

CHEMICAL & MINING CO OF CHILE INC  
Form 6-K  
March 29, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE  
SECURITIES EXCHANGE ACT OF 1934

For the month of March, 2019.

Commission File Number 33-65728

CHEMICAL AND MINING COMPANY OF CHILE INC.

(Translation of registrant's name into English)

El Trovador 4285, Santiago, Chile (562) 2425-2000

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F:  Form 40-F:

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): \_\_\_\_\_

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_\_\_

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

**Santiago, Chile. March 27, 2019.- Sociedad Química y Minera de Chile S.A. (SQM) (NYSE: SQM; Santiago Stock Exchange: SQM-B, SQM-A) reports the translation of its financial statements for the twelve months ended December 31, 2018, the Spanish version of which was filed with the Chilean Commission for the Financial Market (*Comisión para el Mercado Financiero* or “CMF”) on February 27, 2019.**

CONSOLIDATED FINANCIAL STATEMENTS

For the period ended

December 31, 2018

**Sociedad Química y Minera de Chile S.A. and Subsidiaries**

In Thousands of United States Dollars

This document includes:

- Report of Independent Register Public Accounting Firms
- Consolidated Classified Statements of Financial Position
- Consolidated Statements of Income by Function
- Consolidated Statements of Comprehensive Income
- Consolidated Statements of Cash Flows
- Consolidated Statements of Changes  
in Equity
- Notes to the Consolidated Financial Statements

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries**

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Consolidated Classified Statements of Financial Position**

<b>Assets</b>	<b>Note</b>	<b>As of December 31, 2018 ThUS\$</b>	<b>As of December 31, 2017 ThUS\$</b>
Current assets			
Cash and cash equivalents	11.1	556,066	630,438
Other current financial assets	14.1	312,721	366,979
Other current non-financial assets	17	49,186	26,883
Trade and other receivables, current	14.2	464,855	446,875
Trade receivables due from related parties, current	13.5	44,554	59,132
Current inventories	12	913,674	902,074
Current tax assets	32.1	57,110	32,291
Current assets other than those classified as held for sale or disposal		2,398,166	2,464,672
Non-current assets or groups of assets classified as held for sale	33	1,430	1,589
Total current assets		2,399,596	2,466,261
Non-current assets			
Other non-current financial assets	14.1	17,131	42,879
Other non-current non-financial assets	17	27,540	19,262
Trade receivables, non-current	14.2	2,275	1,912
Investments classified using the equity method of accounting	9.1-10.3	111,549	152,630
Intangible assets other than goodwill	15.1	188,283	113,787
Goodwill	15.1	34,718	37,972
Property, plant and equipment	16.1	1,454,823	1,429,354
Tax assets, non-current	32.1	32,179	32,179
Total non-current assets		1,868,498	1,829,975
Total assets		4,268,094	4,296,236

The accompanying notes form an integral part of these consolidated financial statements.

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Consolidated Classified Statements of Financial Position, (continued)**

<b>Liabilities and Equity</b>	<b>Note</b>	<b>As of December 31,</b>	<b>As of December 31,</b>
		<b>2018</b>	<b>2017</b>
		<b>ThUS\$</b>	<b>ThUS\$</b>
Current liabilities			
Other current financial liabilities	14.4	23,585	220,328
Trade and other payables, current	14.5	163,751	196,280
Trade payables due to related parties, current	13.6	9	1,365
Other current provisions	19.1	106,197	63,445
Current tax liabilities	32.2	47,412	75,402
Provisions for employee benefits, current	18.1	20,085	22,421
Other current liabilities	19.3	194,624	168,804
Total current liabilities		555,663	748,045
Non-current liabilities			
Other non-current financial liabilities	14.4	1,330,382	1,031,507
Other non-current provisions	19.1	31,822	30,001
Deferred tax liabilities	32.3	175,361	205,283
Provisions for employee benefits, non-current	18.1	37,064	33,932
Total non-current liabilities		1,574,629	1,300,723
Total liabilities		2,130,292	2,048,768
Equity	20		
Share capital		477,386	477,386
Retained earnings		1,623,104	1,724,784
Other reserves		(14,999)	(14,349)
Equity attributable to owners of the Parent		2,085,491	2,187,821
Non-controlling interests		52,311	59,647
Total equity		2,137,802	2,247,468
Total liabilities and equity		4,268,094	4,296,236

The accompanying notes form an integral part of these consolidated financial statements.

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Consolidated Statements of Income by Function**

	<b>Note</b>	<b>January to December</b>	
		<b>2018</b>	<b>2017</b>
		<b>ThUS\$</b>	<b>ThUS\$</b>
Revenue	27.1	2,265,803	2,157,323
Cost of sales	27.2	(1,483,524)	(1,394,822)
Gross profit		782,279	762,501
Other income	27.3	32,048	17,827
Administrative expenses	27.4	(118,126 )	(101,171 )
Other expenses by function	27.5	(36,907 )	(53,600 )
Impairment of income and reversal of impairment losses (impairment losses) determined in accordance with IFRS 9		2,967	(8,038 )
Other gains (losses)	27.7	6,404	543
Profit (loss) from operating activities		668,665	618,062
Finance income		22,533	13,499
Finance costs	27.8-29	(59,914 )	(50,124 )
Share of profit of associates and joint ventures accounted for using the equity method	9-10	6,351	14,452
Foreign currency translation differences	30	(16,597 )	(1,299 )
Profit (loss) before taxes		621,038	594,590
Income tax expense, continuing operations	32.3	(178,975 )	(166,173 )
Profit (loss) from continuing operations		442,063	428,417
Profit attributable to			
Owners of the Parent		439,830	427,697
Non-controlling interests		2,233	720
Profit for the year		442,063	428,417

The accompanying notes form an integral part of these consolidated financial statements.

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries**

**Consolidated Statements of Income by Function, (continued)**

		January to December	
	Note	2018	2017
		US\$	US\$
Earnings per share			
Common shares			
Basic earnings per share (US\$ per share)	21	1.6711	1.6250
Diluted common shares			
Diluted earnings per share (US\$ per share)	21	1.6711	1.6250

The accompanying notes form an integral part of these consolidated financial statements.

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Consolidated Statements of Comprehensive Income**

	January to December	
	2018	2017
	ThUS\$	ThUS\$
Statement of comprehensive income		
Profit (loss) for the year	442,063	428,417
Other comprehensive income		
Items of other comprehensive income that will not be reclassified to profit for the year, before taxes		
Other comprehensive income, before taxes, gains (losses) from new measurements of defined benefit plans	(1,337 )	(1,392 )
Total other comprehensive income that will not be reclassified to profit for the year, before taxes	(1,337 )	(1,392 )
Items of other comprehensive income that will be reclassified to profit for the year, before taxes		
Foreign currency exchange difference		
Foreign currency exchange gains I(losses) before taxes	(1,219 )	(5,446 )
Other comprehensive income before taxes	(1,219 )	(5,446 )
Financial assets held for sale		
Gain (loss) from revaluations of financial assets held for sale, net of tax	(5,547 )	(26 )
Other comprehensive income before taxes	(5,547 )	(26 )
Financial assets measured at fair value with changes in other comprehensive income		
Gain (loss) from cash flow hedges	5,723	2,184
Other comprehensive income, net of tax	5,723	2,184
Total other comprehensive income that will be reclassified to profit for the year	(1,043 )	(3,288 )
Other items of other comprehensive income before taxes	(2,380 )	(4,680 )
Income taxes related to items of other comprehensive income that will not be reclassified to profit for the year		
Income taxes related to new measurements of defined benefit plans in other comprehensive income	396	282
Accumulated income taxes related to items of other comprehensive income that will not be reclassified to profit for the year	396	282
Income tax relating to components of other comprehensive income that will be reclassified to profit (loss) for the year		
Income tax related to financial assets measured at fair value through profit and loss	1,498	(550 )
Cumulative income tax relating to components of other comprehensive income that will be reclassified to profit (loss) for the year	1,498	(550 )

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Total other comprehensive income	(486 )	(4,948 )
Total comprehensive income	441,577	423,469
Comprehensive income attributable to		
Owners of the Parent	439,180	422,736
Non-controlling interests	2,397	733
Total comprehensive income	441,577	423,469

The accompanying notes form an integral part of these consolidated financial statements.

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Consolidated Statements of Cash Flows**

<b>Consolidated Statements of cash flows</b>	<b>12/31/2018</b>	<b>12/31/2017</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
Cash flows from operating activities		
Cash receipts from sales of goods and rendering of services	2,284,514	2,082,366
Cash receipts from premiums and benefits, annuities and other benefits from policies entered	2,140	2,967
Cash payments to suppliers for the provision of goods and services	(1,201,674)	(959,213 )
Cash payments to and on behalf of employees	(230,007 )	(227,103 )
Other payments related to operating activities (1)	(21,240 )	(34,956 )
Net cash generated from (used in) operating activities	833,733	864,061
Dividends received	8,815	2,091
Interest paid	(59,565 )	(18,964 )
Interest received	22,533	13,499
Income taxes paid	(240,115 )	(148,568 )
Other incomes (outflows) of cash (2)	(40,562 )	(8,122 )
Net cash generated from (used in) operating activities	524,839	703,997
Cash flows from (used in) investing activities		
Cash flows arising from the loss of control of subsidiaries and other businesses	69,988	-
Payments made to acquire interest in joint ventures	(19,989 )	(38,088 )
Proceeds from the sale of property, plant and equipment	61	229
Acquisition of property, plant and equipment	(244,693 )	(142,144 )
Proceeds from sales of intangible assets	14,056	8,640
Purchases of intangible assets	(74,374 )	-
Proceeds from the repayment of advances and loans granted to third parties	(204 )	78
Other inflows (outflows) of cash (2)	69,151	(76,782 )
Net cash generated from (used in) investing activities	(187,004 )	(248,067 )

(1) Includes a payment of ThUS\$30,000 made to the SEC and the DOJ, which was provisioned in 2016 and paid in 2017.

(2) Other inflows (outflows) of cash from operating activities include increases (decreases) net of Value Added Tax.

(3) Other inflows (outflows) of cash include investments and redemptions of time deposits and other financial instruments that do not qualify as cash and cash equivalent in accordance with IAS 7, paragraph 7, since they mature

in more than 90 days from the original investment date.

The accompanying notes form an integral part of these consolidated financial statements.

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Consolidated Statements of Cash Flows, (continued)**

	<b>12/31/2018</b>	<b>12/31/2017</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
Cash flows used in financing activities		
Proceeds from long-term loans	256,039	-
Proceeds from short-term borrowings	120,000	143,000
Repayment of borrowings	(213,000 )	(126,712 )
Dividends paid	(550,352 )	(373,933 )
Net cash generated used in financing activities	(387,313 )	(357,645 )
Net increase (decrease) in cash and cash equivalents before the effect of changes in the exchange rate	(49,478 )	98,285
Effects of exchange rate fluctuations on cash held	(24,894 )	17,484
Net (decrease) increase in cash and cash equivalents	(74,372 )	115,769
Cash and cash equivalents at beginning of period	630,438	514,669
Cash and cash equivalents at end of period	556,066	630,438

The accompanying notes form an integral part of these consolidated financial statements.

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## Sociedad Química y Minera de Chile S.A. and Subsidiaries

## Consolidated Statements of Changes in Equity

2018	Share capital	Foreign currency translation difference reserves	Cash flow hedge reserves	Reserve for gains (losses) from financial assets measured at fair value through other comprehensive income	Actuarial gains (losses) from defined benefit plans	Other miscellaneous reserves	<b>Total Other reserves</b>	Retained earnings	Equity attributable to owners of the Parent	Non-controlling interests	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Equity at beginning of the year	477,386	(24,913)	2,248	2,937	(5,953)	11,332	(14,349)	1,724,784	2,187,821	59,647	2,247,204
Increase (decrease) due to changes in accounting policy	-	-	-	-	-	-	-	(1,680)	(1,680)	-	(1,680)
Restated opening balance of equity	477,386	(24,913)	2,248	2,937	(5,953)	11,332	(14,349)	1,723,104	2,186,141	59,647	2,247,134
Profit for the year	-	-	-	-	-	-	-	439,830	439,830	2,233	442,063
Other comprehensive income	-	(1,394)	5,723	(4,048)	(931)	-	(650)	-	(650)	164	(486)
Comprehensive income	-	(1,394)	5,723	(4,048)	(931)	-	(650)	439,830	439,180	2,397	441,367
Dividends	-	-	-	-	-	-	-	(539,830)	(539,830)	(9,733)	(549,563)
Increase (decrease) due to transfers and other changes	-	-	-	-	-	-	-	-	-	-	-
	-	(1,394)	5,723	(4,048)	(931)	-	(650)	(100,000)	(100,650)	(7,336)	(107,984)

Increase  
(decrease) in  
equity

**Equity as of**

**December 31, 2018**    477,386    (26,307)    7,971    (1,111)    (6,884)    11,332    (14,999)    1,623,104    2,085,491    52,311    2,13

The accompanying notes form an integral part of these consolidated financial statements.

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## Sociedad Química y Minera de Chile S.A. and Subsidiaries

## Consolidated Statements of Changes in Equity

2017	Share capital	Foreign currency translation difference reserves	Cash flow hedge reserves	Reserve for gains (losses) from financial assets measured at fair value through other comprehensive income	Actuarial gains (losses) from defined benefit plans	Other miscellaneous reserves	<b>Total Other reserves</b>	Retained earnings	Equity attributable to owners of the Parent	Non-controlling interests	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Equity at beginning of the year	477,386	(19,463)	64	3,513	(4,834)	7,832	(12,888)	1,781,576	2,246,074	61,198	2,307,272
Profit for the year	-	-	-	-	-	-	-	427,697	427,697	720	428,417
Other comprehensive income	-	(5,450)	2,184	(576)	(1,119)	-	(4,961)	-	(4,961)	13	(4,948)
Comprehensive income	-	(5,450)	2,184	(576)	(1,119)	-	(4,961)	427,697	422,736	733	423,468
Dividends	-	-	-	-	-	-	-	(480,989)	(480,989)	(2284)	(483,273)
Increase (decrease) due to transfers and other changes	-	-	-	-	-	3,500	3,500	(3,500)	-	-	-
Increase (decrease) in equity	-	(5,450)	2,184	(576)	(1,119)	3,500	(1,461)	(56,792)	(58,253)	(1,551)	(59,803)
<b>Equity as of December 31, 2017</b>	<b>477,386</b>	<b>(24,913)</b>	<b>2,248</b>	<b>2,937</b>	<b>(5,953)</b>	<b>11,332</b>	<b>(14,349)</b>	<b>1,724,784</b>	<b>2,187,821</b>	<b>59,647</b>	<b>2,247,499</b>

The accompanying notes form an integral part of these consolidated financial statements.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

## Note 1 Identification and Activities of the Company and Subsidiaries

### 1.1 Historical background

Sociedad Química y Minera de Chile S.A. "SQM" is an open stock corporation founded under the laws of the Republic of Chile and its Chilean Tax Identification Number is 93.007.000-9.

The Company was incorporated through a public deed dated June 17, 1968 by the public notary of Santiago Mr. Sergio Rodríguez Garcés. Its existence was approved by Decree No. 1,164 of June 22, 1968 of the Ministry of Finance, and it was registered on June 29, 1968 in the Registry of Commerce of Santiago, on page 4,537 No. 1,992. SQM's headquarters are located at El Trovador 4285, Floor 6, Las Condes, Santiago, Chile. The Company's telephone number is +56 2 2425-2000.

The Company is registered with the Commission for Financial Markets (CMF) (formerly the Chilean Superintendence of Securities and Insurance (SVS)) under number 184 of March 18, 1983 and is therefore subject to oversight by that entity.

### 1.2 Main domicile where the Company performs its production activities

The Company's main domiciles are: Calle Dos Sur plot No. 5 - Antofagasta; Arturo Prat 1060 - Tocopilla; Administration Building w/n - Maria Elena; Administration Building w/n Pedro de Valdivia - María Elena, Anibal Pinto 3228 - Antofagasta, Kilometer 1378 Ruta 5 Norte Highway - Antofagasta, Coya Sur Plant w/n - Maria Elena, kilometer 1760 Ruta 5 Norte Highway - Pozo Almonte, Salar de Atacama (Atacama Saltpeter deposit) potassium chloride plant w/n - San Pedro de Atacama, potassium sulfate plant at Salar de Atacama w/n – San Pedro de Atacama, Minsal Mining Camp w/n CL Plant CL, Potassium– San Pedro de Atacama, formerly the Iris Saltpeter office w/n, Commune of Pozo Almonte, Iquique.

### 1.3 Codes of main activities

The codes of the main activities as established by the CMF, as follows:

-1700 (Mining)

-2200 (Chemical products)

-1300 (Investment)

#### 1.4 Description of the nature of operations and main activities

Our products are mainly derived from mineral deposits found in northern Chile. We mine and process caliche ore and brine deposits. The caliche ore in northern Chile contains the only known nitrate and iodine deposits in the world and is the world's largest commercially exploited source of natural nitrates. The brine deposits of the Salar de Atacama, a salt-encrusted depression in the Atacama Desert in northern Chile, contain high concentrations of lithium and potassium as well as significant concentrations of sulfate and boron.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

## **Note 1 Identification and Activities of the Company and Subsidiaries (continued)**

### **1.4 Description of the nature of operations and main activities, continued**

From our caliche ore deposits, we produce a wide range of nitrate-based products used for specialty plant nutrients and industrial applications, as well as iodine and iodine derivatives. At the Salar de Atacama, we extract brines rich in potassium, lithium, sulfate and boron in order to produce potassium chloride, potassium sulfate, lithium solutions and bischofite (magnesium chloride). We produce lithium carbonate and lithium hydroxide at our plant near the city of Antofagasta, Chile, from the solutions brought from the Salar de Atacama. We market all of these products through an established worldwide distribution network.

Our products are sold in over 110 countries through our worldwide distribution network, with the majority of our sales derived from countries outside Chile.

Our products are divided into six categories: specialty plant nutrients; iodine and its derivatives; lithium and its derivatives; potassium chloride and potassium sulfate; industrial chemicals and other commodity fertilizers, , described as follows:

**Specialty plant nutrition:** We produce four main types of specialty plant nutrients: potassium nitrate, sodium nitrate, sodium potassium nitrate and specialty blends. We also sell other specialty fertilizers including third party products. All of these specialty plant nutrients are used in either solid or liquid form mainly on high value crops such as vegetables, fruits and flowers. Our nutrients are widely used in crops that employ modern agricultural techniques such as hydroponics, green housing, fertigation (where fertilizer is dissolved in water prior to irrigation) and foliar application. Specialty plant nutrients have certain advantages over commodity fertilizers, such as rapid and effective absorption (without requiring nitrification), superior water solubility, increased soil pH (which reduces soil acidity) and low chloride content. One of the most important products in this business line is potassium nitrate, which is sold in crystalline or prill form, allowing for multiple application methods. Crystalline potassium nitrate products are ideal for application by fertigation and foliar sprays, and potassium nitrate prills are suitable for soil applications.

The new needs of more sophisticated customers demand that the industry provide integrated solutions rather than individual products. Our products, including customized specialty blends that meet specific needs along with the agronomic service provided, allow to create plant nutrition solutions that add value to crops through higher yields and better quality production. Because our products are derived from natural nitrate compounds or natural potassium brines, they have certain advantages over synthetically produced fertilizers, including the presence of certain beneficial trace elements, which makes them more attractive to customers who prefer products of natural origin. As a result, specialty plant nutrients are sold at a premium price compared to commodity fertilizers.



**Iodine:** We believe that we are the world's leading producer of iodine and iodine derivatives, which are used in a wide range of medical, pharmaceutical, agricultural and industrial applications, including x-ray contrast media, polarizing films for LCD and LED, antiseptics, biocides and disinfectants, in the synthesis of pharmaceuticals, electronics, pigments and dye components.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

## Note 1 Identification and Activities of the Company and Subsidiaries (continued)

### 1.4 Description of the nature of operations and main activities, continued

**Lithium:** We are a leading producer of lithium carbonate, which is used in a variety of applications, including electrochemical materials for batteries, frits for the ceramic and enamel industries, heat-resistant glass (ceramic glass), air conditioning chemicals, continuous casting powder for steel extrusion, primary aluminum smelting process, pharmaceuticals and lithium derivatives. We are also a leading supplier of lithium hydroxide, which is primarily used as an input for the lubricating greases industry and for certain cathodes for batteries.

**Industrial chemicals:** We produce three industrial chemicals: sodium nitrate, potassium nitrate and potassium chloride. Sodium nitrate is used primarily in the production of glass, explosives, and metal treatment. Potassium nitrate is used in the manufacturing of specialty glass, and it is also an important raw material for the production of frits for the ceramics and enamel industries. Solar salts, a combination of potassium nitrate and sodium nitrate, are used as a thermal storage medium in concentrated solar power plants. Potassium chloride is a basic chemical used to produce potassium hydroxide, and it is also used as an additive in oil drilling as well as in food processing, among other uses.

**Potassium:** We produce potassium chloride and potassium sulfate from brines extracted from the Salar de Atacama. Potassium chloride is a commodity fertilizer used to fertilize a variety of crops including corn, rice, sugar, soybean and wheat. Potassium sulfate is a specialty fertilizer used mainly in crops such as vegetables, fruits and industrial crops.

**Other products and services:** We also sell other fertilizers and blends, some of which we do not produce. We are the largest company that produces and distributes the three main potassium sources: potassium nitrate, potassium sulfate and potassium chloride. This business line also includes revenue from commodities, services, interests, royalties and dividends.

### 1.5 Other background

#### Staff

As of December 31, 2018, and December 31, 2017, the workforce was as follows:

	12/31/2018			12/31/2017		
	SQM S.A.	Other subsidiaries	Total	SQM S.A.	Other subsidiaries	Total
Employees						
Executives	33	89	122	43	77	120
Professionals	115	1,078	1,193	143	942	1,085
Technicians and operators	260	3,287	3,547	248	3,177	3,425
Foreign employees	11	417	428	19	272	291
Overall total	419	4,871	5,290	453	4,468	4,921

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 1 Identification and Activities of the Company and subsidiaries (continued)****1.5 Other background, continued****Main shareholders**

The following table shows information about the main shareholders of the Company's Series A or Series B shares in circulation as of December 31, 2018 and December 31, 2017, in line with information provided by the Central Securities Depository:

The following table presents the information about the beneficial ownership of Series A and Series B shares of the Company as of December 31, 2018 and December 31, 2017, with respect to each shareholder that, to our knowledge, owns more than 5% of the outstanding Series A or Series B shares. The following information is derived from our registry and reports managed by the Central Securities Depository and informed to the CMF and the Chilean Stock Exchanges.

Shareholder as of December 31, 2018	No. of Series A with ownership	% of Series A shares	No. of Series B with ownership	% of Series B shares	% of total shares
Inversiones TLC SPA	62,556,568	43.80 %	-	-	23.77 %
Sociedad de Inversiones Pampa Calichera S.A. (*)	44,894,152	31.43 %	10,093,154	8.38 %	20.89 %
The Bank of New York Mellon, ADRs	-	-	35,254,267	29.29 %	13.39 %
Potasios de Chile S.A. (*)	18,179,147	12.73 %	-	-	6.91 %
Banco de Chile via non-resident third party accounts	15,687	0.01 %	10,703,812	8.89 %	4.07 %
Inversiones Global Mining (Chile) Limitada (*)	8,798,539	6.16 %	-	-	3.34 %
Banco Itaú through Corpbanca on behalf of foreign investors	-	-	8,085,730	6.72 %	3.07 %
Banco Santander via foreign investor accounts	-	-	7,138,685	5.93 %	2.71 %
Banchile C de B S A	528,092	0.37 %	4,028,611	3.35 %	1.73 %
Inversiones la Esperanza de Chile Limitada	3,711,598	2.60 %	46,500	0.04 %	1.43 %

(\*) Total Pampa Group 32% (2,247,895 Series B shares are in the custody of different brokers).

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Shareholder as of December 31, 2017	No, of Series A with ownership	% of Series A shares		No, of Series B with ownership	% of Series B shares	% of total shares	
The Bank of New York Mellon, ADRs	-	-		54,599,961	45.36	%	20.74 %
Sociedad de Inversiones Pampa Calichera S.A.(*)	44,894,152	31.43	%	7,007,688	5.82	%	19.72 %
Inversiones El Boldo Limitada	29,330,326	20.54	%	16,363,546	13.59	%	17.36 %
Inversiones RAC Chile Limitada	19,200,242	13.44	%	2,202,773	1.83	%	8.13 %
Potasios de Chile S.A.(*)	18,179,147	12.73	%	-	-		6.91 %
Inversiones PCS Chile Limitada	15,526,000	10.87	%	1,600,000	1.33	%	6.51 %
Inversiones Global Mining (Chile) Limitada (*)	8,798,539	6.16	%	-	-		3.34 %
Banco de Chile via non-resident third party accounts	-	-		8,394,289	6.97	%	3.19 %
Banco Itau via Investor Accounts	19,125	0.01	%	7,017,504	5.83	%	2.67 %
Banco Santander via foreign investor accounts	-	-		4,593,336	3.82	%	1.75 %

**(\*) Total Pampa Group 29,97%**

On December 31, 2018 the total number of shareholders had risen to 1,508.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

Note 2 Basis of presentation for the consolidated financial statements

2.1 Accounting period

These consolidated financial statements cover the following periods:

- Consolidated Statements of Financial Position as of December 31, 2018 and, 2017.
- Consolidated Statements of Changes in Equity for ended December 31, 2018 and 2017.
- Consolidated Statements of Comprehensive Income for ended December 31, 2018 and 2017.
- Consolidated Statements of Direct-Method Cash Flows for ended December 31, 2018 and 2017.

2.2 Consolidated financial statements

The consolidated financial statements of Sociedad Química y Minera de Chile S.A. and its Subsidiaries were prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”) and represent the full, explicit and unreserved adoption of International Financial Reporting Standards as issued by the International Accounting Standards Board (the “IASB”).

These consolidated financial statements fairly reflect the Company’s financial position, the comprehensive results of operations, changes in equity and cash flows occurring during the periods ended on December 31, 2018 and, 2017.

IFRS establish certain alternatives for their application. Those applied by the Company are detailed in this Note.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 2 Basis of presentation for the consolidated financial statements (continued)**

**2.2 Consolidated financial statements, continued**

The accounting policies used in the preparation of these consolidated annual accounts comply with each IFRS in force at their date of presentation.

For the closing date of these consolidated financial statements certain reclassifications have been made for the captions other non-current financial assets, Intangible assets other than goodwill, Goodwill as of December 31, 2017 to correct the prior year presentation. These revisions were not considered material to the previously issued financial statements.

A reconciliation of such differences is presented as follows:

Prior Caption	New Presentation	Reclassification as of December 31, 2017  ThUS\$
Other non-current financial assets	Investments classified using the equity method of accounting	20,000
Intangible assets other than goodwill	Property, plant and equipment	7,839
Goodwill	Investments classified using the equity method of accounting	6,205

2.3

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- Inventories are recorded at the lower of cost and net realizable value.
- Financial derivatives at fair value; and
- Staff severance indemnities and pension commitments at actuarial value

-

Certain financial investments classified as available for sale measured at fair value with an offsetting entry in other comprehensive income.

