

K+S Aktiengesellschaft

Analyst Conference

14 November 2006

Frankfurt am Main

**Speech by Dr. Ralf Bethke,
Chairman of the Board of Executive Directors**

– The spoken word is binding –

A warm welcome to you all



Ladies and Gentlemen,

We are pleased to be able to welcome so many of you once again to our today's analyst conference.

First, I will present the latest business development in the first three quarters of the year, as well as our expectations and objectives for the whole of the business year 2006 in the individual business segments. Afterwards, Mr. Steiner will discuss the key points of our interim report as of 30 September 2006. Finally, we will be pleased to answer your questions.

Slide 1 - Continued growth

K+S Group
Continued growth 

New role in global salt business

- Acquisition of the largest South American salt producer is consolidating our global presence and opening new growth opportunities

Operating improvement in all business segments

- Overseas fertilizer deliveries selectively expanded
- Attractive price level exploited to boost revenues
- Extraordinarily strong business with de-icing salt

Further improvement to performance and efficiency

- Productivity improvements in all business sectors
- Further potentials being exploited and implemented

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Ladies and Gentlemen,

First, a quick look at the highlights of the business year 2006 so far:

We steadfastly continued our growth strategy and, through the acquisition of Chilean **Sociedad Punta de Lobos (SPL)**, South America's largest salt producer, have made a further important step in consolidating our portfolio: In this way, we are transcending European borders and assuming a new role in the international salt business. The growth of South American markets and the continuing industrialization in Asia present us with promising opportunities. The first months of cooperation with SPL have shown that we are on the right track. Following the inclusion of SPL on 1 July 2006, we expect significant contributions to revenues and to earnings already in the second half of the year.

We have improved our operating earnings in all business sectors during the first nine months of the year:

In the case of fertilizers, we expanded our overseas deliveries in order to offset the problems with demand in Europe, caused, in particular, by poor weather conditions. We were able to attain cost-effective results with the aid of relatively cheap container shipments from Hamburg and Antwerp. Thus, some 45,000 containers with over one million tonnes of fertilizer were shipped overseas during the first nine months of the year, representing an increase of almost 50 percent against the previous year. This allows us stronger participation in the growth of standard and speciality fertilizers in Asia than before.

Our market success has been backed up by the good overall demand on our markets and the attractive international price level, especially for potash and nitrogen fertilizers. With our high flexibility, we were able to make good use of the exceptionally strong demand for our winter products at the start of the year: We were ready to deliver at all times.

Internally, we continued our efforts to formulate and implement increases in efficiency that are as long-lasting as possible. We have already laid the cornerstone of this in good time. This effort is also contributing to an increase in our results. In particular, our COMPO business segment has consolidated the consumer business thanks to optimization and cost-cutting projects. We have identified further potential improvements and are in the process of implementing them.

Slide 2 - Rise in revenues and earnings as of 30 September

K+S Group		Rise in revenues and earnings as of 30 September			
€ million	2006	2005		%	
Revenues	2,225.7	2,099.7	+	6.0	
Operating earnings (EBIT I)	224.2	202.1	+	10.9	
Group earnings after taxes, adjusted *	141.7	125.6	+	12.8	
Earnings per share, adjusted (€/share) *	3.44	2.96	+	16.2	

* adjusted for the effect of market rate changes in exchange rate hedging transactions; 37.0% tax rate assumed

10 November 2006 K+S Group / 2

Ladies and Gentlemen,

Let us now take a look at the key figures as of 30 September 2006:

The K+S Group's revenues as of 30 September 2006 increased against the previous year's period by € 126 million or 6 percent, exceeding € 2.2 billion, largely through price-related effects. The Potash and Magnesium Products, Salt and Waste Management and Recycling business segments made the largest contributions to this. SPL was consolidated for the first time as of 1 July 2006.

At € 224.2 million, **operating earnings (EBIT I)** exceeded the previous year's level by € 22.1 million or 11 percent. All business segments contributed to the improved result, brought on mainly by attractive fertilizer prices, positive currency hedging measures, increases in efficiency, brisk business with de-icing salt and growth in waste management. The strong increases in energy and freight costs were more than made up for.

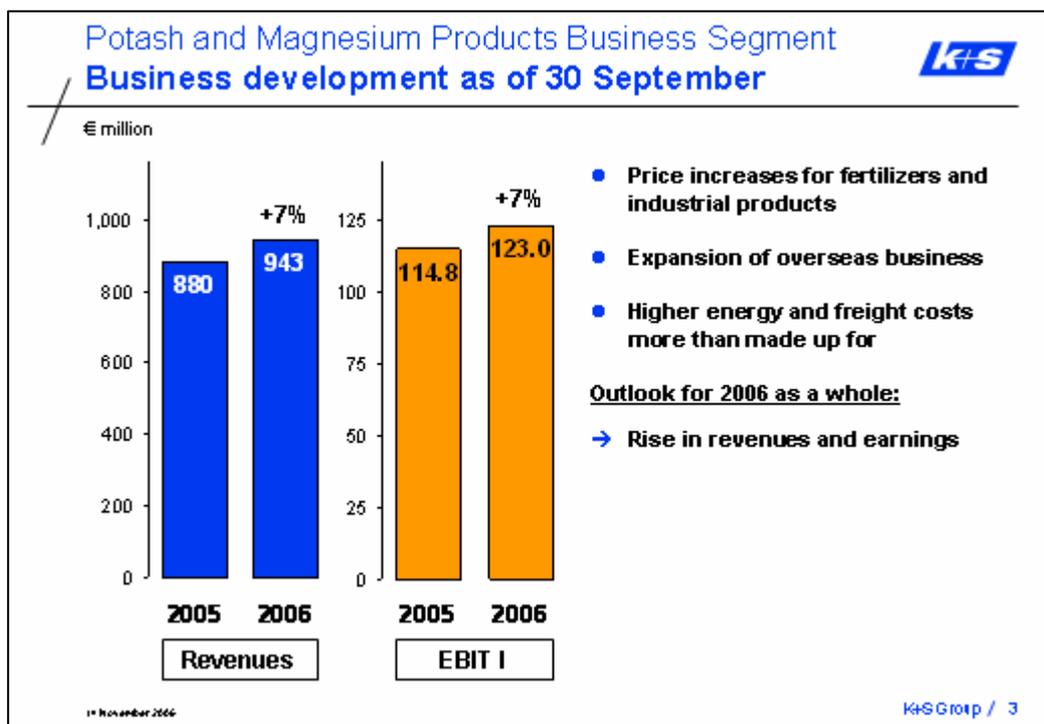
At € 141.7 million, adjusted earnings after taxes during the first nine months of the year 2006 exceeded the previous year's level by € 16.1 million or about 13 percent.

