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**ICL REPORTS CONTINUED FINANCIAL PROGRESS &
INTERNATIONAL EXPANSION IN Q2 2011**

***- Despite Delays in Indian Potash Contracts, Q2 Revenues Reach \$1.9B
with \$543M Operating Income, \$426M Net Income, Reflecting Higher Prices,
Record ICL Industrial Products Results –***

***- After Consolidating Acquisitions Completed in Q1 & Q2,
~50% of ICL's Manufacturing is Located Outside of Israel –***

Tel – Aviv, Israel, August 17, 2011 – ICL (TASE:ICL), a multinational fertilizer and specialty chemicals company, today reported results for the second quarter ended June 30, 2011.

Financial Results

The second quarter of 2011 was the Company's second best Q2 on record (second only to Q2 2008, an exceptional "spike" year for the fertilizer industry) despite the delay in closing new potash supply contracts with Indian customers, a development which impacted the quantity of potash sold during the period. This reflected an improving price environment, record sales for ICL Industrial Products, and the Company's consolidation of major acquisitions completed in Q1 2011.

Revenues: Revenues for the quarter were \$1,929 million, an increase of 29% compared with \$1,495 million for the second quarter of 2010. The improvement reflected:

- Rising prices for the Company's key products, including potash and phosphate fertilizers;
- Record sales achieved by ICL IP, reflecting rising prices for bromine and bromine compounds; and
- The Company's consolidation, for the first time, of Specialty Fertilizer businesses acquired during the first quarter of 2011, including the Everris Division of The Scotts Miracle Gro Company and Spain-based Fuentes. ***As a result of these acquisitions, approximately 50% of ICL's manufacturing output is now produced outside of Israel.***

For the first half of 2011, ICL's sales increased by 20% to \$3,457 million compared with \$2,877 million for the first six months of 2010. This reflected increased average selling prices, and the first-time consolidation of recent acquisitions, countered partially by reduced sales quantities of potash due to the first-quarter workers' strike and the delayed closing of supply contracts to Indian customers.

Gross profit: Gross profit for the second quarter of 2011 was \$871 million, an increase of 32% compared with \$662 million for the parallel quarter of 2010. The increased profit derived from higher selling prices for most of the Company's products, offset partially by lower quantities sold. Gross margin for the period was 45.1%, compared with 44.3% for the second quarter of 2010.

For the first half of 2011, gross profit rose by 24% to \$1,509 million compared with \$1,221 million for the first half of 2010. The increased profit reflected the factors described above, countered partially by an increase in raw material costs. Gross margin for the period was 43.6%, compared with 42.4% for the first half of 2010.

Operating income: Operating income for the second quarter of 2011 totaled \$543 million, an increase of 41% compared with \$384 million for the second quarter of 2010. These improved results reflected the significant increase in gross profit, countered partially by increased expenses associated with the Company's consolidation, for the first time, of the operating expenses of companies acquired during the first quarter of 2011, and by the effects of currency fluctuations. Operating margin for the second quarter of 2011 increased to 28.1% from 25.7% in the second quarter of 2010.

For the first half of 2011, operating income increased by 31% to \$903 million from \$688 million in the first six months of 2010, reflecting primarily the increase in gross profit. Operating margin for the period was 26.1%, compared with 23.9% for the first half of 2010, reflecting primarily the increase in selling prices.

Net income: Net income to the Company's shareholders for the second quarter of 2011 was \$426 million, an increase of 44% compared with \$296 million for the second quarter of 2010.

For the first half of 2011, net income to the Company's shareholders increased by 32% to \$706 million from \$536 million in the first half of 2010.

Highlights of Core Business Segments for the First Six Months of 2011

- **ICL Fertilizers:** Despite the delayed closing of new potash supply contracts with ICL's Indian customers, which were concluded in August rather than in April, and worker strikes that took place during the first quarter, the segment's sales for the first half of 2011 increased by 22% to \$1,937 million compared with the first half of 2010, representing 53.2% of total revenues (before offsets of inter-segment sales). This reflected increased selling prices for potash, phosphate fertilizers, phosphate rock and phosphoric acid, together with the

segment's consolidation, for the first time, of the revenues of the Everris business and the Spanish Fuentes business, which were acquired during the first quarter of 2011.

During the first half of 2011, the segment sold 2.4 million tons of potash, a 16% decrease compared to 2.9 million tons in the first half of 2010, but at increased prices compared to the previous year. In addition, it sold 922 thousand tons of phosphate fertilizers, a 1% increase over the first half of 2010, at higher prices.

