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Q1 2013

QUARTERLY FINANCIAL REPORT OF THE K+S GROUP JANUARY TO MARCH

- + Best first quarter for the Potash and Magnesium Products business unit
- + Above-average de-icing salt business in Europe
- + Quarterly revenues up 19 % to € 1,280.3 million
- + At € 277.9 million, operating earnings EBIT I up 12 % year on year
- + Adjusted earnings per share from continued operations at € 0.99 (Q1/12: € 0.88)
- + 2013 outlook confirmed: Slight increase expected in revenues and operating earnings

KEY DATA BUSINESS DEVELOPMENT

KEY FIGURES (IFRS)¹

		Q1/13	Q1/12 ²	%
Revenues	€ million	1,280.3	1,080.6	+18.5
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	€ million	336.3	303.1	+11.0
EBITDA margin	%	26.3	28.0	—
Operating earnings (EBIT I)	€ million	277.9	247.7	+12.2
EBIT margin	%	21.7	22.9	—
Result after operating hedges (EBIT II)	€ million	274.1	272.9	+0.4
Earnings before income taxes	€ million	256.2	257.8	(0.6)
Earnings before income taxes, adjusted ³	€ million	260.7	232.6	+12.1
Group earnings from continued operations	€ million	187.5	186.3	+0.6
Group earnings from continued operations, adjusted ³	€ million	190.2	168.3	+13.0
Group earnings after taxes ⁴	€ million	187.5	211.4	(11.3)
Group earnings after taxes, adjusted ^{3,4}	€ million	190.2	192.6	(1.2)
Return on Capital Employed (LTM) ⁵	%	20.9	21.0	(0.5)
Gross cash flow	€ million	277.0	264.5	+4.7
Net indebtedness as of 31 March	€ million	618.8	630.0	(1.8)
Capital expenditure ⁶	€ million	110.8	41.2	+168.9
Depreciation and amortisation ⁶	€ million	58.4	55.4	+5.4
Working capital as of 31 March	€ million	982.6	1,047.3	(6.2)

KEY FIGURES (IFRS)¹ (CONTINUED)

		Q1/13	Q1/12 ²	%
Earnings per share from continued operations, adjusted ³	€	0.99	0.88	+12.5
Earnings per share, adjusted ^{3,4}	€	0.99	1.01	(2.0)
Gross cash flow per share	€	1.45	1.38	+4.7
Book value per share as of 31 March	€	19.05	16.73	+13.9
Total number of shares as of 31 March	million	191.40	191.40	—
Outstanding shares as of 31 March ⁷	million	191.40	191.40	—
Average number of shares ⁸	million	191.40	191.40	—
Employees as of 31 March ⁹	number	14,300	14,323	(0.2)
Average number of employees ⁹	number	14,325	14,326	—
Personnel expenses ¹⁰	€ million	239.8	244.5	(1.9)
Closing price as of 31 March	XETRA, €	36.29	39.23	(7.5)
Market capitalisation as of 31 March	€ billion	6.9	7.5	(7.5)
Enterprise value as of 31 March	€ billion	7.6	8.1	(7.1)

FINANCIAL CALENDAR

	2013/2014
Half-yearly Financial Report, 30 June 2013	13 August 2013
Quarterly Financial Report, 30 September 2013	14 November 2013
Report on business in 2013	13 March 2014
Annual General Meeting, Kassel	14 May 2014
Quarterly Financial Report, 31 March 2014	14 May 2014
Dividend payment	15 May 2014

← Footnotes Key Figures (IFRS)

¹ Unless stated otherwise, information refers to the continued operations of the K+S Group. The income statement and the cash flow statement were adjusted in accordance with IFRS following the divestment of the nitrogen business. The balance sheet and therefore the key figures of working capital, net indebtedness and book value per share as of 31 March 2012 were not adjusted and also include the discontinued operations of the nitrogen business.

² The figures of the previous year were adjusted due to the change of IAS 19. Further information can be found in the Notes on page 32.

³ The adjusted key figures only include the result from operating forecast hedges of the respective reporting period reported in EBIT I, which eliminates effects from changes in the market value of the hedges as well as effects from the exchange rate hedging of future capital expenditure in Canadian dollar (Legacy Project). Related effects on deferred and cash taxes are also eliminated; tax rate for Q1/13: 28.5% (Q1/12: 28.4%).

⁴ Earnings from continued and discontinued operations.

⁵ Return on capital employed of the last twelve months as of 31 March.

⁶ Capital expenditure in or depreciation on property, plant and equipment, intangible assets and investment properties as well as depreciation on financial assets.

⁷ Total number of shares less the number of own shares held by K+S as of the balance sheet date.

⁸ Total number of shares less the average number of own shares held by K+S.

⁹ FTE: Full-time equivalents; part-time positions are weighted in accordance with their respective share of working hours.

¹⁰ Personnel expenses also include expenditures connected with partial and early retirement.

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← Key Data Business Development U2

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MANAGEMENT REPORT

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1.1 GROUP STRUCTURE AND BUSINESS OPERATIONS

For a comprehensive description of our Group structure and business operations, including our products and services, please see the relevant passages in our Financial Report 2012 on page 57.

Changes in the scope of consolidation are presented in the Notes of this Quarterly Financial Report on page 34. The Group structure and business operations described in the Financial Report 2012 remain unchanged.

1.2 CORPORATE STRATEGY AND ENTERPRISE MANAGEMENT

There were no changes in the strategy of the Company and its enterprise management in the first quarter. For a detailed description of the corporate strategy and enterprise management, please see the relevant passages in our Financial Report 2012 on page 66.

1.3 OVERVIEW OF COURSE OF BUSINESS

MACROECONOMIC ENVIRONMENT

Following a tangible weakening of the global economy over the course of 2012, the KIEL INSTITUTE FOR THE WORLD ECONOMY sees signs of an improvement in macroeconomic trends in the first quarter of 2013. In the industrialised countries in particular, sentiment indicators point to increased economic activity. / TAB: 1.3.1

In Europe, the economy remained weak in the first quarter as a result of the sovereign debt crisis. The growth rates for Germany and France remained on about the same levels as a year ago, while the countries of Southern Europe saw their economies picking up slightly.

In the United States, there was a significant improvement in private household demand. In addition, the property sector recovered, as investment in residential property construction increased in particular. Then, in March, the general uncertainty surrounding future fiscal

policy prompted companies to assume a wait-and-see attitude and resulted in weaker economic data.

Emerging market countries saw their economies picking up at the beginning of the year after economic growth had lost momentum in 2012. Both exports and domestic demand slightly increased again.

Monetary policy in the industrialised countries continued to be strongly expansionary. During Q1/13, the EUROPEAN CENTRAL BANK (ECB) left its key interest rate at 0.75 %. The FEDERAL RESERVE BANK (FED) also kept its key interest rate at a record low of 0 % to 0.25 % and expanded the money supply once again.

After rising tangibly until the middle of February, the price of Brent crude oil then fell by the end of the quarter to about US\$ 110 per barrel (31 December 2012: US\$ 111; 31 March 2012: US\$ 123). The decline was due to surprisingly high stocks in the United States and to an increase in the crude oil output of OPEC. At US\$ 113, the average price for the first quarter was below the level of US\$ 118 for the same quarter a year ago.

After rising until the middle of February, the prices of some agricultural raw materials fell back to their levels at the start of the year as a result of the more favourable outlook for crop harvests announced by the US Department of Agriculture. Only the price of wheat saw a decrease of about 10 % in the first quarter of 2013.

/ FIG: 1.3.1

PERCENTAGE CHANGE IN GROSS DOMESTIC PRODUCT

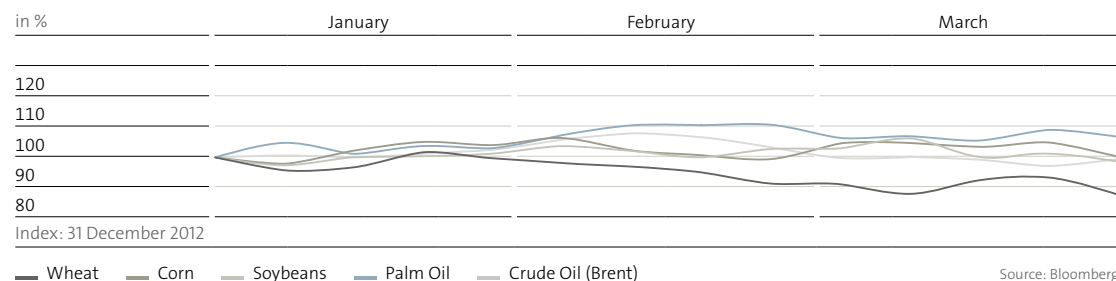
TAB: 1.3.1

	2013e	2012	2011	2010	2009
real; in %					
Germany	+0.6	+0.7	+3.0	+3.7	(4.7)
European Union (EU-27)	0.0	(0.3)	+1.6	+1.9	(4.2)
World	+3.2	+3.0	+3.9	+5.1	(0.8)

Source: Deka Bank

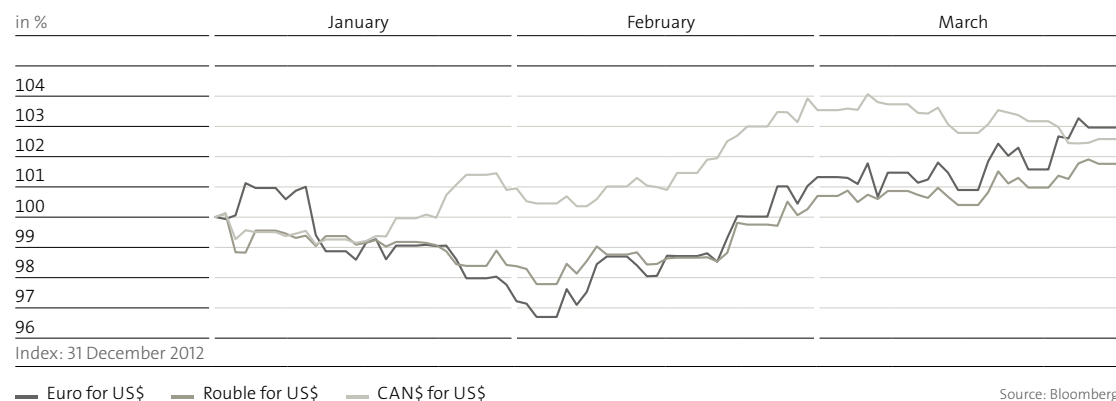
DEVELOPMENT OF PRICES FOR AGRICULTURAL PRODUCTS AND CRUDE OIL

FIG: 1.3.1



DEVELOPMENT OF EUR/USD VS. CAD/USD AND RUB/USD

FIG: 1.3.2



The US dollar strengthened against the euro over the course of the first quarter of 2013, and as at 31 March, the euro exchange rate was 1.28 USD/EUR (31 December 2012: 1.32 USD/EUR; 31 March 2012: 1.33 USD/EUR).

The weakness of the euro was largely attributable to the continued European sovereign debt crisis. Above all, uncertainty surrounding the rescue package for Cyprus as well as the difficult government formation process

in Italy threatened to exacerbate the euro crisis once again and consequently depressed the euro exchange rate. Besides, the economic outlook for the United States was more favourable compared to Europe. In terms of the average for the quarter, the US dollar was stronger than in the same quarter of the previous year (Q1/12: 1.31 USD/EUR) at 1.32 USD/EUR. In addition to the USD/EUR currency relationship, a relative comparison of the currencies of our competitors (Canadian dollar, Russian rouble) each in relation to the US dollar is of importance for us. A strong US dollar normally has a positive impact on the earnings capacity of most of the world's potash producers in their respective local currency; this is due to the fact that the bulk of worldwide potash output lies outside the US dollar zone while almost all revenues, with the exception of the European market, are invoiced in US dollars.

Figure 1.3.2 shows that in the course of the first quarter, the US dollar gained against the euro, but also in comparison to the currencies of our competitors from Canada and Russia. / FIG: 1.3.2

IMPACT ON K+S

The changes in the macroeconomic environment had the following main effects on the course of business for K+S in the first quarter:

- + The energy costs of the K+S GROUP are particularly affected by the costs of procuring gas. With the aim of creating greater flexibility and lowering purchasing costs, the gas supply contracts, which were previously largely linked to the oil price, were renegotiated, so

that future price opportunities on the gas spot markets can be exploited for part of the volumes obtained. Gas procurement now comprises a relative balance in relation to procurement on the gas spot market, longer-term contracts for which fixed gas prices have been agreed and agreements tied to the oil price, which are reflected in our cost accounting with a delay now of only three to four months. Consequently, energy procurement will be more diversified in the future and we can take advantage of opportunities arising on the energy markets. Against this background, it was possible to achieve a slight saving on energy costs in the first quarter.

- + Foreign currency hedging system: As a result of the hedging instruments used for the Potash and Magnesium Products business unit, the exchange rate in the first quarter was on average 1.31 USD/EUR incl. hedging costs and thus more favourable than the average spot rate (1.32 USD/EUR) as well as the rate for the same period a year ago (Q1/12 exchange rate incl. hedging costs: 1.34 USD/EUR).

INDUSTRY-SPECIFIC FRAMEWORK CONDITIONS

The conditions on important markets and the competitive positions of the individual business units described in the section 'Group Structure and Business Operations' of the Financial Report 2012 on page 57 essentially remained unchanged.

POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT

The conclusion of contracts by North American and Russian producers with Chinese and Indian customers at the beginning of the year caused demand to rise significantly again – in time with the start of the spring season in Europe and North America as well as in South America and South East Asia. Against this backdrop, the international prices for potassium chloride stabilised over the course of the quarter, but overall were below those of the same quarter of the previous year.

SALT BUSINESS UNIT

DE-ICING SALT — WESTERN EUROPE

On the Western European de-icing salt market, continued wintry weather at the start of the year resulted in above-average demand, which was significantly above the low level of the same period a year ago. Due to the previous mild winter and the associated relatively high stocks, the European price level came under some pressure overall.

DE-ICING SALT — NORTH AMERICA

Demand in the de-icing salt regions of the United States and Canada normalised following an extraordinarily mild winter in the same quarter a year ago. Due to the mild winter of the previous year and the associated relatively high stocks, the North American price level came under some pressure overall.

INDUSTRIAL SALT

Demand for industrial salt remained stable both in Europe and South America. While a slight price decrease had to be noted in North America, the price of industrial salt in Europe could be increased slightly.

FOOD GRADE SALT

The demand for food grade salt in both Europe and in South and North America remained at a good level. While the price in Europe remained somewhat stable, a slight price reduction had to be noted on the North American market.

SALT FOR CHEMICAL USE

While the market for salt for chemical use in Europe continued to show relative weakness in the first quarter, demand on the North and South American markets remained somewhat stable.

K+S ON THE CAPITAL MARKET

COURSE OF THE K+S SHARE PRICE IN THE FIRST QUARTER

- + At the beginning of the first quarter, the K+S share was quoted at about € 35. In the first weeks of the year, the share price was at first adversely affected by the adjustment of analysts' estimates following the conclusion of contracts by North American and Russian producers with Chinese customers. Analysts had previously still assumed higher average prices having

not taken into consideration the price pressure in the case of potassium chloride already observed in the fourth quarter. Until the beginning of February, the K+S share price fell to about € 33.

