



PRESS CONTACT

Fleisher Communications and Public Relations

Amiram Fleisher

+972-3-6241241

amiram@fleisher-pr.com

**CONTINUED STRONG DEMAND IN THE FERTILIZER MARKET
LEADS TO RECORD AMOUNTS OF POTASH AND PHOSPHATES SOLD
BY ICL IN Q1 2014**

- *\$1.61B in sales in the first quarter of 2014, an increase of 14% over sales in Q4 2013 and a reduction from \$1.64B in the comparable quarter of 2013 –*
- *Operating profit of \$251M, after eliminating non-recurring expenses, , a 15% increase over operating profit in Q4 2013 after eliminating non-recurring expenses, and a reduction from \$363M in Q1 of 2013 -*
- *ICL Fertilizers: Record sales of potash and phosphates during the first quarter; continued growth trend of specialty fertilizers –*
- *ICL Industrial Products: Sales levels of flame retardants stabilize; continued growth of clean brine fluids, brominated biocides and Merquel® product to neutralize mercury emissions -*
- *ICL Performance Products: 4th consecutive quarter of growth compared to the previous period -*

Tel Aviv, Israel, May 15, 2014 – ICL (TASE:ICL), a global manufacturer of products based on specialty minerals that fulfills essential needs of the world's growing population in the agriculture, processed food and engineered materials markets, today reported its financial results for the first quarter ended March 31, 2014.

Financial Highlights:

<i>In US\$ millions</i>	<i>Q1 2014</i>	<i>Q1 2013</i>
Sales	1,613	1,640
Gross margin	34.9%	40.2%
Operating income	243	363
Net income to the Company's shareholders	131	305
Adjusted net income to the Company's shareholders*	189	305
EBITDA	339	445



*After elimination of \$58 million in respect of a non-recurring tax expense as a result of ongoing assessment discussions in European subsidiaries and increased costs due to a strike at Rotem Amfert.

Financial Results

Revenues: For the first quarter of 2014, ICL's sales totaled \$1.61 billion, a 1% decrease compared with \$1.64 billion recorded in the first quarter of 2013. The decrease derived from reductions in selling prices, primarily in India and China, offset by an increase in quantities sold.

EBITDA: EBITDA for the reporting period totaled \$339 million, a 31% decrease compared with \$445 million for the first quarter of 2013. The decrease stemmed from lower net income and higher finance expenses for the quarter.

Gross profit: Gross profit for the first quarter of 2014 totaled \$563 million, compared to \$659 million in the first quarter of 2013. Gross margin for the period totaled 34.9% compared with 40.2% for first quarter of 2013.

Operating income: Operating income for the first quarter of 2014 totaled \$243 million, a 33% decrease compared to \$363 million for the first quarter of 2013. Operating margin for the period was 15.1%, compared with 22.1% in the first quarter of 2013.

Net income: Net income to shareholders for the first quarter of 2014 totaled \$131 million, a decrease of 57% compared to \$305 million for the comparable period in 2013. On an adjusted basis, net income for the period was \$189 million after elimination of \$58 million in respect of a non-recurring tax expense as a result of ongoing assessment discussions in European subsidiaries, as well as increased costs due to a strike at Rotem Amfert Negev.

Highlights of Core Business Segments

ICL Fertilizers:

The segment's sales for the first quarter of 2014 totaled \$933 million, representing 57.8% of total revenues (before offsets of inter-segment sales). This is a 7.5% decrease compared with \$1 billion in sales for the first quarter of 2013, reflecting a reduction in the selling prices of most of the segment's products, offset partially by an increase in sales and exchange rate fluctuations.

Operating income for ICL Fertilizers for the first quarter of 2014 totaled \$180 million, a 38.6% decrease compared with \$293 million for the first quarter of 2013. The decrease in operating income stems mainly from a decrease in selling prices of potash, an increase in the cost of sales due to increased quantities sold and an increase in other operating expenses. This was partially offset by a decline in energy costs. Operating margin for the period was 19.3%, compared with 29% for the first quarter of 2013. As a result of the strike at Rotem Amfert, operating profit is expected to be impacted by an additional \$11 million in 2014 in addition to \$7 million recorded in the first quarter.

