



Where needs take us

# Q1 2018 Results

Asher Grinbaum | Acting CEO

May 10<sup>th</sup>, 2018



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Included in this presentation are certain non-GAAP financial measures, such as Adjusted Operating income and Adjusted Net income, designed to complement the financial information presented in accordance with IFRS because management believes such measures are useful to investors. These non-GAAP financial measures should be considered only as supplemental to, and not superior to, financial measures provided in accordance with IFRS. Please refer to our Q1 2018 press release for the quarter ended March 31, 2018 for a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable financial measures prepared in accordance with IFRS.

- Excellent start for 2018, with a positive contribution to sales and operating income from all three mineral chains
- Higher potash production, sales volumes and prices, and growth in specialty fertilizers drove a 36% increase in Essential Minerals segment profit
- Specialty Solutions segment performance continued its positive trend supported by value oriented pricing approach
- Successful completion of the Fire Safety and Oil Additives businesses' divestment reduced net debt level and created financial flexibility to support growth

\$ millions	Q1 18	Q1 17	% change	Q4 17	% change
Sales	1,404	1,295	8.4%	1,361	3.2%
Adjusted operating income	151	116	30.2%	168	(10.1)%
Adjusted net income	106	68	55.9%	142	(25.4) %
Operating income	985	116	749.1%	189	421.2%
Net income	928	68	1,264.7%	155	498.7%
Net Debt	2,269	3,262	(30.4)%	3,037	(25.3)%
Average potash selling price - FOB	244	216	13.0%	222	9.9%

## Specialty Solutions

\$ million	Q1 2018	Q1 2017	% change
Sales*	659	613	7.5%
Segment O/I**	131	115	13.9%

- Continued solid performance of **Industrial Products**, as higher prices offset lower sales of clear brine fluids
- Strong performance of **Advanced Additives'** supported by value oriented pricing approach in Specialty Phosphates
- Favorable pricing trend in food phosphates and higher dairy proteins volumes contributed to a significant increase in the **Food Specialties** business line's profit

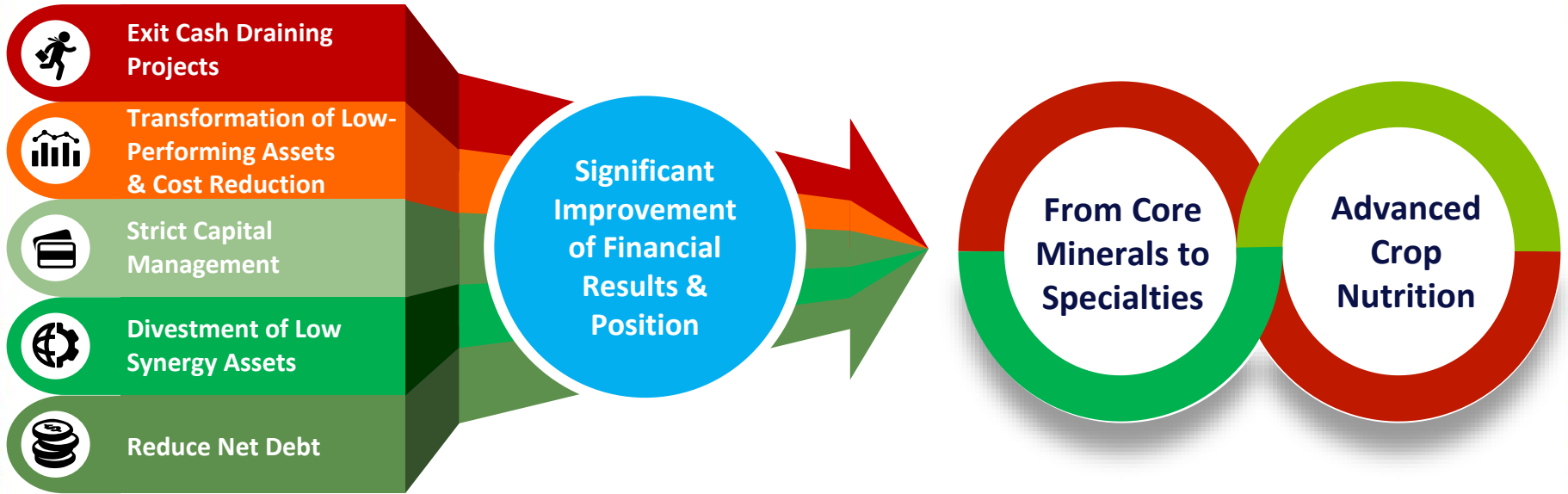
## Essential Minerals

\$ million	Q1 2018	Q1 2017	% change
Sales*	814	734	10.9%
Segment O/I**	90	66	36.4%

- Over 70% increase in **potash business profit** driven by higher potash and polysulphate prices, as well as by higher potash production and sales volumes, partially offset by an increase in transportation costs and unfavorable exchange rates
- Record first quarter for **Specialty Fertilizers'** profit driven by higher volumes, prices and favorable exchange rates
- Higher fertilizers prices and shift to profit at YPH JV in the **phosphate commodity business line** were offset by higher sulphur costs and lower volumes due to prolonged winter in Europe

