



SQM

April 2017

Fourth Quarter 2016 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.

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► SQM at a Glance

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

✓ Financial Profile

- ✓ 2016 Revenue: US\$ 1.9 billion
- ✓ 2016 EBITDA⁽¹⁾: US\$ 761 million
- ✓ 2016 EBITDA Margin: ~ 39%

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

✓ Healthy Credit Metrics

- ✓ NFD/EBITDA .58
- ✓ Moody's Baa1
- ✓ Standard and Poor's BBB

FERTILIZERS

Potassium

Specialty Plant
Nutrients

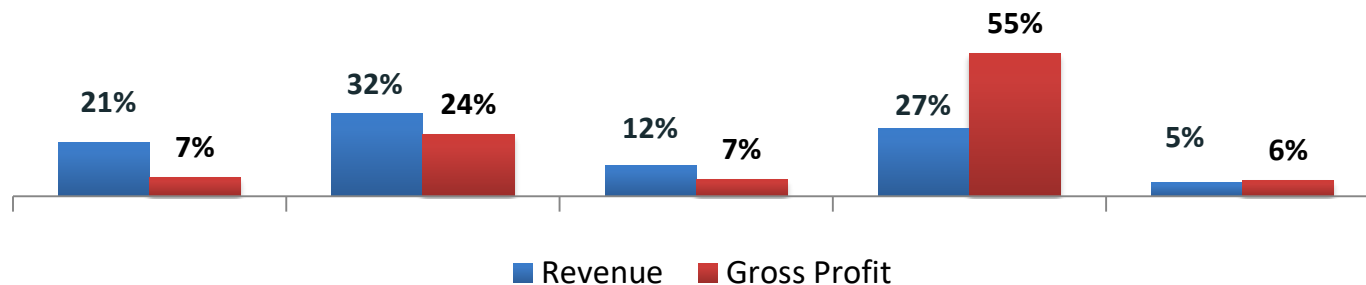
SPECIALTY CHEMICALS

Iodine &
Derivatives

Lithium &
Derivatives

Industrial
Chemicals

Contribution to 2016 Revenue vs. 2016 Gross Profit



► Natural Resources and Experience

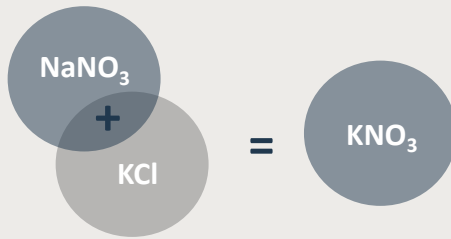
High-quality reserves → low-cost operations

Caliche Ore

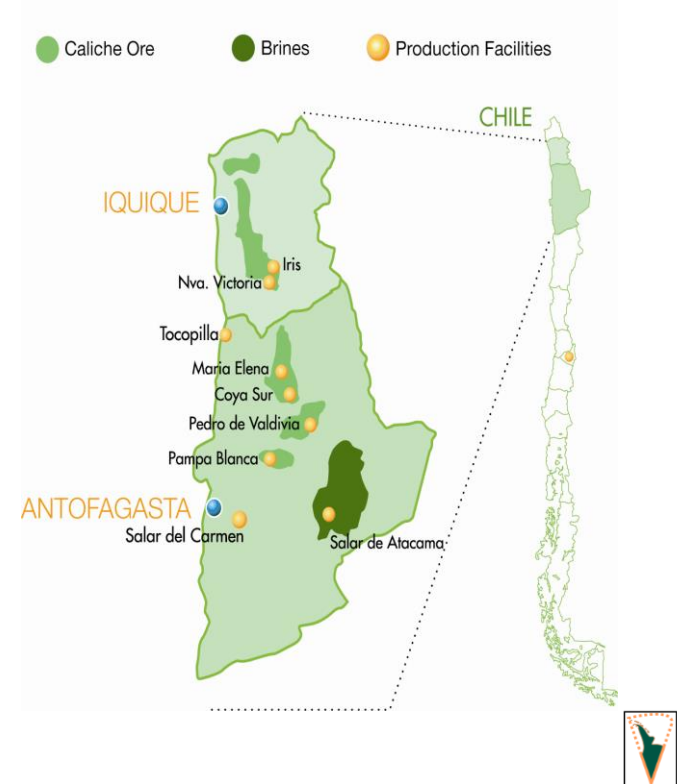
- ✓ Caliche ore is only found in Chile
- ✓ The world's largest deposits of **nitrates and iodine**
- ✓ Proprietary mining rights pursuant to exploitation concessions

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



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



- ✓ Sustainable Operations in the North of Chile.

