



Albemarle

Third Quarter 2010 Earnings

Conference Call/Web Cast
Friday October 22, 2010 - 10:00am ET

Forward-Looking Statement

Portions of this presentation constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Although Albemarle Corporation believes its expectations reflected in the presentation are based on reasonable assumptions within the bounds of its knowledge of its business and operations, there can be no assurance that actual results will not differ materially.

Factors that could cause actual results to differ from expectations include, without limitation, the inability to pass through increases in costs and expenses for raw materials and energy; competition from other manufacturers; changes in demand for our products; the gain or loss of significant customers; fluctuations in foreign currencies and increased government regulation of our operations or our products.

Additional factors that could cause Albemarle's results to differ materially from those described in the forward-looking statements can be found under "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2009.

Third Quarter 2010 Financial Results

Comparisons

	Q3 2010 (in millions, except EPS)	Year-Over-Year (Y/Y)	Sequential
Net Sales	\$ 585	↑ 14%	↓ 1%
Operating Profit	\$ 121	↑ 92%	↑ 13%
Earnings ¹	\$ 94	↑ 80%	↑ 15%
EBITDA (ex SI) ²	\$ 151	↑ 71%	↑ 11%
Diluted EPS	\$ 1.02	↑ 79%	↑ 15%

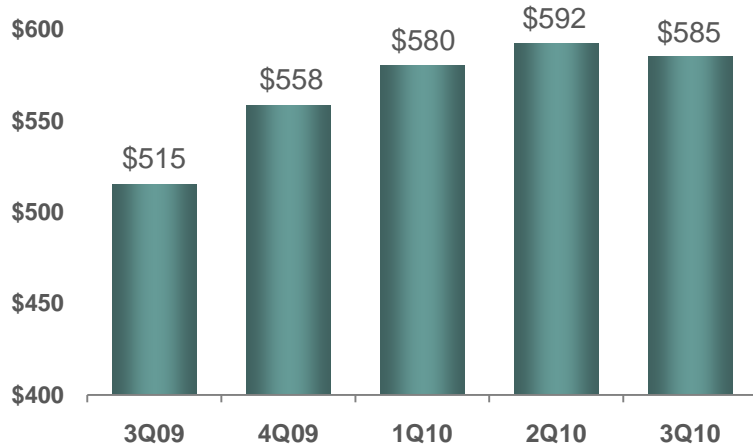
Record Earnings of \$94 Million – Surpassed Record Earnings in Q2 by 15%

¹ Reflects Net Income attributable to Albemarle Corporation

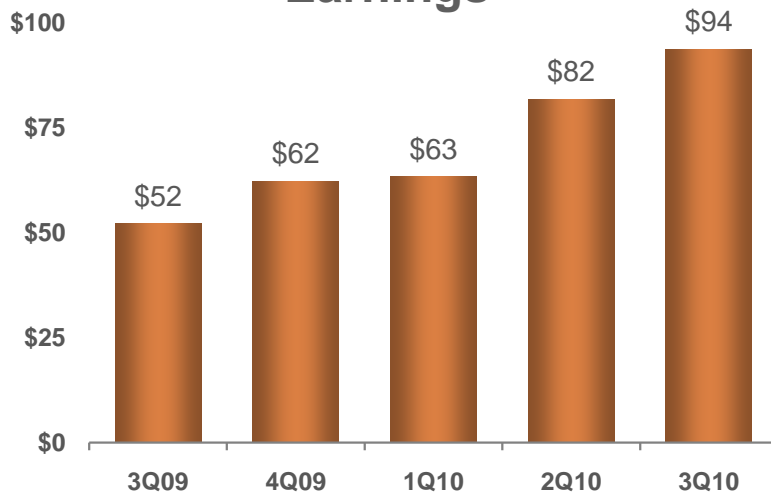
² Non-GAAP measure. See Non-GAAP reconciliations at albemarle.com/investor_information

