



Q4 & FY2019 Results

Raviv Zoller,
President & CEO
Feb 13, 2020





Important Legal Notes

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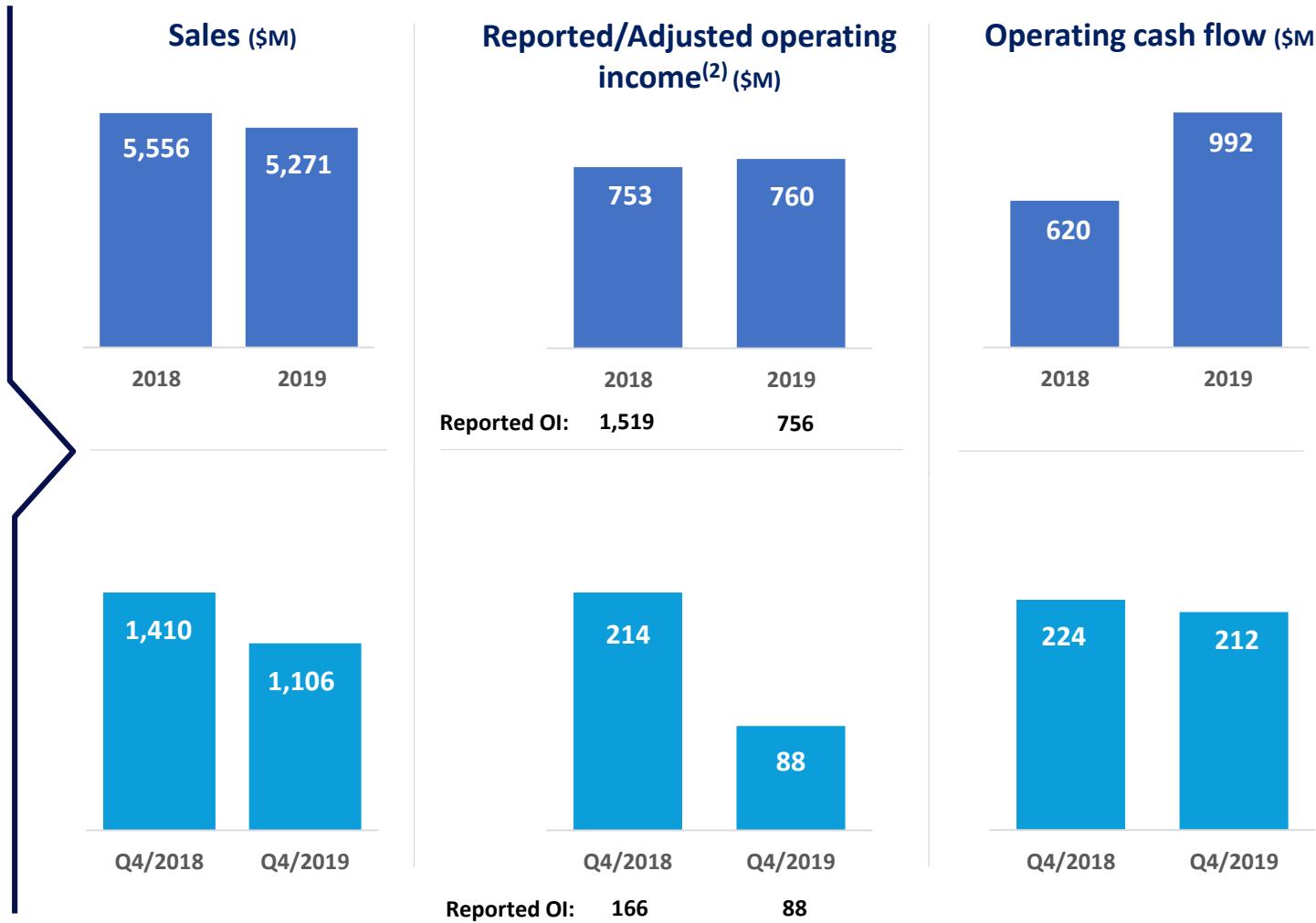
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Included in this presentation are certain non-GAAP financial measures, such as sales excluding divested businesses, adjusted operating income, adjusted operating income excluding divested businesses, adjusted EBITDA, adjusted EBITDA excluding divested businesses, adjusted net income, adjusted net income excluding divested businesses, adjusted EPS excluding divested businesses and free cash flow, 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 2019 press release for the quarter ended December 31, 2019 and the appendix to this presentation 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.

- ✓ Successfully completed the Dead Sea production capacity upgrade in Q4 2019, resulting in a significant impact on results
- ✓ Q4 2019 results were also impacted by weak commodity markets as well as the absence of a potash supply contract to China during the quarter
- ✓ Value of ICL's specialty businesses reflected in resilience of 2019 adjusted operating income amid the current weak commodity price environment
- ✓ Continued strong cash generation in Q4 2019 resulted in an annual increase of 60% in operating cash flow.
- ✓ Extended dividend policy of up to 50% of adjusted net income. Q4 2019 dividend of ~\$0.02 per share.



(1) 2019 financial information is unaudited. Our audit is ongoing and not complete, particularly our valuation of assets and impairment testing, and accordingly the information presented herein may be subject to change as our audit is complete

(2) See reconciliation table in the Q4 2019 PR and the appendix for this presentation



Key Financial Metrics⁽¹⁾

\$ millions	Q4 2019	Q4 2018	% change	FY 2019	FY 2018	% change
Sales	1,106	1,410	(22%)	5,271	5,556	(5%)
Operating income	88	166	(47%)	756	1,519	(50%)
Adjusted operating income ⁽²⁾	88	214	(59%)	760	753	1%
Adjusted EBITDA ⁽²⁾	201	322	(38%)	1,198	1,164	3%
Net income	48	82	(41%)	475	1,240	(62%)
Adjusted net income ⁽³⁾	48	124	(61%)	479	477	0%
EPS ⁽³⁾ (Presented in US \$)	0.04	0.06	(41%)	0.37	0.97	(62%)
Adjusted EPS ⁽³⁾ (Presented in US\$)	0.04	0.10	(61%)	0.37	0.37	0%
Operating cash flow	212	224	(5%)	992	620	60%
Free cash flow ⁽⁴⁾	57	47	21%	446	50	792%
Dividend per share ⁽⁵⁾ (Presented in US\$)	0.02	0.05	(63%)	0.18	0.18	0%

Adjusted operating income, adjusted EBITDA and operating cash flow for Q4 and FY2019 include a positive impact of the new IFRS 16 accounting standard. See slides 31 and 32 in the appendix to this presentation.

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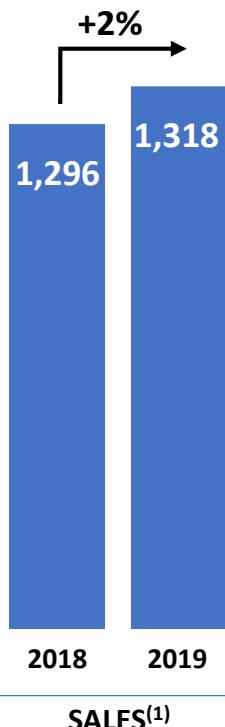
(2) Adjusted operating income and adjusted EBITDA are non-GAAP financial measures. See appendix to this presentation for reconciliation tables.

(3) EPS and adjusted EPS are calculated as net income and adjusted net income, respectively, divided by weighted-average diluted number of ordinary shares outstanding. Adjusted net income is a non-GAAP measure. See appendix to this presentation for reconciliation tables.

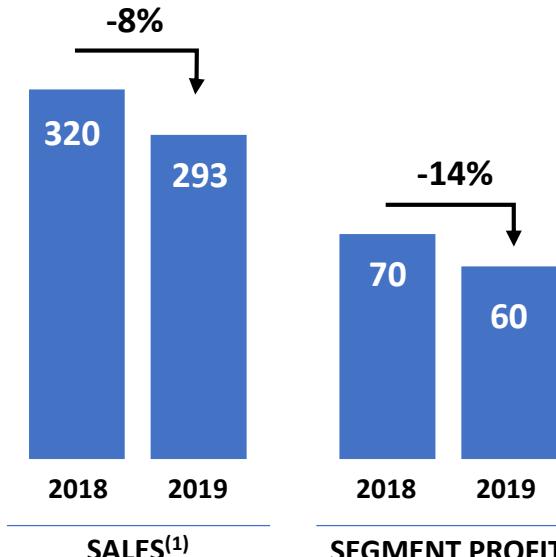
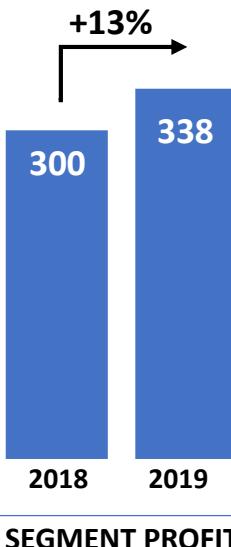
(4) Free cash flow is a non-GAAP financial measure, and consists of cash flow from operations excluding additions to property plant and equipment. See appendix to this presentation for reconciliation tables.

(5) Dividend per share related to the corresponding periods

ANNUAL RESULTS



QUARTERLY RESULTS

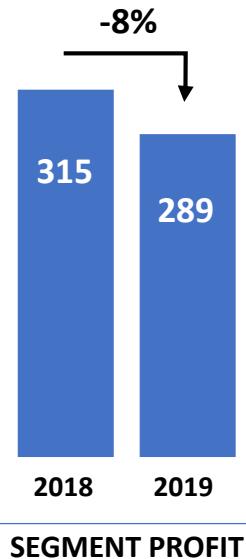
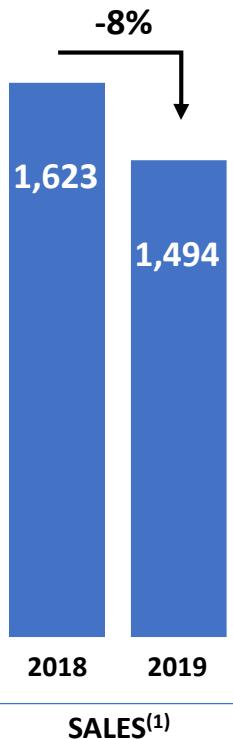


✓ Achieved record operating income and margin for 2019, while reaching strategic goals and positioning the business for growth going forward

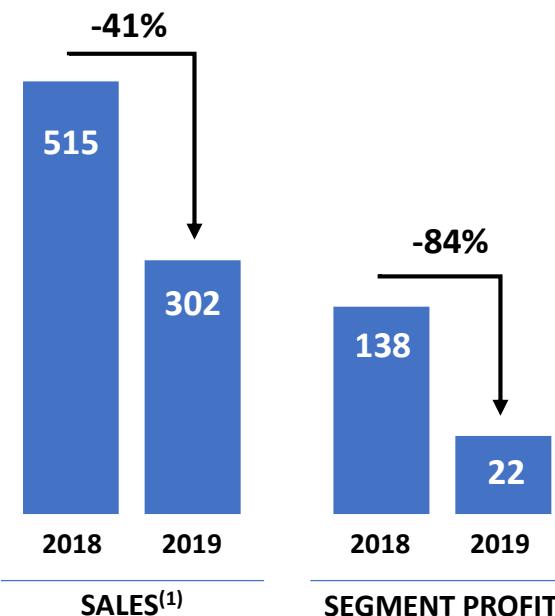
✓ Q4 2019 sales and OI decreased mainly due to lower bromine production and sales volumes as a result of the facility upgrade shutdown at the Dead Sea and the pending magnesium antidumping claim which lowered chlorine availability

