

EXPERIENCE GROWTH



Experience growth.

Analysts' Conference 2011

10 March 2011, Frankfurt am Main

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A.	Highlights 2010
B.	Core Business Sector Salt
C.	Core Business Sector Fertilizer
D.	Financial data
E.	Outlook



K+S Group

Back on Growth Course in 2010



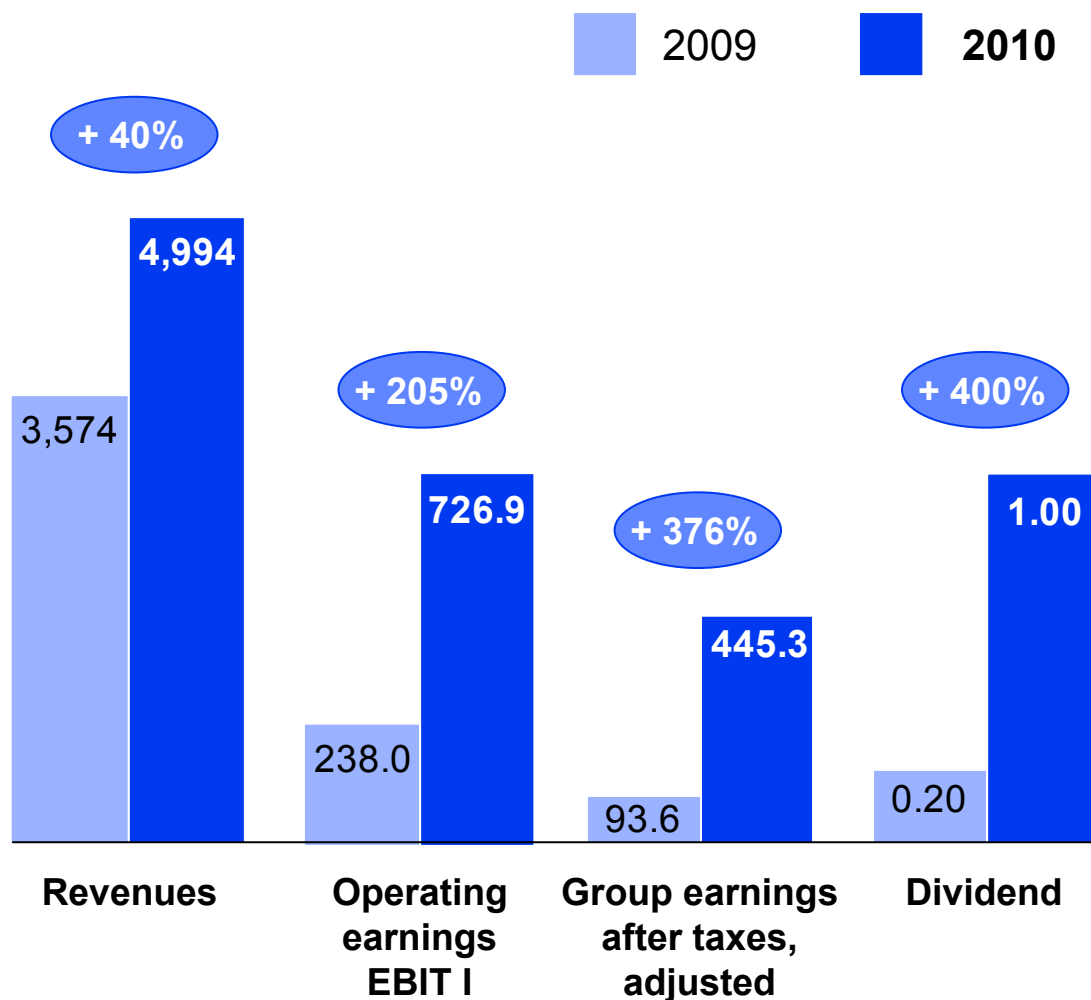
- **Catch-up effects and normalisation on global fertilizer markets**
 - Significantly stronger demand
 - High utilisation of production capacity
- **Strong salt business**
 - Very high de-icing salt sales volumes in Europe
 - First-time inclusion of Morton Salt for the whole year
- **Acquisition of Potash One decisive strategic step for developing new potash capacities**

2010 Figures

Significant Increase in Revenues and Earnings



€ million

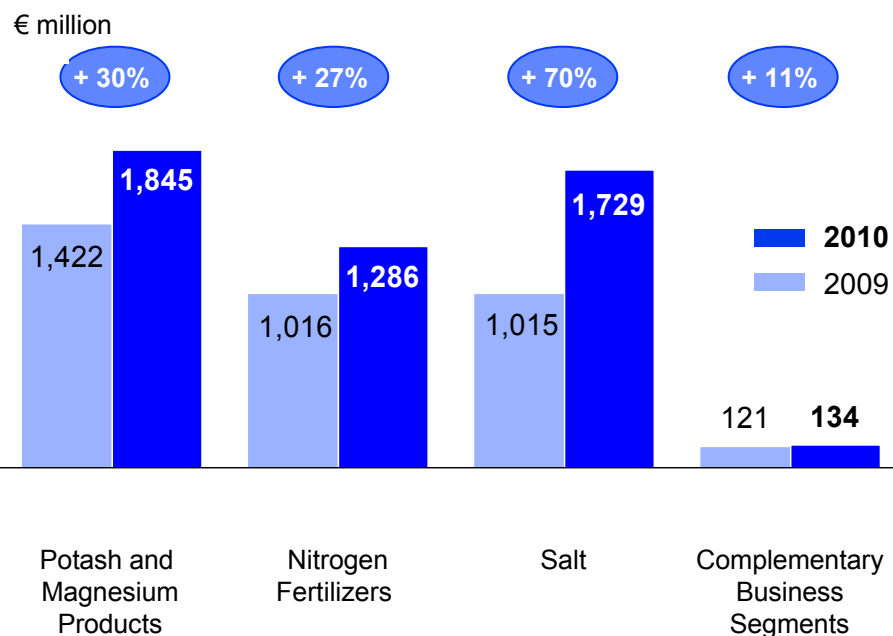


- Strong volume effect in the Potash/Magnesium and Nitrogen Fertilizers business segments
- Significant consolidation effect in the Salt business segment from the first-time inclusion of Morton Salt for the whole year
- Increase of dividend to € 1.00 per share proposed



