

Albemarle Corporation Second Quarter 2016 Earnings

Conference Call/Webcast

Thursday, Aug 4, 2016

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 planned sale of the Chemetall® business and the anticipated consequences and benefits of 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 regulatory proceedings, claims or litigation; the occurrence of cyber security breaches, terrorist attacks, industrial accidents, natural disasters, or climate change; 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 ability to successfully execute, operate and integrate acquisitions and divestitures, 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 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.

Non-GAAP Financial Measures

It should be noted that adjusted net income attributable to Albemarle Corporation (“adjusted earnings”), adjusted net income from continuing operations, adjusted diluted earnings per share attributable to Albemarle Corporation, adjusted diluted earnings per share from continuing operations, adjusted effective income tax rates, segment operating profit, segment income, EBITDA, adjusted EBITDA, adjusted EBITDA by operating segment, EBITDA margin, adjusted EBITDA margin, free cash flow, and adjusted free cash flow are financial measures that are not required by, or presented in accordance with, accounting principles generally accepted in the United States, or GAAP. These measures are presented here to provide additional useful measurements to review our operations, provide transparency to investors and enable period-to-period comparability of financial performance. The Company’s chief operating decision maker uses these measures to assess the ongoing performance of the Company and its segments, as well as for business planning purposes.

A description of these and other non-GAAP financial measures that we use to evaluate our operations and financial performance, and reconciliation of these non-GAAP financial measures to the most directly comparable financial measures calculated and reported in accordance with GAAP, can be found in the Appendix to this presentation, which is posted in the Investors section of our website at www.albemarle.com, under “Non-GAAP Reconciliations” under “Financials.”



Second Quarter 2016 Financial Highlights

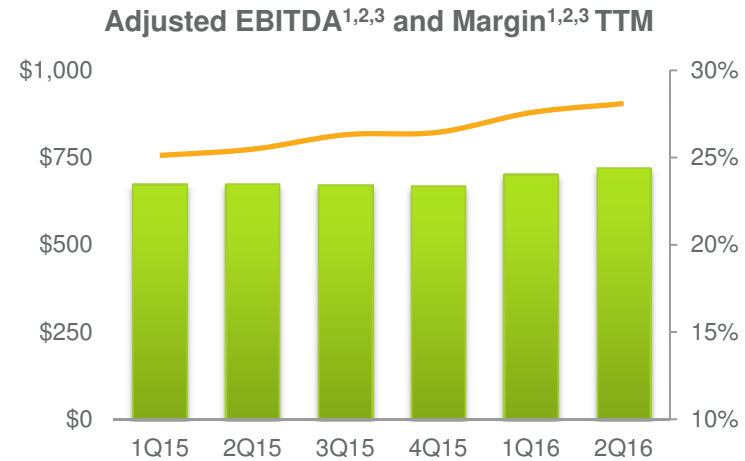
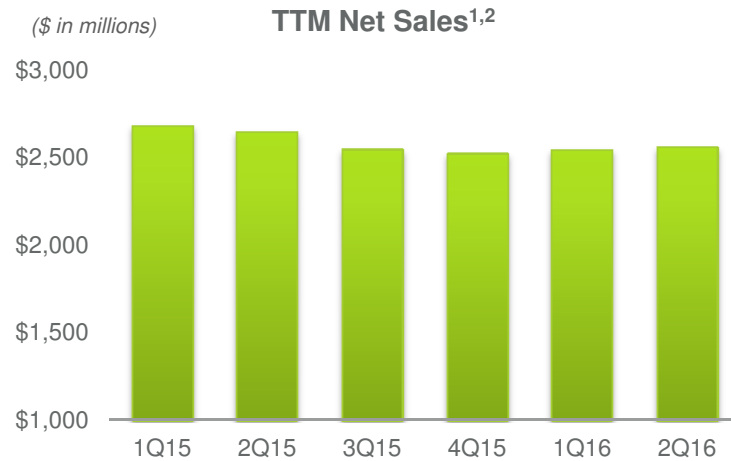
	Continuing Operations ¹	Total Company ²
Net Sales	\$669 million <i>+3% YoY</i>	\$888 million <i>+3% YoY</i>
Adjusted EBITDA ³	\$191 million <i>+11% YoY</i>	\$244 million <i>+10% YoY</i>
Adjusted Diluted EPS ³	\$0.93 <i>+37% YoY</i>	\$1.09 <i>+36% YoY</i>

¹ Continuing operations only, excludes discontinued operations (Chemetall®). Year-over-year calculated against proforma Q2 2015, excludes net impact of divested businesses (Minerals, Metal Sulfides).

