

# ICL Investor Overview

## BMO 16th Annual Farm to Market Conference

**Raviv Zoller**
President and CEO

May 19, 2021



# Important legal notes

## Disclaimer and safe harbor for forward-looking statements

The information contained herein in this presentation or delivered or to be delivered to you during this presentation does not constitute an offer, expressed or implied, or a recommendation to do any transaction in ICL Group Ltd. (ICL Group or company) securities or in any securities of its affiliates or subsidiaries.

This presentation and/or other oral or written statements made by ICL Group during its presentation or from time to time, may contain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and other applicable securities laws. Whenever words such as "believe," "expect," "anticipate," "intend," "plan," "estimate", "predict" or similar expressions are used, the company is making forward-looking statements. Such forward-looking statements may include, but are not limited to, its 2021 guidance, those that discuss strategies, goals, financial outlooks, corporate initiatives, existing or new products, existing or new markets, operating efficiencies, or other non-historical matters.

Because such statements deal with future events and are based on ICL Group's current expectations, they could be impacted or be subjected to various risks and uncertainties, including those discussed in the "Risk Factors" section and elsewhere in the company's Annual Report on Form 20-F for the year ended December 31, 2020, and in subsequent filings with the Tel Aviv Stock Exchange (TASE) and/or the U.S. Securities and Exchange Commission (SEC). Therefore, actual results, performance or achievements of the company could differ materially from those described in or implied by such forward-looking statements.

Although the company believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, it can provide no assurance expectations will be achieved. Except as otherwise required by law, ICL Group disclaims any intention or obligation to update or revise any forward-looking statements, which speak only as of the date hereof, whether as a result of new information, future events or circumstances or otherwise. Readers, listeners and viewers are cautioned to consider these risks and uncertainties and to not place undue reliance on such information.

Certain market and/or industry data used in this presentation were obtained from internal estimates and studies, where appropriate, as well as from market research and publicly available information. Such information may include data obtained from sources believed to be reliable, however, ICL Group disclaims the accuracy and completeness of such information, which is not guaranteed. Internal estimates and studies, which the company believes to be reliable, have not been independently verified. The company cannot assure such data is accurate or complete.

Included in this presentation are certain non-GAAP financial measures, such as adjusted operating income, adjusted EBITDA, adjusted net income, adjusted EPS, segment EBITDA, segment EBITDA margin and free cash flow, designed to complement the financial information presented in accordance with IFRS because management believes such measures are useful to investors. Please note other companies may calculate similarly titled non-GAAP financial measures differently than ICL Group and definitions of these measures may differ from those used by other companies or such companies may use other measures to evaluate their performance, which may reduce the usefulness of our non-GAAP financial measures as tools for comparison. 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 the company's first quarter 2021 press release for the period ended March 31, 2021, and the appendix to this presentation 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.



# Impact at a glance



**+90**
Years of experience
founded in 1929

**+11k**
Employees worldwide

**Top**
Industry leader
across mineral portfolio and in ESG

**$5B**
Sales in 2020

**~$1B**
Adjusted EBITDA in 2020

**3.4%**
Average dividend yield since 2018



# Significant advantages

## Start with strategic resources



### Unique Assets

Dead Sea has highest mineral concentration globally

Exclusive producer of Polysulphate

Leading R&D capabilities



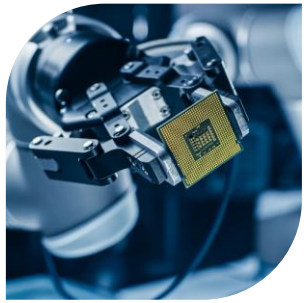
### Know-how

Agronomy, chemistry and customer experience accumulated over decades



### Strategic Locations

Competitive logistic advantages through proximity to ports and customers



### Startup Nation

Access to globally-leading high-tech and agri-tech ecosystem in Israel

# Creating impact and sustainable growth

Committed to growing in our target markets



## Industrial

- Investments to meet ***long-term*** demand for specialty offerings
- Maximizing R&D to ***develop and deliver*** complex solutions



## Food

- ***Diversifying*** away from phosphate commodities to specialty solutions
- Creating positive ***impact*** in increasingly evolving food industry



## Agriculture

- Providing solutions to ***improve yields*** for healthier, stronger crops
- Building ***global leadership*** position in specialty plant nutrition