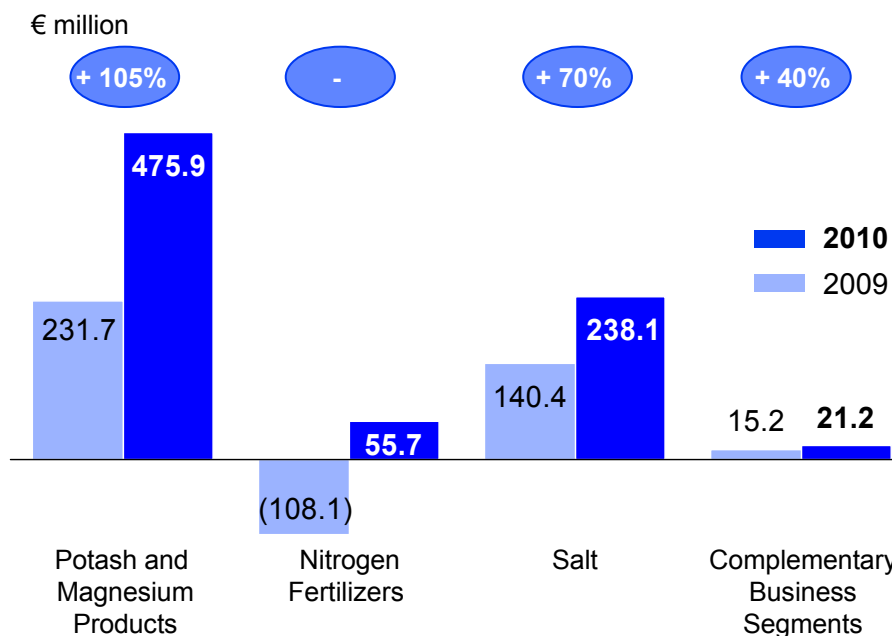
Revenues

- Acquisition of Morton Salt contributed to a more balanced revenue distribution
 - between Potash/Magnesium Products and Salt business segments
 - between Europe and overseas



Operating earnings EBIT I

- Strong improvement in operating earnings in all business segments
- Second-best result for the Potash and Magnesium Products business segment; best result for Salt business segment

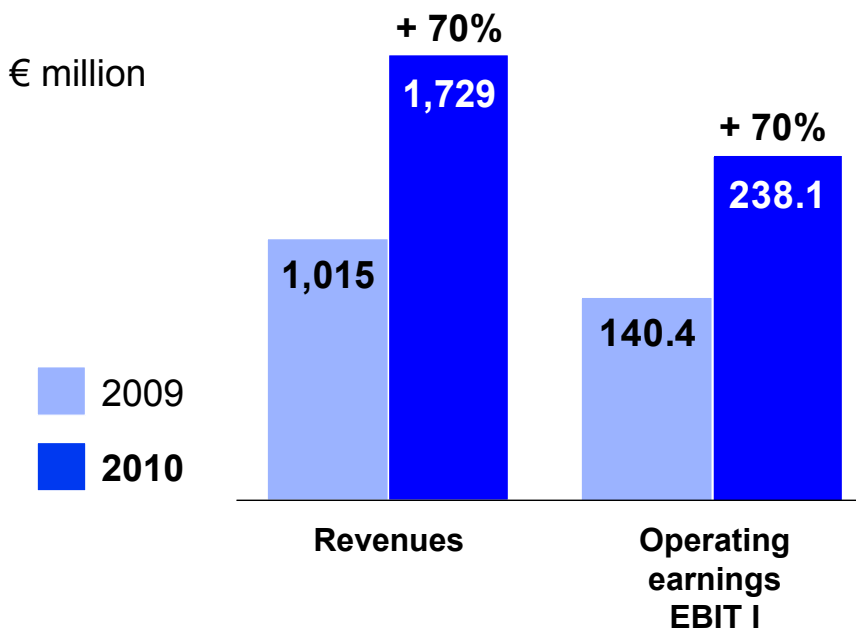
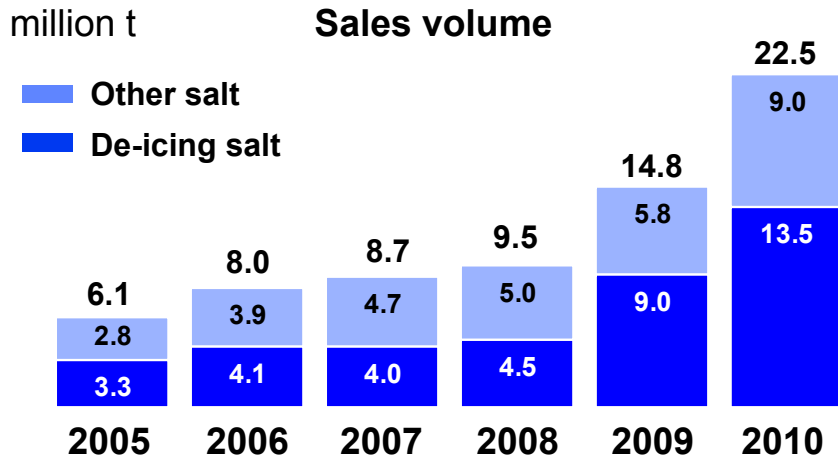


