

# Business Update – Non-Binding Offer to Acquire Liontown Resources

September 5, 2023





# Forward-Looking Statements

This presentation contains statements concerning our expectations, anticipations, and beliefs regarding the future, which constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and "forward looking information" within the meaning of applicable Australian securities laws. These forward-looking statements, which are based on assumptions that we have made as of the date hereof and are subject to known and unknown risks and uncertainties, often contain words such as "anticipate," "believe," "estimate," "expect," "guidance," "intend," "may," "outlook," "should," "would," and "will". Forward-looking statements may include statements regarding expected: outcomes of discussions between Albemarle and Lontown with respect to the proposed transaction, terms of the proposed transaction, benefits to Albemarle from the proposed transaction, and all other information relating to matters that are not historical facts. Factors that could cause Albemarle's actual results to differ materially from the outlook expressed or implied in any forward-looking statement include: Albemarle and Lontown not agreeing to pursue the transaction on the currently proposed terms or at all, risks associated with Albemarle's and Lontown's ability to obtain required approvals of the proposed transaction, the outcome of due diligence and satisfaction of other customary closing conditions, the possibility that costs or difficulties related to the integration of Lontown's operations will be greater than expected, the outcome of any legal proceedings that may be instituted against Albemarle or Lontown related to the proposed transaction, and the other factors detailed in the reports Albemarle files with the SEC, including those described under "Risk Factors" in Albemarle's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are available on the investor section of Albemarle's website ([investors.albemarle.com](http://investors.albemarle.com)) and on the SEC's website ([www.sec.gov](http://www.sec.gov)). These forward-looking statements speak only as of the date of this press release. Albemarle assumes no obligation to provide any revisions to any forward-looking statements should circumstances change, except as otherwise required by securities and other applicable laws.

Albemarle and Lontown have not entered into a binding, definitive agreement with respect to the proposed transaction and there is no guarantee that the parties will enter into such an agreement, or that the parties will consummate the proposed transaction, on the terms set forth in this presentation, or at all.

# Non-GAAP Financial Measures

It should be noted that adjusted net (loss) income attributable to Albemarle Corporation, adjusted diluted earnings per share (“EPS”), non-operating pension and other post-employment benefit (“OPEB”) items per diluted share, non-recurring and other unusual items per diluted share, adjusted effective income tax rates, EBITDA, adjusted EBITDA, 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 non-GAAP measures should not be considered as alternatives to Net income attributable to Albemarle Corporation (“earnings”) or other comparable measures calculated and reported in accordance with GAAP. These measures are presented here to provide additional useful measurements to review the company’s operations, provide transparency to investors and enable period-to-period comparability of financial performance. The company’s chief operating decision maker uses 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 other non-GAAP financial measures that Albemarle uses to evaluate its 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 on the following pages of this press release, which is also available on Albemarle’s website at <https://investors.albemarle.com>. 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.

# Potential Combination to Drive Significant Value Creation for Albemarle Shareholders

## Non-Binding Offer for Albemarle to Acquire Lontown Resources Limited (“Liontown”)



- On September 3, 2023, Albemarle submitted a best and final, non-binding proposal, in the absence of a superior proposal, to acquire Liontown by way of Australian Scheme of Arrangement
- Albemarle and Liontown will enter into a mutually acceptable non-disclosure and exclusivity agreement granting Albemarle an exclusivity period to undertake confirmatory due diligence and negotiate a binding definitive agreement
- Liontown announced that its Board intends to unanimously recommend that Liontown shareholders vote in favor of the proposal in the absence of a superior proposal and subject to an independent expert recommendation
- The non-binding proposal is subject to several key conditions, including
  - Satisfactory completion of due diligence by Albemarle
  - Entry into a binding definitive agreement
  - Final Albemarle Board approval

# Potential Acquisition Aligns with Albemarle's Growth Strategy

## Grow Profitably

- Expand capacity to meet customer needs and generate value
- Partner with strategic customers and stakeholders to facilitate innovation and mutual growth



## Maximize Productivity

- Deploy operating model to build a scalable platform for growth
- Grow high-performance culture with best-in-class capabilities
- Optimize earnings, cash flow and cost structure



