



Albemarle

First Quarter 2011 Earnings

Conference Call/Web Cast
Wednesday April 20, 2011 - 09:00am ET

Forward-Looking Statements

Some of the information presented in this presentation including, without limitation, statements with respect to product development, improvements in productivity, market trends, price and mix changes, expected growth 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 from expectations include, without limitation: deterioration in economic and business conditions; future financial and operating performance of our major customers and industries 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, and our inability to pass through increases; performance of acquired companies; changes in our markets in general; fluctuations in foreign currencies; changes in laws and increased government regulation of 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, including adverse effects from terrorism or hostilities; political unrest or 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; changes in interest rates, to the extent such rates (1) affect our ability to raise capital or increase our cost of funds, (2) have an impact on the overall performance of our pension fund investments and (3) increase our pension expense and funding obligations; volatility and substantial uncertainties in the debt and equity markets; technology or intellectual property infringement and other risks; and the other factors detailed from time to time in the reports we file with the SEC.

Additional factors that could cause our 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 period ended December 31, 2010 and our 2011 Quarterly Reports on Form 10-Q and in our other public filings with the Securities and Exchange Commission. Readers are urged to review and consider carefully the disclosures we make in our filings with the Securities and Exchange Commission.



First Quarter 2011 Financial Results

Comparisons

	Q1 2011 (in millions, except EPS)	Year-Over-Year (Y/Y)	Sequential
Net Sales	\$ 697	↑ 20%	↑ 15%
Segment Income ²	\$ 172	↑ 58%	↑ 26%
Net Income ¹	\$ 107	↑ 68%	↑ 25%
EBITDA (ex SI) ²	\$ 171	↑ 46%	↑ 22%
Diluted EPS (ex SI) ²	\$ 1.15	↑ 55%	↑ 25%
Free Cash Flow ³	\$ 67	↑ 179%	↓ 22%

Record Quarterly Earnings of \$1.15 Per Share

¹Reflects Net Income attributable to Albemarle Corporation

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

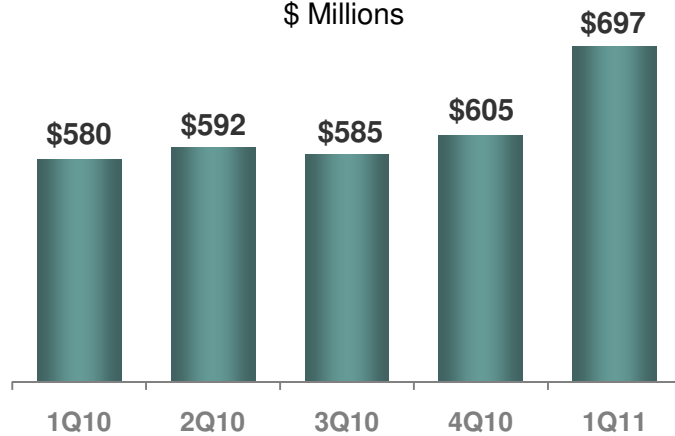
³See calculation on page 8



First Quarter Net Sales and Net Income¹

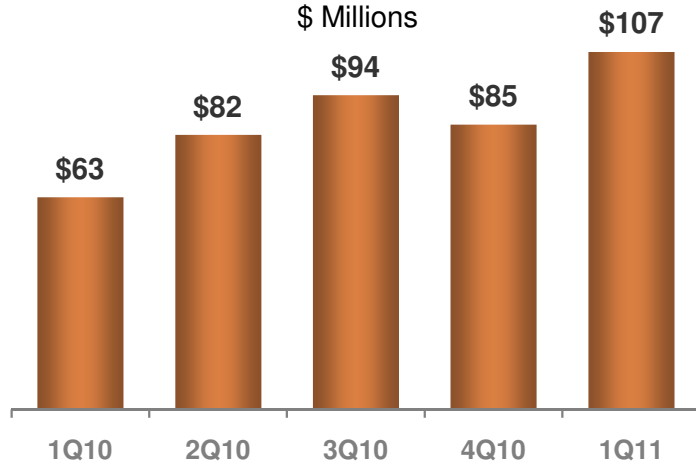
Net Sales

\$ Millions



Net Income

\$ Millions



Quarter Highlights

- Record net sales of \$697M up 20% Y/Y
- Record net income of \$107M; \$1.15 per share
- Record segment income in all three business segments
- Record EBITDA of \$171 million, EBITDA margin of 25%
- Cash and cash equivalents of \$441 million at quarter end

¹Reflects Net Income attributable to Albemarle Corporation



Fine Chemistry

1st Qtr Performance

<i>In thousands</i>	1Q 2011	1Q 2010	△
Net Sales	\$177,350	\$135,964	30.4%
Segment Income	\$29,534	\$11,770	150.9%
Segment Income Margin	16.7%	8.7%	800bps

1st Qtr Y/Y Sales Comparison

Sales Growth	30.4%
Volume	22.7%
Price	7.4%
Currency	0.3%

Key Business Highlights

- Record quarterly segment income, up 150% Y/Y
- Robust Y/Y and sequential volume improvement driven by strong performance in completion fluids, specialty pharma & crop protection
- Good traction on bromine pricing initiatives

