

EXPERIENCE GROWTH

**Unicredit
German Investment Conference**

**Norbert Steiner, CEO
Munich, 29 September 2011**



Experience growth.

A.

Opening Remarks

B.

Core Business Sectors:

Fertilizers

Salt

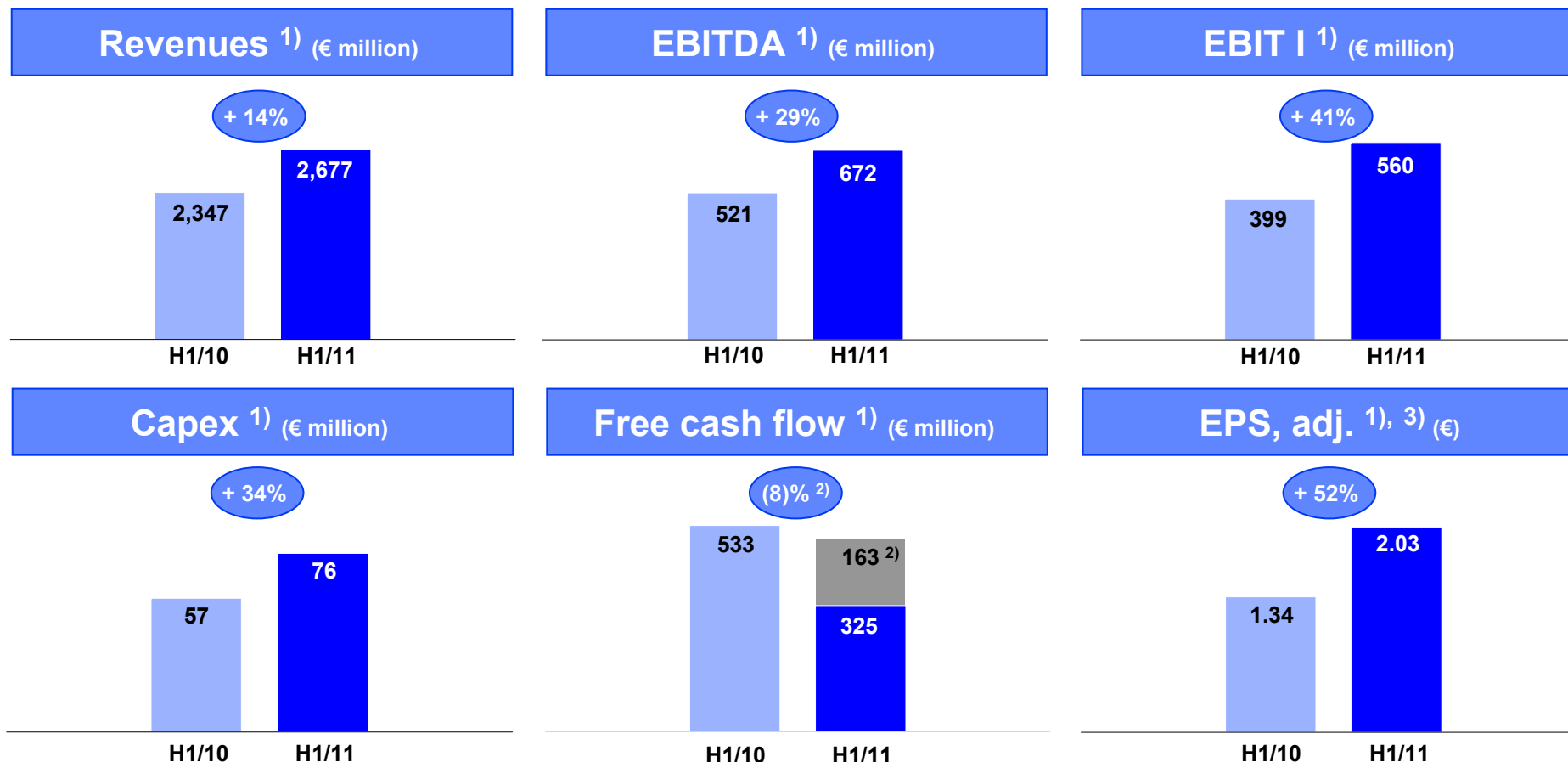
C.

Legacy Project / Final Remarks



K+S Group

Strong Performance in H1/11



- 1) Information refers to the continued operations of the K+S Group. Due to its sale, COMPO is in accordance with IFRS disclosed as “discontinued operations”. While the income statement and the cash flow statement of the previous year were restated, the balance sheet was not restated.
- 2) Free cash flow before acquisitions/divestments; adjusted for the out-financing of pension provisions in the amount of € 99.9 million (H1/10: € 2.4 million) as well as the purchase of securities and other financial investments in the amount of € 65.7 million in H1/11 (H1/10: € 0).
- 3) The adjusted key figures only include the result actually realised from 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 H1/11: 28.3% (H1/10: 27.9%).



Outlook for the entire year of K+S Group:

- Revenues:	€ 5.0 - 5.3 billion	(2010: € 4.63 bn)
- EBITDA:	€ 1,150 - 1,300 million	(2010: € 953.0 m)
- Operating earnings (EBIT I):	€ 950 - 1,050 million	(2010: € 714.5 m)
- Group earnings from continued operations, adj.:	€ 650 - 720 million	(2010: € 447.8 m)
- Earnings per share from continued operations, adj.:	€ 3.40 - 3.75	(2010: € 2.34)
- Earnings per share, adjusted ²⁾ :	€ 2.95 - 3.30	(2010: € 2.33)

Underlying assumptions

Fertilizers 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
- On the basis of the currently achieved potash price level, significant rise in FY average prices
- Moderate rise in total costs
- Continued attractive agricultural prices

Nitrogen Fertilizers

Strong increase in revenues and strong EBIT rise

- Revenue increase due to price factors
- Increase in operating earnings despite higher input costs
- 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 23 million t
- Operating earnings decrease moderately on the basis of a lower building-up of stocks
- Average de-icing salt business in Q4/11 assumed

Effects/Assumptions on Group Level

- An average US dollar exchange rate of 1.42 USD/EUR
- Significantly better financial result in comparison to 2010
- A stable adjusted Group tax rate of 26% to 27%

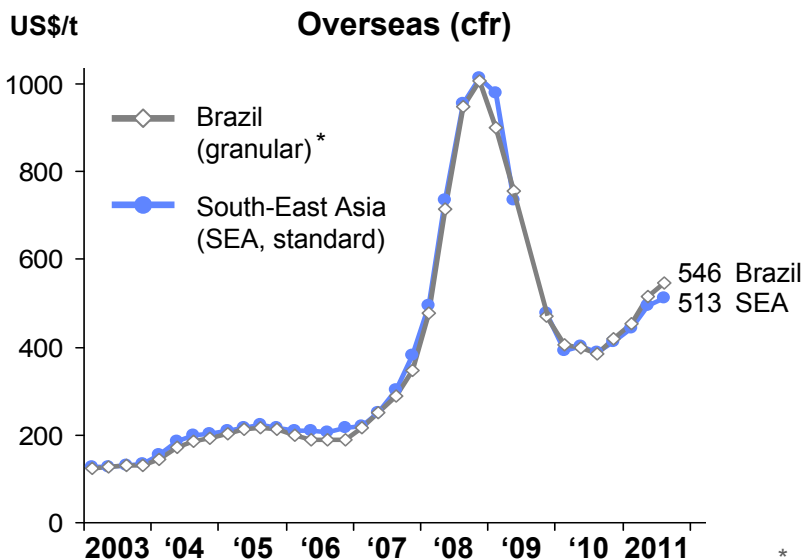
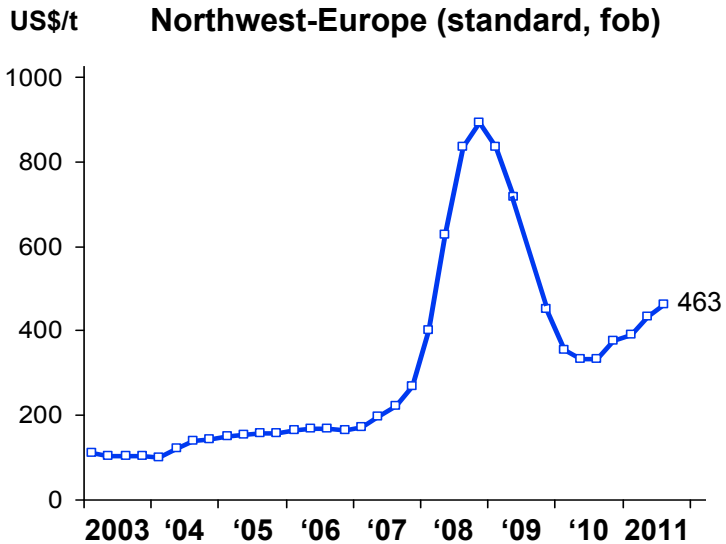
Earnings-based Dividend Policy

