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ICL Reports Strong First Quarter 2021 Results

Record breaking quarter across specialty divisions

Tel Aviv, Israel; May 6, 2021 - ICL (NYSE: ICL) (TASE: ICL), a leading global specialty minerals and chemicals company, today reported its financial results for the first quarter ended March 31, 2021. Consolidated sales of \$1,510 million were up \$191 million. Operating income of \$185 million was up \$53 million. Net income of \$135 million was up \$75 million, and EBITDA of \$295 million was up \$45 million.

"In the first quarter of 2021, ICL delivered quarterly sales of \$1.5 billion for the first time since 2014. We executed on our growth strategy, which resulted in record results across all our specialty businesses. We also saw continued strong cash generation and margin expansion, which was supported by improved market fundamentals," said Raviv Zoller, president and CEO of ICL.

"Specifically, our Industrial Products division reported record sales and EBITDA – as it continued to grow, due to a shift to long-term contracts – and saw strong demand returning to most of its end-markets. Phosphate and Food Specialties helped to deliver record sales and EBITDA, which was up more than 60%, following 18 months of steady growth – driven by product innovation and cost efficiencies – as the business continued to shift to specialties. Innovative Ag Solutions also had a remarkable quarter, with double digit growth and higher margins. This business benefitted from our unified sales and marketing organization, as well as from higher volumes and improved product mix. For the first quarter, IAS profitability was greater than for all of 2019, and we are poised for further growth as we expand our footprint in Brazil," concluded Zoller.

Due to improved market conditions, combined with prompt execution in the first quarter of 2021, the probability of the company achieving the high-end of its previous guidance range has risen considerably. As a result, ICL is raising its expectations for full year adjusted EBITDA to a range of \$1,090 million to \$1,175 million. (1a)

Key Financials

First Quarter 2021

US\$M <i>Ex. per share data</i>	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 to shareholders	\$135	\$60	125%
EBITDA*	\$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%
Cash flows from operating activities	\$206	\$166	24%

* EBITDA is a non-GAAP financial measure; see reconciliation tables in appendix.

Industrial Products

First quarter 2021

- Record sales of \$398 million were up \$34 million or 9%.
- Record segment profit of \$105 million was up \$2 million or 2%.
- Record EBITDA of \$122 million was up \$2 million or 2%.
- Freight rates and raw material prices increased during the quarter, with raw material availability somewhat constrained.

Highlights

- Elemental bromine: Sales were up on higher prices, as market prices in China continued to increase.
- Bromine-based flame retardants: Sales were up due to continued strong demand for consumer electronics, an improvement in demand for automotive, and as the strategic shift to long-term contracts continued.
- Clear brine fluids: Sales were down year-over-year, due to continued soft demand related to a reduction in oil and gas drilling activities.
- Phosphorus-based flame retardants: Sales were up, with strong demand expected to continue into the second quarter, as electronics and textile end-markets continued to recover.
- Specialty minerals: Record results were driven by higher prices and significant MgCl sales, due to more traditional winter weather in the United States.

Potash

First quarter 2021

- Sales of \$385 million were up \$71 million or 23%.
- Segment profit of \$29 million was up \$15 million or 107%.
- EBITDA of \$66 million was up \$13 million or 25%.

- Grain Price Index increased, with corn up 26.3%, soybeans up 14.8% and rice up 4.0%. Strong global demand supported higher potash prices, especially in the U.S. and Brazil.
- Average potash realized price per ton of \$257 was only 3% higher year-over-year, indicating recent price increases will have additional impact going forward.
- Good environment across key potash markets globally, with price increases in most regions.
- In April, ICL signed a contract with Indian Potash Limited (IPL) to supply 600,000 tons of potash at \$280 per ton CIFFO (Cost Insurance and Freight Free Out) Indian ports, which is \$50 per ton higher than the previous contract price.

Highlights

- ICL Dead Sea
 - Achieved record first quarter production, with annual one-week shutdown completed in April.
- ICL Iberia
 - The ramp between the Cabanasses mine and Suria plant is now operational, following a three-week shutdown beginning in late March. The project is expected to increase the mine's capacity, with the annual run rate projected to reach approximately 1 million tons by the end of 2021, which is expected to lower cost per ton.
- ICL Boulby
 - Polysulphate production was up 3% year-over-year to ~183,000 tons, while sales volume increased significantly, up 38% year-over-year to ~188,000 tons.

