



## SQM FOURTH QUARTER 2015 EARNINGS CONFERENCE CALL

**Santiago, Chile. March 3, 2016.-** Sociedad Química y Minera de Chile S.A. (SQM) (NYSE: SQM; Santiago Stock Exchange: SQM-B, SQM-A) held a conference call today to discuss the fourth quarter 2015 results, which were published on March 1, 2015. The following items were discussed by executive management as part of the conference call:

Our earnings in 2015 reached US\$213 million, a decrease of 28% when compared to last year. Lower prices and lower volumes in some of our major business lines influenced these results. In addition, our results were significantly impacted by the stopping of our mining operations in Pedro de Valdivia. This event had a one-time, before-tax effect of US\$57.7 million on net income. Our revenues reached US\$1.7 billion, a decrease of just under 14% compared to last year.

We have been focused on costs over past 2 years, and this remained an important effort in 2015. We successfully reduced our costs, as proof, our EBITDA margin in 2015 was 42%, up from 37% last year, despite significantly lower prices in almost all of our business lines. These higher margins reflect lower costs resulting from improvements in our operating activities across all business lines. Additionally, we have seen some financial benefits related to the weaker Chilean peso and lower energy costs. Looking to 2016, we do expect to see pressure on margins due to lower prices in the fertilizer and iodine markets.

I will now briefly outline our five business lines.

### **Potassium Nitrate:**

Revenues for 2015 were down compared to the last year, as a result of lower prices and lower sales volumes. These lower volumes were a result of weak sales seen during the first half of the year. While sales volumes in the field fertilizer market decreased in 2015, our sales volumes in the water soluble fertilizer market increased. Prices were down slightly last year in this business line, but being that the products are specialty fertilizers, prices are less volatile than prices seen in the potassium chloride market. While the numbers are down, the future in the specialty plant nutrients market looks positive. We are expecting market growth of approximately 5% in the water soluble market in 2016.

### **Potassium Chloride:**

Revenues in this business line decreased approximately 26% when compared to 2014; this resulted from lower volumes, which fell over 20%. Due to the contract delays with between the larger potassium chloride players and China, we are seeing increased competition in Brazil. Also, the price premium that we once saw in Brazil, has almost disappeared. We expect our sales volumes to see recovery in 2016. Prices are a concern, and average prices will be lower in 2016 than in 2015.

### **Iodine:**

Revenue reported for 2015 decreased as a result of lower average prices. Prices during 2015 continued to see downward pressure; our average price for the year was US\$28/kilogram, a decrease of over 26% compared to 2014. We expect some further price deterioration in 2016; prices today are around US\$25/kilogram. Our sales volumes in this business line increased by approximately 6% compared to 2014, and we expect this trend to continue in 2016. In line with our strategy, we expect our sales volumes to grow more than the market grows in 2016.

## **SQM**

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## **Lithium:**

Revenue for 2015 increased almost 8% compared to last year, a direct result of higher prices. Prices increased 10% when compared to last year, offsetting the slightly lower sales volumes. This market continues to show robust demand growth related to the battery industry, and while we do expect some new supply to enter the market during 2016, we still expect to see higher average prices and higher sales volumes in 2016.

## **Industrial Chemicals:**

Revenue was down in this business line in 2015. The most important product in this business line is solar salts. In 2015, we sold approximately 37,000 MT. Prospects in this market remain positive, and we expect to see sales volumes related to solar salts almost double in 2016.

Our Capex in 2016 should be about US\$150 million. This will mostly be related to maintenance as well as optimizing operations in Nueva Victoria related to iodine, the Salar de Atacama related to potassium sulfate production and the Salar del Carmen related to battery grade lithium production. We are always analyzing various projects and M&A opportunities that align with our business strategy.

Regarding our legal proceeding with CORFO, we hope to have a resolution by the end of the year.

Additionally, our annual general shareholder meeting will be held in April of this year. The Board will make a recommendation regarding the Dividend Policy, and will consider the financial needs of the Company. We maintain a strong balance sheet.

## **About SQM**

SQM is an integrated producer and distributor of specialty plant nutrients, iodine, lithium, potassium-related fertilizers and industrial chemicals. Its products are based on the development of high quality natural resources that allow the Company to be a leader in costs, supported by a specialized international network with sales in over 110 countries. SQM's development strategy aims to maintain and strengthen the Company's position in each of its businesses.

The leadership strategy is based on the Company's competitive advantages and on the sustainable growth of the different markets in which it participates. SQM's main competitive advantages in its different businesses include:

- Low production costs based on vast and high quality natural resources;
- Know-how and its own technological developments in its various production processes;
- Logistics infrastructure and high production levels that allow SQM to have low distribution costs;
- High market share in all its core products;
- International sales network with offices in 20 countries and sales in over 110 countries;
- Synergies from the production of multiple products that are obtained from the same two natural resources;
- Continuous new product development according to the specific needs of its different customers;
- Conservative and solid financial position.

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## **Cautionary Note Regarding Forward-Looking Statements**

This news release contains "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: "anticipate," "plan," "believe," "estimate," "expect," "strategy," "should," "will" and similar references to future periods. Examples of forward-looking statements include, among others, statements we make concerning the Company's business outlook, future economic performance, anticipated profitability, revenues, expenses, or other financial items, anticipated cost synergies and product or service line growth.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are estimates that reflect the best judgment of SQM management based on currently available information. Because forward-looking statements relate to the future, they involve a number of risks, uncertainties and other factors that are outside of our control and could cause actual results to differ materially from those stated

in such statements. Therefore, you should not rely on any of these forward-looking statements. Readers are referred to the documents filed by SQM with the United States Securities and Exchange Commission, specifically the most recent annual report on Form 20-F, which identifies important risk factors that could cause actual results to differ from those contained in the forward-looking statements. All forward-looking statements are based on information available to SQM on the date hereof and SQM assumes no obligation to update such statements, whether as a result of new information, future developments or otherwise.