

DEEP-ROOTED STRENGTH

2nd Quarter 2009 Results CONFERENCE CALL

13 August 2009, 3:00 p.m. CEST



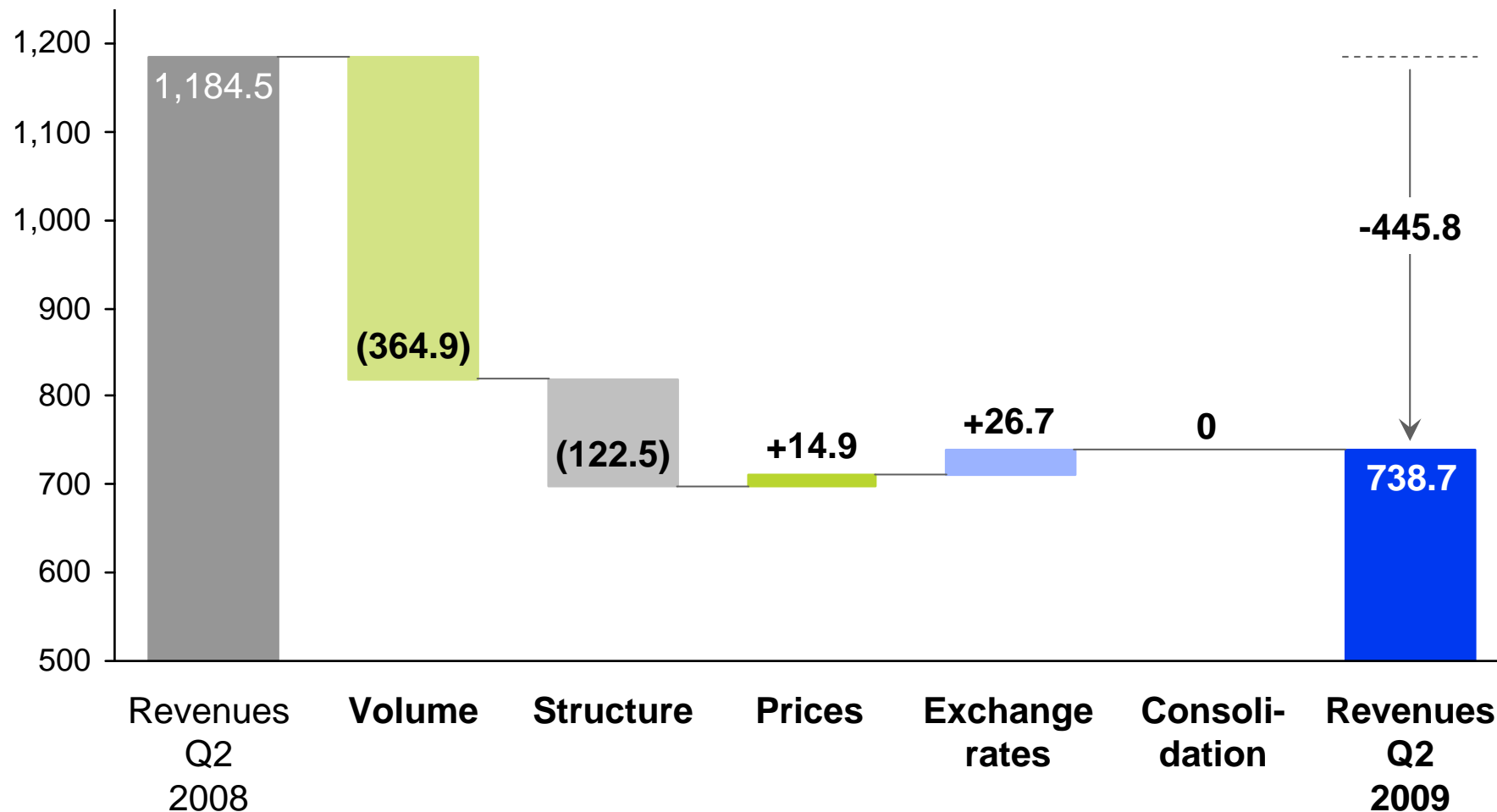
Experience growth.

