



genuine  
**SUBSTANCE**

**3rd Quarter 2010 Results  
ANALYSTS' CONFERENCE CALL**

**11 November 2010, 3:00 p.m. CET**

**1:1**  
SCALE



**Experience growth.**

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**A. Q3 Market Trends and Figures**

B. Potash and Magnesium Business Segment

C. Salt Business Segment

D. Outlook

### Fertilizer Business Sector

- **Global fertilizer demand normalising** – potash fertilizers ordered in the summer months by the trade sector in the northern hemisphere were used by farmers for autumn fertilizing at the almost normal level again
- **Global price level advanced** – price increases were announced by BPC for the Asian market (US\$/t 420 granulated MOP) and the Brazilian market (US\$/t 410 - 420 granulated MOP). In mid-September, K+S announced a price increase by €/t 12 to €/t 317 for granulated MOP in Europe.
- **For most potash producers, the utilisation of capacity reached a relatively high level and stocks declined significantly**

### Salt Business Sector

- **European de-icing salt business** – tenders were predominantly concluded at tangibly higher prices after the persistent wintry weather conditions at the start of the year
- **North American de-icing salt business** – high stocks as a result of the previous mild winter made life of suppliers more difficult in tenders and led to moderate price declines and lower contract volumes
- **Market for industrial salt still saw some reluctance of North American customers**
- **Demand for salt for chemical use normalised in Europe, which was not yet the case in North America**

