



SQM

Bank of New York ADR Conference
November 28-29, 2016



► Important Notice

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.

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► SQM at a Glance

World Leader in Specialty Businesses: Potassium Nitrate, Iodine, Lithium & Solar Salts

✓ Financial Profile

- ✓ Revenue LTM⁽¹⁾ : US\$ 1.8 billion
- ✓ EBITDA⁽²⁾ LTM : US\$ 688 million
- ✓ EBITDA Margin LTM : ~ 38%

(1) LTM: Twelve months ended September 30, 2016
 (2) EBITDA: gross profit – SGA + depreciation & amortization

✓ Healthy Credit Metrics

- ✓ NFD/EBITDA LTM : .55
- ✓ Moody's : Baa1
- ✓ Standard and Poor's : BBB

FERTILIZERS

SPECIALTY CHEMICALS

Potassium

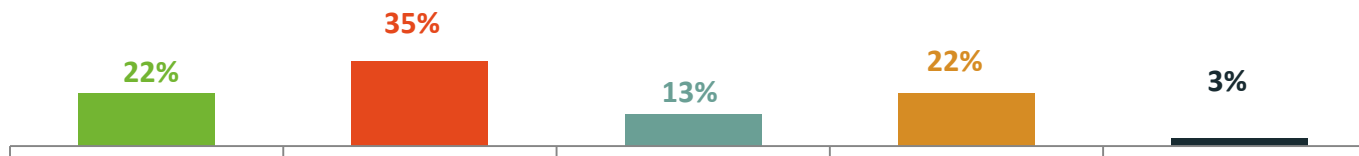
Specialty Plant
Nutrients

Iodine &
Derivatives

Lithium &
Derivatives

Industrial
Chemicals

Contribution to Revenue LTM



► Natural Resources and Experience

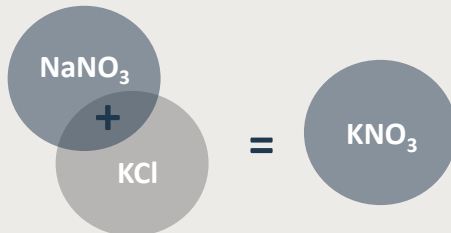
High-quality reserves → low-cost operations

Caliche Ore

- ✓ Caliche ore is only found in Chile
- ✓ The world's largest deposits of **nitrates and iodine**
- ✓ Proprietary mining rights pursuant to exploitation concessions

Salar Brines

- ✓ High concentrations of **potassium and lithium**
- ✓ High evaporation rates
- ✓ Production rights are pursuant to a lease agreement with CORFO until 2030
- ✓ Technology and experience to efficiently operate



- ✓ Sodium nitrate + Potassium chloride = Potassium nitrate + (Sodium chloride)
- ✓ Know How – Exploration, Process and Logistics



- ✓ Sustainable Operations in the North of Chile.

► Arbitration: CORFO and SQM

✓ **May 2014: Arbitration was initiated between SQM and CORFO**

CORFO Alleges	SQM Position
SQM incorrectly determined lease payments, and underpaid CORFO US\$8.9 million (2009-2014)	<ul style="list-style-type: none"> • All payments were made appropriately
International reference price for KCL (used in order to calculate lease payments) should have been used for all potassium salts, without making corrections to reflect for potassium content	<ul style="list-style-type: none"> • Per contract, CRU British Sulfur determines reference price • Agreement states that unit of K content must be taken into consideration • CRU has determined reference price for all potassium products
Lease agreement reference price for lithium should be based on sales to non-related customers and not average price to all customers	<ul style="list-style-type: none"> • Parties previously discussed reference pricing, and agreed on lease payments based on average price from all customers. • Average price referenced in bullet above based on all customers has benefited CORFO over life of contract
SQM did not properly construct/replace property markers per agreement	<ul style="list-style-type: none"> • Mining properties are fully protected from legal point of view • Responsibility belongs to property owner (CORFO), and has never been transferred by CORFO to SQM • SQM has offered to construct and replace markers
As a result of these allegations, CORFO is calling for early termination of the lease agreement	SQM has fully complied with all contractual obligations with CORFO over the life of the contract

