

04 / 2006 The Quarter in Brief

October – December

At € 2.96 billion, revenues for the year 2006 rise by 5 %

Operating earnings rise by 11% to € 278.0 million

Free cash flow before acquisitions reaches € 130.4 million (+ 3%)

Adjusted earnings per share at € 5.29 (+ 39%)

Proposed dividend of € 2.00 per share (2005: € 1.80 per share)



Experience growth.

Key Data Business Development

Key figures (IFRSs)	Oct. - Dec. (Q4)			Jan. - Dec. (12M)		
	2006	2005	%	2006	2005	%
€ million						
Revenues	732.0	716.0	+ 2.2	2,957.7	2,815.7	+ 5.0
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	87.3	85.8	+ 1.7	401.1	383.1	+ 4.7
EBITDA margin in %	11.9	12.0	+ 0.0	13.6	13.6	+ 0.0
Operating earnings (EBIT I)	53.8	48.8	+ 10.2	278.0	250.9	+ 10.8
Operating EBIT margin in %	7.3	6.8	+ 0.0	9.4	8.9	+ 0.0
Earnings after market value changes (EBIT II)	32.2	49.8	(35.3)	361.6	271.7	+ 33.1
Earnings before income taxes	23.4	44.9	(47.9)	341.5	259.6	+ 31.5
Earnings before income taxes, adjusted ¹⁾	45.0	43.9	+ 2.5	257.9	238.8	+ 8.0
Group earnings after taxes ⁷⁾	62.8	36.3	+ 73.0	270.8	174.4	+ 55.3
Group earnings after taxes, adjusted ^{1,7)}	76.4	35.7	> 100.0	218.1	161.3	+ 35.2
Gross cash flow	90.8	104.0	(12.7)	342.7	341.5	+ 0.4
Net debt as of 31 Dec. ²⁾	–	–	–	718.2	324.0	> 100.0
Capital expenditure ³⁾	51.5	41.4	+ 24.4	130.5	107.1	+ 21.8
Depreciation and amortisation ³⁾	33.5	37.0	(9.5)	123.1	132.2	(6.9)
Working Capital	–	–	–	599.1	453.0	+ 32.3
Earnings per share, adjusted ^{1,7)} (€)	1.85	0.86	> 100.0	5.29	3.81	+ 38.8
Gross cash flow per share (€)	2.20	2.49	(11.6)	8.31	8.07	+ 3.0
Book value per share as of 31 Dec. ¹⁾ (€)	–	–	–	25.71	22.58	+ 13.9
Total number of shares as of 31 Dec. (million)	–	–	–	41.25	42.50	(2.9)
Outstanding shares as of 31 Dec. (million) ⁴⁾	–	–	–	41.25	41.25	0.0
Average number of shares (million) ⁵⁾	41.25	41.70	(1.1)	41.24	42.31	(2.5)
Employees as of 31 Dec. (number) ⁶⁾	–	–	–	11,873	11,012	+ 7.8
Average number of employees ⁶⁾	11,869	11,013	+ 7.8	11,392	11,017	+ 3.4
Personnel expenses	171.5	189.0	(9.3)	663.5	671.1	(1.1)
Closing price (XETRA) as of 31 Dec. (€)	–	–	–	82.20	51.05	+ 61.0
Market capitalisation as of 31 Dec.	–	–	–	3,390.8	2,105.8	+ 61.0
Enterprise value as of 31 Dec.	–	–	–	4,109.0	2,429.8	+ 69.1

1) adjusted for the effect of market value changes in hedging transactions; a tax rate of 37.0 % is assumed for adjusted group earnings.

2) including provisions for pensions and non-current mining obligations

3) for or in connection with intangible assets as well as property, plant and equipment.

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

5) total number of shares less the average number of own shares held by K+S over the period.

6) total workforce including temporary employees (without students and interns), measured on full-time equivalent basis (FTE)

7) in 2006: including non-recurrent deferred tax income of € 41.9 million or € 1.02 per share

Fourth Quarter Highlights

Revenues rise by 2% in fourth quarter

At € 732.0 million, fourth quarter revenues were up € 16.0 million or 2% on the figure for the same period in the preceding year; the first-time consolidation of SPL could more than make up for downward sales and exchange rate effects. While revenues for the Potash and Magnesium Products business segment declined somewhat as a result of overseas prices for potash fertilizers in Brazil that were lower than a year ago, the COMPO as well as Waste Management and Recycling business segments in particular were able to post gains that were mainly volume driven.

Variance analysis in %	Q4/06	12M/06
Change in revenues	+ 2.2	+ 5.0
- volume/structure	(2.9)	(0.9)
- prices	(0.3)	+ 3.0
- exchange rates	(1.4)	(0.0)
- consolidation	+ 6.8	+ 2.9

Fourth quarter operating earnings up 10 %

Operating earnings EBIT I, which are adjusted for the noncash changes in the market value of the foreign currency options that we use to hedge the US dollar, rose by € 5.0 million or 10 % to € 53.8 million in the fourth quarter. The positive effects of the foreign currency result as well as lower allocations to provisions could more than make up for earnings decreases due to price and volume factors in the Potash and Magnesium Products as well as the Salt business segments.

