



# Q2 2020 Results

## Raviv Zoller

## President & CEO



# Important Legal Notes

## 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 ICL Group Ltd. ("ICL Group" or "Company") securities or in any securities of its affiliates or subsidiaries.

This presentation and/or other oral or written statements made by ICL Group 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 Group'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, 2019, 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 Group 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 Group 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, adjusted EBITDA, adjusted net income, adjusted EPS, segment EBITDA, segment EBITDA margin 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 Q2 2020 press release for the quarter ended June 30, 2020 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.

# Q2 2020: Resilience In The Face Of Market Headwinds

- **Positive operating income** in all segments and **positive free cash flow** despite the impact of COVID-19 and low commodity prices
- **Improvement in adjusted net income and operating cash flow** vs. the prior quarter, which was not materially impacted by COVID-19
- **Record first half potash production** at the Dead Sea
- **Continued strategic execution** to reduce unprofitable exposure to commodities and implement efficiency plans, will result in ~\$50 million in **enhanced profitability and cash savings** annually
  - Discontinuation of Israeli-based production and sales of phosphate rock
  - Accelerated closure of potash production activity in the Vilafruns mine in Spain, previously planned for 2021
  - Headcount reductions, primarily through early retirements
  - One-time impact of \$297 million in the quarter, most of which is non-cash
- **Consolidation of crop nutrition business sales and marketing** organization is expected to drive synergies, optimize distribution channels and increase efficiency of global operations
- **Dividend of \$36 million** reflects commitment to shareholders return and balanced capital allocation

# Key Financial Metrics

	Q2 2020	Q2 2019	% change	Q1 2020	% change
<b>Sales</b>	<b>1,203</b>	<b>1,425</b>	<b>(16%)</b>	<b>1,319</b>	<b>(9%)</b>
<b>Operating income</b>	<b>(169)</b>	<b>240</b>	<b>NA</b>	<b>132</b>	<b>NA</b>
<b>Adjusted operating income<sup>(1)</sup></b>	<b>128</b>	<b>230</b>	<b>(44%)</b>	<b>132</b>	<b>(3%)</b>
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>246</b>	<b>340</b>	<b>(28%)</b>	<b>250</b>	<b>(2%)</b>
<b>Net income</b>	<b>(168)</b>	<b>158</b>	<b>NA</b>	<b>60</b>	<b>NA</b>
<b>Adjusted net income<sup>(1)</sup></b>	<b>72</b>	<b>151</b>	<b>(52%)</b>	<b>60</b>	<b>20%</b>
<b>Operating cash flow</b>	<b>177</b>	<b>239</b>	<b>(26%)</b>	<b>166</b>	<b>7%</b>
<b>Free cash flow<sup>(2)</sup></b>	<b>20</b>	<b>99</b>	<b>(80%)</b>	<b>28</b>	<b>(29%)</b>

1. Adjusted operating income, adjusted EBITDA and adjusted net income are non-GAAP financial measures. See appendix to this presentation for reconciliation tables.

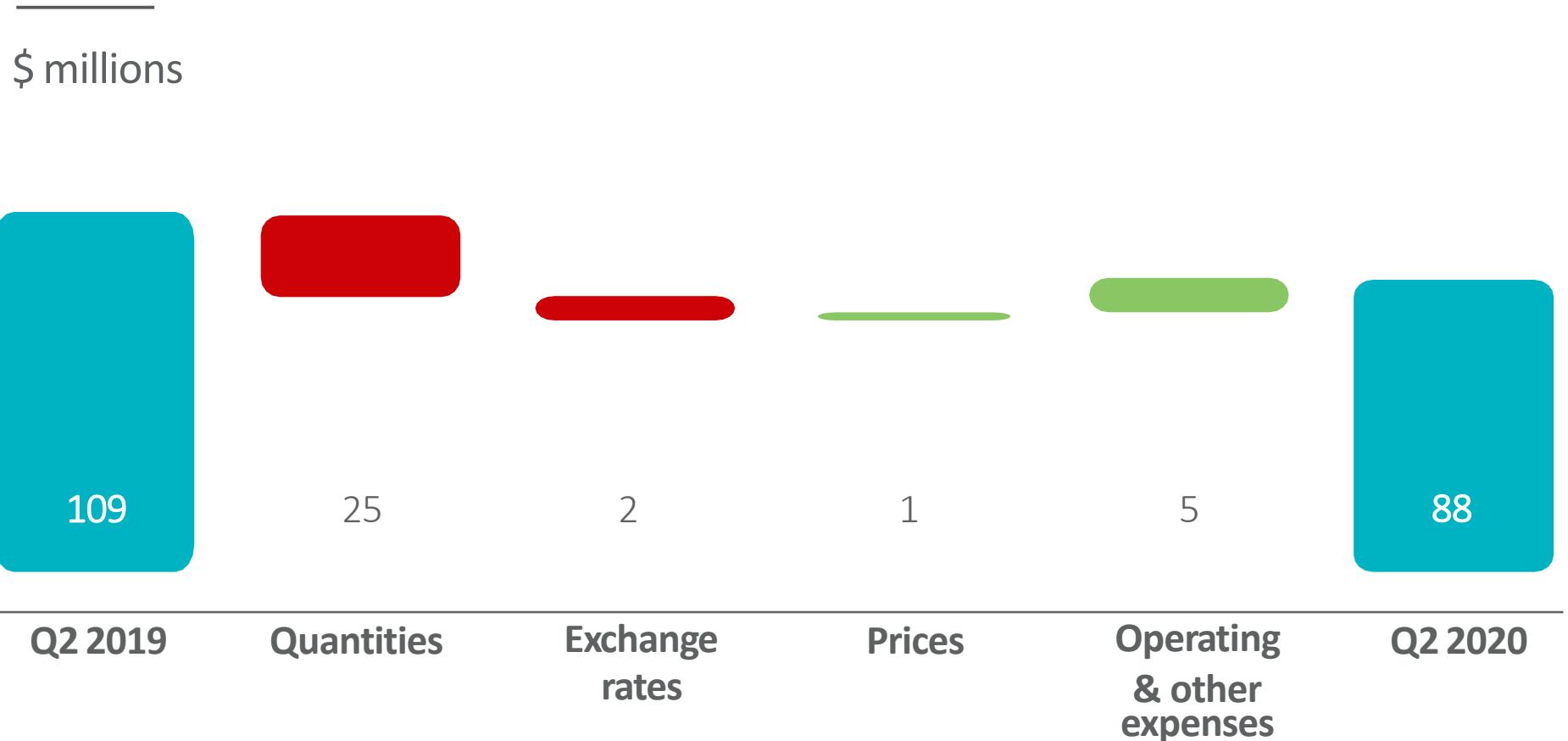
2. Free cash flow is a non-GAAP financial measure, and consists of cash flow from operations excluding additions to property plant and equipment. See appendix to this presentation for reconciliation tables.

All figures shown in US \$ millions

# Industrial Products Segment



## SEGMENT EBITDA<sup>(1)</sup>



- Global economic slowdown related to
- COVID-19 impacted demand for clear
- brine fluids and flame retardants
- 
- Continued strong performance in
- specialty minerals due to high demand
- for supplements and pharma applications
- 
- Achieved a healthy EBITDA margin of
- 31% despite 19% decrease in EBITDA
- 
- Segment's performance is expected to
- follow the recovery in global industrial
- activity

(1) Segment EBITDA and segment EBITDA margin are non-GAAP financial measures. Segment EBITDA is segment profit net of depreciation and amortization and segment EBITDA margin is segment EBITDA divided by revenue. See appendix to this presentation for reconciliation tables.

# Potash Segment



## SEGMENT EBITDA<sup>(1)</sup>

\$ millions



(1) Segment EBITDA is a non- GAAP financial measure and is segment profit net of depreciation and amortization .  
See appendix to this presentation for reconciliation tables.

