



genuine
SUBSTANCE

**Capital Markets Day
K+S Group Perspectives**

**Norbert Steiner, CEO
Berlin, 8 December 2010**

1:1
SCALE



Experience growth.

A. Our Way through the Crisis

B. Vision and Strategy

C. Consistent Implementation of our Strategy

D. Outlook



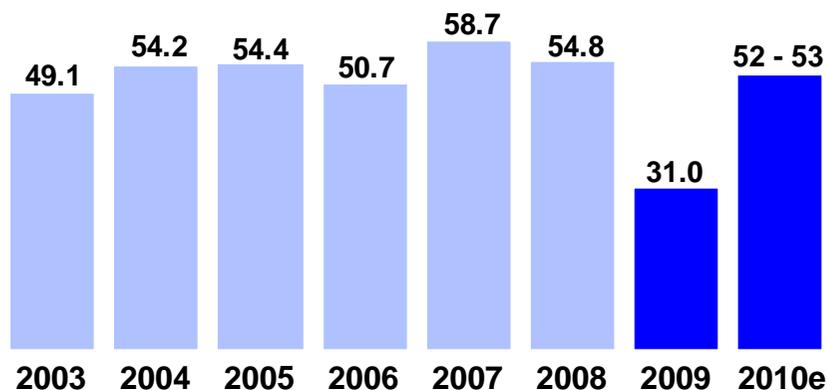
Retrospective Glance at the Crisis Year 2009

Difficult Conditions on Agricultural Markets



Million tonnes

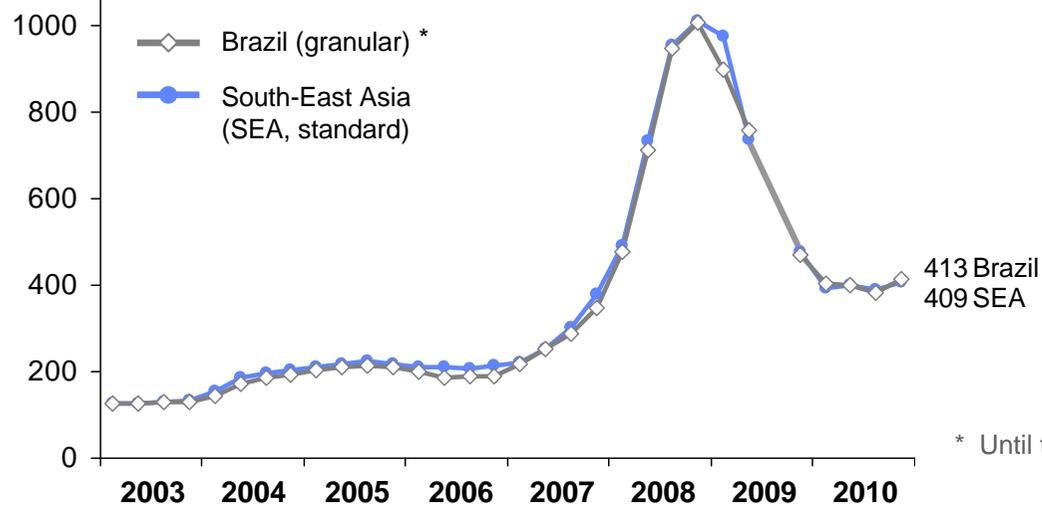
World Potash Sales



- The sudden burst of the speculative bubble that had formed on the commodity futures exchanges during 2008 triggered a strong purchasing restraint by farmers
- Slump of fertilizer demand in 2009
 - Steepest annual decrease in global potash sales volumes by more than 40%
 - Demand for complex fertilizers weak all year

US\$/t

MOP Price Development (cfr)



- Sharp potash price reductions following the same development seen in Nitrogen and Phosphate prices a few months earlier
- Significant production cutbacks necessary at all fertilizer producers

* Until the end of September 2010 MOP standard, Sources: IFA,FMB, K+S

Impact of Crisis

Active Countermeasures in 2009



Capacity utilisation

→ Output cutbacks in fertilizers and use of short-time working

Costs

→ Reduction in planned maintenance measures

Capital expenditure

→ Postponement of capital expenditure projects

Finances

→ Strengthening of the financial structure through corporate bond issue and capital increase

Honest communication

→ Rapid, pristine and clear information on the impact of the crisis on K+S business