Financial result lower after SPL acquisition

At € (8.8) million, the fourth quarter financial result decreased by € 3.9 million compared with the same quarter a year ago. While the other financial result improved mainly as a result of valuation factors, the interest payable on borrowings in connection with the acquisition of SPL reduced the balance for interest. Further information can be found in the Notes.

Adjusted earnings before taxes somewhat higher

Fourth quarter adjusted earnings before taxes amounted to € 45.0 million, which represents an increase of € 1.1 million or 3% compared with a year ago. The improvement in operating earnings was reduced by the lower financial result.

Adjusted earnings after taxes surge because of non-recurrent special effect

Fourth quarter group earnings after taxes, adjusted for the effect of market value changes, amounted to € 76.4 million, which represents an increase of € 40.7 million or 114%. It includes non-recurrent deferred tax income of € 41.9 million deriving from the reorganisation of the corporate structure of the SPL Group in Chile. You can find information about the income tax burden and earnings per share in the Notes.

Fourth quarter capital expenditure rises by 24%

Our fourth quarter capital expenditure amounted to € 51.5 million and was up € 10.1 million or 24% on the same period last year. The Potash and Magnesium Products and Salt business segments accounted for the major part of the capital expenditure, which was affected by the acquisition and installation of new gas turbines, the replacement of a winding machine as well as the first-time inclusion of SPL.

Number of employees increases following SPL takeover

As of 31 December 2006, the K+S Group employed a total of 11,873 people, of which 771 were employees of the salt producer SPL acquired in the middle of last year. Fourth quarter personnel expenses totalled € 171.5 million and were thus down 9% on the same period last year despite the first-time inclusion of SPL. The decrease is mainly attributable to lower allocations related to early retirement arrangements.

More detailed information about the past financial year can be found in the Annual Report 2006, which can be downloaded or ordered on our homepage: www.k-plus-s.com.

Business Segments of the K+S Group

Change in revenues in %	Q4/06	12M/06
Potassium chloride	(11.7)	+ 1.8
Fertilizer specialities	(1.8)	+ 4.9
Industrial products	(3.0)	+ 5.7

Change in revenues in %	Q4/06	12M/06
Consumer business	+ 2.4	+ 3.7
Professional/ industrial business	+ 10.6	+ 1.1

Change in revenues in %	Q4/06	12M/06
Complex fertilizers	+ 26.7	+ 1.9
Straight nitrogen fertilizers/ Ammonium sulphate nitrate	(13.7)	(2.8)
Ammonium sulphate	+ 12.6	(6.5)

Change in revenues in %	Q4/06	12M/06
Food grade salt	+ 17.1	+ 10.0
Industrial salt	+ 27.3	+ 18.4
Salt for chemical use	+ 99.6	+ 47.3
De-icing salt	(9.7)	+ 16.2
Other	> 100.0	> 100.0

Change in revenues in %	Q4/06	12M/06
Disposal	+ 7.3	+ 3.6
Reutilisation	+ 21.1	+ 25.0
Recycling	+ 27.6	+ 32.7

Change in revenues in %	Q4/06	12M/06
Granulation	(3.3)	+ 6.8
Logistics	+ 14.3	+ 3.0
Trading	(43.0)	(25.0)
IT, analytical services	(21.8)	+ 15.6

Potash and Magnesium Products	Oct. - Dec. (Q4)			Jan. - Dec. (12M)		
€ million	2006	2005	%	2006	2005	%
Revenues	295.6	317.2	(6.8)	1,238.9	1,197.2	+ 3.5
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	56.0	58.4	(4.1)	235.7	236.1	(0.2)
Operating earnings (EBIT I)	35.6	37.0	(3.8)	158.6	151.8	+ 4.5
Operating EBIT margin in %	12.0	11.7	+ 0.0	12.8	12.7	+ 0.0
Earnings after market value changes (EBIT II)	15.6	38.4	(59.4)	240.8	172.7	+ 39.4
Capital expenditure	29.8	27.3	+ 9.2	83.8	70.9	+ 18.2
Employees as of 31 Dec. (number)	–	–	–	7,550	7,490	+ 0.8