Phosphate Solutions

First quarter 2021

- Record sales of \$545 million were up \$43 million or 9%.
 - Phosphate specialties: Sales of \$294 million, up \$15 million or 5%.
 - Phosphate commodities: Sales of \$251 million, up \$28 million or 13%.
- Segment profit of \$40 million was up \$31 million, a significant increase.
- Record EBITDA of \$94 million was up \$36 million for an increase of more than 60%.
 - Phosphate specialties: Record EBITDA of \$48 million, up \$6 million or 14%.
 - Phosphate commodities: EBITDA of \$46 million, up \$30 million or more than 188%.
- YPH had its best quarter ever, with higher prices, increased volume and improved mix, as well as procurement and production efficiencies.
- Commodity price improvement continued in the first quarter, along with increased prices for raw materials – including sulfur – and higher freight rates.

Highlights

- Phosphate salts: Sales were up, with an improvement in sales of food grade phosphates, partially offset by lower sales of industrial salts.
 - Food phosphates: Strong volumes in Asia, North America and emerging markets were primarily due to product innovation, as well as a continued shift

from food service to retail.

- Industrial salts: Slightly lower sales, due to continued weakness in institutional cleaning, were partially offset by higher volumes in China.
- White phosphoric acid: Sales were up significantly, driven by increased volumes in China and South America and higher prices in all regions.
- Dairy protein: Sales were up, with a continued focus on expanding the company's global leadership position in the organic cow and goat milk ingredients market.
- Phosphate fertilizers: Sales were up, with continued significant recovery across all markets.

Innovative Ag Solutions

First quarter 2021

- Record sales of \$241 million were up \$42 million or 21%.
- Segment profit of \$22 million was up \$8 million or 57%.
- Record EBITDA of \$29 million was up \$10 million or 53%.
- Business benefitted from unified sales and marketing organization, with strong demand in Europe, the U.S. and Asia, higher volumes, and improved product mix.

Highlights

- Specialty agriculture: Sales were up double-digits, due to higher volumes in most regions and positive exchange rate impact in Europe.
- Turf and ornamental: Record sales were up more than 25% year-over-year, following a soft first quarter in 2020. A continuation of positive gardening and landscaping trends helped drive volume, as did geographic expansion into Eastern Europe and Asia. Profitability benefitted from the unified sales and marketing organization and high margin product sales, which were boosted by new product launches.
- In March, the company announced an agreement to acquire the South American Plant Nutrition business from Compass Minerals. The transaction – when combined with existing ICL operations in Brazil and the acquisition of Fertiláqua – is expected to position ICL as the leading specialty plant nutrition company in Brazil, one of the largest and fastest-growing agriculture markets.

Financial Items

Financing Expenses

Net financing expenses for the first quarter of 2021 were \$20 million vs. \$52 million in the same quarter last year. The decrease was mainly due to lower expenses related to net exchange rate differences and hedging transactions.

Tax Expenses

Tax expenses in the first quarter of 2021 and 2020 were \$23 million and \$20 million, reflecting an effective tax rate of approximately 14% and 25%, respectively. The lower rate was mainly due to the devaluation of the Israeli shekel vs. the U.S. dollar, which had a positive effect on the shekel denominated tax provisions.

Liquidity and Capital Resources

ICL has long-term credit facilities of \$1,100 million, of which \$205 million were utilized as of March 31, 2021.

Outstanding Net Debt

As of March 31, 2021, ICL's net financial liabilities amounted to \$2,482 million, an increase of \$64 million compared to December 31, 2020.

Dividend Distribution

In connection with ICL's first quarter 2021 results, the Board of Directors declared a dividend of 5.25 cents per share, or approximately \$67 million in the aggregate, which will be payable on June 16, 2021, to shareholders of record as of June 2, 2021.

About ICL

ICL Group LTD is a leading global specialty minerals and chemicals company that creates impactful solutions for humanity's sustainability challenges in global food, agriculture, and industrial markets. ICL leverages its unique bromine, potash and phosphate resources, its passionate team of talented employees, and its strong focus on R&D and technological innovation to drive growth across its end markets. ICL shares are dually listed on the New York Stock Exchange and the Tel Aviv Stock Exchange (NYSE and TASE: ICL). The company employs more than 11,000 people worldwide, and its 2020 revenues totaled approximately \$5.0 billion.

