

EXPERIENCE GROWTH

**Commerzbank
German Investment Seminar**

**Norbert Steiner, CEO
New York, 11 January 2012**



Experience growth.

A.

Corporate Structure

B.

Core Business Sectors:

Fertilizers

Salt




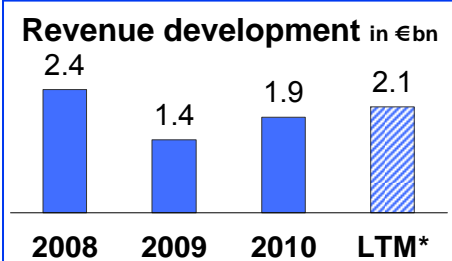
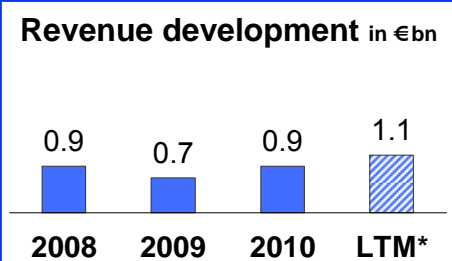
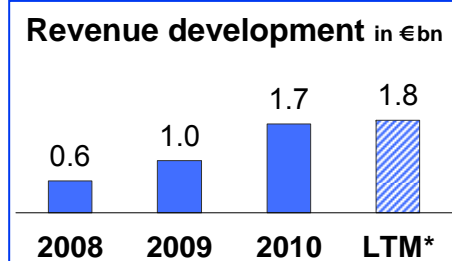
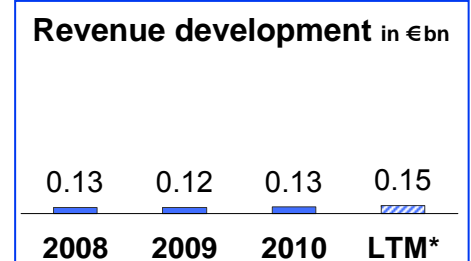
C.

Ongoing Projects / Outlook



K+S Group

Group revenues 2010: €4.6 billion (LTM*: € 5.1 billion; 2009: € 3.2 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)
				

A. Corporate Structure

B. Core Business Sectors:

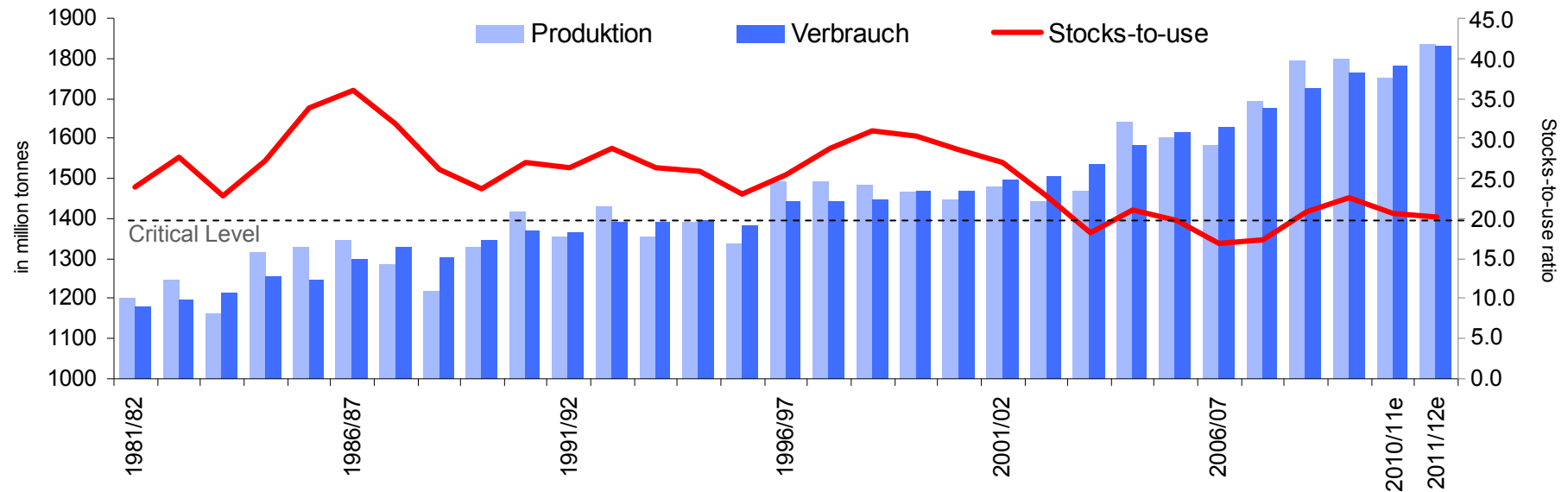
Fertilizers

Salt

C. Ongoing Projects / Outlook



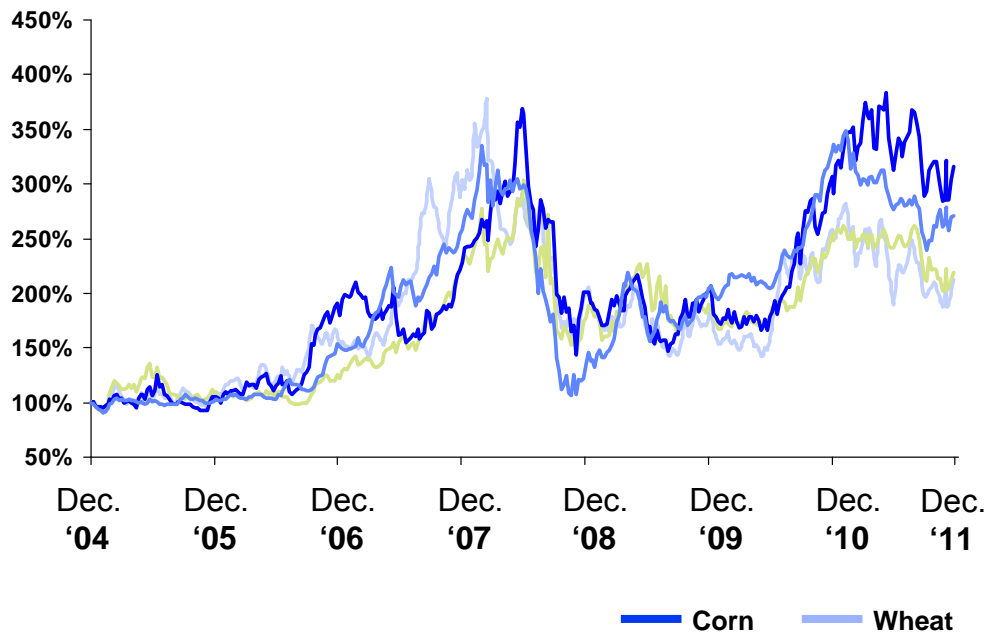
Production and consumption development vs. stocks-to-use ratio (Wheat and coarse grains)