Adjusted earnings per share as of 30 September 2006, at € 3.44 per share, were 48 cents or about 16 percent above the previous year's level.

Ladies and Gentlemen,

Let us now proceed to the individual business segments:

Slide 3 - Potash and Magnesium Products Business Segment
Business development as of 30 September 2006 / Outlook 2006



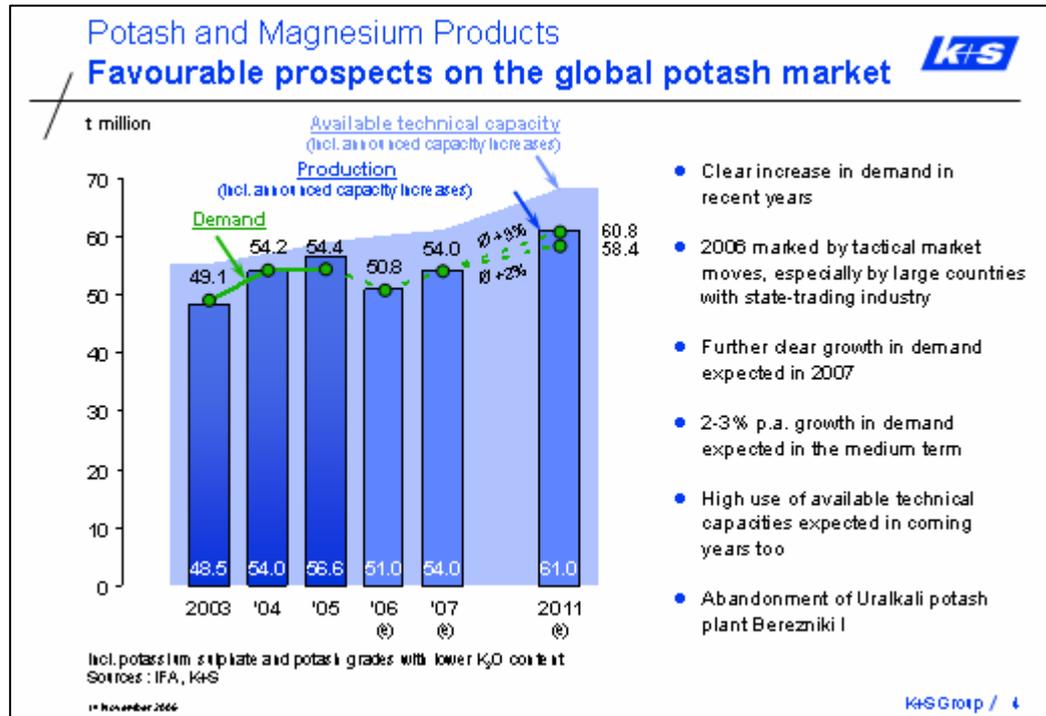
In the Potash and Magnesium Products business segment, as of 30 September 2006, we achieved revenues of € 943 million, representing an increase of some 7 percent against the previous year. The price increases for fertilizer specialities, potassium chloride and industrial products were the main reasons for this. At the same time, the consistent expansion of our overseas business had a positive impact here. Thus, we were able to expand our deliveries of potassium chloride 60 to Brazil

and South-East Asia as well as Australia and New Zealand. In addition, there was an increase in demand for special potash grades – especially potassium sulphate – over the previous year in the Middle and Far East.

The high increases in the cost of energy and freight were more than made up for by our higher average revenues from potash and magnesium products and by the positive effect of currency hedging measures: At € 123.0 million, operating earnings for the first nine months exceeded the previous year's level by 7 percent.

For financial year 2006 as a whole, we again expect an increase in revenues mainly as a result of price-related effects. Operating earnings should again increase this year, despite the strong increases in energy prices, also as a result of expected favourable U.S. dollar hedging measures.

Slide 4 - Favourable prospects on the global potash market



Ladies and Gentlemen,

Let us take a closer look at the situation on the global potash market this year and on our expectations of future developments regarding global demand and production:

As you can see from the chart, global demand for potash has been rising steadily in recent years. As a consequence, international fertilizer price levels have also risen significantly.

The year 2006 began quite differently, marked by market tactics especially by large state-trading countries. Due to the difficult and prolonged price negotiations in China and India, there was customer restraint on some markets, resulting in tangible production cutbacks by manufacturers in Canada and Russia who perform major bulk shipments to Asia.

After the positive conclusion of price negotiations with China and India at the end of July/beginning of August, large-scale potash deliveries to these countries commenced again. Consequently, global demand for potash revived again in the second half of the year. From August onwards, high sales caused most producers' global potash inventories to once again drop to a normal level. As a result, the international price level has again stabilised in the meantime, too.

For 2006, we do not expect that the high drop in sales in the first half of the year (6 million tonnes) will be made up for by the end of the year; compared to last year, this year we expect a drop in sales by some 4 million tonnes to 50.8 million tonnes (54.4 million tonnes in the previous year). However, one should bear in mind that these quantities have not been manufactured in this amount either, so that an inventory or long-lasting supply overhang are not to be expected.

For 2007, we again expect a clear increase in the global demand for potash. The factors behind the previously steady growth have not changed: the demand for high-quality nutrition, including animal feed, is rising in Asian countries, in particular, so that global fertilizer consumption continues to increase. The steadily increasing demand for renewable raw materials provides an additional growth stimulus.

