



# *Harnessing Nature Creating Value*

**3<sup>rd</sup> Annual NASDAQ – TASE  
Israeli Investor Conference  
New York, September 18, 2008**





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# Company Basics

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# Direct Access to Low Cost Natural Resources

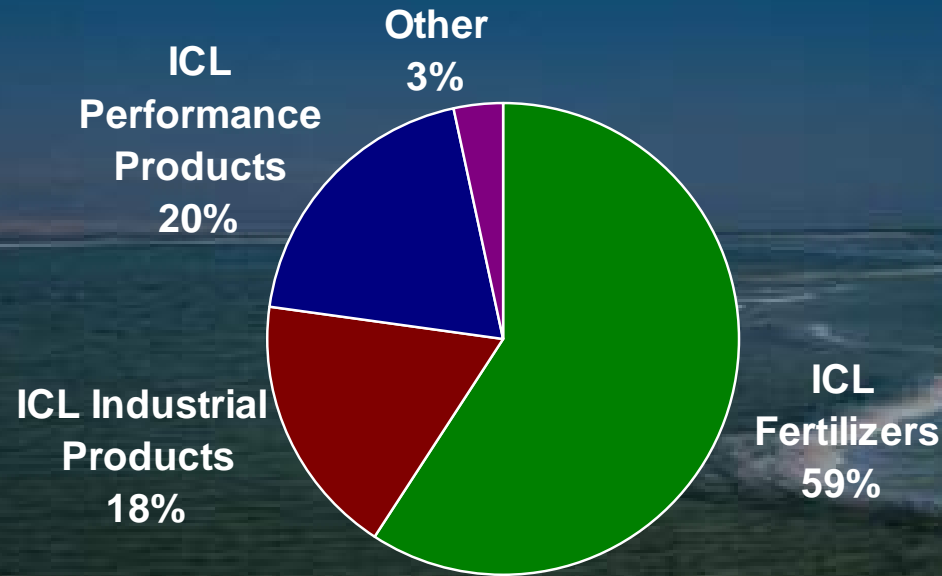


Leveraging our low cost positions



# A Diverse Portfolio of Fertilizers & Specialty Chemicals

Note: % based on 1H08 external sales



**1H08 Sales: \$3.6 billion**



# From Basic Minerals to Value-Added Products

## Fertilizers

## Industrial Products

## Performance Products

### Potash

63%

### Phosphates

37%

phosphate rock  
phosphoric acid  
fertilizers  
animal feed additives

### Bromine

81%

elemental bromine  
flame retardants  
inorganic products  
agrochemicals  
water treatment biocides

### Non-Bromine

19%

magnesia products  
chlorine-based products

### Specialty Phosphates

79%

technical, food grade & electronic  
grade phosphoric acid  
phosphate salts  
food additives

Other products based on  
alumina & other chemicals

21%

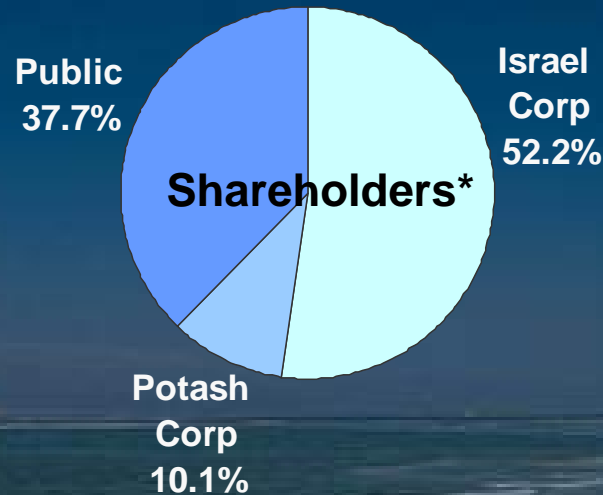
## Supresta\*

- organophosphorus flame retardants
- functional fluids (FR hydraulic fluids)
- plasticizers
- inorganic specialties

% 2007 Sales  
\*As of August 2007



## ICL's Long-Standing



- 1952 Mining operations begin at Dead Sea & Negev desert
- 1975 ICL established as a state-owned holding company
- 1992 IPO (TASE)
- 1995 Israel Corporation acquires control
- 1999 Ofer Group acquires the Eisenberg family's shares in Israel Corporation
- 2000 State of Israel retains "Golden Share"

**~ \$20 billion market cap\***

\* September 7, 2008



## Leading Player in Global Industry

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**#1** elemental bromine ~one third of global production

**#1** in organophosphorus flame retardants

**#1** producer of pure phosphoric acid

**#1** in specialty phosphates

**#1** supplier in Europe of PK fertilizers (compound potash & phosphate)

**#2** Europe and **#6-7** Worldwide in potash supply

**#2** Western World - magnesium production

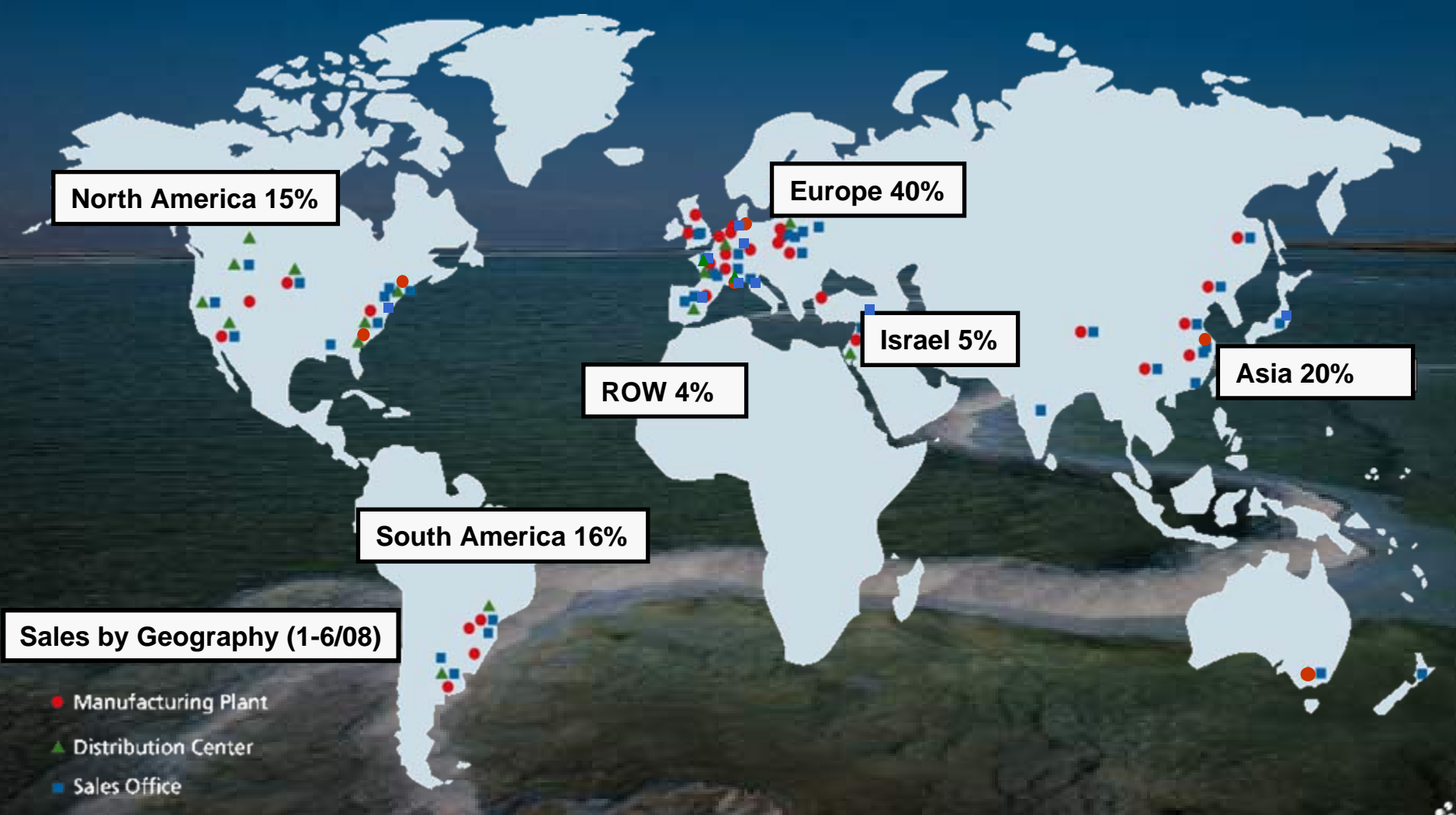
and...

Major player in specialty chemical high margin niche markets and specialty fertilizers





