



SQM: Results for 1H08 and Market Outlook

Patricio Contesse
Chief Executive Officer

Eugenio Ponce
Senior Commercial Vice President

August 20, 2008





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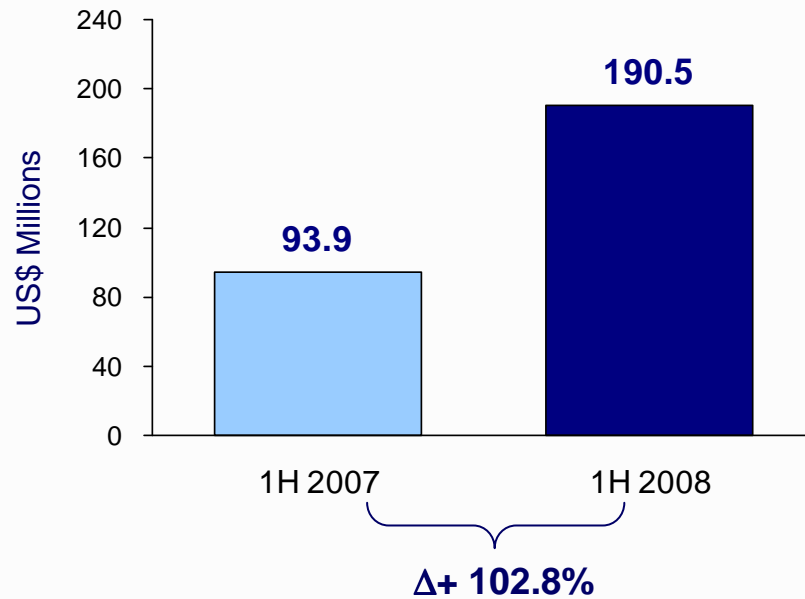
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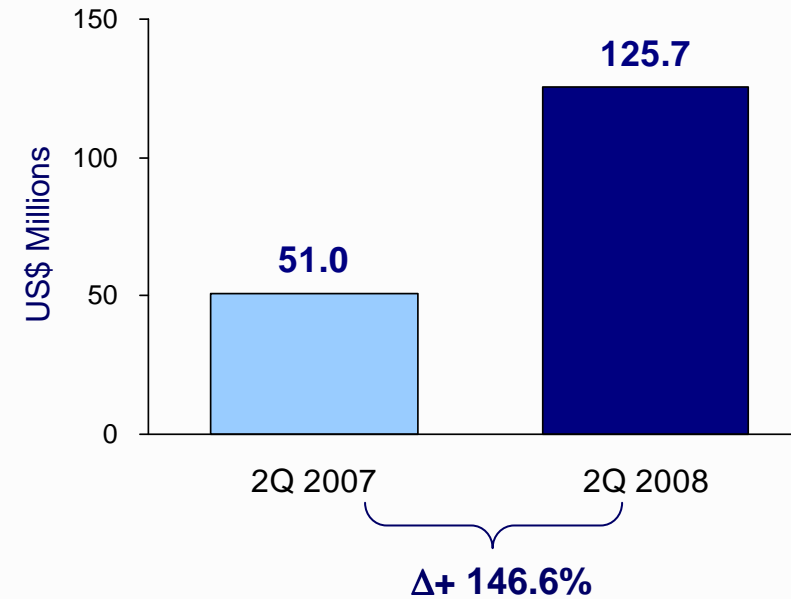


Results for 1H08

1H08 Net Income



2Q08 Net Income



- Increase in prices of nitrates and potassium-based fertilizers
- Increases in iodine sales volumes
- Higher lithium prices and sales volumes than originally expected

Results for Last Seven Years: Sustained Growth

Seven consecutive years of earnings growth:

- Quarterly earnings higher than earnings for the same quarter of the previous year

Earnings growth observed in 2008 is part of an ongoing, systematic trend resulting from several factors:

- Capex plan focused on core businesses
- Increases in sales volumes
- New products and development of international supply chain
- Technological development, innovation and operating flexibility
- Price increases in all our business lines



SQM's long-term development strategy continues to deliver positive results

Short-Term Expectations

Positive outlook in our main markets:

- Nitrates and potassium: favorable pricing conditions
 - ✓ Growing demand exceeds effective supply
 - ✓ Low inventories of potassium-based fertilizers and grains/cereals
- Significant increase in KCl sales during 2009
- Iodine and lithium: sustained demand growth exceeds original projections



We expect results for the second half of 2008 to be significantly higher than the first half of the year.

The positive trend observed in 2008 should continue in 2009.

Structural Changes in our Markets

- **Sustained demand growth projected for our core businesses**
- **Scarcity of high-quality natural resources**
 - ✓ High investment and operating costs associated with new projects
 - ✓ Implementation of new projects requires long lead-times
- **Growing margins on the crops that use our fertilizers and the industrial products that use iodine and lithium**
 - ✓ Increased margins in the whole supply chain
 - ✓ Opportunity to increase the prices of our products



Market Outlook



KCI + SOP
12% of 1H08 revenues



Nitrates *

KNO₃ market share **: 49%
48% of 1H08 revenues



Iodine

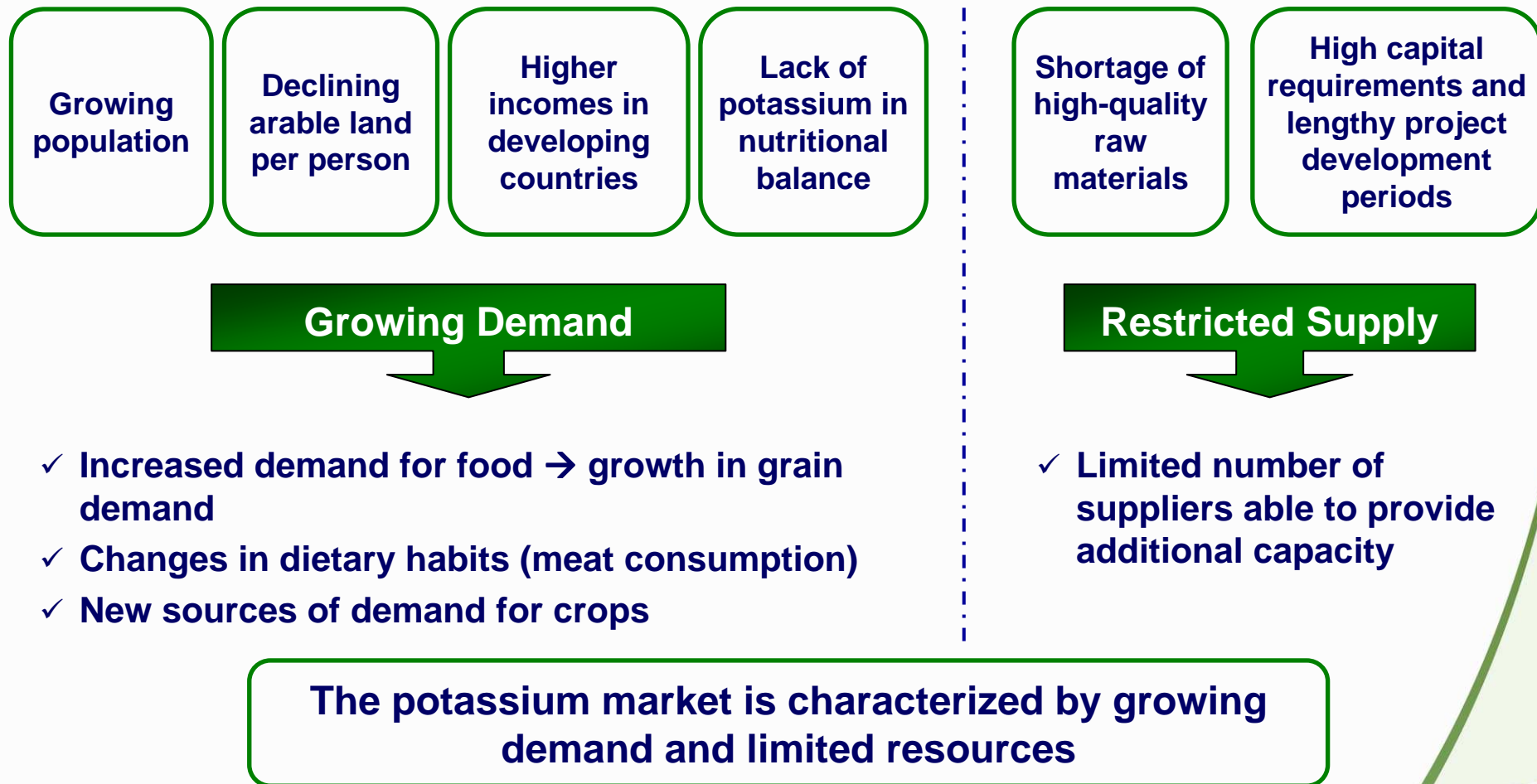
Market share **: 33%
16% of 1H08 revenues



