

# CORPORATE PRESENTATION

## 4Q2018 Results





## CUSTOMARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

SQM (NYSE: SQM, Santiago Stock Exchange: SQM-A, SQM-B) is a global company engaged in strategic industries for human development, such as health, food, clean energy and the technology that moves the world.

This presentation and the material within the presentation, is meant to be given in conjunction with an oral presentation and should not be taken out of context. Statements in this presentation concerning SQM's business outlook, future economic performance, 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 the U.S. Private Securities Litigation Reform Act of 1995.

Any forward-looking statements are estimates, reflecting the best judgment of SQM management based on currently available information and involve a number of risks, uncertainties and other factors that are outside SQM's control 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 SQM's public filing made with the U.S. Securities and Exchange Commission, specifically SQM's most recent annual report on Form 20-F. 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, except as required by law.

# SQM: Well-balanced product portfolio

2018



Market Share	~17%	~56%	~36%	<2%	>41% <sup>1</sup>
Sales Volumes	45.1 kMT	1,083 kMT	13.3 kMT	832 kMT	136 kMT
Revenues	US\$735 mm	US\$781 mm	US\$325 mm	US\$267 mm	US\$109 mm
Contribution to Gross Profit	53%	22%	14%	6%	5%

**2018 Revenues: US\$2.3 billion | 2018 Adjusted EBITDA<sup>2</sup>: US\$886 million | Adjusted EBITDA Margin LTM: 39%**

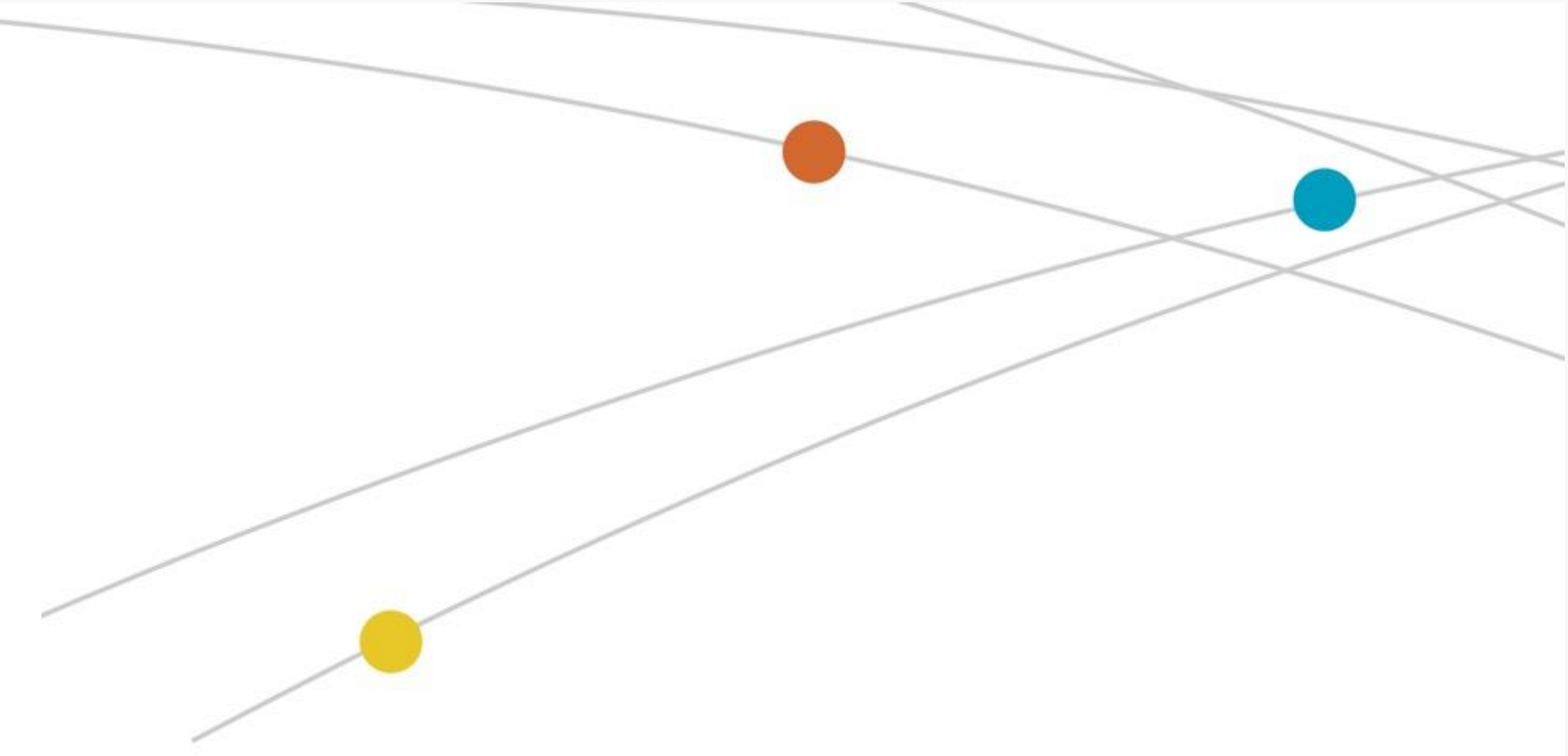
**NFD/EBITDA: 0.5 | Moody's: Baa1 | Standard and Poor's: BBB+**