Advancing through organic growth and M&A

# Impact as market leaders

## Delivering financial impact through our business segments

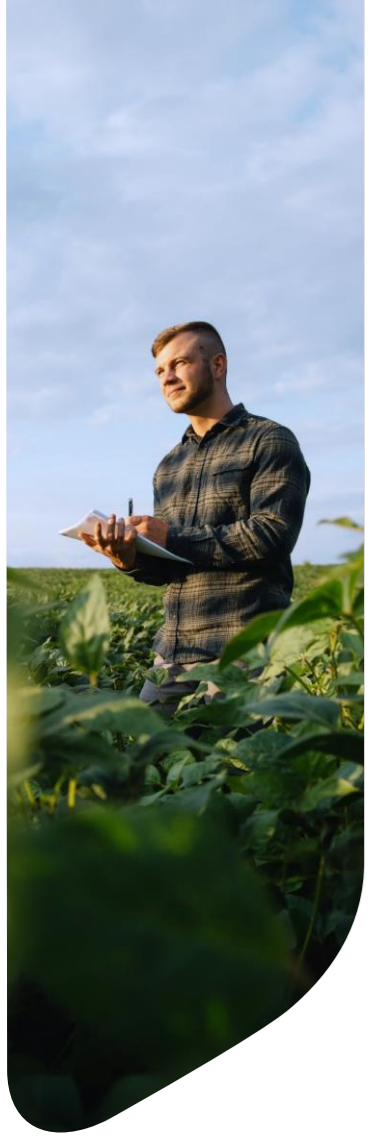
| | Sales 2020 | EBITDA 2020[(1)] | Global leader |
|---|---|---|---|
|  **Industrial Products (IP)** | **$1,255M** | **$380M** | • No. 1 in bromine compounds production globally<br>• No. 1 in phosphorous-based flame retardants globally |
|  **Phosphate Solutions (PS)** | **$1,948M** | **$276M** | • Global leader with 24% specialty phosphates market share |
|  **Potash** | **$1,346M** | **$286M** | • Among most competitive potash suppliers globally<br>• Sole producer of Polysulphate – a one-of-a-kind organic fertilizer |
|  **Innovative Ag Solutions (IAS)** | **$731M** | **$65M** | • No. 1 in CRF/soluble for ornamentals<br>• Top 3 in fertigation<br>• Global leader in production of soluble phosphate-based fertilizers |

*(1) EBITDA is a non-GAAP financial measure; see reconciliation tables in appendix*

# First quarter 2021

## Key financial highlights

| *US$M* | 1Q'21 | 1Q'20 | YoY Change |
|---|---|---|---|
| Sales | $1,510 | $1,319 | 14% |
| Gross profit | $495 | $400 | 24% |
| ↳ Gross margin | 32.8% | 30.3% | 250 bps |
| Operating income | $185 | $132 | 40% |
| ↳ Operating margin | 12.3% | 10.0% | 230 bps |
| Net income, attributable | $135 | $60 | 125% |
| EBITDA[(1)] | $295 | $250 | 18% |
| ↳ EBITDA margin | 19.5% | 19.0% | 50 bps |
| Diluted earnings per share | 11.00¢ | 5.00¢ | 120% |
| Dividend per share | 5.25¢ | 2.30¢ | 128% |
| Operating cash flow | $206 | $166 | 24% |



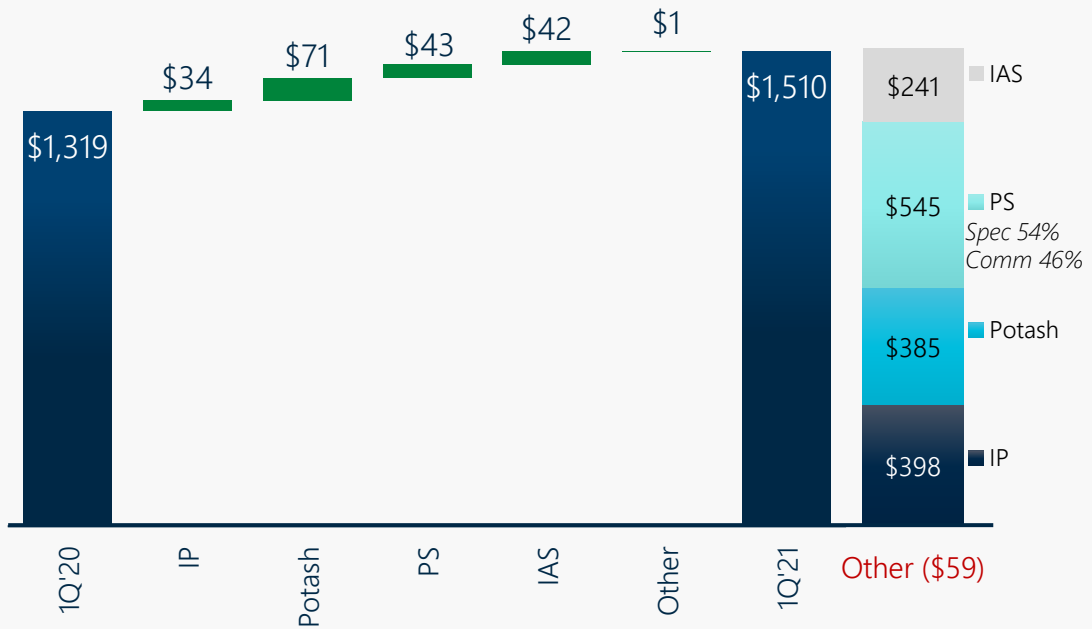
*(1) EBITDA is a non-GAAP financial measure; see reconciliation tables in appendix*

