



# Charting Our COURSE

2020 Sustainability Report Update

June 2021



# Forward-Looking Statements

Some of the information presented in this presentation, the conference call and discussions that follow, including, without limitation, statements with respect to product development, market trends, price, expected growth and earnings, demand for our products, capital projects, tax rates, stock repurchases, dividends, cash flow generation, economic trends, outlook, guidance, 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. Actual results could differ materially from the views expressed.

Factors that could cause actual results to differ materially from the outlook expressed or implied in any forward-looking statement 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 or the end-user markets in which our products are sold; limitations or prohibitions on the manufacture and sale of our products; availability of raw materials; increases in the cost of raw materials and energy, and our ability to pass through such increases to our customers; 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 actions, proceedings, claims or litigation; the occurrence of cyber-security breaches, terrorist attacks, industrial accidents, natural disasters or climate change; hazards associated with chemicals manufacturing; 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 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 that may impact our ability to raise capital or increase our cost of funds, impact the performance of our pension fund investments and increase our pension expense and funding obligations; volatility and uncertainties in the debt and equity markets; technology or intellectual property infringement, including cyber-security breaches, and other innovation risks; decisions we may make in the future; the ability to successfully execute, operate and integrate acquisitions and divestitures; uncertainties as to the duration and impact of the coronavirus (COVID-19) pandemic; 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 most recent Annual Report on Form 10-K and any subsequently filed 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 diluted earnings per share attributable to Albemarle Corporation, adjusted effective income tax rates, segment operating profit, segment income, pro-forma net sales, net sales excluding the impact of foreign exchange translation ("ex FX"), EBITDA, adjusted EBITDA, adjusted EBITDA by operating segment, EBITDA margin, adjusted EBITDA margin, pro-forma adjusted EBITDA, pro-forma adjusted EBITDA margin, adjusted EBITDA ex FX, adjusted EBITDA margin ex FX, net debt to adjusted EBITDA, and gross debt to adjusted EBITDA 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 makers use 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. 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.



# Charting Our Course for a More Sustainable Future

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## What's New

- Setting sustainability targets for GHG emissions and freshwater use
- Launching climate strategy that aligns with our customers' sustainability goals
- Aligning with global standards – recently signed UN Global Compact
- Continuing our sustainability journey – next steps

“ WE ARE DEDICATED TO GROWING RESPONSIBLY AS WE CLOSELY PARTNER WITH OUR CUSTOMERS TO MAKE THE WORLD SAFER, MORE SUSTAINABLE, AND ENVIRONMENTALLY SOUND. ”

- Kent Masters, Chairman and CEO



# Diversified Portfolio with Healthy Margins

## Key Stats

Founded **1887** (134 years)

