Israel Corp.

# Company Overview

April 2015

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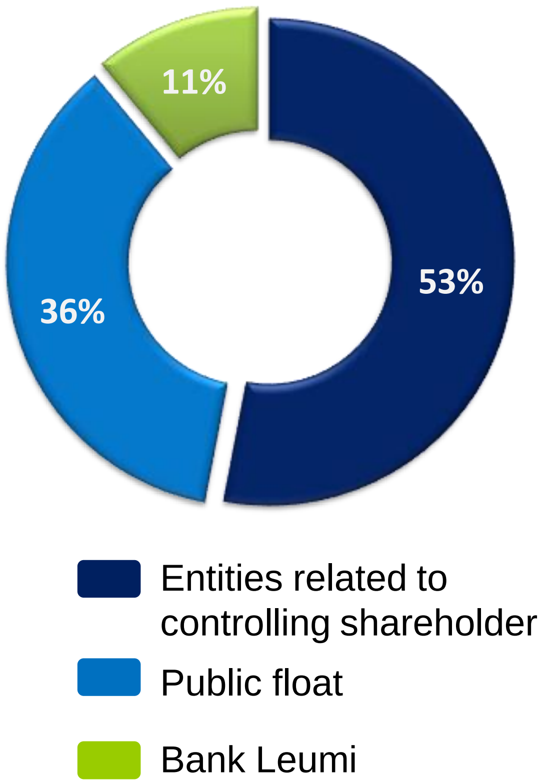
# Israel Corp. at a Glance

Israel Corp.
www.israelcorp.com

- Holding company providing focused exposure to well positioned mature assets in the Natural Resources industry
- Established in 1968; TASE IPO in 1982; completed Strategic Separation in 2015
- Among the largest companies traded on the TASE (ticker: ILCO.TA); mcap $2.7 bn[1]
- Credit rating: A+/Stable (S&P Maalot)[2]

## Israel Corp. Ownership[3]




1. As of March 31, 2015
2. Reaffirmed September 21, 2014
3. Source: Tel Aviv Stock Exchange filing, as of March 29, 2015

# Compelling Equity Story for Value Creation

✓

**Focused exposure to Natural Resources industry**

- Focused exposure to well positioned mature assets in the sector of fertilisers and refining:
  - ICL – leading specialty minerals company
  - Bazan – Israel's largest integrated refining and petrochemical complex

✓

**Transparent value proposition to shareholders**

- Transparent value proposition through holding of two publicly listed companies
- No investments in new corporations
- Will consider the future possibility of separating its stake in Bazan

# Pure Play Exposure to Natural Resources Sector

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**46.2%[1] stake: US$4,386m market value**
***Controlling shareholder***

ICL
(TASE:ICL, NYSE:ICL)

**Sector: Fertilisers & Engineered Materials**

- ✓ Leading potash producer – no 6 worldwide
- ✓ World's largest producer of bromine and specialty phosphates
- ✓ Global reach with fully integrated and diversified value chain
- ✓ Disciplined capital allocation strategy

**37.1% stake: US$420m market value**
***Partner to the joint control agreement***

BAZAN GROUP
FORMERLY ORL
(TASE:ORL)

**Sector: Refining & Petrochemicals**

- ✓ One of the largest and most complex refineries in East Mediterranean
- ✓ Leading player in Israel
- ✓ Strategically positioned with access to natural gas, crude oil supply and fast growing markets
- ✓ Fully integrated on-site petrochemicals business

Note: All market values as of March 22, 2015
1. 46.2% of voting rights and 49.1% of issued share capital

# Israel Chemicals (TASE: ICL, NYSE: ICL)

www.ICL-group.com

## Overview

- A leading specialty minerals company that operates a unique, integrated business model, adding value to customers in three end-markets: agriculture, food and engineered materials
- Diversified products portfolio helps to increase global food supplies, improve industrial materials and processes, and make energy exploration activities more efficient and eco-friendly
- Dual listed on TASE and NYSE; market cap of ~$8.9bn[1]
- International investment grade rating: BBB/STABLE (S&P, Fitch)
- ~12,450 employees worldwide[2]
- Three primary segments:
  - Fertilizers – serving the agriculture market. Potash & phosphate based bulk, compound and specialty fertilizers
  - Industrial Products – serving the Engineered Materials market. Elemental bromine, bromine derivatives and other specialty chemicals
  - Performance Products – specialty phosphates including food additives, phosphoric acids and phosphate salts

## Summary Financials Results

| *$ Millions* | FY2014 | FY2013 | FY2012[a] | FY2011[a] |
|---|---|---|---|---|
| Revenue | 6,111 | 6,272 | 6,471 | 6,869 |
| Operating Income | 758 | 1,101 | 1,554 | 1,878 |
| Net Income | 464 | 819 | 1,300 | 1,498 |
| Adj. Net Income[b] | 695 | 1,012 | 1,339 | 1,498 |
| EBITDA | 1,344[c] | 1,569 | 1,946 | 2,192 |
| Op. Cashflow | 895 | 1,127 | 1,727 | 1,359 |

a. Restated – retrospective application of IFRS new accounting standards
b. After elimination of non-recurring effects
c. In FY2014 ICL began reporting adjusted EBITDA

