Israel Chemicals Ltd.

Q4 2016 Conference Call

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Operator: Ladies and gentlemen, thank you for standing by and welcome to the ICL analyst conference call. Before we begin, I must advise you that today's web seminar is being recorded and that all participants are currently in a listen-only mode. Our presentation today will be followed by a question and answer session. To ask a question (by the old way), please press star and one on your telephone keypad.

If you experience any technical difficulties during today's web seminar, please press star zero on your telephone keypad or send a chat message to web support. Now without any further delay, I would like to hand the conference over to your first speaker today, Limor Gruber, head of IR. Please go ahead.

Limor Gruber: Thank you. Hello, everyone. Welcome and thank you for joining our fourth quarter 2016 conference call. Earlier today we filed our press release to the securities authorities and the stock exchanges in the U.S. and in Israel. The press release is available also on our website. For your reference, this meeting is being webcast live at www.icl-group.com.

There will be a replay available a few hours after the meeting and a transcript will be available within 48 hours. The presentation that will be reviewed today was also filed to the authorities and is available on our website. Please don't forget to review slide number two with the disclaimer. Our comments today will contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

These statements are based on management's current expectations and are not guarantees of future performance. Today we will start with a presentation by our acting CEO, Asher Grinbaum followed by Kobi Altman our CFO. In addition, ICL executives are either here or on the line and will be available for questions following the presentation. Asher, please.

Asher Grinbaum, Acting CEO:

Thank you, Limor. Good morning, good afternoon to all of you around the world.
Starting from slide 3, and looking back at 2016, this has definitely been a challenging year for ICL. The business environment in commodity fertilizers has been under significant pressure, which required us to make tough decisions. We adjusted our spending and investments to these changing conditions, and focused on the variables we could control. I am proud of the ICL team for the progress we made under difficult circumstances, and we closed 2016 in a stronger competitive position as a result of these efforts.

Our annual and quarterly results reflect our unique business model where our specialty businesses provided a balancing effect to the commodity downturn and helped us achieve better performance compared to many of our peers.

The significant negative pricing impact on our operating profit for the year which amounted to $580 million was mitigated by operational and commercial excellence initiatives which helped us to improve our production and sales volumes, reduce our costs and increase the value from our products and services. These initiatives contributed more than $100 million compared to 2015. Cash flow optimization measures contributed to yet another quarter of strongly positive operating and free cash flows.

The breakdown on slide 4 demonstrates the diversification of our business and highlights why ICL is in a unique position compared to most of our commodity based competitors. Our business diversification is a big advantage, especially during downturns and volatility that characterizes the agriculture cycle. We believe that our Specialty Solutions businesses will continue to act as a stabilizing factor.

The results of the growth in our specialty solutions during the downturn in the potash and phosphate fertilizer markets, is clearly demonstrated on slide 5. In 2016 more than 60% of operating income came from the specialty businesses. We will continue to build the Company for a sustainable balance between our essential minerals division serving the agriculture market, and our specialty division serving a wide array of diversified end markets.

We put a lot of focus on innovation and as a result most of our R&D investments are directed to our specialty businesses, increasing the contribution of new, and usually more profitable products to our top line, as demonstrated on slide 6. In 2016 we increased the sales volumes of polysulphate by about 60% and we expect a similar growth rate in 2017. In Q4 2016 polysulphate sales volumes almost doubled and we are pleased with our achievement in producing granulated polysulphate and our new product – PotashPlus – a granulated blend of polysulphate and potash. New generation polymeric bromine flame retardants had a significant contribution to ICL Industrial Products in 2016. The E-Max technology that was developed by ICL Specialty Fertilizers is a production technology to lower costs of controlled release fertilizers. And in the Food Specialties business line our new products provide full, tailor made solutions for texture and stability, based on specialty phosphates and dairy proteins.

As you may remember, our target for 2016 and 2017 CapEx was not to exceed $650m for each year. As demonstrated on slide 7, in 2016 we effectively delivered on our target. While strictly managing our spending, we will continue to ensure that we provide sufficient resources for growth, as demonstrated in the depreciation line. Most of the maintenance CapEx is in our Essential Minerals and serves to maintain and further improve the competitiveness of our existing assets. In contrast, most of the growth CapEX is directed to our specialty businesses and we plan to continue to increase our growth investments in these businesses to support our goal to achieve above GDP growth.

