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Presentation

Operator

Good morning, ladies and gentlemen, and welcome to the ICL Second Quarter 2025 Earnings Conference Call. [Operator Instructions] This call is being recorded on Wednesday, August 6, 2025. I would now like to turn the conference over to Peggy Reilly Tharp, Vice President of Investor Relations. Please go ahead.

Peggy Reilly Tharp
Vice President of Global Investor Relations

Thank you. Hello, everyone. I'm Peggy Reilly Tharp, Vice President of Global Investor Relations for ICL Group. I'd like to welcome you, and thank you for joining us today for our earnings conference call. This event is being webcast live on our website at icl-group.com, and there will be a replay available a few hours after the live call and a transcript will be available shortly thereafter.

Earlier today, we filed our reports and our presentation with the securities authorities and the stock exchanges in both Israel and the United States. Those reports as well as the press release and our presentation are also available on our website. Please be sure to review the disclaimer on Slide 2 of the presentation.

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 management's current expectations and are not guarantees of future performance. The company undertakes no obligation to update any information discussed on this call at any time. We will begin with a presentation by our CEO, Mr. Elad Aharonson, followed by Mr. Aviram Lahav, our CFO. After the presentation, we will open the line for a Q&A session.

I would now like to turn the call over to Elad.

Elad Aharonson
President & CEO

Thank you, Peggy, and welcome, everyone, to our second quarter 2025 earnings call. The past few months have been uncertain both globally and here at home in Israel. While there has been a great deal of noise in the global markets, we delivered the second quarter in line with our expectations.

If you will please turn to Slide 3 for a brief overview of the quarter. Sales were $1.832 billion. This amount was up approximately 5% year-over-year and 4% on a quarterly basis. Specialties-driven sales of $1.496 billion were up 8% versus the prior year. When compared to the first quarter, these sales were up 6%.

Consolidated adjusted EBITDA was $351 million, while Specialties-driven EBITDA was $259 million. Both amounts were down slightly on a sequential basis. In the second quarter, adjusted diluted earnings per share were $0.09. This was in line with our first quarter results. Operating cash flow of $269 million was up more than $100 million over the first quarter.

In general, market pricing trends continue to gradually improve in the second quarter. Also, the majority of the end markets we serve maintained consistent trends. In agriculture, fundamentals remained relatively stable. However, sentiment varied by regions.

Let's start with the review of our divisions and begin with our Industrial Products business on Slide 4. For the second quarter, sales of $319 million were up slightly year-over-year. EBITDA came in at $69 million as higher prices for most products were not able to offset lower volumes and a shift in product mix. However, this performance was in line with market expectations.

In general, bromine market prices continue to trend upward in the second quarter, although there has been price fluctuations from time to time. For overall flame retardants, sales were down slightly in the second quarter. Sales of phosphorus-based products improved on both higher volumes and prices. This follows the implementation of recent antidumping measures in the United States.

Bromine-based flame retardant sales were down as higher prices were not able to offset lower volumes. In addition, construction end market remains soft. However, other end markets demonstrated good strength. Our clear brine fluid sales to the oil and gas industry improved on higher volumes in North America. However, I would remind everyone that drilling operations are somewhat seasonal in nature and generally more weighted towards the first half of the year.

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For Specialty Minerals, we remain focused on research and development. These efforts have helped us to create a variety of new products across a wide array of end markets, and this includes textiles and water treatment among others. To wrap up Industrial Products, this was a stable quarter, and we would expect similar trends for the rest of the year.

Now if you will turn to Slide 5, and our Potash division results for the second quarter. Sales were $383 million with EBITDA of $115 million. Our average potash price for the second quarter was $333 CIF per ton. This amount was up 11% when compared to both the second quarter of last year and the first quarter of this year. Potash sales volume were 971,000 metric tons in the second quarter versus the previous year, sales were down more than 180,000 metric tons.

During the quarter, we face both onetime and ongoing items. In addition to the planned maintenance shutdown at the Dead Sea in April. We also faced challenges related to the 12-day war with Iran in June. These were in addition to other ongoing war-related issues. As you know, we have had, [Raviv], call up for duty at times over the past 22 months. This has put pressure on our operations in Israel, especially in terms of maintenance.