- + In the weeks that followed, the K+S share recovered again as a result of greater stability on the global potash market and, at € 36.01 closed February just under 3 % above the closing price for 2012.
- + In the middle of March, the confirmation of the outlook for financial year 2013 was received positively by the market, causing the share price to rise further and to be ultimately quoted at over € 37. In particular, positive developments of potash sales in January and February as well as the robust salt business resulting from the cold weather in Western Europe contributed to the increase.
- + The K+S share closed on 31 March at € 36.29. It was thus almost 4 % above the closing price of 2012. Over the same period, the DAX, MSCI WORLD and STOXX 600 indices rose by 2 %, 7 % and 5 % respectively.

/ FIG: 1.3.3, 1.3.4 / TAB: 1.3.2

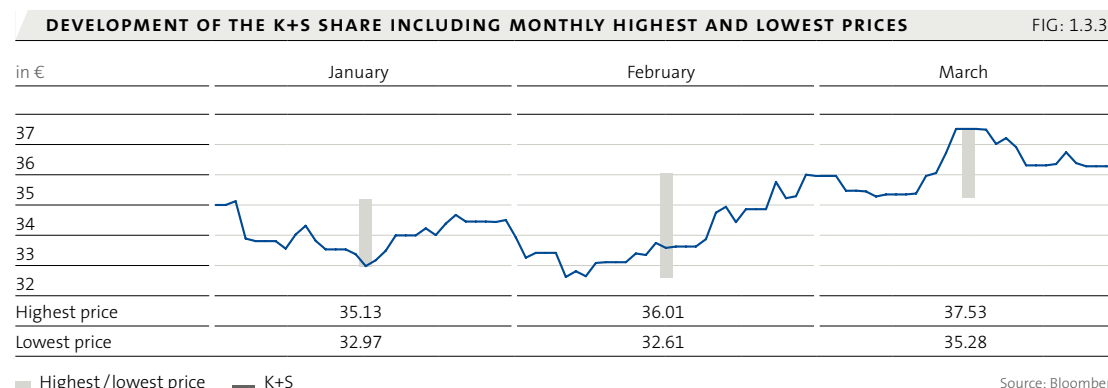
/ YOU CAN FIND THE CURRENT SHARE PRICE AND FURTHER INFORMATION ABOUT THE STOCK at www.k-plus-s.com/en/ks-aktie.

While the share prices of our competitors COMPASS (+6 %) and MOSAIC (+5 %) were also able to gain slightly during the course of the first quarter, the share prices of POTASHCORP and URALKALI fell by a good 3 % respectively since the start of the year. / FIG: 1.3.5

In the last of the research surveys (6 May 2013) that we regularly carry out, 14 banks gave us a “buy/accumulate” recommendation, 2 a “hold/neutral” recommendation and 8 a “reduce/sell” recommendation. The average target price was about € 40.

SHAREHOLDER STRUCTURE

During the first quarter of 2013, there were no significant changes in the shareholder structure; insofar, it was as follows as of 31 March:



CAPITAL MARKET KEY DATA				TAB: 1.3.2		
	Q1/13	Q1/12	%			
Closing price (XETRA) as of 31 March (€)	36.29	39.23	(7.5)			
Highest price (XETRA, €)	37.53	40.60	(7.6)			
Lowest price (XETRA, €)	32.61	34.92	(6.6)			
Average price (XETRA, €)	34.73	37.91	(8.4)			
Performance year to date (%)	+3.7	+12.3	—			
Market capitalisation as of 31 March (€ billion)	6.9	7.5	(7.5)			
Enterprise value as of 31 March (€ billion)	7.6	8.1	(7.1)			

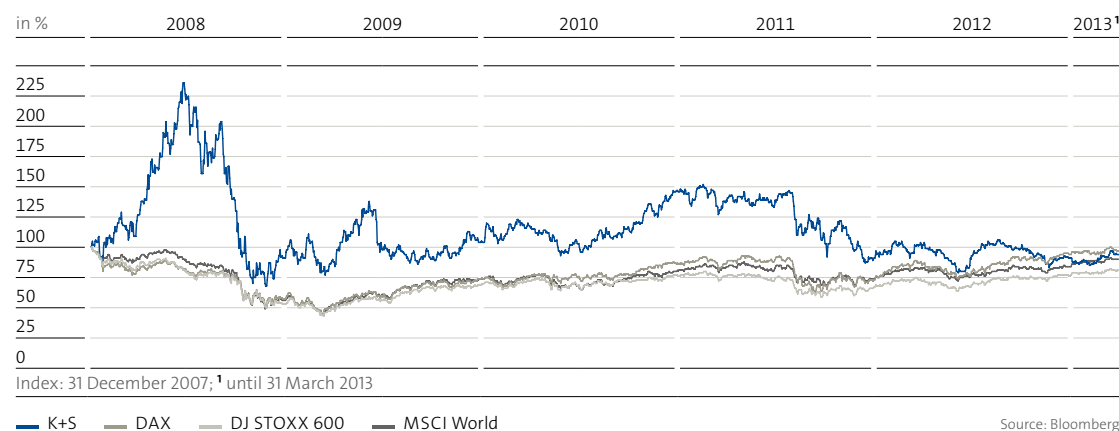
Source: Bloomberg

- + MERITUS TRUST COMPANY LIMITED via EUROCHEM GROUP SE: 9.88 % (notification of 12 July 2011)
- + PRUDENTIAL PLC. through M&G INVESTMENT MANAGEMENT LIMITED: 3.00 % (notification of 2 November 2011 and revised notification of 8 February 2012)
- + BLACKROCK: 5.08 % (notifications of 11 May 2012)

Under the free float definition applied by DEUTSCHE BÖRSE AG, the free float remains unchanged at about 90 %.

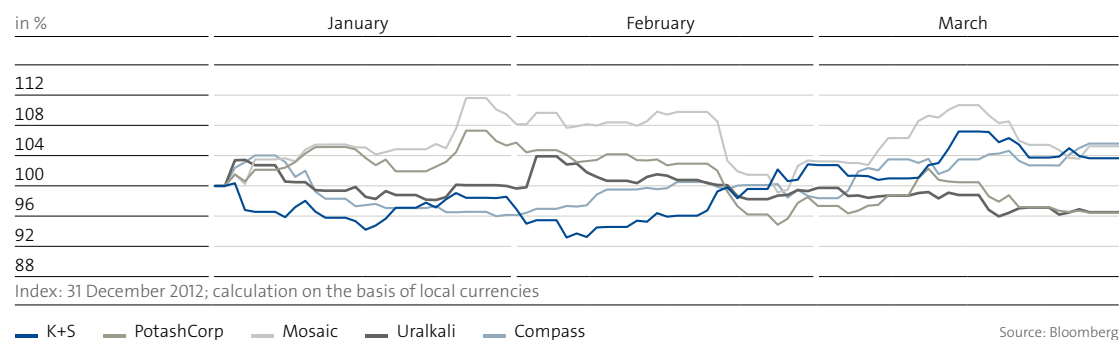
PERFORMANCE OF THE K+S SHARE IN RELATION TO DAX, DJ STOXX 600 AND MSCI WORLD

FIG: 1.3.4



PERFORMANCE OF THE K+S SHARE IN RELATION TO PEERS

FIG: 1.3.5



K+S BONDS

As a result of the sovereign debt crisis in the eurozone and the high provision of liquidity by the ECB, the bond prices of obligors with good credit ratings remained high on the capital market and yields low respectively. The bond which will mature in September 2014 (issue volume: € 750 million; interest coupon: 5.0 % p.a.) was quoted at 106.4 % on 31 March 2013 with a yield of 0.6 % p.a. (31 December 2012: 107.1 % and 0.8 % p.a. respectively). The 10-year bond which was issued in June 2012 (issue volume: € 500 million; interest coupon: 3.0 % p.a.) was quoted at 105.7 % on 31 March 2013 with a yield of 2.3 % p.a. (31 December 2012: 104.8 % and 2.4 % p.a. respectively). The cash inflow from this issue is to be used to repay the corporate bond due in 2014.

1.4 EARNINGS, FINANCIAL AND ASSET POSITION

CURRENT AND FUTURE DEVELOPMENT OF ORDERS

Most of the business of the K+S GROUP is not covered by longer-term agreements concerning fixed volumes and prices.

In the Potash and Magnesium Products business unit, the proportion of the backlog of orders in relation to revenues is low, i.e. less than 10 %. This is customary in the industry. The business is largely characterised by long-term customer relationships as well as revolving framework agreements with non-binding volume and price indications.

In the Salt business unit, de-icing salt contracts for the public sector in Europe, Canada and the United States are issued by means of public invitations to tender. We take part in these every second and third quarter for the upcoming winter season, but also, to a certain extent, for the following winter. The contracts include both price and maximum volume agreements. However, as the actual volumes depend on the winter weather conditions and are therefore uncertain in advance, they cannot be classified as backlog of orders as such. This also applies to agreements with minimum purchasing obligations on the part of our customers, since they can normally be shifted to the following winter in the event of weak demand in a season.

For the above-mentioned reasons, the disclosure of the backlog of orders of the K+S GROUP and its business units is of no relevance for assessing the short- and medium-term earnings capacity.

REVENUES AND EARNINGS POSITION

FIRST QUARTER REVENUES RISE BY 19 %

At € 1,280.3 million, first quarter revenues were up € 199.7 million or 19 % on the figure for the same period a year ago. This can be attributed to a volume-related increase in revenues in the Potash and Magnesium Products business unit that could more than offset a moderate price decrease as well as to a volume-related increase in the Salt business unit. In the Western European de-icing salt business, persistent wintry weather conditions resulted in a significant rise in revenues.

/ TAB: 1.4.1 / FIG: 1.4.1

In the first three months of the year, 49 % of revenues were generated by the Potash and Magnesium Products business unit, followed by Salt (48 %) and the Complementary Activities (about 3 %). In Europe, we generated a revenue share of approximately 43 %, followed by North America (34 %), South America (11 %) and Asia (10 %).

DEVELOPMENT OF SELECTED COST TYPES

For the quarter under review, total costs (revenues minus EBIT) rose by about 20 %, mainly as a result of volume factors, and therefore grew at about the same extent as revenues. The most important cost types developed as follows: Personnel expenses amounted to € 239.8 million in the first quarter, or approximately 20 % of revenues, and were slightly below the level for the same quarter of the previous year (for an explanation see page 18). Freight costs, about 17 % measured in terms of revenues, were up on the same quarter a year

ago as a result of volume factors. While the energy costs (6 % of revenues) were slightly below those of the previous year due to price factors, material costs (10 % of revenues) increased moderately in particular due to volume factors. In addition, there were negative effects arising from changes in inventories compared with the same quarter a year ago.

FIRST QUARTER EBITDA AT € 336.3 MILLION (Q1/12: € 303.1 MILLION)

In the first quarter of 2013, earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by about 11 % to € 336.3 million (Q1/12: € 303.1 million).

OPERATING EARNINGS EBIT I REACH € 277.9 MILLION (Q1/12: € 247.7 MILLION)

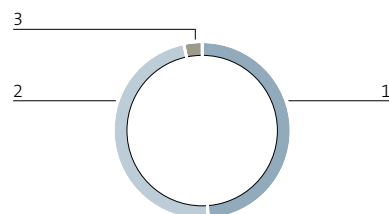
In the first quarter of 2013, operating earnings EBIT I reached € 277.9 million and were thus up € 30.2 million or 12 % on the same quarter a year ago. At € 58.4 million, depreciation and amortisation taken into account in EBIT I were up moderately on the figure for the previous

VARIANCE ANALYSIS		TAB: 1.4.1
		Q1/13
in %		
Change in revenues		+18.5
volume/structure		+21.9
prices/price-related		(2.8)
exchange rates		(0.6)
consolidation		—

Detailed information on average prices and sales volumes can be found in tables 1.5.3 and 1.5.6.

REVENUES BY UNIT JANUARY – MARCH 2013

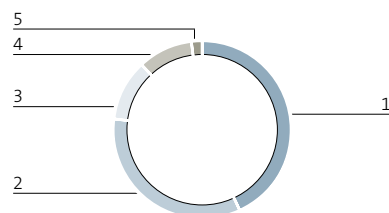
FIG: 1.4.1



	Q1/13	Q1/12
in %		
1 Potash and Magnesium business unit	48.9	53.9
2 Salt business unit	48.0	42.5
3 Complementary Activities	3.1	3.6

REVENUES BY REGION JANUARY – MARCH 2013

FIG: 1.4.2



	Q1/13	Q1/12
in %		
1 Europe	43.1	41.5
– of which Germany	32.6	31.8
2 North America	33.9	31.6
3 South America	11.2	14.9
4 Asia	10.0	10.5
5 Africa, Oceania	1.8	1.5

year (Q1/12: € 55.4 million). In the Potash and Magnesium Products business unit, the volume-related increase in revenues, price-related cost reductions as well as positive currency effects could more or less offset the effect from changes in inventories and higher depreciation and amortisation. In the Salt business unit, an above-average de-icing salt business, especially in Europe, caused oper-

ating earnings to rise compared with the exceptionally weak quarter of a year ago.

The result from operating forecast hedges included in EBIT I corresponds – due to the elimination of all fluctuations in the market value during the term – to the value of the hedges at the time of realisation (difference between the spot rate and hedged rate) less the

premiums paid or plus the premiums received in the case of option transactions. The changes in the market value of the operating forecast hedges still outstanding are, however, only taken into consideration in the result after operating hedges (EBIT II).

RESULT AFTER OPERATING HEDGES (EBIT II)

The result after operating hedges EBIT II for the quarter under review reached € 274.1 million, after having been € 272.9 million for the same quarter a year ago (+0.4 %). In the first quarter, EBIT II was adversely affected by earnings effects resulting from operating forecast hedges in the amount of € 3.8 million, while previous year's figure had benefited by € 25.2 million.

Under IFRS, changes in the market value from hedging transactions have to be reported in the income statement. EBIT II includes all earnings arising from operating hedging transactions, i.e. both valuation effects as at the reporting date and earnings from realised operating hedging derivatives. Hedging transactions connected with financing activities are shown in the financial result.

FIRST QUARTER FINANCIAL RESULT DOWN YEAR ON YEAR

In the first quarter, the financial result was € (17.9) million, compared with € (15.1) million in the same period of the previous year. The decrease was attributable to a valuation-related lower other financial result as well as to higher interest expenses resulting from the inclusion

of the bond issued in June 2012, which could not be fully compensated for by increased interest income. In addition to the interest expenses for pension provisions (Q1/13: € (1.4) million), the financial result also includes the interest expenses for other non-current provisions, mainly provisions for mining obligations (Q1/13: € (7.0) million); both are non-cash.

/ **FURTHER DETAILS OF THE FINANCIAL RESULT** can be found in the Notes on page 36.

(ADJUSTED) EARNINGS BEFORE INCOME TAXES

In the quarter under review, earnings before income taxes reached € 256.2 million (Q1/12: € 257.8 million). If the earnings are adjusted for the effects from operating forecast hedges, which were not yet recorded in operating earnings EBIT I (€ (3.8) million), this results in adjusted earnings before income taxes of € 260.7 million, representing an increase of € 28.1 million or 12 % on the figure for the same period a year ago.

(ADJUSTED) GROUP EARNINGS FROM CONTINUED OPERATIONS

Group earnings after taxes and minority interests for the first quarter reached € 187.5 million (Q1/12: € 211.4 million). In the quarter under review, tax expenses totaling € 68.5 million were incurred. These include deferred, i.e. non-cash tax income of € 8.6 million (Q1/12: tax expenses of € 71.3 million, of which € 10.8 million were deferred tax income). In the first quarter, adjusted Group earnings from continued operations rose by € 21.9 million or 13 % to € 190.2 million (Q1/12: € 168.3 million).

