

# Albemarle Corporation Investor Presentation

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May 2016

 ALBEMARLE®

# Forward-Looking Statements

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Some of the information presented in this presentation and the conference call and discussions that follow, including, without limitation, statements with respect to the transaction with Rockwood 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, including the integration of 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 joint proxy statement / prospectus we filed in connection with the 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.

# Non-GAAP Financial Measures

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It should be noted that adjusted net income attributable to Albemarle Corporation (“adjusted earnings”), adjusted diluted earnings per share, adjusted effective income tax rates, segment operating profit, segment income, EBITDA, adjusted EBITDA, adjusted EBITDA by operating segment, EBITDA margin and adjusted EBITDA margin 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.

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](http://www.albemarle.com), under “Non-GAAP Reconciliations” under “Financials.”











# Albemarle: Compelling Investment Opportunity

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- **A premier specialty chemicals company**
  - » #1 or #2 market positions in all core businesses
- Solid growth/cash generation opportunities in all core segments
  - » **Lithium and Advanced Materials (lithium, polyolefin catalysts, curatives)**
  - » **Bromine Specialties**
  - » **Refining Solutions**
  - » **Chemetall® Surface Treatment**
- Differentiated industry positions
  - » **World's best raw material reserves** for bromine and lithium
  - » **Applications leadership** in Refining Solutions and Chemetall® Surface Treatment
  - » Performance-based, technologies that deliver **innovative solutions** to our customers
- Outstanding **cash generation capacity**
  - » Rapid deleveraging
  - » **Ongoing dividend increases** and return of cash to shareholders
  - » Investments to drive future growth

Growth opportunities, strong margins and cash flow drive shareholder value

# Leadership Across Attractive Growth Segments

	Lithium & Advanced Materials (LAM)		Bromine Specialties	Refining Solutions	Chemetall Surface Treatment
	Lithium	PCS <sup>2</sup>			
<b>Global Ranking</b>	#1	#1/2	#1/2	#1/2	#2
<b>TTM 3/31/16</b>					
Sales	\$531	\$321	\$783	\$721	\$841
Adj. EBITDA <sup>(1)</sup>	\$227	\$95	\$231	\$210	\$208
% Margin <sup>(1)</sup>	43%	30%	30%	29%	25%
<b>Growth</b>	2.0x – 3.0x GDP	1.0x – 1.5x GDP	~1.0x GDP	1.0x – 2.0x GDP	1.0x – 2.0x GDP
<b>Characteristics</b>	<ul style="list-style-type: none"> <li>Mineral extraction and processing businesses</li> <li>Low cost position on global cost curve</li> <li>Vertically integrated</li> <li>High demand growth</li> </ul>			<ul style="list-style-type: none"> <li>Technology and applications driven</li> <li>Critical customer service</li> <li>Ability to differentiate offering</li> <li>Strong free cash flow</li> </ul>	
<b>Key Competitors</b>	 	 	 	 	 

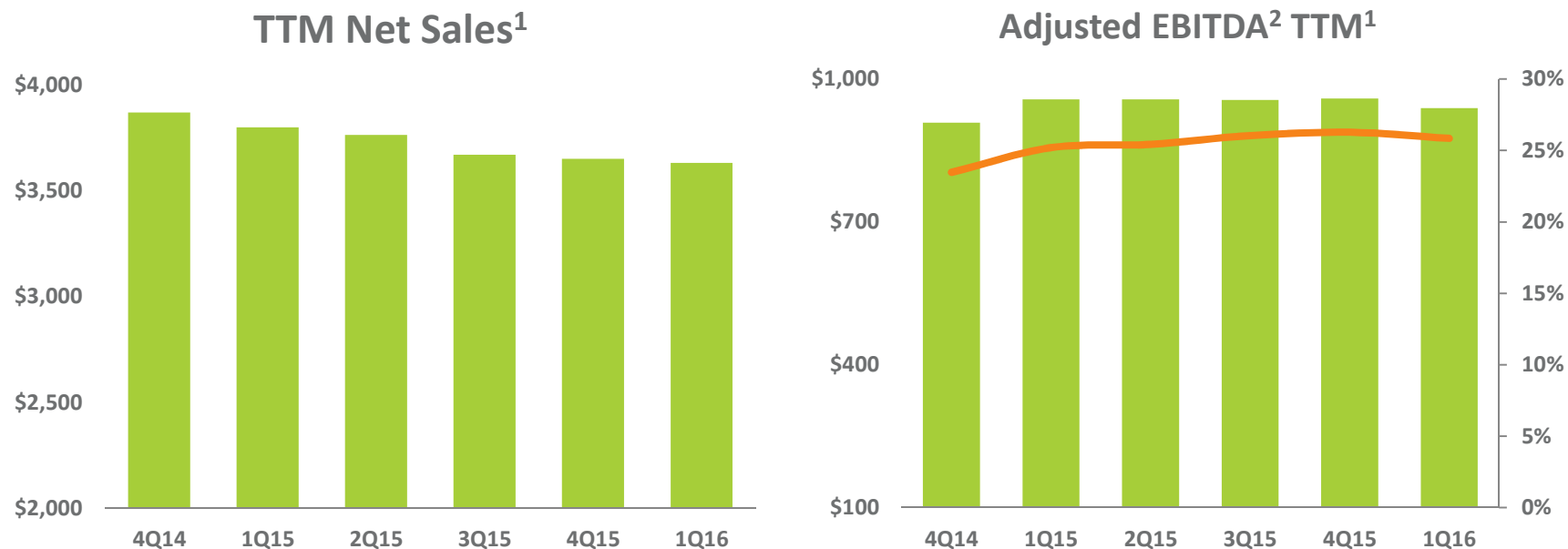
Source: Company information.

(1) Non-GAAP measure. See non-GAAP reconciliations in Appendix.

(2) PCS segment also includes Curatives. Note: PCS is considered by management estimates to have leading positions in organometallics, MAO, and custom single site catalysts/metalloenes

# First Quarter 2016 Financial Highlights<sup>1</sup>

(\$ in millions)



## Highlights - First Quarter 2016

**Net Sales** - up 7% excluding impact of divestitures and unfavorable currency exchange impacts

**Adjusted EBITDA<sup>2</sup>** - \$245 million, 28% adjusted EBITDA margin

**Adjusted Diluted EPS<sup>2</sup>** - \$1.12

**Adjusted FCF<sup>3</sup>** - \$160 million, up from \$94 million in prior year

**Actual FCF<sup>3</sup>** - \$119 million, up from \$(5) million in prior year

<sup>1</sup> 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.

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

<sup>3</sup> Free Cash Flow is defined as Net Cash from Operations, add back pension and post-retirement contributions and subtract capital expenditures. Adjusted FCF adds back acquisition related cash expenses and cash taxes on repatriation of approximately \$100M and \$41M in 1Q15 and 1Q16, respectively. See slide 23 for details.

# Key Accomplishments – First Quarter 2016

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- Strong performance across all core businesses
  - » Increased battery grade lithium demand and higher pricing contributed to a 26% increase in Lithium's adjusted EBITDA<sup>1</sup>
  - » Refining Solutions adjusted EBITDA<sup>1</sup> growth of 31% driven by solid quarters for both Heavy Oil Upgrading (FCC) and Clean Fuels Technology (HPC)
  - » Chemetall® Surface Treatment delivered net sales and adjusted EBITDA<sup>1</sup> increases of 8% and 14%, respectively
  - » Bromine Specialties exceeded expectations with adjusted EBITDA<sup>1</sup> of \$62M, up 16% year over year
- Key developments
  - » Decision to keep Fine Chemistry Services and run as standalone business resulting from offers below expected valuation
  - » Percentage of lithium carbonate and hydroxide volumes covered under multi-year contracts increased to more than 60%
  - » Achieved synergies that will deliver \$105 million versus FY 2014 (approaching goal of \$120 million)
  - » Retired \$300M Term Loan A, reducing net debt to about \$3.3 billion as of March 2016, in line with our forecast

<sup>1</sup>Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

# First Quarter 2016 Financial Results

	1Q 2016 (\$ in millions, except EPS)	Proforma 1Q 2015 <sup>1</sup> (\$ in millions, except EPS)	1Q 2015 (\$ in millions, except EPS)
Net Sales	\$ 865	\$ 830	\$ 884
Net Sales ex F/X	\$ 888		
Adjusted EBITDA <sup>2,4</sup>	\$ 245	\$ 205	\$ 266
Adj. EBITDA ex F/X	\$ 249		
Adjusted EBITDA Margin <sup>2,4</sup>	28%	25%	30%
Adjusted Net Earnings <sup>2,3</sup>	\$ 126	\$ 85	\$ 127
Adjusted Diluted EPS <sup>2,3</sup>	\$ 1.12	\$ 0.78	\$ 1.17 <sup>6</sup>
Free Cash Flow (YTD) <sup>5</sup>	\$ 119	\$ (13)	\$ (5)

<sup>1</sup>Proforma Q1 2015 excludes 1Q15 non-cash FX gain and net impact of divested businesses. See slides 8 and 9 for details.

