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2nd Quarter 2008 Results  
Conference Call

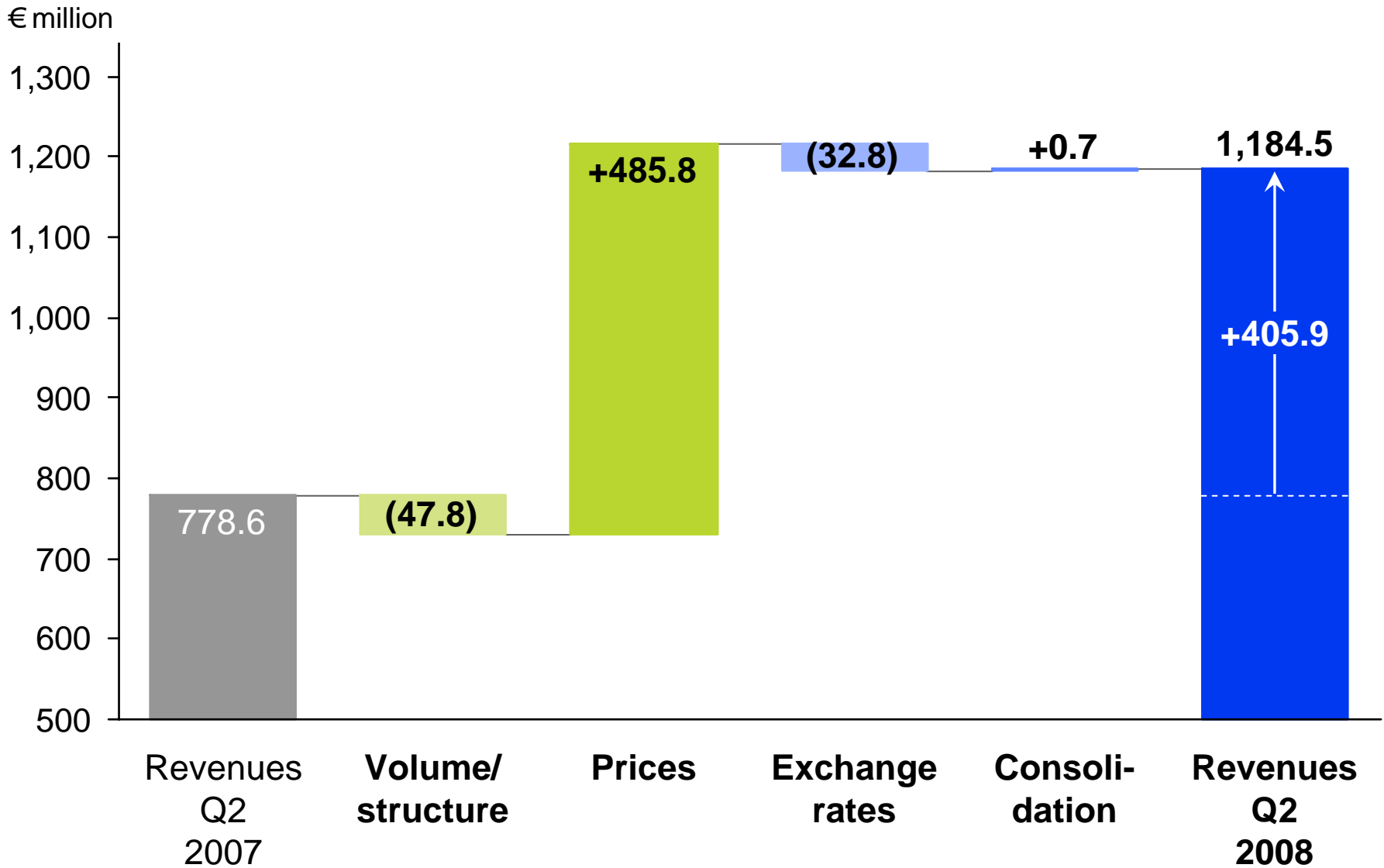
13 August 2008  
4:00 p.m. CEST



- The strong demand for potash fertilizers, the full utilisation of global potash capacity and the availability bottlenecks on the part of all potash producers continued during the second quarter. Consequently, the international price level for potash rose steeply once again.
- The quarter was also marked by high demand for nitrogenous fertilizers both in Europe and overseas. Further substantial price increases were announced to pass on significantly higher input costs.
- The professional business was once again characterised by high demand and significant price rises, while COMPO's consumer business was mixed.
- While the de-icing salt business had to cope with high stocks held by consumers, demand for industrial salt as well as salt for chemical transformation increased further. However, it was not possible to completely pass higher energy costs onto customers.
- Energy prices, raw material costs (e.g. for ammonia & phosphate) rose significantly during the quarter. Freight cost were slightly lower because of reduced overseas shipments.
- The weaker US-Dollar (USD/EUR Q2/08 vs. Q2/07: -14%) dampened slightly the positive price effect

# K+S Group

## Changes in Revenues in Q2/2008



# Potash and Magnesium Products Business Segment

## Volumes and Average Prices in Q2/2008



	Year on Year			Quarter on Quarter		
	Q2/2008	Q2/2007	%	Q2/2008	Q1/2008	%
Volume (million tonnes)	2.02	2.08	(2.9)	2.02	2.11	(4.3)
- Europe	1.33	1.21	+ 9.9	1.33	1.43	(7.0)
