



Where needs take us

Q2 2017 Results

Asher Grinbaum | Acting CEO

August 3rd, 2017



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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 IFRS 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 IFRS. Please refer to our Q2 2017 press release for the quarter ended June 30, 2017 for a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable financial measures prepared in accordance with IFRS.

- Solid performance in a challenging environment driven by Industrial Products and Advanced Additives business units
- Significant consecutive and year-over-year improvement in YPH JV's financial results
- Continuous demonstration of balance sheet strength driven by a reduction in G&A and strong positive free cash flow
- Agreement signed to sell IDE, another step in ICL's plan to divest low-synergistic businesses

\$ millions	Q2 17	Q2 16	% change	Q1 17	% change
Sales	1,322	1,377	(4.0)%	1,295	2.1%
Operating income	144	149	(3.4)%	116	24.1%
Adjusted operating income	153	163	(6.1)%	116	31.9%
Net income	57	120	(52.5)%	68	(16.2)%
Free Cash flow	86	85	1.2%	104	(17.3)%
External potash sales (thousand tonnes)	1,051	1,010	4.1%	942	11.6%
Average potash selling price - FOB	216	221	(2.3)%	216	-

Free cash flow = operating cash flow – purchases of property, plant and equipment and intangible assets + dividends from equity-accounted investees (also included in “other”)

See Q2 2017 press release for a reconciliation of Adjusted operating income to operating income and Adjusted net income to net income.

Business Environment

- Late signing of Chinese & Indian contracts
- Continued weakness in commodity fertilizer prices, mainly phosphates
- Strengthening of the NIS vs. the US dollar
- Increased seaborne freight rates
- Ammonia shortage in Israel

ICL Perspective

- Solid specialties performance, fueled by Industrial Products and Advanced Additives
- YPH JV operational improvement
- Strong cash flow generation
- G&A expenses reduction, reduced CapEx
- Catalan Supreme court's resolution enables ICL Iberia to continue operations at the Sallent site one more year, with an option for another year
- Rotem phosphogypsum spill incident

Specialty Solutions

\$ million	Q2 2017	Q2 2016	% change
Sales*	640	667	(4.0)%
Division O/I**	135	136	(1.0)%

- Strong quarter for ICL Advanced Additives driven by **higher acid and fire safety sales**.
- Strong operating profit** in ICL Industrial Products despite seasonally weaker bromine prices, attributed to cost reductions and higher Phosphorus-based FRs and completion fluids sales.
- ICL Food Specialties' **dairy protein sales continue to face lower volumes** due to a major customer's destocking activity. Nevertheless, Q2 sales increased compared to Q1 2017.

Essential Minerals

\$ million	Q2 2017	Q2 2016	% change
Sales*	736	765	(3.8)%
Division O/I**	81	113	(28.3)%

- Year-over-year **increase in potash volumes** sold. Potash shipments to China expected to **significantly increase sales and operating income in 2H2017**.
- Commodity phosphate fertilizer market continues to operate under a **challenging business environment**.
- Continued operational improvements in our YPH JV and a shift to specialties drive **significantly lower operating loss**.
- Q2 2016 results were positively impacted** by \$26 million income from insurance.
- Catalan court adopts ICL's roadmap, **enabling one more year (with an option for a second year) of continuous operations** at Sallent site. Local authorities allows **continued use of existing port facilities** while we complete works at the new port terminal.

* Including inter-business lines' sales

** Excluding G&A, unallocated expenses and eliminations

Phosphogypsum Water Spill at Rotem – Committed to Environmental Restoration



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.

