

# Albemarle Corporation

Investor Presentation

Lithium Teach-in

October 8<sup>th</sup>, 2020



# Forward-Looking Statements

---

Some of the information presented in this presentation, the webcast and discussions that follow, including, without limitation, statements with respect to product development, market trends, price, expected growth and earnings, demand for our products, capital projects, tax rates, stock repurchases, dividends, cash flow generation, 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. Actual results could differ materially from the views expressed.

Factors that could cause actual results to differ materially from the outlook expressed or implied in any forward-looking statement 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 or the end-user markets in which our products are sold; limitations or prohibitions on the manufacture and sale of our products; availability of raw materials; increases in the cost of raw materials and energy, and our ability to pass through such increases to our customers; 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; hazards associated with chemicals manufacturing; the inability to maintain current levels of product or premises liability insurance or the denial of such coverage; political unrest affecting the global economy, including adverse effects from 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 and changes in tax laws and rates; changes in monetary policies, inflation or interest rates that may impact our ability to raise capital or increase our cost of funds, impact the performance of our pension fund investments and increase our pension expense and funding obligations; volatility and uncertainties in the debt and equity markets; technology or intellectual property infringement, including cyber-security breaches, and other innovation risks; decisions we may make in the future; the ability to successfully execute, operate and integrate acquisitions and divestitures; uncertainties as to the duration and impact of the coronavirus (COVID-19) pandemic; 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 diluted earnings per share attributable to Albemarle Corporation, Adjusted effective income tax rates, segment operating profit, segment income, pro-forma net sales, net sales excluding the impact of foreign exchange translation (“ex FX”), EBITDA, Adj. EBITDA, Adj. EBITDA by operating segment, EBITDA margin, Adj. EBITDA margin, pro-forma Adj. EBITDA, pro-forma Adj. EBITDA margin, Adj. EBITDA excluding the impact of foreign exchange translation (“ex FX”), Adj. EBITDA margin excluding the impact of foreign exchange translation (“ex FX”), net debt to Adj. EBITDA, gross debt to Adj. EBITDA, 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 and enterprise 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. The Company does not provide a reconciliation of forward-looking non-GAAP financial measures to the most directly comparable financial measures calculated and reported in accordance with GAAP, as the Company is unable to estimate significant non-recurring or unusual items without unreasonable effort. The amounts and timing of these items are uncertain and could be material to the Company’s results calculated in accordance with GAAP.

# Albemarle Lithium

## Financials | TTM

**\$1.3B**

Net Sales

**\$441M**

Adj. EBITDA<sup>1</sup>

**35%**

Adj. EBITDA Margin<sup>1</sup>

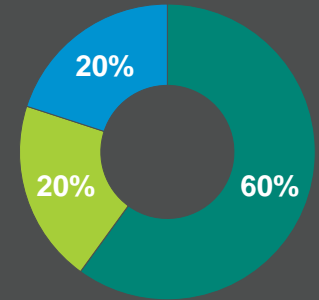
## Segment Characteristics

- Access to three of the largest, highest grade resources in the world
- Vertically integrated from natural resource to specialty performance products
- Extraction and specialty chemicals expertise
- High-quality product portfolio / low-cost position
- Leader in Hydroxide, Carbonate, Lithium Metal, and Organometallics

## Business Environment

- Strong long-term demand growth expected
- Highly dynamic, emerging supply chain
- Public policy accelerating e-mobility / renewables
- Battery cost declining + performance improving = need for higher-quality lithium and innovation
- Security of supply essential to underwrite global auto OEM investment in vehicle electrification