- Overseas	0.69	0.88	(21.6)	0.69	0.68	+ 1.5
Average price (€ per tonne)	303.1	163.1	+ 85.8	303.1	247.2	+ 22.6
- Europe (€ per tonne)	291.4	161.6	+ 80.3	291.4	244.4	+ 19.2
- Overseas (US\$ per tonne)	507.4	222.7	+127.8	507.4	379.6	+ 33.7

- Y-o-Y: 86% European price increase is attributable to higher prices in all sub-segments; 128% overseas price increase in US-Dollar was mitigated in EUR-terms by a significantly weaker US-Dollar (1.56 USD/EUR against 1.35 USD/EUR on average). Overseas volumes declined on the absence of inventories sold in H1/07.
- Q-o-Q: 23% rise in European price level compared to Q1/08 is attributable to higher prices in all sub-segments; same applies for the 34% price increase in overseas prices in USD

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## Key Figures of Q2/2008



€ million	Q2/2008	Q2/2007	%
Revenues	1,184.5	778.6	+ 52.1
Operating earnings (EBIT I)	326.4	69.4	+ 370.3
Earnings before income taxes (EBT), adjusted *	314.5	63.1	+ 398.4
Group earnings after taxes, adjusted *	231.1	42.2	+ 447.6
Effective tax rate (%)	26.5	33.1	
Capital expenditure	60.5	25.6	+ 136.6
Free cash flow before acquisitions/divestments	179.7	49.5	+ 263.0
Net indebtedness **	904.4	741.6	+ 22.0
Earnings per share, adjusted (€) *, ***	1.40	0.26	+ 438.5
Average number of shares (million) ***	164.95	164.92	-

\* adjusted for the effect of market value changes in hedging transactions;  
in the case of adjusted Group earnings, the resulting tax effects were also eliminated

\*\* including provisions for pensions and mining obligations

\*\*\* adjusted to share split in the ratio 1 to 4 (technical execution on 21 July 2008)