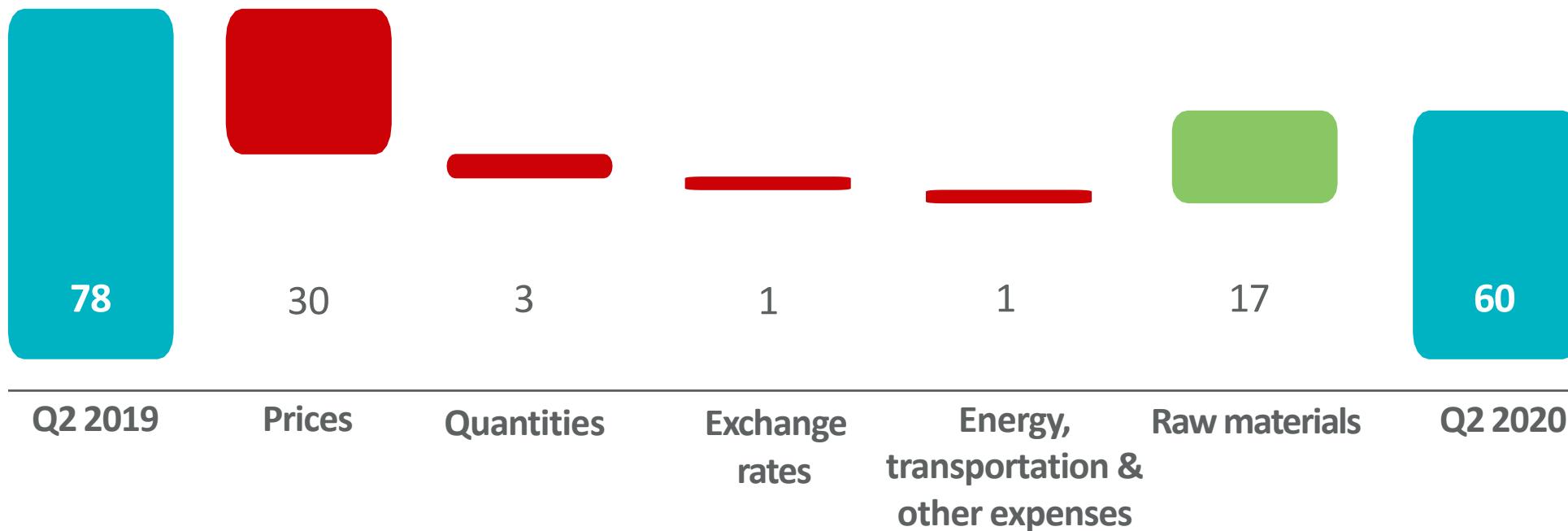
- Record first half potash production at the Dead Sea
- Average realized price dropped by \$63 per tonne, 22% lower compared to Q2 2019
- COVID-19 impact of about \$23 million (ICL Iberia: \$13mn and ICL UK: 9mn)
- Polysulphate production increased by 38% over Q2 2019 to 184 thousand tonnes
- Efficiency and cost reduction plans implemented, including shutdown of the Vilafruns mine in Spain

# Phosphate Solutions Segment



## SEGMENT EBITDA<sup>(1)</sup>

\$ millions



(1) Segment EBITDA is a non-GAAP financial measure and is segment profit net of depreciation and amortization. See appendix to this presentation for reconciliation tables.

Continued strong demand for food additives

A 20% increase in operating income for phosphate specialties, coupled with lower cost of raw materials, partially compensated for a large decline in phosphate commodity prices

Solid performance for YPH JV in China with positive operating income

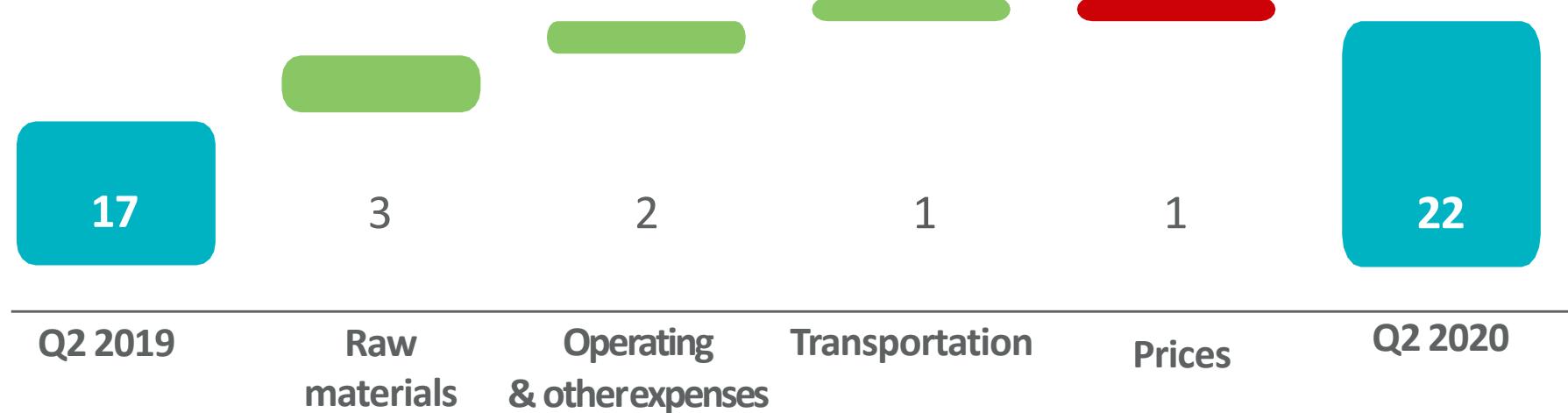
Cost reduction measures taken, including discontinuation of unprofitable phosphate rock production in Israel

# IAS Segment



## SEGMENT EBITDA<sup>(1)</sup>

\$ millions



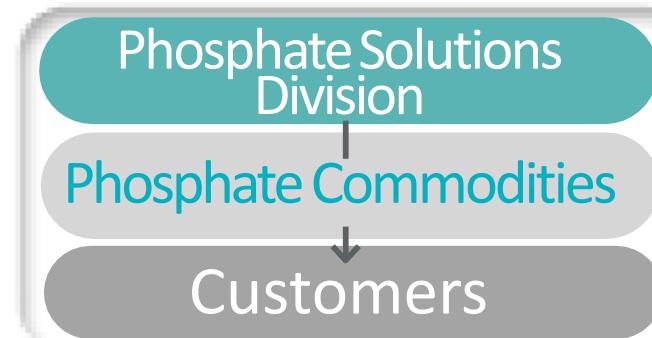
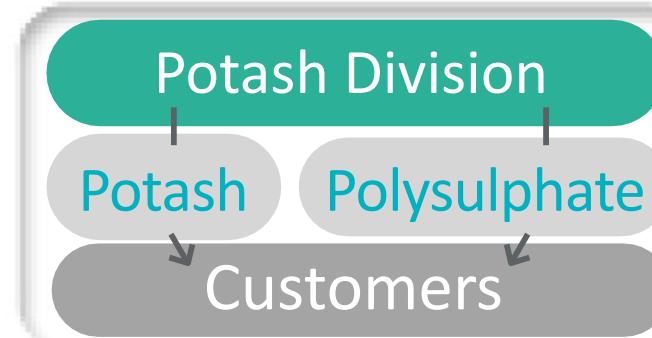
- EBITDA and EBITDA margin increased by 29% and 33%, respectively, due to lower cost of raw materials and internal cost efficiency initiatives
- Sales decreased by 3% due to exchange rates and lower sales to the turf and ornamental markets as a result of COVID-19
- Continued sales growth in emerging markets
- Integration of Growers' digital platform on track

(1) Segment EBITDA and segment EBITDA margin are non-GAAP financial measures. Segment EBITDA is segment profit net of depreciation and amortization and segment EBITDA margin is segment EBITDA divided by revenue. See appendix to this presentation for reconciliation tables.

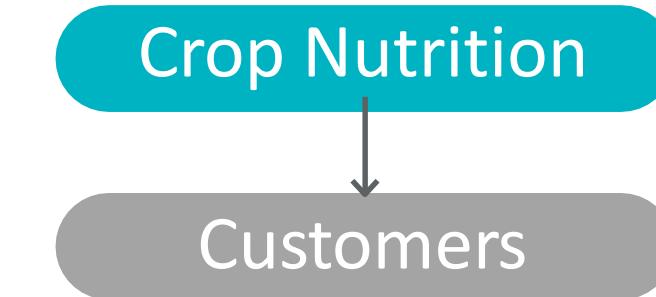
# New Focused Crop Nutrition Sales & Marketing

Integrated perspective of the Agriculture market to address current gaps and missed opportunities

From a siloed organization structure



to a single unified commercial front facing the Ag sector



**The new operating model achieves:**

- Optimization of sales and marketing channels
- Drive internal synergies by extending offering globally
- Increase the ICL brand awareness
- Leverage ICL's region-specific market knowledge, logistic assets and strong agronomic capabilities
- No impact on segment reporting

Multiple locations

~\$2.5B sales

Multiple back office systems

Thousands of end-customers

Hundreds of products

# Summary & Outlook

- **Second quarter results resemble prior period**, despite the impact of COVID-19 on the former. All four operating segments were profitable
- **Production in all sites is back online** according to plan, and operating under health and safety regulations related to COVID-19
- COVID-19 primarily impacted **demand for clear brine fluids and flame retardants**. Performance is expected to follow the recovery of the market
- Commodity prices were still at trough levels in Q2, **but are firming**
- **Diversity of ICL's businesses** providing stability and continued cash generation amid weaker commodity environment
- **Continued strategic execution** on efficiency and cost saving plans across all operating segments
- **Strength of balance sheet** provides flexibility to continue to execute strategic initiatives and capture opportunities

