ICL

Q3 2019 Results

Raviv Zoller,
President & CEO

November 7, 2019

Important Legal Notes

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Included in this presentation are certain non-GAAP financial measures, such as sales excluding divested businesses, adjusted operating income, adjusted operating income excluding divested businesses, adjusted EBITDA excluding divested businesses, Adjusted net income excluding divested businesses, adjusted EPS excluding divested businesses and free cash flow, designed to complement the financial information presented in accordance with IFRS because management believes such measures are useful to investors. These non-GAAP financial measures should be considered only as supplemental to, and not superior to, financial measures provided in accordance with IFRS. Please refer to our Q3 2019 press release for the quarter ended September 30, 2019 and the appendix to this presentation for a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable financial measures prepared in accordance with IFRS.

Q3 2019 Highlights

- ✓ Solid results with record cash generation
- ✓ Sales of $1,325 million were 3% lower than Q3 2018, mainly due to delays in the signing of potash supply contracts in Asia
- ✓ Operating income was slightly higher at $201 million
- ✓ EPS of $0.10, in line with Q3 2018
- ✓ Adjusted EBITDA was up by 4% to $307 million. YTD adjusted EBITDA increased by 18%
- ✓ 6-year record quarterly operating cash flow of $368 million, 88% higher compared to Q3 2018. YTD operating cash flow almost doubled to $780 million
- ✓ A dividend of ¢5 per share, reflecting a dividend yield[(1)] of more than 4%
- ✓ Important strategic milestones achieved by Industrial Products and Phosphate Solutions divisions, supporting ICL's future growth

(1) LTM dividend yield

Key Financial Metrics

$ millions	Q3 2019	Q3 2018	% change	1-9/2019	1-9/2018	% change
Sales	1,325	1,371	(3%)	4,165	4,146	-
Sales (Excluding divested businesses)	1,325	1,371	(3%)	4,165	4,096	2%
Operating income	201	196	3%	668	1,353	(51%)
Adjusted operating income	201	200	1%	672	539	25%
Adjusted EBITDA	307	295	4%	997	842	18%
Net income	130	129	1%	427	1,158	(63%)
Adjusted net income	130	134	(3%)	431	353	22%
EPS(1) (Presented in US dollars)	0.10	0.10	-	0.33	0.91	(64%)
Adjusted EPS(1) (Presented in US dollars)	0.10	0.10	-	0.34	0.28	21%
Operating cash flow	368	196	88%	780	396	97%

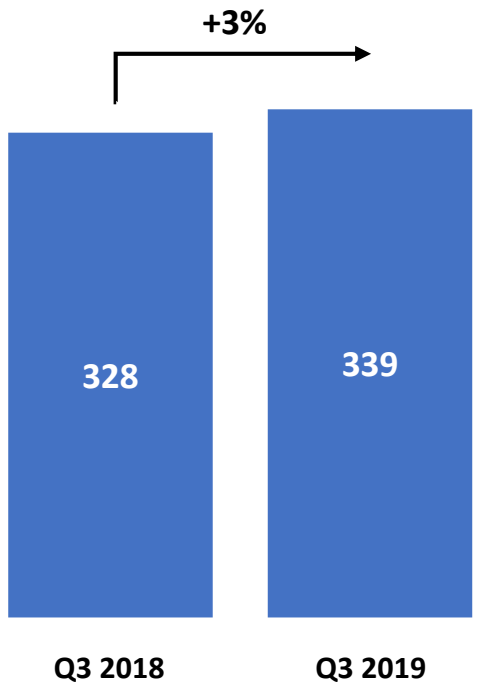
Adjusted operating income, adjusted EBITDA and operating cash flow for Q3 2019 include a positive impact of the new IFRS 16 accounting standard in the amounts of $2 million, $15 million and $10 million, respectively.

(1) EPS and adjusted EPS are calculated as net income and adjusted net income, respectively, divided by weighted-average diluted number of ordinary shares outstanding. See reconciliation table in the appendix of this presentation.

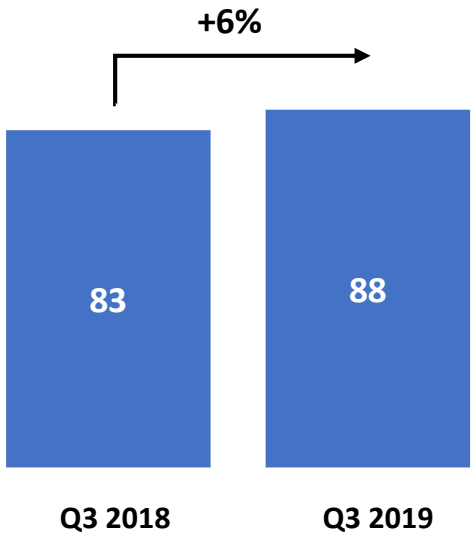
Industrial Products Business Performance

SALES[1]

$ millions



SEGMENT PROFIT

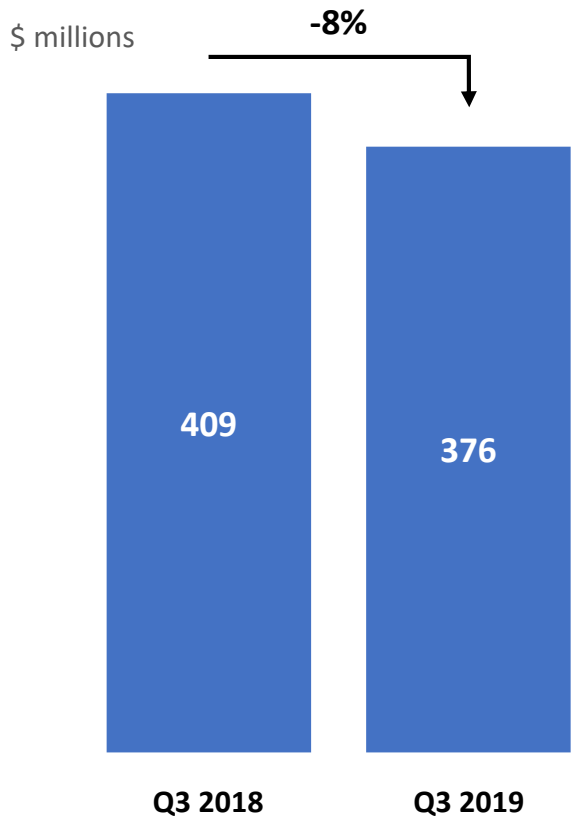


- ✓ **Higher prices** of bromine, bromine derivatives and phosphorous flame retardants
- ✓ **Higher sales volumes** of elemental bromine and clear brine fluids
- ✓ **Long term strategic agreements** with customers in Asia are expected to generate additional annual revenues estimated at $110 million, beginning in 2021

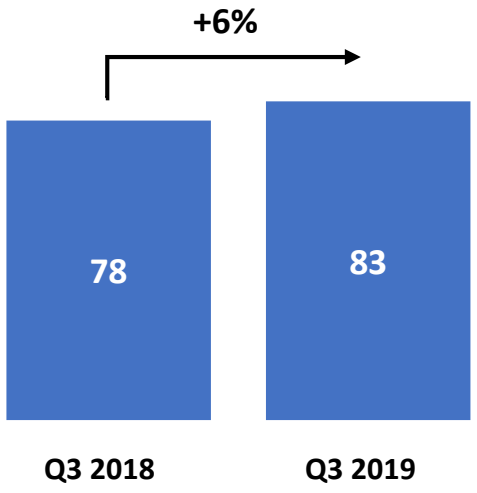
(1) Including inter-segment sales

Potash Business Performance

SALES[1]



SEGMENT PROFIT

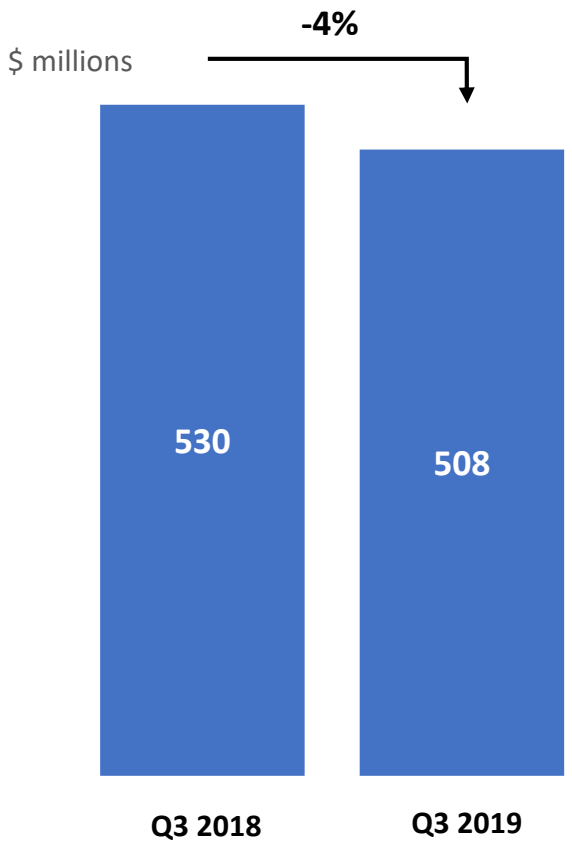


- ✓ **Delayed contract signing** in China and India resulted in a decrease of 10% in potash sales quantities
- ✓ **Updated supply contract with India signed** at a $10 per tonne price reduction, to be supplied through March 2020
- ✓ **Polysulphate production doubled** and is on track to reach 1 million tonnes run-rate in 2020
- ✓ Dead Sea plant upgrade, scheduled for Q4 2019, is expected to **enable higher production in 2020**

