S&P Global
Market Intelligence

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S&P Global Market Intelligence Estimates

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EXECUTIVES

Asaf Alperovitz
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

Joel Jackson
BMO Capital Markets Equity Research

Presentation

Operator

Hello, everyone. Thank you for joining us, and welcome to the ICL Second Quarter 2026 Earnings Call International. After today's prepared remarks, we will host a question-and-answer session. [Operator Instructions]

I will now hand the conference over to Peggy Reilly Tharp, Vice President of Global Investor Relations. Peggy, please go ahead.

Peggy Reilly Tharp
Vice President of Global Investor Relations

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 presentations 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 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.

With that, we will begin with the presentation by our CEO, Mr. Elad Aharonson, followed by Mr. Asaf Alperovitz, our CFO. After the presentation, we will open the line for the 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 a review of our second quarter 2026 earnings. We delivered another quarter of strong results with sales of $2.1 billion, which were up 17% year-over-year. Adjusted EBITDA of $448 million also showed meaningful improvement and increased 28% versus the prior year, as you can see on Slide 3.

Before we go into greater detail about the quarter, I would like to take just a few minutes to review our new segments and to discuss our enterprise-wide cost savings and efficiency measures initiative, Elevate. First, I would like you to turn to Slide 5 for a quick review of our 3 new strategic principles, which we first shared with you on our third quarter earnings call last November.

The first is to drive profitable growth by targeting Specialty Crop Nutrition and Specialty Food Solutions. The second is to maximize and improve the businesses that we have identified as core to ICL, and this includes our phosphate, potash and bromine resources. The third is dedicated to portfolio optimization and cost efficiency. All 3 of these principles will benefit from our willingness to embrace new technologies like AI and our deep history of innovation.

To drive profitable growth, we identified 2 distinct businesses, which you can see on Slide 6. We believe Specialty Crop Nutrition and Specialty Food Solutions have the potential to be significant growth engines for ICL. These are 2 areas where we already have deep experience and broad exposure and the future looks bright.

As you know, ICL's Growing Solutions segment is already a global leader in Specialty Crop Nutrition. On Slide 7, you can see that in 2020, our Specialty Crop Nutrition sales were $1 billion with EBITDA of approximately $60 million. In 2025, we delivered Specialty Crop Nutrition sales of $2 billion and EBITDA increased in excess of 3x to more than $200 million. Our research indicates that there is still meaningful runway for growth in this business, which will allow us to further strengthen our leadership position in this market.

Turning now to Slide 8 and our second growth engine, Specialty Food Solutions, which is currently part of the Phosphate Solutions segment. We are already leading the $1.5 billion phosphate food specialties market. However, this represents a small piece of the total food ingredients pie. In order to accelerate our growth, we are expanding our focus into functional food ingredients.

This sizable market provides exposure to approximately $35 billion in value with an expected average 5-year growth rate of approximately 6%. We are strongly positioned in this market with a clear ambition to double our sales and reach $1.5 billion in revenues by 2029. As we have begun executing our strategy, it has become increasingly clear that aligning our corporate structure with our end markets is the right approach for the future.

As a result, and after a careful review, which is shown on Slide 9, we have decided to embrace a new organizational structure. This new structure will include dedicated food segment and will consolidate all of our industrial activities into one segment. It will also bring our potash and phosphate fertilizers together. We believe this new market-oriented organizational structure will strengthen management focus on our key growth engines and align the business with our strategic priorities.

We expect this update to our reporting structure to provide investors with enhanced visibility into the performance, growth drivers and value creation potential of our businesses. On Slide 10, you can see each of our 4 segments. Nutrition Solutions will bring together all of our food and beverage, health, nutrition and wellness offerings into one place. This will include our existing Food Specialties business along with the Food & Pharma Solutions that previously resided in Industrial Products.

Industrial Products will be focused on performance and safety solutions for industrial markets, primarily electronics, energy and construction and will now include the Industrial Phosphate Solutions that were formerly under Phosphate business segment. This segment will lead our effort to unlock the full potential of high-growth markets such as advanced electronics, semiconductors, AI infrastructure, data centers and next-generation computing, positioning us at the forefront of some of the most dynamic and rapidly expanding industries worldwide.

There will be no change to Growing Solutions, which will remain focused on specialty plant nutrition for agriculture, turf and ornamental markets. Essential Minerals will include potash and phosphate fertilizers from our upstream mineral production sites, including our potash resources in the Dead Sea and in Spain, and our phosphate resources in the Negev and in China and will continue to serve the global agriculture markets.

