ICL

Where needs take us

# *Investor Presentation*

*January 2018*

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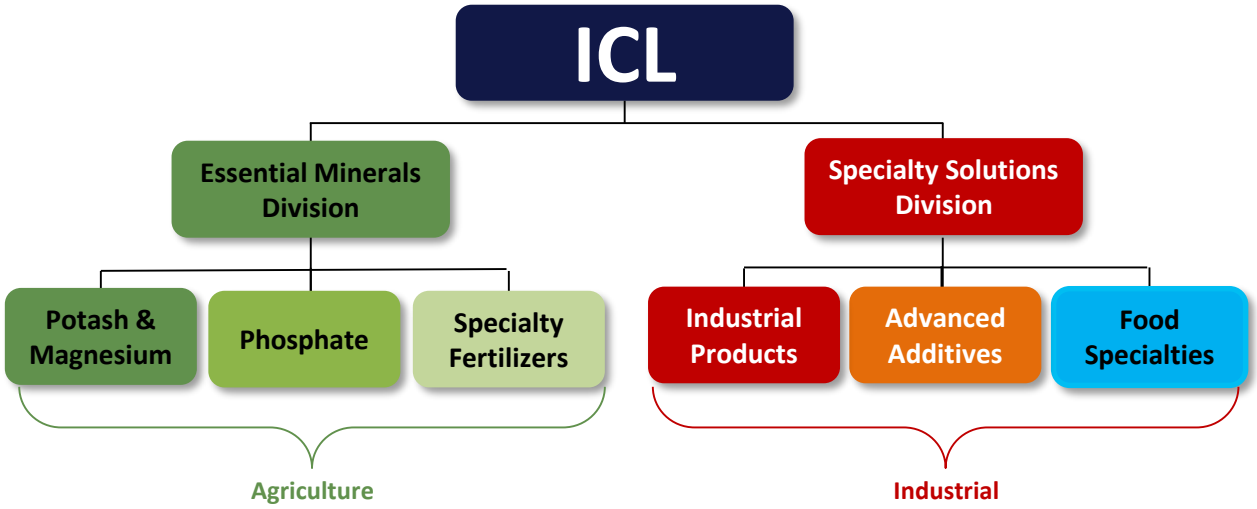
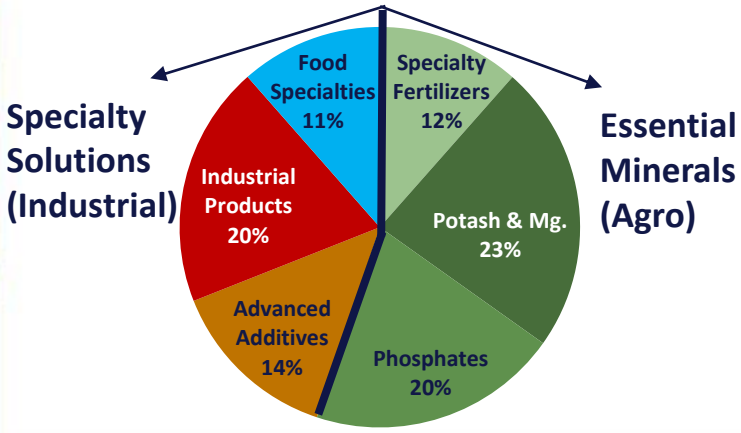
# *Corporate Overview*

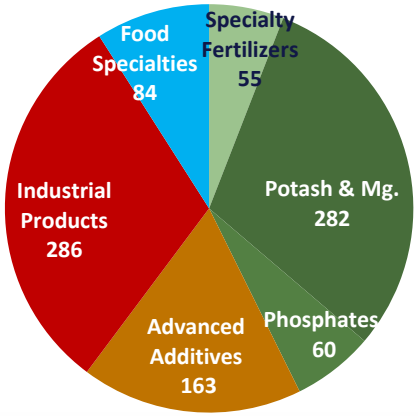
# Leading Global Fertilizer and Specialty Minerals Company




## 2016 SALES BY BUSINESS LINE *




## 2016 OPERATING INCOME BY BUSINESS LINE (US$ M) **




## 2016 SALES
**$5,363M**

## 2016 ADJUSTED OPERATING INCOME
**$582M**

## 2016 FREE CASH FLOW
**$346M**

## MARKET CAP (January 3)
**$5.22bn**

## DIVIDEND YIELD***
**3.3%**

## EMPLOYEES – DEC 2016
**~13,000**

Note: Sales and operating income according to Organizational Structure as of Q1 2017. All numbers are rounded.
* Before setoffs and inter-segment eliminations.
** Before G&A expenses.
*** Calculated based on average Market Cap. For full year 2017.

# ICL management

## Over 300 years of ICL experience

**Johanan Locker**,
Executive Chairman
2 year in ICL

**Asher Grinbaum**,
Acting CEO
42 years in ICL

**Kobi Altman**,
CFO
2 years in ICL

**Osi Sessler**,
SVP ICL Israel & IR
14 years in ICL

**Charles Weidhas**,
COO
10 years in ICL

**Eyal Ginzberg**,
SVP, Global Technology Officer
20 years in ICL

**Ofer Lifshitz**,
President, ICL Essential Minerals
21 years in ICL

**Rani Loebenstein**,
SVP, Global CR
3 years in ICL

**Yakir Menashe**,
EVP Global HR
11 years in ICL

**Lisa Haimovits**,
SVP General Counsel & Company Secretary
8 years in ICL

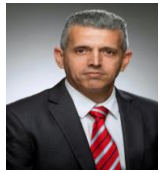
**Eli Glazer**,
President, ICL Specialty Solutions
34 years in ICL

**Hezi Israel**,
EVP BD & Strategy
10 years in ICL

**Noam Goldstein**,
EVP Potash & Magnesium
31 years in ICL

**Yakov Kahlon**,
EVP Phosphates
21 years in ICL

**Eli Amon**,
EVP Specialty Fertilizers
26 years in ICL

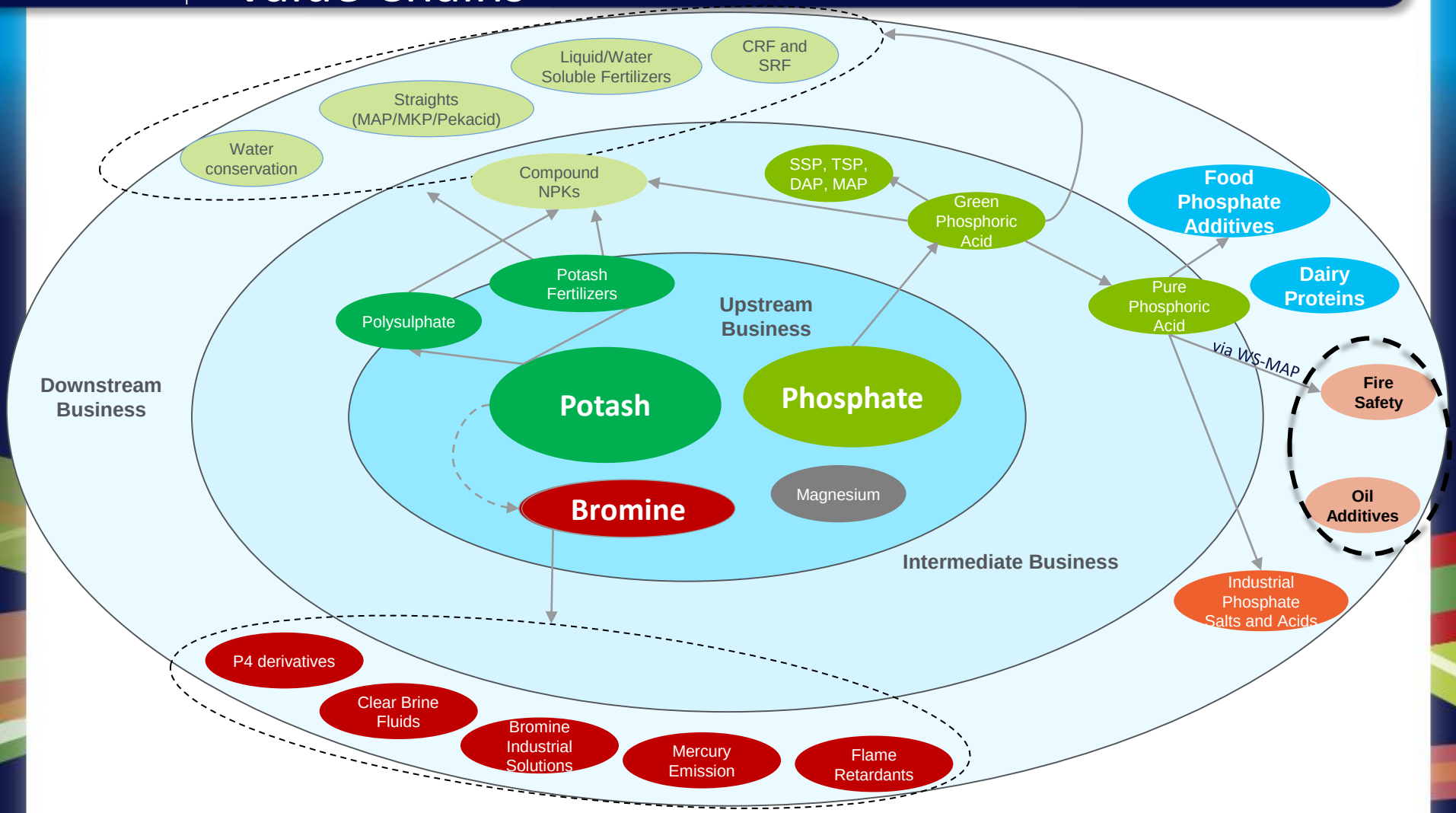


**Alon Gil**,
EVP Sales, Marketing & Logistics
23 years in ICL

**Anat Tal**,
EVP Industrial Products,
25 years in ICL

**James Moffatt**,
EVP Advanced Additives
12 years in ICL

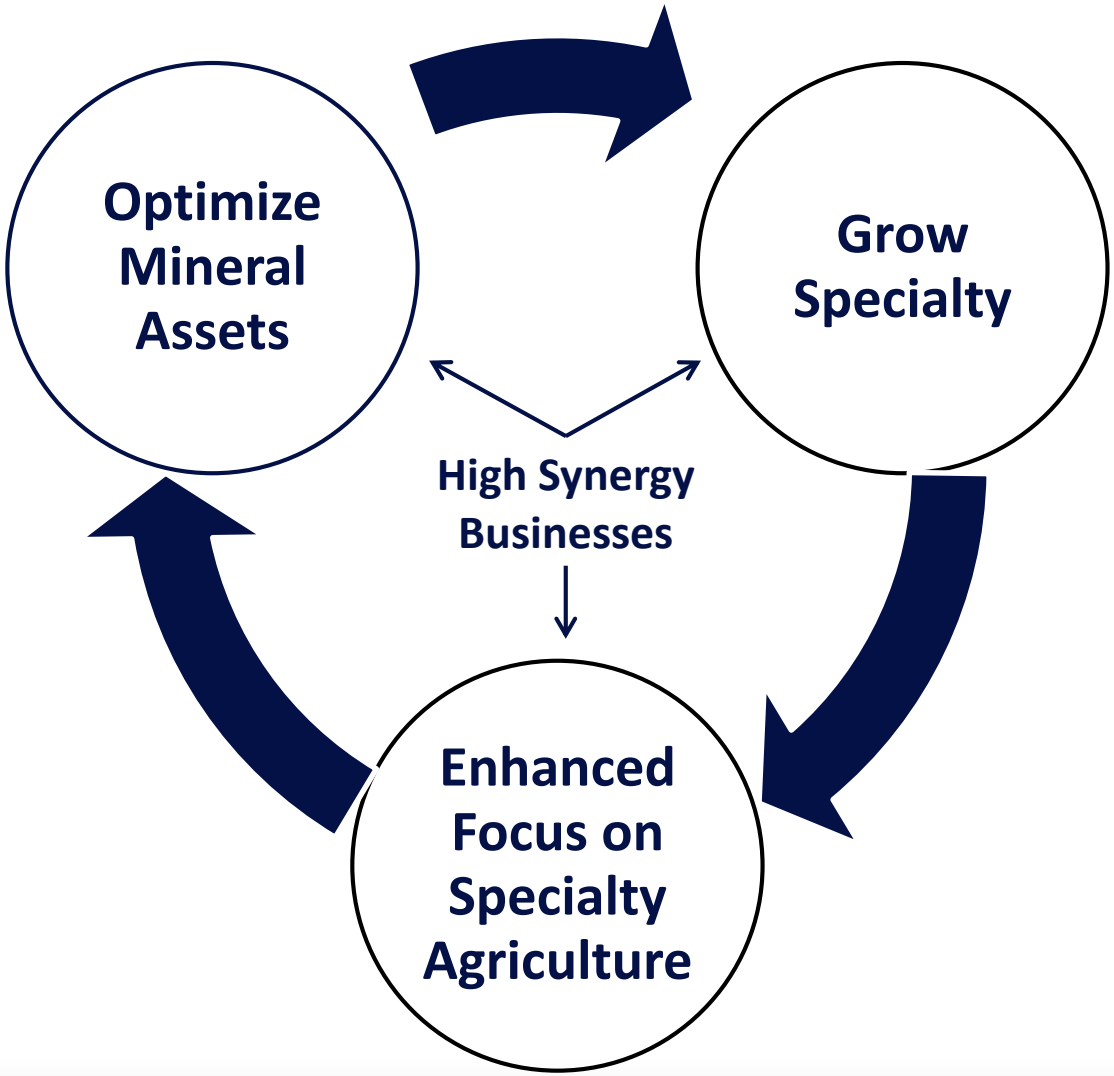
# Diversified Company, Integrated Along the Value Chains




Potash & Magnesium | Phosphates | Specialty Fertilizers — Essential Minerals

Industrial Products | Advanced Additives | Food Specialties — Specialty Solutions

# Our Strategic Focus

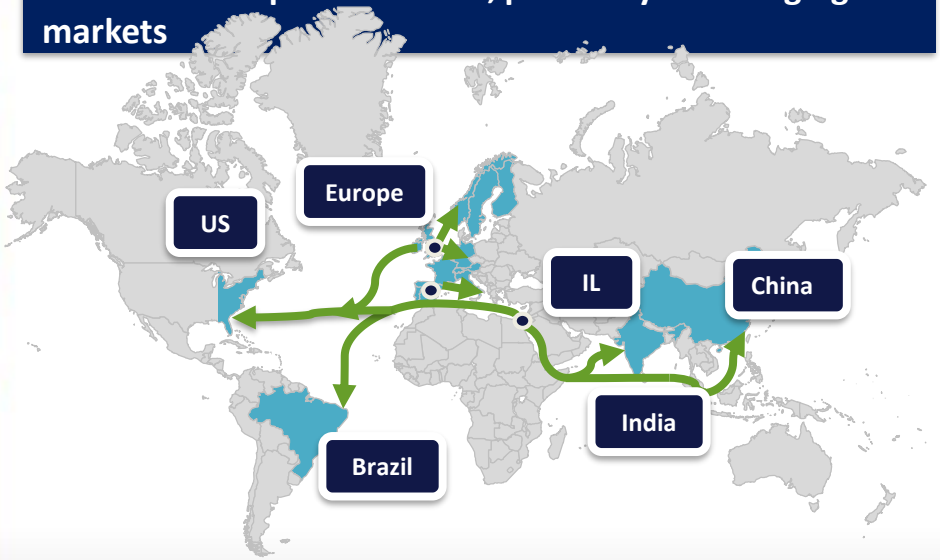


# Mineral Asset Base: Low Cost Dead Sea Production

**A high quality and practically inexhaustible source of potash, bromine and magnesium**

- **Low cost**
- **Near-infinite reserve life**
- **Logistical advantages: stockpiling ability, geographical position**
- **Optimization measures: increased production capability by ~10% through ongoing operational excellence while reducing work force by ~10%**

**Short mine-to-port distances, proximity to emerging markets**



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- **Logistical advantages: stockpiling ability, geographical position**
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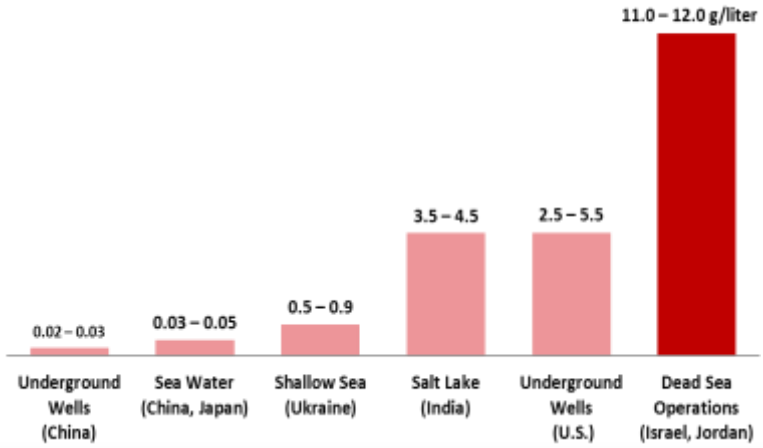
**The Dead Sea provides the highest concentration of Bromine**



# Mineral Asset Base: Potash, Phosphate and Polysulphate™ Sites

## Potash and Polysulphate™ : ICL Iberia, ICL UK

- Logistical advantages: focus on domestic markets, close to ports
- Cost per tonne reduction
- **Optimization measures**:
  - ✓ ICL UK – shift to polysulphate, labor reduction of ~50% compared to 2015
  - ✓ ICL Iberia– site consolidation, 2018 efficiency plan to include labor reduction

## Phosphates: ICL Rotem, YPH JV

- Backward integration to Specialty Solutions
- **Optimization measures:**
  - ✓ Cost reduction through efficiency and operational excellence
  - ✓ Shift to specialties

# Specialty Fertilizers: Focused on Higher-Value Products Growing Faster than Conventional Fertilizer Markets

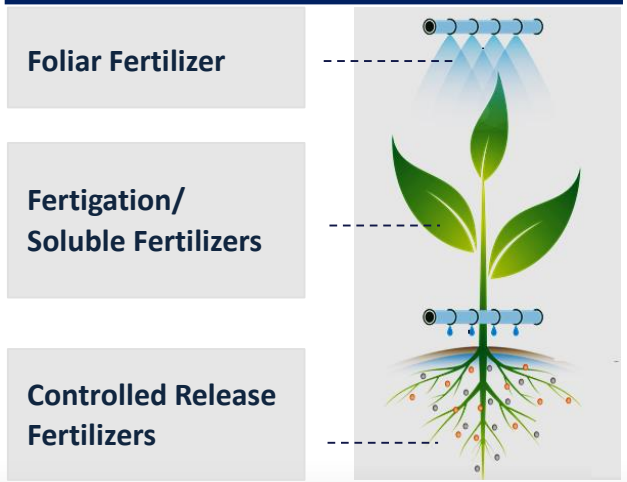
**$661M** 2016 SALES**

**$55M** 2016 OPERATING INCOME***

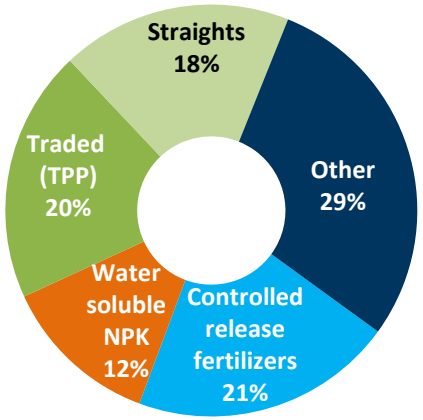
## EMPLOYEES WORLDWIDE

**~ 1,000**

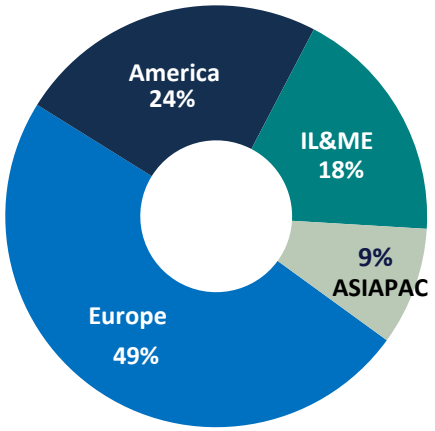
## OPTIMAL PLANT NUTRITION: LESS IS MORE!