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Salt

Strong De-icing Business Overall



- Exceptional winter and strong early stocking-up business in Europe
- Normalised demand for salt for chemical use because of economic recovery in Europe
- Slightly below-average winter in North America
- At start of year 2010 regionally high stocks on the US east coast
- With € 101.8 million, Morton Salt contributes almost half of Salt earnings

Salt Unique Global Network



SPL Port, Patillos, Chile

- With esco, SPL, ISCO and Morton Salt, excellent international positioning
 - Regional balance of business
 - Flexible response possibilities for spikes in demand
- In extreme winter 2010/11, esco was able, with deliveries from Chile, North America and the Potash and Magnesium Products business segment, to maintain its delivery capacity
- ➔ **K+S is not only the largest, but also the most broadly positioned salt producer in the world**

Salt

Volumes and Average Prices 2010



	Quarter on Quarter			Year on Year		
	Q4/10	Q4/09	%	2010	2009	%
Volume (million tonnes)	7.20	6.37	+ 13.0	22.53	14.81	+ 52.1
- De-icing salt	4.85	4.11	+ 18.0	13.49	8.96	+ 50.6
- Non De-icing Salt	2.35	2.26	+ 4.0	9.04	5.85	+ 54.5
Average price (€ per tonne)						
- De-icing salt	57.3	53.1	+ 7.9	54.8	55.5	(1.3)
- Non De-icing Salt	96.8	93.6	+ 3.4	100.1	77.5	+ 29.1

- Q-o-Q: Q4/10 de-icing salt volumes and prices were higher than in Q4/09, mainly due to exceptionally good business with de-icing salt in Europe. Q4/10 non de-icing pricing was higher due to exchange rate effect and positive product mix effect.
- Y-o-Y: Volumes in the salt business increased significantly due to the consolidation of Morton Salt for the full year 2010. Salt prices were higher for the non-deicing salt products due to positive product mix effects within the business segment along with the full year effect of Morton. In addition, the USD/EUR exchange rate had a positive effect.

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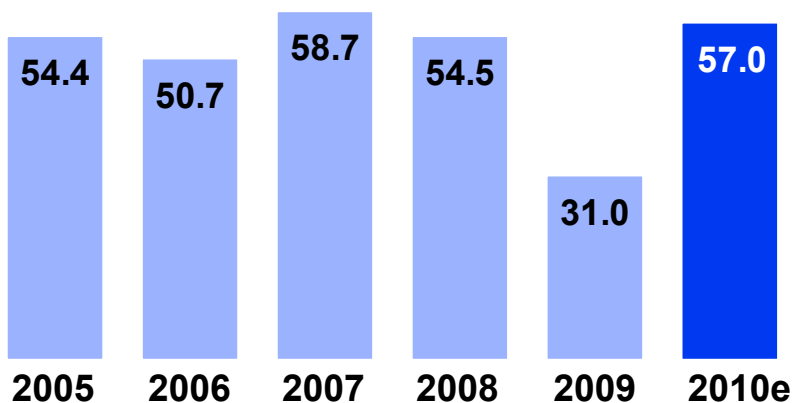