✓ **August 2016: CORFO formally initiated second arbitration regarding Project Agreement against SQM**

✓ **Sept 2016: SQM formally initiated third arbitration against CORFO to look at the total period**



<3%

2015 Market Share⁽¹⁾

1.450k^{MT}

LTM⁽²⁾ Sales Volumes

US\$
392mm

LTM Revenues

7%

YTD Contribution to
Gross Profit

Potassium Chloride: Industry Dynamics

- ✓ Potassium chloride is the most commonly used potassium-based fertilizer
- ✓ 2016 est. global demand: ~60 million MT⁽¹⁾
- ✓ Major players in Belarus, Canada, and Russia
- ✓ Slight price recovery expected Q42016

SQM Highlights

- ✓ Low-cost producer of potassium chloride
- ✓ Brazil remains the most important market for SQM sales
- ✓ Flexibility to produce potassium chloride, potassium sulfate, and potassium nitrate depending on market needs
- ✓ Effective capacity ~ 2.0 million MT
- ✓ Sintoukola project in the Republic of Congo: US\$20 million investment for 17% ownership stake

(1) SQM estimates

(2) LTM: Twelve months ended September 30, 2016



47%

2015 KNO₃ Market Share⁽¹⁾

846k^{MT}

LTM Sales Volumes^{(2) (3)}

US\$
636mm

LTM Revenues

29%

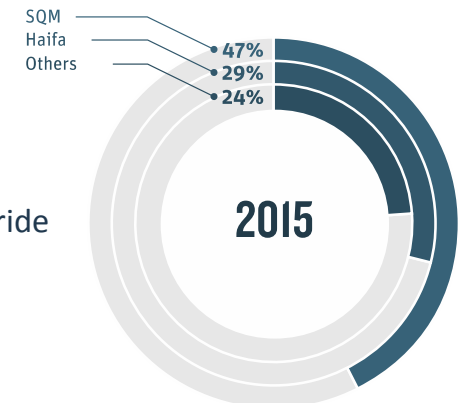
YTD Contribution to
Gross Profit

Industry Dynamics

- ✓ Potassium nitrate (KNO₃) provides unique benefits: Chlorine-free, water soluble, and fast absorption.
- ✓ Demand drivers: Higher cost of land, water scarcity, increased demand for higher quality crops
- ✓ 2015 global potassium nitrate demand: ~1 million MT⁽¹⁾
- ✓ Water soluble segment drives demand growth

SQM Highlights

- ✓ Access to reserves of potassium and nitrate
- ✓ Developed distribution network and diverse customer base
- ✓ Lower price elasticity relative to potassium chloride
- ✓ Focus on water soluble segment
- ✓ KNO₃ capacity expansion
 - ✓ Increase 1 million → 1.5 million MT/year
 - ✓ 200K MT from increased efficiency at existing plants (2016-2017)
 - ✓ 300K MT from new plant (operating mid-2018; estimated capex US\$140 million)



(1) SQM estimates. Excludes Chinese KNO₃ market.

(2) LTM: Twelve months ended September 30, 2016

(3) SPN sales volumes include KNO₃ and other specialty fertilizers



26%

2015 Market Share⁽¹⁾

9.9k^{MT}

LTM⁽²⁾ Sales Volumes

US\$
238mm

LTM Revenues

7%

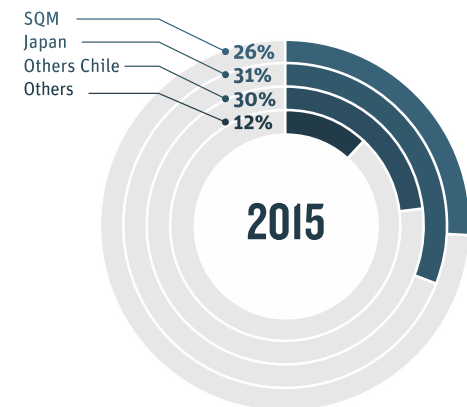
YTD Contribution to
Gross Profit

Industry Dynamics

- ✓ Main uses: X-ray contrast media, LCD, pharmaceuticals and sanitizers
- ✓ Global demand: CAGR of ~3% for the period 2004-2015⁽¹⁾
- ✓ Expected global demand 2016: ~34,000 MT⁽¹⁾
- ✓ Limited sources of iodine worldwide:
 - ✓ Chile 56% (SQM 26%)
 - ✓ Japan (including recycling) 31%
 - ✓ Total recycling 18%

