This is an English convenience translation of the original Hebrew version. In case of any discrepancy, the binding version is the Hebrew original

**Form 121**
**Public**


**Israel Corporation Ltd.**

Registrar Number: 520028010

Securities of the Corporation are listed in the Tel Aviv Stock Exchange

Sort name: Israel Corporation

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Date of Transmission: November 12, 2015

Reference: 2015-01- 153921

| To: | To: |
|---|---|
| The Securities Authority | The Tel Aviv Stock Exchange |
| www.isa.gov.il | www.tase.co.il |

# Immediate Report

The Event: ICL - Presentation to Analysts

See the attached presentation to analysts by Israel Chemicals Ltd.

The date when the event first became known to the corporation: November 12, 2015

Time: 14:00

The name of the authorized signatory to the report and the name of the authorized electronic signatory: Maya Alcheh-Kaplan

Position: Vice President, General Counsel and Company Secretary

Date of signing: November 12, 2015

Where needs take us

# Q3 2015 Results

Mr. Stefan Borgas | President & CEO

November 12, 2015

# Important Legal Notes

The information delivered or to be delivered to you does not constitute an offer or a recommendation to do any transaction in Israel Chemicals Ltd. (ICL) securities.

Certain statements in this presentation and other oral and written statements made by ICL from time to time, are forward-looking statements, including, but not limited to, those that discuss strategies, goals, financial outlook or other non-historical matters.

These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those contained in the statements, including, among others, the following: loss or impairment of business licenses or mining permits or concessions; natural disasters; accidents or disruptions at our facilities or seaports; labor disputes; currency rate or financial market fluctuations; rising interest rates; general market, political or economic conditions in the countries in which we operate; price fluctuations for products or raw materials; changes to laws or regulations (including environmental protection and safety and tax laws or regulations) or changes in their application; the difference between actual reserves and our reserve estimates; failure to realize or delays in realizing expected benefits from acquisitions; cyclicality of our businesses, especially in the agricultural markets; litigation, arbitration and regulatory proceedings; and war or acts of terror. We caution you that the above list of important factors is not comprehensive. We refer you to filings that we have made and shall make with the TASE and the U.S. SEC, including under "Risk Factors" in our annual report on Form 20-F. They may discuss new or different factors that may cause actual results to differ materially from this information.

Forward-looking statements and projections are given only as of the date of this communication, and we disclaim any obligation to update or revise them, whether as a result of new information, future events or otherwise, except as required by law.

Market data and certain industry data used in this communication were obtained from internal estimates and studies, where appropriate, as well as market research and publicly available information. The information they include has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. Internal estimates and studies, which we believe to be reliable, have not been independently verified. We cannot assure you that such data is accurate or complete.

Readers and viewers are cautioned to consider these risks and uncertainties and to not place undue reliance on such information.

# Highlights & Financial Results

- **Weak potash sales volumes and prices were partially offset by overall lower costs and higher bromine and phosphates prices**
- **Efficiency plans are now in full force and positive results are evident throughout the company**
- **Continued strategic progress – formation of the phosphate JV in China completed, accelerated transformation of ICL UK from potash to Polysulphate**

| $ millions | Q3 15 | Q3 14 | % change | Q2 15 | % change |
|---|---|---|---|---|---|
| Revenues | 1,379 | 1,560 | (11.6)% | 1,196 | 15.3% |
| Operating income | 197 | 262 | (24.8)% | 107 | 84.1% |
| Adjusted operating income | 242 | 262 | (7.6)% | 251 | (3.6)% |
| Net income | 121 | 179 | (32.4)% | 75 | 61.3% |
| Adjusted net income | 154 | 179 | (14.0)% | 177 | (13.0)% |

# Business Environment & Major Developments

## ICL Fertilizers

| $ million | Q3 2015 | Q3 2014 |
|---|---|---|
| Sales | 745 | 851 |
| Adj. O/I | 173 | 168 |

- Continued potash market **headwinds**. Expected short term **uncertainty triggered reactions by several suppliers**
- Continued **cost reduction in ICL's potash and phosphate operations** helped to offset lower volumes and prices
- Potash production at ICL Dead Sea will be fully ramped up to **3.9 million tonnes** by year-end
- ICL Specialty Fertilizers: continued **competitive pressure** and **macroeconomic headwinds**

## ICL Industrial Products

| $ million | Q3 2015 | Q3 2014 |
|---|---|---|
| Sales | 282 | 328 |
| Adj. O/I | 36 | 36 |

- **Improved bromine and derivative pricing** in Asia helped to compensate weaker volumes
- **Full production ramp up** to targeted levels achieved at the end of Q3
- **Market-related volume weakness** especially in FRs expected to continue in Q4 2015 and stabilize in 2016. **Prices** expected to slightly increase
- Strong Clear Brine Fluid sales
- **Increased demand for FR122P**
- First deployment of **bromine based energy storage battery**

## ICL Performance Products

| $ million | Q3 2015 | Q3 2014 |
|---|---|---|
| Sales | 419 | 451 |
| Adj. O/I | 59 | 66 |

