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**ICL REPORTS RECORD REVENUES FOR 2011, NEAR-RECORD PROFITS & SIGNIFICANT STRATEGIC PROGRESS**

- *Strong Potash & Bromine Sales & Acquisitions Lead To \$7.1B Revenues, \$1.9B Operating Income & \$1.5B Net Income –*
- *Initiation of Expansion and Rationalization Activities at ICL's European Potash Operations –*
- *Salt Harvest Agreement Secure the Future of Dead Sea Activities -*
- *Q4 Dividend of \$260M Brings 2011's Dividends Above \$1B -*

**Tel – Aviv, Israel, March 27, 2012 – ICL (TASE:ICL)**, a multinational fertilizer and specialty chemicals company, today reported its financial results for the fourth quarter and full year ended December 31, 2011.

**Financial Results**

	<i>Q4 2011</i>	<i>Q4 2010</i>	<i>Change</i>	<i>Jan-Dec 2011</i>	<i>Jan-Dec 2010</i>	<i>Change</i>
<i>Net Sales</i>	\$1,712M	\$1,421M	21%	\$7,068M	\$5,692M	24%
<i>Operating income</i>	\$467M	\$339M	38%	\$1,926M	\$1,346M	43%
<i>Operating margin</i>	27.2%	23.9%		27.2%	23.7%	
<i>Net income to the Company's shareholders</i>	\$370M	\$245M	51%	\$1,512M	\$1,025M	48%

### **Overview of 2011:**

- **Improved financial results**, including record \$7.1 billion in revenues and near-record \$1.5 billion net profit (second only to 2008).
- **Record sales and profits for ICL-Industrial Products.**
- **Strategic acquisitions** created the \$650 million per year Specialty Fertilizers Business Unit, broadened the Company's downstream product portfolio and expanded its reach into fast-growing target markets.
- **Landmark Dead Sea Salt Harvesting Project and royalties agreement** gave ICL certainty regarding its future production activities at the Dead Sea and royalty commitments.
- **Initiation of global mining activities**, including rationalization and expansion program by Iberpotash (Spain) and polyhalite mining by the Cleveland Potash business unit (England).
- **Expanded focus on environmental protection and corporate responsibility**, including the launch of next-generation products, the continued migration to natural gas as a power source, and implementation of numerous environmental, safety and community initiatives.
- **Production of potash impacted negatively** by Q1 strike and Q4 equipment downtime.

**Revenues:** ICL's sales for 2011 increased 24% to a record \$7,068 million from \$5,692 million in 2010. The growth reflected:

- Rising prices for the Company's key products, including potash, phosphate fertilizers, flame retardants and other brominated products;
- Consolidation of the Everris (formerly "Scotts Global Pro") and Fuentes specialty fertilizers businesses (acquired during the first half of 2011), together with a few small acquisitions during the second half of the year;
- The positive effect of changes in the dollar-Euro exchange rate; and
- The sale of significant quantities of potash that had been stockpiled previously during periods of low demand.

Revenues for the fourth quarter totaled \$1,712 million, an increase of 21% compared with \$1,421 million for the fourth quarter of 2010. The improvement reflected the factors mentioned above, including rising selling prices and the consolidation of acquired companies, countered by lower quantities sold of potash and some other products.

**Gross profit:** Gross profit for 2011 was \$3,156 million, an increase of 30% compared with \$2,432 million for 2010. This reflected higher selling prices of most of the Company's key products, together with the consolidation of companies acquired during the year. This was offset partially by lower quantities sold and rising raw material prices. Gross margin for the period increased to 44.6% from 42.7% in 2010.

For the fourth quarter of 2011, gross profit was \$775 million, an increase of 24%

compared with \$627 million for the fourth quarter of 2010, reflecting the factors detailed above. Gross margin for the quarter was 45.3%, compared with 44.1% for the fourth quarter of 2010.

**Operating income:** Operating income for 2011 increased by 43% to \$1,926 million from \$1,346 million in 2010, reflecting the increased gross profit countered partially by increased sales and marketing expenses. Operating margin for the period was 27.2% compared with 23.7% for 2010, reflecting primarily the increase in selling prices.