# Kobi Altman

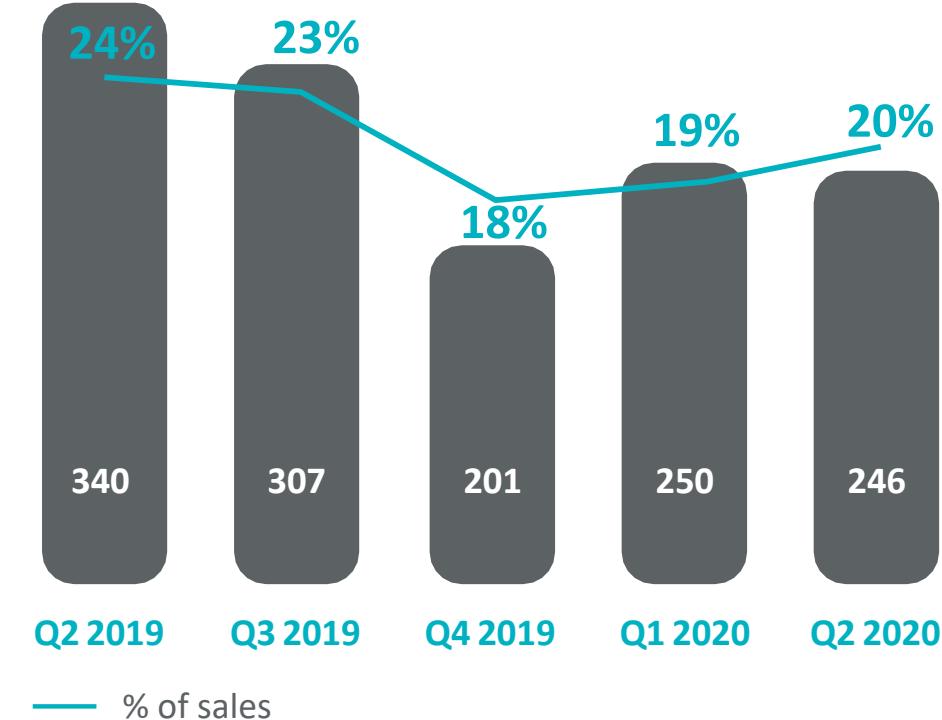
## CFO

---

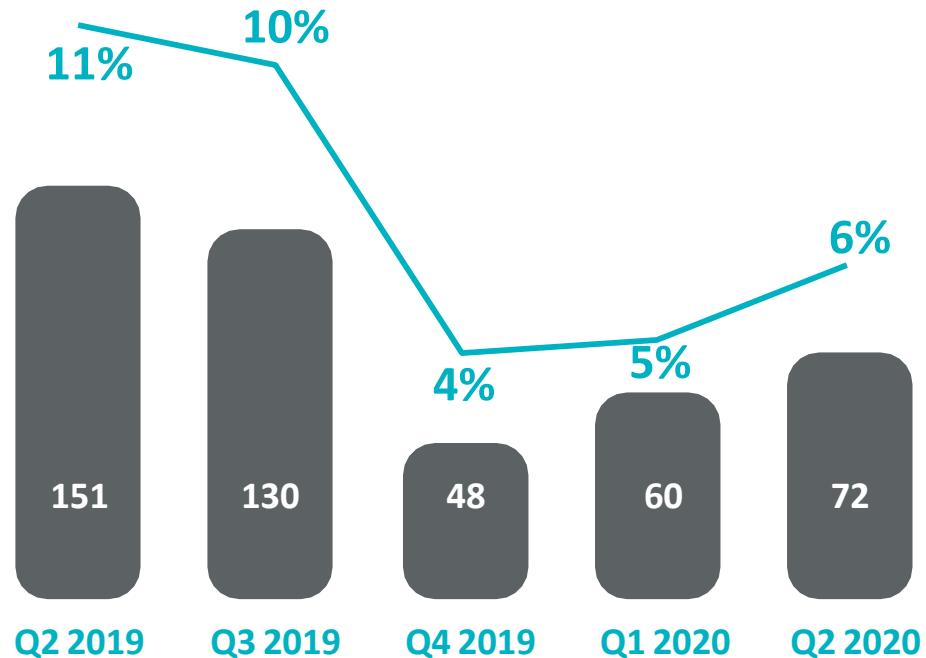


# Key Financial Parameters

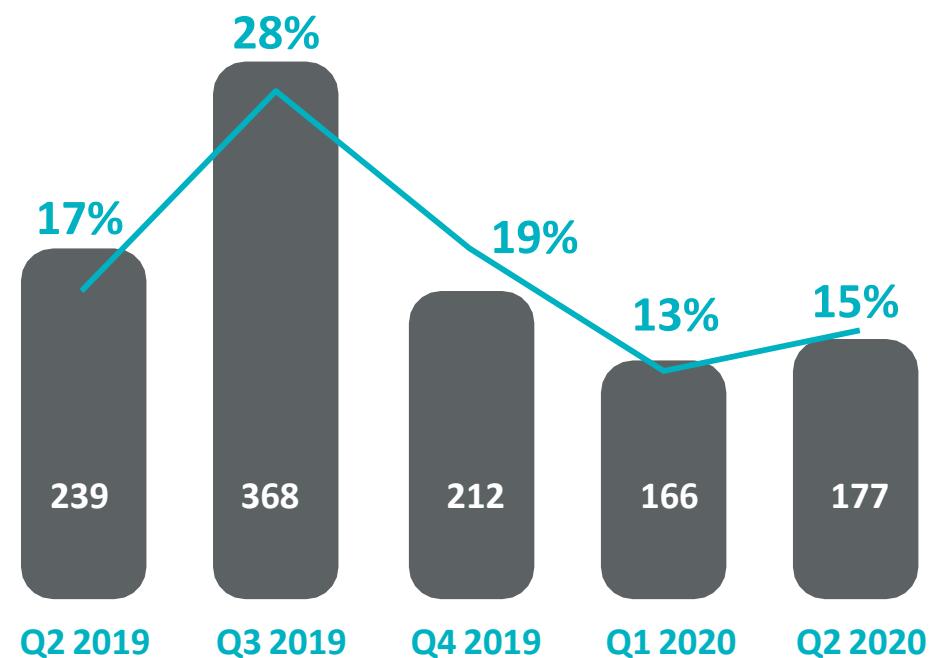
Adjusted EBITDA<sup>(1)</sup>



Adjusted Net Income<sup>(1)</sup>



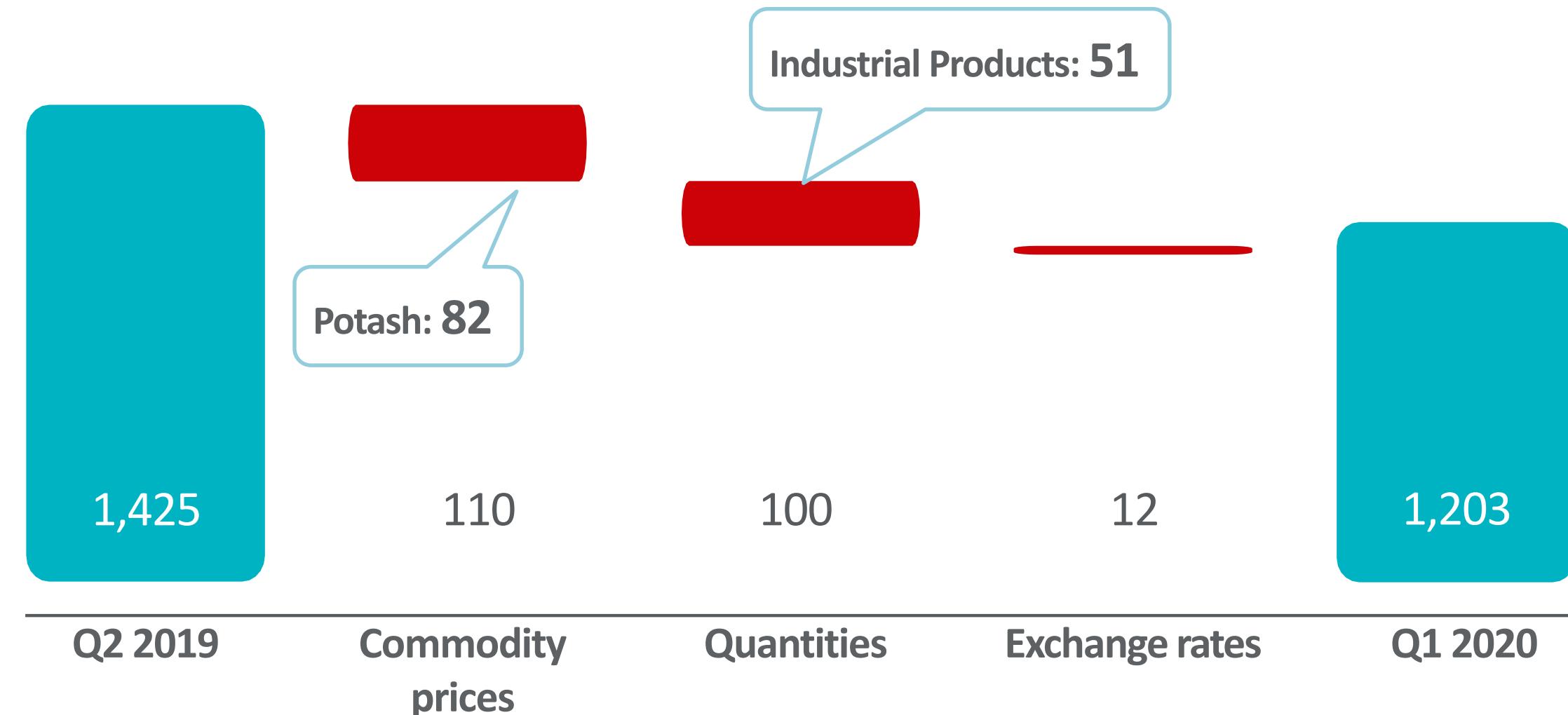
Operating Cash Flow



1. Adjusted EBITDA and adjusted net income are non-GAAP financial measures. See appendix to this presentation for reconciliation tables.

# Sales Impacted by COVID-19 and Cyclical Low Commodity Prices

## SALES

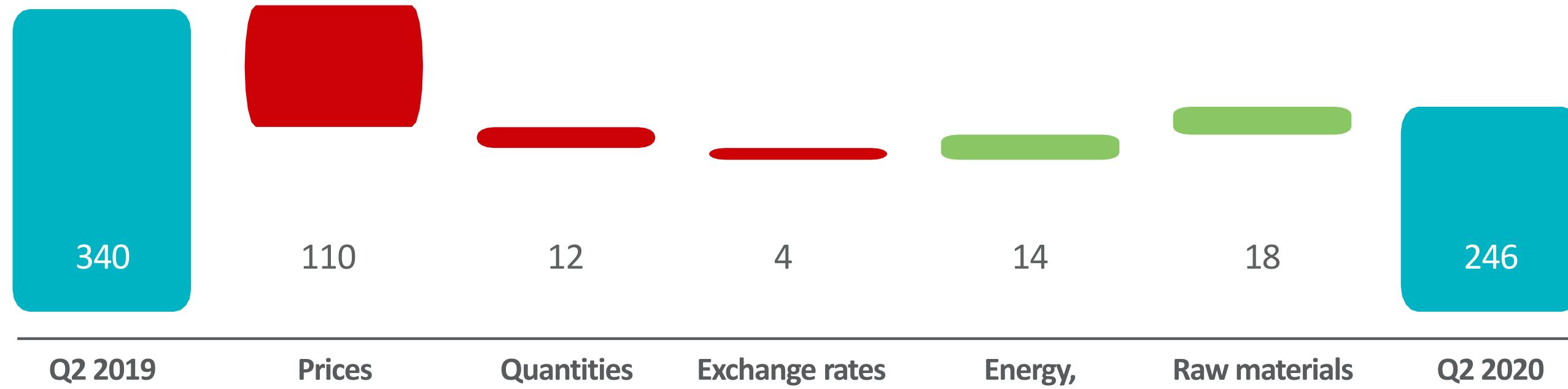


Numbers may not add due to rounding and set offs

All figures shown in US \$ millions

# Profitability Impacted by Commodity Prices

Adjusted EBITDA<sup>(1)</sup>  
Segment Contribution



1. Adjusted EBITDA is a non-GAAP financial measure. See appendix to this presentation for reconciliation tables.

Number may not add to rounding and set offs

All figures shown in US \$ millions

# NON-GAAP Adjustments

**Q2 2020**

<b>Impairment and write-downs of assets</b>	
Rotem site (Israel)	175
Vilafruns mine (Spain)	12
<b>TOTAL IMPAIRMENTS</b>	<b>187</b>
<b>Early retirement</b>	
Rotem sites	52
Bromine compounds	15
Magnesium	11
<b>TOTAL EARLY RETIREMENT</b>	<b>78</b>
<b>Discontinuation of operations</b>	
Rotem (Israel)	22
Vilafruns (Spain)	10
<b>TOTAL DISCONTINUATION OF OPERATIONS</b>	<b>32</b>
<b>TOTAL</b>	<b>297</b>
Tax impact	(57)
<b>TOTAL NET</b>	<b>240</b>

Number may not add to rounding and set offs

All figures shown in US \$ millions