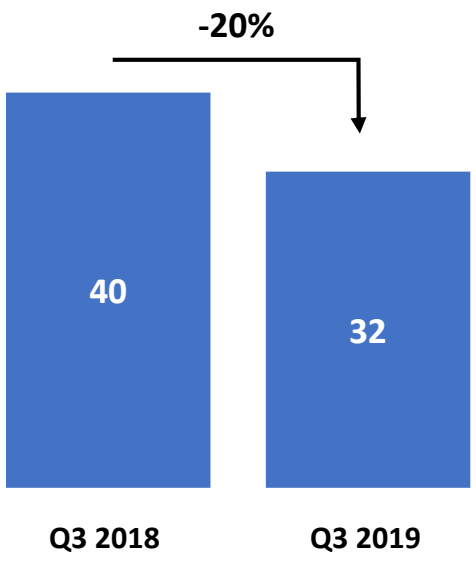
(1) Including inter-segment sales

Phosphate Solutions Business Performance

SALES[1]



SEGMENT PROFIT



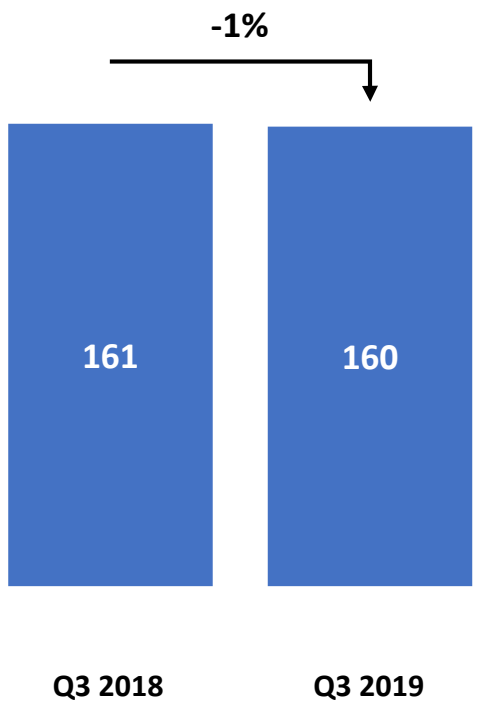
- ✓ Results demonstrate the **resilience of ICL's specialty phosphate businesses** amid the weak phosphate commodity market
- ✓ **YPH continued to deliver improved results**, driven by operational efficiencies
- ✓ ICL signed strategic agreements for the supply of its **ROVITARIS® technology for the meat alternatives market**

(1) Including inter-segment sales.

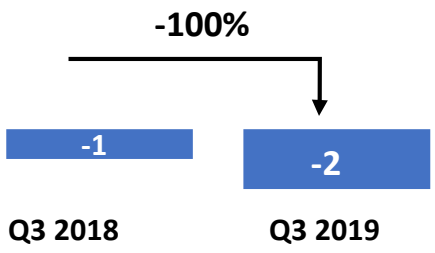
Innovative Ag Solutions Business Performance

SALES[1]

$ millions



SEGMENT PROFIT



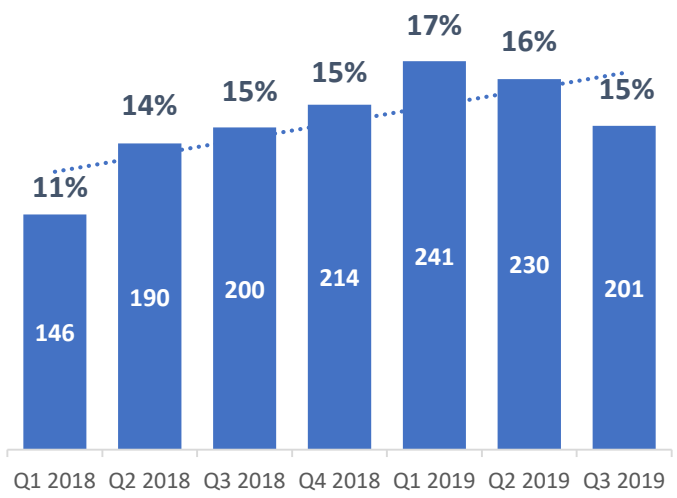
- ✓ **Stable revenues** despite reduced sales of low-margin 3rd-party products
- ✓ Year-over-year results negatively impacted by **higher raw material costs and unfavorable exchange rates**
- ✓ Increased focus on **cost controls and cash generation**

(1) Including inter-segment sales

Growth Trend in Most Main Operational Parameters

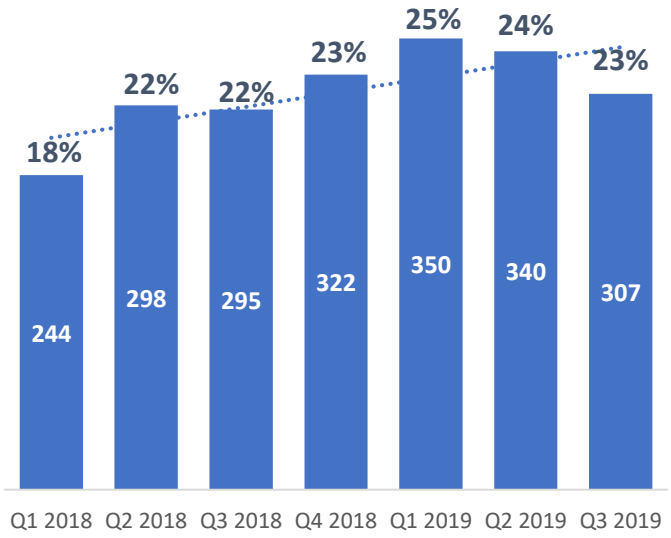
$ millions

Adjusted operating income
excluding divested businesses[1]



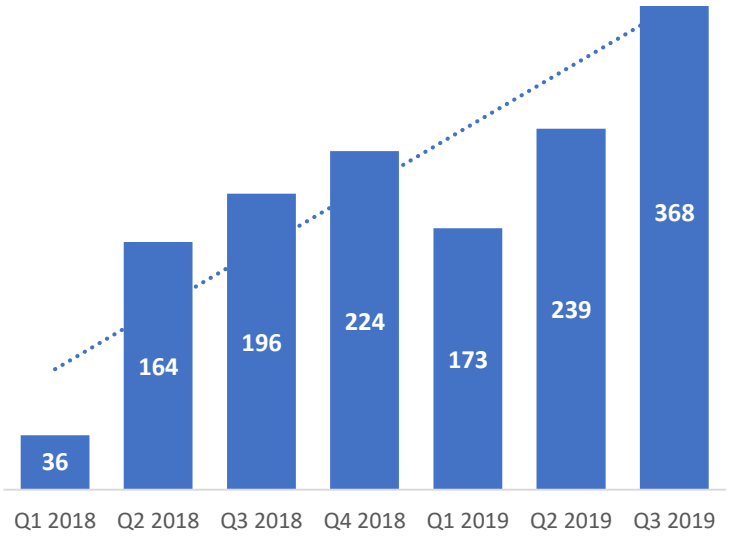
Adjusted operating income
% Adjusted operating income
Trend line

Adjusted EBITDA
excluding divested businesses[1]



Adjusted EBITDA
% Adjusted EBITDA margin
Trend line

Operating cash flow



Operating cash flow
Trend line

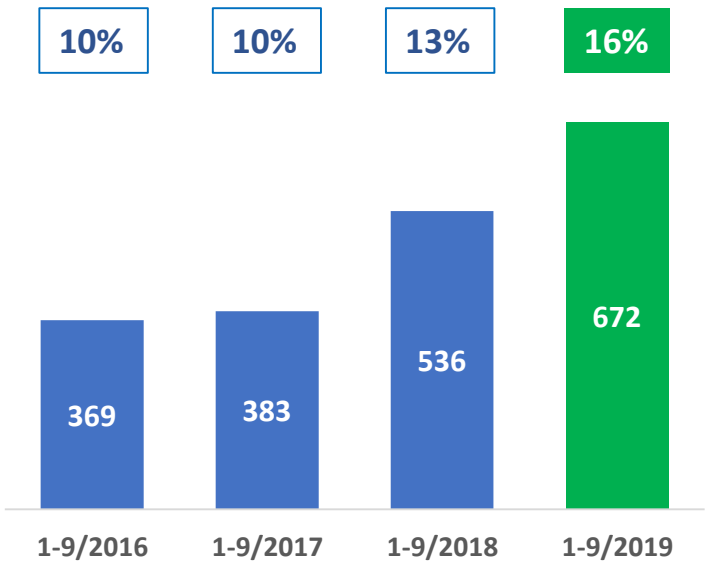
Adjusted operating income, adjusted EBITDA and operating cash flow for Q3 2019 include a positive impact of the new IFRS 16 accounting standard in the amounts of $2 million, $15 million and $10 million, respectively.

(1) Adjusted operating income and adjusted EBITDA excluding divested businesses are non-GAAP financial measures. See Appendix to this presentation for reconciliation tables.