- The second quarter was still characterised by very low demand for potash fertilizers on almost all markets: Although prices of agricultural products stabilised until the end of May, there was continued uncertainty on the part of agriculture. Even though stocks at the trade sector level declined, customers remained cautious forcing most producers to further cut production. During the course of the second quarter, it has been noted on major overseas markets that the prevailing price of potassium chloride was unsustainable for large quantities, leading us to corresponding price adjustments in Europe. In the middle of July, contracts in India were concluded at a price of USD 460 per tonne. Even though we have wished for a higher price, it still sets an important point of orientation for the world markets and could thus contribute to dissolve the purchasing restraint that exists on the part of customers.
- In the case of nitrogen fertilizers, in particular complex fertilizers in Europe, demand was still very weak. Only at straight nitrogen fertilizers severe price cuts towards the end of the quarter strengthened demand. These price cuts were helped by the drop in gas and ammonia prices.
- In North America the early procurement of de-icing salt began very promisingly. In Western Europe, despite low inventories on the customer side, the early procurement business produced no more than a normal level; this is mainly attributable to the strains in public finances.
- In the second quarter of 2009, we participated in a slightly stronger US dollar year-on-year.
- Due to the energy supply clauses being standard in Germany for industrial companies, the fall in energy prices will have an impact on the K+S Group's energy costs from now on.

Changes in Revenues in Q2 2009



€ million



Potash and Magnesium Products Business Segment

Volumes and Average Prices in Q2/09



	Year on Year			Quarter on Quarter		
	Q2/09	Q2/08	%	Q2/09	Q1/09	%
Volume (million tonnes)	1.05	2.02	(48.0)	1.05	0.90	+ 16.7
- Europe	0.37	1.33	(72.2)	0.37	0.45	(17.8)
- Overseas	0.68	0.69	(1.4)	0.68	0.45	+ 51.1
Average price (€ per tonne)	337.4	303.1	+ 11.3	337.4	409.2	(17.5)
- Europe (€ per tonne)	362,1	291.4	+ 24.3	362.1	425.0	(14.8)
- Overseas (US\$ per tonne)	444.0	507.4	(12.5)	444.0	511.6	(13.2)

- Y-o-Y: While volumes in Europe declined sharply, prices increased by 24%. This increase was somewhat mitigated by negative mix effects. Overseas volumes were almost flat compared to last year, benefiting from a very diverse and loyal customer base. Overseas prices declined by 13%.
- Q-o-Q: European volumes still low, negative price effects due to announced price reductions in April and June. Overseas volumes increased at lower average prices.

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Key Figures in Q2/09



€ million	Q2/09	Q2/08	%
Revenues	738.7	1,184.5	(37.6)
Operating earnings (EBIT I)	18.1	326.4	(94.5)
Earnings before income taxes (EBT), adjusted ¹⁾	(58.5)	314.5	-
Group earnings after taxes, adjusted ¹⁾	(44.3)	231.1	-
Effective tax rate (%) ¹⁾	24.3	26.5	-
Capital expenditure	41.5	60.5	(31.4)
Free cash flow before acquisitions/divestments ²⁾	94.3	184.3	(48.8)
Net indebtedness ³⁾	-	-	-
Earnings per share, adjusted (€) ^{1), 4)}	(0.27)	1.40	-
Average number of shares (million) ⁴⁾	164.90	164.95	-

¹⁾ Adjusted for the effect of market value changes for exchange rate hedging transactions;
in the case of adjusted Group earnings, the resulting tax effects were also eliminated

²⁾ Adjusted for the change in the tie-up of funds for hedging transactions

³⁾ Including pension provisions and provisions for mining obligations

⁴⁾ Adjusted for the share split in the ratio 1:4 (entry in commercial register: 24 June 2008; technical execution: 21 July 2008)