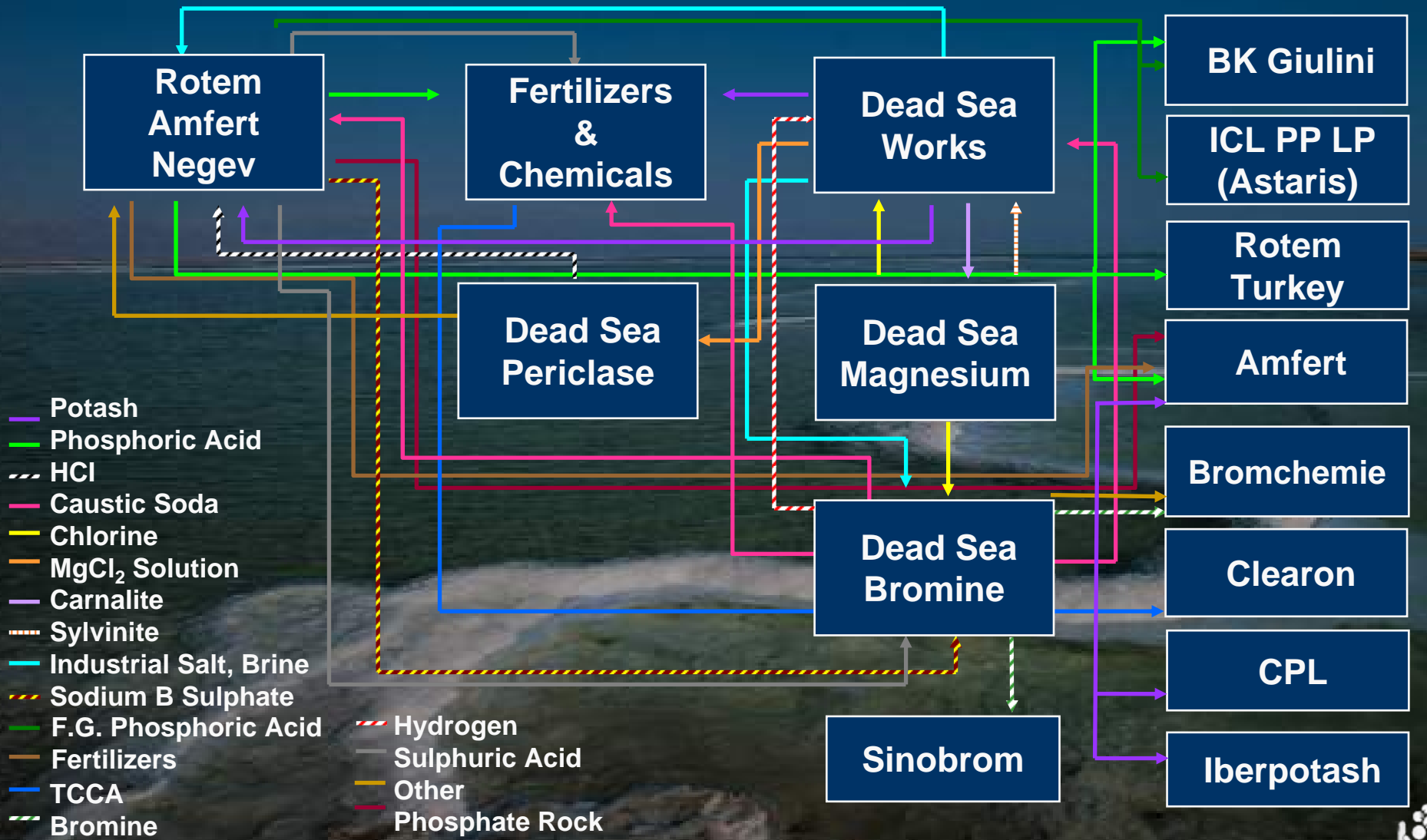
# Strong Global Presence





# Optimizing Operational Synergies

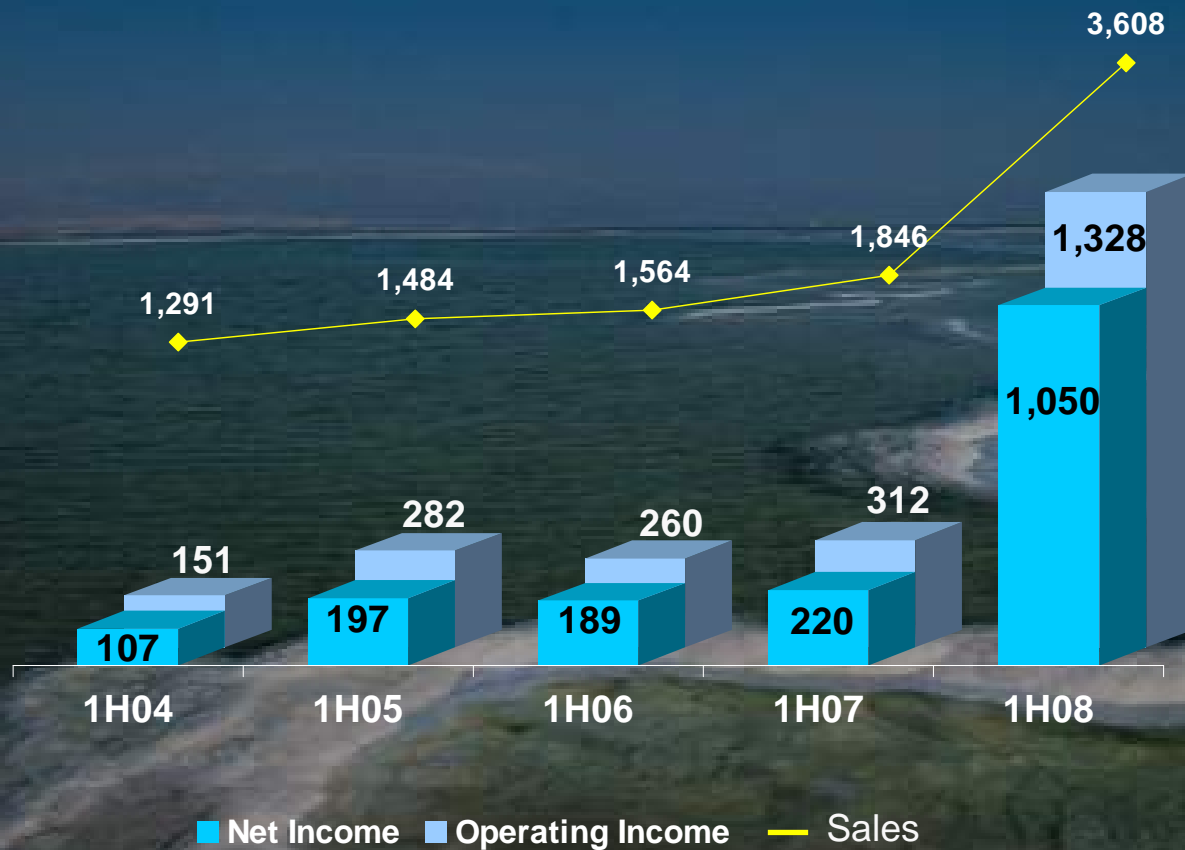
## Integrated Manufacturing / High By-Product Utilization





# First Half 2008 – Breaking All Past Records

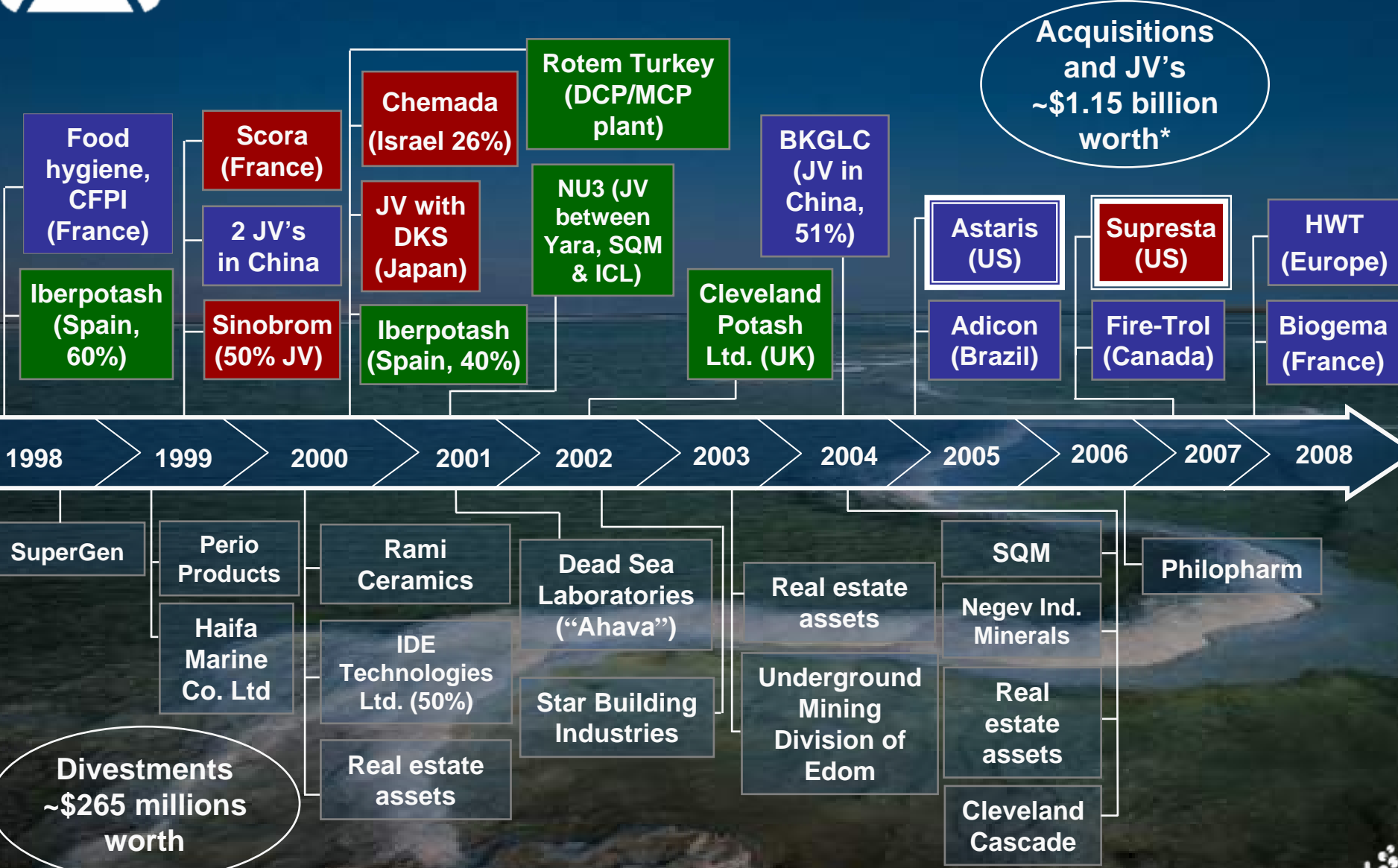
*\$ millions, first half*



\* 1H06, 1H05 & 1H04 figures are based on Israeli GAAP, 1H08 & 1H07 are based on IFRS



# Strategic Focus on Core Businesses





## Recent Mergers and Acquisitions\* Expanding ICL's Offerings and Global Reach

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\* As of November 2005

- **Astaris**  
Turned ICL into the leading special phosphates powerhouse and built out our capabilities in N. America
- **Supresta**  
Completed our product offerings with phosphorous FR's
- **Henkel Water Treatment**  
Boosted ICL Performance Products' range of water treatment offerings and marketing reach
- **Fire-Trol and Biogema**  
Leveraged our Fire Safety business and competency in phosphates to achieve global expansion
- **Adicon**  
Built our footprint in S. America & expanded our capabilities in food additives
- **Focus on China**  
JV's mainly in Industrial and Performance Products segments

**Over \$700 million in the past 3 years**



## Exploiting Opportunities and Meeting Challenges

### Build on ICL's Strengths

- **Natural (low cost) Resources**
- **Know-How & Technologies**
- **Three Well-Positioned, Core Businesses**
- **Global Geographic Locations**
- **Financial Strength**
- **Execution Capabilities**

### to Grow the Company

**Organically**

**Acquisitions**

**Stewardship**





# Business and Market Opportunities

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# What Drives Fertilizers Demand?

