

H1/17 Half-Yearly Financial Report

K+S GROUP

- + First tonnes of saleable potash produced at the new Bethune plant (formerly Legacy Project); rail shipments to Vancouver began in July
- + Earnings in the Potash and Magnesium Products business unit up significantly year-on-year in the second quarter
- + Efficient wastewater management system substantially improves production conditions at the integrated Werra plant
- + Subdued demand for de-icing salt after mild winter in North America
- + Improvement in free cash flow as a result of planned lower capital expenditure

- + Outlook for 2017 reiterated: EBIT I of € 260–360 million expected
- + Assumption for our EBITDA target in 2020 not realistic anymore from the present point of view

KEY PERFORMANCE DATA

KEY INDICATORS (IFRS)							
		Q2/16	Q2/17	%	H1/16	H1/17	%
Revenues	€ million	732.1	742.0	+ 1.4	1,827.6	1,868.4	+ 2.2
– of which Potash and Magnesium Products business unit	€ million	370.9	387.1	+ 4.4	831.4	860.8	+ 3.5
– of which Salt business unit	€ million	319.2	315.7	– 1.1	913.8	926.6	+ 1.4
– of which Complementary Activities	€ million	41.8	38.8	– 7.2	81.8	80.3	– 1.8
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	€ million	83.4	101.9	+ 22.2	368.8	312.8	– 15.2
– of which Potash and Magnesium Products business unit	€ million	50.4	71.4	+ 41.7	187.4	152.6	– 18.6
– of which Salt business unit	€ million	32.8	29.0	– 11.6	182.8	164.4	– 10.1
– of which Complementary Activities	€ million	8.4	6.1	– 27.4	16.0	15.4	– 3.8
Operating earnings (EBIT I)	€ million	15.0	28.5	+ 90.0	233.3	165.9	– 28.9
– of which Potash and Magnesium Products business unit	€ million	14.7	31.4	>100	117.0	73.3	– 37.4
– of which Salt business unit	€ million	4.9	0.4	– 91.8	127.4	106.2	– 16.6
– of which Complementary Activities	€ million	6.2	3.9	– 37.1	11.6	10.9	– 6.0
EBIT I margin	%	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	–
Earnings after tax, adjusted ¹	€ million	–0.2	18.9	–	147.7	113.5	– 23.1
Earnings per share, adjusted ¹	€	–	0.10	–	0.77	0.59	– 23.1
Capital expenditure ²	€ million	362.8	133.0	– 63.3	642.6	410.4	– 36.1
Depreciation and amortisation ²	€ million	68.4	73.4	+ 7.3	135.5	146.9	+ 8.4
Net cash flows from operating activities	€ million	65.4	117.4	+ 79.6	359.2	384.4	+ 7.0
Adjusted free cash flow ³	€ 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 ⁴)		–	–	–	3.6	8.1	–
Equity ratio	%	–	–	–	49.2	44.6	–
Return on capital employed (LTM ⁴)	%	–	–	–	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 ⁵	number	–	–	–	14,415	14,570	+ 1.1
Market capitalisation as of 30 June	€ billion	–	–	–	3.51	4.29	+ 22.2
Enterprise value (EV) as of 30 June	€ billion	–	–	–	6.37	8.04	+ 26.1

¹ 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%).

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 LTM = last twelve months.

⁵ 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 Half-Yearly Financial Report.

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1.1 GROUP STRUCTURE AND BUSINESS ACTIVITIES

Please see the relevant sections of our 2016 Annual Report (starting on page 21) for a full description of our Group's legal and organisational structure and business activities, including products and services.

The section entitled 'Changes in the basis of consolidation' can be found on page 24 in the Notes in this Half-Yearly Financial Report. Otherwise, the Group structure and business activities described in the 2016 Annual Report remained largely unchanged.

1.2 CORPORATE STRATEGY AND INTERNAL MANAGEMENT

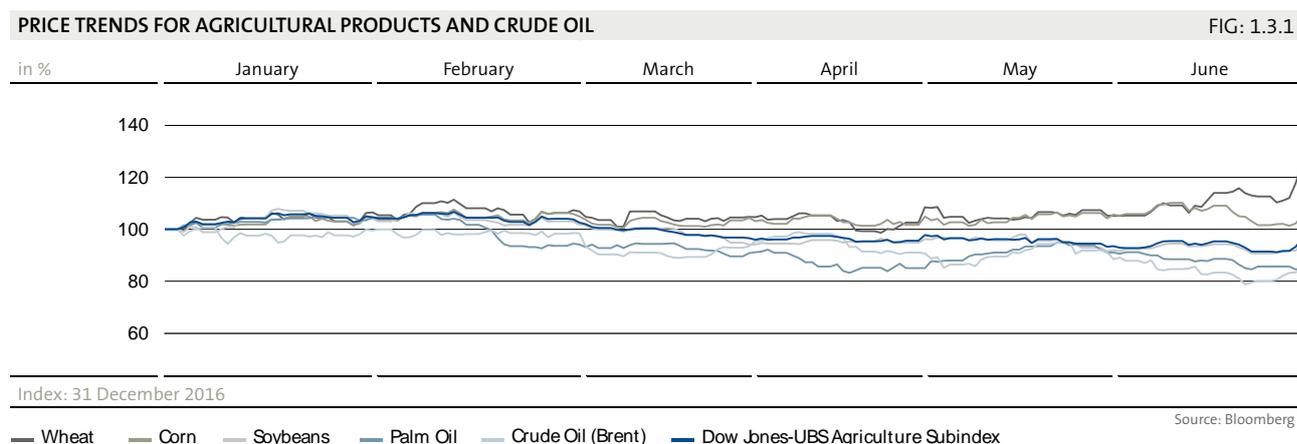
There were no changes in the corporate strategy or internal management in the second quarter. Please see the relevant sections entitled 'Declaration on Corporate Governance' (starting on page 49) and 'Corporate Strategy' (starting on page 69) in the 2016 Annual Report for a detailed description of our current corporate strategy and internal management. In addition, we intend to publish our new 'Shaping 2030' Group strategy this autumn.

1.3 OVERVIEW OF THE COURSE OF BUSINESS

MACROECONOMIC ENVIRONMENT

Soft commodities have been developing in different directions since the beginning of the year. While the price of soybeans, for example, has fallen by 5% since the beginning of the year, the price of wheat increased by 25% in the first half of 2017. The DOW JONES-UBS AGRICULTURE SUBINDEX, which tracks developments in the prices of corn, soybeans, sugar, wheat, soy oil, cotton and coffee, was down by around 4% in the first half of the year.

The Brent crude oil price fell in the course of the six months and stood at approximately USD 47 per barrel at the end of June. The average price in the second quarter of 2017 of around USD 52 was significantly higher than the previous year's figure (Q2/16: USD 47). The average price of NCG Natural Gas Year Futures, which focus primarily on western and southern Germany, also experienced a demand-related increase compared with the same quarter of the previous year, rising to around € 16/MWh (Q2/16: € 13/MWh).



The US dollar weakened slightly against the euro over the quarter under review and traded at EUR/USD 1.14 on 30 June. The average exchange rate for the quarter was EUR/USD 1.10 (Q2/16: EUR/USD 1.13).

IMPACT ON K+S

Changes in the macroeconomic environment had the following key effects on the course of business of K+S:

- + The K+S GROUP's energy costs are affected in particular by the cost of purchasing gas. In the reporting period these were up slightly on the previous year, but remain at a historically low level. Our long-term purchase agreements will allow us to continue to benefit from these gas prices in the future.
- + Foreign currency hedging system: The use of hedging instruments for the Potash and Magnesium Products business unit resulted in an average exchange rate of EUR/USD 1.12 in the second quarter including hedging costs (Q2/16: EUR/USD 1.21).
- + In the course of the reporting period, prices of key soft commodities stabilised at a comparatively low level. At the same time, input costs, e.g. for fertilizers, were still low. The resulting earnings prospects should give farmers sufficient incentive to increase yield per hectare by using plant nutrients.

/ Further details on the foreign currency hedging system can be found on page 87 of the 2016 Annual Report.

SECTOR-SPECIFIC ENVIRONMENT

The conditions in the principal sales regions and the competitive positions of the individual business units described in the 2016 Annual Report (starting on page 28) have remained essentially unchanged.

POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT

In the first half of 2017, the industry situation in the Potash and Magnesium Products business unit was characterised by strong demand. The further rise in demand after a prior-year period marked by weak requirements led to an expansion in production volumes at the beginning of the year. International prices for potassium chloride nevertheless continued to increase almost everywhere in the first half of 2017, sustaining the uptrend seen since mid-2016.

According to publicly available information, the major potash suppliers reached an agreement with Chinese and Indian customers in July on new contract prices for potassium chloride including freight of USD 230 and USD 240 per tonne, respectively. This results in an increase of USD 11 and USD 13, respectively, compared to the previous year.

SALT BUSINESS UNIT

Business with salt for chemical use developed particularly encouragingly in the second quarter of 2017. Demand from the chemical industry rose, especially in Europe and South America.

Mild winter weather at the beginning of the year has led to relatively high de-icing salt inventories at US customers, particularly in the Midwest and on the East Coast. Regional prices in this segment have thus declined for the early fill business and in initial tenders for the upcoming winter season. In Europe winter conditions were more favourable than in the previous year, which has led to stabilisation of de-icing salt prices and a decrease in stocks. Yet, at the beginning of the year the winter was below the long-term average here, too.

RELATED PARTIES

Please see the relevant sections in the Notes on page 27 for a detailed description of the principal related party transactions.

1.4 RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

RESULTS OF OPERATIONS

KEY INDICATORS						TAB: 1.4.1
	Q2/16	Q2/17	%	H1/16	H1/17	%
in € million						
Revenues	732.1	742.0	+ 1.4	1,827.6	1,868.4	+ 2.2
– of which Potash and Magnesium Products business unit	370.9	387.1	+ 4.4	831.4	860.8	+ 3.5
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– of which Potash and Magnesium Products business unit	14.7	31.4	>100	117.0	73.3	– 37.4
– of which Salt business unit	4.9	0.4	– 91.8	127.4	106.2	– 16.6
Return on capital employed (LTM, in %)	–	–	–	7.6	2.1	–

K+S GROUP REVENUES UP SLIGHTLY YEAR-ON-YEAR

Revenues of the K+S GROUP in the second quarter rose slightly to € 742.0 million from € 732.1 million in the previous year. One of the reasons for this was the increase in sales volumes of fertilizer specialities resulting from higher product availability at the integrated Werra plant. In the first six months of 2017, revenues rose to € 1,868.4 million (H1/16: € 1,827.6 million) as a result of the mentioned increase in sales volumes. However, compared with the previous year, slightly lower average prices were recorded in the Potash and Magnesium Products business unit. In the Salt business unit, favourable currency movements were offset by mild weather conditions and declining prices for de-icing salt in the US.

