# ICL Industrial Products

## Overview

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# Important legal notes

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Included in this presentation are certain non-GAAP financial measures, such as adjusted operating income, adjusted EBITDA, adjusted net income, adjusted EPS, segment EBITDA, segment EBITDA margin and free cash flow, designed to complement the financial information presented in accordance with IFRS because management believes such measures are useful to investors. Please note other companies may calculate similarly titled non-GAAP financial measures differently than ICL Group and definitions of these measures may differ from those used by other companies or such companies may use other measures to evaluate their performance, which may reduce the usefulness of our non-GAAP financial measures as tools for comparison. 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 the company's first quarter 2021 press release for the period ended March 31, 2021, 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.



# Impact at a Glance



**+90**
Years of experience
founded in 1929

**+11k**
Employees worldwide

**Top**
Industry leader
across mineral portfolio and in ESG

**$5B**
Sales in 2020

**~$1B**
Adjusted EBITDA[1] in 2020

**3.4%**
Average dividend yield since 2018



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

# Creating Impact and Sustainable Growth

## Committed to growing in our target markets

| | ICL Domains | ICL Focus | ICL Highlights |
|---|---|---|---|
|  **Industrial** | Maximizing R&D to develop and deliver complex solutions | Investing to meet **long-term** demand for specialty offerings | No. 1 **globally** in bromine industry, phosphorous FRs and magnesia products |
|  **Food** | Creating positive impact in the increasingly evolving food industry | Diversifying away from phosphate commodities to **specialty solutions** | **Phosphate Solutions** global leader with 24% specialty phosphates market share |
|  **Agriculture** | Providing solutions to improve crop nutrition for healthier, stronger crops | Building global leadership position in **specialty plant nutrition** | **Innovative Ag Solutions** - Global leader in production of soluble phosphate-based fertilizers **Potash -** among most competitive potash suppliers globally |



# ICL IP Market Leadership

## Leadership, innovation and growth



**No.1**
Bromine
Capacity

**No.1**
Bromine
Compounds Plant

**No.1**
Bromine and Phosphorus
Flame Retardants

**No.1**
Bromine
ISOtank Fleet

**No.1**
Magnesia for
Nutraceutical Market

**No.1**
Self-extinguishing
Hydraulic Fluids

**No.1**
Clear Brine
Fluids

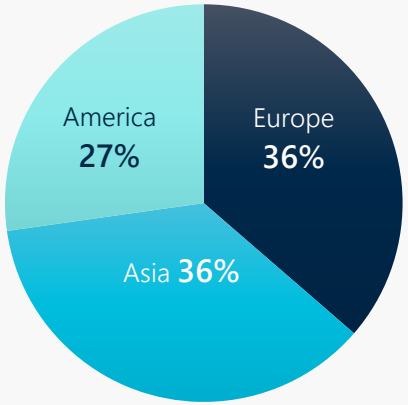
# Industrial Products at a Glance

Maximizing R&D to develop and deliver complex solutions



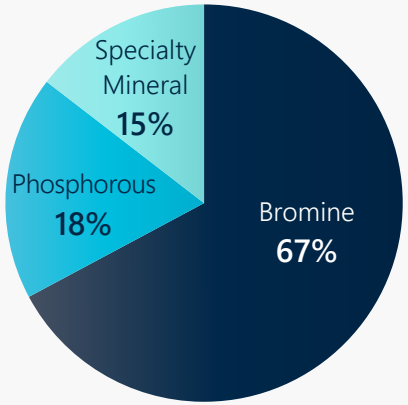
**1Q'21 Sales**

By region




**1Q'21 Sales**

By product offering



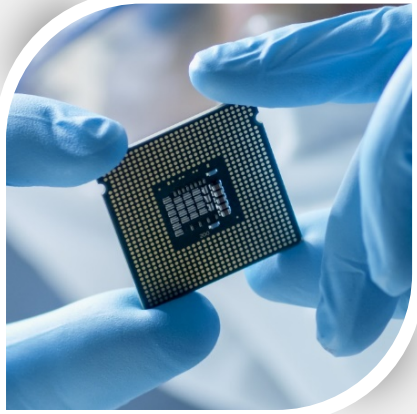

## IP highlights

- Sales of $398M for 1Q'21, 26% of total ICL
  - EBITDA of ~$122M, 41% of total ICL
- Global leader in bromine with 40% market share
- 10 Manufacturing Site WW
- ~1,670 Employees
- 3 R&D Centers
- ~170kt of bromine produced in 2020