² In addition to continuing operations, includes discontinued operations (Chemetall®) in the amount of \$218M net sales, \$53M adjusted EBITDA, and \$0.16 Adjusted Diluted EPS. Year-over-year calculated against proforma Q2 2015, excludes net impact of divested businesses (Minerals, Metal Sulfides).

³ Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

Second Quarter 2016 Financial Highlights



Strong Core Business Performance – Second Quarter 2016

Lithium – \$64M adjusted EBITDA³, up 20% YoY; 41% adjusted EBITDA³ margin

Refining Solutions – \$62M adjusted EBITDA³; 35% adjusted EBITDA³ margin

Bromine – \$67M adjusted EBITDA³; 32% adjusted EBITDA³ margin

¹ Historical data is based on proforma results of combining ROC and ALB to allow for meaningful comparisons year over year. See Form 8-K furnished to the SEC in April 2015 for detail on historical results.

² Excludes impact of divested businesses (Minerals, Metal Sulfides), discontinued operations (Chemetall®), and non-cash FX gain on pre-tax of \$52.4 million associated with cash on hand subsequent to the ROC acquisition.

³ Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

Key Developments – Second Quarter 2016



Announced divestiture of Chemetall[®] Surface Treatment (to BASF SE)

- Valued at approximately \$3.2 billion, or 15.3x trailing-twelve months adjusted EBITDA (as of Mar 31, 2016).
- Expected to close by year end 2016.



Reached agreement with SQM to jointly safeguard the ecosystem in the Salar de Atacama

- Another step in protecting both the environment and sustainable extraction of brine for lithium production.
- SQM no longer pursuing challenge of Albemarle's approved increase in brine extraction rates for expansion of lithium carbonate production.



Albemarle and CB&I win EPA green chemistry award for AlkyClean[®] process technology

- The award recognizes innovators on a national level for successfully researching, developing and implementing outstanding green chemical technologies.
- The world's first solid acid catalyst alkylation unit to use the catalyst was successfully started up in in Shandong, China, in August 2015.

Second Quarter 2016 Adjusted EBITDA¹ Bridge

(\$ in millions)



¹Non-GAAP measure. See Non-GAAP reconciliations in Appendix. Bridge numbers may not reconcile due to rounding.

²Total company illustrates the combined impacts and adjusted EBITDA from both continuing and discontinued operations (Chemetall®).

³Net impact from Metal Sulfides and Minerals businesses divested in January 2016 and February 2016, respectively.

Second Quarter 2016 Financial Results

	As Reported 2Q 2016 (\$ in millions, except EPS)	As Adjusted 2Q 2016 (\$ in millions, except EPS)
Net Sales	\$ 669	\$ 669
Net Sales ex F/X	\$ 666	\$ 666
EBITDA ¹	\$ 173	\$ 191 ²
EBITDA Margin ¹	26%	28% ²
Net Income Attributable to Albemarle	(\$ 315) ³	\$ 123 ^{1,4}
Diluted EPS	(\$ 2.78) ³	\$ 1.09 ^{1,4}
Free Cash Flow (YTD) ⁵	\$ 163	\$ 237

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

²Reflects EBITDA attributable to Albemarle Corporation, before discontinued operations and the special and non-operating pension and OPEB items.

³Reported Net Income includes one-time, non-cash taxes related to the sale of Chemetall® in the amount of \$417M, or \$3.69 EPS.

⁴Reflects Net Income attributable to Albemarle Corporation.

⁵Free Cash Flow is defined as Net Cash from Operations, add back pension and post-retirement contributions and subtract capital expenditures.

