



Where needs take us

# Q2 2016 Results

Stefan Borgas | President & CEO

August 10, 2016



## Disclaimer and Safe Harbor for Forward-Looking Statements

The information contained herein in this presentation or delivered or to be delivered to you during our presentation does not constitute an offer, expressed or implied, or a recommendation to do any transaction in Israel Chemicals Ltd. ("ICL" or "Company") securities or in any securities of its affiliates or subsidiaries.

This presentation and/or other oral or written statements made by ICL during its presentation or from time to time, may contain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and other applicable securities laws. Whenever words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "predict" or similar expressions are used, the Company is making forward-looking statements. Such forward-looking statements may include, but are not limited to, those that discuss strategies, goals, financial outlooks, corporate initiatives, existing or new products, existing or new markets, operating efficiencies, or other non-historical matters.

Because such statements deal with future events and are based on ICL's current expectations, they could be impacted or be subject to various risks and uncertainties, including those discussed in the "Risk Factors" section and elsewhere in our Annual Report on Form 20-F for the year ended December 31, 2015, and in subsequent filings with the Tel Aviv Securities Exchange (TASE) and/or the U.S. Securities and Exchange Commission (SEC). Therefore actual results, performance or achievements of the Company could differ materially from those described in or implied by such forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, it can provide no assurance that expectations will be achieved. Except as otherwise required by law, ICL disclaims any intention or obligation to update or revise any forward-looking statements, which speak only as of the date hereof, whether as a result of new information, future events or circumstances or otherwise. Readers, listeners and viewers are cautioned to consider these risks and uncertainties and to not place undue reliance on such information.

Certain market and/or industry data used in this presentation were obtained from internal estimates and studies, where appropriate, as well as from market research and publicly available information. Such information may include data obtained from sources believed to be reliable, however ICL disclaims the accuracy and completeness of such information which is not guaranteed. Internal estimates and studies, which we believe to be reliable, have not been independently verified. We cannot assure that such data is accurate or complete.

Included in this presentation are certain non-GAAP financial measures, such as Adjusted Operating income and Adjusted Net income, designed to complement the financial information presented in accordance with U.S. GAAP because management believes such measures are useful to investors. These non-GAAP financial measures should be considered only as supplemental to, and not superior to, financial measures provided in accordance with GAAP. Please refer to our quarterly Report on Form 6-F for the quarter ended June 30, 2016 filed with TASE and the SEC for a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable financial measures prepared in accordance with GAAP.

- Solid results attributed to diversification into specialty businesses, which delivered over 15% growth driven by organic expansion
- Weak pricing and volume environment in Essential Minerals businesses partially offset by continuous improvement of cost structure
- Positive free cash flow supported by disciplined capital management

\$ millions	Q2 16	Q1 16	% change	Q2 15	% change
Sales	1,377	1,265	9%	1,196	15%
Adjusted operating income	163	115	42%	244	(33)%
Adjusted net income	132	85	55%	171	(23)%
Adjusted EPS	0.10	0.07	43%	0.13	(23)%
Operating cash flow	238	222	7%	325	(27)%
External potash sales (thousand tonnes)	1,010	883	14%	648	56%
Average potash selling price - FOB	221	235	(6)%	292	(24)%

See Q2 2016 press release for a reconciliation of Adjusted operating income to operating income and Adjusted net income to net income.

## Essential Minerals

\$ million	Q2 2016	Q2 2015
Sales*	597	480
Adj. O/I**	90	176

- **Competitive market environment** continued to negatively impact potash and phosphate results
- Second half potash business is expected to experience **higher volumes and lower average prices**
- Second half 2016 **phosphate results expected to improve**, supported by volume growth and the contribution of the efficiency plan in our Chinese JV (YPH)

## Specialty Solutions

\$ million	Q2 2016	Q2 2015
Sales*	842	718
Adj. O/I**	162	137

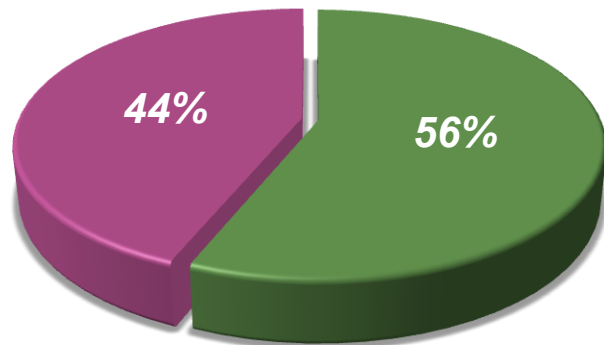
- **Strong performance of ICL Industrial Products** supported by higher volumes, lower raw material costs, efficiency gains and new products contributions
- Growth in specialty minerals, fire safety and oil additives business lines (P2S5) contributed to **improved results of ICL Advanced Additives**
- ICL Food Specialties benefited from **dairy protein sales growth, geographical expansion and new products**, which compensated for intensive competition in North America
- ICL Specialty Fertilizers demonstrated **stability despite commodity headwinds**, owing to higher volumes sold and expanding Chinese footprint

\* Including inter-business units sales

\*\* Excluding G&A and unallocated expenses

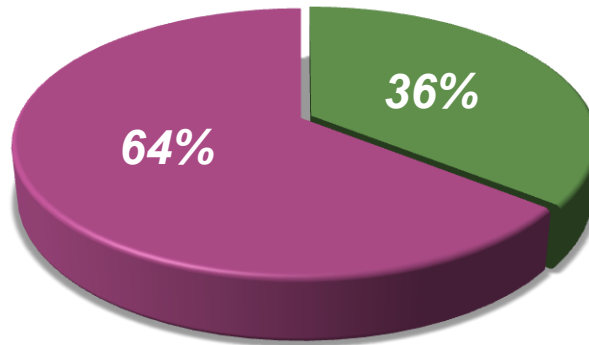
## Adjusted operating income

**Q2 2015**



■ Essential Minerals ■ Specialty Solutions

**Q2 2016**



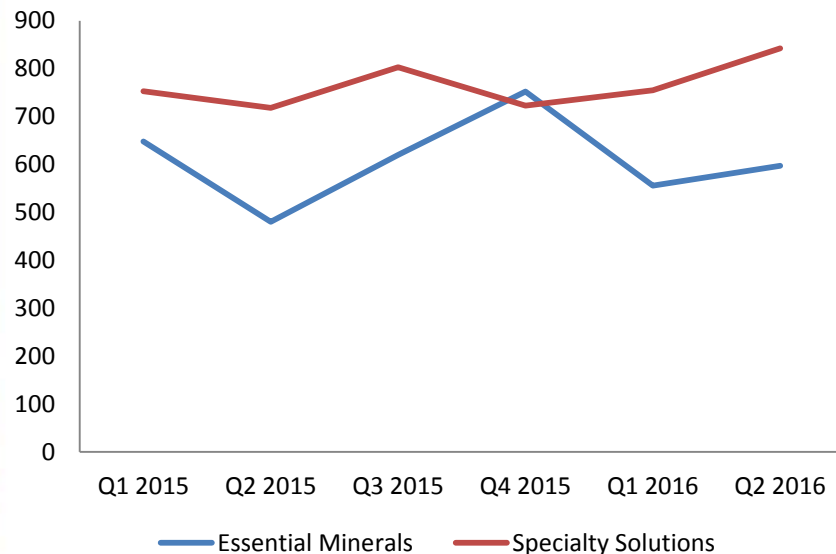
■ Essential Minerals ■ Specialty Solutions