# K+S Group

## Key Figures in Q3/10 and 9M/10

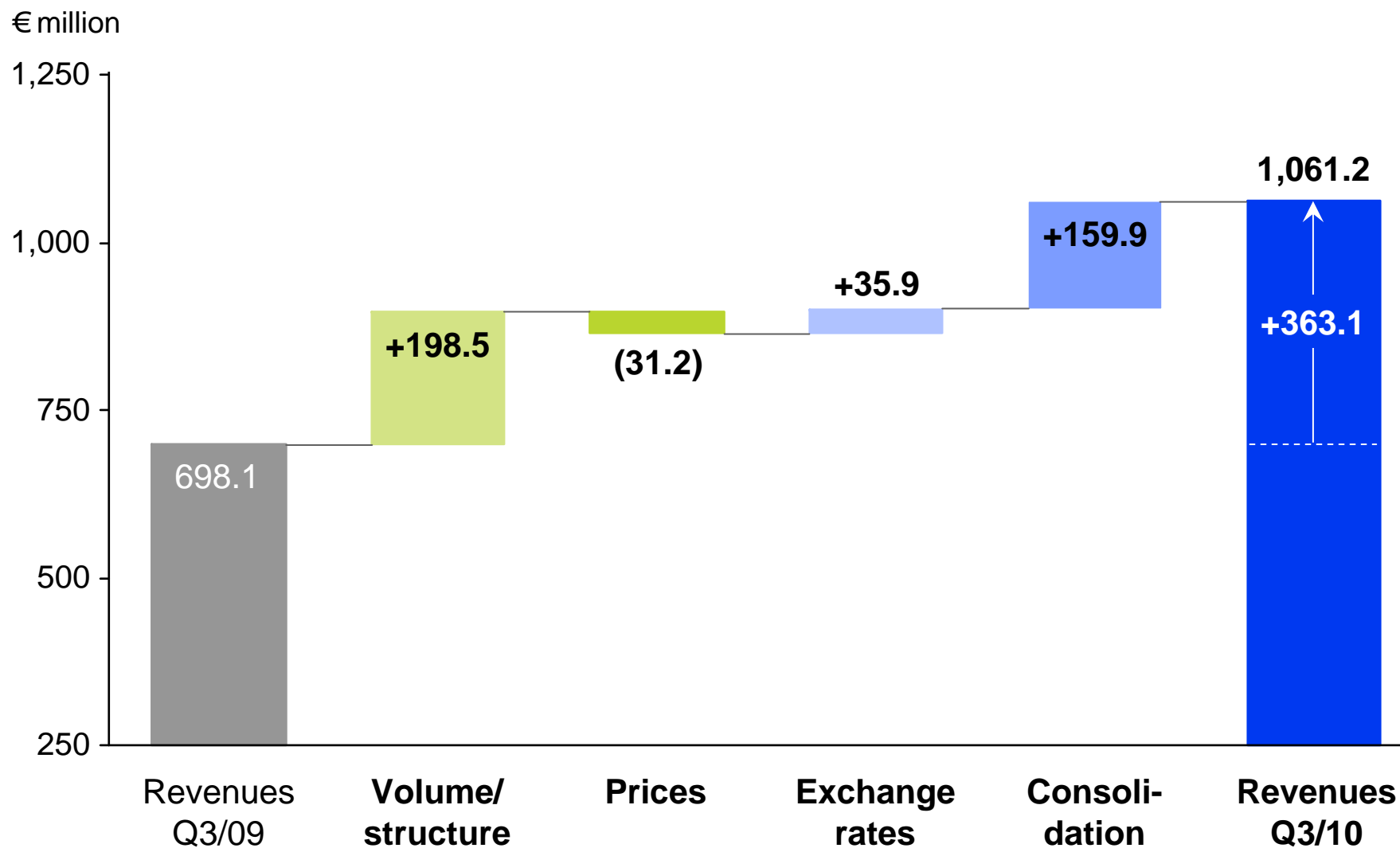


€ million	Q3/10	Q3/09	%	9M/10	9M/09	%
Revenues	1,061.2	698.1	+ 52.0	3,653.3	2,512.5	+ 45.4
Operating earnings (EBIT I)	108.5	9.4	+ 1,054.3	531.7	201.5	+ 163.9
Financial result	(52.7)	(11.7)	(350.4)	(104.4)	(96.7)	(8.0)
Earnings before income taxes (EBT), adjusted <sup>1)</sup>	55.8	(2.3)	-	427.3	104.8	+ 307.7
Group earnings after taxes, adjusted <sup>1)</sup>	40.4	(2.1)	-	313.7	76.1	+ 312.2
Capital expenditure	45.5	43.5	+ 4.6	107.2	114.1	(6.0)
Free cash flow before acquisitions/divestments	54.1	61.7	(12.3)	616.4	211.6	+ 191.3
Earnings per share, adjusted (€) <sup>1)</sup>	0.21	(0.01)	-	1.64	0.46	+ 256.5
Average number of shares (million)	191.40	165.00	+ 16.0	191.32	164.91	+ 16.0

1) The adjusted key figures only contain the earnings actually realised on operating forecast hedges for the respective reporting period. The changes in the market value of operating forecast hedges still outstanding, however, are not taken into account. Any resulting effects on deferred and cash taxes are also eliminated; tax rate 2010: 28.0% (2009: 27.9%).

