
Frankfurt am Main, 15 March 2018

Financial Statements Press Conference K+S AG

Fiscal year 2017

Dr. Burkhard Lohr

Chairman of the Board of Executive Directors

Thorsten Boeckers

Chief Financial Officer

The spoken word is binding.



K+S Aktiengesellschaft
Financial Statements Press Conference

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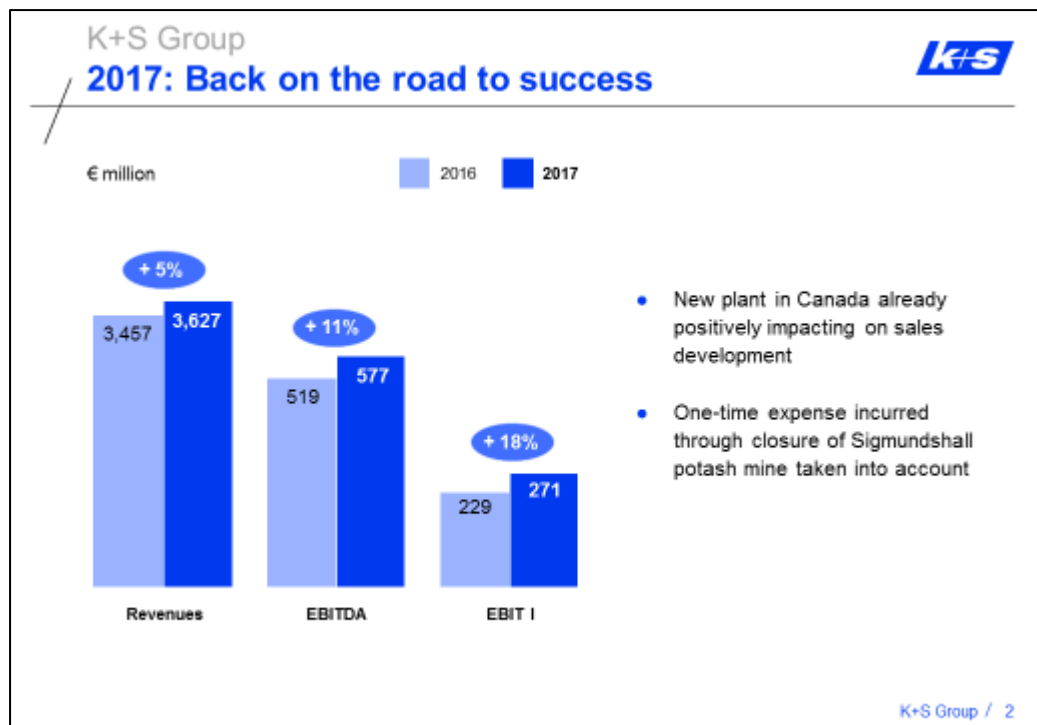
Dr. Burkhard Lohr,
Chairman of the Board of Executive Directors

Thorsten Boeckers,
Chief Financial Officer

Ladies and Gentlemen,

A warm welcome to you all to the Financial Statements Press Conference today.

This is the first time I am presenting the annual results as Chairman of the Board of Executive Directors. I will of course be joined by our new Chief Financial Officer, Mr. Thorsten Boeckers, who will present the figures in more detail later on.