# Major end-markets

Evolving to meet changing global trends

**SAFER** **MORE EFFICIENT** **SUSTAINABLE**



## Electronics

Flame retardants



## Intermediates

Plastics
Pharma
Agriculture



## Construction

Flame retardants



## Oil & Gas

Drilling completion



## Transportation

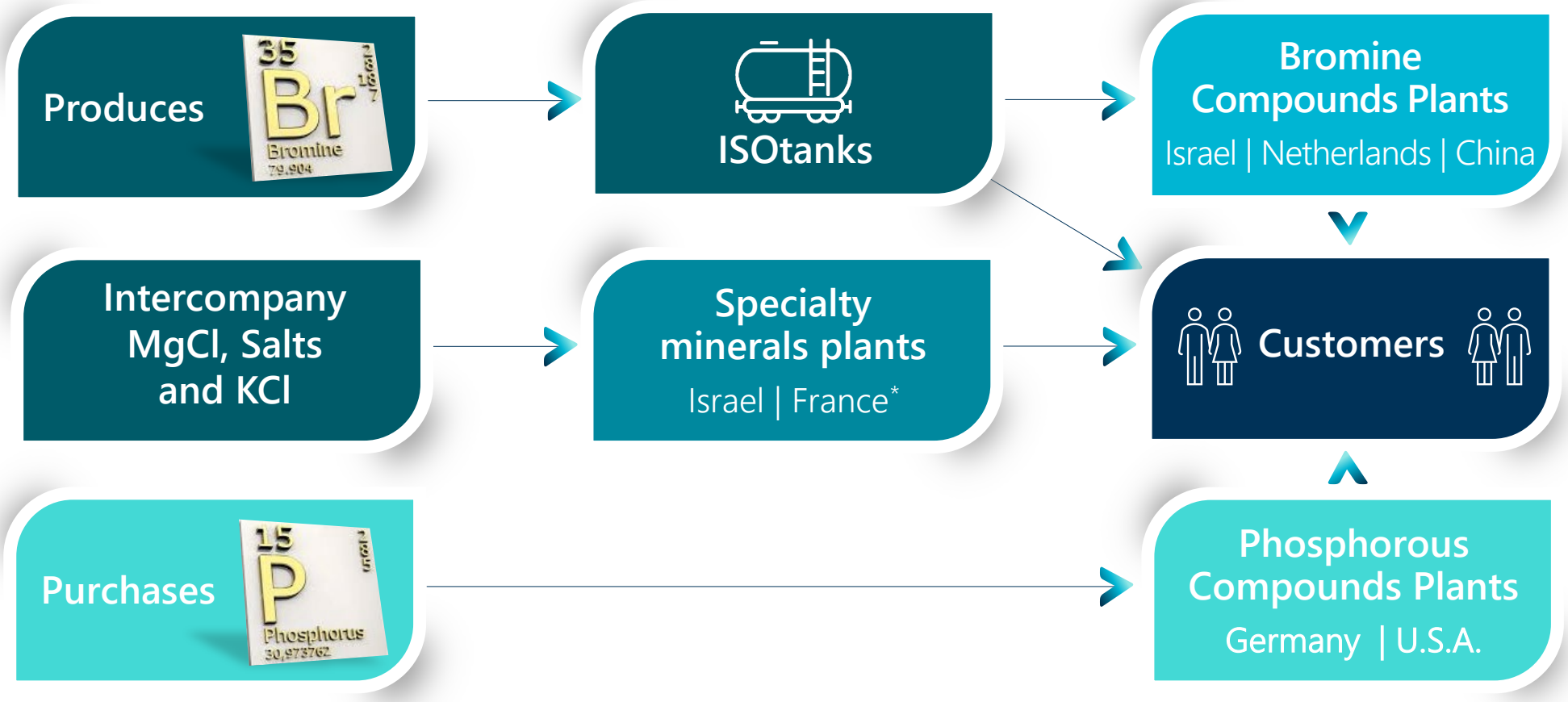
Flame retardants
Tires



# Global Approach to Production

Benefits from vertical integration



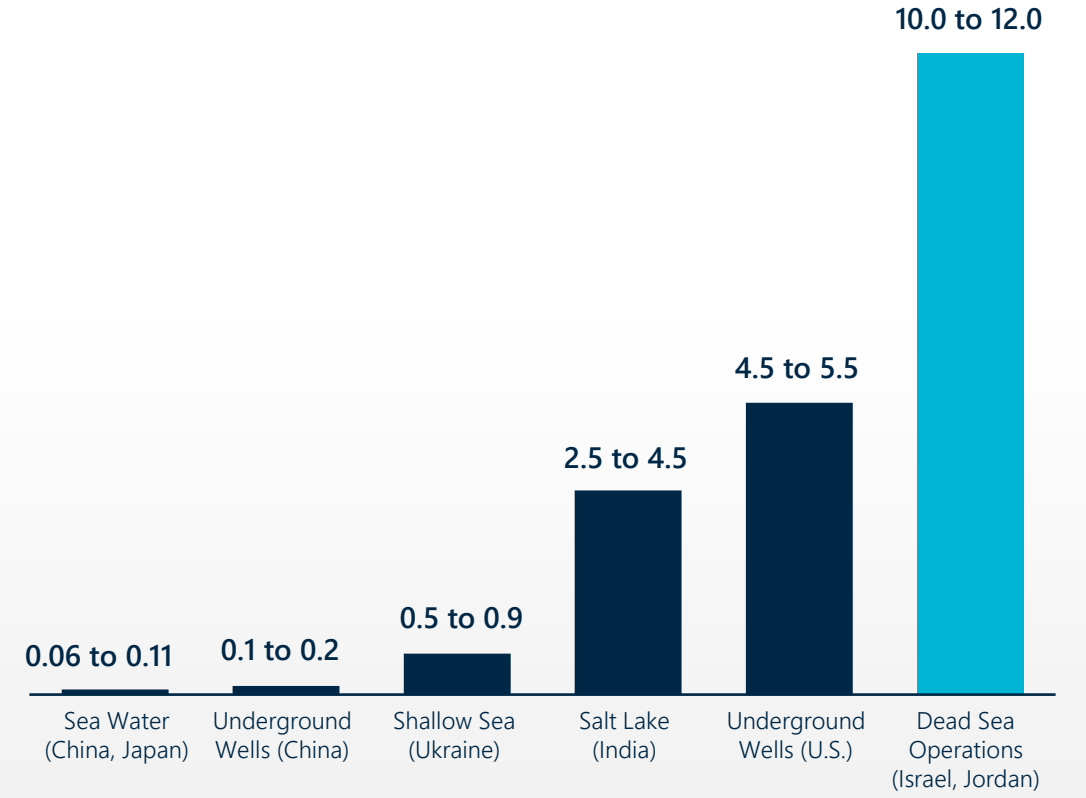



