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<<Laurence Alexander, Analyst, Jefferies>>

Good morning everybody and thank you for joining us today. I'm Laurence Alexander with Jefferies Chemical Team. It's my pleasure to introduce Kobi Altman, who's the CFO at ICL. Given the time we have available, Kobi, I'll pass it right over to you if you have any introductory remarks and then we'll dive into some questions.

<<Kobi Altman, Chief Financial Officer>>

Great, okay. So thank you, Laurence, and good morning, everyone. Interesting times of virtual conferences, but also has some advantages and I hope you can join and listen a little bit about what's up with ICL. After reviewing this important slide 2, let's jump straight to the presentation. And I will really try to make it short, so that we can have some time for questions and answers.

This is ICL at a glance, and I think the year like that, the importance of the key fundamentals of the company stand up: the size of the company, the fact that we are worldwide operated, the top three most – leading suppliers in most business lines and target markets that we have, the dividend yield, our capital allocation approach, which is something that is again part of the main pillars of the company, and we are paying, even at crazy times like these, a dividend yield that is around 3%. Investment grade company and the balance sheet that we maintain in order to make sure that we can capture opportunities.

Very general on our various businesses: the leadership strategy of ICL stands on the main three pillars of our core minerals value chains. It is the bromine, where we are the leader like world's largest provider of bromine and bromine compounds, potash where we are among the top three most competitive potash producers and we would like to continue to be leading in that respect. As a price taker, our leadership is in the competitiveness of our sites and is our winning strategy, and in the phosphate value chain, the strategy is to continue and enhance the specialty phosphate space. We believe we are already the leaders in the specialty phosphate, and we will continue to enhance it further. We had great results during the last few quarters and years in our specialty phosphates and this is our focus where we want to grow. And then the fourth leg of ICL, which I will elaborate a little bit more today, the Innovative Ag Solutions that we want to build it as the future growth engine of the company.

In a year like that it is also worse to focus on what is really happening in the day to day of the company, quarterly results that we have just published last week with a positive operating income in <u>all</u> of our segments, positive free cash flow, cash flow from operation despite the impact of the COVID-19 and low commodity prices, the improvement in adjusted net income and operating cash flow versus the prior quarter. Q1 by and large is a quarter that was kind of pre-COVID-19 situation where second quarter was already impacted by what is happening around the world, and the fact that we were able to deliver a quarter that is pretty much similar to the first quarter, was very, very encouraging from our perspective, where the bromine business that had a record first quarter, as anticipated, went down a little bit (in the second quarter), and the potash stronger quarter versus Q1 compensated for that. So that also shows the resilience of our results and our ability to balance between the various businesses where we operate. We had the record first half of potash production at the Dead Sea. We continue to execute on our strategy and reduce unprofitable exposure to commodities, mainly the phosphate commodities, and we were implementing efficiency plans that will result in a $50 million increase in our profits starting next year on an annual basis.

As part of this overall strategic plan execution, we discontinued Israeli based production and sale of phosphate rock. We reduced exposure to the phosphate commodity. We accelerated the closure of the potash production activity in our mine in Spain, that we previously planned to do only next year. And we went through some headcount reductions and write-offs of some of impairments of our fixed assets. The consolidation of the crop nutrition business sales and marketing organization, I will elaborate on that in just a few slides. and I already mentioned the dividend, $36 million, reflects the commitment to shareholder's repayment.

Very fast on the figures, you can see the comparison to the second quarter of 2019, where the commodity prices were very, very different, and to the first quarter of 2020 were more or less we were in the same business environment of commodity prices, and you'll see that more or less it's around the same quarter. I must admit that personally, when we started the second quarter, my forecast was that it will be lower than that the results of the second quarter. We thought that it will be closer to our Q4 of 2019 performance, but we ended up the quarter in a pretty solid result, very close to the first quarter.

You can see over the last few quarters, the trends in key financial parameters to demonstrate the resilience of the quarter, the improvements on the percentage of sales over the last three quarters such as the adjusted net income, 48% in the fourth quarter of 2019, growing to 60% in the first quarter and to 72% in the second quarter of 2020.

The balance sheet is also something that is important these days, obviously today we are focusing on that even more than in regular days. And the fact that we have cash balances, deposits and available credit facilities of over $1.15 billion. It gives us the ample liquidity and flexibility to navigate the companies through this worldwide store and also capture opportunities. Fitch and S&P credit rating, obviously noted that and both rating agencies has issued a report on ICL at the end of June, reaffirming our BBB- rating with stable outlook. We doubled 15 years bond series that we have done at the end of last year. And so we kind of pushed another $110 million, 15 years ahead and this helped us with the performance of our overall debt. Net debt to EBITDA is very, very low, much below our needs and as 2.4. Operating cash flow, we showed that in the dividend. We talked about it.

