

**k+s** *nitrogen*



# ADDED VALUE WITH NITROGEN

K+S Nitrogen introduces itself.



K+S NITROGEN AROSE FROM THE MERGER OF FERTIVA WITH PARTS OF THE COMPO PROFESSIONAL BUSINESS.

BY BUNDLING ITS ACTIVITIES IN RELATION TO NITROGENOUS FERTILIZERS IN K+S NITROGEN ON 1 JULY 2009, THE K+S GROUP HAS FURTHER DEVELOPED ITS STRUCTURE AND CREATED THE BASIS FOR FURTHER LONG-TERM GROWTH.



## WHO WE ARE

**As one of the leading providers of nitrogenous fertilizers, K+S Nitrogen possesses high competence in working with nitrogen.**

Our products for use in the cultivation of field crops, vegetables, fruit and vines cover the whole range of nitrogenous fertilizers – from classic standard fertilizers through the complex fertilizer Nitrophoska® to our innovative high-end product. The nitrogen stabilising ENTEC® fertilizers have achieved broad acceptance on the market in just a few years. We market fertilizers that are produced exclusively for us by BASF and additionally trade in products purchased from other selected suppliers.

We regard ourselves as being a partner of our customers and suppliers. Reliability and respect in mutual dealings are among the most important bases for building up long-term loyalty – and this applies both to the loyalty of our customers and to our employees loyalty to our company. We promote a wealth of ideas and entrepreneurial thinking, and we provide the space in which our employees can exercise their many and varied skills. We thus live shared values and view the success of our company as always being connected with its committed employees and in the context of its being part of the K+S Group overall.

Rudolf Graf von Plettenberg  
*Member of the Executive Management*

### **Our goals.**

It is our goal to operate as one of the leading providers on the market for nitrogenous fertilizers. We want to increase our sales in Europe and overseas, expand our portfolio and open up new fields of growth in the promising market for fertilizers. We are therefore creating the conditions for further profitable growth and for a sustainable increase in the value we generate.

# THREE CORNERSTONES OF GROWTH – OUR BUSINESS MODEL

With our customers as the focus, we are working towards three main goals in order to permanently secure and expand our position on the market:



## 1. Enhancing our operational excellence

Maintaining our competitiveness and increasing profitability through:

- » Optimised pricing
- » Further optimisation of our logistics processes
- » Wider application of active risk management
- » Efficient cost management

## 2. Maintaining and expanding our current business

Increasing our market volume and share by:

- » Developing our supplier base
- » Reacting strategically to consolidation and market rationalisation processes
- » Expanding our product portfolio

## 3. Exploiting global supply and sales opportunities


The main basis for achieving these goals are successful integration into the K+S Group and the continuation of a long-term partnership with BASF that enjoys the support of both parties.

# THE ENGINE OF GROWTH

**Nitrogen is indispensable to the healthy growth of plants and is required by them in large quantities. Without the application of fertilizers, the nitrogen contained in the soil alone is not enough for feeding the world population.**

All over the world, the agricultural industry is today producing more food per capita than ever before. The current report on fertilizer trends, published in September 2008, of the United Nations Food and Agriculture Organisation (FAO) forecasts by the 2011/2012 harvest, agricultural production will have further increased from, currently, 206.5 million tons of cereal units to 241 million tons. The report attaches considerable importance in particular to nitrogen fertilizers, because of all the means of production, it is nitrogen fertilizers that have by far the greatest impact on increasing crop yields.

Estimates published by the United Nations indicate that, by the middle of this century, nine billion people will be living on our planet, two billion more than today. Due to increasing urbanisation, especially in the emerging market countries, there will be a dramatic decline in land available for cultivation. However, global agricultural production will have to rise by about 2 percent per year in order to ensure that a growing world population can be fed. As a key means of production in a professional and more efficient agricultural industry, nitrogenous fertilizers are making an important contribution to this.



With our nitrogenous fertilizers, we are making a decisive contribution to securing agricultural yields and improving the food situation of a growing global population. Here is just one example: the production of 1 kg of beef requires about 8 kg of fodder crops, and it takes about 3 kg to produce 1 kg of chicken. Nitrogenous fertilizer is indispensable to healthy and rapid plant growth – and, of course, that is true for all plants.



## STRONG BRANDS AND PRODUCTS

**With our product portfolio, we possess a high competence in the industry with nitrogen, competence appreciated by customers and partners worldwide.**

Our straight nitrogen fertilizers are marked out by excellent product characteristics. High-quality raw materials, a range of consistent grain sizes and good storage properties ensure that crops are supplied optimally. In combination with potash, sulphur or boron, they improve yields and quality on soils with specific nutrient requirements.

