

11.05.2010 - 07:02 Uhr

## **EANS-News: K+S AG / Very successful start to financial year 2010 Significant recovery in demand for fertilizers and strong salt business cause first quarter earnings to rise substantially**

Kassel (euro adhoc) -

K+S AG / Very successful start to financial year 2010  
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quarterly report/Company Information/K+S AG

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Kassel, 11 May 2010

Very successful start to financial year 2010 Significant recovery in  
demand for fertilizers and strong salt business cause first quarter  
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Significant rebound in demand in fertilizer business Salt  
Business Segment profits from Morton Salt inclusion and good overall  
demand for de-icing salt Quarterly revenues rose by 43% to EUR 1.5  
billion At EUR 268 million, operating earnings improved  
considerably (+54%) Adjusted earnings per share at EUR 0.92  
(Q1/09: EUR 0.74) Sales forecast in Potash and Magnesium Products  
Business Segment raised to a good 6.5 million tonnes of product  
(previously: just under 6 million tonnes; 2009: 4.3 million  
tonnes) Significant increase in revenues and earnings for 2010  
expected Significant reduction of indebtedness expected

The K+S Group enjoyed a very successful start to the new financial  
year: The significant recovery in demand for fertilizers, a good  
overall de-icing salt business, and the inclusion of Morton Salt  
caused both revenues and earnings to rise significantly in the first  
quarter of 2010.

"In the first few months of the new year, higher demand for  
fertilizers has largely been due to a backlog demand at the trade  
level. Meanwhile, it can be observed that the European  
agricultural sector has called up a significant amount of the  
quantities demanded by trade," said Norbert Steiner, Chairman of  
the Board of Executive Directors of K+S Aktiengesellschaft.  
"Against this backdrop, we have raised the sales volume forecast for  
the Potash and Magnesium Products Business Segment. Together with  
the good de-icing salt business in the first quarter and the  
inclusion of Morton Salt for the whole year, revenues and earnings  
of the K+S Group should once again increase significantly in  
2010," continued Steiner.

First quarter revenues up substantially At EUR 1,533.6 million, K+S

Group revenues for the quarter were about 43% up year-on-year. The increase in the Potash and Magnesium Products and Nitrogen Fertilizers Business Segments can mainly be attributed to significantly higher sales volumes. Thanks to the consolidation of Morton Salt and the good overall de-icing salt business, the Salt Business Segment managed to far exceed the revenues of the same period in the previous year.

With a share of 40% in total revenues, the Salt Business Segment posted the highest revenues of all the K+S Group's Business Segments, followed by the Potash and Magnesium Products Business Segment (32%) and the Nitrogen Fertilizers Business Segment (25%). About 55% of total revenues was generated in Europe (previous year: 60%) and 45% overseas (previous year: 40%).

Operating earnings rise by 54% to just under EUR 268 million At EUR 267.7 million, first quarter operating earnings (EBIT I) were significantly up on the figure for the same quarter in the previous year (EUR 174.0 million). The Potash and Magnesium Products and Nitrogen Fertilizers Business Segments were able to considerably improve their earnings due to a higher demand in fertilizers.

Primarily due to the consolidation of Morton Salt, the Salt Business Segment achieved significant earnings growth. In the first quarter, the effects of the inclusion on EBIT I amounted to EUR 32.4 million. Moreover, related to Morton Salt, one-time effects from the revaluation and consolidation within the framework of the inventory measurement according to IFRS (EUR 12.0 million) and write-downs on the value adjustments to be made within the framework of purchase price allocation (EUR 16.2 million) weighed on earnings. Additionally, esco's earnings in Europe were adversely affected by one-time effects in France and the Netherlands (about EUR 21 million).

Adjusted earnings also up significantly year-on-year Adjusted earnings before taxes in the first quarter totalled EUR 237.5 million and were therefore up about 43% on the figure for the same period in the previous year. Group earnings after taxes and adjustments reached EUR 175.8 million (+44%), after having been EUR 122.5 million one year before. (Details of the adjustment process can be found in the quarterly financial report Q1/2010, pages 11-12.)

Outlook for 2010: Significant revenue and earnings increase expected In the first quarter, demand for potash and magnesium products was mainly supported by the need of the trade sector to once again increase their low inventories in preparation for the spring season in Europe. In the meantime, it has become clear that the volumes demanded by the trade sector were also used by farmers in Europe. Against this backdrop, global potash sales volumes in 2010 as a whole will probably increase to between 45 and 50 million tonnes (previous forecast: about 45 million tonnes; 2009: 32 million tonnes) and sales volumes in the Potash and Magnesium Products Business Segment will rise to a good 6.5 million tonnes of product (previous forecast: just under 6 million tonnes; 2009: 4.3 million tonnes). On this basis, and considering the available production capacity of just under 8 million tonnes of potash and magnesium products, a fractional production cutback in the second half of the year is likely. Based on current potash prices, a significantly lower average price level than in the previous year is, however, expected. Therefore, 2010 revenues of the Potash and Magnesium Products Business Segment should increase

tangibly in comparison to one year ago. In the Nitrogen Fertilizers Business Segment, sales are likely to increase significantly. Significant revenue growth is also expected for the Salt Business Segment. As a result of the first-time inclusion of Morton Salt for an entire year, a consolidation effect of over EUR 500 million is anticipated.

For the financial year of 2010, K+S Group revenues are therefore likely to increase significantly in comparison to the previous year.

