

EXPERIENCE GROWTH

**Scotia Capital
Global Fertilizers Conference**

**Christian Herrmann, Head of IR
Toronto, 1 June 2011**



Experience growth.

A. Corporate Structure

B. Core Business Sectors:

- Fertilizers
- Salt





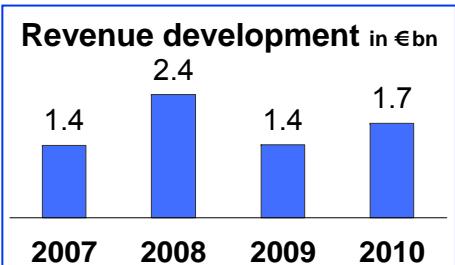
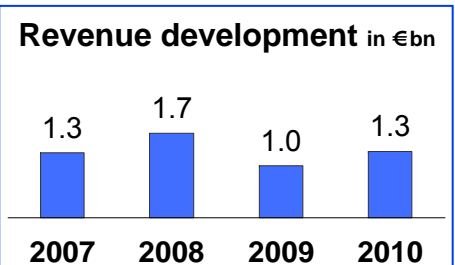
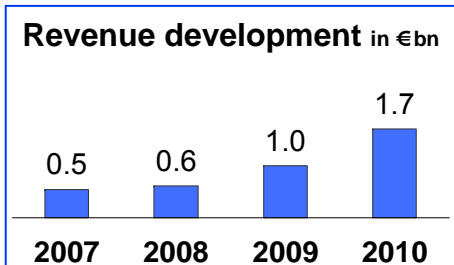
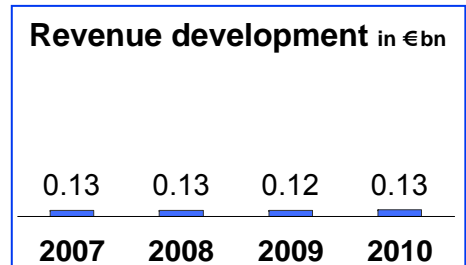
C. Outlook

K+S Group Corporate Structure



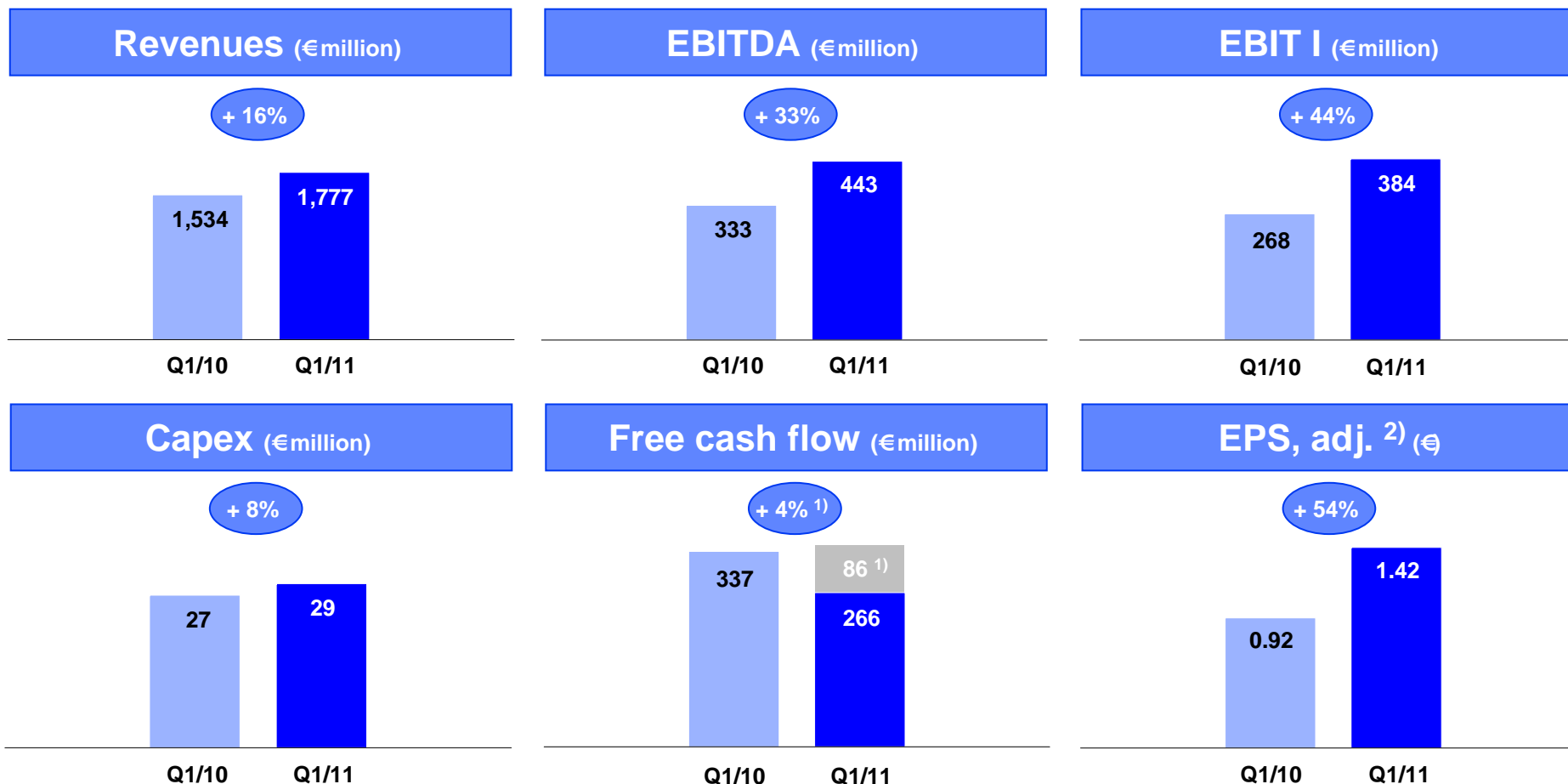
K+S Group

Group revenues 2010: €5.0 billion (2009: € 3.6 billion)

Core Business Sector Fertilizers		Core Business Sector Salt	Complementary Business Segments																																								
Potash and Magnesium Products	Nitrogen Fertilizers	Salt	Waste Mgmt. & Recycling	K+S Transport GmbH																																							
Animal hygiene products			Trading business (CFK)																																								
																																											
