

K+S Q1/18 FACTS & FIGURES

HIGHLIGHTS

- + Revenues and EBITDA up year-on-year
- + Adjusted free cash flow substantially higher and net debt/EBITDA ratio reduced further
- + Potash and Magnesium Products business unit: Higher market prices for potassium chloride (MOP) far outweighed a late start to the spring fertilizing season and production constraints at the integrated Werra plant
- + Development of exchange rates and low prices in the US de-icing salt business as well as higher logistic costs causing tangible earnings decline in the Salt business unit

OUTLOOK 2018

- + Confirmed: Tangible increase in revenues and significant rise in EBITDA anticipated

- + In the Potash and Magnesium Products business unit, the increase in production volumes at the Bethune site in Canada and the expected absence of wastewater-related production stoppages at the Werra plant should result in a significant recovery in earnings
- + In the Salt business unit, we now assume that due to higher logistics expenses and in spite of a tangible increase in sales volumes there will be a moderate (before: tangible) increase in EBITDA

SHAPING 2030

- + Transformation phase with focus on halving the leverage and subsequently return to investment grade rating
- + Bottom-up validation of synergies done – confident to reach at least €150 million p.a. by end of 2020
- + Capital Markets Day on 5 September 2018 in Bethune

KEY INDICATORS (IFRS)

		Q1/17	Q1/18	%
Revenues	€ million	1,126.4	1,169.8	+ 3.9
– of which Potash and Magnesium Products business unit	€ million	473.7	488.7	+ 3.2
– of which Salt business unit	€ million	610.9	635.6	+ 4.0
– of which Complementary Activities	€ million	41.5	44.9	+ 8.2
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	€ million	210.9	236.8	+ 12.3
– of which Potash and Magnesium Products business unit	€ million	81.2	120.8	+ 48.8
– of which Salt business unit	€ million	135.3	120.9	–10.6
– of which Complementary Activities	€ million	9.3	9.8	+ 5.4
EBITDA margin	%	18.7	20.2	–
– Potash and Magnesium Products business unit	%	17.1	24.7	–
– Salt business unit	%	22.1	19.0	–
– Complementary Activities	%	22.4	21.8	–
Operating earnings (EBIT I)	€ million	137.4	147.0	+ 7.0
– of which Potash and Magnesium Products business unit	€ million	41.9	52.5	+ 25.3
– of which Salt business unit	€ million	105.9	102.1	–3.6
– of which Complementary Activities	€ million	7.0	8.7	+ 24.3
Earnings after tax, adjusted ¹	€ million	94.6	83.6	–11.6
Earnings per share, adjusted ¹	€	0.49	0.44	–11.6
Capital expenditure ²	€ million	277.4	62.5	–77.5
Depreciation and amortisation ²	€ million	73.5	89.8	+ 22.0
Net cash flows from operating activities	€ million	267.0	232.8	–12.8
Adjusted free cash flow ³	€ million	55.2	142.8	> 100
Net debt as of 31 March	€ million	3,613.9	4,009.0	+ 10.9
Net debt/EBITDA (LTM)		8.1	6.7	–
Equity ratio	%	47.5	42.0	–
Return on capital employed (LTM)	%	1.9	3.4	–
Book value per share as of 31 March	€	24.1	20.9	–13.2
Average number of shares	million	191.40	191.40	–
Employees as of 31 March ⁴	number	14,526	14,865	+ 2.3
Market capitalisation as of 31 March	€ billion	4.2	4.5	+ 7.6
Enterprise value (EV) as of 31 March	€ billion	7.8	8.5	+ 8.9

¹ The adjusted key indicators 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 capital expenditure in Canadian dollars. Related effects on deferred and cash taxes are also eliminated; tax rate in Q1/18: 29.9% (Q1/17: 29.6%).

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

³ Adjusted for purchases/sales 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.

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BUSINESS SEGMENT INFORMATION

POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT

DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES BY REGION

		Q1/17	Q2/17	Q3/17	Q4/17	2017	Q1/18
Revenues	€ million	473.7	387.1	357.7	485.0	1,703.5	488.7
Europe	€ million	304.0	227.9	213.4	257.5	1,002.8	306.0
Overseas	US\$ million	180.7	175.5	170.9	264.4	791.5	224.7
Sales volumes	t million (product)	1.82	1.54	1.41	1.94	6.71	1.94
Europe	t million (product)	1.14	0.86	0.80	0.97	3.77	1.11
Overseas	t million (product)	0.68	0.68	0.62	0.97	2.94	0.84
Average price	€/t (product)	259.8	252.0	253.0	250.1	253.8	251.6
Europe	€/t (product)	265.6	265.3	268.9	264.6	266.0	276.3
Overseas	US\$/t (product)	266.2	259.0	273.4	276.5	269.0	269.1

- + Revenues of the Potash and Magnesium Products business unit increased slightly year-on-year, mainly on the strength of improved sales volumes
- + Negative currency factors in particular had an offsetting effect
- + The sales lost in Europe resulting from a late start to the spring fertilizing season were far outweighed mainly by deliveries from the new Bethune potash plant in Canada
- + Werra production still not back to normal operations after 2016/17 disruption with impact on profit and cash flow

SALT BUSINESS UNIT

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

		Q1/17	Q2/17	Q3/17	Q4/17	2017	Q1/18
De-icing salt							
Revenues	€ million	310.9	30.5	51.2	220.6	613.2	361.4
Sales volumes	t million	5.07	0.57	1.02	4.00	10.66	6.89
Average price	€/t	61.3	53.6	50.4	55.1	57.5	52.5
Consumer products, food processing, industrial salt and salt for chemical use							
Revenues	€ million	290.1	275.9	270.9	275.9	1,112.9	262.4
Sales volumes	t million	2.43	2.26	2.49	2.48	9.66	2.45
Average price	€/t	119.6	122.0	108.8	111.3	115.2	107.1

- + Revenues for the Salt business unit in the quarter under review were up slightly
- + De-icing: Significant volume growth in the North American de-icing salt business was offset by lower selling prices, especially at the US East Coast
- + Non de-icing: Negative currency effects were partially compensated by slightly higher sales volumes
- + Decision on investment in a new salt brine field by drilling a new cavern at the Dutch production plant, Frisia Zout B.V. in Harlingen. This investment is aligned with the strategic and financial targets of the K+S SHAPING 2030 strategy
- + On track to deliver on SALT 2020 ahead of time (EBITDA-target of € 400 million)

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