Nonetheless, we have remained resilient and have faithfully continued to deliver product to our customers. We have creatively and successfully managed each and every roadblock we have encountered, and we will continue to do so. We have also continued to maximize the profitability of our potash resources. Whenever possible, we prioritize supply to the best global market, which was Europe in the second quarter. This strategy remained in place even as we continue to supply approximately 100,000 metric tons to China and India. Those tons were at 2024 contract rates, which were $73 and $70 lower than the new 2025 rate of $346 and $349, respectively. We expect to deliver a final 40,000 tons to China and India at the lower 2024 rate in the third quarter.

Turning to Slide 6 to our Phosphate Solutions division, where strong second quarter sales of $637 million were up 11%. EBITDA was $134 million in the quarter and down versus prior year. While volumes were generally higher, prices were mixed for commodity and specialty phosphates. Commodity phosphate prices benefited from favorable weather conditions across most key markets and as China continued to restrict exports.

Specialty Phosphate prices remained under pressure due to excess supply in the market. In addition, raw material costs, especially sulfur increased in the second quarter. However, both of these events were expected. For food phosphate, overall sales were flat with lower market prices. However, we experienced good growth in 2 of our target markets, dairy protein and plant protein.

Industrial phosphates and battery materials both delivered sales growth in the second quarter. While our industrial phosphates are produced globally at regional facilities, we currently produce phosphate materials for batteries at our YPH joint venture in China.

In the second quarter, YPH benefited from both higher prices and volumes. The team also delivered record production of MAP. As a reminder, our YPH operations serve both phosphate commodities and specialties and also our Growing Solutions business. The production there is interchangeable, and the team does an excellent job of optimizing its resources based on market prices and demand.

This brings us to our Growing Solutions business division on slide 7. Strong second quarter sales of $540 million were up 9% year-over-year. EBITDA of $56 million, improved 24%. For both metrics, we delivered annual and sequential improvement as our strategy has taken root. In North America, sales were up year-over-year. We saw higher volumes and profitability across the U.S., Canada, and Mexico despite a challenging agriculture economy. Sales in Europe improved as higher prices offset lower volumes. In Asia, gross profit improved even as sales were in line with the prior year. For both Europe and Asia, an increase in Specialty Agriculture products drove improved product mix.

Overall, Specialty Agriculture sales increased with higher volumes in most major regions. In Brazil, sales increased on higher prices in the second quarter, but gross profit decreased with exchange rate fluctuations and as foliar fertilizer sales were lower across the entire market.

However, for the third quarter, we are already seeing a better mix of foliar demand and believe we are ahead of the market. Our recent acquisitions are contributing to the overall success of Growing Solutions. This includes Lavie Bio, which have fully integrated into the business. We have also continued to advance innovative new products, and we have launched fresh marketing and outreach programs. These campaigns embrace digital and are uniquely targeted to their respective regions.

And with that, I would now like to turn the call over to Aviram for a brief financial overview before I share an update on our guidance.

Aviram Lahav
Chief Financial Officer

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Thank you, Elad, and to all of you for joining us today. Let us get started on Slide 9, with a quick look at some key market metrics. Inflation generally decreased, excluding Brazil, which saw another 30 basis points increase. Brazil also saw an increase in its interest rate, up approximately 75 basis points, while most major countries saw stable to freezing rates.

Global industrial production growth was 3% in the quarter, but it is forecasted to ease going into the back half of this year. U.S. housing starts in the second quarter decreased approximately 2.5%, but were roughly in line with the second quarter of 2024.

Turning to Slide 10 and some key fertilizer market metrics. As a reminder, these are not only relevant for our potash business, but also for Growing Solutions and Phosphate Commodities. In the second quarter, the Growing price index was down slightly on a sequential basis, about 3% as corn, rice and wheat, all saw low to mid-single-digit decreases, while soybeans were up roughly 3%. The year-over-year decrease was more significant, down approximately 17% with rice, soybeans and wheat all down double digits, while corn improved approximately 2%.

On a monthly basis, farmer sentiment has been choppy, reaching a 4-year high of 158 in May before ending the second quarter at 146 in June. The shift in sentiment was primarily attributable to a change in future expectations as fewer producers expressed optimism about future agricultural exports.

Despite the June decrease, the index remained well above the second quarter of last year. However, I must remind you that this metric represents just the United States. And as we know, farmer sentiment can vary dramatically around the world as it did in the second quarter. Potash and phosphate prices both increased sequentially and versus the prior second quarter. On an annual basis, potash was up approximately 7% year-over-year, while phosphate was up more than 20%.

