



Growth
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Success.

Presentation of
Annual Financial Statements 2007
K+S Aktiengesellschaft

Norbert Steiner, CEO

13 March 2008
Frankfurt am Main



Experience growth.



- High soft commodity prices incentivise farmers around the globe to spend more on fertilizers in order to increase crop yields and quality. With international potash fertilizer manufacturers producing close to their installed capacity, increased demand has resulted in supply bottlenecks and thus in significant further price increases for international potash fertilizers.
- The strong agricultural business environment also helped COMPO and fertiva to make use of high fertilizer demand at attractive prices, though input costs for raw materials like ammonia and phosphate have also risen sharply.
- Although winter weather in Q4 was moderate, it improved compared to the weak Q4 of 2006. Demand in the other salt segments was rather good.
- The weakness of the US dollar, energy prices and freight rates gained momentum in Q4, offsetting some of the fertilizer price increases.

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Key Figures for Q4

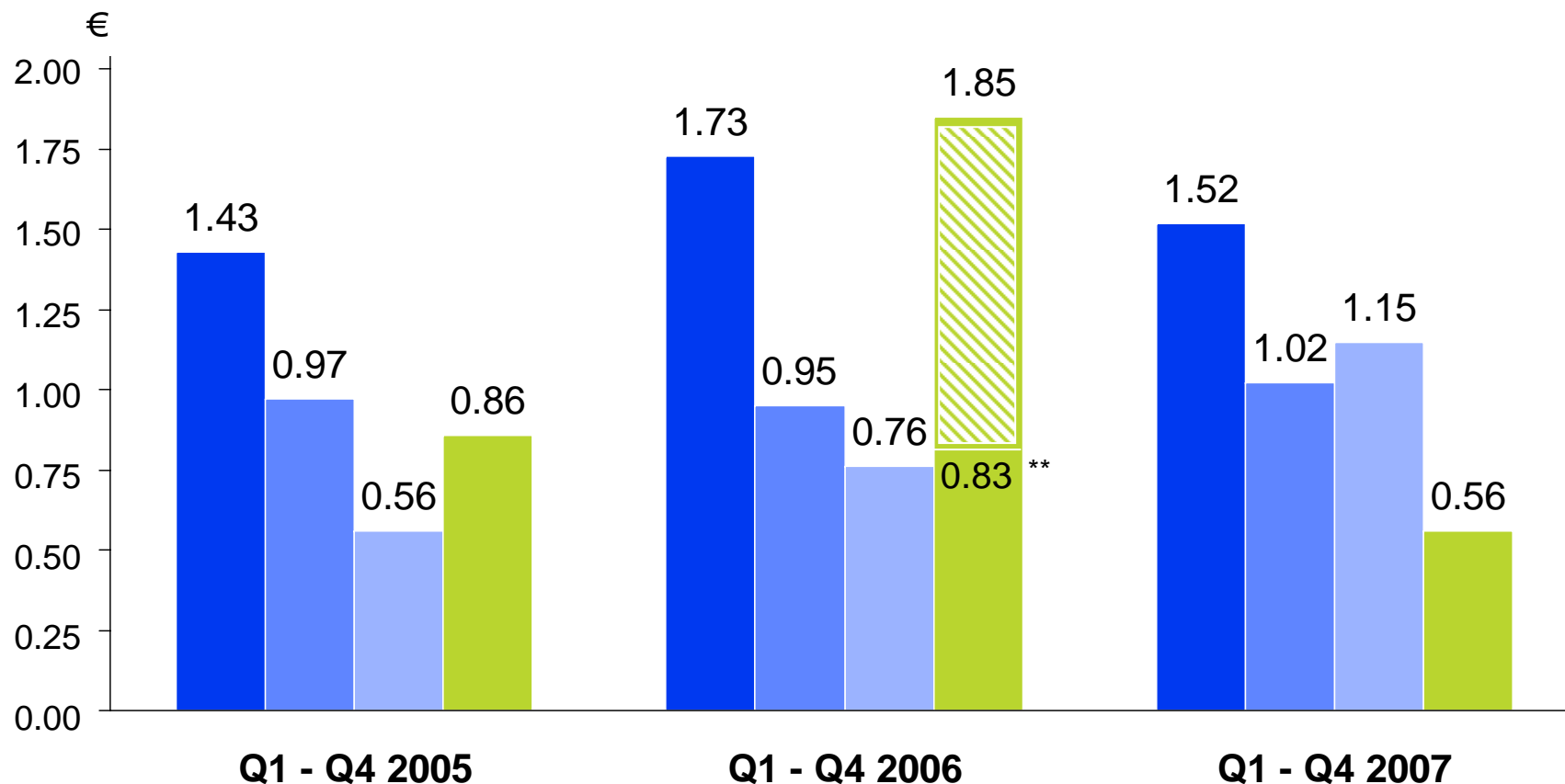


€ million	2007	2006	%
Revenues	893.7	732.0	22.1
Operating earnings (EBIT I)	33.6	53.8	(37.5)
Earnings before income taxes (EBT), adjusted *	22.4	45.0	(50.2)
Group earnings after taxes, adjusted *	22.9	34.5 **	(33.6)
Capital expenditure	75.4	51.5	46.4
Free cash flow before acquisitions/divestments ***	(69.4)	(48.6)	42.8
Earnings per share, adjusted (€) *	0.56	0.83 **	(32.5)
Average number of shares (million)	41.25	41.25	-

* adjusted for the effect of market value changes for hedging transactions; the resulting tax effects were also eliminated

** excluding non-recurrent deferred tax income of €41.9 million or €1.02 per share

*** adjusted for the tie-up of funds for premium payments for hedging transactions, Q4/07: €164.2 million; Q4/06: €20.7 million



EPS FY*	€ 3.81	€ 4.27**	€ 4.25
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* adjusted for the effect of market value changes in hedging transactions; the resulting tax effects were also eliminated

