SQM (Q3 2026)
November 18, 2026

Corporate Speakers:

- Megan Suitor; SQM Group; Investor Relations
- Ricardo Ramos; SQM Group; Chief Executive Officer
- Pablo Hernandez; SQM Group; Vice President, Strategy and Development, Novandino Division
- Carlos Diaz Ortiz; SQM Group; Chief Executive Officer, Novandino Division
- Juan Bellolio; SQM Group; Commercial Vice President, Plant Nutrition and Specialty Products
- Mark Fones; SQM Group; Chief Executive Officer, International Lithium Division
- Gerardo Illanes; SQM Group; Chief Financial Officer

Participants:

- Joel Jackson; BMO Capital Markets; Analyst
- Lucas Ferreira; JP Morgan; Analyst
- Ben Isaacson; Scotiabank; Analyst
- Corinne Blanchard; Deutsche Bank; Analyst
- Isabella Simonato; Bank of America; Analyst
- Unidentified Participant; Unknown; Analyst

PRESENTATION

Operator^ Thank you for standing by. Welcome to SQM Third Quarter 2026 Conference Call. (Operator Instructions)

Please be advised that today's conference is being recorded.

Now it's my pleasure to turn the call to Megan Suitor with Investor Relations. Please proceed.

Megan Suitor^ Good day. And thank you for joining SQM Group's earnings conference call for the third quarter of 2026.

This call is being recorded and webcast live.

Our earnings press release and the accompanying results presentations are available on our website where you can also find a link to the webcast.

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

Also joining us today are members of our commercial and business intelligence teams: Mr. Felipe Smith, Commercial Vice President of the Novandino Division; Mr. Pablo Hernandez, Vice President of Strategy and Development of the Novandino Division; Mr. Juan Pablo Bellolio, Commercial Vice President for Plant Nutrition and Specialty Products; Mr. Alvaro Araya, 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, everyone, and thank you for joining us today.

I'm pleased to present SQM Group's third quarter results.

We continue to deliver solid performance across our main businesses with positive year-over-year results reporting close to $1.6 billion as net income during the first three quarters of the year, almost 4x higher than the net income reported in the same period in 2025.

Starting with lithium, we continue to see encouraging demand trends and remain extremely confident in the long-term growth prospects of the market. Although lithium market today -- price today is significantly lower since the peak observed during the second quarter, we continue to see healthy demand growth for lithium. Consequently, it's reasonable to expect prices should increase in the near future.

Demand growth is being supported not only by electric vehicle adoption, but also by increasing lithium content in vehicles as the expansion of markets beyond China and the growing contribution of battery energy storage system. We estimate that global lithium demand could grow by approximately 30% in 2026, and we expect the market could surpass three million metric tons by 2030.

From an operational and commercial perspective, both lithium divisions performed in line with our expectations.

Moving to iodine.

We once again delivered solid performance results supported by healthy market demand and favorable price conditions. Demand for iodine and derivative continued to be driven primarily by x-ray contrast media. We expect global iodine demand to grow over 3% in both 2026 and 2027, supported by these applications.

We remain focused on strengthening our position as a reliable supplier while advancing our operational efficiency and production capacities.

Turning to Specialty Plant Nutrition. This business also continued to demonstrate good commercial activity during the third quarter.

We saw strong sales across our traditional markets, However, high gate prices -- fertilizer prices have resulted in lower customer demand. And as a result, we revised our full year sales volume

growth outlook to approximately 5% over last year. Meanwhile, prices have continued to show a positive trend.

Overall, we remain focused on delivering solid operating and commercial performance, maintaining our long-term perspective while preserving financial discipline. Thank you.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) First question comes from the line of Joel Jackson with BMO Capital Markets.

Joel Jackson^ There's a bit of lag.

I'm sorry. I'm sorry. I'll ask them one by one.

So we've seen a bit of turn in lithium market, obviously since the end of the summer and prices come down, a lot of concerns about 2027.

I have a question I want to ask which is how much of the 30% lithium demand growth this year that you project that we're seeing?

How of that 30% has been demand like end-use consumption versus inventory building? And what do you think demand growth looks like in '27 based on all that?

Pablo Hernandez^ Joel, this is Pablo Hernandez speaking.

So as Ricardo said, we're very strong on the demand for this year and then the upcoming years. And out of the 30%, we believe most of that has been end customers as we have seen and you have seen in the market, the inventory levels have dropped during this year.