VARIANCE COMPARED WITH PREVIOUS YEAR

TAB: 1.4.2

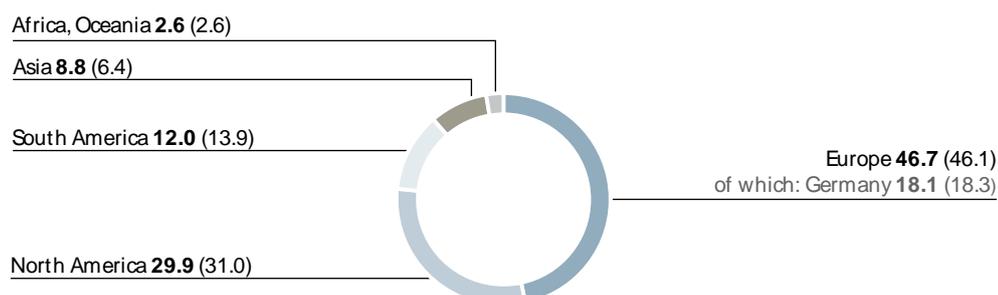
	Q2/17	H1/17
in %		
Change in revenues	+ 1.4	+ 2.2
– volume/structure-related	+ 0.4	+ 2.8
– price/pricing-related	– 0.7	– 2.8
– currency-related	+ 1.3	+ 2.1
– consolidation-related	+ 0.4	+ 0.1

Detailed figures for average prices and sales volumes can be found in Tables 1.5.3 and 1.5.6.

In the quarter under review, over 52% of revenues were generated by the Potash and Magnesium Products business unit, followed by Salt with around 43% and Complementary Activities (5%).

REVENUES BY REGION APRIL – JUNE 2017 (IN %)

FIG: 1.4.1



Previous year's figures in brackets

DEVELOPMENT OF SELECTED COST TYPES

Personnel expenses, freight, material and energy costs are particularly important for K+S. In the first half of 2017, personnel expenses amounted to € 557.0 million (H1/16: € 503.7 million). This increase is mainly due to the one-time payment made to our employees at the beginning of the year after the 2017 salary review and to the hiring of additional staff at the new Bethune potash plant in Canada. Freight costs of € 366.7 million were tangibly higher than the figure for the previous year (H1/16: € 330.7 million), largely as a result of volume and price factors. Another driver of this increase was the short-term waste disposal measures at the integrated Werra plant. Costs of raw materials, consumables and supplies and of purchased merchandise (material costs) rose slightly to € 263.7 million (H1/16: € 257.2 million). K+S incurred energy costs of € 127.3 million (H1/16: € 110.5 million) in the reporting period. The increase is mainly attributable to the anticipated higher energy requirements resulting from the start of production in Bethune, but also to higher prices.

OPERATING EARNINGS (EBITDA AND EBIT I)

Earnings before interest, taxes, depreciation and amortisation (EBITDA) of the K+S GROUP amounted to € 101.9 million in the second quarter (Q2/16: € 83.4 million). The operating earnings (EBIT I) came to € 28.5 million (Q2/16: € 15.0 million). Higher product availability at the integrated Werra plant boosted sales volumes in the Potash and Magnesium Products business unit in particular. This effect was offset by lower volumes of de-icing salt in North America and higher start-up costs compared to the previous year at the new plant in Canada. Increased expenditure for energy and freight also reduced earnings. EBIT II amounted to € 56.1 million in the quarter under review (Q2/16: € 15.4 million).

In the first half of the year 2017, EBITDA amounted to € 312.8 million, a reduction of more than 15% on the previous year's level (H1/16: € 368.8 million). EBIT I decreased to € 165.9 million from € 233.3 million in the previous year. This decline in earnings is primarily due to lower average prices for specialties in the Potash and Magnesium Products business unit as well as in the North American de-icing salt business. A one-time payment to employees at the beginning of the year following the 2017 salary review also had an impact on earnings; this was only partially offset by positive currency effects and higher sales volumes. The depreciation and amortisation charge to be deducted for the first six months was € 146.9 million (H1/16: € 135.5 million). EBIT II amounted to € 204.3 million in the first half of the year (H1/16: € 309.0 million).

In accordance with IFRS, the changes in fair value arising from hedging transactions are reported in profit or loss. EBIT II includes all earnings from operating hedges, i.e. both reporting date-related measurement effects and earnings from realised operating hedging derivatives. Any effects on earnings arising from the hedging of underlying transactions relating to financing that are not reflected in EBIT are reported in the financial result.

/ Further details on EBIT II and a reconciliation statement can be found on page 20.

ADJUSTMENT OF THE PLANTS' USEFUL LIVES

The estimated useful lives on which the write-downs of the non-current assets are based must be reviewed periodically and adjusted as needed. We took the upcoming depreciation start date for the new Bethune potash plant on 1 July 2017 as an opportunity to review the existing estimated useful lives of all of the Company's property, plant and equipment as well. The resulting adjustments to the useful lives of a number of asset classes are made as of 1 July 2017. For the current financial year we also anticipate an effect of around € 40 million compared with the method we used in the past. Annual depreciation and amortisation for the Bethune plant is expected to come to approximately € 150 million.

FINANCIAL RESULT

The financial result in the quarter under review was € – 3.8 million (Q2/16: € – 15.0 million). The increase results in particular from an improvement in the other financial result (+ € 11.8 million). The weaker US dollar gave rise to higher income from the measurement of financial assets and financial liabilities. The financial result in the first half of 2017 amounted to € – 12.3 million compared with € – 28.3 million in the previous year.

/ Further details on the financial result and actuarial interest rates for provisions can be found in the Notes on page 25.

(ADJUSTED) EARNINGS AFTER TAX AND (ADJUSTED) EARNINGS PER SHARE

For earnings after tax and non-controlling interests, a strong increase to € 38.3 million was recorded for the second quarter of 2017 (Q2/16: € 0.1 million). In terms of earnings per share, this gives a figure of € 0.20 (Q2/16: € 0.00). An average number of 191.4 million outstanding no-par value shares was used as the basis for the calculation. In the first

half of the year, the Group's earnings after tax and non-controlling interests were € 140.5 million (H1/16: € 201.4 million). In terms of earnings per share, this represents a drop of € 0.32 year-on-year to € 0.73 (H1/16: € 1.05).

Earnings after tax adjusted for changes in the fair value of derivatives rose to € 18.9 million in the second quarter (Q2/16: € – 0.2 million), resulting in a figure of € 0.10 per share compared with € 0.00 for the same quarter of the previous year. After the first six months, adjusted earnings after tax amounted to € 113.5 million (H1/16: € 147.7 million); this constitutes a decline of € 34.2 million or 23.2%. Adjusted earnings per share amounted to € 0.59 in the same period compared with € 0.77 in the previous year.

FINANCIAL POSITION

SECOND-QUARTER CAPITAL EXPENDITURE DOWN SUBSTANTIALLY YEAR-ON-YEAR

CAPITAL EXPENDITURE ¹						TAB: 1.4.3	
	Q2/16	Q2/17	%	H1/16	H1/17	%	
in € million							
Potash and Magnesium Products business unit	334.6	105.3	– 68.5	601.2	363.2	– 39.6	
Salt business unit	26.1	26.1	–	38.0	44.2	+ 16.3	
Complementary Activities	1.2	0.2	– 83.3	1.9	1.0	– 47.4	
Reconciliation	0.9	1.3	+ 44.4	1.5	1.9	+ 26.7	
K+S Group	362.8	133.0	– 63.3	642.6	410.4	– 36.1	

¹ Concerns cash investments in property, plant and equipment and intangible assets, taking claims for reimbursement from claim management into account.

The K+S GROUP invested a total of € 133.0 million in the second quarter of 2017 (Q2/16: € 362.8 million). This decrease is largely due to the completion of the plant in Bethune, Canada (formerly Legacy Project), which reduced capital expenditure in the Potash and Magnesium Products business unit. Investments in the Salt business unit concentrated on the expansion of the Ojibway plant in Canada.

NET CASH FLOWS FROM OPERATING ACTIVITIES UP ON PRIOR-YEAR FIGURE

OVERVIEW OF CASH FLOWS			TAB: 1.4.4	
	H1/16	H1/17		
in € million				
Net cash flows from operating activities	359.2	384.4		
Net cash flows from/(used in) investing activities	– 519.9	– 419.8		
Free cash flow	– 160.7	– 35.4		
Adjustment for purchases/sales of securities and other financial investments	– 16.8	9.8		
Adjusted free cash flow	– 177.5	– 25.6		

Net cash flows from operating activities came to € 384.4 million (H1/16: € 359.2 million). This increase was mainly due to a lower income tax payment, which was offset by a decrease in receivables and other assets from operating activities compared with the prior-year period.

Net cash flows used in investing activities (after adjusting for purchases/sales of securities and other financial investments) amounted to € 410.0 million (H1/16: € 536.7 million), a decrease primarily resulting from lower payments for property, plant and equipment. The adjusted free cash flow came to € – 25.6 million, contrasting with € – 177.5 million in the previous year.

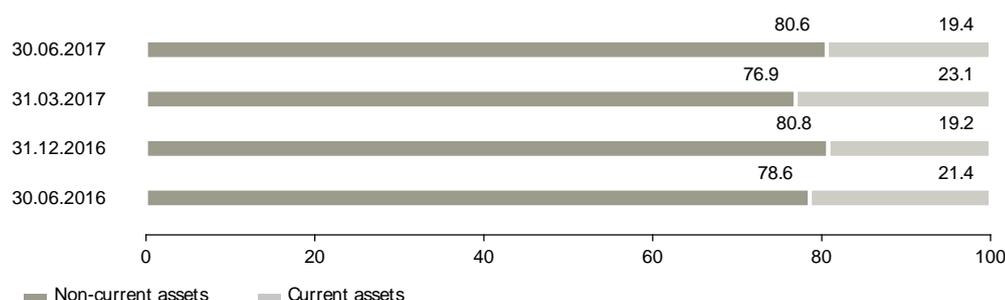
In the first half of the year, the K+S GROUP issued a corporate bond with a total volume of € 625 million and a term up to 2023: average interest of 2.625% p.a. is charged on this bond. This effect was reduced in particular by repayments of the syndicated loan. In this context, net cash flows from financing activities amounted to € 258.8 million (H1/16: € 358.1 million). As of 30 June 2017, net cash and cash equivalents amounted to € 347.3 million (30 June 2016: € 316.7 million; 31 December 2016: € 134.7 million). These capital investments relate mainly to term deposit investments, money market instruments and comparable securities with a residual term of less than three months.

