

Albemarle Corporation Third Quarter 2016 Earnings

Conference Call/Webcast

Tuesday, Nov. 8th, 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 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, which is posted in the Investors section of our website at www.albemarle.com, under “Non-GAAP Reconciliations” under “Financials.” 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.



Third Quarter 2016 Financial Highlights

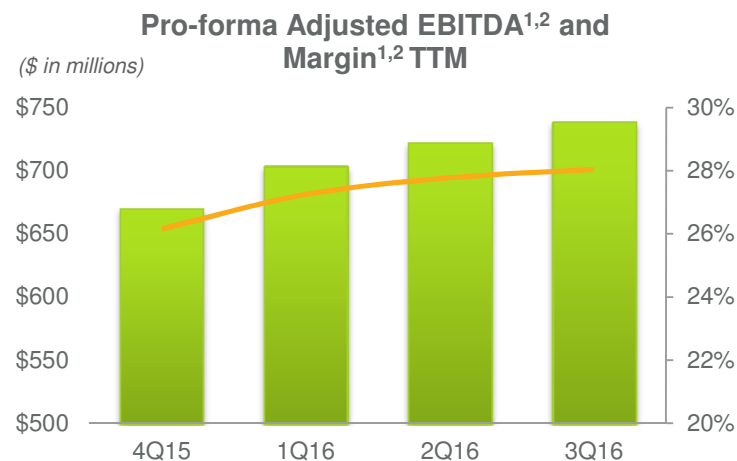
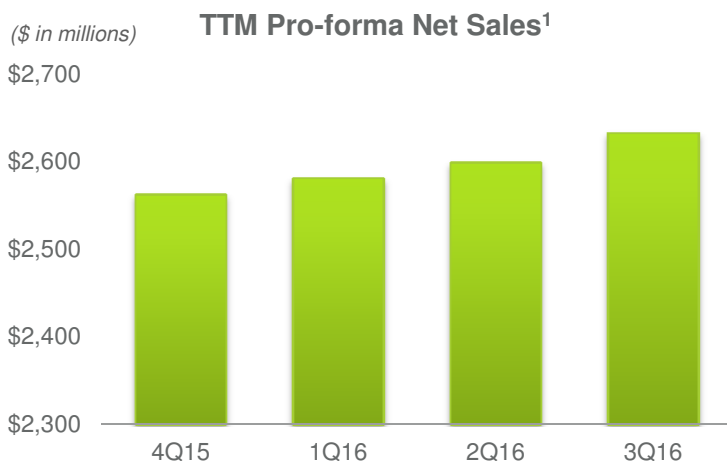
	Q3 2016 Results Continuing Operations	vs Prior Year ¹
Net Sales	\$654 million	+5%
Adjusted EBITDA ²	\$188 million	+10%
Adjusted Diluted EPS ²	\$0.91	+26%

¹ Year-over-year calculated against proforma Q3 2015, excludes net impact of divested businesses (Minerals, Metal Sulfides).

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



Financial Highlights



Strong Core Business Performance -
Third Quarter 2016

Lithium – \$69M adjusted EBITDA², up 32% YoY;
41% adjusted EBITDA² margin

Refining Solutions – \$65M adjusted EBITDA², up 19% YoY;
34% adjusted EBITDA² margin

Bromine – \$180M adjusted EBITDA² YTD, almost equal to 2015 YTD

¹ 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. See pro-forma reconciliations in Appendix.

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

Key Developments – Third Quarter 2016



Signed definitive agreement to acquire *Jiangxi Jiangli New Materials*' lithium salts production assets

- Established relationship, already tolling high-quality product for Albemarle.
- 15,000 MT LCE of existing battery-grade lithium carbonate and hydroxide conversion capacity. Infrastructure already in place to support a 20-25,000 MT LCE expansion.
- Expected to close by end of first quarter 2017.



Announced evaluation of new lithium resource in Argentina

- Entered into agreement for exclusive exploration and acquisition rights of lithium resource in Antofolla, Argentina.
- Based on existing data, we believe this resource will be certified as the largest in Argentina.
- Study of resource and commercial viability underway; decision expected within 1-2 years.



