Second Quarter 2026 Conference Call
August 19, 2026

Corporate Speakers

- Megan Suitor; SQM; Investor Relations
- Ricardo Ramos; SQM; Chief Executive Officer
- Felipe Smith; SQM; Senior Commercial Vice President Lithium
- Carlos Diaz Ortiz; SQM; Vice President of Nitrates and Iodine Operations
- Andres Fontannaz; SQM; Experienced Commercial, Business Development Executive
- Pablo Hernandez; SQM; Vice President of Strategy, Development
- Unidentified Speaker; Unknown; Unknown
- Mark Fones; SQM; Chief Executive Officer International Lithium Division

Participants

- Joel Jackson; BMO Capital Markets; Analyst
- Isabella Simonato; Bank of America; Analyst
- Emerson Viera; Goldman Sachs; Analyst
- Lucas Ferreira; JPMorgan; Analyst
- Corinne Blanchard; Deutsche Bank; Analyst
- Ben Isaacson; Scotia Bank; Analyst

PRESENTATION

Operator^ Good day everyone. And thank you for standing by. Welcome to the SQM Second Quarter 2026 Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded. Now it's my pleasure to hand the conference to Megan Suitor with investor relations. Please proceed.

Megan Suitor^ Good day. And thank you for joining SQM's earnings conference call for the second quarter of 2026. This call is being recorded and webcast live. Our earnings press release and the accompanying results presentation are available on our website where you can also find a link to the webcast.

Today's participants include Mr. Ricardo Ramos, Chief Executive Officer; Mr. Gerardo Illanes, Chief Financial Officer; Mr. Carlos Diaz, CEO of Novandino; Mr. Pablo Altimiras, CEO of the Iodine and Plant Nutrition division; and Mr. Mark Fones, CEO of the International Lithium division.

Also joining us today are members of our commercial and business intelligence team -- Mr. Filipe Smith [ph], Commercial Vice President of Novandino; Mr. Pablo Hernandez, Vice President of Strategy and Development of Novandino; Mr. Juan Pablo Dilolo Commercial Vice President for Plant Nutrition & Specialty Products; Mr. Alberto Araya [ph], CFO of the International Lithium Division; Mr. Andres Fontannaz, Commercial Vice President of the International Lithium Division; and Mr. Max Vial, Head of Studies of the International Lithium division.

Before we begin, please note that statements made during this call regarding our business outlook, future economic performance, anticipated profitability, revenues, expenses and other financial items, along with expected cost synergies and product or service line growth, are considered forward-looking statements under U.S. federal securities laws.

These statements are not historical facts and are subject to risks and uncertainties that could cause actual results to differ materially. We assume no obligation to update these statements except as required by law. For a full discussion of forward-looking statements, please refer to our earnings press release and presentation. With that, I will now turn the call over to our Chief Executive Officer, Mr. Ricardo Ramos.

Ricardo Ramos^ Thank you. Good morning. And thank you for joining us today. I'm pleased to report SQM's second quarter results which reflect a strong performance across our main business lines. I would like to start by highlighting an important milestone for our lithium operations in Chile. In July, NovandinOlivio, our association with Codelco, submitting the environmental and technical documentation for the Salar Futuro project to the authorities.

Salar Futuro represents the next stage in the transformation of our operations in the Saladotacama, subject to the required approvals. The project contemplates approximately $3 billion of investment over seven years and is designed to increase production while significantly reducing the environmental footprint of our operations.

I would also like to highlight the contribution that our operations make to Chile. During the first half of this year, SQM and its subsidiaries accrue more than $1.6 billion in payments to the Chilean government including taxes, contribution to local governments and payments to Corfo.

Moving to the lithium market. We achieved record quarterly sales volumes of more than 84,000 metric tons of lithium carbonate equivalent from our operations in Chile through (inaudible) it and in Australia through Covalent Lithium. As anticipated in our previous earnings report, lithium prices increased during the second quarter, supported by a strong-than-expected market demand we now expect global lithium demand to exceed 2.1 million metric tons in 2026.

We continue to expand our production capabilities in both Chile and Australia. In Chile, we expect Novaandino Lithia to produce between 280,000 and 290,000 metric tons of lithium carbonate equivalent this year and to have approximately 300,000 metric tons of production capacity by next year.

In Australia, together with our partner with farmers, we recently announced the expansion of the Mount Holland mine and concentrator which is expected to double its podium and concentrate production capacity to approximately 350,000 metric tons per year corresponding to SQM shares of the project with first production expected in 2030.