NET ASSETS

Total assets of the K+S GROUP amounted to € 9,640.2 million as of 30 June 2017 (31 December 2016: € 9,645.5 million). Property, plant and equipment increased slightly to € 6,548.0 million (31 December 2016: € 6,456.0 million) as a result of asset additions at the Bethune plant. Cash and cash equivalents, current and non-current securities and other financial investments rose to € 382.2 million (31 December 2016: € 161.5 million) as a result of the issue of a corporate bond.

ASSETS (IN %)

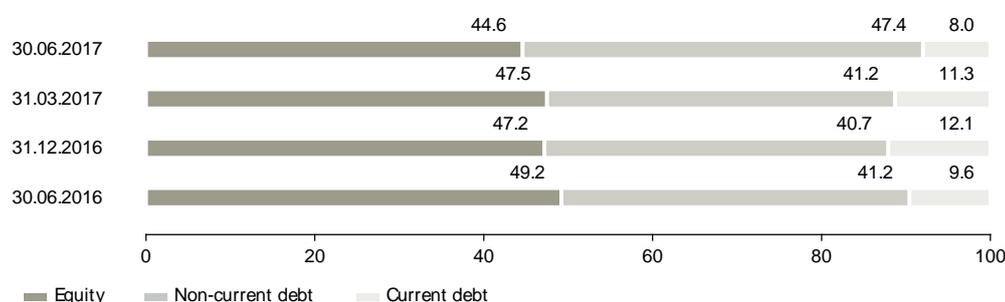
FIG: 1.4.2



At € 4,295.7 million, equity was € 256.5 million lower than the figure for 31 December 2016 (€ 4,552.2 million). Currency translations and the dividend payment in particular reduced the level of equity. The equity ratio was 44.6% at the reporting date.

EQUITY AND LIABILITIES (IN %)

FIG: 1.4.3



As of 30 June 2017, financial liabilities amounted to € 2,851.2 million (31 December 2016: € 2,534.5 million). This increase was attributable in particular to the bond issue in the first half of the financial year, while the repayments of the syndicated loan reduced financial liabilities. As of 30 June 2017, the most significant provisions of the K+S GROUP related to mining obligations of € 990.7 million (31 December 2016: € 996.0 million) as well as to pensions and similar obligations of € 162.9 million (31 December 2016: € 186.7 million). In the case of the latter, the change resulted in particular from currency effects.

/ Further details of the main changes in individual items from the statement of financial position can be found in the Notes on page 26.

NET DEBT		TAB: 1.4.5		
	30 June 2016	31 December 2016	30 June 2017	
in € million				
Cash and cash equivalents	321.9	140.2	352.3	
Non-current securities and other financial investments	7.0	7.0	7.0	
Current securities and other financial investments	15.9	14.3	22.9	
Financial liabilities	-2,122.6	-2,534.5	-2,851.2	
Liabilities from finance leases	-4.9	-50.7	-143.4	
Reimbursement claim Morton Salt bond	21.6	22.6	20.8	
Net financial liabilities	-1,761.1	-2,401.1	-2,591.6	
Provisions for pensions and similar obligations	-216.2	-186.7	-162.9	
Provisions for mining obligations	-883.1	-996.0	-990.7	
Net debt	-2,860.4	-3,583.8	-3,745.2	

1.5 SEGMENTS OF THE K+S GROUP

POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT

KEY INDICATORS		TAB: 1.5.1				
	Q2/16	Q2/17	%	H1/16	H1/17	%
in € million						
Revenues	370.9	387.1	+ 4.4	831.4	860.8	+ 3.5
– of which potassium chloride	155.3	163.3	+ 5.2	344.6	353.2	+ 2.5
– of which fertilizer specialities	151.6	160.1	+ 5.6	354.4	371.5	+ 4.8
– of which industrial products	64.0	63.8	- 0.4	132.4	136.1	+ 2.8
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	50.4	71.4	+ 41.7	187.4	152.6	- 18.6
Operating earnings (EBIT I)	14.7	31.4	>100	117.0	73.3	- 37.4

REVENUES

Revenues for the Potash and Magnesium Products business unit were up slightly on the figure for the prior-year period at € 387.1 million in the quarter under review (Q2/16: € 370.9 million), with a slight year-on-year increase in sales volumes having a positive effect. Thanks to an efficient wastewater management system, there were no disposal-related interruptions in production at the integrated Werra plant in the second quarter of 2017 attributable to prolonged low water levels in sections of the Werra river. While the potassium chloride segment witnessed marginally higher prices than in the previous year in several regions, average prices for fertilizer specialities were down slightly due to an unfavourable regional mix, among other factors. In the first half of the year 2017, revenues for the business unit amounted to € 860.8 million (H1/16: € 831.4 million) mainly due to the above mentioned effects.

/ A description of the market environment in the Potash and Magnesium Products business unit can be found in the section entitled 'Sector-specific environment' on page 3.

VARIANCE COMPARED WITH PREVIOUS YEAR		TAB: 1.5.2	
	Q2/17	H1/17	
in %			
Change in revenues	+ 4.4	+ 3.5	
– volume/structure-related	+ 3.9	+ 6.4	
– price/pricing-related	- 1.2	- 4.5	
– currency-related	+ 1.0	+ 1.1	
– consolidation-related	+ 0.7	+ 0.5	

REVENUES BY REGION APRIL – JUNE 2017 (IN %)

FIG: 1.5.1



Previous year's figures in brackets

In the quarter under review sales volume totalled 1.54 million tonnes, up slightly on the figure for the previous year (Q2/16: 1.48 million tonnes). Higher sales volumes were generated by an improvement in the general conditions in agriculture, particularly in Europe. The larger production volumes at the integrated Werra plant compared with the same quarter of the previous year increased product availability, lifting overall sales volumes. In the first half of 2017, the sales volume in the Potash and Magnesium Products business unit rose to 3.36 million tonnes from 3.17 million tonnes in the previous year.

At 0.71 million tonnes, sales volumes of potassium chloride in the second quarter of 2017 fell slightly short of the previous year's level (Q2/16: 0.73 million). By contrast, sales volumes in the fertilizer specialities segment rose tangibly to 0.64 million tonnes, mainly due to production factors (Q2/16: 0.58 million tonnes). Strong demand for Korn-Kali in Germany due to low inventories held by customers was among the reasons for this increase. In the industrial products segment, moderate increases in sales volumes were achieved with 0.19 million tonnes sold (Q2/16: 0.18 million tonnes).

DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES BY REGION ¹

TAB: 1.5.3

		Q1/16	Q2/16	H1/16	Q3/16	Q4/16	2016	Q1/17	Q2/17	H1/17
Revenues	€ 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
Sales volumes	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
Average price	€/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

¹ 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. Hedging transactions were concluded for most of these sales revenues. Prices are also affected by the relevant product mix and should therefore be taken as a rough indication only.

DEVELOPMENT OF EARNINGS

Operating earnings EBIT I in the reporting quarter of € 31.4 million was more than double the figure for the prior-year period (Q2/16: € 14.7 million). This can be attributed to the above-mentioned increases in sales volumes and a positive currency effect. Falling average prices in the fertilizer specialities segment, due in particular to an unfavourable regional mix, had a diminishing effect. In addition, the Group incurred higher costs in Canada than in the previous year as well as higher energy and freight expenses as a result of price increases.

In the first half of 2017, EBIT I amounted to € 73.3 million compared with € 117.0 million in the previous year; this represents a drop of around 37%. In particular, a lower average price level and higher start-up costs compared to previous year for the new Bethune plant in Canada brought about a decline in earnings. Earnings were further impacted by a one-time payment made to our employees in the first quarter. This development was offset by a positive currency effect and lower production losses at the integrated Werra plant, which increased sales volumes.

FIRST TONNES OF POTASH PRODUCED AT THE NEW BETHUNE PLANT

The new Bethune plant (formerly Legacy Project) was inaugurated on 2 May 2017 and handed over to the operations team. This marked the successful completion of the almost five-year construction period. In June 2017, K+S produced the first tonnes of saleable potash in Bethune, earlier than recently expected. It is anticipated that the target annual capacity of two million tonnes will be reached from the end of 2017. The first potash shipment left the Bethune plant by freight train in July for K+S's new port facility in Vancouver, from where the potash will be shipped to customers around the world. By opening the Bethune plant, K+S is now a potash supplier with production sites on two continents. The plant will have long-term annual production capacity of 2.86 million tonnes and will consequently expand the German production network significantly, reduce average production costs and extend the average useful life of the K+S potash mines. The new potash plant will also make the Company much more competitive at an international level, which will benefit the results of operations of the entire K+S GROUP.

WASTE DISPOSAL ISSUE 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 in further securing higher production levels at our integrated Werra plant. However, the permit only allows a total annual injection volume of 1.5 million m³, which is lower than had been applied for, and limits the daily injection volume to 5,000 m³. In light of this, we implemented additional measures for temporary wastewater disposal. In addition to the storage of brine in the Springen mining field and discharging water into the inactive K+S Bergmannsseggen-Hugo mine (Hanover region), we have been able to transport saline water to Bernburg (Saxony-Anhalt), where it is being used to shut down and secure a gas cavern over the long term. Furthermore, production on site was further stabilised by expanding the basin capacities to a total of 530,000 m³. In spite of prolonged low water levels in sections of the Werra river, continuous production was achieved in the quarter under review – after an interruption of 25 days was necessary at the Hattorf site in the first quarter of 2017 on account of the flow of water in the Werra. All the same, individual production suspensions later on in the year still cannot be ruled out during longer periods of low water levels in the Werra. The commissioning of the new kainite crystallisation and flotation (KCF) facility will have a positive impact on the disposal situation from 2018 onwards.

