ICL Q4 2019 Conference Call
13 February, 2020

Operator: Ladies and gentlemen, thank you for standing by. Welcome to the ICL Analyst Conference Call.

Our presentation today will be followed by a question-and-answer question. At which time, if you wish to ask a question, you'll need to press "star" "1" on your telephone.
I must advise you that this call is being recorded today. If you experience any technical difficulties, please press "star" "0" on your telephone.

I'd like to hand the call over to the first speaker today, Ms. Limor Gruber, Head of Investor Relations. Please go ahead, ma'am.

Limor Gruber: Thank you. Hello, everyone. Welcome, and thank you for joining us today to our fourth quarter and full year 2019 conference call. The event is being webcast live on our website at www.icl-group.com. 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 also available on our website. There will be a replay for the webcast available a few hours after the meeting, and the transcript will be available early next week. The presentation that will be reviewed today was also filed to the securities authorities and is available on our website as well. Please don't forget to review the disclaimer on Slide number 2.

Our comments today may 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. We will begin with a presentation by our

CEO, Raviv Zoller; followed by Kobi Altman, our CFO. Following the presentation, we will open the line for the Q&A session. Raviv, please.

Raviv Zoller: Thank you, Limor, and hello, everyone. Let's begin today's call with a review of the fourth quarter full year results on Slide 3.

As expected, our fourth quarter results were impacted by a combination of the planned shutdown of our Dead Sea facilities, which resulted in a significant short-term reduction in potash production and a weak commodity market environment. Also, unlike Q4 2018, when we benefited from large sales volumes to China and India following the late signing of supply contracts that year, no potash sales were made to China in Q4 2019, as no supply contract has been signed, and there were lower sales volumes to India as well.

Exchange rates also had an unfavorable impact, both on the quarterly and on the annual results as the appreciation of Israeli shekel weighed on operating costs and impacted results by $33 million for the year.

Nevertheless, adjusted operating income for the full year increased slightly to $760 million, driven mostly by the performance of our specialty businesses, which offset the weakness in commodity fertilizer markets.

Our continued focus on cash generation and the successful implementation of our working capital optimization plan resulted in a 6-year record annual operating cash flow of $992 million, marking a 60 percent increase compared to 2018. Free cash flow increased almost 9x compared to 2018 to $446 million. The ICL Board of Directors has approved to continue with our policy of returning up to 50 percent of adjusted net income to shareholders in the form of dividends. This results in a distribution of about $0.02 per share in the quarter and a total of about $0.18 per share for 2019, reflecting an annual dividend yield of almost 4 percent.

We are very pleased that the Dead Sea facility upgrade project was executed successfully. The upgrade increased potash production capacity of Sodom to 4 million tonnes or by about 5 percent.

The summary of our financial results shown in the table on Slide 4 presents Q4 as a bit of an anomaly. While Q4 results show a decrease in the most financial metrics, our annual results tell a completely different story, highlighting, once again, the strength of our specialty businesses, which compensated for the production losses in Q4 due to the Sodom facility upgrade and the impact of weak commodity markets, mainly in the second half of the year. Given these challenging market conditions and the operational constraints that the Dead Sea in Q4, it is noteworthy to highlight the 3 percent increase we achieved in annual EBITDA, the $479 million adjusted net income for 2019, which is slightly higher than in 2018 and the significant spike in both operating and free cash flows.

Let's move on to the business performance of our divisions, starting with industrial products on Slide 5.

2019 was a good year for the Industrial Products division. The division achieved growth in sales and a record operating profit of $338 million with a 26 percent margin. The division also advanced strategic goals to position ICL for future growth. In particular, we signed major long-term strategic supply agreements of bromine and bromine compounds with customers in Asia and successfully implemented artificial intelligence tools to improve production processes and logistics, as well as to develop new applications for bromine. These strategic milestones and initiatives will drive future growth and strengthen our market-leading position.

Bromine production and sales volumes in Q4 were somewhat negatively impacted by the shutdown of the Dead Sea facilities and by defending magnesium antidumping duties imposed on us in the U.S., which lowered magnesium production, and as a result, lowered availability of chlorine in the quarter. In mid-December, the ITC unanimously ruled in our favor and, as a result, these antidumping duties have been eliminated and production of magnesium and chlorine are back to normal.

