



2018090154699

06/09/2018 12:45 Operador: PFRANCO
DIVISION CONTROL FINANCIERO VALORES
Nro. Inscrip: 184v

Santiago, 6 de septiembre de 2018

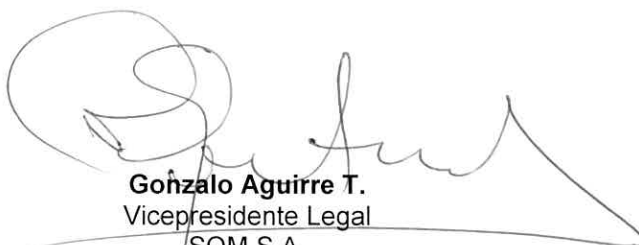
Señor
Joaquín Cortez Huerta
Presidente
Comisión para el Mercado Financiero
Avda. Libertador Bernardo O'Higgins 1449
Presente

De nuestra consideración:

En cumplimiento a lo indicado por esa Comisión para el Mercado Financiero, adjuntamos la copia de presentación que fue presentada en el Investor Day de la Compañía el 5 de septiembre de 2018 en la Bolsa de Nueva York.

Saludamos muy atentamente a usted,

SOCIEDAD QUÍMICA Y MINERA DE CHILE S.A.



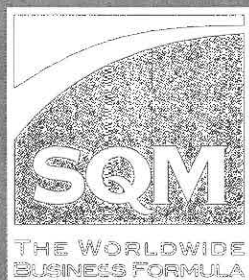
Gonzalo Aguirre T.
Vicepresidente Legal
SQM S.A.

cc: Bolsa de Comercio de Santiago (vía ebox)
Bolsa de Valores de Valparaíso
Bolsa Electrónica de Chile
Archivo



SQM
El Trovador 4285, Piso 10
Las Condes, Santiago, Chile
Tel: (56 2) 2425 2485
Fax: (56 2) 2425 2493
www.sqm.com





INVESTOR

DAY

2018

NYSE

September 5

CUSTOMARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements in this presentation concerning the Company'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.



INVESTOR DAY PROGRAM

01. Patricio de Solminihaç
CEO

02. Ricardo Ramos
CFO

03. Gerardo Illanes
VP Finance & IR

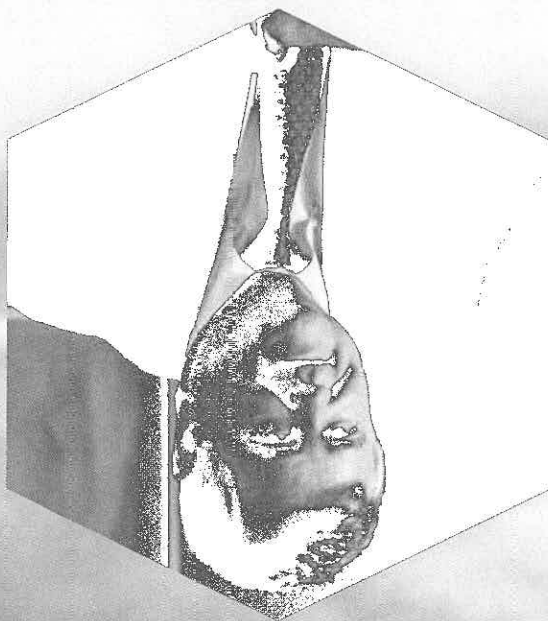
04. Q&A

Presentation is available
on our website www.sqm.com



PATRICIO DE SOLMINIHAC

CEO



OUR HISTORY



1926

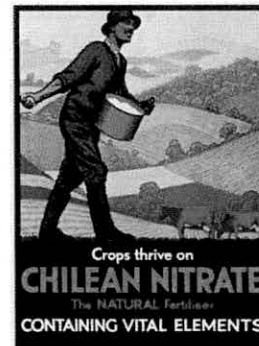
Maria Elena begins operations using the Guggenheim Method

1830

Commercial exploitation of the caliche ore deposits in northern Chile began

1951

SQM constructs crystalized nitrates plant in Coya Sur



1968

SQM is incorporated

1986

Production of potassium nitrate begins



1993

Listing of ADR Program on New York Stock Exchange
SQM begins developing the Salar de Atacama

1996

SQM begins iodine production in Nueva Victoria

1997

Lithium carbonate production begins

2005

Lithium hydroxide production begins

2014

Lean methodology adoption begins company-wide

2017

Joint venture with Kidman resources to develop the Mt. Holland Lithium Project in Australia

2018

New agreement with CORFO; announcement of lithium capacity expansion in Chile from 48k MT/year to 180k MT/year over next few years



Celebrating 25 years listed on the NYSE



Celebrating its 50th anniversary

www.sqm.com
2018

CORPORATE STRATEGY

Be a global company with people committed to excellence, dedicated to the extraction of minerals and selectively integrated in the production and sale of products for the industries essential for human development



Ensure availability of key resources required to support current goals for medium and long-term business growth



Consolidate a culture of lean operations (M1 excellence) throughout the organization, including operations, sales and support areas



Significantly increase nitrate sales for all its applications, and ensure consistency with the iodine sales strategy



Maximize the margins of each business line through appropriate pricing strategy



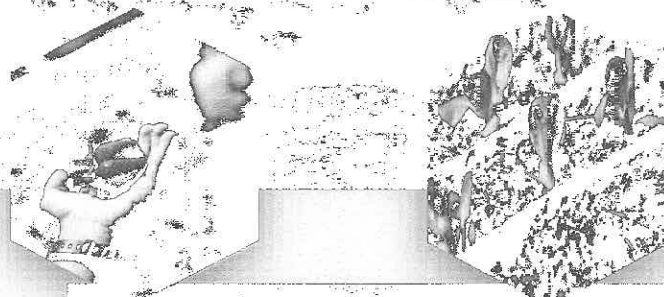
Successfully develop and implement all lithium expansion projects, acquire more assets to complement our current portfolio

Strengthen the organizational structure to support the development of the strategic plan, focusing on the development of critical capabilities and the application of the corporate values of excellence, integrity and safety

Develop and actively manage a robust risk control and mitigation process, while focusing on sustainable operations and the environment

Improve our stakeholder management to establish links with the community, and communicate to Chile and the world our contribution to industries essential for human development

SPECIALTY PLANT NUTRITION



2017 Recap

- Currently 16 WS-NPK plants, further market development
- New production plants
- Continued cost improvement for all products
- Add value to KNO_3

Potassium Nitrate (KNO_3)



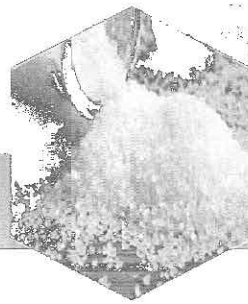
- Water soluble fertilizer market growing at ~10% per year
- SQM volume growth outpacing the market in 2018, over 10%, 2019 will see continued increase
- Expanding nitrates production from 1 to 1.5 million MT/year. Currently at 1.3 million MT/year
- Two new NPK plants: Italy and Mexico

SUSTAINABILITY & INNOVATION

As a result of Lean M1 Operations, in May 2018 the port of Tocopilla shipped **250,000 MT**, setting a new shipping record

