



SQM

First Quarter 2017 Earnings Presentation



► Important Notice

Statements in this presentation concerning the Company's business outlook or future economic performances, anticipated profitability, revenues, expenses, or other financial items, anticipated cost synergies and product or service line growth, together with other statements that are not historical facts, are "forward-looking statements" as that term is defined under Federal Securities Laws.

Any forward-looking statements are estimates, reflecting the best judgment of SQM based on currently available information and involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those stated in such statements.

Risks, uncertainties, and factors that could affect the accuracy of such forward-looking statements are identified in the public filing made with the Securities and Exchange Commission, and forward-looking statements should be considered in light of those factors.



► SQM at a Glance

World Leader in Specialty Businesses: Potassium Nitrate, Iodine, Lithium & Solar Salts

✓ Financial Profile

- ✓ Revenue LTM⁽¹⁾: US\$2.1 billion
- ✓ EBITDA⁽²⁾ LTM: US\$821 million
- ✓ EBITDA Margin LTM: ~ 39%

(1) LTM: Twelve months ended March 31, 2017

(2) EBITDA: gross profit – SGA + depreciation & amortization

✓ Healthy Credit Metrics

- ✓ NFD/EBITDA .40
- ✓ Moody's: Baa1
- ✓ Standard and Poor's: BBB

FERTILIZERS

Potassium

Specialty Plant
Nutrients

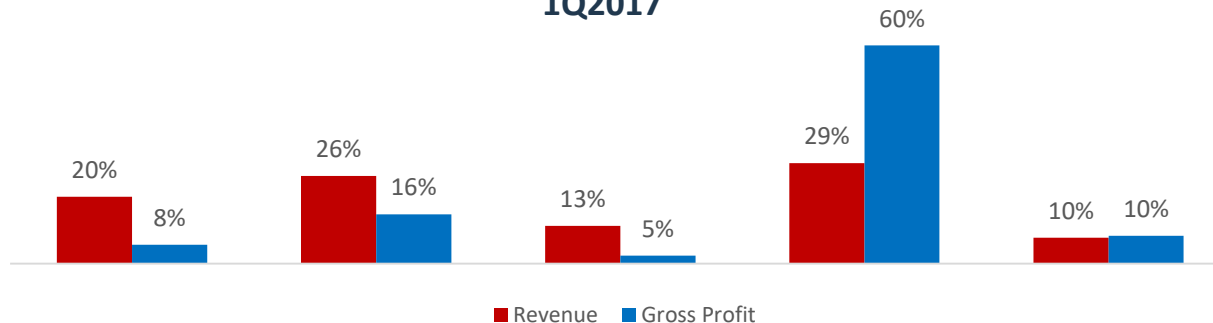
SPECIALTY CHEMICALS

Iodine &
Derivatives

Lithium &
Derivatives

Industrial
Chemicals

Contribution to Revenue vs. Gross Profit
1Q2017



► Natural Resources and Experience

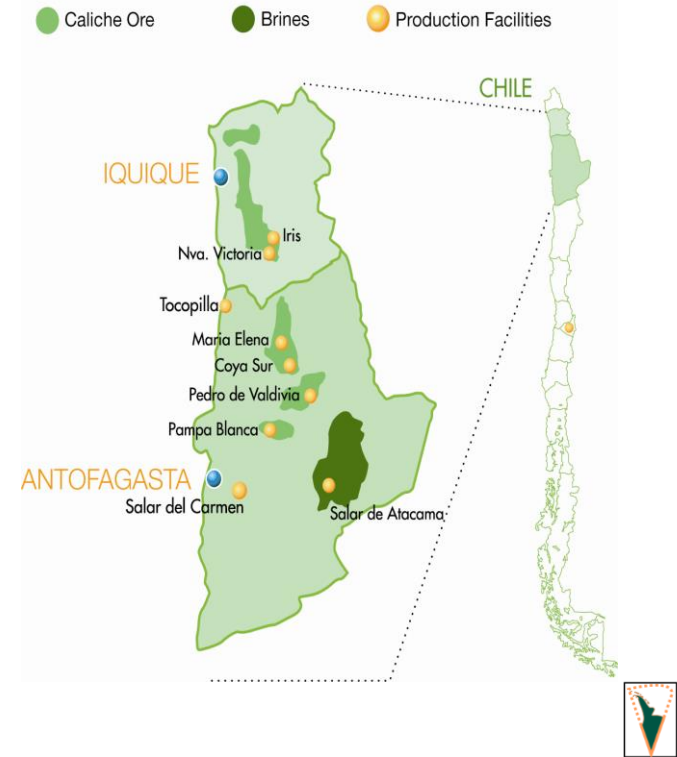
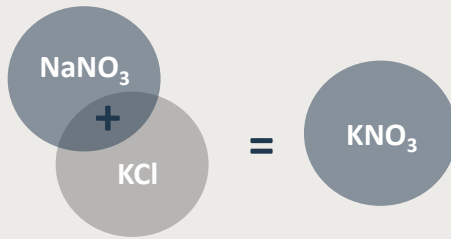
High-quality reserves → low-cost operations