Back on Track

Way out of Crisis in 2010



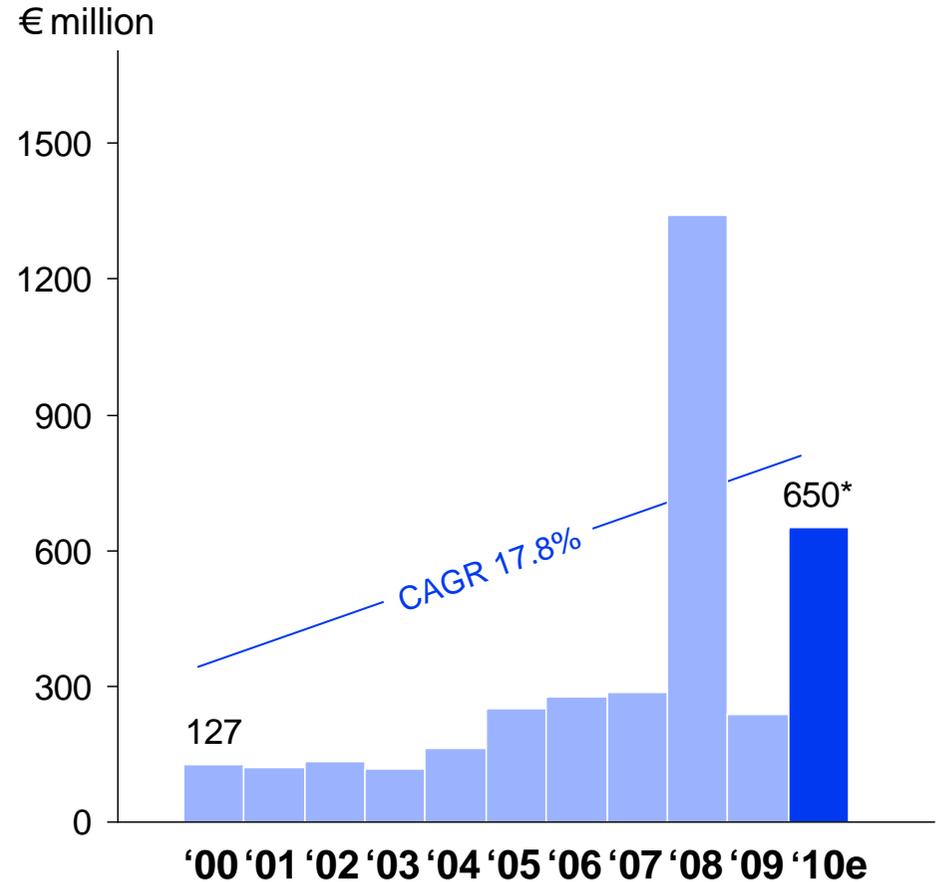
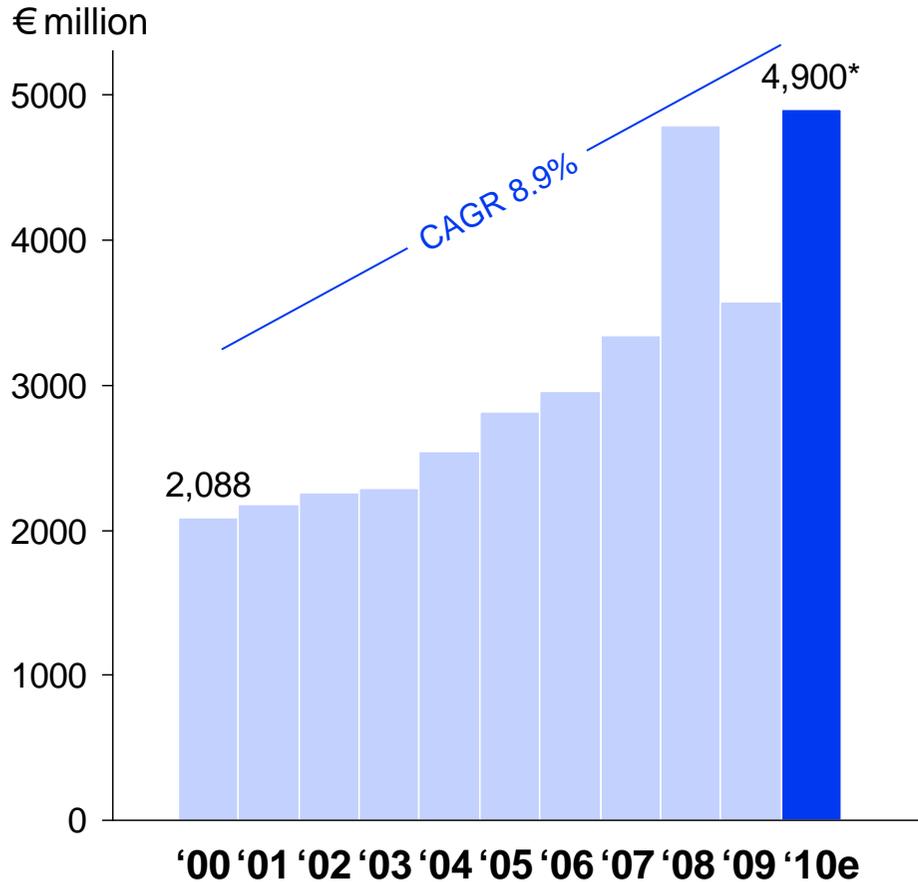
- Strengthened by the active countermeasures in 2009, we had a very successful start into the financial year 2010:
 - a good de-icing salt business in the first quarter
 - positive consolidation effects on revenues and earnings from the first-time inclusion of Morton Salt
 - strong restocking of wholesalers' inventories after our careful pricing policy in Europe led to regained confidence in the stability of prices going forward
- The tangible improvement continued during the course of the year helped by
 - higher prices for agricultural commodities significantly supporting farmers' income
 - a gradual decline of potash producers' inventories despite normalizing production volumes
 - fertilizer prices stabilizing during the first half of the year before an increasing tightness led to higher fertilizer prices
 - strong pre-purchasing of de-icing salt in Europe