**Population Growth**

**Income Growth**

**Biofuels**

**Improved Diets = More Grains Required**

**Limited Arable Land**

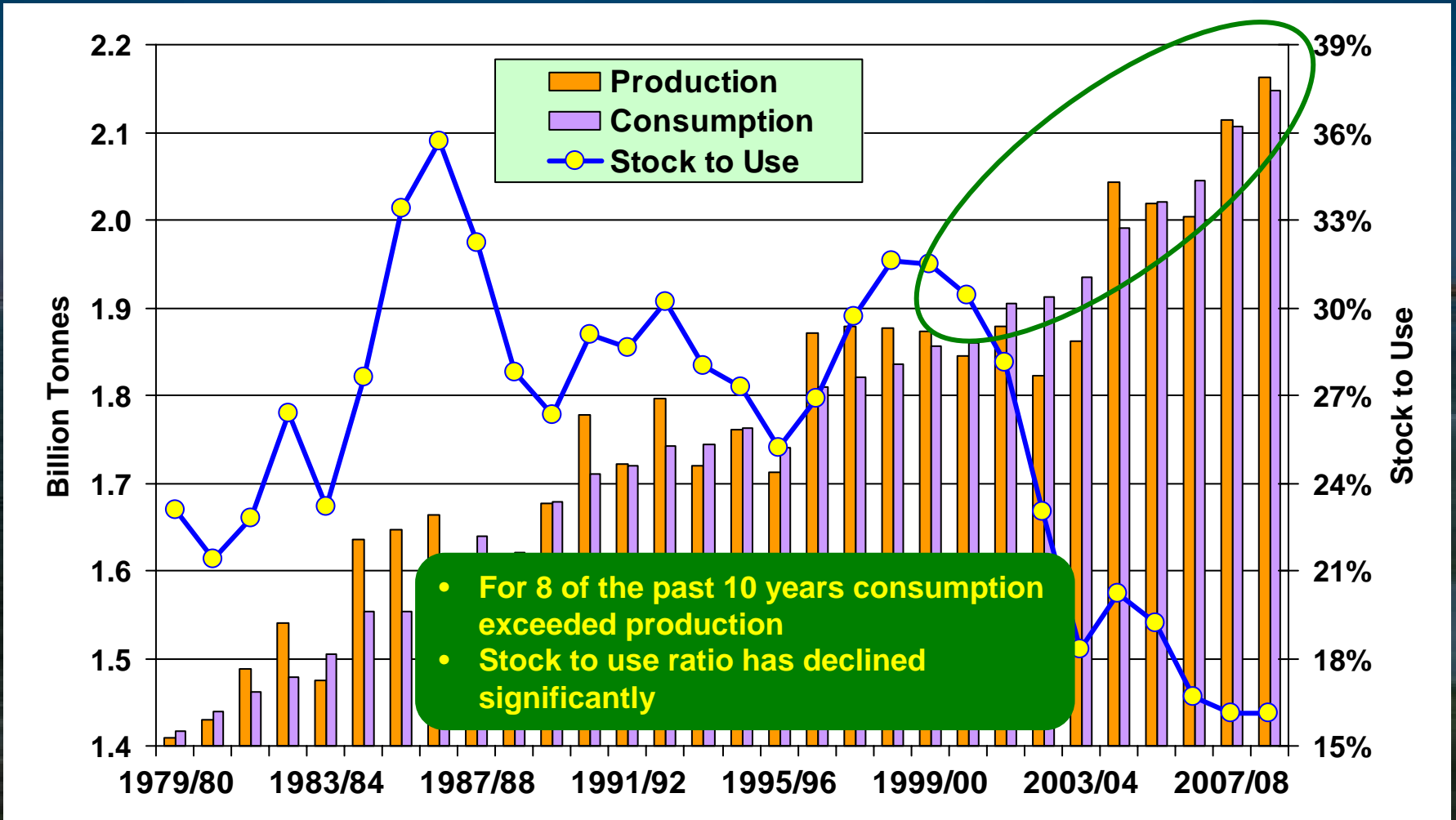
**Urgent Need for Increasing Yields**

**Solution = Increased & Balanced Use of Fertilizer and Technology**

# Low Levels of World Grain Stocks & Stock-to-Use Ratio

Global Wheat and Coarse Grains

Sources: USDA, ERS July 2008



- For 8 of the past 10 years consumption exceeded production
- Stock to use ratio has declined significantly



# Grain Prices – 2003-2008

Source: Bizportal, September 2008

## Corn



## Wheat

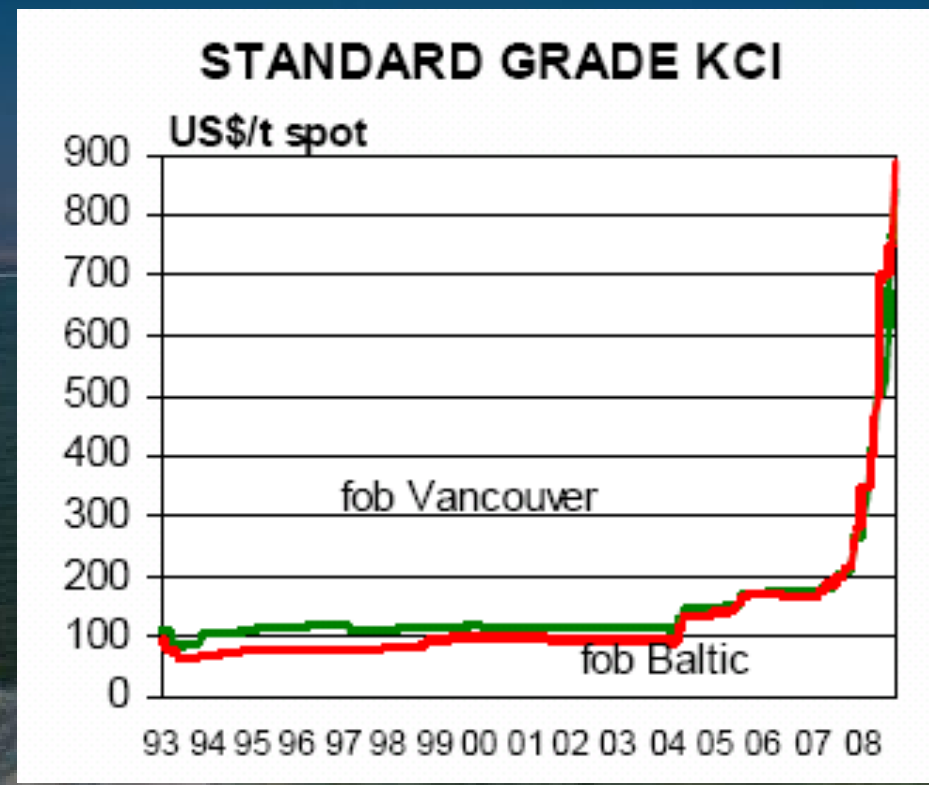


## Soybeans



# Steep Increases in Potash Prices

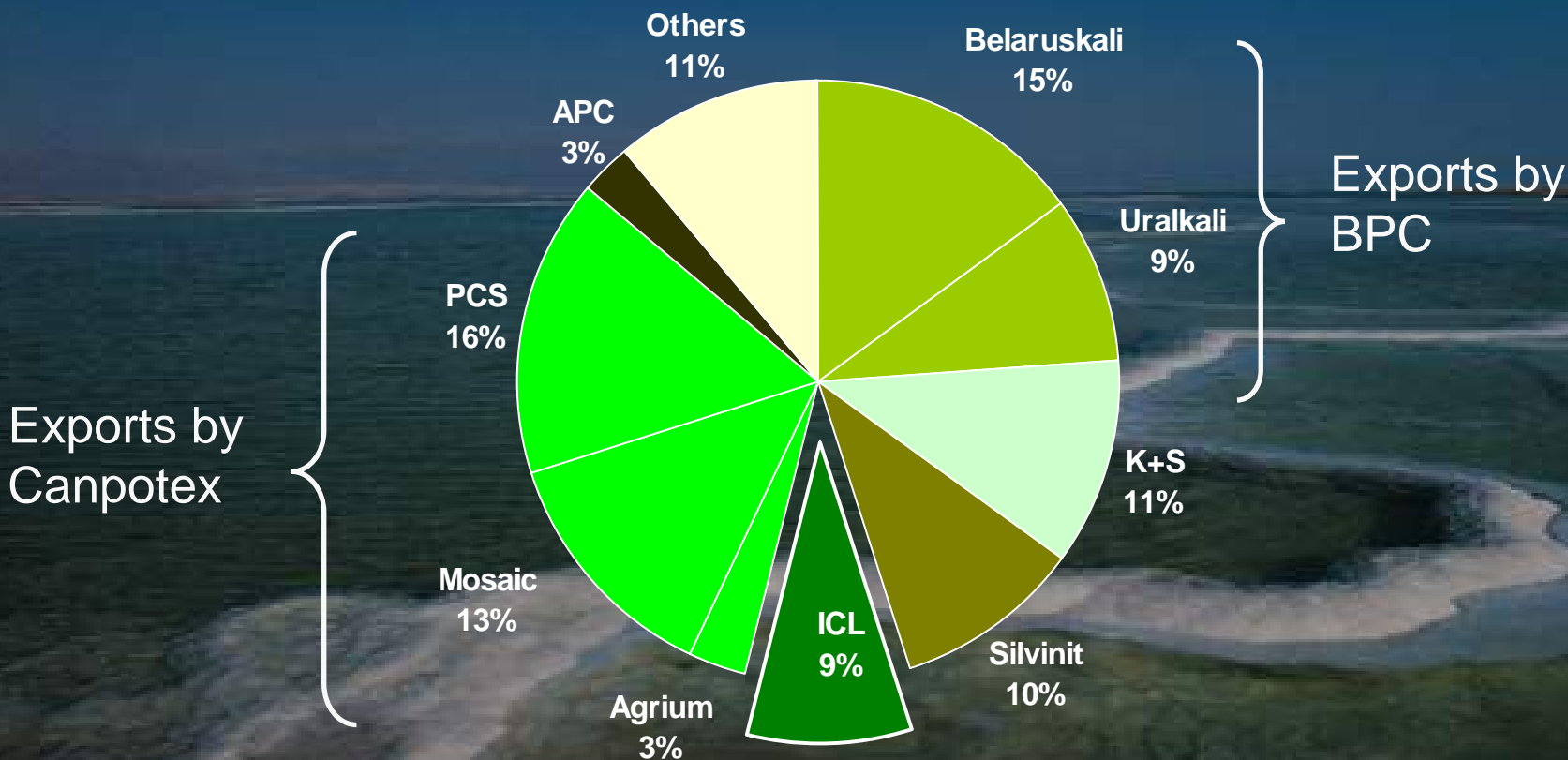
Source: FERTECON, August 2008





# A Leader in Global Potash Production

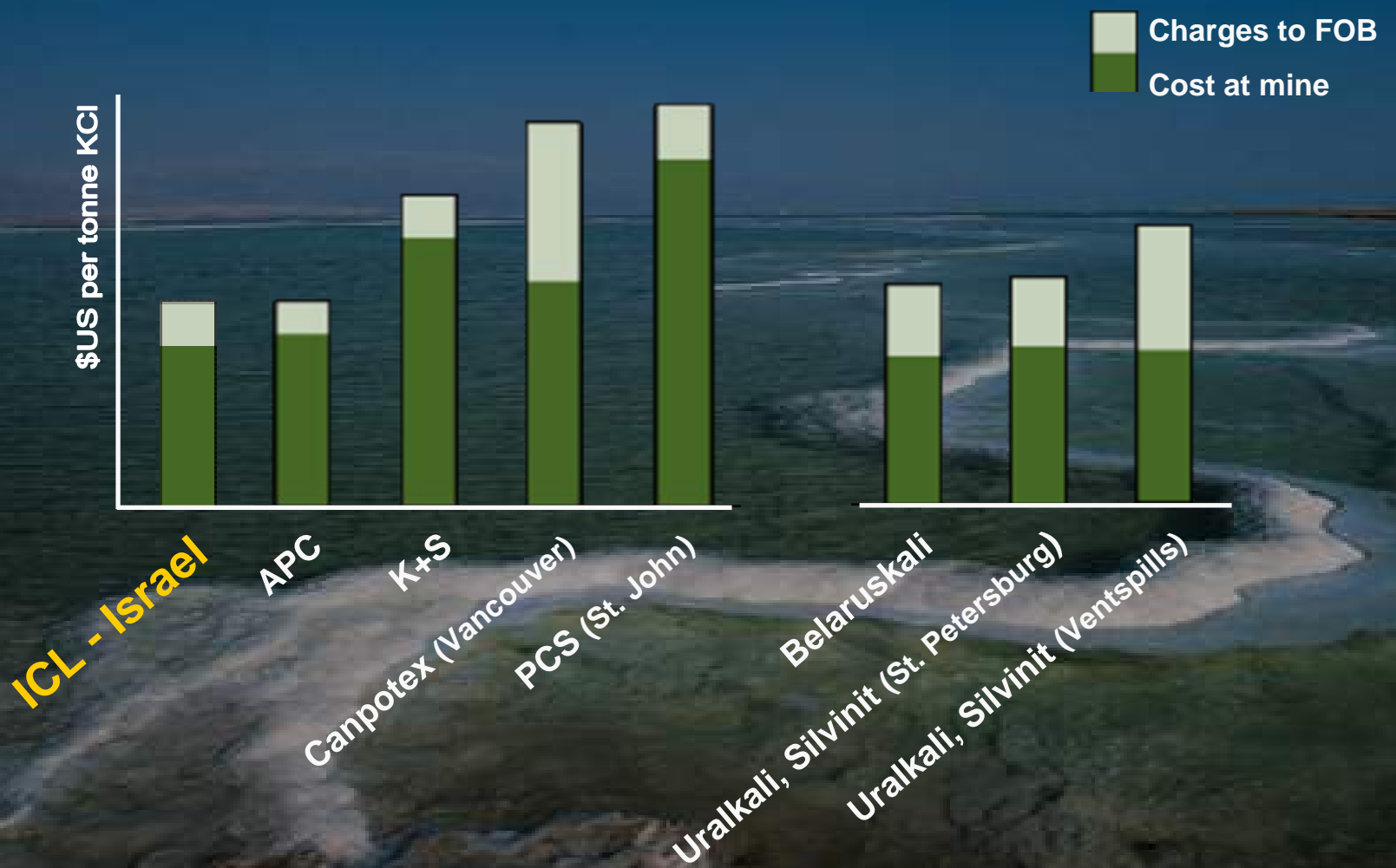
Source: Fertecon, IFA, companies reports and ICL estimates, 2007