FIRST QUARTER ADJUSTED EARNINGS PER SHARE FROM CONTINUED OPERATIONS AT € 0.99 (Q1/12: € 0.88)

In the quarter under review, adjusted earnings per share from continued operations reached € 0.99 and were thus about 13 % above previous year's figure of € 0.88. The computation was performed on the basis of 191.40 million no-par value shares, being the average number of shares outstanding (Q1/12: 191.40 million no-par value shares).

At the end of March, the total number of shares outstanding of the K+S GROUP was 191.40 million no-par value shares. As of 31 March 2013, we held no shares of our own.

The average domestic Group tax rate was 28.5 % in the first quarter (Q1/12: 28.4 %), and the adjusted Group tax rate from continued operations amounted to 27.0 % for the first quarter of 2013, compared with 27.6 % in the same quarter of the previous year.

Undiluted, adjusted earnings per share are computed by dividing adjusted Group earnings after taxes and minority interests by the weighted average number of shares outstanding. As none of the conditions resulting in the dilution of earnings per share exist in the case of K+S at the present time, undiluted earnings per share correspond to diluted earnings per share.

ADJUSTED GROUP EARNINGS AND ADJUSTED EARNINGS PER SHARE

Adjusted Group earnings (including discontinued operations) in the first quarter reached € 190.2 million (Q1/12: € 192.6 million). In the same quarter a year ago, € 24.3 million was still attributable to the discontinued operations of the NITROGEN business.

Adjusted earnings per share (including discontinued operations) in the quarter under review reached € 0.99 (Q1/12: € 1.01). In the same quarter a year ago, this still included € 0.13 from the discontinued operations of the NITROGEN business.

FINANCIAL POSITION

HIGHER FIRST QUARTER CAPITAL EXPENDITURE

In the first quarter of 2013, the capital expenditure incurred by the K+S GROUP came to € 110.8 million, i.e. more than twice as much as in the same quarter of the previous year (Q1/12: € 41.2 million). Most of the capital expenditure was accounted for by the Potash and Magnesium Products business unit. Here, the increase is mainly attributable to capital expenditure related to the package of measures for water protection in the Hesse-Thuringia potash district and to the Legacy Project, mainly in infrastructure, water supply, drilling and engineering works in the latter case. The volume of capital expenditure in the Salt business unit declined slightly: The optimisation of the mining process at the

CAPITAL EXPENDITURE ¹

FIG: 1.4.3

in € million	100	200	300	400	500	600	700	800	900
Q1/2013		110.8							
Q1/2012	41.2								
2013e ²									~820.0
2012				465.5					

¹ Capital expenditure in property, plant and equipment, intangible and financial assets of the continued operations.² Further information regarding future capital expenditures can be found on page 23.

rock salt site in Fairport, USA, the extending of the brine field at FRISIA in Harlingen in the Netherlands as well as the further expansion of SPL's sifting capacity were among the most significant projects during the quarter under review. Almost one third of the capital expenditure is accounted for by measures relating to replacement and ensuring production. This share of about € 40 million was less than the depreciation and amortisation of € 58.4 million. / FIG: 1.4.3

CASH FLOW FROM OPERATING ACTIVITIES BENEFITS FROM SIGNIFICANTLY FEWER FUNDS BEING TIED UP IN WORKING CAPITAL

In the first quarter, gross cash flow rose by € 12.5 million or 5% to € 277.0 million (Q1/12: € 264.5 million). The increase followed the trend in earnings. The higher operating earnings were offset by higher income tax payments. / TAB: 1.4.2

Cash flow from operating activities (without the out-financing of pension obligations) in the first quarter

could be increased by € 132.7 million or 71% to € 319.8 million. This is attributable to a significantly lower tying up of funds in working capital: As a result of above-average wintry weather, salt inventories were used up to a far greater extent than in the same quarter a year ago. In the Potash and Magnesium Products business unit too, inventories declined as a result of the successful start of the spring season, having increased in the same quarter a year ago.

Cash flow for investing activities (without investments in securities) in the first quarter amounted to € (107.6) million and was therefore significantly below the level for the same period a year ago (Q1/12: € (54.4) million) due to higher capital expenditure mainly within the framework of the package of measures for water protection as well as for the Legacy Project. Free cash flow (without the out-financing of pension obligations and investments in securities) reached € 212.2 million (Q1/12: € 136.9 million). Adjusted for acquisitions/divestments, the free cash flow (without investments in securities)

could be increased by € 75.3 million to € 212.2 million compared with the same period a year ago (Q1/12: € 136.9 million).

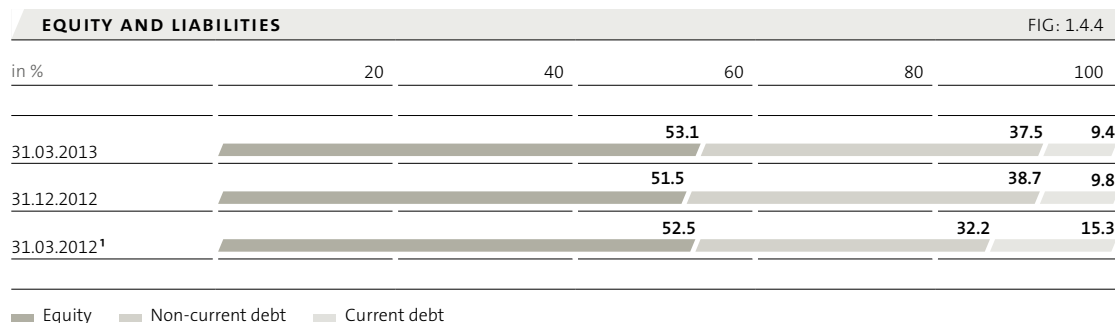
The cash flow from/for financing activities for the first three months amounted to € (0.6) million, compared with € 2.9 million for the same period a year ago. As of 31 March 2013, net cash and cash equivalents amounted to € 484.3 million (31 March 2012: € 403.2 million; 31 December 2012: € 345.0 million). It should be noted that during the period under review, € 132.6 million was invested in securities and other financial investments, while there was a cash inflow of € 61.0 million from the divestment of matured securities and from financial investments.

CASH FLOW OVERVIEW ¹

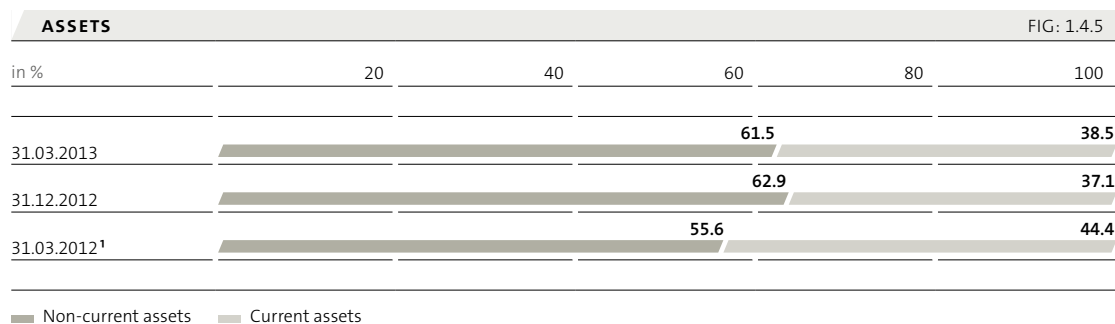
TAB: 1.4.2

	Q1/13	Q1/12
in € million		
Gross cash flow	277.0	264.5
Cash flow from operating activities ²	319.8	187.1
Cash flow for investing activities ³	(107.6)	(54.4)
– of which acquisitions/divestments	—	(4.2)
Free cash flow ^{2,3}	212.2	132.7
Free cash flow before acquisitions/divestments ^{2,3}	212.2	136.9
Cash flow from/for financing activities	(0.6)	2.9
Operational change in cash and cash equivalents ^{2,3}	+216.0	+131.1

¹ Information refers to the continued operations of the K+S Group.² Without out-financing of pension obligations in the amount of € (5.8) million in Q1/13 (Q1/12: € (3.7) million).³ Without purchases/disposals of securities and other financial investments in the amount of € (71.6) million net in Q1/13 (Q1/12: € (59.0) million).



¹ Information as of 31 March 2012 has not been adjusted and also includes the discontinued operations of the nitrogen business.



¹ Information as of 31 March 2012 has not been adjusted and also includes the discontinued operations of the nitrogen business.

These relate to investments mainly in time deposits and money market instruments with terms of more than three months, which continue to remain available as cash reserves but cannot be regarded as net cash and cash equivalents pursuant to IFRS.

As of the reporting date, net indebtedness (including provisions for pensions and mining obligations) declined further to € 618.8 million compared to the figure as of 31 March 2012 (€ 630.0 million).

/ FURTHER INFORMATION REGARDING NET INDEBTEDNESS can be found in the Notes on page 38.

VERY SOLID FINANCING STRUCTURE

The financing structure of the K+S GROUP remains very solid: As of 31 March 2013, the equity ratio remained on a high level, amounting to about 53 % of the balance sheet total. The share of non-current debt, including non-current provisions, amounted to 38 %, while the share of current debt remained somewhat stable at 9 %.

/ FIG: 1.4.4

/ FURTHER DETAILS OF THE MAIN CHANGES IN INDIVIDUAL BALANCE SHEET ITEMS can be found in the Notes on page 38.

As of 31 March 2013, the K+S GROUP's debt consisted mainly of financial liabilities (39 %), provisions (40 %) and accounts payable – trade (7 %). As of 31 March 2013, financial liabilities amounted to € 1,267.9 million; of this, only € 2.4 million had to be classified as current. The main provisions of the K+S GROUP as of 31 March 2013 relate to mining obligations (€ 716.3 million) as well as pensions and similar obligations (€ 153.1 million). Compared to 31 December 2012, the former increased by € 9.7 million and the latter decreased by € 7.0 million.

OFF-BALANCE SHEET FINANCING INSTRUMENTS/OFF-BALANCE SHEET ASSETS

Off-balance sheet financing instruments in the sense of factoring transactions, asset-backed securities, sale and lease back transactions or contingent liabilities to special purpose entities not consolidated only exist to a negligible extent. We primarily use operating leases,

for example for vehicles, storage capacity and IT accessories. Due to the chosen contractual structures, these items are not to be carried under fixed assets.

ASSET POSITION

As of 31 March 2013, the balance sheet total of the K+S Group amounted to € 6,862.1 million, which is an increase of a good 4% on the end of 2012. The ratio of non-current to current assets amounted to 62:38. The proceeds from the issuance of the second bond were invested temporarily in securities and other financial investments with terms of more than twelve months. The portfolio of cash and cash equivalents, current and non-current securities and other financial investments increased significantly since the start of the year to a total of € 1,499.1 million (31 December 2012: € 843.5 million).

/ FURTHER DETAILS OF THE MAIN CHANGES IN INDIVIDUAL BALANCE SHEET ITEMS can be found in the Notes on page 38.

Including cash and cash equivalents (€ 492.6 million), non-current and current securities and other financial investments (€ 1,006.5 million), provisions for mining obligations and pensions (€ 716.3 million and € 153.1 million respectively) as well as financial liabilities (€ 1,267.9 million), and after taking into account claims for reimbursement in connection with a bond at MORTON SALT (€ 19.4 million), as of 31 March 2013, this results in net indebtedness of the K+S GROUP of € 618.8 million

(31 December 2012: € 827.3 million), a decrease compared to the figure for the same period a year ago of € 11.2 million (31 March 2012: € 630.0 million). / FIG: 1.4.5

1.5 SEGMENTS OF THE K+S GROUP

POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT

/ A DESCRIPTION OF THE MARKET ENVIRONMENT IN THE POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT can be found on page 5 in the 'Industry-specific framework conditions' section.

REVENUES

In the first quarter of 2013, it was possible to achieve a mainly volume-related increase in revenues for the Potash and Magnesium Products business unit from € 581.9 million to € 625.5 million which were thus up € 43.6 million or 7.5% on the figure for the same period a year ago. During the quarter under review, revenues for potassium chloride – our most significant product in terms of volume – rose by € 48.0 million or 17% to € 322.7 million. This was primarily due to a significant increase in sales volumes that could more than offset a moderate decrease in price. In the case of fertilizer specialties, revenues fell to € 228.3 million (Q1/12: € 237.9 million) as a result of volume and price factors. Revenues for industrial products rose by just under 8% to € 74.5 million (Q1/12: € 69.3 million). Slight price decreases could here

VARIANCE ANALYSIS

TAB: 1.5.1

	Q1/13
in %	
Change in revenues	+7.5
volume/structure	+14.9
prices/price-related	(7.1)
exchange rates	(0.3)
consolidation	—
Potassium chloride	+17.5
Fertilizer specialties	(4.0)
Industrial products	+7.5

be more than made up for by higher sales volumes. Sales volumes of Potash and Magnesium Products in the first quarter increased by about 14% to 2.03 million tonnes (Q1/12: 1.78 million tonnes).

/ TAB: 1.5.1, 1.5.2, 1.5.3 / FIG: 1.5.1, 1.5.2

DEVELOPMENT OF EARNINGS

In the first quarter of 2013, earnings before interest, taxes, depreciation and amortisation (EBITDA) for the Potash and Magnesium Products business unit rose by € 5.4 million to € 236.0 million and were therefore up slightly on the figure for the same period a year ago (€ 230.6 million).

At € 209.2 million, operating earnings EBIT I for the first quarter roughly reached the figure for the same quarter a year ago (€ 207.7 million). Higher revenues, price-related cost reductions as well as positive currency

POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT

TAB: 1.5.2

	Q1/13	Q1/12	%
in € million			
Revenues	625.5	581.9	+7.5
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	236.0	230.6	+2.3
Operating earnings (EBIT I)	209.2	207.7	+0.7
Capital expenditure	85.4	23.9	+257.3
Employees as of 31 March (number)	8,310	8,208	+1.2

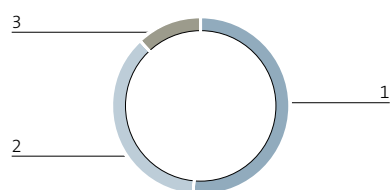
effects could overcompensate the effect of the change in inventories and higher depreciation and amortisation (€ 26.8 million compared to € 22.9 million in Q1/12).

OUTLOOK

The prospects for the development of demand for fertilizers containing potash and magnesium continue to be attractive particularly in the markets relevant to us, so that, from today's perspective, we are anticipating a sales volume of approximately 7 million tonnes for 2013 (2012: 6.95 million tonnes). After international prices for potassium chloride came under pressure during the fourth quarter of 2012 due to the absence of the conclusion of agreements of North American and Russian producers with Chinese and Indian customers at that time, the average price level for the product portfolio of the Potash and Magnesium Products business unit in 2013 should be below that of 2012. On this basis, revenues of the Potash and Magnesium Products business unit should decrease due to price factors year on year. All in all, in the Potash and Magnesium Products business unit, on a stable cost level, we expect operating earnings that should be below the level achieved in 2012.