-Other current and non-current assets and financial liabilities at amortized cost

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 2 Basis of presentation for the consolidated financial statements (continued)**

2.4 Accounting pronouncements

**New accounting pronouncements**

a) The following standards, interpretations and amendments are mandatory for the first time for annual periods beginning on January 1, 2018:

<b><i>Standards and Interpretations</i></b>	<b><i>Mandatory for annual periods beginning on or after</i></b>
<i>IFRS 9 Financial Instruments - Published in July 2014. The IASB published the complete version of IFRS 9, which replaces the guidance in IAS 39. This final version includes requirements regarding the classification and measurement of financial assets and liabilities and a new model for the recognition of expected credit losses that replaces the incurred loss impairment model used today. It also includes the final hedging part of IFRS 9 that was issued in November 2013.</i>	01/01/2018
<i>IFRS 15 Revenue from Contracts with Customers – Published in May 2014. This standard establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It replaces IAS 11 Construction Contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the Construction of Real Estate; IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue-Barter Transactions Involving Advertising Services.</i>	01/01/2018
<i>IFRIC 22 “Foreign Currency Transactions and Advance Consideration”. Published in December 2016. This Interpretation applies to a foreign currency transaction (or part of one) if an entity recognizes a non-financial asset or non-financial liability arising from the payment or receipt of an advance consideration prior to the entity recognizing the related asset, expense or income (or the applicable portion thereof). The interpretation provides a guideline for the transaction date to be used for both single payments/receipts and situations when there are multiple payments/receipts. Its objective is to reduce diversity in practice.</i>	01/01/2018

***Amendments and improvements***

**Mandatory for annual  
periods beginning on or  
after**

*Amendment to IFRS 2 Share-based Payments. Published in June 2016. The amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment.* 01/01/2018

*Amendment to IFRS 15 "Revenue from Contracts with Customers". Published in April 2016. The amendment provides clarifications with regard to identifying performance obligations in contracts with customers, , accounting for licensing involving intellectual property and assessing principal versus agent considerations (i.e. recording revenue on a gross basis versus the net amount it retains). New and amended illustrative examples have been added for each of those areas of guidance, as well as additional practical expedients related to transition to the new revenue standard.* 01/01/2018

*Amendment to IAS 28 "Investments in Associates and Joint Ventures" in regard to measuring an associate or joint venture at fair value. Published in December 2016.* 01/01/2018

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 2 Basis of presentation for the consolidated financial statements (continued)**

**2.4 Accounting pronouncements, continued**

b) Standards, interpretations and amendments issued that had not become effective for financial statements beginning on January 1, 2018 and which the Company has not adopted early are as follows:

***Standards and Interpretations***

*On January 13, 2016, the IASB published IFRS 16 Leases. IFRS 16 introduces a comprehensive model to identify lease agreements and accounting treatments for both lessees and lessors. When the application of IFRS 16 goes into effect, it will replace the current lease guidelines including IAS 17 Leases and the related interpretations.*

***Mandatory for annual periods beginning on or after 01/01/2019***

*IFRS 16 makes a distinction between leases and service contracts based on the fact that an identified asset is controlled by an entity. Under IAS 17, the distinction between operating leases (outside the statement of financial position) and financial leases is removed for the accounting of the lessees, and is replaced by a model where an right-of-use asset and the corresponding liability must be recognized by lessees for all leases, except short-term leases and low-value asset leases.*

*The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted by any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that have not been paid as of that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as lease modifications, among others. In addition, the classification of cash flows will also be affected considering that under IAS 17, operating lease payments are presented as operating cash flows; while under the IFRS 16 model, lease payments will be divided between the portion of principal and interest payments, which will be presented as financing and operating cash flows or financing, respectively.*

*In contrast to accounting for lessees, IFRS 16 substantially maintains the accounting requirements of IAS 17 for lessors, and continues to require lessees to classify leases as either operating or financial leases.*

*Additionally, IFRS 16 requires more extensive disclosures.*

*IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Early application is permitted for entities that apply IFRS 15 on or before the initial application of IFRS 16. Entities can apply IFRS 16 using either a retrospective full application approach or a modified retrospective application approach. If the latter approach is chosen, an entity is not required to restate comparative financial information and the cumulative effect of the initial application of IFRS 16 must be presented as an adjustment to the initial balance of retained earnings (or other equity component, when appropriate).*

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 2 Basis of presentation for the consolidated financial statements (continued)**

**2.4 Accounting pronouncements, continued**

***Standards and Interpretations***

***Mandatory for annual periods beginning on or after***

*IFRIC 23 Uncertainty over Income Tax Treatments. Published in June 2016. This interpretation clarifies how to apply the recognition and measurement requirements in IAS 12, when there is uncertainty over income tax treatments.*

*01/01/2019*

***Amendments and improvements***

***Mandatory for annual periods beginning on or after***

*Amendment to IFRS 9 “Financial Instruments”. Published in October 2017. The amendment permits more assets to be measured at amortized cost than under the previous version of IFRS 9, in particular some prepayable financial assets with negative compensation. The assets affected, which include some loans and debt securities, would otherwise have been measured at fair value through profit and loss (FVTPL). For them to qualify for amortized cost measurement, the negative compensation must be “reasonable compensation for early termination of the contract.”*

*01/01/2019*

*Amendment to IAS 28 “Investments in Associates and Joint Ventures” Published in October 2017. This amendment clarifies that companies should apply IFRS 9 to account for long-term interests in an associate or joint venture to which the equity method is not applied. The Board IASB has published an example that illustrates how companies should apply the requirements of IFRS 9 and IAS 28 to long-term interests in an associate or joint venture.*

*01/01/2019*

*Amendment to IFRS 3 “Business Combinations” Published in December 2017. The amendment clarified that gaining control of a company that is a joint venture deals with a business combination that is achieved in stages. The acquirer must remeasure previously held interests in that business at fair value at the date of acquisition.*

*01/01/2019*

*Amendment to IFRS 11 “Joint Arrangements” Published in December 2017. The amendment clarified that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.*

*01/01/2019*

*01/01/2019*

*Amendment to IAS 12 Income Taxes - Published in December 2017. This modification clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognized when the past transactions or events that generated distributable profits were originally recognized*

*Amendment to IFRS 23 “Loan Costs” Published in December 2017. This amendment clarifies that the borrowing costs of specific borrowings that remain outstanding after the related qualifying asset is ready for intended use or for sale will be considered as part of the general borrowing costs of the entity.* 01/01/2019

*Amendment to IAS 19 Employee Benefits - Published in February 2018. The amendment requires entities to use updated assumptions to determine the current service cost and net interest for the remainder of the period after a modification, reduction or settlement of the plan; and to recognize in profit or loss as part of the cost of the past service, or a profit or loss in the settlement, any reduction in a surplus, even if that surplus was not previously recognized because it did not exceed the upper limit of the asset.* 01/01/2019

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 2 Basis of presentation for the consolidated financial statements (continued)**

**2.4 Accounting pronouncements, continued**

***Amendments and improvements***

***Mandatory for annual periods beginning on or after***

*Amendment to IFRS 3 “Definition of a business” Published in October 2018. This amendment revises the definition of a business. Based on the feedback received by the IASB, the application of the current guidance is frequently seen as too complex, and results in too many transactions that qualify as business combinations.*

*01/01/2020*

*The following amendment was issued by the IASB and was originally scheduled to take effect in 2016. However, the organization has changed its position and the mandatory effective date is yet to be determined.*

*Amendment to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”. Published in September 2014. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.*

Management believes the adoption of the standards, interpretations and amendments applicable as of Tuesday, January 1, 2019, will have no significant impact on the Company’s financial statements.

During 2018, the Administration has made an initial assessment of the possible impact of the adoption of IFRS 16 as of the effective term of the new standard, which was determined through the evaluation of lease contracts, assets that, according to their nature and lease terms must be recorded at the date of initial application as right-to-use assets, and this will incur amortization expenses over the term of the contract or the useful life of the asset, whichever is shorter. Based on this evaluation, the Company concludes that the effects of the adoption of IFRS 16 will not significantly affect its Consolidated Financial Statements.

Of the lease contracts signed under IFRS 16, the following right-of-use assets, among others, were identified: trucks, cranes, excavators, structures (buildings, warehouses, shops, land), where SQM has the power (control) to direct their activities and to use them for the contract term, without the supplier changing the operating instructions.

To estimate the initial measurement, the Company built a debt curve based on public debt instruments held by the company at the valuation date. The rates used to deduct the right-of-use asset and the lease liability were estimated based on currency (USD, UF and CLP) and contract terms.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

## Note 2 Basis of presentation for the consolidated financial statements (continued)

### 2.4 Accounting pronouncements, continued

The initial application method of the aforementioned standard chosen by the Company is the full application of a modified approach of retrospective application version B, where the right to use is equated to the aforementioned liability, with no equity adjustment.

The values corresponding to right-to-use assets and lease liabilities in contracts qualified under IFRS 16 amount to ThUS\$25,033.

For the adoption of IFRS 15 - Revenue from Contracts with Customers, the Company undertook a detailed assessment of its performance obligations underlying revenue recognition, such as the performance obligation to transport products to customers, in line with the terms and conditions previously established in contracts and there is no significant impact - the performance obligation has been satisfied. With regard to products invoiced with a deferred shipment date, the transfer of control has been assessed over and above the transfer of risks and benefits established in the previous standard and a prepayment is estimated in revenue recognition, without a significant impact. Other considerations were also assessed, such as rebates, discounts, guarantees, financing components and product personalization. Based on this analysis, the Company has concluded that these last items will not generate an impact nor are significant changes expected in the recording of revenue as a result of applying this new standard, except for the impact on disclosures. The Company has established the procedures and controls for beginning to apply IFRS 15 as of January 1, 2018. It recognizes the cumulative effect of applying IFRS 15 as an adjustment to the opening balance of equity as of that date, without being necessary to make adjustments to the comparative information for periods.

AREA	Iodine and Derivatives	Lithium	QI	Potassium	Others Products	Iodine and Derivatives	Total million US\$
Products	781.8	325.0	734.8	108.3	267.5	44.6	2,262.8
Services	-	-	-	-	-	4.0	4.0
Total	781.8	325.0	734.8	108.3	267.5	48.5	2,266.8

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 2 Basis of presentation for the consolidated financial statements (continued)**

2.5

Basis of consolidation

**(a) Subsidiaries**

These are all those entities where Sociedad Química y Minera de Chile S.A. has control over directing their financial and operational policies. This is generally accompanied by a share of more than half of the voting rights. Subsidiaries apply the same accounting policies of their Parent.

To account for the acquisition, the Company uses the acquisition method. Under this method the acquisition cost is the fair value of assets delivered, equity securities issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired, and liabilities and contingencies assumed in a business combination are measured initially at fair value at the acquisition date. For each business combination, the Company will measure non-controlling interest of the acquiree either at fair value or as proportional share of net identifiable assets of the acquiree. For more information, please see Note 8.1.

**Companies included in consolidation:**

TAX ID No.	Foreign subsidiaries	Country of origin	Functional currency	Ownership interest 12/31/2018	
				Direct	Indirect
Foreign	Nitratos Naturais Do Chile Ltda.	Brazil	US\$	0.0000	100.0000
Foreign	Nitrate Corporation Of Chile Ltd.	United Kingdom	US\$	0.0000	100.0000
Foreign	SQM North America Corp.	USA	US\$	40.0000	60.0000
Foreign	SQM Europe N.V.	Belgium	US\$	0.5800	99.4200
Foreign	Soquimich S.R.L. Argentina.	Argentina	US\$	0.0000	100.0000
Foreign	Soquimich European Holding B.V.	Netherlands	US\$	0.0000	100.0000
Foreign	SQM Corporation N.V.	Netherlands	US\$	0.0002	99.9998
Foreign	SQI Corporation N.V.	Netherlands	US\$	0.0159	99.9841
Foreign	SQM Comercial De México S.A. de C.V.	Mexico	US\$	0.0100	99.9900
Foreign	North American Trading Company	USA	US\$	0.0000	100.0000
Foreign	Administración y Servicios Santiago S.A. de C.V.	Mexico	US\$	0.0000	100.0000
Foreign	SQM Peru S.A.	Peru	US\$	0.9800	99.0200
Foreign	SQM Ecuador S.A.	Ecuador	US\$	0.0040	99.9960
Foreign	SQM Nitratos Mexico S.A. de C.V.	Mexico	US\$	0.0000	100.0000
Foreign	SQMC Holding Corporation L.L.P.	USA	US\$	0.1000	99.9000
Foreign	SQM Investment Corporation N.V.	Netherlands	US\$	1.0000	99.0000

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Foreign	SQM Brasil Limitada	Brazil	US\$	1.0900	98.9100
Foreign	SQM France S.A.	France	US\$	0.0000	100.0000
Foreign	SQM Japan Co. Ltd.	Japan	US\$	0.1597	99.8403
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	US\$	1.6700	98.3300
Foreign	SQM Oceania Pty Limited	Australia	US\$	0.0000	100.0000
Foreign	Rs Agro-Chemical Trading Corporation A.V.V.	Aruba	US\$	98.3333	1.6667
Foreign	SQM Colombia SAS	Colombia	US\$	0.0000	100.0000
Foreign	SQM Australia PTY	Australia	Australian dollar	0.0000	100.0000
Foreign	SACAL S.A.	Argentina	Argentine peso	0.0000	100.0000

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 2 Basis of presentation for the consolidated financial statements (continued)****2.5 Basis of consolidation, continued**

TAX ID No.	Foreign subsidiaries	Country of origin	Functional currency	Ownership interest			12/31/2017 Total
				12/31/2018		Total	
				Direct	Indirect		
Foreign	SQM Indonesia S.A.	Indonesia	US\$	0.0000	80.0000	80.0000	80.0000
Foreign	SQM Virginia L.L.C.	USA	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Italia SRL	Italy	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	Comercial Caimán Internacional S.A.	Panama	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Africa Pty.	South Africa	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Lithium Specialties LLC	USA	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Iberian S.A.	Spain	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Beijing Commercial Co. Ltd.	China	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Thailand Limited	Thailand	US\$	0.0000	99.996	99.996	99.996
Foreign	SQM Internacional N.V.	Belgium	US\$	0.5800	99.4200	100.0000	0.0000
Foreign	SQM (Shanghai) Chemicals Co. Ltd.	China	US\$	0.0000	100.0000	100.0000	0.0000

  

TAX ID No.	Domestic subsidiaries	Country of origin	Functional currency	Ownership interest			12/31/2017 Total
				12/31/2018		Total	
				Direct	Indirect		
96.801.610-5	Comercial Hydro S.A.	Chile	US\$	0,0000	60,6383	60,6383	60,6383
96.651.060-9	SQM Potasio S.A.	Chile	US\$	99,9999	0,0000	99,9999	99,9999
96.592.190-7	SQM Nitratos S.A.	Chile	US\$	99,9999	0,0001	100,0000	100,0000
96.592.180-K	Ajay SQM Chile S.A.	Chile	US\$	51,0000	0,0000	51,0000	51,0000
86.630.200-6	SQMC Internacional Ltda.	Chile	Ch\$	0,0000	60,6381	60,6381	60,6381
79.947.100-0	SQM Industrial S.A.	Chile	US\$	99,0470	0,9530	100,0000	100,0000
79.906.120-1	Isapre Norte Grande Ltda.	Chile	Ch\$	1,0000	99,0000	100,0000	100,0000
79.876.080-7	Almacenes y Depósitos Ltda.	Chile	Ch\$	1,0000	99,0000	100,0000	100,0000
79.770.780-5	Servicios Integrales de Tránsitos y Transferencias S.A.	Chile	US\$	0,0003	99,9997	100,0000	100,0000
79.768.170-9		Chile	US\$	0,0000	60,6383	60,6383	60,6383

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	Soquimich Comercial S.A.							
79.626.800-K	SQM Salar S.A.	Chile	US\$	18,1800	81,8200	100,0000	100,0000	
78.053.910-0	Proinsa Ltda.	Chile	Ch\$	0,0000	60,5800	60,5800	60,5800	
	Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.							
76.534.490-5		Chile	Ch\$	0,0000	100,0000	100,0000	100,0000	
	Exploraciones Mineras S.A.							
76.425.380-9		Chile	US\$	0,2691	99,7309	100,0000	100,0000	
	Comercial Agrorama Ltda. (a)							
76.064.419-6		Chile	Ch\$	0,0000	42,4468	42,4468	42,4468	
	Agrorama S.A.							
76.145.229-0		Chile	Ch\$	0,0000	60,6377	60,6377	60,6377	
	Orcoma Estudios SPA							
76.359.919-1		Chile	US\$	51,0000	0,0000	51,0000	51,0000	
	Orcoma SPA							
76.360.575-2		Chile	US\$	100,0000	0,0000	100,0000	100,0000	
	SQM MaG SpA.							
76.686.311-9		Chile	US\$	0,0000	100,0000	100,0000	100,0000	

(a) The Company consolidated Comercial Agrorama Ltda. as it has the control of this company's relevant activities.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 2 Basis of presentation for the consolidated financial statements (continued)**

**2.5**

**Basis of consolidation, continued**

Subsidiaries are consolidated using the line-by-line method, adding the items that represent assets, liabilities, revenues, and expenses of similar content, and eliminating those related to intragroup transactions.

Profit or loss of subsidiaries acquired or divested during the year are included in profit or loss accounts consolidated from the date control is transferred to the Group, or up to the date control is lost, as applicable.

Non-controlling interest represents the equity of a subsidiary not directly or indirectly attributable to the Parent.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

Note 3 Significant accounting policies

3.1 Classification of balances as current and non-current

In the attached consolidated statement of financial position, balances are classified in consideration of their recovery (maturity) dates; i.e. those maturing within a period equal to or less than 12 months are classified as current counted from the closing date of the consolidated financial statements and those with maturity dates exceeding the aforementioned period are classified as non-current.

The exception to the foregoing relates to deferred taxes, which are classified as non-current, regardless of the maturity they have.

3.2 Functional and presentation currency

The Company's consolidated financial statements are presented in United States dollars ("U.S. dollars"), which is the Company's functional and presentation currency and is the currency of the main economic environment in which it operates.

Consequently, the term foreign currency is defined as any currency other than the U.S. dollar.

The consolidated financial statements are presented in thousands of United States dollars without decimals.

3.3 Foreign currency translation

**(a) Group entities:**

The revenue, expenses, assets and liabilities of all entities that have a functional currency other than the presentation currency are converted to the presentation currency as follows:

- Assets and liabilities are converted at the closing exchange rate prevailing on the reporting date.

-Revenues and expenses of each profit or loss account are converted at monthly average exchange rates.

All resulting foreign currency translation gains and losses are recognized as a separate component in translation reserves.

In consolidation, foreign currency differences arising from the translation of a net investment in foreign entities are recorded in equity (other reserves). At the date of disposal, such foreign currency translation differences are recognized in the statement of income as part of the gain or loss from the sale.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

### Note 3 Significant accounting policies (continued)

#### 3.3 Foreign currency translation, continued

The main exchange rates and the adjustment unit used to translate monetary assets and liabilities, expressed in foreign currency at the end of each period in respect to U.S. dollars, are as follows:

	12/31/2018	12/31/2017
	US\$	US\$
Brazilian real	3.87	3.02
New Peruvian sol	3.37	3.08
Argentine peso	37.74	18.40
Japanese yen	110.38	113.00
Euro	0.87	0.83
Mexican peso	19.68	19.65
Australian dollar	1.42	1.28
Pound Sterling	0.79	0.74
South African rand	14.35	12.35
Ecuadorian dollar	1.00	1.00
Chilean peso	694.77	614.75
Chinese yuan	6.88	6.51
Indian rupee	69.93	63.84
Thai baht	32.53	32.85
Turkish lira	5.27	3.79
UF (*)	39.68	43.59

(\*) The Unidad de Fomento (UF) is an indexed monetary unit used in Chile, calculated based on the variation in the Consumer Price Index (CPI). It is represented as dollars to UF.

#### (b) Transactions and balances

Non-monetary transactions in currencies other than the functional currency (Dollar) are translated to the respective functional currencies of Group entities at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. All differences are recorded in the statement of income except for all monetary items that provide an effective hedge for a net investment in a foreign operation. These items are recognized in other comprehensive income on the divestment, when they are recognized in the statement of income. Charges and credits attributable to foreign currency translation differences on those hedge monetary items are also recognized in other

comprehensive income.

Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are retranslated to the functional currency at the historical exchange rate of the transaction. Non-monetary items that are measured based on fair value in a foreign currency are translated using the exchange rate at the date on which the fair value is determined.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 3 Significant accounting policies (continued)**

3.4

Subsidiaries

SQM S.A. uses the level of control it has in subsidiaries as a basis to determine their share in the consolidated financial statements. This control consists of the Company's ability to exercise power in the subsidiary, exposure, or right, to variable performance from its share in the investee and the ability to use its power on the investee to have an influence on the amount of the investor's performance.

The Company prepares the consolidated financial statements using consistent accounting policies for the entire Group. The consolidation of a subsidiary commences when the Company has control over the subsidiary and stops when control ceases.

3.5

Consolidated statement of cash flows

Cash equivalents correspond to highly-liquid short-term investments that are easily convertible into known amounts of cash. They are subject to insignificant risk of changes in their value and mature in less than three months from the date of acquisition of the instrument.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and cash equivalents as defined above.

The statement of cash flows includes movements in cash performed during the year, determined using the direct method.

3.6

Financial assets

Corporate management ("Management") determines the classification of its financial assets at the time of initial recognition, on the basis of the business model for the management of financial assets and the characteristics of contractual cash flows from the financial assets. In accordance with IFRS 9, financial assets are initially measured at fair value plus, in the case of a financial asset classified at amortized cost, the incurred transaction costs that are directly attributable to the acquisition of the financial asset.

The Company assesses, at each reporting date, whether there is objective evidence that an asset or group of assets is impaired. An asset or group of financial assets is impaired if and only if there is evidence of impairment as a result of one or more events occurring after the initial recognition of the asset or group of assets. For the recognition of impairment, the loss event has to have an impact on the estimate of future cash flows from the asset or groups of financial assets.

As of January 1, 2018, the Company classifies its financial assets in the following categories: at fair value (be it through other comprehensive income or through profit or loss), and at amortized cost. The classification depends on the entity's business model for managing financial assets and the contractual terms for cash flows.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 3 Significant accounting policies (continued)**

3.7 Financial liabilities

Management determines the classification of its financial liabilities at the time of initial recognition. As established in IFRS 9, financial liabilities at the time of initial recognition are measured at fair value, less transaction costs that may have been incurred and are directly attributable to the issue of the financial liability. Subsequently, they are measured according to their classification, which can be financial liabilities at fair value with changes in profit or financial liabilities at amortized cost.

3.8 Financial instruments at fair value through profit or loss

Financial liabilities are classified as at fair value through profit and loss when they are held for trading or designated as such upon initial recognition. Gains and losses from liabilities held for trading are recognized in profit and loss. This category includes derivative instruments not designated for hedge accounting.

3.9 Financial instrument offsetting

The Company offsets an asset and liability if and only if it presently has a legally enforceable right of setting off the amounts recognized and has the intent of settling for the net amount of realizing the asset and settling the liability simultaneously.

3.10 Reclassification of financial instruments

At such time when the Company changes its business model for managing financial assets, it will reclassify those financial assets affected by the new business model.

Financial liabilities could not be reclassified.

3.11 Derivative and hedging financial instruments

Derivatives are recognized initially at fair value as of the date on which the derivatives contract is signed and, they are subsequently assessed at fair value. The method for recognizing the resulting gain or loss depends on whether the derivative has been designated as an accounting hedge instrument and, if so, it depends on the type of hedging, which may be as follows:

- a) Fair value hedge of assets and liabilities recognized (fair value hedges);
- b) Hedging of a single risk associated with an asset or liability recognized or a highly probable forecast transaction (cash flow hedge).

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 3 Significant accounting policies (continued)**

**3.11 Derivative and hedging financial instruments, continued**

At the beginning of the transaction, the Company documents the relationship that exists between hedging instruments and those items hedged, as well as their objectives for risk management purposes and the strategy to conduct different hedging operations.

The Company also documents its evaluation both at the beginning and at the end of each period if the derivatives used in hedging transactions are highly effective to offset changes in the fair value or in cash flows of hedged items.

The fair value of derivative instruments used for hedging purposes is shown in Note 14.3 (hedging assets and liabilities). Changes in the cash flow hedge reserve are classified as a non-current asset or liability if the remaining expiration period of the hedged item is more than 12 months, and as a current asset or liability if the remaining expiration period of the entry is less than 12 months.

Derivatives that are not designated or do not qualify as hedging derivatives are classified as current assets or liabilities, and changes in the fair value are directly recognized through profit or loss.

*a)*

*Fair value hedge*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps that hedge fixed rate borrowings is recognized in profit or loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognized in profit or loss within other income or other expenses. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit or loss over the period to maturity using a recalculated effective interest rate.

*b)*

*Cash flow hedges*

Amounts taken to equity are transferred to profit or loss when the hedged transaction affects profit or loss, as when the hedged interest income or expense is recognized when a projected sale occurs. When the hedged entry is the cost of a non-financial asset or liability, amounts taken to other reserves are transferred to the initial carrying value of the non-financial asset or liability.

If the expected firm transaction or commitment is no longer expected to occur, the amounts previously recognized in equity are transferred to profit or loss. If a hedge instrument expires, is sold, finished, or exercised without any replacement, or if a rollover is performed or if its designation as hedging is revoked, the amounts previously recognized in other reserves are maintained in equity until the expected firm transaction or commitment occurs.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 3 Significant accounting policies (continued)**

3.12 Available for sale financial assets

Available for sale financial assets are non-derivative financial assets, which have been designated as available for sale and are not classified in any of the previous categories of financial instruments. Available for sale financial instruments are initially recognized at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are recognized at fair value and changes other than impairment losses are recognized in other comprehensive income and presented in equity in the fair value reserve. If an investment is derecognized, the accumulated gain or loss is reclassified to profit or loss.

3.13 Derecognition of financial instruments

In accordance with IFRS 9, the Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred; and the control of the financial assets has not been retained.

The Company derecognizes a financial liability when its contractual obligations or a part of these are discharged, paid to the creditor or legally extinguished.

3.14 Derivative financial instruments

The Company maintains derivative financial instruments to hedge its exposure to foreign currencies. Derivative financial instruments are recognized initially at fair value; attributable transaction costs are recognized when incurred. Subsequent to initial recognition, any changes in the fair value of such derivatives are recognized in profit or loss as part of gains and losses.

The Company permanently assesses the existence of embedded derivatives, both in its contracts and financial instruments, As of December 31, 2018, and December 31, 2017, there were no embedded derivatives.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 3 Significant accounting policies (continued)**

3.15

Fair value initial measurements

From the initial recognition, the Company measures its assets and liabilities at fair value plus or minus transaction costs incurred that are directly attributable to the acquisition of a financial asset or issuance of a financial liability

3.16 Deferred acquisition costs from insurance contracts

Acquisition costs from insurance contracts are classified as prepayments and correspond to insurance contracts in force, recognized using the straight-line method and on an accrual basis, and are recognized under other non-financial assets.

3.17 Classification Leases

*(a) Lease - Finance lease*

Leases are classified as finance leases when the Company substantially owns all the risks and rewards inherent in the ownership of the asset. Finance leases are capitalized at the commencement of the lease term at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each finance lease payment is apportioned between the liability and the finance charges so as to obtain the constant rate of interest on the remaining balance of the liability. The respective lease obligations, net of finance charges, are included in other non-current liabilities. The interest part of the finance cost is charged to the consolidated financial statements for the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year.

*(b) Lease - Operating lease*

Leases where the lessor retains a significant part of the risks and benefits derived from the property are classified as operating leases. Operating lease payments (net of any incentive received by the lessor) should be recognized as an

expense in the income statement or capitalized (as appropriate) over the lease term on a straight-line basis.

3.18

Trade and other receivables

The Company's trade receivables are maintained to obtain contractual cash flows (charge and collect) and do not contain a significant financing component, being recognized at the transaction price defined in IFRS 15.

In turn, the Company applies the simplified approach described in IFRS 9 for expected credit losses from the loans to customers portfolio, as these are short-term financial instruments shorter than 12 months, with no significant financing component and they continue until expiration. This approach enables the use of the estimate of expected credit loss throughout the life of the instrument.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 3 Significant accounting policies (continued)**

**3.18 Trade and other receivables, continued**

Receivables with a low probability of recovery are fully provisioned, are to measure the expected credit losses of the rest of the portfolio, it is segmented by grouping the trade receivables based on the characteristics of shared credit risk and late payment. The expected loss rates are obtained from the default rates over the last seven years. To convert historic loss in projected loss, the Company uses the behavior of the implicit default probability indicator in the prices of financial derivatives that cover the risk of non-payment of sovereign bonds in countries where the Company generates income from product sales.

