

**K+S Aktiengesellschaft**

**Press and Analyst Conference**

**16 March 2006**

**Frankfurt am Main**

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

**– The spoken word is binding –**

## Welcome



Ladies and Gentlemen,

We are delighted that you have come here today for the presentation of the K+S Group's 2005 consolidated financial statements. Mr Steiner and I will comment on the course of business in 2005 as well as on important financial data. In addition, we want to describe to you those trends in our areas of business for 2006 that are foreseeable at the present time. After we have finished speaking, we will be glad to answer any questions you may have.

Incidentally, our new annual report can be found on our homepage as of today. The printed version will be available from the middle of April.

Slide 1 - Growth Course Retained in 2005

K+S Group		Growth Course Retained in 2005			
/ € million					
	2005	2004	Change		
Revenues	2,815.7	2,538.6	+ 11%		
Operating earnings (EBIT I)	250.9	162.9	+ 54%		
Group earnings after taxes, adjusted *	161.3	103.5	+ 56%		
Earnings per share, adjusted (€/share) *	3.81	2.43	+ 57%		
Dividend per share (€)	1.80**	1.30	+ 38%		

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

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The K+S Group kept on its growth course in 2005. The past financial year was the best so far in the history of the K+S Group. All the business segments were able to close the year with positive results. This was mainly possible thanks to rising fertilizer prices, internal efficiency improvements as well as outstanding sales of de-icing salt. Overall, we have consolidated our market positions and benefited from growing demand in many submarkets.

K+S Group **revenues** rose to over € 2.8 billion in 2005 – an increase of about 11%. While the Potash and Magnesium Products, fertiva and COMPO business segments mainly increased their revenues as a result of higher fertilizer prices, the Salt business segment profited greatly from the wintry weather conditions at the beginning and the end of last year with regard to de-icing salt sales.

In Europe, we achieved revenues of about € 2.2 billion. The region thus accounted for more than three quarters of total revenues. Being a purely European producer thus far, Europe is of particular importance for us, because here we can leverage our advantages in terms of transport costs among other things. Revenues generated on

overseas markets rose by 20% to a total of € 660 million, which means that this share of revenues rose by just under two percentage points to 23% year on year.

At € 250.9 million, **operating earnings (EBIT I)** were up € 88 million or 54% on last year's figure (2004: € 162.9 million). The greatest increase was once again posted by the Potash and Magnesium Products business segment; the Salt and fertiva business segments were also once more able to exceed the very good results they obtained the year before. The strong rise in earnings is mainly attributable to higher prices for standard and speciality fertilizers as well as higher sales of de-icing salt. It was possible to more than offset countervailing trends in costs. An important contribution to earnings was also delivered by the sustained improvements in costs and efficiency made over the past few years.

**Group earnings after taxes, adjusted** for the market value changes in our currency option transactions, rose 56% year on year for 2005 as a whole to total € 161.3 million.

At € 3.81 per share, adjusted **earnings after taxes per share** were also up by € 1.38 or 57% year on year. This figure has been arrived at on the basis of an average 42.3 million no-par value shares (2004: 42.5 million shares). In the fourth quarter, we repurchased 1.25 million shares, which we cancelled at the beginning of this year.

Ladies and Gentlemen,

You know that we pursue an earnings-based **dividend** policy. As a result of the marked increase in earnings as well as the positive outlook, the Board of Executive Directors and the Supervisory Board will once more propose a dividend increase to the Annual General Meeting for financial year 2005: The proposed dividend amounts to € 1.80 and will therefore be 50 cents or 38% higher than the previous year's dividend payment.

On the basis of the year-end closing price of € 51.05, our recommendation would result in a dividend yield of 3.5%. Despite having risen significantly in price over the past few years, the K+S share will remain an investment offering a high yield.

**Slide 2 - Good Market Environment in 2005 Overall**

**K+S Group**  
**Good Market Environment in 2005 Overall** 

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**Fertilizers and plant care**

- Renewed increase in global potash demand (mainly China and India, but weakening in Brazil)
- Significant price increases for potash and nitrogen fertilizers
- High cost increases for raw materials, freight and energy
- Purchasing restraint resulting from weather and economic conditions in the COMPO consumer business

**Salt**

- Western European salt market on a good level
- Exceptionally robust winter road clearance service business

**Waste disposal**

- Competition remains intense on the disposal market, but positive impetus from flue gas cleaning residues

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Ladies and Gentlemen,

The market environment for the business sectors fertilizers and plant care, salt and disposal was in part very favourable in 2005.

Strong global economic growth, once again driven in large measure by Asian emerging markets, also impacted on the success of our K+S Group: Increased prosperity in these growth regions is causing the population to become more demanding with respect to nourishment and resulting in a change in traditional eating habits with a rise in meat consumption in particular. Demand for fodder and high-quality food is linked to increased consumption of fertilizers. In addition, economic success in these countries is driving urbanisation, resulting in a reduction in the amount of land available for agriculture. This loss of land can only be compensated for by intensive, professional agriculture, which also involves the efficient, increased use of fertilizers.

On the global potash market, sales rose by 0.8 million tons or 1.5% to approximately 55 million tons of goods. There were significant geographical differences in this regard: While demand for potash fertilizers particularly in China and India rose significantly once again, sales were down on last year's high levels in regions such as North America and Latin America above all, but also in Western Europe.

In the fourth quarter, North American inventories rose as a result of muted demand, especially in Brazil. Russian and Belarussian suppliers also reported higher inventories. Producers in North America, Russia and Belarus have responded to this by cutting back output to an evidently significant extent, both in the fourth quarter of 2005 as well as in the first quarter of 2006. We treat this as a clear signal to the markets that price levels for potash fertilizers have a high priority.

Fertilizer prices have attained a high and also stable level because of the relatively balanced supply and demand situation worldwide in the case of potash and because of the generally sharp rise worldwide in energy costs in the case of nitrogen. Significantly higher prices compared with 2004 enabled most suppliers – including the K+S Group – to offset higher costs, especially for energy and freight.

