

FINAL TRANSCRIPT

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SDF.F - Q1 2010 K+S AG Earnings Conference Call

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PRESENTATION

Operator

Welcome to the K+S Conference Call For Analysts regarding the publication of the quarterly financial report, First Quarter 2010. For the duration of the call, you will be on listen-only. However, at the end of the call, you'll have the opportunity to ask questions. (Operator Instructions).

I'm now handing the call over to Christian Herrmann, Head of Investor Relations at K+S, to begin.

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Christian Herrmann - *K+S AG - Head - IR*

Thank you. Good afternoon in Europe, and good morning to the United States. I welcome you to the Q1 First Quarter Results of K+S AG. Just before we start, I just want to explain that we usually in the first quarter have our conference call one day after the AGM and one day after the publication of the results because of the AGM. So, please excuse that. I hope anyone was not dialing in yesterday at 3 o'clock. This is always the case at K+S in the first quarter, as we have this call one day after the publication, because of the AGM.

First, Mr. Steiner, CEO of K+S will comment on the results shortly achieved in the first quarter, and he will also comment on the current and future market environment. Afterwards, the Executive Board Members, Mr. Steiner, Mr. Felker, and Mr. Nonnenkamp will stand ready to answer your questions.

Before I hand over to Mr. Steiner, please allow me to mention that this presentation contains facts and forecasts that relate to the future development of K+S Group and its company. Those forecasts are estimates that we have made on the basis of all the information available to us at this moment in time.

Should the assumptions underlying the forecasts prove not to be correct or should certain risks, such as those referred in the recent risk report materialize, actual developments and events may deviate from current expectations. The company assumes no obligation to update the statements contained in this presentation, made for the making of such disclosures as are required by the provisions of law.

I'm now happy to handover to Norbert Steiner.

Norbert Steiner - *K+S AG - CEO, Chairman*

Which is here, good afternoon and good morning to everybody around the world listening to us. I would like to welcome you to our Q1 Conference Call as well. After the very difficult year 2009, I am pleased that the K+S Group has some positive results to report again. In brief, we have seen fertilizer demand increase substantially, and we have benefited from the Morton Salt consolidation and from a good de-icing salt business overall.

But let's take a closer look now to the market environment in the first quarter. This is slide number one which I'm referring to. First, the Fertilizer business sector; the first quarter of 2010 was characterized by a significantly vital in demand for fertilizers. In preparing for the spring season trade sector demand in the Northern Hemisphere, particularly in the case of potash fertilizers and complex fertilizers grows considerably, whereas last year for strong purchasing restraints.

The contracts concluded by some potash suppliers of Chinese and Indian customers at the end of last year, and at the beginning of this year supported confidence in the stability of potash prices, and therefore supported demand. The majority of potash producers were back at almost full utilization of their production capacity. However, primarily in the northern hemisphere, logistical problems partly due to winter weather conditions, restricted the flow of goods to some extent.

The Salt business; in the Western European de-icing salt market, the exceptionally long winter in the first quarter resulted in very high demand. While the winter in the United States passed relatively normally during the first quarter, Canada experienced a very mild winter overall. The North American price level for de-icing salt was lower than during the same period of the previous year, when it had benefited from supply bottlenecks. Both food grade and industrial salt saw high demand as they were used as de-icing salt agents as well. Demands for salt for chemical use slightly improved.

Slide nine (sic), on the key figures in our first quarter 2010. The market environment, as described, led to the following group results. Overall, revenues were up by 43% to a good EUR1.5 billion, whereas our EBIT I increased much more than that by 54% to about EUR268 million. On the earnings before income tax level, we saw the influence of a weaker financial result based on

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higher interest expenses due to this acquisition, as well as one-off defects from early repayment of loans. The financial results thus amounted to a negative EUR30 million.

Free cash flow before acquisitions and divestments reached EUR327 million in comparison with about EUR35 million in the first quarter 2009. The development was attributable to lower inventories and increasing liabilities, which in total were higher than the increase in receivables triggered by the upturn in the business. Earnings per share developed favorably too, and stood at EUR0.92 versus EUR0.74 in the first quarter of 2009. Please note that the average number of shares rose to 191.2 million from 164.8 million shares in the first quarter 2009 due to the capital increase at the end of last year.

Changes in revenues, a little bit more detailed look at these figures. Revenues increased by EUR458 million, which corresponds to a rise of 43% year-on-year. As can be seen, positive volume and consolidation effects of EUR875 million in total due to the acquisition of Morton Salt was dampened by negative price and structure effects of EUR402 million. The latter are always very pronounced, the more prices and volumes develop in different directions. Many of you still know this from last year, when we had positive price effects but negative volume effects.

Slide number four; this table should only be understood as providing a rough indication of how prices have developed, factors like trade costs, exchange rates and product mix distort this picture. Year-on-year, we saw the long expected chart increase in volumes in Europe, driven by the strong demand from the trade sector, which again needed to build up low inventories.

Overseas markets saw a normalizing demand, too. Average European prices sold more strongly than overseas prices, as the level of prices in Q1 '09 was higher in Europe than in overseas market. Quarter-on-quarter, we observed the doubling in European volumes, whereas overseas volumes remained at this good level achieved in the fourth quarter of 2009.

The contracts concluded of Chinese and Indian customers at the end of this last year and the beginning of this year as a subsequent announcement of the new price of level for K+S MOP at EUR285, led to regained confidence among distributors. In our opinion, international potash prices in the first quarter of 2010 have likely bottomed out, but we are still far from scarcity, and therefore do not expect significant price hikes in the near future.

Slide five; with Salt now having gained a greater proportion of our revenues and income, we'd like to provide you with more details on volumes and pricing like and Potash. Year-on-year, volumes increased strongly mainly due to the consolidation of Morton Salt, and the already discussed good winter weather overall. Without Morton Salt, volumes in de-icing salt would have increased by 5%, whereas other crystallized salts would have increased by 4%.

Quarter-on-quarter, prices in de-icing salt remained stable, as prices for the winter season were already contracted during the bidding season in the previous year has had a positive currency effects. Prices for other crystallized salt increased moreover due to currency effects, and a slight increase in prices. Following on the winter patterns, volumes in the first quarter significantly exceeded those in the fourth quarter, which already included more salt.

Going forward, and based on a 10-year average, we expect volumes of around 21 million tons, divided into approximately 12 million tons of de-icing salt and approximately 9 million tons in the remaining salt product groups, all figures excluding drying until 2010. However, due to the better than normal de-icing salt business so far, we project a volume of around 22 million tons driven by a slightly higher de-icing salt business of a good 13 million tons.