The application of IFRS 9 had an impact as of January 1, 2018, due to the application of the new impairment model described in the Company's Consolidated Financial Statements, resulting in an increased impairment of ThUS\$2,301, which was carried over to equity under IAS 8. (For more information, see Note 14.2)

**3.19 Inventory measurement**

The method used to determine the cost of inventories is the weighted average monthly cost of warehouse storage.

In determining production costs for own products, the company includes the costs of labor, raw materials, materials and supplies used in production, depreciation and maintenance of the goods that participate in the production process, the costs of product movement necessary to maintain stock on location and in the condition in which they are found, and also includes the indirect costs of each task such as laboratories, process and planning areas, and personnel expenses related to production, among others.

For finished and in-process products, the company has four types of provisions, which are reviewed quarterly:

Provision associated with the lower value of stock, which is directly identified with the product that generates it and involves three types: provision of lower realizable value, which corresponds to the difference between the inventory cost of intermediary or finished products, and the sale price minus the necessary costs to bring them to the same conditions and location as the product with which they are compared; provision for future uncertain use that corresponds to the value of those products in process that are likely not going to be used in sales based on the company's long-term plans; reprocessing costs of products that are unfeasible for sale due to current specifications.

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Provision associated with physical differences in inventory: a provision is made for differences that exceed the tolerance considered in the respective inventory process (production units in Chile and the port of Tocopilla carry out at least two inventories a year, the business subsidiaries depend on the last zero ground obtained, but in general it is at least once a year), these differences are recognized immediately.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 3 Significant accounting policies (continued)**

**3.19**

**Inventory measurement, continued**

Potential errors in the determination of stock: The company has an algorithm that is reviewed at least once a year and corresponds to diverse percentages assigned to each inventory based on the product, location, complexity involved in the associated measurement, rotation and control mechanisms.

Provisions undertaken by business subsidiaries: these are historical percentages that are adjusted as zero ground is attained based on normal inventory management.

Inventories of raw materials, materials and supplies for production are recorded at acquisition cost. Cyclical inventories are performed in warehouses, as well as general inventories every three years. Differences are recognized the moment they are detected. The company has a provision that makes quarterly calculations from percentages associated with each type of material (classification by warehouse and rotation). These percentages use the lower value resulting from deterioration or obsolescence as well as potential losses. This provision is reviewed at least annually, and considers the historical profit and loss obtained in the inventory processes.

**3.20 Investments in associates and joint ventures**

Interests in companies over which joint control is exercised (joint venture) or where an entity has a significant influence (associates) are recognized using the equity method of accounting. Significant influence is presumed to exist when interest greater than 20% is held in the capital of an investee.

Under this method, the investment is recognized in the statement of financial position at cost plus changes, subsequent to the acquisition, and considering the proportional share in the equity of the associate. For such purposes, the interest percentage in the ownership of the associate is used. The associated goodwill acquired is included in the carrying amount of the investee and is not amortized. The debit or credit to profit or loss reflects the proportional share in the profit or loss of the associate.

Unrealized gains for transactions with affiliates or associates are eliminated according to the Company's interest percentage in such entities. Unrealized losses are also eliminated, except if the transaction provides evidence of impairment loss of the transferred asset.

Changes in the equity of associates are recognized on a proportional basis with a charge or credit to “Other reserves” and classified according to their origin.

Reporting dates of the associate, the Company and related policies are similar for equivalent transactions and events under similar circumstances.

In the event that the significant influence is lost or the investment is sold or is held as available for sale, the equity method is discontinued, suspending the recognition of the proportional share of profit or loss.

If the resulting amount according to the equity method is negative, the share of profit or loss is reflected as zero in the consolidated financial statements, unless a commitment exists by the Company to reinstate the Company’s equity position, in which case the related provision for risks and expenses is recorded.

Dividends received by these companies are recorded by reducing the equity value, and the proportional share of profit or loss recognized according to the equity share are included in the consolidated profit or loss accounts in the caption “Equity share of profit (loss) of associates and joint ventures that are accounted for using the equity method of accounting”.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 3 Significant accounting policies (continued)**

3.21 Transactions with non-controlling interests

Non-controlling interests are recorded in the consolidated statement of financial position within equity, but separate from equity attributable to the owners of the Parent.

3.22

Related party transactions

Transactions between the Company and its subsidiaries are part of the Company's normal operations within its scope of business activities. Conditions for such transactions are those normally effective for those types of operations with regard to terms and market prices. These transactions have been eliminated in consolidation. The expiration conditions vary according to the originating transaction.

3.23

Property, plant and equipment

The assets tangible property, plant and equipment assets are stated at acquisition cost, net of the related accumulated depreciation, amortization and impairment losses that they might have experienced.

In addition to the price paid for the acquisition of tangible property, plant and equipment, the Company has considered the following concepts as part of the acquisition cost, as applicable:

Accrued interest expenses during the construction period that are directly attributable to the acquisition, construction or production of qualifying assets, which are those that require a substantial period prior to being ready for use. The<sup>1</sup> interest rate used is that related to the project's specific financing or, should this not exist, the average financing rate of the investor company.

The future costs that the Company will have to experience, related to the closure of its facilities at the end of their useful life, are included at the present value of disbursements expected to be required to settle the obligation.<sup>2</sup> Having initially recognized provisions for closure and refurbishment, the corresponding cost is capitalized as an asset in Property, plant and equipment and amortized in line with the amortization criteria for the associated assets.

Construction-in-progress is transferred to property, plant and equipment in operation once the assets are available for use and the related depreciation and amortization begins on that date.

Extension, modernization or improvement costs that represent an increase in productivity, ability or efficiency or an extension of the useful lives of property, plant and equipment are capitalized as a higher cost of the related assets. All the remaining maintenance, preservation and repair expenses are charged to expense as they are incurred.

The replacement of full assets, which increase the asset's useful life or its economic capacity, are recorded as a higher value of property, plant and equipment with the related derecognition of replaced or renewed elements.

Gains or losses which are generated from the sale or disposal of property, plant and equipment are recognized as income (or loss) in the period, and calculated as the difference between the asset's sales value and its net carrying value.

Costs derived from the daily maintenance of property, plant and equipment are recognized when incurred.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

### Note 3 Significant accounting policies (continued)

#### 3.24 Depreciation of property, plant and equipment, continued

Property, plant and equipment are depreciated through the straight-line distribution of cost over the estimated technical useful life of the asset, which is the period in which the Company expects to use the asset. When components of one item of property, plant and equipment have different useful lives, they are recorded as separate assets. Useful lives are reviewed on an annual basis.

Fixed assets associated with the Salar de Atacama consider useful life to be the lesser value between the technical useful life and the years remaining until 2030.

In the case of mobile equipment, depreciation is performed depending on the hours of operation

The useful lives used for the depreciation and amortization of assets included in property, plant and equipment in years are presented below.

Classes of property, plant and equipment	Minimum life or rate (years)	Maximum life or rate (years)	life or average rate in years
Mining assets	3	8	7
Energy generating assets	3	16	7
Buildings	2	40	11
Supplies and accessories	2	16	6
Office equipment	2	20	6
Transport equipment	2	20	9
Network and communication equipment	3	15	5
IT equipment	2	16	4
Machinery, plant and equipment	1	28	9
Other property, plant and equipment	1	26	6

#### 3.25 Goodwill

Goodwill acquired represents the excess in acquisition cost on the fair value of the Company's ownership of the net identifiable assets of the subsidiary on the acquisition date. Goodwill acquired related to the acquisition of subsidiaries

is included in goodwill, which is subject to impairment tests annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is stated at cost less accumulated impairment losses. Gains and losses related to the sale of an entity include the carrying value of goodwill related to the entity sold.

This intangible asset is assigned to cash-generating units with the purpose of testing impairment losses. It is allocated based on cash-generating units expected to obtain benefits from the business combination from which the aforementioned goodwill acquired arose.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 3 Significant accounting policies (continued)**

3.26

Intangible assets other than goodwill

Intangible assets other than goodwill mainly relate to water rights, emission rights, commercial brands, costs for rights of way for electricity lines, license costs and the development of computer software and mining property and concession rights, client portfolio and commercial agent.

*(a) Water rights*

Water rights acquired by the Company relate to water from natural sources and are recorded at acquisition cost. Given that these assets represent legal rights granted in perpetuity to the Company, they are not amortized, but are subject to annual impairment tests.

*(b)*

*Rights of way for electric lines*

As required for the operation of industrial plants, the Company has paid rights of way in order to install wires for the different electric lines on third party land. These rights are presented under intangible assets. Amounts paid are capitalized at the date of the agreement and charged to the statement of income, according to the life of the right of way.

*(c)*

*Computer software*

Licenses for IT programs acquired are capitalized based on their acquisition and customization costs. These costs are amortized over their estimated useful lives.

Expenses related to the development or maintenance of IT programs are recognized as an expense as and when incurred. Costs directly related to the production of unique and identifiable IT programs controlled by the Group, and which will probably generate economic benefits that are higher than its costs during more than a year, are recognized as intangible assets. Direct costs include the expenses of employees who develop information technology software and general expenses in accordance with corporate charges received.

The costs of development for IT programs recognized as assets are amortized over their estimated useful lives.

*(d) Mining property and concession rights*

The Company holds mining property and concession rights from the Chilean and Australian Governments. Property rights are usually obtained at no initial cost (other than the payment of mining patents and minor recording expenses) and once the rights on these concessions have been obtained, they are retained by the Company while annual patents are paid. Such patents, which are paid annually, are recorded as prepaid assets and amortized over the following twelve months. Amounts attributable to mining concessions acquired from third parties that are not from the Chilean Government are recorded at acquisition cost within intangible assets.

*(e)*

*Client portfolio*

The period for exploiting these portfolios is unlimited so they are considered assets with an indefinite useful life and are therefore not subject to amortization. However, they are subjected to an annual impairment test and the corresponding amounts are recorded in the profit or loss.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 3 Significant accounting policies (continued)**

**3.26 Intangible assets other than goodwill continued**

(f)

*Commercial agent*

The rights obtained through the acquisition of the commercial agent of Sociedad Agrocom Ltda. corresponded to the fair value of that company's line of business. The period for exploiting these rights is unlimited so they are considered assets with an indefinite useful life and are therefore not subject to amortization. However the indefinite useful life is subject to review for every reporting period, to see whether indefinite useful life continues to apply.

**3.27 Research and development expenses**

Research and development expenses are charged to profit or loss in the period in which the expenditure was incurred.

3.28

*Prospecting expenses*

The Company holds mining concessions for exploration and exploitation of ore. The Company gives the following treatment to expenses associated with exploration and assessment of these resources:

*Caliche*

Once the rights have been obtained, the Company records the disbursements directly associated with the exploration and assessment of the deposit as an at cost asset. These disbursements include the following items:

Disbursements for geological surveys, drilling, borehole extraction and sampling, activities related to the technical -assessment and commercial viability of the extraction, and in general, any disbursement directly related to specific projects where the objective is to find ore resources.

If the technical studies determine that the ore grade is not economically viable, the asset is directly charged to profit and loss. If determined otherwise, the asset described above is associated with the extractable ore tonnage which is amortized as it is used. These assets are presented in the other non-current assets category, reclassifying the portion

related to the area to be extracted that year as stock.

- Expenses related to metal exploration are charged to profit or loss in the period in which they are registered.

Salar de Atacama exploration expenses are presented in non-current assets in the property, plant and equipment category and correspond mainly to wells that can also be used in the extraction of the deposit and/or monitoring. These are amortized over 10 years.

Mt Holland exploration expenses primarily consider exploration boreholes and complementary studies for the lithium ore study of the area. These expenses will begin to be amortized in the development stage.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 3 Significant accounting policies (continued)**

**3.29 Impairment of non-financial assets**

Assets subject to depreciation and amortization are also subject to impairment testing, provided that an event or change in the circumstances indicates that the amounts in the accounting records may not be recoverable. An impairment loss is recognized for the excess of the book value of the asset over its recoverable amount.

The recoverable amount of an asset is the higher between the fair value of an asset or cash generating unit (“CGU”) less costs of sales and its value in use, and is determined for an individual asset unless the asset does not generate any cash inflows that are clearly independent from other assets or groups of assets.

When the carrying value of an asset exceeds its recoverable amount, the asset is considered an impaired asset and is reduced to its net recoverable amount.

In evaluating value in use, estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessment, the value of money over time and the specific asset risks.

To determine the fair value less costs to sell, an appropriate valuation model is used.

Impairment losses from continuing operations are recognized with a debit to profit or loss in the categories of expenses associated with the impaired asset function, except for properties reevaluated previously where the revaluation was taken to equity.

For assets other than acquired goodwill, an annual evaluation is carried out to determine whether any previously recognized impairment losses have already decreased or ceased to exist. If this should be the case, the recoverable amount is estimated. A previously recognized impairment loss is only reversed if there have been changes in the estimates used to determine the asset’s recoverable amount since the last time an impairment loss was recognized. If this is the case, the carrying value of the asset is increased to its recoverable amount. This increased amount cannot exceed the carrying value that would have been determined, net of depreciation, if an asset impairment loss had not been recognized in prior years. This reversal is recognized with a credit to profit or loss.

### 3.30 Minimum dividend

As required by Chilean law and regulations, our dividend policy is decided upon from time to time by our Board of Directors and is announced at the Annual Ordinary Shareholders' Meeting, which is generally held in April of each year. Shareholder approval of the dividend policy is not required. However, each year the Board must submit the declaration of the final dividend or dividends in respect of the preceding year, consistent with the then-established dividend policy, to the Annual Ordinary Shareholders' Meeting for approval. As required by the Chilean Companies Act, unless otherwise decided by unanimous vote of the holders of issued shares, we must distribute a cash dividend in an amount equal to at least 30% of our consolidated net income for that year (determined in accordance with CMF regulations), unless and to the extent the Company has a deficit in retained earnings.

### 3.31

### Earnings per share

The basic earnings per share amounts are calculated by dividing the profit for the year attributable to the ordinary owners of the parent by the weighted average number of ordinary shares outstanding during the year.

The Company has not conducted any type of operation of potential dilutive effect that would entail the disclosure of diluted earnings per share.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 3 Significant accounting policies (continued)**

3.32 Trade and other payables

Trade and other payables are measured at fair value plus all costs associated with the transaction. Subsequently, these are carried out at amortized cost using the effective interest rate method.

3.33 Interest-bearing borrowings

At initial recognition, interest-bearing borrowings are measured at fair value net of transaction costs incurred. Subsequently, they are measured at amortized cost using the effective interest rate method. Amortized cost is calculated considering any premium or discount from the acquisition and includes costs of transactions which are an integral part of the effective interest rate.

These are recorded as non-current when their expiration period exceeds twelve months and as current when the term is lower than such term. Interest expense is calculated in the year in which it is accrued following a financial criterion.

3.34 Other provisions

Provisions are recognized when:

- The Company has a present obligation or constructive obligation as the result of a past event.
- It is more likely than not that certain resources must be used, including benefits, to settle the obligation.
- A reliable estimate can be made of the amount of the obligation.

In the event that the provision or a portion of it is reimbursed, the reimbursement is recognized as a separate asset solely if there is certainty of income.

In the consolidated statement of income, the expense for any provision is presented net of any reimbursement.

Should the effect of the value of money over time be significant, provisions are discounted using a discount rate before tax that reflects the liability's specific risks. When a discount rate is used, the increase in the provision over time is recognized as a finance cost

The Company's policy is to maintain provisions to cover risks and expenses based on a better estimate to deal with possible or certain and quantifiable responsibilities from current litigation, compensations or obligations, pending expenses for which the amount has not yet been determined, collaterals and other similar guarantees for which the Company is responsible. These are recorded at the time the responsibility or the obligation that determines the compensation or payment is generated.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 3 Significant accounting policies (continued)**

3.35 Obligations related to employee termination benefits and pension commitments

Obligations towards the Company's employees comply with the provisions of the collective bargaining agreements in force, which are formalized through collective employment agreements and individual employment contracts, except for the United States, which is regulated in accordance with employment plans in force up to 2002. (See more details in Note 18.4).

These obligations are valued using actuarial calculations, according to the projected unit credit method which considers such assumptions as the mortality rate, employee turnover, interest rates, retirement dates, effects related to increases in employees' salaries, as well as the effects on variations in services derived from variations in the inflation rate. The criteria in force contained in the revised IAS 19 are also taken into account.

Actuarial gains and losses that may be generated by variations in defined, pre-established obligations are directly recorded in other comprehensive income.

Actuarial losses and gains have their origin in departures between the estimate and the actual behavior of actuarial assumptions or in the reformulation of established actuarial assumptions.

The discount rate used by the Company for calculating the obligation was 4.642% and 5.114% for the periods ended December 31, 2018 and December 31, 2017, respectively.

The Company's subsidiary SQM North America has established pension plans for its retired employees that are calculated by measuring the projected obligation using a net salary progressive rate net of adjustments for inflation, mortality and turnover assumptions, deducting the resulting amounts at present value using a 3.75% interest rate for 2018 and 4.50% for 2017. The net balance of this obligation is presented under the non-current provisions for employee benefits (refer to Note 18.4).

3.36

Compensation plans

Compensation plans implemented through benefits provided in share-based payments settled in cash are recognized in the financial statements at their fair value, in accordance with International Financial Reporting Standards No. 2 "Share-based Payments." Changes in the fair value of options granted are recognized with a charge to payroll on a straight-line basis during the period between the date on which these options are granted and the payment date (see Note 18.6).

3.37

Revenue recognition

The Company's revenues are predominantly sales of products, where its main performance obligation is to transfer the products under agreements in which the transfer of control, risks, property benefits, and in general, the fulfillment of the Company's performance obligations, occur at the same time.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 3 Significant accounting policies (continued)**

3.38

Finance income and finance costs

Finance income is mainly composed of interest income in financial instruments such as term deposits and mutual fund deposits. Interest income is recognized in profit or loss at amortized cost, using the effective interest rate method.

Finance costs are mainly composed of interest on bank borrowing expenses, interest on bonds issued and interest capitalized for borrowing costs for the acquisition, construction or production or qualifying assets.

Borrowing costs and bonds issued are recognized in profit or loss using the effective interest rate method.

For finance costs accrued during the construction period that are directly attributable to the acquisition, construction or production of qualifying assets, the effective interest rate related to the project's specific financing is used. If none exists, the average financing rate of the subsidiary making the investment is utilized.

Borrowing and financing costs that are directly attributable to the acquisition, construction or production of an asset are capitalized as part of that asset's cost.

3.39 Income tax and deferred taxes

Corporate income tax for the year is determined as the sum of current taxes from the different consolidated companies.

Current taxes are based on the application of the various types of taxes attributable to taxable income for the year.

Differences between the book value of assets and liabilities and their tax basis generate the balance of deferred tax assets or liabilities, which are calculated using the tax rates expected to be applicable when the assets and liabilities are realized.

In conformity with current Chilean tax regulations, the provision for corporate income tax and taxes on mining activity is recognized on an accrual basis, presenting the net balances of accumulated monthly tax provisional payments for the fiscal period and associated credits. The balances of these accounts are presented in current income taxes recoverable or current taxes payable, as applicable.

Tax on companies and variations in deferred tax assets or liabilities that are not the result of business combinations are recorded in the statement of income accounts or equity accounts in the consolidated statement of financial position, considering the origin of the gains or losses which have generated them.

At each reporting period, the carrying amount of deferred tax assets has been reviewed and reduced to the extent where there will not be sufficient taxable income to allow the recovery of all or a portion of the deferred tax assets. Likewise, as of the date of the consolidated financial statements, deferred tax assets that are not recognized were evaluated and not recognized as it was more likely than not that future taxable income will allow for recovery of the deferred tax asset.

likely than not that the temporary differences will be reversed in the near future and that there will be taxable income with which they may be used.

With respect to deductible temporary differences associated with investments in subsidiaries, associated companies and interest in joint ventures, deferred tax assets are recognized solely provided that it is more

The deferred income tax related to entries directly recognized in equity is recognized with an effect on equity and not with an effect on profit or loss.

Deferred tax assets and liabilities are offset if there is a legally receivable right of offsetting tax assets against tax liabilities and the deferred tax is related to the same tax entity and authority.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 3 Significant accounting policies (continued)**

3.40

Segment reporting

IFRS 8 requires that companies adopt a “management approach” to disclose information on the operations generated by its operating segments. In general, this is the information that management uses internally for the evaluation of segment performance and making the decision on how to allocate resources for this purpose.

An operating segment is a group of assets and operations responsible for providing products or services subject to risks and performance that are different from those of other business segments. A geographical segment is responsible for providing products or services in a given economic environment subject to risks and performance that are different from those of other segments operating in other economic environments.

For assets and liabilities, the allocation to each segment is not possible given that these are associated with more than one segment, except for depreciation, amortization and impairment of assets, which are directly allocated to the applicable segments, in accordance with the criteria established in the costing process for product inventories.

The following operating segments have been identified by the Company:

- Specialty plant nutrients
  
- Industrial chemicals
  
- Iodine and derivatives
  
- Lithium and derivatives
  
- Potassium
  
- Other products and services

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 3 Significant accounting policies (continued)**

**3.41 Responsibility for Information and Estimates Made**

The Management of Sociedad Química y Minera de Chile S.A. and its subsidiaries is responsible for the information contained in these consolidated financial statements, which expressly indicate that all the principles and criteria included in IFRS, as issued by the International Accounting Standards Board (IASB), have been applied in full.

In preparing the consolidated financial statements of Sociedad Química y Minera de Chile S.A. and its subsidiaries, Management has made judgments and estimates to quantify certain assets, liabilities, revenues, expenses and commitments included therein. Basically, these estimates refer to:

Estimated useful lives are determined based on current facts and past experience, and take into consideration the anticipated physical life of the asset, the potential for technological obsolescence, and regulations. See Notes 3.22, 15 and 16.

Impairment losses of certain assets - Assets, including property, plant and equipment, exploration assets, goodwill and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. If an impairment assessment is required, the assessment of fair value often requires estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance. Changes in such estimates could impact the recoverable values of these assets. Estimates are reviewed regularly by management. See Notes 15 and 16.

Assumptions used in calculating the actuarial amount of pension-related and severance indemnity payment benefit commitments. See Note 18.

Contingencies – The amount recognized as a provision, including legal, contractual, constructive and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore, the assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. The Company assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements. See Notes 19 and 22.

Provisions on the basis of technical studies that cover the different variables affecting products in stock (density and moisture, among others), and related allowance.

Obsolescence to ensure that the carrying value of inventory is not in excess of the net realizable Inventory valuation requires judgment to determine obsolescence and estimates of provisions for value. See Note 12.

Despite the fact that these estimates have been made on the basis of the best information available on the date of preparation of these consolidated financial statements, certain events may occur in the future and oblige their amendment (upwards or downwards) over the next few years, which would be made prospectively, recognizing the effects of the change in estimates in the related future consolidated financial statements.

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**Note 3 Significant accounting policies (continued)**

3.42 Environment

In general, the Company follows the criteria of considering amounts used in environmental protection and improvement as environmental expenses. However, the cost of facilities, machinery and equipment used for the same purpose are considered property, plant and equipment, as the case may be.

Note 4 Changes in accounting estimates and policies (consistent presentation)

4.1 Changes in accounting estimates

In the preparation of the consolidated financial statements of the Company and subsidiaries, the management has made estimates regarding the useful lives of Properties, Plants and Equipment, assumptions used for the actuarial calculation of employee benefits, contingencies and provisions (for more information, see Note 3.45)

4.2 Changes in accounting policies

As of December 31, 2018, the Company's consolidated financial statements present no changes in accounting policies or estimates compared to the prior period (for further details refer to Note 3.40).

As of December 31, 2018, the consolidated financial statements of the Company present changes in the accounting policies with respect to the previous period due to application of IFRS 9 and IFRS 15 from January 1, 2018

The consolidated statements of financial position as of December 31, 2018 and, 2017 and the statements of comprehensive income, changes in equity and cash flows for the periods ended December 31, 2018 and 2017, have been prepared in accordance with the IFRS.

The accounting principles and criteria were applied consistently.

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Note 5 Financial risk management

### **5.1 Financial risk management policy**

The Company's financial risk management policy is focused on safeguarding the stability and sustainability of the Company and its subsidiaries with regard to all such relevant financial uncertainty components.

The Company's operations are subject to certain financial risk factors that may affect its financial position or results. The most significant risk exposures are market risk, liquidity risk, currency risk, doubtful accounts risk, and interest rate risk, among others.

There could also be additional risks, which are either unknown or known but not currently deemed to be significant, which could also affect the Company's business operations, its business, financial position, or profit or loss.

The financial risk management structure includes identifying, determining, analyzing, quantifying, measuring and controlling these events. Management and, in particular, Finance Management, is responsible for constantly assessing the financial risk. The Company uses derivatives to hedge a significant portion of those risks.

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**Note 5 Financial Risk Management (continued)**

**5.2**

**Risk Factors**

**5.2.1 Risks Relating to Our Business**

*We could be subject to numerous risks as a result of legal proceedings and deferred prosecution agreements with U.S. and Chilean governmental authorities in relation to certain payments made by SQM between the tax years 2009 and 2015*

Following the investigations, the SII and the Chilean Public Prosecutor brought a number of criminal and administrative proceedings against (i) Patricio Contesse G., the Company's former CEO whose employment was terminated in May 2015, (ii) Mr. Contesse and the Company's then-current CEO, Patricio de Solminihac, and CFO (now CEO), Ricardo Ramos, in their capacities as the Company's tax representatives and (iii) five then-current and former members of the Company's Board of Directors. All the claims against Messrs. de Solminihac and Ramos were subsequently dismissed. The lawsuits against Mr. Contesse and the Board members are continuing.

On October 14, 2015, two class action complaints then pending against the Company, our former CEO and then-current CEO and CFO, alleging violations of the U.S. securities laws in connection with the subject matter of the investigations described above, were consolidated into a single action in the United States District Court for the Southern District of New York. On November 13, 2015, our former CEO and then-current CEO and CFO were voluntarily dismissed from the case without prejudice. On January 15, 2016, the lead plaintiff filed a consolidated class action complaint exclusively against the Company. On January 10, 2018, the lead plaintiff filed a motion to certify a class consisting of all persons who purchased SQM American Depositary Shares ("ADS") between June 30, 2010 and March 18, 2015, and such motion remains pending before the court.

During 2015, the ad-hoc committee of the Board of Directors (the "ad-hoc Committee") established in February 2015 to conduct an internal investigation into the matters that were the subject of the SII and Chilean Public Prosecutor investigation, also conducted an investigation into whether the Company faced possible liability under the Foreign Corrupt Practices Act ("FCPA"). The ad-hoc Committee engaged its own separate counsel, Shearman & Sterling LLP, which presented a report to the Board of Directors on December 15, 2015.

Following the presentation by the ad-hoc Committee of its findings to the Board of Directors, the Company voluntarily shared the findings of the ad-hoc Committee investigation with authorities in Chile and the U.S. (including the U.S. Securities and Exchange Commission ("SEC") and the U.S. Department of Justice ("DOJ")).



On January 13, 2017, the Company and the DOJ reached agreement on the terms of a Deferred Prosecution Agreement (“DPA”) that would resolve the DOJ’s inquiry, based on alleged violations of the books and records and internal controls provisions of the Foreign Corrupt Practices Act. Among other terms, the DPA called for the Company to pay a monetary penalty of US\$15,487,500, and engage a compliance monitor for a term of two (2) years. Upon successful completion of the three (3) year term of the DPA, all charges against the Company will be dismissed. On the same date, the SEC agreed to resolve its inquiry through an administrative cease and desist order, arising out of the alleged violations of the same accounting provisions of the FCPA. Among other terms, the SEC order called for the Company to pay an additional monetary penalty of US\$15 million.

