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SDF.DE - Full Year 2012 K+S AG Earnings Conference Call

EVENT DATE/TIME: MARCH 14, 2013 / 12:00PM GMT



CORPORATE PARTICIPANTS

Thorsten Boeckers *K+S AG - IR*

Norbert Steiner *K+S AG - CEO*

Mark Roberts *K+S AG - Head of Salt Business*

Burkhard Lohr *K+S AG - CFO*

CONFERENCE CALL PARTICIPANTS

Christian Faitz *Macquarie - Analyst*

Martin Roediger *Cheuvreux - Analyst*

Jesko Mayer-Wegelin *HSBC - Analyst*

Lutz Gutten *Commerzbank - Analyst*

Thomas Swoboda *MainFirst - Analyst*

PRESENTATION

Thorsten Boeckers - *K+S AG - IR*

Okay, so welcome, everybody, in the audience, on the phone, and also those following us on the Internet.

My name is Thorsten Boeckers. This is my first public event for K+S as a new member of the investor relations team, which is the also the case for two other gentlemen here on the stage you see right next to me. So our CEO Norbert Steiner, who is a well-known and experienced person with regard to this. You probably know already Dr. Burkhard Lohr, who is our CFO, and last but not least, Mark Roberts, who is running our salt business, joined us here for the first time. So let's kick off, and Mr. Steiner, please?

Norbert Steiner - *K+S AG - CEO*

Yes, thank you. Thank you very much. Welcome also on behalf of the three-fifths of the Board of Executive Directors. We have many, many persons on board.

First, I would like to cover a few important strategic developments of the K+S Group, which further sharpened our profile as a leading potash and salt producer.

We have consistently continued to execute our two-pillar strategy with the sale of the nitrogen fertilizer business. In July 2012, the divestment to EuroChem was successfully completed. We are now able to concentrate our resources completely on our two business units, potash and magnesium products and salt.

Our legacy project will strengthen our position further and deliver exactly what our Company needs for growth. In the past year, it has made decent progress. I will go into details in a moment.

Last but not least, the EUR360 million package of measures on water protection in Germany fits into our strategy. It is a major and important contribution to maintain a sustainable basis for long-term potash production in Germany. At the same time, this investment should improve further future prospects for about 5,000 employees in the Hesse-Thuringia potash district.

Also in the advantage of Germany as an industrial location, we continue to bring our legacy project forward with a great deal of effort.



In 2012 already, we reached the first milestones in establishing our new potash site in western Canada. This includes building up of order supply, establishing injection bores, and connecting the first [kevan]. As well as that, we have started with the basic engineering. At the end of 2012, about 120 K+ S staff from various countries were working in Saskatchewan, and the volume of CapEx amounted to over EUR140 million in the whole year.

Production is expected to start by the end of 2015, and in 2017, representing the conclusion of the first phase, it should reach the 2 million tonnes mark. After that, a gradual expansion of production capacity towards 2.86 million tonnes per year in 2023 is intended. In the third expansion phase, about 10 years later, the total production of a maximum of 4 million tonnes of potassium chloride per year could then be possible.

We can also make use of the experience of our European salt subsidiary, esco, in the field of solution mining, gained in Germany and particularly in the Netherlands, as well as of the know-how of Morton Salt, which operates 10 solution mines in the US and in Canada.

This shows that our two pillars complement each other perfectly, but benefiting from synergies in terms of technology, mining, and geology.

Let us now look back at the business development of the K+ S Group in 2012. We have had a successful business year. Had a good EUR3.9 billion revenues, almost reached the high figures of the previous year. Operating earnings at around EUR809 million were very close to our most recent forecast of EUR820 million.

From my point of view, these are quite considerable results. We achieved an attractive margin and show that our business model is highly profitable. However, we will continue to improve our efficiency and profitability in both business units.

Adjusted group earnings, including discontinued operations, serve as a basis for the dividend proposal which the Supervisory Board and the Board of Executive Directors will present to the Annual General Meeting in May. These adjusted Group earnings from continued and discontinued operations have increased by 10% to almost EUR640 million. Of that, about EUR100 million resulted from the divestment of the nitrogen business, the blue and white shaded area in the left-hand graph.

This puts us into a position to propose a higher dividend for financial-year 2012. The dividend should increase by EUR0.10 and amount to EUR1.40 per share, of which EUR1.19 arise from continued operations.

This proposal represents a dividend yield of about 4% and a payout ratio of 42%, which lies within our targeted payout corridor of between 40% and 50%. The total dividend payment thus amounts to EUR268 million.

Ladies and gentlemen, let's have a brief look at the split of revenues and earnings by business unit. Our business with potash and magnesium products contributed a pleasing result. In the long history of our Company, 2012 was the second-best year in this business unit, after 2008, which was extraordinary in many respects

On the other hand, our salt business was disappointing as the weak weather-related start into the year 2012 already implied. We recorded a significant drop in earnings, as expected. Please keep in mind that this also compares to a strong year 2011.

Mark Roberts, [Michael Leake], and I will now inform you about the details which led to the very different development of potash and magnesium products on the one hand and salt on the other hand. I would like to start with potash and magnesium products.

Firstly, let's look at the customer side, the farmers' situation. The global demand for agricultural products was high in the past year, due to lower harvest expectation caused by the drought in the Midwest and Russia. The price level for agricultural products, except for palm oil, rose significantly in the middle of the year. The price quotations for wheat, corn, and soybeans even reached the highest levels since the middle of 2008. Only at the end of the year prices fell slightly, but were still considered pretty high.

For the current economic year 2012-2013, USDA estimates that the production of cereals will again be insufficient to satisfy demand. Accordingly, the stock-to-use ratio will continue to remain below the critical level of 20%. For farmers, therefore, this offers attractive income prospects as scarcity of supply should ensure good prices in the future, too.

Looking back on 2012, the following is clear. The production of agricultural products was a worthwhile business with corresponding incentives for farmers to increase their yields, backed also by the higher use of fertilizers.

What was the impact on potash producers from this? If we look at the global potash market, we see an inconsistent picture for 2012. After a cautious earlier stocking up had taken place at the start of the year, demand picked up in the second quarter. The decisive factors were the potash supply contract signed in March with China for the first half of the year, as well as the attractive agricultural price level.

Accordingly, the international spot prices for potash were firmer and increased to \$500 to \$520 per ton.

In the third quarter, the situation changed again. Deliveries decreased strongly, particularly in China and India as there were still no contracts concluded between local importers and the main suppliers from North America and Russia. Therefore, the international potash prices came under pressure. For example, in Brazil prices declined to around \$470 in the course of the fourth quarter. At the end of December, Canpotex reached an agreement with China eventually for the first half of 2013, with prices for standard products, including freight, of \$400, which represents a reduction by \$70.

Right after that, Canpotex announced spot market prices of \$465 for granulated and \$450 for standard product.