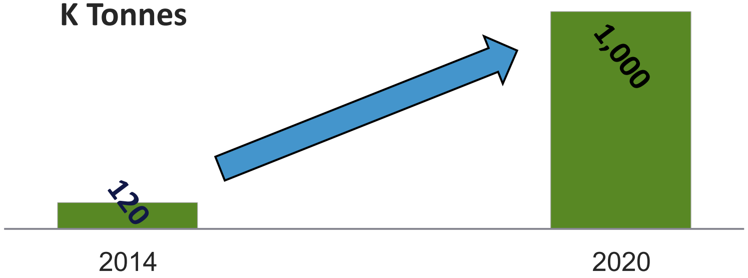
- Lower Advanced Additives sales due to competitive pressure partially compensated by **strong fire safety sales** in North America
- Food Specialties: macroeconomic headwinds compensated by **successful execution of whey protein sales synergies**
- ICL Food Specialties **continues implementing its strategy** to meet consumer demand for healthier food with higher protein content
- All non-core activities divested

# Polysulphate™: The Future of ICL-UK

## *Moving from high-cost potash to low-cost Polysulphate™ operations*

- "Economic" potash reserves at ICL-UK are running out
- ICL plans to transition to a pure Polysulphate operation by year-end 2018
- Expected production of 1 million tonnes by 2020. Further increase afterwards
- Low CAPEX (~£40 million) using existing infrastructure
- Additional ~£40 million for granulation facility under consideration
- Transition will result in lower costs and higher operating margins for ICL-UK
- Three-year accelerated depreciation of potash facilities

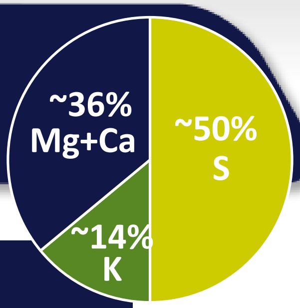
**Polysulphate™ production plan**
**K Tonnes**




## *Improving cash contribution at ICL UK*

- Operating income expected to double by 2020 vs. 2015
- Operating margins expected to increase to over 30% by 2020
- Immediate restructuring expected to contribute $30 million annually, starting from 2H2016

# Polysulphate™: Solid Market Potential

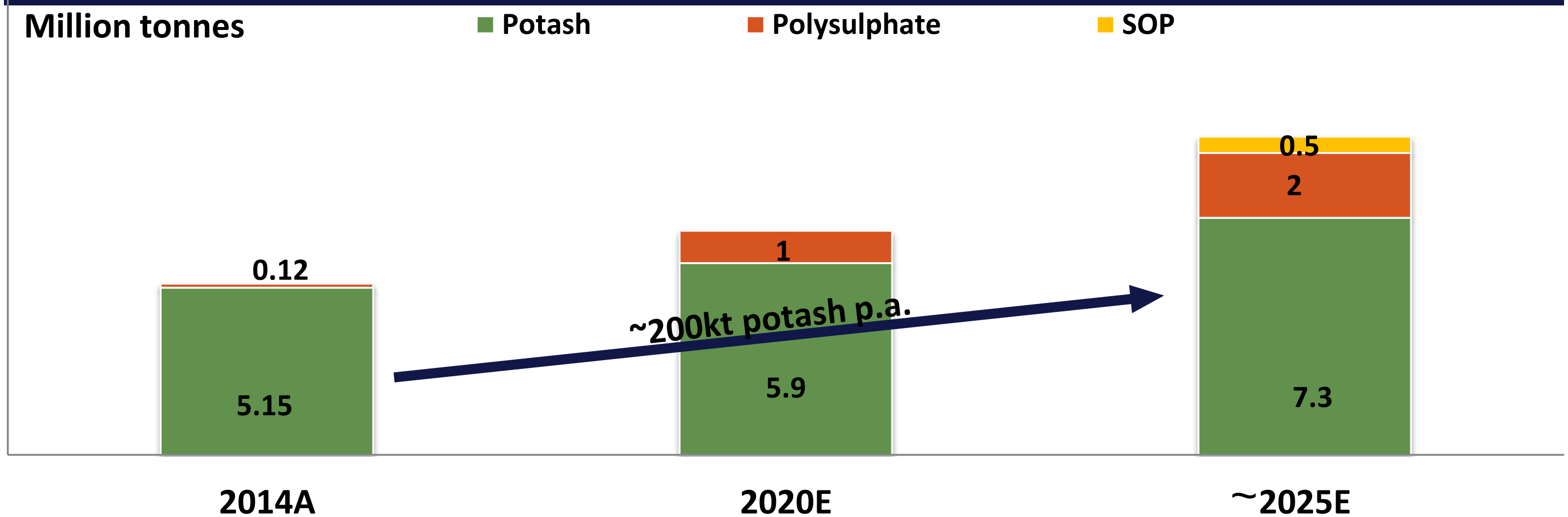



***Readily available new natural fertilizer** in the market containing four nutrients: Sulphur, Potassium, Magnesium and Calcium – a substitute for some fertilizers*

- **Over 200 million tonnes resources in the ICL UK potash mine**
- **Low production cost allows attractive economics for farmers**
- **Environmentally friendly, no chemical processing or waste products, suitable for chloride sensitive crops and for organic agriculture**
- **Polysulphate addresses new market niches and replaces more costly existing products**
- **2020 production and sales target – 1 million tonnes. Long term potential up to 3 million tonnes**