COMPO	Oct. - Dec. (Q4)			Jan. - Dec. (12M)		
€ million	2006	2005	%	2006	2005	%
Revenues	116.9	107.8	+ 8.4	552.4	541.7	+ 2.0
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	6.6	6.7	(1.5)	39.4	38.3	+ 2.9
Operating earnings (EBIT I)	3.6	0.8	> 100.0	29.2	25.0	+ 16.8
Operating EBIT margin in %	3.1	0.7	+ 0.0	5.3	4.6	+ 0.0
Earnings after market value changes (EBIT II)	2.6	0.5	> 100.0	29.1	24.9	+ 16.9
Capital expenditure	4.9	5.7	(14.0)	11.4	12.3	(7.3)
Employees as of 31 Dec. (number)	–	–	–	1,260	1,292	(2.5)

fertiva	Oct. - Dec. (Q4)			Jan. - Dec. (12M)		
€ million	2006	2005	%	2006	2005	%
Revenues	142.6	139.5	+ 2.2	556.2	568.3	(2.1)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	2.2	1.7	+ 29.4	17.1	15.3	+ 11.8
Operating earnings (EBIT I)	2.1	1.6	+ 31.2	16.7	14.8	+ 12.8
Operating EBIT margin in %	1.5	1.1	+ 0.0	3.0	2.6	+ 0.0
Earnings after market value changes (EBIT II)	2.1	1.6	+ 31.2	16.7	14.8	+ 12.8
Capital expenditure	0.7	0.0	–	0.7	0.3	> 100.0
Employees as of 31 Dec. (number)	–	–	–	61	58	+ 5.2

Salt (2006: incl. SPL since 1 July; 2005: without SPL)	Oct. - Dec. (Q4)			Jan. - Dec. (12M)		
million €	2006	2005	%	2006	2005	%
Revenues	144.9	121.6	+ 19.2	485.8	398.0	+ 22.1
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	19.2	24.4	(21.3)	92.0	85.9	+ 7.1
Operating earnings (EBIT I)	12.0	17.4	(31.0)	67.6	62.7	+ 7.8
Operating EBIT margin in %	8.3	14.3	+ 0.0	13.9	15.8	+ 0.0
Earnings after market value changes (EBIT II)	11.5	17.4	(33.9)	69.2	62.7	+ 10.4
Capital expenditure	9.5	5.2	+ 82.7	21.2	12.4	+ 71.0
Employees as of 31 Dec. (number)	–	–	–	2,194	1,385	+ 58.4

Waste Management and Recycling	Oct. - Dec. (Q4)			Jan. - Dec. (12M)		
€ million	2006	2005	%	2006	2005	%
Revenues	18.1	15.0	+ 20.7	69.4	56.0	+ 23.9
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	4.5	2.4	+ 87.5	16.7	10.8	+ 54.6
Operating earnings (EBIT I)	3.6	1.6	> 100.0	13.8	8.1	+ 70.4
Operating EBIT margin in %	19.9	10.7	+ 0.0	19.9	14.5	+ 0.0
Earnings after market value changes (EBIT II)	3.6	1.6	> 100.0	13.8	8.1	+ 70.4
Capital expenditure	2.1	1.8	+ 16.7	4.3	3.4	+ 26.5
Employees as of 31 Dec. (number)	–	–	–	34	33	+ 3.0

Services and Trading	Oct. - Dec. (Q4)			Jan. - Dec. (12M)		
€ million	2006	2005	%	2006	2005	%
Revenues	13.9	14.9	(6.7)	55.0	54.5	+ 0.9
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	6.4	4.3	+ 48.8	31.3	26.1	+ 19.9
Operating earnings (EBIT I)	5.0	2.8	+ 78.6	25.4	20.1	+ 26.4
Operating EBIT margin in %	36.0	18.8	+ 0.0	46.2	36.9	+ 0.0
Earnings after market value changes (EBIT II)	5.0	2.8	+ 78.6	25.4	20.1	+ 26.4
Capital expenditure	4.0	1.4	> 100.0	8.2	6.6	+ 24.2
Employees as of 31 Dec. (number)	–	–	–	407	393	+ 3.6

Financial Section

Explanatory notes; structural changes

The interim reports of the K+S Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) since 2005. The valuation principles applied in these quarterly financial statements correspond to those applied to the corresponding period. The interim figures are unaudited.

As a result of the SPL acquisition, the scope of consolidation as of 30 June 2006 was extended to include 19 companies for the first time; they are included in group earnings as of the third quarter.