Revenue development in €bn  <table border="1"> <tr><th>Year</th><td>2007</td><td>2008</td><td>2009</td><td>2010</td></tr> <tr><th>Revenue (€bn)</th><td>1.4</td><td>2.4</td><td>1.4</td><td>1.7</td></tr> </table>	Year	2007	2008	2009	2010	Revenue (€bn)	1.4	2.4	1.4	1.7	Revenue development in €bn  <table border="1"> <tr><th>Year</th><td>2007</td><td>2008</td><td>2009</td><td>2010</td></tr> <tr><th>Revenue (€bn)</th><td>1.3</td><td>1.7</td><td>1.0</td><td>1.3</td></tr> </table>	Year	2007	2008	2009	2010	Revenue (€bn)	1.3	1.7	1.0	1.3	Revenue development in €bn  <table border="1"> <tr><th>Year</th><td>2007</td><td>2008</td><td>2009</td><td>2010</td></tr> <tr><th>Revenue (€bn)</th><td>0.5</td><td>0.6</td><td>1.0</td><td>1.7</td></tr> </table>	Year	2007	2008	2009	2010	Revenue (€bn)	0.5	0.6	1.0	1.7	Revenue development in €bn  <table border="1"> <tr><th>Year</th><td>2007</td><td>2008</td><td>2009</td><td>2010</td></tr> <tr><th>Revenue (€bn)</th><td>0.13</td><td>0.13</td><td>0.12</td><td>0.13</td></tr> </table>	Year	2007	2008	2009	2010	Revenue (€bn)	0.13	0.13	0.12	0.13
Year	2007	2008	2009	2010																																							
Revenue (€bn)	1.4	2.4	1.4	1.7																																							
Year	2007	2008	2009	2010																																							
Revenue (€bn)	1.3	1.7	1.0	1.3																																							
Year	2007	2008	2009	2010																																							
Revenue (€bn)	0.5	0.6	1.0	1.7																																							
Year	2007	2008	2009	2010																																							
Revenue (€bn)	0.13	0.13	0.12	0.13																																							

K+S Group

Very Successful Start into 2011



1) Free cash flow before acquisitions/divestments; adjusted for the out-financing of pension provisions within the framework of the CTA programme in the amount of € 86.3 million in Q1/11 (Q1/10: € 1.9 million).

2) The adjusted key figures only contain the earnings actually realised on operating forecast hedges for the respective reporting period. The changes in the market value of operating forecast hedges still outstanding, however, are not taken into account. Any resulting effects on deferred and cash taxes are also eliminated; tax rate Q1/11: 28.3% (Q1/10: 27.9%).

A. Corporate Structure

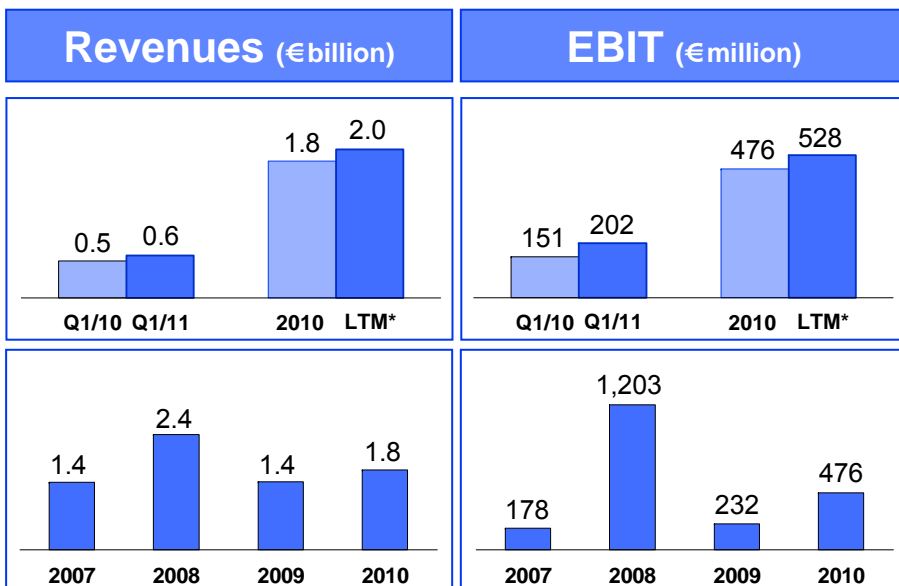
B. Core Business Sectors:

- Fertilizers

- Salt

C. Outlook

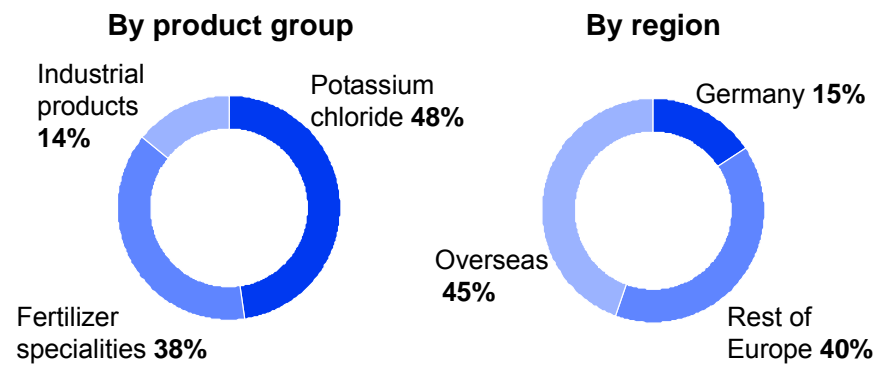
K+S Group Potash and Magnesium Products



Highlights Q1/11

- Strong demand for potash and magnesium fertilizers
- Sales volumes in the first quarter 2011 with 1.99 million tonnes slightly above the level of the previous quarter (Q1/10: 1.94 million tonnes)
- For most potash producers, the utilisation of capacity reached a very high level against the backdrop of strong demand
- Higher average prices with lower cost increases led to strong increase in earnings

Revenue split 2010

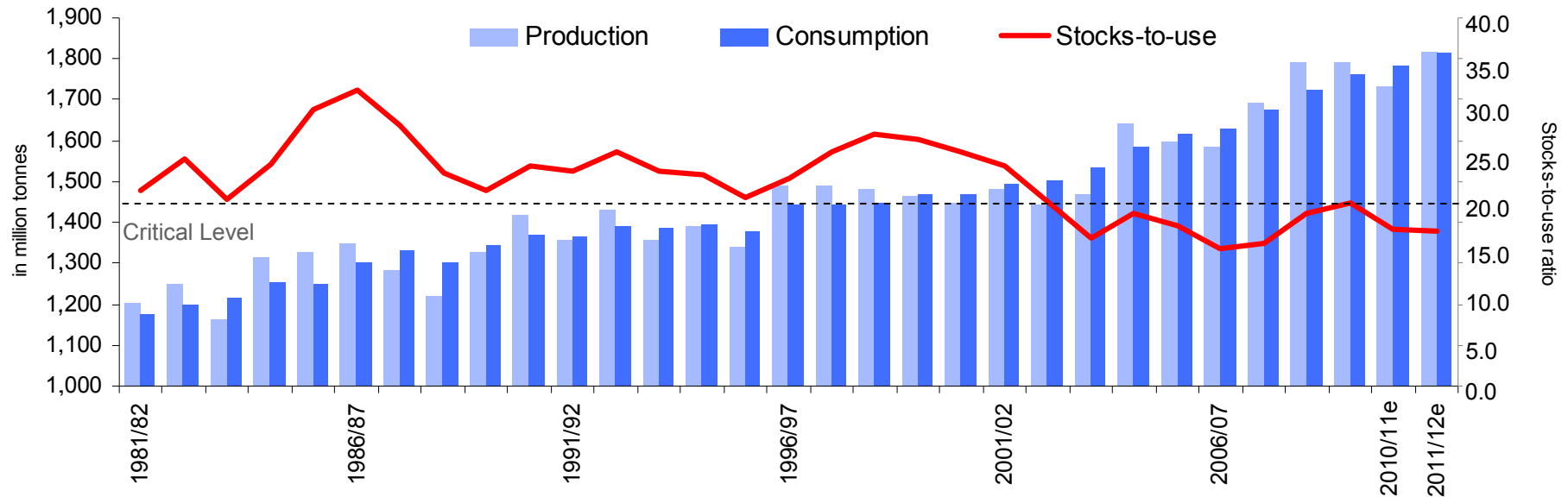


Outlook 2011

- Sales volume forecast of 7.0 million tonnes (2010: 6.99 million tonnes)
- Significantly higher average price level expected compared to the previous year
- Significant increase in revenues should more than make up for expected, moderate rise in costs => strong earnings growth