In 2017 SQM and the Aylu Wine Program worked with farmers and the Indigenous Association to produce over **7,500 bottles** of wine in the Salar de Atacama

POTASSIUM CHLORIDE



2017 Recap

- Kore Potash project
- Continued cost improvements for all products

MOP
(KCL)

LTM CONTRIBUTION TO:



- Low-cost raw material for our growing potassium nitrate business
- Market growing, expected to reach ~63-64 million MT
- 2018 sales volumes estimated to be less than 1 million MT, lower in 2019 as result of increased lithium and potassium nitrate production
- Approximately 1/3 of SQM sales to Brazil in 2018

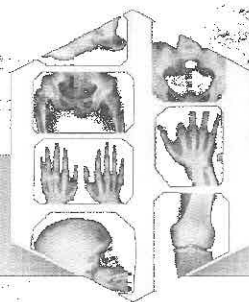
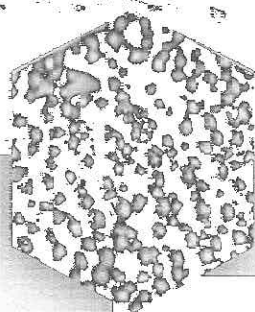
SUSTAINABILITY & INNOVATION

Approximately **15%** of our employees are women, more than double the average in the Chilean mining industry

95.8% of the energy required for our operations is solar



IODINE & DERIVATIVES



Iodine

(I₂)

LTM CONTRIBUTION TO:

10%

12%

GROSS PROFIT REVENUES

2017 Recap

- More than 35% market share; >12k MT sales volumes in 2017
- New capacity expansion
- Look for new projects in iodine derivatives

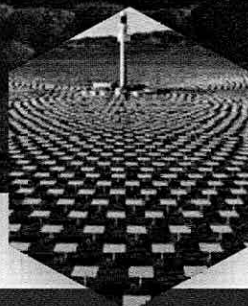
- Market demand will grow close to 3% in 2018
- Sales volumes up, expected to surpass 13k MT in 2018
- Expansion project from 11-14k MT/year was completed
- More SQM iodine projects in pipeline; preparing to meet future market demand

SUSTAINABILITY & INNOVATION

Best safety record over the last 12 months

New uses for iodine help keep demand growing consistently

INDUSTRIAL CHEMICALS



2017 Recap

- 2017 sales volumes expected 100,000 MT

Solar Salts (KNO_3 , NaNO_3)

LTM CONTRIBUTION TO:



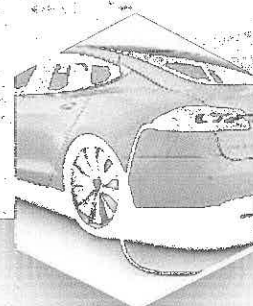
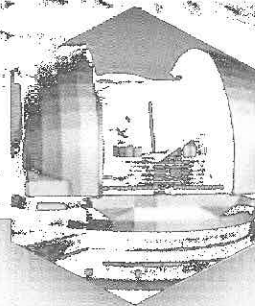
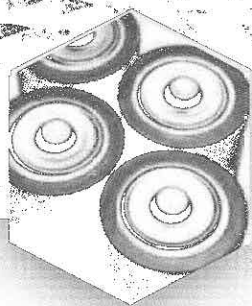
- Market growth coming from solar salts for CSP (concentrated solar power) projects
- Goal for 2020 volumes to reach 200,000 MT

SUSTAINABILITY & INNOVATION

Over **61,000 hours** of training completed in 2018.

Important geographical growth related to the use of solar salts: Spain, USA, South Africa, Morocco, Israel, Chile, UAE, Saudi Arabia and others.

LITHIUM & DERIVATIVES



2017 Recap

- Exar project
- JV with Kidman Resources (Mt. Holland, Australia)
- Look for new lithium projects outside Chile
- Leadership position in the market



LTM CONTRIBUTION TO:

58%

30%

GROSS PROFIT

REVENUES

- Market growth in 2018 expected to surpass 20%
- Sales volumes in 2018 will surpass 50k MT
- First stage of lithium carbonate expansion in Chile completed on time and on budget (~US\$75 million)
 - 70k to 120k MT in 2019 (US\$200 million)
 - 120k to 180k MT in 2021 (US\$250 million)
- Lithium hydroxide expansion in Chile from 6k to 13.5k to be completed this year.

SUSTAINABILITY & INNOVATION

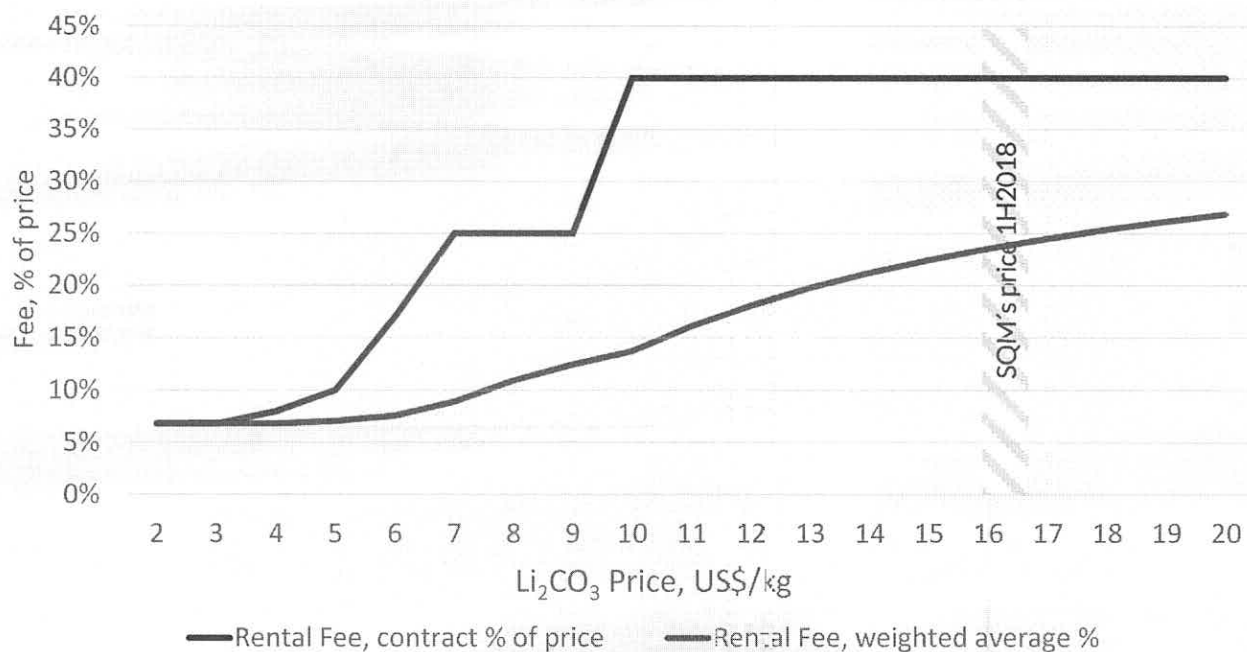
Will be able to almost **quadruple** lithium production without extracting more brine from the Salar de Atacama