Income statement	Oct. - Dec. (Q4)		Jan. - Dec. (12M)	
€ million	2006	2005	2006	2005
Revenues	732.0	716.0	2,957.7	2,815.7
Cost of sales	460.0	439.9	1,913.9	1,811.2
Gross profit	272.0	276.1	1,043.8	1,004.5
Gross margin in %	37.2	38.6	35.3	35.7
Selling expenses	206.9	178.2	728.1	673.0
- of which freight costs	121.3	106.2	431.5	394.2
General and administrative expenses	23.4	18.1	82.1	71.7
Research and development costs	3.7	3.1	13.8	13.0
Other operating income/expenses	15.7	(32.5)	56.4	(5.0)
Income from investments, net	0.1	4.6	1.8	9.1
Operating earnings (EBIT I)	53.8	48.8	278.0	250.9
Operating EBIT margin in %	7.3	6.8	9.4	8.9
Market value changes from hedging transactions	(21.6)	1.0	83.6	20.8
Earnings after market value changes (EBIT II)	32.2	49.8	361.6	271.7
Interest income, net	(10.9)	(4.4)	(27.5)	(17.8)
Other financial result	2.1	(0.5)	7.4	5.7
Financial result	(8.8)	(4.9)	(20.1)	(12.1)
Earnings before income taxes	23.4	44.9	341.5	259.6
Earnings before income taxes, adjusted*	45.0	43.9	257.9	238.8
Taxes on income	(39.8)	8.6	70.3	85.2
- of which deferred taxes	(39.1)	0.3	20.4	35.5
Earnings after taxes**	63.2	36.3	271.2	174.4
Minority interests in earnings	0.4	0.0	0.4	0.0
Group earnings after taxes and minority interests**	62.8	36.3	270.8	174.4
Elimination of market value changes	13.6	(0.6)	(52.7)	(13.1)
Group earnings after taxes, adjusted***	76.4	35.7	218.1	161.3
Earnings per share in € (undiluted $\hat{=}$ diluted)**	1.52	0.87	6.57	4.12
Earnings per share in €, adjusted* **	1.85	0.86	5.29	3.81
Average number of shares (million)	41.25	41.70	41.24	42.31

* adjusted for the effect of market value changes in hedging transactions; a tax rate of 37.0% is assumed for adjusted group earnings

** in 2006: including non-recurrent deferred tax income of € 41.9 million or € 1.02 per share.

Statement of changes in equity	Subscribed capital	Additional paid-in capital	Profit retained/revenue reserves	Differences from foreign currency translation	Fair value reserve	Minority interests	Equity
€ million							
Balance as of 1 January 2006	108.8	8.7	804.6	(0.2)	20.2	0.0	942.1
Dividend for previous year	-	-	(74.3)	-	-	-	(74.3)
Earnings after taxes for the period	-	-	270.8	-	-	0.4	271.2
Subscription of employee shares	-	(0.9)	-	-	-	-	(0.9)
Market value of securities	-	-	-	-	8.1	-	8.1
Consolidation effects	-	0.1	(1.7)	(15.4)	(0.1)	0.2	(16.9)
Other neutral changes	-	-	(2.0)	(0.1)	(2.9)	-	(5.0)
Balance as of 31 December 2006	108.8	7.9	997.4	(15.7)	25.3	0.6	1,124.3
Balance as of 1 January 2005	108.8	4.7	757.1	(1.6)	11.6	-	880.6
Dividend for previous year	-	-	(55.3)	-	-	-	(55.3)
Earnings after taxes for the period	-	-	174.4	-	-	-	174.4
Cancellation of own shares	-	-	(66.7)	-	-	-	(66.7)
Subscription of employee shares	-	4.0	-	-	-	-	4.0
Market value of securities	-	-	-	-	8.0	-	8.0
Consolidation effects	-	0.0	0.0	0.1	-	-	0.1
Other neutral changes	-	-	(4.9)	1.3	0.6	-	(3.0)
Balance as of 31 December 2005	108.8	8.7	804.6	(0.2)	20.2	-	942.1

Financial Section

Balance sheet - assets		
€ million	31.12.2006	31.12.2005
Intangible assets	189.0	82.2
- of which goodwill from acquisitions	102.9	13.9
Property, plant and equipment	1,082.7	791.9
Investment properties	8.3	11.2
Financial assets	19.4	19.3
Receivables and other assets	2.5	2.0
Securities	42.1	56.0
Deferred taxes	52.0	58.2
Recoverable income taxes	0.6	-
Non-current assets	1,396.6	1,020.8
Inventories	370.2	281.3
Accounts receivable – trade	629.5	598.2
Other receivables and assets	344.4	206.2
- of which derivative financial instruments	242.7	120.9
Recoverable income taxes	10.6	2.6
Securities	15.2	76.0
Cash on hand and balances with banks	64.4	74.0
Current assets	1,434.3	1,238.3
ASSETS	2,830.9	2,259.1

Balance sheet - equity and liabilities		
€ million	31.12.2006	31.12.2005
Subscribed capital	108.8	108.8
Additional paid-in capital	7.9	8.7
Other revenue reserves and profit retained	1,007.0	824.6
Minority interests	0.6	0.0
Equity	1,124.3	942.1
Bank loans and overdrafts	136.8	6.0
Other liabilities	14.0	10.8
Provisions for pensions and similar obligations	128.2	171.7
Provisions for mining obligations	338.2	324.9
Other provisions	125.4	138.0
Deferred taxes	79.5	13.7
Non-current debt	822.1	665.1
Bank loans and overdrafts	234.0	23.5
Accounts payable – trade	360.8	354.0
Other liabilities	77.8	72.2
- of which derivative financial instruments	39.3	27.7
Income tax liabilities	16.6	19.9
Provisions	195.3	182.3
Current debt	884.5	651.9
EQUITY AND LIABILITIES	2,830.9	2,259.1