Additionally, FCF includes acquisition related cash expenses and cash taxes on repatriation of approximately \$75M in 2Q16 YTD which are excluded in Adjusted Free Cash Flow. See slide 14 for details and reconciliation to GAAP measures.

Second Quarter 2016 Financial Results¹

	As Adjusted 2Q 2016 (\$ in millions, except EPS)	As Adjusted 2Q 2015 (\$ in millions, except EPS)	Proforma 2Q 2015 ² (\$ in millions, except EPS)	2Q 2016 YoY (vs Proforma 2Q 2015)
Net Sales	\$ 669	\$ 718	\$ 639	5%
Net Sales ex F/X	\$ 666			4%
Adjusted EBITDA ^{3,5}	\$ 191	\$ 181	\$ 172	11%
Adj. EBITDA ex F/X	\$ 192			12%
Adjusted EBITDA Margin ^{3,5}	28%	25%	27%	154 bps
Adjusted Net Income ^{3,4}	\$ 105	\$ 82	\$ 81	36%
Adjusted Diluted EPS ^{1,3,4}	\$ 0.93	\$ 0.73	\$ 0.68	37%
Adjusted Free Cash Flow (YTD) ^{1,6}	\$ 237	\$ 217	\$ 217	4%

¹ All measures reflect continuing operations only except for Adjusted Free Cash Flow which include discontinued operations (Chemetall®) in the amount of \$96M and \$83M in 2Q15 YTD and 2Q16 YTD, respectively.

² Excludes net impact of divested businesses (Minerals, Metal Sulfides) and discontinued operations (Chemetall®).

³ Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

⁴ Reflects Net Income attributable to Albemarle Corporation, before discontinued operations and the special and non-operating pension and OPEB items.

⁵ Reflects EBITDA attributable to Albemarle Corporation, before discontinued operations and the special and non-operating pension and OPEB items.

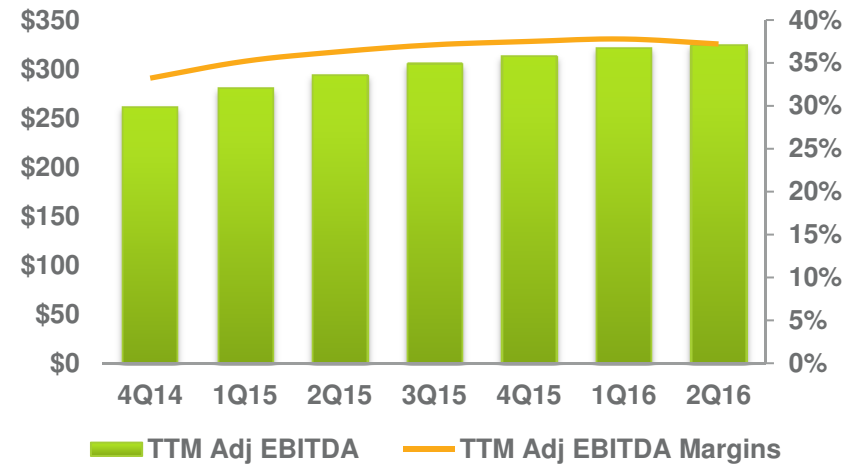
⁶ Free Cash Flow is defined as Net Cash from Operations, add back pension and post-retirement contributions and subtract capital expenditures. Additionally, FCF includes acquisition related cash expenses and cash taxes on repatriation of approximately \$185M and \$75M in 2Q15 YTD and 2Q16 YTD, respectively, which are excluded in Adjusted Free Cash Flow. See slide 14 for details and reconciliation to GAAP measures.