Production and consumption development vs. stocks-to-use ratio (Wheat and coarse grains)

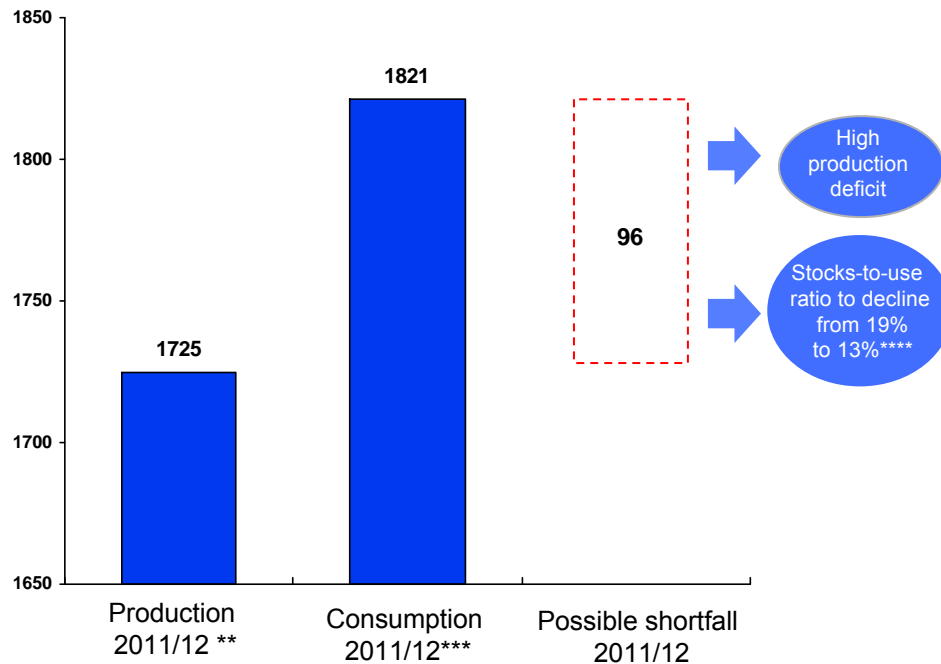


Source: USDA; as of 12 May 2011

- Over the past thirty years, annual global production of cereals has often fallen short of demand
- Despite reasonable harvest levels during the last ten years, these structural supply and demand gaps have resulted in low stocks-to-use ratios on a historical basis
- Although ideal weather conditions in 2008 and 2009 resulted in record harvests worldwide, stocks-to-use ratios remained on a relatively low level



Risk for potential global cereals* shortfall in 2011/12



- Consecutive years with above-average yield unlikely (weather conditions driven)
 - Even more unlikely given past general under-application of fertilizer
- Surplus/deficit in crop production key price trigger for soft commodities
- High crop prices enable and incentivise farmers to apply fertilizers
 - Yield and quality game

* Wheat and coarse grains

** Based on last 5 years average of harvested area multiplied by last 5 years' average yield (532 m hectares x 3.2 tonnes per hectare)

*** Based on 2010/11 consumption (1,785 mt) multiplied by last 5 years' annual average demand growth rate of 2.0%

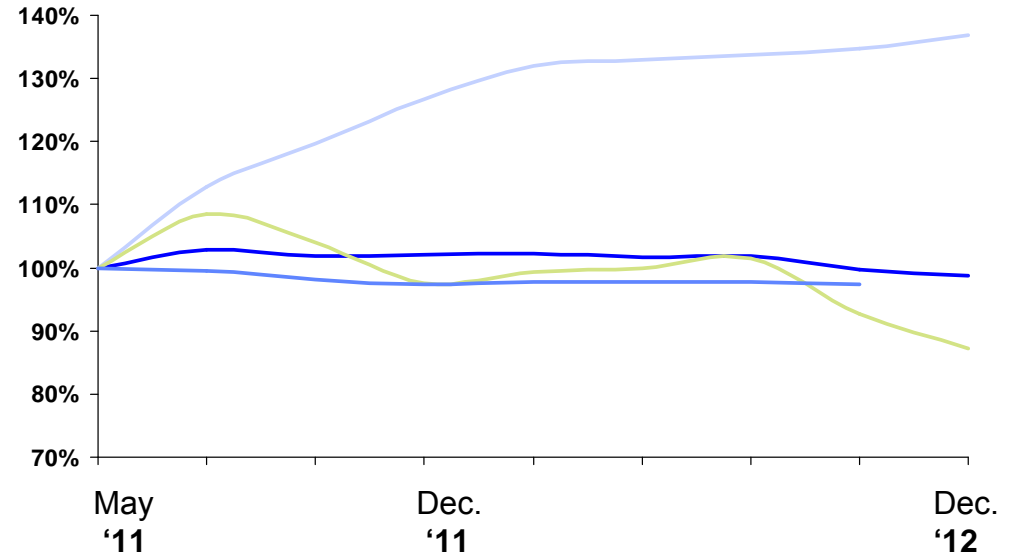
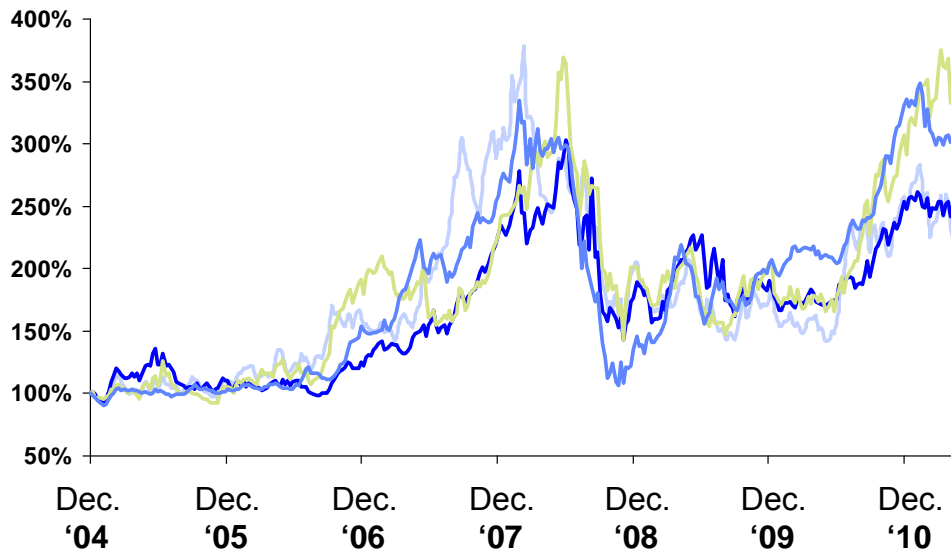
**** Implied stocks-to-use ratio: ending stock 2010/11 (341 mt) less potential shortfall (96 mt) divided by potential consumption 2011/12 (1,821 mt)