- Dividend payout ratio of between 40% and 50% of adj. earnings after taxes (including discontinued operations)

¹⁾ Unless stated otherwise, information refers to continued operations; Outlook statement as of 3 August 2011
 September 2011 ²⁾ Earnings from continued and discontinued operations

Potash and Magnesium Products

MOP Price Development



End of May 2011:

BPC announced the price of granulated MOP at US\$ 550/t in Brazil; an increase of US\$ 30/t.

End of June 2011:

Contracts with Chinese importers and BPC/Canpotex fixed at US\$ 470/t for standard MOP; an increase of US\$ 70/t.

Beginning of August 2011:

Contracts with Indian importers and BPC fixed at US\$ 490/t until the end of Q1/12 and Canpotex fixed at US\$ 470/t for Q4/11 and US\$ 530/t for Q1/12 for the delivery of standard MOP (former contract US\$ 370/t)

Mid August 2011:

BPC announced the price of standard MOP at US\$ 535/t in Asia; an increase of US\$ 35/t.

Mid September 2011:

K+S announced the price for granulated MOP at € 375/t in Europe; an increase of € 12/t.

* Until end of September 2010 MOP standard
Source: FMB; as of 15 September 2011

A.

Opening Remarks

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Core Business Sectors:

Fertilizers

Salt

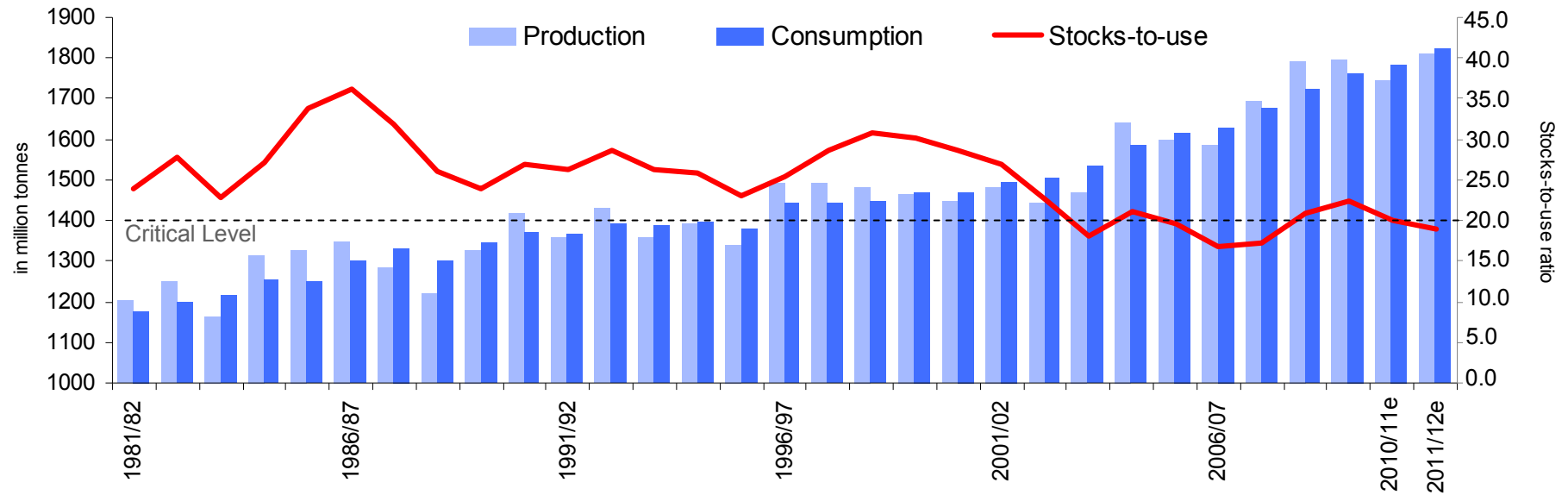
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Legacy Project / Final Remarks





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



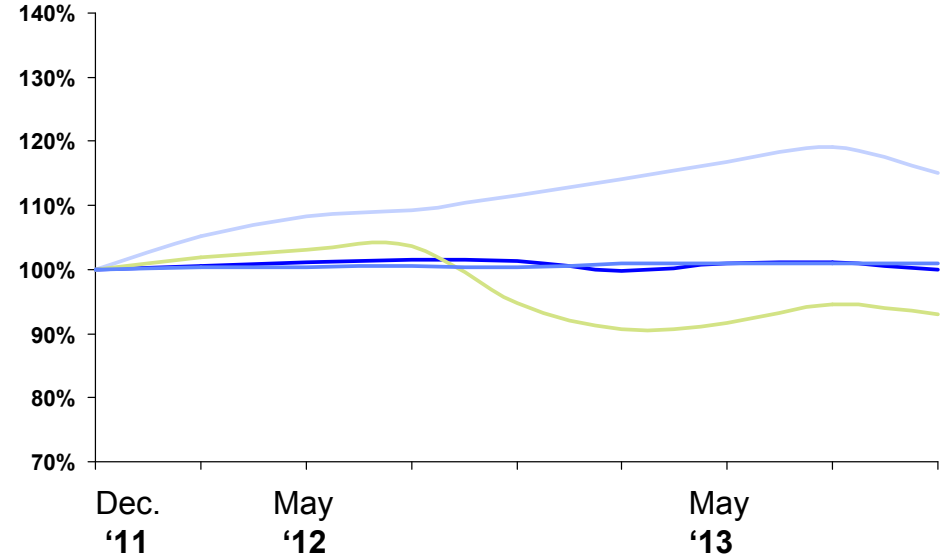
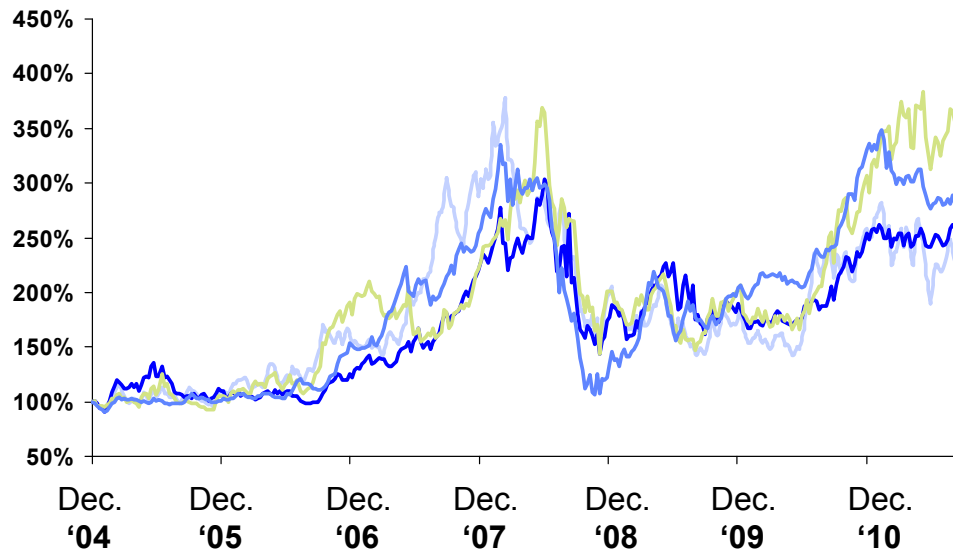
Source: USDA; as of 12 September 2011