Operating income for the first half of 2011 was \$623 million, a 23% increase compared with the first half of 2010. The increase derived primarily from the rise in prices, countered partially by increases in the cost of manufacturing inputs and costs related to the acquisitions carried out in the first quarter of 2011. Operating margin increased slightly to 32.1% from 32.0% in the second quarter of 2010.

Special events: During and after the second quarter, ICL Fertilizers carried out a number of activities aimed at increasing its ongoing business, diversifying its mineral resources, reducing its production expenses outside of Israel, expanding its product portfolio and transforming the segment into one of the world's leading Specialty Fertilizers players. These transactions included:

- **Potash contracts signed with Chinese customers:** In July 2011, ICL signed new contracts under which it will supply 500 thousand tons of potash to Chinese customers during the second half of 2011 at prices similar to those signed recently with other market players, representing an increase of \$70 per ton compared to prices prevailing during the first half of 2011. Immediately after signing these contracts, ICL reached an agreement to increase the quantities supplied for the second half of 2011 by 250,000 tons under conditions identical to the original quantities.
- **Potash contracts signed with Indian customers:** In August 2011, ICL signed new contracts under which it will supply approximately 1.5 million tons of potash (including options) to Indian customers from August 2011 until March 31, 2012 at an average price of \$490 per ton. This is approximately \$120 per ton higher than the price prevailing in previous agreements with these customers.
- **Announcement of significant polyhalite reserves in the UK:** On April 12, 2011, the Company announced that its Cleveland Potash subsidiary in the U.K. possesses reserves of more than a billion tons of polyhalite, and that the UK government will give it a grant of 15 million pounds to initiate polyhalite mining and production activities. Polyhalite can be used in its natural state as an organic fertilizer and as an input into the production of specialty fertilizers.
- **Rationalization and expansion of potash production in Spain:** As part of its "green revolution," on April 13, 2011, ICL announced that it would invest

160 million Euros to rationalize its Spanish potash mining operations, significantly expanding the mining and production capacity of one of its mines while closing its other locations. This will further increase the segment's reserves of potash and salt.

- **ICL Industrial Products:** sales for the first half of 2011 reached a record \$797 million, an increase of 22% compared with the first half of 2010, representing 21.9% of total revenues (before offsets of inter-segment sales). The increase reflects an increase in selling prices of the segment's flame retardants.

Operating income for the first half reached a record \$158 million, an 82% increase compared with the first half of 2010. This reflected the significant increase in sales, countered partially by increases in raw material and energy costs and by the weakening of the dollar as compared to the shekel and the Euro. Operating margin for the half year period rose to 19.9% from 13.4% in the first half of 2010.

The segment's record results reflect the market's rise in demand for most of the segment's products coupled with the reduced production of bromine in China, which has led to an increase in the prices elementary bromine and brominated compounds compared with their levels in 2010.

Market developments:

- Demand for flame retardants and most of the segment's other products continued to grow throughout the world, and especially in the Far East, due to a resurgence in demand for consumer electronics, automobiles and building supplies. The increased demand, together with the decreased quantity of bromine produced by China, has led to increased selling prices for elementary bromine compared with 2010, resulting in a rise in the selling prices for most of the segment's products.
 - Although the US government's enforced moratorium on deep water drilling activities in the Gulf of Mexico has been cancelled, the slow pace at which new drilling licenses are being issued has impacted the segment's drilling fluid sales. Nonetheless, overall sales of drilling fluids rose during the first quarter, reflecting rising prices as well as expanding drilling activities in other regions and the rising price of bromine in China.
- **ICL Performance Products:** sales for the first half of 2010 totaled \$758 million, an increase of 15% increase compared to the first half of 2010, representing 20.8% of total revenues (before offsets of inter-segment sales). The increase reflects higher selling prices for the segment's products, and an increase in quantities sold of fire safety products due to a significant increase in fires in North America.

Operating income for the half totaled \$113 million, an increase of 14% compared with the first half of 2010. This reflected an increase in average selling prices, together with weakness of the dollar, countered partially by

increases in the cost of raw materials and shipping.

- ***Expanding ICL's international reach:*** As part of ICL's strategy to expand its international operations and extend its positioning as a global leader in the phosphates and food ingredient industry, in June 2011, the Company acquired Cosmocel Quimica S.A. de C.V., a subsidiary of the Cosmocel Group. Based in Monterrey, Mexico, the acquired company manufactures branded functional food ingredients and specialty chemicals.