# ICL's Potash Sub-Segment Production Moderately Increasing while Adding Specialty Products

## Potential gradual increase of production capability excluding ICL UK




### Incremental potash production – short term & brownfield potash

| Project | Production (Mt) | Comments |
|---|---|---|
| ICL Iberia | 0.3 | 1st stage brownfield expansion |
| ICL Dead Sea | 0.4 | |
| ICL UK | (0.7) | Beginning 2019 |
| Polysulphate ™ | 1.0 | By 2020 |

### Incremental potash production – long term

| Project | Production (Mt) | Comments |
|---|---|---|
| ICL Iberia | 1.0 | 2nd stage brownfield expansion |
| ICL Ethiopia - potash | 1.0-1.5 | Subject to detailed engineering planning and board approval |
| ICL Ethiopia - SOP | 0.5 | |

**Sales growth will be supported by development of new markets in India and East Africa**

Source: Industry publications, ICL estimates

# ICL to Become a Leading Player in China's Phosphate Sector


## *Formation of phosphate JV with Yunnan Yuntianhua completed:*

- ✓ JV includes upstream mining, bulk fertilizers and downstream specialty businesses
- ✓ R&D platform: 11 projects in Food, Engineered Materials, Agro and process improvement. Additional projects by year-end
- ✓ A key milestone in our strategy:
  - I. increasing phosphate platform by more than 50%, securing long-term resources
  - II. expanding phosphate end-to-end business model with a focus on Asia
  - III. transforming into the world's leading specialty phosphate player
  - IV. improving cost competitiveness of our phosphate network

| The JV in Numbers | |
|---|---|
| Investment | ~$180M in the JV |
| Revenues | ~RMB2,900 (~$450M) in year 1 to ~RMB3,900 (~$600M) in year 5 |
| Operating Income Margins | Break even to low single digits in year 1 to low teens in year 5 |
| Additional CAPEX | About $340 million spread over 5 years |

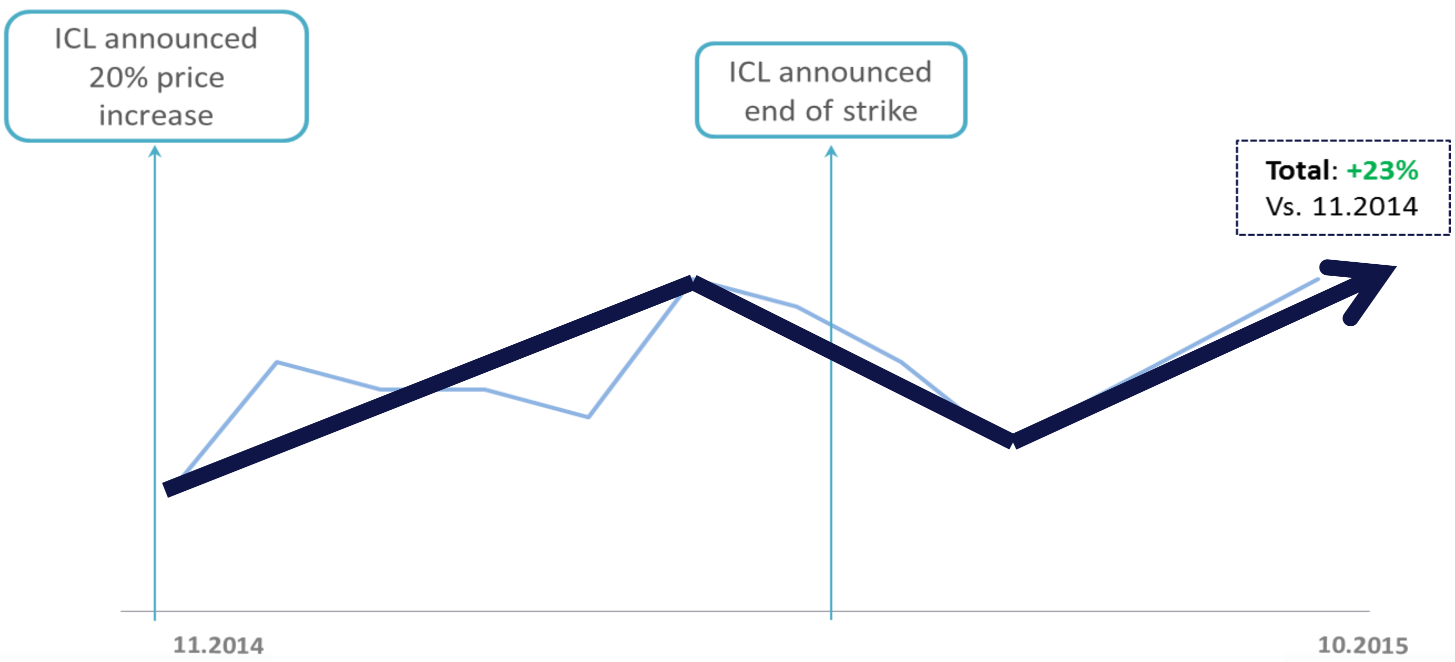
| Production capability | JV | Total ICL* | Change |
|---|---|---|---|
| Phosphate Rock | 2.5mt | 6.5mt | 63% |
| Commodity Fertilizers | 850kt | 2.7mt | 45% |
| Specialty Fertilizers | 115kt | 895kt | 15% |
| Phosphoric Acid | 700kt | 1.3mt | 117% |
| Purified Phosphoric Acid | 60kt | 290kt | 26% |
| - Incl. Expansion Plans | 160kt | 410kt | 64% |