Caliche Ore

- ✓ Caliche ore is only found in Chile
- ✓ The world's largest deposits of **nitrates and iodine**
- ✓ Proprietary mining rights pursuant to exploitation concessions

Salar Brines

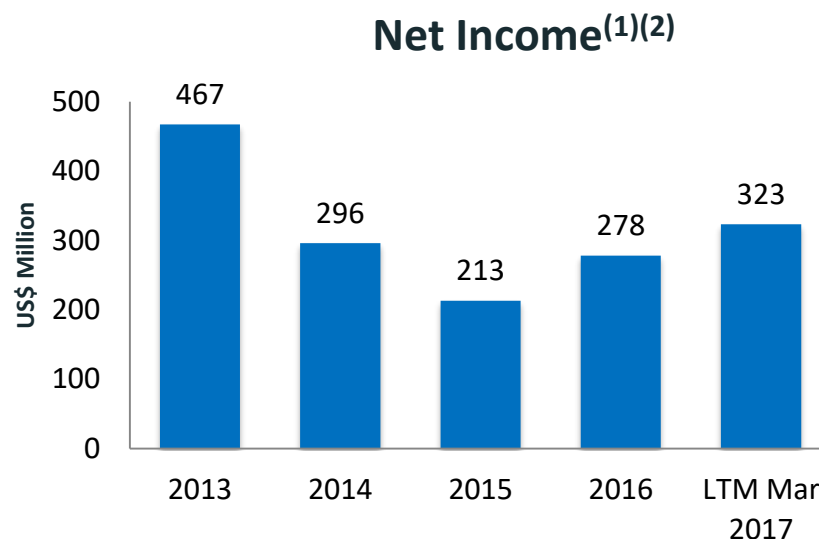
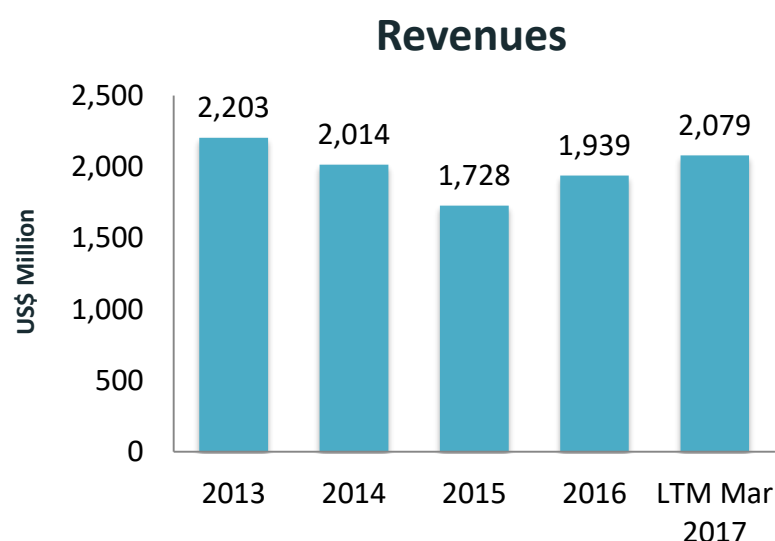
- ✓ High concentrations of **potassium and lithium**
- ✓ High evaporation rates
- ✓ Production rights are pursuant to a lease agreement with CORFO until 2030
- ✓ Technology and experience to efficiently operate



- ✓ Sustainable Operations in the North of Chile.