## Invest with Discipline

- Allocate capital and manage portfolio to generate long-term value
- Maintain Investment Grade credit rating and support our dividend



## Advance Sustainability

- Build competitive advantage through industry-leading ESG performance
- Accelerate sustainability ambitions of customers and communities



# Overview of Proposed Transaction

## Transaction structure

- Cash offer of A\$3.00 per share
- Albemarle's offer unanimously recommended by the Lontown Board, in the absence of a superior proposal, and subject to the parties entering into a binding scheme implementation deed and an independent expert concluding that the proposal is in the best interests of Lontown shareholders
- To be implemented via an Australian Scheme of Arrangement

## Transaction consideration

- ~US\$4.3bn equity purchase price
- ~4.5x EBITDA multiple based on 550Kt SC6 Phase 1 volumes (at illustrative US\$30/kg LiOH)<sup>1</sup>

## Financial impact

- Expect to generate an IRR significantly above Albemarle's WACC
- Identified significant net tax benefits
- Opportunity to realize operational, logistical and downstream synergies

## Financing

- Significant balance sheet capacity to finance transaction through incremental debt
- Committed to preserving current investment grade rating

## Expected timing

- Entering exclusivity with access to due diligence prior to binding agreement
- If the parties enter into a binding scheme implementation deed, closing expected in H1 2024, subject to Lontown shareholder approval, regulatory approval, court approval and other customary closing conditions for an Australian Scheme of Arrangement

Sources: Lontown Definitive Feasibility Study

<sup>1</sup> Lontown EBITDA at 550Kt Phase 1 SC6.0 production per Lontown DFS, assuming US\$30/kg LiOH price

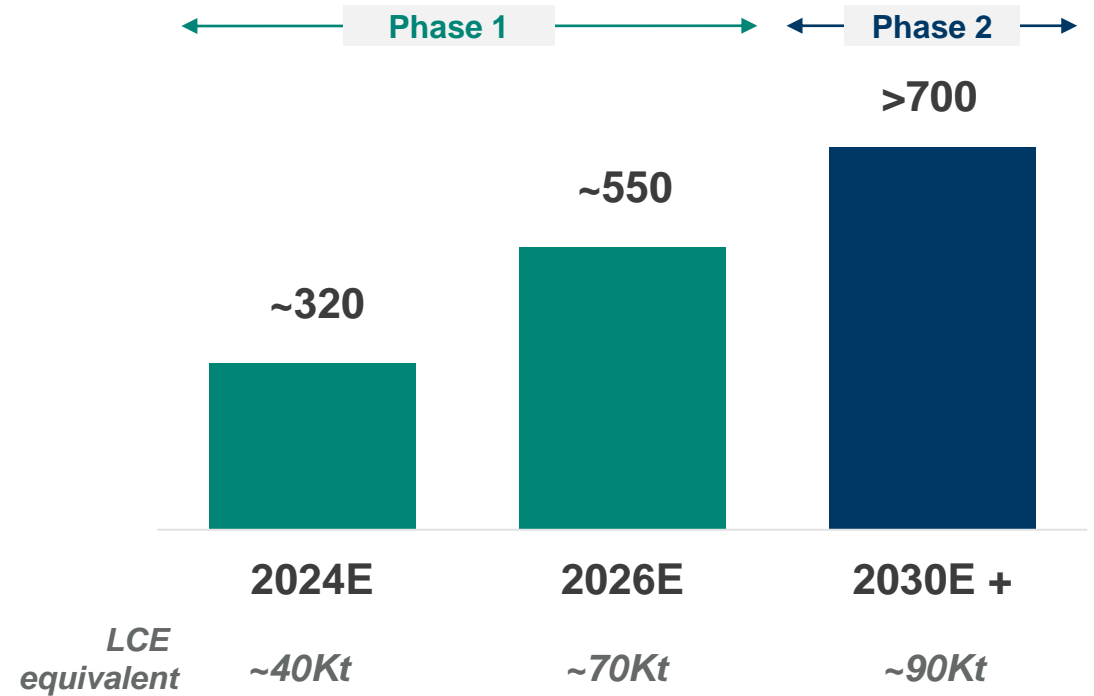
# Liontown Overview

- ✓ High quality, long-life resource (23+ years) at Kathleen Valley – nearing production
  - High grade hard rock resource – 1.4% Li<sub>2</sub>O
  - Significant scale – 5.4Mt LCE resources; up to >700ktpa SC6 production (~90kt LCE)
  - Potential for resource upside through Buldania and additional resource definition
- ✓ Tier 1 mining jurisdiction with U.S. IRA and EU CRMA compliant material
- ✓ Five-year offtake agreements in place with blue-chip customers
 