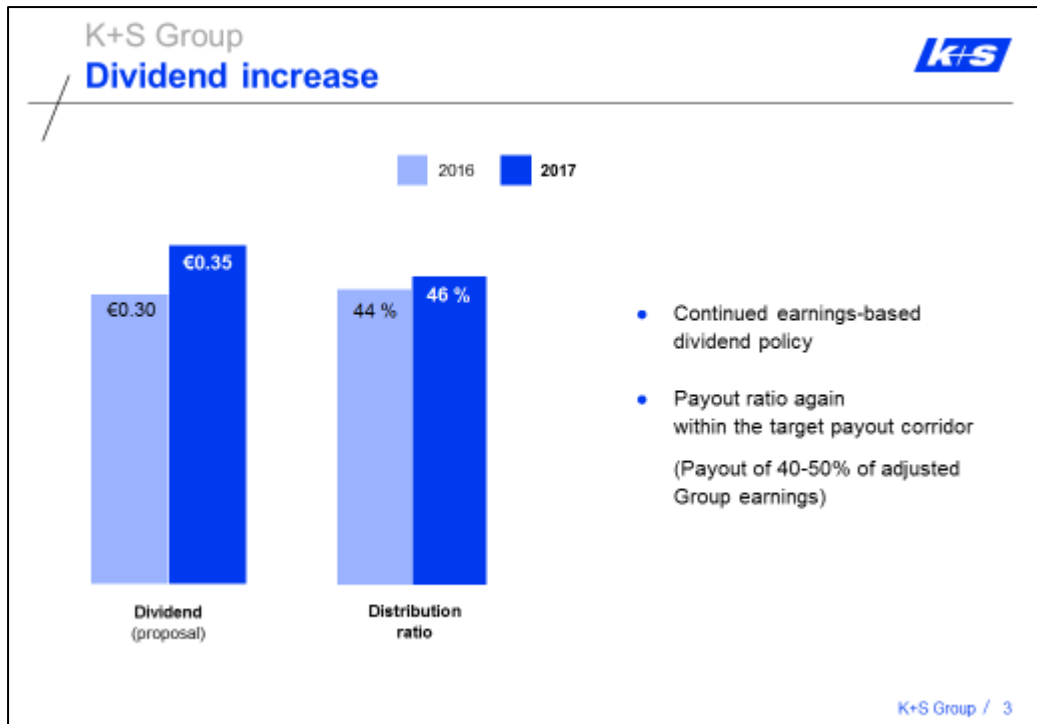


When we look back at 2017, one thing becomes clear - we are growing again!

During the previous financial year, the K+S Group improved all its critical key figures year-on-year. Revenues, EBITDA and EBIT I are in line with our expectations and ahead of the results for 2016. And our free cash flow has likewise improved considerably.

What this actually means:

- Our revenues grew to around 3.6 billion Euros. This figure was just about 200 million Euros less than in the previous year.
- We have succeeded in increasing the earnings before interest, taxes, depreciation and amortization – i.e. the EBITDA – to 577 million Euros. Our EBITDA in the previous year was just 519 million Euros.
- Our operating earnings EBIT I increased by around 40 million Euros from 229 to 271 million Euros. And incidentally, this also takes into account of the one-time expenses incurred with the closure of the Sigmundshall mine. The EBIT I would have been even higher without this.



Even though 2017 was a year shaped by transition, we achieved our objectives,. This provides us with a robust basis for future growth..

This also provides our shareholders with a higher dividend in the previous year. The Board of Executive Directors and the Supervisory Board intend to propose a dividend of 35 Eurocents per share at the Annual General Meeting on May 15 this year. This is 5 cents more per share compared to the previous year. This corresponds to a payout ratio of 46 per cent of the adjusted Group earnings after tax (this was 44 per cent in the previous year).



Before we start with a detailed look at the facts and figures, I would like to highlight certain issues, which were of particular significance for K+S in 2017.

In May 2017, we opened our new potash plant in Canada called Bethune. Production started there in June 2017. The sales volumes of Bethune have already positively impacted our sales performance since then. We produced about 500,000 tons of potash there by the end of the financial year. The first major shipments have already been consigned to our customer in China and Brazil via our new port complex in Vancouver.

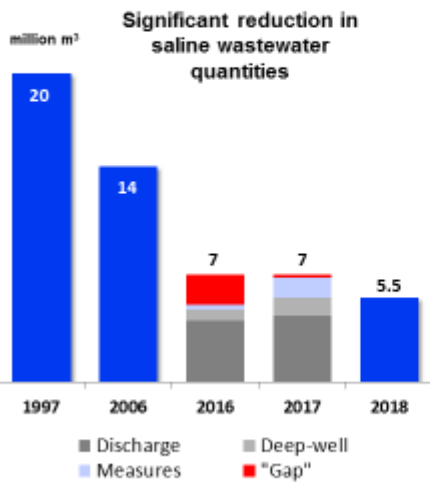
With Bethune, we now have two potash locations on two continents, bringing sales and distribution benefits. It all means we are entering a new league. The Canadian plant will not merely augment our production in Germany. It also means that we will be able to reduce the average production costs midterm. This opens up long-term prospects for us – ones that our German production sites alone could never have given us. Bethune is therefore considerably strengthening our international competitiveness. And this brings benefits to the entire K+S Group.