REVENUES BY PRODUCT GROUP JANUARY – MARCH 2013

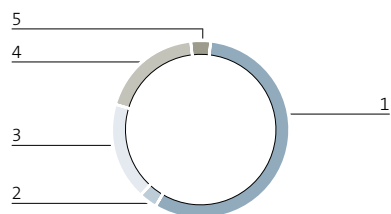
FIG: 1.5.1



	Q1/13	Q1/12
in %		
1 Potassium chloride	51.6	47.1
2 Fertilizer specialities	36.5	41.0
3 Industrial products	11.9	11.9

REVENUES BY REGION JANUARY – MARCH 2013

FIG: 1.5.2



	Q1/13	Q1/12
in %		
1 Europe	56.7	54.8
– of which Germany	17.3	22.1
2 North America	3.5	2.2
3 South America	17.6	21.6
4 Asia	18.8	18.8
5 Africa, Oceania	3.4	2.6

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

TAB: 1.5.3

		Q1/12	Q2/12	Q3/12	Q4/12	2012	Q1/13
Revenues	€ million	581.9	669.5	560.5	478.7	2,290.6	625.5
Europe	€ million	318.7	273.0	268.4	258.6	1,118.7	354.4
Overseas	US\$ million	345.0	508.1	365.2	285.4	1,503.7	358.0
Sales volumes	t eff. million	1.78	1.96	1.69	1.52	6.95	2.03
Europe	t eff. million	0.98	0.85	0.85	0.84	3.52	1.11
Overseas	t eff. million	0.80	1.11	0.84	0.68	3.43	0.92
Average prices	€/t eff.	327.4	340.8	332.3	314.2	329.4	308.0
Europe	€/t eff.	326.1	319.5	315.7	308.4	317.8	318.8
Overseas	US\$/t eff.	431.1	457.7	436.5	415.4	437.9	389.5

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

same level as a year ago: Negative price and currency effects could be offset by positive volume effects. Revenues of € 128.5 million were achieved with industrial salt. This was moderately above the figure for the same quarter a year ago (€ 121.9 million) primarily as a result of price factors. Salt for chemical use revenues rose by € 2.8 million to € 28.1 million (Q1/12: € 25.3 million): Higher delivery quantities from Chile to China could more than offset the negative effects on the average price resulting from this change in regional mix. In the case of Other, revenues fell by € 4.5 million to € 18.6 million. Sales volumes of crystallised salt during the first quarter totalled 8.91 million tonnes and were thus 44 % above the below-average level for the same period a year ago (Q1/12: 6.18 million tonnes).

/ TAB: 1.5.4, 1.5.5, 1.5.6 / FIG: 1.5.3, 1.5.4

VARIANCE ANALYSIS

TAB: 1.5.4

	Q1/13
in %	
Change in revenues	+ 34.0
volume/structure	+ 32.6
prices/price-related	+ 2.3
exchange rates	(0.9)
consolidation	—
Food grade salt	(1.2)
Industrial salt	+ 5.4
Salt for chemical use	+ 11.1
De-icing salt	+ 73.4
Other	(19.5)

SALT BUSINESS UNIT

/ A DESCRIPTION OF THE MARKET ENVIRONMENT IN THE SALT BUSINESS UNIT can be found on page 5 in the 'Industry-specific framework conditions' section.

REVENUES

The revenues of the Salt business unit rose by 34 % in the first quarter to € 614.5 million (Q1/12: € 458.5 million). Following the very weak winter in the first quarter of 2012, this strong rise was particularly attributable to the normalisation of de-icing salt sales volumes. Compared with the same period a year ago, de-icing salt revenues rose by 73 % to € 359.4 million (Q1/12: € 207.3 million). At € 79.9 million (Q1/12: € 80.9 million), revenues for food grade salt in the first three months were on about the

DEVELOPMENT OF EARNINGS

Compared to a year ago, the earnings before interest, taxes, depreciation and amortisation (EBITDA) of the Salt business unit in the first quarter could be increased by € 25.8 million or about 35 % to € 100.2 million.

It also proved possible to increase operating earnings EBIT 1 in the quarter under review by € 27.8 million or 61 % to € 73.1 million. This increase mainly resulted from significantly higher revenues due to volume factors attributable to the above-average de-icing salt business in Europe. This overcompensated the effect of the significantly higher reduction in stocks compared with the same quarter a year ago as well as higher costs resulting from price and volume factors, one-time effects

SALT BUSINESS UNIT

TAB: 1.5.5

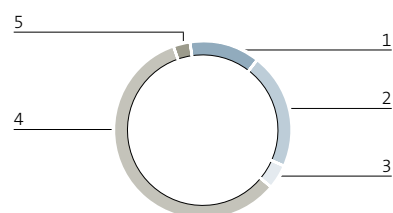
	Q1/13	Q1/12	%
in € million			
Revenues	614.5	458.5	+ 34.0
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	100.2	74.2	+ 35.0
Operating earnings (EBIT I)	73.1	45.3	+ 61.4
Capital expenditure	10.9	13.8	(21.0)
Employees as of 31 March (number)	5,015	5,179	(3.2)

connected with the transition to SAP at MORTON SALT and maintenance backlog effects. Operating earnings EBIT I include depreciation and amortisation of € 27.1 million (Q1/12: € 28.9 million).

Compared with the long-term average of the de-icing salt business, the result for the first three months was indeed favourable overall as a result of the above-average winter in Europe, but this was offset by the effects described above, so that operating earnings ultimately reached about their average level.

REVENUES BY PRODUCT GROUP JANUARY – MARCH 2013

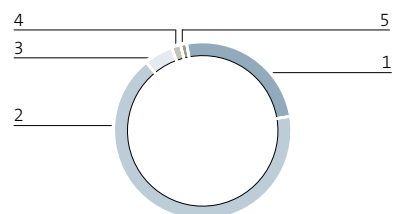
FIG: 1.5.3



	Q1/13	Q1/12
in %		
1 Food grade salt	13.0	17.6
2 Industrial salt	20.9	26.6
3 Salt for chemical use	4.6	5.5
4 De-icing salt	58.5	45.3
5 Other	3.0	5.0

REVENUES BY REGION JANUARY – MARCH 2013

FIG: 1.5.4



	Q1/13	Q1/12
in %		
1 Europe	25.5	19.7
– of which Germany	13.8	8.7
2 North America	67.0	71.6
3 South America	5.4	7.8
4 Asia	1.7	0.8
5 Africa, Oceania	0.4	0.1

OUTLOOK

As a result of the normalisation of the de-icing salt business, we expect higher revenues due to volume factors in 2013 for the Salt business unit in comparison to the previous year. This forecast assumes long-term averages for the early stocking-up business and the de-icing salt business in the fourth quarter, as well as a largely stable overall development in revenues in the food grade and industrial salt segments as well as the salt for chemical use segment. At a good 22 million tonnes, our assessment is based on – compared with the below-average sales volume of the previous year (2012: 17.56 million tonnes) – significantly higher sales of crystallised salt (of which de-icing salt: almost 13 million tonnes; 2012: 8.33 million tonnes). Against the background of the higher proportion of fixed costs customary in the mining industry, the significantly higher capacity utilisation should lead to an improvement in operating earnings.

DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES¹

TAB: 1.5.6

		Q1/12	Q2/12	Q3/12	Q4/12	2012	Q1/13
De-icing salt							
Revenues	€ million	207.3	29.6	57.4	161.7	456.0	359.4
Sales volumes	t million	4.02	0.60	1.11	2.60	8.33	6.53
Average prices	€/t	51.5	49.6	51.7	62.2	54.7	55.1
Industrial salt, salt for chemical use and food grade salt							
Revenues	€ million	228.1	245.7	245.8	239.6	959.2	236.5
Sales volumes	t million	2.16	2.38	2.23	2.46	9.23	2.38
Average prices	€/t	105.8	103.2	110.0	97.5	104.0	99.5
Other							
Revenues	€ million	23.1	12.4	15.3	18.8	69.6	18.6
Salt business unit							
Revenues	€ million	458.5	287.7	318.5	420.1	1,484.8	614.5

¹ Revenues include prices both inclusive and exclusive freight costs. The price information is also affected by changes of the exchange rates and the respective product mix and is therefore to be understood as providing a rough indication only.

a result of volume factors. Revenues of the CFK trading business during the period under review increased by € 0.6 million to € 4.5 million. The waste management and recycling segment increased its revenues by € 0.4 million to € 22.1 million due to price and structural factors. As a result of contractual changes for certain business transactions resulting in treatment as internal revenues, revenues of K+S TRANSPORT GMBH fell by € 0.7 million to € 3.2 million. / TAB: 1.5.7, 1.5.8 / FIG: 1.5.5, 1.5.6

DEVELOPMENT OF EARNINGS

At € 8.6 million, earnings before interest, taxes, depreciation and amortisation (EBITDA) for Complementary Activities in the first quarter of 2013 were about the same as a year ago when they amounted to € 8.5 million.

At € 6.8 million (Q1/12: € 6.9 million), operating earnings EBIT I as of 31 March 2013 also remained stable. Operating earnings EBIT I include depreciation and amortisation of € 1.8 million (Q1/12: € 1.6 million). While decreases in earnings were posted by the waste management and recycling as well as CFK trading segments, the animal hygiene products and K+S TRANSPORT GMBH segments were able to achieve higher contributions to earnings as a result of volume factors.

OUTLOOK

For 2013, from today's perspective, we assume stable revenues and stable operating earnings.

VARIANCE ANALYSIS

TAB: 1.5.7

	Q1/13
in %	
Change in revenues	+1.5
volume/structure	(0.5)
prices/price-related	+2.0
exchange rates	—
consolidation	—
Waste Management and Recycling	+1.8
K+S Transport GmbH	(17.9)
Animal hygiene products	+3.1
CFK Trading	+15.4

COMPLEMENTARY ACTIVITIES**REVENUES**

In the first quarter, revenues generated by Complementary Activities involving third parties amounted to € 39.7 million (Q1/12: € 39.1 million). Including intersegment revenues, total revenues amounted to € 49.5 million compared to € 47.5 million for the same quarter of the previous year.

It proved possible to increase the revenues of the animal hygiene products segment in the first quarter by € 0.3 million or about 3 % to € 9.9 million, especially as

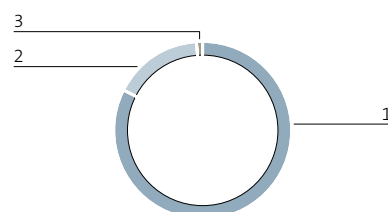
COMPLEMENTARY ACTIVITIES

TAB : 1.5.8

	Q1/13	Q1/12	%
in € million			
Revenues	39.7	39.1	+1.5
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	8.6	8.5	+1.2
Operating earnings (EBIT I)	6.8	6.9	(1.4)
Capital expenditure	0.3	0.6	(50.0)
Employees as of 31 March (number)	296	289	+2.2

REVENUES BY REGION JANUARY – MARCH 2013

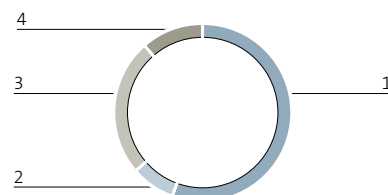
FIG: 1.5.5



	Q1/13	Q1/12
in %		
1 Germany	83.1	81.5
2 Rest of Europe	16.6	18.2
3 Asia	0.3	0.3

REVENUES BY SEGMENT JANUARY – MARCH 2013

FIG: 1.5.6



	Q1/13	Q1/12
in %		
1 Waste Management and Recycling	55.7	55.5
2 K+S Transport GmbH	8.1	10.0
3 Animal hygiene products	24.9	24.5
4 CFK Trading	11.3	10.0

1.6 EMPLOYEES

NUMBER OF EMPLOYEES STABLE

As of 31 March 2013, the K+S GROUP employed a total of 14,300 people. Compared with 31 March 2012 (14,323 employees), the number thus remained stable. While there was an increase in the number of employees in the Potash and Magnesium Products business unit in order to maintain the volume of crude salt extracted, for intensified activities in the area of environmental protection as well as for the Legacy Project and in departments of K+S AKTIENGESELLSCHAFT, there were fewer employees in the Salt business unit. The average number of people employed over the quarter was 14,325 (Q1/12: 14,326). As a result of the greater internationalisation of the K+S GROUP since 2006, just under a third of our employees are now located outside Germany and more than a quarter outside Europe. On 31 March 2013, the number of trainees in Germany was 498 and thus on about the high level of a year ago (31 March 2012: 501).

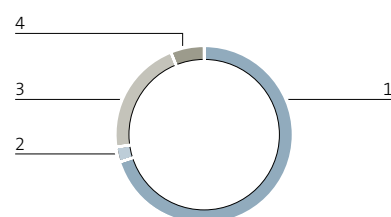
/ FIG: 1.6.1

PERSONNEL EXPENSES

In the first quarter, personnel expenses for continued operations amounted to € 239.8 million and were thus down slightly on the same period last year (Q1/12: € 244.5 million). Additional expenses arising from collective agreement pay increases were partially offset by a lower deferral being set for performance-related remuneration.

EMPLOYEES BY REGION AS OF 31 MARCH 2013

FIG: 1.6.1



	2013	2012
in %		
1 Germany	70	70
2 Rest of Europe	3	3
3 North America	21	20
4 South America	6	7

1.7 RESEARCH AND DEVELOPMENT

Research costs for continued operations for the quarter under review came to € 3.4 million and thus were down significantly on the level for the same quarter a year ago (Q1/12: € 8.1 million). Capitalised development-related capital expenditure in the first quarter amounted to € 0.5 million (Q1/12: € 0.0 million). The decrease in research costs and the increase in capitalised development-related capital expenditure are largely attributable to the planned reduction in the scope of research related to the Legacy Project and the capitalisation of a part of the outlays incurred in this regard. The R&D projects planned for 2013 and described in the Financial Report 2012 on page 133 are either being carried out as scheduled or continued. As of 31 March 2013, 86 persons were employed in the R&D area of the K+S GROUP. Thus, their number has increased as intended in relation to the same period a year ago (31 March 2012: 80).

For a comprehensive description of the research and development activities, please see the relevant passages in our Financial Report 2012 on pages 81 and 133.

1.8 RISK REPORT

For a comprehensive description of the risk and opportunity management system as well as possible risks, please refer to the corresponding passages in our Financial Report 2012 on page 113. The risks described there remain largely unchanged as of 31 March 2013. On 22 April 2013, K+S reported on the changed parameters for our Legacy Project in Canada. You will find such information in our Subsequent Events section on page 19. The risks to which the K+S GROUP is exposed, both in isolation or in conjunction with other risks, are limited and do not, according to current estimates, jeopardise the continued existence of the Company.

1.9 OPPORTUNITY REPORT

For a comprehensive presentation of possible opportunities, please refer to the relevant passages in our Financial Report 2012 on page 143. There is no offsetting of opportunities and risks or their positive and negative changes.

1.10 SUBSEQUENT EVENTS

No material changes have occurred in the economic environment or in the position of our industry since the close of the quarter under review.

On 22 April 2013, the Supervisory Board approved the decision of the Board of Executive Directors to increase the capital expenditure budget for the new potash plant in the Canadian province of Saskatchewan to CAD 4.1 billion (about € 3 billion). The previous estimate of CAD 3.25 billion was based on a feasibility study prepared in November 2011. The current budget now includes own capital expenditure related to infrastructure, modifications to plant components and infrastructure as well as higher material costs and personnel expenses. The budget is being adjusted at an early stage of the construction phase. The additional findings serve to enhance planning efficiency, transparency as well as project management and thus, our major undertaking in general. Taking into account all the data underlying the profitability analysis, the project continues to satisfy

the Group's requirements in respect of returns, that is, earning a premium of 15 % on the cost of capital after taxes. The financing is to be mainly secured from existing liquidity, future cash flows as well as further borrowings. With the commissioning now expected to take place in the summer of 2016, we continue to assume that the new site will reach the two million tonne mark for production capacity by the end of 2017. Subsequently, annual capacity will be gradually expanded to 2.86 million tonnes of potash products. We had hitherto assumed that production would start up at the end of 2015. The risk assessment made in the Risk Report on page 123 of the Financial Report 2012 remains largely unchanged, as some elements of uncertainty are always associated with investment projects of this scale.