If we dive a little bit into the various segments, industrial products, our bromine value chain and $88 million of EBITDA, you can see that quantities went down if we compare to a year ago, this is mainly due to the slowdown that COVID-19 impacted for a short period of time, around the clear brine fluid and the flame retardant. We start to see the recovery in the flame retardants business in the third quarter, where the construction business starts to pick up now. Automotive industry is picking up. And we gradually see all that is coming again toward the end of the third quarter. So, we believe we are starting to see the recovery also in the demand. You can see the prices were actually positive. We are able to maintain the overall price environment in the mixture of what we are selling. And the main focus is the reduction that came from the quantities. It's a temporary demand issue due to the economic slowdown and now we start to see the recovery.

If we move to the potash, we'll see a different story. You can see here, demand is healthy in terms of the quantities. Obviously, when we are comparing to a year ago, this was a kind of a cycled high. Now we are in a cycle low. And $82 million of potash prices impacted our segment EBITDA that presented an $80 million higher than – this number is higher than our first quarter results. And we believe that now during the second – the second half of 2020, and into 2021, we believe that prices should start to recover, and we will see this ramping up.

The Phosphate Solutions segment, also here in general the agriculture season was very healthy, demand is healthy. And again, they went down significantly, you see here $30 million impact to the – down significantly, you see here a $30 million impact to the segment EBITDA just from the commodity. And we started to present to you, our investors, the breakdown between our commodity and specialty business, which had a great quarter, $30 million of operating profit, offset by commodity losses. We continue to reduce exposure to commodity phosphates, so performance should further improve.

Innovative Ag Solutions actually had a good quarter. Some negative impact of COVID-19 on the Turf and Ornamental business, obviously golf fields, soccer and those type of businesses do experience some slowdown, but the other business lines overcompensated for this and we saw a year-over-year 30% increase in EBITDA. The integration of Growers, the company we bought in the first quarter, continues as planned and we are now integrating it into our digital platform that we are building to accommodate the future technology boom of agriculture.

During the quarter, we focused the crop nutrition sales and marketing into one organization, one platform. If in the past we had three divisions that touch pretty much the same customers, in the same countries, trying to sell the various products that we have to the agriculture offering, as part of our strategic thinking around how do we approach the agriculture market in the new era, we felt that we need a unified commercial front facing unit that will take a look at the customers and have the entire portfolio view of the customer needs, combining all the products from all the three divisions, the Potash division, the Phosphate division and IAS division, into one sales and marketing platform.

I want to quickly summarize so that we will have time for some Q&A. Again, a resilient second quarter, looking into a third quarter where we will start to see the recovery of the Industrial Products businesses. Usually this is the off seasons, the second half of the year is the off season in agriculture. But this is a regular seasonality of the business, so this gives you the ability to kind of understanding what we are expecting in the third quarter.

So the diverse, resilient results that we present comes from the differentiated business model that we have, the financial strengths, our strategic execution that was evident in many, many actions that we have done during the quarter and the positive outlook as the market is improving, as the commodity cycle starts to pick up from its bottoms and the specialty businesses continuous growth will fuel our bottom line of the company.

And finally, we added a new interactive data tool in our website, and I welcome you to take a look at that. You have there all of our ESG data and the financial data where we spent a lot of effort in thinking how to further promote our ESG data sharing with you guys. This is something that is very important to us as a company, and you are now welcomed to go into our website and take a look at that.

So I stop here so that we have still some time for questions. And maybe I will also stop sharing the presentation so you will be able to see me better.

Q&A

<Q – Laurence Alexander>: As you think about the theme of corporate transformation and how you've been realigning the business over the last several years, how do you want the portfolio to look in say five years to 10 years? Presumably you want – significantly you want to reduce the commodity phosphate, but besides that do you want extra legs, are there new capabilities that you want to turn into business models? How should we think about what the business should look like in five to 10 years?

<A – Kobi Altman>: I would say agriculture is still the main end market for us and part of the innovative ag solutions, new infrastructure for sales and marketing, the go-to-market, coupled with the technology transformation that we are doing on the digital platform, we are targeting the ag market because we see a lot of opportunities that we can still gather there and grow. And then we will have two sides of industrial focused key markets: the bromine-base, where we will continue to add additional solutions and bromine-based products to this various industry that use those and the specialty phosphate. Our food business is going very, very well. Our industrial business is going in the specialty phosphate and we will continue to promote that. So all in all, the transformation of ICL into a more specialty company will come from the fact that we are about to finish the restructuring of our potash business units into a single operation in Spain, into the polyphosphate that will add to our growing portfolio for agriculture, and the continuous improvement in the Dead Sea. In the bromine business, the move to more bromine compound, offering the new contracts that we will start to supply as early as 2021, will start to make the

difference with another step change in the performance of this division. And in the phosphate division, the reduction in the exposure to the commodities and the step change we are doing in China for this specialty phosphate, will make the difference in that perspective.

<<Laurence Alexander, Analyst, Jefferies>>

Can you flush out with the ag facing businesses? Should we expect a significant amount of M&A in technology? Do you have a target for how you want the commodity versus specialty mix? Would you go into adjacencies like chemistries, or your crop chemicals rather, like, how do you think about the box you want to operate in and how far you want to push the evolution over the next cycle?