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**Note 5 Financial Risk Management (continued)**

**5.2 Risk Factors (continued)**

**5.2.1 Risks Relating to Our Business (continued)**

On January 26, 2018, the Eighth Lower Criminal Court of Santiago approved a deferred prosecution agreement proposed by the Chilean Public Prosecutor relating to SQM and its subsidiaries, SQM Salar and SQM Nitratos S.A., to suspend an investigation against these entities related to potential corruption issues and responsibility for the lack of supervision and management. Under the deferred prosecution agreement, SQM, SQM Salar and SQM Nitratos S.A., have not admitted responsibility in the matter subject to the investigation but agreed to pay an aggregate amount of (i) Ch\$900,000,000 to the Chilean government, and (ii) Ch\$1,650,000,000 to various charitable organizations. As of January 26, 2018, these amounts were equivalent to approximately US\$1.5 million and US\$2.8 million, respectively. In addition, the companies have agreed to provide the Chilean Public Prosecutor with a report on the enhancements to their compliance program, implemented in recent years, with special emphasis on the incorporation of best practices in various jurisdictions. On August 17, 2018, the Eighth Lower Criminal Court of Santiago considered the conditions and decided to terminate the legal process.

In the event that the applicable regulatory authorities believe that the terms of the DPA or the deferred prosecution agreement with the Chilean Public Prosecutor are not complied with, it is possible that such regulatory authorities may reinstate the suspended proceedings against us and may bring further action against us, including in the form of additional inquiries or legal proceedings. Responding to our regulators' inquiries and any future civil, criminal or regulatory inquiries or proceedings diverts our management's attention from day-to-day operations. Additionally, expenses that may arise from responding to such inquiries or proceedings, our review of responsive materials, any related litigation or other associated activities may continue to be significant. Current and former employees, officers and directors may seek indemnification, advancement or reimbursement of expenses from us, including attorneys' fees, with respect to the current inquiry or future proceedings related to this matter. The occurrence of any of the foregoing or adverse determination in litigation or other proceedings or similar actions could materially and adversely affect our business, financial condition, cash flows, results of operations and the prices of our securities.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

## **Note 5 Financial Risk Management (continued)**

### **5.2 Risk Factors (continued)**

#### **5.2.1 Risks Relating to Our Business (continued)**

*We identified a material weakness in our internal controls over payments directed by the office of the former Chief Executive Officer*

In the past, our management determined that the Company did not maintain effective control over payments directed by the office of the former CEO. This determination was reported in our annual report for the year ended December 31, 2014 on Form 20-F, filed with the SEC on May 18, 2015.

We believe we have taken the necessary steps to remediate the identified material weakness and enhance our internal controls. However, any failure to maintain effective internal control over financial reporting could (i) result in a material misstatement in our financial reporting or financial statements that would not be prevented or detected, (ii) cause us to fail to meet our reporting obligations under applicable securities laws or (iii) cause investors to lose confidence in our financial reporting or financial statements, the occurrence of any of which could materially and adversely affect our business, financial condition, cash flows, results of operations and the prices of our securities.

*Volatility of world lithium, fertilizer and other chemical prices and changes in production capacities could affect our business, financial condition and results of operations.*

The prices of our products are determined principally by world prices, which, in some cases, have been subject to substantial volatility in recent years. World lithium, fertilizer and other chemical prices constantly vary depending upon the relationship between supply and demand at any given time. Supply and demand dynamics for our products are tied to a certain extent to global economic cycles, and have been impacted by circumstances related to such cycles. Furthermore, the supply of lithium, certain fertilizers or other chemical products, including certain products that we provide, varies principally depending on the production of the major producers, (including us) and their respective business strategies.

World prices of potassium-based fertilizers (including some of our specialty plant nutrients and potassium chloride) fluctuated as a result of the broader global economic and financial conditions. During the second half of 2013,

potassium prices declined as a result of an unexpected announcement made by the Russian company Uralkali (“Uralkali”) that it was terminating its participation in Belarus Potash Corporation (“BPC”). As a result of the termination of Uralkali’s participation in BPC, there was increased price competition in the market. In 2018, the average price for our potassium chloride and potassium sulfate business line was approximately 14% higher than in 2017. Our sales volumes for this business line were approximately 38% lower in 2018 compared to 2017. We cannot assure you that potassium-based fertilizer prices and sales volumes will not decline in the future.

Iodine prices followed an upward trend beginning at the end of 2008 and continuing through 2012, reaching an average price of approximately US\$53 per kilogram in 2012, over 40% higher than average prices in 2011. During the following years, supply growth outpaced demand growth, causing a decline in iodine prices. We obtained an average price for iodine of approximately US\$24 per kilogram in 2018, approximately 23% more than average prices obtained in 2017. We cannot assure you that iodine prices or sales volumes will not continue to decline in the future.

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## **Note 5 Financial Risk Management (continued)**

### **5.2 Risk Factors (continued)**

#### **5.2.1 Risks Relating to Our Business (continued)**

In 2018, lithium demand continued to grow creating tight market conditions and increasing prices by 26% compared to 2017, driven mostly by an increase in demand related to battery use. During the second half of 2018, lithium supply increased, and prices slightly decreased in the fourth quarter. We cannot assure you that lithium prices and sales volumes will not decline in the future.

We expect that prices for the products we manufacture will continue to be influenced, among other things, by worldwide supply and demand and the business strategies of major producers. Some of the major producers (including us) have increased or have the ability to increase production. As a result, the prices of our products may be subject to substantial volatility. High volatility or a substantial decline in the prices or sales volumes of one or more of our products could have a material adverse effect on our business, financial condition and results of operations.

#### ***Our sales to emerging markets and expansion strategy expose us to risks related to economic conditions and trends in those countries***

We sell our products in more than 110 countries around the world. In 2018, approximately 34% of our sales were made in emerging market countries: 8% in Latin America (excluding Chile); 8% in Africa and the Middle East (excluding Israel); 8% in Chile and 11% in Asia and Oceania (excluding Australia, Japan, New Zealand, South Korea and Singapore). We expect to expand our sales in these and other emerging markets in the future. In addition, we may carry out acquisitions or joint ventures in jurisdictions in which we currently do not operate, relating to any of our businesses or to new businesses in which we believe we may have sustainable competitive advantages. The results of our operations and our prospects in other countries in which we establish operations will depend, in part, on the general level of political stability and economic activity and policies in those countries. Future developments in the political systems or economies of these countries or the implementation of future governmental policies in those countries, including the imposition of withholding and other taxes, restrictions on the payment of dividends or repatriation of capital, the imposition of import duties or other restrictions, the imposition of new environmental regulations or price controls or changes in relevant laws or regulations, could have a material adverse effect on our business, financial condition and results of operations in those countries.

#### ***Our inventory levels may vary for economic or operational reasons***

In general, economic conditions or operational factors can affect our inventory levels. Higher inventories carry a financial risk due to increased need for cash to fund working capital and could imply increased risk of loss of product. At the same time, lower levels of inventory can hinder the distribution network and process, thus impacting sales volumes. There can be no assurance that inventory levels will remain stable. These factors could have a material adverse effect on our business, financial condition and results of operations.

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**Note 5 Financial Risk Management (continued)**

**5.2 Risk Factors (continued)**

**5.2.1 Risks Relating to Our Business (continued)**

*New production of iodine or lithium from current or new competitors in the markets in which we operate could adversely affect prices*

In recent years, new and existing competitors have increased the supply of iodine and lithium, which has affected prices for both products. Further production increases could negatively impact prices. There is limited information on the status of new iodine or lithium production capacity expansion projects being developed by current and potential competitors and, as such, we cannot make accurate projections regarding the capacities of possible new entrants into the market and the dates on which they could become operational. If these potential projects are completed in the short term, they could adversely affect market prices and our market share, which, in turn, could have a material adverse effect on our business, financial condition and results of operations.

*We have a capital expenditure program that is subject to significant risks and uncertainties*

Our business is capital intensive. Specifically, the exploration and exploitation of reserves, mining and processing costs, the maintenance of machinery and equipment and compliance with applicable laws and regulations require substantial capital expenditures. We must continue to invest capital to maintain or to increase our exploitation levels and the amount of finished products we produce.

In addition, we require environmental permits for our new projects. Obtaining permits in certain cases may cause significant delays in the execution and implementation of new projects and, consequently, may require us to reassess the related risks and economic incentives. We cannot assure you that we will be able to maintain our production levels or generate sufficient cash flow, or that we will have access to sufficient investments, loans or other financing alternatives, to continue our activities at or above present levels, or that we will be able to implement our projects or receive the necessary permits required for them in time. Any or all of these factors may have a material adverse effect on our business, financial condition and results of operations.

***High raw materials and energy prices could increase our production costs and cost of sales, and energy may become unavailable at any price***

We rely on certain raw materials and various energy sources (diesel, electricity, liquefied natural gas, fuel oil and others) to manufacture our products. Purchases of energy and raw materials we do not produce constitute an important part of our cost of sales. In addition, we may not be able to obtain energy at any price if supplies are curtailed or otherwise become unavailable. To the extent we are unable to pass on increases in the prices of energy and raw materials to our customers or we are unable to obtain energy, our business, financial condition and results of operations could be materially adversely affected.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

## **Note 5 Financial Risk Management (continued)**

### **5.2 Risk Factors (continued)**

#### **5.2.1 Risks Relating to Our Business (continued)**

*Our reserve estimates are internally prepared and not subject to review by external geologists or an external auditing firm and could be subject to significant changes, which may have a material adverse effect on our business, financial condition and results of operations*

Our caliche ore mining reserve estimates and our Salar de Atacama brine mining reserve estimates are prepared by our own geologists and hydrogeologists and are not subject to review by external geologists or an external auditing firm. Estimation methods involve numerous uncertainties as to the quantity and quality of the reserves, and reserve estimates could change upwards or downwards. A downward change in the quantity and/or quality of our reserves could affect future volumes and costs of production and therefore have a material adverse effect on our business, financial condition and results of operations.

*Quality standards in markets in which we sell our products could become stricter over time*

In the markets in which we do business, customers may impose quality standards on our products and/or governments may enact stricter regulations for the distribution and/or use of our products. As a result, if we cannot meet such new standards or regulations, we may not be able to sell our products. In addition, our cost of production may increase in order to meet any such newly imposed or enacted standards or regulations. Failure to sell our products in one or more markets or to important customers could materially adversely affect our business, financial condition and results of operations.

*Chemical and physical properties of our products could adversely affect their commercialization*

Since our products are derived from natural resources, they contain inorganic impurities that may not meet certain customer or government standards. As a result, we may not be able to sell our products if we cannot meet such requirements. In addition, our cost of production may increase in order to meet such standards. Failure to meet such standards could materially adversely affect our business, financial condition and results of operations if we are unable to sell our products in one or more markets or to important customers in such markets.

*Our business is subject to many operating and other risks for which we may not be fully covered under our insurance policies*

Our facilities and business operations in Chile and abroad are insured against losses, damage or other risks by insurance policies that are standard for the industry and that would reasonably be expected to be sufficient by prudent and experienced persons engaged in businesses similar to ours.

We may be subject to certain events that may not be covered under our insurance policies, which could have a material adverse effect on our business, financial condition and results of operations. Additionally, as a result of major earthquakes and unexpected rains and flooding in Chile, as well as other natural disasters worldwide, conditions in the insurance market have changed and may continue to change in the future, and as a result, we may face higher premiums and reduced coverage, which could have a material adverse effect on our business, financial condition and results of operations.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

## **Note 5 Financial Risk Management (continued)**

### **5.2 Risk Factors (continued)**

#### **5.2.1 Risks Relating to Our Business (continued)**

##### *Changes in technology or other developments could result in preferences for substitute products*

Our products, particularly iodine, lithium and their derivatives, are preferred raw materials for certain industrial applications, such as rechargeable batteries and liquid-crystal displays (LCDs). Changes in technology, the development of substitute products or other developments could adversely affect demand for these and other products which we produce. In addition, other alternatives to our products may become more economically attractive as global commodity prices shift. Any of these events could have a material adverse effect on our business, financial condition and results of operations.

##### *We are exposed to labor strikes and labor liabilities that could impact our production levels and costs*

Over 93% of our employees are employed in Chile, of which approximately 65% were represented by 22 labor unions as of December 31, 2018. We are exposed to labor strikes and illegal work stoppages that could impact our production levels. If a strike or illegal work stoppage occurs and continues for a sustained period of time, we could be faced with increased costs and even disruption in our product flow that could have a material adverse effect on our business, financial condition and results of operations.

Chilean Law No. 20,123, known as the Subcontracting Law, provides that when a serious workplace accident occurs, the company in charge of the workplace must halt work at the site where the accident took place until authorities from either the National Geology and Mining Service (Servicio Nacional de Geología y Minería or “Sernageomin”), the Labor Board (Dirección del Trabajo or “Labor Board”), or the National Health Service (Servicio Nacional de Salud), inspect the site and prescribe the measures such company must take to minimize the risk of similar accidents taking place in the future. Work may not be resumed until the applicable company has taken the prescribed measures, and the period of time before work may be resumed may last for a number of hours, days, or longer. The effects of this law could have a material adverse effect on our business, financial condition and results of operations.

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On September 8, 2016, Chilean Law No. 20,940 was published and modified the Labor Code by introducing, among other things, changes to the formation of trade unions, the election of inter-company union delegates, the presence of women on union boards, anti-union practices and related sanctions, and collective negotiations. Due to these changes to the labor regulations, we may face an increase in our expenses that may have a significant adverse effect on our business, financial condition, and results of operations.

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**Note 5 Financial Risk Management (continued)**

**5.2 Risk Factors (continued)**

**5.2.1 Risks Relating to Our Business (continued)**

*Lawsuits and arbitrations could adversely impact us*

We are party to a range of lawsuits and arbitrations involving different matters as described in Note 22.1. Although we intend to defend our positions vigorously, our defense of these actions may not be successful and responding to such lawsuits and arbitrations diverts our management's attention from day-to-day operations. Adverse judgments or settlements in these lawsuits may have a material adverse effect on our business, financial condition and results of operations. In addition, our strategy of being a world leader includes entering into commercial and production alliances, joint ventures and acquisitions to improve our global competitive position. As these operations increase in complexity and are carried out in different jurisdictions, we may be subject to legal proceedings that, if settled against us, could have a material adverse effect on our business, financial condition and results of operations.

*We have operations in multiple jurisdictions with differing regulatory, tax and other regimes*

We operate in multiple jurisdictions with complex regulatory environments that are subject to different interpretations by companies and respective governmental authorities. These jurisdictions may have different tax codes, environmental regulations, labor codes and legal framework, which adds complexity to our compliance with these regulations. Any failure to comply with such regulations could have a material adverse effect on our business, financial condition and results of operations.

*Environmental laws and regulations could expose us to higher costs, liabilities, claims and failure to meet current and future production targets*

Our operations in Chile are subject to national and local regulations relating to environmental protection. In accordance with such regulations, we are required to conduct environmental impact studies or statements before we conduct any new projects or activities or significant modifications of existing projects that could impact the environment or the health of people in the surrounding areas. We are also required to obtain an environmental license for certain projects and activities. The Environmental Evaluation Service (Servicio de Evaluación Ambiental)

evaluates environmental impact studies submitted for its approval. The public, government agencies or local authorities may review and challenge projects that may adversely affect the environment, either before these projects are executed or once they are operating, if they fail to comply with applicable regulations. In order to ensure compliance with environmental regulations, Chilean authorities may impose fines up to approximately US\$9 million per infraction, revoke environmental permits or temporarily or permanently close facilities, among other enforcement measures.

Chilean environmental regulations have become increasingly stringent in recent years, both with respect to the approval of new projects and in connection with the implementation and development of projects already approved, and we believe that this trend is likely to continue. Given public interest in environmental enforcement matters, these regulations or their application may also be subject to political considerations that are beyond our control.

We regularly monitor the impact of our operations on the environment and on the health of people in the surrounding areas and have, from time to time, made modifications to our facilities to minimize any adverse impact. Future developments in the creation or implementation of environmental requirements or their interpretation could result in substantially increased capital, operation or compliance costs or otherwise adversely affect our business, financial condition and results of operations.

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**Note 5 Financial Risk Management (continued)**

**5.2 Risk Factors (continued)**

**5.2.1 Risks Relating to Our Business (continued)**

The success of our current investments at the Salar de Atacama and Nueva Victoria is dependent on the behavior of the ecosystem variables being monitored over time. If the behavior of these variables in future years does not meet environmental requirements, our operation may be subject to important restrictions by the authorities on the maximum allowable amounts of brine and water extraction.

Our future development depends on our ability to sustain future production levels, which requires additional investments and the submission of the corresponding environmental impact studies or statements. If we fail to obtain approval or required environmental licenses, our ability to maintain production at specified levels will be seriously impaired, thus having a material adverse effect on our business, financial condition and results of operations.

In addition, our worldwide operations are subject to international and other local environmental regulations. Since environmental laws and regulations in the different jurisdictions in which we operate may change, we cannot guarantee that future environmental laws, or changes to existing environmental laws, will not materially adversely impact our business, financial condition and results of operations.

***Our water supply could be affected by geological changes or climate change***

Our access to water may be impacted by changes in geology, climate change or other natural factors, such as wells drying up or reductions in the amount of water available in the wells or rivers from which we obtain water, that we cannot control. Any such change may have a material adverse effect on our business, financial condition and results of operations.

***Any loss of key personnel may materially and adversely affect our business***

Our success depends in large part on the skills, experience and efforts of our senior management team and other key personnel. The loss of the services of key members of our senior management or employees with critical skills could have a negative effect on our business, financial condition and results of operations. If we are not able to attract or retain highly skilled, talented and qualified senior managers or other key personnel, our ability to fully implement our business objectives may be materially and adversely affected.

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**Note 5 Financial Risk Management (continued)**

**5.2 Risk Factors (continued)**

**5.2.2 Risks Relating to Chile**

*As we are a company based in Chile, we are exposed to Chilean political risks*

Our business, results of operations, financial condition and prospects could be affected by changes in policies of the Chilean government, other political developments in or affecting Chile, legal changes in the standards or administrative practices of Chilean authorities or the interpretation of such standards and practices, over which we have no control.

*Changes in regulations regarding, or any revocation or suspension of our concessions could negatively affect our business*

Any changes to regulations to which we are subject or adverse changes to our concession rights, or a revocation or suspension of our concessions, could have a material adverse effect on our business, financial condition and results of operations.

*Changes in mining or port concessions could affect our operating costs.*

We conduct our mining operations, including brine extraction, under exploitation and exploration concessions granted in accordance with provisions of the Chilean constitution and related laws and statutes. Our exploitation concessions essentially grant a perpetual right (with the exception of the rights granted to SQM Salar with respect to the Salar de Atacama concessions under the Lease Agreement described above, which expires in 2030) to conduct mining operations in the areas covered by the concessions, provided that we pay annual concession fees. Our exploration concessions permit us to explore for mineral resources on the land covered thereby for a specified period of time and to subsequently request a corresponding exploitation concession.

Our subsidiary SQM Salar holds exclusive rights to exploit the mineral resources in an area covering approximately 140,000 hectares of land in the Salar de Atacama in northern Chile, of which SQM Salar is only entitled to exploit the mineral resources in 81,920 hectares. These rights are owned by Corfo and leased to SQM Salar pursuant to the Lease Agreement. Corfo cannot unilaterally amend the Lease Agreement and the Project Agreement, and the rights to exploit the resources cannot be transferred. The Lease Agreement establishes that SQM Salar is responsible for making quarterly lease payments to Corfo according to specified percentages of the value of production of minerals extracted from the Salar de Atacama brines, maintaining Corfo's rights over the Mining Exploitation Concessions and making annual payments to the Chilean government for such concession rights. The Lease Agreement was entered into in 1993 and expires on December 31, 2030.

Our business is substantially dependent on the exploitation rights under the Lease Agreement and the Project Agreement, since all of our products originating from the Salar de Atacama are derived from our extraction operations under the Lease Agreement. These agreements expire in 2030 and establish a series of obligations with which SQM Salar must comply. A serious failure to comply with these obligations may jeopardize the exploitation rights under the agreements and the continuity of our operations in the Salar de Atacama. While we believe that we have taken the appropriate precautions to ensure compliance with the obligations and conditions in the agreements, there can be no assurance that we will be able to maintain such compliance, which could jeopardize the continued benefits to us of the agreements and could have a material adverse effect on our business, financial condition and results of operations.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 5 Financial Risk Management (continued)**

**5.2 Risk Factors (continued)**

**5.2.2 Risks Relating to Chile (continued)**

We also operate port facilities at Tocopilla, Chile, for the shipment of products and the delivery of raw materials pursuant to maritime concessions, which have been granted under applicable Chilean laws and are normally renewable on application, provided that such facilities are used as authorized and annual concession fees are paid.

Any significant adverse changes to any of these concessions could have a material adverse effect on our business, financial condition and results of operations.

***Changes in water rights laws and other regulations could affect our operating costs***

We hold water use rights that are key to our operations. These rights were obtained from the Chilean Water Authority (Dirección General de Aguas) for supply of water from rivers and wells near our production facilities, which we believe are sufficient to meet current operating requirements. However, the Chilean Water Rights Code (Código de Aguas or the “Water Code”) is subject to changes, which could have a material adverse impact on our business, financial condition and results of operations. For example, a series of bills are currently being discussed at the Chilean National Congress that seek to desalinate seawater for use in mining production processes, amend the Mining Code for water use in mining operations, amend the Political Constitution on water and introduce changes to the regulatory framework governing the terms of inspection and sanction of water. As a result, the amount of water that we can actually use under our existing rights may be reduced or the cost of such use could increase. These and potential future changes to the Water Code or other relevant regulations could have a material adverse effect on our business, financial condition and results of operations.

***The Chilean government could levy additional taxes on corporations operating in Chile***

In Chile, there is a royalty tax that is applied to mining activities developed in the country.

On September 29, 2014, Law No. 20,780 was published (the “Tax Reform”), introducing significant changes to the Chilean taxation system and strengthening the powers of the SII to control and prevent tax avoidance. Subsequently, on February 8, 2016, Law No. 20,899 that simplifies the income tax system and modifies other legal tax provisions was published. As a result of these reforms, open stock corporations like SQM are subject to the partially integrated shareholder tax regime (sistema parcialmente integrado). The corporate tax rate applicable to us increased to 25.5% in 2017 and increased to the maximum rate of 27% in 2018.

Under the partially integrated shareholder taxation regime, shareholders bear the tax on dividends upon payment, but they will only be permitted to credit against such shareholder taxes a portion of the Chilean corporate tax paid by us on our earnings, unless the shareholder is resident in a country with a tax treaty in force with Chile. In that case, 100% of the Chilean corporate tax paid by us may be credited against the final taxes at the shareholder level.

As a result, foreign shareholders resident in a non-treaty jurisdiction will be subject to a higher effective tax rate than residents of treaty jurisdictions. There is a temporary rule in effect from January 1, 2017 through December 31, 2019 that treaty jurisdictions for this purpose will include jurisdictions with tax treaties signed with Chile prior to January 1, 2017, whether or not such treaties are in force. This is currently the status of the treaty signed between Chile and United States. After December 31, 2019, if no treaty is in effect, shareholders in those jurisdictions will be subject to a higher effective tax rate.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 5 Financial Risk Management (continued)**

**5.2 Risk Factors (continued)**

**5.2.2 Risks Relating to Chile (continued)**

The Tax Reform tax increase prompted a US\$52.3 million increase in our deferred tax liabilities as of December 31, 2014. In accordance with the instructions issued by the CMF, the effects generated by the change in the income tax rate were accounted for as retained earnings.

In addition, the Tax Reform may have other material adverse effects on our business, financial condition and results of operations. Likewise, we cannot assure you that the manner in which the Royalty Law (as defined below) or the corporate tax rate are interpreted and applied will not change in the future. The Chilean government may decide to levy additional taxes on mining companies or other corporations in Chile. Such changes could have a material adverse effect on our business, financial condition and results of operations.

***Ratification of the International Labor Organization's Convention 169 concerning indigenous and tribal peoples might affect our development plans***

Chile, a member of the International Labor Organization ("ILO"), has ratified the ILO's Convention 169 (the "Indigenous Rights Convention") concerning indigenous and tribal people. The Indigenous Rights Convention established several rights for indigenous people and communities. Among other rights, the Indigenous Rights Convention states that (i) indigenous groups should be notified and consulted prior to the development of any project on land deemed indigenous, although veto rights are not mentioned, and (ii) indigenous groups have, to the extent possible, a stake in benefits resulting from the exploitation of natural resources in indigenous land. The extent of these benefits has not been defined by the Chilean government. The Chilean government has addressed item (i) above through Supreme Decree No. 66, issued by the Social Development Ministry. This decree requires government entities to consult indigenous groups that may be directly affected by the adoption of legislative or administrative measures, and it also defines criteria for the projects or activities that must be reviewed through the environmental evaluation system that also require such consultation. To the extent that the new rights outlined in the Indigenous Rights Convention become laws or regulations in Chile, judicial interpretations of the convention of those laws or regulations could affect the development of our investment projects in lands that have been defined as indigenous, which could have a material adverse effect on our business, financial condition and results of operations.

***Chile is located in a seismically active region***

Chile is prone to earthquakes because it is located along major fault lines. The most recent major earthquakes in Chile, which occurred in April 2017 in the Valparaiso region and in December 2016 in Chiloe Island, had a magnitude of 6.9 and 7.6, respectively, on the Richter scale. There were also earthquakes in 2015, 2014 and 2010 that caused substantial damage to some areas of the country. Chile has also experienced volcanic activity. A major earthquake or a volcanic eruption could have significant negative consequences for our operations and for the general infrastructure, such as roads, rail, and access to goods, in Chile. Although we maintain industry standard insurance policies that include earthquake coverage, we cannot assure you that a future seismic or volcanic event will not have a material adverse effect on our business, financial condition and results of operations.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 5 Financial Risk Management (continued)**

**5.2 Risk Factors (continued)**

**5.2.3 Risks Relating to our Shares and to our ADSs**

*The price of our ADSs and the U.S. dollar value of any dividends will be affected by fluctuations in the U.S. dollar/Chilean peso exchange rate*

Chilean trading in the shares underlying our ADSs is conducted in Chilean pesos. The depositary will receive cash distributions that we make with respect to the shares in Chilean pesos. The depositary will convert such Chilean pesos to U.S. dollars at the then prevailing exchange rate to make dividend and other distribution payments in respect of ADSs. If the value of the Chilean peso falls relative to the U.S. dollar, the value of the ADSs and any distributions to be received from the depositary will decrease.

*Developments in other emerging markets could materially affect the value of our ADSs and our shares*

The Chilean financial and securities markets are, to varying degrees, influenced by economic and market conditions in other emerging market countries or regions of the world. Although economic conditions are different in each country or region, investor reaction to developments in one country or region can have significant effects on the securities of issuers in other countries and regions, including Chile and Latin America. Events in other parts of the world may have a material effect on Chilean financial and securities markets and on the value of our ADSs and our shares.

*The volatility and low liquidity of the Chilean securities markets could affect the ability of our shareholders to sell our ADSs*

The Chilean securities markets are substantially smaller, less liquid and more volatile than the major securities markets in the United States. The volatility and low liquidity of the Chilean markets could increase the price volatility of our ADSs and may impair the ability of a holder to sell our ADSs into the Chilean market in the amount and at the price and time the holder wishes to do so.

*Our share or ADS price may react negatively to future acquisitions and investments*

As world leaders in our core businesses, part of our strategy is to look for opportunities that will allow us to consolidate and strengthen our competitive position in jurisdictions in which we currently do not operate. Pursuant to this strategy, we may carry out acquisitions or joint ventures relating to any of our businesses or to new businesses in which we believe we may have sustainable competitive advantages. Depending on our capital structure at the time of such acquisitions or joint ventures, we may need to raise significant debt and/or equity which will affect our financial condition and future cash flows. Any change in our financial condition could affect our results of operations, negatively impacting our share or ADS price.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 5 Financial Risk Management (continued)**

**5.2 Risk Factors (continued)**

**5.2.3 Risks Relating to our Shares and to our ADSs (continued)**

*ADS holders may be unable to enforce rights under U.S. securities laws*

Because we are a Chilean company subject to Chilean law, the rights of our shareholders may differ from the rights of shareholders in companies incorporated in the United States, and ADS holders may not be able to enforce or may have difficulty enforcing rights currently in effect under U.S. federal or state securities laws.