These investments reflect our long-term view of the lithium market and our confidence in the fundamentals of the energy transition. Moving to [Aura], we once again delivered good results, supported by robust market demand and favorable pricing. We expect demand to remain robust. Our seawater pipeline is currently in its commissioning phase and will provide additional flexibility to optimize our production and respond to market conditions.

We are now producing iodine from our four different operations, and we expect total iodine production to reach approximately 15,500 metric tons this year. Turning to specialty plant nutrition, we delivered another strong quarter supported by higher sales prices and volumes. We continue to expect full year sales volumes to increase by approximately 10% compared to 2025. Market conditions have benefited from supply constrained in certain markets, and we expect this condition to gradually normalize towards the end of the year.

Finally, we have updated our capital expenditure outlook, we now included 2028, and we expect approximately total capital expenditures of approximately $3 billion over the three years '26-'28 period. This investment is mainly focused on supporting future growth and enhancing the competitiveness of our operations through lower production costs.

Overall, we are encouraged by the performance delivered during the first half of the year and remain focused on executing our growth plans and creating long-term value from our shareholders. With that, I will turn the call and we can go, Operator, to the Q&A. Thank you.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question is from Joel Jackson with BMO Capital Markets. Please proceed.

Joel Jackson^ Hi thank you. I'm going to ask a couple of questions, one by one. Can you talk about Q3 for a second. If I look at Q3 for the Lithium segment, you're guiding to price about flat volumes. It seems like about flat. And then cost, I had a question about it because costs stepped down a lot in Q2. Should we expect Q3 lithium earnings gross margin to be about the same as Q2?

Felipe Smith^ Hello, Joel. This is Felipe. I will comment about the Novandino part, of course. So yes, indeed, we had a very good second quarter. We're very enthusiastic about how the market is doing.

Regarding Q3, first of all, in terms of sales volume, we expect Q3 2026 to remain strong, in line with Q2, okay? And in terms of the price, I would say that the average price based on the indexes because you know that our contracts are all based on indices and indices are well known. Based on that, we believe that the price of Q3 should be more or less in line with what we saw as the average of the first semester. But again, nobody can predict where the indexes are going. It's a very volatile market today, still difficult to predict prices too long.

Carlos Diaz Ortiz^ Hi Joel, this is Carlos Diaz. Regarding to -- you asked about the cost. Mainly, we have been working hard in the last year and continuous efficiency and improvement process and that is together with the economic of scale as we have been increasing the production level, we have been constantly been able to make a cost improvement. So -- but in the Q3, we expect a similar cost that we already got in Q2. But at this year, early 26, it should be lower compared with last year.

Joel Jackson^ Great thank you for that. I want to ask about price realizations between Novandino and International Australia. I understand some of the math that works with toll and things like that. But like the premium Chile the Novandino average selling price is really expanding, like the discount, the premium of Novandino average selling price previous really widening versus international.

Should we expect a catch-up in Q3? Like even if Novandino average in price is about the same, should we not expect international selling price to catch up a go up and the gap to reduce?

Andres Fontannaz^ Okay. Hey Jon. This is Andres Fontannaz from CM International. Well most of our sales are based on volume and concentrate. So in order to compare, you need to add some conversion costs and also to take into consideration the conversion yield. So that's where the main difference is. And at the end, what matters the most that we are also following the market these shipments that are discrete because not every month, we have sales. All these shipments are following market conditions at the moment of shipment.

Joel Jackson^ That's the point of my question, though. The spodumene average selling price by our own numbers increased by $600 from Q1 to -- Q1 to Q2. spodumene went up $600 a ton price Q1 to Q2 and but your LCE equivalent international selling price barely went up. That's what I'm confused about.

Andres Fontannaz^ Yes. Well as we commented before our prices are affected by the timing of the shipments. Again, not every month, we are having shipments. And as I said, in the coming quarters, you will see this better reflected in our price reporting.

Joel Jackson^ Let's ask one more question to be greedy. So you raised your lithium demand expectations for the full year by 200,000 tons. I imagine you go tell me us on the demand side at all from energy storage. Where is the extra 200,000 tons of supply coming from that (inaudible) in Australia? Is that Africa? Is that lepidolite in China? Where is the extra 200,000 tons of supply coming this year to meet the growing demand.