# Strong Balance Sheet and Liquidity

Total cash balance and available credit facilities

**\$1.15 Bn**

Fitch and S&P credit rating reaffirmed

**BBB-**  
with stable outlook

Series G bond almost doubled by issuing additional

**~\$110 Mn**

Net Debt to EBITDA ratio

**2.4X**

Operating cash flow

**\$177 Mn**

Q2 2020 dividend

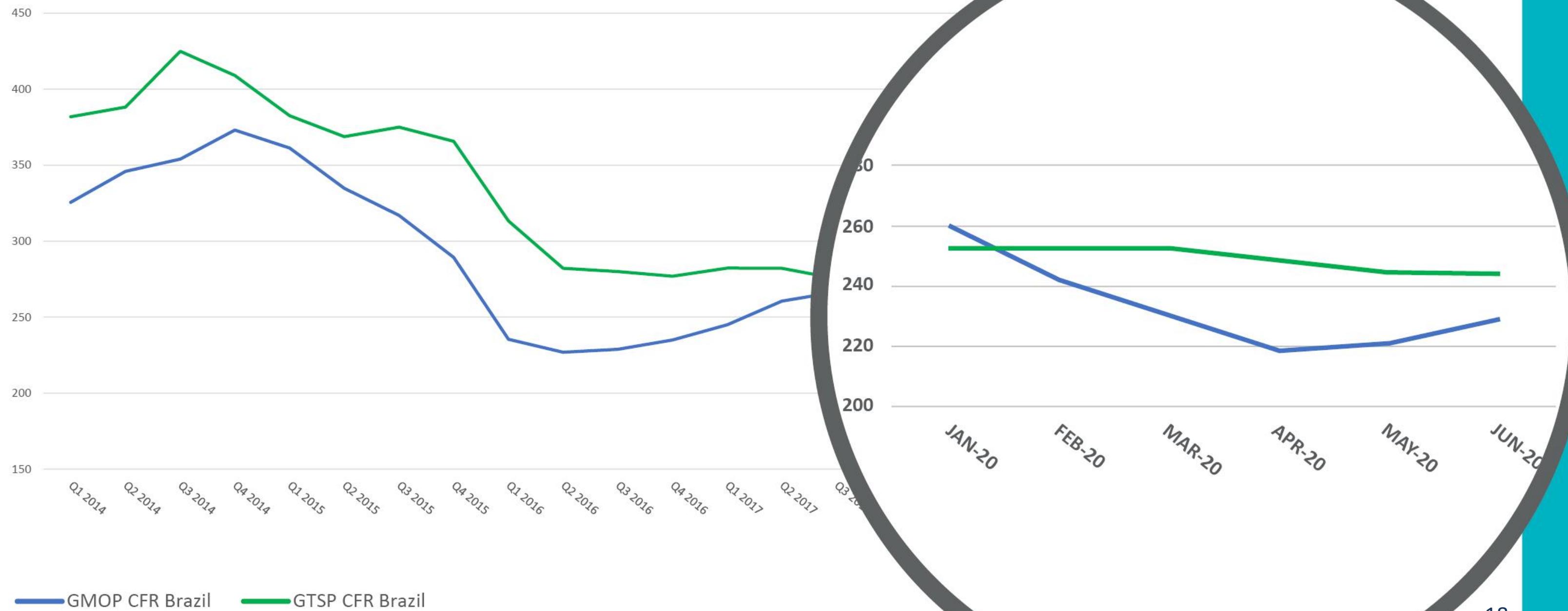
**\$36 Mn**

# Commodity Cycle Near Trough Levels



Source: CRU Fertilizer Historical Prices July 2020

# Commodity Cycle Near Trough Levels



# Key Takeaways

## DIVERSE, RESILIENT BUSINESS

Differentiated business model and growth of specialty businesses provides strong support in challenging market conditions

## STRATEGIC EXECUTION

Continued focus on optimizing operations, achieving cost efficiencies and growing sales of specialty businesses

## FINANCIAL STRENGTH

Strong liquidity profile and no significant near-term principal repayments ensures flexibility to manage and opportunistically grow the business

## POSITIVE OUTLOOK

Expectations for improving commodity price environment and continued growth of specialty businesses despite short-term headwinds

# Key

## DIVERSE, RESILIENT

Differentiated business model of specialty businesses to support in challenging markets

## STRATEGIC EXECUTION

Continued focus on achieving cost leadership of specialty businesses



The table displays Key Financial Metrics for ICL across three quarters. The data is presented in two sections: Key Financial Metrics and % of Sales.