Potash: During the first quarter, ICL sold a record 1.47 million tonnes of potash compared with 1.31 million tonnes sold in the parallel quarter of 2013, an increase of 13%, due primarily to an increase in quantities sold to China, Brazil and Europe.

Specialty Fertilizers: ICL's Specialty Fertilizers unit continued its growth trend during the quarter supported by favorable weather in Europe.

Phosphate Fertilizers: Notwithstanding the strike at Rotem Amfert, ICL sold a record 525 thousand tonnes of phosphate fertilizers in the first quarter. Sales were \$465 million compared with \$460 million in the first quarter of 2013 resulting from increased quantities sold, offset somewhat by reduced prices for phosphate fertilizers.

ICL Fertilizer's strategic developments and fertilizer market trends:

- ***Potash supply agreements:*** In the beginning of 2013, ICL Fertilizers signed framework contracts for a period of three years with a number of customers in China for the sale of 3.3 million tons of potash. As part of these agreements, in January and February 2014, ICL Fertilizers signed specific contracts for the sale of potash in the first half of 2014 at a price of \$305 per ton CFR, representing a reduction of \$95 per ton CFR compared with agreements signed in 2013.
- ***Indian market:*** A change in fertilizer subsidy policies in the Indian market, as well as a devaluation of India's currency against the dollar, gave rise to a significant increase in the retail price of potash and phosphates to farmers with a resulting drop in demand. In the first quarter of 2014, potash manufacturers worldwide signed contracts at price that were \$105 less than prices agreed in annual supply contracts with India in the beginning of 2013. In April, ICL Fertilizers agreed with several of its customers in India to supply potash for the 2014/2015 year in an aggregate quantity of 700,000 tons, including options for additional amounts. The selling price agreed to is approximately the same as the price set in transactions with other producers supplying potash to the Indian market.
- ***Fertilizer demand in Brazil:*** In the first quarter of the year, imports into Brazil increased by 65% compared with the corresponding period in 2013. This follows imports of about 7.6 million tons of potash in 2013, which constituted an increase of about 3.5% over the previous year, which was a record year for potash imports.
- ***Production of Polysulphate:*** In April, Cleveland Potash Ltd. ("CPL"), a subsidiary of ICL Fertilizers that produces potash in England, announced the implementation of a £38 million investment program to expand its mining and production capacity of Polysulphate® from 130,000 tons per annum today to circa 600,000 tons per year. At the same time, the British government approved a grant of £4.9 million for CPL's expansion project.
- ***Strategic Alliance with Allana Potash:*** ICL views the development of potash sources outside of Israel as a strategic element of its operations, in addition to the continued development and growth of its mining capacity at the Company's mines located in Spain and in England. The Company announced last quarter a strategic alliance with Allana Potash, a Canadian company, to develop and mine Ethiopia's Danakhil potash deposit. Based on feasibility tests conducted by Allana, it is expected that up to one million tons of

potash can be mined annually from the Danakhil deposit within a period of less than five years, which will be destined for ICL's markets in Asia and Africa, and will contribute to increased agricultural output in these areas.

- **ICL's phosphate sales:** The first quarter of 2014 was characterized by stable prices and good demand in South America, primarily Brazil, whereas in India there was weak demand as Indian importers awaited the beginning of the export season and reduced customs duties from China. Worldwide demand and prices for phosphate fertilizers were weak during all of 2013, mainly as a result of low demand in India and postponement of purchases throughout the world. Towards the end of 2013, prices began to rise moderately due to strong demand in South America, commencement of preparation of the North American buyers for the upcoming season and return to the market of other buyers who postponed purchases based on an expectation of continued price declines.
- **Efficiency Plan at Rotem Amfert:** To improve competitiveness of ICL's phosphate operations, the managements of Rotem, backed by ICL management, implemented an emergency plan to reduce production costs, including the elimination of 115 positions at Rotem.
- **ICL's phosphate reserves:** Professor Jonathan Samet rendered an expert opinion to the Health Ministry regarding the impact of future phosphate mining at the Barir Field on the public's health. According to his opinion, there will be no effect of radiation as a result of mining the Barir Field, and in the most extreme circumstance, the mortality rate may increase by a mere 0.06% as a result of the spread of dust particles. After examining the opinion, Israel's Minister of Health published her position opposing mining of the Barir Field. ICL disputes the interpretation of the Minister of Health. In a meeting held by the Interior Committee on April 29, 2014, a representative of Israel's Ministry for the Protection of the Environment stated that future mining at the Barir field would meet all existing air quality standards in the country.
- **Grain prices:** Based on a report published by the US Department of Agriculture (USDA) in April 2014, an increase is expected in the ratio of inventories of grains to annual consumption, to a level of 20.3% at the end of the 2013/2014 agricultural year, compared with 19.8% in the prior agricultural year and 20.4% in the 2011/2012 agricultural year. Most of the increase stems from the inventory of corn.

