



## **Israel Corp. Reports Results for the Second Quarter of 2015 and Announces its First Cash Dividend Distribution Post Strategic Separation of \$100 Million**

**Tel Aviv, August 20, 2015.** Israel Corporation Ltd. (TASE: ILCO) (“IC”) today announced its quarterly results for the period ending June 30, 2015 and announced its first cash dividend distribution post its strategic separation, totaling \$100 million.

IC’s CEO, Mr. Avisar Paz, stated “We are pleased to announce our first dividend post the strategic separation. This is a significant transformation in the modus operandi of the company, as we initiate another layer of value creation for our shareholders, via cash dividends. This step change is as a direct result of the new strategy of IC following the strategic separation.”

### **Company Structure Following January Strategic Separation**

Following a strategic separation of its holdings in January 2015, IC is now a holding company providing focused exposure to well-positioned and mature assets in the Natural Resources industry through its 46.2% shareholding<sup>1</sup> in Israel Chemicals (NYSE:ICL, TASE:ICL), a leading specialty minerals company and its 37.1% shareholding in Bazan Group (TASE:ORL), Israel’s largest integrated refining and petrochemicals company.

### **Company Strategy Following January Strategic Separation**

As part of its new strategy, IC seeks to distribute cash dividends while maintaining a balanced capital structure, and is considering the possibility of separating its stake in Bazan.

IC views its holding in ICL as a strategic holding, and will refrain from making investments in any new companies.

### **\$100 Million Cash Dividend Announcement**

The Company wishes to report that its Board of Directors, in its meeting on August 20, 2015 decided to distribute a cash dividend in the amount of \$100 million. The dividend per share amount is \$13.11 and the payment date is September 17, 2015.

Excluding the cash dividend of \$200 million paid in relation to the January 2015 strategic separation, this will be the Company’s first cash dividend distribution post the strategic separation.

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<sup>1</sup> Approximately 46.2% on a voting rights basis and 49.1% on an issued share capital basis.



**Selected Second Quarter 2015 Financial Figures:**

IC's consolidated net income for the second quarter of 2015 was \$43 million.

As a holding company, IC's consolidated financial results are impacted by the results of its portfolio companies ICL and Bazan.

ICL's contribution to IC's second quarter 2015 net income was \$37 million, compared to \$106 million<sup>2</sup> in the second quarter of 2014.

Bazan's contribution to IC's second quarter 2015 net income was \$41 million, compared to a net loss of \$1 million in the second quarter of 2014.

At the corporation headquarters level, financing expenses, administrative and general expenses were \$38 million for the second quarter of 2015, compared to \$35 million for the second quarter of 2014.

Headquarters level tax income was \$6 million for the second quarter of 2015, compared to a tax income of \$2 million for the second quarter of 2014.

**Debt Balances and Liquidity at the IC Headquarters Level**

As of June 30, 2015, total financial liabilities were \$1,918 million, which does not include the impact of the fair value of derivatives transactions which decreases the economic value of the financial liabilities in an amount of \$36 million. As of June 30, 2015 investments in liquid assets amounted to \$441 million.

Net debt as of June 30, 2015 totaled \$1,441 million (or \$1,244 million adjusted for the \$197 million value of the ICL related collar loan), compared with net debt balances of \$1,431 million (or \$1,237 million adjusted for the \$194 million value of the ICL collar loan) as of March 31, 2015.

**About Israel Corporation**

Israel Corporation Ltd. (TASE: ILCO) ("IC") is a holding company providing focused exposure to well positioned mature assets in the natural resources industry through its 46.2%<sup>3</sup> shareholding in Israel Chemicals (NYSE:ICL, TASE:ICL) and its 37.1% shareholding in the Bazan Group (TASE:ORL). IC is publicly traded on the Tel Aviv Stock Exchange under the ticker ILCO and is a TA-25 index constituent.

IC is rated by S&P Maalot [il]A+/Stable.

For further information on IC, see IC's publicly available filings which can be found on the Tel Aviv Stock Exchange website at <http://maya.tase.co.il>.

Please also see IC company website <http://www.israelcorp.com> for additional information.

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<sup>2</sup> During Q2/14, ICL contribution to IC did not include arbitration provision at an amount of \$70 million, which was included in IC financials statements during Q1/14

<sup>3</sup> Approximately 46.2% on a voting rights basis and 49% on an issued share capital basis.

**For Immediate Release**



*Convenience Translation*

*The financial information found in this press release is an English summary based on the original Hebrew financial statements and is solely for the convenience of the reader. The binding version is the original in Hebrew.*

*Forward Looking Statements*

*This press release may contain forward-looking statements which may not materialize and are subject to risks and uncertainties that are not under the control of IC, which may cause actual results to differ materially from those contained in the disclosures.*

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