

Albemarle Corporation First Quarter 2019 Earnings

Conference Call/Webcast

Thursday, May 9th, 2019

9:00am ET



Forward-Looking Statements

Some of the information presented in this presentation, the earnings conference call and discussions that follow, including, without limitation, information related to outlook and guidance, conversion capacity, production volumes, proposed joint ventures, market trends, pricing, expected growth, earnings and demand for our products, tax rates, dividends, cash flow generation, capital projects, electric vehicle demand, economic trends 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; the inability to maintain current levels of product or premises liability insurance or the denial of such coverage; regulatory approvals and the satisfaction of other closing conditions with respect to pending acquisitions; 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; 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 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.

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, Adj. EBITDA, Adj. EBITDA by operating segment, EBITDA margin, Adj. EBITDA margin, pro-forma Adj. EBITDA, pro-forma Adj. EBITDA margin, Adj. EBITDA excluding the impact of foreign exchange translation (“ex FX”), Adj. EBITDA margin excluding the impact of foreign exchange translation (“ex FX”), net debt to Adj. EBITDA, gross debt to Adj. EBITDA, free cash flow, and Adjusted free cash flow 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 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 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.

First Quarter Key Messages



Catalysts and Bromine Specialties grew Net Sales and Adjusted EBITDA year over year from increased volume and price, excluding divested businesses

Lithium pricing up 3% YoY

Construction of the first phase of the lithium hydroxide complex in Kemerton is underway and contracts awarded for the major and long-lead time equipment

Increased dividend to shareholders by 10%

Reaffirming full year 2019 Revenue, adjusted EBITDA and EPS guidance

First Quarter 2019 Financial Summary

(In millions, except per share amounts)

	Q1 2019	Q1 2018	Variance
Net Sales	\$832	\$822	1%
Net income attributable to Albemarle Corporation	\$134	\$132	1%
Adjusted EBITDA	\$226	\$249	-9%
Diluted earnings per share	\$1.26	\$1.18	7%
Non-operating pension and OPEB items	(0.01)	(0.02)	
Non-recurring and other unusual items	(0.02)	0.14	
Adjusted diluted earnings per share¹	\$1.23	\$1.30	-5%

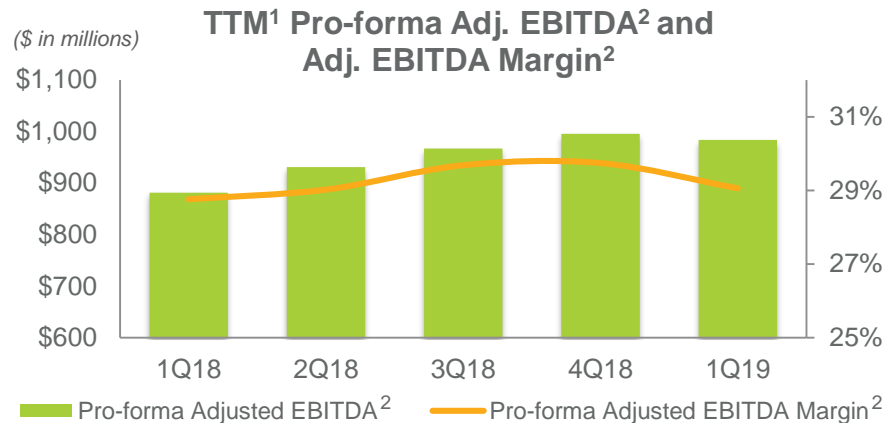
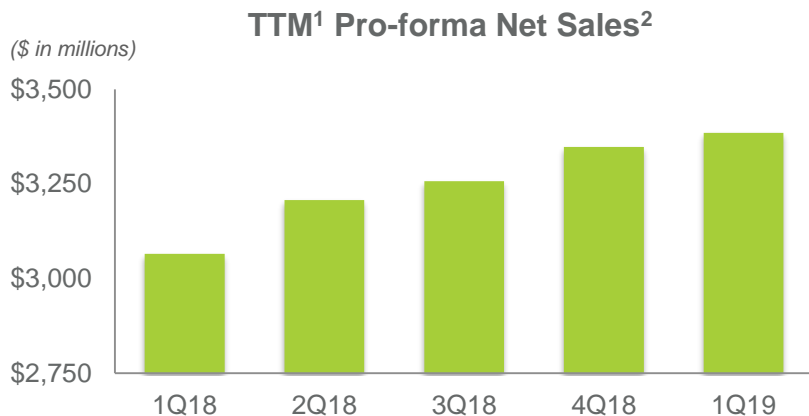
¹Totals might not add due to rounding.