The sharp rise in oil and gas prices last year impacted on our energy bill as well. Higher energy prices, especially in North America, resulted in operations being temporarily suspended at ammonia plants there, which in turn caused a substantial rise in the global market price of this most important raw material for nitrogen fertilizers. This also caused an increase in acquisition costs for our COMPO and fertiva business segments. However, we were in a position to pass on the main part of this cost increase to the market for.

Our COMPO business segment's consumer business continued to suffer from the purchasing restraint that has been in evidence for a number of years. We have responded to this continuing trend by focussing our product portfolio as well as achieving savings in distribution. However, given that consumer sentiment is picking up, we now take an optimistic view of 2006.

A good situation overall characterized the Western European salt market. As was the case in the previous year, imports from Eastern Europe were causing sales opportunities in some subsegments to be fiercely fought over. The prospects for a significant increase in consumption in Western Europe are somewhat limited.

Both the first and fourth quarters of 2005 were influenced by prolonged winter weather conditions in Northern and Central Europe. This impacted very positively on our de-icing salt business.

In the case of underground waste disposal, competition remains fierce on the European markets of relevance to us. By contrast, the volume situation appears to be improving in the case of underground waste reutilisation, since the storage above ground of untreated residential and industrial waste in Germany was prohibited in June 2005. The resulting higher utilisation of waste incineration plants is producing a corresponding increase in the volume of flue gas cleaning residues, which mainly have to be disposed of underground because of the harmful substances they contain. All K+S reutilisation sites are profiting from this. In this important segment of our disposal business, we hold significant market shares in Germany as well as in other European countries of importance to us.

### Slide 3 - International Competitiveness Enhanced

**K+S Group**  
**International Competitiveness Enhanced** 

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**Making structures and processes more efficient**

- Implementation of 10-point programme
- Increased Sylvinite extraction
- Extension of working hours flexibility (Potash, COMPO)
- Further optimisation of energy supply
- Consistent exploitation of freight cost advantages
- Attractive US Dollar hedging until 2008

**New cooperation and special measures**

- Strategic cooperation COMPO/Syngenta in plant protection
- Enhanced presence on French market
- Long-term securing of freight capacity in the Mediterranean
- Negotiations on acquiring an interest in a Chilean salt producer

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Ladies and Gentlemen,

The success of K+S is also based on the fact that we confront our **structures and processes** with a requirement of constant and successful improvement. We are continuously working on improving performance and efficiency, concentrating primarily on measures that sustainably enhance our earnings capacity.

In the Potash and Magnesium Products business segment – after having successfully realised our 10-point efficiency programme, launched Sylvinite extraction on the Werra and made working hours more flexible – we initiated and in part realised further projects in 2005. Among other things, they include the planned optimisation of the energy supply at one of our potash sites by 2008 together with a competent partner as well as further improvements in raw material yield and the conserving of our operating resources.

In the COMPO business segment, we have launched numerous measures designed to achieve further optimisation and to cut costs. In addition, we have also managed to reach agreement in Germany on more flexible working hours for the COMPO sites.

In the logistics field, we made increased use of containers in 2005 too in order to counteract the effects of increases in the cost of sea freight for bulk fertilizers; this mainly applies to the supplying of Asian markets. In this regard, we are making particular use of the special opportunities in Hamburg and Antwerp; both sites will yield significant freight cost advantages for us over the longer term too.

Last but not least, we have hedged the US dollar at what is an attractive level for us until 2008.

At the same time, we are accelerating the strengthening of our group's earnings capacity through **new cooperation arrangements and special measures**:

At the end of September 2005, COMPO agreed a strategic alliance with Syngenta, one of the world's leading manufacturers of plant protection products. The aim is to offer our customers an innovative, comprehensive range of plant protection products and pesticides for lawn and garden use on Europe's consumer market. This cooperation opens up numerous opportunities for us to become sustainably stronger in this segment, which is currently still somewhat weaker in terms of revenues.

Having taken over the distribution as well as additional granulation capacity from French SCPA, we have further strengthened our Potash and Magnesium Products business segment's presence on the French market in 2005 and thus established a basis for new growth in our potash business.

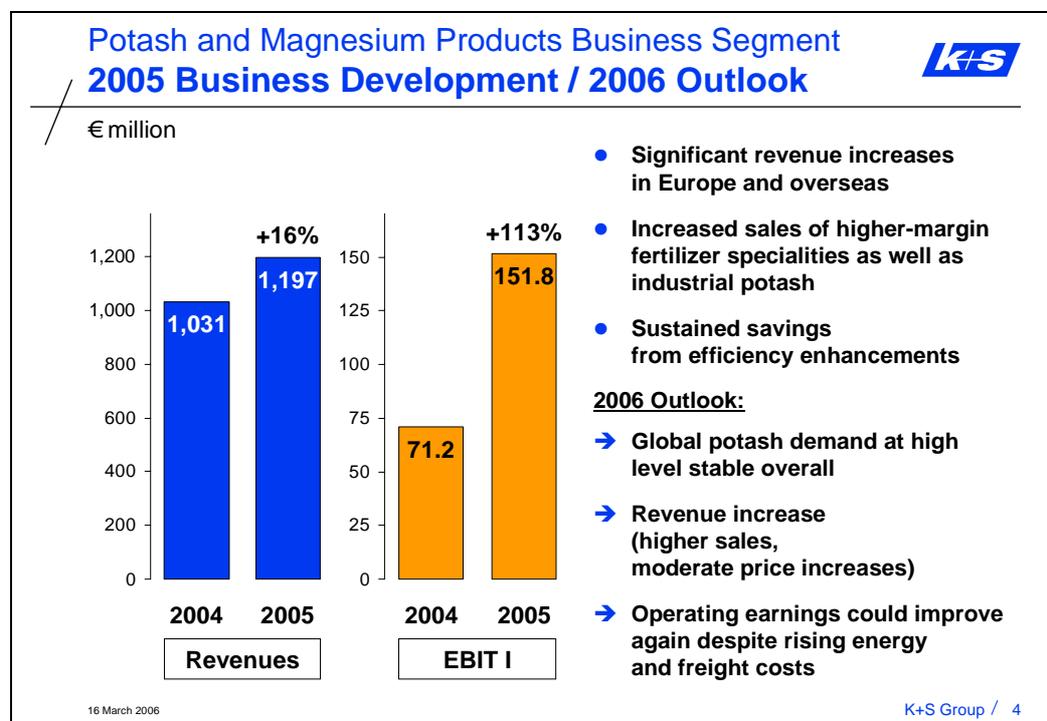
Through our Hamburg-based logistics provider KTG we have concluded several-year freight contracts for the Mediterranean operating area in response to increasingly scarce shipping capacity and rising freight rates. The contracts ensure that K+S subsidiaries COMPO, KALI and fertiva have the freight capacity required to supply their customers with fertilizers specialities that are shipped by sea from Hamburg and Antwerp to France, Spain, Italy and Greece. In addition, we are participating in the building of ten coasters. They have a capacity of between 3,800 and 4,300 tons, are to go into service from 2007 to 2009, and are to be used for the shipment of bulk goods in the Mediterranean.

