				
Sales volumes	t million (product)	6.1	significant increase	significant increase
Salt business unit				
Sales volumes - crystallised salt	t million (product)	19.4	moderate increase	moderate increase
– of which consumer products, food processing, industrial salt and salt for chemical use	t million (product)	9.26	moderate increase	moderate increase

[1] The adjusted key figures include the result from operating forecast hedges in the respective reporting period, which eliminates effects from fluctuations in the market value of the hedges as well as effects from the exchange rate hedging of future capital expenditure in Canadian dollars (Legacy Project). Related effects on deferred and cash taxes are also eliminated; tax rate in Q1/17: 29.6% (Q1/16: 29.0%).
[2] Capital expenditure on property, plant and equipment, intangible assets and investment properties.

TARGET EBITDA STILL AROUND € 1.6 BILLION IN 2020

+ In spite of the numerous challenges, we are still optimistic that we will be able to achieve our target of Group EBITDA of around € 1.6 billion in 2020.
+ Our 'Salt 2020' strategy is already well on track towards achieving the EBITDA target of over € 400 million assuming a normal winter.
+ In the Potash and Magnesium Products business unit we feel particularly positive about the potential of our new Bethune potash plant. With regard to the 2020 target, we are assuming unaffected operations here as well as at our potash plants in Germany. However, we do not believe that the current dip in the potash market, which represents a major challenge on the way to achieving our target by 2020, will last as the medium-term and long-term growth trends remain intact. Consequently, we are anticipating higher potash prices than at present in the context of our medium-term planning. We are also developing numerous strategic initiatives, which should contribute towards achieving this target.

RESPONSIBILITY STATEMENT FROM THE LEGAL REPRESENTATIVES OF K+S AKTIENGESELLSCHAFT

To the best of our knowledge and in accordance with the applicable accounting principles for interim reporting, the interim consolidated financial statements give a true and accurate view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Kassel, 3 May 2017
K+S Aktiengesellschaft
Board of Executive Directors

INCOME STATEMENT

INCOME STATEMENT [1]

in € million	Q1/16	Q1/17	12 M/16	LTM[2]/17
Revenues	**1,095.5**	**1,126.4**	**3,456.6**	**3,487.5**
Cost of sales	573.7	677.4	2,110.7	2,214.4
Gross profit	**521.8**	**449.0**	**1,345.9**	**1,273.1**
Selling expenses	211.9	226.3	737.1	751.5
General and administrative expenses	51.5	59.4	220.0	227.9
Research and development costs	3.3	5.7	13.7	16.1
Other operating income	27.9	28.8	141.9	142.8
Other operating expenses	51.2	48.3	253.9	251.0
Income from investments, net	0.9	0.8	4.0	3.9
Result from operating forecast hedges	60.9	9.3	23.9	−27.7
Result after operating hedges (EBIT II)	**293.6**	**148.2**	**291.0**	**145.6**
Interest income	1.3	1.6	6.5	6.8
Interest expenses	9.7	11.1	54.7	56.1
Other financial result	−4.9	1.0	−3.7	2.2
Financial result	**−13.3**	**−8.5**	**−51.9**	**−47.1**
Earnings before income taxes	**280.4**	**139.7**	**239.1**	**98.4**
Taxes on income	79.1	37.5	64.7	23.1
– of which deferred taxes	16.9	1.0	−14.8	−30.7
Net income	**201.3**	**102.2**	**174.4**	**75.3**
Minority interests in earnings	–	–	0.3	0.3
Group earnings after taxes and minority interests	**201.3**	**102.2**	**174.1**	**75.0**
Earnings per share in € (undiluted ≙ diluted)	**1.05**	**0.53**	**0.91**	**0.39**

OPERATING EARNINGS (EBIT I) [1, 3]

in € million	Q1/16	Q1/17	12 M/16	LTM[2]/17
Result after operating hedges (EBIT II)	**293.6**	**148.2**	**291.0**	**145.6**
Income (–)/expenses (+) arising from fluctuations in the market value of outstanding operating forecast hedges	−59.3	−5.6	−4.4	49.3
Neutralisation of market value fluctuations recorded in prior periods for realised operating forecast hedges	−16.0	−1.5	−43.6	−29.1
Realised income (–)/expenses (+) of currency hedging for capital expenditure in Canada	0.1	−3.7	−13.7	−17.5
Operating earnings (EBIT I)	**218.4**	**137.4**	**229.3**	**148.3**