Excluding G&A and unallocated expenses

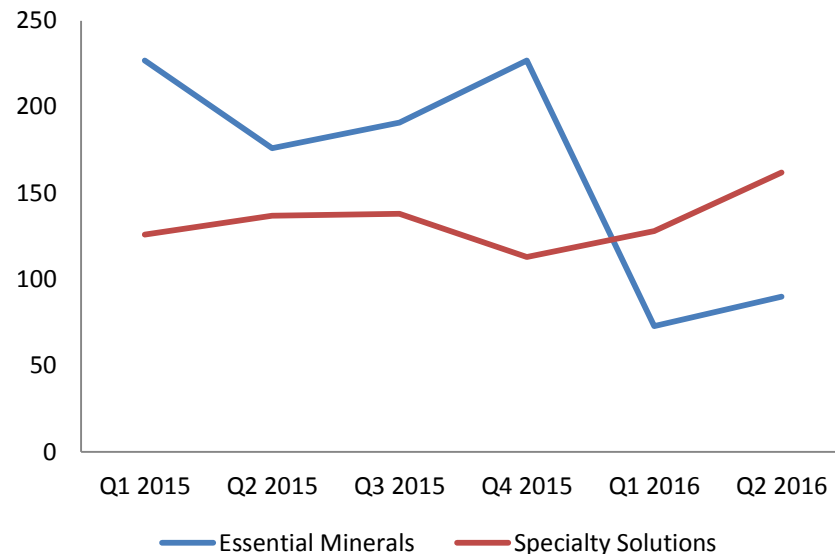
See Q2 2016 reports for a reconciliation of Adjusted operating income to operating income.

# Divisional Evolution of Sales and Adjusted Operating Income

## Sales



## Operating Income

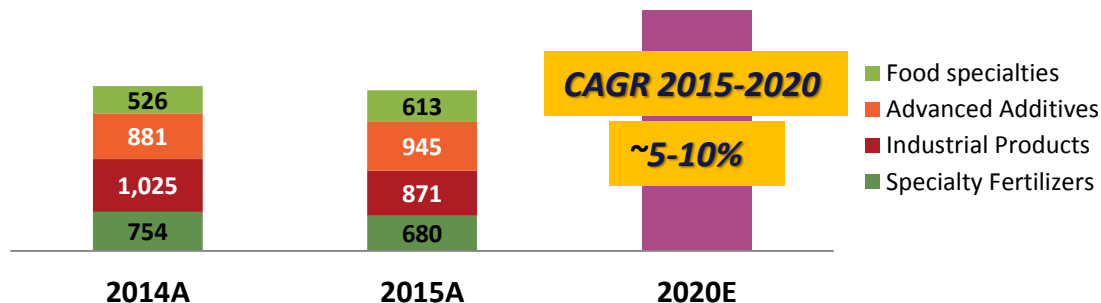


Excluding G&A and unallocated expenses

See Q2 2016 press release for a reconciliation of Adjusted operating income to operating income and Adjusted net income to net income.

# Specialty Solutions Business Units' Targeted Top and Bottom Line Growth

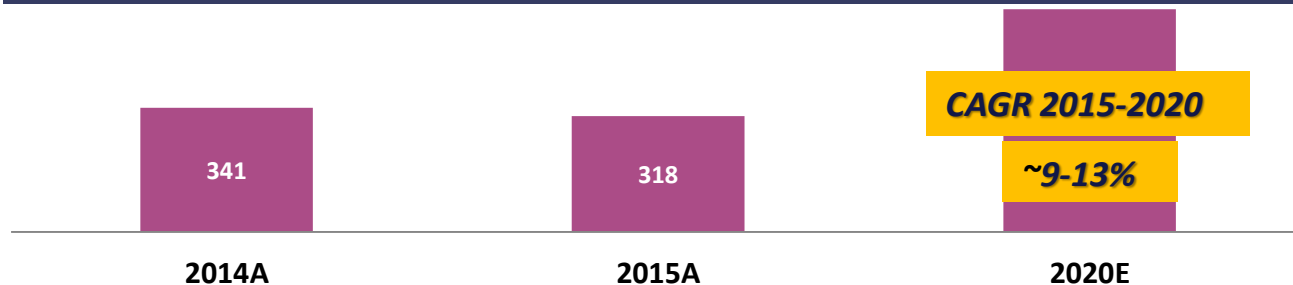
## Sales (\$M)



### CAGR 2015-2020

	Sales
Food Specialties	7-9%
Advanced Additives	3-5%
Industrial Products	4-7%
Specialty Fertilizers (Incl. NOP)	10-15%

## Adjusted Operating Income (\$M)



The background features several thick, curved lines in various colors including red, green, purple, orange, teal, and brown, which sweep across the frame. A solid dark blue horizontal band runs across the middle, serving as a backdrop for the text.

