



**DEEP-ROOTED**  
STRENGTH

**1st Quarter 2009 Results  
CONFERENCE CALL**

14 May 2009, 3:00 p.m. CEST



**Experience growth.**



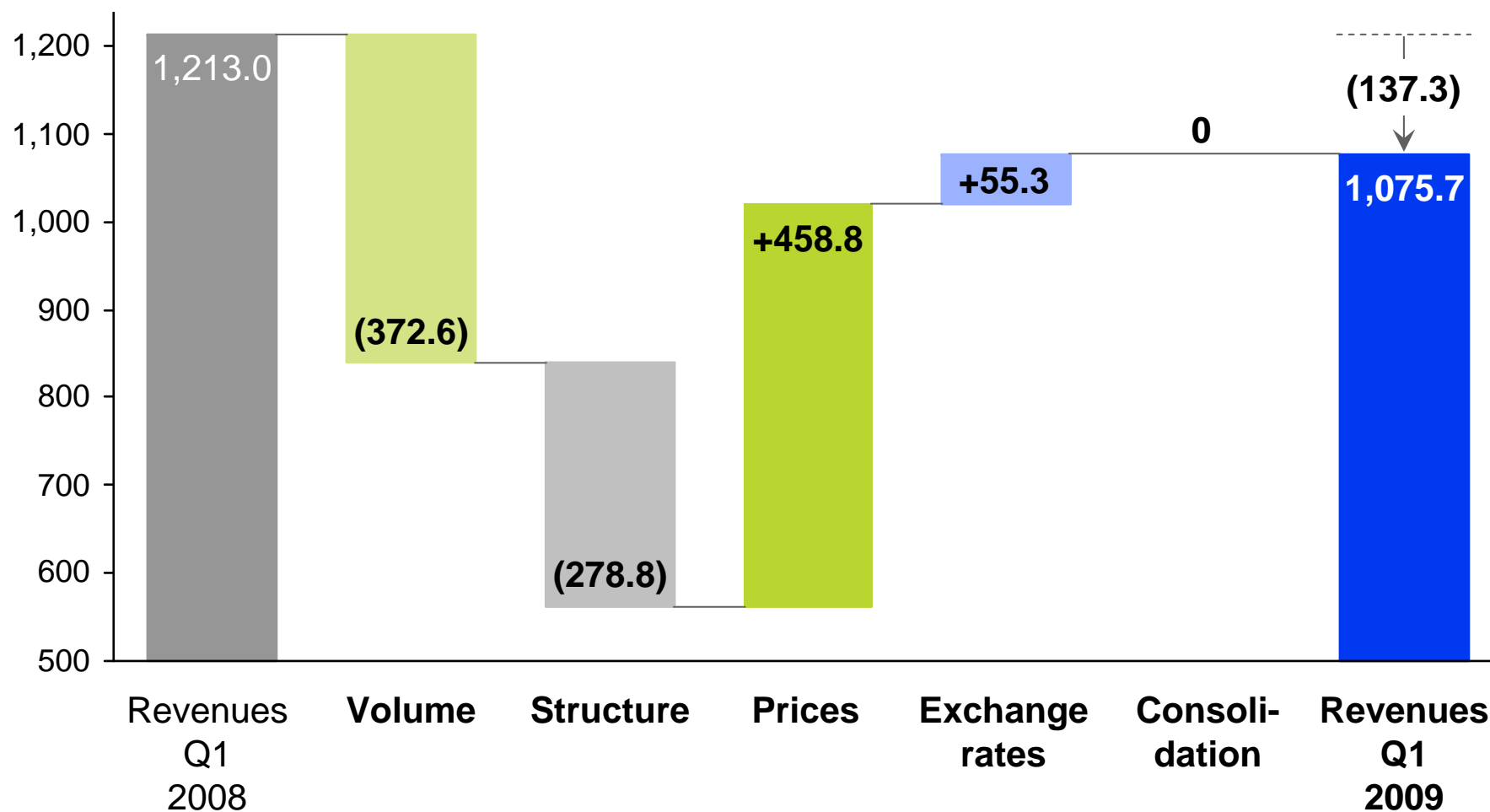
- As expected, the first quarter was characterised by very low demand for potash and nitrogen fertilizers on almost all markets: Although prices of agricultural products stabilised, there was continued reluctance on the part of agriculture. Furthermore, a prolonged period of cold weather in the northern hemisphere dampened fertilizer demand too. In addition, there were sufficient stocks at the trade sector level and the financial crisis restricted scope for financing for the entire distribution chain.
- Both the Western European and North American de-icing salt markets were characterised by continued winter weather that was above average in terms of its severity and duration in the first quarter. In some countries, this even resulted in supply bottlenecks and lent support to the price level. Whereas sales of salt for chemical use were affected by the financial crisis, demand from the food grade salt and industrial salt segments was resilient.
- In the first quarter of 2009, we participated in a stronger US dollar (Q1/09 vs. Q1/08: +4,96%).
- Due to the energy supply clauses agreed upon with our suppliers, the clear fall in energy prices did not yet exert an impact on the K+S Group's energy costs.