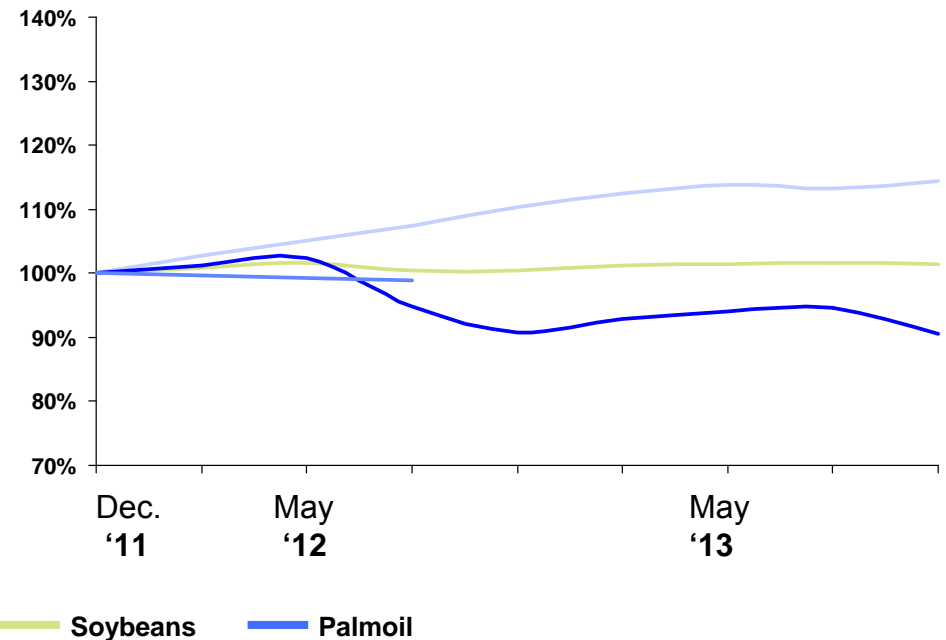
Source: USDA; as of 9 December 2011

- 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



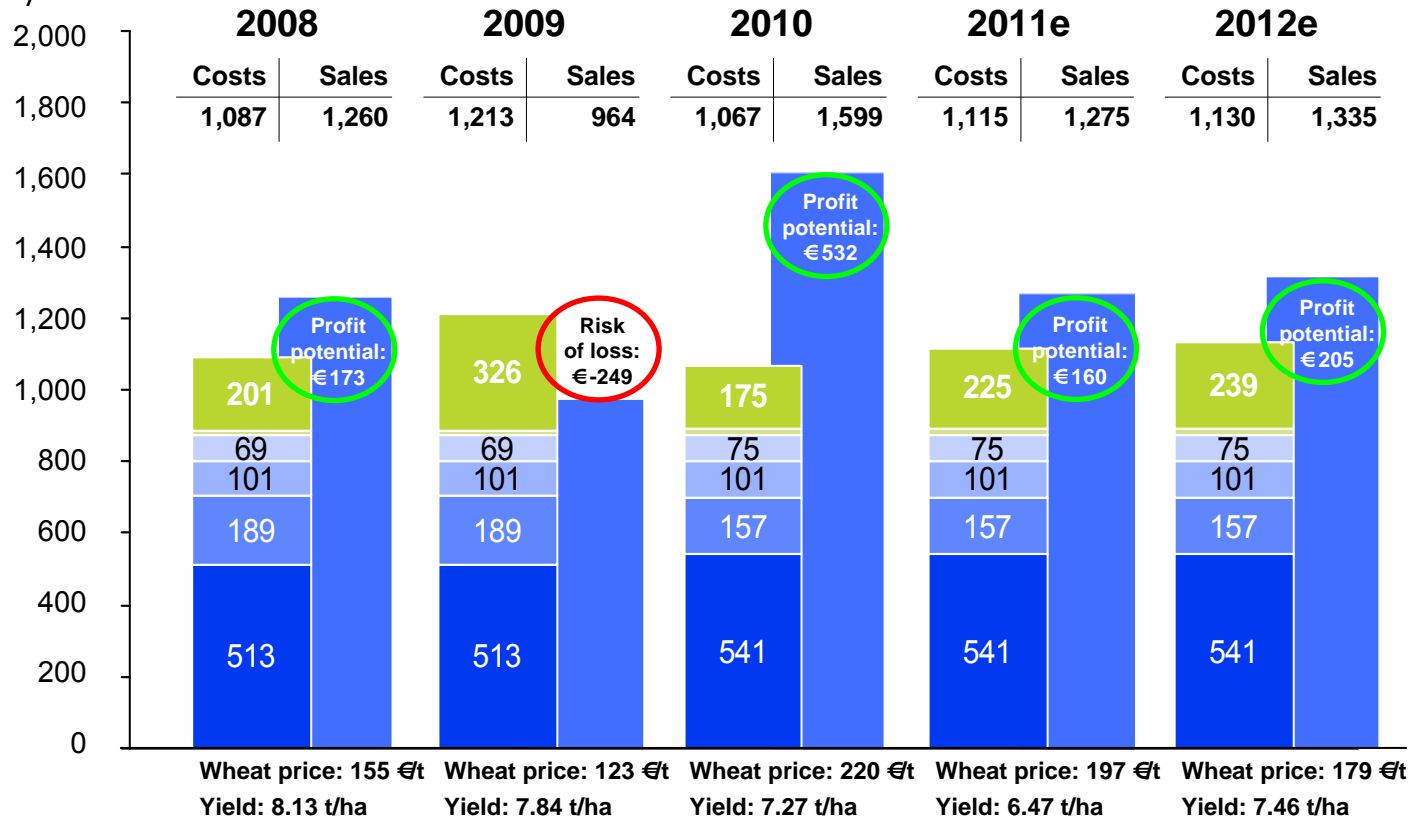
- Strong increase in prices for agricultural products since the middle of 2010

- 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 4 January 2012

Potash and Magnesium Products

Profitability of Winter Wheat in Europe



Year	Fertilizer share of total costs
2008	18% fertilizer costs (1% K)
2009	27% fertilizer costs (4% K)
2010	16% fertilizer costs (3% K)
2011e	20% fertilizer costs (2% K)
2012e	21% fertilizer costs (3% K)

▶ 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 a good 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.