✓ Another strong quarter led to a record year for clear brine fluids sales

ANNUAL RESULTS



QUARTERLY RESULTS

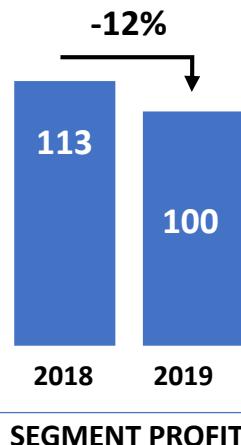
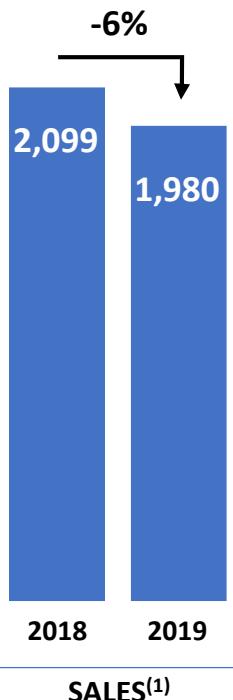


- ✓ Combination of production shutdown for upgrade at the Dead Sea and weak business environment led to significant profit margin erosion in Q4 2019
- ✓ Facility upgrade is expected to enable a capacity increase of ~200 thousand tonnes per annum
- ✓ Q4 2019 performance was impacted by no sales to China vs. 430 thousand tonnes sold in Q4 2018 and by an \$18 decrease in average realized price for the period
- ✓ 2019 Polysulphate production grew by 80%, sales increased by over 50% and positive market acceptance is expected to drive sales momentum
- ✓ Magnesium anti-dumping claim settled favorably

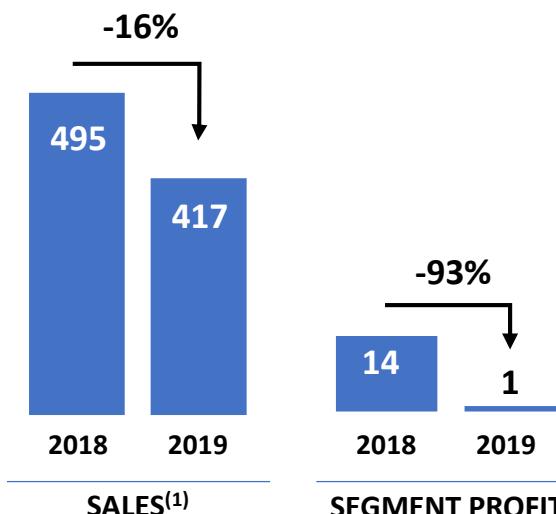
\$ millions

(1) Including inter-segment sales

ANNUAL RESULTS



QUARTERLY RESULTS

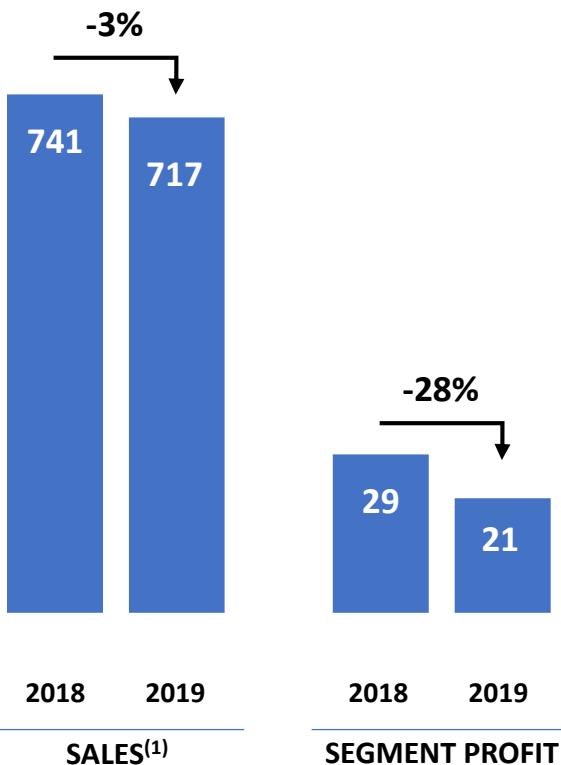


- ✓ Strong performance in specialty phosphates overshadowed by accelerated weakness in commodities and by a negative exchange rate impact
- ✓ The division's resilience throughout 2019 attributable to ICL's focus on specialties and the continued improvement of the YPH JV
- ✓ Higher prices and reduced costs led to higher profit in phosphate specialties in Q4 2019, more than offsetting operating loss in phosphate commodities
- ✓ New Food-grade Pure Phosphoric Acid plant in China and a breakthrough solution in plant-based Meat Alternative, position us to execute on our specialty-focused strategy

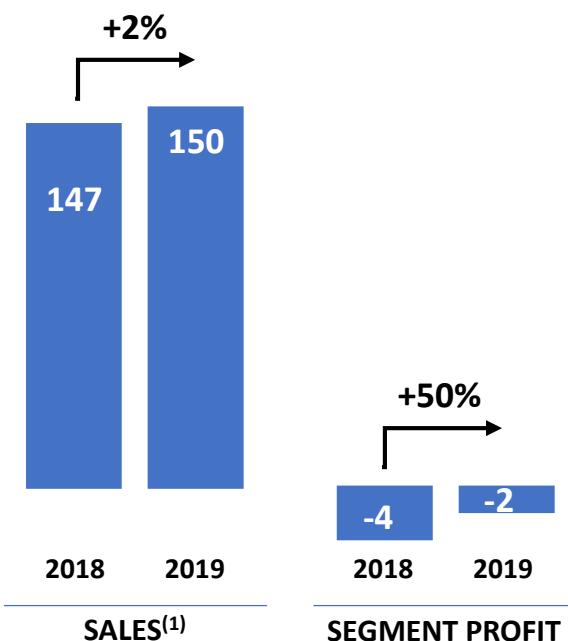
\$ millions

(1) Including inter-segment sales

ANNUAL RESULTS



QUARTERLY RESULTS



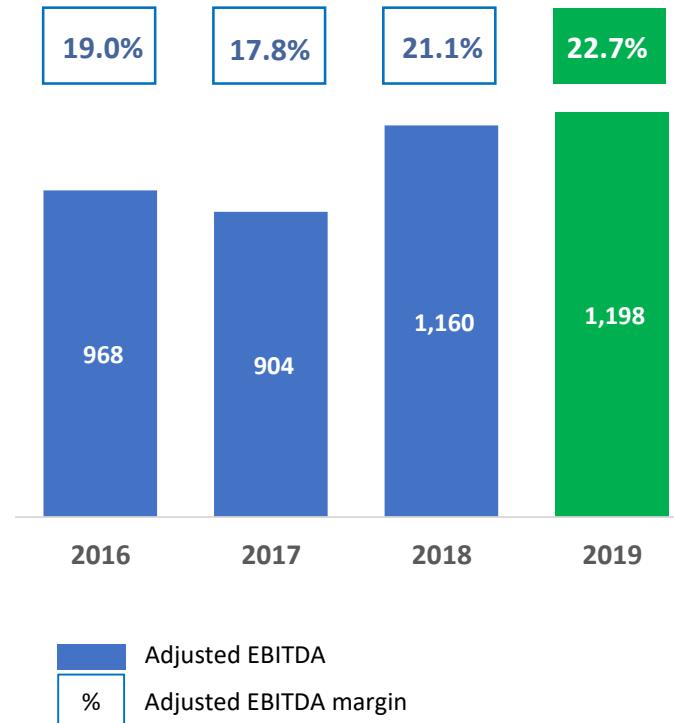
- ✓ Q4 2019 sales increase and reduced operating loss driven by higher prices and increased sales volume to the Turf and Ornamental Horticulture markets
- ✓ 2019 results were negatively impacted by a weather-related decrease in sales volumes and unfavorable exchange rates
- ✓ The division continued to reduce lower-margin third party product sales and to focus on high growth markets

\$ millions

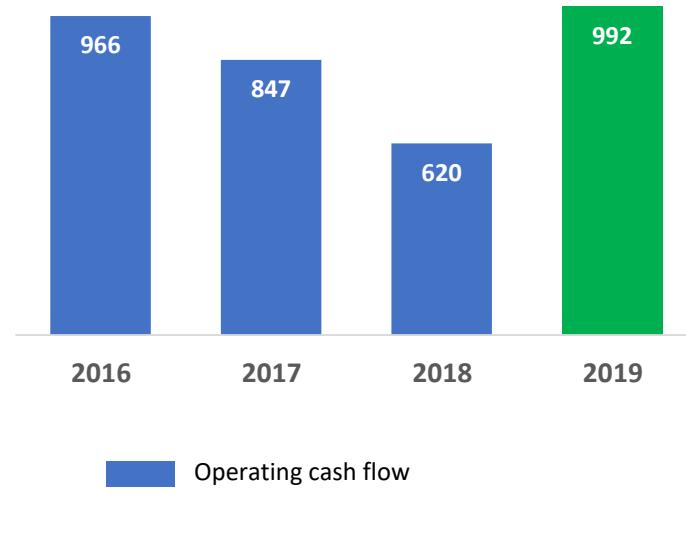
Adjusted operating income excluding divested businesses⁽¹⁾



Adjusted EBITDA excluding divested businesses⁽¹⁾



Operating cash flow



█ Adjusted operating income
% Adjusted operating income margin

█ Adjusted EBITDA
% Adjusted EBITDA margin

█ Operating cash flow

Adjusted operating income, adjusted EBITDA and operating cash flow for 2019 include a positive impact of the new IFRS 16 accounting standard. See slides 31 and 32 in the appendix of this presentation.

(1) Adjusted operating income excluding divested businesses and adjusted EBITDA excluding divested businesses are non-GAAP financial measures. See Appendix to this presentation for reconciliation tables.