** excluding non-recurrent deferred tax income of € 41.9 million or € 1.02 per share

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Major Challenges in 2007

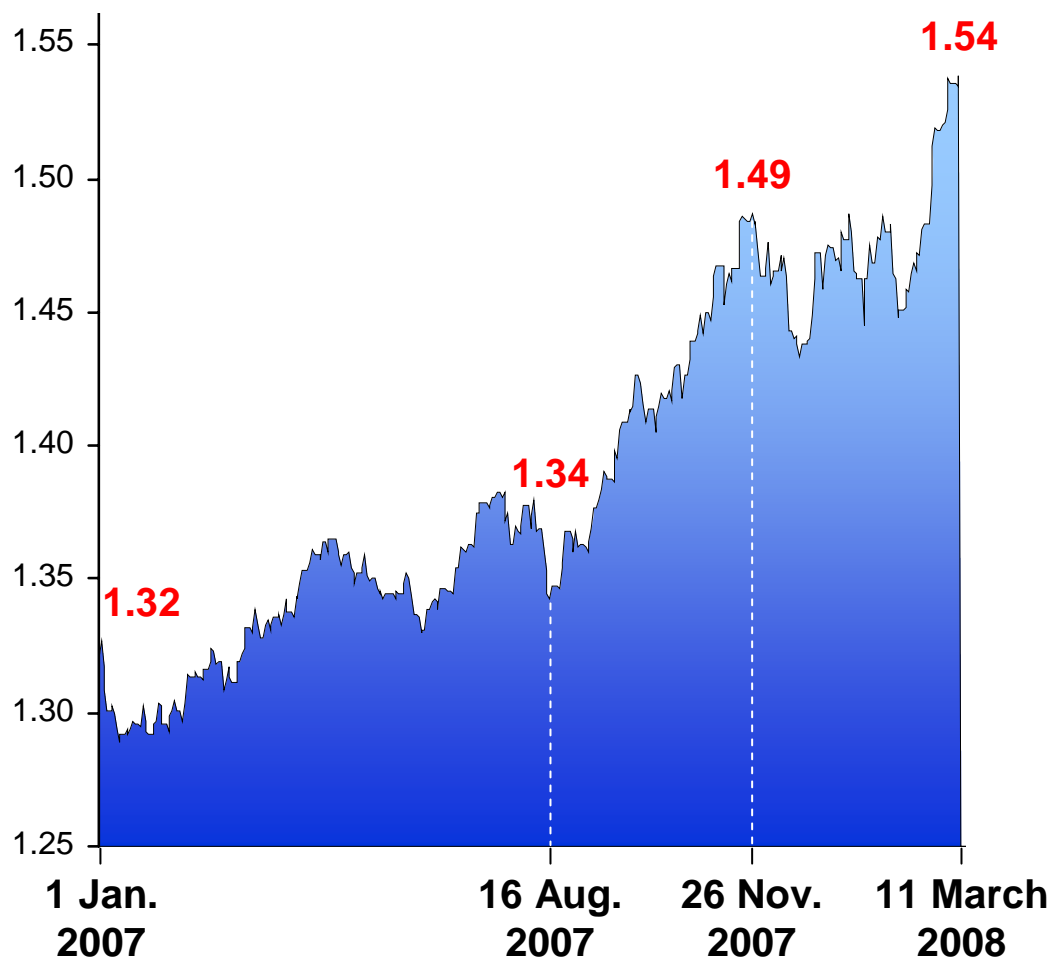


- The enormous demand for potash and nitrogen fertilizers could only be satisfied with the greatest of efforts
- The warmest winter since weather records began led to a sharp fall in the de-icing salt business in Europe last year and corresponding adjustment to our salt production
- Development of short- and medium-term solutions for the disposal of saline tailings pile and production water
- US dollar currency developments caused substantial losses in the market value of our US dollar options, which led to a loss in unadjusted earnings after taxes

Changeover of US Dollar Hedging System

Devaluation of the US dollar since January 2007

USD / EUR



Source: Bloomberg

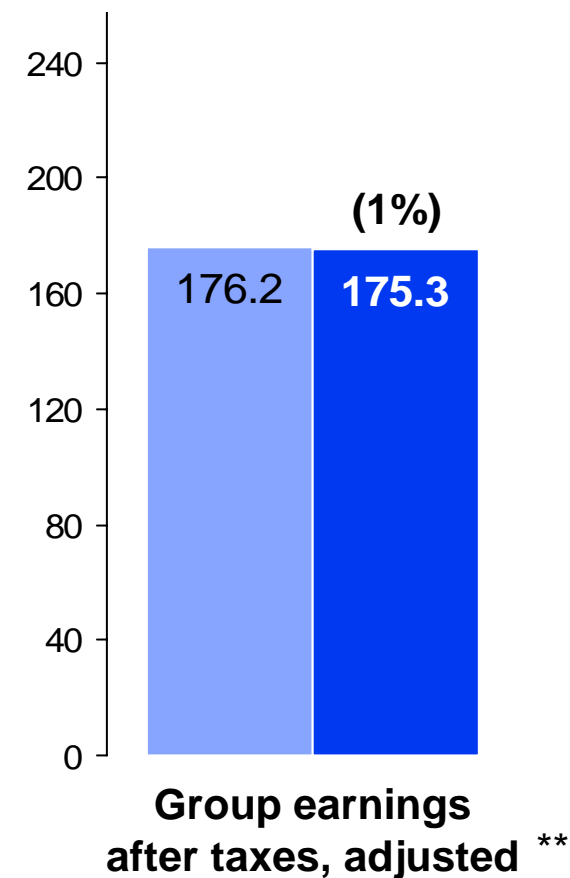
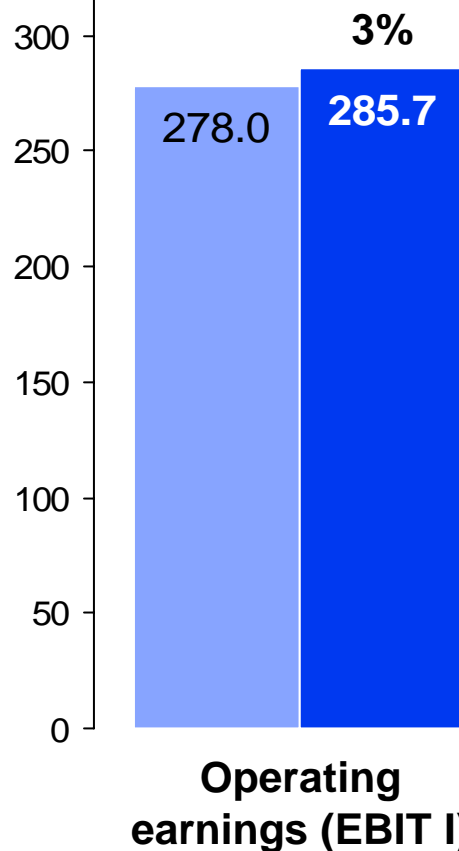
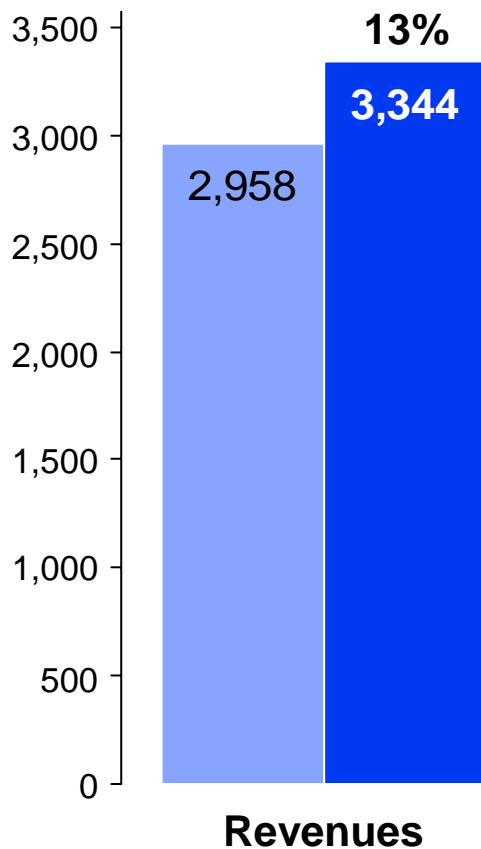
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- US dollar hedging via double-barrier options contributed attractive earnings from 2004 to 2007 incl.
 - Until mid-Sept. 2007, appropriate "safety margin" between spot rate and upper knockout barriers
 - Also in historical terms, the overly dramatic and volatile depreciation of the US dollar required high premium payments for new knockout barriers
 - Until November 2007, we were nonetheless confident that positive earnings could be achieved from US dollar hedging for 2008-10
 - Due to the threat of a disproportionately high expense for follow-up hedging perceived at the end of November, the system could no longer be supported in terms of opportunities and risks
- ➔ **Changeover of US dollar hedging system to a risk limitation system starting from 2008**



