



Where needs take us

Q4 & FY 2017 Results

Asher Grinbaum | Acting CEO

February 14th, 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 Q4 2017 press release for the quarter ended December 31, 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.

- **Strong Q4 and full year performance:**
 - ✓ **Growth of 20% in adjusted operating income (~160% in Q4 2017 reported operating income) supported by the recovery in the potash market and G&A reduction**
 - ✓ **FY 2017: stable sales, operating margins expansion and higher free cash flow generation, despite continuous challenging commodity business environment**
- **Execution of prudent capital allocation and successful divestments, contributed to solid financial position**

\$ millions	Q4 17	Q4 16	% change	FY2017	FY2016	% change
Sales	1,361	1,338	1.7%	5,418	5,363	1.0%
Operating income (loss)	189	72	162.5%	629	(3)	NA
Adjusted operating income*	168	140	20.0%	652	582	12.0%
Adjusted EBITDA	276	264	4.5%	1,059	1,051	0.8%
Net income (loss)	155	32	384.4%	364	(122)	398.4%
Adjusted net income	142	114	24.6%	389	451	(13.7) %
Free cash flow**	137	127	7.9%	405	346	17.1%
Net Debt	3,037	3,264	(7.0)%	3,037	3,264	(7.0)%
Average potash selling price - FOB	222	202	9.9%	219	211	3.8%

* Operating income attributed to segments before G&A and other expenses

**See appendix for reconciliation of Free cash flow

See Q4 2017 press release for a reconciliation of Adjusted operating income to operating income, adjusted net income and adjusted EBITDS to net income

Specialty Solutions

\$ million	Q4 2017	Q4 2016	FY2017	FY2016
Sales*	651	601	2,650	2,553
Segment O/I**	114	121	554	534

2017 profit growth driven by Advanced Additives and Industrial Products business lines

- In **Industrial Products**, supportive bromine market conditions continued in the fourth quarter. However, operating margins were negatively impacted by lower sales of clear brine fluids
- Fourth quarter **Advanced Additives'** results supported by higher sales along the P2O5 value chain, driven by value oriented pricing strategy and expansion of customer base, as well as by off-season wildfires in California
- Fourth quarter **Food Specialties** results reflect the continuous trends in 2017 – lower sales to Russia and lower dairy protein sales to a major customer

Essential Minerals

\$ million	Q4 2017	Q4 2016	FY2017	FY2016
Sales*	780	800	3,008	3,036
Segment O/I**	124	103	359	398

2017 performance driven by potash market recovery, offset by challenges in commodity phosphate

- Growth in **Potash** operating income supported by strong demand and tight supply, with record annual sales to Brazil
- Record fourth quarter results for the **Specialty Fertilizers** business line led by growth in specialty agriculture
- Higher Q4 Sulphur costs and production slowdown at YPH JV due to maintenance and at ICL Rotem, offset contribution from **phosphate price** recovery

* Including inter-segment sales

** Excluding G&A, unallocated expenses

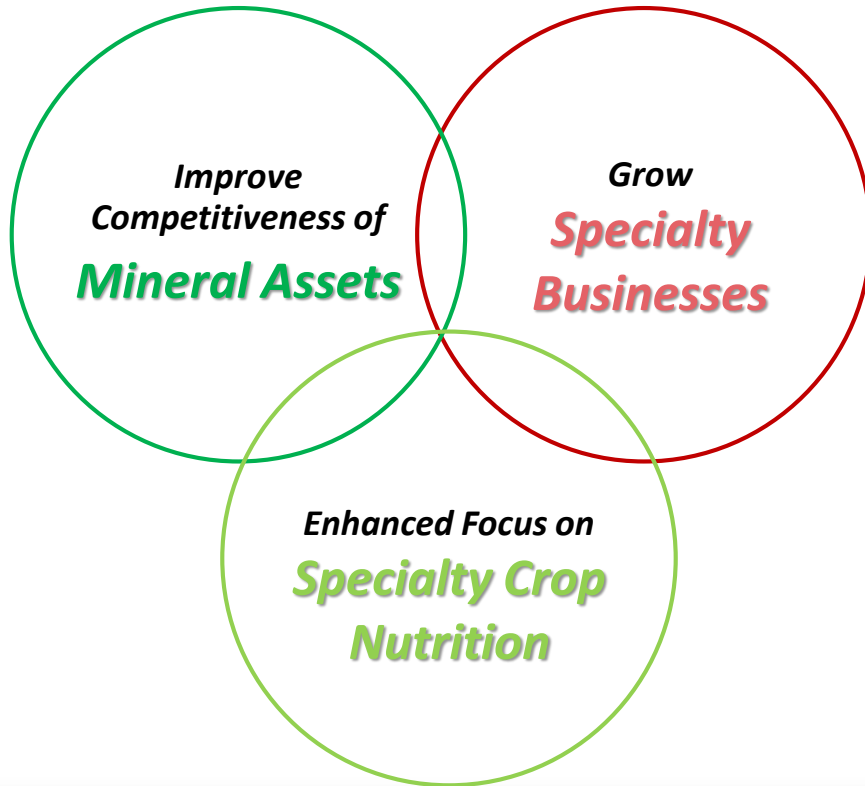
Significant Achievements in 2017 Setting the Base for a Promising Future