Ladies and Gentlemen,

It is our acknowledged strategy to leverage external as well as organic opportunities for growth. A concrete option is the possible acquisition of an interest in Chilean salt producer Sociedad Punta de Lobos. This would create new market potential for our group, outside Europe; potential that we would want to use selectively to enhance enterprise value. Attractive cost structure by global standards as well as expansion opportunities in markets not supplied by us thus far would open up numerous new opportunities for us, as long as, of course, the purchase price is reasonable. I hope that we will be able to tell you something concrete on this subject shortly.

Let's now turn to the individual business segments:

#### Slide 4 - Potash and Magnesium Products Business Segment 2005 Business Development / 2006 Outlook



The Potash and Magnesium Products business segment posted revenues of about € 1.2 billion for financial year 2005, which represents an increase of 16% on 2004. The key factors in this regard were the comparatively steep rise in potash and

magnesium product prices, especially overseas (+21%), but also in Europe (+14%). At 7.86 million tons, sales almost reached last year's high figure of 7.89 million tons. In line with our processing strategy, we were able to increase sales of highly profitable speciality products such as potash sulphate and industrial potash: This approach to the market results in above-average revenue and earnings growth as well as to reduced dependence on price fluctuations in the standard fertilizer business.

Operating earnings (EBIT I) rose by € 80.6 million or 113% to a new record level of € 151.8 million. This increase resulted from a combination of the positive development of demand, significantly higher prices and successes stemming from the measures we have taken to enhance efficiency. The implementation of the 10-point efficiency programme, greater working hours flexibility as well as the first contributions to earnings from the Sylvinite project had a positive impact on the cost side. It was also possible to pass onto the market the negative effects in real terms of higher personnel expenses, substantially increased energy costs and higher freight costs through prices.

As a result of the hedging measures we took, we were able to attain a significantly better exchange rate than the average US dollar spot rate for 2005, and this also made a contribution to the sharp rise in earnings for 2005.

For 2006, we expect the Potash and Magnesium Products business segment to achieve higher revenues compared with the preceding year as long as there is no significant deterioration in global economic conditions. In addition to a slight increase in sales to about 8 million tons of goods (2005: 7.86 million tons), our forecast is based on moderate price increases in all product areas.

We will implement our processing strategy more vigorously, because it enables us in particular to exploit our raw materials potential in a manner that is particularly positive for income.

Under current and foreseeable framework conditions, operating earnings should rise as a result of scheduled higher average prices and despite rising energy and freight

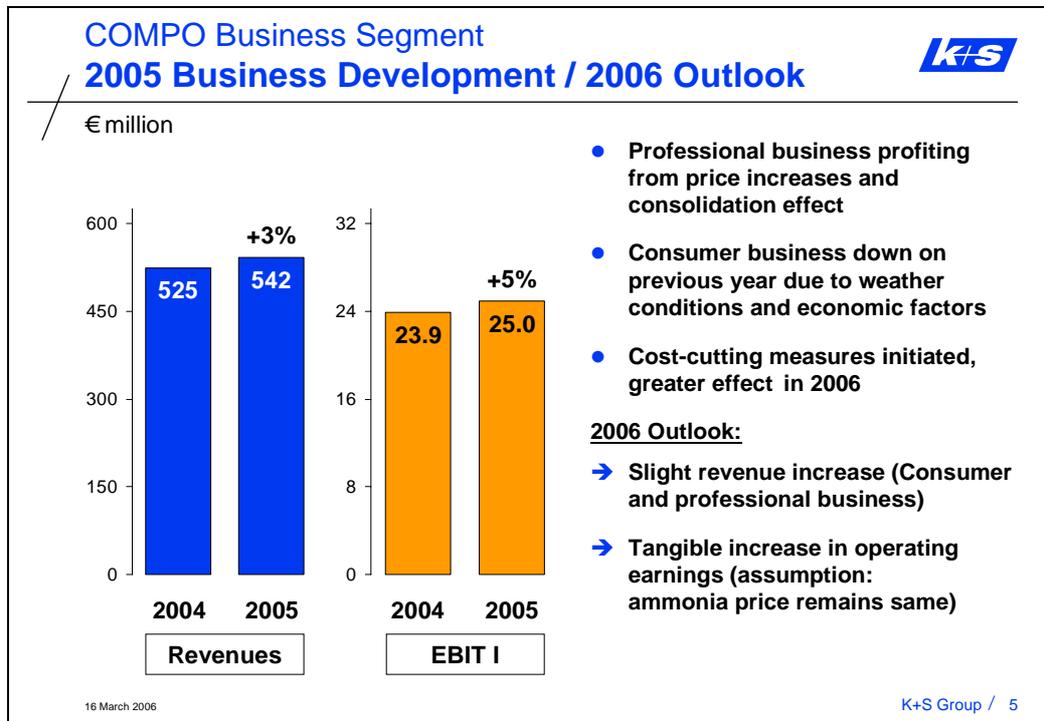
costs. As long as the development of the US dollar exchange rate does not require any major follow-up hedging expenses to maintain existing hedging levels, this should also yield a significant, additional contribution to earnings. Additional support for earnings should come from Sylvinite capacity, which has not been fully utilised thus far, as well as the further realisation of cost-cutting efforts launched in previous years.