Let's now turn to the business segment development in the first quarter, slide number six. Potash and Magnesium products revenues rose by 36% to about EUR500 million due to increased volume demand. Due to a fixed cost digression, the EBIT I was up by as much as 55%, and amounted to EUR150 million. Nitrogen Fertilizer revenues and EBIT rose by 13% as well as 79% as the utilization of production capacity was significantly higher year-on-year, and positive volume effects managed to compensate for negative price effects. Moreover, earnings are no longer adversely affected by restructuring measures.



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The Salt business mainly benefited from consolidation effects, no wonder. Revenues were up by EUR278 million, of which Morton Salts contributed about EUR270 million. First quarter operating earnings amounted to EUR108 million, and were thus around EUR28 million higher in the same period in the previous year. We will have a closer look to the different factors of the Salt business on the following slides.

Although not decisive on the group level, but to compliment the picture, complementary business revenues increased by 14% to EUR33 million, driven by volume and price effects in the waste management and recycling area, and volume factors in animal hygiene products. Logistic sales benefited from a higher transportation volume with rising demand for fertilizers. Logistics and waste management were equally accountable for the significant rise in earnings, as mentioned, a little bit more specifically to the Salt business.

The reported earnings, the operating earnings for the Salt business in Q1 amounted to around, as mentioned, EUR108 million, of which Morton Salts contributed EUR32 million. When adjusting operating earnings, the one-time effects from the reevaluation of Morton Salt inventories measured accordingly to IFRS by EUR12 million, and by one time effects of about EUR20 million from esco in connection with the closure of an unprofitable site in France, and unscheduled depreciation of property, plant and equipments in the Netherlands, we arrived at underlying operating earnings for the Salt business of around EUR141 million.

Please note that this calculation has not been adjusted for depreciations in the framework of purchase price and location, which amounted to EUR16.2 million. The reported EBITDA on the Salt business came in at EUR146.4 million, and is seen to be the more meaningful figure for assessing the earnings capacity of our Salt business segment.

Slide number eight; we still expect 2010 to be a transitional year in the potash market. As a result of lower trade sectors inventories, lower soil potash content following two very good harvests, and the lower application of fertilizers since autumn 2008. For 2010, we assume an overall sales volume of 45 million tons to 50 million tons, compared to our previous assumptions of around 45 million tons, and reported worldwide sales of 32 million tons in the year 2009.

Our updated forecast is especially based on the fact that both trade sector and farmers in Europe increased their demand to a higher decrease than previously expected. As Western Europe and North America were the markets the hardest hit last year, we believe these will see the highest recovery levels in 2010. For the time being, we have not changed our 2011 and beyond estimates. So, to see a sustained demand pattern in the course of this year, we might be inclined to turn to a more positive year as well.

Finally, our outlook for 2010 on slide number nine. The K+S Group, as already forecasted in our financial report for the year 2009, we expect a significant increase in revenues, and a significantly higher operating earnings, the EBIT I for 2010, justified by recovering volumes as well as consolidation effects. In the Potash and Magnesium business segments, we have raised our sales volumes forecast of just under 6 million tons, to a good 6.5 million tons due to a good spring season in Europe.

We now expect a tangible increase in revenues by significantly lower average potash price in 2010 compared to last year. Operating earnings will significantly increase on the back of total costs, which we revised to less than full extent to the fixed cost digression. In the Nitrogen Fertilizers business segment, we'll see a significant increase in revenues based on higher sales volumes, forecasting lower average mineral fertilizer prices than in the previous year, we expect a moderately positive result.

Because of the consolidation effect of over EUR500 million of revenues due to the first time inclusion of Morton Salt over the entire year, and a good start for the de-icing salt in the first quarter, we expect a significant increase in revenues for the Salt business segment. This will be supported by a relatively stable development and revenues in the food grade and industrial salt segments, as well as moderate sales volume increases regarding salts for chemical use, because of an emerging economic recovery. Taking into account lower adverse effects than in 2009, because of the acquisition and integration process going according to plan, we see a significantly higher EBIT I.



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Ladies and gentlemen, thank you for listening so far. My colleagues, and Christian Hermann, and myself are now happy to take your questions. Please go on.

QUESTIONS AND ANSWERS

Operator

Thank you. (Operator Instructions).

Our first question will come from Martin Roediger from Cheuvreux. Please go ahead.

Martin Roediger - CA Cheuvreux - Analyst

Thank you, I have two questions. First, on the rejection of proposal for new authorized capital at the AGM yesterday; did you prepare this decision by talking to your shareholder BSF in advance of the AGM? Second question is on M&A, Mr. Felker was quoted in Reuters yesterday that K+S is looking for existing targets in the potash fertilizer sector. Does the rejection of the new authorized capital limit your abilities for external growth, and does the quote by Mr. Felker mean a change in strategic priorities? I thought that you'd prefer to look for a joint venture partner in potash, and you look for the Rossleben potash mine.

Norbert Steiner - K+S AG - CEO, Chairman

Norbert Steiner answering both questions. We are a company and Board of Directors and the Supervisory Board that is of course in contact with shareholders of every kind. That means small shareholders, as well as big shareholders, and therefore it is for us, self-understandingly that we have context of BSF and also EuroChem and also big financial investors in preparation of the annual general meeting or afterwards. And then, so far this has been the case.

On the other hand, we have introduced a policy already years ago that we are not commenting on the behavior and on the voting of any shareholder, and this has been the policy so far, and will continue to be the policy so far. And therefore, I do not at all comment on that.

With regard to the second question and the quoting of Mr. Felker, there seems from time-to-time to be some misunderstandings in the press and also if I look to the press, which I was received on our yesterday's meeting, there was my name in connection with acquisitions in the potash business readable. So, what we have said so far has not been changed at all. We have made a good step forward in the salt business, and we are now consolidating Morton Salt. On the other hand, we want to strengthen our fertilizer business segment generally, and there with a high priority to the potash business.

But due to our willingness, and ability maybe also, we see what we can do, and what we won't do. And what we won't do will be the mega acquisition in a way that has been recommended by some of the newspapers as of today. And as all these potential targets are off sites so far, at least that they will be significantly more expensive, they would be more expensive than the Morton Salt deal.