For more information, visit ICL's website at www.icl-group.com.

To access ICL's interactive Corporate Social Responsibility report, please click [here](#).

You can also learn more about ICL on [Facebook](#), [LinkedIn](#) and [Instagram](#).

Guidance

(1a) The company only provides guidance on a non-GAAP basis. The company does 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 that are necessary for such 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). The 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 news release or to reflect actual outcomes, unless required by law.

Non-GAAP Statement

The company discloses in this quarterly announcement non-IFRS financial measures titled adjusted operating income, adjusted net income attributable to the company's shareholders, diluted adjusted earnings per share and adjusted EBITDA. The management uses adjusted operating income, adjusted net income attributable to the company's shareholders, diluted adjusted earnings per share and adjusted EBITDA to facilitate operating performance comparisons from period to period. The company calculates adjusted operating income by adjusting operating income to add certain items, as set forth in the

reconciliation table under adjustments to reported operating and net income (non-GAAP). Certain of these items may recur. The company calculates adjusted net income attributable to the company's shareholders by adjusting net income attributable to the company's shareholders to add certain items, as set forth in the reconciliation table under adjustments to reported operating and net income (non-GAAP), excluding the total tax impact of such adjustments. The company calculates diluted adjusted earnings per share by dividing adjusted net income by the weighted-average number of diluted ordinary shares outstanding. The company calculates 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 under consolidated adjusted EBITDA and diluted adjusted earnings per share for the periods of activity (non-GAAP), which were adjusted for in calculating the adjusted operating income and adjusted net income attributable to the company's shareholders. Other companies may calculate similarly titled non-IFRS financial measures differently than the company.

You should not view adjusted operating income, adjusted net income attributable to the company's shareholders, diluted adjusted earnings per share or adjusted EBITDA as a substitute for operating income or net income attributable to the company's shareholders determined in accordance with IFRS, and you should note that the definitions of adjusted operating income, adjusted net income attributable to the company's shareholders, diluted adjusted earnings per share and adjusted EBITDA may differ from those used by other companies. Additionally, other companies may use other measures to evaluate their performance, which may reduce the usefulness of ICL's non-IFRS financial measures as tools for comparison. However, the company believes adjusted operating income, adjusted net income attributable to the company's shareholders, diluted adjusted earnings per share and adjusted EBITDA provide useful information to both management and investors by excluding certain items management believes are not indicative of ongoing operations. Management uses these non-IFRS measures to evaluate the company's business strategies and management's performance. The company believes these non-IFRS measures provide useful information to investors because they improve the comparability of financial results between periods and provide for greater transparency of key measures used to evaluate performance.

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

Forward Looking Statements

This announcement contains statements that constitute forward-looking statements, many of which can be identified by the use of forward-looking words such as anticipate, believe, could, expect, should, plan, intend, estimate, strive, forecast, target, and potential, among others.

Forward-looking statements appear in a number of places in this announcement and include, but are not limited to, our 2021 adjusted EBITDA guidance, statements regarding our intent, belief or current expectations. Forward-looking statements are based on our management's beliefs and assumptions and on information currently available to our management. Such statements are subject to risks and uncertainties, and the actual results may differ materially from those expressed or implied in the forward-looking statements due to various factors, including, but not limited to:

Changes in exchange rates or prices compared to those we are currently experiencing; loss or impairment of business licenses or mineral extractions permits or concessions; volatility of supply and demand and the

