



Q2 2018 Results

Raviv Zoller | CEO

August 1st, 2018





Important Legal Notes

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Included in this presentation are certain non-GAAP financial measures, such as Adjusted operating income, Adjusted EBITDA 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 2018 press release for the quarter ended June 30, 2018 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.



Q2 2018 Highlights

Strong sales growth and margin expansion across all of ICL's businesses: Bromine, Potash and Phosphate value chains, and Specialty Fertilizers

Operating income increased by 19%. Excluding divested businesses, adjusted operating income increased by 47%⁽¹⁾ and adjusted net income more than doubled⁽¹⁾

Strong balance sheet following divestments and debt optimization

Solid operating cash flow generation supports distribution of \$56 million dividend for Q2 with an industry leading annualized dividend yield of ~3.5%⁽²⁾

ICL to align its organizational structure with its strategy to enhance leading market position and promote growth

See Q2 2018 6-K for a reconciliation of Adjusted operating income to operating income and Adjusted net income to net income

(1) See reconciliation table in the appendix

(2) Based on a share price of \$4.77 as of July 30th, 2018



Q2 2018 Results Summary

\$ millions	Q2 18	Q2 17	% change	Q1 18	% change
Sales	1,371	1,322	4%	1,404	(2)%
Operating income	172	144	19%	985	(83)%
Adjusted operating income ⁽¹⁾	188	153	23%	151	25%
Adjusted EBITDA ⁽¹⁾	296	251	18%	251	18%
Net income	101	57	77%	928	(89)%
Adjusted net income ⁽¹⁾	113	64	77%	106	7%
EPS ⁽²⁾	\$0.08	\$0.04	77%	\$0.73	(89)%
Adjusted EPS ⁽²⁾	\$0.09	\$0.05	77%	\$0.08	7%
Operating Cash Flow	164	199	(18)%	36	356%
Net Debt	2,267	3,300	(31)%	2,269	-

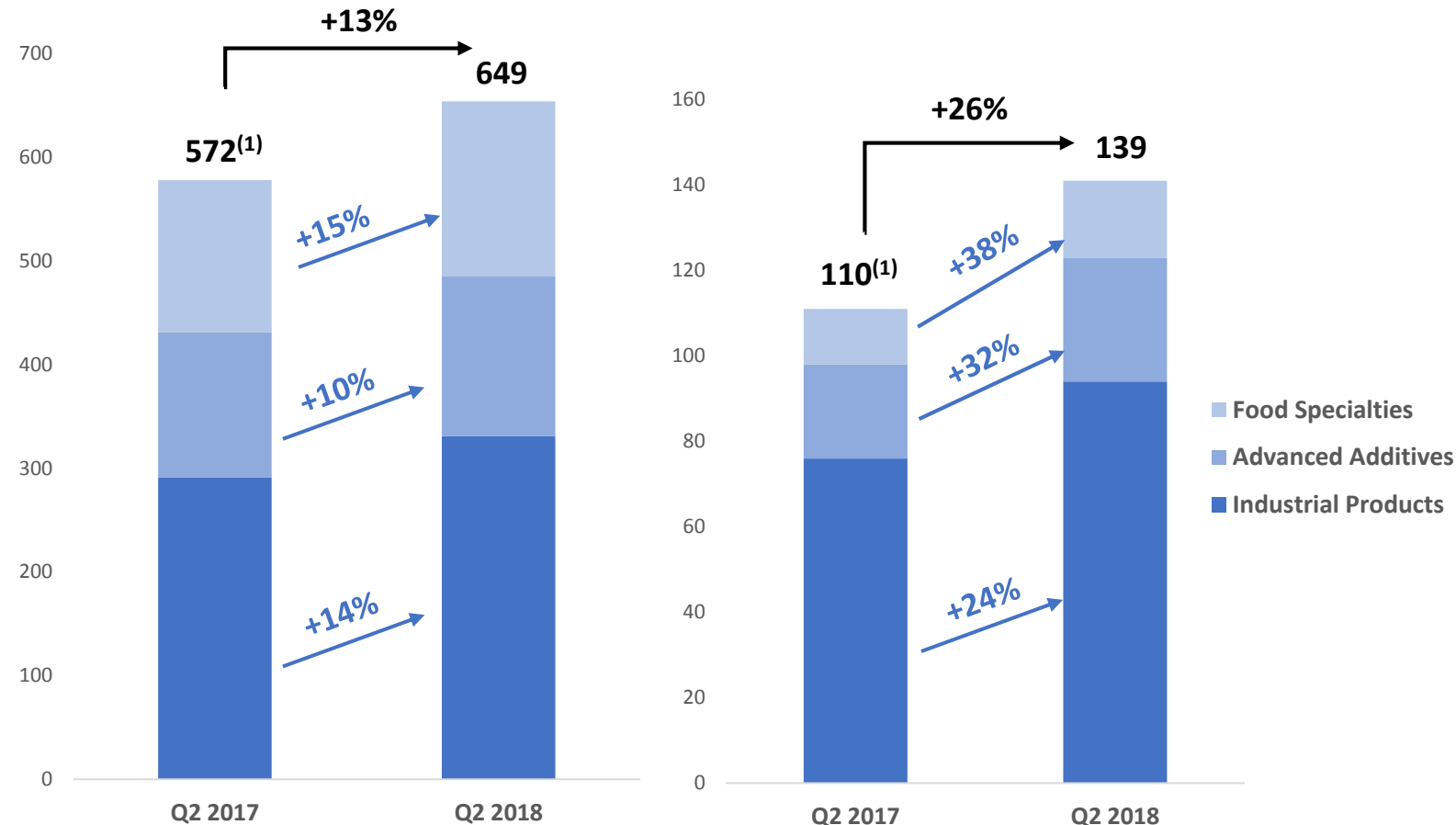
(1) Adjusted operating income, Adjusted net income and Adjusted EBITDA are non-GAAP financial measures. See Q2 2018 6-k for a reconciliation of Adjusted operating income to operating income, adjusted net income to net income and calculation of adjusted EBITDA

(2) Fully diluted. EPS and Adjusted EPS calculated as net income and Adjusted net income, respectively, divided by weighted-average diluted number of ordinary shares outstanding. See 6-k for number of shares for each period.

\$ millions

SALES^{(1) (2)}

OPERATING INCOME^{(1) (3)}

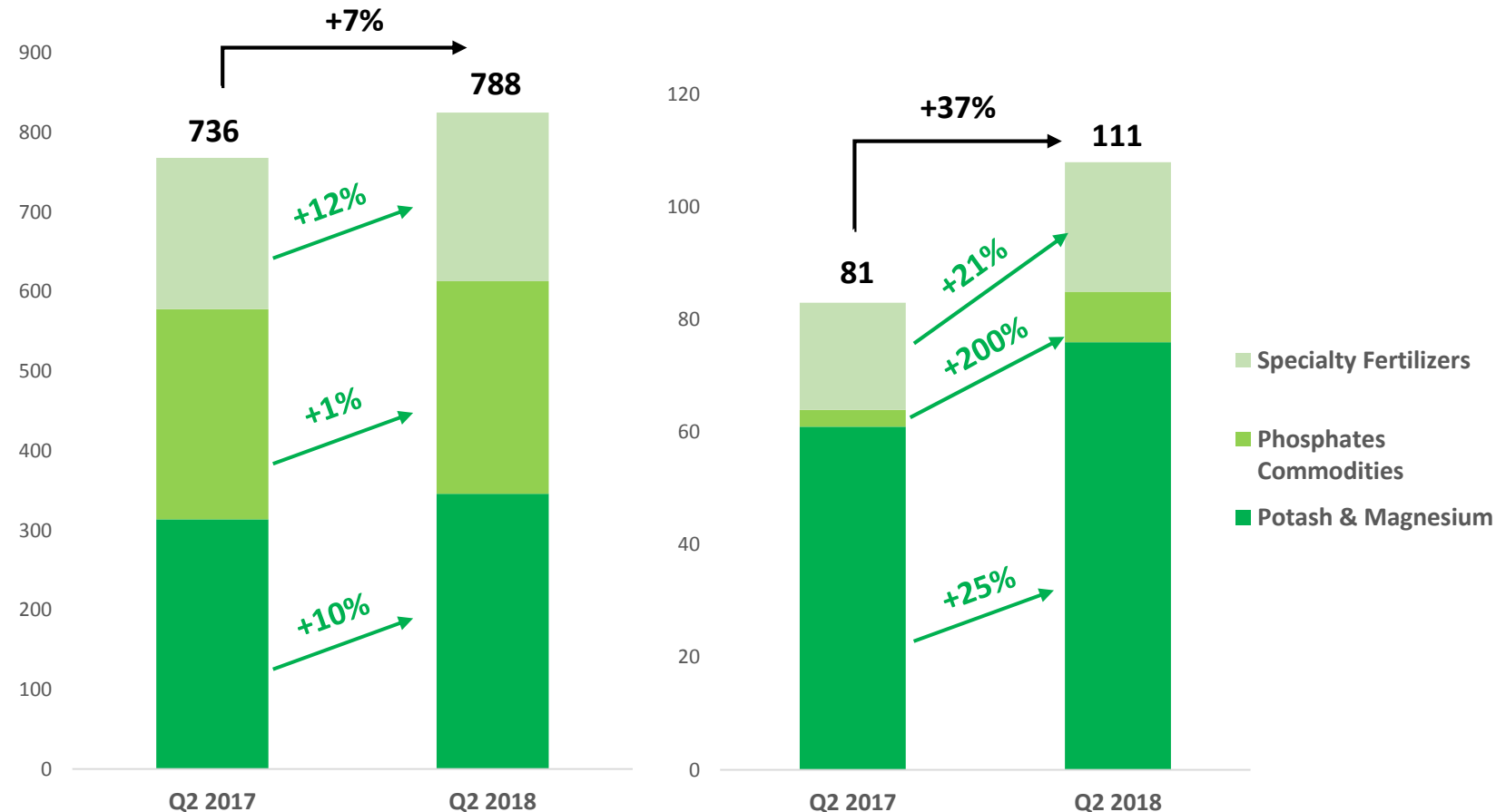


- ✓ Segment performance **more than compensated** for the lost sales of the divested businesses
- ✓ Record quarterly operating income for **ICL Industrial Products** driven by higher prices, continued environmental pressure on Chinese producers and strong clear brine fluids sales
- ✓ Successful implementation of value oriented sales initiatives at **ICL Advanced Additives**.
- ✓ Recovery in dairy proteins drove **ICL Food Specialties'** significant growth in sales and operating income