# Lowest Cost Potash Producer at Dead Sea

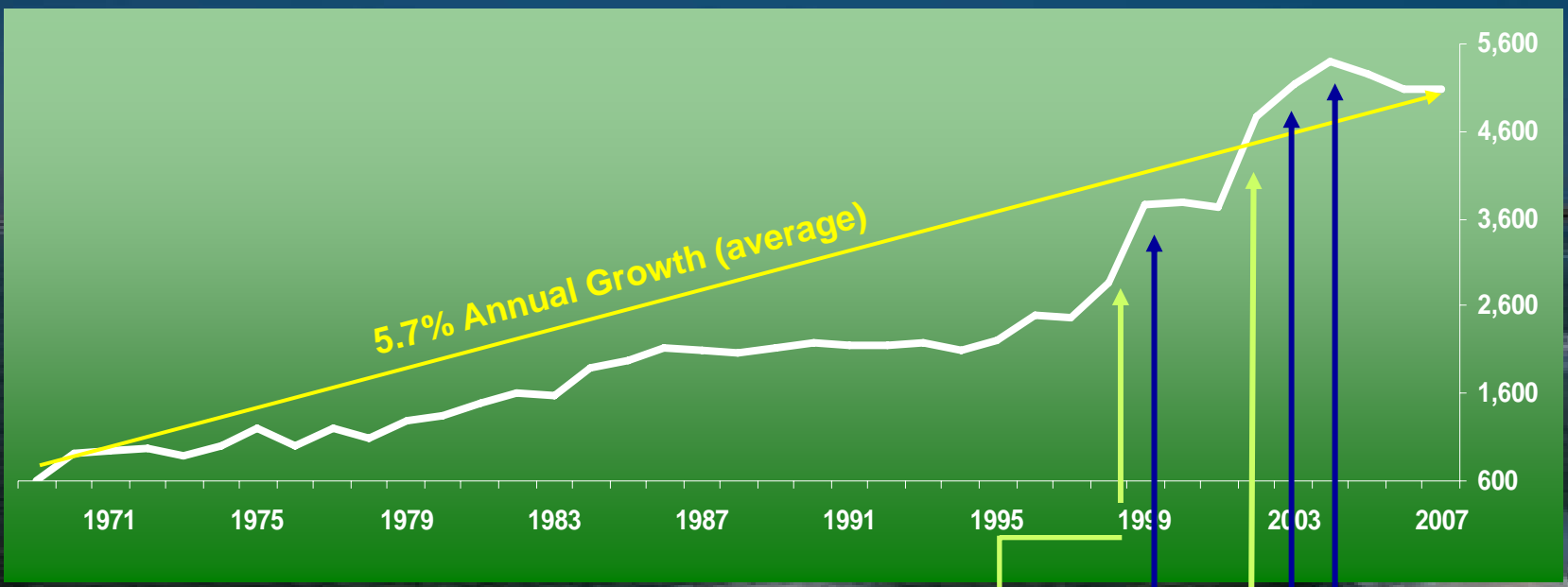
Source : British Sulphur / CRU (March 2007)





# ICL's Potash Production

Thousands of tons KCl



1998  
Purchase of  
**IP - Spain**

May 2002  
Purchase of  
**CPL - UK**

Plant capacity  
expansion  
+ 450,000 tons

Debottlenecking  
+ 300,000tons

Debottlenecking  
+ 400,000 tons

# Potash: Production & Capacity Expansions



## Dead Sea

250 Kta Production

Pond 3 (previously announced)

Operational in  
2009

250 Kta Production

Debottlenecking, technological improvements

2009-2011



## Europe

300 Kta Production

2008-2010

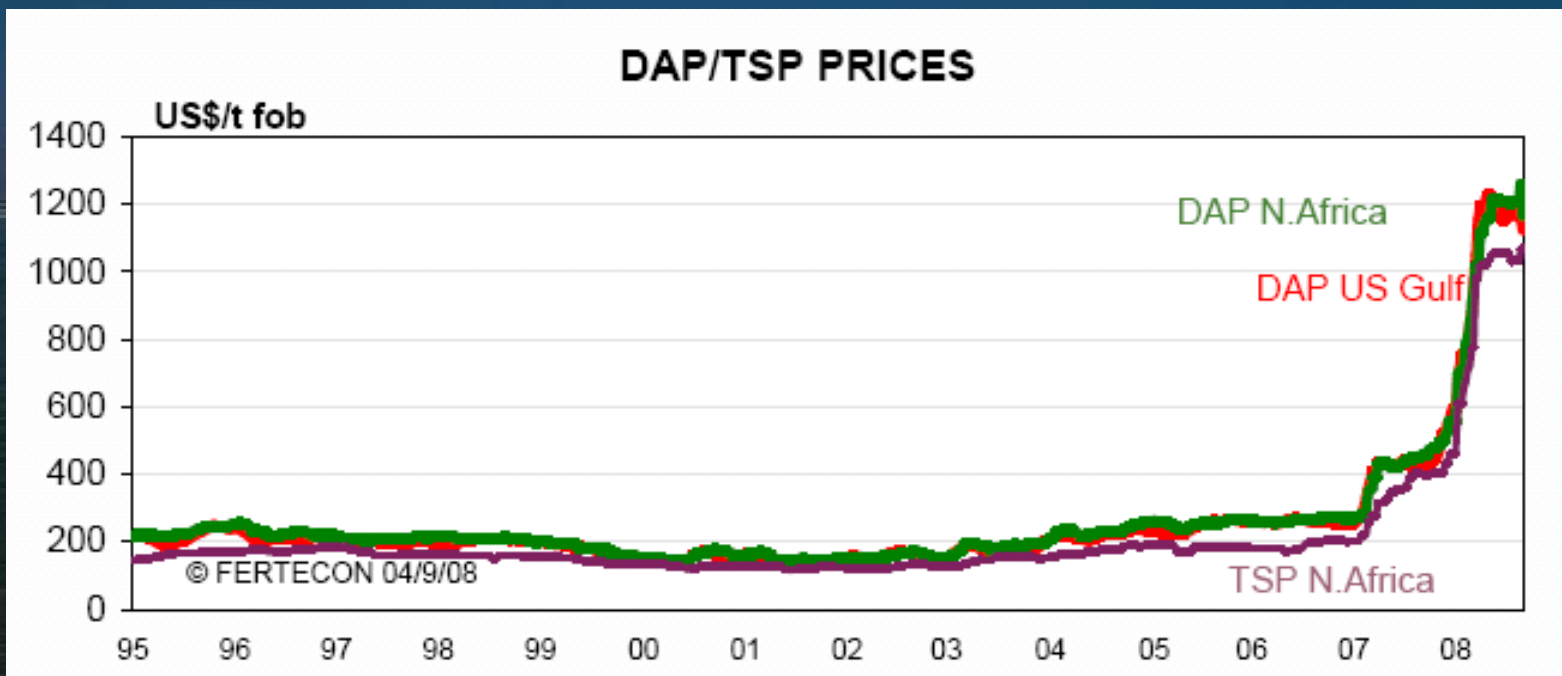
## Future Plans

1 Mta Production Capacity

Within 5-8 years

# Steep Increases in Phosphate Prices

Source: FERTECON, September 2008



# Fertilizers & Phosphates Production & Capacity Expansions

- ICL's Capacity
- Phosphate Rock: 4.5 million tons
- Fertilizers: 1.9 million tons

## Phosphate Rock

500 Kta Production

Operational in

2008

600 Kta Production Capacity

2010

## Phosphoric Acid (P<sub>2</sub>O<sub>5</sub>)

40 Kta Production Capacity

2010

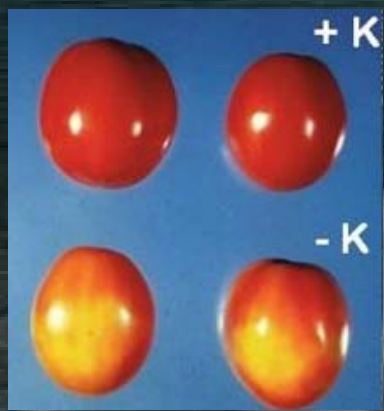
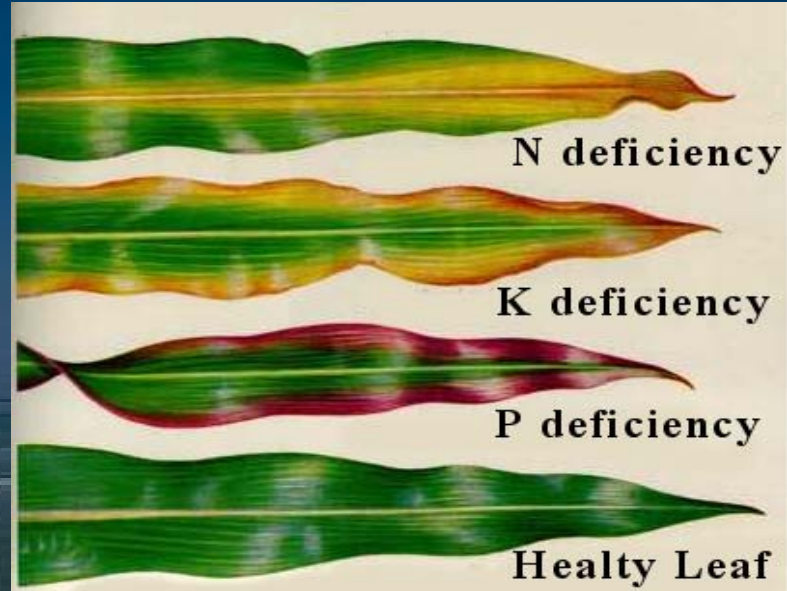
## Fertilizers