<sup>1</sup> In industrial sodium and potassium nitrate markets

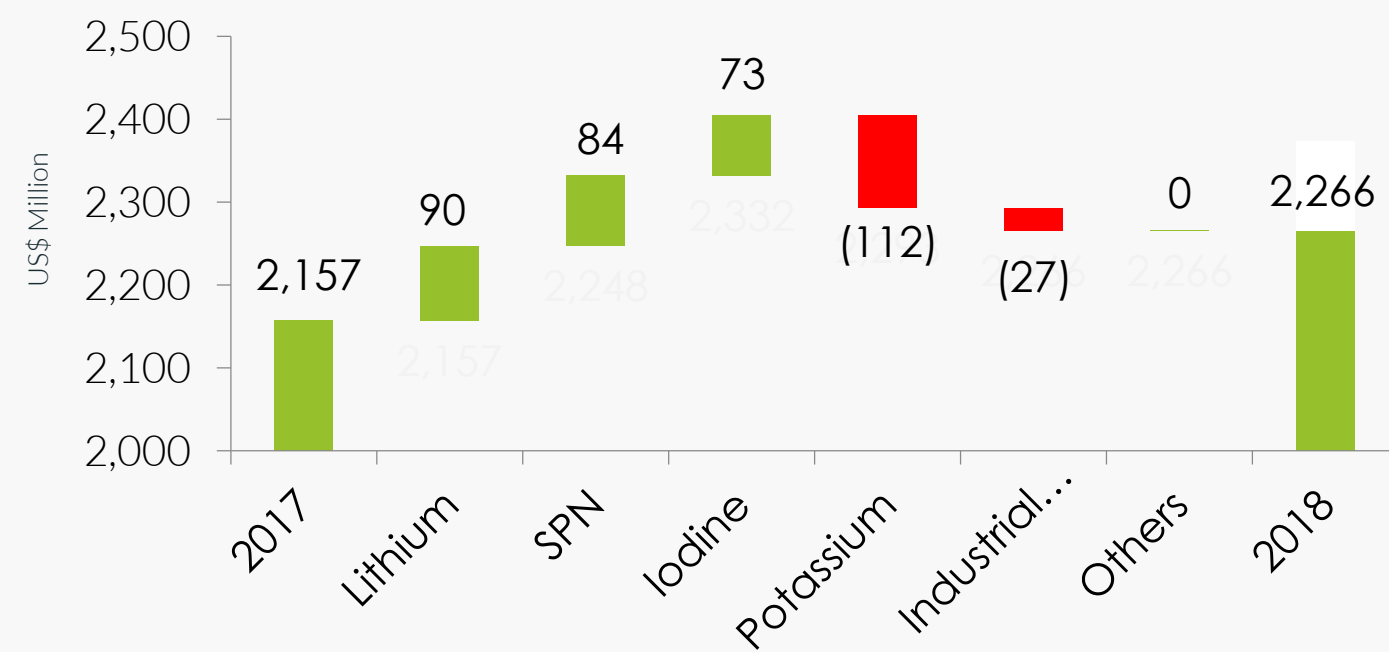
<sup>2</sup> Adjusted EBITDA = gross profit - administrative expenses + depreciation and amortization. Adjusted EBITDA margin = Adjusted EBITDA/revenues

