

Albemarle Corporation Fourth Quarter Earnings

Conference Call/Webcast
Thursday, January 29, 2015
10:00am 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 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.

Financial Highlights – Legacy ALB

(\$ in millions)



- 2% full year sales growth and 1% Adjusted EBITDA growth on strong Catalyst Solutions performance
- Full year EPS growth of 5% -- driven by double-digit Catalyst Solutions earnings growth and lower share count
- 24% increase in free cash flow reflecting lower working capital and normalized CAPEX spend
- Closed Rockwood transaction on January 12, 2015 creating a premier specialty chemicals company

¹Non-GAAP measure. See Non-GAAP reconciliations in Appendix

Full Year 2014 Financial Results – Legacy ALB

	Full Year 2013 (\$ in millions, except EPS)	Full Year 2014 (\$ in millions, except EPS)	
Net Sales	\$ 2,394	\$ 2,446	Catalyst up 9% and Perf. Chem. down 3%
Adjusted EBITDA ^{1,3}	\$ 558	\$ 562	1% increase mainly driven by refinery catalyst
Adjusted EBITDA Margins ^{1,3}	23%	23%	+30 bps
Adjusted Net Income ^{1,2}	\$ 338	\$ 332	(2%) decrease
Adjusted Diluted EPS ^{1,2}	\$ 4.01	\$ 4.20	5% increase
Free Cash Flow (YTD) ⁴	\$ 291	\$ 361	24% increase on lower CAPEX and working capital

¹ Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

² Reflects Net Income attributable to Albemarle Corporation, excluding disc. operations, special and non-operating pension and OPEB costs

³ Reflects EBITDA attributable to Albemarle Corporation, excluding disc. operations, special and non-operating pension and OPEB costs

⁴ Free Cash Flow defined as Net Cash from Operations, add back pension and post-retirement contributions and subtract capital expenditures. See p.8 for reconciliation

Fourth Quarter 2014 Financial Results – Legacy ALB

	4Q 2013 (\$ in millions, except EPS)	4Q 2014 (\$ in millions, except EPS)	
Net Sales	\$ 640	\$ 599	Catalyst down 3%, Perf. Chem. down 9%, F/X impact 2%
Adjusted EBITDA ^{1,3}	\$ 145	\$ 137	(6%) decline from lower Perf. Chem. & catalysts results
Adjusted EBITDA Margins ^{1,3}	23%	23%	+18 bps
Adjusted Net Income ^{1,2}	\$ 89	\$ 77	(13%) decrease
Adjusted Diluted EPS ^{1,2}	\$ 1.09	\$ 0.99	(9%) decrease
Free Cash Flow (YTD) ⁴	\$ 291	\$ 361	24% increase y/y on lower CAPEX and working capital

¹Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

²Reflects Net Income attributable to Albemarle Corporation, excluding disc. operations, special and non-operating pension and OPEB costs

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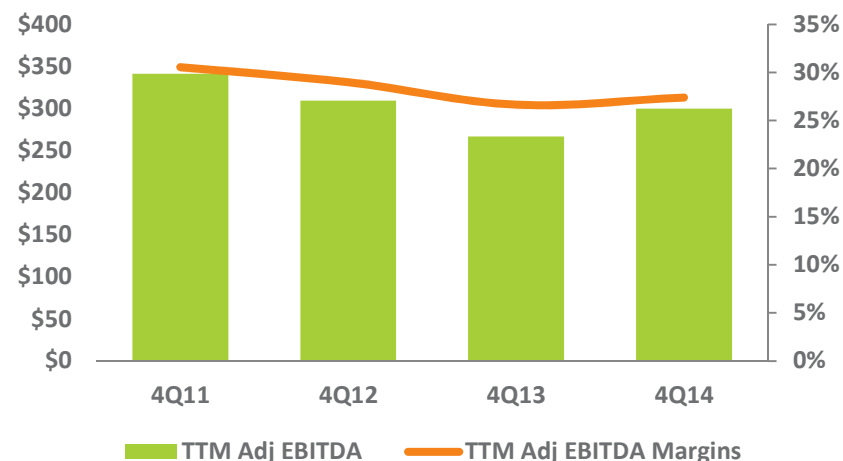
Catalyst Solutions – Legacy ALB

(\$ in millions)

4TH Qtr & Full Year Performance

	4Q 2014	vs. 4Q 2013	FY 2014	vs. FY 2013
Net Sales	\$296	(3%)	\$1,094	9%
Adjusted EBITDA	\$79	(7%)	\$300	12%
Adjusted EBITDA Margin	27%	(117bps)	27%	76bps

Historical Trend



Performance Drivers

- Refinery Catalysts full year growth and margin expansion driven by volume and pricing gains
- Performance Catalysts full year results reflect solid underlying demand, offset by continued soft pricing and lower utilization rates at our facilities
- Q4 lower on expected tough comparison in Clean Fuel Technologies