Development of Revenues and Earnings



Revenues

Operating Earnings



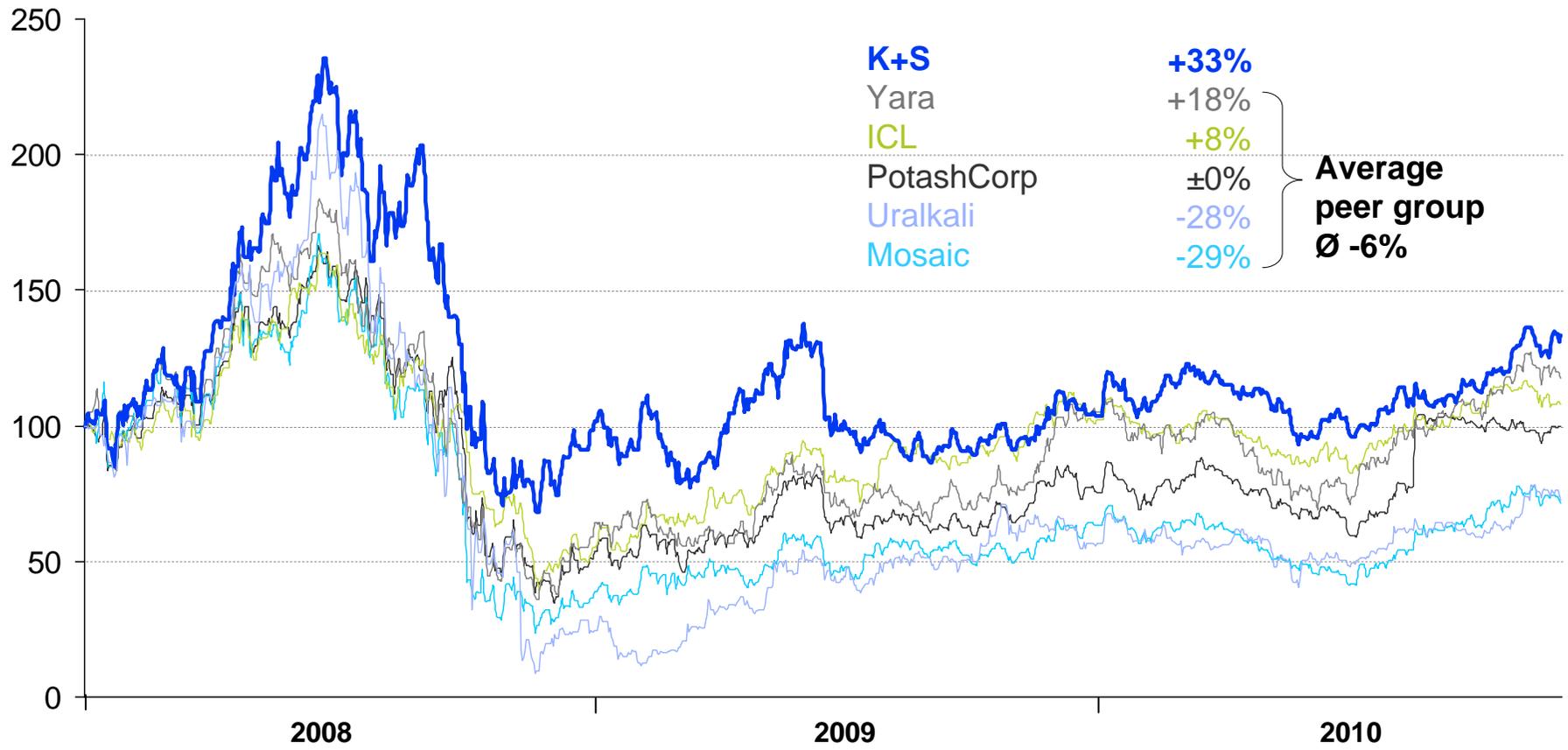
* Middle of the expected corridor published in the Forecast Report as of 4 November 2010
December 2010

K+S share performance

Investing in K+S has Paid Off – In Absolute and Relative Terms!



