



**PRESENTATION TO THE SHESHINSKI II COMMITTEE**  
STEFAN BORGAS, PRESIDENT & CEO, ICL



# WHAT IS ICL ?



ICL IS A LEADING GLOBAL SPECIALTY MINERALS COMPANY,  
FULFILLING HUMANITY'S ESSENTIAL NEEDS IN AGRICULTURE,  
FOOD & ENGINEERED MATERIALS

## OUR CORE END-MARKETS



**AGRICULTURE**



**FOOD**



**ENGINEERED MATERIALS**

## OUR DIVERSIFIED PORTFOLIO OF SPECIAL MINERALS AND DOWNSTREAM PRODUCTS FULFILL ESSENTIAL NEEDS



- **PRODUCE FERTILIZERS THAT MEET THE CHALLENGE OF GROWING DEMAND FOR FOOD**
- **INCREASE GLOBAL FOOD SUPPLIES**
- **PROVIDE FUNCTIONAL FOOD INGREDIENTS**
- **IMPROVE INDUSTRIAL MATERIALS & PROCESSES**
- **PROVIDE WATER TREATMENT SOLUTIONS**
- **MAKE ENERGY EXPLORATION ACTIVITIES MORE EFFICIENT AND ECO-FRIENDLY**

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# WHAT IS ICL ?





## ICL CREATES VALUE

A RAW NATURAL RESOURCE IS NOT WORTH ANYTHING  
ITS VALUE IS GENERATED BY PEOPLE, INVESTMENTS  
AND INNOVATION



## **ISRAEL IS CURRENTLY A MAJOR SOURCE OF RAW MATERIALS FOR ICL'S VALUE CHAINS**

**PRIMARY SOURCE OF POTASH**

**ONLY SOURCE OF PHOSPHATES  
AND BROMINE**



## A MAJOR RESEARCH AND DEVELOPMENT CENTRE

# WHAT IS ISRAEL TO ICL ?



THE SOURCE OF  
**50%**  
OF ICL'S GLOBAL SALES



+

WHERE  
**45%**  
OF ICL'S EMPLOYEES  
WORK





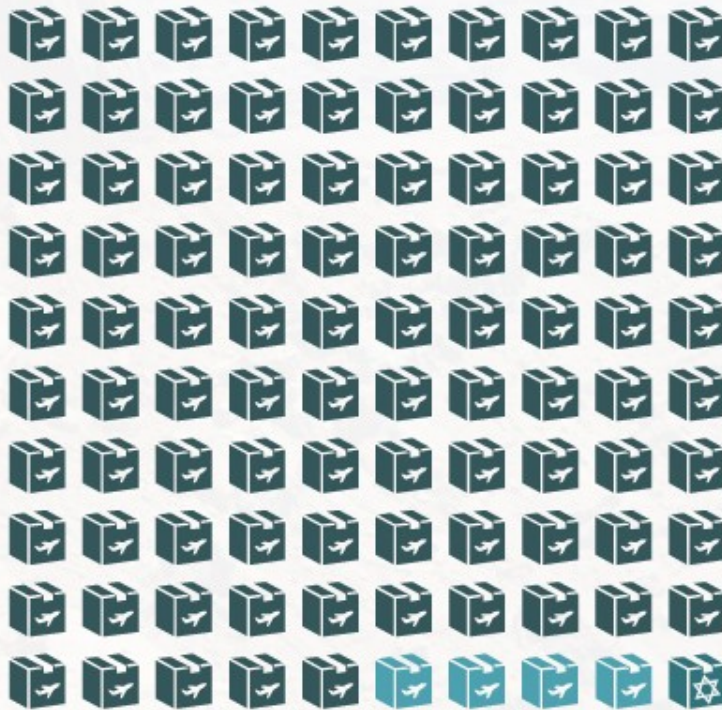
AN IMPORTANT SHAREHOLDER  
BASE:

