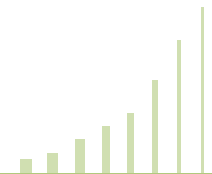


# Albemarle

## Third Quarter 2011 Earnings

Conference Call/Webcast  
Tuesday October 25, 2011 –  
11:00am ET

# Forward-Looking Statements

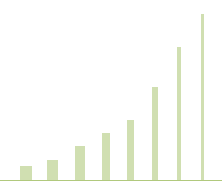


Some of the information presented in this presentation including, without limitation, statements with respect to product development, improvements in productivity, market trends, price and mix changes, expected growth, outlook and all other information relating to matters that are not historical facts 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.



# Third Quarter 2011 Financial Results



## Comparisons

	Q3 2011 (in millions, except EPS)	Year-Over-Year	Sequential
Net Sales	\$ 723	↑ 24%	↓ 3%
Segment Income <sup>2</sup>	\$ 186	↑ 30%	↑ 3%
Net Income <sup>1</sup>	\$ 116	↑ 24%	↑ 2%
EBITDA <sup>2</sup>	\$ 189	↑ 25%	↑ 6%
Diluted EPS	\$ 1.28	↑ 25%	↑ 4%
Free Cash Flow <sup>3</sup> (YTD)	\$ 216	↓ 15%	N/A

## Record Quarterly Earnings of \$1.28 Per Share



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

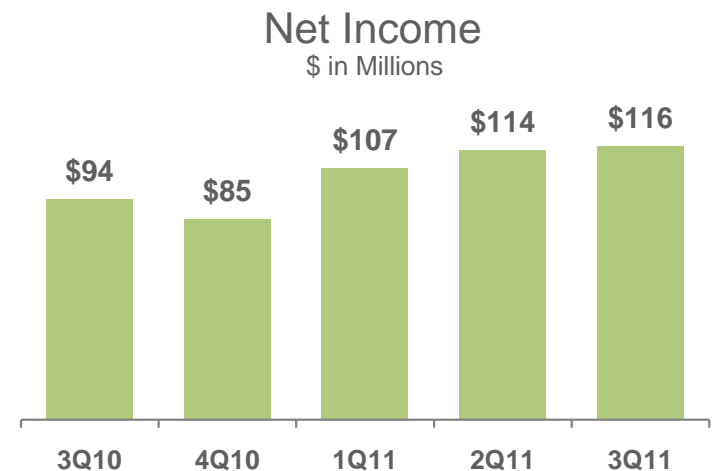
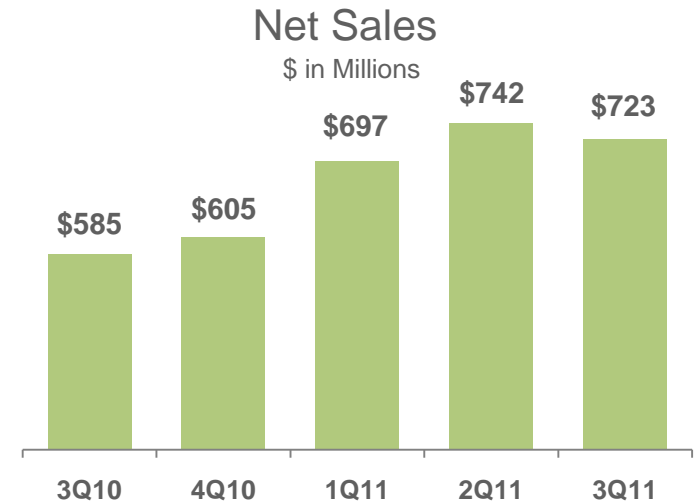
<sup>2</sup>Non-GAAP measure. See Non-GAAP reconciliations in Appendix

<sup>3</sup>Non-GAAP measure. See reconciliation on page 8

# Third Quarter Net Sales and Net Income<sup>1</sup>

## Quarter Highlights

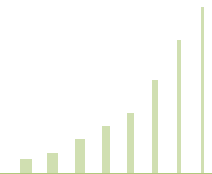
- Net sales of \$723M up 24% Y/Y
- Record net income of \$116M;  
\$1.28 per share
- Segment margin expansion of 120bps  
Y/Y to 26%
- Record EBITDA of \$189M; EBITDA  
margin of 26%
- Repurchased 3M shares of common  
stock