Key Financial Metrics	Period Ended On (MM/DD/YYYY)	Q1 18	Q2 18	Q3 18
		3/31/2018	6/30/2018	9/30/2018
Sales	\$ 1,404	\$ 1,371	\$ 1,371	
Gross profit	\$ 431	\$ 458	\$ 458	
Operating income (loss)	\$ 985	\$ 172	\$ 106	
Adjusted operating income	\$ 151	\$ 188	\$ 200	
Adjusted EBITDA	\$ 251	\$ 296	\$ 295	
Net income (loss) - shareholders of the Company	\$ 928	\$ 101	\$ 129	
Adjusted net income - shareholders of the Company	\$ 106	\$ 113	\$ 134	
Diluted EPS (LPS) - in dollars	0.73	0.08	0.10	
Diluted Adjusted EPS - in dollars	0.08	0.09	0.10	
Operating cash flow	\$ 36	\$ 164	\$ 196	
Net Debt/ Adjusted EBITDA				

% of Sales	Period Ended On (MM/DD/YYYY)	Q1 18	Q2 18	Q3 18
		3/31/2018	6/30/2018	9/30/2018
Gross profit	31%	33%	33%	
Operating income	70%	13%	14%	
Adjusted operating income	11%	14%	15%	
Adjusted EBITDA	18%	22%	22%	

## INNOVATION

and no significant near-term headwinds ensures flexibility to organically grow the business

ing commodity prices and growth in the short-term

Visit our new Interactive Data Tool at  
[WWW.ICL-GROUP.COM](http://WWW.ICL-GROUP.COM)



THANK  
YOU

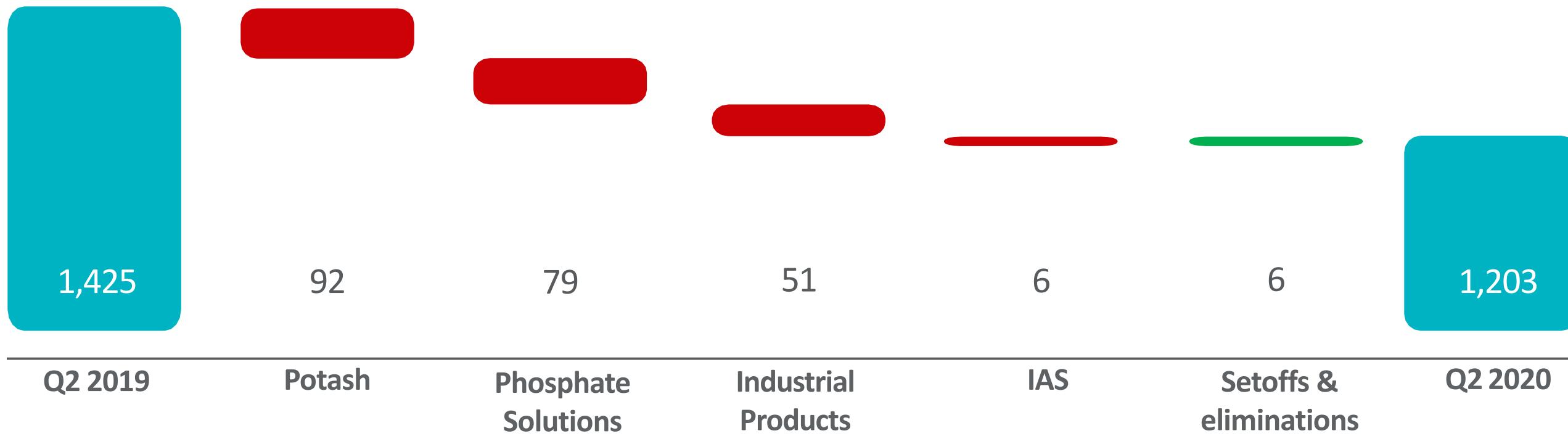
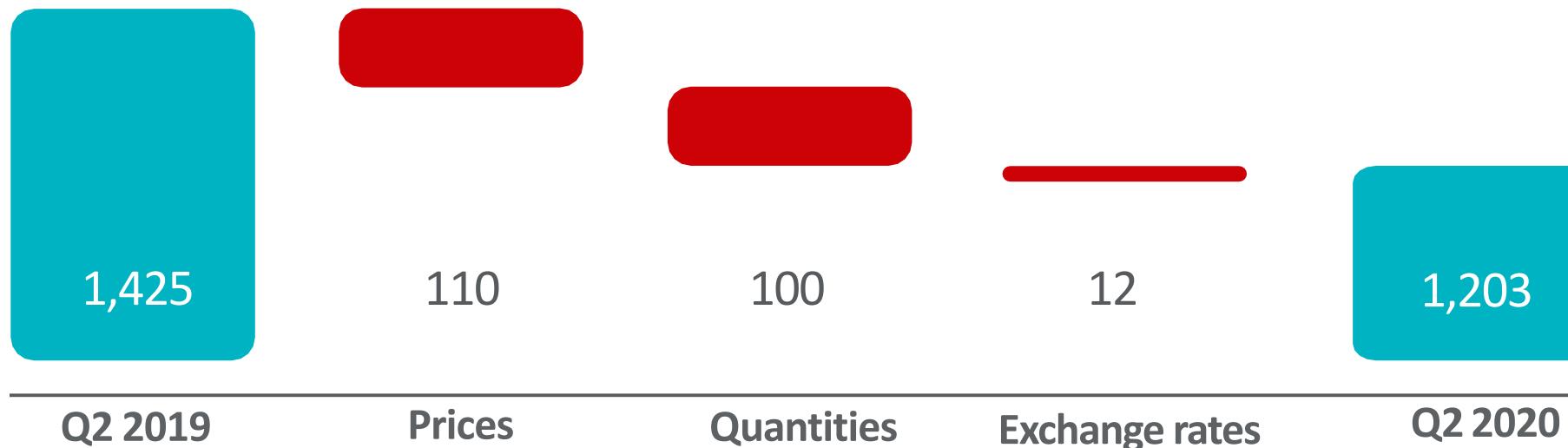
AICL

# APPENDIX

---

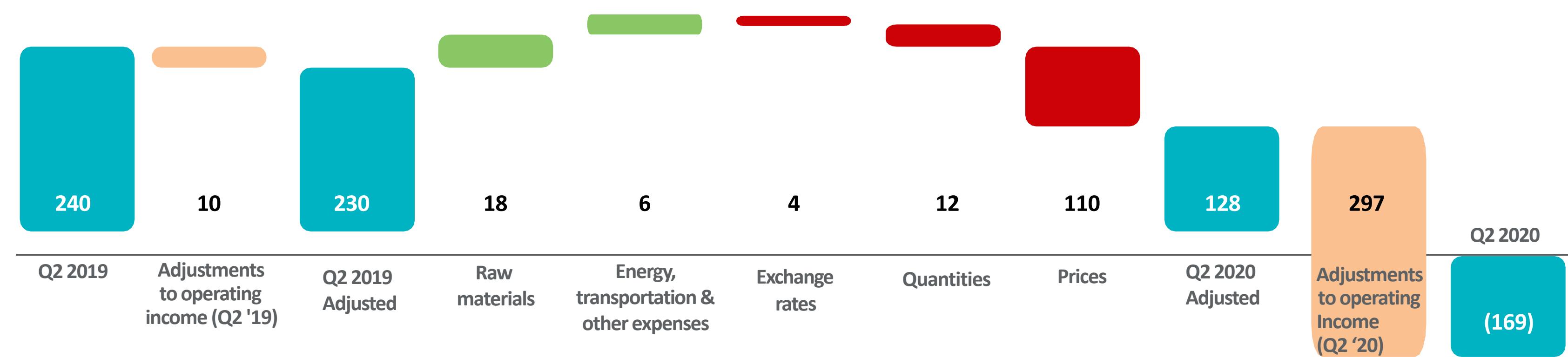


# Q2 2020 sales



Numbers may not add due to rounding and set offs. All figures shown in US \$ millions