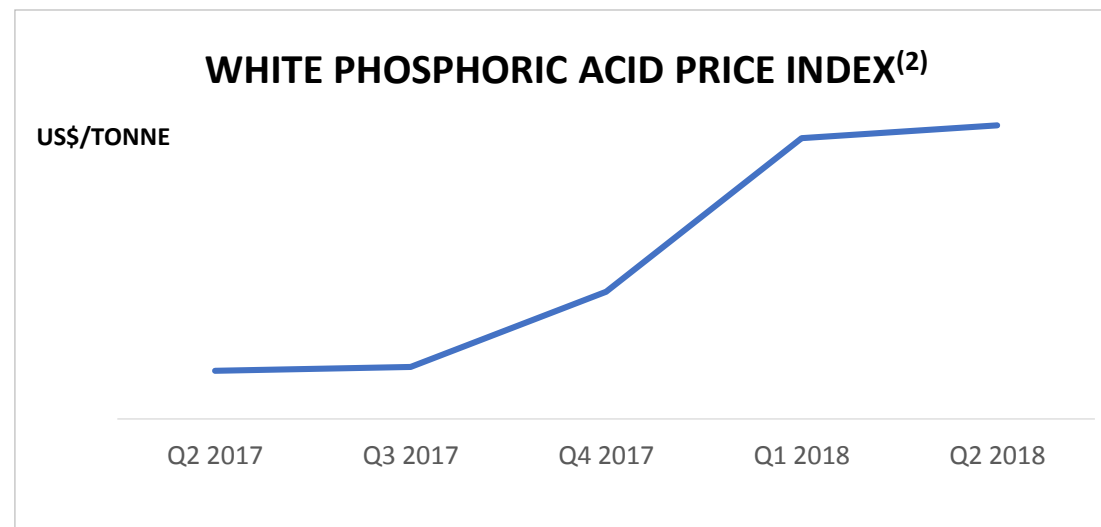
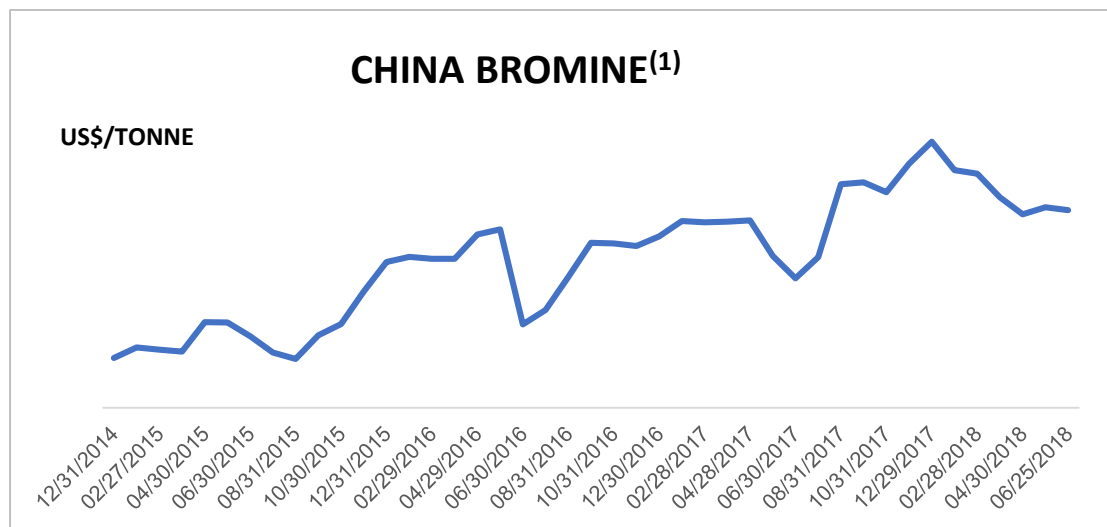
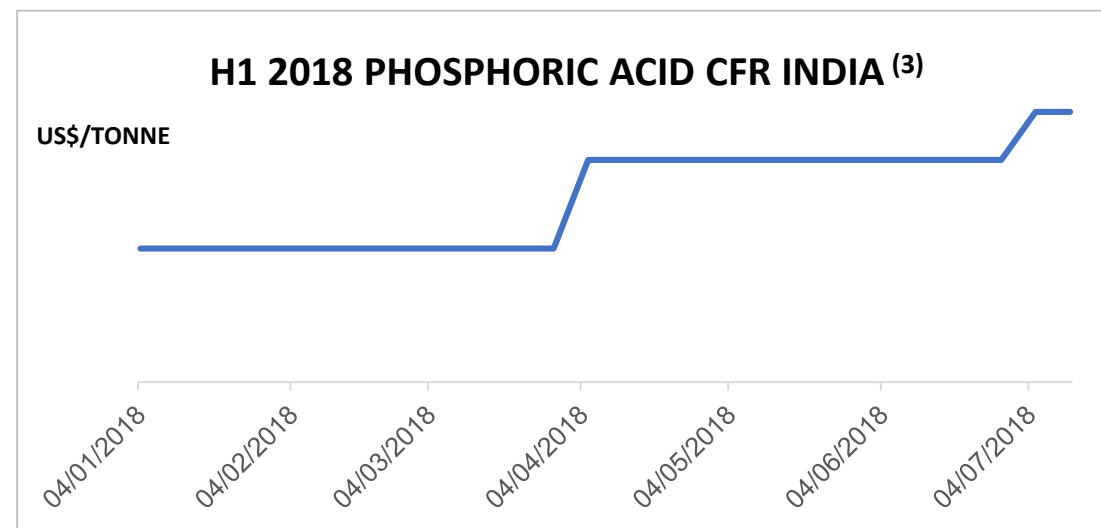
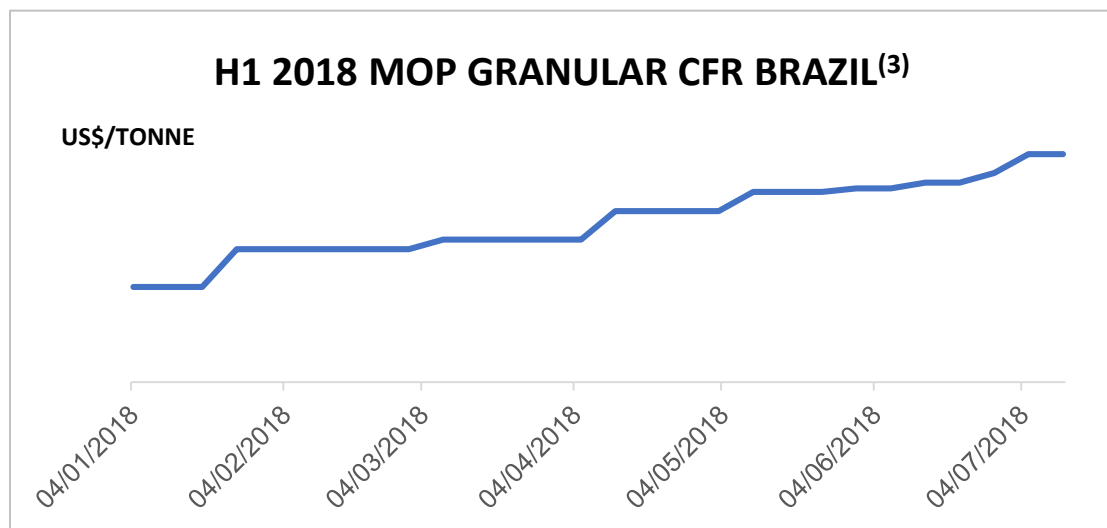
\$ millions

SALES (1)

OPERATING INCOME(2)



- ✓ Higher **potash** prices coupled with improved production offset increased logistics and energy costs, resulting in significant increase in potash profitability
- ✓ Higher prices and an increase in **commodity phosphate** fertilizer sales volumes more than compensated for higher Sulphur and logistics costs
- ✓ Higher **specialty fertilizers** sales and operating profit supported by continuous growth in specialty agriculture



(1) Source: Bloomberg
 (2) Global price index for Food Grade White Phosphoric Acid, from ICL internal sources
 (3) Source: CRU



Aligning Organizational Structure with Strategy to Enhance Market Leadership and Promote Growth

1H2018 estimated performance, pro-forma for aligned divisions

1

Industrial Products

- Bromine value chain
- Phosphorus Flame Retardants
- Specialty Minerals

THE GLOBAL BROMINE MARKET LEADER

H1 2018 SALES ⁽²⁾

\$650m

H1 2018 OPERATING INCOME ⁽²⁾

\$170m

2

Potash

- Potash value chain
- Magnesium
- Polysulphate

TOP-3 MOST COMPETITIVE IN EACH OF OUR TARGET MARKETS

H1 2018 SALES ⁽²⁾

\$700m

H1 2018 OPERATING INCOME ⁽²⁾

\$140m

3

Phosphate Solutions

- Advanced Additives
- Food Specialties
- Phosphate fertilizers

A LEADING PROVIDER OF VALUE ADDED SOLUTIONS FOR THE INDUSTRIAL, FOOD AND AGRICULTURE END MARKETS

H1 2018 SALES ^{(1) (2)}

\$1,070m

H1 2018 OPERATING INCOME ^{(1) (2)}

\$110m

4

Innovative Ag Solutions

- Specialty Fertilizers
- Innovation initiatives

CREATE LEADERSHIP IN ADVANCED CROP NUTRITION AND FARMER-CENTRIC SOLUTIONS

H1 2018 SALES ⁽²⁾

\$430m

H1 2018 OPERATING INCOME ⁽²⁾

\$50m

(1) Unaudited pro-forma numbers for Phosphate Solutions division after setoffs of intra-division sales and profit, and excluding divested businesses..