## REVENUE BY PRODUCT




## GLOBAL SALES FOOTPRINT*




## GROWTH STRATEGY…

- Further global expansion
- Bolt-on acquisitions that can grow organically and drive growth
- Invest in best-in-class R&D and technology
- Leverage on growing use of precision agriculture

## … SUPPORTED BY MARKET TRENDS

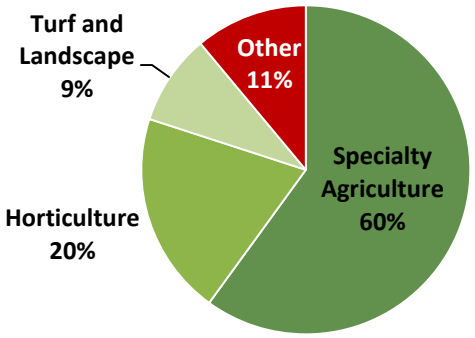
- Zero growth Fertilizers 2020 in China
- EU Nitrate Directive
- U.S. Good Agricultural Practices (GAP)
- New grower practices
- Changing food chain

* 2016
** Before setoffs and eliminations.
*** Before G&A expenses.

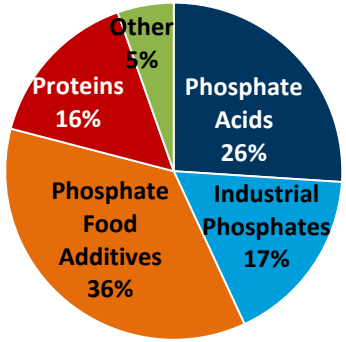
# Focus on Downstream Growth Opportunities in Specialties

- ✓ **Introduce new applications through R&D and innovation**
- ✓ **Expand global presence**
- ✓ **Bolt on acquisitions to enhance product portfolio and market position**
- ✓ **Value based pricing strategy**
- ✓ **Leverage to global trends**

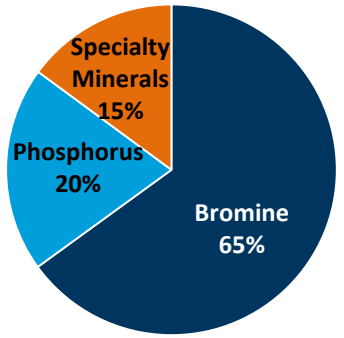
***Specialty Fertilizers***
***Total Sales of $661M (2016)****




***Specialty Phosphates & Food Solutions***
***Total Sales of $1,230M (2016)*****




***Industrial Products***
***Total Sales of $1,120 (2016)****




* Reflects organizational structure as of Q1 2017. Before eliminations of inter-segment sales.
** 2016 ICL phosphate sales by product in Advanced Additives and Food Specialties units. Reflects organizational structure as of Q1 2017. Before eliminations of inter-segment sales.

# Industrial Products: Impressive Performance Driven by Value Based Strategy and Cost Reduction

**$1.1Bn**

**2016 SALES***

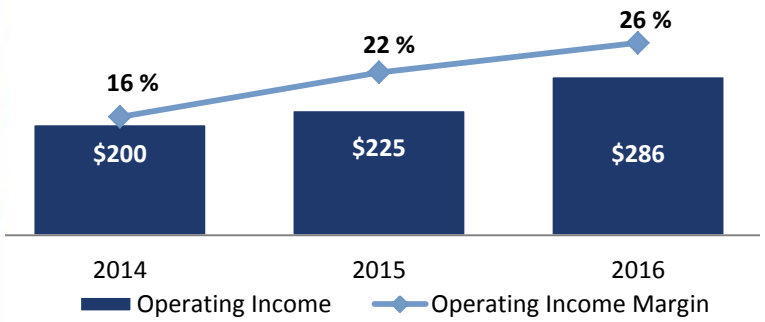
**$286M**

**2016 OPERATING INCOME****

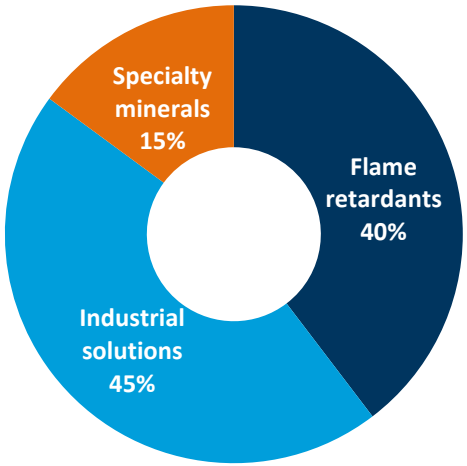
## EMPLOYEES WORLDWIDE

**~2,100**

## 20% CAGR IN OPERATING INCOME




## 2016 SALES BREAKDOWN




## GROWTH STRATEGY

- New product development including new applications
- Next generation flame retardants
- Advocacy
- Value based pricing
- Cost reduction

## KEY ADVANTAGES

- Backward integrated to the lowest-cost source of bromine
- Global leader in bromine capacity
- Largest producer of brominated flame retardants, biocides and clear brine fluids
- Largest Iso-tank fleet

Note: Sales and operating income according to Organizational Structure as of Q1 2017. All numbers are rounded.
* Before setoffs and inter-segment eliminations.
** Before G&A expenses.

# Advanced Additives Benefits from Vast Global Footprint and Backward Integration

**$798M**

**2016 SALES***

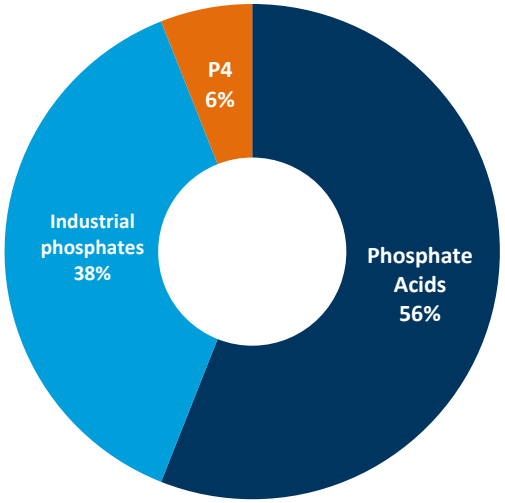
**$163M**

**2016 OPERATING INCOME****

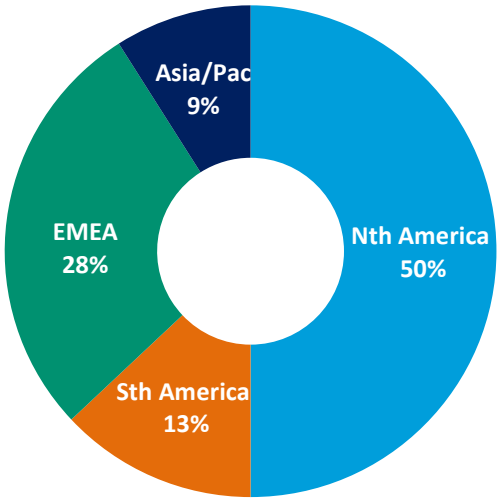
## EMPLOYEES WORLDWIDE

**~1,000**

## SALES DISTRIBUTIONS 2016




## GLOBAL SALES FOOTPRINT*




## GROWTH STRATEGY

- Geographic Expansion
- Product Differentiation
- Cost optimization / "Lean & Reliable"
- Support growth through opportunistic M&A

## KEY ADVANTAGES

- Full phosphate chain from rock to salts
- Largest global footprint in specialty phosphates

Note: Sales and operating income according to Organizational Structure as of Q1 2017.
All numbers are rounded.
* Before setoffs and inter-segment eliminations.
** Before G&A expenses.

# Food Specialties Growth Driven by Global and Portfolio Expansion, Supported by Market Trends

**$659M**

**2016 SALES***

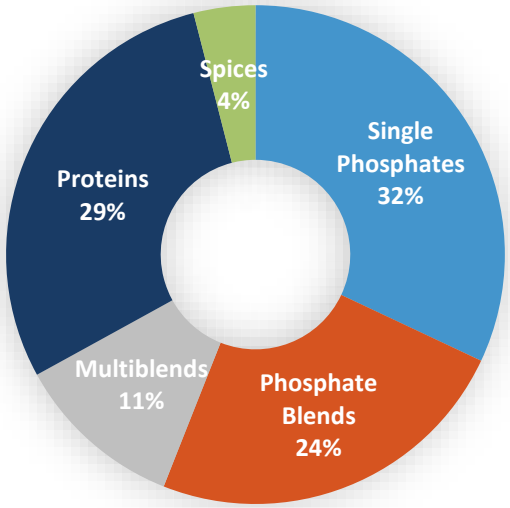
**$84M**

**2016 OPERATING INCOME****

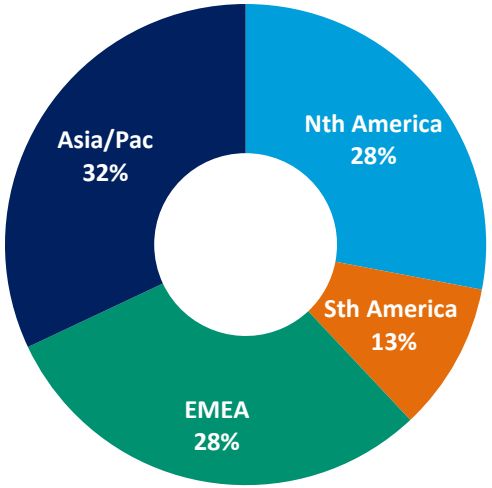
**EMPLOYEES WORLDWIDE***

**~900**

## 2016 BUSINESS LINE BREAKDOWN




## GLOBAL SALES FOOTPRINT*




## GROWTH STRATEGY

- High-growth new applications in Meat and Dairy
- Expand portfolio through tailored solutions
- Increase footprint in growing emerging markets
- Support growth through opportunistic M&A

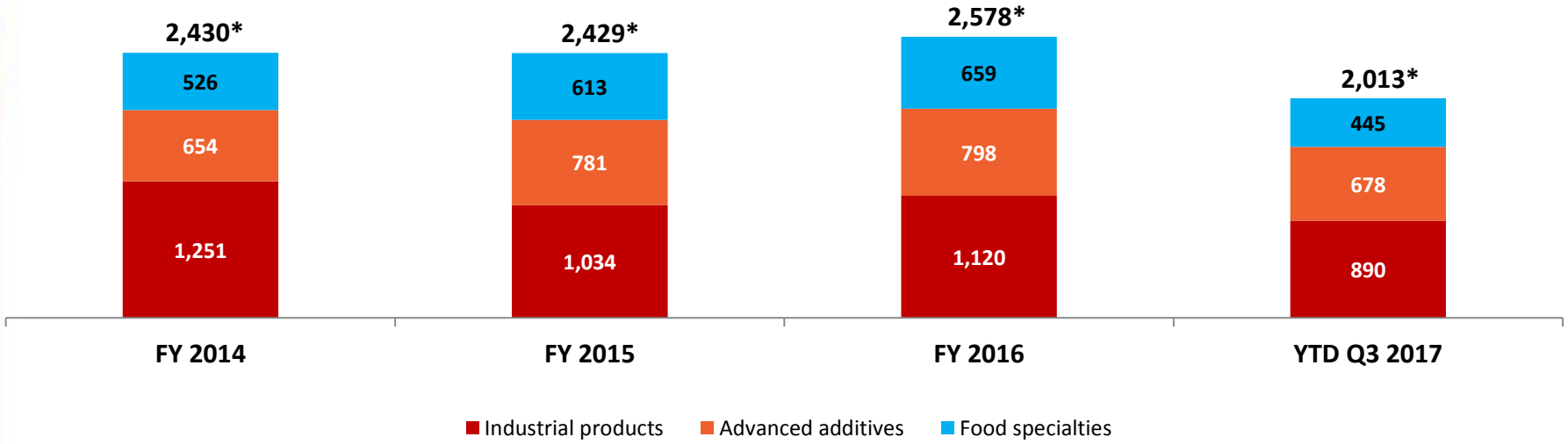
## MARKET TRENDS

- Growing middle class in emerging markets
- Demand for longer shelf- life
- "On the go"
- Health and Nutrition (gluten free, reduced salt, etc)

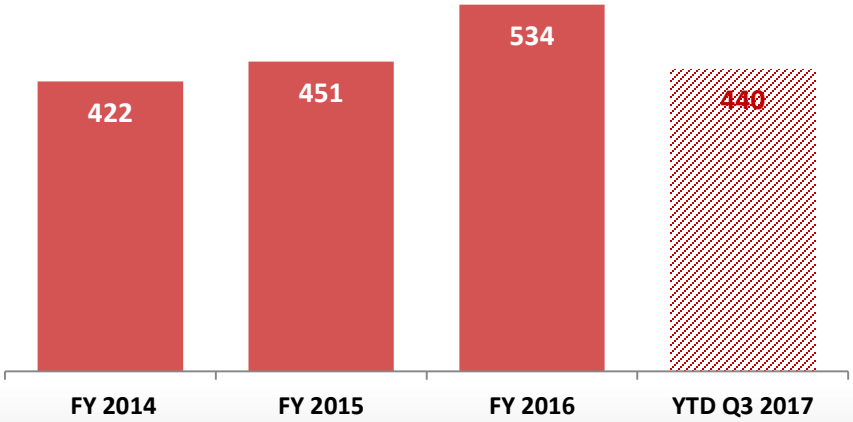
* Before setoffs and inter-segment eliminations.
** Before G&A expenses.
All numbers are rounded.

# Specialty Business Lines' Sales and Divisional Operating Income Development

## Specialty Solutions Sales ($M)




## Segment Operating Income ($M)**




Adjusted to organizational structure as of Q1 2017
* Total prior to elimination of inter-business lines' sales
**Excluding G&A, unallocated expenses and eliminations

# Divestment of Low Synergy Businesses for ~$1.2bn to Improve Balance Sheet and Support Growth

**In December 2017, ICL announced the sale of its Fire Safety and Oil Additives* sub business lines for ~$1bn**

- The transaction is expected to close in the first half of 2018
- Proceeds will be used primarily to reduce debt and support growth initiatives
- Including the completion of the separately announced IDE sale for $167M, total proceeds amounts to ~$1.2bn

**Businesses transformed into global leaders, unlocking value for ICL**

| Divested Businesses' Financials | | |
|---|---|---|
| $ million | 2016 | LTM Sep-2017 |
| Sales | 245 | 294 |
| Operating income | 79 | 112 |

- Divestments are in-line with ICL's strategy to exit low synergy businesses and focus on core mineral value chains operations
- ICL transformed the businesses into market leaders by:
  - ✓ Investing in organic growth via R&D, market development and geographical expansion
  - ✓ Bolt-on acquisitions
  - ✓ Building logistic superiority enabling the businesses to be the preferred partner for customers

* Referred to P2S5 elsewhere.

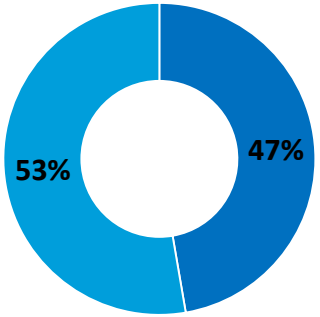
# *Financial Overview*

# January-September 2017 Business Performance

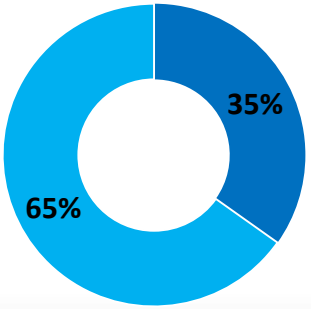
- **Growth in the Specialty Solutions segment provided a solid balancing effect to challenging fertilizers environment**
- **Specialty Solutions performance driven by Industrial Products and Advanced Additives business lines**
- **A decrease of more than 20% in G&A expenses reflects management determination to drive efficiency across the company**

| | $ millions | 9 Months Sep-2016 | 9 Months Sep-2017 |
|---|---|---|---|
| Total | Total Sales** | 4,025 | 4,057 |
| | Reported Operating Income | -75 | 440 |
| | Adjusted Operating Income | 442 | 484 |
| Specialty Solutions | Specialty Solutions Sales*** | 1,952 | 1,999 |
| | Industrial Products Sales*** | 837 | 890 |
| | Advanced Additives Sales*** | 625 | 678 |
| | Food Specialties Sales*** | 508 | 445 |
| | Specialty Solutions Operating Income* | 413 | 440 |
| Essential Minerals | Essential Minerals Sales*** | 2,236 | 2,228 |
| | Essential Minerals Operating Income* | 295 | 235 |

Sales by Segment ***
(9 Months Sep-2017)




Operating Income by Segment*
(9 Months Sep-2017)

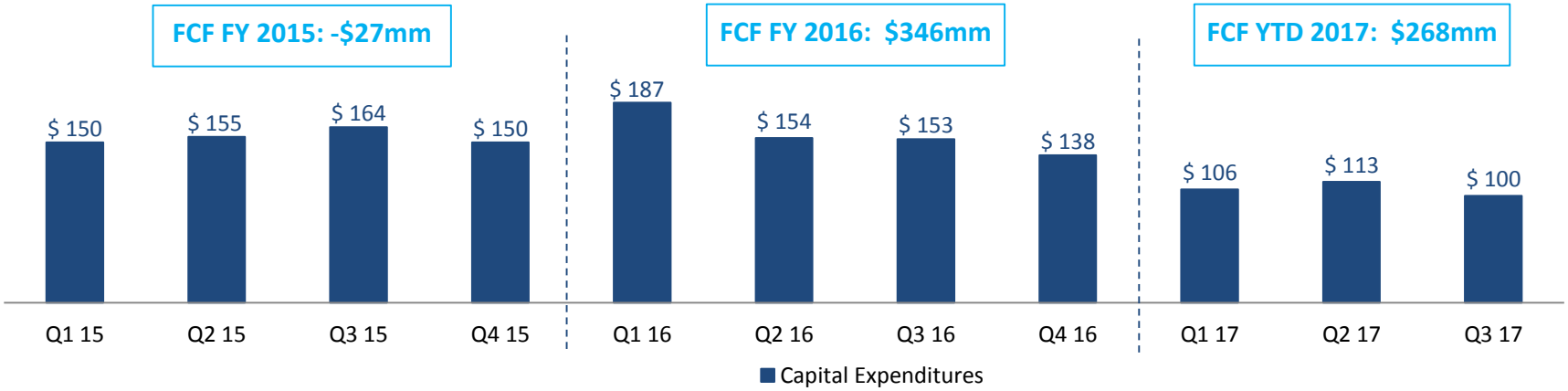



Essential Minerals  Specialty Solutions

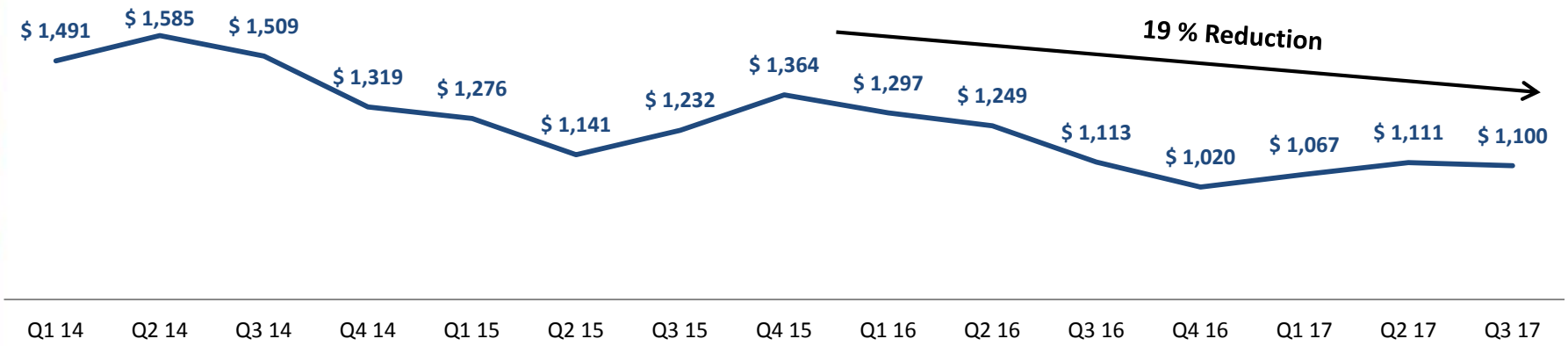
Note: See Adjusted Operating Income and Net Income Reconciliation in the Appendix for a reconciliation of Adjusted operating income to operating income and Adjusted net income to net income. Numbers may not add up due to rounding and set offs.
* Operating income attributed to segments before G&A and other expenses.
** Total Sales include sales from Specialty Solutions, Essential Minerals, Other Activities, and Eliminations.
*** Segment Sales before setoffs and inter-segment eliminations.

