

# **ICL Group Ltd NYSE:ICL**

## **FQ4 2025 Earnings Call Transcripts**

**Wednesday, February 18, 2026 1:30 PM GMT**  
S&P Global Market Intelligence Estimates

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# Call Participants

## EXECUTIVES

**Aviram Lahav**  
*Chief Financial Officer*

**Elad Aharonson**  
*President & CEO*

**Peggy Reilly Tharp**  
*Vice President of Global Investor  
Relations*

## ANALYSTS

**Benjamin M. Theurer**  
*Barclays Bank PLC, Research Division*

**Daniel Rizzo**  
*Jefferies LLC, Research Division*

**Joel Jackson**  
*BMO Capital Markets Equity Research*

# Presentation

## Operator

Good morning, ladies and gentlemen, and welcome to the ICL Fourth Quarter 2025 Earnings International Conference Call. [Operator Instructions]

I would now like to turn the conference call over to Peggy Reilly Tharp, Vice President of Global 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. And 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](http://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 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'll 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 review our fourth quarter 2025 earnings. We delivered a solid finish to the year and achieved our annual guidance target with \$1 billion of specialty-driven EBITDA. In the fourth quarter, we also made significant progress towards our new strategic principles, which you can see on Slide 3. This includes the acquisition of Bartek Ingredients, the global leader in food-grade malic and fumaric acids. Bartek serves hundreds of customers and distributors in the food, beverages and other end markets and distributes its products to more than 40 countries worldwide. This acquisition allows us to expand our portfolio deeper into specialty food solutions.

It also helps to position us for further growth as we leverage our existing global food presence to expand into other food ingredient segments. It further advances our recently refined strategy, which focuses on the significant growth engines of specialty crop nutrition and specialty food solutions, 2 areas where we already have deep experience and broad exposure. We will continue to seek additional nonorganic growth opportunities in these 2 markets driven by a commitment to creating long-term value and sustainable growth for our shareholders.

At the same time, we will stay focused on our mission to maximize our core business segments, and this includes our potash resources. As you know, we signed an MOU with the State of Israel regarding the Dead Sea concession assets in November of last year. In January of this year, we signed a binding agreement based on the principles agreed upon in the MOU. We secured compensation for our assets at the Dead Sea and established certainty on the timing of this payment. It also included the assurance of bromine supply through at least 2035.

Additionally, as part of our strategic efforts, we have been conducting a review of our capital allocation priorities and reevaluating less synergistic and low potential activities. As a result, in the fourth quarter, we made several adjustments with the majority related to advancing our new strategic principles. These were essential in moving ICL forward and designed to help fund our 2 profitable growth engines. These shifts in our priorities will help us to redirect our resources to where better aligned opportunities.

Adjustments included the discontinuation of ICL's LFP battery material projects in St. Louis and in Spain, the closure of a minor R&D facility in Israel and the initiation of a sale process for our operations in the U.K. We expect to share updates on our strategic efforts throughout 2026 and look forward to strengthening and growing ICL for the long term.

Now if you will please turn to Slide 4 for a brief overview of the quarter. Sales were \$1.701 billion, up 6% year-over-year with all 4 segments delivering sales growth. For our Industrial Products, Phosphate Solutions and Growing Solutions segment, sales of \$1.281 billion were up 4%. We remain committed to growing our leadership position in these 3 segments.

Consolidated adjusted EBITDA was \$380 million in the fourth quarter, and this amount improved 10% year-over-year. For the quarter, EBITDA for our Industrial Products, Phosphate Solutions and Growing Solutions segments was \$249 million.

In the fourth quarter, adjusted diluted earnings per share were \$0.09 and up 13% versus last year.

Operating cash flow of \$314 million, improved 2% on a sequential basis. In general, the quarter was in line with expectations with year-over-year growth in key adjusted financial metrics. Prices continued to increase for bromine, potash and phosphate fertilizers in the fourth quarter. And similar to the previous 3 quarters, overall performance remained varied across the wide array of end markets and regions we serve.

Turning to Slide 5 and the review of annual results. Consolidated sales for 2025 were \$7.153 billion and up 5% versus 2024. Sales for Industrial Products, Phosphate Solutions and growing Solutions were \$5.650 billion in 2025, also up 5%.