Global Potash Market

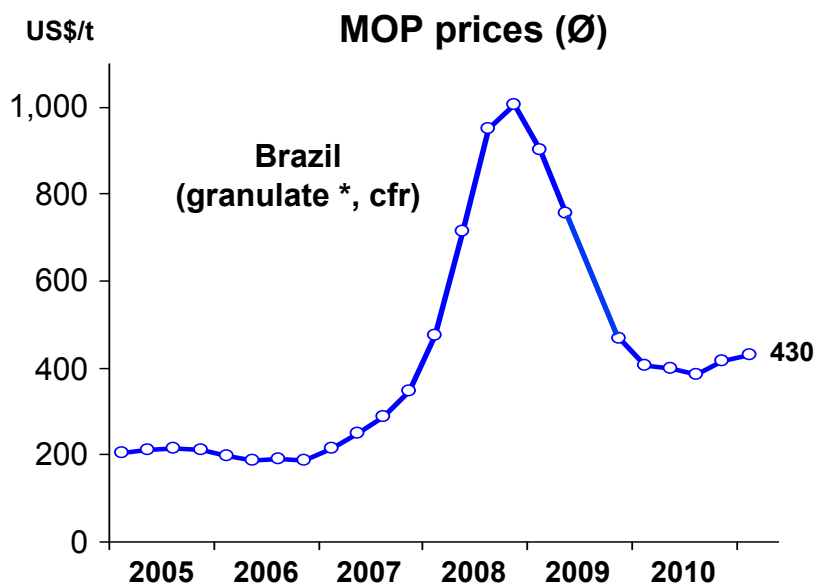
Demand Almost on Pre-crisis Level



million. t Global potash sales volume



Sources: IFA, K+S



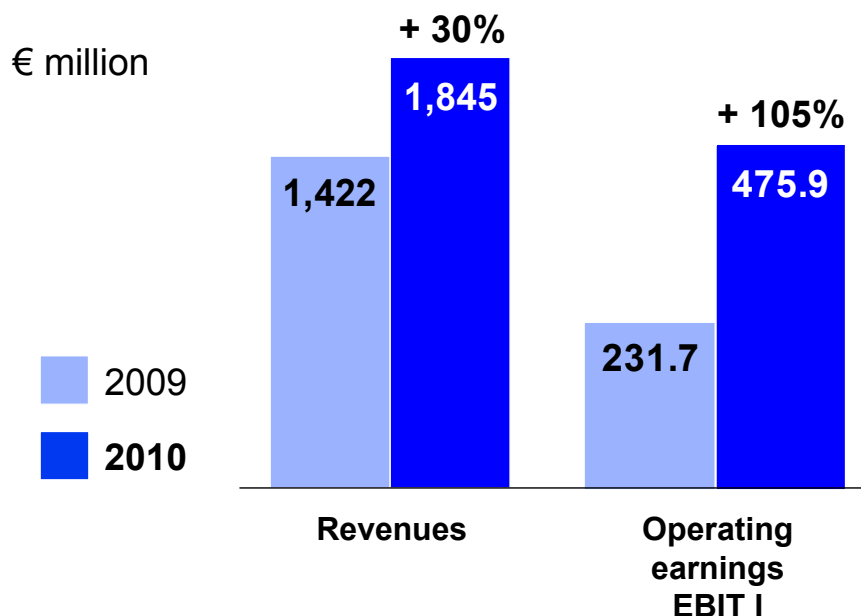
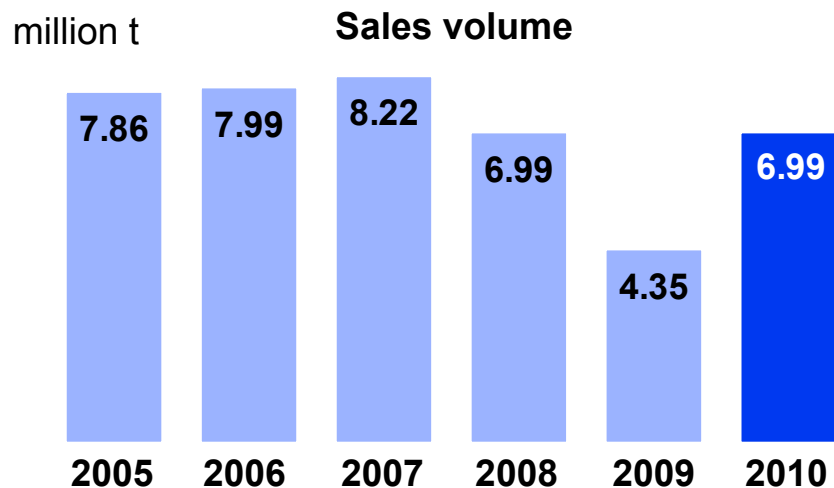
* Until end of September 2010 MOP standard; Source: FMB

10 March 2011

- Markedly better income situation in agriculture and return to normal fertilizer consumption
 - Compared with crisis year 2009, surge in potash demand
 - Significantly declining stocks and renewed high capacity utilisation at most potash producers
- ➔ **Price declines have bottomed out – moderate price increases in 2010**

Potash and Magnesium Products

Strong Rise in Sales Volumes and Earnings



- K+S increases potash sales volumes by more than 60 %
 - Sales volumes double in Europe
 - Significant increases overseas
- Production capacity practically fully utilised again
- ➔ **Operating earnings more than double, despite lower average prices**

Potash and Magnesium Products

Volumes and Average Prices 2010



	Quarter on Quarter			Year on Year		
	Q4/10	Q4/09	%	2010	2009	%
Volume (million t)	1.74	1.29	+ 34.9	6.99	4.35	+ 60.7
- Europe	0.94	0.60	+ 56.7	3.92	1.88	+ 108.9
- Overseas	0.80	0.69	+ 15.9	3.07	2.47	+ 24.3
Average price (€ per t)	266.6	280.1	(4.8)	264.1	327.1	(19.3)
- Europe (€ per t)	263.5	266,4	(1.1)	261.1	332.3	(21.4)
- Overseas (US\$ per t)	367.0	431.2	(14.9)	354.1	452.0	(21.7)

- Q-o-Q: European demand normalised. In Europe, slightly decreasing average price level due to negative product mix effects. Lower overseas average price because of higher MOP price level in Q4/09 compared to Q4/10, intensified by negative product mix effects.
- Y-o-Y: Strong increase in volumes sold; especially in Europe, as sales volumes in 2009 had dropped more drastically in Europe than in overseas markets. Average prices decreased to the same extend in Europe and Overseas on lower MOP prices compared to the previous year.

Potash and Magnesium Products

Development of Selected Cost Items



Selected Cost Items (€ million)	2007	2008	2009	2010	CAGR 07-10	2011e
Energy	141	186	144	172	+ 7%	++
Depreciation	80	85	88	89	+ 4%	+
Personnel	435	465	440	506	+ 5%	+
Material	210	265	183	229	+ 3%	o
Freight	250	227	155	264	+ 2%	+
Freight (€/t)	30	33	36	38	+ 8%	+
Sales Volumes (million t)	8.22	6.99	4.35	6.99		o
Total Unit Costs* (€)	149.6	170.8	273.6	195.8	+ 10%	+

- 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. 10% over the last three years
- Unit costs are expected to rise moderately in 2011; with the exception of energy costs, major costs items are expected to rise moderately while sales volumes are forecasted on a stable level.