Lithium and Advanced Materials

2nd Qtr Performance

(\$ in millions)	2Q 2016	2Q 2015	△
Net Sales	\$233	\$213	10%
<i>Net Sales ex FX¹</i>	\$231		8%
Adj. EBITDA²	\$83	\$80	3%
<i>Adj. EBITDA ex FX¹</i>	\$81		2%
Adj. EBITDA Margin²	35%	38%	(212) bps
<i>Adj. EBITDA Margin ex FX¹</i>	35%		(233) bps

Historical Trend



Performance Drivers

- Lithium growth driven by increased battery grade volumes and pricing, partially offset by headwinds in Potash pricing (Lithium production by-product). Margins in line with expectations as tolling of spodumene into battery grade lithium carbonate and hydroxide continues to ramp up to meet demand growth.
- PCS performance was weaker than expected in the second quarter on Curatives weakness and impact of Sun Edison bankruptcy.
- Full year 2016 adjusted EBITDA headwinds could be as much as \$15 million for PCS.

¹Favorable / (unfavorable) FX impact on Net Sales and Adj. EBITDA of \$2M and \$1M, respectively.

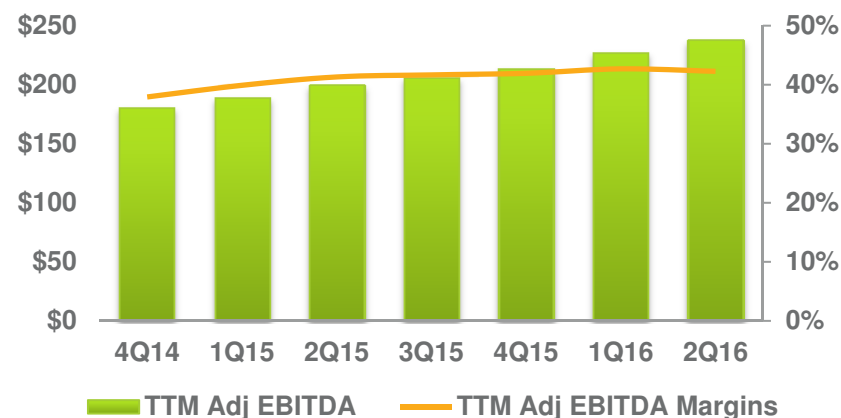
²Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

Lithium and Adv. Materials – Lithium and PCS detail

Lithium - 2nd Qtr Performance

(\$ in millions)	2Q 2016	2Q 2015	△
Net Sales	\$158	\$127	24%
<i>Net Sales ex FX¹</i>	\$156		23%
Adj. EBITDA²	\$64	\$54	20%
<i>Adj. EBITDA ex FX¹</i>	\$63		18%
Adj. EBITDA Margin²	41%	42%	(156) bps
<i>Adj. EBITDA Margin ex FX¹</i>	41%		(162) bps

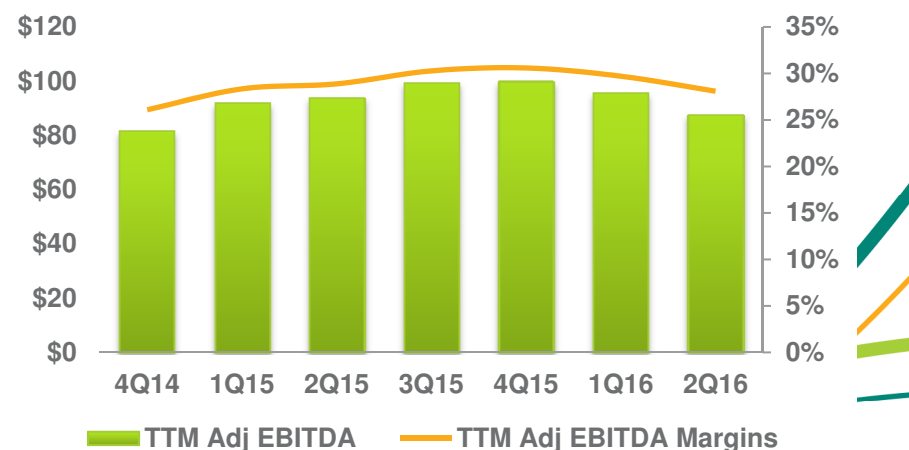
Lithium Historical Trends



PCS - 2nd Qtr Performance

(\$ in millions)	2Q 2016	2Q 2015	△
Net Sales	\$76	\$86	(12%)
<i>Net Sales ex FX³</i>	\$75		(12%)
Adj. EBITDA²	\$19	\$26	(30%)
<i>Adj. EBITDA ex FX³</i>	\$18		(31%)
Adj. EBITDA Margin²	24%	31%	(615) bps
<i>Adj. EBITDA Margin ex FX³</i>	24%		(658) bps

PCS Historical Trends



¹Favorable / (unfavorable) FX impact on Net Sales and Adj. EBITDA of \$2M and \$1M, respectively.

²Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

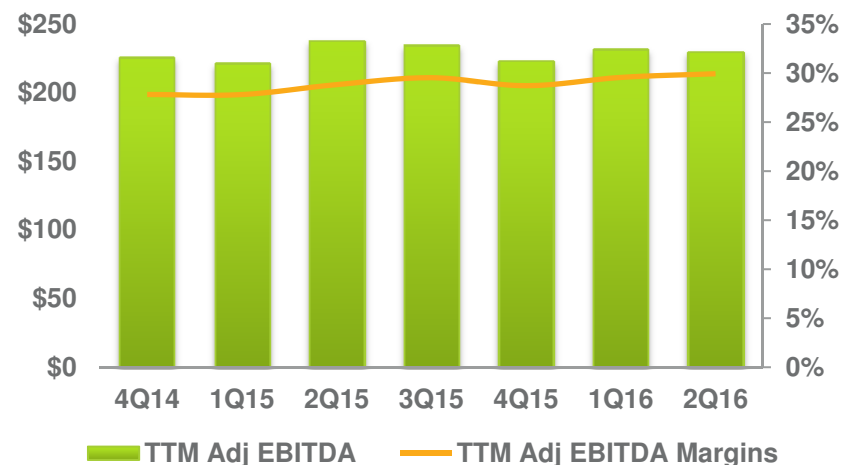
³Favorable / (unfavorable) FX impact on Net Sales and Adj. EBITDA of <\$1M and <\$1M, respectively.

Bromine Specialties

2nd Qtr Performance

(\$ in millions)	2Q 2016	2Q 2015	△
Net Sales	\$207	\$224	(8%)
<i>Net Sales ex FX¹</i>	\$206		(8%)
Adj. EBITDA²	\$67	\$69	(3%)
<i>Adj. EBITDA ex FX¹</i>	\$66		(4%)
Adj. EBITDA Margin²	32%	31%	150 bps
<i>Adj. EBITDA Margin ex FX¹</i>	32%		126 bps

Historical Trend



Performance Drivers

- Bromine exceeded expectations in second quarter 2016, nearly overcoming headwind from loss of methyl bromide customer contract (approx. \$15M adjusted EBITDA¹ in Q2 2015).
- Better than anticipated clear brine demand outside the US continued into second quarter 2016; front-loaded orders outside the US and continued weakness in the Gulf of Mexico point to a weaker second half 2016.
- Second quarter 2016 also benefitted from timing of certain large-volume flame retardant orders and better than expected pricing in certain bromine derivatives.

¹Favorable / (unfavorable) FX impact on Net Sales and Adj. EBITDA of \$1M and \$1M, respectively.

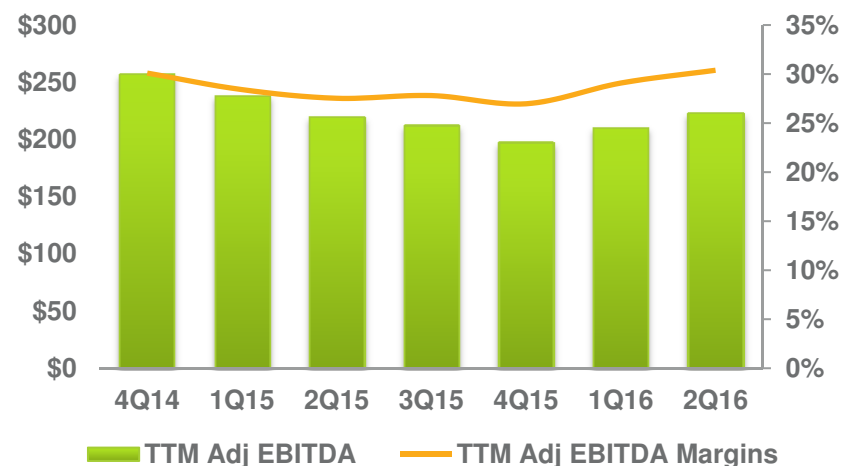
²Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

