

SQM REPORTS EARNINGS FOR THE YEAR 2001

Santiago, March 6, 2002.- SQM reported **earnings** for the year ended December 31, 2001, in the amount of US\$30.1 million (US\$1.14 per ADR), which is 11.1% higher than the US\$27.1 million (US\$1.03 per ADR) reported for the year 2000. **Operating income** for the full year was US\$74.6 million, 10.9% higher than the US\$67.3 million recorded during the year 2000. **EBITDA⁽¹⁾** (operating income plus depreciation) reached US\$137.8 million during the year 2001, which is approximately 7% higher than the US\$129.1 million recorded for the previous year.

SQM's Chief Executive Officer, Patricio Contesse, stated that "the increase in earnings observed during the year 2001, especially during the second half, is the outcome of the cost reduction initiatives and productivity increases implemented in the past months". He added, "These achievements are even more significant if we consider the weakness of the international price environment for both specialty fertilizers and iodine during the year 2001".

For the fourth quarter of 2001, SQM reported **earnings** of US\$8.1 million (US\$0.31 per ADR), 70.4% higher than the US\$4.7 million (US\$0.18 per ADR) reported for the same period of 2000. During the fourth quarter of 2001, **operating income** totaled US\$20.9 million (16.4% of revenues), 34.7% higher than the US\$15.5 million (12.1% of revenues) for the same period in 2000. Additionally, **EBITDA⁽¹⁾** totaled US\$35.8 million during the fourth quarter of 2001, 14.3% higher than the US\$31.3 million recorded during the fourth quarter of 2000.

- **Specialty Fertilizers**

Revenues for specialty fertilizers for the year 2001 totaled US\$253.4 million, 10.2% higher than the US\$229.9 million reported for the same period of 2000. During the fourth quarter of 2001, revenues amounted to US\$57.9 million, which is comparable to the US\$58.1 million recorded for the same period of 2000.

<u>Year to date</u>		December 01	December 00
Sodium nitrate	Th. Ton	63.1	71.2
Potassium nitrate and sodium potassium nitrate	Th. Ton	544.8	472.2
Specialty mix	Th. Ton	232.7	200.2
Total Nitrate Specialty Fertilizers	Th. Ton	840.5	743.5
Potassium sulfate	Th. Ton	156.6	151.6
Revenues Nitrate Specialty Fertilizers	MUS\$	221.9	200.3
Revenues Potassium Sulfate	MUS\$	31.4	29.6
Revenues Specialty Fertilizers	MUS\$	253.4	229.9

Nitrate specialty fertilizers

Nitrate specialty fertilizer revenues for 2001 were 10.8% higher than those recorded for 2000. This was mainly due to a significant increase in potassium nitrate sales to China as well as an increase in sales to Europe.

Average sales prices for 2001 were lower than those of the previous year, mainly due to the highly competitive environment in the potassium nitrate business, which is the Company's main specialty fertilizer. Additionally, price environment in Europe was affected by the devaluation of the Euro against the US Dollar.

During March 2001, SQM implemented an organizational restructuring aimed at reducing its production and administrative costs. This translated into significant cost reductions primarily in the operations and support areas, and is part of several additional cost reduction initiatives that the Company has been undertaking over the past two years as result of its consolidation strategy. The lower costs achieved through the different changes implemented were partially reflected during the year 2001 and will be fully reflected during the year 2002. Additionally, the improvements in the productive processes and the devaluation of the Chilean peso against the US dollar have allowed further reductions in production costs.

Notwithstanding the lower average sales prices observed during the year 2001, the increase in sales and the lower production costs allowed the Company to increase the operational contribution of specialty fertilizers as compared to those of the previous year.

Potassium sulfate

As anticipated at the beginning of the year, during the second half, potassium sulfate sales margins had significant improvements compared to 2000. These improvements were possible mainly due to an increase in productive process yields along with a reduction in production costs, which have allowed the Company to

significantly reduce final product costs. This translated into an increase in potassium sulfate's operational contribution 2001.

- **Industrial Chemicals**

Revenues for industrial chemicals for the year 2001 totaled US\$69.6 million, similar to the US\$69.8 million obtained during the previous year. During the fourth quarter of 2001, revenues amounted to US\$17.4 million, which is 7.5% lower than the US\$18.8 million obtained during the same period of the previous year.

<u>Year to date</u>		December 01	December 00
Industrial nitrates	Th. Ton	187.0	196.3
Sodium sulfate	Th. Ton	66.7	43.8
Boric acid	Th. Ton	12.8	8,7
Revenues Industrial Chemicals		MUS\$ 69.6	69.8

Lower sales observed for industrial nitrates during the year 2001, particularly in US and European markets, can be largely explained by the intense competitive environment and by a slight decrease in world demand. As a result, average sales prices for industrial nitrates have been slightly reduced.

As in the case of nitrate specialty fertilizers, industrial nitrates have benefited from lower production costs as a direct consequence of the cost reduction initiatives implemented during 2001. Joint production of industrial and agricultural nitrates allows a natural diversification and continuous production redistribution in accordance with the different markets' conditions. This makes the business more attractive by allowing industrial products to be complemented with SQM's fertilizer nitrates.