(2) Including inter-segment sales, excluding G&A, unallocated expenses

Sales and operating income figures are rounded



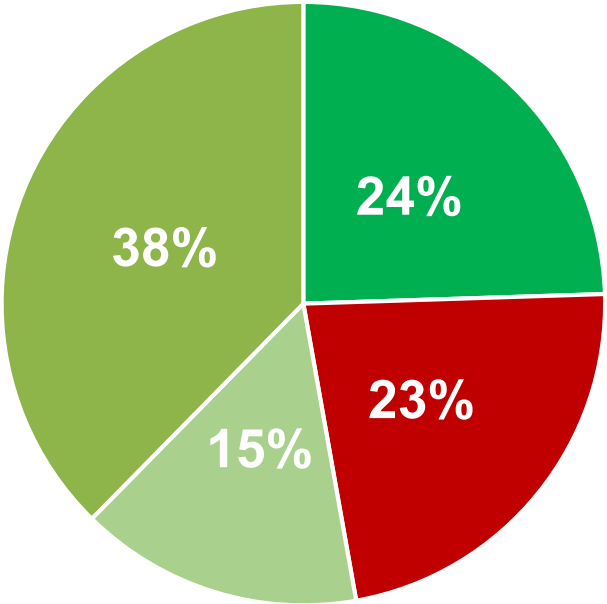
Aligning Organizational Structure with Strategy to Enhance Market Leadership and Promote Growth

1H2018 estimated performance, pro-forma for aligned divisions

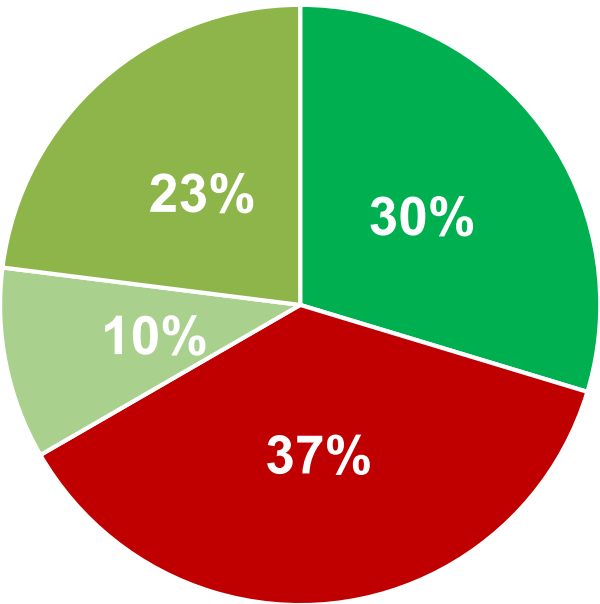
\$ millions

Q2 2018⁽¹⁾⁽²⁾

SALES



OPERATING INCOME



- Potash
- Industrial Products
- Innovative Ag Solutions
- Phosphate Solutions

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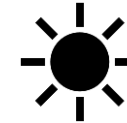
POSITIVE BUSINESS MOMENTUM

Q2 2018 continued strong performance, margin expansion and successful value-oriented initiatives in specialty businesses



IMPROVING MARKET CONDITIONS

Higher commodity prices, demand growth and tight supply



SHARE OVERHANG REMOVED

Nutrien successfully sold its ~14% stake to a group of Israeli and foreign institutional investors



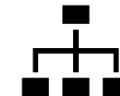
GROWTH STRATEGY

Enhance market leadership and capture growth throughout our businesses



DEBT OPTIMIZATION

Providing financial flexibility to execute strategy



ALIGNED ORGANIZATION

New long-term labor contracts, streamlining organization, smooth transition of new CEO

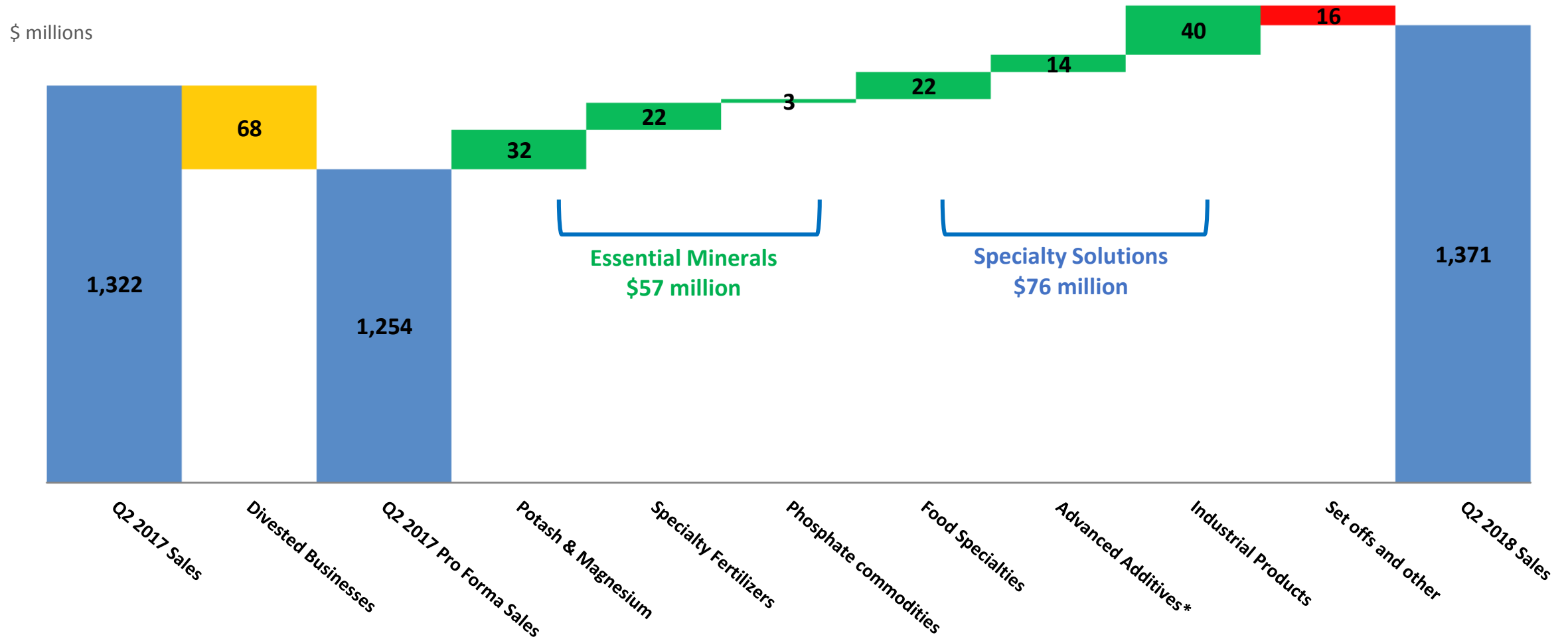
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Financial Results