ICL'S INITIATIVES

Ongoing initiatives focused on ten SDGs



Interactive, innovative and comprehensive CSR web report



Production sites ISO CERTIFICATIONS

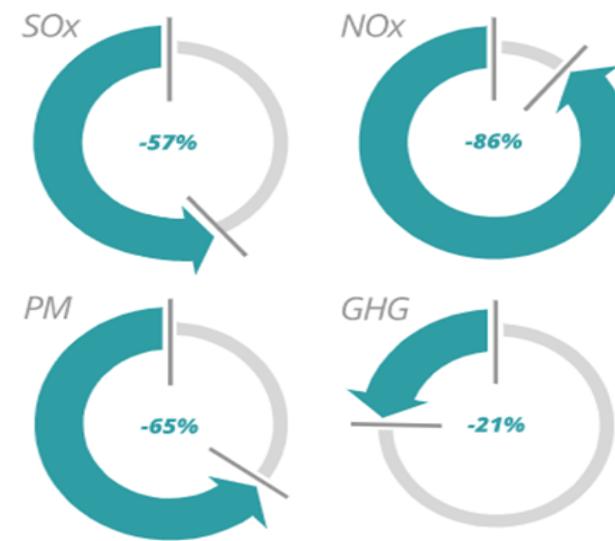


Sustainable Procurement



Reducing Air Emissions

SINCE 2008, ICL'S AIR EMISSIONS HAVE BEEN **REDUCED BY:**



RECOGNITIONS

Higher score in the 2019 Bloomberg ESG disclosure ranking

'Platinum+' on the Ma'ala Sustainability Index



A- score for the 2019 CDP carbon report



Included in Bloomberg's Gender-Equality Index



Corporate governance score upgrade by Entropy



IFA's 2019 Industry Stewardship Champion Gold Medal



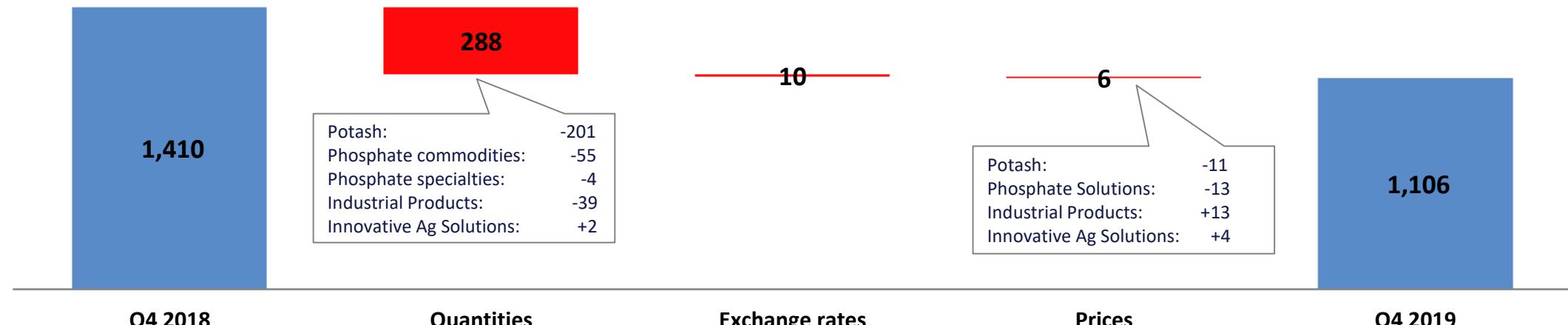


AICL

Kobi Altman, CFO



\$ millions



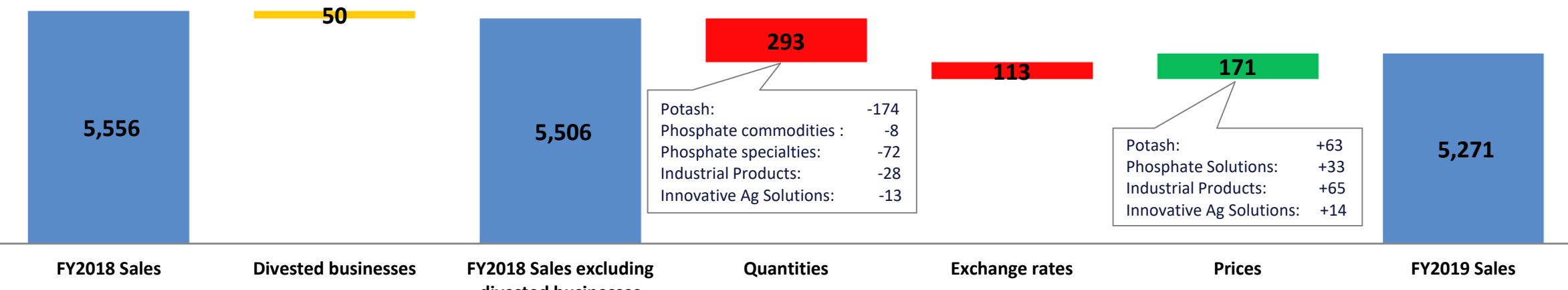
Q4 2018

Quantities

Exchange rates

Prices

Q4 2019



FY2018 Sales

Divested businesses

FY2018 Sales excluding
divested businesses

Quantities

Exchange rates

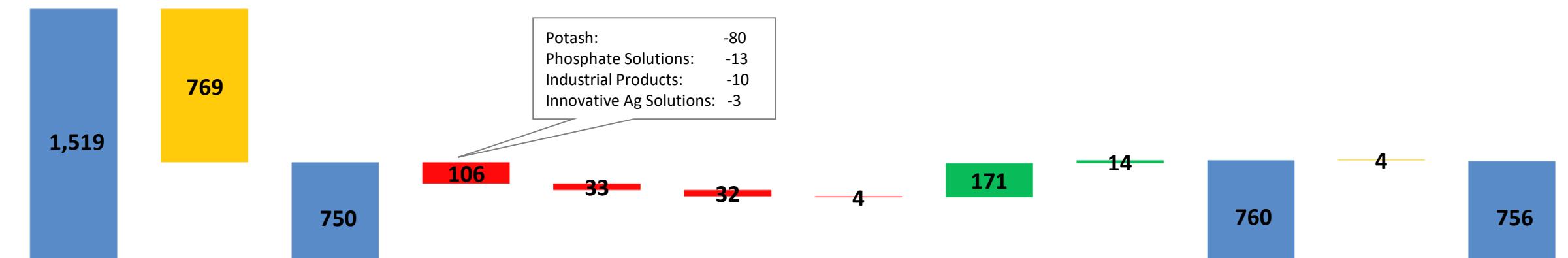
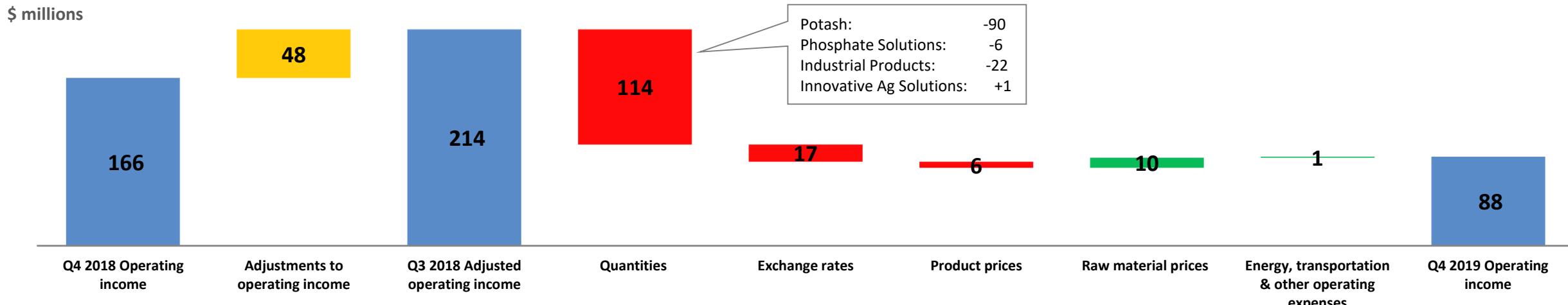
Prices

FY2019 Sales

Numbers may not add due to rounding and set offs.

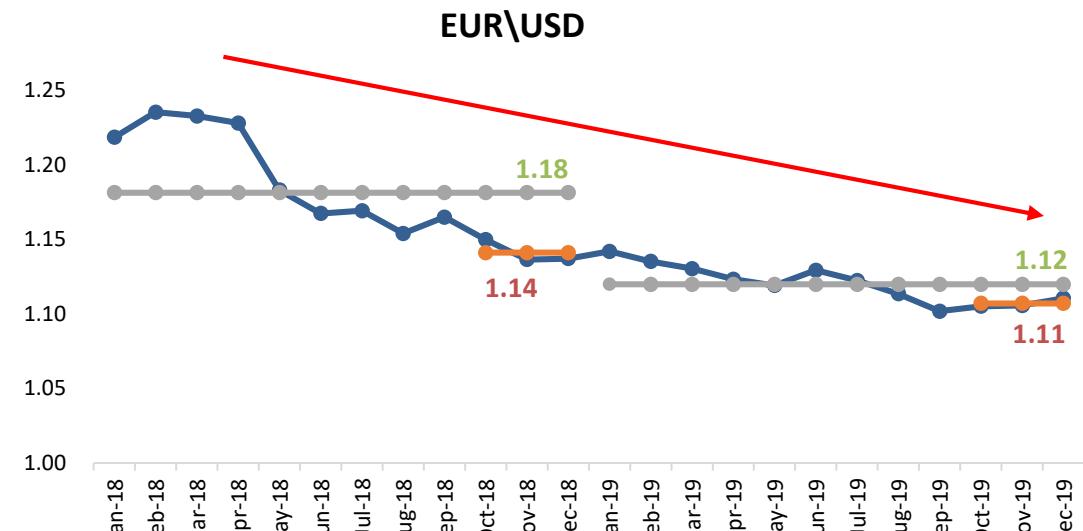
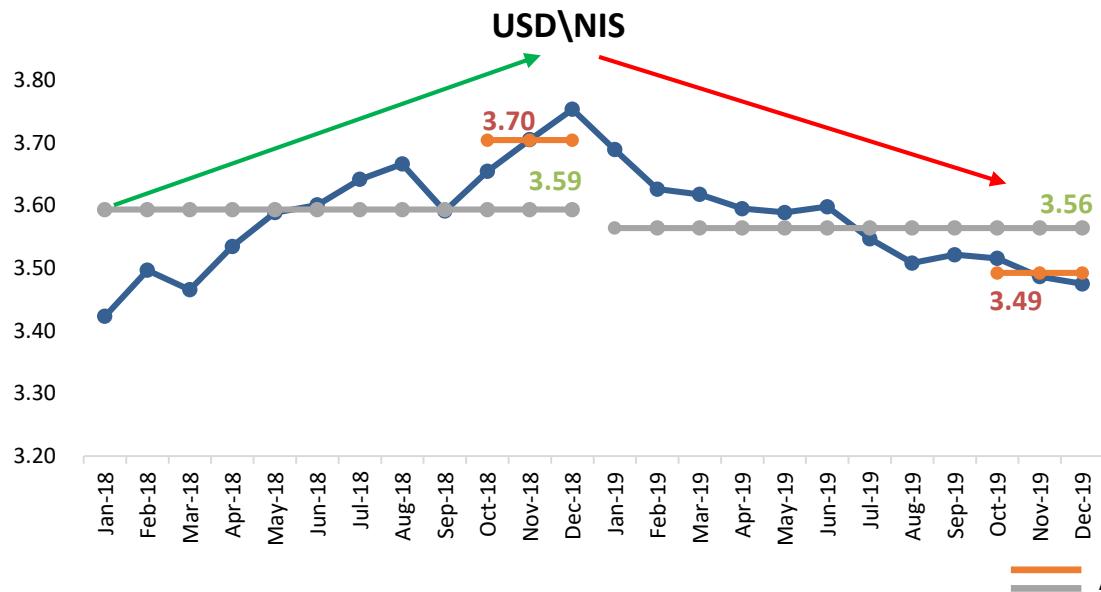
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Q4 and FY2019 Adjusted Operating Income⁽¹⁾



Numbers may not add due to rounding and set offs. Adjusted operating income is a non-GAAP financial measure. See Q4 2019 PR and the appendix of this presentation for a reconciliation of adjusted operating income to operating income.