Full year EBITDA of \$1.488 billion was up slightly, while EBITDA for Industrial Products, Phosphate Solutions and Growing Solutions came in at \$1.021 billion. Adjusted diluted EPS was \$0.36 for 2025, and we delivered operating cash flow of \$1.056 billion.

During the course of 2025, we faced shifting macro forces and industry issues while simultaneously achieving our goals. From an ICL perspective, we gained significant clarity regarding the value of the Dead Sea assets, which I just discussed.

Also, as previously mentioned, we completed a comprehensive review of the company and identified 2 strategic growth engines, specialty crop nutrition and specialty food solutions. We intend to expand in these 2 areas while continuing to benefit from our distinctive global presence and regionally diversified operations.

Now let's review our divisions and begin with our Industrial Products business on Slide 6. For the full year, sales of \$1.254 billion were up slightly year-over-year with EBITDA of \$280 million. For the fourth quarter, sales of \$296 million were up 6% with EBITDA of \$68 million, so a solid end to a good year.

In the fourth quarter, bromine prices maintained their upward trajectory even as some end markets such as building and construction remained soft. For flame retardants, sales of both our brominated and phosphorus-based solutions were flat versus the prior year. For bromine-based products, higher prices were offset by lower volumes due to continued soft demand. For sales of phosphorus-based products, higher volumes and prices in the U.S. were unable to fully offset lower volumes in other regions, mainly in Europe. Sales of clear brine fluids, which are used by the oil and gas industry during well completion remained solid and were driven by increased demand in South America and Europe.

Specialty minerals sales increased on strong pre-season demand for magnesium chloride after an early snowfall in the fourth quarter in the U.S. This was followed by a massive winter storm in North America in January.

Turning to our Potash division on Slide 7. For the full year, sales of \$1.714 billion were up 4% with EBITDA of \$552 million, up 12%. In the fourth quarter, Potash sales of \$473 million were also up 12% year-over-year, while EBITDA of \$150 million increased 15%. Our average potash price for the fourth quarter was \$348 CIF per tonne. This amount was up more than 20% year-over-year. Potash sales volume of 1.2 million metric tons in the fourth quarter were up roughly 15% on an annual basis. This marks a strong finish to 2025 as we successfully addressed operational issues in the Dead Sea related to the war.

For our Spanish operations, our focus on debottlenecking and optimizing (sic) [ optimization ] helped us to improve reliability and advance our production goals. These efforts also helped us to deliver a quarterly production record in Spain in the fourth quarter.

In the fourth quarter, we also signed a contract with our Chinese customers for supply at \$348 per metric ton, which is in line with other recent industry contract settlements. Finally, potash affordability remained attractive in the fourth quarter, and we continue to maximize the profitability of our potash resources. Whenever possible, we prioritize potash supply to the best global markets.

Now turning to a review of the Phosphate Solutions division on Slide 8. For 2025, sales of \$2.333 billion were up 5%. However, EBITDA of \$528 million was impacted by higher sulfur costs. In the fourth quarter, sales increased 2% to \$518 million, while EBITDA came in at \$121 million. Food specialties sales increased slightly in the fourth quarter versus the previous year and reflected growing volumes in North America and Asia as we leverage our regional expansion strategy.

In the fourth quarter, our overall food business gained additional sales and also expanded its new product pipeline for dairy in the U.S. and IMEA. We also saw an increase in global processed meat sales across the U.S. and EU. In China, our food sales increased 15% in the fourth quarter, our best quarter of the year. For 2025, sales were up 12% as our business expansion in this region has been successful since its debut. In total, we expanded our food project pipeline with nearly 40 new solutions since mid-2025. While we are committed to growing this business organically, you can also expect us to continue to evaluate M&A opportunities.

As I mentioned earlier, in January, we completed our acquisition of approximately 50% of Bartek Ingredients. And for 2026, we are targeting a wide array of growth options. This includes expansion into emulsifiers along with other R&D efforts such as the development of a high-protein drink stabilization system for GLP-1 users. We expect additional growth to come from portfolio expansion in seafood and soy protein and as the segment looks to deliver more localized food solutions to emerging markets.