# K+S Group

## Changes in Revenues in Q1/2009



€ million



# Potash and Magnesium Products Business Segment

## Volumes and Average Prices in Q1/09



	Year on Year			Quarter on Quarter		
	Q1/09	Q1/08	%	Q1/09	Q4/08	%
Volume (million tonnes)	0.90	2.11	(57.3)	0.90	1.16	(22.4)
- Europe	0.45	1.43	(68.5)	0.45	0.64	(29.7)
- Overseas	0.45	0.68	(33.8)	0.45	0.53	(15.1)
Average price (€ per tonne)	409.2	247.2	+ 65.5	409.2	428.5	(4.5)
- Europe (€ per tonne)	425.0	244.4	+ 73.9	425.0	450.9	(5.7)
- Overseas (US\$ per tonne)	511.6	379.6	+ 34.8	511.6	560.0	(8.6)

- Y-o-Y: 74% European and 35% overseas price increases are attributable to higher prices in all sub-segments in 2008; the price increase in Europe was considerably higher as 2008 European prices were fixed in half year contracts and had to catch up with the higher overseas market level. High stock levels and the prolonged period of cold weather caused European volumes to decline more than overseas
- Q-o-Q: Slight price decreases (6% in Europe; 9% in overseas) are attributable to changes in the product mix. High stock levels and the prolonged period of cold weather caused European volumes to decline more than overseas