Due to lower demand in the second half of 2012, production was not running at full capacity, particularly in North America and Russia. As a result, the estimates for global sales volumes in potash in 2012 were reduced to about 54 million tonnes, including our famous 3 million tonnes from sulfate and other products.

What was now the impact on our business with potash and magnesium products? I mentioned already that last year was very successful for all business units. Why business was so strong for us -- why was business so strong for us? Was there also reduction in demand in the market as a whole?

It was helpful for us that we were less affected than most of our competitors by the buying restraint in China and India, thanks to our different regional portfolio. In all, we recorded a good demand in the markets relevant for us. In comparison with 2011, our sales volumes remained stable at 6.95 million tonnes, while other manufacturers had absorbed heavy volume losses.

The average price level was higher in 2012 than the previous year, thanks to the positive development in the first half and despite the price pressure, which also we felt from the end of the third quarter on. Due to the higher average prices and the positive development of the exchange rates, our business unit achieved a moderate increase in revenues by about 7% to approximately EUR2.3 billion. Operating earnings climbed to about EUR774 million, an increase of 5%. Higher average prices more than compensated for cost increases.

As always, this table shown here should only be understood as providing a rough indication of how average prices have developed. Factors like freight costs, exchange rates, and product mix usually distort this picture. Quarter on quarter, overseas sales volumes decreased because of the already described uncertainty caused by the absence of contracts with Chinese and Indian customers. Subsequently, the overseas average price level in US dollar terms decreased significantly, while the European price level remained fairly stable.

Year on year, higher overseas volumes were able to compensate lower sales volumes during the spring season in Europe caused by adverse weather conditions. While European prices increased slightly, the overseas price level remained relatively stable in US dollar terms. The overall increase of the average price in euro terms was additionally supported by positive currency effects.

This slide here provides you -- this slide number 13 -- with a rough indication of the cost structure of the potash and the magnesium products business, and the development of select cost items. Overall, and as already flagged in the past conference calls, average unit costs rose moderately. You see that especially energy costs and the line other costs contributed most of the overall cost increase. In the other cost line, first expenses related to legacy project and the negative currency result had the biggest effect.

So far on the potash and magnesium business unit, now let's change over to salt. Mark, please?



Mark Roberts - K+S AG - Head of Salt Business

Thank you, Mr. Steiner.

Let us now have a brief look at the general market environment for salt. We have deliberately chosen the two pictures on this slide as we'd experienced a rather green 2011-2012 winter on both sides of the Atlantic Ocean with subsequently weak demand for deicing salt products.

As a consequence, governmental bid prices declined in both regions for the 2012-2013 winter season.

In North America, production cuts were publicly announced and implemented industrywide. The expansion of storage capacity at some of our European customers led to an average preseason business during the second and third quarters in this region. However, customer inventories remained high in North America and therefore preseason restocking activity was low.

The wintry conditions in Europe at the beginning of the fourth quarter led to an average start into the new season there. However, the late start of the winter in North America was not sufficient to achieve long-term average sales levels.

Despite a rather stable non-deicing business, the disappointing result for the salt business was fully attributable to the deicing segment. We were unable to make up for the exceptionally mild winter at the beginning of 2012 over the course of the year as a whole.

Sales volumes of crystallized salt declined to 17.6 million tonnes in the year and were more than 5 million tonnes, or 23%, below the high level of the previous year, while deicing volumes decreased about 40%. This development, in particular, caused revenues for the business unit, salt, to decline by 13% to about EUR1.5 billion.

The operating result dropped even stronger, by 71% to EUR62 million, which was due to two main effects -- the lack of EUR90 million to EUR110 million compared to what we'd call a normal year, which is based on a long-term average volume, and the strong year 2011 which was, compared with normalized levels, in a way overstated by EUR20 million to EUR30 million.

Additionally, a nonrecurring expense of EUR11 million from the sale of three vessels as part of our fleet renewal program at Emprepar in Chile burdened the 2012 EBIT further. Cost-savings initiatives were able to mitigate the decline, to some extent; however, we are not satisfied with the outcome of the year 2012.

This table should only provide a rough indication of how average prices have developed. Quarter on quarter, non-deicing salt volumes remained almost stable, while prices increased slightly. Deicing salt sales volumes decreased strongly, compared to the fourth quarter of 2011. This was, again, attributable to the mild winter weather in North America.

However, deicing salt average prices improved, due to a favorable regional sales mix, especially in North America, as well as a positive exchange rate effect. Year on year, volumes for non-deicing salt decreased slightly, while an improved product mix, in addition to a positive exchange rate effect and some price increases, lead to a higher average price.

As already mentioned several times, the year 2012 was strongly influenced by the mild and dry winter conditions in all of our deicing salt markets. We have never witnessed a situation like this before, but are confident that we have tested the bottom, and even in the year like this, the business was profitable.

This brings me to the end of my remarks, and I'm now happy to turn over to Dr. Lohr.

Burkhard Lohr - K+S AG - CFO

Thank you very much, Mr. Roberts. I will talk about the financial key figures now.



As Mr. Steiner has presented the figures for the whole of 2012, I will in particular focus on the fourth quarter. First, a look at the changes in revenues. As shown on the slide, significant volume-related declines of about EUR100 million were offset by only slightly positive currency effects. The positive price effect in the salt business somewhat balanced the price declines in the potash business. This led to an overall revenue decrease of about 18% in the quarter.

Let us have a brief look at the key figures of the income statement in the fourth quarter. EBIT and EBITDA fell by 12% and 13%, respectively. The reasons were price-related declines in earnings in the potash and magnesium product business unit, and especially volume-related lower earnings in the salt business unit. At about EUR19 million, the financial result was more or less at the previous year's level.

Adjusted Group earnings from continued operations followed this trend, and by also including the discontinued operations, the number fell by almost 18%.

In 2012, and I'm talking now about the full year, operating cash flow from continued operations amounted to EUR651 million, after from EUR744 million in the previous year.

These numbers do not include the outfinancing of pension obligations. Basically, this decline followed the earnings development.

Cash flow from investing activities amounted to EUR408 million, while previous year's figure was EUR495 million. The figure in 2012 was influenced by higher CapEx due to the legacy project.

The previous year contained the acquisition of Potash One in the amount of EUR243 million. As a result of this, the free cash flow at EUR243 million was roughly at the previous year's level.

In line with our earnings development, our key return metrics fell slightly, but still remained at high levels. In detail, at 19.4% and 16.1%, respectively, the return on equity and on total investment almost reached the previous year's high level. With a ROCE of 20%, we exceeded our cost of capital by far and achieved a value added of EUR457 million.

In the left-hand graph on the slide, you can see that we still have, with about EUR700 million, a level -- a low level of net debt, particularly if one considers that this, by definition, includes provisions for pensions and mining obligations. Without these noncurrent obligations, we even were in a net cash position of about EUR40 million at the end of the year 2012.