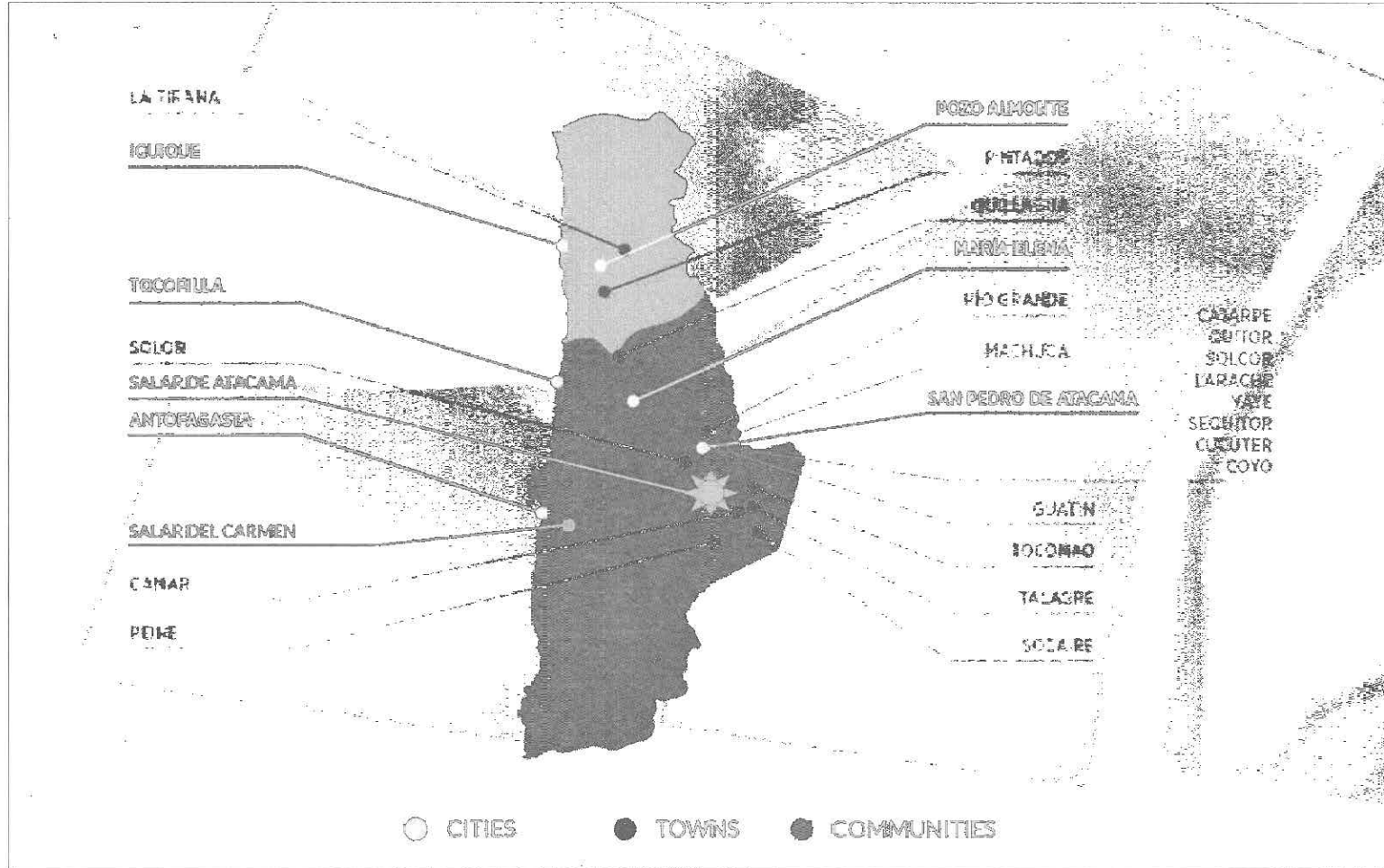
Continued development of **large-scale** lithium projects in Chile and abroad

CORFO & CONTRACT NEGOTIATIONS IN THE FUTURE

- Agreement reached with CORFO to maintain the lease through 2030
- Total production quota: 2.2 million MT of LCE
- New rent scheme became effective April 10, 2018
- Major investments and expansions in Chile

CORFO RENTAL FEE (LITHIUM CARBONATE)

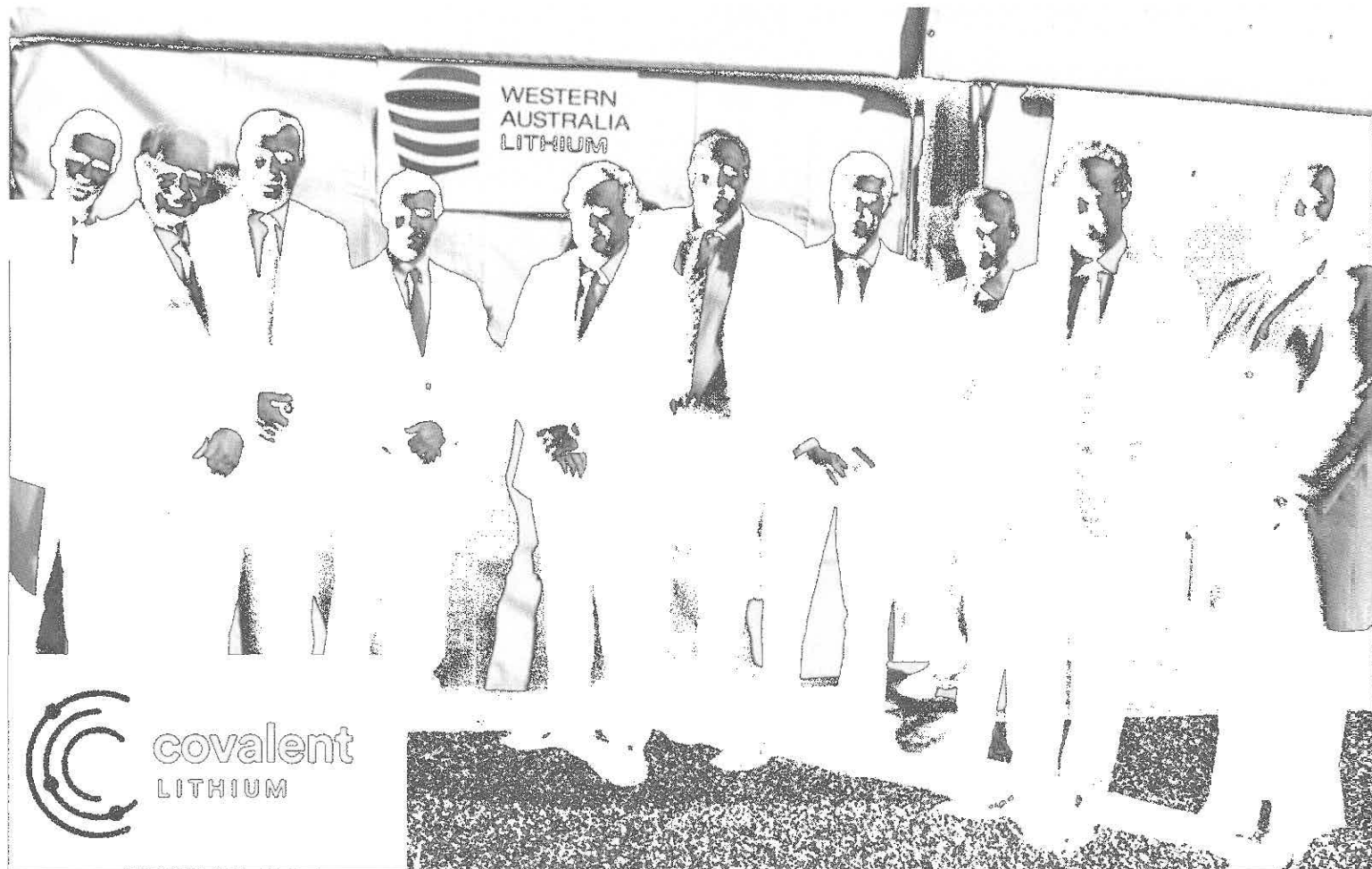




CONTRIBUTIONS TO THE DEVELOPMENT AND COMMUNITIES

- Annual contribution of US\$11-19 million for R&D efforts
- Annual contribution of US\$10-15 million for neighboring communities of the Salar de Atacama
- Annual contribution of 1.7% of SQM Salar's sales per year for regional development