SQM Highlights

- ✓ Low-cost producer
- ✓ Developed distribution and sales network
- ✓ Effective capacity ~10,000 MT per year
- ✓ Prices have been decreasing. Lower average prices expected in 2016.



(1) SQM estimates
(2) LTM: Twelve months ended September 30, 2016



26%

2015 Market Share⁽¹⁾

46k^{MT}

LTM⁽²⁾ Sales Volumes

US\$
401mm

LTM Revenues

53%

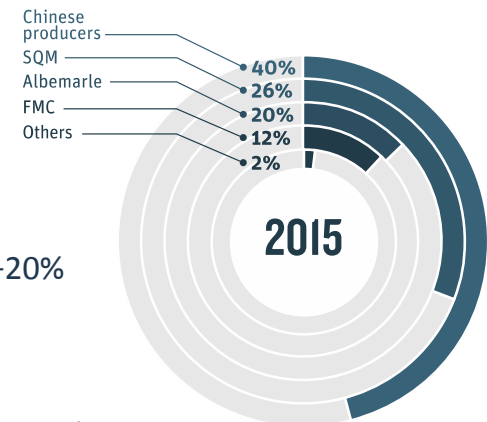
YTD Contribution to
Gross Profit

Industry Dynamics

- ✓ Main uses: batteries, lubricant, glass, pharmaceuticals. Future potential related to batteries for e-cars.
- ✓ 2015 global lithium chemicals demand: 155K MT⁽¹⁾.
- ✓ Demand growth of ~12-13% expected in 2016⁽¹⁾.
- ✓ Expect new supply in 2017

SQM Highlights

- ✓ Leading lithium chemicals producer in the world and lowest cost producer⁽¹⁾.
- ✓ Current lithium carbonate plant capacity: 48K MT/year. New lithium hydroxide plant – increasing total capacity to over 13k MT/year
- ✓ Higher sales volumes expected in 2016: +20%
- ✓ Minera Exar JV in Argentina:
 - ✓ Total capacity 50K MT/year
 - ✓ First stage 25K MT; estimated capex US\$425 million pre-VAT
 - ✓ Start production by 2019



(1) SQM estimates
(2) LTM: Twelve months ended September 30, 2016



75k^{MT}

LTM⁽¹⁾ Sales Volumes

US\$
61mm

LTM Revenues

3%

YTD Contribution to
Gross Profit

Industry Dynamics

- ✓ Various traditional uses for industrial nitrates related to glass, metal treatment, water treatment, and explosives
- ✓ **Solar Salts:**
 - ✓ Intl. Energy Association expects installed capacity of concentrated Solar Power (CSP) to double by 2020, and supply 20% of the world electricity by 2050.
 - ✓ As a reference, a 50MW parabolic trough CSP plant with 7.5 hours of indirect storage requires about 30K MT of solar salts
 - ✓ Projects being developed globally

SQM Highlights

- ✓ Operational flexibility with certain industrial sodium and potassium nitrate products
- ✓ **Solar Salts:**
 - ✓ SQM produces both potassium nitrate and sodium nitrate, the two raw materials in solar salt production
 - ✓ 2016 solar salts volumes expected to reach 40K MT