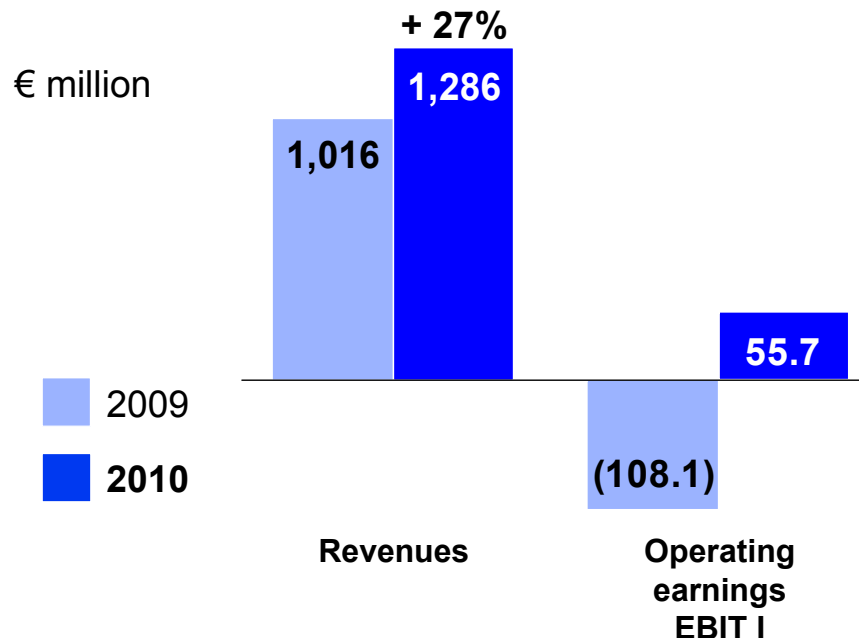
Nitrogen Fertilizers

Trend in Demand Remains Positive over 2010



- Sales volumes and prices increase
- Lower input costs for complex fertilizers
- Previous year was affected by negative one-off effects

➔ **K+S achieves earnings turnaround**



- Delivery arrangements with BASF remain unchanged despite its intended sale of fertilizer assets

- Review of sale of COMPO (announced June 2010); Decision in mid-2011



A.	Highlights 2010
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€ million	Q4/10	Q4/09	%	2010	2009	%
Revenues	1,340.5	1,061.3	+ 26.3	4,993.8	3,573.8	+ 39.7
Operating earnings (EBIT I)	195.2	36.5	+ 434.8	726.9	238.0	+ 205.4
Capital expenditure	93.8	63.5	+ 47.7	201.0	177.6	+ 13.2
Free Cashflow before acquisitions/divestments	50.9	149.2	(65.9)	667.3	365.8	+ 82.4
Earnings per share, adj. (€) ¹⁾	0.69	0.10	+ 590.0	2.33	0.56	+ 316.1

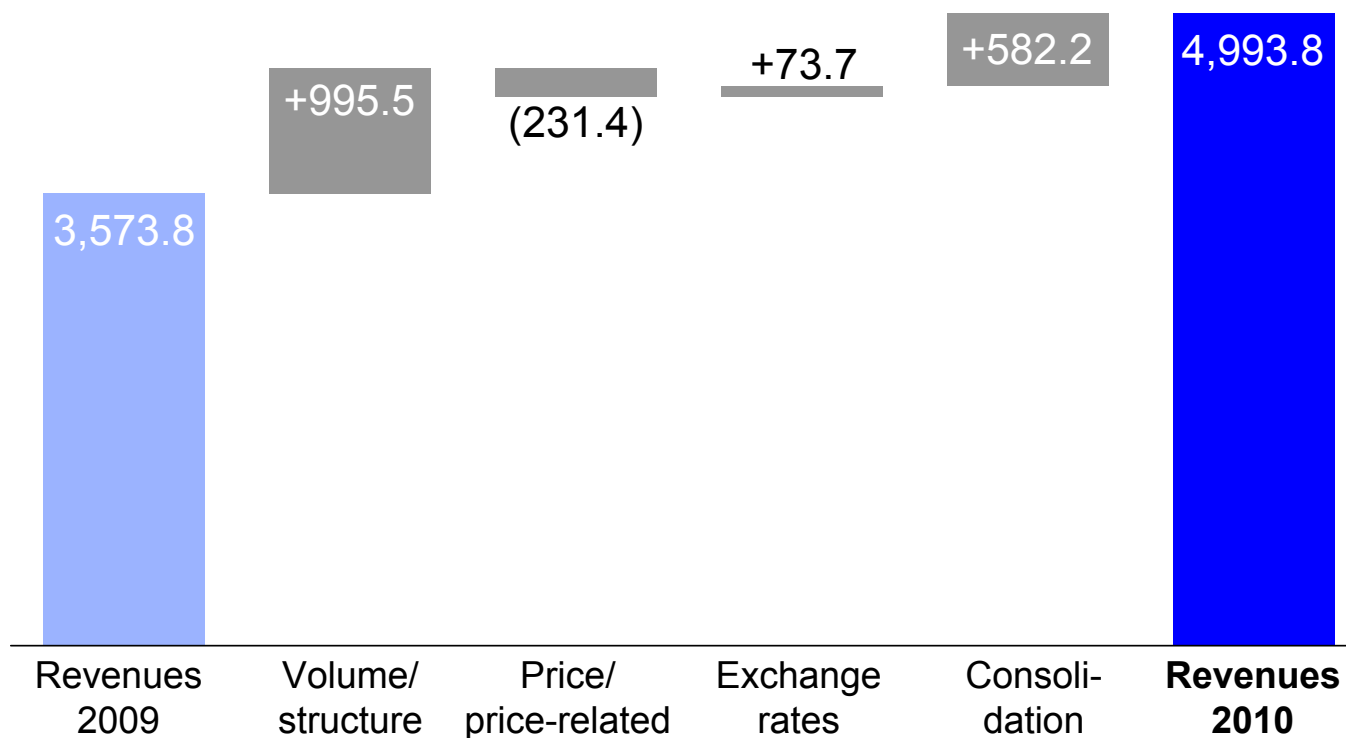
1) The adjusted key figures only contain the earnings actually realised on operating forecast hedges for the respective reporting period. The changes in the market value of operating forecast hedges still outstanding, however, are not taken into account. Any resulting effects on deferred and cash taxes are also eliminated; tax rate 2010: 28.2% (2009: 27.9%).