This change will take effect in the first quarter of 2027. However, 2025 pro forma snapshot of each of the new segment is shown on Slide 11. We believe this new structure will allow us to amplify our growth engines as we move ahead with our strategic priorities.

If you will now turn to Slide 12, I would like to take just a few moments to introduce you to Elevate, our new cost transformation program. We have initiated this effort in order to reduce our cost base, support our margin expansion, improve cash generation and strengthen our earnings power. Elevate is a corporate-wide effort to increase efficiency and productivity by realigning our cost structure to build a lean and agile company poised on (sic) [for] growth.

In addition, we will be leveraging AI to accelerate innovation, drive efficiency and improve decision-making. Taken together, these initiatives are expected to deliver more than $150 million in annual EBITDA improvement by the end of 2027, growing to more than $350 million annually by the end of 2028.

On Slide 13, you can see our targeted savings. We expect approximately 50% to 60% of the projected EBITDA improvement to be driven by productivity gains and operational efficiencies. A reduction in external spend expected to deliver 30% to 40% of our goal, while SG&A optimization efforts are forecasted to contribute the remaining 10% to 20%. While this is an ambitious effort, I know everyone at ICL is committed to taking the necessary steps to make this cost transformation program a reality over the next 2 years.

Now let's turn to Slide 15 for a more detailed review of the second quarter. As discussed, we delivered sales of $2.1 billion, which were up 17% year-over-year. These results exceeded expectations and each of our 4 businesses contributed to this solid sales performance as higher prices for potash, bromine and phosphates contributed to the year-over-year improvement.

Adjusted EBITDA of $448 million increased 28% versus the prior year. This growth was achieved even as we absorbed $100 million of higher raw material costs and more than $40 million of exchange rate impact. We also reported a 35% improvement in adjusted net income of $149 million, which translates to adjusted earnings per share of $0.12, an increase of 33%. Operating cash flow of $290 million improved 8% on an annual basis and free cash flow of $94 million was up 34% in second quarter.

Despite continued volatility in global markets during the second quarter, we stayed focused on disciplined execution, managing the factors within our control and responding decisively to changing market conditions. We also benefited from our distinctive global presence with regionally diversified operations and from higher prices across the fertilizers, food and industrial markets we serve.

Let's turn to our business segments and begin with Industrial Products. On Slide 16, you can see second quarter sales of $414 million were up 30% year-over-year, while EBITDA of $130 million was up 88%. This was the segment's best quarterly performance since the end of 2022, and it was mainly driven by higher bromine prices and increased volumes.

For flame retardants, overall sales increased. Bromine-based products benefited from higher prices and improved electronics end market demand. Sales of phosphorus-based flame retardants were stable despite muted demand in the construction end markets.

For our clear brine fluids, which are used by the oil and gas industry during well completion, business remained solid. While sales decreased slightly due to timing shifts, demand in Europe and South America increased in the second quarter.

Specialty minerals, which includes magnesia, calcium carbonate and salt products, reported increased sales with strong magnesia demand across the wide array of end markets. Overall year-over-year improvement was also driven by growth in food and pharma demand, and this trajectory is expected to continue throughout the remainder of 2026.

Turning to our Potash division on Slide 17. For the second quarter, sales of $468 million were up 22% year-over-year. EBITDA of $154 million was up 34%. Our average potash price for the second quarter was $376 CIF per ton. This amount was up 13% year-over-year and 4% sequentially. Potash production volumes came in at 1,058,000 metric tons in the second quarter and were up 11% or more than 100,000 metric tons versus the prior year.

These gains were achieved as a strong focus on process optimization and cost reduction drove significant improvements in operational performance and resource efficiency. Once again, we continue to maximize our potash sales by prioritizing the best global markets, and we also benefited from higher potash prices in the quarter. Despite recent price increases, potash remains relatively affordable compared to nitrogen and phosphate fertilizers, supporting continued demand.

Now turning to review the Phosphate Solutions division on Slide 18. For the second quarter, sales increased 13% to $722 million. Higher prices for both commodity and specialty phosphates helped drive sales growth. Second quarter EBITDA of $136 million increased slightly as price increases were able to partially offset the impact of higher raw material prices.