Global Employees<sup>1</sup> **~5,900**

Countries **~75**

## Financial Highlights<sup>2</sup>

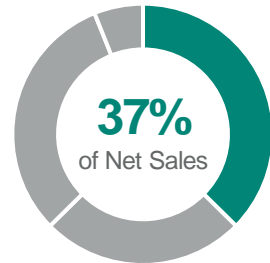
Net Sales<sup>3</sup> **\$3.2B**

Net Income<sup>4</sup> **\$364M**

Adj. EBITDA **\$852M**

Adj. EBITDA Margin **26%**

### Lithium

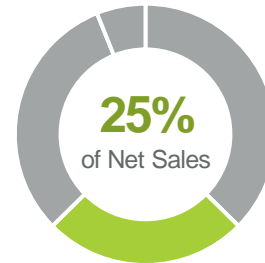


**35%**  
Adj. EBITDA Margin

**~20%**  
Industry Growth<sup>5</sup>

**Powers Electric Mobility**

### Catalysts

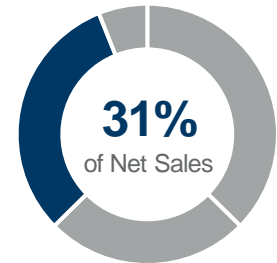


**13%**  
Adj. EBITDA Margin

**GDP**  
Industry Growth<sup>6</sup>

**Supports Cleaner Energy**

### Bromine



**33%**  
Adj. EBITDA Margin

**GDP+**  
Industry Growth<sup>6</sup>

**Enables Safe Electrification**

## Revenue by Geography

**26%**  
North America

**24%**  
EMEA

**48%**  
Asia (14% in China)

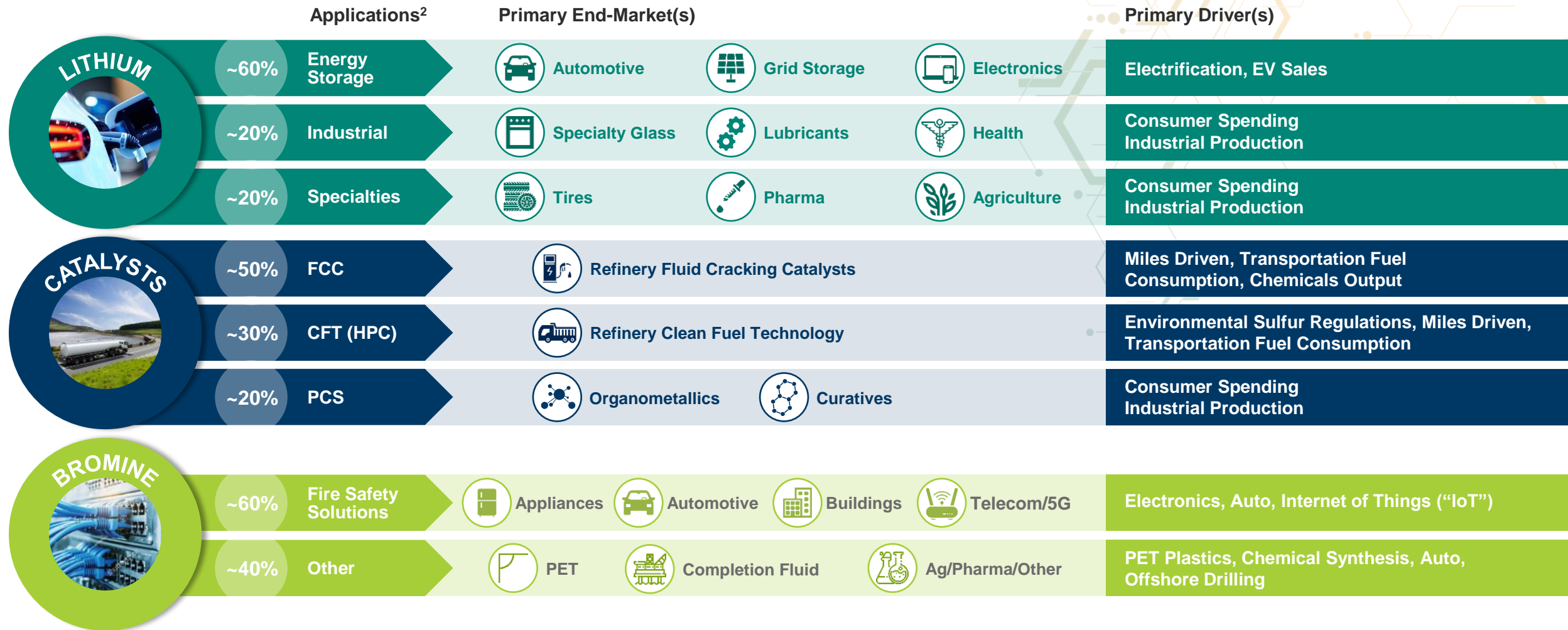
**2%**  
RoW

<sup>1</sup> As of December 31, 2020, including JBC. <sup>2</sup> For the 12 months ended March 31, 2021. Adj. numbers are non-GAAP financial measures. See Appendix for definition and non-GAAP reconciliations of historical measures. <sup>3</sup> Total net sales includes Lithium, Catalysts, Bromine Specialties and Other (FCS) <sup>4</sup> Attributable to Albemarle Corporation. <sup>5</sup> 2020-2025E Lithium demand projections from Roskill, CRU Group, Benchmark. <sup>6</sup> Based on management estimates.



# Businesses Driven by Increased Sustainability Measures

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**~50% OF NET SALES FROM PRODUCTS THAT ENABLE REDUCED GHG-EMISSIONS / INCREASED RESOURCE EFFICIENCY<sup>1</sup>**

<sup>1</sup> As defined by the Sustainability Accounting Standards Board (SASB) standard RT-CH-410a.1, net sales from products designed for use-phase resource efficiency. Includes 2020 Lithium energy storage net sales and refining catalysts net sales. <sup>2</sup> Based on approximate average of 2019 and 2020 net sales splits.