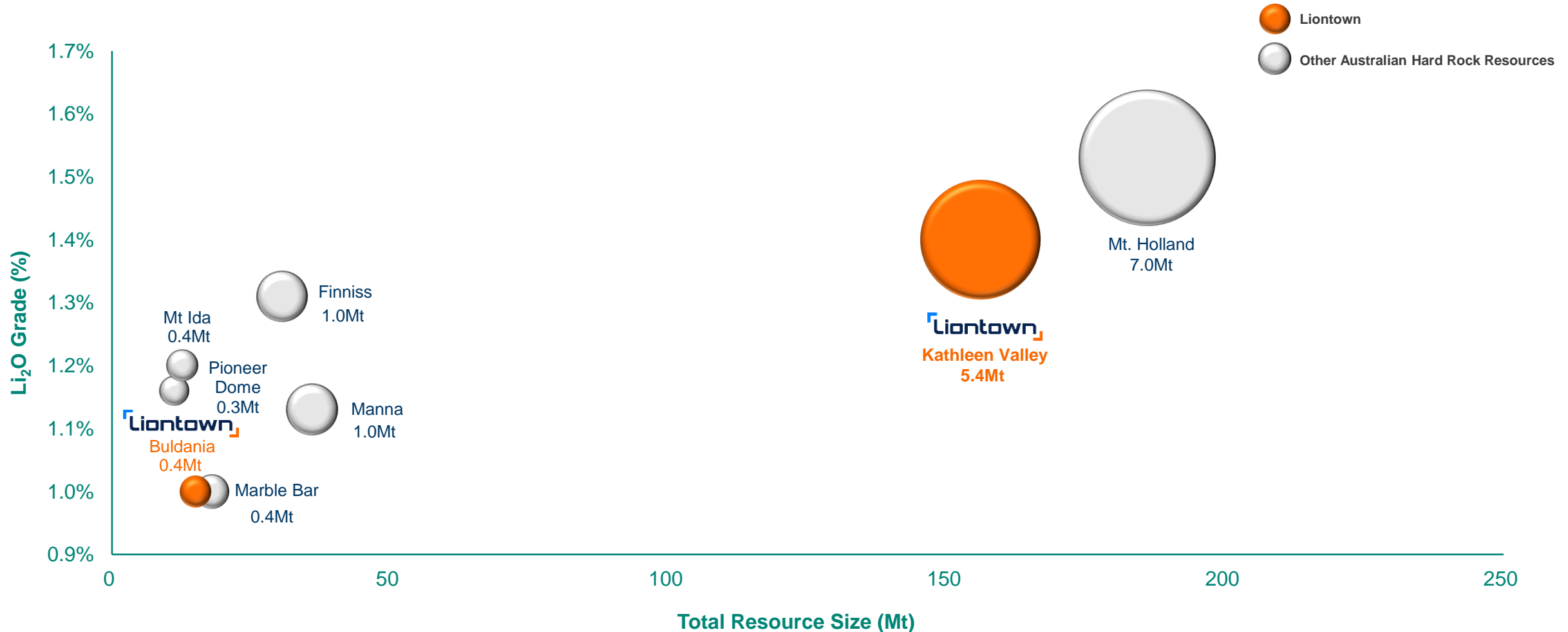

- ✓ Aligned with Albemarle’s sustainability focus, on track for 60% renewable energy from day one
- ✓ Progressing self-assessment under IRMA<sup>1</sup>
- ✓ Strong partnership with local community
- ✓ Experienced leadership team with significant underground mining experience