2018 TARGETS	Q1 2018
Reduce debt ratios while still investing in growth	Net Debt/EBITDA = 2.3 (2.9 in Dec. 2017)*
Continuous improvement in the competitiveness of our mineral assets in Europe, China and Israel	Positive operating margins at ICL Iberia and YPH JV, significant reduction in operating loss at ICL-UK
Focus on specialty agriculture growth	Record Q1 profit for Specialty Fertilizers
Continue both organic and inorganic growth of Specialty businesses	ICL Specialty Solutions' sales up 7.5%, operating income up by 11.3%
Grow post-divestment Advanced Additives	Sales excluding divested businesses up 9%
Return to growth trajectory in Food Specialties	Sales up 21%, operating income up 50%
Maintain high profit margins at Industrial Products	Operating income margin at 25%
Complete transition to Polysulphate at ICL UK.	On track to be concluded by mid-2018
Executing long-term infrastructure CapEx projects	Salt harvest, P9, ICL Iberia

ON TRACK



**Optimization of Mineral Assets**

**~10-15%**  
Reduction in potash cost per tonne over 5 Years

**~5M Tonne**  
Maintain stable Potash production

**Shift**  
Phosphate and UK to Specialty

**TARGET**

**Specialty Solutions: Maintain Strength. Provide Stability.**

**Outgrow the market**

**Expand margins**

**TARGET**

**Growth in Semi-Specialty**

**From ~\$100M to ~\$400M**  
Increase in Semi-Specialty sales within 5 years

**TARGET**

**Growth through leadership in Advanced Crop Nutrition**

**Create**  
best-in-class innovative platform

**Over \$1BN**  
Sales within 5 Years

**Improve**  
Operating Margin

**TARGET**

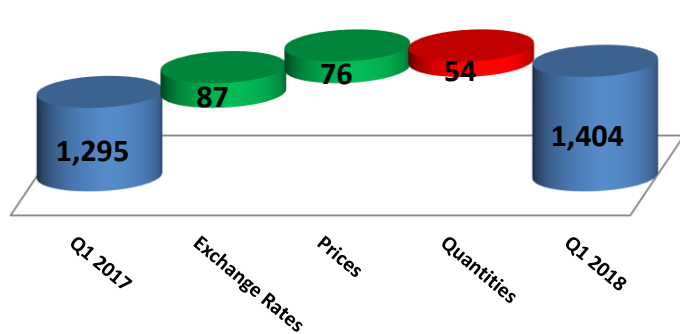
The background features a dark blue horizontal band across the center. Above and below this band are several thick, curved lines in various colors: red, green, purple, orange, teal, and brown. The background also has a subtle pattern of fine, light-colored diagonal lines.

# Financial Results

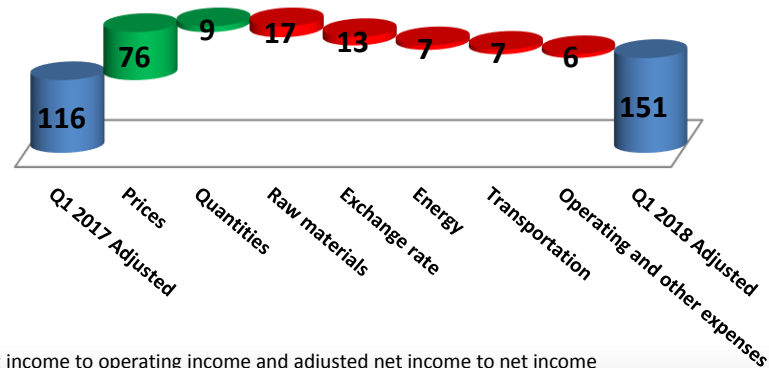
Kobi Altman  
CFO

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Adjusted net income	106	68	55.9%	142	(25.4)%
Operating income	985	116	749.1%	189	421.2%
Net income	928	68	1264.7%	155	498.7%
Free cash flow*	(91)	104	(187.5)%	137	(166.4)%
Purchases of property, plant & equipment & intangible assets	(127)	(106)	(19.8)%	(140)	9.3%