Our key financial figures also indicate a solid financial profile. At 0.7 times, the ratio of net debt to EBITDA remained low. At the end of 2012, the gearing was about 20% and the equity ratio increased slightly to 52%.

All key figures helped us exceed our targets and support our investment-grade rating. Even in uncertain times, this facts, plus credit lines which have not been drawn yet, provide sufficient flexibility for future capital expenditure projects.

And I will now hand it back to Mr. Steiner, who will discuss the K+S Group's prospects and the outlook for the years 2013 and 2014.

Norbert Steiner - K+S AG - CEO

Thank you. The legacy project is an important investment for the future of our Group. Once established, its potash capacities in Canada should improve our capability to better serve the world's major growth regions.

However, our German potash sites will not lose their importance. Rather than that, the legacy project will supplement our existing German production network with an important North American location and will expand our global presence. Thus, legacy is opening for us the opportunities to participate in the global market growth, further improve revenues and yields of this business unit, reduce average production costs, and extend the average lifetime of our mines.



By giving our production network to the broader basis, this will also optimize our volume flow and logistics costs. We can make use of existing distribution network and react more flexible to global market requirements by leveraging our strategy geared towards higher-value products.

Summarized in one sentence -- with legacy, we are strengthening our international competitiveness in the medium and long term.

What are the prospects for demand development for potash and magnesium products in the near future? Let's take a look at the outlook for this business. After the important agreements in China and in the meantime also in India, we expect a tangible recovery of global potash demand of approximately 59 million tonnes. Please keep in mind this includes, as usual, about 3 million tonnes of SOP and lower-grade potash products.

Especially regarding markets relevant to us, prospects continue to remain attractive. So then from today's point of view, we expect sales volumes of about 7 million tonnes in 2013.

Since prices came under pressure in the fourth-quarter 2012, the average price level in 2013 should be below the level of 2012 as a whole. Thus, the business units revenues in 2013 should decline. Overall, given the stable cost level we expect [over] operating earnings to be below the previous year's level.

In 2014, from today's perspective, we expect a slight increase in sales volumes and an increase in revenues, which should also increase operating earnings.

The salt business unit was already positively influenced by a positive start of the deicing business into the year. In Europe, sales volume of deicing salt in the first weeks of this year were higher than unusual, and in North America, too, the winter weather starting at the beginning of February caused higher sales volumes, especially in comparison with the unusually weak first quarter of 2012.

On the basis of the therefore expected normalization of the deicing salt business, in 2013 we expect higher revenues than in the previous year due to volume factors. This forecast is based on a sales volume of 22 million tonnes of crystallized salt and multiyear average figures for the early stocking-up business and the winter road clearance business and deicing salt business in the fourth quarter.

Thus for 2013, we expect that sales volumes of deicing salt in the magnitude of 12 million tonnes to 13 million tonnes will exceed the below-average previous year by about 50%.

We also expect an almost stable development of revenues in the segments for food-grade salt, industrial salt, as well as salt for chemical use. Due to a higher proportion of fixed costs customary in the mining industry, the significantly higher capacity utilization should lead to an improvement in operating earnings.

For 2014, we assume a normal winter business that follows the long-term average of historical volumes. Based on this, we are anticipating a price-related increase in revenues, as well as further improvement in operating earnings against 2013. The assumed price effect is based on the assumption that a normalization of the deicing salt business and of customers' inventories should have a positive impact on tenders for the 2013-2014 winter season.

Ladies and gentlemen, summing up the outlook for -- from today's point of view, in 2013 the improved figures resulting from the normalization of the salt business should more than compensate for the expected decrease in earnings in the potash and magnesium products business segment. We therefore expect 2013 to be another good year for the K+ S Group. Revenues should be slightly higher in financial-year 2013, and from today's perspective we also see a chance that operating earnings will increase slightly.

Based on these assumptions or expectations, in 2013 we expect slightly increased earnings per share from continued operations. Because the adjusted earnings per share will no longer benefit from the effect of the divestment of the nitrogen business, the overall dividend payment should be below the level of the previous year.



Worth to mention is also the higher CapEx we plan to spend in 2013. We continue to expect CapEx of almost EUR1.1 billion for the entire K+ S Group. Of this, about EUR625 million, or about CAD813 million, should account for the legacy project. But with the allocation of the project to total expenditure to individual years, however, there might be considerable shifts in phasing.

For 2014, revenues should again increase slightly in comparison to the previous year, and we see also chances of a slight increase in the operating earnings.

Let me summarize. We have every reason to look with confidence into the future. K+ S is on the right track. The internal and external prerequisites for a successful continuation of our growth asset. Both strong business units benefit from global megatrends. The world's population is increasing and the standard of living, especially in the emerging markets, is rising. Thus, the demand for raw materials for industry and agriculture will increase in the medium and long term.

Our products are indispensable in a modern society. Potash and rock salt are the basic ingredients for various [wide] products and applications. Our portfolio and the worldwide demand and we enjoy a good position on our markets.

Our focus on potash and magnesium products, as well as salt, creates strategic and operative synergies. This brings us advantages compared to our international competitors. As our Group becomes more international, they synergy potential will rise further.

Our legacy project offers additional opportunities of taking part in market growth, especially in the hot spots of Asia and South America.

And last but not least, we have a strong balance sheet. Our financial situation is excellent and gives us flexibility for future projects. Leading the Company to a good future, that is our objective.

Thank you for your attention, and now we are pleased to take your questions. Please wait until you get the microphone, and then please wait and I have my pen ready, and then you can start.

QUESTIONS AND ANSWERS

Thorsten Boeckers - *K+S AG - IR*

Christian Faitz was first, please.

Christian Faitz - *Macquarie - Analyst*

Two questions or two themes. First of all, legacy -- it seems that you always had kind of a transportation cost advantage over your Canadian competitors going into Brazil. Why now are you eyeing the Brazilian market also for the legacy project? With that, are you -- can you talk about transportation costs from Canada down to Brazilian shores versus your transportation costs from here?

Second, regarding legacy, when could we expect a further update on project costs, etc.? If you could give us a timeframe, that would be very helpful.

And then second, salt -- third, the second topic, salt, the inventory levels. You mentioned the inventory level or you mentioned that the business had started quite well going into 2013. Can you actually give us an assessment of what the inventory levels at your customers, i.e., at the tropical municipalities, are on both sides of the Atlantic? And if they were not counting on strong winter conditions, which we have for example in Europe now, would you believe they still buy this quarter, or do you believe they just come back in Q3? Thanks.



Norbert Steiner - K+S AG - CEO

So, Christian, I'll start with the first chapter comprising two questions on legacy. We have included a map of the potential -- some of the potential markets of legacy in our presentation today. And of course, this is something that needs to take consideration of the South American markets, like all the other competitors from Saskatchewan do.