The continuous implementation of our value-oriented approach combined with ongoing resource depletion and environmental-related regulatory pressure in China, led to increased prices that resulted in a $65 million positive contribution. That approach also resulted in an increase of over 70 percent in operating income for phosphorus-based flame retardants in 2019, despite lower sales volumes compared to 2018.

Turning to Slide 6. As I mentioned earlier, our Q4 2019 potash operations were significantly impacted by an almost month-long production shutdown in our Dead Sea facilities for capacity upgrade, resulting in lower production and sales volumes. This coincided with the soft commodity market in a quarter when we had no sales to China.

The sharp decrease in the division's profit margins in the quarter is attributable to negative fixed cost absorption due to low production at the Dead Sea, on top of the market constraints. Lower sales volumes, mainly due to the absence of a supply contract to China which resulted in no sales to that country versus 430,000 tonnes sold in Q4 2018, as well as a decrease of $18 in average realized selling prices, contributed to a sharp decrease in the division's operating profit.

Annual sales and operating profit were down 8 percent compared to 2018, mostly due to lower sales volumes in Q4.

We are very pleased with the progress at our Polysulphate site in Boulby, U.K. where we achieved record production of 635,000 tonnes in 2019, an increase of 80 percent compared to last year, and sales volumes of almost 500,000 tonnes, an increase of over 50 percent. Fourth quarter production reflected an annual run rate of almost 800,000 tonnes, which means that we are on track to reach a 1 million-tonne run rate in 2020. It is worth mentioning that sales almost equaled production, a clear indication of highly positive market acceptance and sales momentum that we expect to continue.
Despite the negative impact it had on our results, the successful completion of our Dead Sea production facility upgrade project will enable us to increase production capacity by about 5 percent per annum.

Turning to our Phosphate Solutions division on Slide 7. Overall, and despite the significant headwinds in commodity phosphates that resulted in lower prices and sales volumes, 2019 was a good year for the division. Global oversupply of commodity phosphate fertilizers and a decrease in demand drove commodity prices to 12-year lows. A 25 percent decrease in TSP prices compared to Q4 2018, lower demand and the negative impact of exchange rates all contributed to a significant negative impact on phosphate commodities. Nevertheless, the division demonstrated its strength by leveraging its diverse portfolio and strategic focus on specialty businesses, improved operations and reduced costs in our YPH joint venture in China.

Higher prices and lower costs in specialty phosphates offset some of the negative developments in phosphate commodities.

In 2019, the division also reached several important strategic milestones. In Q4, we launched a new food-grade Pure Phosphoric Acid plant in China, which will add an additional 70,000 tonnes of food-grade acid capacity to the existing 60,000 tonnes of technical-grade acid capacity. The new plant is a further step in our strategic shift to higher-margin specialty phosphates downstream products and our larger footprint in the growing Chinese and Asian markets. 2019 was a record year for ICL's Food Phosphates. We achieved higher prices and profit margins and also launched ROVITARIS®, a breakthrough solution for the fast-growing plant-based meat alternative market. Our ROVITARIS® solution is already gaining traction among leading global food companies, and we've entered into our first strategic agreements in the U.S. and Brazil.

Slide 8. Q4 performance of our Innovative AG Solutions division is shown on the slide improved compared to the corresponding quarter last year due to higher prices and sales volumes in the Turf and Ornamental Horticulture markets. Sales growth in developing markets and in North America was partially offset by unfavorable exchange rates and higher cost of raw materials.

During 2019, the division faced major challenges, including unfavorable weather conditions and a $25 million negative impact of exchange rates. Nevertheless, the division implemented several measures to optimize performance, including a reduction of low-margin third-party product sales and an improved footprint in the high-growth emerging markets of Brazil, India and China, which we expect will lead to further growth. The division also achieved strong annual free cash flow of $39 million despite the decrease in operating profit, mainly due to a decrease in third-party sales.

As I noted earlier, 2019 was a good year for ICL despite the combination of factors that resulted in a weak fourth quarter, and the charts on Slide 9 clearly demonstrate the very positive trend in adjusted operating income, EBITDA and operating cash flow. If we exclude the impact of the Dead Sea facility upgrade project, the trend would be even stronger. Nevertheless, the upgrade will support strengthening that trend going forward.

Our unique and diverse portfolio, strong strategic execution capabilities and focus on cash generation continued to fuel our margin expansion and strong cash flows. Adjusted operating income and EBITDA have increased by 50 percent and 24 percent, respectively, over the last 3 years, while operating cash flow grew to a 6-year record of almost $1 billion, and free cash flow grew as well to $446 million.