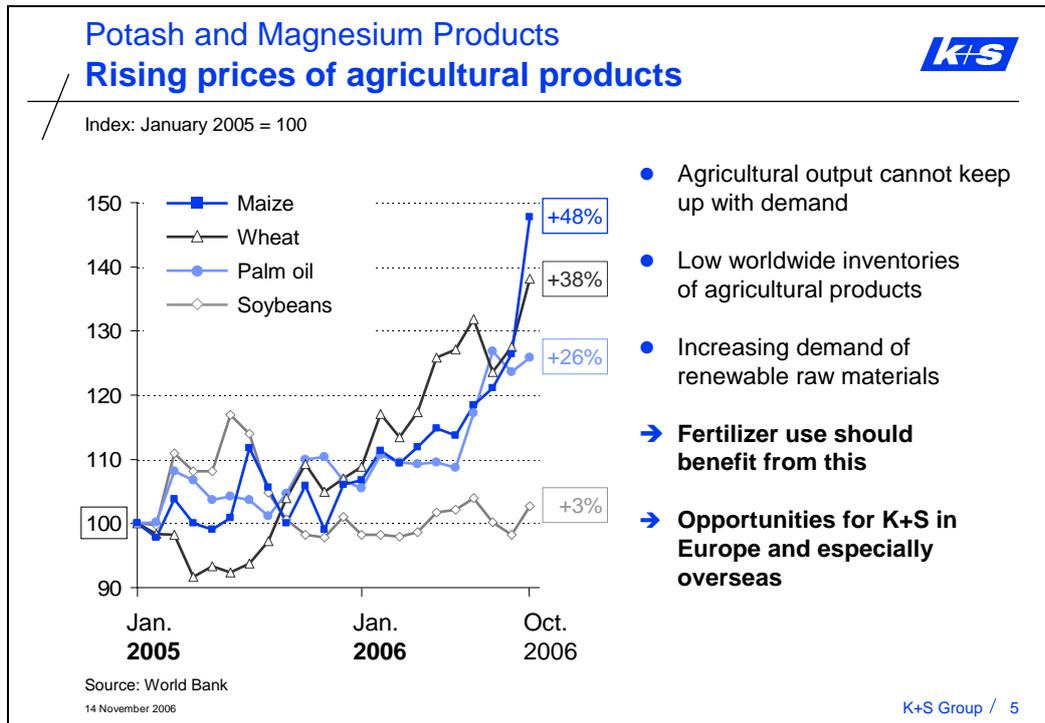
The continuing urbanisation especially in Asia and global climatic changes are chargeable to agricultural land. The loss of agricultural land can only be overcome through professional intensified cultivation. This can only be achieved through a higher use of mineral fertilizers.

In the medium term, we expect that global potash demand in the coming years will rise by an average of 2 to 3 percent per year – up to 61 million tonnes in the year 2011. Thus, available capacities on the global potash market will again be subject to a high strain in the future, too.

In our view, the announced expansions of potash capacity will not significantly reduce the general potash shortage. Moreover, the Uralkali plant Berezniki I had to be abandoned in October 2006 following a leach inflow. According to the company, production loss will amount to 1.2 million tonnes in 2007 alone.

For many years, our own crude salt extraction and manufacture of fertilizers have proceeded at maximum capacity. Thanks to the mineral-rich Sylvinite capacities newly tapped in 2005, we can compensate for the currently mineral-low levels in some potash plants. However, in general, in order to safeguard high output, we will have to spend more on underground exploration, mining and processing, as well as raw salt extraction in the future. This also requires a higher number of employees in some of our plants, especially below ground.

Slide 5 - Rising prices of agricultural products



Ladies and Gentlemen,

What is the real motor of demand for fertilizers? The increase in prices that has been observed among many raw materials and precious metals now seems to have spread to agricultural produce. Quoted prices of wheat, maize and palm oil, except soya, have risen on the world's international commodity exchanges by up to 48 percent since the beginning of last year.

One cause of this price increase is lost harvest yields caused by bad weather, as a result of which worldwide agricultural output will once again fail to meet demand this year. Therefore, inventories of agricultural produce have shrunk again considerably. For instance, within the space of one year, global grain reserves have fallen to their lowest level in 25 years, and also maize reserves are at their lowest level in 20 years.

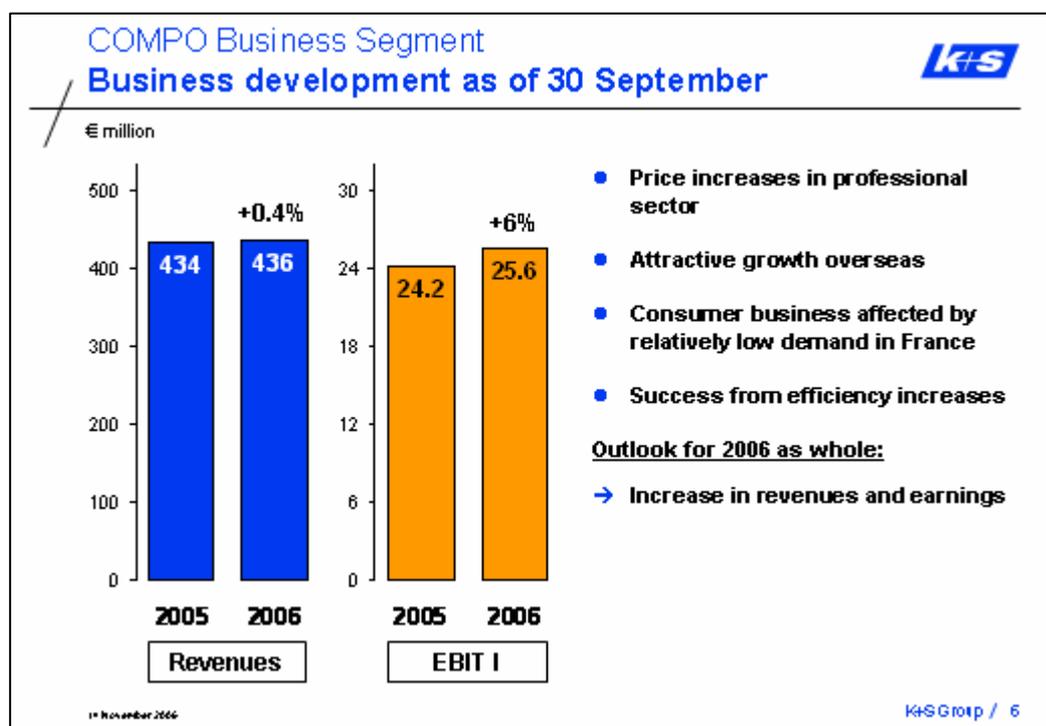
The general demand for agricultural produce continues to be affected by the high growth in the global population, changed eating habits and the resultant increase in meat consumption, as well as by the strongly increasing demand for renewable raw materials for energy production: For instance, since 1995, the production of