# Prudent Capital Management Leading to Strong Cash Flow Generation

## Strong Free Cash Flow Generation and Disciplined Capex Spend* ($M)




## Improving Working Capital Management** ($M)

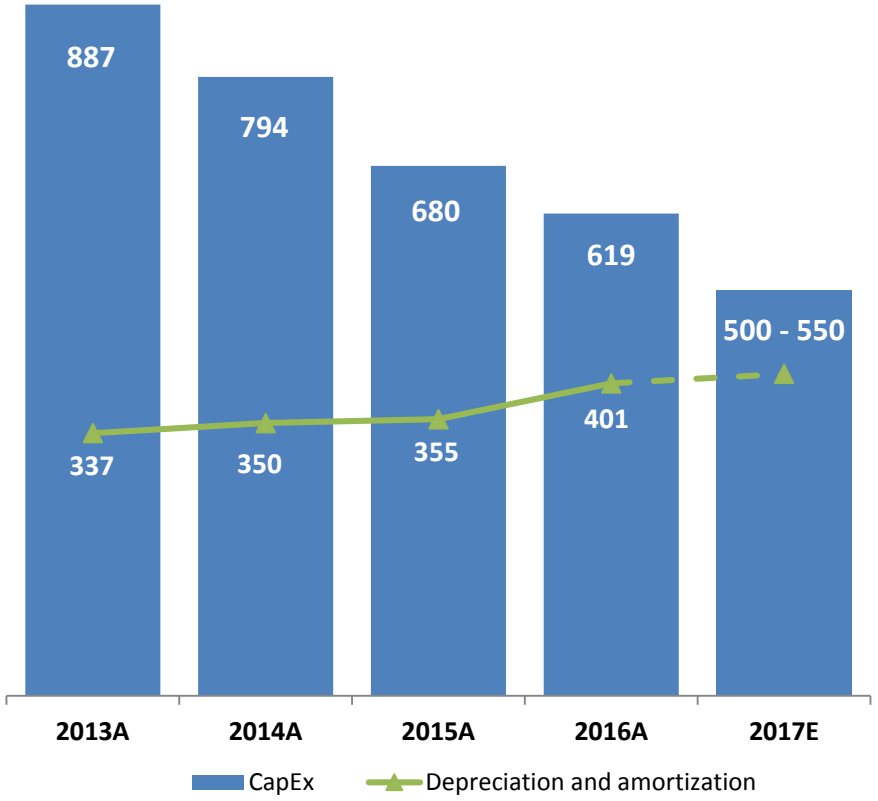



* Free cash flow =operating cash flow –purchases of property, plant and equipment and intangible assets + dividends from equity-accounted investees (also included in "other")

** Working capital = trade and other receivables + inventories – trade and other payables (recalculated for prior years)

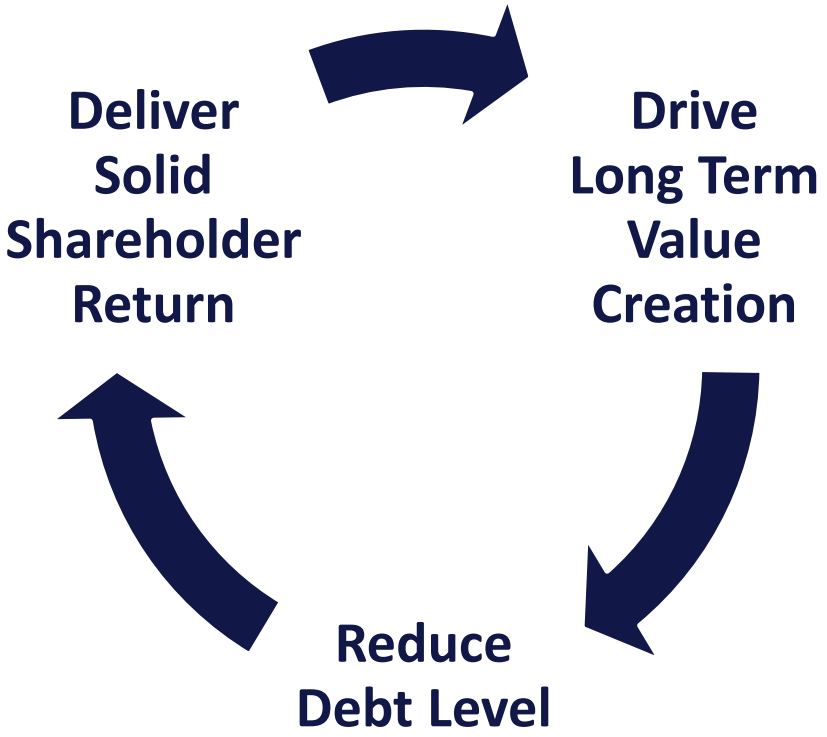
# Committed to Maintaining Financial Stability While Investing in Growth

## We Exercise Strict CapEx Management While Still Investing in Future Growth…




**2018 CapEx is expected to be higher than 2017**

## …Based on Our Capital Allocation Guiding Principles



# Key Takeaways

**Diversified Company, Integrated Along the Value Chains**

**Low Cost Dead Sea Production, Geographically Advantaged Asset Base**

**Focus on Downstream Growth Opportunities in Specialties**

**Strong Cash Flow Generation and Prudent Capital Management**

*Thank You*

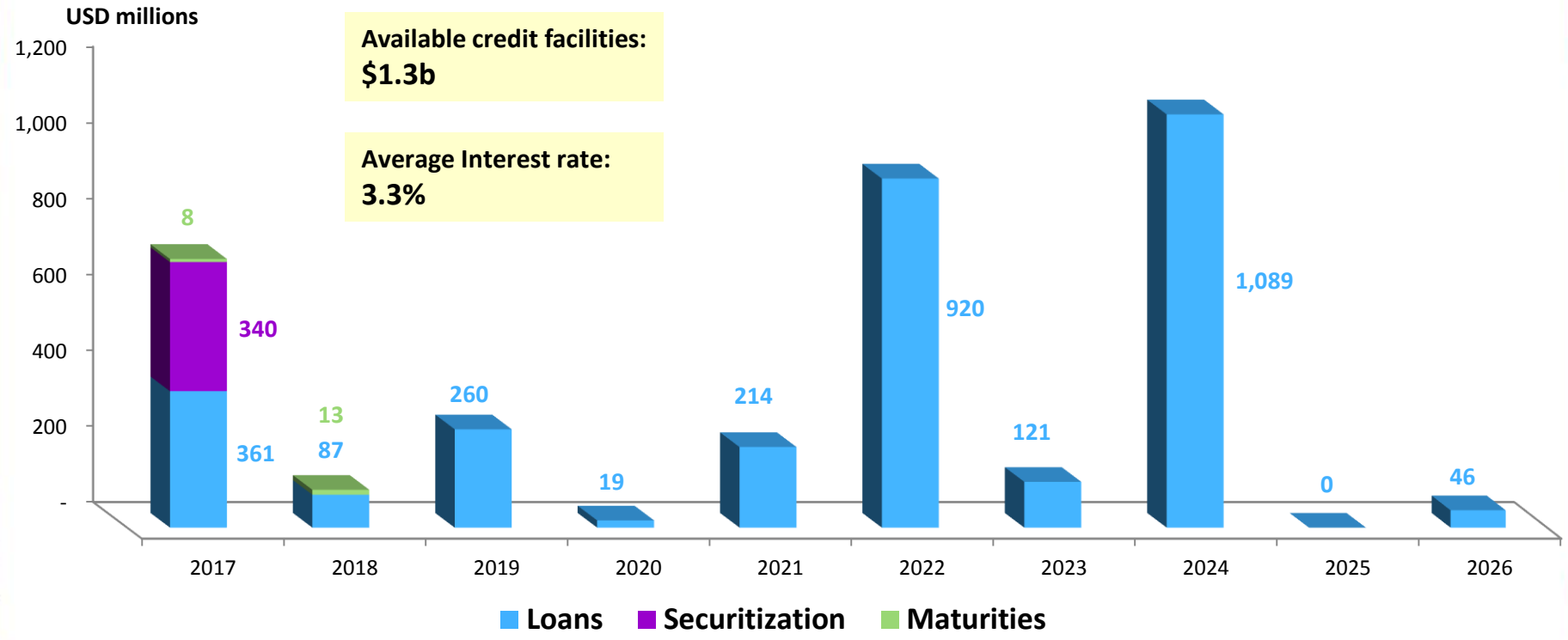
# Specialty Solutions Positioned to Benefit from Growing Global Trends

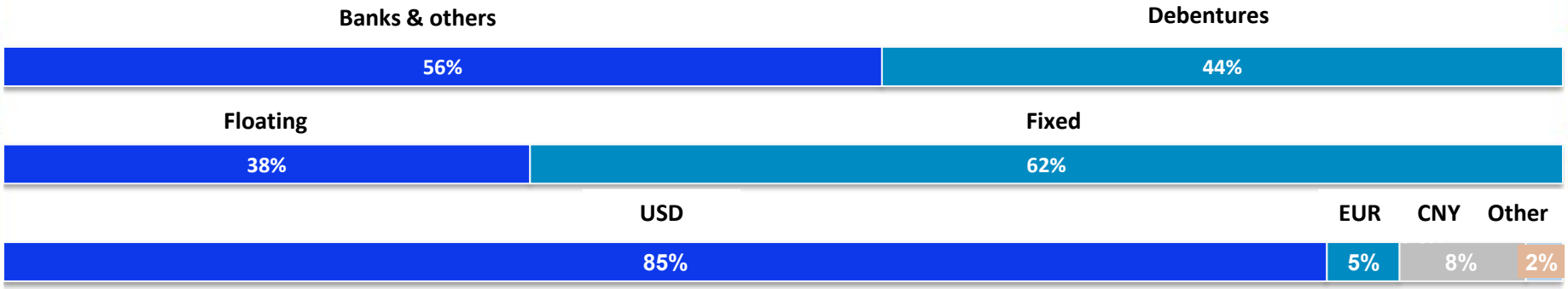
| Trend | Environmental Regulations & Sustainability | Renewable Energy & Energy storage | Food Security | Electric / Smart Vehicles & Home Automation | Growing Middle Class in Emerging Markets | Limited Clean Water Supply |
|---|---|---|---|---|---|---|
| Industrial Products | ✓ | ✓ | | ✓ | | ✓ |
| Advanced Additives | ✓ | | | ✓ | ✓ | ✓ |
| Food Specialties | ✓ | | | | ✓ | |
| Conventional Fertilizers | | | ✓ | | ✓ | |
| Specialty Fertilizers | ✓ | | ✓ | | ✓ | ✓ |

# Effective Tax Rate Impacted by Exceptional Items

| $ million | Q3 2017 | Q3 2016 | FY2016 |
|---|---|---|---|
| Profit before tax | 182 | 152 | 506 |
| Income and Natural resources tax | 63 | 39 | 121 |
| Normalized effective tax rate | 35% | 26% | 24% |
| Special items | 3 | --- | 26 |
| Post special items | 66 | 39 | 147 |
| Post special items Tax rate | 36% | 26% | 29% |
| NIS strengthening and other | 3 | 2 | (47) |
| Post impact of NIS strengthening and other | 69 | 41 | 100 |
| ***Effective tax rate*** | ***38%*** | ***27%*** | ***20%*** |

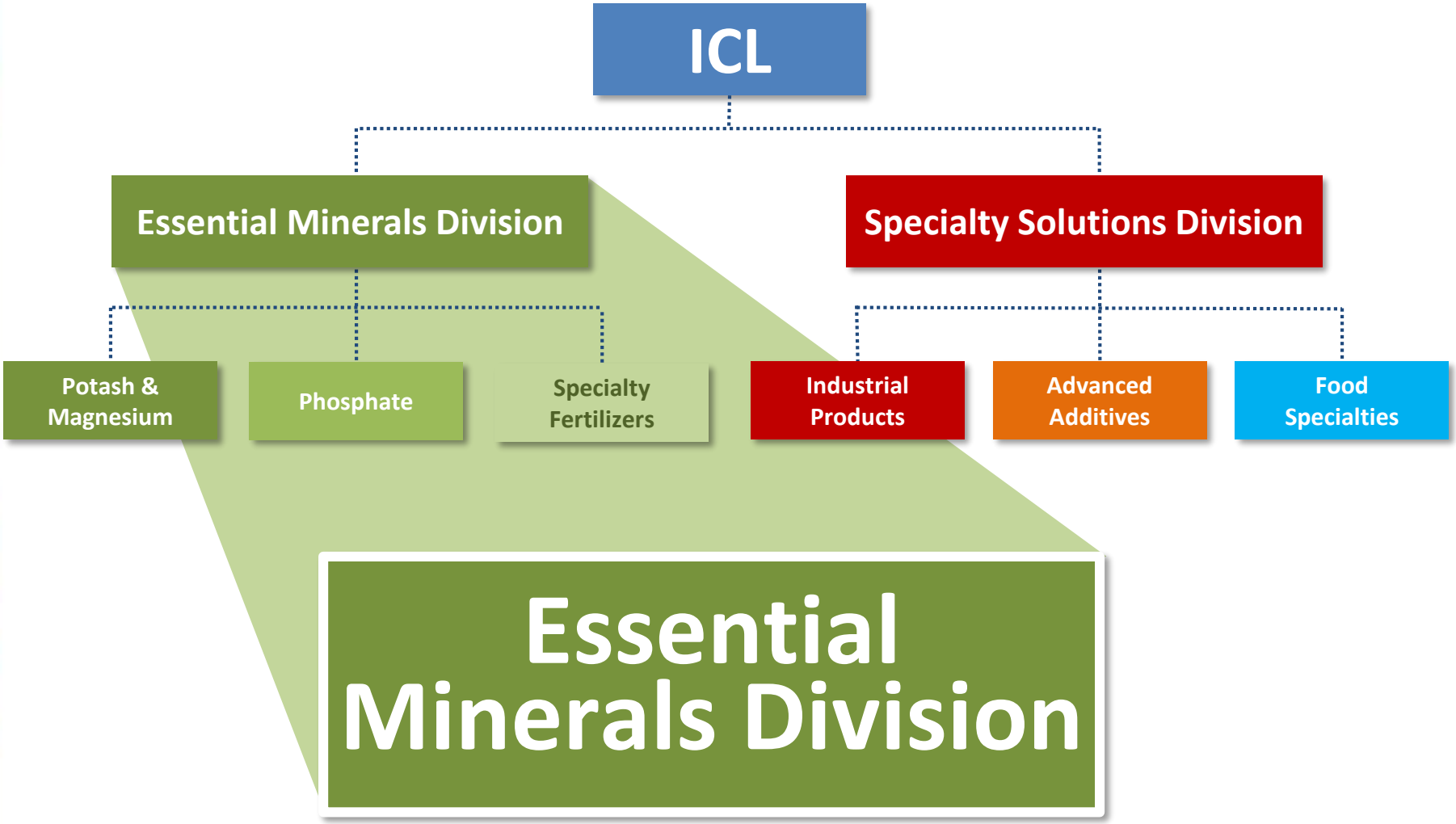
# ICL Maturities as of September 30, 2017



# *Essential Minerals Division*

# Organizational Structure



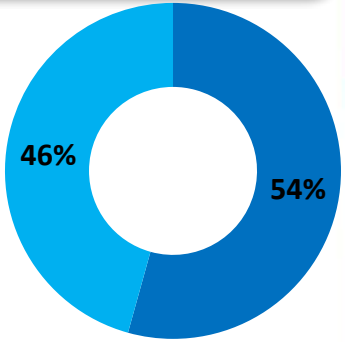
# ICL Essential Minerals: Serving Global Agricultural Markets

**$3.2Bn** 2016 SALES**

**$397M** 2016 OPERATING INCOME***

## OF ICL SALES IN 2016

**54%**




## LTM SALES VOLUME****

| | |
|---|---|
| Potash | 5,263 K ton |
| Phosphate Fertilizers | 2,540 K ton |
| Polysulphate (2016A) | 200 K ton |

## LTM PRODUCTION****

Essential Minerals  Specialty Solutions

| | |
|---|---|
| Potash | 4,773 K ton |
| Phosphate Rock | 5,080 K ton |
| Phosphate Fertilizers | 2,230 K ton |

## EMPLOYEES WORLDWIDE

**~ 8,000**

## GLOBAL PRESENCE

* Before setoffs and inter-segment eliminations.
** Before setoffs and inter-segment eliminations. All numbers are rounded.
*** Before G&A expenses. Before setoffs and inter-segment eliminations. All numbers are rounded.
**** LTM figures shown as of Q3 2017. Polysulphate sales are shown on a 2016A basis.