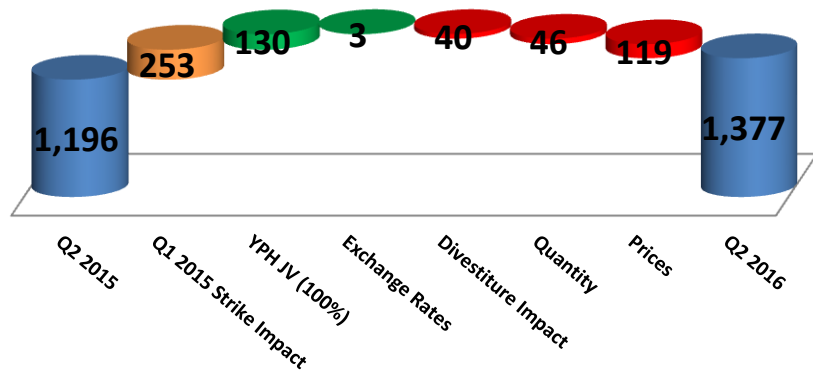
# Financial Results

Kobi Altman  
CFO



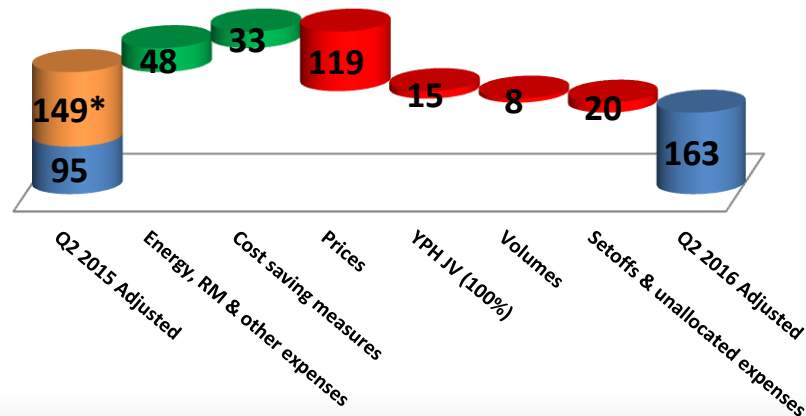
\$ millions	Q2 16	Q1 16	% change	Q2 15	% change
Sales	1,377	1,265	9%	1,196	15%
Adjusted operating income	163	115	42%	244	(33)%
Net income	120	66	82%	75	60%
Adjusted net income	132	85	55%	171	(23)%
Cash flow from operations	238	222	7%	325	(27)%
Capital Expenditures	154	187	(18)%	251	(39)%
Free cash flow	85	38	124%	170	(50)%