Pablo Hernandez^ Hey Joe, this is Paolo Hernandez speaking. So of course, these are just our estimation. So we can’t predict what's actually happening fully in the market. But we believe there is some increase of supply mainly coming from China, both from spodumene and brine but also some ramp-up projects in Africa and Argentina. And of course, as you've heard, because of the current price scenario, there are some restarts in Australia also as well coming into the market.

Joel Jackson^ Thank you very much. Thank you.

Operator^ Thank you. One moment for our next question that comes from Isabella Simonato with Bank of America. Please proceed. Isabella your line is open.

Isabella Simonato^ Hi good afternoon everyone do you hear me?

Operator^ Yes please proceed.

Isabella Simonato^ Thank you. Hi everyone thank you. I have two questions. First is still on the lithium market, right? I believe you guys are ramping up protection in Avandia faster right than initially expected when the deal was signed. So I wonder if you could update us on -- and you mentioned about 300,000 tons next year. But beyond that and when the new concession starts in place, what could be a feasible production levels, especially when [Palafoturo] is in place in terms of annual production.

That would be my first question. And my second question on the iodine market, right? It was a very good quarter in terms of volumes as well as prices. And you mentioned some sort of slowdown in sales, I think, as more supply is coming. Can you elaborate a little bit on where this supply from third parties coming to the market and what that could mean in terms of prices for the second half. Thank you.

Carlos Diaz Ortiz^ Hi Isabella. Sorry, this is Carlos Diaz, again. Well this year, we expect as our CEO said before that we expect to produce around 280,000 to 290,000 metric tons. And looking ahead, growth will initially be moderated as we continue reducing the price structure.

Specifically for next year, we expect a production close to 300,000. And for the coming year, we are still studying different initiatives in order to keep and to increase a little bit their production. But you have to have an account that we have been reducing the instruction. So it's an exercise we are not ready yet. So in the coming probably call conference that we can share with you.

Unidentified Speaker^ (Inaudible) speaking. Well regarding to your question about the Iran and the new supply, Again, this is our estimations, but we believe that the main supply could arrive from projects here in Chile. We see a particular new project that is coming.

It's a project respective to the amount of product that will come into the market, we -- actually, we don't know but we expect that they will provide more product. That's the reason why we believe that our volume, sales volume this year will be similar to what we see last year. Of course, there is something different happens with the supply where we could potentially see more sales in our case, but everything will depend on the supply and demand.

Isabella Simonato^ Thank you very much. But just a final comment on the iodine. But do you think that if you -- can you quantify a little bit what this new project in Chile means in terms of volumes, and again, any significant disruption in terms of supply demand and ultimately to prices?

Unidentified Speaker^ What is important to remain that we have seen a good demand. Our demand forecast for this year is that the growth will be around 3%. So we expect that the new capacity that will come into the market will compensate that growth, but we don't see more than that.

Isabella Simonato^ Great thank you very much.

Operator^ Thank you. Our next question comes from Emerson Viera with Goldman Sachs. Please proceed.

Emerson Viera^ Hello good morning thank you for the time. A couple of questions here. First, can you guys please break down on expected production capacity increase 300,000 tons in 2007. I mean how much is coming from Chile given that you're converting the hydroxide plant? And how much is coming from tooling contracts? That's the first question. And then have some follow-ups.

Carlos Diaz Ortiz^ Okay Emerson. Carlos Diaz speaking. Well first of all, all of our production is coming from the Salada came in two different ways. One is lithium chlorine that is refining in Chile and literate we are refining in China. So I think what I said before this year, we expect $280 million to $290 million for next year, 300,000 -- of those, we estimate now this 80 of those is going to be from lithium sulfate along the other 220 for (inaudible) For our antipastchemical plant.

Emerson Viera^ All right thank you --

Carlos Diaz Ortiz^ Sorry, you asked for the roxa production -- carbon. While we don't see more than 20,000 or 30,000 of those of total that means 10% of those production will be oxide and the remainder, obviously carbonate.

Emerson Viera^ Okay thank you. And just on Talend very quickly. You guys recently approved the expansion, right, on the mining, the concentrator. So just wondering about a potential expansion in the refinery -- are you guys planning maybe to do this just after the expansions concluded? How are thinking about the mix between hydroxide and spodumene sales going in 2007 and later on, please.