Boom & bust perspective (31.12.2007 – 30.11.2010)



Index: 31 December 2007 = 100; Source: Bloomberg; Prices in local currency

A. Our Way through the Crisis

B. Vision and Strategy

C. Consistent Implementation of our Strategy

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K+S Group

Our Vision: Source of Growth and Life Through Nutrients and Minerals



- For more than 100 years, we have been mining, processing and selling raw materials
 - To feed the world's population, we offer all nutrients in a specialised fertilizer assortment that meets people's needs
 - Our salt products are fundamental raw materials without which life and prosperity would not be possible
- Our minerals and the products made from them are pure nature!
- K+S is the only commodities stock on the German DAX index
- Our strength lies in the depth of our value chain and our worldwide presence in the fertilizer and salt sectors

K+S Group



- **The basis for securing our future is our two-pillar strategy: Strengthening our Potash and Magnesium Products and Salt Business Segments**
 - Our global presence in these two business sectors makes us more robust in the face of economic fluctuations
 - Our strategy of controlled and sustainable growth in *both* business sectors secures our future in the long term
- **Our strategy is geared towards sustainable economic activity and the creation of values**

A. Our Way through the Crisis

B. Vision and Strategy

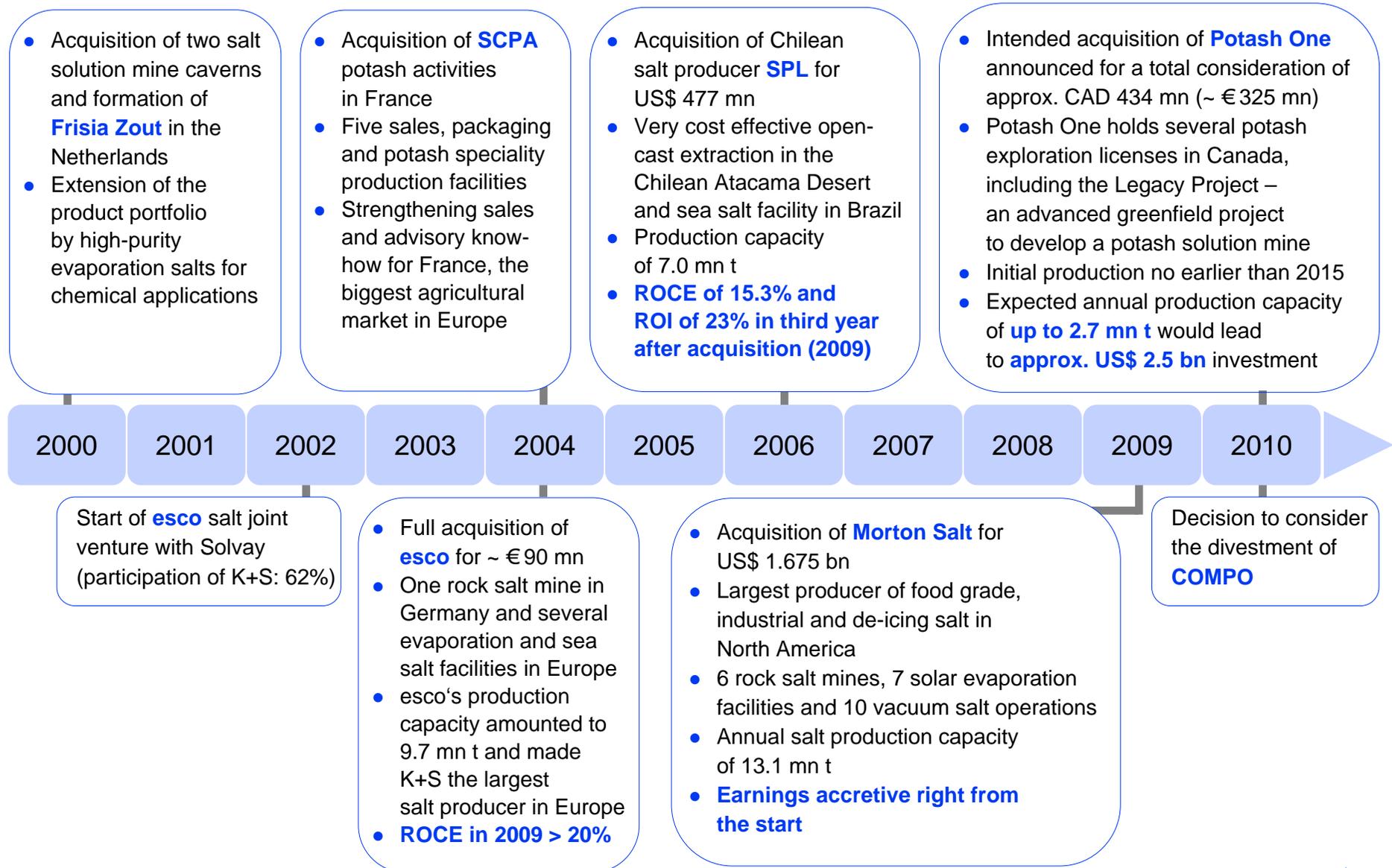
C. Consistent Implementation of our Strategy