# K+S Group

## Key Figures of H1/2008

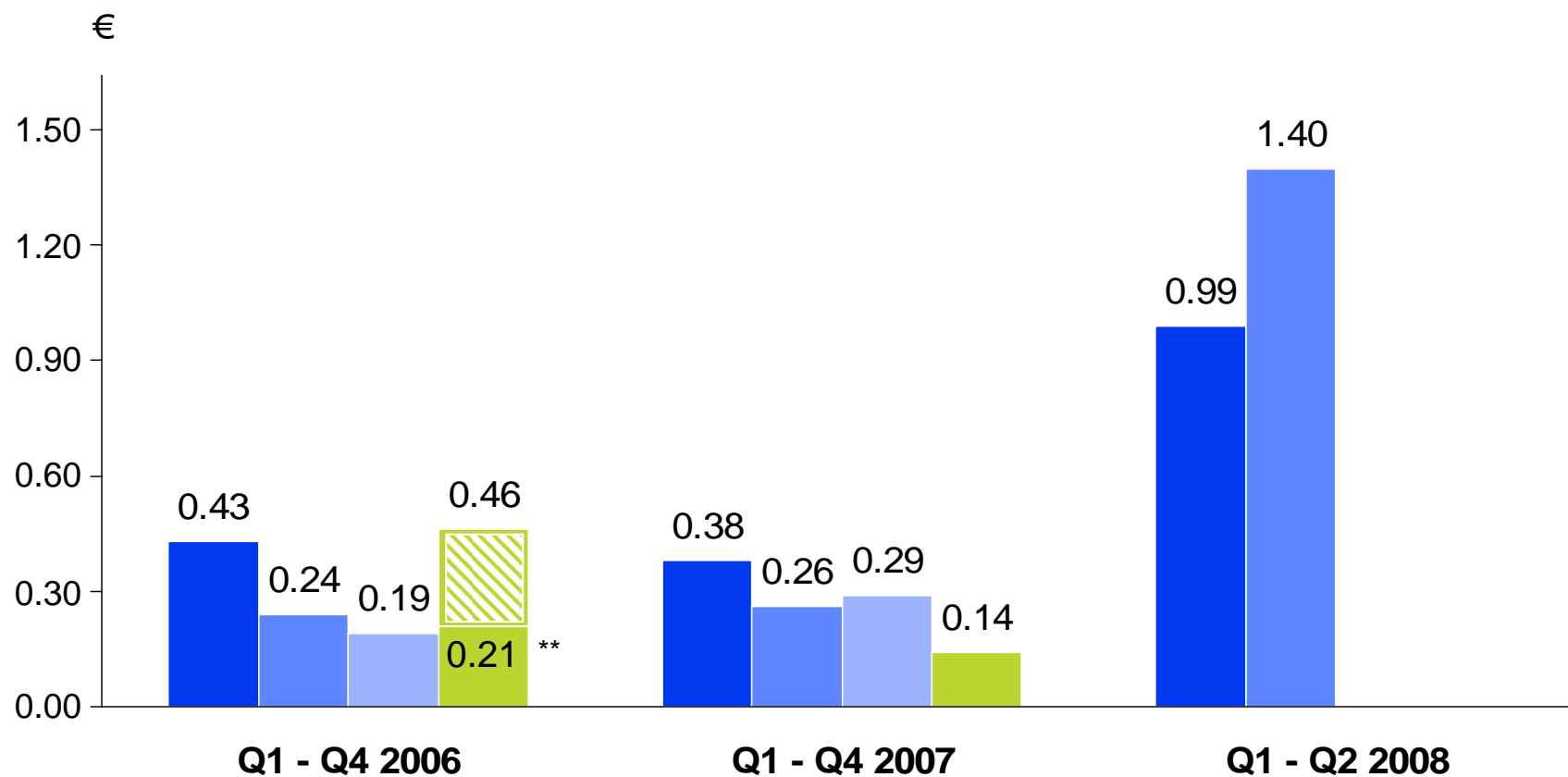


€ million	H1/2008	H1/2007	%
Revenues	2,397.5	1,723.3	+ 39.1
Operating earnings (EBIT I)	552.7	172.7	+ 220.0
Earnings before income taxes (EBT), adjusted *	538.5	156.6	+ 243.9
Group earnings after taxes, adjusted *	393.7	104.8	+ 275.7
Effective tax rate (%)	26.9	33.1	
Capital expenditure	84.7	50.8	+ 66.7
Free cash flow before acquisitions/divestments	285.3	65.0	+ 338.9
Net indebtedness **	904.4	741.6	+ 22.0
Earnings per share, adjusted (€) *, ***	2.39	0.64	+ 273.4
Average number of shares (million) ***	164.89	164.88	-

\* adjusted for the effect of market value changes in hedging transactions;  
in the case of adjusted Group earnings, the resulting tax effects were also eliminated

\*\* including provisions for pensions and mining obligations

\*\*\* adjusted to share split in the ratio 1 to 4 (technical execution on 21 July 2008)