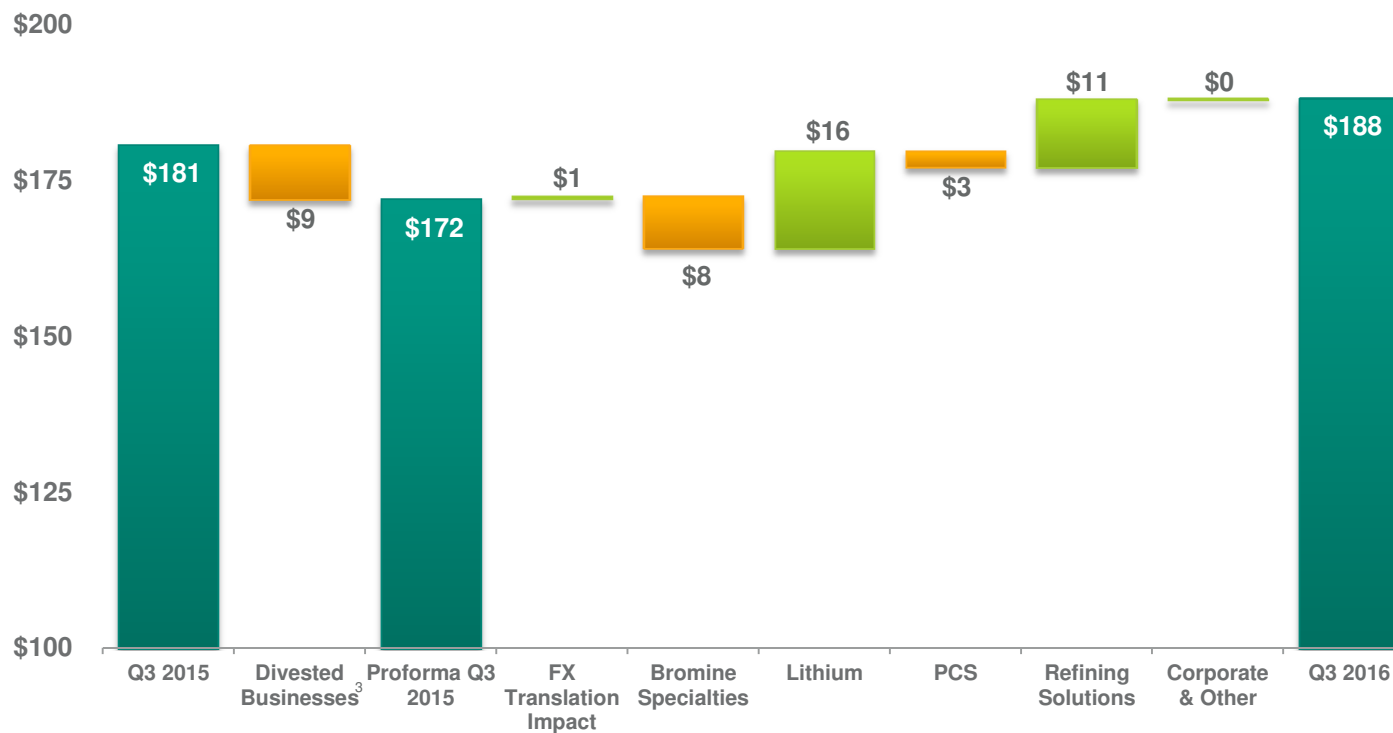
Sale of Chemetal® Surface Treatment to BASF on track to close by year end 2016

- Valued at approximately \$3.2 billion, or 15.3x trailing-twelve months adjusted EBITDA (as of Mar 31, 2016).
- Several more jurisdictions, including the EU, have cleared the transaction.

Adjusted EBITDA¹ Bridge - Continuing Operations

Third Quarter 2016: Adjusted EBITDA¹ growth of \$16M, 10%²

(\$ in millions)



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

² Year-over-year growth calculated against proforma Q3 2015.