Lithium

Market share **: 30%
11% of 1H08 revenues

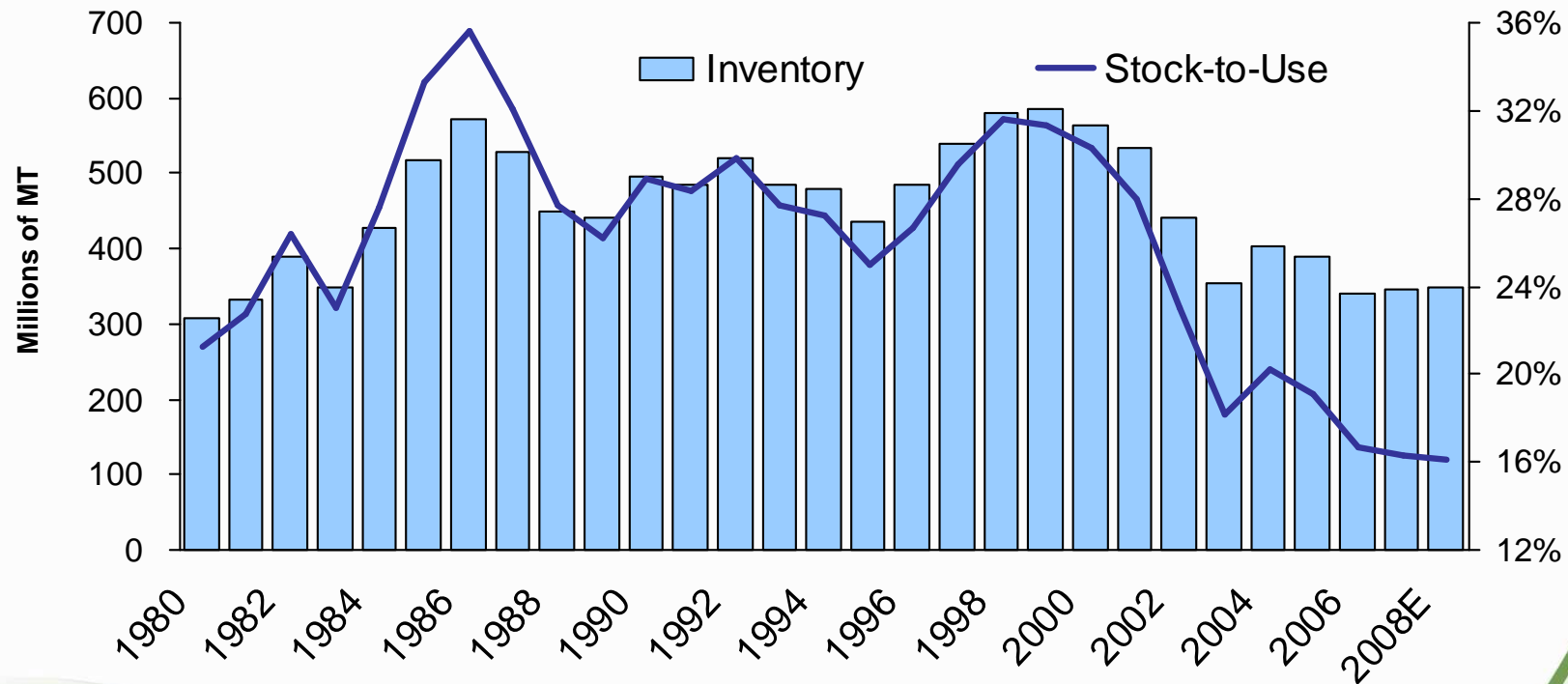
Introduction : Industry Fundamentals



Demand: Inventories vs. Consumption

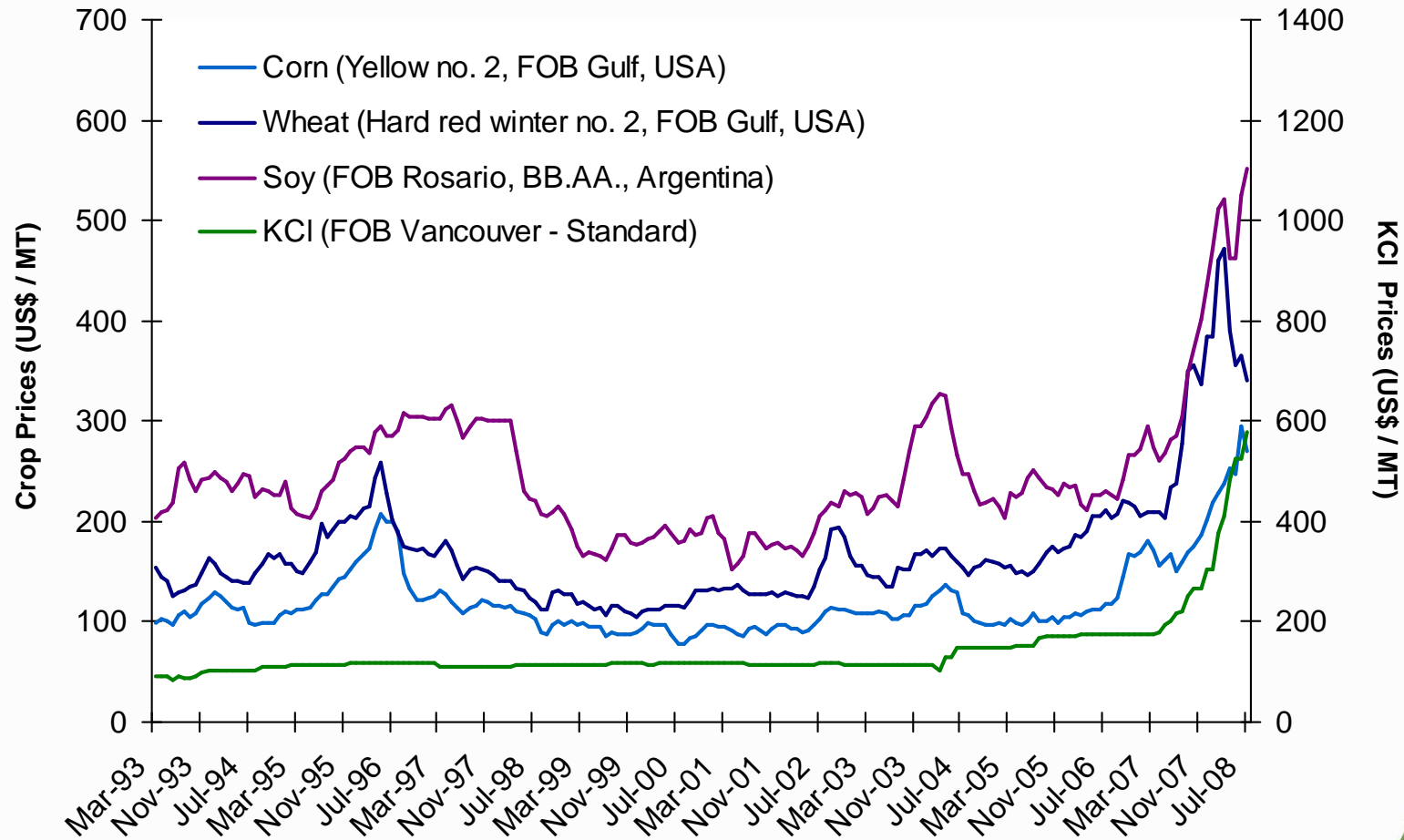
Strong decrease in total grain inventories beginning in 2000

- Global consumption of grains and oilseeds has exceeded production in 7 of the last 8 years
- Increased food consumption → increased grain demand
- Stock-to-use ratio has fallen to 16%, an all-time low (equal to 2 months' worth of global consumption)