Our Company is an open stock corporation incorporated under the laws of the Republic of Chile. Most of our directors and officers reside outside the United States, principally in Chile. All or a substantial portion of the assets of these persons are located outside the United States. As a result, if any of our shareholders, including holders of our ADSs, were to bring a lawsuit against our officers or directors in the United States, it may be difficult for them to effect service of legal process within the United States upon these persons. Likewise, it may be difficult for them to enforce judgments obtained in United States courts based upon the civil liability provisions of the federal securities laws in the United States against them in the United States.

In addition, there is no treaty between the United States and Chile providing for the reciprocal enforcement of foreign judgments. However, Chilean courts have enforced judgments rendered in the United States, provided that the Chilean court finds that the United States court respected basic principles of due process and public policy. Nevertheless, there is doubt as to whether an action could be brought successfully in Chile in the first instance on the basis of liability based solely upon the civil liability provisions of the United States federal securities laws.

*As preemptive rights may be unavailable for our ADS holders, they have the risk of their holdings being diluted if we issue new stock*

Chilean laws require companies to offer their shareholders preemptive rights whenever issuing new shares of capital stock so shareholders can maintain their existing ownership percentage in a company. If we increase our capital by issuing new shares, a holder may subscribe for up to the number of shares that would prevent dilution of the holder's ownership interest.

If we issue preemptive rights, United States holders of ADSs would not be able to exercise their rights unless a registration statement under the Securities Act were effective with respect to such rights and the shares issuable upon exercise of such rights or an exemption from registration were available. We cannot assure holders of ADSs that we will file a registration statement or that an exemption from registration will be available. We may, in our absolute discretion, decide not to prepare and file such a registration statement. If our holders were unable to exercise their preemptive rights because we did not file a registration statement, the depositary bank would attempt to sell their rights and distribute the net proceeds from the sale to them, after deducting the depositary's fees and expenses. If the depositary could not sell the rights, they would expire and holders of ADSs would not realize any value from them. In either case, ADS holders' equity interests in us would be diluted in proportion to the increase in our capital stock.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 5 Financial Risk Management (continued)**

**5.2 Risk Factors (continued)**

**5.2.3 Risks Relating to our Shares and to our ADSs (continued)**

*If we were classified as a Passive Foreign Investment Company by the U.S. Internal Revenue Service, there could be adverse consequences for U.S. investors*

We believe that we were not classified as a Passive Foreign Investment Company (“PFIC”) for 2018. Characterization as a PFIC could result in adverse U.S. tax consequences to you if you are a U.S. investor in our shares or ADSs. For example, if we (or any of our subsidiaries) are a PFIC, our U.S. investors may become subject to increased tax liabilities under U.S. tax laws and regulations and will become subject to burdensome reporting requirements. The determination of whether or not we (or any of our subsidiaries or portfolio companies) are a PFIC is made on an annual basis and will depend on the composition of our (or their) income and assets from time to time.

*Changes in Chilean tax regulations could have adverse consequences for U.S. investors*

Currently cash dividends paid by us to foreign shareholders are subject to a 35% Chilean withholding tax. When the Company pays a corporate income tax on the income from which the dividend is paid, known as a “First Category Tax”, a credit for the full amount of the First Category Tax effectively reduces the rate of Withholding Tax. Changes in Chilean tax regulations could have adverse consequences for U.S. investors.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

## Note 5 Financial risk management, continued

### 5.2.4 Credit risk

A global economic downturn - and its potentially negative effects on the financial situation of our customers - could extend the payment terms of the Company's receivables by increasing its exposure to credit risk. Although measures are taken to minimize the risk, this global economic situation could mean losses with adverse material effects on the business, financial position or profit and loss of the Company's operations.

To mitigate these risks, the Company maintains active control of collection and uses measures such as the use of credit insurance, letters of credit and prepayments for a portion of receivables.

Financial investments correspond to time deposits whose maturity date is greater than 90 days and less than 360 days from the date of investment, so they are not exposed to excessive market risks.

The credit quality of financial assets that are not past due or impaired can be evaluated by reference to external credit ratings (if available) or historical information on counterparty late payment rates:

Financial institution	Financial assets	Rating Institution			12/31/2018 ThUS\$
		Moody	S&P	Fitch	
Banco de Chile	Time deposits	P-1	A-1	-	7,305
Banco de Crédito e Inversiones	Time deposits	P-1	A-1	-	27,428
Banco Itau Corpbanca	Time deposits	P-2	A-2	-	61,946
Banco Santander	Time deposits	-	-	-	432
Banco Estado	Time deposits	-	-	-	3,602
BBVA Banco Francés	Time deposits	-	-	-	84
Nedbank	Time deposits	P-3	B	-	647
JP Morgan US dollar Liquidity Fund Institutional	Investment fund deposits	-	-	-	133,809
Legg Mason - Western Asset Institutional Cash Reserves	Investment fund deposits	-	-	-	132,108
Total					367,361

Financial institution	Financial assets	Rating Institution			12/31/2018 ThUS\$
		Moody	S&P	Fitch	
Banco Sud Americano	90 days to 1 year	-	-	-	24,898
Banco de Crédito e Inversiones	90 days to 1 year	P-1	A-1	-	145,834

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Banco Santander	90 days to 1 year	P-1	A-1	-	23,124
Banco Itaú-Corpbanca	90 days to 1 year	P-2	A-2	-	70,719
Banco Security	90 days to 1 year	-	-	-	27,215
Total					291,790

The following table presents comparative information as of December 2017:

Financial institution	Financial assets	Rating	Institution	12/31/2017	
		Moody	S&P	Fitch	
				ThUS\$	
Banco BBVA Chile	Time deposits	P-2	A-2	-	41,860
Banco de Crédito e Inversiones	Time deposits	P-1	A-1	F1	120,616
Banco Santander - Santiago	Time deposits	P-1	A-1	F1	35,558
BBVA Banco Francés	Time deposits	-	-	-	163
Itau-Corpbanca	Time deposits	P-2	A-2	-	75,072
JP Morgan US dollar Liquidity Fund Institutional	Investment fund deposits	-	-	-	143,333
Legg Mason - Western Asset Institutional Cash Reserves					
Reserves	Investment fund deposits	-	-	-	144.464
Scotiabank Sud Americano	Time deposit				12,520
Nedank	Time deposit	P-3	B	-	3,686
ABN Amro Bank	Time deposit	-	-	-	1,439
Total					578,711

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Notes to the Consolidated Financial Statements as of December 31, 2018.

## Note 5 Financial risk management, continued

### 5.2.4 Credit risk, Continued

Financial institution	Financial assets	Rating Institution			12/31/2017 ThUS\$
		Moody's	S&P	Fitch	
Banco BBVA Chile	90 days to 1 year	-	-	-	1,207
Banco de Crédito e Inversiones	90 days to 1 year	P-1	A-1	F1	71,748
Banco de Chile	90 days to 1 year				4,834
Banco Itaú-Corpbanca	90 days to 1 year	P-1	A-2	-	77,526
Banco Santander - Santiago	90 days to 1 year	P-1	A-1	F1	163,269
Morgan Stanley	90 days to 1 year	P-2	A-2	F1	4,191
Banco Security	90 days to 1 year	-	-	-	28,592
Scotiabank Sud Americano	90 days to 1 year	-	-	AA	13,765
Total					365,132

### 5.2.5 Currency risk

The functional currency of the Company is the US Dollar, due to its influence on the determination of price levels, its relation to the cost of sales and considering that a significant part of the Company's business is conducted in this currency. However, the global nature of the Company's business generates an exposure to exchange rate variations of several currencies with the US Dollar. Therefore, the Company maintains hedge contracts to mitigate the exposure generated by its main mismatches (net between assets and liabilities) in currencies other than the US dollar against the exchange rate variation, updating these contracts periodically depending on the amount of mismatching to be covered in these currencies. Occasionally, subject to the approval of the Company's Board of Directors (the "Board"), the Company ensures short-term cash flows from certain specific line items in currencies other than the US Dollar.

A significant portion of the Company's costs, especially salary payments, is associated with the Chilean peso (the "Peso"). Therefore, an increase or decrease in its exchange rate with the US Dollar would affect the Company's profit and loss. By the fourth quarter, approximately US\$400 million accumulated in expenses are associated with the Peso. A significant part of the effect of these liabilities on the Statement of Financial Position is covered by derivative instrument operations that cover the balance sheet mismatch.

As of December 31, 2018, the Company held derivative instruments classified as hedges of foreign exchange risks associated with all of the bond liabilities denominated in UF, for a fair value of US\$3.9 million against the Company. As of September 30, 2018, this value amounted to US\$21.3 million in favor of the Company and as of December 31, 2017, it totaled US\$5 million against the Company.

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As of December 31, 2018, the exchange rate value for equivalent Pesos to US Dollars was Ch\$694.77 per US Dollar, as of September 30, 2018, it was Ch\$660.42 per Dollar and as of December 31, 2017, it was Ch\$614.75 per US Dollar.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

## **Note 5 Financial risk management, continued**

### **5.2.6 Interest rate risk**

Interest rate fluctuations, primarily due to the uncertain future behavior of markets, may have a material impact on the financial results of the Company.

The Company maintains current and non-current financial debt valued at the LIBOR rate plus spread.

As of Monday, December 31, 2018, the Company has around 5% of its financial liabilities linked to variations in the LIBOR rate and therefore any significant increases in that rate would impact its financial position. A change of 100 base points over that rate could generate variations in finance costs of around US\$0.06 million.

Additionally, as of December 31, 2018, the Company does not maintain maturities of less than 12 months on all capital of the financial debt, thereby reducing exposure to variations in interest rates.

### **5.2.7 Liquidity risk**

Liquidity risk relates to the funds needed to comply with payment obligations. The Company's objective is to maintain financial flexibility through a comfortable balance between fund requirements and cash flows from regular business operations, bank borrowings, bonds, short term investments, and marketable securities, among others.

The Company has an important capital expense program which is subject to change over time.

On the other hand, world financial markets go through periods of contraction and expansion that are unforeseeable in the long-term and may affect SQM's access to financial resources. Such factors may have a material adverse impact on the Company's business, financial position and results of operations.

SQM constantly monitors the matching of its obligations with its investments, taking due care of maturities of both, from a conservative perspective, as part of this financial risk management strategy. As of December 31, 2018, the



Company had unused, available revolving credit facilities with banks, for a total of approximately US\$481 million.

The position in other cash and cash equivalents generated by the Company are invested in highly liquid mutual funds with an AAA risk rating.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 5 Financial risk management, continued****5.2.7 Liquidity risk, continued**

As of December 31, 2018	Nature of undiscounted cash flows				Total
	Carrying amount	Less than 1 year	1 to 5 years	Over 5 years	
(in millions of US\$)					
Other non-derivative financial liabilities					
Bank borrowings	70.25	4.10	79.66	-	83.76
Unsecured obligations	1,273.07	61.37	823.76	713.60	1,598.73
Subtotal	1,343.32	65.47	903.42	713.60	1,682.49
Other derivative financial liabilities					
Hedging liabilities	(14.34 )	5.52	15.64	29.27	50.43
Derivative financial instruments	0.16	0.16	-	-	0.16
Subtotal	(14.18 )	5.68	15.64	29.27	50.59
Trade accounts payable and other accounts payable	163.75	163.17	0.58	-	-
Total	1,492.89	234.32	919.64	742.87	1,733.08

As of December 31, 2017	Nature of undiscounted cash flows				Total
	Carrying amount	Less than 1 year	1 to 5 years	Over 5 years	
(in millions of US\$)					
Other non-derivative financial liabilities					
Bank borrowings	163.57	164.78	-	-	164.78
Unsecured obligations	1,054.89	47.45	522.52	751.67	1,321.64
Subtotal	1,218.46	212.23	522.52	751.67	1,486.42
Other derivative financial liabilities					
Hedging liabilities	28,38	37.01	(9.51 )	(18.36 )	9.14
Derivative financial instruments	0,80	0.80	-	-	0.80
Subtotal	29,18	37.81	(9.51 )	(18.36 )	9.94
Trade accounts payable and other accounts payable	196,28	196.18	0.10	-	-
Total	1,247.64	446.22	513.11	733.31	1,496.36

**5.3 Risk measurement**

The Company has methods to measure the effectiveness and efficiency of financial risk hedging strategies, both prospectively and retrospectively. These methods are consistent with the risk management profile of the Group.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

Note 6 Background of companies included in consolidation

6.1 Parent's stand-alone assets and liabilities

	12/31/2018	12/31/2017
	ThUS\$	ThUS\$
Assets	3,737,892	3,658,528
Liabilities	(1,652,401)	(1,470,707)
Equity	2,085,491	2,187,821

6.2 Parent entity

Pursuant to Article 99 of Law No. 18,045 of the Securities Market (the "Securities Market Law"), the Commission for Financial Market (the "CMF") may determine that a company does not have a controller in accordance with the distribution and dispersion of its ownership. On November 30, 2018, the CMF issued the ordinary letter No. 32.131 whereby it determined that Sociedad de Inversiones Pampa Calichera S.A., Potasios de Chile S.A. and Inversiones Global Mining (Chile) Limitada (the "Pampa Group"), do not exert decisive power over the management of the Company since it does not have a predominance in the ownership that allows it to make management decisions. Therefore, the CMF has determined not to consider Grupo Pampa the controller of the Company and that the Company does not have a controller given its current ownership structure.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

Note 7 **Board of Directors, Senior Management And Key management personnel**

7.1 Board of Directors and Senior Management

1) Board of directors

SQM S.A. is managed by a Board of Directors which is composed of 8 regular directors, 2 of whom are independent directors, who are elected for a three-year period. The present Board of Directors was elected by the shareholders at the Ordinary Shareholders' Meeting on April 27, 2018.

On December 5, 2018, directors Darryl Stann and Mark F. Fracchia presented their resignations to the Board of Directors, and to date no replacements have been named.

As of December 31, 2018, the Company has the following Committees:

**Directors' Committee:** This committee comprises Hernán Büchi Buc, Laurence Golbome Riveros and Alberto Salas -Muñoz and fulfills the functions established in Article 50 bis of Chilean Law no. 18.046 on publicly-held corporations.

**The Company's Health, Safety and Environmental Matters Committee:** This committee comprises Arnfinn F. Prugger, Patricio Contesse Fica and Gonzalo Guerrero Yamamoto.

**Corporate Governance Committee:** Comprised of Hernán Büchi Buc. In the session held in December 2018, in consideration of the resignation of directors Darryl Stann and Mark F. Fracchia, the Board of Directors decided move forward on issues pertaining to this committee.

During the periods covered by these financial statements, there are no pending balances receivable and payable between the Company, its directors or members of Senior Management, other than those related to remuneration, fee allowances and profit-sharing. In addition, there were no transactions conducted between the Company, its directors or members of Senior Management.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 7 Board of Directors, Senior Management And Key management personnel (continued)**

**7.1 Board of Directors and Senior Management, continued**

2)

Directors' Compensation

Directors' compensation is detailed as follows:

The payment of a fixed, gross and monthly amount of UF 400 in favor of the Chairman of the Board of Directors of a) SQM S.A. and of UF 350 in favor of the remaining seven Directors of SQM S.A. and regardless of the number of Board of Directors' Meetings held or not held during the related month.

A payment in domestic currency in favor of the Chairman of the Company's Board of Directors consisting of a b) variable and gross amount equivalent to 0.12% of profit for the period effectively earned by the Company during the 2018 fiscal year.

A payment in domestic currency in favor of each Company's directors excluding the Chairman of the Board, c) consisting of a variable and gross amount equivalent to 0.06% of profit for the period effectively earned by the Company during the 2018 fiscal year.

The fixed and variable amounts indicated above cannot be altered and those expressed in percentages will be paid after the related General Shareholders' Meeting of SQM S.A. approves the Balance Sheet, Financial Statements, d) Annual Report, the Account Inspectors' Report and Independent Auditor's Report of SQM S.A. for the commercial year ended December 31, 2018.

The amounts expressed in UF will be paid in accordance with the value determined by the Chilean Superintendence of Banks and Financial Institutions (SBIF), the Central Bank of Chile (Banco Central de Chile) or another relevant e) institution replacing them during the last day of the calendar year applicable. The amounts reflected in or referred to in U.S. dollars will be converted to Chilean pesos and paid in Chilean pesos in accordance with the exchange rate in force when the dividend for the 2018 fiscal year is paid.

f) Therefore, the remunerations and profit sharing paid to members of the Board of Directors and Audit Committee as of December 31, 2018, amount to ThUS\$3,791, and ThUS\$ 3,231 as of December 31, 2017.

3) Directors' Committee

The remuneration of the Directors Committee comprises:

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The payment of a fixed, gross and monthly amount of UF 113 in favor of each of the 3 directors that are members of a) the Directors' Committee, regardless of the number of meetings of the Directors' Committee that have or have not been held during the month concerned.

b) The payment in domestic currency and in favor of each of the 3 directors of a variable and gross amount equivalent to 0.02% of total net profit that the Company effectively obtains during the 2018 fiscal year.

c) Approval of a budget for operating costs for the Directors' Committee equal to the total of their joint annual remunerations plus ThUS\$825.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 7 Board of Directors, Senior Management And Key management personnel (continued)**

**7.1 Board of Directors and Senior Management, continued**

The fixed and variable amounts indicated above cannot be altered and those expressed in percentages will be paid after the related General Shareholders' Meeting of SQM S.A. approves the Balance Sheet, Financial Statements, Annual Report, the Account Inspectors' Report and Independent Auditor's Report of SQM S.A. for the commercial year ended December 31, 2018.

The amounts expressed in UF will be paid in accordance with the value determined by the Chilean Superintendence of Banks and Financial Institutions (SBIF), the Central Bank of Chile (Banco Central de Chile) or another relevant institution replacing them during the last day of the calendar year applicable. The amounts reflected in or referred to in U.S. dollars will be converted to Chilean pesos and paid in Chilean pesos in accordance with the exchange rate in force when the dividend for the 2018 fiscal year is paid.

4) Health, Safety and Environmental Matters Committee:

The remuneration for this committee is composed of the payment of a fixed, gross and monthly amount of UF 50 for each of the 3 Directors on the committee, regardless of the number of meetings it has held.

5) Corporate Governance Committee

The remuneration for this committee is composed of the payment of a fixed, gross, monthly amount of UF 50 for each of the 3 Directors on the committee regardless of the number of meetings it has held.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 7 Board of Directors, Senior Management And Key management personnel (continued)**

**7.1 Board of Directors and Senior Management, continued**

6) No guarantees have been constituted in favor of the directors.

7) Senior management compensation:

As of December 31, 2018, the global compensation paid to the 123 main executives amounts to ThUS\$27,907, the a) global compensation paid to the 115 main executives as of December 31, 2017 amounted to ThUS\$27,367. This includes monthly fixed salary and variable performance bonuses.

SQM S.A. has an annual bonus plan based on goal achievement and individual contribution to the Company's b) results. These incentives are structured as a minimum and maximum number of gross monthly salaries and are paid once a year.

c) The Company also has retention bonuses for its executives. The value of these bonuses is linked to the Company's stock price and is payable in cash during the first quarter of 2021 (see Note 18.6).

8) No guarantees have been constituted in favor of the Company's management.

The Company's Managers and Directors do not receive or have not received any benefit during the period ended 9) December 31, 2018 and the year ended December 31, 2017 or compensation for the concept of pensions, life insurance, paid time off, profit sharing, incentives, or benefits due to disability other than those mentioned in the preceding points.

**7.2 Key management personnel compensation**

As of December 31, 2018, there are 123 people occupying key management positions and 115 as of December 31, 2017.

	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Key management personnel compensation (1)	27,907	27,367

(1) Corresponds to a number of executives (see Note 7.1 number 7) a).

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Notes to the Consolidated Financial Statements as of December 31, 2018.

## Note 8 Background on companies included in consolidation and non-controlling interests

## 8.1 Background on companies included in consolidation

The following tables detail general information as of December 31, 2018 and December 31, 2017, on the companies in which the group exercises control and significant influence:

Subsidiaries	TAX ID No.	Address	Country of Incorporation	Functional Currency	Ownership Interest Direct	Ownership Interest Indirect	Total
SQM Nitratos S.A.	96.592.190-7	El Trovador 4285 Las Condes	Chile	US dollar	99.9999	0.0001	100.0000
Proinsa Ltda.	78.053.910-0	El Trovador 4285 Las Condes	Chile	Chilean peso	-	60.5800	60.5800
SQMC Internacional Ltda.	86.630.200-6	El Trovador 4285 Las Condes	Chile	Chilean peso	-	60.6381	60.6381
SQM Potasio S.A.	96.651.060-9	El Trovador 4285 Las Condes	Chile	US dollar	99.9999	-	99.9999
Serv. Integrales de Tránsito y Transf. S.A.	79.770.780-5	Arturo Prat 1060, Tocopilla	Chile	US dollar	0.0003	99.9997	100.0000
Isapre Norte Grande Ltda.	79.906.120-1	Anibal Pinto 3228, Antofagasta	Chile	Chilean peso	1.0000	99.0000	100.0000
Ajay SQM Chile S.A.	96.592.180-K	Av. Pdte. Eduardo Frei 4900, Santiago	Chile	US dollar	51.0000	-	51.0000
Almacenes y Depósitos Ltda.	79.876.080-7	El Trovador 4285 Las Condes	Chile	Chilean peso	1.0000	99.0000	100.0000
SQM Salar S.A.	79.626.800-K	El Trovador 4285 Las Condes	Chile	US dollar	18.1800	81.8200	100.0000
SQM Industrial S.A.	79.947.100-0	El Trovador 4285 Las Condes	Chile	US dollar	99.0470	0.9530	100.0000
Exploraciones Mineras S.A. Sociedad	76.425.380-9	El Trovador 4285 Las Condes	Chile	US dollar	0.2691	99.7309	100.0000
Prestadora de Servicios de Salud Cruz del Norte S.A.	76.534.490-5	Anibal Pinto 3228, Antofagasta	Chile	Chilean peso	-	100.0000	100.0000
Soquimich Comercial S.A.	79.768.170-9	El Trovador 4285 Las Condes	Chile	US dollar	-	60.6383	60.6383
Comercial Agrorama Ltda.	76.064.419-6	El Trovador 4285 Las Condes	Chile	Chilean peso	-	42.4468	42.4468

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(*)								
Comercial Hydro S.A.	96.801.610-5	El Trovador 4285 Las Condes	Chile	US dollar	-	60.6383	60.6383	
Agrorama S.A.	76.145.229-0	El Trovador 4285 Las Condes	Chile	Chilean peso	-	60.6377	60.6377	
Orcoma Estudios SPA	76.359.919-1	Apoquindo 3721 OF 131 Las Condes	Chile	US dollar	51.0000	-	51.0000	
Orcoma SPA	76.360.575-2	Apoquindo 3721 OF 131 Las Condes	Chile	US dollar	100.0000	-	100.0000	
SQM MaG SpA	76.686.311-9	Los Militares 4290, Las Condes	Chile	US dollar	-	100.0000	100.0000	
SQM North America Corp.	Foreign	2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta, GA	United States of America	US dollar	40.0000	60.0000	100.0000	
RS Agro Chemical Trading Corporation A.V.V.	Foreign	Caya Ernesto O. Petronia 17, Oranjestad	Aruba	US dollar	98.3333	1.6667	100.0000	
Nitratos Naturais do Chile Ltda.	Foreign	Al. Tocantis 75, 6° Andar, Conunto 608 Edif. West Gate, Alphaville Barureri, CEP 06455-020, Sao Paulo	Brazil	US dollar	-	100.0000	100.0000	
Nitrate Corporation of Chile Ltd.	Foreign	1 More London Place London SE1 2AF	United Kingdom	US dollar	-	100.0000	100.0000	
SQM Corporation N.V.	Foreign	Pietermaai 123, P.O. Box 897, Willemstad, Curacao	Curacao	US dollar	0.0002	99.9998	100.0000	
SQM Perú S.A.	Foreign	Avenida Camino Real N° 348 of. 702, San Isidro, Lima	Peru	US dollar	0.9800	99.0200	100.0000	
SQM Ecuador S.A.	Foreign	Av. José Orrantia y Av. Juan Tanca Marengo Edificio Executive Center Piso 2 Oficina 211	Ecuador	US dollar	0.0040	99.9960	100.0000	

(\*) SQM controls Soquimich Comercial, which in turn controls Comercial Agrorama Ltda. SQM has management control over Comercial Agrorama Ltda.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 8 Background on companies included in consolidation and non-controlling interests (continued)****8.1 Background on companies included in consolidation, continued**

Subsidiaries	TAX ID No.	Address	Country of Incorporation	Functional Currency	Ownership Interest Direct	Ownership Interest Indirect	Total
SQM Brasil Ltda.	Foreign	Al. Tocantis 75, 6° Andar, Conunto 608 Edif. West Gate, Alphaville Barueri, CEP 06455-020, Sao Paulo	Brazil	US dollar	1.0900	98.9100	100.0000
SQI Corporation N.V.	Foreign	Pietermaai 123, P.O. Box 897, Willemstad, Curacao	Curacao	US dollar	0.0159	99.9841	100.0000
SQMC Holding Corporation.	Foreign	2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta	United States of America	US dollar	0.1000	99.9000	100.0000
SQM Japan Co. Ltd.	Foreign	From 1 <sup>st</sup> Bldg 207, 5-3-10 Minami- Aoyama, Minato-ku, Tokio	Japan	US dollar	0.1597	99.8403	100.0000
SQM Europe N.V.	Foreign	Houtdok-Noordkaai 25a B-2030 Amberes	Belgium	US dollar	0.5800	99.4200	100.0000
SQM Italia SRL	Foreign	Via A. Meucci, 5 500 15 Grassina Firenze	Italy	US dollar	-	100.0000	100.0000
SQM Indonesia S.A.	Foreign	Perumahan Bumi Dirgantara Permai, Jl Suryadarma Blok Aw No 15 Rt 01/09 17436 Jatisari Pondok Gede	Indonesia	US dollar	-	80.0000	80.0000
North American Trading Company	Foreign	2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta, GA	United States of America	US dollar	-	100.0000	100.0000
SQM Virginia LLC	Foreign	2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta, GA	United States of America	US dollar	-	100.0000	100.0000
SQM Comercial de México S.A. de C.V.	Foreign	Av. Moctezuma 144-4 Ciudad del Sol. CP 45050, Zapopan, Jalisco Mexico	Mexico	US dollar	0.0100	99.9900	100.0000
SQM Investment Corporation N.V.	Foreign	Pietermaai 123, P.O. Box 897, Willemstad, Curacao	Curacao	US dollar	1.0000	99.0000	100.0000
Royal Seed Trading	Foreign	Caya Ernesto O. Petronia 17, Oranjestad	Aruba	US dollar	1.6700	98.3300	100.0000

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Corporation A.V.V. SQM Lithium Specialties Limited Partnership	Foreign	2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta, GA	United States of America	US dollar	-	100.0000	100.0000
Soquimich SRL Argentina Comercial	Foreign	Espejo 65 Oficina 6 – 5500 Mendoza	Argentina	US dollar	-	100.0000	100.0000
Caimán Internacional S.A.	Foreign	Edificio Plaza Bancomer Calle 50	Panama	US dollar	-	100.0000	100.0000
SQM France S.A.	Foreign	ZAC des Pommiers 27930 FAUVILLE	France	US dollar	-	100.0000	100.0000
Administración y Servicios Santiago S.A. de C.V.	Foreign	Av. Moctezuma 144-4 Ciudad del Sol. CP 45050, Zapopan, Jalisco Mexico	Mexico	US dollar	-	100.0000	100.0000
SQM Nitratos México S.A. de C.V.	Foreign	Av. Moctezuma 144-4 Ciudad del Sol. CP 45050, Zapopan, Jalisco Mexico	Mexico	US dollar	-	100.0000	100.0000
SQM Australia PTY	Foreign	Level 16, 201 Elizabeth Street Sydney	Australia	Australian dollar	-	100.0000	100.0000
SACAL S.A.	Foreign	Av. Leandro N. Alem 882, piso 13 Buenos Aires	Argentina	Argentine peso	-	100.0000	100.0000