We have always said we are concentrating in the development of the access to new capacities via different measures, and this has been unchanged. And if you follow that what K+S has stated in the past, you will find that wording over at least the last 12 to 16 or 18 months, and this has not changed at all.

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Martin Roediger - *CA Cheuvreux - Analyst*

Thank you.

Norbert Steiner - *K+S AG - CEO, Chairman*

You're welcome.

Operator

And now, we will move to Andrew Stott from Merrill Lynch. Please go ahead.

Andrew Stott - *Merrill Lynch - Analyst*

Hello, good afternoon. Yes, thanks for taking my question. Just on Salt business, I just wondered if you'd share any thoughts on costs going forward for the Salt business, and also the pricing outlook as you go into -- perhaps into the next season. Thank you for any thoughts on that.

Norbert Steiner - *K+S AG - CEO, Chairman*

I think you, Andrew, you are mainly referring to de-icing salt and --

Andrew Stott - *Merrill Lynch - Analyst*

Yes, but the whole division would be helpful, yes.

Norbert Steiner - *K+S AG - CEO, Chairman*

-- due to the season, yes, looking to the season?

Andrew Stott - *Merrill Lynch - Analyst*

Sure, sure.

Norbert Steiner - *K+S AG - CEO, Chairman*

And this is of course a question how bidding processes will be conducted in Europe, in North America, and as they are not yet started, we cannot see any tendency so far, and therefore I would only speculate on that. So, of course, what we try to do is to do our very best in pricing, and the higher the volumes that we have under contracts afterwards, the better it is for more or less the absorption of the fixed cost of our plan so far.

Therefore, we do not see any big tendencies that we have higher costs compared to the situation, but it's always a question of the utilization trait of our work, and this can only be projected more or less on normal scale, and therefore I think this cost item is under control. What we also will register, should the exchange rate between the euro and the dollar, stay as it is or even yes, develop in a stronger dollar, the better it is for us, but this is something which you know from the past already.

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Andrew Stott - Merrill Lynch - Analyst

Sure. Can I just sneak a second question? The comment you made on pricing in potash, I think you said you're generally cautious on near-term pricing. How much of that is your general caution on what you see in terms of inventory or capacity utilization and how much of it is a reference to seasonality? Thank you.

Norbert Steiner - K+S AG - CEO, Chairman

This will be done by Joachim.

Joachim Felker - K+S AG - Member - Executive Board

Well, I guess the quality aspect is still dominating because what we want to see, especially in Europe, is that especially in the third quarter of this year, we will have a strong re-storage, which is the normal pattern, and sales then only being greater at the end of the year or even in the first quarter of 2011. So, there is a strong quantity aspect -- prospect when it comes to Europe. From my point of view, there is still no progression about the development in China, because there the situation still is unclear.

And thirdly, I think we still have to see that in 2010, we have not a real overcapacity, and we are just growing back into capacity utilization worldwide, but we have the best to produce EUR57 million, EUR58 million, and we estimate the market hits maximum EUR50 million, a little bit less than EUR50 million. So, we are still having the tendency of a buyer's market at least in some areas. So, price potential is rather limited. Specialties, perhaps yes, in the odd case, yes, we can do that.

Norbert Steiner - K+S AG - CEO, Chairman

There, okay Stott?

Andrew Stott - Merrill Lynch - Analyst

Yes, thank you very much.

Norbert Steiner - K+S AG - CEO, Chairman

Andrew, sorry. Andrew Stott, yes, Andrew, sorry.

Joachim Felker - K+S AG - Member - Executive Board

It's Stott Andrew.

Operator

And now, we have questions from Gunnar Cohrs from the Berenberg Bank.

Gunnar Cohrs - Berenberg Bank - Analyst

Yes, good afternoon, gentlemen. Thank you very much for taking my question. Basically, first question would be also on the potash unit. You reported a very high volume in the first quarter. I would expect basically maybe a bit less, but more or less similar level like in Q1 in terms of volumes. That would mean taking your upgraded guidance for the full year in terms of volumes,

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a significant decline in terms of volumes in the second half of the year, notwithstanding your seasonality. Do you have an explanation for that or you're rather cautious?

Second question would be on the inventory level in Potash, so your own inventory level. Could you maybe give us the change compared with the year end, how would it change and what would be a normal inventory level for you? And the final question would be on PPA, and can we now expect also for the next quarter a stable figure you have reported for Q1, or will it gradually decline? Thank you very much.

Norbert Steiner - K+S AG - CEO, Chairman

I'll start with the last question. PPA is certainly, Gunnar, connected with Morton Salt, and we have given the guidance that we expect, over a longer period of time, a purchase price allocation in the neighborhood of EUR40 million plus, but it depends also on the currency. So, this is what we can say on an annual basis certainly, yes.

And of course, as we have seen that a very voluminous business in the first quarter, you can maybe expect lower PPA allocations in the second and the third quarter, and higher again in the fourth quarter. This is not linearly over the entire year, but all in all, PPA will be amounting, but again connected with the exchange rate to EUR40 million plus.

Gunnar Cohrs - Berenberg Bank - Analyst

Okay, thank you.

Norbert Steiner - K+S AG - CEO, Chairman

Joachim Felker will do the first and the second one.

Joachim Felker - K+S AG - Member - Executive Board

Okay, then one of the questions concerning our stock situation. You know that usually, we carry around 650,000 tons of stocks and then we feel comfortable, because we have a rather flawed product portfolio. At present, I think we are around 800,000, which is the same as at the end of the year, but that has to do with shipments being prepared for Brazil, where we are just preparing the season, and rather positive when it comes to this.

The second question then is quantities in total and seasonality. As we said before, we have been expecting a very strong rebound especially in Western Europe that has happened. Our (inaudible) have had very low stock. They were replenishing the stocks, and also farmers are buying the products, so that was a very good news. Second quarter usually is lower, and third quarter is preparing -- billing up stocks, but depending on the possibilities of distributors to buy.

We are dealing with second used storage capacity, so it's depending a little bit on the harvest of wheat and then grains. So, I wouldn't say we are cautious, but we are realistic. We estimate we have a rather good picture on our sales in China, and in India. I think we have a good picture already at least for quarter two and three when it comes to Brazil and some South Asian destinations, but Europe, we are still hesitant. I think the financial crisis is not yet over, distributors have been very careful in building up stocks. So, when we see a clearer picture when it comes to Europe, then we might adjust our forecast.