ABOUT **35%**

OF ICL SHARES ARE HELD LOCALLY

THESE ARE ILS 13 BILLION, HELD  
PRIMARILY BY ISRAELI INSTITUTIONAL  
INVESTORS AND PENSION FUNDS

# WHAT IS ICL TO ISRAEL ?



ICL EXPORTS

**95%**

OF ITS ISRAELI  
PRODUCED  
COMMODITIES



A MAJOR EXPORTER

ILS **12** BILLION  
ANNUALLY

**7.5%**  
OF ISRAEL'S AGGREGATE  
COMMODITY EXPORTS

# WHAT IS ICL TO ISRAEL ?



**5,500**  
EMPLOYEES

GENERATOR OF OVER  
**30,000** JOBS

**1** OF ISRAEL'S  
TOTAL  
% WORKFORCE





**PAYER OF THE HIGHEST  
AVERAGE WAGES IN THE NEGEV**

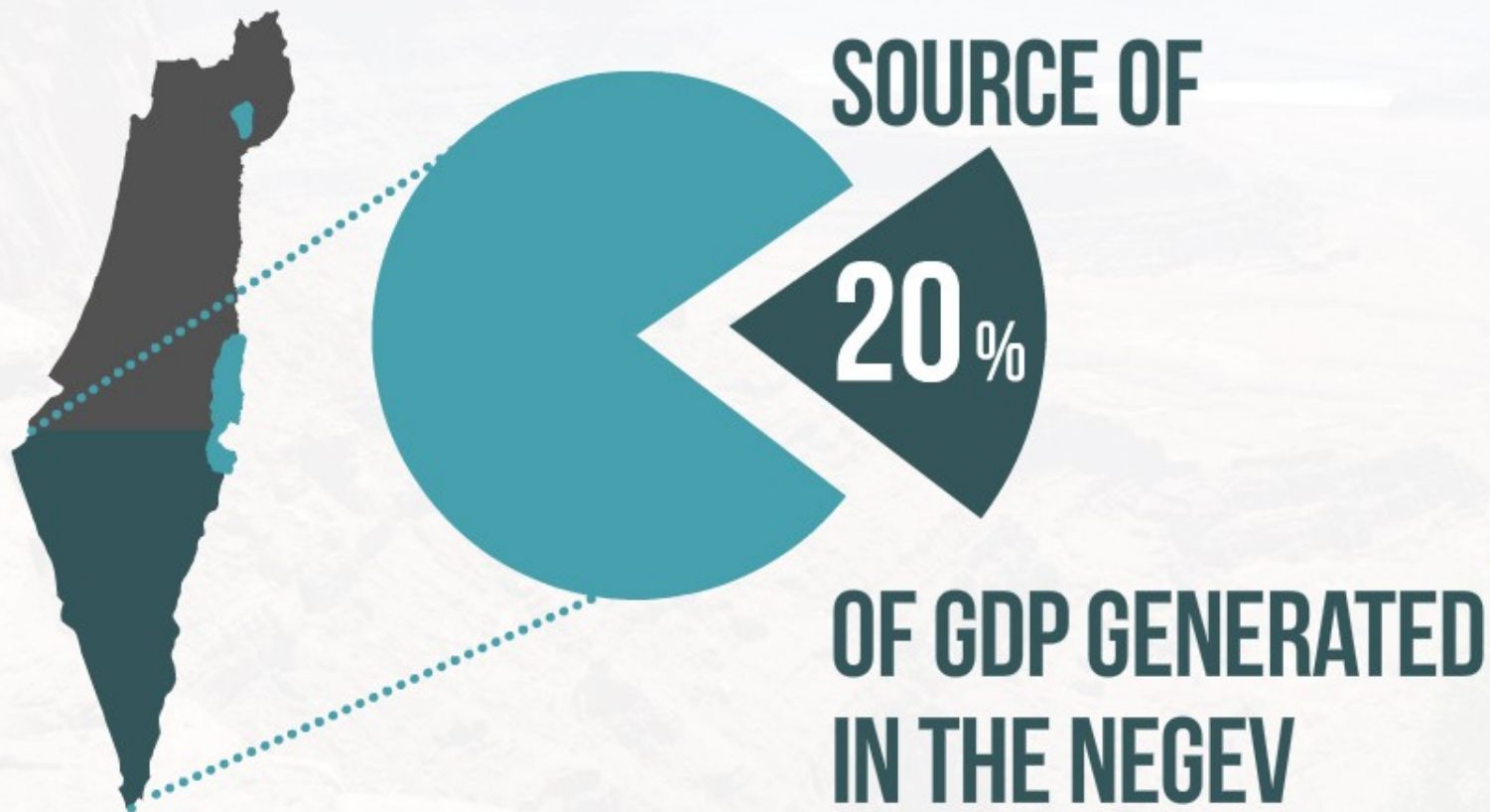


**ICL PAYS ITS  
EMPLOYEES IN ISRAEL  
THE HIGHEST WAGES COMPARED TO ITS  
EMPLOYEES WORLDWIDE**



**THE LARGEST  
EMPLOYER IN THE NEGEV  
(EXCEPT FOR THE GOVERNMENT)**

# WHAT IS ICL TO ISRAEL ?



# WHAT IS ICL TO ISRAEL ?



THE PUBLIC HOLDS

**70%**

OF ICL

**35%**  
HELD  
LOCALLY

**35%**  
HELD BY FOREIGN  
INVESTORS



ICL'S STOCK CONSTITUTES

**7%**

OF THE TEL AVIV  
25 INDEX



**ICL CURRENTLY INVESTS  
ILS 2 BILLION IN ISRAEL ANNUALLY**



**ILS 1.5 BILLION IS INVESTED IN  
INFRASTRUCTURE REPLACEMENT  
DIKES, POWER PLANT, PUMPS AND  
ENVIRONMENTAL INSTALLATIONS**