# First quarter 2021

## Results by segment

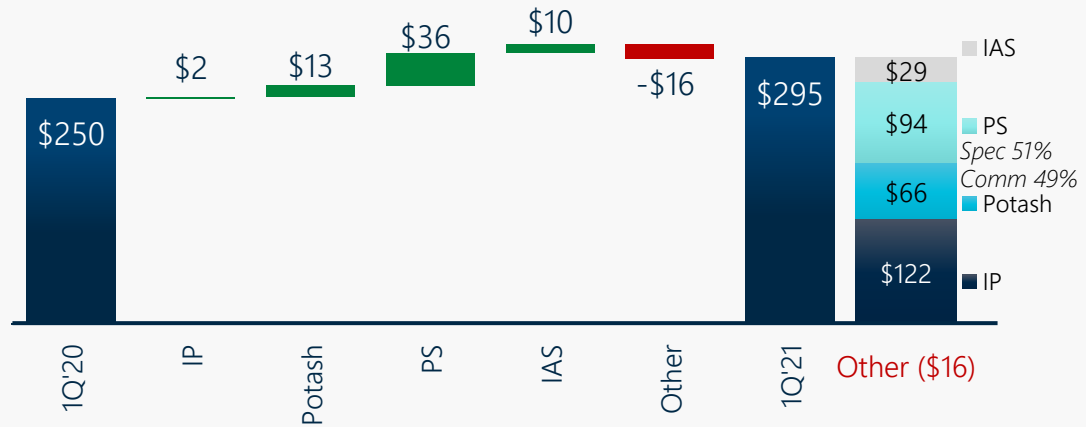
**Sales**

US$M




**EBITDA**[(1)]

US$M




*(1) EBITDA is a non-GAAP financial measure; see reconciliation tables in appendix*
*Note: Numbers rounded to closest million*

# Growth through innovation

Focused on strategy, core competencies and mega-trends



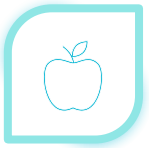
### Industrial Innovation and Sustainability

- Safer batteries
- New energy storage solutions
- High purity magnesium products
- Materials extraction



### Food Tech Solutions

- Plant-based, alternative protein products
- Texture and consistency
- Sodium reduction
- Preservatives & leavening agents
- Product longevity



### Next Generation Fertilizers

- Organic
- Biostimulants and micronutrients
- Nitrogen fixation
- Biodegradable coatings
- Slow-release fertilizers

**Shift to specialty solutions expected to drive double-digit EBITDA growth by 2025**





# Innovation

## Leadership through innovative products and impactful solutions

20 global R&D centers
850 granted patents
+40 external projects

Investing +$50M in R&D annually and targeting double-digit growth by 2025

Translating megatrends – food and agri tech – into innovation initiatives

Innovation ecosystem targeting core, open innovation and industry 4.0

Internal BIG accelerator drove +1k ideas
+200 live projects
~$25M of EBITDA contribution in 2020