2017 ACHIEVEMENTS

- ~\$1.2b Divestments of IDE (water desalination), Fire Safety and Oil Additives businesses
- Consistently positive FCF through optimization of CapEx and working capital and reduction in G&A expenses
- Significant improvement in YPH performance
- Growth in Specialty agriculture despite commodity headwinds
- Acceleration of transfer into Polysulphate at ICL UK, growing Polysulphate sales by ~50%
- Beneficial long-term natural gas supply agreement
- Significant overhang was removed through the successful sale of PCS's holdings in ICL

LOOKING INTO 2018

- Reduce debt ratios while still investing in growth
- Executing long-term infrastructure CapEx projects
- Focus on specialty agriculture growth
- Continue both organic and inorganic growth of Specialty businesses
 - ✓ Grow the post-divestment Advanced Additives
 - ✓ Return to growth trajectory in Food Specialties
 - ✓ Maintain high profit margins at Industrial Products
- Complete transition to Polysulphate at ICL UK.
- Continuous improvement in the competitiveness of our mineral assets in Spain, China and Israel



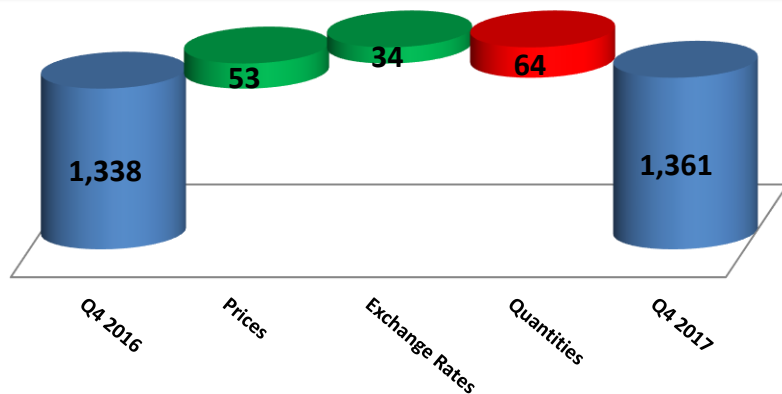
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Financial Results

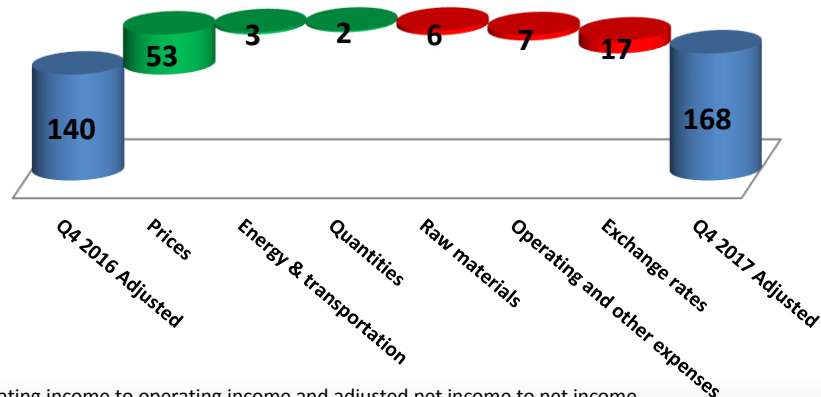
Kobi Altman
CFO

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Q4 2017 Sales (\$M)



Q4 2017 Adjusted operating income (\$M)



See Q4 2017 press release for a reconciliation of Adjusted operating income to operating income and adjusted net income to net income

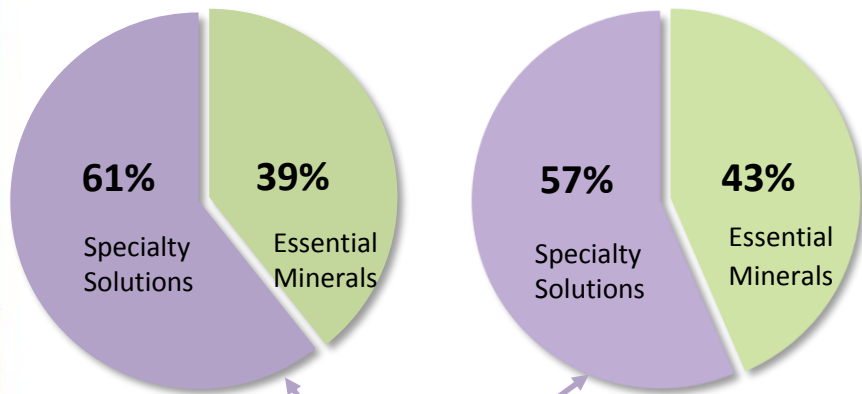
* See appendix for reconciliation of free cash flow

Numbers may not add due to rounding and set offs

FY2017

vs.