- 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 USDA expects a record production level for the agricultural year 2011/12, the stocks-to-use ratio declines further



Prices for Agricultural Products – spot

Prices for Agricultural Products – future



— Wheat — Soybeans — Corn — Palmoil

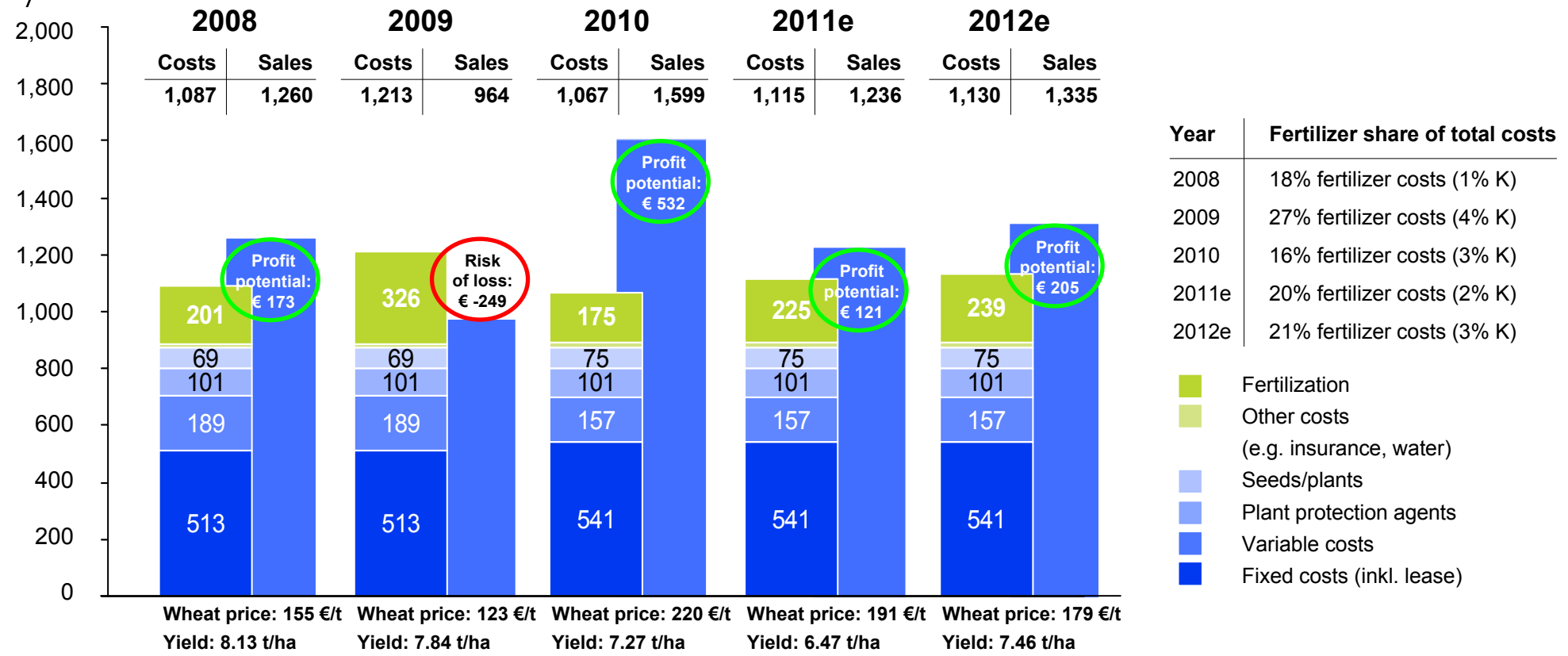
- Strong increase in prices for agricultural products since the middle of 2010

- Future prices of agricultural products show that capital markets expect the current high price level to be rather sustainable for the next two years

Source: Bloomberg; as of 22 September 2011

Potash and Magnesium Products

Profitability of Winter Wheat in Europe



▶ The current future curve of the wheat price should enable the farmer to realize a profit potential of € 205 per hectare (excl. subsidies) in 2012e. This is an attractive level compared to the last years; the application of fertilizers is profitable.

Assumptions: without agricultural subsidies, incl. interest expenses for pre-financing costs, 100% use of mineral fertilizers (no organic fertilizing), straw stays in the field (straw fertilizing); fertilizer use for 8 t/ha yield: 80 kg/ha MOP, 536 kg/ha KAS and 139 kg/ha TSP; for lower yields, lower fertilizer requirement adjusted accordingly; Sources: costs (20 ha) according to Kuratorium für Technik und Bauwesen in der Landwirtschaft e. V. (KTBL) for winter wheat – bread quality, rotating crop growing system; yield according to statistical year book for food nutrition, agriculture and forestry 2010, 2011e: Deutscher Bauernverband, 2012e: 10-year average; nutrient extractions according to Guidelines for Fertilizer Use in Germany; fertilizer prices taken from LAND & Forst at the point of the upcoming fertilization (general fertilization with potash and phosphate in September; nitrogen fertilization in September, February, April and June); wheat price (bread quality B) according to LAND & Forst (average delivery from the yard from July to February), 2011e and 2012e Euronext price less transportation cost assumption.