# K+S Group

## Changes in Revenues in Q3/10



# K+S Group Segment Development in Q3/10

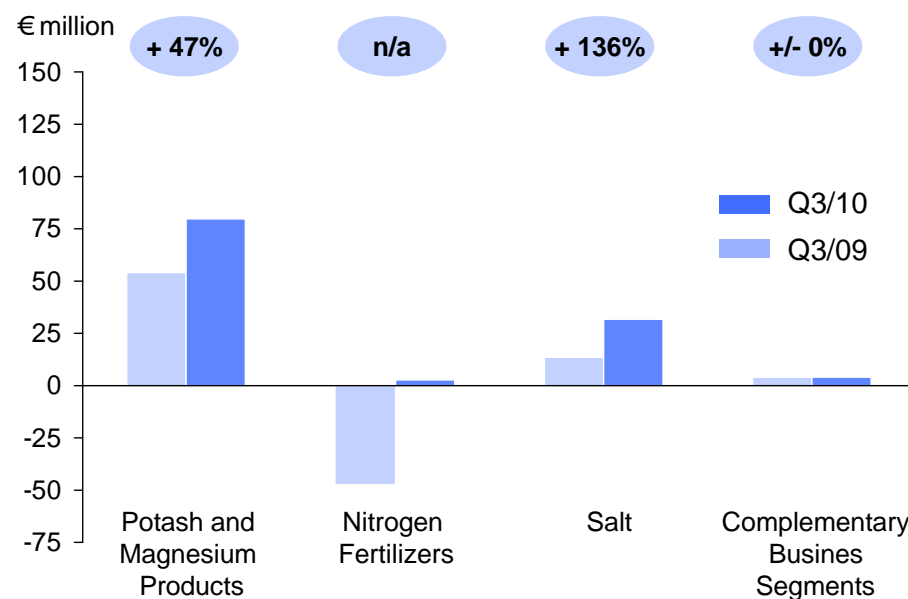
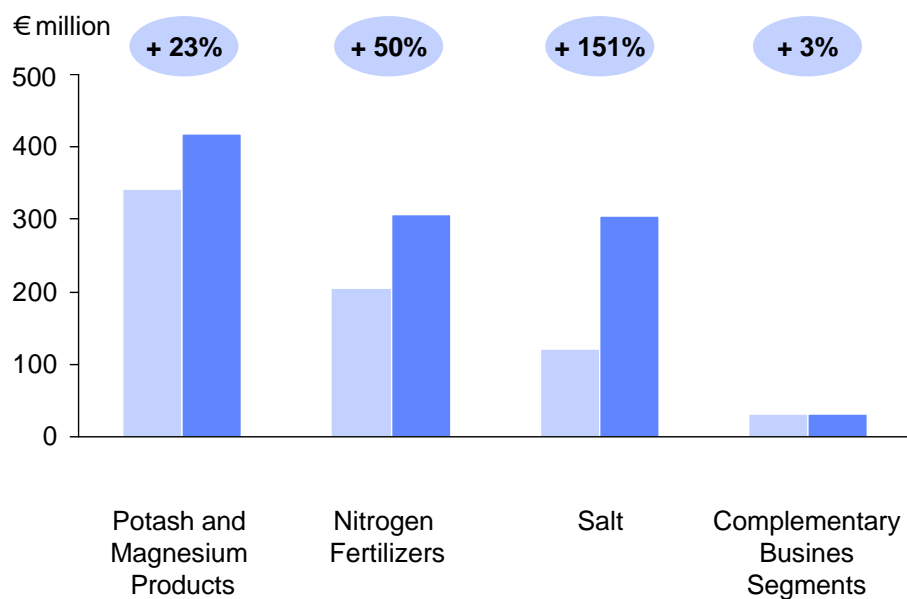


## Revenues

€ million	Q3/10	Q3/09	%
<b>Potash and Magnesium Products</b>	417.8	340.8	+ 23
<b>Nitrogen Fertilizers</b>	306.1	204.5	+ 50
<b>Salt</b>	305.2	121.7	+ 151
<b>Complementary Business Segments</b>	31.8	30.9	+ 3

## EBIT I

€ million	Q3/10	Q3/09	%
<b>Potash and Magnesium Products</b>	79.4	54.0	+ 47
<b>Nitrogen Fertilizers</b>	2.6	(47.3)	-
<b>Salt</b>	31.8	13.5	+ 136
<b>Complementary Business Segments</b>	4.3	4.3	+/- 0%



A. Q3 Market Trends and Figures

**B. Potash and Magnesium Business Segment**

C. Salt Business Segment

D. Outlook

# Potash and Magnesium Products

## Volumes and Average Prices in Q3/10



	Year on Year			Quarter on Quarter		
	Q3/10	Q3/09	%	Q3/10	Q2/10	%
Volume (million tonnes)	1.58	1.11	+ 42.3	1.58	1.73	(8.7)
- Europe	0.83	0.46	+ 80.4	0.83	0.89	(6.7)
- Overseas	0.75	0.65	+ 15.4	0.75	0.84	(10.7)
Average price (€ per tonne)	265.8	305.4	(13.0)	265.8	268.7	(1.1)
- Europe (€ per tonne)	273.2	304.8	(10.4)	273.2	262.5	+ 4.1
- Overseas (US\$ per tonne)	332.6	441.1	(24.6)	332.6	350.0	(5.0)

- Y-o-Y: Strong increase in volumes sold; especially in Europe, as sales volumes had dropped more drastically than in overseas markets in Q3/09. Average European prices decreased less than the overseas price as price reductions for MOP were mitigated by positive product mix effects. Average overseas prices declined on lower MOP prices compared to the previous year as well as negative product mix effects.
- Q-o-Q: European volumes were lower due to seasonal effects. Overseas volumes decreased mainly due to logistical reasons. An increasing average price level in the European market could not fully compensate for negative product mix effects in overseas markets. Hence, the average selling price in euros of the total product portfolio slightly decreased to €265.8.