And regarding your question on 2027, we expect growth for the next year in the numbers of close to 2.5 million metric tons of demand which would represent somewhere in the 15% to 20% growth.

Joel Jackson^ Okay. And can you talk about what we're seeing in the market right now? And we all see the inventory numbers, but we see the concerns. When you think about that 15% to 20% demand growth next year, I mean how are you baking in some of the concerns on ESS we've seen, be it lower IRRs based on things going on in China, be it some penetration on sodium how is your ESS view changed versus, say, six months ago?

Pablo Hernandez^ Yes. So we still remain very strong on the demand for ESS. We expect the growth in the range of 15% for the upcoming year.

So we remain very, very confident about the demand on the ESS side.

And on your question on sodium in Indeed, we've seen the development of this new technology. We strongly believe that lithium is very well positioned to continue to grow in the space. And so of course, at some point, might take some small spaces in the market.

But lithium has some natural advantages in terms of cost and production cost, I mean and energy density over sodium ion.

Joel Jackson^ Okay. Then my final question is in tying it together.

So you see overall lithium demand growth up next year, 15% to 20%, and you see ESS demand growth as part of up about 15% next year. That means you see EV demand also up around 15%, 15% to 20% next year, correct?

Pablo Hernandez^ Yes. You're more or less in that same range. Exactly.

Operator^ Our next question comes from Lucas Ferreira with JP Morgan.

Lucas Ferreira^ Also on the fundamentals of the lithium market, wondering if you can comment on how do you see the lithium inventory situation on the ground in China in different channels and in ports in the upstream.

So how these inventories have been changing over the last few months, if you still see a tight market or wondering how much of that lithium price decline you have been seeing is also influenced by the sentiment on the whole, let's say, downward revision of growth rates or if it's sustained by fundamentals as well in your view?

And on the SQM side, I'm wondering if there's any updates to your production expectations or sales expectations for this year. And wondering if you can also say something about the '27, how you're seeing production sales.

Pablo Hernandez^ Lucas, Pablo Hernandez speaking.

So on your lithium question, as we mentioned, indeed, during '26, we have seen a very significant price fluctuation with prices, of course, below the numbers we've seen during the mid of the year.

But as Ricardo mentioned, we remain very strong on demand. We're very confident in the growth for the next coming years.

As Ricardo mentioned, demand is expected to be over the three million metric tons by 2030.

So that shows how much lithium will be required for us for the next few years. And additionally, of course, current demand is a more robust one, more robust than the one we had a few years ago.

We now have two significant drivers, EVs and ESS. And not only that, we also have a more diverse demand from a global market perspective which helps absorb, of course, specific market fluctuations.

And finally, I would say it's important to also remember that current price level seems to be sitting below the necessary incentive price required to bring new supply to fulfill this demand. And therefore we should expect some price increase in the future.

Carlos Diaz Ortiz^ This is Carlos Diaz speaking.

I'm going to talk about the production for this year, next year from the Novandino division.

For the third quarter, we reached a production close to 75,000. It was quite similar that we reached in quarter two. And for this year, we expect to produce close to 280,000 metric tons, all coming from the Salandra came.

And for next year, we expect to continue to increase in our efficiency programs and to increase recovery and so on a more initiative in order to reach a production a little bit over 300,000.

Operator^ Our next question comes from the line of Ben Isaacson with Scotiabank.

Ben Isaacson^ Can you hear me okay?

Operator^ A little far. If you can get closer to the microphone?

Ben Isaacson^ Okay. I'm going to -- I'll talk louder. I have three questions.

So first question is if prices stay where they are right now who does the cadence or the timing of your CapEx spend, does that change? Do you start to delay that?

And is the financing of that change as well?

Ricardo Ramos^ Ben, Ricardo Ramos speaking.

Our CapEx, the one that we discussed, I think, last time we have a conference call we remain the same. We don't foresee any reason to change our capital expenditure considering what is to the price environment.

We are very, very positive about what's going on in the future. And our CapEx is very full focusing what we think we have a real competitive advantage.

Ben Isaacson^ Okay. And my next question is on lithium sulfate. How -- what is the run rate that we should be using on a go-forward basis? And if the economics between your plant and pooling are similar. Why do you need the plan?

Why don't you just do pull in 100%?