# Review of Results

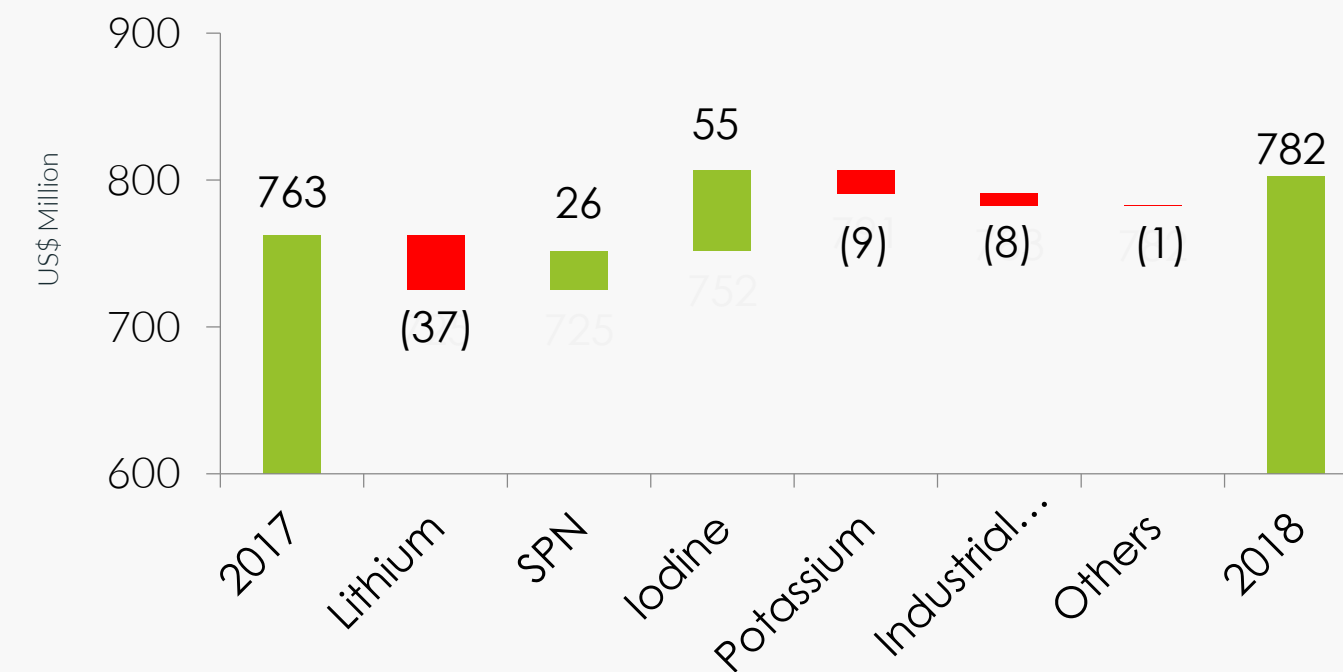
	SPN	Lithium	Iodine	Potassium	Industrial Chemicals
P	↑	↑	↑	↑	↓
Q	↑	↓	↑	↓	↓



