Israel Chemicals Ltd.

Second Quarter 2016 Conference Call

August 10, 2016

Operator: Ladies and gentlemen, thank you for standing by and welcome to the ICL analyst conference. At this time participants are in a listen only mode. Our presentation today will be followed by a question and answer session.

(Operator Instructions)

Now without any further delay, I would like to hand the conference over to your first speaker today Limor Gruber, Head of Investor Relations. Please go ahead.

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

There will be a replay available a few hours after the meeting, and a transcript will be available within 48 hours. The presentation that will be reviewed today was also filed with the securities authorities and is available on our website. Please don't forget to review slide number two with the disclaimer.

Our comments today will contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on current expectations and are not guarantees of future performance. Today, we will start with the presentation of our CEO, Stefan Borgas followed by Kobi Altman, our CFO. In addition, ICL executive committee members are here, and we will all be happy to answer your questions following the presentation. Stefan, please.

Stefan Borgas: Thank you, Limor. Good morning, good afternoon, good evening, ladies and gentlemen around the world. We are joined here also for the last time by our out-going Chairman, Nir Gilad. Nir, so happy to have you at the table even though it's very, very sad that it's the last time. Let me make a few comments to the quarter.

And I will start with slide number three. In the deck, that you have hopefully all been able to download or follow in the WebEx. Under the circumstances, this has been an excellent quarter for ICL. I'm saying under the circumstances because the commodity business which we have subsidized mostly in our essential minerals division continues to be under severe pressure.

Prices in both potash and phosphate, as well as volume pricing, had an excellent business because our Specialty Solutions division has had over 15 percent growth year over year. And this, we think, at least in the order of magnitude, is a sustainable growth rate for the upcoming quarters as well. We have also, despite the severe pressure in the commodity markets, been able to deliver again free positive cash flow.

Our CFO, since he has joined us here more than a year and half ago, has put big emphasis on cash flow delivery. The organization is starting to understand this everywhere. We can see it in working capital behavior, we can see it in CapEx, we can see it in maintenance, and we can see it in the other balance sheet items. I think we owe a very special thank you to Kobi on this one because this is truly a capability that I feel is now building to become a world-class company.

Slide four gives you a little bit more of visibility on the two different businesses. In the Essential Minerals business, the market environment continues to be very, very competitive. Potash volumes remained relatively low. We shipped a little bit more than a million tons of potash, mostly in the western world. Europe was quite satisfactory and also Brazil was OK. But of course, nothing in China – almost nothing in China and India in the second quarter because of the contract negotiations. It seems to us now that after the contracts have been signed, in India first and then in China, that there's a little bit of relief in the potash market. Materials are flowing very nicely now. Stocks are quite low in the supply chain all around the world.

And we can also see positive pricing trends, although it's early to make a full judgment, but in Brazil we can see $20-$30 improvement in the U.S. We can also see $10-$20 improvement in Southeast Asia. It seems like this has relieved some of the pressure.

On the phosphate side, there's no volume issue, but there is continuous pressure on prices, 30-40 percent lower prices depending on the products and depending on the regions, initiated, we think, by a reaction of the global market leader to the very strongly increased Chinese export quantities in 2014 and much more in 2015. As a result of this, our joint venture in China also ran into difficulties. It made an operating profit loss in the second quarter, but that loss was almost entirely attributed to April. In May and June, the restructuring measures that we have introduced very aggressively at the beginning of this year, when we saw the environment deteriorating, are starting to grip so that we expect no more losses in this operation in the second half of this year.

In the Specialty Solutions, this is much more fun to talk about this business. At this moment in time, we have very strong performance in the industrial products business unit which is the bromine and phosphorus business. Higher volumes, lower raw material cost, efficiency gains from all the measures that we have done last year, new good contribution from new products, much is going well in this business. We see good stable bromine prices throughout the rest of the year. Maybe one or the other increase here or there. In China, there was the expected summer down turn in the prices, but by a much lesser extent than in previous years, and the trend has already turned now in recent weeks. So nothing to worry about, at least we think so.