Where needs take us

# ICL Essential Minerals - Organizational Structure

**President, ICL Essential Minerals Division**

**Ofer Lifshitz**

**21 years in ICL**

- Business Development
- HR
- Finance

**Potash & Magnesium**

**Noam Goldstein**

**31 years in ICL**

**Phosphate**

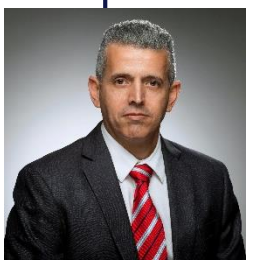
**Yakov Kahlon**

**22 years in ICL**

**Specialty Fertilizers**

**Eli Amon**

**26 years in ICL**

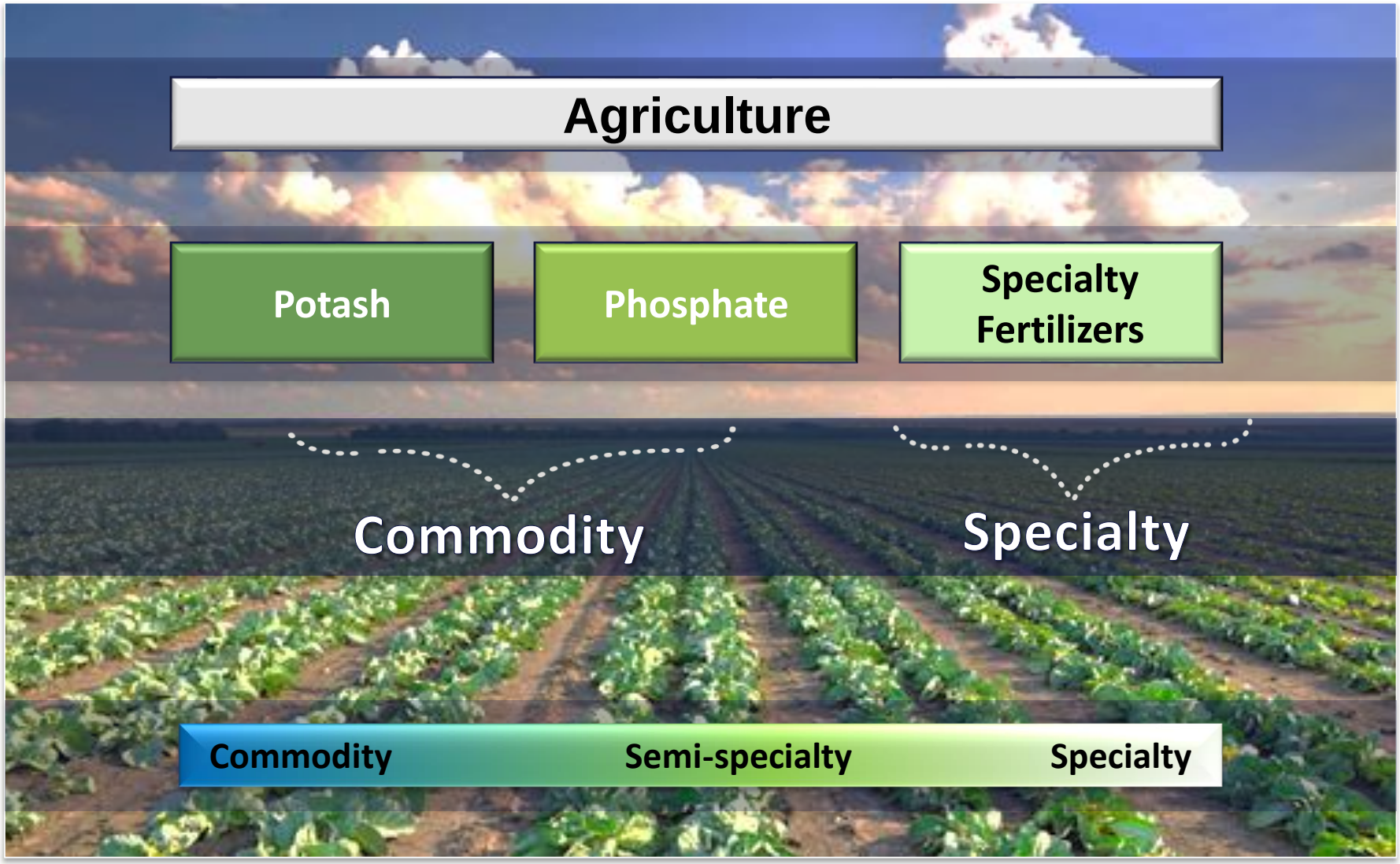


**Sales, Marketing & Logistics**

**Alon Gil**

**23 years in ICL**

# ICL Essential Minerals Division



# Global Fertilizer Demand

## More people want more…

**Demand for fertilizers is closely linked to the demand for food and fuel crops**

**Growing population**

**Dietary shifts**

**More grains**

**Increased yields**

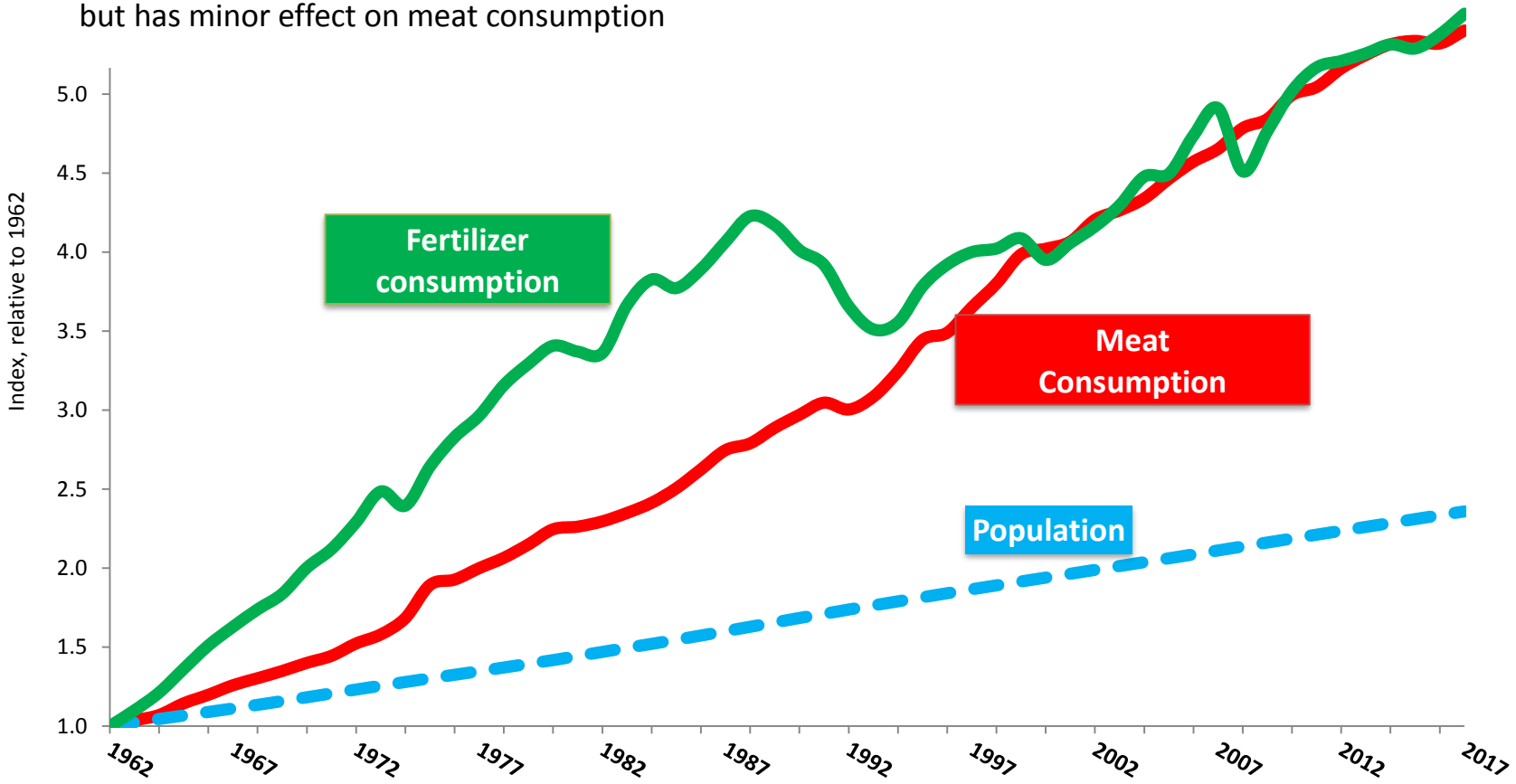
**More fertilizers**

**Arable land per capita**

**Biofuels**

# Population, Meat and Fertilizers [Base 1962]

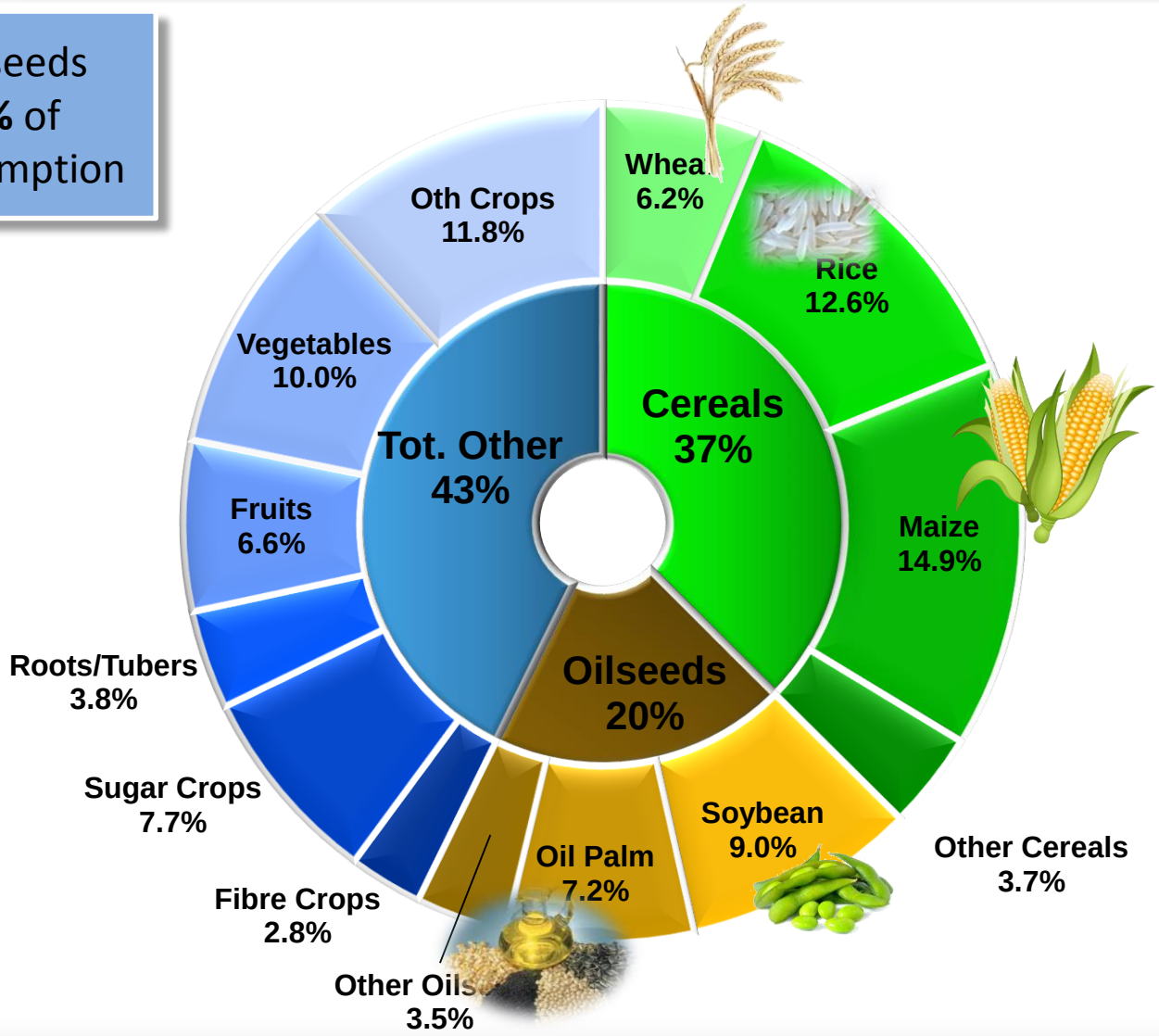
- Fertilizer demand increases faster than population growth
- Correlates better to improved dietary consumption
- Economic crisis affects fertilizer consumption short term, but has minor effect on meat consumption




Source: IFA, USDA, USA Census

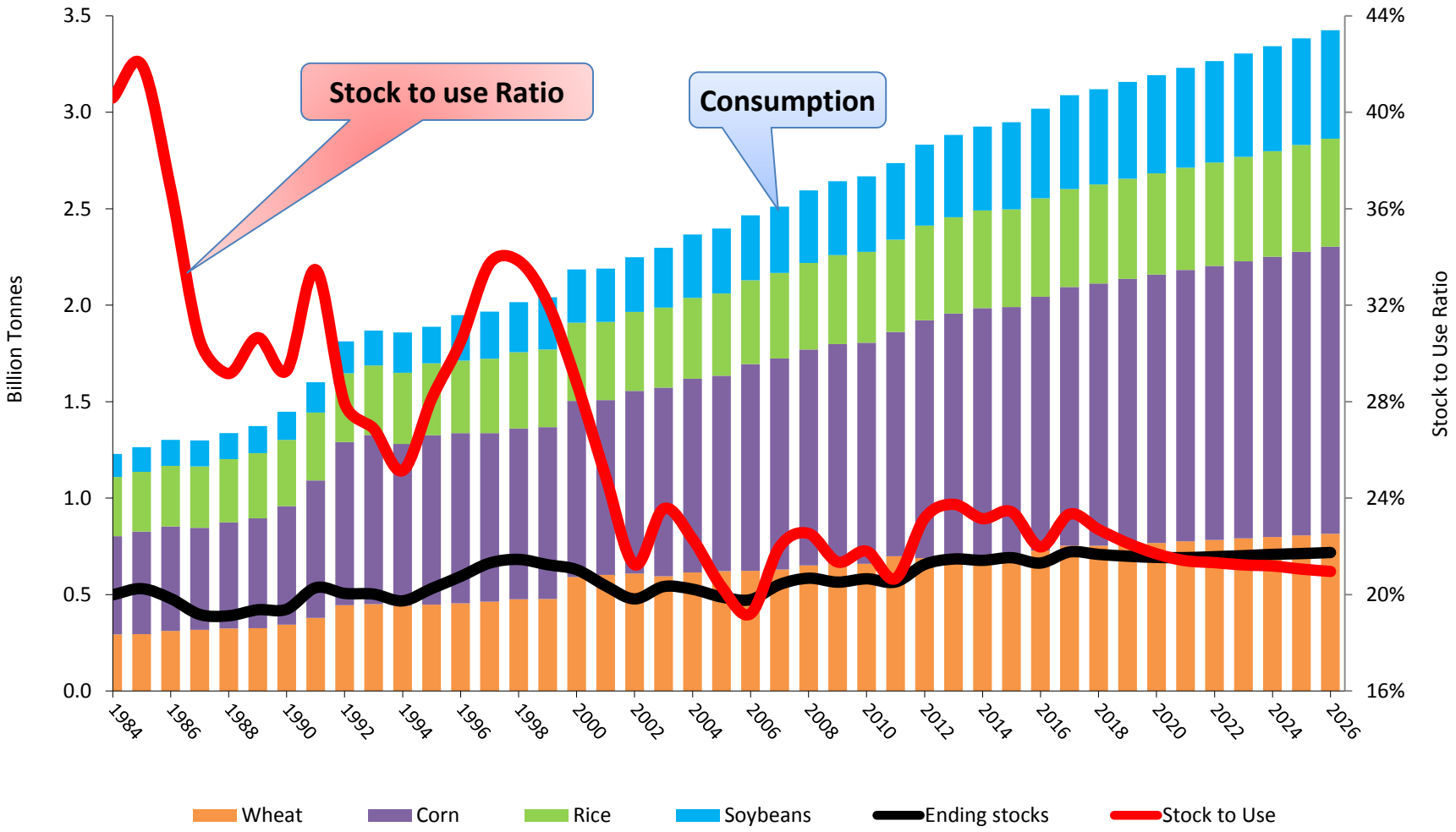
# Total Fertilizer Use by Crop at Global Level

Cereals and Oilseeds Account for **62%** of Fertilizer Consumption



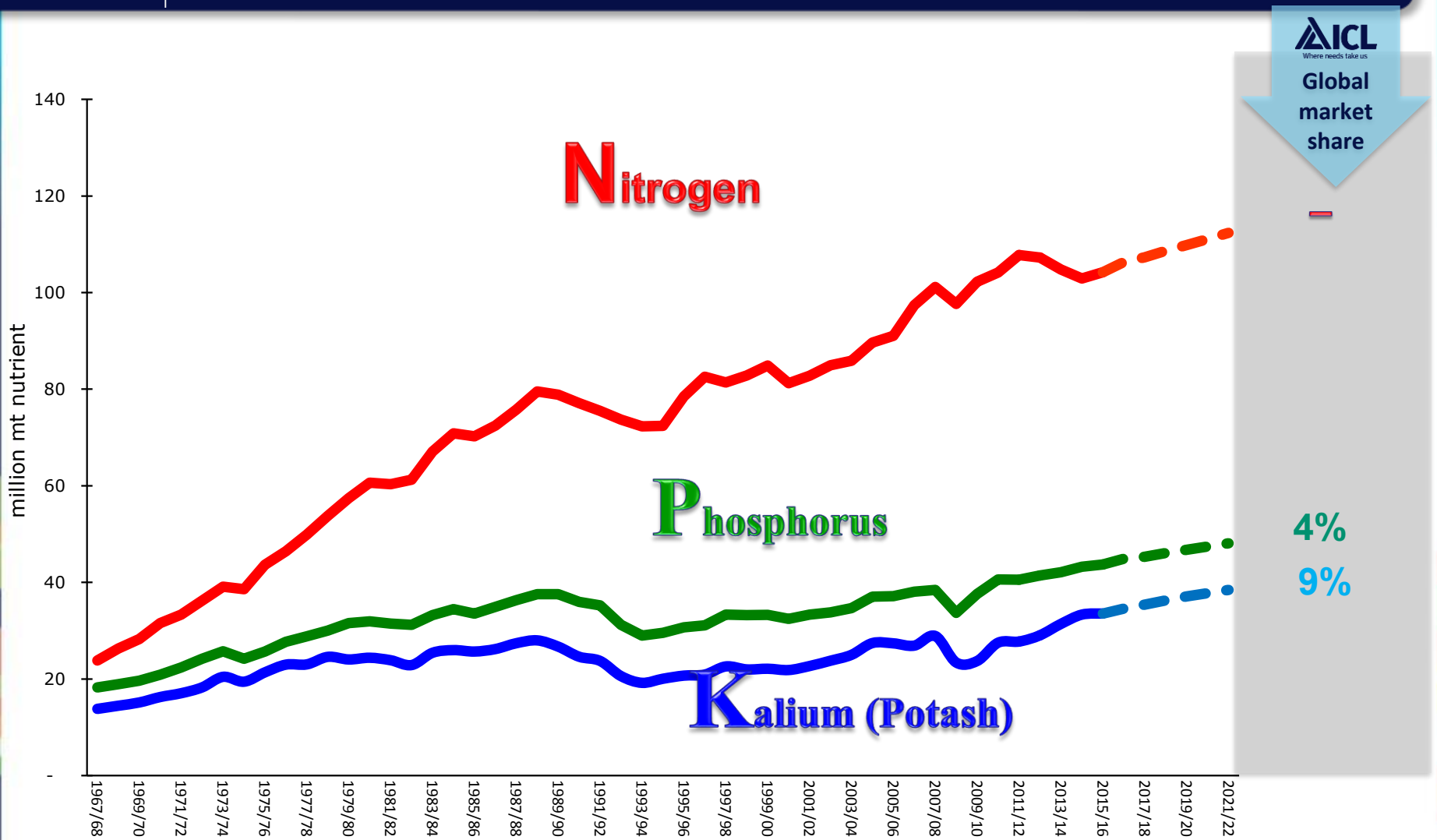

Source: IFA- Assessment of Fertilizer Use by Crop at the Global Level

# World Main Crops Long Term Forecast Consumption, Stock and Stock to Use Ratio




Source: OECD-FAO Agricultural Outlook 2017-2026 (Jul 2017)

# Global Fertilizer Consumption

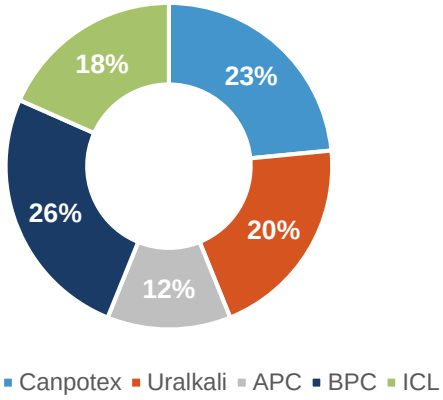



Source: IFA – Medium Term Outlook for World Agriculture and Fertilizer Demand (May 2017)