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 8 Background on companies included in consolidation and non-controlling interests (continued)****8.1 Background on companies included in consolidation, continued**

Subsidiaries	TAX ID No.	Address	Country of Incorporation	Functional Currency	Ownership Interest		Total
					Direct	Indirect	
Soquimich European Holding B.V.	Foreign	Loacalellikade 1 Parnassustoren 1076 AZ Amsterdam	Holland	US dollar	-	100.0000	100.0000
SQM Iberian S.A	Foreign	Provenza 251 Principal 1a CP 08008, Barcelona Tramore House, 3	Spain	US dollar	-	100.0000	100.0000
SQM Africa Pty Ltd.	Foreign	Waterford Office Park, Waterford Drive, 2191 Fourways, Johannesburg	South Africa	US dollar	-	100.0000	100.0000
SQM Oceanía Pty Ltd.	Foreign	Level 9, 50 Park Street, Sydney NSW 2000, Sydney Room 1001C, CBD	Australia	US dollar	-	100.0000	100.0000
SQM Beijing Commercial Co. Ltd.	Foreign	International Mansion N 16 Yong An Dong Li, Jian Wai Ave Beijing 100022, P.R.	China	US dollar	-	100.0000	100.0000
SQM Thailand Limited	Foreign	Unit 2962, Level 29, N° 388, Exchange Tower Sukhumvit Road, Klongtoey Bangkok	Thailand	US dollar	-	99.996	99.996
SQM Colombia SAS	Foreign	Cra 7 No 32 – 33 piso 29 Pbx: (571) 3384904 Fax: (571) 3384905 Bogotá D.C. – Colombia.	Colombia	US dollar	-	100.0000	100.0000
SQM International N.V.	Foreign	Houtdok-Noordkaai 25a B-2030 Amberes	Belgium	US dollar	0.5800	99.4200	100.0000
SQM (Shanghai) Chemicals Co. Ltd.	Foreign	Room 4703-33, 47F, No.300 Middle Huaihai Road, Huangpu district, Shanghai	China	US dollar	-	100.0000	100.0000

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 8 Background on companies included in consolidation and non-controlling interests (continued)**

## 8.2 Assets, liabilities, results of consolidated subsidiaries

12/31/2018

Subsidiary	Assets		Liabilities		Revenue	Profit (loss)	Comprehensive income (loss)
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$			
SQM Nitratos S.A.	364,492	33,716	310,062	1,621	185,487	32,532	32,546
Proinsa Ltda.	52	-	-	-	-	-	-
SQMC Internacional Ltda.	193	-	-	-	-	(1 )	(1 )
SQM Potasio S.A.	38,237	935,027	123,838	23,180	3,270	271,247	270,514
Serv. Integrales de Tránsito y Transf. S.A.	62,355	37,594	92,154	2,054	33,392	134	118
Isapre Norte Grande Ltda.	553	754	551	152	3,444	30	(42 )
Ajay SQM Chile S.A.	18,259	1,298	1,497	389	32,758	2,400	2,400
Almacenes y Depósitos Ltda.	264	46	-	-	-	(10 )	(142 )
SQM Salar S.A.	671,086	849,377	512,964	189,267	1,035,046	326,152	325,263
SQM Industrial S.A.	904,802	702,606	489,063	100,914	779,692	82,638	82,267
Exploraciones Mineras S.A.	3,137	30,999	6,039	-	-	2,071	2,071
Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	270	571	417	292	2,341	2	(19 )
Soquimich Comercial S.A.	139,210	13,558	39,743	6,692	136,563	3,492	3,466
Comercial Agrorama Ltda.	3,966	1,560	7,099	30	7,639	(1,061 )	(1,062 )
Comercial Hydro S.A.	4,897	28	40	8	25	119	119
Agrorama S.A.	7,235	485	12,086	48	9,440	(1,716 )	(1,700 )
Orcoma SpA	-	2,360	14	-	-	-	-
Orcoma Estudio SpA	296	4,416	63	1	-	2	2
SQM MaG SpA	780	340	853	-	979	257	257
SQM North America Corp.	113,630	16,274	94,939	254	271,869	(1,342 )	(993 )
RS Agro Chemical Trading Corporation A.V.V.	5,155	-	39	-	-	(25 )	(25 )

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Nitratos Naturais do Chile Ltda.	30	136	3,349	-	-	127	127
Nitrate Corporation of Chile Ltd.	5,076	-	-	-	-	-	-
SQM Corporation N.V.	7,696	148,464	3,586	-	-	22,131	22,162
SQM Perú S.A.	163	-	1,166	-	-	(107 )	(107 )
SQM Ecuador S.A.	24,529	144	21,773	72	32,181	766	766
SQM Brasil Ltda.	108	-	706	2,254	126	(32 )	(32 )
SQI Corporation N.V.	56	31	72	-	-	(6 )	(6 )
SQMC Holding Corporation L.L.P.	25,692	16,115	1,000	-	-	3,084	3,084
SQM Japan Co. Ltd.	78,457	210	75,948	171	204,313	208	208
subtotal	2,480,676	2,796,109	1,799,061	327,399	2,738,565	743,092	741,241

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 8 Background on companies included in consolidation and non-controlling interests (continued)****8.2 Assets, liabilities, results of consolidated subsidiaries, continued**

12/31/2018

Subsidiary	Assets		Liabilities		Revenue	Profit (loss)	Comprehensive income (loss)
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$			
SQM Europe N.V.	412,691	1,825	349,252	-	985,278	17,180	17,180
SQM Italia SRL	1,176	-	15	-	-	-	-
SQM Indonesia S.A.	3	-	1	-	-	-	-
North American Trading Company	157	145	39	-	-	(1 )	(1 )
SQM Virginia LLC	14,805	14,346	14,805	-	-	(2 )	(2 )
SQM Comercial de México S.A. de C.V.	110,558	3,040	81,325	-	198,180	1,327	1,327
SQM Investment Corporation N.V.	44,476	86	5,336	946	-	(624 )	(624 )
Royal Seed Trading Corporation A.V.V.	86	-	18,834	-	-	31	31
SQM Lithium Specialties LLP	15,753	3	1,264	-	-	(2 )	(2 )
Soquimich SRL Argentina	87	-	172	-	-	(79 )	(79 )
Comercial Caimán Internacional S.A.	261	-	1,122	-	-	(1 )	(1 )
SQM France S.A.	345	6	114	-	-	-	-
Administración y Servicios Santiago S.A. de C.V.	128	78	370	164	2,848	10	10
SQM Nitratos México S.A. de C.V.	90	7	56	10	763	12	12
Soquimich European Holding B.V.	4,999	164,484	32,047	-	-	25,437	25,468
SQM Iberian S.A.	68,754	2,235	57,931	-	138,855	2,995	2,995
SQM Africa Pty Ltd.	59,925	1,448	48,663	-	106,514	4,871	4,871
SQM Oceanía Pty Ltd.	3,581	-	1,990	-	2,513	(527 )	(527 )
SQM Beijing Commercial Co. Ltd.	12,346	9	10,163	-	13,779	(121 )	(121 )
SQM Thailand Limited	8,302	7	4,835	-	8,348	485	485
298SQM Colombia SAS	4,592	279	4,830	-	3,056	(887 )	(887 )
SQM Australia Pty	29,856	88,587	5,005	26	-	562	562

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Sacal S.A.	3	-	-	-	-	-	-
SQM Internacional	10,854	781	3,502	-	3,539	102	102
SQM Shangai Chemicals Co. Ltd.	8,437	36	6,212	-	6,059	(239 )	(239 )
Subtotal	812,265	277,402	647,883	1,146	1,469,732	50,529	50,560
Total	3,292,941	3,073,511	2,446,944	328,545	4,208,297	793,621	791,801

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 8 Background on companies included in consolidation and non-controlling interests (continued)****8.2 Assets, liabilities, results of consolidated subsidiaries, continued**

12/31/2017

Subsidiary	Assets		Liabilities		Revenue	Profit (loss)	Comprehensive income (loss)
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$			
SQM Nitratos S.A.	353,821	39,144	324,738	4,489	100,626	5,569	5,607
Proinsa Ltda.	59	1	-	-	-	(3)	(3)
SQMC Internacional Ltda.	219	-	-	-	-	(3)	(3)
SQM Potasio S.A.	243,513	951,448	85,279	23,092	4,129	282,442	282,874
Serv. Integrales de Tránsito y Transf. S.A.	27,822	36,606	57,208	1,596	35,210	1,727	1,712
Isapre Norte Grande Ltda.	561	834	590	147	1,952	44	65
Ajay SQM Chile S.A.	17,048	1,143	779	459	23,732	2,088	2,088
Almacenes y Depósitos Ltda.	301	50	1	-	-	(7)	83
SQM Salar S.A.	760,900	785,082	449,049	186,451	985,654	347,790	348,313
SQM Industrial S.A.	982,835	666,097	618,289	94,135	685,294	48,988	49,011
Exploraciones Mineras S.A.	540	31,691	6,206	-	-	(55)	(55)
Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	372	624	551	353	887	43	27
Soquimich Comercial S.A.	159,943	14,395	46,180	4,632	117,745	254	277
Comercial Agrorama Ltda.	9,977	1,852	12,388	54	13,061	(1,342)	(1,341)
Comercial Hydro S.A.	4,944	41	63	11	30	140	140
Agrorama S.A.	11,343	625	14,956	78	14,275	(2,041)	(2,059)
Orcoma SpA	-	2,360	14	-	-	-	-
Orcoma Estudio SpA	341	4,356	50	-	-	-	-
SQM MaG SPA	10	-	-	-	-	-	-
SQM North America Corp.	131,452	15,442	162,180	782	250,522	(1,384)	(1,652)
RS Agro Chemical Trading Corporation	5,164	-	23	-	-	(30)	(30)
A.V.V.	-	141	3,451	-	-	(111)	(111)

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Nitratos Naturais do Chile Ltda.							
Nitrate Corporation of Chile Ltd.	5,076	-	-	-	-	-	-
SQM Corporation N.V.	668	133,876	3,575	-	-	21,089	21,065
SQM Perú S.A.	270	-	1,166	-	-	24	24
SQM Ecuador S.A.	21,642	116	19,651	80	26,025	622	622
SQM Brasil Ltda.	187	-	663	2,345	336	(42 )	(42 )
SQI Corporation N.V.	16	26	61	-	-	(1 )	(1 )
SQMC Holding Corporation L.L.P.	24,600	15,193	1,000	-	-	2,263	2,263
SQM Japan Co. Ltd.	43,656	302	40,992	626	114,006	(2,168 )	(2,168 )
Subtotal	2,807,280	2,701,445	1,849,103	319,330	2,373,484	705,896	706,706

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 8 Background on companies included in consolidation and non-controlling interests (continued)****8.2 Assets, liabilities, results of consolidated subsidiaries, continued**

12/31/2017

Subsidiary	Assets		Liabilities		Revenue	Profit (loss)	Comprehensive income (loss)
	Current	Non-current	Current	Non-current			
	ThUS\$	ThUS\$	ThUS\$	ThUS\$			
SQM Europe N.V.	399,601	2,599	339,910	-	923,087	11,097	11,097
SQM Italia SRL	1,236	-	16	-	-	(3)	(3)
SQM Indonesia S.A.	4	-	1	-	-	-	-
North American Trading Company	158	145	39	-	-	-	-
SQM Virginia LLC	14,807	14,348	14,807	-	-	(8)	(8)
SQM Comercial de México S.A. de C.V.	92,961	2,288	64,318	-	193,523	4,381	4,381
SQM Investment Corporation N.V.	52,639	86	12,955	866	-	(7,198)	(7,198)
Royal Seed Trading Corporation A.V.V.	31,040	-	49,818	-	-	2,348	2,348
SQM Lithium Specialties LLP	15,755	3	1,264	-	-	(8)	(8)
Soquimich SRL Argentina	168	-	173	-	-	(37)	(37)
Comercial Caimán Internacional S.A.	262	-	1,122	-	-	3	3
SQM France S.A.	345	6	114	-	-	-	-
Administración y Servicios Santiago S.A. de C.V.	162	86	531	58	2,813	47	47
SQM Nitratos México S.A. de C.V.	49	8	30	7	301	6	6
Soquimich European Holding B.V.	53,664	137,393	71,761	1,493	-	18,476	18,452
SQM Iberian S.A.	57,241	1,720	48,891	-	175,936	119	119
SQM Africa Pty Ltd.	76,888	1,514	70,561	-	101,152	1,135	1,135
SQM Oceanía Pty Ltd.	4,151	-	2,033	-	2,045	301	301
SQM Agro India Pvt. Ltd.	-	-	-	-	-	-	-
SQM Beijing Commercial Co. Ltd.	8,804	16	6,518	-	3,691	151	151
SQM Thailand Limited	12,113	5	9,128	-	5,694	43	43
SQM Colombia SAS	278	131	33	-	-	(271)	(271)

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SQM Australia Pty	25,654	24,800	-	-	-	-	-
Sacal S.A.	6	-	-	-	-	-	-
Subtotal	847,986	185,148	694,023	2,424	1,408,242	30,582	30,558
Total	3,655,266	2,886,593	2,543,126	321,754	3,781,726	736,478	737,264

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 8 Background on companies included in consolidation and non-controlling interests (continued)**

8.3 Detail of transactions between consolidated companies

**a) Transactions conducted in 2018**

On January 30, 2018, in SQM North America there was a capital increase of ThUS\$36,251. All partners met this increase, maintaining share percentages.

On February 27, 2018, a capital contribution of ThUS\$2,500 was made to SQM (Shanghai) Chemicals Co. Ltd. This company is a wholly-owned subsidiary of SQM Industrial S.A.

On March 28, 2018, in SQI Corporation N,V, there was a capital increase of ThUS\$40. All partners met this increase, maintaining share percentages.

As of September 30, 2018, a total of ThUS\$1,282 has been paid on the capital increase in SQM Colombia SAS subscribed during 2017 by SQM Industrial S.A. The transaction had no effect on consolidated earnings.

On August 1, 2018, the company Western Australia Lithium Pty changed its corporate name to Covalent Lithium Pty Ltd., maintaining all share percentages.

On November 9, 2018, a capital increase was made in SQM Australia Pty Ltd. for ThUS\$2,670. All partners attended, maintaining all share percentages.

On November 29, 2018, a capital increase was made in SQM Australia Pty Ltd. for ThUS\$5,250. All partners attended, maintaining all share percentages.

On December 14, 2018, a capital increase was made in SQM Australia Pty Ltd. for ThUS\$83,500. All partners attended, maintaining all share percentages.

On December 18, 2018, Proinsa Ltda. sold to SQM Industrial S.A. 1 share in Agrorama S.A, thereby ending its participation in this company.

On December 18, 2018, SQMC Internacional Ltda. sold to Agrorama S.A. 1 share in Agrorama S.A.

**b) Transactions conducted in 2017**

On January 1, 2017, the subsidiary SQM Iberian S.A. absorbed the joint venture SQM Vitas Spain.

On January 10, 2017, SQM Japan Co, Ltd, carried out a capital increase of ThUS\$8,676. Only Soquimich European Holding B.V. subscribed shares, thereby increasing its interest from 46.24% to 84.03% and reducing the interest held by SQM S.A. from 0.54% to 0.16% and by SQM Potasio S.A. from 53.22% to 15.81%, This had no impact on the consolidated results of SQM S.A., which continues to hold 100% of SQM Japan Co. Ltd. in its consolidated statement of financial position.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 8 Background on companies included in consolidation (continued)**

**8.3 Detail of transactions between consolidated companies, continued**

**b) Transactions conducted in 2017, continued**

On February 10, 2017, the subsidiary Compañía Minera Arfwedson SpA was created in Chile with a capital contribution from SQM S.A. equivalent to ThUS\$10 for a 100% interest. On August 29, 2017, the company's name was changed to "SQM MAG SpA". The transaction had no impact on the Company's consolidated results.

On April 19, 2017, the subsidiary SACAL S.A. was incorporated with capital of ThUS\$7. The company is owned by SQM Potasio S.A. (95%) and SQM Industrial S.A. (5%), The transaction had no impact on the Company's consolidated results.

On May 4, 2017 SQI Corporation NV carried out a capital increase of ThUS\$15.7, which belongs to SQM S.A. (with a share of 0.01587%) and SQM Potasio S.A. (with a share of 99.98413%)

On July 31, 2017, SQM Trading was legally formed. A capital of ThUS\$3,080 was recorded as of June 30, 2018. The subsidiary is owned by the Company (0.58%) and Soquimich European Holding (99.42%). The transaction had no impact on the Company's consolidated results. Subsequent to its creation, this company changed its name to SQM International N.V.

SQM International N.V. (previously SQM Trading N.V.) was incorporated on July 31, 2017, born from the partial separation of SQM Europe N.V. into SQM Europe N.V. and SQM International N.V., both of which retained the same ownership structure as before. For tax purposes in Belgium, this separation was made effective retroactively as of January 1, 2017. In the annual accounts for 2017 to be presented in 2018 to the local authorities in Belgium, the statement of financial position and transactions are separated as of the effective date. The effects of this corporation are considered in the consolidated financial statements as of June 30, 2018.

During July 2017, the subsidiary SQM Agro India Private Limited was closed. The transaction had no impact on the Company's consolidated results.

On August 14, 2017, SQM Colombia SAS agreed to carry out a capital increase of ThUS\$1,814.64, which was subscribed by its owner SQM Industrial S.A. To date, it has paid ThUS\$641. The transaction had no impact on the Company's consolidated results.

On August 29, 2017, Compañía Minera Arfwedson SpA, changed its name to SQM MaG SpA.

On August 31, 2017, the subsidiary SQM Australia Pty Ltd, was created with initial capital of ThUS\$7,000 (ThAUD8,729). This subsidiary is fully owned (100%) by SQM Potasio S.A. The functional currency of SQM Australia Pty Ltd, is the Australian dollar (AUD). Later, on December 14 of the same year, additional capital of ThUS\$18,500 (AUD 24,105.5) was invested. These transactions had no impact on the Company's consolidated results.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 8 Background on companies included in consolidation (continued)**

**8.3 Detail of transactions between consolidated companies, continued**

**c) Transactions conducted in 2017, continued**

On November 27, 2017, the corporation ACN 623 090 139 was created in Australia. It later changed its corporate name to Western Australia Lithium pty with a capital of 10 Australian dollars. The corporation is owned by SQM Australia Pty Ltd (50%) and non-related third parties (50%).

On December 26, 2017, the company SQM (Shanghai) Chemicals Co. Ltd. was legally formed. No capital contributions had been recorded as of December 31, 2018.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 8 Background on companies included in consolidation and non-controlling interests (continued)**

8.4

## Background on non-controlling interests

Subsidiary	% of interests in the ownership held by non-controlling interests,	Profit (loss) attributable to non-controlling interests		<b>Equity, non-controlling interests</b>		Dividends paid to non-controlling interests		
		12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	
Proinsa Ltda.	0.1	%	-	-	-	-	-	-
SQM Potasio S.A.	0.0000001	%	-	-	-	-	-	-
Ajay SQM Chile S.A.	49	%	1,176	1,023	8,659	8,306	823	989
SQM Indonesia S.A.	20	%	-	-	1	1	-	-
Soquimich Comercial S.A.	39.3616784	%	1,375	100	41,855	49,247	8,910	1,264
Comercial Agrorama Ltda.	30	%	(318 )	(403 )	(481 )	(184 )	-	-
Agrorama S.A.	0.001	%	-	-	-	-	-	-
Orcoma Estudios SPA	49	%	-	-	2,277	2,277	-	-
SQM (Thailand) Limited.	0.004	%	-	-	-	-	-	-
Total			2,233	720	52,311	59,647	9,733	2,253

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Notes to the Consolidated Financial Statements as of December 31, 2018.

## Note 9 Equity-accounted investees

## 9.1 Investments in associates recognized according to the equity method of accounting

As of December 31, 2018 and December 31, 2017, in accordance with criteria established in Note 3.19, investment in associates recognized according to the equity method of accounting and joint ventures are as follows:

	Equity-accounted investees		Share in profit (loss) of associates and joint ventures accounted for using the equity method		Share in other comprehensive income of associates and joint ventures accounted for using the equity method, net of tax		Share in total other comprehensive income of associates and joint ventures accounted for using the equity method	
	12/31/2018 ThUS\$	12/31/2017 ThUS\$	12/31/2018 ThUS\$	12/31/2017 ThUS\$	12/31/2018 ThUS\$	12/31/2017 ThUS\$	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Associates								
Abu Dhabi Fertilizer Industries WWL	10,821	15,936	596	1,483	-	-	596	1,483
Doktor Tarsa Tarim Sanayi AS	21,582	21,788	241	6,427	489	-	730	6,427
Ajay North America	14,951	14,432	3,728	3,677	-	-	3,728	3,677
Ajay Europe SARL	7,845	8,144	1,373	1,049	(439)	26	934	1,075
Charlee SQM Thailand Co, Ltd,	-	2,301	316	393	-	-	316	393
SQM Eastmed Turkey,	310	-	370	(25)	(21)	-	349	(25)
Kore Potash Ltd,	20,467	20,000	(1,543)	-	(1,206)	-	(2,749)	-
Total	75,976	82,601	5,081	13,004	(1,177)	26	3,904	13,030

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 9 Equity-accounted investees (continued)****9.1 Investments in associates recognized according to the equity method of accounting, continued**

Associate	Description of the nature of the relationship	Domicile	Country of incorporation	Share of ownership in associates	Dividends received	12/31/2018	31/2017
						ThUS\$	ThUS\$
Abu Dhabi Fertilizer Industries WWL	Distribution and commercialization of specialty plant nutrients in the Middle East.	PO Box 71871, Abu Dhabi	United Arab Emirates	37 %	5,641	-	
Doktor Tarsa Tarim Sanayi AS	Distribution and commercialization of specialty plant nutrients in Turkey.	Organize Sanayi Bolgesi, Ikinci Kisim, 22 cadde TR07100 Antalya	Turkey	50 %	-	-	
Ajay North America	Production and distribution of iodine derivatives.	1400 Industry RD Power Springs GA 30129	United States	49 %	2,807	1,123	
Ajay Europe SARL	Production and commercialization of iodine derivatives.	Z,I, du Grand Verger BP 227 53602 Evron Cedex	France	50 %	811	968	
SQM Eastmed Turkey	Production and commercialization of specialty products.	Organize Sanayi Bolgesi, Ikinci Kisim, 22 cadde TR07100 Antalya	Turkey	50 %	-	-	
Charlee SQM Thailand Co. Ltd.	Distribution and commercialization of specialty plant nutrients.	31 Soi 138 (Meesuk) LLapdrawrd, Bangkapi, 10240 Bangkok	Thailand	40 %	362	-	
			Australia	17,52 %	-	-	

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Kore Potash Ltd.	Prospecting, exploration and mining development.	L 3 88 William St Perth, was 6000		
Total			9,621	2,091

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 9 Equity-accounted investees (continued)****9.1 Investments in associates recognized according to the equity method of accounting, continued**

The companies described in the table below are related parties of the following associates:

- (1) Doktor Tarsa Tarim Sanayi AS
- (2) Terra Tarsa B.V
- (3) Abu Dhabi Fertilizer Industries WWL

Company	Description of the nature of the relationship	Domicile	Country of incorporation	Share of ownership in associates		Dividends received	
Terra Tarsa B,V, (1)	Distribution and trading of specialty plant nutrients,	Herikerbergweg 238, Luna Arena, 1101CM Amsterdam PO Box 23393, 1100DW Amsterdam Zuidoost	Holland	50	%	-	-
Plantacote N,V, (1)	Sale of CRF and production and sales of WSNPK	Houtdok-Noordkaai 25a, 2030 Antwerpen, Belgium	Belgium	100	%	-	-
Doktolab Tarim Arastima San, Tic As (1)	Laboratory services	27, Cd, No:2, 07190 Aosb 2, Kısım/Döşemealtı, Antalya, Turkey	Turkey	100	%	-	-
Terra Tarsa Ukraine LLC (2)	Distribution and trading of specialty plant nutrients,	74800 Ukraine, Kakhovka, 4 Yuzhnaya Str,	Ukraine	100	%	-	-
Terra Tarsa Don LLC (2)	Distribution and sale of specialty fertilizers	Zorge Street, house 17, 344090, Rostov-on-Don	Russian Federation	100	%	-	-
Internacional Technical and Trading Agenies Co. WLL (3)	Distribution and trading of specialty plant nutrients, in the Middle East	P.O Box: 950918 Amman 11195	Jordania	50	%	-	-

Total

- -

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 9 Equity-accounted investees (continued)**

## 9.2 Assets, liabilities, revenue and expenses of associates

12/31/2018

Associate	Assets		Liabilities		Revenue ThUS\$	Gain (loss) from continuing operations ThUS\$	Other comprehensive income ThUS\$	Comprehensive income ThUS\$
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$				
Abu Dhabi Fertilizer Industries WWL	32,093	2,847	5,695	-	33,098	1,611	(1 )	1,610
Doktor Tarsa Tarim Sanayi AS	66,498	12,242	27,067	8,509	74,144	481	978	1,459
Ajay North America	21,644	12,409	3,542	-	40,290	7,608	-	7,608
Ajay Europe SARL	21,219	1,214	6,743	-	36,337	2,747	(878 )	1,869
SQM Eastmed Turkey	1,724	2,160	1,829	1,434	3,192	740	(42 )	698
Kore Potash Ltda.	6,659	148,426	2,180	-	-	(8,198 )	(6,882 )	(15,080 )
Total	149,837	179,298	47,056	9,943	187,061	4,989	(6,825 )	(1,836 )

12/31/2017

Associate	Assets		Liabilities		Revenue ThUS\$	Gain (loss) from continuing operations ThUS\$	Other comprehensive income ThUS\$	Comprehensive income ThUS\$
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$				
Abu Dhabi Fertilizer Industries WWL	44,801	2,032	3,764	-	35,131	4,008	(4 )	4,004
Doktor Tarsa Tarim Sanayi AS	81,057	10,731	36,960	11,251	75,269	12,854	(4,367 )	8,487
Ajay North America	19,426	12,498	2,470	-	36,185	7,505	-	7,505
Ajay Europe SARL	23,555	1,266	8,534	-	32,310	2,098	2,208	4,306
Charlee SQM Thailand Co. Ltd.	8,585	712	3,292	255	13,618	981	414	1,395
SQM Eastmed Turkey	3,981	2,671	4,487	2,260	2,389	(49 )	(12 )	(61 )
Total	181,405	29,910	59,507	13,766	194,902	27,397	(1,761 )	25,636

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 9 Investment in Associates (continued)**

9.3

Other information

The Company has no participation in unrecognized losses in investments in associates.

The Company has no investments that are not accounted for according to the equity method.

The equity method was applied to the Statement of Financial Position as of December 31, 2018 and December 31, 2017.

The basis of preparation of the financial information of associates corresponds to the amounts included in the financial statements in conformity with the entity's IFRS.

9.4

Disclosures on interest in associates

**a) Transactions conducted in 2018:**

During the first quarter, SQM S.A. increased its capital in Kore Potash Ltd, by ThUS\$ 3,000.

In March 2018 the company Abu Dhabi Fertilizer Industries WLL paid dividends of ThUS\$ 10,890. 50% of the distributed dividend was charged to retained earnings subsequent to 2014, in line with the Company's statutes that establish that 37% of the distributed dividend corresponds to SQM. The remaining 50% was charged to retained earnings generated between 2004 and 2014, in line with the Company's statutes that establish that 50% of the distributed dividend corresponds to SQM.

