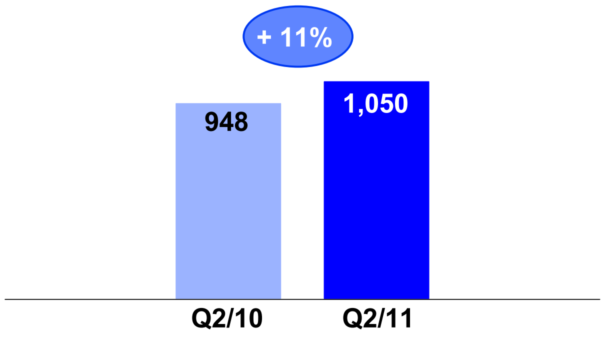
2nd Quarter 2011 Results
Analysts' Conference Call

11 August 2011, 3:00 p.m. CEST

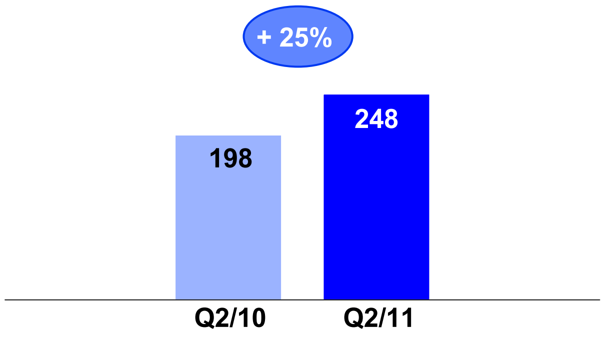
K+S Group
Content

K+S Group
Strong Performance Continued in Q2/11

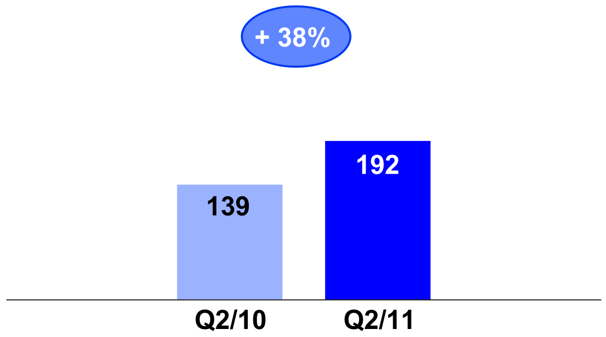
Revenues [1] (€ million)



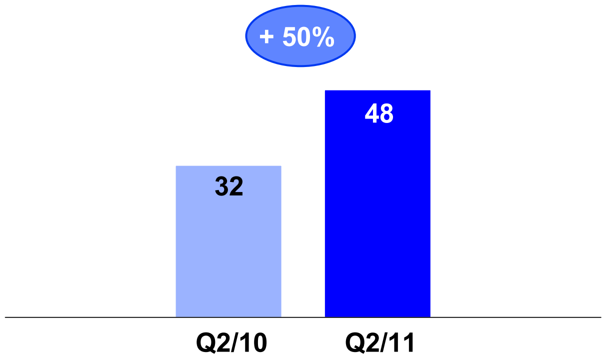
EBITDA [1] (€ million)



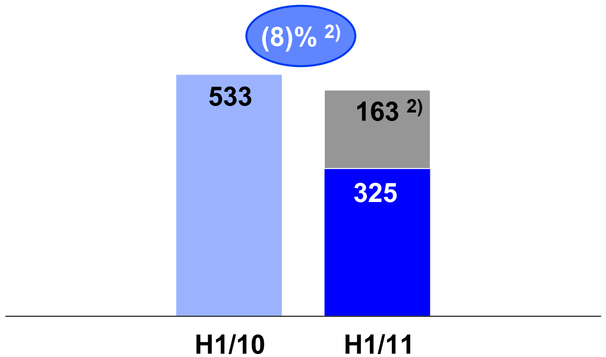
EBIT I [1] (€ million)



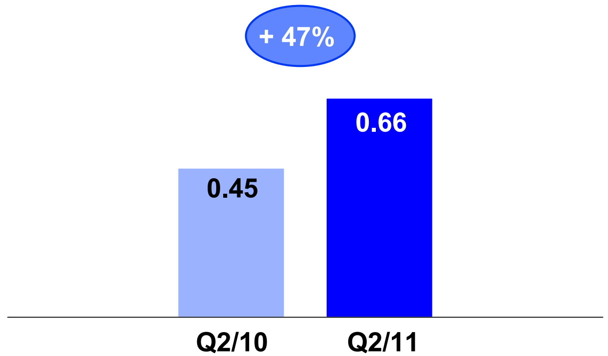
Capex [1] (€ million)