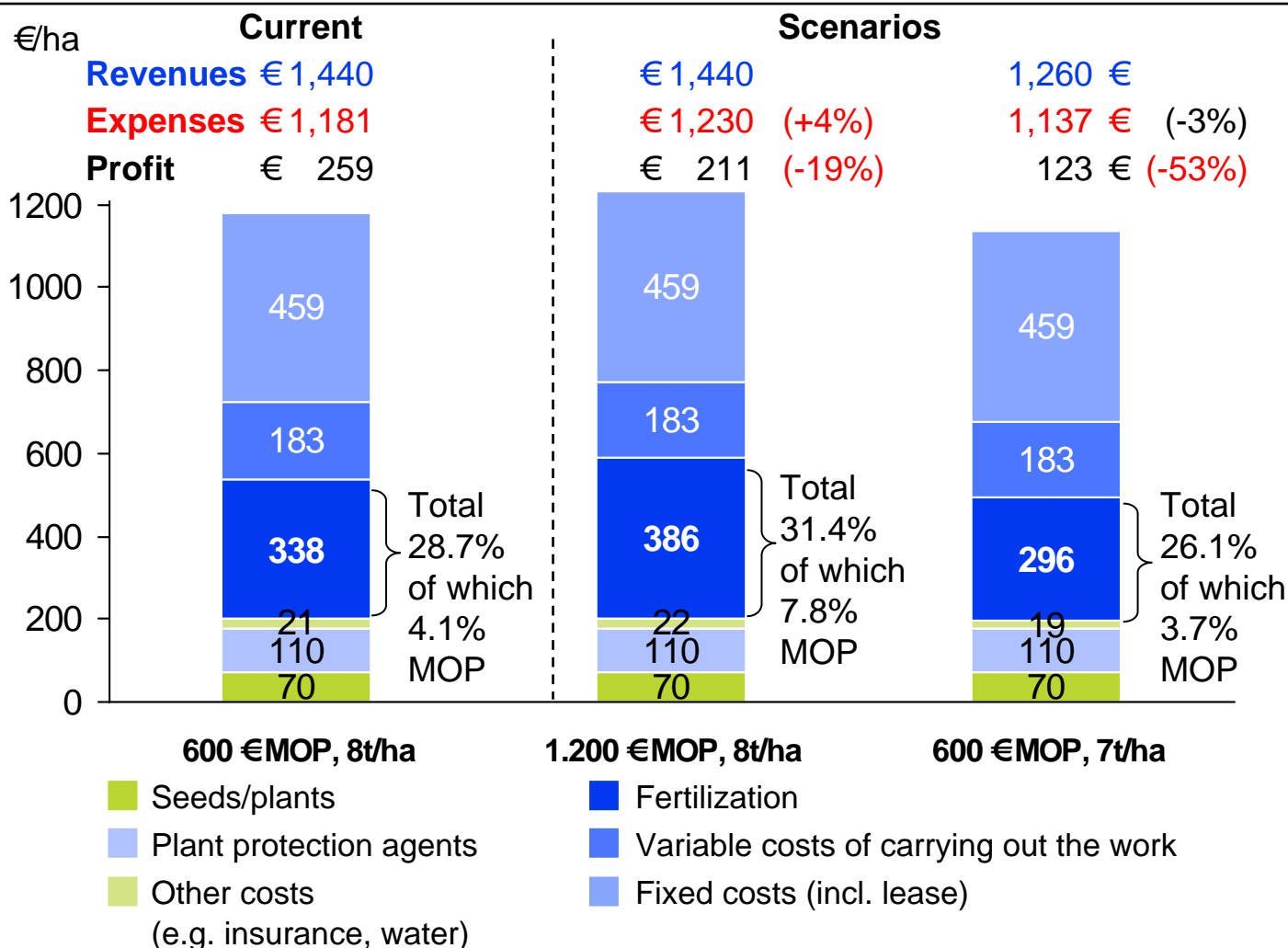


	Q1 - Q4 2006	Q1 - Q4 2007	Q1 - Q2 2008
EPS H1*	€ 0.67	€ 0.64	€ 2.39
EPS FY*	€ 1.07**	€ 1.06	-

\* adjusted for the effect of market value changes in hedging transactions; in the case of adjusted Group earnings, the resulting tax effects were also eliminated; from 21 July 2008 onwards: adjusted for share split in the ratio 1 to 4 (21 July 2008)