Launching ICL Planet Startup Hub in 2021

# Sustainable double-digit growth
## 2025 targets

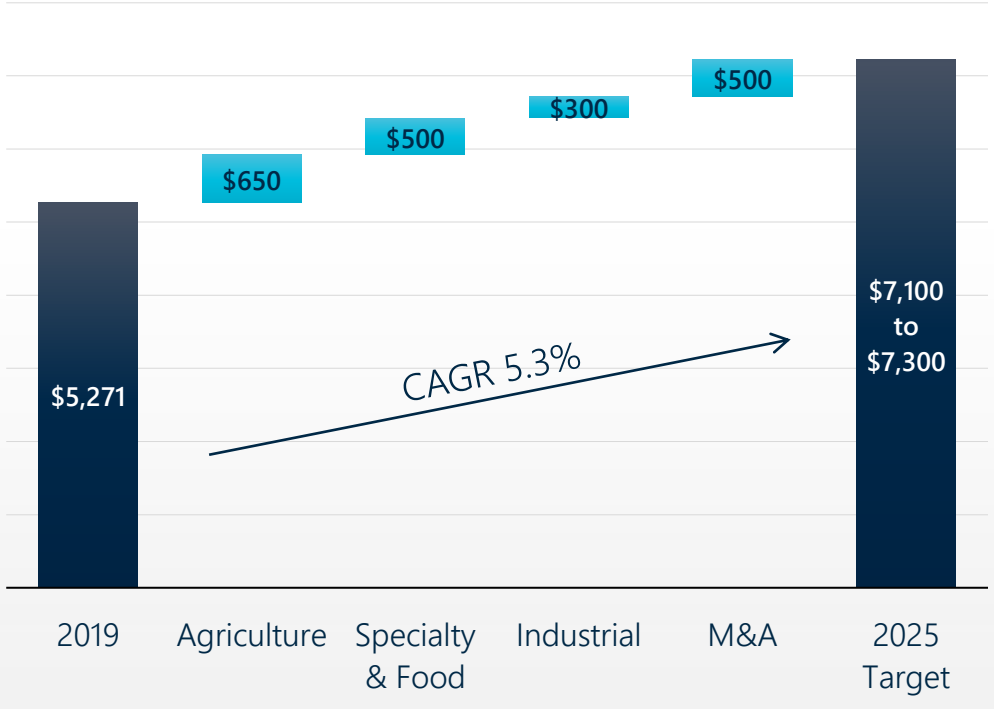
| 2019 | 2025 | Expected Growth |
|---|---|---|
| **$1.2B** EBITDA | **$1.8B to $1.9B** EBITDA | **+54%** |
| **$466M** Free cash flow | **$850M to $950** Free cash flow | **+100%** |
| **$730M** CAPEX | **$530M to $570M** CAPEX | **-25%** |
| **3.19**[(1)] GHG emissions | **2.74**[(2)] GHG emissions | **-14%** |

*Note: EBITDA and free cash flow are a non-GAAP financial measures; see reconciliation tables in appendix; (1) 2019 not yet analyzed. Estimated reduction is due to ending of trial-runs at Dead Sea (fully operational in 2019), and some ICL Europe sites converting to 100% renewable electricity; (2) Expected estimated figures; further reduction will derive from terminating oil shale use in ICL Rotem (converting to NG), increasing use of renewable energy, and energy efficiencies; does not take into account expected added additional emissions from Salt Harvesting project.*