Third Quarter Net Sales and Earnings

Net Sales



Earnings



Quarter Highlights

- Quarterly net sales of \$585 million, up 14% Y/Y
- Quarterly earnings of \$94 million, up 80% Y/Y
- Record quarterly EPS \$1.02 per share, up 79% Y/Y
- Strong Y/Y improvement in all three business segments. Record segment income in Catalysts and Polymer Solutions for the third consecutive quarter
- Cash flow from operations of \$142 million in the quarter
- Cash and cash equivalents of \$425 million at September 30, 2010
- Continued improvement of net debt/cap ratio

Fine Chemistry

3rd Qtr Performance

<i>In thousands</i>	3Q 2010	3Q 2009	△
Net Sales	\$138,404	\$129,649	6.8%
Segment Income	\$16,508	\$14,238	15.9%
Segment Income Margin	11.9%	11.0%	90bps

3rd Qtr Y/Y Sales Comparison

Sales Growth	6.8%
Volume	7.5%
Price/Mix	2.3%
Currency	(3.0)%

Key Business Highlights

- Segment income up 16% Y/Y on increased volumes and improved pricing, particularly in performance chemicals
- Operating bromine asset at maximum rates, despite continued weakness in clear brine
- Good traction on bromine pricing initiatives

Business Outlook

- Continued tightness in global bromine supply
- Positive prospects for completion fluids business as GOM drilling moratorium has been lifted
- Global opportunities for new uses in mercury control markets
- Growing pipeline for new pharma opportunities (Ex. SIGA API for ST-246)

Polymer Solutions

3rd Qtr Performance

<i>In thousands</i>	3Q 2010	3Q 2009	△
Net Sales	\$231,847	\$196,716	17.9%
Segment Income	\$58,504	\$26,046	124.6%
Segment Income Margin	25.2%	13.2%	1200bps

3rd Qtr Y/Y Sales Comparison

Sales Growth	17.9%
Volume	12.2%
Price/Mix	8.2%
Currency	(2.5)%

Key Business Highlights

- Record segment income and segment margins for third consecutive quarter
- Improved Y/Y sales volumes and production rates across portfolio
- Record quarterly profits in stabilizers & curatives
- Tightness in supply of brominated and mineral flame retardants; sold-out position in some products

Business Outlook

- Seasonal downturn expected in 4th quarter
- Continued demand strength in consumer electronics, particularly in emerging markets
- Focused sales growth in developing regions, especially in Asia
- Continued traction in pricing initiatives
- Productivity improvements to meet increased customer demand

Catalysts

3rd Qtr Performance

<i>In thousands</i>	3Q 2010	3Q 2009	△
Net Sales	\$214,785	\$188,911	13.7%
Segment Income	\$68,887	\$33,388	106.3%
Segment Income Margin	32.1%	17.7%	1440bps

3rd Qtr Y/Y Sales Comparison

Sales Growth	13.7%
Volume	15.1%
Price/Mix	0.4%
Currency	(1.8)%

Key Business Highlights

- Record segment income and segment margins for third consecutive quarter
- Top and bottom line Y/Y and sequential increases driven by improving volumes in polyolefin and refinery catalysts
- Y/Y improved performance in Catalyst joint ventures

Business Outlook

- Improvements in global fuel demand and in refinery utilization rates
- Focus on technology, productivity and working capital efficiencies
- Strong penetration into emerging markets, especially in Asia and the Middle-East

Financial Performance

Other Financial Highlights as of 9/30/2010

- Cash Flow from Ops: \$275.7MM
- Capital Expenditures: \$50.0MM
- Dividends Paid: \$36.9MM
- Share Repurchases: \$14.9MM
- Net Debt: \$317.3MM²
- Net Debt/Cap Ratio: 19%²
- Cash balance at 9/30/10: \$424.7MM

¹Non-GAAP measure

²Non-GAAP measure excluding non-guaranteed portion of JBC debt

Free Cash Flow¹

(\$ in millions)

Nine Months Ended September 30

	2010	2009
Earnings	\$239	\$116
Depreciation & Amortization	71	75
Change in Working Capital	(54)	77
Other	20	(9)
Net Cash from Operations	276	259
Less: Capital Expenditures	(50)	(84)
Free Cash Flow	\$226	\$175

Superior Financial Performance; Strong Cash from Operations & Free Cash Flow



ALB
LISTED
NYSE

www.albemarle.com