/ Further details on the approval process for the expansion of the tailings pile at the Hattorf site can be found in the Report on Risks and Opportunities on page 13.

SALT BUSINESS UNIT

KEY FIGURES	TAB: 1.5.4					
	Q2/16	Q2/17	%	H1/16	H1/17	%
in € million						
Revenues	319.2	315.7	- 1.1	913.8	926.6	+ 1.4
– of which de-icing salt	33.8	30.5	- 9.6	346.9	341.4	- 1.6
– of which consumer products	110.6	106.1	- 4.1	214.2	209.3	- 2.3
– of which industrial salt	77.7	76.6	- 1.5	156.1	162.1	+ 3.8
– of which food processing	60.0	60.9	+ 1.5	120.3	124.9	+ 3.8
– of which salt for chemical use	28.4	32.3	+ 13.6	57.9	69.8	+ 20.6
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	32.8	29.0	- 11.6	182.8	164.4	- 10.1
Operating earnings (EBIT I)	4.9	0.4	- 91.8	127.4	106.2	- 16.6

REVENUES

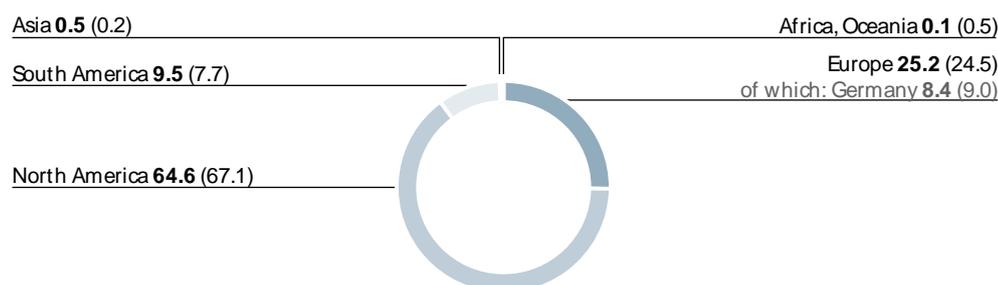
In the Salt business unit, revenues in the quarter under review remained virtually stable at € 315.7 million (Q2/16: € 319.2 million). Declines in the de-icing salt business were nearly compensated by positive currency effects between EUR and USD. At 2.83 million tonnes, sales volumes for solid salt were down around 2% on the figure for the previous year (Q2/16: 2.89 million tonnes).

In the first half of the year, revenues were up slightly on the figure for the previous year at € 926.6 million (H1/16: € 913.8 million). Revenues for other products were marginally higher than in the prior-year period at € 566.1 million (H1/16: € 548.5 million). Revenues in the salt for chemical use business rose in the first half of 2017 to € 69.8 million (H1/16: € 57.9 million) due to volume and price effects, principally on the back of a positive trend in Europe. At 10.33 million tonnes, total sales volumes for solid salt were slightly above the previous year's level (H1/16: 10.02 million tonnes).

/ A description of the market environment in the Salt business unit can be found in the section entitled 'Sector-specific environment' on page 3.

VARIANCE COMPARED WITH PREVIOUS YEAR		TAB: 1.5.5	
		Q2/17	H1/17
in %			
Change in revenues		-1.1	+ 1.4
– volume/structure-related		- 2.5	-
– price/pricing-related		- 0.4	- 1.7
– currency-related		+ 1.8	+ 3.1
– consolidation-related		-	-

REVENUES BY REGION APRIL – JUNE 2017 (IN %) FIG: 1.5.2



Previous year's figures in brackets

DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES BY PRODUCT GROUP ^{1, 2} TAB: 1.5.6

		Q1/16	Q2/16	H1/16	Q3/16	Q4/16	2016	Q1/17	Q2/17	H1/17
De-icing salt										
Revenues	€ million	313.1	33.8	346.9	54.1	208.9	609.9	310.9	30.5	341.4
Sales volumes	t million (product)	4.89	0.64	5.53	1.04	3.53	10.10	5.07	0.57	5.64
Average price	€/t (product)	64.0	52.8	62.7	52.3	59.2	60.4	61.3	53.6	60.5
Consumer products, food processing, industrial salt and salt for chemical use										
Revenues	€ million	271.7	276.8	548.5	283.0	281.4	1,112.9	290.1	275.9	566.0
Sales volumes	t million (product)	2.24	2.25	4.49	2.50	2.27	9.26	2.43	2.26	4.69
Average price	€/t (product)	121.5	123.1	122.2	113.3	124.1	120.2	119.6	122.0	120.7

¹ Revenues include prices both inclusive and exclusive of freight costs. Prices are also affected by exchange rate movements and the relevant product mix and should therefore be taken as a rough indication only.

² Figures refer to solid salt.

DEVELOPMENT OF EARNINGS

Operating earnings EBIT I of the Salt business unit decreased to € 0.4 million in the quarter under review (Q2/16: € 4.9 million), mainly due to lower prices and volumes in the North American de-icing salt business as well as lower

sales volume of high-value consumer products. At the same time, higher sales quantities were achieved in the salt for chemical use segment.

In the first half of the year, EBIT I of the business unit declined to € 106.2 million from € 127.4 million in the prior-year period due to the effects mentioned above.

COMPLEMENTARY ACTIVITIES

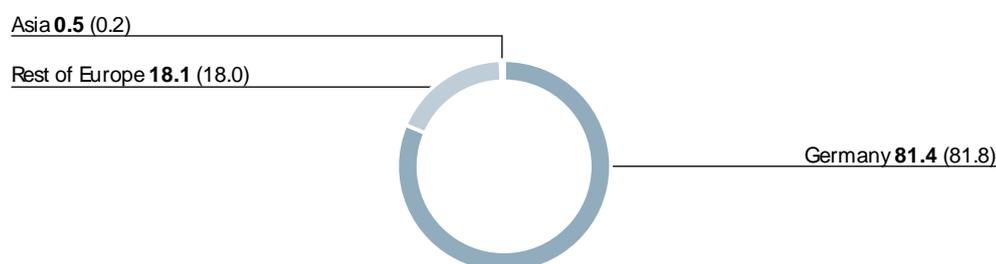
KEY INDICATORS							TAB: 1.5.7
	Q2/16	Q2/17	%	H1/16	H1/17	%	
in € million							
Revenues	41.8	38.8	-7.2	81.8	80.3	-1.8	
– of which Waste Management and Recycling	24.0	21.2	-11.7	45.7	43.0	-5.9	
– of which K+S Transport GmbH	2.4	2.4	–	5.4	5.1	-5.6	
– of which Animal Hygiene Products	9.8	9.2	-6.1	19.9	20.2	+1.5	
– of which CFK (Trading)	5.6	6.0	+7.1	10.8	12.0	+11.1	
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	8.4	6.1	-27.4	16.0	15.4	-3.8	
Operating earnings (EBIT I)	6.2	3.9	-37.1	11.6	10.9	-6.0	

REVENUES

In the quarter under review, third-party revenues generated by Complementary Activities stood at € 38.8 million (Q2/16: € 41.8 million), while total revenues came to € 45.7 million (Q2/16: € 48.3 million). Third-party revenues in the first half of the year were € 80.3 million (H1/16: € 81.8 million). Total revenues amounted to € 94.8 million (H1/16: € 95.5 million).

VARIANCE COMPARED WITH PREVIOUS YEAR				TAB: 1.5.8
		Q2/17	H1/17	
in %				
Change in revenues		-7.2	-1.8	
– volume/structure-related		-9.4	-3.3	
– price/pricing-related		+2.2	+1.5	
– currency-related		–	–	
– consolidation-related		–	–	

REVENUES BY REGION APRIL – JUNE 2017 (IN %) FIG: 1.5.3



Previous year's figures in brackets

DEVELOPMENT OF EARNINGS

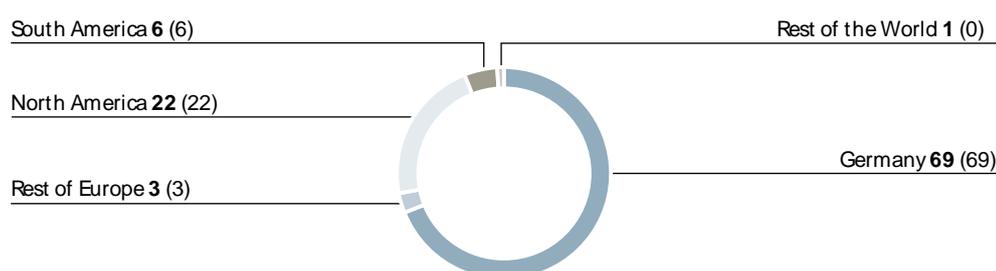
In the quarter under review, operating earnings EBIT I in the Complementary Activities decreased significantly to € 3.9 million (Q2/16: € 6.2 million). The depreciation and amortisation included in EBIT I remained constant at € 2.2 million (Q2/16: € 2.2 million). The development in earnings is mainly attributable to volume-related decreases in the Waste Management and Recycling business unit as well as in the Animal Hygiene Products segment. Operating earnings EBIT I in the first six months declined moderately to € 10.9 million (H1/16: € 11.6 million); this figure includes depreciation and amortisation of € 4.5 million (H1/16: € 4.4 million).

1.6 EMPLOYEES

NUMBER OF EMPLOYEES SLIGHTLY ABOVE PREVIOUS YEAR

As of 30 June 2017, the K+S GROUP employed a total of 14,570 people (full-time equivalents), which was slightly above the figure for 30 June 2016 (14,415 employees). The average number of people employed over the quarter was 14,556 (Q2/16: 14,401). Just under a third of employees are located outside Germany and more than a quarter outside Europe. The number of trainees in Germany was 441 on 30 June 2017, representing a decrease from the previous year (30 June 2016: 464).

EMPLOYEES BY REGION AS OF 30 JUNE 2017 (IN %) FIG: 1.6.1



Previous year's figures in brackets

1.7 RESEARCH AND DEVELOPMENT

In the quarter under review, research costs fell to € 3.1 million from € 3.5 million in the prior-year period. Research costs in the first half of the year stood at € 8.8 million, up from € 6.8 million in the previous year; capitalised development costs amounted to € 0.3 million (H1/16: € 0.2 million).