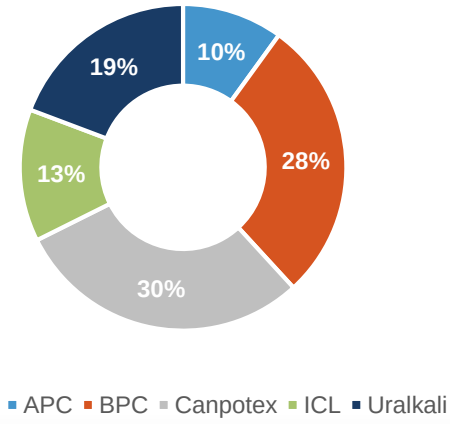
# Potash Market Share

## India

### 3.8 Mt

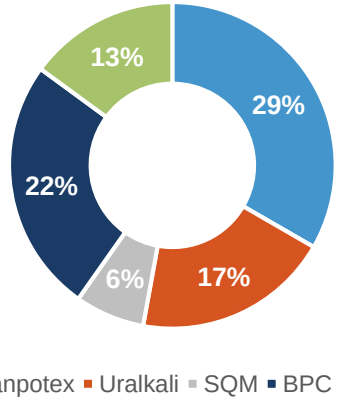



### 2.2 Mt

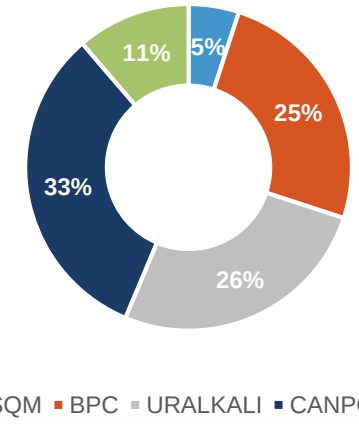



## Brazil

### 8.8 Mt

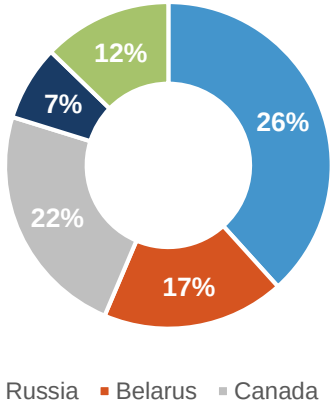



### 4.3 Mt

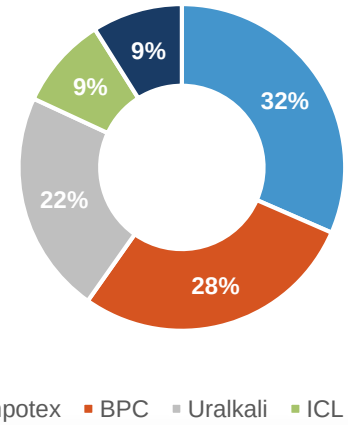



## China

### 6.8 Mt




### 3.9 Mt



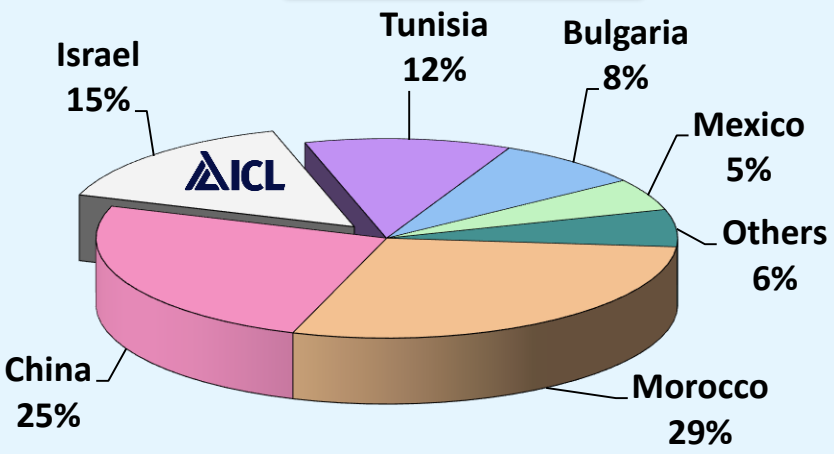

Total Import 2016

Total Import 1H 2017

# TSP Trade 2016

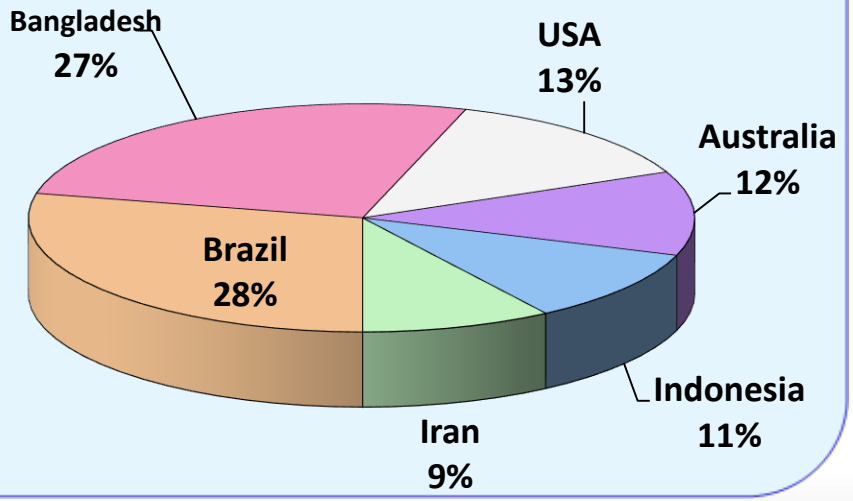
Source: CRU Phosphate Rock Outlook (Apr. 2017)

## Major Exporters




**Total Global Trade = ~1.4 Mt $P_2O_5$**

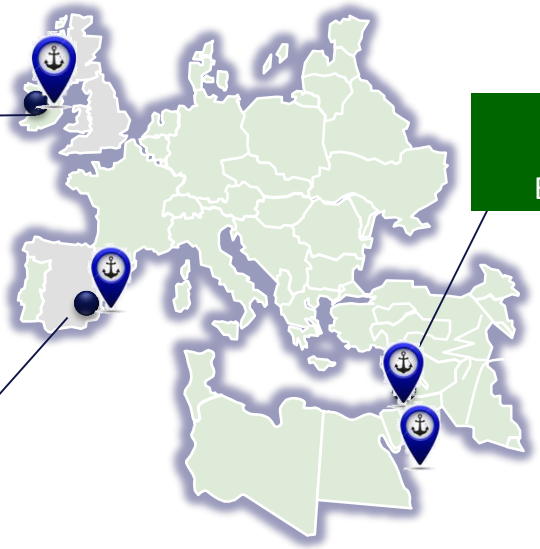
## Major Importers



# Potash - Operational Advantages

**ICL UK**
North East England
Conventional mining

**ICL Iberia**
Spain, Catalonia
Conventional mining



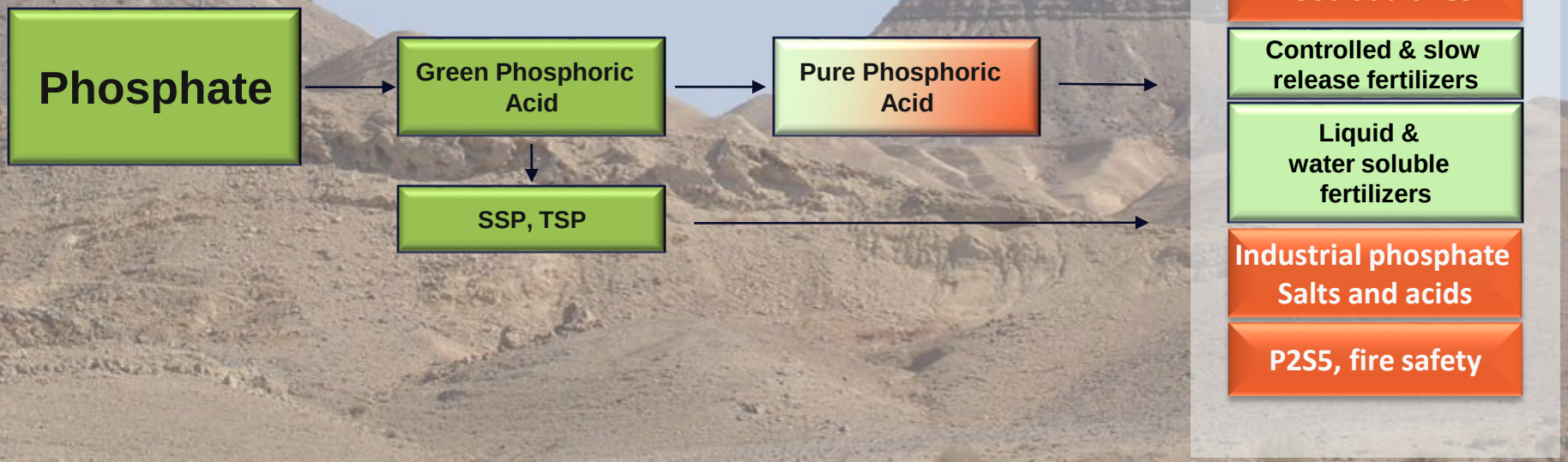
**ICL Dead Sea**
Israel, Dead Sea
Evaporation Ponds

- **Vast raw material source** (Israel, Spain)
- **Unlimited open-air stockpiling capacity** (Israel)
- **Low production cost** (Israel)
- **Synergy with other plants in Sdom site.**

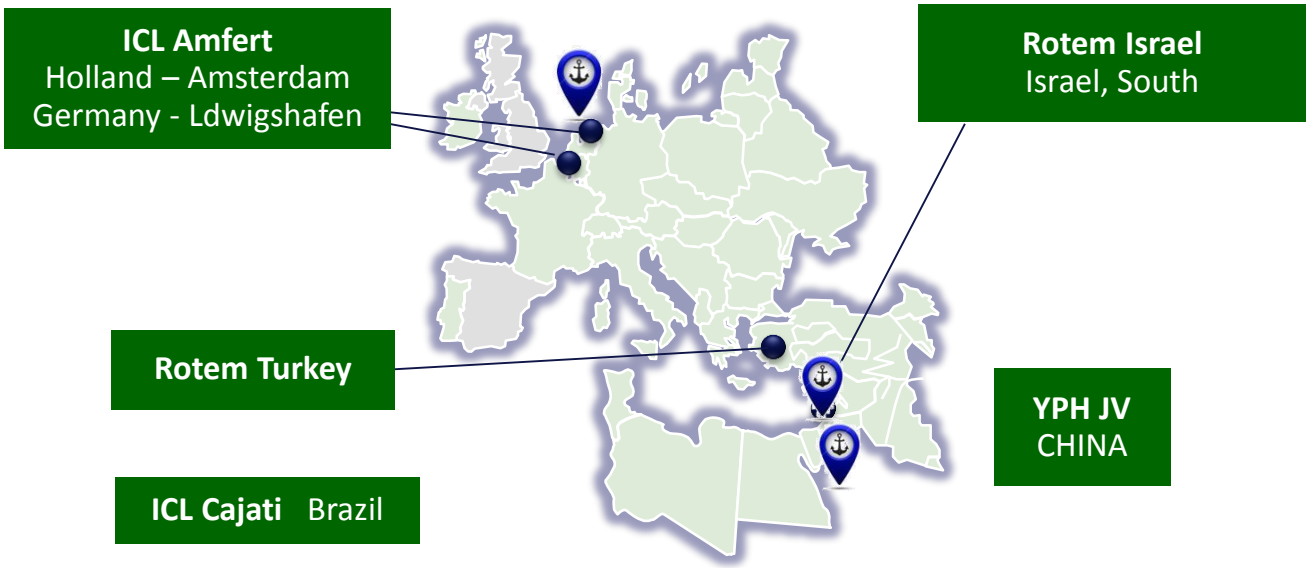
- **Logistic advantages**
  - Geographic locations
  - Access to deep water ports
- **Synergy within the Business unit.**

# Phosphate - Operational Advantages

## The operational advantages of Phosphate, starting with the $P_2O_5$ value chain



# Phosphate - Operational Advantages

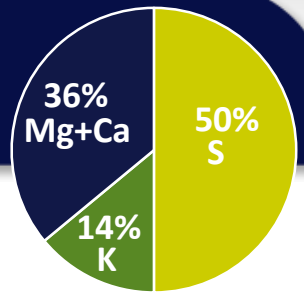



- **Logistic advantages.**
  - Geographic locations
  - Hub center in Europe (Amfert)
- **Synergy within the production sites.**
- **Production optimization between the sites.**
- **Captive use for ICL internal products.**

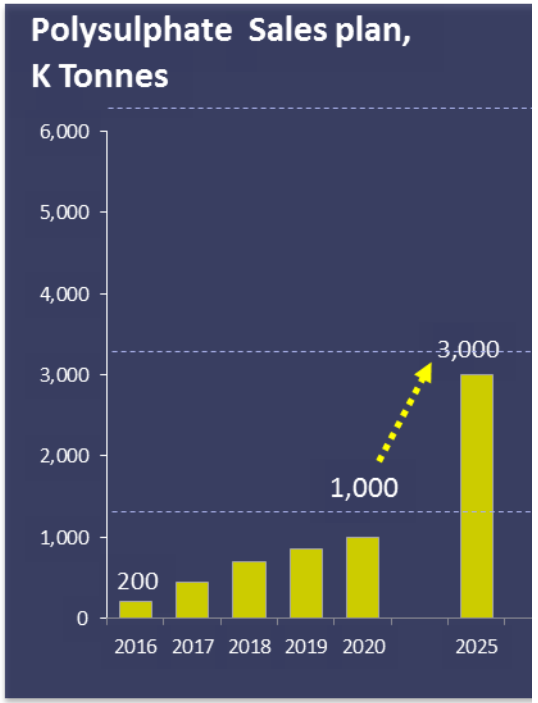
# Improving Our Competitiveness

- **Operational Excellence**
- **Efficiency program in all sites**
- **Tight cost control**
- **Utilize synergies within ICL**

# Polysulphate™: The Future of ICL UK




**Readily available** - new natural fertilizer in the market




Commodity — Semi-specialty — Specialty

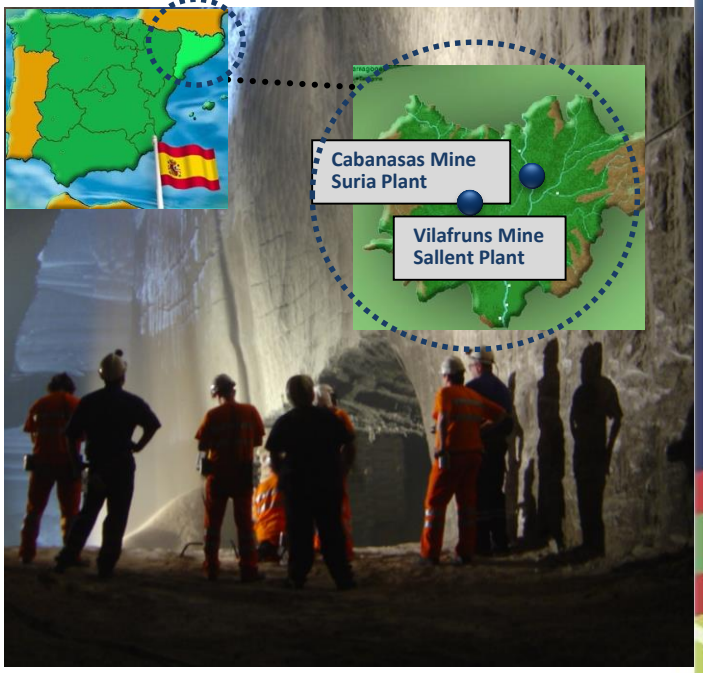
# ICL Iberia

## Moving from 2 production centers to one production center while reducing the cost per tonne

Building access ramp

Vacuum Salt Plant

New Dock in the port




## Operational improvements and reduction in cost per tonne
## In the next step – increase production capacity

# YPH

## YPH – JV of ICL and YTH since end 2015

### Objectives:

- To become a player in the Chinese market.
- Establish the same Value Chain as in Rotem.

## ICL has history of more than 20 years of activity in China

### What was done till now ?

- Integration
- Operational excellence
- Moving from Commodity to Specialty.

# Specialty Fertilizers – Highlights

**Specialty Agriculture**

Fruit, vegetables & arable crops

**Horticulture**

Container Nursery & Greenhouse potting plants

**Turf &Landscape**

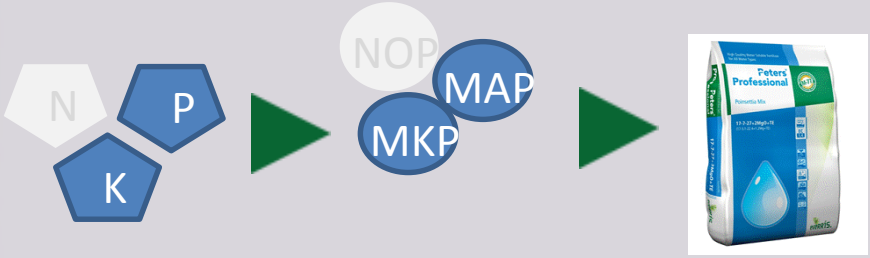
Sport pitches, golf courses and municipal areas

**Growing Markets**

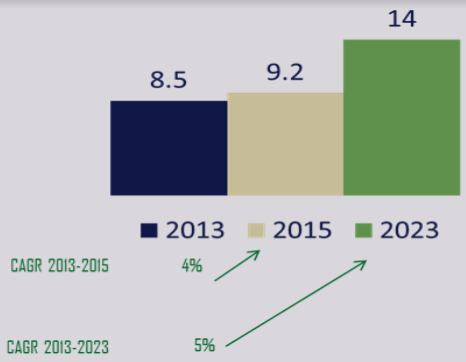
**Strong Sales Network**

**Best-in-Class R&D / Technology**

## Creating Value to ICL




## Specialty Fertilizers Market ($ B)



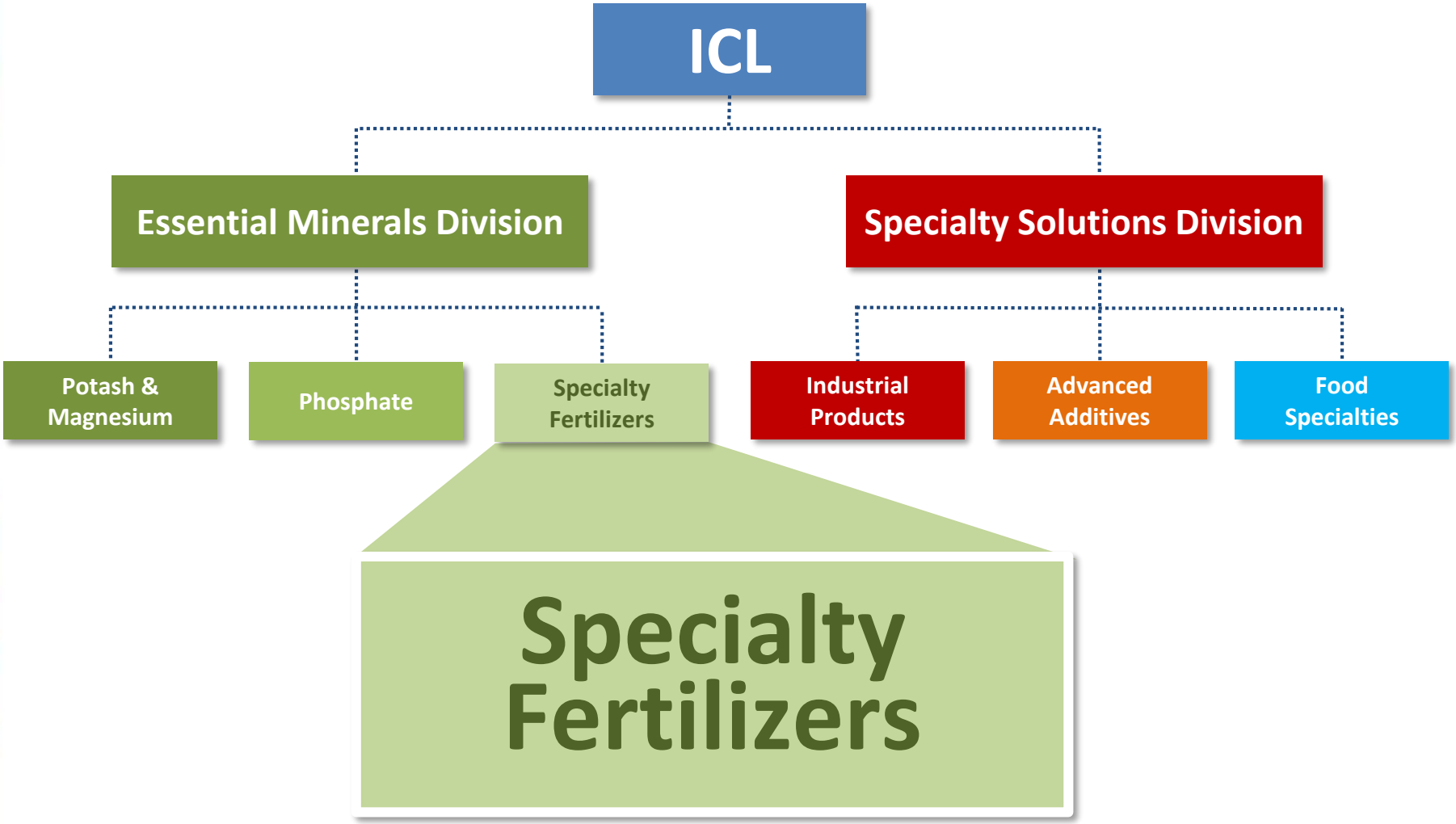

**Commodity** — **Semi-specialty** — **Specialty**

# Key Takeaways

- Significant potash presence in emerging markets
- Low production cost
- New semi-specialty activity
- Great potential growth for the SF BU
- $P_2O_5$ value chain in Israel and in China
- Experienced management team

