

Albemarle Corporation

Third Quarter 2014 Earnings

Conference Call/Webcast
Thursday, October 23, 2014
9:00am ET



Forward-Looking Statements

Some of the information presented in this presentation and the conference call and discussions that follow, including, without limitation, statements with respect to the proposed transaction with Rockwood and the anticipated consequences and benefits of the transaction, the targeted close date for the transaction, product development, changes in productivity, market trends, price, expected growth and earnings, input costs, surcharges, tax rates, stock repurchases, dividends, cash flow generation, costs and cost synergies, portfolio diversification, economic trends, 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 materially 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; changes in our markets in general; fluctuations in foreign currencies; changes in laws and government regulation impacting 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 affecting the global economy; 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 and changes in tax laws and rates; changes in monetary policies, inflation or interest rates; volatility and substantial uncertainties in the debt and equity markets; technology or intellectual property infringement; decisions we may make in the future; the receipt and timing of necessary regulatory approvals for the proposed transaction with Rockwood; the ability to finance the proposed transaction with Rockwood; the ability to successfully operate and integrate Rockwood's operations and realize estimated synergies; and the other factors detailed from time to time in the reports we file with the SEC, including those described under "Risk Factors" in the preliminary joint proxy statement / prospectus we filed in connection with the proposed transaction with Rockwood, and in our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q. These forward-looking statements speak only as of the date of this presentation. We assume no obligation to provide any revisions to any forward-looking statements should circumstances change, except as otherwise required by securities and other applicable laws.

On Track to Deliver Long Term Shareholder Value

- Strong third quarter results drive confidence in full year 2014 earnings growth well within guidance range of 2% – 7%
- Rockwood/Albemarle integration plan on path to deliver synergies of \$100 million by 2016
 - ✓ \$30 million to be realized on Day 1; \$50 million or more in first year
 - ✓ Close expected during Q1 2015
- Creating a premier global specialty chemicals company that delivers growth and excellent free cash flow

Third Quarter 2014 Financial Results

	3Q 2014 (\$ in millions, except EPS)	Year-Over-Year	Sequential
Net Sales	\$ 642	9%	6%
Segment Income ¹	\$ 140	3%	(1%)
Adjusted Net Income ^{1,2}	\$ 89	1%	3%
Adjusted EBITDA ^{1,3}	\$ 145	(3%)	0%
Adjusted EBITDA Margins ^{1,3}	23%	(273bps)	(142bps)
Adjusted Diluted EPS ^{1,2}	\$ 1.14	5%	4%

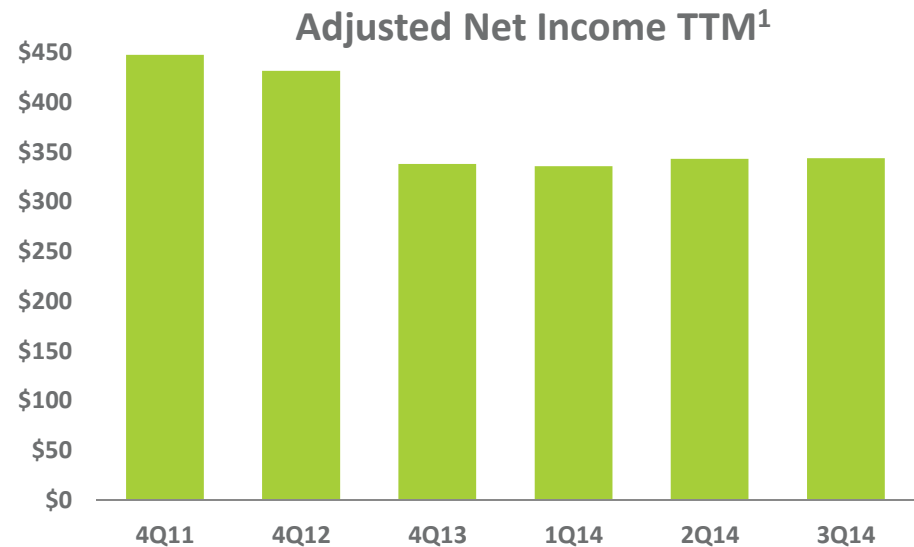
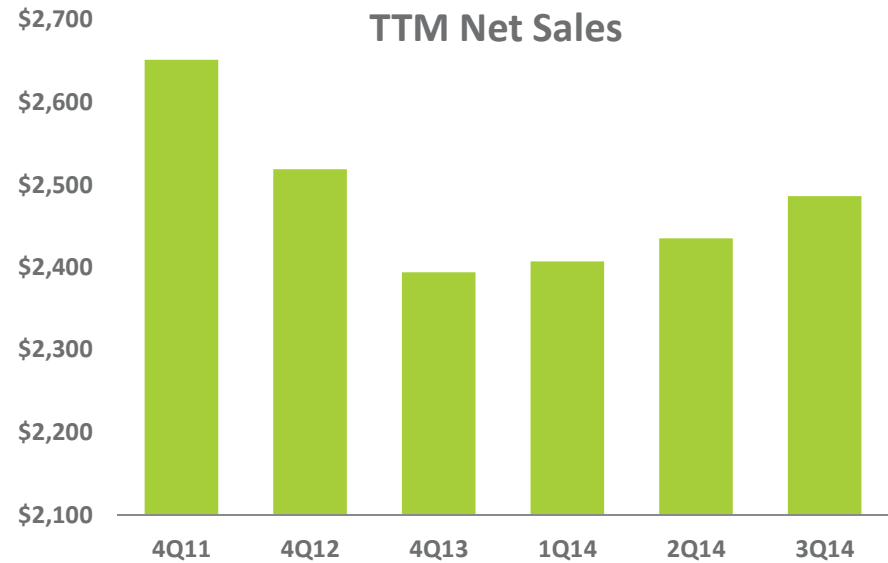
¹ Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