Carlos Diaz Ortiz^ So regarding to -- sorry, Carlos Diaz speaking again. Regarding to the lithium sulfate production this year, we expect to produce 160,000 that is more or less equivalent 80,000 as a lithium carbonate. And for next year, we expect to increase a little bit that production. And yes, we still -- we have our own factory in China where we produce more than 20,000 of (inaudible) carbon in, and the mine production is we do through dollars in China.

Well, we always are evaluating to increase our capacity in China and Chile, and there are some under evaluation always, but nothing has been decided.

Ben Isaacson^ Okay. And my last question is on SPN. Volumes went down, and you talked about farmers pushing back a little bit on higher prices.

Can you just give some color and some detail what specific products? Is it all NOP?

And what were the regions that you saw this pushback in demand? And was it just because NOP prices were high following what China did earlier in the year? And do you expect it to normalize?

Juan Bellolio^ Excuse me, Ben, this is Juan Pablo.

Could you please repeat the question because we lost the second part?

Ben Isaacson^ I'm sorry. The question is on SPN.

What specifically were the regions and the products that caused lower volumes? And do you expect that demand to come down?

Juan Bellolio^ Okay, Ben. I would say, as you know, we sell in mostly all of the countries, more than 100 countries.

So our sales are very diversified and our -- the impact of higher prices in different products as which, I would say, all markets. It's not that we have one market specifically that rules the decline on volumes. You need to remember also that we sold a huge volume in Q2.

So if you consider the balance between Q2 and Q3 is more or less the same volume than last year, okay? So in terms of our sales in total year actually were still up compared to this year.

So Q3 could be something exceptional and we expect that Q4 would be more or less similar to what we saw last year.

In terms of the higher prices and which products, of course, phosphates are the ones that are making the higher increase, affecting our sales of distribution phosphate products, but also on the NPKs that use phosphate. Those products are good sir the ones with a higher impact. And that's why we have compensated this with higher sales on potassium nitrate, our main product.

And in terms of the question about MOP, you need to remember that our potash business line consider MOP, but also SOP. The SOP price has gone up during the year.

So -- and the proportion of SOP today is higher than in the past year.

So that's why you see that price increase.

Operator^ Our next question comes from the line of Corinne Blanchard with Deutsche Bank.

Corinne Blanchard^ Maybe I want to go back on the international lithium division on Mount Holland.

Can you give a little bit more detail or clarity on the expectation for volume for 2027? Because I think based on your commentary so far, it seems like 4Q will be a nice step-up versus the rest of the year.

So just wondering if that's continuing to 2027.

Mark Fones^ Corinne, it's Mark Fones here.

Our guidance for this year in terms of production for the concentrator of Mount Holland, continues to be in the same range of between 175,000 and 185,000 tons of sodium concentrate 6%. That's currently working at nameplate capacity or even slightly above nameplate capacity, and we expect the plan to continue working in that perspective for next year.

The amount of direct sales out of that is still on question regarding our ramp-up at into nameplate for the refinery, and that's a plan that is currently being derived. And once we have a better view on that, we will inform you until time.

Corinne Blanchard^ Okay. And then maybe the second part. I'm sorry if it has been asked.

But on the potash, do you guys have eaten like what the strategy is there over '27 and '28. I think before you had mentioned you would not have any more any potash volume due to the strategy for the life side.

But can you just give us a better maybe on the view of the timing? And how do we think about those volumes for next year in '28?

Carlos Diaz Ortiz^ Corinne, this is Carlos Diaz of Novandino division.

Well, we are focused to produce lithium as a main product and potash is like a second product by product, and we mainly focus to produce for the production of the potassium nitrate, and we wanted some remind, the fertilizers which you can sell in the market.

So I'm going to say to Pablo, if you can comment something about that.

Pablo Hernandez^ Yes. I don't have too much to add, but what Carlos said is right.

I mean it's important to understand that we have a contract with Novandino that secures the availability of potash for our potassium nitrate business which is the main business in agriculture business. And then depending on the production highs the production and we have availability of potash to direct sales. We will continue with that because we have all the commercial offices to do it, our port and so on.

So if we have availability, we will continue selling the product.

Operator^ Our next question comes from Isabella Simonato with Bank of America.

Isabella Simonato^ I want to go back a little bit on the lithium side.