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

Third Quarter 2016 Financial Results

	Excluding Discontinued Operations ¹		Total Company ²
	As Reported 3Q 2016 (\$ in millions, except EPS)	As Adjusted ³ 3Q 2016 (\$ in millions, except EPS)	As Adjusted ³ 3Q 2016 (\$ in millions, except EPS)
Net Sales	\$ 654	\$ 654	\$ 865
EBITDA ⁴	\$ 181	\$ 188	\$ 242
EBITDA Margin ⁴	28%	29%	28%
Earnings	\$ 105 ⁵	\$ 103 ^{4,6}	\$ 133 ^{4,7}
Diluted EPS	\$ 0.93 ⁵	\$ 0.91 ^{4,6}	\$ 1.17 ^{4,7}
Free Cash Flow (YTD) ⁸	\$ 325	\$ 415	\$ 415

¹ Free Cash Flow and Adjusted Free Cash Flow include discontinued operations (Chemetal®).

² Discontinued operations (Chemetal®) reintegrated into the results of the company.

³ Adjusted for non-recurring and other unusual items, as well as non-operating pension and OPEB items.

⁴ Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

⁵ Net income and diluted earnings per share attributable to Albemarle Corporation less income from discontinued operations (net of tax)

⁶ Adjusted net income and diluted earnings per share from continuing operations.

⁷ Adjusted net income and diluted earnings per share attributable to Albemarle Corporation.

⁸ Free Cash Flow is a non-GAAP measure defined as Net Cash from Operations, add back pension and post-retirement contributions and subtract capital expenditures. Additionally, Free Cash Flow includes acquisition related cash expenses and cash taxes on repatriation of approximately \$90M in 3Q16 YTD which are excluded in Adjusted Free Cash Flow. Free Cash Flow and Adjusted Free Cash Flow include discontinued operations. See slide 14 for details and reconciliation to GAAP measures.

Third Quarter 2016 Financial Results¹

	3Q 2016 (\$ in millions, except EPS)	3Q 2015 (\$ in millions, except EPS)	Proforma 3Q 2015 ² (\$ in millions, except EPS)	3Q 2016 YoY (vs Proforma 3Q 2015)
Net Sales	\$ 654	\$ 693	\$ 620	5%
Net Sales ex F/X	\$ 651			5%
Adjusted EBITDA ^{3,5}	\$ 188	\$ 181	\$ 172	10%
Adj. EBITDA ex F/X	\$ 188			10%
Adjusted EBITDA Margin ^{3,5}	29%	26%	28%	108 bps
Adjusted Net Income ^{3,4}	\$ 103	\$ 86	\$ 81	27%
Adjusted Diluted EPS ^{3,4}	\$ 0.91	\$ 0.76	\$ 0.72	26%

¹All measures reflect continuing operations only .

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

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

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

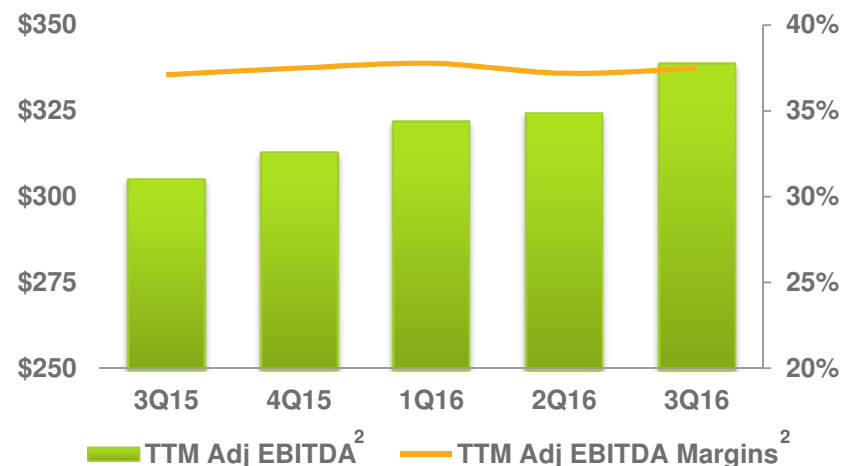
⁵Reflects EBITDA attributable to Albemarle Corporation, before discontinued operations and the special and non-operating pension and OPEB items.