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Key Figures in H1/09



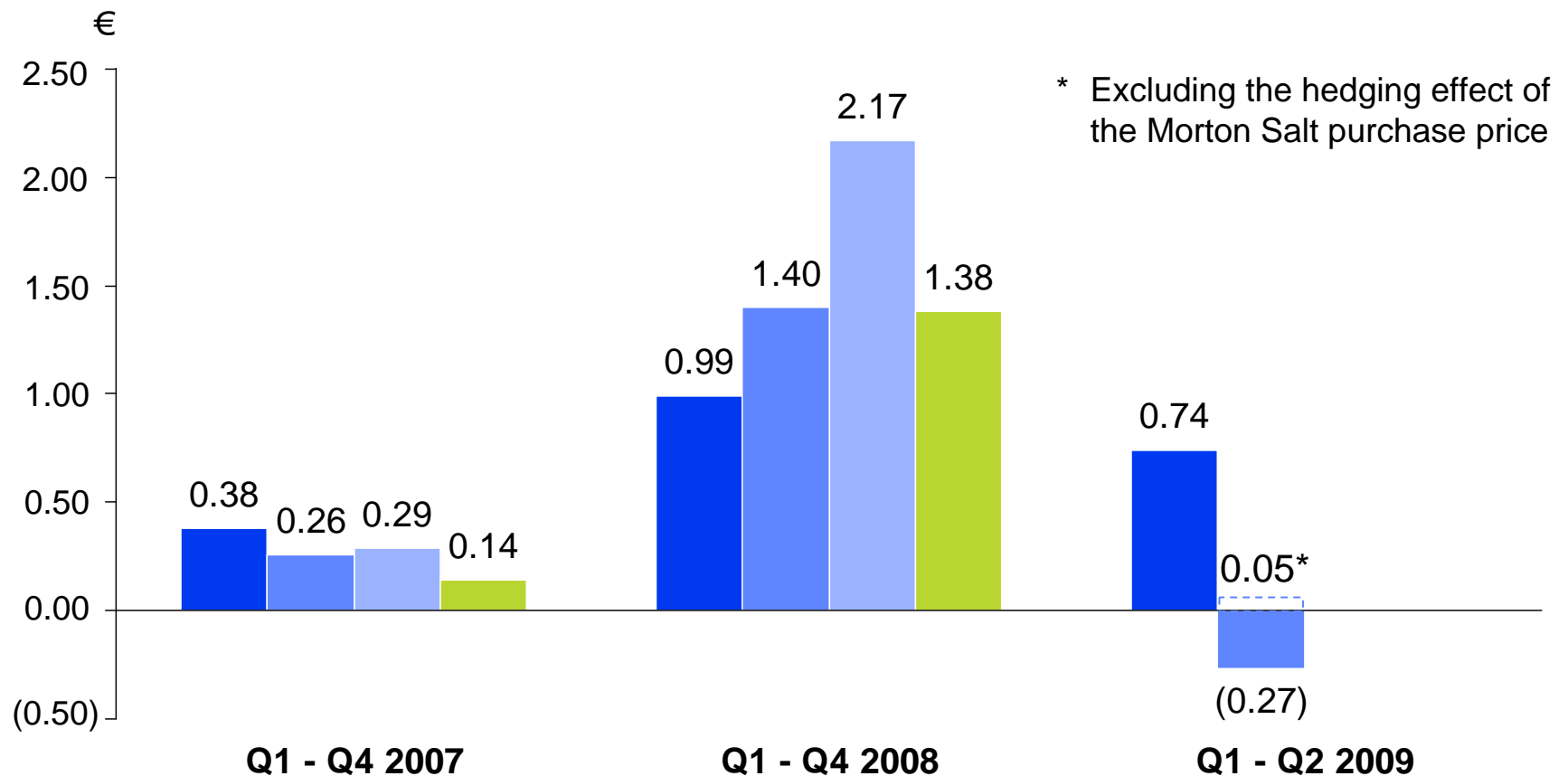
€ million	H1/09	H1/08	%
Revenues	1,814.4	2,397.5	(24.3)
Operating earnings (EBIT I)	192.1	552.7	(65.2)
Earnings before income taxes (EBT), adjusted ¹⁾	107.1	538.5	(80.1)
Group earnings after taxes, adjusted ¹⁾	78.2	393.7	(80.1)
Effective tax rate (%) ¹⁾	27.0	26.9	-
Capital expenditure	70.6	84.7	(16.6)
Free cash flow before acquisitions/divestments ²⁾	129.0	245.6	(47.5)
Net indebtedness ³⁾	827.6	902.3	(8.3)
Earnings per share, adjusted (€) ^{1), 4)}	0.47	2.39	(80.1)
Average number of shares (million) ⁴⁾	164.87	164.89	-