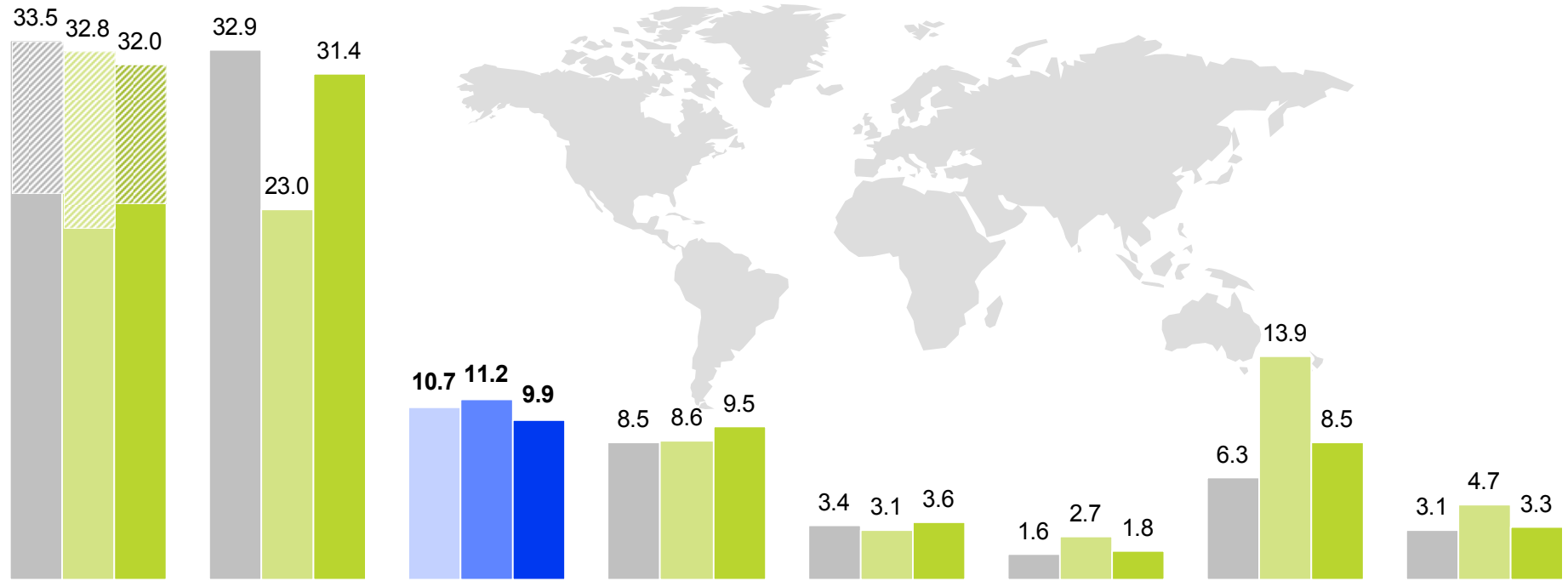
Potash and Magnesium Products

Supplier Structure on the World Potash Market



Figures in %

2008 2009 2010 (prel.)



BPC

- Belarus-kali
- Uralkali/Silvinit

Canpotex

- Potash Corp
- Mosaic
- Agrium

K+S



ICL

- DSW
 - CPL
 - Iberpotash
- participation of Potash Corp. in ICL

APC

participation of Potash Corp.

SQM

participation of Potash Corp.

China

• more than 20 producers

Others

- Intrepid
- Vale
- Compass

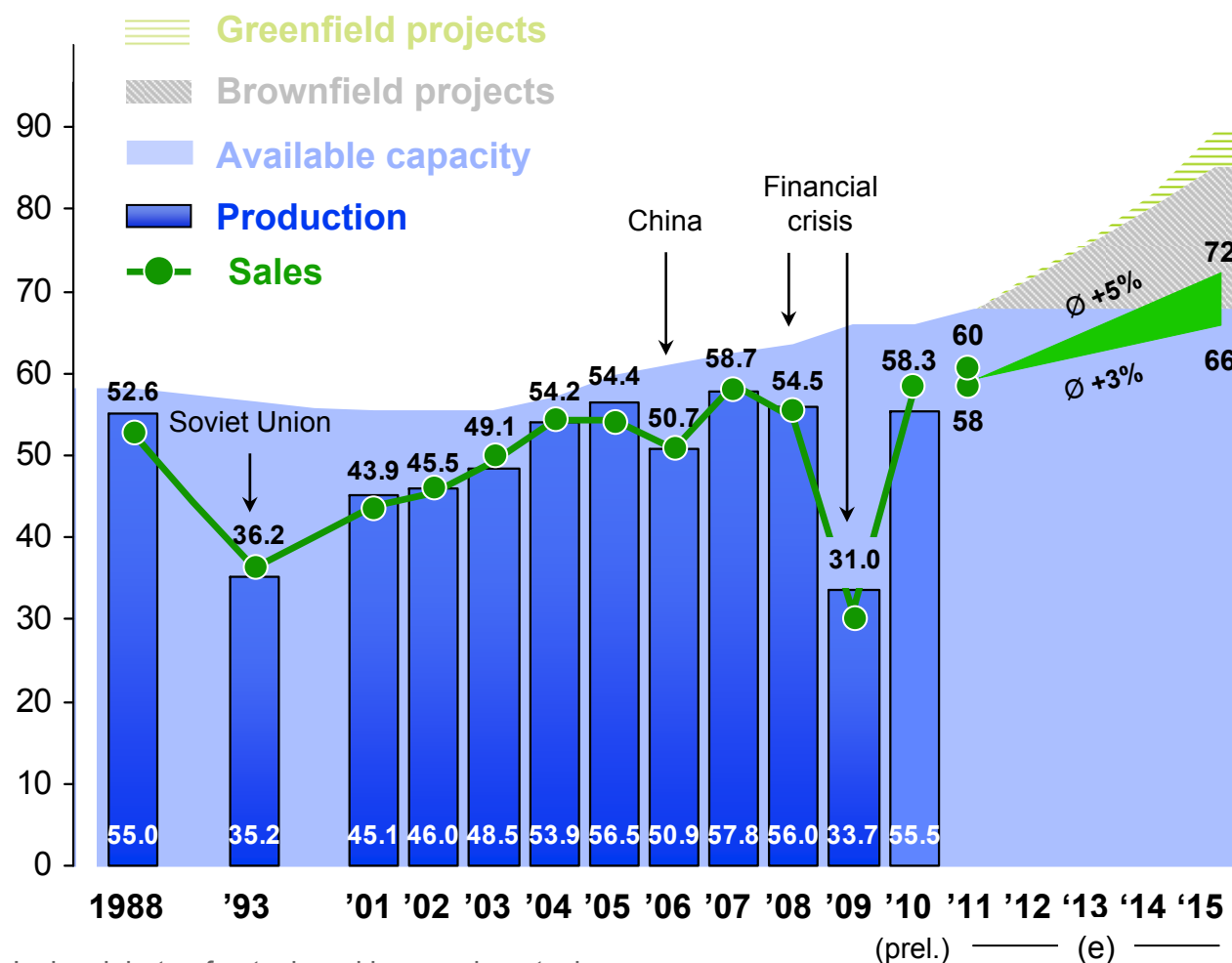
Sales volumes in metric tonnes
Sources: IFA, K+S

Potash and Magnesium Products

World Potash Capacity, Production and Sales



Million tonnes



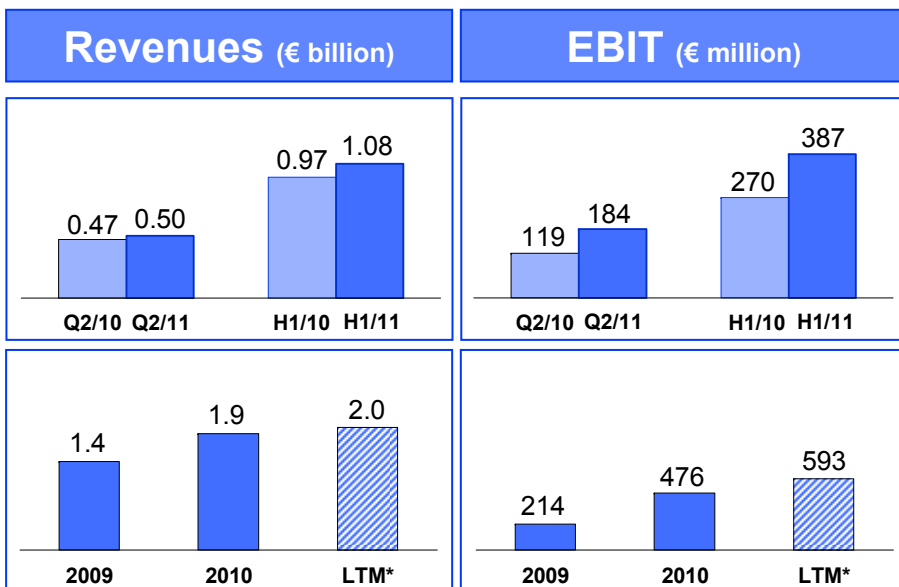
- As of 2011, long-term growth rates expected to range between 3 and 5% p.a.
- Based on IFA data and “announced” capacity expansions, utilisation rates are estimated to slightly decrease.
- As the future world potash supply increasingly depends on the realisation of capital-intensive greenfield projects, the connected and elevated risk of project delays reduces the forecast quality.