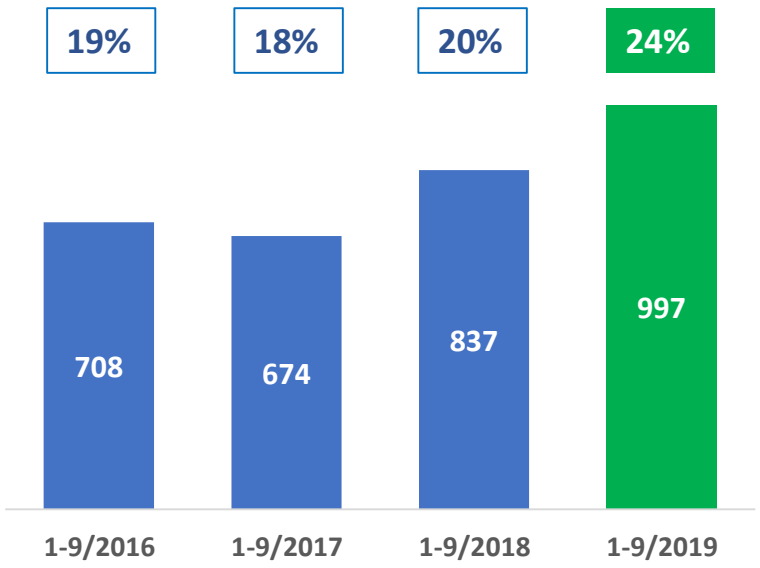
Growth Trend in Most Main Operational Parameters – YTD View

$ millions

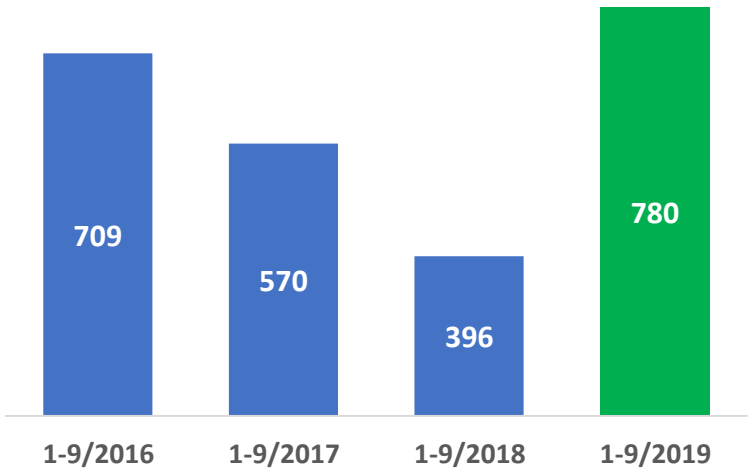
Adjusted operating income
excluding divested businesses[1]



Adjusted EBITDA
excluding divested businesses[1]



Operating cash flow



Adjusted operating income
% Adjusted operating income margin

Adjusted EBITDA
% Adjusted EBITDA margin

Operating cash flow

Adjusted operating income, adjusted EBITDA and operating cash flow for Q3 2019 include a positive impact of the new IFRS 16 accounting standard in the amounts of $2 million, $15 million and $10 million, respectively.

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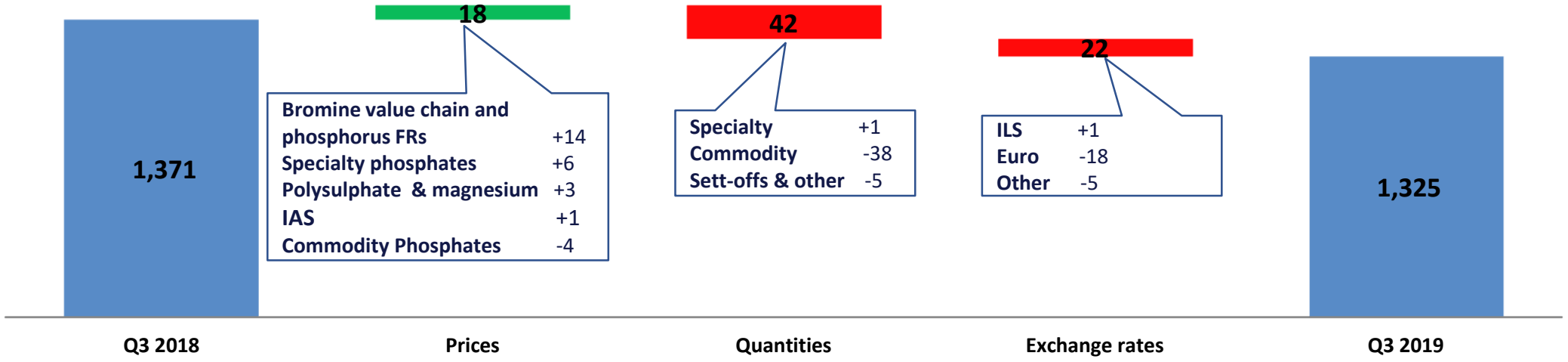
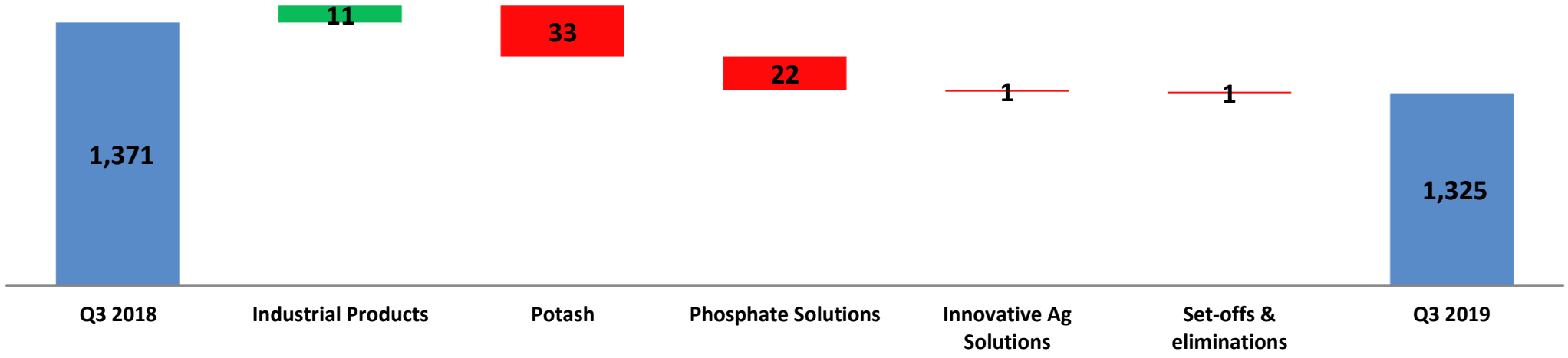
Kobi Altman, CFO

Q3 2019 Sales

$ millions

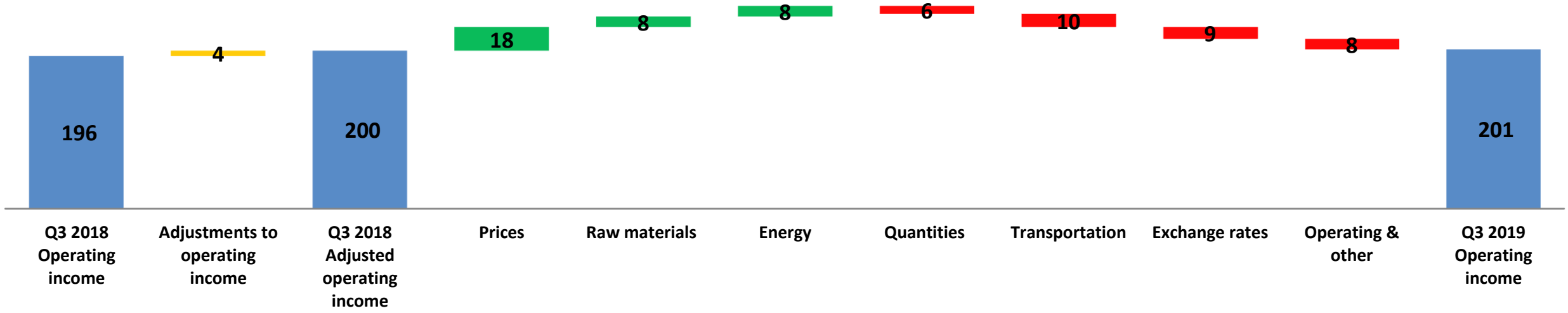


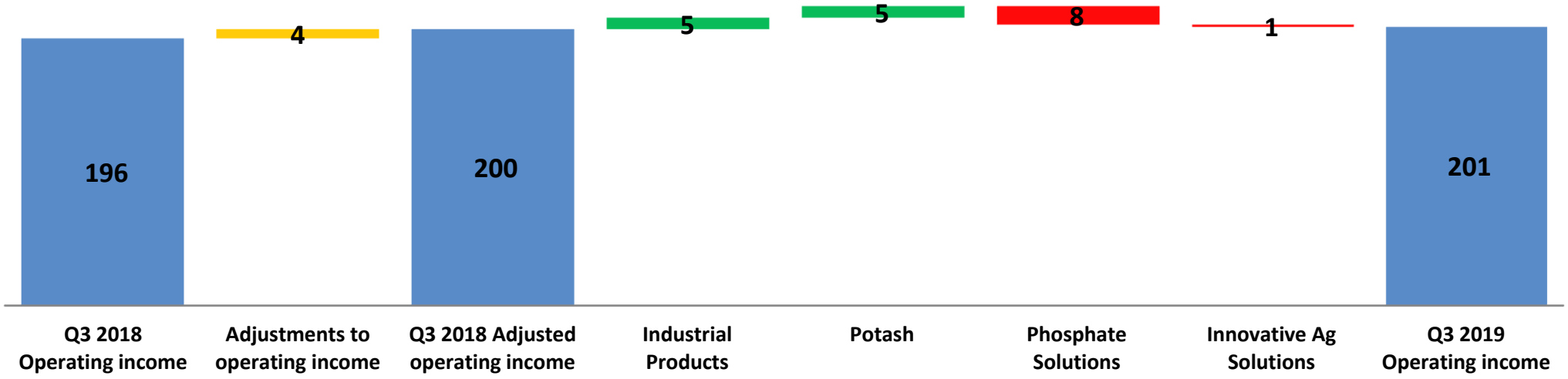


Numbers may not add due to rounding and set offs.