You are right that with view to the particular more or less round-trip situation that our preferred shipping partner is offering from the traffic from Brazil back to Hamburg and the way back to Brazil, we compared to others are of the opinion -- we don't know their transportation costs in detail -- that we have a slight advantage over that, which also compensates for, more or less, the addition of the structure of production costs and transportation costs.

But our legacy project has more or less basically for our ideas, not only the fertilizer products, [MOP] granulated and standard, but also the industrial product in mind, so that the variety of products from the very beginning on this order, and this is something that goes into other industries, other direction, other local areas.

And we need, then, to see in the let's say trans-Atlantic network of production side from which -- location from which production entity it is better to serve what market. We will certainly serve Europe, basically, for our European issuers. Also a good part of Brazilian supply will be supplied from Germany onwards.

But as you know, one of the reasons to go into the legacy project or in the past for other projects, at least to evaluate them, was that our capacity in Germany will not exceed the famous 7.5 million tonnes anymore. That means if the Brazilian or other South American markets have a bigger demand, we cannot saturate it entirely from Germany. And therefore, we more or less need to bring together German and Canadian product. And this, more or less, is inevitable, because it is still a certain advantage to sell it around the chimney in Europe and then go to Brazil and then go to Asia. And therefore, it was less complementary.

Furthermore, we do not intend, to what I have mentioned in a newspaper interview a couple of weeks ago, to extend our elbows. We think that the portions we might be able to place out of the -- let's say the 2 million tonnes, once first step has been accomplished and the others are very, very slowly coming up and adding material in a very slow speed, we will not need to extend our elbows in those markets that are growing. And therefore, we think, irrespective of the more or less comparable transportation costs with our Brazilian -- with our Canadian competitors, we will be able to do so.

It is not a question, to sum it up, of advantages, traffic from Europe to Brazil. It is a question to add capacity and to add volumes to that market, which we cannot do from Germany anymore.

Update of legacy -- we have mentioned that we are in the process of basic engineering. This requires time. And as there is a lot of money on the table, we will be very diligent there. And if we think that the timeframe of that basic engineering study needs to be extended, then we will do so, because only on a diligent basis we can more or less go further on. And therefore, I would not like to give you a fixed date because the next day you will call us, and let's say on diligent reasons we extended it a little bit, and this is what happened. But you will get certainly an update in due course.

Salt will be done by Mark Roberts.

Mark Roberts - K+S AG - Head of Salt Business

Thank you. The question of inventory levels at our customers in the deicing segment, first of all, I'm happy to report, if you look out the window, winter is not over yet. So, certainly, weather is still having an impact on inventories.

We absolutely expect that season-ending inventories at our customers will be lower this year than they were last year. I think there's no question about that. We're looking at, in Q1, a normal sales volume when you consider an aggregated salt business, both North America as well as in Europe.



We will certainly see it at the end of the season when it comes to the bidding process again. If you recall last year, the bidding volumes, particularly in North America, were reduced because of the very high inventory carryover from the prior green winter. We would expect that bid volumes will be more normal this year, and that will certainly be a reflection of what we expect to be lower inventories at the end of the season.

Thorsten Boeckers - *K+S AG - IR*

I think Martin Roediger was the second one.

Martin Roediger - *Cheuvreux - Analyst*

Martin Roediger from Cheuvreux. I have also three questions, if I may. First is on salt. Given your forecasts for deicing salt volumes of 12 million to 13 million for the total of salt of 22 million tonnes, is it fair to assume that you expect 2013 to be a normal salt year leading to an EBIT of between EUR175 million to EUR190 million, as you have seen on average for the last 10 years?

Second question is on the financial result. In your forecast for the financial results, 2013, you say it's stable to be minus roughly EUR80 million in 2012. I remember that previously you expected a considerable improvement. And so what has changed here in that forecast?

And final question is also on your outlook for the potash market in general. You see that -- or you say that you expect a recovery in 2013 to 59 million tonnes. In the past, you had always slides in your presentation where you also have shown demand and production capacities in the long run the next couple of years. This slide is now missing. So my question here is do you still think that the potash market or the demand in potash will grow by 3% to 5% per annum in the next years to come? Thank you.

Mark Roberts - *K+S AG - Head of Salt Business*

Yes, I can address the issue of the salt expectations for this year. Certainly, as I mentioned previously, we expect a normal Q1. We're seeing it when you look at the business between North America and Europe. There have been some regional shifts. Certainly the business in, for example, the East Coast of North America was a little bit stronger in New England than it was in the mid-Atlantic region. But overall, looking at our entire deicing salt business, we would expect that Q1 would be a normal year, as Mr. Steiner mentioned earlier. We always make assumptions that Q4 will also be a normal level. So we would expect normal deicing sales, again, in the range of 12 million to 13 million tonnes, and that would bring us to an EBIT range of EUR170 million to EUR190 million.

Burkhard Lohr - *K+S AG - CFO*

Yes, your second question was related to the financial result in our forecast here. First, I would like to remind you we had one major event in 2012 which affected our financial result, but without any cash effect, it's important to mention as well. Due to the decreasing interest rates on the markets, we had to decrease our discount rate as well for calculating the -- especially the provisions for mining liabilities. And we had an effect of EUR14 million in the financial result in 2012 due to that.

We had the first effect in the second quarter. We were a bit surprised, I have to be honest, that we saw the same in the third quarter. And we do not really believe that we will see further decreases in the interest rates, but we cannot be sure that we will not see something comparable in 2013. So take it as a prudent development. And we are not talking about big numbers, and no cash effects. But that's the background of this change.

Norbert Steiner - *K+S AG - CEO*

So the final question, to the capacity and growth outlook for potash, we have changed our patterns a little bit with our presentations. And I have with me here a so-called compendium which comprises more or less 5000 pages of knowledge about K+ S, and on slide 35 you find what you have missed. So we will not put it into the wastepaper basket because it's one of our most important ones that we have within that.



And of course, you see there also the figure for 2013, which is 59 million, quite in the same magnitude as described. It might have been a little bit higher in the past, when we were far away from 2013. But I think this is a fair assumption that we should not be over, let's say -- not over optimistic, is the wrong word, but too greedy to say we are exceeding the 60 million threshold again in our year.

At least remember we have said when we came out with our Q3 report in November that we said we also in those days are planning a figure of about 7 million tonnes. But it was something that we added. This is let's say a conservative figure. If we are asked to sell and to supply more, we can go up to 7.2 million. And maybe this is also the effect due to our competitors. So 59 million seems to be a realistic figure where we do not need to deviate from that neither up nor down at the right moment.

On the other hand, demand will grow. This I think is being shared by everybody in the world, that this, looking a little bit more from a professional standpoint, into the needs of the agriculture for potash supply and potash application. And therefore, we have also in that graph 35 maintained our corridor between 3% and 5%.