First Quarter 2019 Pro-forma Financial Highlights

	Q1 2019 Results	Q1 2018 Pro-forma ¹	vs Prior Year Pro-forma ¹
Net Sales Net Sales ex FX ²	\$832 million \$845 million	\$795 million	+5% +6%
Adjusted EBITDA Adj. EBITDA ex FX ²	\$226 million \$232 million	\$238 million	-5% -3%
Adjusted Diluted EPS Adj. Diluted EPS ex FX ²	\$1.23 \$1.27	\$1.22	+1% +4%

Revenue growth driven by Bromine and Catalyst

Segment Quarterly Highlights



Core Business Performance - First Quarter 2019

Lithium – \$116M Adj. EBITDA; 40% Adj. EBITDA margin; -2% Net Sales YOY

Bromine – \$79M Adj. EBITDA; 32% Adj. EBITDA margin; 10% Net Sales YOY

Catalysts – \$60M Adj. EBITDA; 24% Adj. EBITDA margin; 8% Net Sales³ YOY

¹Trailing Twelve Months.

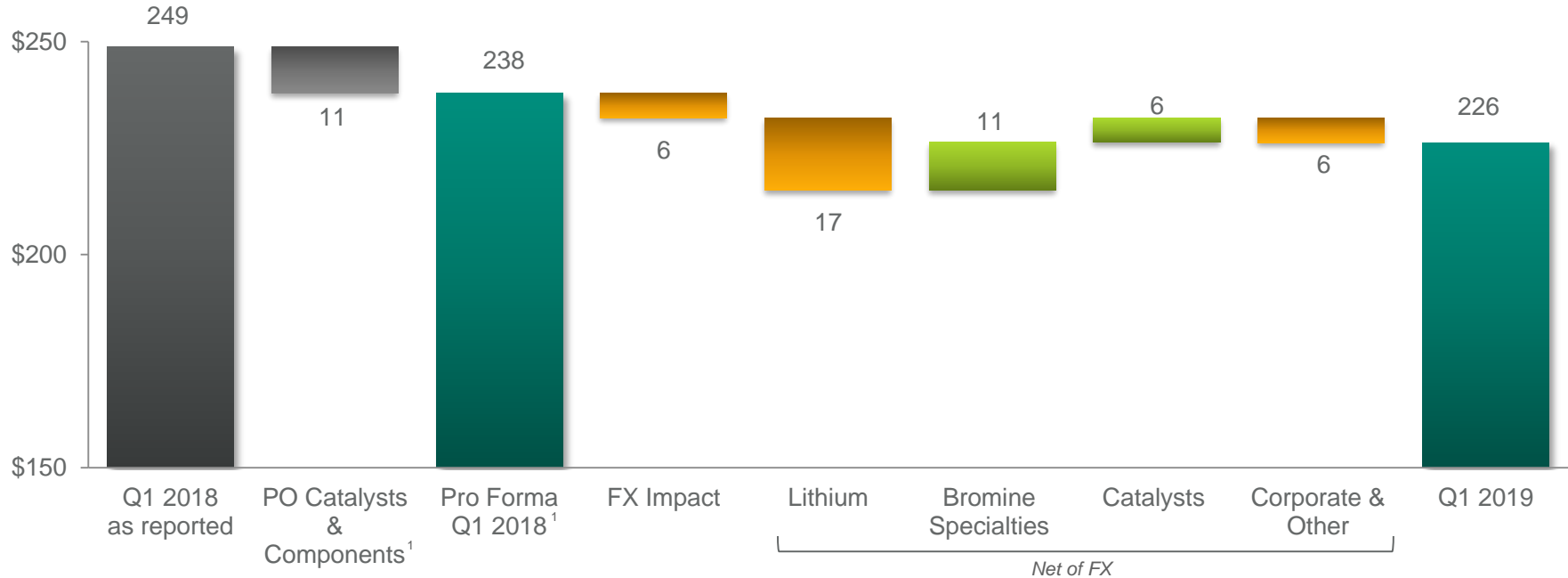
²Excludes net impact of divested business (Polyolefin Catalysts & Components). Pro-forma reconciliations in Appendix.

³Year-over-year comparison excludes net impact from Polyolefin Catalysts & Components business divested April 3, 2018. Pro-forma reconciliations in Appendix.