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

<sup>3</sup>Reflects Net Income attributable to Albemarle Corporation, before discontinued operations and the special and non-operating pension and OPEB items.

<sup>4</sup>Reflects EBITDA attributable to Albemarle Corporation, before discontinued operations and the special and non-operating pension and OPEB items.

<sup>5</sup>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 \$100M and \$41M in 1Q15 and 1Q16, respectively. See slide 23 for details.

<sup>6</sup>1Q15 EPS was positively affected by non-cash FX gains on pre-tax of \$52.4 million, or \$0.36 diluted EPS, associated with cash on hand subsequent to the ROC acquisition.

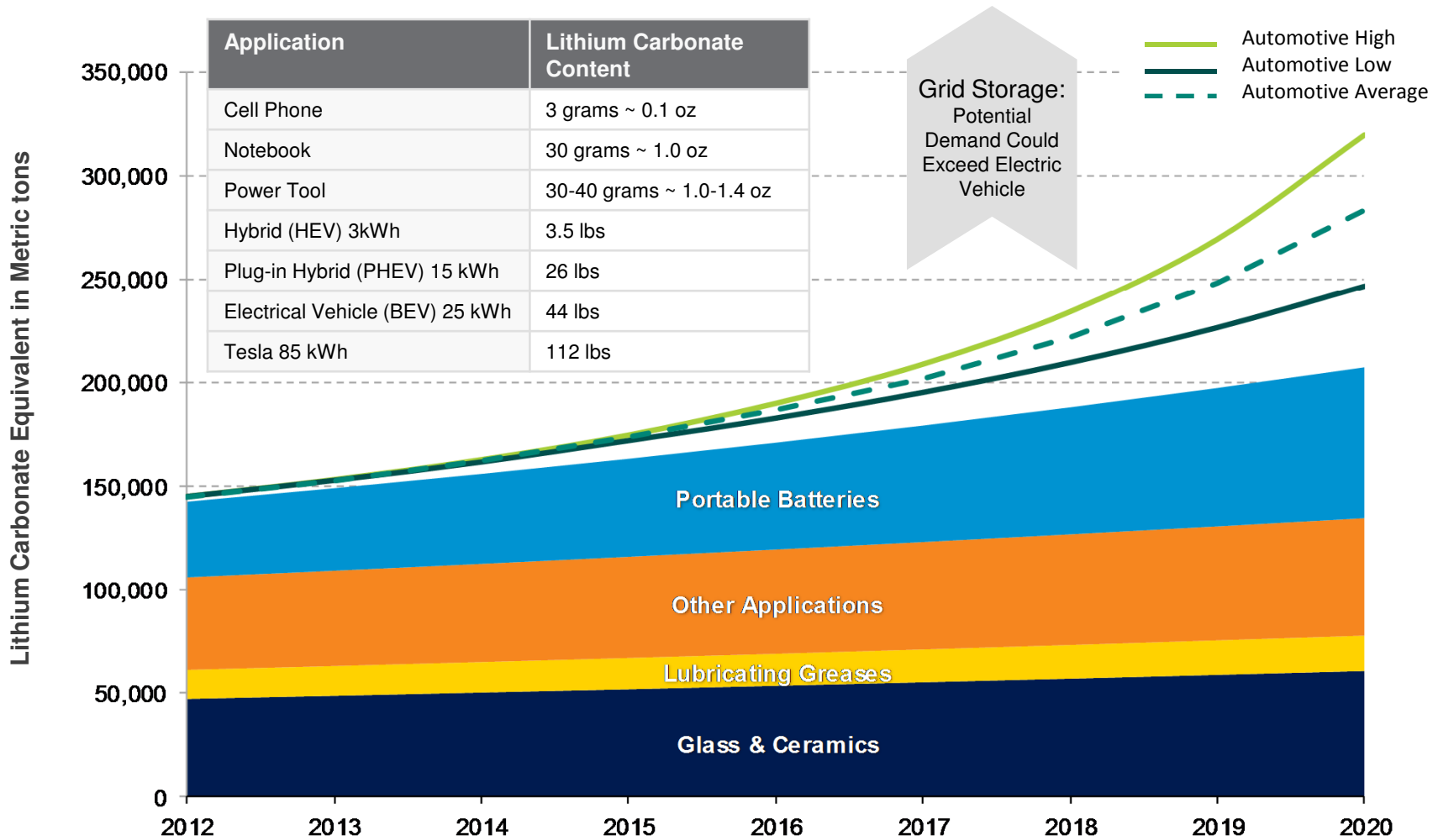


# Full Year 2016 Guidance vs Pro Forma 2015

	Division	Initial Outlook	Updated Outlook	Business Environment
Refining Solutions	Heavy Oil Upgrading			<ul style="list-style-type: none"> <li>Catalysts demand for transportation fuel sustained at the high levels of 2015</li> <li>High number of trials at customers</li> <li>Marginal price impact from announced price increase within 2016</li> </ul>
	Clean Fuel Technologies			<ul style="list-style-type: none"> <li>Increased change outs by refiners excluding South America</li> <li>Improved segment and product mix</li> </ul>
Bromine Specialties	Bromine Specialties			<ul style="list-style-type: none"> <li>Exceeded expectations in Q1 2016 on higher than expected volumes for completion fluids outside US</li> <li>Expect completion fluids weakness in 2H16 with reduced CAPEX spending by major oil companies</li> <li>Loss of methyl bromide contract creates difficult Q2 year over year comparison</li> </ul>
Lithium and Advanced Materials	Lithium			<ul style="list-style-type: none"> <li>Volume growth in battery grade applications and continued price improvement</li> <li>Over 60 % of Li Carbonate and Hydroxide volumes under multi-year contracts as of Q1 2016 quarter-end</li> <li>Volume growth through tolling of spodumene in 2016</li> <li>Volume growth from Chile expansion to start in 2017</li> </ul>
	PCS / Curatives			<ul style="list-style-type: none"> <li>Volume growth expected to be in line with market growth</li> <li>Benefits from competitor outages in 2015 not expected to re-occur in 2016</li> <li>Headwinds of up to \$10M adj EBITDA<sup>1</sup> from recently filed Sun Edison bankruptcy</li> </ul>
Surface Treatment	Surface Treatment			<ul style="list-style-type: none"> <li>Geographic and end market diversity continues to drive growth particularly in automotive components and coil</li> </ul>
Total Company				<ul style="list-style-type: none"> <li>Business outperformed Q1 2016 expectations</li> <li>Net sales guidance raised to \$3.3-3.6B (from \$3.2-3.4B)</li> <li>Adj EBITDA<sup>1</sup> guidance raised to \$920-970M (from \$900-950M)</li> <li>Adj EBITDA<sup>1</sup> margins around 28%</li> <li>Adj EPS<sup>1</sup> guidance raised to \$3.90-4.25 (from \$3.45-3.80)</li> <li>Free Cash Flow \$450-550M (\$550-650M adjusted)</li> </ul>