**IN THREE YEARS' TIME,  
ICL'S ANNUAL INVESTMENT IN ISRAEL  
WILL DROP TO ILS 500 MILLION**



**OVER THE NEXT 10 YEARS  
ICL INTENDS TO INVEST MORE THAN  
ILS 40 BILLION WORLDWIDE**

**HOW MUCH OF THIS AMOUNT WILL BE  
INVESTED IN ISRAEL?**

# THE WORLD IS NO LONGER WAITING FOR DEAD SEA POTASH



**ICL HOLDS 9% OF THE  
GLOBAL POTASH MARKET**

**ISRAELI DEAD SEA POTASH  
ACCOUNTS FOR 6% OF THE  
GLOBAL POTASH MARKET**

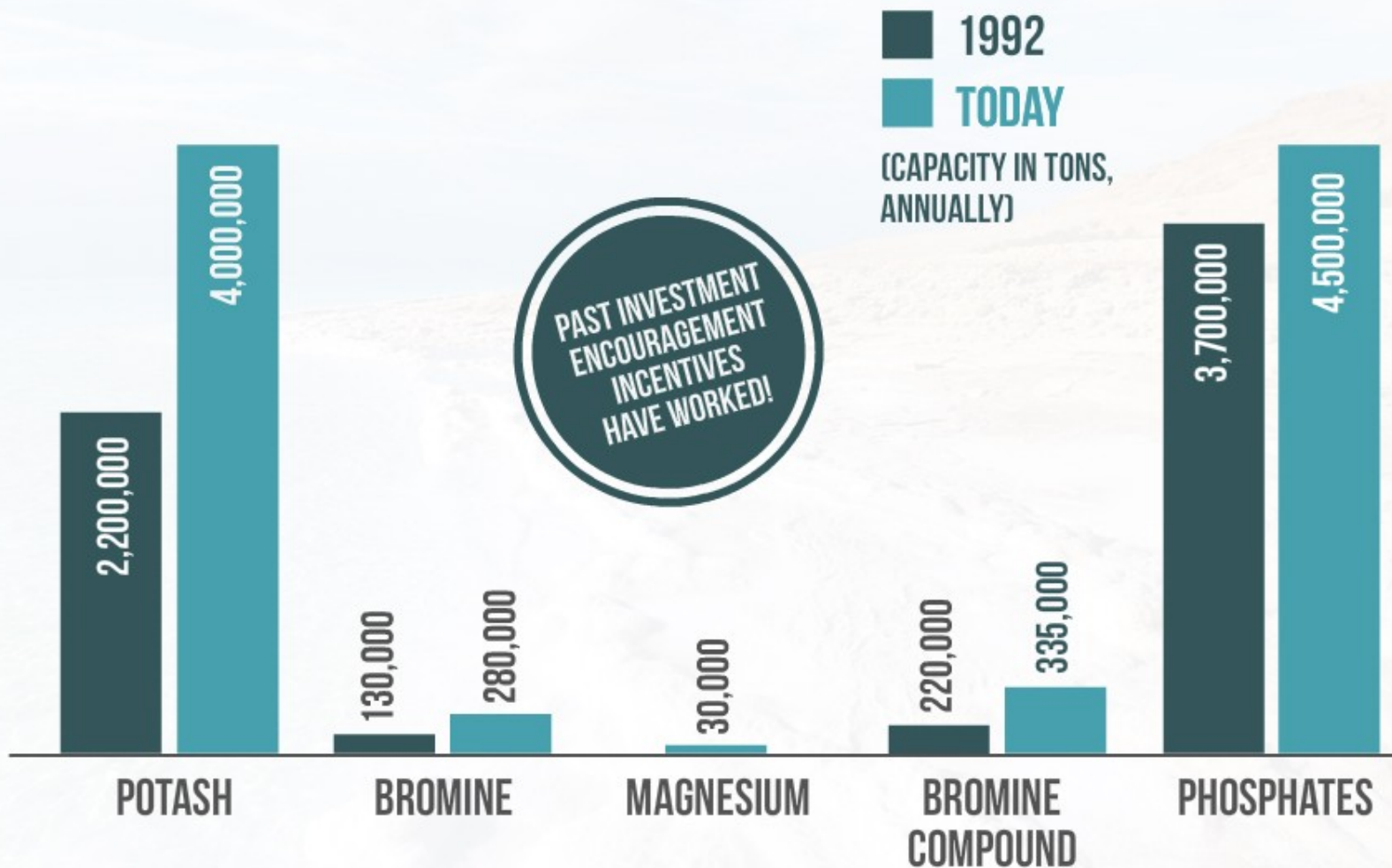


**OUR COMPETITORS  
ARE AGGRESSIVELY INCREASING  
THEIR PRODUCTION CAPACITIES  
AND ARE CONSTANTLY OPENING  
NEW MINES AROUND THE GLOBE**

A large, dark green circle with a white double-line border, centered on the page. Inside the circle, the text 'PAST INVESTMENT ENCOURAGEMENT INCENTIVES HAVE WORKED!' is written in white, bold, uppercase letters.

**PAST INVESTMENT  
ENCOURAGEMENT  
INCENTIVES  
HAVE WORKED!**

# WHY IS ISRAEL DISCOURAGING OUR FUTURE INVESTMENTS ?





## THE COMPETITIVE ADVANTAGE OF ICL NATURAL RESOURCES HAS DECLINED SIGNIFICANTLY

- EXCLUSION OF MINING AND EXTRACTION FROM THE INVESTMENT ENCOURAGEMENT LAW