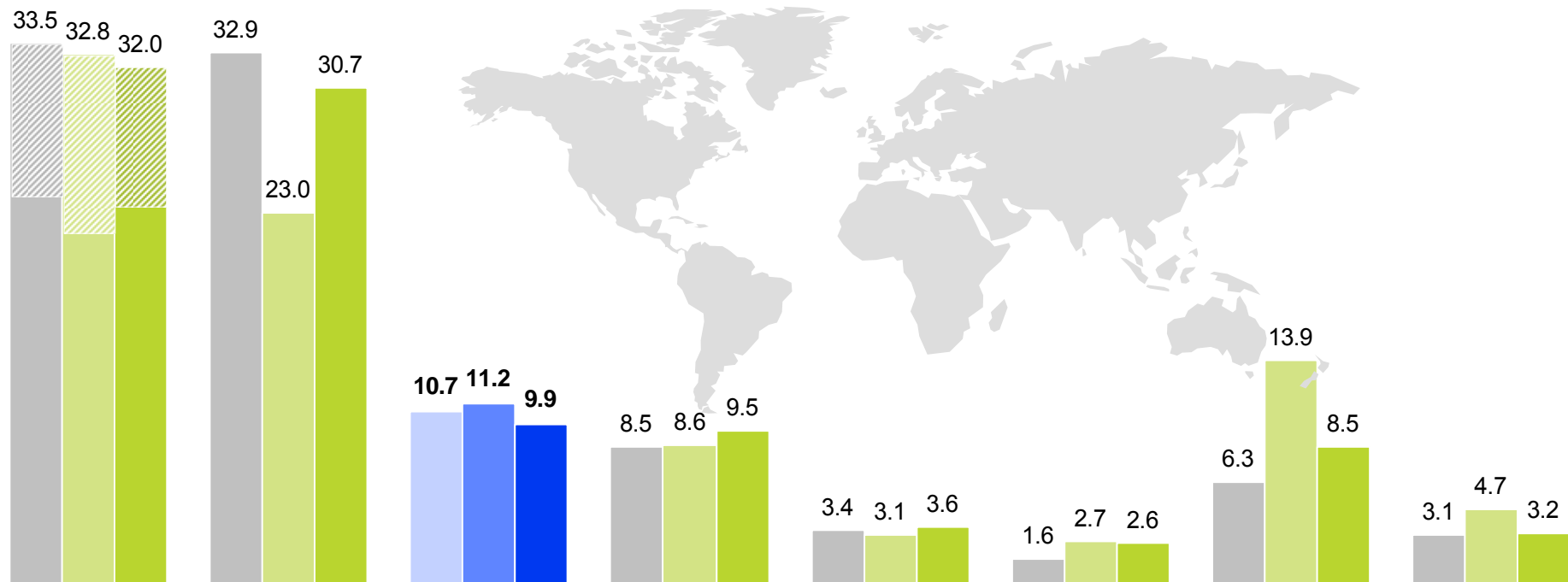
Potash and Magnesium Products

Supplier Structure on the World Potash Market



Figures in %

2008 2009 2010



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

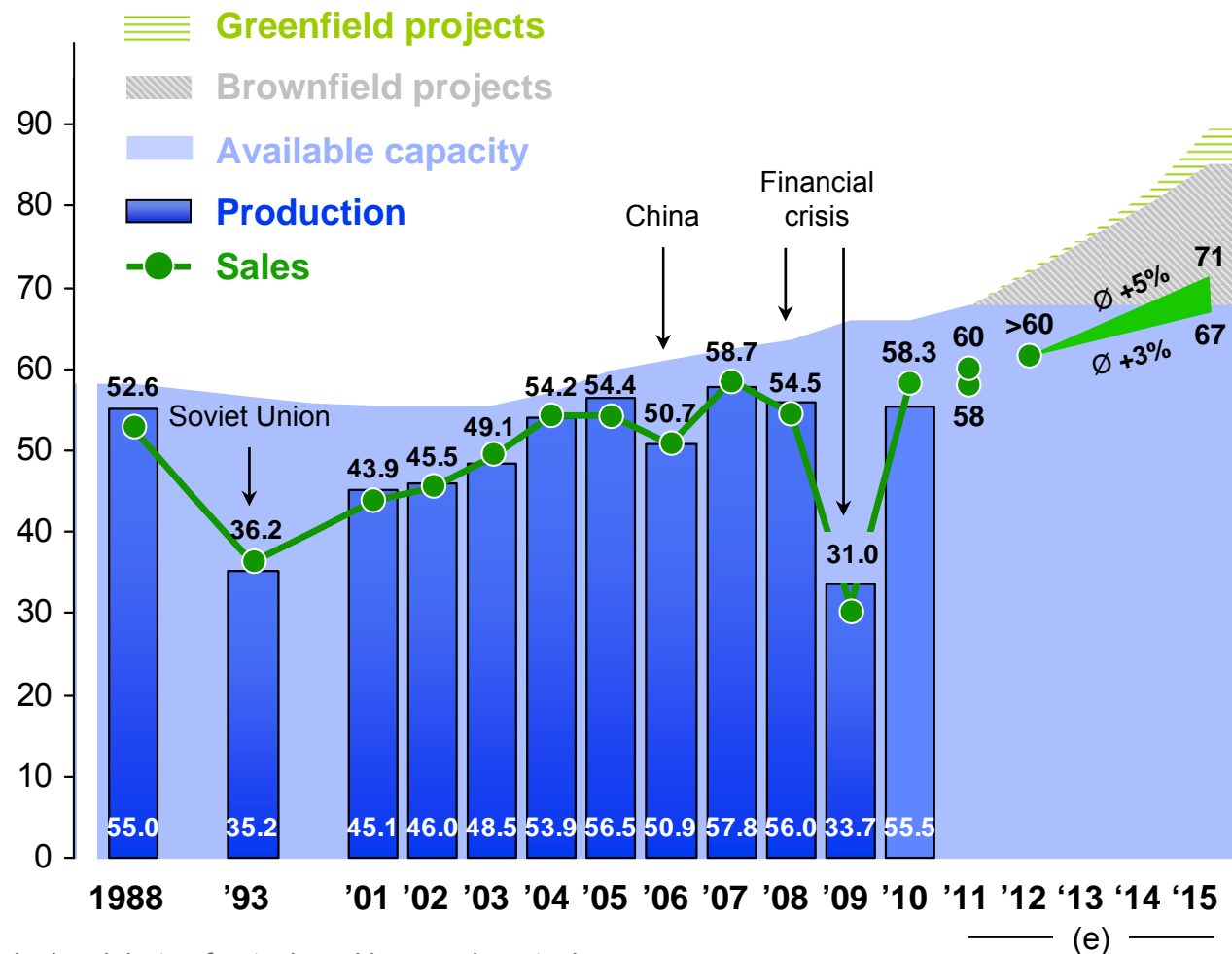
Sales volumes in metric tonnes

Sources: IFA, K+S

January 2012

World Potash Capacity, Production and Sales

Million tonnes



- As of 2012, 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.

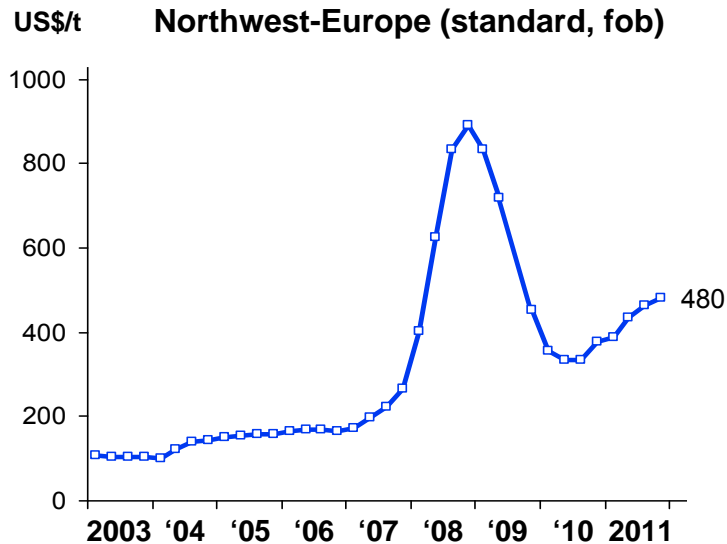
Incl. sulphate of potash and low-grade potash
Capacity development 2010-2015 based on IFA supply capability data.

Sources: IFA, K+S

January 2012

Potash and Magnesium Products

MOP Price Development

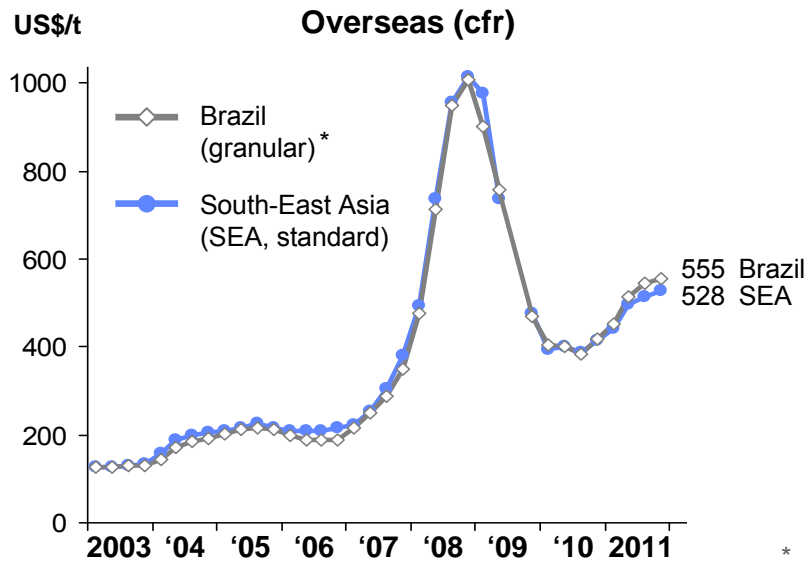


End of June 2011:

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:

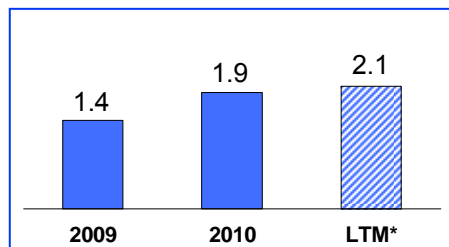
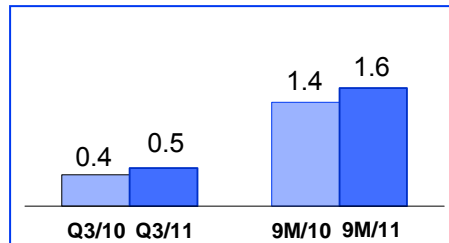
K+S announced the price for granulated MOP at € 375/t in Europe; an increase of € 12/t.

End of September 2011:

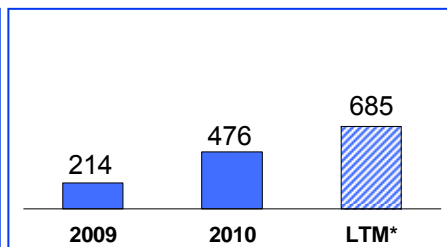
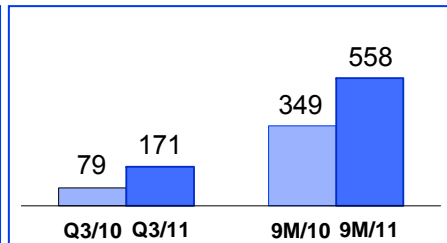
BPC announced the price of granulated MOP at US\$ 580/t in Brazil; an increase of US\$ 30/t.

