

Quarterly Report 03|03

July – September

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- > At € 1.7 billion, Revenues for First Nine Months on Last Year's Level
- > After-Tax Earnings Per Share of € 2.00 (previous year: € 2.08) in Line with Expectations
- > At € 96.6 million, EBIT Down 14% Due to Limited Duration Inputs for New Potash Field

Key Data Business Development

Key Data	July – September (Q3)			January – September (9M)		
	2003	2002	%	2003	2002	%
€ million						
Revenues	491.9	486.5	+ 1.1	1,736.6	1,742.3	- 0.3
Earnings before interest, taxes, depreciation and amortization (EBITDA)	38.5	45.8	- 15.9	179.0	191.7	- 6.6
(EBITDA margin in %)	(7.8)	(9.4)		(10.3)	(11.0)	
Earnings before interest and taxes (EBIT)	10.5	19.8	- 47.0	96.6	112.6	- 14.2
(EBIT margin in %)	(2.1)	(4.1)		(5.6)	(6.5)	
Earnings before income taxes	8.7	6.3	+ 38.1	92.8	97.7	- 5.0
(Pre-tax return on revenues in %)	(1.8)	(1.3)		(5.3)	(5.6)	
Earnings after taxes	8.4	5.1	+ 64.7	83.1	89.5	- 7.2
(Return on revenues in %)	(1.7)	(1.0)		(4.8)	(5.1)	
DVFA earnings	3.4	5.1	- 33.3	50.4	56.6	- 11.0
Gross cash flow	36.1	38.1	- 5.2	157.9	167.0	- 5.4
Cash and cash equivalents as of 30 Sept.	-	-	-	267.7	245.6	+ 9.0
Capital expenditure ¹⁾	45.8	36.2	+ 26.5	89.3	77.9	+ 14.6
Depreciation and amortization ¹⁾	28.0	26.0	+ 7.7	82.4	79.1	+ 4.2
Earnings after taxes per share (€)	0.20	0.12	+ 66.7	2.00	2.08	- 3.8
DVFA earnings per share (€)	0.08	0.12	- 33.3	1.21	1.31	- 7.6
Gross cash flow per share (€)	0.87	0.89	- 2.2	3.80	3.87	- 1.8
Book value per share as of 30 Sept. (€)	-	-	-	13.95	12.15	+ 14.8
Total number of shares as of 30 Sept. (million)	-	-	-	42.5	45.0	- 5.6
Outstanding shares as of 30 Sept. (million) ²⁾	-	-	-	42.3	42.2	+ 0.2
Average number of shares (million) ³⁾	41.7	42.7	- 2.3	41.6	43.1	- 3.5
Employees as of 30 Sept. (number) ^{4) 5)}	-	-	-	10,638	10,528	+ 1.0
Average employees (number) ^{4) 5)}	10,572	10,510	+ 0.6	10,608	10,496	+ 1.1
Personnel expenses	128.1	124.4	+ 3.0	416.7	407.3	+ 2.3
Closing price (XETRA) as of 30 Sept. (€)	-	-	-	18.60	18.00	+ 3.3
Market capitalization as of 30 Sept.	-	-	-	790.5	810.0	- 2.4
Enterprise Value as of 30 Sept.	-	-	-	697.4	744.4	- 6.3

1) tangible and intangible fixed assets

2) total number of shares, less the number of own shares held by K+S on the reporting date

3) total number of shares, less the average number of own shares held by K+S during the period

4) total workforce including temporary employees (without students and interns)

5) the number of employees indicated above includes a prorated number of esco employees commensurate with the equity interest held by K+S

Management's Analysis

Revenues rise slightly in third quarter

At € 491.9 million, third quarter revenues were about 1% higher year-on-year. Revenues for the first nine months of the year totalled € 1,736.6 million, thus attaining the same level as a year ago.

Price increases could be successfully implemented during the third quarter. These increases, combined with higher sales volumes, more than made up for the losses in revenues attributable to currency factors. While COMPO and fertiva revenues rose, Potash and Magnesium Products as well as Salt saw a slight drop in revenues with Waste Management and Recycling experiencing a more significant decline.

The Potash and Magnesium Products business segment is the K+S Group's main source of revenues. It is followed by COMPO, fertiva and Salt. Europe was our most important regional market during the first nine months of the year, accounting for 77% of revenues.

€ million	2003	
	Q3	9M
Revenues	491.9	1,736.6
Change in revenues	+ 5.4	- 5.7
resulting from volume and structural factors	+14.7	+4.6
resulting from prices	+13.0	+25.6
resulting from exchange rates	- 22.3	- 35.9
resulting from consolidation	0.0	0.0

Third quarter EBIT down year-on-year

EBIT for the quarterly reporting period fell by € 9.3 million to € 10.5 million. With the exception of fertiva and Services and Trading, all other business segments were down year-on-year for the quarter. EBIT was adversely affected by the extremely dry spell, higher costs and the limited duration project inputs related to potash and magnesium products.

EBIT of € 96.6 million was posted for the first nine months of the year, down € 16.0 million year-on-year. Higher energy and personnel expenses also had an impact during the period. In addition, the US dollar was no longer hedged at the previous, very favourable exchange rates during the third quarter.