LITHIUM EXPANSION IN AUSTRALIA

- Mt. Holiard, 50/50 JV with Kidman Resources
- Estimated to contain 189 million tons of 1.50% Li_2O or 7.03 million tons of LCE (according to JORC Code* standards)
- One of the world's most significant hard rock lithium deposits. Expected to be at the low end of the global hard rock cost curve
- Exclusive option to lease a premier site in Kwinana, Western Australia to build a refinery and produce battery-grade refined lithium
- Production focus on lithium hydroxide
- Capacity: 45k MT of LiOH /year
- Estimated commission date: 2020 - spodumene concentrate, 2021 - LiOH
- Current status: advancing on feasibility studies for mine, concentrator and refinery

www.sqm.com
2018

*The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code')

CONCLUSION

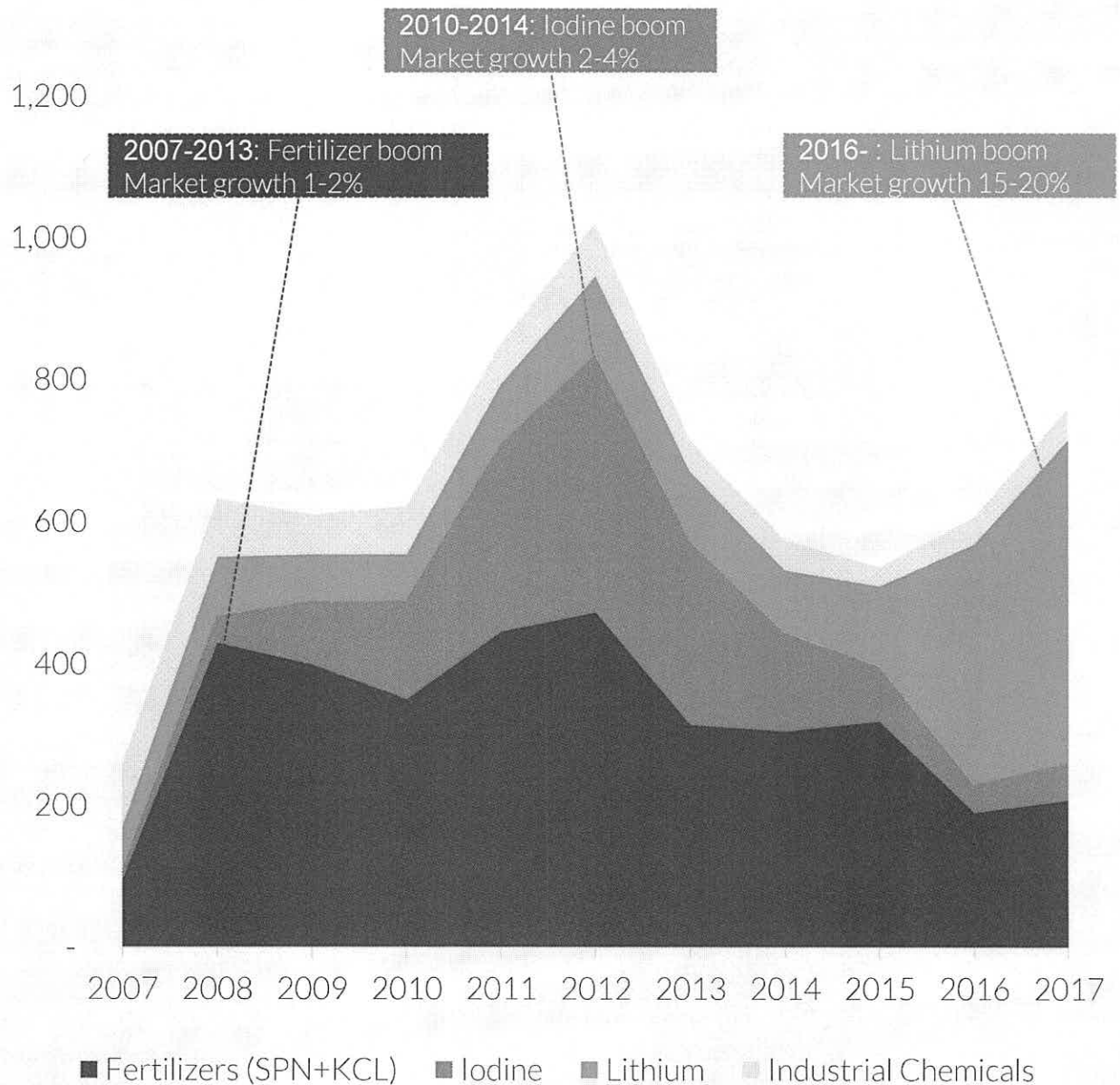
01. On track to capture opportunities in SPN, lithium, iodine and industrial chemicals business lines
02. Lithium is, and will continue to be, our main business line
03. We will continue to make decisions to maximize SQM value in the long-term