Revenue Contribution 2018/2017



Gross Profit Contribution 2018/2017

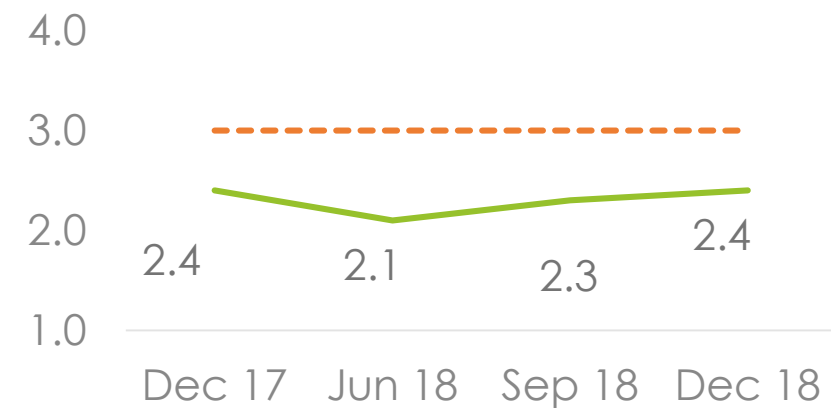


- Prices increased in all business lines except Industrial Chemicals in 2018 compared to 2017.
- Higher sales volumes of iodine and SPN, and significantly