D. Outlook



Experience growth.

Consistent Implementation of our Strategy





- COMPO is a leading provider in a market that requires consolidation
 - In compliance with our growth strategy, we will focus our financial and management resources in particular on the Potash and Magnesium Products and Salt business segments
 - On the other hand, appropriate capacity to act is important for COMPO, especially at present
- ➔ Therefore, we announced in June 2010 that we are considering the sale of COMPO. A result of the process is expected within one year



- Expansion of potash capacities and average mine life
- Average production costs of K+S' Potash and Magnesium Products business segment will successively and tangibly improve with the inclusion of the Legacy project
- Production on two continents would lead to advantages in marketing and shipping of potash products
- Solution mining with higher energy consumption but lower setup costs and flexible, long-term investment schedule according to market conditions
- K+S with solution mining experience in the Salt business segment in Europe and North America
 - ➔ Clear synergies within K+S Group in the exchange of technical and geological know-how between the salt and potash divisions

- A. Our Way through the Crisis
- B. Vision and Strategy
- C. Consistent Implementation of our Strategy
- D. Outlook**





Outlook for the entire year of K+S Group:

- Revenues:	€ 4.8 - 5.0 billion	(2009: € 3.6 bn)
- EBITDA:	€ 880 - 920 million	(2009: € 411.8 m)
- Operating earnings (EBIT I):	€ 630 - 670 million	(2009: € 238.0 m)
- Group earnings, adjusted:	€ 375 - 405 million	(2009: € 93.6 m)
- Earnings per share, adjusted:	€ 1.95 - 2.10	(2009: € 0.56)

Underlying assumptions

Fertilizer Business Sector

Potash and Magnesium Products

- Sales volume of 6.7 to 6.9 million tonnes of product (previously: 6.5 to 7.0 million tonnes; 2009: 4.3 million tonnes)
- Stable average prices in the fourth quarter

Nitrogen Fertilizers

- Significantly rising revenues due to significantly increasing sales volumes
- After the large losses of the previous year, an operating trading margin of 3% to 4% for this year

Salt Business Sector

- Consolidation effect of a good € 600 million of revenues due to the first-time inclusion of Morton Salt for a whole year
- Total sales volumes of 22 million tonnes (previously: 21 to 22 million tonnes), of which de-icing salt: 13 million tonnes (previously: 12 to 13 million tonnes)
- Assumption: Average de-icing salt business in Q4/10

Effects / Assumptions on Group level

- An average USD exchange rate of 1.33 USD/EUR for 2010 as a whole (2009: 1.39 USD/EUR) and 1.37 USD/EUR for the fourth quarter and as of the reporting date 31 December 2010
- A weaker financial result in comparison to the previous year due to non-recurrent effects and higher interest expenses
- An overall adjusted Group tax rate of 26% to 27% (2009: 23.7%)

*Outlook statement as of 4 November 2010



- K+S Group:**
- Moderate increase in revenues
 - Significantly higher operating earnings (EBIT I) and adjusted Group earnings after taxes
 - Assumption: Continued attractive agricultural prices

Underlying assumptions

Fertilizer Business Sector

Potash and Magnesium Products

Tangible rise in revenues and significant growth in operating earnings

- Moderate increase in sales volume to just over 7.0 million tonnes of product
- Moderate rise in average prices
- Moderate rise in costs

Nitrogen Fertilizers

Slight increase in revenues and tangible rise in operating earnings

- Revenue increase due to price factors
- Operating earnings increase due to a moderate relief on the cost side

Salt Business Sector

Moderate decline in revenues and tangible decline in operating earnings

- Somewhat lower average sales volume of crystallised salt of about 21 million tonnes, of which de-icing salt: 12 million tonnes
- Operating earnings decrease on the basis of higher freight costs and rising personnel expenses under collective bargaining agreements
- Assumption: Average de-icing salt business