For our specialty food phosphates, sales increased in the second quarter, and this reflects not only price increases but also volume growth from existing and new customers. Growth was across a variety of use cases, including dairy, meat and seafood in expansion markets like China and India. Our specialty food solutions are targeting consumer trends such as low sodium, healthy-for-you and clean label. We are also developing a high-protein beverage prototype as we look to expand our participation in the GLP-1 category.

This brings us to our Growing Solutions business division on Slide 19. Sales for the second quarter increased 12% to $605 million with growth in most regions, while EBITDA of $50 million was down versus prior year. In order to partially offset the pressure from higher raw material costs, geopolitical tensions and supply chain volatility, the Growing Solutions team focused on favorable price and mix, disciplined SG&A management and commercial actions targeting profitability.

On a regional basis, soft market conditions remained an issue in Brazil as overall demand was weak. After a challenging April, performance improved progressively in May and June. For Europe, both sales and profitability improved in the second quarter as we maintained our focus on optimizing product mix. Execution of this strategy has proven successful with a sharp focus on core countries and products, driving growth and profitability. During the quarter, Growing Solutions did a remarkable job of managing the areas under their control from optimizing its fixed cost base to reducing general and administrative expenses.

I would now like to turn the call over to Asaf Alperovitz for a review of quarterly financials and our outlook for the remainder of 2026.

Asaf Alperovitz
Chief Financial Officer

Thank you, Elad. It is a pleasure to be here today. I'm excited to join ICL and to work with the entire global team as we execute new strategic priorities. Over the coming months, I look forward to meeting many of our investors and analysts in person and to spending time across the global operations, deepening my understanding of the business and its opportunities.

Let us get started on Slide 21 with a quick look at quarterly changes in key market metrics. On the positive side, the grain price index in the U.S. improved on a quarterly basis with corn, rice, soybean and wheat, all trending up. However, farmer affordability remains an issue on a global basis. In the U.S., farmer sentiment declined in the second quarter as high input costs remained a top concern. In addition, inflation-adjusted net farm income is forecasted to decline 2.6% in the U.S. in 2026.

Turning to commodity prices. Spot bromine prices reached a peak in April, and these higher prices helped support the strong financial performance of our Industrial Products segment in the second quarter. While bromine prices moderated in May and June, they ticked back up in July as turbulence returned to the Middle East.

In the second quarter, spot potash prices in the U.S. increased nearly 10% on a sequential basis, which supported a stronger Potash division performance versus the prior year. Phosphate fertilizer prices were also higher in the second quarter with key benchmark rates increasing an average of 22% on a sequential basis.

However, production costs also escalated as geopolitical disruption drove higher costs for raw materials, particularly sulfur. As you know, sulfur is a key raw material for our phosphate products. In the second quarter, the spot price of sulfur increased 72% on a sequential basis and more than 210% on an annual basis, and these price increases impacted margin rate.

In addition, other costs remained elevated, including ocean freight rates. Prices increased 45% on average in the second quarter due to disruptions in the Middle East and continue to increase in July. Finally, let's take a look at exchange rates. As you know, ICL is a dollar-denominated company. So as the shekel strengthens versus the U.S. dollar, it makes it more costly for operations in Israel.

However, there was a slight reversal of this trend in July. Going forward, we will continue to use hedging strategies to help mitigate currency risks and to monitor changes in the dollar to shekel exchange rate along with other significant currency fluctuations.

Now if you will turn to Slide 22 for a look at our second quarter sales bridges. On a year-over-year basis, sales were up $303 million or approximately 17% with all 4 segments demonstrating growth. Turning to the right side of the slide, you can see a $206 million benefit from higher prices this quarter, which was enhanced by higher volumes. Exchange rates also had a positive impact on sales in the second quarter.

On Slide 23, you can see our second quarter adjusted EBITDA, which improved approximately 28% versus the prior year with Industrial Solutions, Potash and Phosphate Solutions all contributing. Higher volumes and prices contributed to the year-over-year improvement and were partly offset by the impact of exchange rate fluctuations and significantly higher raw material costs. While our Growing Solutions segment also delivered higher sales and volumes supported by cost savings initiatives, these benefits were more than offset by significantly higher prices for nitrogen and sulfur.