€ million

2006 * 2007 *



* starting from 1 July 2006 incl. SPL

** adjusted for the effect of market value changes from exchange rate hedging transactions; for the adjusted group earnings, the resultant tax effects are also eliminated; 2006 without non-recurrent deferred tax income of € 41.9 million

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Key Figures for FY 2007



€ million	2007	2006	%
Revenues	3,344.1	2,957.7	13.1
Operating earnings (EBIT I)	285.7	278.0	2.8
Earnings before taxes (EBT), adjusted *	250.0	257.9	(3.1)
Group earnings after taxes, adjusted *	175.3	176.2 **	(0,5)
Effective tax rate	29.9	31.7	
Capital expenditure	171.6	130.5	31,5
Free cash flow before acquisitions/divestments ***	115.4	155.6	(25.8)
Net indebtedness ****	1,086.5	718.2	51.3
Earnings per share, adjusted (€) *	4.25	4.27 **	(0.5)
Average number of shares (million)	41.24	41.24	-

* adjusted for the effect of market value changes for exchange rate hedging transactions

** excluding non-recurrent deferred tax income of €41.9 million or €1.02 per share

*** adjusted for the tie-up of funds for premium payments for hedging transactions; 2007: €367.0 million, 2006: €25.3 million

**** including pension provisions and provisions for mining obligations.

Potash and Magnesium Products Business Segment

Volumes and Average Prices in Q4 and FY

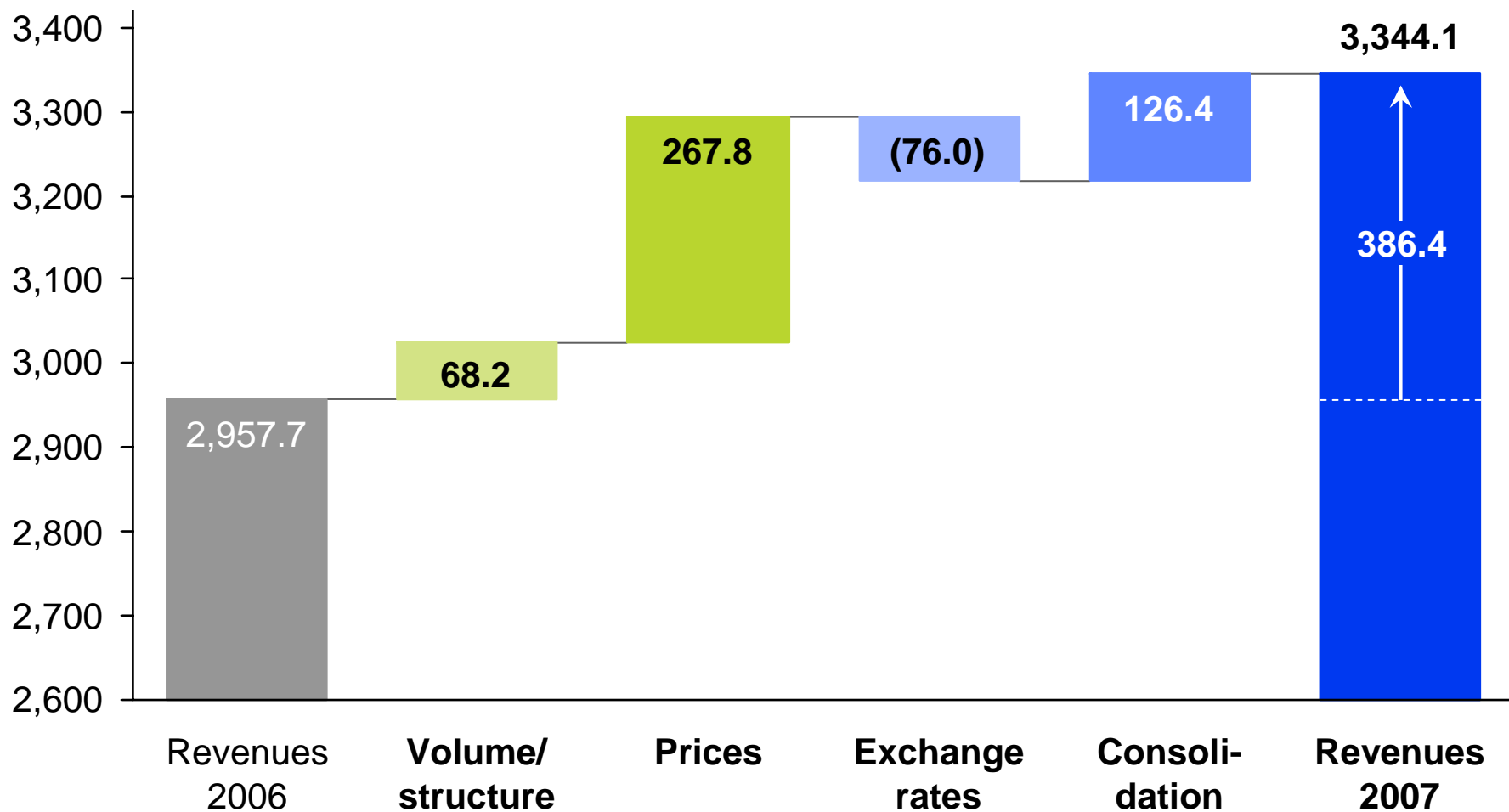


	Q4/2007	Q4/2006	%	FY/2007	FY/2006	%
Volume (million tonnes)	2.06	1.93	6.7	8.22	7.99	2.8
- Europe	1.30	1.08	20.4	5.03	4.83	4.1
- Overseas	0.76	0.85	(10.6)	3.19	3.16	0.9
Average price (€ per tonne)	187.7	153.4	22.4	171.3	155.0	10.5
- Europe (€ per tonne)	182.1	154.0	18,2	170.0	153.6	10.7
- Overseas (US\$ per tonne)	284.6	197.0	44.5	237.9	197.9	20.2

- Q-o-Q: 18% rise in European price level compared to Q4/06 is attributable to higher prices in all sub-segments; same applies for the 44% price increase in overseas prices; overseas price increase was stronger compared to the European benchmark because of declining US dollar and rising ocean freight rates
- Y-o-Y: 11% European price increase is attributable to higher prices in all sub-segments; 20% overseas price increase in US dollar was mitigated in EUR-terms by the weaker US dollar (1.37 USD/EUR against 1.26 USD/EUR on average)



€ million



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Strong Fertilizer Performance



Operating earnings EBIT I as of 31 Dec. 2007 (€ million)

△ 2006:

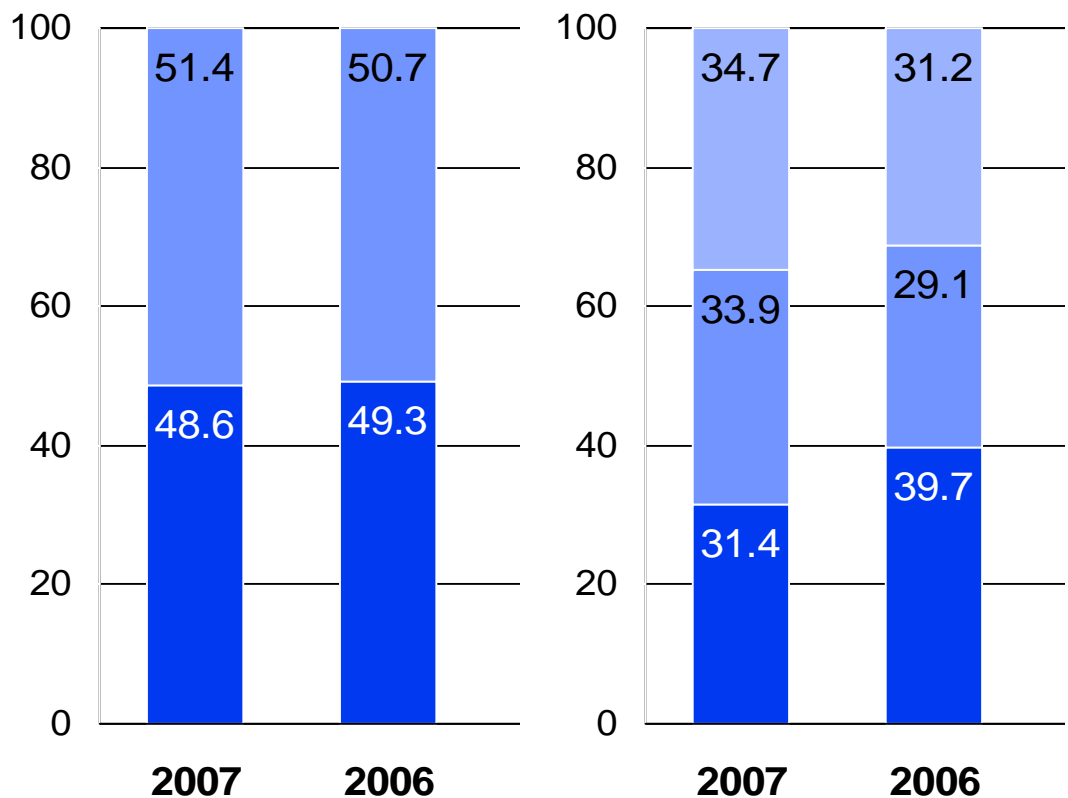
Potash and Magnesium Products	177.9	12%
COMPO	32.0	10%
fertiva	25.3	52%
Salt (since 1 July '06 incl. SPL)	47.8	(29%)
Waste Management and Recycling	11.5	(17%)
Services and Trading	27.7	9%
Reconciliation	- 36.5	
K+S Group:	285.7	3%

€ million	2007	2006	%
Personnel expenses	687.3	663.5	3.6
Cost of materials and purchased services	1,402.9	1,213.2	15.6
Energy costs	216.2	207.5	4.2
Freight costs	504.0	431.5	16.8

- Personnel: Collective agreement wage increases; inclusion of SPL
- Materials: Inclusion of SPL; fertiva input costs
- Energy: Price increase for natural gas could be mitigated by hedging instruments
- Freight: Inclusion of SPL; price increases

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Balance Sheet Composition



■ Current assets
■ Non-current assets

■ Current debt
■ Non-current debt
■ Equity

- At 49:51, the ratio of non-current assets to current assets is very balanced
- Equity decreased due to the unadjusted losses and the equity ratio consequently fell from 39.7 to 31.4% of the balance sheet total
- K+S's net indebtedness at the end of the year amounted to € 1,086.5 million (previous year: € 718.2 million). The increase is mainly attributable to higher premium payments for US dollar hedging
- Almost 40% of the K+S Group's debt consists of provisions, 34% of financial liabilities and approximately 22% of accounts payable trade

K+S Group

Returns as of 31 December



in %	2007	2006	2005	2004	2003
EBIT margin	8.5	9.4	8.9	6.4	5.1
Return on equity	16.1	17.7 *	17.8	12.1	17.7
Return on total investment	11.0	12.3	12.7	9.1	7.4
Return on capital employed (ROCE)	15.5	17.4	19.5	14.2	12.8
Value added (€ million)	88.3	125.5	123.8	54.4	30.3

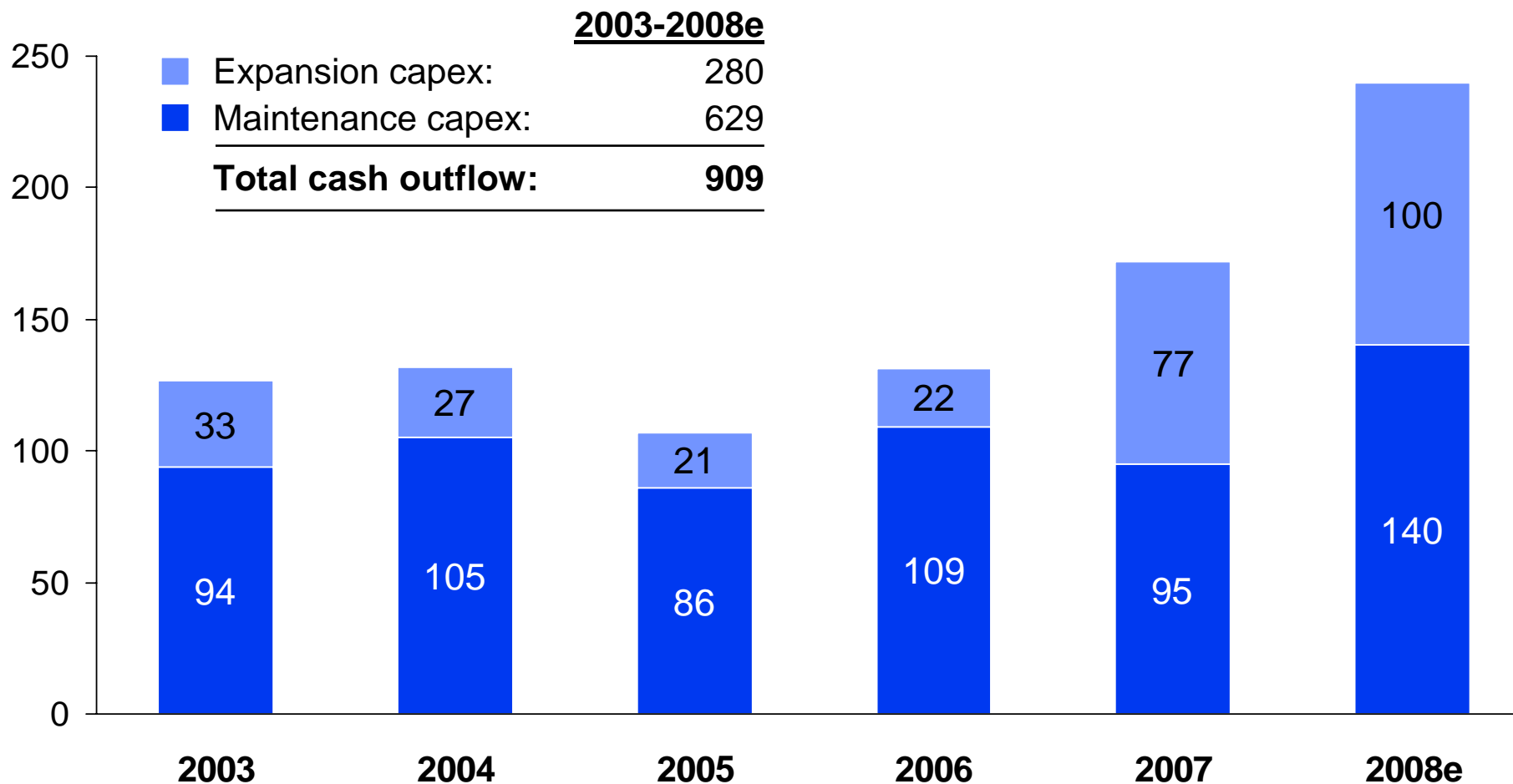
- Margins and returns have fallen moderately compared to last year's figures, but remain at an attractive level
- ROCE remains far above our cost of capital of about 11% before taxes, i. e. the K+S Group has again created substantial added value during the past financial year