In the second quarter, ocean freight rates increased slightly on a sequential basis, but were down nearly 30% versus the second quarter of last year. As you will see in a few slides, ICL continued to see lower transportation costs in general in the second quarter.

Turning to Slide 11 and some market indicators more relevant to our Industrial Products and Phosphate Solutions businesses. Let us start with Chinese bromine prices, which have fluctuated since the end of the first quarter, but trended upward in July. As you know, our bromine solutions are used in many everyday consumer durables, including appliances, electronics, automobiles and furnishings. Even though the consumption of durable goods for May trended down about 2% from the end of the first quarter, it improved approximately 4% versus the second quarter of last year.

While we discussed phosphate prices on the previous slide, I would like to show you the same data in relation to sulphur prices since this is a key raw material for our Phosphate Specialty products. As you can see, while these 2 commodities track each other, the increase in sulfur prices over the past quarter and year is significantly higher than the increase in phosphate prices.

On a sequential basis, sulfur prices are up more than 50% and up nearly 250% on an annual basis. Similar to our bromine solutions, our phosphate specialty solutions are an important part of many end markets, including food and beverage. Consumers in just the U.S. alone spend more than $2.5 trillion on food and beverages annually. The food category accounts for nearly 13% of America's total expenditures, making this a key end market to track.

If you will now turn to Slide 12 for a look at our year-over-year sales bridges. For the second quarter, sales came in at $1.832 billion, up approximately 5% versus last year. On the left side, you can see the change for each of our business divisions with all excluding potash, demonstrating growth. Turning to the right side of the slide, you can see a $94 million benefit from higher prices this quarter, which was partially offset by lower volumes.

On Slide 13, you can see our second quarter EBITDA of $351 million, which was down versus the prior year. Similar to sales, we saw higher prices and lower volumes. However, we also saw a significant increase in raw material costs. But as I already mentioned, our transportation costs improved in the quarter. Others, which had $75 million impact is comprised of several things, including maintenance and production quantities. Please note that in addition to the maintenance of the Dead Sea, we also completed significant maintenance at our facilities in Rotem, Israel and in China.

Turning to Slide 14, an updated look at some of our leading positions in terms of cost, quality and price. For 2024, we remained one of the most cost-efficient potash producers. As you can see on the top left hand of the slide, we also have a strong track record in terms of average realized potash price, as you can see on the bottom left. On the right side of the slide, you can see ICL's leadership position in the global bromine market. As I just mentioned, bromine prices appear to be showing a gradually improving trend and the Dead Sea remains the most cost competitive and efficient source of bromine and accounts for approximately 2/3 of global supply capacity.

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If you turn to Slide 15, you can see how our global business looks on both a divisional and regional basis. For the second quarter, Europe represented approximately 31% of sales, with Asia at 22%, while South America also came in at 22%, North America represented 20% of total sales.

Before I turn the call back over to Elad, I would like to share a few highlights on Slide 16. Our balance sheet remains strong, and we ended the quarter with available resources of approximately $1.5 billion. Our net debt to adjusted EBITDA rate at quarter end was 1.5x, and we delivered operating cash flow of $269 million, a sequential improvement of more than $100 million.

We extended our debt past 2030, with a successful offering of approximately $235 million, and S&P reaffirmed our BBB- credit rating with a stable outlook. In terms of currencies, the shekel has continued to strengthen versus the U.S. dollar. And as we do business in dollars, this has resulted in higher expenses. Once again, we are distributing 50% of adjusted net income to our shareholders, which translates to a total dividend of $55 million this quarter, resulting in a trailing 12-month dividend yield of 2.6%. In the quarter, we maintained our consistent and disciplined approach to capital allocation and also remained focused on cost savings and efficiency efforts.

And with that, I would like to turn the call back over to Elad for a review of our guidance.

Elad Aharonson
President & CEO

Thank you, Aviram. If you will turn to Slide 18, I would like to update our 2025 guidance. For our Specialties-driven businesses, which include Industrial Products, Growing Solutions and Phosphate Solutions, we continue to expect EBITDA to be between $0.95 billion and $1.15 billion in 2025.