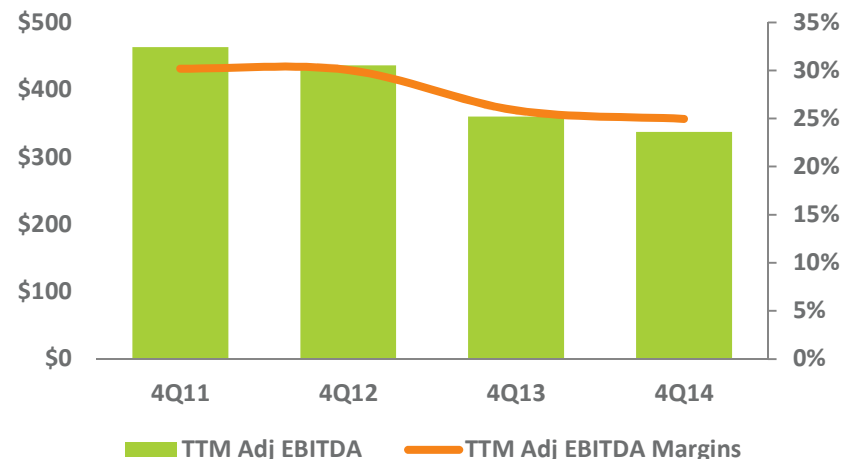
Performance Chemicals – Legacy ALB

(\$ in millions)

4TH Qtr & Full Year Performance

	4Q 2014	vs. 4Q 2013	FY 2014	vs. FY 2013
Net Sales	\$303	(9%)	\$1,352	(3%)
Adjusted EBITDA	\$72	(6%)	\$337	(6%)
Adjusted EBITDA Margin	24%	68bps	25%	(89bps)

Historical Trend



Performance Drivers

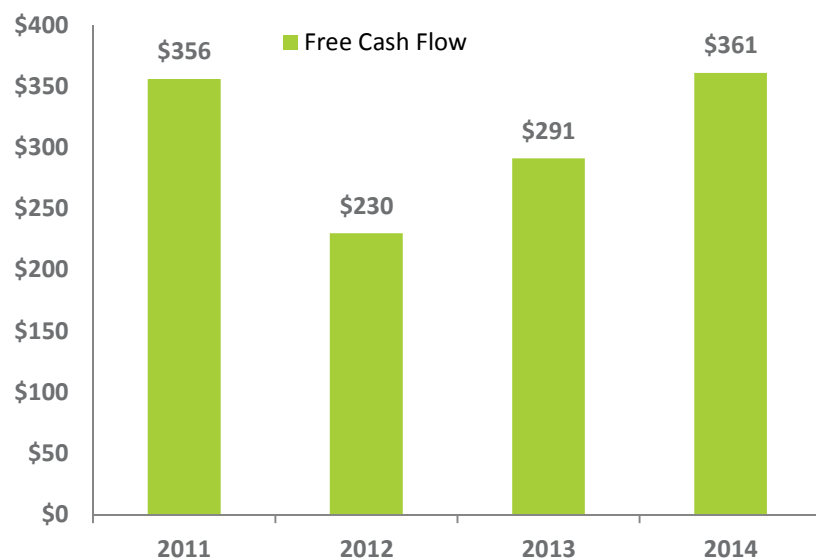
- For the full year, flame retardant volumes up 5%, offset by continued soft pricing environment and one-time production issues
- Solid full year earnings growth in Specialty Chemicals despite oil price decline impacting drop in drilling fluid demand in the fourth quarter
- Fine Chemistry Services overcame unexpected loss of a key customer contract to deliver modest full year earnings growth

Financial Performance – Legacy ALB

(\$ in millions)

Twelve Months Ended December 31

	2014	vs. FY 2013
Net Cash from Operations	459	6%
Less: Capital Expenditures	(111)	(28%)
Add Back: Pension Contributions	13	--
Free Cash Flow*	\$361	+24%

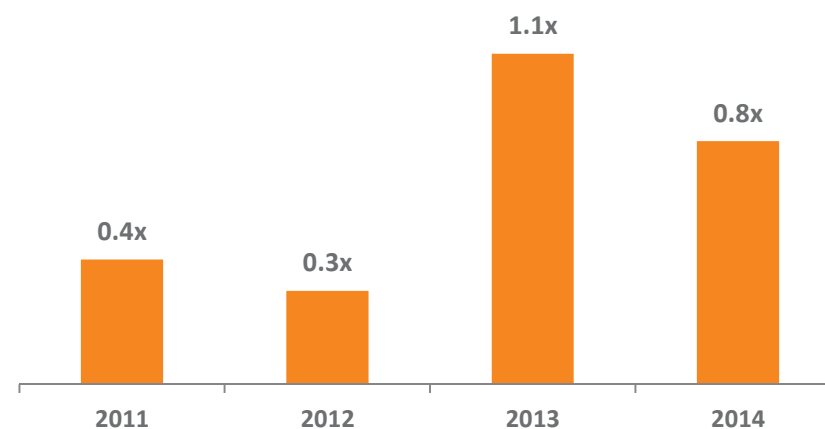


Select Financial Metrics

(as of 12/31/2014)

- Dividends Paid: \$84
- Dividend Growth (Y/Y): 8%
- Net Debt¹: \$435
- Net Debt to Adj. EBITDA²: 0.8x

Net-Debt-to-Adj. EBITDA



Gross debt of \$2.9 billion includes proceeds of Q4 debt issuance for the Rockwood acquisition and ALB 2015 refinancing

¹Excludes JV debt not guaranteed by Company. Please see Appendix.