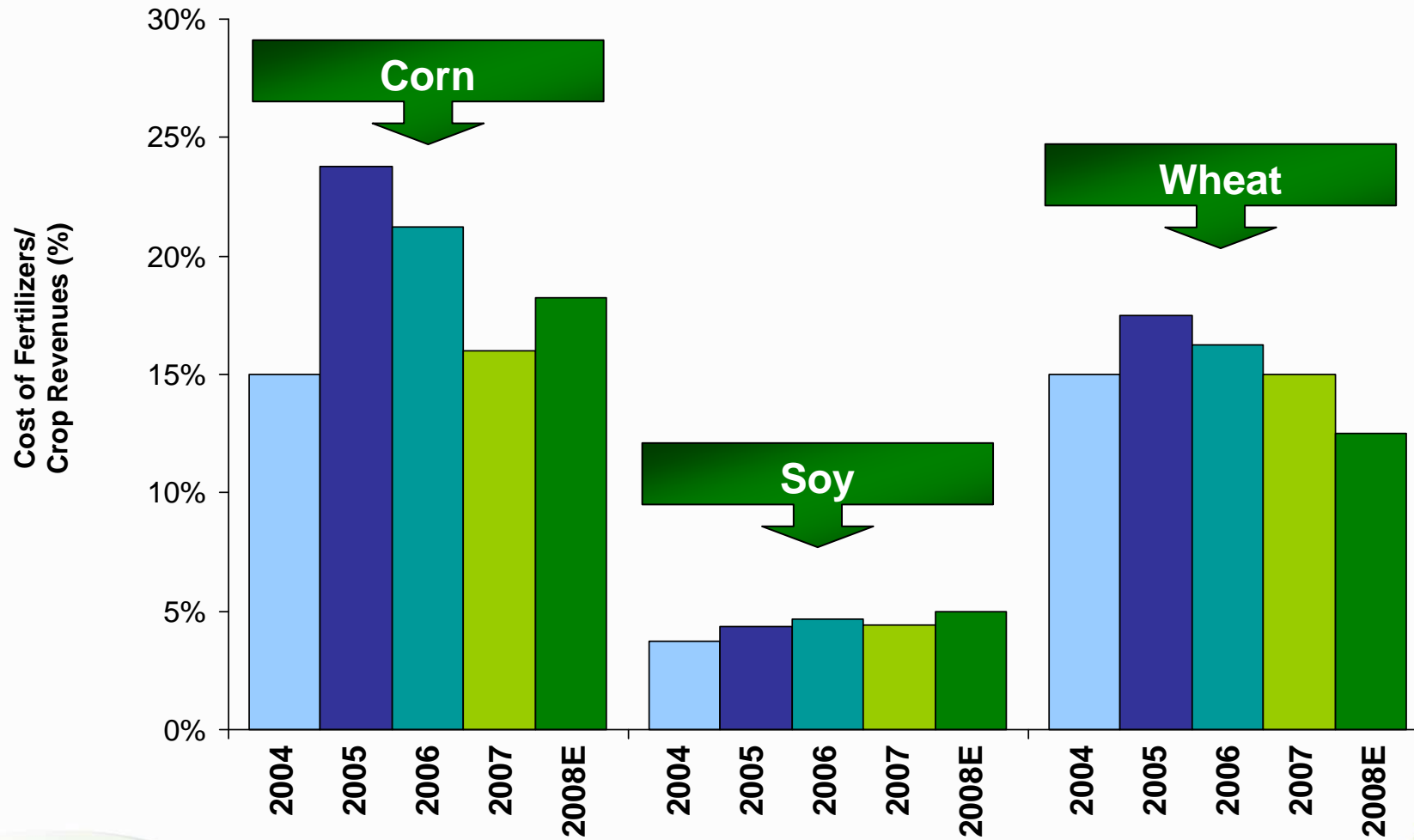
Demand: Crop Prices vs. KCI

Crop Prices vs. KCI Prices*

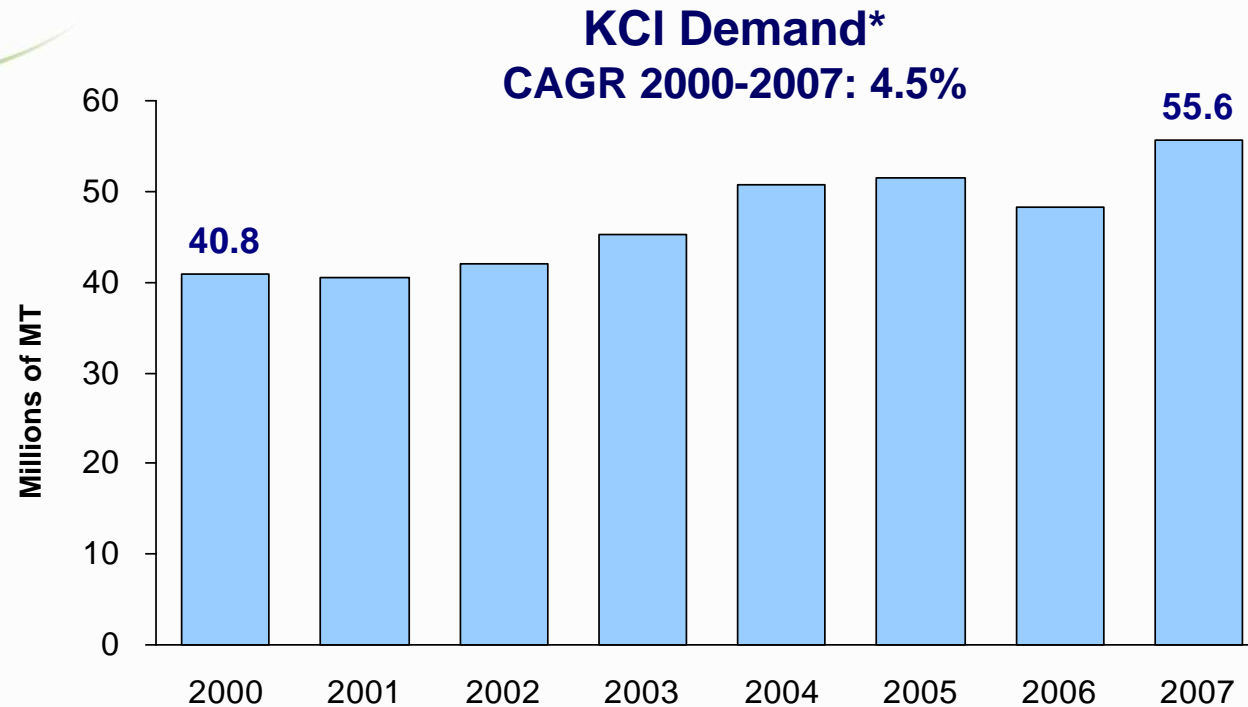


Demand: Cost of Fertilizers

Relative Cost of Fertilizers vs. Grain Prices*



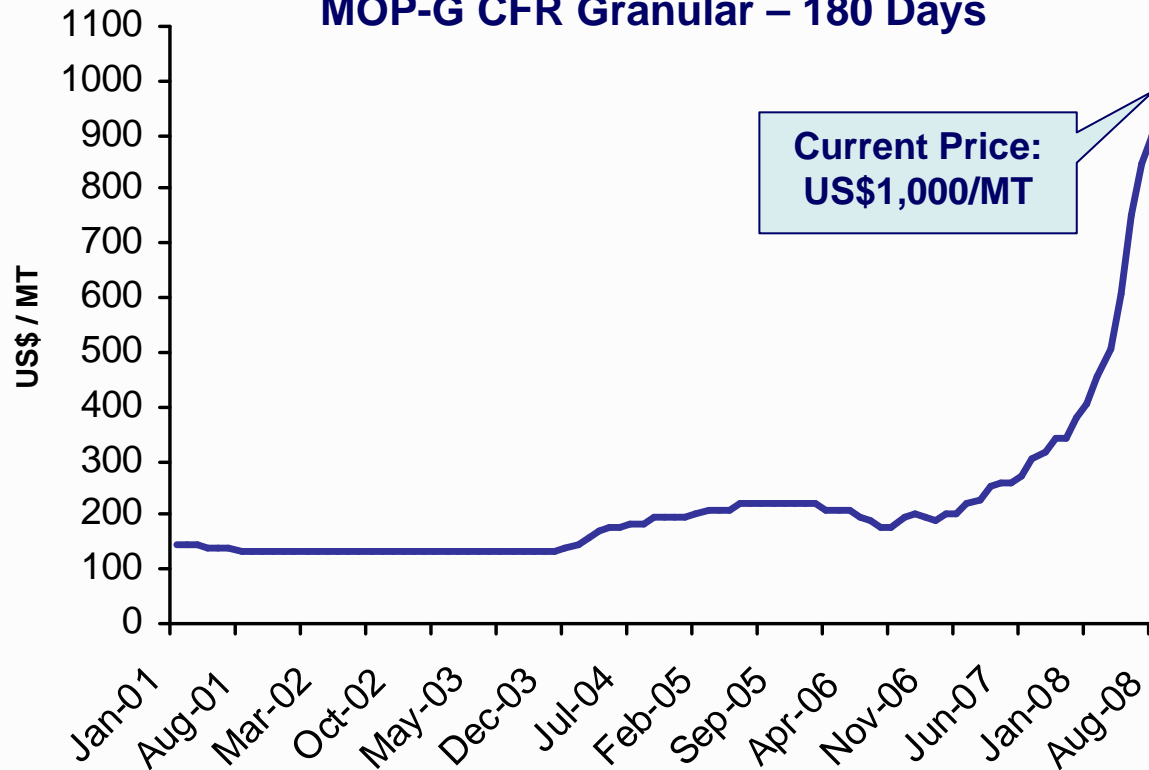
Demand: Volume Trends



- Consumption levels in 2008 are expected to be the same as in 2007, due to insufficient supply
- Beginning in 2009, consumption growth is expected to continue at a rate of approximately of 4.5%