For Potash sales volumes, we now expect this to be between 4.3 million and 4.5 million metric tons. This amount reflects the production impact at the Dead Sea, primarily due to ongoing war-related issues. It also includes some impact from the brief war with Iran in June, which has concluded and being resolved. We continue to expect our effective annual tax rate for 2025 to average out to approximately 30%.

As in the second quarter, we will still be fulfilling a small amount of our 2024 annual potash contracts with China and India in the third quarter. Additionally, we have not made any guidance concessions for potential tariffs. However, we continue to pursue mitigation efforts. All in all, third quarter trends should improve versus the first half of the year.

For Slide 19, I want to briefly remind you of a few areas we are focused on this year. There has not been a shift in ICL's overall strategy. We will continue to drive growth in our Specialty businesses. We will also continue to maximize our potash sales volumes by prioritizing the best markets whenever possible. We will drive cost savings efficiencies and also look for operational enhancements. However, I must point out that we expect to see continued higher operational costs due to the ongoing war-related issues.

Innovation and new products will remain key to ICL's future growth. However, we will also pursue complementary M&A activities. And as I just mentioned, we will continue to monitor the global tariff situation. While there were some challenges this quarter, especially in Israel, my colleagues remain steadfast. I would like to thank all ICL employees around the world for another good quarter. Also, I would like to note that ICL was once again rated as one of the Top Places to Work in Israel, Brazil and St. Louis. I'm pleased that our employees have recognized ICL with these honors.
And with that, I would like to turn the call back over to the operator for Q&A.

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Question and Answer

Operator

[Operator Instructions] Your first question comes from Ben Theurer with Barclays.

Benjamin M. Theurer
Barclays Bank PLC, Research Division

So the first one is really just about the Potash business and the implications and what you saw in the quarter. I mean, obviously, on a year-to-date basis, you're running at about 2.1 million tons, if I do the sum right from 1Q and 2Q. So the first question really is that decrease that you saw in the second quarter, that is essentially everything that kind of like lowered the guidance for the year. There's nothing on top what you've currently been expecting versus your previous expectations because it feels like it's just that, but I want to make sure that there's nothing else that you're kind of like accounting for in the second half. That would be my first question.

Aviram Lahav
Chief Financial Officer

No, no. So Ben, thank you very much, lovely to talk to you again. Look, our -- as you know, from past experience with us, we basically are very, very careful with what we guide, and this is full bottom up. And it basically reflects the fact that during the quarter -- the second quarter, which just ended, it became clear to us that even though we believe that on a marginal basis -- ongoing basis, we will be able to do our plans, it will not be possible anymore to catch up. And we were not going to be able to continue to live within the 4.5 to 4.7 framework. And hence, we actually took the guidance down. The midpoint is down by about 200,000.

Now when we look -- when we reflect that what happened in the second quarter. Obviously, this was a culmination of a very acute situation, but it was not -- it was an acute situation, but the situation before was also not exactly peace and quiet, which means that we saw that we are actually -- and for the most part, I'm talking about DSW, of course, not about Potash, that we are accumulating some manufacturing gap as we go along.

Now the good news is that looking forward, it seems that we are narrowing -- an emphasis on narrowing the gap. And for the second half, we should be tracking towards our initial goals. That does not mean that everything is perfect as of yet. But definitely, we are not seeing gaps like we saw in the beginning of the year and especially not in Q2.

And therefore, I think that this guidance that we gave reflects our best thought and it is encompassing and relates to exactly what I just described. There's nothing further than that.

That is the -- then one more thing, I apologize, I should have said about even Potash -- even though, of course, it's about 20% of the total production of potash in the company. Here, we also had some challenges. Of course, these are local challenges in Spain. Again, we are working through them. Second half should be to an extent better. But overall for the year, we're coming a little shy of what we expected in the -- walking into the year. These are not very big numbers, but yet I needed to say this to complete the picture. Of course, the guidance is combined for both DSW and [indiscernible]

Benjamin M. Theurer
Barclays Bank PLC, Research Division

Got it. And then growing Solutions, I just want to follow up on that. I mean, we've seen it already kind of like a starting trend in 1Q with top line growth post -- posting top line growth, but even better profit growth and kind of like felt like it further accelerated into 2Q. So I just want to understand, so first, what's been driving the positive jaw here that EBITDA is growing at a significantly higher rate than sales.

And as we look into the back half and -- well, the half, but particularly maybe 3Q for now, you probably have a little bit more visibility. How should we think about that relationship between top line versus EBITDA growth going forward, just given that the comps are getting a little tougher in the second half than what they were in the first half?