Source: USDA, K+S



Prices for Agricultural Products – spot

Prices for Agricultural Products – future



— Wheat — Soybeans — Corn — Palmoil

- Strong increase in prices for agricultural products since the middle of 2010

- Future prices of agricultural products show that capital markets expect the price level achieved in the first half of 2011 to be rather sustainable for the next two years

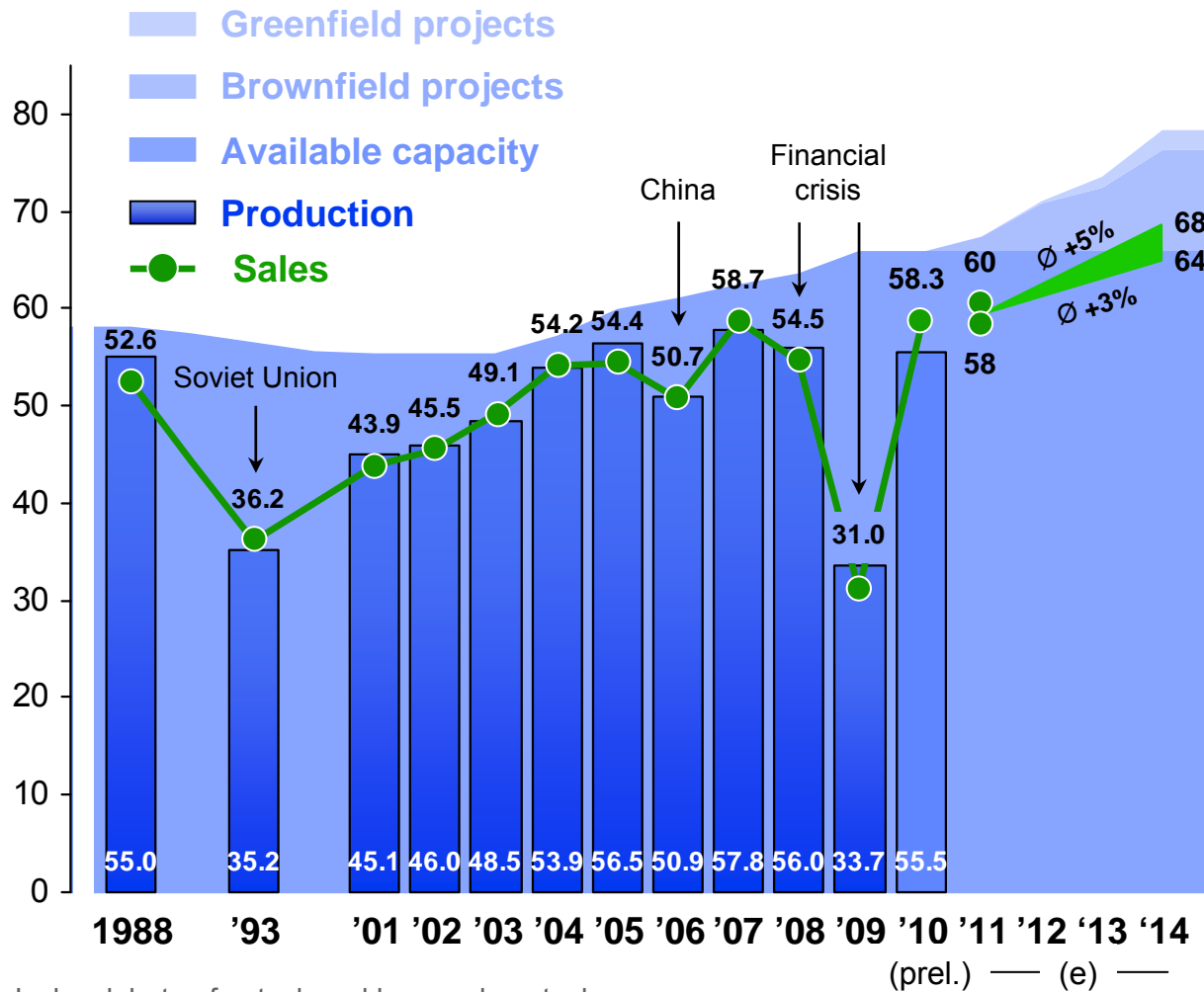
Source: Bloomberg; as of 25 May 2011

Potash and Magnesium Products

World Potash Capacity, Production and Sales



Million tonnes



- As of 2011, long-term growth rates again expected at 3% to 5% p.a.
- Utilisation levels are estimated to be about 85% annually until 2014 and will thus reach a good level
- Risk: announced new capacity could be delayed, postponed or cancelled due to technological/geological challenges and/or an inadequate price level

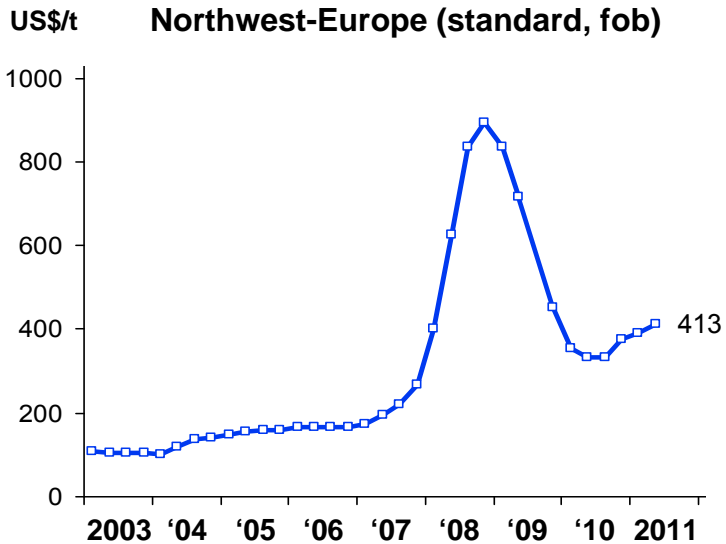
Incl. sulphate of potash and low grade potash
Capacity development 2010-2014 based on IFA supply capability data

Sources: IFA, K+S

June 2011

Potash and Magnesium Products

MOP Price Development



Mid March 2011:

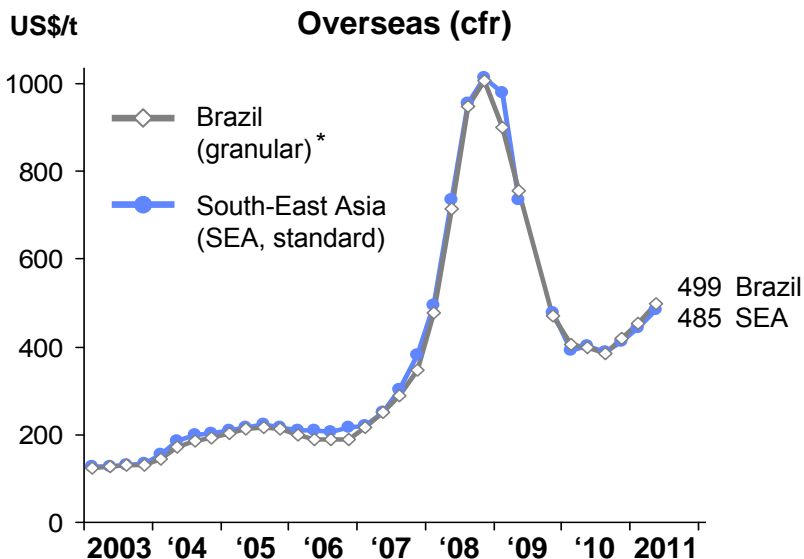
For the European market, K+S announced the price for granulated MOP at € 353/t; an increase of € 18/t.