Mark Fones^ Hey Emerson This is Mark Fones here. Thanks for your question. Regarding -- first of all, we're very proud on the decision of expanding (inaudible). First, the Minarcoentrator. Regarding the refinery, we still remain open to that decision. We have not yet come to a conclusion or a decision there yet. This will be continued analysts by covalent and with farmers our partner. And it will be depending also on reaching our ramp-up at full extent by second semester next year, there on.

And regarding the balance for next year in terms of sales and production, -- we expect next year to be higher lithium oxide production than this year, for sure, based on the same ramp-up curve. Therefore our sales of their export concentrate sales should be probably lower than this year.

Emerson Viera^ Okay thank you. Very clear.

Operator^ One moment for our next question, please. It comes from Lucas Ferreira with JPMorgan. Please proceed.

Lucas Ferreira^ Hi guys. Good afternoon thanks for the time. My first question is a follow-up on the sulfate production, especially in regards to the tolling processing in China. This production, I mean surprised me to the a lot. I mean I never thought you guys could ramp up this tolling and find too much capacity in sort of a short period of time. So my question is regarding these tolling contracts.

I just wanted to understand how long they are? And if you guys see any risk of -- over the next few years, you have to give some away or find new partners for this tolling at maybe different costs if these fees they are sort of fix and predictable.

Just to understand sort of the operational risk of running, if not mistaken, something around 50,000 tons, right, of sulfate tolling with these third parties. And then my second question is regarding a follow-up on Mt Holland since the expectation is for our first production in 2020. This seems to be sort of extended period of time. considering this is a brownfield. Just wondering what are the sort of the next sort of big milestones there that you think you should the lever to expand the production capacity or the main challenges to bring this capacity online. Thank you very much.

Carlos Diaz Ortiz^ Hi hello Lucas. This is Carlos Diaz speaking here, regarding to the lithium sulfate production, yes, we have been increasing the production very strongly in the last three or four years. And what we said before we expect this year we expect to produce our next year in a range of 80,000 to 90,000 LCE equivalent.

First of all, I have to remind that we have on our own plan in China, the chin plant that we produce close to 24%, 25%. We're expanding. We expect to reach 30,000 around that level. And the difference we do the drilling with a different supplier that we don't disclose that contract, but we're very happy with the contract that we have, and we expect to continue working with those in the coming year.

Mark Fones^ Lucas hi this is Mark Fones. Regarding the (inaudible) and timeline, and you're right, the first product is expected by first half 2030. Well the share reflects the normal sequencing of -- for a break of this scale. -- and we are building the share to achieve the risk rather than rush projects. You need to consider also that this is a relevant -- not a marginal brownfield increase.

So we are doubling the capacity where our operation already exists. -- and giving some milestones which you asked for, I would say, the next relevant milestone has to do with the start of the construction of the facility itself which should happen in mid next year. A construction of a facility of this nature takes between 18 and 24 months in duration.

Ahead of that, we need to, of course, purchase long-lead items, prepare earthworks and earth movement. After the construction of these 18 to 24 months, there's a period there of commissioning which will follow in 2029 to reach our first product by the beginnings of 2030. So that's the overall scheme of things and the relevant milestones in there. in terms of if there are any opportunities to compress this shadow, Yes. There are opportunities.

Covalent and our technical teams are actively advising analyzing those, and we will continue to push it forward. but please take in consideration that this brownfield of course, has relevant opportunities since we're working on an existing operation, but also it increases levels of challenges, and we need to be always mining and safety.

Lucas Ferreira^ Perfect. Thank you very much guys.

Operator^ Thank you. One moment for our next question, that comes from Corinne Blanchard with Deutsche Bank. Please proceed.

Corinne Blanchard^ hey good afternoon team. Mary, can we come back to your commentary on the sales being in line with 2Q -- how do we think about it for 4Q because normally focusing on seasonality is your highest quarter. Do you also expect 4Q to be high 70s to maybe like kilos on each? Or are you expecting a strong 3Q followed maybe by a softer 4Q?

Felipe Smith^ Hello Corrine. This is Felipe, 4Q is so far away now. So I will try to speak about the future, the long future, but I only have hopes that we can at least have the volume of second and third quarter because, as I said before third quarter, we expect to have a similar volume as second quarter. So I expect minimum but in the fourth quarter, but hope that could be more. But again, my boss is looking at me like, what are you doing? But this is my personal hope, okay?

Corinne Blanchard^ So that would bring you 315, 320 kilo tons which is much more than what you have ride?

Felipe Smith^ Yes. If you are only the Norandino part, I mean I will speak about the Novandino part is hopefully above 280 million, and then my colleagues in the international coud comment, maybe Andres, good luck.