Elad Aharonson
President & CEO

So yes, we saw another good quarter for Growing Solutions. And I would say it becomes a trend. I hope it will continue like that. I believe it will continue like that. I think overall, the price environment in the fertilizer business is relatively good. So that helps, of

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course. But also what you see is a change in mix. And within the Growing Solutions wide portfolio, we see higher sales of the more sophisticated, more Specialty fertilizers and a bit less of the less specialty fertilizers. So I think the combination of the different mix and a bit higher prices bring us better profitability. But just bear in mind that the Growing Solutions and the agriculture sector, it's about seasonality. So now it's the end of the season in the Northern Hemisphere and we are starting the season mainly in Brazil for us, which usually comes even better prices and profit. So I would expect Q3 should be, for sure not lower than Q2.

Aviram Lahav
Chief Financial Officer

If I may, Elad, just to resonate to Brazil. Brazil, I guess, Ben and everybody, as you know, is the most important single country in the world of agriculture. And yes, of course, the third and the fourth quarter are the main quarters for Brazil. Now Brazil at this time has got huge potential, but also some issues that we need to be very careful about, and we are. I must -- I can assure you that we are. One is there is a significant liquidity issue in the Brazilian market. It's a known phenomenon. It's been going on and off for years. At this stage, it is definitely there.

The second thing which has a relationship to it is the very, very high interest rate, which the Bank of Brazil is holding. It's about 15%, they upped it in Q2. The inflation is about 5%, which means that the real interest rate is about 10%. Now this is the Central Bank of Brazil, is acting as a contra measure to the way Lula is running the country, and they needed to react quickly. If you remember, the Real was completely losing strength against other currencies in the beginning of the year, and they acted accordingly, which means that this is another action item.

And the last thing, which to us, we don't believe it's a big thing when we look at the mix of products that we do and the mix of crops that we cater, but there is an ongoing issue between Brazil and the U.S. And Trump for his reasons, currently, there's still no arrangement and he's talking about 50% duty. So this is another action item that potentially can, to some extent, interfere with all the good things that are going on in Brazil. This is not particularly for ICL, this is universal for doing business in Brazil, and I'm sure it will affect and affect all the companies that are in our space. So that's just the round off and complete picture there.

Operator

Your next question comes from Laurence Alexander with Jefferies.

Kevin Estok
Jefferies LLC, Research Division

This is Kevin Estok on for Laurence. I guess my first one, so I've been hearing from peers that there's been some signs globally that -- and I think maybe it's more particularly in Brazil, but to a lesser extent elsewhere that basically high fertilizer prices were possibly starting to bite demand and quite obvious some deterioration in demand just because farmer economics have been a little bit weaker than expected. And I guess I was just wondering if you were seeing that on your end.

Aviram Lahav
Chief Financial Officer

What you mean the demand destruction? I'm sorry, I'm not sure the line was...

Kevin Estok
Jefferies LLC, Research Division

Yes.

Aviram Lahav
Chief Financial Officer

The demand destruction. Okay. When there is imbalance in markets, there's always the threat or actually the happening of demand destruction. Now when you look at -- and I'm sure you -- I guess you mean the agricultural market at this stage and you see that the agricultural commodities are not at their best. I mean there's fluctuation, but generally speaking, rice, wheat, corn, soy are not at their best and you see the fertilizers prices, some in potash and especially in phosphate acting in another direction, then this is a sign that these things need to be watched.

This is a general statement. We saw this phenomenon in 2022, and we know how it ended there. But I will say that now if I focus in on I because ICL because ICL in the phosphate world is focused on both Commodities and Specialties, because it's specialty driven business. We basically see for a fact a situation where what we are able to produce, we are able to sell and at good prices.

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And I believe this will continue. I just, as we stepped into the room, we read views on what's going to happen with phosphate the continuation of the year. And it seems that this is the story on that. Yes, there is some demand destruction, but this does not translate into a lack of demand from our company, from ICL.

When we look at the Potash World, I think there is a reason to believe that there is some equilibrium in the market between supply and demand as we now see it. Again, for us, fact of the matter is that we are only confined by the pace of production that we have. We do not have basically inventory at all. It's frictional inventory. We sell across those. And we definitely see a situation where whatever we can produce in both Israel and Spain, we will be able to sell at the prevailing prices.