<sup>1</sup>Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

# Lithium: Potential Lithium Demand Delivers Significant Upside

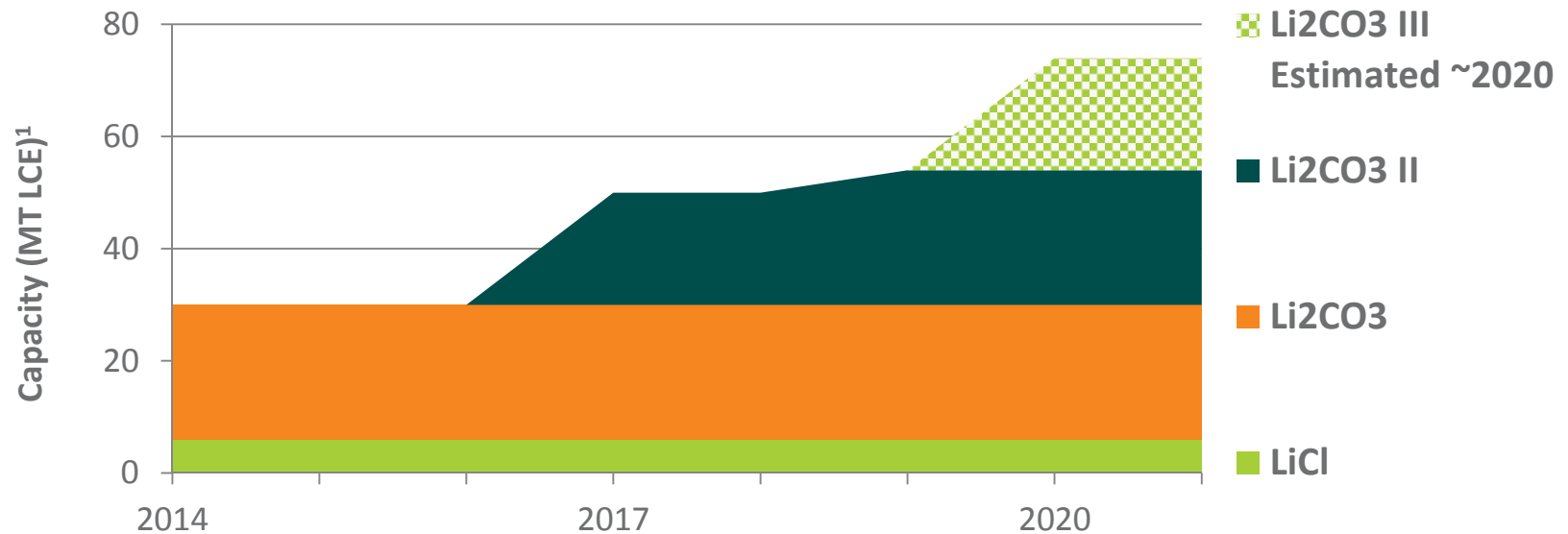


Source: Rockwood Lithium estimates and market surveys from BCG, Bloomberg, Avicenne, Roland Berger, Pike Research, Fraunhofer IST, Deutsche Bank Research, McKinsey, CTI, Anderman, JD Powers

**Albemarle expects to capture 50% of Lithium growth**



# Lithium: Albemarle Derivative Capacity in Chile



- Increasing access to best lithium resources globally
- New Brine Permit
  - Granted new increased brine pumping permit in Chile that allows for production of over 70,000 metric tons of lithium carbonate annually
  - The impact of this new pumping rate will begin to be reflected in our sales during 2017
- Signed MOU with Chilean government to establish a new lithium quota
  - Increases and extends expected life of our secured reserves in Chile to 27 years at an annual rate of about 70,000 MT LCE
  - Continued investment to be timed to match market demand
  - New commission/fee schedule does not impact the remaining 110,000 MT of lithium *metal* under the current quota.

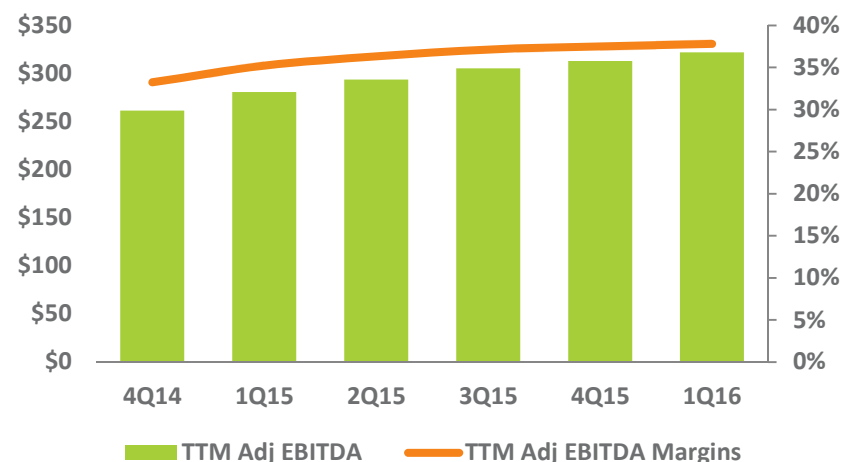
<sup>1</sup>Reflects planned plant capacity only. Timing is estimated and subject to change. Not pictured is estimated 3 year ramp-up for plants to reach full utilization after coming on-line.

# Lithium and Advanced Materials

## 1st Qtr Performance

(\$ in millions)	1Q 2016	1Q 2015	△
<b>Net Sales</b>	<b>\$216</b>	<b>\$199</b>	<b>9%</b>
<i>Net Sales ex FX</i>	\$220		11%
<b>Adj. EBITDA<sup>1</sup></b>	<b>\$87</b>	<b>\$78</b>	<b>11%</b>
<i>Adj. EBITDA ex FX</i>	\$86		11%
<b>Adj. EBITDA Margin<sup>1</sup></b>	<b>40%</b>	<b>39%</b>	<b>96 bps</b>
<i>Adj. EBITDA Margin ex FX</i>	39%		(8) 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).
- PCS performed as expected, adjusted EBITDA<sup>1</sup> down 16% compared to a strong Q1 2015 which benefitted from certain non-recurring sales.
- PCS faces a potential headwind of up to \$10 million for the rest of the year due to the bankruptcy filing by Sun Edison, a customer that also shares the Pasadena plant site.

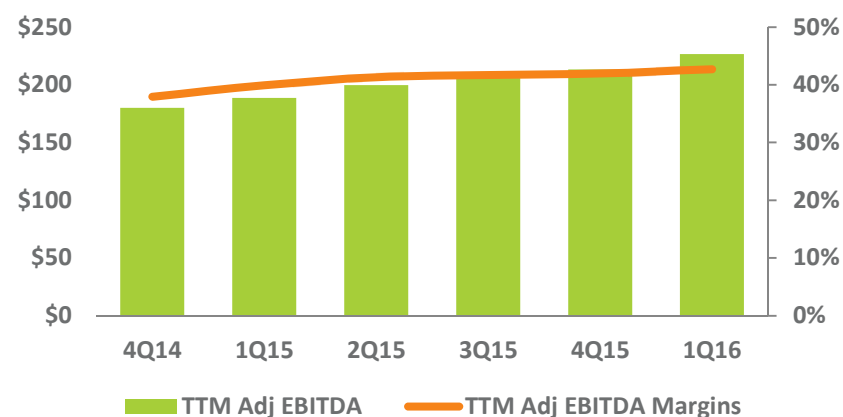
<sup>1</sup>Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

# Lithium and Adv. Materials: Lithium and PCS Detail

## Lithium - 1st Qtr Performance

(\$ in millions)	1Q 2016	1Q 2015	△
<b>Net Sales</b>	<b>\$137</b>	<b>\$114</b>	<b>19%</b>
<i>Net Sales ex FX</i>	\$140		23%
<b>Adj. EBITDA<sup>1</sup></b>	<b>\$64</b>	<b>\$51</b>	<b>26%</b>
<i>Adj. EBITDA ex FX</i>	\$63		25%
<b>Adj. EBITDA Margin<sup>1</sup></b>	<b>47%</b>	<b>44%</b>	<b>253 bps</b>
<i>Adj. EBITDA Margin ex FX</i>	45%		103 bps