- INCOME TAX INCREASE
- DOUBLING OF RATE OF ROYALTIES
- HARVESTING COSTS

## MISCONCEPTION

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**AS THE DEAD SEA AND THE NEGEV ARE NOT GOING ANYWHERE,  
THERE IS NO SPECIAL REASON TO ENCOURAGE INVESTMENTS IN ORDER  
TO EXTRACT MINERALS**

**EVERY BUSINESS NEEDS INVESTMENT TO SUSTAIN AND GROW**



THE DEAD SEA CONCESSION  
ENDS IN

**2030**

**ONLY 16**

**YEARS FROM NOW**

# THE FUTURE OF THE DEAD SEA CONCESSION



0

8-12 YEARS

LOCATING  
ALTERNATIVE  
SOURCE

NEGOTIATING  
CONCESSION

PERMITTING

DEVELOPING  
THE MINE

CONSTRUCTING  
THE MINE,  
COMMENCEMENT  
OF OPERATIONS

**ICL WILL NEED TO MAKE DECISIONS AS TO ITS PRIMARY SOURCE OF POTASH IN THE COMING TWO YEARS:**

- **THE CONCESSION ENDS IN 16 YEARS**
- **IT WILL TAKE ICL 8 - 12 YEARS TO DEVELOP AN ALTERNATIVE SOURCE OF POTASH**
- **ICL CANNOT DELAY THIS DECISION TO THE LAST MINUTE**