There should be significantly higher operating earnings EBIT I for the financial year 2010 in comparison to last year's figure. This is in connection to the aforementioned consolidation effect in the Salt Business Segment, the incipient turnaround in earnings in the Nitrogen Fertilizers Business Segment, and the expected increase in earnings in the Potash and Magnesium Products Business Segment.

The adjusted Group earnings after taxes should also be significantly higher in 2010 in line with the development of operating earnings.

Significant reduction of indebtedness expected With a net debt (including non-current provisions) of currently EUR 1,048.6 million and a level of indebtedness of 44.1%, and as a result of high operating and free cash flows expected this year, the K+S Group has a strong financial base. Against the background of the anticipated development in earnings, the level of financial debt should decline significantly in comparison to the previous year. Subject to these conditions, the K+S Group will, in all likelihood, also achieve capital structure targets with an equity ratio of more than 40% and a level of indebtedness of under 50% in 2010.

Experience growth The K+S Group is one of the world's leading suppliers of standard and speciality fertilizers. In the salt business, measured by production capacity, K+S, with sites in Europe as well as North and South America, is the world's leading producer. K+S offers a comprehensive range of goods and services for agriculture, industry, and private consumers which provides growth opportunities in virtually every sphere of daily life. The K+S Group employs more than 15,000 people. The K+S share - the only commodities stock on the German DAX index - is listed on all German stock exchanges (ISIN: DE0007162000, symbol: SDF). For additional information on K+S please visit [www.k-plus-s.com](http://www.k-plus-s.com).

Note to editors

The financial report for the 1st quarter of 2010 and the video webcast of Norbert Steiner, Chairman of the Board of Executive Directors of K+S Aktiengesellschaft, are available at [www.k-plus-s.com](http://www.k-plus-s.com).

Today's Annual General Meeting of K+S Aktiengesellschaft will be transmitted on the internet at [www.k-plus-s.com](http://www.k-plus-s.com) until the end of the speech by the Chairman of the Board of Executive Directors. The speech and the presentation will be available at 10:00 a.m. CET.

Current image material relating to the K+S Group can be downloaded from our website. Photos of today's Annual General Meeting are available on the internet at [www.k-plus-s.com](http://www.k-plus-s.com) as of 11:00 a.m. CET.

We are offering a conference call in English on 12 May 2010 at 3:00 p.m. CET. Representatives of the press, shareholders, investors and

all other interested parties are invited to follow the conference via a live webcast at [www.k-plus-s.com](http://www.k-plus-s.com).

The conference is being recorded and will also be available as a podcast.

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Forward-looking statements

This press release contains facts and forecasts that relate to the future development of the K+S Group and its companies. The forecasts are estimates that we have made on the basis of all the information available to us at this moment in time. Should the assumptions underlying these forecasts prove not to be correct or risks - such as those described in the risk report - arise, actual developments and events may deviate from those expected at the present time. Outside the legally prescribed regulations on publication, the Company is under no obligation to update the statements included in this press release.

K+S Group at a Glance			
Q1/2010			
All figures in accordance with IFRS			
	Q1 Jan.-March 2010 EUR million	Q1 Jan.-Marc h 2009 EUR million	Change in %
Revenues	1,533.6	1,075.7	+42.6
Potash and Magnesium Products	498.4	366.0	+36.2
Nitrogen Fertilizers	385.5	342.1	+12.7
Salt	616.4	338.3	+82.2
Complementary Business	33.3	29.1	+14.4
Segments			
Reconciliation	0.1	0.2	(50.0)
Operating earnings (EBIT I)	267.7	174.0	+53.9
Potash and Magnesium Products	150.6	97.0	+55.3
Nitrogen Fertilizers	14.5	8.1	+79.0
Salt	107.9	80.2	+34.5
Complementary Business	6.4	2.0	+220.0
Segments			
Reconciliation	(11.7)	(13.3)	-

Earnings after operating	262.9	152.9	+71.9
hedging transactions (EBIT II)			
Financial result	(30.2)	(8.4)	-
Earnings before income taxes	232.7	144.5	+61.0
Earnings before income taxes, adjusted1)	237.5	165.6	+43.4
Group earnings after taxes	172.3	107.3	+60.6
Group earnings after taxes, adjusted1)	175.8	122.5	+43.5
Earnings per share, adjusted (EUR)1)	0.92	0.74	+24.3
Capital expenditure2)	27.3	29.1	(6.2)
Employees as of 31 March (number),	15,164	12,334	+22.9
of which trainees (number)	519	516	+0.6

1) The adjusted key figures only contain the earnings actually realised on operating forecast hedges for the respective reporting period. The changes in market value of operating forecast hedges still outstanding, however, are not taken into account in the adjusted earnings. Any resulting effects on deferred and cash taxes are also eliminated; tax rate Q1/10: 27.9% (Q1/09: 27.9%).

2) Cash-effective investments in or depreciation on property, plant and equipment, intangible assets.

end of announcement

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Further inquiry note:

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Branche: Chemicals

ISIN: DE0007162000

WKN: 716200

Index: DAX, Midcap Market Index, CDAX, Classic All Share, HDAX,

Prime All Share

Börsen: Frankfurt / regulated dealing/prime standard

Berlin / regulated dealing

Hamburg / regulated dealing

Stuttgart / regulated dealing

Düsseldorf / regulated dealing

Hannover / regulated dealing

München / regulated dealing

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