RICARDO RAMOS

GRO

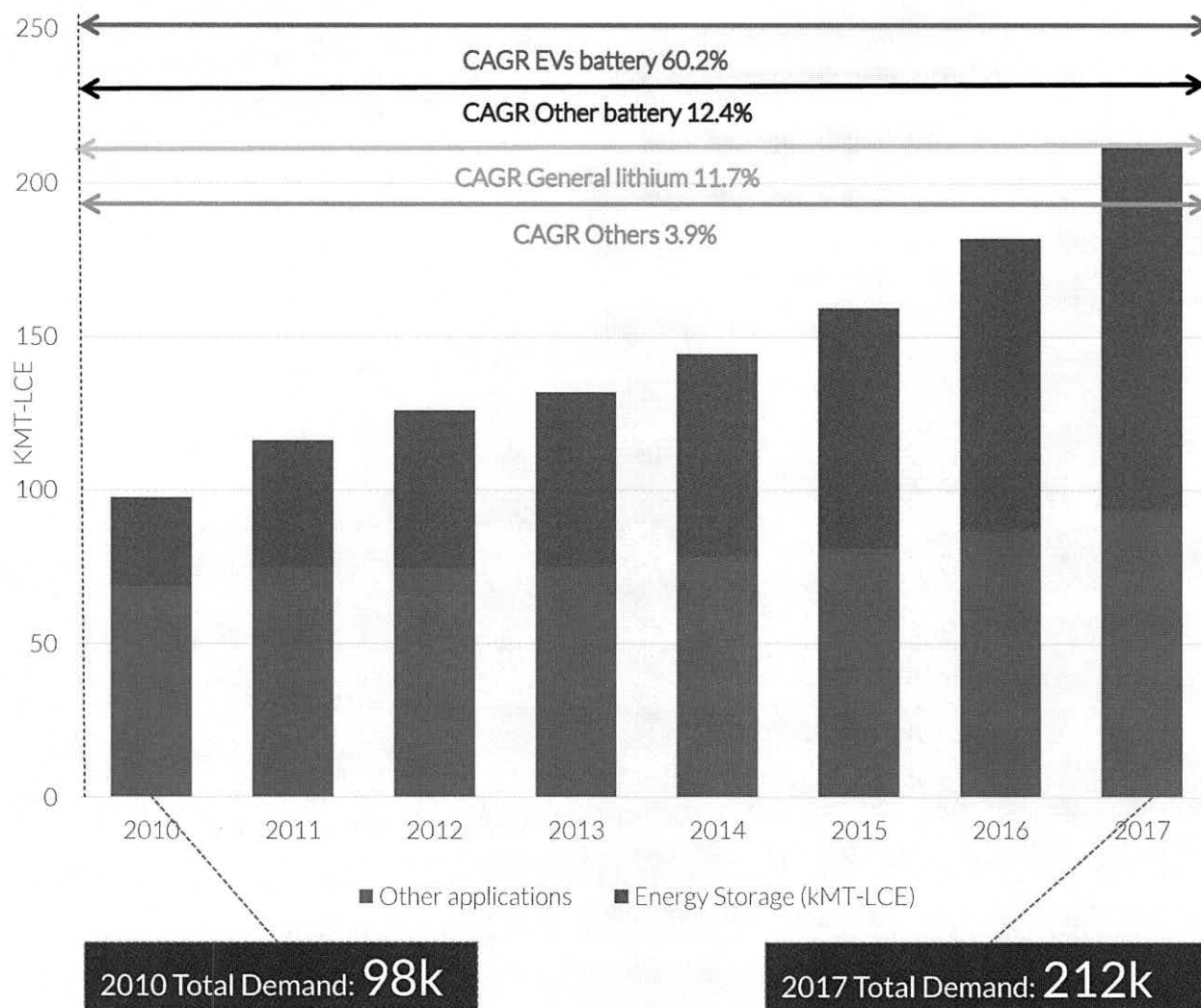
GROSS PROFIT EVOLUTION



A CLOSER LOOK AT THE LITHIUM MARKET

LITHIUM CHEMICALS DEMAND COMPARISON

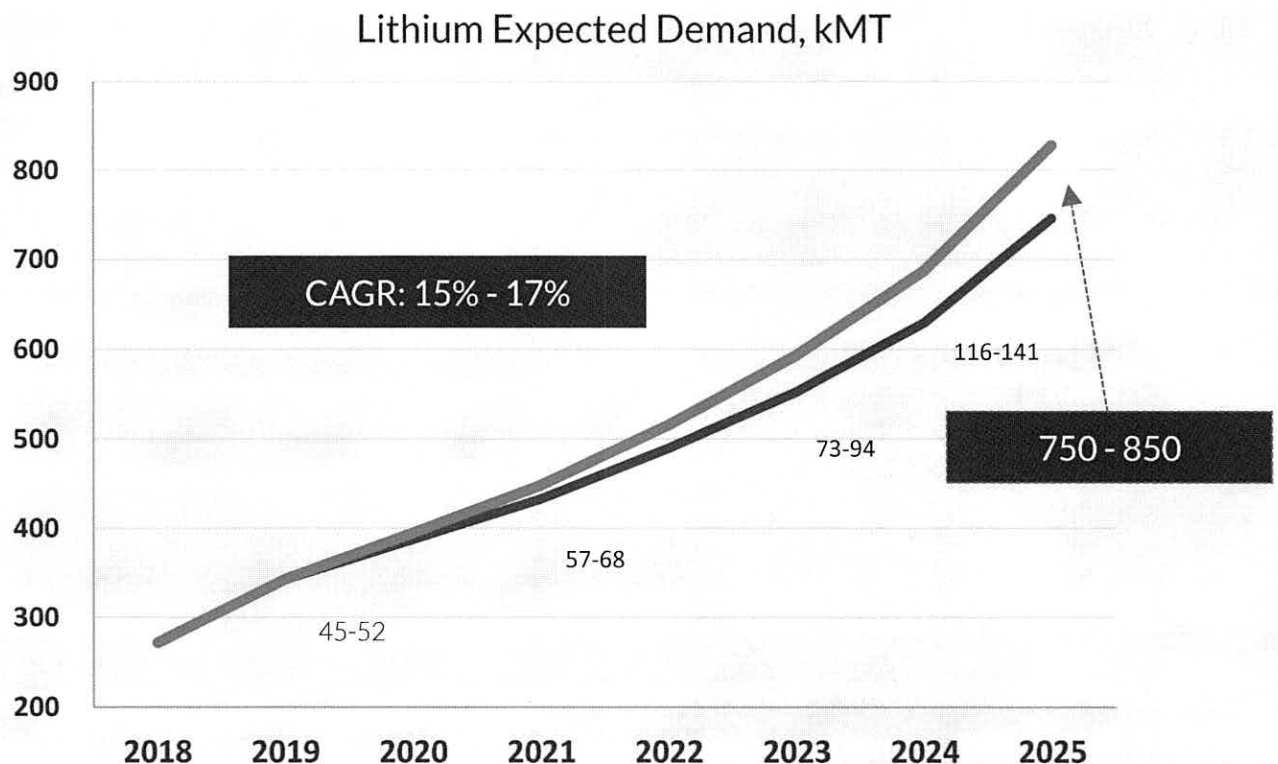
Lithium Demand Evolution 2010-2017



Demand growth has been led by energy storage related to electronic devices and power tools. Further growth will be related to electric vehicles.

A CLOSER LOOK AT THE LITHIUM MARKET

EVEN HIGHER EXPECTED DEMAND GROWTH



- Annual vehicle growth ~2%
- EV penetration is expected to be from ~3% to 9%-11%
- Average battery size from ~40 to 50 kWh (~0.7 – 0.8 kg LCE/kWh)
- ➔ EV Lithium demand is expected to be higher than 400k MT in 2025
- Other batteries uses: CAGR ~11%
- Others: CAGR ~4%