* Including 100% of the JV's production capability

# Improving Bromine and Bromine Compounds Margins While Maintaining Historical Market Share

- **Elemental bromine market prices in China have increased**
- **Bromine compound prices increased by about 15% especially in Asia**
- **Price increase will expand to other markets as well, subject to contract timing**
- **Cost reduction initiatives taken this year are expected to generate about $23 million in annual savings in 2016**
- **R&D pipeline encapsulates potential for growth of bromine demand**

Bromine price in **China** (RMB/MT)



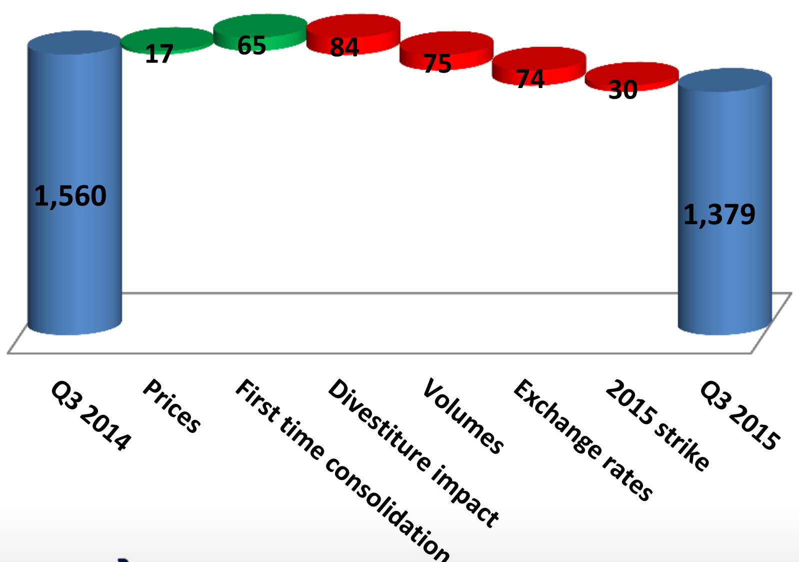
# Financial Results

Mr. Kobi Altman
Executive VP & CFO

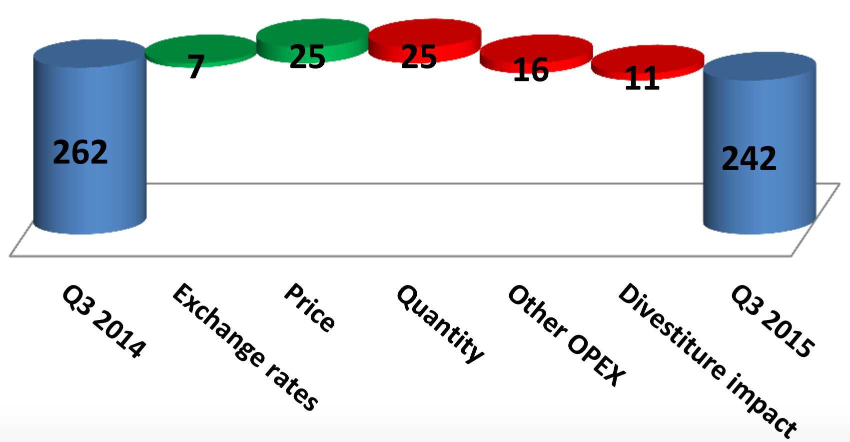
# Q3 2015 Results

| $ millions | Q3 15 | Q3 14 | % change | Q2 15 | % change |
|---|---|---|---|---|---|
| Revenues | 1,379 | 1,560 | (11.6)% | 1,196 | 15.3% |
| Operating income | 197 | 262 | (24.8)% | 107 | 84.1% |
| Adjusted operating income | 242 | 262 | (7.6)% | 251 | (3.6)% |
| Net income | 121 | 179 | (32.4)% | 75 | 61.3% |
| Adjusted net income | 154 | 179 | (14.0)% | 177 | (13.0)% |
| Cash flow from operations | 122 | 295 | (58.6)% | 325 | (62.5)% |
| External Potash sales (thousand tonnes) | 1,126 | 1,234 | (8.8)% | 650 | 73.2% |