\*\* excluding non-recurrent deferred tax income of € 41.9 million or € 0.25 per share

## Profit dynamics of winter wheat (180 €/t)



Potash share in total cost structure of a farmer currently only about 4%

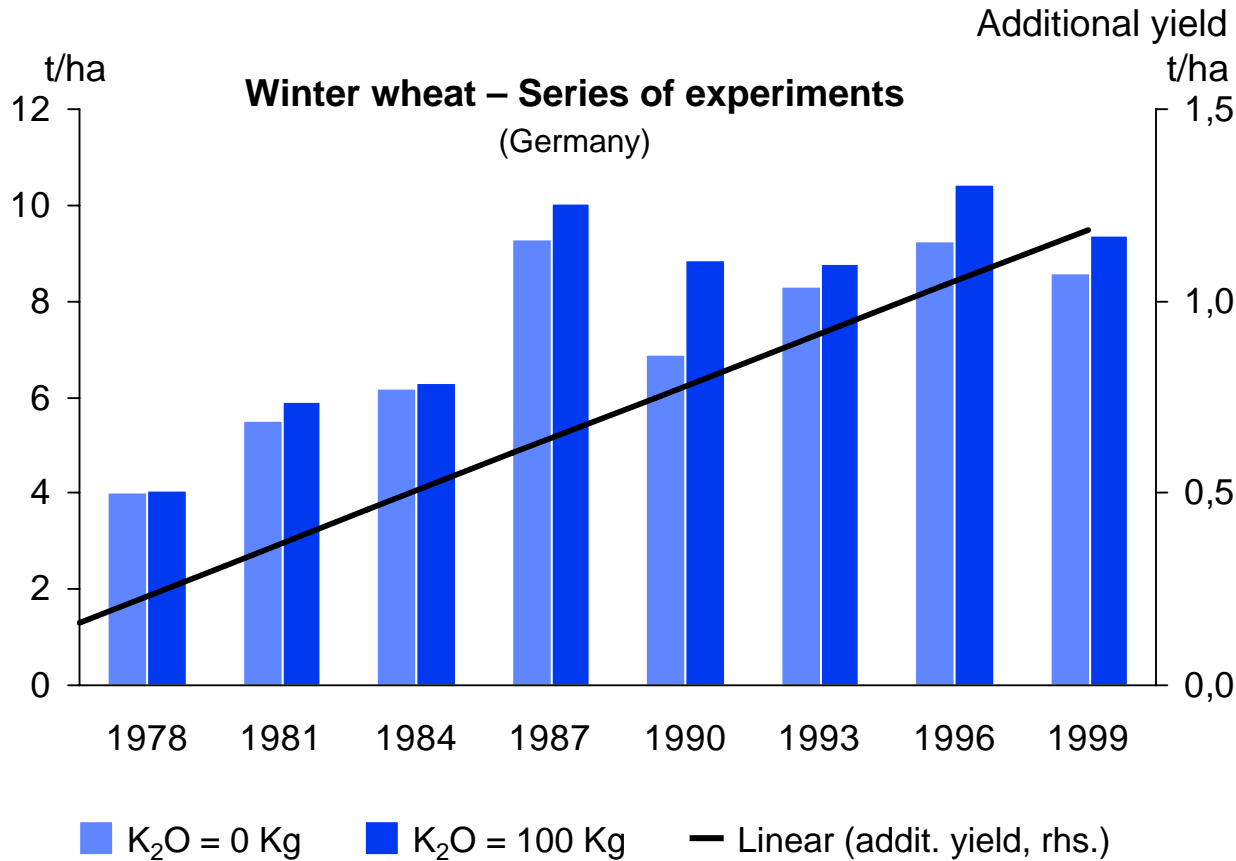
A fictitious doubling of the potash price only affects the profit to a less than full extent