## Q2 2016 Sales

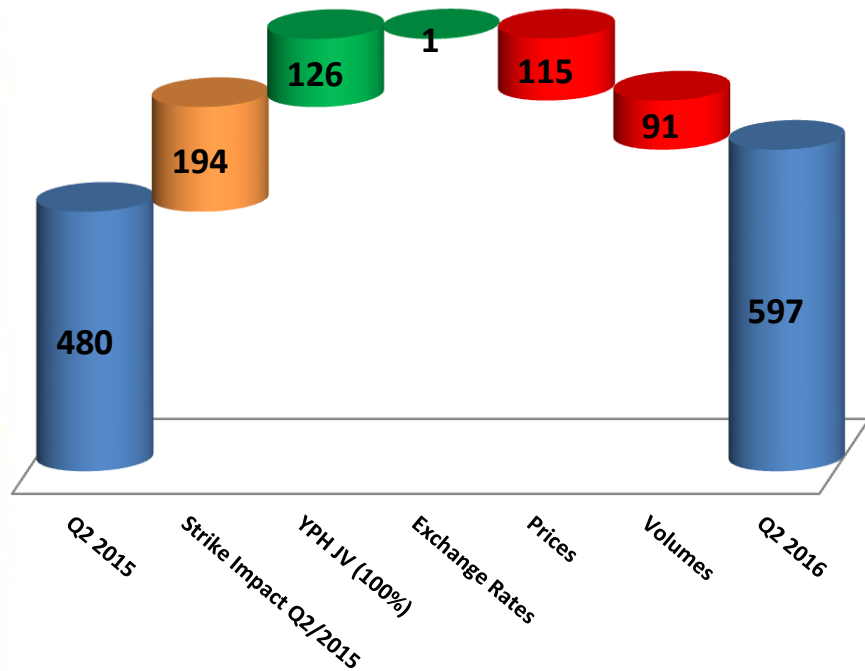


## Q2 2016 Adjusted operating income

\* Strike impact Q1 2015

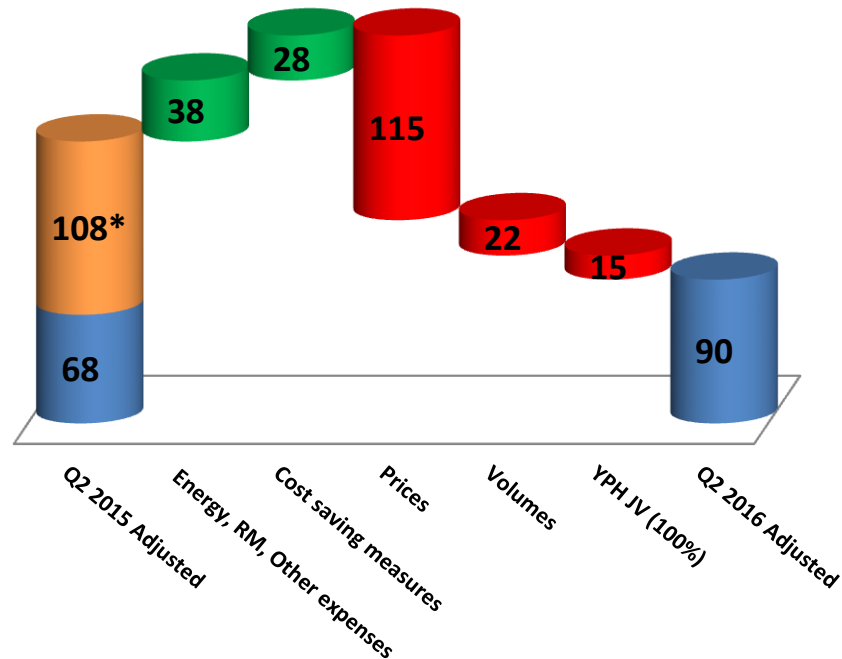


## Sales (\$M)



## Adjusted Operating income (\$M)

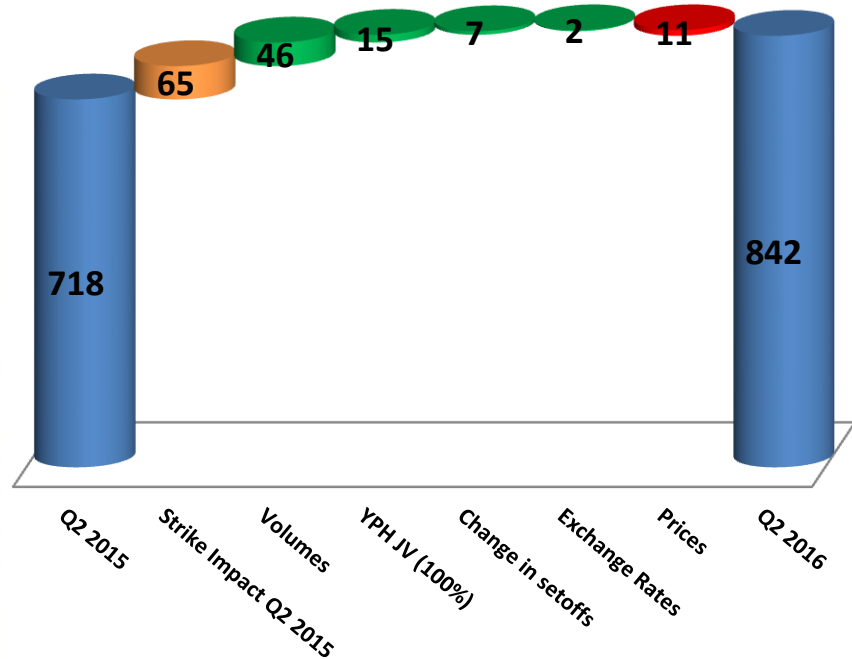
\* Strike impact Q2 2015



Excluding G&A and unallocated expenses

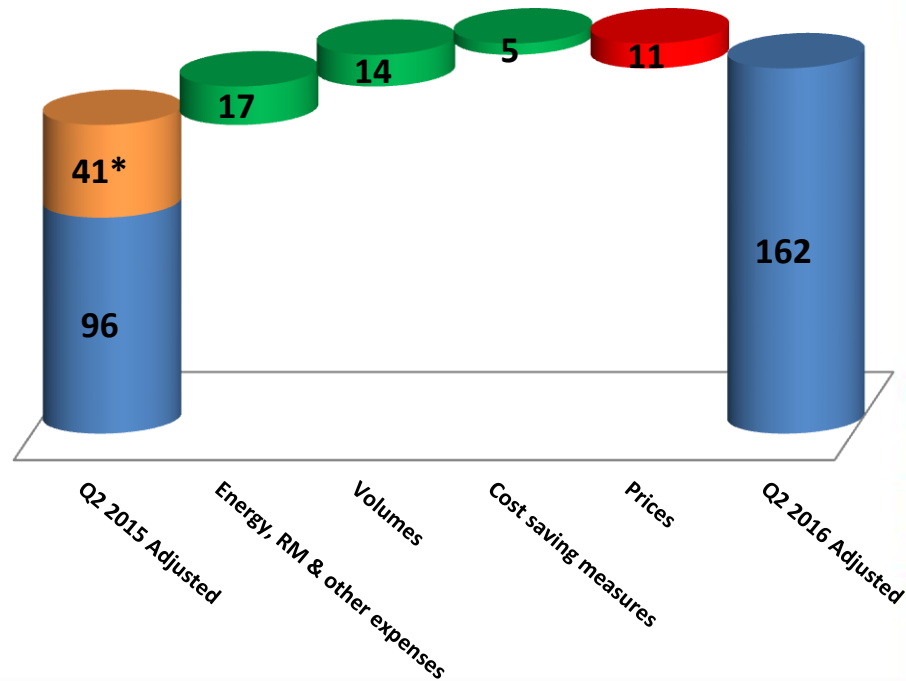
See Q2 2016 financial reports for a reconciliation of Adjusted operating income to operating income and Adjusted net income to net income.

## Sales (\$M)



## Adjusted Operating income (\$M)

\* Strike impact Q2 2015



Excluding G&A and unallocated expenses

See Q2 2016 financial reports for a reconciliation of Adjusted operating income to operating income and Adjusted net income to net income.

Numbers may not add due to rounding and set offs

The background features several thick, curved lines in various colors including red, green, purple, orange, teal, and brown, which sweep across the frame. A solid dark blue horizontal band is positioned in the center, serving as a backdrop for the text. The overall aesthetic is modern and graphic.

