



DEEP-ROOTED
STRENGTH

**PRESENTATION OF ANNUAL
FINANCIAL STATEMENTS 2008**

12 March 2009, Frankfurt am Main

Norbert Steiner, CEO



Experience growth.

K+S Group

Forward-Looking Statements



This presentation contains facts and forecasts that relate to the future development of the K+S Group and its companies. The forecasts are estimates that we have made on the basis of all information available to us at this moment in time. Should the assumptions underlying these forecasts prove not to be correct, actual events may deviate from expectations as set forth at the present time.

- Uncertainty regarding the future earnings situation, associated with the sharp fall in grain prices, resulted in a very low order volume for fertilizers. More restrictive lending to farmers to finance their input material, had an additional dampening effect on demand for fertilizers, above all in South America. Consequently, numerous producers of complex fertilizers have cut back their output sharply. Moreover, the trade sector built up its stocks considerably during the first nine months against the backdrop of rising fertilizer prices.
- After nitrogen fertilizer prices had risen significantly by the autumn, suppliers responded to the slowdown in demand with price cuts. However, as a result of hoped-for further declines in prices, the hesitant reaction of the agricultural sector then grew even stronger, so that the increase in demand aimed for with the price cuts did not materialise. Potash producers, however, responded to the slowdown in demand with production cutbacks and the prices for potash fertilizers remained stable.
- The wintry weather conditions during the fourth quarter had a positive impact on the de-icing salt business. In the food grade and industrial salt segments, demand was stable, while sales of salt for chemical use were impacted by muted demand because of the economic slowdown.

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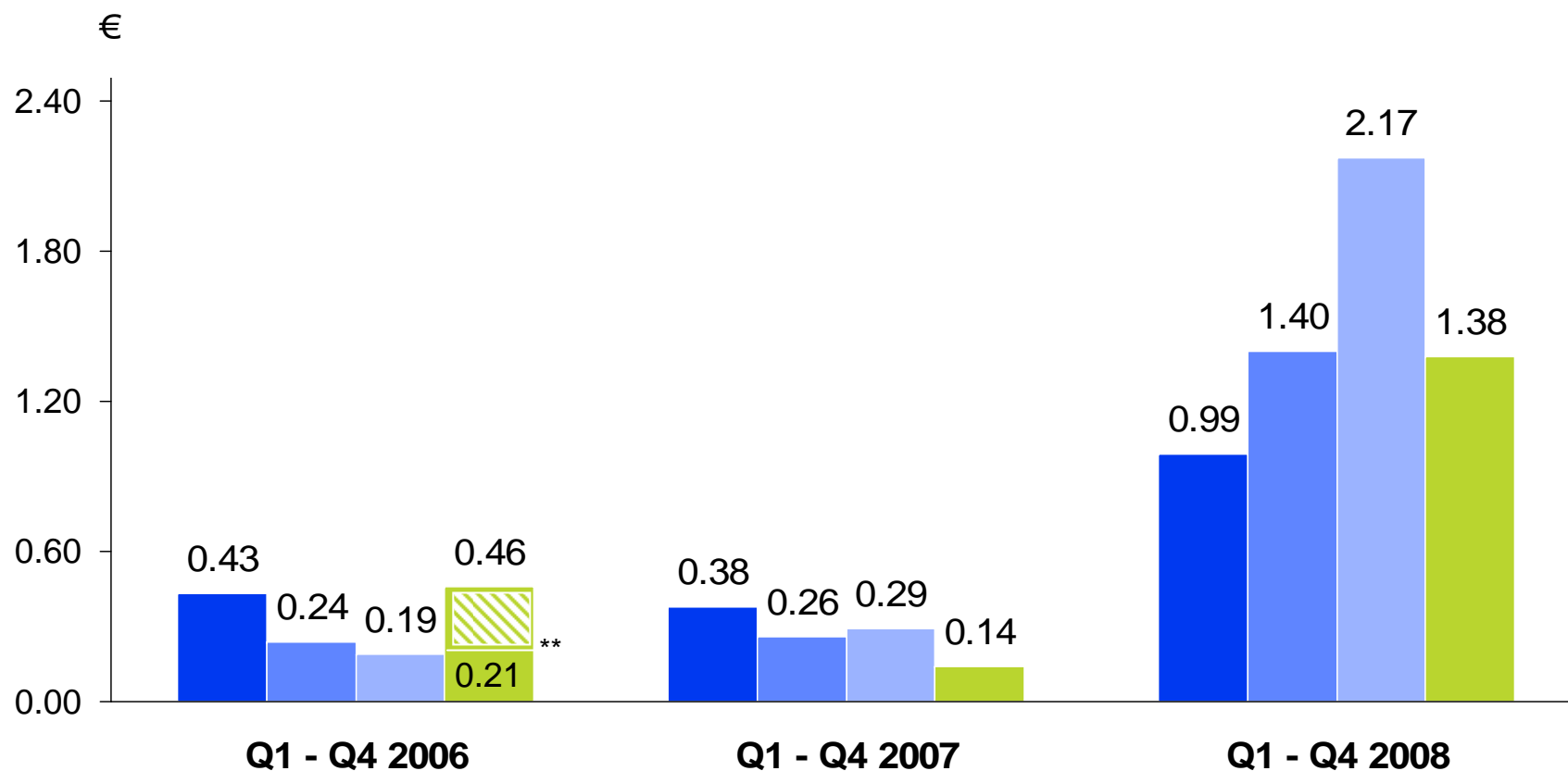
Key Figures for Q4



€ million	2008	2007	%
Revenues	955.5	893.7	6.9
Operating earnings (EBIT I)	287.8	33.6	756.5
Earnings before income taxes (EBT), adjusted *	316.9	22.4	> 1,000.0
Group earnings after taxes, adjusted *	227.5	22.9	893.4
Capital expenditure	64.4	75.4	(14.6)
Free cash flow before acquisitions/divestments **	58.6	(69.4)	-
Earnings per share, adjusted (€) *	1.38	0.14	885.7
Average number of shares (million)	165.0	165.0	-

* adjusted for the effect of market value changes for hedging transactions; the resulting tax effects were also eliminated

** adjusted for the tie-up of funds for premium payments for hedging transactions, Q4/08: € 18.6 million; Q4/07: € 164.2 million



EPS FY*	€ 1.07 **	€ 1.06	€ 5.94
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* adjusted for the effect of market value changes in hedging transactions; in the case of adjusted Group earnings, the resulting tax effects were also eliminated; adjusted for share split in the ratio 1 to 4 (21 July 2008)