# K+S Group

## Key Figures in Q1/09



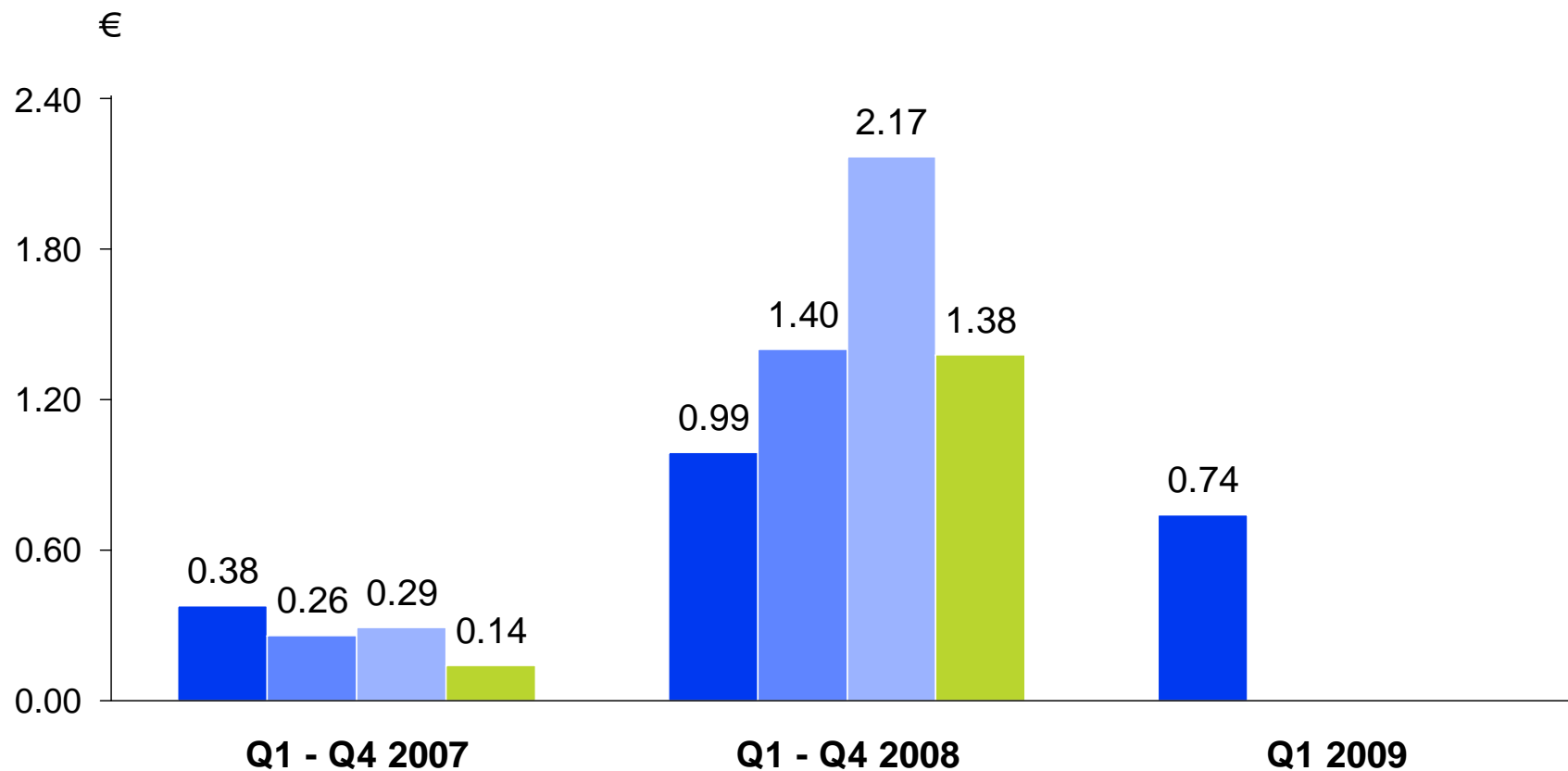
€ million	Q1/09	Q1/08	%
Revenues	1,075.7	1,213.0	(11.3)
Operating earnings (EBIT I)	174.0	226.3	(23.1)
Earnings before income taxes (EBT), adjusted <sup>1)</sup>	165.6	224.0	(26.1)
Group earnings after taxes, adjusted <sup>1)</sup>	122.5	162.6	(24.7)
Effective tax rate (%)	26.0	27.4	
Capital expenditure	29.1	24.2	+ 20.2
Free cash flow before acquisitions/divestments <sup>2)</sup>	34.7	61.3	(43.4)
Net indebtedness <sup>3)</sup>	535.6	997.6	(46.3)
Earnings per share, adjusted (€) <sup>1), 4)</sup>	0.74	0.99	(25.3)
Average number of shares (million) <sup>4)</sup>	164.84	164.84	-

1) Adjusted for the effect of market value changes for exchange rate hedging transactions;  
in the case of adjusted Group earnings, the resulting tax effects were also eliminated

2) Adjusted for the change in the tie-up of funds for hedging transactions

3) Including pension provisions and provisions for mining obligations

4) Adjusted for the share split in the ratio 1:4. (entry in commercial register: 24 June 2008; technical execution: 21 July 2008)