Please see the relevant sections on page 34 of our 2016 Annual Report for a detailed description of research and development activities; the goals and areas of focus described there continue to apply.

1.8 REPORT ON RISKS AND OPPORTUNITIES

Please see the relevant comments in our 2016 Annual Report from page 59 onwards and from page 99 onwards for a detailed description of the system for the management of risks and opportunities as well as potential risks and opportunities. The risks and opportunities described there have changed as follows as of 30 June 2017:

The Company is no longer exposed to the litigation risk described on page 111 of the 2016 Annual Report regarding advantages gained from alleged crimes concerning Gerstungen Through Injection in the years 1999–2007: an appeal by the Meiningen Public Prosecutor's Office was rejected in a ruling by the Thuringia Higher Regional Court in Jena on 5 May 2017. The subject of this appeal was the decision by the Meiningen Regional Court in September 2016 to not to open a lawsuit against active and former members of the Board of Executive Directors and employees. The ruling on May 5 upheld the Regional Court's decision. In light of these events, advantages gained by the Company are ruled out.

In our opinion 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 remains within the probability of risk between 10% and 50%. The approval process for the expansion of tailings pile capacity at the Hattorf site, which started in 2011, continues to be extremely challenging in terms of both time and content. Sections of the technical concept and the application documents will be revised again in order to obtain approval for 'early commencement' as quickly as possible and to be able to start the necessary surface preparation. Should our application not be approved

in a timely manner, impacts on production would be likely. We are working on making the best use of the residual volume of the potash tailings pile. That's why the further process currently discussed with the authorities is uncritical with regards to possible stoppages at the site. Moreover, expansion of tailings pile capacity at the Zielitz and Wintershall sites is scheduled for the year 2019. Preparations for the approval process are proceeding according to plan.

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 offsetting of opportunities and risks or their positive and negative changes against each other.

1.9 REPORT ON POST-BALANCE SHEET DATE EVENTS

The report on post-balance sheet date events for the K+S GROUP (disclosures on significant events after the end of the interim reporting period) can be found in the Notes on page 25.

1.10 REPORT ON EXPECTED DEVELOPMENTS

FUTURE MACROECONOMIC SITUATION

The following discussion on the future macroeconomic situation is based on forecasts by the KIEL INSTITUTE FOR THE WORLD ECONOMY and the INTERNATIONAL MONETARY FUND.

PERCENTAGE CHANGE IN GROSS DOMESTIC PRODUCT					TAB: 1.10.1
	2013	2014	2015	2016	2017e
in %; in real terms					
Germany	+ 0.6	+ 1.6	+ 1.5	+ 1.8	+ 1.6
European Union (EU-28)	+ 0.3	+ 1.7	+ 2.4	+ 2.0	+ 2.0
World	+ 3.4	+ 3.5	+ 3.4	+ 3.1	+ 3.5

Source: IWF

The INTERNATIONAL MONETARY FUND is forecasting a growth rate of 3.5% in global gross domestic product for 2017. In view of the continued expansionary monetary policy and comparatively low energy costs, the rate of expansion in the developed countries will probably remain at approximately the same level. While the expansion of the Chinese economy will slow this year and next, the economic outlook for the other emerging market economies has brightened as commodity prices stabilise.

FUTURE INDUSTRY SITUATION

The medium- to long-term trends described on pages 114 – 115 of the 2016 Annual Report, which positively influence the demand for K+S GROUP products, still apply.

POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT

A slight increase in global potash demand compared with the previous year is conceivable for 2017 (2016: around 66 million tonnes including approximately 4 million tonnes of potassium sulphate and low-grade potash). The contracts signed by the major potash suppliers with Chinese and Indian customers halfway through the year should stimulate global demand in the second half of the year, particularly in Southeast Asia. The recovery in the prices of a number of agricultural products should also give the agriculture industry incentives to increase yield per hectare by making greater use of plant nutrients in the medium and long term.

SALT BUSINESS UNIT

Inventories of de-icing salt in the United States are relatively high due to another mild winter in 2016/2017. This is likely to have an adverse effect on demand there for the rest of the year as well as on prices in the initial tenders for

the upcoming winter season. By contrast, the early fills business in Europe should develop positively. Here, slightly higher prices for de-icing salt than in the previous year are expected on account of lower stocks resulting from a better winter in 2016/2017.

Demand for consumer products and salt for food processing is expected to remain more or less stable for the remainder of 2017 in the key sales region of North America, but also in Europe and South America. In the salt for chemical use and industrial salt segments, demand is expected to rise at a moderate level, with corresponding growth rates continuing to be forecast for the demand for pharmaceutical salt in particular in line with demographic developments. In the second quarter of 2017, South America again saw rising demand for salt for chemical use for copper leaching purposes. This trend is likewise expected to continue during 2017. Demand from the chemical industry – for plastics production, for example – is also likely to increase, particularly in regions where energy costs remain relatively low.

FUTURE RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

In spite of an efficient wastewater management system using available storage basins, we will again be affected in 2017 by production suspensions at individual Werra plant sites during dryer months. In the first half of the year, the suspensions lasted for 25 working days, which impacted results for the first quarter. Notwithstanding all the improvements in the possibilities for disposing of production wastewater that have already been achieved, there is no guarantee that further suspensions will not become necessary later on in the year.

Our assessment for full-year 2017 is mainly based on the following general assumptions:

- + Potash and Magnesium Products business unit
 - + After the average price in the first half of 2017 experienced a slight increase overall compared with full-year 2016 (2016: € 253/t; H1/2017: € 256/t), we assume that prices for 2017 will overall be slightly higher compared to the previous year. While prices for our potassium chloride should stabilise at a higher level, we especially expect prices for our specialities, specifically potassium sulphate, to edge down on account of mix-related factors. Marginally lower prices for our high-purity industrial potash are still a reflection of the trend in potassium chloride from the previous year.
 - + A hydrological normal year and the supportive effect of our alternative waste disposal measures for improving the production capabilities of the integrated Werra plant are building the ground for our full year guidance.
 - + For the year as a whole, we estimate a tangibly higher sales volume than in the previous year of 6.8–7.2 million tonnes (2016: 6.06 million tonnes).
- + Salt business unit
 - + Significant increases in volumes in the European de-icing salt business are likely to lead to a moderate increase in overall sales volumes in 2017 (2016: 10.1 million tonnes). In this region, we are assuming volumes for the rest of the year based on the long-term average. Sales of salts that are not used for road safety, which are rising at the same rate (2016: 9.3 million tonnes), may push up our total volumes in the Salt business unit by a moderate amount (2016: 19.4 million tonnes).
- + K+S GROUP
 - + Average exchange rate for the year of EUR/USD 1.12 (2016: EUR/USD 1.11) compared with our previous assumption of EUR/USD 1.09.

FORECAST OF REVENUES AND EARNINGS

Our revenues in the 2017 financial year should be between € 3.6 billion and € 3.8 billion (2016: € 3.46 billion). We expect to generate EBITDA in the range of € 560–660 million and EBIT I (based on our adjusted plant useful lives explained on page 5) in the range of € 260–360 million (2016: € 519 million and € 229 million, respectively). In the Potash and Magnesium Products business unit we expect a tangible increase in operating earnings compared with the previous year. The trend in the average price described above as well as fewer production suspensions thanks to an improved disposal situation at our Werra sites should increase earnings. Higher operating expenses year-on-year for the commissioning of our new plant in Canada will have an offsetting effect. In the Salt business unit, given moderate increases in volumes and a slight decrease in the average price, we expect to see a tangible improvement in operating earnings as a consequence of the measures being continuously implemented to enhance efficiency.

Adjusted earnings after tax is expected to mirror the trend in operating earnings and thus be in the range of € 140–210 million (2016: € 131 million).

ANTICIPATED FINANCIAL POSITION AND PLANNED CAPITAL EXPENDITURE

FURTHER SIGNIFICANT DECREASE IN CAPITAL EXPENDITURE

Our capital expenditure in 2017 should be significantly lower than the prior-year level (2016: € 1.17 billion) on account of diminishing expenditures for our Bethune plant in Canada. While capital expenditure in the Salt business unit should stay almost level with the prior-year figure (2016: € 0.15 billion), in the Potash and Magnesium Products business unit it is likely to remain significantly below the previous year's level (2016: € 1.0 billion). Our adjusted free cash flow will probably be negative once again (2016: € – 777 million), though still a significant improvement on the prior-year figure. In spite of a large amount of capital still being tied up, the return on capital employed (ROCE) is likely to improve further on the figure for the previous year (2016: 3.0%) in consequence of the anticipated tangible rise in earnings. Based on the assumptions described, the Potash and Magnesium Products business unit in particular is expected to report ROCE above the level in the previous year (2016: 0.7%). There should also be an increase in the figure for the Salt business unit (2016: 8.1%).

EXPECTED DEVELOPMENT OF DIVIDENDS

TANGIBLE INCREASE IN DIVIDENDS

Our earnings-based dividend policy is essentially reflected in a payout ratio of 40–50% of adjusted earnings after tax. The expectation of tangibly higher earnings after tax than in the previous year should be reflected accordingly in a higher dividend payment (2016: € 0.30).

MEDIUM-TERM FORECAST

From today's point of view, the target we set in 2015 of achieving consolidated EBITDA of around € 1.6 billion in 2020 is not realistic anymore. The basis for our calculations was the price of around USD 330/tonne (MOP Brazil gran cfr pink) that we assumed for potassium chloride at the time. Although the current price trend is pointing in the right direction, it is quite unlikely that we will reach the figure we envisaged back then. However, we will do everything in our power to narrow the gap as effectively as possible.

We still intend to publish our 'Shaping 2030' Group strategy this autumn. In connection to that we will also release new mid-term and long-term aspirations.

DEVELOPMENT OF FORECASTS FOR FULL-YEAR 2017 TAB: 1.10.2

		ACTUAL 2016	2016 Annual Report forecast	Forecast Q1/17	Forecast Q2/17
K+S Group					
Revenues	€ billion	3.46	tangible increase	tangible increase	3.60 – 3.80
EBITDA	€ million	519.1	tangible increase	tangible increase	560 – 660
Operating earnings (EBIT I)	€ million	229.3	tangible increase	tangible increase	260 – 360
Earnings after tax, adjusted ¹	€ million	130.5	tangible increase	tangible increase	140 – 210
Capital expenditure ²	€ million	1,170.8	significantly below previous year's level	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	tangible improvement, remains negative
ROCE	%	3.0	tangible increase	tangible increase	tangible increase
EUR/USD exchange rate	EUR/USD	1.11	1.10	1.09	1.12
Potash and Magnesium Products business unit					
Sales volumes	million tonnes	6.1	significant increase	significant increase	6.8 – 7.2
Salt business unit					
Sales volumes – solid salt	million tonnes	19.4	moderate increase	moderate increase	moderate increase
– of which consumer products, food processing, industrial salt and salt for chemical use	million tonnes	9.26	moderate increase	moderate increase	moderate increase

¹ 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%).