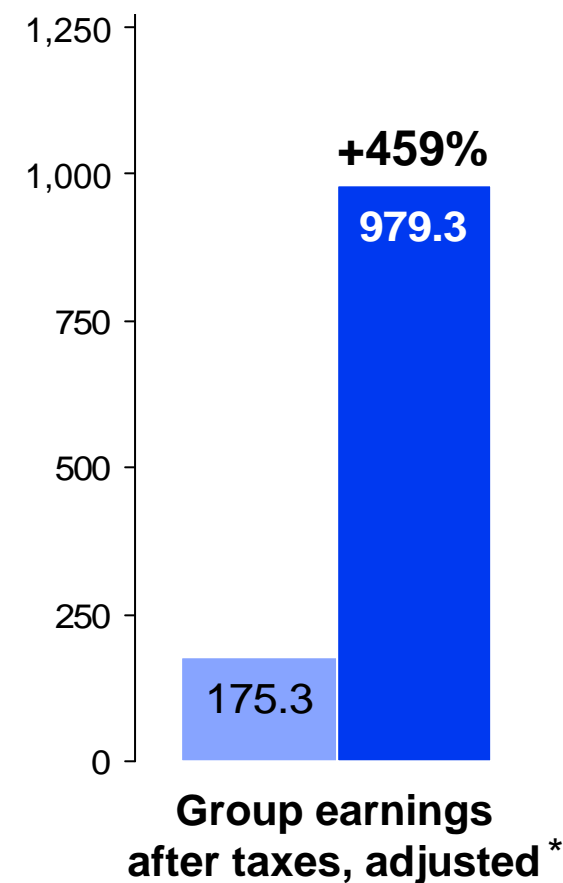
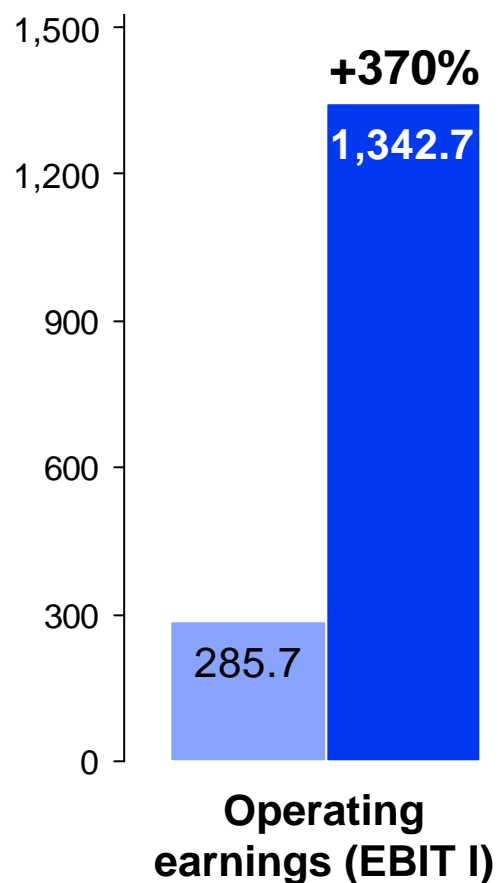
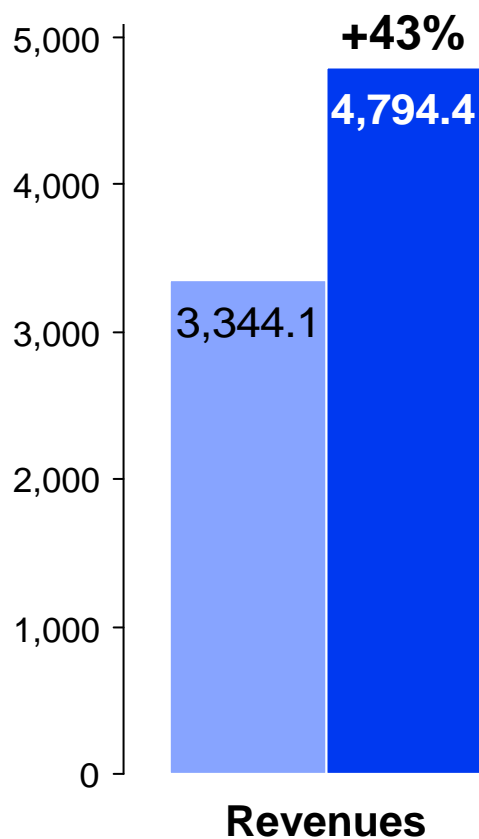
** excluding non-recurrent deferred tax income of € 41.9 million or € 0.25 per share

K+S Group Record Results Achieved in 2008



€ million

2007 2008



* adjusted for the effect of market value changes in hedging transactions; the resulting tax effects were also eliminated

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Key Figures for FY 2008



€ million	2008	2007	%
Revenues	4,794.4	3,344.1	43.4
Operating earnings (EBIT I)	1,342.7	285.7	370.0
Earnings before taxes (EBT), adjusted *	1,349.5	250.0	439.8
Group earnings after taxes, adjusted *	979.3	175.3	458.6
Effective tax rate	27.4	29.9	
Capital expenditure	197.5	171.6	15.1
Free cash flow before acquisitions/divestments **	674.5	115.3	485.0
Net indebtedness ***	570.0	1,085.1	(47.5)
Earnings per share, adjusted (€) *	5.94	1.06	460.4
Average number of shares (million)	164.95	164.96	-

* adjusted for the effect of market value changes for exchange rate hedging transactions

** adjusted for the tie-up of funds for premium payments for hedging transactions; 2008: € 41.9 million, 2007: € 367.0 million