250 Kta Production Capacity

Within 4 years



# Effect of Fertilizers on Crop Yield



**Fertilizers – The solution to global shortage in food**



# ICL Fertilizers – Global Footprint

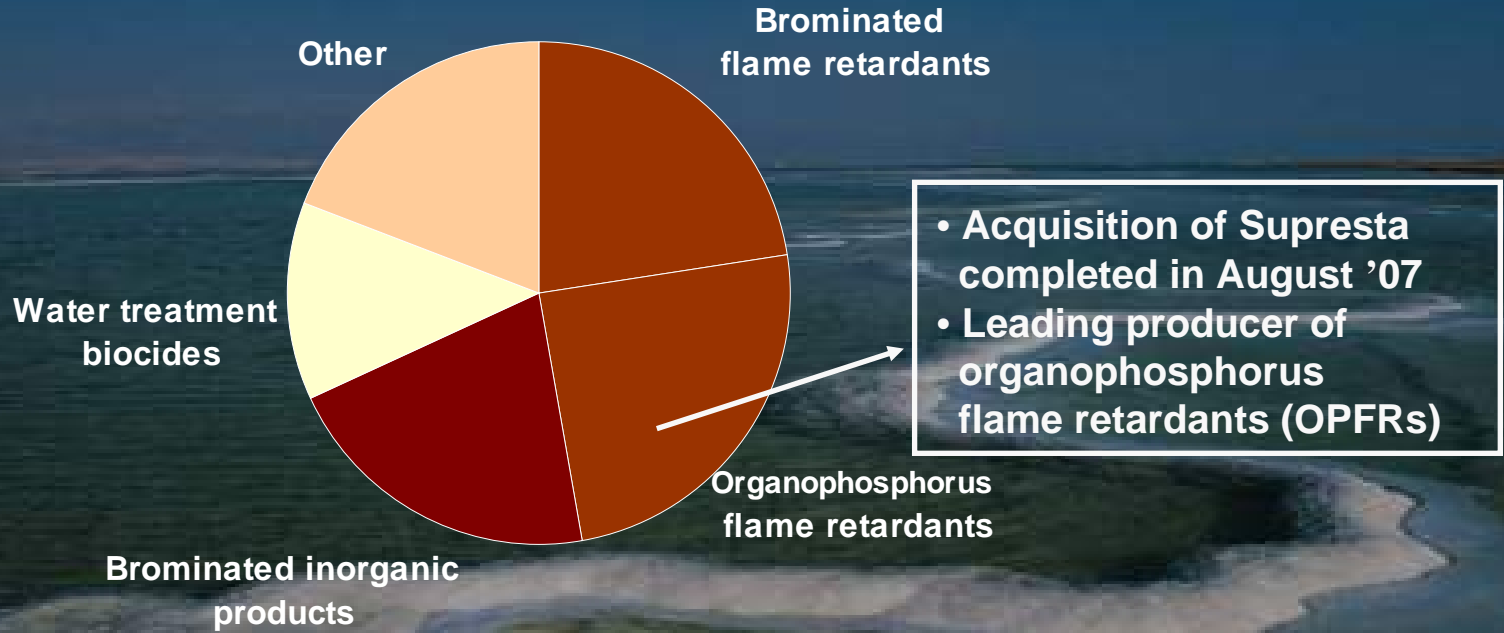


- Manufacturing Plant
- ▲ Distribution Center
- Sales Office



# ICL Industrial Products

\* Based on 2007 sales data extrapolated to include Supresta (about \$269 M in 2007)



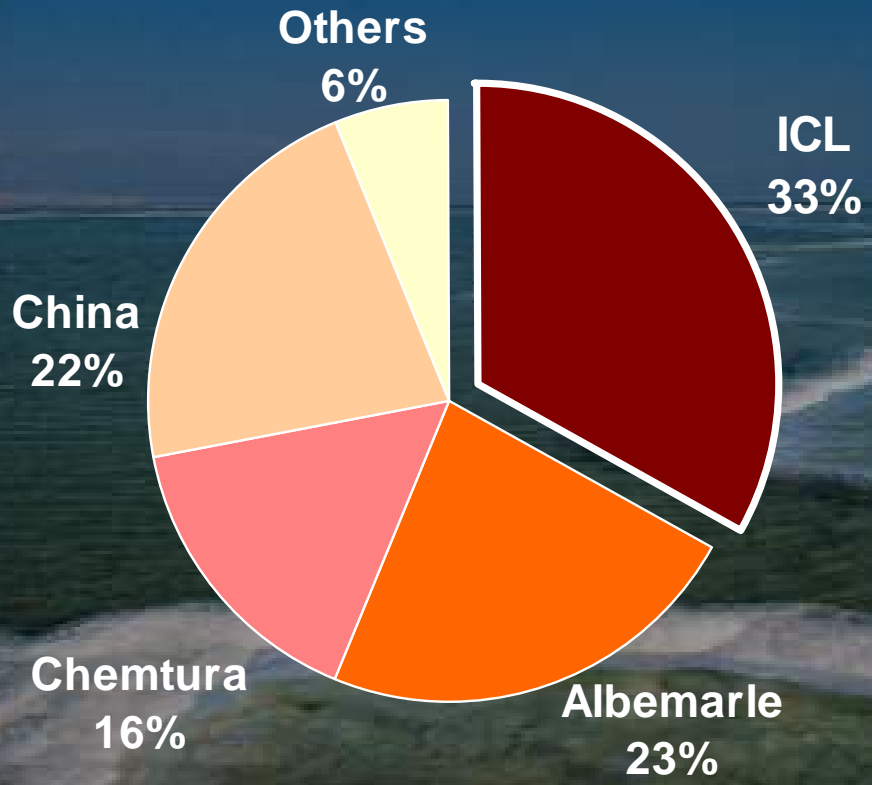
**Segment sales of \$1.1 billion annually\***



# #1 Bromine Producer

% of global capacity

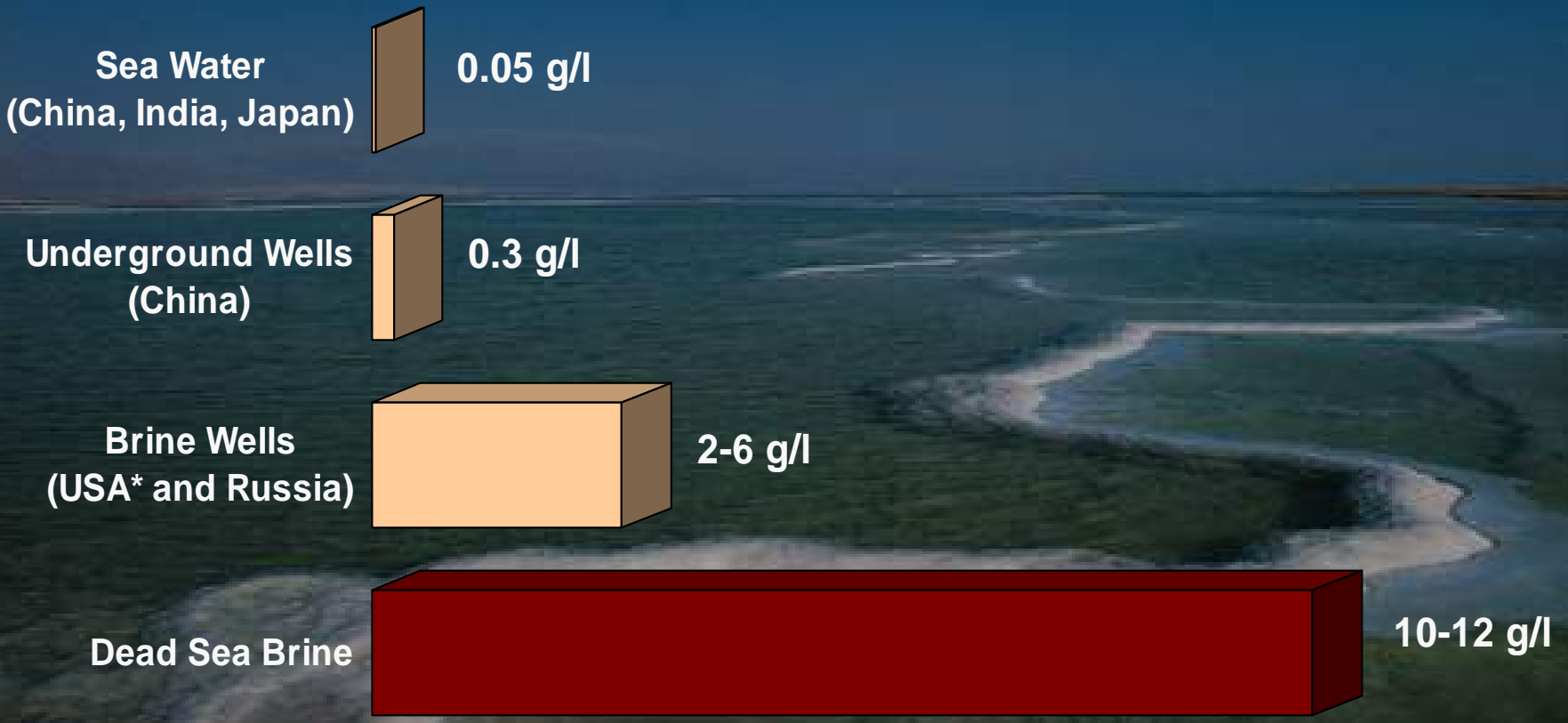
Sources: Company estimates, US Bureau of Mines, Arkansas Oil & Gas Commission, Companies' press releases, 2007