* excluding non-recurrent deferred tax income of €41.9 million

K+S Group Capital Expenditure



€ million



• 2003-2008e: depreciation > maintenance capex

2003: German GAAP; since 2004: IFRSs

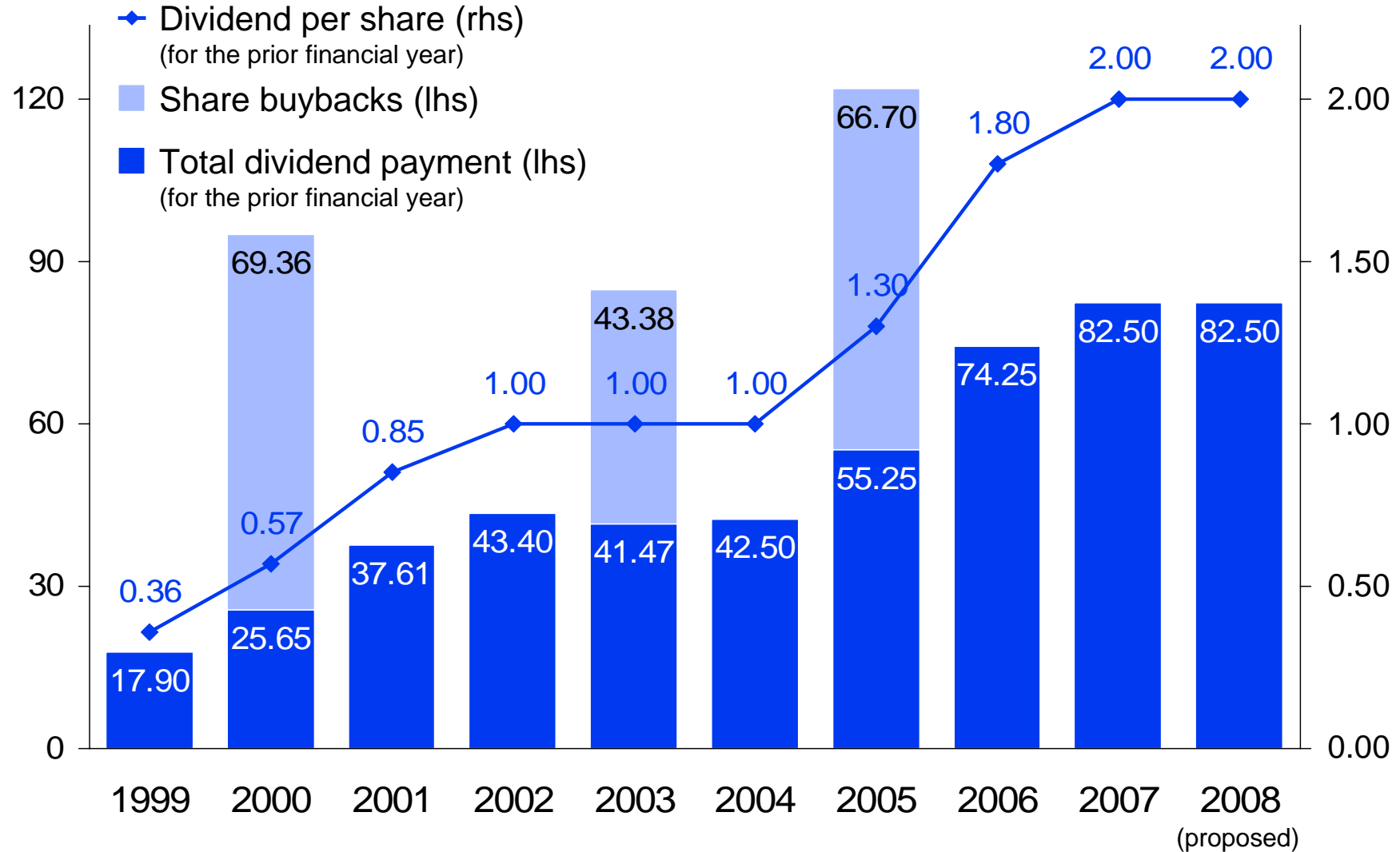
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Dividends and Share Buybacks (10 Years)