## Applications

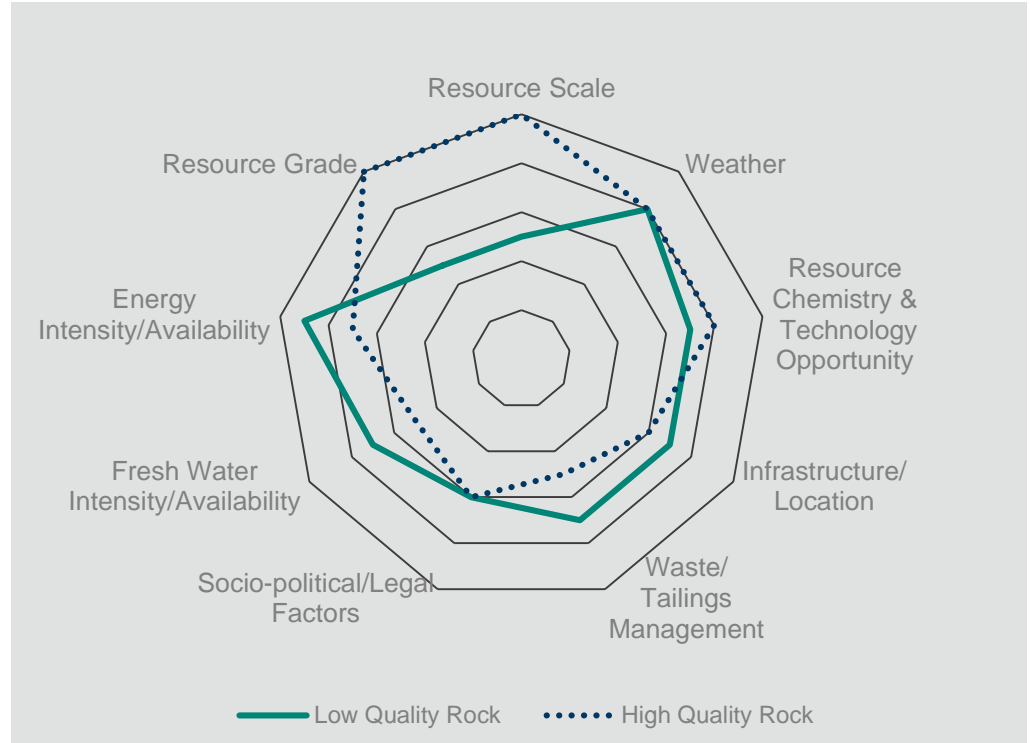


- Energy Storage**  
EVs, Grid, Phones, Wearables
- Industrial**  
Glass, Grease, Aerospace
- Specialties**  
Synthetic Rubber, Pharma, Ag