Net debt		Oct. - Dec. (Q4)		Jan. - Dec. (12M)	
€ million	2006	2005	2006	2005	
Net debt at the beginning of the period	(739.2)	(314.9)	(324.0)	(333.1)	
Cash on hand and balances with banks	64.4	74.0	64.4	74.0	
Liabilities due to banks < 3 months	(45.2)	(0.3)	(45.2)	(0.3)	
Cash invested with affiliated companies*	0.7	-	0.7	-	
Cash received from affiliated companies*	(3.5)	(3.9)	(3.5)	(3.9)	
Net cash and cash equivalents as of 31 December	16.4	69.8	16.4	69.8	
Securities	57.3	132.0	57.3	132.0	
Liabilities due to banks > 3 months	(325.5)	(29.2)	(325.5)	(29.2)	
Provisions for pensions and similar obligations	(128.2)	(171.7)	(128.2)	(171.7)	
Provisions for mining obligations	(338.2)	(324.9)	(338.2)	(324.9)	
Net debt as of 31 December	(718.2)	(324.0)	(718.2)	(324.0)	

* companies not included in the scope of consolidation

Cash flow statement	Oct. - Dec. (Q4)		Jan. - Dec. (12M)	
€ million	2006	2005	2006	2005
Operating earnings (EBIT I)	53.8	48.8	278.0	250.9
Depreciation and amortisation on fixed assets*	33.7	37.0	123.3	132.2
Release of negative consolidation differences	–	0.2	–	(1.6)
Decrease(-)/increase(+) in non-current provisions (without interest rate effects)	4.1	21.1	(15.3)	(0.5)
Interest received, dividends and similar income	2.4	4.2	9.9	11.4
Gains(+)/losses(-) realised on the disposal of financial assets, investment properties and securities	(4.9)	1.3	12.5	5.3
Interest paid	(7.3)	(1.4)	(15.3)	(5.0)
Other financing income/expenses	5.6	–	(3.1)	–
Income tax received/paid	0.8	(8.2)	(49.9)	(49.6)
Other noncash expenses(+)/income(-)	2.6	1.0	2.6	(1.6)
Gross cash flow	90.8	104.0	342.7	341.5
Gains(-)/losses(+) on the disposal of fixed assets	6.4	(2.3)	(12.2)	(7.6)
Increase(-)/decrease(+) in inventories	(46.5)	(30.6)	(33.7)	(25.6)
Increase(-)/decrease(+) in receivables and other assets from operating activities	(125.8)	(120.5)	(75.3)	(146.1)
- of which derivative financial instruments	(45.2)	7.9	(41.6)	(60.7)
Decrease(-)/increase(+) in liabilities from operating activities	80.8	9.2	(4.0)	34.1
- of which derivative financial instruments	24.1	(4.9)	16.4	7.1
Decrease(-)/increase(+) in current provisions	(1.7)	3.7	(8.6)	28.0
Out-financing of provisions	(1.7)	–	(6.5)	(3.5)
Cash flow provided by(+)/used in(-) operating activities	2.3	(36.5)	202.4	220.8
Proceeds from disposals of fixed assets	(6.2)	4.0	15.3	10.5
Disbursements for intangible assets	(3.2)	(1.4)	(6.3)	(4.2)
Disbursements for property, plant and equipment	(48.4)	(38.4)	(124.2)	(101.7)
Disbursements for financial assets	(1.8)	(0.5)	(1.9)	(0.7)
Disbursements for acquisition of consolidated companies	0.1	–	(357.7)	–
Proceeds from sale/disbursements for acquisition of securities	8.5	2.1	45.0	1.8
Cash flow used in investing activities	(51.0)	(34.2)	(429.8)	(94.3)
Free cash flow	(48.7)	(70.7)	(227.4)	126.5
Payment of dividend	–	–	(74.3)	(55.3)
Purchase of own shares	(0.9)	(66.7)	(8.4)	(66.7)
Payments from allocations to equity	–	–	4.1	–
Taking out(+)/repayment (-) of loans	51.0	(0.8)	249.5	8.7
Cash flow provided by(+)/used in(-) financing activities	50.1	(67.5)	170.9	(113.3)
Change in cash and cash equivalents affecting cash flow	1.4	(138.2)	(56.5)	13.2
Change in value of cash and cash equivalents	–	0.2	–	0.2
Changes from consolidation	(0.1)	(5.8)	3.1	(5.4)
Change in cash and cash equivalents	1.3	(143.8)	(53.4)	8.0

* on intangible assets as well as property, plant and equipment

Notes

Seasonal factors

There are seasonal differences over the course of the year that affect sales of fertilizers and salt products. In the case of fertilizers, we generally attain our highest revenues in the first half of the year because of the use of fertilizers in Europe during the spring. This effect can either be enhanced or diminished by overseas sales. Sales of salt products – especially of de-icing salt – largely depend on winter weather conditions during the first and fourth quarters.