Operating income for the fourth quarter of 2011 totaled \$467 million, an increase of 38% compared with \$339 million for the fourth quarter of 2010, reflecting the factors described above. Operating margin for the third quarter of 2011 increased to 27.2% from 23.9% in the fourth quarter of 2010.

**Net income:** Net income to the Company's shareholders for 2011 was \$1,512 million, an increase of 48% compared with \$1,025 million for 2010.

For the fourth quarter of 2011, net income to the Company's shareholders increased by 51% to \$370 million from \$245 million in the parallel period of 2010.

### **Highlights of Core Business Segments for 2011**

- **ICL Fertilizers:** sales for 2011 increased by 32% to \$4,098 million compared with their level in 2010, representing 55% of total revenues (before offsets of inter-segment sales). The increase reflected higher selling prices for potash, phosphate fertilizers and phosphate rock, together with the segment's consolidation of the revenues of the specialty fertilizers businesses acquired during the first half of 2011.

During 2011, the segment sold 5.2 million tons of potash, a 6.9% decrease from the quantities sold in 2010, but at increased prices compared to the previous year. Approximately 1 million tons of this quantity was supplied from potash that the Company had stockpiled during 2009, a period of lower demand. In addition, the Company sold 1.6 million tons of phosphate fertilizers, a 5.6% decrease compared to 2010, but at higher prices. The segment's production during the year was impacted by the first quarter strike at Dead Sea Works, which reduced production by 450 thousand tonnes, and by equipment downtime during the fourth quarter.

The segment's operating income for 2011 was \$1,403 million, a 45% increase compared with 2010. The rise derived from the increased sales, countered partially by the rising prices of inputs and the changes in the dollar-shekel exchange rate. The segment's operating margin for the year increased to 34.2% from 31.1% in 2010.

**Potash Supply Contracts:** During 2011, ICL signed potash supply contracts with **Chinese customers** for a record total of 1.25 million tons at prices similar to those negotiated by the market's major suppliers. This record quantity derived from the Company's decision to sell directly to regional distributors and manufacturers rather than to a single importer.

In addition, after several months' delay, in August 2011, ICL signed a new contract with **Indian customers** to supply approximately 1.4 million tons of potash (plus an optional quantity of 125 thousand tons) from August 2011 until March 31, 2012 at an average price of \$490 per ton CFR. During the fourth quarter, the Indian customers requested a delay in the shipment of the remaining quantity by several months, and suppliers agreed.

***In March 2012, BPC & Canpotex, the FSU and North American potash supply export companies, signed contracts with major Chinese importers for the supply of potash in Q2 2012. ICL is also negotiating with its Chinese customers.***

***Fertilizer market trends:***

- ***Strong growth of potash demand in Brazil:*** Brazil's imports of potash during 2011 totaled 7.4 million tonnes, an increase of 21% as compared to 2010.
  - ***High grain prices:*** Grain prices rose significantly through the first half of 2011 but began declining during the second half, apparently in reaction to growing economic uncertainty in a number of markets. Nevertheless, despite these decreases, world grain prices remain relatively high as compared with input costs. In addition, a number of natural crises, including droughts in China and the Americas, floods in Australia and Thailand and cold weather in Europe, negatively impacted crop yields, resulting in high prices for grain.
  - ***Low grain inventories:*** In its Outlook published on March 9, 2012, the US Department of Agriculture forecast that world grain stock-to-use ratio would be 20.35% at the end of the 2011/2012 agricultural year, a decrease compared with 20.8% at the end of the previous agricultural year and 22.3% for 2009/2010.
  - ***Rising demand and reduced supply of phosphate fertilizers:*** Demand for phosphate fertilizer grew during 2011, and, according to IFA forecasts, is expected to rise 3% for the 2012/2013 agricultural year. In parallel, global supplies of phosphate fertilizers have been decreasing, due to environmental limitations in the U.S., the Chinese Government's fertilizer taxation policy, and the reduced production of GCT, a Tunisian manufacturer.
- **ICL Industrial Products:** sales for 2011 reached a record \$1,513 million, an increase of 15% compared with 2010, representing 20.3% of total

revenues (before offsets of inter-segment sales). The increase derives primarily from the increase in selling prices of the segment's flame retardants and other brominated products, countered partially by reduced quantities sold.