** Raw materials sourced from third parties.*

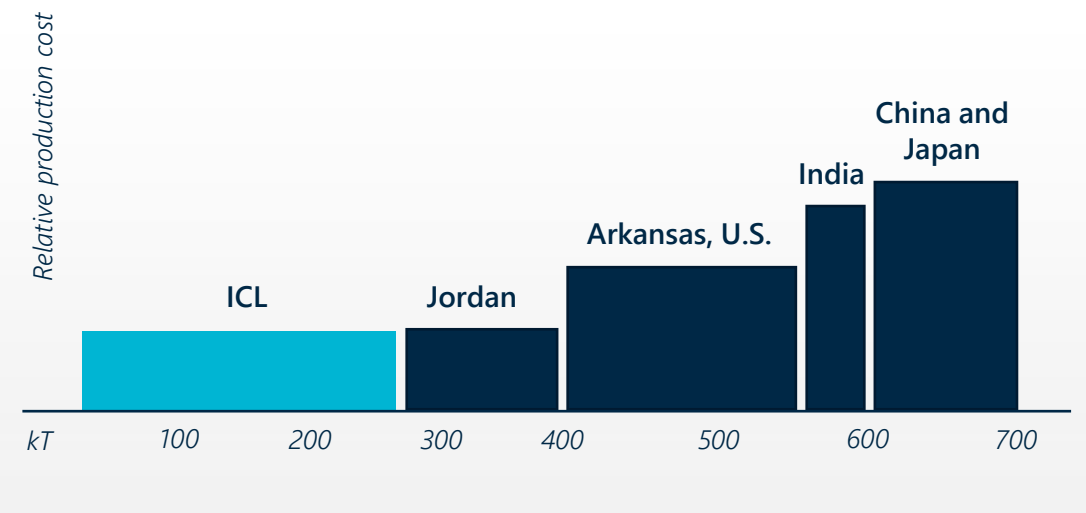
# Global Leader in Bromine

Highest concentration of bromine = lowest cost

**Concentration** g/liter




**Production and capacities**



# Chinese bromine market

Lower production → lower quality → higher cost

- Natural depletion of bromine resources in China
- Stricter environmental regulations
- Less land available for bromine production