In China, our YPH joint venture benefited from both higher prices and volumes and an increase in demand for battery materials in the fourth quarter. We also celebrated the 10th anniversary of our Chinese partnership in January of this year. Overall, Phosphate specialties performance continued into the fourth quarter as expected with most regions remaining stable. However, market softness was maintained in Europe, a trend that lingered as anticipated. Higher cost of raw materials and especially sulfur persisted in the fourth quarter and show no signs of abating in 2026.

This brings us to our Growing Solutions business division on Slide 9. Sales for 2025 were \$2.063 billion and improved 6% year-over-year, while EBITDA of \$213 million increased 5%. This growth was due to our continued strategic focus on global specialty solutions, which have been customized for our customers on a regional basis. For the fourth quarter, Growing Solutions sales increased 6% to \$467 million, while EBITDA of \$60 million was up 18% versus the prior year.

In the fourth quarter, we saw profit improvement in both North America and Europe. In North America, higher prices helped drive an increase in profit. In Europe, we continue to benefit from our successful product mix strategy, which is focused on our higher-margin products. Sales in Asia also improved in the fourth quarter, but rising raw material costs impacted profits as expected. In Brazil, the overall market remained under pressure as farmers faced affordability issues and distributors shift their buying behavior. Although this did impact our profitability, sales performance remained solid, and we were able to expand our specialty market share.

I would ask you to now turn to Slide 10 and some key takeaways. We have already made progress in advancing our strategic principles, which we announced in the third quarter. We added Bartek Ingredients to our specialty food solutions portfolio, and you can expect to see more acquisitions in the coming year.

We also took a comprehensive look at our existing portfolio and elected to discontinue our downstream LFP battery materials expansion, which we announced in the third quarter. In the fourth quarter, we initiated a sale process for our Boulby operations in the U.K. in the hope of getting this facility into the best hands for the future.

During 2025, we also worked diligently to provide clarity around the 2030 Dead Sea concession process, which I discussed earlier. We continue to believe that ICL is the most suitable candidate to be awarded the future concession. We currently intend to participate in this process once it begins, assuming, of course, that the terms are economically viable, and we will ensure stable regulatory environment.

I would now like to look outside of ICL towards the markets where we operate. Across our minerals, which include potash, phosphate and bromine, we see prices are stable to improving, and these trends are expected to continue into the first quarter of 2026. For our specialty phosphate, we are seeing pressure related to both competitive forces and higher raw material costs, and we are actively monitoring and reacting to these dynamics. While some cost inputs are rising, the sulfur market is experiencing exceptional volatility on a global basis.

Prices have surged to multiyear highs, driven by supply and geopolitical issues. These increases are causing issues across several of our businesses and significantly impacting other agriculture and chemical manufacturers. At ICL, we are actively working to mitigate higher costs, including sulfur, and we will keep you up to date on our efforts as the year progresses.

We are also experiencing pressure as the shekel continues to strengthen versus the U.S. dollar. This makes it more costly for us to do business in Israel as a dollar-denominated company. However, we are using hedging tactics to help eliminate some but not all of this exposure.

Now before turning the call to Aviram, I would ask you to turn to Slide 11 and a review of our guidance for 2026. For this year, we expect consolidated EBITDA comprising all 4 of our business segments to be between \$1.4 billion to \$1.6 billion. As the price of potash has stabilized over the past few years, we believe providing consolidated guidance is now more relevant. For potash sales volumes, we expect this amount to be between 4.5 million and 4.7 million metric tons as we continue to benefit from the operational

improvements made at the Dead Sea and in Spain in 2025. Finally, we expect our annual adjusted tax rate to be approximately 30% in 2026.

And with that, I would like to turn the call over to Aviram for a brief financial overview.

**Aviram Lahav**  
*Chief Financial Officer*

Thank you, Elad, and to all of you for joining us today. Let us get started on Slide 13 with a quick look at quarterly changes in key market metrics.

On a macro basis, average global inflation rate improved versus the prior quarter with the exception of the U.S., which was flat and China, which swung positive. Interest rates were a bit more mixed. While rates in most regions were relatively stable, rates in the U.S. improved by nearly 40 basis points. For Brazil, while the Central Bank held its target rate unchanged at 15%, rates remain elevated on a year-over-year basis.

Looking to exchange rates, the shekel has strengthened versus the U.S. dollar when compared to long-term historical rates. Wrapping up our macro metrics, you can see that U.S. housing starts trended up slightly by the end of the fourth quarter.