# Sustainability Is Core to Our Long-term Strategy

## GROW PROFITABLY

- Pursue profitable growth to align with customer demand
- Build capabilities to accelerate lower capital intensity, higher-return projects

## MAXIMIZE PRODUCTIVITY

- Optimize earnings and cash flow generation across all our businesses
- Drive productivity through operational discipline

## INVEST WITH DISCIPLINE

- Focus investment capital on highest-return opportunities
- Generate shareholder value through continual portfolio assessment: buy vs build
- Maintain Investment Grade credit rating and support our dividend

## ADVANCE SUSTAINABILITY

New in 2020

- Enable our customers' sustainability ambitions
- Continue to implement and improve ESG performance across all our businesses



# Sustainability Framework Aligns with Strategy

## Natural Resource Management

Responsibly manage our use of resources and materials

Energy & Greenhouse Gases

Water

Resource Stewardship

Waste

## Sustainable Shareholder Value

Foster the conditions that create sustainable value for shareholders

Value Chain Excellence

Product & Process Innovation

Safety

Diversity, Equity & Inclusion

Investment in Talent

Community & Stakeholder Engagement

## People, Workplace & Community

Build an inclusive and diverse workplace focused on safety, mutual respect, development, and well being

Actively collaborate and engage in the communities in which we work

Business & Financial Resilience

Business Ethics & Regulatory Compliance






UPDATED TO INCLUDE GREATER PROMINENCE OF BUSINESS RESILIENCE AND VALUE CHAIN



# Charting Our Course: Progress to Date

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	Pre-2019	2019	2020 & 2021 YTD
 <b>Natural Resource Management</b>	<ul style="list-style-type: none"> <li>Developed Salar de Atacama hydrogeological model, yield Improvement technology</li> <li>Joined voluntary emission reduction (VECAP) to increase awareness of chemical handling processes throughout the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Set baseline data: Energy, GHG, Freshwater</li> <li>Invested in thermal evaporator (Chile), GHG reduction (Netherlands)</li> </ul>	<ul style="list-style-type: none"> <li>Set baseline data: Air Quality, Waste</li> <li>Set targets: GHG, Freshwater</li> <li>Launched Climate Strategy</li> <li>Invested in Freshwater conservation and reclamation</li> <li>Completed 1<sup>st</sup> IRMA self-assessment</li> </ul>
 <b>People, Workplace &amp; Community</b>	<ul style="list-style-type: none"> <li>Launched “Journey to Zero” safety campaign</li> <li>Initiated Employee Resource Groups (ERGs)</li> <li>Created Albemarle Foundation</li> <li>Signed community agreements in Chile</li> </ul>	<ul style="list-style-type: none"> <li>Achieved 1<sup>st</sup> quartile safety performance</li> <li>Improved performance management, initiated “LAUNCH” talent program, employee culture survey</li> <li>Expanded Albemarle Foundation internationally</li> </ul>	<ul style="list-style-type: none"> <li>Set 1<sup>st</sup> decile safety performance target</li> <li>Appointed DE&amp;I officer, launched sustainability strategy, signed CEO Action for Diversity &amp; Inclusion</li> <li>Updated policies: Human Rights, Community Relations &amp; Indigenous People, Labor</li> </ul>
 <b>Sustainable Shareholder Value</b>	<ul style="list-style-type: none"> <li>Committed to maintain Investment Grade credit rating</li> <li>Launched NIST cybersecurity framework</li> <li>Reported under GRI since 2008</li> </ul>	<ul style="list-style-type: none"> <li>Implemented single ERP</li> <li>Launched successful sustainable cost reduction program</li> <li>Completed 3<sup>rd</sup> party materiality assessment</li> <li>Improved reporting: sustainability framework</li> <li>Launched eCode of Conduct and revised policies</li> </ul>	<ul style="list-style-type: none"> <li>Proved business resilience: continued operations, maintained Investment Grade credit rating, positive cash flow through recession</li> <li>Restructured global supply chain organization, rationalized vendors</li> <li>Elected critical DOE lithium research partner</li> <li>Refreshed Board of Directors oversight and cadence, established sustainability steering team and program office</li> <li>Aligned with leading standards: UN Global Compact, UN SDGs, SASB, S&amp;P 500 ESG</li> <li>Updated policies including: Responsible Sourcing, Antitrust, Business Partner Code of Conduct</li> </ul>