*** including pension provisions and provisions for mining obligations.

Potash and Magnesium Products Business Segment

Volumes and Average Prices in Q4 and FY

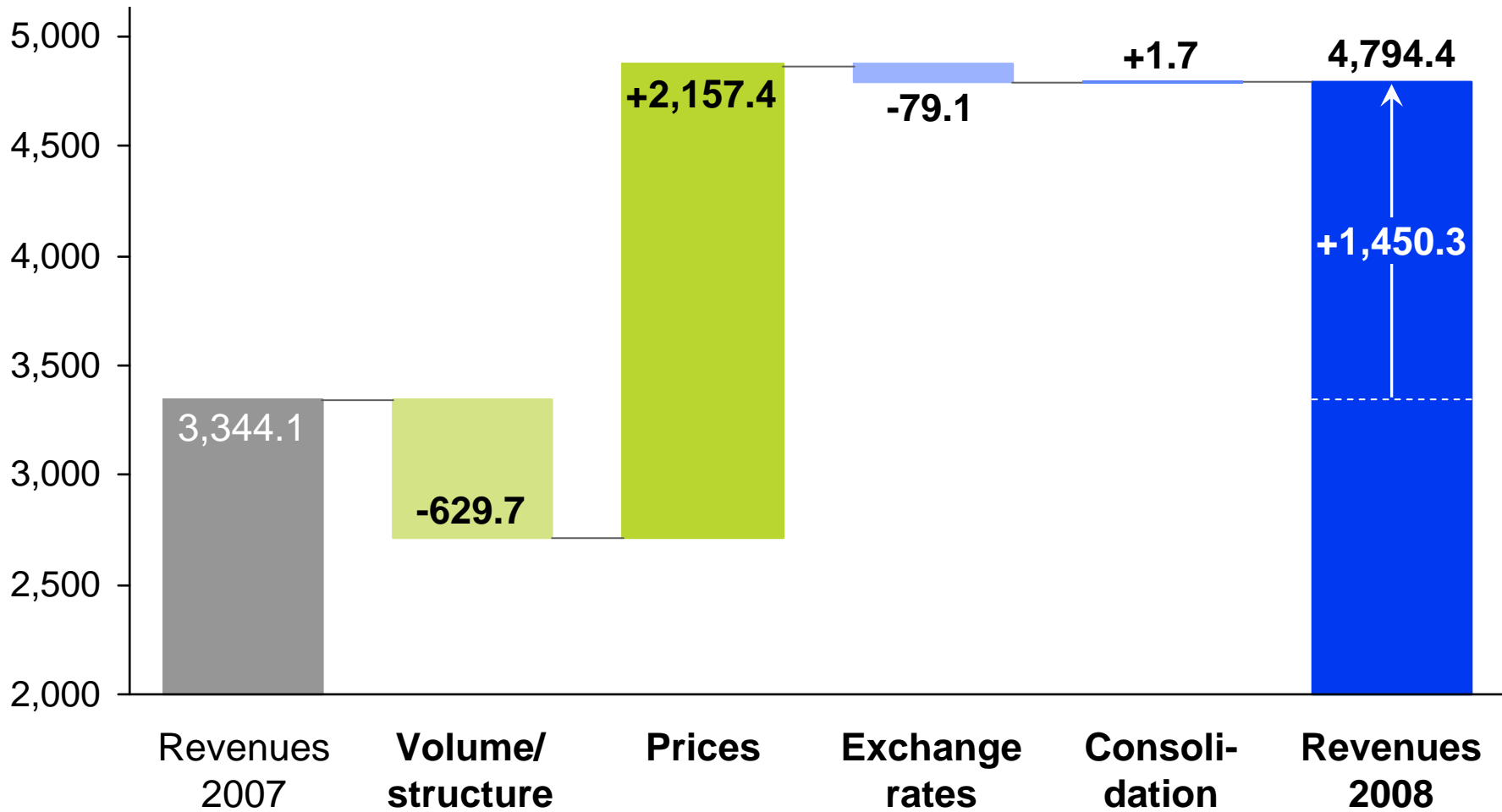


	Q4/2008	Q4/2007	%	FY/2008	FY/2007	%
Volume (million tonnes)	1.16	2.06	(43.7)	6.99	8.22	(14.9)
- Europe	0.64	1.30	(50.8)	4.45	5.03	(11.5)
- Overseas	0.53	0.76	(30.3)	2.54	3.19	(20.3)
Average price (€ per tonne)	428.5	187.7	128.3	342.7	171.3	100.0
- Europe (€ per tonne)	450.9	182.1	147.6	337.9	170.0	98.8
- Overseas (US\$ per tonne)	560.0	284.6	96.8	524.9	237.9	120.6

- Q-o-Q: Strong rise in price level compared to Q4/07 is attributable to higher prices in all sub-segments; the abrupt slowdown caused European volumes to halve and overseas volumes to shrink by 30%
- Y-o-Y: Doubling of price level is attributable to higher prices in all sub-segments; overseas price increase in US dollar was somewhat mitigated in EUR-terms by the weaker US dollar (2008: 1.47 USD/EUR against 1.37 USD/EUR on average in 2007)



€ million








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Strong Fertilizer Performance



Operating earnings EBIT I as of 31 Dec. 2008 (€ million)

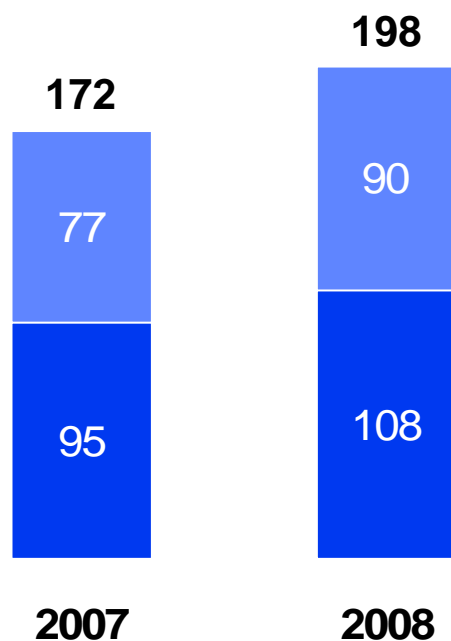
△ 2007:

Potash and Magnesium Products		1,203.2	+576.3%
COMPO		79.0	+146.9%
fertiva		42.4	+67.6%
Salt		45.2	(5.4%)
Complementary Business Segments		25.1	(33.4%)
Reconciliation		- 52.2	
K+S Group		1,342.7	370.0%

€ million	2008	2007	%
Personnel expenses	738.5	687.3	7.4
Cost of materials and purchased services	1,914.3	1,465.8	30.6
Energy costs	253.1	216.2	17.1
Freight costs	437.7	441.1	(0.8)

- Personnel: Higher collective bargaining agreements, a somewhat higher number of employees and a rise in performance-related remuneration
- Materials: COMPO/fertiva input costs; cost inflation for production equipment/services
- Energy: Substantial price increase for natural gas
- Freight: Higher freight rates, but lower overseas component