Before I hand it over to Kobi, I'd like to emphasize ICL's strong commitment to ESG. A brief snapshot is included on Slide 10.

Our efforts are focused on numerous initiatives, including those related to 10 UN Sustainable Development Goals, where ICL can have the greatest impact. Of these 10 goals, Zero Hunger is most directly connected to our core business.

In 2019, we launched a new interactive online CSR report that I would like to bring to your attention. The report provides a comprehensive overview of our initiatives listed in the slide, as well as many others, and shows where we've made progress.

While the goals of our ESG initiatives extend over a long-term horizon, we're proud of the recognitions we have received from various third parties, including Bloomberg, the Israeli Ma'ala index, a two-notch upgrade of our

Corporate Governance by the Israeli ranking firm Entropy, the CDP, the International Fertilizer Association and others.

These recognitions are testimony to our continuous efforts and commitment to improve management practices in all aspects of sustainability and to foster a safe and productive work environment.

Thank you all. And with that, I would like to hand it over to Kobi.

Kobi Altman: Thank you, Raviv, and good day, everyone. As Raviv already mentioned, we are pleased with what we have accomplished in 2019 and with the progress we have made in our strategic directions. Q4 was a unique quarter, characterized by significant reduction in quantities sold due to the factors Raviv discussed, namely the facility upgrades relate shutdown at the Dead Sea and a weak environment in the commodity markets.

Sales analysis on Slide 12 reveals that quarterly sales dropped by 22 percent over last year, almost solely due to lower sales volumes, mostly of potash, phosphate commodities and bromine. Q4 2018 was one of the strongest quarters for the potash division in recent years. Sales volumes were almost 1.5 million tonnes due to the late signing of supply contracts in China and India that year. In Q4 2019, we had no potash sales into China, which resulted in overall potash sales volumes of less than 800,000 tonnes. A weak market environment also impacted phosphate commodity fertilizer sales beyond the regular seasonality expected in the business. Sales volume of bromine and bromine compound also decreased due to the Sodom facility shutdown and due to lower availability of chlorine. The pending antidumping claim against ICL's magnesium business in the U.S. resulted in lower magnesium production and negatively impacted sales by $15 million in the second half of 2019, which in turn, impacted the production of chlorine. Despite a $18 decrease in the average realized price of potash compared to Q4 2018 and a 25 percent decrease in the price of phosphate commodities, mainly DSP, the impact of pricing on sales was relatively minor due to the offsetting impact of higher selling prices of bromine compound and Specialty Fertilizers.

Full year 2019 sales decreased by only 4 percent, excluding the 2018 divested business of Rovita. The $293 million decrease in sales volumes is almost entirely isolated to Q4 2019, as only a mild decrease in volumes was experienced throughout the rest of the year. Most of the annual decrease in sales volume is attributable to potash, phosphate fertilizer, dairy protein and phosphorus-based flame retardants, partially offset by higher volumes of green phosphoric acid and clear brine fluids.

Exchange rates had an affable impact throughout 2019, mostly as a result of the devaluation of the euro against the dollar, decreasing revenues more than contributing to operational cost savings.

In 2019, prices had a positive contribution of $171 million, most of which came from the Industrial Products segments business lines, a $10 increase in average realized potash price per tonne compared to 2018, and our value-based pricing approach, which resulted in higher prices for Phosphate Specialties and Specialty Fertilizers.

The Q4 operating income analysis in the top chart of Slide 13, reveals a similar trend, where 90 percent of the decrease in quarterly adjusted operating income, or $114 million, relates to the decrease in sales volume, mostly of potash and dairy protein.

The unfavorable impact of exchange rates, which reduced operating income by $17 million, had a greater impact on operational cost than on sales as it was primarily related to the appreciation of the Israeli shekel against the dollar. In addition, the devaluation of the euro against the dollar decreased revenues more than it contributed to operational cost savings.

Overall prices had a positive contribution. We were able to leverage the market conditions and achieve a reduction in raw material prices that was higher than the reduction in the prices of our own products.