Changes in Revenues

Strong Increase in Revenues in 2010

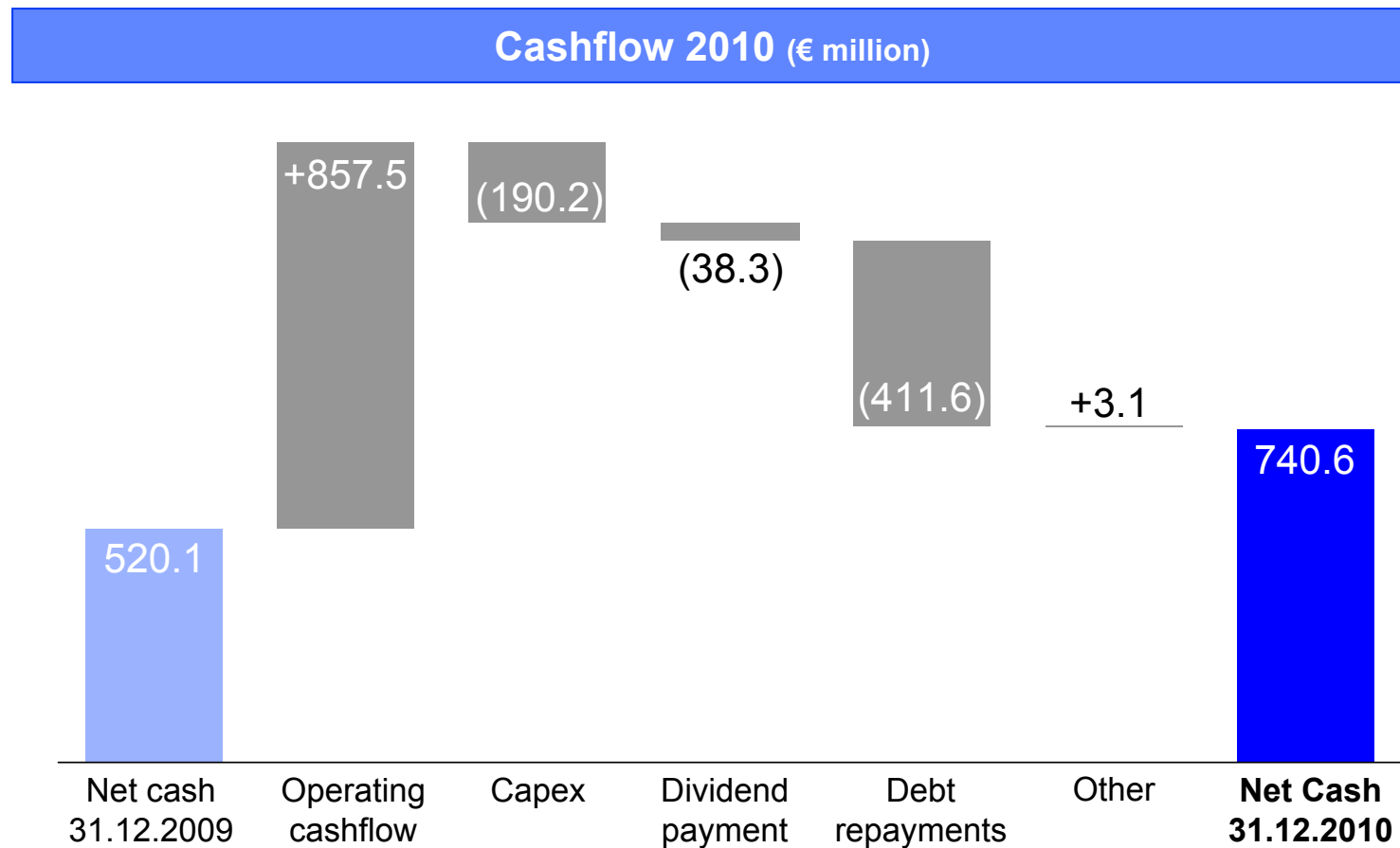


Changes in Revenues 2010 (€ million)



Development of Cashflow

Liquidity Situation Significantly Improved



Group Balance Sheet

Solid Balance Sheet Structure



€ million	2010	2009	
Intangible assets	999.7	932.4	
Property, plant and equipment	1,803.6	1,725.6	
Other	133.1	318.0	
Non-current assets	53%	2,936.4	2,976.0
Inventories	740.2	680.4	
Receivables	1,124.1	1,001.8	
Cash and cash equivalents	748.4	529.1	
Other	24.6	29.8	
Current assets	47%	2,637.3	2,241.1
Assets	5,573.7	5,217.1	