# Growth strategy

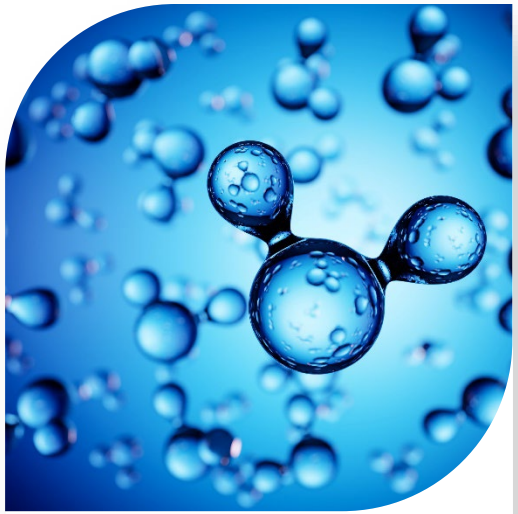
## World leader and beyond




Value
over volume



From spot to long-term
agreements



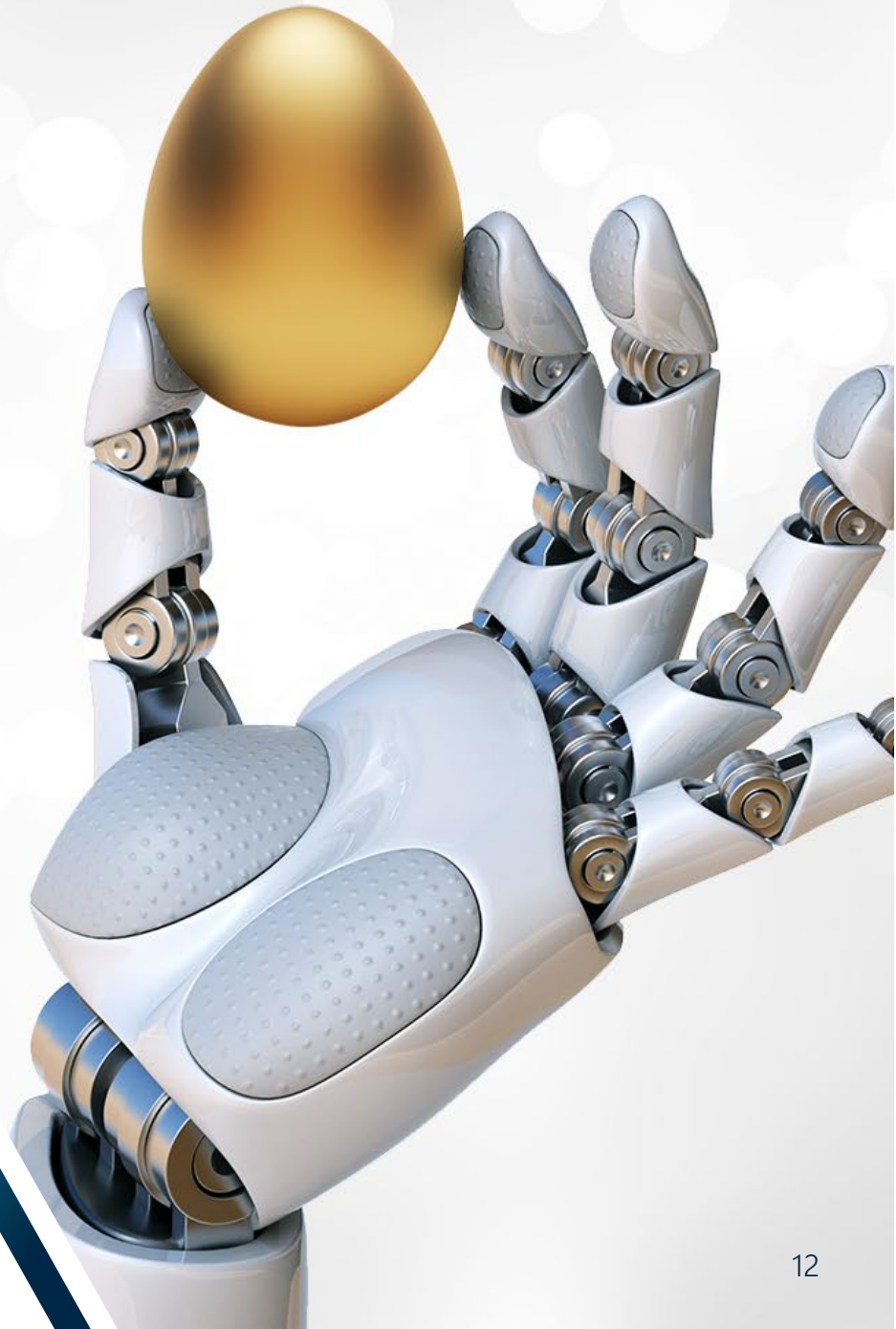
From elemental bromine
to compounds




Leverage
AI platform

# Developed a Breakthrough Innovative Artificial Intelligence Tool Which Identifies New Bromine Applications

Collaborating with cutting-edge Israeli Artificial Intelligence start-ups to develop unique and proprietary software, which has identified new applications for bromine in the fields of EV, recycling and sustainability



# Creating Global Growth

Through investments in long-term value over volume strategy




## Market Trends

Growing global need for safer, more efficient and sustainable products

- Demand for new products with sustainability applications
- Impacting wide array of industries
  - Energy, electronics, automotive, pharma/nutraceutical, construction and agriculture

## ICL Today

Investments to meet long-term demand for specialty offerings

- ISO-tank fleet expanded by 10%
- TBBA plant expansion for electronics components – capacity sold out for 2021
- FR-1025 expansion for automotive end-market

## ICL Future State

Remain focused on value over volume