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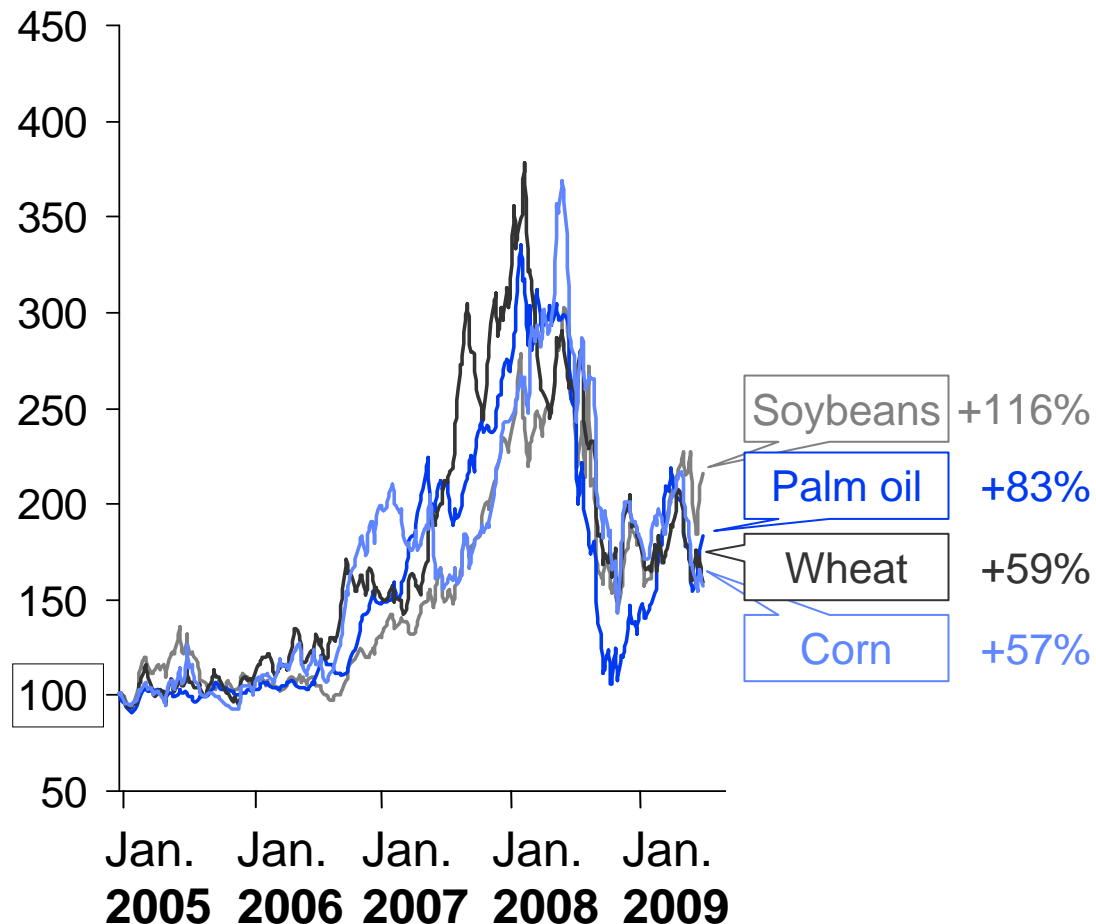
⁴⁾ Adjusted for the share split in the ratio 1:4 (entry in commercial register: 24 June 2008; technical execution: 21 July 2008)