K+S Group Capital Expenditure



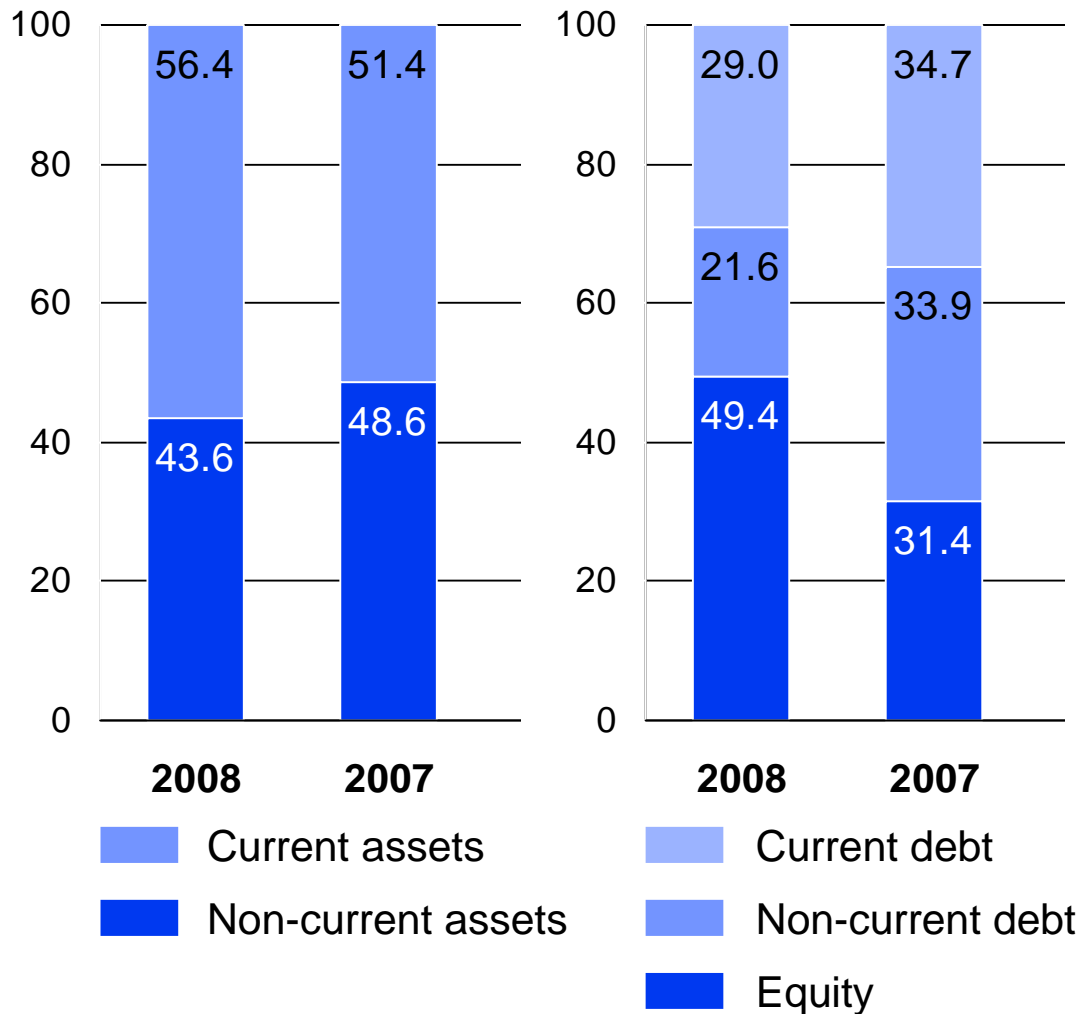
- A good 50% for maintenance capex in 2008
 - Major projects 2008:
 - Extension of useful life of fleet of ships and completion of port expansion (SPL)
 - Power plant refit for change in energy supply (Wintershall site)
 - Facility for high-purity potassium chloride of food grade quality (Zielitz site)
 - Measures intended to improve exploitation
 - For 2009, capital expenditure of about € 200 million expected
- Expansion capex (€ million)
■ Maintenance capex (€ million)

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Strong Balance Sheet



in %



- At 44:56, the ratio of non-current assets to current assets is very balanced
- Equity increased substantially due to the high after-tax result and the equity ratio consequently rose from 31.4 to 49.5%
- K+S's net indebtedness at the end of the year amounted to €570.0 million (previous year: €1,086.5 million) and almost halved.
- Almost 50% of the K+S Group's debt consists of provisions, 27% of accounts payable trade and 15% of financial liabilities

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Returns as of 31 December



in %	2008	2007	2006	2005	2004
EBIT margin	28.0	8.5	9.4	8.9	6.4
Return on equity	68.6	16.1	17.7 *	17.8	12.1
Return on total investment	44.9	11.0	12.3	12.7	9.1
Return on capital employed (ROCE)	64.0	15.5	17.4	19.5	14.2
WACC before taxes	10.4	10.7	9.6	9.9	9.4
Value added (€ million)	1,124.5	88.3	125.5	123.8	54.4

- The margin and return key figures were significantly higher than those of the previous periods and hit historically record highs
- ROCE remains far above our weighted average cost of capital before taxes, i. e. the K+S Group has again created substantial value added during the past financial year

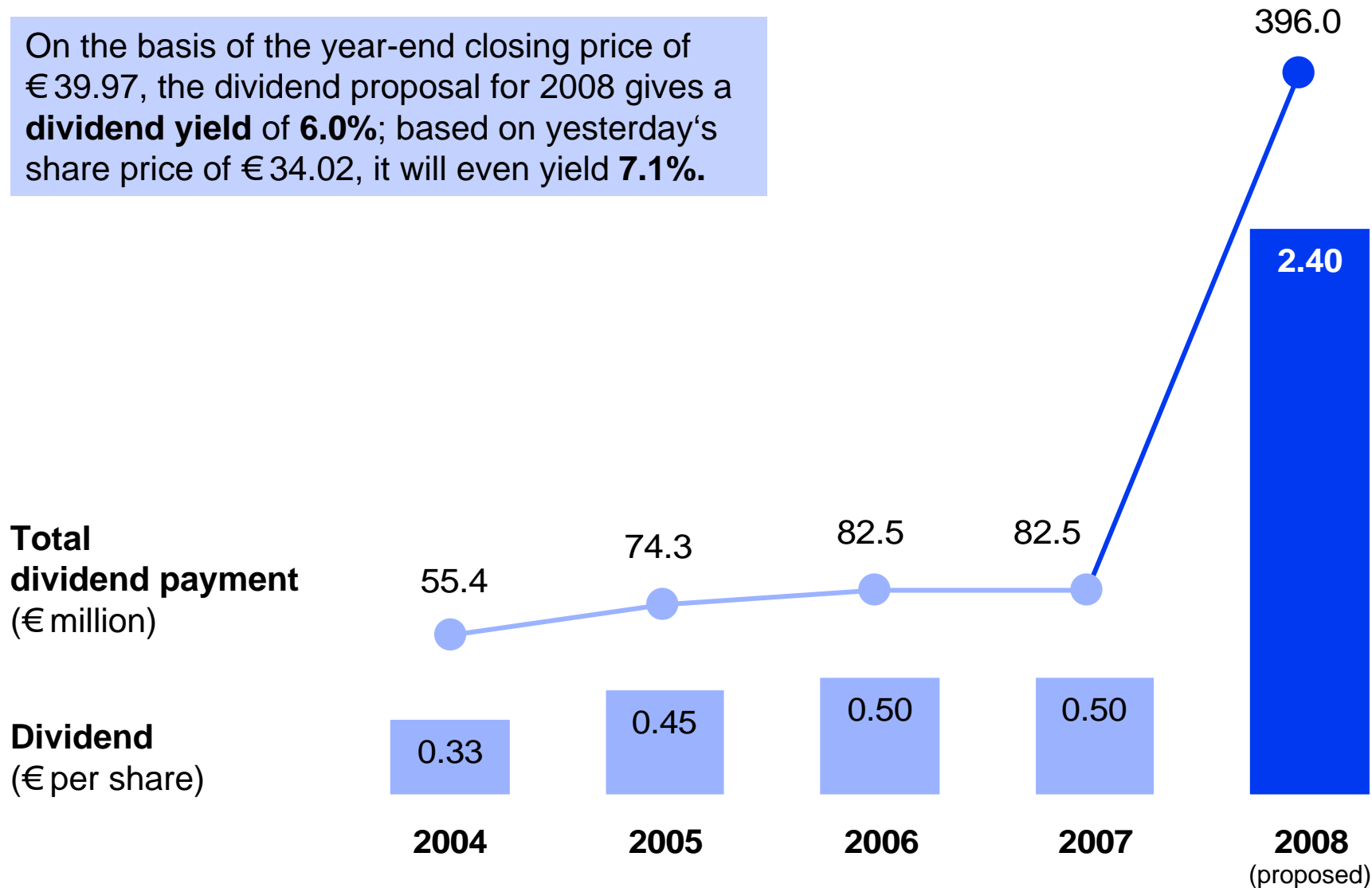
* excluding non-recurrent deferred tax income of €41.9 million