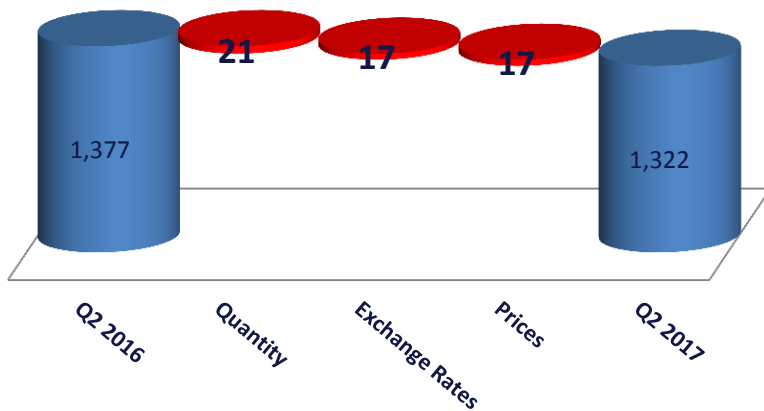
Financial Results

Kobi Altman
CFO

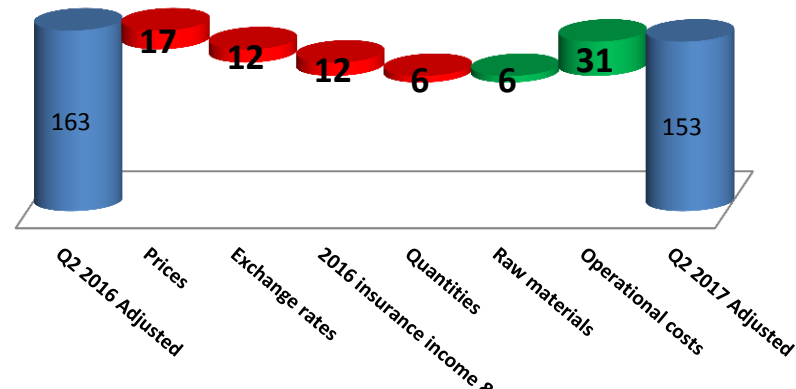
Main Financial Figures and Analysis

\$ millions	Q2 17	Q2 16	% change	Q1 17	% change
Sales	1,322	1,377	(4.0)%	1,295	2.1%
Gross profit	415	417	-	358	15.9%
Operating income	144	149	(3.4)%	116	24.1%
Adjusted operating income	153	163	(6.1)%	116	31.9%
Net income	57	120	(52.5)%	68	(16.2)%
Capital Expenditures	109	196	(44.4)%	112	(2.7)%
Free cash flow*	86	85	1.2%	104	(17.3)%

Q2 2017 Sales (\$M)



Q2 2017 Adjusted operating income (\$M)



See Q2 2017 financial reports for a reconciliation of Adjusted operating income to operating income

Free cash flow = operating cash flow – purchases of property, plant and equipment and intangible assets + dividends from equity-accounted investees (also included in “other”)

Where needs take us

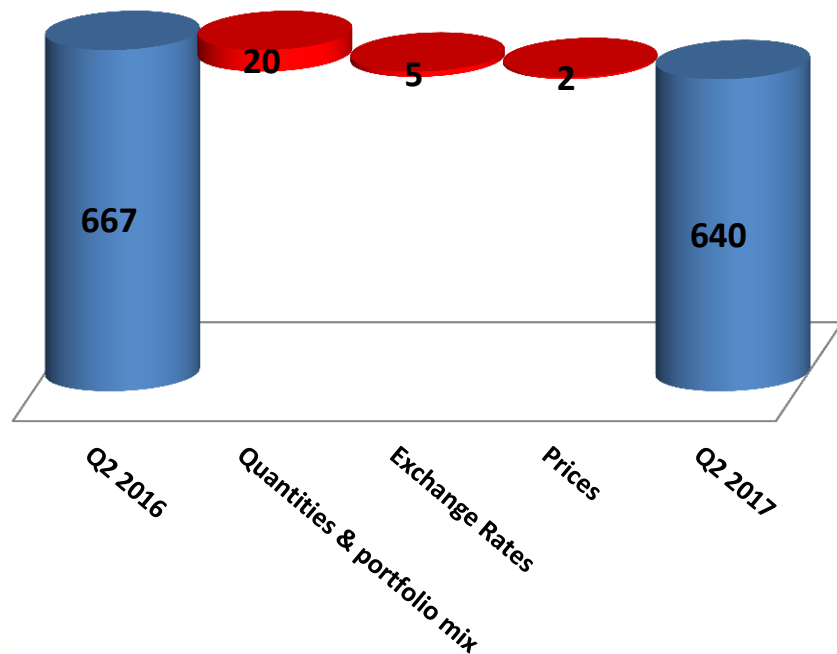
Numbers may not add up due to rounding and set offs