bioethanol has almost doubled to 35 million tonnes worldwide, whilst the production of biodiesel during the same period has risen almost eightfold to 3.5 million tonnes worldwide.

For the K+S Group as a global provider of potash and nitrogen fertilizers, this development offers promising opportunities here in Europe, but particularly on major overseas markets such as Brazil and Malaysia.

Slide 6 - COMPO Business Segment

Business development as of 30 September 2006 / Outlook 2006



And now to the COMPO business segment. Revenues for the first three quarters of 2006 were € 436 million, slightly less than one year ago.

Slight decreases in sales in the professional segment in Europe were more than made up for by higher prices and clear increases in exports. In particular, exports to Latin America developed very positively over the past nine months, apart from which our subsidiaries in Mexico and Chile contributed to overseas growth with their local products.

Just like last year, COMPO's consumer business was affected by poor weather and a short fertilization period in Europe. The market situation in France in particular remains difficult.

Despite higher prices of raw materials, operating earnings as of 30 September 2006 rose by 6 percent against the previous year and reached € 25.6 million. This was partly attributable to the efficiency enhancement measures already introduced last year. They included an increased flexibility of working hours, a restructuring of our distribution in Germany and France and the varied standardisation and focussing of our product range.

We expect to see a slight rise in revenues for 2006, mainly as a result of rising professional business sales in Latin America. Operating earnings should improve tangibly on the previous year, with further efficiency enhancement also helping in this respect.

Slide 7 - COMPO: Market entrance consolidated

COMPO Business Segment
COMPO - Market entrance consolidated



- **New plant protection products thanks to cooperation with Syngenta**
 - "COMPO Axoris Insekten-frei" to be introduced early 2007
 - a further 4 new developments based on Syngenta substances and 13 new formulae pending approval
- **Further development of market entrance and innovative packaging**
 - COMPO liquid fertilizer bottles nominated for 2007 Design Award

11. November 2006 K+S Group / 7

Ladies and Gentlemen,

Apart from much internal efforts, we have further strengthened COMPO by a series of market measures.

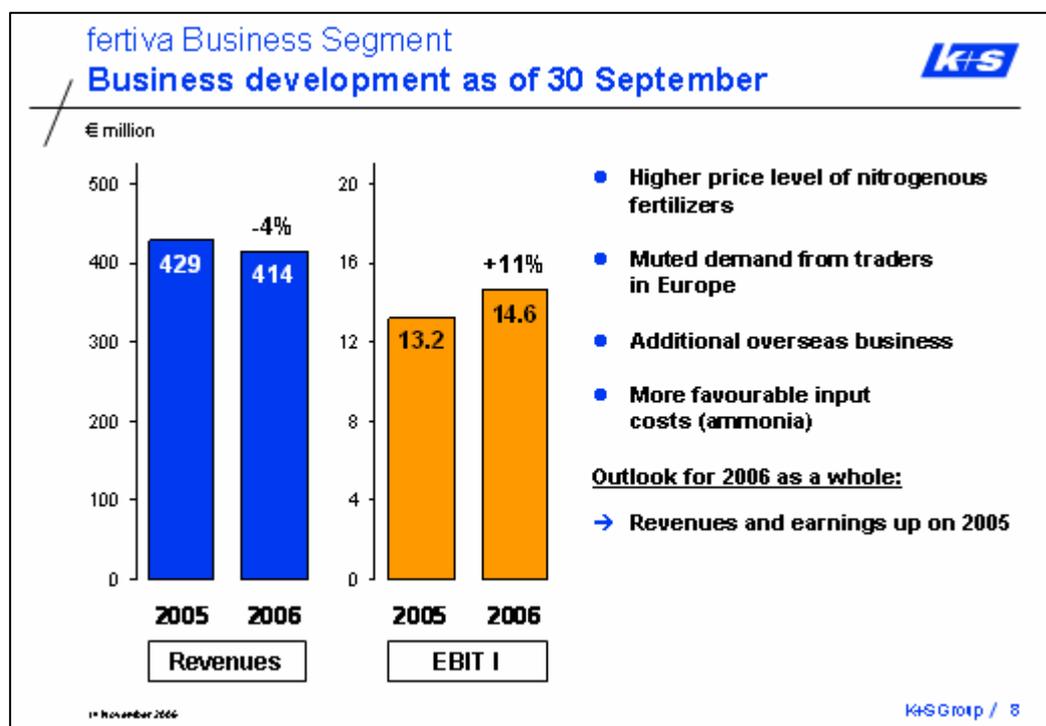
This year we made a giant step forward in the development of a full range of plant protection and pest control products for private consumers and hobby gardeners in Europe, together with our strategic partner Syngenta, one of the world's leading manufacturers of plant protection products.