higher iodine prices outweighed the impact of lower lithium and potassium sales volumes in 2018.

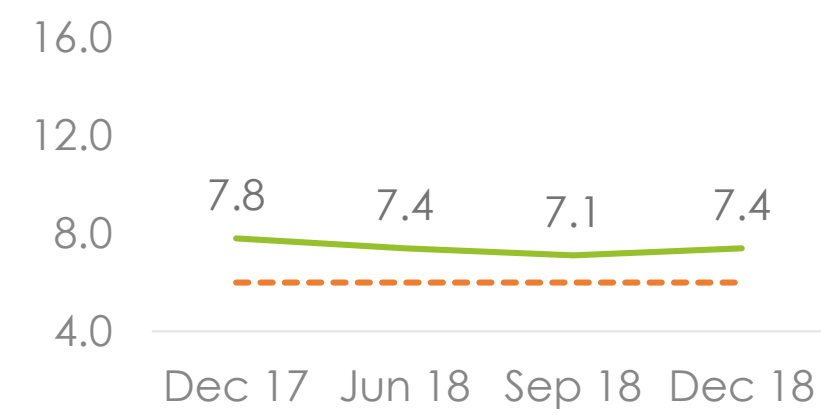


# Strong Financial Position

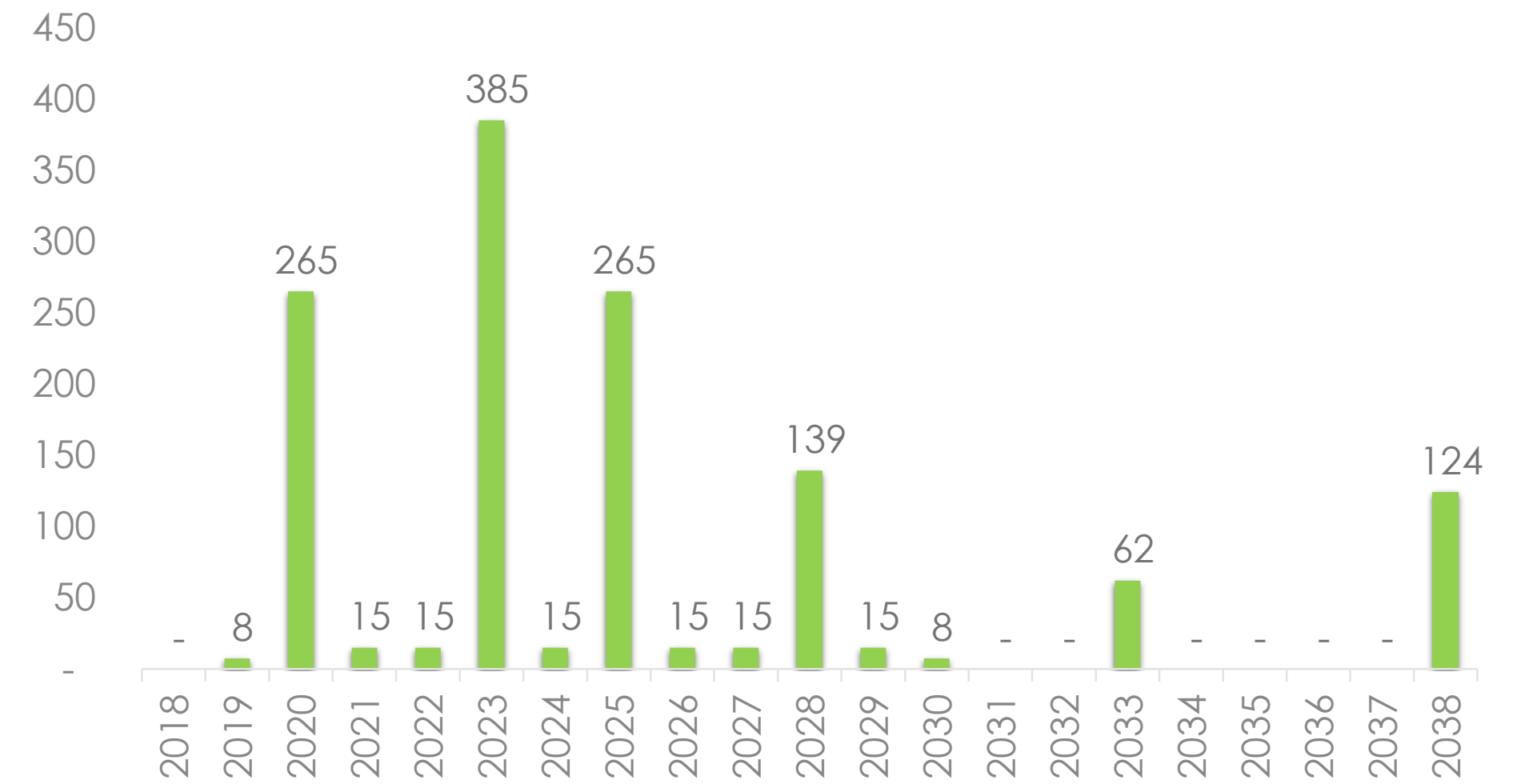
**Accounts Receivables  
(Months of Sales)**