Source: SQM Estimates

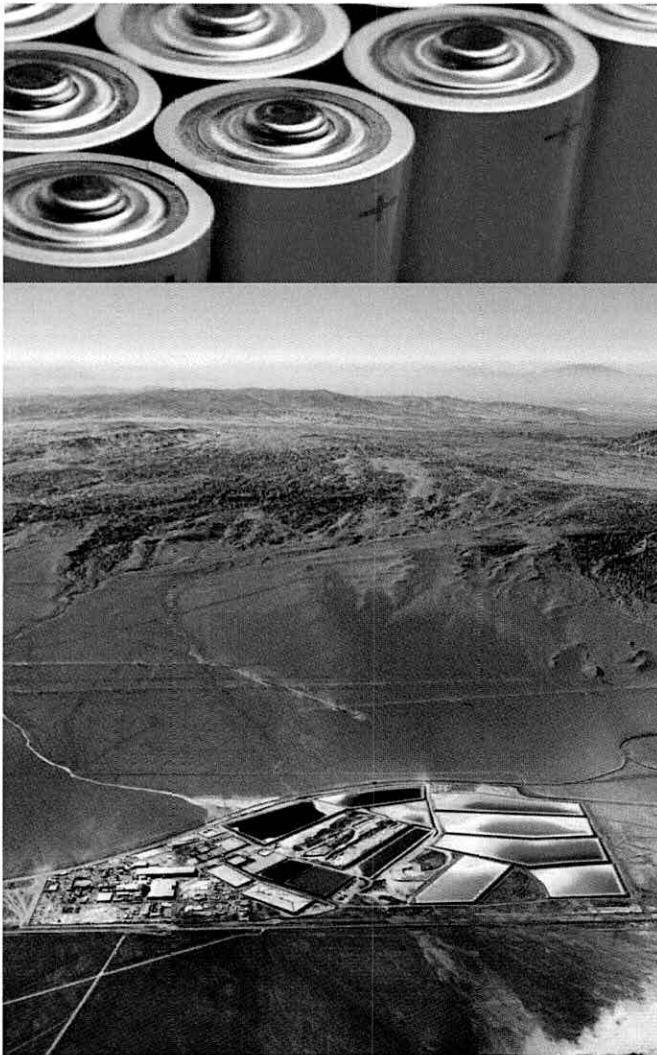


A CLOSER LOOK AT THE LITHIUM MARKET*

Demand is growing, and new capacity is needed.

SQM's Strategy:

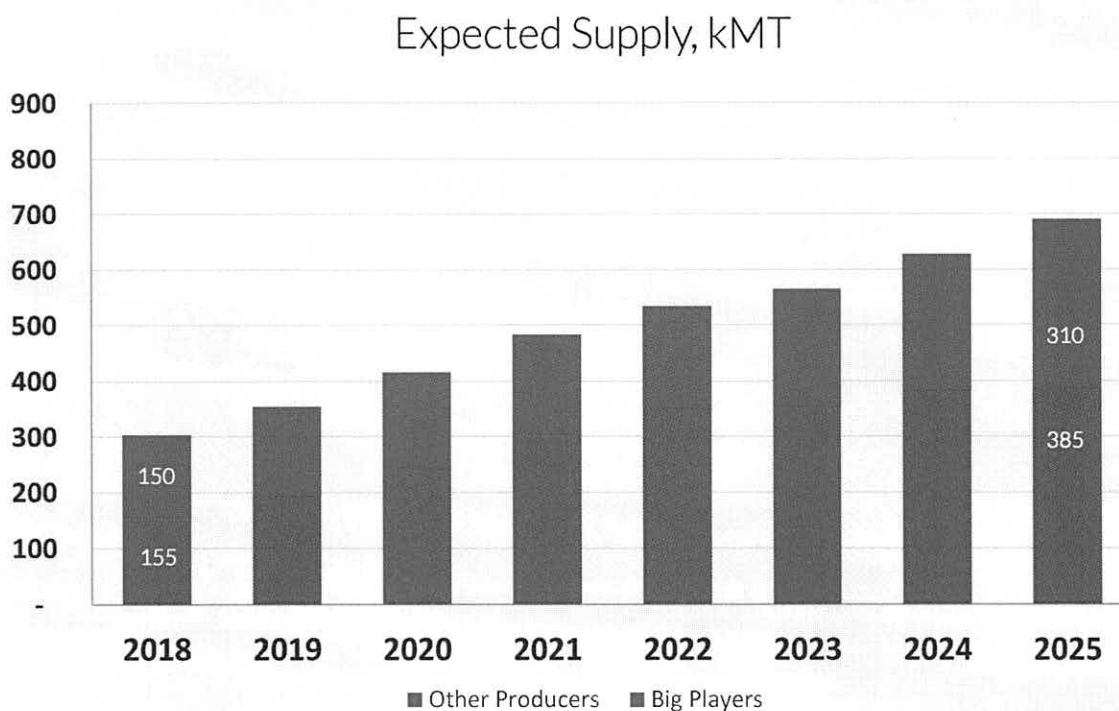
- Chile: capacity increase
(48k → 70k → 120k → 180k MT)
- Australia: 45k MT
- ➔ Be prepared for higher demand growth rates
- The best quality (physical and chemical), looking at the long-term requirements
- Focus on technological development, cost reduction and environmental sustainability
- Value-added relationships with our customers
- Potential M&A activities



*Source: SQM Estimates



GLOBAL LITHIUM SUPPLY EVOLUTION



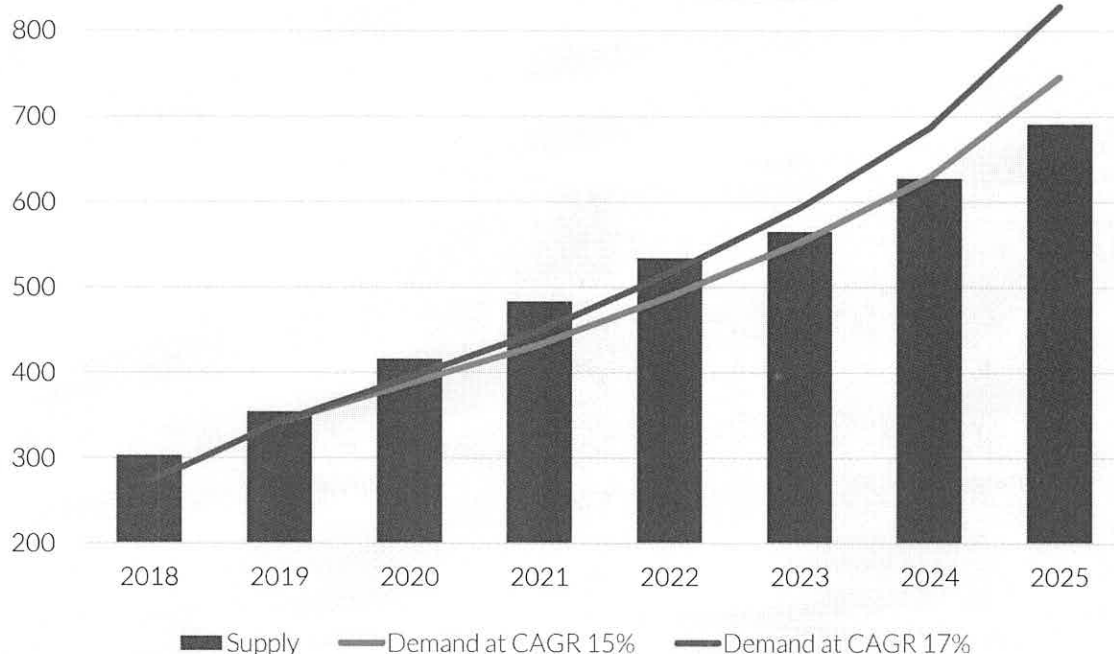
KEY ASSUMPTIONS:

- Other Players: Wodgina, Pilbara, other minerals and other brines
From 155 to 385k MT → CAGR ~14%
- Big Players: SQM, Albemarle & Tianqi (Salar de Atacama & Talison)
CAGR: ~11% (~8% in 2019/2020, ~3% in 2021/2022, ~15% in 2023/2024, ~25% in 2025)