# Potential for 2025

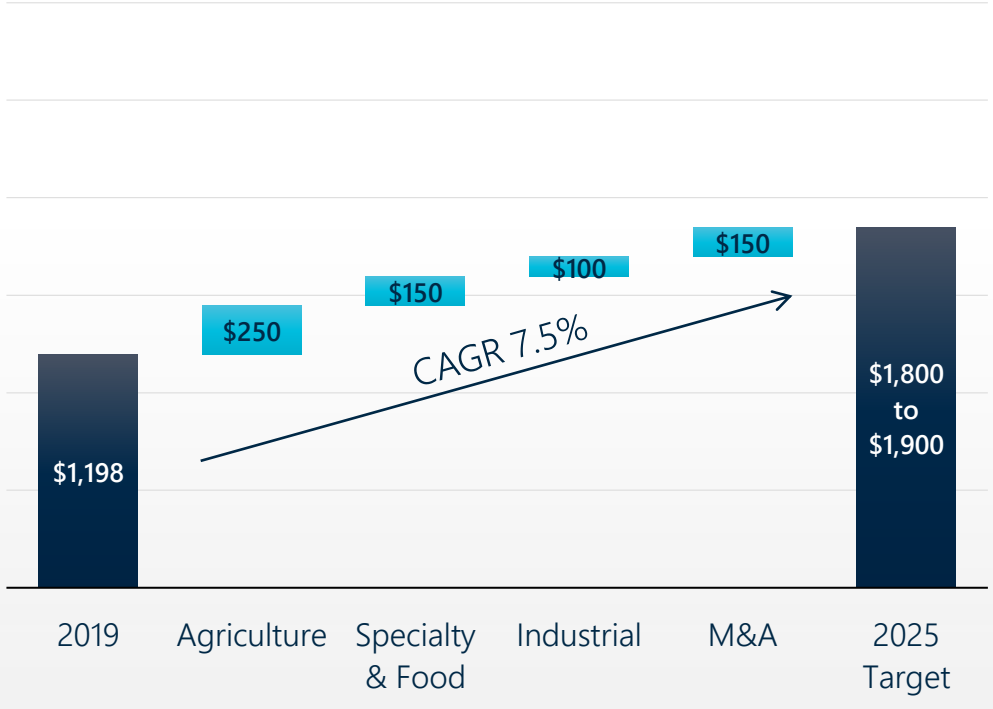
## Five-year targets on-track

### Sales contribution by target market expansion




### Adjusted EBITDA[(1)] contribution by target market expansion

Expect specialties growth of 85%




*Note: Shown in US$M*

*(1) Adjusted EBITDA is a non-GAAP financial measure; see reconciliation tables in appendix*

# Capital allocation

## Disciplined approach core to ICL's cash generation with +100% growth expected by 2025

### Develop Growth Engine

- Flexibility to manage and opportunistically grow the business
- Support growth through investments and M&A

### Strong Balance Sheet

- $1.1B of immediate availability
- Fitch and S&P ratings of BBB- with stable outlook

### Shareholder Returns

- Robust dividend plan
- Industry leading average dividend yield of 3.4% since 2018



# ESG

## Leadership through creative solutions for sustainability challenges



**Emissions**

Significant reduction[(1)] with continued progress

**Bloomberg ESG Index**

Leading global fertilizer company for 3rd straight year

**Bloomberg 2020 GEI**

Included for 3rd straight year

**ICL Iberia**

Certified 1st sustainable European underground mining company

**MAALA**

Highest Platinum+ ranking for 2nd consecutive year

**Carbon Disclosure Project**

Rated A for 2nd straight year

**FTSE4Good**

Included in index series

*(1) Significant emission reduction in NOx (-87%), SOx (-68%), PM (-78%) and GHGs (-24%) from 2008 to 2019*

# Why ICL

1. Industry **leader** across three integrated mineral value chains
2. More than 90 years of history leveraging **unique assets**
3. Agronomy, chemistry and customer requirement **know-how**
4. **Strategic** global locations paired with extensive distribution and logistics network
5. **Disciplined** capital allocation approach provides strength and flexibility
6. **Innovation** focus with 20 global R&D centers, 850 patents and +40 external projects
7. Committed to **ESG excellence** through creative solutions for sustainability challenges

# Guidance

## As of 5.6.21

**Raised FY'21 expectations**

- Expect adjusted EBITDA range of $1,090 million to $1,175 million[1]
- Improved market conditions combined with prompt execution in 1Q'21
- Probability of achieving high-end of original guidance has risen considerably



*(1) See guidance and non-GAAP financial measures in appendix*
*Note: Adjusted EBITDA is a non-GAAP measure, see appendix for calculation*

# Strategic Acquisitions

## Expected to position ICL as Brazil's leading specialty plant nutrition company




Acquiring Compass Minerals América do Sul S.A. for ~US$400M

Compass overview

- Broad range of solutions cover all key crops in Brazil
- Existing presence in 25 out of 26 Brazilian states
- Serves +32,000 farms directly and indirectly, with direct-to-farm ~50% of total sales
- FY'20 net revenue of ~US$284M, with EBITDA of ~$46M

Expands product portfolio and profitability and provides balance between hemispheres

Expect benefits from combining ICL, Compass and Fertiláqua

# Thank you

Contact Peggy.ReillyTharp@icl-group.com for more information on ICL

View our interactive data tool at https://www.icl-group.com/investors/interactive-data-tool/