With regard to the review of antidumping rules to protect the Western European potash industry from unfair trading practices on the part of Russian and Belarussian potash producers, the EU Commission has found once again that the two Russian producers have been engaging in dumping. Agreement has been reached with the EU Commission in the meantime on the undertakings offered by the Russian producers to supply potash to the EU only if certain conditions regarding price and volume are observed.

We expect a decision on the two reviews still pending in the coming months. We assume that the EU authority will continue to provide the European potash industry in England, Spain and here in Germany with sufficient protection against unfair trading practices over the coming years, especially given the very obvious, substantial support provided with respect to gas and energy prices in both Russia and Belarus.

I would now like to consider the COMPO business segment:

**Slide 5 - COMPO Business Segment**  
**2005 Business Development / 2006 Outlook**



Financial year 2005 saw revenues rise by about € 17 million or 3% to total € 542 million.

In the professional area, price increases could more than make up for somewhat lower sales. In addition, the first-time consolidation of two COMPO companies caused revenues to rise by € 10.5 million. Our innovative ENTEC<sup>®</sup> fertilizers were able to continue to establish an increasingly stronger market presence, because of their particularly advantageous properties for both users and plants. Revenue growth was achieved both in Europe and overseas, with European countries posting larger increases.

The cold, wet weather during the main season as well as the consumer restraint that was seen in France and Germany in particular weighed on the consumer area. This affected the potting soil and flower care product assortments in particular.

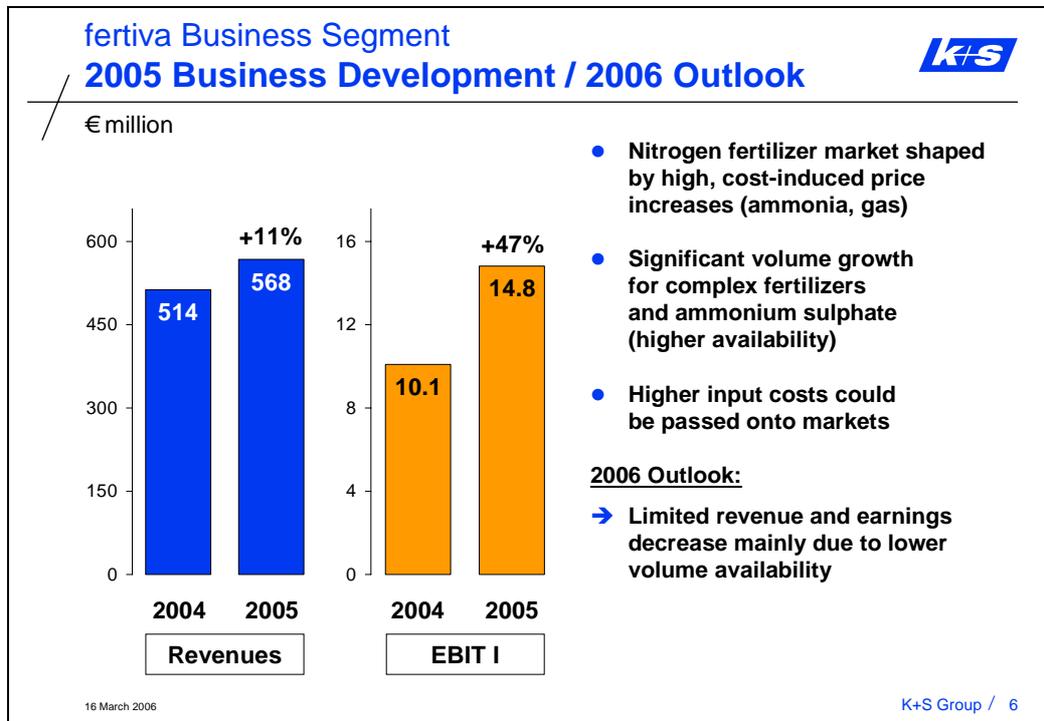
At € 25.0 million, operating earnings for the COMPO business segment improved by about 5% year on year. Higher acquisition prices for our main raw materials

ammonia, phosphate and potassium impacted on costs above all. Furthermore, additional, one-off contributions to the pension scheme weighed on personnel costs on top of increases under collective wage agreements. Freight costs also rose as a result of higher fuel prices and scarce shipping availability. With the aim of achieving a sustained and strong improvement in earnings, we have launched a series of drastic optimisation and cost-cutting measures that should have an intensified effect from 2006 onwards. While this resulted in nonrecurrent expenses in 2005, a merger gain was also realised from a corporate law reorganisation in France that impacted positively on operating earnings.

For 2006, we expect a slight increase in revenues for both the consumer and professional areas. In the case of the consumer segment, we expect a slight increase in the core markets of Europe following a slack 2005. Revenues in the professional area should essentially continue to grow through stabilised fertilizers and speciality mineral fertilizers outside Europe. In the case of stabilised fertilizers, our ENTEC<sup>®</sup> products merit particular mention, as they will have a significant impact on the further development of the business given their innovative properties.

Assuming that the price of ammonia will remain the same in relation to 2005, operating earnings should once again show a tangible increase over the preceding year. The efficiency-enhancement measures introduced should make a key contribution in this regard.

**Slide 6 - fertiva Business Segment**  
**2005 Business Development / 2006 Outlook**



In the case of fertiva trading business, financial year 2005 was influenced by further increases in ammonia prices compared with the previous year, but increases for other important raw materials such as potash and phosphate also resulted in much higher acquisition costs. This cost increase resulted in significantly higher prices for straight and complex fertilizers. The strong rise in price levels produced lower demand in Europe and in addition, especially in Southern Europe, an extreme dry spell caused massive crop shortfall. High prices in part depressed demand for nitrogenous fertilizers overseas too.

fertiva business segment revenues for 2005 were up 11% to total €568 million. As a result of relatively scarce supply worldwide overall as well as high raw material costs, especially for ammonia, international prices for nitrogen fertilizers have reached a very high level. We too were able to realise in part significant price increases for all product groups. Revenue increases were spread equally across Europe and overseas.

