Maalot
S&P Global Ratings

Israel Corporation Ltd.

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Table of Contents

Israel Corporation Ltd.

Issuer Credit Affirmed	ilA/Stable

Overview

Key Strengths	Key Risks
• Israel Corp's creditworthiness is underpinned by its main holding, ICL Group Ltd. ("ICL"), one of the leading global potash producer and the largest global bromine producer. • ICL benefits from competitive advantage from mining in the Dead Sea, which provides access to unique high-quality raw materials, logistical advantages, proximity to ports, and a more favorable cost position for potash and bromine than peers. • High top-of-the-cycle fertilizer prices, underpinned by resilient demand and tight supply. • Israel Corp. has large cash reserves and follows a financial policy which includes maintaining net stand-alone debt of up to $1.2 billion.	• Cyclical and competitive nature of the fertilizer industry. • Exposure to regulatory changes and political pressure in Israel pertaining to extending the Dead Sea mining concession, which is valid until 2030. • ICL has large non-discretionary capital expenditures (capex) requirements related to its Dead Sea operations. • Some exposure of the bromine segment to cyclical end-markets such as oil and gas, auto, and construction. • Dependence on a major asset.

The market value of Israel Corp's holding portfolio is correlated with ICL's performance and Israel Corp's consolidated financial statements. We therefore analyze Israel Corp's business risk profile based on ICL's operating performance and its financial risk profile based on its consolidated reports.

We estimate that Israel Corp will continue implementing its investment strategy, while maintaining net stand-alone debt of up to $1.2 billion. However, we note that any material acquisition would involve risks inherent to M&A activity, including regulation and integration risks, which may affect the Company's creditworthiness. We expect the adjusted debt to EBITDA ratio to improve in 2022 due to an increase in ICL's revenues and EBITDA. We expect potash and phosphate fertilizer prices to remain strong in 2022, factoring in the robust demand and disruptions in global supply.

We expect Israel Corp's leverage to decline sharply in 2022, as high fertilizer prices underpin strong EBITDA growth, while debt decreases. We forecast that S&P Global Ratings-adjusted debt to EBITDA will average 1.6x over our 2022-2024 forecast period, mainly based on our estimate of high

EBITDA in 2022. In particular, we expect Israel Corp's EBITDA to grow to $3.3 billion - $3.4 billion in 2022, from about $1.7 billion in 2021. Although we do not anticipate that fertilizer prices will remain at these high levels indefinitely, we project that adjusted EBITDA for 2023 and 2024 will be well above 2020 levels. The Company recently reduced its debt through the realization of Oil Refineries Ltd. shares in November 2021, the sale of ICL shares in March 2022 and another sale of Oil Refineries in a process that began in April 2022.

The fertilizer market is likely to remain demand-driven in 2022 and into 2023. Fertilizer prices rallied in 2021, and have increased further since the start of 2022, benefitting from high feedstock costs and strong agricultural commodity prices. These higher crop prices reflect healthy fundamentals--in particular, firm demand globally for food and the need to replenish grain crop inventories following the 2021-2022 season. We also anticipate that increased state funding for fertilizers in key markets such as India will support demand in the near term. At the same time, volatility in market prices has been exacerbated by the Russia-Ukraine conflict, as sanctions and export restrictions caused disruptions that led to a structural shortfall in supply. Although no sanctions specifically target potash and phosphate trade from Russia, restrictions on payments made transactions more difficult, and some shipping companies have suspended routes to and from Russia. Russia and Belarus together account for about 40% of potash fertilizers exports. China and Russia combined account for more than 40% of the global phosphate trade. China has also implemented restrictions on fertilizer exports until at least June 2022 to ensure domestic availability. Beyond 2022, we anticipate that fertilizer prices will abate. Fertilizers are now at their least affordable level since 2008-2009, which may cause demand destruction. This is particularly true for potash and phosphate fertilizers, demand for which is more elastic than that for nitrogen fertilizers. Unlike potash and phosphate, nitrogen fertilizers must be applied on fields annually to avoid a negative impact on the harvest. In addition, the tailwind from supply imbalance could reverse if the export restrictions or sanctions are lifted, or supply tightness is partly eased by additional capacity from producers in other regions. For example, in response to high potash prices, western producers such as Nutrien, Mosaic, and K+S have announced capacity additions; some of these are operational in nature and could come online as soon as 2023.