Kobi Altman
CFO



Positive Contribution to Sales from All Business Lines



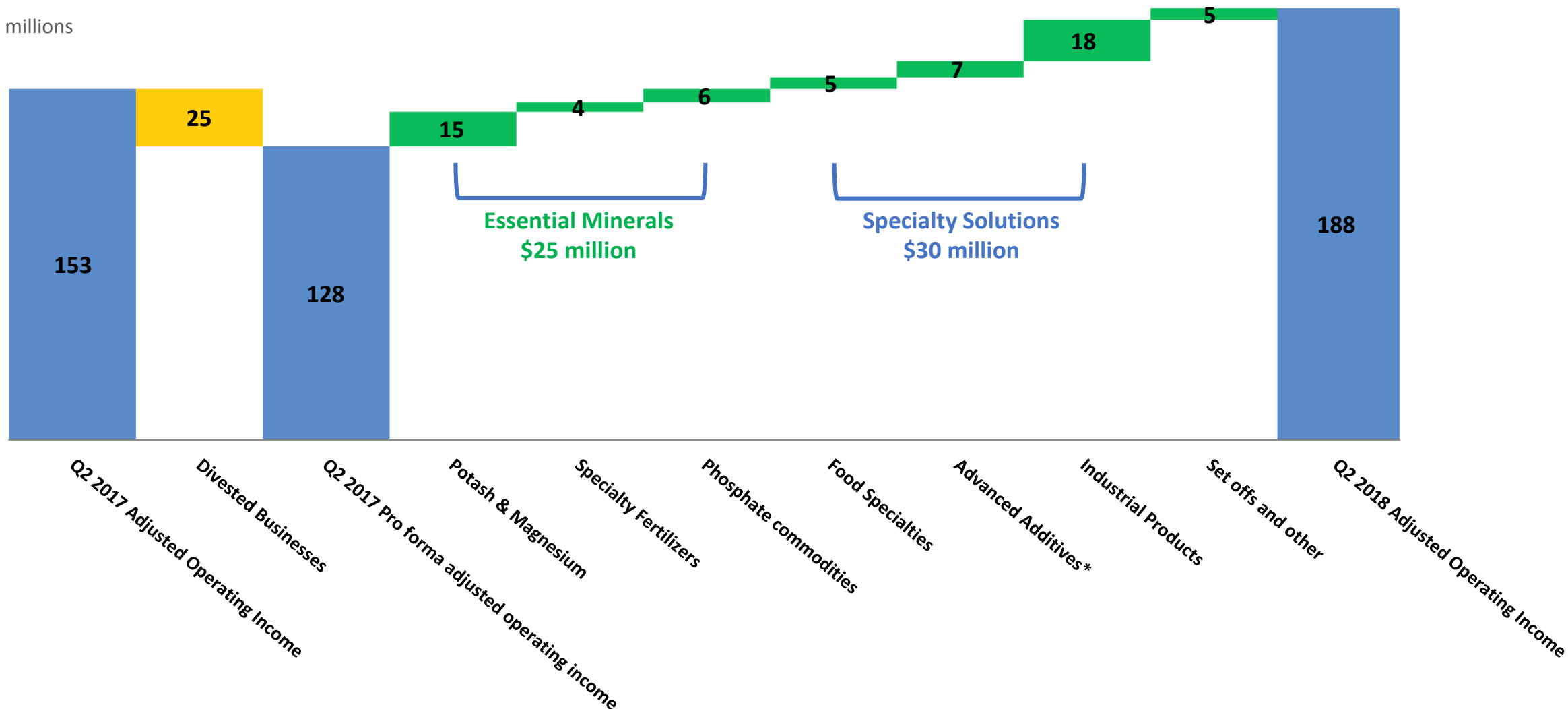
See Q2 2018 6-K for a reconciliation of Adjusted operating income to operating income and adjusted net income to net income. Numbers may not add due to rounding and set offs.

* Pro-forma numbers excluding contribution of \$68 million of divested businesses



... As well as to Adjusted Operating Income

\$ millions



See Q2 2018 6-K 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.

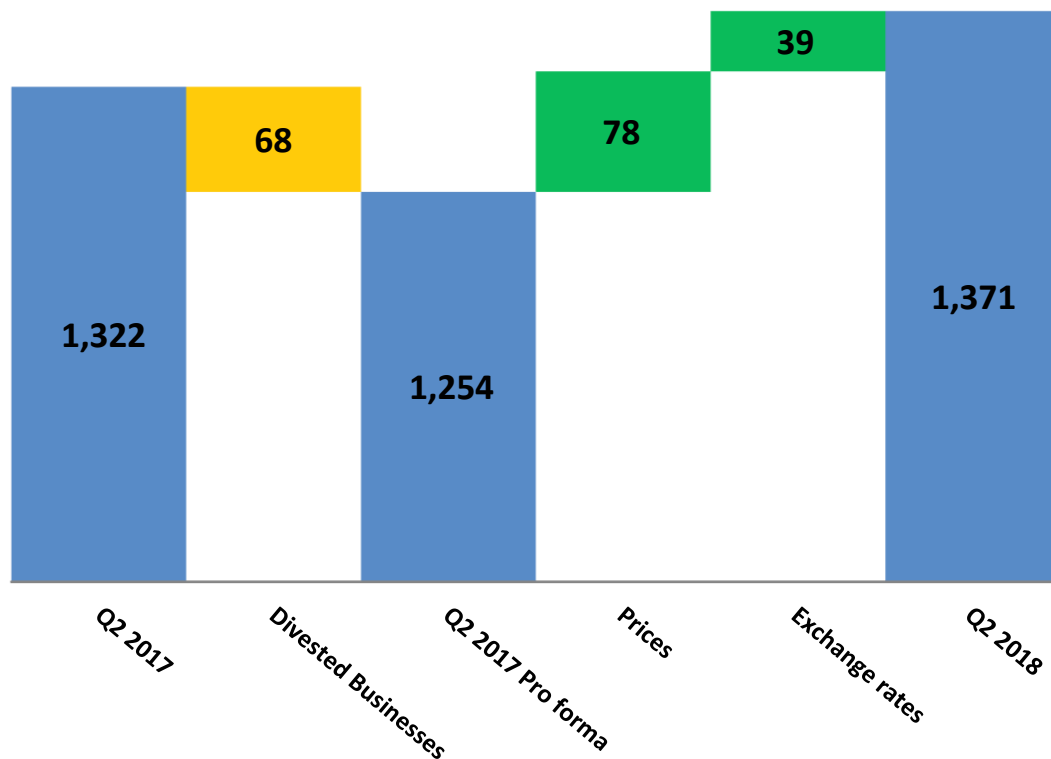
* Pro-forma excluding contribution of \$25 million of divested businesses



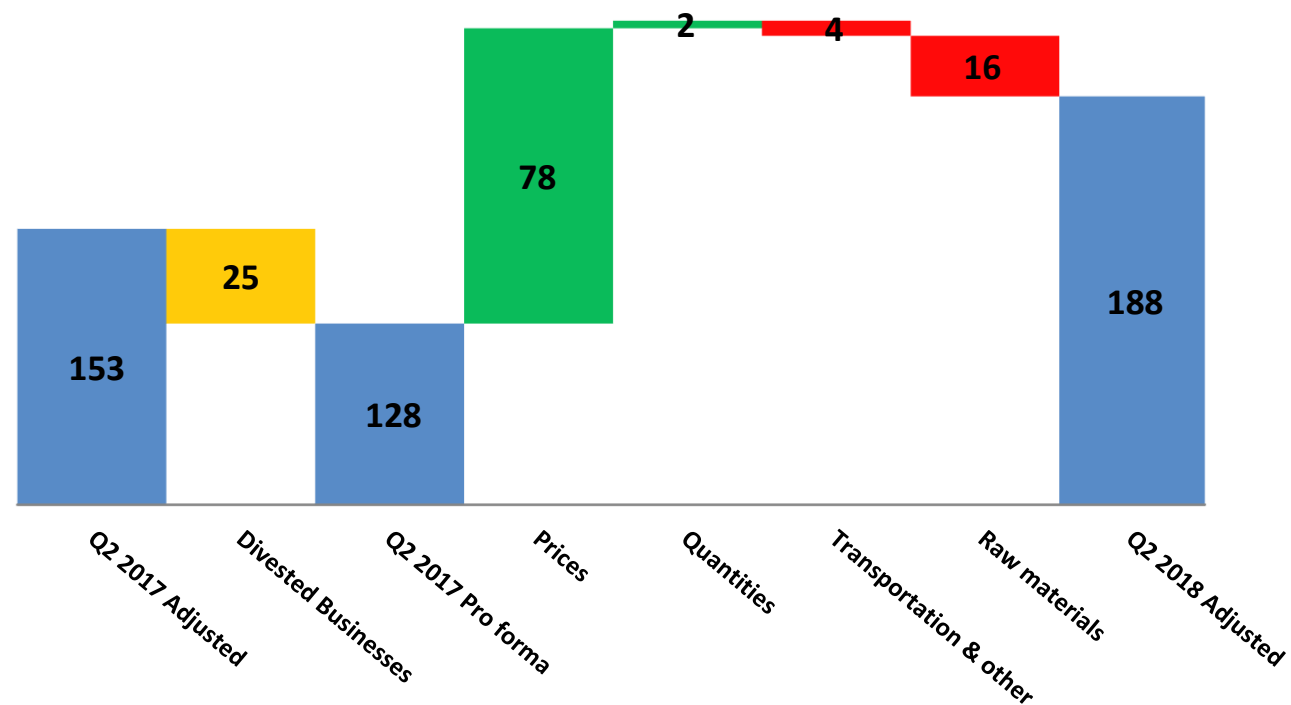
Strong Consolidated Performance with Top Line Growth and Margin Expansion

\$ millions

Q2 2018 SALES



Q2 2018 ADJUSTED OPERATING INCOME



See Q2 2018 press release 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.