Apart from this, no events of material importance for the K+S GROUP requiring disclosure have occurred.

1.11 FORECAST REPORT

FUTURE GROUP DIRECTION

NO CHANGE IN BUSINESS POLICY INTENDED

We do not intend to introduce any fundamental change in our business policy over the coming years. We want to expand our market positions in our business units, especially by increasing sales of speciality products, enhance our efficiency through the exploitation of syn-

ergies, press ahead with the expansion of new potash capacities with the Legacy Project in Canada as well as grow both organically and externally in the Potash and Magnesium Products as well as Salt business units.

FUTURE SALES MARKETS

/ A PRESENTATION OF THE FUTURE SALES MARKETS can be found in the Financial Report 2012 on pages 132 and 137.

FUTURE MACROECONOMIC SITUATION

The following discussion about the future macroeconomic situation is essentially based on forecasts of the KIEL INSTITUTE FOR THE WORLD ECONOMY (Kiel Discussion Papers: Weltkonjunktur im Frühjahr 2013, 13 March 2013) as well as those of DEKA BANK (Makro Research, Volkswirtschaft Prognosen of 12 April 2013).

According to these forecasts, the global economy will once again experience stronger growth in 2013. However, uncertainty surrounding the further development of the sovereign debt crisis in the eurozone as well as the fiscal policy debate in the United States against the backdrop of reaching the statutory debt ceiling will continue to have a depressing effect. The pace of growth in the emerging market countries should increase over the course of the year. Against this backdrop, the forecasts of DEKA BANK for the global economy continue to assume growth in the gross domestic product of 3.2 % for 2013. / TAB: 1.11.1

The forecast of the KIEL INSTITUTE FOR THE WORLD ECONOMY expects a gradual easing in the eurozone with respect to the sovereign debt crisis. However, this continues to represent a central forecast risk for the development of the global economy, as a high degree of uncertainty continues to surround the political strategy for the further development of the eurozone. Thus, no fundamental improvement in business or consumer sentiment can be expected over the short term. There continues to be a risk that further eurozone countries will run into payment difficulties. In such case, not only could a grave recession be expected in the eurozone, but the whole global economy could be affected. For 2013, DEKA BANK expects eurozone GDP growth to stagnate (previously: 0.3 %).

In the view of the KIEL INSTITUTE FOR THE WORLD ECONOMY, the pace of economic growth in the United States will remain moderate in 2013. The reduction of private household debt should continue and the structural problems on the property market should be successively reduced. However, tax increases as well as cuts in spending, which are to make a start on lowering the very high budget deficit, could have a decelerating effect. Against this backdrop, DEKA BANK is assuming that the United States' gross domestic product will grow by 2.4 % in 2013 (previously: 2.0 %).

Economic activity in the emerging market countries is expected to recover as a result of a gradual increase in demand from the developed economies. The expan-

sionary economic policies and stimulus programmes launched over the past months should provide support. If economic framework conditions do not significantly deteriorate due to a substantial economic slow down in the developed economies or to global financial market turmoil, the emerging market countries should see gross domestic product grow once again in 2013 at a rate of 5.2 % (previously: 5.2 %).

According to the expectations of the KIEL INSTITUTE FOR THE WORLD ECONOMY, the central banks will continue to pursue their expansionary monetary policy course and central bank interest rates will continue to remain low in 2013. The ECB lowered its key interest rate to 0.5 % on 2 May 2013. The USD/EUR exchange rate underlying our corporate planning is on average about 1.30 USD/EUR for 2013. For the Canadian dollar, an exchange rate of 1.33 CAD/EUR is assumed for 2013. As for the oil price, a level of US\$ 110 per barrel is assumed for 2013.

The effects on the course of business of the K+S GROUP described on page 4 should therefore also persist under the forecast macroeconomic conditions.

Regardless of the impact of the described macroeconomic situation, the prosperity of the emerging market countries will tend to increase further. This should result in higher dietary expectations on the part of their populations. Moreover, the world's population continues to grow. Demand for agricultural products should therefore continue to grow largely independent of the economic situation. In the case of salt products, the impact of the general economic situation on demand is of minor importance, since the business in the de-icing salt sector is dependent on the weather and business with the other salts is largely independent of economic conditions.

FUTURE INDUSTRY SITUATION

The description of important sales markets and competitive positions of the individual business units provided

in the Financial Report 2012 in the section 'Group Structure and Business Operations' on page 57 remains valid.

POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT

The medium- to long-term trends described in the Financial Report 2012 on page 137, which positively influence the demand for our products in the Potash and Magnesium Products business unit, retain their validity.

With demand having developed positively over the course of the first quarter as a result of the conclusion of contracts with China and India, we assume that 2013 will see a tangible increase in the volume of global potash sales to about 59 million tonnes (2012: 54.9 million tonnes), including about 3 million tonnes of potassium sulphate and lower-content potash varieties. The estimate is based primarily on a price level for agricultural raw materials which is continuously attractive for the earnings prospects of the agricultural sector, and on the expectation of a significant increase in demand in China and India after the buying restraint in 2012.

SALT BUSINESS UNIT

The future industry situation in the Salt business unit described on page 139 of the Financial Report 2012 also remains valid. Regarding the European de-icing salt business, we assume, as usual, multi-year average sales volumes for de-icing salt over the remaining months of the year. Taking into account the good de-icing salt business in the first quarter, this results in the expect-

PERCENTAGE CHANGE IN GROSS DOMESTIC PRODUCT

TAB: 1.11.1

	2013e	2012	2011	2010	2009
real; in %					
German	+0.6	+0.7	+3.0	+3.7	(4.7)
European Union (EU-27)	0.0	(0.3)	+1.6	+1.9	(4.2)
World	+3.2	+3.0	+3.9	+5.1	(0.8)

Source: Deka Bank

tation of significantly higher sales volumes, especially after demand in 2012 was below average as a result of the exceptionally mild weather conditions at the start of the year. In North America too, demand for de-icing salt should increase accordingly once again following the mild weather in North America in the first and fourth quarters of 2012 and assuming multi-year average sales volumes for the remaining months of 2013. In the food grade salt segment, the demand in both Europe and North America should largely remain stable in 2013. South American sales volumes for food grade salt should continue to grow in line with population trends there, but stronger competition has to be expected following the normalisation of the salt harvesting situation in Brazil. While chemical industry demand for salt for chemical use should rise slightly in North America, we expect sales volumes to normalise in Europe and to remain stable in South America. Asia too is displaying attractive rates of growth for salt consumption. After SPL has made the first deliveries to the chemical industry in China in 2011 and 2012, this region should continue to gain in importance for us in the future. The consumption of industrial salts should remain stable in all regions.

FUTURE EARNINGS, FINANCIAL AND ASSET POSITION

The following forecasts relate to the expected organic revenue and earnings development of the K+S GROUP.

In line with the forecast policy explained on page 139 of the Financial Report 2012, the outlook for the current year is addressed in the Quarterly Financial Report for the first quarter and, if necessary, adjusted. The outlook continues to use the qualitative expressions “slight”, “moderate”, “tangible”, “significant” and “strong”. The respective expressions generally follow an internal classification system depending on the anticipated percentage change in relation to the corresponding previous year’s figures.

REVENUES SHOULD INCREASE SLIGHTLY IN 2013

In the financial year 2013, the revenues of the K+S GROUP should increase slightly in relation to the previous year. While we assume a price-related revenue decrease in the Potash and Magnesium Products business unit, we expect higher revenues in the Salt business unit as a result of volume factors. The revenue forecast assumes an average US dollar exchange rate of 1.30 USD/EUR (2012: 1.28 USD/EUR).

COSTS WILL PROBABLY RISE SLIGHTLY

The following forecast of the development of costs is structured by cost type: The total costs (revenues minus EBIT) of the K+S GROUP should rise slightly year on year. The personnel expenses should be largely on the level of the year 2012, as the additional costs arising from pay settlements under collective bargaining agreements as well as from a slightly higher number of employees should be offset by lower performance-related remuneration. Material costs should rise moderately as a

result of volume factors, while we expect slight savings on energy costs as a result of newly negotiated agreements. On the other hand, we expect moderately higher freight costs as a result of volume factors. Depreciation and amortisation should increase moderately.

OPERATING EARNINGS SHOULD RISE SLIGHTLY

As far as EBITDA and operating earnings EBIT 1 of the K+S GROUP are concerned, from today’s perspective, we see opportunities for the year 2013 to increase the figures slightly in comparison with 2012. In this context, the decrease in earnings in the Potash and Magnesium Products business unit should be more than made up for by the improvement in earnings resulting from the normalisation of the de-icing salt business in the Salt business unit.

GROUP EARNINGS EXPECTED TO RISE SLIGHTLY

As regards adjusted Group earnings after taxes from continued operations of the K+S GROUP as well, assuming a largely stable financial result, a slight increase would be possible. Our estimate is based not only on the effects described for revenues and operating earnings, but also on:

- + The expectation of consistently attractive agricultural prices;
- + A sales volume for potash and magnesium products of about 7 million tonnes (2012: 6.95 million tonnes) and, compared with 2012, lower average prices in the Potash and Magnesium Products business unit;

- + Compared to the below-average sales volume of the previous year (2012: 17.56 million tonnes) significantly higher sales volume of crystallised salt of a good 22 million tonnes (of which de-icing salt: almost 13 million tonnes, 2012: 8.33 million tonnes) under the assumption of long-term averages for the early stocking-up business and the de-icing salt business in the fourth quarter, as well as a largely stable overall development in revenues in the food grade and industrial salt segments as well as the salt for chemical use segment;
- + A stable financial result, as the absence of the non-cash, unplanned interest expenses for provisions for mining obligations resulting from the lowering of the average weighted discount factor should be offset by higher interest expense related to the first-time inclusion of the bond issued in June 2012 for the year as a whole;
- + At 26 % to 27 %, a slightly higher adjusted Group tax ratio (2012: 25.8 %). / TAB: 1.11.3

PLANNED CAPITAL EXPENDITURE

The anticipated volume of capital expenditure for 2013 (previously: just under € 1.1 billion) has been lowered, especially as a result of the deferring of outlays for the Legacy Project, to a good € 800 million. Outlays connected with the Legacy Project should account for about CAD 500 million (about € 375 million; previously: CAD 830 million or € 625 million) of this figure. However, there may be shifts when the budgeted total expenditure is allocated to individual years. The remaining increase in

the volume of capital expenditure compared with the previous year (2012: € 465.5 million) can be attributed to the implementation of the package of measures on water protection in the Hesse-Thuringia potash district (about € 140 million) and the completion of construction work on the saline water pipeline from the Neuhoof site to the Werra plant (about € 30 million). In the Salt business unit, the volume of capital expenditure rises mainly due to measures for the development of a lower-lying mining level at the rock salt site in Weeks Island, USA, the optimisation of the mining process at the rock salt site in Fairport, USA, and the expansion of the brine field at FRISIA in Harlingen, Netherlands. In addition, the most important projects will also include the further expansion of sifting capacity at SPL and the optimisation of warehouse logistics at the Borth salt site in Germany. / TAB: 1.11.2 / FIG: 1.11.1

CAPITAL EXPENDITURE BY UNIT¹ TAB: 1.11.2

	2013e	2012
in € million		
Potash and Magnesium Products business unit	655	332.9
Salt business unit	125	111.3
Complementary Activities	5	6.3
Reconciliation	35	15.0
K+S Group	~ 820	465.5

¹ Capital expenditure in property, plant and equipment, intangible and financial assets of the continued operations.

Measures relating to replacement and ensuring production will account for just under half of the volume of capital expenditure. Depreciation and amortisation is expected to total between € 240 million and € 250 million in 2013.

CAPITAL EXPENDITURE¹ FIG: 1.11.1

in € million	100	200	300	400	500	600	700	800	900
2013e ²									~ 820.0
2012									465.5
2011									293.1
2010									188.6
2009									177.6

¹ Capital expenditure in property, plant and equipment, intangible and financial assets of the continued operations. The years 2009 and 2010 still include the discontinued operations (2009: COMPO and K+S NITROGEN; 2010: K+S NITROGEN).

² In 2013, CAD 500 million (about € 375 million; previously CAD 830 million or € 625 million) should be accounted for by the Legacy Project; the allocation of the budgeted total expenditure to the individual years may, however, still result in shifts.

EXPECTED DEVELOPMENT OF LIQUIDITY

The earnings development forecast for 2013 should also have a positive impact on the cash flow from operating activities, while the free cash flow will, however, probably be slightly negative due to the rising volume of capital expenditure.

EXPECTED FINANCING STRUCTURE

With net indebtedness of € 618.8 million (including pension provisions and provisions for mining obligations of € 869.4 million in total) and a level of indebtedness of only 17 %, the K+S GROUP has a strong financial basis. In view of the upcoming capital expenditure for the expansion of our potash capacities in Canada (Legacy Project), the solid capital structure and a high operating cash flow provide a good starting point for the further development of the K+S GROUP. Our currently very low level of net indebtedness should rise significantly in comparison to the previous year. This assumption takes into consideration the expected capital expenditure budget and the total dividend payment resulting from the dividend proposal by the Board of Executive Directors. Nonetheless, in 2013, we should be able to report an equity ratio of at least 50 % and a level of indebtedness of about 30 %.

FUTURE DIVIDEND POLICY

We are pursuing an essentially earnings-based dividend policy. According to this, a dividend payout ratio of between 40 % and 50 % of adjusted Group earnings

after taxes (including discontinued operations) forms the basis for the amount of future dividend recommendations to be determined by the Board of Executive Directors and the Supervisory Board. Since the adjusted earnings per share will no longer be favoured by the effects from the divestment of the NITROGEN business

in 2013, the dividend payment based on the earnings forecast described will probably be below that of the previous year (proposal for 2012: € 1.40 per share).

DEVELOPMENT OF FORECASTS FOR 2013 AS A WHOLE

TAB: 1.11.3

		Actual 2012	Forecast Financial Report 2012	Forecast Q1/13
K+S Group				
Revenues	€ billion	3.94	slight increase	slight increase
EBITDA	€ million	1,033.3	slight increase	slight increase
Operating earnings (EBIT I)	€ million	804.1	slight increase	slight increase
Financial result	€ million	(78.9)	stable	stable
Group tax rate, adjusted ¹	%	25.8	26–27	26–27
Group earnings from continued operations, adjusted ¹	€ million	538.1	slight increase	slight increase
Earnings per share from continued operations, adjusted ¹	€	2.81	slight increase	slight increase
Dividend	€	1.40	below the level of 2012	below the level of 2012
Capital expenditure ²	€ million	465.5	just under 1,100	~ 820
Depreciation and amortisation ²	€ million	229.2	240 to 250	240 to 250
Energy costs	€ million	314.1	moderate decrease	slight decrease
Personnel expenses	€ million	981.9	stable	stable
Freight costs	€ million	660.7	moderate increase	moderate increase
Potash and Magnesium Products business unit				
Sales volume	t million	6.95	about 7	about 7
Salt business unit				
Sales volume crystallised salt	t million	17.56	a good 22	a good 22
– of which de-icing salt	t million	8.33	12 to 13	just under 13

¹ The adjusted key figures only include the result from operating forecast hedges of the respective reporting period reported in EBIT I, which eliminates effects from changes in the market value of the hedges as well as effects from the exchange rate hedging of future capital expenditure in Canadian dollar (Legacy Project). Related effects on deferred and cash taxes are also eliminated; tax rate for Q1/13: 28.5 % (Q1/12: 28.4 %).