The phosphorus part of the flame-retardant business is more difficult here. There's more of a competitive environment around the world due to, again, pressure from China. The Advanced Additives business unit, this is the downstream phosphates that are going into the industrial markets, and our specialty minerals, also have had a very, very good quarter. The specialty minerals were very strong, our fire safety business was very strong and our oil additives business also was very strong. We're very happy on how this works despite the fact that there is quite a bit of price pressure in the commodity phosphate salts or the more commoditized phosphate salts both in North America as well as in Europe.

The food specialty business continues to have a very good growth trajectory. Unfortunately, margins are not yet moving up, profit also increases, but margin are not yet moving up because the growth of the top line and on the portfolio gets counterbalanced to a certain extent with price decline on the more commoditized phosphate salts, similar effect that we see in the Advanced Additives area. We think this has come to the bottom, but we're not very sure when this will increase, so we are careful about the projections on this part of the food business. But the food business as a whole had a good quarter. Russia very strong, CIS very strong. The food growth trends, new solutions, tailor-made formulations of protein enrichment wishes of customers, clean label wishes of our customers, more natural, more simple, less processed food, non-allergic, all of these trends help our business and this is what's driving it.

Our Specialty Fertilizer business is the fourth business unit in the Specialty Solutions area, had some light and shadow. It suffers, of course, under the dramatic down price decline in the commodities. This makes it much more difficult to sell specialties to farmers because the value add is smaller and it's tougher to prove that a more expensive product is adding value.

So this leads to decline in prices in some regions, but the operational and the sales stability that we have in this business unit is quite amazing. There is some geographical expansion that's starting to happen, especially in China. But also, the resilience in the home market is quite good, wherever we have true specialty offering.

If we translate this now into the balance of the company you can see that we're now half specialty house, half commodities on the sales side. On the profit side, we already went too far. Our objective is to have 50 percent of our profits come from specialties by 2020. We already have 64 percent this quarter. Quite frankly, this is for the wrong reasons because it's not for the expected long-term strength of the specialties business yet because we want it to grow more. It's for the weakness of the commodities. So, we like the numbers but we don't like the reasons behind.

On the next slide, number six, you can see, actually, the value of our strategy. The red line on both sales and operating income shows the stabilizing effect of the ever-growing specialty business in ICL to the entire franchise and the blue line shows the commodity volatility that we have, which is in the downturn right now.

In my last slide today, we have summarized again our projections for both of the parts of ICL. No, sorry, for the specialty solutions business. We expect this to continue to grow with an average CAGR of 5 to 10 percent per year over the course of the next five years and with an above – with a higher growth in profitability, of course, because we are starting to get the lever effect of the SG&A structures that we have built up over the course of the last one or two years. And we get, also, here some benefits from new product portfolio which are higher margin and from efficiency measures which give us a little bit better operating margins.

So, overall, our strategy is working. I'm happy with the quarter and we're looking forward to a second half year which should have relatively similar pattern and second quarter that you have seen, maybe with the exception of phosphate in China, which will look better. But in potash, the volume growth will come, for sure, that everybody expects. Most of it will be eaten up by lower pricing unless this careful trend that we're seeing now will continue. And then, of course, we have some upside, we'll be very happy to report upside. But in our internal expectations we expect flat essential minerals profitability and continued rising specialty solutions profitability.

Kobi, please give us the details of the breakdown in the businesses.

Kobi Altman: Thank you, Stefan. Good day, everyone. The second quarter performance demonstrated again how valuable our backward integrated value chain is. Our specialty solutions division provided a balancing effect to the challenges our essential minerals division faces. Another important contribution to this quarter's operating income came from our operational excellence initiative.

We are pleased to show improvement in practically all parameters in this quarter versus the first quarter of this year although the business environment is not less challenging. Please note that in these two bridges, as well as in the following bridges in the following slides, we separated the 2015 strike impact on sales and operating income in order to simplify your analysis and make the picture clearer.