Third quarter financial result shows clear improvement

The financial result (€ -1.8 million) showed a year-on-year improvement of € 11.1 million, as the result for the same quarter last year was adversely affected by write-downs on short-term securities. In addition, increases in the prices of equities in relation to 31 December 2002 meant that write-ups totalling € 1.6 million could be booked during the third quarter. However, such adjustments do not affect the financial result but are included in other operating income.

A financial result of € -3.8 million was posted for the first nine months of the year compared to € -14.9 million a year ago.

Third quarter after-tax earnings higher year-on-year

As a result of the improved financial result, third quarter after-tax earnings amounted to € 8.4 million and were thus € 3.3 million higher than a year ago. Cumulative after-tax earnings for the first nine months of the year amounted to € 83.1 million, down 7% year-on-year. In addition to the decline in operative earnings, higher income taxes (an increase of € 1.5 million) also had an impact in this regard.

Earnings per share € 0.20 for the third quarter and € 2.00 for the first nine months of the year

At € 0.20 for each share entitled to participate in the dividend, earnings per share were significantly better year-on-year. This figure has been arrived at on the basis of 41.7 million no-par value shares (previous year: 42.7 million) and does not include the average number of own shares held by K+S. Earnings per share for the first nine months amounted to € 2.00, compared to € 2.08 a year ago.

DVFA earnings for the third quarter amounted to € 0.08 per share, compared to € 0.12 per share a year ago. DVFA earnings for the first nine months of the year amounted to € 1.21 per share, compared to € 1.31 per share for the same period last year.

We cancelled 2.5 million of our own shares during the first quarter, reducing the total number of K+S shares outstanding to 42.5 million and the share capital to € 108.8 million.

As of 30 September 2003, we no longer held any of our own shares in connection with our share repurchase programme after about 900,000 shares were sold to a long-term oriented investor at the end of the quarter at a price of € 18.60 each. As of 30 September 2003, we held about 200,000 own shares in connection with our employee participation programme. This means that the free float of our shares has increased to more than 80%.

Cash flow from operating activities up in third quarter

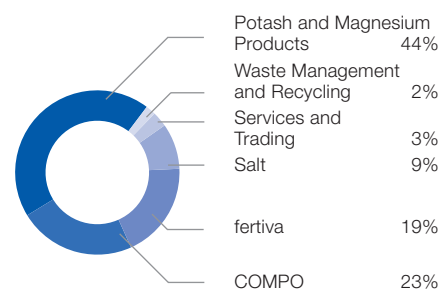
Third quarter gross cash flow amounted to € 36.1 million, compared to € 38.1 million a year ago. For the first nine months of the year, it totalled € 157.9 million, compared to € 167.0 million for the same period last year.

Cash flow from operating activities improved significantly during the third quarter, rising to € 126.3 million (as against € 107.8 million for the same quarter last year), because the funds tied up in working capital were lower once again.

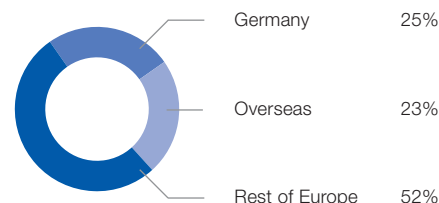
After taking into account payments related to investing activities, we achieved a free cash flow of € 83.5 million for the third quarter, € 25.2 million more than a year ago. For the first nine months of the year, it amounted to € 182.1 million, compared to € 109.2 million for the first nine months of the previous year.

Following the cancellation of own shares with a total value of € 43.4 million during the first quarter and the May dividend payment of € 41.5 million (€ 1.00 per share), cash and cash equivalents as of 30 September 2003 totalled € 267.7 million, or € 22.1 million more than a year ago.

Revenues by business segment Jan.–Sept. 2003



Revenues by region Jan.–Sept. 2003



Capital expenditure

Third quarter capital expenditure amounted to € 45.8 million and as a result of rescheduling that occurred during the course of the year was approximately 27% up on the previous year's level.

The major part of capital expenditure, € 29.6 million, was accounted for by the Potash and Magnesium Products business segment. Further progress was made on installing the conveyor system infrastructure needed to develop the new, mineral-rich sylvinite deposits in the Werra district. At € 6.9 million, Salt business segment capital expenditure for the third quarter was significantly higher than a year ago. The most important project for the segment is the technically demanding sinking of a borehole to expand the brine field in the Netherlands in order to ensure the supply of raw materials over the long term. In the case of COMPO, expenditure totalled € 6.3 million and was primarily used for investing in a new logistics and filling site in Spain as well as a facility for the stabilisation of fertilizers located in Antwerp. Capital expenditure for the first nine months of the year totalled € 89.3 million and was thus about 15% up on the same period last year.

Research and development costs for the third quarter amounted to € 3.0 million and to € 9.9 million for the first nine months of the year, both in line with the figures for the same period last year.

Personnel

As of 30 September 2003, the K+S Group had 10,638 employees worldwide. The increase of about 1%, or 110 persons, in the number of employees was largely attributable to the restructuring of the COMPO business segment's sales organisation in Spain and Brazil – functions previously discharged by third parties will now be performed by own employees.

Third quarter personnel expenses amounted to € 128.1 million and were thus approximately 3% higher than a year ago. In addition to the higher social insurance contributions that became effective at the beginning of the year, the figure also reflects the effects of a collective agreement pay rise.

As of September 2003, the number of trainees rose by 6 to 553 persons year-on-year.

Outlook

We do not expect to see any significant changes occur in our business environment over the remaining weeks of this year.

