

ICL

Not so special

Reiterate Rating: NEUTRAL | PO: 19.00 ILS | Price: 17.73 ILS

‘Specialty’ profits more than halving = barrier to re-rating

ICL’s FY23 results suggest its ‘specialty’ businesses are more cyclical than peers. We think this poses a challenge to mgmt’s strategy of unlocking a higher valuation multiple by shifting the portfolio towards these ‘specialties’ in bromine, phosphates & fertilisers. EBITDA in these segments was down 55% y/y last year. We acknowledge destocking has been indiscriminate across end markets, but EBITDA fell ‘only’ 28% y/y on average across our cyclical EU Chemicals coverage, implying ICL’s ‘specialty’ profits were c. 2x more cyclical than peers. This was driven by bromine net pricing down >20% y/y (ICL shifted to a “volume over value” strategy in response to new entrants) as well as a raw mat-driven margin squeeze in specialty fertilisers. As a result, while ICL is optically cheap – currently trading at a 20% EV/EBITDA discount to EU cyclical chems (5.5x mid-cycle vs peers c. 7x) – we do not see a clear path for it to re-rate towards peers. We therefore reiterate Neutral and cut our PO to ILS19/sh (from ILS21) on lower estimates.

We forecast 2027 EBITDA almost 50% below mgmt target

We cut our 2024/25 EBITDA ests 17/11% to reflect our updated potash price forecasts (see Recovery ahead report) as well as lower assumed bromine margins. The latter reflects Q4 bromine pricing being worse than we expected (-33% y/y); we expect this to put further pressure on profits in 1H24 given contract pricing lags. Our 2027 EBITDA estimate is now ‘only’ \$1.9bn (+8% vs 2023), which is almost 50% below management’s \$3.6bn EBITDA target for the same year. We therefore think the company’s mid-term earnings targets will need to be substantially cut at some point, further preventing re-rating.

We also remain cautious on LFP cathode expansion

We also remain cautious on ICL’s expansion into LFP cathode materials, as we think mgmt has misjudged a large volume opportunity as a large value opportunity. We do not expect higher EV (electric vehicle) penetration necessarily to translate into large profits for cathode material suppliers given high capital intensity, rapid tech shifts, and pricing pressure from Asian producers. For more detail, see Umicore: Postcards from Korea report.

Estimates (Dec) (USD)	2022A	2023A	2024E	2025E	2026E
EPS (Adjusted Diluted)	1.82	0.55	0.34	0.37	0.48
EPS Change (YoY)	184.6%	-69.6%	-39.4%	11.3%	27.2%
Dividend / Share	0.91	0.28	0.17	0.19	0.24
ADR EPS (Adjusted Diluted - US\$)	1.82	0.55	0.34	0.37	0.48
ADR Dividend / Share (US\$)	0.91	0.28	0.17	0.19	0.24
Valuation (Dec)					
P/E	2.76x	8.89x	14.4x	13.0x	10.2x
Dividend Yield	18.8%	5.71%	3.46%	3.85%	4.90%
EV / EBITDA*	2.26x	5.17x	6.41x	5.89x	5.35x
Free Cash Flow Yield*	20.5%	13.0%	4.44%	5.69%	7.18%

* For full definitions of *IQmethod*SM measures, see page 6.

15 March 2024

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	ILS21.00	ILS19.00
2024E EPS	0.54	0.34
2025E EPS	0.54	0.37
2026E EPS	NA	0.48
2024E DPS	0.27	0.17

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Stock Data

Price (Common / ADR)	17.73 ILS / 4.89 USD
Price Objective	19.00 ILS / 5.30 USD
Date Established	15-Mar-2024 / 15-Mar-2024
Investment Opinion	B-2-8 / B-2-8
52-Week Range	16.29 ILS-26.19 ILS
Market Value (mn)	22,865 ILS
Shares Outstanding (mn)	1,289.6 / 1,289.6
Average Daily Value (mn)	9.30 USD
Free Float	55.9%
BofA Ticker / Exchange	XAPLF / TLV
BofA Ticker / Exchange	ICL / NYS
Bloomberg / Reuters	ICL IT / ICL.TA
ROE (2024E)	7.4%
Net Dbt to Eqty (Dec-2023A)	34.7%

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Refer to important disclosures on page 7 to 10. Analyst Certification on page 5. Price Objective Basis/Risk on page 5.

