

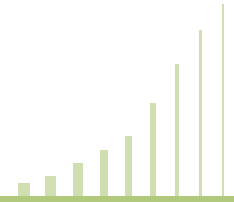


# Albemarle

## Fourth Quarter & Full Year 2011 Earnings

Conference Call/Webcast  
Tuesday January 24, 2012 –  
8:00am ET

# Forward-Looking Statements

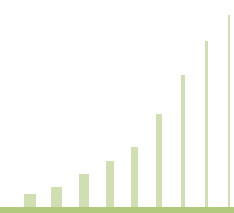


Some of the information presented in this presentation including, without limitation, statements with respect to product development, improvements in productivity, market trends, price and mix changes, expected growth, outlook and all other information relating to matters that are not historical facts may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. There can be no assurance that actual results will not differ materially.

Factors that could cause actual results to differ from expectations include, without limitation: changes in economic and business conditions; changes in financial and operating performance of our major customers and industries and markets served by us; the timing of orders received from customers; the gain or loss of significant customers; competition from other manufacturers; changes in the demand for our products; limitations or prohibitions on the manufacture and sale of our products; availability of raw materials; changes in the cost of raw materials and energy and in our inability to pass through increases; acquisitions and divestitures, and changes in performance of acquired companies; fluctuations in foreign currencies; changes in laws and government regulation of our operations or our products; the occurrence of claims or litigation; the occurrence of natural disasters; the inability to maintain current levels of product or premises liability insurance or the denial of such coverage; political unrest including terrorism or hostilities; political instability affecting our manufacturing operations or joint ventures; changes in accounting standards; the inability to achieve results from our global manufacturing cost reduction initiatives as well as our ongoing continuous improvement and rationalization programs; changes in the jurisdictional mix of our earnings; changes in monetary policies or inflation or interest rates which may impact our ability to raise capital or increase our cost of funds, the performance of our pension fund investments and our pension expense and funding obligations; volatility and substantial uncertainties in the debt and equity markets; technology or intellectual property infringement and other risks; decisions we may make in the future; and the other factors detailed from time to time in the reports we file with the SEC, including those under “Risk Factors” in our Annual Report on Form 10-K and our 2011 Quarterly Reports on Form 10-Q.



# Fourth Quarter 2011 Financial Results



## Comparisons

	Q4 2011 (in millions, except EPS)	Year-Over-Year	Sequential
Net Sales	\$ 707	↑ 17%	↓ 2%
Segment Income <sup>2</sup>	\$ 163	↑ 20%	↓ 13%
Net Income <sup>1</sup>	\$ 99	↑ 17%	↓ 14%
EBITDA <sup>2</sup>	\$ 163	↑ 16%	↓ 14%
Diluted EPS	\$ 1.11	↑ 21%	↓ 13%
Free Cash Flow <sup>3</sup>	\$ 138	↑ 66%	↑ 68%

## Record Fourth Quarter Earnings of \$1.11 Per Share

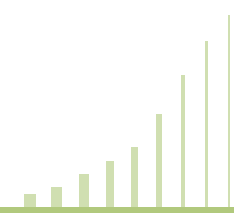


<sup>1</sup>Reflects Net Income attributable to Albemarle Corporation

<sup>2</sup>Non-GAAP measure. See Non-GAAP reconciliations in Appendix

<sup>3</sup>Non-GAAP measure. See reconciliation on page 9

# Full Year 2011 Financial Results



## Year-Over-Year Comparisons

	2011 (in millions, except EPS)	2010 (in millions, except EPS)	Year-Over-Year
Net Sales	\$ 2,869	\$ 2,363	↑ 21%
Segment Income <sup>2</sup>	\$ 701	\$ 519	↑ 35%
Net Income <sup>1</sup>	\$ 436	\$ 324	↑ 35%
EBITDA (ex SI) <sup>2</sup>	\$ 701	\$ 545	↑ 29%
Diluted EPS (ex SI) <sup>2</sup>	\$ 4.77	\$ 3.56	↑ 34%
Free Cash Flow <sup>3</sup> (YTD)	\$ 355	\$ 336	↑ 6%

## Record Full Year Earnings of \$4.77 Per Share



<sup>1</sup>Reflects Net Income attributable to Albemarle Corporation

<sup>2</sup>Non-GAAP measure. See Non-GAAP reconciliations in Appendix

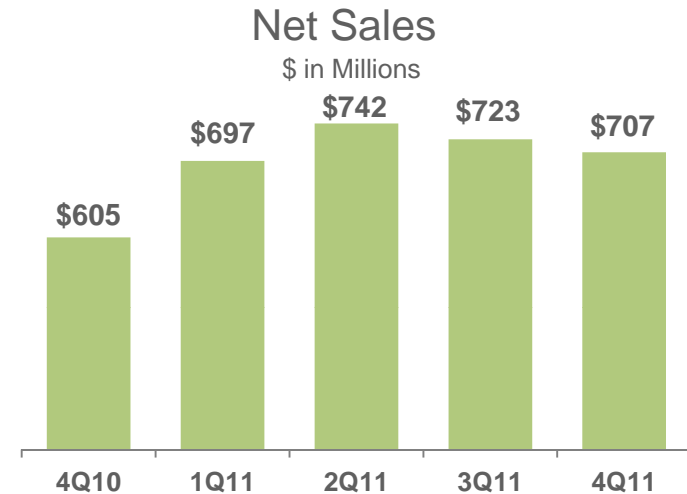
<sup>3</sup>Non-GAAP measure. See reconciliation on page 9