- Intensification of the dialog with our "critics"
 - Settlements with BUND and Gerstungen Municipality
- **Solution of environmental issues essential for K+S**

One of the elements of our corporate responsibility is the proper solution of environmental issues and our clear commitment to sustainability. This is a topic very close to my heart, and one in which I have personally invested a great deal.

We successfully started an intensive dialogue with our stakeholders in 2017 . We succeeded in reaching settlements to end the ongoing protracted legal disputes with the BUND environmental association, as well as with the Gerstungen Municipality in Thuringia.



¹Kainit crystallization with subsequent flotation

K+S Group / 6

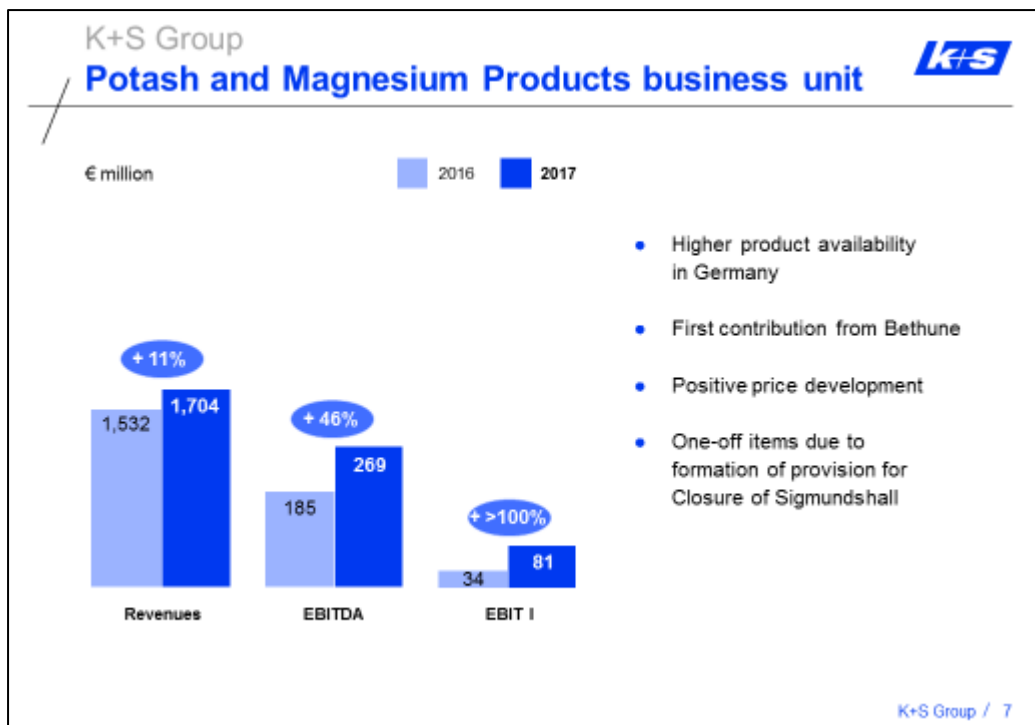
- Implementation of (short-term) measures for mitigation of risk of days of absence
- KCF plant¹ commissioned (Reduction of the saline wastewater by an additional 20 per cent)
- Expansion of tailings pile capacity at Hattorf (Werra): Approval granted for "early start"

In 2017, we also took a great step forward in securing the long-term future of our potash production in Germany. For example, we have further optimized waste water management at the Werra Plant – thereby stabilizing the production at our largest German potash site. As a result of this, we have been able to offer our customers more products in the fertilizer specialties segment.