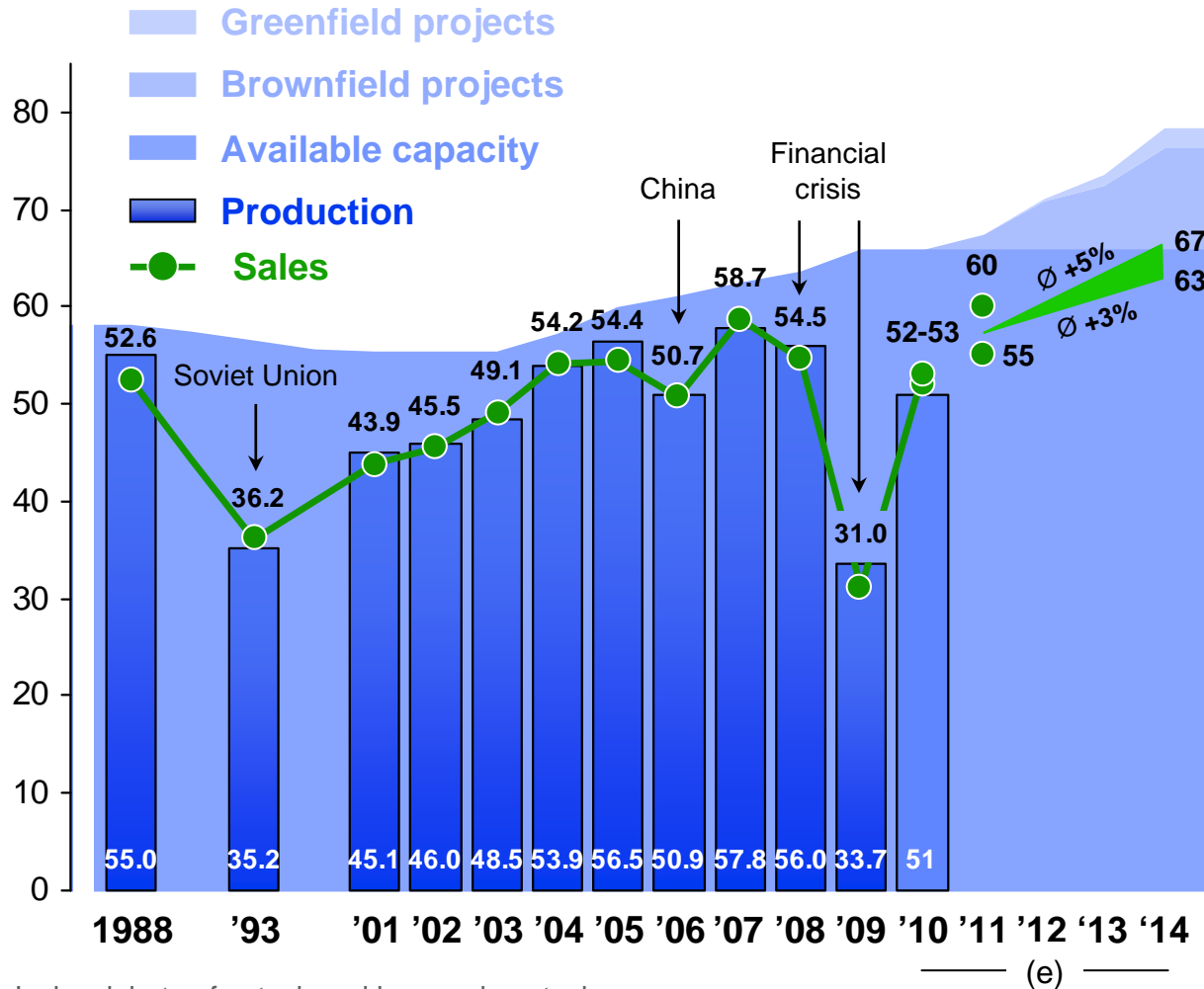


# Potash and Magnesium Products

## World Potash Capacity, Production and Sales



Million tonnes



- Transitional year 2010: significant revival in demand expected, but no satisfactory utilisation of capacity yet
- As of 2011, long-term growth rates again expected at 3% to 5% p.a.
- Utilisation levels are estimated to be about 85% annually until 2014 and will thus reach a good level
- Risk: announced new capacity could be delayed, postponed or cancelled due to technological/geological challenges and an inadequate price level

Incl. sulphate of potash and low grade potash  
Capacity development 2010-2014 based on IFA supply capability data

Sources: IFA, K+S

11 November 2010

# Potash and Magnesium Products

## Forecast World Potash Sales 2010 + 2011 by Region



Million tonnes	2011e	2010e	2009	2008	2007
Western Europe	6.3 – 7.4	5.8 – 6.0	2.7	6.3	7.4
Central Europe / FSU	4.4 – 5.0	4.2 – 4.3	3.1	5.0	4.7
Africa	0.7 – 0.8	0.7	0.3	0.6	0.7
North America	9.6 – 10.2	9.6 – 9.8	4.1	10.2	10.8
Latin America	9.0 – 10.0	8.6 – 8.7	6.0	8.6	10.4
Asia	24.5 – 26.0	22.6 – 23.0	14.6	23.2	24.2
Oceania	0.5 – 0.6	0.5	0.2	0.6	0.5
<b>World total</b>	<b>55.0 – 60.0</b>	<b>52.0 – 53.0</b>	<b>31.0</b>	<b>54.5</b>	<b>58.7</b>

- For 2010, we forecast a worldwide potash sales volume of 52 to 53 million tonnes (previously: 50 million tonnes). The improvement in our outlook is mainly based on a strong and higher-than-expected volume recovery in the Western European, North American and Asian markets.
- In 2011, we expect worldwide potash sales volumes to range between 55 and 60 million tonnes (previously: 53 and 57 million tonnes) with demand increases in all regions.

Incl. sulphate of potash and low grade potash

Sources: IFA, K+S

- A. Q3 Market Trends and Figures
- B. Potash and Magnesium Business Segment
- C. Salt Business Segment**
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# Salt Business Segment