Demand: Prices in Brazil

KCI Price in Brazil* MOP-G CFR Granular – 180 Days

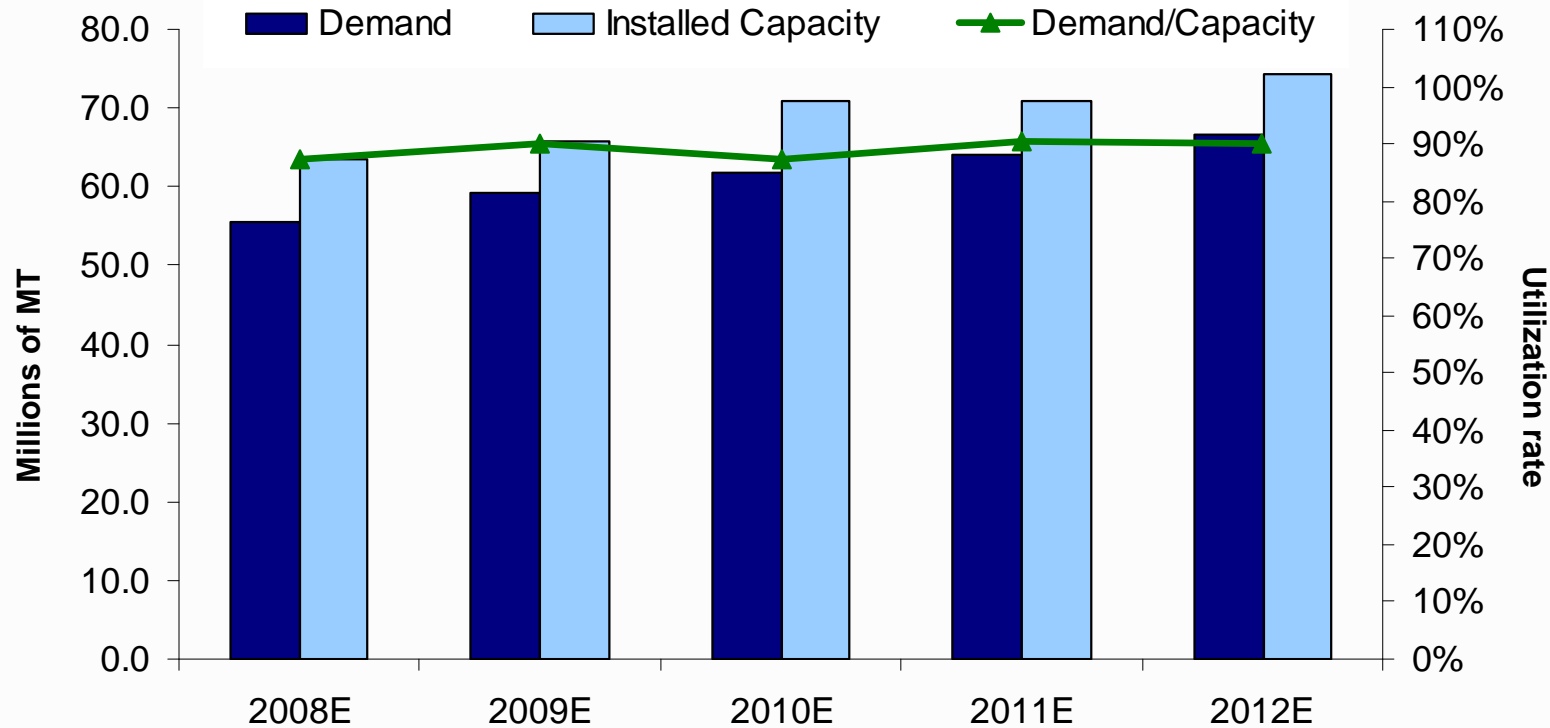


KCI Price Increases:

- India CFR: from US\$270/MT to US\$625/MT (price through April 2009).
- China CFR: from US\$250 to US\$650 (price through December 2008).
- In 2009 prices in India and China are expected to reach the same levels as prices in Brazil and other Asian countries.

Projected Supply and Demand Balance

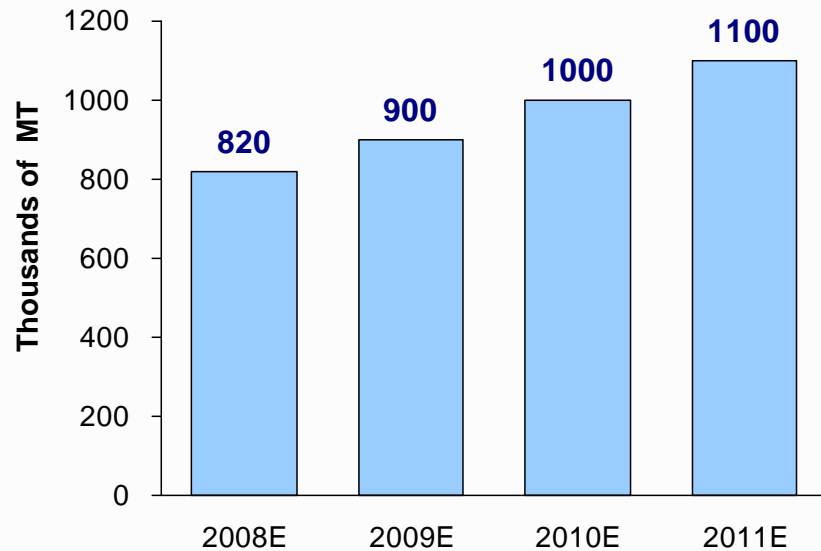
- Capacity utilization rate expected to be close to 90% in coming years.



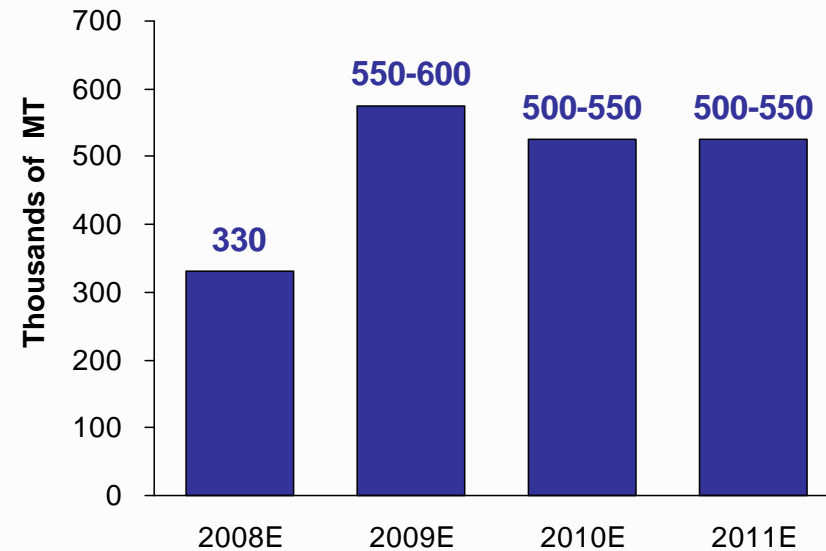


SQM's Supply: Projection

KCI + SOP Production *



KCI + SOP Sales *



** SQM estimates. Sales of KNO₃ are projected to increase in 2009 and to increase significantly in 2010. Consequently, a significant part of the KCI production will be used in the production of KNO₃. Current projections indicate that in 2009 SQM will sell approximately 100,000 MT of inventory generated during 2008. These figures may change significantly, depending on effective production, the start-up dates for the potassium expansions and the start-up dates for the KNO₃ expansion.*



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KNO₃ market share: 49%**

48% of 1H08 revenues



Iodine

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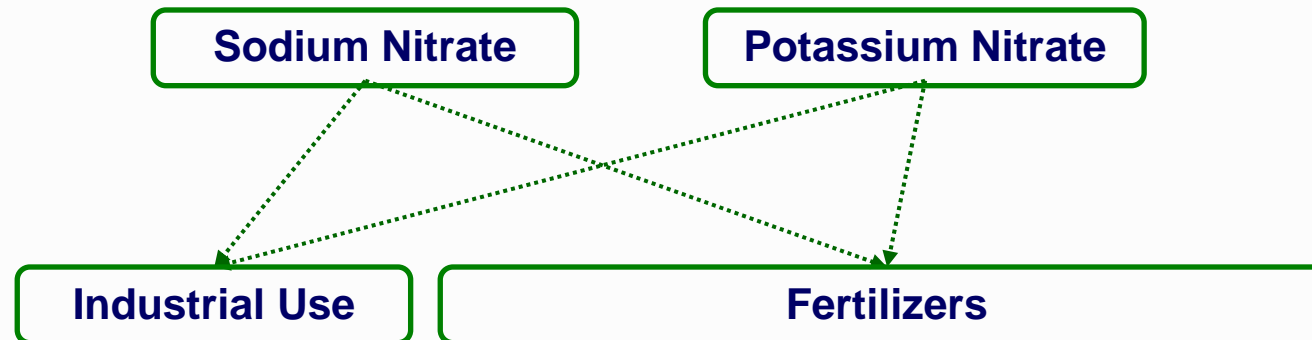
Lithium