# *Specialty Fertilizers*

# Organizational Structure



# Global Needs Evolve

**Population is constantly growing**

A new report predicts the world's population is growing faster than we thought

# Global Needs Evolve

## Urbanization keeps on spreading

In 1950

30%

of population lived in cities



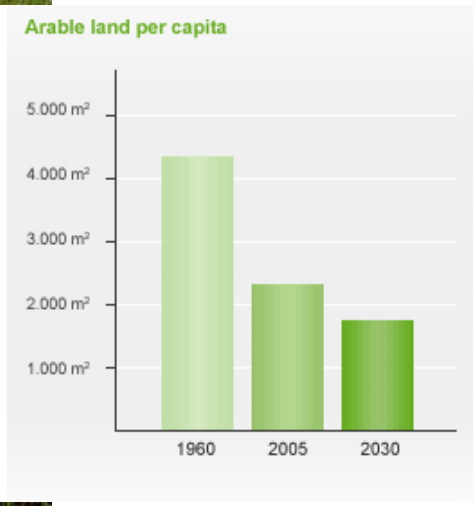
In 2050

70%

of population will live in cities

# Global Needs Evolve

## Arable land per capita is diminishing



# Specialty Fertilizers and Bio Solutions Became An Important Part of the Ag Input

Specialty Fertilizers market / ~$9bn

Bio Solutions 1.5%

Specialty Fertilizers 3.5%

Micro Nutrients 1%

Advanced bio solutions for plant nutrient and protection

Nontraditional application of nutrients (i.e. Soluble, Liquids and Coated)

N,P,K and Secondary nutrients[1]

Nutrients consumed in small quantities[2]

Where needs take us

1 Calcium, Magnesium and Sulfate

2 iron, cobalt, chromium, copper, iodine, manganese, selenium, zinc and molybdenum

# Global Trends & Needs Will Drive Development Towards Specialty Fertilizers

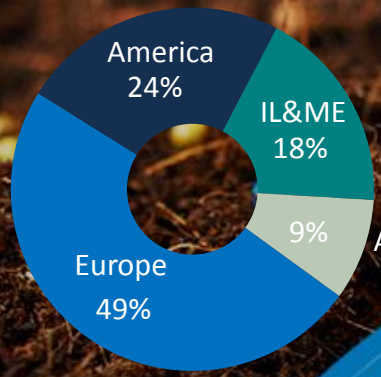
| Regulatory Pressure | Environmental Trends | Changing Food Chain | New Grower Practice |
|---|---|---|---|
| Zero growth Fertilizers 2020 | Good Agricultural Practice GAP FOR VEGETABLE FARMING | | |
| EU Nitrate Directive | | | |

**Expected Nutrient use efficiency growth :**
**+ 4-7 % per year**

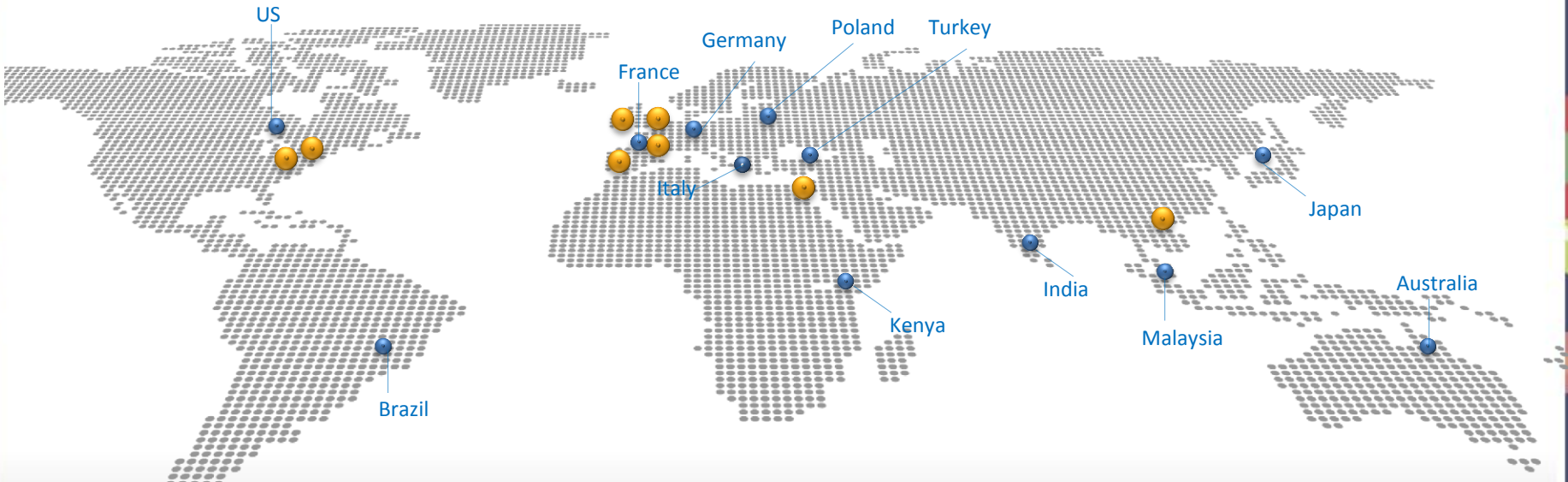
# A Global Manufacturer of Products That Fulfills Essential Needs in the Agriculture Market

~$660m sales in 2016, 13% of ICL's Rev ($5,363m)

~$55m Operating Profit in 2016




~1,000 Employees Worldwide




Where needs take us

Production sites

Sales Offices

# ICL SF Has a Broad Offer of Unique Specialty Fertilizer Technologies

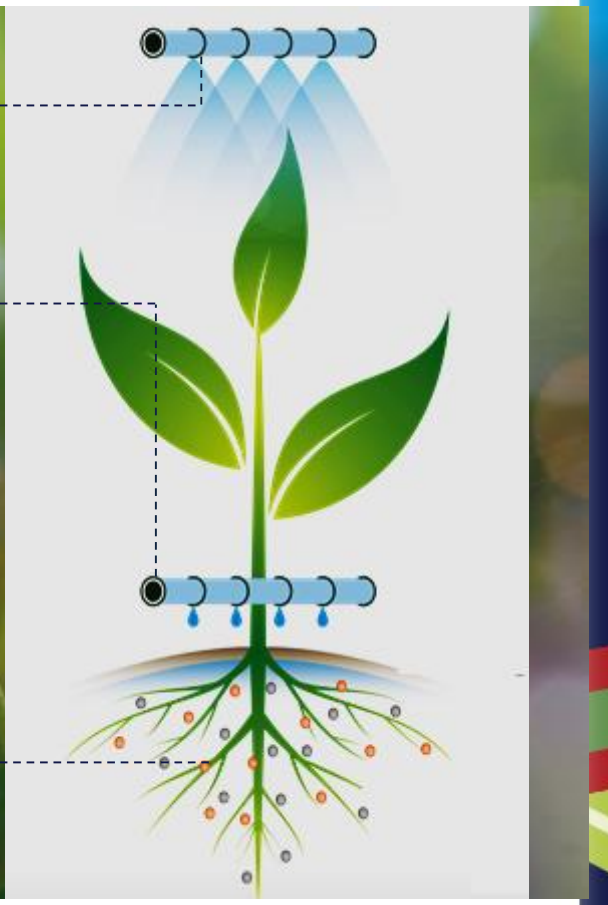
**Optimal Plant Nutrition**
**Less is more!**

ICLSF has developed specialized fertilizer products that match application technique: foliar, drip or soil applied

**Foliar Fertilizer**

**Fertigation/ Soluble Fertilizers**

**Controlled Released Fertilizers**



# Our Core Market

**Specialty Agriculture**
Fruit, vegetables & arable crops

**Turf & Landscape**
Golf courses, sports fields & landscape

**Ornamental Horticulture**
Nursery stock, perennials, pot & bedding plants

# Our Core Markets and Products

Controlled Release Fertilizers (CRF)

Water Soluble Fertilizers (WSF)

Slow Release Fertilizers

Growing Media

Grass Seeds

Liquid Fertilizers

Liquid Fertilizers

Straights (MAP / MKP / Pekacid)

Plant Protection Products

Adjuvants Water Conservation Agents



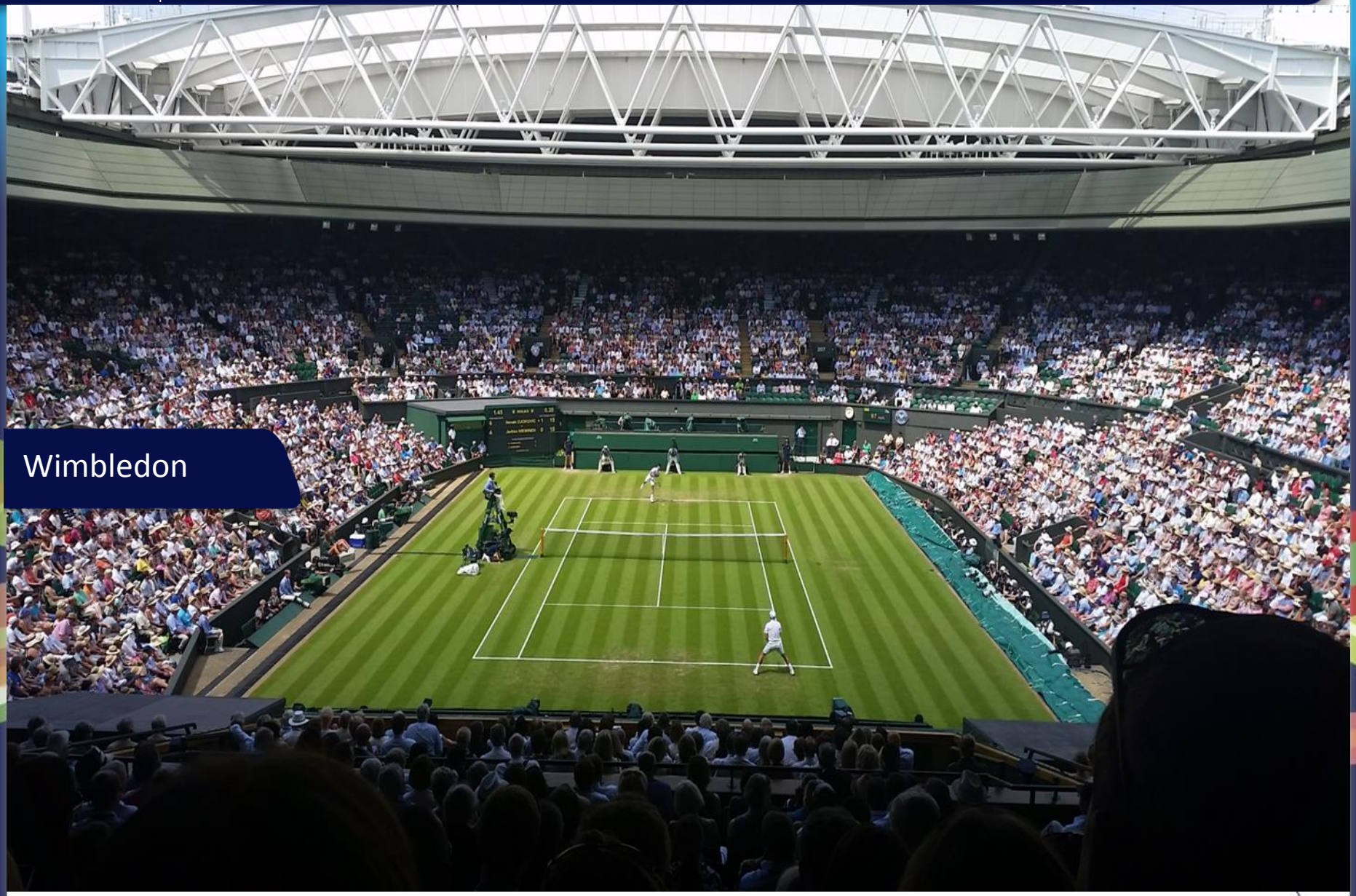
* 2016 Revenues ($660M)

# Our Core Markets and Products / Turf

Most stadiums of “La Liga” use ICL products (fertilizers& seeds)

Camp Nou

# Our Core Markets and Products / Turf



Wimbledon

# Our Core Markets and Products / Turf

Cardiff

# ICL Specialty Fertilizers is a Leader in the Market

1993 — Where needs take us

2010 — NOVAPEAK; דשנים וחמרים כימיים בע"מ

2011 — everris.

04 2011 — Fuentes FERTILIZANTES, MEMBER OF ICL

05 2012 — Xcalibur (USA)

11 2012 — NUB

09 2014 — AMEGA SCIENCES

# ICLSF is a Leader in the Market

Osmocote®

# Strong Positioning in the Spec-Ag Market

## Specialty Agriculture

- # 1 in Crystaline PK solubles
- #1 in Liquids in Spain and Israel
- Top 3 in Fertigation

Optimal plant nutrition

for fruit, vegetables & arable crops

# Global Players by Product Categories

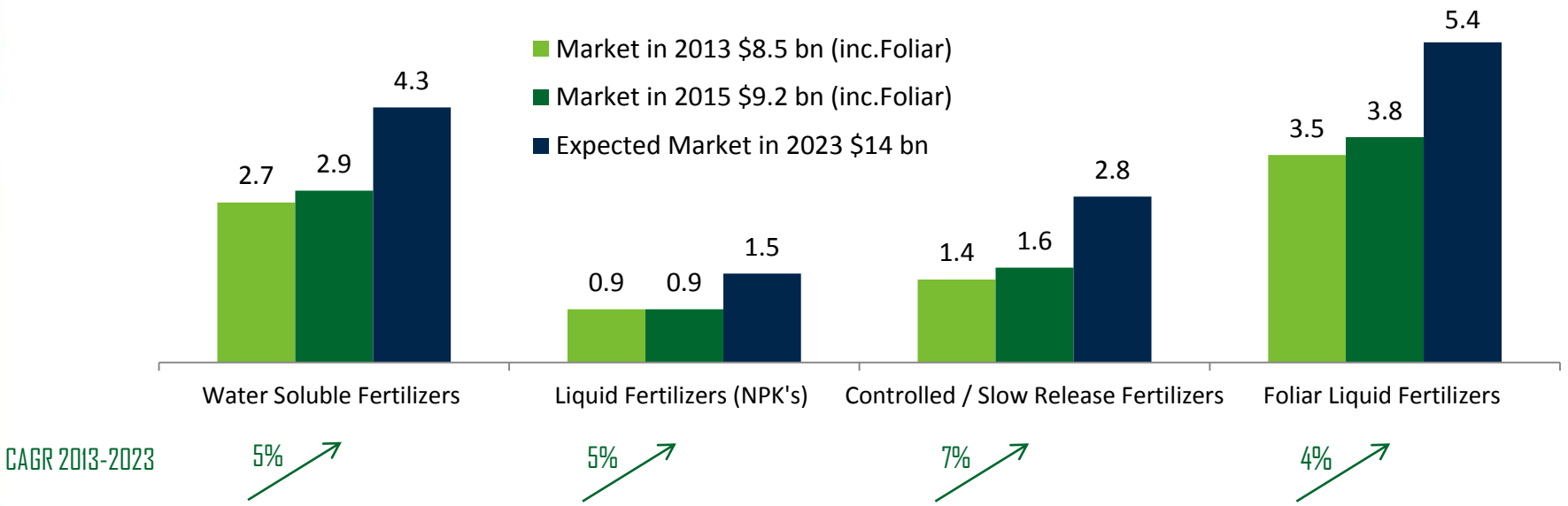
| | Coated Fertilizers | | Solubles / Straights | | | | Liquids | |
|---|---|---|---|---|---|---|---|---|
| | SRF | CRF | Soluble NPK | MAP/ MKP | SOP/CN | NOP | Bulk Liquids | Foliar Liquids |
| ICL-SF | ^ | ^ | ^ | ^ | | | ^ | ^ |
| Compo | ^ | ^ | ^ | | | | | ^ |
| Haifa Chemicals | | ^ | ^ | ^ | | ^ | | |
| YARA | | | ^ | | ^ | | | ^ |
| SQM | | ^ | ^ | | ^ | ^ | | |
| Kingenta | | ^ | ^ | ^ | | ^ | | |

ICL-SF | Compo | Haifa | SQM | YARA | Kingenta

ICL Specialty Fertilizers

Where needs take us

# World Market Trends in the Key Segments




Reduce cost of production

Expand Product Portfolio

Establish production in attractive markets

New cost efficient coating generation

New production plants with focus on emerging markets

Grow with R&D and new Strategic Partners

**SpecAg / Main growth driver**

# Key Takeaways

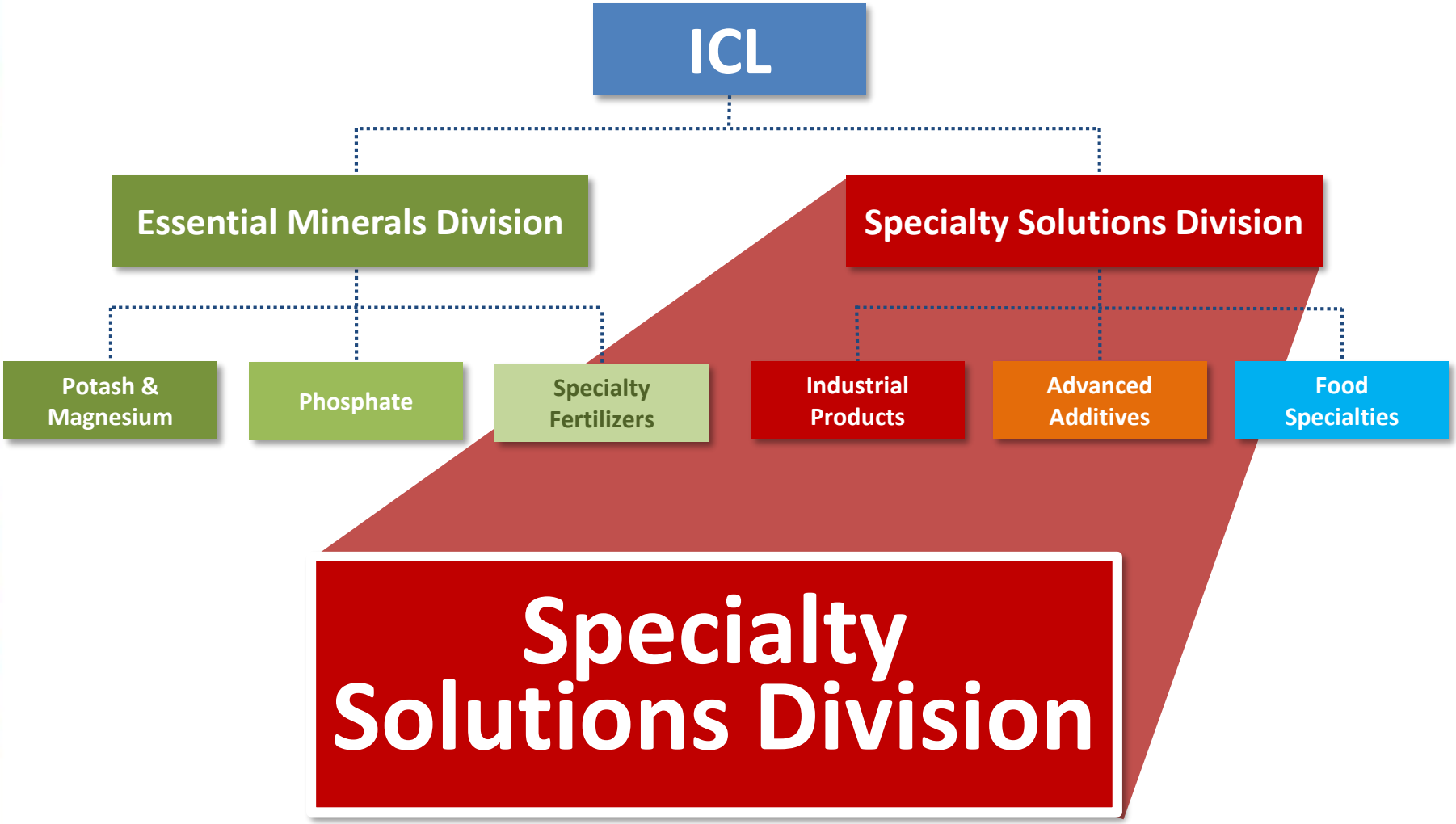
**ICL Specialty Fertilizers**
**An attractive investment opportunity**