- ✓ Sodium nitrate + Potassium chloride = Potassium nitrate + (Sodium chloride)
- ✓ Know How – Exploration, Process and Logistics

► Results



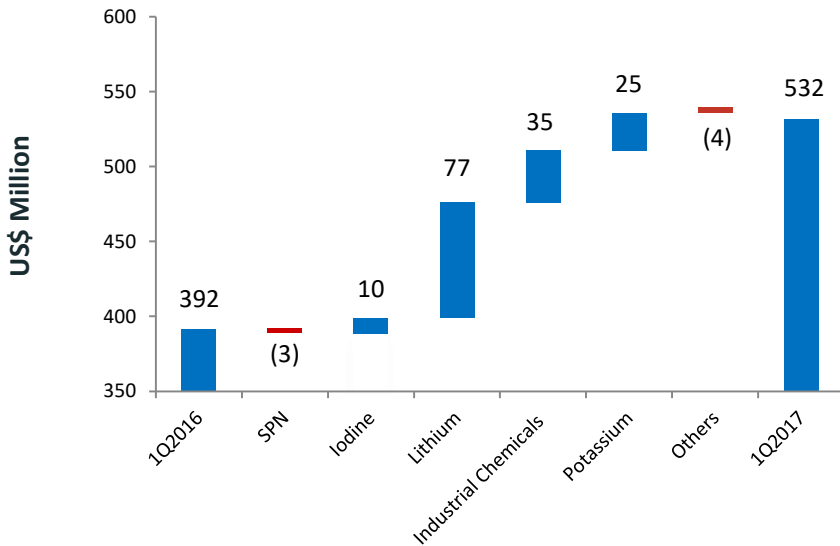
- ✓ Higher sales volumes in all business lines in 1Q 2017 and continued high lithium prices resulted in EBITDA of US\$821 million for the past 12 months and US\$216 million for the first quarter.

(1) Net income for 2016 includes one-time charge of US\$32.8 million related to stopping of our train that used to run between Coya Sur and Tocopilla, and provision for the payments of US\$30.5 million to DOJ and SEC.

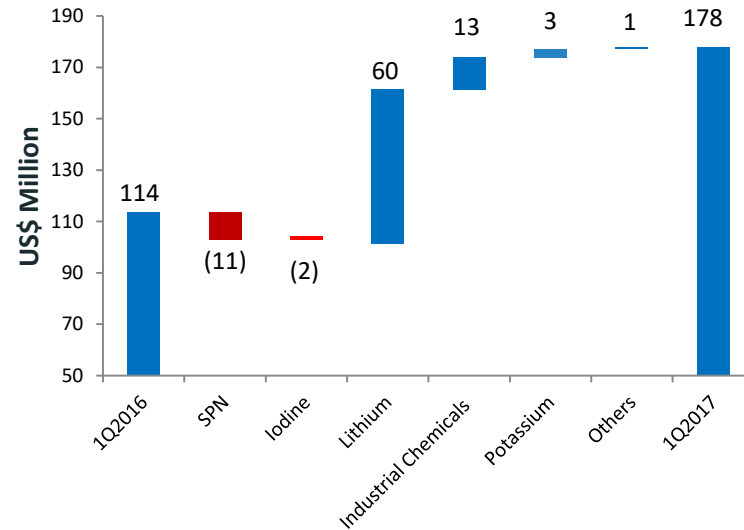
(2) Net Income for 2015 includes a charge of US\$57.7 million for impairment related to the closure of Pedro de Valdivia plant

► Results

Revenue Contribution 1Q2017/1Q2016



Gross Profit Contribution 1Q2017/1Q2016



	SPN	Iodine	Lithium	I. Chem.	Potassium
P	↓	↓	↑	↓	↓
Q	↑	↑	↑	↑	↑

✓ Impact of higher volumes outweighs lower pricing in all business lines except lithium

► Market Outlook

- ✓ Potassium Market: Average price increased in 1Q2017 compared to 4Q2016, this trend could continue into 2017. Demand growth in 2017 ~2 million MT to over 60 million MT/year
- ✓ Potassium Nitrate: Slight decrease in sales volumes in water soluble segment during 1Q2017 but the market will recuperate its growth during the year. Prices remain flat
- ✓ Iodine Market: Sales volumes grew 44% in 1Q2017 compared to 1Q2016. We expect a 15% growth in 2017. Prices seem stabilize in recent months
- ✓ Lithium Market: Strong market growth (~14%) in 2017 and similar prices. Demand growth in 2018 and beyond 10-12%. Tight supply/demand growth could keep the prices flat for the remainder of 2017 with the average price in 2017 higher than compared to 2016
- ✓ Solar Salts: Higher sales volumes expected in 2017 of ~ 90K MT/year