• **ICL Industrial Products:**

ICL Industrial Products' sales for the first quarter of 2014 totaled \$337 million, flat with \$338 million for the corresponding period last year, and represented 20.9% of total revenues (before offsets of inter-segment sales). During the period there was a decline in selling prices, primarily of the segment's bromine-based flame retardants, non-organic bromine products and chlorine-based biocides for water treatment. This was offset somewhat by an increase in quantities sold of the segment's chlorine-based biocides and magnesium products, as well as by fluctuations in exchange rates.

The segment's operating income for the first quarter of 2014 totaled \$34 million compared with \$48 million for the first quarter of 2013. The decrease reflected lower sales prices and an increase in the cost of sales resulting from increased quantities of good sold. Operating margins were 10.2% compared to 14.2% for the corresponding period last year.

Market trends and ICL IP's strategic developments:

- ***Favorable regulatory environment:*** In the beginning of 2014, an anti-dumping tax of 30-38% imposed by the US on Chinese manufacturers of chlorine-based biocides that is used in swimming pools was increased by a further 20%. In addition, in April 2014 the US gave notice of the imposition of anti-dumping taxes on Japanese manufacturers at the rate of 59%-109. These anti-dumping taxes will enable the Company to gain a better position in the US market. In addition, demand for bromine-based biocides used for water treatment, as well as for de-icing salts, continued to be strong in the first quarter. The market for non-organic bromines for neutralizing mercury (ICL's Merquel® products) was characterized by an increase in demand in the first quarter of 2014 due to cold weather conditions and high gas prices.
- ***Economic environment's effect on FR sales:*** The continuing global economic slowdown which triggered a slowdown in demand for electronic products and in construction, along with a decline in sales of personal computers due to the increased use of tablets and smart phones which do not contain flame retardants, led to a decline in demand for flame retardants, mainly bromine-based, for these markets. Based on the Company's forecasts, no significant improvement is expected in demand for flame retardants in the electronics and construction sectors in 2014. Prices of elemental bromine were relatively stable during the quarter.
- ***Continued strong oil and gas exploration activities:*** In the market for clear brine fluids for oil and gas drilling, the demand continued to be strong in the first quarter due to the relatively high drilling activity worldwide and off-shore drillings, in particular. Increased production of shale gas in the US is likely to increase demand for the Company's bromine-based biocides.

• ICL Performance Products:

ICL Performance Products continued its growth for the fourth consecutive quarter compared to the previous period. ICL PP's sales for the first quarter of 2014 totaled \$391 million, representing 24.2% of total revenues (before offsets of inter-segment sales), a 10% increase compared with \$357 million for the first quarter of 2013. The increase reflects higher quantities sold, as well as the first-time consolidation of financial statements of companies acquired during 2013 and in the first quarter of 2014, which led to an increase of about USD 28 million, exchange rate fluctuations and an increase in the selling prices.

The segment's operating income for the quarter totaled \$40 million, a 14% increase compared with \$35 million in the first quarter of 2013. This reflected primarily an increase in quantities sold and a decline in prices of raw materials.

ICL PP's developments:

Food Unit: During the first quarter, ICL PP's Food unit increased its activities driven primarily by the segment's acquisition of Hagesüd, as well as by favorable exchange rates.

Advanced Additives: ICL PP sold stable quantities and improved its profitability of its phosphate-based products for industrial uses, in part due to its acquisition of a P2S5 plant in Germany.

Fire Safety Products: After the quarter, ICL PP acquired Auxquimia S.A, a Spanish producer of Class B firefighting foams. The acquisition broadens ICL PP's product portfolio of firefighting foams, complements its Class A foam products and strengthens ICL's overall fire suppressant business.