Despite the favorable near-term outlook, we think that current prices are unsustainable. Our strong EBITDA growth forecast factors in high prices for potash and phosphate, which we see as reflective of a cyclical upturn. We understand that ICL will not use cash to repay debt--save for scheduled debt amortization--which could help sustain credit metrics after this strong market has faded. Consequently, the forecast reduction in leverage is largely due to strong profitability, which we view as temporary. In our rating, we incorporate the potential for volatility in the potash and phosphate crop nutrients sector to affect future earnings, allowing for healthy headroom. We estimate that Israel Corp will maintain net stand-alone debt of up to $1.2 billion.

Recent leak in Israel's Negev desert reaffirms S&P Global Ratings' view of the heightened risks related to environmental and social factors. On June 5, 2022, the Israel Nature and Parks Authority said that a leak from one of ICL's supply canals into Nahal Tze'elim appears to have caused damage to the surrounding ecosystem. We capture environmental factors, including risks posed to natural capital, as a moderately negative consideration in our credit rating analysis of Israel Corp, as reflected in the operations of its main subsidiary, ICL. We understand that the impact on the production of potash is not substantial. The financial impact is unclear at this stage and may include fines. However, in our view, the reputational and social impact are significant because such incidents can mean greater focus on and public scrutiny of environmental impacts, including land pollution, and the effect on biodiversity and health.

Outlook

The stable outlook reflects our assessment that in the next 12 months, Israel Corp will maintain financial metrics commensurate with the current rating, i.e. an adjusted debt to EBITDA ratio of 4.0x at the top of ICL's business cycle and 5.0x at the bottom of ICL's business cycle, as well as adequate liquidity.

Our outlook is underpinned, among other things, by Israel Corp’s intention not to engage in aggressive acquisitions that would lead to a deviation from the coverage ratios noted above. It is also underpinned by our base case scenario for ICL, which is expected to present higher profit in 2022. ICL has reported top-of-the-cycle performance for the year to date and the supply and demand balance for potash and phosphate fertilizers remains tight, which more than offsets the effect of raw material cost inflation on profitability and margins. We anticipate that ICL will generate adjusted EBITDA of $3.3 billion-$3.4 billion in 2022, supported by its strong position in the fertilizer markets and low production costs in Israel.

Downside Scenario

We may take a negative rating action if Israel Corp’s adjusted debt to EBITDA is about 5.0x with no short-term prospects of improvement, or if ICL’s operating performance weakens beyond our base case assumptions. In the first instance, this could occur due to weaker market conditions, for example, as a result of prolonged low potash or phosphate prices due to sluggish demand or ongoing oversupply in both markets. We could also lower the rating if ICL deviated from its publicly stated dividend policy or embarked on sizable leveraged acquisitions.

Over the medium term, the rating could come under pressure if uncertainty regarding the renewal of the Dead Sea concession continues. In this scenario, we expect the company's business risk to increase because it currently benefits from ICL's inherent advantages of operating in the Dead Sea.

Upside Scenario

We may consider a positive rating action if Israel Corp strengthens its financial risk profile such that its debt to EBITDA drops below 3.5x on a sustainable basis, with no deterioration in its liquidity profile, while ICL maintains at least its current operating performance in accordance with our base case scenario.

Base Case Scenario

Key Assumptions

- Consolidated revenue of $10.0 billion - $10.2 billion in 2022, decreasing to $8.1 billion - $8.5 billion in 2023. The increase in phosphate and potash fertilizer prices over first-quarter 2022 should continue to support ICL's sales in 2022. On average, demand growth for both phosphate and potash fertilizer is expected to moderate in the medium term, because the very high fertilizer prices make it less affordable for farmers.
- An improvement in the adjusted EBITDA margin toward 30%-35% in 2022 from 24.2% in 2021.
- Adjusted consolidated EBITDA of $3.3 billion - $3.4 billion in 2022 and $2.3 billion - $2.5 billion in 2023.
- No substantial transactions in ICL over the remainder of 2022, although it maintains sufficient headroom for acquisitions.
- Dividend receipts from ICL of up to 50% of adjusted net profit in 2022-2023, in accordance with its dividend policy.
- No dividend distribution to Israel Corp's shareholders, except when divesting some of its holdings (e.g. the dividend that will be distributed when the sale of 534 million Oil Refineries shares is completed), and as part of the plan to implement the Company's new investment strategy.
- Consistently maintaining net stand-alone debt of up to $1.2 billion in accordance with the Company's policy.