We have always added also in the past that we can see setbacks. That is not a linear growth. And maybe if you go into the year 2012 and say this is something like 54 million, and then we go up to 2013 with the expectation of 59 million, it's almost 10 million -- no, it's just a mathematical example, because the overall trend needs to grow. And this will be the case in the future, no doubt.

Thorsten Boeckers - K+S AG - IR

So let's be efficient. Right in front of you, Jesko Mayer-Wegelin, after that Oliver Schwarz, and then Lutz Grueten.

Jesko Mayer-Wegelin - HSBC - Analyst

Thanks, Jesko Mayer-Wegelin from HSBC. I've got three questions. First of all, regarding the cost side in the potash and magnesium segment, could you give us some idea by how much you increased the inventory and what impact this had on the cost side in the potash segment, and also what impact did the new energy contracts have already on the cost side?

And then secondly, also regarding the energy costs in the potash segment, could you give us some indication how overall in 2013 year on year the costs would develop? We had I think EUR230 million in 2012. Maybe could give us some figure, some idea how the energy costs will be in 2013?

And then finally, on the salt segment, Mr. Roberts, you said in your presentation that especially European clients increased their inventory level or the maximum inventory they can store. Could you give us some figure about how much they increased actually their maximum inventory?

Norbert Steiner - K+S AG - CEO

Thank you for the question. I'll try to answer the first two questions because they are linked. It's all due to our new energy contract. You know that we have signed a new contract in the course of 2012, which is not longer 100% linked to the oil prices. And obviously, looking back, we picked a quite good moment for this new contract that will lead to a significant decrease in energy costs, and we have seen the first effect of that in the fourth quarter.

And it's one reason for the big decrease in the potash costs, if you look quarter to quarter. But we also have closed our accounts in the fourth quarter, like every year, and there are some effects on valuations, etc., as well. So you should not take that quarter as mature for the future. Maybe you are closer to a normalized number when you take the average of Q3 and Q4.

And you asked also for the effect of the new contracts for 2013. I'm unable to give you a precise number, but what we always said, we can indicate the effect in terms of most likely that a decrease could compensate for increases in other cost items.



Mark Roberts - *K+S AG - Head of Salt Business*

And on the salt side, regarding the European customer inventory levels, let me first point out that in general the European inventory levels at customers, the inventory level is lower than we see in North America. Structurally, it's quite different. Certainly after several strong years in Europe, and you know we had several very strong years in a row, customers increased inventory to ensure they would be able to service the demands of the marketplace, their customers, the drivers on the road during the winter season. And so we saw this last year that customers did in fact increase inventory levels. I can't give you an exact percentage but we did see that pretty broadly, customers wanting to increase their inventory levels to again ensure that they would have salt on hand in the case of a very strong winter to buffer transportation challenges, to ensure they can get product out on the road to service the needs of the community. So, we saw significantly when the preseason buying occurred second and third quarters in particular, and we were quite pleased by that.

Unidentified Audience Member

Thank you. I think coming from the question of gas costs or energy costs, put more general, can you give us, Mr. Steiner, an indication of how the other costs, the potash and magnesium segment, will evolve in 2013? Because they are mainly fueled by costs to legacy, if I heard you correctly. So the increase at least in 2012 was pegged legacy if I got that right. And so I'm wondering if we would see a major increase in 2013, given that CapEx is on the rise as well.

Secondly, again, I'm referring to the potash and magnesium business. What assumptions have you factored into your guidance concerning the European potash price level? Is that stable prices? Is that prices which are slightly up or down? Could you give us please an indication in that regard?

And thirdly, Mister Roberts, on salt, if you say that inventory levels in general have risen in the past, has that a major or any impact at all on pricing, given that the margin is highest when customer the is coming back, not having salt on their hands and have to put new orders on short notice at very high prices? So, if they have like higher inventory levels in general that situation might not occur, that often like in the past, would that have an impact on margins? Thank you.

Norbert Steiner - *K+S AG - CEO*

So the cost situation in the year 2013 should be -- let's say not regarded for the entire potash and magnesium business division as a whole. We should separate the costs that we achieve for the development of legacy from those that we have in the production because otherwise you are completely lost. And with view to that, and this is also publicly available meanwhile I think in our new compendium, on our website you see on the Slide number 50 that we anticipate for the year 2013 more or less cost-wise a flat development, means that we are continuing after having seen in that simplified manner a cost figure of EUR218 per ton in the year 2012, something in the neighborhood. That means EUR216, EUR220 something in that. I will not say this is more or less meeting EUR280 once again. And you see there that more or less due to the situation of the changed energy contracts, we will not have an increase, a significant increase, there anymore. We hope that is a structural advantage that we are getting from the new contract set up. It will help us more or less to at least achieve a non-increase. And more or even a negative development and all the other cost issues from that from our perspective and our ambition particularly should be maybe in the same magnitude.

Changing over to legacy, I would not dare more or less offhand to give you a figure of the cost that we are -- we will be seeing there. What we need always to see when we look into the project that -- I need to repeat what I mentioned to the question of [Christian Weiss] at the beginning of our meeting firstly, and secondly, that we see that it is not more or less a series of matters and of measures that we can take more or less taking an open book and saying this is what we do in February and March and so on. There are always changes and that's what we are doing. And therefore also both the CapEx figure that we've mentioned here publicly as well as the cost could deviate. And therefore, this seems to be premature in a year which more or less will be the first one if it comes as expected of major investments. And therefore, this, from my perspective, would be unwise and even unfair to say because we don't have it so available.

The prices for potash products in Europe was the second question. And as always, we make up our planning scenario in October/November in order to have it available in our Q3 telephone conference for you and others. And this means that we have a price established, and this is customary, generally for the beginning of the year that is more or less taking the price that we have at the end of the year. And as I noted, you are following



K+S quite intensively, you've seen that there was an [FNB] report that we have increased below our figure of EUR375 that we set out in September 2011, the prices for some of the European markets of two EUR360 per ton granular for new orders, which then will be hopefully materialized in due course, maybe in March or April or even later. And this means that this increase is not integrated in our cost expectation that we gave at the beginning -- at the end of the year and we have not changed that significantly since November. That means there is still an upside potential from European prices.

Mark Roberts - *K+S AG - Head of Salt Business*

so regarding the issue of customer inventories and the impact on pricing, let me first just remind you that the way the governmental pricing and bid structure works is that bids let during the course of the summer typically and suppliers bid a price that is fixed for the season. So specific customer inventory levels, inventory storage capacity, doesn't have a direct impact on the pricing. The pricing is generally dictated by larger supply-demand balances. So inventory issues at specific customer inventory capacities don't really play a role there.

The issue of the comment that you stated about the potential for opportunistic pricing, what I would call opportunistic pricing, if customers run out of inventory, suppliers having the opportunity to resupply at a higher price, that can only occur in a scenario where there's really an extraordinarily strong winter because, again, the prices are fixed for supply of a certain volume over the course of the season. So we really don't see an opportunity for strong prices based on smaller inventory capacity at customers, there's no direct link there. Does that answer the question?