First Quarter 2019 Adjusted EBITDA Bridge

Q1 2019: Adjusted EBITDA down \$12 million, -5% YOY¹

(\$ in millions)

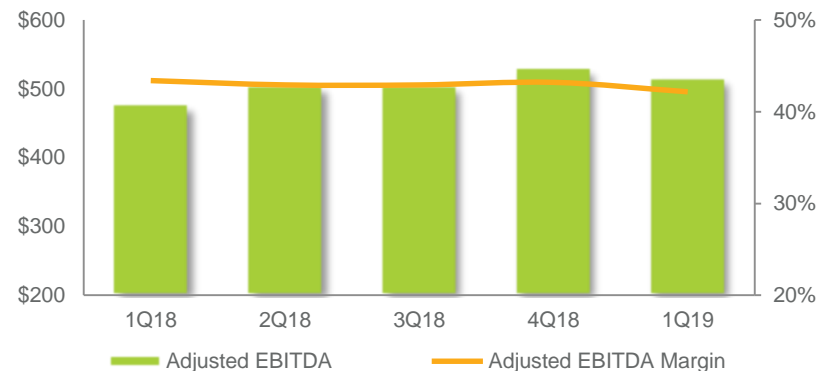


Lithium

Q1 2019 Performance

(\$ in millions)	Q1 2019	Q1 2018	Δ
Net Sales	\$292	\$298	-2%
Adj. EBITDA	\$116	\$131	-12%
Adj. EBITDA Margin	40%	44%	(435) bps

Historical Trend (TTM)



Performance Drivers

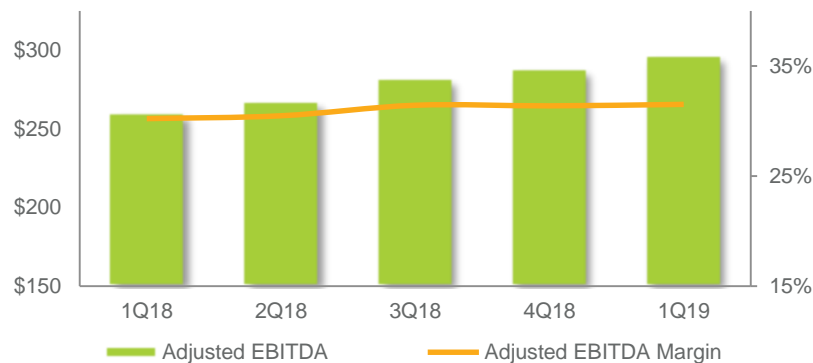
- Q1 2019 Lithium net sales¹ driven by price (3%) and offset by volume (-3%) due primary to the Q1 rain event in Chile
- Demand remains strong globally and strategic customers continue to meet price and volume commitments under the terms of our long-term agreements
- Margin reflects higher mix of carbonate sourced from toll manufactures

Bromine Specialties

Q1 2019 Performance

(\$ in millions)	Q1 2019	Q1 2018	Δ
Net Sales	\$249	\$226	10%
Adj. EBITDA	\$79	\$70	12%
Adj. EBITDA Margin	32%	31%	55 bps

Historical Trend (TTM)



Performance Drivers

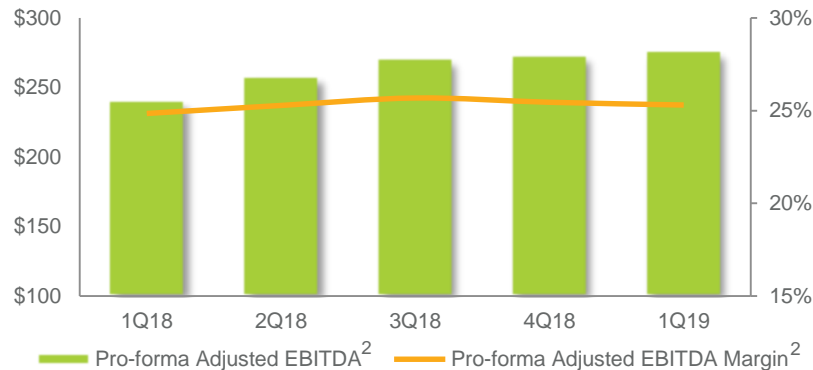
- Q1 2019 Bromine net sales¹ growth driven by price (5%) and volume (6%)
- End market demand remained strong, especially for electronics, polymer resins, and off-shore drilling
- Margin improved slightly as a result of higher sales prices and operating rates

Catalysts

Q1 2019 Performance

(\$ in millions)	Q1 2019	Q1 2018	Pro-forma ¹ Q1 2018	Δ vs Pro-forma ¹ Q1 2018
Net Sales	\$252	\$261	\$234	8%
Adj. EBITDA	\$60	\$68	\$57	5%
Adj. EBITDA Margin	24%	26%	24%	(51) bps

Historical Trend (TTM)



Performance Drivers

- Q1 2019 Catalyst net sales² growth driven by price (1%) and volume (9%)
- Hydroprocessing catalysts favorable as a result of order timing
- Low single digit price increases in FCC catalysts partially offset by reduced volume
- PCS restructuring on track

Note: Numbers may not reconcile due to rounding.

¹Pro-forma excludes net impact from Polyolefin Catalysts & Components business divested April 3, 2018. Pro-forma reconciliations in Appendix.