Moving to the full year bridge, shown on the bottom chart, the successful execution of our value-based pricing approach and of our efficiency initiatives are clearly demonstrated in the full year 2019 operating income analysis. Annual adjusted operating income increased by $10 million over 2018, mostly due to our internal value-based pricing initiatives and also due to a decrease in energy cost, driven by our power plant in Sodom. The positive impact of these 2 items helped to offset the impact of lower sales volumes, favorable exchange rates and higher operating costs, mainly due to the facility upgrade project in the Dead Sea, and an increase in depreciation expenses.

Slide 14 shows the negative impact exchange rates had on our results in the fourth quarter and during the year. The impact exchange rates had on our finance expenses was not large on a nominal basis, but it can create a degree of volatility in our results.

In the fourth quarter, on a consolidated basis, our operating income was negatively impacted by the appreciation of the average exchange rate of the shekel against the dollar, which increased Israeli-based operational costs. In addition, the devaluation of the average exchange rate of the euro against the dollar decreased revenues more than it contributed to operational cost savings.

Finally, slide 15 provides a snapshot of our debt structure, which we believe reflects our disciplined approach to capital allocation. During the last few days of the year, we successfully completed an oversubscribed 15-year bond offering of NIS 380 million, or about $110 million, on the Tel Aviv Stock Exchange, which we believe is a strong demonstration of investor confidence in the company. This wasn't a large bond issuance, but it created a useful vehicle funding which we will be able to enlarge in the future. The transaction enabled us to more evenly spread our long-term debt and increase our financial flexibility.

Cash flow in the first quarter is always seasonably low, and in Q1 2019 it will be particularly low due to payments to the suppliers that worked on the Dead Sea facility upgrade project.

With that, I will hand it back to Raviv for closing remarks and a summary of our 2019 achievements.

Raviv Zoller: Thank you, Kobi. The second half of 2019 certainly presented some challenges, but we were able to improve most of our financial metrics and, more importantly, advance our strategic long-term goals. We reviewed some of our key milestones and accomplishments earlier this call, and they are summarized on Slide 16. I will briefly touch on those that we have not discussed. Under assets and operations, we recently inaugurated a new, modern deep-sea terminal at the Port of Barcelona, which will enable us to ship larger potash and salt volumes from Spain to end markets and reduced costs.

As previously mentioned, we furthered our strategic goal of shifting elemental bromine customers to compounds and signed major long-term strategic supply agreements of bromine and bromine compounds with customers in Asia. These agreements are expected to generate significant additional annual revenues beginning in 2021, laying the foundation for the bromine division's future growth and further strengthening our position in the global bromine market.

During 2019, we also began laying the foundation for future growth and innovation. Many of our projects will materialize in the coming years and we're incubating early-stage technologies, novel materials and cost-effective processes for future product lines. We also continue to develop our digital Ag platform and introduced the technology solution for the compaction and granulation of standard grade Polysulphate. We also launched a series of Industry 4.0 projects to improve processes and solutions in our production sites.

In line with our ESG focus, we're actively promoting circular economy sustainability initiatives and launched the world's first phosphate recycling plant in Amsterdam, replacing phosphate rock with sewage sludge and bonemeal ash. Additionally, we're actively searching for external business partners to use our waste streams, which contain valuable industrial minerals as replacement for raw materials.

Finally, our finance, legal and compliance teams have worked to resolve various issues that weighed on us and consumed management focus. We resolved the decade-long dispute with the Israeli government on past royalties, and the ITC accepted our position when we revoked the magnesium antidumping claim against us. We also reached settlement agreements related to delays in building our power plant in Sodom and we resolved several other pending legal issues. Our Corporate Governance ranking in Israel was upgraded by two-notches in 2019 by the leading Israel ranking firm, Entropy.

We regard our employees as our most valuable assets. And during 2019, we participated the BDI, "Best Companies to Work for: ranking, achieving the highest annual improvement in rankings among all ranked Israeli companies. I'm also happy to mention that 2019 marked an all-time record in employee safety results.

Following our accomplishments in 2019, ICL is now well positioned to capture and benefit from the opportunities the next decade will present us with.

We will elaborate more on these developments and many others in our upcoming Investor Day event, which will take place in London on March 18, New York on March 19 and Tel Aviv on March 22. I can assure you, it will be interesting and insightful. I urge you to attend.

I would like to conclude by extending my gratitude and appreciation to our 11,000 employees around the world whose hard work and professional skills and unlimited dedication played a crucial role in navigating the company to success. Our collective efforts and achievements put ICL in a very strong position to drive growth going forward.