Lower potash and phosphate prices negatively affected our financials. We didn't sell potash to China in the second quarter and that impacted the overall volumes we sold. Lower volumes, also, on phosphate fertilizers and in the non-core businesses we sold since the second quarter of 2015 were also a factor but to a lesser extent. The negative impact of prices was partially compensated by lower cost base, some of it due to external factors such as lower sulfur prices, and some – and more importantly are a result of our efficiencies and cost saving efforts.

G&A expenses increased this quarter compared to the second quarter of 2015 by less than five percent due to the newly added expenses of our Chinese joint venture. Net of this item, the actual comparable expenses decreased by four percent. We are working to continue this trend and our target is to reduce overall G&A in 2016 by around 10 percent versus 2015 with further reduction targeted for 2017.

Our CAPEX level this quarter is consistent with our target of approximately 650 million for this year. We had another quarter of solid positive cash flow generation supported by stable operating working capital requirements despite the higher sales versus last quarter, and by cash flow optimization efforts.

We expect cash flow to be lower next quarter, but for all good reasons as we are selling higher volume and our receivables will increase accordingly. Moving to the next slide, slide 10, and in this quarter we are reporting you in the new structure of the two divisions, we filed a few weeks ago comparison figures that you can see in our website that will give you, also, comparison to future years and future quarters and not only the last quarter as we have in the report.

This slide, slide 10, presents the results of our essential mineral division. The rough upstream market conditions, in which we operated during this quarter, as well as the first quarter of this year, are reflected in the negative impact of prices as well as volume. The negative contribution of prices, volumes, and the joint venture loss to the operating income was partially offset by lower energy, raw materials, and by our continued cost saving efforts.

It is important to mention, though, that commodities market prices are seasonal, volatile, and subject to down cycles, and are expected to bounce back in a given time period, while most of our efficiencies and cost saving measures are expected to linger through up cycles as well.

The next slide, slide 11, talks about specialty solutions division. On the other end, this division, the specialty solutions recorded an impressive growth this quarter, mainly supported by higher volumes sold in most of our specialty businesses. Such growth was slightly offset by lower prices, especially in advanced additives and in specialty fertilizers. Moving to the profit side, you can see that price headwinds only partially offset the notable increase in operating income which enjoyed a positive contribution from higher volume, lower energy and raw material, mostly in our industrial products business line, and efficiency measures in our bromine operation in Israel.

With that, I conclude my remarks and let's open the call now to Q&A.

Operator: Thank you very much, so ladies and gentlemen, if you wish to ask a question, please press "star" and one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press the "hash" key. So, once again that's "star" and one if you wish to ask a question. And your first question today comes from the line of Yonah Weisz from HSBC. Please go ahead.

Yonah Weisz: Hi there, good afternoon, Stefan and Kobi. I'd like to ask two questions, if I may, one on potash and one on bromine. For the potash side, and you can correct me if my calculations are wrong, but it seems that you have had extraordinarily high price and a very, very low cost per ton, so some of your Canadian peers, for example, reported implied selling prices around $200-210 per tonne on international markets, whereas you seem to be selling at $240 a tonne.

At the same time, with a third less volume than the fourth quarter of 2015, you seem to have reached a cost equal to 2015 per ton on an EBIT basis. So, I'm wondering, first of all, could you tell me what lead you to get this very, very high price and can this premium or difference to the rest of the world, or rest of your peers, continue out into 2H '16. And also, a bit more on the cost side, is this fantastic cost based, even when you have low volumes – excuse me, when you have low volumes, will that cost base continue on or even improve as your volumes increase in 2H '16?

Stefan Borgas: The answer's pretty simple, we have great marketing people and great production people, and therefore we have better prices and lower cost. The price effect is a mix effect, really, we have an over-proportionate quantity of sales in Europe where we're selling, in many cases, a little bit more specialties, potash mixed with other products, PKs, NPKs, but also, we're selling directly to farmers, so we're getting higher net backs here and because of the lower volumes you see this mix effect.