K+S Aktiengesellschaft

Dividend Increases Almost Fivefold



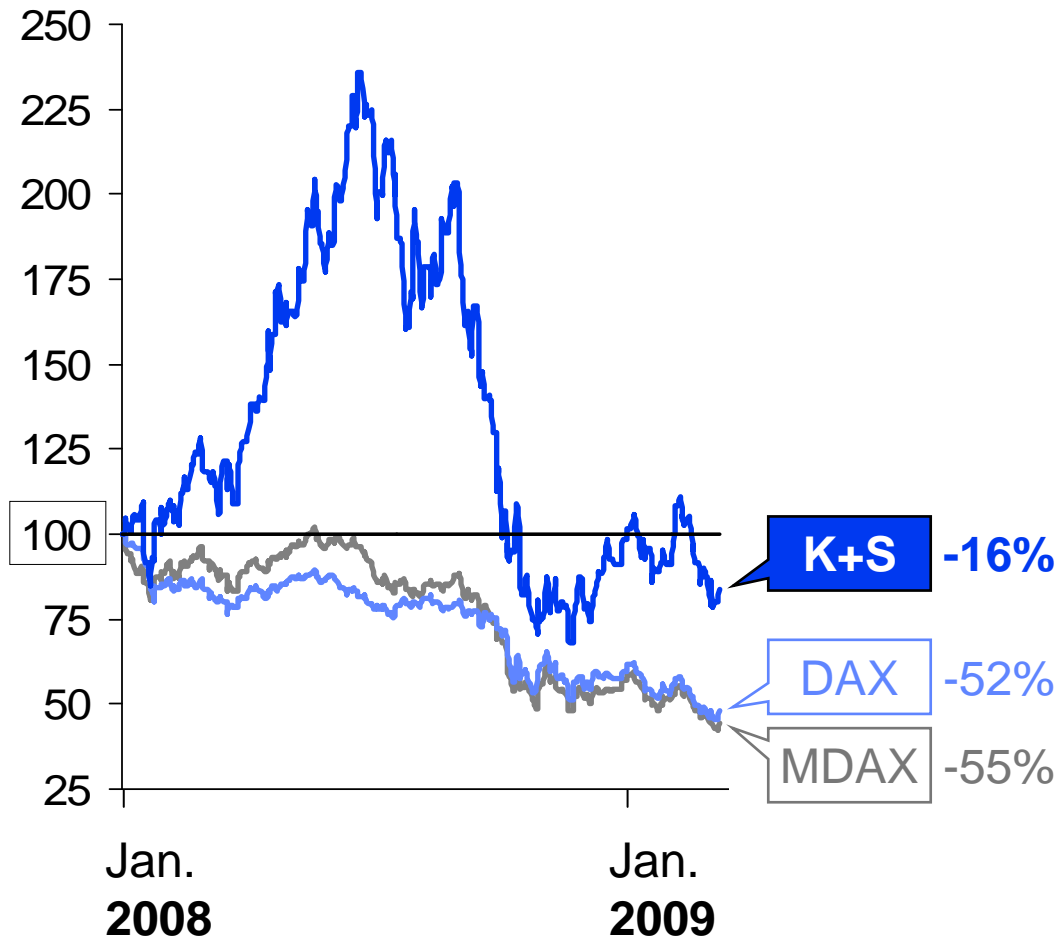
On the basis of the year-end closing price of €39.97, the dividend proposal for 2008 gives a **dividend yield** of **6.0%**; based on yesterday's share price of €34.02, it will even yield **7.1%**.





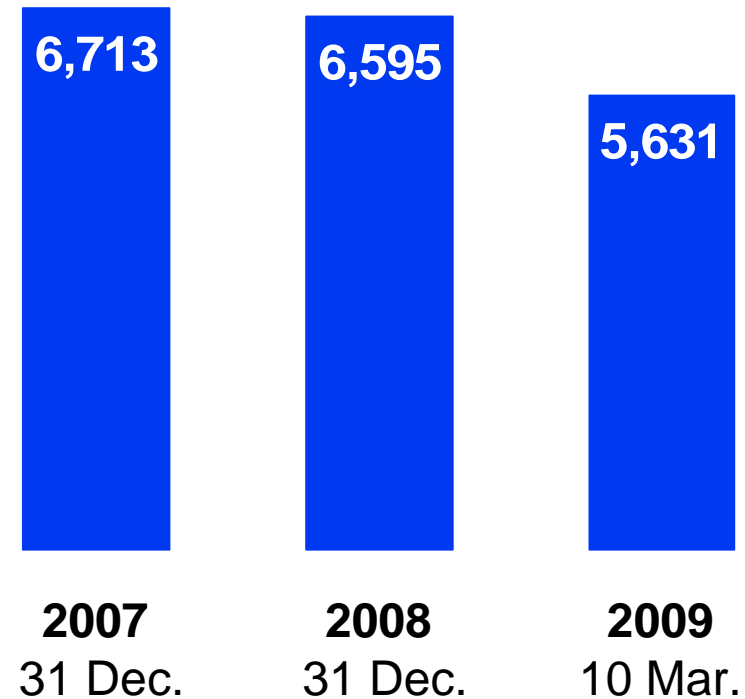
Performance of K+S share

(Index: 31 December 2007 = 100)