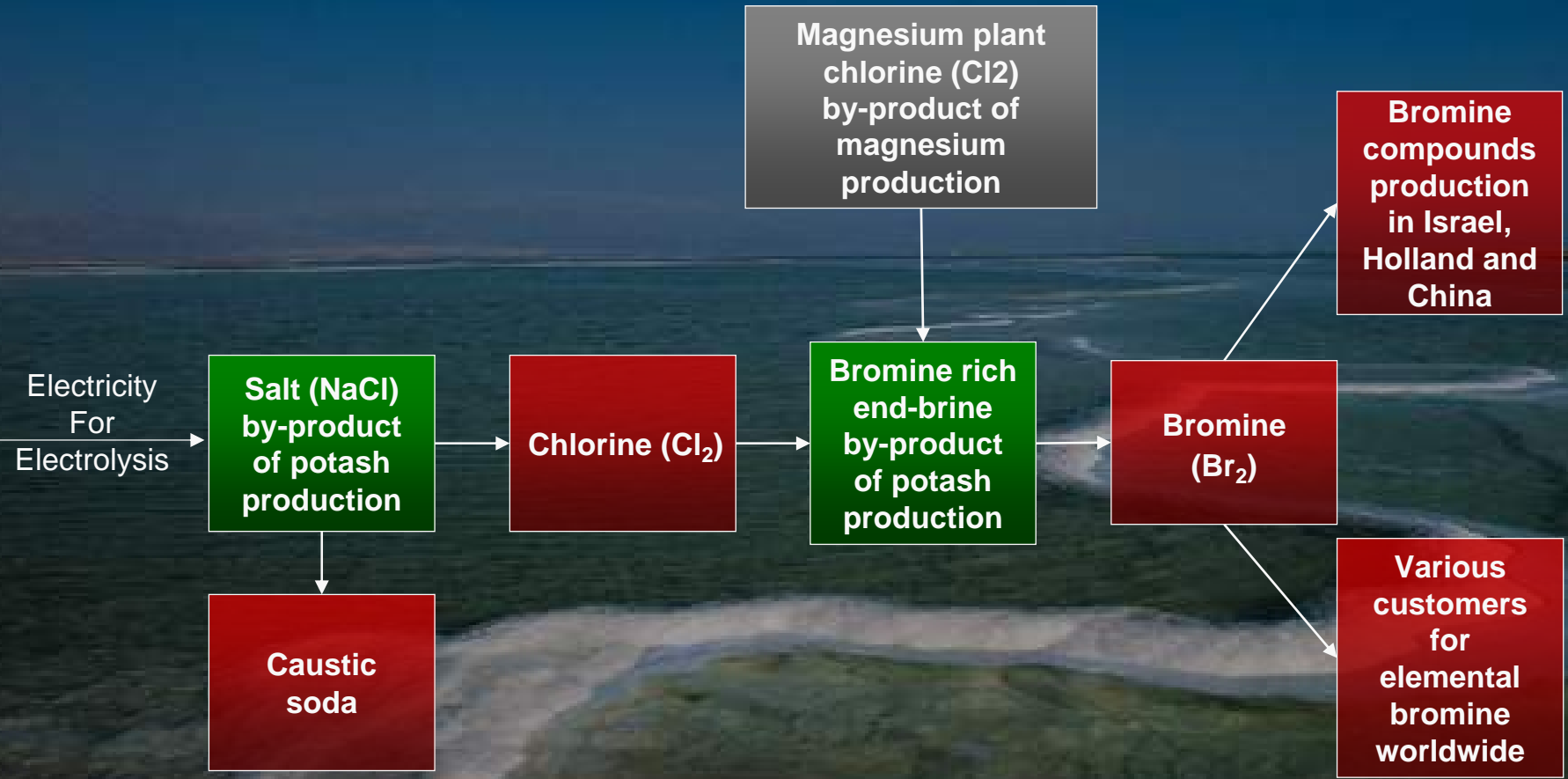
# Most Concentrated Bromine Source

Source: ICL estimates  
\* Arkansas – brine wells of Chemtura & Albemarle



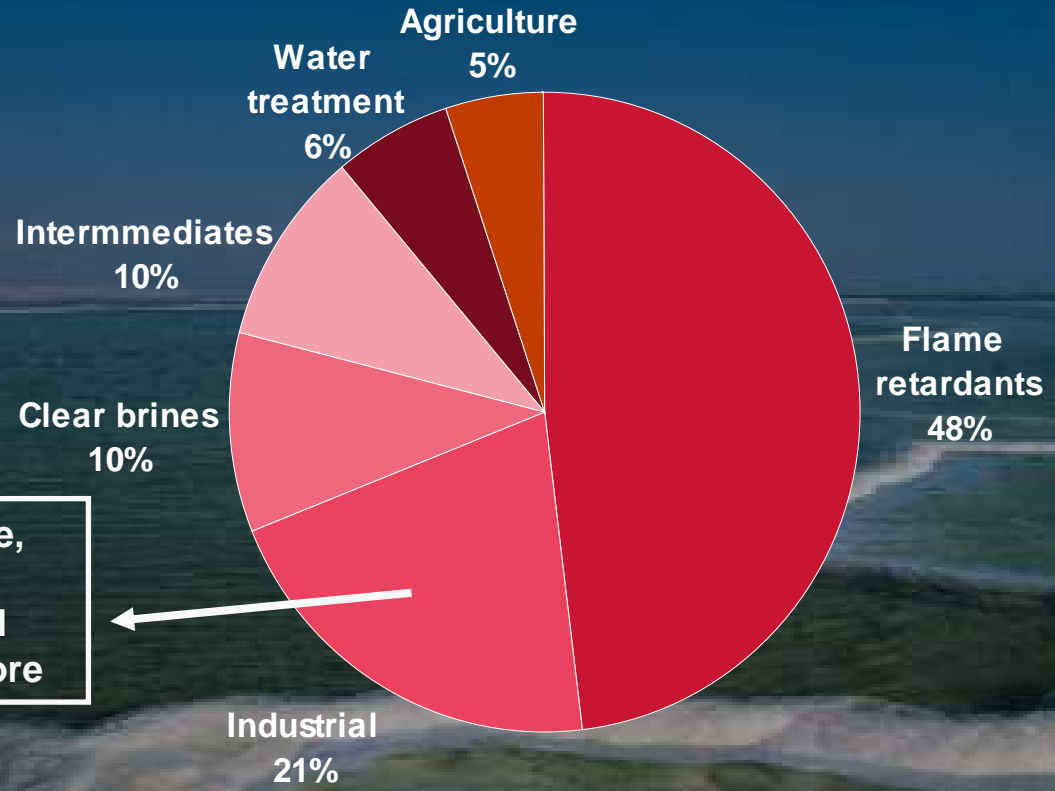


# Synergistic Production Process



# Bromine Compounds - Broad Applications

Source: ICL estimates



Elemental bromine, photographic applications, butyl rubber, dyes & more

One of the 3 leading players in the industry

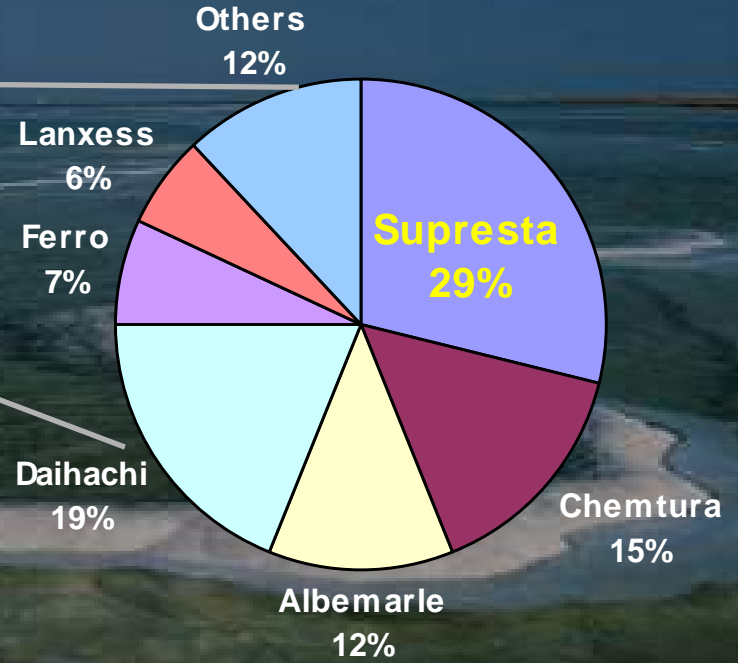
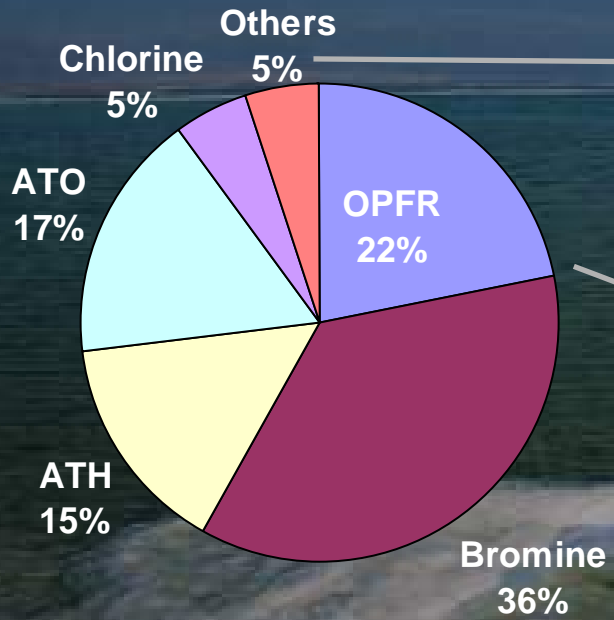