On the cost side, this is mostly the effect of the ICL production network because sales and production are not the same. You know that when we produce in Israel, we have the ability to store the produced volumes, therefore our production costs are not dependent on the sales quantity. So, when we have lower sales quantities like this quarter, we can still produce relatively full – at full capacity in Israel and that helps us to equalize the – to still balance out the full fixed cost. And that's what happened here. The Israeli asset, of course, is streamlined now, since last year, you saw it in the last quarters and you see it again, so this, I think, shows that the cost that we have is sustainable, the lower cost is sustainable. You also – we also had good performance of our Spanish operation, so we're a little bit lower in cost. This is not dramatic, but it is still contributing a little bit and, also, the U.K. had a record production preparing the exit there in one to two years.

So that also helped to the fixed cost dilution and Polysulphate® had a relatively good quarter – or relatively good first half of the year so that also helps sort of fix cost dilution. So all of these things contribute and if you add them all up then you get this picture. Kobi, some additions?

Kobi Altman: Yes, just to add two parameters in order to make sure that the comparison potentially you are doing to peers is correct. We are also providing in our report the average sale price on FOB basis and not CIF. This, I think, will enable you to do maybe a better comparison to others. So this is just one thing that I wanted to mention.

The other item related to last year, the comparison to last year on the cost. Last year we had a strike in the Potash business for most of the quarter and as a result of that, the cost – due to the fixed expenses that were imbedded in our cost structures – contributed to relatively high cost per tonne. And I just wanted to highlight this one as well when you're comparing to this quarter.

Yonah Weisz: OK, thank you. Just before bromine, just one more question on the cost is that if your volumes, let's say in the second half, increase with contracts signed, is there potential for cost to even fall even further? Or this is kind of a stable plateau slightly below $200 per ton?

Stefan Borgas: No, this is kind of the stable level because, as I've explained, sales and production are decoupled because of this Dead Sea characteristic.

(Yonah Weisz): OK, super. Just a quick question on bromine – I mean on clear brine fluids. I'm wondering if any of the slight stability which we're now seeing in the oil price, and perhaps a bit more stability in terms of drilling activity, have translate into any more volume – higher volume and/or higher pricing for your clear brine fluids?

Stefan Borgas: You know, the biggest thing that we have been struggling with in the clear brine fluid business, since already the fourth quarter of last year, was the forecastability of this business, because the first time in 10 years we didn't get a forecast from our customer. So there is a relatively high level of uncertainty still in this business.

But the oil prices at $50 or even a little higher that maybe in the next one or two years I expect it to slightly increase rather than decrease. By giving a little bit more confidence to our customers, we've received one forecast – a forecast from one of our customers that actually indicated that there is stability. But it's early now in the third quarter, so I don't want to be too enthusiastic about it. It looks a little bit more stable than we would have seen it 3 or 4 months ago.

Yonah Weisz: Thank you.

Stefan Borgas: Next question please.

Operator: Thank you very much. And as a reminder, ladies and gentlemen, it is * and 1 is you do with to ask a question.

Your next question then comes from the line of Matthew Korn from Barclays. Please go head.

Justin Wieland: Hey everyone, this is Justin Wieland filling in for Matt.

Stefan Borgas: Hi Justin.

Justin Wieland: My question is on the China JV. And how much progress are you all seeing on your cost cutting and efficiency programs that you've announced before and is the transition to specialty moving as planned and on schedule? Thanks.

Stefan Borgas: OK, the cost cutting is going much better, but we're much more aggressive as well because of the pricing environment. You saw that we have a $15 million loss for the joint venture as a whole in the second quarter that we booked, but this is the 100 percent number. This has almost entirely occurred in April.

So, May was a red 0, June was a black 0 in this joint venture. We don't expect any more losses in the second half, so the cost cutting measures have actually helped quite nicely. Also, so optimization on the sales side there.