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Q4 2019	NIS	EUR	Other	Total Q4 2019
Sales	(1)	10	1	10
Expenses	17	(9)	(1)	7
Operating income	16	1	-	17
Finance expenses	(14)	(1)	(1)	(16)
Tax	2	-	-	2
Net income	4	-	(1)	3

FY2019	NIS	EUR	Other	Total FY2019
Sales	-	95	18	113
Expenses	2	(68)	(14)	(80)
Operating income	2	27	4	33
Finance expenses	(13)	4	(1)	(10)
Tax	14	-	-	14
Net income	3	31	3	37

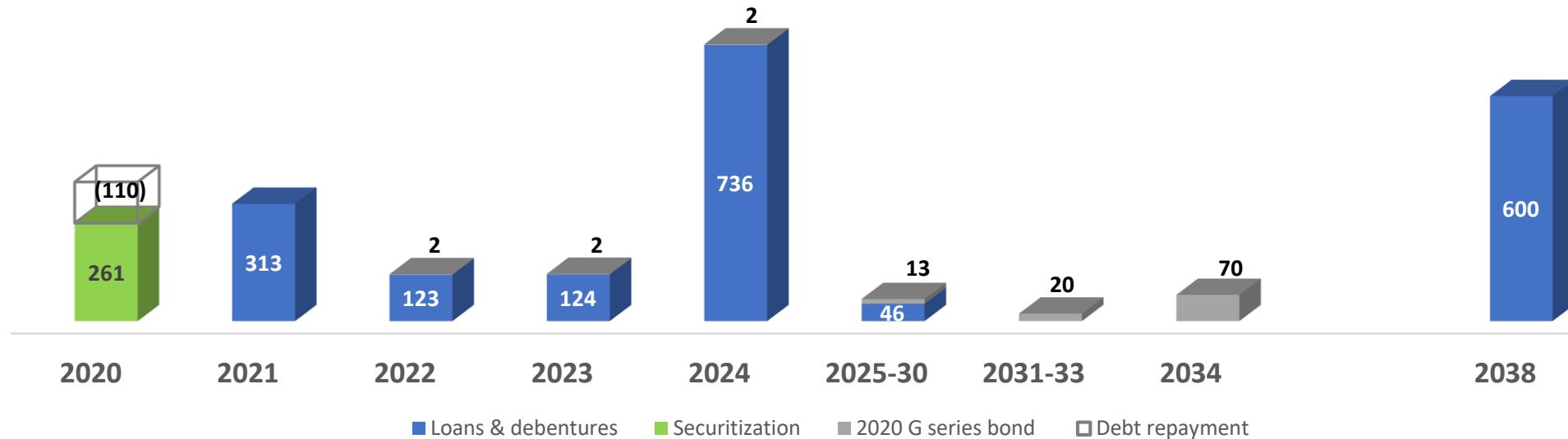
Numbers may not add due to rounding

\$ millions

Maturities⁽¹⁾

Available credit facilities as of December 31, 2019 amounts to \$870 million

Gross debt as of December 31, 2019: \$2.3bn⁽²⁾ Average interest rate: 4.2%



The successful completion of the oversubscribed, 15-year bond offering at the amount of \$110 in January 2020, increases our financial flexibility, demonstrating investor confidence

(1) Proforma for January 2020 bond offering

(2) Not including ~\$300 million leasing liability due to implementation of IFRS16 accounting standard



ASSETS & OPERATIONS

- ✓ Dead Sea Potash facility upgrade to add ~5% expected production capacity
- ✓ Launch of the new terminal at the port of Barcelona
- ✓ New WPA plant in China
- ✓ Polysulphate production doubled, strong sales momentum
- ✓ Strategic LT bromine and bromine compounds supply agreements
- ✓ Fitch revised ICL's credit rating outlook to 'Positive'
- ✓ Completed a public offering of ~\$110m debentures on the TASE



INNOVATING TO DRIVE RESULTS

- ✓ Breakthrough in Meat Alternative solutions
- ✓ ICL's digital Ag platform to leverage AWS capabilities
- ✓ Polysulphate compaction/granulation
- ✓ New bromine & phosphorus applications
- ✓ Promoting Industry 4.0 efficiencies
- ✓ Circular economy and waste recovery
- ✓ Incubating early-stage technologies, novel materials and cost-effective processes



LEGAL, COMPLIANCE & ESG

- ✓ Final agreement on past royalties
- ✓ Bonus derivative action settlement agreement
- ✓ Abengoa compensation settlement
- ✓ Magnesium antidumping claim revoked
- ✓ Upgrade by Entropy
- ✓ All-time record safety results
- ✓ Employer of Choice commitment
- ✓ Creating an ESG vision