² Concerns cash investments in property, plant and equipment and intangible assets, taking claims for reimbursement from claim management into account.

1.11 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 fair 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 material opportunities and risks associated with the expected development of the Group.

9 August 2017

K+S Aktiengesellschaft

Board of Executive Directors

FINANCIAL SECTION

2

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2.1 INCOME STATEMENT

INCOME STATEMENT ¹	TAB: 2.1.1					
	Q2/16	Q2/17	H1/16	H1/17	12 M/16	LTM ² /17
in € million						
Revenues	732.1	742.0	1,827.6	1,868.4	3,456.6	3,497.4
Cost of sales	464.3	486.6	1,038.0	1,164.0	2,110.7	2,236.7
Gross profit	267.8	255.4	789.6	704.4	1,345.9	1,260.7
Selling expenses	165.1	169.8	377.0	396.1	737.1	756.2
General and administrative expenses	49.7	53.1	101.2	112.5	220.0	231.3
Research and development costs	3.5	3.1	6.8	8.8	13.7	15.7
Other operating income	23.8	53.1	51.7	81.9	141.9	172.1
Other operating expenses	48.8	55.9	100.0	104.2	253.9	258.1
Income from investments, net	0.6	1.5	1.5	2.3	4.0	4.8
Profit/(loss) from operating anticipatory hedges	-9.7	28.0	51.2	37.3	23.9	10.0
Earnings after operating hedges (EBIT II) ³	15.4	56.1	309.0	204.3	291.0	186.3
Finance income	1.6	4.7	2.9	6.3	6.5	9.9
Finance costs	13.1	16.8	22.8	27.9	54.7	59.8
Other financial result	-3.5	8.3	-8.4	9.3	-3.7	14.0
Financial result	-15.0	-3.8	-28.3	-12.3	-51.9	-35.9
Earnings before tax	0.3	52.3	280.7	192.0	239.1	150.4
Income tax expense	0.1	14.1	79.2	51.6	64.7	37.1
– of which deferred taxes	-3.7	-9.3	13.2	-8.3	-14.8	-36.3
Earnings for the period	0.2	38.3	201.5	140.5	174.4	113.4
Non-controlling interests	0.1	-	0.1	-	0.3	0.2
Earnings after tax and non-controlling interests	0.1	38.3	201.4	140.5	174.1	113.2
Earnings per share in € (basic & diluted)	-	0.20	1.05	0.73	0.91	0.59

¹ Rounding differences may arise in percentages and numbers.

² LTM = last twelve months.

³ K+S Group is managed on the basis of operating earnings (EBIT I), among other indicators. Reconciliation of EBIT II to operating earnings (EBIT I) is recorded in Table 2.1.3.

STATEMENT OF COMPREHENSIVE INCOME ¹						TAB: 2.1.2
	Q2/16	Q2/17	H1/16	H1/17	12 M/16	LTM ² /17
in € million						
Earnings for the period	0.2	38.3	201.5	140.5	174.4	113.4
Exchange differences on translation of foreign operations	140.8	- 296.1	123.3	- 350.4	301.0	- 172.7
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	140.8	- 296.1	123.3	- 350.4	301.0	- 172.7
Remeasurement gains/(losses) on defined benefit plans	- 25.6	1.0	- 32.0	8.6	2.1	42.7
Other comprehensive income not to be reclassified to profit or loss	- 25.6	1.0	- 32.0	8.6	2.1	42.7
Other comprehensive income/(loss) for the period, net of tax	115.2	- 295.1	91.3	- 341.8	303.1	- 130.0
Total comprehensive income for the period	115.4	- 256.8	292.8	- 201.3	477.5	- 16.6
Non-controlling interests	0.1	-	0.1	-	0.3	0.2
Total comprehensive income for the period, net of tax and non-controlling interests	115.3	- 256.8	292.7	- 201.3	477.2	- 16.8

OPERATING EARNINGS (EBIT I) ^{1, 3}						TAB: 2.1.3
	Q2/16	Q2/17	H1/16	H1/17	12 M/16	LTM ² /17
in € million						
Earnings after operating hedges (EBIT II)	15.4	56.1	309.0	204.3	291.0	186.3
Income (-)/expenses (+) arising from changes in the fair value of outstanding operating anticipatory hedges	18.0	- 24.5	- 41.3	- 30.1	- 4.4	6.8
Neutralisation of changes in the fair value of operating anticipatory hedges recognised in prior periods	- 14.8	- 2.8	- 30.8	- 4.3	- 43.6	- 17.1
Recognised income (-)/expenses (+) of currency hedging for capital expenditure in Canada	- 3.6	- 0.3	- 3.6	- 4.0	- 13.7	- 14.1
Operating earnings (EBIT I)	15.0	28.5	233.3	165.9	229.3	161.9

ADDITIONAL KEY EARNINGS FIGURES ^{1, 3}						TAB: 2.1.4
	Q2/16	Q2/17	H1/16	H1/17	12 M/16	LTM ² /17
in € million						
Operating earnings (EBIT I)	15.0	28.5	233.3	165.9	229.3	161.9
Earnings after tax, adjusted ⁴	- 0.2	18.9	147.7	113.5	130.5	96.3
Earnings per share in €, adjusted ⁴	-	0.1	0.77	0.59	0.68	0.50

¹ Rounding differences may arise in percentages and numbers.

² LTM = last twelve months.

³ Key indicators not defined in the IFRS regulations.

⁴ The adjusted key indicators only include the profit/(loss) from operating anticipatory hedges in the relevant reporting period reported in EBIT I, 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 for Q2/17: 29.6% (Q2/16: 29.0%).

2.2 STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS ¹						TAB: 2.2.1
	Q2/16	Q2/17	H1/16	H1/17	12 M/16	LTM ² /17
in € million						
Earnings after operating hedges (EBIT II)	15.4	56.1	309.0	204.3	291.0	186.3
Income (-)/expenses (+) arising from changes in the fair value of outstanding operating anticipatory hedges	18.0	-24.5	-41.3	-30.1	-4.4	6.8
Neutralisation of changes in the fair value of operating anticipatory hedges recognised in prior periods	-14.8	-2.8	-30.8	-4.3	-43.6	-17.1
Recognised income (-)/expenses (+) of currency hedging for capital expenditure in Canada	-3.6	-0.3	-3.6	-4.0	-13.7	-14.1
Write-downs (+)/write-ups (-) on intangible assets, property, plant and equipment and financial investments	68.5	73.5	135.5	147.0	289.8	301.3
Increase (+)/decrease (-) in non-current provisions (excluding interest rate effects)	-2.9	-2.2	-0.4	-11.3	11.3	0.4
Interest and dividends received and similar income	1.2	4.9	2.9	6.9	7.2	11.2
Gains (+)/losses (-) from the recognition of financial assets/liabilities	-11.4	-3.5	-17.2	-9.4	-5.1	2.7
Interest paid (-)	-17.3	-27.2	-17.9	-29.3	-59.2	-70.6
Income tax paid (-)	-47.5	16.5	-83.5	20.2	-102.8	0.9
Other non-cash expenses (+)/income (-)	-1.3	3.6	-0.9	3.9	-2.0	2.8
Gain (-)/loss (+) on sale of assets and securities	-	0.9	0.3	2.1	17.0	18.8
Increase (-)/decrease (+) in inventories	-46.2	-82.8	4.2	5.0	12.2	13.0
Increase (-)/decrease (+) in receivables and other assets from operating activities	153.4	109.8	196.9	106.0	85.3	-5.6
Increase (+)/decrease (-) in liabilities from operating activities	12.4	20.6	-51.4	-25.1	-1.5	24.8
Increase (+)/decrease (-) in current provisions	-58.3	-25.2	-40.5	4.5	-34.0	11.0
Allocations to plan assets	-0.1	-	-2.1	-1.9	-2.1	-1.9
Net cash flows from operating activities	65.4	117.4	359.2	384.4	445.4	470.6
Proceeds from sale of assets	0.7	1.1	1.1	1.7	3.0	3.6
Purchase of intangible assets	-0.6	-1.7	-1.2	-2.6	-9.6	-11.0
Purchase of property, plant and equipment	-289.0	-192.1	-532.2	-403.6	-1,202.2	-1,073.6
Purchase of financial investments	-4.4	-5.5	-4.4	-5.5	-13.4	-14.5
Proceeds from sale of securities and other financial investments	0.2	-0.1	24.1	5.3	33.5	14.7
Purchase of securities and other financial investments	-7.0	-15.1	-7.3	-15.1	-12.7	-20.5
Net cash flows from/(used in) investing activities	-300.1	-213.4	-519.9	-419.8	-1,201.4	-1,101.3
Dividends paid	-220.1	-57.4	-220.1	-57.4		
Proceeds from other allocations to equity	2.4	2.0	2.4	2.0		
Purchase of own shares	-2.9	-2.4	-2.9	-2.4		
Sales of own shares	0.4	0.2	0.4	0.2		
Repayment (-) of borrowings	-0.8	-263.9	-30.2	-353.7		
Proceeds (+) from borrowings	499.1	630.6	608.5	670.1		
Net cash flows from/(used in) financing activities	278.1	309.1	358.1	258.8		
Cash change in cash and cash equivalents	43.4	213.1	197.4	223.4		
Exchange rate-related change in cash and cash equivalents	1.2	-13.5	0.8	-14.7		
Consolidation-related change in cash and cash equivalents	-	-	-	3.9		
Net change in cash and cash equivalents	44.6	199.6	198.2	212.6		
Net cash and cash equivalents as of 1 January	-	-	118.5	134.7		
Net cash and cash equivalents as of 30 June	-	-	316.7	347.3		
- of which cash on hand and bank balances	-	-	321.9	352.3		
- of which cash invested with affiliated companies	-	-	0.1	0.7		
- of which cash received from affiliated companies	-	-	-5.3	-5.7		