Dividends:

- On May 12, 2011, the Company paid a dividend totaling \$170 million in respect of its fourth quarter 2010 results. This brought the total dividend paid in respect of 2010 results to \$1,185 million.
- On June 28, 2011, the Company paid a dividend totaling \$195 million in respect of its first quarter 2011 results.
- **The Company's Board of Directors today declared that a dividend totaling \$298 million will be paid on September 26, 2011 in respect of its second quarter 2011 results.**

About ICL

ICL is one of the world's leading fertilizer and specialty chemicals companies. For a world challenged by population growth and scarce resources, ICL makes products that increase global food and water supplies and improve industrial materials and processes.

ICL produces approximately a third of the world's bromine and is the 6th largest potash producer in the world. ICL is a leading supplier of fertilizers in Europe and a major player in specialty fertilizer market segments. One of the world's most integrated manufacturers and suppliers of phosphate products, ICL has become the world's leading provider of pure phosphoric acid and a major specialty phosphate player.

ICL is comprised of three core segments: ICL Fertilizers, ICL Industrial Products and ICL Performance Products. Its major production activities are located in Israel, Europe, the US, South America and China, and are supported by major global marketing and logistics networks. ICL benefits from exclusive concessions to extract minerals from Israel's Dead Sea, a vast source of high-quality and low-cost potash, bromine, magnesium chloride and sodium chloride. ICL also mines phosphate rock from Israel's Negev Desert and potash and salt from its mines in Spain and the UK.

ICL's shares are traded on the Tel Aviv Stock Exchange (TASE: ICL).

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.

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(financial tables follow)

ICL
PRINCIPAL FINANCIAL RESULTS
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2011

	3 months ended June 30,				6 months ended June 30,			
	2011		2010		2011		2010	
	\$ millions	% of sales	\$ millions	% of sales	\$ millions	% of sales	\$ millions	% of sales
Sales	1,928.8	100.0	1,494.7	100.0	3,457.1	100.0	2,877.2	100.0
Gross profit	870.8	45.1	661.8	44.3	1,508.9	43.6	1,220.9	42.4
Operating income	542.8	28.1	384.4	25.7	903.3	26.1	687.9	23.9
Pre-tax income	525.8	27.3	370.4	24.8	867.6	25.1	672.5	23.4
Net income to the Company's shareholders	426.2	22.1	295.9	19.8	705.9	20.4	536.4	18.6
Operating cash flow	284.3		521.1		426.2		740.6	
EBITDA*	611.0	31.7	437.2	29.3	1,029.9	29.8	790.2	27.5
Investment in fixed assets less grants	121.5		75.8		204.4		160.4	

* EBITDA is calculated as follows:

	3 months ended June 30,		6 months ended June 30,	
	2011	2010	2011	2010
Net income	426.2	295.9	705.9	536.4
Amortization & depreciation	67.6	52.3	122.6	104.4
Financing expenses, net	21.3	15.6	44.3	15.5
Taxes on income	95.9	73.4	157.1	133.9
EBITDA	<u>611.0</u>	<u>437.2</u>	<u>1029.9</u>	<u>790.2</u>

ICL
PRINCIPAL RESULTS FROM CORE MANAGERIAL SEGMENTS
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2011

Sales CIF by segment	3 months ended June 30,				6 months ended June 30,			
	2011		2010		2011		2010	
	\$ millions	% of gross sales	\$ millions	% of gross sales	\$ millions	% of gross sales	\$ millions	% of gross sales
ICL Fertilizers	1,100.8	54.4	821.6	52.1	1,937.4	53.2	1,587.5	52.4
ICL Industrial Products	424.4	21.0	358.9	22.8	797.3	21.9	651.1	21.5
ICL Performance Products	408.2	20.2	341.8	21.7	758.4	20.8	661.1	21.8
Other and offsets	(4.6)		(27.6)		(36.0)		(22.5)	
Total	1,928.8		1,494.7		3,457.1		2,877.2	

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

Operating income by segment	3 months ended June 30,				6 months ended June 30,			
	2011		2010		2011		2010	
	\$ millions	% of segment sales	\$ millions	% of segment sales	\$ millions	% of segment sales	\$ millions	% of segment sales
ICL Fertilizers	379.0	34.4	275.9	33.6	622.5	32.1	508.2	32.0
ICL Industrial Products	87.0	20.5	53.5	14.9	158.3	19.9	87.2	13.4
ICL Performance Products	65.7	16.1	54.8	16.0	113.1	14.9	99.0	15.0
Other and offsets	11.1		0.3		9.4		(6.5)	
Total	542.8		384.4		903.3		687.9	