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iQprofileSM ICL

Key Income Statement Data (Dec)	2022A	2023A	2024E	2025E	2026E
(US\$ Millions)					
Sales	10,015	7,536	7,350	7,680	8,196
EBITDA Adjusted	4,008	1,754	1,413	1,538	1,695
Depreciation & Amortization	(498)	(536)	(592)	(651)	(631)
EBIT Adjusted	3,510	1,218	820	887	1,064
Net Interest & Other Income	(112)	(167)	(153)	(150)	(142)
Tax Expense / Benefit	(1,185)	(287)	(193)	(213)	(267)
Net Income (Adjusted)	2,350	715	433	482	613
Average Fully Diluted Shares Outstanding	1,290	1,291	1,291	1,291	1,291

Key Cash Flow Statement Data	2022A	2023A	2024E	2025E	2026E
Net Income (Reported)	2,159	647	433	482	613
Depreciation & Amortization	498	536	592	651	631
Change in Working Capital	(938)	303	61.4	(88.1)	(151)
Deferred Taxation Charge	0	0	0	0	0
Other CFO	306	109	61.0	51.0	51.0
Cash Flow from Operations	2,025	1,595	1,148	1,096	1,144
Capital Expenditure	(747)	(780)	(870)	(740)	(695)
(Acquisition) / Disposal of Investments	(21.0)	(84.0)	(30.0)	0	0
Other CFI	14.0	1.00	0	0	0
Cash Flow from Investing	(754)	(863)	(900)	(740)	(695)
Share Issue / (Repurchase)	2.03	0.26	0	0	0
Cost of Dividends Paid	(1,166)	(474)	(239)	(237)	(295)
Increase (decrease) debt	(189)	(137)	(129)	(119)	(154)
Other CFF	207	127	129	119	154
Cash Flow from Financing	(1,146)	(484)	(239)	(237)	(295)
Total Cash Flow (CFO + CFI + CFF)	125	248	9.08	119	154
FX and other changes to cash	(181)	(164)	(129)	(119)	(154)
Change in Cash	(56.0)	84.0	(120)	0	0
Change in Net Debt	(133)	(221)	(9.08)	(119)	(154)
Net Debt	2,316	2,095	2,086	1,966	1,812

Key Balance Sheet Data	2022A	2023A	2024E	2025E	2026E
Property, Plant & Equipment	5,969	6,329	6,637	6,726	6,790
Goodwill	NA	NA	NA	NA	NA
Other Intangibles	852	873	873	873	873
Other Non-Current Assets	381	391	392	393	394
Trade Receivables	1,583	1,376	1,360	1,421	1,516
Cash & Equivalents	508	592	472	472	472
Other Current Assets	2,457	2,066	2,054	2,129	2,248
Total Assets	11,750	11,627	11,787	12,014	12,293
Long-Term Debt	2,312	1,829	1,700	1,580	1,426
Other Non-Current Liabilities	1,119	1,123	1,133	1,133	1,133
Short-Term Debt	512	858	858	858	858
Other Current Liabilities	2,094	1,780	1,813	1,861	1,924
Total Liabilities	6,037	5,590	5,504	5,433	5,341
Total Equity	5,713	6,037	6,283	6,581	6,952
Total Equity & Liabilities	11,750	11,627	11,787	12,014	12,293

Business Performance*	2022A	2023A	2024E	2025E	2026E
Return On Capital Employed	26.0%	9.47%	6.03%	6.36%	7.47%
Return On Equity	47.0%	12.7%	7.38%	7.90%	9.59%
Operating Margin	35.1%	15.1%	11.1%	11.5%	13.0%
Free Cash Flow (MM)	1,278	815	278	356	449

Quality of Earnings*	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	0.86x	2.23x	2.65x	2.27x	1.86x
Asset Replacement Ratio	1.50x	1.46x	1.47x	1.14x	1.10x
Tax Rate	34.8%	29.5%	29.0%	29.0%	29.0%
Net Debt/Equity	40.5%	34.7%	33.2%	29.9%	26.1%
Interest Cover	10.7x	4.70x	4.70x	5.33x	6.71x

* For full definitions of iQmethodSM measures, see page 6.

Company Sector

Fertilizers

Company Description

ICL is #6 in the global potash industry, with c. 7% of capacity, selling mainly into agriculture. It is also #2 in the bromine industry, with c. 30% of global capacity, selling brominated flame retardants, clear brine fluids and other industrial applications. ICL also has a significant phosphates business (fertilisers, food ingredients, industrial applications) and a specialty fertiliser division too.