**ACCELERATING SUSTAINABILITY ACTIVITIES TO GENERATE LONG-TERM VALUE**



# Setting Our Initial Environmental Targets

Next two years

2030

2050

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**Build**

**Reduce**

**Grow**

**Achieve**

the infrastructure to assess, measure and track progress toward these targets, while evolving our thinking and goal setting over time

the carbon-intensity of our Catalysts and Bromine businesses by a combined 35% by 2030, in line with science-based targets

the intensity of freshwater usage by 25% by 2030 in areas of high and extremely high water-risk<sup>1</sup>

our Lithium business in a carbon-intensity neutral manner through 2030

net zero carbon emissions by 2050

## INITIAL TARGETS FOR GHG EMISSIONS AND FRESHWATER USE; ADDITIONAL METRICS TO FOLLOW

<sup>1</sup> As defined by the World Resources Institute (WRI), includes our operations in Chile and Jordan.



# Launching Our Climate Strategy

## Three Overarching Focus Areas



## Our products enable GHG-reductions

- Lithium** 1 kg of CO<sub>2</sub> emitted in our lithium production = over 50 kg of CO<sub>2</sub> avoidance per year in the transportation use phase
- Catalysts** Refining catalysts enable cleaner, more efficient transportation fuels and reduced GHG emissions by refiners
- Bromine** Enables production of bromobutyl rubber to extend tire life, reduce fuel consumption, and minimize CO<sub>2</sub> emissions