Turning to Slide 24 and a few more second quarter financial highlights. Our balance sheet remains strong with available cash resources of $2.2 billion. In the quarter, we delivered operating cash flow of $290 million, while free cash flow increased 34% versus prior year to $94 million. Our net debt to adjusted EBITDA rate remained at a stable 1.5x, and we successfully completed our $800 million senior notes offering. Once again, we are distributing 50% of adjusted net income to our shareholders. This translates to a total dividend of $75 million in the second quarter and results in a trailing 12-month dividend yield of 4.1%.

Before turning the call over to the operator, I would like to highlight that it is an exciting time to join ICL. I'm looking forward to working on an enterprise-wide cost savings and efficiency measures initiatives as we strive to reduce our cost basis while supporting margin expansion, improving cash generation and strengthening our earning power.

In addition, I believe our new organizational structure will strengthen management focus on our key growth engines and align the business with our strategic priorities. We expect this update to our reporting structure to provide investors with enhanced visibility into the performance, growth drivers and value creation potential of our businesses.

The new organizational structure will be implemented beginning in the first quarter of 2027 and will be reflected in both our internal and external financial reporting. In the interim, the team and I are available to assist you with any modeling questions in order to help make this transition seamless.

Now turning to Slide 25 and a review of our guidance for 2026. We are reiterating our guidance and continue to expect consolidated EBITDA to be between $1.5 billion and $1.7 billion. This reflects the expected impact of higher raw material costs and currency headwinds. In the second quarter, we were successful in offsetting some of these higher costs through certain mitigation actions and as we consumed lower-cost sulfur inventory.

However, if sulfur prices remain at this currently elevated levels, we will see margin pressure in our phosphate products as we consume higher-priced inventory. While we expect continued challenges in the second half of the year, we remain focused on execution and are confident we have the right people, solutions and capabilities in place to help ease but not completely eliminate the impact of external forces.

For potash sales volumes, we continue to expect this amount to be between 4.5 million metric tons and 4.7 million metric tons due to operational improvements made in 2025. Finally, we expect our annual adjusted tax rate to be approximately 30%.
And with that, I would like to turn the call to the operator for the Q&A session.

Question and Answer

Operator

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

Benjamin M. Theurer
Barclays Bank PLC, Research Division

First of all, congrats on a very strong second quarter. My first question is, I would say, results related and the follow-up is on the new strategy. So first of all, looking at the results, there was clearly an impressive outcome in Industrial Products with almost doubling on EBITDA on very strong sales.

So I just wanted to understand if you could kind of like help us bridge maybe how much really was driven by price versus what was then ultimately demand and the strength in it and how we should think about the top line and the profit for IP as we move into the second half, just given that it was such an outstanding quarter in this segment?

Asaf Alperovitz
Chief Financial Officer

Thank you for your question, Ben. So indeed, with the IP and bromine segment, we've seen strong performance, both in sales and EBITDA. As you noted, the bromine and as you are well aware, the bromine prices reached a peak in April, above $6,000 roughly per ton.

In May and June, they slightly moderated. And currently, they are pretty much at $4,500, so going back to a higher level. In terms of certain product line, we've seen flame retardants doing solid with very strong performance. So overall, certainly, we enjoyed the high prices in Q2. In April, we were able to lock in strong prices and transaction towards Q2. And now again, we are at $4,500 level. So certainly pretty attractive prices as well. Did I ask your question? Any follow-up?

Benjamin M. Theurer
Barclays Bank PLC, Research Division

So yes, the second one is really about Elevate and just looking into the, call it, maybe stretching the downside risks and the upside potential here. Clearly, a lot of it comes down to operational efficiencies and productivity with roughly half of the savings. So I just want to understand like what you have identified and how comfortable you are with reaching first the $150 million in first place and then actually being able to add more than -- double than that in the year after. So I just wanted to understand what is it that gives you confidence to be able to achieve the roughly $350 million target within that 2-year time frame with a focus on the productivity, please?

Elad Aharonson
President & CEO

So Ben, it's a great question. And you know us by now, and you know that we are -- I'll say gently, we are a bit conservative. So probably you understand that if we say that we are going to hit the $350 million, so our internal target is even higher than that. That's just to be honest. And the reason for that is that ICL expanded in the last few years, and we have more than 40 production sites and a very complicated and widespread logistic supply chain. So with that, I think we have a lot of potential to be more efficient to allocate those savings. I think for the last few years, we didn't put a lot of efforts or a focused effort on this part of the company. It's about time, and I'm quite confident that we'll be able to bring those numbers, hopefully a bit more.