A yield reduction of a good 10% however, results in a halving of the profit level

The challenge for agriculture: ensuring a high level of revenues by means of a balanced use of nutrients

Conservative assumptions: Exchange rate EUR/USD 1.55, oil price USD/barrel 135, without agricultural subsidies, interest expense for prefinancing costs already included, exclusive use of mineral fertilizers (no organic manuring), straw remains in the field (straw manuring)

Sources: costs (20 ha plot) according to Kuratorium für Technik und Bauwesen in der Landwirtschaft e. V. (KTBL), market prices / fertilizer prices: survey among farm suppliers and ZMP price barometer, yield according to agricultural statistics of Destatis, nutrient removal according to federal states' guidelines on application of fertilizers



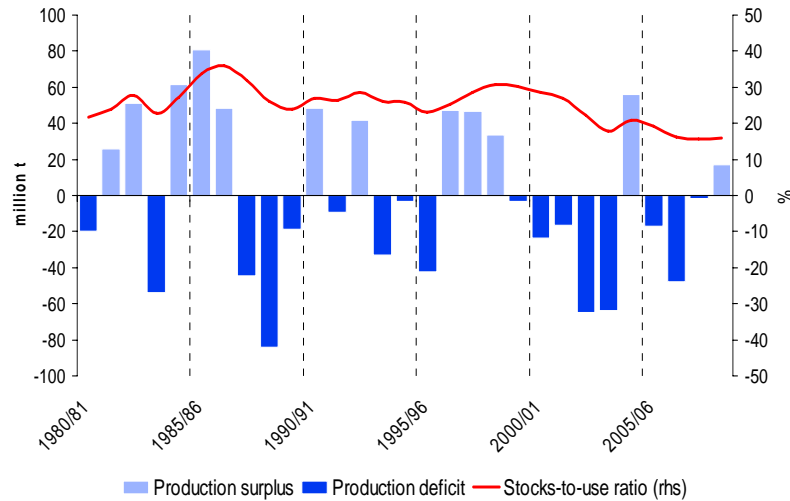
Functional and sustainable potassium fertilization results in:

- Mitigation of the effects of negative factors (e.g. temperature, precipitation) on yield
- Increasing additional yields in the course of time
- A proceeds/potash-cost ratio of 1:3 (taking into account the current price level)

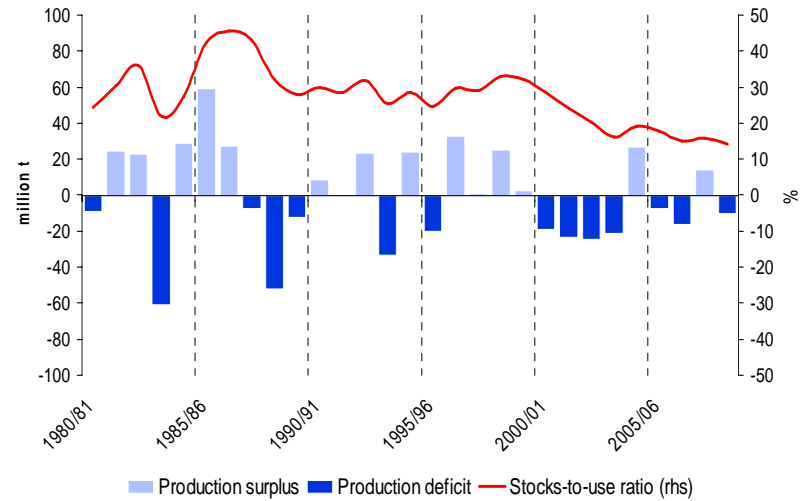
Technical progress, plant protection and progress in cultivation enhance the potential of the plant over time. The exploitation of this potential depends on a balanced supply of nutrients!

Series of experiments in Niestetal, Germany, Kassel, average annual precipitation: 647 mm, average annual temperature: 8.7°C: The geological starting material is a soil texture of silty loam. In agricultural practice, this soil has the reputation of supplying all nutrients particularly well, so that even reduced potassium fertilization need not necessarily result in corresponding declines in yield. The soil has a high supply class (E) prior to the start of the experiment. In contrast to nitrogen, the effect of potassium fertilization can only be assessed accurately in the long term. Only long-term field trials also identify the reciprocal effects (e.g. weather conditions) of all location factors.