Well-Positioned Leader in a High-Growth Industry

# Each resource is unique – in many different respects

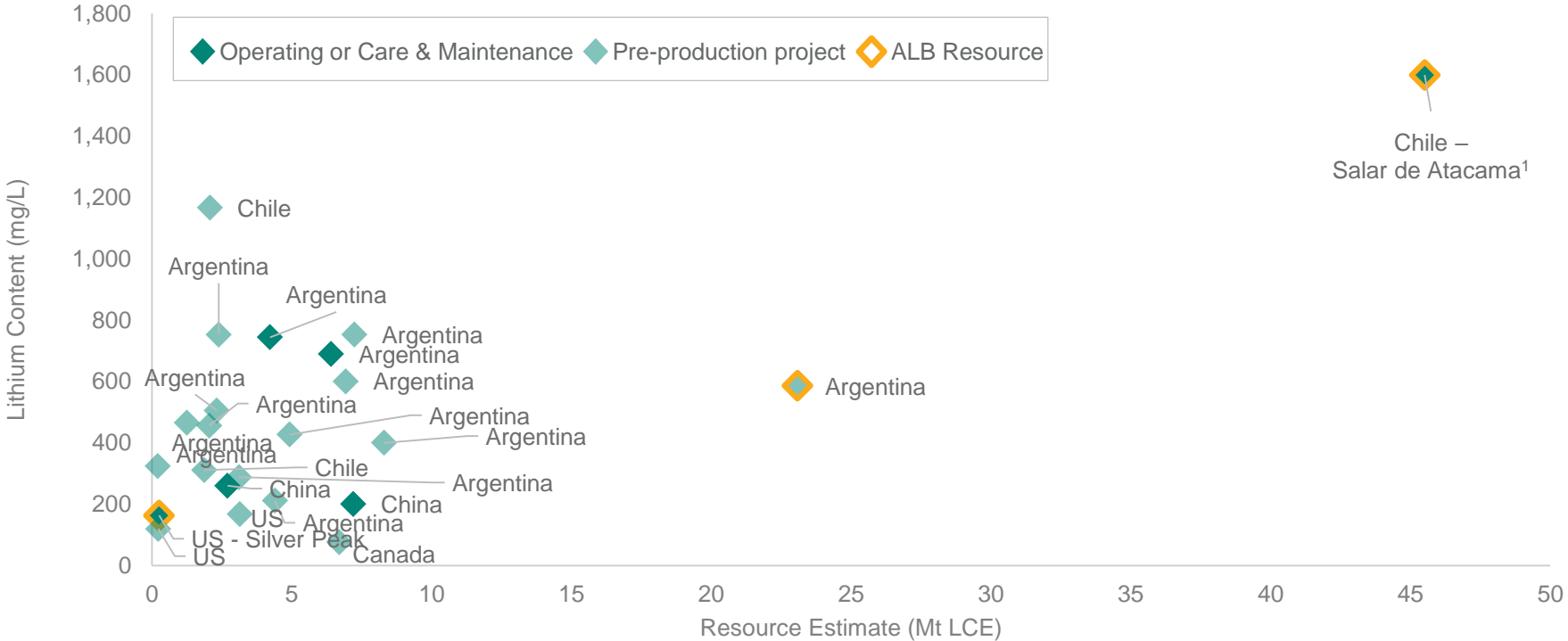
- Based on our data and experience the primary determinants of project cost and success are:
  - Resource Grade
  - Resource Scale
  - Chemistry
- Resource conversion: Is there a commercially proven technology to make battery grade materials using this resource chemistry?



Complex considerations make it challenging to evaluate the ultimate success of a project