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

2.3 STATEMENT OF FINANCIAL POSITION

BALANCE SHEET – ASSETS ¹		TAB: 2.3.1		
	30 June 2016	31 December 2016	30 June 2017	
in € million				
Intangible assets	1,045.2	1,084.4	1,009.6	
– of which goodwill from acquisitions of companies	721.1	753.4	701.9	
Property, plant and equipment	5,714.1	6,456.0	6,548.0	
Investment properties	6.4	6.1	6.0	
Financial investments	18.5	27.4	19.2	
Other financial assets	111.3	87.5	77.2	
Other non-financial assets	–	4.1	–	
Securities and other financial investments	7.0	7.0	7.0	
Deferred tax assets	75.0	117.4	106.0	
Income tax refund claims	0.1	–	–	
Non-current assets	6,977.6	7,789.9	7,773.0	
Inventories	698.8	710.4	676.4	
Trade receivables	519.0	656.5	505.0	
Other financial assets	130.9	146.9	147.1	
Other non-financial assets	143.3	118.9	130.3	
Income tax refund claims	64.4	68.4	33.2	
Securities and other financial investments	15.9	14.3	22.9	
Cash on hand and bank balances	321.9	140.2	352.3	
Current assets	1,894.2	1,855.6	1,867.2	
TOTAL ASSETS	8,871.8	9,645.5	9,640.2	

BALANCE SHEET – EQUITY AND LIABILITIES ¹		TAB: 2.3.2		
	30 June 2016	31 December 2016	30 June 2017	
in € million				
Issued capital	191.4	191.4	191.4	
Share premium	645.7	645.7	645.7	
Other reserves and net retained earnings	3,529.3	3,713.6	3,457.1	
Total equity held by shareholders of K+S AG	4,366.4	4,550.7	4,294.2	
Non-controlling interests	1.3	1.5	1.5	
Equity	4,367.7	4,552.2	4,295.7	
Financial liabilities	2,113.2	2,214.7	2,841.8	
Other financial liabilities	14.2	57.7	135.9	
Other non-financial liabilities	7.3	9.4	8.5	
Provisions for pensions and similar obligations	216.2	186.7	162.9	
Provisions for mining obligations	883.1	996.0	990.7	
Other provisions	144.1	158.8	155.5	
Deferred taxes	274.4	307.1	275.4	
Non-current liabilities	3,652.5	3,930.4	4,570.7	
Financial liabilities	9.4	319.8	9.4	
Trade payables	252.4	343.8	245.0	
Other financial liabilities	75.5	86.5	78.0	
Other non-financial liabilities	40.6	40.0	56.8	
Income tax liabilities	50.4	50.3	92.8	
Provisions	423.3	322.5	291.8	
Current liabilities	851.6	1,162.9	773.8	
TOTAL EQUITY AND LIABILITIES	8,871.8	9,645.5	9,640.2	

¹ Rounding differences may arise in percentages and numbers.

2.4 STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY ¹								TAB: 2.4.1
	Issued capital	Share premium	Net retained earnings/revenue reserves	Foreign currency translation reserve	Remeasurement gains/(losses) on defined benefit plans	Total equity held by the shareholders of K+S AG	Non-controlling interests	Total equity
in € million								
Balance as of 1 January 2017	191.4	645.7	3,219.9	589.9	- 96.2	4,550.7	1.5	4,552.2
Earnings for the period	-	-	140.5	-	-	140.5	-	140.5
Other comprehensive income after tax	-	-	-	-350.4	8.6	- 341.8	-	-341.8
Total comprehensive income for the period	-	-	140.5	- 350.4	8.6	- 201.3	-	- 201.3
Dividend for the previous year	-	-	-57.4	-	-	-57.4	-	-57.4
Other changes in equity	-	-	2.2	-	-	2.2	-	2.2
Balance as of 30 June 2017	191.4	645.7	3,305.2	239.5	- 87.6	4,294.2	1.5	4,295.7
Balance as of 1 January 2016	191.4	646.5	3,265.9	288.9	- 98.3	4,294.4	1.2	4,295.6
Earnings for the period	-	-	201.4	-	-	201.4	0.1	201.5
Other comprehensive income after tax	-	-	-	123.3	- 32.0	91.3	-	91.3
Total comprehensive income for the period	-	-	201.4	123.3	- 32.0	292.7	0.1	292.8
Dividend for the previous year	-	-	-220.1	-	-	-220.1	-	-220.1
Issuance of shares to employees	-	-0.8	-	-	-	-0.8	-	-0.8
Other changes in equity	-	-	0.2	-	-	0.2	-	0.2
Balance as of 30 June 2016	191.4	645.7	3,247.4	412.2	- 130.3	4,366.4	1.3	4,367.7

¹ Rounding differences may arise in percentages and numbers.

2.5 NOTES

EXPLANATORY NOTES

The interim report as of 30 June 2017 has been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union. The statements have been prepared as condensed financial statements with selected explanatory notes as stipulated by IAS 34. The accounting policies applied in the interim report are the same as those applied in the consolidated financial statements for the 2016 financial year.

Assets and liabilities denominated in foreign currency are translated at the exchange rate applicable at the reporting date. Income and expenses are translated at the average exchange rates for the quarter.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS YET TO BE APPLIED

The new standards and interpretations and their effects are described on pages 153/154 of the 2016 Annual Report. The main projects, IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases', were analysed further in the first half of the year.

The new classification requirements of IFRS 9 are expected to bring about changes in the measurement of subsidiaries that are not included in the consolidated financial statements due to their insignificance. In the future, these must be measured at fair value. For each equity investment there is the option of recognising the changes in fair value either in profit or loss or in other comprehensive income. The Company has not decided how to exercise this option. As regards the application of the new regulations on impairment, these will not have a major impact on the Company's earnings as far as we are aware. It is not yet possible to quantify the effects because the models for determining the figures to be reported in the statement of financial position (e.g. fair values of unconsolidated subsidiaries, impairments of financial assets) have not yet been defined and the inventories at the date of first-time adoption are also not known.

In the case of the IFRS 15 project, the individual agreements are currently being analysed in greater detail in respect of the new requirements. The leases to be reported in accordance with IFRS 16 will be analysed further in the second half of the year. More detailed statements on the anticipated effects will only be possible after this analysis has been concluded.

AUDITOR'S REVIEW

The interim financial statements and the interim management report have not been reviewed by the auditor (Section 37w (5) Sentence 1 of the German Securities Trading Act (WpHG)).

CHANGES IN THE BASIS OF CONSOLIDATION

The following companies have been included in the basis of consolidation since the beginning of 2017:

- K+S ASIA PACIFIC PTE LTD.
- K+S (HULUDAO) MAGNESIUM PRODUCTS CO., LTD.

SEASONAL FACTORS

There are seasonal differences over the course of the year that affect the sales of plant nutrients and salt products. In the case of plant nutrients, we generally achieve our highest sales volumes in the first half of the year because of the spring fertilization in Europe. Sales volumes of salt products – especially of de-icing salt – largely depend on wintry weather conditions during the first and fourth quarters. Overall, both these effects mean that revenues and especially earnings are generally stronger during the first half of the year.

KEY PERFORMANCE INDICATORS (LTM ¹) TAB: 2.5.1

in € million	2016	LTM 2017 ¹
Revenues	3,456.6	3,497.4
EBITDA	519.1	463.1
EBIT I	229.3	161.9
Earnings after tax, adjusted	130.5	96.3

¹ LTM = last twelve months.

DISCLOSURES ON SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM REPORTING PERIOD

The K+S GROUP has not experienced any significant changes in the economic environment or the situation of its industry since the end of the quarter under review, and there are no events of material importance that are required to be disclosed.

OTHER OPERATING INCOME/EXPENSES

The following significant items are included in other operating income and expenses:

OTHER OPERATING INCOME/EXPENSES TAB: 2.5.2

in € million	Q2/16	Q2/17	H1/16	H1/17
Exchange rate gains/losses	-2.9	-5.3	-3.6	-7.5
Change in provisions	8.2	7.1	11.4	17.9
Other	-30.4	-4.5	-56.3	-32.6
Other operating income/expenses	-25.1	-2.7	-48.5	-22.2

FINANCIAL RESULT

The financial result includes the following significant items:

FINANCIAL RESULT TAB: 2.5.3

in € million	Q2/16	Q2/17	H1/16	H1/17
Finance income	1.6	4.7	2.9	6.3
Finance costs	-13.1	-16.8	-22.8	-27.9
– of which: finance costs for pension provisions	-1.3	-1.4	-2.6	-2.9
– of which: interest expenses for mining obligations	-7.0	-7.9	-14.0	-15.7
Finance income, net	-11.5	-12.1	-19.9	-21.6
Expenses from the recognition of financial assets/liabilities	-11.3	-3.5	-17.2	-9.4
Income from the measurement of financial assets/liabilities	7.8	11.8	8.8	18.7
Other financial result	-3.5	8.3	-8.4	9.3
Financial result	-15.0	-3.8	-28.3	-12.3

ACTUARIAL INTEREST RATE FOR PROVISIONS

The actuarial valuation of pension provisions uses the projected unit credit method in accordance with IAS 19. The average weighted interest rate for pensions and similar obligations was 3.0% at the reporting date (30 June 2016: 2.8%, 31 December 2016: 3.0%). The average weighted discount factor for mining obligations was 3.3% as of 30 June 2017 (30 June 2016: 3.5%, 31 December 2016: 3.3%).

INCOME TAXES

The following key items are included in income taxes:

INCOME TAX EXPENSE					TAB: 2.5.4
	Q2/16	Q2/17	H1/16	H1/17	
in € million					
Corporate income tax	- 1.2	11.4	20.5	17.3	
Trade tax	0.3	4.2	16.8	16.6	
Foreign income taxes	4.7	7.8	28.7	26.0	
Deferred taxes	- 3.7	- 9.3	13.2	- 8.3	
Income tax expense	0.1	14.1	79.2	51.6	

Non-cash deferred taxes result from tax losses brought forward as well as from other temporary tax-related measurement differences.

FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of the Group's financial instruments:

CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS						TAB: 2.5.5
	Measurement category in accordance with IAS 39	30 June 2016		30 June 2017		
		Carrying amount	Fair value	Carrying amount	Fair value	
in € million						
Shares in affiliated companies and other long-term equity investments	Available for sale	18.1	18.1	18.8	18.8	
Loans	Loans and receivables	0.4	0.4	0.4	0.4	
Financial assets		18.5	18.5	19.2	19.2	
Trade receivables	Loans and receivables	519.0	519.0	505.0	505.0	
Derivatives	Held for trading	49.0	49.0	36.9	36.9	
Other non-derivative financial assets	Loans and receivables	193.2	193.2	187.4	187.4	
Other financial assets		242.2	242.2	224.3	224.3	
Securities and other financial investments	Loans and receivables	15.9	16.8	12.9	12.9	
Securities and other financial investments	Available for sale	7.0	7.0	17.0	17.0	
Cash on hand and bank balances	Loans and receivables	321.9	321.9	352.3	352.3	
Financial liabilities	Financial liabilities at amortised cost	2,122.6	2,304.0	2,851.2	2,989.1	
Trade payables	Financial liabilities at amortised cost	252.3	252.3	245.0	245.0	
Derivatives	Held for trading	35.5	35.5	9.5	9.5	
Other non-derivative financial liabilities	Financial liabilities at amortised cost	49.3	49.3	61.0	61.0	
Liabilities from finance leases	IFRS 7	4.9	4.9	143.4	143.4	
Other financial liabilities		89.7	89.7	213.9	213.9	

The fair values of the financial instruments were generally determined on the basis of the market information available at the reporting date and are allocated to one of the three levels of the fair value hierarchy in accordance with IFRS 13.

Level 1 financial instruments are classified based on prices quoted on active markets for identical assets and liabilities. In Level 2, financial instruments are measured using input factors that can be derived from observable market data, or based on market prices for similar instruments. Level 3 financial instruments are calculated on the basis of input factors that cannot be derived from observable market data. As of 30 June 2017, financial assets held for trading amounting to € 36.9 million and financial liabilities held for trading amounting to € 9.5 million are allocated to Level 2 of the fair value hierarchy. Securities and other financial investments in the 'Available for sale' category are based on Level 1 inputs. There are no financial instruments at Level 3 of the fair value hierarchy.

MATERIAL CHANGES IN INDIVIDUAL ITEMS IN THE STATEMENT OF FINANCIAL POSITION

Compared with the 2016 annual financial statements, total assets and total equity and liabilities as of 30 June 2017 decreased by € 5.3 million.

On the assets side, non-current assets decreased by € 16.9 million, while current assets rose by € 11.6 million. The decrease in non-current assets is mainly attributable to the decline in other assets and deferred taxes. The rise in current assets largely stems from the increase in cash on hand and bank balances; this is offset by a decrease in trade receivables and inventories.

On the equity and liabilities side, equity was down by € 256.5 million. Non-current liabilities increased by € 640.3 million, mainly on account of the € 625 million bond issue. Current liabilities fell by € 389.1 million due to a drop in current financial liabilities.

MATERIAL CHANGES IN EQUITY

Equity is influenced by transactions that are recognised in profit or loss or in other comprehensive income, as well as by capital transactions with shareholders. Compared with the 2016 annual financial statements, net retained earnings and other reserves decreased by € 256.5 million. This is chiefly due to changes in equity recognised in other comprehensive income resulting from foreign currency translation of subsidiaries reported in their functional currency (primarily Canadian dollars). Differences arising from foreign currency translation are recorded in a separate foreign currency translation reserve, which decreased by € 350.4 million as of 30 June 2017 due to exchange rate fluctuations. Dividend payments totalling € 57.4 million also reduced the level of equity. The earnings of € 140.5 million for the first half of the 2017 financial year increased the level of equity.

CONTINGENT LIABILITIES

Contingent liabilities have not changed significantly compared with the 2016 annual financial statements and can generally be classified as immaterial.

RELATED PARTIES

Within the K+S GROUP, deliveries are made and services provided at arm's length. In addition to transactions between K+S GROUP companies, business relations are maintained with unconsolidated subsidiaries as well as with companies over which the K+S GROUP can exercise significant influence (associates). Such relationships do not have a significant influence on the consolidated financial statements of the K+S GROUP. In the K+S GROUP, related parties are mainly the members of the Board of Executive Directors and the Supervisory Board of K+S AKTIENGESELLSCHAFT. There were no material transactions with this group of people.

TOTAL REVENUES Q2 TAB: 2.5.6

in € million	Third-party revenues	Intersegment revenues	Total revenues
Potash and Magnesium Products business unit	387.1	18.0	405.1
Salt business unit	315.7	3.1	318.8
Complementary Activities	38.8	6.9	45.7
Reconciliation	0.4	– 28.0	– 27.6
K+S Group Q2/17	742.0	–	742.0
Potash and Magnesium Products business unit	370.9	22.0	392.9
Salt business unit	319.2	2.0	321.2
Complementary Activities	41.8	6.5	48.3
Reconciliation	0.2	– 30.5	– 30.3
K+S Group Q2/16	732.1	–	732.1

TOTAL REVENUES H1 TAB: 2.5.7

in € million	Third-party revenues	Intersegment revenues	Total revenues
Potash and Magnesium Products business unit	860.8	36.5	897.3
Salt business unit	926.6	5.4	932.0
Complementary Activities	80.3	14.5	94.8
Reconciliation	0.7	– 56.4	– 55.7
K+S Group H1/17	1,868.4	–	1,868.4
Potash and Magnesium Products business unit	831.4	43.2	874.6
Salt business unit	913.8	4.3	918.1
Complementary Activities	81.8	13.7	95.5
Reconciliation	0.6	– 61.2	– 60.6
K+S Group H1/16	1,827.6	–	1,827.6

2.6 SUMMARY BY QUARTER

REVENUES AND OPERATING EARNINGS (IFRS)							TAB: 2.6.1		
	Q1/16	Q2/16	H1/16	Q3/16	Q4/16	2016	Q1/17	Q2/17	H1/17
in € million									
Potash and Magnesium Products business unit	460.5	370.9	831.4	301.7	398.5	1,531.6	473.7	387.1	860.8
Salt business unit	594.6	319.2	913.8	346.4	502.0	1,762.2	610.9	315.7	926.6
Complementary Activities	40.0	41.8	81.8	39.0	40.3	161.1	41.5	38.8	80.3
Reconciliation	0.4	0.2	0.6	0.5	0.6	1.7	0.3	0.4	0.7
K+S Group revenues	1,095.5	732.1	1,827.6	687.6	941.4	3,456.6	1,126.4	742.0	1,868.4
Potash and Magnesium Products business unit	137.1	50.4	187.4	5.2	-7.8	184.8	81.2	71.4	152.6
Salt business unit	150.0	32.8	182.8	46.9	92.6	322.3	135.3	29.0	164.4
Complementary Activities	7.5	8.4	16.0	5.4	9.4	30.8	9.3	6.1	15.4
Reconciliation	-9.3	-8.2	-17.4	-1.6	0.3	-18.8	-14.9	-4.6	-19.6
K+S Group EBITDA	285.3	83.4	368.8	55.9	94.4	519.1	210.9	101.9	312.8
Potash and Magnesium Products business unit	102.3	14.7	117.0	-48.9	-34.6	33.6	41.9	31.3	73.3
Salt business unit	122.5	4.9	127.4	18.4	57.9	203.7	105.9	0.4	106.2
Complementary Activities	5.3	6.2	11.6	3.2	7.1	21.9	7.0	3.9	10.9
Reconciliation	-11.7	-10.8	-22.7	-4.1	-3.0	-29.8	-17.4	-7.1	-24.6
K+S Group EBIT I	218.4	15.0	233.3	-31.4	27.5	229.3	137.4	28.5	165.9

KEY INDICATORS							TAB: 2.6.2		
	Q1/16	Q2/16	H1/16	Q3/16	Q4/16	2016	Q1/17	Q2/17	H1/17
in € million									
Revenues	1,095.5	732.1	1,827.6	687.6	941.4	3,456.6	1,126.4	742.0	1,868.4
Earnings after operating hedges (EBIT II)	293.6	15.4	309.0	-32.7	14.7	291.0	148.2	56.1	204.3
Financial result	-13.3	-15.0	-28.3	-9.2	-14.4	-51.9	-8.5	-3.8	-12.3
Earnings before tax	280.4	0.3	280.7	-41.9	0.3	239.1	139.7	52.3	192.0
Income tax expense	79.1	0.1	79.2	-13.7	-0.8	64.7	37.5	14.1	51.6
Earnings after tax and non-controlling interests	201.3	0.1	201.4	-28.3	1.0	174.1	102.2	38.3	140.5
Operating earnings (EBIT I)	218.4	15.0	233.3	-31.4	27.5	229.3	137.4	28.5	165.9
Earnings before tax, adjusted ¹	205.2	-0.2	205.0	-40.6	13.0	177.4	128.9	24.7	153.6
Earnings after tax, adjusted ¹	147.9	-0.2	147.7	-27.4	10.2	130.5	94.6	18.9	113.5
Earnings per share, adjusted ¹ (€)	0.77	-	0.77	-0.14	0.05	0.68	0.49	0.10	0.59
Capital expenditure ²	279.8	362.8	642.6	261.2	267.0	1,170.8	277.4	133.0	410.4
Depreciation and amortisation ²	67.0	68.4	135.5	87.3	66.9	289.8	73.5	73.4	146.9
Working capital	839.4	-	755.5	775.9	-	894.6	841.3	-	818.9
Net debt	2,367.2	-	2,860.4	-	-	3,583.8	3,613.9	-	3,745.2

¹ 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%).

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.

FINANCIAL CALENDAR

DATES	
	2017/2018
Quarterly Report, 30 September 2017	15 November 2017
2017 Annual Report	15 March 2018
Quarterly Report, 31 March 2018	10 May 2018
Annual General Meeting, Kassel	15 May 2018
Dividend payment	18 May 2018
Half-Yearly Financial Report, 30 June 2018	14 August 2018

CONTACT

K+S Aktiengesellschaft

Bertha-von-Suttner-Strasse 7
34131 Kassel, Germany
Tel.: +49 (0)561/9301-0
Fax: +49 (0)561/9301-1753
Website: www.k-plus-s.com

Investor Relations

Tel.: +49 (0)561/9301-1100
Fax: +49 (0)561/9301-2425
E-mail: investor-relations@k-plus-s.com

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This 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 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 Report, save for the making of such disclosures as required by law.