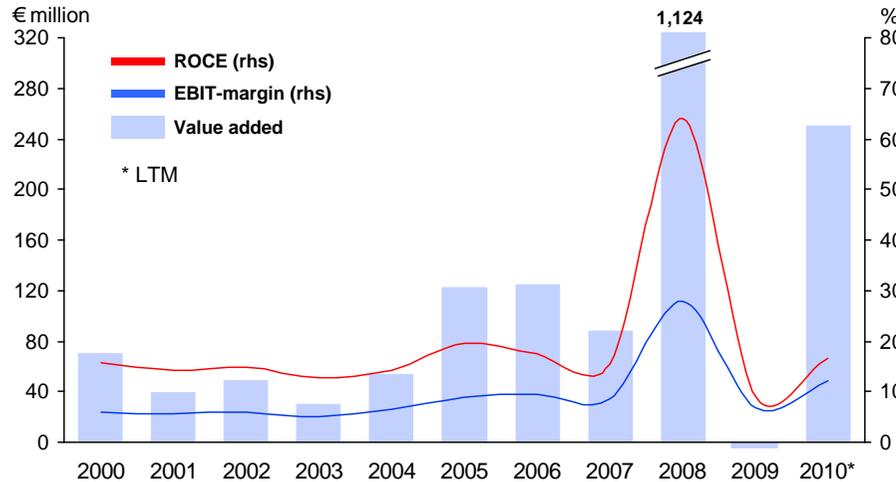
Effects/Assumptions on Group level

- A USD exchange rate of 1.40 USD/EUR
- Improved financial result in comparison to the previous year
- A stable adjusted Group tax rate of 26% to 27%

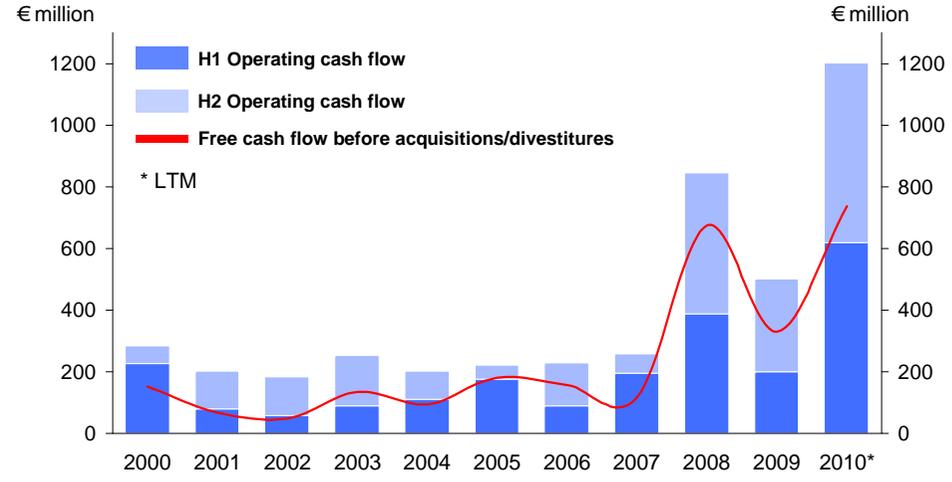
*Outlook statement as of 4 November 2010