Incl. sulphate of potash and low-grade potash
 Capacity development 2010-2015 based on IFA supply capability data.

Sources: IFA, K+S

September 2011

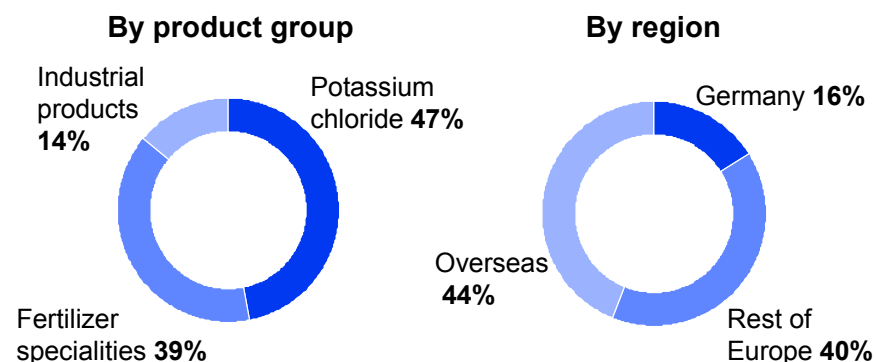
K+S Group Potash and Magnesium Products



Highlights H1/11

- Strong demand for potash and magnesium fertilizers
- Sales volumes in the first half 2011 with 3.67 million tonnes at about the same level of the previous year (H1/10: 3.71 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

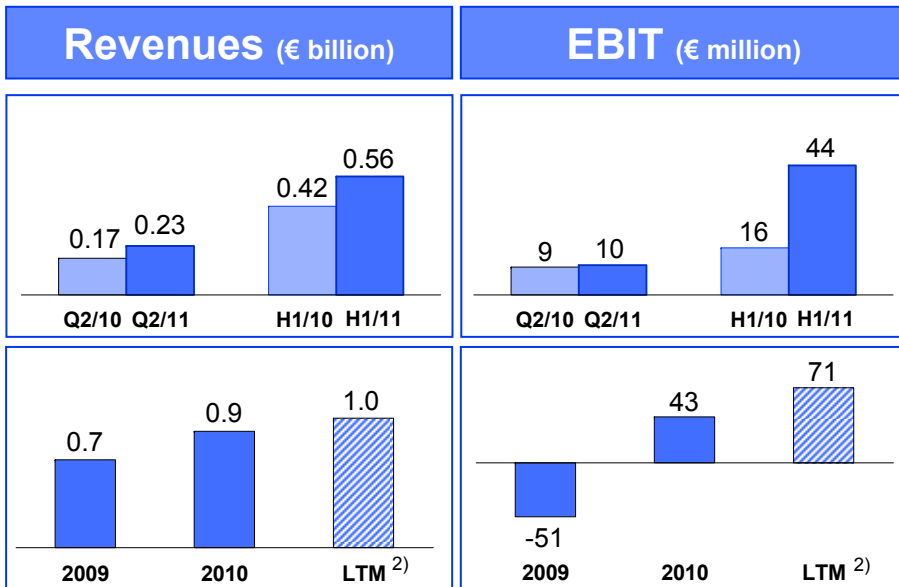
Revenue split 2010



Outlook 2011

- Sales volume forecast of 7.0 million tonnes (2010: 7.06 million tonnes)
- Significantly higher average price level expected compared to the previous year
- Significant increase in revenues should more than make up for expected rise in costs => strong earnings growth

K+S Group Nitrogen Fertilizers¹⁾

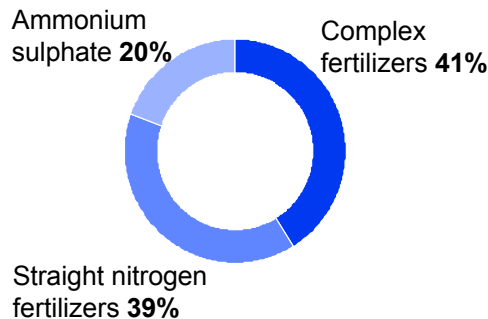


Highlights H1/11

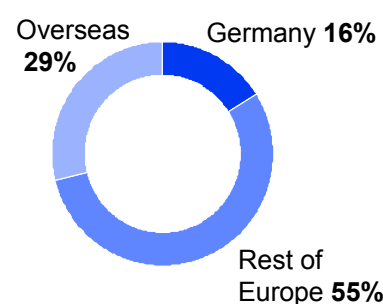
- The positive demand trend for nitrogen fertilizers was accompanied by a significant increase in prices
- European production facilities for nitrogen fertilizers were operating with a very high level of utilisation in the first half of the year
- The significantly higher revenues due to price factors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

Revenue split 2010

By product group



By region



Outlook 2011

- Significant, price-related, increase in revenues expected
- A high level of capacity utilisation and attractive price prospects should, despite increasing input costs, facilitate a strong increase in operating earnings year on year

¹⁾ Information refers to the continued operations of the K+S Group
September 2011 ²⁾ LTM=Last twelve months as of 30 June 2011