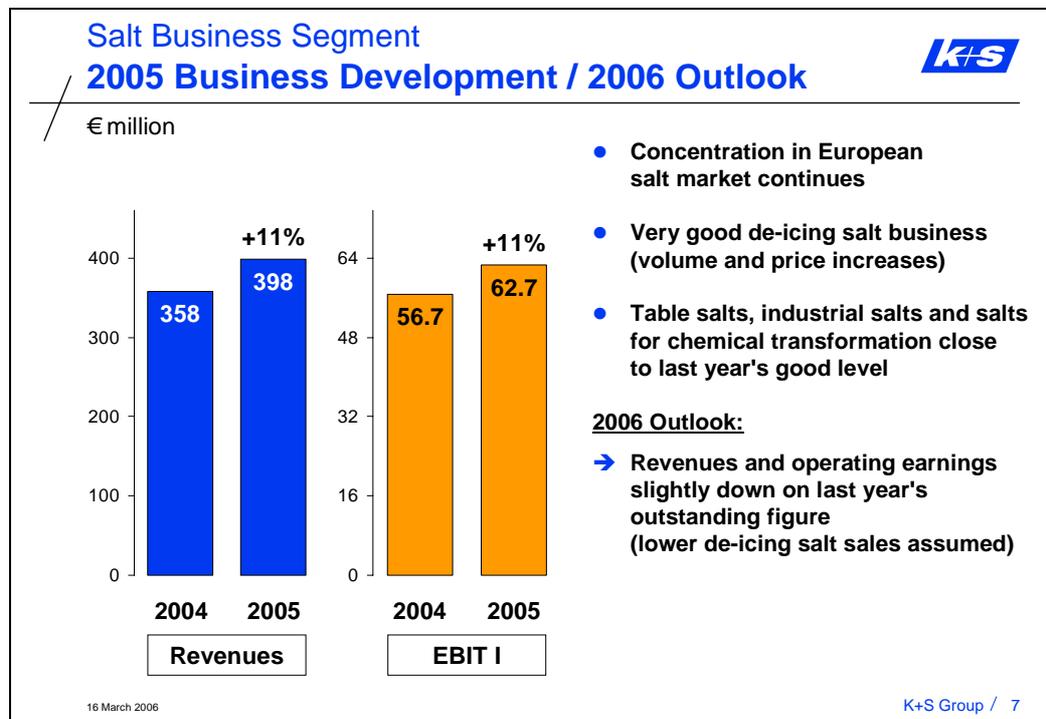
This time, we were also able to achieve higher sales of complex fertilizers as well as ammonium sulphate, because larger volume was available to us. In the case of straight nitrogen fertilizers, revenue increases attributable to price factors more than made up for slight decreases in volume.

fertiva posted an operating trading result of € 14.8 million – an increase of € 4.7 million. Higher raw material acquisition costs could be more than offset through higher prices and favourable freight rates.

For 2006, we expect fertiva to post lower revenues as a result of lower volume availability. We expect further price increases for complex and straight nitrogen fertilizers but lower revenues for ammonium sulphate because of strong competition from urea. Following last year's very good result, we expect a limited reduction in operating earnings.

## Slide 7 - Salt Business Segment

### 2005 Business Development / 2006 Outlook



The competitive situation on the European salt market in 2005 was shaped by further consolidation within the sector. With the exception of de-icing salt, the possibilities for volume increases are limited. Recently, Eastern European producers in particular have started to put pressure on the Western European salt market.

The salt business was shaped by very wintry weather conditions at both the beginning and the end of the 2005, which boosted sales of de-icing salt for winter road clearance services. esco was able to make particular use of its strengths as a result of its ability to deliver high volumes at short notice.

The Salt business segment posted revenues of €398.0 million for 2005, representing an increase of 11% year on year. Most of the improvement was attributable to better de-icing salt business. The key factors behind this rise were above all higher sales in Germany but also the implementation of price increases in Scandinavia.

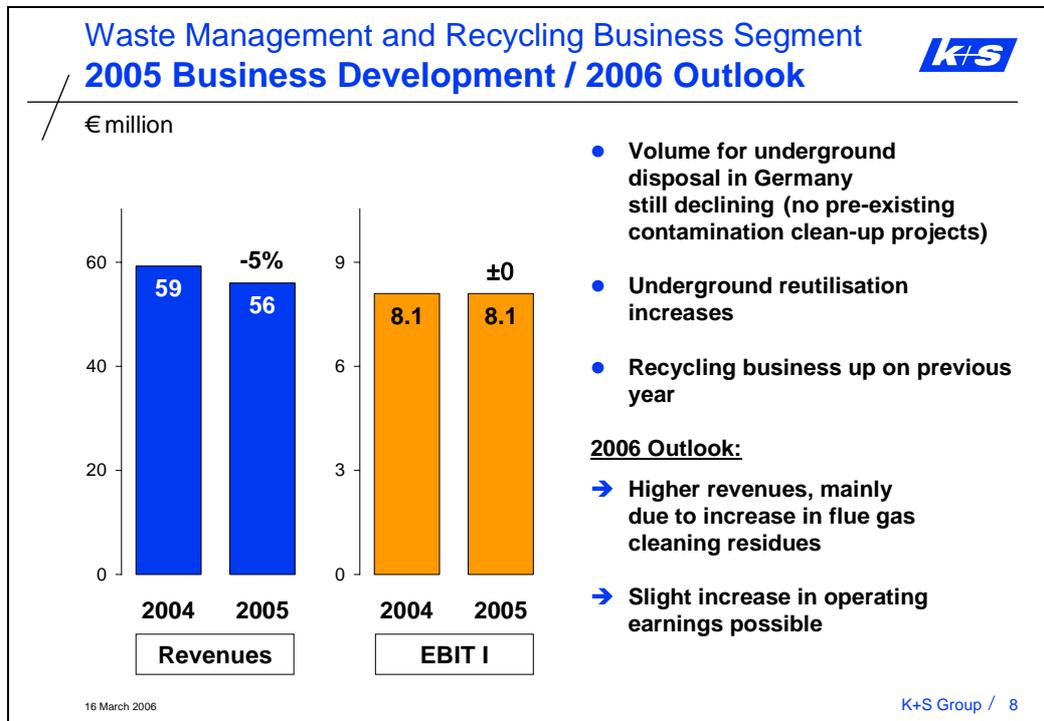
Business involving table salt, industrial salt and salt for chemical transformation almost reached the previous year's good level.