Free cash flow [1] (€ million)



EPS, adj. [1], [3] (€)



1) Information refers to the continued operations of the K+S Group. Due to its sale, COMPO is in accordance with IFRS disclosed as “discontinued operations”. While the income statement and the cash flow statement of the previous year were restated, the balance sheet was not restated.
2) Free cash flow before acquisitions/divestments; adjusted for the out-financing of pension provisions in the amount of € 99.9 million (H1/10: € 2.4 million) as well as the purchase of securities and other financial investments in the amount of € 65.7 million in H1/11 (H1/10: € 0).
3) The adjusted key figures only include the result actually realised from 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 Q2/11: 28.3% (Q2/10: 27.9%).

K+S Group
COMPO Reported as Discontinued Operations

- In accordance with IFRS, due to its sale, COMPO is stated as a “discontinued operation”. The income statement and the cash flow statement of the previous year were restated accordingly, while the balance sheet was not restated and also includes discontinued operations.
- Discontinued operations only included in earnings after taxes:

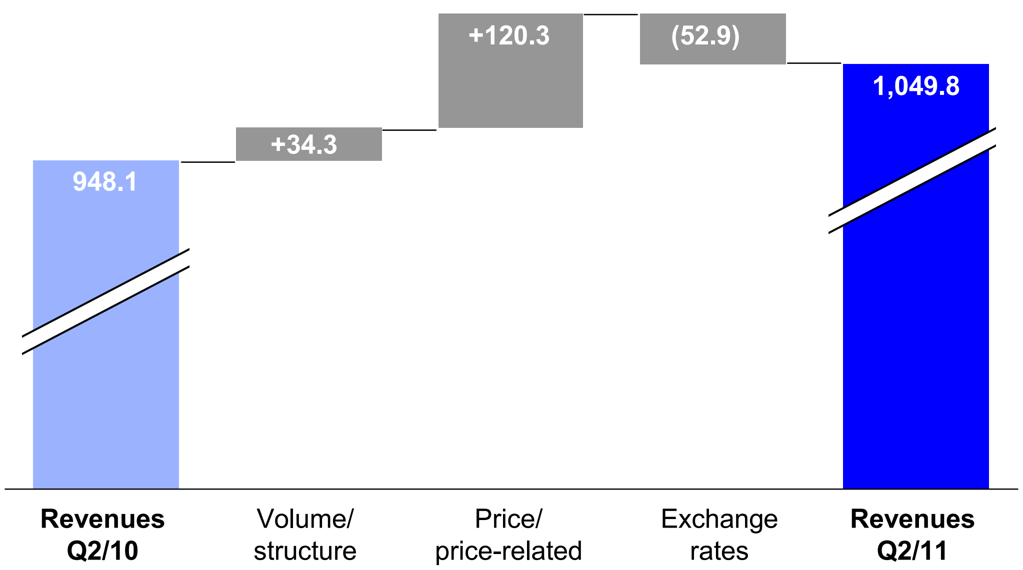
	Q2/11	H1/11
Group earnings from continued operations, adj.	€ 126.8 m	€ 388.4 m
+ Earnings after taxes from discontinued operations	€ (97.6) m	€ (87.3) m
Group earnings * after taxes, adjusted	€ 29.2 m	€ 301.1 m

- € (87.3) million in H1/11 consist of the impairment loss as at 30 June 2011 in the amount of € 104.0 million (completely attributable to Q2/11 and including taxes and costs to sell) and the net result of COMPO of € 16.7 million in H1/11 (thereof € 6.4 million attributable to Q2/11).
- Under the assumption of the closing at the end of Q3/11, earnings after taxes from discontinued operations can be expected at about € (90) million for FY 2011.

* Earnings from continued and discontinued operations

Growth in Revenues in Q2/11 Mainly Price-driven

Changes in Revenues Q2/11 (€ million)



- **Volume/structure effects**

  Volume increases in the Salt business segment as well as in the Nitrogen Fertilizers business segment could more than offset a decrease in sales volumes of Potash and Magnesium Products.

- **Price/price-related effects**

  The positive market environment favoured prices in the Fertilizer business sector.