Looking into 2017, as you can see on slide 8, the business environment remains challenging. The market continues to be competitive in several business lines, especially those that are correlated to the phosphate commodity markets. We will continue to focus on the matters that are under our control: focusing on commercial excellence in our specialty businesses by offering new products and solutions and by expanding geographically will ensure these businesses continue to provide a balancing effect to the more volatile Essential Minerals division. Operational excellence in our mineral assets and production plants around the world will further lower our production costs ensuring we maintain a strong competitive position. In addition, during 2016 we made significant progress in our working capital and CapEx management and our goal is to further build on our achievements in 2017, which will contribute to cash flow generation and to a stronger balance sheet. All in all, we believe that ICL will come out of this cycle as a better, stronger and more resilient company.

With that I would like to conclude and pass the floor to Kobi. Kobi, please.

Kobi Altman, CFO:

Thank you Asher, Good day everyone.

I will start with our financial results on slide 10, overall we are pleased with the solid quarter's performance in the middle of the commodities turmoil. The fourth quarter is traditionally a weaker quarter for ICL due to seasonality and despite this we had good achievements in both our Essential Minerals and Specialty Solutions divisions, as well as ICL cash generation power. Both quarterly and annual sales were similar to their levels in the comparable periods. This is a great achievement in light of the price pressure that we faced, particularly in the commodity market. We cannot control commodity prices but we were able to offset some of the negative impact by improving what we can control focusing on operational excellence to reduce costs and improve production utilization and on commercial excellence, including innovation, pricing initiatives, improved portfolio, geographical expansion and customer relations – all of which continue to contribute to the balancing effect of our specialty businesses.

The measures we have taken to reduce our costs and working capital, along with our disciplined approach to Capex, have made it possible to record another strong quarter of operating cash flow and positive free cash flow in contrast to the broader commodity sector, which resulted in a reduction in net debt in the quarter. Cash flow generation will continue to be a priority for the Company.

I am pleased with our achievement in the past few months to settle several legal fronts, which were a significant overhang for several years with only moderate financial impact. These include the conclusion of an arbitration proceeding between Dead Sea Works and Haifa Chemicals; the conclusion of proceedings regarding prior years' tax assessment by the Israel Tax Authority; the dismissal of a motion for certification of a class action against the Company that was filed in 2013 on the grounds of misleading disclosure, as well as the approval of a settlement

agreement regarding a class action against the Company's Dead Sea Works subsidiary with respect to potash prices in Israel.
We are proud of all of our achievements which position us as a stronger, more resilient company for years to come.

Turning now to our business performance and the major developments for each of our divisions during the fourth quarter and the full year on slide 11, and I will begin with Specialty Solutions. The division's operating profit increased by 12% compared to the fourth quarter of 2015, an impressive achievement as the fourth quarter of 2015 was unusually strong due to exceptionally high sales of clear brine fluids and some catch up we did following a slow first half in 2015. The ICL Industrial Products business line performance continued to benefit from the implementation of its strategy. In 2016 we had record sales volumes of several important new products like FR122P, the mercury emission control product line and several other flame retardants. Our costs were driven down by labor reduction and lower raw material costs while still maintaining our elevated selling price level as we focused on value oriented pricing strategy.
ICL Advanced Additives benefitted from increased sales of environmentally friendly extinguishing materials. In ICL Food Specialties we increased sales of dairy proteins and blended solutions, which helped to compensate for the price pressure in the single ingredient phosphate additives market.
In our specialty fertilizers, price decrease of commodity fertilizers, which are used as raw materials for the specialty, increased competitive pressure in the market. In addition, lower crop prices incentivize farmers to use cheaper commodity fertilizers over semi specialty fertilizers. We are somewhat more encouraged since the beginning of 2017 where we are seeing the price appreciation of ammonia and a good start for the year in Israel and Europe.

Moving to Essential Minerals, we experienced strong commercial and operational performance in the potash business while our commodity phosphate business continued to face a very challenging environment. During the quarter we shipped the highest potash volumes in the company's history for a single quarter. The potash results were also supported by better realized price for potash compared to our major peers which reflects our geographical advantages. During the fourth quarter we were able to complete all the contractual shipments to China as well as some optional volumes. Our shipments to Europe and Brazil also increased compared to the fourth quarter of 2015. The improvements we made in our logistical systems as part of our operational excellence initiatives, as well as higher production at ICL Dead Sea, allowed us to meet the increased demand in a relatively short period of time. The record production at ICL

Dead Sea in 2016 was achieved through better management of the raw materials flow together with utilizing the higher capacity in our processing plants. The improvement in the Dead Sea is expected to offset a decrease of 300 thousand tonnes expected in the UK production in 2017, due to the reserves situation and the shift to polysulphate.