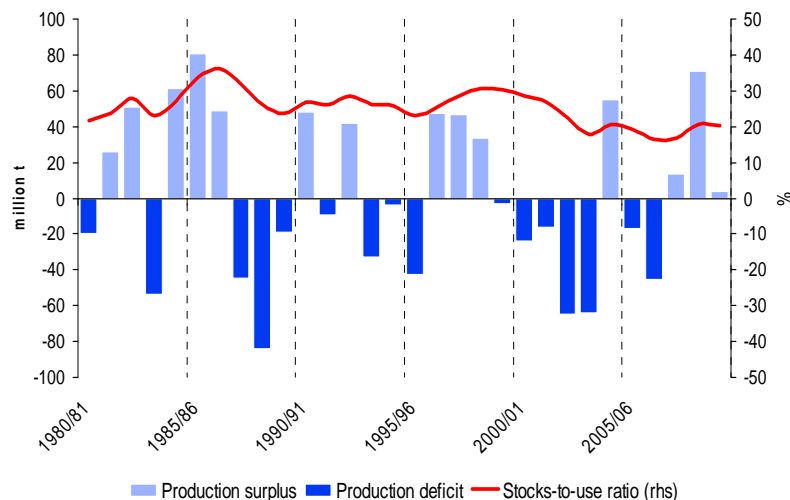


EPS FY	€ 1.06	€ 5.94	-
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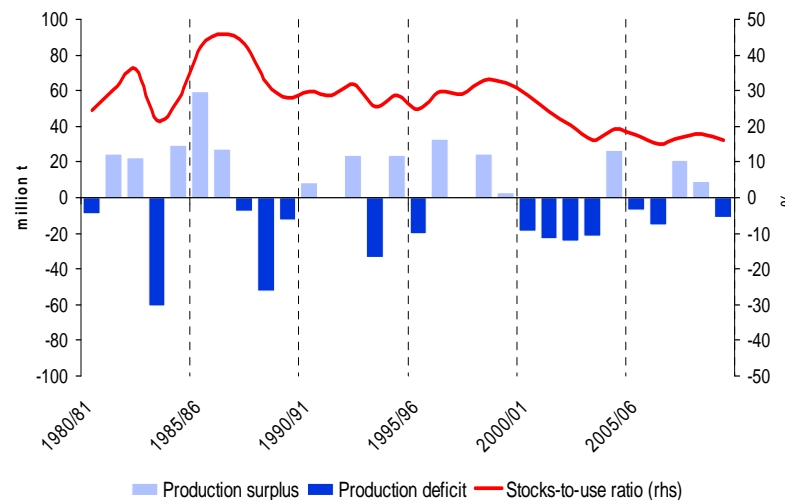
- 1) Adjusted for the effects of market value changes from hedging transaction as well as derivatives that are no longer in operation;; in the case of adjusted Group earnings and adjusted earnings per share, the resulting tax effects were also eliminated;
- 2) Adjusted for the share split in the ratio 1:4. (entry in commercial register: 24 June 2008; technical execution: 21 July 2008)