## Volumes and Average Prices in Q3/10

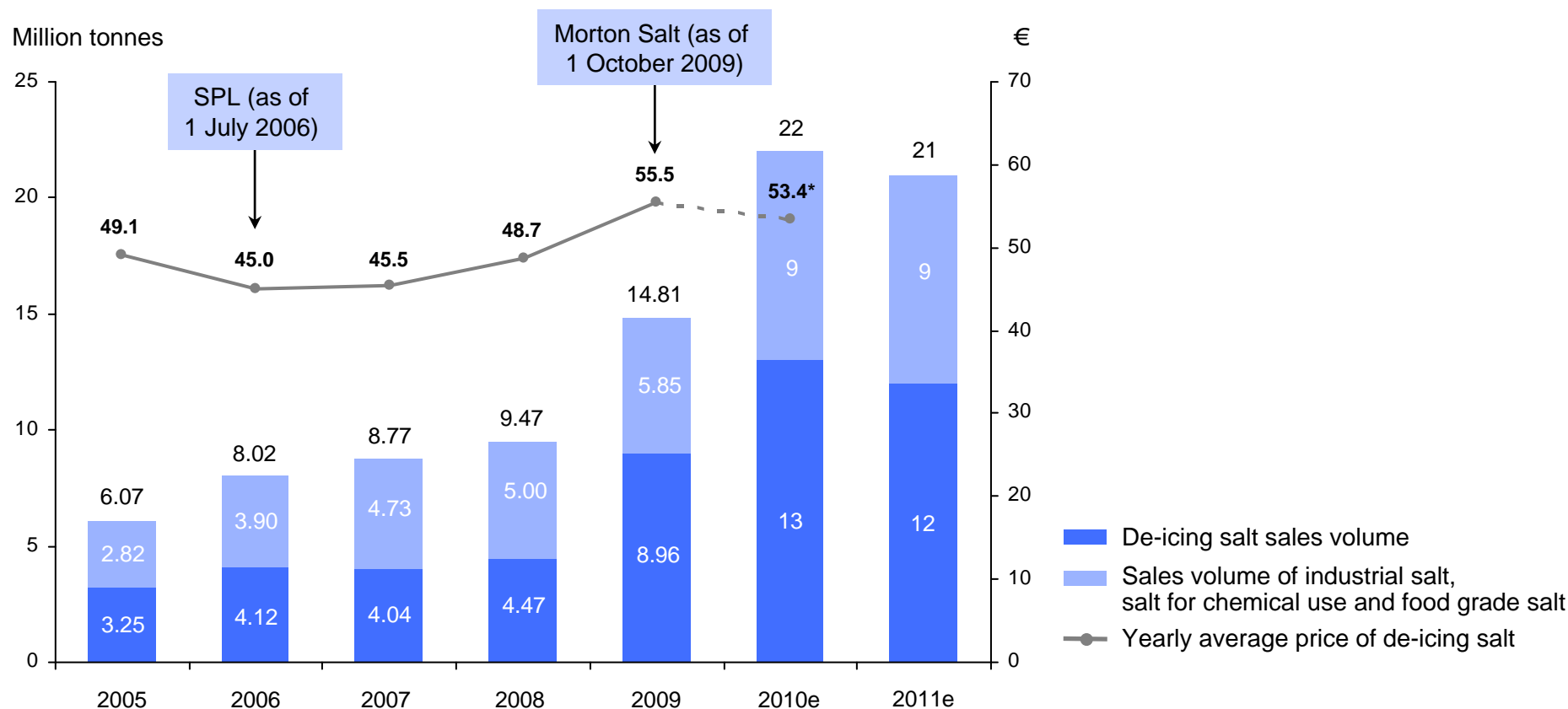


	Year on Year			Quarter on Quarter		
	Q3/10	Q3/09 <sup>1)</sup>	%	Q3/10	Q2/10	%
<sup>1)</sup> without Morton Salt						
Volume (million tonnes)	3.33	1.86	+ 79.0	3.33	2.75	21.1
- De-icing salt	1.10	0.57	+ 93.0	1.10	0.49	124.5
- Industrial, salt for chemical use and food grade salt	2.23	1.29	+ 72.9	2.23	2.26	(1.3)
Average price (€ per tonne)						
- De-icing salt	52.8	44.8	+ 17.9	52.8	54.5	(3.1)
- Industrial, salt for chemical use and food grade salt	102.4	64.5	+ 58.8	102.4	102.8	(0.4)

- Y-o-Y: Volumes in the salt business increased significantly due to the consolidation of Morton Salt. Prices for de-icing salt were higher than in Q3/09 due to positive product mix effects within North America and higher prices carrying over from the European winter season. Furthermore, the USD/EUR exchange rate had a positive effect, too.
- Q-o-Q: Following the normal seasonal patterns, Q3/10 de-icing salt volumes were higher than in Q2/10. Pricing of de-icing salt is slightly lower in the North American market due to the past milder winter season.