\$ millions	Q2 18	FY2017
Adjusted income before tax ⁽¹⁾	<u>134</u>	<u>528</u>
Normalized tax rate (including resource tax)	22%	26%
Normalized tax expenses	<u>30</u>	<u>136</u>
Carryforward losses not recorded for tax purposes	3	19
Sub-Total	<u>33</u>	<u>155</u>
Sub-Total - %	25%	29%
Other items (mainly exchange rate impact)	(9)	1
Adjusted income tax	<u>24</u>	<u>156</u>
<i>Actual Effective tax rate</i>	<u>18%</u>	<u>30%</u>

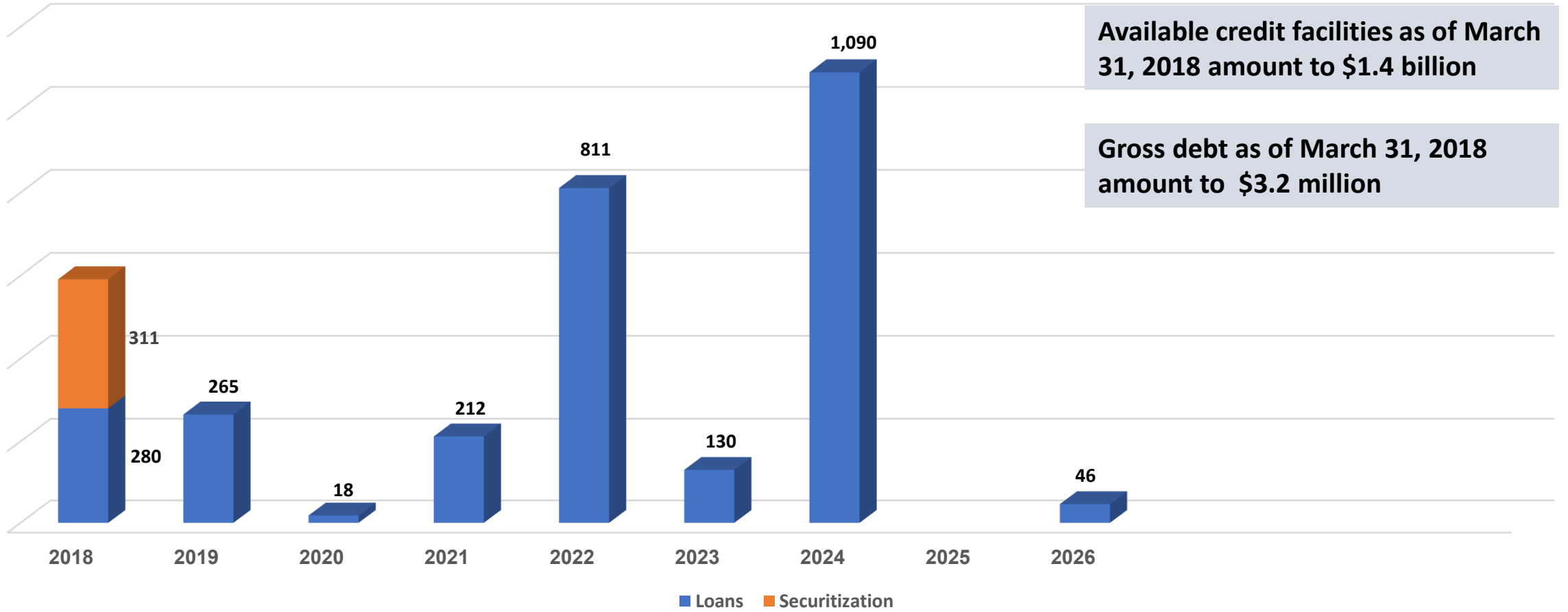


Cash flow Statement

\$ millions	Q2 18	Q2 17
Net income	<u>98</u>	<u>55</u>
Depreciation, amortization	105	95
Other adjustments to net income	24	37
Change in Working capital	<u>(63)</u>	<u>12</u>
Net cash provided by operating activities	<u>164</u>	<u>199</u>
Capex	(121)	(113)
Free cash Flow	43	86