## EXPECTED SC6 VOLUMES (KT)



# Kathleen Valley is a Premier, Tier 1 Lithium Mine in a Mining Friendly Jurisdiction

## Other Australian Hard Rock Resources (Development Projects) (Mt LCE)

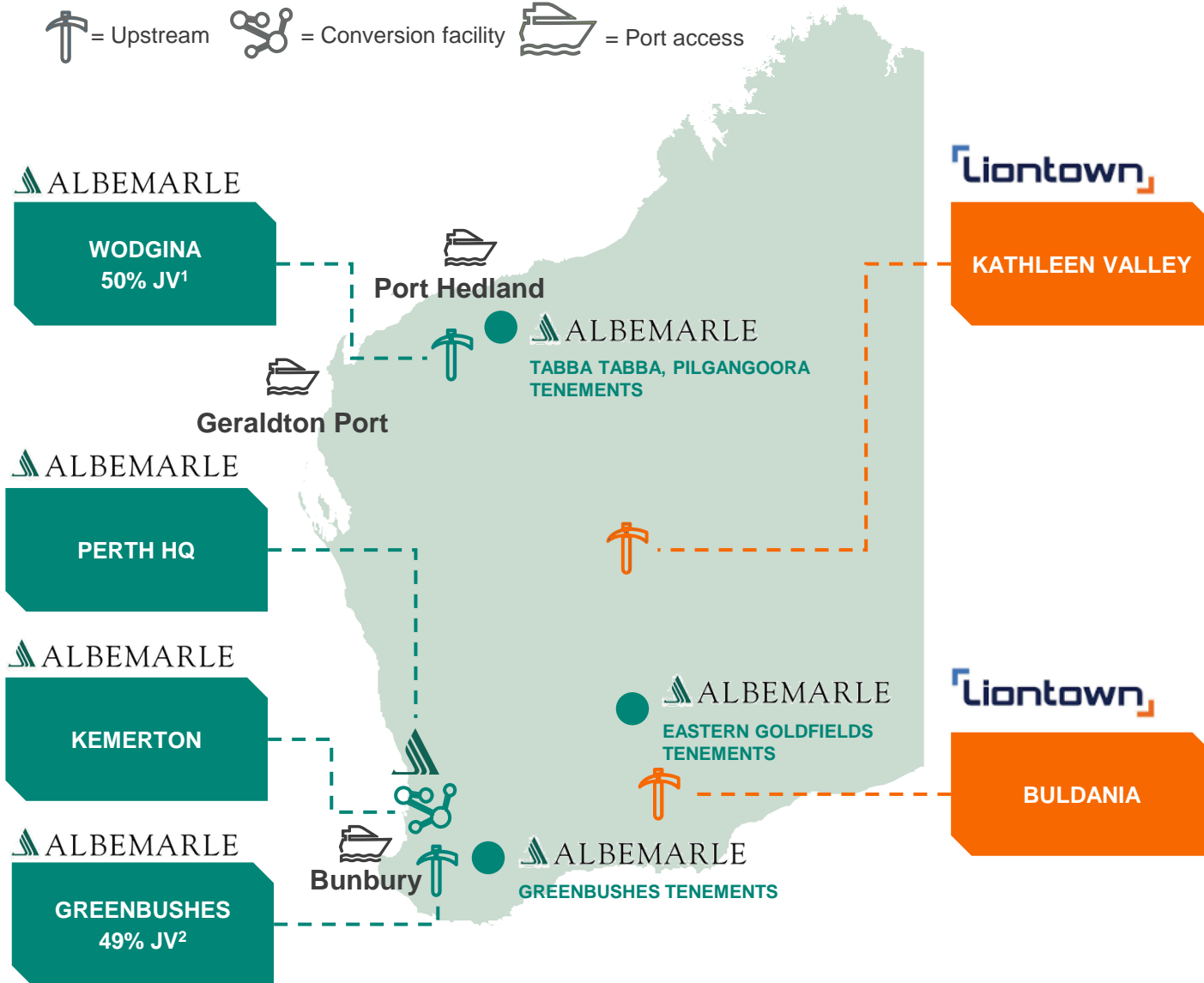


Source: Company filings, WoodMackenzie. Bubble size represents resource size (Mt LCE) based on company-disclosed cut-off  
 Note: LCE based on a conversion factor of 2.473x Li<sub>2</sub>O; Australian hard rock resources comparable to those in other jurisdictions