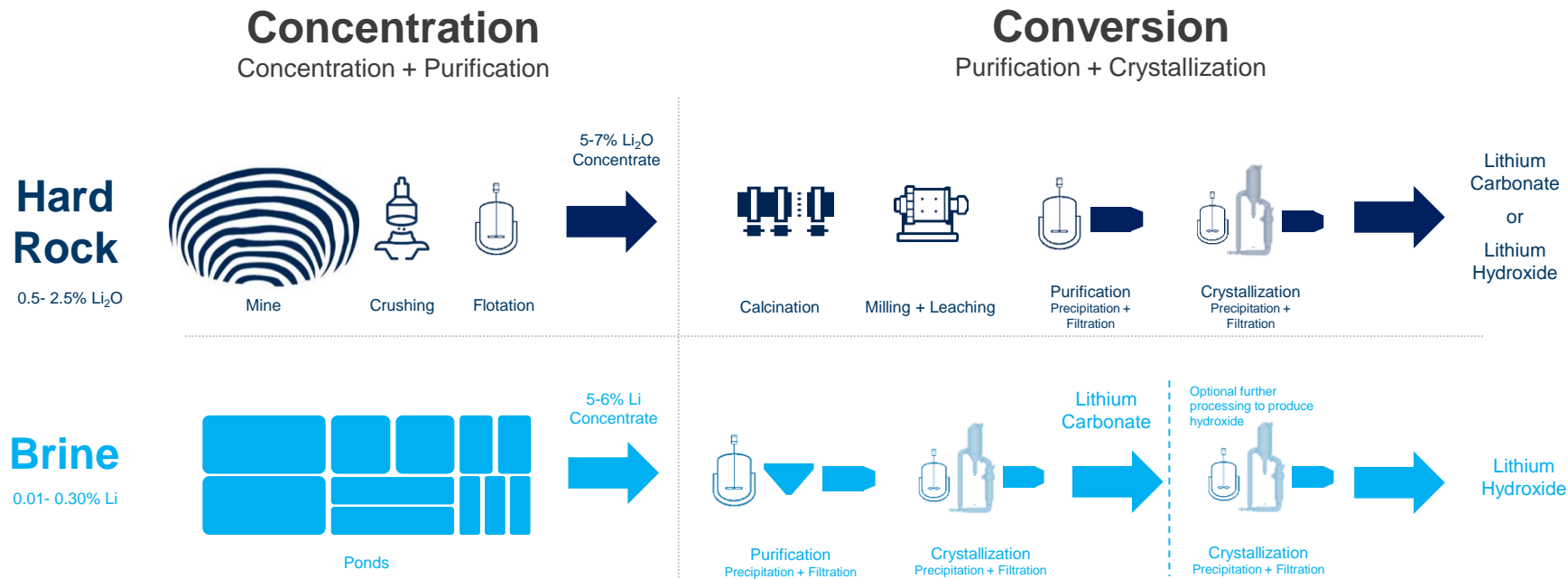


# Brine resources have significant differences in concentration and chemistry



High-quality brine projects are located predominantly in Argentina and Chile

# Conventional Processing: Brine and Hard Rock

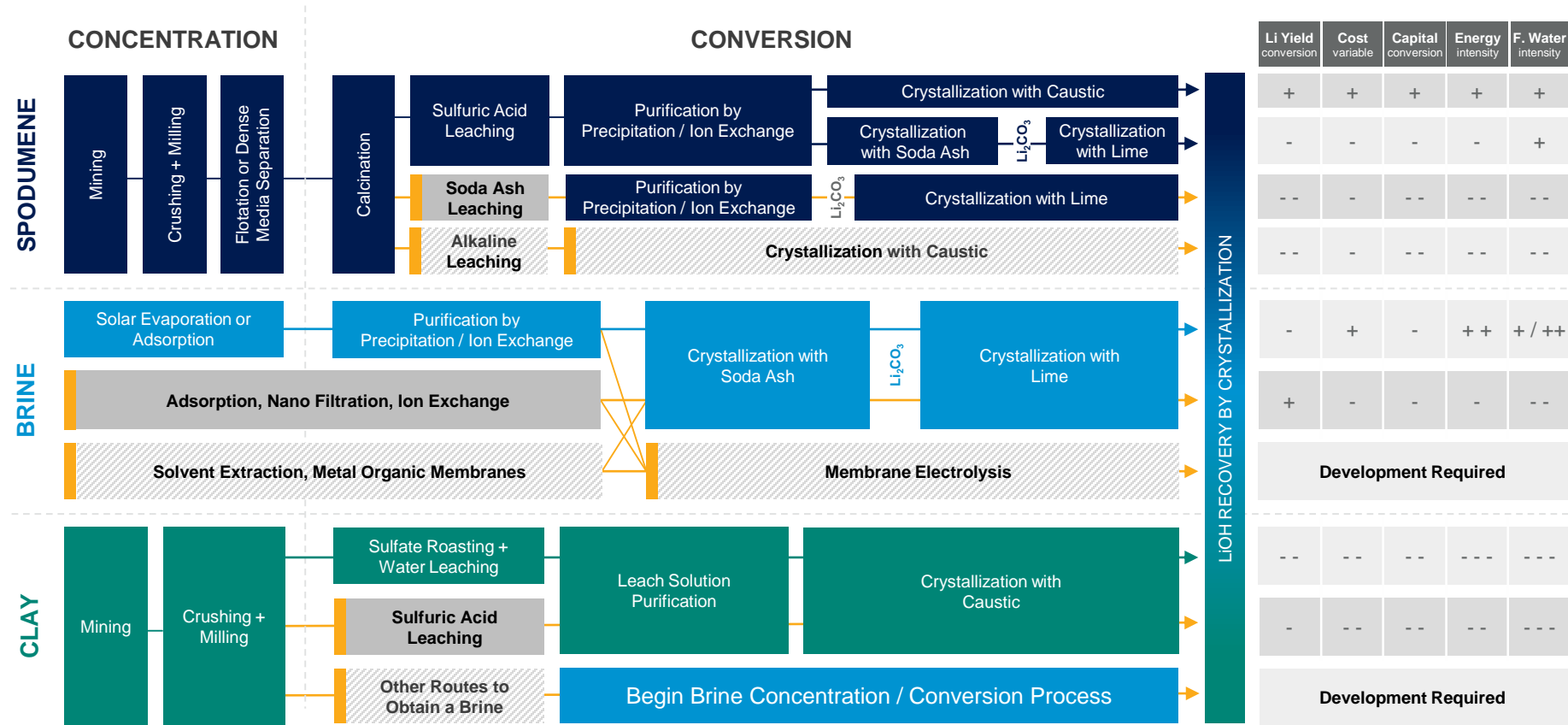


Established Approaches Tested & Proven Over Decades;  
Continuous Improvements from Optimization, Efficiency, Technology Advancements



# Key Chemical Routes to Lithium Hydroxide

COMMERCIAL PILOT CONCEPT



# Lithium Projects are Costly and Time-Consuming to Bring Online

Type	Location	Source	Project Start	Production Start
Mine-Only	Australia	Spodumene	2007	2017
	Australia	Spodumene	2009	2017
	Australia	Spodumene	2014	2018
	Australia	Spodumene	2014	2018
	Australia	Spodumene	2016	2019
	Australia	Spodumene	2015	TBD
Integrated Operations	Argentina	Brine	2007	2016
	Bolivia	Brine	Unknown	TBD
	Argentina	Brine	1989	TBD
	Chile	Brine	2004	TBD
	Argentina	Brine	2007	TBD
	USA	Clay	2007	TBD
	Mexico	Clay	2007	TBD
	Argentina	Brine	2007	TBD
	Argentina	Brine	2009	TBD
	Serbia	Jadarite	2009	TBD