Key Metrics

Financial Metric	2021A	2022E	2023E
Debt/EBITDA	2.5x	1.1x-1.6x	1.6x-2.0x
FFO/debt	31.1%	60%-70%	40%-50%
EBITDA/interest expense	8.3x	14x-18x	10x-14x

A - actual. E – Estimate. FFO – funds from operations.

Base Case Projections

A sharp increase in revenue and profitability in 2022

We anticipate consolidated revenue growth of about 45% in 2022, due to tight market conditions. We expect potash and phosphate fertilizer prices to remain strong in 2022, factoring in the robust demand and disruptions in global supply. In our base case scenario we also take into account ICL's strong performance for the year to date. We expect that fertilizer prices will remain high in 2022, because of supply curtailments following sanctions on Belarus, trade disruptions in Russia, and export restrictions in China, and high input costs for ammonia and sulfur, in the case of phosphate fertilizers. In view of strong grain crop commodity prices, comparatively low inventories, and increased state funding for fertilizers, we anticipate demand will remain supportive in 2022.

Higher fertilizer prices provide support to ICL's, and consequently Israel Corp's, margin improvement in 2022. Our adjusted EBITDA margin expectation of 32%-34% in 2022 reflects our assumption that profitability will be supported by record phosphate and high potash fertilizer prices. That said, we expect margins to weaken in the latter half of 2022.

We forecast weaker EBITDA in 2023 and 2024. In our view, fertilizers are less affordable for farmers, which may lead to demand destruction. Because of low affordability, farmers may prioritize the application of the nitrogen fertilizers needed to maintain yields, thereby reducing demand for potash and phosphate fertilizers. In addition, a resumption of exports from Chinese fertilizer producers may further depress prices, particularly for phosphate fertilizers.

Company Description

Israel Corp. is traded on the Tel Aviv Stock Exchange and holds about 44% in ICL Ltd. ("ICL", ilAA/Stable), about 24% in Oil Refineries Ltd. (ilA/Stable) and about 18% of AKVA Group ASA (AKVA). ICL is fully consolidated in Israel Corp's financial statements, Oil Refineries is an associated company whose results are reported using the equity method, as part of Israel Corp's share in the income of associated companies, and AKVA is reflected by its fair value through other comprehensive income. Israel Corp's main shareholders are Millennium Investments Elad Ltd. and Mr. Idan Ofer.

ICL is an international company producing and marketing fertilizers and specialty chemicals based on potash, phosphate and bromide. ICL has four major divisions: Industrial Products, Potash, Phosphate Solutions and Innovative Ag Solutions. For additional details regarding ICL's rating, see our rating report dated July 5, 2022.

Oil Refineries is the largest refining and petrochemical company in Israel. For additional information on Bazan's rating, see our rating report dated March 15, 2022. AKVA is a public company traded on the Oslo Stock Exchange and engaged in providing technological aquaculture solutions and services.

Business Risk

Our assessment of Israel Corp's business risk profile and creditworthiness is underpinned by the operating performance of its main holding, ICL. We estimate that ICL's performance directly affects the market value of Israel Corp's holding portfolio, the size of dividends it receives from ICL, and its financial flexibility as reflected in its LTV (loan to value) ratio.

Our assessment of ICL's business risk, and accordingly to Israel Corp's business risk, reflects ICL's position as the seventh-largest global potash producer and the largest global bromine producer. Both markets are concentrated and benefit from high barriers to entry. Not only is there a lack of economically viable deposits with a high mineral concentration, but also new players would incur substantial construction costs and there is a long lead time to develop a new greenfield potash mine. In addition, the bromine industry is characterized by stringent regulatory requirements, which translate into expensive and complex logistics systems. The high barriers to entry mean more stable sales volumes and give ICL the ability to defend its market share.

