

# Albemarle Corporation

## Second Quarter 2015 Earnings

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Conference Call/Webcast  
Thursday, August 6, 2015  
9:00am ET



# 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 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 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 operate and integrate 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 herein.

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# APPENDIX

## Non-GAAP Reconciliations

# Net Income and EBITDA

(\$ in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income attributable to Albemarle Corporation	\$ 52,147	\$ 22,447	\$ 95,262	\$ 79,030
Add back:				
Non-operating pension and OPEB items (net of tax)	(862)	(855)	(3,089)	8,089
Special items (net of tax)	43,807	5,189	130,123	16,334
Loss from discontinued operations (net of tax)	—	60,025	—	61,794
Adjusted net income attributable to Albemarle Corporation	\$ 95,092	\$ 86,806	\$ 222,296	\$ 165,247
Net income attributable to Albemarle Corporation	\$ 52,147	\$ 22,447	\$ 95,262	\$ 79,030
Add back:				
Interest and financing expenses	33,182	8,733	68,928	17,506
Income tax expense (from continuing and discontinued operations)	17,139	1,624	31,279	14,070
Depreciation and amortization	67,483	24,905	131,469	52,714
<b>EBITDA</b>	169,951	57,709	326,938	163,320
Non-operating pension and OPEB items	(1,314)	(1,370)	(4,823)	12,701
Special items (excluding special items associated with interest expense)	61,444	8,175	173,594	25,175
Loss from discontinued operations	—	80,174	—	82,687
Less depreciation and amortization from discontinued operations	—	—	—	(3,165)
<b>Adjusted EBITDA</b>	\$ 230,081	\$ 144,688	\$ 495,709	\$ 280,718
Net sales	\$ 931,485	\$ 604,721	\$ 1,815,889	\$ 1,204,564
EBITDA margin	18.2%	9.5%	18.0%	13.6%
Adjusted EBITDA margin	24.7%	23.9%	27.3%	23.3%

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)

	Performance Chemicals	Refining Solutions	Chemetail Surface Treatment	All Other	Corporate	Total
<b>Three months ended June 30, 2015 (Actual):</b>						
Net income (loss) attributable to Albemarle Corporation	\$ 83,016	\$ 39,717	\$ 26,254	\$ 3,612	\$ (100,452)	\$ 52,147
Depreciation and amortization	31,843	8,483	19,111	5,724	2,322	67,483
Special items (excluding special items associated with interest expense)	33,823	—	3,077	378	24,166	61,444
Interest and financing expenses	—	—	—	—	33,182	33,182
Income tax expense	—	—	—	—	17,139	17,139
Non-operating pension and OPEB items	—	—	—	—	(1,314)	(1,314)
<b>Adjusted EBITDA</b>	<b>\$ 148,682</b>	<b>\$ 48,200</b>	<b>\$ 48,442</b>	<b>\$ 9,714</b>	<b>\$ (24,957)</b>	<b>\$ 230,081</b>
<b>Three months ended June 30, 2014 (Actual):</b>						
Net income (loss) attributable to Albemarle Corporation	\$ 63,861	\$ 58,703	\$ —	\$ 18,393	\$ (118,510)	\$ 22,447
Depreciation and amortization	13,093	7,848	—	3,423	541	24,905
Special items	—	—	—	—	8,175	8,175
Interest and financing expenses	—	—	—	—	8,733	8,733
Income tax expense	—	—	—	—	21,773	21,773
Loss from discontinued operations (net of tax)	—	—	—	—	60,025	60,025
Non-operating pension and OPEB items	—	—	—	—	(1,370)	(1,370)
<b>Adjusted EBITDA</b>	<b>\$ 76,954</b>	<b>\$ 66,551</b>	<b>\$ —</b>	<b>\$ 21,816</b>	<b>\$ (20,633)</b>	<b>\$ 144,688</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)