Operator

Your next question comes from the line of Joel Jackson with BMO Capital Markets.

Joel Jackson
BMO Capital Markets Equity Research

I have a few questions. I'm going to ask them one by one. Just back on IP, I appreciate the color you gave a few seconds -- a few minutes ago. I know that prices are still good for bromine in Q3. But I mean, should we see earnings levels drop in Q3, Q4 somewhere between Q1 and Q2 levels?

Asaf Alperovitz
Chief Financial Officer

Again, in the current level of $4,500 of bromine prices, I think prices are higher than what we've seen in Q1. They are lower than what we've seen in April. But we have the capabilities and agility actually to lock in transactions. So I think Q2 does represent a pretty high level. But as it relates for Q3 and beyond, we'll just have to wait and see.

Joel Jackson
BMO Capital Markets Equity Research

And then my second of 3 questions would be, we all are quite aware of day-to-day trials and crises in sulfur. You gave a bit of commentary about expecting lower phosphate margins in the second half of the year, if I heard correctly. But can you give a sense of how you're handling sulfur, we're starting to -- I mean the market has no sulfur supply, but a lot of lower sulfur demand. How are you handling this? What should we expect in the second half?

Elad Aharonson
President & CEO

So yes, sulfur is probably one of the main issues for the remainder of the year, not only for us, you hear it from our colleagues as well. And basically, there are 2 challenges. One is the availability just to get sulfur, and the other one, of course, is the price. Prices moved up along Q2. And now the spot prices in CFR terms are around $1,200, a bit more than that per metric ton.

By now, we managed to secure the quantities for Q3 and beginning of Q4, but it's still a challenge. So for now, we have no intention to reduce the production rate both in Rotem and YPH in China. Having said that, the cost of sulfur, the consumption cost is going to be higher than what we saw in Q1 and also in Q2.

So yes, sulfur is an issue. The bottom line, we continue to produce right now. We have the demand and the demand for the phosphate products, and we have enough sulfur at least for Q3. I believe we'll solve it also for Q4, but cost will continue to increase, consumption cost.

Asaf Alperovitz
Chief Financial Officer

Maybe just to add on that, I think that one of our key strengths, and we are quite unique in the industry is our breadth and diversity of our product portfolio, geographies and the markets and the customers we serve. This diversification really provides the flexibility where we can optimize the sulfur allocation across different customers and end markets and so forth. So through a detailed S&OP process, we can really optimize that. I think that's something that we will certainly continue to do as we move forward in the second half of the year.

Joel Jackson
BMO Capital Markets Equity Research

And then my last question is a bit more longer-term thinking, which is, obviously, you're quite exposed to LFP cathodes with your business and high-purity phosphoric acid and there's a lot of opportunity there. We've seen strong growth rates in LFP, energy storage, a big deal now in batteries. We're really seeing sodium ion as the conversation for energy storage. And there's a lot of questions now if sodium ion over the next bunch of years will take share from LFP in ESS. Can you share your latest views on that?

Elad Aharonson
President & CEO

Yes. So yes, we are enjoying the LFP trend by supplying acid and MAP mainly to producers in China. It's not a huge part of our Phosphate business, to be honest. And also, and again, I'm not a technical expert, but I think it's going to take time until the LFP will be down. Right now, we see the opposite. We see an increasing trend with the LFP demand. So I think for the next 5 years, we have nothing to be concerned of in that respect. Maybe in 10 years' time, there will be a different arena. But in any case, again, LFP for now, it's not a big part of what we are doing on the Phosphate segment.

Operator

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

Joel Jackson
BMO Capital Markets Equity Research

Okay. I'll go back for some more. Maybe in terms of Potash. So on Potash, can you talk about the market? Like it seems like it's stabilized around $400 a ton. We've seen some announcements from some of your Eastern European competitors about maintenance in Q3, and we'll have to see how much we believe if those numbers are true. But what are you seeing in the granular versus standard markets for potash? Is it a stable market?

Elad Aharonson
President & CEO

So the way we see the potash market right now, it's -- I think the word is stable market, that's the right term. Demand is there. It's varied from the different geographies. But right now, we have demand both for granular between Brazil, U.S. and Europe. And of course, the standard mainly for us, India and China.

As for the price level, so China and India, it's a fixed price, right, annual contract. As for the spot market, yes, around $400. It depends. U.S., a bit less, Europe, a bit more. But all in all, that's the ZIP code. I don't see a lot of volatility in the potash market in the last few months. And also, I don't anticipate any volatility in the coming few months.