In the aggregate, both these effects mean that revenues and earnings in particular are greatest during the first half of the year.

Geographical breakdown of revenues and sales

The following table shows revenues, volume and average prices for our largest business segment, Potash and Magnesium Products.

Potash and Magnesium Products Business Segment		Q1/05	Q2/05	Q3/05	Q4/05	2005	Q1/06	Q2/06	Q3/06	Q4/06	2006
Revenues*	€ million	312.2	306.4	261.4	317.2	1,197.2	336.0	319.0	288.3	295.6	1,238.9
- Europe	€ million	219.4	204.1	166.3	181.4	771.2	226.2	189.2	160.5	166.0	741.9
- Overseas	€ million	92.8	102.3	95.1	135.8	426.0	109.8	129.8	127.8	129.6	497.0
Volume	million tons	2.11	2.06	1.77	1.92	7.86	2.11	2.08	1.87	1.93	7.99
- Europe	million tons	1.48	1.42	1.13	1.20	5.23	1.45	1.25	1.05	1.08	4.83
- Overseas	million tons	0.63	0.64	0.64	0.72	2.63	0.66	0.83	0.82	0.85	3.16
Average price	per ton in €	148.0	148.7	147.7	165.2	152.3	159.4	153.2	153.8	153.4	155.0
- Europe	per ton in €	148.2	143.7	147.2	151.2	147.5	156.0	151.1	152.7	154.0	153.6
- Overseas	per ton in €	147.3	159.8	148.6	188.6	162.0	166.9	156.4	155.5	152.5	157.3

* Revenues include prices both inclusive and exclusive of freight costs and are based on the respective USD/EUR spot exchange rates in the case of overseas revenues. Hedging transactions have been concluded for most of the revenues, enabling us to achieve more attractive EUR revenues than indicated here. These effects are included in other operating income. The information on prices is to be understood solely as providing a rough indication.

Other operating income/expenses				
€ million	Q4/06	Q4/05	12M/06	12M/05
Foreign currency result (from measurement and hedging)	14,6	8,6	47,8	42,1
Change in provisions	3,0	- 24,8	10,4	- 22,7
Other	- 1,9	- 16,3	- 1,8	- 24,4
Other operating income/expenses	15,7	- 32,5	56,4	- 5,0

Foreign currency result in EBIT I

Exchange rates are generally hedged using double-barrier options. The terms of the derivatives employed vary and extend until the end of 2009. It should be noted that hedging transactions are only effective as long as the USD/EUR spot rate remains within agreed barriers. If need be, these can be adjusted by paying additional premiums. For 2006, the barriers lay between USD/EUR 1.12 and USD/EUR 1.39.

We have hedged a total of USD 500 million for 2006 (2005: USD 480 million). Average hedged rates per quarter for the Potash and Magnesium Products business segment are as follows:

Potash and Magnesium Products Business Segment		Q1/05	Q2/05	Q3/05	Q4/05	2005	Q1/06	Q2/06	Q3/06	Q4/06	2006
USD/EUR hedged rate after premiums		1.17	1.17	1.14	1.12	1.15	1.13	1.09	1.06	1.09	1.09
Average USD/EUR spot rate		1.31	1.26	1.22	1.19	1.24	1.20	1.26	1.27	1.29	1.26

Financial result				
€ million	Q4/06	Q4/05	12M/06	12M/05
Interest income	2.4	4.3	9.9	11.4
Interest expense	(13.3)	(8.7)	(37.4)	(29.2)
- of which interest expense for pension provisions	(1.9)	(2.4)	(7.4)	(9.5)
- of which interest expense for provisions for mining obligations	(3.2)	(3.9)	(13.6)	(13.9)
Interest income, net	(10.9)	(4.4)	(27.5)	(17.8)
Other financing costs	1.1	0.0	(7.6)	0.0
Income from the disposal of financial investments	(0.4)	1.3	17.0	5.3
Income from the measuring of financial investments at market value	1.4	(1.8)	(2.0)	0.4
Other financial result	2.1	(0.5)	7.4	5.7
Financial result	(8.8)	(4.9)	(20.1)	(12.1)

The actuarial valuation of pension provisions is performed using the projected unit credit method in accordance with IAS 19. The following parameters were applied in computing pension provisions:

- Trend in salary increases: 1.5%
- Trend in pension increases: 1.5%
- Discount factor: 4.6%

The following parameters were taken into account in computing a large portion of the provisions for mining obligations:

- Trend in price increases: 1.5%
- Discount factor: 5.0%

Taxes on income				
€ million	Q4/06	Q4/05	12M/06	12M/05
Corporation tax	(0.2)	2.6	16.4	14.7
Trade tax on income	(0.8)	5.0	27.5	27.3
Foreign income taxes	0.3	0.7	6.0	7.7
Deferred taxes	(39.1)	0.3	20.4	35.5
Taxes on income	(39.8)	8.6	70.3	85.2

Non-cash deferred taxes result from tax loss carryforwards as well as other temporary tax-related measurement differences, especially changes in the market value of our options. In addition, the reorganisation of the corporate structure of the SPL Group resulted in non-recurrent deferred tax income of € 41.9 million in the fourth quarter of 2006.