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Gunnar Cohrs - Berenberg Bank - Analyst

Thank you, and maybe a one follow-up on Brazil. I mean we can hear in the market, obviously they are a bit hesitant to accept higher prices, so \$25 per ton or whatever. Is it for you at the moment normal business as usual, or you also see some more latency in terms of your potential buyer?

Joachim Felker - K+S AG - Member - Executive Board

Quality wise, also when you see the last year, which was a bad year for fertilizer people all over, our Brazilian business contributed materially wise very, very strongly, and I also expect that this year. So, quantity wise, we will have no problems, but why should the clients accept a price increase without bargaining?

So, we are in this process, and it will take some time, and let's wait and see how much potential we have there. You remember we have also done the same thing in Europe, when we announced a price increase of EUR12 at the beginning of this year, and when the demand really built up, then we could realize a big portion of this in Brazil. We have to see.

Gunnar Cohrs - Berenberg Bank - Analyst

Alright, thank you very much.

Operator

And now, we will move to Neil Tyler from JP Morgan. Please go ahead.

Neil Tyler - JP Morgan - Analyst

Yes, good afternoon. Thanks for taking my question. I wonder if I could ask a question on your slide eight capacity outlook please, and if you're prepared to disclose which -- out in 2013, which of the major projects you are categorizing as at-risk? That would be my main question please.

Norbert Steiner - K+S AG - CEO, Chairman

I think -- Norbert Steiner again -- the situation has not changed so far, and in the past we have been very, let's say, had very big reserves, and assuming that the [Nowadays Valle] project in Argentina, which was announced to be ready for production in 2013, they will be there just in time, because we have not yet seen the final decision of the Board of Valle to put money into their project.

There has been some idea about a new solution mining project in Brazil, but according to the own statements of Valle, this is not before 2014, ready for production. And other problems might also arrive somewhere in connection with Russian announcements. Therefore, they are in the past at least, and this also a basis of our assumption. We have also and always seen delays, and therefore also this picture or the part of the picture has not changed.

Neil Tyler - JP Morgan - Analyst

Thank you very much.



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Joachim Felker - K+S AG - Member - Executive Board

Joachim, and perhaps I can -- this is Joachim speaking, perhaps I can just give you a small hint if over the last three or four weeks you read FMB, you have had some information about discussions that's been from Russian producers and [Rosenetta], which is the agency which is responsible to adjust milestones in licenses being granted, and when you see discussions were basically putting milestones more into the future and not realizing them now. So, the word risk, I think, is the right word there.

Neil Tyler - JP Morgan - Analyst

That's very helpful. Thank you.

Operator

And now, we have questions from Sophie Jourdier from Citi.

Sophie Jourdier - Citi - Analyst

Yes, afternoon, just got two questions actually. You mentioned earlier that the situation in China was still a bit unclear as to the potash demand. I wonder whether you could just clarify your thoughts on that market. And second, just on currency, I wondered whether you could remind me the sort of -- I don't know, ready reckon of -- the effect on group EBIT or a shift in euro-dollar rate, all that's being equal, now that you've got the Morton Salt acquisition as well. Thanks.

Joachim Felker - K+S AG - Member - Executive Board

Well, then I'll do China. As you know, we have, how should I say, an un-regular pattern in the ordering behavior of China since, I would say, almost 36 months now. And what we know is that in this period of time, Chinese investors have heavily put money into the development of salt lakes in various provinces. That means they are not gaining potash by mining, but by evaporation.

The difficulty is that most of these provinces, we have a very strong winter, which means that November till March, they cannot harvest, they cannot produce potash. So, we don't really know when they announce exactly how much they really use, and it depends on whether how much they can actually -- we call it harvest. So, it has a black hole there.

The second one is that we have not a very clear picture on how the empty K producers, who are one of the most important segments in China, how they are covering the market at present. They are numerous, some of them are small, some of them are big, and we know that over a certain period of time, they have changed their formula spectrum, so they have used lower Ps and lower Ks, because it was too dear for them, and we have no idea how their stocking position is.

What we have at present is, we have a discussion in IFA, which is the World Association for Fertilizers, trying to establish how big the Chinese market really is, and it seems that we have overestimated it in 2009. We are still in this process, and that's why I said I have not a very good picture how China will develop. The tendency is very clear. There will be less imports for the time being, at least until the Chinese will go more into a balanced fertilization.

The trend still is that they use too much nitrogen, because it's locally available, it's produced based on coal. Don't talk about the environment, we all know it's not the best way to produce it. They use too much nitrogen, they use too little phosphate and too little potash. So, that's the long-term, so the market is limited until.



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Jan Peter Nonnenkamp - K+S AG - Member - Executive Board

And Sophie, this is Jan Peter Nonnenkamp. I will take on the currency question. I'd like to remind you that the effect, the currency effect on our results is probably not very high, because first in the potash segment, we have around EUR700 million to EUR800 million of transaction volume, where we have a long-term hedging policy, basically limiting our risk as the dollar becomes weaker, and now it becomes stronger, this is in tendency positive, but we are having long term hedges in place.

So, this will rather be an effect, which will take place in the next year, so not dramatically. Concerning the Salt, we are not hedging the business volume, we are just hedging the result, the net result which we expect from Morton Salt, and the effect of the currency on that net result is not very high.

Sophie Jourdi - Citi - Analyst

Right, thank you very much.

Operator

And now, we have questions from Jean de Watteville from Nomura.

Jean de Watteville - Nomura International PLC - Analyst

Yes, hi, good afternoon, Jean de Watteville from Nomura. A couple of questions; capacity, on your press release, you talk about your current capacity being below 8 million tons, and before 2008, you had created several Euros at 8 million tons and slightly above. So, that suggests that your capacity reduced a little since the last couple of years. Now, we know from your annual report that the [Sigmund Cell plant] -- mine, sorry, has only nine years reserve. Can you just tell us, will we see a gradual decline of capacity for the next decade or will that be a step effect where capacity will decline at the end of the decade?

So, the second question is obviously about Greenfield projects to add more capacity in the portfolio. Can you just elaborate if the environment is more favorable right now for you, to discuss some Greenfield projects in remote regions potentially with low cost potash. And the last question; in 2008, you were considering Rossleben, can you update us on where you stand on that mine? Thank you.

Norbert Steiner - K+S AG - CEO, Chairman

Norbert Steiner, trying to answer. On the second question, Greenfield, the situation is improving if you compare price effects as we have seen in 2008 with price effects that we see right now. I think the normalization -- I used to talk about normalization after 2009, also in respect of expansion, it's something which was helpful. I cannot imagine that hypothetically if the license round in Russia would occur in 2010, then a company would pay about EUR1 billion to get that license anymore.

