



SQM

1Q2018 RESULTS



# Important Notice

## SQM

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

2018 LTM Revenues: US\$2.1 billion | 2018 LTM EBITDA: US\$900 million | EBITDA Margin LTM: 42%

NFD/EBITDA: 0.16 | Moody's: Baa1 | Standard and Poor's: BBB

## FERTILIZERS



Potassium



Specialty Plant Nutrients

## SPECIALTY CHEMICALS



Iodine & Derivatives

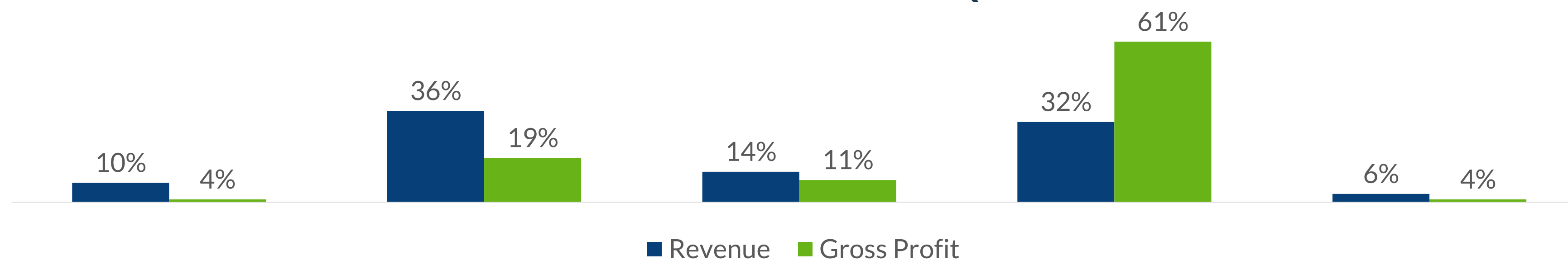


Lithium & Derivatives



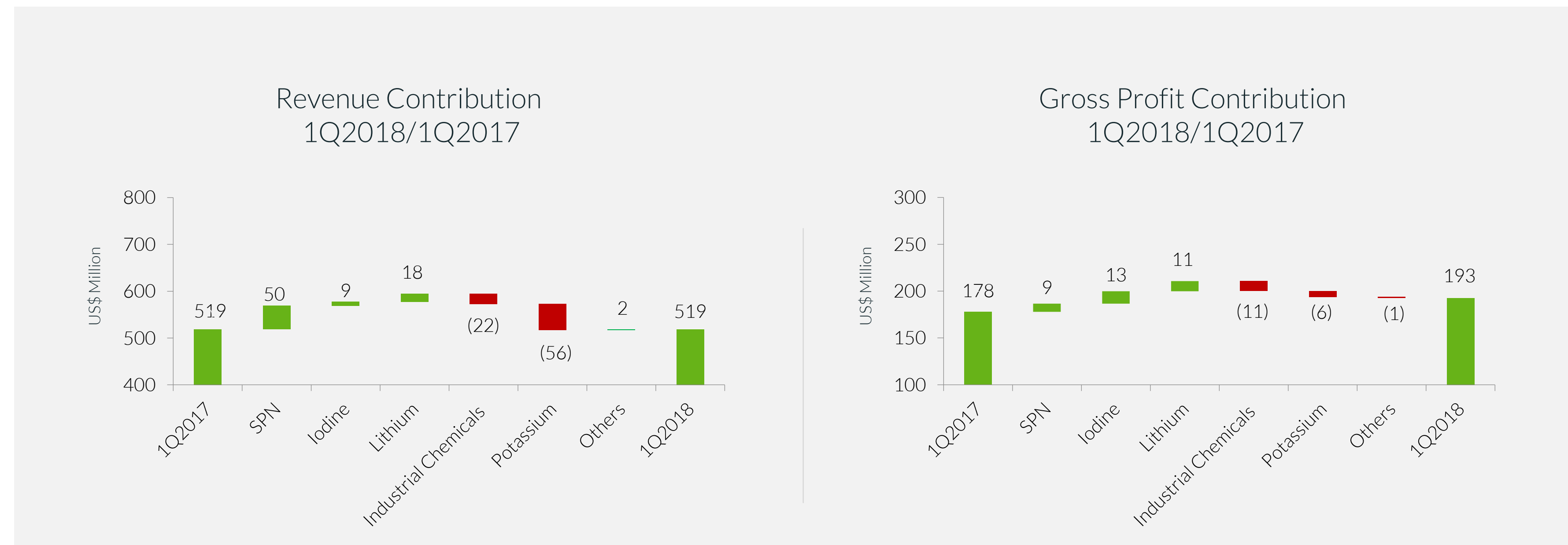
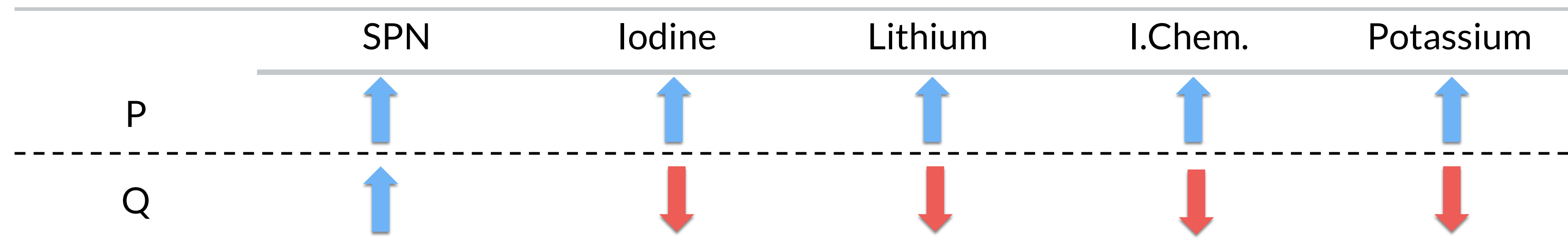
Industrial Chemicals