Mid April 2011:

Canpotex announced the price of granulated MOP at US\$ 520/t in Asia and Latin America.

End of May 2011:

BPC announced the price of granulated MOP at US\$ 550/t in Brazil.



Upcoming potash price negotiations:

- India: current level US\$ 370/t, negotiated until March 2011
- China: current level US\$ 400/t, negotiated until June 2011

* Until end of September 2010 MOP standard
Source: FMB; as of 12 May 2011

Potash and Magnesium Products

Development of Selected Cost Items



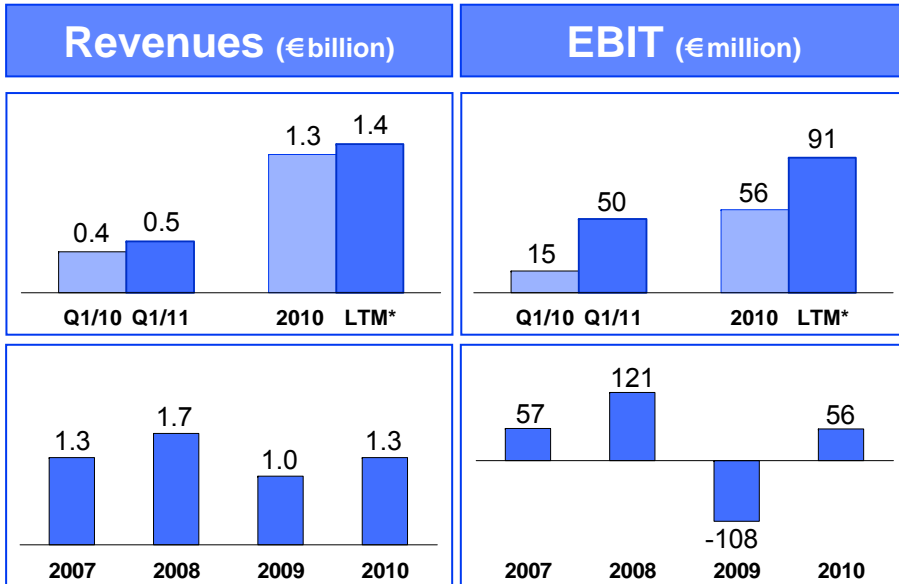
Selected Cost Items	2005	2006	2007	2008	2009	2010	CAGR 05-10	2011e**
Energy (€ million)	118	155	141	186	144	172	+ 8%	+++
Depreciation (€ million)	85	80	80	85	88	89	+ 1%	++
Personnel (€ million)	427	426	435	465	440	506	+ 3%	+
Material (€ million)	193	202	210	265	183	229	+ 3%	+
Freight (€ million)	216	236	250	227	155	264	+ 4%	+
Freight (€/t)	28	30	30	33	36	38	+ 6%	+
Sales Volumes (million t)	7.86	7.99	8.22	6.99	4.35	6.99	- 2%	0
Total Unit Costs* (€)	140.6	143.3	149.6	170.8	273.6	195.8	+ 7%	+

- Rising energy, personnel and freight costs as well as lower sales volumes lead to a compound annual growth rate in total unit costs of approx. 7% over the last five years.
- With the exception of energy costs and depreciation, major costs items are expected to rise moderately while sales volumes are forecast on a stable level => Unit costs are expected to rise moderately in 2011.

* Defined as revenues minus EBIT I divided by sales volumes

** Percentage increase/decrease in cost items in 2011e versus 2010: -/+ : slight to moderate; --/++ : tangible; ---/+++ : significant

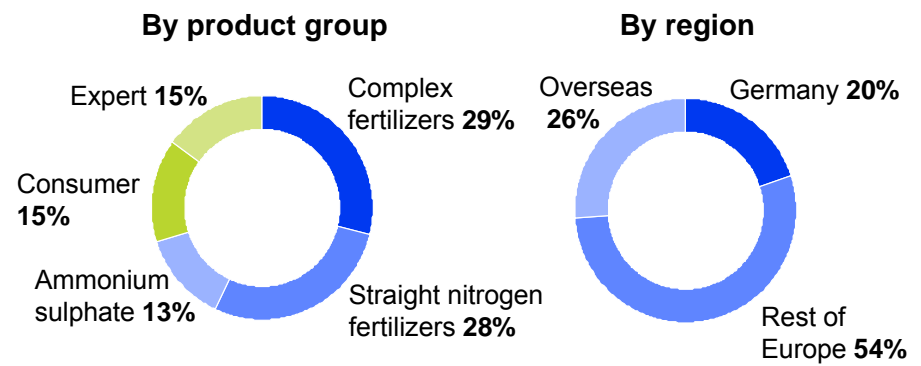
K+S Group Nitrogen Fertilizers



Highlights Q1/11

- The positive demand trend for nitrogen fertilizers was accompanied by a significant increase in prices
- European production facilities for nitrogen fertilizers were operating with a very high level of utilisation in the first quarter of the year
- The significantly higher revenues due to price factors were able to more than make up for higher raw material and input costs

Revenue split 2010



Outlook 2011

- Significant increase in revenues expected
- Revenues in the COMPO-Expert area should improve as a result of a high demand for complex fertilizers; revenues K+S Nitrogen should develop positively due to higher average prices
- In comparison to good earnings in the previous year operating earnings should increase tangibly