### Q1 2018 Sales (\$M)



### Q1 2018 Adjusted operating income (\$M)

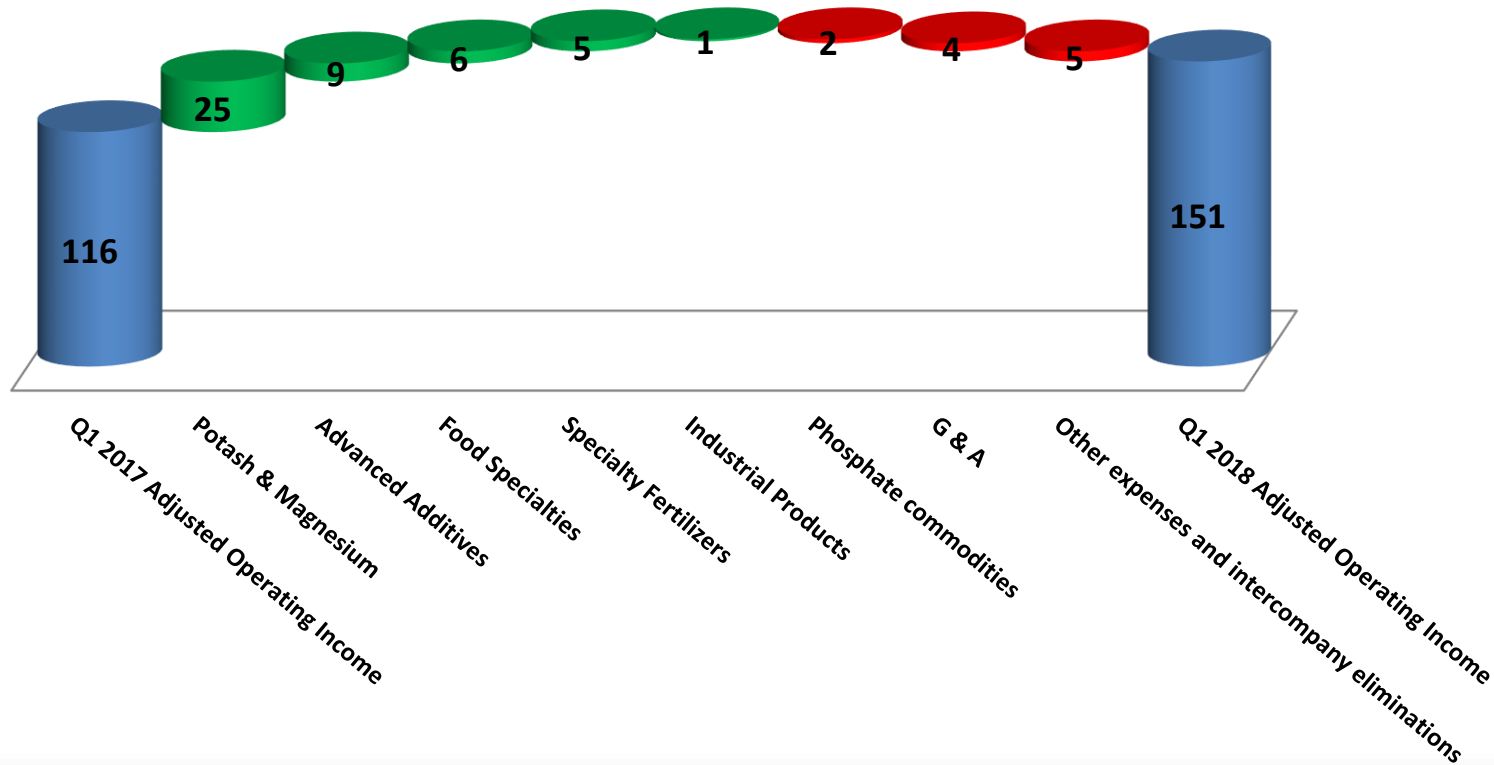


See Q1 2018 press release for a reconciliation of Adjusted operating income to operating income and adjusted net income to net income

\* See appendix for reconciliation of free cash flow

Numbers may not add due to rounding and set offs

# Business Line Contribution to Operating Income



See Q1 2018 press release for a reconciliation of Adjusted operating income to operating income

Numbers may not add due to rounding and set offs

US\$ Million	Q1 2018
Adjusted net income	106
Depreciation and amortization	97
Other adjustment to net income	(12)
Total changes to working capital*	(155)
Net cash provided by operating activities	36
Purchases of PP&E & intangible assets	(127)
<b>Free cash flow**</b>	<b>(91)</b>



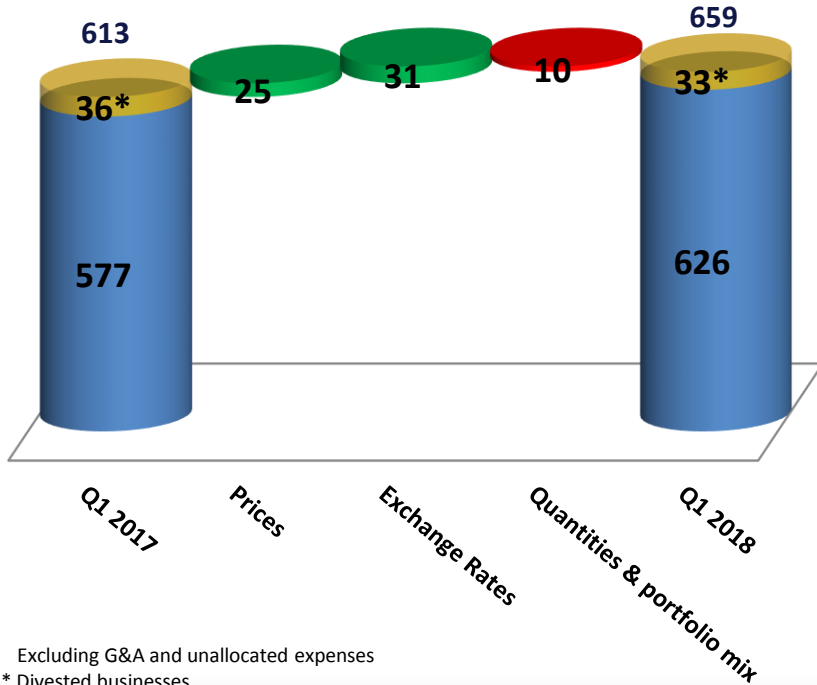
- *Increase in sales led to higher trade receivables*
- *Demand required higher inventory*
- *Free cash flow expected to turn positive in the rest of the year*