# Enhances Albemarle's Footprint in Western Australia

 = Upstream
  = Conversion facility
  = Port access



- ✓ Meaningfully advances Albemarle's lithium growth strategy and resource security
- ✓ Proximity to existing Albemarle footprint offers attractive operational and integration synergy potential
- ✓ Established logistics network and connectivity within Australia and with easy access to global markets
- ✓ IRA compliant region

Sources: Liontown materials

<sup>1</sup> Expected joint venture ownership interest, pending regulatory approvals; <sup>2</sup> Joint venture ownership interest, with right to 50% of the offtake; <sup>3</sup> Initiative for Responsible Mining Assurance

# Liontown Advances Albemarle's Growth Strategy



## High-return organic growth and potential M&A to complement existing portfolio

- Build and maintain world-class resource base
- Specialized, next-gen technology and/or materials
- Customer partnerships to accelerate growth, improve sustainability, and develop technologies
- Bolt-on assets (buy vs build)

## Committed to disciplined investment

- Ability to accelerate high-return growth
- Target >2x WACC at mid-cycle pricing; minimum >1x WACC at trough pricing
- Ability to maintain Investment Grade credit rating and support dividend
- Accretive to shareholders



# Compelling Value to Albemarle Shareholders

Estimated and subject to further refinement based on diligence

## Illustrative Lithium Prices Required at Each Targeted Albemarle WACC

	1x WACC	2x WACC	3x WACC
Implied LiOH price (US\$/kg)	~\$15 – \$20	~\$25 – \$30	~\$40 – \$45
Implied EBITDA multiple based on 550Kt phase 1 volume <sup>1</sup>	~9x	~5x	~3x

*Multiples shown on volumes prior to phase 2 ramp up to >700Kt*

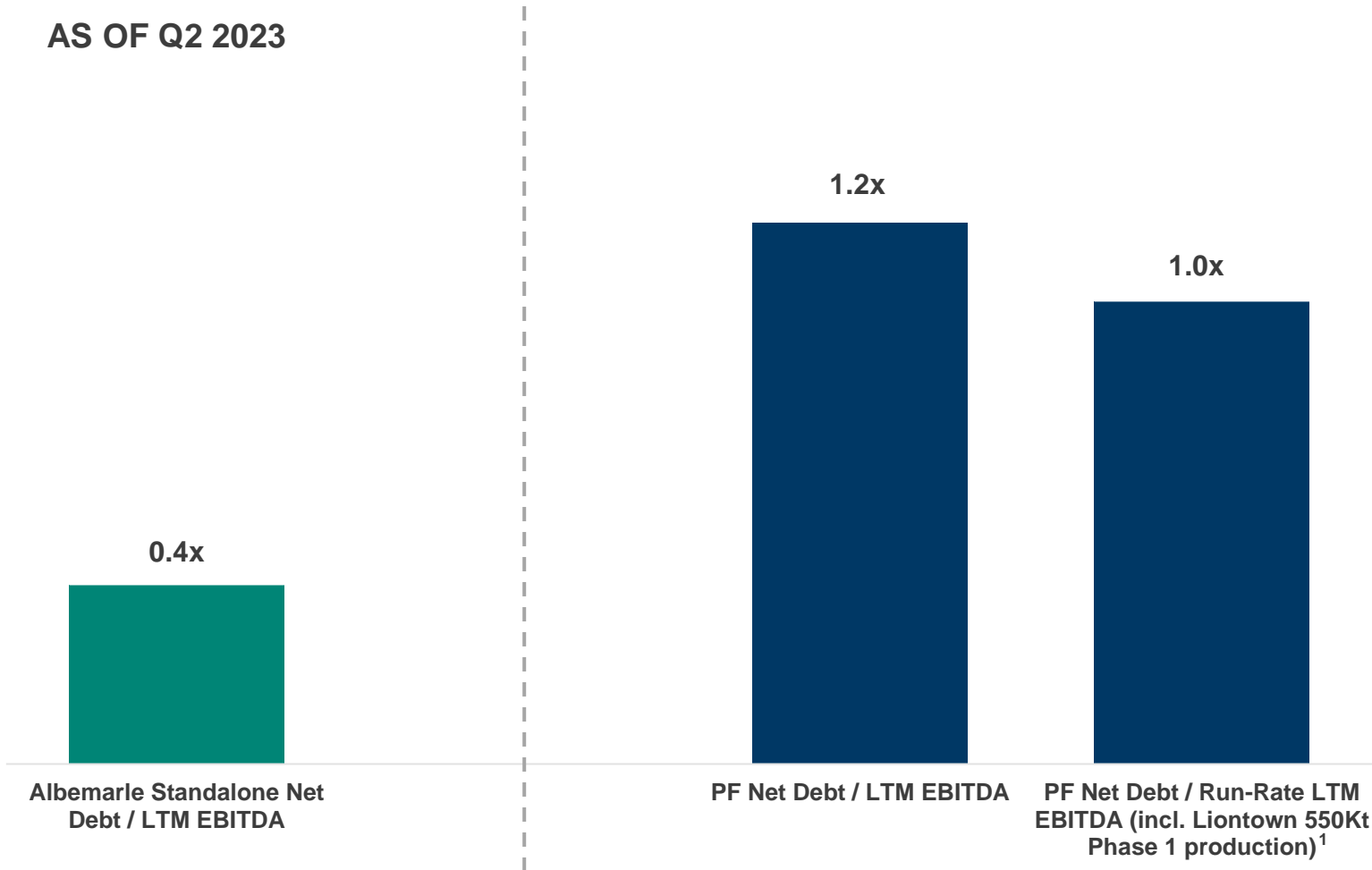
Sources: Lontown materials, Lontown Definitive Feasibility Study