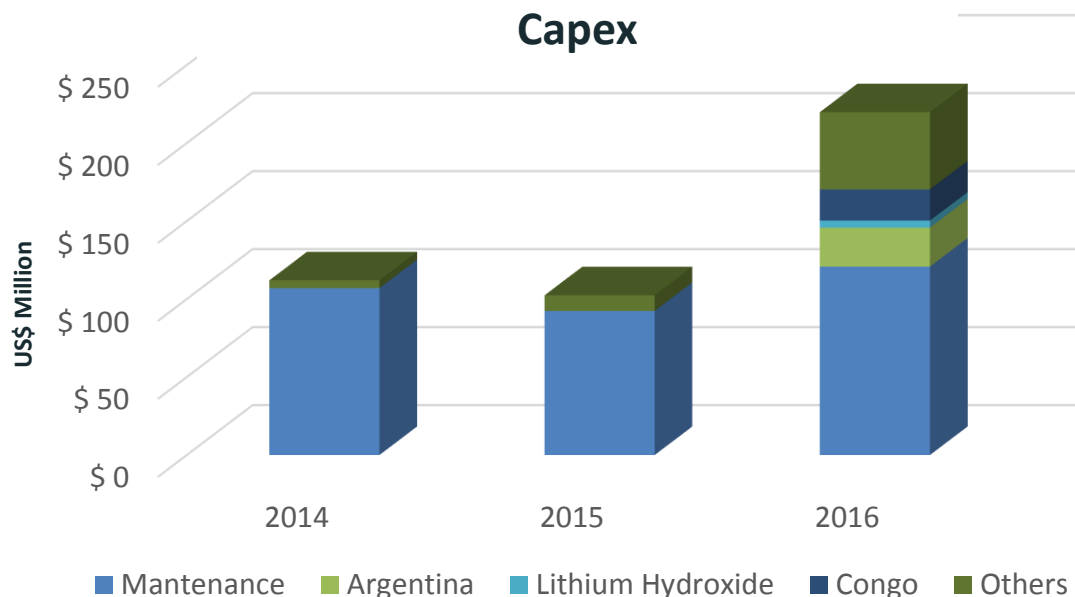
(1) LTM: Twelve months ended September 30, 2016

► Strategic Plan: Looking towards the future

✓ **Goal: To increase EBITDA to over US\$1 billion by 2020**

SQM Strategic Goals	Initiatives to Reach Goal
SPN: Continue to add value to KNO ₃ market	<ul style="list-style-type: none"> • Build new NPK plants and form new strategic partnerships • Aggressive investment in market development. New products, new uses → new customers in diverse regions
Potash: Be a very low-cost producer	<ul style="list-style-type: none"> • Extend Lean implementation in all our plants • Evaluate new projects at low end of cost curve
Lithium: Grow and diversify geographically	<ul style="list-style-type: none"> • Develop 50,000 MT project in Argentina • Analyze other opportunities to supply growing market
Iodine: Increase market share	<ul style="list-style-type: none"> • Ensure operational optimization between nitrates and iodine • Promote R&D for new uses in the market • Continue to develop downstream market through partnership with Ajay Chemicals
Solar Salts: Achieve at least 200K MT/year by 2020	<ul style="list-style-type: none"> • Provide a full service for solar salt projects, leveraging production and logistics experience
New Business	<ul style="list-style-type: none"> • Metal exploration: gold, copper, zinc within our current natural resources • Analyze diverse natural resources around the world, engaging <u>ONLY</u> where we believe we will have sustainable competitive advantages

▶ Capital Expenditures



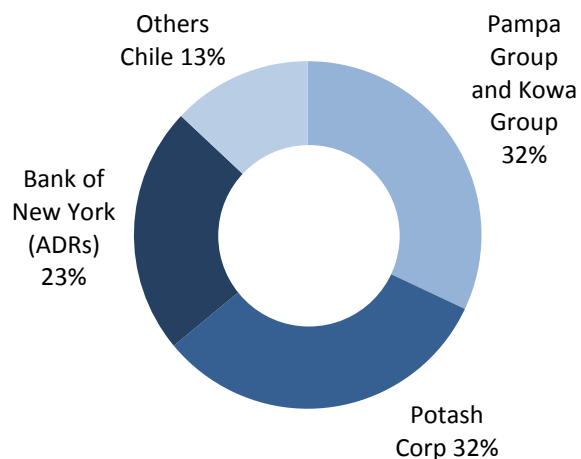
✓ Historical maintenance Capex ~US\$100-120 million