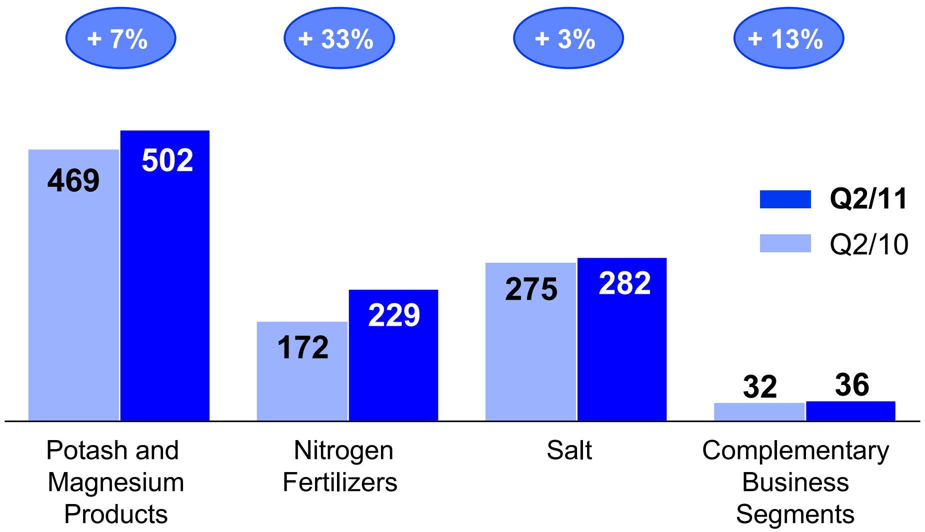
- **Exchange rate effects**

  A weaker US dollar led to negative effects in revenues in all business sectors (Ø Q2/11: 1.44 USD/EUR; Ø Q2/10: 1.27 USD/EUR).

K+S Group
Strong Performance in all Business Segments

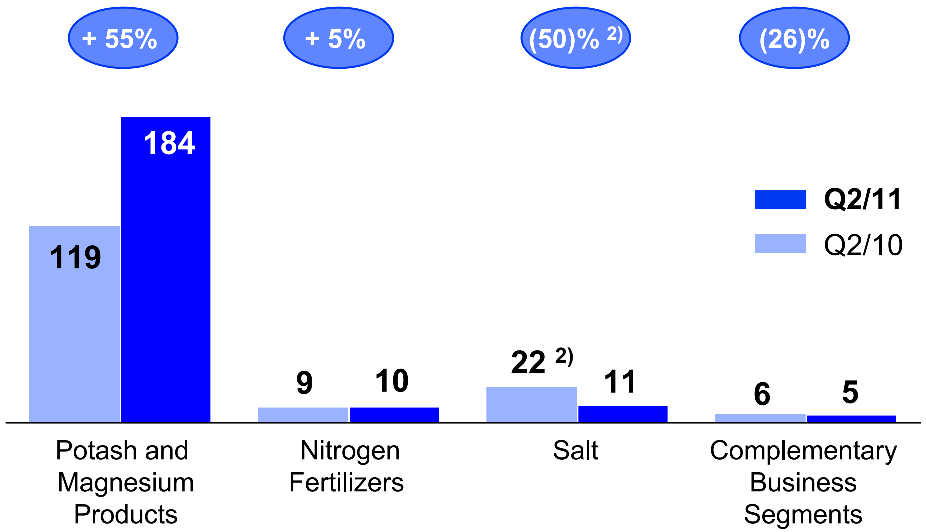
Revenues [1] (€ million)

- All business segments contributed to a total Group revenue growth of 11%.



Operating earnings EBIT I [1] (€ million)

- The Potash and Magnesium Products business segment showed the strongest earnings improvement year on year.
- Salt earnings also improved when adjusting for non-recurrent effects favouring earnings of Q2/10.



[1] Information refers to the continued operations of the K+S Group. Due to its sale, COMPO is in accordance with IFRS disclosed as "discontinued operations".
[2] Q2/10 had benefited from non-recurrent effects relating to pension provisions in the amount of € 16.2 million.