## Q3 2015 Sales



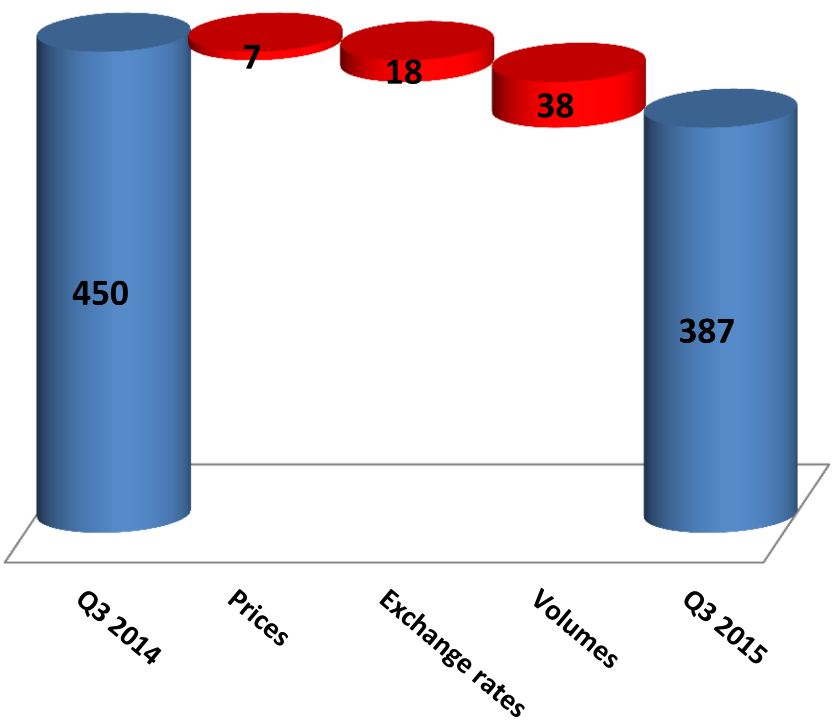

## Q3 2015 Adjusted operating income



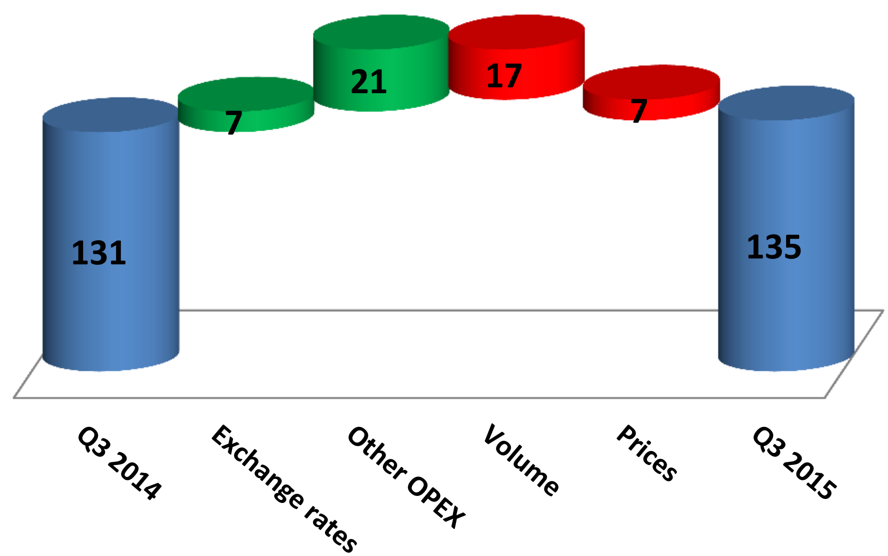

Numbers may not add up due to rounding

# Potash Bridge Analysis

## Sales ($M)




## Adjusted Operating income* ($M)

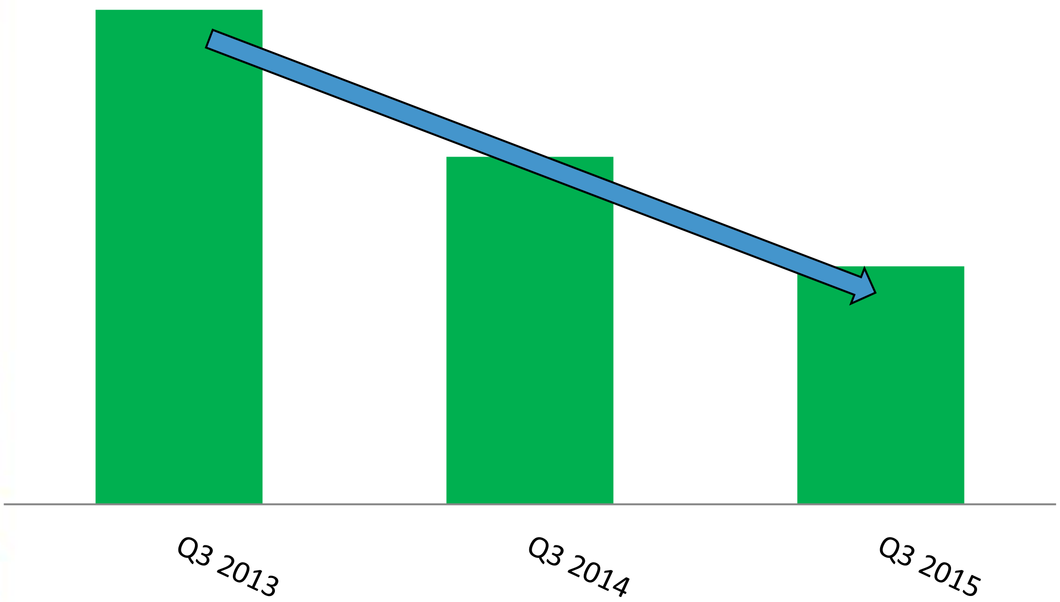



* **Excluding the following one-time items**: claim provision of $3 million, electricity system management provision for prior periods of $5 million, 2014 Royalties arbitration provision of $5 million and strike related expense of $8 million.