Please join us at the

ΔICL Investor Day

ICL: Leadership, Innovation and Growth

LONDON

MARCH 18,
2020

NEW YORK CITY

MARCH 19,
2020

TEL AVIV

MARCH 22,
2020



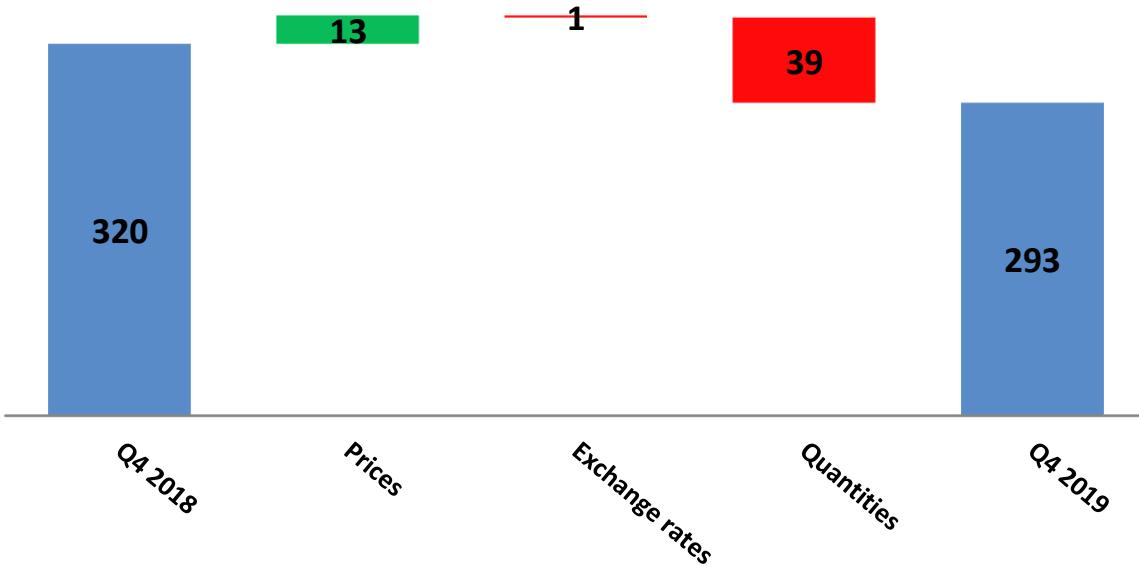
THANK YOU



APPENDIX

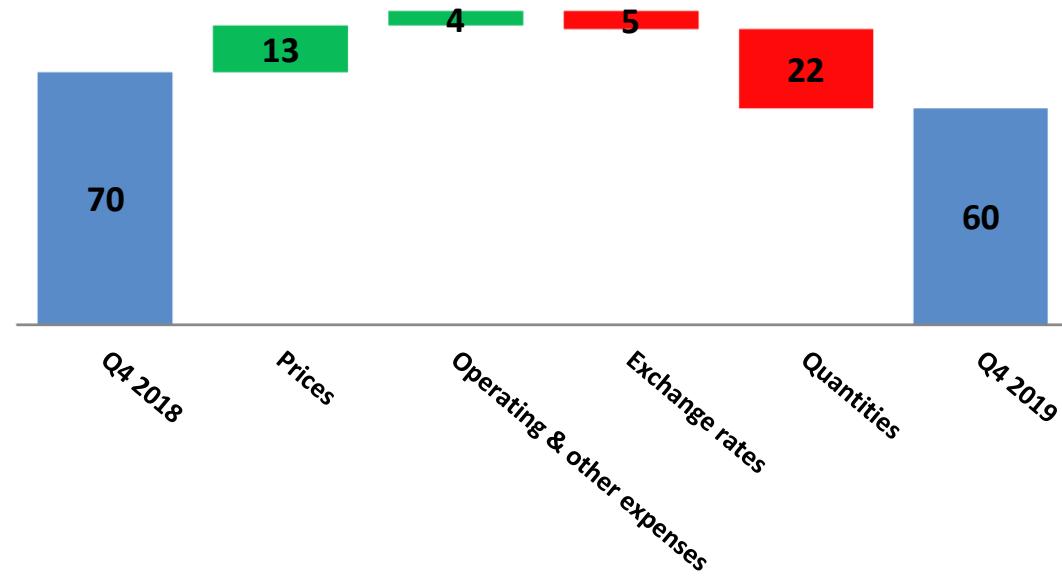
SEGMENT SALES

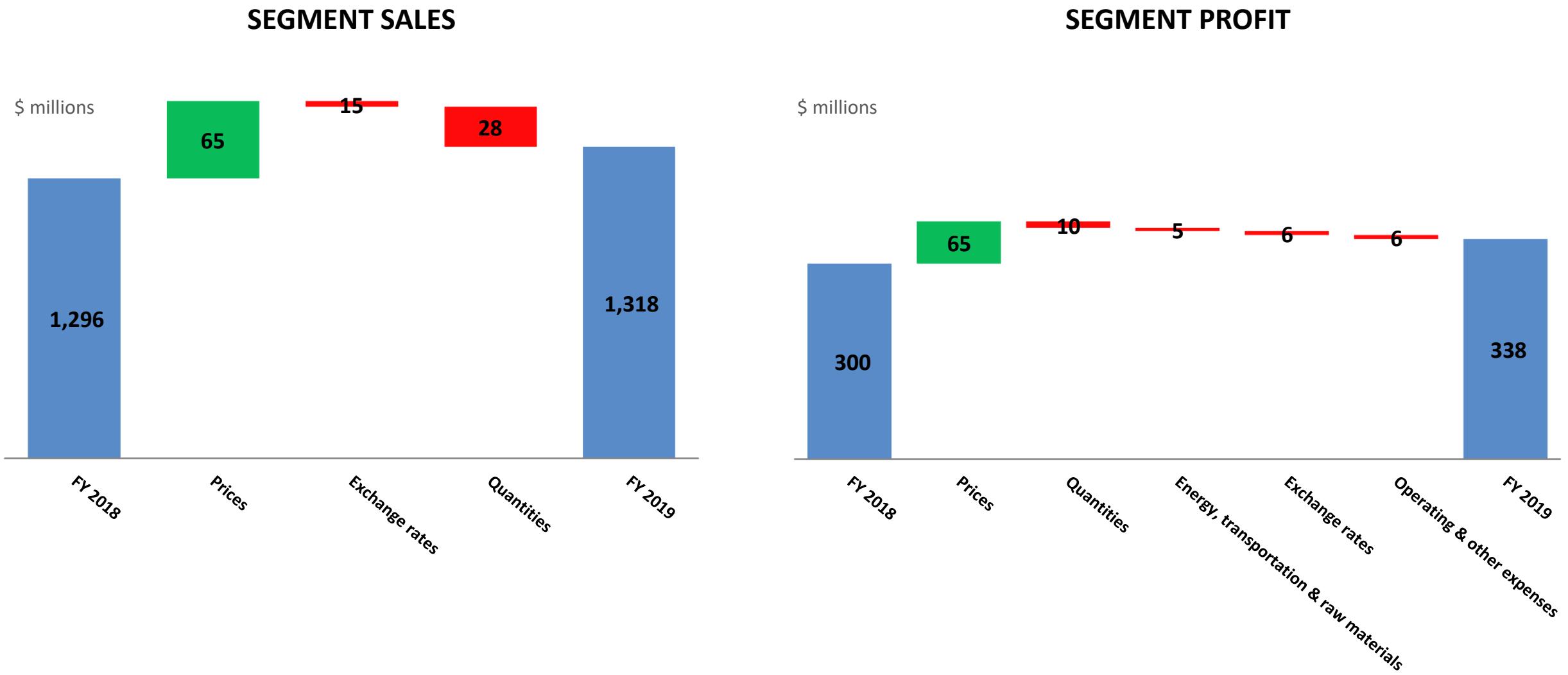
\$ millions



SEGMENT PROFIT

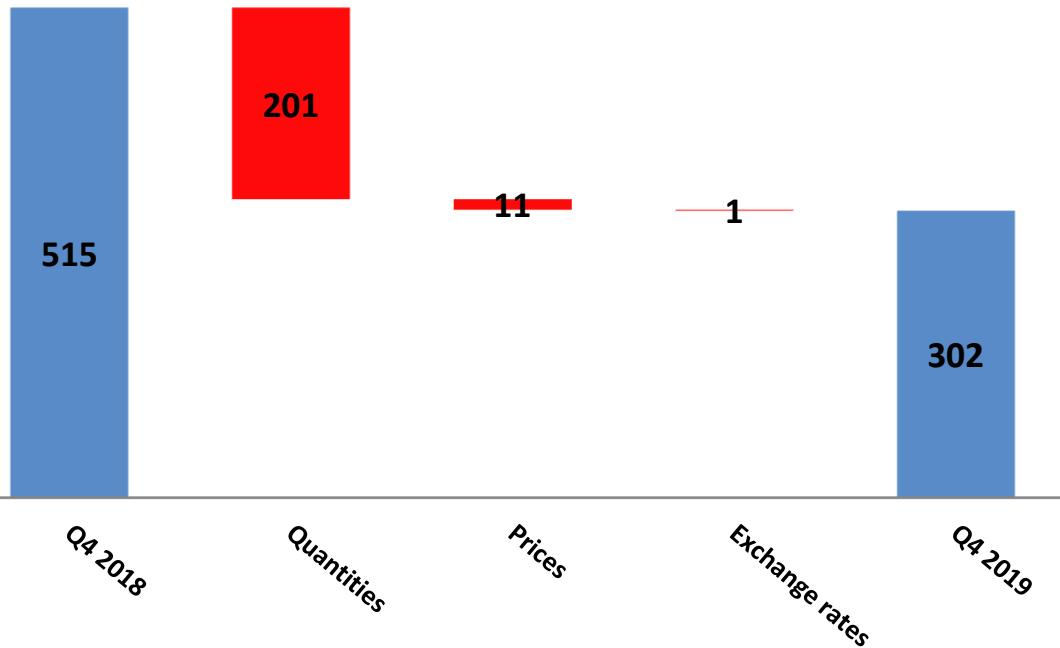
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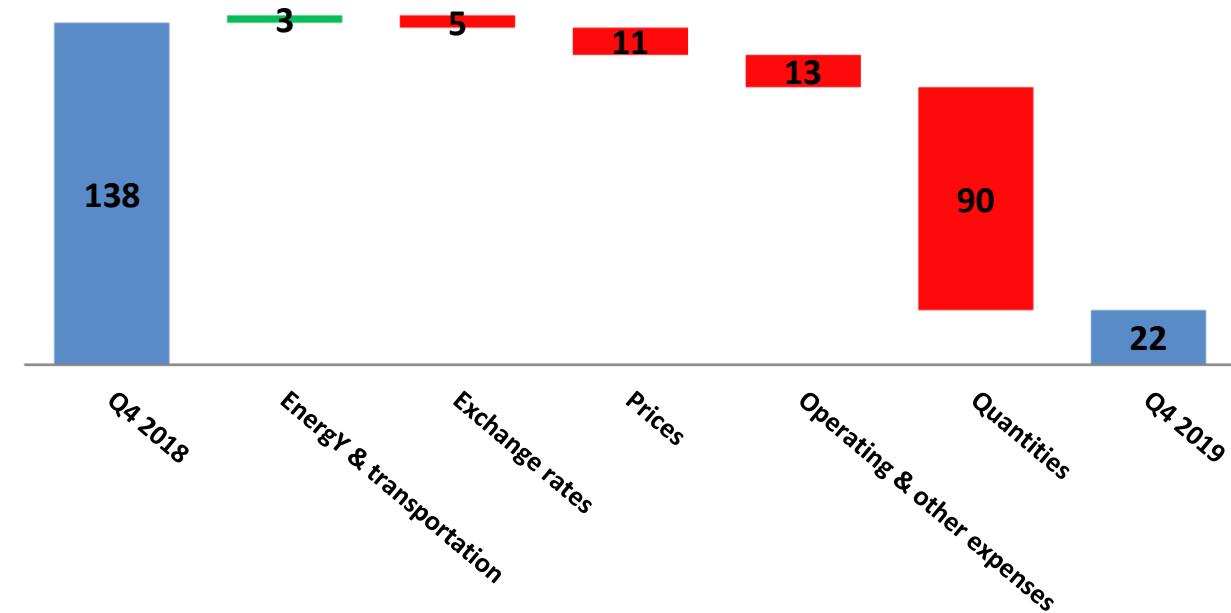
SEGMENT SALES