**Production, consumption, stocks of cereals**



**Production, consumption, stocks of corn**



Source: USDA

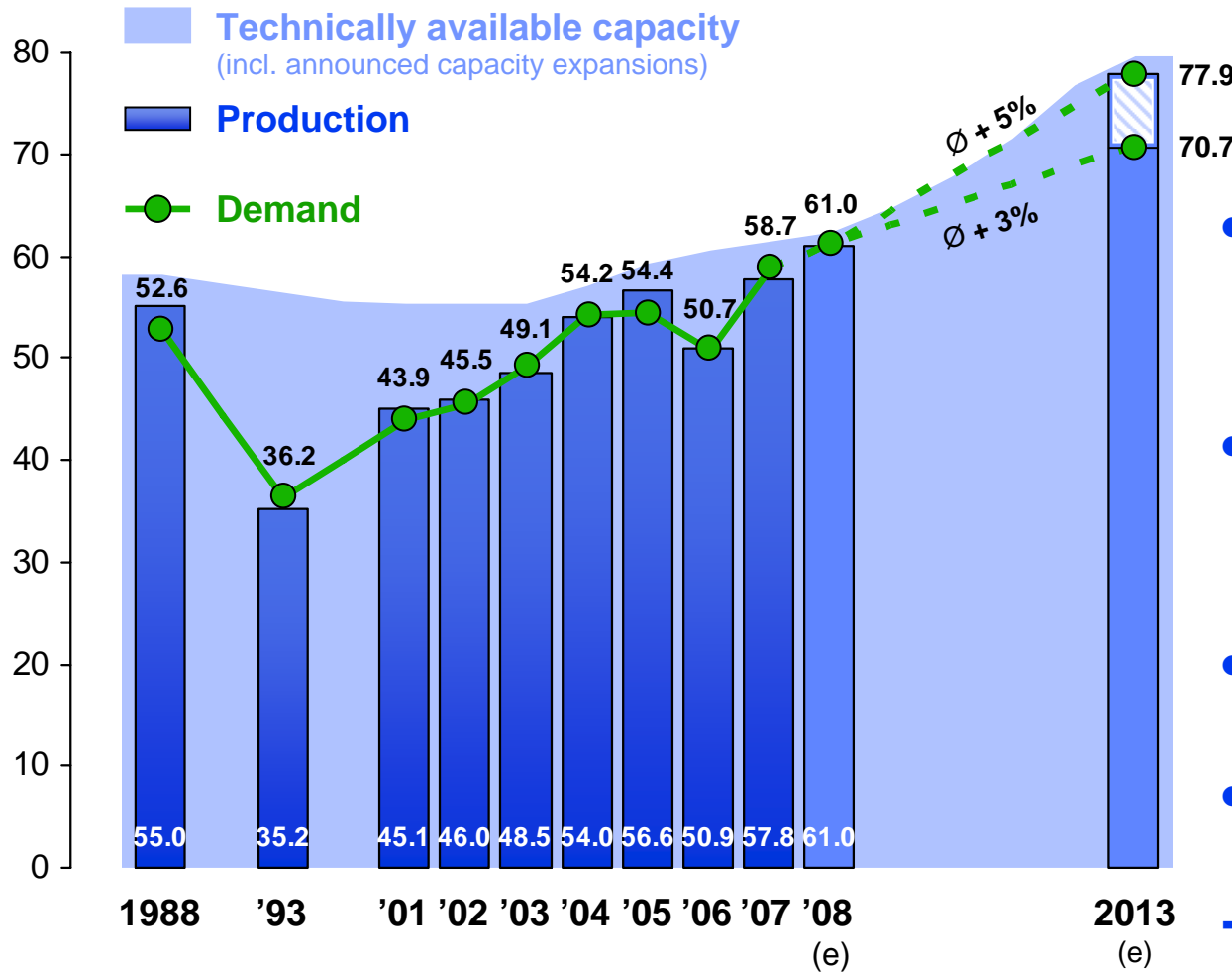
- Over the past thirty years, annual global production of cereals and corn has often fallen short of demand
- Despite reasonable harvest levels during the last ten years, these structural supply and demand gaps have resulted in historically low stocks-to-use ratios
- Although “ideal” weather in 2008 (USDA-Report, 12 August 2008) will most likely help farmers to achieve above-average yields, stocks-to-use ratios remain at historical lows