Refining Solutions

2nd Qtr Performance

(\$ in millions)	2Q 2016	2Q 2015	△
Net Sales	\$178	\$165	8%
<i>Net Sales ex FX¹</i>	\$178		8%
Adj. EBITDA²	\$62	\$48	28%
<i>Adj. EBITDA ex FX¹</i>	\$61		26%
Adj. EBITDA Margin²	35%	29%	531 bps
<i>Adj. EBITDA Margin ex FX¹</i>	34%		501 bps

Historical Trend



Performance Drivers

- Both Heavy Oil Upgrading (FCC) and Clean Fuels Technologies (HPC) performed in line with expectations in the second quarter.
- Heavy Oil Upgrading (FCC) performance remained high with volumes, revenue, and adjusted EBITDA all up as expected.
- Clean Fuels Technologies (HPC) results continue to improve driven by volume, improved product mix, and lower variable costs.

¹Favorable / (unfavorable) FX impact on Net Sales and Adj. EBITDA of \$1M and \$1M, respectively.

²Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

Financial Performance

Six Months Ended June 30

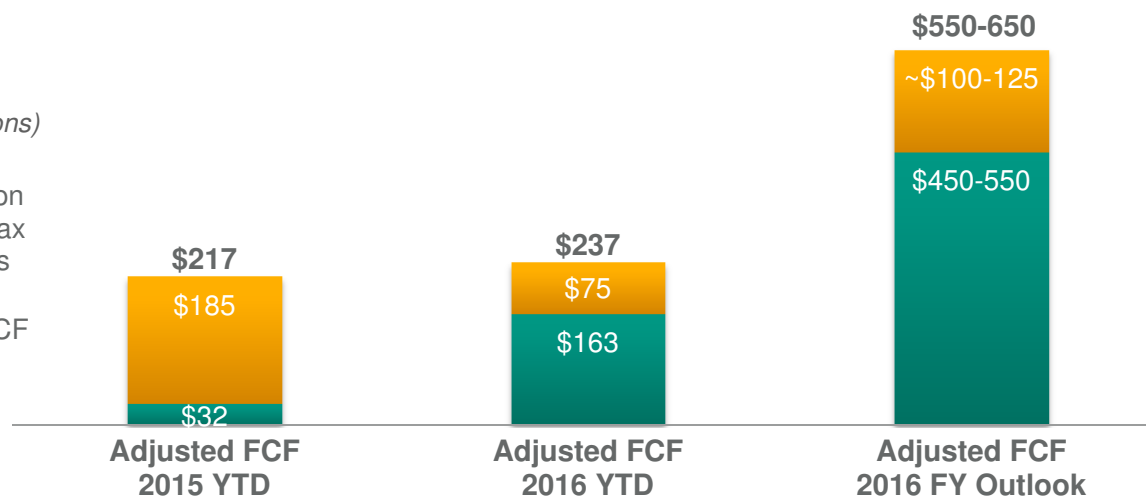
(\$ in millions)	2016	2015
Net Cash from Operations	253	133
Less: Capital Expenditures	(100)	(112)
Add Back: Pension Contributions	10	11
Free Cash Flow¹	\$163	\$32
Acquisition and integration related costs	55	145
Cash taxes on repatriation	20	40
Adjusted Free Cash Flow¹	\$237	\$217

Select Financial Metrics

(\$ in millions)	(as of 06/30/2016)
Dividends Paid:	\$67
Dividend Growth (Y/Y)²:	5%
Cash Balance:	\$194
Net Debt³:	\$3,391
Net Debt to EBITDA⁴:	3.5x

(\$ in millions)

- Acquisition costs & tax payments
- Actual FCF



¹ Free Cash Flow and Adjusted Free Cash Flow include discontinued operations (Chemetal®) in the amount of \$96M and \$83M in 2Q15 YTD and 2Q16 YTD, respectively.