The first successes of this cooperation are the two plant protection agents "COMPO Axoris Insekten-frei Quick-Sticks" and "COMPO Axoris Insekten-frei Quick-Granulat", which will be introduced for sale next year. Both products contain the modern substance thiamethoxam, which works faster and longer than hitherto market products. Apart from that, we are able to announce 4 new developments and 13 new product formulations, for which we expect to be approved for sale in the years 2007 to 2009. In France, the future plant protection portfolio including the ALGOFLASH brand should benefit from this in particular.

At the same time, we have further developed our general market entrance and among others introduced a series of innovative packaging, which has been welcomed by consumers and professionals alike. For instance, one of our new COMPO liquid fertilizer bottles has been nominated for the 2007 Design Award – a distinction conferred by the German Federal Ministry of the Economy. Furthermore, all fertilizers in boxes were converted to new packaging technology in 2006. This will enhance customer benefit and thus increase the European customers' acceptance.

Slide 8 - fertiva Business Segment

Business development as of 30 September 2006 / Outlook 2006



During the reporting period January to September 2006, our range of nitrogen fertilizers controlled by fertiva benefited from an increased international price level, although sales fell due to very restrained demand by traders in Europe, especially in the third quarter. The main reason for this were continuing good levels of inventories by our customers. We were not quite able to make up for this decrease through our additional overseas sales of complex fertilizers. Thus, at €414 million, fertiva revenues for the first nine months were just under 4 percent below the level for the same period last year.

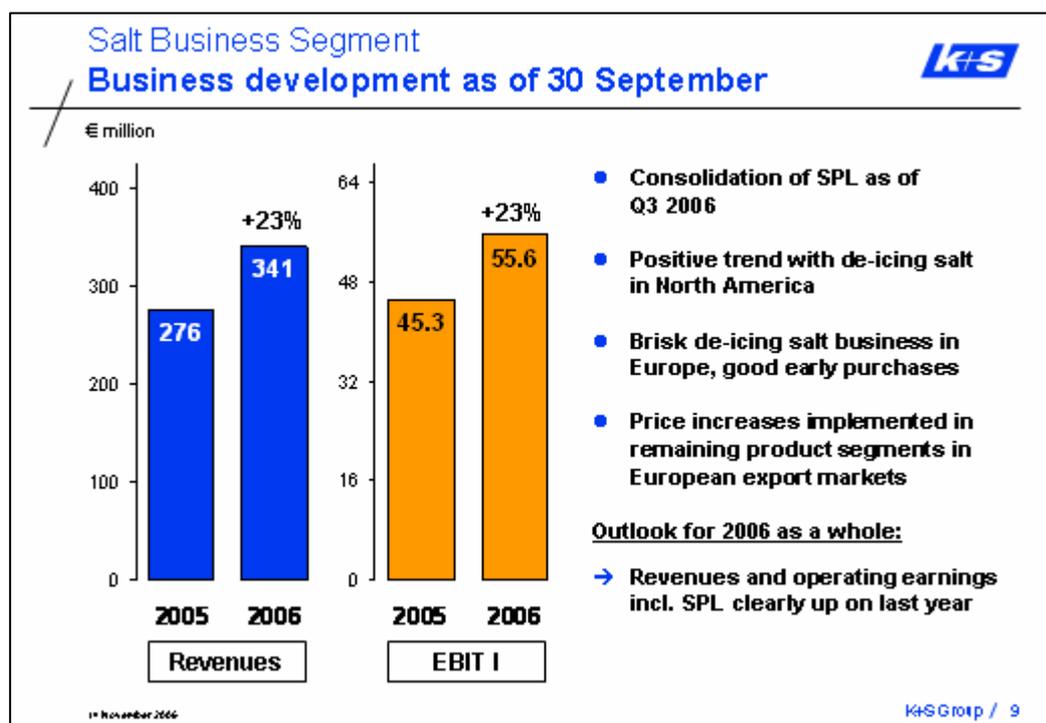
On the other hand, fertiva's operating earnings, amounting to €14.6 million, exceeded the previous year's figure by 11 percent. The lower price of ammonia since the end of the second quarter resulted in lower introductory costs and thus clearly better margins.

We expect revenues to increase slightly in 2006 as a result of higher average prices. The still relatively favourable development of the ammonia price should continue to

improve margins. This should also lead to a further increase in operating earnings compared with the already good figure of a year ago.

Slide 9 - Salt Business Segment

Business development as of 30 September 2006 / Outlook 2006



Ladies and Gentlemen,

We have reached a new international dimension in the Salt business segment through the acquisition of SPL.

In our important new market of South America, we see positive impulses for food grade salt as well as industrial salt and salt for chemical use on account of the continued positive economic development and the population growth there. In North America, which we supply mainly from Chile, we were able to maintain our high market share in connection to current contract awards, and to increase prices.

We consolidated our position on the European market for de-icing salt thanks to our consistently high delivery capability last winter. In addition, we are profiting in particu-

lar from increased early orders, which boosted revenues in the last and next-to-last quarters.

The Western European salt market remains stable. The good demand on European export markets permits price increases of industrial salts and salt for chemical use which were necessary due to increased costs of energy and freight in particular.

The Salt business segment's revenues in the first nine months of the year rose by € 64.5 million or 23 percent to € 341 million, mainly due to the effect of consolidation. Without SPL, the increase would have been € 31.5 million or 11 percent, due to price and volume factors. Operating earnings also improved by 23 percent and reached € 55.6 million, mainly due to very good sales of de-icing salt in Europe.

Assuming there will be a normal winter in Europe and in the United States in the fourth quarter, for 2006 as a whole, we expect a considerable increase in revenues on account of the first-time consolidation of SPL. Operating earnings should also exceed last year's level.

Slide 10 - Successful incorporation of SPL

Salt Business Segment

Successful incorporation of SPL



- **Local management team working successfully**
- **Port expansion started (5 million t increase in loading capacity)**
- **Integration projects continued (IT, IFRSs)**

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Now a few words about SPL, with which cooperation within the K+S Group proceeded very well in the second half of the year.