Revenues can be expected to reach a level approximating the high level attained a year ago. As was already indicated in previous interim reports, we expect EBIT to be significantly down on the previous year. Winter conditions at the end of the year could, however, have a positive impact. Net income for the current financial year will decline to a lesser extent than EBIT and will fail to reach the previous year's level.

Given the opportunities available on our markets as well as our cost and currency management procedures, we are confident of being able to further increase the earnings capacity of the K+S Group already over the medium term in a sustained manner.

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, actual events may deviate from expectations as set forth at the present time.

Business Segments of the K+S Group

Potash and Magnesium Products	July – September (Q3)			January – September (9M)			
	€ million	2003	2002	%	2003	2002	%
Revenues		226.3	231.5	- 2.2	768.6	767.6	+ 0.1
Earnings before interest, taxes, depreciation and amortization (EBITDA)		22.3	27.8	- 19.8	82.3	100.7	- 18.3
(EBITDA margin in %)		(9.9)	(12.0)		(10.7)	(13.1)	
Earnings before interest and taxes (EBIT)		3.7	9.6	- 61.5	26.7	46.8	- 42.9
(EBIT margin in %)		(1.6)	(4.1)		(3.5)	(6.1)	
Capital expenditure		29.6	24.5	+ 20.8	56.4	52.6	+ 7.2
Employees as of 30 Sept. (number)		-	-	-	7,620	7,606	+ 0.2

Global demand for potash and magnesium products continued to grow in the third quarter of 2003. As a result of the prolonged dry spell, sales in Europe fell slightly. Some overseas business prices rose significantly.

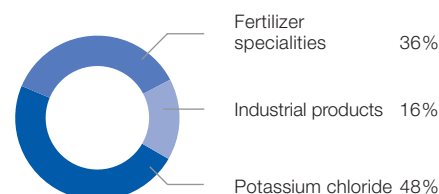
At € 226.3 million, our third quarter revenues were just short of last year's level. In the case of potassium chloride, the lower level at which the US dollar exchange rate was hedged as well as partial changes in forms of shipping caused revenues to drop by 4% to € 115.4 million despite increases in prices and sales volume. Fertilizer specialties revenues also fell by 2% to € 72.8 million. The industrial products business during the third quarter was once again more robust than in the same period last year. Total revenues for the Potash and Magnesium Products business segment amounted to € 768.6 million and were on the same level as a year ago.

Third quarter EBIT fell by € 5.9 million to € 3.7 million mainly as a result of inputs connected with the sylvinitic project. Thus, EBIT for the first nine months of the year saw an aggregate decline of € 20.1 million to € 26.7 million.

We expect revenues for 2003 as a whole to be down slightly on the previous year. The segment's EBIT will be significantly weaker as a result of the higher costs being incurred in the fields of energy and personnel as referred to above as well as the particular inputs needed in connection with the development of the new deposit.

€ million	2003	
	Q3	9M
Revenues	226.3	768.6
Change in revenues	- 5.2	+ 1.0
Potassium chloride	- 4.7	+ 0.2
Fertilizer specialties	- 1.7	- 2.7
Industrial products	+ 1.2	+ 3.5

Revenues by product group Jan.–Sept. 2003



COMPO	July – September (Q3)			January – September (9M)			
	€ million	2003	2002	%	2003	2002	%
Revenues		74.2	70.4	+ 5.4	396.4	392.6	+ 1.0
Earnings before interest, taxes, depreciation and amortization (EBITDA)		1.2	3.0	- 60.0	36.0	36.1	- 0.3
(EBITDA margin in %)		(1.6)	(4.3)		(9.1)	(9.2)	
Earnings before interest and taxes (EBIT)		- 1.7	0.5	-	27.2	28.3	- 3.9
(EBIT margin in %)		-	(0.7)		(6.9)	(7.2)	
Capital expenditure		6.3	6.3	0.0	10.1	13.2	- 23.5
Employees as of 30 Sept. (number)		-	-	-	1,159	1,082	+ 7.1

Whereas the season at the beginning of the year developed unfavourably as a result of heavy precipitation, the third quarter witnessed a period of extreme dryness that adversely affected both the hobby and professional areas.

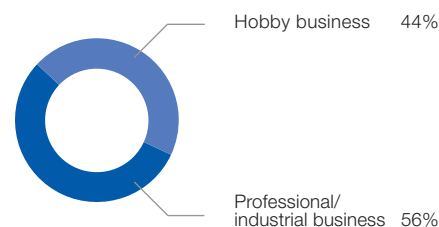
Nevertheless, third quarter revenues for the business segment totalled € 74.2 million, up by about 5% year-on-year mainly as a result of volume factors. Hobby area revenues reached € 27.7 million and the professional/industrial business grew by 7% to € 46.5 million as a result of a positive trend in sales in Latin America. There was no slackening of the strong demand for ENTEC fertilizers, which have been patented and are the product of research conducted by us in cooperation with BASF. Although the environment was a difficult one, COMPO's aggregate revenues for the first nine months of the year totalled € 396.4 million and were thus somewhat higher year-on-year.

COMPO business segment EBIT amounted to € -1.7 million for the quarterly reporting period. This was attributable to the higher cost of ammonia arising from price movements on the oil markets as well as a change in the product mix prompted by economic conditions. We expect to see a positive quarterly result again in the fourth quarter. For the first nine months of the year, COMPO generated EBIT of € 27.2 million, compared to € 28.3 million for the same period last year.