# Fourth Quarter & Full Year Net Sales and Net Income<sup>1</sup>

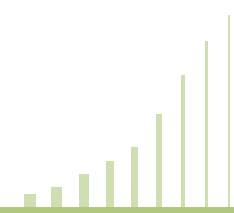
## Financial Highlights

- 4Q net sales of \$707M up 17% Y/Y
- 4Q net income of \$99M up 17% Y/Y
- Record annual EBITDA of \$701M and EBITDA margin of 24%
- Annual segment margin expansion of 240 bps Y/Y to 24%
- Second consecutive record full year earnings of \$4.77, up 34% Y/Y
- Raised dividend per share 25% in 2011

<sup>1</sup>Reflects Net Income attributable to Albemarle Corporation



# Fine Chemistry



## 4th Qtr & Full Year Performance

<i>\$ in millions</i>	4Q 2011	vs. 4Q 2010	FY 2011	vs. FY 2010
<b>Net Sales</b>	\$209	36%	\$750	32%
<b>Segment Income</b>	\$43	62%	\$140	93%
<b>Segment Income Margin</b>	20%	320bps	19%	590bps

## Y/Y Sales Comparison

	4 <sup>th</sup> Qtr	Full Year
<b>Sales Growth</b>	36%	32%
<b>Volume</b>	24%	18%
<b>Price</b>	12%	12%
<b>Currency</b>	0.4%	2%

## Key Business Highlights

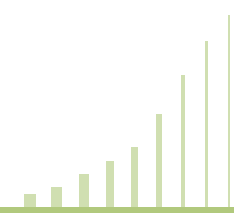
- Record quarterly and full year segment income, driven by record results across both divisions
- Demand for bromine derivatives high with sold-out positions in select product lines; pricing firm
- Record full year completion fluids and custom projects revenue and operating profit

## Business Outlook

- Continued strong international demand for completion fluids. Early signs of Gulf of Mexico strengthening; expected to continue through 2012
- Growing pipeline of new, high margin custom projects in addition to SIGA and Amyris
- EPA regulations driving growth opportunities in mercury control end market



# Polymer Solutions



## 4th Qtr & Full Year Performance

<i>\$ in millions</i>	4Q 2011	vs. 4Q 2010	FY 2011	vs. FY 2010
<b>Net Sales</b>	\$209	(5%)	\$1,002	11%
<b>Segment Income</b>	\$37	(28%)	\$238	20%
<b>Segment Income Margin</b>	17%	(570)bps	24%	180bps

## Y/Y Sales Comparison

	4 <sup>th</sup> Qtr	Full Year
<b>Sales Growth</b>	(5%)	11%
<b>Volume</b>	(13%)	(8%)
<b>Price</b>	7%	16%
<b>Currency</b>	1%	3%

## Key Business Highlights

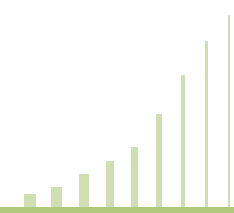
- Record annual segment income and margin driven by pricing traction and successful business restructuring since 2008-09
- Lower 4Q sales and income due to weak Europe demand, soft electronics demand and unfavorable fixed cost absorption
- Brominated flame retardant pricing holding firm



## Business Outlook

- Early signs of recovering customer demand in select electronics end markets
- Projecting second half recovery in business volumes based on global economic rebound
- European economic outlook drives uncertainty in mineral flame retardants

# Catalysts



## 4th Qtr & Full Year Performance

<i>\$ in millions</i>	4Q 2011	vs. 4Q 2010	FY 2011	vs. FY 2010
<b>Net Sales</b>	\$290	25%	\$1,117	26%
<b>Segment Income</b>	\$84	43%	\$324	30%
<b>Segment Income Margin</b>	29%	360bps	29%	100bps

## Y/Y Sales Comparison

	4 <sup>th</sup> Qtr	Full Year
<b>Sales Growth</b>	25%	26%
<b>Volume</b>	(1%)	6%
<b>Price</b>	25%	18%
<b>Currency</b>	1%	2%