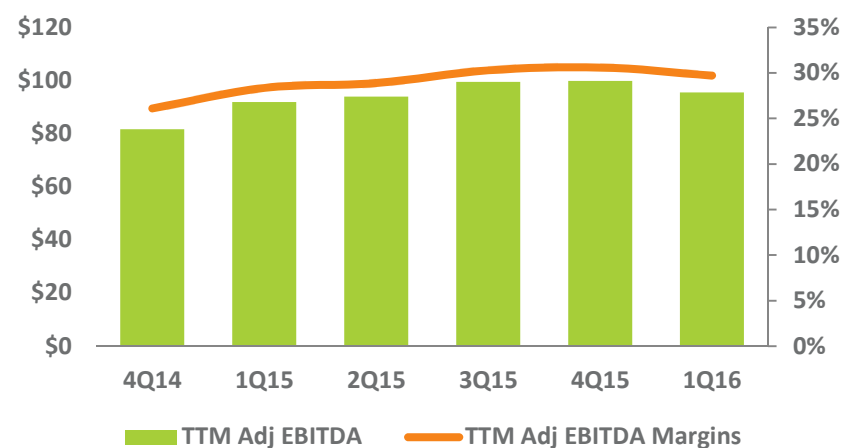
## Lithium Historical Trends



## PCS - 1st Qtr Performance









(\$ in millions)	1Q 2016	1Q 2015	△
<b>Net Sales</b>	<b>\$80</b>	<b>\$84</b>	<b>(6%)</b>
<i>Net Sales ex FX</i>	\$80		(5%)
<b>Adj. EBITDA<sup>1</sup></b>	<b>\$23</b>	<b>\$27</b>	<b>(16%)</b>
<i>Adj. EBITDA ex FX</i>	\$22		(17%)
<b>Adj. EBITDA Margin<sup>1</sup></b>	<b>28%</b>	<b>32%</b>	<b>(358) bps</b>
<i>Adj. EBITDA Margin ex FX</i>	28%		(410) bps

## PCS Historical Trends



<sup>1</sup>Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

# Lithium: Battery Applications Leading the Way

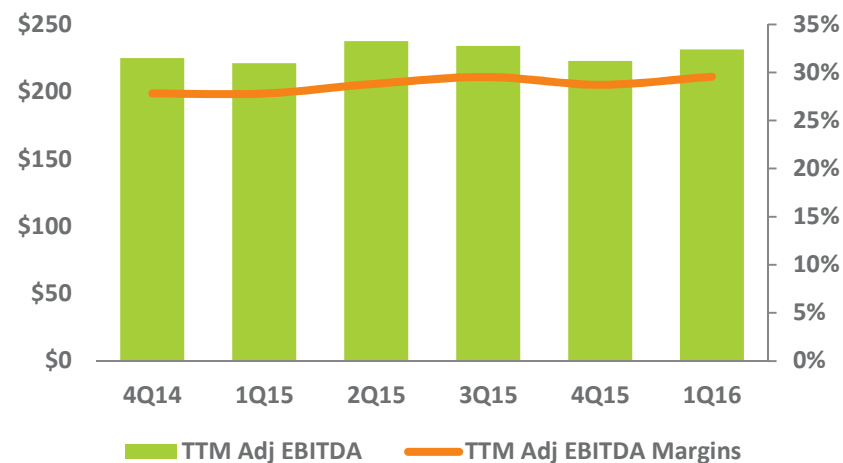
Application		Updated 2016 Outlook	Mid-term Outlook	Business Environment
Traditional Uses	 <b>Glass/Ceramics</b>	↑	↑	<ul style="list-style-type: none"> <li>Mature application, but benefits in production – lower costs, less energy consumption – expected to drive future growth</li> <li>New glass applications in consumer electronics and renewed growth in Ceramics help drive growth in 2016</li> </ul>
	 <b>Greases / Lubricants</b>	↑	↑	<ul style="list-style-type: none"> <li>Stable, mature applications</li> <li>Growth with industrial GDP should continue</li> <li>New Li-based greases in automotive</li> </ul>
	 <b>Chemical Synthesis</b>	↔	↑	<ul style="list-style-type: none"> <li>Driven by pharma/Ag synthesis and polymer production</li> <li>Pharma synthesis route changes impacting 2016</li> <li>Macro-trends favorable for future growth</li> </ul>
Energy	 <b>Portable Electronics &amp; Other Handhelds</b>	↑	↑	<ul style="list-style-type: none"> <li>8-10% growth expected in 2016</li> <li>Smartphones and tablets continue to grow – larger batteries per device</li> <li>Complemented by increased use of Li batteries in power tools, and other consumer electric devices</li> </ul>
	 <b>Hybrids</b>	↑	↑	<ul style="list-style-type: none"> <li>Conversion opportunity from nickel metal hydride to lithium batteries, including recently announced conversion on non-base Prius models in US &amp; Japan</li> <li>Lower oil prices impacted unit sales in 2015</li> <li>Drive to move to Li batteries over time for increased efficiency</li> <li>Hybrid sales are key part of auto OEM CAFÉ strategy</li> </ul>
	 <b>Plug-in Hybrid Electric Vehicle (PHEV)</b>	↑	↑	<ul style="list-style-type: none"> <li>Increasing range to drive increased lithium use</li> <li>70% growth in worldwide, combined BEV/PHEV vehicle sales in 2015</li> <li>2018-2020 – growth inflection point</li> <li>Important part of OEM CAFÉ strategy</li> </ul>
	 <b>Battery Electric Vehicle (BEV)</b>	↑	↑	<ul style="list-style-type: none"> <li>70% growth in worldwide, combined BEV/PHEV vehicle sales in 2015</li> <li>Expected to be largest driver of Li growth over time</li> <li>2018-2020 - growth inflection point</li> </ul>
	 <b>Grid and Other Power Storage Applications</b>	↔	↑	<ul style="list-style-type: none"> <li>Emerging application, very minor part of today's business</li> <li>Surge in interest and development projects</li> <li>Another important growth driver over next 5-10 years</li> </ul>

# Bromine Specialties

## 1st Qtr Performance

(\$ in millions)	1Q 2016	1Q 2015	△
<b>Net Sales</b>	<b>\$197</b>	<b>\$190</b>	<b>4%</b>
<i>Net Sales ex FX</i>	\$198		4%
<b>Adj. EBITDA<sup>1</sup></b>	<b>\$62</b>	<b>\$53</b>	<b>16%</b>
<i>Adj. EBITDA ex FX</i>	\$62		18%
<b>Adj. EBITDA Margin<sup>1</sup></b>	<b>31%</b>	<b>28%</b>	<b>342 bps</b>
<i>Adj. EBITDA Margin ex FX</i>	32%		359 bps

## Historical Trend
























## Performance Drivers

- Bromine exceeded expectations in first quarter 2016 largely due to higher than anticipated clear brine demand outside of the US and timing of certain flame retardant orders.
- Also benefitted from higher sales pricing, favorable raw materials pricing, and lower operating costs.
- Q2 2016 faces a tough comparison to prior year due to loss of methyl bromide contract.