Unidentified Audience Member

Very helpful, thank you.

Lutz Gutten - *Commerzbank - Analyst*

[Lutz Gutten], Commerzbank. Three questions from my side, one follow-up regarding potash. Could you give us an idea regarding the current level of inventories in potash, so middle of March beginning of March year on year, up down, or flat?

The second question regarding the non-deicing salt prices. They are down sequentially Q3 into Q4 from EUR110 per ton to EUR97-something. Any reason why that is coming down?

And the last question regarding your guidance on the dividend, you're saying that the dividend is expected to be lower for 2013. Just to clarify, the base year is the dividend for the continued operations, so EUR1.19 and not the EUR1.40.

Norbert Steiner - *K+S AG - CEO*

Those are good questions and I'll start with the last one. No, the point of comparison is the dividend that we paid for 2012 of EUR1.40. We don't have discontinued operations onboard anymore, and therefore we need to nourish the dividend completely out of the operation of business. And if you compare our outlook for the entire year, you will see that, mathematically, most likely will not reach the EUR1.40 hurdle. And therefore we said you should not be surprised if we, on that basis, will be below EUR1.40, but we did not have in mind the EUR1.19.

So I directly get into the stocks question, of course I can only tell you something about our own stocks, and nothing else. And if I compare the situation in which we are -- have been in the end of December, we were more or less on the same level as in the year 2011, around 900,000 tons. And it was very wise, of course very wise to have a lot of inventories onboard since we will see a very strong first half year, particularly a very strong first quarter I think all over the world maybe with the exception of the US, where it is not yet seeding time. And the requirement more or less to ship material in a very short period of time was very much feasible. That means these inventories that we have had at the end of the year are necessary, more or less, to supply every order that gets in.

Lutz Gutten - Commerzbank - Analyst

And if you compare that numbers, by middle March, the inventories middle of March or beginning of March (inaudible)

Norbert Steiner - K+S AG - CEO

They are lower certainly.

Lutz Gutten - Commerzbank - Analyst

Also your year on year lower, yes? Certainly lower (multiple speakers)

Norbert Steiner - K+S AG - CEO

I'll say it this way. It will be an excellent start volume-wise. Okay?

Mark Roberts - K+S AG - Head of Salt Business

Regarding the price changes and the average price differences between Q2 and Q3, it's really just a structural and regional mix issue. If you think about non-deicing salt products, they range in pricing from products that are sold into the bulk chemical industry, which are rather low, to pharmaceutical grade products which are rather high. It doesn't take much of a swing in terms of a shift in -- I'm sorry, shift from quarter to quarter from one product range to another to skew that average price pretty significantly, so it's just a mix between regional and product.

Thomas Swoboda - MainFirst - Analyst

Thomas Swoboda from MainFirst. I have two questions on potash, one short-term and then the other one a little bit more longer-term. Price-wise, in Q4, your average prices in potash are quite below the list prices we know from FNB. The question is is this again a mix effect? Is this an effect also of discounts you're giving for early stocking? And without having further price increases on mind, just looking into Q1, should we see a swing in the average price from Q4 to Q1 as rebates and other seasonal effects are running out? So this is the first question.

And the second question is on the supply/demand development in potash. We saw two project delays, cancellations, however we want to call it. Do you generally see a slowdown in the rate of new capacity builds?

And maybe a second add-on question on this topic. Are you preparing for excess supply in potash in two or three years', three years' time as some of the market participants are forecasting, or do you see a rather balanced supply/demand going forward?

Norbert Steiner - K+S AG - CEO

It is a mix of everything when you look into the average price of the fourth quarter of other material, of other products, of lower K2O containing products, of some rebates of more or less a different mixture of the product -- of a different product mix in the fourth quarter compared to the quarters before.

And I think we should -- most likely, most likely -- I will be very, very prudent there -- most likely not see, besides the product mix effect, not significant changes from the fourth to the first quarter, most likely. This is at least my guess, because of the fact that once we make orders at the end of the year, that we only can more or less ship to the customer, and then they are booked only in the book of January or February 2013, then more or less, we are taking the same price levels within these orders than let's say in December or so.



We will materialize that what we see as an increase of prices in Brazil with our EUR360 indication or announcement more or less from, I will say, end of March, April almost, maybe Brazil a little bit earlier. But if you ask me -- you don't -- but if you ask me for a precise figure, I couldn't give you one, only a trend.

Then the second question, outlook for balance between capacity and demand, I would say you certainly have in mind the announcement of [Vallah] from a couple of days ago, and also BHP Billiton formally has said that they want to make the decision in the second half of 2013. Now, the new CEO says we will concentrate on our established business, the only one that could be added for deep potash but no decision before 2014. That means that there is also something coming later, if ever.

On the other hand, this means that more or less only new capacities out of the hands of the established parties will be there in 2013, '14 maybe also '15. And this means that I would not be aware of any change in policy that more or less volume before price would be the policy set up as the other one also in the year 2012 with the cutbacks with you to India and China from my perspective also and those who have suffered has made out to be the right policy. And therefore it has always been the case that capacity technically, even technically available capacity, has exceeded the demand. I would not be puzzled by that from today's perspective.

Thomas Swoboda - *MainFirst - Analyst*

You don't have the (inaudible) on your cards in the few next years?

Norbert Steiner - *K+S AG - CEO*

Obviously no.

Unidentified Audience Member

Sorry, just a short question coming back to legacy again. You mentioned you have 120 K+ S people on site in Saskatchewan. How many people altogether do you have on site, i.e. external contractors, workers, etc., at present?

Norbert Steiner - *K+S AG - CEO*

I don't know the number because we have consultants, and as there is still a very wintry situation, it is quite difficult to work on the side. The earnings are being done by our own personnel but also by contractors and frankly I cannot say how many people our contractors have. And as I mentioned basic engineering, this has been done in the offices of AMEC 10, 20, 50, 100 I see the cost and nothing else. And therefore it is impossible to say how many heads, people in kind are working for us. One out of 20 more or less slightly increase in the month by month are working there. Maybe we have reached 135 or something like that, but this is something which more or less is quite on track.

Unidentified Audience Member

One question regarding the taxes, Q4 (inaudible) flow taxes, was that one off-effect (inaudible) or is that a trend? And therefore is the usual tax rate still running into 2013, 27%, 28% the run rate or has there changed something.

The second question is regarding India. From your knowledge, is there a new shift, a new strategy, from the government of the subsidy of general fertilizing there? Do you see there that after this settlement beginning of the year, more demand is coming, or should we expect India still to be below the former average demand?