# Supresta – A Significant Addition to ICL’s Portfolio

Completed August 13<sup>th</sup>, 2007; Acquisition price - \$352

**Global Flame Retardants**  
2004 sales: \$2.8 billion

**Global OPFR’s**  
2004 sales: \$680 million



**Leading provider of organophosphorus flame retardants**



# ICL Industrial Products – Global Spread

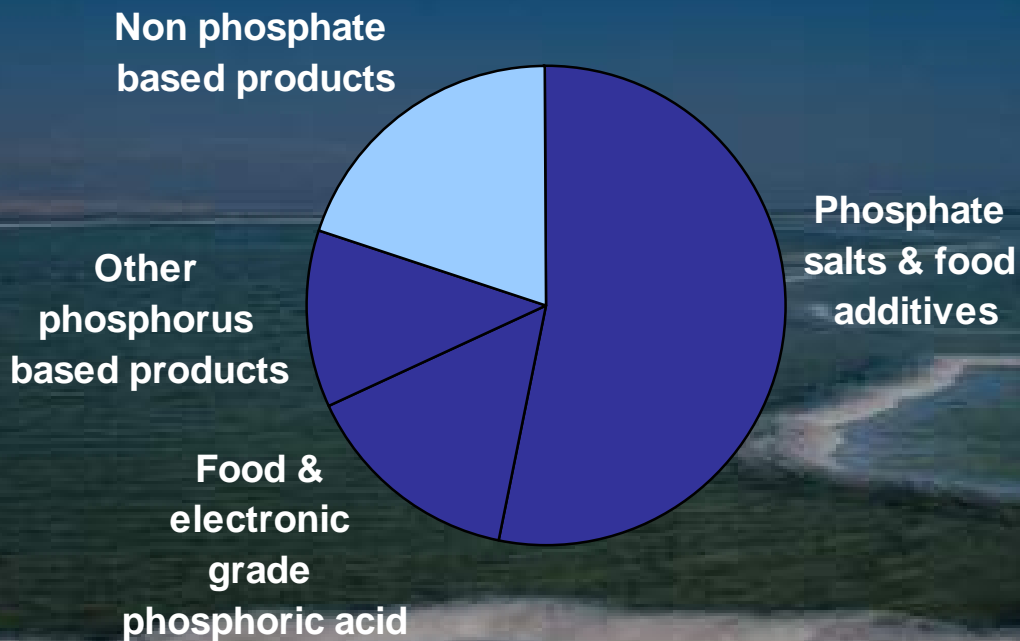


- Manufacturing Plant
- ▲ Distribution Center
- Sales Office



# ICL Performance Products

\* Based on 2007 external sales

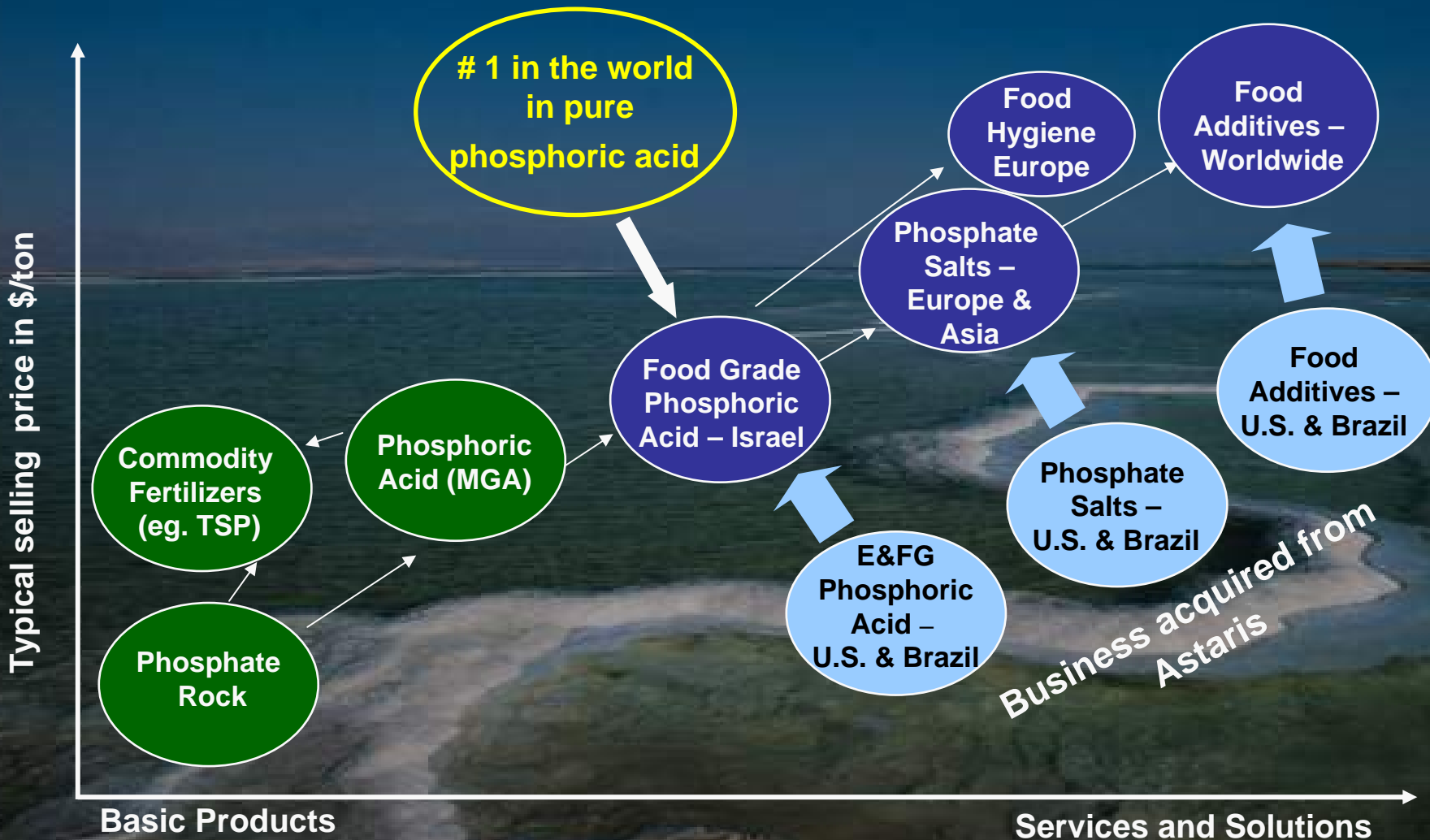


79% of products based on phosphate value chain  
21% other

**Segment sales of \$1.1 billion annually\***



# Phosphate Downstream - Synergistic Acquisitions





# ICL Performance Products – A Global Leader





# Financials



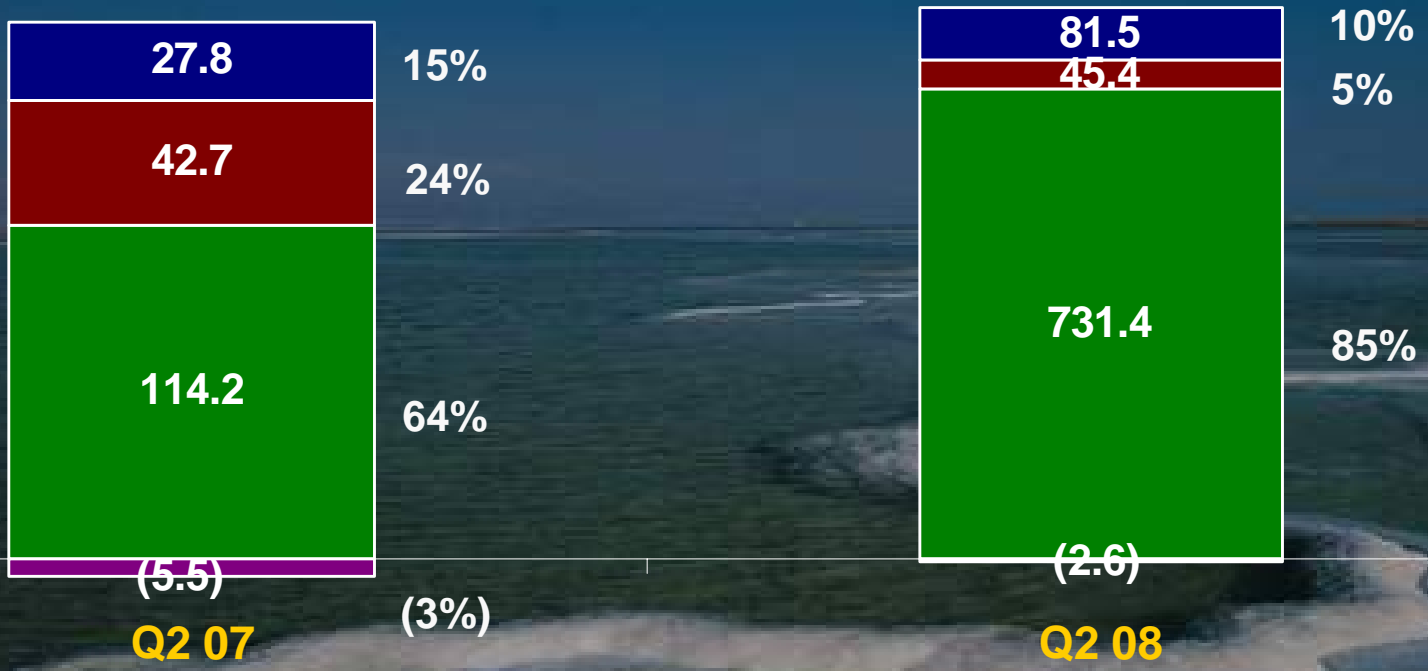
## 2Q08 - Profit & Loss

<i>\$ millions</i>	<i>Q2 08</i>	<i>Q2 07</i>	<i>% change</i>
Sales (CIF)	2,079.8	963.1	<b>116%</b>
Gross profit	1,147.2	358.1	<b>220%</b>
<i>Gross margins</i>	<i>55.2%</i>	<i>37.2%</i>	
Operating income	862.8	178.8	<b>383%</b>
<i>Operating margins</i>	<i>41.5%</i>	<i>18.6%</i>	
Financing expenses, net	29.0	10.7	
Taxes on income	126.4	43.2	
Minority interest in (profit) loss of subsidiaries	5.9	(3.2)	
<b>Net income to shareholders of the company</b>	<b>703.2</b>	<b>129.1</b>	<b>445%</b>