Thank you for listening in our call, and we will be happy to take your questions now.

Operator: Thank you. Once again, if you wish to ask a question, please press "star" "1" on your telephone keypad and wait for your name and company to be announced. If you wish to cancel your request, please press the "hash" key.

Once again, that's "star" "1" if you wish to ask a question. Please stand by while we compile the Q&A queue. This may take a few moments.

First question comes from the line of Joel Jackson of BMO Capital Markets.

Bria Murphy: This is Bria Murphy on for Joel Jackson. Firstly, given weak potash fundamentals in Q1, and presumably product not moving significantly, should we expect an inventory buildup in the first quarter?

Raviv Zoller: Not really. I don't see a big difference being created by the amount of production and the amount of sales in Q1 at the moment.

Bria Murphy: OK. And then just given cyclicality in bromine, was 2019 a peak earnings year for that segment? And what's your outlook for 2020? And how blurred is this due to the impact of coronavirus?

Raviv Zoller: We're pretty much fully committed in terms of orders for next year, so other than some uncertainty that we have for clear brine fluids, which are more short-term sales, there's very little uncertainty in terms of sales, it looks to be a good year. Having said that, with the coronavirus and other things happening in the world, you never know what happens next. Currently, at the moment, that has not affected us in any way, the ports are open, and no orders have been canceled, so we're still sold out on most of our products.

Bria Murphy: OK. And then just one last one for me. You've spoken in the past about acquiring Specialty Fertilizer assets? Where is the pipeline at now? And is your preference still for NOP and SOP assets?

Raviv Zoller: It's getting closer, our preferences are product portfolio, southern hemisphere and technology, all those 3, and it's closer than before.

Operator: The next question comes from the line of Vincent Andrews of Morgan Stanley.

Jeremy Rosenberg: This is Jeremy Rosenberg in for Vincent. I want to start out in potash. Just thinking about sales volumes for 2020. And then normally, the plan is to sell what you produce, but just given the delays in the Chinese contract signing, do you still think you would kind of sell what you produce or in that 4.8 million to 4.9 million range? Or I guess, what are you thinking about for sales volumes for this year?

Raviv Zoller: Hi Jeremy, as you know, we're a price taker in the market, so I can't give you a good outlook on pricing, It's too early in the year. But in terms of quantities, we'll pretty much sell what we produce.

Jeremy Rosenberg: OK. And then just one more on potash. Just thinking about the operating costs. You've done the facilities upgraded Dead Sea. Just kind of how you're thinking about potash operating costs for this year and how they're going to trend?

Raviv Zoller: OK, so the costs in 2019 were higher than usual because of the the facility shutdown and a couple of other issues. We're going back to the same cost as in 2018. On the one hand, we have an additional cost that we didn't have in the past, which is the salt harvesting. That is part of our agreement with the government, but that will be offset by the additional capacity and additional production in Sodom. So, all in all, we'll be going back to more or less the same cost in 2018.

Operator: The next question comes from the line of Mark Connelly of Stephens Inc.

John Rider: John Rider on for Mark. Our first question is, so with respect to Polysulphate, you have talked about a 1 million tonne production target for 2020. Can you tell us what the market for Polysulphate looks like now? And how we should be thinking about pricing power as your production ramps up?

Raviv Zoller: Sure, John. Our average price currently is a little over $100 a tonne, and that should be pretty stable in 2020. We are pretty confident about our ability to produce 1 million tonnes. We're producing at a run rate of 800,000 tonnes now, and the ramp-up is nice. Sales are naturally lagging. So, we sold about 500,000 this year (2019), our work plan is to sell above 800,000 this year, I mean, in 2020. So, I would say we expect production of about 1 million and sales between 800,000 to 900,000.

John Rider: OK, that's helpful. And then – so with the Dead Sea project complete? What are the most significant capital spending programs for 2020? With the China specialty plant finished, should we expect operating and launch costs to be materially higher there. We're just trying to get a feel for how the transition from commodity to specialty variable flow through the numbers?

Raviv Zoller: OK. Good question. In general, we've gone through a couple of transition years with some mega projects being completed. The salt harvesting, as you heard, has been completed, and we've launched that project just this week. We launched a new port in Barcelona in January.

We are about to launch our P9 project. P9 is the large pumping station, over $200 million project at Dead Sea, it's done about once in a generation, and that's pretty much complete, we start commissioning in May. Then we have the other mega projects in Spain, which is the ramp, which is expected to be completed in October this year.