ICL's relatively high competitive position is supported by its geographical sales spread because it reduces its exposure to demand shifts caused by regional factors, such as extreme weather. The balanced geographic profile also exposes ICL to different planting calendars, which smooth the effects of seasonality in earnings. ICL's acquisitions of two specialty fertilizer and plant nutrition businesses in 2021 (Compass Minerals and Fertilaqua) strengthened its positioning in Brazil, a key agricultural market globally. In our view, these acquisitions allow ICL to gain exposure to a high growth market, while balancing the effects of seasonality on the business. ICL's Industrial Products segment also provides important end-market and cash-flow diversity, due to the less-than-perfect correlation between agricultural and industrial demand.

ICL's main business risk relates to its dependence on the extension of its Dead Sea concession by the Israeli government in 2030, and its exposure to political pressures and regulatory changes. This translates into uncertainty as to whether ICL's operations will continue in their current form beyond 2030. There are currently no firm developments in this area. ICL's position in the commodity phosphate market is weaker than that of peers such as OCP S.A., due to the relatively low quality of the phosphate rock mined in Israel's Negev Desert, high production costs, and the lack of an alternative mining site. Reserves at the current site are dwindling, with about 60Mt remaining as of December 2021.

Our view on the business risk profile is further constrained by the highly cyclical nature of the fertilizer industry. This cyclicality reflects the industry's changing supply-demand balance, which is difficult to predict as it depends on fertilizer price expectations, harvests, the crop mix, farmers' earnings (which themselves depend of crop prices), the weather, and inventory levels. New supply tends to come on stream due to new facility constructions, and higher cost capacities are curtailed. Political decisions influence both demand and supply, through export allowances or taxes and subsidies in various core markets, especially India and China. Finally, demand for potash and phosphate is more volatile than for nitrogen fertilizers, as farmers can skip or reduce their application for one or more seasons, without immediately affecting yield.

We belive ICL's ongoing shift from the production of commodity fertilizers to the production of value-added complementary products is an important strategic step to help it stabilize profits through the cycle.

Financial Risk

ICL's performance is correlated with the market value of Israel Corp's holding portfolio, its LTV ratio and financial metrics based on its consolidated statements. We analyze Israel Corp's financial risk profile on the basis of its consolidated statements while adjusting its EBITDA to reflect any dividend receipts from Oil Refineries and AKVA. At the same time, we examine its LTV ratio as an indicative metric for its financial flexibility and ability to refinance its debt.

As of the date of the report, the LTV rate is about 11% compared with about 24% in July 2021. This decrease is mainly attributed to an increase in the value of Israel Corp's holdings in ICL, but also to the increase in Oil Refineries' value and the Company's debt reducing efforts described above. We believe that Israel Corp's financial flexibility remains adequate, and that it can refinance its debt.

Israel Corp's adjusted consolidated debt to EBITDA was about 2.5x in 2021, compared with about 4.5x in 2020. This improvement was the result of an increase in potash and phosphate prices in 2021.

We expect the Company to post an adjusted debt to EBITDA ratio of 1.1x-1.6x in 2022, as a result of an increase in EBITDA due to even higher fertilizer prices, on the backdrop of robust demand and global supply disruptions. Although leverage is below the rating threshold, we believe that this reflects a cyclical upturn. We estimate that Israel Corp will continue implementing its investment strategy, while maintaining net stand-alone debt of up to $1.2 billion. However, we note that any material acquisition would involve risks inherent to M&A activity, including regulation and integration risks, which may affect the Company's creditworthiness.

We expect potash and phosphate fertilizer prices to remain strong in 2022, factoring in the robust demand and disruptions in global supply.

We expect ICL to continue to be Israel Corp's core holding and thus our base case scenario is underpinned by our assumptions regarding ICL. ICL's dividend policy since 2020 includes distribution of up to 50% of adjusted net income.