**Production, consumption, stocks of cereals**



**Production, consumption, stocks of corn**



Source: USDA; as of 12 May 2009

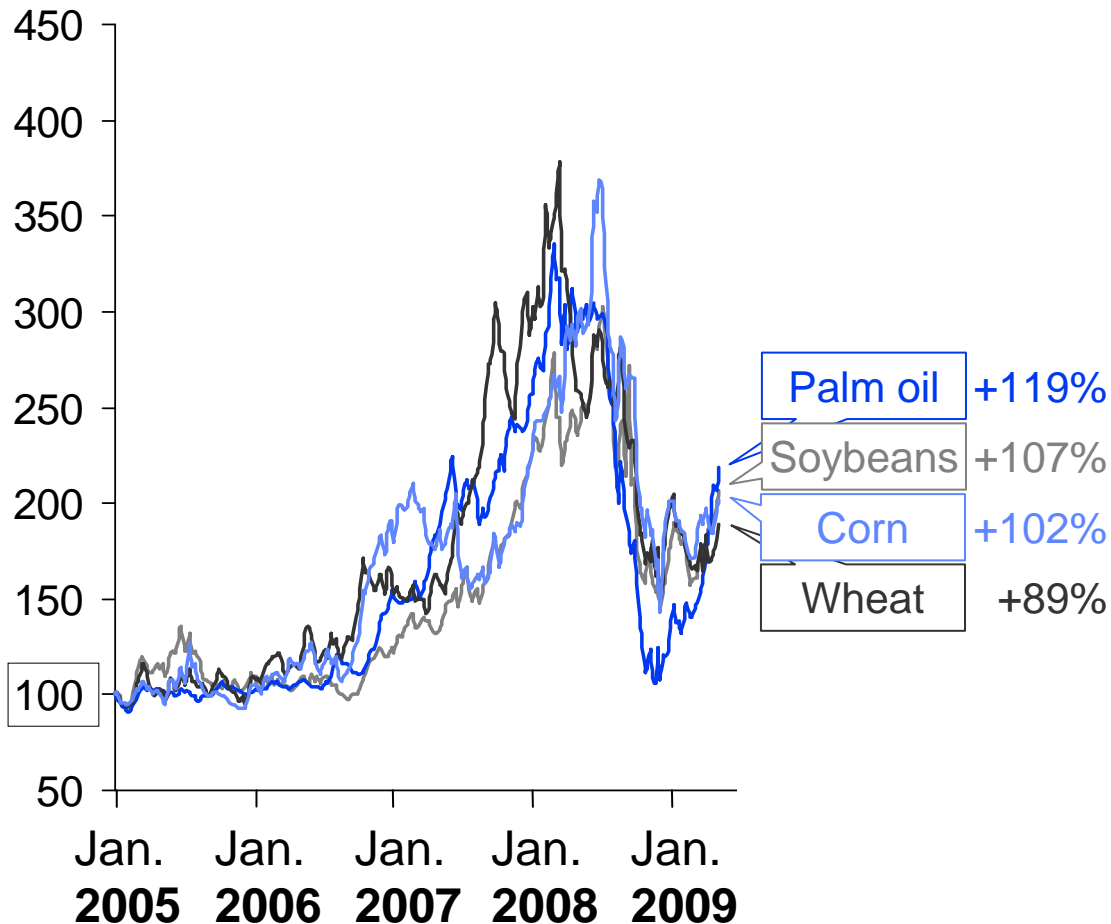
- Over the past thirty years, annual global production of cereals and corn has often fallen short of demand
- Despite reasonable harvest levels during the last ten years, these structural supply and demand gaps have resulted in very low stocks-to-use ratios on a historical basis
- Although ideal weather in 2008 resulted in near-record harvests stocks-to-use ratios remained on a low level and, according to the latest USDA projections for the year 2009/10 are expected to decrease again

# K+S Group

## Prices of Agricultural Products



Index: 31 December 2004 = 100



- Low worldwide inventories of agricultural products and an increasing demand of renewable raw materials led to remarkably higher prices for agricultural products from 2006 onwards
  - The bumper crop of 2008 and distortions in financial and commodity markets have caused a substantial price correction
- ➔ **But as the fundamental supply situation for agricultural products is still strained, prices have already shown first signs of recovery**