² Represents annual increase in dividend per share. Actual cash dividends paid increased 23% Y/Y.

³ Excludes JV debt not guaranteed by Company.

⁴ Net-Debt-to-Adjusted EBITDA ratio is based on the bank covenant definition. See appendix for reconciliation.

Full Year 2016 Guidance vs 2015

GBU	Division	Previous Outlook	Updated Outlook	Business Environment
Refining Solutions	Heavy Oil Upgrading	↔	↔	<ul style="list-style-type: none"> Catalysts demand for transportation fuel sustained at the high levels of 2015 Little to no price impact expected in 2016 from announced price increase
	Clean Fuel Technologies	↑	↑	<ul style="list-style-type: none"> Increased change-outs by refiners excluding South America Improved volume, segment and product mix, lower variable costs
Bromine Specialties	Bromine Specialties	↓	↓	<ul style="list-style-type: none"> Improvement since Q1 2016 guidance but still a few percent below 2015 Timing of large flame retardant orders and clear brine demand outside of the US/GoM contributed to a better than expected 1H 2016 - not expected to reoccur in 2H 2016; expected decline in clear brine demand outside of US/GoM with continued weakness in GoM
Lithium and Advanced Materials	Lithium	↑	↑	<ul style="list-style-type: none"> Volume growth in battery grade applications and continued price improvement Volume growth via tolling of spodumene in 2016, contribution from 2nd La Negra facility in 2017 Over 60% of Li Carbonate and Hydroxide volumes under multi-year contracts as of Q2 2016 quarter-end Potash headwinds of \$7M adjusted EBITDA in FY 2016; drop in pricing appears to be slowing
	PCS / Curatives	↓	↓	<ul style="list-style-type: none"> Benefits from Organometallics and Curatives competitor outages in 2015 not expected to re-occur in 2016 Continuing impact from Sun Edison bankruptcy Headwinds of up to \$15M adjusted EBITDA in FY 2016
All Other	FCS	↑	↓	<ul style="list-style-type: none"> Challenging business environment with customers in Ag industry Focus on rebuilding relationships and business with the customer base



Raising Full Year 2016 Guidance

	Previous			Updated	
	Total Company	LESS: Disc. Operations	Continuing Operations		Continuing Operations
Net Sales	\$3.3 – 3.6B	\$840 – 890M	\$2.5 - 2.7B	▲	\$2.5 - 2.8B
Adjusted EBITDA ^{1,3}	\$920 – 970M	\$220 – 225M	\$700 – 745M	▲	\$705 – 750M
Adjusted EBITDA Margin ^{1,3}	28%	26%	28%		28%
Adjusted Diluted EPS ^{1,2}	\$3.90 – 4.25	\$0.65 – 0.75	\$3.25 – 3.50	▲	\$3.35 – 3.60
Capital Expenditures	\$230 – 240M	\$40 – 45M	\$185 – 200M		\$185 – 200M
D&A	\$260 – 270M	\$70 – 75M	\$185 – 200M		\$185 – 200M
Total Company Free Cash Flow ⁴	\$450 – 550M	<i>Not Applicable</i>	<i>Not Applicable</i>		\$450 – 550M
Total Company Adjusted Free Cash Flow ⁴	\$550 – 650M	<i>Not Applicable</i>	<i>Not Applicable</i>		\$550 – 650M

¹Non-GAAP measure.

²Reflects Net Income attributable to Albemarle Corporation, before discontinued operations and the special and non-operating pension and OPEB items.

³Reflects EBITDA attributable to Albemarle Corporation, before discontinued operations and the special and non-operating pension and OPEB items.

⁴ Free Cash Flow and Adjusted Free Cash Flow guidance includes discontinued operations (Chemetall®). Free Cash Flow is defined as Net Cash from Operations, add back pension and post-retirement contributions and subtract capital expenditures. Additionally, FCF guidance includes acquisition related cash expenses and cash taxes on repatriation of \$100 - 125M which are excluded in Adjusted Free Cash Flow. See slide 14 for details.

ALB
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NYSE

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