- Strategic shift from spot to long-term agreements: target +50% of sales in 2025 vs. 30% in 2016
- Moving from elemental bromine to bromine compounds expected to add +$110M annually through 2025
- Drive +30% EBITDA margin target by 2025

# Thank you

Contact Peggy.ReillyTharp@icl-group.com for more information on ICL

View our interactive data tool at https://www.icl-group.com/investors/interactive-data-tool/

# Reconciliation tables

## Slide one of two



| Calculation of segment EBITDA and margin *US$M* | Industrial Products | | Potash | | Phosphate Solutions | | Innovative Ag Solutions | |
|---|---|---|---|---|---|---|---|---|
| | 1Q'21 | FY'20 | 1Q'21 | FY'20 | 1Q'21 | FY'20 | 1Q'21 | FY'20 |
| Segment profit | $105 | $303 | $29 | $120 | $40 | $66 | $22 | $40 |
| Depreciation and amortization | $17 | $77 | $37 | $166 | $54 | $210 | $7 | $25 |
| **Segment EBITDA** | $122 | $380 | $66 | $286 | $94 | $276 | $29 | $65 |
| Segment EBITDA margin | 31% | 30% | 17% | 21% | 17% | 14% | 12% | 9% |

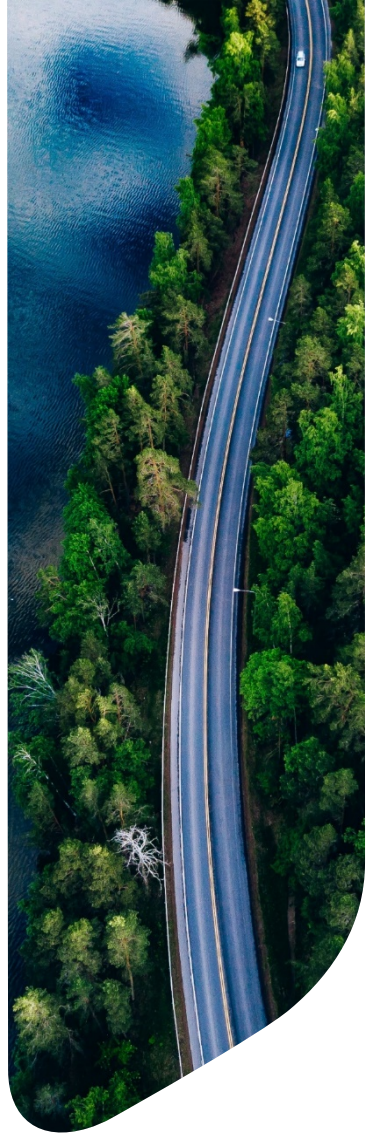
| **Calculation of free cash flow** *US$M* | **FY'19** |
|---|---|
| Cash flow from operations | $992 |
| Additions to PP&E and dividends from equity-accounted investees[(1)] | ($546) |
| **Free cash flow** | **$446** |