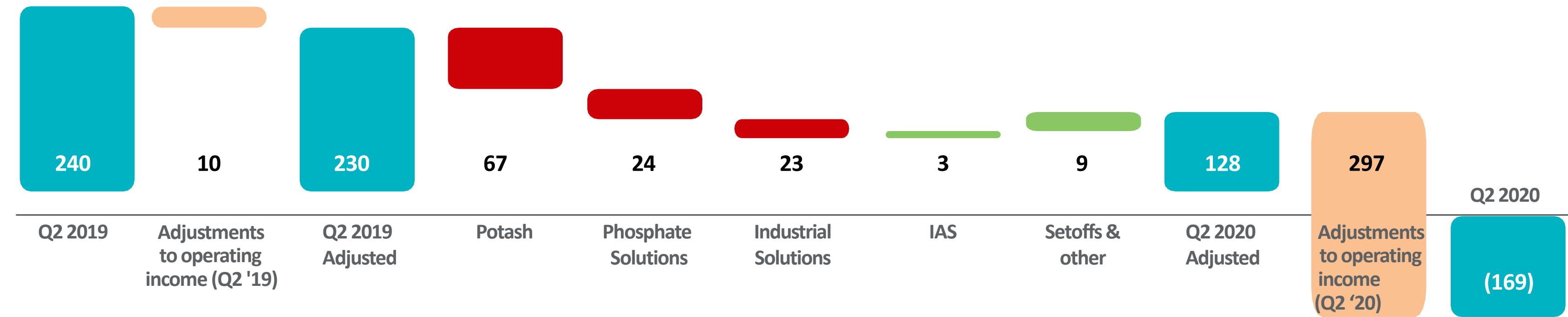
# Q2 2020 Operating Income



Numbers may not add due to rounding and set offs. All figures shown in US \$ millions

# Q2 2020 Operating Income

## Segment Contribution

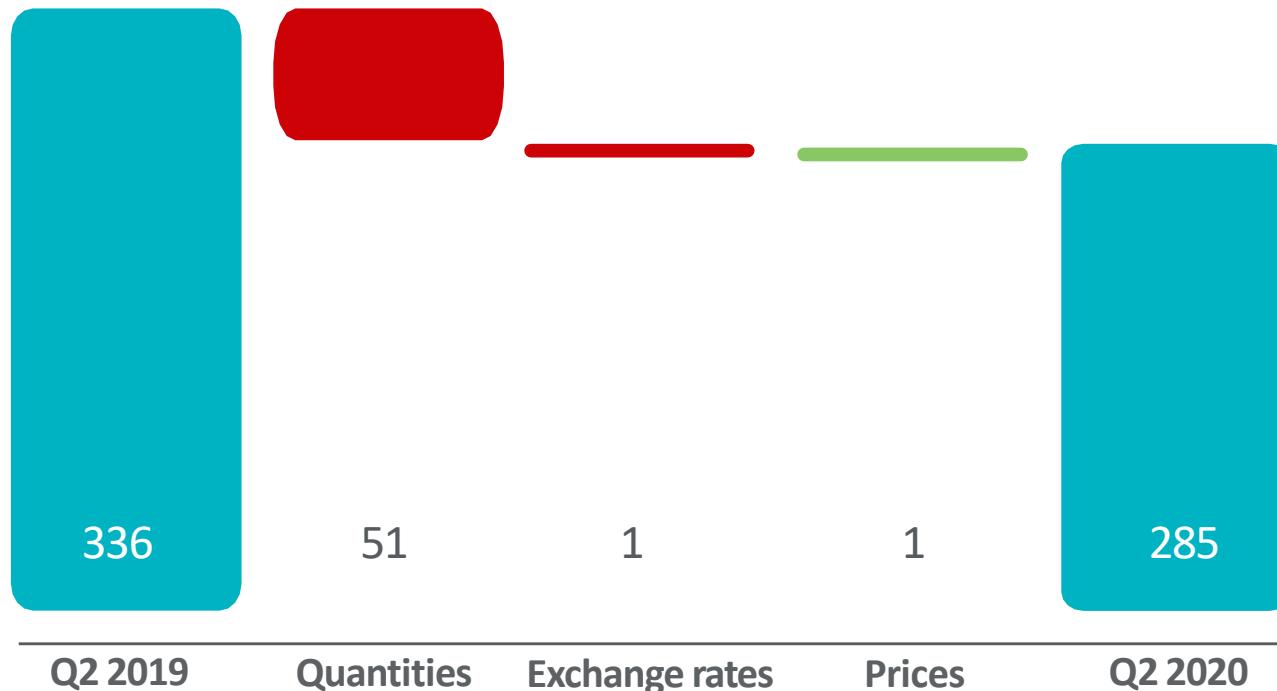


Numbers may not add due to rounding and set offs. All figures shown in US \$ millions