FY2016

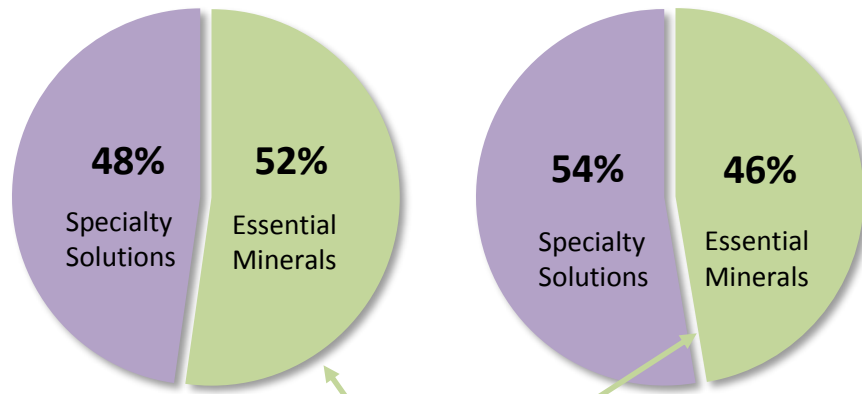


Specialty businesses continue their strong performance with increased contribution to operating income...

Q4 2017

vs.

Q4 2016

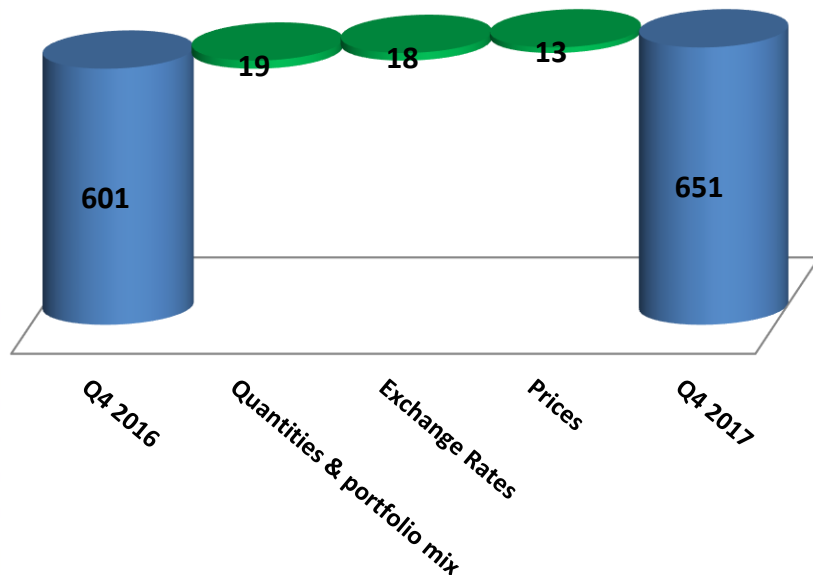


...though strong quarter for potash increases Essential Mineral's share in Q4 2017 operating income

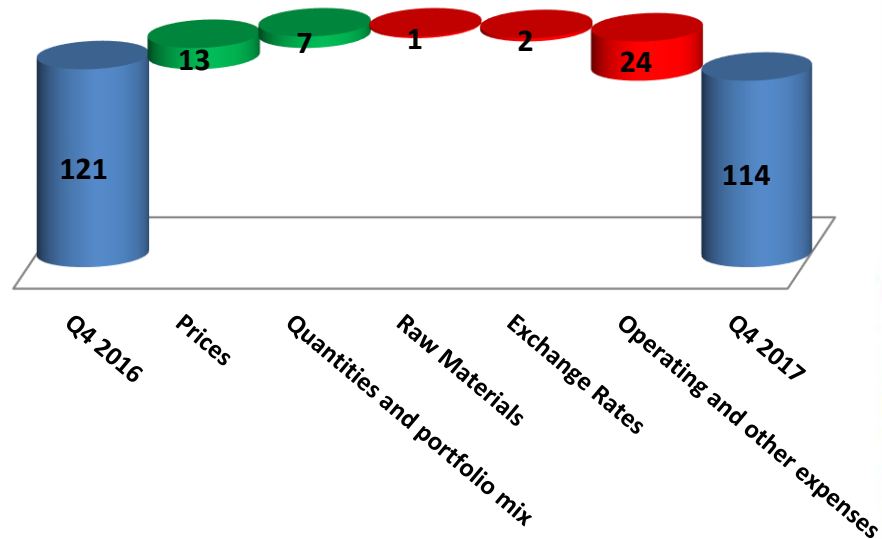
Effective Tax Rate

\$ million	2017	2016
Adjusted income before tax	<u>528</u>	<u>506</u>
Income tax rate (including resource tax)	26%	24%
	<u>136</u>	<u>121</u>
Carryforward losses not recorded for tax purposes	25	26
	<u>161</u>	<u>146</u>
	30%	29%
<u>Other items:</u>		
Exchange rate impact (mainly ILS vs USD)	18	1
Reduction in tax rates (mainly US 2017, Israel 2016)	(13)	(32)
Other (mainly deferred tax adjustments)	<u>(10)</u>	<u>(16)</u>
Adjusted income tax	<u>156</u>	<u>100</u>
<i>Actual Effective tax rate</i>	<u>30%</u>	<u>20%</u>
<i>Reported Effective tax rate</i>	<u>31%</u>	<u>N/A</u>