For fertilizers metrics, the picture was more mixed. The grain price index declined on a quarterly basis with rice showing a significant reduction. On the positive side, corn and soybeans both improved in the quarter and on an annual basis with soy showing solid mid- to high single-digit growth for both periods. While farmer sentiment improved by the end of the fourth quarter, those gains were reversed in January.

When asked specifically about soybeans, 21% of U.S. producers said they expect soybean exports to abate over the next 5 years with increasing competition from Brazil weighing on their minds.

In the fourth quarter, potash prices moderated slightly, mainly due to sentiment and seasonality, while P2O5 prices trended higher in 2025. This is not expected to continue in perpetuity. Over the same time frame, there was a significant reduction in ocean freight rates of nearly 25%.

Beyond agricultural indicators, we also track other indicators relevant to our Phosphate Solutions and Industrial Product segments. Our Phosphate Specialty Solutions are an important part of the food and beverage end markets. This is an area we are targeting for growth, both organically and via M&A. In the U.S., retail trade and food services improved both through November and year-over-year.

For our Industrial Products segment, the price of bromine in China is an important metric, and these prices continue to improve in the fourth quarter.

Durable goods are another indicator for Industrial Products, and they picked up slightly through November. For remodeling activity, which is a good metric for both Industrial Products and Phosphate Solutions, growth was up approximately 1% on a sequential basis and 2% year-over-year.

If you now turn to Slide 14 for a look at our fourth quarter sales bridges, on a year-over-year basis, sales were up \$100 million or 6% with all 4 segments demonstrating growth. Turning to the right side of the slide, you can see a \$98 million benefit from higher prices this quarter, which was partially offset by a reduction in volumes. Exchange rates also had a positive impact.

On Slide 15, you can see our fourth quarter adjusted EBITDA, which improved approximately 10% versus the prior year. Similar to sales, we saw higher prices and reduced volumes. There was also an impact from exchange rate fluctuations, and you should expect to see this continue in 2026 if the shekel continues to strengthen versus the dollar.

We also saw a significant increase in raw material costs, especially sulfur. This trend is continued into 2026, and it is becoming more difficult to pass this increase along. Additionally, as we shared publicly last December, the Israeli Supreme Court ruled that ICL is obligated to pay fees for water extracted from wells in the Dead Sea concession area. This equaled \$14 million for 2025, and this entire amount was recorded in the fourth quarter.

As Elad mentioned earlier, we had a number of adjustments this quarter, so I want to spend just a few moments on Slide 16. Here, you can see a representation for these items. I would like to point out that the majority of these items are related to advancing our new strategy. These adjustments are essential in moving ICL forward as we look to fund our profitable growth engines, specialty

crop nutrition and specialty food solutions and as we focus on extracting value from our core businesses. These changes will help us redirect our resources towards better aligned opportunities.

First, as you know, we announced the discontinuation of our LFP battery material project in St. Louis and in Spain on our third quarter call. And in the fourth quarter, we took an adjustment of approximately \$61 million. In the fourth quarter, we also closed a minor R&D facility in Israel, and this adjustment was approximately \$6 million. As Elad mentioned, we also recorded an impairment of our Boulby assets in the U.K. related to our shifting strategy, and this amount is approximately \$50 million. We also recently initiated a sale process for these operations. Additionally, we made a \$19 million provision for early retirement programs at several other sites.

Turning to the ruling related to fees for water extracted from wells in the Dead Sea concession area. While this ruling was the opposite of the legal opinion issued by the Israeli Ministry of Justice, we, nonetheless, recognized approximately \$80 million in the fourth quarter of this year for prior periods.

Now if you will turn to Slide 17 for a quick review of our full year sales bridges for 2025. All 4 of our segments contributed to the 5% year-over-year growth we delivered. While we experienced a reduction in volumes, we benefited from generally improving prices across our businesses.

On Slide 18, you can see a breakout of our adjusted EBITDA, both by segment and inputs. Once again, we benefited from higher pricings. However, a reduction in volumes, exchange rate fluctuation and higher raw material and energy costs tempered our EBITDA growth.