Our base case for ICL includes $10 billion - $10.2 billion in revenues in 2022 and adjusted EBITDA of $3.3 billion - $3.4 billion. We expect revenues to decrease in 2023 to $8.1 billion - $8.5 billion and adjusted EBITDA to decrease to $2.35 billion - $2.55 billion against the backdrop of lower demand for potash and phosphate fertilizers coupled with increased supply. However, it is still expected to be higher than in 2021, when it was about $1.68 billion.

The fertilizer industry's cyclicality is a structural constraint to ICL's financial risk profile, and therefore to Israel Corp's financial risk profile, because it translates into volatility in profits outside of the Company's control, as well as large seasonal working capital swings. ICL's track record of navigating its business through the cycle and prudent financial policy are important mitigating factors.

Table 1.

Israel Corp. Ltd. -- Financial Summary (Mil. $)

Industry Sector: Chemical Cos

	2021	2020	2019	2018	2017
Revenue	6,955	5,043	5,271	5,556	5,418
EBITDA	1,671	936	1,216	1,159	1,137
Funds from operations (FFO)	1,284	699	881	865	749
Interest expense	201	198	212	257	241
Cash interest paid	194	206	203	235	256
Cash flow from operations	939	718	870	644	733
Capital expenditure	593	603	557	550	434
Free operating cash flow (FOCF)	346	115	313	94	299
Discretionary cash flow (DCF)	193	50	164	(155)	175
Cash and short-term investments	1,116	919	751	628	697
Gross available cash	1,116	919	751	628	697

	2021	2020	2019	2018	2017
Debt	4,132	4,250	4,051	3,999	5,051
Equity	4,285	3,764	3,883	3,610	2,637
Adjusted ratios					
Annual revenue growth (%)	37.9	(4.3)	(5.1)	2.5	1.0
EBITDA margin (%)	24.0	18.6	23.1	20.9	21.0
Return on capital (%)	15.5	4.4	10.1	9.5	9.5
EBITDA interest coverage (x)	8.3	4.7	5.7	4.5	4.7
FFO cash interest coverage (x)	7.6	4.4	5.3	4.7	3.9
Debt/EBITDA (x)	2.5	4.5	3.3	3.5	4.4
FFO/debt (%)	31.1	16.4	21.8	21.6	14.8
Cash flow from operations/debt (%)	22.7	16.9	21.5	16.1	14.5
FOCF/debt (%)	8.4	2.7	7.7	2.3	5.9
DCF/debt (%)	4.7	1.2	4.0	(3.9)	3.5

Liquidity

We examine the Company’s liquidity profile on a stand-alone basis. We assess the Company's liquidity as adequate, reflecting our expectations that its sources to uses ratio will exceed 1.2x in the 12 months starting April 1, 2022. Our liquidity assessment is based on Israel Corp’s cash balance and on expected dividends from ICL on the one hand, and on debt maturities and general & administrative expenses on the other hand. We note that in our liquidity calculation we excluded unannounced dividend receipts from ICL for the second half of 2022 and the first quarter of 2023.

Following are the company’s liquidity sources and uses on a stand-alone basis for the 12 months beginning April 1, 2022:

Principal Liquidity Sources	Principal Liquidity Uses
• About $871 million in cash and cash equivalents. • Unutilized signed credit facilities for more than a year in the amount of about $210 million. • Dividends received from ICL in June 2022 in the amount of about $131 million.	• Ongoing maturities and prepayments of long term loans and bonds of about $418 million. Of which, about $329 million had been repaid up to the date of this report. • Interest, general and administrative expenses of about $70 million.

Debt Maturities

Year	2022	2023	2024	2025	2026 onwards
Maturities (Mil. $)	92	237	193	126	544

Covenant Analysis

We expect the Company to maintain adequate headroom (over 15%) on all its financial covenants.

Modifiers

Diversification/portfolio effect: Neutral

Capital structure: Neutral

Liquidity: Neutral

Financial policy: Neutral

Management and governance: Neutral

Comparable ratings analysis: Negative

The fact that most of the Company's operation is performed through the holding of public companies and not through direct ownership of assets adversely affects the rating.