<sup>1</sup>Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

# Bromine: Strong Core of Bromine Derivatives with High Value

Application		Updated 2016 Outlook	Mid-term Outlook	Business Environment
Flame Retardants	 <b>Consumer Electronics, Mobile Computing &amp; Data Processing</b>			<ul style="list-style-type: none"> <li>Continued decline of PC sales, TV sales flat to down in developed world</li> <li>Some stabilization possible, but regulation and/or design changes needed to spur growth</li> <li>Increase in mobile data traffic continues to spur growth for FR in servers – printed wiring board, connectors and W&amp;C</li> </ul>
	 <b>Construction</b>			<ul style="list-style-type: none"> <li>Growth based on drive for increased energy efficiency and fire safety standards</li> <li>Growth impacted by both residential and commercial construction</li> <li>Recently discontinued HBCD production to focus on supplying GreenCrest™ polymeric flame retardant, a sustainable alternative</li> </ul>
	 <b>Transportation</b>			<ul style="list-style-type: none"> <li>Increased use of electronics in automotive and other forms of transportation driving new applications for electronic components and use of flame retardants</li> <li>Global automotive growth + increased standards increases tire demand (bromobutyl rubber)</li> </ul>
Industrial	 <b>Pharma/Ag<sup>1</sup></b>			<ul style="list-style-type: none"> <li>Longer-term macro trends favor increased demand</li> </ul>
	 <b>Oil Drilling</b>			<ul style="list-style-type: none"> <li>2016 expected to be negatively impacted by low oil prices</li> <li>Numerous deep water finds create favorable long-term trends</li> </ul>
	 <b>Water</b>			<ul style="list-style-type: none"> <li>Use of bromine-based solutions in water treatment continues to grow</li> <li>Global growth of bottled water expected to continue, drives HBr use for polyester production</li> </ul>
	 <b>Mercury Abatement</b>			<ul style="list-style-type: none"> <li>2016 expected to be up even with uncertainty surrounding MATS</li> <li>China could be large potential long-term market</li> </ul>

<sup>1</sup>ALB outlook for Pharma/Ag differs from market in 2016 as a result of methyl bromide supply agreement expiring at end of 2015.

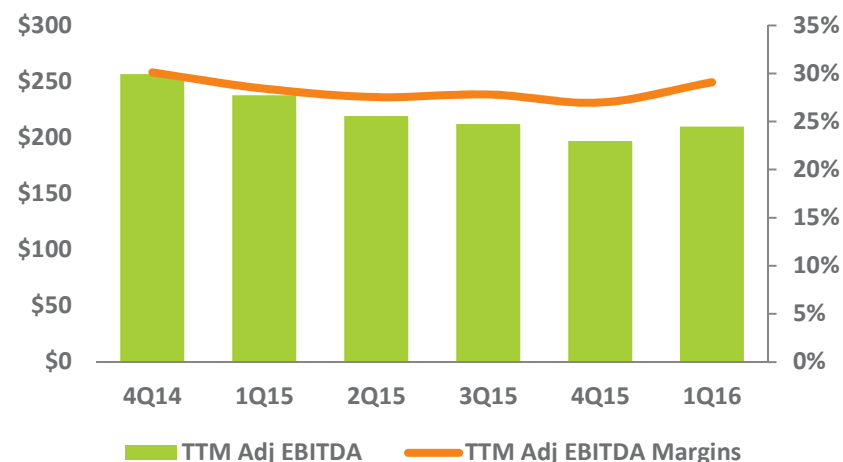


# Refining Solutions

## 1st Qtr Performance

(\$ in millions)	1Q 2016	1Q 2015	△
<b>Net Sales</b>	<b>\$171</b>	<b>\$179</b>	<b>(5%)</b>
<i>Net Sales ex FX</i>	\$173		(3%)
<b>Adj. EBITDA<sup>1</sup></b>	<b>\$55</b>	<b>\$42</b>	<b>31%</b>
<i>Adj. EBITDA ex FX</i>	\$55		31%
<b>Adj. EBITDA Margin<sup>1</sup></b>	<b>32%</b>	<b>24%</b>	<b>874 bps</b>
<i>Adj. EBITDA Margin ex FX</i>	32%		842 bps

## Historical Trend







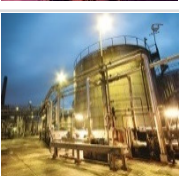
















## Performance Drivers

- Both Heavy Oil Upgrading (FCC) and Clean Fuels Technologies (HPC) performed in line with expectations in the first quarter.
- Heavy Oil Upgrading (FCC) adjusted EBITDA<sup>1</sup> up on volume compared to Q1 2015 which was negatively impacted by an elevated number of customer trials.
- Clean Fuels Technologies (HPC) delivered a strong first quarter despite a difficult operating environment driven by a favorable product mix and lower variable and fixed costs.

<sup>1</sup>Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

# Refining Solutions: Leadership Across Key Applications

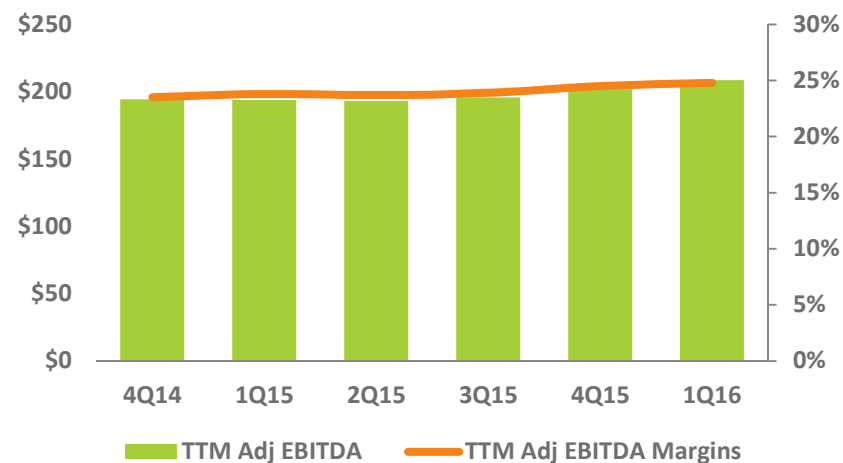
Application		Updated 2016 Outlook	Mid-term Outlook	Business Environment
Heavy Oil Upgrading	 Vacuum Gas Oil (VGO)			<ul style="list-style-type: none"> <li>~ -2% to -3% CAGR for next 5 years</li> <li>Closure of Western European refineries; pace slowed by current low oil prices</li> <li>Few global additions</li> </ul>
	 Max Propylene			<ul style="list-style-type: none"> <li>~4-6% CAGR till 2020; no brand-new units in 2016</li> <li>Global on-purpose propylene production from FCC to balance propylene shortage from ethane crackers</li> </ul>
	 Resid			<ul style="list-style-type: none"> <li>~2% CAGR for next 5 years</li> <li>Transportation fuel demand growth – increased gasoline use</li> <li>Largest segment – more “bottom of the barrel” conversion</li> <li>Emerging countries (Middle East, China, Asia) investments</li> </ul>
Clean Fuels Technologies	 Distillates			<ul style="list-style-type: none"> <li>~1.5% CAGR for the next 5 years</li> <li>Market growth through extra capacity and tighter fuel specification</li> <li>Market growth suppressed by oil price, refinery shutdowns, higher car fuel efficiency</li> <li>Catalyst consumption per barrel oil processed declining due to catalyst improvements and lighter crudes</li> </ul>
	 Vacuum Gas Oil (VGO)			<ul style="list-style-type: none"> <li>~2.5% CAGR for the next 5 years</li> <li>Market growth through increased hydrocracker feedstock and tighter fuel specifications (tier 3 introduction in USA)</li> <li>2016 decline due to oil price delaying change-outs (LAM ) and lower incumbency</li> </ul>
	 Reactivation Technology			<ul style="list-style-type: none"> <li>50% JV with IFPN (France)</li> <li>Cash conservation from low oil prices increases rejuvenation &amp; reactivation</li> <li>Expansion in emerging markets</li> <li>Metals pricing can swing demand up or down</li> </ul>
	 Resid			<ul style="list-style-type: none"> <li>~10% CAGR for the next 5 year</li> <li>Bottom of the barrel conversion to pretreat feedstock for FCC and hydrocrackers</li> <li>Addition of new units in ME and China</li> </ul>

# Chemetall® Surface Treatment

## 1st Qtr Performance

(\$ in millions)	1Q 2016	1Q 2015	△
<b>Net Sales</b>	<b>\$208</b>	<b>\$192</b>	<b>8%</b>
<i>Net Sales ex FX</i>	\$223		16%
<b>Adj. EBITDA<sup>1</sup></b>	<b>\$53</b>	<b>\$46</b>	<b>14%</b>
<i>Adj. EBITDA ex FX</i>	\$56		21%
<b>Adj. EBITDA Margin<sup>1</sup></b>	<b>25%</b>	<b>24%</b>	<b>128 bps</b>
<i>Adj. EBITDA Margin ex FX</i>	25%		105 bps

