

MARBL Lithium Joint Venture

FAQs

Updated Oct. 31, 2019

Why complete this JV given current market conditions?

We see tremendous long-term growth in the lithium market based on the transformation of the energy storage market. This joint venture brings together the mining experience of MRL and the conversion and market experience of Albemarle to create significant value utilizing the world-class resource at Wodgina to support lithium market growth. This resource is expected to support 100 ktpa of lithium hydroxide on an LCE basis.

What is the expected near term financial impact of this joint venture on Albemarle?

The 2020 EBITDA impact is expected to be a \$10 million expense and have a \$0.50 impact on EPS. The EPS impact is comprised of EBITDA (\$0.10), depreciation (\$0.22) and borrowing costs (\$0.18).

What is your return assumption on this investment?

When the joint venture is producing at a 100 ktpa capacity rate, the expected ROIC will be in the range of 17% - 19%.

When will you start producing spodumene from the Wodgina mine?

The management committee of the joint venture will continue to monitor lithium market conditions and production from the Wodgina mine will begin when market demand supports bringing the mine back into production.

If you are not going to run the mine, are you going to delay construction or startup of Kemerton?

No. Construction of two 25 ktpa lithium hydroxide conversion trains at Kemerton continues as planned and they are currently scheduled to be commissioned in stages starting in the first half of 2021.

How is Kemerton construction progressing?

Construction continues to progress as planned. The 50 ktpa of lithium hydroxide conversion capacity is currently scheduled to be commissioned in stages starting in the first half of 2021.

How will Albemarle account for this JV?

Albemarle will proportionately consolidate 60% of the joint venture balance sheet and income statement. Additionally, there will be marketing fee income as Albemarle will be the agent for MRL's 40% of sales.

Does ALB control all decisions that the JV will make?

Albemarle and MRL are partners with a clear objective to create a joint venture that combines MRL's mining expertise in WA with Albemarle's expertise in manufacturing and marketing lithium hydroxide. The JV governance rules outline the decision-making authority with some decisions requiring a simple majority (with Albemarle having a 3:2 majority on the management committee) and some decisions requiring more than a simple majority. What is important is that this joint venture is a partnership with the aim to leverage the strengths of Albemarle and MRL under the direction of the CEO and CFO, both of whom are appointed by Albemarle.