*Source: SQM Estimates

GLOBAL LITHIUM SUPPLY & DEMAND EVOLUTION

Supply & Demand, kMT



- 2024-2025, market will need new projects or the big players will have to increase their market share
- Systematically, new projects have been delayed longer than expected and related production has been less than projected
- High quality battery grade lithium is very difficult to obtain during the early production years. Quality restrictions in the future are expected to be greater than today
- In the past we have underestimated the demand. Small variations in the penetration of the EVs can have significant effect on lithium demand

*Source: SQM Estimates

SUMMARY NEW CAPACITY IN CHILE & SQM JV CAPACITY

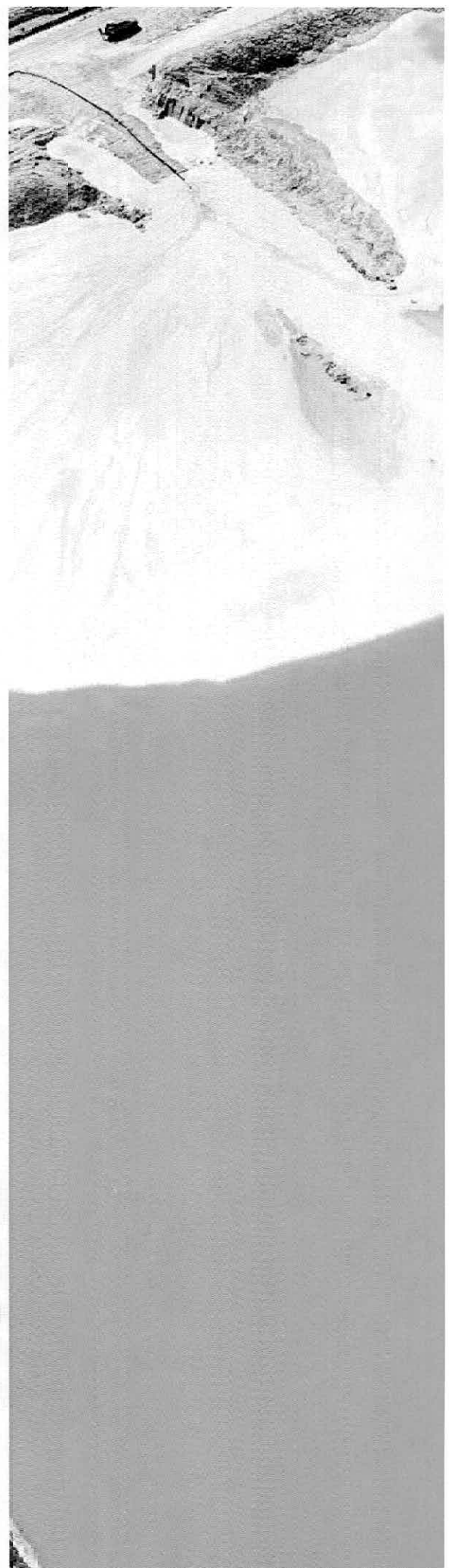
SQM medium term projects and capacity:

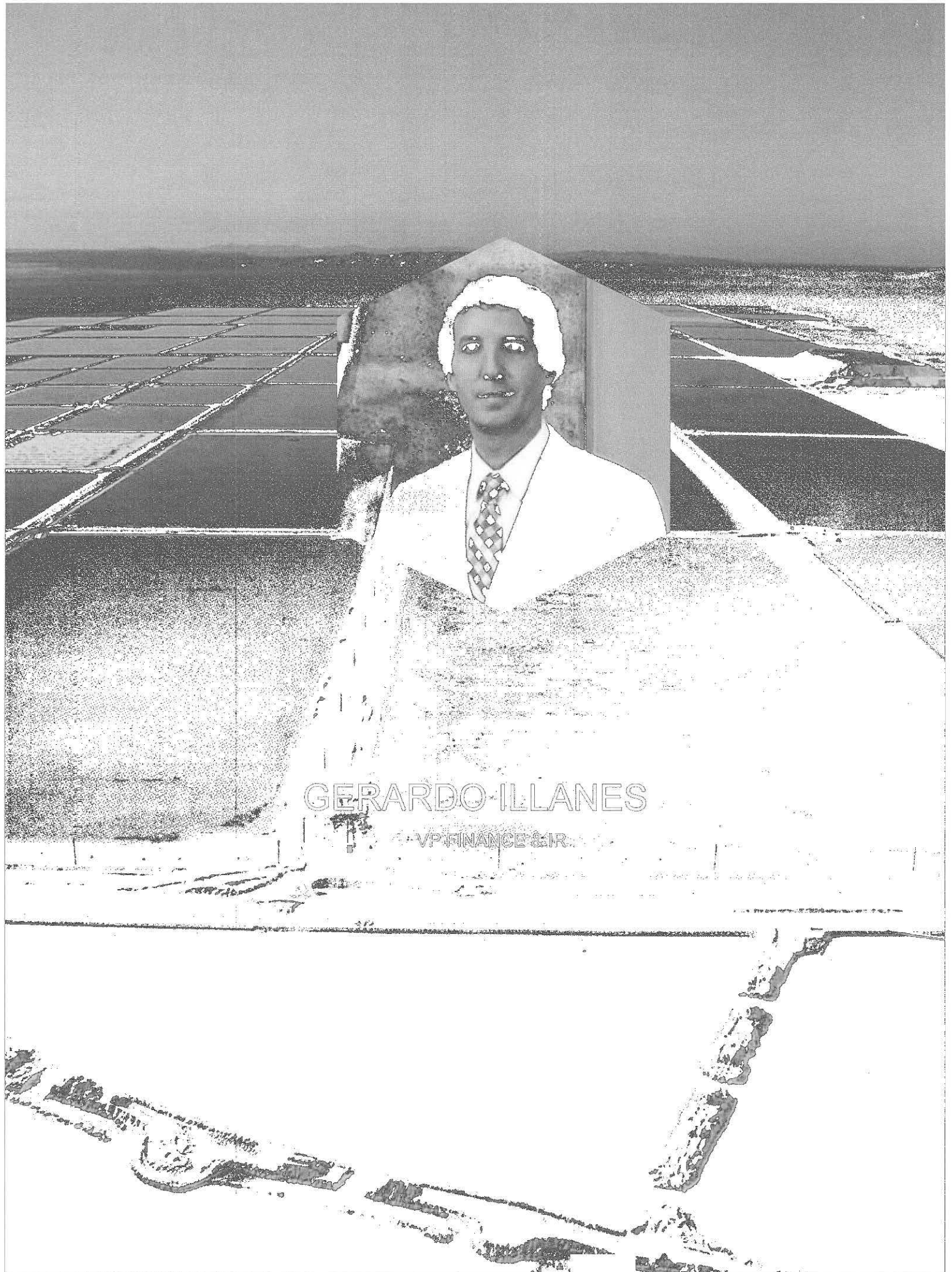
- Current Capacity: 70k MT/year (Chile)
- End of 2019: +50k MT/year = 120k MT/year (Chile)
- End of 2021: +60k MT/year=180k MT/year (Chile)
- End of 2021: +22.5k MT/year=202.5k MT/year (Chile+AUS)