► Arbitration: CORFO and SQM

✓ **May 2014: Arbitration was initiated between SQM and CORFO**

CORFO Alleges	SQM Position
SQM incorrectly determined lease payments, and underpaid CORFO US\$8.9 million (2009-2014)	<ul style="list-style-type: none"> • All payments were made appropriately
International reference price for KCL (used in order to calculate lease payments) should have been used for all potassium salts, without making corrections to reflect for potassium content	<ul style="list-style-type: none"> • Per contract, CRU British Sulfur determines reference price • Agreement states that unit of K content must be taken into consideration • CRU has determined reference price for all potassium products
Lease agreement reference price for lithium should be based on sales to non-related customers and not average price to all customers	<ul style="list-style-type: none"> • Parties previously discussed reference pricing, and agreed on lease payments based on average price from all customers. • Average price referenced in bullet above based on all customers has benefited CORFO over life of contract
SQM did not properly construct/replace property markers per agreement	<ul style="list-style-type: none"> • Mining properties are fully protected from legal point of view • Responsibility belongs to property owner (CORFO), and has never been transferred by CORFO to SQM • SQM has offered to construct and replace markers
As a result of these allegations, CORFO is calling for early termination of the lease agreement	SQM has fully complied with all contractual obligations with CORFO over the life of the contract

✓ **August 2016: CORFO formally initiated second arbitration regarding Project Agreement against SQM**

✓ **Sept 2016: SQM formally initiated third arbitration against CORFO to look at the total period**

► Strategic Plan: Looking towards the future

✓ **Goal: To increase EBITDA to over US\$1 billion by 2020**

SQM Strategic Goals	Initiatives to Reach Goal
SPN: Continue to add value to KNO ₃ market	<ul style="list-style-type: none"> • Build new NPK plants and form new strategic partnerships • Aggressive investment in market development. New products, new uses → new customers in diverse regions
Potash: Be a low-cost producer	<ul style="list-style-type: none"> • Extend Lean implementation in all our plants • Evaluate new projects at low end of cost curve
Lithium: Grow and diversify geographically	<ul style="list-style-type: none"> • Develop 50,000 MT project in Argentina • Analyze other opportunities to supply growing market
Iodine: Increase market share	<ul style="list-style-type: none"> • Ensure operational optimization between nitrates and iodine • Promote R&D for new uses in the market • Continue to develop downstream market through partnership with Ajay Chemicals
Solar Salts: Achieve 200K MT/year by 2020	<ul style="list-style-type: none"> • Provide a full service for solar salt projects, leveraging production and logistics experience
New Business	<ul style="list-style-type: none"> • Metal exploration: copper, gold, zinc within our current natural resources • Analyze diverse natural resources around the world, engaging <u>ONLY</u> where we believe we will have sustainable competitive advantages



<3%

2016 Market Share

1.535k^{MT}

2016 Sales Volumes

US\$
403mm

2016 Revenues

7%

Contribution to 2016
Gross Profit

Potassium Chloride: Industry Dynamics

- ✓ Potassium chloride is the most commonly used potassium-based fertilizer
- ✓ 2017 est. global demand to grow ~2 million MT⁽¹⁾
- ✓ Major players in Belarus, Canada, and Russia
- ✓ Slight price recovery seen in 4Q2016

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
- ✓ Sintoukola project in the Republic of Congo (Kore Potash Ltd): US\$20 million investment for 18% ownership stake

(1) SQM estimates



46%

2016 KNO₃ Market Share⁽¹⁾

841k^{MT}

2016 Sales Volumes⁽²⁾

US\$
624mm

2016 Revenues

24%

Contribution to 2016
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\$90 million)

(1) SQM estimates. Excludes Chinese KNO₃ market.