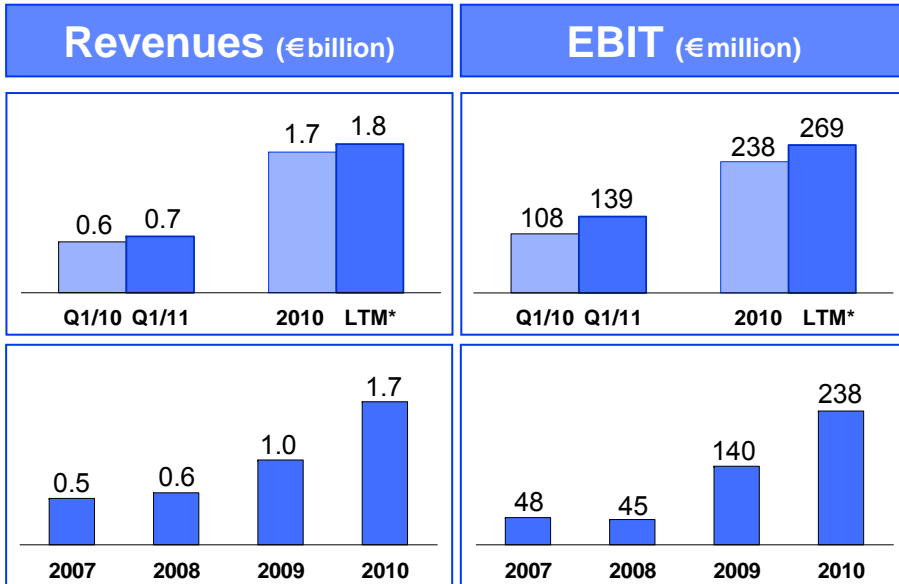
A. Corporate Structure

B. Core Business Sectors:

- Fertilizers

- Salt

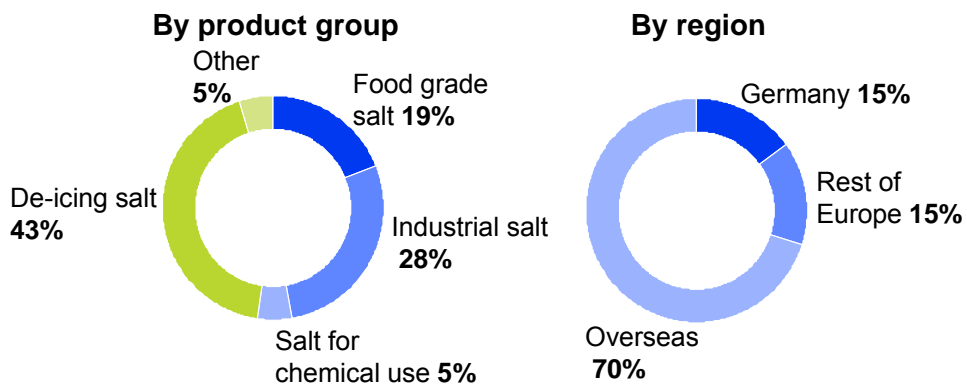
C. Outlook



Highlights Q1/11

- **Europe:** Above-average demand for de-icing salt, although this was significantly below the record level seen in the previous year; tangible increase in the price level.
- **North-America:** Above-average demand for de-icing at the East coast and average demand in Canada, price level below the comparable period following last year's weak season.

Revenue split 2010



Outlook 2011

- Expectation of stable revenues at a high level in comparison to the record year 2010 under the assumption of an average de-icing salt business in the fourth quarter.
- Sales volume forecast of 22 to 23 million tonnes of crystallised salt (2010: 22.5 million tonnes)
- Operating earnings decline moderately on the basis of higher freight costs and sales from stocks

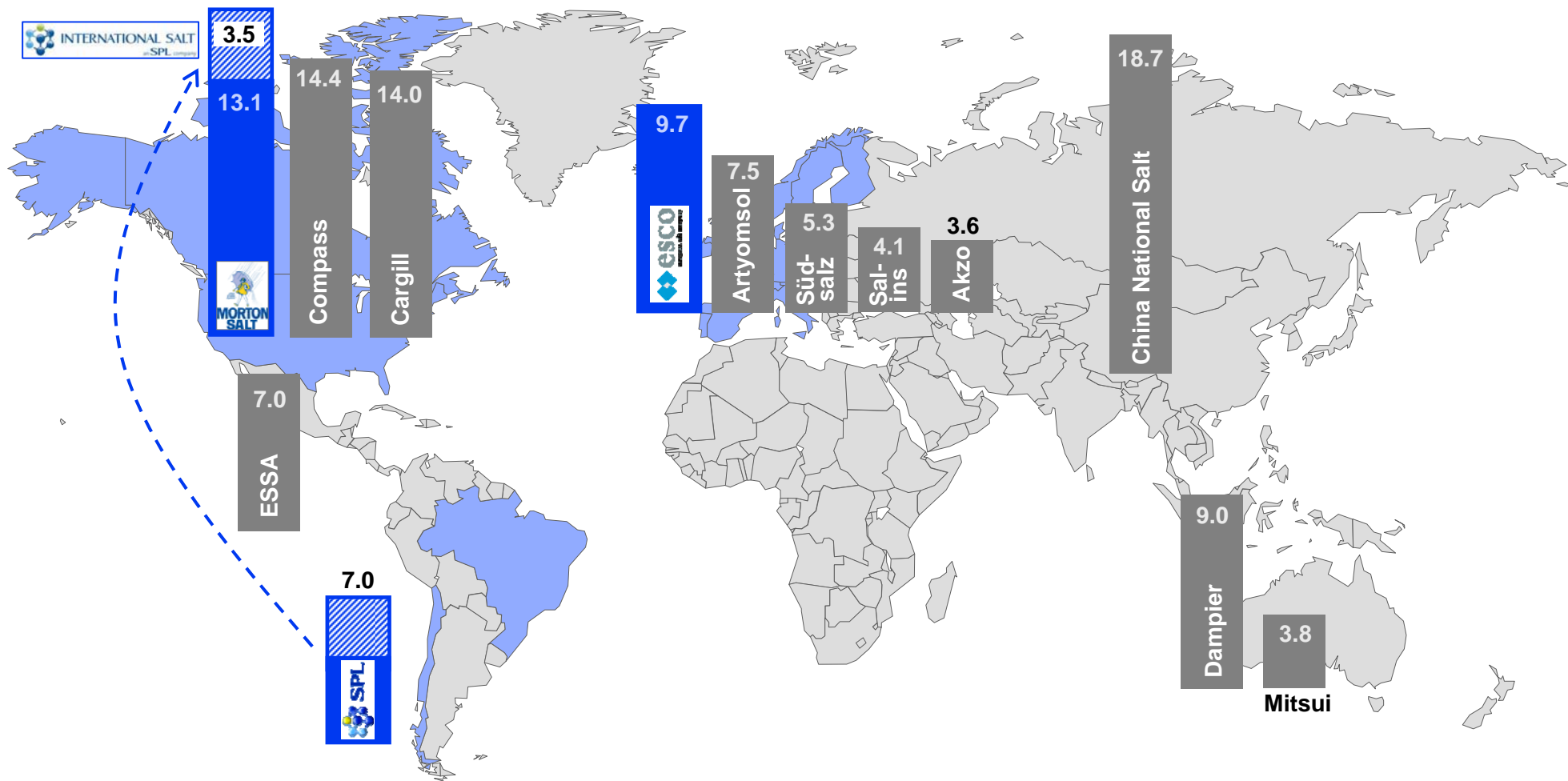
* LTM=Last twelve months as of 31 March 2011; including above average de-icing salt business in Q4/10

Salt

Main Salt Suppliers Worldwide



Capacity in million tonnes (crystallised salt and salt in brine; excl. captive use)

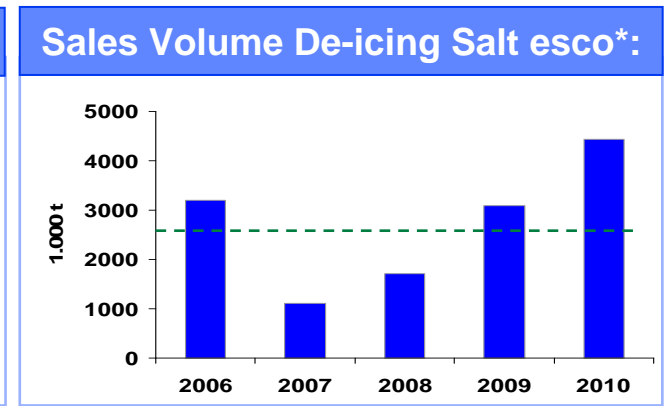
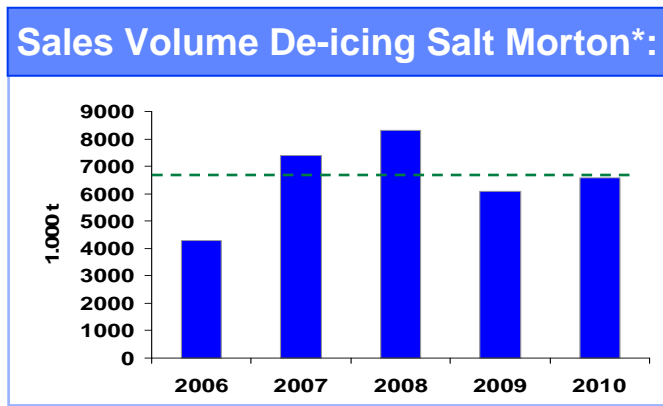
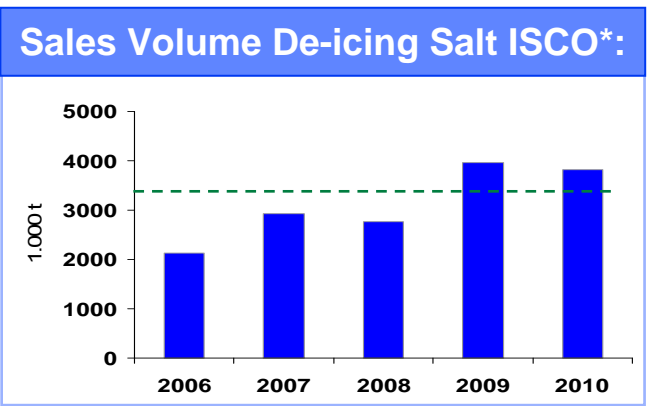