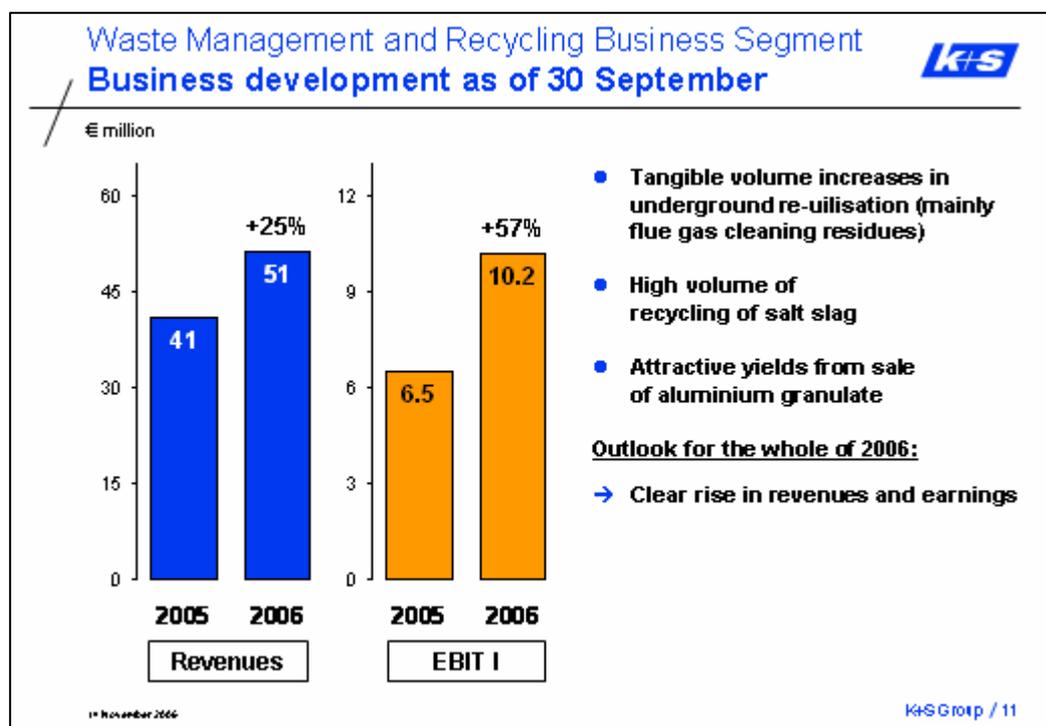
In summer, we dispatched two experienced K+S managers to the SPL Group, who work very well with the experienced local management. The joint efforts of the German and Chilean SPL colleagues are beginning to bear fruit. For the first time, esco will supply two U.S. customers with evaporated salt via the SPL subsidiary ISCO. Furthermore, a working team of SPL and esco employees has been appointed to investigate further opportunities on international markets.

In the second half of 2006, SPL launched a major project involving an expansion of the port of Patillo. This project is aimed to increase the Chilean port's loading capacity by a good 5 million tonnes per year to then about 10 million tonnes, and is due to be completed in the second half of 2007. The investment will cost about € 10 million.

Further projects involving SPL's integration into the K+S Group started successfully. They include the conversion of accounting to IFRSs standards and the incorporation of SPL into our tried and tested IT infrastructure.

Slide 11 - Waste Management and Recycling Business Segment

Business development as of 30 September 2006 / Outlook 2006



Business in the Waste Management and Recycling business segment in the first three quarters of the year saw increased quantities of waste from underground re-utilisation. Because, since June last year, untreated domestic waste in Germany can no longer be deposited in surface disposal sites, waste incineration plants are operating at high capacity. The quantity of flue gas cleaning residues increased by some 50,000 tonnes as at September.

The recycling of aluminium salt slag was also very successful during the reporting period. Our capacity here was fully utilised. The quantities of aluminium granulate sold and the revenues from this increased greatly.

We assume that the capacity of our REKAL plant will also be used to the full in the coming years. We base this forecast on our good market position in Germany and Western Europe and the successful work on the markets of eastern EU countries.

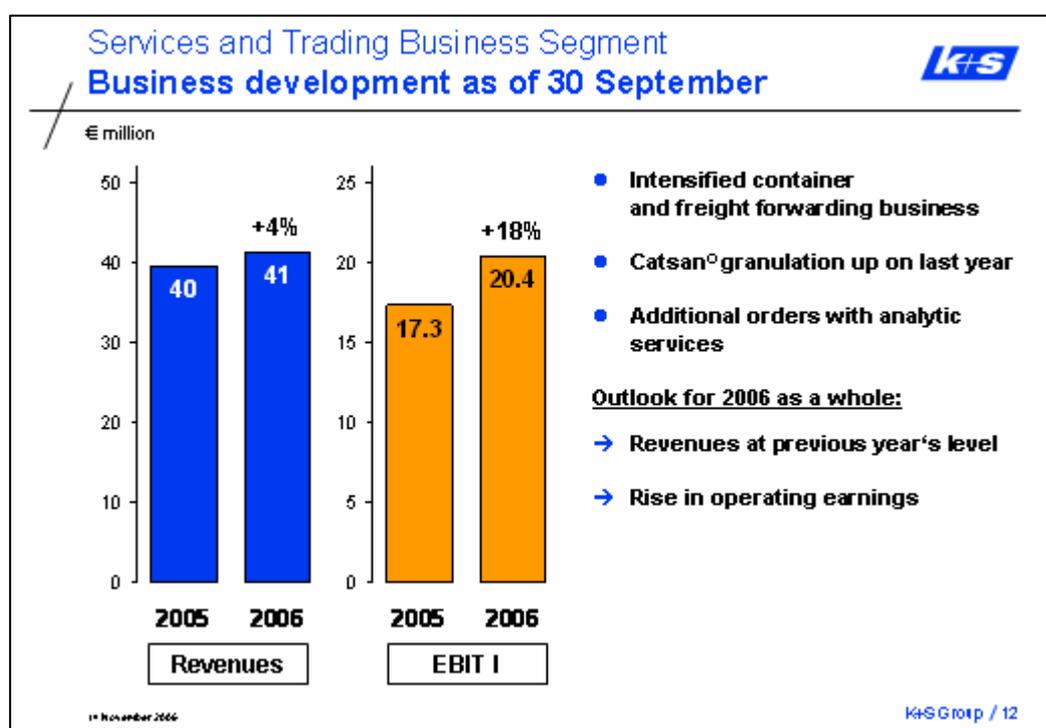
Due to the positive development of the re-utilisation business and aluminium recycling, the business segment attained a 25 percent increase in revenues during

the first three quarters of the year, amounting to € 51 million. Operating earnings rose at the same time to more than € 10 million – up 57 percent against the previous year.