## Competitive Advantages

- **Unique portfolio of mineral assets.**
- **Leading positions in markets with high barriers to entry:**
  - Fertilizers – potash: #2 in Western Europe and #6 worldwide; PK fertilizers (compound potash & phosphate): #1 in Western Europe
  - Elemental Bromine – #1 global producer with ~40% of total global production capacity
  - Specialty Phosphates – top 2 worldwide
- **Strategically located production and logistic assets**
- **Diversification into higher value-added specialty products leveraging ICL's integrated business model**

1. As of March 22, 2015
2. As of December 31, 2014

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# Oil Refineries (TASE: ORL)

www.orl.co.il

## Overview

- Leading refinery in Eastern Mediterranean and Israel's largest integrated refining & petrochemicals complex
- Traded on the TASE; market cap: ~$1.1bn[1]
- Refining capacity of 9.8m tons/year (197k barrels/day) & a Nelson Complexity Index of 9.0
- On-site petrochemicals integration & capacity:
  - Polymers – raw materials for plastics industry; ~800k tons/yr
  - Aromatics – raw materials for chemicals and plastics industry; ~580k tons/yr
  - Basic Oils – used in machinery oils and waxes; ~70k tons/yr

## Summary Financials Results

| *$ Millions* | FY 2014 | FY 2013 | FY 2012 | FY 2011 |
|---|---|---|---|---|
| Revenue | 9,328 | 9,995 | 9,673 | 9,562 |
| Operating profit (loss) | 63 | 44 | (90) | 14 |
| Net profit (loss) | (93) | (167) | (198) | (76) |
| Adj. EBITDA* | 421 | 262 | 117 | 92 |
| Op. Cashflow | 813 | 123 | 620 | 117 |

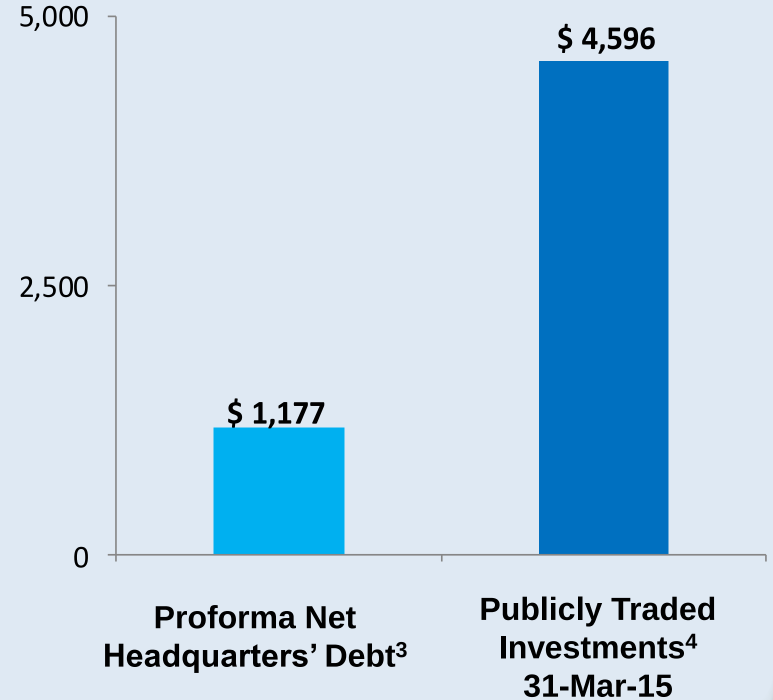
*Net of accounting impact

1. As of March 22, 2015

# Strong Financial Position

- Short term liquid assets of (31/12/14): $1,169m[1]
- A+/Stable credit rating (S&P *Maalot*)[2]
- IC will seek to distribute cash dividends while maintaining a balanced capital structure

**Net Headquarters Debt vs. Publicly Traded Investments (USD $m)**




Publicly traded investments **~3.9x** net headquarters debt

1. Liquid assets of the Headquarters' companies
2. Reaffirmed September 21, 2014
3. Calculated taking the net debt of $1,133m as listed in the 31/12/14 financial statements, and adjusting for the $191 collar loan received as part of the ICL shares transactions, as well as the $200m cash dividend paid to shareholders and $35m transferred to Kenon as part of the split process in January
4. Publicly traded investments are the market value of IC's holdings in ICL (46.2% on a voting rights basis) and Bazan (37.1%) as of 31-Mar-15 ,USD/NIS exchange rate as of the close of that date



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# Thank You