Sources: Roskill 2007, K+S

June 2011

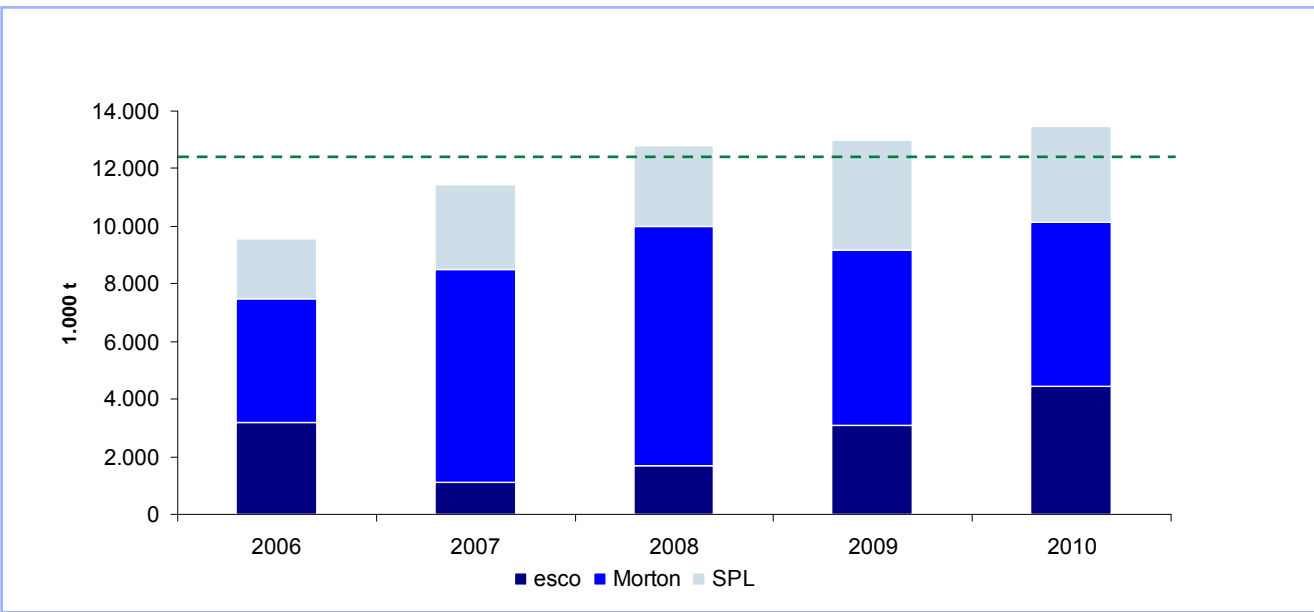
Salt

Mitigation of Volatility in De-icing Business



--- 10 year average sales volume (2001 – 2010)

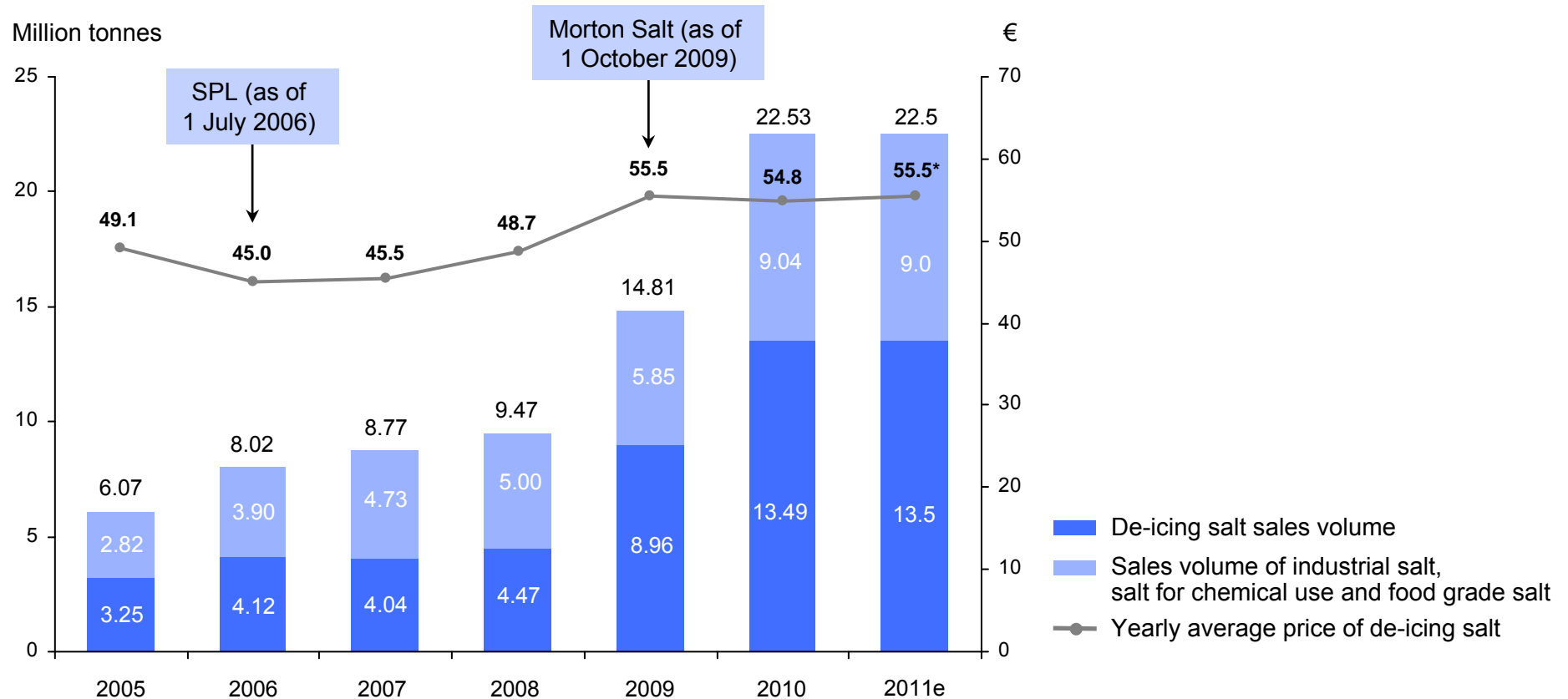
* before consolidation of intersegment sales volumes