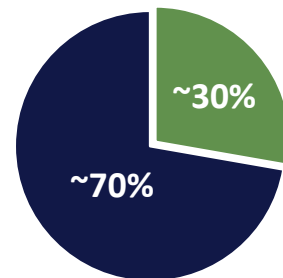
Thank You

The background features several thick, curved lines in various colors including red, green, purple, orange, teal, and brown, which sweep across the frame. A solid dark blue horizontal band is positioned in the center, serving as a backdrop for the text. The overall aesthetic is modern and graphic.

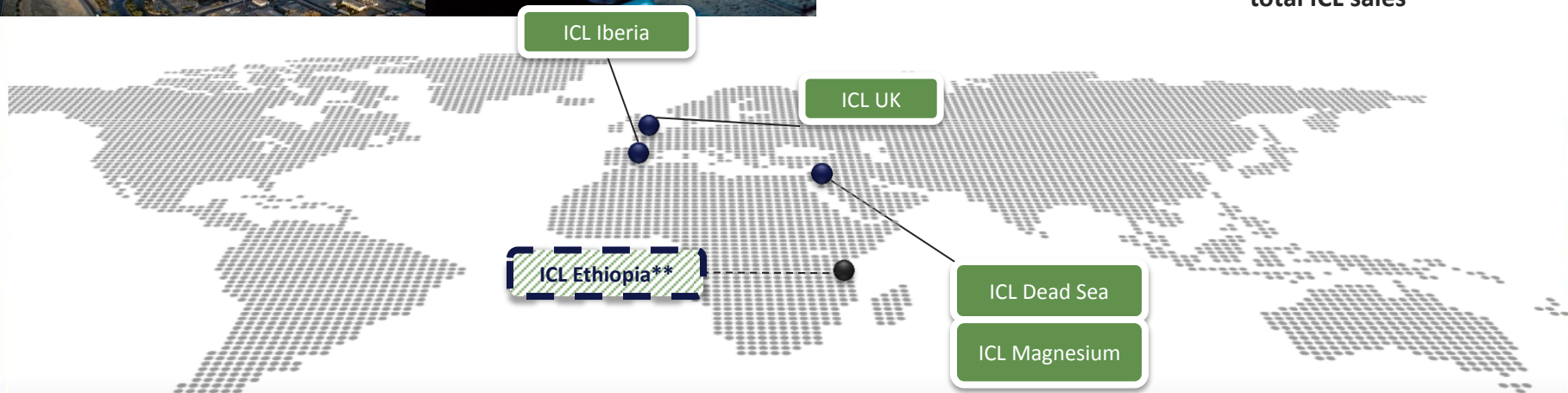
# Appendix

The background features several thick, curved lines in various colors including red, green, purple, orange, teal, and brown, which sweep across the frame. A solid dark blue horizontal band is positioned in the center, serving as a backdrop for the text. The overall aesthetic is modern and graphic.

# Essential Minerals Division



Potash & Magnesium 2015 Sales of total ICL sales\*



# Phosphates Business Unit – the Source of Our Integrated Value Chain



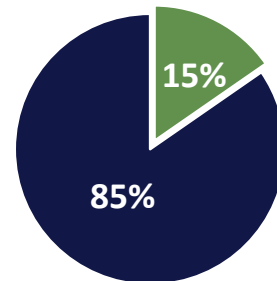
P, PK, NPK, GTSP, GSSP, NPKs,  
Soluble MAP, Soluble MKP,  
Pekacid