impact of competition; the difference between actual reserves and our reserve estimates; natural disasters; failure to harvest salt, which could lead to accumulation at the bottom of evaporation Pond 5 in the Dead Sea; construction of a new pumping station; disruptions at our seaport shipping facilities or regulatory restrictions affecting our ability to export our products overseas; general market, political or economic conditions in the countries in which we operate; price increases or shortages with respect to our principal raw materials; delays in the completion of major projects by third party contractors and/or termination of engagements with contractors and/or governmental obligations; the inflow of significant amounts of water into the Dead Sea could adversely affect production at our plants; labor disputes, slowdowns and strikes involving our employees; pension and health insurance liabilities; the ongoing COVID-19 pandemic, which has impacted, and may continue to impact our sales, operating results and business operations by disrupting our ability to purchase raw materials, by negatively impacting the demand and pricing for some of our products, by disrupting our ability to sell and/or distribute products, impacting customers' ability to pay us for past or future purchases and/or temporarily closing our facilities or the facilities of our suppliers or customers and their contract manufacturers, or restricting our ability to travel to support our sites or our customers around the world; changes to governmental incentive programs or tax benefits, creation of new fiscal or tax related legislation; changes in our evaluations and estimates, which serve as a basis for the recognition and manner of measurement of assets and liabilities; higher tax liabilities; failure to integrate or realize expected benefits from mergers and acquisitions, organizational restructuring and joint ventures; currency rate fluctuations; rising interest rates; government examinations or investigations; disruption of our, or our service providers', information technology systems or breaches of our, or our service providers', data security; failure to retain and/or recruit key personnel; inability to realize expected benefits from our cost reduction program according to the expected timetable; inability to access capital markets on favorable terms; cyclicalities of our businesses; changes in demand for our fertilizer products due to a decline in agricultural product prices, lack of available credit, weather conditions, government policies or other factors beyond our control; sales of our magnesium products being affected by various factors that are not within our control; our ability to secure approvals and permits from the authorities in Israel to continue our phosphate mining operations in Rotem; volatility or crises in the financial markets; uncertainties surrounding the proposed withdrawal of the United Kingdom from the European Union; hazards inherent to mining and chemical manufacturing; the failure to ensure the safety of our workers and processes; cost of compliance with environmental, regulatory, legislative, and licensing restrictions; laws and regulations related to, and physical impacts of climate change and greenhouse gas emissions; litigation, arbitration and regulatory proceedings; exposure to third party and product liability claims; product recalls or other liability claims as a result of food safety and food-borne illness concerns; insufficiency of insurance coverage; closing of transactions, mergers and acquisitions; war or acts of terror and/or political, economic and military instability in Israel and its region; filing of class actions and derivative actions against the Company, its executives and Board members; the company is exposed to risks relating to its current and future activity in emerging markets; and other risk factors discussed under Item 3 - Key Information - D. Risk Factors in the company's annual report on Form 20-F for the year ended December 31, 2020, filed with the U.S. Securities and Exchange Commission (SEC) on March 2, 2021 (the Annual Report).

Forward-looking statements speak only as of the date they are made, and the company does not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

This announcement for the first quarter of 2021 (herein after the quarterly announcement) should be read in conjunction with the annual report, including the description of the events occurring subsequent to the date of the statement of financial position, as filed with the SEC.

APPENDIX
Condensed Consolidated Statements of Income (Unaudited)

\$ millions	Three-months ended		Year ended
	March 31, 2021	March 31, 2020	December 31, 2020
Sales	1,510	1,319	5,043
Cost of sales	1,015	919	3,553
Gross profit	495	400	1,490
Selling, transport and marketing expenses	229	188	766
General and administrative expenses	62	64	232
Research and development expenses	15	14	54
Other expenses	5	2	256
Other income	(1)	-	(20)
Operating income	185	132	202
Finance expenses	60	73	219
Finance income	(40)	(21)	(61)
Finance expenses, net	20	52	158
Share in earnings of equity-accounted investees	-	1	5
Income before income taxes	165	81	49
Provision for income taxes	23	20	25
Net income	142	61	24
Net income attributable to the non-controlling interests	7	1	13
Net income attributable to the shareholders of the Company	135	60	11
Earnings per share attributable to the shareholders of the Company:			
Basic earnings per share (in dollars)	0.11	0.05	0.01
Diluted earnings per share (in dollars)	0.11	0.05	0.01
Weighted-average number of ordinary shares outstanding:			
Basic (in thousands)	1,280,700	1,279,647	1,280,026
Diluted (in thousands)	1,282,912	1,280,168	1,280,273

Condensed Consolidated Statements of Financial Position as of (Unaudited)