As leading player in market, we want to have capacity and flexibility to respond to market

- 01.** All projects at low-end of cost curve
- 02.** Capex in Chile is approximately US\$4,000/ton
- 03.** Highly talented professionals
Experience and know-how in process development
We have the size, the people, the distribution network and the resources
Capex on time and on budget → focus and priority

SQM's Sustainable Competitive Advantages



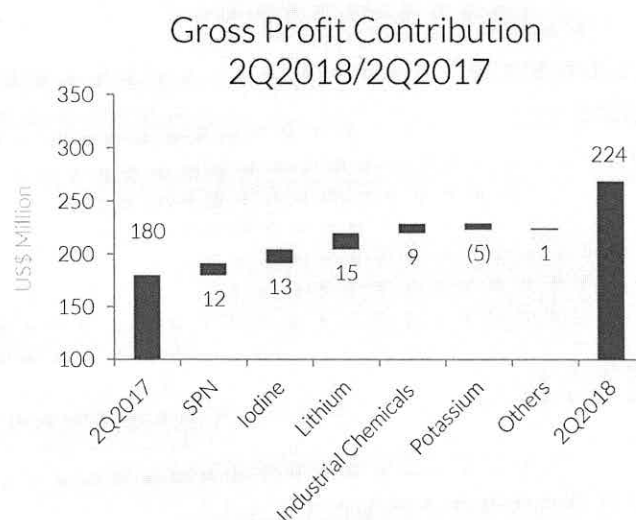
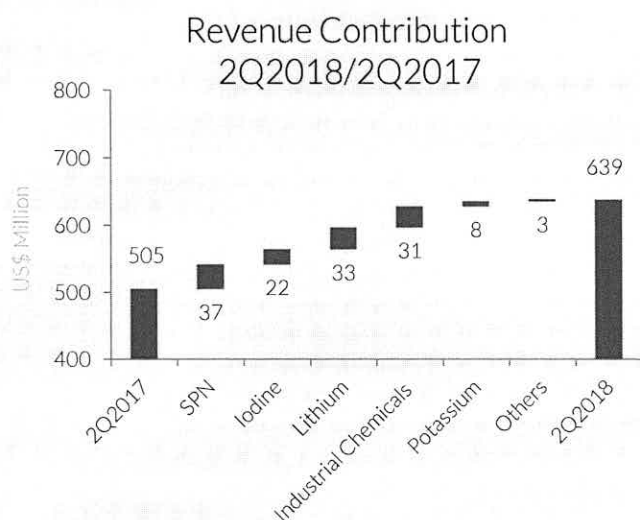


GERARDO ILLANES

VP FINANCE & IR

REVIEW OF RESULTS

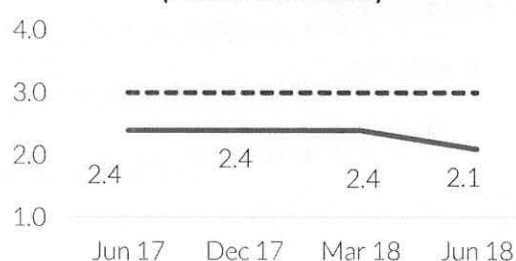
	SPN	Iodine	Lithium	I.Chem.	Potassium
PRICE	↑	↑	↑	↑	↑
QUANTITY	↑	↑	↓	↑	↑



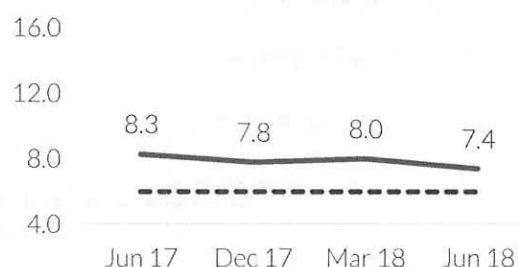
Prices increased in all business lines in the 2Q2018 compared to the same period of 2017. Significantly increased lithium prices outweighed the impact of lower sales volumes in the 1H2018.

STRONG FINANCIAL POSITION

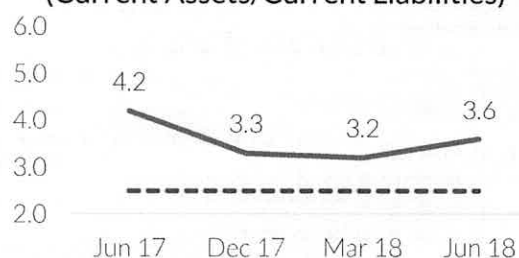
**Accounts Receivables
(Months of Sales)**



**Inventory
(Months of Sales)**



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



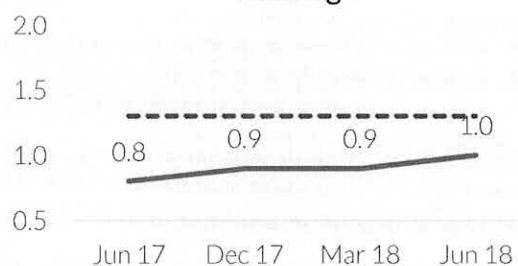
Cash / Short-Term Financial Debt



Net Financial Debt/EBITDA



Leverage



CAPEX

Historical Maintenance CAPEX: ~US\$100 million

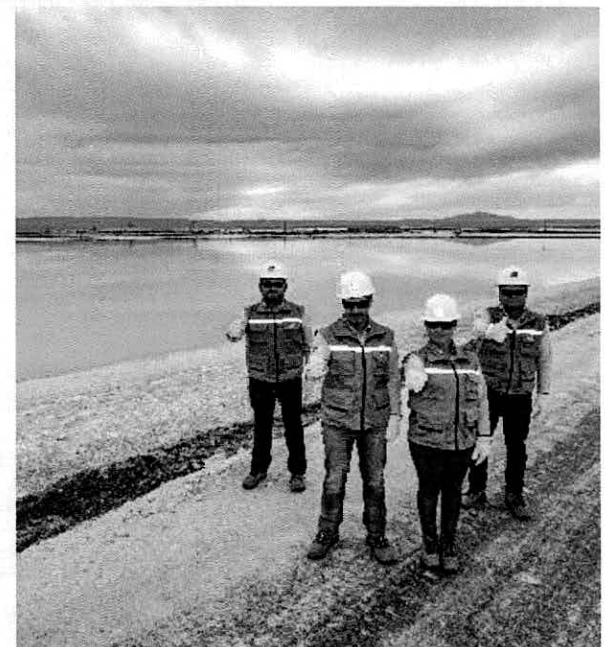
2016-2018: Lithium Hydroxide Expansion to 13.5k MT: ~US\$30 million

2017-2018: Potassium Nitrate Expansion to 1.5m MT: ~US\$50 million

2017-2021: Lithium Carbonate Expansion to 180k MT: ~US\$525 million

2017-2018: Iodine capacity expansion to 14k MT: ~US\$30 million

2018 CAPEX in Chile: ~US\$360 million





CONTACT INFORMATION

Gerardo Illanes
VP OF FINANCE

gerardo.illanes@sqm.com

Kelly O'Brien
HEAD OF INVESTOR
RELATIONS

kelly.obrien@sqm.com

Irina Axenova
INVESTOR RELATIONS

irina.axenova@sqm.com