Lithium and Advanced Materials

3rd Qtr Performance

(\$ in millions)	3Q 2016	3Q 2015	△
Net Sales	\$240	\$209	15%
<i>Net Sales ex FX¹</i>	\$239		14%
Adj. EBITDA²	\$92	\$77	18%
<i>Adj. EBITDA ex FX¹</i>	\$91		17%
Adj. EBITDA Margin²	38%	37%	108 bps
<i>Adj. EBITDA Margin ex FX¹</i>	38%		81 bps

Historical Trend



Performance Drivers

- Lithium captured year-over-year volume and pricing growth of 13% and 16%, respectively, in the third quarter and adjusted EBITDA margins continued to exceed 40%.
 - Lithium growth driven by increased battery grade volumes and pricing, partially offset by headwinds in Potash pricing (Lithium production by-product).
- PCS performance was in line with expectations. Curatives weakness, pricing pressure in Organometallics and the impact of Sun Edison bankruptcy continue to be headwinds for the business.
 - Full year 2016 adjusted EBITDA headwinds likely to be about \$15 million for PCS.

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

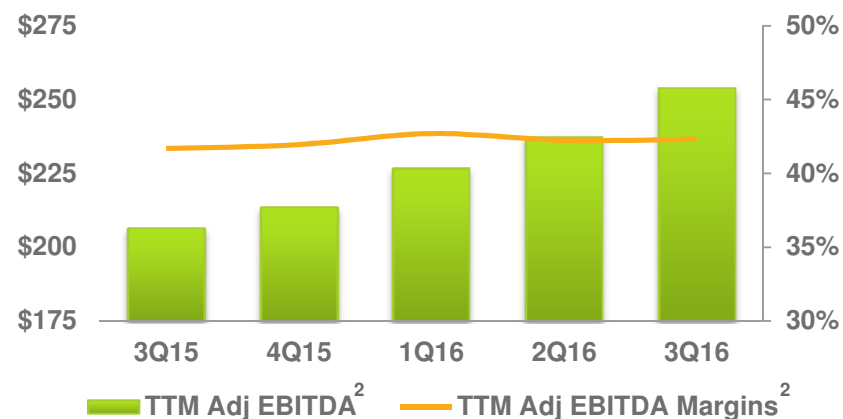
²Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

Lithium and Adv. Materials – Lithium and PCS detail

Lithium – 3rd Qtr Performance

(\$ in millions)	3Q 2016	3Q 2015	△
Net Sales	\$166	\$128	30%
<i>Net Sales ex FX¹</i>	\$165		29%
Adj. EBITDA²	\$69	\$52	32%
<i>Adj. EBITDA ex FX¹</i>	\$68		30%
Adj. EBITDA Margin²	41%	41%	66 bps
<i>Adj. EBITDA Margin ex FX¹</i>	41%		33 bps