\$ millions



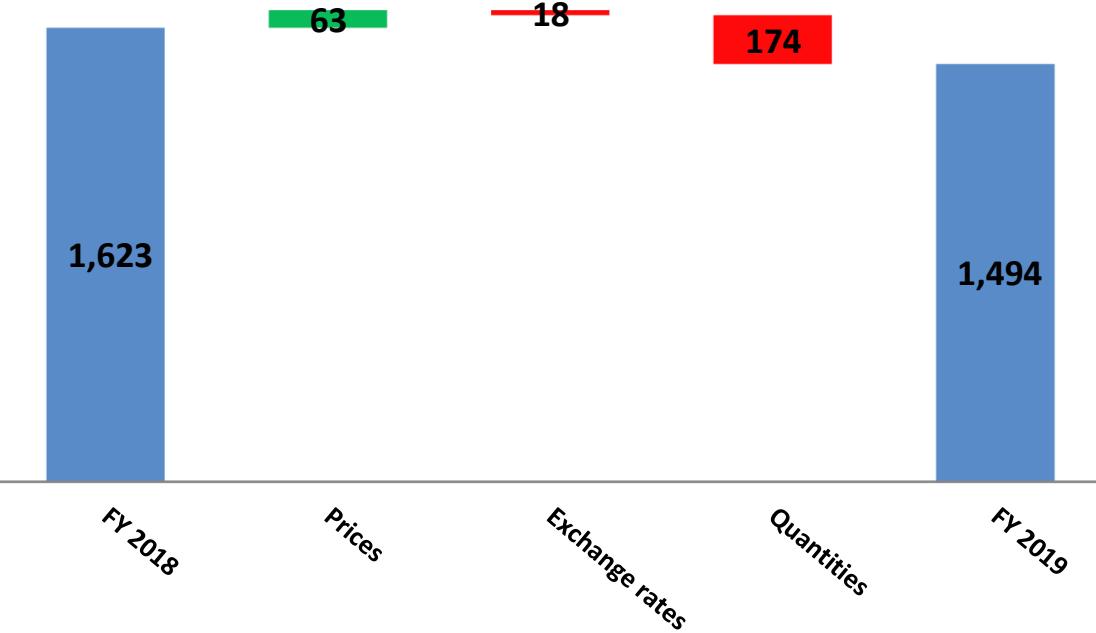
SEGMENT PROFIT

\$ millions



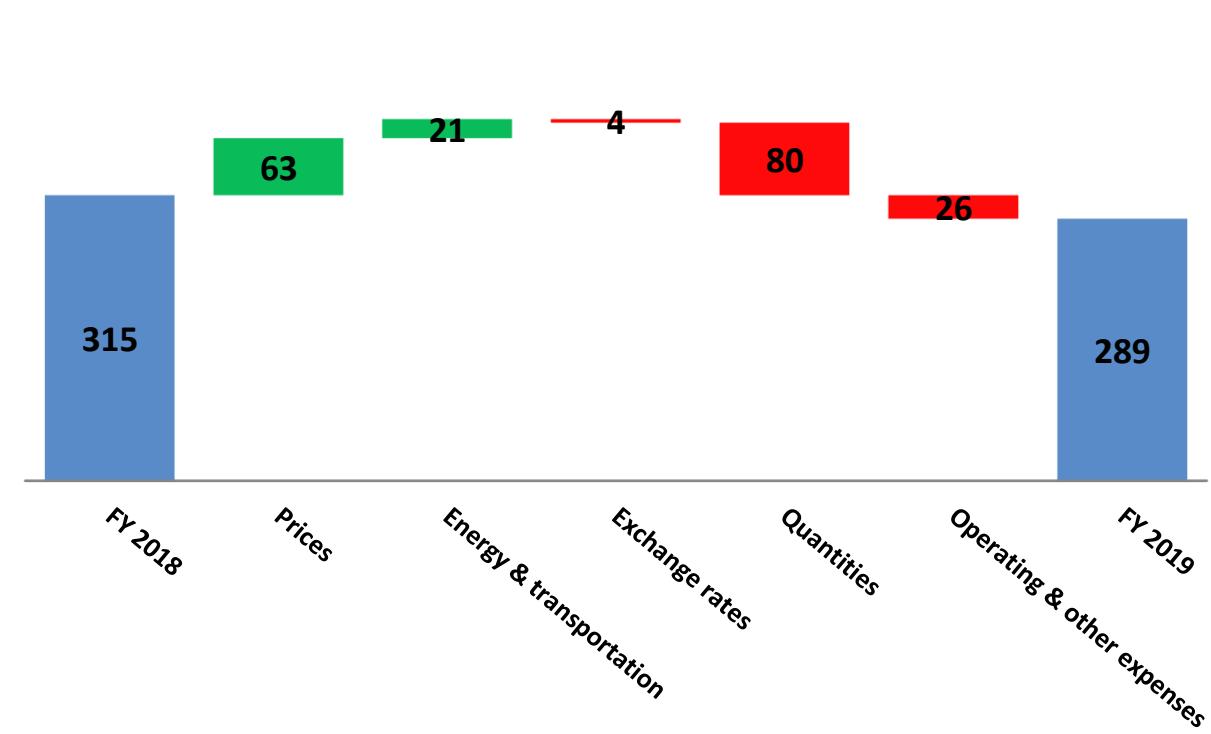
SEGMENT SALES

\$ millions



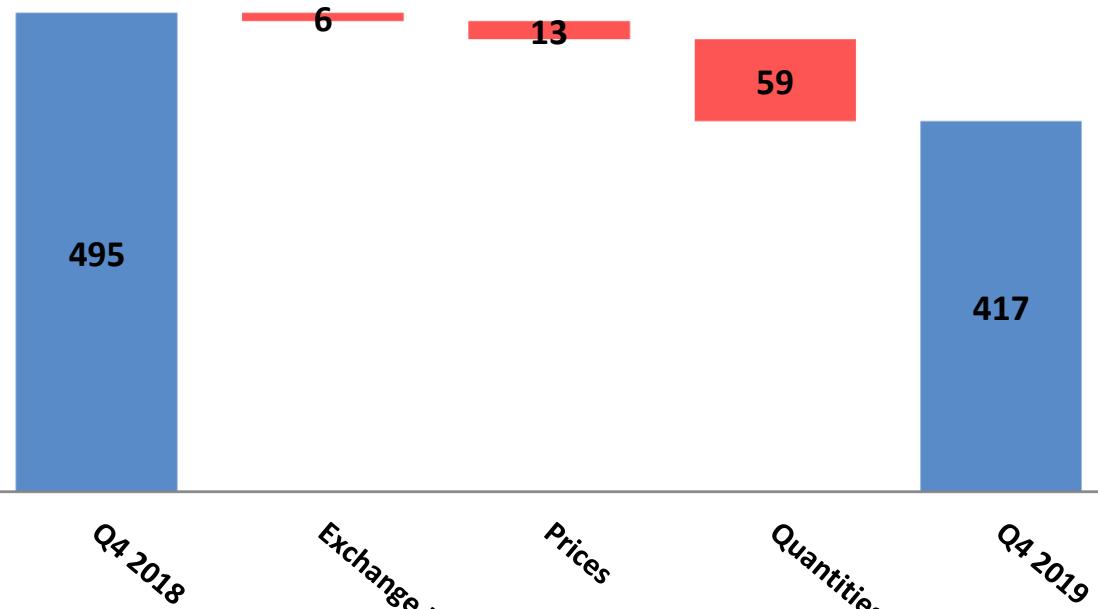
SEGMENT PROFIT

\$ millions



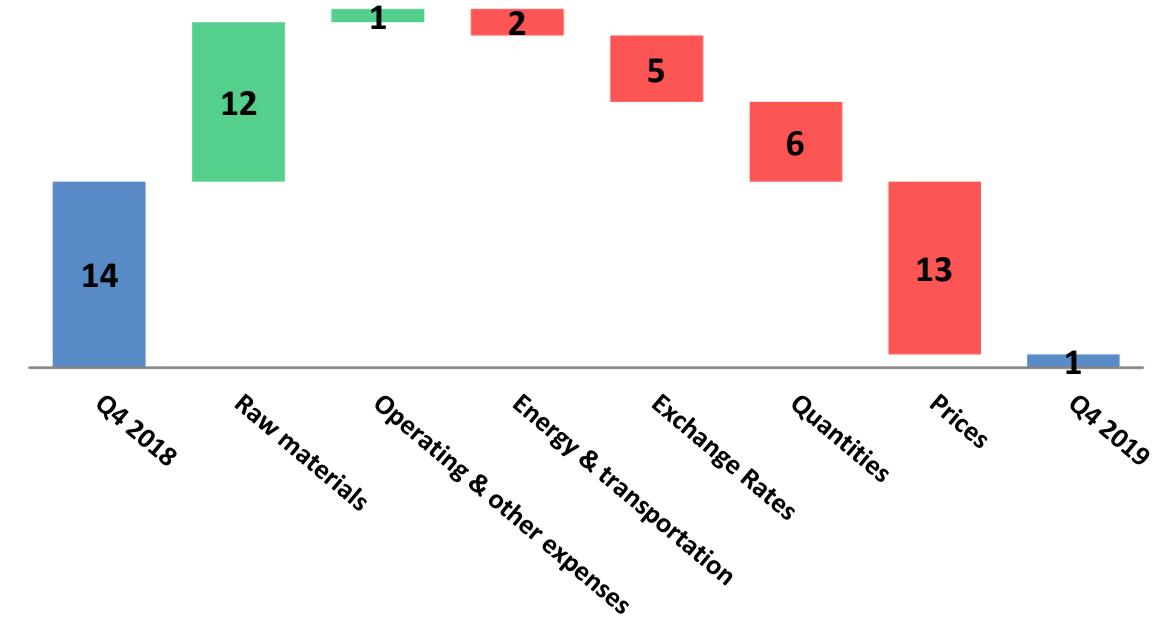
SEGMENT SALES

\$ millions



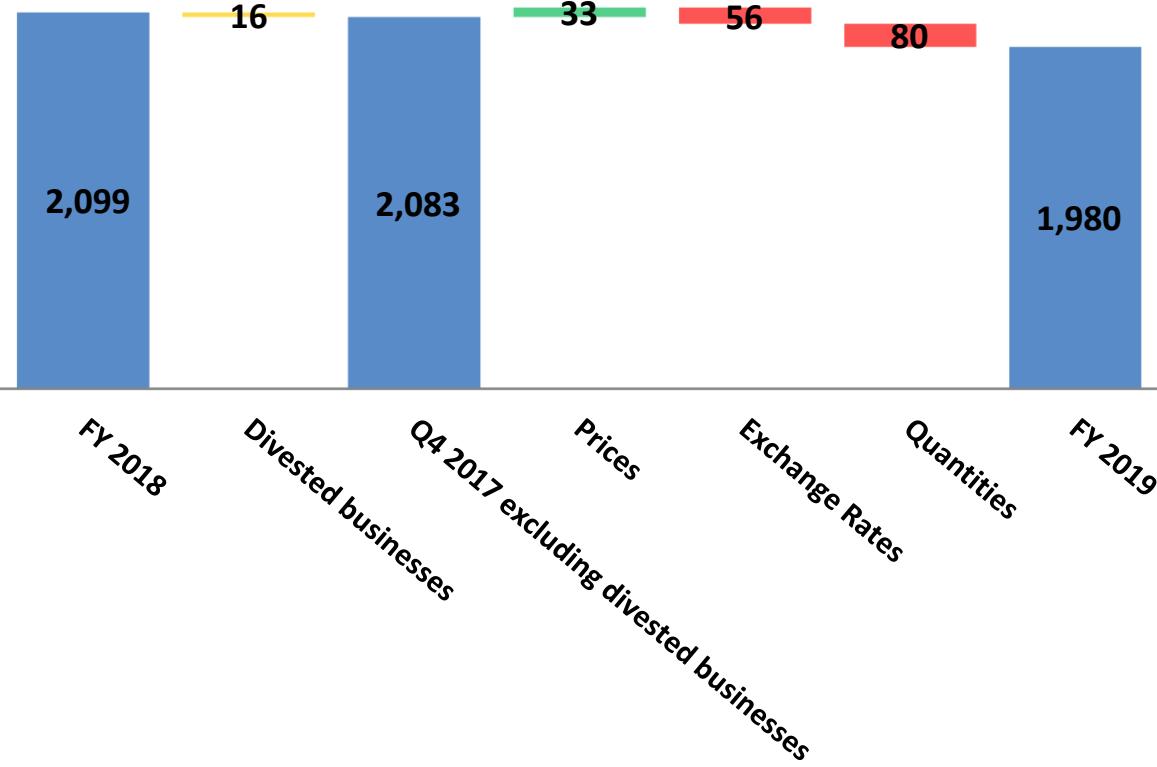
SEGMENT PROFIT

\$ millions



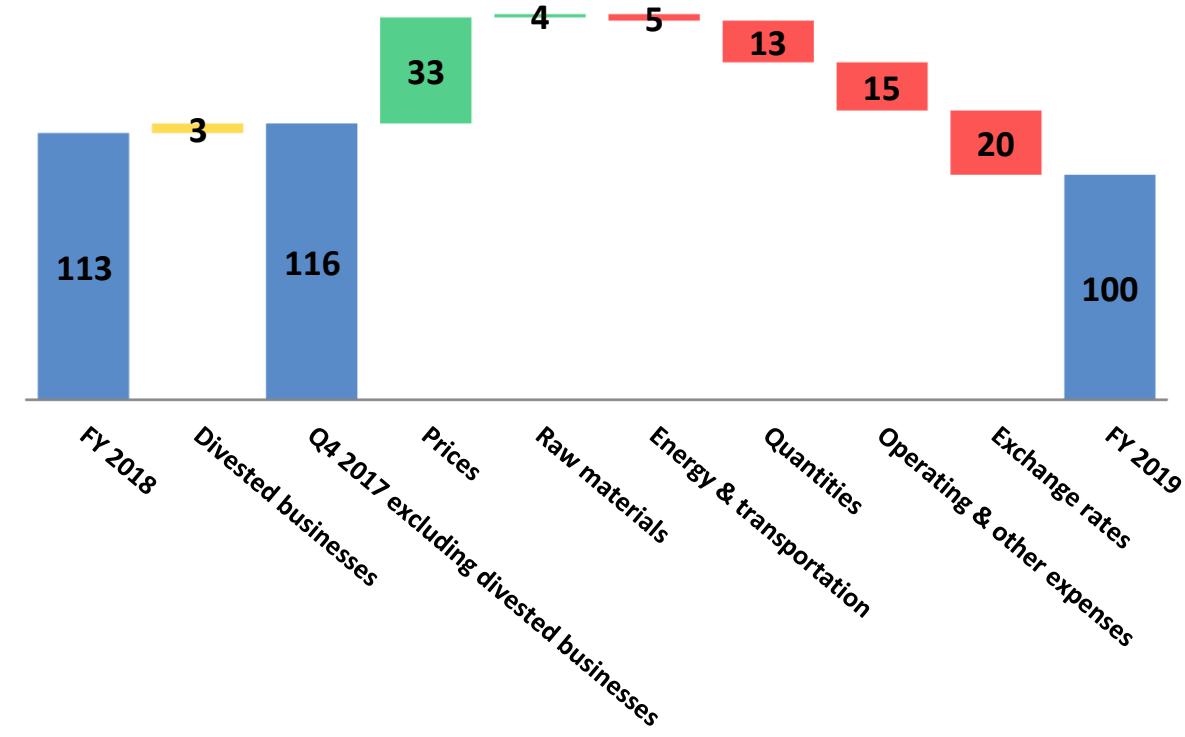
SEGMENT SALES

\$ millions



SEGMENT PROFIT

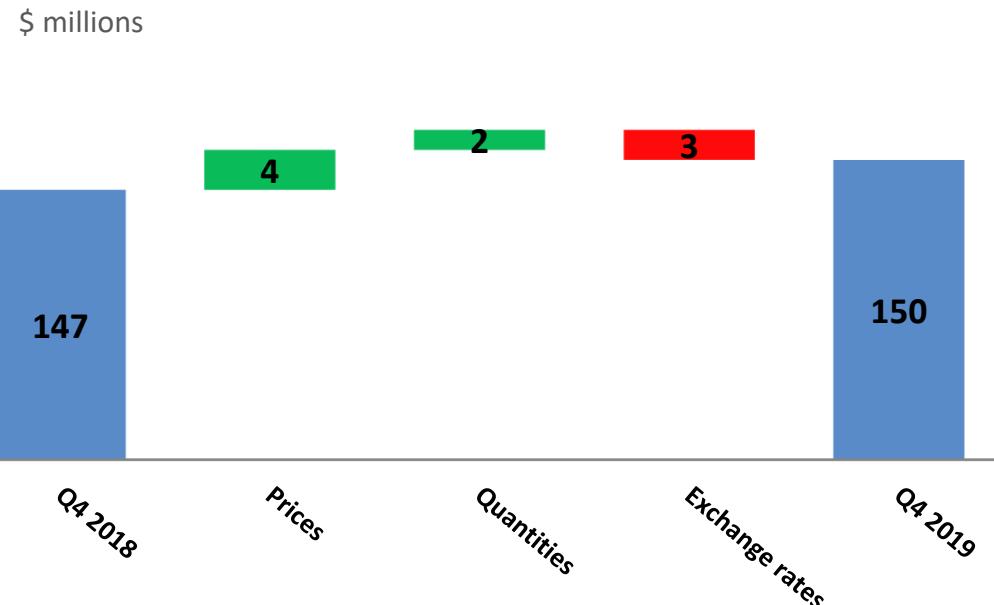
\$ millions



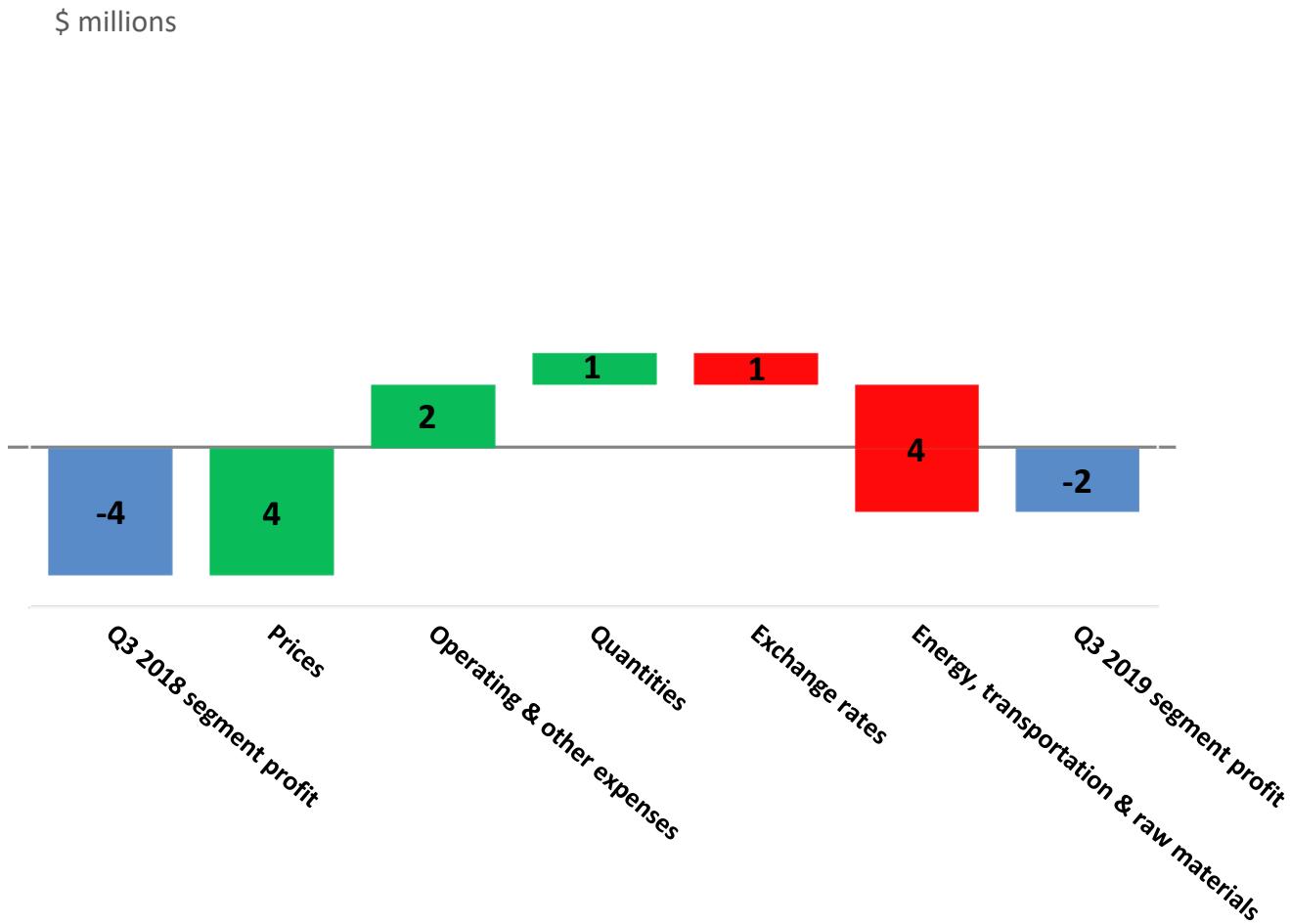
Numbers may not add due to rounding and set offs

Q4 2019 Innovative Ag Solutions Sales and Segment Profit Analysis

SEGMENT SALES

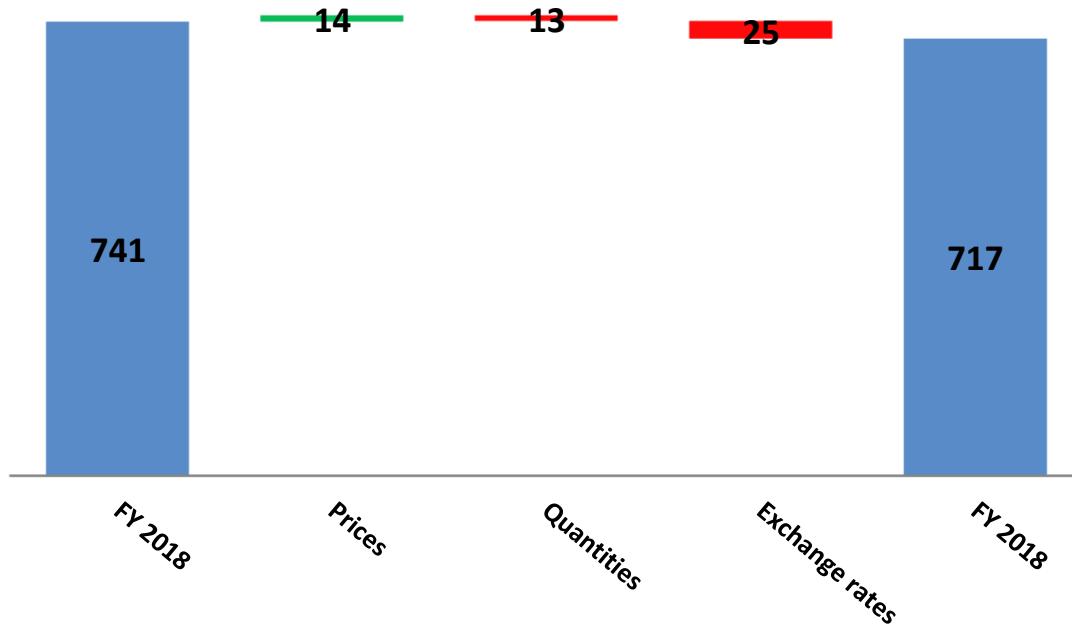


SEGMENT PROFIT



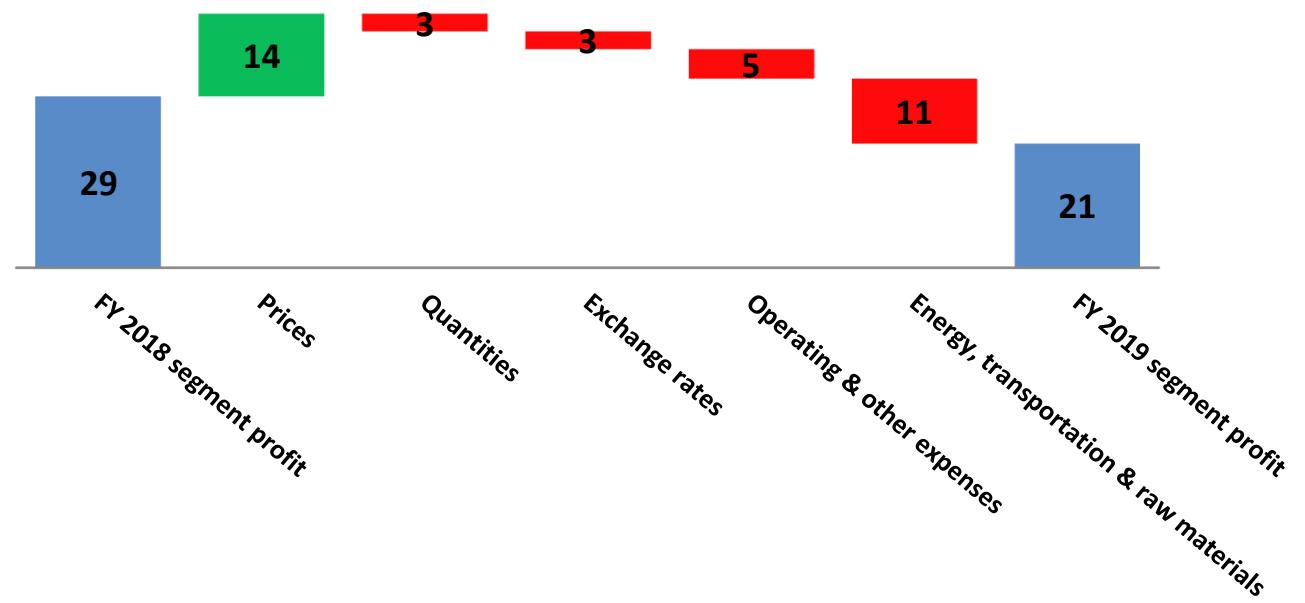
SEGMENT SALES

\$ millions



SEGMENT PROFIT

\$ millions



Numbers may not add due to rounding and set offs



Finance Expenses

\$ millions	Q4 2019	Q4 2018
Liabilities ⁽¹⁾ (including ~\$300 million of LT leases in 2019) ⁽²⁾	2,520	2,420
Interest rate	<u>4.2%</u>	<u>4.1%</u>
Interest expenses ⁽³⁾	<u>27</u>	<u>25</u>
Interest capitalization	(6)	(4)
Interest expenses, net	21	20
Total hedging transactions, balance sheet revaluation & other	(2)	44
Interest & exchange rate impact on long-term liabilities of leasing and employees ⁽³⁾	6	(5)
<i>Net financial expenses</i>	<u>25</u>	<u>59</u>
Adjustments to finance expenses ⁽⁴⁾	-	7
<i>Reported net financial expenses</i>	<u>25</u>	<u>66</u>

Numbers may not add due to rounding

1) Average liabilities during the given quarter

2) Q4 2019 liabilities includes \$300 million impact of IFRS 16, which are not included in the Q4 2018 debt figures

3) Q4 2019 finance expenses include a \$3 million increase in interest expenses and a \$1 million exchange rate differences due to the implementation of IFRS 16

4) Q4 2018 adjustments relate to prior periods' royalties interest



Effective Tax Rate