Market share**: 30%

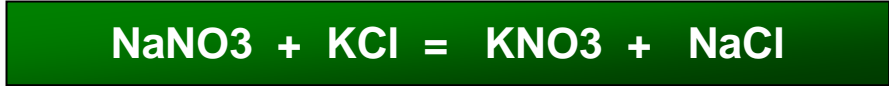
11% of 1H08 revenues



Introduction: Nitrates Market



Product	NaNO ₃ and KNO ₃	NaNO ₃ , KNO ₃ and SPO
Market Size	700,000 MT	1,540,000 MT
Uses/ Application	Glass, explosives, TV screens, water treatment, solar salts	<ul style="list-style-type: none"> • Crops: beets, tobacco, cereals, vegetables, fruit • Agricultural techniques: fertirrigation, foliar application



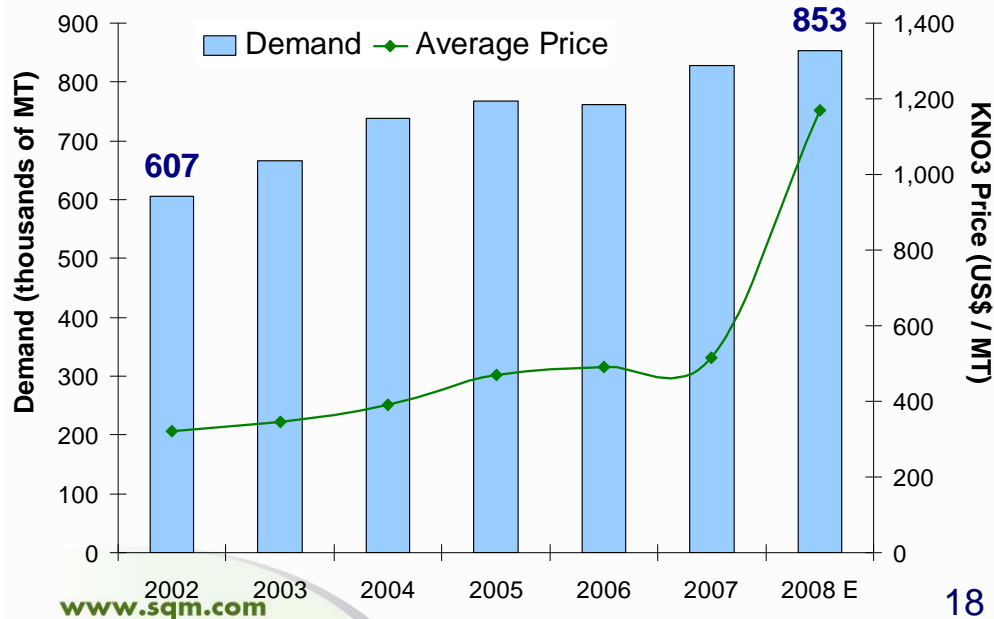


Demand: Agricultural KNO3

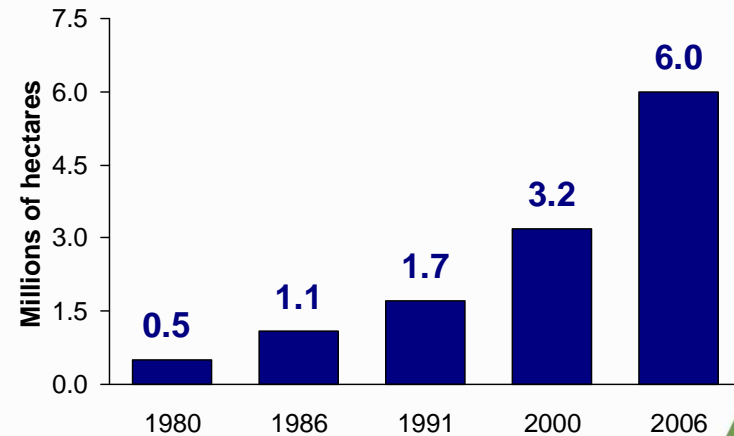
Demand for agricultural potassium nitrate:

- **Demand Growth:** during the last 10 years, the CAGR has been close to 5%.
- **Soluble Segment:** scarcity of water, high cost of land and growing demand for high-quality fruits and vegetables have driven the growth of modern agricultural techniques (Micro-irrigation, hydroponics, greenhousing, etc.)
- **Geographic Area:** KNO3 demand has increased substantially in countries like China, India, Turkey, México, Middle East countries.

KNO3 Prices and Demand*



Global Micro-Irrigation Surface Area**
CAGR: 10%



* SQM estimates for 2008

** Source: ICID

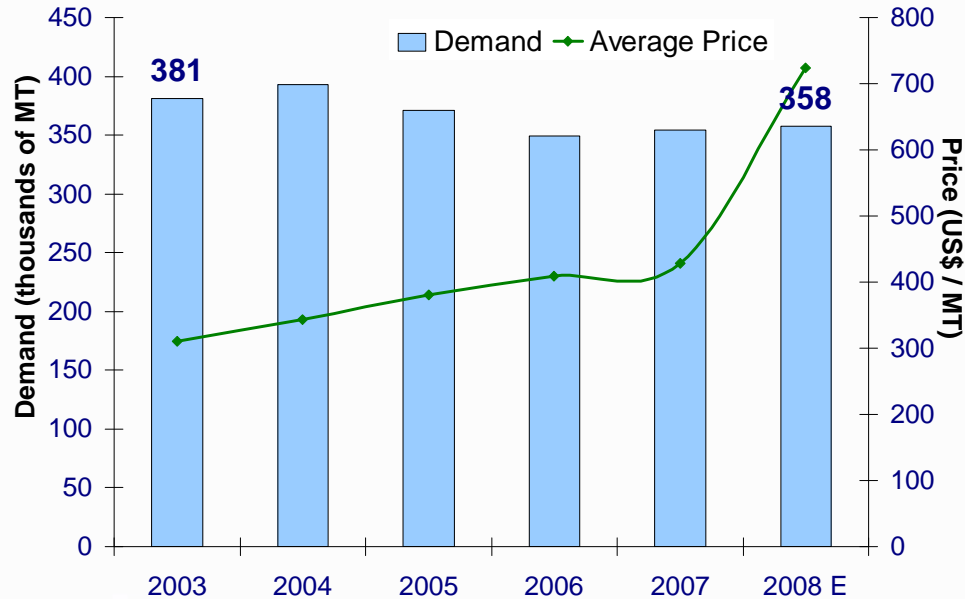


Demand: Industrial Nitrates

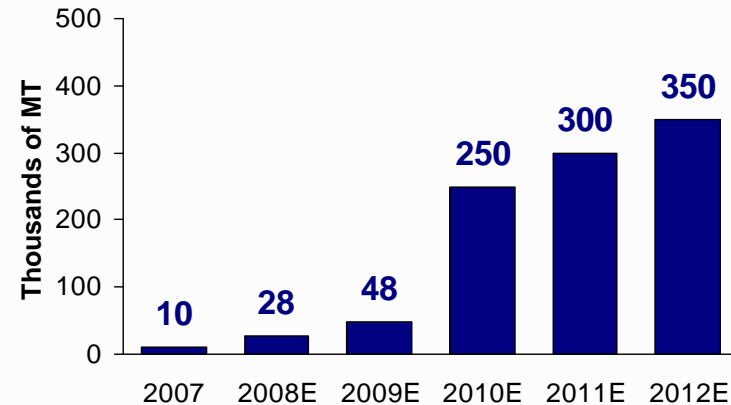
Demand for industrial-grade potassium nitrate and sodium nitrate

- Demand for current applications has been stable
- New demand for storage of thermal energy in solar energy plants will significantly increase the consumption of nitrates
 - ✓ Mixture of sodium nitrate and potassium nitrate
 - ✓ 50 projects will be developed in the next 5 years.