Sales (\$M)



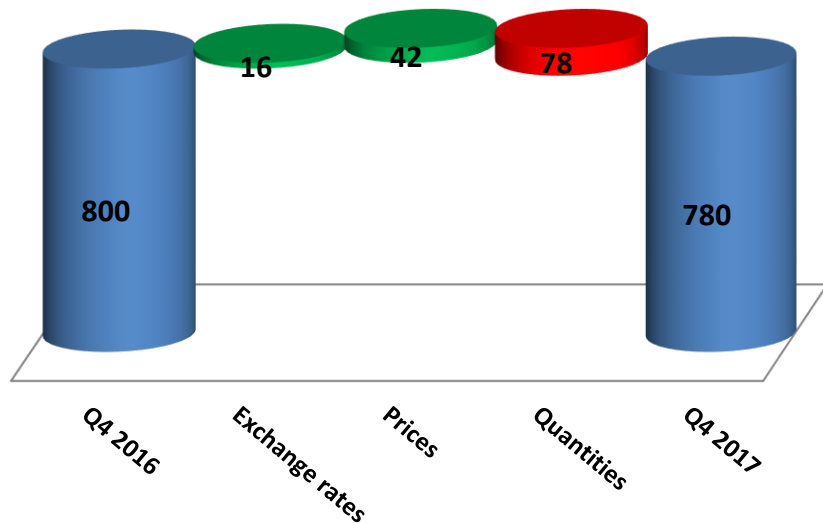
Segment operating income (\$M)



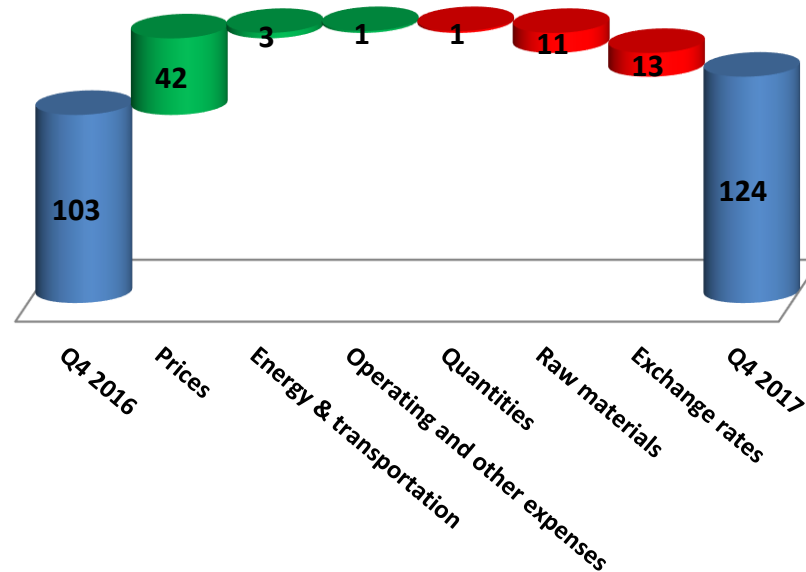
Excluding G&A and unallocated expenses

Numbers may not add due to rounding and set offs

Sales (\$M)



Segment operating income (\$M)