	<u>Performance Chemicals</u>	<u>Refining Solutions</u>	<u>Chemetail Surface Treatment</u>	<u>All Other</u>	<u>Corporate</u>	<u>Total</u>
<b>Three months ended June 30, 2014 (Pro forma):</b>						
Net income (loss) attributable to Albemarle Corporation	\$ 94,304	\$ 58,703	\$ 41,193	\$ 24,253	\$ (149,269)	\$ 69,184
Depreciation and amortization	25,149	7,848	7,879	4,373	5,513	50,762
Special items	—	—	—	—	7,907	7,907
Interest and financing expenses	—	—	—	—	22,333	22,333
Income tax expense	—	—	—	—	34,073	34,073
Loss from discontinued operations (net of tax)	—	—	—	—	47,425	47,425
Non-operating pension and OPEB items	—	—	—	—	(1,332)	(1,332)
<b>Adjusted EBITDA</b>	<u>\$ 119,453</u>	<u>\$ 66,551</u>	<u>\$ 49,072</u>	<u>\$ 28,626</u>	<u>\$ (33,350)</u>	<u>\$ 230,352</u>

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)

	Performance Chemicals	Refining Solutions	Chemetail Surface Treatment	All Other	Corporate	Total
<b>Six months ended June 30, 2015 (Actual):</b>						
Net income (loss) attributable to Albemarle Corporation	\$ 154,679	\$ 73,800	\$ 37,109	\$ 9,027	\$ (179,353)	\$ 95,262
Depreciation and amortization	62,126	16,593	37,307	11,222	4,221	131,469
Special items (excluding special items associated with interest expense)	62,405	—	20,030	3,029	88,130	173,594
Interest and financing expenses	—	—	—	—	68,928	68,928
Income tax expense	—	—	—	—	31,279	31,279
Non-operating pension and OPEB items	—	—	—	—	(4,823)	(4,823)
<b>Adjusted EBITDA</b>	<b>\$ 279,210</b>	<b>\$ 90,393</b>	<b>\$ 94,446</b>	<b>\$ 23,278</b>	<b>\$ 8,382</b>	<b>\$ 495,709</b>
<b>Six months ended June 30, 2014 (Actual):</b>						
Net income (loss) attributable to Albemarle Corporation	\$ 125,190	\$ 111,057	\$ —	\$ 35,724	\$ (192,941)	\$ 79,030
Depreciation and amortization	25,149	16,528	—	6,787	1,085	49,549
Special items	—	—	—	—	25,175	25,175
Interest and financing expenses	—	—	—	—	17,506	17,506
Income tax expense	—	—	—	—	34,963	34,963
Loss from discontinued operations (net of tax)	—	—	—	—	61,794	61,794
Non-operating pension and OPEB items	—	—	—	—	12,701	12,701
<b>Adjusted EBITDA</b>	<b>\$ 150,339</b>	<b>\$ 127,585</b>	<b>\$ —</b>	<b>\$ 42,511</b>	<b>\$ (39,717)</b>	<b>\$ 280,718</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)

	<u>Performance Chemicals</u>	<u>Refining Solutions</u>	<u>Chemetall Surface Treatment</u>	<u>All Other</u>	<u>Corporate</u>	<u>Total</u>
<b>Six months ended June 30, 2014 (Pro forma):</b>						
Net income (loss) attributable to Albemarle Corporation	\$ 185,907	\$ 111,057	\$ 79,917	\$ 47,557	\$ (319,517)	\$ 104,921
Depreciation and amortization	48,732	16,528	15,599	8,681	11,068	100,608
Special items	—	—	—	—	31,377	31,377
Interest and financing expenses	—	—	—	—	45,306	45,306
Income tax expense	—	—	—	—	60,063	60,063
Loss from discontinued operations (net of tax)	—	—	—	—	91,694	91,694
Non-operating pension and OPEB items	—	—	—	—	12,733	12,733
<b>Adjusted EBITDA</b>	<u>\$ 234,639</u>	<u>\$ 127,585</u>	<u>\$ 95,516</u>	<u>\$ 56,238</u>	<u>\$ (67,276)</u>	<u>\$ 446,702</u>

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)