## Key Business Highlights

- Record annual segment income and margins driven by record results across both divisions
- Refinery Catalysts 4Q and 2011 results driven by solid international demand trends, pricing actions and effective recovery of rare earth inflation
- Strong PCS growth trajectory

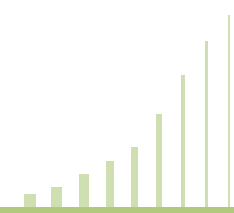
## Business Outlook

- PCS investments in Korea and Saudi Arabia on track and on budget with additional capacity additions coming online in United States
- Strong 1Q HPC order book; FCC trends in emerging markets continuing to offset sluggish miles driven in developed economies
- Continued stringent monitoring of rare earth supply and inventory





# Financial Performance



## Free Cash Flow

(\$ in millions)

Full Year Ended December 31		
	<u>2011</u>	<u>2010</u>
Net Income <sup>1</sup>	\$436	\$324
Depreciation & Amortization	97	96
Change in Working Capital	(33)	(81)
Other <sup>2</sup>	(7)	(8)
Net Cash from Operations	493	331
Less: Capital Expenditures	(198)	(75)
Add Back: Pension Contributions	60	80
<b>Free Cash Flow</b>	<b>\$355</b>	<b>\$336</b>

## Other Financial Highlights

as of 12/31/2011

(\$ in millions)

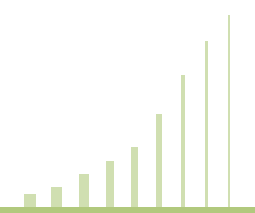
- Net Working Capital: \$507
- Dividends Paid: \$58
- Dividends per share up: 25%
- Pension Contributions: \$60
- Cash balance: \$469
- Effective Tax Rate: 23.6%
- Share Buyback: \$178

<sup>1</sup>Reflects Net Income attributable to Albemarle Corporation

<sup>2</sup>Includes pension contributions of \$60 for 2011 and \$80 for 2010

**Strong Net Cash from Operations, up 49%**



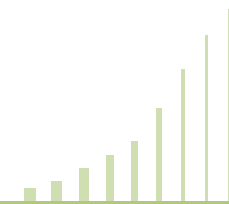


# APPENDIX

## Non-GAAP Reconciliations



# Segment Operating Profit & Segment Income

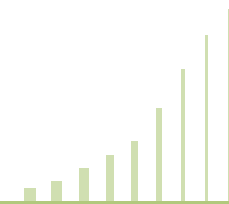


(\$ in thousands)	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2011	2010	2011	2010
Total segment operating profit	\$ 160,606	\$ 131,811	\$ 685,144	\$ 494,311
Corporate & other *	(24,532)	(20,425)	(97,304)	(72,505)
Restructuring and other charges	—	—	—	(6,958)
GAAP Operating profit	<u>\$ 136,074</u>	<u>\$ 111,386</u>	<u>\$ 587,840</u>	<u>\$ 414,848</u>
Total segment income	\$ 162,799	\$ 135,842	\$ 700,990	\$ 519,182
Corporate & other	(24,590)	(20,798)	(97,479)	(73,040)
Restructuring and other charges	—	—	—	(6,958)
Interest and financing expenses	(8,998)	(7,474)	(37,574)	(25,533)
Other (expenses) income, net	(177)	1,204	357	2,788
Income tax expense	<u>(29,591)</u>	<u>(23,802)</u>	<u>(130,014)</u>	<u>(92,719)</u>
GAAP Net income attributable to Albemarle Corporation	<u>\$ 99,443</u>	<u>\$ 84,972</u>	<u>\$ 436,280</u>	<u>\$ 323,720</u>

\* Excludes corporate equity income and noncontrolling interest adjustments of \$(58) and \$(373) for the three-month periods ended December 31, 2011 and 2010, respectively, and \$(175) and \$(535) for the years ended December 31, 2011 and 2010, respectively.

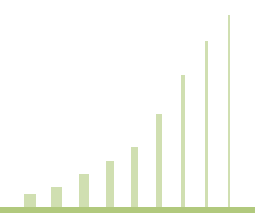


# EBITDA



(\$ in thousands)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2011	2010	2011	2010
Net income attributable to Albemarle Corporation	\$ 99,443	\$ 84,972	\$ 436,280	\$ 323,720
Add:				
Interest and financing expenses	8,998	7,474	37,574	25,533
Income tax expense	29,591	23,802	130,014	92,719
Depreciation and amortization	24,827	24,092	96,753	95,578
EBITDA	162,859	140,340	700,621	537,550
Restructuring and other charges	—	—	—	6,958
EBITDA excluding special item	\$ 162,859	\$ 140,340	\$ 700,621	\$ 544,508
Net sales	\$ 707,390	\$ 604,975	\$ 2,869,005	\$ 2,362,764
EBITDA Margin	23.0%	23.2%	24.4%	22.8%
EBITDA Margin excluding special item	23.0%	23.2%	24.4%	23.0%





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