## Historical Trend







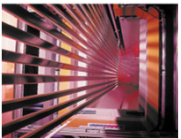


## Performance Drivers

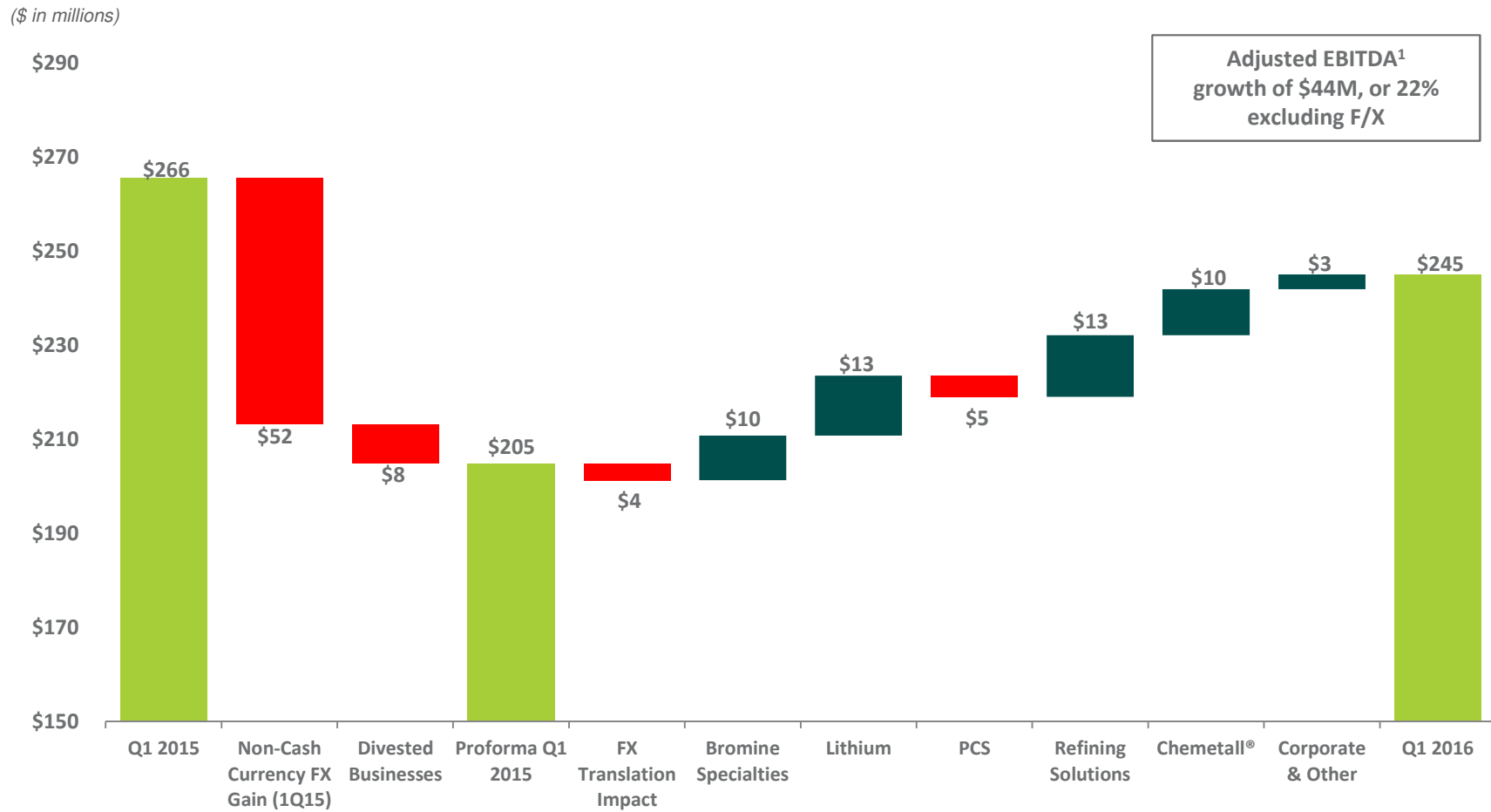
- Year over year net sales growth of 8% and adjusted EBITDA<sup>1</sup> growth of 14% as a result of improved volumes, pricing, and a full quarter of results from China JV acquisitions.
- Strong sales in Asia Pacific, particularly in China and India.
- Solid year over year volume growth in automotive components and coil.

<sup>1</sup>Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

# Chemetall® Surface Treatment

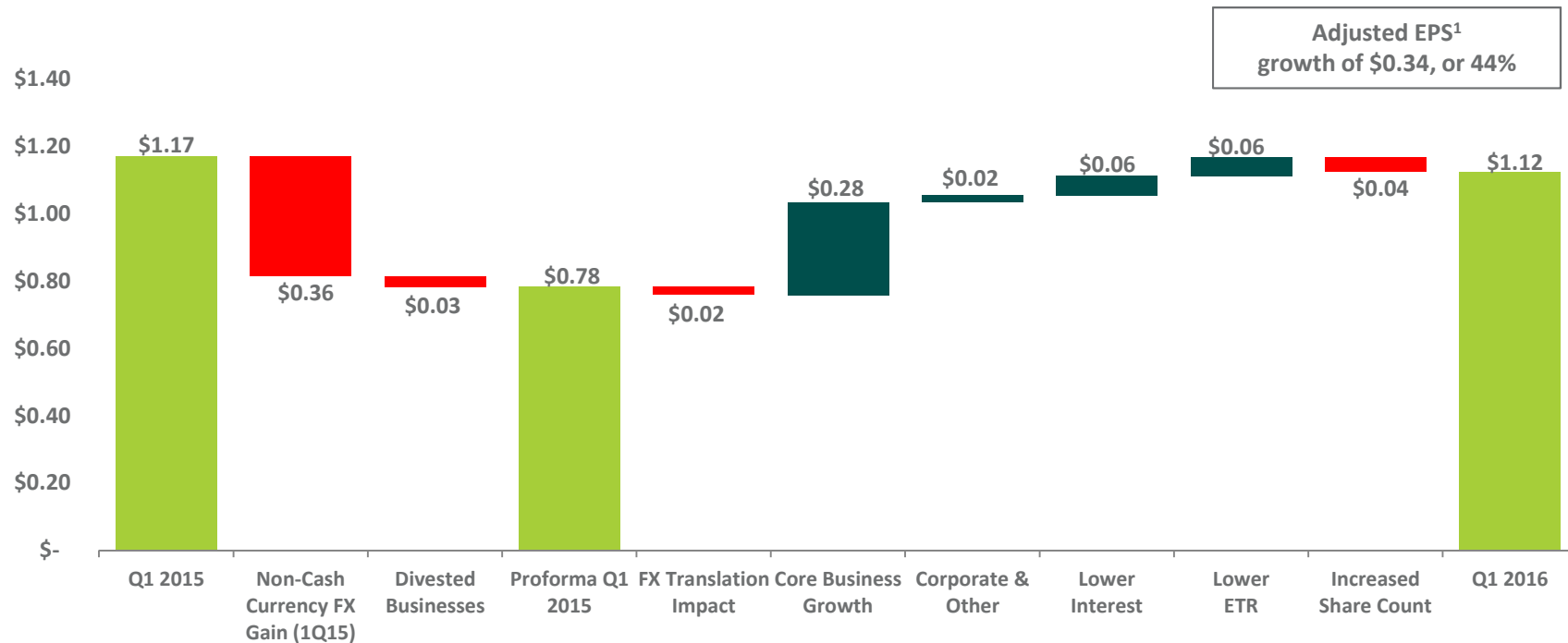
Application		Updated 2016 Outlook	Mid-term Outlook	Business Environment
Transportation	 <b>Automotive OEM</b>	↑	↑	<ul style="list-style-type: none"> <li>• Good incremental growth in EU and NA, moderate growth in India</li> <li>• Slowing demand in China, weakness in Russia and Brazil</li> <li>• Automotive growth in developing world favorable over time</li> <li>• Expected line starts and ramp-ups in NA, EU and China mid-2016 coupled with organic growth</li> </ul>
	 <b>Automotive Components</b>	↑	↑	<ul style="list-style-type: none"> <li>• Will track global auto trends over time</li> <li>• Increasing penetration across value chain</li> </ul>
	 <b>Aerospace</b>	↑	↑	<ul style="list-style-type: none"> <li>• Increasing air traffic demand and OEM order book both favorable</li> <li>• Trends expected to continue for several years</li> <li>• Increased opportunities for sealants and non-destructive testing in NA</li> </ul>
Industrial	 <b>Coil</b>	↑	↑	<ul style="list-style-type: none"> <li>• Global demand about neutral in 2016, more positive view over time. Demand shifts and exports make global capability important</li> <li>• Aluminum coil applications growing nicely, esp. in automotive and food packaging</li> <li>• Automotive body panels offer both short and medium term opportunity</li> </ul>
	 <b>Metal (Cold) Forming</b>	↔	↑	<ul style="list-style-type: none"> <li>• Low oil prices impacting tube mill production. Wire mill production also slowing. Both will rebound over time</li> <li>• This area remains strong in Asia</li> </ul>
	 <b>General Industry</b>	↔	↑	<ul style="list-style-type: none"> <li>• Broad segment covering many applications and types of customers</li> <li>• Overall industrial environment just “OK” globally – some differences by region</li> <li>• New technologies and focus on dedicated subsegments will drive Chemetall Surface Treatment growth</li> </ul>
	 <b>Aluminum Finishing</b>	↑	↑	<ul style="list-style-type: none"> <li>• Construction industry recovery in EMEA and Asia; North America OK</li> <li>• Segment offers much opportunity for growth</li> <li>• Chemal acquisition will lead to product line expansion in anodizing applications</li> </ul>