* Until end of September 2010 MOP standard
Source: FMB; as of 29 December 2011

Revenues (€billion)



EBIT (€million)

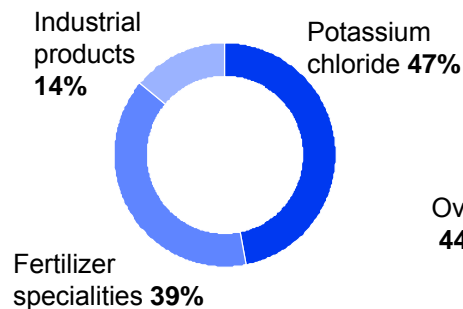


Highlights 9M/11

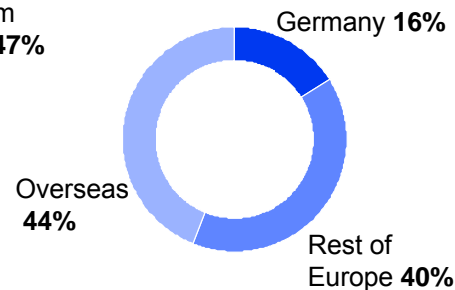
- Strong demand for potash and magnesium fertilizers
- Sales volumes in the first nine months 2011 at 5.28 million tonnes at the same level as for the previous year (9M/10: 5.30 million tonnes)
- For most potash producers, the utilisation of capacity reached a very high level against the backdrop of strong demand
- Higher average prices combined with lower cost increases led to strong increase in earnings

Revenue split 2010

By product group



By region



Outlook 2011

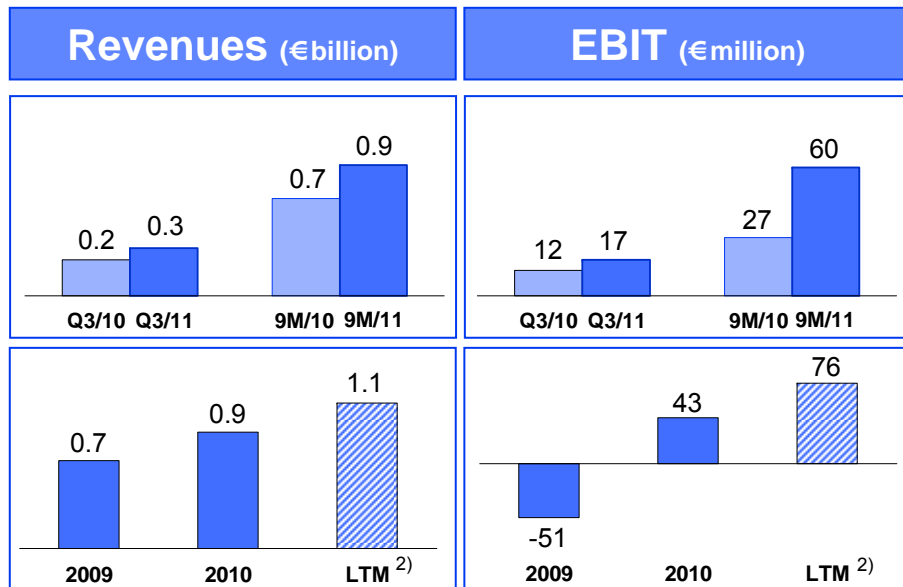
- Sales volume forecast of about 7 million tonnes (2010: 7.06 million tonnes)
- Significantly higher average price level expected compared to the previous year
- Significant increase in revenues should more than make up for expected rise in costs => strong earnings growth

Nitrogen Fertilizers

K+S sells COMPO



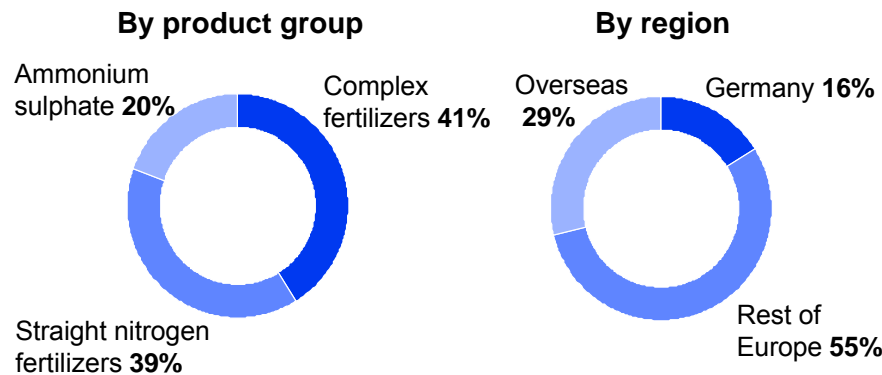
- COMPO, based in Münster / Westphalia, is one of the leading suppliers of branded goods for home and garden and employs more than 1,000 employees globally.
- In compliance with its growth strategy, K+S will focus its financial and management resources in particular on the Potash and Magnesium Products and Salt business segments.
- ➔ Therefore, on 20 June 2011, K+S announced the sale of COMPO to the investment company Triton for an enterprise value of € 205 million.
- ➔ The closing of the transaction was successfully completed on 18 October 2011.
- ➔ Since the reporting on the second quarter, COMPO is stated as a “discontinued operation” in accordance with IFRS.



Highlights 9M/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 good level of utilisation in the first nine months
- The significantly higher revenues due to price factors were able to more than make up for higher input costs

Revenue split 2010



Outlook 2011

- Strong, 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

A.

Corporate Structure

B.

Core Business Sectors:

Fertilizers

Salt

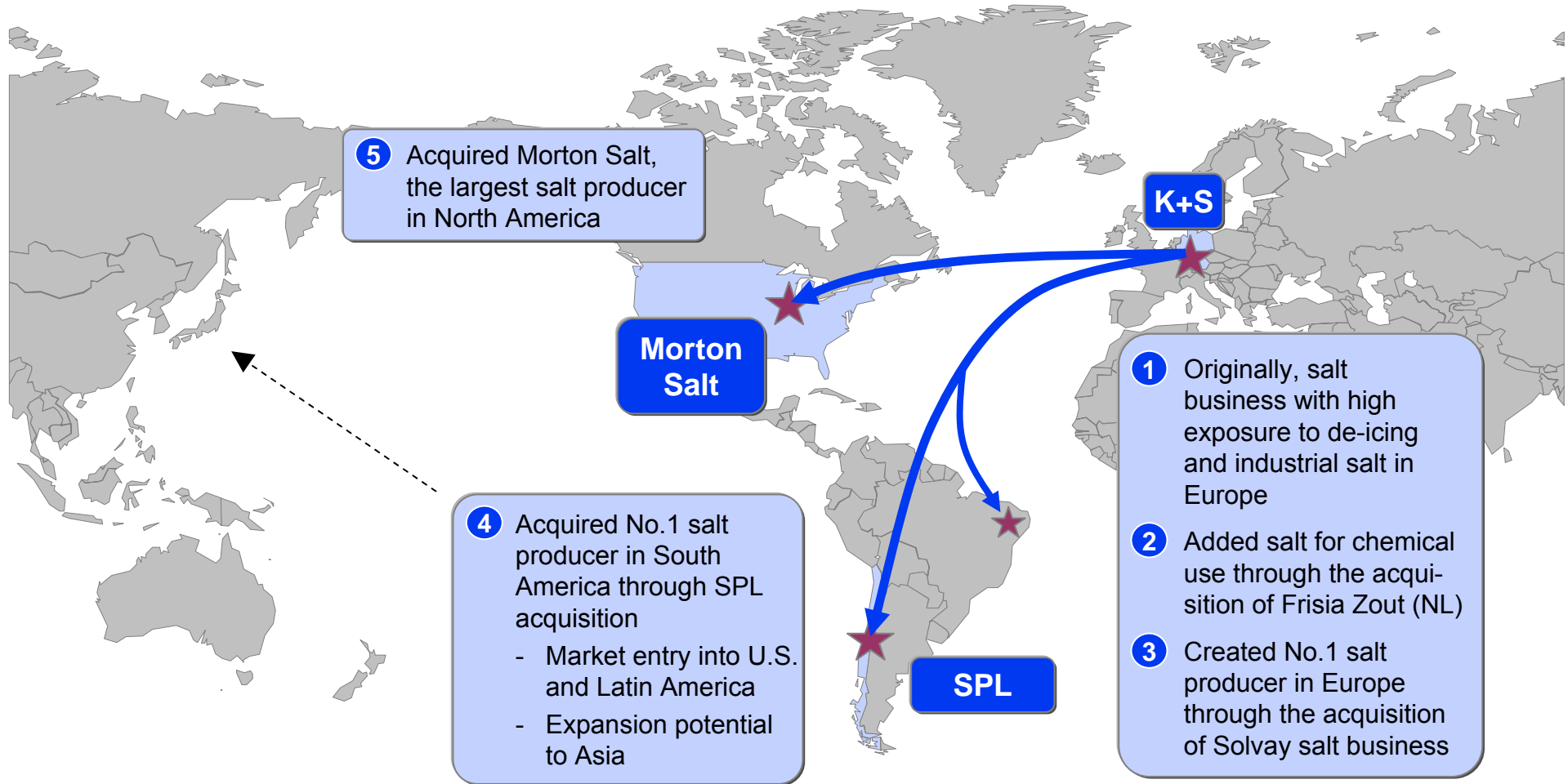
C.