For over 80 years, the Nitrophoska® brand is synonymous with a fertilizer of the highest quality.

Nitrophoska® complex fertilizers contain all nutrients in a single granule. In the production process, the raw materials are combined when in a liquid or partially dissolved state, and then granulated. Each individual grain of fertilizer thus receives exactly the same composition of nutrients – nitrogen, phosphorous, potassium and other elements. The even spreading of all the nutrients contained in Nitrophoska® on fields ensures that quality and yields are given a head start from spring right through to harvesting. Nitrophoska® is available as a complex fertilizer containing chloride as Nitrophoska® C. The Nitrophoska® S formulas are suitable for use with all chloride-sensitive crops, such as potatoes, vegetables, fruit and grapes.

Our innovative ENTEC® products contain an ammonium stabiliser, which provides plants with an even supply of nitrogen over a period of several weeks – a way of promoting better plant growth and quality. ENTEC® fertilizers form the basis for farming that is more environmentally friendly and cost efficient.



# AN OVERVIEW OF OUR PRODUCT LINES

From standard fertilizer to high-end product

| N single-nutrient fertilizers | N+S fertilizers                     | Nitrophoska® C   | Nitrophoska® S  | N-stabilised fertilizer   |
|-------------------------------|-------------------------------------|--|---|---|
| CAN 27                        | asn<br>asn boron<br>Granammon<br>AS | e. g.<br>Nitrophoska®<br>15+15+15(+0+2)<br>Nitrophoska®<br>20+8+8(+3+4)<br>Nitrophos®<br>20+20+0(+0+2) | e. g.<br>Nitrophoska® special<br>12+12+17(+2+8)<br>Nitrophoska® perfect<br>15+5+20(+2+8)<br>Nitrophoska® extra<br>12+10+20(+2+9)<br>Nitrophoska® super<br>20+5+10(+3+5) | ENTECC® on basis of<br>straight N-fertilizers<br>and complex fertil-<br>izers, e. g.<br>ENTECC® 26<br>ENTECC®<br>24+8+7(+0+2)<br>ENTECC® perfect<br>14+7+17(+2+9) |

**The right formula for every need.**

Our product portfolio offers the right fertilizer formula for every crop and soil, e. g. for the production of the noblest wines.

# QUALITY AT THE HIGHEST LEVEL

**Quality is the decisive feature of all our products. In order to preserve this competitive advantage, quality assurance systems exist throughout the production chain, from product development, via production, all the way to the customer.**

K+S Nitrogen guarantees its customers a consistently high level of quality: Quality assurance systems throughout the entire process chain from product development through manufacture to the customer.

The basic principle of sustainable development – achieving a balance between economic, ecological and social goals – is one that we regard as an opportunity and a challenge at the same time. We have integrated social and ecological aspects into our business processes in order to avoid risks and ensure our economic success. Our basic values express our responsibilities toward people, society and nature. Furthermore, in the marketing and handling of our products we comply with legal and stringent voluntary quality and safety standards in order to provide the best possible protection for mankind, nature and the environment.

**For us, quality is about safety too.**

We ensure that, to the best of our knowledge and exploiting all the options available to us, the fertilizers K+S Nitrogen introduces onto the market are produced, stored, transported, marketed and used in a safe form, with the aim of providing the best possible protection for mankind, nature and the environment.

# CLOSE TO OUR CUSTOMERS WORLDWIDE

**In many countries around the world, our fertilizers are used in agriculture. As part of the K+S Group, we exploit the many different synergies available within an international corporation to benefit our customers.**

With the international branches of the K+S Group and selected external sales partners, we have a high-performing global sales network at our disposal. We are thus able to present ourselves as a reliable partner for our customers and suppliers locally, and possess detailed knowledge of the very different requirements of individual countries. Thus we can ensure that our customers receive professional advice on the spot.

## Sites

Our products enjoy an excellent reputation worldwide. K+S Nitrogen makes about two thirds of its turnover in Europe and about one third overseas.

### International branch offices of the K+S Group with K+S Nitrogen



# OPERATIONAL EXCELLENCE

**Speed, reliability and the systematic implementation of cost benefits along the entire value chain provide us with long-term competitive advantages.**

Every year, we supply about five million tons of fertilizers to 60 different countries. To ensure that our fertilizers are available in the right place at the right time, while maintaining consistently high quality, we have optimised our supply chain by implementing a modern supply chain management system (SCM), so that it is efficient, cost effective and environmentally friendly.