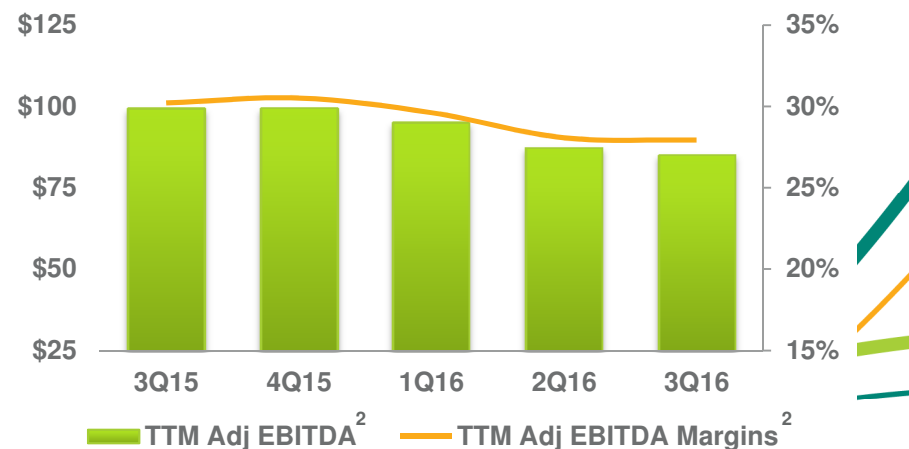
Lithium Historical Trends



PCS – 3rd Qtr Performance

(\$ in millions)	3Q 2016	3Q 2015	△
Net Sales	\$74	\$80	(8%)
<i>Net Sales ex FX³</i>	\$74		(8%)
Adj. EBITDA²	\$23	\$25	(9%)
<i>Adj. EBITDA ex FX³</i>	\$23		(10%)
Adj. EBITDA Margin²	31%	31%	(27) bps
<i>Adj. EBITDA Margin ex FX³</i>	31%		(38) bps

PCS Historical Trends



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

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

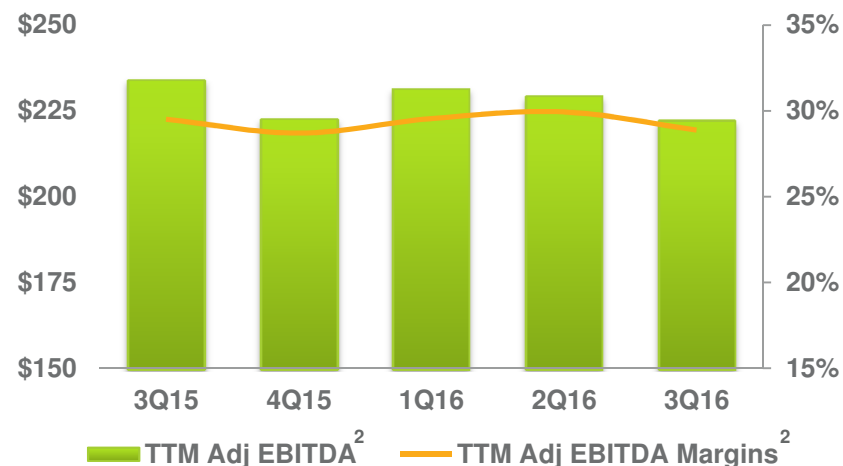
³Favorable / (unfavorable) FX impact on Net Sales and Adj. EBITDA of <\$1M and <\$1M, respectively.

Bromine Specialties

3rd Qtr Performance

(\$ in millions)	3Q 2016	3Q 2015	△
Net Sales	\$194	\$191	2%
<i>Net Sales ex FX¹</i>	\$193		1%
Adj. EBITDA²	\$52	\$59	(12%)
<i>Adj. EBITDA ex FX¹</i>	\$51		(14%)
Adj. EBITDA Margin²	27%	31%	(420) bps
<i>Adj. EBITDA Margin ex FX¹</i>	26%		(464) bps

Historical Trend



Performance Drivers

- Bromine Specialties performed as expected in the third quarter with negative impacts from pricing and mix, declining volumes of clear completion fluids in the Gulf of Mexico and Europe, lower volumes in certain flame retardants, and reduced demand for agricultural intermediates.
- Full-year 2016 adjusted EBITDA remains on track to be within a few percent of the prior year, largely overcoming headwind from the loss of methyl bromide customer contract (approx. \$15M adjusted EBITDA in Q2 2015).

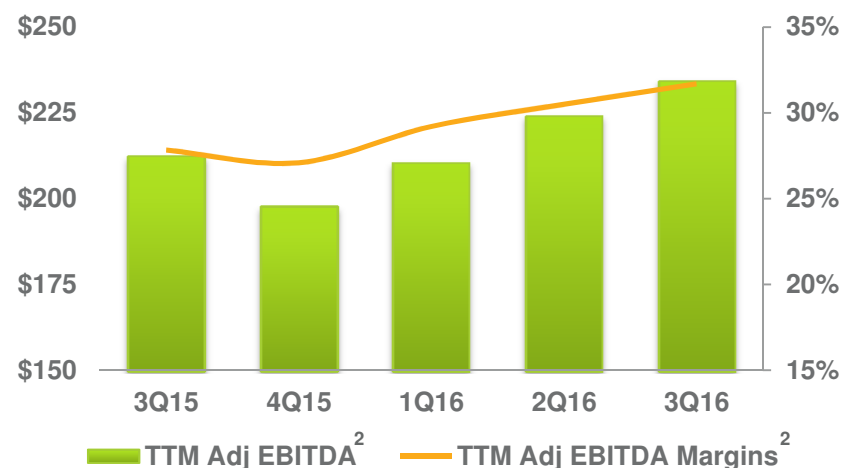
¹Favorable / (unfavorable) FX impact on Net Sales and Adj. EBITDA of \$2M and \$1M, respectively.
²Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