Q3 2019 Adjusted Operating Income Demonstrating Resilience

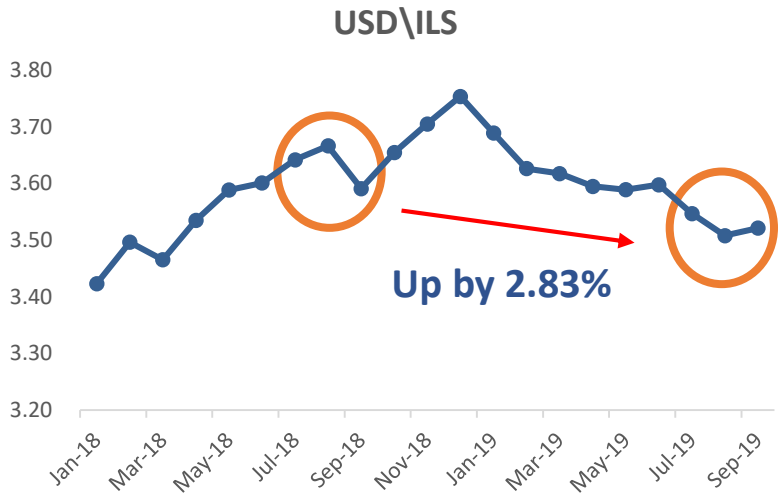
$ millions

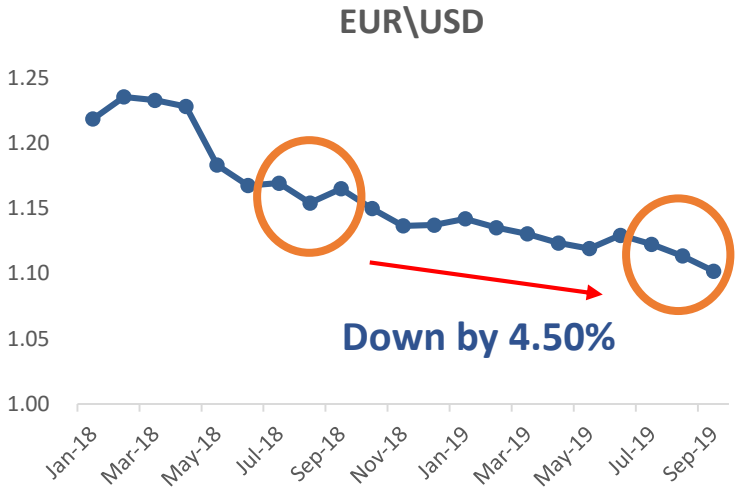


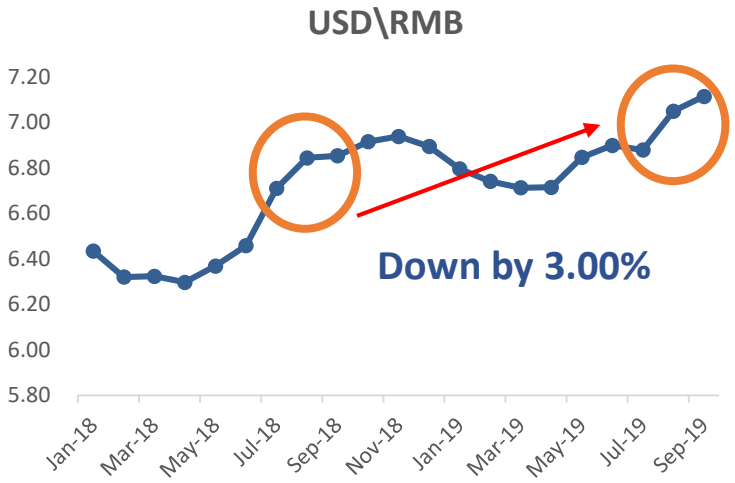


Adjusted operating income is a non-GAAP financial measure. See Q3 2019 6-K and PR for a reconciliation of adjusted operating income to operating income.
Numbers may not add due to rounding and set offs.

Foreign Exchange Rates Impact







Foreign currency impact Y-O-Y	Q1 2019	Q2 2019	Q3 2019	YTD 2019
Sales	46	34	22	104
Expenses	(48)	(26)	(13)	(87)
Operating income	2	8	9	17
Finance expenses	(13)	(4)	1	(16)
Tax	5	2	5	12
Total	**(6)**	**6**	**15**	**13**

Numbers may not add due to rounding

Finance Expenses

$ millions	Q3 2019	Q3 2018
Liabilities[1] (including ~$300 million of LT leases in 2019)[2]	2,650	2,514
Interest rate	4.2%	4.0%
Interest expenses[2]	28	25
Interest capitalization	(4)	(5)
Interest expenses, net	**24**	**20**
Total hedging transactions, balance sheet revaluation & other	(6)	(3)
Interest & exchange rate impact on long-term liabilities of leasing and employees[3]	14	6
Net financial expenses	***32***	***23***

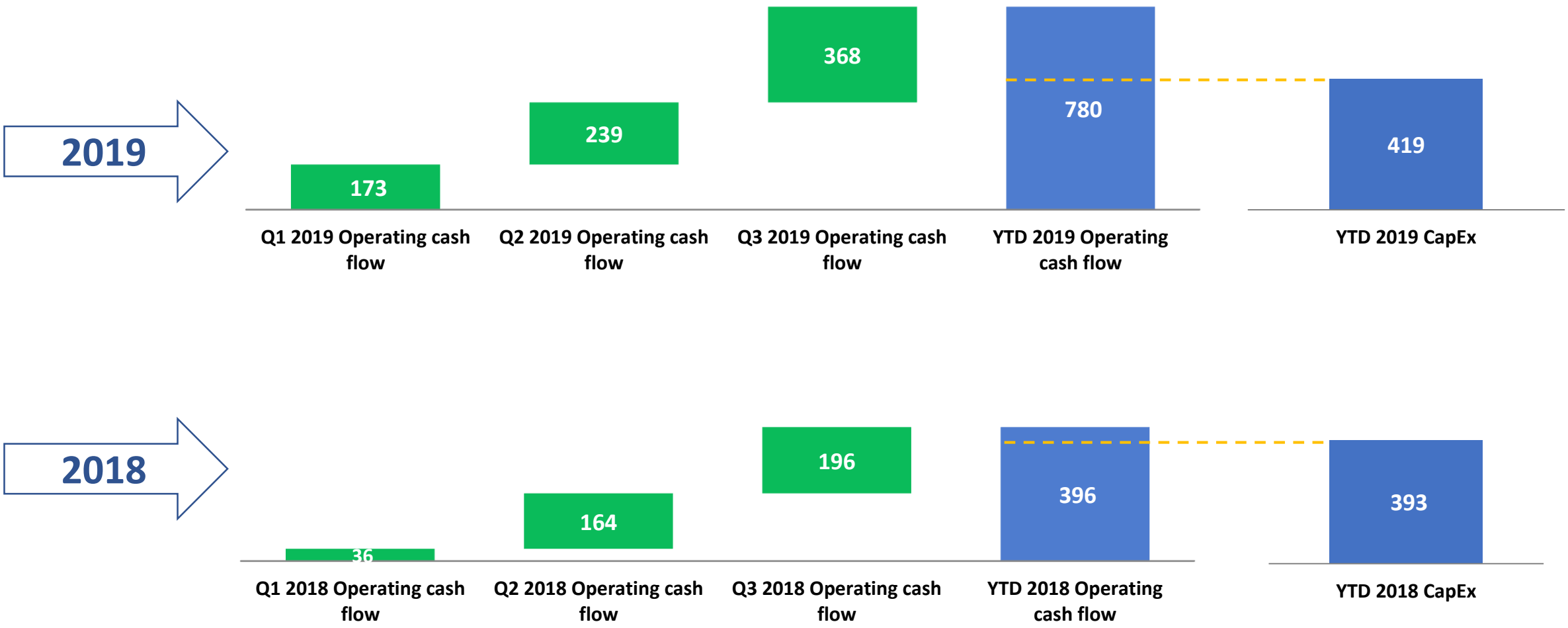
Q3 and YTD 2019 finance expenses include an IFRS 16 related increase of $6 million and $18 million respectively

Numbers may not add due to rounding

1) Average liabilities during the given quarter
2) Q3 2019 liabilities includes $300 million impact of IFRS 16, which are not included in the Q3 2018 debt figures
3) Q3 2019 financial expenses include a $4 million increase in interest and a $2 million exchange rate differences due to the implementation of IFRS 16