In the last few months potash prices have recovered slightly from their low levels recorded in the third quarter of 2016. We experience good customer engagement and believe there is more room for a moderate recovery in demand and prices in 2017.

In the phosphate market, selling prices continued to decrease in the fourth quarter compared to the third quarter of the year. The phosphate business line's annual and quarterly results were severely impacted by prices. We are disappointed with the results of our YPH JV, as it is still highly exposed to the phosphate commodity prices and our focus for 2017 is to minimize the losses it is generating. In recent weeks there has been some stabilization and even improvement in the market, with price increases realized in Brazil, the US, Europe and China. Added to this is the expectation for slightly lower Chinese production in 2017 from the low bar set in 2016. However, we expect higher raw material and energy costs, especially for ammonia to offset some of these price increases.

Looking into the first quarter of 2017, we expect potash shipments to be down significantly from Q4 2016, but moderately higher prices to partially offset this decline. Lower volume is the result of the completion of the previous Chinese contract, without a new contract signed at this point in the year, coupled with seasonally low volume which typically occurs in the first quarter. We continue to intensively implement efficiencies in our YPH JV in China, and together with the moderate price recovery we hope to improve the results in the phosphate business line.
In the Specialty Solutions division, this is still off-season in some major business lines and we expect to be stable sequentially.

The bridges on slide 12 demonstrate the challenges we faced this year, namely the significant impact of lower commodity prices on both sales and operating income. While we were able to mitigate the impact of lower prices by increased volumes sold, which resulted in almost flat sales year over year, the impact was much more noticeable on our operating income. Yet again, our increasing ability to control our costs and the successful implementation of our efficiency measures helped to partially mitigate that effect. In that regard, it is important to mention that

part of the positive contribution of the raw materials, energy and transportation item is also related to our Operational Excellence initiatives.
It should be noted that the 2015 strike impact was adjusted in the operating profit but not on the sales level, this is why quantities impact is positive in the sales but negative in the operating profit.

Turning to slide 13, in the Specialty Solutions division we can see that sales this quarter were almost the same as the fourth quarter of 2015, which was stronger than a usual fourth quarter. Some of our business lines experienced price declines due to increased competition and as a result of low commodity prices. That was offset almost completely by the increase in quantities. Despite the lower prices, the division's operating income increased by 12% attributed to lower production input costs, improved products mix as we grow the share of new products as well as efficiency measures.

Let's take a closer look at our Essential Minerals division on slide 14. The late signing of potash contracts in China and India resulted in high shipments to these markets during the quarter. As Asher explained, our logistical advantages which were further enhanced by our operational excellence initiatives as well as strong production at the Dead Sea, helped us to ship record quarterly volumes of potash. Even though we benefit from higher net back in our potash prices, as reflected in our FOB price compared to our major peers, we also continue to see the significant impact of the price decreases versus 2015, especially on the phosphates business line performance. This was partially offset by lower raw material and energy prices.

Turning to slide 15, as we completed our current operational excellence and efficiency plan, we are satisfied with our accomplishments which resulted in a further contribution in 2016 of more than $100M compared to 2015.

Over the period from 2013 to 2016 we have achieved a 22% reduction in production cost per tonne of potash mainly due to cost reduction at ICL Dead Sea and an increase in the Dead Sea's share in production and sales.

Our target for 2017 is to create additional value of $100 million to further improve ICL's competitive position. We will do it through efficiency measures in our production assets and in our administrative costs as well as through commercial and operational excellence initiatives which are expected to contribute to better production utilization, increased sales of new products and solutions, and better pricing, especially in our specialty businesses.

And finally on slide 16, our disciplined balance sheet management in 2016 is reflected in the quarterly cash flow generation, especially in light of the significant decrease in commodity fertilizer prices. For 2017 our target is to maintain our achievements in the working capital and cash flow management. After successfully achieving our 2016 CapEx goals, we plan to further reduce CapEx in 2017, while still leaving room for growth, as Asher demonstrated earlier. The combination of our disciplined balance sheet management with lower CapEx and costs, should help us achieve another year of meaningful cash flow generation. This is expected to support our goal to finish 2017 with a net debt to EBITDA ratio of less than 3.5, which is important for maintaining our investment grade rating, while still providing solid dividend yield to our shareholders.