# Reconciliation tables

## Slide one of two



| Calculation of segment EBITDA and margin *US$M* | Industrial Products | | Potash | | Phosphate Solutions | | Innovative Ag Solutions | |
|---|---|---|---|---|---|---|---|---|
| | 1Q'21 | FY'20 | 1Q'21 | FY'20 | 1Q'21 | FY'20 | 1Q'21 | FY'20 |
| Segment profit | $105 | $303 | $29 | $120 | $40 | $66 | $22 | $40 |
| Depreciation and amortization | $17 | $77 | $37 | $166 | $54 | $210 | $7 | $25 |
| **Segment EBITDA** | $122 | $380 | $66 | $286 | $94 | $276 | $29 | $65 |
| Segment EBITDA margin | 31% | 30% | 17% | 21% | 17% | 14% | 12% | 9% |

| **Calculation of free cash flow** *US$M* | **FY'19** |
|---|---|
| Cash flow from operations | $992 |
| Additions to PP&E and dividends from equity-accounted investees[(1)] | ($546) |
| **Free cash flow** | **$446** |

*(1) Also includes proceeds from sale of property, plants and equipment (PP&E)*
*Note: Numbers may not add, due to rounding and set-offs*

# Reconciliation tables

## Slide two of two

| **Calculation of adjusted EBITDA** *US$M* | **1Q'21** | **4Q'20** | **3Q'20** | **2Q'20** | **1Q'20** | **FY'20** | **FY'19** |
|---|---|---|---|---|---|---|---|
| Net income attributable to shareholders of the company | $135 | $65 | $54 | ($168) | $60 | $11 | $475 |
| Financing expenses, net | $20 | $46 | $29 | $31 | $52 | $158 | $129 |
| Taxes on income | $23 | $24 | $14 | ($33) | $20 | $25 | $147 |
| Minority and equity profit, net | $7 | $4 | $3 | $1 | - | $8 | $5 |
| **Operating income** | $185 | **$139** | **$100** | **($169)** | **$132** | **$202** | **$756** |
| Minority and equity profit, net | ($7) | ($4) | ($3) | ($1) | - | ($8) | ($5) |
| Depreciation and amortization | $117 | $129 | $123 | $119 | $118 | $489 | $443 |
| Adjustments[(1)] | - | $4 | $6 | $297 | - | $307 | $4 |
| **Adjusted EBITDA** | $295 | **$268** | **$226** | **$246** | **$250** | **$990** | **$1,198** |



*(1) See detailed reconciliation table – adjustments to reported operating and net income (non-GAAP) – in corresponding quarters' earnings release*

# Guidance and non-GAAP financial measures

## Guidance

The company only provides guidance on a non-GAAP basis. We do not provide a reconciliation of forward-looking adjusted EBITDA (non-GAAP) to GAAP net income (loss), due to the inherent difficulty in forecasting and quantifying certain amounts necessary for such a reconciliation, in particular because special items, such as restructuring, litigation and other matters, used to calculate projected net income (loss) vary dramatically based on actual events, the company is not able to forecast on a GAAP basis with reasonable certainty all deductions needed in order to provide a GAAP calculation of projected net income (loss) at this time. The amount of these deductions may be material and, therefore, could result in projected GAAP net income (loss) being materially less than projected adjusted EBITDA (non-GAAP). Our guidance speaks only as of the date hereof. We undertake no obligation to update any of these forward-looking statements to reflect events or circumstances after the date of this presentation or to reflect actual outcomes, unless required by law.

## Non-GAAP financial measures

We disclose in this presentation non-IFRS financial measures titled: adjusted operating income, adjusted net income attributable to the company's shareholders, adjusted EBITDA, adjusted EPS, segment EBITDA, segment EBITDA margin and free cash flow. Our management uses such non-GAAP measures to facilitate operating performance comparisons from period to period and presents free cash flow to facilitate a review of our cash flows. 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." Certain of these items may recur. We calculate our adjusted net income attributable to the company's shareholders by adjusting our adjusted operating income, 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 (Non-GAAP)" in our quarterly earnings release, excluding the total tax impact of such adjustments. We calculate our adjusted EBITDA by adding depreciation and amortization back to adjusted operating income. Adjusted EPS is calculated as adjusted net income divided by weighted-average diluted number of ordinary shares outstanding as provided in the reconciliation table under "Calculation of adjusted EPS." We calculate our segment EBITDA by adding back to our segment profit the depreciation and amortization for each segment. We calculate our segment EBITDA margin by dividing segment EBITDA by revenue. 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 the 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, adjusted EPS or adjusted EBITDA as a substitute for operating income or net income attributable to the company's shareholders determined in accordance with IFRS, adjusted EPS as a substitute for EPS, 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 such non-GAAP measures provide useful information to both management and investors by excluding certain expenses management believes are not indicative of our ongoing operations. In particular, for free cash flow, we adjust our CAPEX to include any proceeds from the 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 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 preceding discussion on our financial statements. You should read the preceding discussion together with our financial statements.