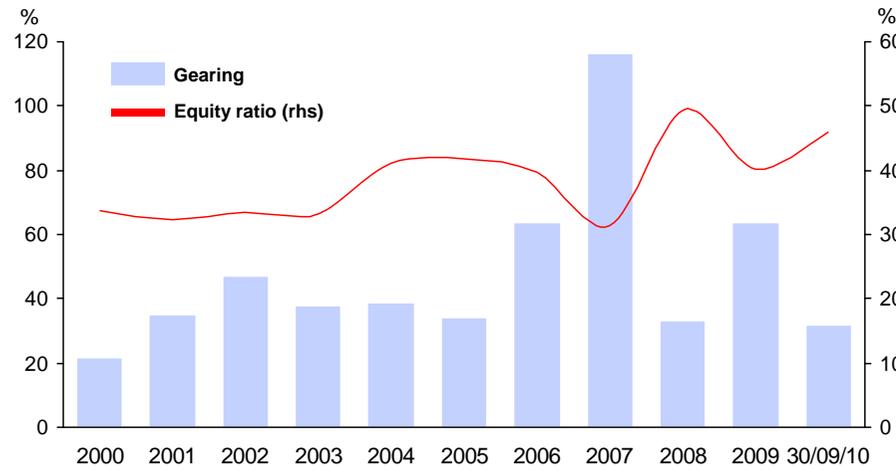
ROCE, EBIT-Margin and Value Added



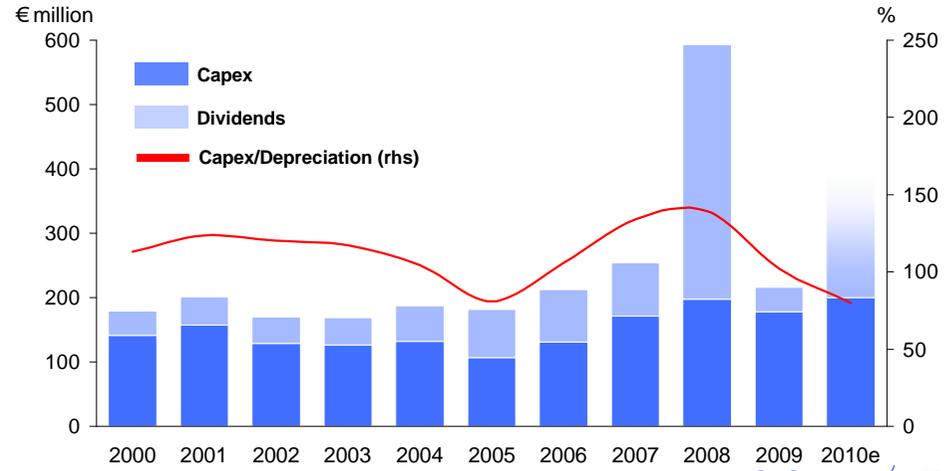
Operating and Free Cash Flow



Gearing and Equity Ratio



Capex and Dividends



K+S Group

Attractive Dividend Policy



	2005	2006	2007	2008	2009	Dividend Policy
K+S (EUR)	0.45 (47%)	0.50 (47%)	0.50 (47%)	2.40 (40%)	0.20 (41%)	To pay out „in principle 40-50% of the adjusted Group earnings“
Potash Corp. (USD)	0.20 (12%)	0.20 (10%)	0.35 (10%)	0.40 (3%)	0.40 (12%)	„Cash dividends [...] are conditioned upon [...] available earnings.“
Mosaic (USD)	-	-	-	0.20 (4%)	1.50* (81%)	n/a
Uralkali (RUR)	2.46 (55%)	1.59 (97%)	1.90 (50%)	4.00 (39%)	1.70 (40%)	To pay out „at least 15% of net profit“
ICL (USD)	0.07 (22%)	0.14 (48%)	0.29 (68%)	0.80 (51%)	0.41 (69%)	To pay out a „quarterly dividend at a rate of up to 70% of [...] net profit“
Compass (USD)	1.10 (129%)	1.22 (72%)	1.28 (53%)	1.34 (28%)	1.42 (29%)	„We intend to pay quarterly cash dividends on our common stock.“

- K+S has communicated one of the most concrete dividend policies
- Dividend payouts complied with the policy in times of boom and bust
- Low volatility in payout ratios provides higher predictability for investors
- K+S will continue its proven and well-acknowledged dividend policy