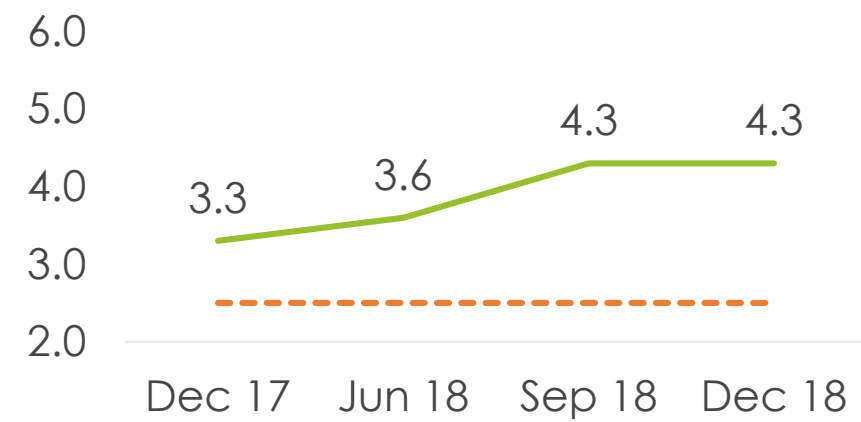
**Inventory  
(Months of Sales)**



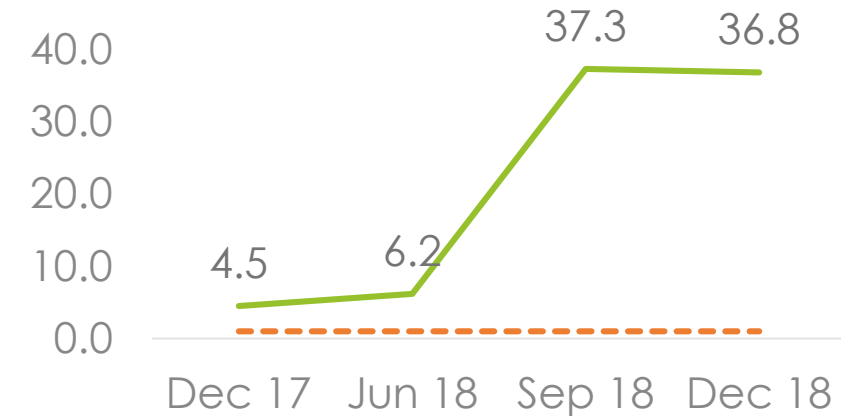
**Debt Maturity**



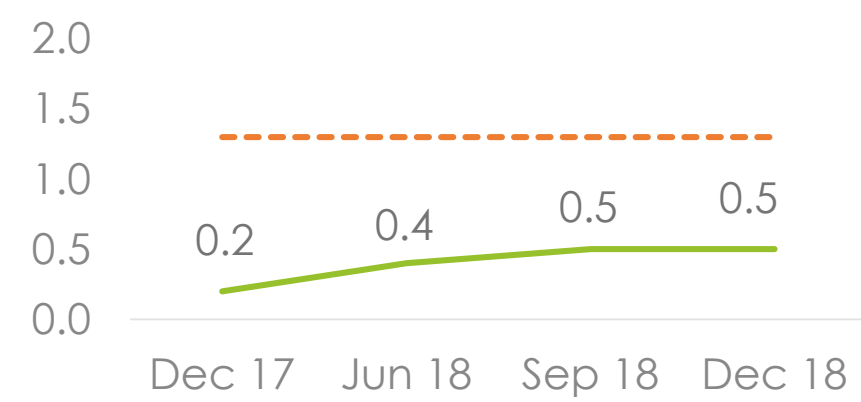
**Liquidity  
(Current Assets/Current Liabilities)**