We achieved operating earnings of €62.7 million, the highest figure to date, up €6.0 million or 11% on the previous year's figure. The rise is mainly due to increased de-icing salt business. In terms of costs, energy and personnel costs rose above all, but so did freight costs, the latter being mainly affected by the toll and higher fuel costs.

As a result of the strong rise in revenues as well as sustained savings deriving from the new mining process at the Borth plant the in part significant cost increases could be overcompensated for.

With de-icing salt having made a very good start to the year as a result of weather conditions, the Salt business segment has already laid the groundwork for 2006 being another good year. Whether we will achieve last year's outstanding figures will mainly depend on weather conditions in the fourth quarter and energy prices.

## Slide 8 - Waste Management and Recycling Business Segment 2005 Business Development / 2006 Outlook



Revenues for the Waste Management and Recycling business segment fell by 5% year on year to total €56.0 million. This was mainly due to the lower volume of waste for underground disposal. The continued trend towards lower volume for disposal is attributable to the increased effectiveness of the circular-flow management as well as production processes that generally generate less waste. The arranging of projects involving the clean-up of pre-existing environmental contamination too – an important component of the German market for underground disposal – is continuing to develop sluggishly. Such projects are usually publicly funded. Because of budgetary constraints, there are cancellations or delays in the arranging of such projects, and that also affects us.

However, volumes offered appear to be improving in the case of underground waste reutilisation, since the storage above ground of untreated residential and industrial waste in Germany was prohibited in June 2005. The resulting high utilisation of waste incineration plants is producing a corresponding increase in the volume of flue gas cleaning residues, a trend that we already exploited for higher reutilisation volume. It

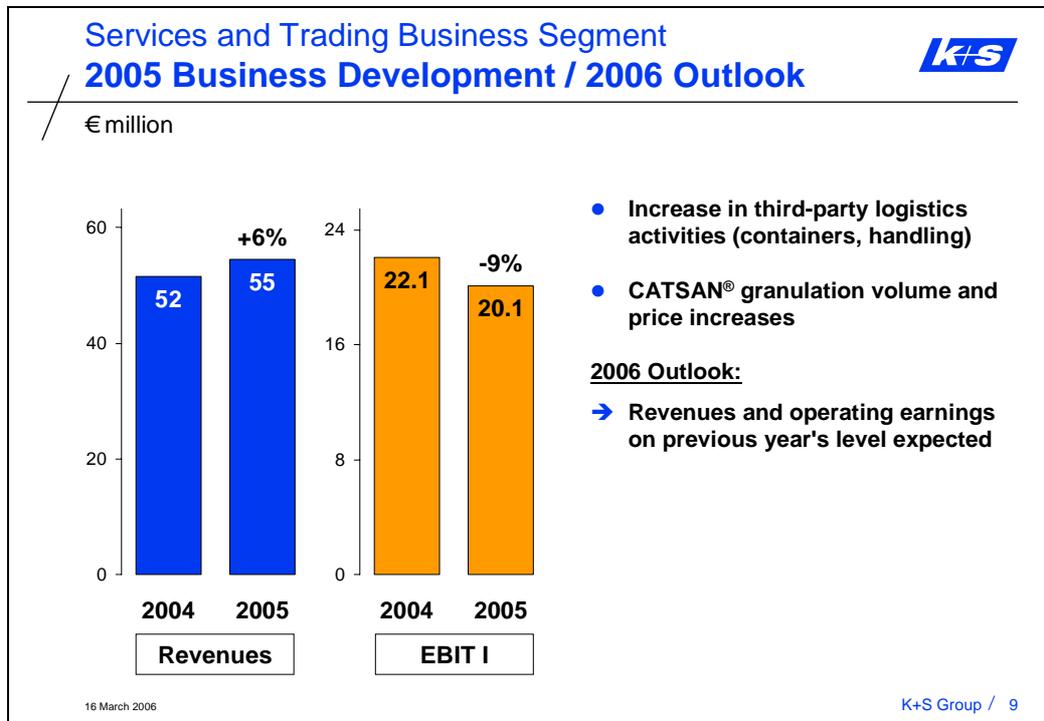
was also possible to gain additional customers outside Germany, in France, with the result that foreign business revenues rose appreciably.

We were also able to achieve gains in the recycling business in financial year 2005. The full utilisation of our REKAL facility as well as higher selling prices for the recycled aluminium granulate made contributions in this regard. Revenues for the building materials recycling segment largely remained unchanged on a relatively low level.

The operating earnings of € 8.1 million generated by the Waste Management and Recycling business segment in 2005 reached the previous year's level. Despite the significant decline in volume for underground disposal, the level of earnings could be essentially maintained through tight cost management.

We expect revenues for 2006 to be somewhat higher than last year. Higher processing capacity for our underground reutilisation facilities should enable us to participate to an even greater extent in the significant growth for the disposal of flue gas cleaning residues. In the underground waste disposal field, we see an increase in the removal of waste for the purpose of recovering reusable materials. This development is being encouraged by relatively high global raw material prices on the one hand and new technologies for recovering reusable materials on the other. As with revenues, we expect operating earnings to increase slightly in 2006.

**Slide 9 - Services and Trading Business Segment**  
**2005 Business Development / 2006 Outlook**



For the year under review, the Services and Trading business segment posted revenues of about €55 million, up 6% on the previous year. The revenues only reflect services rendered to third parties. Revenues deriving from services provided to K+S Group companies are not included.