PERMITTED PHOSPHATE  
**RESERVES**  
RUN OUT IN  
**7-8 YEARS**



THE PHOSPHATE INDUSTRY IN ISRAEL  
**IS ON THE VERGE OF EXTINCTION**



THE COST OF PHOSPHATE PRODUCTION IN ISRAEL  
**IS HIGH COMPARED TO FOREIGN  
COMPETITION**



THE PHOSPHATE PRODUCTION IN ISRAEL  
**IS CURRENTLY UNPROFITABLE**

## TO SAVE THE PHOSPHATE INDUSTRY IN ISRAEL ICL MUST



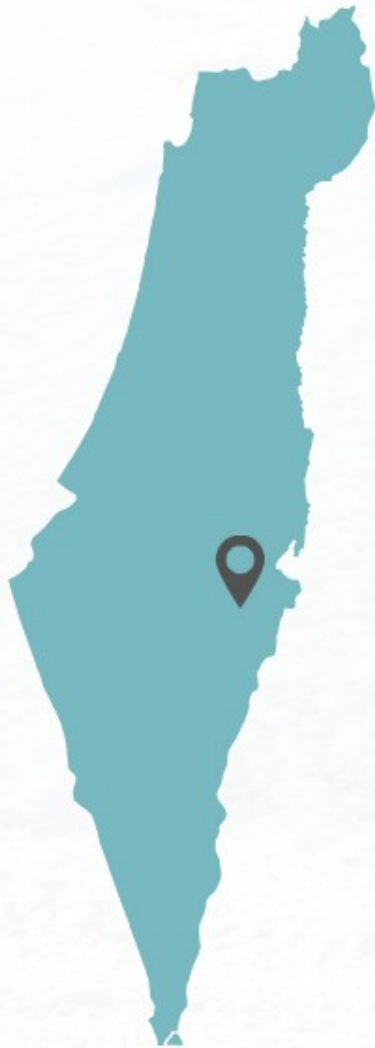
**CUT COSTS**



**INVEST IN  
TECHNOLOGY**



**EXPAND  
OPERATIONS**



**SADE BARIR HAS SUFFICIENT PHOSPHATE RESERVES TO CONTINUE THE EXISTENCE OF THE LOCAL PHOSPHATE INDUSTRY**

**20 YEARS AGO, ICL COMMENCED ITS EFFORTS TO OBTAIN MINING PERMITS FOR THESE RESERVES**

**THE GRANTING OF MINING PERMITS FOR SADE BARIR IS NECESSARY TO SAVE AN ENTIRE INDUSTRY, WITH ITS JOBS AND EXPORTS**

**PERMITS + INCENTIVES =**

- **MORE TAX REVENUES FOR THE STATE OF ISRAEL**
- **MORE EXPORTS**
- **MORE JOBS**

**EXCESSIVE TAXATION + NO PERMITS + NO INCENTIVES =**

- LOSS OF REVENUES**
- LESS EXPORTS**
- LESS JOBS**

- **RESTORING THE COMPETITIVE ADVANTAGE OF THE DEAD SEA**
- **MAKING NEW INVESTMENTS POSSIBLE**
- **MAINTAINING ISRAEL AS A LONG-TERM SOURCE OF RAW MATERIALS**
  - **ENCOURAGE INVESTMENTS**
  - **SOLVE THE DEAD SEA CONCESSION PROBLEM**
  - **SECURE PHOSPHATE RESERVES TO ENABLE ICL'S FUTURE OPERATIONS**

# MAY WE REMIND THE COMMITTEE THAT ...

- **THE STATE OF ISRAEL AND ICL HAVE A BINDING AGREEMENT THAT SETS A FIXED — AND HIGH — LEVEL OF GOVERNMENT TAKE**
- **ANY CHANGES IN THE LEVEL OF GOVERNMENT TAKE, IN ANY WAY, CAN BE MADE ONLY IN AGREEMENT**
- **DISCUSSION, NOT DICTATION**



# THANK YOU

STEFAN BORGAS, PRESIDENT & CEO, ICL