Environmental, Social, And Governance

ESG Credit Indicators

ESG Credit Indicator	E-3	S-3	G-2
ESG factor	Natural capital Climate transition risks	Social capital	Not relevant

ESG credit indicators provide additional disclosure and transparency at the issuer level, and reflect our assessment of the impact of environmental, social and corporate governance factors on our credit rating analysis. ESG indicators are not a credit rating, a sustainability rating or an ESG Evaluation. The factors' effect is expressed on a scale of 1 to 5, where 1 = positive effect, 2 = neutral, 3 = moderately negative effect, 4 = negative effect, and 5 = very negative effect. For additional information see ESG Credit Indicator Definitions And Application, published on October 13, 2021.

We capture environmental factors, including risks posed to natural capital, as a moderately negative consideration in our credit rating analysis of Israel Corp, as reflected in the operations of its main subsidiary, ICL, since our assessment of Israel Corp's creditworthiness is based on ICL's operating performance. We believe the drying out in the Dead Sea area alongside the risk pertaining to the extension of its concession after 2030 may pressure ICL to reduce its use of Dead Sea minerals, which could have an adverse effect on its business and credit rating and thus on Israel Corp's credit rating.We capture social factors as a moderately negative consideration in our credit rating analysis of Israel Corp, as reflected in ICL's operations. ICL's operations could indirectly damage the foundations of buildings located near the shoreline, as well as other shoreline infrastructure. Although this has not created social tensions or led to material claims to date, ICL continues to engage with the local communities and businesses. ICL's ability to preserve its natural and social capital are key factors in maintaining the viability of its business model, and Israel Corp's by extension.

Recovery Analysis

Key analytical factors

- We are affirming our 'ilA' issue rating, identical to the issuer rating, on Israel Corp's unsecured bond series (Series 10, 11, 12, 13, 14, 15).
- The recovery rating for these series is 3, reflecting our assessment that in the case of default, the recovery rate would be 50%-70%.
- Our recovery rating assessment is supported by the holding of tradable shares of three companies from different areas of operation that are not necessarily correlated.

Simulated default assumptions

- Simulated year of default: 2026
- A deep recession in various economies will lead to competitive pressure and price drops in the chemicals and energy industries, materially devaluating the company's holdings.
- The Company will be liquidated, an assessment based on the fact that there is no activity at the holding company level and its entire value at the time of default will be based on the shares it holds.
- In the deterioration process, the Company will use 85% of its signed credit facilities.
- On the day of the default, the Company's LTV ratio will be close to 100%, following a sharp drop in the market value of ICL, Oil Refineries and AKVA shares. We also assume an additional 30% reduction in share value at liquidation (amounting to a total reduction of about 70%).

Simplified Waterfall

- Gross discrete asset value at liquidation: about NIS 2.49 billion
- Administrative costs: 5%
- Enterprise value available for secured debt: about NIS 2.36 billion
- Total unsecured debt: about NIS 1.1 billion
- Enterprise value available for unsecured debt: about NIS 1.26 billion
- Total unsecured debt: about NIS 2.52 billion
- Recovery expectations for unsecured debt: 50%-70%
- Recovery rating for unsecured debt (1 to 6): 3

Mapping Recovery Percentages To Recovery Ratings

Recovery expectations (%)	Description	Recovery rating	Notching above/below issuer rating
100%	Full recovery	1+	+3 notches
90%-100%	Very high recovery	1	+2 notches
70%-90%	Substantial recovery	2	+1 notch
50%-70%	Meaningful recovery	3	0 notches
30%-50%	Average recovery	4	0 notches
10%-30%	Modest recovery	5	-1 notch
0%-10%	Negligible recovery	6	-2 notches

Recovery ratings are capped in certain countries to adjust for reduced creditor recovery prospects in these jurisdictions. Recovery ratings on unsecured debt issues are generally also subject to caps (see Step 6, paragraphs 90-98 of Recovery Rating Criteria For Speculative-Grade Corporate Issuers, December 7, 2016, for further detail). ICR--Issuer credit rating.

Reconciliation

In order to create a basis for comparison with other rated companies, we adjust the data reported in the financial statements which we use to calculate financial ratios. The main adjustments we made to Israel Corp's consolidated data for 2021 are as follows:

- Deducting available cash and cash equivalents, as we define it, from reported financial debt.
- Adjusting financial debt, EBITDA and interest expenses to reflect pension expenses.
- Adding interest expenses capitalized to reported financial debt to interest expenses.