So, I think a lot of items are cheaper right now, and therefore the situation from the pure cost side of the Greenfield activity, from my perspective, has improved, compared to the year 2008. But we still are utilizing our rule of thumb as we know, EUR1 billion for EUR1 million. And we always have said it, it's just a rule of thumb, which cannot include every detail, area, transportation cost, necessity of infrastructure measures, energy production and so on and so forth.

Therefore, we look around, and are continuing to monitor hence to evaluate our project. And this has been the case two years ago, and also today, and will continue until we come out of the news that we have sound the project or one of the projects which we want to, more or less, to build up in the next future to come. It's more or less, nothing which has to do with prices right now, and because of the long planning procedure, where you can never predict how the prices will develop.

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But I would say from the tendency, the situation for a Greenfield activity has improved, compared to the situation and to the hype situation that we have seen a couple of years ago. With respect to Rossleben, we have been advised that the agency that holds the mining rights there, needs some more time to come to a decision. There are certainly talks, discussions between us and them, and certainly also from the agency and our competitor, and I have no precise state, in which a decision will be done. We are still certainly interested.

The first question to Joachim, or shall I --?

Joachim Felker - K+S AG - Member - Executive Board

I'm sorry, I try to answer. So, I think we have met quite some time and we have always discussed, when you have a project, when you have the Greenfield (inaudible - background noise) when we start with a new mine, you should start your activities where you have the best iron ore -- not iron ore, potash ore.

Jean de Watteville - Nomura International PLC - Analyst

But I agree with potash ore.

Joachim Felker - K+S AG - Member - Executive Board

Jean, but I am sorry, but they don't do underground money. What you do usually you start with the place where you have the best results. Now, if your mine gets older, then initially your productivity is going down, you're getting into some areas of the field, where the content of the ore is not as good.

Now, what you see from our publications recently are results which are moving in target, because what we usually do, we have a running exploration system, even in the operating mine, where we forecast how many years are left. So, you can have a surprise that suddenly we would say in two years time it's still the same period of time ahead of what we say now, because it's an ongoing process.

And what you see from our publications in the annual report is the status, the knowledge we know now, it can change, but surprisingly it can change only to the better, and not to the worse, because what we report now, we know, what is coming can only be an improvement. So, is that answering your question?

Jean de Watteville - Nomura International PLC - Analyst

Yes, yes, yes, I understand.

Jan Peter Nonnenkamp - K+S AG - Member - Executive Board

You had mentioned 8 million plus tons, and this was the fact that we had sold material out of our inventories, yes? So, our communicated capacity was always slightly below 8 million tons, and therefore more or less the fact that which Joachim mentioned.

Jean de Watteville - Nomura International PLC - Analyst

Thank you. Talking about inventories, do you intend to keep the current level of inventories, or should we expect inventories to go some 100,000 tons below the current levels?

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Joachim Felker - K+S AG - Member - Executive Board

Now, as I said before, what we have now, 800,000 is a little bit too high, so we are feeling perfect with 600,000. At the end of the year, it could be a little bit higher again, because it depends -- you wouldn't believe it, it depends on weather condition in the harbors, whether we can get it out or not. And you know, two ships or three ships nowadays is 100,000 tons, and that's it. And we look at 31st of December, so it's a moving target, but 600,000, 650,000 we'll feel fine.

Jean de Watteville - Nomura International PLC - Analyst

Fine. Okay, thank you very much.

Operator

And now we will move to Andreas Heine from Unicredit.

Andreas Heine - Unicredit Research - Analyst

Yes, good afternoon. First, I'd like to ask again the question on the US dollar and the hedging. I thought that your hedging policy is that you have in the first place called so that you profit from or put -- so that you profit when the US dollar becomes stronger, and you do not have the disadvantage if it becomes weaker. So, I thought that you profit from the strength of the US dollar on more the weakness of the -- and that's the first question.

And secondly, could you please a little bit describe also the US dollar, and the influence of the European potash price? I thought that the potash price usually is denominated in US dollar. So, that means if -- and the overseas price in US dollar stays flat, but the Euro becomes weaker, and that it might offer you to increase the price in Europe in Euro terms. And last but not least, could you elaborate what the cost savings are? You will have as an advantage of the charge that you booked in the first quarter by closing the salt mine. Thank you.

Norbert Steiner - K+S AG - CEO, Chairman

I think this is something which will be below EUR10 million per year, the savings on the closing of the salt mine, of the salt operations better to say. This is not a mine. It will be a mid sized single digit figure per year.

Andreas Heine - Unicredit Research - Analyst

Okay.

Norbert Steiner - K+S AG - CEO, Chairman

Joachim?

Joachim Felker - K+S AG - Member - Executive Board

Well, I can do the US dollar and Euro issue. Now, what we have first of all, our cost in the potash division in dollar and euros, our let's call it home market is more or less Europe. So, that is where we do our pricing base, on cost base, on market possibilities. All the exports are in dollars. The work we will not do, we will not try to adjust one of those depending on the other.

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What we have, we have corridors, what we have with our clients is, let's say, some two or three months of advanced bookings. So, it's impossible that when the dollar weakens, we react with the euro or vice versa. So, we have an indication. Of course, if the US dollar price in the export markets is going down, then we will follow with the euro, or we will not based on current exchange rates. So, it's a matter of level, but not on any exchange rates. It's impossible to --

Norbert Steiner - K+S AG - CEO, Chairman

If you look back -- Norbert Steiner -- in the beginning of the year 2010, you saw that we have of course looked a little bit through the exchange rate when we placed at EUR285 million, but we initially and directly announced the EUR12 increase as of March, without having had the knowledge how the dollar exchange rate would go to. And therefore, there is a certain corridor, in which we are more or less, I would not say, completely independent, but where we can move irrespective of the currency development.

Jan Peter Nonnenkamp - K+S AG - Member - Executive Board

And for clarification, this is Jan Peter again, I repeat that a cost transaction volume in quarters, the EUR700 million, EUR800 million, I was mentioned earlier. From this part we will profit, if the dollar really remains that strong, but given all the fluctuations we have seen during the year. Remember we started at EUR150 million just a couple of weeks ago, now we have to be at EUR125 million. Nobody can tell you where we are at the end of the year, but of course, if it stays at this level, this is positive for us, but for the time being we cannot really calculate the set.