Growth Plans

- ✓ **2016:** ~US\$20 investment in Elemental Minerals
- ✓ **2016-2017:** Lithium Hydroxide Expansion: ~US\$30 million
- ✓ **2016-2018:** Potassium Nitrate Expansion: ~US\$140 million
- ✓ **2016-2019 (first stage):** Chaucharí – Olaroz project in Argentina - ~US\$425 million + ~US\$250 million (pre VAT) for stages I and II, respectively. (50/50 JV: SQM will be responsible for 50% of the capex)

► Other Relevant Topics

Ownership Structure⁽¹⁾



Other Considerations

- ✓ Market conditions
 - ✓ Iodine prices
 - ✓ Potash prices
- ✓ Arbitration with CORFO

Dividends

- ✓ Provisional Dividend US\$225 to be paid in December 2016

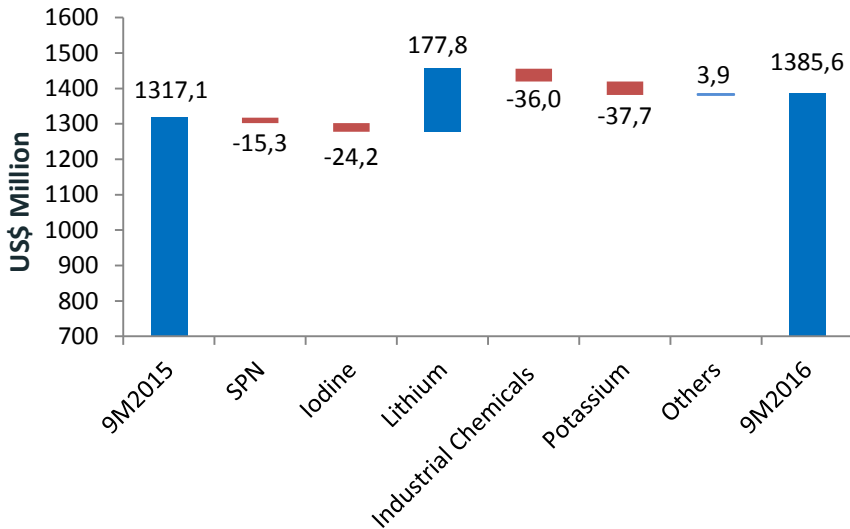
SQM Business Opportunities

- ✓ JV to develop Caucharí-Olaroz lithium project
- ✓ Strong demand growth in lithium market → higher volumes and prices
- ✓ Potassium nitrate capacity expansion: positioned to supply growing solar salts and water soluble fertilizer markets
- ✓ Strong cost position
- ✓ Strong balance sheet