Investment Rationale

We believe management is (over)excited about the growth opportunity in EVs. We think its LFP cathode investments may destroy value, given strong competition, high technology risk and no clear ICL competitive advantage. While small in absolute terms, we expect investors to extrapolate the value destruction given ICL's lofty ambitions. This is likely to prevent re-rating, although ICL's relative multiple vs EU cyclical chemicals is already towards the bottom end of its historical range.

Stock Data

Shares / ADR	1.00
Price to Book Value	1.0x

Quarterly Earnings Estimates

	2023	2024
Q1	0.23A	0.09E
Q2	0.13A	0.09E
Q3	0.11A	0.10E
Q4	0.10A	0.06E

Key Changes

(US\$)	Previous	Current
Price Obj.	5.40	5.30
2024E EPS	0.54	0.34
2025E EPS	0.54	0.37
2026E EPS	NA	0.48
2024E DPS	0.27	0.17

Cutting estimates below consensus

Exhibit 1: We cut our 2024/25/26 ICL EBITDA estimates by 17/11/7%, mainly driven by lower potash and bromine prices, and sit c5% below cons as a result
Key ICL estimate changes: new vs old vs Bloomberg consensus (\$m unless otherwise stated)

	New			Old			New vs Old			Consensus		BofA vs Cons.	
	2024	2025	2026	2024	2025	2026	2024	2025	2026	2024	2025	2024	2025
Sales	7,350	7,680	8,196	7,488	7,557	8,004	(2%)	2%	2%	7,145	7,568	3%	1%
Adjusted EBITDA	1,413	1,538	1,695	1,698	1,723	1,832	(17%)	(11%)	(7%)	1,497	1,618	(6%)	(5%)
Adjusted EBIT	819	886	1,063	1,127	1,112	1,251	(27%)	(20%)	(15%)	973	1,103	(16%)	(20%)
Adjusted EPS (\$/sh)	0.34	0.37	0.48	0.54	0.54	0.62	(38%)	(30%)	(23%)	0.44	0.51	(23%)	(27%)

Source: BofA Global Research estimates, Bloomberg

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Exhibit 2: We now see ICL delivering only \$1.9bn EBITDA in 2028, far below management's \$3.6bn target