The latest information systems and networking with our partners beyond our company ensure the rapid transfer of information and data, while making it possible to manage and control production and logistics efficiently. This covers not only the classic distribution of goods, but also providing the supply chain with necessary/important documents and information. Thus, we are able to respond to unexpected events almost in real time, i. e. immediately and to take appropriate countermeasures.

We work in a focused way with our K+S sister companies – on the joint development of modern, IT-based SCM tools, on the procurement of logistics services or in terms of shared shipments – and thus exploit logistical synergies optimally within the corporate group. The many years of international experience of our employees, together with our excellent network of partners, form the basis for our reliability and create additional cost benefits.



# COMMITMENT TO RESEARCH

**We are constantly developing our products, in order to better adapt them to the specific requirements of different crops and regions.**

K+S Nitrogen cooperates with universities and other university-level institutions in order to apply the findings obtained from basic research to practice. Important partners in our research and development activities are the K+S Research Institute and BASF SE's Limburgerhof agricultural centre. Together with scientists, we are working on improving product characteristics and application technologies as well as on the development and testing of new substances for fertilizers.

We commission state-funded and private research and testing institutions the world over to test our products under real conditions. The knowledge we obtain allows us to assess the correct form of nutrient, volume of fertilizer and time of application for specific locations.

Active substances like nitrification-inhibiting ENTEC® are milestones in the development of fertilizers and ensure that the company enjoys a technological head-start.



# RESPONSIBILITY TOWARDS MANKIND AND THE ENVIRONMENT

**As a provider of nitrogenous fertilizers, we are conscious of our particular responsibility toward mankind and the environment. We therefore develop products that are safe and do not constitute a danger to mankind or the environment if they are used responsibly and correctly.**

Together with BASF, our main supplier for nitrogenous fertilizers, K+S Nitrogen participates in the product stewardship programme of EFMA (European Fertilizer Manufacturers Association). Within this framework, European fertilizers manufacturers have committed themselves to manufacture, pack, store and transport their products and raw materials in a responsible and safe manner. We have made the product stewardship programme a permanent element of our corporate concept.

We thus guarantee the implementation of high quality and safety standards going beyond statutory requirements. In the 2008 audit, we fulfilled EFMA requirements to a superior extent.

## **Worldwide and individual support.**

Through targeted and needs-based application, after good expert advice, the risk of a increase in the nitrate content of drinking water can be reduced to a minimum.



Care plays a special role in our way of thinking. Not only when dealing with resources and our own products: We always bear in mind that we are dealing with growth.

# LIVED VALUES

**As a company that thinks and acts responsibly, we have formulated values that we live out in our everyday work in all areas of the company.**

Trust, readiness to help, mutual esteem and respect form the basis of our dealings with employees, customers and suppliers. We treat people with the greatest possible respect, regardless of their origin and gender. The open and honest way we handle criticism and conflicts enables us to work together closely and professionally. We bear corporate responsibility together – each in his or her own position. Our values create a climate that encourages all our employees to fully develop their skills and potential in their respective work environment.

Product lines developed together with our employees and forward-looking personnel management form the basis for the healthy, sustainable growth of our company. Motivating tasks and attractive career prospects, also in the other companies within the K+S Group, promote motivation and commitment on the part of every employee.

## **Values for sustainable success.**

Our way of thinking is characterised by partnership with and for each other. We also live out this way of thinking in our interaction with our customers and suppliers. This enables us to create long-term relationships based on trust – an important prerequisite for our commercial success.

# THE K+S GROUP

|  <b>K+S Group</b> |   |  |
|--|---|--|
| <b>Fertilizers Core Business Sector</b>  | Potash and Magnesium Products   | K+S KALI GmbH                            |
|  | Nitrogen Fertilizers  | K+S Nitrogen GmbH<br>COMPO GmbH & Co. KG |
| <b>Salt Core Business Sector</b>   | Salt  | esco GmbH & Co. KG<br>SPL Group          |
| <b>Complementary Business Segments</b>   | Waste Management and Recycling,<br>Logistics, Animal Hygiene Products,<br>Trading |  |

**The K+S Group is one of the world's leading suppliers of speciality and standard fertilizers and salt products.**

With its products and brands, K+S offers its customers a range of needs-based goods and services which provides growth opportunities in virtually every sphere of daily life. The K+S Group employs about 12,300 people and achieved revenues of just under € 5.0 billion in 2008. K+S is quoted on all German stock exchanges (ISIN: DE0007162000 / WKN: SDF) and listed on the DAX® share index.

As a member of this strong corporate group, we can utilise existing structures and thus position ourselves well vis-à-vis our competitors.

**K+S Nitrogen GmbH**

A company of the K+S Group

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