Numbers may not add up due to rounding

# Reduced Average Cost Per Tonne - Potash

**Potash – realized full cost per tonne sold***



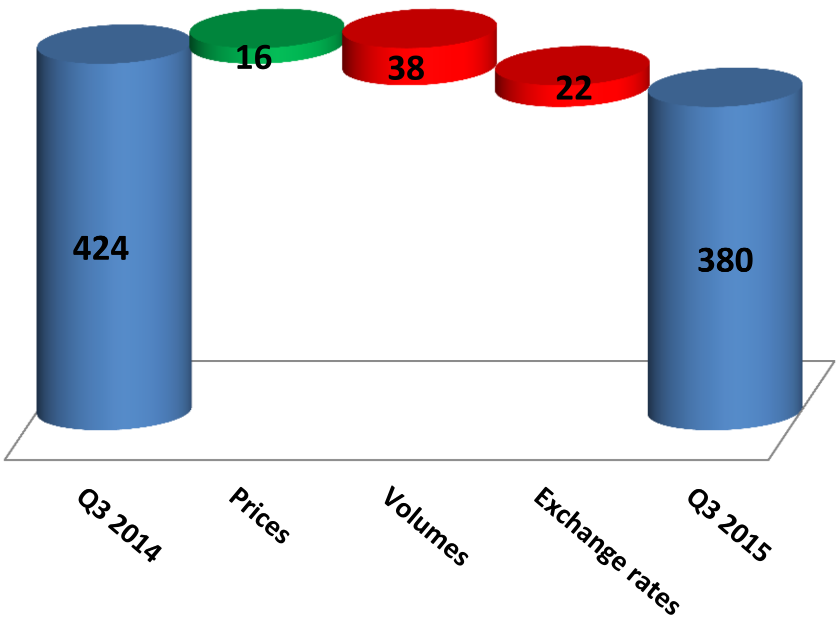

***Lower cost is achieved through:***

- Increased production at our Dead Sea and UK facilities
- Labor cost reduction and increased operating efficiency
- Depreciation of euro, shekel and pound vs. USD
- Reduced shipping costs
- Reduced energy costs

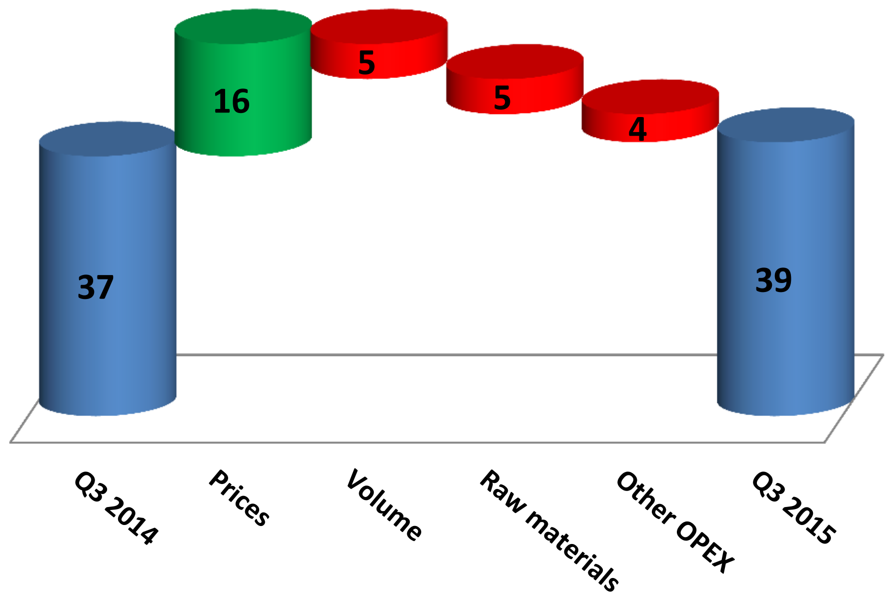
* Calculation based on adjusted full costs, including COGS, royalties, depreciation, freight and transportation, G&A, S&M.

# Specialty and Phosphate Fertilizers

## Sales ($M)




## Adjusted Operating income* ($M)



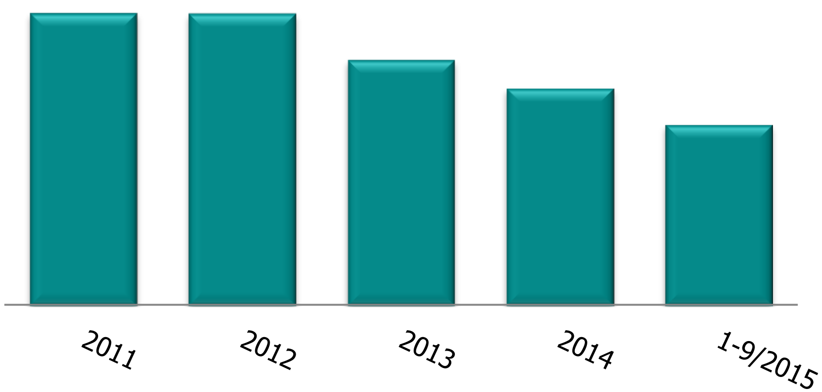

* **Excluding the following one-time items**: fire impact of $9 million, income from insurance claim due to the Rotem fire of $7 million and electricity system management provision for prior periods of $6 million.