In March 2018 the company Ajay North America paid dividends of ThUS\$ 1,432.



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In June 2018, the associate company Doktor Tarsa Tarim, made a capital increase of 86 million Turkish Lira (ThUS\$ 18,753), which was generated by the reclassification of retained earnings.

In June 2018 the company Abu Dhabi Fertilizer Industries WLL paid dividends of ThUS\$ 4,348. 50% of the distributed dividend was charged to retained earnings subsequent to 2014, in line with the Company's statutes that establish that 37% of the distributed dividend corresponds to SQM. The remaining 50% was charged to retained earnings generated between 2004 and 2014, in line with the Company's statutes that establish that 50% of the distributed dividend corresponds to SQM.

In June 2018 the company Ajay North America paid dividends of ThUS\$1,432.

In June 2018 the company Ajay North Europe SARL paid dividends of ThUS\$1,622.

In June 2018 the company Charlee SQM Thailand Co. Ltd. paid dividends of ThUS\$906.

In September 2018, the company Ajay North America paid dividends of ThUS\$1,432.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 9 Investment in Associates (continued)**

**9.4 Disclosures on interest in associates, continued**

**a) Transactions conducted in 2018, continued:**

In September 2018 the company Ajay North America paid total dividends of ThUS\$1,432.

On November 14, 2018, Soquimich European Holdings B.V. sold its share in Charlee SQM Thailand Co. Ltd., generating a loss of ThUS\$759.

In 2018, the company Doktor Tarsa Tarim Sanayi Ve Ticaret A.S., changed its functional currency from Turkish Lira to the United States Dollar.

In December 2018 the company Ajay North America paid total dividends of ThUS\$1.432.

**b) Transactions conducted in 2017:**

As of December 31, 2017, a capital increase was registered for Plantacote N.V. in a sum of ThUS\$4,208 (equivalent to Th€3,500), which is 100% owned by the associate company Doktor Tarsa Tarim. The functional currency of Plantacote N.V. is the Euro. The contribution was made under the heading "Subordinated loan from Dr. Tarsa". This contribution had no impact on the Company's consolidated results.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

## Note 10 Joint Ventures

### 10.1 Policy for the accounting of equity accounted investment in joint ventures

The method for recognizing joint ventures is that in which participation is initially recorded at cost, and subsequently adjusted, considering changes after the acquisition in the portion of the entity's net assets that correspond to the investor. Profit or loss for the period will include the portion of the entity's entire profit or loss that correspond to the investor. For these joint ventures there is no quoted market price to measure these investments. (See Note 3.22)

There are no significant restrictions on these joint ventures for the transfer of funds as payment of dividends or others.

At the date of issuance of these financial statements, SQM is not aware of the existence of any significant contingent liabilities associated with the partnerships in joint ventures.

### 10.2 Disclosures of interest in joint ventures

#### a) Operations conducted in 2018

During the first quarter of 2018, Minera Exar S.A. increased its capital by ThUS\$13,000. The entity is a joint venture and contributions were made on January 25, 2018 (ThUS\$6,000) and February 14, 2018 (ThUS\$7,000) by SQM Potasio S.A. and Lithium Americas Corporation (LAC). Both partners share 50% ownership of the respective company, each contributing the same share in these capital increases.

On March 14, 2018, the company SQM Vitas Plantacote B.V. was closed.

As of the date of the presentation of these financial statements, Minera Exar S.A. has changed its functional currency from the Argentine peso to the United States dollar.

In April 2018, Minera Exar made a new capital increase of ThUS\$7,000, which was contributed in equal parts by its partners.

On May 15, 2018, the subsidiary Soquimich European Holdings BV, signed a joint venture agreement with PAVONI & C., SpA in Italy. EUR5.5 million were paid for a 50% share, generating a lower value of EUR2,602,180. The functional currency of the joint venture is the Euro.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 10 Joint Ventures (continued)**

**10.2 Disclosures of interest in joint ventures, continued**

On December 31, 2018, the conditions were met for Covalent Lithium Pty Ltd. to be recognized as a separate joint venture. In previous years, the Financial Statements for this Company were included in those of SQM Australia Pty.

On December 31, 2018, as part of the investment in Pavoni & C., SpA, the goodwill generated in the purchase of this joint venture was classified, a sum of ThUS\$3,206.

In December 2018, SQM S.A. sold the share it held in Minera Exar S.A. generating a pre-tax profit of ThUS\$14,507, which was presented in the Consolidated Statement of Income by Function in Other income (losses) (See Note 27.6)

The subsidiary SQM Industrial S.A., has recorded an impairment loss of ThUS\$8,802, corresponding to its Sichuan SQM-Migao Chemical Fertilizer Co. Ltd. joint venture. The impairment is disclosed by deducting the value of the aforementioned investment, in the caption "Equity method investments".

b) Operations conducted in 2017

On December 1, 2017, SQM Potasio S.A. recognized the goodwill value generated by the acquisition of 50% of the joint venture Minera Exar S.A. in the amount ThUS\$6,205.

On October 6, 2017, a capital contribution of ThUS\$13,300 (ThARS230,422,5) was made in mining company EXAR S.A., which is 50% owned by the subsidiary SQM Potasio S.A. The functional currency of EXAR S.A. is the Argentine peso (ARS). This contribution had no impact on the Company's consolidated results.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 10 Joint Ventures (continued)**

## 10.3 Investment in joint ventures accounted for under the equity method of accounting

Joint venture	Description of the nature of the relationship	Domicile	Country of incorporation	Share of interest in ownership		Dividends received	
				12/31/2018	12/31/2017	ThUS\$	ThUS\$
Sichuan SQM Migao Chemical Fertilizers Co. Ltda. (1)	Production and distribution of soluble fertilizers,	Huangjing Road, Dawan Town, Qingbaijiang District, Chengdu Municipality, Sichuan Province	China	50 %	-	-	-
Coromandel SQM India	Production and distribution of potassium nitrate,	1-2-10, Sardar Patel Road, Secunderabad – 500003 Andhra Pradesh	India	50 %	-	-	-
SQM Vitas Fzco.	Production and commercialization of specialty plant and animal nutrition and industrial hygiene,	Jebel ALI Free Zone P,O, Box 18222, Dubai	United Arab Emirates	50 %	-	-	-
SQM Star Qingdao Corp Nutrition, Co. Ltd.	Production and distribution of nutrient plant solutions with specialties NPK soluble	Longquan Town, Jimo City, Qingdao Municipality, Shangdong Province	China	50 %	-	-	-
SQM Vitas Holland B.V.	Without information	Herikerbergweg 238, 1101 CM Amsterdam Zuidoost	Holland	50 %	-	-	-
Pavoni & C.,Spa	Production of specialized fertilizers and other products for distribution in Italy and other countries	Corso Italia 172, 95129 Catania (CT), Sicily	Italy	50 %	-	-	-
Covalent Lithium Pty Ltd.	development and operation of the Mt Holland Lithium project, which will include the construction of a lithium extraction and refining mine	L18, 109 St. Georges Tce Perth WA 6000 PO Box Z5200 St Georges Tce Perth WA 6831	Australia	50 %	-	-	-

(1) December 31, 2018, these joint ventures are classified as Non-current assets or groups of assets classified as held for sale. See Note 33.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 10 Joint Ventures (continued)****10.3 Investment in joint ventures accounted for under the equity method of accounting, continued**

The companies described in the following table are related to the following joint ventures:

	(1)	(2)	(3)	SQM Vitas Fzco. Pavoni & C Spa. SQM Vitas Holland B.V.				
					Domicile	Country of incorporation	Share of interest in ownership	Dividends received
SQM Vitas Brazil Agroindustria (1)	Production and commercialization of specialty plant and animal nutrition and industrial hygiene,				Via Cndeias, Km, 01 Sem Numero, Lote 4, Bairro Cia Norte, Candeias, Bahia,	Brazil	49.99	% - -
SQM Vitas Peru S.A.C (1),	Production and commercialization of specialty plant and animal nutrition and industrial hygiene				Av, Juan de Arona 187, Torre B, Oficina 301-II, San Isidro, Lima	Peru	50	% - -
Arpa Speciali S.R.L. (2)	Production of specialty fertilizers and other products for distribution in Italy and other countries.				Mantova (MN) via Cremona 27 Int. 25	Italy	50.48	% - -
SQM Vitas Plantacote B.V. (3)	Production and commercialization of controlled-released fertilizers				Herikerbergweg 238, 1101 CM Amsterdam Zuidoost	Holland	50	% - -

**Joint Venture****Final reporting period date Accounting method**

Coromandel SQM India	December 31, 2018	Equity method
SQM Vitas Fzco.	December 31, 2018	Equity method
SQM Star Qingdao Corp Nutrition Co., Ltd.	December 31, 2018	Equity method
SQM Vitas Brazil Agroindustria	December 31, 2018	Equity method
SQM Vitas Perú S.A.C.	December 31, 2018	Equity method
SQM Vitas Holland B.V.	December 31, 2018	Equity method

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Pavoni & C. Spa.	December 31, 2018	Equity method
Arpa Speciali S.R.L.	December 31, 2018	Equity method
Covalent Lithium Pty Ltd.	December 31, 2018	Equity method

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 10 Joint Ventures (continued)****10.3 Investment in joint ventures accounted for under the equity method of accounting, continued:**

Joint Venture	Equity-accounted investees		Share in profit (loss) of associates and joint ventures accounted for using the equity method	
	12/31/2018 ThUS\$	12/31/2017 ThUS\$	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Sichuan SQM Migao Chemical Fertilizers Co. Ltd. (1)	1,992	11,444	(650 )	(535 )
Coromandel SQM India	1,729	1,633	174	165
SQM Vitas Fzco.	20,202	19,478	1,781	1,502
SQM Star Qingdao Corp. Nutrition Co. Ltd.	3,168	2,980	188	361
SQM Vitas Holland	1,345	1,429	(14 )	(18 )
Minera Exar S.A. (1)	-	33,065	(206 )	(27 )
Pavoni & C., Spa	7,084	-	(39 )	-
Covalent Lithium Pty Ltd.	53	-	36	-
Total	35,573	70,029	1,270	1,448
Joint Venture	Share on other comprehensive income of associates and joint ventures accounted for using the equity method, net of tax		Share on total other comprehensive income of associates and joint ventures accounted for using the equity method	
	12/31/2018 ThUS\$	12/31/2017 ThUS\$	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Sichuan SQM Migao Chemical Fertilizers Co. Ltd. (1)	-	-	(650 )	(535 )
Coromandel SQM India	-	-	174	165
SQM Vitas Fzco.	-	(5 )	1,781	1,497
SQM Star Qingdao Corp. Nutrition Co. Ltd.	1	-	189	361
SQM Vitas Holland	-	-	(14 )	(18 )
Minera Exar S.A. (1)	(1 )	-	(206 )	(27 )
Pavoni & C., Spa	-	-	(40 )	-
Covalent Lithium Pty Ltd.	-	-	53	-
Total	-	(5 )	1,287	1,443

(1) As of December 31, 2018, the table below does not present investments in joint ventures transferred to the item non-current assets or groups of assets classified as held for sale. For more information, see Note 33.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 10 Joint Ventures (continued)****10.3 Investment in joint ventures accounted for under the equity method of accounting, continued:**

Joint Venture	Equity-accounted investees		Share in profit (loss) of associates and joint ventures accounted for using the equity method	
	12/31/2018 ThUS\$	12/31/2017 ThUS\$	12/31/2018 ThUS\$	12/31/2017 ThUS\$
SQM Vitas Brazil Agroindustria(1)	12,405	11,003	2,879	1,753
SQM Vitas Peru S.A.C (1)	5,188	5,961	(550 )	(216 )
SQM Vitas Plantacote B.V. (2)	-	669	-	(1 )
Arpa Speciali S.R.L. (3)	122	-	(88 )	-
Total	17,715	17,633	2,241	1,536

Joint Venture	Share in other comprehensive income of associates and joint ventures accounted for using the equity method, net of tax		Share in total other comprehensive income of associates and joint ventures accounted for using the equity method	
	12/31/2018 ThUS\$	12/31/2017 ThUS\$	12/31/2018 ThUS\$	12/31/2017 ThUS\$
SQM Vitas Brazil Agroindustria(1)	(661 )	(51 )	779	826
SQM Vitas Peru S.A.C (1)	-	-	(275 )	(108 )
SQM Vitas Plantacote B.V. (2)	-	-	-	(1 )
Arpa Speciali S.R.L. (3)	-	-	-	-
Total	(661 )	(51 )	504	717

The following companies are subsidiaries of

- |     |                   |
|-----|-------------------|
| (1) | SQM Vitas Fzco.   |
| (2) | SQM Vitas Holland |
| (3) | Pavoni & C. SPA   |

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 10 Joint Ventures (continued)**

10.4 Assets, liabilities, revenue and expenses from joint ventures:

Joint Venture	12/31/2018					Gain (loss) from continuing operations ThUS\$	Other comprehensive income ThUS\$	Comprehensive income ThUS\$
	Assets		Liabilities		Revenue ThUS\$			
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$				
								-
Sichuan SQM Migao Chemical Fertilizers Co. Ltd.	28,699	6,098	13,281	-	12	(1,372 )	-	(1,372 )
Coromandel SQM India SQM Vitas Fzco.	5,656	852	3,050	-	11,605	348	-	348
SQM Star Qingdao Corp. Nutrition Co. Ltd.	25,489	17,592	2,678	-	16,583	3,561	1	3,562
SQM Vitas Brazil Agroindustria	7,754	114	1,533	-	13,004	377	-	377
SQM Vitas Peru S.A.C	36,648	7,566	31,808	-	82,625	2,879	(1,322 )	1,557
SQM Vitas Holland B.V.	22,365	7,785	18,996	5,966	28,619	(550 )	-	(550 )
SQM Vitas Plantacote B.V.	2,692	-	1	-	-	(28 )	-	(28 )
Pavoni & C. Spa Arpa Speciali S.R.L.	-	-	-	-	-	-	-	-
Covalent Lithium Pty Ltd.	10,062	6,490	8,098	698	15,461	(79 )	-	(79 )
Total	239	100	233	-	-	106	-	106
	139,604	46,597	79,678	6,664	167,909	5,242	(1,321 )	3,921
	12/31/2017							
Joint Venture	Assets		Liabilities		Revenue ThUS\$	Gain (loss) from continuing operations ThUS\$	Other comprehensive income ThUS\$	Comprehensive income ThUS\$
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$				
Sichuan SQM Migao Chemical Fertilizers Co. Ltda.	31,461	6,656	15,228	-	13,326	(1,070 )	-	(1,070 )
Coromandel SQM India SQM Vitas Fzco.	6,659	862	4,205	53	10,381	332	-	332
SQM Star Qingdao Corp. Nutrition Co. Ltd.	23,699	17,479	2,221	-	15,518	3,003	(9 )	2,994
	6,941	171	1,152	-	12,631	721	-	721

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SQM Vitas Brazil Agroindustria	30,303	8,453	27,752	-	60,131	1,753	(101 )	1,652
SQM Vitas Peru S.A.C	20,933	8,534	17,380	6,126	35,299	(216 )	-	(216 )
SQM Vitas Holland B.V.	2,190	669	-	-	-	(36 )	-	(36 )
SQM Vitas Plantacote B.V.	679	-	10	-	-	(1 )	-	(1 )
Minera Exar S.A.	19,277	73,114	38,670	-	-	(53 )	-	(53 )
Total	142,142	115,938	106,618	6,179	147,286	4,433	(110 )	4,323

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 10 Joint Ventures (continued)**

10.5

Other Joint Venture disclosures:

	Cash and cash equivalents		Other current financial liabilities		Other non-current financial liabilities	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Sichuan SQM Migao Chemical Fertilizers Co. Ltd.	106	6,198	-	-	-	-
Coromandel SQM India	308	1,118	-	-	-	-
SQM Vitas Fzco.	19,312	15,307	-	-	-	-
SQM Star Qingdao Corp. Nutrition Co. Ltd.	4,543	3,675	-	-	-	-
SQM Vitas Brazil Agroindustria	1,869	5,139	13,380	7,342	-	-
SQM Vitas Peru S.A.C.	371	687	3,819	2,215	801	1,372
SQM Vitas Holland B.V	2,692	2,190	-	-	-	-
SQM Vitas Plantacote B.V	-	679	-	-	-	-
Minera Exar S.A.	-	9,189	-	-	-	-
Pavoni &C., Spa	407	-	5,464	-	-	-
Arpa Speciali S.R.L.	-	-	-	-	-	-
Covalent Lithium Pty Ltd.	156	-	-	-	-	-
Total	29,764	44,182	22,663	9,557	801	1,372
	Interest expense					
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Sichuan SQM Migao Chemical Fertilizers Co. Ltd.	(948 )	(696 )	(1 )	(25 )	97	303
Coromandel SQM India	445	-	(9 )	(16 )	(38 )	(485 )
SQM Vitas Fzco.	(509 )	(553 )	(8 )	(19 )	-	-
SQM Star Qingdao Corp. Nutrition Co. Ltd.	(67 )	(68 )	-	-	(187 )	(174 )
SQM Vitas Brazil Agroindustria	(408 )	(453 )	(886 )	(1,253 )	(117 )	(283 )
SQM Vitas Peru S.A.C,	(347 )	(375 )	(425 )	(432 )	(230 )	(214 )
SQM Vitas Holland B.V	-	-	-	-	-	-
SQM Vitas Plantacote B.V	-	-	-	(1 )	-	-
Minera Exar S.A.	-	(523 )	-	(32 )	-	(620 )
Pavoni & C., Spa	(542 )	-	(335 )	-	-	-
Arpa Speciali S.R.L.	-	-	-	-	-	-
Covalent Lithium Pty Ltd.	(16 )	-	(5 )	-	(46 )	-
Total	(2,392 )	(2,668 )	(1,669 )	(1,778 )	(521 )	(1,473 )

The basis of preparation of the financial information of joint ventures corresponds to the amounts included in the financial statements in conformity with the entity's IFRS.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

## Note 11 Cash and cash equivalents

### 11.1 Types of cash and cash equivalents

As of December 31, 2018 and December 31, 2017, cash and cash equivalents are detailed as follows:

#### a) Cash

	12/31/2018	12/31/2017
	ThUS\$	ThUS\$
Cash on hand	75	60
Cash in banks	101,662	50,137
Other demand deposits	746	1,530
Total cash	102,483	51,727

#### b) Cash equivalents

	12/31/2018	12/31/2017
	ThUS\$	ThUS\$
Short-term deposits, classified as cash equivalents	187,666	290,914
Short-term investments, classified as cash equivalents	265,917	287,797
Total cash equivalents	453,583	578,711
Total cash and cash equivalents	556,066	630,438

### 11.2 Short-term investments, classified as cash equivalents

As of December 31, 2018 and December 31, 2017, the short-term investments classified as cash and cash equivalents relate to mutual funds (investment liquidity funds) for investments in:

Institution	12/31/2018	12/31/2017
	ThUS\$	ThUS\$
Legg Mason - Western Asset Institutional Cash Reserves	132,108	144,464
JP Morgan US dollar Liquidity Fund Institutional	133,809	143,333

Total	265,917	287,797
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Short-term investments are highly liquid fund manager accounts that are basically invested in short-term fixed rate notes in the U.S. market.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

### Note 11 Cash and cash equivalents (continued)

#### 11.3 Information on cash and cash equivalents by currency

As of December 31, 2018 and December 31, 2017, information on cash and cash equivalents by currency is detailed as follows:

Original currency	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Chilean Peso (*)	157,500	579
US Dollar	353,037	612,727
Euro	4,739	9,782
Mexican Peso	1,242	258
South African Rand	5,843	4,074
Japanese Yen	1,786	1,773
Peruvian Sol	7	8
Brazilian Real	-	38
Chinese Yuan	2,305	1,143
Dírhham United Arab Emirates	1	-
Indian rupee	3	-
Argentine Peso	2	1
Pound Sterling	3	55
Australian dollar	29,598	-
Total	556,066	630,438

(\*)The Company maintains financial derivative policies which allow to minimize the risk of the variation in Chilean pesos exchange rate.

#### 11.4 Amount restricted (unavailable) cash balances

Cash on hand and in current bank accounts are available resources, and their carrying value is equal to their fair value.

As of December 31, 2018 and December 31, 2017, restricted cash balances are presented in Note 14.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 11 Cash and cash equivalents (continued)**

## 11.5 Short-term deposits, classified as cash equivalents

The detail at the end of each period is as follows:

2018 Receiver of the deposit	Type of deposit	Original Currency	Interest rate	Placement date	Expiration date	Principal	Interest	
						to-date	accrued	12/31/
						ThUS\$	ThUS\$	ThUS\$
Scotiabank	Fixed term	Ch\$	2.50	10/18/2018	1/16/2019	14,606	90	14,696
Banco Crédito e Inversiones	Fixed term	Ch\$	2.55	11/6/2018	1/9/2019	19,632	92	19,724
Scotiabank	Fixed term	Ch\$	2.55	11/30/2018	1/3/2019	14,393	38	14,431
Scotiabank	Fixed term	Ch\$	2.55	12/3/2018	1/3/2019	11,515	27	11,542
Itau-Corpbanca	Fixed term	Ch\$	2.50	12/3/2018	1/3/2019	14,393	34	14,427
Itau-Corpbanca	Fixed term	Ch\$	2.50	12/7/2018	1/9/2019	14,393	29	14,422
Itau-Corpbanca	Fixed term	Ch\$	2.50	12/10/2018	1/9/2019	12,954	23	12,977
Scotiabank	Fixed term	Ch\$	2.35	12/10/2018	1/9/2019	12,954	21	12,975
Itau-Corpbanca	Fixed term	US\$	3.06	12/11/2018	1/11/2019	1,300	2	1,302
Banco Estado	Fixed term	US\$	2.75	12/12/2018	1/15/2019	1,000	1	1,001
Itau-Corpbanca	Fixed term	Ch\$	2.50	12/14/2018	1/9/2019	14,392	20	14,412
Scotiabank	Fixed term	Ch\$	2.65	12/17/2018	1/17/2019	14,393	18	14,411
Scotiabank	Fixed term	Ch\$	2.60	12/17/2018	1/17/2019	10,892	13	10,905
Banco Crédito e Inversiones	Fixed term	US\$	2.93	12/17/2018	1/31/2019	1,400	2	1,402
Itau-Corpbanca	Fixed term	US\$	3.30	12/17/2018	1/31/2019	1,400	2	1,402
Itau-Corpbanca	Fixed term	US\$	3.40	12/17/2018	1/31/2019	3,000	4	3,004
Banco de Chile	Fixed term	US\$	3.06	12/17/2018	1/31/2019	1,700	2	1,702
Scotiabank Sud Americano	Fixed term	US\$	2.95	12/17/2018	1/31/2019	1,500	2	1,502
Banco de Chile	Fixed term	US\$	3.26	12/19/2018	1/31/2019	800	1	801
Banco Crédito e Inversiones	Fixed term	US\$	3.42	12/26/2018	2/26/2019	2,800	1	2,801
Banco de Chile	Fixed term	US\$	3.26	12/26/2018	2/26/2019	2,800	1	2,801
Scotiabank Sud Americano (*)	Fixed term	Ch\$	0.26	12/27/2018	1/7/2019	1,439	1	1,440
Scotiabank Sud Americano (*)	Fixed term	Ch\$	0.26	12/27/2018	1/14/2019	2,879	1	2,880
Scotiabank Sud Americano (*)	Fixed term	Ch\$	0.26	12/27/2018	1/21/2019	1,439	1	1,440
Banco Estado	Fixed term	US\$	3.15	12/28/2018	1/28/2019	2,000	1	2,001

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Banco Estado	Fixed term	US\$	3.15	12/28/2018	1/28/2019	600	-	600
Banco de Chile	Fixed term	US\$	3.16	12/28/2018	1/28/2019	2,000	1	2,001
Banco Crédito e Inversiones	Fixed term	US\$	2.53	12/28/2018	1/8/2019	1,000	-	1,000
Banco Crédito e Inversiones	Fixed term	US\$	3.08	12/28/2018	1/28/2019	2,500	1	2,501
Banco Santander-Santiago	Fixed term	Ch\$	0.20	12/28/2018	1/4/2019	432	-	432
BBVA Banco Francés	Fixed term	US\$	-	12/31/2018	1/21/2019	81	3	84
Nedbank	On demand	US\$	-	12/31/2018	1/1/2019	647	-	647
Total						187,234	432	187,6

(\*) Corresponds to monthly rate..

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**Note 11 Cash and cash equivalents (continued)****11.5 Short-term deposits, classified as cash equivalents, continued**

<b>2017</b>							<b>Interest</b>	
<b>Receiver of the deposit</b>	Type of deposit	Original Currency	Interest rate	Placement date	Expiration date	<b>Principal</b>	<b>accrued</b>	<b>12/31/</b>
						<b>ThUS\$</b>	<b>to-date</b>	<b>ThUS\$</b>
							<b>ThUS\$</b>	
Scotiabank Sud Americano	Fixed term	Ch\$	0.24	11/21/2017	1/02/2018	8,943	30	8,973
Banco Itau Chile	Fixed term	Ch\$	0.24	11/28/2017	1/02/2018	15,652	41	15,69
Banco Itau Chile	Fixed term	Ch\$	0.24	11/28/2017	1/02/2018	15,652	41	15,69
Banco BBVA Chile	Fixed term	Ch\$	0.23	11/28/2017	1/02/2018	15,652	40	15,69
Banco BBVA Chile	Fixed term	Ch\$	0.23	11/28/2017	1/02/2018	15,652	40	15,69
Banco Itau Chile	Fixed term	Ch\$	0.25	11/29/2017	2/27/2018	18,857	50	18,90
Banco Crédito e Inversiones	Fixed term	Ch\$	0.26	12/12/2017	1/11/2018	15,982	26	16,00
Banco Crédito e Inversiones	Fixed term	Ch\$	0.26	12/12/2017	1/11/2018	8,524	14	8,538
Banco Itau Chile	Fixed term	Ch\$	0.24	12/12/2017	1/11/2018	15,982	24	16,00
Banco Itau Chile	Fixed term	Ch\$	0.24	12/12/2017	1/11/2018	7,458	11	7,469
Banco Crédito e Inversiones	Fixed term	Ch\$	0.26	12/14/2017	1/16/2018	19,780	29	19,80
Banco Crédito e Inversiones	Fixed term	Ch\$	0.26	12/14/2017	1/16/2018	15,665	23	15,68
Banco Crédito e Inversiones	Fixed term	Ch\$	0.26	12/14/2017	1/16/2018	11,488	17	11,50
Banco Crédito e Inversiones	Fixed term	Ch\$	0.26	12/15/2017	1/16/2018	15,568	22	15,59
Banco Crédito e Inversiones	Fixed term	Ch\$	0.26	12/15/2017	1/16/2018	15,568	22	15,59
Banco Crédito e Inversiones	Fixed term	Ch\$	0.26	12/15/2017	1/16/2018	15,568	22	15,59
Banco BBVA Chile	Fixed term	Ch\$	0.24	12/29/2017	1/10/2018	4,107	1	4,108
Banco BBVA Chile	Fixed term	Ch\$	0.24	12/29/2017	1/10/2018	2,765	-	2,765
Banco Santander - Santiago	Fixed term	US\$	0.28	12/27/2017	1/18/2018	700	-	700
Banco Santander - Santiago	Fixed term	US\$	0.4	12/15/2017	2/13/2018	15,000	27	15,02
Banco Santander - Santiago	Fixed term	US\$	0.4	12/15/2017	2/13/2018	14,000	25	14,02
Corpbanca	Fixed term	Ch\$	0.22	12/28/2017	1/04/2018	1,301	-	1,301
Scotiabank Sud Americano	Fixed term	Ch\$	0.21	12/29/2017	1/05/2018	976	-	976

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Scotiabank Sud Americano	Fixed term	Ch\$	0.21	12/29/2017	1/05/2018	569	-	569
Banco Santander - Santiago	Fixed term	US\$	2.45	12/06/2017	1/05/2018	3,500	6	3,506
Scotiabank Sud Americano	Fixed term	US\$	3.40	12/15/2017	1/16/2018	2,000	3	2,003
Banco BBVA Chile	Fixed term	US\$	2.80	12/26/2017	1/26/2018	2,200	1	2,201
Banco Crédito e Inversiones	Fixed term	US\$	2.3	12/27/2017	1/04/2018	2,300	1	2,301
Banco Santander - Santiago	Fixed term	US\$	2.88	12/27/2017	1/04/2018	2,300	1	2,301
Banco BBVA Chile	Fixed term	US\$	2.80	12/27/2017	1/04/2018	1,400	-	1,400
BBVA Banco Francés	Fixed term	US\$	0.19	12/11/2017	1/31/2018	163	-	163
Nedbank	On demand	US\$	-	12/01/2017	1/31/2018	3,686	-	3,686
ABN Amro Bank	Fixed term	US\$	-	12/31/2017	1/02/2018	1,439	-	1,439
Total						290,397	517	290,9

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 11 Cash and cash equivalents (continued)**

## 11.6 Other information

## Net Debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

**Net debt**

	12/31/2018	12/31/2017
	ThUS\$	ThUS\$
Cash and cash equivalents	556,066	630,438
Other current financial assets	312,721	366,979
Other non-current financial hedge assets	13,425	8,910
Borrowings - repayable within one year (including overdraft)	(23,585 )	(220,328 )
Borrowings - repayable after one year	(1,330,382)	(1,031,507)
Net debt	(471,755 )	(245,508 )
Cash and liquid investments	882,212	1,006,327
Gross debt - fixed interest rates	(1,353,967)	(1,251,835)
Net debt	(471,755 )	(245,508 )

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Note 12 Inventories

The composition of inventory at each period-end is as follows:

Type of inventory	<b>12/31/2018</b>	<b>12/31/2017</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
Raw material reserves	6,764	9,364
Supplies for production reserves	26,840	22,257
Products-in-progress reserves	423,621	456,333
Finished product reserves	456,449	414,120
Total	913,674	902,074

As of December 31, 2018, the Company has inventory of caliche ore (in piles or undergoing leaching process) available for processing valued at ThUS\$347,100 and ThUS\$333,194 as of December 31, 2017, (included in work in progress).