# First Quarter 2016 Adjusted EBITDA<sup>1</sup> Bridge



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

# First Quarter 2016 Adjusted EPS<sup>1</sup> Bridge



- Adjusted EPS<sup>1</sup> growth from proforma Q1 2015 led by core business growth of \$0.28 excluding unfavorable currency exchange impacts.
- Lower interest expense from the refinancing of Rockwood 2020s (4Q15) and retiring of \$300M Term Loan A (1Q16).
- First quarter 2016 effective tax rate (ETR) of ~22% was lower than originally expected due to country mix.

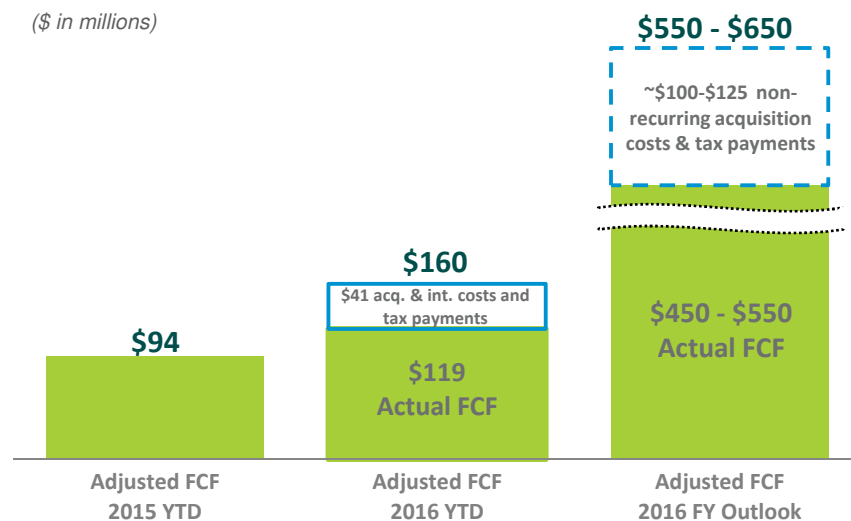
<sup>1</sup>Non-GAAP measure. See Non-GAAP reconciliations in Appendix. Bridge numbers may not reconcile due to rounding.

# Financial Performance

## Three Months Ended March 31

(\$ in millions)	2016	2015
<b>Net Cash from Operations</b>	<b>173</b>	<b>46</b>
Less: Capital Expenditures	(58)	(57)
Add Back: Pension Contributions	4	6
<b>Free Cash Flow</b>	<b>\$119</b>	<b>(\$5)</b>
Acquisition and integration related costs	21	100
Cash taxes on repatriation	20	-
<b>Adjusted Free Cash Flow</b>	<b>\$160</b>	<b>\$94</b>

(\$ in millions)



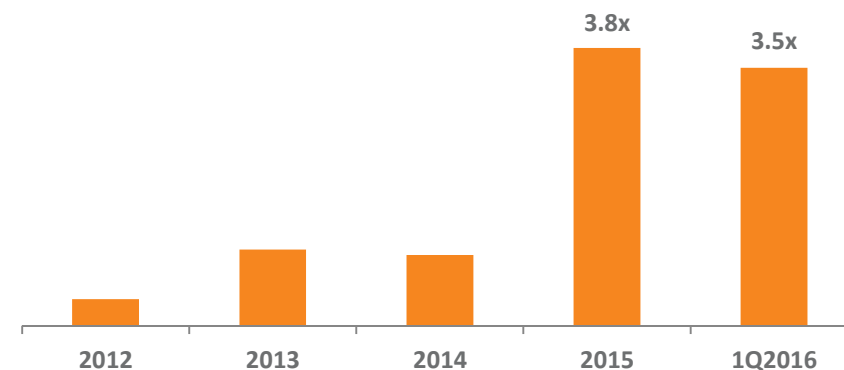
## Select Financial Metrics

(\$ in millions)	(as of 03/31/2016)
• <b>Dividends Paid:</b>	<b>\$33</b>
• <b>Dividend Growth (Y/Y)<sup>1</sup>:</b>	<b>5%</b>
• <b>Cash Balance:</b>	<b>\$252</b>
• <b>Net Debt<sup>2</sup>:</b>	<b>\$3,338</b>

<sup>1</sup> Represents annual increase in dividend per share. Actual cash dividends paid increased 50% Y/Y.

<sup>2</sup> Excludes JV debt not guaranteed by Company.

## Net-Debt-to-Adj. EBITDA<sup>3</sup>



<sup>3</sup> Net-Debt-to-Adjusted EBITDA ratio is based on the bank covenant definition.

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# APPENDIX

## Non-GAAP Reconciliations



# Net Income and EBITDA

(\$ in thousands)

	Three Months Ended	
	March 31,	
	2016	2015
Net income attributable to Albemarle Corporation	\$ 228,186	\$ 43,115
Add back:		
Non-operating pension and OPEB items (net of tax)	77	(2,227)
Special items (net of tax)	(102,450)	86,316
Adjusted net income attributable to Albemarle Corporation	\$ 125,813	\$ 127,204
Net income attributable to Albemarle Corporation	\$ 228,186	\$ 43,115
Add back:		
Interest and financing expenses	25,251	35,746
Income tax expense	30,985	14,140
Depreciation and amortization	60,552	63,986
<b>EBITDA</b>	344,974	156,987
Non-operating pension and OPEB items	(184)	(3,509)
Special items (excluding special items associated with interest expense)	(99,814)	112,150
<b>Adjusted EBITDA</b>	\$ 244,976	\$ 265,628
Net sales	\$ 865,398	\$ 884,404
EBITDA margin	39.9%	17.8%
Adjusted EBITDA margin	28.3%	30.0%

See above for a reconciliation of adjusted net income attributable to Albemarle Corporation (“adjusted earnings”), EBITDA and adjusted EBITDA, the non-GAAP financial measures, to Net income attributable to Albemarle Corporation, the most directly comparable financial measure calculated and reported in accordance with GAAP. Adjusted net income attributable to Albemarle Corporation is defined as Net income attributable to Albemarle Corporation before discontinued operations and the special and non-operating pension and OPEB items as listed above. EBITDA is defined as Net income attributable to Albemarle Corporation before interest and financing expenses, income taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before discontinued operations and the special and non-operating pension and OPEB items as listed below.