A. Opening Remarks

B. Core Business Sectors:

Fertilizers

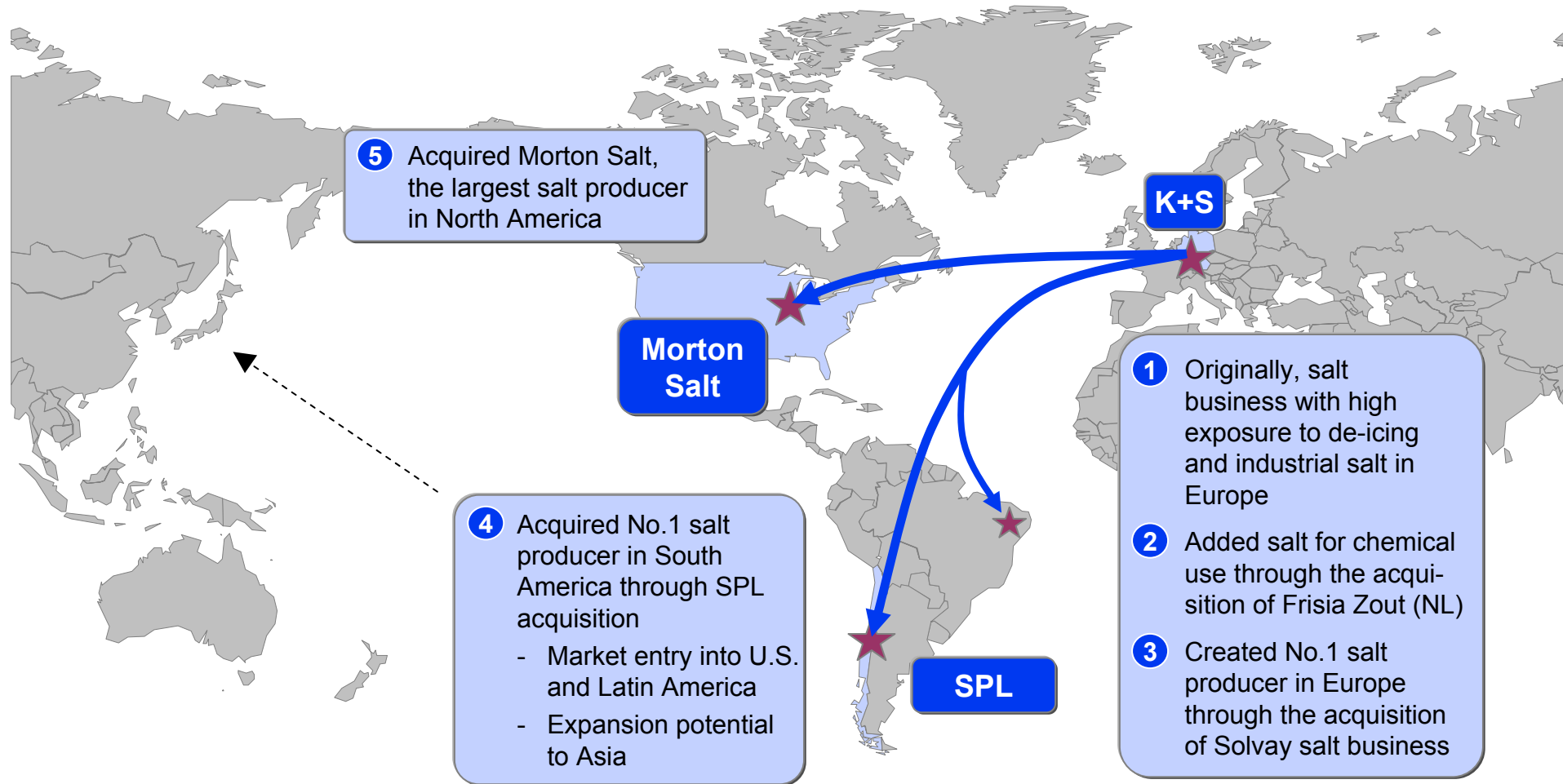
Salt

C. Legacy Project / Final Remarks



Salt

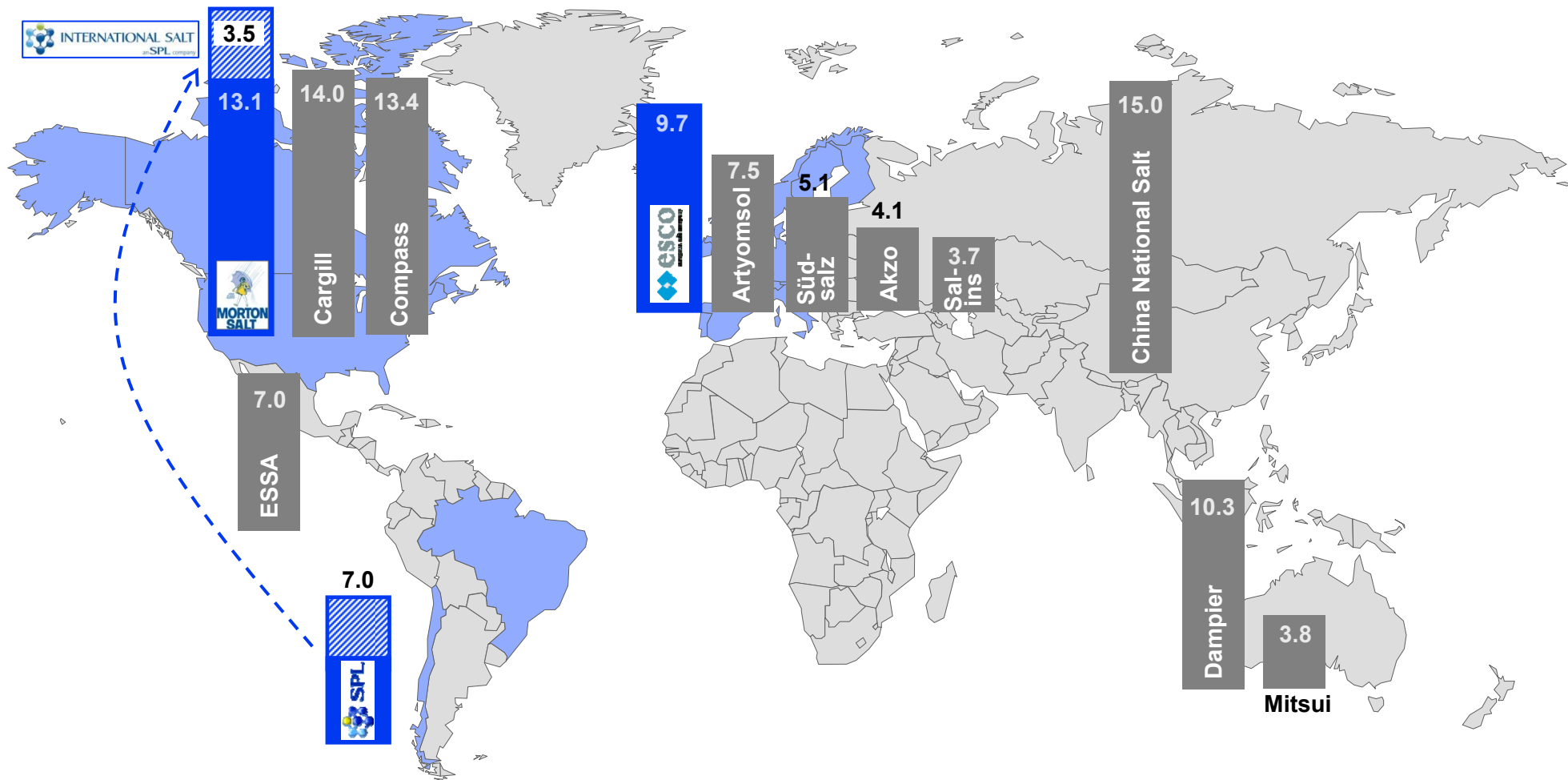
Executing Our Salt Strategy



Salt Main Salt Suppliers Worldwide



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



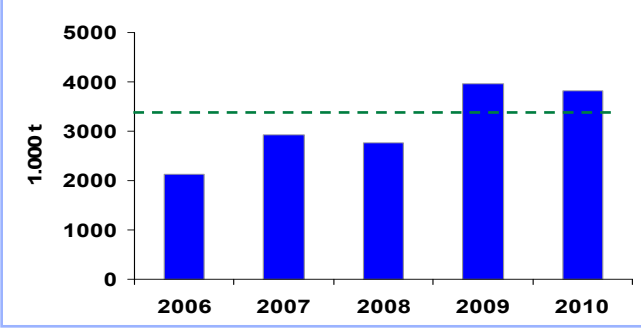
Sources: Roskill 2011, K+S

September 2011

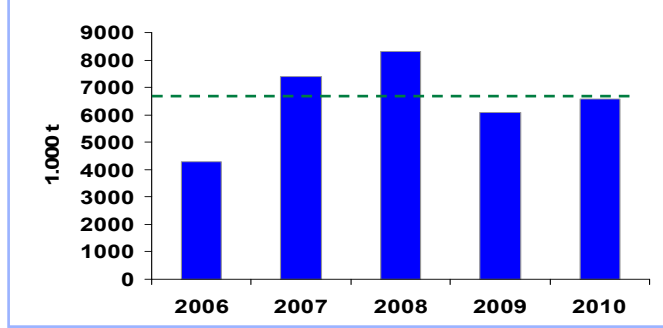
Salt Mitigation of Volatility in De-icing Business



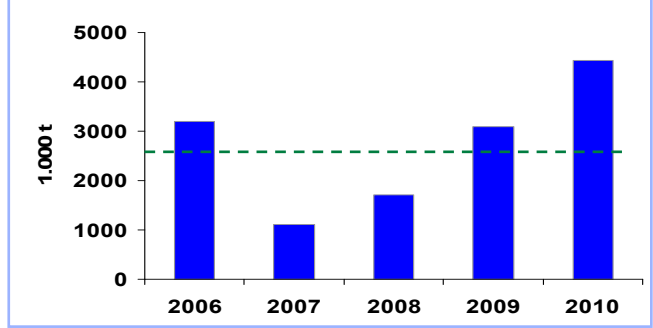
Sales Volume De-icing Salt ISCO*:



Sales Volume De-icing Salt Morton*:

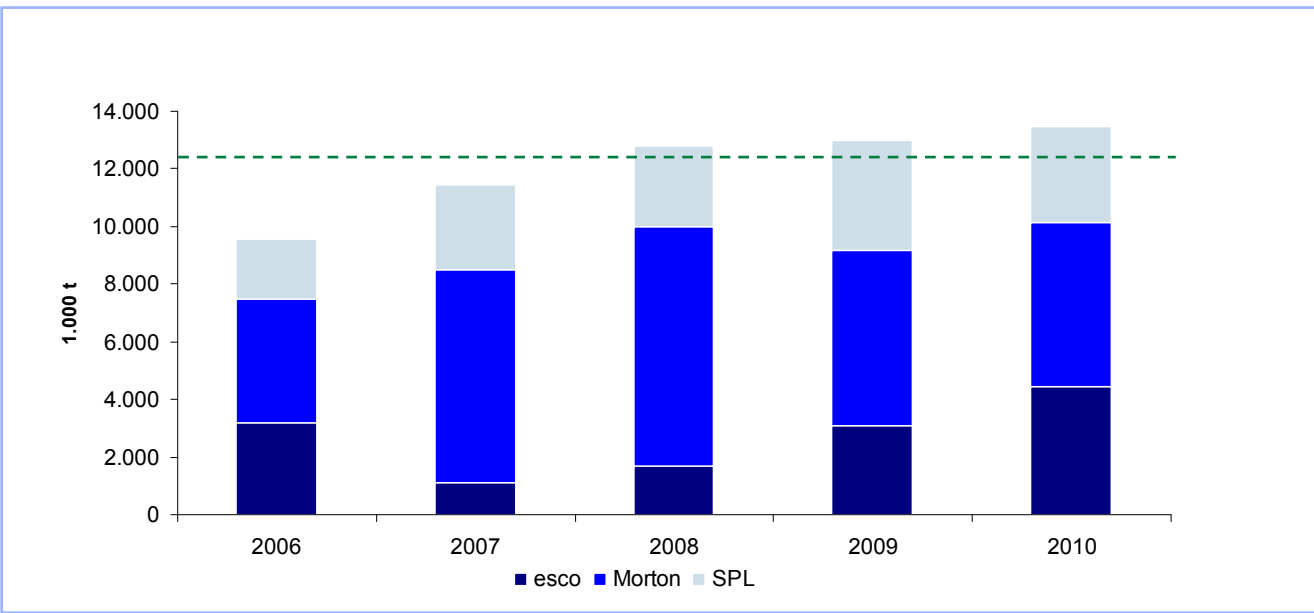


Sales Volume De-icing Salt esco*:



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

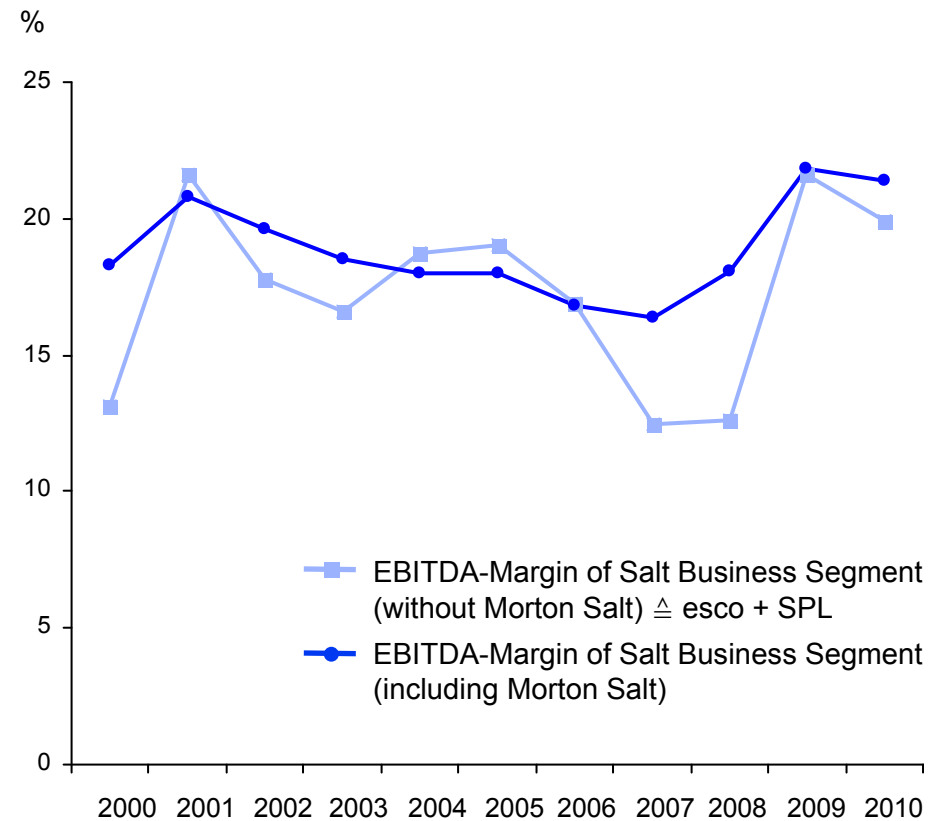
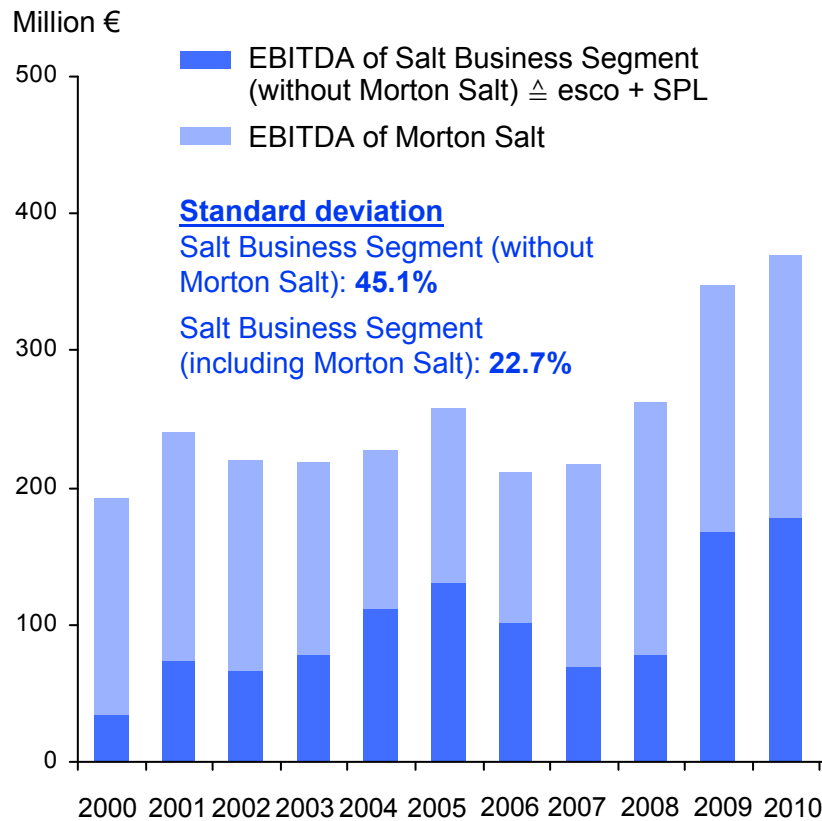
* before consolidation of intersegment sales volumes