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



# Fine Chemistry



## 3<sup>rd</sup> Qtr Performance

<i>In millions</i>	3Q 2011	3Q 2010	△
<b>Net Sales</b>	\$180	\$138	29.7%
<b>Segment Income</b>	\$30	\$17	81.8%
<b>Segment Income Margin</b>	16.7%	11.9%	480bps

## 3<sup>rd</sup> Qtr Y/Y Sales Comparison

<b>Sales Growth</b>	<b>29.7%</b>
<b>Volume</b>	<b>11.9%</b>
<b>Price</b>	<b>15.0%</b>
<b>Currency</b>	<b>2.8%</b>

## Key Business Highlights

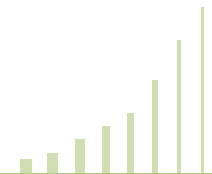
- Strong YTD performance; sales up 30% and segment income up 112%
- Demand for bromine derivatives remains high
- Completion fluid sales up 132% Y/Y mainly due to strength in international demand

## Business Outlook

- Government legislation driving growth opportunities in mercury control markets
- Continued strength in international demand for completion fluids. Expect Gulf of Mexico demand to strengthen in 2012
- Growing pipeline for new custom projects such as SIGA and Amyris



# Polymer Solutions



## 3<sup>rd</sup> Qtr Performance

<i>In millions</i>	3Q 2011	3Q 2010	△
<b>Net Sales</b>	\$244	\$232	5.2%
<b>Segment Income</b>	\$55	\$59	(6.8%)
<b>Segment Income Margin</b>	22.4%	25.2%	(280 bps)

## 3<sup>rd</sup> Qtr Y/Y Sales Comparison

<b>Sales Growth</b>	5.2%
<b>Volume</b>	(14.4%)
<b>Price</b>	15.2%
<b>Currency</b>	4.4%

## Key Business Highlights

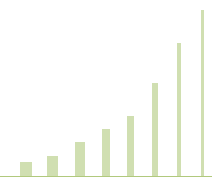
- Pricing strategy continues to deliver sales growth
- Volume slowed, as expected, as consumer electronics and wire & cable customers adjust to economic uncertainties
- Q3 2010 DETDA campaign not repeated in 2011

## Business Outlook

- Q4 2011 volumes expected to be similar to prior year Q4 and current year Q3 volumes
- Successful early commercialization of new products in the Polymer portfolio



# Catalysts



## 3<sup>rd</sup> Qtr Performance

<i>In millions</i>	3Q 2011	3Q 2010	△
<b>Net Sales</b>	\$300	\$215	39.5%
<b>Segment Income</b>	\$102	\$69	47.9%
<b>Segment Income Margin</b>	34.0%	32.1%	190bps

## 3<sup>rd</sup> Qtr Y/Y Sales Comparison

<b>Sales Growth</b>	<b>39.5%</b>
<b>Volume</b>	<b>9.2%</b>
<b>Price</b>	<b>26.2%</b>
<b>Currency</b>	<b>4.1%</b>

## Key Business Highlights

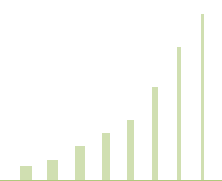
- Record segment sales and segment income
- Record sales and profits in both FCC and Polyolefin Catalysts
- Third consecutive quarter of double digit HPC sales growth

## Business Outlook

- New products strength – metal alkyls for electronics, new HPCs, low rare earth FCC
- Continued efforts to manage rare earth supply and drive new technology
- Investments in Korea, Brazil and Saudi Arabia are on track