Sodium sulfate sales for the year increased compared to the previous year mainly due to higher sales in Latin America. Finally, Boric acid, as a byproduct of potassium sulfate, has been favored by higher production levels and lower costs that have resulted from improvements in the productive process. This has allowed sales for 2001 primarily to the US and Canada, to increase by more than 45%.

- **Iodine and Lithium**

Revenues for iodine and lithium for 2001 totaled US\$118.4 million, similar to the US\$120.1 million obtained during the previous year. During the fourth quarter of 2001, revenues totaled US\$29.2 million, which is 7.5% lower than the US\$31.5 million registered during the same period of the previous year.

<u>Year to date</u>		December 01	December 00
Iodine and derivatives	Th. Ton	5.6	5.7
Lithium carbonate and derivatives	Th. Ton	21.7	20.6
Revenues Iodine and Lithium	MUS\$	118.4	120.1

Iodine and Derivatives

The lower revenues of iodine and derivatives for the year are a direct consequence of the lower average prices, which were approximately US\$1.4/ kilogram lower than those recorded for 2000.

The above has been the result of a significant increase in the installed production capacity over the past few years, which has put a downward pressure on international iodine prices. However, Iodine is an essential and irreplaceable element used in a wide range of traditional applications whose consumption grows at rates similar to those of the world economy. Lower prices notwithstanding, the growth of traditional uses along with new potential applications allow the Company to have a positive outlook for the iodine market in the coming years.

The quality and the quantity of SQM's natural resources, together with its high iodine production capacity, place the Company in an advantageous position to benefit from the future growth of this business.

As in the case of specialty fertilizers, the cost reduction initiatives during 2001 have also resulted in lower production costs for iodine.

The lower average prices, only partially offset by lower costs, translated into a reduction in the operating contribution of the iodine business when compared to last year.

Lithium Carbonate

Lithium carbonate sales volumes during 2001 were 5.1% higher than those observed during the previous year. Continuing with last year's price recovery trend, lithium carbonate sales prices were approximately 6% higher than the prices observed during 2000.

The better yields obtained in the productive processes together with the better quality of the brines coming from the Salar de Atacama, have allowed the production costs during the year to be lower than the originally projected costs.

The above, together with better prices and higher sales volumes, resulted in an increase in sales margins compared to 2000.

- **Potassium Chloride (KCl)**

<u>Year to date</u>		December 01	December 00
Potassium chloride	Th. Ton	262.9	279.4
Revenues Potassium Chloride	MUS\$	36.5	38.4

Potassium chloride sales for 2001 were 5.2% lower than those recorded during the previous year. Even though potassium chloride production during the year was higher than that of 2000, its use as a raw material in the additional production of potassium nitrate has reduced the availability of this product for direct sales. Potassium chloride production costs during 2001 were also lower than last year's.

The lower costs, together with stable prices for this product, have allowed an increase in the operational contribution of this business line.

Non-operating income shows a US\$30.1 million loss as of December 31, 2001, compared to a US\$32.8 million loss recorded during 2000. The main variations in the non-operating income were the following:

- Capitalized interests reduction, from US\$4.4 million in 2000 to US\$2.4 million in 2001, due to the start up of several projects during the last year;
- An exchange difference of US\$(3.1) million during 2001, compared to an exchange difference of US\$(1.9) million in 2000;
- During the first quarter of 2001, a gain was recorded due to the sale of certain non-essential mining properties.

The Company's **net financial debt** (interest bearing debt less cash and cash equivalents) has been reduced by approximately US\$67 million during the past 12 months; from the US\$411 million reported at December 31, 2000, down to US\$344 million as of December 31, 2001. This net financial debt decrease is consistent with SQM's ongoing cash flow generation and consolidation period, which is based upon a conservative investment plan. During 2001, SQM reflected a negative, net of tax, extraordinary charge of US\$4.9 million, as a direct consequence of the various costs and expenses related to the organizational restructuring project.

During the second half of the year, the Company connected its facilities to the natural gas pipelines coming from Argentina, which allowed for the replacement of the fuel oil used in heat generation and fusion processes, thus allowing a further reduction in energy costs. The facilities that underwent the conversion process have a dual system that allows them to operate either with natural gas or fuel oil.

SQM is an integrated producer and distributor of specialty fertilizers, industrial chemicals, as well as iodine and lithium. Its products are based on the development of high quality natural resources that allow the Company to be the leader in costs, supported by a specialized international network with sales in over 100 countries. SQM's development strategy aims at maintaining and strengthening the world leadership in its three main businesses: specialty fertilizers, iodine and lithium.

This leadership strategy is based on the Company's competitive advantages and on the sustainable growth of the different markets in which it operates. SQM's main competitive advantages in its different businesses are:

- Low production costs based on vast and high quality natural resources.
- Industry know-how and its own technological developments in its various production processes.
- Logistics infrastructure and high production levels that allow SQM to have low distribution costs.
- High market share in all its core products: 40% world lithium market, 28% world iodine market and 45% world potassium nitrate market.
- International sales offices in more than 20 countries and overall sales in over 100 countries.
- Sales synergies resulting from the production of a complete range of specialty fertilizers.
- Continuous new product development according to the specific needs of its different customers.
- Conservative and solid financial position.