€ million	2010	2009	
Equity	48%	2,651.6	2,094.6
Financial liabilities	769.1	1,146.4	
Provisions	865.6	833.6	
Other	284.4	255.7	
Non-current debt	34%	1,919.1	2,235.7
Financial liabilities	17.5	120.5	
Other liabilities	597.9	424.3	
Other	387.6	342.0	
Current debt	18%	1,003.0	886.8
Equity and liabilities	5,573.7	5,217.1	

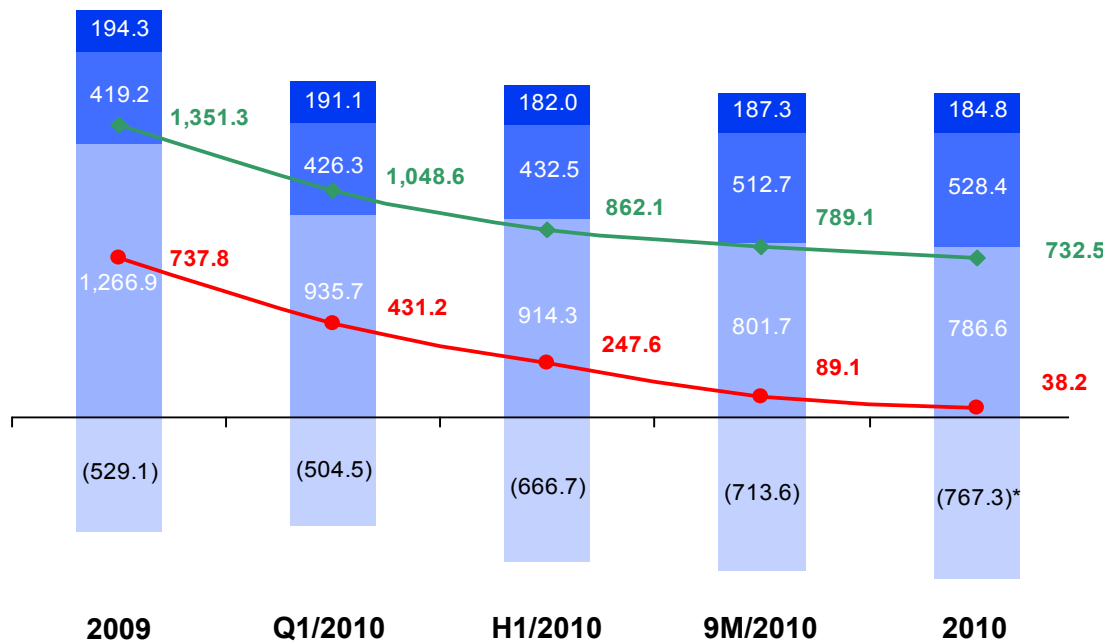
- Current assets up in-line with positive operational development
- High profitability caused equity to rise strongly reaching almost 50% equity ratio

Net indebtedness

K+S Practically Free of Net Financial Debt



Net debt and net financial liabilities (€ million)



- In 2010, strong improvement of operating earnings and cash flows led to relatively low net financial liabilities
- At the end of 2010, net debt including provisions stood at € 733 million, net financial debt even fell to just € 38 million
- Strong financial metrics support investment grade rating

- Provisions for pensions
- Provisions for mining obligations
- Financial liabilities
- Cash and cash equivalents
- ◆ Net debt
- ◆ Net financial liabilities

	2009	Q1/2010	H1/2010	9M/2010	2010
Net debt/equity (%)	64.5	44.1	33.2	31.9	27.6
Equity ratio (%)	40.1	44.3	46.7	46.0	47.6
Net debt/EBITDA** (x)	2.4	1.8	1.2	1.0	0.8

* Incl. €18.9 million reimbursement claim bond Morton Salt; ** LTM

Margins and Rates of Return Improve Significantly



	2010	2009
EBIT margin	14.6%	6.7%
Return on equity	18.7%	8.4%
Return on total investment	14.7%	6.9%
ROCE	20.9%	9.3%
Cost of capital before taxes	9.5%	9.9%
Value Added (€ million)	397.0	(16.2)

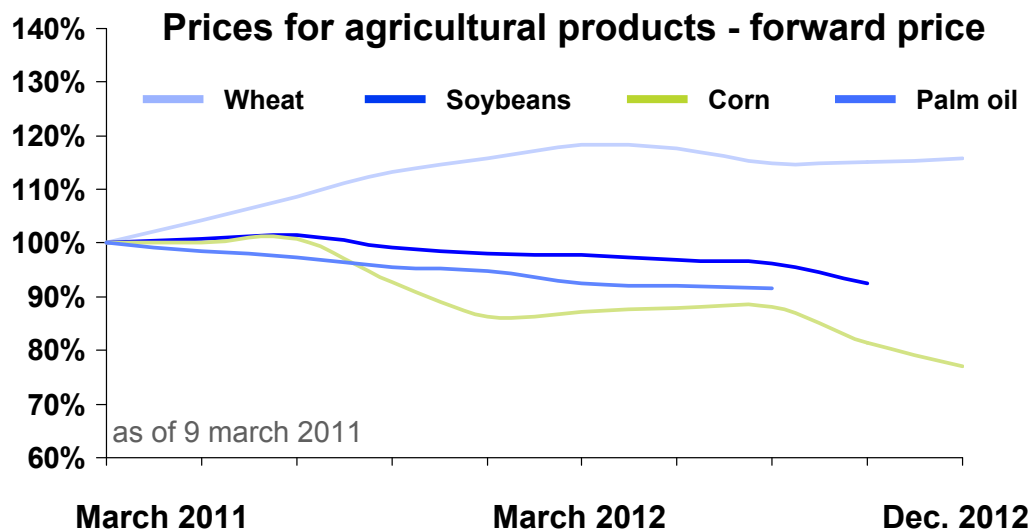
- Rates of return in all business segments significantly exceed cost of capital
- Strong improvement in Value Added