BofA key ICL financial forecasts

\$m unless otherwise stated	15A	16A	17A	18A	19A	20A	21A	22A	23A	24E	25E	26E	27E	28E
Industrial Products		269	308	363	405	380	500	689	277	224	336	375	404	433
(+) Potash		306	326	456	438	286	564	1,988	843	614	594	657	672	687
(+) Phosphate Solutions		309	225	285	277	276	522	966	550	401	409	445	485	510
(+) Growing Solutions		39	48	48	42	65	159	448	119	215	235	254	274	296
(+) Other Activities & Reconciliation		131	152	12	36	(17)	(106)	(83)	(35)	(42)	(36)	(36)	(37)	(37)
(=) Adjusted EBITDA	1,363	1,054	1,059	1,164	1,198	990	1,639	4,008	1,754	1,413	1,538	1,695	1,798	1,890
(-) Depreciation & amortisation	(355)	(401)	(390)	(403)	(443)	(489)	(490)	(498)	(536)	(592)	(651)	(631)	(631)	(631)
(-) Income from equity investments/(profit for NCI)	(14)	(68)	(17)	(8)	5	8	45	(1)	0	(1)	(1)	(1)	(1)	(1)
(=) Adjusted operating income	994	585	652	753	760	509	1,194	3,509	1,218	819	886	1,063	1,166	1,258
(-) Net interest expense and other financial items	(97)	(76)	(124)	(145)	(128)	(153)	(118)	(112)	(167)	(153)	(150)	(142)	(132)	(119)
(=) Income before tax	897	509	528	608	632	356	1,076	3,397	1,051	667	736	920	1,034	1,139
(-) Income tax	(201)	(100)	(156)	(136)	(147)	(85)	(203)	(987)	(296)	(193)	(213)	(267)	(300)	(330)
(=) Profit/(loss) for the period from cont. ops.	696	409	372	472	485	271	873	2,410	755	473	522	653	734	809
(+) Profit/(loss) for the period from discontinued ops.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(=) Total profit/(loss) for the period	696	409	372	472	485	271	873	2,410	755	473	522	653	734	809
(-) Profit/(loss) for the period attributable to NCI	3	42	17	5	(6)	(13)	(49)	(60)	(40)	(40)	(40)	(40)	(40)	(40)
(=) Adjusted net income/(loss) attributable to ICL	699	451	389	477	479	258	824	2,350	715	433	482	613	694	769
Adjusted basic EPS	0.55	0.35	0.30	0.37	0.37	0.20	0.64	1.83	0.55	0.34	0.37	0.48	0.54	0.60
DPS declared	0.28	0.17	0.14	0.18	0.19	0.10	0.32	0.91	0.28	0.17	0.19	0.24	0.27	0.30
Underlying payout ratio	51%	48%	46%	48%	51%	48%	50%	50%	50%	50%	50%	50%	50%	50%
Organic sales growth				6.1%	(2.2%)	(4.9%)	28.4%	45.3%	(24.8%)	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted EBITDA margin	25.2%	19.7%	19.5%	21.0%	22.7%	19.6%	23.6%	40.0%	23.3%	19.2%	20.0%	20.7%	20.8%	21.0%
ICL-defined net debt/(cash)	3,230	3,268	3,037	2,212	2,410	2,463	2,449	2,316	2,095	2,086	1,966	1,812	1,598	1,314
ICL-defined net debt / EBITDA	2.4x	3.1x	2.9x	1.9x	2.0x	2.5x	1.5x	0.6x	1.2x	1.5x	1.3x	1.1x	0.9x	0.7x
Net debt including pensions & provisions / EBITDA	2.8x	3.8x	3.6x	2.4x	2.6x	3.3x	2.0x	0.7x	1.4x	1.8x	1.5x	1.3x	1.1x	0.9x
OCF	573	966	847	620	992	804	1,065	2,025	1,595	1,148	1,096	1,144	1,249	1,356
(-) Organic capex	(619)	(632)	(457)	(572)	(576)	(626)	(611)	(747)	(780)	(870)	(740)	(695)	(695)	(695)
(=) Organic FCF	(46)	334	390	48	416	178	454	1,278	815	278	356	449	554	661
(-) Dividends	(347)	(162)	(237)	(241)	(273)	(118)	(276)	(1,166)	(474)	(239)	(237)	(295)	(340)	(378)
(=) Organic post-dividend FCF	(393)	172	153	(193)	143	60	178	112	341	39	119	154	214	284
(-) Net inorganic capex	13	17	174	902	0	(1)	(334)	15	4	(30)	0	0	0	0
(=) Total FCF post dividend and M&A	(380)	189	327	709	143	59	(156)	127	345	9	119	154	214	284
Post-tax ROACE	13.0%	7.6%	7.8%	9.8%	9.0%	6.0%	14.1%	32.7%	10.8%	7.1%	7.4%	8.7%	9.3%	9.9%

Source: BofA Global Research estimates, company data

BofA GLOBAL RESEARCH

Valuation: no catalyst for re-rating

Exhibit 3 shows the components of our updated price objective, which we cut to ILS19/sh (\$5.3/ADR) from ILS21/sh (\$5.4/ADR previously). This mainly reflects the lower financial forecasts outlined above, partly offset by higher target multiples due to recent peer re-rating (6x 2025E EV/EBITDA, 12x 2025E P/E, 7% 2025E FCF yield vs 5.5x, 9.5x, 8.3% previously). Our new price objective implies limited upside potential so we reiterate our Neutral rating.

Exhibit 3: Our new ILS19/sh price objective implies <10% upside potential to the current share price
BofA ICL price objective methodology (ILS/sh unless otherwise stated)

	2025E multiple	Implied price	Comment
EV/EBITDA	6.0x	17.8	15% discount to EU cyclical chems, above historical avg 10% given return risk
P/E	12.0x	18.6	5% discount to EU cyclical chems, higher than for EV/EBITDA given higher tax rate. Assumes 15% EPS accretion from M&A.
P/B	1.2x	21.8	Using 12.0% mid-cycle ROE (assuming levered B/S), 10.0% cost of equity and 2.1% terminal growth rate
FCF yield	6.9%	16.6	10% discount to EU cyclical chems (adj. for working capital). Assumes 15% FCF accretion from M&A.
Average		18.7	
(+/-) Differential		0.3	
Price objective		19.0	ADR price objective is \$5.3, via direct translation at spot FX

Source: BofA Global Research

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Price objective basis & risk

ICL (XAPLF / ICL)

Our price objective of ILS19 (ADR: \$5.3) is based on a blend of four approaches:

- (1) 6.0x 2025E EBITDA target multiple - 15% discount to EU cyclical chemicals, above historical avg 10% given return risk
- (2) 12.0x 2025E P/E target multiple - 5% discount to EU cyclical chemicals, higher than for EV/EBITDA given higher tax rate. Assumes 15% EPS accretion from M&A.
- (3) 1.2x 2025E P/B target multiple - reflecting 11.5% mid-cycle return on equity (assuming levered balance sheet), 10.0% cost of equity and 1.9% terminal growth rate.
- (4) 6.9% 2025E FCF yield - 10% discount to EU cyclical chemicals (adj. for working capital). Assumes 15% FCF accretion from M&A.