► Capital Expenditures & Investments

- ✓ Historical maintenance CAPEX ~US\$100 million

Growth Plans

- ✓ **2016-2017**: Lithium Hydroxide Expansion: ~US\$30 million
- ✓ **2017-2018**: Potassium Nitrate Expansion: ~US\$100 million
- ✓ **2017-2018**: Lithium Carbonate Expansion: ~US\$50 million
- ✓ **2016-2019** (first stage): Chaucharí – Olaroz project in Argentina - ~US\$425 million + ~US\$250 million (pre VAT) for stages I and II, respectively. (50/50 JV: SQM will be responsible for 50% of the investment). ~US\$100 million to be invested in 2017.



<3%

LTM Market Share

1,645k^{MT}

LTM Sales Volumes

US\$
428mm

LTM Revenues

7%

Contribution to LTM Gross Profit

Potassium Chloride: Industry Dynamics

- ✓ Potassium chloride is the most commonly used potassium-based fertilizer
- ✓ 2017 est. global demand to reach over 60 million MT⁽¹⁾
- ✓ Major players in Belarus, Canada, and Russia
- ✓ Slight price recovery seen in 1Q2017

SQM Highlights

- ✓ Low-cost producer of potassium chloride
- ✓ Brazil remains the most important market for SQM sales
- ✓ Flexibility to produce potassium chloride, potassium sulfate, and potassium nitrate depending on market needs
- ✓ Effective capacity ~ 2.0 million MT, reduced production in 2017 resulting in a 15% decrease in potassium sales
- ✓ Sintoukola project in the Republic of Congo (Kore Potash Ltd): US\$20 million investment for 18% ownership stake (2016). Currently in the process of implementation of definitive feasibility study, results ~ end of 2018.

(1) SQM estimates



46%

LTM KNO₃ Market Share⁽¹⁾

853k^{MT}

LTM Sales Volumes⁽²⁾

US\$
621mm

LTM Revenues

20%

Contribution to LTM
Gross Profit

Industry Dynamics

- ✓ Potassium nitrate (KNO₃) provides unique benefits: Chlorine-free, water soluble, and fast absorption
- ✓ Demand drivers: Higher cost of land, water scarcity, increased demand for higher quality crops
- ✓ Water soluble segment drives demand growth

SQM Highlights

- ✓ Access to reserves of potassium and nitrate
- ✓ Developed distribution network and diverse customer base
- ✓ Lower price elasticity relative to potassium chloride
- ✓ Focus on water soluble segment
- ✓ KNO₃ capacity expansion
 - ✓ Increase 1 million → 1.5 million MT/year
 - ✓ 200K MT from increased efficiency at existing plants (2016-2017)
 - ✓ 300K MT from new plant (operating mid-2018; estimated capex US\$100 million)

(1) SQM estimates. Excludes Chinese KNO₃ market.

(2) SPN sales volumes include KNO₃ and other specialty fertilizers



35%

LTM Market Share

11.2k^{MT}

LTM Sales Volumes

US\$
241mm

LTM Revenues

6%

Contribution to LTM
Gross Profit

Industry Dynamics

- ✓ Main uses: X-ray contrast media, LCD, pharmaceuticals and sanitizers
- ✓ and prices are affected by increased recycling volumes. Expected global demand 2017: ~34,000 MT⁽¹⁾
- ✓ Limited sources of iodine worldwide:
 - ✓ Chile 57% (SQM 35%)
 - ✓ Japan (including recycling) 30%
 - ✓ Total recycling 18%

SQM Highlights

- ✓ Low-cost producer
- ✓ Developed distribution and sales network
- ✓ Effective capacity ~10,000 MT per year
- ✓ Our average prices were ~ US\$20 in the first quarter 2017. Lower average prices expected in 2017 compared to 2016.
- ✓ We expect to increase our sales volumes 15% in 2017.