Numbers may not add up due to rounding

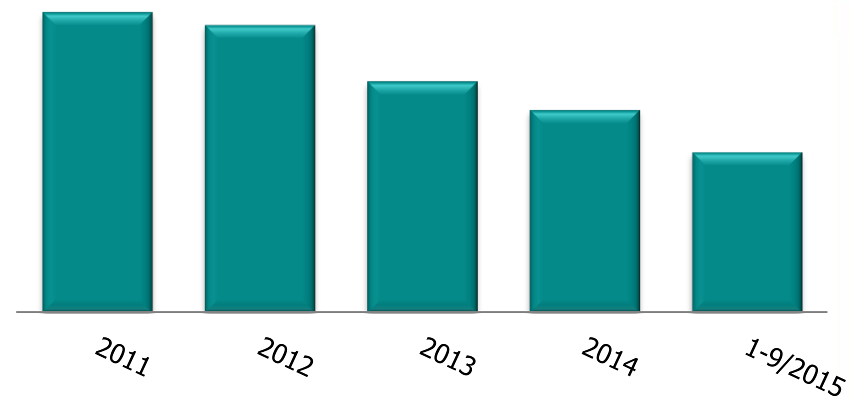
# Reduced Cost for Phosphate Rock, Phosphoric Acid, and Phosphate Fertilizers

***Cost reduction initiatives are bearing fruits***

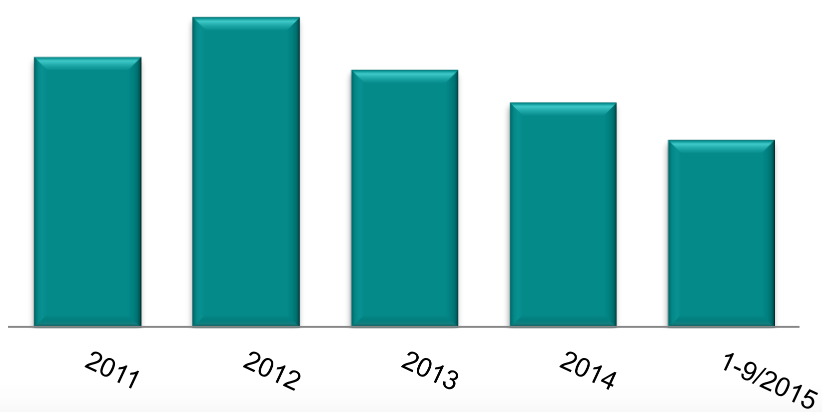
**Green phosphoric Acid Cost** $/tonne FOB