# Q2 2020 Industrial Products

## Sales and Segment Profit Analysis

SEGMENT SALES



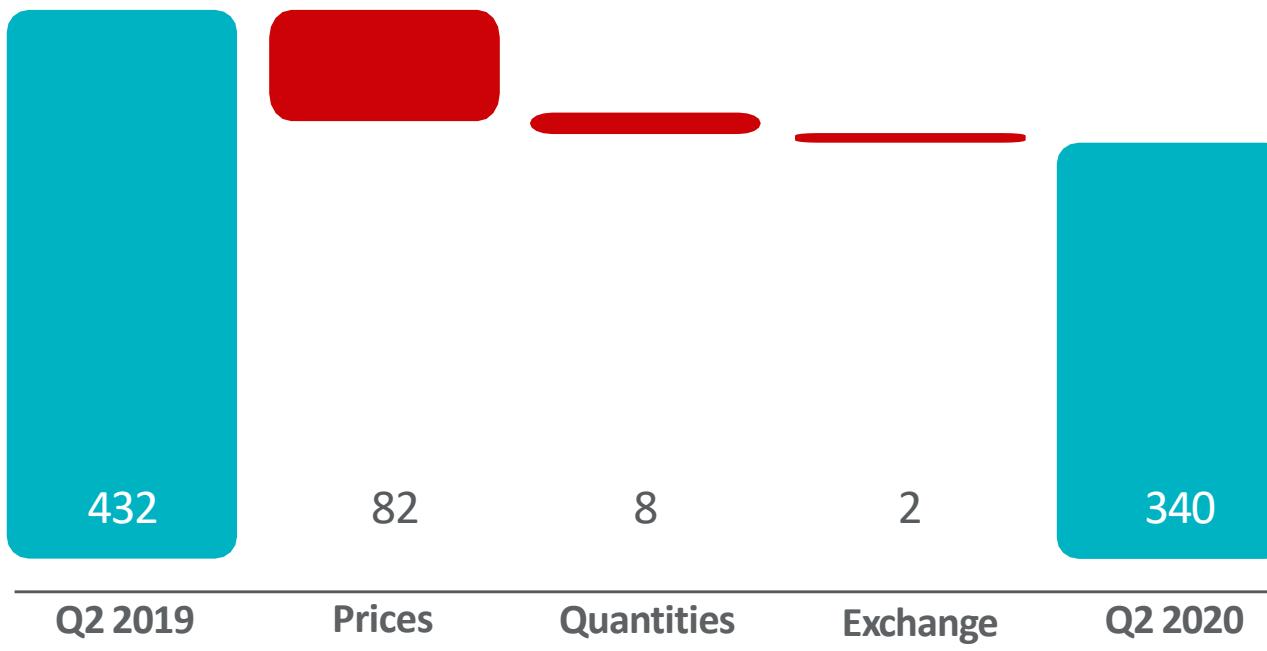
SEGMENT PROFIT



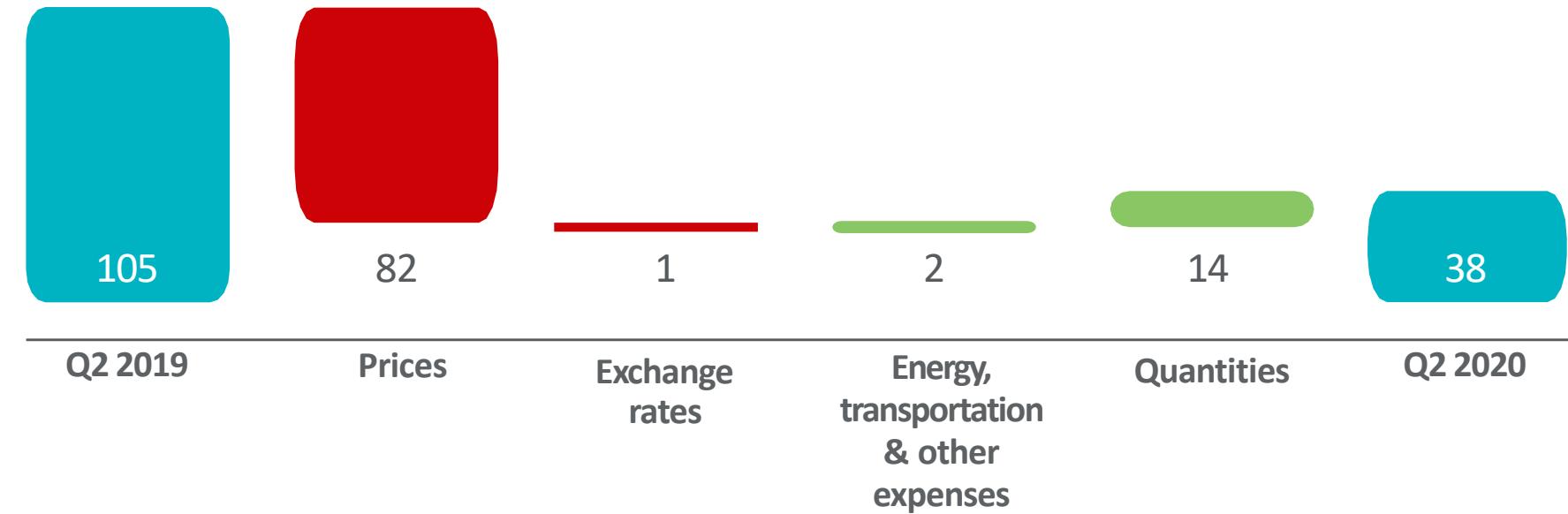
Numbers may not add due to rounding and set offs. All figures shown in US \$ millions

# Q2 2020 Potash Sales and Segment Profit Analysis

## SEGMENT SALES



## SEGMENT PROFIT

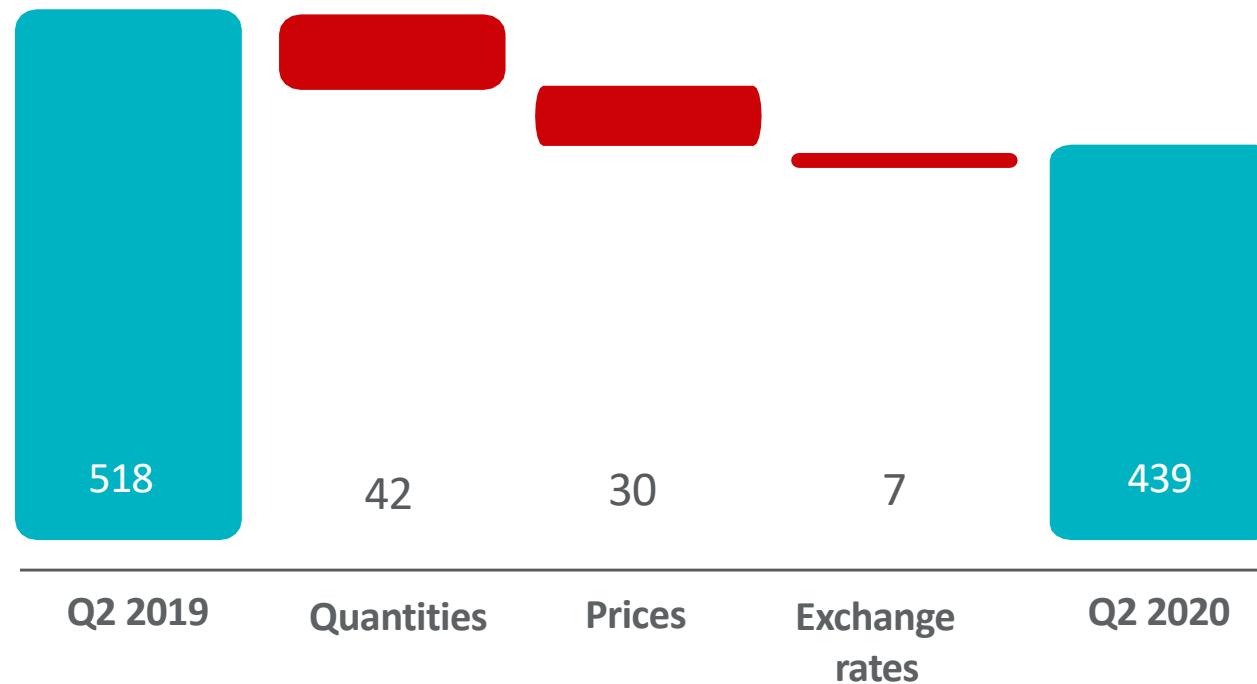


Numbers may not add due to rounding and set offs. All figures shown in US \$ millions