Operating income for 2011 reached a record \$298 million, a 44% increase compared with 2010. This reflected the significant increase in sales and efficiencies achieved through improved processes deployed during the segment's production capacity expansion projects. This was countered partially by increases in raw material, energy and other costs. Operating margin for the year rose to 19.7% from 15.7% in 2010.

***Notable events:***

- With the goal of **increasing its flame retardant manufacturing capacity**, the segment acquired the remaining 50% of Tetrabrom Technologies (TBT) from Chemtura, increasing its TBBA (brominated flame retardant) capacity by 22,000 tonnes.
- With the goal of **expanding its portfolio of eco-friendly polymeric flame retardants**, the segment signed a licensing agreement with Dow for the manufacture of FR122P, the next-generation brominated polymeric FR that will replace HBCD in EPS/XPS insulation foam applications. The segment plans to supply approximately 10,000 tonnes of FR122P per year beginning in 2014.
- **2011 sales of the segment's Merquel™** solution for the neutralization of the mercury emissions generated by coal-based power stations **increased to \$23 million**. Future sales will be enhanced by a new regulation passed in December 2011 by the U.S.'s EPA (Environmental Protection Agency) which will require a significant reduction in the quantity of mercury emissions beginning in 2015, and by increasingly available tax incentives in the U.S. for the reduction of mercury emissions.

***Market developments:***

- The continued decline in China's bromine production has reduced global bromine supply, leading to increased selling prices for elementary bromine and other bromine-based products.
- Demand for the segment's flame retardants moderated toward the end of the year due to a slowing of demand, particularly for consumer electronics, in worldwide markets. However, demand for flame retardants from the insulation industry were not affected due to the increasing enactment of energy saving regulations throughout Europe.
- In March 2011, the US government resumed the issuance of deep-water drilling permits for the Gulf of Mexico. This development was followed by increased drilling activity that positively impacted the segment's drilling fluid sales.
- **ICL Performance Products:** sales for 2011 totaled \$1,495 million, a 12% increase compared to 2010, representing 20.1% of total revenues (before

offsets of inter-segment sales). The increase reflects higher selling prices for the segment's products as well as higher quantities sold. In addition, sales benefited from the contribution of companies acquired during the year and from the weakness of the dollar as compared with the Euro.

Operating income for 2011 totaled \$193 million, an increase of 4% compared with 2010. This reflected the increase in sales, countered partially by increases in raw material costs, shipping expenses and other costs.

**Market developments:** The period's rising fertilizer prices led to an increase in the prices of phosphoric acid, the segment's primary raw material, and therefore impacted the segment's profitability. In addition, the political instability of regions of North Africa and the Middle East resulted in a decrease in demand for the sector's products in some of these countries.

**Dead Sea Harvest Project:** In December 2011, the Company reached an agreement with Israel's Ministry of Finance regarding ICL's participation in the costs of the Dead Sea Pond #5 Salt Harvesting Project, the solution that the Israeli government has chosen for addressing the pond's rising water level and the level of royalties that ICL will pay on its sales of potash mined from the Dead Sea. As such, the Company has achieved certainty regarding its future production activities at the Dead Sea and its royalty/taxation structure.

According to the agreement, the project will be carried out by ICL's Dead Sea Works at a total cost of ILS 3.8 (\$1 billion) in present value terms, 80% of which will be borne by ICL. When added to the present value of the dividend which ICL paid to the Israeli government in 1992 that was earmarked for financing a solution, the Company will have covered, in effect, nearly 100% of the project cost.