Market capitalisation

(€ million)



Source: Bloomberg; as of 10 March 2009

Analyst conference, 12 March 2009



The K+S-ADR Level I programme at a glance:

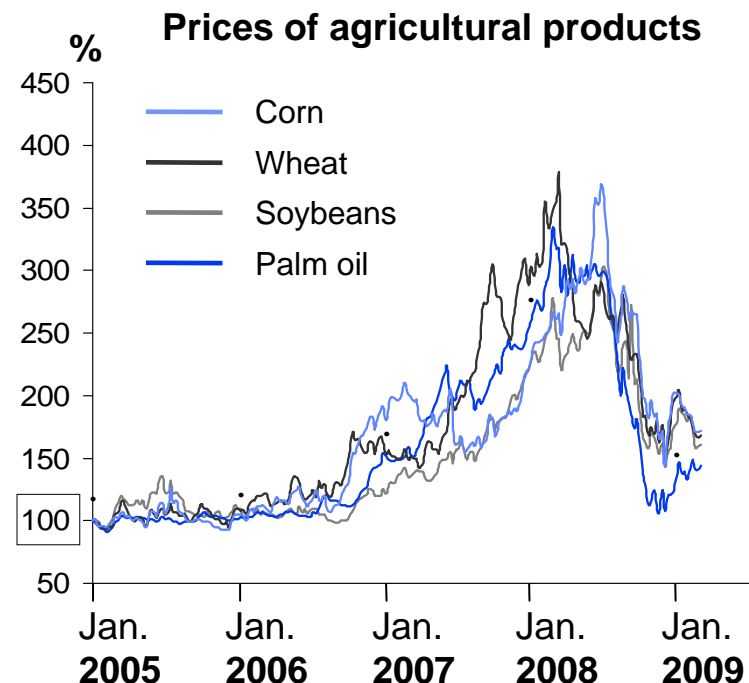
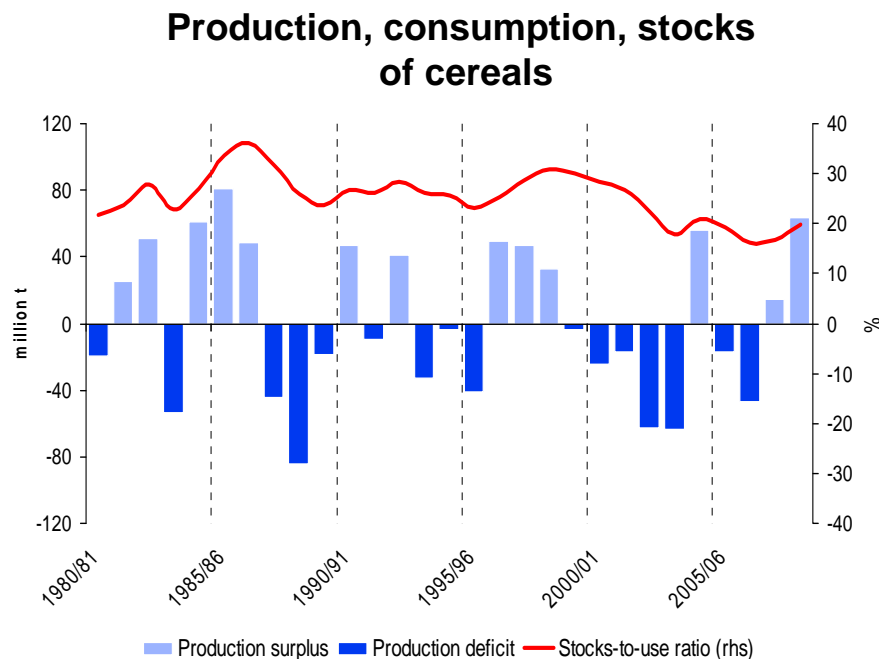
- Ratio: 2 ADRs = 1 K+S share
- ADR symbol: KPLUY
- CUSIP: 48265W108
- ISIN: US48265W1080
- First trading day: 23 February 2009
- Listing: Over The Counter (OTC) market in the US
- OTC platform: OTCQX (starting in April 2009)
- Depository bank: The Bank of New York Mellon

Targets & benefits:

- Facilitation of trade in K+S securities for American investors
- Expansion of American shareholder base and access to US shareholders who may be subject to limitations in investing in foreign securities
- Reliable delivery of AGM materials in English
- Exercise of share voting rights possible
- Listing and dividend payments in US-dollars
- Identical rights and obligations of both securities (ordinary shares und ADRs)

Soft Commodities

Distortions on Global Commodity Markets



- Although ideal weather in 2008 resulted in near-record harvests in virtually all Northern Hemisphere exporting countries, stocks-to-use-ratios remain at rather low levels
- The 2008 ‘bumper crop’ and above all distortions in financial markets have erased two-years’ gains within less than six months
- ➔ **As the fundamental supply/demand situation for agricultural products is still restrained, we believe prices are very likely to recover soon**