WPA Food grade

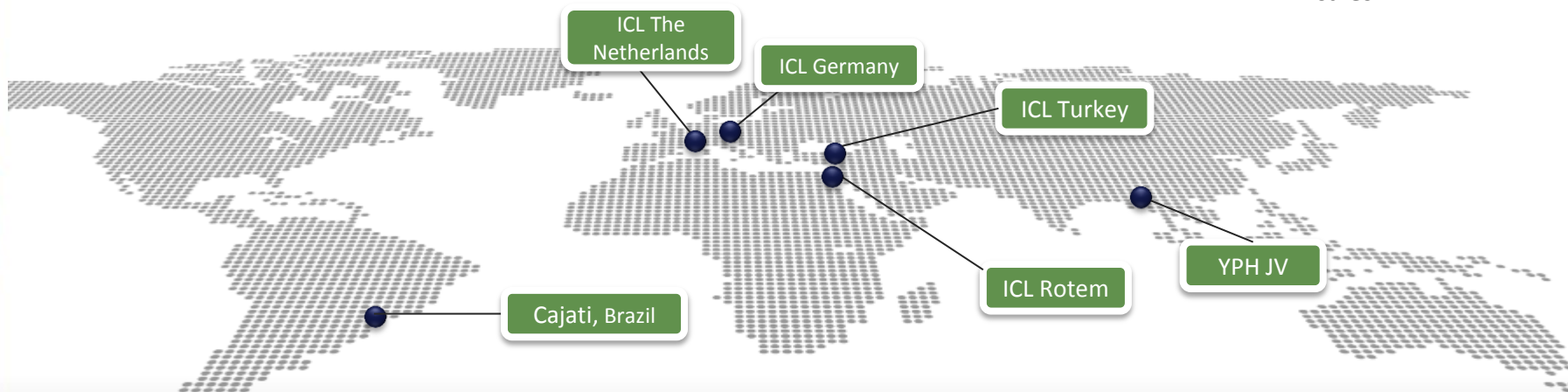
MGA, WPA, FSA



~3,500 Employees  
Worldwide



Phosphate 2015 Sales of total ICL sales\*



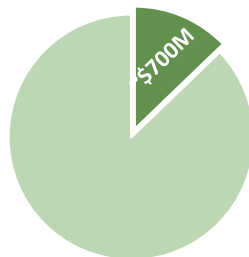


The background features several thick, curved lines in various colors including red, green, purple, orange, teal, and brown, which sweep across the frame. A solid dark blue horizontal band is positioned in the center, serving as a backdrop for the text. The overall aesthetic is modern and dynamic.

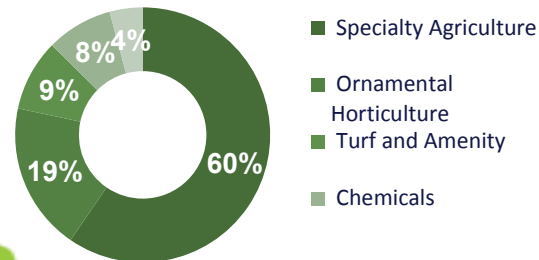
# Specialty Solutions Division



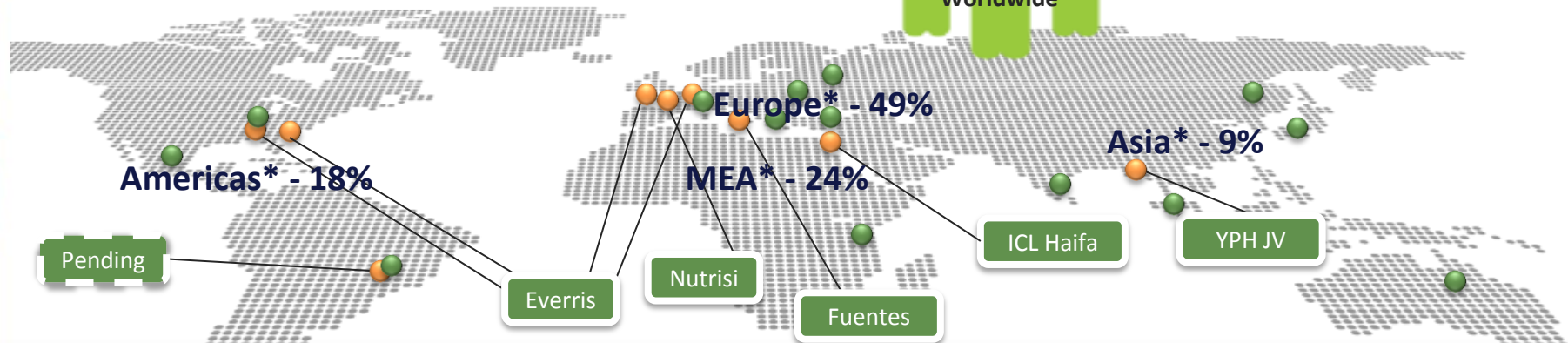
**Specialty Fertilizers 2015  
Sales of total ICL sales\***



**Revenue by product (2015)**



**~1,000 Employees  
Worldwide**



\*Of 2015 sales

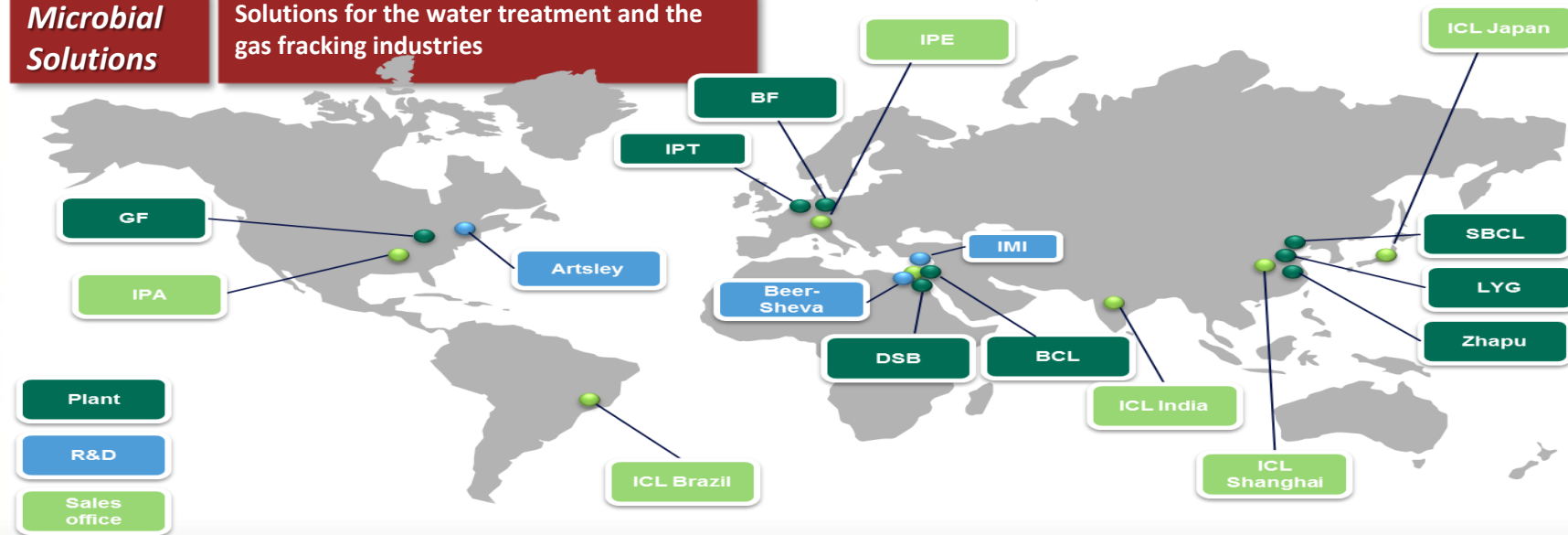
\*\*including inter-business unit sales

Manufacturing site  
 Office

<b>Flame Retardants</b>	Bromine and Phosphorus based flame retardants
<b>Industrial Solutions</b>	Elemental Bromine, Mercury emission control, clear brine fluids , HBr
<b>Microbial Solutions</b>	Solutions for the water treatment and the gas fracking industries