<<Kobi Altman, Chief Financial Officer>>

So, the way we look at the world, we believe that over the next decades, there will be a complete transformation of the agriculture space into high-end technology. And we would like to ride on this big wave. But we need to be extremely focused because we want to make sure that we will be having to make the difference and key leaders. And so we are targeting the data space. We believe that the combination of the data that we have gathered in how to grow better, the specialty fertilizer data that we have on how to increase the yield for a farmer, coupled with our proximity, to the Israeli startup nation, the high-tech industry in Israel, will help us to be a leader in this space of data and how to help a farmer to do better.

We are looking at this as separately for ICL, kind of an independent leg for ICL. And this is why we are not trying to find the platform just to sell ICL product. We are looking at it from the farmer perspective, how can we do better for the farmer? This is our focus right now. And we believe that over the next one or two quarters we will be able to share with you guys more of what we were doing over the last year and a half, how did we integrate the Growers' platform into our offering and what is next for this? This is a very exciting journey of innovation. We believe that currently there is still not a clear winner in this space. And we are targeting this space.

<<Laurence Alexander, Analyst, Jefferies>>

And can you elaborate on the step change in bromine that you think you can deliver over the next two to three years?

<<Kobi Altman, Chief Financial Officer>>

Sure. So we signed last year several long-term contracts, moving customers that used to buy from us the elemental bromine, to buy from us the bromine compound that more into the downstream. This requires both sides to have longer-term relationships, the ability for us to offer more services and solutions around the basic product. And we are now building this year, even with the COVID-19, we are building the facility that will enable us to supply this next year. And as early as 2021, we start to supply under this new model.

We believe that actually the COVID-19 gives us a lot of backwind to continue to promote this reliability of supply long-term relationship are now even more important to our customers in the various areas of industrial usages. And we believe that this winning strategy will continue to deliver foods in the next one or two years.

<<Laurence Alexander, Analyst, Jefferies>>

Can you give a sense for how much of your elemental bromine converted and how much capital you are investing in what the payback might be or the EBITDA contribution?

<<Kobi Altman, Chief Financial Officer>>

Sure. Yes, we are talking about an EBITDA, a few dozens of millions of top line growth with more or less our average EBITDA margin, so north of 30%. So it's going to be a sizeable business contribution just from those few contracts. And we believe that there will be even more customers that will be actually looking to generate the benefit that we offer for them.

There is a very clear win-win scenarios where we are able to offer a better pricing for our customers, because we trim the very expensive shipments of elemental bromine into shipping of bromine compounds that is much, much cheaper. We are also more efficient in our operation because we have the largest facility. So we can generate an additional profit while our customers also can get better total cost of ownership.

<<Laurence Alexander, Analyst, Jefferies>>

And are there particular end markets or grades of derivatives like tetrabromo penta that you're going after or…

<<Kobi Altman, Chief Financial Officer>>

Yes, obviously, we are looking everywhere. I can tell you that one area that is very, very interesting is energy and waste removal solutions. Bromine has some characteristics that can be very interesting in this area. And obviously this is part of what the world needs to consume, re-usable energy and the ability to take care of waste that the world is producing and we believe that we will have very interesting offering over the next few years in that space.

<<Laurence Alexander, Analyst, Jefferies>>

And can you update your perspective on the polyphosphate investment. Is there a threshold of returns where you would decide the project wasn't worth it? And have you already crossed that threshold? Are you already comfortable that it's on – that's working or is there a litmus test in the next few years?

<<Kobi Altman, Chief Financial Officer>>

Yes well, over the last few months we actually signed few very significant contracts. So we now have contracts for more than one million ton of polyphosphate. In various countries we opened up the market in India after a lot of time that we were walking on that. And we believe that the building up of the market is something that is going on plan. We need to reach the one million ton of production in order for this business to be balanced and start to generate the return that we obviously expect from it. This is a unique product, not a very big one, but it's a unique product. We are the only supplier that supplies today this product, and it's going to be a good part in our overall agriculture portfolio.

<<Laurence Alexander, Analyst, Jefferies>>

Great. I think we're coming up. So just one last quick one, your perspective on potash trends you've mentioned sort of conditions seem to be stabilizing any visibility you have there?

<<Kobi Altman, Chief Financial Officer>>

Yes, well, I think in Asia, contracts were calendar this year, so as early next year, we will expect to see a new negotiation with lower quantities that will be available in the inventory, in the channel toward this. So I think everyone that we talk with suppliers, customers, expect that potash prices will be higher in the 2021. Contract negotiation and if those negotiations went well, we can see even a significant interest in the potash prices.

<<Laurence Alexander, Analyst, Jefferies>>

Great. Thank you very much for joining us today. Thank you everybody for listening in.

<<Kobi Altman, Chief Financial Officer>>

Thank you, Laurence. Thank you, Jefferies.

<<Laurence Alexander, Analyst, Jefferies>>

I will be in touch.

<<Kobi Altman, Chief Financial Officer>>

Thank you very much.

<<Laurence Alexander, Analyst, Jefferies>>

Thank you.