We expect a slight increase in revenues for 2003 as a whole. EBIT should attain the same level as last year.

€ million	2003	
	Q3	9M
Revenues	74.2	396.4
Change in revenues	+ 3.8	+ 3.8
Hobby business	+ 0.7	+ 2.9
Professional/industrial business	+ 3.1	+ 0.9

Revenues by product group Jan.–Sept. 2003

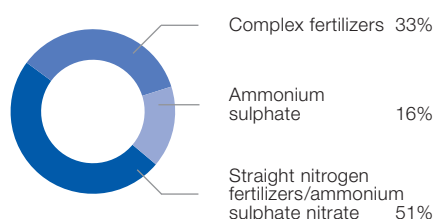


Business Segments of the K+S Group

fertiva	July – September (Q3)			January – September (9M)		
	2003	2002	%	2003	2002	%
€ million						
Revenues	121.2	112.2	+ 8.0	332.6	349.4	- 4.8
Earnings before interest, taxes, depreciation and amortization (EBITDA)	0.5	0.2	> 100	6.0	5.5	+ 9.1
(EBITDA margin in %)	(0.4)	(0.2)		(1.8)	(1.6)	
Earnings before interest and taxes (EBIT)	0.4	0.2	+ 100	5.7	5.3	+ 7.5
(EBIT margin in %)	(0.3)	(0.2)		(1.7)	(1.5)	
Capital expenditure	0.0	0.2	- 100	0.0	0.5	- 100
Employees as of 30 Sept. (number)	-	-	-	55	54	+ 1.9

€ million	2003	
	Q3	9M
Revenues	121.2	332.6
Change in revenues	+ 9.0	- 16.8
Complex fertilizers	- 1.9	- 29.5
Straight nitrogen fertilizers/ ammonium sulphate nitrate	+ 12.7	+ 17.1
Ammonium sulphate	- 1.8	- 4.4

Revenues by product group Jan.–Sept. 2003



Trends on the nitrogenous fertilizers market towards the end of the third quarter were favourable, because suppliers built up substantial stocks of the fertilizers that will be needed in the coming season at the attractive prices for stocking up currently on offer.

At € 121.2 million, business segment revenues for the third quarter of 2003 were up 8% year-on-year because of price and volume factors. Sales in Germany were adversely affected by logistical bottlenecks caused by restricted inland waterway traffic resulting from low water levels. In the case of complex fertilizers, revenues were down 5% to € 37.8 million as a result of product availability factors. By contrast, the third quarter saw straight nitrogen fertilizers rise markedly by 25% to € 64.5 million as a result of price and volume factors. Ammonium sulphate revenues totalled € 18.9 million (-9%) as a result of lower earnings attributable to currency factors. The revenues generated by fertiva were down by about 5% for the first nine months of the year and totalled € 332.6 million, which was in large measure due to the non-availability of complex fertilizer volumes.

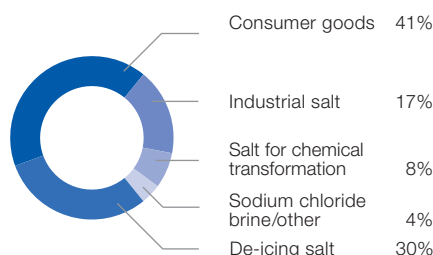
The maximum possible earnings for the basic business (€ 5.1 million) were already attained during the first half of the year while new business with other partners yielded additional earnings of € 0.6 million for the first nine months of the year. Thus, fertiva EBIT totalled € 5.7 million, representing an increase of about 8%.

We expect revenues for 2003 as a whole to be down on the previous year. It is expected that earnings will be on a similar level to last year.

Salt (62% of esco)	July – September (Q3)			January – September (9M)		
	2003	2002	%	2003	2002	%
€ million						
Revenues	42.4	42.8	- 0.9	153.1	147.4	+ 3.9
Earnings before interest, taxes, depreciation and amortization (EBITDA)	4.9	6.3	- 22.2	27.9	27.8	+ 0.4
(EBITDA margin in %)	(11.6)	(14.7)		(18.2)	(18.9)	
Earnings before interest and taxes (EBIT)	2.3	3.9	- 41.0	20.1	19.9	+ 1.0
(EBIT margin in %)	(5.4)	(9.1)		(13.1)	(13.5)	
Capital expenditure	6.9	2.0	> 100	15.0	3.7	> 100
Employees as of 30 Sept. (number)	-	-	-	846	836	+ 1.2

€ million	2003	
	Q3	9M
Revenues	42.4	153.1
Change in revenues	- 0.4	+ 5.7
Consumer goods	+ 2.4	+ 2.0
Industrial salt	- 0.1	- 0.4
Salt for chemical transformation	0.0	- 0.8
De-icing salt	- 2.3	+ 4.1
Sodium chloride brine/other	- 0.4	+ 0.8

Revenues by product group Jan.–Sept. 2003



The Western European salt market was also in good shape in the third quarter. Prices in some market segments were markedly higher than a year ago.

At € 42.4 million, Salt business segment (62% equity interest in esco) revenues were on the same level as last year. The consumer products business rose by 12% to € 21.9 million as a result of volume factors. While third quarter revenues for industrial salt (€ 8.9 million) and salt for chemical transformation (€ 4.8 million) remained almost unchanged, the de-icing salt safety system business fell by € 2.3 million to € 5.5 million as a result of the building up of adequate stocks already in the second quarter. In total, the Salt business segment generated revenues of € 153.1 million for the first nine months of the year, which represents an increase of about 4%.