**~20%**  
Of ICL sales in 2015

**~1,600**  
worldwide

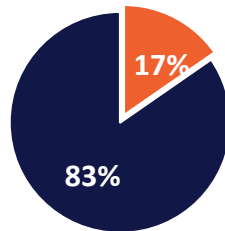


# Advanced Additives Business Unit – Vast Global Footprint and Backward Integration

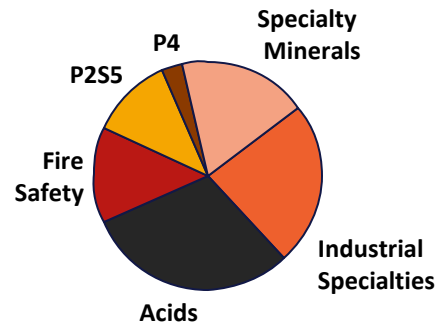
The only global supplier of phosphate salts, phosphoric acid, P2S5, phosphate-based flame retardants, and Specialty Minerals

Strategy focusing on 3 key drivers:

- ✓ Geographic expansion
- ✓ Product differentiation
- ✓ Cost optimization/"Lean & Reliable"



2015 Sales of total ICL sales\*



2015 Sales by Business line

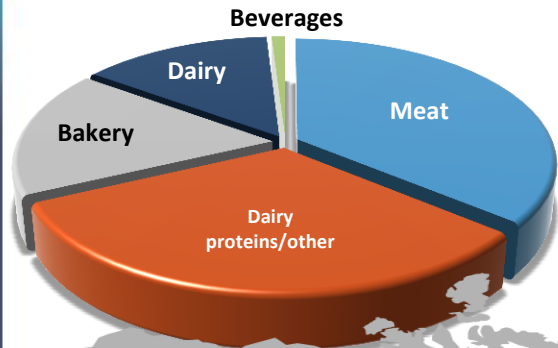


Fire Safety	P2S5
P-Salts, Acids	Spec Min / P&C

Where needs take us

\*Not including inter-segment sales

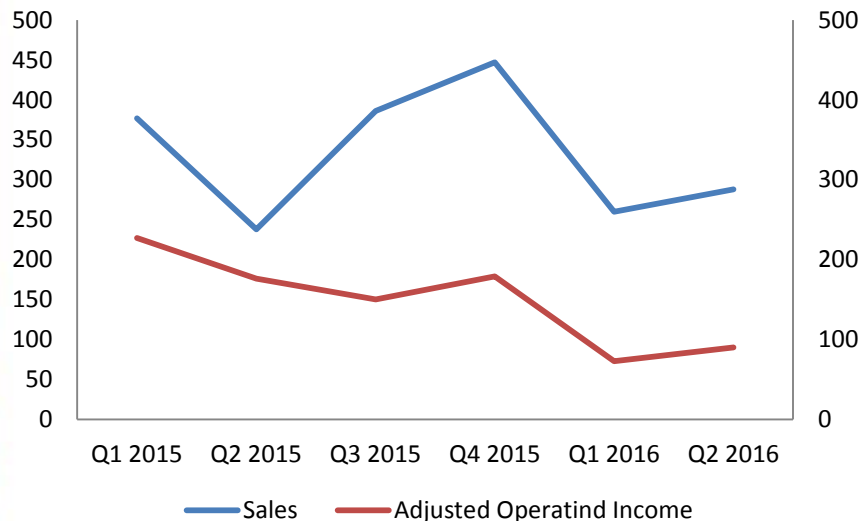
2015 sales breakdown



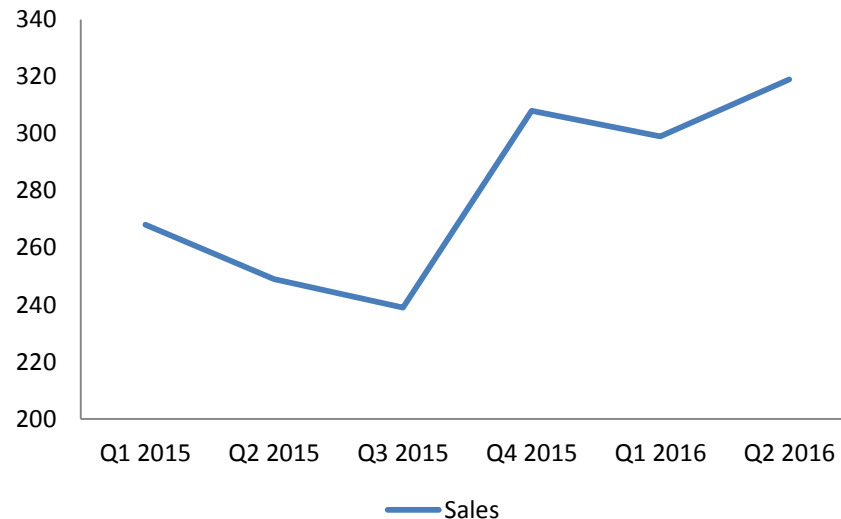
2015 Sales of total ICL sales\*



## Potash

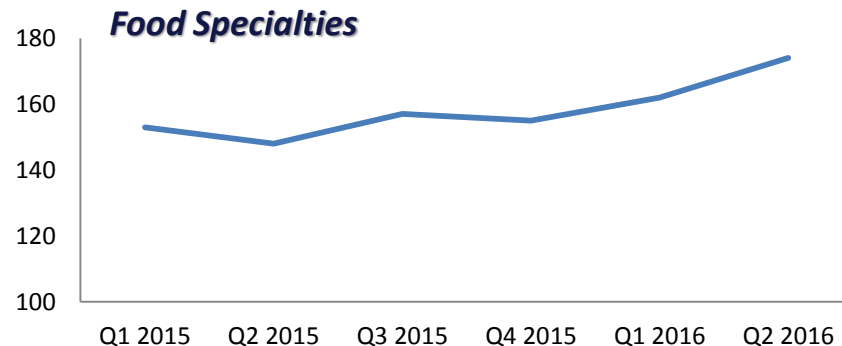
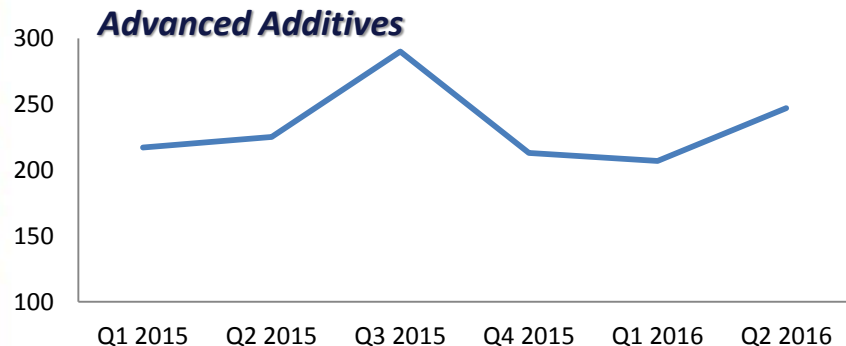
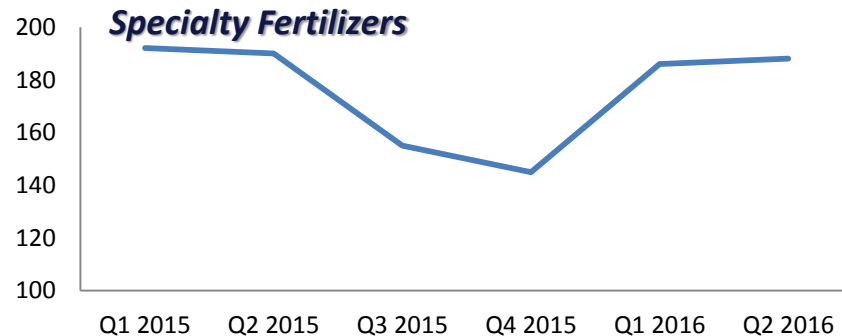
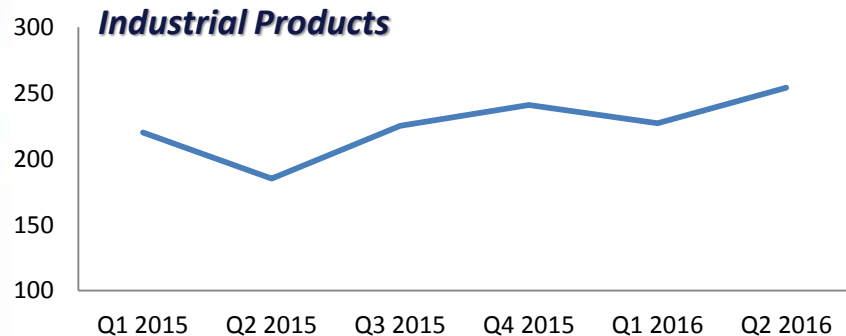


## Phosphates



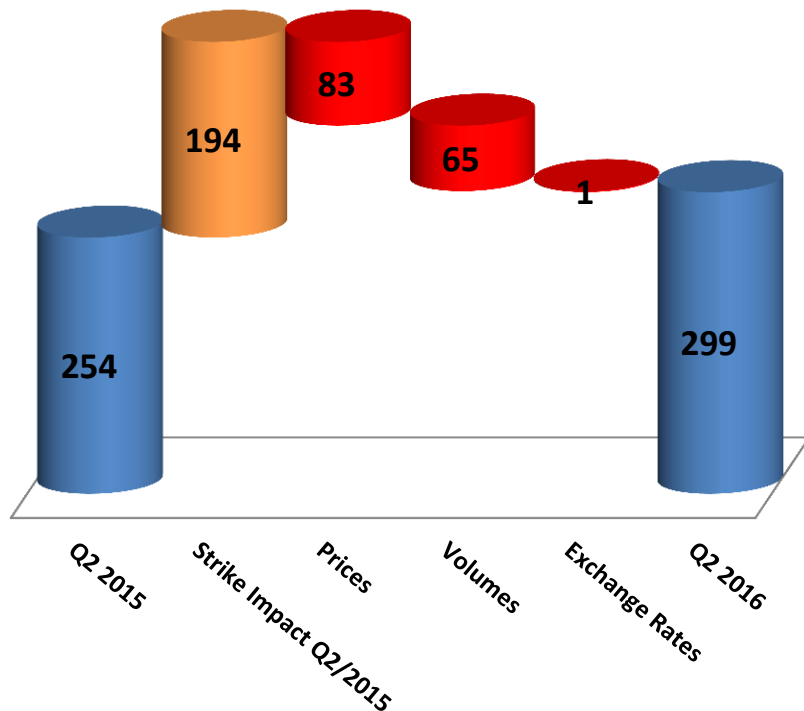
Excluding G&A expenses and unallocated expenses

See Q2 2016 press release for a reconciliation of Adjusted operating income to operating income and Adjusted net income to net income.