\$ million	Q2 2017	Q2 2016	Q1 2017
Financial debt	3,412	3,662	3,383
Interest rate	<u>3.4%</u>	<u>3.0%</u>	<u>3.2%</u>
Net interest expenses	28.1	23.2	27.7
Revaluation of long-term pension liabilities	10.3	(2.4)	7.9
Hedging transactions	(5.0)	16.8	(24.3)
Special items	<u>14.9</u>	<u>2.0</u>	<u>3.6</u>
	20.2	16.4	(12.8)
Net financial expenses	48.3	39.6	14.9

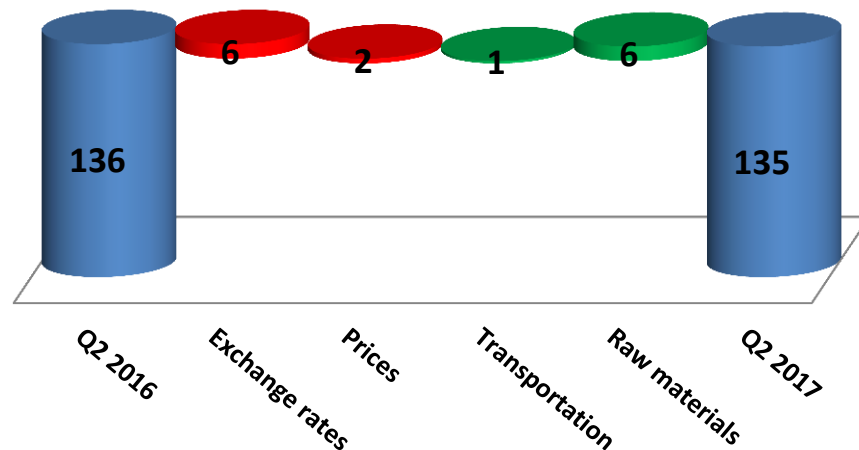
Effective Tax Rate Impacted by Exceptional Items

\$ million	Q2 2017	Q2 2016	FY2016 Adjusted
Profit before tax	96	116	506
Income and Natural resources tax	31	29	122
Effective tax rate	<u>32%</u>	<u>25%</u>	<u>24%</u>
Special items	4	---	26
Post special items	35	29	148
Post special items Tax rate	<u>36%</u>	<u>25%</u>	<u>29%</u>
NIS strengthening and deferred tax assets recognition	6	(24)	(48)
Post impact of NIS strengthening and DTA recognition	41	5	100
<i>Effective tax rate</i>	<u>43%</u>	<u>4%</u>	<u>20%</u>

Sales (\$M)

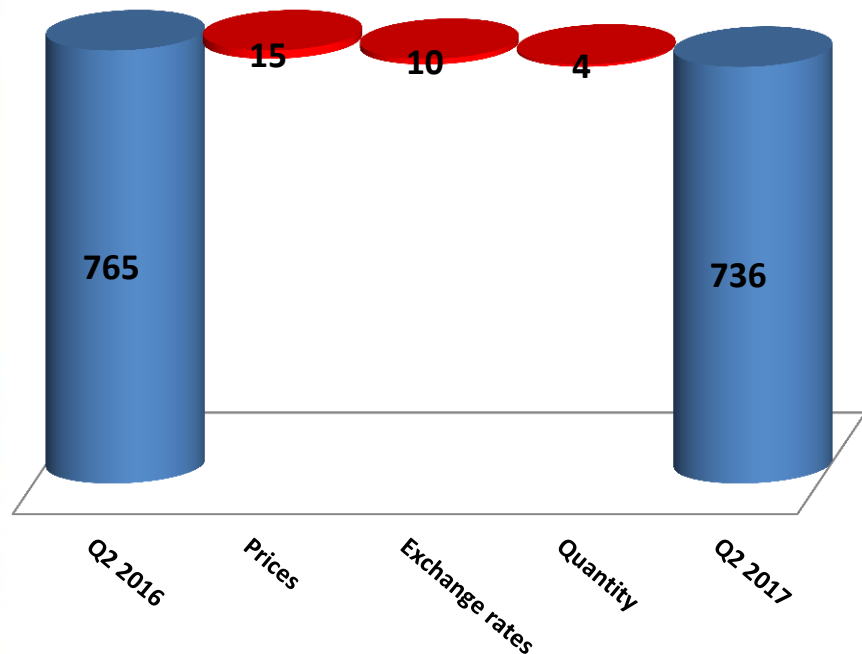


Segment operating income (\$M)