Andres Fontannaz^ Yes Andres speaking here, we are expecting sales to be around 27,000 to 30,000 tons LCE for the full year.

Corinne Blanchard^ Okay thank you that's helpful. Then may a bigger picture question because I think we think you have some investors started to think a little bit more longer term. Can you just talk a little bit about well happen after 2030, 2031. I mean we know that Codelco will be probably much more in charge than you guys. But I think if you can just provide a high-level view and to frame it for us and how we should think about strategy decision and CapEx and et cetera, I think that will be helpful. Thank you.

Carlos Diaz Ortiz^ Okay. Carlos Diaz speaking, yes, as Felipe said, fourth quarter is a really long term. It's is really far, far away. 2031, it's just a little bit more difficult to have predictions of what's going to happen. But again, I think that we are working very good now in Norandino I think the agreement with Codelco it has been even better than expected in terms of coordination working together on the Board level, having cooperation between both companies. That's why we are very positive about that.

We already commented in the press release that we are starting the submission. We did it in July of the Salar Futuro. We're working in engineering, in everything in order to be ready for the investment. That's why I hope in 2031, we would be in the middle of the investment of Salar Futuro. We think it's going to be a great project.

We are really committed with Codelco order to do so. I think everything is included in our long-term projections, all the investment of the work we want to do and Guaco is doing today with their team is trying to have a very good expectation about the volumes, sales volumes for the future.

And I think we will share with you in the next conference call our first view about what we expect for the next year, and we will continue to have a long-term view. But we are working very hard and very good agreements so far, and Corolis a very good partner. Thank you.

Corinne Blanchard^ Thank you.

Operator^ One moment for our next question, that comes from Ben Isaacson with Scotia Bank. Please proceed.

Ben Isaacson^ Thank you very much and good afternoon. Just two questions. for me. Number one is I think there's a bit of confusion among investors in terms of your recent filing of spending $3 billion at Salar Futuro, and some are drawing the conclusion that it is all going towards increasing capacity by 30,000 tons. And therefore your CapEx is $100,000 per ton. And I think that's wrong. Can you just separate the $3 billion spend from the 30,000 -- sorry, 30,000 ton increase in capacity.

Unidentified Speaker^ Then it's very important to consider that the Salar Fotogro project is not only increasing capacity is changing technology. It means we are -- as you know we are offering a very good technology in terms of cost, in terms of production, in terms of environmental footprint. And that's why you have funnelized the Salar future project as a whole in terms of having a new beginning of the Solara came for the next 60 years operation. That's exactly our 30 years operation that we have -- that's the whole idea. And of course, we expect to have more production.

We are working on it, and it will depend on the deals and depend on the quality of the solutions that we're going to bring to the process. But -- and we will disclose our best estimated in the next two years, but the whole project Sarauer, is not just an idea to increase production capacity. It's much more than that in terms of having a revamping, having a new Salar for the future.

Ben Isaacson^ That makes sense thank you for that. And then my second question is on the lithium market. I understand that battery storage production has been about one terawatt hours or around that area, but installations have only been about half of that.

And so my question is, are we seeing a big inventory build in battery storage, and we could be going into some temporary oversupply over the next 12 to 18 months, and that could put a cap on lithium demand growth? Or is this just part of the normal cycle and the lag in terms of -- it will just take six months to a year to kind of catch up? Just trying to understand if this is an anomaly or if this growth rate is sustainable?

Pablo Hernandez^ Hey Ben Pablo Hernandez speaking. So I -- first of all, I agree with your view on the market. Indeed, we have seen much larger shipments of batteries for BSS than actual deployments of those batteries. So there is some gap there that we are monitoring. We believe most of that gap is related to some larger projects being implemented which larger projects naturally bring some longer terms in terms of implementation and some delays from approvals and everything.

So there's a natural delay on that end. But of course, as well I think there's also some push forward of some sales from 2027 because of tax rebates that have been removed from the export side in China. So overall my view for the longer term is that they indeed for the following years, we might see some slow in the pace at which the BSS battery implementation is growing. Great. Sorry, Ben. But just to finish that. But of course, still BSS will remain a very relevant and strong demand factor for the future.

Ben Isaacson^ Of course thank you very much.

Operator^ Ladies and gentlemen, this will conclude our Q&A session and conference for today. We want to thank everyone for participating. And you may now disconnect.