The move to specialties, of course, takes longer because it requires new facilities. Our board of directors yesterday has approved the core investment that has to be done in this JV. The new White Phosphoric acid plant, our partner has already approved this as well so we will start construction here. And this takes the better part of 2 years until this comes online and then we have the super clean phosphoric acid that we can sell in China.

Of course, we're not waiting with the transformation to specialties until this is done, but that will be the key tool in order to move a large portion of the portfolio.

We have, in the beginning of the second quarter, approved the construction of a water soluble specialty fertilizer plant and of a coating specialty fertilizer plant in China, which take material from here and diverts it in to these specialties as well.

We've had very good success on the sales side in the industrial phosphate area. We are now the Chinese market leader in calcium phosphate for the toothpaste industry in China, we're very proud about it. It's not a massive market, but it's an indication that the new competence that we bring here on the production site for product quality, for customer service, for technical support and for sales excellence is starting to work also in this market.

We have the opening of our food laboratory in Shanghai Monday in a week, so this has been completed as well. This will also help. We have just increased the number of research projects in the R&D center that we have together with YPH. So I'm quite pleased to see the momentum there. And bottom line results will follow, no doubt.

Operator: Thank you. And your next question then comes from the line of Joel Jackson from BMO Capital Markets. Please go ahead.

Joel Jackson: Hi, good afternoon. So I had a few questions. Stefan, could you now tell us the (mine) plan of the U.K.? What should we expect for MOP and Polysulphate® in the second half of 2016? What should we expect in 2017? What was it before?

And then, can you also give us an update on how Polysulphate® prices, sales and cost are going?

Stefan Borgas: Yes, the UK second half of this year on MOP should be pretty much the same than the first half. We are, in light of the market environment, looking at whether we should change the exit of MOP from the UK even earlier than 2018. Maybe already finish the production next year. This is under evaluation now, we will publish this in a few weeks from now. It's – we're pretty close, but we're not quite ready.

Polysulphate® is doing very well. We sold more than a hundred thousand tons in the first half of this year. This is doubling the quantities of last year. We expect to sell more than that in the second half of this year because we have an acceleration. And then again, growth of one hundred fifty to two hundred thousand tons the year there after so that we reach half a million ton by the end of 2017. Maybe we can do a little bit more here, there's a lot of moving pieces.

Average sales price of Polysulphate® now is still over $100 per ton, and this is FOB the UK so you have to add freight until you get to customers. But if we measured FOB then I think this is the better guidance for you.

Joel Jackson: OK. And – so I'm just confused, Stefan, by your language. So if I read your press release verbatim it says, "The company has decided to accelerate the transition from extracting and producing potash" at the UK mine. But you're saying second half volume will be the same and you still haven't made a decision on whether you would actually accelerate the slow down of potash production at the UK So can you just reconcile that please?

Stefan Borgas: So, the plan that we have to exit the UK would be that in the middle of 2018 we end production there. We have made a decision to accelerate that, just can' tell you whether it'll be June next year or end of next year or 3 months acceleration or so.

Joel Jackson: So if I interpret that, what you're saying is the acceleration right now will be – you will stop producing potash at the UK maybe 3 to 12 months earlier than the middle of 2018 you thought before. Does that sound right?

Stefan Borgas: Yes, that's fair to say. And 1 of the major drivers for this is because this will support buildup of the Polysulphate® franchise, because it frees up capacity for polysulfide in a lot of the equipment that we would have needed otherwise. And of course Polysulphate® has the priority here.

Joel Jackson: OK. And then my last question would be – as we now have re-segmentation so we're trying to, you know, understand the businesses a little bit differently here. On the specialty solutions segment, could you give us some color on the seasonality of earnings and maybe relative margins, percentages that business should experience sort of in a run rate year? Thanks.

Stefan Borgas: Yes, usually the second and the third quarter are stronger than the first and the fourth quarter. That has mostly to do with the end customer's demand which is weak at the beginning of the year because the year is starting after the holidays, at least in most countries in the world. And it is usually weak in December because most customers are reducing inventory for their end of the year account.