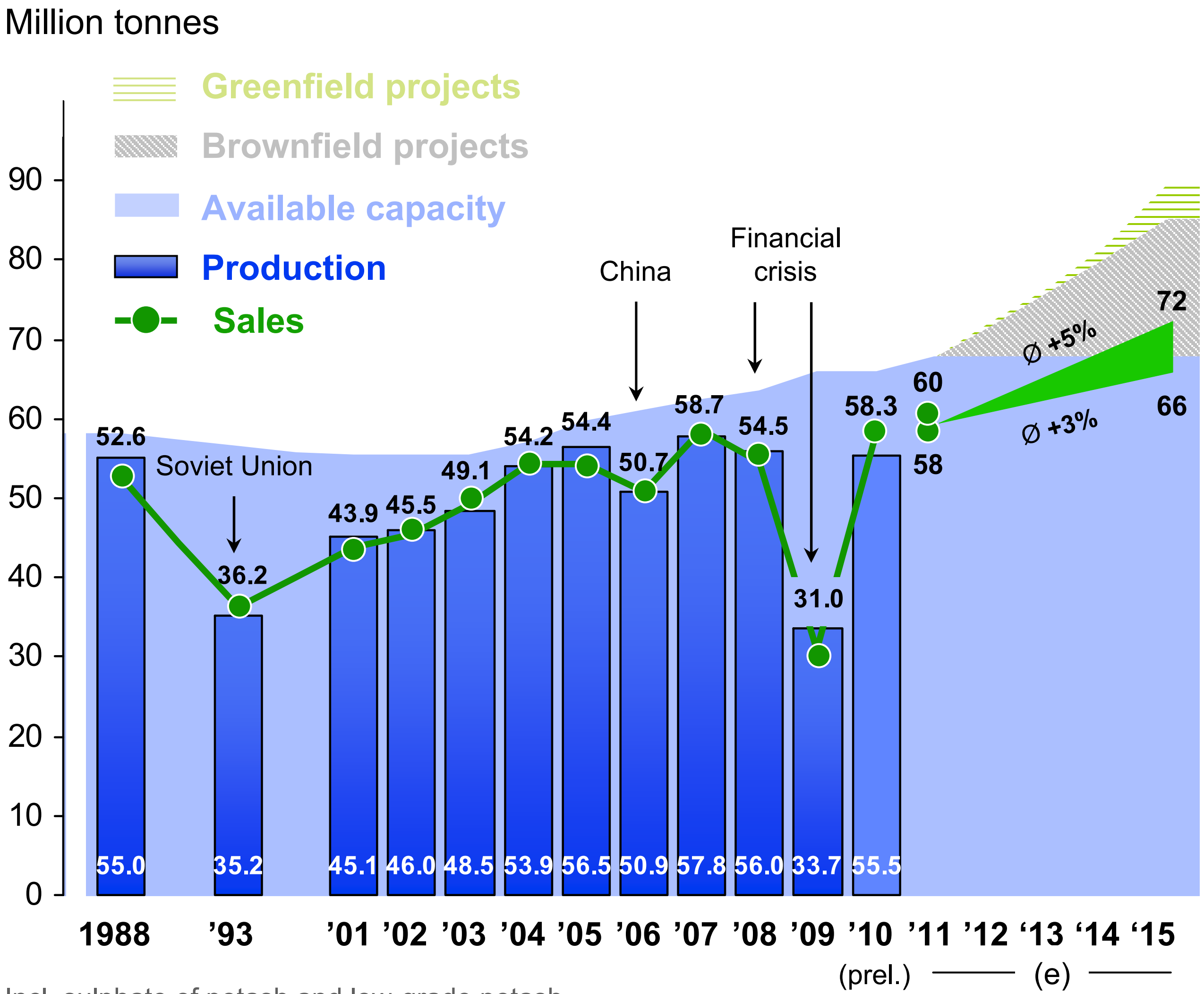
K+S Group
Content

Core Business Sector Fertilizers

Market Environment During Q2/11

- **Strong fertilizer demand in Q2/11**
  - Supported by the attractive level of agricultural prices.
  - Very high utilisation of potash and nitrogen fertilizer production capacities.
- **Global price level advanced**
  - *Asia and Latin America:* In mid-April, Canpotex announced the price for granulated potassium chloride of 520 US$/tonne for Asia and Latin America for supplies starting from May. At the end of May, BPC announced a price for granulated potassium chloride of 550 US$/tonne for the Brazilian market starting from July.
  - *Europe:* 353 €/t implemented for granulated potassium chloride; in mid-June, K+S announced a further price increase to 363 €/t
  - *China:* At the end of June, BPC and Canpotex agreed to 470 US$/t for potassium chloride standard including freight for H2/11; an increase of US$ 70/t.

Potash and Magnesium Products
World Potash Capacity, Production and Sales



Incl. sulphate of potash and low-grade potash
Capacity development 2010-2015 based on IFA supply capability data.