Operating Cash Flow Development

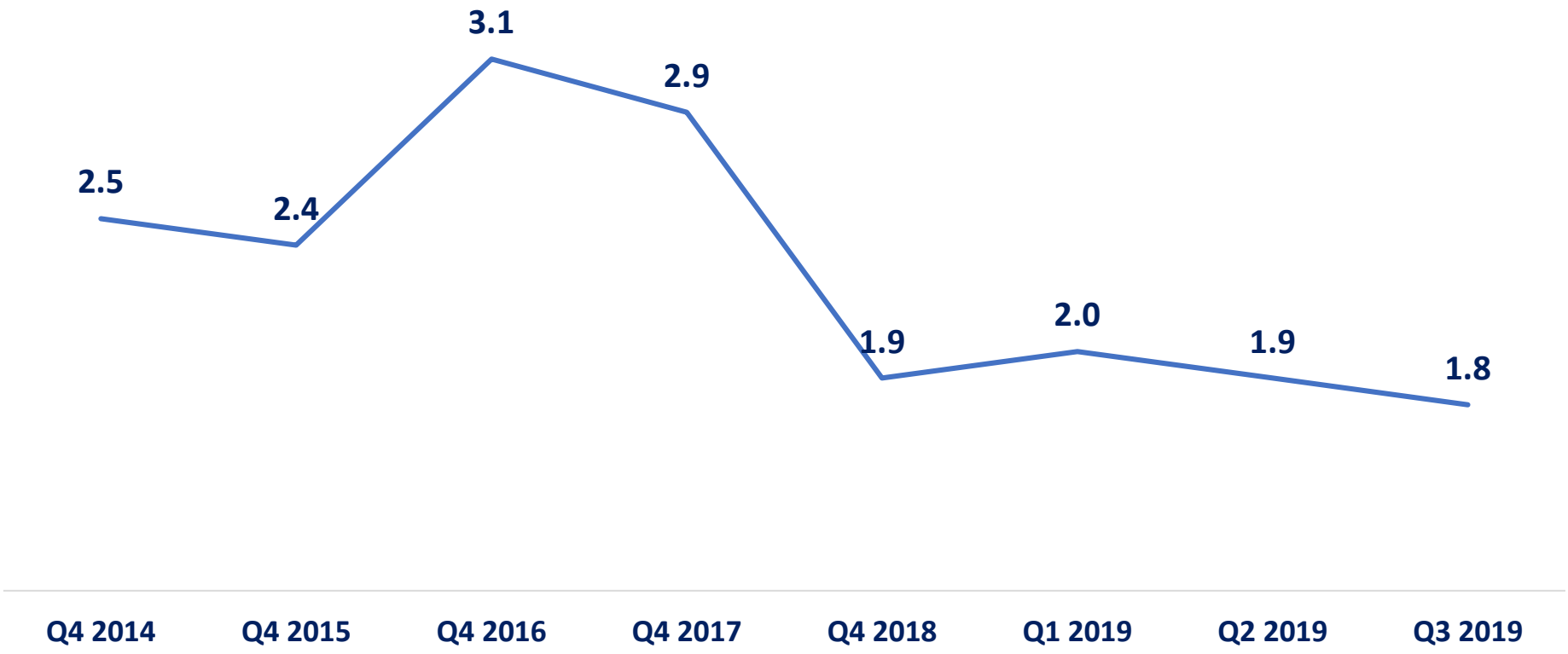
($ millions)



1) Q3 2019 debt includes $300 million impact of IFRS 16, which are not included in the Q3 2018 debt figures
2) Q3 2019 financial expenses include a $4 million increase in interest and a $2 million exchange rate differences due to the implementation of IFRS 16
Numbers may not add due to rounding

Solid Financial Position Supporting Strategy Execution

Net Debt/EBITDA ratio[1]



(1) Net debt to adjusted EBITDA calculated as short term credit + long term debt & debentures – cash & cash equivalents – short term investments & deposits, divided by last twelve months adjusted EBITDA

Q3 Key Takeaways

SOLID PERFORMANCE IN AN INCREASINGLY CHALLENGING ENVIRONMENT

STRONG CASH GENERATION

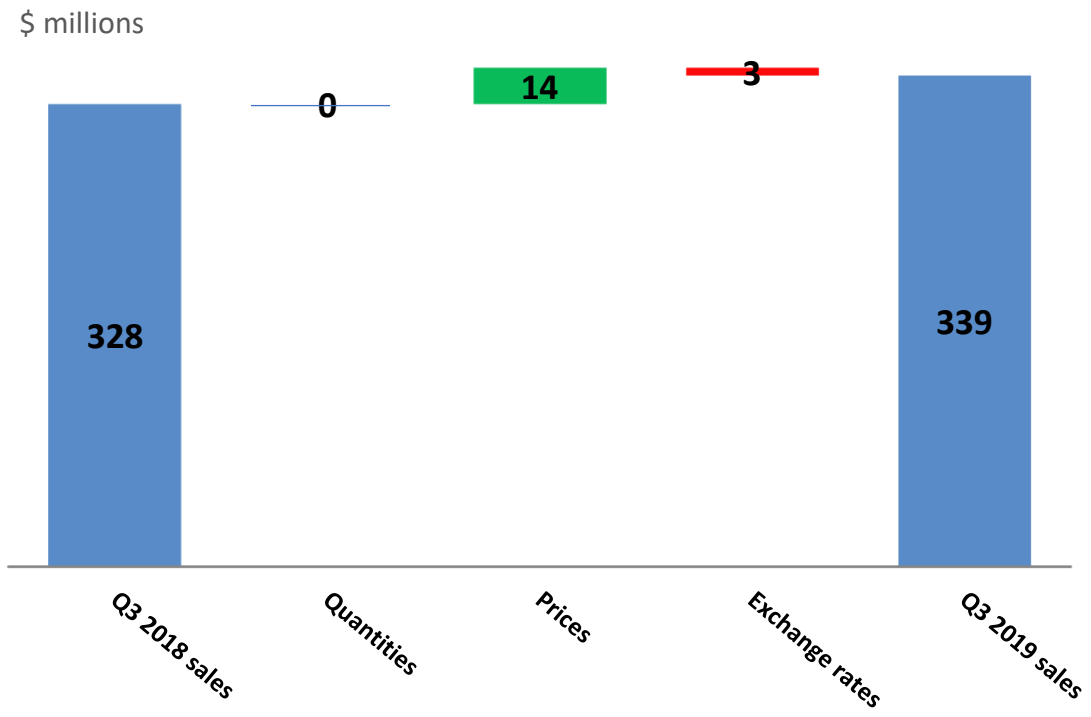
STRATEGIC MILESTONES STRENGTHEN ICL'S LEADERSHIP POSITIONS, CREATING LONG-TERM VALUE