For 2006 as a whole, we expect revenues to increase significantly on the previous year because of the good demand for our services. As for the development of revenues, we expect that operating earnings will increase tangibly.

Slide 12 - Services and Trading Business Segment

Business development as of 30 September 2006 / Outlook 2006



And now to our Services and Trading business segment. In the first nine months of the year, this business segment achieved third-party revenues of € 41 million, some 4 percent more than last year. A major contribution to this was the quantity-related good business with the granulation of CATSAN, apart from which the analytics segment brought additional orders with the testing of human food and animal feed.

Operating earnings as of 30 September 2006 improved by 18 percent against the previous year and reached € 20.4 million. This was largely attributable to cost-effective container shipments from Hamburg and Antwerp, which we intensified this

year. Increased freight-forwarding business and a higher product handling also played a significant role in boosting operating earnings.

For the whole of 2006, we expect revenues of the Services and Trading business segment to attain last year's level, while operating earnings should post a slight gain.

Slide 13 - Increase in headcount

K+S Group
Increase in headcount



Number	2006 30 Sept.	2005 30 Sept.	+ / -
K+S Group total *	11,843	11,051	+ 792
Of whom trainees	621	588	+ 33

* Incl. employees on temporary contracts, on full-time equivalent basis

- **Incorporation of SPL**
- **Training initiative launched**
- **Variable wage systems**



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Ladies and Gentlemen,

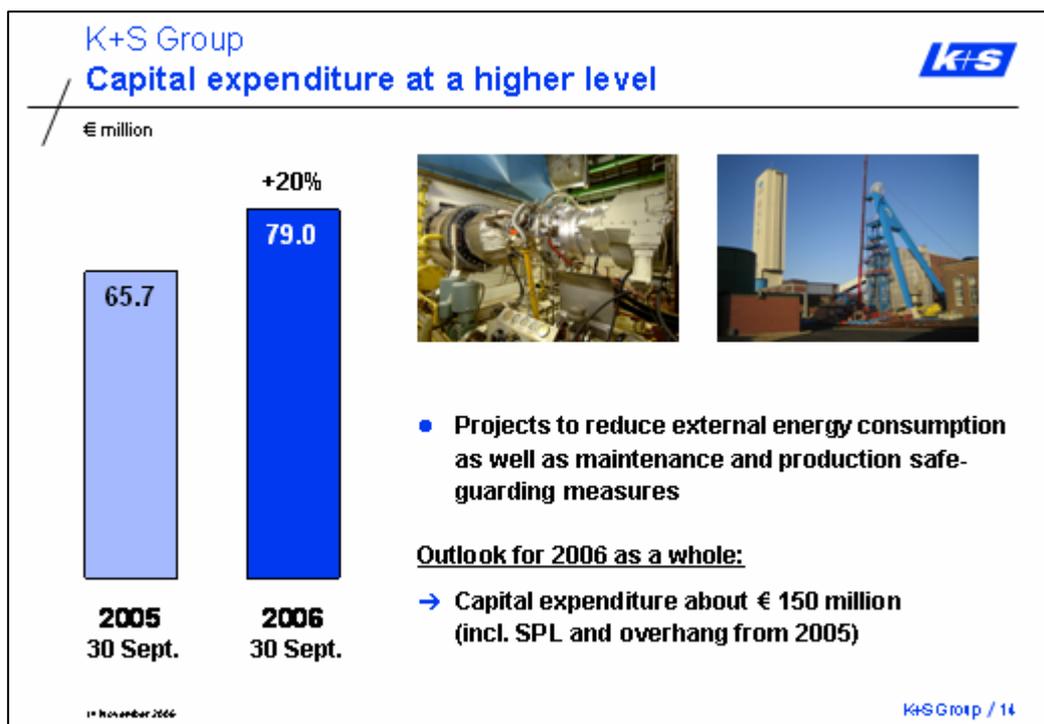
Now to the employees of the K+S Group. As at 30 September 2006, a total of 11,843 people were employed by the K+S Group, 792 more than in the previous year. The majority of our new employees come from the companies of Chilean salt producer SPL acquired mid-year. Without SPL, the headcount would have hardly changed at all.

With about € 492 million as of 30 September 2006, personnel expenses were the largest cost item in the K+S Group and rose by 2 percent against the previous year. However, thanks to even more performance-related compensation systems with fixed

and variable wage components, we are steadily gaining, apart from staff motivation, the necessary higher flexibility to adapt to variable economic developments in international competition and thus to secure jobs, too.

As of 30 September 2006, there were 621 trainees, 33 more than in the previous year. One of the reasons for this increase was our training campaign launched this year. Apart from the new trainees hired on the basis of tariff agreements, 27 more young people were awarded training places in the K+S Group, which means that at the end of the year, over 6 percent of K+S employees in Germany will be trainees – an above-average training ratio and a clear signal for our specific commitment to young people in our society.

Slide 14 - Capital expenditure at a higher level



And now to capital expenditure. Our capital expenditure for the first nine months increased to €79.0 million, with a particular focus on projects to reduce external energy consumption as well as investments to replace and expand the underground infrastructure.

Including the capital expenditure overhang from 2005 and planned spending on SPL, we expect the volume of capital expenditure for 2006 as a whole to amount to approximately € 150 million. The main focuses are capital expenditures related to maintenance and some minor optimisation measures in order to secure capacity.