\* Represents change in inventory + trade and other receivables + trade and other payables as per the statement of cash flows

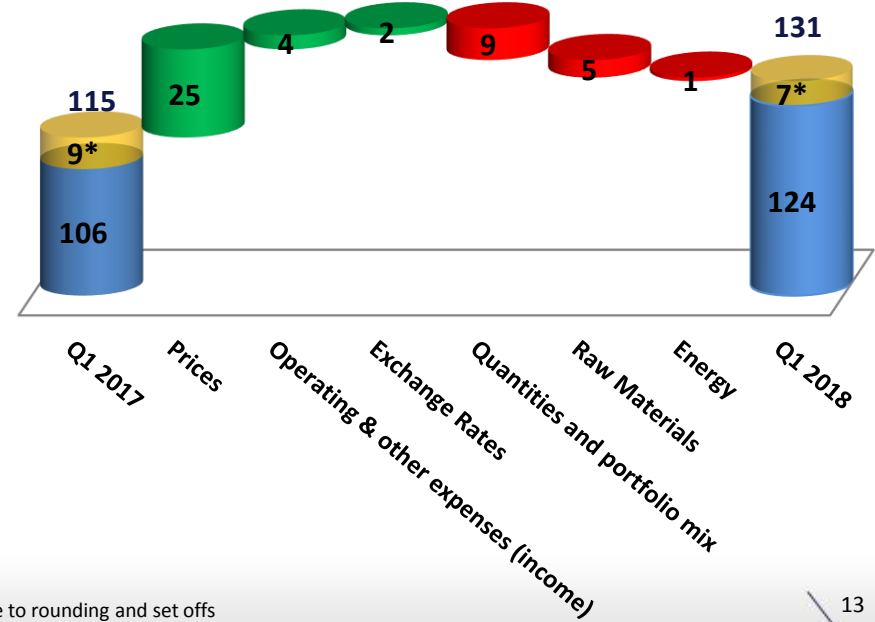
\*\* See Appendix to the presentation for a reconciliation of free cash flow

\$ million	Q1 18	2017
Adjusted income before tax	<u>137</u>	<u>528</u>
Normalized tax rate (including resource tax)	23%	26%
Normalized tax expenses	<u>32</u>	<u>136</u>
Carryforward losses not recorded for tax purposes	3	19
	<u>35</u>	<u>151</u>
	26%	29%
Other items (mainly exchange rate impact)	(2)	1
Adjusted income tax	<u>33</u>	<u>156</u>
<b>Actual Effective tax rate</b>	<b><u>24%</u></b>	<b><u>30%</u></b>

## Sales (\$M)



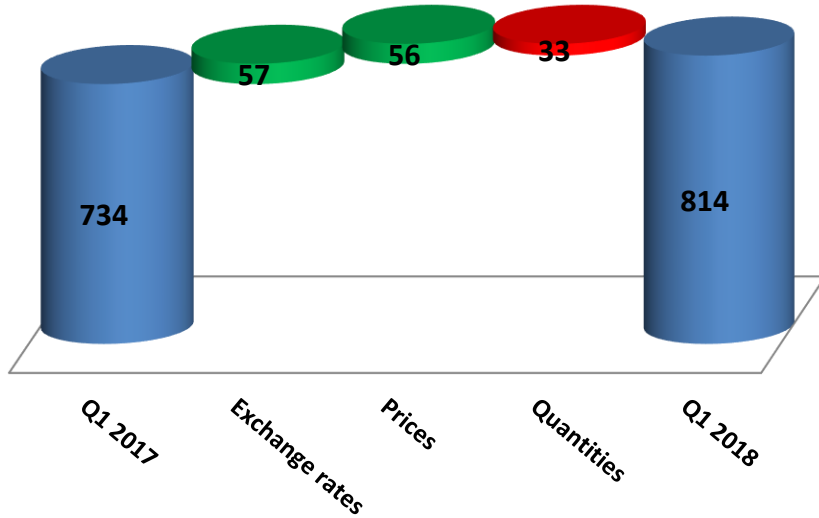
## Segment operating income (\$M)