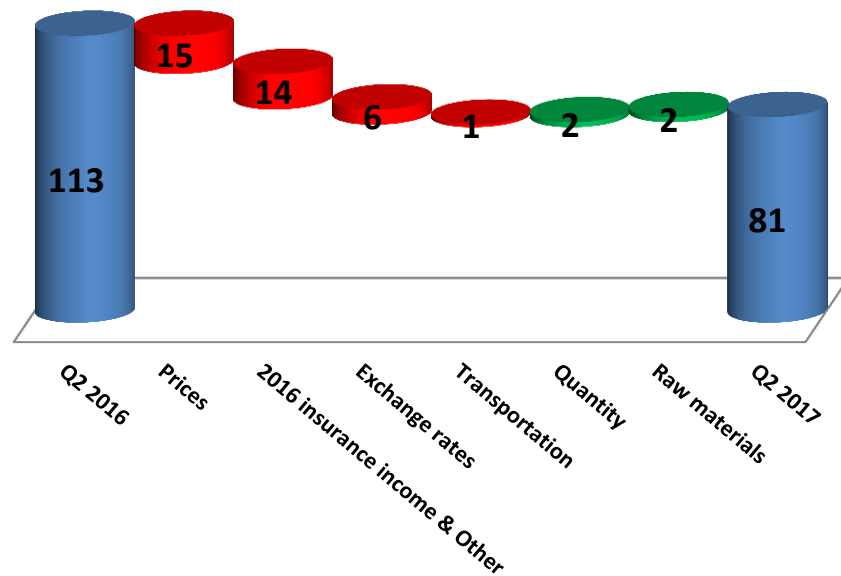


Excluding G&A and unallocated expenses

Sales (\$M)



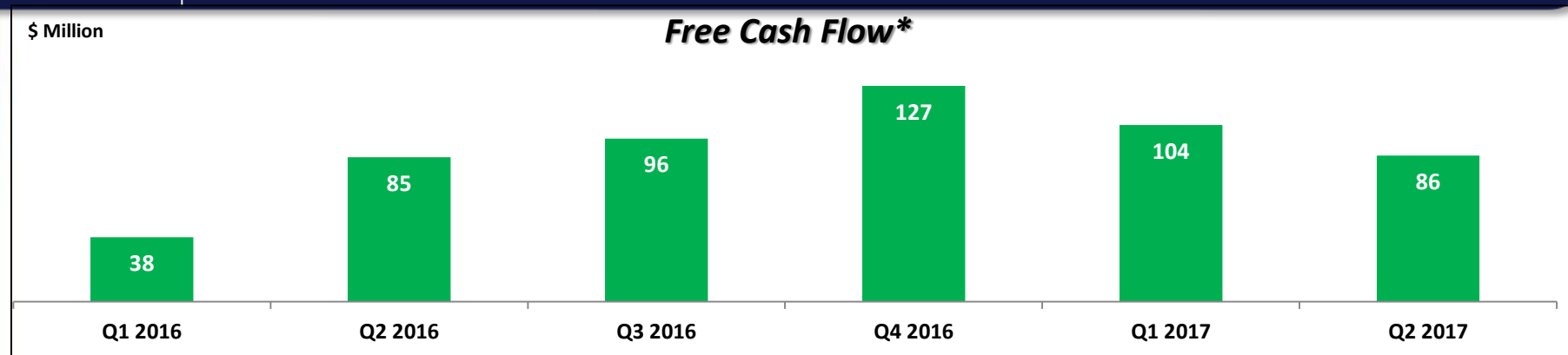
Segment operating income (\$M)