Earnings per share

The undiluted, adjusted earnings per share are determined by dividing the adjusted group earnings by the weighted-average number of shares outstanding during the reporting period. As the conditions that could lead to a dilution of the earnings per share are not currently fulfilled at K+S, the undiluted earnings per share correspond to the diluted earnings per share. Moreover, the earnings per share completely correspond to continuing operations; there were neither discontinued operations nor accounting changes to be taken into consideration.

For the quarter under review, adjusted earnings per share amounted to € 1.85 per share and were thus significantly higher than a year ago (€ 0.86). The figure includes non-recurrent deferred tax income of € 1.02 per share arising from the reorganisation of the corporate structure of the SPL Group. It was computed on the basis of 41.25 million (Q4/2005: 41.70 million) no-par value shares, being the average number of shares outstanding during the reporting period.

As at 31 December 2006, we held no shares of our own; thus, the total number of K+S Group shares outstanding amounted to 41.25 million no-par value shares.

Contingent liabilities

There have been no significant changes in contingent liabilities in relation to the annual financial statements for 2005 and they can be classified as immaterial overall.

Summary by Quarter

Revenues and operating earnings (IFRSs)						2005					2006				
€ million	Q1	Q2	Q3	Q4	2005	Q1	Q2	Q3	Q4	2006					
Potash and Magnesium Products	312.2	306.4	261.4	317.2	1,197.2	336.0	319.0	288.3	295.6	1,238.9					
COMPO	199.2	144.8	89.9	107.8	541.7	197.7	145.6	92.2	116.9	552.4					
fertiva	120.4	138.3	170.1	139.5	568.3	132.2	137.6	143.8	142.6	556.2					
Salt	136.1	65.2	75.1	121.6	398.0	157.7	67.7	115.5	144.9	485.8					
Waste Management and Recycling	12.5	14.8	13.7	15.0	56.0	17.0	17.7	16.6	18.1	69.4					
Services and Trading	14.7	12.7	12.2	14.9	54.5	14.9	12.5	13.7	13.9	55.0					
K+S Group revenues	795.1	682.2	622.4	716.0	2,815.7	855.5	700.1	670.1	732.0	2,957.7					
Potash and Magnesium Products	36.7	46.4	31.7	37.0	151.8	42.1	41.7	39.2	35.6	158.6					
COMPO	18.3	7.3	(1.4)	0.8	25.0	16.3	9.7	(0.4)	3.6	29.2					
fertiva	5.4	5.3	2.5	1.6	14.8	3.8	5.0	5.8	2.1	16.7					
Salt	38.9	2.0	4.4	17.4	62.7	47.5	0.4	7.7	12.0	67.6					
Waste Management and Recycling	1.5	3.2	1.8	1.6	8.1	3.6	3.7	2.9	3.6	13.8					
Services and Trading	6.1	5.6	5.6	2.8	20.1	7.3	6.3	6.8	5.0	25.4					
Reconciliation	(7.5)	(5.7)	(6.0)	(12.4)	(31.6)	(7.5)	(7.4)	(10.3)	(8.1)	(33.3)					
K+S Group EBIT I	99.4	64.1	38.6	48.8	250.9	113.1	59.4	51.7	53.8	278.0					