The effects described above caused third quarter earnings to fall by € 1.6 million to € 2.3 million. By contrast, the Salt business segment generated earnings of € 20.1 million for the first nine months of the year, representing a slight increase of 1% in spite of the integration costs that had been incurred.

Given the average figures for the winter business over a large number of years, we expect revenues for 2003 to attain last year's high level. It should also be possible to achieve last year's good earnings.

Waste Management and Recycling	July – September (Q3)			January – September (9M)		
	2003	2002	%	2003	2002	%
€ million						
Revenues	12.9	14.6	- 11.6	40.6	44.3	- 8.4
Earnings before interest, taxes, depreciation and amortization (EBITDA)	1.5	3.3	- 54.5	6.7	10.0	- 33.0
(EBITDA margin in %)	(11.6)	(22.6)		(16.5)	(22.6)	
Earnings before interest and taxes (EBIT)	0.4	2.3	- 82.6	3.5	6.9	- 49.3
(EBIT margin in %)	(3.1)	(15.8)		(8.6)	(15.6)	
Capital expenditure	1.1	0.2	> 100	1.1	0.8	+ 37.5
Employees as of 30 Sept. (number)	-	-	-	234	243	- 3.7

Fierce competition once again impacted significantly on the waste management business during the third quarter of 2003. In Germany, waste disposal sites located above ground in particular are competing aggressively for quantities of waste that are currently declining.

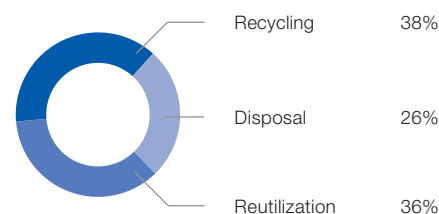
Third quarter revenues totalled € 12.9 million and were thus € 1.7 million lower than a year ago. In the case of underground disposal alone, a decline in revenues of € 1.1 million to € 3.2 million as a result of volume factors could not be avoided. In the case of underground waste reutilization, revenues totalled € 4.9 million, thus almost attaining the same level as last year. The recycling business fell by € 0.4 million to € 4.8 million. The Waste Management and Recycling business segment generated revenues of about € 40.6 million for the first nine months of the year, down about 8% on the figure for the same period last year.

Business segment EBIT for the third quarter fell by € 1.9 million to € 0.4 million and by € 3.4 million to € 3.5 million for the first nine months of the year. The decline is mainly attributable to lower volumes of waste for underground disposal in Germany.

We expect lower revenues and a significantly lower EBIT for 2003 as a whole. A recently acquired special project for underground disposal will primarily impact on revenues and earnings in the coming year. In addition, market-related activities in neighbouring European countries will be stepped up in a focused manner.

€ million	2003	
	Q3	9M
Revenues	12.9	40.6
Change in revenues	- 1.7	- 3.7
Disposal	- 1.1	- 3.8
Reutilization	- 0.2	- 0.4
Recycling	- 0.4	+ 0.5

Revenues by segment Jan.–Sept. 2003



Services and Trading	July – September (Q3)			January – September (9M)		
	2003	2002	%	2003	2002	%
€ million						
Revenues	14.6	14.4	+ 1.4	44.4	39.8	+ 11.6
Earnings before interest, taxes, depreciation and amortization (EBITDA)	6.9	6.8	+ 1.5	20.8	19.3	+ 7.8
(EBITDA margin in %)	(47.3)	(47.2)		(46.8)	(48.5)	
Earnings before interest and taxes (EBIT)	5.2	5.1	+ 2.0	15.6	14.2	+ 9.9
(EBIT margin in %)	(35.6)	(35.4)		(35.1)	(35.7)	
Capital expenditure	0.8	2.5	- 68.0	5.5	5.3	+ 3.8
Employees as of 30 Sept. (number)	-	-	-	401	389	+ 3.1

During the third quarter, Services and Trading business segment revenues rose by approximately 1% to € 14.6 million.

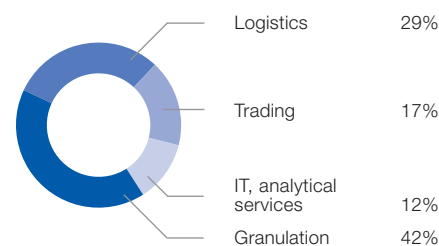
In the case of logistics, revenues rose by about 13% to € 4.4 million as a result of the acquisition of new customers and volume factors. At € 6.4 million, CATSAN® (granulation) revenues fell just short of the previous year's level. While the trading business posted revenues of € 2.0 million, slightly up year-on-year, revenues for the IT and analytical services segment fell by € 0.3 million to € 1.8 million after a robust first half of the year. The business segment generated revenues totalling € 44.4 million for the first nine months of the year, up about 12% on the figure for the same period last year.

At € 5.2 million, EBIT for the business segment attained the same level as last year. Following on from the positive first half of the year, it was possible to achieve earnings of € 15.6 million for the first nine months of the year, an increase of about 10%.

We expect revenues and earnings for 2003 as a whole to be slightly higher than a year ago.