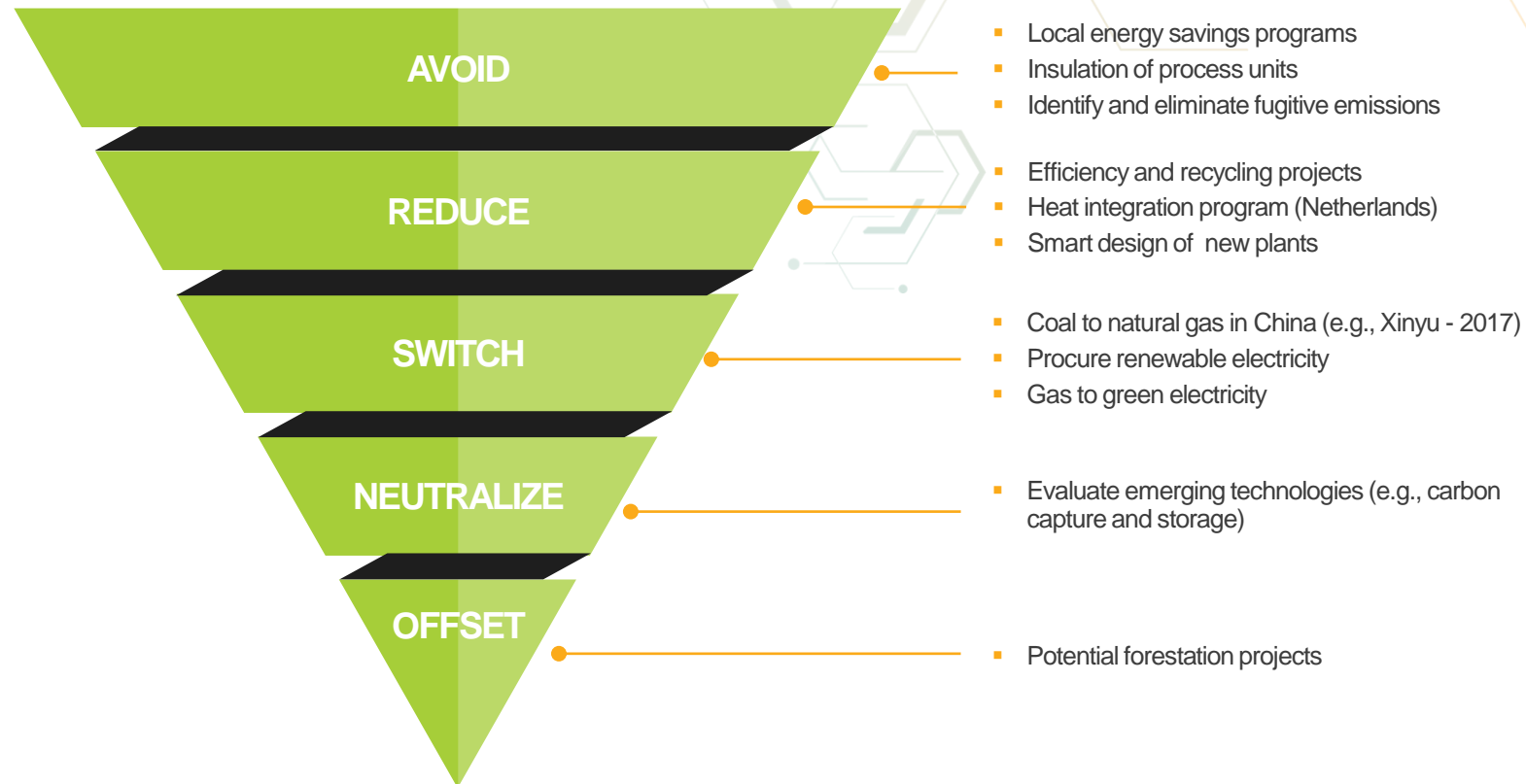


# Measuring Progress and Improving Business Results

Reducing carbon footprint is a multi-decade journey

- Measure and calculate GHG emissions of our operations according to the GHG protocol
- Include sustainability criteria in the design phase of our plants and products
- Identify and implement projects to reduce GHG emissions and improve energy efficiency
- Evaluate the social and environmental cost of CO<sub>2</sub> to balance traditional financial parameters in investment decisions

Hierarchy of emission reduction measures starts with avoidance and reductions and ends with off-sets





# Enabling Our Customers' Sustainability Ambitions

Partnering with our strategic customers to create a more sustainable supply chain

- **Large client base across broad range of end markets**
  - ~2,300 customers
  - Energy, electronics, automotive, chemicals, construction, life sciences
- **Working with customers to increase supply chain transparency**
  - Assessing Scope 3 emissions
  - Creating life cycle assessments (LCA)
  - Conducting site assessments in partnership with industry associations (e.g., IRMA)



## Collaborative multi-stakeholder process



**COMMITTED TO HELPING CUSTOMERS ACHIEVE THEIR SUSTAINABILITY OBJECTIVES**



# Aligning Carbon Strategy with Leading Standards and Frameworks

Engaging with our stakeholders to affect positive change and minimize disruption as we progress on our journey



**2021: Reporting under  
CDP's system**



**2022: Evaluate disclosure  
under TCFD**



**Ongoing: Identify  
opportunities to set SBTs**

**COOPERATING WITH DIVERSE STAKEHOLDERS TO ADDRESS CLIMATE CHANGE**



# Strengthening Our Commitment with Global Standards

Announced signing of UN Global Compact  
on April 22, 2021

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**WE SUPPORT**



**SUSTAINABLE DEVELOPMENT GOALS**  
17 GOALS TO TRANSFORM OUR WORLD





# Selected SDGs Align with Our Sustainable Approach

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## Natural Resource Management



We responsibly manage our use of resources and materials.



## People, Workplace & Community



We are committed to building an inclusive and diverse workplace. We promote collaboration and engage in the communities where we work and live.



## Sustainable Shareholder Value



We foster the conditions that create sustainable, long-term value for our shareholders and stakeholders.



# Charting Our Course: Next Steps

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H2/2021 & 2022+



## Natural Resource Management

- Build infrastructure to assess, measure, and track progress on targets
- Identify, plan, and execute portfolio of projects to achieve targets
- Begin CDP reporting
- Evaluate Task Force on Climate-Related Financial Disclosures (TCFD)
- Assess Scope 3 GHG emissions
- Initiate Life Cycle Assessments (LCAs)
- Complete 1<sup>st</sup> third-party IRMA site assessment, additional self assessments



## People, Workplace & Community

- Set baseline data for Talent, DE&I
- Set additional targets, including for DE&I
- Review policies: political contribution



## Sustainable Shareholder Value

- Leverage ERP to improve supply chain sustainability
- Incorporate sustainability and climate risks into Enterprise Risk Management process
- Improve reporting and transparency: report assurance
- Revise policies: tax transparency

**ACCELERATING SUSTAINABILITY ACTIVITIES TO GENERATE LONG-TERM VALUE**



# Charting Our Course to a More Sustainable Future



1

Industry-leading businesses that power a sustainable future

2

Opportunity to invest in clean energy and sustainable solutions through all three businesses

3

Best-in-class resource and diversified asset base, with identified projects to grow responsibly

4

Accelerating our sustainability initiatives to minimize risk and pursue stakeholder value