The completion of the new kainite crystallization and flotation facility (KCF) - which further reduces the total quantity of saline wastewater released by the Werra plant by 20 per cent - represents another important milestone. With the related volume of capital expenditure at 180 million Euros, this processing plant is the K+S Group's largest individual water protection project to date. In total, we have increased our investments in environmental protection in 2017 by more than 35 per cent year-on-year.

The forthcoming approval for the early commencement of the tailings pile expansion at Hattorf, and the associated positive overall forecast for the project, rounded off the list of successes in this business area.

Now, – again for the very first time – I would like to hand you over to my colleague, Mr. Thorsten Boeckers, who will explain the facts and figures in greater detail.



Thank you very much Dr Lohr.

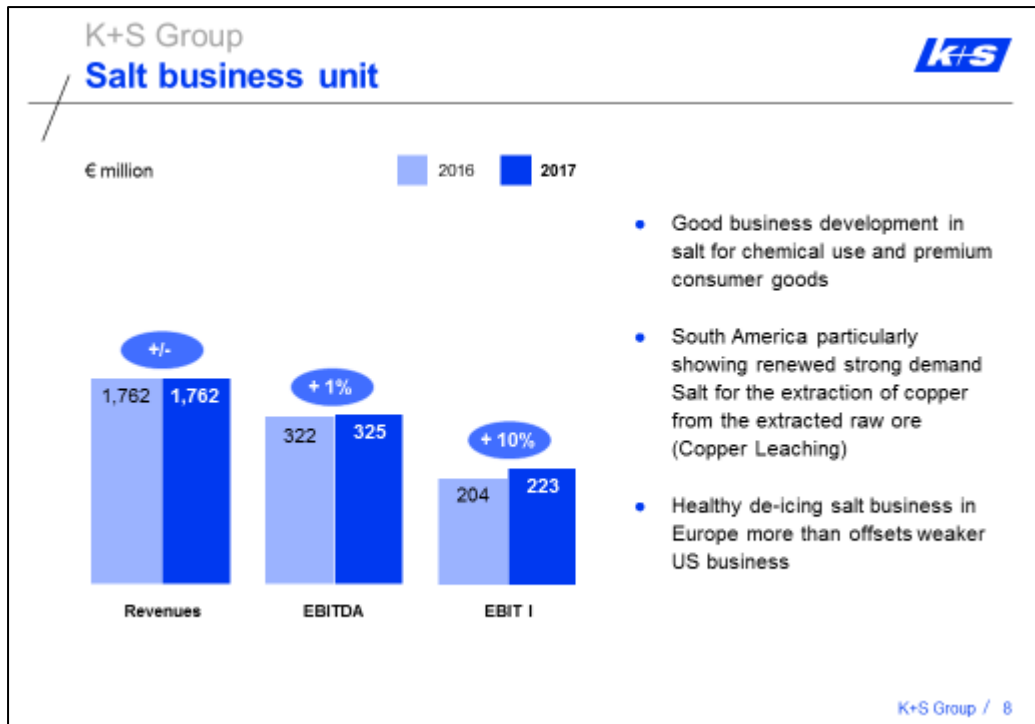
Ladies and Gentlemen,

I'm delighted to have the opportunity today to take a more detailed look at some of our figures.

Revenues and earnings in the Potash and Magnesium Products business unit have in large measure profited from greater product availability and an improved product mix. The Werra site merits particular mention in this respect. While some 200 days were lost at the site in 2016 because of the lack of a permit, the figure for 2017 was just 25 days and limited solely to the first quarter. The improvements in wastewater management that Dr Lohr already referred to resulted in a more constant level of output over the rest of the year.

The first deliveries from our Bethune plant to our customers overseas and the boost provided by prices also made a contribution to the positive trend in revenues.

The overall result would have been even better had it not been for the appreciable impact resulting from a charge of a good 40 million euros related to the closure of the Sigmundshall plant.



Our Salt business unit delivers product that serves as the basis for over 14,000 different applications. The range extends for example from water softening agents through food grade salt to special salts for the pharmaceutical industry,— and, of course, de-icing salt for ensuring road safety.