Sources: IFA, K+S

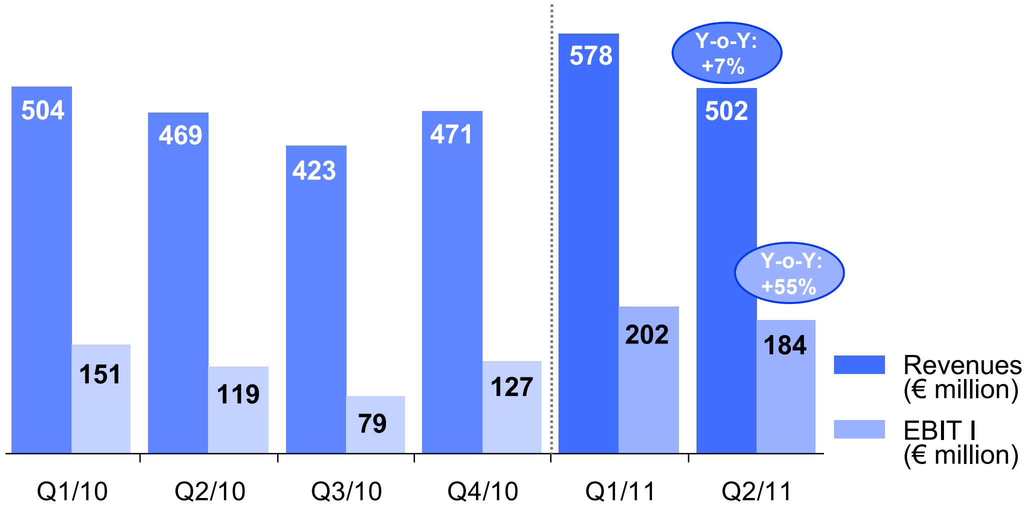
- As of 2011, long-term growth rates expected to range between 3 and 5% p.a.
- Based on IFA data and "announced" capacity expansions, utilisation rates are estimated to slightly decrease.
- As the future world potash supply increasingly depends on the realisation of capital-intensive greenfield projects, the connected and elevated risk of project delays reduces the forecast quality.

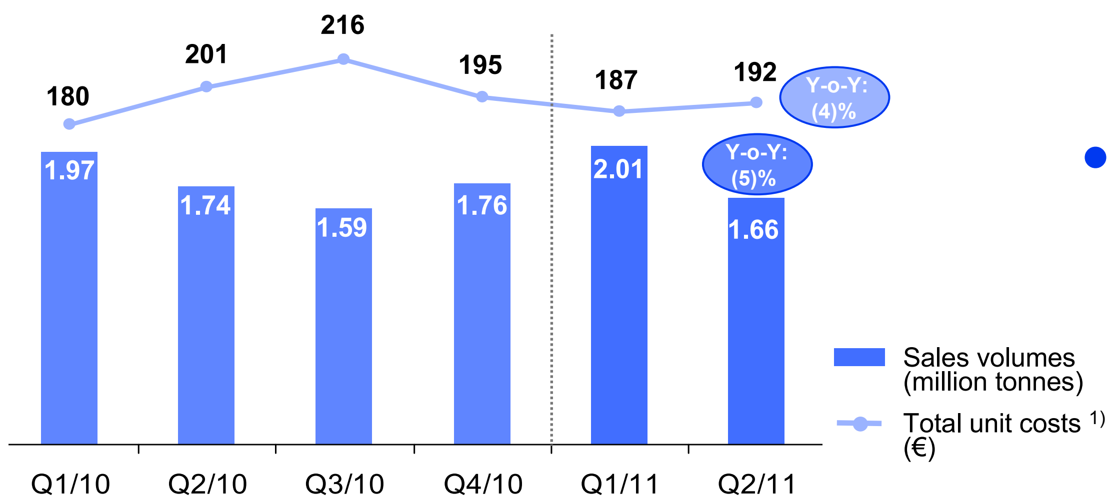
Potash and Magnesium Products
Volumes and Average Prices in Q2/11

	Year on Year			Quarter on Quarter		
	Q2/11	Q2/10	%	Q2/11	Q1/11	%
Volume (million t)	1.66	1.74	(4.6)	1.66	2.01	(17.4)
- Europe	0.87	0.91	(4.4)	0.87	1.19	(26.9)
- Overseas	0.79	0.84	(6.0)	0.79	0.82	(3.7)
Average price (€ per t)	302.3	269.0	+ 12.4	302.3	287.6	+ 5.1
- Europe (€ per t)	314.7	263.1	+ 19.6	314.7	284.4	+ 10.7
- Overseas (US$ per t)	414.9	350.0	+ 18.5	414.9	399.7	+ 3.8