# Potash and Magnesium Products

## World Potash Capacity, Production and Demand



Million tonnes



- The shortfall of Eastern European demand after the collapse of the Soviet Union was more than compensated for by the growth in emerging markets
  - Growing world population, increasing demand for higher-quality food especially in emerging markets and increasing use of bio energy
  - Tactical purchasing behaviour, particularly with regard to countries with state-driven potash importing organizations, affected the year 2006
  - Medium-term demand growth of approx. 3% - 5% per year expected
  - All announced capacity expansions considered until 2013
- ➔ High utilization of technically available capacity also expected for the next years

Incl. sulphate of potash and low grade potash

Sources: IFA, K+S



- **Potash and Magnesium Products:** The potash fertilizers prices currently achieved are clearly higher than the average prices of the past year. The resultant price effect on revenues should amount to at least 90% in 2008. For 2008, we expect a level of about 7.9 million tonnes of goods (2007: 8.22 million tonnes). Currency and volume effects will admittedly have a dampening effect, but the expected price effect should by far more than make up for these effects and for the increase in operating costs.
- **COMPO:** Revenues should increase tangibly in 2008, especially in the professional segment. Though the prices for raw materials rise steeply, operating earnings should significantly increase.
- **fertiva:** Higher average prices for nitrogenous fertilizers should result in a strong increase in revenues of fertiva's trading business. Despite significantly higher than expected raw material costs, operating earnings should also clearly rise in comparison with last year.
- **Salt:** Despite a slow start for de-icing salt due to weather conditions, we anticipate a moderate increase in revenues during the year as a whole. The cost side will be impacted this year by higher energy and freight costs as well as a lower currency result. Operating earnings should therefore be significantly lower.
- **Complementary business segments:** Course of business expected to remain stable; with regard to operating earnings, we anticipate a noticeable decrease compared with the previous year resulting from a lower level of overseas deliveries that can be expected. Previous year's figures benefited from the proceeds of the sale of biodata Analytik GmbH.

## Outlook for the Year 2008 (as of 6 August 2008)

- Revenues of the K+S Group expected to increase considerably due to higher revenues in the Potash and Magnesium Products, fertiva and COMPO business segments. Countervailing currency and volume effects will only have a disproportionate impact
- Much higher operating earnings EBIT I expected for 2008 primarily due to the sharply increasing average prices in the Potash and Magnesium Products business segment, which are by far exceeding the rise in operating costs and dampening currency effects
- With an essentially unchanged financial result and a corporate tax rate of about 27% to 29% (2007: 29.9%), adjusted Group earnings after taxes also expected to increase considerably

- **Outlook for the entire year for K+S Group:**

- Revenues:	€ 5.3 - 5.5 billion	(2007: € 3.3 bn )
- Operating earnings (EBIT I):	€ 1.4 - 1.6 billion	(2007: € 285.7 m )
- Group earnings, adjusted:	€ 1.0 - 1.1 billion	(2007: € 175.3 m )
- Earnings per share, adjusted *:	€ 6.00 - 6.65	(2007: € 1.06 )

\* adjusted to share split in the ratio 1 to 4 (entry in Commercial Register: 24 June 2008; technical execution: 21 July 2008)

- The outlook for 2008 is based on the following premises:
  - an average US dollar exchange rate of 1.53 USD/EUR during the year as a whole
  - strong global demand for potash fertilizers, persistent scarcity and thus a high utilisation of potash capacities
  - oil and gas prices remaining at their current levels
  - an average de-icing salt business in Europe and North America in the fourth quarter



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# K+S Group

## Forward-Looking Statements

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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.