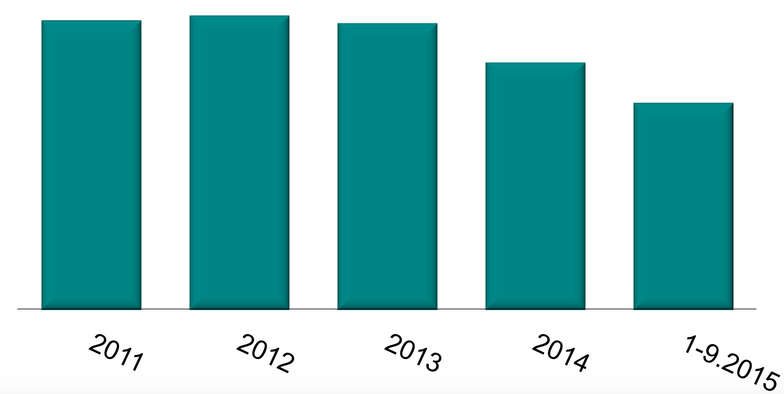

**GTSP Cost** $/tonne FOB




**White phosphoric Acid Cost** $/tonne FOB

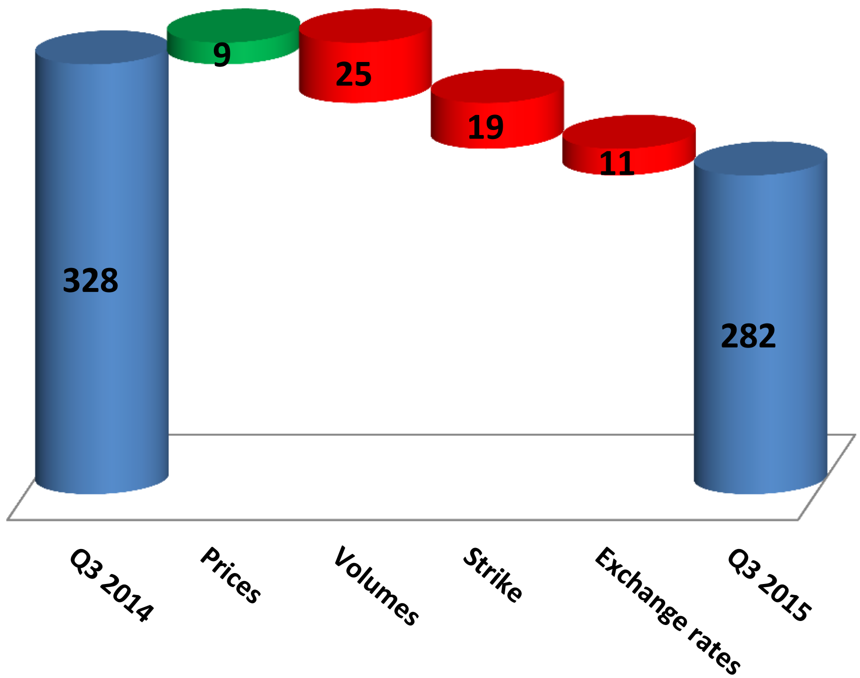



**Phosphate Rock Cost** $/tonne FOB

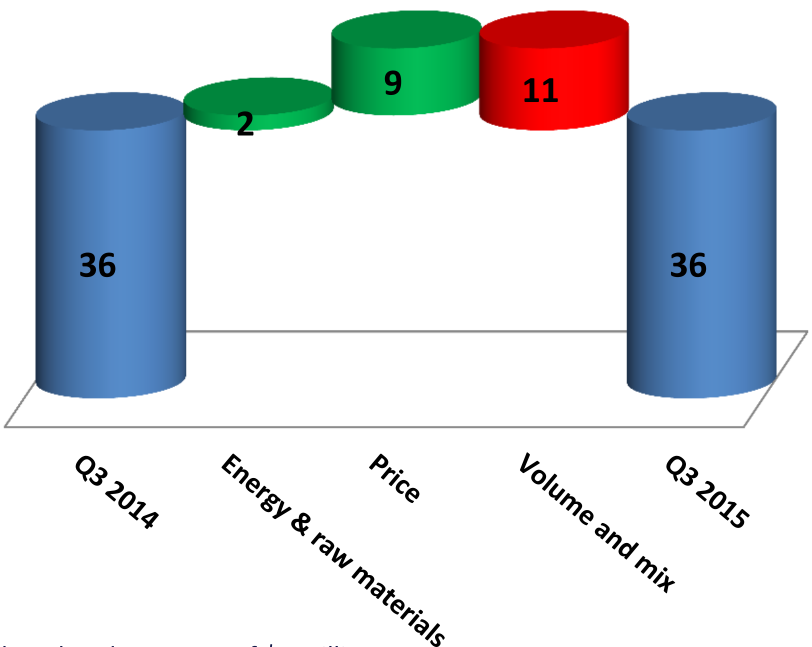


# Industrial Products

## Sales ($M)




## Adjusted Operating income* ($M)

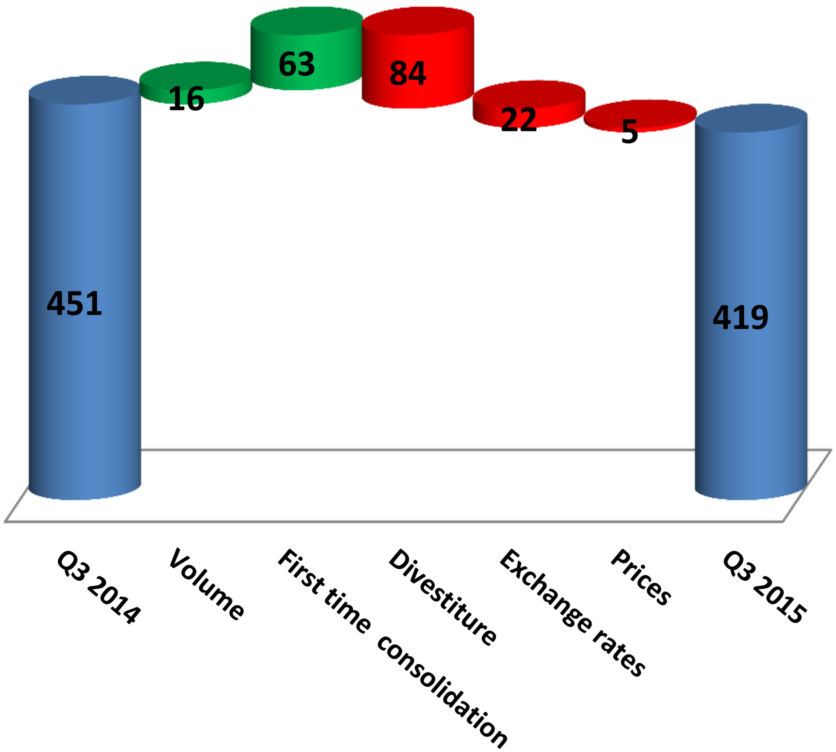



* **Excluding the following one-time items**: legal claim provision of $2 million and strike related expenses of $6 million.

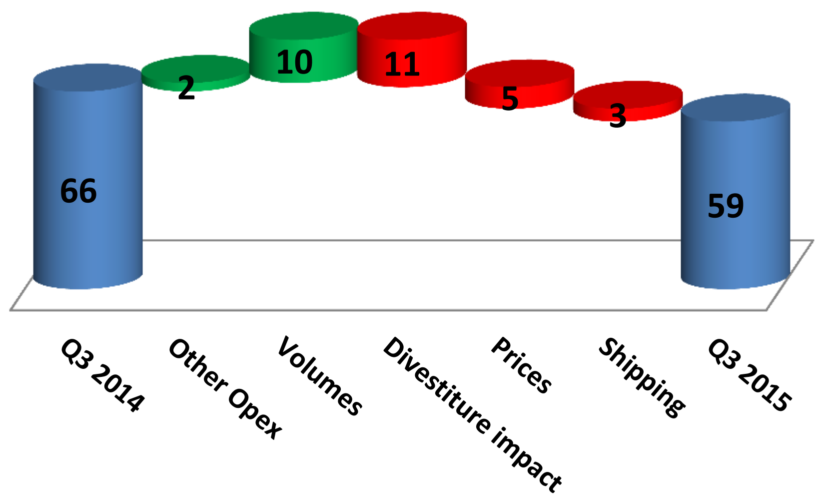
Numbers may not add due to rounding

# Performance Products

## Sales ($M)




## Operating income ($M)




Numbers may not add due to rounding

# Thank You