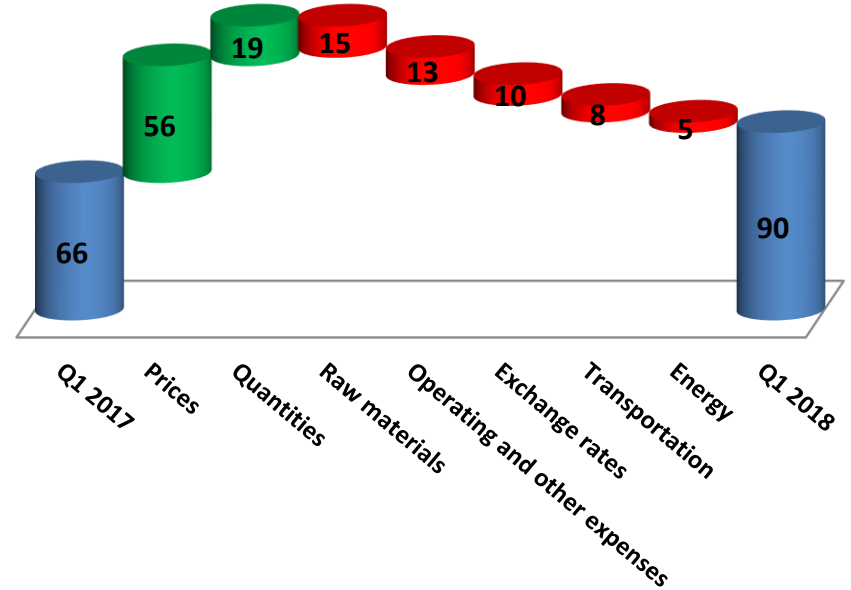
Excluding G&A and unallocated expenses

\* Divested businesses

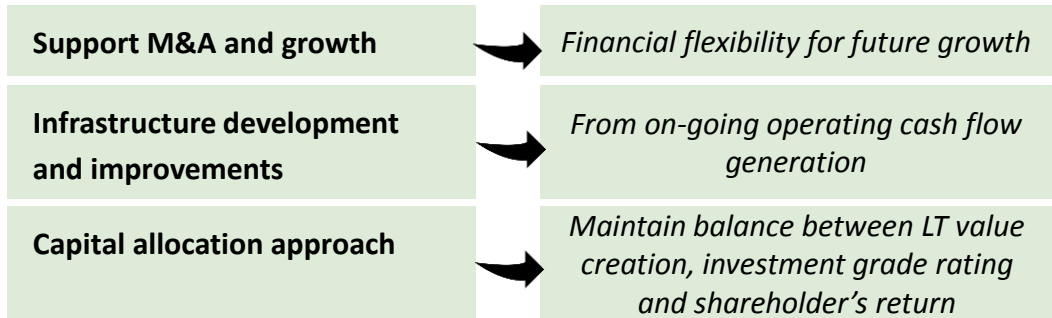
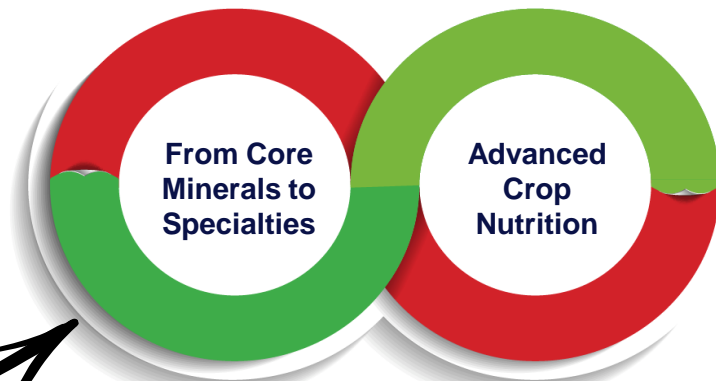
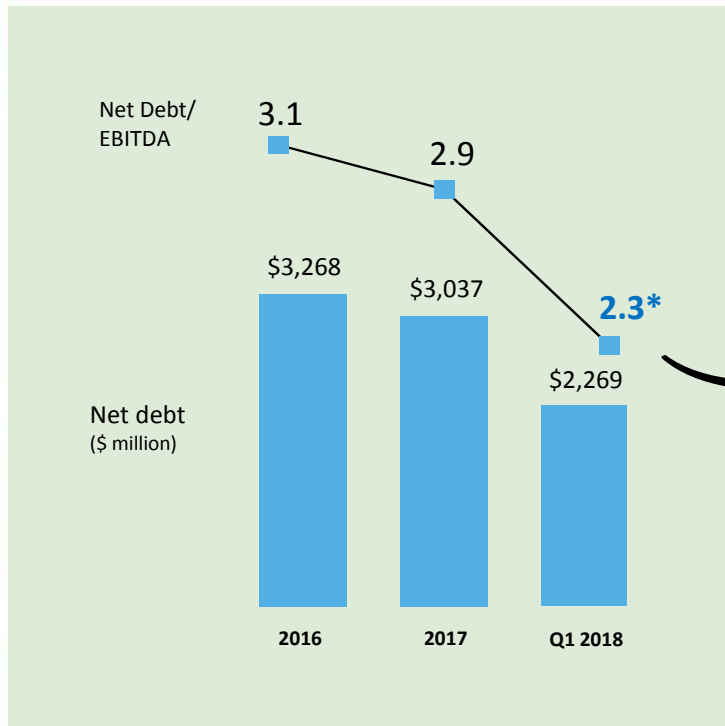
## Sales (\$M)