	Q1 - Q4 2007	Q1 - Q4 2008	Q1 - Q2 2009
EPS H1	€ 0.64	€ 2.39	€ 0.47 / [0.79]*
EPS FY	€ 1.06	€ 5.94	-

¹⁾ The adjusted figures only contain the result from hedging already realised during the current period. By contrast, changes in the market value of derivatives still outstanding are not taken into account. The effects on deferred and cash taxes are also eliminated; Adjusted for the share split in the ratio 1:4 (entry in commercial register: 24 June 2008; technical execution: 21 July 2008)

Index: 31 December 2004 = 100

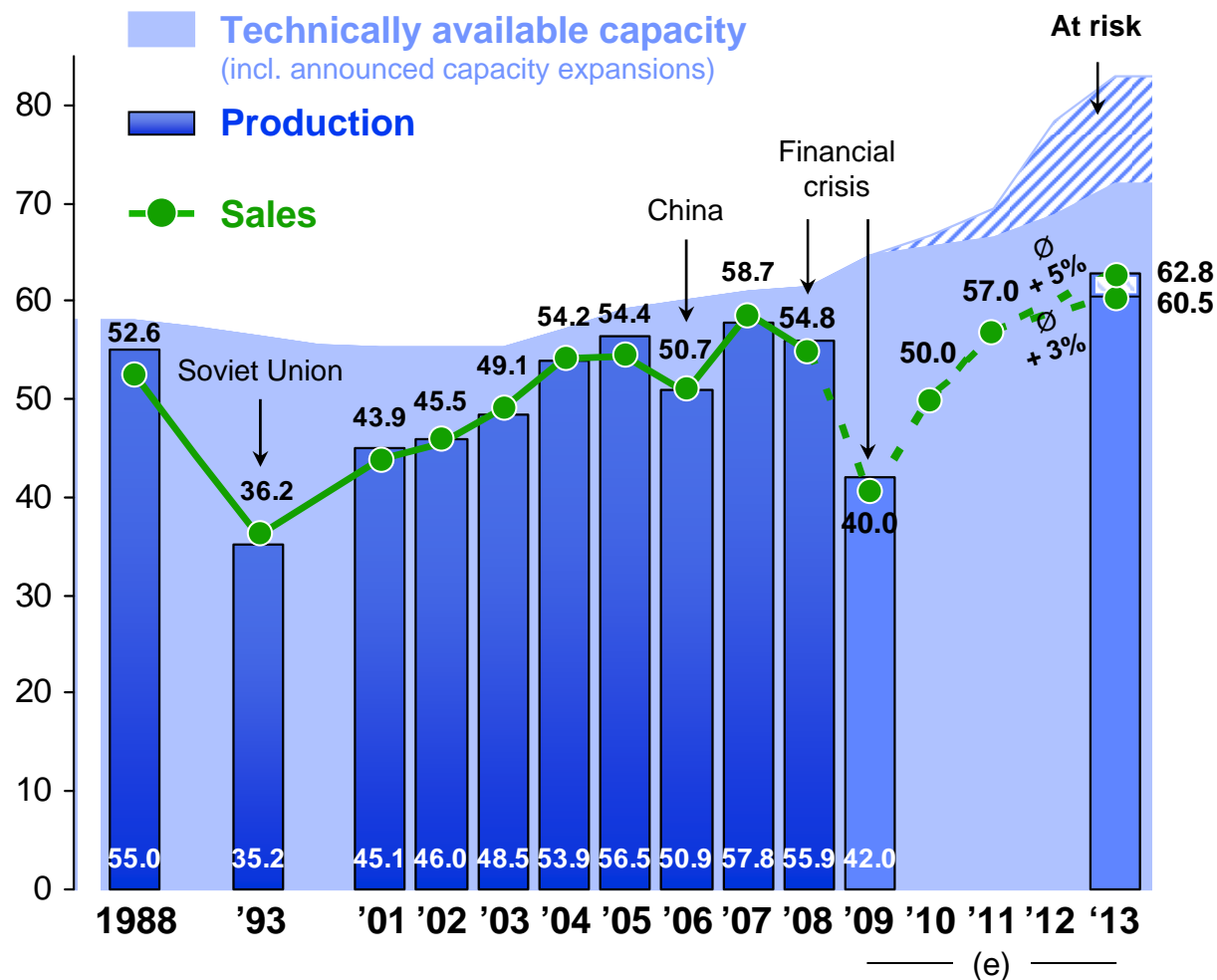


- Low worldwide inventories of agricultural products and an increasing demand of renewable raw materials led to remarkably higher prices for agricultural products from 2006 onwards
- The bumper crop of 2008 and distortions in financial and commodity markets have caused a substantial price correction
- Prices have shown signs of recovery during the first half of 2009, supported by relatively low stocks-to-use ratios

Source: Futures on CBOT und Malaysian Palm Oil Board; as of 7 August 2009

World Potash Capacity, Production and Sales

Million tonnes



- The year 2009 showed the most significant year-on-year downturn in demand ever recorded
- 2010 seen as transitional year: demand pick up expected, but no return to full capacity yet
- New assessment of realistically available capacities based on bumper demand year 2007 suggesting wider gap between nameplate and technically available capacities. Likely postponements are also taken into account
- After the anticipated normalisation of potash demand in 2010/2011, demand should rise at a rate of about 3-5% per annum over the medium-term

Incl. sulphate of potash and low grade potash

Sources: IFA, K+S

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Morton Salt Update



- As discussions with the Federal Trade Commission (FTC) are in an advanced stage, the closing is expected to take place at the end of the third quarter 2009
- Comprehensive integration team in place on both sides working under restrained conditions according to US-antitrust law until closing guaranteeing working ability as of “day one”