Industrial Nitrates Prices and Demand*



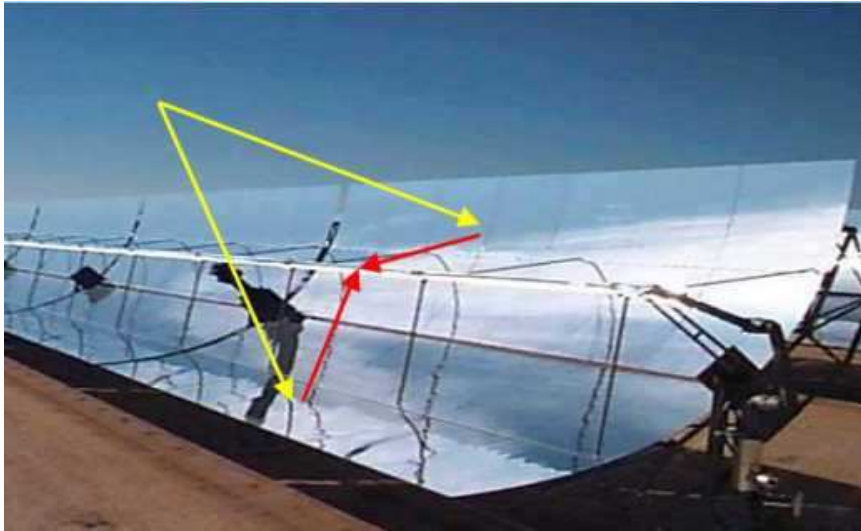
Projected Demand for Solar Salts*





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Demand: Solar Salts Projects



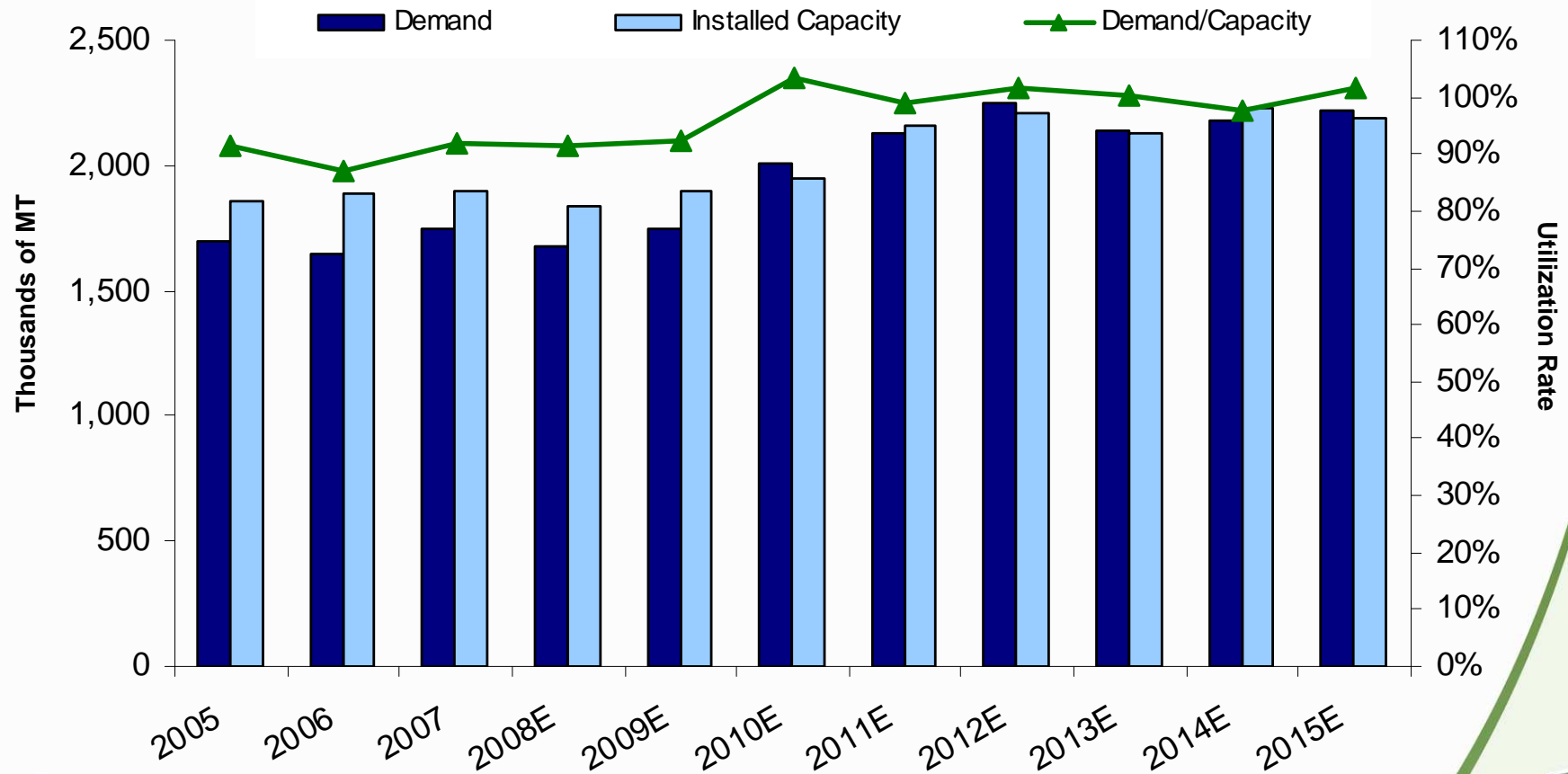
Main Projects

- ACS Cobra-Sener, Man Solar Millenium, Abengoa, Acciona, SAMCA, Endesa España, Ibereolica



Projected Supply and Demand Balance

- Capacity utilization rate expected to be close to 100% in coming years.





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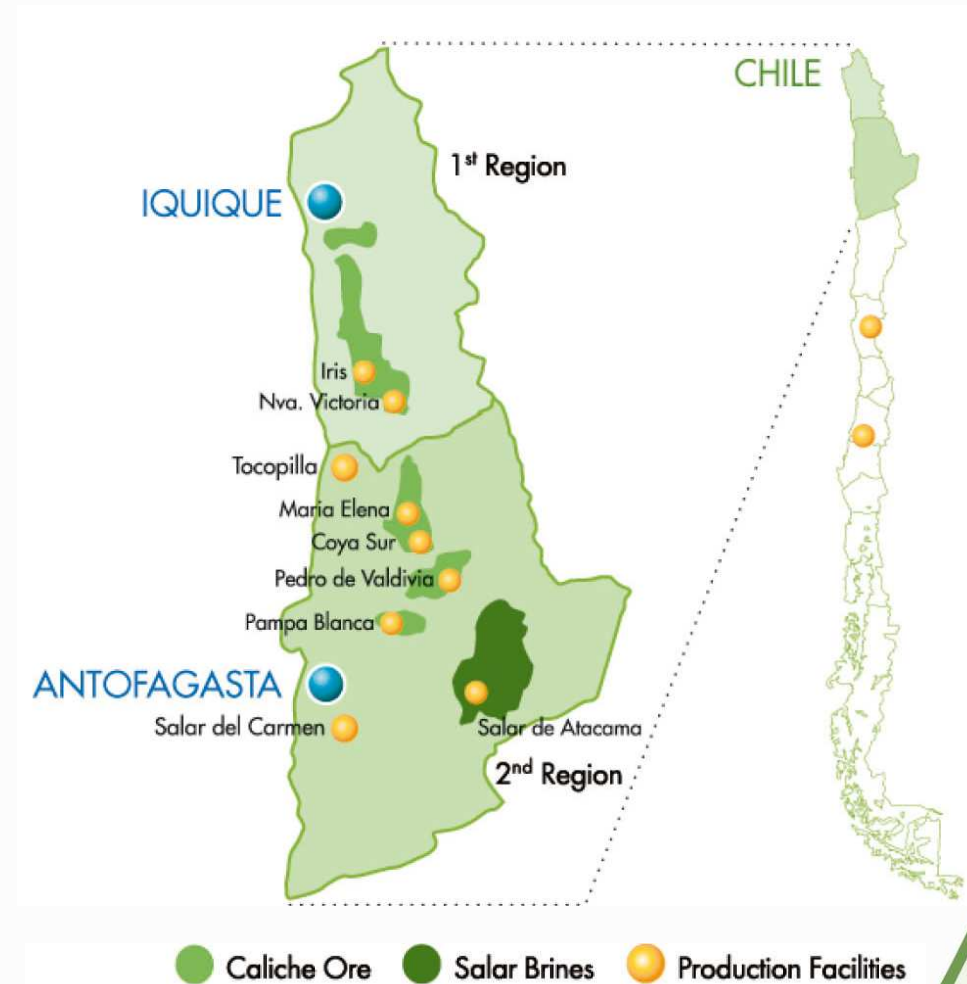
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Introduction: SQM and Iodine

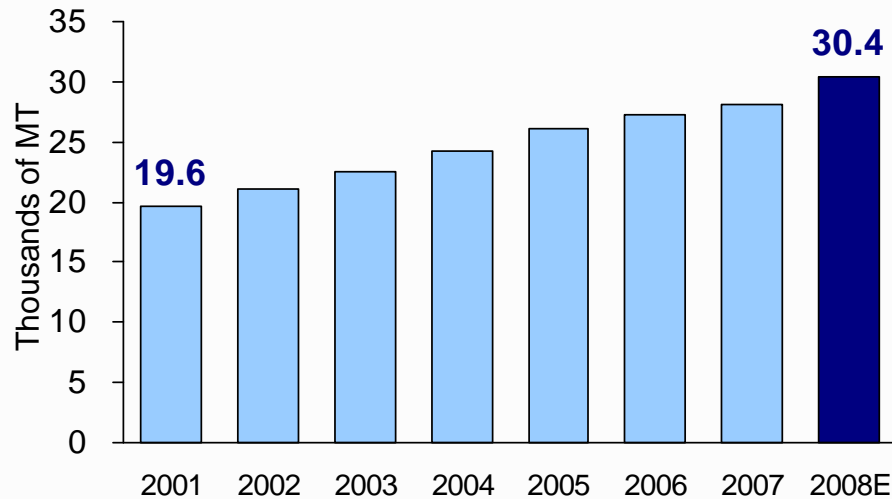
- Iodine is extracted from caliche ore, together with sodium nitrate
- SQM has exploitation rights for more than 1.6 million hectares of caliche
- SQM has proven and probable reserves for more than 30 years of production.
- Currently there are four mines in operation: Pampa Blanca, Pedro de Valdivia, María Elena and Nueva Victoria