Business Outlook

- Sustained demand in global bromine derivatives
- Growing global demand in completion fluids
- Continued development of new applications for bromine derivatives (e.g., mercury control, food safety and water treatment)
- Custom services projects continue to grow



Polymer Solutions

1st Qtr Performance

In thousands

	1Q 2011	1Q 2010	△
Net Sales	\$258,223	\$216,653	19.2%
Segment Income	\$69,474	\$41,767	66.3%
Segment Income Margin	26.9%	19.3%	760bps

1st Qtr Y/Y Sales Comparison

Sales Growth	19.2%
Volume	(1.4)%
Price	20.4%
Currency	0.2%

Key Business Highlights

- Superior sequential and Y/Y performance resulting in record quarterly segment income
- Strong traction on pricing initiatives in brominated and mineral FRs
- Tightness in supply of brominated flame retardants; sold-out position in some products

Business Outlook

- Continued demand strength in consumer electronics, particularly in emerging markets
- Focused sales growth in developing regions, especially in Asia
- Continued traction in pricing initiatives to help offset increases in raw materials



Catalysts

1st Qtr Performance

<i>In thousands</i>	1Q 2011	1Q 2010	△
Net Sales	\$260,957	\$227,653	14.6%
Segment Income	\$72,592	\$55,104	31.7%
Segment Income Margin	27.8%	24.2%	360bps

1st Qtr Y/Y Sales Comparison

Sales Growth	14.6%
Volume	9.0%
Price	5.7%
Currency	(0.1)%

Key Business Highlights

- Superior Y/Y performance resulting in record quarterly segment income
- Y/Y improved performance in Catalyst joint ventures contributed to increases in segment income
- Solid Y/Y and sequential sales growth in Polyolefin Catalysts and HPC businesses; partially offset by lower FCC volumes

Business Outlook

- Continued improvements in global fuel demand and in refinery utilization rates
- Focus on technology, productivity and working capital efficiencies
- Continued efforts to manage rare earth supply and price pass-through
- Strong penetration into emerging markets, especially in Asia and the Middle-East



Financial Performance

Free Cash Flow

(\$ in millions)

Three Months Ended March 31

	2011	2010
Net Income ¹	\$107	\$ 63
Depreciation & Amortization	23	25
Change in Working Capital	(52)	(74)
Other ²	(31)	4
Net Cash from Operations	47	18
Less: Capital Expenditures	(32)	(16)
Add Back: Pension Contributions	52	22
Free Cash Flow	\$ 67	\$ 24

¹ Reflects Net Income attributable to Albemarle Corporation

² Includes pension contributions of \$52 for 2011 and \$22 for 2010

1Q11 Financial Highlights

(\$ in millions)

- Working Capital: \$547
- Dividends Paid: \$13
- Dividends per share up: 18%
- Pension Contributions: \$52
- Cash balance at 3/31/11: \$441
- Effective Tax Rate: 24%

Superior Financial Performance; Strong Cash from Operations



APPENDIX

Non-GAAP Reconciliations



Segment Operating Profit & Segment Income

Segment Operating Profit & Segment Income (\$ in Thousands)	Three Months Ended	
	March 31,	
	2011	2010
Total segment operating profit	\$ 165,921	\$ 99,926
Corporate & other *	(23,559)	(16,704)
Restructuring and other charges	—	(6,958)
GAAP Operating profit	<u>\$ 142,362</u>	<u>\$ 76,264</u>
Total segment income	\$ 171,600	\$ 108,641
Corporate & other	(23,594)	(16,749)
Restructuring and other charges	—	(6,958)
Interest and financing expenses	(9,592)	(5,936)
Other income, net	338	1,010
Income tax expense	<u>(32,172)</u>	<u>(16,700)</u>
GAAP Net income attributable to Albemarle Corporation	<u>\$ 106,580</u>	<u>\$ 63,308</u>

* Excludes corporate equity income and noncontrolling interest adjustments of (\$35) and (\$45) for the three-month periods ended March 31, 2011 and 2010, respectively.



EBITDA

EBITDA Reconciliation (\$ in Thousands)	Three Months Ended March 31,	
	2011	2010
Net income attributable to Albemarle Corporation	\$ 106,580	\$ 63,308
Add:		
Interest and financing expenses	9,592	5,936
Income tax expense	32,172	16,700
Depreciation and amortization	23,004	24,701
EBITDA	171,348	110,645
Restructuring and other charges	—	6,958
EBITDA excluding special item	\$ 171,348	\$ 117,603
Net Sales	\$ 696,530	\$ 580,270
EBITDA Margin	24.6%	19.1%
EBITDA Margin excluding special item	24.6%	20.3%



Earnings Per Share

Earnings Per Share	Three Months Ended	
	March 31,	
	<u>2011</u>	<u>2010</u>
Diluted earnings per share	\$ 1.15	\$ 0.69
Restructuring and other charges	\$ —	\$ 0.05
Diluted earnings per share excluding special item	<u>\$ 1.15</u>	<u>\$ 0.74</u>



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