€ million	2003	
	Q3	9M
Revenues	14.6	44.4
Change in revenues	+ 0.2	+ 4.6
Granulation	- 0.2	+ 0.6
Logistics	+ 0.5	+ 2.1
Trading	+ 0.2	+ 0.7
IT, analytical services	- 0.3	+ 1.2

Revenues by segment Jan.–Sept. 2003



Explanatory notes; structural changes

This interim report has been prepared in accordance with Accounting Standard No. 6 (DRS 6) of the German Accounting Standards Committee (DRSC).

The interim financial statements and the consolidated financial statements of the K+S Group have been prepared in accordance with the regulations contained in the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The accounting and valuation principles used were the same as those employed for the consolidated financial statements of the K+S Group as of 31 December 2002 as well as the corresponding interim report for the third quarter of 2002. The inclusion of the esco salt joint venture in the K+S consolidated financial statements is proportionate to our share of 62 percent.

The interim financial statements have not been audited.

Profit and Loss Account	July – September (Q3)			January – September (9M)		
	2003	2002	%	2003	2002	%
€ million						
Revenues	491.9	486.5	+ 1.1	1,736.6	1,742.3	- 0.3
Cost of sales	348.2	337.4	+ 3.2	1,159.2	1,169.2	- 0.9
Gross profit	143.7	149.1	- 3.6	577.4	573.1	+ 0.8
<i>(Gross margin in %)</i>	<i>(29.2)</i>	<i>(30.6)</i>		<i>(33.2)</i>	<i>(32.9)</i>	
Selling expenses	117.8	121.4	- 3.0	420.9	418.3	+ 0.6
including: transport and delivery costs	61.3	65.4	- 6.3	225.5	226.0	- 0.2
General and administrative expenses	11.7	12.2	- 4.1	41.3	40.7	+ 1.5
Research costs	3.0	3.4	- 11.8	9.9	9.8	+ 1.0
Other operating income	29.3	27.5	+ 6.5	69.7	64.9	+ 7.4
Other operating expenses	30.0	19.8	+ 51.5	78.4	56.6	+ 38.5
Earnings before interest and taxes (EBIT)	10.5	19.8	- 47.0	96.6	112.6	- 14.2
<i>(EBIT margin in %)</i>	<i>(2.1)</i>	<i>(4.1)</i>		<i>(5.6)</i>	<i>(6.5)</i>	
Income from investments, net	0.1	0.5	- 80.0	0.8	1.4	- 42.9
Write-downs on financial assets and short-term securities	0.2	14.7	- 98.6	0.6	14.8	- 95.9
Interest income, net	- 1.7	0.7	-	- 4.0	- 1.5	> 100
Result from ordinary operations/ earnings before income taxes	8.7	6.3	+ 38.1	92.8	97.7	- 5.0
<i>(Pre-tax return on revenues in %)</i>	<i>(1.8)</i>	<i>(1.3)</i>		<i>(5.3)</i>	<i>(5.6)</i>	
Taxes on income	0.3	1.2	- 75.0	9.7	8.2	+ 18.3
Earnings after taxes	8.4	5.1	+ 64.7	83.1	89.5	- 7.2
<i>(Return on revenues in %)</i>	<i>(1.7)</i>	<i>(1.0)</i>		<i>(4.8)</i>	<i>(5.1)</i>	

Statement of Changes in Equity	Subscribed capital	Additional paid-in capital	Reserve for own shares	Profit retained/ other revenue reserves	Equity
€ million					
Balance as of 1 January 2003	115.2	0.0	60.4	337.8	513.4
Dividend for previous year	-	-	-	- 41.5	- 41.5
Surplus for period	-	-	-	+ 83.1	+ 83.1
Repurchase/cancellation/disposal of own shares	- 6.4	+ 6.4	- 56.5	+ 13.1	- 43.4
Consolidation effects	-	-	-	+ 48.0	+ 48.0
Balance as of 30 September 2003	108.8	6.4	3.9	440.5	559.6
€ million					
Balance as of 1 January 2002	115.2	0.0	31.6	310.8	457.6
Dividend for previous year	-	-	-	- 43.4	- 43.4
Surplus for period	-	-	-	+ 89.5	+ 89.5
Repurchase/disposal of own shares	-	-	+ 21.6	- 21.6	0.0
Consolidation effects	-	-	-	- 5.0	- 5.0
Balance as of 30 September 2002	115.2	0.0	53.2	330.3	498.7

Balance Sheet – Assets				
€ million	30.09.2003	30.09.2002	%	31.12.2002
Intangible assets	31.2	32.5	- 4.0	33.5
Tangible fixed assets	619.5	543.8	+ 13.9	565.1
Financial assets	76.3	87.3	- 12.6	86.0
Fixed assets	727.0	663.6	+ 9.6	684.6
Inventories	211.0	206.6	+ 2.1	238.7
Receivables and other assets	480.6	486.7	- 1.3	524.5
Own shares	3.9	53.2	- 92.7	60.4
Other securities	100.3	102.3	- 2.0	102.6
Cash in hand, bank balances	181.8	102.8	+ 76.8	52.6
Current assets	977.6	951.6	+ 2.7	978.8
Deferred taxes	0.0	0.0	-	0.3
Prepaid expenses	3.0	2.8	+ 7.1	3.0
ASSETS	1,707.6	1,618.0	+ 5.5	1,666.7