But other than that, the whole division is less – much less seasonable than the Essential Minerals division. The specialty fertilizers, which make up about a quarter of this division, follow the Ag. cycle – so same that you would expect in the central minerals. The other businesses are much more stable over the year with this second and third quarter strength.

Joel Jackson: Thank you very much.

Stefan Borgas: And margins are pretty comparable from one quarter to another, they don't vary so much.

Operator: Thank you, and your next question comes from the line of Stephanie Bothwell from Bank of America. Please go ahead.

Stephanie Bothwell: Thanks for taking my two questions. Firstly, Stefan, on your opening remarks on specialty fertilizers as you said it was tougher to sell the value add products in your portfolio to farmers in the current commodity pricing environment, which had meant pricing pressure in some regions. Could you perhaps put a little more color on that in terms of the products that you're referring to and also the geographies?

And my second question is on the balance sheets, net debt was broadly flat sequentially versus Q1. You said earlier that higher volumes in the second half will be largely offset by the impact of lower pricing and that cash flow will be dying in the third quarter. It looks like you still have around 50 percent of your capex budget left to spend in the second half. Which on my numbers mean that deleveraging is probably going to be relatively limited this year. And if I assume flat pricing into 2017, probably relatively limited in

2017 as well, therefore my question is – what additional levers do you have on to pull on the capex budget or in terms of incremental cost savings to begin to reduce your leverage? Thanks.

Stefan Borgas: OK, let me answer the specialty fertilizer question and then turn the balance sheet question over to Kobi. My comment on specialty fertilizer was much more general comment than to specific regions because you sell a specialty fertilizer which is a complex nutrient granule, sometimes coated, sometimes it's water soluble products – at double, triple, quadruple the price than a commodity product. And if you do this the saving for the farmer are in the label cost, in the energy cost, in the machinery and in the yield. But if the price of the commodity fertilizer is lower then, obviously, that leverage is much more difficult to show. It's simply an agronomics calculation of the farmer, and this is what we see.

The second effect that we see, this is very specific to MAP, water soluble MAP, which is one of the single products in the specialty fertilizers. This specific product is under significant price pressure from China inline with all the other commodities because the Chinese don't differentiate so much between water soluble products and other products. But that's more of an exception than anything else, that's why I didn't put this in the foreground. Balance sheet?

Kobi Altman: Yes, Stephanie, it's Kobi, in terms of the debt in the balance sheets. I will start with the capital location principles that we are following very, very carefully. And we are trying to balance between three dimensions. The first dimension is to ensure the long-term sustainability of growth in the company and the creations of the growth engines for the years to come. The second element is our debt structure, or debt levers. And the third element is to provide strong share holder return via dividend and other measures to our shareholders. This year we will not experience a reduction in debt. We do plan to start to see reduction in the debt level in 2017 coming from the fact that we are going to keep, as we said last quarter, this capex at the same level of 2016 and as a result of that, the growth in the company that we are expecting to see in 2017 will serve the reduction of the debt. But again, this is a 2017 thing.

The other effect in 2017 is the further continuation of cost reduction that will just simply increase margins, all other things being equal. So cost reduction lever is higher than capex reduction possibility, unless we want to compromise growth in the specialty businesses, because all of our growth capping goes to specialty businesses, but we haven't made that decision.

Stephanie Bothwell: OK, thanks, and perhaps just one follow-up – can you comment on the potential for further non-core assets disposals going forward?

Stefan Borgas: Yes, we have one process on the way. This is the process on our desalination business. I think we should get to a decision point in September I hope. It's a competitive process but it's in the second round, so there's only two players left in this round. It's going well, so that end and should bring triple digit million dollar proceeds. That, of course, is a source for that reduction. This will all go into that reduction when we make that. But I cannot guarantee it because it's a process where we're only half, we can only influence the seller side, not the buyer side.

Stephanie Bothwell: And do you quantify at all what the earning contribution of that business has been?

Stefan Borgas: It's only visible in the financial results, because it's not consolidated, it's not that dramatic, very small.