- Y-o-Y: Both in Europe and overseas, sales volumes declined due to production bottlenecks for some product groups as well as slight delays in delivery. Average prices advanced in Europe and overseas generally to the same extent, but the overall increase of the average price in €-terms was lower due to negative currency effects.
- Q-o-Q: European volumes declined due to seasonal effects, while overseas volumes were somewhat lower because of delays in deliveries. Average prices in Europe increased to a higher extent than prices in overseas, which were seasonally curbed by product mix effects.

Potash and Magnesium Products
Quarterly Revenues, Earnings and Cost Position





Business seasonality

- Business seasonality is clearly observable in the development of revenues, sales volumes, operating earnings as well as total unit costs.
- Compared to one year ago and despite lower sales volumes, cost decreases primarily in freight resulted in a moderate decrease in total unit costs to € 192 compared to € 201 in Q2/10.
- Compared to Q1/11, seasonally lower volumes in Q2/11 led to an increase in total unit costs by about 3%.

1) Total unit costs are defined as revenues minus EBIT I divided by sales volumes.

Potash and Magnesium Products
Development of Selected Cost Types

	2005	2006	2007	2008	2009	2010	CAGR 05-10	2011e*
Revenues (€ million)	1,198.2	1,238.9	1,408.9	2,397.4	1,421.7	1,867.0	+ 9%	+++
– EBIT (€ million)	151.8	158.6	177.9	1,203.2	231.7	475.9	+ 26%	+++
= Costs (€ million)	1,046.4	1,080.3	1,231.0	1,194.2	1,190.0	1,391.1	+ 6%	+
therof personnel (€ million)	427	426	435	465	440	506	+ 3%	+
thereof freight (€ million)	216	236	250	227	155	264	+ 4%	+
thereof freight (€/t)	*28*	*30*	*30*	*33*	*36*	*37*	*+ 6%*	+
thereof material (€ million)	193	202	210	265	183	229	+ 3%	++
thereof energy (€ million)	118	155	141	186	144	172	+ 8%	+++
thereof depreciation (€ million)	85	80	80	85	88	89	+ 1%	++
÷ Sales Volumes (million t)	7.86	7.99	8.22	6.99	4.35	7.06	(2%)	7.0
= **Total Unit Costs** (€/t)	**133.0**	**135.2**	**149.6**	**170.8**	**273.6**	**197.0**	+ 8%	≥ 200

- Rising energy, personnel and freight costs as well as lower sales volumes lead to a compound annual growth rate in total unit costs of approx. 8% between 2005 and 2010.
- With the exception of energy, material costs and depreciation, major costs types are expected to rise moderately while sales volumes are forecast on a stable level => Unit costs are expected slightly above 200 €/t in 2011.

* Change 2011e vs. 2010: -/+: slight to moderate; --/++: tangible; ---/+++: significant to strong

Content

Salt
Market Environment During Q2/11

- **European de-icing salt business**

  The above-average wintry weather in the 2010/11 season led to strong demand in the stocking-up business. It proved possible to raise the price level in the already concluded contracts for the winter season 2011/12 significantly.

- **North American de-icing salt business**

  The start to the pre-stocking business came relatively early. North American customers' inventories were at a normal level in the second quarter. However, there were slight price declines in the existing tenders.

- **Industrial salt**

  Positive demand trend in Europe, South and North America; only water-softening market curbed by difficult economic environment.

- **Food grade salt**

  Demand in good shape in Europe and North America; South American market stabilised.

- **Salt for chemical use**

  Continued high demand in Europe enabled price increases; stable business in North and South America.