<sup>1</sup> Represents 550Kt Phase 1 SC6.0 production per Lontown DFS



# Committed to Maintaining Investment Grade Credit Ratings

AS OF Q2 2023



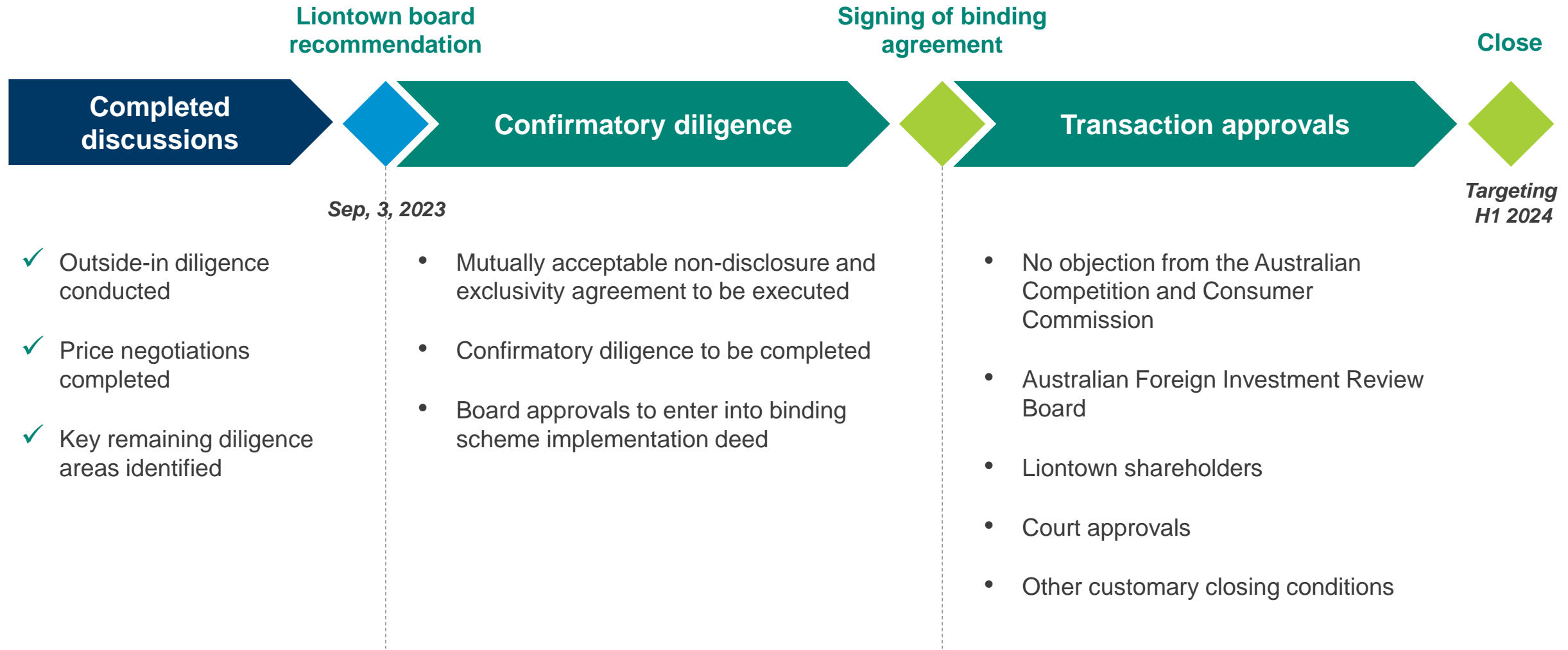
- ✓ Balance sheet capacity to finance transaction through incremental debt
- ✓ Financing options include a combination of bonds, prepayable debt, and available cash on balance sheet