\$ millions	March 31, 2021	March 31, 2020	December 31, 2020
Current assets			
Cash and cash equivalents	157	434	214
Short-term investments and deposits	99	90	100
Trade receivables	1,056	939	883
Inventories	1,195	1,256	1,250
Other receivables	481	412	394
Total current assets	<u>2,988</u>	<u>3,131</u>	<u>2,841</u>
Non-current assets			
Investments at fair value through other comprehensive income	-	100	83
Deferred tax assets	136	102	127
Property, plant and equipment	5,531	5,316	5,550
Intangible assets	709	652	670
Other non-current assets	356	247	393
Total non-current assets	<u>6,732</u>	<u>6,417</u>	<u>6,823</u>
Total assets	<u><u>9,720</u></u>	<u><u>9,548</u></u>	<u><u>9,664</u></u>
Current liabilities			
Short-term debt	617	606	679
Trade payables	752	757	740
Provisions	54	43	54
Other payables	735	637	704
Total current liabilities	<u>2,158</u>	<u>2,043</u>	<u>2,177</u>
Non-current liabilities			
Long-term debt and debentures	2,121	2,353	2,053
Deferred tax liabilities	320	336	326
Long-term employee liabilities	620	522	655
Provisions	262	198	267
Other	75	62	98
Total non-current liabilities	<u>3,398</u>	<u>3,471</u>	<u>3,399</u>
Total liabilities	<u><u>5,556</u></u>	<u><u>5,514</u></u>	<u><u>5,576</u></u>
Equity			
Total shareholders' equity	4,000	3,903	3,930
Non-controlling interests	164	131	158
Total equity	<u>4,164</u>	<u>4,034</u>	<u>4,088</u>
Total liabilities and equity	<u><u>9,720</u></u>	<u><u>9,548</u></u>	<u><u>9,664</u></u>

Condensed Consolidated Statements of Cash Flows (Unaudited)

\$ millions	Three-months ended		Year ended
	March 31, 2021	March 31, 2020	December 31, 2020
Cash flows from operating activities			
Net income	142	61	24
Adjustments for:			
Depreciation and amortization	117	118	489
Impairment of fixed assets	-	-	90
Exchange rate, interest and derivatives, net	53	83	90
Tax expenses	23	20	25
Change in provisions	(21)	(25)	113
Other	2	4	5
	174	200	812
Change in inventories	30	28	54
Change in trade receivables	(147)	(186)	(89)
Change in trade payables	39	71	84
Change in other receivables	(9)	(6)	5
Change in other payables	(12)	28	54
Net change in operating assets and liabilities	(99)	(65)	108
Interests paid	(18)	(20)	(109)
Income taxes received (paid), net of refund	7	(10)	(31)
Net cash provided by operating activities	206	166	804
Cash flows from investing activities			
Proceeds from deposits and investments, net	8	12	34
Business combinations	(64)	(27)	(27)
Purchases of property, plant and equipment, and intangible assets	(147)	(139)	(626)
Proceeds from divestiture of businesses net of transaction expenses	-	-	26
Other	-	1	10
Net cash used in investing activities	(203)	(153)	(583)
Cash flows from financing activities			
Dividends paid to the Company's shareholders	(34)	(23)	(118)
Receipt of long-term debt	310	522	1,175
Repayments of long-term debt	(311)	(143)	(1,133)
Repayments of short-term debt, net	(41)	(9)	(52)
Receipts (payments) from transactions in derivatives designated as a cash flow hedge	14	(16)	24
Other	-	-	(1)
Net cash provided by (used in) financing activities	(62)	331	(105)
Net change in cash and cash equivalents	(59)	344	116
Cash and cash equivalents as of the beginning of the period	214	95	95
Net effect of currency translation on cash and cash equivalents	2	(5)	3
Cash and cash equivalents as of the end of the period	157	434	214

Consolidated EBITDA for the periods of activity

\$ millions	Three-months ended	
	March 31, 2021	March 31, 2020
Net income attributable to shareholders of the company	135	60
Financing expenses, net	20	52
Taxes on income, net	23	20
Minority and equity income, net ⁽¹⁾	7	-
Operating income	185	132
Minority and equity income, net ⁽²⁾	(7)	-
Depreciation and amortization	117	118
Total EBITDA	295	250

(1) Calculated by deducting the share in earnings of equity-accounted investees and adding the net income attributable to non-controlling interests.

(2) Calculated by adding the share in earnings of equity accounted investees and deducting the net income attributable to non-controlling interests.

Calculation of Segment EBITDA

	Industrial Products		Potash		Phosphate Solutions		Innovative Ag Solutions	
	Three-months ended		Three-months ended		Three-months ended		Three-months ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Segment profit	105	103	29	14	40	9	22	14
Depreciation and amortization	17	17	37	39	54	49	7	5
Segment EBITDA	122	120	66	53	94	58	29	19