# Salt Business Segment

## Historic and Recent Volume and Price Development

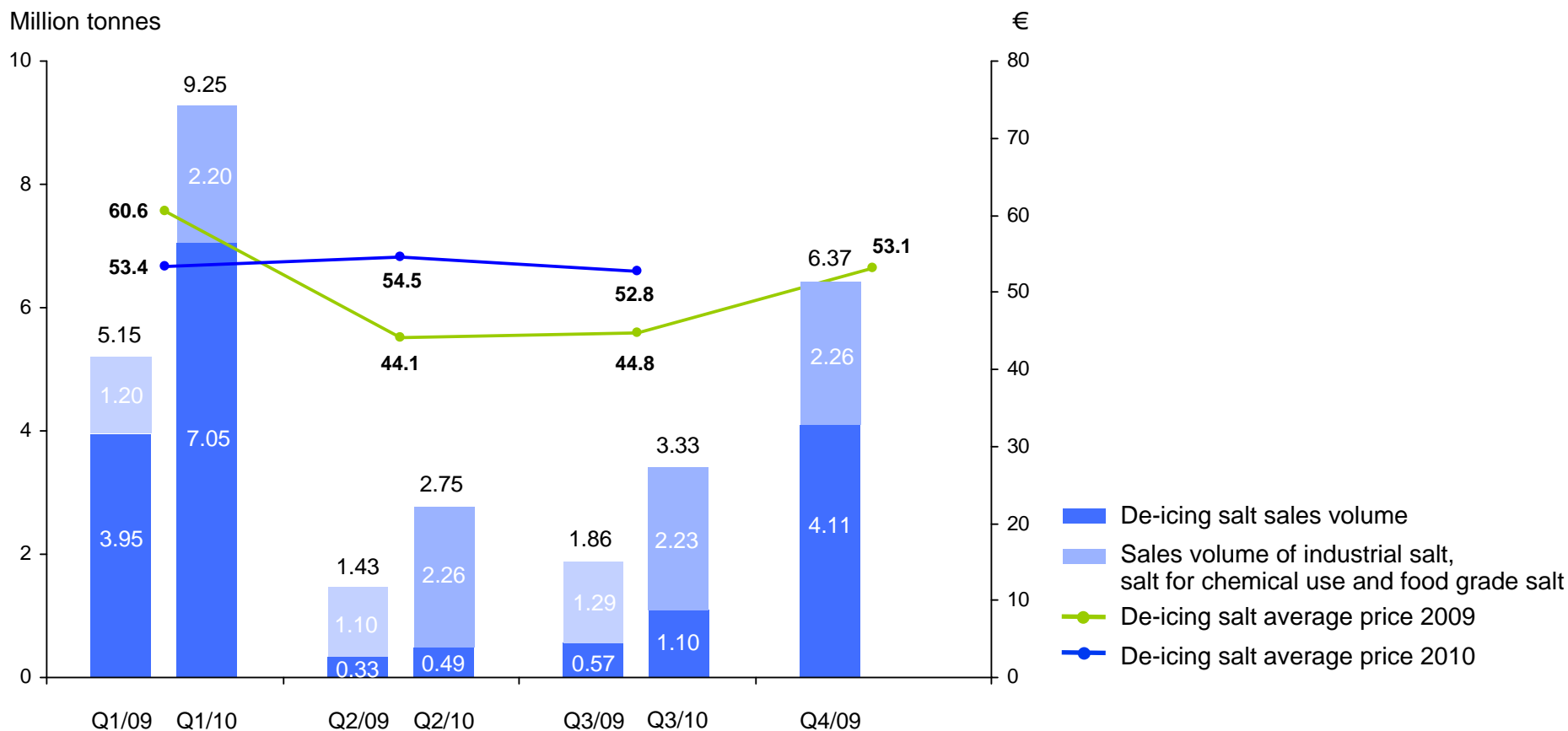


- Sales volumes increased over the past years mainly due to external growth, while the de-icing salt share remained rather stable
- The price level for de-icing salt was tending upwards over the past years - a trend that might pause in 2010
- Sales volume 2010e: 22 million tonnes (of which de-icing salt: 13 million tonnes)
- Sales volume 2011e based on long-term average volumes: 21 million tonnes (of which de-icing salt: 12 million tonnes)