# Financial Performance



## Free Cash Flow (\$ in millions)

### Nine Months Ended September 30

	<u>2011</u>	<u>2010</u>
Net Income <sup>1</sup>	\$337	\$239
Depreciation & Amortization	72	71
Change in Working Capital	(110)	(50)
Other <sup>2</sup>	(14)	16
Net Cash from Operations	285	276
Less: Capital Expenditures	(127)	(50)
Add Back: Pension Contributions	58	27
<b>Free Cash Flow</b>	<b>\$216</b>	<b>\$253</b>

## Other Financial Highlights as of 9/30/2011 (\$ in millions)

- **Working Capital:** \$593
- **Dividends Paid:** \$43
- **Dividends per share up:** 18%
- **Pension Contributions:** \$58
- **Cash balance:** \$481
- **Effective Tax Rate:** 23.7%
- **Share Buyback:** \$178

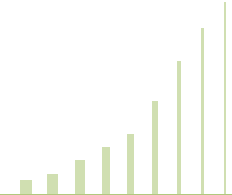
<sup>1</sup>Reflects Net Income attributable to Albemarle Corporation

<sup>2</sup>Includes pension contributions of \$58 for 2011 and \$27 for 2010

**Superior Financial Performance; Strong Cash from Operations**





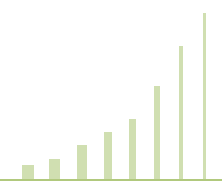


# APPENDIX

## Non-GAAP Reconciliations



# Segment Operating Profit & Segment Income

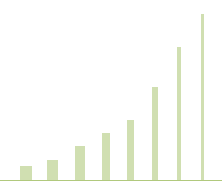


<i>(in thousands)</i>	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Total segment operating profit	\$ 183,694	\$ 138,219	\$ 524,538	\$ 362,500
Corporate & other *	(23,385)	(17,656)	(72,772)	(52,080)
Restructuring and other charges	—	—	—	(6,958)
<b>GAAP Operating profit</b>	<b><u>\$ 160,309</u></b>	<b><u>\$ 120,563</u></b>	<b><u>\$ 451,766</u></b>	<b><u>\$ 303,462</u></b>
Total segment income	\$ 186,411	\$ 143,899	\$ 538,191	\$ 383,340
Corporate & other	(23,462)	(17,488)	(72,889)	(52,242)
Restructuring and other charges	—	—	—	(6,958)
Interest and financing expenses	(9,710)	(6,139)	(28,576)	(18,059)
Other income, net	956	1,303	534	1,584
Income tax expense	<u>(38,097)</u>	<u>(27,886)</u>	<u>(100,423)</u>	<u>(68,917)</u>
<b>GAAP Net income attributable to Albemarle Corporation</b>	<b><u>\$ 116,098</u></b>	<b><u>\$ 93,689</u></b>	<b><u>\$ 336,837</u></b>	<b><u>\$ 238,748</u></b>

\* Excludes corporate equity income and noncontrolling interest adjustments of \$(77) and \$168 for the three-month periods ended September 30, 2011 and 2010, respectively, and \$(117) and \$(162) for the nine-month periods ended September 30, 2011 and 2010, respectively.

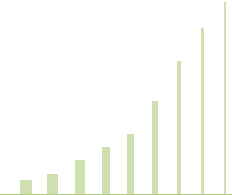


# EBITDA



<i>(in thousands)</i>	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Net income attributable to Albemarle Corporation	\$ 116,098	\$ 93,689	\$ 336,837	\$ 238,748
Add:				
Interest and financing expenses	9,710	6,139	28,576	18,059
Income tax expense	38,097	27,886	100,423	68,917
Depreciation and amortization	24,616	23,075	71,926	71,486
<b>EBITDA</b>	188,521	150,789	537,762	397,210
Restructuring and other charges	—	—	—	6,958
<b>EBITDA excluding special item</b>	\$ 188,521	\$ 150,789	\$ 537,762	\$ 404,168
Net sales	\$ 722,977	\$ 585,036	\$ 2,161,615	\$ 1,757,789
EBITDA Margin	26.1%	25.8%	24.9%	22.6%
EBITDA Margin excluding special item	26.1%	25.8%	24.9%	23.0%





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