Excluding G&A and unallocated expenses

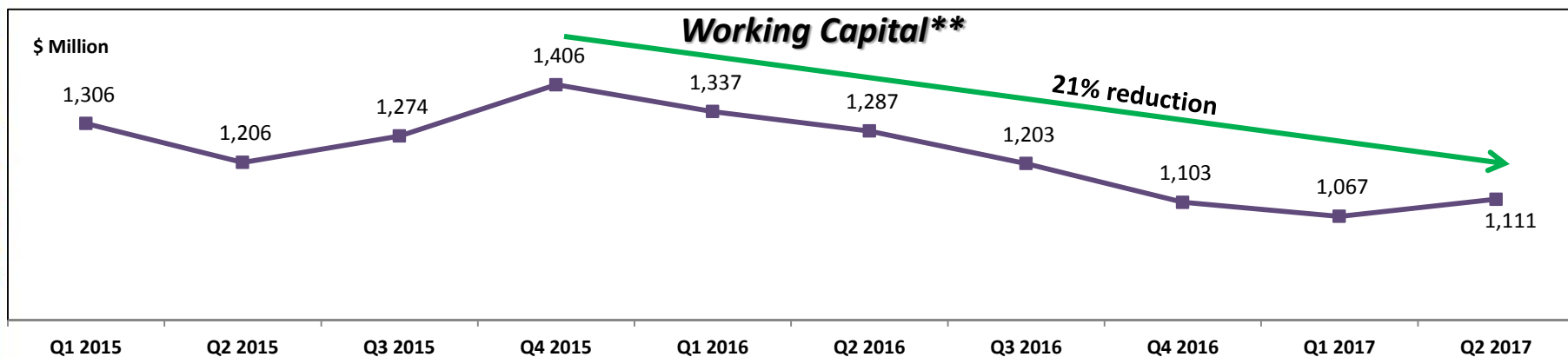
\$ Million

Free Cash Flow*



\$ Million

Working Capital**



* Free cash flow = operating cash flow – purchases of property, plant and equipment and intangible assets + dividends from equity-accounted investees (also included in “other”)

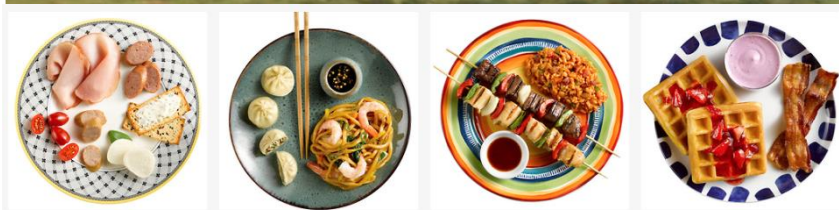
** Working capital = trade and other receivables + inventories – trade and other payables (recalculated for prior years)