Global Potash Market

Production Cutbacks in Q4/08 and H1/09



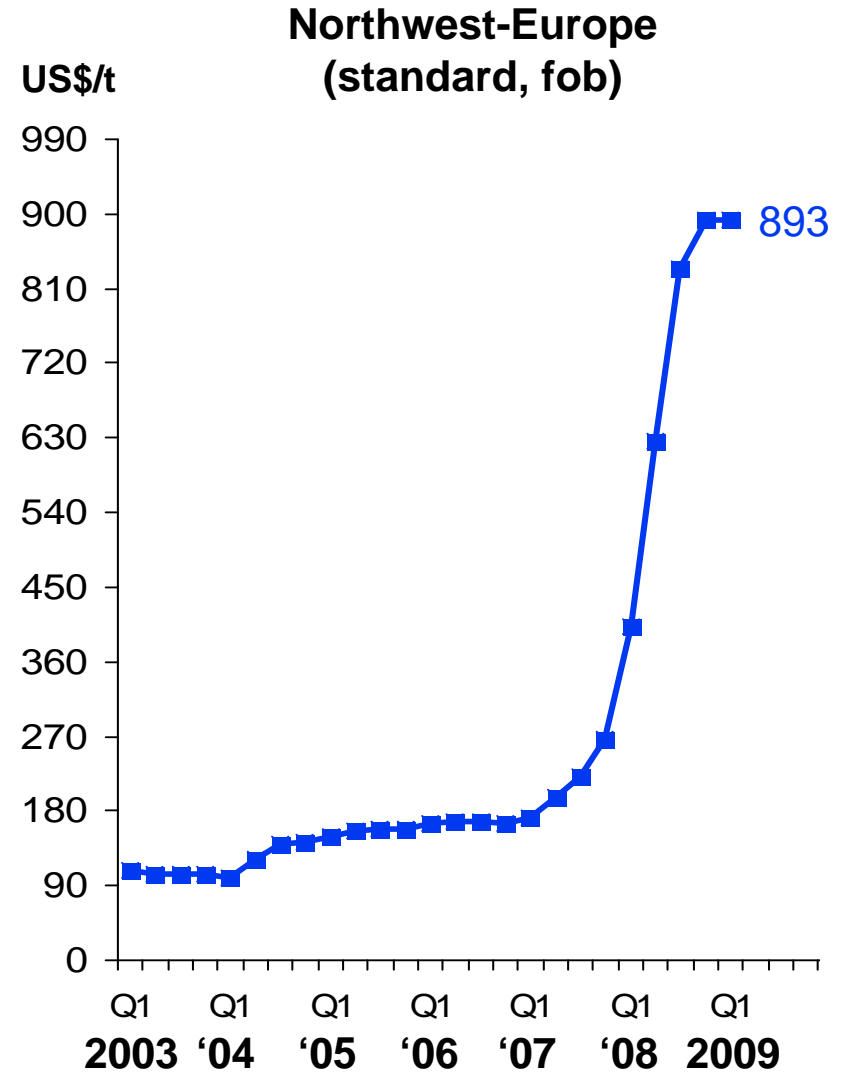
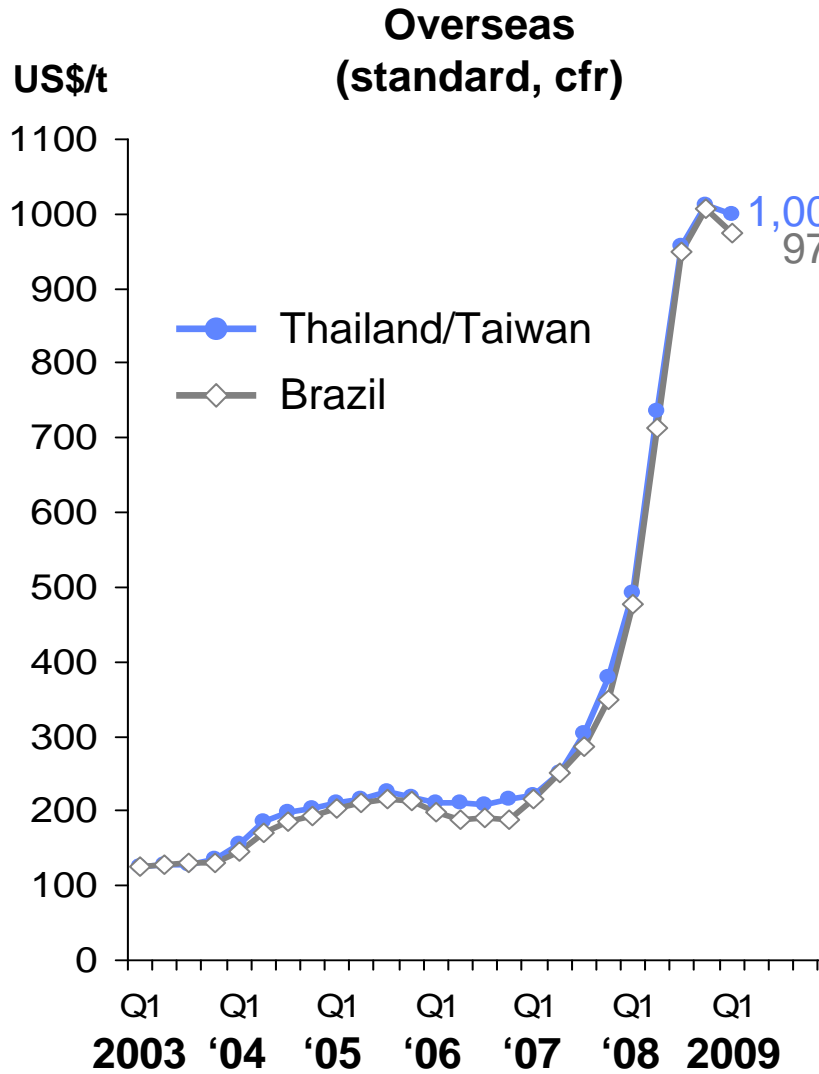
- Global potash production 2008 was cut by approx. 2 million tonnes; the fourth quarter even overcompensated an initial nine-month increase
- For the first half of 2009, the international potash producers announced production cuts of even more than 6 million tonnes (incl. K+S)

K+S cuts production to balance demand:

- Production cut of 400,000 tonnes in the 4th quarter 2008
 - Additional production cut of up to 1.3 million tonnes during the first six months of 2009; short-time work at several potash sites
- ➔ **Potash prices remain relatively stable**

Potash and Magnesium Products

Average MOP Prices for Selected Markets (Spot)