Andreas Heine - Unicredit Research - Analyst

Okay.

Norbert Steiner - K+S AG - CEO, Chairman

Anybody else?

Operator

Now, we have a question from Jesko Mayer Wegelin from HSBC.

Jesko Mayer Wegelin - HSBC Global Research - Analyst

Hi. My side if I may; first of all you said that farmers are also buying the products which the distributors are buying. Is this a feedback from the distribution stage, and then what are they saying, what the end demand is currently and what the farmers are thinking? And secondly, on the financial result and also the free cash flow, is the Q1 a good run rate or for the next same quarters or would both figures from the financial result and the free cash flow would be too high?

Joachim Felker - K+S AG - Member - Executive Board

Well, of course it's a feedback from our distributors in Europe, where we are talking on a day-to-day basis. So, if it's confirmed, and we can -- you know, when you're in the fertilizers business for many, many years, you're getting so crazy when you drive around in your car or you go by train, you have seen the fertilizers spread, it's all over the place. And we had a certain time window where the weather conditions were very preferable, so farmers really took the product and sprayed it. So, it's confirmed.

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Jesko Mayer Wegelin - HSBC Global Research - Analyst

One follow-up question maybe to this question. Do you think that the farmers are also doing some restocking or pre-buying before the prices are increases, or this is -- you have rear demand, which will be really applied then net of?

Joachim Felker - K+S AG - Member - Executive Board

Farmers in Europe are so small structured. They have hardly any possibility to store, what they store they could have some micro-nutrients or something like this. They have a few bags, but usually they don't have it. They are totally depending on distribution. They are keeping the stocks, so that the retailers or the first distribution, they have the stocks. So, farmers don't stock, they cannot speculate that.

Norbert Steiner - K+S AG - CEO, Chairman

Confirming the run-rate of cash flow from the first quarter, no you cannot say that this is typical for all of the year. We have a stronger seasonality in our business, of course, and the cash generation in the quarters differ quite substantially, and the Salt business is quite easy to understand, but also from the potash side, as Joachim has outlined earlier, there is a strong seasonality, and therefore you cannot just multiply the first quarter by far.

Jan Peter Nonnenkamp - K+S AG - Member - Executive Board

This was a very sophisticated attempt to lead us on ice, but we have recognized that.

Norbert Steiner - K+S AG - CEO, Chairman

Next question?

Operator

The next question will come from Wolfgang Fickus from the WestLB. Please go ahead.

Wolfgang Fickus - WestLB Research - Analyst

Yes, good afternoon. Most of the questions are already asked, but still I'm a little bit confused, and I tell you why it is, because you say that nobody talks about the possibility that prices actually might go down a little bit. Why do I ask that right now? Because you say that you are -- you say that likely the prices have bottomed out, but on the other hand, you are telling us that in the second half 2010, there is a possibility of quite a significant sequential volume decline.

And I don't understand that if the prices are really accepted and they are -- so trade wouldn't feel any kind of price pressure whatsoever, why would they be so cautious in Europe? Because that's what I understand from Mr. Felker, that the European trade is a little bit cautious maybe in the second half, I mean, it might be, that's what you said.

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Joachim Felker - K+S AG - Member - Executive Board

So, okay, prices are leveled out in a very similar way. When you look at what the Indian market has done, they have bought product until March 2011. It's fixed, it's set, it's done, and the deliveries are running. There have been some conclusions with China, the sale, so this is done, and that's what we call it, leveled out.

What we have in Europe, we have seen what we have expected, and what we have communicated, that we will have restocking of distributors in the first quarter. And what we have done also, that's what Norbert said, already at the beginning of the year, seeing this, we have announced the price increase in March. Some people thought why do they do that? It's very simple. It's the normal pattern of the European fertilizer season. Shortly before application, the prices to distributors are the highest.

Now, seasonality application now is coming to an end. That is why second quarter quantities usually in Europe are lower in demand. Farmers, distributors will not keep stock, then they will wait. Then comes the harvest of wheat, grain, what have you. And whenever they have stocking capacity on the distributor's level, then they are starting to fill in fertilizers.

Now, as I said before, they are still very cautious, because they still have hangovers of the last year. They have had mis-speculations, they have had write-offs. They have the headline of managing working capital. So, we want to see how much they will store, and we have to see also how some agricultural prices will develop.

That's why we are very cautious, and that's why I also said we have a better -- we can actually better forecast our export business, strong in Brazil, where the demand is good, where the farmers are industrialized, where they have a good share in the world trade of [econ] commodities. We can very could see our forecast when it comes to palm oil industries in Southeast Asia. And that is why we are still waiting again for the good news for the third quarter, and then we will comment what we will do.

That also goes together with the questions of stocks. As I said, we still have 800,000 tons, we are feeling comfortable with 600,000, but because we are not in the position to decide what will happen in the third quarter, we are also cautious in keeping perhaps from the tendency, a little bit more higher stocks. Because if really the third quarter is strong in Europe, then we need it. Was that better now?

Norbert Steiner - K+S AG - CEO, Chairman

The overall sentiment of the agricultural sector in Europe has been a very decisive sector in the last two years, and since we have not seen 100% return to normality, which is definitely so far, as we can see, is not the case, we should be a little bit more cautious in making more or less prognosis and outlook for the second half of the year. Should there be a good harvest, should also be expectations, was due to the agricultural advisors in Europe, we see expectations of the farmers, then of course the likelihood is there that volumes are running.

But what we did was intentionally done, and it would be for us, much more easy, much easier to say instead of about EUR6.5 million, some higher figure, which would more or less be more attractive to many, many people in the markets. We didn't do that intentionally on the reasons that we have tried to explain, and I think these reasons from our perspective, and the nearest to the market, and the behavior of the agricultural sector is well based.

Wolfgang Fickus - WestLB Research - Analyst

That's very clear, thank you.

Operator

And now we have a follow up question from Neil Tyler from JP Morgan.

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Neil Tyler - *JP Morgan - Analyst*

Yes, hi, thanks for taking this question as well. I just wanted to cover a couple of things. Firstly, on the trend recent or this season to price, potash deliveries on a delivered basis, whether you see that as presenting a potential risk to your netback margin, should freight costs continue to rise.

And secondly, I think it's probably fairly self-explanatory. Presumably the comment on inventories -- sequential stability and inventories suggest that you didn't see any meaningful margin impact one way or the other, as has been the case in some quarters, of selling out of inventory in your potash EBIT number.