THANK YOU

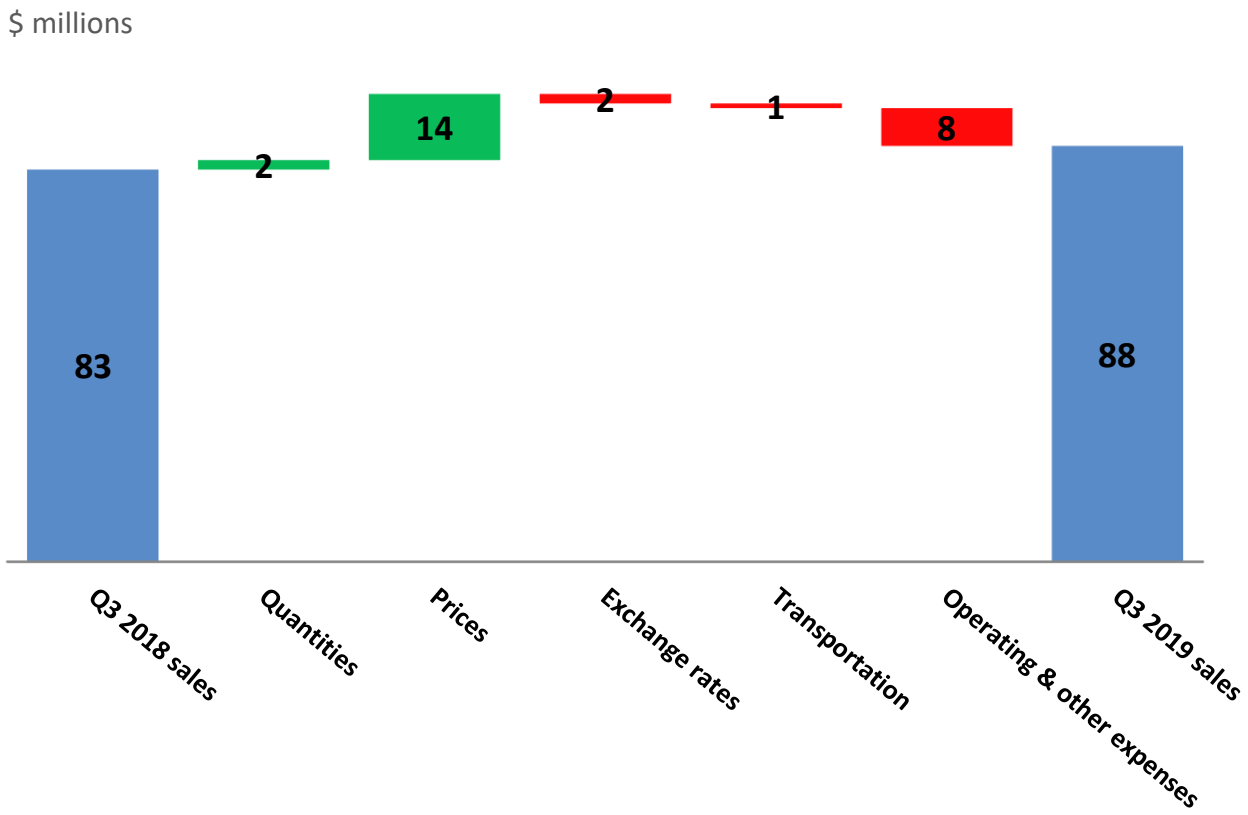
APPENDIX

Q3 2019 Industrial Products Sales and Segment Profit Analysis

SEGMENT SALES



SEGMENT PROFIT

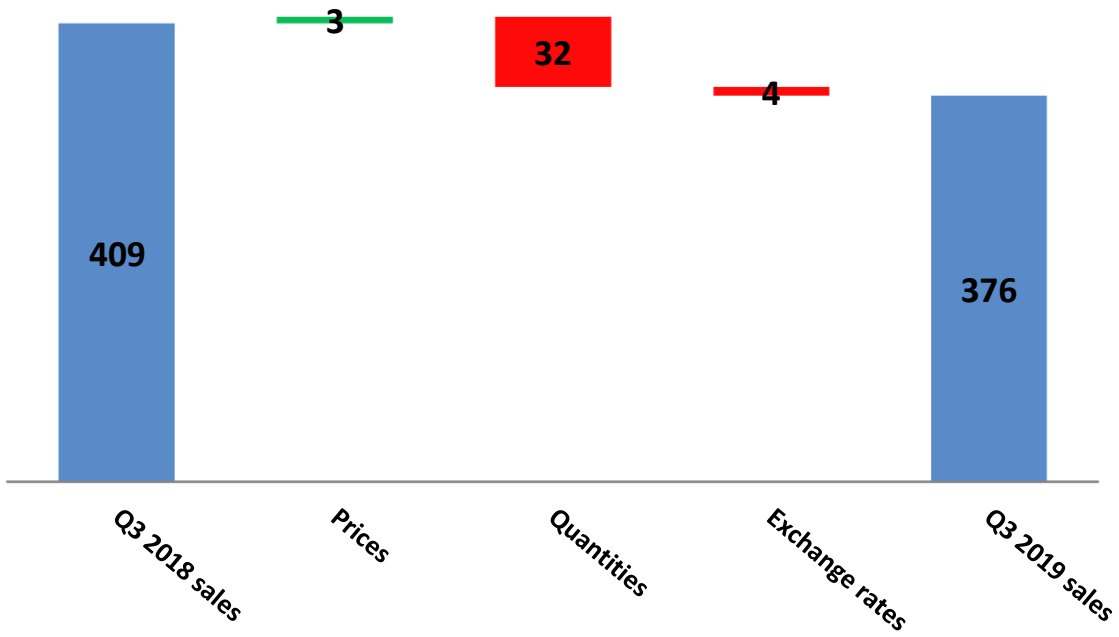


Numbers may not add due to rounding and set offs

Q3 2019 Potash Sales and Segment Profit Analysis

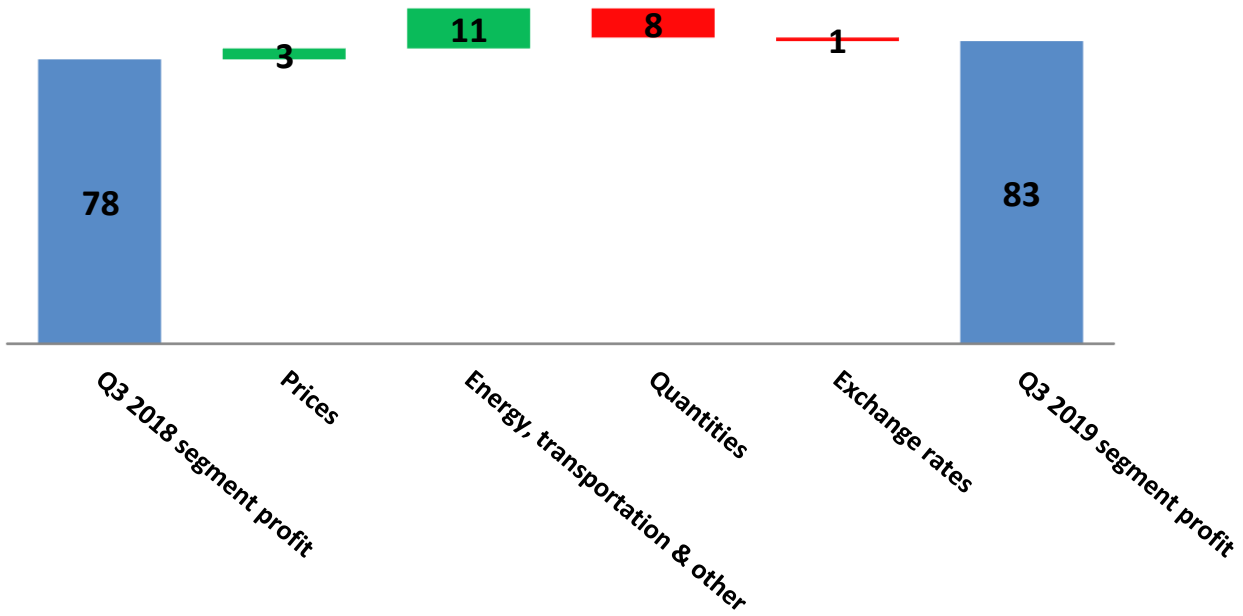
SEGMENT SALES

$ millions



SEGMENT PROFIT

$ millions



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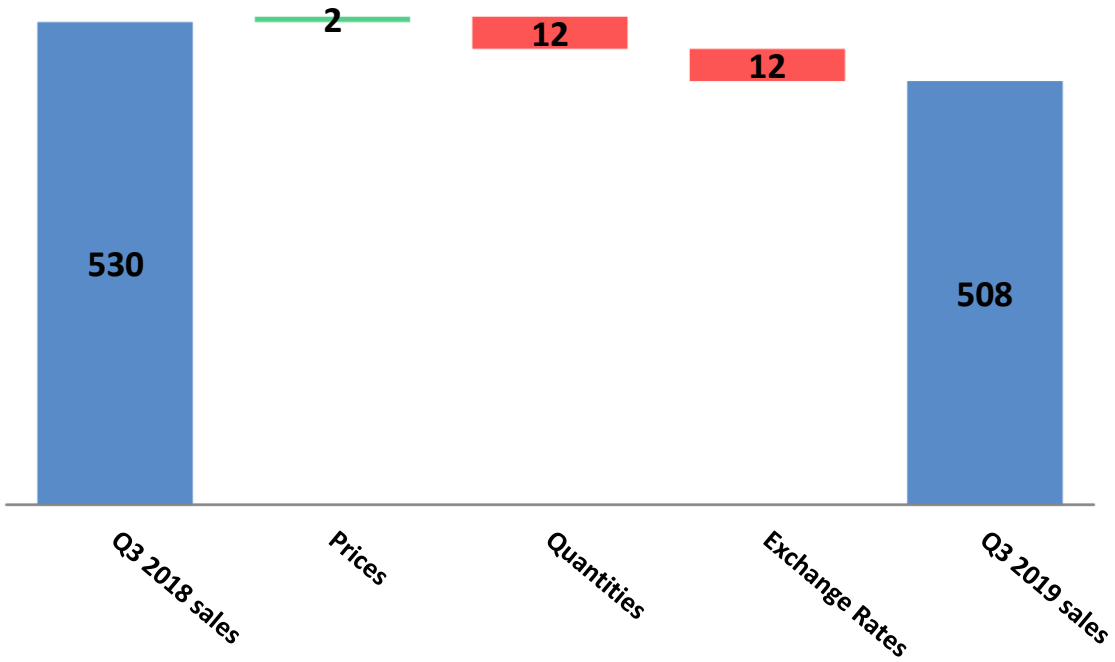
Q3 2019 Phosphate Solutions Sales and Segment Profit Analysis