Balance Sheet – Equity and Liabilities				
€ million	30.09.2003	30.09.2002	%	31.12.2002
Subscribed capital	108.8	115.2	- 5.6	115.2
Additional paid-in capital	6.4	0.0	-	0.0
Reserve for own shares	3.9	53.2	- 92.7	60.4
Other revenue reserves and profit retained	440.5	330.3	+ 33.4	337.8
Equity	559.6	498.7	+ 12.2	513.4
Special reserves	0.0	2.3	- 100	0.3
Balance arising from capital consolidation	33.2	46.8	- 29.1	45.3
Pension provisions	174.6	180.0	- 3.0	175.3
Provisions for mining obligations	316.4	298.5	+ 6.0	303.9
Provisions for taxes	4.1	4.6	- 10.9	4.6
Other provisions	246.8	244.8	+ 0.8	222.2
Provisions	741.9	727.9	+ 1.9	706.0
Accounts payable – trade	268.9	244.1	+ 10.2	253.6
Bank loans and overdrafts	18.3	20.9	- 12.4	47.7
Other liabilities	84.4	75.9	+ 11.2	99.6
Liabilities	371.6	340.9	+ 9.0	400.9
Deferred income	1.3	1.4	- 7.1	0.8
EQUITY AND LIABILITIES	1,707.6	1,618.0	+ 5.5	1,666.7

Financial Section

Cash Flow Statement	July – September (Q3)			January – September (9M)		
	2003	2002	%	2003	2002	%
€ million						
Earnings after taxes	8.4	5.1	+ 64.7	83.1	89.5	- 7.2
Depreciation (+) on fixed assets	28.0	26.0	+ 7.7	82.8	79.1	+ 4.7
Increase (+)/decrease (-) in long-term provisions	4.5	- 6.5	-	5.9	- 10.0	-
Increase (+)/decrease (-) in special reserves	0.0	0.3	- 100	0.0	0.7	- 100
Release of credit differences on capital consolidation	- 3.8	- 3.9	- 2.6	- 11.3	- 11.6	- 2.6
Write-downs (+)/write-ups (-) on short-term securities	- 1.0	15.6	-	- 2.6	14.8	-
Other non-cash items	0.0	1.5	- 100	0.0	4.5	- 100
Gross cash flow	36.1	38.1	- 5.2	157.9	167.0	- 5.4
Gains (-)/loss (+) on disposal of fixed assets	5.4	- 0.1	-	3.9	- 0.8	-
Increase (-)/decrease (+) in inventories	- 3.5	0.4	-	27.7	32.5	- 14.8
Increase (-)/decrease (+) in receivables from operating activities	87.2	90.4	- 3.5	44.7	- 11.5	-
Increase (+)/decrease (-) in short-term provisions	- 12.4	- 11.4	+ 8.8	29.5	30.6	- 3.6
Increase (+)/decrease (-) in liabilities from operating activities	13.5	- 9.6	-	0.7	- 21.8	-
Cash flow from operating activities	126.3	107.8	+ 17.2	264.4	196.0	+ 34.9
Proceeds from disposals of fixed assets	3.1	12.1	- 74.4	30.8	18.2	+ 69.2
Disbursements for intangible assets	- 1.1	- 1.1	0.0	- 2.5	- 2.2	+ 13.6
Disbursements for tangible assets	- 44.8	- 35.1	+ 27.6	- 86.9	- 75.7	+ 14.8
Disbursements for financial assets	0.0	- 25.4	- 100	- 23.7	- 26.2	- 9.5
Disbursements for acquisition of consolidated companies	0.0	0.0	-	0.0	- 0.9	- 100
Cash flow from investing activities	- 42.8	- 49.5	- 13.5	- 82.3	- 86.8	- 5.2
Free cash flow	83.5	58.3	+ 43.2	182.1	109.2	+ 66.8
Cancellation of own shares	0.0	0.0	-	- 43.4	0.0	-
Payment of dividend	0.0	0.0	-	- 41.5	- 43.4	- 4.4
Cash flow from financing activities	0.0	0.0	-	- 84.9	- 43.4	+ 95.6
Change in cash and cash equivalents affecting cash flow	83.5	58.3	+ 43.2	97.2	65.8	+ 47.7
Change in value of cash and cash equivalents	0.9	- 15.6	-	2.6	- 14.8	-
Change in cash and cash equivalents	84.4	42.7	+ 97.7	99.8	51.0	+ 95.7

Cash and Cash Equivalents	July – September (Q3)			January – September (9M)		
	2003	2002	%	2003	2002	%
€ million						
Opening balance	183.3	202.9	- 9.7	167.9	194.6	- 13.7
Own shares	3.9	53.2	- 92.7	3.9	53.2	- 92.7
Other short-term securities	100.3	102.3	- 2.0	100.3	102.3	- 2.0
Cash in hand, bank balances	181.8	102.8	+ 76.8	181.8	102.8	+ 76.8
Short-term financial liabilities	- 18.3	- 12.7	+ 44.1	- 18.3	- 12.7	+ 44.1
Balance as of 30 September	267.7	245.6	+ 9.0	267.7	245.6	+ 9.0