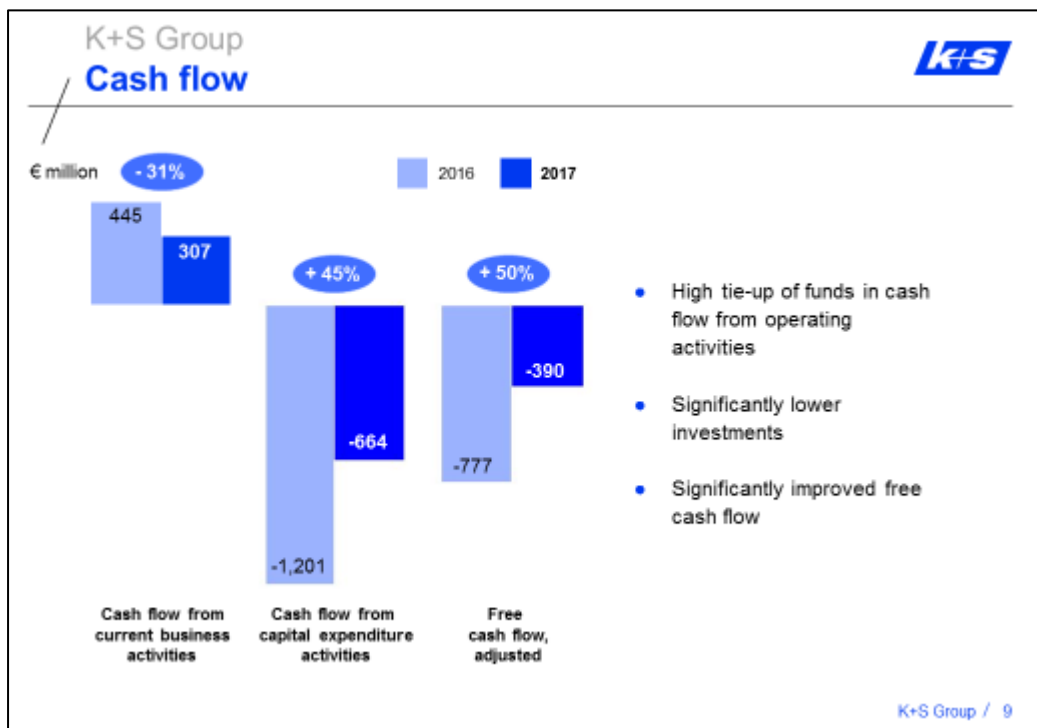
Business involving salt other than that used for road safety purposes was overall satisfactory. By way of an example, in the case of industrial salt we were able to achieve higher sales volumes for salt used in copper extraction and thus offset negative foreign exchange effects. K+S has developed what is known as “copper leaching” in close cooperation with a university in Chile. Salts used in the chemical industry also displayed a very positive trend.

The non-de-icing salt segment has meanwhile become so robust that it contributes more to the business unit than the de-icing salt business.

The latter was able to post moderately higher sales volumes over the course of the year. While North America was below average, Europe could more than make up for that. We sold a total of 10.7 million tonnes of de-icing salt, that is, 6 per cent more

than in 2016. This demonstrated once again that it pays to be present in the most important de-icing salt regions and not just in one or two of them.