So, all these major projects have either been completed or will be completed in 2020. In terms of the new plant in China, we started the plant up in December, and we expect that we'll start sales somewhere around March or April. In terms of the cost, the CapEx has been expended. The total capital expenditure of the plant was about $40 million all included, and the only additional operational costs is a relatively marginal additional OpEx cost because we're basically transitioning part of the production to downstream products, which means that we're not creating a lot of additional tonnage, we're just going up the value chain. I hope that answers your question. So most of the additional OpEx will be the depreciation on the CapEx.

Operator: Thank you. Once again, if you wish to ask a question, please press "star" "1" on your telephone and wait for your name and company to be announced. If you wish to cancel your request, please press the "hash" key. Once again, that's "star" "1" if you wish to ask your question.

Your next question comes from the line of Tom Wrigglesworth of Citi.

Tom Wrigglesworth: Raviv and Kobi. A couple of questions, if I may. Firstly, on the potash market, I mean, from what I hear you're saying you're just going to take price and produce volume. But I was wondering if you could give us your thoughts around the current level of port inventories in China. And I think EuroChem said they were expecting a Chinese contract solution at the end of Q1, beginning of Q2. Would you agree with that just in your opinion and views on the market?

Secondly, on the specialty phosphates in Phosphate Solutions, could you give us a split of the profitability between the commodity business and the specialty for the fourth quarter? And just around that, what's the current spot level of profitability of the commodity business? Is that – given the rally in phosphate prices, is that now back to profit today?

Raviv Zoller: OK, let's start from potash. I think that most players in the market thought that late Q1 or beginning of Q2 is the right time for Chinese contract. I think there's a little bit more uncertainty at this point because of our coronavirus, So, I think let's wait and see what happens with the agricultural season in China, which is just beginning now.

I know that the Ministry of Agriculture in China is trying to normalize what they can in terms of transportation and movement of employees because they're very concerned about the agriculture season and fertilizer production, fertilizers moving and getting to the right place. If that situation stabilizes, I agree with end of Q1 or beginning of Q2. But if it gets out of hand or something unexpected happens, that can be delayed further. That's on potash.

On phosphate market, basically on specialties, we've seen stable price environment in North America and South America. We've seen some price pressure in China coming from commodities. Most of our commodity price decrease is hedged by sulfur price. I think the fourth quarter was softer, and it usually is softer because there wasn't a lot of room to place product on the market, there wasn't a lot of demand and quantities went down. We had inventory that wasn't sold, it was only sold in January and when we sold in January, in some cases, we sold at a price that was marginally negative.

So, we actually wrote down, I think, about $5 million in our commodities in Q4. I don't see that happening again in Q1. January actually started on a positive note with some price increases in North America. There's plenty of demand, so sales were strong in January. So, I don't see any significant impact of additional price pressure on commodities in the first quarter.

In general, our model is that most of our profitability comes from Specialties. Commodity is pretty stable around 0, and our profitability comes from the specialty businesses. I hope that answers your question.

Operator: Next question comes from the line of Howard Flinker from Flinker & Company.

Howard Flinker: I have 2 short questions. You mentioned that you think the Polysulphate price will be approximately $100 a tonne this year, is that the same as last year?

Raviv Zoller: Yes.

Howard Flinker: OK. And the second is I'm – Brazil ...

Raviv Zoller: It's the average price because we have different products, so that's the average of our output.

Howard Flinker: Of course. I'm presuming that Yunnan or YPH roughly broke even last year using EBIT – operational profit. Could you make $25 million or $50 million of operational profits this year in Yunnan once China resumes normal industrial and agricultural activity?

Raviv Zoller: Well, actually, we had about $20 million of positive EBITDA. So yes, we can do that.

Howard Flinker: EBITDA, but not EBIT?

Raviv Zoller: Actually, we had $19 million of EBIT and EBITDA is a little over $25 million. So yes, we can reach those numbers. We can also reach better numbers because this is all commodity.

Operator: We have no further questions at this time. Please continue.

Limor Gruber: OK. Thank you very much. Thank you, everyone, for joining us today. Have a good rest of the day and the weekend is around the corner. Thank you, and goodbye.

Operator: That concludes the analyst call for today. Thank you for participating. You may all disconnect.

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