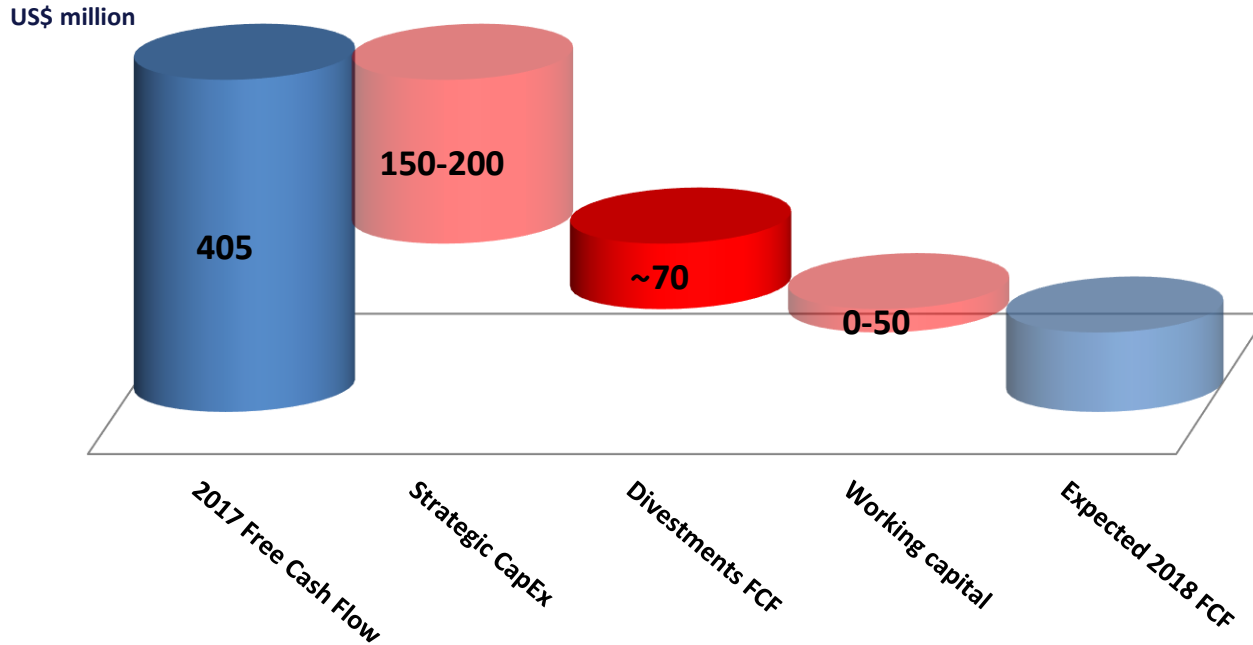
## Segment operating income (\$M)



Excluding G&A and unallocated expenses



*Investing in our future and creating financial flexibility to support growth*





***STRONG  
PERFORMANCE***



***FINANCIAL  
FLEXIBILITY***



***STRATEGY  
EXECUTION***

The background features several thick, curved lines in various colors including red, green, purple, orange, teal, and brown, set against a light gray background with fine diagonal lines. A dark blue horizontal band runs across the middle of the image, containing the text "Thank You" in white.

Thank You

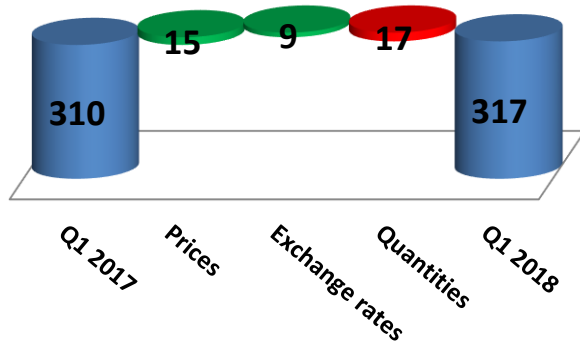
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# Appendix

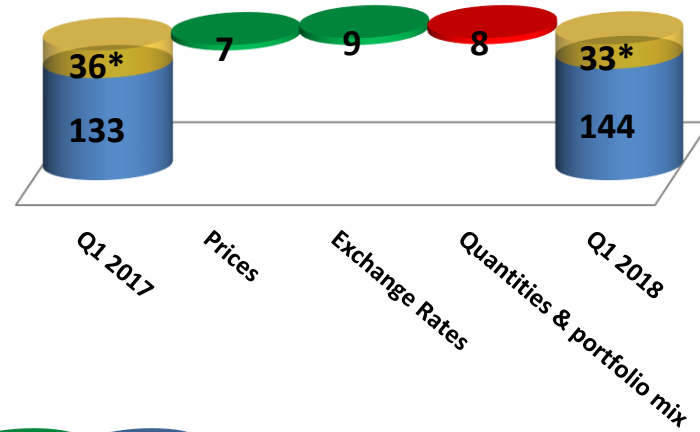
The background features several thick, curved lines in various colors including red, green, purple, orange, teal, and brown. A dark blue horizontal band runs across the middle of the image, containing the text. The overall aesthetic is modern and abstract.