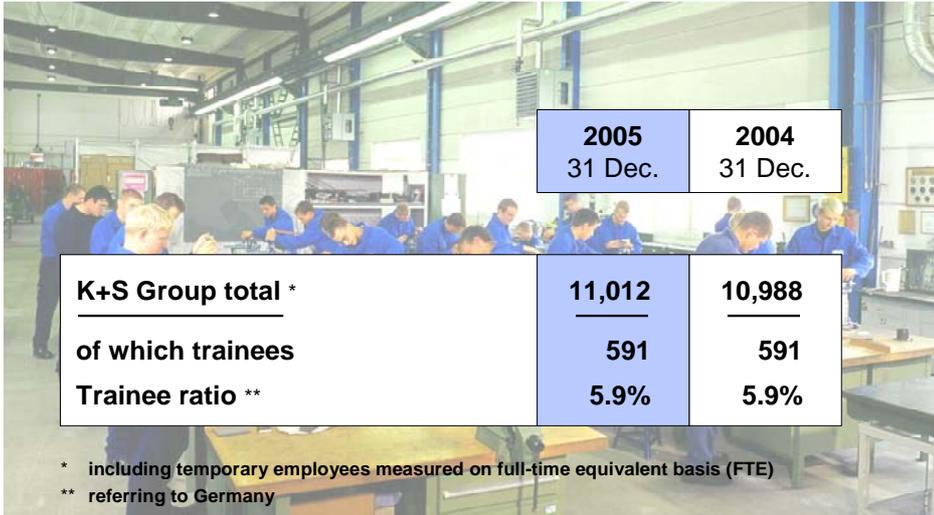
The reasons for the increase in third-party revenues were the expansion of logistics activities as well as increases in volume and compensation for the granulation of CATSAN®.

Operating earnings for 2005 showed a decrease of €2.0 million or 9% on the previous year to total €20.1 million. Lower contributions to earnings from the logistics area and the granulation of CATSAN® could not be completely offset by the increase in EBIT posted for IT services.

We expect the course of business to remain stable for the Services and Trading business segment in 2006. Both revenues and operating earnings should once again be able to attain the previous year's levels.

Slide 10 - Headcount Largely Unchanged

K+S Group  
**Headcount Largely Unchanged**



	2005 31 Dec.	2004 31 Dec.
<b>K+S Group total *</b>	<b>11,012</b>	<b>10,988</b>
<b>of which trainees</b>	<b>591</b>	<b>591</b>
<b>Trainee ratio **</b>	<b>5.9%</b>	<b>5.9%</b>

\* including temporary employees measured on full-time equivalent basis (FTE)  
\*\* referring to Germany

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Ladies and Gentlemen,

I would now like to take a look at the K+S Group's employees.

As of 31 December 2005, the K+S Group employed a total of 11,012 people. Compared with 31 December 2004 (10,988 employees), the number remained almost unchanged (+0.2%). The full inclusion of the French SCPA companies as well as COMPO Fertilizantes de México resulted in a consolidation-related increase of 126 persons. Without this effect, there would have been 1% employees fewer in the workforce as of 31 December 2005.

At 90%, the overwhelming majority of our employees is employed in Germany, and this is primarily linked to the geographical location of the crude salt deposits for the Potash and Magnesium Products and Salt business segments. As a result of the takeover of the shares of esco and the expansion of the European business of

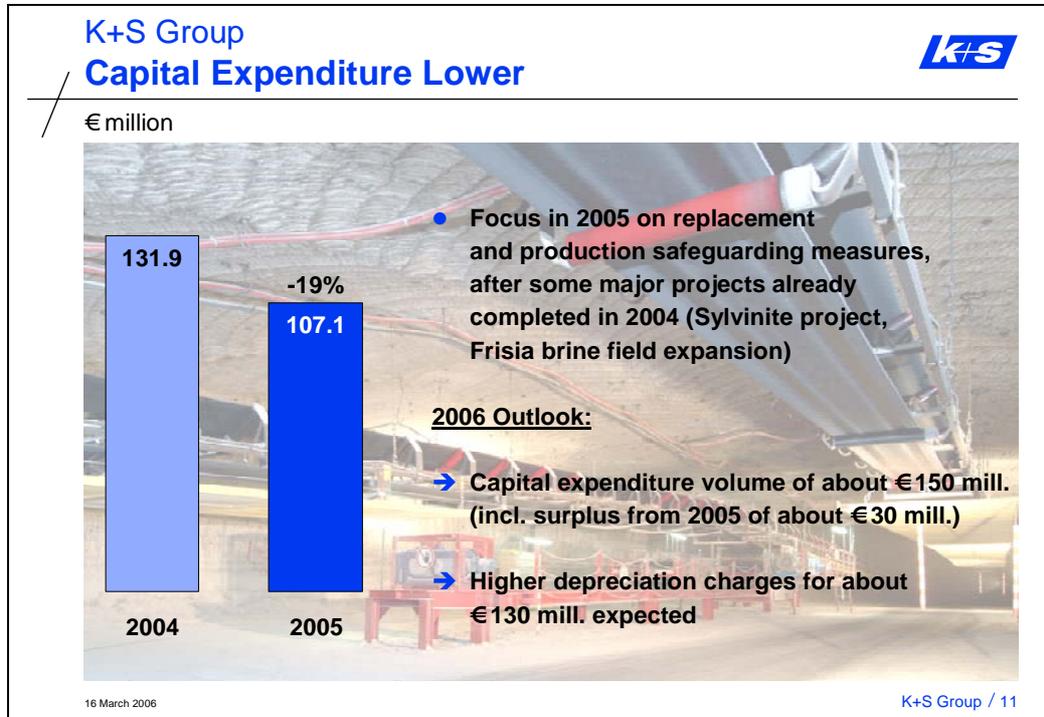
COMPO as well as Potash and Magnesium Products, the proportion of employees in other European countries has increased to 9% over the past few years.

Many years of service and the related wealth of experience are one aspect of a successful personnel policy and the training of the next generation of employees is another. This is an area in which we are already systematically laying the groundwork for tomorrow's growth.

In 2005, 165 young people began vocational training with us, in 22 modern professions at 15 K+S Group sites. As of 31 December 2005, we employed a total of 591 trainees, of which 586 were employed at German sites. Thus, at 5.9%, the trainee ratio for domestic companies was at a high level once again, as was the case in the previous year.

Our training is geared towards needs and quality and ensures that in the future we will have the necessary availability of employees who will work in industrial, commercial, chemical and IT occupations. More than 85% of the successful trainees were hired for a limited period initially.

**Slide 11 - Capital Expenditure Lower**



In 2005, we invested a total of € 107.1 million in property, plant and equipment and intangible assets, about 19% less than in the previous year. This was particularly attributable to the brine field expansion in the Salt business segment and the completion of the Sylvinite project in the Potash and Magnesium Products business segment, both finished the year before. Measures related to replacement and safeguarding production capacity accounted for most of our capital expenditure in 2005.