Before I turn the call back to the operator, I would like to quickly share a few fourth quarter financial highlights on Slide 19. Our balance sheet remains strong with available resources of \$1.6 billion. Our net debt to adjusted EBITDA rate is at a stable 1.3x. And we delivered operating cash flow of \$314 million. Once again, we are distributing 50% of adjusted net income to our shareholders. This translates to a total dividend of \$224 million in 2025 and results in a trailing 12-month dividend yield of 3.1%.

And with that, I would like to turn the call back over to the operator for the Q&A.

# Question and Answer

## Operator

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

### **Benjamin M. Theurer**

*Barclays Bank PLC, Research Division*

Two quick ones. So first of all, thanks for the guidance. And obviously, it kind of like at the midpoint looks more or less like a similar year 2026 than what was 2025. Maybe can you help us frame the upside risks to the higher end and the downside risks to the lower end as you look into 2026 across the different segments? Like what are the drivers to get it to the upper end? And what would be issues that you may face that could drive you more towards the lower end? That would be my first question.

### **Elad Aharonson**

*President & CEO*

Okay. Thank you, Ben. So I think for the upside, I think we'll see higher potash quantities for production and sales. And maybe there will be an upside on the price per tonne of the potash.

Also on the bromine, we see increase in bromine prices. We'll see what happen after the Chinese New Year. China is the biggest market for bromine and there could be upside there as well. Also, we need to see the demand. So that's about upside.

And on downside, so the 2 headwinds that we have right now, one is the cost of sulfur, which went up from around \$140, \$150 1.5 years ago to more than \$500. And the sulfur is the most dominant raw material for the phosphate portfolio. So this is a headache for us. So we mitigate it, but still it's an issue.

And the second one is the exchange rate of shekel versus dollar. Our functional currency is dollar, while we have expenses in shekel here in Israel. And as the shekel continues to strengthen versus the dollar, that would be a challenge for us.

### **Aviram Lahav**

*Chief Financial Officer*

Ben, I would add one thing specifically. It applies to basically most things that Elad described, but the cost of sulfur specifically, it's also the timing in the year when it will happen. I mean basically, we are not sitting on significant inventories of sulfur, which means that when it goes up, we pretty much quickly absorb it in the cost of manufacturing. But when it will eventually go down, then we will be rid of expensive sulfur pretty quickly.

Now the guidance is for the year. We are giving it in February. So basically, everybody can do the math. It depends not only the extent to which it will happen, but the timing when it will happen. I think that's quite important to mention that.

### **Elad Aharonson**

*President & CEO*

And also maybe it's worth mentioning the Brazilian market. The last season in Brazil in general, not only for ICL, was a difficult one for the agri business. I think we performed better than the average, but still it wasn't a great year in the agri business in Brazil. If next year or this year, 2026 will be a normal one or even higher than normal, then there could be an upside related to that.

### **Benjamin M. Theurer**

*Barclays Bank PLC, Research Division*

Yes. Actually, I wanted to follow up on the Growing Solutions side and what you're seeing. I mean, obviously, this is -- there's a lot of like different pieces. And you talked about the market share gains in specialty, but with the farmer affordability issues, so probably is what you wanted to comment on. So what are you seeing like on the ground in terms of like demand within the Brazilian farmers, because given that the interest rate environment is still high, we've talked about this over the last couple of quarters as that being an issue? But it feels like it could potentially get better into 2026 with maybe rates coming down, it's an election year. So there's a lot of potential. So I wanted to understand how you feel about ICL's position in Brazil, in particular, within Growing Solutions.

### **Elad Aharonson**

*President & CEO*

So I'll say the following. All in all, I'm encouraged by the progress that we are making on Growing Solutions, and you can see the nice development on EBITDA for Q4 for Growing Solutions. Having said that, Brazil, which is give or take 1/3 of Growing Solutions business, it was a difficult year in Brazil because of the reasons that you mentioned, interest and so on. We like to believe that the interest rate will go down. I don't think it will go dramatically down, but it will go a bit down. And then we'll see what happen in the next elections. We adapted our cost structure in Brazil. And I do believe that next year -- or this year, 2026, will be better for us.

Talking about Growing Solutions in general, we are changing our mix of product portfolio in Europe. Europe is also around 1/3 of the business for Growing solutions and our portfolio there has to be adapted, and we started doing it in 2025. I believe we'll see the results in 2026 and onwards. Still, we'll see what happen in general in Europe.