\* Average selling price in 9M/10

# Salt Business Segment

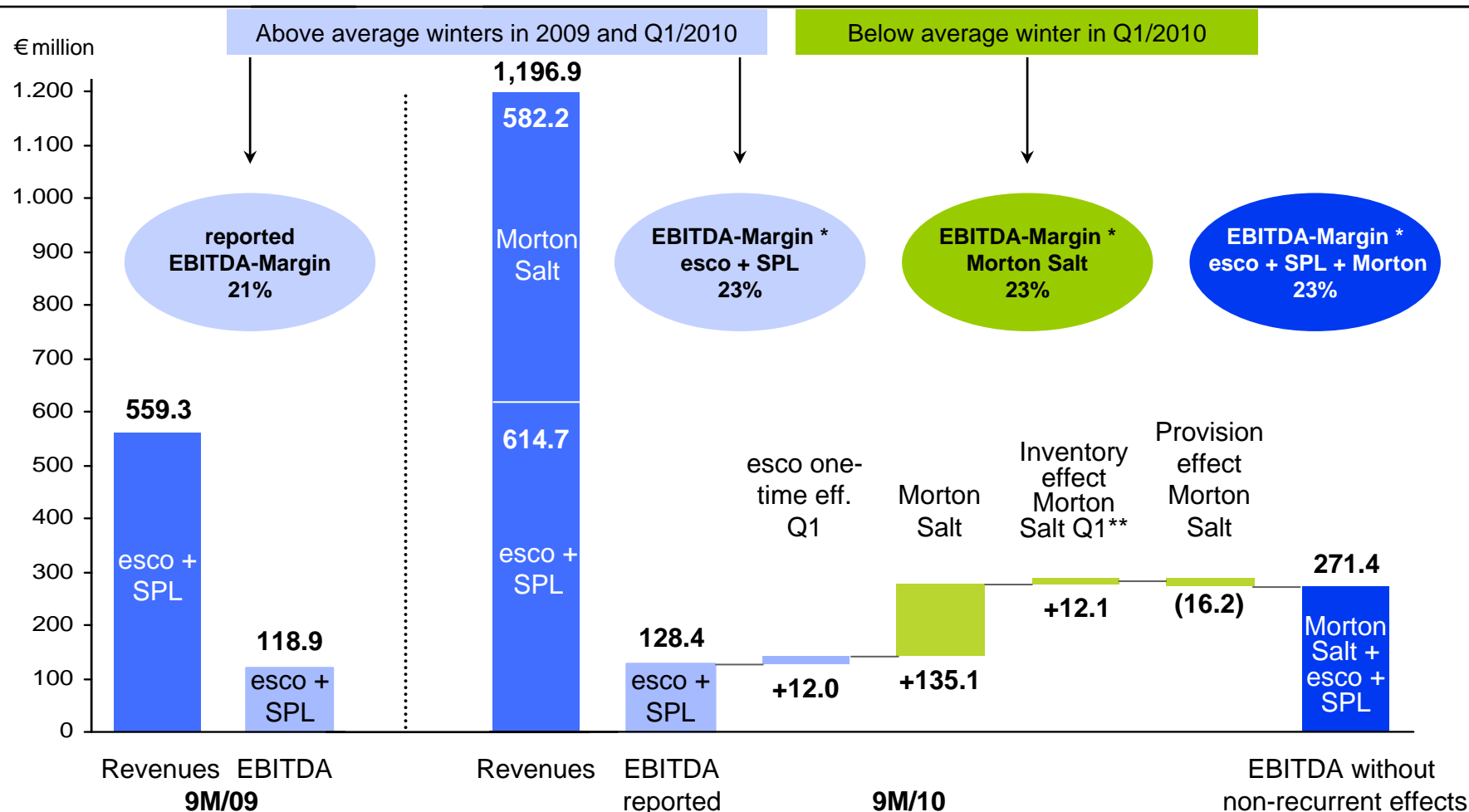
## Seasonality of the De-icing Salt Business



- Quarterly volumes and prices are affected by seasonal de-icing salt business which are in general strongest in the Q1 and Q4
- In 2010, we see a reduced seasonality with stable prices in the Q2 and Q3 compared to Q1

# Salt Business Segment

## EBITDA-Performance during the first nine months



- Exceptionally strong de-icing salt business in Europe; very mild winter in Morton Salt de-icing salt regions: K+S' salt business with Morton Salt now well positioned to mitigate the former risk of volatile de-icing salt results => Combined Salt business in 2010 on very attractive EBITDA-level

\* Without non-recurrent effects \*\* In connections with the first-time consolidation of Morton Salt inventories

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## **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
  - Underlying 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 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

# 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. Those 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 the 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 making such disclosures as are required by the provisions of law.

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