Ongoing Projects / Outlook



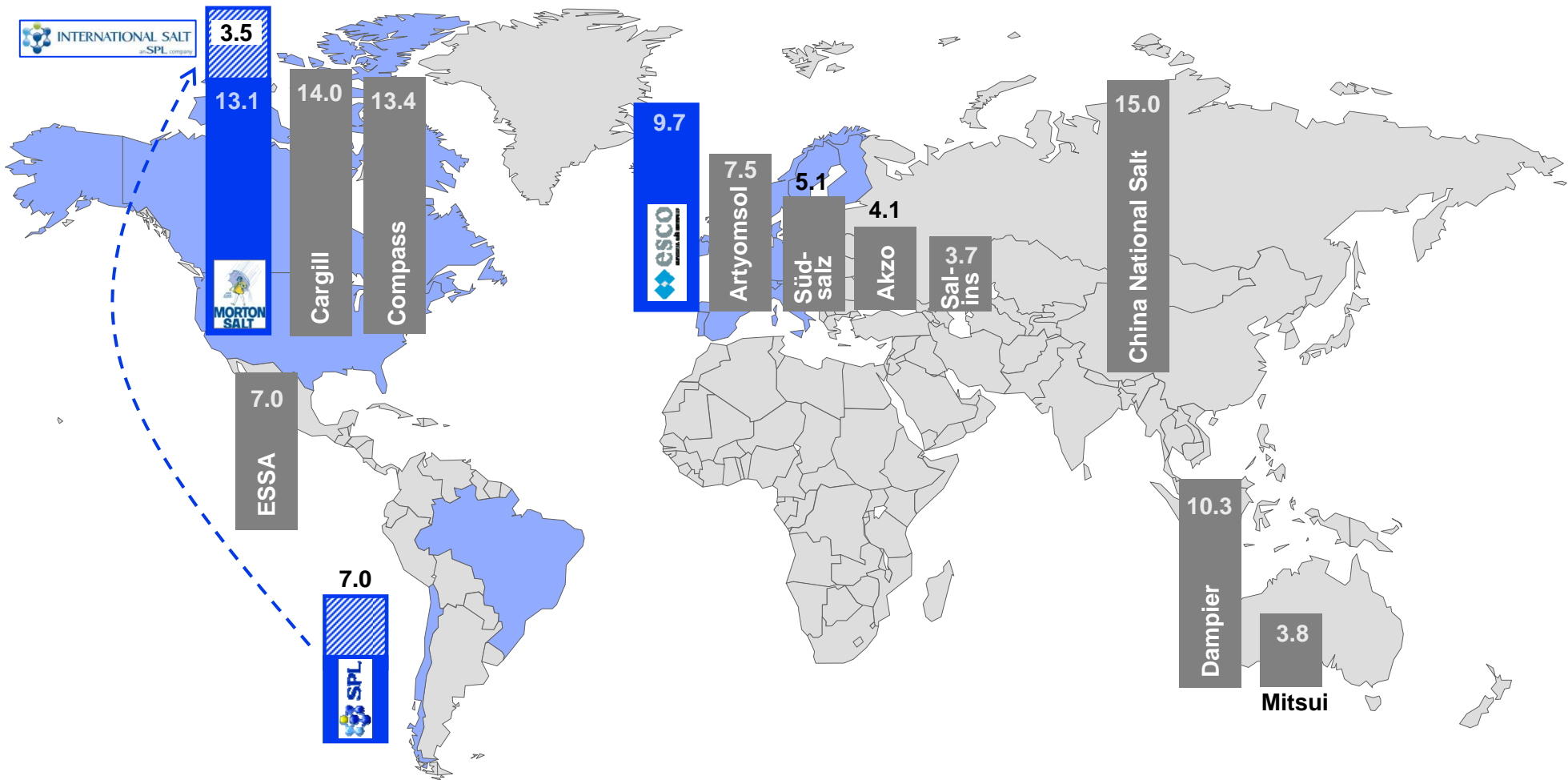
Salt

Executing Our Salt Strategy



Salt Main Salt Suppliers Worldwide

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



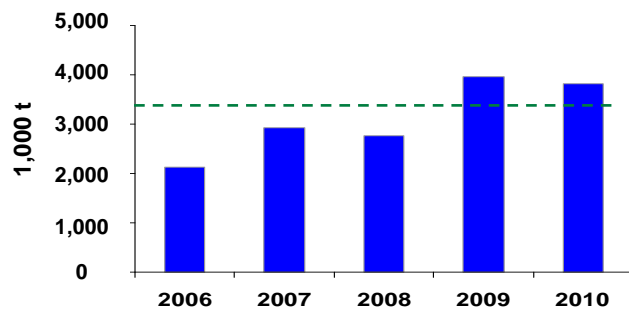
Sources: Roskill 2011, K+S

January 2012

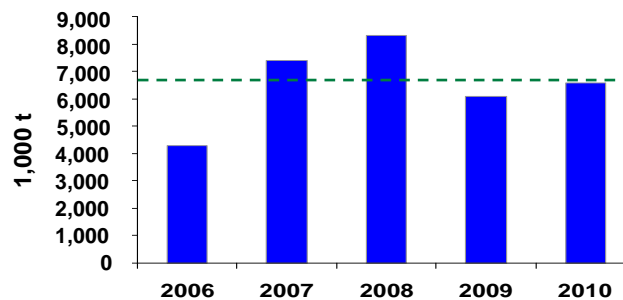
Salt Mitigation of Volatility in De-icing Business



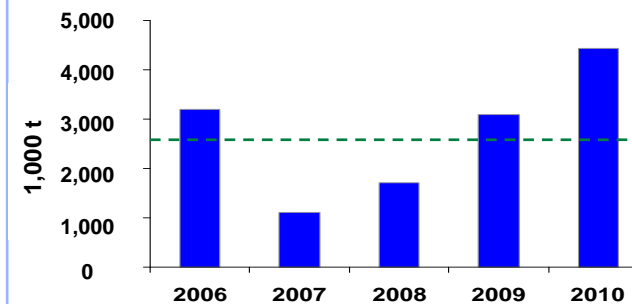
Sales Volume De-icing Salt SPL/ISCO*:



Sales Volume De-icing Salt Morton*:

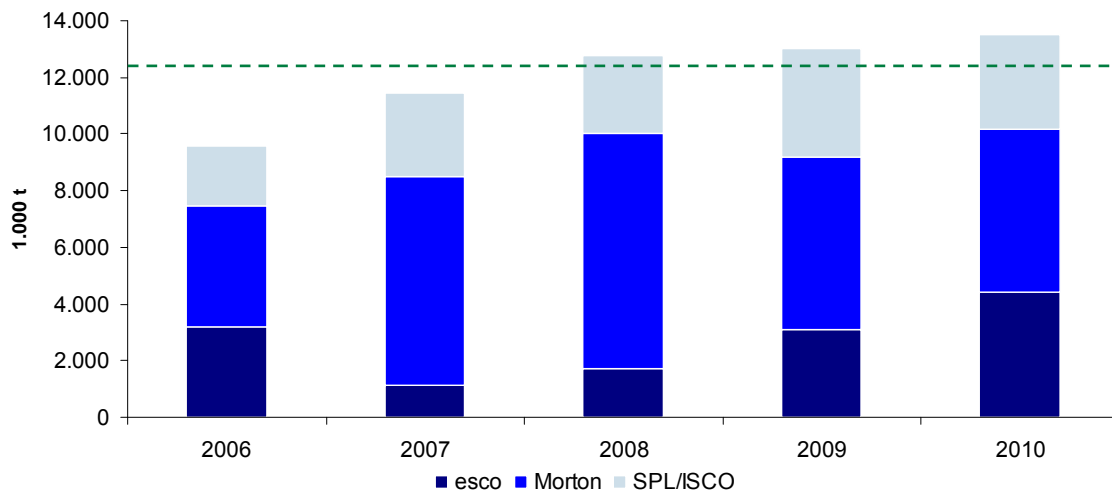


Sales Volume De-icing Salt esco*:

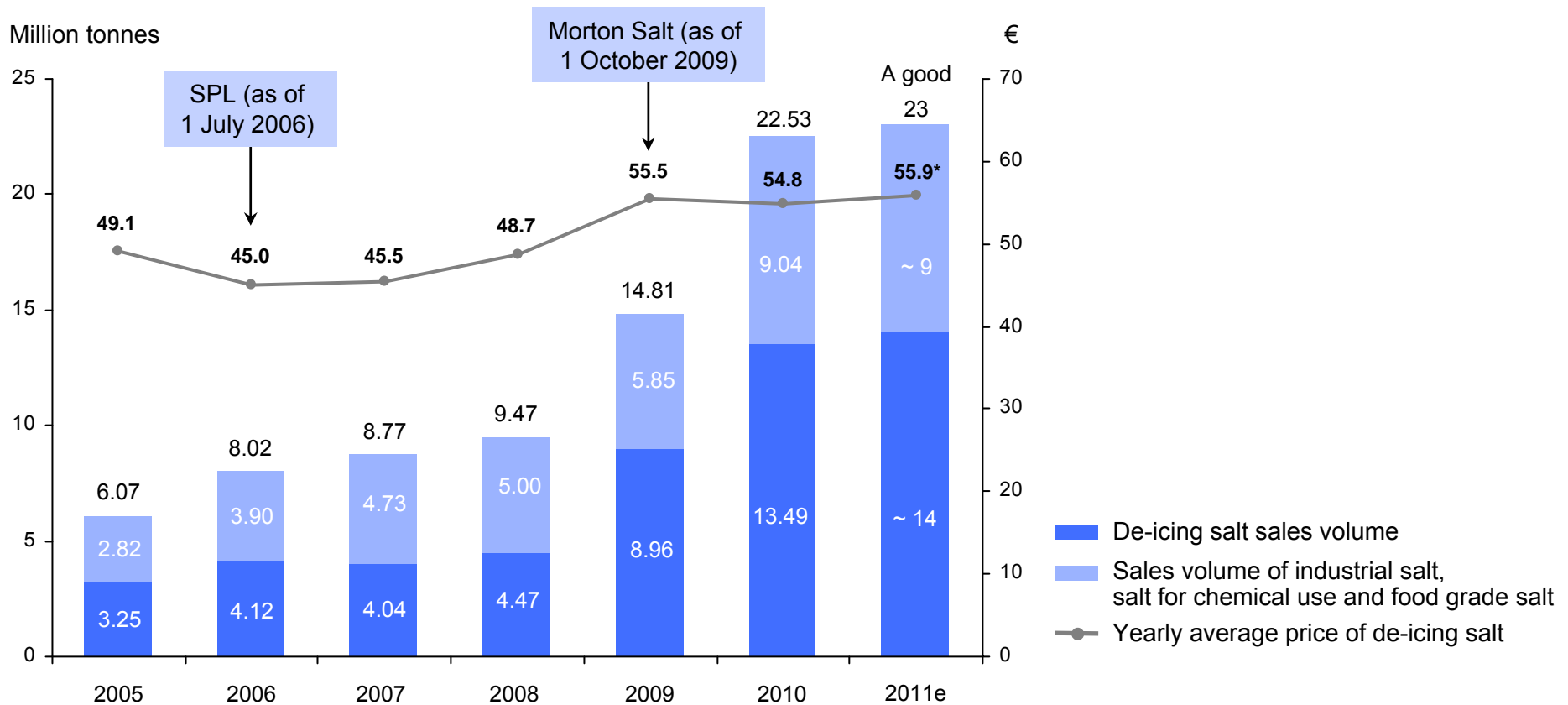


--- 10 year average sales volume (2001 – 2010)

* before consolidation of intersegment sales volumes



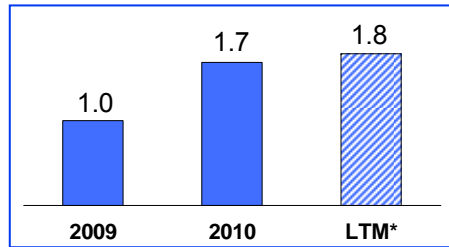
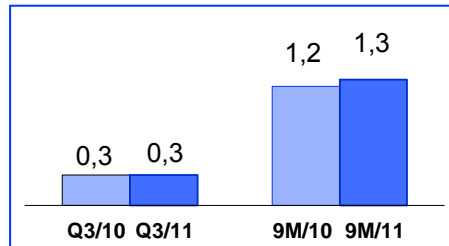
- ➔ The worldwide de-icing salt market exhibits varying volatility
- ➔ Access to the largest de-icing world markets mitigates the overall degree of fluctuation in the de-icing salt business
- ➔ Unique, interregional production network (including access to salt production from potash facilities) allows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



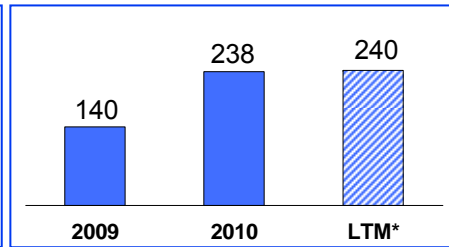
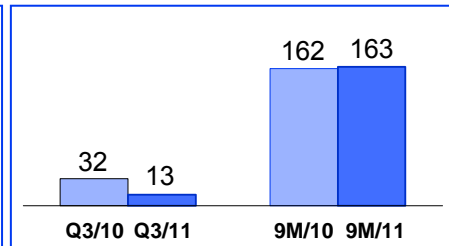
- Sales volumes increased over the past years mainly due to external growth, while the de-icing salt share remained rather stable
- Sales volume 2011e based on good start into the year caused by the weather as well as long-term average volumes in the course of the year: a good 23 million tonnes (of which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

* LTM = Last twelve months as of 30 September 2011

Revenues (€billion)



EBIT (€million)

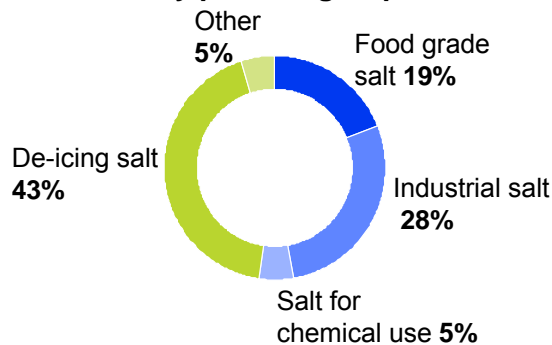


Highlights 9M/11

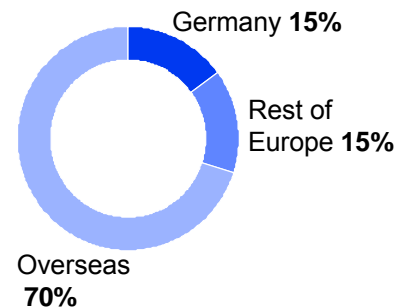
- **Europe:** Above-average demand for de-icing salt and a tangible increase in the price level in the preceding and upcoming season.
- **North-America:** Good demand for de-icing salt in North America in the first nine months with an overall stable price level. Tenders for the coming season lead to stable prices in the Midwest and slightly rising prices in Canada, while prices at the East Coast decrease as a result of lower freight rates for salt imports.

Revenue split 2010

By product group



By region



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 a good 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.

A. Corporate Structure

B. Core Business Sectors:

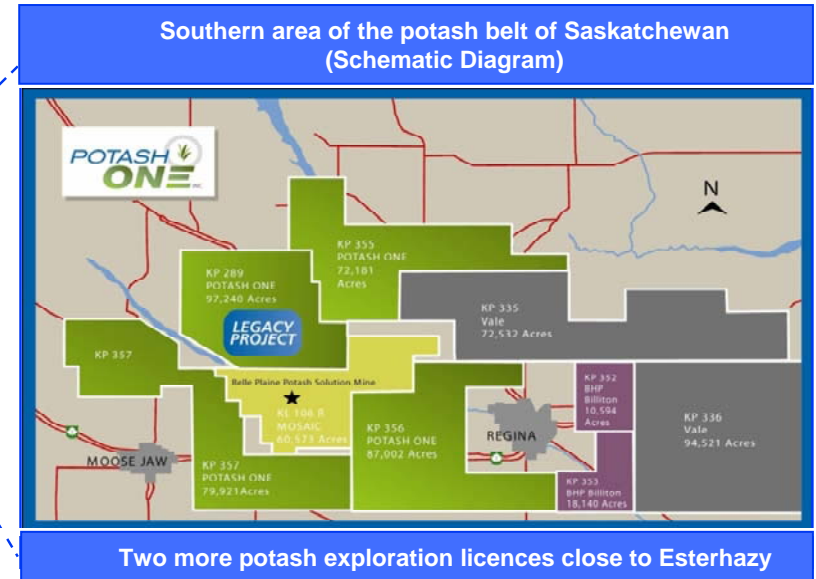
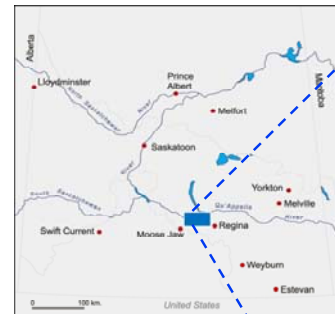
Fertilizers

Salt

C. Ongoing Projects / Outlook



- With Potash One, K+S has acquired several potash exploration permits in Saskatchewan/Canada (incl. the Legacy Project and its feasibility study).
- The total purchase price was € 322.5 million (CAD 4.50 per share).
- The Legacy Project is an advanced greenfield project for which an environmental permit has been granted.
- Potash One is now fully incorporated in K+S Potash Canada GP.