And the last comment is about the Far East, China and the region where we see a nice progress. Here, the issue is more about the cost of raw materials, and that comes back to the comment about sulfur and some other raw materials. Do you want to add, Aviram?

**Aviram Lahav**  
*Chief Financial Officer*

Yes. Maybe to say something further. Thank you, Elad. Say something further about Brazil, I think it will resonate with you guys. It's -- credit is tricky. There's the rate of credit, there is the availability of credit. So what's happening on the ground in Brazil that, Ben, you're totally correct, the rate is extremely high. The real rate is probably around 10%, if not more than that. The nominal is about 15%, inflation is scaled at below 5%. That's exactly, by the way, why the Brazilian Central Bank is keeping rates so high. But that's only part of the story.

Second thing is that commercial banks are not giving credit to -- not fully, of course, to the industry, which means that the farmers and the agriculture industry is using the suppliers as banks. And therefore, the issue of availability of credit is something that we obviously have to take into account, reckon with and decide how much exposure are we willing to take.

Now notoriously, companies that have given too much credit in the Brazilian market have been beaten. It happens time after time, and we are very careful with our location, which means that we'll keep an open eye. Notwithstanding that, we can very well have a better year in '26, but this remains to be seen. So -- and by the way, during this process, you can see the pressure that exists and what's happening in the distribution companies. Distribution companies in Brazil are basically squashed between the suppliers and the -- actually the farmers. And that's a place that you really do not want to be. Okay. That's about that and that's continue.

**Operator**

Your next question is from Joel Jackson from BMO Capital Markets.

**Joel Jackson**  
*BMO Capital Markets Equity Research*

I'm going to follow up a little bit on some of this. I'm sort of surprised about the -- like, I think you've laid out the opportunities and challenges in '26. But I'm trying to figure out which businesses are up and down in '26 in your guidance. So potash volume higher, that's clear. Prices are higher, like if you just compare '25 versus '26 expectations, so potash should be up. And does that mean that you've got the other businesses like Growing Solutions and IP growing a little bit and phosphates down to get to a flattish midpoint?

**Aviram Lahav**  
*Chief Financial Officer*

No. I think the following. First of all, potash, indeed, as you said, quantities should be in a better place. Prices should be in a better place. But there is a but, the shekel is in a worse place, which means that all the -- and this is one particular division with heavy, heavy expenses. Obviously, on the shekel side, you can imagine by the size of the facilities in Israel. All of them obviously being paid for in shekel, which means that if we look at '26 and we benchmark it to '25, it should be better, but less so that was -- that it could have been if the shekel would have been at a better place. That's about the potash side.

When you look at the bromine side, I would tend to say that we should be pretty much around the same ballpark that we were this year. When you look at the Phosphate Solutions side, then to an extent on the EBITDA, it makes sense that it will come somewhat lower, and this is due to the sulfur price with the caveat that we previously discussed. We don't know for how long this will prevail.

And the last but not least is the Growing Solutions. It's one division that actually is not -- is actually gaining a little bit even from the currencies because it is less dependent on the shekel side, and it obviously sells around the world than most currencies vis-a-vis the dollar. The phenomenon of the weak dollar is not only vis-a-vis the shekel, it is vis-a-vis the euro, vis-a-vis the pound, et cetera, et

cetera. I guess you all know that. And actually, we can find ourselves in a somewhat better position in Growing Solutions than in '26 versus '25.

And all in, when you bake it all in and you look at what we are seeing for next year, we should see a very similar picture. Again, some gaining a bit, like all in, as I said about the potash, some remaining the same and some weakening to a degree. But these are not that dramatic. So if I had to take a guess, I would say that all in it's very near with a little bit going more toward the potash, a little bit less vis-a-vis the phosphate. I hope that answers your question, Joel.

**Joel Jackson**  
*BMO Capital Markets Equity Research*

Very helpful. Could you remind us your sensitivity to the shekel how in U.S.?