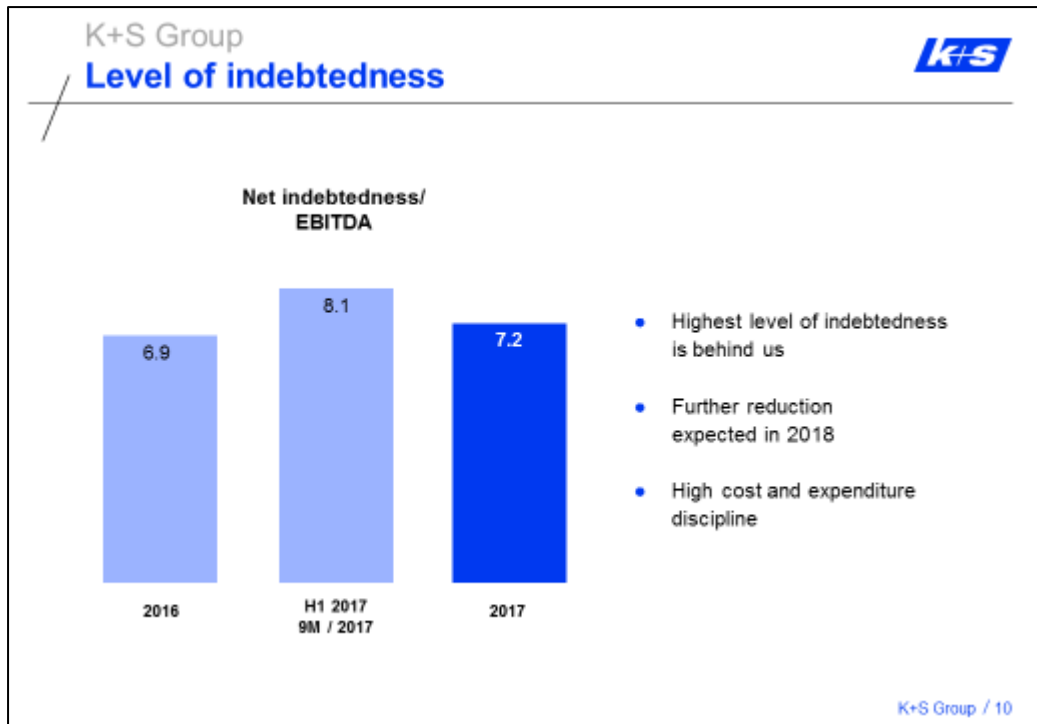
Overall, we are well on the way to achieving our “Salt 2020” target in a normal winter.



Ladies and Gentlemen,

At the beginning of the year, we forecast that cash flow would continue to be negative although we expected it to show a tangible improvement over 2016. We’ve succeeded in that and the figure has been halved.

This is because of a significant decrease in capital expenditure, which, in turn, is attributable to the production launch at our Bethune plant. In addition, a high degree of discipline is being practiced in the whole K+S Group with regard to costs and expenditure, which brings me onto the subject of our balance sheet.



As part of our 2030 strategy, we have set ourselves the goal of halving the level of indebtedness, that is, the ratio of net debt to EBITDA, by 2020. The point of departure was the level of indebtedness at the end of the first half of 2017, which was 8.1 times EBITDA at the time. That high level is behind us now, having already dropped to 7.2 times by the end of the year. Consequently, we are well on the way to meeting the requirements for achieving an investment grade rating by 2023.

The goal we've set of halving the level of indebtedness by 2020 has not only resulted in higher cost discipline across the entire K+S Group, but also prompted us to take a closer look at capital expenditure. This should result in us also seeing a further significant improvement in 2018.

Dr Lohr, those are all the comments I wanted to make.

We will be the most customer-focused, independent minerals company and grow our EBITDA to € 3bn in 2030.



'One Company'

We will think and act as 'One K+S' and realize synergies between our businesses



Tapping the full potential of our existing assets

We will use untapped growth and productivity potentials of our existing assets



Exploring new adjacent growth areas

We will pursue growth by venturing into new markets where we can use our existing capabilities



Increasing the share of our specialties business

We will take the future in our hands and ensure an overall stabilized performance by increasing the share of our specialties business

Thank you very much, Mr. Boeckers.

I now turn to our new, "Shaping 2030" strategy.

2017 was a very special year for me and for K+S as a whole. Together in the newly appointed Board of Executive Directors, we have begun to introduce steps that are critical for the success of our company.

In 2017, we laid the foundations for growth.

We have focused our core competencies as a supplier of mineral products much more strongly on specific customer requirements. And we have done so in the context of megatrends such as digitalization, climate change and globalization.