\$ millions	Q4 19	Q4 18	FY 2019	FY 2018
Adjusted income before tax ⁽¹⁾	<u>63</u>	<u>158</u>	<u>632</u>	<u>608</u>
Normalized tax rate	22%	22%	21%	22%
Normalized tax expenses	<u>14</u>	<u>33</u>	<u>131</u>	<u>138</u>
Carryforward losses not recorded for tax purposes	4	8	8	15
Exchange rate impact and other items	(3)	(9)	8	(17)
Adjusted tax expenses	<u>15</u>	<u>32</u>	<u>147</u>	<u>136</u>
<i>Adjusted Effective tax rate</i>	<i>24%</i>	<i>20%</i>	<i>23%</i>	<i>22%</i>
Reported income before tax	63	103	628	1,364
Reported provision for income taxes	15	19	147	129

(1) See calculation in the appendix of this presentation

Net Debt/EBITDA ratio⁽¹⁾



(1) Net debt to adjusted EBITDA calculated as short term credit + long term debt & debentures – cash & cash equivalents – short term investments & deposits, divided by last twelve months adjusted EBITDA. Adjusted EBITDA is a non-GAAP measure. See reconciliation table in the Q4 2019 PR and the appendix for this presentation

Item	Net impact Q4 2019 VS. Q4 2018	Comments
Adjusted operating income ⁽²⁾	\$3 million 	Rent expenses decreased by \$16 million Depreciation increased by \$13 million
Adjusted EBITDA ⁽²⁾	\$16 million 	Rent expenses decreased by \$16 million
Property Plant & Equipment	~\$339 million 	A right-of-use asset recognized at the amount of ~\$339 million
Financial liabilities	~\$300 million 	Net debt increased by ~\$300 million due to an increase in long and short term lease liabilities
Finance expenses	\$4 million 	Interest expenses increased by \$3 million Exchange rate differences of \$1 million
Adjusted net income ⁽²⁾	\$1 million 	Operating income up by \$3 million Finance expenses up by \$4 million
Operating cash flow	\$16 million 	Shift of rent payments (included in operating cash flow) to repayment of debt (included in cash flow from financing activities): \$16 million

(1) IFRS 16 is a new accounting standard which replaces IAS 17, leases and its related interpretations.