### Contribution to Revenue vs. Gross Profit 1Q2018 <sup>(1)</sup>



<sup>(1)</sup> Excluding "Others"

# Review of Results



Prices increased significantly in lithium and iodine business lines, outweighing the impact of lower sales volumes in these business lines.

# SQM Lithium Projects



## Lithium Carbonate & Hydroxide

Chile<sup>(1)</sup>  **SQM**  
THE WORLDWIDE  
BUSINESS FORMULA

### LITHIUM CARBONATE

- Current capacity 48,000 MT
- Expansion to 70,000 MT in 2018
- Expansion to 120,000 MT in 2019
- Expansion to 180,000 MT in 2021

Argentina  **LithiumAmericas**

- Minera Exar, 50/50 JV
- Caucharí-Olaroz, Jujuy
- Capacity 25,000 MT in 2020

### LITHIUM HYDROXIDE

- Current capacity 6,000 MT
- Expansion to 13,500 MT in 2018

Australia  **KIDMAN  
RESOURCES**

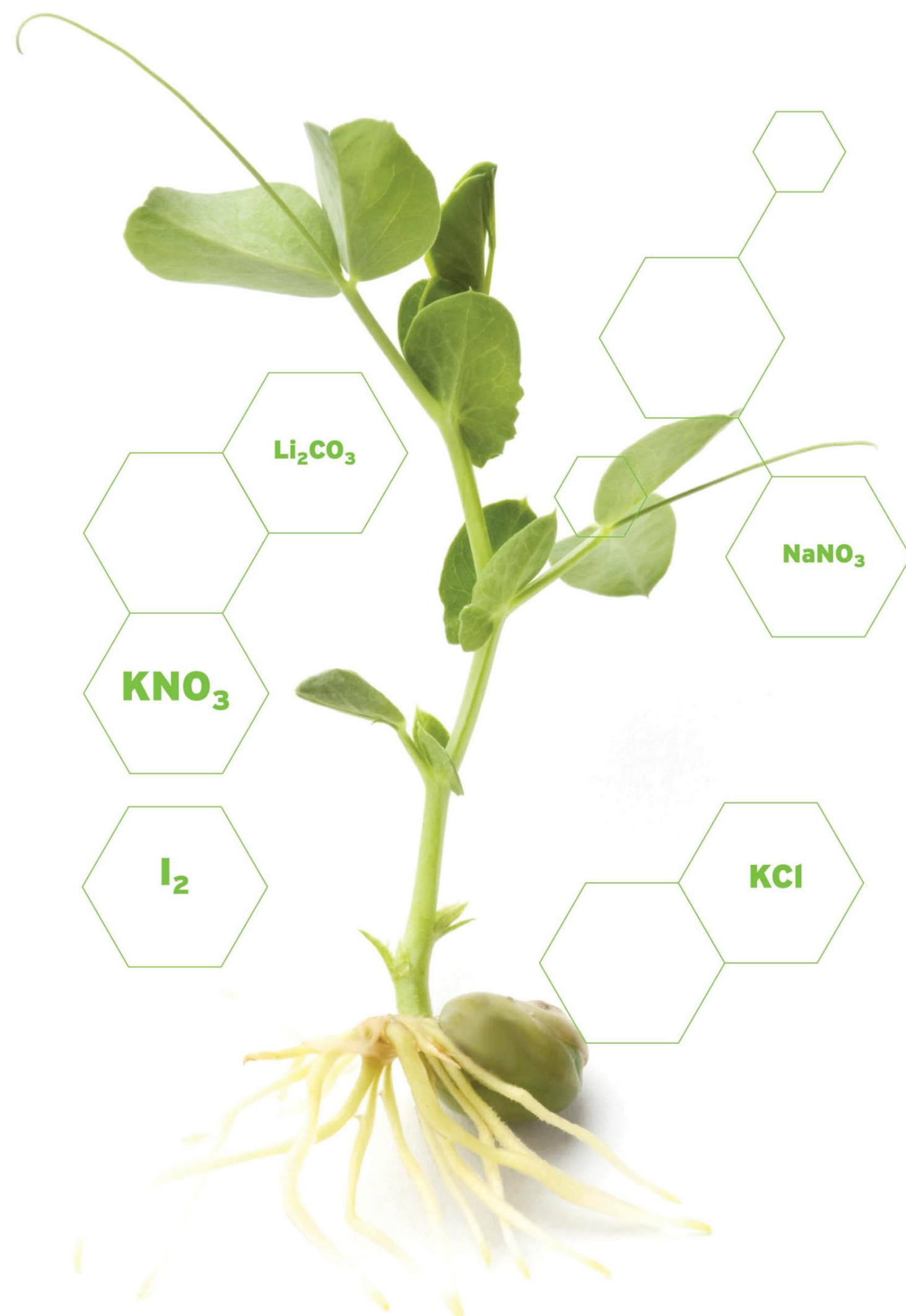
- Mt. Holland integrated project, 50/50 JV
- Capacity 40,000 MT in 2021



<sup>(1)</sup> On April 10, 2018, the new lease payment structure as described in our conciliation agreement with CORFO became effective.

# Market Outlook

- **Lithium Market:** Strong market growth (~20%) in 2018 to ~260k MT, tight market with average prices 20% higher in 1H2018 than in 4Q2017, prices in 2H2018 could be lower than in 1H2018 but higher than in 2H2017. EVs batteries market growing over 50% in 2018. Sales volumes expected to be ~55k MT in 2018 and ~80k MT in 2019.
- **Iodine Market:** Average prices increased significantly in 1Q2018, reaching ~ US\$23/kg. Sales volumes for 2018 to reach ~ 13,000 MT in 2018. Capacity expansion is on track to 14,000 MT by the end of 2018.
- **Potassium Nitrate Market:** Strong sales volumes in 1Q2018, average prices increased slightly compared to 1Q2017. Market growth is expected to be ~ 5% in 2018.
- **Potassium Market:** Average price increased slightly in 1Q2018 compared to 1Q2017, reaching ~US\$320. Demand growth is expected to be ~1 million MT in 2018. Sales volumes in 2018 should be under 1 million MT.
- **Solar Salts:** Sales volumes expected to be ~ 50K MT/year