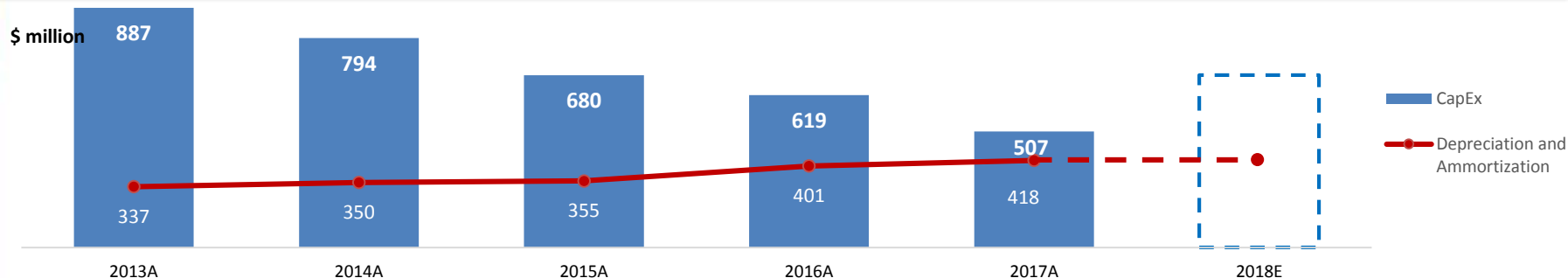


Excluding G&A and unallocated expenses

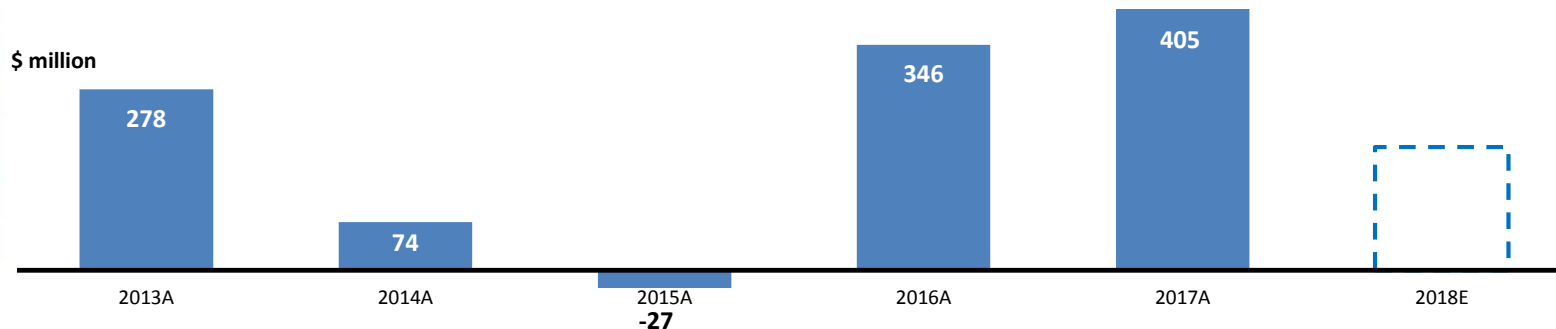
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Prudent Capital Management Leading to Strong Cash Flow Generation

We Exercise Strict CapEx* Management While Still Investing in Future Growth...



... leading to a continuous positive Free Cash Flow generation**



* Additions to PP&E (Non cash)

** 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 reconciliation table at the appendix.



***STRONG
PERFORMANCE***



***DEBT
REDUCTION***



***STRATEGIC
DIRECTION***

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

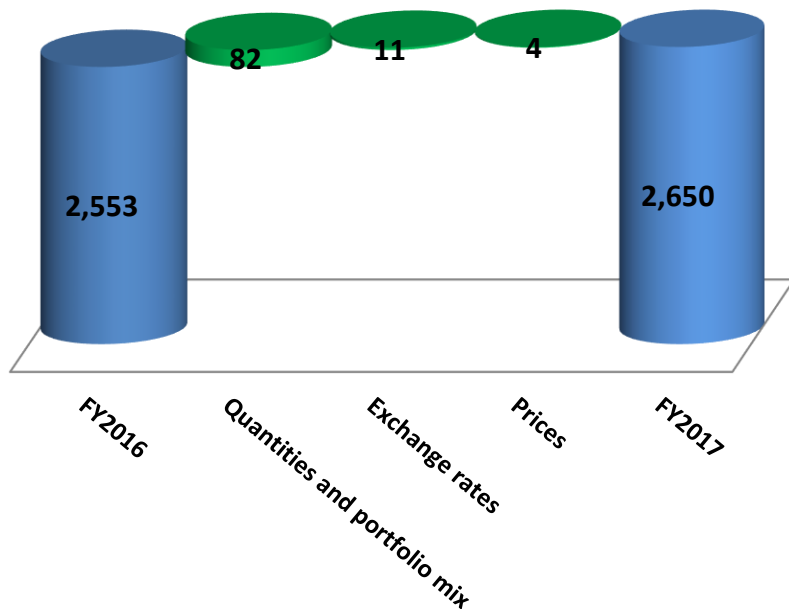
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Appendix

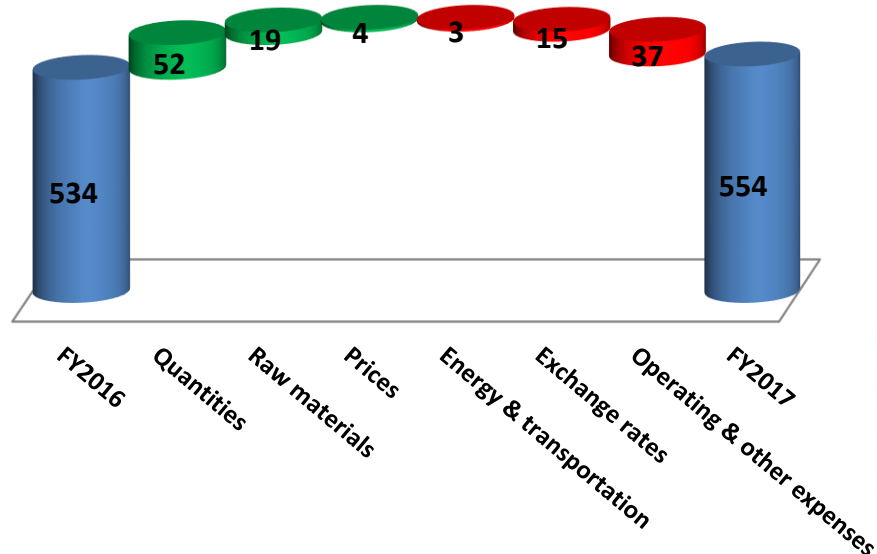
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Specialty Solutions Segment

Sales (\$M)