- Detailed transition service agreements under negotiation
- Dependent on their classification as acquisition-related costs, occurring costs will either be capitalized or expensed; as of 30 June 2009, no material acquisition related expenses occurred in the P&L
- As already announced, we expect earnings contribution of Morton Salt in Q4/2009 to be offset by reorganisation/integration costs



Cost saving measures / budget measures

- Mandatory holidays and reduction of overtimes at the beginning of the year
- Short-time work to be intensified in the second half of the year after exploratory pre-processing measures to ensure future production have been concluded
- Significant reduction of production volumes in the Potash and Magnesium business segment, utilisation rate at approximately 50%
- Reduction of capex budget over all business units by 15% on average

Ongoing Structural measures

- Current cost optimisation programme at esco
- Restructuring of the nitrogenous fertilizer business

As of 6 August 2009 (before the acquisition of Morton Salt)

- **Revenues should decline significantly in 2009**

In the fertilizer business sector, we expect both significantly lower volume as well as appreciably lower average prices. By contrast, the Salt business sector should report a significantly higher level of revenues because of the good start in the de-icing salt business, but this will not be enough to make up for the negative development of fertilizer revenues. The revenue forecast assumes an average US dollar exchange rate for 2009 of about 1.37 USD/EUR (2008: 1.47 USD/EUR).

- **Operating earnings for 2009 will fall sharply in relation to the record result achieved last year**

The decreasing revenue level in the Potash and Magnesium Products business segment will lead to a sharp fall in operating Earnings for the financial year 2009 in relation to the record results achieved last year. Even a stronger US dollar exchange rate and higher earnings from Salt compared with last year can only check this trend to a limited degree.

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