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

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Appendix



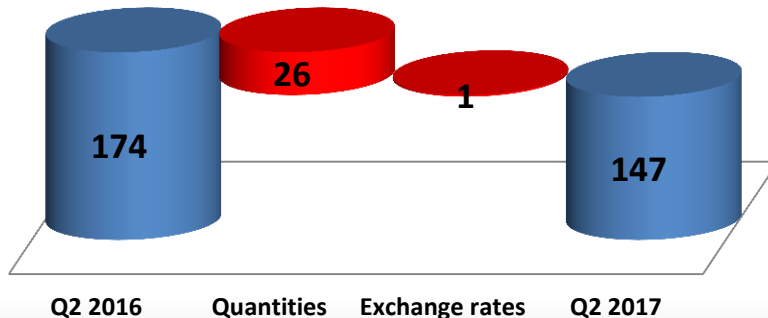
Industrial Products



Advanced Additives

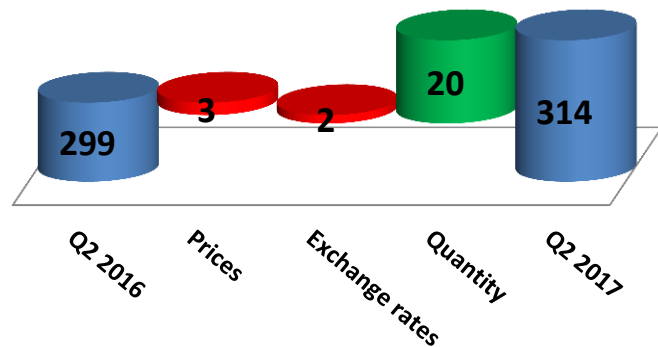


Food Specialties

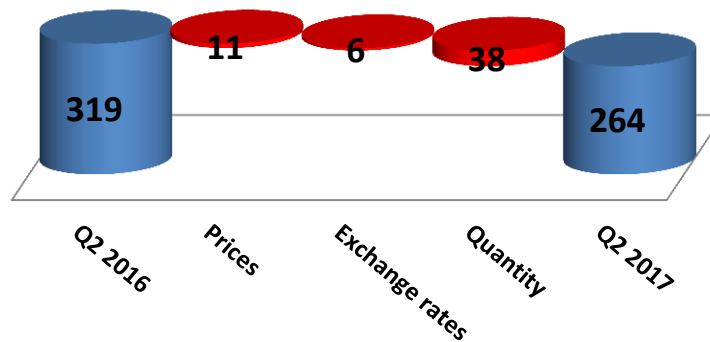




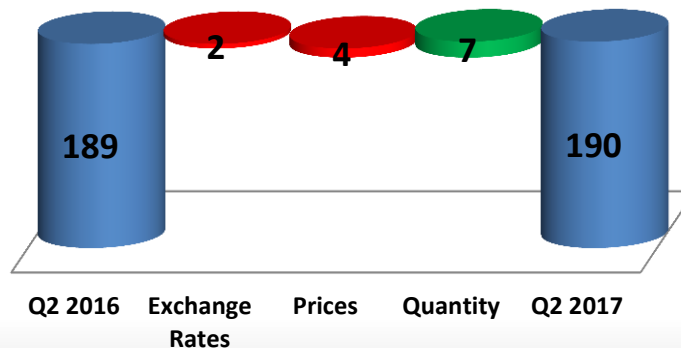
Potash & Magnesium



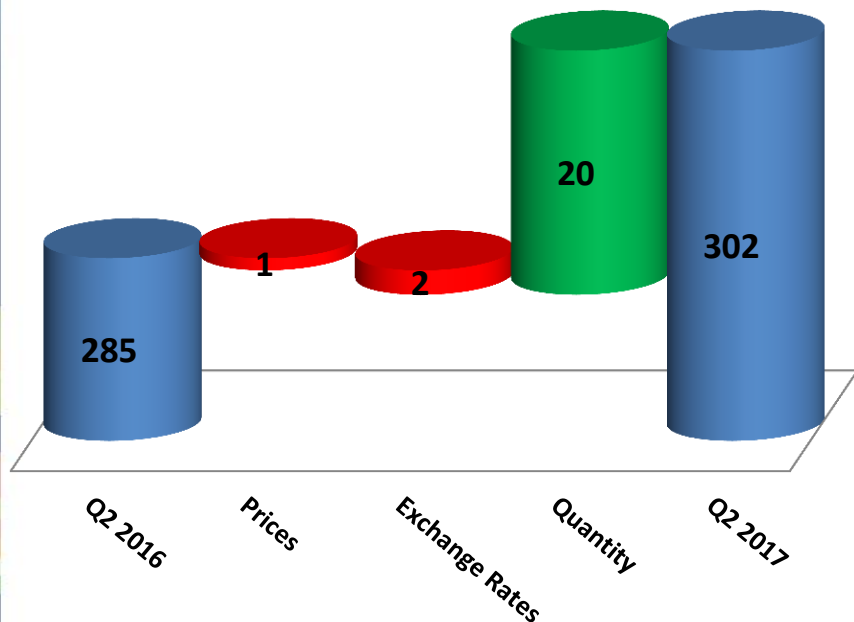
Phosphates



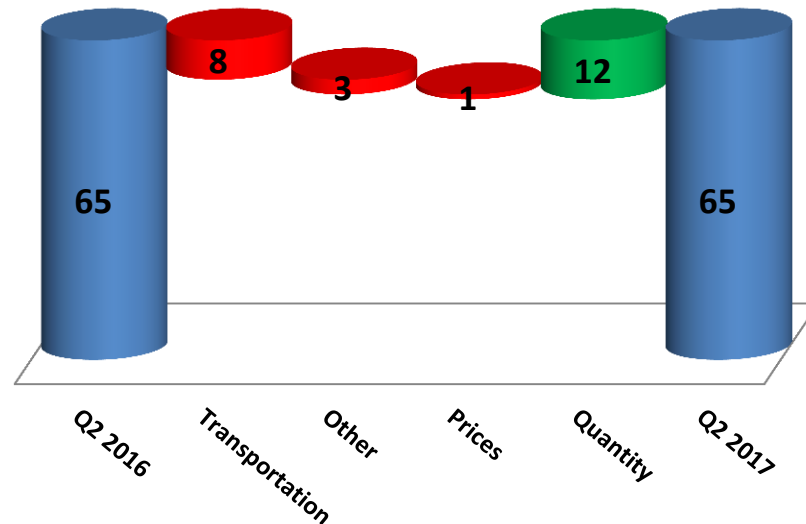
Specialty Fertilizers



Sales (\$M)