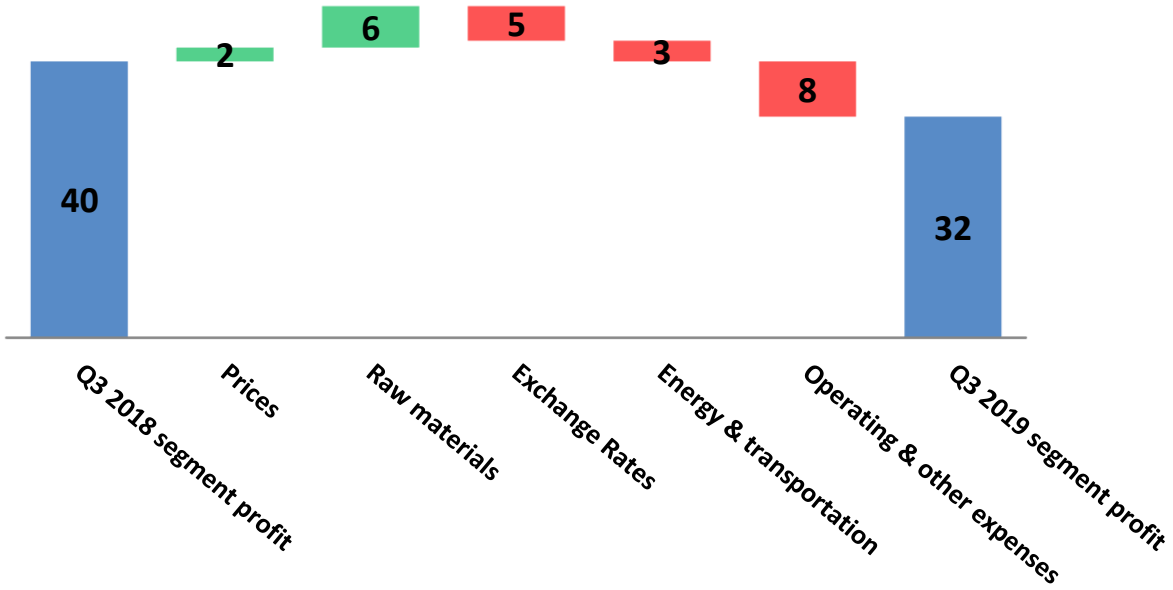
SEGMENT SALES

$ millions



SEGMENT PROFIT

$ millions



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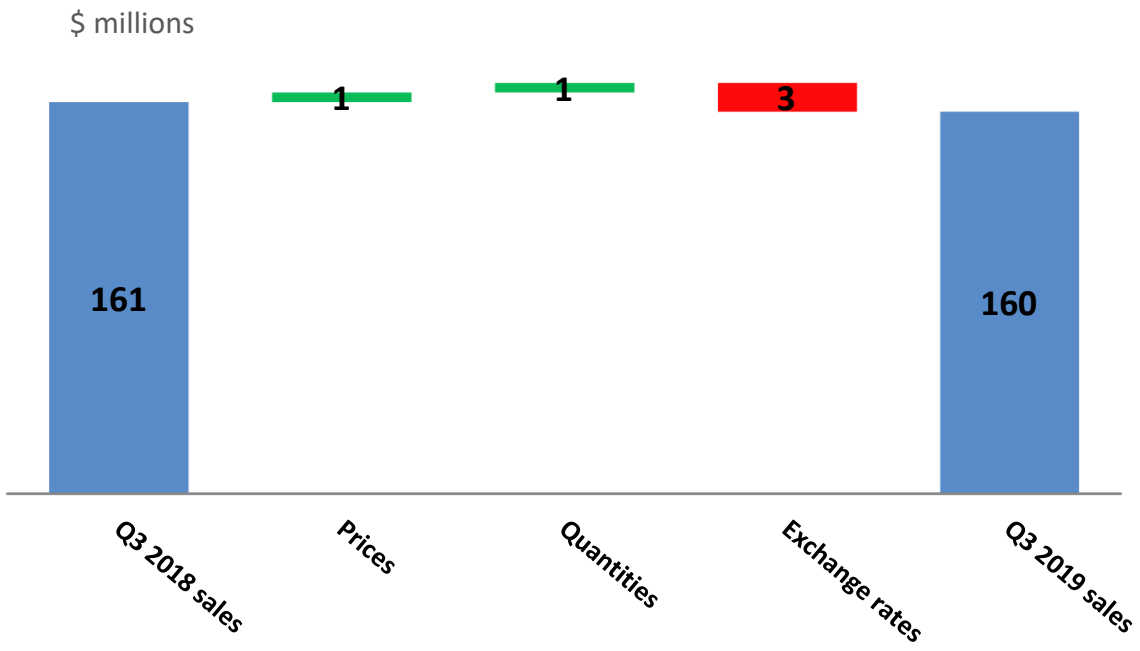
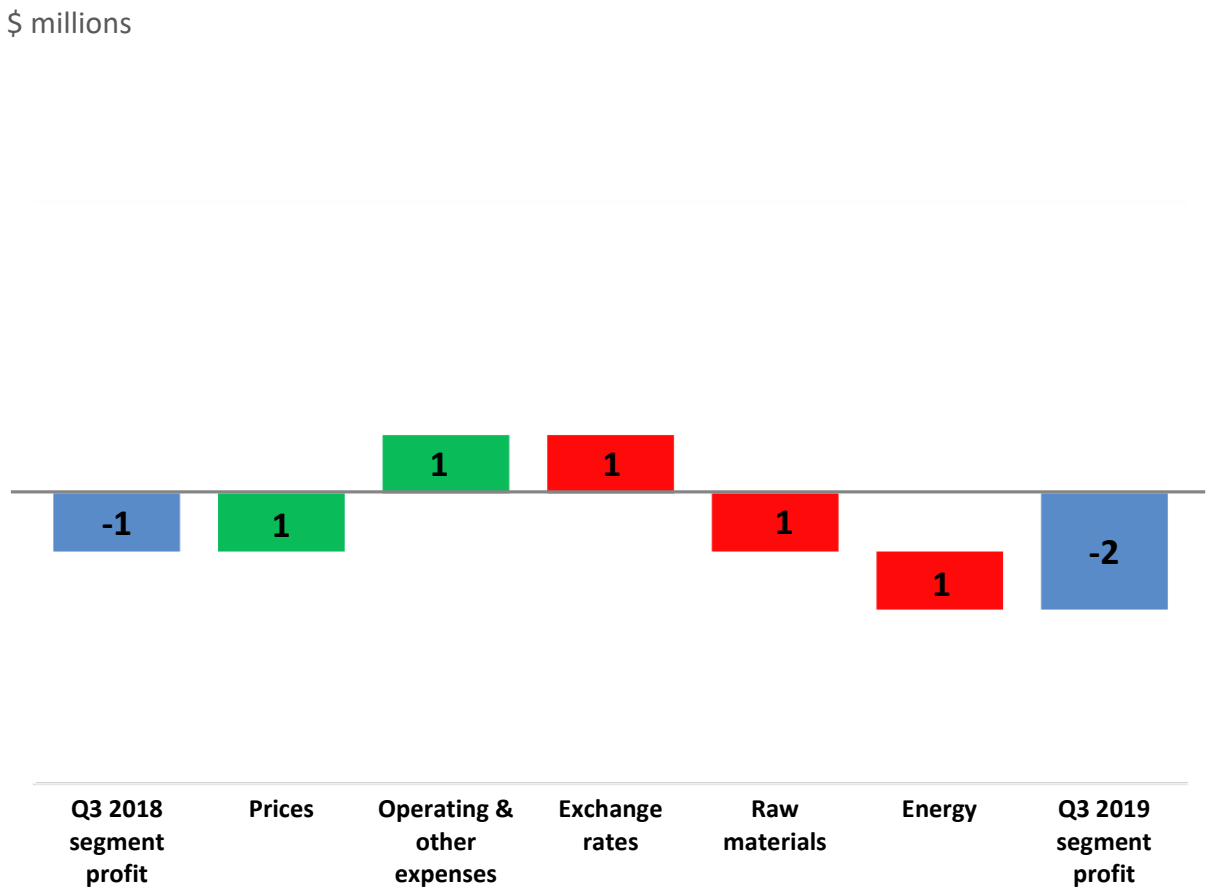
Q3 2019 Innovative Ag Solutions Sales and Segment Profit Analysis

SEGMENT SALES



SEGMENT PROFIT



Numbers may not add due to rounding and set offs

Effective Tax Rate

$ millions	Q3 19	Q3 18	FY 2018
Adjusted income before tax[1]	169	179	608
Normalized tax rate	21%	23%	22%
Normalized tax expenses	36	41	136
Carryforward losses not recorded for tax purposes	(3)	4	17
Exchange rate impact and other items	2	2	(17)
Adjusted tax expenses	35	47	136
Adjusted Effective tax rate	***21%***	***26%***	***22%***
Reported income before tax	169	172	1,364
Reported provision for income taxes	**35**	**45**	**129**

(1) See calculation in the appendix of this presentation

IFRS 16[1] Impact

Item	Net impact Q3 2019 VS. Q3 2018	Comments
Adjusted operating income	$2 million ↑	Rent expenses decreased by $15 million Depreciation increased by $13 million
Adjusted EBITDA	$15 million ↑	Rent expenses decreased by $15 million
Property Plant & Equipment	~$320 million ↑	A right-of-use asset recognized at the amount of ~$320 million
Financial liabilities	~$300 million ↑	Net debt increased by ~$300 million due to an increase in long and short term lease liabilities
Finance expenses	$6 million ↑	Interest expenses increased by $4 million Exchange rate differences of $2 million
Adjusted net income	$4 million ↓	Operating income up by $2 million Finance expenses up by $6 million
Operating cash flow	$10 million ↑	Shift of rent payments (included in operating cash flow) to repayment of debt (included in cash flow from financing activities): $10 million

(1) IFRS 16 is a new accounting standard which replaces IAS 17, leases and its related interpretations. See Note 2 in the Q3 2019 6-K.

Additional Data: Segment Profit Before and After G&A Expenses

Starting from the first quarter of 2019, ICL's management will measure, and accordingly present in its reports, the results of its business divisions (operating segments) after allocation of general and administrative (G&A) expenses per each division. The purpose of the table below is to assist investors and analysts to prepare accordingly for the publication of the Company's results for the first quarter of 2019. It should be noted that the allocation of G&A expenses with respect to comparison periods was made for convenience purposes only, and changes may occur in the allocation methodology in future periods.