Reserves and Resources

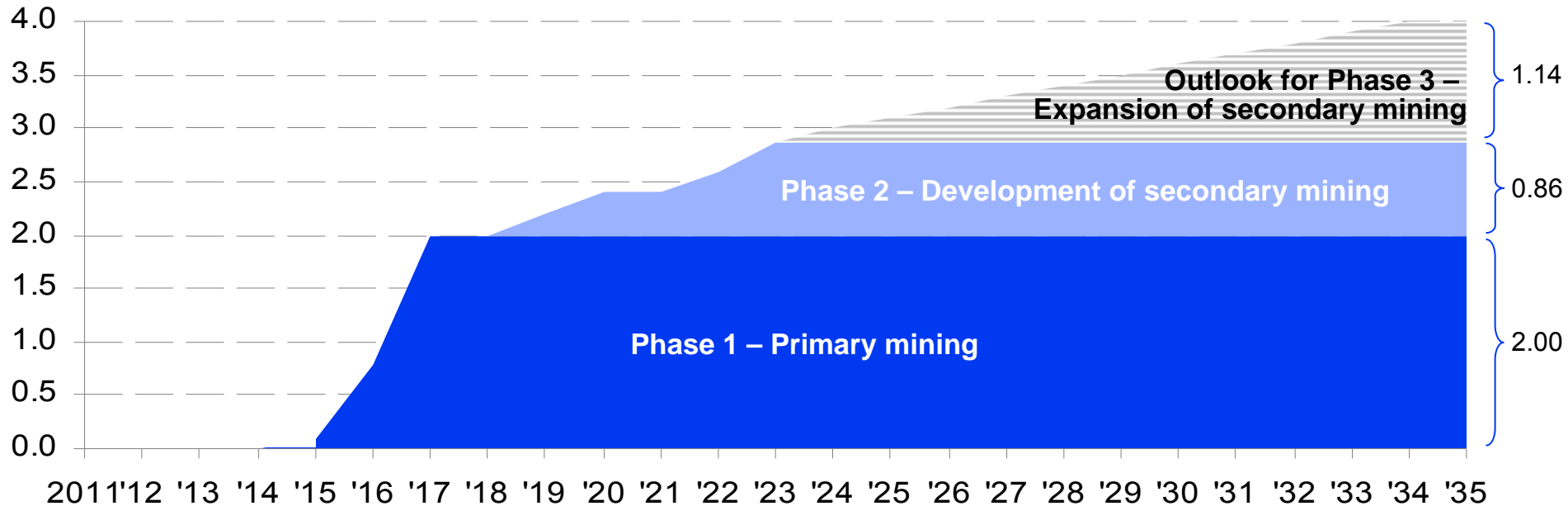
		in mln. t KCl	% KCl	% K ₂ O
Reserves (Proven and Probable Reserves)	Legacy Project area	160	29	18
Resources (Inferred and Indicated Resources)	Legacy Project area + KLSA 009	982	27	17

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

K+S Group Ramp-up Curve



Production capacity
in mln. t KCl/a



Phase 1
(Implementation: 2011 to 2017)

- Development of infrastructure mainly for Phases 1 + 2, preparations for Phase 3
- Capacity development + ramp-up of production to 2.0 mln. t KCl/a through primary mining

Phase 2
(Implementation: 2016 to 2023)

- Capacity expansion and ramp-up of production by 0.86 to 2.86 mln. t KCl/a through secondary mining (share of secondary mining in total capacity: 30%)

Outlook for Phase 3
(Implementation: 2023 to 2034)

- Increase in share of secondary mining in total capacity to 50%
- Potential expansion of annual capacity by 1.14 to 4.0 mln. t KCl/a

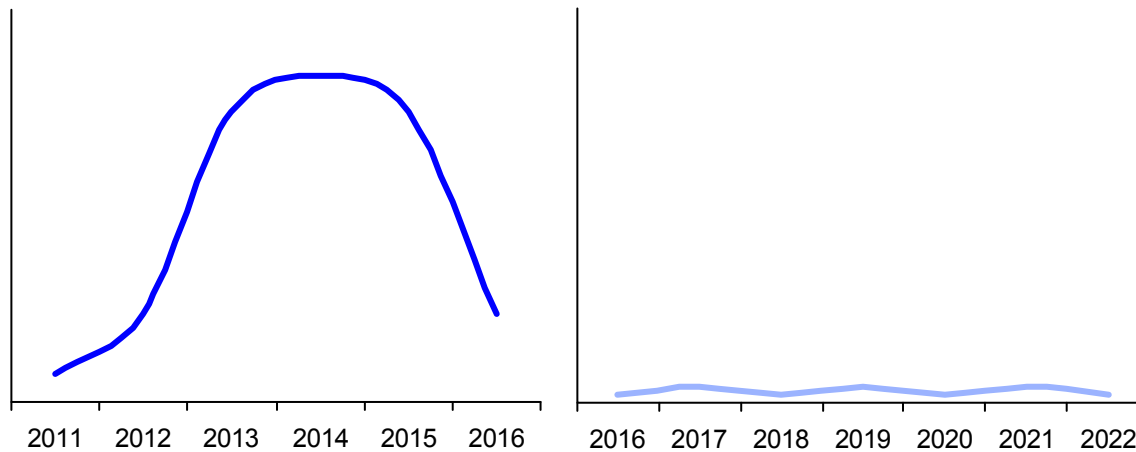
K+S Group

Course of Capex



	Phase 1	Phase 2	Phase 3
Activity	Primary mining: Development of first caverns and construction of production and infrastructure facilities	Development of secondary mining, expansion of production and logistics facilities	Further expansion of secondary mining, construction of necessary additional production and logistics facilities
Production capacity after implementation	as of 2017: 2.00 million tonnes KCl/a	as of 2023: 2.86 million tonnes KCl/a	probably as of 2034: 4.00 million tonnes KCl/a
Capex	2011 to 2016: CAD 2.90 billion*	2016 to 2022: CAD 0.35 billion*	2023 to 2034: ~ CAD 0.70 billion

Diagram of course of investment

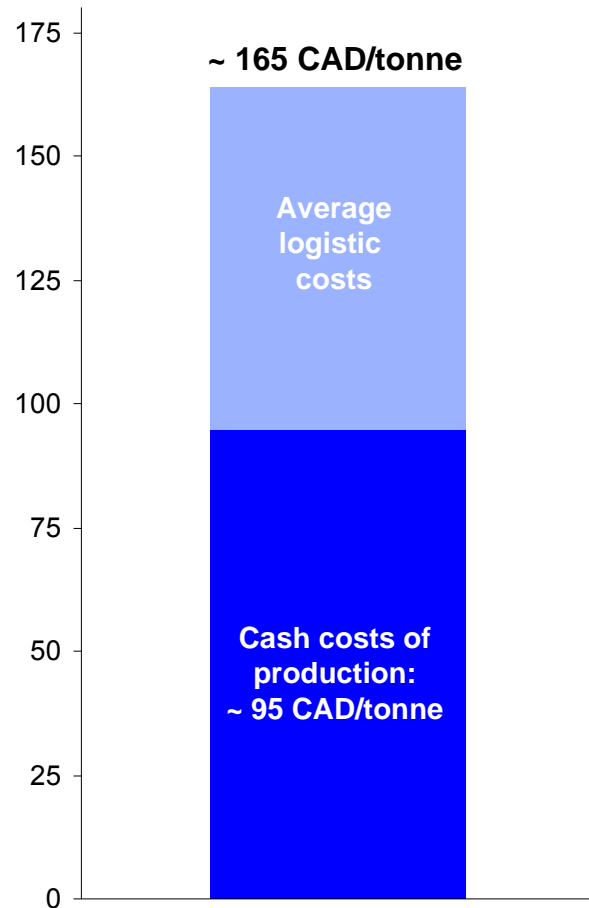


K+S Group

Specific Cash Costs*



CAD/tonne



- The cash costs of production will be lower for Legacy than in our plants in Germany
- The high share of variable cost components (incl. freight) makes possible greater flexibility in relation to capacity utilisation:
Legacy: 2/3 variable; 1/3 fixed
Germany: 1/3 variable; 2/3 fixed
- For mining taxes/royalties, an additional approx. CAD 70/tonne are to be recognised on the basis of a potash price of US\$ 450/tonne ex works
- Over the long term, depreciation and amortisation will total about CAD 30/tonne after initially higher values at the start of production