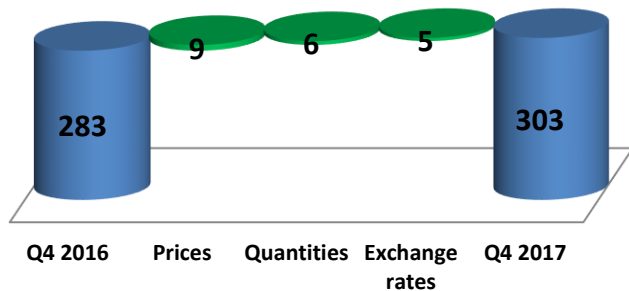
Adjusted operating income (\$M)



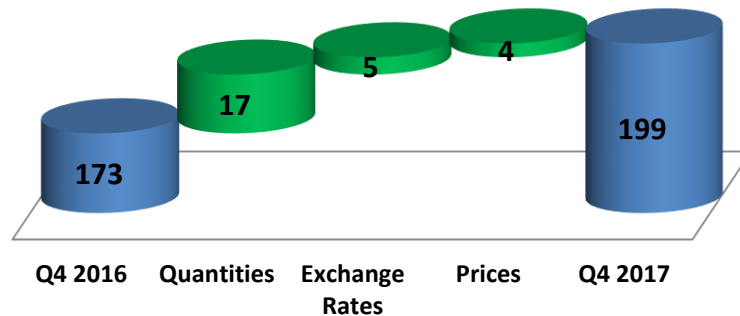
Excluding G&A and unallocated expenses

See Q4 2017 financial reports for a reconciliation of Adjusted operating income to operating income and Adjusted net income to net income.

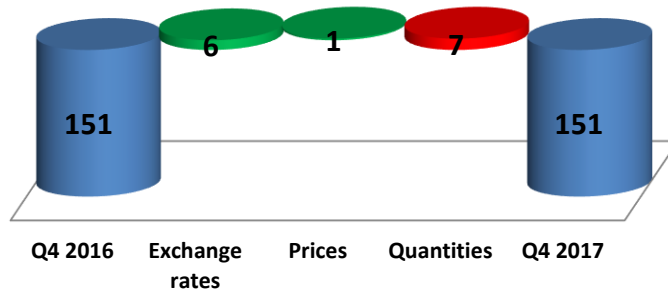
Industrial Products



Advanced Additives



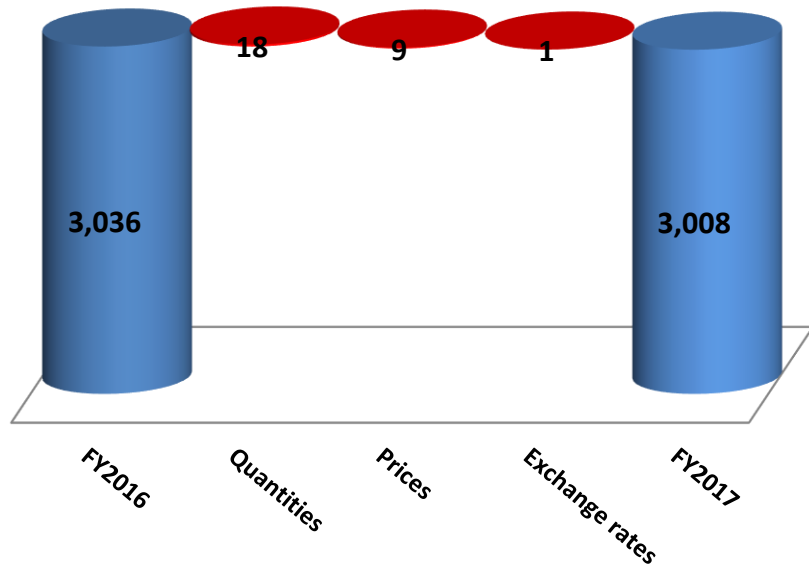
Food Specialties



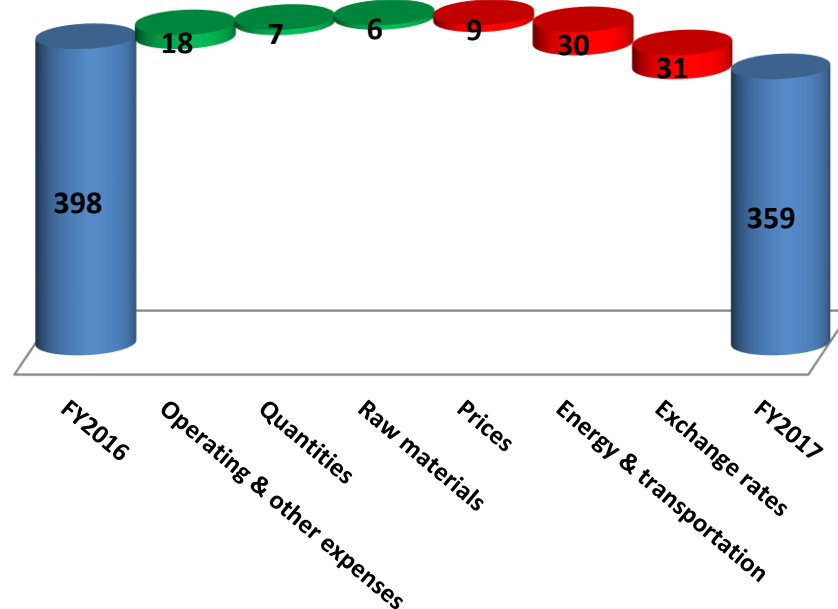
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Essential Minerals Segment