I understand your view about your constructive view right about the market and market and demand growth. But more in the short term, right, and we are seeing prices coming down.

I wonder if you have any sensitivity or view, right, if we should see maybe prices accommodating at a lower level before they move up? Or when do you expect to see some sort of inflection point as the demand story continues to play out in 2027?

Pablo Hernandez^ Isabella, Pablo Hernandez speaking.

As I mentioned earlier, indeed, prices are considerably below what we've seen in the middle of the year. But of course, we remain very confident in the demand.

And we don't know when the prices will increase, but we do expect, of course, a price increase in the near future.

Isabella Simonato^ And just a follow-up on the product side, right?

I guess we understand that you're structurally reducing potash volumes, but can you give us a sense on maybe how much can we expect for the full year 2027 in terms of potassium lord volumes.

Juan Bellolio^ Isabella, this is Juan Pablo.

We are still reviewing with our partners of Novandino or availability of commercial potash to place into the market.

Of course, we believe that as we have been commenting and saying in the past that the volumes are going to go down. we don't know yet at what level, but you can consider that what we have been selling this year is going to be higher than next year.

Operator^ Our last question comes from the line of Matteo Moreira [ph] with Bradesco.

Unidentified Participant^ A couple of questions on my side.

First, on the CapEx, I mean disbursements have been relatively light over the past two quarters. Year-to-date, CapEx below $500 million.

I'm just wondering what's this for an issue for these lower-than-expected CapEx if maybe the company is adjusting its expenditures to reflect these tougher conditions? And how should we expect CapEx moving in the next few quarters?

That's my first question.

Then the second question on lithium. I mean costs were the negative surprise here against our numbers in the quarter. with production pretty much in line with our numbers, we would expect a slightly better cost performance.

Could you help us understand what -- I mean the main drivers behind the cost performance in the third quarter? And what should we expect for costs going forward?

And then if I can squeeze in a last question on your mix, especially in the International division.

I mean you have the expansion in Mountain Holland in the last couple of years, you're also ramping up the refinery in China.

I'm just wondering what would be the ideal mix between spodumene and hydroxide in the next couple of years in international diverging. There are my questions.

Gerardo Illanes^ Matteo [ph], this is Gerardo speaking.

Well, regarding your CapEx question, it's true during the first three quarters of this year, CapEx was a little bit less than $500 million. What we informed last quarter is that we expect CapEx for three years, '26 to '28 to be in the neighborhood of $3 billion. On average, of course, that's $1 billion per year.

During 2026, it's going to be slightly lower than that, but the projects are moving ahead based on the schedule that each of these projects have, and we have no -- I mean we have not made any changes to the CapEx plan so far.

So I comment about the lithium cost of the Novandino division, I can say that we have been able to maintain our very competitive cost position, reducing our cost compared to the last year. And the cost of the third quarter is quite similar to what it was in the second quarter, and we expect the same almost cost during the fourth quarter. And indeed, the next year is going to be, again, at the same level.

So we don't expect increase in the cost in spite of the inflation and the energy cost because we have been able to reduce and to increase our productivity in order to keep our cost reduction in line. And again, it's going to be lower compared with last year.

Mark Fones^ Mark on the International Lithium division.

Our costs have remained stable in the last quarters. Our business is well positioned in this market context.

As I mentioned before the mine and concentrator is running at full capacity with competitive costs in line with Western Australian top producers. And the expansion will also provide us further lowering of unit costs into the future.

I understand there was another question from your side, but we couldn't hear very well if you want a follow up.

Unidentified Participant^ The final question was regarding the mix in the international division between spotting and hydroxide with Mount Holland ramping up, I mean with Mountain Holland expansion in the next few years and the Chinese refinery ramping up, how do you see the mix evolving between spodumene and hydroxide sales?

Mark Fones^ Yes. As I mentioned before we are committed into the lithium hydroxide ramp-up. The ramp-up is progressing well.

We have already a very good product quality in terms of battery grade which is increasing on a monthly basis.

The exact amount of that distribution which is -- will be either consumed by the (inaudible) refinery or direct sales of spodumene concentrate, as I mentioned earlier, that's something that still remains as a matter of planning and budgeting season for Covalent.

And we will inform that duly once we have a better idea for next year.

Operator^ Thank you so much. And ladies and gentlemen, this will conclude our Q&A session and conference for today.

We thank you for participating, and you may now disconnect.