² Capital expenditure in or depreciation on property, plant and equipment, intangible assets and investment properties as well as depreciation on financial assets.

FUTURE NUMBER OF EMPLOYEES, FUTURE PERSONNEL EXPENSES

K+S increasingly has to compete for qualified employees. We want to continue to bring younger people in particular into the Company in order to respond to the demographic change. However, we would also like to win older and experienced employees for our Company.

K+S regards vocational training as an important investment into the future and continues to strive for a training ratio of about 6 % for the German companies. Advanced education will also continue to be given special emphasis. Also in the years to come, we want to recruit as many as possible of our future specialist and managerial personnel from our own ranks.

As for the end of 2013, we are expecting the number of employees to be slightly higher than at the end of the previous year (31 December 2012: 14,362). The average number of employees should also increase slightly this year to reach about 14,500 (2012: 14,336). The reasons for the increase are in particular an increase in the number of personnel for the implementation of the Legacy Project, for intensified activities in the area of environmental protection and for maintaining the extraction of the requisite volumes of crude salt mined in the Potash and Magnesium Products business unit. Personnel expenses should be on about the same level as in 2012 (€ 981.9 million) as the additional costs arising from pay settlements under collective bargaining agreements as well

as from a slightly higher number of employees should be offset by lower performance-related remuneration.

FUTURE RESEARCH AND DEVELOPMENT

In the future too, we will consequently continue to pursue our research and development goals laid out in our Financial Report 2012 on page 81. The total of research expenses and capitalised development-related capital expenditure should, after the conclusion of works on the first cavern of the Legacy Project, again decrease in 2013 (2012: € 33.6 million). The number of people employed in research should increase during the course of the year 2013 in order to particularly meet the coming challenges in the area of the environmental and process analysis as well as to further drive research in the field of solution mining.

FUTURE PRODUCTS AND SERVICES

/ A PRESENTATION OF THE FUTURE PRODUCTS AND SERVICES can be found in the Financial Report 2012 on page 134.

1.12 GUARANTEE OF 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 principal opportunities and risks associated with the expected development of the Group.

Kassel, 7 May 2013

K+S AKTIENGESELLSCHAFT

The Board of Executive Directors

FORWARD-LOOKING STATEMENTS

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

FINANCIAL SECTION

2

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INCOME STATEMENT ^{1,2}

TAB: 2.1.1

	Q1/13	Q1/12	LTM ³ /13	12M/12
in € million				
Revenues	1,280.3	1,080.6	4,135.0	3,935.3
Cost of sales	715.4	575.8	2,298.3	2,158.7
Gross profit	564.9	504.8	1,836.7	1,776.6
Selling expenses	235.2	193.6	775.8	734.2
General and administrative expenses	50.4	44.9	202.3	196.8
Research and development costs	3.4	8.1	14.7	19.4
Other operating income	30.7	30.7	157.9	157.9
Other operating expenses	31.4	34.4	149.1	152.1
Income from investments, net	2.4	—	7.6	5.2
Result from operating forecast hedges	(3.5)	18.4	(17.0)	4.9
Result after operating hedges (EBIT II) ⁴	274.1	272.9	843.3	842.1
Interest income	5.9	3.5	23.2	20.8
Interest expenses	(24.0)	(20.4)	(109.2)	(105.6)
Other financial result	0.2	1.8	4.3	5.9
Financial result	(17.9)	(15.1)	(81.7)	(78.9)
Earnings before income taxes	256.2	257.8	761.6	763.2
Taxes on income	68.5	71.3	194.6	197.4
— of which deferred taxes	(8.6)	(10.8)	(31.4)	(33.6)
Earnings after taxes from continued operations	187.7	186.5	567.0	565.8
Earnings after taxes from discontinued operations	—	25.1	74.9	100.0
Net income	187.7	211.6	641.9	665.8
Minority interests in earnings	0.2	0.2	0.5	0.5
Group earnings after taxes and minority interests	187.5	211.4	641.4	665.3
— thereof continued operations	187.5	186.3	566.5	565.3
— thereof discontinued operations	—	25.1	74.9	100.0
Earnings per share in € (undiluted & diluted)	0.98	1.10	3.35	3.47
— thereof continued operations	0.98	0.97	2.96	2.95
— thereof discontinued operations	—	0.13	0.39	0.52
Average number of shares in million	191.40	191.40	191.40	191.40

INCOME STATEMENT ^{1,2} (CONTINUED)

TAB: 2.1.1

	Q1/13	Q1/12	LTM ³ /13	12M/12
in € million				
Operating earnings (EBIT I) ⁴	277.9	247.7	834.3	804.1
Earnings before income taxes from continued operations, adjusted ⁵	260.7	232.6	753.3	725.2
Group earnings from continued operations, adjusted ⁵	190.2	168.3	560.0	538.1
Earnings per share from continued operations in €, adjusted ⁵	0.99	0.88	2.92	2.81
Group earnings after taxes, adjusted ^{5,6}	190.2	192.6	635.0	637.4
Earnings per share in €, adjusted ^{5,6}	0.99	1.01	3.31	3.33

¹ The income statement of Q1/12 was adjusted according to IFRS following the divestment of the nitrogen business. Detailed information on the discontinued operations can be found in the Notes on page 34.

² The figures of the previous year were adjusted due to the change of IAS 19. Further information can be found in the Notes on page 32.

³ LTM = last twelve months (Q2/12 + Q3/12 + Q4/12 + Q1/13).

⁴ Management of the K+S Group is handled, amongst others, on the basis of operating earnings (EBIT I). Reconciliation of EBIT II to operating earnings (EBIT I) is recorded in table 2.1.3.

⁵ The adjusted key figures only include the result from operating forecast hedges of the respective reporting period reported in EBIT I, which eliminates effects from changes in the market value of the hedges as well as effects from the exchange rate hedging of future capital expenditure in Canadian dollar (Legacy Project). Related effects on deferred and cash taxes are also eliminated; tax rate for Q1/13: 28.5% (Q1/12: 28.4%).

⁶ Earnings from continued and discontinued operations.

STATEMENT OF COMPREHENSIVE INCOME ¹

TAB: 2.1.2

	Q1/13	Q1/12	LTM ² /13	12M/12
in € million				
Net income	187.7	211.6	641.9	665.8
Financial assets available for sale	0.4	—	3.4	3.0
Difference resulting from foreign currency translation	59.7	(58.7)	89.6	(28.8)
Items that may be reclassified subsequently to profit or loss	60.1	(58.7)	93.0	(25.8)
Actuarial gains/losses	5.7	13.1	(39.7)	(32.3)
Items that will not be reclassified to profit or loss	5.7	13.1	(39.7)	(32.3)
Other earnings after taxes	65.8	(45.6)	53.3	(58.1)
Comprehensive income of the period	253.5	166.0	695.2	607.7
Minority interests in comprehensive income	0.2	0.2	0.5	0.5
Group comprehensive income after taxes and minority interests	253.3	165.8	694.7	607.2

OPERATING EARNINGS (EBIT I) ^{1,4}

TAB: 2.1.3

	Q1/13	Q1/12	LTM ² /13	12M/12
in € million				
Result after operating hedges (EBIT II) ³	274.1	272.9	843.3	842.1
Income (-)/expenses (+) from market value changes of operating forecast hedges still outstanding	2.7	(15.0)	8.2	(9.5)
Neutralising of market value changes of realised operating forecast hedges, recognised in earlier periods	1.8	(10.2)	(16.5)	(28.5)
Realised income (-)/expenses (+) of currency hedging for capital expenditure in Canada	(0.7)	—	(0.7)	—
Operating earnings (EBIT I) ³	277.9	247.7	834.3	804.1

¹ The figures of the previous year were adjusted due to the change of IAS 19. Further information can be found in the Notes on page 32.² LTM = last twelve months (Q2/12 + Q3/12 + Q4/12 + Q1/13).³ Management of the K+S Group is handled, amongst others, on the basis of operating earnings (EBIT I). Reconciliation of EBIT II to operating earnings (EBIT I) is recorded in table 2.1.3.⁴ Information on operating earnings refers to continued operations.CASH FLOW STATEMENT ^{1,2}

TAB: 2.2.1

	Q1/13	Q1/12	LTM ³ /13	12M/12
in € million				
Result after operating hedges (EBIT II)	274.1	272.9	843.3	842.1
Income (-)/expenses (+) from market value changes of operating forecast hedges still outstanding	2.7	(15.0)	8.2	(9.5)
Neutralisation of market value changes of realised operating forecast hedges, recognised in earlier periods	1.8	(10.2)	(16.5)	(28.5)
Realised income (-)/expenses (+) of currency hedging for capital expenditure in Canada	(0.7)	—	(0.7)	—
Operating earnings (EBIT I)	277.9	247.7	834.3	804.1
Depreciation (+)/write-ups (-) on intangible assets, property, plant and equipment and financial assets	58.4	55.4	232.0	229.0
Increase (+)/decrease (-) in non-current provisions (without interest rate effects)	9.0	5.0	7.4	3.4
Interests and dividends received and similar income	6.0	2.6	25.0	21.6
Gains (+)/losses (-) from the realisation of financial assets and liabilities	2.5	0.4	1.4	(0.7)
Interest paid (-)	(0.8)	(1.2)	(42.6)	(43.0)
Income taxes paid (-)	(72.7)	(43.3)	(231.5)	(202.1)
Other non-cash expenses (+)/income (-)	(3.3)	(2.1)	(0.5)	0.7
Gross cash flow from continued operations	277.0	264.5	825.5	813.0
Gross cash flow from discontinued operations	—	28.1	1.8	29.9
Gross cash flow	277.0	292.6	827.3	842.9
Gain (-)/loss (+) on the disposal of fixed assets and securities	(1.7)	1.2	(4.9)	(2.0)
Increase (-)/decrease (+) in inventories	153.3	13.1	97.4	(42.8)
Increase (-)/decrease (+) in receivables and other assets from operating activities	(76.0)	(126.7)	(36.0)	(86.7)
— of which premium volume for derivatives	5.4	9.1	22.1	25.8
Increase (+)/decrease (-) in liabilities from operating activities	(60.7)	(134.6)	(9.2)	(83.1)
— of which premium volume for derivatives	(2.6)	(5.0)	(11.4)	(13.8)
Increase (+)/decrease (-) in current provisions	27.9	39.2	(39.6)	(28.3)
Out-financing of plan assets	(5.8)	(3.7)	(45.5)	(43.4)
Cash flow from operating activities	314.0	81.1	789.5	556.6
— thereof continued operations	314.0	183.4	737.8	607.2
— thereof discontinued operations	—	(102.3)	51.7	(50.6)
Proceeds from disposals of fixed assets	3.2	2.5	22.0	21.3
Disbursements for intangible assets	(0.8)	(2.0)	(23.2)	(24.4)

CASH FLOW STATEMENT 1,2 (CONTINUED)

TAB: 2.2.1

	Q1/13	Q1/12	LTM ³ /13	12M/12
in € million				
Disbursements for property, plant and equipment	(110.0)	(50.9)	(458.1)	(399.0)
Disbursements for financial assets	—	—	(1.2)	(1.2)
Proceeds from the disposal of consolidated companies	—	—	75.0	75.0
Disbursements for the acquisition of consolidated companies	—	(4.2)	—	(4.2)
Proceeds from the disposal of securities and other financial investments	61.0	50.0	323.3	312.3
Disbursements for the purchase of securities and other financial investments	(132.6)	(109.0)	(894.4)	(870.8)
Cash flow for investing activities	(179.2)	(113.6)	(956.6)	(891.0)
– thereof continued operations	(179.2)	(113.4)	(1,032.4)	(966.6)
– thereof discontinued operations	—	(0.2)	75.8	75.6
Free cash flow	134.8	(32.5)	(167.1)	(334.4)
– thereof continued operations	134.8	70.0	(294.6)	(359.4)
– thereof discontinued operations	—	(102.5)	127.5	25.0
Dividends paid	—	—		
Disbursements for the acquisition of non-controlling interests	—	—		
Payments from other allocations to equity	—	—		
Purchase of own shares	—	—		
Sale of own shares	—	—		
Increase (+)/decrease (–) in liabilities from finance lease	(0.4)	(0.3)		
Taking out (+)/repayment of (–) loans	(0.2)	3.2		
Incoming payments (+)/repayments (–) from the issuing of bonds	—	—		
Cash flow from/for financing activities	(0.6)	2.9		
– thereof continued operations	(0.6)	2.9		
– thereof discontinued operations	—	—		
Change in cash and cash equivalents affecting cash flow	134.2	(29.6)		
– thereof continued operations	134.2	72.9		
– thereof discontinued operations	—	(102.5)		
Change in cash and cash equivalents resulting from exchange rates	4.4	(4.5)		
Change in cash and cash equivalents resulting from consolidation	0.7	—		
Change in cash and cash equivalents	139.3	(34.1)		

CASH FLOW STATEMENT 1,2 (CONTINUED)

TAB: 2.2.1

	Q1/13	Q1/12	LTM ³ /13	12M/12
in € million				
Net cash and cash equivalents as of 1 January	345.0	437.3		
Net cash and cash equivalents as of 31 March	484.3	403.2		
– thereof cash on hand and balances with banks	492.6	410.2		
– thereof cash invested with affiliated companies	0.4	0.1		
– thereof account overdrafts	(1.2)	—		
– thereof cash received from affiliated companies	(7.5)	(7.1)		

¹ The cash flow statement was adjusted according to IFRS following the divestment of the nitrogen business. Detailed information on the discontinued operations can be found in the Notes on page 34.

² The figures of the previous year were adjusted due to the change of IAS 19. Further information can be found in the Notes on page 32.

³ LTM = last twelve months (Q2/12 + Q3/12 + Q4/12 + Q1/13).

Explanations to the cash flow statement can be found on page 11.

BALANCE SHEET — ASSETS ¹

TAB: 2.3.1

	31.3.2013	31.3.2012 ²	31.12.2012 ²
in € million			
Intangible assets	1,019.3	989.2	1,000.8
– of which goodwill from acquisitions	658.4	635.0	642.3
Property, plant and equipment	2,611.2	2,194.1	2,527.4
Investment properties	7.7	7.7	7.6
Financial assets	15.3	16.1	15.9
Receivables and other assets	48.8	50.0	48.1
– of which derivative financial instruments	2.2	—	2.5
Securities and other financial investments	464.3	77.5	499.5
Deferred taxes	54.6	60.8	49.1
Reimbursement claims of income taxes	0.1	0.4	0.1
Non-current assets	4,221.3	3,395.8	4,148.5
Inventories	545.8	710.2	687.9
Accounts receivable – trade	837.3	1,027.1	770.3
Other receivables and assets	183.7	186.4	166.3
– of which derivative financial instruments	14.0	24.4	26.2
Reimbursement claims of income taxes	39.2	21.6	36.8
Securities and other financial investments	542.2	355.8	435.0
Cash on hand and balances with banks	492.6	410.2	351.8
Current assets	2,640.8	2,711.3	2,448.1
ASSETS	6,862.1	6,107.1	6,596.6

¹ Information refers to the continued operations of the K+S Group. Due to the divestment of the nitrogen business, these are in accordance with IFRS disclosed as “discontinued operations”. The balance sheet as of 31 March 2012 was not adjusted and also includes the discontinued operations of the nitrogen business.

² The figures of the previous year were adjusted due to the change of IAS 19. Further information can be found in the Notes on page 32.