² Reflects Net Income attributable to Albemarle Corporation, excluding disc. operations, special and non-operating pension and OPEB costs

³ Reflects EBITDA attributable to Albemarle Corporation, excluding disc. operations, special and non-operating pension and OPEB costs

Third Quarter 2014 Financial Results

- 3Q 2014 adjusted net income¹ of \$89M; \$1.14 per share
- 3Q 2014 adjusted EBITDA² of \$145M, 23% EBITDA margin
- YTD 2014 FCF³ of \$365M up substantially y/y on working capital improvements
- Catalyst Solutions net sales and segment income up y/y on strong volumes and Heavy Oil Upgrading pricing
- Performance Chemicals segment income down on flat revenues due to soft y/y pricing and operational issues resulting in higher manufacturing costs
- Closed on the sale of antioxidants, ibuprofen and propofol businesses and assets to SI Group, Inc.



¹Reflects Net Income attributable to Albemarle Corporation, excluding disc. operations, special and non-operating pension and OPEB items

²Reflects EBITDA attributable to Albemarle Corporation, excluding disc. operations, special and non-operating pension and OPEB items

³See reconciliation on Financial Performance slide 8

Catalyst Solutions

(\$ in millions)

3rd Qtr Performance

(\$ in millions)	3Q 2014	3Q 2013	△
Net Sales	\$278	\$226	23%
Segment Income	\$60	\$51	18%
Segment Income Margin	22%	23%	(90bps)

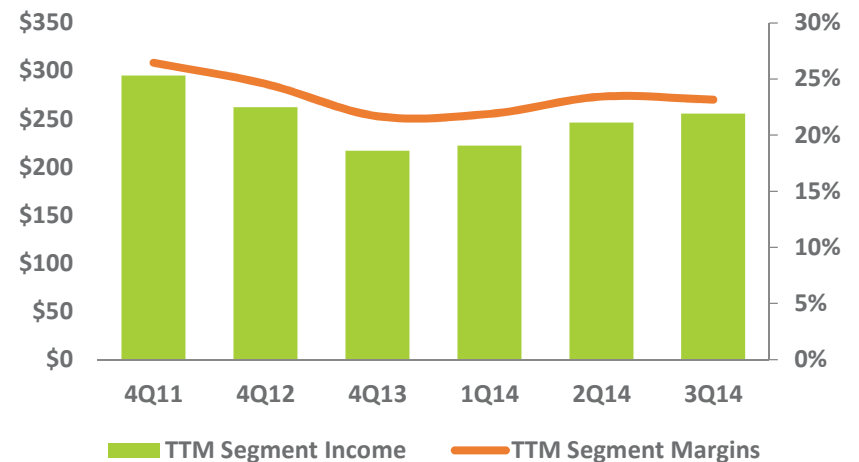
3rd Qtr Y/Y Sales Comparison

Sales Growth	23%
Volume / Mix	20%
Price	3%
Currency	0%

Performance Drivers

- Strong y/y volumes in both Refinery and Performance Catalysts, reflecting good end market demand and new products
- Refinery Catalysts pricing continues to favorably impact sales and profit results
- Large, first-time sale of AlkyClean in line with expectations; impacts mix
- Heavy Oil Upgrading catalyst unit turnaround and expansion in Texas completed on time and in line with expectations

Historical Trend



Performance Chemicals

(\$ in millions)

3rd Qtr Performance

(\$ in millions)	3Q 2014	3Q 2013	△
Net Sales	\$365	\$365	0%
Segment Income	\$80	\$86	(7%)
Segment Income Margin	22%	24%	(150bps)