ADDITIONAL KEY EARNINGS FIGURES [1, 3]

in € million	Q1/16	Q1/17	12 M/16	LTM[2]/17
Operating earnings (EBIT I)	**218.4**	**137.4**	**229.3**	**148.3**
Group earnings after taxes, adjusted [4]	**147.9**	**94.6**	**130.5**	**77.2**
Earnings per share in €, adjusted [4]	**0.77**	**0.49**	**0.68**	**0.40**

[1] Rounding differences may arise in percentages and numbers.
[2] LTM = last twelve months.
[3] Key figures not defined in the IFRS regulations.
[4] The adjusted key figures only include the result from operating forecast hedges in the respective reporting period reported in EBIT I, which eliminates effects from fluctuations in the market value of the hedges as well as effects from the exchange rate hedging of future capital expenditure in Canadian dollars (Legacy Project). Related effects on deferred and cash taxes are also eliminated; tax rate for Q1/17: 29.6% (Q1/16: 29.0%).

CASH FLOW STATEMENT

CASH FLOW STATEMENT [1]

in € million	Q1/16	Q1/17	12 M/16	LTM [2]/17
Result after operating hedges (EBIT II)	**293.6**	**148.2**	**291.0**	**145.6**
Income (–)/expenses (+) arising from fluctuations in the market value of outstanding operating forecast hedges	−59.3	−5.6	−4.4	49.3
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Realised income (–)/expenses (+) of currency hedging for capital expenditure in Canada	0.1	−3.7	−13.7	−17.5
Operating earnings (EBIT I)	**218.4**	**137.4**	**229.3**	**148.3**
Write-downs (+)/write-ups (–) on intangible assets, property, plant and equipment and financial assets	67.0	73.5	289.8	296.3
Increase (+)/decrease (–) in non-current provisions (without interest rate effects)	2.5	−9.1	11.3	−0.3
Interests and dividends received and similar income	1.7	2.0	7.2	7.5
Gains (+)/losses (–) from the realisation of financial assets/liabilities	−5.8	−5.9	−5.1	−5.2
Interest paid (–)	−0.6	−2.1	−59.2	−60.7
Income taxes paid (–)	−36.0	3.7	−102.8	−63.1
Other non-cash expenses (+)/income (–)	0.4	0.3	−2.0	−2.1
Gross cash flow	**247.6**	**199.8**	**368.5**	**320.7**
Gain (–)/loss (+) on the disposal of fixed assets and securities	0.3	1.2	17.0	17.9
Increase (–)/decrease (+) in inventories	50.4	87.8	12.2	49.6
Increase (–)/decrease (+) in receivables and other assets from operating activities	43.5	−3.8	85.3	38.0
Increase (+)/decrease (–) in liabilities from operating activities	−63.8	−45.7	−1.5	16.6
Increase (+)/decrease (–) in current provisions	17.8	29.7	−34.0	−22.1
Out-financing of plan assets	−2.0	−1.9	−2.1	−2.0
Cash flow from operating activities	**293.8**	**267.0**	**445.4**	**418.6**
Proceeds from disposals of fixed assets	0.4	0.6	3.0	3.2
Disbursements for intangible assets	−0.6	−0.9	−9.6	−9.9
Disbursements for fixed assets	−243.2	−211.5	−1,202.2	−1,170.5
Disbursements for financial assets	–	–	−13.4	−13.4
Disbursements for the acquisition of consolidated companies	–	–	–	–
Proceeds from the disposal of securities and other financial investments	23.9	5.4	33.5	15.0
Disbursements for the purchase of securities and other financial investments	−0.3	–	−12.7	−12.4
Cash flow from investment activities	**−219.8**	**−206.4**	**−1,201.4**	**−1,188.0**
Free cash flow	**74.0**	**60.6**	**−756.0**	**−769.4**
Dividends paid	–	–		
Disbursements for the acquisition of non-controlling interests	–	–		
Payments from other allocations to equity	–	–		
Purchase of own shares	–	–		
Sales of own shares	–	–		
Repayment (–) of financial liabilities	−29.4	−89.8		
Assumption (+) of financial liabilities	109.4	39.5		
Cash flow from financing activities	**80.0**	**−50.3**		
Change in cash and cash equivalents affecting cash flow	**154.0**	**10.3**		
Change in cash and cash equivalents resulting from exchange rates	−0.4	−1.2		
Change in cash and cash equivalents resulting from consolidation	–	3.9		
Change in cash and cash equivalents	**153.6**	**13.0**		
Net cash and cash equivalents as of 1 January	**118.5**	**134.7**		
Net cash and cash equivalents as of 31 March	**272.1**	**147.7**		
– of which cash on hand and bank balances	276.7	164.1		
– of which cash invested with affiliated companies	0.5	–		
– of which account overdrafts	–	−9.2		
– of which cash received from affiliated companies	−5.1	−7.2		