Source: Futures on CBOT und Malaysian Palm Oil Board; as of 08 May 2009

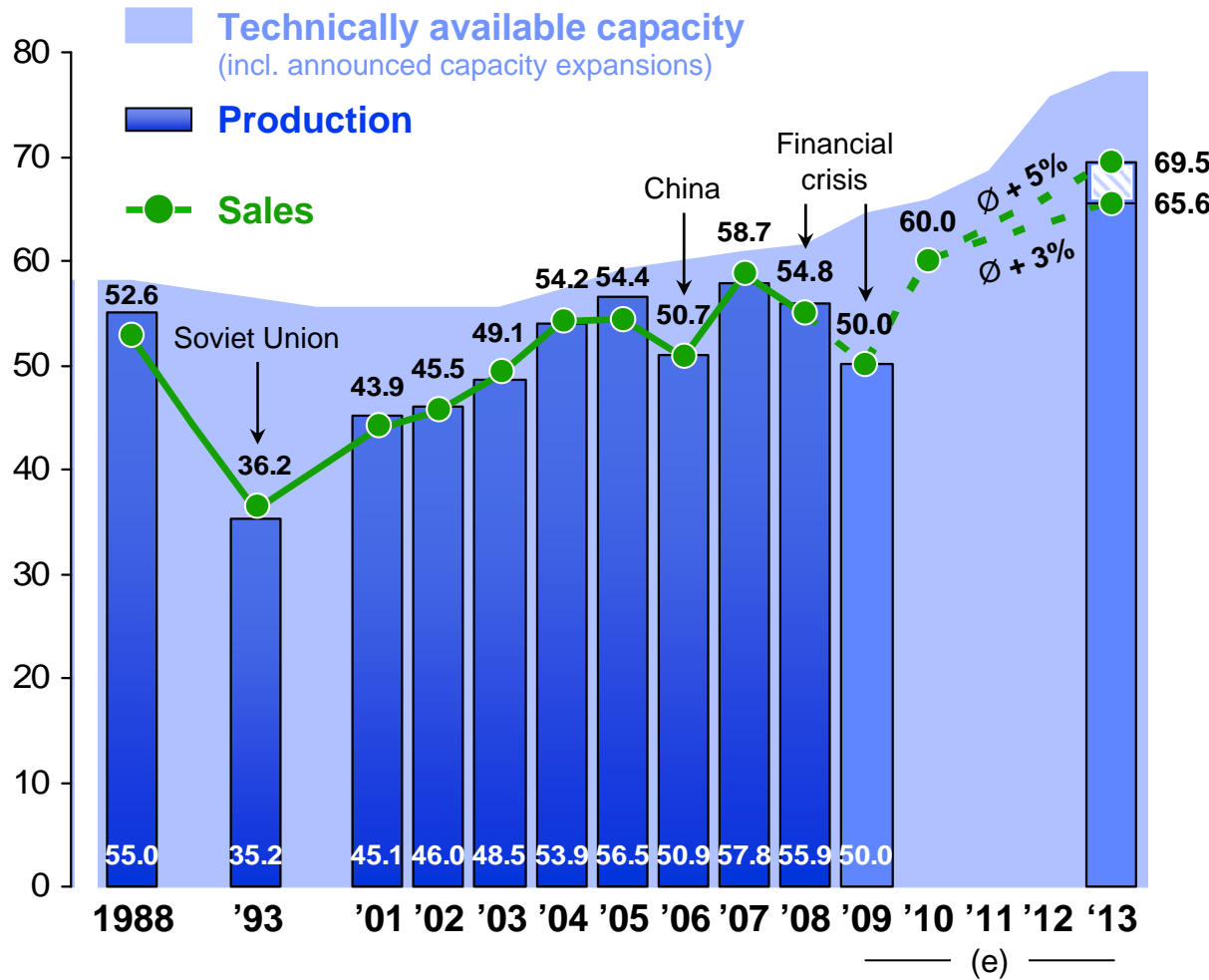


# Potash and Magnesium Products

## World Potash Capacity, Production and Sales



Million tonnes



- Growing world population, increasing demand for higher-quality food especially in emerging markets and increasing use of bio energy
  - All announced capacity expansions and reductions considered until 2013
  - In Q2/2009 the stocks of potash fertilizers still available in the market should be reduced to such an extent that potash demand should normalize
- **The anticipated normalisation of potash demand in 2010 will be the basis for a continued long-term growth rate of 3-5% per annum**

Incl. sulphate of potash and low grade potash

Sources: IFA, K+S

As of 6 May 2009 (before the acquisition of Morton Salt)

- **Revenues should decline markedly in 2009**
  - Following the estimates contained in the Forecast Report of the Financial Report 2008 and against the background of the price level for potash and magnesium products evident in the first quarter, we expect a tangibly higher average price level for 2009 as a whole compared with the previous year. However, we expect significantly lower sales volumes, which will approximately offset the aforementioned price effect. While the revenues of the Nitrogen Fertilizers business segment should be down significantly, mainly in view of substantial price decreases, we expect significantly higher revenues for the Salt business sector because of the good start for the de-icing salt business.
  - The revenue forecast assumes an average US dollar exchange rate for 2009 of about 1.30 USD/EUR (2008: 1.47 USD/EUR).
- **Significantly lower operating earnings expected in 2009**
  - The decreasing sales volumes in the Potash and Magnesium Products business segment and the much lower expected earnings in nitrogen fertilizers should cause operating earnings of K+S group to fall significantly. A stronger US dollar exchange rate and higher earnings from Salt are not inclining us to change this forecast.

# K+S Group

## Forward-Looking Statements

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This presentation contains facts and forecasts that relate to the future development of the K+S Group and its companies. The forecasts are estimates that we have made on the basis of all information available to us at this moment in time. Should the assumptions underlying these forecasts prove not to be correct, actual events may deviate from expectations as set forth at the present time.



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