	Canada	Spodumene	2010	TBD
	Argentina	Brine	2010	TBD
	Argentina	Brine	2015	TBD
	Argentina	Brine	2015	TBD
	Argentina	Brine	2012	TBD

- Mine-only projects tend to be spodumene, concentrated in Australia
  - Recent Australia spodumene projects have come to market in ~4 years on average
- Most integrated projects are brine or clay
  - Majority commenced prior to 2007
  - Of the 15 projects listed, only one has come into production

# An Industry Leader with Significant Opportunity Ahead

---

01

Global, competitively advantaged positions; access to three of the largest, highest grade resources in the world

---

02

Vertically integrated from natural resource to specialty performance products; extraction and specialty chemicals expertise

---

03

High-quality product portfolio / low-cost position; leader in Hydroxide, Carbonate, Lithium Metal, and Organometallics

---

04

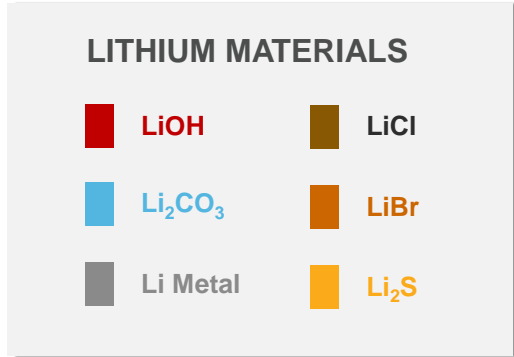
Near-term market outlook stabilizing; rebounding Auto OEM production; strong European EV sales, and improving Chinese and North American sales volumes