[1] Rounding differences may arise in percentages and numbers.
[2] LTM = last twelve months.

BALANCE SHEET

BALANCE SHEET – ASSETS [1]

in € million	31 March 2016	31 December 2016	31 March 2017
Intangible assets	1,027.9	1,084.4	1,076.1
– of which goodwill from acquisitions of companies	703.6	753.4	744.2
Property, plant and equipment	5,325.3	6,456.0	6,646.7
Investment properties	6.4	6.1	6.1
Financial assets	14.1	27.4	13.8
Other financial assets	118.1	87.5	70.3
Other non-financial assets	15.7	4.1	29.2
Securities and other financial investments	–	7.0	7.0
Deferred taxes	74.8	117.4	106.6
Refund claims for income taxes	0.1	–	–
Non-current assets	**6,582.4**	**7,789.9**	**7,955.8**
Inventories	643.4	710.4	618.0
Accounts receivable – trade	672.1	656.5	617.7
Other financial assets	120.3	146.9	146.1
Other non-financial assets	170.9	118.9	136.9
Refund claims for income taxes	74.3	68.4	49.0
Securities and other financial investments	15.9	14.3	8.9
Cash on hand and bank balances	276.7	140.2	164.1
Current assets	**1,973.6**	**1,855.6**	**1,740.7**
ASSETS	8,556.0	9,645.5	9,696.5

BALANCE SHEET – EQUITY AND LIABILITIES [1]

in € million	31 March 2016	31 December 2016	31 March 2017
Subscribed capital	191.4	191.4	191.4
Capital reserve	646.5	645.7	645.7
Other reserves and accumulated profit	3,634.0	3,713.6	3,771.1
Total K+S AG shareholders' equity	4,471.9	4,550.7	4,608.2
Minority interests	1.2	1.5	1.5
Equity	**4,473.1**	**4,552.2**	**4,609.7**
Financial liabilities	1,513.8	2,214.7	2,214.8
Other financial liabilities	17.8	57.7	148.5
Other non-financial liabilities	6.8	9.4	6.6
Provisions for pensions and similar obligations	176.6	186.7	171.8
Provisions for mining obligations	876.1	996.0	1,002.3
Other provisions	144.4	158.8	154.2
Deferred taxes	280.1	307.1	298.0
Non-current debt	**3,015.6**	**3,930.4**	**3,996.2**
Financial liabilities	109.4	319.8	278.6
Accounts payable – trade	237.8	343.8	270.2
Other financial liabilities	89.5	86.5	95.9
Other non-financial liabilities	38.2	40.0	41.7
Income tax liabilities	102.2	50.3	70.6
Provisions	490.2	322.5	333.6
Current debt	**1,067.3**	**1,162.9**	**1,090.6**
EQUITY AND LIABILITIES	8,556.0	9,645.5	9,696.5

[1] Rounding differences may arise in percentages and numbers.

FINANCIAL CALENDAR

DATES	2017/2018
Annual General Meeting, Kassel	10 May 2017
Dividend payment	15 May 2017
Half-Yearly Financial Report, 30 June 2017	15 August 2017
Quarterly Report, 30 September 2017	15 November 2017
2017 Annual Report	15 March 2018

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FORWARD-LOOKING STATEMENTS

This Quarterly Report 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 incorrect or should certain risks – such as those referred to in the Risk Report of the current Annual Report – materialise, actual developments and results may deviate from current expectations. The company assumes no obligation to update the statements contained in this Quarterly Report, save for the making of such disclosures as required by law.