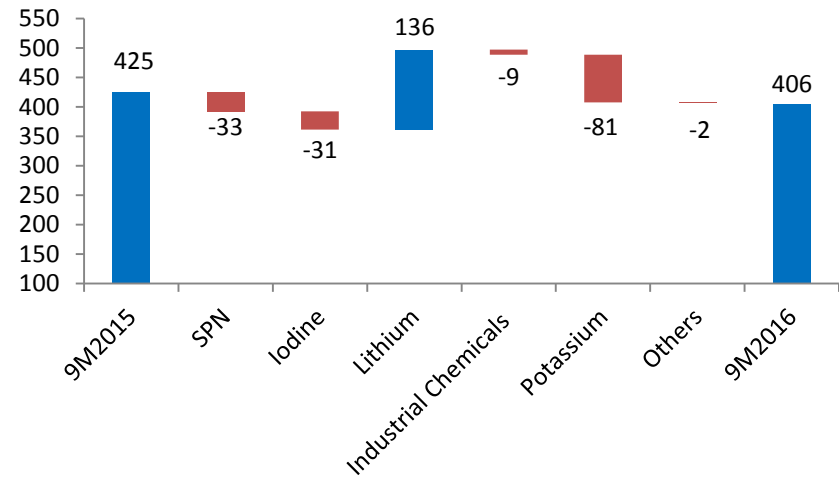
(1) As of June 30, 2016

Results

Revenue Contribution 9M2016/9M2015



Gross Profit Contribution 9M2016/9M2015



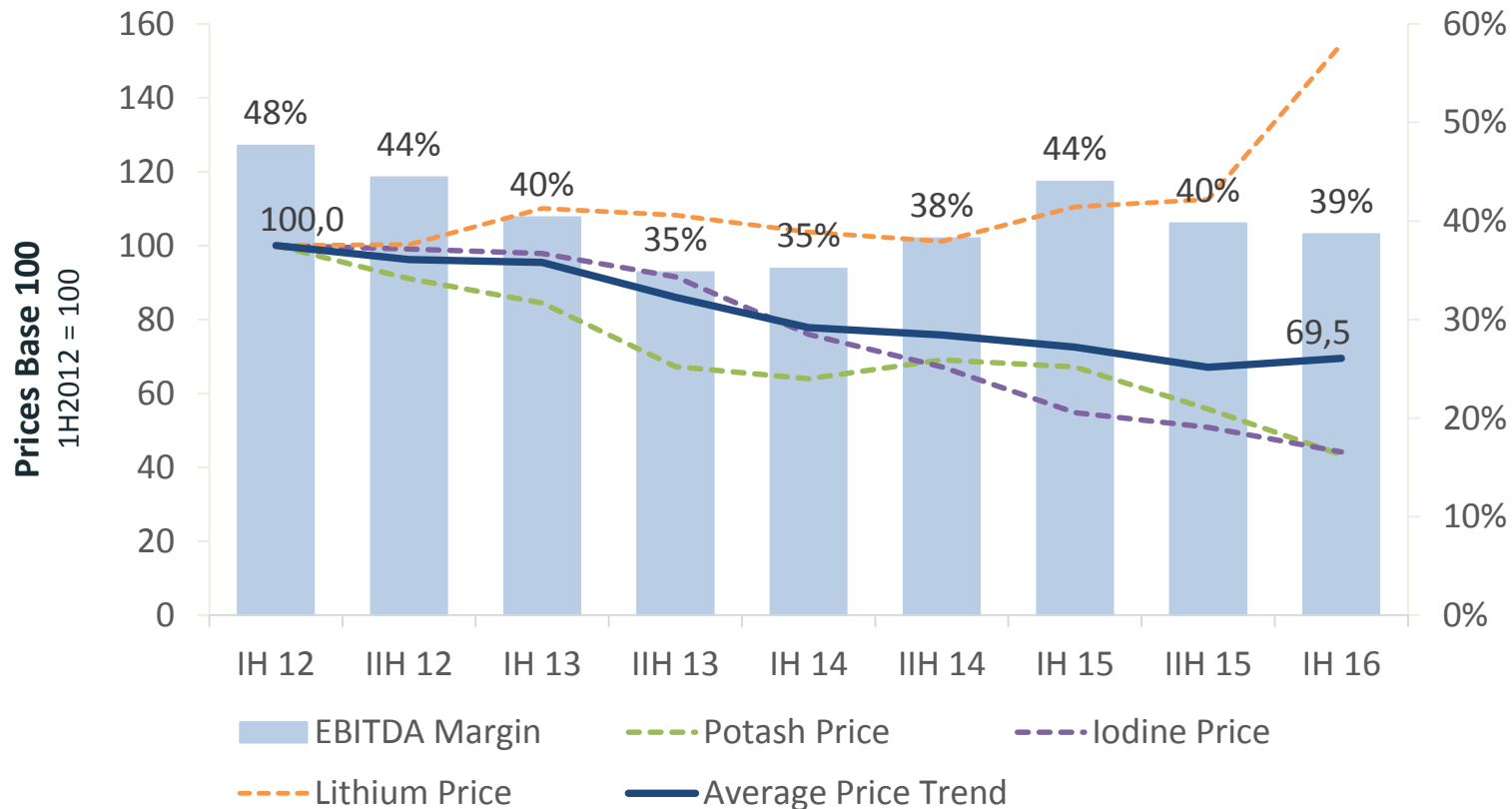
	SPN	Iodine	Lithium	I. Chem.	Potassium
P	↓	↓	↑	↑	↓
Q	↑	↑	↑	↓	↑