Notes:

(1) EBITDA is defined by the Company as Operating Result plus Depreciation. This indicator must be considered as a mere reference and does not represent a universal way to value different companies, varying according to the criteria employed by each company.

(2) Cash Flow is defined by the Company as Net Income plus Depreciation plus Extraordinary Items. This indicator must be considered as a mere reference and does not represent a universal way to value different companies, varying according to the criteria employed by each company.

Statements in this release concerning the Company's business outlook or future economic performances, anticipated profitability, revenues, expenses, or other financial items, anticipated cost synergies and product or service line growth, together with other statements that are not historical facts, are "forward-looking statements" as that term is defined under the Federal Securities Laws. Any forward-looking statements are estimates, reflecting the best judgment of SQM based upon currently available information and involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those stated in such statements. Risks, uncertainties, and factors, which could affect the accuracy of such forward-looking statements, are identified in the public filing made with the Securities and Exchange Commission, and forward-looking statements should be considered in light of those factors.

Income Statement

<i>(US\$ Millions)</i>	<i>IV Quarter</i> 2001	<i>IV Quarter</i> 2000	<i>Year to Date</i>	
			2001	2000
Revenues	127,5	128,1	526,4	501,8
Specialty Fertilizers	57,9	58,1	253,4	229,9
<i>Nitrate Fertilizers</i>	50,8	48,6	221,9	200,3
<i>Potassium Sulfate</i>	7,0	9,5	31,4	29,6
Industrial Chemicals	17,4	18,8	69,6	69,8
<i>Industrial Nitrates</i>	12,7	16,6	54,5	59,1
<i>Sodium Sulfate</i>	2,7	1,4	9,0	6,6
<i>Boric Acid</i>	2,0	0,8	6,2	4,1
Iodine and Lithium	29,2	31,5	118,4	120,1
Other Income	23,0	19,6	85,1	82,0
<i>Potassium Chloride (Potash)</i>	10,3	9,2	36,5	38,4
<i>Others</i>	12,8	10,4	48,5	43,7
Cost of Goods Sold	(78,8)	(84,5)	(345,0)	(327,0)
Depreciation	(14,8)	(15,8)	(63,2)	(61,8)
Selling and Administrative Expenses	(12,9)	(12,3)	(43,6)	(45,8)
Operating Income	20,9	15,5	74,6	67,3
Non-Operating Income	(11,9)	(9,6)	(30,1)	(32,8)
Net financial Income (1)	(7,2)	(8,4)	(32,0)	(32,9)
Capitalized Interest (2)	0,5	1,0	2,4	4,4
Exchange gain or (loss)	(2,9)	(0,8)	(3,1)	(1,9)
Others	(2,2)	(1,4)	2,6	(2,3)
Income Before Taxes	9,1	6,0	44,5	34,5
Income Tax	(0,2)	(0,7)	(7,5)	(4,9)
Other Items	(0,7)	(0,5)	(2,0)	(2,5)
Income before extraordinary items	8,2	4,7	35,0	27,1
Extraordinary items	(0,1)		(4,9)	
Net Income	8,1	4,7	30,1	27,1
Net Income per ADR (US\$)	0,31	0,18	1,14	1,03
EBITDA (3)	35,8	31,3	137,8	129,1
Cash Flow (4)	23,0	20,5	98,2	88,9
Cash flow per ADR (US\$)	0,88	0,78	3,73	3,38

(1) Financial income - financial expenses

(2) Capitalized Interests in fixed assets

(3) Operating Income + depreciation

(4) Net income + depreciation + extraordinary items

Balance Sheet

<i>(US\$ Millions)</i>	As of December 31	
	2001	2000
Current Assets	542,2	509,2
<i>Cash and cash equivalents (1)</i>	135,7	47,7
<i>Account receivables (2)</i>	155,5	179,7
<i>Inventories</i>	208,4	212,1
<i>Others</i>	42,7	69,6
Fixed Assets	708,9	733,3
Other Assets	162,3	159,8
<i>Investment in related companies (3)</i>	84,5	83,6
<i>Others</i>	77,8	76,2
Total Assets	1.413,4	1.402,3
Current Liabilities	125,2	138,0
<i>Short term interest bearing debt</i>	68,0	58,8
<i>Others</i>	57,2	79,2
Long-Term Liabilities	433,1	415,0
<i>Long term interest bearing debt</i>	412,0	400,0
<i>Others</i>	21,1	15,0
Minority Interest	23,4	25,3
Shareholders' Equity	831,7	824,1
Total Liabilities	1.413,4	1.402,3
Current Ratio (4)	4,3	3,7
Debt / Total capitalization (5)	36,6%	35,8%

(1) Cash + time deposits + marketable securities

(2) Account receivables + account receivables from related co.

(3) Investment in related companies net of goodwill and neg. goodwill

(4) Current assets / current liabilities

(5) Interest bearing debt/ (Interest bearing debt + Equity)