Thank you for your time and we will be happy to take your questions now.

Operator: Thank you very much. So ladies and gentlemen, if you wish to ask a question, please press star one on your telephone and wait for your name to be announced. And if you wish to cancel that request, please press the hash key. So once again, that's star and one if you wish to ask a question. So as a reminder, ladies and gentlemen, that's star and one if you wish to ask a question. And your first question comes from the line of a (Patrick Roughies) from UBS. Please go ahead.

(Patrick Roughies): Thank you and good afternoon, everybody. Couple of questions. First, on the optional volumes you shipped to China, can you quantify how much that was and how much that could be, potentially, in 2017? And then on cash flow, you mentioned the strong collections in Q4, which helped a lot to improve the year on year performance. Would you agree that this creates a pretty tough base to beat in 2017? I.E. that working capital intensity is unlikely to improve further next year or this year. And then lastly – sorry that's three questions – for specialty fertilizers, do you have a view on when the competitive pressure could start to ease in this segment? Thank you very much.

Asher Grinbaum, Acting CEO: OK, I would like – Asher speaking – I would like to convey the question to – the first two questions to Kobi and afterwards to Nissim.

Kobi Altman, CFO: OK. I would talk about the cash flow and Nissim you will talk about the quantities to China. On the working capital and the cash flow, yes, Q4 was particularly strong due to the collection in the fourth quarter. We do expect (a weaker) cash flow generation quarter in the first quarter of 2017. But still, we expect 2017 to be a very strong year of cash flow generations.

To your question, yes, Q1 will be lower than 2017. We also still plan to further reduce our working capital in 2017. We still believe that there is room for further improvements in our working capital. It might not continue to be as dramatic a reduction in the future like we experienced in 2016. But at least in 2017, we still expect to see some improvement.

Nissim Adar, President Essential Minerals: OK. In regard to the contract supply to China, so first of all we fulfilled our obligation of the contract. We don't have a flow or maybe little quantities to flow into 2017. And of course all of us waiting now for the next milestone of signing the next contract in China, which at least according to rumors from the market, is expected to be by the end of first quarter.

(Patrick Roughies): Do you have any view on the price point with the first contract?

Nissim Adar, President Essential Minerals: Look, we hope that the price will go up.

(Patrick Roughies): Understood.

Operator: Thank you. So your next question, then, comes from the line of Vincent Andrews from Morgan Stanley. Please go ahead.

(Neil Kumar): Hi, this is Neel Kumar calling in for Vincent. You had a comment in your press release about having strong volumes for phosphorous based flame retardants in the quarter as a result of the stricter environmental regulations in

China. I was just wondering if you expect this trend to continue in 2017 and for Chinese to continue to have these issues.

Eli Glazer, President ICL Specialty Solutions Division: As we can see now, we believe that the regulation in China will continue in that same direction and according to our forecast, our quantities will stay as it is now.

(Neil Kumar): Got you. And I was also wondering if you could talk about the price you've been able to get for polysulphate in the fourth quarter and how do you expect prices to be effected as you increase volumes?

Nissim Adar, President Essential Minerals: OK. Polysulphate is a successful move of penetration to the market with new product. And this product has a wider character. It is a unique product with four nutrients and it's accepted in the market in a successful way. We expect that the prices of polysulphates will follow the prices of the different nutrients in the formula, so if the prices of potash are in a positive momentum and this is what we see in the last few weeks, I expect that the polysulphate prices will follow this positive momentum.

(Neil Kumar): Great. Thanks.

Asher Grinbaum, Acting CEO: Asher speaking. There was a question about the specialty fertilizers situation in China. We believe that there is a direct relation between the specialty fertilizers, mostly based on phosphates, and what's going on in the phosphate market and we expect that once there will be some recovery in the phosphate market, we shall see it immediately also in the specialty fertilizers.

Operator: OK. So your next question comes from the line of a Joel Jackson from BMO Capital Markets. Please go ahead.