Operating Income	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019
Industrial Products (Bromine)													
Profit before allocated G&A expenses	77	76	77	73	303	78	94	95	83	350	108	105	99
Allocated G&A expenses (income)	11	17	14	14	56	12	13	12	13	50	11	12	11
Segment profit	66	59	63	59	247	66	81	83	70	300	97	93	88
Potash													
Profit before allocated G&A expenses	37	61	65	119	282	62	76	97	158	393	98	123	99
Allocated G&A expenses (income)	21	21	21	21	84	19	20	19	20	78	19	18	16
Segment profit	16	40	44	98	198	43	56	78	138	315	79	105	83
Phosphate Solutions													
Profit before allocated G&A expenses	37	37	52	23	149	52	55	63	38	208	63	58	57
Allocated G&A expenses (income)	26	22	24	24	96	24	24	23	24	95	28	26	25
Segment profit	11	15	28	(1)	53	28	31	40	14	113	35	32	32
Innovative Ag Solutions													
Profit before allocated G&A expenses	20	19	9	8	56	25	23	7	2	57	21	21	6
Allocated G&A expenses (income)	7	6	7	7	27	7	7	8	6	28	8	9	8
Segment profit	13	13	2	1	29	18	16	(1)	(4)	29	13	12	(2)
Other & elimination													
Profit before allocated G&A expenses	2	-	(4)	(3)	(5)	(2)	4	2	(5)	(1)	14	(12)	2
Allocated G&A expenses (income)	1	(1)	(6)	4	(2)	8	(2)	1	(1)	6	(3)	-	2
Segment profit	1	1	2	(7)	(3)	(10)	6	1	(4)	(7)	17	(12)	-
ICL													
Total adjusted operating income before G&A expenses	173	193	199	220	785	215	252	264	276	1,007	304	295	263
G&A expenses	66	65	60	70	261	70	62	63	62	257	63	65	62
Adjusted operating income - excl. divestments	**107**	**128**	**139**	**150**	**524**	**146**	**190**	**200**	**214**	**750**	**241**	**230**	**201**
Divested businesses' contribution*	9	25	76	18	128	5	(2)	-	-	3	-	-	-
Adjusted operating income	**116**	**153**	**215**	**168**	**652**	**151**	**188**	**200**	**214**	**753**	**241**	**230**	**201**

* Divested businesses incl. Fire Safety and P2S5. In 2018 also including Rovita
Numbers may not add due to rounding

Reconciliation Tables (1/3)

$ millions

Calculation of adjusted income before tax	Q3 19	Q3 18	FY2018
Adjusted operating income	201	200	753
Finance expenses	(32)	(23)	(158)
Share in earnings (losses) of equity-accounted investees and adjustments to financial expenses	-	2	13
Adjusted income before tax	**169**	**179**	**608**

Calculation of adjusted net income excluding divested businesses to net income	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018
Net income attributable to the shareholders of the Company	**130**	**129**	**427**	**1,158**
Total adjustments to operating income[1]	-	4	4	(814)
Adjustments to finance expenses[1]	-	3	-	3
Total tax impact of the above operating income & finance expenses adjustments[1]	-	(2)	-	6
Contribution from divested businesses	-	-	-	1
Total adj. net income excluding divested businesses - shareholders of the Company	**130**	**134**	**431**	**354**
Weighted-average diluted number of ordinary shares outstanding	1,283,675	1,278,780	1,283,401	1,276,564
Adjusted EPS excluding divested businesses (US dollar)	**0.10**	**0.10**	**0.34**	**0.28**

(1) See detailed reconciliation table in the Q3 2019 6-K

Reconciliation Tables (2/3)

$ millions

Calculation of adjusted operating income and adjusted operating income excluding divested businesses	Q1-Q3 2019	Q1-Q3 2018	Q1-Q3 2017	Q1-Q3 2016
Operating income	**668**	**1,353**	**440**	**(75)**
Capital gain		(841)	(6)	1
Impairment loss (reversal)	(10)	19	18	489
Provision for early retirement and dismissal of employees	-	7	15	26
Provision for legal claims	14	1	11	7
Provision for electricity charges	-	-	-	(16)
Provision in respect of prior periods resulting from an arbitration decision	-	-	6	10
Total adjustments[1]	**4**	**(814)**	**44**	**517**
Divested businesses' profit	-	(3)	101	73
Adjusted operating income excluding divested businesses	**672**	**536**	**383**	**369**

Calculation of adjusted EBITDA excluding divested businesses to net income	Q1-Q3 2019	Q1-Q3 2018	Q1-Q3 2017	Q1-Q3 2016
Net income attributable to the shareholders of the Company	427	1,158	209	(154)
Depreciation and Amortization	330	296	286	306
Financing expenses, net	104	92	99	113
Taxes on income	132	110	145	5
Adjustments[1]	4	(814)	44	517
Contribution from divested businesses	-	(5)	(109)	(79)
Adjusted EBITDA excluding divested businesses	**997**	**837**	**674**	**708**

(1) See detailed reconciliation table "**Adjustments to reported operating and net income (Non-GAAP)**" in the Q3 2019 6-K

Reconciliation Tables (3/3)

Calculation of adjusted operating income and adjusted operating income excluding divested businesses ($ millions)	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18
Operating income	**201**	**240**	**227**	**166**	**196**	**172**	**985**
Capital gain	-	-	-	-	-	-	(841)
Impairment loss (reversal)	-	(10)	-	-	3	16	-
Provision for early retirement and dismissal of employees	-	-	-	-	-	-	7
Provision for legal claims	-	-	14	30	1	-	-
Provision for closure costs	-	-	-	18	-	-	-
Total adjustments(1)	-	(10)	14	48	4	16	(834)
Adjusted operating income	**201**	**230**	**241**	**214**	**200**	**188**	**151**
Divested businesses' profit	-	-	-	-	-	2	(5)
Adjusted operating income excluding divested businesses	**201**	**230**	**241**	**214**	**200**	**190**	**146**

Calculation of adjusted EBITDA excluding divested businesses to net income ($ millions)	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18
Net income attributable to the shareholders of the Company	130	158	139	82	129	101	928
Depreciation and Amortization	110	109	111	107	94	105	97
Financing expenses, net	32	37	35	66	23	54	15
Taxes on income	35	46	51	19	45	20	45
Adjustments(1)	-	(10)	14	48	4	16	(834)
Contribution from divested businesses	-	-	-	-	-	2	(7)
Adjusted EBITDA excluding divested businesses	**307**	**340**	**350**	**322**	**295**	**298**	**244**

(1) See detailed reconciliation table "**Adjustments to reported operating and net income (Non-GAAP)**" in the Q3 2019 6-K

Non-GAAP Financial Measures

We disclose in this Quarterly Report non-IFRS financial measures titled sales excluding divested businesses, adjusted operating income, adjusted operating income excluding divested businesses, adjusted net income attributable to the Company's shareholders excluding divested businesses**,** adjusted EBITDA excluding divested businesses, adjusted EPS excluding divested businesses and free cash flow. Our management uses sales excluding divested businesses, adjusted operating income, adjusted operating income excluding divested businesses, adjusted net income attributable to the Company's shareholders excluding divested businesses and adjusted EBITDA excluding divested businesses to facilitate operating performance comparisons from period to period and present free cash flow to facilitate a review of our cash flows in periods. We calculate our sales excluding divested businesses by adjusting our sales to exclude results of the divested Fire Safety and Oil Additives business (divested in Q1 2018) and Rovita business (divested in Q3 2018). We calculate our adjusted operating income by adjusting our operating income to add certain items, as set forth above and in the reconciliation table "Adjustments to reported operating and net income". Certain of these items may recur. We calculate our adjusted net income attributable to the Company's shareholders by adjusting our adjusted operating income excluding divested businesses, net income attributable to the Company's shareholders to add certain items, as set forth above and in the reconciliation table "Adjustments to reported operating and net income (Non-GAAP)" in the accompanying press release, excluding the total tax impact of such adjustments and adjustments attributable to the non-controlling interests. We calculate our adjusted operating income excluding divested businesses by excluding the results of the divested Fire Safety and Oil Additives business (divested in Q1 2018) and Rovita business (divested in Q3 2018). We calculate our adjusted EBITDA by adding back to the net income attributable to the Company's shareholders the depreciation and amortization, financing expenses, net, taxes on income and the items presented in the reconciliation table "Adjustments to reported operating and net income" in the accompanying press release which were adjusted for in calculating the adjusted operating income excluding divested businesses and adjusted net income attributable to the Company's shareholders. Adjusted EPS excluding divested businesses is calculated as adjusted net income excluding divested businesses divided by weighted-average diluted number of ordinary shares outstanding as provided in the reconciliation table under "Calculation of Adjusted EPS". We calculate our free cash flow as our cash flows from operating activities net of our purchase of property, plant, equipment and intangible assets, and adding Proceeds from sale of property, plant and equipment and dividends from equity-accounted investees during such period as presented in the reconciliation table under "Calculation of free cash flow". You should not view sales excluding divested businesses, adjusted operating income, adjusted operating income excluding divested businesses, adjusted net income attributable to the Company's shareholders excluding divested businesses, adjusted EPS excluding divested businesses or adjusted EBITDA excluding divested businesses as a substitute for operating income or net income attributable to the Company's shareholders determined in accordance with IFRS, adjusted EPS excluding divested businesses as a substitute for EPS or free cash flow as a substitute for sales, cash flows from operating activities and cash flows used in investing activities, and you should note that our definitions of adjusted operating income, adjusted net income attributable to the Company's shareholders, adjusted EBITDA excluding divested businesses and free cash flow may differ from those used by other companies. However, we believe sales excluding divested businesses, adjusted operating income, adjusted operating income excluding divested businesses, adjusted net income attributable to the Company's shareholders excluding divested businesses, adjusted EBITDA excluding divested businesses, adjusted EPS excluding divested businesses and free cash flow provide useful information to both management and investors by excluding certain expenses that management believes are not indicative of our ongoing operations , in particular the divested Fire Safety and Oil Additives business (divested in Q1 2018) and the Rovita business (divested in July 2018), as we no longer own these businesses. In particular for free cash flow, we adjust our Capex to include any Proceeds from sale of property, plant and equipment because we believe such amounts offset the impact of our purchase of property, plant, equipment and intangible assets. We further adjust free cash flow to add Dividends from equity-accounted investees because receipt of such dividends affects our residual cash flow. Free cash flow does not reflect adjustment for additional items that may impact our residual cash flow for discretionary expenditures, such as adjustments for charges relating to acquisitions, servicing debt obligations, changes in our deposit account balances that relate to our investing activities and other non-discretionary expenditures. Our management uses these non-IFRS measures to evaluate the Company's business strategies and management's performance. We believe that these non-IFRS measures provide useful information to investors because they improve the comparability of the financial results between periods and provide for greater transparency of key measures used to evaluate our performance.

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

THANK YOU

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