\$ millions

Maturities as of March 2018

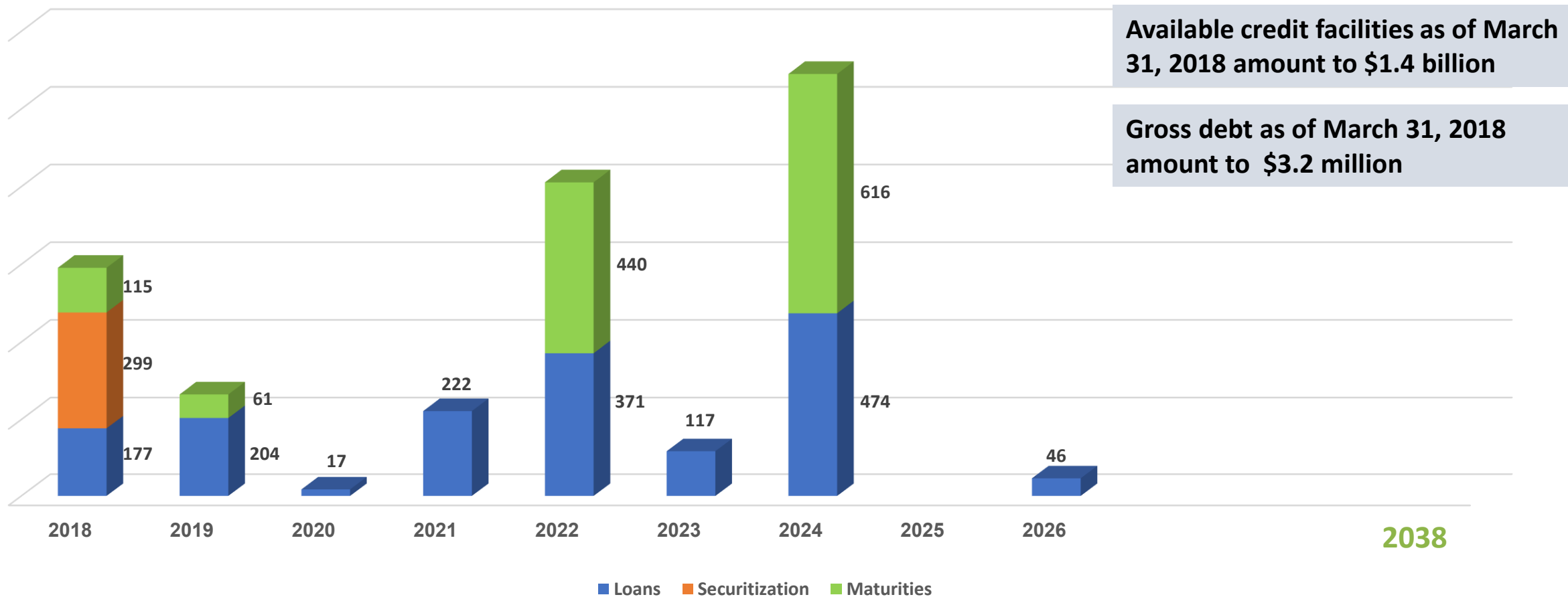




Successful Optimization of Debt Structure

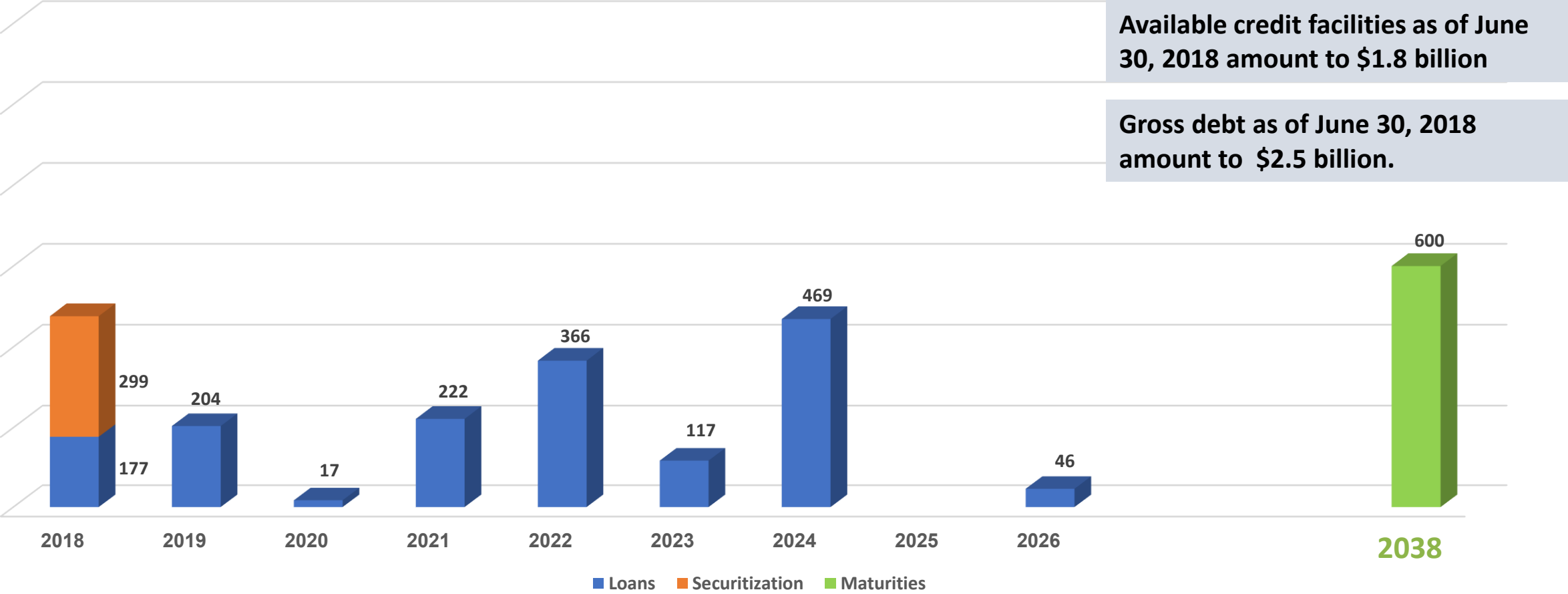
\$ millions

Maturities as of March 2018



Maturities as of June 2018

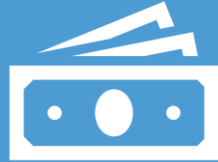
\$ millions



Maturities marked in green relate to the issuance of the 2038 bonds



***STRONG
PERFORMANCE***



***FINANCIAL
FLEXIBILITY***



***ALIGNING
ORGANIZATIONAL
STRUCTURE WITH
STRATEGY***



***ICL ON THE
VERGE OF A
TIPPING POINT***



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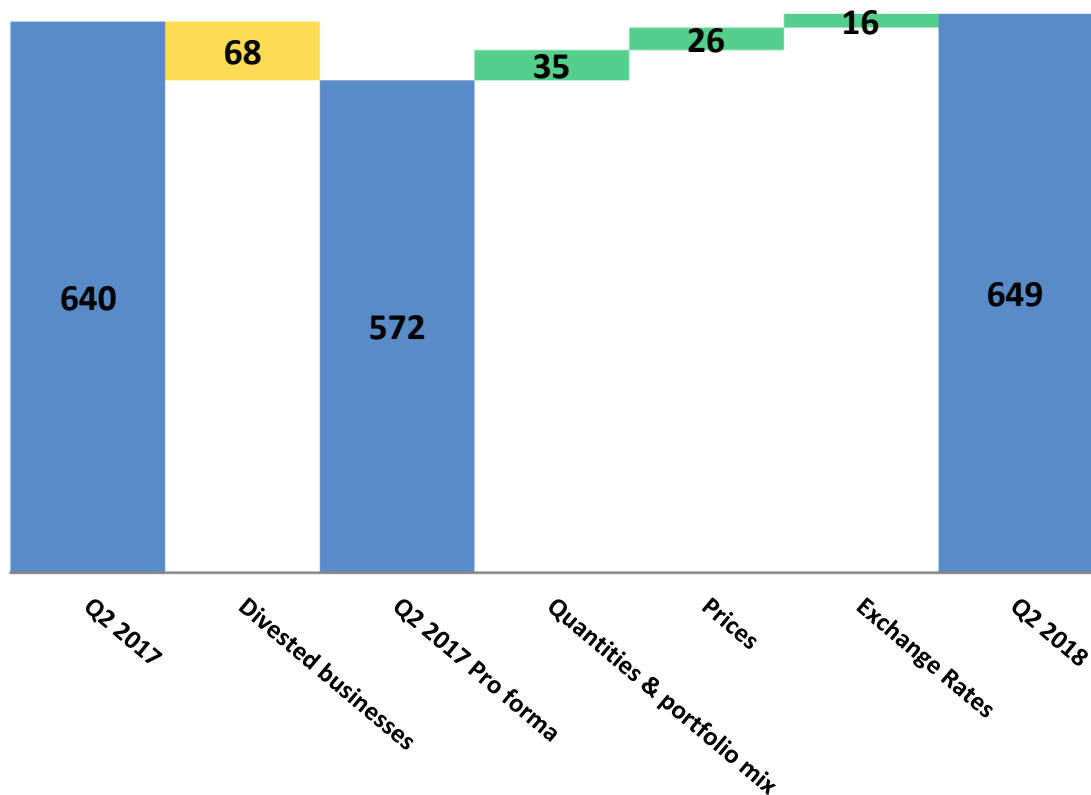
Appendix