# Specialty Solutions Segment

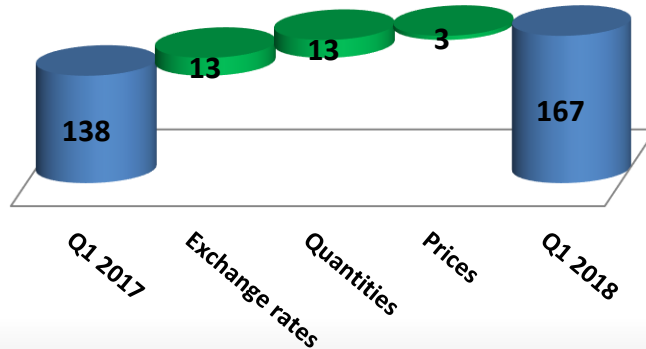
## Industrial Products



## Advanced Additives



## Food Specialties

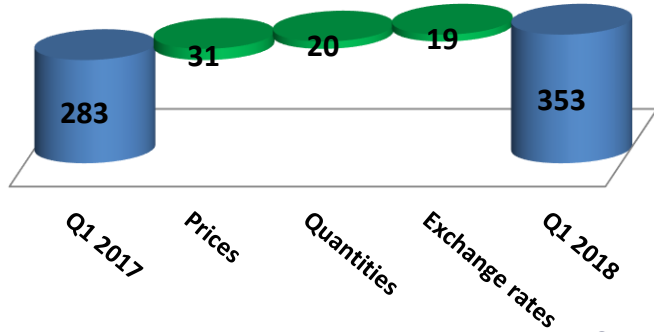


\* Divested businesses

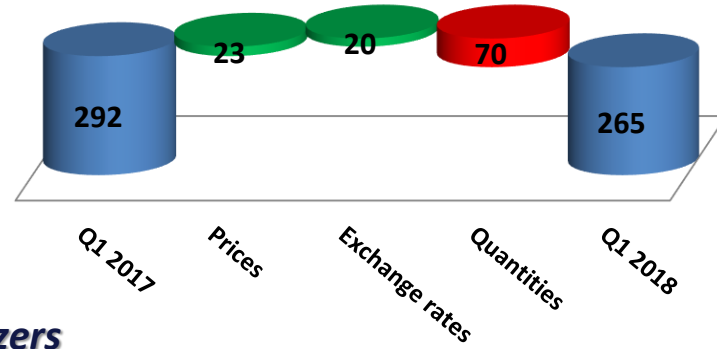
The image features a dark blue horizontal band across the center. The background is white with a pattern of thin, light gray diagonal lines. Several thick, curved lines in various colors (red, green, purple, orange, teal, brown) sweep across the frame, overlapping each other and the blue band. The text 'Essential Minerals Segment' is centered in white on the blue band.