BALANCE SHEET — EQUITY AND LIABILITIES ¹

TAB: 2.3.1

	31.3.2013	31.3.2012 ²	31.12.2012 ²
in € million			
Subscribed capital	191.4	191.4	191.4
Additional paid-in capital	647.2	648.1	647.2
Other reserves and accumulated profit	2,804.7	2,359.2	2,551.7
Minority interests	3.8	3.3	3.6
Equity	3,647.1	3,202.0	3,393.9
Bank loans and overdrafts	1,265.5	769.2	1,264.9
Other liabilities	19.5	17.6	17.8
– of which derivative financial instruments	—	2.2	—
Provisions for pensions and similar obligations	153.1	131.8	160.1
Provisions for mining obligations	716.3	585.8	706.6
Other provisions	137.0	145.6	131.2
Deferred taxes	279.6	318.7	274.7
Non-current debt	2,571.0	1,968.7	2,555.3
Bank loans and overdrafts	2.4	5.5	0.9
Accounts payable – trade	219.4	494.8	289.2
Other liabilities	98.8	79.5	70.6
– of which derivative financial instruments	11.0	7.6	4.3
Income tax liabilities	56.8	45.9	50.1
Provisions	266.6	310.7	236.6
Current debt	644.0	936.4	647.4
EQUITY AND LIABILITIES	6,862.1	6,107.1	6,596.6

STATEMENT OF CHANGES IN EQUITY^{1,2}

TAB: 2.4.1

	Subscribed capital	Additional paid-in capital	Accumulated profit/revenue reserves	Differences from foreign currency translation	Financial assets available for sale	Changes in equity without recognition in profit or loss regarding actuarial gains/losses	Total K+S AG shareholders' equity	Minority interests	Equity
in € million									
Balances as of 1 January 2013	191.4	647.2	2,461.1	172.3	2.9	(84.6)	3,390.3	3.6	3,393.9
Net income	—	—	187.5	—	—	—	187.5	0.2	187.7
Other comprehensive income (after taxes)	—	—	—	59.7	0.4	5.7	65.8	—	65.8
Comprehensive income of the period	—	—	187.5	59.7	0.4	5.7	253.3	0.2	253.5
Other changes in equity	—	—	(0.3)	—	—	—	(0.3)	—	(0.3)
Balances as of 31 March 2013	191.4	647.2	2,648.3	232.0	3.3	(78.9)	3,643.3	3.8	3,647.1
Balances as of 1 January 2012	191.4	648.1	2,044.4	201.1	—	(52.3)	3,032.7	3.1	3,035.8
Net income	—	—	211.4	—	—	—	211.4	0.2	211.6
Other comprehensive income (after taxes)	—	—	—	(58.7)	—	13.1	(45.6)	—	(45.6)
Comprehensive income of the period	—	—	211.4	(58.7)	—	13.1	165.8	0.2	166.0
Other changes in equity	—	—	0.2	—	—	—	0.2	—	0.2
Balances as of 31 March 2012	191.4	648.1	2,256.0	142.4	—	(39.2)	3,198.7	3.3	3,202.0

¹ Information refers to the continued operations of the K+S Group. Due to the divestment of the nitrogen business, these are in accordance with IFRS disclosed as "discontinued operations".

The balance sheet as of 31 March 2012 was not adjusted and also includes the discontinued operations of the nitrogen business.

² The figures of the previous year were adjusted due to the change of IAS 19. Further information can be found in the Notes on page 32.

2.5 NOTES

EXPLANATORY NOTES

The interim report of 31 March 2013 is prepared in accordance with the International Financial Reporting Standards (IFRS) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), insofar as those have been recognised by the European Union. The report is prepared as abridged financial statements with selected explanatory notes as stipulated by IAS 34. Apart from the exceptions described below, the accounting and valuation principles used for this interim report correspond to those used for the consolidated financial statements 2012.

IAS 19 "Employee Benefits", which was approved by the IASB in June 2011 and endorsed by the EU in June 2012, is to be applied for the first time to financial years beginning on or after 1 January 2013. The changes are to be implemented with retroactive effect to the beginning of the comparative period, i.e. as of 1 January 2012. This essentially means the following for K+S:

- + Abolition of the corridor method: As a result, actuarial gains and losses are to be recorded in other earnings (equity) and have a direct impact on the consolidated balance sheet. It is no longer necessary to amortise actuarial gains and losses with recognition in profit or loss when the corridor is exceeded. The income statement will thus in future remain free of effects from actuarial gains and losses. The abolition of the corridor method as of 1 January 2012 resulted in a decrease in equity of € 52.3 million, a reduction in other non-current assets and an increase in provisions for pensions and similar obligations by a total of € 70.0 million as well as an increase in deferred tax assets and a decrease of deferred tax liabilities by a total of € 17.7 million.
- + Computing planned interest on plan assets: This is no longer based on the anticipated yield but corresponds to the discount rate applied to determine the defined benefit obligation.
- + Revised definition of termination benefits: Under the revised definition, step-up contributions for partial retirement obligations are now treated as other non-current employee benefits which are to be accrued on a pro-rata basis over the period of vesting. After step-up contributions were recognised as liabilities in the full amount of their present value, a provision in the amount of € 4.7 million was reversed as of 1 January 2012 which will again be recognised in profit or loss in subsequent periods. Conversely, as of 1 January 2012, equity rose by € 3.5 million (after taxes).

Taking into account tax effects, the following changes occurred with respect to the reporting periods in question:

CHANGES IAS 19 – BALANCE SHEET

TAB: 2.5.1

	31.3.2012 (old)	31.3.2012 (change)	31.3.2012 (new)	31.12.2012 (old)	31.12.2012 (change)	31.12.2012 (new)
in € million						
Receivables and other assets	64.7	(14.7)	50.0	91.3	(43.2)	48.1
Deferred taxes	60.4	0.4	60.8	48.3	0.8	49.1
Non-current assets	3,410.1	(14.3)	3,395.8	4,190.9	(42.4)	4,148.5
Current assets	2,711.3	—	2,711.3	2,448.1	—	2,448.1
ASSETS	6,121.4	(14.3)	6,107.1	6,639.0	(42.4)	6,596.6
Equity	3,238.5	(36.5)	3,202.0	3,477.3	(83.4)	3,393.9
Provisions for pensions and similar obligations	94.3	37.5	131.8	88.8	71.3	160.1
Other provisions	149.2	(3.6)	145.6	131.5	(0.3)	131.2
Deferred taxes	330.4	(11.7)	318.7	304.7	(30.0)	274.7
Non-current debt	1,946.5	22.2	1,968.7	2,514.3	41.0	2,555.3
Current debt	936.4	—	936.4	647.4	—	647.4
EQUITY AND LIABILITIES	6,121.4	(14.3)	6,107.1	6,639.0	(42.4)	6,596.6

**CHANGES IAS 19 –
INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME**

TAB: 2.5.2

	Q1/12 (old)	Q1/12 (change)	Q1/12 (new)	2012 (old)	2012 (change)	2012 (new)
Other operating expenses	(33.3)	(1.1)	(34.4)	(147.7)	(4.4)	(152.1)
Result after operating hedges (EBIT II)	274.0	(1.1)	272.9	846.5	(4.4)	842.1
Interest income	3.5	—	3.5	21.2	(0.4)	20.8
Interest expenses	(20.4)	—	(20.4)	(106.7)	1.1	(105.6)
Earnings before income taxes	258.9	(1.1)	257.8	766.9	(3.7)	763.2
Taxes on income	(71.6)	0.3	(71.3)	(198.4)	1.0	(197.4)
Earnings after taxes from continued operations	187.3	(0.8)	186.5	568.5	(2.7)	565.8
Earnings after taxes from discontinued operations	25.1	—	25.1	99.6	0.4	100.0
Net income	212.4	(0.8)	211.6	668.1	(2.3)	665.8
Operating earnings (EBIT I)	248.8	(1.1)	247.7	808.5	(4.4)	804.1
Other earnings after taxes	(58.7)	13.1	(45.6)	(25.8)	(32.3)	(58.1)
Comprehensive income of the period	153.7	12.3	166.0	642.3	(34.6)	607.7

In the cash flow statement, the changes in the base value of EBIT II and EBIT I (Q1/2012: € (1.1) million; 2012: € (4.4) million) are neutralised by countervailing changes in the item “Increase/decrease in non-current provisions”. The other items of the cash flow statement remain unchanged.

As a result of the changes in IAS 19, undiluted and diluted earnings per share fell by € 0.01 for the first quarter of 2012 and by € 0.02 for 2012 as a whole.

If the old version of IAS 19 had continued to be applied in 2013, this would have resulted in the following changes for the first quarter of 2013:

- + Increase in the net income by € 0.6 million
- + Increase in other non-current assets and decrease in provisions for pensions and similar obligations by a total of € 107.1 million
- + Increase in cumulated other earnings by € 78.9 million
- + Decrease in deferred tax assets and increase in deferred tax liabilities by a total of € 27.6 million

In May 2011, IFRS 13 was approved by the IASB and endorsed by the EU in December 2012. IFRS 13 “Fair value measurement” is to be applied prospectively for the first time for financial years starting on or after 1 January 2013. The application of the standard will involve additional disclosure obligations of information on financial instruments during the course of the year which until now only had to be reported in the annual financial statements.

With the changes to IAS 1 “Presentation of Financial Statements”, a separation of the elements of other earnings in the statement of comprehensive income occurs. Items which may subsequently be reclassified in profit or loss, and items which will not be reclassified in profit or loss, must be recorded separately. The standard, which was approved by the IASB in June 2012, is to be applied for the first time for financial years beginning on or after 1 July 2012.

Foreign currency assets and liabilities are translated at the exchange rate prevailing on the balance sheet date. Income and expenses are translated applying the average exchange rates for the quarter.

CHANGES IN THE LEGAL GROUP AND ORGANISATIONAL STRUCTURE

In the first quarter, there were no changes in the composition and responsibilities of the Board of Executive Directors and the Supervisory Board as described in the Financial Report 2012.

At its meeting on 13 March 2013, the Supervisory Board of K+S AKTIENGESELLSCHAFT appointed Dr. Andreas Radmacher (47) a member of the Board of Executive Directors of the Company. With effect from 1 September 2013, Dr. Radmacher will take over responsibility for the potash and magnesium activities of the K+S GROUP, a responsibility hitherto held by Norbert Steiner, chairman of the Board of Executive Directors of K+S AKTIENGESELLSCHAFT,

on a transitional basis since October 2012. With a doctorate in mining engineering, he brings with him a high degree of strategic competence and extensive international experience in the energy sector. Since 2009, he has been chairman of the Board of Executive Directors of RWE TURKEY HOLDING A.S., Istanbul. Previously, he was a member of the Board of Executive Directors of RWE ENERGY AG, Dortmund, for six years.

AUDITOR'S REVIEW

The interim financial statements and the interim management report were not reviewed by the auditor (Section 37w, Para. 5, Sent. 1 of the German Securities Trading Act).

CHANGES IN THE SCOPE OF CONSOLIDATION

In the first quarter, the following material changes occurred in the scope of consolidation: UBT SEE- UND HAFEN-SPEDITION GMBH ROSTOCK was merged into K+S TRANSPORT GMBH as of 1 January 2013. In addition, SPL PÉRU S.A.C. was consolidated for the first time.

DISCONTINUED OPERATIONS

The strategy of the K+S GROUP provides for growth in the Potash and Magnesium Products and Salt business units in particular and for focussing management resources and financial means on this correspondingly.

Against this background, in the past year, K+S sold the business activities of K+S NITROGEN to EUROCHEM (detailed information can be found on page 168 of the K+S GROUP Financial Report 2012).

All previous year's figures for the income and expenses of K+S NITROGEN, classified as a discontinued operation, were reclassified and disclosed in a separate item "Earnings after taxes from a discontinued operation".

The previous year's cash flows from discontinued operations are shown separately in the cash flow statement in accordance with IFRS 5.

The composition of the earnings after taxes from discontinued operations is as presented in the following table:

DISCONTINUED OPERATIONS		TAB: 2.5.3
	Q1/13	Q1/12
in € million		
Revenues	—	361.1
Other income and expenses	—	(327.7)
EBIT II	—	33.4
Financial result	—	—
Earnings before taxes	—	33.4
Taxes on income	—	8.3
Earnings after income taxes for the period	—	25.1

ACQUISITION SMO

ESCO – EUROPEAN SALT COMPANY GMBH & CO. KG, a 100 % subsidiary of K+S AKTIENGESSELLSCHAFT, acquired through its subsidiary ESCO INTERNATIONAL GMBH 100 % of the voting rights in the Czech salt processing company, SOLNÉ MLÝNY, A.S. (SMO), as of 3 January 2012.

SMO is a major supplier of salt products in the Czech Republic and is also active in other neighbouring European markets. The purchase price is € 4.4 million.

Comprehensive information regarding the acquisition of SMO can be found in the Financial Report 2012 on page 173.

The fair values of assets acquired and liabilities assumed from SMO, recognised at the time of acquisition (3 January 2012), are presented in the following table:

FAIR VALUES AS OF THE DATE OF ACQUISITION SMO

TAB: 2.5.4

	Fair values as of the date of acquisition
in € million	
Non-current assets	6.1
Inventories	1.9
Other current assets and cash on hand and balances with banks	1.9
ASSETS	9.9
Non-current debt	0.8
Bank loans and overdrafts	1.2
Other current debt	1.2
EQUITY AND LIABILITIES	3.2
Net assets	6.7
Bargain purchase	2.3
Purchase price	4.4

From the comparison of the cost of the acquisition and the revalued proportional net assets results a bargain purchase of € 2.3 million, which was reversed through profit or loss as other operating income in 2012.

SEASONAL FACTORS

There are seasonal differences over the course of the year that affect the sales volumes of fertilizers and salt products. In the case of fertilizers, we generally attain 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 the respective wintry weather during the first and fourth quarters. In the aggregate, both these effects mean that revenues and particularly earnings are generally strongest during the first half of the year.

IMPORTANT KEY FIGURES (LTM¹)

TAB: 2.5.5

	LTM 2013 ¹	2012
in € million		
Revenues	4,135.0	3,935.3
EBITDA	1,066.5	1,033.3
EBIT I	834.3	804.1
Group earnings from continued operations, adjusted	560.0	538.1

¹ LTM = last twelve months (Q2/12 + Q3/12 + Q4/12 + Q1/13).

INFORMATION CONCERNING MATERIAL EVENTS SINCE THE END OF THE INTERIM REPORTING PERIOD

You will find such information in our Subsequent Events section on page 19.

FOREIGN CURRENCY HEDGING

Exchange rate fluctuations can lead to the value of the service performed not matching the value of the consideration, because income and expenditure arise at different times in different currencies (transaction risks). Exchange rate fluctuations, especially in relation to the US dollar, play a particular role for the Potash and Magnesium Products business unit, in relation to the levels of its proceeds and receivables. Furthermore, currency effects arise at subsidiaries whose functional currency is not the euro (translation risks): On the one hand, the earnings of these companies determined in a foreign currency are translated into euros at average rates and recognised in profit or loss, and on the other hand, their net assets are translated into euros at spot rates. This can result in currency-related fluctuations in the equity of the K+S GROUP. Translation effects from the conversion of US dollars mainly appear in the Salt business unit.

Within the framework of transaction hedging, options and futures are utilised to hedge the worst case, but at the same time the opportunity is created for part of the hedging transactions to participate in a more favourable exchange rate development. Translation risks are not hedged.