Christian Herrmann - *K+S AG - Head - IR*

Okay, it's Christian speaking, Mr. Felker will cover the margin question with regard to freight cost compared to the delivered prices. Just with your second question, Neil, the inventories, selling out of inventories certainly is for the cost base, a burden. We have to see, as Mr. Felker pointed out, if we really at the end of the year, at 600,000, maybe we are slightly higher, but if we are at 600,000, and now we are at 800,000, that means 200,000 net. And certainly this will have a margin impact.

You remember from the March conference call we had in Frankfurt, that this can be a burden of EUR30 million, EUR40 million selling out of -- for this amount of product. But we have to see where we really end up at the end. Generally selling out of inventories is a burden for our cost base, certainly yes.

Joachim Felker - *K+S AG - Member - Executive Board*

When it comes to freight cost development and margins, I think we have commented a few times that especially through one of our most important export market, to Brazil, we have long-term commitment with partners, when it comes to shipping costs. They are based on US dollars, so what Jan Peter Nonenkamp explained, that's the bad news as long as US dollar is strong, but on the other hand, then our selling price is on in dollar, so the leverage on the selling price is much, much higher than the one on the freight cost.

And the other direction the product flow which goes into Asia, is basically on containers. There the availability is not as good as before. So, we see the price increase in average, and in some cases we might even just bulk us to go there, so that will be a disadvantage. But it's not really a fundamental change, and it's not direct, but it is hurting us so much.

Neil Tyler - *JP Morgan - Analyst*

Thank you very much, thank you.

Operator

And now we have a question from Rim Bennani from Exane.

Rim Bennani - *Exane BNP Paribas - Analyst*

Hi, good afternoon. I have three questions, if I may. The first one is coming back to your comments on Brazil. I believe you, ICL as well, have gained some market share last year versus US peers in the country. Do you believe this is something that is going to be sustainable this year or not, and if you can elaborate on that, and how much it represented in terms of total volumes, if possible?

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And the second question, I just wanted to get some more details around -- because we have not seen that through 2009, and for our own modeling in terms of the impact, in terms of realized prices through Q2, Q3 and Q4 in Europe, as you are re-incentivising distributors to store ahead of the season. And if you have already price lists in mind for that, that would be very helpful. And as well, I wanted to come back on your comment of the fact that in Europe, you have realized strong sales on the EUR297 a ton. Thank you.

Joachim Felker - K+S AG - Member - Executive Board

Okay, so first Brazil. Now, when I look back over a longer period of time, then we have always had more selling potential in Brazil than product, and that has led to a very simple development. We have, how should I say, selected a client portfolio over many, many years, which is very stable, and I would say they are first class clients, triple A clients.

And in the last year, how should I say, world crisis, economical crisis, these clients performed extraordinarily well. That means we have had very stable sales to Brazil. We have had no problems with collecting our money, and I think that this will also happen this year. So, it had to do with our business model over many, many years, and that has to do with the selection of slides. It has to do with loyalty and things like this.

Now, what you mentioned in Europe, and I come back also to the EUR12 we have announced for March. The discussions we have with European distributors is that we want to come back to the old pattern, which gives them the stability in planning using their availability in stocks, and which gives us the stability also in pricing efforts, I would say. So, what we usually do, we have -- yes, in France it's called (inaudible), in English, it's price sliding system, which is not a good word I would say.

It's more prices in steps. So, usually in a normal fertilizer unit, the lowest price will be in June, and then we will have each month a price increase, and this price increase is partly mirroring and covering the stock keeping cost of the distributors. So, each month it's climbing up, and at the end of the year, when they go sell their products to retailers or to farmers, they will be charged with the highest price, and also their buyers will be charged with the highest price, and that's why they get a re-compensation for stock keeping.

That's the traditional pattern, and it's good, because then they can really also talk to our supply chain in a much, much better way. We can optimize transportation, and a lot of stability is given by this. But again, that's why we are cautious for the third quarter of this year. The big ones, they are prepared, because they have had good business in the first quarter. The smaller ones, they are still thinking about how much should we give into the system, when do we start and so and so. It's something we want to do, it's giving stability to the market, but I'm not yet sure that we can come out and say we will achieve it a 100%.

Rim Bennani - Exane BNP Paribas - Analyst

Okay. I just wanted to know, because I had guessed that some other companies in the fertilizer segment, like [Jahre 2] have the same pattern in Europe. Are we talking EUR4.00 a ton or something like that in terms of order of magnitude? I'm not looking for precise numbers. Or would it be something more important in terms of climbing prices?

Norbert Steiner - K+S AG - CEO, Chairman

What -- usually you have EUR3.00 to EUR4.00, that's the monthly repaid to get -- or the monthly price increase.

Unidentified Company Representative

Potash rate.

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Rim Bennani - *Exane BNP Paribas - Analyst*

Okay, and for the two mines --

Norbert Steiner - *K+S AG - CEO, Chairman*

Because you know, the reason is what we are doing, actually we are competing with the grain guys. So, when they put wheat into the stocks, they also have to pay the spring game, and we have limited stocking capacity, and that's why the system is build up over many, many years.

Joachim Felker - *K+S AG - Member - Executive Board*

That's the backlog.

Rim Bennani - *Exane BNP Paribas - Analyst*

Okay. And just on your comment of the EUR297 a ton, is it something because -- and that was commented previously on the call. The EUR425 is not sticking in Brazil, did not stick obviously in China or Southeast Asia, and I understood that the EUR297 as well was not really something that was implemented in Europe. So, I want to double check that with your comments, if we have made good sales at those levels?

Joachim Felker - *K+S AG - Member - Executive Board*

Yes, it should. What we do for you guys to understand us, and it's better we give this price to the MOP standard, it's EUR297. But from this, we are then calculating regular, and then from this, we go then down and calculate European products, like [Chinese], like (inaudible) and stuff like this, so but we could manage to have this EUR297 and it wasn't accepted.

Rim Bennani - *Exane BNP Paribas - Analyst*

Sorry? I didn't hear that.

Joachim Felker - *K+S AG - Member - Executive Board*

And the EUR297 was accepted by our distributors.

Rim Bennani - *Exane BNP Paribas - Analyst*

Okay, so in terms of realized price, we should see a higher realized price in Q2 versus Q1 then?

Christian Herrmann - *K+S AG - Head - IR*

Rim, this is Christian now. This is a question of product mix and regional mix, price was accepted, that's correct. The price increase was accepted for MOP granular in Europe, and if you take the current dollar rate, it refers to roughly \$380 US Also, this is actually inline with overseas prices.