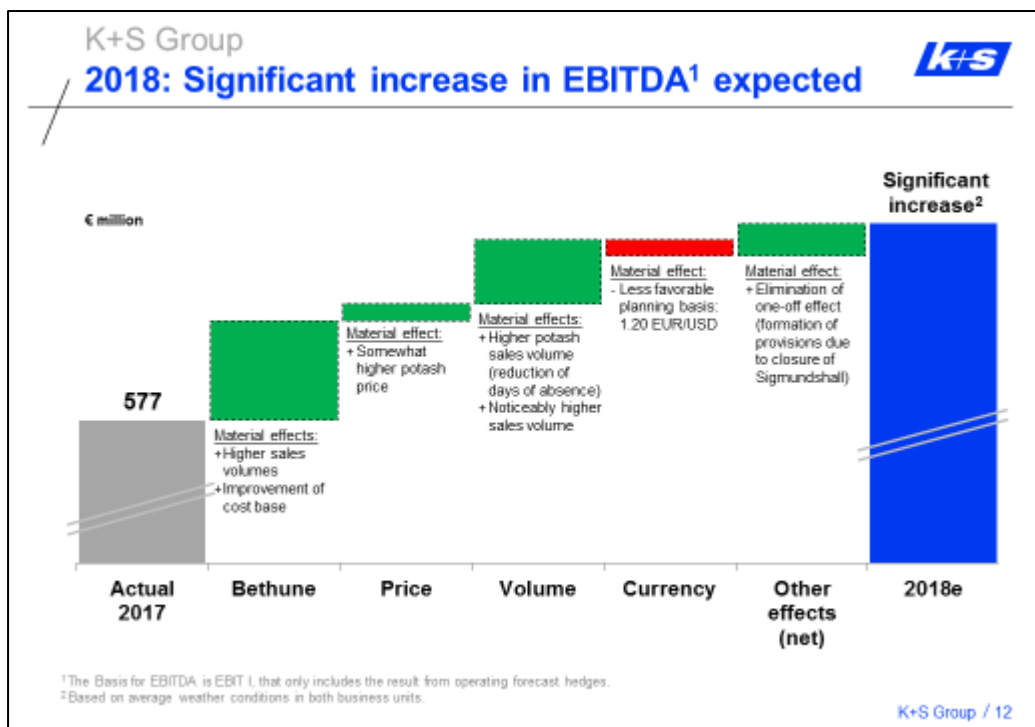
With "Shaping 2030", we are making K+S more robust and resistant to external influences.

We are aligning ourselves to the needs of our customers in the four segments of Agriculture, Industry, Consumers and Communities.

We are reinforcing our core business, while simultaneously entering new territory.

We are concentrating on the high-margin parts of our portfolio – and we tap into attractive, adjoining business segments.

We create synergies between our raw material realms. We do not think and act in silos, but rather as “One Company”.



2017 was a year of transition during which we cleared obstacles from our path, and began to ramp-up for the future - for a profitable, sustainably economizing and responsible K+S Group.

In light of this, we are expecting to see a noticeable increase in revenues and significant year-on-year growth in earnings before interest, taxes, depreciation and amortization (EBITDA) for the 2018 financial year.. We are also expecting improvements in free cash flow in 2018 – meaning that we will witness a positive free cash flow in 2019.

The increase of the production volumes in Bethune in Canada will continue to deliver a noticeable boost to potash and magnesium products. The production in the Werra Plant will also increase again due to the reduction of waste water-related interruptions – something which will likewise contribute to a recovery in earnings.

The increased sales volumes in the salt business unit and a continued improvement in profitability give rise to expectations of a clearly evident increase in EBITDA. The closure of the Sigmundshall potash plant will no longer impact our results in 2018.

Apart from our core business, we are also focusing more strongly on new business segments. We are seeking to rigorously continue this path in 2018. The first projects to be launched from the K+S Innovations Laboratory are already in the test phase, including the Aquaponics Container presented at the start of last week. Fish & Salad, cultivated in combination - it sounds a little banal at first. But what lies behind it is giving future viability to K+S, by keeping a constant focus on the global megatrends on our business. And developing new markets – when the opportunities arise.

This presentation 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 Risk Report – materialize, actual developments and events may deviate from current expectations. The Company assumes no obligation to update the statements, save for the making of such disclosures as are required by the provisions of statute.