US DOLLAR FOREIGN CURRENCY HEDGING POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT							TAB: 2.5.6
	Q1/12	Q2/12	Q3/12	Q4/12	2012	Q1/13	2013e
USD/EUR exchange rate after premiums	1.34	1.31	1.30	1.35	1.32	1.31	1.29
Average USD/EUR spot rate	1.31	1.28	1.25	1.30	1.28	1.32	—

For the construction of the new potash plant in Canada (Legacy Project), during the primary investment phase, payments will be made in the Canadian dollar (CAD) and the US dollar (USD). The Canadian dollar investment is partly aided by a natural hedge arising from surpluses in the salt business in Canada. Futures or options should also be used to hedge the remaining CAD net position. The US dollar investments are included in the USD net position of the Potash and Magnesium Products business unit; during the investment phase, this leads to a reduction of the total US dollar volume requiring hedging. In the subsequent operating phase, the hedge volume will increase given the anticipated additional USD revenues.

OTHER OPERATING INCOME/EXPENSES

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

OTHER OPERATING INCOME/EXPENSES			TAB: 2.5.7
	Q1/13	Q1/12	
in € million			
Gains/losses on foreign exchange rates	1.3	(1.5)	
Change in provisions	1.8	1.7	
Other	(3.8)	(3.9)	
Other operating income/expenses	(0.7)	(3.7)	

FINANCIAL RESULT

The financial result includes the following significant items:

FINANCIAL RESULT			TAB: 2.5.8
	Q1/13	Q1/12	
in € million			
Interest income	5.9	3.5	
Interest expenses	(24.0)	(20.4)	
– of which interest expenses for pension provisions	(1.4)	(1.6)	
– of which interest expenses for provisions for mining obligations	(7.0)	(6.3)	
Interest income, net	(18.1)	(16.9)	
Income from the realisation of financial assets/liabilities	1.8	0.4	
Income from the valuation of financial assets/liabilities	(1.6)	1.4	
Other financial result	0.2	1.8	
Financial result	(17.9)	(15.1)	

DISCOUNT FACTORS FOR PROVISIONS

The actuarial measurement of pension provisions is performed by applying the projected unit credit method in accordance with IAS 19. The average weighted discount factor for pensions and similar obligations was the same as at 31 December 2012 and amounted to 3.8 % (31.3.2012: 4.8 %). The average weighted discount factor for mining obligations as of 31 March 2013 was the same as at 31 December 2012 and amounted to 4.3 % (31.3.2012: 4.7 %).

TAXES ON INCOME

The following key items are included in taxes on income:

TAXES ON INCOME			TAB: 2.5.9
	Q1/13	Q1/12	
in € million			
Corporate income tax	38.3	35.3	
Trade tax on income	31.7	28.1	
Foreign taxes on income	7.1	18.7	
Deferred taxes	(8.6)	(10.8)	
Taxes on income	68.5	71.3	

Non-cash deferred taxes result from tax loss carryforwards as well as other temporary tax-related measurement differences.

FINANCIAL INSTRUMENTS

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

CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS					TAB: 2.5.10
	Measurement category under IAS 39	31.3.2013		31.12.2012	
		Carrying amount	Fair value	Carrying amount	Fair value
in € million					
Investments in affiliated companies and equity interests	Available for sale	14.3	14.3	14.9	14.9
Loans	Loans and receivables	1.0	1.0	1.0	1.0
Financial assets		15.3	15.3	15.9	15.9
Accounts receivable – trade	Loans and receivables	837.3	837.3	770.3	770.3
Remaining receivables and non-derivative financial assets	Loans and receivables	116.6	116.6	102.0	102.0
Derivatives	Held for trade	16.2	16.2	28.7	28.7
Other assets	not IFRS 7	99.7	99.7	83.7	83.7
Other receivables and assets		232.5	232.5	214.4	214.4
Securities and other financial investments	Loans and receivables	797.5	797.9	715.1	716.2
Securities and other financial investments	Available for sale	209.0	209.0	219.4	219.4
Cash on hand and balances with banks	Loans and receivables	492.6	492.6	351.8	351.8
Financial liabilities	Financial liabilities at amortised cost	1,267.9	1,350.7	1,265.8	1,348.1
Accounts payable – trade	Financial liabilities at amortised cost	219.4	219.4	289.2	289.2
Other non-derivative financial liabilities	Financial liabilities at amortised cost	72.5	72.5	58.5	58.5
Derivatives	Held for trade	11.0	11.0	4.3	4.3
Liabilities from finance leases	IFRS 7	4.3	4.3	4.5	4.5
Other liabilities	not IFRS 7	30.5	30.5	21.1	21.1
Remaining and other liabilities		118.3	118.3	88.4	88.4

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

Level 1 financial instruments are calculated on the basis of prices quoted on active markets for identical assets and liabilities. In Level 2, financial instruments are calculated on the basis of input factors which are derivable from observable market data or on the basis of market prices for similar instruments. Level 3 financial instruments are calculated on the basis of input factors which are not derivable from observable market data. As of 31 March 2013, financial assets held for trading amounting to € 16.2 million and financial liabilities held for trading amounting to € 11.0 million are to be allocated to Level 2 of the fair value hierarchy. There are no financial instruments at Levels 1 and 3 of the fair value hierarchy.

MATERIAL CHANGES IN INDIVIDUAL BALANCE SHEET ITEMS

Compared with the 2012 consolidated financial statements, the balance sheet total as of 31 March 2013 increased by € 265.5 million. On the assets side, non-current assets increased by € 72.8 million and current assets by € 192.7 million.

The increase in non-current assets is mainly due to an increase in property, plant and equipment (€ 83.8 million). The changes in current assets are attributable to increases in trade receivables (€ 67.0 million), securities and other financial investments (€ 107.2 million) as well as cash on hand and balances with banks (€ 140.8 million). A reduction in inventories (€ 142.1 million) had an opposite effect.

On the liabilities side, equity rose by € 253.2 million. This is primarily due to the positive net income in the first quarter of 2013. Non-current debt increased by € 15.7 million – mainly as a result of changes in the area of provisions. Current debt fell by € 3.4 million. This was mainly due to a reduction in trade payables (€ 69.8 million), which could not be fully offset by increases in other liabilities (€ 28.2 million) and provisions (€ 30.0 million).

MATERIAL CHANGES IN EQUITY

Equity is influenced by transactions with and without recognition in profit or loss as well as through capital transactions with shareholders. Compared with the annual financial statements for 2012, accumulated profit and other reserves increased by € 253.0 million. The increase is mainly due to the positive net income for the period comprising the first three months of financial year 2013 (after taxes and minority interests). Furthermore, changes in equity without recognition in profit or loss resulting from the foreign currency translation of subsidiaries in functional currencies (primarily US dollar) had to be taken into account. Differences from foreign currency translation are recorded in a separate foreign currency translation reserve, which was increased by € 59.7 million as of 31 March 2013 due to exchange rate fluctuations.

NET INDEBTEDNESS

TAB: 2.5.11

	Q1/13	Q1/12
in € million		
Net indebtedness as of 1 January	(827.3)	(660.9)
Cash on hand and balances with banks as of 31 March	492.6	410.2
Non-current securities and other financial investments as of 31 March	464.3	77.5
Current securities and other financial investments as of 31 March	542.2	355.8
Bank loans and overdrafts	(1,267.9)	(774.7)
Net financial liabilities as of 31 March	231.2	68.8
Provisions for pensions and similar obligations	(153.1)	(131.8)
Provisions for mining obligations	(716.3)	(585.8)
Reimbursement claim bond Morton Salt	19.4	18.8
Net indebtedness as of 31 March	(618.8)	(630.0)

CONTINGENT LIABILITIES

There have been no significant changes in contingent liabilities in comparison with the annual financial statements 2012 and they can be classified as immaterial overall.

RELATED PARTIES

Within the K+S GROUP, deliveries are made and services rendered on customary market terms. Besides transactions between K+S GROUP companies, business relations are maintained with non-consolidated subsidiaries as well as companies over which the K+S GROUP can exercise a significant influence (associated companies). Such relationships do not have a material influence on the consolidated financial statements of the K+S GROUP. In the K+S GROUP, related persons are mainly the Board of Executive Directors and the Supervisory Board. The remuneration received by this group of persons is disclosed annually in the Remuneration Report. There were no other material transactions with related parties.

TOTAL REVENUES Q1¹

TAB: 2.5.12

	Third-party revenues	Intersegment revenues	Total revenues
in € million			
Potash and Magnesium Products business unit	625.5	19.6	645.1
Salt business unit	614.5	1.4	615.9
Complementary Activities	39.7	9.8	49.5
Reconciliation	0.6	(30.8)	(30.2)
K+S Group Q1/13	1,280.3	—	1,280.3
Potash and Magnesium Products business unit	581.9	15.9	597.8
Salt business unit	458.5	1.2	459.7
Complementary Activities	39.1	8.4	47.5
Reconciliation	1.1	(25.5)	(24.4)
K+S Group Q1/12	1,080.6	—	1,080.6

¹ Information refers to the continued operations of the K+S Group.

2.6 SUMMARY BY QUARTER ^{1,2}

REVENUES & OPERATING EARNINGS (IFRS)

TAB: 2.6.1

	Q1/12	Q2/12	Q3/12	Q4/12	2012	Q1/13	%
in € million							
Potash and Magnesium Products business unit	581.9	669.5	560.5	478.7	2,290.6	625.5	+ 7.5
Salt business unit	458.5	287.7	318.5	420.1	1,484.8	614.5	+ 34.0
Complementary Activities	39.1	38.1	36.4	40.1	153.7	39.7	+ 1.5
Reconciliation	1.1	1.2	1.2	2.7	6.2	0.6	(45.5)
K+S Group revenues	1,080.6	996.5	916.6	941.6	3,935.3	1,280.3	+18.5
Potash and Magnesium Products business unit	207.7	240.0	158.1	165.1	770.9	209.2	+ 0.7
Salt business unit	45.3	(11.6)	4.9	23.0	61.6	73.1	+ 61.4
Complementary Activities	6.9	6.6	6.0	1.5	21.0	6.8	(1.4)
Reconciliation	(12.2)	(16.3)	(13.3)	(7.6)	(49.4)	(11.2)	+ 8.2
K+S Group EBIT I	247.7	218.7	155.7	182.0	804.1	277.9	+12.2

INCOME STATEMENT (IFRS)

TAB: 2.6.2

	Q1/12	Q2/12	Q3/12	Q4/12	2012	Q1/13	%
in € million							
Revenues	1,080.6	996.5	916.6	941.6	3,935.3	1,280.3	+18.5
Cost of sales	575.8	537.6	521.0	524.3	2,158.7	715.4	+ 24.2
Gross profit	504.8	458.9	395.6	417.3	1,776.6	564.9	+11.9
Selling expenses	193.6	182.1	167.8	190.7	734.2	235.2	+ 21.5
General and administrative expenses	44.9	48.3	47.5	56.1	196.8	50.4	+ 12.2
Research and development costs	8.1	5.6	3.5	2.2	19.4	3.4	(58.0)
Other operating income/expenses	(3.7)	1.6	(12.3)	20.2	5.8	(0.7)	+ 81.1
Income from investments, net	—	3.4	0.7	1.1	5.2	2.4	—
Result from operating forecast hedges	18.4	(26.9)	11.9	1.5	4.9	(3.5)	—
Result after operating hedges (EBIT II)	272.9	201.0	177.1	191.1	842.1	274.1	+ 0.4
Financial result	(15.1)	(24.1)	(21.7)	(18.0)	(78.9)	(17.9)	(18.5)
Earnings before income taxes	257.8	176.9	155.4	173.1	763.2	256.2	(0.6)
Taxes on income	71.3	48.9	41.8	35.4	197.4	68.5	(3.9)
— of which deferred taxes	(10.8)	(12.5)	(7.7)	(2.6)	(33.6)	(8.6)	+ 20.4
Earnings after taxes from continued operations	186.5	128.0	113.6	137.7	565.8	187.7	+ 0.6
Earnings after taxes from discontinued operations	25.1	9.5	66.4	(1.0)	100.0	—	—
Net income	211.6	137.5	180.0	136.7	665.8	187.7	(11.3)

INCOME STATEMENT (IFRS) (CONTINUED)

TAB: 2.6.2

	Q1/12	Q2/12	Q3/12	Q4/12	2012	Q1/13	%
in € million							
Net income	211.6	137.5	180.0	136.7	665.8	187.7	(11.3)
Minority interests in earnings	0.2	0.1	0.2	—	0.5	0.2	—
Group earnings after taxes and minority interests	211.4	137.4	179.8	136.7	665.3	187.5	(11.3)
Operating earnings from continued operations (EBIT I)	247.7	218.7	155.7	182.0	804.1	277.9	+12.2
Earnings before income taxes from continued operations, adjusted³	232.6	194.6	134.0	164.0	725.2	260.7	+12.1
Group earnings from continued operations, adjusted³	168.3	140.5	98.1	131.2	538.1	190.2	+13.0
Group earnings after taxes, adjusted^{3,4}	192.6	150.1	164.5	130.2	637.4	190.2	(1.2)

OTHER KEY DATA (IFRS)

TAB: 2.6.3

		Q1/12	Q2/12	Q3/12	Q4/12	2012	Q1/13	%
Capital expenditure ⁵	€ million	41.2	77.7	102.5	244.1	465.5	110.8	+168.9
Depreciation and amortisation ⁵	€ million	55.4	56.0	57.1	60.7	229.2	58.4	+5.4
Gross cash flow	€ million	264.5	212.2	148.4	187.9	813.0	277.0	+4.7
Working capital	€ million	1,047.3	1,067.3	1,097.1	—	1,025.7	982.6	(6.2)
Net indebtedness	€ million	630.0	813.1	750.2	—	827.3	618.8	(1.8)
Earnings per share from continued operations, adjusted ³	€	0.88	0.73	0.52	0.68	2.81	0.99	+12.5
Earnings per share, adjusted ^{3,4}	€	1.01	0.78	0.86	0.68	3.33	0.99	(2.0)
Gross cash flow per share	€	1.38	1.11	0.78	1.13	4.40	1.45	+4.7
Book value per share	€	16.73	16.62	17.32	—	17.73	19.05	+13.9
Number of shares outstanding ⁶	million	191.40	191.40	191.40	191.40	191.40	191.40	—
Average number of shares ⁷	million	191.40	191.40	191.40	191.40	191.40	191.40	—
Closing price	XETRA, €	39.23	36.00	38.27	35.00	35.00	36.29	(7.5)
Employees as of the reporting date	number	14,323	14,325	14,352	—	14,362	14,300	(0.2)

¹ Unless stated otherwise, information refers to the continued operations of the K+S Group. The income statement and the cash flow statement were adjusted according to IFRS following the divestment of the nitrogen business. The balance sheet and therefore the key figures of working capital, net indebtedness and the book value per share as of 31 March 2012 were not adjusted and also include the discontinued operations of the nitrogen business.

² The figures of the previous year were adjusted due to the change of IAS 19. Further information can be found in the Notes on page 32.

³ The adjusted key figures only include the result from operating forecast hedges of the respective reporting period reported in EBIT I, which eliminates effects from changes in the market value of the hedges as well as effects from the exchange rate hedging of future capital expenditure in Canadian dollar (Legacy Project). Related effects on deferred and cash taxes are also eliminated; tax rate for Q1/13: 28.5 % (Q1/12: 28.4 %).

⁴ Earnings from continued and discontinued operations.

⁵ Capital expenditure in or depreciation on property, plant and equipment, intangible assets and investment properties as well as depreciation on financial assets.

⁶ Total number of shares less the number of own shares held by K+S as of the balance sheet date.

⁷ Total number of shares less the average number of own shares held by K+S.



PROVIDING SOLUTIONS:

An explanation of the title can be found in the cover of the Financial Report 2012.

10:00 PM / Q3 2013

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7:00 AM / Q1 2013

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