In parallel, the Company agreed that the royalties that Dead Sea Works will pay on its potash sales will double from 5% to 10% above a certain quantity sold. Beginning in 2012, the 10% royalty will apply to quantities above 1.5 million tonnes. For 2010-2011, the 10% royalty will apply to quantities sold above 3 million tonnes.

**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.
- On September 26, 2011, the Company paid a dividend totaling \$298 million in respect of its second quarter 2011 results.

- On December 22, 2011, the Company paid a dividend totaling \$300 million in respect of its third quarter results.
- **The Company's Board of Directors today declared that a dividend totaling \$260 million would be paid on April 30, 2012 in respect of its fourth quarter 2011 results. This brings the total dividend paid in respect of 2011 results to \$1,053 million.**

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### *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 6<sup>th</sup> 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 FULL YEAR ENDED DECEMBER 31, 2011**

	3 months ended December 31,				12 months ended December 31,			
	2011		2010		2011		2010	
	\$ millions	% of sales	\$ millions	% of sales	\$ millions	% of sales	\$ millions	% of sales
Net Sales	1,712.4	100.0	1,420.6	100.0	7,067.8	100.0	5,691.5	100.0
Gross profit	775.4	45.3	627.0	44.1	3,155.7	44.6	2,432.1	42.7
Operating income	466.5	27.2	339.1	23.9	1,926.0	27.2	1,346.1	23.7
Pre-tax income	461.5	27.0	332.2	23.4	1,871.7	26.5	1,295.4	22.8
Net income to the Company's shareholders	369.6	21.6	245.4	17.3	1,511.8	21.4	1,024.7	18.0
EBITDA**	528.6	30.9	407.9	28.0	2,190.2	31.0	1,572.1	27.4
Operating cash flow	344.4		426.8		1,269.4		1,537.0	
Investment in property, plant and equipment less grants received	134.1		96.4		494.9		333.4	

\*\* EBITDA is calculated as follows:

	3 months ended December 31,		12 months ended December 31,	
	2011	2010	2011	2010
Net income	369.6	245.4	1,511.8	1,024.7
Amortization & depreciation	69.8	59.1	267.4	217.4
Financing expenses, net	1.7	7.4	62.3	53.2
Taxes on income	87.5	86.0	348.7	266.8
Unusual or one-time expenses		10.0		10.0
EBITDA	<u>528.6</u>	<u>407.9</u>	<u>2,190.2</u>	<u>1,572.1</u>

**ICL**  
**PRINCIPAL RESULTS FROM CORE MANAGERIAL SEGMENTS**  
**THREE MONTHS AND FULL YEAR ENDED DECEMBER 31, 2011**

Sales CIF by segment	3 months ended December 31,				12 months ended December 31,			
	2011		2010		2011		2010	
	\$ millions	% of gross sales	\$ millions	% of gross sales	\$ millions	% of gross sales	\$ millions	% of gross sales
ICL Fertilizers	1,034.2	57.4	766.4	51.0	4,097.6	55.0	3,107.3	51.7
ICL Industrial Products	335.0	18.6	346.6	23.1	1,513.0	20.3	1,313.2	21.9
ICL Performance Products	333.3	18.5	327.1	21.8	1,494.8	20.1	1,340.0	22.3
Other and offsets	9.8		(19.5)		(37.6)		(69.0)	
Total	1,712.4		1,420.6		7,067.8		5,691.5	

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

Reported operating income by segment	3 months ended December 31,				12 months ended December 31,			
	2011		2010		2011		2010	
	\$ millions	% of segment sales	\$ millions	% of segment sales	\$ millions	% of segment sales	\$ millions	% of segment sales
ICL Fertilizers	364.6	35.3	244.4	31.9	1,403.4	34.2	965.1	31.1
ICL Industrial Products	63.5	18.9	66.8	19.3	297.7	19.7	206.6	15.7
ICL Performance Products	26.8	8.1	32.7	10.0	192.9	12.9	185.1	13.8
Other and offsets	11.5		(4.8)		32.0		(10.7)	
Total	466.5		339.1		1,926.0		1,346.1	