**Aviram Lahav**  
*Chief Financial Officer*

Yes, yes, yes. Well, generally, we are above \$1 billion short shekel. Obviously, it fluctuates, but you can make the math. So basically, every 1 percentage point is about \$10 million. That is -- we are not actually when we -- our financials are driven by the hedged shekel. It's not the naked shekel that is the representative rate every day. So basically, we have got quite a significant amount of our exposure hedged. And therefore, our -- when rates go -- when the shekel strengthens against the dollar, it effectively strengthens less against our hedges. However, in the longer term, obviously, it takes an effect. So if this continues for a very long, and again, we do not know, the shekel at this stage is quite abnormally high for many reasons, nothing to do with our industry. The question is how long it will prevail. But generally, the yardstick every about 1%, it was about \$10 million.

**Joel Jackson**  
*BMO Capital Markets Equity Research*

Okay. Finally, just following up on that. What is your -- in your guidance for this year '26, what is your U.S. dollar shekel assumption? And how much of that is hedged right now?

**Aviram Lahav**  
*Chief Financial Officer*

Yes. So the naked, absolute naked, we would have taken somewhat around \$310 million. But hedged, it is over \$320 million, that's our assumption. It will be -- and it -- by the way, I saw quite a lot of guidance coming from companies, Israeli exporters in different fields. And I would say that anywhere from \$315 million to \$320 million plus is -- would be a common yardstick for where we see the market going. However, it can be...

**Joel Jackson**  
*BMO Capital Markets Equity Research*

I'm sorry, how much of the billion are you hedged? I'm sorry.

**Aviram Lahav**  
*Chief Financial Officer*

Sorry, how much percentage do we hedge?

**Joel Jackson**  
*BMO Capital Markets Equity Research*

How much of the billion are you hedged right now?

**Aviram Lahav**  
*Chief Financial Officer*

Yes. Around 50% at that time. Normally, we hedge around 60%, but when the rates go down, our analysis says that we can allow us to be a little bit more exposed because there's a limit to how much it can go down.

**Operator**

[Operator Instructions] And your next question is from Laurence Alexander from Jefferies.

**Daniel Rizzo**

*Jefferies LLC, Research Division*

This is Dan Rizzo on for Laurence. If we could just go back to Brazil for half a sec. Have we seen this before? And how long has it lasted with suppliers basically acting as the main creditors for their customers in Brazil? What happened last -- I mean and again, how long does it last?

**Aviram Lahav**

*Chief Financial Officer*

Yes, Dan, it's -- I've been following and working in the Brazilian market about 15 years now, probably going on 20 and it waves. It is -- it has a lot of waves. I mean, basically, you're able to cope with it. If you work in a smart way -- I mean, the Brazilian market in agriculture is the #1 agricultural market in the world. If you're not in Brazil, you're actually not playing in agriculture, end of story. I mean we are active, by the way, in Brazil and other divisions as well. But predominantly, I would say, it's in agriculture.

Now the Brazilian agricultural economy is obviously very, very important, especially around soy. You know the story there. And if you play it carefully, you can get very good results. Now you have to be aware at certain points of time, again, I'm trying to recollect from my past -- by the way, you can see it reflected in the currency. I've seen the real at 4. I've seen it at 160. I've seen it at 6. And now it is at 520 or something around that. It toggles. I mean, I believe that it will prevail. They will sort it out. I think that this -- the last year has seen probably a shift to a new reality. This year should be stable. Why am I saying this? Because what happens normally when things start to get tougher, it takes time for people to acclimate. I believe they have acclimated.

And I believe that what we're seeing and we're seeing it in our performance, we are doing not great, but we're doing okay. Our level of doubtful debt does not grow. We are able to collect. We could have sold much more, but it would have taken a significant amount of more risk. So we are playing the game. I think we've got the experience, the knowledge how to play the game. And I do not believe that there is any particularly, let's say, bad news that should come there. I would gather that the next stage will be somewhat better than we've seen in the past year, but it remains to be seen, of course. Does that answer your question?

**Daniel Rizzo**

*Jefferies LLC, Research Division*

That does. No, it does, it does because it sounds like we're at the trough for...

**Aviram Lahav**

*Chief Financial Officer*

I believe so. Yes, I believe so. Yes, yes, yes.

**Daniel Rizzo**

*Jefferies LLC, Research Division*

Okay. And then -- so with the moves you made with your portfolio with kind of deemphasizing or stopping the big battery project, how should we think about batteries going forward? Is this a temporary pause waiting for the market? Or are you just kind of moving away from this end market is not really relevant anymore?