✓ Impact of lower pricing outweighs higher volumes in most business lines

► Prices vs. EBITDA Margin

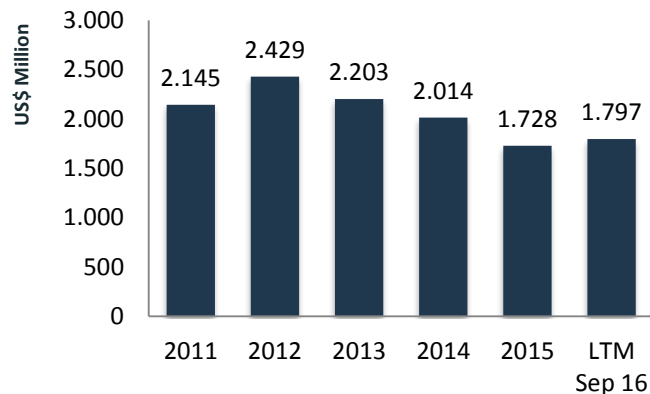
- ✓ Cost savings initiatives have protected margins, despite lower pricing environment in most business lines

Prices (Base 100) vs. EBITDA Margin (%)

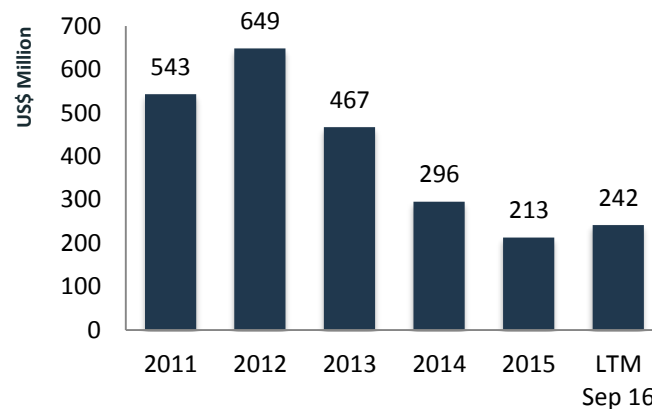


► Financial Performance

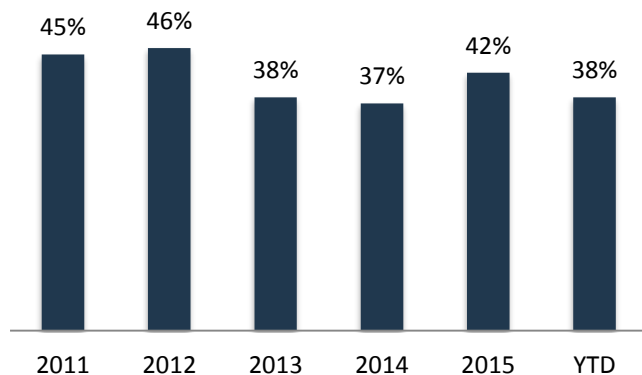
Revenues



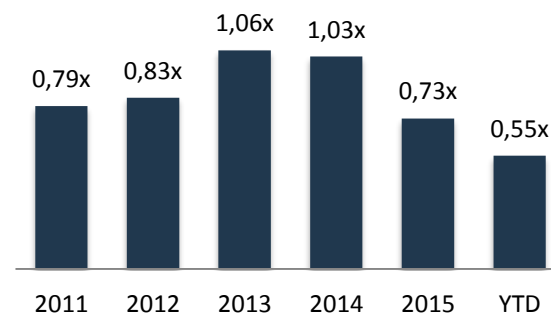
Net Income⁽¹⁾



EBITDA⁽²⁾/Revenues



NFD⁽³⁾/EBITDA



- (1) Net income for LTM September 2016 includes one-time charge of US\$32.8 million related to stopping of our train that runs between Coya Sur and Tocopilla. Net income for 2015 includes one-time charge of US\$57.7 million related to restructuring iodine and nitrates facilities
- (2) EBITDA: Gross Profit – administrative expenses + depreciation & amortization
- (3) Net Financial Debt: interest bearing debt net of cash and cash equivalents, considering the effects of derivatives



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