Joel Jackson: Hi. Good afternoon. I wanted to go back to some of your commentary on potash production. Can you help us understand – like, you produced 5.3 million tons of potash in 2016. What will 2017 and 2018 look like? You talked about the UK Boulby mine being down 300,000 tons because, of course, the transition to polysulphate. You will be taking that offline, presumably in 2018 and then you're ramping up your expansion at some point in the next little while in Spain at Iberpotash. So will potash production in 2017 be down 300,000 tons versus '16 and then what will '18 look like or please correct me.

Nissim Adar, President Essential Minerals: As you said, the mine in UK is focused on pulysulphate and the reduction of 300,000 ton of potash will be partly compensated by all the operational excellence initiatives which we did in the Dead Sea. So what we will see in 2017, maybe slightly less quantities than 2016,but nothing dramatic.

Joel Jackson: And then what will 2018 look like with the different puts and takes?

Nissim Adar, President Essential Minerals: 2018, I expect to continue with this approach in Dead Sea, to continue to de-bottleneck. We will not be, again, compensating fully the reduction (in the UK) but mostly. And in 2019, I expect that the Spanish mine will start to add the additional quantities.

Joel Jackson: So, does that mean we should expect the UK potash mine to produce about the same amount of potash in 2018 as 2017?

Nissim Adar, President Essential Minerals: Yes.

Joel Jackson: OK. Thank you for that. So, my next question is on phosphate, as well. So, you talked about that the goal with JV in China is to just minimize the losses. Obviously, this is a reasonably recent investment and a large investment. You've learned a lot about it. It sounds as if this opportunity has soured. At what point, even though it's a new investment, would you consider walking away from this investment?

Nissim Adar, President Essential Minerals: Walking away is not in our agenda. And, look this Joint venture is suffering heavily from the huge reduction in the phosphate prices. Just to give you a rough idea, in 2016 the prices reduction influenced

$100 million in the bottom line due to this. So, we compensated partly by efficiency measures and other operational excellence activities which will continue to do also in 2017. If what we saw in the last weeks is positive trend of phosphate prices will continue then we will see here a different picture.

We have still a lot to do in operational excellence and cost reduction and, of course, we are analyzing few options how to optimize this activity.

Asher Grinbaum, Acting CEO: I would like to add to Nissim that our challenge and our targets are very challenging so we are analyzing and we are pushing the price (cost) reduction, of course, and operational excellence, the commercial excellence, and checking also the mix of the product that we are producing there.

And, we believe that with all the efforts that have been done, we should minimize the losses in this joint venture. And, as Nissim said we don't have in the agenda any, let's say, programs to shut down or to walk out from this joint venture.

Joel Jackson: OK. One more question, please. You did very well with your potash costs per ton in the quarter. You also drew down a lot of potash inventories. You had pretty high inventories in the Q3. You have achieved costs like this before but they've been higher in recent quarters. In 2017, what's your potash cost look like? Should they be more on the average of 2016 numbers or is Q4 a good cost to model for the year?

Nissim Adar, President Essential Minerals: OK. As I said before, we are doing a lot of activities in our sites to reduce our cost and to optimize our processes, and we started this process even before the prices started to go down. And, I think, that we are now enjoying the results of these efforts to reduce our costs. This process of reducing cost will continue over the coming years. So, from this point of view, I'm comfortable with our competitive edge and this process will continue.

Joel Jackson: So, will 2017 cost on average be lower than '16, is the Q4 number a reasonable rate to move forward for '17?

Kobi Altman, CFO: Joel - you can take the fourth quarter number as a good estimate for 2017.

Joel Jackson: OK. Thank you very much.

Operator: Thank you and your next question comes from the line of Georgina Iwamoto from Bank of America Merrill Lynch. Please go ahead.

Stephanie Bothwell: Hi, it's actually Steph Bothwell from Bank of America Merrill Lynch. Just a couple of quick questions from my side. So firstly, on the capex guidance for 2017, if I look at your presentation it looks like the upper end of the range is around $610 million in terms of total capex. I wondered if you could, perhaps, split that up between growth capex and maintenance capex and on the growth side, perhaps, give us a little bit of detail in terms of where you will be spending?

And, the second question is on elemental bromine prices, which you flag are still quite elevated in China, perhaps, some sense in terms of where you expect these prices to go for elemental bromine as we proceed into the year. Thank you.

Charles Weidhas, COO: This is Charlie Weidhas speaking. I'll address the question around Capex. So, without giving a specific number, the majority of the Capex that we'll be spending in 2017 is geared towards maintaining our capacity, operational safety and environmental performance, as well as cost reduction.