# Second Quarter Operating Income by Segment

\$ millions

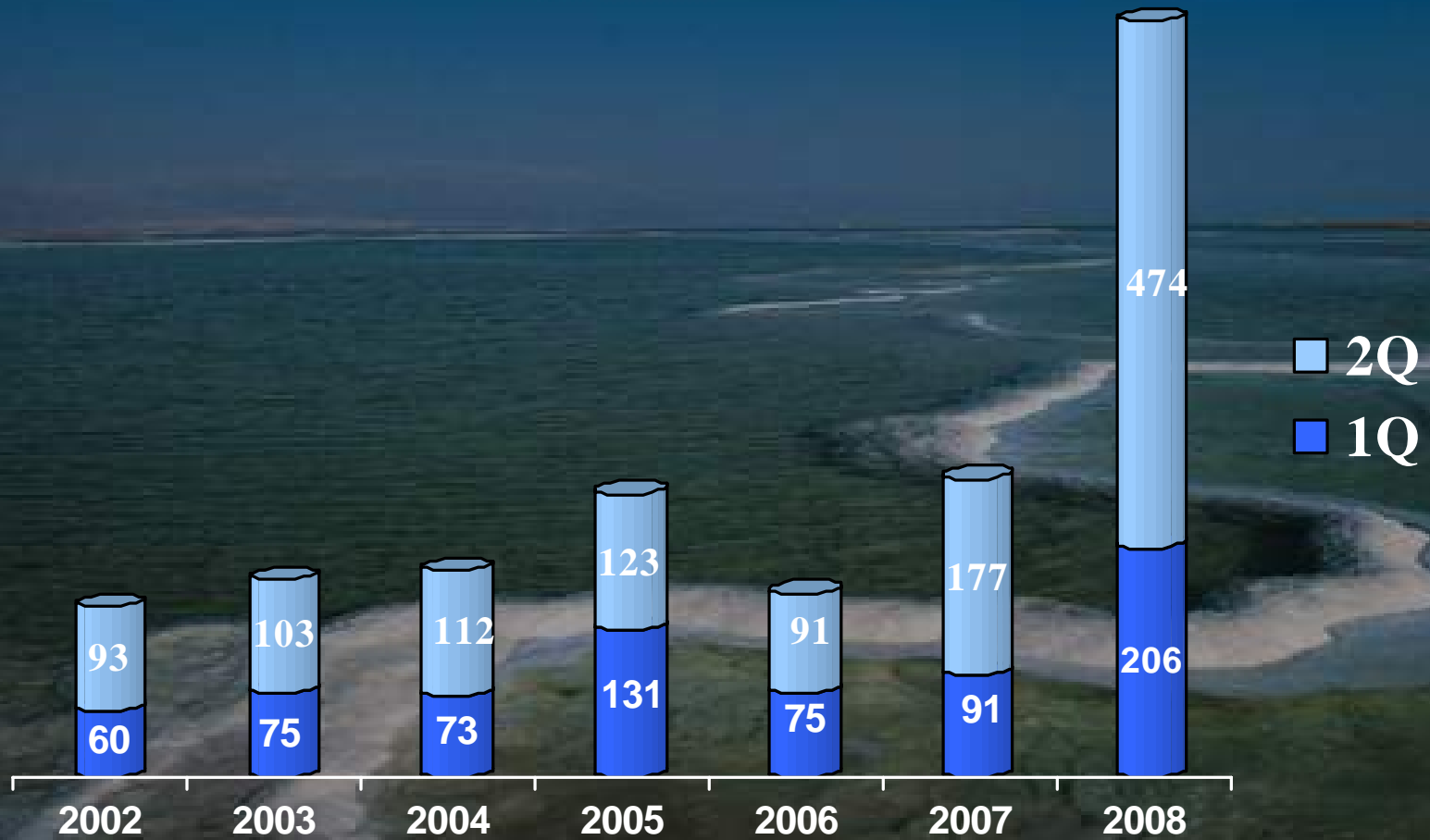


Fertilizers Industrial Products Performance Products Other



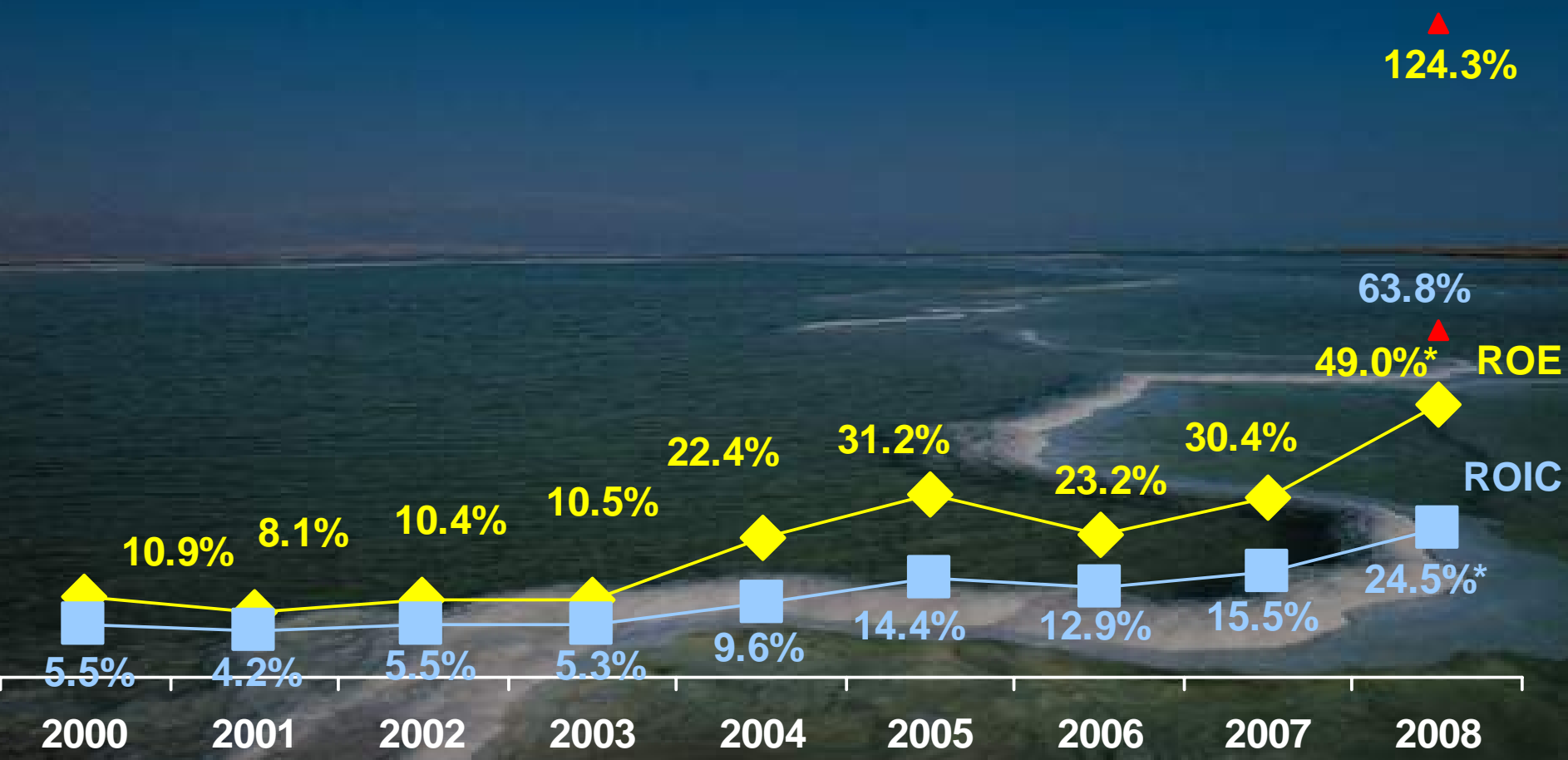
# Strong Cash Flow from Operating Activities

*Excluding contribution of securitization and factoring (\$ millions)*





# High Returns on Equity and Invested Capital



ROE (Return on equity) - Net income / (shareholders' equity + Debentures convertible into shares), average

ROIC (Return on invested capital) = (Operating income × (1-0.32)) / ((trade receivables + inventory – trade payables) + PP&E, net), average

\* Last 12 months

▲ Q2



## 2Q08 Comparable Companies


Company	Sales (\$ millions)		Operating Margins		Net Income	
	Q2 08	% Growth	Q2 08	Q2 07	Q2 08	Q2 07
Chemtura	1,023	(1.4%)	(24.2%)	0.1%	(278.0)	(23.0)
Albemarle	621	10.1%	12.5%	13.2%	61.7	53.9
PCS	2,621	93.7%	49.4%	31.2%	905.1	285.7
Agrium	3,942	88.2%	24.7%	17.3%	636.0	229.0
Yara <sup>1</sup>	4,603	101.9%	20.3%	9.7%	869.1	236.6
K+S <sup>1</sup>	1,848	52.1%	27.0%	10.1%	352.9	64.7
Mosaic <sup>2</sup>	3,467	105.8%	34.0%	21.4%	862.5	202.6
Innophos	264	73.8%	34.1%	8.8%	59.3	(5.2)
<b>Average</b>	<b>2,299</b>	<b>65.5%</b>	<b>22.2%</b>	<b>14.0%</b>	<b>14.8%<sup>3</sup></b>	<b>8.1%<sup>3</sup></b>
<b>ICL</b>	<b>2,080</b>	<b>116.0%</b>	<b>41.5%</b>	<b>18.6%</b>	<b>703.2</b>	<b>129.1</b>
					<b>33.8%<sup>3</sup></b>	<b>13.4%<sup>3</sup></b>

<sup>1</sup> Based on an exchange rate of 5.08 NOK/USD and of 1.56 USD/EUR

<sup>2</sup> Based on Mosaic's 4<sup>th</sup> quarter of fiscal 2008 ended in May 31, 2008

<sup>3</sup> Net income margins

<sup>43</sup> Note: The results of the comparable companies were taken from their public reports.

Focused Synergistic Responsible 



## High Dividend Yield Over the Past 7 Years

\*Calculated according to market capitalization based on average share price adjusted for dividends.

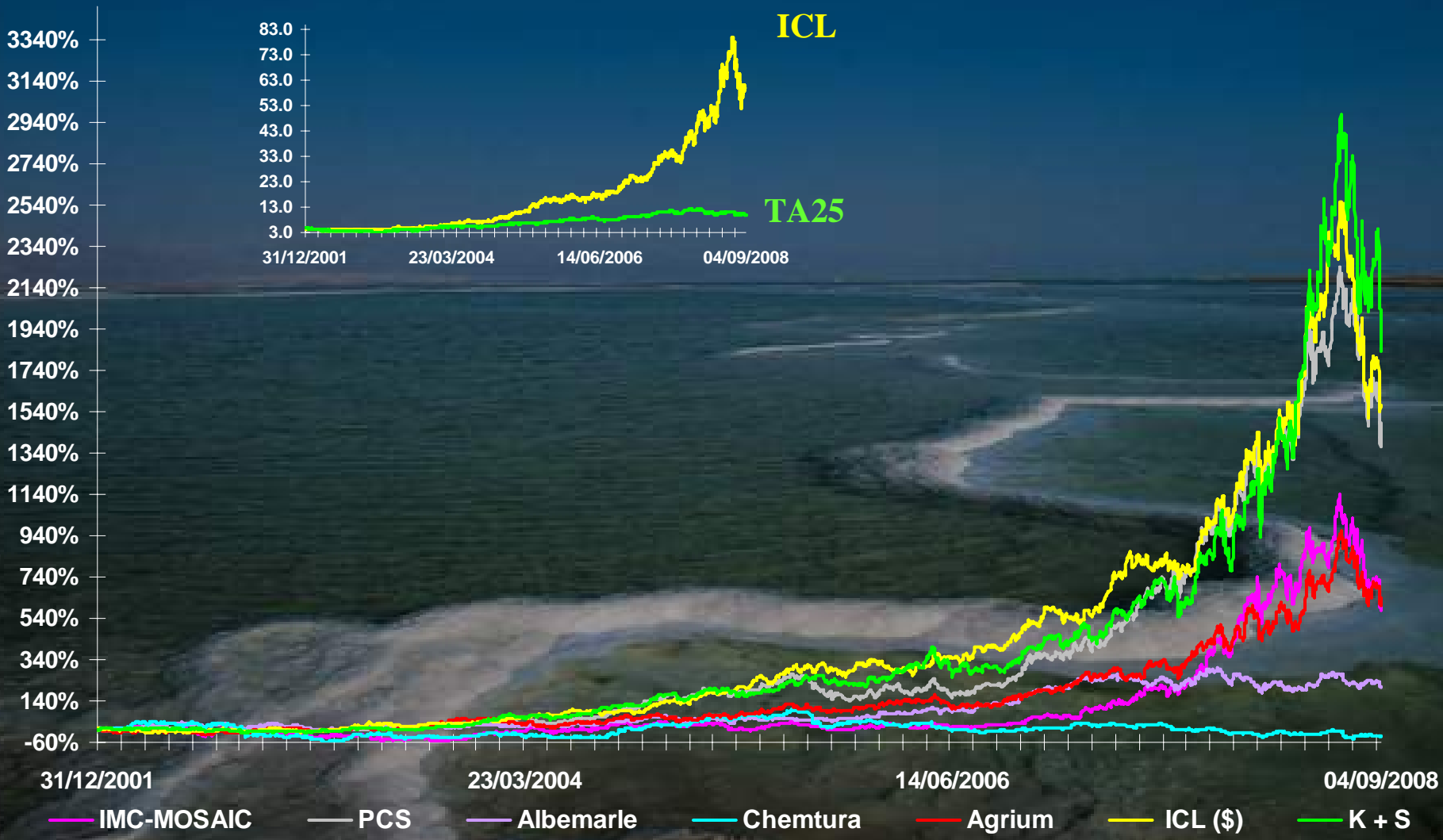
<i>Year</i>	<i>Dividend Yield*</i>
<b>2001</b>	<b>4.0%</b>
<b>2002</b>	<b>4.8%</b>
<b>2003</b>	<b>4.5%</b>
<b>2004</b>	<b>4.5%</b>
<b>2005</b>	<b>3.6%</b>
<b>2006</b>	<b>6.4%</b>
<b>2007</b>	<b>3.5%</b>

**1H 2008 - Dividend of \$473 million**

**Announced on May 26, 2008 & August 19, 2008**



# Share Price Performance - 2002-2008





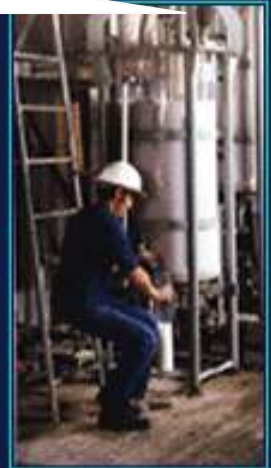
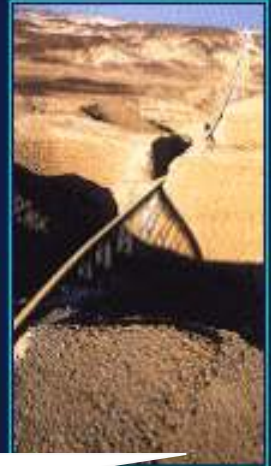
## Conclusion

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- ✓ **Multi-national company**
- ✓ **Vast access to natural resources**
- ✓ **Sustainable low cost position → high margins**
- ✓ **Prospering fertilizer markets driving revenues and profitability**
- ✓ **Strong cash flows and high dividend yield**
- ✓ **Cost reduction expected as of the beginning of 2009 due to the availability of natural gas**
- ✓ **Focused synergistic growth strategy based on core businesses and competencies**



# Committed to Value Creation



[www.icl-group.com](http://www.icl-group.com)