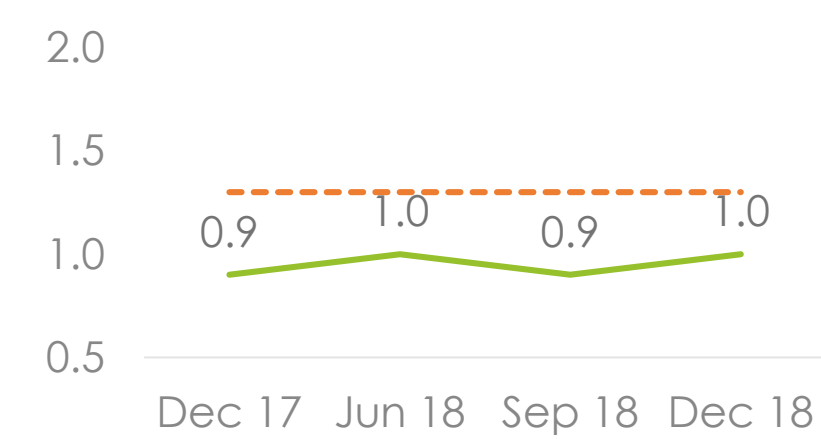
**Cash / Short-Term Financial Debt**



**Net Financial Debt/ EBITDA**



**Leverage**

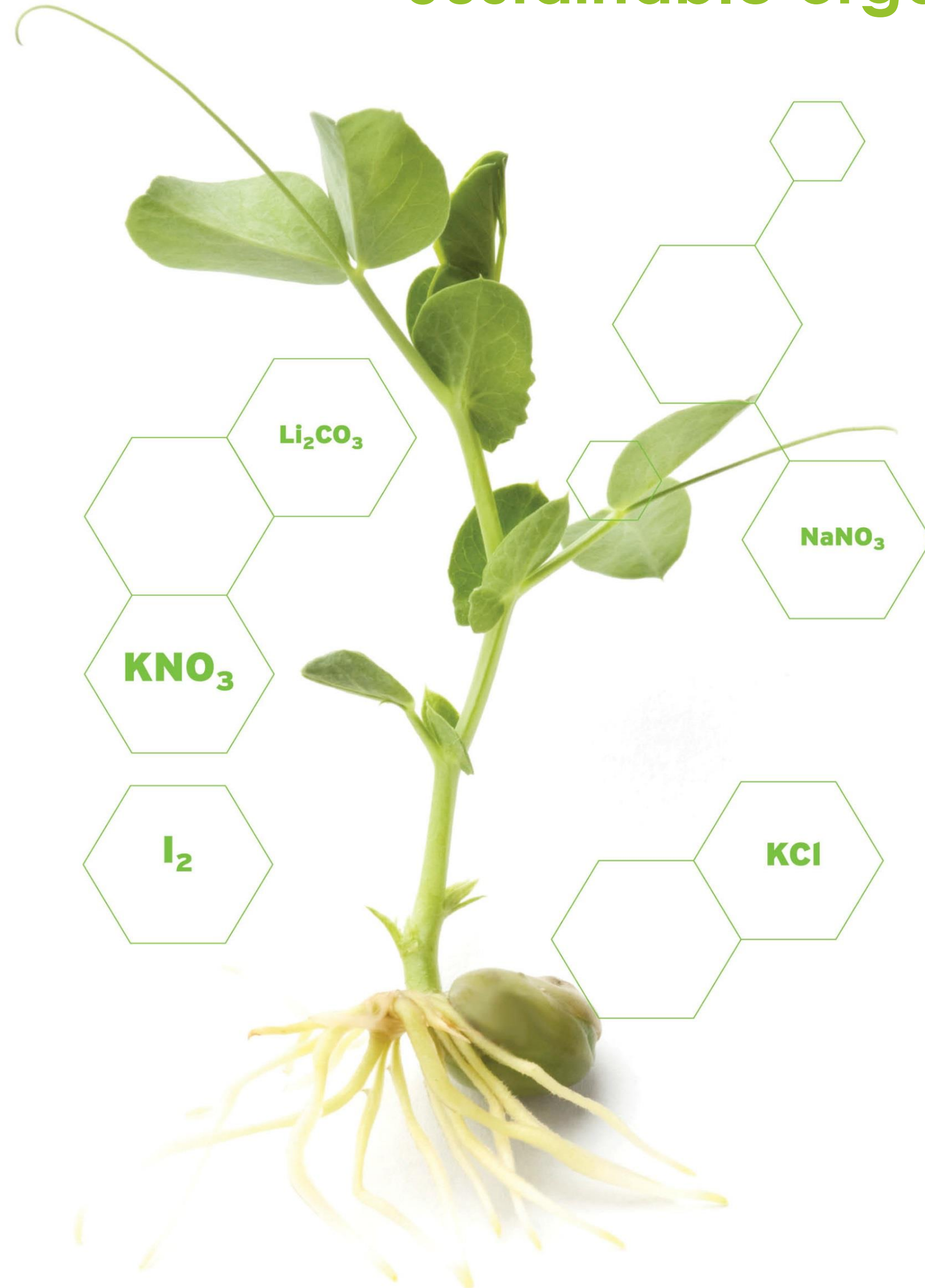




- **Lithium Market:** Strong market growth is expected in 2019 (over 20%), new supply putting pressure on price premium, diverse product quality and specifications resulting in price differentiation among suppliers. SQM's sales volumes are expected to be slightly higher than in 2018.
- **Iodine Market:** Market growth is expected around 2-4%. SQM's sales volumes for 2019 are expected to be flat compared to 2018. Prices are expected to remain stable. Current capacity is 14,000 MT/year.
- **Potassium Nitrate Market:** Market growth is expected to be ~6% in 2019 of total potassium nitrate and ~10% of water soluble. Market could see additional supply as other players ramp up their capacity.
- **Potassium Market:** Demand reached ~66 million MT in 2018. SQM's sales volumes in 2019 should be below 500k MT.
- **Solar Salts:** Sales volumes are expected to be ~ 50K MT in 2019.