Summary by Quarter

Revenues and Earnings	2002				2003			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	%
€ million								
Potash and Magnesium Products	287.7	248.4	231.5	224.7	295.3	247.0	226.3	- 2.2
COMPO	194.2	128.0	70.4	88.4	192.3	129.9	74.2	+ 5.4
fertiva	131.2	106.0	112.2	120.1	125.1	86.3	121.2	+ 8.0
Salt	69.3	35.3	42.8	56.0	73.7	37.0	42.4	- 0.9
Waste Management and Recycling	15.0	14.7	14.6	14.3	13.6	14.1	12.9	- 11.6
Services and Trading	13.4	12.0	14.4	12.0	15.8	14.0	14.6	+ 1.4
Reconciliation	0.3	0.3	0.6	0.7	0.4	0.2	0.3	- 50.0
K+S Group revenues	711.1	544.7	486.5	516.2	716.2	528.5	491.9	+ 1.1
Potash and Magnesium Products	28.1	9.1	9.6	8.8	20.2	2.8	3.7	- 61.5
COMPO	22.2	5.6	0.5	2.5	21.3	7.6	- 1.7	-
fertiva	2.7	2.4	0.2	1.0	4.0	1.3	0.4	+ 100.0
Salt	18.0	- 2.0	3.9	6.1	20.1	- 2.3	2.3	- 41.0
Waste Management and Recycling	2.4	2.2	2.3	1.4	1.4	1.7	0.4	- 82.6
Services and Trading	5.0	4.1	5.1	1.2	6.5	3.9	5.2	+ 2.0
Reconciliation	- 6.3	- 0.7	- 1.8	- 0.8	- 5.7	3.3	0.2	-
K+S Group EBIT	72.1	20.7	19.8	20.2	67.8	18.3	10.5	- 47.0

Profit and Loss Account	2002				2003			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	%
€ million								
Revenues	711.1	544.7	486.5	516.2	716.2	528.5	491.9	+ 1.1
Cost of sales	467.4	364.4	337.4	343.5	466.7	344.3	348.2	+ 3.2
Gross profit	243.7	180.3	149.1	172.7	249.5	184.2	143.7	- 3.6
Selling expenses	152.8	144.1	121.4	128.2	157.9	145.2	117.8	- 3.0
General and administrative expenses	13.8	14.7	12.2	12.6	15.0	14.6	11.7	- 4.1
Research costs	2.8	3.6	3.4	3.4	3.3	3.6	3.0	- 11.8
Balance of other operating income/expenses	- 2.2	+ 2.8	+ 7.7	- 8.3	- 5.5	- 2.5	- 0.7	-
Earnings before interest and taxes (EBIT)	72.1	20.7	19.8	20.2	67.8	18.3	10.5	- 47.0
Financial result	- 0.9	- 0.5	- 13.5	- 4.0	- 6.4	+ 4.4	- 1.8	+ 86.7
Earnings before income taxes	71.2	20.2	6.3	16.2	61.4	22.7	8.7	+ 38.1
Taxes on income	9.0	- 2.0	1.2	1.9	6.8	2.6	0.3	- 75.0
Earnings after taxes	62.2	22.2	5.1	14.3	54.6	20.1	8.4	+ 64.7

Other Key Data	2002				2003			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	%
Capital expenditure (€ million) ¹⁾	15.7	26.0	36.2	51.1	20.1	23.4	45.8	+ 26.5
Depreciation and amortization (€ million) ¹⁾	27.5	25.6	26.0	28.2	27.8	26.6	28.0	+ 7.7
Gross cash flow (€ million)	85.5	43.4	38.1	49.9	86.1	35.7	36.1	- 5.2
Earnings after taxes per share (€)	1.43	0.51	0.12	0.34	1.32	0.48	0.20	+ 66.7
DVFA earnings per share (€)	0.93	0.25	0.12	0.31	0.85	0.28	0.08	- 33.3
Gross cash flow per share (€)	1.97	1.00	0.89	1.19	2.07	0.86	0.87	- 2.2
Book value per share (€)	12.73	12.13	12.15	12.42	13.91	13.90	13.95	+ 14.8
Total number of shares (million)	45.0	45.0	45.0	45.0	42.5	42.5	42.5	- 5.6
Number of shares outstanding (million) ²⁾	43.4	43.1	42.2	41.5	41.5	41.5	42.3	+ 0.2
Average number of shares (million) ³⁾	43.4	43.3	42.7	41.9	41.5	41.5	41.7	- 2.3
Employees (number)	10,506	10,448	10,528	10,610	10,655	10,566	10,638	+ 1.0
Closing price (XETRA, €)	23.10	21.50	18.00	17.35	17.01	17.71	18.60	+ 3.3

1) tangible and intangible fixed assets

2) total number of shares less the number of own shares held by K+S on the reporting date

3) total number of shares less the average number of own shares held by K+S during the period

Dates	2004
Report on business in 2003	11 March 2004
Press and analyst conferences, Frankfurt	11 March 2004
Annual General Meeting 2004, Kassel	5 May 2004
Interim report 31 March 2004	5 May 2004
Dividend payment	6 May 2004
Interim report 30 June 2004	August 2004
Interim report 30 September 2004	15 November 2004
Press and analyst conference, Frankfurt	15 November 2004

Investor Relations

phone: +49 (0) 561/93 01-16 87
 fax: +49 (0) 561/93 01-24 25
 email: investor-relations@k-plus-s.com

Communications

phone: +49 (0) 561/93 01-17 22
 fax: +49 (0) 561/93 01-16 66
 email: pr@k-plus-s.com

Contact

K+S Aktiengesellschaft
 Bertha-von-Suttner-Str. 7
 D-34131 Kassel
 phone: +49 (0) 561/93 01-0
 fax: +49 (0) 561/93 01-17 53
 internet: www.k-plus-s.com

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