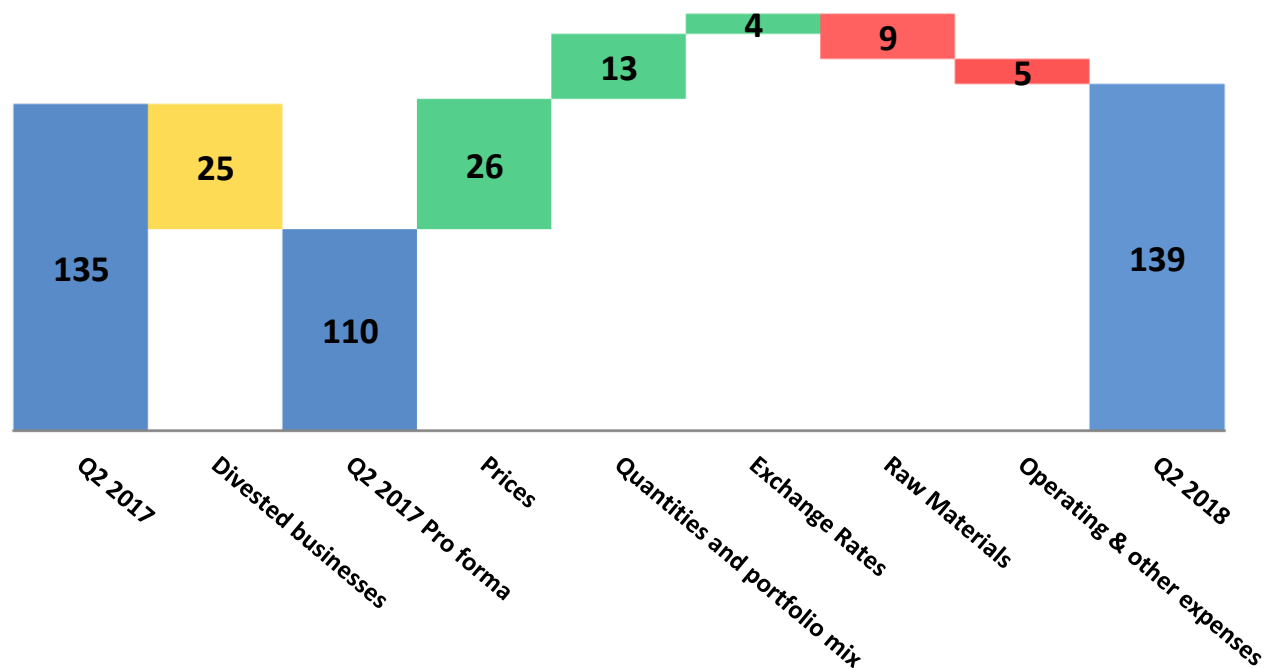
Specialty Solutions Bridge Analysis

\$ millions

SEGMENT SALES

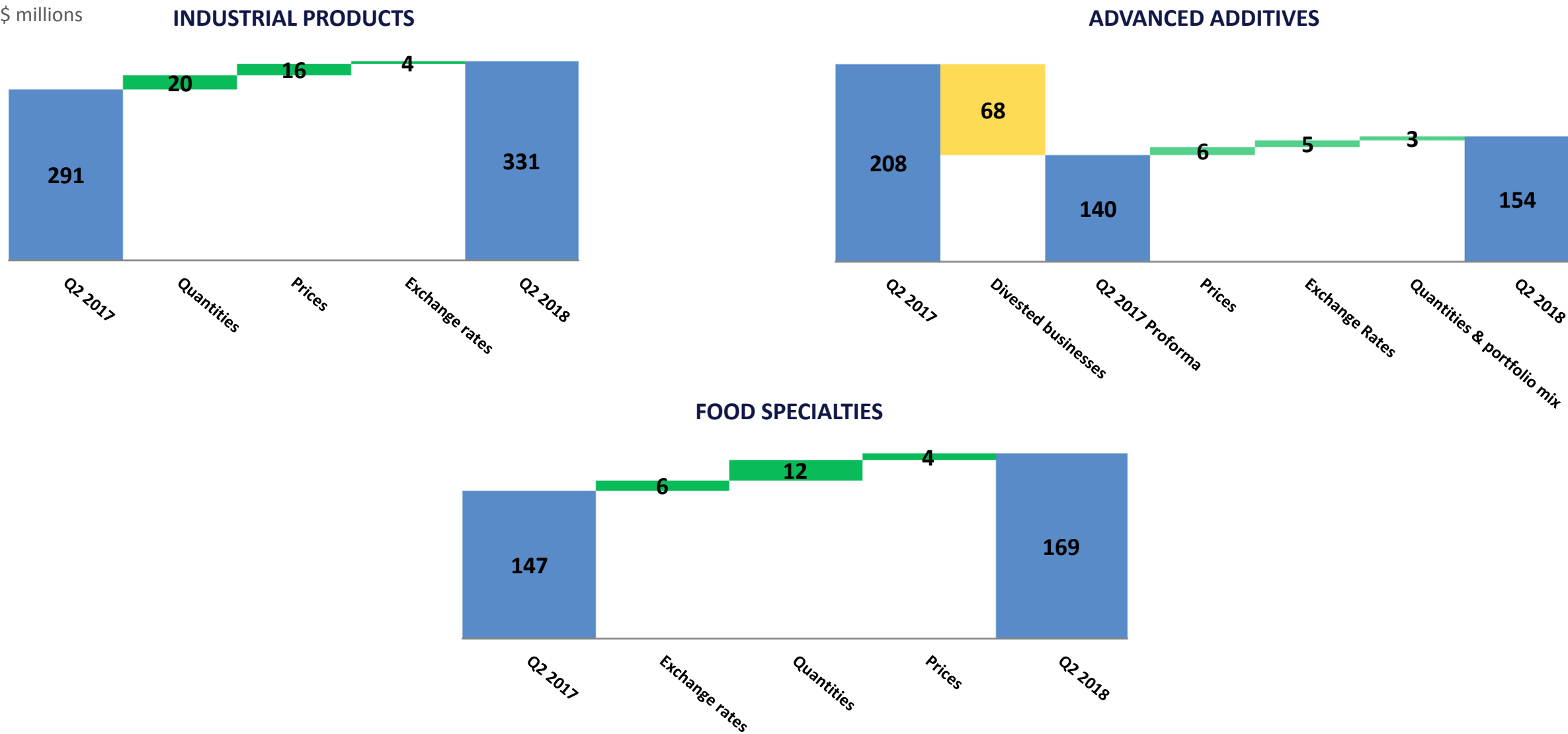


SEGMENT OPERATING INCOME





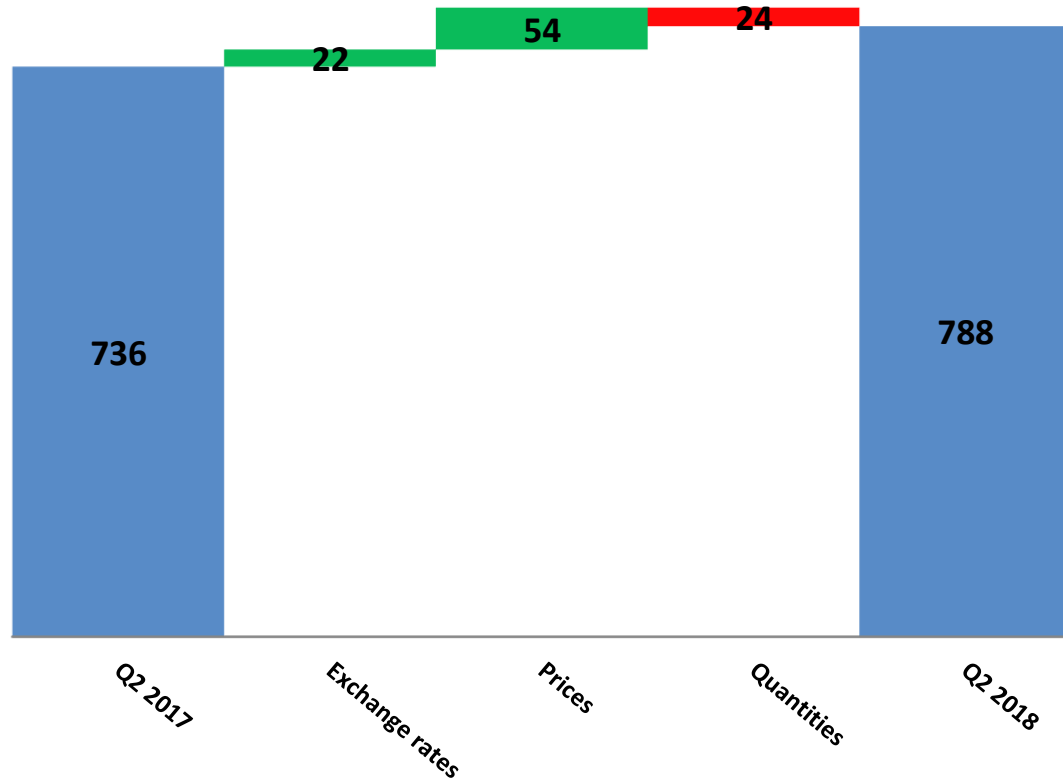
Specialty Solutions' Q2 Business Line Sales Analysis



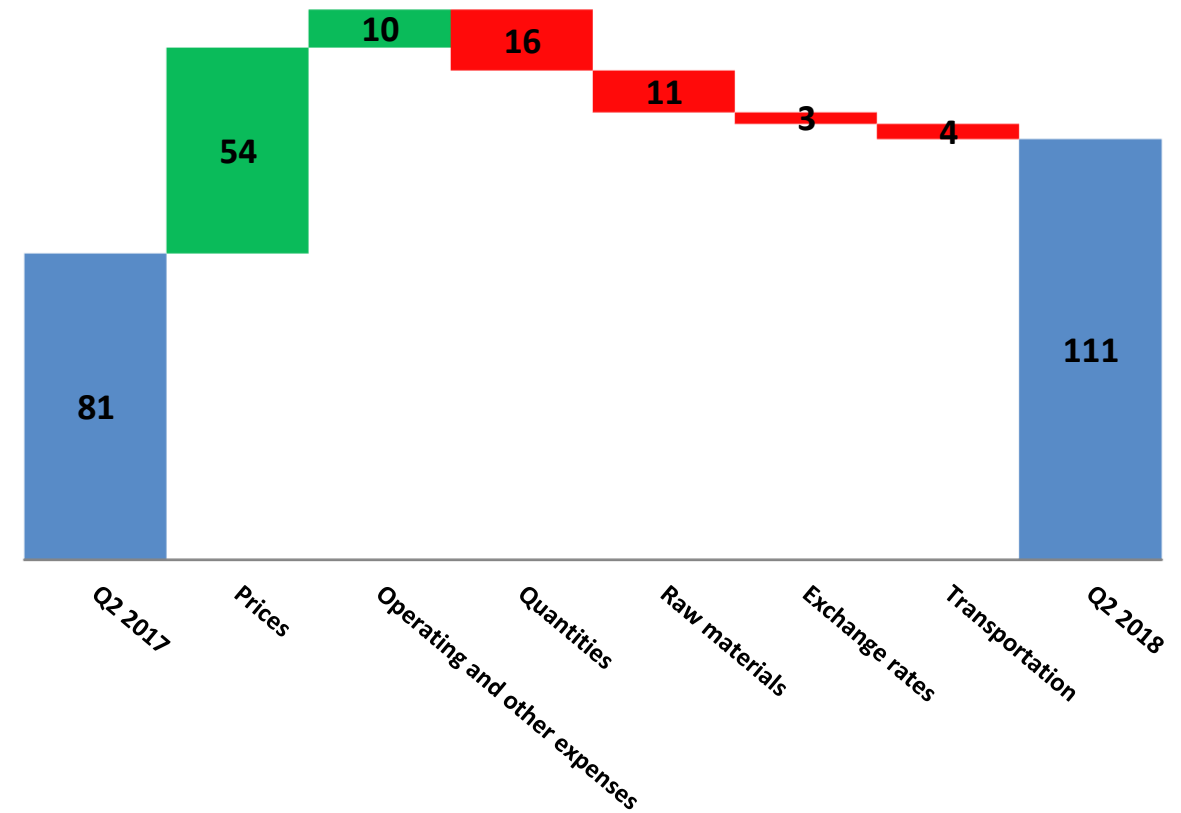
Including inter-segment sales
Numbers may not add due to rounding and set offs

\$ millions

SEGMENT SALES



SEGMENT OPERATING INCOME

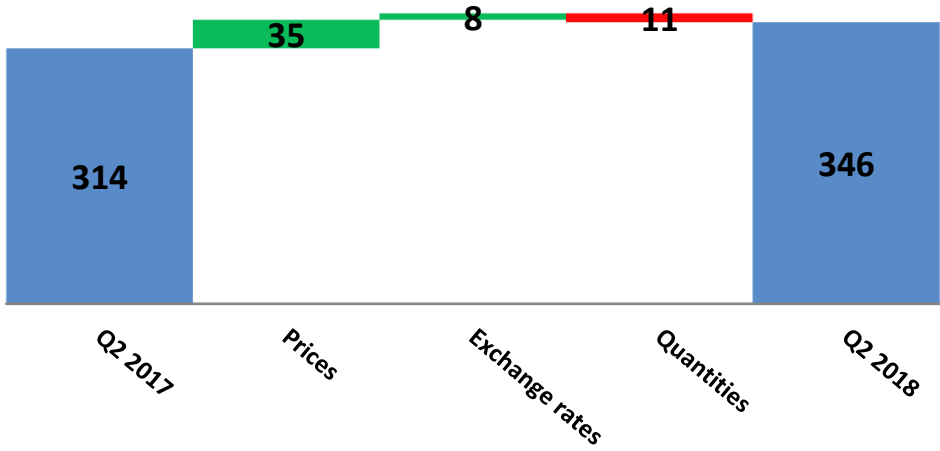




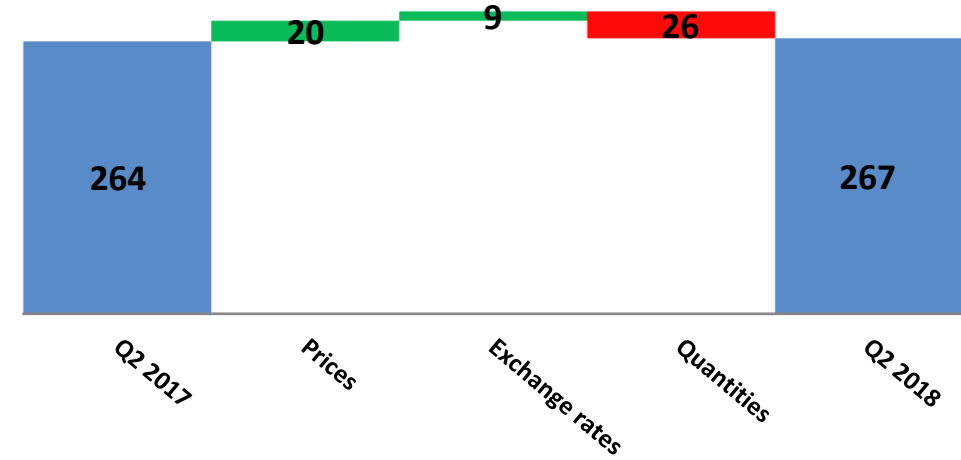
Essential Minerals' Q2 Business Line Sales Analysis