A.	Opening Remarks / Summary 2010
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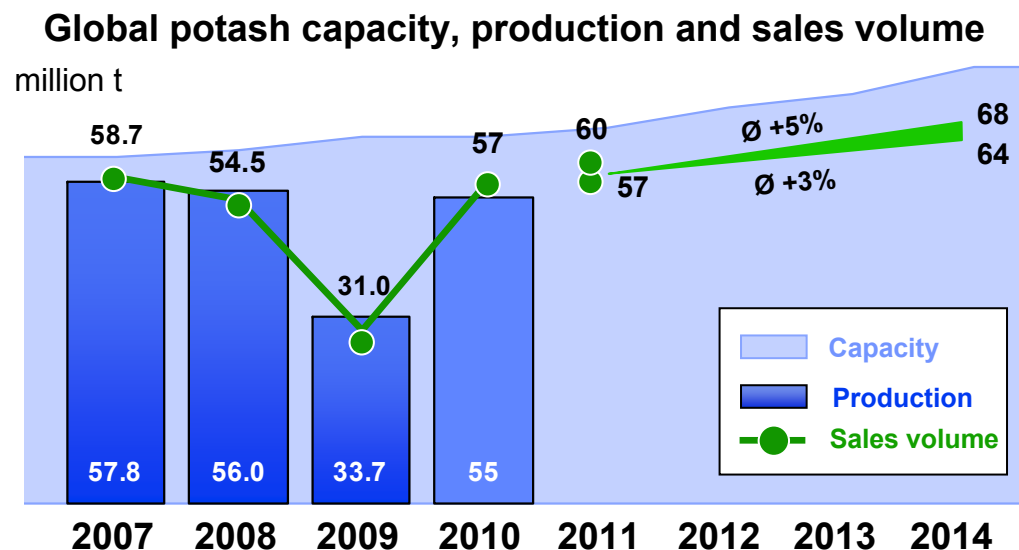


Agricultural and Fertilizer Markets

Favourable Prospects



- Continuing attractive price level for agricultural products expected
- Strategy in agriculture geared to yield optimisation
- ➔ **As of 2011, potash demand expected to grow again by 3 - 5% p.a.**
- ➔ **Sustained high utilisation of potash production capacity**



Incl. potassium sulphate and potash grades with lower K₂O content; capacity development 2010-2014 based on IFA supply capability data

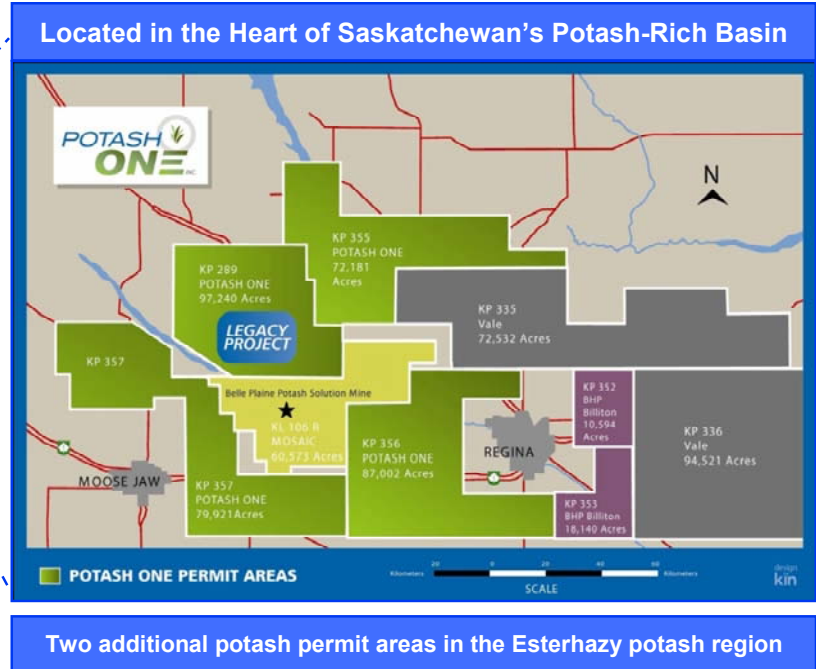
Sources: IFA, K+S

K+S Group Potash One Update



Potash One holds several potash exploration licences in Saskatchewan/Canada incl. the Legacy Project (advanced greenfield project for solution mining)

- Over 90% of shares tendered as of 4 February 2011
- Compulsory acquisition expected to end mid-May



- Infrastructural work and preparations for first drillings to start soon
- Review of optimisation approaches in existing feasibility study to be concluded during second half of 2011
- 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



- **Revenues should rise tangibly year on year**

- ++ Potash and Magnesium Products
- +++ Nitrogen Fertilizers
- o Salt
- o Complementary Business Segments

- **Operating earnings should rise significantly**

- +++ Potash and Magnesium Products
- + Nitrogen Fertilizers
- Salt
- Complementary Business Segments

Trend year on year:

o: unchanged; -/+ : slight to moderate; - -/+ : tangible; - - -/+ : significant

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. 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 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 making such disclosures as are required by the provisions of law.

EXPERIENCE GROWTH



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