We expect depreciation charges to amount to just under € 130 million.

Slide 15 - Outlook for 2006 slightly raised

K+S Group
Outlook for 2006 slightly raised



- Increasing application of mineral fertilizers (high consumption of food and bioenergy raw materials)
- Consolidation of international price level of fertilizers
- Incorporation of SPL (revenues a good € 100 million, operating earnings € 12-15 million, depending on normal de-icing salt business at esco and SPL for Q4)

	2006 (e)	2005
→ - Revenues:	€ 3.0 - 3.1 billion	€ 2.8 billion
- Operating earnings (EBIT I):	€ 275 - 285 million	€ 251 million
- Group earnings, adjusted:	€ 165 - 175 million	€ 161 million
- Earnings per share, adjusted:	€ 4.00 - 4.25 €/share	€ 3.81 €/share

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Ladies and Gentlemen,

How do we view the development of the K+S Group for the whole of 2006?

In the fertilizer business, the high consumption of food and bioenergy raw materials should further reduce the inventories of agricultural produce. In our view, the resulting further price increases that are to be expected will boost the input of mineral fertilizers. Especially the increasing demand for bioenergy raw materials has a positive impact on the global demand for fertilizers.

Following the price agreement for potash fertilizers with China and India, the international price level has further consolidated, due to high shipments and the strong destocking that can be observed.

For the salt business during the fourth quarter, we are assuming average long-term sales values for both the European and the North American market.

Under these premises, the **revenues** of the K+S Group for 2006 should increase to between €3.0 billion and €3.1 billion (previous forecast: €3.0 billion). We expect the SPL contribution to revenues to be unchanged at a good €100 million.

In the case of the **operating earnings (EBIT I)**, we expect to generate between €275 million and €285 million (previous forecast: €265 million to €280 million). This would correspond to an increase of €25 million to €35 million against the previous year, with SPL probably accounting for between €12 million and €15 million in the second half of 2006.

The adjusted earnings after taxes should amount to between €165 million and €175 million – compared to €161 million in the previous year. This would correspond to adjusted earnings per share of approximately €4.00 to €4.25 per share (previous year: €3.81 per share).

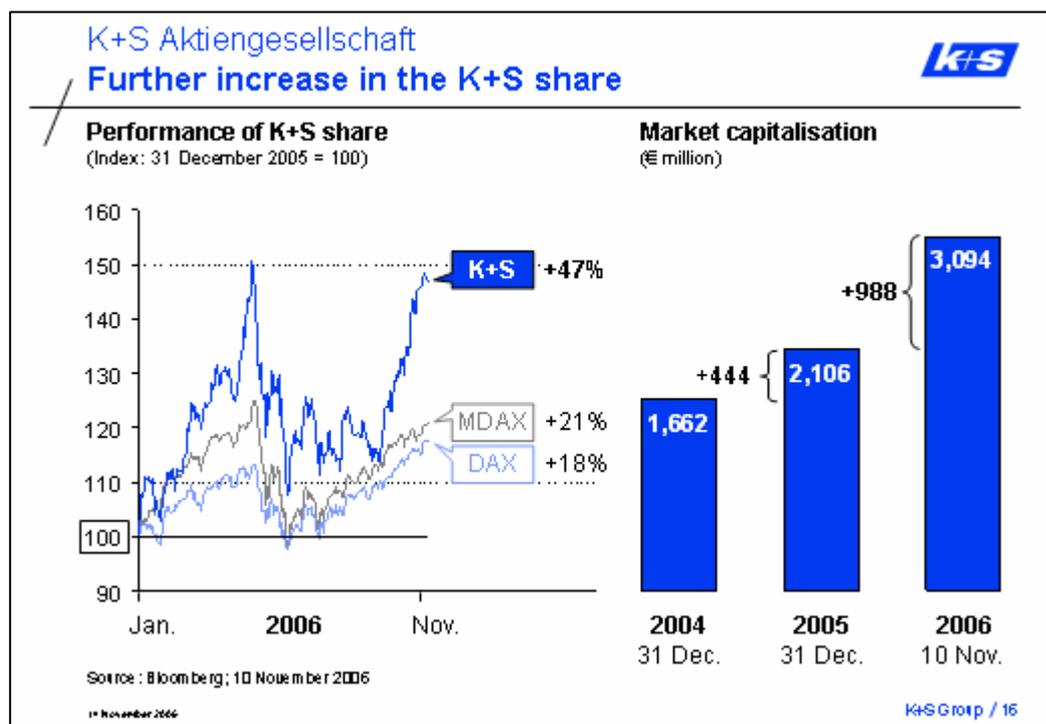
We are also confident regarding **2007**. The global revival in demand for potash fertilizers should have positive effects on the price level during a period of stagnating supply capacity. As already mentioned, the sustained full utilisation of our capacity in potash fertilizer production calls for increased expenditure.

The operating earnings of the K+S Group should – subject to normal sales of de-icing salt on a long-term basis – again come close to the very high level of 2006 .

We are well prepared to continue along our path of growth. We are assuming strong positions on the market, possess innovative products and a developed customer orientation. Internally, we are concentrating on strict cost control and on an optimisa-

tion of our value added chains. Growth through acquisitions and cooperations will be a further cornerstone of our strategy.

Slide 16 - Further increase in the K+S share



Ladies and Gentlemen,

Our Group's results and potentials are increasingly earning recognition. This has again been reflected on the value of the K+S share. Since the start of the year, the value of the share has risen by 47 percent. During the same period, the DAX and MDAX indexes rose by 18 and 21 percent, respectively.

Following a longer phase of sideways movements, expectations of a reduction of interest rates in the United States as well as reduced energy costs in the past few weeks improved the mood on stock markets, so that the MDAX index also rose continuously and the DAX even attained a new annual high. Moreover, the capital market reacted positively to the completed negotiations with China in potash prices.

Our Group is valued at a good € 3 billion on the stock exchange. This places us in the Top Ten on the MDAX index.

Thank you for your attention. Mr. Steiner will now give you the financial key figures.