Upside / downside risks to our PO are (1) higher / lower commodity prices for bromine and potash than we forecast, (2) stronger / weaker end market demand for bromine, fertilisers or phosphates than we expect, (3) easier and cheaper / harder and costlier process to renew Dead Sea bromine and potash concession than we expect, (4) stronger / weaker EUR vs USD, weaker / stronger ILS, GBP and CNY versus USD, (5) fewer / greater ESG problems with ICL's production methods than we implicitly assume in our weighted average cost of capital (WACC), and (6) easier / harder process to access new phosphate reserves in Israel than we expect, (7) Anglo American's potential competing polyhalite project.

Analyst Certification

I, Alexander Jones, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

EMEA - Chemicals Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	AAK	ARHUF	AAK SS	Alexander Jones, CFA
	Air Liquide	AIQUF	AI FP	Alexander Jones, CFA
	Air Liquide	AIQUY	AIQUY US	Alexander Jones, CFA
	Arkema	ARKAF	AKE FP	Matthew Yates
	Arkema	ARKAY	ARKAY US	Matthew Yates
	Azelis Group	AZLGF	AZE BB	Matthew Yates
	Bakkafrost	BKFKF	BAKKA NO	Alexander Jones, CFA
	BASF	BFFAF	BAS GY	Matthew Yates
	BASF	BASFY	BASFY US	Matthew Yates
	Croda	COIHF	CRDA LN	Matthew Yates
	DSM-Firmenich	DSMFF	DSFIR NA	Matthew Yates
	Fuchs Petrolub	FUPBY	FUPBY US	Riya Kotecha
	Fuchs Petrolub	FUPPF	FPE3 GY	Riya Kotecha
	Hexpol	HXPLF	HPOLB SS	Riya Kotecha
	IMCD	IMDZF	IMCD NA	Matthew Yates
	Johnson Matthey	JMPLY	JMPLY US	Riya Kotecha
	Johnson Matthey	JMPLF	JMAT LN	Riya Kotecha
	K+S	KPLUF	SDF GY	Alexander Jones, CFA
	Novonesis	NVZMF	NSISB DC	Alexander Jones, CFA
	Novonesis	NVZMY	NVZMY US	Alexander Jones, CFA
	SalMar	SALRF	SALM NO	Alexander Jones, CFA
	Wacker Chemie	WKCMF	WCH GY	Matthew Yates
NEUTRAL				
	Givaudan	GVDNY	GVDNY US	Matthew Yates
	Givaudan	GVDBF	GIVN SW	Matthew Yates
	ICL	XAPLF	ICL IT	Alexander Jones, CFA
	ICL	ICL	ICL US	Alexander Jones, CFA



EMEA - Chemicals Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Kerry Group	XAOLF	KYGA ID	Alexander Jones, CFA
	Kerry Group	KRYAY	KRYAY US	Alexander Jones, CFA
	Solvay	SVYSF	SOLB BB	Matthew Yates
	Symrise	SYIEY	SYIEY US	Matthew Yates
	Symrise	SYIEF	SY1 GY	Matthew Yates

UNDERPERFORM

	Akzo Nobel	AKZOF	AKZA NA	Matthew Yates
	Akzo Nobel	AKZOY	AKZOY US	Matthew Yates
	Clariant	CLZNF	CLN SW	Matthew Yates
	Elementis	EMNSF	ELM LN	Matthew Yates
	Evonik	EVKIF	EVK GY	Matthew Yates
	ITM Power	ITMPF	ITM LN	Alexander Jones, CFA
	Lanxess	LNXSF	LXS GY	Matthew Yates
	Mowi	MNHVF	MOWI NO	Alexander Jones, CFA
	Mowi	MHGVY	MHGVY US	Alexander Jones, CFA
	Nel	NLLSF	NEL NO	Alexander Jones, CFA
	Syensqo SA	SHBBF	SYENS BB	Matthew Yates
	thyssenkrupp nucera	THYKF	NCH2 GY	Alexander Jones, CFA
	Umicore	UMICY	UMICY US	Riya Kotecha
	Umicore	UMICF	UMI BB	Riya Kotecha
	Victrex	VTXPF	VCT LN	Riya Kotecha
	Yara	YRAIF	YAR NO	Alexander Jones, CFA

iQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

EV / EBITDA

Enterprise Value

Basic EBIT + Depreciation + Amortization

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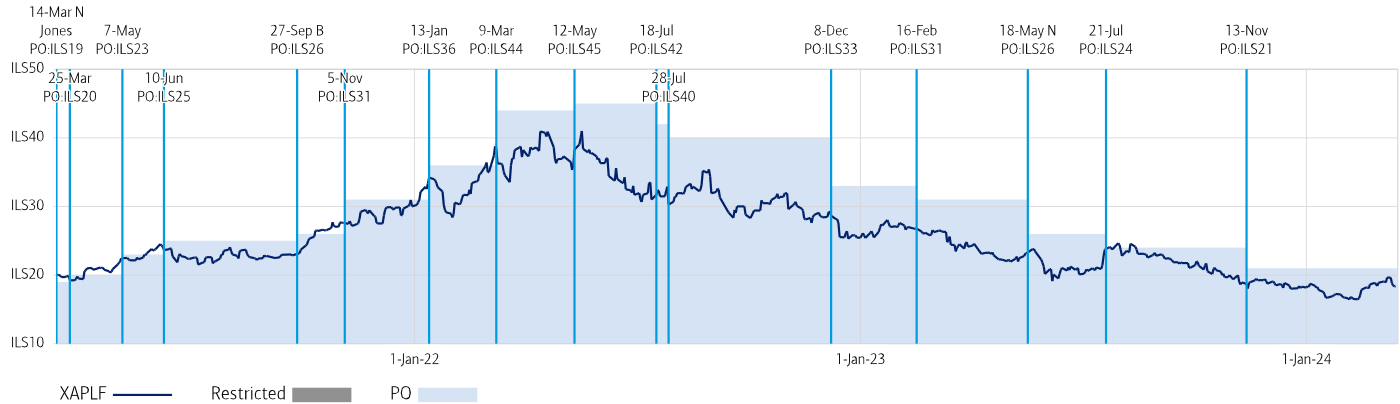
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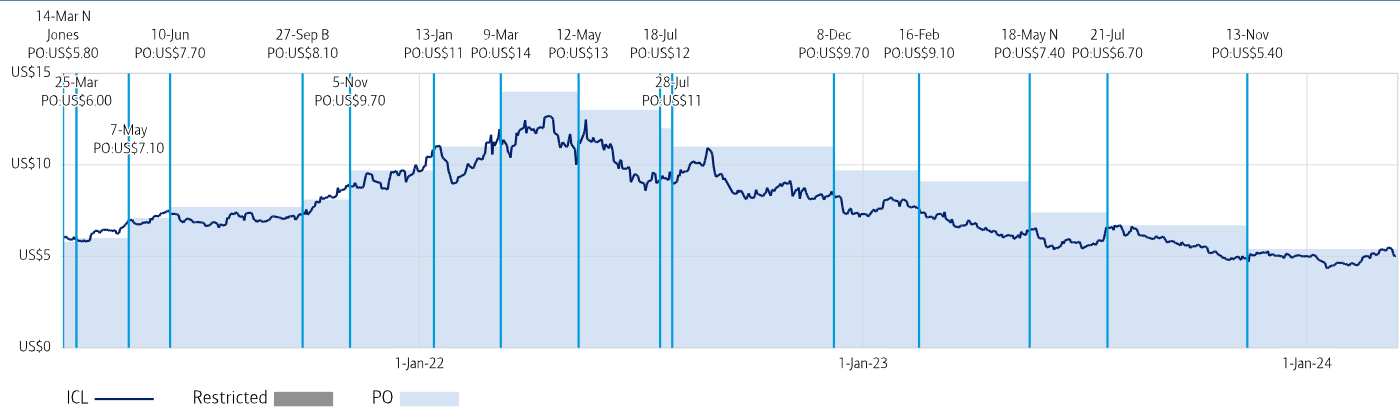
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ICL (XAPLF) Price Chart



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ICL (ICL) Price Chart



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Equity Investment Rating Distribution: Chemicals Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	66	47.83%	Buy	33	50.00%
Hold	33	23.91%	Hold	16	48.48%
Sell	39	28.26%	Sell	20	51.28%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
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Underperform	N/A	≥ 20%

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