Inventory reserves recognized as of December 31, 2018 amount to ThUS\$105,282, and ThUS\$96,284 as of December 31, 2017. For finished and in-process products, the provisions constituted include the provision associated with the lower value of stock (considers lower realizable value, uncertain future use, reprocessing costs, etc.), inventory differences and potential errors in the determination of inventories (e.g., errors in topography, grade, humidity, etc.), see Note 3.18.

For inventories of raw materials, supplies, materials and parts, lower value provisions have been associated with the proportion of obsolete, defective or slow-moving materials and potential differences.

The breakdown of inventory reserves is detailed as follows:

Type of inventory	<b>12/31/2018</b>	<b>12/31/2017</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
Raw material reserves	1,838	93
Products-in-progress reserves	82,673	80,249

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Finished product reserves	20,771	15,942
Total	105,282	96,284

The Company has not delivered inventory as collateral for the periods indicated above.

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**Note 12 Inventories (continued)**

As of December 31, 2018 and, 2017, movements in provisions are detailed as follows:

	12/31/2018	12/31/2017
<b>Conciliation</b>	ThUS\$	ThUS\$
Beginning balance	96,284	81,295
Increase in Lower Value (1)	7,845	19,515
Additional Provision Differences of Inventory. (2)	3,176	573
Increase / Decrease eventual differences and others (3)	2,436	(178 )
Provision Used	(4,459 )	(4,921 )
Total changes	8,998	14,989
Final balance	105,282	96,284

(1) There are three types of Lower Value Provisions: Economic Realizable Lower Value, Potential Inventory with Uncertain Future Use and Reprocessing Costs of Off-Specification Products.

Provisions for Inventory Differences generated when physical differences are detected when taking inventory, (2) which exceed the tolerance levels for this process. At least two annual inventories are taken in the production sites and in the port in Chile (“zero sum” systems have immediate potential adjustments).

This algorithm corresponds to diverse provision percentages based on the complexity in the measurement and (3) rotation of stock, as well as standard differences based on previous profit and loss, as is the case with provisions in Commercial Offices.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

## Note 13 Related party disclosures

### 13.1 Related party disclosures

Balances pending at period-end are not guaranteed, accrue no interest and are settled in cash. No guarantees have been delivered or received for trade and other receivables due from related parties or trade and other payables due to related parties.

### 13.2 Relationships between the parent and the entity

Pursuant to Article 99 of Law No. 18,045 of the Securities Market (the "Securities Market Law"), the Commission for Financial Market (the "CMF") may determine that a company does not have a controller in accordance with the distribution and dispersion of its ownership. On November 30, 2018, the CMF issued the ordinary letter No. 32.131 whereby it determined that Sociedad de Inversiones Pampa Calichera S.A., Potasios de Chile S.A. and Inversiones Global Mining (Chile) Limitada (the "Pampa Group"), do not exert decisive power over the management of the Company since it does not have a predominance in the ownership that allows it to make management decisions. Therefore, the CMF has determined not to consider Grupo Pampa the controller of the Company and that the Company does not have a controller given its current ownership structure.

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 13 Related party disclosures (continued)**

## 13.3 Detailed identification of the link between the Parent and subsidiary

As of December 31, 2018 and December 31, 2017, the detail of entities that are related parties of the SQM S.A. Group is as follows:

Tax ID No.	Name	Country of origin	Functional currency	Nature
Foreign	Nitratos Naturais Do Chile Ltda.	Brazil	US\$	Subsidiary
Foreign	Nitrate Corporation Of Chile Ltd.	United Kingdom	US\$	Subsidiary
Foreign	SQM North America Corp.	United States	US\$	Subsidiary
Foreign	SQM Europe N.V.	Belgium	US\$	Subsidiary
Foreign	Soquimich S.R.L. Argentina	Argentina	US\$	Subsidiary
Foreign	Soquimich European Holding B.V.	The Netherlands	US\$	Subsidiary
Foreign	SQM Corporation N.V.	The Netherlands	US\$	Subsidiary
Foreign	SQI Corporation N.V.	The Netherlands	US\$	Subsidiary
Foreign	SQM Comercial De México S.A. de C.V.	Mexico	US\$	Subsidiary
Foreign	North American Trading Company	United States	US\$	Subsidiary
Foreign	Administración y Servicios Santiago S.A. de C.V.	Mexico	US\$	Subsidiary
Foreign	SQM Peru S.A.	Peru	US\$	Subsidiary
Foreign	SQM Ecuador S.A.	Ecuador	US\$	Subsidiary
Foreign	SQM Nitratos Mexico S.A. de C.V.	Mexico	US\$	Subsidiary
Foreign	SQMC Holding Corporation L.L.P.	United States	US\$	Subsidiary
Foreign	SQM Investment Corporation N.V.	The Netherlands	US\$	Subsidiary
Foreign	SQM Brasil Limitada	Brazil	US\$	Subsidiary
Foreign	SQM France S.A.	France	US\$	Subsidiary
Foreign	SQM Japan Co. Ltd.	Japan	US\$	Subsidiary
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	US\$	Subsidiary
Foreign	SQM Oceania Pty Limited	Australia	US\$	Subsidiary
Foreign	Rs Agro-Chemical Trading Corporation A.V.V.	Aruba	US\$	Subsidiary
Foreign	SQM Indonesia S.A.	Indonesia	US\$	Subsidiary
Foreign	SQM Virginia L.L.C.	United States	US\$	Subsidiary
Foreign	SQM Italia SRL	Italy	US\$	Subsidiary
Foreign	Comercial Caiman Internacional S.A.	Panama	US\$	Subsidiary
Foreign	SQM Africa Pty Ltd,	South Africa	US\$	Subsidiary
Foreign	SQM Colombia SAS	Colombia	US\$	Subsidiary
Foreign	SQM Internacional N.V.	Belgium	US\$	Subsidiary
Foreign	SQM (Shanghai) Chemicals Co. Ltd.	China	US\$	Subsidiary
Foreign	SQM Lithium Specialties LLC	United States	US\$	Subsidiary
Foreign	SQM Iberian S.A.	Spain	US\$	Subsidiary
Foreign	SQM Beijing Commercial Co. Ltd.	China	US\$	Subsidiary
Foreign	SQM Thailand Limited	Thailand	US\$	Subsidiary
Foreign	SQM Australia PTY	Australia	Australian dollar	Subsidiary



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Foreign	SACAL S.A.	Argentina	Argentine peso	Subsidiary
96,801,610-5	Comercial Hydro S.A.	Chile	US\$	Subsidiary
96,651,060-9	SQM Potasio S.A.	Chile	US\$	Subsidiary
96,592,190-7	SQM Nitratos S.A.	Chile	US\$	Subsidiary
96,592,180-K	Ajay SQM Chile S.A.	Chile	US\$	Subsidiary
86,630,200-6	SQMC Internacional Ltda.	Chile	Chilean peso	Subsidiary
79,947,100-0	SQM Industrial S.A.	Chile	US\$	Subsidiary
79,906,120-1	Isapre Norte Grande Ltda.	Chile	Chilean peso	Subsidiary
79,876,080-7	Almacenes y Depósitos Ltda.	Chile	Chilean peso	Subsidiary
79,770,780-5	Servicios Integrales de Tránsitos y Transferencias S.A.	Chile	US\$	Subsidiary
79,768,170-9	Soquimich Comercial S.A.	Chile	US\$	Subsidiary
79,626,800-K	SQM Salar S.A.	Chile	US\$	Subsidiary
78,053,910-0	Proinsa Ltda.	Chile	Chilean peso	Subsidiary

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**Note 13 Related party disclosures (continued)****13.3 Detailed identification of the link between the Parent and subsidiary, continued**

As of December 31, 2018 and December 31, 2017, the detail of entities that are related parties of the SQM S.A. Group is as follows:

Tax ID No,	Name	Country of origin	Functional currency	Nature
76,534,490-5	Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	Chile	Chilean peso	Subsidiary
76,425,380-9	Exploraciones Mineras S.A.	Chile	US\$	Subsidiary
76,064,419-6	Comercial Agrorama Ltda.	Chile	Chilean peso	Subsidiary
76,145,229-0	Agrorama S.A.	Chile	Chilean peso	Subsidiary
76,359,919-1	Orcoma Estudios SPA	Chile	US\$	Subsidiary
76,360,575-2	Orcoma SPA	Chile	US\$	Subsidiary
76,686,311-9	SQM MaG SpA	Chile	US\$	Subsidiary
Foreign	Abu Dhabi Fertilizer Industries WWL	Arab Emirates	Arab Emirates dirham	Associate
Foreign	Doktor Tarsa Tarim Sanayi AS	Turkey	US\$	Associate
Foreign	Ajay North America	United States	US\$	Associate
Foreign	Ajay Europe SARL	France	Euro	Associate
Foreign	SQM Eastmed Turkey	Turkey	Euro	Associate
Foreign	Charlee SQM Thailand Co. Ltd. (1)	Thailand	Thai baht	Associate
Foreign	Kore Potash Ltd.	Australia	US\$	Associate
Foreign	Sichuan SQM Migao Chemical Fertilizers Co Ltda.	China	US\$	Joint venture
Foreign	Coromandel SQM India	India	Indian rupee	Joint venture
Foreign	SQM Vitas Fzco.	Arab Emirates	Arab Emirates dirham	Joint venture
Foreign	SQM Star Qingdao Corp Nutrition Co., Ltd.	China	US\$	Joint venture
Foreign	SQM Vitas Holland B.V.	Dutch Antilles	Euro	Joint venture
Foreign	Minera Exar S.A. (2)	Argentina	US\$	Joint control
Foreign	Covalent Lithium Pty Ltd.	Australia	Australian dollar	Joint venture
Foreign	Pavoni & C, SPA	Italy	Euro	Joint venture
96,511,530-7	Sociedad de Inversiones Pampa Calichera	Chile	US\$	Other related parties
96,529,340-k	Norte Grande S.A.	Chile	Chilean peso	Other related parties
79,049,778-9	Callegari Agricola S.A.	Chile	Chilean peso	Other related parties
Foreign	SQM Vitas Brazil Agroindustria (3)	Brazil	US\$	Other related parties
Foreign	SQM Vitas Peru S.A.C. (3)	Peru	US\$	Other related parties

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Foreign	Terra Tarsa B.V. (4)	Holland	Euro	Other related parties
Foreign	Plantacote N.V (4)	Belgium	Euro	Other related parties
Foreign	Doktolab Tarim Arastima San. Tic As (4)	Turkey	Turkish Lira	Other related parties
Foreign	Terra Tarsa Ukraine LLC (4)	Ukraine	Ukrainian Grivna	Other related parties
Foreign	Terra Tarsa Don LLC (4)	Russian Federation	Russian ruble	Other related parties
Foreign	Abu Dhabi Fertilizer Industries WLL	Oman	United Arab Emirates dirham	Other related parties
Foreign	Internacional Technical and Trading Agencies CO WLL (5)	Jordan	United Arab Emirates dirham	Other related parties
Foreign	Arpa Speciali S.R.L (6)	Italy	Euro	Other related parties

(1) During the month of November 2018, the stake held in Charlee SQM Thailand Co. Ltd. was sold.

(2) During the month of December 2018, the stake held in Minera Exar S.A.

(3) These Companies are subsidiaries of the SQM Vitas Fzco joint venture.

(4) These Companies are subsidiaries of the associate Doktor Tarsa Tarim Sanayi AS.

(5) These Companies are subsidiaries of the joint venture Abu Dhabi Fertilizer Industries WWL

(6) These companies are subsidiaries of the joint venture Pavoni & C, SPA

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**Note 13 Related party disclosures (continued)****13.3 Detailed identification of the link between the Parent and subsidiary, continued**

TAX ID No.	Name	Country of Origin	Functional currency	Relationship
N/A	Ara Dos Primera del Salar de Pampa Blanca, Sierra Gorda (*)	Chile	Chilean peso	Other related parties
N/A	Ara Tres Primera del Salar de Pampa Blanca, Sierra Gorda (*)	Chile	Chilean peso	Other related parties
N/A	Ara Cuatro Primera del Salar de Pampa Blanca, Sierra Gorda (*)	Chile	Chilean peso	Other related parties
N/A	Ara Cinco Primera del Salar de Pampa Blanca, Sierra Gorda (*)	Chile	Chilean peso	Other related parties
N/A	Curicó Dos Primera del Salar de Pampa Alta, Sierra Gorda (*)	Chile	Chilean peso	Other related parties
N/A	Curicó Tres Primera del Sector de Pampa Alta, Sierra Gorda (*)	Chile	Chilean peso	Other related parties
N/A	Evelyn Veinticuatro Primera de Sierra Gorda (*)	Chile	Chilean peso	Other related parties
N/A	Filomena Tres Primera de Oficina Filomena, Sierra Gorda (*)	Chile	Chilean peso	Other related parties
N/A	Filomena Cuatro Primera de Oficina Filomena, Sierra Gorda (*)	Chile	Chilean peso	Other related parties
N/A	Francis Cuatro Primera de Pampa Blanca, Sierra Gorda (*)	Chile	Chilean peso	Other related parties
N/A	Francis Cuatro Segunda del Salar de Pampa Blanca, Sierra Gorda (*)	Chile	Chilean peso	Other related parties
N/A	Francis Cuatro Tercera de Pampa Blanca, Sierra Gorda (*)	Chile	Chilean peso	Other related parties
N/A	Francis Cuatro Cuarta de Pampa Blanca, Sierra Gorda(*)	Chile	Chilean peso	Other related parties
N/A	Francis Cuatro Quinta de Pampa Blanca, Sierra Gorda (*)	Chile	Chilean peso	Other related parties
N/A	Francis Primera del Salar de Pampa Blanca de Sierra Gorda (*)	Chile	Chilean peso	Other related parties
N/A	Francis Segunda del Salar de Pampa Blanca de Sierra Gorda (*)	Chile	Chilean peso	Other related parties
N/A	Francis Tercera del Salar de Pampa Blanca de Sierra Gorda (*)	Chile	Chilean peso	Other related parties
N/A	Ivon Primera de Sierra Gorda (*)	Chile	Chilean peso	Other related parties
N/A	Ivon Décima Segunda de Sierra Gorda (*)	Chile	Chilean peso	Other related parties
N/A	Ivon Sexta de Sierra Gorda (*)	Chile	Chilean peso	Other related parties

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N/A	Julia Primera de Sierra Gorda (*)	Chile	Chilean peso	Other related parties
N/A	Lorena Trigésimo Quinta de Sierra Gorda(*)	Chile	Chilean peso	Other related parties
N/A	Perseverancia Primera de Sierra Gorda (*)	Chile	Chilean peso	Other related parties
N/A	Tamara 40 Primera del Sector S.E. OF. Concepción, Sierra Gorda (*)	Chile	Chilean peso	Other related parties
N/A	Tamara Tercera de Oficina Concepción, Sierra Gorda (*)	Chile	Chilean peso	Other related parties
N/A	Tamara 40 Segunda del Sector S.E. OF Concepción, Sierra Gorda(*)	Chile	Chilean peso	Other related parties

(\*) Correspond to Mining Contractual Societies

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**Note 13 Related party disclosures (continued)**

13.4 Detail of related parties and related party transactions

Transactions between the Parent and its subsidiaries, associated businesses, joint ventures and other related parties are part of the Company's common transactions. Their conditions are those customary for this type of transactions in respect of terms and market prices. In addition, these have been eliminated in consolidation and are not detailed in this note.

Maturity terms for each case vary by virtue of the transaction giving rise to them.

As of December 31, 2018 and 2017, the detail of significant transactions with related parties is as follows:

Tax ID No,	Company	Nature	Country of origin	Transaction	12/31/2018	12/31/2017
					ThUS\$	ThUS\$
Foreign	Doktor Tarsa Tarim Sanayi As	Associate	Turkey	Sale of products	16,726	17,538
Foreign	Ajay Europe S.A.R.L.	Associate	France	Sale of products	19,470	15,706
Foreign	Ajay Europe S.A.R.L.	Associate	France	Dividends	811	969
Foreign	Ajay North America LLC.	Associate	United States	Sale of products	16,810	13,206
Foreign	Ajay North America LLC.	Associate	United States	Dividends	2,807	1,123
Foreign	Abu Dhabi Fertilizer Industries WWL	Associate	United Arab Emirates	Sale of products	5,811	4,351
Foreign	Abu Dhabi Fertilizer Industries WWL	Associate	United Arab Emirates	Dividends	5,641	-
Foreign	Charlee SQM Thailand Co. Ltd. (1)	Associate	Thailand	Sale of products	4,960	5,102
Foreign	Charlee SQM Thailand Co. Ltd. (1)	Associate	Thailand	Dividends	362	-
77.557.430-5	Sales de Magnesio Ltda.	Associate	Chile	Sale of products	-	45
Foreign	Kowa Company Ltd. (3)	Other related parties	Japan	Sale of products	-	132,495
Foreign	SQM Vitas Brasil Agroindustria	Joint control or significant	Brazil	Sale of products	44,827	31,137

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Foreign	SQM Vitas Peru S.A.C.	influence Joint control or significant influence	Peru	Sale of products	17,204	23,058
Foreign	SQM Vitas Fzco.	Joint venture	United Arab Emirates	Sale of products	-	85
Foreign	Sichuan SQM Migao Chemical Fertilizers Co Ltda.	Joint venture	China	Sale of services	-	252
Foreign	Coromandel SQM India	Joint venture	India	Sale of products	7,696	8,011
Foreign	SQM Star Qingdao Corp Nutrition Co., Ltd.	Joint venture	China	Sale of products	-	200
79.049.778-9	Callegari Agrícola S.A.	Other related parties	Chile	Sale of products	-	210
Foreign	Minera Exar S.A. (2)	Joint venture	Argentina	Loans	-	11,000
Foreign	Terra Tarsa Ukraine LLC	Associate	Turkey	Sale of services	1,674	1,218
Foreign	Terra Tarsa Don LLC	Associate	Russian Federation	Sale of products	187	423
Foreing	Plantacote N.V.	Associate	Belgium	Sale of products	4,554	2,108
Foreing	SQM eastmed Turkey	Associate	Turkey	Sale of products	30	-
Foreing	Pavoni & C., Spa	Joint venture	Italy	Sale of products	201	-
Foreing	Arpa Speciali S.R.L	Other related parties	Italy	Sale of products	207	-
Total					149,978	268,237

(1) As of November 2018, the ownership interest in Charlee SQM Thailand Co. Ltd. sold.

(2) (2) During the month of December 2018, the stake held in Minera Exar S.A..

(3) As of December 31, 2018, Kowa Company Ltd. is not considered a related party.

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**Note 13 Related party disclosures (continued)**

13.5

Trade receivables due from related parties, current:

Transactions between the Company, its subsidiaries, joint ventures and other related parties are considered customary transactions. These transactions are carried out under arm's length conditions, or those that are normally in effect for this type of transaction in terms of time frames and market prices. In addition, they have been eliminated upon consolidation and are not disclosed in this note.

Tax ID N°	Company	Nature	Country of origin	Currency	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Foreign	Charlee SQM Thailand Co. Ltd.(1)	Associate	Thailand	US\$	-	1,204
Foreign	Ajay Europe S.A.R.L.	Associate	France	Euro	3,756	4,689
Foreign	Ajay North America LLC.	Associate	United States	US\$	2,079	2,005
Foreign	Abu Dhabi Fertilizer Industries WWL	Associate	United Arab Emirates	Arab Emirates dirham	857	73
Foreign	Kowa Company Ltd.(1)	Jointly controlled entity	Japan	US\$	-	5,008
96.511.530-7	Soc.de Inversiones Pampa Calichera	Jointly controlled entity	Chile	US\$	6	6
Foreign	SQM Vitas Brasil Agroindustria	Joint venture	Brazil	US\$	15,818	17,293
Foreign	SQM Vitas Peru S.A.C.	Joint venture	Peru	US\$	12,768	13,766
Foreign	Coromandel SQM India	Joint venture	India	Indian rupee	2,025	3,804
Foreign	SQM Vitas Fzco.	Joint venture	United Arab Emirates	Emirates dirham	105	-
Foreign	SQM Star Qingdao Corp Nutrition Co., Ltd.	Joint venture	China	US\$	248	50
Foreign	Plantacote N.V.	Associate	Belgium	Euro	312	190
Foreign	Terra Tarsa Don LLC	Associate	Russian Federation	Russian ruble	41	44
Foreign	Minera Exar S.A. (2)	Joint venture	Argentina	US\$	-	11,000
Foreign	SQM Eastmed Turkey	Associate	Turkey	Euro	30	-
Foreign	SQM Pavoni & C. SPA	Joint venture	Italy	Euro	12	-
Foreign	Doktor Tarsa Tarim Sanayi As	Joint venture	Turkey	US\$	6,497	-
Total					44,554	59,132

(1) As of November 2018, the ownership interest in Charlee SQM Thailand Co. Ltd. sold.



(2) During the month of December 2018, the stake held in Minera Exar S.A..

The accounts receivable presented are net of provision (provision for 2018 ThUS\$ 10,966 and 2017 for ThUS \$ 14,125, see Note 14.2)

13.6 Trade payables due to related parties, current:

Tax ID No.	Company	Nature	Country of origin	Currency	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Foreign	Doktor Tarsa Tarim Sanayi AS	Associate	Turkey	YTL	-	11
Foreign	Terra Tarsa Ukraine LLC	Other related parties	Ukraine	Ukrainian Grivna	-	7
Foreign	SQM Star Qingdao Corp Nutrition Co., Ltd.	Joint venture	China	US\$	-	725
Foreign	Sichuan SQM Migao Chemical Fertilizers Co Ltda.	Joint venture	China	US\$	-	584
Foreign	SQM Vitas Fzco.	Joint venture	United Arab Emirates	Arab Emirates dirham	-	38
Foreign	Covalent Lithium Pty Ltd	Associate	Australia	Australian dollar	9	-
Current Total					9	1,365

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Notes to the Consolidated Financial Statements as of December 31, 2018.

Note 14 Financial instruments

Financial instruments in accordance with IAS 39 are detailed as follows:

14.1 Types of other financial assets

Description of other financial assets	12/31/2018	12/31/2017
	ThUS\$	ThUS\$
Financial assets at amortized cost (1)	291,790	360,941
Derivative financial instruments		
- For hedging	18,238	-
- Held for trading at fair value through profit or loss (2)	2,693	6,038
Total other current financial assets	312,721	366,979
Investments classified as available for sale at fair value through profit or loss	-	9,179
Financial assets at fair value through other comprehensive income	3,631	-
Derivative financial instruments		
- For hedging	13,425	8,910
Financial assets at amortized cost (3)	75	24,790
Total other non-current financial assets	17,131	42,879

(1) Corresponds to term deposits whose maturity date is greater than 90 days and less than 360 days from the investment date constituted in the following financial institutions::

(2) Correspond to forwards and options that were not classified as hedging instruments (See detail in Note 14.3).

(3) SQM Potassium S.A., contributed ThUS\$24,745 to Western Australia Lithium (WAL). As of December 31, 2017, this had not been legally incorporated as a Company and the funds remained in trust pending transfer to WAL.

Institution	12/31/2018	12/31/2017
	ThUS\$	ThUS\$
Banco Santander	23,124	163,269
Banco de Crédito e Inversiones	145,834	71,748
Banco Itaú-Corpbanca	70,719	77,527
Banco Security	27,215	28,592
Scotiabank Sud Americano	24,898	13,764

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Banco Chile	-	4,834
Banco BBVA Chile	-	1,207
Total	291,790	360,941

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**Note 14 Financial instruments, (continued)**

## 14.2 Trade and other receivables

	12/31/2018			12/31/2017		
	Current ThUS\$	Non-current ThUS\$	Total ThUS\$	Current ThUS\$	Non-current ThUS\$	Total ThUS\$
Trade receivables	429,150	-	429,150	412,321	-	412,321
Prepayments	16,147	-	16,147	16,177	-	16,177
Other receivables	19,558	2,275	21,833	18,377	1,912	20,289
Total trade and other receivables	464,855	2,275	467,130	446,875	1,912	448,787

	12/31/2018			12/31/2017		
	Assets before allowances	Allowance for doubtful trade receivables	Assets for trade receivables, net	Assets before allowances	Allowance for doubtful trade receivables	Assets for trade receivables, net
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Receivables related to credit operations, current	445,670	(16,520)	) 429,150	427,400	(15,079)	) 412,321
Trade receivables, current	445,670	(16,520)	) 429,150	427,400	(15,079)	) 412,321
Prepayments, current	16,990	(843)	) 16,147	16,877	(700)	) 16,177
Other receivables, current	23,863	(4,305)	) 19,558	23,409	(5,032)	) 18,377
Current trade and other receivables	40,853	(5,148)	) 35,705	40,286	(5,732)	) 34,554
Other receivables, non-current	2,275	-	) 2,275	1,912	-	) 1,912
Non-current receivables	2,275	-	) 2,275	1,912	-	) 1,912
Total trade and other receivables	488,798	(21,668)	) 467,130	469,598	(20,811)	) 448,787

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Notes to the Consolidated Financial Statements as of December 31, 2018.

**Note 14 Financial instruments, (continued)**

**14.2 Trade and other receivables, continued**

**Portfolio stratification, continued**

The Company's policy is to require guarantees (such as letters of credit, guarantee clauses and others) and/or maintaining insurance policies for certain accounts as deemed necessary by management.

**Uncollateralized portfolio**

As of December 31, 2018 the detail of the uncollateralized portfolio is as follows:

2018				
Past due segments	Total uncollateralized portfolio		Number of customers renegotiated portfolio	Gross renegotiated portfolio ThUS\$
	Number of customers non-renegotiated portfolio	Gross non-renegotiated portfolio ThUS\$		
Current	1,429	403,805	136	668
1-30 days	1,284	17,899		