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



29%

2016 Market Share

10.2k^{MT}

2016 Sales Volumes

US\$
231mm

2016 Revenues

7%

Contribution to 2016
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 29%)
 - ✓ 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 seemed were ~ US\$21 in the fourth quarter 2016. Lower average prices expected in 2017.
- ✓ We expect to further increase our market share in 2017.

(1) SQM estimates



27%

2016 Market Share

49,7k^{MT}

2016 Sales Volumes

US\$
515mm

2016 Revenues

55%

Contribution to 2016
Gross Profit

Industry Dynamics

- ✓ Main uses: batteries (~53%), lubricant, glass, pharmaceuticals. Future potential related to batteries for e-cars (~20%)
- ✓ 2016 global lithium chemicals demand: 182K MT⁽¹⁾
- ✓ Demand growth of ~14% in 2016, ~8-12% expected in the future⁽¹⁾
- ✓ Impressive price increase in 2016, we saw our avg. price increase ~80%. New supply and timing of new projects will determine prices 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. New lithium hydroxide plant – increasing total capacity to over 13k MT/year
- ✓ Increased sales volumes in 2016: 28%
- ✓ 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



129k^{MT}

2016 Sales Volumes

US\$
104^{mm}

2016 Revenues

6%

Contribution to 2016
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 double by 2020, and supply 20% 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 globally

SQM Highlights

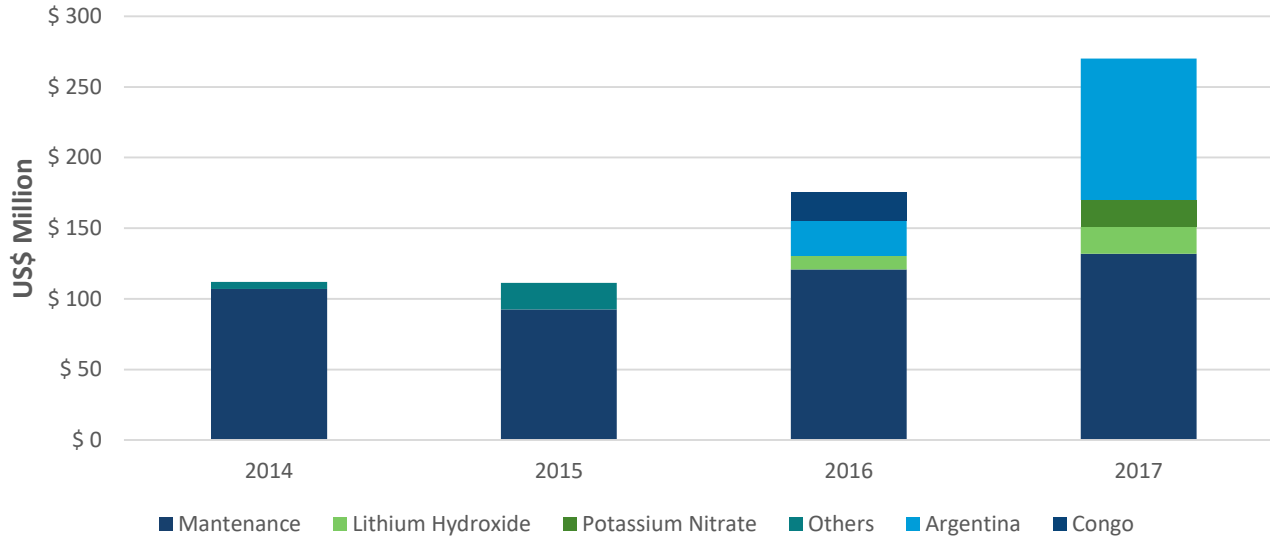
- ✓ Operational flexibility with certain industrial sodium and potassium nitrate products
- ✓ **Solar Salts:**
 - ✓ SQM produces both potassium nitrate and sodium nitrate, the two raw materials in solar salt production
 - ✓ Prices remained flat in 2016 compared to 2015.