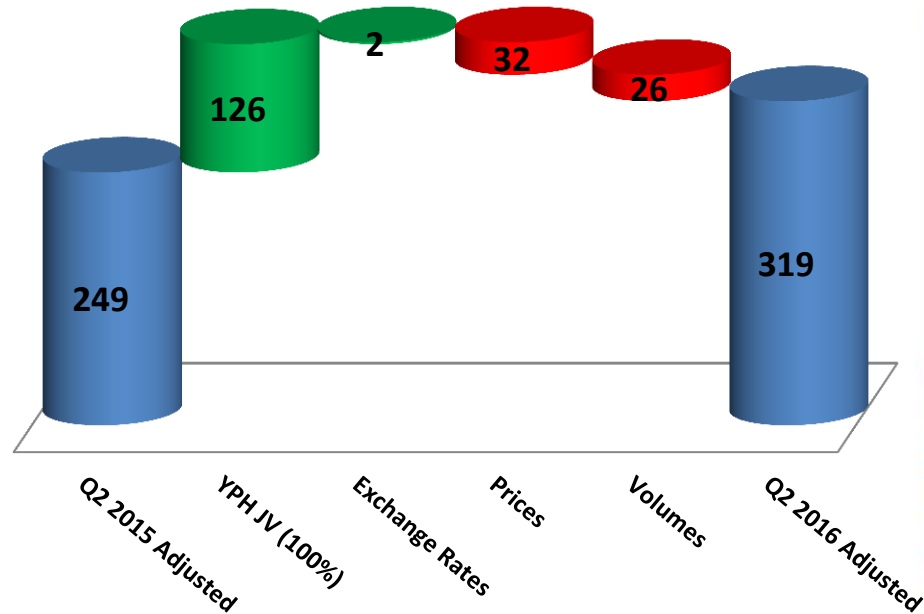


Including inter-business unit sales

## Potash & Magnesium (\$M)



## Phosphates (\$M)

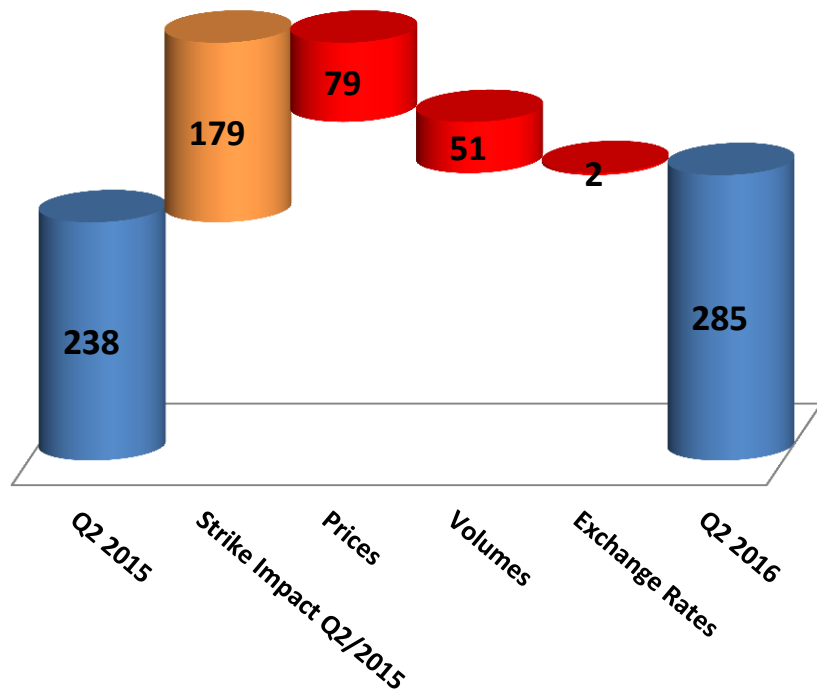


See Q2 2016 financial reports for a reconciliation of Adjusted operating income to operating income and Adjusted net income to net income.

Numbers may not add due to rounding and set offs

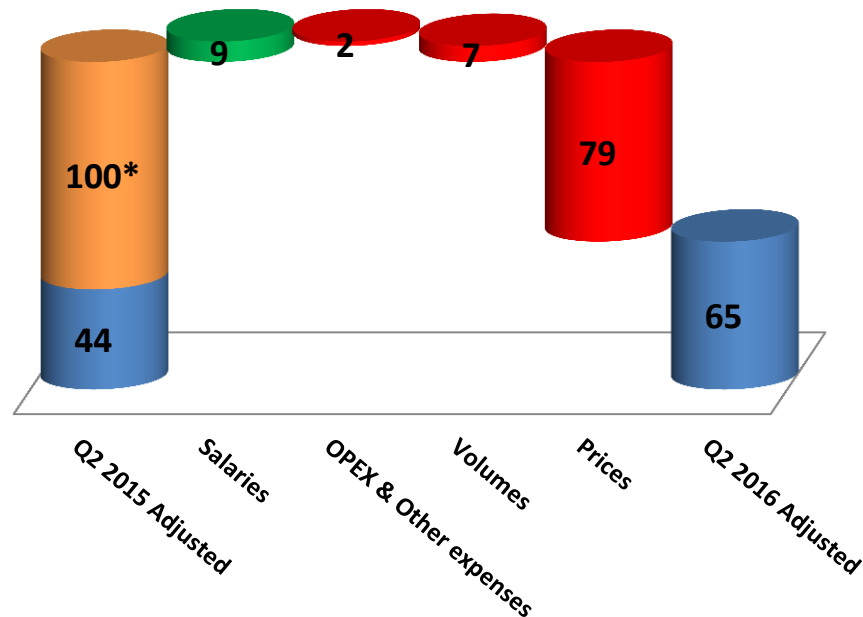


## Sales (\$M)



## Adjusted Operating income (\$M)

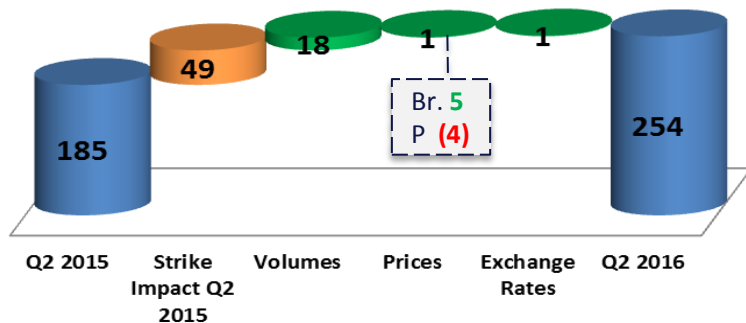
\* Strike impact Q2 2015



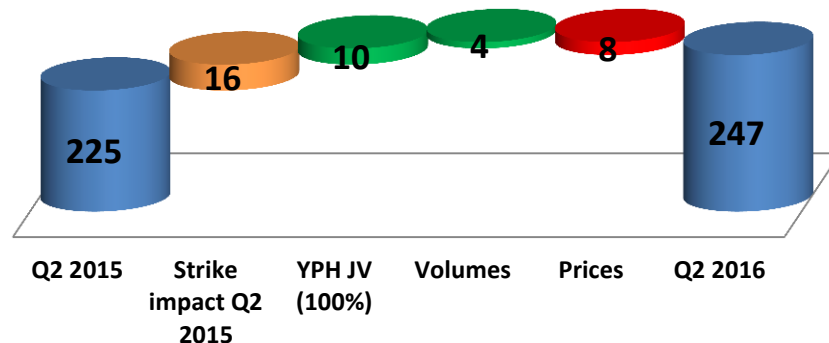
Excluding G&A and unallocated expenses

See Q2 2016 financial reports for a reconciliation of Adjusted operating income to operating income and Adjusted net income to net income.

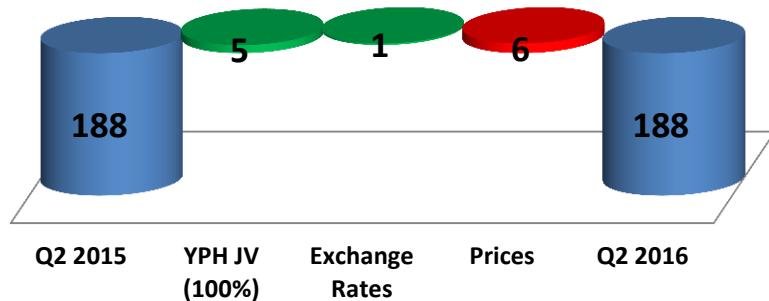
## Industrial Products



## Advanced Additives



## Specialty Fertilizers



## Food Specialties



See Q2 2016 financial reports for a reconciliation of Adjusted operating income to operating income and Adjusted net income to net income.

Numbers may not add due to rounding and set offs