Income statements (IFRSs)						2005					2006				
€ million	Q1	Q2	Q3	Q4	2005	Q1	Q2	Q3	Q4	2006					
Revenues	795.1	682.2	622.4	716.0	2,815.7	855.5	700.1	670.1	732.0	2,957.7					
Cost of sales	498.4	451.9	421.0	439.9	1,811.2	519.6	478.5	455.8	460.0	1,913.9					
Gross profit	296.7	230.3	201.4	276.1	1,004.5	335.9	221.6	214.3	272.0	1,043.8					
Selling expenses	186.5	164.7	143.6	178.2	673.0	201.2	163.5	156.5	206.9	728.1					
General and administrative expenses	17.5	18.5	17.6	18.1	71.7	17.6	20.1	21.0	23.4	82.1					
Research and development costs	3.2	3.2	3.5	3.1	13.0	3.1	3.8	3.2	3.7	13.8					
Other operating income/expenses	9.9	16.6	1.0	(32.5)	(5.0)	(1.2)	24.4	17.5	15.7	56.4					
Income from investments, net	0.0	3.6	0.9	4.6	9.1	0.3	0.8	0.6	0.1	1.8					
Operating earnings (EBIT I)	99.4	64.1	38.6	48.8	250.9	113.1	59.4	51.7	53.8	278.0					
Market value changes from hedging transactions	48.6	(43.8)	15.0	1.0	20.8	51.7	8.2	45.3	(21.6)	83.6					
Earnings after market value changes (EBIT II)	148.0	20.3	53.6	49.8	271.7	164.8	67.6	97.0	32.2	361.6					
Financial result	(4.0)	(1.1)	(2.1)	(4.9)	(12.1)	(5.9)	(0.2)	(5.2)	(8.8)	(20.1)					
Earnings before income taxes	144.0	19.2	51.5	44.9	259.6	158.9	67.4	91.8	23.4	341.5					
Earnings before income taxes, adjusted*	95.4	63.0	36.5	43.9	238.8	107.2	59.2	46.5	45.0	257.9					
Taxes on income	52.7	5.7	18.2	8.6	85.2	55.1	23.3	31.7	(39.8)	70.3					
- of which deferred taxes	34.0	(11.9)	13.1	0.3	35.5	30.2	10.5	18.8	(39.1)	20.4					
Minority interests in earnings	-	-	-	-	-	-	-	-	0.4	0.4					
Group earnings after taxes and minority interests	91.3	13.5	33.3	36.3	174.4	103.8	44.1	60.1	62.8	270.8					
Group earnings after taxes, adjusted*	60.7	41.1	23.8	35.7	161.3	71.2	39.0	31.5	76.4	218.1					

* adjusted for the effect of market value changes in hedging transactions; a tax rate of 37.0 % is assumed for adjusted group earnings

Other key data (IFRSs)						2005					2006				
€ million	Q1	Q2	Q3	Q4	2005	Q1	Q2	Q3	Q4	2006					
Capital expenditure (€ million) ³⁾	13.3	24.2	28.2	41.4	107.1	15.8	30.0	33.2	51.5	130.5					
Depreciation and amortisation (€ million) ³⁾	31.8	31.9	31.5	37.0	132.2	30.0	29.8	29.8	33.5	123.1					
Gross cash flow (€ million)	108.2	68.9	60.4	104.0	341.5	114.0	74.8	63.2	90.8	342.7					
Earnings per share, adjusted (€) ^{2,5)}	1.43	0.97	0.56	0.86	3.81	1.73	0.95	0.76	1.85	5.29					
Gross cash flow per share (€)	2.55	1.62	1.42	2.49	8.07	2.77	1.81	1.53	2.20	8.31					
Book value per share, adjusted (€) ²⁾	22.44	22.40	22.97	-	22.58	24.51	23.28	24.16	-	25.71					
Total number of shares (million)	42.50	42.50	42.50	-	42.50	41.25	41.25	41.25	-	41.25					
Number of shares outstanding (million) ³⁾	42.44	42.50	42.50	-	41.25	41.13	41.25	41.25	-	41.25					
Average number of shares (million) ⁴⁾	42.48	42.50	42.50	41.70	42.31	41.20	41.25	41.25	41.25	41.24					
Employees as of the reporting date (number)	11,048	10,956	11,051	-	11,012	10,979	10,959	11,843	-	11,873					
Closing price (XETRA, €)	43.62	45.78	58.74	-	51.05	66.60	63.07	63.20	-	82.20					

1) for or in connection with intangible assets as well as property, plant and equipment

2) adjusted for the effect of market value changes; 37.0 % tax rate assumed

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

4) total number of shares less the average number of own shares held by K+S over the period

5) in the fourth quarter of 2006: including non-recurrent deferred tax income of € 41.9 million or € 1.02 per share

Dates	2007/08
Annual General Meeting, Kassel	9 May 2007
Interim report 31 March 2007	9 May 2007
Dividend payment	10 May 2007
Interim report 30 June 2007	14 August 2007
Interim report 30 September 2007	13 November 2007
Report on business in 2007	13 March 2008
Press and analyst conference, Frankfurt am Main	13 March 2008
Annual General Meeting, Kassel	14 May 2008
Interim report 31 March 2008	14 May 2008
Dividend payment	15 May 2008

Contact

K+S Aktiengesellschaft
 Bertha-von-Suttner-Str. 7
 34131 Kassel (Germany)
 phone: +49 (0) 561/9 301-0
 fax: +49 (0) 561/9 301-17 53
 internet: www.k-plus-s.com

Investor Relations

phone: +49 (0) 561/9 301-14 60
 fax: +49 (0) 561/9 301-24 25
 e-mail: investor-relations@k-plus-s.com

Communications

phone: +49 (0) 561/9 301-17 22
 fax: +49 (0) 561/9 301-16 66
 e-mail: pr@k-plus-s.com

Please write to us or call us if you have any questions. We would be pleased to answer them and to send you additional information, too. You can also view important company announcements, the annual report and interim reports as well as other publications directly at www.k-plus-s.com/aktie/ir_en.cfm. The information and publications available on the Internet are identical to the printed versions.