Joel Jackson
BMO Capital Markets Equity Research

And just maybe you can give some commentary on Brazil in general for your different businesses, including Growing Solutions. I mean, across the crop input landscape, the ag equipment landscape, all we hear about is how challenged Brazil has been from a credit perspective, concerns about interest rates. Now does that mean like your Growing Solutions business should we see pretty flat earnings in the second half of the year? Or is there opportunity for some growth in the -- in Brazil?

Elad Aharonson
President & CEO

Yes, it's a great question. For our Growing Solutions business, Brazil represents 1/3 of the business, and it's not a secret that the Brazilian market is weak. And also, just to remind everyone that usually the hot season or the high season in Brazil is Q3 and the beginning of Q4. So in that respect, I think this year in Brazil will be weaker than what we saw in the past because of the reasons that you mentioned.

By the way, we don't see less of consumption on the commodity. So potash and the fertilizer, we don't see the real gap. But on specialty fertilizers, it's a bit tougher. So I think in Brazil, in Growing Solutions, Q3 will not be as strong as it should be. When we'll see the change, I don't know. There are elections in October, I think, and maybe they will change some external factors. But for this season, unfortunately, I think Brazil will remain soft.

Asaf Alperovitz
Chief Financial Officer

Maybe just to add to that, despite the fact that we see key grains prices going up since the beginning of the year and even more so in July due to the macro reason that you just mentioned, we see affordability is still a major issue in Brazil. Also financing, to plan financing is challenging. You're aware of the macro conditions with real interest rate above 9%. So overall, despite high grain prices, the input costs are very high. And we do expect that, as Elad mentioned, to continue into the second half of the year.

Operator

Your next question comes from the line of Ben Theurer with Barclays.

Benjamin M. Theurer
Barclays Bank PLC, Research Division

Why not? We'll give it another one as well. Joel and I were running are the show here. So one question I had to follow up is, if I look at your guidance currently and we just take a look at EBITDA on an LTM basis, you're at about $1.65 billion, so closer to the higher end of it.

So with obviously better pricing on potash still coming in a little bit on a year-over-year basis, that momentum in IP, maybe a little bit tougher on the phosphate side. But putting this all together, it feels like we can comfortably think about the higher end.

So I wanted to understand a little bit the risks that you're seeing for maintaining somewhat a still relatively wide range of outcomes with that $200 million spread on your EBITDA guidance. What are the risks that you're seeing for the second half? And what could take you to the lower end versus where we're trending at, which would be the higher end as of now?

Elad Aharonson
President & CEO

So I think you're a bit underestimating the sulfur issue as we don't see -- I mean, in the Q2 results for us, and I guess for the peers as well, we don't see the full extent of the implication of the very high sulfur prices. So that's a real headwind together with the FX, I mean, the exchange rate between shekel and dollar, we are exposed to the shekel in more than $1 billion equivalent.

So those are the main headwinds. The third one, as we just discussed, answering Joel's question, is Brazil. Brazil, usually, it's a big contribution for Q3, and it's now a bit soft. So those are the headwinds. There are also tailwinds, as you mentioned. As for the bromine prices, right now, it's better than expected. But again, it's very much has to do with the geopolitical situation here in West Asia. So I don't know what will happen next in that respect. Potash remains stabilized as we discussed. So all in all, I think the second semester will be good, but most probably will be a bit lower than the first half.

Operator

This concludes the question-and-answer session. I will now turn the call back to Elad Aharonson for closing remarks.

Elad Aharonson
President & CEO

Okay. So bottom line, a very strong Q2 as we discussed. We discussed also the headwinds for the rest of the year, but also the tailwinds. I don't want to repeat this one. And it was very important for me to share with you how we're making progress on our strategic implementation or execution.

The organizational structure adjustment will be implemented early next year. And I think it's very -- it will give us an opportunity and very nice potential in those end markets. And also the Elevate, again, we are very focused on that and the entire company, all the employees are very much committed to that. So I have no doubt that we are going to win this $350 million until the end of 2028.

With that, I'll conclude here. Thank you very much for participating today, and see you all in the next quarter.

Asaf Alperovitz
Chief Financial Officer

Thank you.

Operator
This concludes today's call. Thank you for attending. You may now disconnect.