Norbert Steiner - K+S AG - CEO

I would like to start with your question to the tax rate. The total tax rate for 2012 was 25.9%, so very comparable to the previous year, which was 25.6%. And yes, we had a movement in the fourth quarter that was due to a movement in the deferred taxes, but as you see that our guidance for the tax rate at least for 2013 is between 26% to 27%, we are not expecting any major developments which could decrease our tax rate from where we are now.

Coming to India, two questions. The first or the second one which I would like to answer first is the expectation of volume intake. Historically, I think we cannot remember any time when India was ordering additional tonnages which they did not agree upon, let's say in the neighborhood of the beginning of the fiscal year. It means that they generally made agreements on firm volumes as well as some optional volumes. And when you put together that what more or less is being put together has been put together at the end of January, you come to figures which are below what you called the long-term average. That means below let's say between 5 million and 6 million tons of intake per year. And therefore, we have a figure for 2013 in mind which is in the neighborhood of 4 million, exceeding 4 million to some extent. But so far as we have seen informations about concluded contracts, it will not reach up to 5 million.

The first part of the question, subsidies team, I think -- maybe I'm completely wrong -- that this agreement end of January, beginning of February has not been seen in connection with political reasoning. Since India did not make contracts in 2012, I think the people have seen that the situation in the agricultural area got, to some extent, critical. And therefore, my interpretation of this solution ahead of the Indian governmental elections, which are due still in March, was done in order to show we are doing something for the agricultural sector. But it was done on the same scheme that has been established a year or two ago, and the people I think will not change the patterns and the system so much because they want to avoid the money, the subsidies are vanishing on the way to the final farmers who should get it. And therefore more or less so far every -- most of the Indian farmers have their own account where they can directly get the money. This is something is organized, maybe has not been well enough organized, but I cannot imagine that the scheme will be changed in the future any more.

However, and this is something that is connected with education, I am free to say this right now because we don't have nitrogen onboard anymore. But people know that there is an oversupply of nitrogen which absorbs a lot of money and an undersupply of phosphate and potash. Maybe if there is a better balance between them, they would be better off with the same amount of money if they would put it into the right basket. But this is something that might be taking some while before the Indian government or the Indian people that are historically based so much on nitrogen have learned that and change it. But I cannot imagine that. And it will always be a fight between the Secretary for Financing Affairs and the Secretary for Agriculture. But so far, it's worked, and despite all negative comments, we reduce subsidies and so on and so forth to 427 in connection and context is everything is still quite high.

Unidentified Audience Member

Just one I guess a bit more general question on your accounting policy or how you work your business regarding the currency hedging. The basic question here that springs to my mind is why hedge at all? Summing up the numbers from 2009 when you change your hedging scheme to plain-vanilla options to 2012, I guess we all could agree that not too much value was added via currency hedging. Normally, if you don't speculate on currencies but just use it as in a manner to smooth down your results on a quarterly basis, you're just simply buying time to be able to react if something really outstanding happens to currencies. Otherwise, you're just prolonging tendencies you saw in the past into the future, but structural changes in currency relations can't be avoided even by rolling hedging schemes. So, as you are, at least in the potash and magnesium product, in the position that at least currently all of your production is in Europe, you can't really change structurally to provide something like cost-cutting or something if you see the US dollar collapse to the euro, for example. So, the only thing you could do in the midterm if the currency relation is becoming really awkward or a real pain, you could stop providing to you -- your product to the overseas market, but that's basically all you can do. And I don't think that's a real option to you. And it puts you in the position that you have to pack yourself and your results to a non-IFRS results which you call the EBIT One, which you feel obliged to report. And you could all avoid that by just not hedging, or ceasing to hedge. What would be the downside of a non-hedging policy for your company? Thank you.



Burkhard Lohr - K+S AG - CFO

The downside would be that we would say from hindsight you will see it better. This is always -- this more or less -- please allow me to say that this is a view that generally can be taken when you look back and you see that you have invested some money in the securitization of a certain worst-case scenario, which is in fact not the solution for more or less all eternity, but it takes into consideration that we want to have at least a certain time in order to adjust whatever that means, our situation, or our production scheme, or our cost situation as difficult as it is, to more or less come along with different let's say persistent exchange rate situations that we have not seen yet. And therefore, I think so far we under the bottom line also looking from hindsight since we have changed into the system of the worst-case scenario securitization, we are materially not in a negative situation. You certainly are asking can you more or less avoid all that and you are better off? But we are of the opinion that for also some support for our planning scenario, it is quite helpful to have that onboard and have more or less the comparison of cost and potential positive outcome from that from our perspective has always been in the range that we say it is justifiable.

Everybody more or less is predicting that in the one year the euro is so strong that we get parity. Otherwise, we say the dollar was stronger -- the dollar is stronger if we get parity in the next year. We see many, many people that say you're getting up to EUR1.60 or something like that. But as it was in reality, it has never ever happened this way. It was completely difficult, difficult to predict; it was impossible to predict. But under the bottom line, philosophically you are right. Philosophically you are right. But when you bring it down to more or less the simple business, we find it helpful to have it onboard. And therefore we do not discontinue.

Unidentified Audience Member

One simple question is on the very small complementary business where we saw in Q4 an EBIT which was below the levels we have seen in Q1, Q2, Q3. So maybe you can help us here. What was the reason of the sequential worsening? And if there was a special reason, is this reason prevailing?

The second question is on your legacy projects, sorry to come back to that. You have a minimum target of 12% ROCE after-tax. The first years of course you are still in the investment process. In which year you think you can earn at least 12% already? Is it already the end of the Phase I, or is it somewhere in Phase II or at the beginning of Phase III? Thanks.

Norbert Steiner - K+S AG - CEO

I am hesitating a little bit to say what I think. I think we should take into comparison -- into consideration a longer period of time. I was tending to say that this would be brutal. I don't want to be brutal, more or less in the time frame where we more or less are calculating our net present value. This is too long, no.

I think even after a certain -- differently. We have presented some information on the project when we came out in November 2011. And we then made some comparisons how the profitability would be to earn that 12% ROCE. And we said this is something we are more or less everybody -- everything in the process is running smoothly. And this was something I think in the year 2021, 2022 where we said this is something where we wondered where we are in that neighborhood, when we have potash prices between EUR400 and EUR450, including freight and some other assumption was due to gas prices and so on. And we did it intentionally as we think that, in the first couple of years, even after the accomplishment of the first phase, there will be -- how can I call it -- some irregularities maybe in the process that we need more or less to smoothen. And therefore I think we should be fair and say that problems can arise whenever you start with a new plan of that size. And therefore, I think it would be over-optimistic and unrealistic if you say assuming that end of 2017 we have achieved the first phase and the ramp-up of the first two trains that we have established in there, that we will be from day one in 2018 in the phase. So around 2020. I would say this is something where we should have a very, very stable process and we could do it in that way.

The first question that you raised, frankly we need to look (inaudible). What is it? Logistical?

Unidentified Audience Member

Logistics volumes.