(1) SQM estimates



27%

LTM Market Share

51k^{MT}

LTM Sales Volumes

US\$
592mm

LTM Revenues

59%

Contribution to LTM
Gross Profit

Industry Dynamics

- ✓ Main uses: batteries (~53%), lubricant, glass, pharmaceuticals. Future potential related to batteries for EV (~20% of total lithium demand)
- ✓ 2017 global lithium chemicals demand: 208K MT⁽¹⁾
- ✓ Expected demand growth of ~14% in 2017⁽¹⁾
- ✓ Impressive price increase in 2016, we saw our avg. price increase ~80%. Tight supply/demand growth could keep the prices flat for the remainder of 2017

(1) SQM estimates

SQM Highlights

- ✓ Leading lithium chemicals producer in the world and lowest cost producer⁽¹⁾.
- ✓ Current lithium carbonate plant capacity: 48K MT/year, increasing to 63K MT/year in 2018. New lithium hydroxide plant – increasing total capacity to over 13k MT/year
- ✓ 2017 annual sales volumes to be similar to 2016 ~50K MT.
- ✓ Minera Exar JV in Argentina:
 - ✓ Total capacity 50K MT/year
 - ✓ First stage 25K MT; estimated capex US\$425 million pre-VAT
 - ✓ 2017 SQM Investment: ~US\$100 million
 - ✓ Start production in 2019



173k^{MT}

LTM Sales Volumes

US\$
139mm

LTM Revenues

7%

Contribution to LTM
Gross Profit

Industry Dynamics

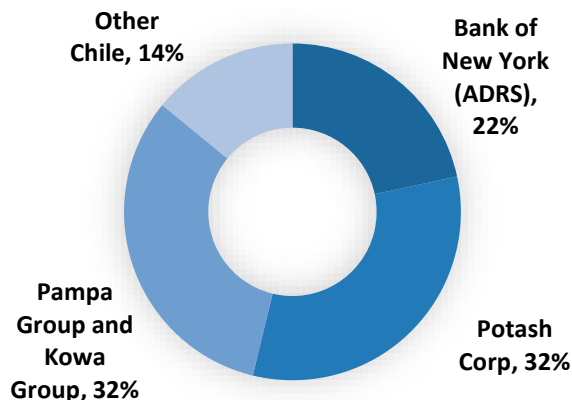
- ✓ Various traditional uses for industrial nitrates related to glass, metal treatment, water treatment, and explosives
- ✓ **Solar Salts:**
 - ✓ Intl. Energy Association expects installed capacity of Concentrated Solar Power (CSP) to reach ~20GW by 2020, and supply 12% of the world electricity by 2050.
 - ✓ As a reference, a 50MW parabolic trough CSP plant with 7.5 hours of indirect storage requires about 30K MT of solar salts
 - ✓ Projects being developed in Northern and Southern Africa, Middle East, Chile, China and Australia

SQM Highlights

- ✓ Operational flexibility with certain industrial sodium and potassium nitrate products
- ✓ **Solar Salts:**
 - ✓ SQM produces both potassium nitrate and sodium nitrate, the two raw materials in solar salt production
 - ✓ Prices remain flat in 2017 compared to 2016.
 - ✓ Sales volumes expected to be ~90kMT in 2017

► Other Relevant Topics

Ownership Structure⁽¹⁾



SQM Business Opportunities

- ✓ Strong demand growth in lithium market. Lithium carbonate production expansion to 63k MT/year
- ✓ JV to develop Caucharí-Olaroz lithium project, 25k MT/year 1st stage
- ✓ Potassium nitrate capacity expansion: positioned to supply growing solar salts and water soluble fertilizer markets
- ✓ Strong cost position and strong balance sheet

Dividends & Dividend Policy⁽²⁾

Total Dividend paid in 2016 ~US\$400 million. Announced payment of US\$103 million in June, 2017

2017 Net Income distribution in 3 interim & 1 final dividend

	100%	80%	60%
(a) $\frac{\text{cash+other current financial assets}}{\text{current financial liabilities}} \geq$	2.5	2.0	1.5
(b) $\frac{\text{total liabilities}}{\text{total equity}} \leq$	1.1	1.2	1.3

If none of the above parameters is met: 50% of 2017 Net Income

(1) As of March 31, 2017

(2) Please see full dividend policy on our website at <http://ir.sqm.com/English/investor-relation/default.aspx>



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