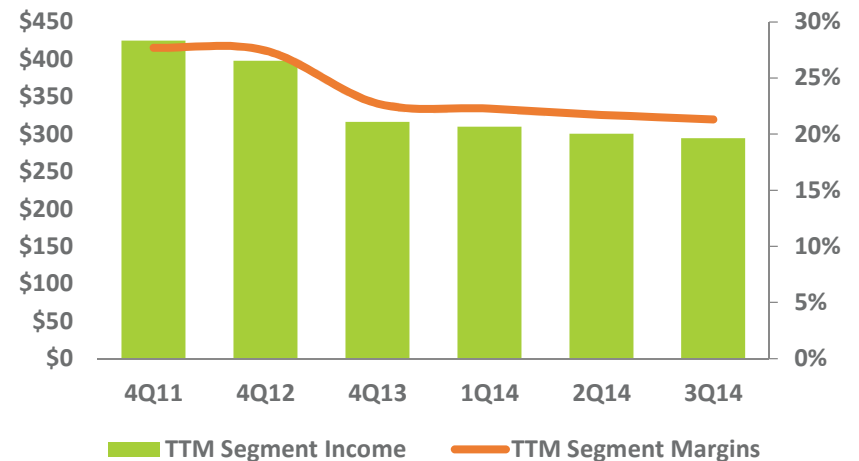
3rd Qtr Y/Y Sales Comparison

Sales Growth	0%
Volume / Mix	0%
Price	0%
Currency	0%

Performance Drivers

- Strong Fine Chemistry Services volume and profit growth, y/y, driven by opportunistic orders
- Specialty Chemicals volume and profit growth, y/y, driven by methyl bromide and curatives
- Fire Safety Solutions volume is up y/y; revenue and profits down, y/y, on soft pricing, mix and operational issues resulting in higher manufacturing costs

Historical Trend



Sales Volume Variance By Major Product Groups

	Volume Performance	
	3Q14 vs. 3Q13	TTM 3Q14 vs. TTM 3Q13
Heavy Oil Upgrading	-	+
Clean Fuel Technology	++	+
Performance Catalysts Solutions	++	+
Brominated Flame Retardants	+	~
Mineral Flame Retardants	-	+
Bromine Derivatives (ex FRs) ¹	++	~

++ Represents growth above 10%, + represents growth between 3% and 10%, ~ represents (2%) to 2%, - represents decline between (3%) and (10%), -- represents decline of more than (10%)

¹ Includes elemental bromine and all non-FR bromine derivatives

Financial Performance

(\$ in millions)

Free Cash Flow (FCF)

Nine Months Ended September 30

	<u>2014</u>	<u>2013</u>
Net Income Attributable to ALB ¹	\$152	\$257
Restructuring and Pension Charges	28	5
Pre Tax Discontinued Operations	86	0
Depreciation & Amortization	78	79
Change in Working Capital	88	(39)
Other	(1)	16
Net Cash from Operations	431	318
Less: Capital Expenditures	(77)	(135)
Add Back: Pension Contributions	11	10
Free Cash Flow	\$365	\$193

¹ Reflects Net Income attributable to Albemarle Corporation

² Excludes JV debt not guaranteed by Company

³ Excludes disc. ops, special ,and non-operating pension and OPEB items

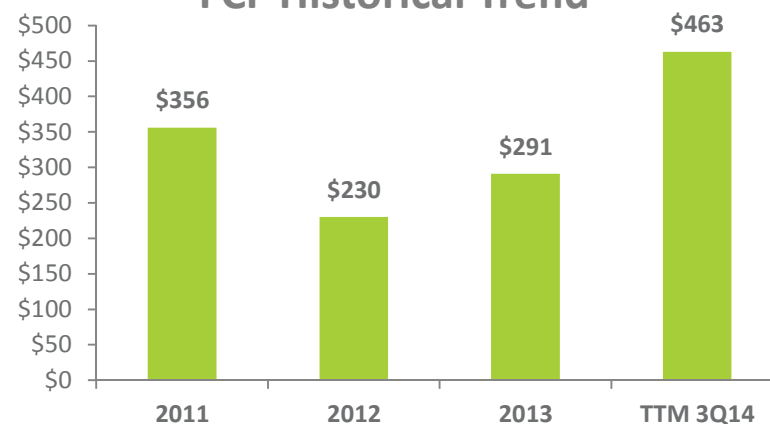
*FCF is based on historical, as reported financials, and does not exclude discontinued operations

Other Financial Highlights as of 9/30/2014

(\$ in millions)

- **Dividends Paid:** \$63
- **Dividend Growth (Y/Y):** 7%
- **Shares Repurchased:** \$150
- **Net Debt²:** \$393
- **Net Debt to Adj. EBITDA³:** 0.7x

FCF Historical Trend*



Building Cash Reserves for Rockwood Acquisition