- **Fast Growing Industry Driven by Global Trends**
- **Leader in Key Markets**
- **Well Positioned for Growth with Wide Portfolio**
- **Efficient Supply Chain and Strong Professional Sales Force**
- **Established Brands**
- **End User Inspired Innovation**

## Thanks for listening

# *Specialty Solutions Division*

# Organizational Structure



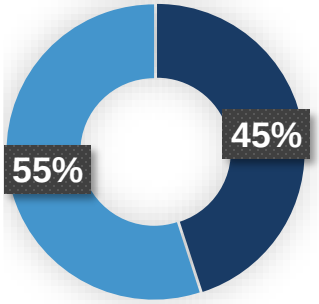
# Specialty Solutions Profile

**$2.6B** ANNUAL SALES*

**$530M** ADJ. OPERATING INCOME**

## OF ICL SALES IN 2016*

**45%**



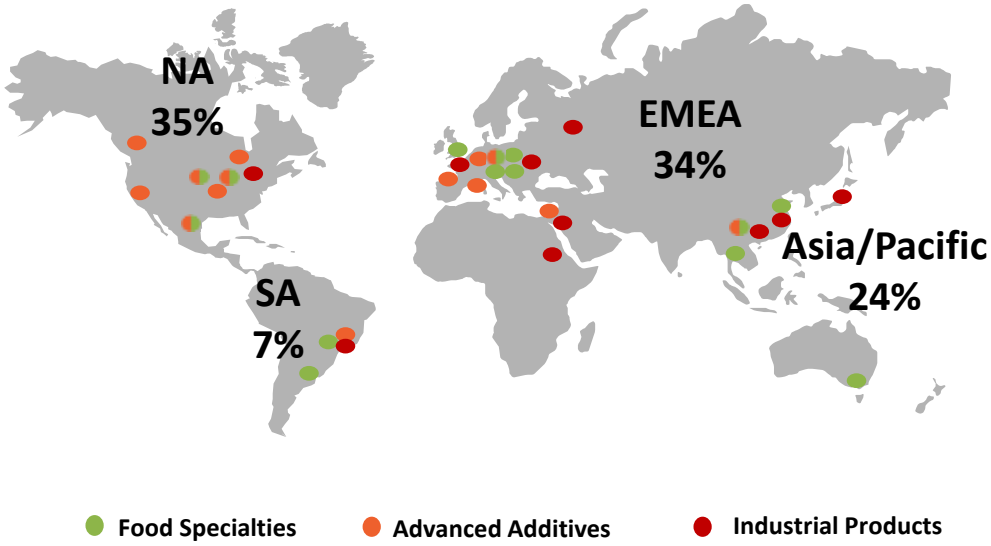

## % SALES BY BUSINESS UNIT (2016)

| | |
|---|---|
| Food Specialties | 26% |
| Industrial Products | 43% |
| Advanced Additives | 31% |

## EMPLOYEES WORLDWIDE

**~ 4,000**

## SPECIALTY SOLUTIONS SALES DISTRIBUTION




* Before setoffs and eliminations
** Before G&A expenses
All numbers are rounded

Where needs take us

# Specialty Solutions' Organizational Structure

**Specialty Solutions Division**

**Eli Glazer,**
President,
ICL Specialty Solutions
34 years in ICL

**Industrial Products**

**Anat Tal,**
EVP Industrial Products,
25 in ICL

**Advanced Additives** | **Food Specialties**

**James Moffatt,**
EVP Advanced Additives and Food Specialties
12 years in ICL

# Specialty Solutions: Main Strategic Goals

## Expand through differentiation

- Innovation
- Demonstrated success

## Cost optimization: Lean & Reliable

- Simple and lean organisation
- Operational cost reduction

## Geographic Expansion

- Asia Pacific
- Latin America

# Global Leaders

Highest concentration of Bromine in the World

Full phosphate chain from Rock to Salts: largest global merchant marketer of Purified Phosphoric acid

Variety of single, multi blends and agglomeration technology

# We Have Built a World-Class Advanced Additives Portfolio

| | Phosphate Salts and Acids | Paints and Coatings |
|---|---|---|
| | | HALOX® LOPON® |
| Description | • Technical Phosphates & Related Specialties; food and technical grade Phosphoric Acids | • Specialty phosphates and blends, selected organic chemistry |
| Key Applications | • Metal treatment, water treatment, cleaners, oral care, cola drinks, asphalt modification, others | • Corrosion Inhibition, Flash Rust Inhibitors, Tannic Stain Inhibitors |
| Example Customers & Distributors | • P&G, Henkel, Colgate, Coca-Cola, Pepsi, Chemetall<br>• Univar, Brenntag | • Sherwin Williams, Behr Paint<br>• Specialty Distributors based on mutual exclusivity |

# Phosphate Value Chain - Markets and Competition

## EUROPE
(ICL - $420-440M)

- ICL
- Prayon
- Budenheim
- FOSFA
- Other

## NORTH AMERICA
(ICL - $400-420M)

- ICL
- Prayon
- Budenheim
- PotashCorp
- Innophos
- Other

## LATIN AMERICA
(ICL - $150-170M)

- ICL
- Prayon
- Innophos
- Chinese
- Other

Source: market size (acid/salts) via internal analysis, published data & other market reports

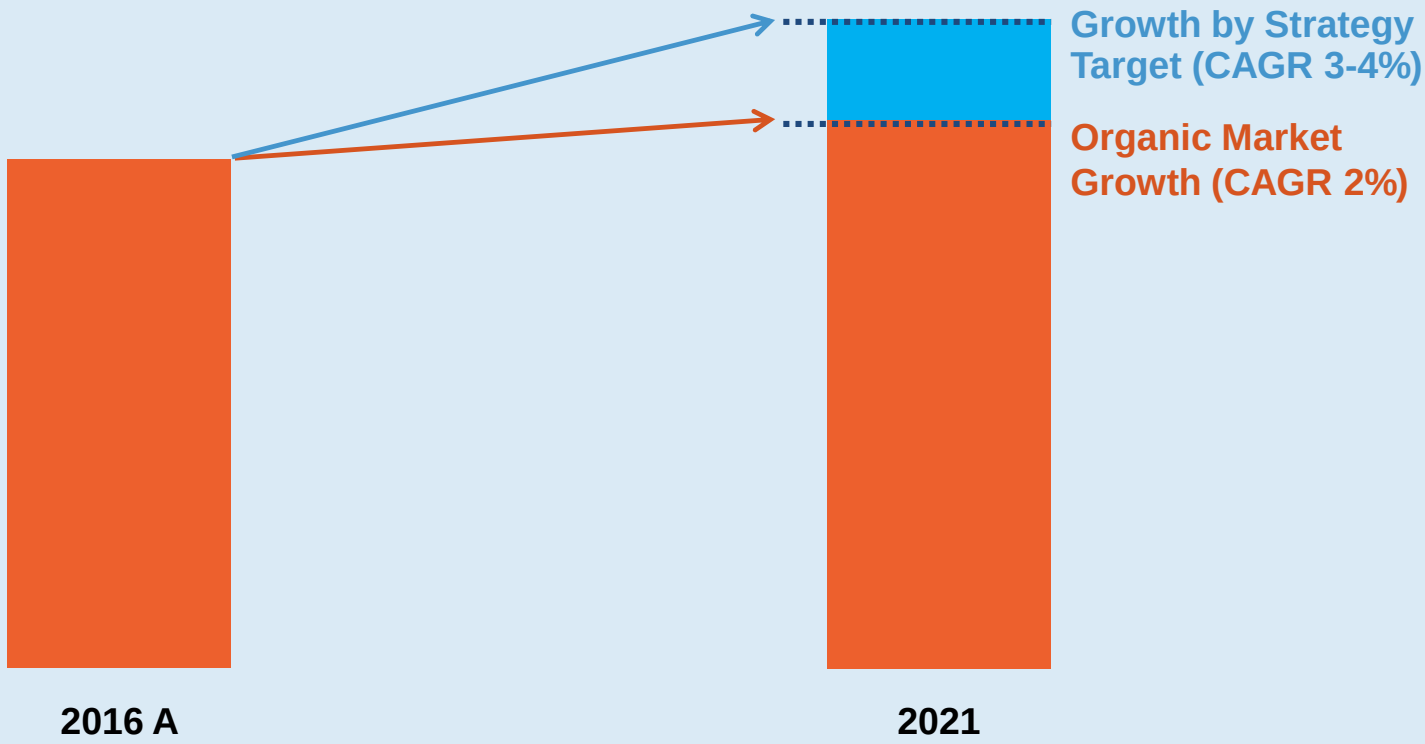
# Vast Product Portfolio Serving a Variety of End Markets

| | Meat, Poultry and Seafood: | Dairy and Dairy Protein: | Bakery and Other: |
|---|---|---|---|
| Description | • $200M in 2016 sales<br>• Providing solutions for modifying texture and stability of food products, including meat substitutes | • $280M in 2016 sales<br>• Produces milk and whey proteins for food ingredients<br>• Provides integrated solutions based on dairy proteins and phosphate additives | • $180M in 2016 sales<br>• ICL leavening acids impact the appearance, texture and volume of bakery products |
| Key Applications | • Continued development of applications for low-sodium salts (SALONA™) from the Dead Sea | • Development of new products based on milk proteins | • Novel product applications by exploiting synergies between food phosphates, proteins, starches and fibers |
| Recent Acquisitions | • In 2014, completed acquisition of the Hagesud Group, a German producer of premium spice blends and food additives for meat processing | • In 2015, completed acquisition of Prolactal GmbH, a leading European producer of dairy proteins | |
| Key Customers | Newly Weds Foods, Tyson, Smithfield, Hormel Foods, JBS | Nestlé, Danone, Kraft Heinz, bel | General Mills, Continental Mills, Clabber Girl, Mondelēz International, kudos blends, RUF, PepsiCo |

# Food Specialties: Markets and Competition

| Meat, Poultry and Seafood<br>2016 sales: ~$200M | Dairy and Protein<br>216 sales: ~$280M | Bakery and Other<br>2016 sales: ~$180M |
|---|---|---|
| Budenheim | Budenheim | Budenheim |
| Innophos | Innophos | Innophos |
| PRAYON | PRAYON | PRAYON |
| WIBERG | Arla | 瓮福集团 WENGFU GROUP |
| FRUTAROM FOUNDED 1933 | Fonterra | CXPC 澄星集团 CHENGXING GROUP |

# Specialty Solutions Revenue Summary 2016A – 2021P



# Main Takeaways for Advanced Additives & Food

**Backward integration**

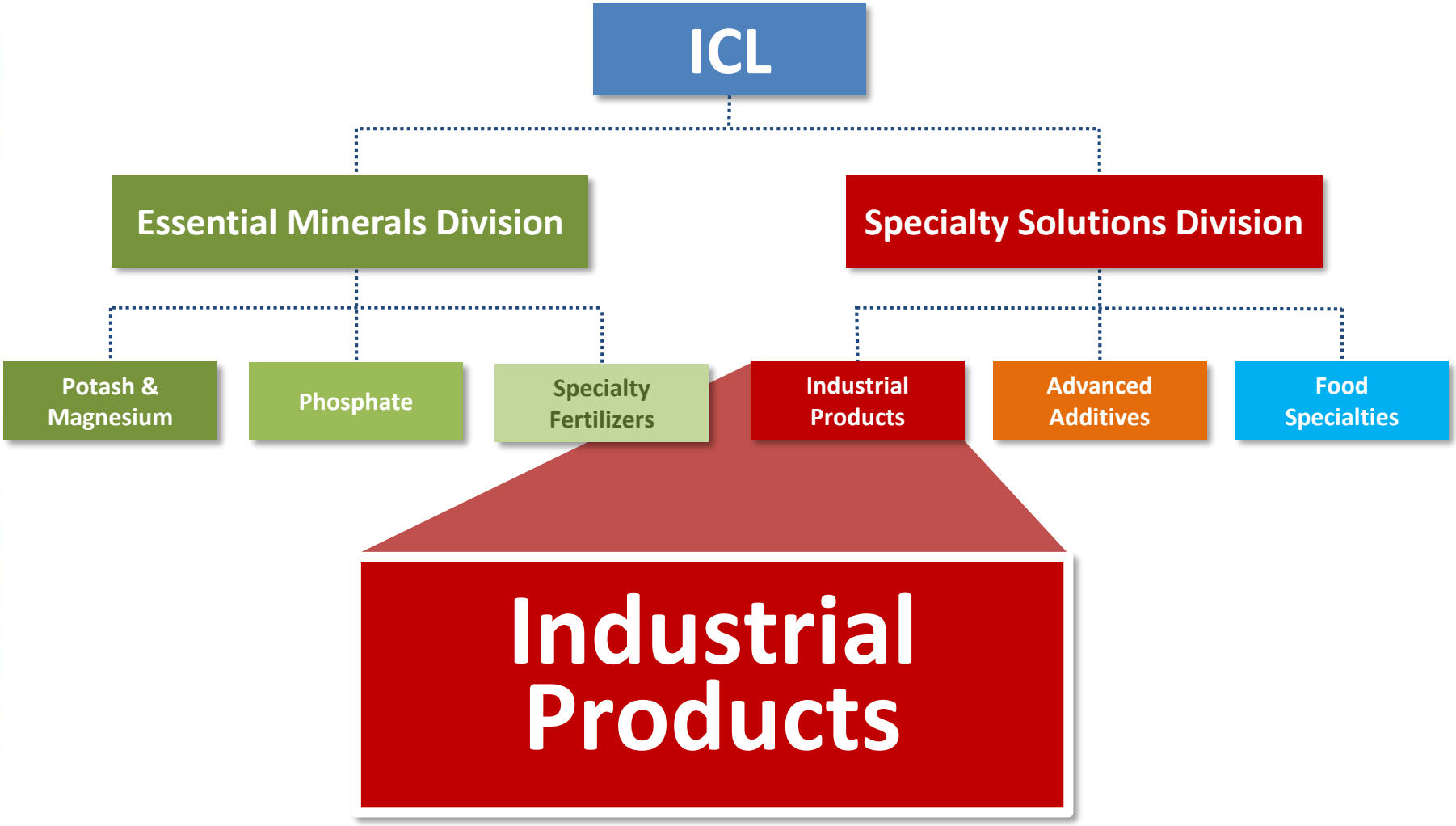
**Innovation capabilities & human capital**

**The only Global player with worldwide presence**

**Growing sales and margins despite competitive market environment**

# *Industrial Products*

# Organizational Structure



# ICL-IP Snapshot

**$1,119* million sales in 2016**

**11 Manufacturing sites WW**

**~1,700 Employees**

**3 R&D centers**



* Including Specialty Minerals

# ICL-IP Snapshot

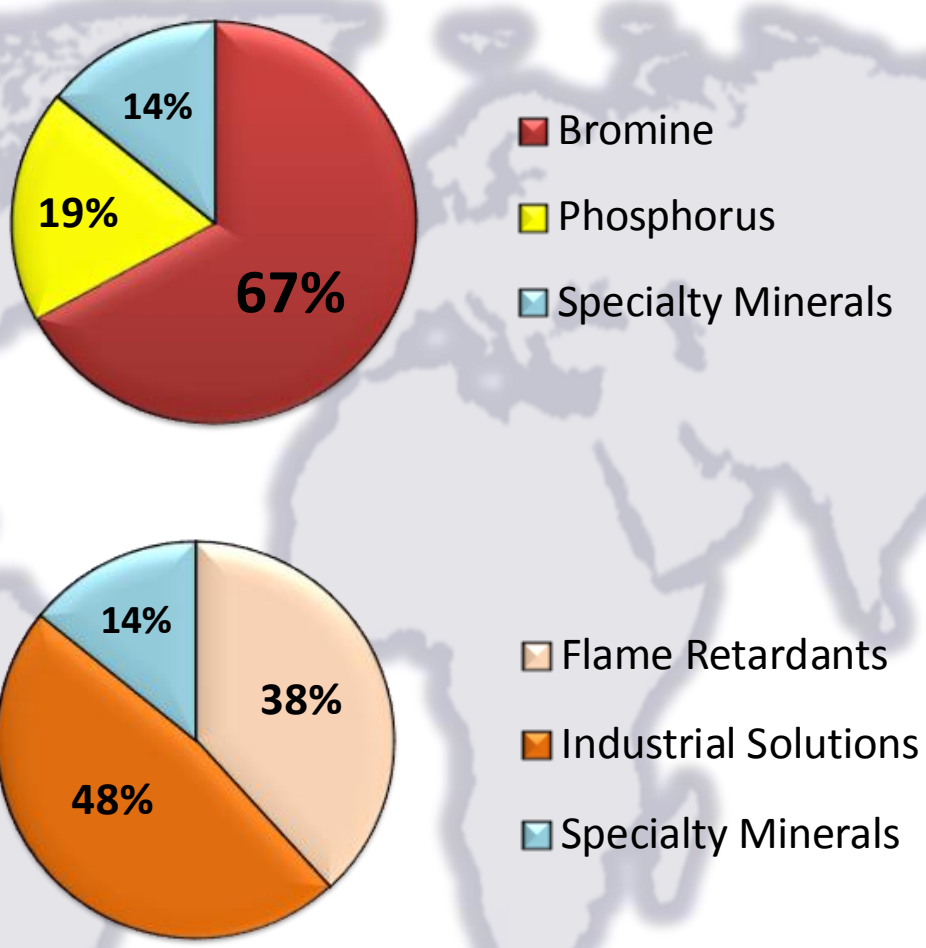
33%

39%

25%

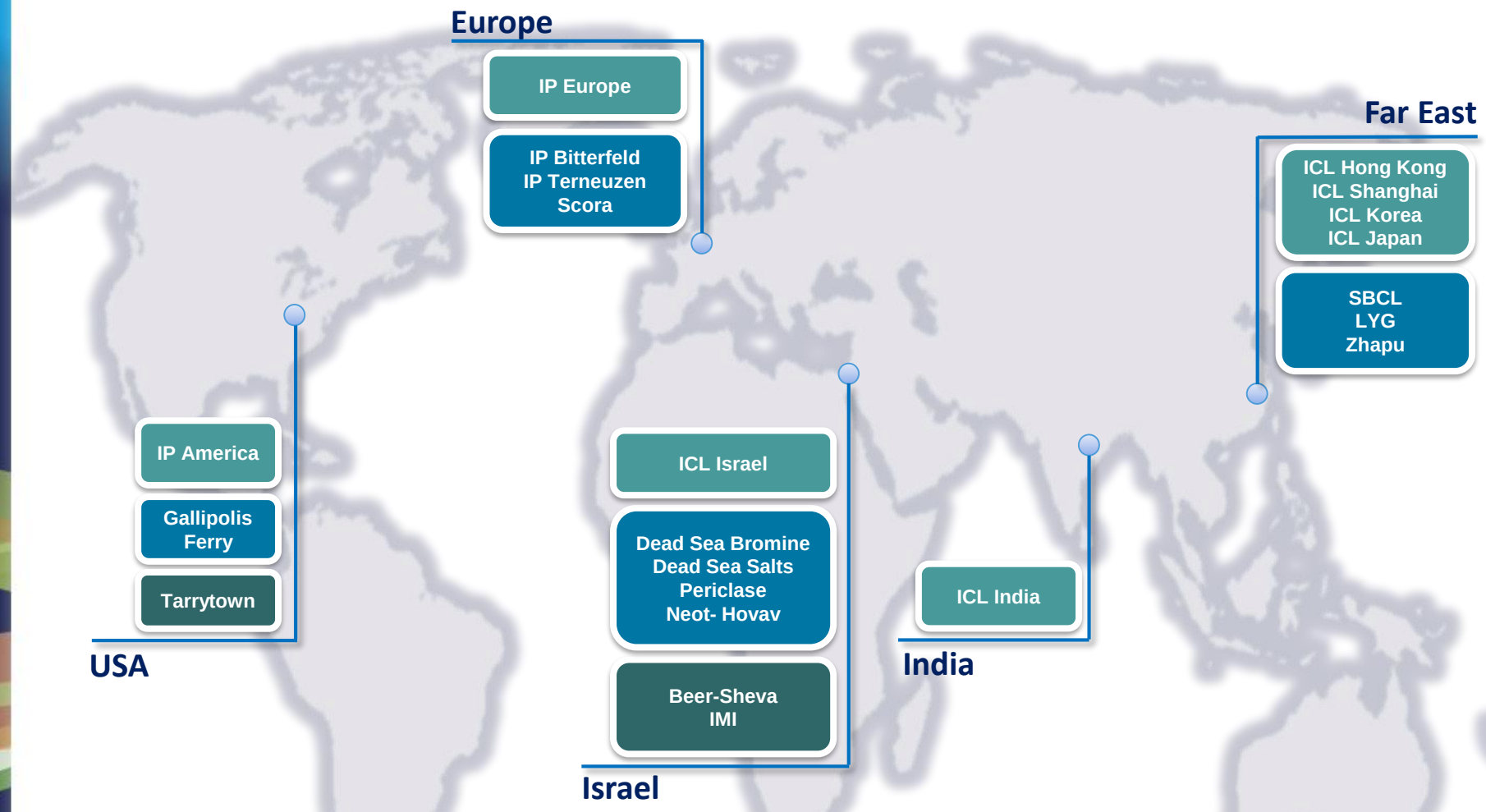
% of Q1 2017 Sales

# ICL-IP Snapshot




% of Q1 2017 Sales

# Global Presence



# ICL-IP Product Supply Chains

**Produced**

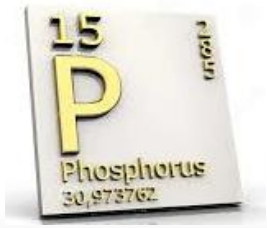
**Bromine compounds plants:**
Israel
Netherlands
China