Refining Solutions

3rd Qtr Performance

(\$ in millions)	3Q 2016	3Q 2015	△
Net Sales	\$190	\$185	3%
<i>Net Sales ex FX¹</i>	\$191		3%
Adj. EBITDA²	\$65	\$55	19%
<i>Adj. EBITDA ex FX¹</i>	\$65		20%
Adj. EBITDA Margin²	34%	29%	466 bps
<i>Adj. EBITDA Margin ex FX¹</i>	34%		478 bps

Historical Trend



Performance Drivers

- Heavy Oil Upgrading (FCC) remains on track to deliver a full-year performance similar 2015. A back-end loaded FY2015 (turnarounds, competitor trials in 1H 2015) makes year-over-year comparisons difficult for third and fourth quarter 2016.
- Clean Fuels Technologies (HPC) delivered strong results with increased volumes and an improved product mix year-over-year.

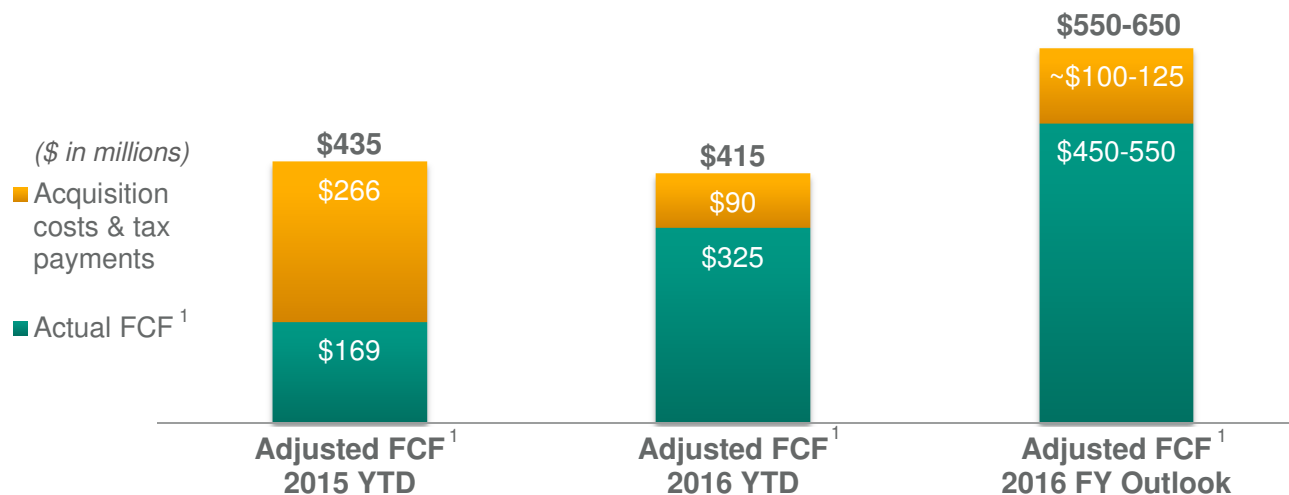
Financial Performance

Nine Months Ended Sept 30

(\$ in millions)	2016	2015
Net Cash from Operations	\$452	\$317
Less: Capital Expenditures	(141)	(165)
Add Back: Pension Contributions	14	17
Free Cash Flow¹	\$325	\$169
Acquisition and integration related costs	70	187
Cash taxes on repatriation	20	79
Adjusted Free Cash Flow¹	\$415	\$435

Select Financial Metrics

(\$ in millions)	(as of 09/30/2016)
Dividends Paid:	\$101
Dividend Growth (Y/Y)²:	5%
Cash Balance:	\$234
Net Debt³:	\$3,289
Net Debt to EBITDA⁴:	3.4x



¹ Non-GAAP measures. Free Cash Flow and Adjusted Free Cash Flow include discontinued operations (Chemetall®) in the amount of \$148M and \$129M in 3Q15 YTD and 3Q16 YTD, respectively.