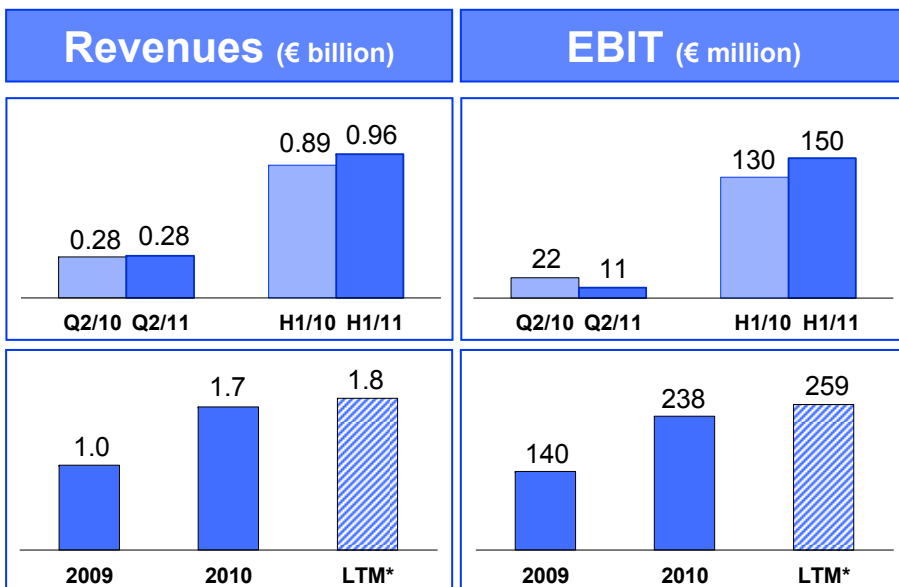
- ➔ The worldwide de-icing salt market exhibits varying volatility
- ➔ Access to the largest de-icing world markets mitigates the overall degree of fluctuation in the de-icing salt business
- ➔ Unique, interregional production network (including access to salt production from potash facilities) allows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

Salt

Morton Salt Reduces Earnings Volatility



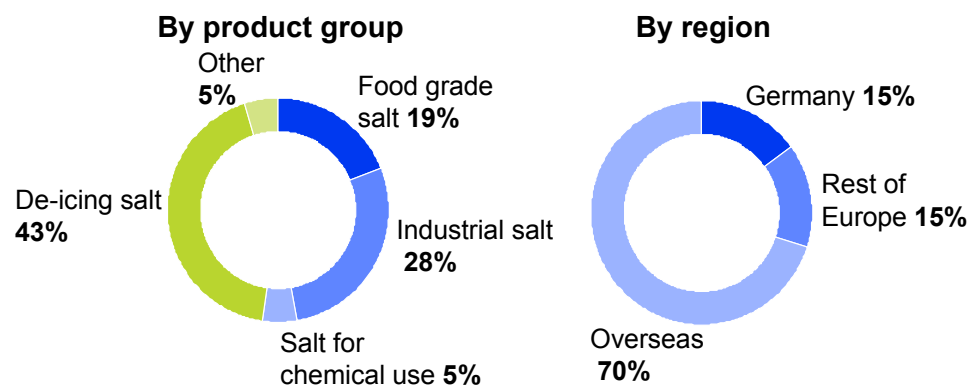
- With the acquisition of Morton Salt, standard deviation of EBITDA more than halved to a good 20%
- In addition, Morton Salt reduces volatility in EBITDA margins significantly
- Furthermore, the level of EBITDA margin is also positively impacted by the acquisition of Morton Salt



Highlights H1/11

- **Europe:** Above-average demand for de-icing salt, although this was significantly below the record level seen in the previous year, led to a tangible increase in the price level.
- **North-America:** Above-average demand for de-icing at the East coast and average demand in Canada. Overall stable price level in the first half year.

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 2011.
- Sales volume forecast of about 23 million tonnes of crystallised salt (2010: 22.5 million tonnes).
- Operating earnings should decline moderately on the basis of a lower building-up of stocks.

* LTM=Last twelve months as of 30 June 2011; including above average de-icing salt business in Q4/10
September 2011

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Salt

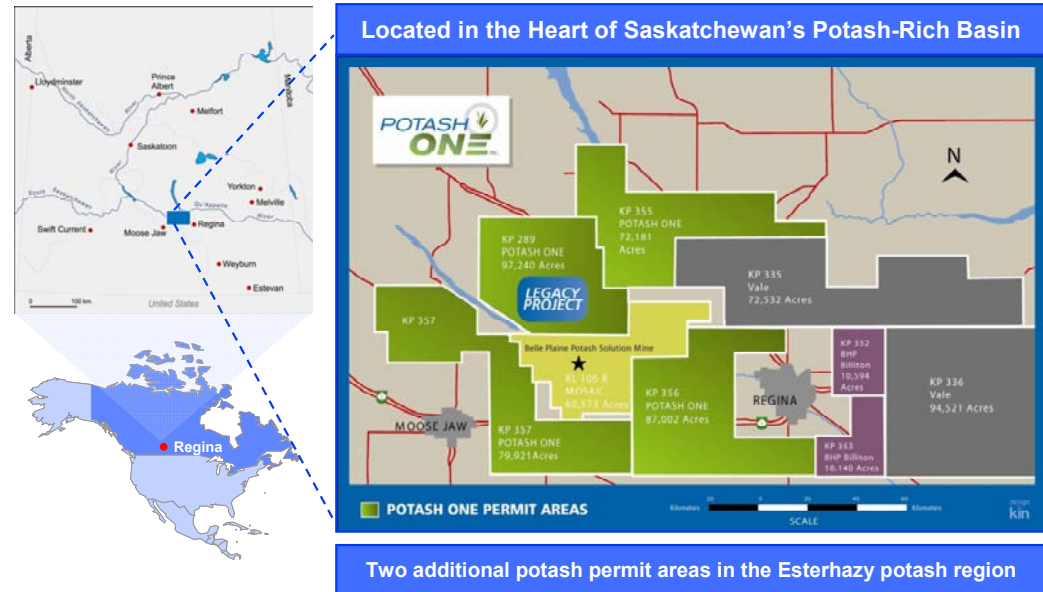
C. Legacy Project / Final Remarks



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.

Core Business Sector Fertilizers

Progress Legacy Project



- With Potash One, we primarily bought a very attractive potash deposit and a third-party, ready-made feasibility study.
- The project size requires us to review and customise the feasibility study of Potash One in detail.
- Results will be communicated in autumn/winter. Aspects like product mix, energy concept, ramp-up curve as well as a global procurement process require a thorough analysis.
- We envisage first production volumes from 2015 onwards.
- In 2011, we assume to spend +/- € 50 million*, mainly for the following measures: water connection, site preparation, roads, drilling preparations and first drillings

* exact distribution of disbursements between capex and opex under evaluation

K+S Group

Crisis? 2011 ≠ 2008



- It can not be ruled out that the debt crisis in Europe and the US could spread to the real economy („self-fulfilling prophecy“)

But: The situation in our business is different in 2011 compared to 2008

- No speculative exaggeration in agricultural commodities
- No speculatively driven early stocking-up of fertilizers by the trade sector in expectation of higher prices
- The price level for fertilizers is lower and the relation of the nutrients with each other is balanced
- Despite regionally reduced yields, earnings of the farmers are at a very good level compared to the last years
- The structural challenge of a constantly rising demand for agricultural products, when arable farm land is limited and marginal yields decrease, supports future crop prices and therefore farmers' income perspectives in the medium to long run.
- Compared to the fertilizer segment, the salt segment is today less cyclical than 2008, regionally broader positioned and thus less prone to weather conditions.

→ Irrespective the current debt crisis, our business perspectives are unalteredly advantageous

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

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