---

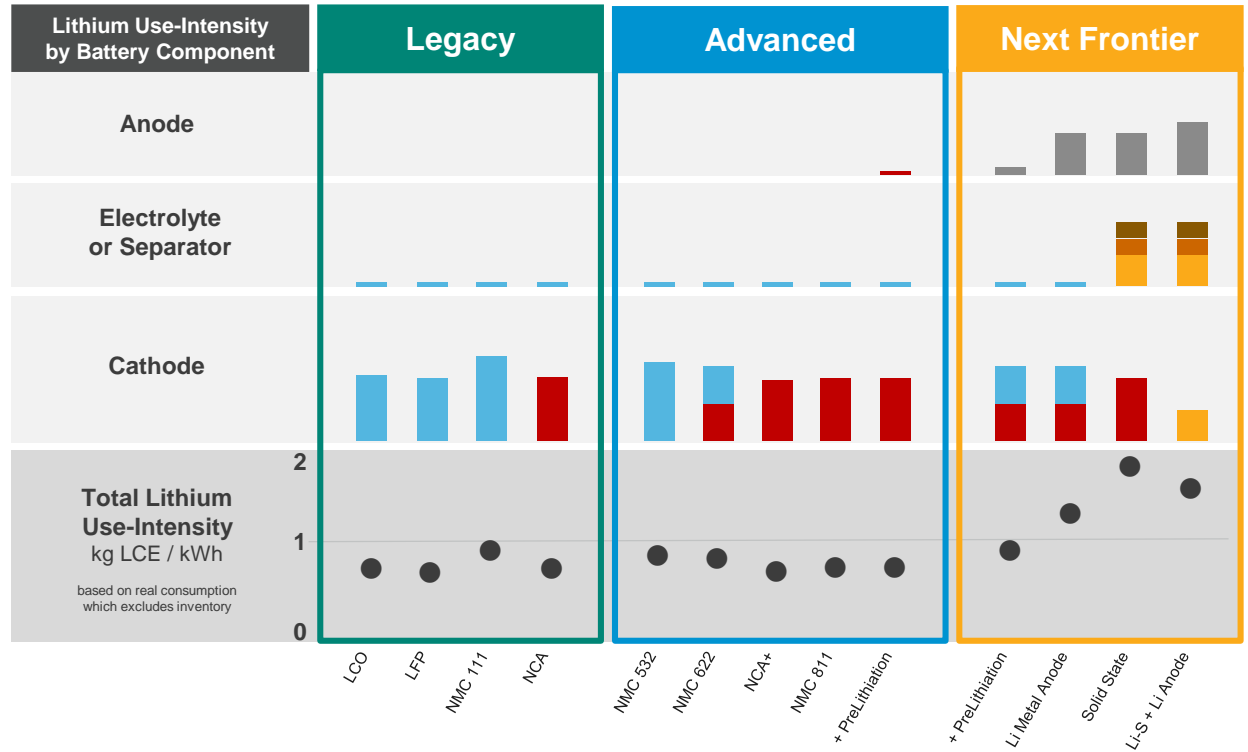
05

Strong secular trends support long-term growth; product offerings are key enablers to a more sustainable world

# Lithium Use Evolves with Battery Technology Progression



First principle chemical models used to estimate lithium use by battery cell component and by technology (today and future)



Lithium Material Innovation Underpinning Advancements in Battery Performance

# Appendix A

## Non-GAAP Reconciliations

# Adjusted EBITDA - by Segment (*twelve months ended*)

(\$ in thousands)	Twelve Months Ended				
	Jun 30, 2019	Sep 30, 2019	Dec 31, 2019	Mar 31, 2020	Jun 30, 2020
<b>Lithium</b>					
Net income attributable to Albemarle Corporation	\$ 413,058	\$ 424,881	\$ 341,766	\$ 301,837	\$ 250,572
Depreciation and amortization	93,260	95,102	99,424	102,729	106,862
Non-recurring and other unusual items	9,219	9,384	83,744	83,389	83,278
Adjusted EBITDA	515,537	529,367	524,934	487,955	440,712
Net Sales	1,229,220	1,288,678	1,358,170	1,303,102	1,262,066
Adjusted EBITDA Margin	42 %	41 %	39 %	37 %	35 %

**ALB**  
**LISTED**  
**NYSE**

[www.albemarle.com](http://www.albemarle.com)