*(1) Also includes proceeds from sale of property, plants and equipment (PP&E)*
*Note: Numbers may not add, due to rounding and set-offs*

# Reconciliation tables

## Slide two of two

| **Calculation of adjusted EBITDA** *US$M* | **1Q'21** | **4Q'20** | **3Q'20** | **2Q'20** | **1Q'20** | **FY'20** | **FY'19** |
|---|---|---|---|---|---|---|---|
| Net income attributable to shareholders of the company | $135 | $65 | $54 | ($168) | $60 | $11 | $475 |
| Financing expenses, net | $20 | $46 | $29 | $31 | $52 | $158 | $129 |
| Taxes on income | $23 | $24 | $14 | ($33) | $20 | $25 | $147 |
| Minority and equity profit, net | $7 | $4 | $3 | $1 | - | $8 | $5 |
| **Operating income** | $185 | **$139** | **$100** | **($169)** | **$132** | **$202** | **$756** |
| Minority and equity profit, net | ($7) | ($4) | ($3) | ($1) | - | ($8) | ($5) |
| Depreciation and amortization | $117 | $129 | $123 | $119 | $118 | $489 | $443 |
| Adjustments[(1)] | - | $4 | $6 | $297 | - | $307 | $4 |
| **Adjusted EBITDA** | $295 | **$268** | **$226** | **$246** | **$250** | **$990** | **$1,198** |



*(1) See detailed reconciliation table – adjustments to reported operating and net income (non-GAAP) – in corresponding quarters' earnings release*

# Guidance and non-GAAP financial measures

## Guidance

The company only provides guidance on a non-GAAP basis. We do not provide a reconciliation of forward-looking adjusted EBITDA (non-GAAP) to GAAP net income (loss), due to the inherent difficulty in forecasting and quantifying certain amounts necessary for such a reconciliation, in particular because special items, such as restructuring, litigation and other matters, used to calculate projected net income (loss) vary dramatically based on actual events, the company is not able to forecast on a GAAP basis with reasonable certainty all deductions needed in order to provide a GAAP calculation of projected net income (loss) at this time. The amount of these deductions may be material and, therefore, could result in projected GAAP net income (loss) being materially less than projected adjusted EBITDA (non-GAAP). Our guidance speaks only as of the date hereof. We undertake no obligation to update any of these forward-looking statements to reflect events or circumstances after the date of this presentation or to reflect actual outcomes, unless required by law.

## Non-GAAP financial measures

We disclose in this presentation non-IFRS financial measures titled: adjusted operating income, adjusted net income attributable to the company's shareholders, adjusted EBITDA, adjusted EPS, segment EBITDA, segment EBITDA margin and free cash flow. Our management uses such non-GAAP measures to facilitate operating performance comparisons from period to period and presents free cash flow to facilitate a review of our cash flows. We calculate our adjusted operating income by adjusting our operating income to add certain items, as set forth 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, net income attributable to the company's shareholders to add certain items, as set forth in the reconciliation table "Adjustments to reported operating and net income (Non-GAAP)" in our quarterly earnings release, excluding the total tax impact of such adjustments. We calculate our adjusted EBITDA by adding depreciation and amortization back to adjusted operating income. Adjusted EPS is calculated as adjusted net income divided by weighted-average diluted number of ordinary shares outstanding as provided in the reconciliation table under "Calculation of adjusted EPS." We calculate our segment EBITDA by adding back to our segment profit the depreciation and amortization for each segment. We calculate our segment EBITDA margin by dividing segment EBITDA by revenue. 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 the 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 adjusted operating income, adjusted net income attributable to the company's shareholders, adjusted EPS or adjusted EBITDA as a substitute for operating income or net income attributable to the company's shareholders determined in accordance with IFRS, adjusted EPS as a substitute for EPS, or free cash flow as a substitute for 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 and free cash flow may differ from those used by other companies. However, we believe such non-GAAP measures provide useful information to both management and investors by excluding certain expenses management believes are not indicative of our ongoing operations. In particular, for free cash flow, we adjust our CAPEX to include any proceeds from the 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 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 preceding discussion on our financial statements. You should read the preceding discussion together with our financial statements.