But, there is still is an amount there that is for selected growth projects in our specialty division and a little bit in our essentials minerals division. Regarding the question on bromine, I'll turn it over to Eli Glazer.

Eli Glazer, President ICL Specialty Solutions Division: Hi, its' Eli Glazer speaking. Related to the bromine prices in China it is anticipated the prices in China will remain at the level that they are now.

Stephanie Bothwell: OK. Thank you. And, just to follow up on the Capex point, can you, perhaps, quantify how much is related to growth Capex and how much is maintenance? I mean what is the – what is the proportion that you've left for growth spend?

Asher Grinbaum, Acting CEO: OK, sorry. Asher is speaking. For the growth Capex we have close to $100 million and to maintain the (production) capacity we have about $150 million.

Stephanie Bothwell: OK. That's very helpful. Thank you very much.

Operator: Thank you. You're next question comes from the line of Abbas Ali from J.P. Morgan Asset Management. Please go ahead.

Abbas Ali: Hi, good afternoon. I have two questions. One, if you could just give a few more details on the impairment of assets that you took this year and that you also used in the cancellation of your Adjusted EBITDA. And, secondly on the liquidity position cash and the balance sheet is, I guess, relatively low it will go down even further post the dividend payment. So, what are your funding plans for this year if you could give some color on that? Thank you.

Kobi Altman, CFO: Abbas, thank you. On the impairment of assets we didn't have much in the fourth quarter. For the full year results the main item there is the discontinuing of the projects that we announced in the third quarter: the Potash Project in Ethiopia as well as the information systems project -the Global Harmonization project as we called it.

Those are the main items that you also see in the EBITDA calculation, but this belongs to the third quarter and in the fourth quarter we did not have any. In terms of cash and capital funding we ended the year with around $3.4 billion of net debt. This is the same level that we ended the previous year which is a very, very nice achievement because we started 2016 with a significant investment in our partner in China of $250 million and we were able to go down, to reduce the debt level to the level of the beginning of 2016.

Cash generation will continue to be strong in 2017 and this will satisfy all our cash needs so, we do not expect a further increase in our net debt. To the opposite, we would also like to continue to see a slight decline in debt during this year as well and to finish the year with a net debt to EBITDA ratio of less than 3.5. This is our current target for 2017.

Abbas Ali: Thank you very much.

Operator: Thank you. And, your next question comes from the line of Howie Flinker from Flinker and Company. Please go ahead.

(Howard Flinker): Hello, everybody. I have two minor – arithmetic questions and a bigger question. Your inventory has dropped year over year. Is that because of price or because of reduction of units? That's the first question.

Asher Grinbaum, Acting CEO: This is because of our program to reduce working capital.

Kobi Altman, CFO: So, quantities. Yes, quantities.

Howie Flinker: Quantities. OK, good.

Asher Grinbaum, Acting CEO: Quantities, of course.

Howard Flinker: Good. Thank you. Second, my memory fails me, did you own the 15 percent of the Chinese joint venture for much of last year's fourth quarter or not? So, I can compare them mentally.

Kobi Altman: We invested in the joint venture the 15% ,if you ask, in our partner, we invested in January 2016. So, it was not in our balance sheet at the end of '15. The joint venture itself, if that was your question, started in October so, one quarter of working in 2015 versus four quarters in 2016. But for the comparison of the fourth quarter, if you compare Q4 '16 to Q4 '15 in both of these two quarters were with the joint venture operation.

Howard Flinker: Got it. That's clear, also. And finally, at the beginning you say one of your efforts this year will be to raise price. In a tough market like this with plenty of supply, how do you do that?

Eli Glazer, President ICL Specialty Solutions Division: When we talk about price increases we talk about our Specialty Solutions and not about the commodities.

Howard Flinker: Oh, I see. That makes it clear. Thank you very much. Hello Limor too.

Operator: Thank you. And, just to remind you ladies and gentlemen, if you wish to ask a question please press star one on your telephone. So, it's star one to ask a question. And, you next question comes from the line of Yonah Weisz of HSBC. Please go ahead.

Yonah Weisz: Yes, good afternoon. Just a question on clear brine drilling fluids which are based on bromine, with the slight recovery in oil prices, do you feel any – from your clients – any increased demands or any possibility to increase prices for this product? Thank you.