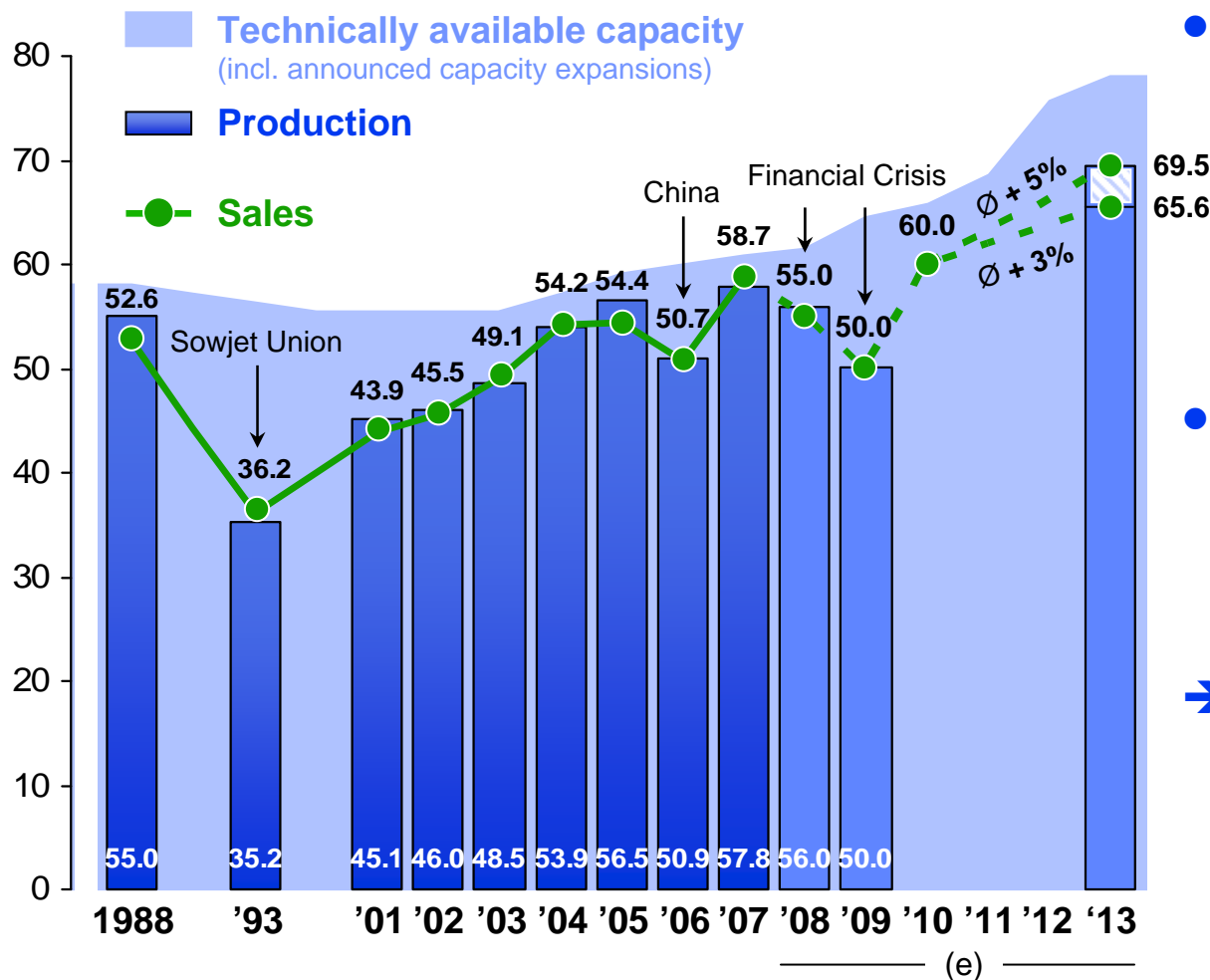
Source: FMB; as of 26 February 2008

Analyst conference, 12 March 2009

Global Potash Market Short- and Medium-Term Outlook



Million tonnes



- Destocking of potash inventories likely to be completed by the middle of 2009. Therefore, potash demand at the producers' level should pick up tangibly during the second half of the year
- To achieve the necessary improvements in global yields per hectare, a balanced fertilizer/nutrient mix remains key
- ➔ **The anticipated normalisation of potash demand in 2010 will be the basis for a continued long-term growth rate of 3-5% per annum**

Incl. sulphate of potash and low grade potash

Sources: IFA, K+S

Analyst conference, 12 March 2009



- Combining of nitrogen fertilizers distributed by fertiva with ENTEC / Nitrophoska products from the COMPO professional business in one company ("K+S nitrogen") from 1 July 2009
- Latest from Q3/2009 onwards, COMPO and K+S nitrogen likely to be reported as one single business segment with two sub-segments
- ➔ **More efficient distribution structures and greater concentration on major consumers**
- ➔ **Stronger positioning of the K+S Group in the fertilizer sector**

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Reorganisation of COMPO



- Based on 2008 numbers, 0.8 million tonnes ENTEC and Nitrophoska products with a revenue contribution of € 370 million will be henceforth distributed by K+S nitrogen
- Future COMPO portfolio will concentrate on slow-release and coated fertilizers, NPK specialities, nutrient salts as well as consumer products (2008 revenue: € 381 million)
- The restructuring will cause restructuring charges in 2009 of approx. € 10 million
- ➔ **More effective in working the market**
- ➔ **Significant improvement in earnings capacity envisaged**

Salt Efficiency Improvement Programme at esco



- Wintry weather in Q4/08 and particularly in Q1/09 have contributed positively to the earnings situation of the Salt business segment
- Nonetheless, over the past few years, higher cost have narrowed esco's profitability
- Securing the future by
 - increasing the working week under collective bargaining agreements by an average two hours from 1 November 2008
 - cutting of about 110 jobs by the end of 2009
- Additional participation of employees in economic success



- **Potash and Magnesium Products:** Revenues should be on about the same level as a year ago based on a significant decline in sales volumes of just under 6 million tonnes (2008: 7.0 million tonnes), a stronger US dollar and markedly higher average prices. While the cost level in 2008 benefitted from increasing stocks in the fourth quarter, this effect will probably not be repeated. In addition, a weaker currency result as well as higher personnel costs should weigh on earnings, so that EBIT I should be tangibly lower compared with 2008.
- **COMPO/fertiva:** Revenues are expected to decline significantly. While the consumer segment will probably be adversely affected by a low level of the propensity to consume, we expect not only lower demand for nitrogenous fertilizers, but also lower average prices. Operating earnings should follow the declining trend for revenues and be much lower compared with 2008.
- **Salt:** As a result of the good start to the de-icing business both in Europe and North America due to wintry weather conditions, we are expecting a significant increase in revenues for the Salt business segment. This forecast is based on an average de-icing salt business during the fourth quarter. On the costs side, this year, lower freight and energy costs will provide relief. Overall, operating earnings will be significantly above the level seen last year.
- **Complementary business segments:** Revenues should attain a similar level than a year ago, with all segments developing in a relatively stable way. For operating earnings, however, we expect a significant decrease compared with the previous year, which primarily results from the lower contributions to earnings deriving from waste management and logistics.



- **Revenues should decline markedly in 2009**

- Although average prices of Potash and Magnesium Products will be tangibly higher, significantly lower sales volumes should rather offset the aforementioned price effect.
- While the tendency of a lower average price level for nitrogenous fertilizers should result in much lower revenues for COMPO and fertiva, the good start with de-icing salt should cause Salt business segment revenues to rise significantly.
- The revenue forecast assumes an average US dollar exchange rate for 2009 of about 1.30 USD/EUR (2008: 1.47 USD/EUR).

- **Significantly lower operating earnings expected in 2009**

The decreasing sales volumes in the Potash and Magnesium Products business segment and the much lower expected earnings in COMPO and fertiva should cause operating earnings of K+S group to fall significantly. A stronger US dollar exchange rate and higher earnings from Salt are not inclining us to change this forecast.

- **Markedly rise in revenues and significant rise in earnings expected for 2010**

Revenues will likely increase markedly based primarily on significantly higher sales volumes in the Potash and Magnesium Products business segment. Given that, we see realistic chances of a significant increase also in operating earnings.



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