**MgCl**
**Salts**
**KCl**

**Specialty Minerals plants**:
Israel
France*

**Customers**

**Purchased**



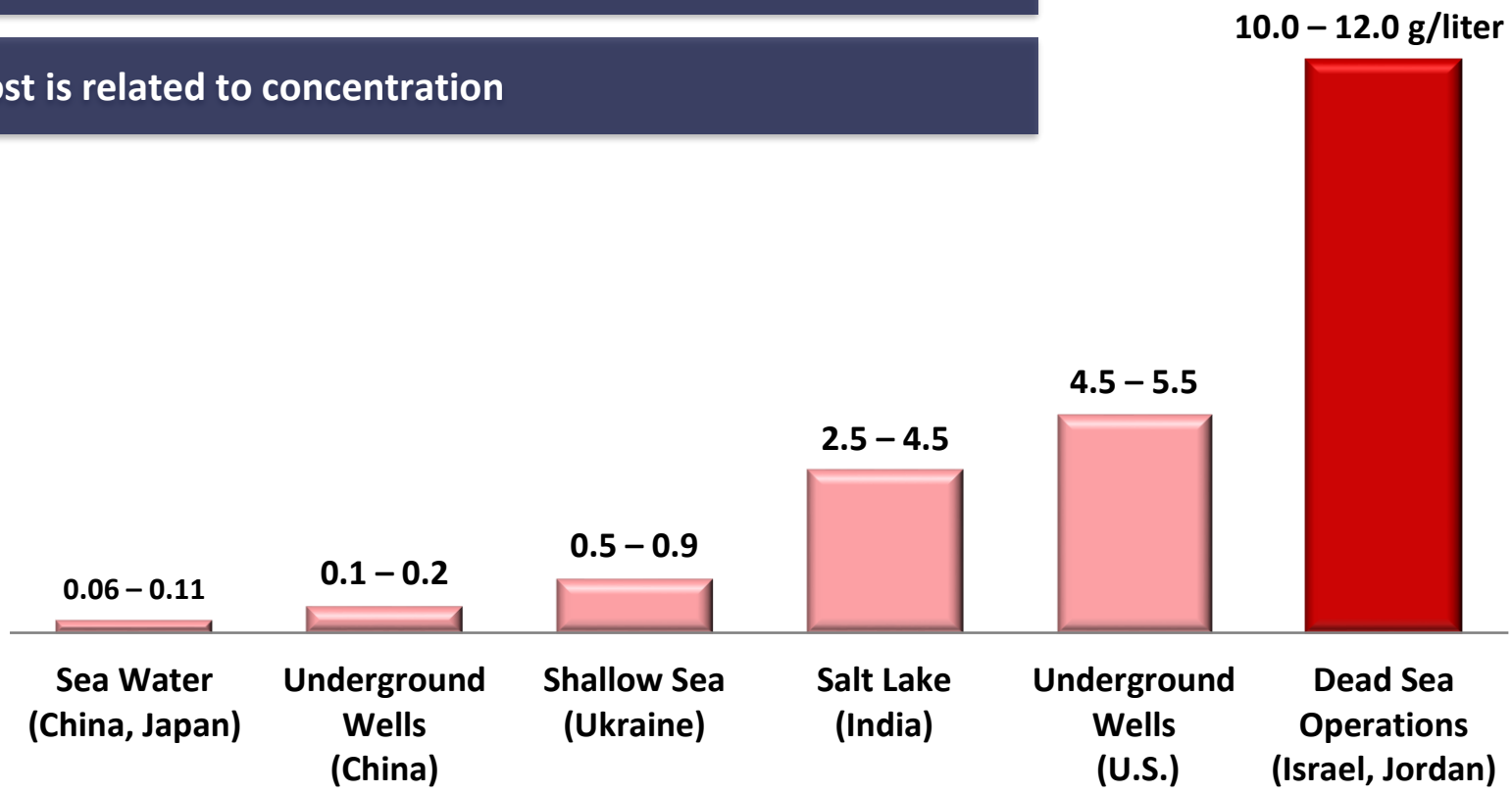

**Phosphorus compounds plants:**
Germany
USA



** RM sourced from 3rd parties*

# Global Leader in Bromine

- The Dead Sea provides the highest concentration of Bromine
- Abundant supply
- Cost is related to concentration

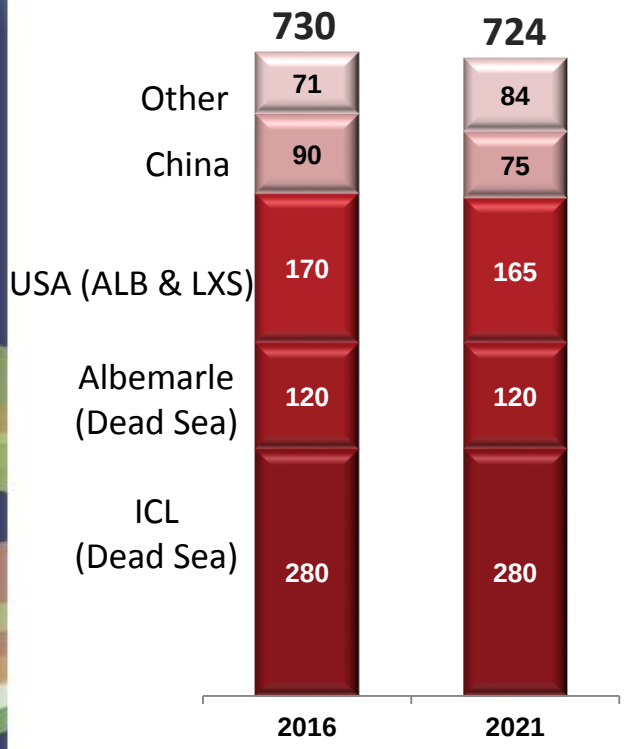



**Source:** ICL estimates, MarketsandMarkets

# A Global Leader

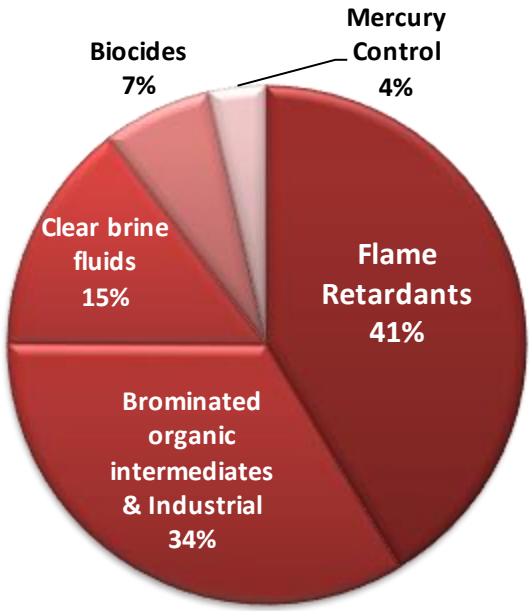
## ICL holds the largest capacity (KMT)

Global Bromine Capacity, by producer




## Bromine demand by industry - 2016

Market utilization rates: 70-80%



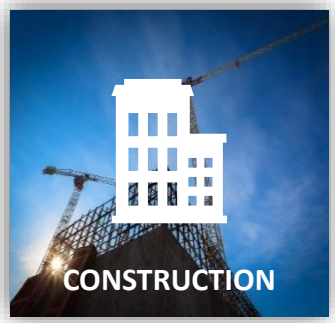

**Source:** ICL estimates, MarketsandMarkets

# Global Trends and Major End Markets

Standard of living

Population

Regulation & Environmental



# ICL-IP Market Leadership

**in Flame Retardants**

**in Bromine capacity**

**in Bromine compounds plant**

**in Bromine Iso-tank fleet**

**in Brominated biocides**

**in Phosphorus FRs**

**in Clear Brine Fluids**

**in Self-extinguishing Hydraulic fluids**

**in Solid MgCl**

**in Magnesia for Nutraceutical market**

# ICL-IP 4 Pillars Strategy

## Grow the Core business:

- Organic growth
- Value strategy
- Portfolio management
- Expansions

## Cost reduction:

- Operational excellence
- Reduction of total costs

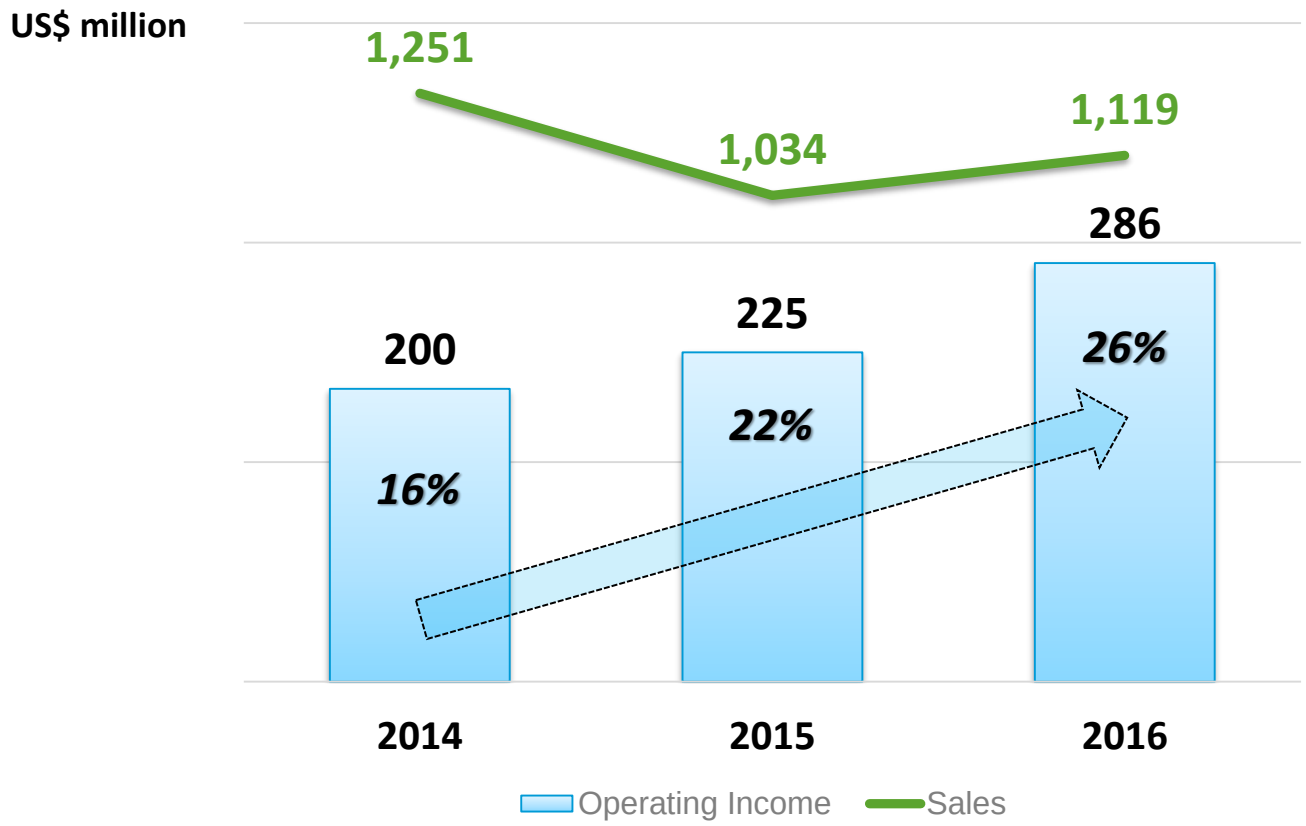
## Advocacy:

- FR Standards
- SAFR™
- Merquel® in China/EU
- Chemistry ban defense

## Grow the Portfolio:

- New solutions focused on un-met needs.
- Outside technical and business collaborations

# Proven Strategy Results




*Restated to include Specialty Minerals*

# Major Trends and ICL Solutions

**Trends** → **ICL's Solutions**

Clean Air
Mercury Emissions Control

MERQUEL®

| Regulation | | | |
|---|---|---|---|
| New target | 1-7 | Yet to follow | 1.3 |
| Existing | 1-30 | 30 | |

Comparison of Hg Emission limits (µgr/m3)

# Major Trends and ICL Solutions

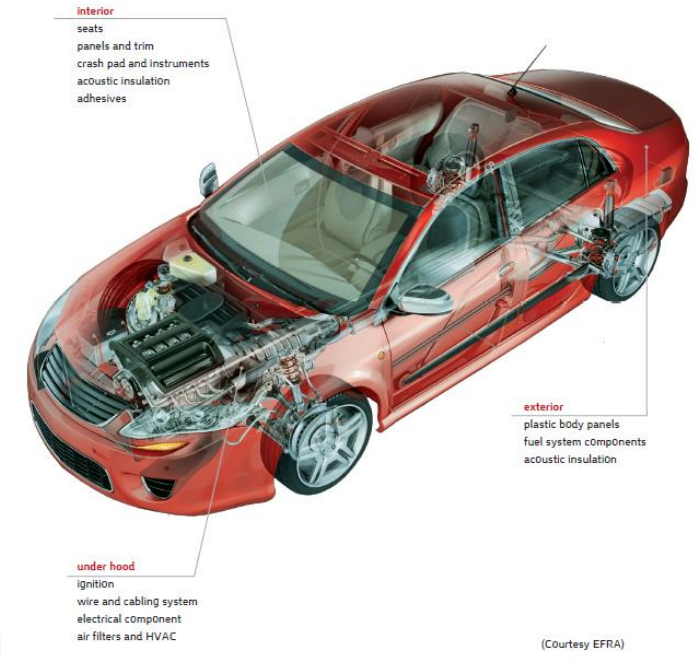
| Trends | ICL's Solutions |
| --- | --- |
| Renewable energy<br>Energy storage | Electrolytes for Bromine<br>Flow battery |

# Major Trends and ICL Solutions

**Trends** → **ICL's Solutions**

Electric car/ Autonomous car

New generation polymeric FRs



# Major Trends and ICL Solutions

**Trends** → **ICL's Solutions**

Home automation

New generation polymeric FRs

# Major Trends and ICL Solutions

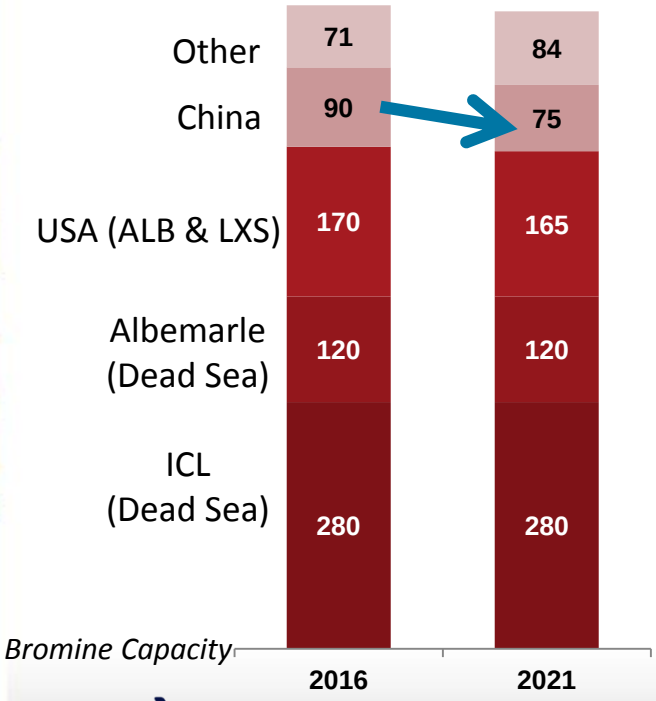
| Trends | ICL's Solutions |
| --- | --- |
| Water shortage and treatment | New Biocides |

# Major Trends and ICL Solutions

## Trends

## ICL's Solutions

### Depletion of Bromine in China



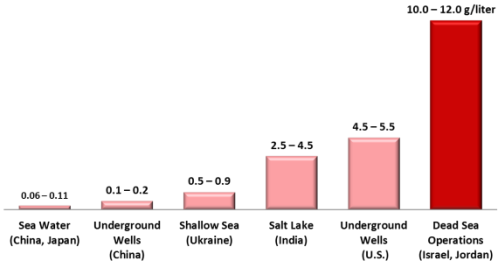

**Secured capacity of:**

- Bromine
- Bromine Compounds
- Isotanks
- Other services

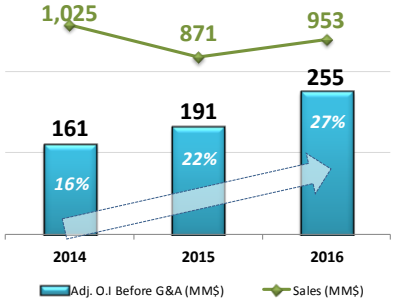
Where needs take us

**Source:** ICL estimates, MarketsandMarkets

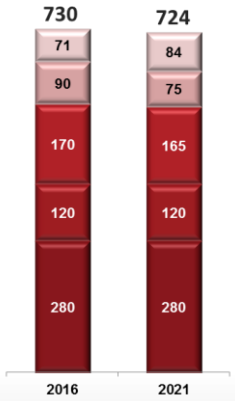
# Key Takeaways




A leader in the Bromine industry




Clear, proven, value based strategy (16 VS 14 O.I increased by 58%)




Well positioned for future opportunities

LIVE - Our products are all around you.
SWITCH ON
MOVE
THINK
ENJOY
LOVE
IMAGINE
REST
RENEW
LEISURE WORLD
EVERYWHERE. EVERYDAY.

*Thank You*