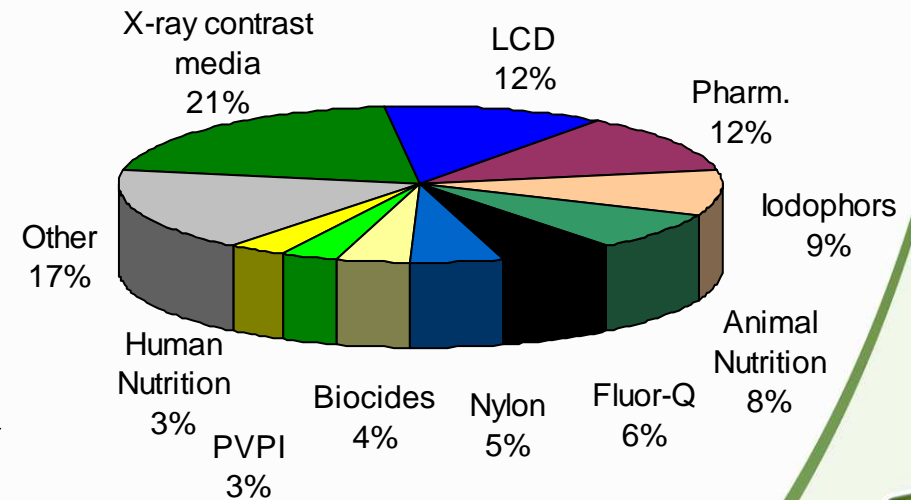
Demand: Trends and Uses

- CAGR for iodine demand: 6.4% (between 2001 and 2007)
- Estimated demand for 2008: 30,300 MT → growth of 7% vs. 2007
- More than half of the applications for iodine are related to health and nutrition (human and animal)
- Main industrial application: LCD screens

Demand*



Applications*

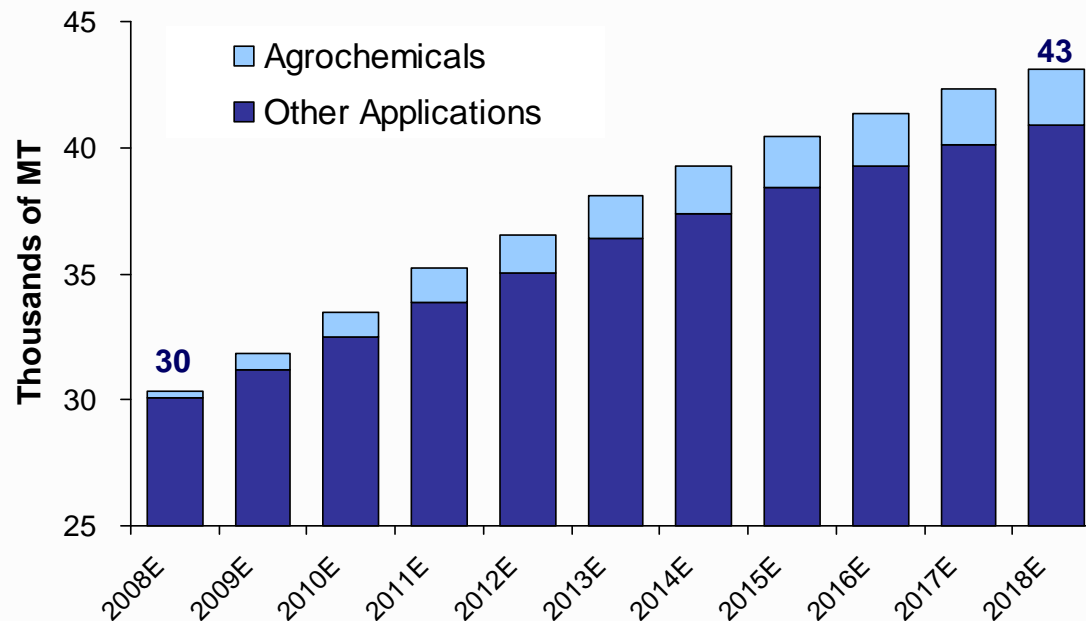


Projected Demand

Iodine demand is expected to grow at an average rate of 3.5% - 4.0% in the next ten years, reaching a total of 43,000 MT in 2018

- The LCD application will have an important role, with an expected average growth rate of 7.5% between 2008 and 2018
- Another demand driver in the future will be the use of iodine as an agrochemical. Demand for this new use is expected to reach approximately 2,200 MT in 2018

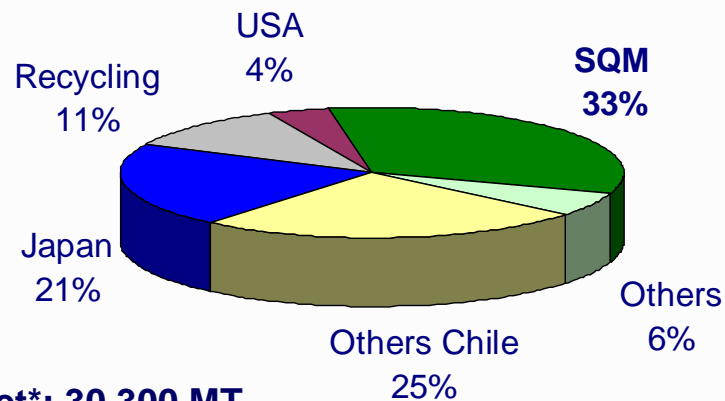
Projected Iodine Demand*



Supply: Market Share

- **SQM's market share is expected to reach 33% this year**
- **Together, Chilean producers will fulfill 58% of world demand**
 - ✓ Demand growth will be met primarily by Chile
- **Production from Japan, where iodine is extracted as a by-product of natural gas, has been stable during the last 20 years.**
- **Recycled iodine is generated mainly in the LCD industry.**

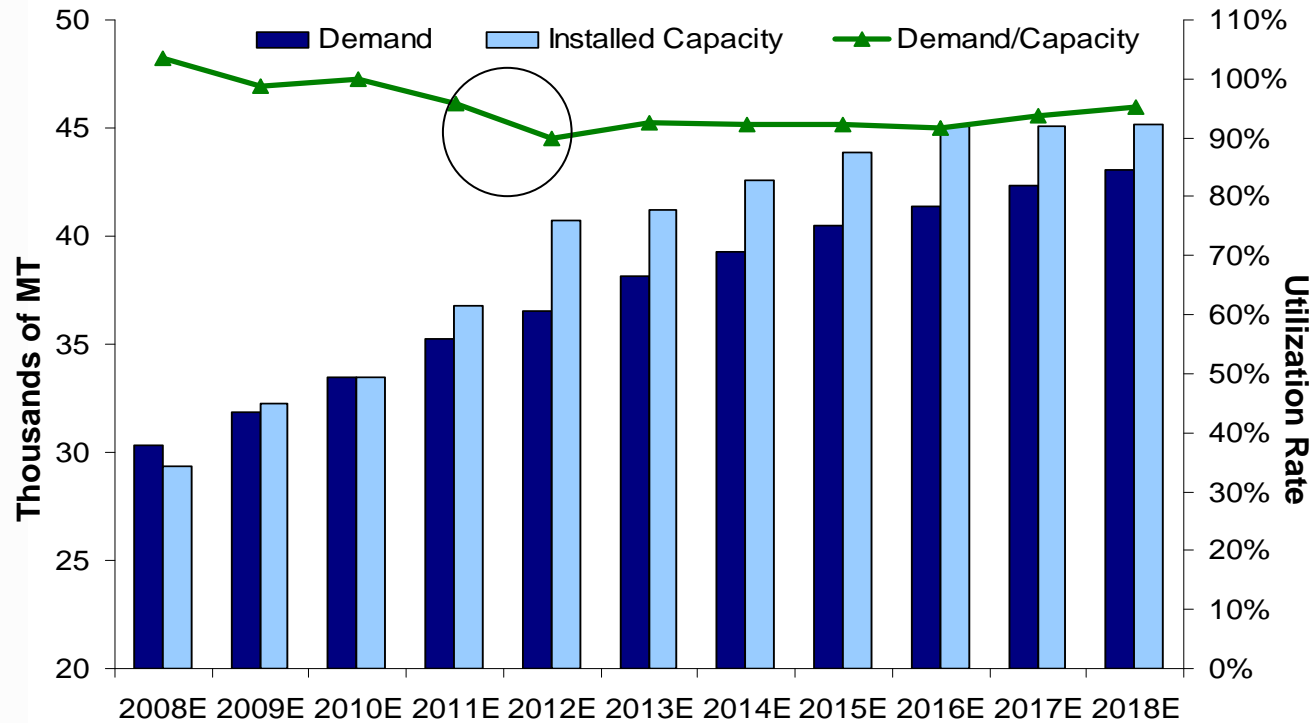
Market Share*



Total Market*: 30,300 MT

Projected Supply and Demand Balance

- Capacity utilization rate is expected to be over 90% in coming years
- SQM will increase capacity to 15,000 MT in 2012