► Market Outlook

- ✓ Potassium Market: Average price increase in Q42016 compared to Q32016, this trend could continue into 2017. Demand growth in 2017 ~2 million MT
- ✓ Potassium Nitrate: Growth in water soluble segment; prices under pressure
- ✓ Iodine Market: Sales volumes grew 9% in 2016 reaching 10.200MT. Should remain in this range in 2018. Prices could stabilize in near future
- ✓ Lithium Market: Strong market growth (~14%) in 2016 and higher prices. Demand growth going forward 8-10%
- ✓ Solar Salts: Higher sales volumes in 2016 reaching 60k, even higher in 2017

► Capital Expenditures & Investments

CAPEX & Other investments



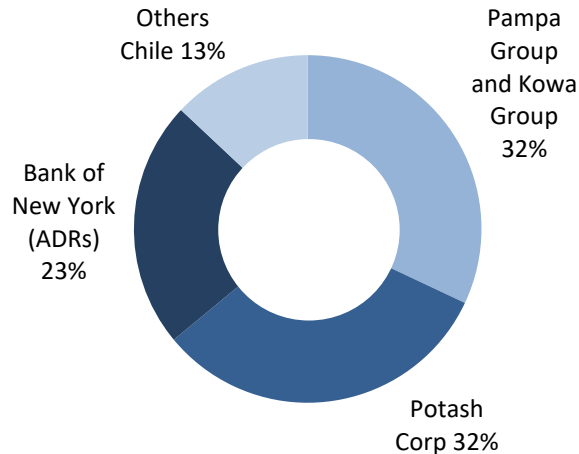
✓ Historical maintenance CAPEX ~US\$100 million

Growth Plans

- ✓ **2016:** ~US\$25 investment in Exar; ~US\$20 million investment in Kore Potash Limited
- ✓ **2016-2017:** Lithium Hydroxide Expansion: ~US\$30 million
- ✓ **2017-2018:** Potassium Nitrate Expansion: ~US\$90 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.

► Other Relevant Topics

Ownership Structure⁽¹⁾



Other Considerations

- ✓ Market conditions
 - ✓ Iodine prices
 - ✓ Potash prices
- ✓ Arbitration with CORFO

Dividends

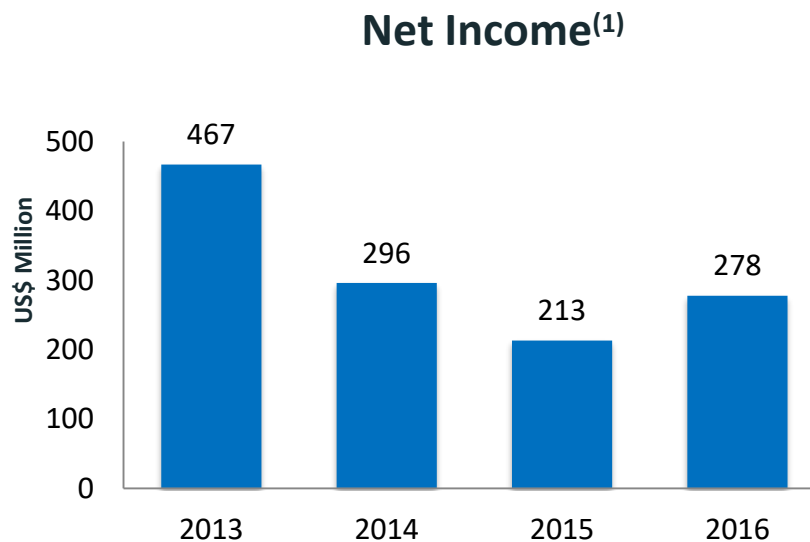
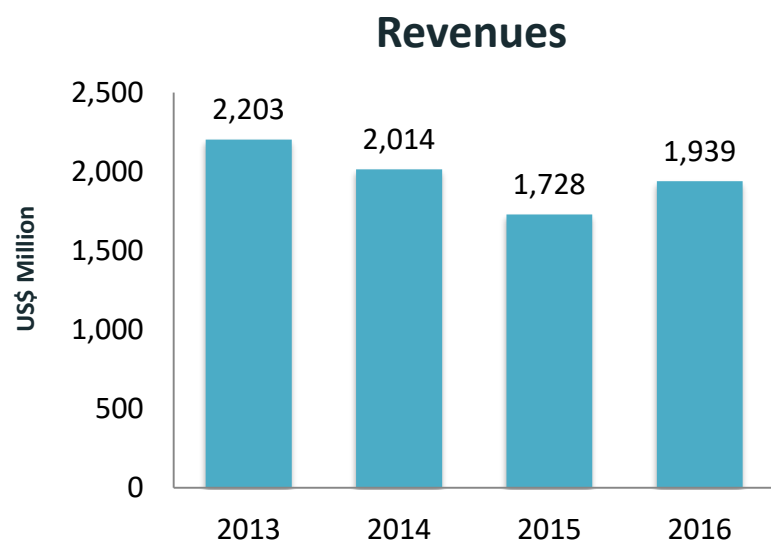
- ✓ Total Dividend paid in 2016 ~US\$400 million

