Strategic Alliance with Yunnan Yuntianhua

December 2014
All statements in this presentation, other than those relating to historical facts (and particularly those about our anticipated revenues, reserves and production rates and margin improvements and cost savings due to the YTH transaction), are "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements and projections are not guarantees of future performance and are subject to a number of assumptions, risks, projections and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from such statements or projections. Important factors that could cause actual results to differ materially from our expectations include, among others: our ability to obtain all required approvals for completion of the YTH translation and our ability to consummate the transaction; our ability to comply with regulatory requirements in China; general market, political or economic conditions in China and other Asian countries, as well as other countries in which we operate (which could impact the anticipated demand for phosphate and phosphate-chain products in future years); cyclicality of our businesses; changes in demand for our fertilizer products due to a decline in agricultural product prices, lack of available credit, weather conditions, government policies or other factors beyond our control; loss or impairment of business licenses or mining permits or concessions; natural disasters; regulatory restrictions affecting our ability to export products; labor disputes, slowdowns and strikes; currency rate fluctuations; price increases or shortages with respect to our principal raw materials; volatility of supply and demand and the impact of competition; changes to laws or regulations (including environmental protection and safety and tax laws or regulations), or the application or interpretation of such laws or regulations; government examinations or investigations; the difference between actual reserves and reserve estimates; failure to integrate or realize expected benefits from the acquisition and joint venture; volatility or crises in the financial markets; litigation, arbitration and regulatory proceedings; and war or acts of terror. In addition, more detailed information about other factors that may affect our performance may be found in "Risk Factors" in our registration statement on Form F-1 filed with the U.S. Securities and Exchange Commission on September 22, 2014. Forward-looking statements and projections represent our views and are given only as of the date of this presentation and we disclaim any obligation to update or revise them, whether as a result of new information, future events or otherwise, except as required by law.

This presentation includes certain non-GAAP financial measures as defined by SEC rules. We have provided a reconciliation of those measures to the most directly comparable IFRS measures, which is available in the Appendix.
Strategic alliance with Yunnan Yuntianhua— a step change to double ICL’s global phosphate business

ICL will invest up to $500 million for:
- A world-scale phosphate mine and a major global integrated phosphate operations in China, through a 50% stake of a newly formed JV
- 15% ownership of Yunnan Yuntianhua Co. Ltd. (SSE: 600096), China’s leading producer of phosphate rock and fertilizers
  - Primary shares issued to ICL based on YTH’s market valuation with a 10% discount

Expanding ICL’s Specialty Phosphate Platform into the Fast Growing Chinese and Asian Markets.
The Transaction Almost Doubles ICL’s Global Phosphate Market Share

Transforming the JV Operations from Commodity Focus to Specialty Focus

Securing Access to Competitive Cost Phosphate Rock for Several Decades

Significant Expansion and Synergies Potential
Acquired Assets

1. 50% JV in a fully vertically integrated phosphate business including a world scale phosphate rock mine and downstream operations
2. A 15% stake in Yunnan Yuntianhua Co. Ltd., China’s leading producer of phosphate rock and fertilizers

Funding

- Cash on balance sheet

Governance

- ICL will appoint:
  - The JV’s CEO, COO and VP Sales
  - Two of the JV’s Board Members, including its Chairman, thus obtaining majority vote
- In addition, ICL will appoint
  - One VP at Yunnan Yuntianhua, as well as a VP at two of its subsidiaries
  - Two of Yunnan Yuntianhua Board Members
  - ICL to provide expertise, know-how and human resources for a newly created “Phosphate Committee” designed to optimize operations, commercial activities and financial structure
- ICL will merge its other phosphate businesses in China into the JV, which will be transformed into a fully operating business unit, including product development, production and sales & marketing

Closing

- The transaction is expected to close in Q1 2016, subject to closing conditions and regulatory approvals from the relevant Chinese authorities
- Final valuation will be confirmed during the approval process in China

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**Transaction Overview**

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<th>ICL</th>
<th>Public Shareholders</th>
<th>YTH Group</th>
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<tr>
<td>15.0%</td>
<td>39.3%</td>
<td>45.7%</td>
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**Yunnan Yuntianhua**

- 50.0% for ICL
- 50.0% for YTH Group
- 100.0% for JV

**Haiko Phosphate Mine Assets**

- World scale phosphate rock mine with ~100mT reserves
- Capacity of 2.5mT p.a.