# Capex

**Historical Maintenance CAPEX:** ~US\$100 million

**2016-2018:** Lithium Hydroxide Expansion to 13.5k MT: ~US\$30 million

**2017-2018:** Potassium Nitrate Expansion to 1.5m MT: ~US\$50 million

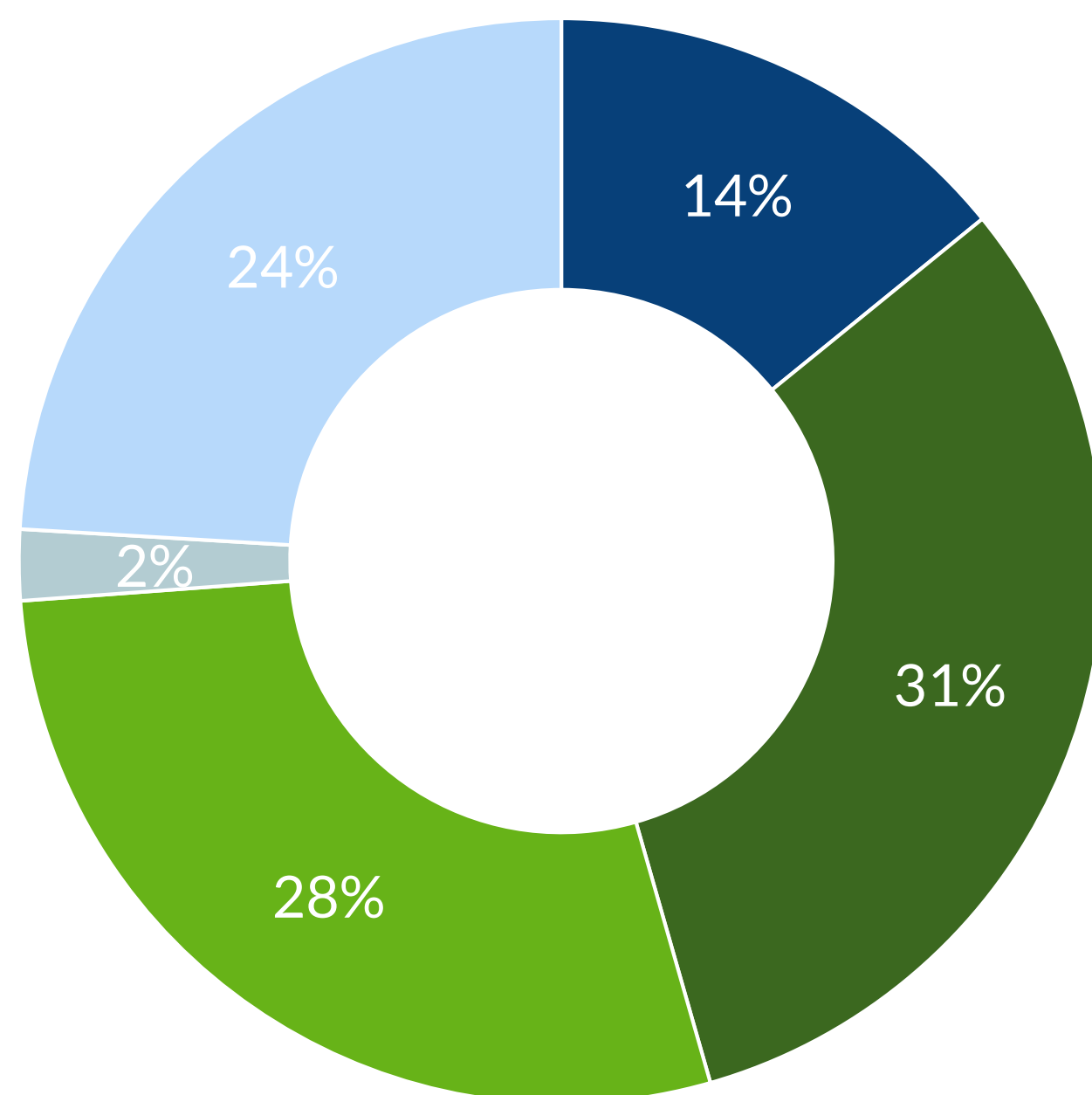
**2017-2021:** Lithium Carbonate Expansion to 180k MT: ~US\$525 million

**2017-2018:** Iodine capacity expansion to 14k MT: ~US\$30 million

**CAPEX Framework 2018:** ~US\$517 million, including ~US\$157 investments in project outside Chile

# Other Relevant Topics

## Ownership Structure<sup>(1) (2)</sup>



- Bank of New York (ADRs)
- Nutrien
- Pampa Group
- Kowa Group
- Other Chile

## Dividend Policy<sup>(3)</sup>

2018 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 2018 Net Income

## Dividends announced and paid in 2018

|           |                 |                         |
|-----------|-----------------|-------------------------|
| May 2018  | US\$110 million | Final dividend 4Q2017   |
| May 2018  | US\$100 million | Special dividend        |
| June 2018 | US\$114 million | Interim dividend 1Q2018 |

<sup>(1)</sup> Registered shareholders as of April 30, 2018

<sup>(2)</sup> On May 17, 2018, Nutrien Ltd. announced the sale of its Series A shares to Tianqi Lithium

<sup>(3)</sup> Please see the full version on our website at [www.sqm.com](http://www.sqm.com)





# SQM

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