€ million

€ per share

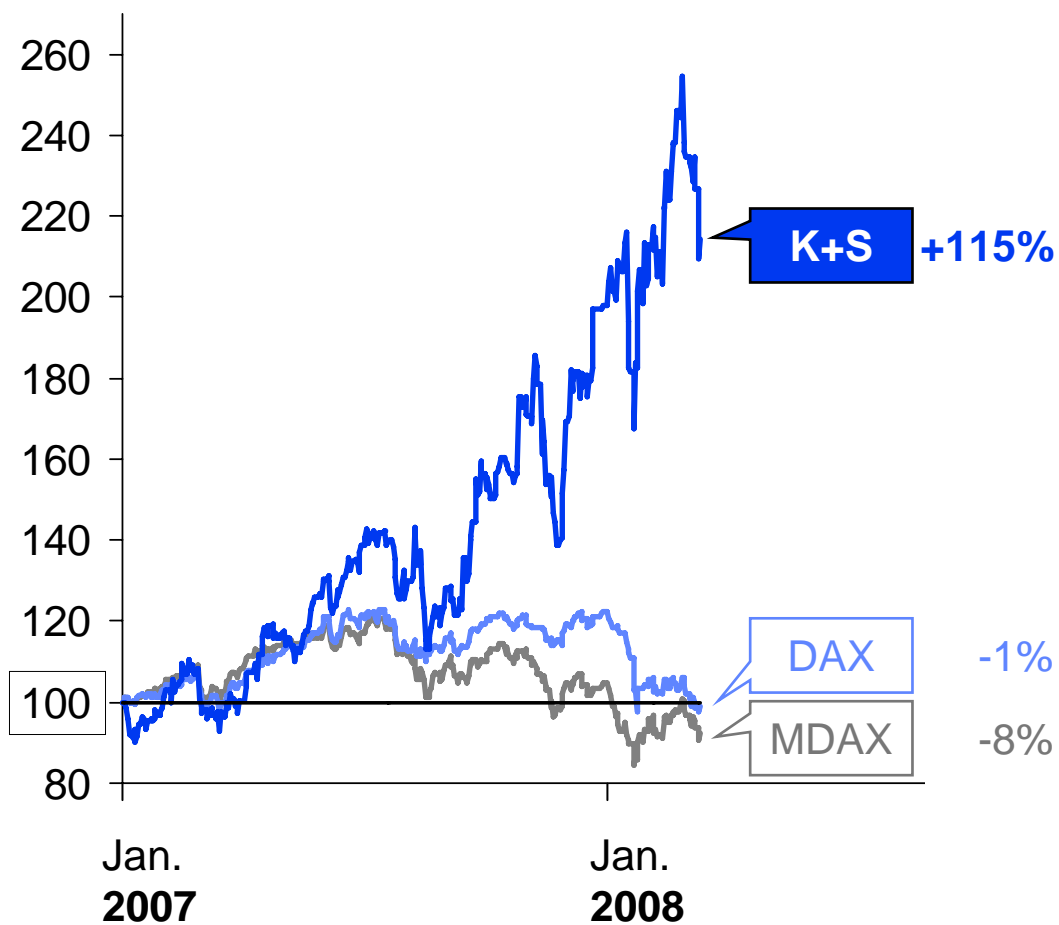


K+S Aktiengesellschaft

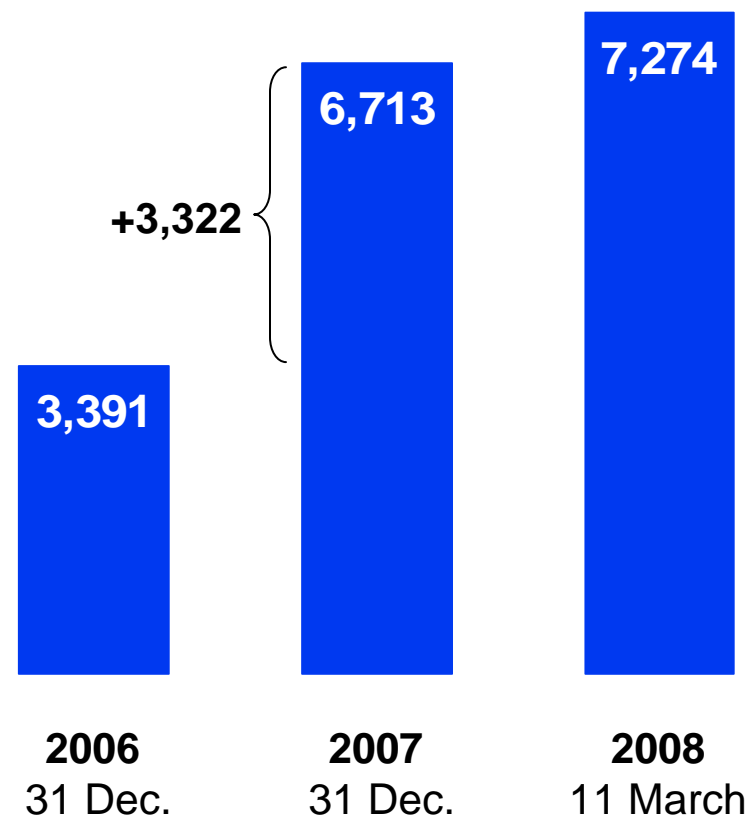
Strong K+S Share Performance



Performance of K+S share
(Index: 31 December 2006 = 100)



Market capitalisation
(€ million)



Source: Bloomberg; as of 11 March 2008

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K+S Aktiengesellschaft

Proposal of 1:4 Stock Split



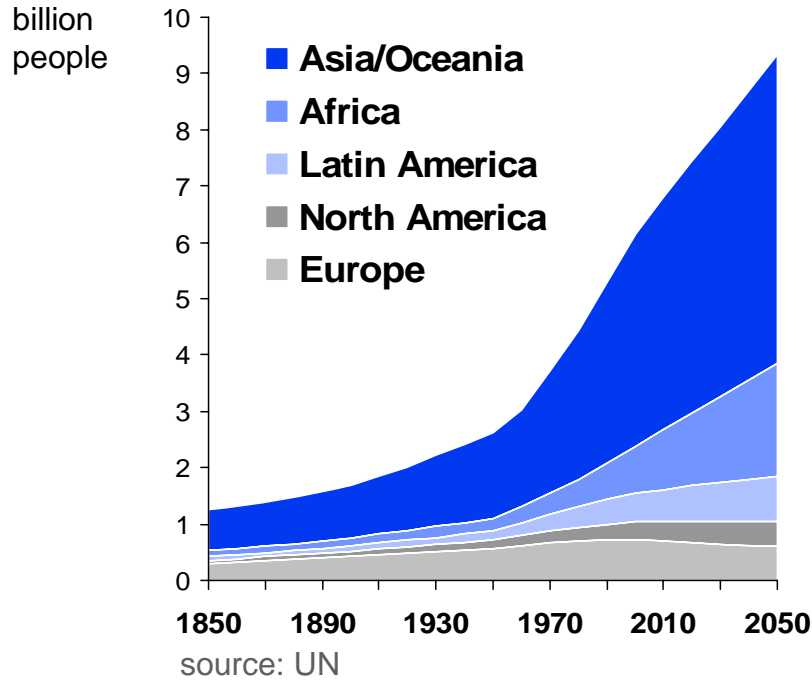
- Stock split of 1:4 will be proposed to the Annual General Meeting on May 14, 2008
- Re-alignment of share capital: Increase of share capital from profit reserves by € 56.2 million to € 165 million (The computed value of the participation in the share capital has to amount to at least € 1 per share)
- Number of outstanding shares to increase from 41.25 million to 165.0 million shares
- Each current holder of one K+S share will in future hold 4 shares
- K+S shares will be made available to an even broader spectrum of investors
- The split reflects our confidence that our earnings-oriented growth will continue to be the basis for the positive development of the K+S share

Drivers of Fertilizer Business

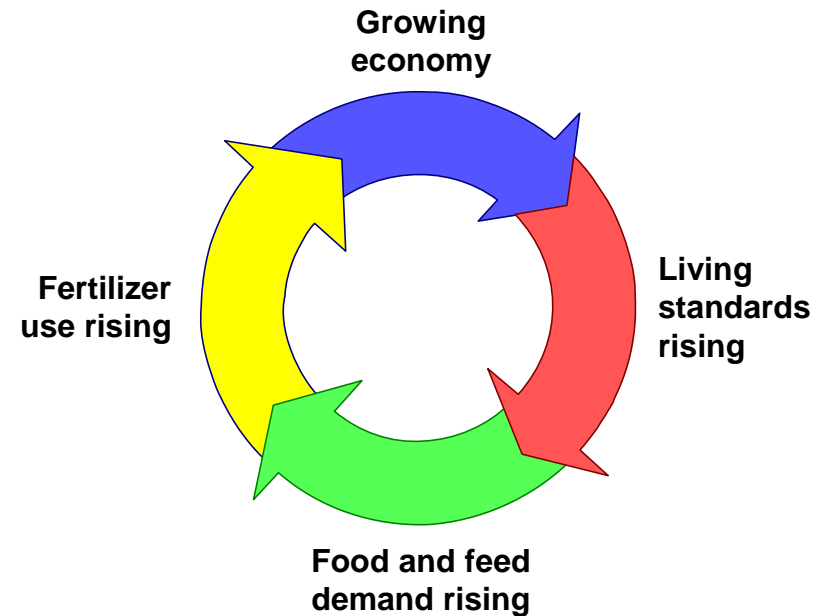
More People, Higher Demands



Growth of global population



Growth of economy (particularly in emerging countries)