ICL PP is in the process of assessing those of its business units that are non-core businesses.

Dividends

The Company's Board of Directors today declared that a dividend totaling \$91.5 million will be paid on June 25, 2014 in respect of its first quarter 2014 results.

##

About ICL

ICL is a global manufacturer of products based on specialty minerals that fulfill humanity's essential needs primarily in three markets: agriculture, food and engineered materials.

The agricultural products that ICL produces help to feed the world's growing population. The potash and phosphates that it mines and manufactures are used as ingredients in fertilizers and serve as an essential component in the pharmaceutical and food additives industries. The food additives that ICL produces enable people to have greater access to more varied and higher quality food. ICL's water treatment products supply clean water to millions of people, as well as to industry around the world. Other substances, based on bromine and phosphates help to create energy that is more efficient and environmentally friendly, prevent the spread of forest fires and allow the safe and widespread use of a variety of products and materials.

ICL benefits from a broad presence throughout the world and proximity to large markets, including in emerging regions. ICL operates within a strategic framework of sustainability that includes a commitment to the environment, support of communities in which ICL's manufacturing operations are located and where its employees live, and a commitment to all its employees, customers, suppliers and other stakeholders.



ICL is a public company whose shares are traded on the Tel Aviv Stock Exchange (TASE: ICL). The company employs approximately 12,000 people worldwide, and its sales in 2013 totaled US\$6.3 billion. For more information, visit the company's website at www.icl-group.com

Forward Looking Statement

This press release contains forward-looking assessments and judgments regarding macro-economic conditions and the Group's markets, and there is no certainty as to whether, when and/or at what rate these projections will materialize. Management's projections are likely to change in light of market fluctuations, especially in ICL's manufacturing locations and target markets. In addition, ICL is likely to be affected by changes in the demand and price environment for its products as well as the cost of shipping and energy, whether caused by actions of governments, manufacturers or consumers. ICL can also be affected by changes in the capital markets, including fluctuations in currency exchange rates, credit availability, interest rates, etc.

##

(financial tables follow)

**ICL
PRINCIPAL FINANCIAL RESULTS
THREE MONTHS ENDED MARCH 31, 2014**

	3 months ended March 31,			
	2014		2013	
	\$ millions	% of sales	\$ millions	% of sales
Net sales	1,613	100.0	1,640	100.0
Gross profit	563	34.9	659	40.2
Operating income	243	15.1	363	22.1
Pre-tax income	227	14.1	360	22.0
Net income to the Company's shareholders	131	8.1	305	18.6
<i>Adjusted net income to the Company's shareholders*</i>	189	11.7	305	18.6
<i>EBITDA**</i>	339	21.0	445	27.1
Operating cash flow	167		192	
<i>Investment in property, plant and equipment less grants received</i>	219		183	

* After elimination of \$58 million in respect of a non-recurring tax expense as a result of ongoing assessment discussions in European subsidiaries and increased costs due to a strike at Rotem Amfert.

** EBITDA is calculated as follows:

	3 months ended March 31,	
	2014	2013
Net income	131	305
Amortization & depreciation	86	83
Financing expenses, net	19	2
Taxes on income	95	55
Non-recurring expenses	8	-
EBITDA	339	445

**ICL
PRINCIPAL RESULTS FROM
CORE MANAGERIAL SEGMENTS
THREE MONTHS ENDED MARCH 31, 2014**

	3 months ended March 31,			
	2014		2013	
Sales CIF by segment	\$ millions	% of gross sales	\$ millions	% of gross sales
ICL Fertilizers	933	57.8	1,009	61.5
ICL Industrial Products	337	20.9	338	20.6
ICL Performance Products	391	24.2	357	21.7
Other and offsets	(48)		(64)	
Total			1,640	

Note: Segment sales data and their percentage of total sales are before offsets of inter-segment sales.

	3 months ended March 31,			
	2014		2013	
Operating income by segment	\$ millions	% of segment sales	\$ millions	% of segment sales
ICL Fertilizers	180	19.3	293	29.0
ICL Industrial Products	34	10.2	48	14.2
ICL Performance Products	40	10.3	35	9.9
Other and offsets	(11)		(13)	
Total	243		363	