Sales (\$M)



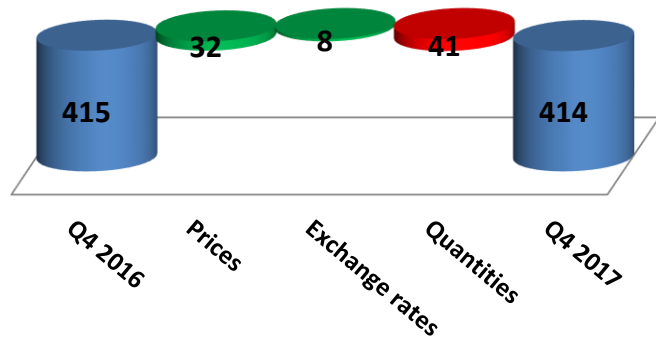
Adjusted operating income (\$M)



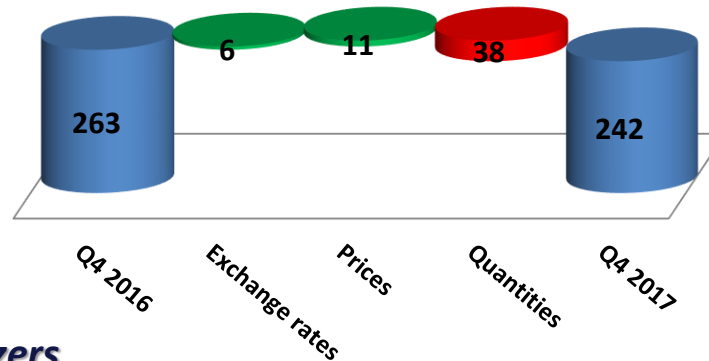
Excluding G&A and unallocated expenses

See Q4 2017 press release for a reconciliation of Adjusted operating income to operating income and Adjusted net income to net income.