(2) Adjusted operating income, adjusted EBITDA and adjusted net income are non-GAAP measure. See reconciliation table in the Q4 2019 PR and the appendix for this presentation

Item	Net impact 2019 VS 2018	Comments
Adjusted operating income ⁽²⁾	\$10 million 	Rent expenses decreased by \$61 million Depreciation increased by \$51 million
Adjusted EBITDA ⁽²⁾	\$61 million 	Rent expenses decreased by \$61 million
Property Plant & Equipment	~\$339 million 	A right-of-use asset recognized at the amount of ~\$339 million
Financial liabilities	~\$300 million 	Net debt increased by ~\$300 million due to an increase in long and short term lease liabilities
Finance expenses	\$22 million 	Interest expenses increased by \$13 million Exchange rate differences of \$9 million
Adjusted net income ⁽²⁾	\$12 million 	Operating income up by \$10 million Finance expenses up by \$22 million
Operating cash flow	\$53 million 	Shift of rent payments (included in operating cash flow) to repayment of debt (included in cash flow from financing activities): \$61 million

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Additional Data: Segment Profit Before and After G&A Expenses

Starting from the first quarter of 2019, ICL's management has measured, and accordingly has presented in its reports, the results of its business divisions (operating segments) after allocation of general and administrative (G&A) expenses per each division. The purpose of the table below is to assist investors and analysts in comparing ICL's performance in prior periods to ICL's results starting in the first quarter of 2019. It should be noted that the allocation of G&A expenses with respect to comparison periods was made for convenience purposes only, and changes may occur in the allocation methodology in future periods.

Operating Income	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Industrial Products (Bromine)															
Profit before allocated G&A expenses															
77	76	77	73	303	78	94	95	83	350	108	105	99	72	384	
Allocated G&A expenses (income)	11	17	14	14	56	12	13	12	13	50	11	12	11	12	46
Segment profit	66	59	63	59	247	66	81	83	70	300	97	93	88	60	338
Potash															
Profit before allocated G&A expenses															
37	61	65	119	282	62	76	97	158	393	98	123	99	41	361	
Allocated G&A expenses (income)	21	21	21	21	84	19	20	19	20	78	19	18	16	19	72
Segment profit	16	40	44	98	198	43	56	78	138	315	79	105	83	22	289
Phosphate Solutions															
Profit before allocated G&A expenses															
37	37	52	23	149	52	55	63	38	208	63	58	57	28	206	
Allocated G&A expenses (income)	26	22	24	24	96	24	24	23	24	95	28	26	25	27	106
Segment profit	11	15	28	(1)	53	28	31	40	14	113	35	32	32	1	100
Innovative Ag Solutions															
Profit before allocated G&A expenses															
20	19	9	8	56	25	23	7	2	57	21	21	6	6	54	
Allocated G&A expenses (income)	7	6	7	7	27	7	7	8	6	28	8	9	8	8	33
Segment profit	13	13	2	1	29	18	16	(1)	(4)	29	13	12	(2)	(2)	21
Other & elimination															
Profit before allocated G&A expenses															
2	-	(4)	(3)	(5)	(2)	4	2	(5)	(1)	14	(12)	2	5	9	
Allocated G&A expenses (income)	1	(1)	(6)	4	(2)	8	(2)	1	(1)	6	(3)	-	2	(2)	(3)
Segment profit	1	1	2	(7)	(3)	(10)	6	1	(4)	(7)	17	(12)	-	7	12
ICL															
Total adjusted operating income before G&A expenses															
173	193	199	220	785	215	252	264	276	1,007	304	295	263	152	1,014	
G&A expenses	66	65	60	70	261	70	62	63	62	257	63	65	62	64	254
Adjusted operating income - excl. divestments	107	128	139	150	524	146	190	200	214	750	241	230	201	88	760
Divested businesses' contribution*	9	25	76	18	128	5	(2)	-	-	3	-	-	-	-	-
Adjusted operating income	116	153	215	168	652	151	188	200	214	753	241	230	201	88	760

* Divested businesses incl. Fire Safety and P2S5. In 2018 also including Rovita

Numbers may not add due to rounding



Reconciliation Tables (1/2)

\$ millions	Calculation of adjusted income before tax	Q4 19	Q4 18	FY2019	FY2018
Adjusted operating income ⁽¹⁾	88	214	760	753	
Finance expenses	(25)	(66)	(129)	(158)	
Share in earnings (losses) of equity-accounted investees and adjustments to financial expenses	-	10	1	13	
Adjusted income before tax	<u>63</u>	<u>158</u>	<u>632</u>	<u>608</u>	
Calculation free cash flow	Q4 19	Q4 18	FY2019	FY2018	
Cash flow from operations	212	224	992	620	
Additions to property plant and equipment and dividends from equity-accounted investees	(155)	(177)	(546) ⁽²⁾	(570)	
Free cash flow	<u>57</u>	<u>47</u>	<u>446</u>	<u>50</u>	
Calculation of adjusted net income to net income	Q4 2019	Q4 2018	FY2019	FY2018	
Net income attributable to the shareholders of the Company	<u>48</u>	<u>82</u>	<u>475</u>	<u>1,240</u>	
Total adjustments to operating income ⁽¹⁾	-	48	4	(766)	
Adjustments to finance expenses ⁽¹⁾	-	7	-	10	
Total tax impact of the above operating income & finance expenses adjustments ⁽¹⁾	-	(13)	-	(7)	
Total adjusted net income - shareholders of the Company	<u>48</u>	<u>124</u>	<u>479</u>	<u>477</u>	
Weighted-average diluted number of ordinary shares outstanding	1,281,811	1,283,152	1,280,638	1,279,781	
Adjusted EPS excluding divested businesses (US dollar)	<u>0.04</u>	<u>0.10</u>	<u>0.37</u>	<u>0.37</u>	

(1) See detailed reconciliation table in the Q4 2019 PR

(2) Includes \$27 million proceeds from sale of Property Plant and Equipment

Numbers may not add due to rounding



Reconciliation Tables (2/2)

\$ millions	Calculation of adjusted operating income and adjusted operating income excluding divested businesses	FY2019	FY2018	FY2017	FY2016
		756	1,519	629	(3)
Operating income					
Capital gain		-	(841)	(54)	1
Impairment loss (reversal)		(10)	19	32	489
Provision for early retirement and dismissal of employees		-	7	20	39
Provision for legal claims		7	31	25	5
Provision for prior periods waste removal and site closure costs		7	18	-	51
Total adjustments⁽¹⁾	4	(766)	23	585	
Adjusted operating income	760	753	652	582	
Divested businesses' profit		-	(3)	(145)	(76)
Adjusted operating income excluding divested businesses	760	750	507	506	
Calculation of adjusted EBITDA and adjusted EBITDA excluding divested businesses to net income		FY2019	FY2018	FY2017	FY2016
Net income attributable to the shareholders of the Company		475	1,240	364	(122)
Depreciation and Amortization		443	403	390	401
Financing expenses, net		129	158	124	132
Taxes on income		147	129	158	55
Adjustments ⁽¹⁾	4	(766)	23	585	
Adjusted EBITDA	1,198	1,164	1,059	1,051	
Contribution from divested businesses		-	(4)	(155)	(83)
Adjusted EBITDA excluding divested businesses	1,198	1,160	904	968	

(1) See detailed reconciliation table “**Adjustments to reported operating and net income (Non-GAAP)**” in the Q4 2019 PR
Numbers may not add due to rounding



Non-GAAP Financial Measures

We disclose in this Quarterly Report non-IFRS financial measures titled sales excluding divested businesses, adjusted operating income, adjusted operating income excluding divested businesses, adjusted net income attributable to the Company's shareholders excluding divested businesses, adjusted EBITDA excluding divested businesses, adjusted EPS excluding divested businesses and free cash flow. Our management uses sales excluding divested businesses, adjusted operating income, adjusted operating income excluding divested businesses, adjusted net income attributable to the Company's shareholders excluding divested businesses and adjusted EBITDA excluding divested businesses 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 sales excluding divested businesses by adjusting our sales to exclude results of the divested Fire Safety and Oil Additives business (divested in Q1 2018) and Rovita business (divested in Q3 2018). We calculate our adjusted operating income by adjusting our operating income to add certain items, as set forth above and in the reconciliation table "Adjustments to reported operating and net income". Certain of these items may recur. We calculate our adjusted net income attributable to the Company's shareholders by adjusting our adjusted operating income excluding divested businesses, net income attributable to the Company's shareholders to add certain items, as set forth above and in the reconciliation table "Adjustments to reported operating and net income (Non-GAAP)" in the accompanying press release, excluding the total tax impact of such adjustments and adjustments attributable to the non-controlling interests. We calculate our adjusted operating income excluding divested businesses by excluding the results of the divested Fire Safety and Oil Additives business (divested in Q1 2018) and Rovita business (divested in Q3 2018). 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 "Adjustments to reported operating and net income" in the accompanying press release which were adjusted for in calculating the adjusted operating income excluding divested businesses and adjusted net income attributable to the Company's shareholders. Adjusted EPS excluding divested businesses is calculated as adjusted net income excluding divested businesses divided by weighted-average diluted number of ordinary shares outstanding as provided in the reconciliation table under "Calculation of Adjusted EPS". 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 sales excluding divested businesses, adjusted operating income, adjusted operating income excluding divested businesses, adjusted net income attributable to the Company's shareholders excluding divested businesses, adjusted EPS excluding divested businesses or adjusted EBITDA excluding divested businesses as a substitute for operating income or net income attributable to the Company's shareholders determined in accordance with IFRS, adjusted EPS excluding divested businesses as a substitute for EPS or free cash flow as a substitute for sales, 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 excluding divested businesses and free cash flow may differ from those used by other companies. However, we believe sales excluding divested businesses, adjusted operating income, adjusted operating income excluding divested businesses, adjusted net income attributable to the Company's shareholders excluding divested businesses, adjusted EBITDA excluding divested businesses, adjusted EPS excluding divested businesses 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 the divested Fire Safety and Oil Additives business (divested in Q1 2018) and the Rovita business (divested in July 2018), as we no longer own these businesses. 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.



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