**Integrated Phosphate Operations (by Production Capacity)**

- Fertilizers – 850kT p.a.
- Phosphoric acid – 700kT p.a.
- Specialty phosphates – 65kT p.a.
- Purified phosphoric acid – 60kT p.a.
## Financial Highlights

<table>
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<tr>
<th>Category</th>
<th>Description</th>
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| **Revenues**   | • JV sales to increase from ~$550M to ~$700M  
• Commodity / Specialty sales volumes ratio to develop from 90%/10% to 50%/50% |
| **Margin expansion** | • Expand EBITDA margins from low teens to high teens within 5 years |
| **EV/EBITDA**  | • JV valuation reflects approximately 7.4x EV/EBITDA multiple (year 2 estimates)                                                           |
| **EPS accretion** | • Cash EPS accretive from the first full year of operations                                                                             |
| **Synergies**  | • At least $30M per year, achieved within 5 years, with a potential to double this amount                                                  |
| **CAPEX**      | • ~$170M spread over 4 years starting from the closing                                                                                  |
Yunnan Yuntianhua at a Glance

Company Snapshot

- China’s leading producer of phosphate rock and fertilizers with approximately $9 billion in annual revenues \(^{(1)}\)
  - China’s second largest chemicals manufacturer
- Operates across 5 segments - Phosphate Fertilizer, Phosphate Rock Mining and Dressing, Nitrogen Fertilizer, Engineered Materials and Trade and Commerce
  - Majority of revenues and gross profit are derived from the phosphate value chain (including phosphate rock, phosphate fertilizer and related trading)
- Majority of fertilizer operations and rock located in Yunnan Province close to Kunming - province capital and largest city
- Yunnan Yuntianhua’s overall proven phosphate reserves estimated at more than 600 million tons of phosphate rock
- Extensive distribution networks through own subsidiaries and franchised stores / distributors

Location of Production Facilities

- Multiple sites (<100Km apart) in Yunnan Province near Kunming
- Distance to closest port (Beihai) is ~1,000km
- Own logistics (train) network

Business Mix

Revenues\(^{(1)}\)

- Phosphate Fertilizer, Phosphate Rock 71%
- Nitrogen Fertilizer 5%
- Trade (Phosphate Fertilizer) 16%
- Trade (Others) 11%
- Trade & Logistics (Grain) 23%

The phosphate value chain accounts for ~60% of total revenue

Gross Profit\(^{(1,2)}\)

- Phosphate Fertilizer, Phosphate Rock 71%
- Nitrogen Fertilizer 11%
- Trade (Grain) 11%
- Trade (Phosphate Fertilizer) 4%
- Trade (Others) 3%

The phosphate value chain accounts for ~75% of total gross profit

1. Yunnan Yuntianhua data for 2013, net of intersegment sales, based on a 6.1RMB/$ exchange rate.
2. Excluding Engineering Products segment – gross profit of RMB (24.6)mn, representing <1% of total gross profit.
Extensive Distribution Network

- **Comprehensive distribution network** comprising both own direct-sale stores (>45 stores) and franchised stores / distributors (~10,000)
- **#1 market share in China in DAP in the last 5 years**
- **Strong positions in the Indian market**
- **Established base for future expansion in nearby regions - South China and Southeast Asia**
  - Opportunity to leverage Trans-Asian High-Speed railway project upon competition to reach all of Southeast Asia
  - Existing distribution network can be used to further increase penetration of the full scope of ICL’s products in China