At the end of the year, there were still obligations relating to uncompleted investment undertakings of about € 30 million. Including this surplus, we expect the volume of capital expenditure for 2006 as a whole to amount to about € 150 million, of which about three quarters are earmarked for replacement and safeguarding production capacity. We expect depreciation charges to amount to about € 130 million.

We assume that capital expenditure related to replacement and safeguarding production capacity will not exceed depreciation given the modern state of our facilities.

**Slide 12 - Outlook for 2006 Remains Favourable**

**K+S Group**  
**Outlook for 2006 Remains Favourable** 

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- **Continued high worldwide demand for fertilizers**
- **Implementation of further efficiency enhancements**
- **Revenues of approx. €2.8 billion**
- **Improvement in operating earnings possible**
- ➔ **K+S Group is well positioned for further organic growth**
- ➔ **Additional growth sought through acquisitions, equity interests and cooperation**

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Ladies and Gentlemen,

For 2006, we expect global demand for fertilizers to remain high overall despite some temporary and regional shifts. Developments on the agricultural markets are shaped by increasing demand for foodstuffs, in both quantitative and qualitative terms. In important overseas markets, especially in Asia and Latin America, we expect fertilizer consumption to continue growing on account of the greater nourishment requirements of the population, which is increasing at a particularly fast pace there, as well as the growing intensification of farming there. The trend towards higher-quality food and meat above all will result in a further increase in fertilizer consumption, especially in Asia and Latin America. In Europe, the trend towards renewable commodities will have a favourable impact on demand for fertilizers too. In addition, agricultural markets in Central Europe will pick up.

We expect this year's revenues to amount to a little over €2.8 billion. Operating earnings should also develop positively.

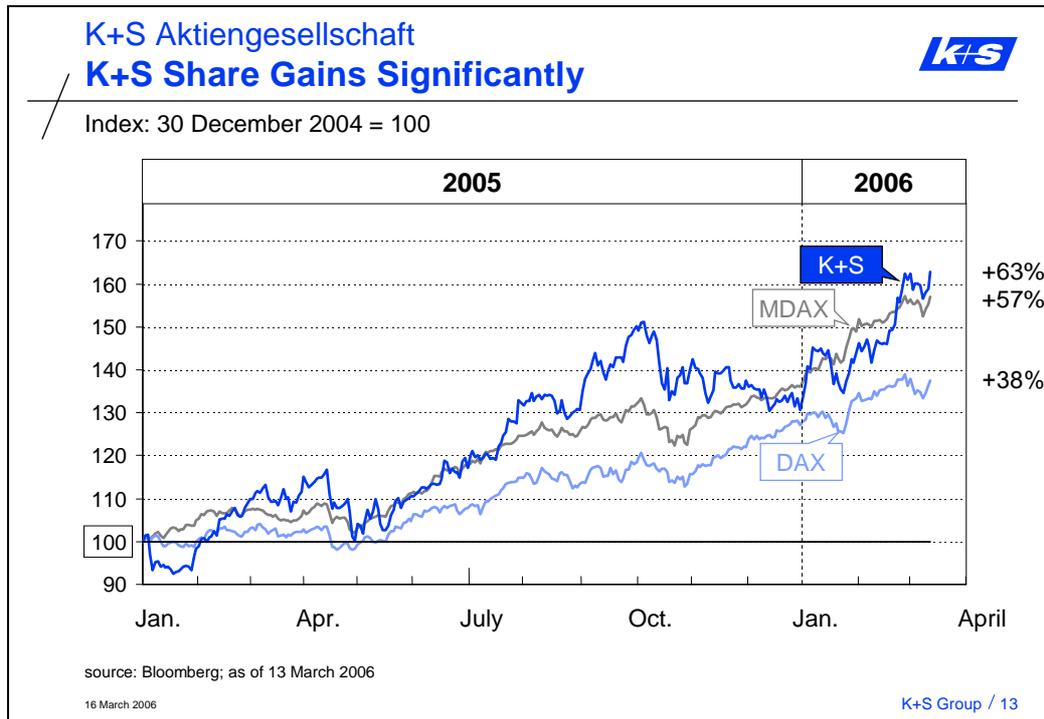
Our largest business segment, Potash and Magnesium Products, once again should post the comparatively clearest increase in earnings, provided that the trend in the US dollar exchange rate will not require substantial follow-up hedging in particular. COMPO also intends to improve earnings significantly. The remaining segments are seeking to achieve earnings on a par with the previous year.

Ladies and Gentlemen,

The K+S Group is very well prepared to further increase enterprise value in 2006 as well, doing so in growing markets with its committed and competent employees. The economic environment is marked by a certain degree of uncertainty surrounding future energy costs and the future exchange rate for the US dollar against the euro, but we have prepared for this in the best possible way and have adopted measures to at least substantially alleviate such effects.

Our strategic approach remains unchanged: We want to achieve further growth especially in our traditional areas of business, and this includes acquisitions, equity interests and cooperation.

## Slide 13 - K+S Share Gains Significantly



Ladies and Gentlemen,

Finally, let's take a look at how the K+S share has developed.

After having gained about 80% in 2004, the K+S share continued to display a positive trend over the past year. The ex-dividend markdown in May had an adverse effect on performance only temporarily and was made up again shortly afterwards. At the beginning of October, our share then rose to €59.10, its highest level ever to date.

However, profit taking set in at this level – a frequent occurrence over the past two years – with the result that the share was “only” quoted at €51.05 at the end of the year, which still represents an increase of 30.6% for the year. If the dividend paid is also taken into account, the gain even amounted to 33.9%. Thus, the performance of the K+S share over the course of the year was 7 percentage points better than that of the DAX and only 2 percentage points lower than that of the dynamic MDAX. At the beginning of March of this year, the price of our share reached a new historic high of just under €65.

The K+S share is intended to remain a high-yield investment. A distribution level of between 40% and 50%, taking into account the high free cash flow, as well as an attractive dividend yield are points of reference for future dividend recommendations to be determined jointly with the Supervisory Board.

Ladies and Gentlemen,

Those were my comments on financial year 2005. Mr Steiner will now comment on key financial data from the annual financial statements.