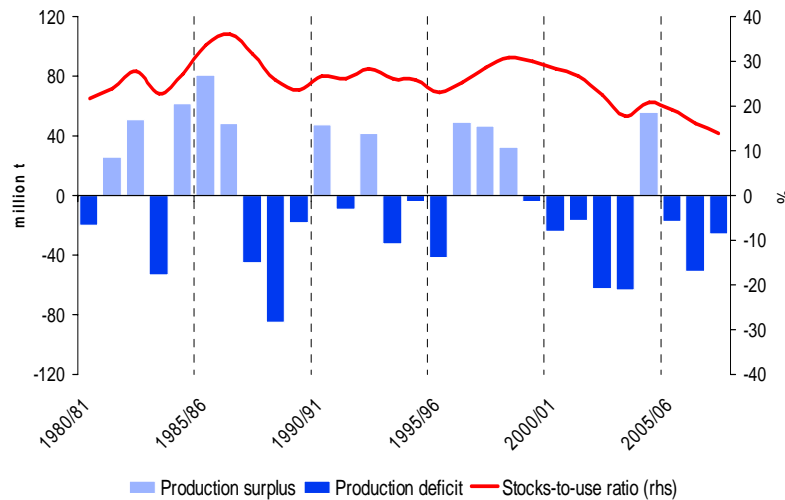
- Decline in land available for farming per head
- Change in eating habits towards higher meat consumption (1 kg of beef requires the production of up to 8 kg of feed)
- ➔ **Increase in global production of agricultural products necessary**

Fertilizer Consumption

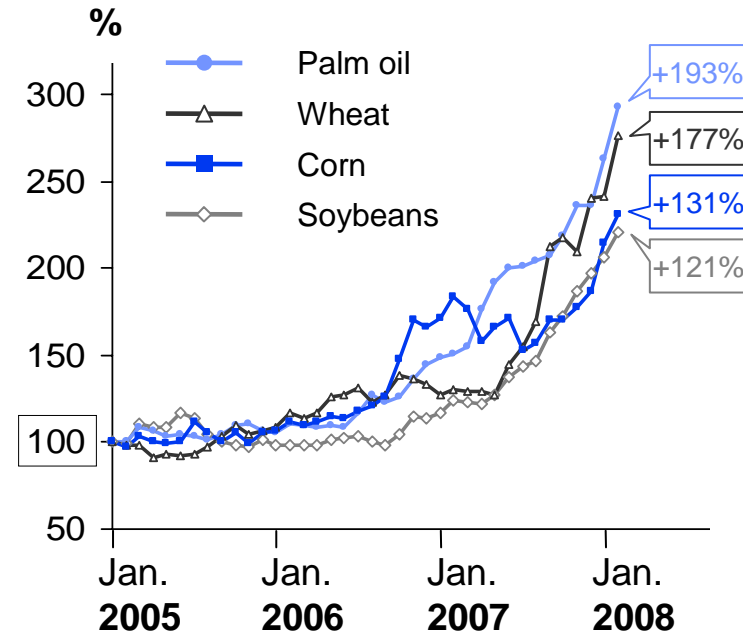
Global Demand Continues to Rise



Production, consumption, stocks of cereals



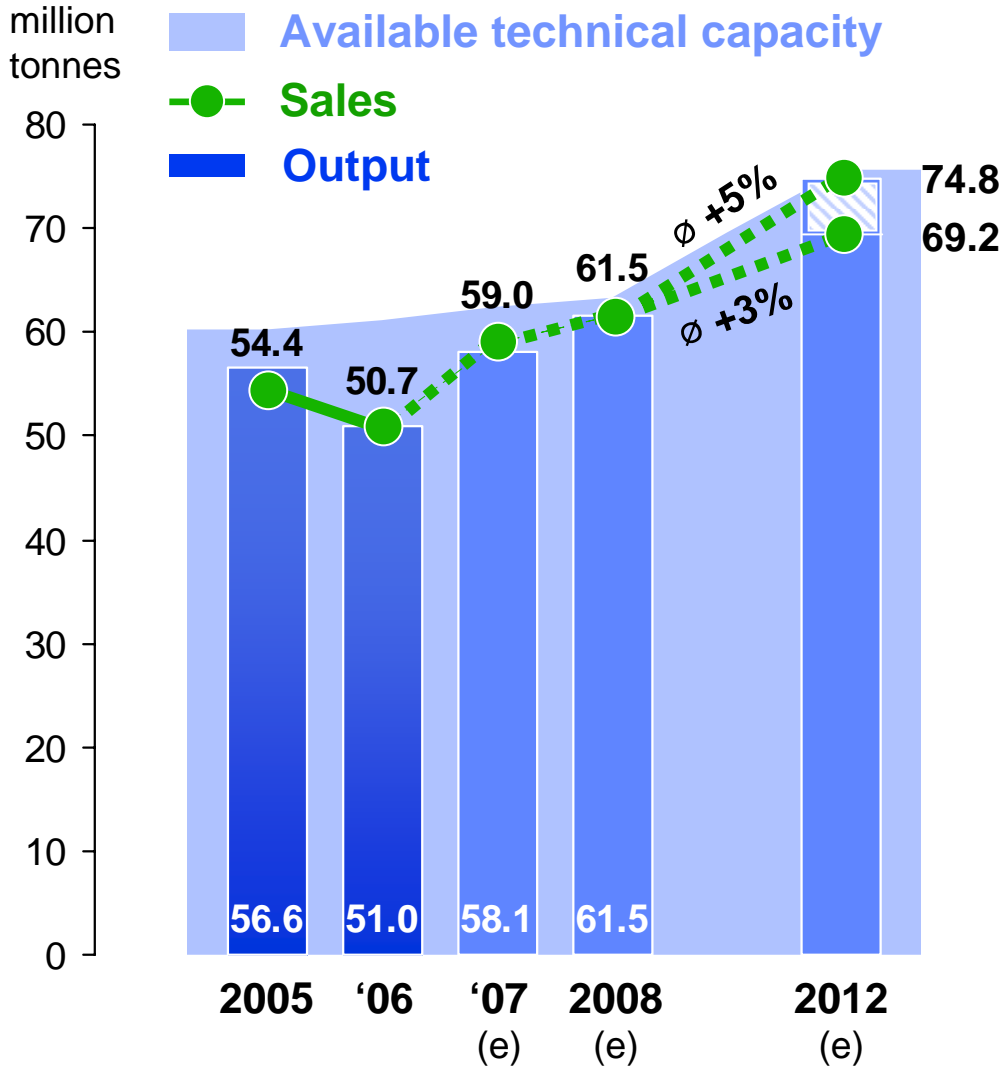
Prices of agricultural products



- Decline in available agricultural land per capita requires more efficient farming
 - Switch from starchy to high-protein food requires a multiple quantity of feed
 - Ambitious state admixture quotas in many countries of the world are promoting the use of renewable raw materials
 - Agricultural output cannot keep up with demand
- ➔ **We must therefore expect further price increases for cereals and oilseed**