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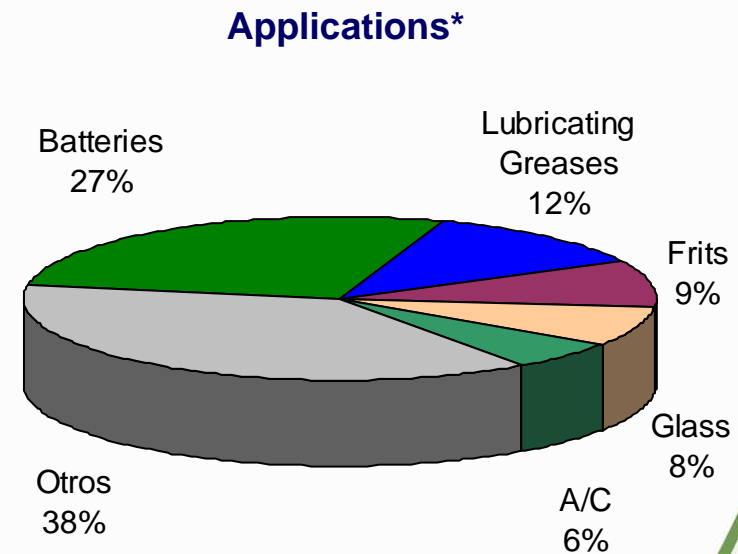
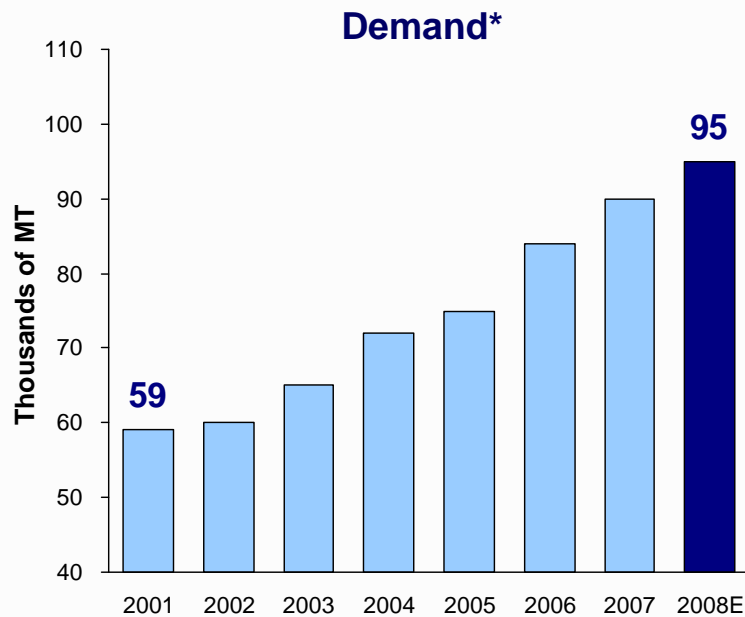
Introduction: SQM and Lithium

- The Salar de Atacama contains the best and most abundant commercially exploitable reserves in the world
- These reserves are located in the core of the Salar de Atacama, a salt-encrusted depression within the Atacama Desert, which contains deposits of brines fed by an underground inflow of water from the Andes Mountains
- The brines from the Salar de Atacama have sustainable competitive advantages on a global level, because they have the highest concentrations of potassium, lithium and boron



Demand: Trends and Uses

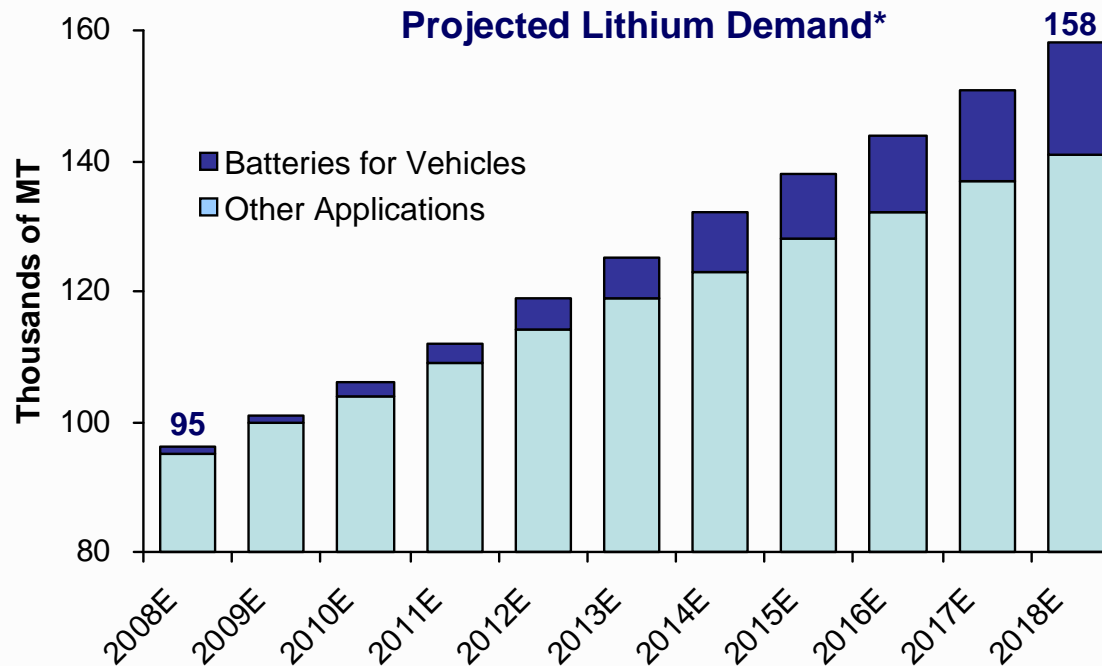
- Between 2001 and 2007, demand grew at an average rate of 7% per year
- In 2008, demand is expected to increase 6% with respect to 2007
- Lithium possesses qualities that give it important advantages to be used in rechargeable and non-rechargeable batteries
 - ✓ For 2008, this application is expected to account for approximately 27% of total demand



Total Market: 95,400 TM

Projected Demand

- **Expected growth in lithium demand (2008 – 2018): over 5% per year**
- **Rechargeable batteries should drive growth, with rates near 10% per year**
 - ✓ By 2018 batteries should account for 42% of total demand (2008: 27%)
- **Within the batteries market, the batteries with greater growth potential are those that are more lithium-intensive, such as batteries for electric vehicles.**



Demand: Hybrid and Electric Vehicles

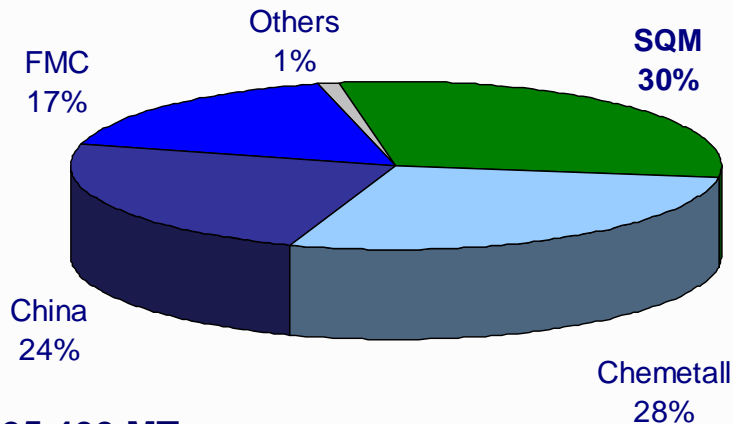


- There is a consensus in the industry that lithium batteries are the best option to store energy in electric and hybrid electric vehicles (HEVs).
- In 2007 more than half a million hybrid vehicles were sold
 - ✓ Toyota is the main manufacturer of HEVs, with its Prius model being the best-selling car in this category.
 - ✓ By 2012 the number of electric and hybrid electric vehicles could exceed 2 million units.
- Some estimates indicate that the first HEVs using lithium-ion batteries will be available for sale by the end of 2009.
- This application has significant potential for the lithium market. A battery for a hybrid or electric vehicle should contain between 1 and 5 kilograms of lithium-carbonate equivalent.
- By 2018, batteries for hybrid and electric vehicles could account for between 10% and 15% of total demand.

Supply: Market Share

- **SQM is the main producer of lithium, with an estimated market share of approximately 30% for 2008.**

Market Share 2008*



Total Market: 95,400 MT

Projected Supply and Demand Balance

- **SQM: Capacity expansion to 40,000 MT LCE is complete**
- **China: New operations have been announced, but there is still uncertainty regarding actual production capacities**
- **Capacity utilization rate is expected to be over 90% in coming years**