There is a case that I think I'll end by saying that, yes, I saw quite a few analysis that suggest that the situation in the market is such that the prices are not going to increase that much. I'm talking about the potash. For us, we're going to see a much better price, effective price because of the fact that we still had to honor all obligations. And looking forward, this will be less of a case. But generally speaking, if I can wrap up my answer is, I'm sure there's bound to be some demand destruction. But as it relates to ICL, I don't see this inflicting us.

Kevin Estok
Jefferies LLC, Research Division

Understood. And then just as a second question, I mean, so construction end markets are obviously pretty weak. And I guess I was wondering what you think basically would take to turn those end markets. And I guess I was wondering if you're seeing any green shoots in any of the regional markets anywhere?

Aviram Lahav
Chief Financial Officer

Okay. Okay. I think this is, of course, a very good question. And I would say, generally speaking, before I zero-in on the construction market, I think that if we take a step back and reflect what's going on in the global production, manufacturing, sales world, I think that the new term that we have to come to terms with is volatility because if we just reflect on Q2, we just passed. We saw the famous Liberation Day coming in, in the first week of April, and we saw the amount of turmoil that it sent through the global markets. To some extent, there's been postponement, et cetera, but we ended the quarter yet in some countries resolving the issues and some not resolving. As a result of that, first of all, there's a disruption in the end markets, which ultimately translate all the way back in the supply chain. This is one thing.

The second thing is the consumer confidence, and we are seeing -- when we look at the consumer confidence across the world, there is some issues with that. Third thing would be potential inflation. And I can go on and on. When you look at all the macro things and you put them together, I would say there's bound to be, and this is generally on many industries that go around the globe.

Specifically, if I zero-in on the construction market, then the 2 -- the 3 main markets, let's speak about the U.S., Europe and China. I think they are different. What you're seeing in the U.S. is that -- and of course, you know that much better than I do, but prices of houses are high, but new construction is low, which means that the demand side for that is, to some extent, affected. And I do not believe there's anything coming anytime soon that will significantly change that. That is not -- it's lackluster. It's not great, it's not bad, but it's not really moving.

Europe is same. Europe is many countries that have different fortunes. But generally speaking, it's not going in any particular direction. When you look at China, I think China is far away from sorting out its issues with construction. There's been a lot of over construction, a lot of inflated pricing, a lot of bad, I would say, toxic loans lying around. And I think that China construction from what I read, will take longer, maybe significantly longer time to sort out. So these are the end markets. And obviously, when you work, you take it backwards and you look at us, then, of course, we are living through a world where the demand I would say, it's not terrible, but it's soft.

Now we serve this, in bromine, we serve this in phosphor. There is other things that are helping us. So generally, when you look at the results that we're delivering in the part of business that comes from the industrial products, we're generally doing okay as you see in our numbers, and we believe we'll continue to be okay. But it's not a situation where the demand is such, the pool is such that the results will be outstanding. That's not going to happen anytime soon, definitely not this year.

Operator

[Operator Instructions] Your next question comes from Joel Jackson with BMO Capital Markets.

Joel Jackson

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BMO Capital Markets Equity Research

Just on the short term, if you look at growing Solutions and IP, can you talk about in each business individually, so Growing Solutions and IP, Q3, how should that look versus Q2? Maybe the puts and takes for each business, please?

Elad Aharonson
President & CEO

So again, for Growing Solutions, I think the main difference between Q2 and Q3 is which continent or which area -- geographical area is more dominant. And in Growing Solutions, Q3 will be dominated by the Brazilian market, Aviram mentioned it earlier. Usually, it means higher profit, but again, we need to see what will happen in the Brazilian market. But all in all, Q3 should be a relatively strong quarter for Growing Solutions.

As for IP, so what we see is that the bromine prices are going slightly up. The demand is still soft. And again, it depends which end market, Aviram talked about construction. On the other hand, oil and gas is doing a bit better, but there is some seasonality element in the oil and gas. I don't believe we'll see any drama in IP in Q3. So all in all, relatively same for IP Q3 versus Q2.

Aviram Lahav
Chief Financial Officer

Yes. And Q4, I think, Joel, to wrap up at this point will be very similar. So what we are seeing is that IP and GS will most probably be tracking plus/minus along the numbers that we've seen in Q2. That is our forecast, of course, with all the caveats and all the things that we said before, the main difference between Q3 vis-a-vis Q2 should come from the potash side.