Eli Glazer, President ICL Specialty Solutions Division: Eli Glazer speaking. In the last year we saw some reduction in the market and we still see some good demand and we - in general we see quite a flat market for the coming year. In other words, it's not a big reduction, vis a vis the last quarter.

Operator: Your next question comes from the line of Andrew Benson from Citi. Please go ahead.

Andrew Benson: Thanks very much. I was, sort of, disconnected from the call a few times when – especially when you were talking about potash and polyhalite so I do apologize for asking the same question, but can you just give us an idea of price of polyhalite? You talked, I think, about lower volumes of potash, actually, I just want to confirm that because I couldn't hear it and I presume that this is because of the absence of ability to further de-stock. And also, on potash, you talked about you're hope for the prices to go up with the China contract and you hoped it would be signed by the end of March and I just wondered what that hope was based on.

Nissim Adar, President Essential Minerals: OK. Let's start from the end. For potash prices in the last weeks, what we see is already bottomed and we see some recovery of prices in different markets. Based on what we hear from the markets, the expectation is also in China is for a price increase. Now, my estimation, and this is again, my view is that during the first quarter after the Chinese holiday, a start of negotiation that might end by the end of the first quarter but no guarantee here.

It is really negotiation and based on the past experience it could take long time it could take short time. What I can say is the inventory in China is lower than 2015, which would help to boost the negotiation. In regard to polysulphate prices, right now there is a linkage between what is going on with the prices of potash to polysulphates and – I expect that this will continue in the future.

Now, remember we are in a penetration situation of the market in polysulphate still in education of the market and education of the farmers. We do a lot of field work and I don't expect that in the short term we will see here a difference price of polysulphate compared to what we have today.

Andrew Benson: OK. All right. Thanks very much.

Operator: Thank you and once again ladies and gentlemen it's star one if you have a question. And, you're next question comes from the line of Gilad Alper from Excellence. Please go ahead.

Gilad Alper: Yes. Thanks for taking my call. My question is about the outstanding issues between ICL and the State of Israel. The Barir field regarding phosphate, the 2030 concession, other issues that are outstanding is there any progress? Are you guys waiting for something to happen? Are you just stuck in a standstill with the State. Because, obviously all of these issues have huge impact on valuations, your investment options in Israel. So, what's going on with the state of Israel? Thanks.

Kobi Altman, CFO: Hi Gilad. The relationship with the government of Israel is currently working well. In the last few months we made some significant moves. I will just mention what I mentioned earlier: The settlement with the tax authorities on prior year taxes and the discussions are now much more constructive and to the point obviously in mining and doing a lot of operation in Israel the discussions are on a day to day basis.

Discussions on the Barir are currently not with the government, it's with the hearing committee. We are participating in those discussions, we provide information as needed and it's very hard for us to predict where this will stand. This we believe will continue for some time and it's very hard to predict right now where it will end.

On the 2030 things, I believe that this is something that probably for Israel will remain under discussions for future years. We don't see any reason for a rush for the Israeli country to take any decisions or any actions right now. This is something that can still wait for the years to come and many things can still happen in this volatile commodity market.

Right now we don't see any activity so we are not involved in that at this moment.

(Gilad Alper): OK. That means basically that you barred – well, you're kind of barring yourself I guess from making any large investments in Israel given that you don't know what the return is going to be, given that you don't know what the new (concession) is going to look like, right?

Kobi Altman, CFO: Well, we continue to invest in Israel on an ongoing basis. We mentioned the operational excellence that we continue to do. We are the largest employer in the south of Israel, we are very, very proud of that and we continue to do that. We are the largest taxpayer in Israel and we are very proud of this as well. Significant enhancements in Israel, if and when the time will come and obviously in a downturn in a commodity cycle, this is not something that is currently on the table, but if the time will come, we will discuss it with the government and I'm sure we'll find solutions for that as well that will satisfy the needs of both parties.

Gilad Alper: OK, thanks.

Operator: Thank you and there are no further questions so I'll hand the call back to you for any closing remarks, thank you.

Limor Gruber: Thank you. Thank you, everyone, for joining us today. We look forward to talk to you again and if you have further questions, we are always available. Thank you, good day.

Operator: Thank you very much. So ladies and gentlemen that does conclude our conference for today. Thank you all for participating and you may now disconnect.

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