# Essential Minerals Segment

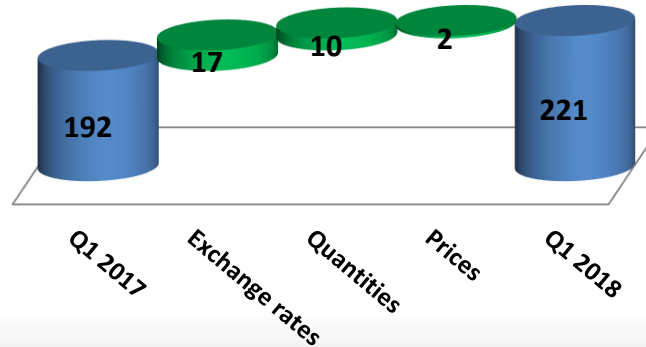
## Potash & Magnesium



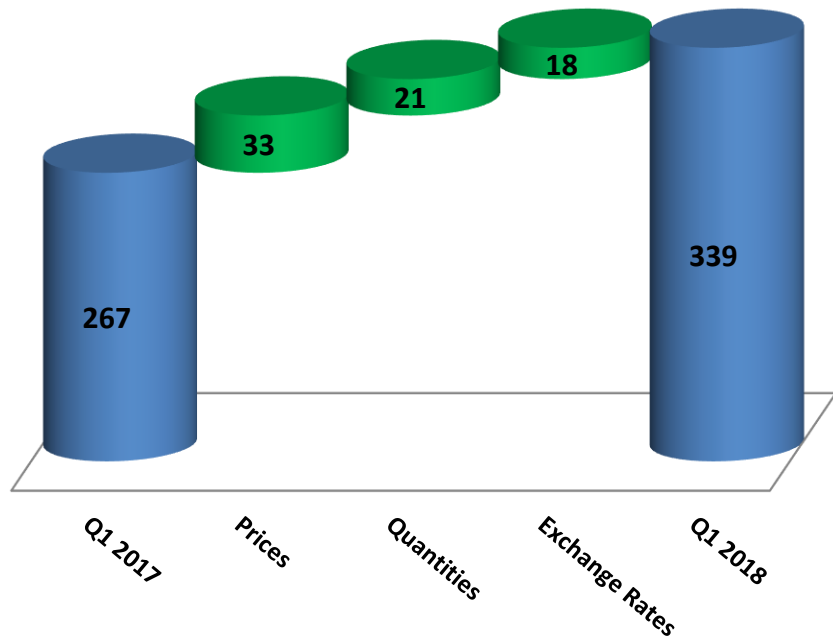
## Phosphate Commodities



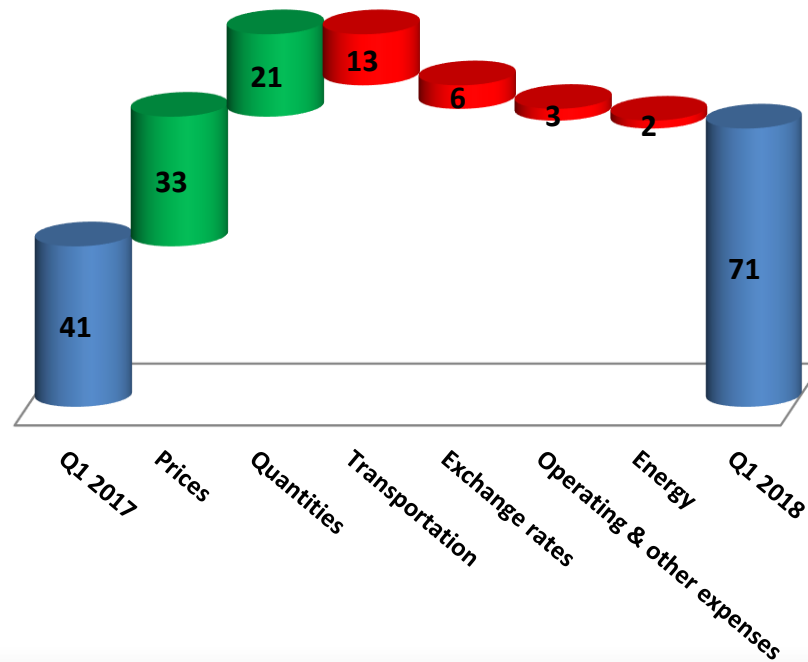
## Specialty Fertilizers



## Sales (\$M)



## Business unit operating income (\$M)



Excluding G&A and unallocated expenses

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Cash flow from operations	257	195	199	176	277	36
Purchase of property, plant and equipment and intangible assets	(138)	(106)	(113)	(98)	(140)	(127)
Dividend from investees	8	3	-	-	-	-
Proceeds from sale of fixed assets	-	12	-	-	-	-
<b>Free Cash Flow</b>	<b>127</b>	<b>104</b>	<b>86</b>	<b>78</b>	<b>137</b>	<b>-91</b>

We disclose in this Quarterly Report non-IFRS financial measures titled adjusted operating income, adjusted net income attributable to the Company's shareholders, adjusted EBITDA and free cash flow. Our management uses adjusted operating income, adjusted net income attributable to the Company's shareholders and adjusted EBITDA to facilitate operating performance comparisons from period to period and present free cash flow to facilitate a review of our cash flows in periods. We calculate our adjusted operating income by adjusting our operating income to add certain items, as set forth in the reconciliation table "Adjustments to reported operating and net income" above. Certain of these items may recur. We calculate our adjusted net income attributable to the Company's shareholders by adjusting our net income attributable to the Company's shareholders to add certain items, as set forth in the reconciliation table "Adjustments to reported operating and net income" above, excluding the total tax impact of such adjustments and adjustments attributable to the non-controlling interests. We calculate our adjusted EBITDA by adding back to the net income attributable to the Company's shareholders the depreciation and amortization, financing expenses, net, taxes on income and the items presented in the reconciliation table "Adjusted EBITDA for the periods of activity" below which were adjusted for in calculating the adjusted operating income and adjusted net income attributable to the Company's shareholders. We calculate our free cash flow as our cash flows from operating activities net of our purchase of property, plant, equipment and intangible assets, and adding Proceeds from sale of property, plant and equipment and Dividends from equity-accounted investees during such period as presented in the reconciliation table under "Calculation of free cash flow".

You should not view adjusted operating income, adjusted net income attributable to the Company's shareholders or adjusted EBITDA as a substitute for operating income or net income attributable to the Company's shareholders determined in accordance with IFRS, or free cash flow as a substitute for cash flows from operating activities and cash flows used in investing activities, and you should note that our definitions of adjusted operating income, adjusted net income attributable to the Company's shareholders, adjusted EBITDA and free cash flow may differ from those used by other companies. However, we believe adjusted operating income, adjusted net income attributable to the Company's shareholders, adjusted EBITDA and free cash flow provide useful information to both management and investors by excluding certain expenses that management believes are not indicative of our ongoing operations. In particular for free cash flow, we adjust our Capex to include any Proceeds from sale of property, plant and equipment because we believe such amounts offset the impact of our purchase of property, plant, equipment and intangible assets. We further adjust free cash flow to add Dividends from equity-accounted investees because receipt of such dividends affects our residual cash flow. Free cash flow does not reflect adjustment for additional items that may impact our residual cash flow for discretionary expenditures, such as adjustments for charges relating to acquisitions, servicing debt obligations, changes in our deposit account balances that relate to our investing activities and other non-discretionary expenditures. Our management uses these non-IFRS measures to evaluate the Company's business strategies and management's performance. We believe that these non-IFRS measures provide useful information to investors because they improve the comparability of the financial results between periods and provide for greater transparency of key measures used to evaluate our performance.

We present a discussion in the period-to-period comparisons of the primary drivers of changes in the company's results of operations. This discussion is based in part on management's best estimates of the impact of the main trends in its businesses. We have based the following discussion on our financial statements. You should read the following discussion together with our financial statements.