Salt

Volumes and Average Prices in Q2/11

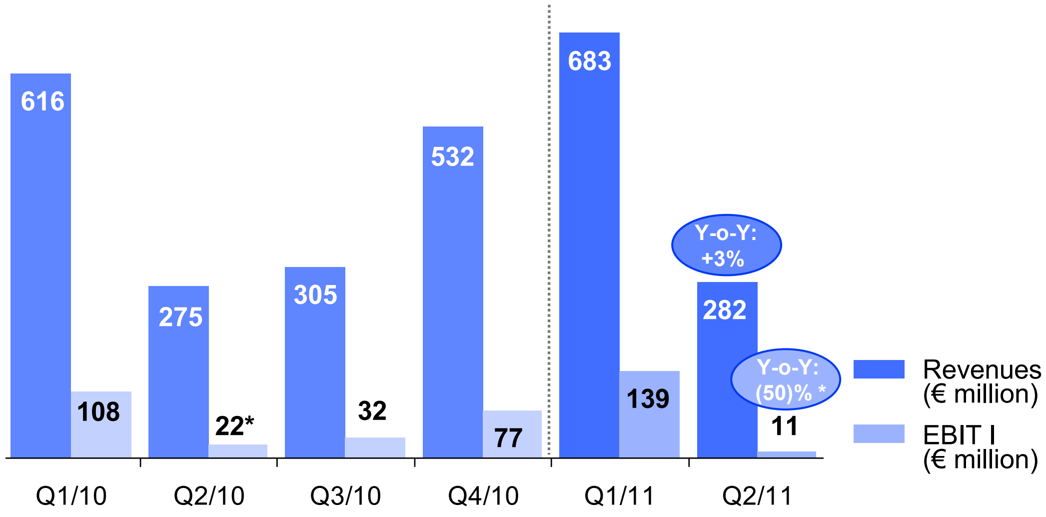
	Year on Year			Quarter on Quarter		
	Q2/11	Q2/10	%	Q2/11	Q1/11	%
Volume (million t)	3.21	2.75	+ 16.7	3.21	10.18	(68.5)
-De-icing salt	0.74	0.49	+ 51.0	0.74	7.94	(90.7)
-Non de-icing salt	2.47	2.26	+ 9.3	2.47	2.24	+ 10.3
Average price (€ per t)						
-De-icing salt	61.0*	54.5	+ 11.9*	61.0*	54.8*	+ 11.3*
-Non de-icing salt	90.3	102.8	(12.2)	90.3	101.2	(10.8)

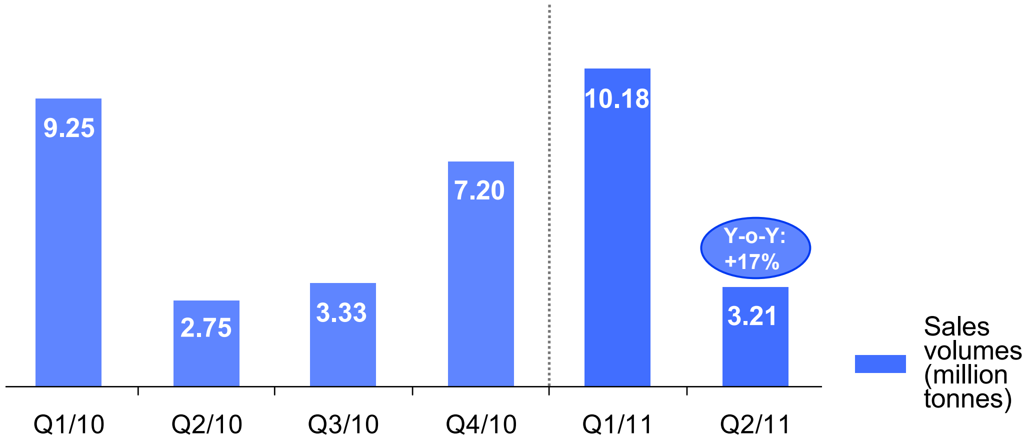
* Adjusted for € 6.7 million of additional claims against customers in Europe, which had exceeded their contractually agreed volumes in Q1/11, the average price for Q2/11 would have been € 52.2 and in Q1/11 € 55.6 (%∆ Y-o-Y: (4.2); Q-o-Q: (6.1))

- Y-o-Y: Q2/11 de-icing salt volumes were higher year on year with pre-season sales being excellent in Europe and good in Canada and at the US East Coast. Revenues and therefore average prices of de-icing salt were favoured by additional claims to customers in Europe, which had exceeded their contractually agreed volumes in Q1/11. Adjusted for this, overall average prices fell moderately with European prices being higher and overseas prices being lower due to negative currency and product mix effects as well as a competitive market situation. While volumes increased for the other product groups, prices decreased due to a higher portion of overseas sales along with negative currency effects.
- Q-o-Q: Following the normal seasonal patterns, Q2/11 de-icing salt volumes were significantly lower than in Q1/11. Adjusted for the above mentioned claims, prices declined as usual during early procurement.