Norbert Steiner - K+S AG - CEO

Volumes. That means our KTG, (inaudible) port GmbH is earning on the transportation of potash. And this is more or less not reflected in the revenue but reflected in the result. And if we then slowed down a little bit, and you have seen that the figures of transport of sales in the potash business has been lower in the fourth quarter, then it is more or less most likely at least 90% of the explanation.

Unidentified Company Representative

We have one more question here from Thomas and from Mr. [Fitzel].

Unidentified Company Representative

Two questions from my side relating to the potash. Since we saw China and India return to the market and therefore floor price set, what is the feedback you are currently getting from customers? I mean there were price increases announced by the Canadians, by the Russian producers. Do you see your customers taking these prices or is it still in the process? I think some price increases were announced as of April. So do we still have to wait for that or are we more or less sure that these price increases will come through and be accepted?

And the second question relates to the so to say optimum fertilization ratio between potash and phosphate and nitrogen. And there's always a very graphical example. I am referring to the optimum ratio reached in Europe and in North America. But in emerging markets like South America, like Brazil or Asia, obviously also India, there is significant catch-up potential. And this potential has been there for quite some years. So do you have an idea of a time frame where these markets would actually catch up, or is that something that only very slowly takes place and goes hand-in-hand with increasing industrialization? That's the two questions.

Norbert Steiner - K+S AG - CEO

Thank you. The first question -- I think I mentioned in one of my earlier remarks that the real improvement for prices started after the news of the Indian contracts and also the fact that the Indian price was not on the level of EUR400 but on the level of EUR427.

So I think two things come together. The first is that people cannot speculate any more about lower prices in China and in India; they were fixed. And the second thing is that they want to be prepared for their own let's say purposes. And this means that the people take into consideration also questions of supply-chain problems that say times where the ships are not being unloaded and so on and so on. And therefore, the people say we want to have material. I mentioned to the question of Lutz Gutten earlier that we will see a very strong first quarter, particularly January and February were very strong months in our case and I assume also in the case of our other competitors. This has something to do with that people do not want to come too late. In that situation, I would not like to speak about scarcity. But the stress that this -- in the supply-chain all over the world more or less is feasible and this is something you can (inaudible) to your customers, that after the a competent of India, the people see that owners do not -- are not able and cannot expect any more than more or less official prices in the neighborhood of EUR427 anymore. And therefore they don't like it but they see, according to their own purposes and their own let's say economic decision-making process, that it is better to take a hand on that and accept maybe EUR435, EUR450 or even higher, but to have the material onboard as in comparison not to have it and to wait and not be able to make the business later on in the year. You need to see that once we make a contract, then we need to ship it to Hamburg, then the ship goes in to Brazil maybe, then the ship is waiting 30 days before it is being unloaded, and it's a barge or barges to get into the (inaudible) system and it takes more or less three months. This means that we need to wait more or less until the first contracts that -- the suppliers need to wait until the first contracts from the beginning of the year have to be accomplished. Then all these that come later can more or less be connected with higher prices, and therefore, as always, the materialization of higher prices takes a while maybe also feasible in the second quarter but maybe, maybe and hopefully also earlier.

The ratio, yes, you are right. US, North America, better to say, and Europe are historically well situated with all major nutrients. And there is also to be seen that by legal reasons the farmers need to make a few tests before they apply more fertilizer of whatever kind to their fields with view to a certain specific crop. Brazil has learned it as well, if they would not be more or less following the balanced nutrients scheme, they would be not so efficient as they are and would not be so productive and successful.

More or less in all the other regions in the world, we have big deficits in knowledge particularly, and this comes from the historical fact that the people have started with nitrogen, as you see it immediately, and were not looking too much and too intensively into the let's say optimum preparation of the ground for optimal growth. This takes long. This takes long. And therefore, in those areas where the people will want to learn, and allowed to have the material part. But if you then look into China and know that the economical demand of China would be 20 million tons of application and the application might be between 10 and 12, you'll see there's also political influences that hinder the people. Or last year India, now stretching of 6 million tons into two years. That means deficits intentionally taking into consideration and not for the benefit of farmers. As long as the farmers might be able and might be also put in a situation that they have the money to purchase also phosphate and potash material and to see the positive result of that, they would be willing to do so. But this requires a system that allows for it politically or structurally. And therefore, I would love to have all this balanced nutrition scheme knowledge established all over the world within the next five years, but it's unrealistic. This is something which may be taking a life time, but it will come. There's no alternative.

Thomas Swoboda - *MainFirst - Analyst*

Thomas Swoboda from MainFirst Bank. A quick question on salt. At the turn point of the year, SPL acquisition, we were discussing some possibilities to accelerate the underlying volume growth for K+ S by going into Asia potentially or developing more maybe the South American market. Do you have anything in place which could accelerate the volume growth in salt beside the swings driven by deicing salt?

Mark Roberts - *K+S AG - Head of Salt Business*

Good question. I think, last year, it was communicated that SPL had made some test shipments to Asia, looking into the marketplace, particularly in the chemical sector. I'm certainly happy to report that SPL now has some ongoing business in Asia, so this is regular business for them. It's still very much a small business but it is growing.

We look at the Asian market as being one that's very attractive. It's certainly a growing market again in the chemical sector. Asia is in general an import market in total, and SPL certainly is evaluating opportunities to grow that business even further. And we as a business unit are evaluating what want our position to be there, evaluating strategically how best to approach that market. But certainly given the very high quality salt that we have in Chile today, the fairly low freight costs that we have, fairly low production costs we have in Chile, we are leveraging that to grow our business in Asia. And as I said, I'm happy to report that we have ongoing business there and it's growing.

Thomas Swoboda - *MainFirst - Analyst*

Is this already feasible or when could it become feasible to us?

Mark Roberts - *K+S AG - Head of Salt Business*

I think certainly we can provide some greater clarity on that over the course of the year. I don't want to report too much. We are still in some contract negotiations right now, but the business is growing. As I said, we have good, established business there. It is certainly again leveraging the nice resource we have in Chile, both in terms of quality and in terms of production cost. So certainly more to come, but we are very pleased with the development there.



Norbert Steiner - K+S AG - CEO

So, I think we are coming to the end of today's meeting. Once again, thank you very much for coming to Frankfurt to be here to put your questions on the table. From our perspective, I would like to say that it was a very interesting meeting with you. The next meeting via phone conference will be somewhere in May, the day after our AGM, I think the 14th or 15th? 15. Hopefully, I will be there at the AGM, unless I forget the date. So thank you very much. I will need to leave because I have another appointment in the plaza, in the stock exchange, and other colleagues and particularly investor relations will be here. And if there are further questions, which will certainly be, they are happy to answer. Thank you very much and have a good way back to your home, where ever you live. Thank you.

Unidentified Company Representative

Thank you gentlemen. Investor relations will be around.

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