* At full utilisation of 2.86 million tonnes KCl/a (Phases 1+2)

Assumptions: gas price: CAD 4.30/MMBtu; exchange rate: 1.02 CAD/USD; no increase in prices and costs after the construction phase

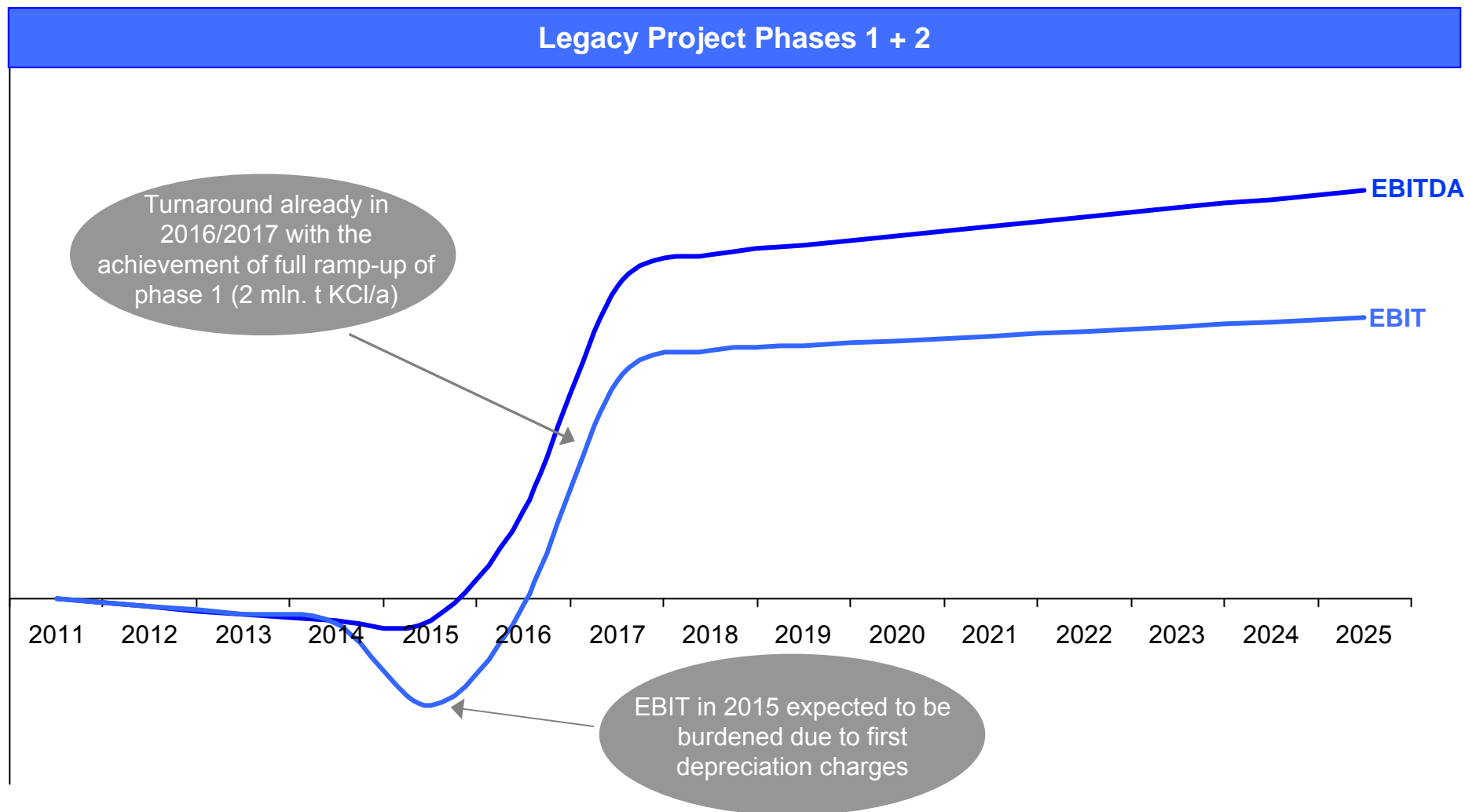
What Potash Price is Required as a Minimum for the Profitability of the Legacy Project?

- **The Legacy Project requires a potash price of between USD 400 and 450/tonne MOP gran. including freight in order to achieve a return on capital employed (ROCE) of 12% before taxes**

Parameters like the level of investment, gas price or freight rates could move respectively as follows, without jeopardising the planned target return or the range mentioned above:

Parameter	Basis	Tolerance
Capex (Phases 1 + 2)	CAD 3.25 billion	± 15%
Gas price (Henry Hub Natural Gas Price)	CAD 4.30/MMBtu	± 50%
Average freight rates	~ CAD 70/tonne	± 30%

The Legacy Project is one of the world's economically most attractive greenfield projects. The relatively favourable minimum price for this project cannot simply be transferred to other greenfield projects; higher minimum prices are to be expected.



- The acquisition of Potash One was an important milestone for K+S, creating the basis for an improvement in the competitive position and offering growth potential for the coming decades
- The Legacy Project enables us to ramp up production up to 4 million tonnes KCl/a at an attractive ratio of CAD 1 billion for 1 million tonnes KCl/a
- Average cash costs of the Legacy Project will improve overall cost position and flexibility of the Potash and Magnesium Products business segment
- With a potash price of between USD 400 and 450/tonne MOP gran. including freight, the project achieves a ROCE of 12% and an attractive premium on our costs of capital (9.6% before taxes). The Legacy Project is thus one of the world's economically most attractive greenfield projects
- Environmental Impact Statement approved
- K+S will be a potash producer with the widest product portfolio as well as one of the most diversified production networks and regional mix
- Financing of the project on a solid basis due to our strong balance sheet, ongoing cash flow generation and positive paybacks from the project itself

Outlook for the entire year of K+S Group:

- Revenues:	€ 5.00 - 5.25 billion	(2010: € 4.63 bn)
- EBITDA:	€ 1,150 - 1,250 million	(2010: € 953.0 m)
- Operating earnings (EBIT I):	€ 950 - 1,000 million	(2010: € 714.5 m)
- Group earnings from continued operations, adj.:	€ 650 - 690 million	(2010: € 447.8 m)
- Earnings per share from continued operations, adj.:	€ 3.40 - 3.60	(2010: € 2.34)
- Earnings per share, adjusted ²⁾ :	€ 2.90 - 3.10	(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 about 7 million t 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 operating earnings

- 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 a good 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 1.40 USD/EUR
- Significantly better financial result in comparison to 2010
- An adjusted Group tax rate of about 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 November 2011

2) Earnings from continued and discontinued operations

The currently omnipresent uncertainty regarding the future economic development of the global economy has prompted us to be somewhat more cautious in respect of our estimate for 2012 and therefore take the lower visibility into account.

K+S Group:

- Stable revenues
- Stable operating earnings (EBIT I) and adjusted Group earnings after taxes

Underlying assumptions

Fertilizer Business Sector

Potash and Magnesium Products

Tangible rise in revenues and slight growth in operating earnings

- Sales volume of about 7 million t of goods
- On the basis of the currently achieved potash price level, tangible rise in FY average prices
- Tangible rise in total costs
- Continued attractive agricultural prices

Nitrogen Fertilizers

Largely stable revenues and operating earnings

- Continued attractive agricultural prices

Salt Business Sector

Moderate decline in revenues and significant decline in operating earnings

- Sales volume of crystallised salt of about 22 million t, of which de-icing salt: 12 million t
- Assumption: Average de-icing salt business

Effects/Assumptions on Group level

- A USD exchange rate of 1.40 USD/EUR
- A negative currency result (exchange rate after premiums weaker than the expected spot rate)
- A largely unchanged financial result
- A slightly higher adjusted Group tax rate of 27% to 28%

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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