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It might be that the second quarter average prices for the whole portfolio can differ from this increase, because depending on the regional and product mix, if we sell a higher proportion of [keyser ride] for example, which is selling at a lower price compared to MOP, or if we, let's say, increase our proportion to India compared to Europe or other destinations, then certainly the average price might -- is affected by that.

Rim Bennani - *Exane BNP Paribas - Analyst*

Okay. Thanks very much for the clarification.

Operator

The next question is from Annett Weber from the BHF Bank.

Annett Weber - *BHF Bank - Analyst*

Yes, good afternoon. One more question or two more questions actually on the pricing side in Europe. I understand that the EUR297 are now the price that you're selling and they're 100% accepted in the market in Q2, is that right?

Norbert Steiner - *K+S AG - CEO, Chairman*

For the respected product, yes.

Joachim Felker - *K+S AG - Member - Executive Board*

For the product?

Annett Weber - *BHF Bank - Analyst*

Yes, for the product concerned.

Joachim Felker - *K+S AG - Member - Executive Board*

For the product, it's expected at present, but we have not yet decided how to start in June.

Christian Herrmann - *K+S AG - Head - IR*

For the specialty products.

Joachim Felker - *K+S AG - Member - Executive Board*

For the specialty products.

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Annett Weber - BHF Bank - Analyst

Oh, specialty products, okay. And given an earlier question on the change in the exchange rates, I also take it from your comments in the conference call, that are relatively cautious, that a possible 10-year row or something price increase over the next two, three months is not yet on the cards?

Joachim Felker - K+S AG - Member - Executive Board

No, we are not thinking about pricing systems in Europe based on exchange rates, Euro to the US dollar.

Annett Weber - BHF Bank - Analyst

And what is your view on the Brazilian price hike, the \$25 that are still being discussed? When do you actually see them coming through or what is your guess with regard to this?

Joachim Felker - K+S AG - Member - Executive Board

I wouldn't know, I wouldn't know, we are still discussing it. If we would have got it easily, we would have definitely reported of it. So, there is still a fight within the Brazilian market, where the big importers or the big -- actually the big farmers, are we accepted or not? And I think we need some patience there, but big lines in a situation of covering a few hundred thousand tons, so they have a lot of bargaining potential. And they're of course arguing, "Why should we pay more than the Indians or the Chinese?" That's a good question.

Annett Weber - BHF Bank - Analyst

Okay, alright, thank you.

Operator

Our final question will be a follow-up question from Jean de Watteville from Nomura.

Jean de Watteville - Nomura International PLC - Analyst

Yes, hi, again me, two questions actually. First of all, coming back on the exchange rate impact on potash pricing in Europe; I understand your potash prices in Europe are quarterly, or assuming a continued weakening trend of the Euro against the dollar, would that be fair to expect you to increase price in Q3, to adjust the Euro price to basically the higher dollar?

Second question, Nitrogen division, actually no one asked a question on that division. Can you just provide a -- there's a lot of different moving parts in this division, and I'm wondering if you could add some color and give some direction to us? Obviously, we understand that consumer market is pretty weak at the moment, because of aggressive pricing action from some of your competitors. Ammonia prices went up, urea prices went down, which could mean that nitrate prices could go down. Can you just share with us your view of those different dynamics, and how will that impact your business on the next quarters? Thank you.



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Joachim Felker - K+S AG - Member - Executive Board

Okay, so first of all, coming back to looking into the crystal ball, how the US dollar and Euro exchange rate will develop. I think we will not depend our pricing policy on the development of the exchange rate. We will of course have in our intentions, but for us, it's more important to have the stability on the mid-term, and really introducing again the old pricing systems which I explained before.

When I look into the Nitrogen division, and Jean, you know they are -- it's combined of a lot of very [first total], and you mentioned one, and then I start with this one also. It's a consumer segment. Consumer segment is under a lot of pressure. I think the consumer spending is a little bit different than it has before. We have a very keen competition in some areas, from internationally active companies, but also from local companies protecting their markets.

So, it's a rather difficult business, but we also have that because of the very strong winter. We have had a late harvest of our turfs, which is peat, which is partly influencing our available supply, but this is improving. But you are right, consumer business is relatively difficult.

The exact opposite of it is the part of the Nitrogen business. In some areas, we have shortages, we have suddenly not enough [stock] of ammonia, which has to do with availability of product. And it's also partly driven that in the first quarter of this year, sulfur has become again an element which was asked very strongly in agriculture worldwide, especially also in China. So, sulfur and ammonia, which we sell for the adjustment for [long sets], our division has no problem.

When it comes to straight fertilizers, you are right, the influence in this area, the drivers for pricing policy is the -- actually it's the gas pricing. It wasn't only the ammonia price, it's the gas price. We have seen over the first quarter, suddenly an increase in ammonia prices. We have seen an increase in urea price. This came to a stop. There's a lot of discussion about India, everybody is waiting for import of urea to India, which then should stabilize the world market.

We have a Ukrainian producer who stopped production, because he has got a price increase from forecast. He is not competitive anymore. So, this market is a little bit, I wouldn't say under pressure, but it needs a little bit of orientation. When you look into another big segments, which we also show in our publications, always is yes, empty case, so complex fertilizers. There we have seen in the first quarter good news, Jahre, all the other big MPK producers are now that they come back into higher capacity utilization.

But also, they are cautious when it comes to the second half of the year. Also, Jahre amounts -- we want to see how the market develops, and if necessary, cut production again in order to stabilize it. So, it's a mixed picture. We are far away from the record result of 2008, but we are also far away from the disastrous year of 2009, when you see we got quite a good swing into Q1, and we hope that we can continue with this very positive trend.

Jean de Watteville - Nomura International PLC - Analyst

Thank you.

Norbert Steiner - K+S AG - CEO, Chairman

Any questions?

Operator

We have no further questions.

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Norbert Steiner - K+S AG - CEO, Chairman

Okay. Then I would like to thank you very much for the participation in our conference call on the Q1 report. I would like to announce already, which you already know of course, that our Q2 results will be out on the 12th of August, so we will meet again on the phone, and in that interim period, you might see from our calendar, financial calendar, that we are quite often on the road. So, if you want to get in touch, not only by phone, you'll be able to do that. Thank you very much, and all the best for you. Bye-bye.

Operator

Thank you. This will conclude today's conference call.

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