Business unit operating income (\$M)

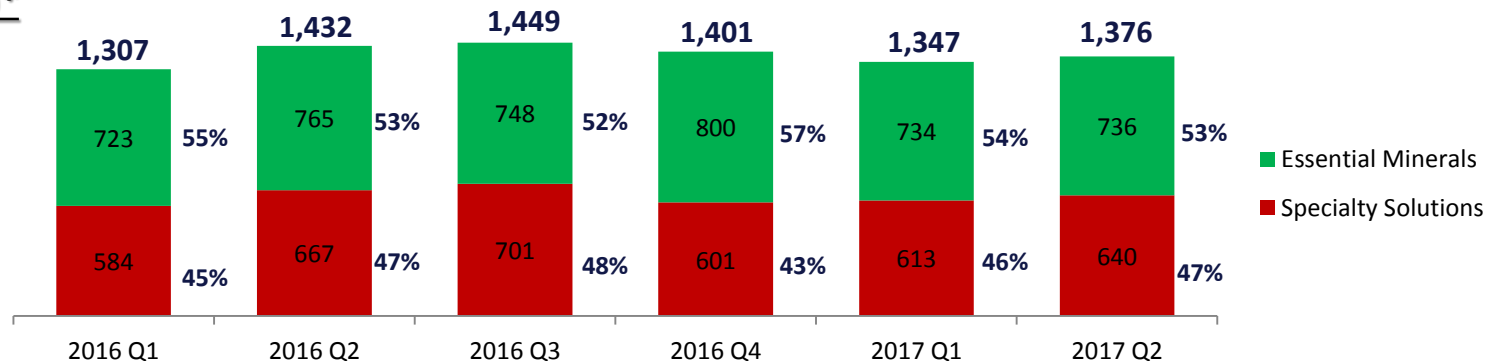


Excluding G&A and unallocated expenses

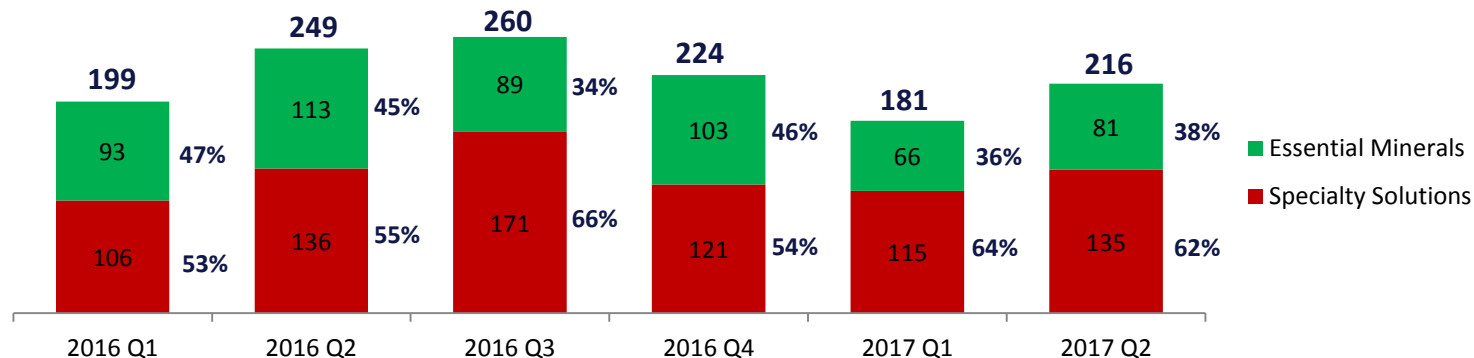
See Q2 2017 financial reports for a reconciliation of Adjusted operating income to operating income and Adjusted net income to net income.

Focus on Specialty Solutions Promoting Stability Despite Fertilizer Cycle

Sales (\$M)*



Segment Operating Income (\$M)**



Numbers are restated for prior years as Specialty Fertilizers business line was transferred to Essential Minerals

* Before elimination of inter-business lines' sales

** Excluding G&A, unallocated expenses and eliminations

CapEx* (\$M)