Salt

Quarterly Revenues and Earnings Position





* Q2/10 had benefited from non-recurrent effects relating to pension provisions in the amount of € 16.2 million.

Business seasonality

- De-icing salt seasonality clearly observable in the development of total salt revenues, sales volumes and operating earnings.
- Compared to one year ago, revenues grew because of higher pre-season sales volumes in Europe and North America and were also favoured by additional claims to customers in Europe, which had exceeded their contractually agreed volumes in Q1/11. Operating earnings also improved when adjusting for one-time effects.
- Profitability of global salt business varies depending on the respective regional mix, the utilisation of capacity, the local margin and the exchange rates.

Content

Medium-term Project Outlook

	Project	Status	Timeline
NITROGEN	**Sale of COMPO**	On 20 June 2011, K+S announced the sale of Compo to the investment company Triton at an enterprise value of € 205 million	Closing of the transaction expected at the end of Q3/11. After the deduction of assumed liabilities, cash inflow of probably about € 150 million expected
NITROGEN	**Nitrogen Fertilizers Business Segment**	On 1 March 2011, BASF announced the intention to sell major parts of its fertilizer production facilities; K+S has ruled out to buy the assets	Supply of K+S Nitrogen is not affected as existing contract with BASF is terminable no earlier than by 31 December 2014
POTASH	**Reactivation Rossleben**	Rossleben belongs to the German State; talks about a sale of the mine have been resumed in summer 2011	Open
POTASH	**Reactivation Siegfried-Giesen**	Feasibility study currently in process	Technical results of study should be available in Q4/11 and will be evaluated and communicated afterwards
POTASH	**Legacy Project, Canada**	Infrastructural work and preparations for first drillings have started; review of the existing feasibility study ongoing	Results of review will likely be communicated in autumn/winter

Core Business Sector Fertilizers
Progress Legacy Project

- With Potash One, we primarily bought a very attractive potash deposit and a third-party, ready-made feasibility study.
- The project size requires us to review and customise the feasibility study of Potash One in detail.
- Results will not be communicated before autumn/ winter. Aspects like product mix, energy concept, ramp-up curve as well as a global procurement process require a thorough analysis.
- This approach is not connected with postpone-ments in the project timeline. We still envisage first production volumes from 2015 onwards.
- In 2011, we assume to spend +/- € 50 million*, mainly for the following measures: water connection, site preparation, roads, drilling preparations and first drillings

* exact distribution of disbursements between capex and opex under evaluation

K+S Group

Revenues and Earnings Expectations for 2011[1)]

Outlook for the entire year of K+S Group:

- Revenues:	**€ 5.0 - 5.3**	**billion**	(2010: € 4.63 bn)
- EBITDA:	**€ 1,150 - 1,300**	**million**	(2010: € 953.0 m)
- Operating earnings (EBIT I):	**€ 950 - 1,050**	**million**	(2010: € 714.5 m)
- Group earnings from continued operations, adj.:	**€ 650 - 720**	**million**	(2010: € 447.8 m)
- Earnings per share from continued operations, adj.:	**€ 3.40 - 3.75**		(2010: € 2.34)
- Earnings per share, adjusted [2)]:	**€ 2.95 - 3.30**		(2010: € 2.33)

Underlying assumptions

Fertilizers Business Sector

Potash and Magnesium Products

Significant rise in revenues and strong growth in operating earnings

- Sales volume of 7.0 million tonnes of goods
- On the basis of the currently achieved potash price level, significant rise in FY average prices
- Moderate rise in total costs
- Continued attractive agricultural prices

Nitrogen Fertilizers

Strong increase in revenues and strong EBIT rise

- Revenue increase due to price factors
- Increase in operating earnings despite higher input costs
- Continued attractive agricultural prices

Salt Business Sector

Stable revenues at a high level and moderate decline in operating earnings

- Sales volume of crystallised salt of about 23 million t
- Operating earnings decrease moderately on the basis of a lower building-up of stocks
- Average de-icing salt business in Q4/11 assumed

Effects/Assumptions on Group Level

- An average US dollar exchange rate of 1.42 USD/EUR
- Significantly better financial result in comparison to 2010
- A stable adjusted Group tax rate of 26% to 27%

Earnings-based Dividend Policy

- Dividend payout ratio of between 40% and 50% of adj. earnings after taxes (including discontinued operations)

1) Unless stated otherwise, information refers to continued operations; Outlook statement as of 3 August 2011

2) Earnings from continued and discontinued operations

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

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