- ➔ The worldwide de-icing salt market exhibits varying volatility
- ➔ Access to the largest de-icing world markets mitigates the overall degree of fluctuation in the de-icing salt business
- ➔ Unique, interregional production network (including access to salt production from potash facilities) allows benefiting from strong demand surges at short notice

Salt

Historic and Recent Volume and Price Development



- Sales volumes increased over the past years mainly due to external growth, while the de-icing salt share remained rather stable
- Sales volume 2011e based on good start into the year caused by the weather as well as long-term average volumes in the course of the year: 22 to 23 million tonnes (of which de-icing salt: 13 to 14 million tonnes)

* LTM = Last twelve months as of 31 March 2011

A. Corporate Structure

B. Core Business Sectors:

- Fertilizers
- Salt

C. Outlook



- K+S Group:
- Significant increase in revenues
 - Strong increase in operating earnings (EBIT I) and adjusted Group earnings

Underlying assumptions

Fertilizer Business Sector

Potash and Magnesium Products

Significant rise in revenues and strong growth in operating earnings

- Sales volume of 7.0 million tonnes of goods
- Significant rise in average prices
- Moderate rise in total costs
- Assumption: Continued attractive agricultural prices

Nitrogen Fertilizers

Significant increase in revenues and tangible rise in operating earnings

- Revenue increase due to price factors
- Tangible increase in operating earnings despite higher input cost
- Assumption: Continued attractive agricultural prices

Salt Business Sector

Stable revenues at a high level and moderate decline in operating earnings

- Sales volume of crystallised salt of about 22-23 million t
- Operating earnings decrease on the basis of higher freight costs and sales from stocks
- Assumption: Average de-icing salt business in Q4/11

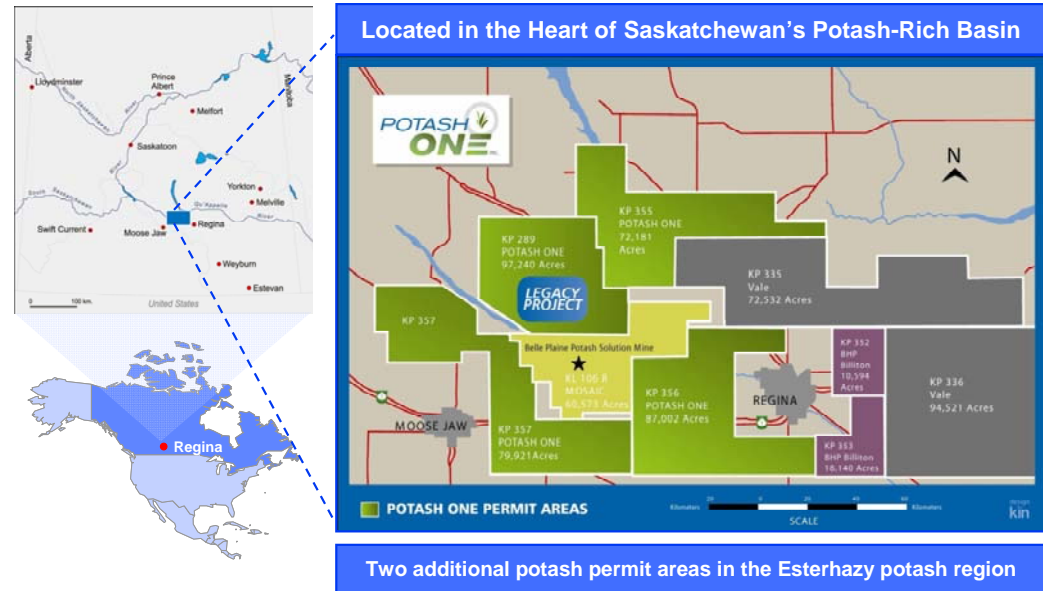
Effects/Assumptions on Group Level

- An USD exchange rate of 1.40 USD/EUR
- Significantly better financial result in comparison to the previous year
- A stable adjusted Group tax rate of 26% to 27%

K+S Group Legacy Project – Canada



- K+S Potash Canada holds several potash exploration licences in Saskatchewan/Canada incl. the Legacy Project (advanced greenfield project for solution mining)
- Given the available resources and environmental permit, the Legacy Project offers potential for gradually increasing output to significantly in excess of 2.7 million tonnes of KCl per year



Reserves and Resources – K+S Potash Canada

		million tonnes KCl	% KCl	% K ₂ O
Mineral Reserves (Proven and Probable Reserves) ^{1,2)}	Legacy Project area	135.8	28.9	18.3
Resources (Indicated and Inferred Resources) ¹⁾	Legacy Project area + KLSA 009	940	26.9	17.0

¹⁾ The reserves figures were determined by Agapito Associates Inc., Grand Junction, Colorado, in cooperation with North Rim Exploration Ltd., Saskatoon, Saskatchewan. The technical reports for the determination of reserves were created in accordance with the requirements of the Canadian standard NI 43-101 of the "Canadian Securities Regulators".

²⁾ After conversion of the exploration permit (KP 289) to a mine lease (KLSA 009) an additional 1,150 acres (approx. 4.7 km²) of land with extraction rights are available, which contain further reserves in the magnitude of 24.5 million tonnes of KCl product. An official update of the determination of reserves by the above-mentioned independent experts, including these additional volumes, is planned.



	Project	Status	Timeline
NITROGEN	Examination of a sale of COMPO	At the start of this year, contact was made with interested parties, which received a detailed information memorandum	Last bidding round will start soon, result should likely be forthcoming at the end of Q2/beginning of Q3/11
	Nitrogen Fertilizer Business Segment	On 1 March 2011, BASF announced the intention to sell major parts of its fertilizer production facilities; K+S has ruled out to buy the assets	Supply of K+S Nitrogen is not affected as existing contract with BASF is terminable no earlier than by 31 December 2014
POTASH	Legacy Project, Canada	Infrastructural work and preparations for first drillings have already started; Review of the optimisation approaches in the existing feasibility study ongoing	Results of review will likely be communicated in autumn
	Reactivation Siegfried-Giesen	Feasibility study currently in process	Technical results of study will be available in summer, evaluated afterwards and likely communicated in autumn
	Reactivation Rossleben	Rossleben belongs to the German State, the sale of the mine is currently suspended	Negotiations likely to be resumed in summer 2011

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 the information available to us at this moment in time. Should the assumptions underlying these forecasts prove not to be correct or should certain risks – such as those referred to in the recent Risk Report – materialise, actual developments and events may deviate from current expectations. The Company assumes no obligation to update the statements contained in this presentation, save for the making of such disclosures as are required by the provisions of statute.

EXPERIENCE GROWTH

K+S Aktiengesellschaft

Bertha-von-Suttner-Straße 7
34131 Kassel | Germany
phone: +49 (0)561 / 9301-0
fax: +49 (0)561 / 9301-1753

Investor Relations

phone: +49 (0)561 / 9301-1100
fax: +49 (0)561 / 9301-2425
email: investor-relations@k-plus-s.com
Internet: www.k-plus-s.com



Experience growth