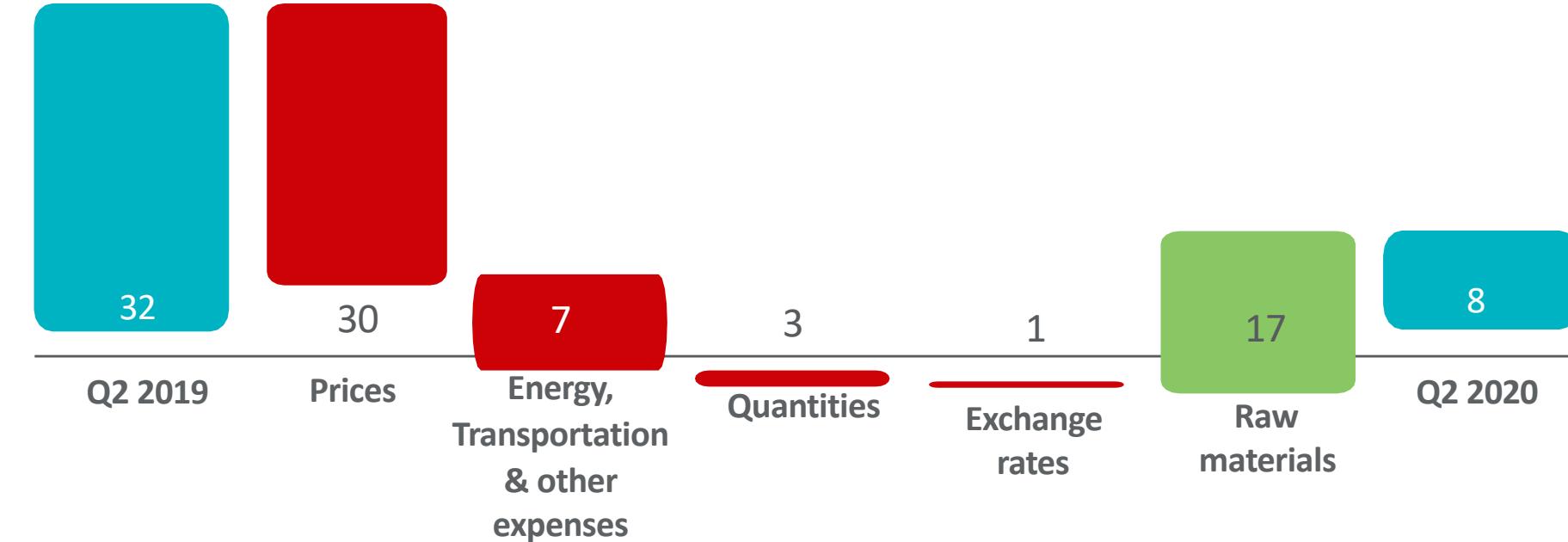
# Q2 2020 Phosphate Solutions

## Sales and Segment Profit Analysis

SEGMENT SALES



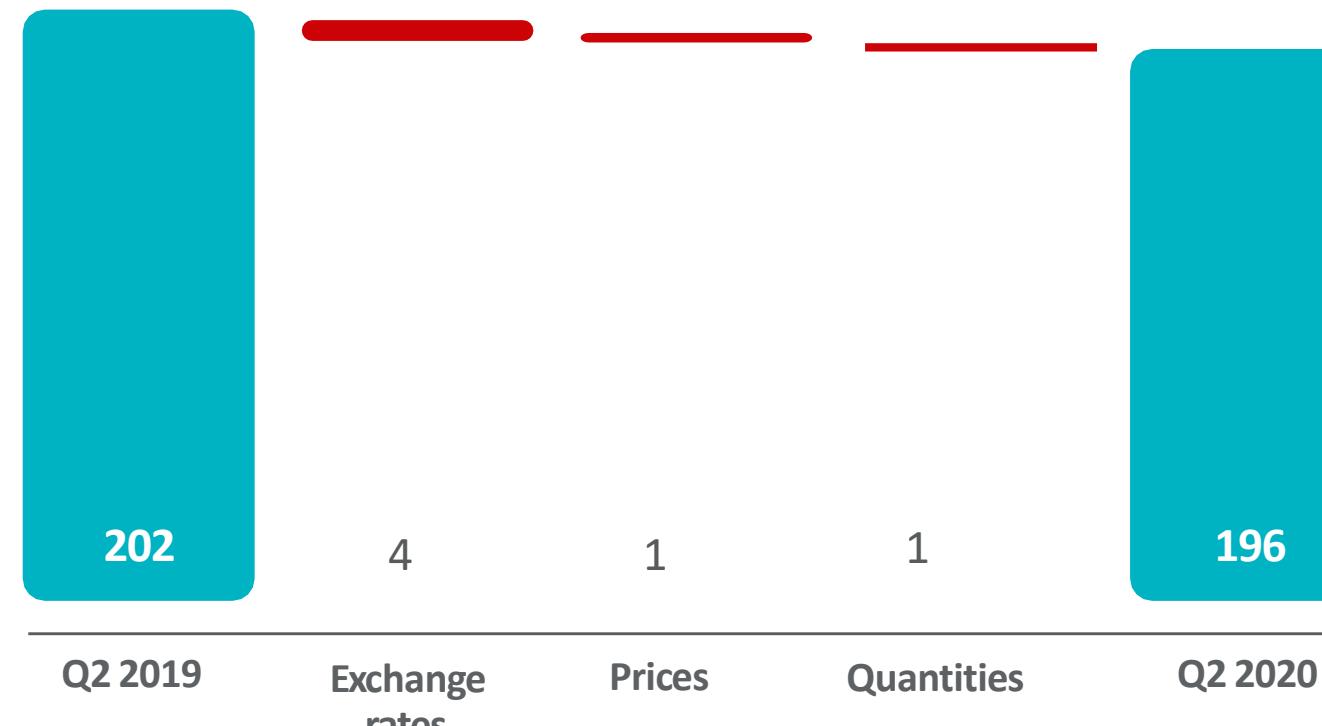
SEGMENT PROFIT



Numbers may not add due to rounding and set offs. All figures shown in US \$ millions

# Q2 2020 Innovative Ag Solutions Sales and Segment Profit Analysis

SEGMENT SALES



SEGMENT PROFIT



Numbers may not add due to rounding and set offs. All figures shown in US \$ millions

# Finance Expenses

	Q2 2020	Q2 2019
Liabilities <sup>(1)</sup>	2,800	2,711
Interest rate	3.9%	4.3%
Interest expenses	27	29
Interest capitalization	(6)	(4)
<b>Interest expenses, net</b>	<b>21</b>	<b>25</b>
Total hedging transactions, balance sheet revaluation & other	(7)	2
Interest & exchange rate impact on long-term liabilities of leasing and employees	17	10
<b>Net financial expenses</b>	<b>31</b>	<b>37</b>

1. Average liabilities during the given quarter

Numbers may not add due to rounding and set offs. All figures shown in US \$ millions

# Effective Tax Rate

\$ millions	Q2 2020	Q2 2019
Adjusted income before tax <sup>(1)</sup>	98	194
Normalized tax rate	20%	21%
<b>Normalized tax expenses</b>	<b>20</b>	<b>40</b>
Carryforward losses not recorded for tax purposes	6	3
Exchange rate impact and other items	(2)	-
<b>Adjusted tax expenses</b>	<b>24</b>	<b>43</b>
<b>Adjusted Effective tax rate</b>	<b>25%</b>	<b>22%</b>
Tax adjustments	(57)	(3)
<b>Reported provision for income taxes</b>	<b>(33)</b>	<b>46</b>

1. See calculation in the appendix of this presentation

Numbers may not add due to rounding and set offs. All figures shown in US \$ millions

# Reconciliation Tables (1/3)

## Calculation of adjusted income before tax

	Q2 2020	Q2 2019
Adjusted operating income <sup>(1)</sup>	128	230
Finance expenses	(31)	(37)
Share in earnings (losses) of equity-accounted investees and adjustments to financial expenses	1	1
<b>Adjusted income before tax</b>	<b>98</b>	<b>194</b>

Calculation of segment EBITDA and margin	Industrial Products		Potash		Phosphate Solutions		IAS	
	Q2 2020	Q2 2019	Q2 2020	Q2 2019	Q2 2020	Q2 2019	Q2 2020	Q2 2019
<b>Segment profit</b>	70	93	38	105	8	32	15	12
<b>Depreciation &amp; Amortization</b>	18	16	42	35	52	46	7	5
<b>Segment EBITDA</b>	88	109	80	140	60	78	22	17
Segment EBITDA margin	31%	32%	24%	32%	14%	15%	11%	8%

Numbers may not add due to rounding and set offs. All figures shown in US \$ millions

1. See detailed reconciliation table in the Q2 2020 PR

# Reconciliation Tables (2/3)

Calculation of adjusted EBITDA	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Net income attributable to the shareholders of the Company	(168)	60	48	130	158
Depreciation and Amortization	119	118	113	110	109
Financing expenses, net	31	52	25	32	37
Taxes on income	(33)	20	15	35	46
Adjustments <sup>(1)</sup>	297	-	-	-	(10)
Adjusted EBITDA	246	250	201	307	340

Net debt to adjusted EBITDA <sup>(2)</sup>	Q2 2020
Net debt	2,432
Adjusted EBITDA	1,004
Net debt to adjusted EBITDA	2.4

Numbers may not add due to rounding. All figures shown in US \$ millions

1. See detailed reconciliation table “Adjustments to reported operating and net income (Non-GAAP)” in the corresponding quarters’ PR and 6-K
2. Last 4 quarters EBITDA

# Reconciliation Tables (3/3)

<b>Calculation free cash flow</b>	<b>Q2 2020</b>	<b>Q2 2019</b>	<b>Q1 2020</b>
Cash flow from operations	177	239	166
Additions to property plant and equipment and dividends from equity-accounted investees	(157)	(140)	(138)
<b>Free cash flow</b>	<b>20</b>	<b>99</b>	<b>28</b>

<b>Calculation of adjusted net income to net income</b>	<b>Q2 2020</b>	<b>Q1 2020</b>	<b>Q4 2019</b>	<b>Q3 2019</b>	<b>Q2 2019</b>
Net income attributable to the shareholders of the Company	(168)	60	48	130	158
Total adjustments to operating income <sup>(1)</sup>	297	(140)	(138)	(140)	(10)
Adjustments to finance expenses <sup>(1)</sup>	-	-	-	-	-
Total tax impact of the above operating income & finance expenses adjustments <sup>(1)</sup>	(57)	-	-	-	3
<b>Total adjusted net income - shareholders of the Company</b>	<b>72</b>	<b>60</b>	<b>48</b>	<b>130</b>	<b>151</b>

<b>Calculation of adjusted operating income</b>	<b>Q2 2020</b>	<b>Q2 2019</b>	<b>Q1 2020</b>
Operating income	(169)	240	132
Impairment loss (reversal)	187	(10)	-
Provision for early retirement and dismissal of employees	78	-	-
Provision for prior periods waste removal and site restoration costs	32	-	-
<b>Total adjustments<sup>(1)</sup></b>	<b>297</b>	<b>(106)</b>	<b>-</b>
<b>Adjusted operating income</b>	<b>128</b>	<b>230</b>	<b>123</b>

# 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, adjusted EPS, segment EBITDA, segment EBITDA margin and free cash flow. Our management uses such non-GAAP measures 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 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, 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 EBITDA by adding back to the adjusted operating income the depreciation and amortization. Adjusted EPS is calculated as adjusted net income divided by weighted-average diluted number of ordinary shares outstanding as provided in the reconciliation table under "Calculation of Adjusted EPS". We calculate our segment EBITDA by adding back to our segment profit the depreciation and amortization for each segment. We calculate our segment EBITDA margin by dividing segment EBITDA by revenue. 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, adjusted EPS or adjusted EBITDA as a substitute for operating income or net income attributable to the Company's shareholders determined in accordance with IFRS, adjusted EPS as a substitute for EPS 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 that such non-GAAP measures 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.



visit us at [www.icl-group.com](http://www.icl-group.com)



THANK  
YOU

ICL