Sources: Albemarle filings, Liontown materials, Liontown Definitive Feasibility Study

Note: Albemarle does not provide a reconciliation of adjusted EBITDA on a forward-looking basis because it is unable to estimate significant non-recurring or unusual items without unreasonable effort.

<sup>1</sup> Run-rate EBITDA represents Albemarle LTM 6/30/2023 EBITDA plus Liontown EBITDA at 550Kt Phase 1 SC6.0 production per Liontown DFS, assuming US\$30/kg LiOH price. See appendix for Albemarle Non-GAAP reconciliation.

# Transaction Next Steps



# Liontown Acquisition Advances Albemarle's Growth Strategy

✓ **Grow Profitably**

Tier 1 resource with optionality to accelerate growth and meet customer demands

✓ **Maximize Productivity**

Large-scale, high-quality resource with optimized integration

✓ **Invest with Discipline**

Expected to deliver significant value to Albemarle shareholders with attractive IRRs

✓ **Advance Sustainability**

Aligned with Albemarle's strong sustainability credentials





# Appendix

# Albemarle Adjusted EBITDA supplemental<sup>1</sup>

(\$ in thousands)

	Twelve Months Ended	Three Months Ended			
	Jun 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022
<b>Adjusted EBITDA</b>	<b>\$ 5,061,703</b>	<b>\$ 1,032,266</b>	<b>\$ 1,595,719</b>	<b>\$ 1,243,752</b>	<b>\$ 1,189,966</b>
Net income attributable to noncontrolling interests	127,851	26,396	38,123	29,341	33,991
Equity in net income of unconsolidated investments (net of tax)	(1,528,922)	(551,051)	(396,188)	(322,799)	(258,884)
Dividends received from unconsolidated investments	1,723,714	531,887	547,552	450,344	193,931
<b>Consolidated EBITDA</b>	<b>\$ 5,384,346</b>	<b>\$ 1,039,498</b>	<b>\$ 1,785,206</b>	<b>\$ 1,400,638</b>	<b>\$ 1,159,004</b>
<b>Total Long Term Debt (as reported)</b>	<b>\$ 3,515,536</b>				
Off balance sheet obligations and other	189,100				
<b>Consolidated Funded Debt</b>	<b>\$ 3,704,636</b>				
Less Cash	1,599,738				
<b>Consolidated Funded Net Debt</b>	<b>\$ 2,104,898</b>				
<b>Consolidated Funded Debt to Consolidated EBITDA Ratio</b>	<b>0.7</b>				
<b>Consolidated Funded Net Debt to Consolidated EBITDA Ratio</b>	<b>0.4</b>				

<sup>1</sup> This supplemental is for net-debt-to-adjusted EBITDA ratio based on the bank covenant definition.