# EBITDA supplemental

(\$ in thousands)

	Lithium and Advanced Materials	Bromine Specialties	Refining Solutions	Chemetail Surface Treatment	Reportable Segments Total	All Other	Corporate	Consolidated Total
<b>Three months ended March 31, 2016:</b>								
Net income (loss) attributable to Albemarle Corporation	\$ 63,327	\$ 51,853	\$ 46,314	\$ 35,426	\$ 196,920	\$ 130,709	\$ (99,443)	\$ 228,186
Depreciation and amortization	23,147	9,755	8,760	16,942	58,604	612	1,336	60,552
Special items	—	—	—	154	154	(122,857)	22,889	(99,814)
Interest and financing expenses	—	—	—	—	—	—	25,251	25,251
Income tax expense	—	—	—	—	—	—	30,985	30,985
Non-operating pension and OPEB items	—	—	—	—	—	—	(184)	(184)
<b>Adjusted EBITDA</b>	<b>\$ 86,474</b>	<b>\$ 61,608</b>	<b>\$ 55,074</b>	<b>\$ 52,522</b>	<b>\$ 255,678</b>	<b>\$ 8,464</b>	<b>\$ (19,166)</b>	<b>\$ 244,976</b>
<b>Three months ended March 31, 2015:</b>								
Net income (loss) attributable to Albemarle Corporation	\$ 27,191	\$ 44,472	\$ 34,083	\$ 10,855	\$ 116,601	\$ 5,415	\$ (78,901)	\$ 43,115
Depreciation and amortization	21,822	8,461	8,110	18,196	56,589	5,498	1,899	63,986
Special items (excluding special items associated with interest expense)	28,582	—	—	16,953	45,535	2,651	63,964	112,150
Interest and financing expenses	—	—	—	—	—	—	35,746	35,746
Income tax expense	—	—	—	—	—	—	14,140	14,140
Non-operating pension and OPEB items	—	—	—	—	—	—	(3,509)	(3,509)
<b>Adjusted EBITDA</b>	<b>\$ 77,595</b>	<b>\$ 52,933</b>	<b>\$ 42,193</b>	<b>\$ 46,004</b>	<b>\$ 218,725</b>	<b>\$ 13,564</b>	<b>\$ 33,339</b>	<b>\$ 265,628</b>

See above for a reconciliation of adjusted EBITDA on a segment basis, the non-GAAP financial measure, to net income attributable to Albemarle Corporation ("earnings"), the most directly comparable financial measure calculated and reporting in accordance with GAAP. Adjusted earnings on a segment basis is defined as earnings before discontinued operations and the special and non-operating pension and OPEB items as listed above. EBITDA is defined as earnings before interest and financing expenses, income taxes, and depreciation and amortization. Adjusted EBITDA is defined as EBITDA before discontinued operations and the special and non-operating pension and OPEB items as listed above.

# EBITDA supplemental

(\$ in thousands)

	Lithium	PCS	Total Lithium and Advanced Materials
<b>Three months ended March 31, 2016:</b>			
Net income attributable to Albemarle Corporation	\$ 44,346	\$ 18,981	\$ 63,327
Depreciation and amortization	19,488	3,659	23,147
<b>Adjusted EBITDA</b>	<b>\$ 63,834</b>	<b>\$ 22,640</b>	<b>\$ 86,474</b>
<b>Three months ended March 31, 2015:</b>			
Net income attributable to Albemarle Corporation	\$ 3,928	\$ 23,263	\$ 27,191
Depreciation and amortization	18,068	3,754	21,822
Special items	28,582	—	28,582
<b>Adjusted EBITDA</b>	<b>\$ 50,578</b>	<b>\$ 27,017</b>	<b>\$ 77,595</b>

See above for a reconciliation of adjusted EBITDA on a segment basis, the non-GAAP financial measure, to net income attributable to Albemarle Corporation (“earnings”), the most directly comparable financial measure calculated and reporting in accordance with GAAP. Adjusted earnings on a segment basis is defined as earnings before discontinued operations and the special and non-operating pension and OPEB items as listed above. EBITDA is defined as earnings before interest and financing expenses, income taxes, and depreciation and amortization. Adjusted EBITDA is defined as EBITDA before discontinued operations and the special and non-operating pension and OPEB items as listed above.

# EBITDA supplemental<sup>1</sup>

	Twelve Months Ended		Three Months Ended		
	Mar 31, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
<b>Adjusted EBITDA</b>	<b>\$ 938,670</b>	<b>\$ 244,976</b>	<b>\$ 228,617</b>	<b>\$ 234,996</b>	<b>\$ 230,081</b>
Net income attributable to to noncontrolling interests	28,486	7,362	8,425	5,480	7,219
Adjusted equity in net income of unconsolidated investments (net of tax)	(58,400)	(16,566)	(10,908)	(15,132)	(15,794)
Dividends received from unconsolidated investments	57,064	200	2,763	11,623	42,478
<b>Consolidated EBITDA</b>	<b>\$ 965,820</b>	<b>\$ 235,972</b>	<b>\$ 228,897</b>	<b>\$ 236,967</b>	<b>\$ 263,984</b>
<b>Total Long Term Debt</b>	<b>\$ 3,590,105</b>				
Off balance sheet obligations and other	55,681				
Attributable principal amount of capital leases and synthetic leases	16,582				
<b>Consolidated Funded Debt</b>	<b>3,662,369</b>				
Less Cash	252,382				
<b>Consolidated Funded Net Debt</b>	<b>\$ 3,409,987</b>				
<b>Consolidated Funded Net Debt to Consolidated EBITDA Ratio</b>		<b>3.5</b>			

<sup>1</sup> This supplemental is for net-debt-to-adjusted EBITDA ratio based on the bank covenant definition.

# Diluted EPS

	Three Months Ended March 31,	
	2016	2015
<b>Diluted earnings per share</b>	\$ 2.02	\$ 0.40
Non-operating pension and OPEB items	—	(0.02)
Special items		
Utilization of inventory markup	—	0.34
Gain on sales of businesses, net	(1.02)	—
Acquisition and integration related costs	0.14	0.39
Interest and financing expenses related to Rockwood acquisition	—	0.01
Financing fees related to Rockwood acquisition	—	0.03
Discrete tax items	(0.02)	0.03
<b>Adjusted diluted earnings per share<sup>1</sup></b>	<u>\$ 1.12</u>	<u>\$ 1.17</u>

<sup>1</sup>Totals may not add due to rounding

# Equity Income and Noncontrolling Interest

	Three Months Ended Mar 31, 2016		Three Months Ended Mar 31, 2015	
	Equity Income	Noncontrolling Interest	Equity Income	Noncontrolling Interest
Bromine	\$ -	\$ (7,336)	\$ -	\$ (4,034)
Lithium and Advanced Materials*	9,418	-	1,765	-
Refining Solutions	5,614	-	5,012	-
Chemetall	575	-	1,291	-
All Other	958	-	2,324	-
Corporate		(25)	-	-
<b>Total Company<sup>1</sup></b>	<b>\$ 16,566</b>	<b>\$ (7,362)</b>	<b>\$ 10,392</b>	<b>\$ (4,034)</b>

## \* Includes Inventory Step-Up

<b>LAM - As Reported Equity Income</b>	<b>\$ 9,418</b>	<b>\$ 1,765</b>
Inventory Step-Up	-	7,851
<b>LAM - As Adjusted Equity Income</b>	<b>\$ 9,418</b>	<b>\$ 9,616</b>
<b>As Reported Equity Income</b>	<b>\$ 16,566</b>	<b>\$ 10,392</b>
Inventory Step-Up	-	7,851
<b>Adjusted Equity in Net Income of Unconsolidated Investments (net of tax)</b>	<b>\$ 16,566</b>	<b>\$ 18,243</b>

<sup>1</sup>Totals may not add due to rounding

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