	Bromine	Lithium	PCS	Total Performance Chemicals
<b>Three months ended June 30, 2015 (Actual):</b>				
Net income (loss) attributable to Albemarle Corporation	\$ 60,486	\$ (213)	\$ 22,743	\$ 83,016
Depreciation and amortization	8,211	20,035	3,597	31,843
Special items	—	33,823	—	33,823
<b>Adjusted EBITDA</b>	<b>\$ 68,697</b>	<b>\$ 53,645</b>	<b>\$ 26,340</b>	<b>\$ 148,682</b>
<b>Three months ended June 30, 2014 (Actual):</b>				
Net income (loss) attributable to Albemarle Corporation	\$ 43,623	\$ —	\$ 20,238	\$ 63,861
Depreciation and amortization	8,907	—	4,186	13,093
<b>Adjusted EBITDA</b>	<b>\$ 52,530</b>	<b>\$ —</b>	<b>\$ 24,424</b>	<b>\$ 76,954</b>
<b>Three months ended June 30, 2014 (Pro Forma):</b>				
Net income (loss) attributable to Albemarle Corporation	\$ 43,623	\$ 30,443	\$ 20,238	\$ 94,304
Depreciation and amortization	8,907	12,056	4,186	25,149
<b>Adjusted EBITDA</b>	<b>\$ 52,530</b>	<b>\$ 42,499</b>	<b>\$ 24,424</b>	<b>\$ 119,453</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)

	Bromine	Lithium	PCS	Total Performance Chemicals
<b>Six months ended June 30, 2015 (Actual):</b>				
Net income (loss) attributable to Albemarle Corporation	\$ 104,958	\$ 3,715	\$ 46,006	\$ 154,679
Depreciation and amortization	16,672	38,103	7,351	62,126
Special items	—	62,405	—	62,405
<b>Adjusted EBITDA</b>	<b>\$ 121,630</b>	<b>\$ 104,223</b>	<b>\$ 53,357</b>	<b>\$ 279,210</b>
<b>Six months ended June 30, 2014 (Actual):</b>				
Net income (loss) attributable to Albemarle Corporation	\$ 91,657	\$ —	\$ 33,533	\$ 125,190
Depreciation and amortization	17,590	—	7,559	25,149
<b>Adjusted EBITDA</b>	<b>\$ 109,247</b>	<b>\$ —</b>	<b>\$ 41,092</b>	<b>\$ 150,339</b>
<b>Six months ended June 30, 2014 (Pro Forma):</b>				
Net income (loss) attributable to Albemarle Corporation	\$ 91,657	\$ 60,717	\$ 33,533	\$ 185,907
Depreciation and amortization	17,590	23,583	7,559	48,732
<b>Adjusted EBITDA</b>	<b>\$ 109,247</b>	<b>\$ 84,300</b>	<b>\$ 41,092</b>	<b>\$ 234,639</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

	Twelve Months	Three Months Ended			
	Ended				
	30-Jun-15	30-Jun-15	March 31, 2015	December 31, 2014	September 30, 2014
<b>Adjusted EBITDA</b>	<b>957,409</b>	<b>230,081</b>	<b>265,628</b>	<b>225,500</b>	<b>236,200</b>
Net income attributable to to noncontrolling interests	24,259	7,219	4,034	4,460	8,546
Equity in net income of unconsolidated investments (net of tax)	(63,359)	(15,794)	(18,244)	(15,577)	(13,744)
Dividends received from unconsolidated investments	111,191	42,478	3,048	39,328	26,337
Runrate synergies adjustment	28,909	28,909	-	-	-
<b>Consolidated EBITDA</b>	<b>1,058,409</b>	<b>292,893</b>	<b>254,466</b>	<b>253,711</b>	<b>257,339</b>
<b>Total Long Term Debt</b>	<b>3,990,308</b>				
Off balance sheet obligations and other	57,666				
Attributable principal amount of capital leases and synthetic leases	21,861				
<b>Consolidated Funded Debt</b>	<b>4,069,835</b>				
Less Cash	207,238				
<b>Consolidated Funded Net Debt</b>	<b>3,862,597</b>				
<b>Consolidated Funded Net Debt to Consolidated EBITDA Ratio</b>	<b>3.6</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 June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Diluted earnings per share	\$ 0.46	\$ 0.28	\$ 0.86	\$ 0.99
Non-operating pension and OPEB items	(0.01)	(0.01)	(0.03)	0.10
Special items	0.39	0.07	1.18	0.21
Discontinued operations	—	0.76	—	0.78
Adjusted Diluted earnings per share <sup>1</sup>	\$ 0.84	\$ 1.10	\$ 2.01	\$ 2.08

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

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