Elad Aharonson
President & CEO

Yes. In the potash, once again, you asked about the Growing solutions and IP, but I know you probably potash is area of interest. So in Potash, I believe we see higher price per ton first because we move to the 2025 contracts in China and India, but also the spot transactions are in better prices, and I believe the quantities will be up. So all in all, in potash, we expect a better quarter in Q3.

Aviram Lahav
Chief Financial Officer

Remember, Joel, about a month back, you asked me about Q2 and the effective prices, and we spoke about the old contracts that we have still had to honor, most of them are gone and which means that effectively, our price in Q3 will be better than that and the quantity should be better as well. So that will have a jump in hopefully in the results that we are delivering in the potash segment of our business.

Joel Jackson
BMO Capital Markets Equity Research

Okay. So let's talk a bit more on potash. Do you think the price increase in Q3 versus Q2 will be similar to the price increase you saw in Q2 versus Q1?

Elad Aharonson
President & CEO

It's hard to say. But if I have to guess, I believe we'll see additional $10 to $15 per ton in average. Again, it's just an estimate. But Q2, as we said, Q2 was $333 per ton in average. I believe Q3 will be a bit better than the $10 to $15, give or take. For us -- for us, I'm talking about ICL.

Aviram Lahav
Chief Financial Officer

I think I'm not sure, Joel, whether you asked about effective price for ICL or sticker price generally...

Joel Jackson
BMO Capital Markets Equity Research

No, no, no. No, no. ICL Q3 versus Q2 pricing? Are you saying that should be $10 to $15 over Q2. Is that right?

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Elad Aharonson
President & CEO

Yes, something like that, yes.

Joel Jackson
BMO Capital Markets Equity Research

I understand all the challenges, inventories used to be low, even lower. How low are you willing to take inventories? Because to get to -- let's say, I take your midpoint, 4.4 million tons of sales, are you willing to take inventories to 50,000 tons at the end of the quarter? Like what -- how low are you willing to go?

Elad Aharonson
President & CEO

No, no. I don't think we'll go lower than what we have right now because that's the operational inventory, you cannot run the business much lower than this. So you should not expect any lower inventory, for sure, not dramatic lower.

Joel Jackson
BMO Capital Markets Equity Research

Does that mean you're more likely to come in, in the lower part half of your 4.3 million tons to 4.5 million tons potash sales range. Like is that -- you've given a midpoint of 4.4 million tons, but are you more likely to come in the lower half of it?

Aviram Lahav
Chief Financial Officer

We don't know yet, Joel. That's the truth. We open a range when we open a range, we do this with this spread. It's because we do not know. A lot of it depends on how fast we're going to ramp up and how quiet or not quiet our particular part of the world is going to be. There's a lot of unknowns. We can be -- I can argue the case for both sides of the ocean, if you want, at this stage. So we really do not know and we cannot respond to that at this point.

Joel Jackson
BMO Capital Markets Equity Research

Okay. My follow-up question is, Elad. It's a little more personal for you. You've been in this seat now for a handful of months, not a lot, but you've been there for a little while now in this seat. And you talked about, I think, earlier in the call about prepared remarks about maintaining the goals around the different things. As you now sit in the seat, what might ICL do differently under your leadership than say, Raviv? Are there some things, some ideas that you have? Maybe you could share your initial thoughts here about things you may do a bit different than Raviv. You've already talked about doing a lot what you did, but what Raviv and the team has done, but I think you get my question.

Elad Aharonson
President & CEO

Yes. So it's very tempting to answer this question. But please give me another quarter as I promised last time before the end of the year, I will share with you. We are working now on reviewing the strategy and the road map. So please, if you can wait a bit, and I promise I'll come back to the market with accurate plan and clear program for the future.

Operator

[Operator Instructions] There are no further questions at this time. I will now turn the call over to Elad for closing remarks.

Elad Aharonson
President & CEO

Okay. So thank you, everyone, for joining us today. All in all, from our perspective, Q2 meet our expectations, and it was a good quarter, and we anticipate Q3 to be even better. So we'll meet you in the next quarter. Thank you very much.

Aviram Lahav
Chief Financial Officer

Thank you.

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Operator
Ladies and gentlemen, this concludes your conference call for today. We thank you for participating and ask that you please disconnect your lines.

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