Stephanie Bothwell: OK, thank you very much.

Operator: Thank you, and your next question now comes from the line of Rosemary Morbelli from Gabelli & Co., please go ahead.

Rosemary Morbelli: Thank you, good morning, everyone, or good evening where ever you are. Stephan, I was wondering if you could give us a little more detail on your FR-122P flame retardant growing in terms of the interest in North America and Asia Pacific. What do see going on-stream next year for example?

Stefan Borgas: Good potential, we are very happy with the take off. We get some interest from Asia Pacific, but mostly from those players who are exporting into Europe. The U.S. is not a market for this at the moment in time it is very, very small. So the majority of this growth is in Europe.

Rosemary Morbelli: So when you say that you are seeing in an interest in North America, so we eliminate I guess the U.S. based on your comment. Are you seeing more of an interest in Canada, or is it at this stage more wishful thinking than anything concrete?

Stefan Borgas: It's so negligible you don't want to think about this.

Rosemary Morbelli: OK, that's good. And could you talk about the long-term contracts that you establishing – are they based on volume? Do you have potential to adjust pricing given the fact that price seems to be increasing steadily?

Stefan Borgas: All of it. I mean we have so many customers we have every single model that you can imagine with this product.

Rosemary Morbelli: So how much do you think – how much of your production do you estimate you are going to have in the long-term contracts as opposed to selling the spot market?

Stefan Borgas: For FR-122P?

Rosemary Morbelli: Yes.

Stefan Borgas: This is a very stable business. It's actually not so relevant whether it's a long-term contracts or short-term contracts, because this is specified material by the customers. There are two suppliers. It's relatively clear who's adverse to whom, so it's a very transparent market, so the question for the business isn't so relevant.

Rosemary Morbelli: OK, and then looking at clear brine fluids, you saw an increase in Asia Pacific and South America. Can you give us a better feel for that and since the Gulf Coast of the U.S. is still weak, what is the percentage of your operations going into that particular region?

Stefan Borgas: We don't publish which percentage we sell where in this business, but as I said before, it's more stable than it was 3 or 4 months ago.

Rosemary Morbelli: And lastly, if I may, on the electronic side – demand for printed circuit boards for automotive applications you said are flat, however, everyone else talks about applications for automotive growing, so could you help me understand why you are not seeing that particular growing?

Stefan Borgas: Yes, I think we're debating here about 3 percent growth – is this considered flat or this growing? We would consider it as flat. We've had actually good uptake in printed circuit boards for TVs in the second quarter. We think it has been an Olympics effect, it will decline, therefore we are a little bit more careful on this business.

Rosemary Morbelli: And actually, I do have one more question. You talked about the price of elemental bromine being at 30 percent versus the third quarter of 2014 – what is it versus the third quarter of 2015 and sequentially versus the first quarter of this year?

Stefan Borgas: It's flat.

Rosemary Morbelli: Ok, thank you.

Stefan Borgas: You're welcome.

Operator: Thank you, and as a reminder ladies and gentlemen, it's star and one if you do have a question. And your next question comes from the line of Howard Flinker from Flinker and Co., please go ahead.

Howard Flinker: Hello everybody, I think I understood the opposite of what you said about prices. Did you say that prices for you include cost insurance and freight, and therefore that's why the apparent price is higher, or did you say the opposite?

Stefan Borgas: Are you talking about potash?

Howard Flinker: Yes.

Stefan Borgas: Yes, so the prices that we book sales, includes the freight, and this why we provide also the full-coverage price for the quarter in a separate table, so that you will be able to make the difference.

Howard Flinker: I understood the opposite, OK, thank you.

Operator: Thank you, and as a final reminder ladies and gentlemen, it's star and one if you wish to ask a question.

Stefan Borgas: Great, I'm very happy to see that quarter was so clear that we have relatively few questions this time. Thank you very much, ladies and gentlemen, to listen, for dialing-in, enjoy your day and I'll see you on (Roadshow) or in latest, 3 months from now. Bye-bye.

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

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