5

Strong financial performance delivering growth and capital discipline



# Appendix

## Non-GAAP Reconciliations



# Definitions of Non-GAAP Measures

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NON-GAAP MEASURE	DESCRIPTION
Adjusted Net Income	Net income attributable to Albemarle Corporation before non-recurring, other unusual and non-operating pension and OPEB.
Pro-forma Adjusted Net Income	Net income attributable to Albemarle Corporation before non-recurring, other unusual and non-operating pension and OPEB items, and the net impact of the divested business.
Adjusted Diluted EPS	Diluted EPS before non-recurring, other unusual and non-operating pension and OPEB.
Pro-forma Adjusted Diluted EPS	Diluted EPS before non-recurring, other unusual and non-operating pension and OPEB items, and the net impact of the divested business.
EBITDA	Net income attributable to Albemarle Corporation before interest and financing expenses, income taxes, and depreciation and amortization.
Adjusted EBITDA	EBITDA before non-recurring, other unusual and non-operating pension and OPEB.
Pro-forma Adjusted EBITDA	Adjusted EBITDA before the net impact of EBITDA of the divested business.
Pro-forma Net Sales	Net Sales before the impact of Net Sales from the divested business.
Adjusted Effective Income Tax Rate	Reported effective income tax rate before the tax impact of non-recurring, other unusual and non-operating pension and OPEB items.



# Adjusted EBITDA *(twelve months ended)*

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	Twelve Months Ended				
(\$ in thousands)	Mar 31, 2020	Jun 30, 2020	Sep 30, 2020	Dec 31, 2020	Mar 31, 2021
Net income attributable to Albemarle Corporation	\$ 506,863	\$ 438,289	\$ 381,520	\$ 375,764	\$ 364,237
Depreciation and amortization	217,895	222,788	226,980	231,984	240,550
Non-recurring and other unusual items (excluding items associated with interest expense)	126,793	124,715	127,915	42,781	51,326
Interest and financing expenses	61,994	68,245	76,364	73,116	100,113
Income tax expense	69,089	54,109	59,421	54,425	58,090
Non-operating pension and OPEB items	24,645	22,426	20,076	40,668	38,111
Adjusted EBITDA	\$ 1,007,279	\$ 930,572	\$ 892,276	\$ 818,738	\$ 852,427
Net Sales	\$ 3,496,208	\$ 3,375,205	\$ 3,242,326	\$ 3,128,909	\$ 3,219,355
Adjusted EBITDA Margin	29 %	28 %	28 %	26 %	26 %

See above for a reconciliation of 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 EBITDA – by Segment *(twelve months ended)*

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(\$ in thousands)	Twelve Months Ended				
	Mar 31, 2020	Jun 30, 2020	Sep 30, 2020	Dec 31, 2020	Mar 31, 2021
<b>Lithium</b>					
Net income attributable to Albemarle Corporation	\$ 301,837	\$ 250,572	\$ 217,538	\$ 277,711	\$ 299,101
Depreciation and amortization	102,729	106,862	110,337	112,854	119,263
Non-recurring and other unusual items	83,389	83,278	83,167	2,528	2,528
Adjusted EBITDA	487,955	440,712	411,042	393,093	420,892
Net Sales	1,303,102	1,262,066	1,197,326	1,144,778	1,186,936
Adjusted EBITDA Margin	37 %	35 %	34 %	34 %	35 %
<b>Bromine Specialties</b>					
Net income attributable to Albemarle Corporation	\$ 284,130	\$ 275,206	\$ 266,530	\$ 274,495	\$ 284,943
Depreciation and amortization	48,091	48,724	49,176	50,310	51,240
Non-recurring and other unusual items	901	901	(241)	(1,200)	(1,200)
Adjusted EBITDA	333,122	324,831	315,465	323,605	334,983
Net Sales	986,756	964,102	945,028	964,962	1,013,817
Adjusted EBITDA Margin	34 %	34 %	33 %	34 %	33 %
<b>Catalysts</b>					
Net income attributable to Albemarle Corporation	\$ 206,719	\$ 163,297	\$ 134,128	\$ 80,149	\$ 58,173
Depreciation and amortization	50,510	49,834	49,893	49,985	49,918
Non-recurring and other unusual items	794	794	794	—	—
Adjusted EBITDA	258,023	213,925	184,815	130,134	108,091
Net Sales	1,017,376	948,128	884,701	797,914	810,950
Adjusted EBITDA Margin	25 %	23 %	21 %	16 %	13 %

See above for a reconciliation of adjusted EBITDA on a segment basis, the non-GAAP financial measures, to Net income attributable to Albemarle Corporation ("earnings"), the most directly comparable financial measure calculated and reporting in accordance with GAAP.





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