\$ millions

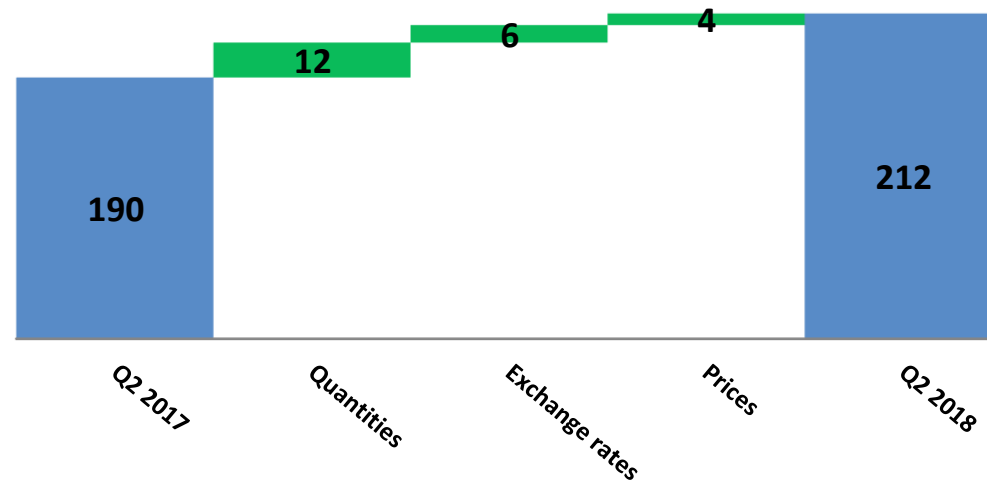
INDUSTRIAL PRODUCTS



ADVANCED ADDITIVES



FOOD SPECIALTIES

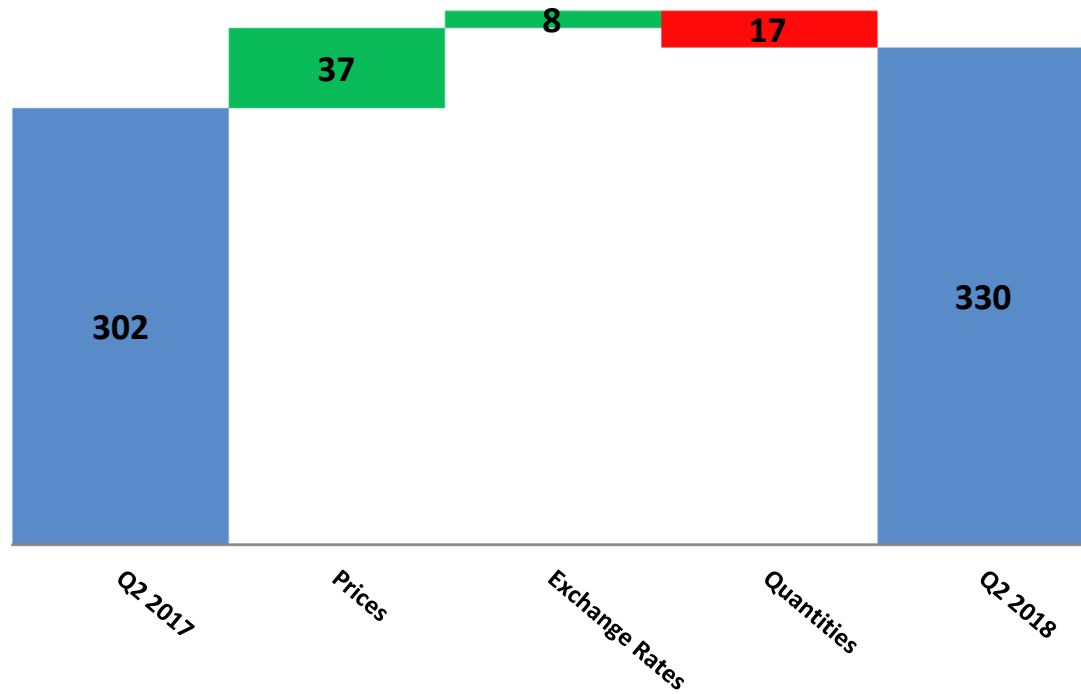




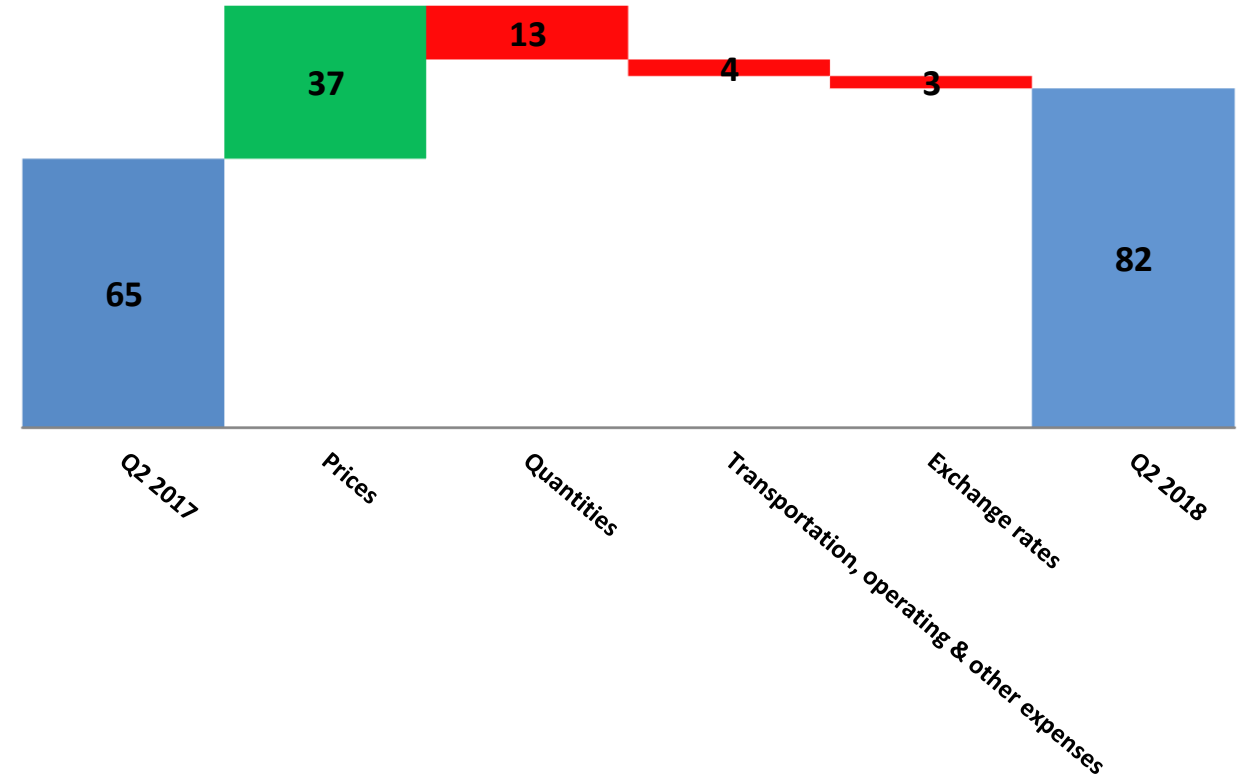
Potash Business Q2 Stand-Alone Results Analysis

\$ millions

BUSINESS LINE SALES



BUSINESS LINE OPERATING INCOME





Alignment of Organizational Structure

\$ millions			Sales		Adj. Operating Income	
Current segment	Current business lines	Aligned division	Q2 2018	Q2 2017	Q2 2018	Q2 2017
Essential Minerals - Agriculture	Potash & Magnesium	Potash	346	314	76	61
	Specialty Fertilizers	Innovative Ag Solutions	212	190	23	19
	Phosphate Commodities	Phosphate Solutions	540 ⁽¹⁾	507 ⁽¹⁾	55 ⁽¹⁾	37 ⁽¹⁾
Specialty Solutions-Industrial	Advanced Additives					
	Food Specialties					
	Industrial Products	Industrial Products	331	291	94	76
Other, G&A and Set-offs			(58)	(48)	(60)	(65)
Sub-total			1,371	1,254	188	128
Divested businesses				68		25
Total			1,371	1,322	188	153

(1) Unaudited pro-forma numbers for Phosphate Solutions division after setoffs of intra-division sales and profit, and excluding divested businesses..
Division sales and profit Include inter-segment sales, exclude G&A and unallocated expenses



Reconciliation Tables

Calculation of Adjusted income before tax (\$ millions)	Q2 18	FY2017
Adjusted operating income	188	652
Finance expenses	(54)	(124)
Adjusted income before tax	<u>134</u>	<u>528</u>

Calculation of Pro-forma Adjusted operating income (\$ millions)	Q2 18	Q2 17
Operating income	172	144
Adjustments ⁽¹⁾	16	9
Adjusted operating income	188	153
Divested businesses' profit	-	(25)
Pro-forma Adjusted operating income	<u>188</u>	<u>128</u>

Calculation of Pro-forma Adjusted net income (\$ millions)	Q2 18	Q2 17
Net income	101	57
Adjustments ⁽¹⁾	12	7
Divested businesses' profit	-	(25)
Allocated tax and finance expenses for divested businesses	-	11
Pro-forma Adjusted operating income	<u>113</u>	<u>50</u>

See Q2 2018 6-K for a reconciliation of Adjusted operating income to operating income and Adjusted net income to net income.

(1) See detailed reconciliation table in the Q2 2018 6-K



Non-GAAP Financial Measures

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.