**Aviram Lahav**

*Chief Financial Officer*

Yes. That's a very good question. I think that something very fundamental has happened in the market. I mean, ultimately, when you look at the horizon, electricity, electric cars, electric other systems are here to stay. There's no question about that. The question is the pace and the question is who will be the winners and losers in this industry.

Now if you look at the U.S. country to what was the -- what was, let's say, the aspirations and the thoughts, 1.5 years ago, they are very different at this stage for many things. It's the infrastructure, it's the support the government gives direct and indirect. And it is a situation where it will be a much, much more rockier road. You can see this by the way that Ford are reacting. You are seeing that by the way that GM are reacting. GM are not reacting the same way, but notwithstanding that, they took a significant hit and it's probably going to take a lot longer. And for somebody in novice starting to play the game, we came to a definitive conclusion that was not our game. We should have gotten a lot of support from the government. That support is off the table. Many factors were baked in.

In Europe, the question -- the issue is quite different. The result is very similar, but different, different things. First of all, in Europe, there is an issue with the level of adoption -- of theoretical adoption is higher than the state. However, the propensity to consume

is hampered. The real wages in Europe are not going up, and there was always the notion that the car needs to be cheap enough in order to play in this game. And of course, the Chinese are much freer to work in Europe than they are in the U.S. And the situation came, which culminated in the announcement -- dramatic announcement that Stellantis came about 2 weeks ago. They dropped a very significant amount of their project. Share was down 25% that day. It's quite dramatic. Ford pulled out of Germany, there are many stories here.

So when we look at it in the global market, we obviously have got an extremely successful operation in China supplying to the best players in the market. We continue that. But our dreams of going downstream to become a full-fledged LFP producer or, let's say, the cathode side, that has been put off. And I may say, you have the CEO of the group with me. He's the one that makes the calls, but I don't think we're going to come there anytime soon, if at all.

**Elad Aharonson**  
*President & CEO*

No, no. But the bottom line is that the industry of LFP cathode material remains in China and only in China. Aviram explained about the U.S. and Europe. And we don't have any competitive advantage in moving forward in the supply chain in the -- for the cathode material. So we will remain a supplier of raw material of MEP chemical grade to others in China, which is a great market for us. We are doing great there, but we don't have to continue with the projects in Spain and in the U.S. I think it was a very good decision, if I may.

**Aviram Lahav**  
*Chief Financial Officer*

And for us, just to finally close, we said all along, if you remember, time after time that we're investing in the qualification side, we're investing in technology. But we are not going to go to continue and to set up facilities until we have all the stars aligned. I think it was a very, very smart decision. And you can see that ultimately, when things indeed didn't turn out as we would have hoped to us is relatively minor. It could have been completely different magnitude if we've gone downstream and go to manufacturing sites. So that's, I believe, the story on that one.

**Operator**

There are no further questions at this time. I will now hand the call back over to Elad Aharonson for the closing remarks.

**Elad Aharonson**  
*President & CEO*

Okay. So thank you, everyone, for participating today. Look, we said the strategy -- new strategy in the third quarter. And as you can see, we are moving forward by executing this strategy. So on one hand, we acquired Lavie Bio for Growing Solutions. Recently, we acquired Bartek for the food business. And you can expect some more M&As along the year.

As for maximizing the core, we signed this definitive agreement with the State of Israel, which is very important for us to secure the future and we are very happy with this agreement. At the same time, we improved the production rate of the potash, both in the Dead Sea and in Spain towards the end of the year, and we will continue like that in 2026, as you can see in the guidance.

And as for efficiency and optimization, so we took decision to stop the LFP project, and we just explained why. Also, we put on the shelf Boulby because we are very disciplined with the capital allocation, and we want to direct the capital of the company in those areas where we see most of the potential and which are more synergistic. And probably next week -- next quarter, sorry, we'll talk about cost transformation program as we need to take care of this as well. So we are pushing and making investment on the 3 pillars of the strategy. It's a bit like transformation phase. It will take some time, not a lot, but I guess we'll all see the results soon. Again, thank you very much, and probably we'll be in touch in different forums. Thank you.

**Operator**

Thank you. Ladies and gentlemen, the conference has now ended. Thank you all for joining. You may all disconnect your lines.