# CAPEX

## Sustainable organic growth and M&A



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

**2017-2019:** Potassium Nitrate Expansions: ~US\$70 million

**2019-2021:** Lithium Carbonate Expansion 70k to 180kMT: ~US\$450 million

**2019 CAPEX:** ~US\$360 million

**Annual D&A expenses:** ~US\$250 million

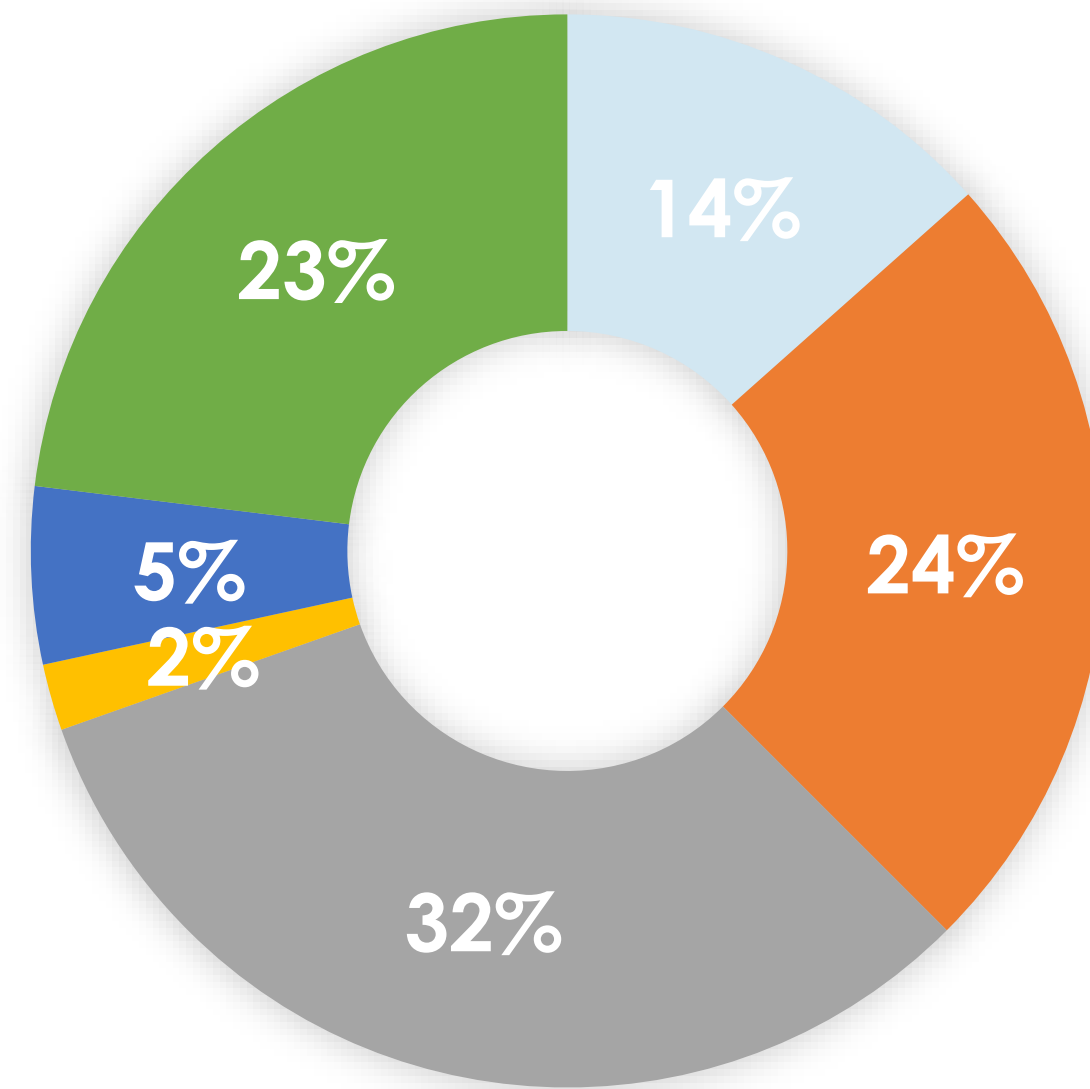




# Other Relevant Information

## 2018 Daily average trading volume

New York Stock Exchange: US\$40 million  
Santiago Stock Exchange: US\$25 million



## Ownership Structure<sup>1</sup>

- Bank of New York Mellon (ADRS)
- Tianqi
- Pampa Group
- Kowa Group
- Chilean Pension Funds
- Others Chile

## Dividend Policy<sup>2</sup>

2018 Net Income distribution in 3 interim & 1 final dividend

	100%	80%	60%	Dec 31, 2018
(a) $\frac{\text{cash+other current financial assets}}{\text{current financial liabilities}} \geq$	2.5	2.0	1.5	36.8
(b) $\frac{\text{total liabilities}}{\text{total equity}} \leq$	1.1	1.2	1.3	1.0

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
September 2018	US\$134 million	Interim dividend 2Q2018
December 2018	US\$84 million	Interim dividend 3Q2018
<b>Total</b>	<b>US\$542 million</b>	

<sup>1</sup> Registered shareholders as of December 31, 2018

<sup>2</sup> Please see the full version on our website at [www.sqm.com](http://www.sqm.com)



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