### Fertilizer Distribution Network

<table>
<thead>
<tr>
<th>Key Distribution Subsidiaries</th>
<th>Direct-sale / Franchised Stores / Distributors</th>
<th>Distribution Volumes</th>
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<tbody>
<tr>
<td>Yuntianhua International Agricultural Co</td>
<td>&gt; 35 direct-sale stores</td>
<td>&gt; 7mm tonnes per year</td>
</tr>
<tr>
<td>National distribution of phosphate, compound and nitrogen fertilizers outside of Southwest China regions</td>
<td>&gt; 2,000 franchised stores / distributors</td>
<td></td>
</tr>
<tr>
<td>Tianmeng Agricultural Chain Co., Ltd</td>
<td>&gt; 10 direct-sale stores</td>
<td>&gt; 1.5mm tonnes per year</td>
</tr>
<tr>
<td>Distribution of nitrogen fertilizers in Southwest China</td>
<td>&gt; 7,800 franchised stores / distributors</td>
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Strategic Rationale

Implement Proven Business Model – Converting Commodity into Specialty

Utilizing Expertise between Both Companies

Expanding End Market Reach to Fulfil Essential Needs in the Fast Growing Chinese and Asian Markets

Expand ICL’s Global Specialty Phosphates Business through Competitive Backward Integration
ICL will gain access to a low-cost phosphate rock operation with reserves that are among the largest globally, as well as low-cost phosphoric acid
- 100 million tonnes of phosphate rock – sufficient supply for decades to come

ICL will almost double its global phosphate market share:
- A new major player in China’s growing specialty market for fertilizers, food ingredients and engineered materials
- Will enable ICL to build world scale, diverse and competitive specialty operations in additional target markets: SE Asia and India

Upgrading and expanding purified phosphoric acid production facilities
Expanding downstream operations by utilizing ICL’s know-how
Offering higher value added products

The strategic alliance between ICL and YTH to support ICL’s Food, Engineered Material and Specialty Fertilizers units
The strategic alliance can support ICL’s potash business in China in the long term
Phosphate Rock Site Costs – China among the World’s Lowest

The deal will secure ICL's access to competitive cost phosphate rock for several decades

Phosphate rock site costs 2013

Establishing New Low Cost Phosphate Rock Base

Existing ICL Production Base

3 Open Pit Mines

Restored Mine

Source: CRU, November 2014.
China is one of the Key Drivers of Global Phosphate Market

- Attractive fast-growing fertilizer market underpinned by growing population, limited arable land and dietary shifts
- Chinese's food market is undergoing major changes in light of growing consumption of processed foods
- Industrial development and urbanization creates opportunities for strong growth in engineered materials applications for phosphates

Source: CRU, November 2014.
Significant Capability Expansion for ICL

**Phosphate Rock**
- (mT p.a.)
- 6 years of reserves
- 30 years of reserves

**Fertilizers**
- kT p.a.
- 1,900.0
- 850.0
- 2,700

**Phosphoric Acid**
- kT p.a.
- 600
- 700
- 1,300

**Specialty Fertilizers**
- kT p.a.
- 780
- 115
- 895

**Purified Phosphoric Acid**
- kT p.a.
- 290
- 60
- 350

Note: Approximate figures.
1. Reflects 100% of the phosphate rock mine assets and the integrated phosphate operations capacity.
Production Expansion

- Upgrading production facilities to improve processes and expand downstream operations by utilizing ICL’s know-how, therewith offer higher margin products
  - upgrading and expanding purified phosphoric acid production facilities
  - Improving rock and green phosphoric acid production processes
  - New products:
    - Specialty water soluble MAP
    - Specialty phosphate salts for food and engineered materials
    - Formulations in the specialty non-agricultural market
- Expanding bulk fertilizers production (GMAP, GTSP) via debottlenecking and improved utilization
- Flexibility in supply chain to support better plant utilization

Opex

- Freight savings on shipments to SE Asia and India via rail lines improvements
- Consolidated procurement
- Cost reduction implementation

Capex

- Savings on equipment capex
Thank you!