* Special dividend of USD 1.30
Source: Bloomberg, company reports

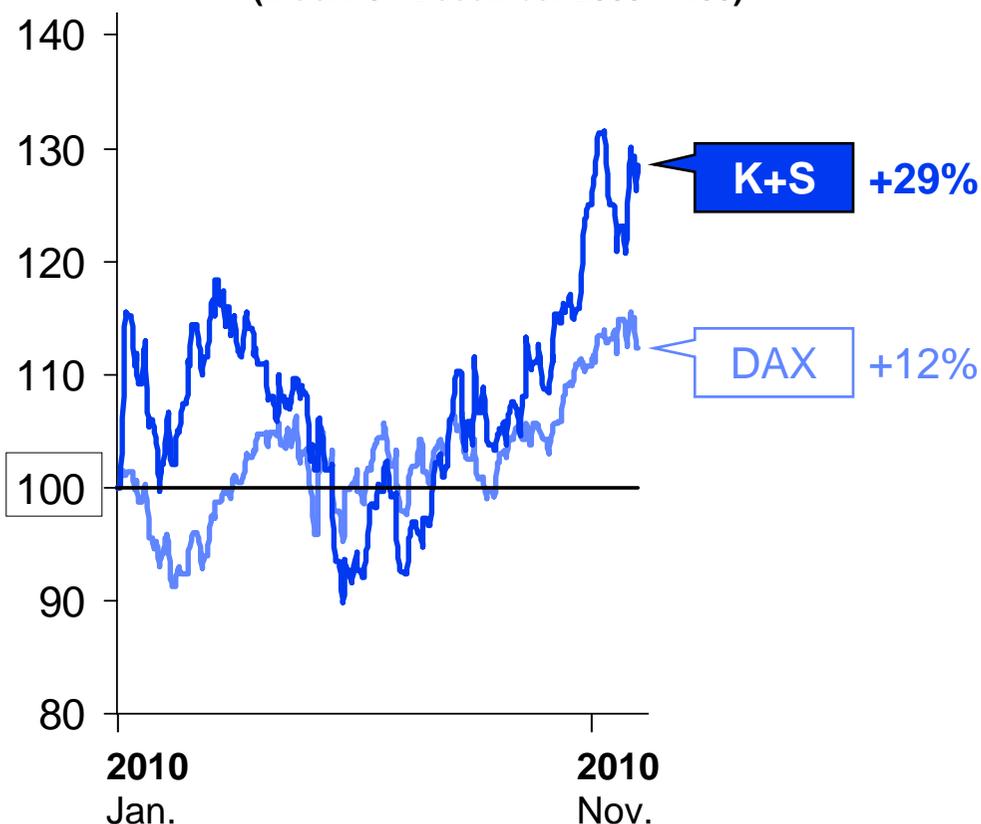
K+S Aktiengesellschaft

K+S Share Price compared with DAX



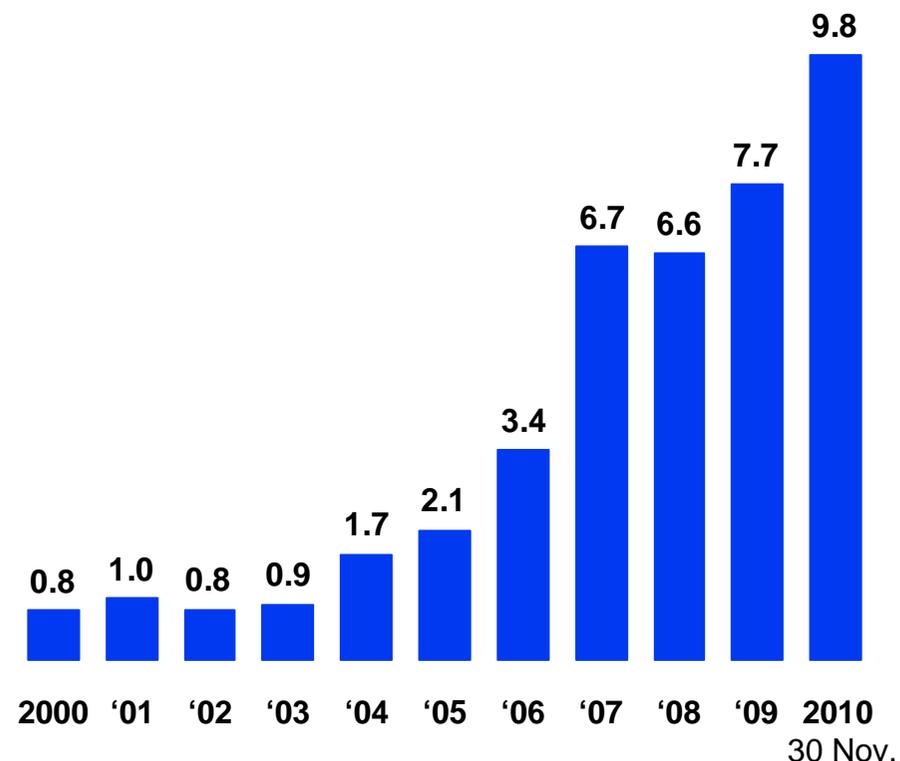
Performance of K+S share *

(Index: 31 December 2009 = 100)



Market capitalisation

(as of 31 December, €billion)



* The K+S share price trades ex subscription rights after the capital increase in December 2009. Historical prices have been adjusted.

Source: Bloomberg; as of 30 November 2010

K+S Group

Forward-Looking Statements



This presentation contains facts and forecasts that relate to the future development of the K+S Group and its companies. The forecasts are estimates that we have made on the basis of all the information available to us at this moment in time. Should the assumptions underlying these forecasts prove not to be correct or should certain risks – such as those referred to in the recent Risk Report – materialise, actual developments and events may deviate from current expectations. The Company assumes no obligation to update the statements contained in this presentation, save for the making of such disclosures as are required by the provisions of statute.

K+S Aktiengesellschaft

Bertha-von-Suttner-Straße 7

34131 Kassel | Germany

phone: +49 (0)561 / 9301-0

fax: +49 (0)561 / 9301-1753

Investor Relations

phone: +49 (0)561 / 9301-1100

fax: +49 (0)561 / 9301-2425

email: investor-relations@k-plus-s.com

Internet: www.k-plus-s.com



Experience growth.