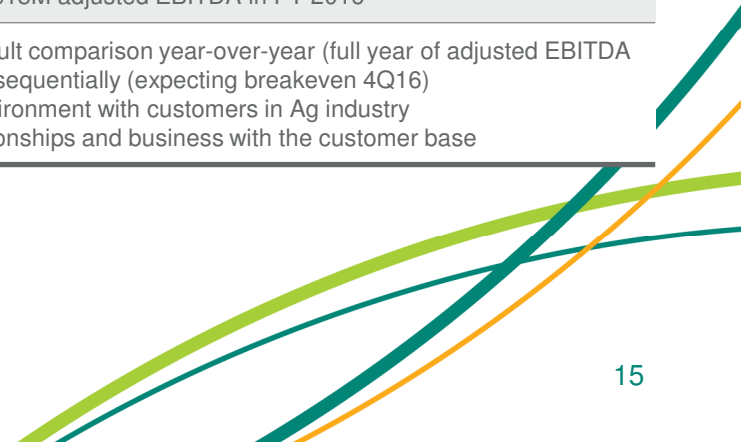
² Represents annual increase in dividend per share. Actual cash dividends paid increased 17% Y/Y.

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"> Refiners making small operating adjustments for higher than normal gasoline inventory in the US 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 and product mix driving Refining Solutions GBU adjusted EBITDA growth of close to 20% YoY
Bromine Specialties	Bromine Specialties	↓	↓	<ul style="list-style-type: none"> Full-year adj. EBITDA expected to be a few percent below 2015 As expected, declining volumes of certain flame retardants in 2H 2016 Continued clear brine weakness in US/GoM, Europe Weakening demand for agricultural intermediates
Lithium and Advanced Materials	Lithium	↑	↑	<ul style="list-style-type: none"> Strong volume growth and price improvement in battery grade applications Volume growth via tolling of spodumene in 2016 Potash headwinds of \$7M adjusted EBITDA in FY 2016
	PCS / Curatives	↓	↓	<ul style="list-style-type: none"> Benefits from Organometallics and Curatives competitor outages in 2015 not re-occurring in 2016 Continuing impact from Sun Edison bankruptcy Headwinds likely around \$15M adjusted EBITDA in FY 2016
All Other	FCS	↓	↓	<ul style="list-style-type: none"> Fourth quarter faces difficult comparison year-over-year (full year of adjusted EBITDA recognized in 4Q15) and sequentially (expecting breakeven 4Q16) Challenging business environment with customers in Ag industry Focus on rebuilding relationships and business with the customer base



Raising Full Year 2016 Guidance

		Previous Guidance		Updated Guidance
Continuing Operations	Net Sales	\$2.5 - 2.8B		\$2.6 - 2.7B
	Adjusted EBITDA ^{1,3}	\$705 – 750M	▲	\$725 – 745M
	Adjusted EBITDA Margin ^{1,3}	28%		28%
	Adjusted Diluted EPS ^{1,2}	\$3.35 – 3.60	▲	\$3.45 – 3.55
	Capital Expenditures	\$185 – 200M	▼	\$175 – 185M
	D&A	\$185 – 200M		\$185 – 200M
Total Company	Free Cash Flow ⁴	\$450 – 550M		\$450 – 550M
	Adjusted Free Cash Flow ⁴	\$550 – 650M		\$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 a non-GAAP measure defined as Net Cash from Operations, add back pension and post-retirement contributions and subtract capital expenditures. Additionally, Free Cash Flow 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.



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