World Potash Market

Prolonged Scarcity Expected



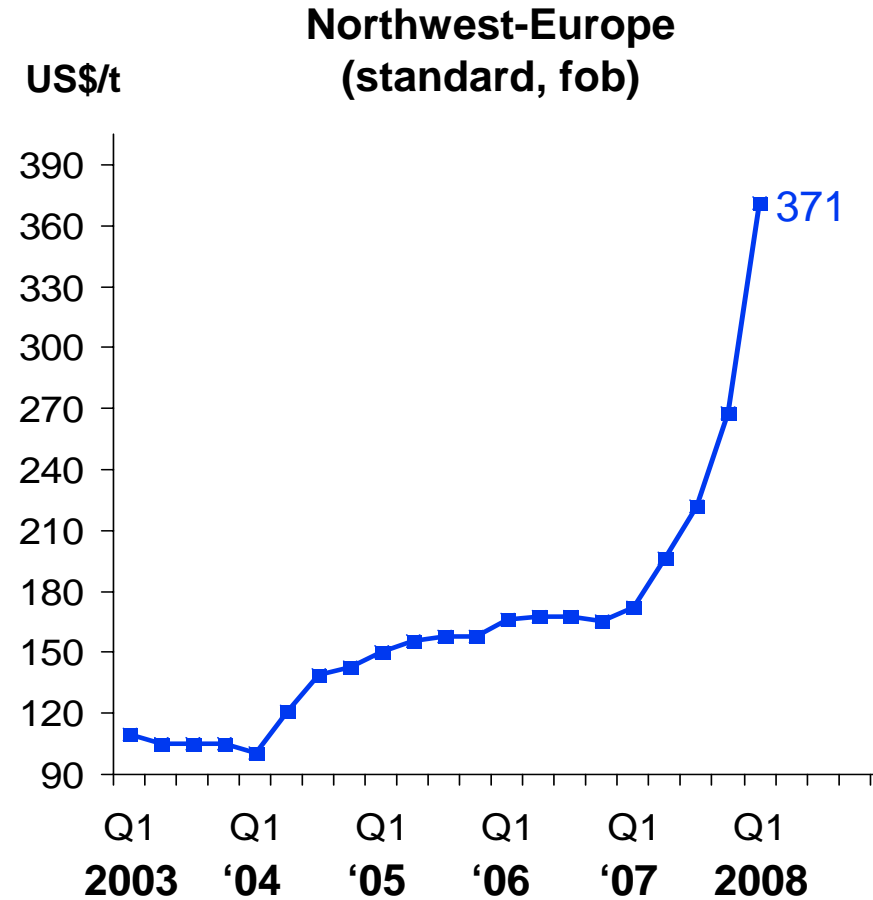
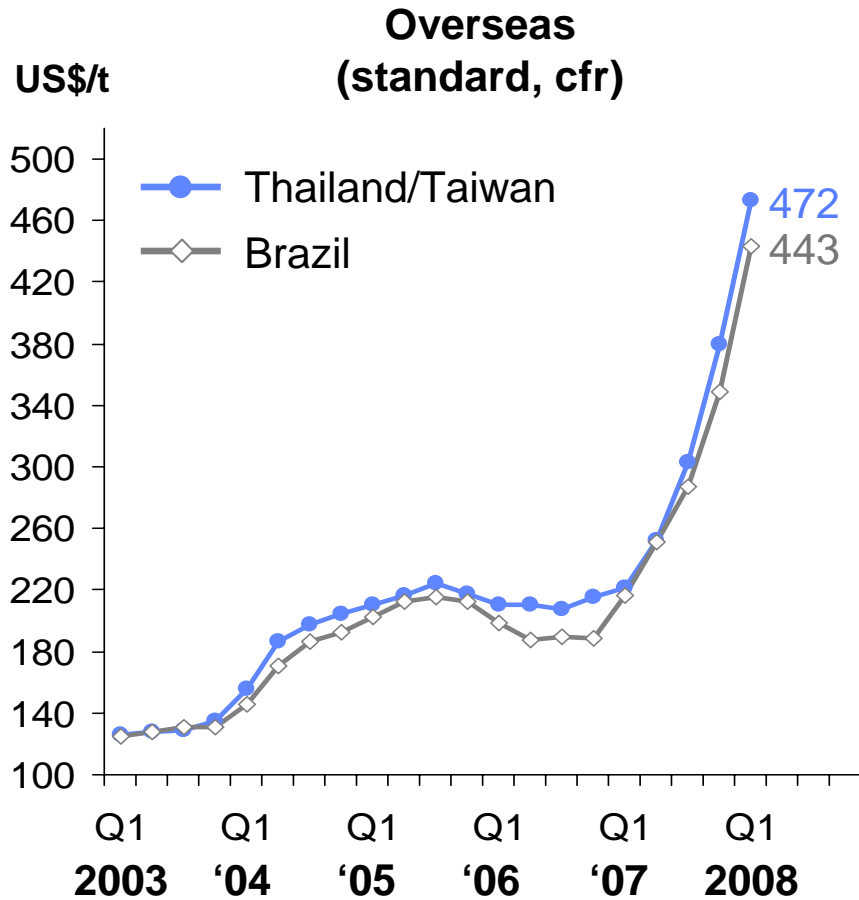
- Significant increase in demand in 2007; 4% growth rate expected for 2008
 - All announced capacity expansions considered until 2012
 - High utilisation of technically available capacities in the coming years
- ➔ **First half of 2008: Further significant potash price increases have been announced or already achieved**

Incl. sulphate of potash and low-grade potash; sources: IFA, K+S

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Potash and Magnesium Products

Strong Rise of Global MOP Prices



- Scarcity caused prices for potash to almost double in 2007
- Upward price trend, both in overseas and European markets, to continue in 2008

Source: FMB; as of 28 February 2008

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Salt Opportunities for Growth



- SPL: Consistent expansion of weather-independent product segments (e.g. long-term supply agreement for salt for chemical use to Brazil)
- Investments in logistics (e.g. purchasing of own cargo ships, doubling of loading capacity of the SPL port Patillos to about 10 mln. t/a)
- In Europe, pleasant development of business with specialities (e.g. pharmaceutical salt, dishwasher salt etc.)



- **Potash and Magnesium Products:** Current potash prices are considerably higher than last year's average prices. The resulting price effect should amount to at least 45% (calculation based on today's achieved prices). However, currency and volume effects will have a dampening impact. Nevertheless, the anticipated price effect should significantly overcompensate operating cost increases as well as currency and volume effects. A triplication of EBIT I seems possible.
- **COMPO:** Revenues should increase tangibly, both in the consumer and in the professional segment. However, exceptionally higher commodity prices for phosphate, ammonia and potash will dampen the effect on operating earnings; here, we only expect a slight increase compared with the previous year.
- **fertiva:** trading business should benefit from tight fertilizer market
- **Salt:** Despite the moderate start of the de-icing business both in Europe and North America due to weather conditions, we are expecting a moderate increase in revenues for the Salt business segment in 2008. Costs will be impacted this year by higher expenditure on energy and freight, and also by a lower currency result in overseas business. Thus, operating earnings will probably be at around the same level as last year.
- **Complementary business segments:** Course of business expected to remain stable; with regard to operating earnings, we anticipate a moderate decline compared with the previous year, which benefited from the proceeds accruing from the sale of biodata Analytik GmbH.



- **In 2008, revenues should rise significantly:**
 - Estimate is supported primarily by higher revenues in the Potash and Magnesium Products business segment due to large price increases on the world's potash markets
 - Negative currency effects and another warm winter should have an only disproportionate impact
- **Major increase in operating earnings expected – at least a doubling should be possible from today's perspective:**
 - Sharply increasing average prices in the Potash and Magnesium Products business segment should clearly exceed rise in costs (above all for energy)
 - After changeover of US dollar hedging system, no significant expenditure on follow-up hedging is expected



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Forward-Looking Statements



This presentation contains facts and forecasts that relate to the future development of the K+S Group and its companies. The forecasts are estimates that we have made on the basis of all information available to us at this moment in time. Should the assumptions underlying these forecasts prove not to be correct, actual events may deviate from expectations as set forth at the present time.