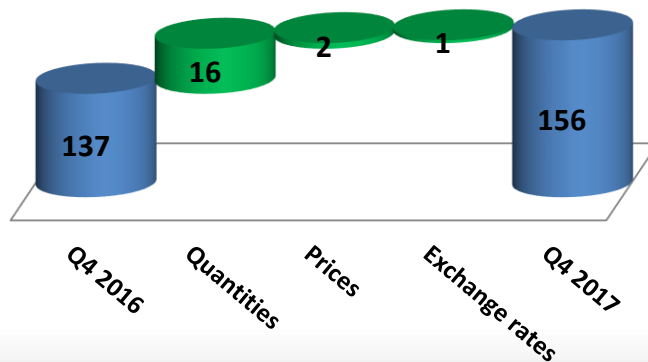
Potash & Magnesium



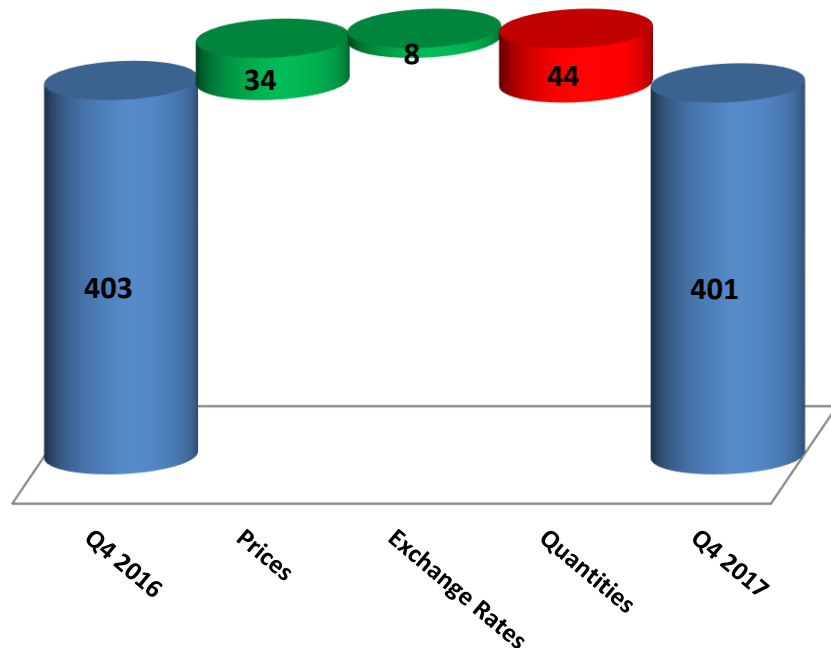
Phosphates



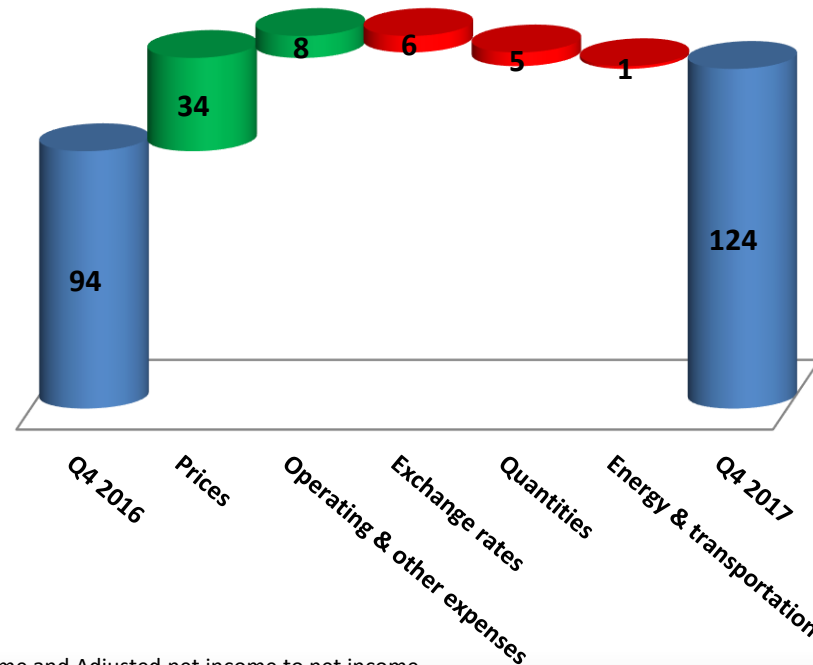
Specialty Fertilizers



Sales (\$M)



Business unit operating income (\$M)



Excluding G&A and unallocated expenses

See Q4 2017 press release for a reconciliation of Adjusted operating income to operating income and Adjusted net income to net income.

Free Cash Flow Reconciliation

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Cash flow from operations	167	120	295	310	66	325	124	58	222	238	249	257	195	199	176	277
Purchase of property, plant and equipment and intangible assets	(239)	(209)	(207)	(180)	(150)	(155)	(164)	(150)	(187)	(154)	(153)	(138)	(106)	(113)	(98)	(140)
Dividend from investees	9	3	2	3	12	-	4	3	3	1	-	8	3	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	12	-	-	-
Free Cash Flow	-63	-86	90	133	-72	170	-36	-89	38	85	96	127	104	86	78	137

We disclose in this Quarterly Report non-IFRS financial measures titled adjusted operating income, adjusted net income attributable to the Company's shareholders, adjusted EBITDA and free cash flow. Our management uses adjusted operating income, adjusted net income attributable to the Company's shareholders and adjusted EBITDA to facilitate operating performance comparisons from period to period and present free cash flow to facilitate a review of our cash flows in periods. We calculate our adjusted operating income by adjusting our operating income to add certain items, as set forth in the reconciliation table "Adjustments to reported operating and net income" above. Certain of these items may recur. We calculate our adjusted net income attributable to the Company's shareholders by adjusting our net income attributable to the Company's shareholders to add certain items, as set forth in the reconciliation table "Adjustments to reported operating and net income" above, excluding the total tax impact of such adjustments and adjustments attributable to the non-controlling interests. We calculate our adjusted EBITDA by adding back to the net income attributable to the Company's shareholders the depreciation and amortization, financing expenses, net, taxes on income and the items presented in the reconciliation table "Adjusted EBITDA for the periods of activity" below which were adjusted for in calculating the adjusted operating income and adjusted net income attributable to the Company's shareholders. We calculate our free cash flow as our cash flows from operating activities net of our purchase of property, plant, equipment and intangible assets, and adding Proceeds from sale of property, plant and equipment and Dividends from equity-accounted investees during such period as presented in the reconciliation table under "Calculation of free cash flow".

You should not view adjusted operating income, adjusted net income attributable to the Company's shareholders or adjusted EBITDA as a substitute for operating income or net income attributable to the Company's shareholders determined in accordance with IFRS, or free cash flow as a substitute for cash flows from operating activities and cash flows used in investing activities, and you should note that our definitions of adjusted operating income, adjusted net income attributable to the Company's shareholders, adjusted EBITDA and free cash flow may differ from those used by other companies. However, we believe adjusted operating income, adjusted net income attributable to the Company's shareholders, adjusted EBITDA and free cash flow provide useful information to both management and investors by excluding certain expenses that management believes are not indicative of our ongoing operations. In particular for free cash flow, we adjust our Capex to include any Proceeds from sale of property, plant and equipment because we believe such amounts offset the impact of our purchase of property, plant, equipment and intangible assets. We further adjust free cash flow to add Dividends from equity-accounted investees because receipt of such dividends affects our residual cash flow. Free cash flow does not reflect adjustment for additional items that may impact our residual cash flow for discretionary expenditures, such as adjustments for charges relating to acquisitions, servicing debt obligations, changes in our deposit account balances that relate to our investing activities and other non-discretionary expenditures. Our management uses these non-IFRS measures to evaluate the Company's business strategies and management's performance. We believe that these non-IFRS measures provide useful information to investors because they improve the comparability of the financial results between periods and provide for greater transparency of key measures used to evaluate our performance.

We present a discussion in the period-to-period comparisons of the primary drivers of changes in the company's results of operations. This discussion is based in part on management's best estimates of the impact of the main trends in its businesses. We have based the following discussion on our financial statements. You should read the following discussion together with our financial statements.