SQM Business Opportunities

- ✓ JV to develop Caucharí-Olaroz lithium project
- ✓ Strong demand growth in lithium market → higher volumes and prices
- ✓ Potassium nitrate capacity expansion: positioned to supply growing solar salts and water soluble fertilizer markets
- ✓ Strong cost position
- ✓ Strong balance sheet

(1) As of June 30, 2016

► Results

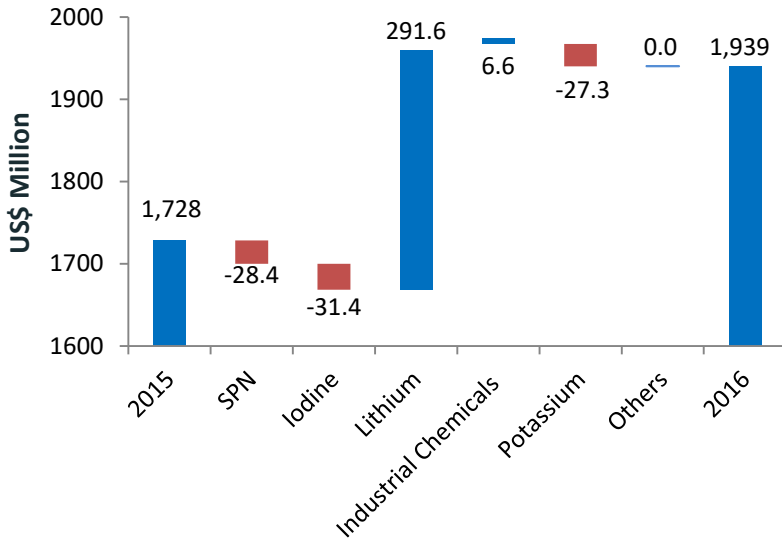


- ✓ Higher lithium sales volumes and prices in Q4 2016 resulted in increased EBITDA of US\$239 million in the last quarter
- ✓ Higher sales volumes of potassium chloride, iodine and solar salts let to increased revenues but lower prices kept the margins under pressure

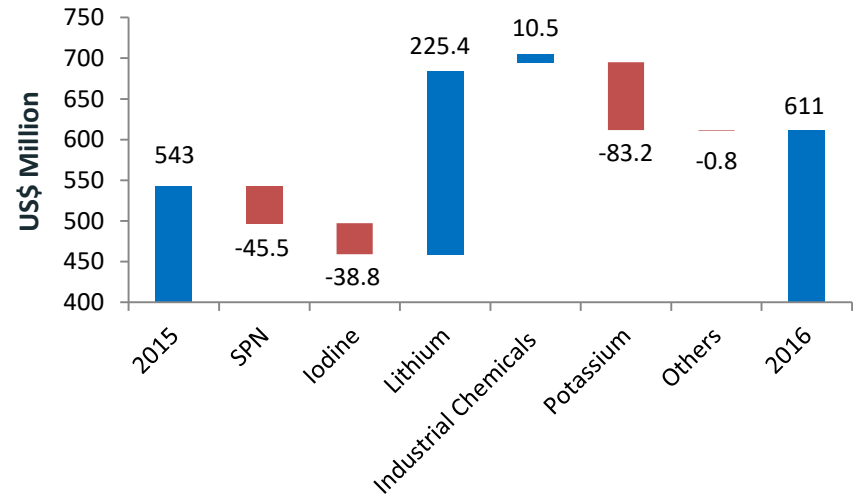
(1) Net income for 2016 includes one-time charge of US\$32.8 million related to stopping of our train that used to run between Coya Sur and Tocopilla, and provision for the payments of US\$30.5 million to DOJ and SEC.

► Results

Revenue Contribution 2016/2015



Gross Profit Contribution 2016/2015



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

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



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