²Excludes disc. ops, special, and non-operating pension and OPEB items

*FCF is based on historical, as reported financials, and does not exclude discontinued operations

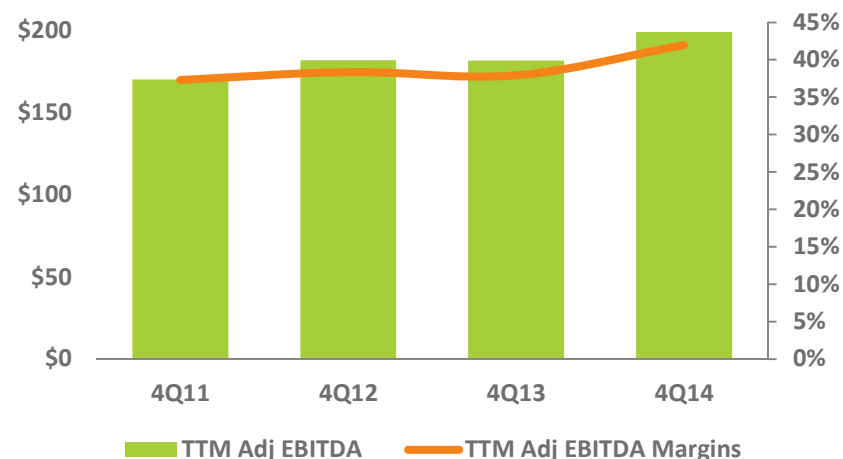
Legacy Rockwood Lithium

(\$ in millions)

4TH Qtr & Full Year Performance^{1,2}

	4Q 2014	vs. 4Q 2013	FY 2014	vs. FY 2013
Net Sales	\$125	9%	\$474	(1%)
Adjusted EBITDA	\$59	38%	\$199	9%
Adjusted EBITDA Margin	48%	1026bps	42%	403bps

Historical Trend^{1,2}



Performance Drivers

- Strong growth for battery-grade applications on rising demand in consumer devices and electric vehicles
- Butyllithium full year results down due to customer reformulation
- Lower Potash results on weaker pricing and market demand
- Lithium, excluding potash, grew adjusted EBITDA by 15%
- Talison acquisition solidifies Albemarle's position as the premier global lithium provider, with diverse access to lithium raw materials and accelerated earnings growth

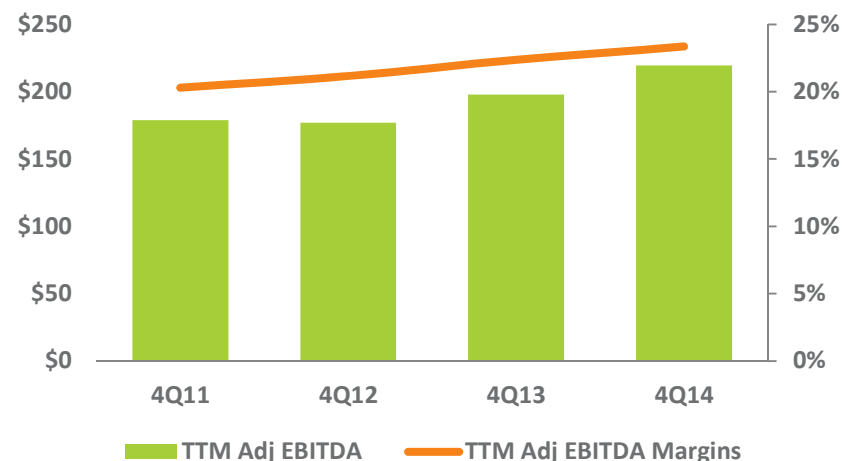
Legacy Rockwood Chemetall Surface Treatment

(\$ in millions)

4TH Qtr & Full Year Performance^{1,2}

	4Q 2014	vs. 4Q 2013	FY 2014	vs. FY 2013
Net Sales	\$226	(1%)	\$940	6%
Adjusted EBITDA	\$52	(2%)	\$220	11%
Adjusted EBITDA Margin	23%	(4bps)	23%	99bps

Historical Trend^{1,2}



Performance Drivers

- Strong full year earnings growth driven by higher prices and broad-based volume growth, including auto OEM, auto components, aerospace, general industry, and coil and cold forming segments, reflecting favorable industry dynamics and impact of acquisitions
- Growth via innovative technology coupled with superior technical and customer service, proximity to the customer, global market segment focus and regional expansion in developing economies