Table 2.

Israel Corp. Ltd.--Reconciliation Of Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. NIS) for the Fiscal Year Ended Dec 31, 2021

	Debt	Shareholders' equity	EBITDA	Interest expense	S&P Global Ratings' adjusted EBITDA	Cash flow from operations	Capital expenditure
Reported Amounts	**4,249.0**	**1,538.0**	**1,691.0**	**175.0**	**1,671.0**	**1,108.0**	**611.0**
S&P Global Ratings adjustments							
Cash taxes paid	--	--	--	--	**(193.0)**	--	--
Cash interest paid	--	--	--	--	**(176.0)**	--	--
Reported lease liabilities	**362.0**	--	--	--	--	--	--
Postretirement benefit obligations/deferred compensation	**409.0**	--	**(4.0)**	**8.0**	--	--	--
Accessible cash and liquid investments	**(1,116.0)**	--	--	--	--	--	--
Capitalized interest	--	--	--	**18.0**	**(18.0)**	**(18.0)**	**(18.0)**
Share-based compensation expense	--	--	**6.0**	--	--	--	--
Asset-retirement obligations	**217.9**	--	--	--	--	--	--
Reclassification of interest and dividend cash flows	--	--	--	--	--	**(151.0)**	--
Noncontrolling interest/minority interest	--	**2,747.0**	--	--	--	--	--

	Debt	Shareholders' equity	EBITDA	Interest expense	S&P Global Ratings' adjusted EBITDA	Cash flow from operations	Capital expenditure
Debt: Litigation	10.0	--	--	--	--	--	--
EBITDA: Gain/(loss) on disposals of PP&E	--	--	(16.0)	--	--	--	--
EBITDA: Business divestments	--	--	(20.0)	--	--	--	--
EBITDA: Other	--	--	14.0	--	--	--	--
Total adjustments	**(117.1)**	**2,747.0**	**(20.0)**	**26.0**	**(387.0)**	**(169.0)**	**(18.0)**
S&P Global Ratings adjusted amounts							
	Debt	**Equity**	**EBITDA**	**Interest expense**	**Funds from operations**	**Cash flow from operations**	**Capital expenditure**
Adjusted	**4,131.9**	**4,285.0**	**1,671.0**	**201.0**	**1,284.0**	**939.0**	**593.0**

Related Criteria And Research

- Principles Of Credit Ratings, February 16, 2011
- Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, November 13, 2012
- Methodology: Industry Risk, November 19, 2013
- Country Risk Assessment Methodology And Assumptions, November 19, 2013
- Corporate Methodology, November 19, 2013
- Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, December 16, 2014
- Recovery Rating Criteria For Speculative-Grade Corporate Issuers, December 7, 2016
- Methodology For National And Regional Scale Credit Ratings, June 25, 2018
- Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Group Rating Methodology, July 1, 2019
- Environmental, Social, And Governance Principles In Credit Ratings, October 10, 2021
- S&P Global Ratings Definitions, November 10, 2021

Ratings List

Israel Corporation Ltd.	Rating	Date when the rating was first published	Last date when the rating was updated
Issuer rating(s)			
Long term	ilA/Stable	03/07/2005	07/07/2021
Issue rating(s)			
Senior Unsecured Debt			
Series 10,11	ilA	05/05/2016	07/07/2021
Series 12,13	ilA	13/03/2018	07/07/2021
Series 15	ilA	27/04/2021	07/07/2021
Series 14	ilA	02/12/2019	07/07/2021
Issuer Credit Rating history			
Long term			
November 22, 2016	ilA/Stable		
January 26, 2016	ilA+/Negative		
September 21, 2009	ilA+/Stable		
February 12, 2009	ilAA-/Negative		
November 30, 2008	ilAA/Watch Neg		
December 31, 2006	ilAA/Stable		
July 12, 2006	ilAA		
July 03, 2005	ilAA/Negative		
Additional details			
Time of the event	18/07/2022 11:26		
Time when the event was learned of	18/07/2022 11:26		
Rating requested by	Issuer		