²Net of FX Impacts.

Cash Flow and Net Debt

Three Months Ended March 31

(\$ in millions)

	<u>2019</u>	<u>2018</u>
Net Cash from Operations	\$55	\$122
Less: Capital Expenditures	(216)	(132)
Add Back: Pension Contributions	4	4
Free Cash Flow	(\$157)	(\$6)

- Capital expenditures for Q1 on track with full year guidance of \$800 - \$900 million due to ramp on Kemerton, continued build out of La Negra and start of the Salar yield improvement.

Selected Financial Metrics

(\$ in millions)

(as of 03/31/2019)

Dividends Paid (YTD):	\$35
Dividend Growth (Y/Y)¹:	10%
Cash Balance:	\$465
Gross Debt²:	\$1,820

Net Debt to Adj. EBITDA³









¹Represents annual increase in dividend per share.




²Excludes JV debt not guaranteed by Company.

³Gross Debt to Adj. EBITDA and Net Debt to Adj. EBITDA ratios are based on the bank covenant definition. See appendix for reconciliations.

Full Year 2019 Business Guidance vs 2018

As of May 8, 2019

Business Unit	Prior Outlook	Updated Outlook	Business Environment
Lithium			<ul style="list-style-type: none"> Adj. EBITDA growth expected to be in the high teens vs prior year Favorable outlook driven by volume growth and flat to inflationary price increases Increased costs related to plant startups and tolled volumes; expect adj. EBITDA margins to remain above 40%
Bromine Specialties			<ul style="list-style-type: none"> Adj. EBITDA growth expected to be up mid to high single digits on a percentage basis Outlook driven by stable demand across portfolio and improving second half expectations Historically, Bromine segment impacted earliest and most negatively by economic slowdown
Catalysts ¹			<ul style="list-style-type: none"> Adj. EBITDA expected to be flat vs prior year on a pro-forma¹ basis PCS headwind of \$11 million adj. EBITDA in 2019 from loss of customer contract Refining Catalysts adj. EBITDA expected to be up mid single digit, excluding 2018 one-time settlements of ~\$9 million

 Better than 2018
  Better than 2018; reduced from Prior Outlook
  Flat vs 2018

Full Year 2019 Guidance vs 2018

As of May 8, 2019

	FY 2018	FY 2018 Pro-forma ¹	FY 2019 Guidance	2019 Guidance vs FY 2018 Pro-Forma ¹
Net Sales	\$3.37B	\$3.35B	\$3.65B – \$3.85B	9% – 15%
Adjusted EBITDA	\$1,007M	\$996M	\$1,070M – \$1,140M	7% – 14%
Adjusted EBITDA Margin	30%	30%	29% – 31%	
Adjusted Diluted EPS	\$5.48	\$5.43	\$6.10 – \$6.50	12% – 20%
Net Cash from Operations	\$546M	\$535M	\$700M – \$800M	40% – 50%
Capital Expenditures	\$700M	\$700M	\$800M – \$900M	

FY Guidance is unchanged

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Appendix

Non-GAAP Reconciliations and
Supplemental Information

Definitions of Non-GAAP Measures

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-form 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 Net Income - Pro-forma

	Three Months Ended	
	March 31,	
	2019	2018
<i>(\$ in thousands)</i>		
Net income attributable to Albemarle Corporation	\$ 133,569	\$ 131,760
Add back:		
Non-operating pension and OPEB items (net of tax)	(569)	(1,866)
Non-recurring and other unusual items (net of tax)	(2,012)	15,319
Adjusted net income attributable to Albemarle Corporation	130,988	145,213
Pro-forma: Net impact of income from divested business (net of tax)	—	(8,355)
Pro-forma adjusted net income attributable to Albemarle Corporation	\$ 130,988	\$ 136,858
Adjusted diluted earnings per share	\$ 1.23	\$ 1.30
Pro-forma adjusted diluted earnings per share	\$ 1.23	\$ 1.22
Weighted-average common shares outstanding – diluted	106,356	111,867

See above for a reconciliation of adjusted net income and pro-forma adjusted net income, 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.

EBITDA and Adjusted EBITDA - Pro-forma

<i>(\$ in thousands)</i>	Three Months Ended	
	March 31,	
	2019	2018
Net income attributable to Albemarle Corporation	\$ 133,569	\$ 131,760
Add back:		
Interest and financing expenses	12,586	13,538
Income tax expense	37,514	20,361
Depreciation and amortization	49,283	50,330
EBITDA	232,952	215,989
Non-operating pension and OPEB items	(583)	(2,197)
Non-recurring and other unusual items	(6,502)	34,926
Adjusted EBITDA	225,867	248,718
Pro-forma: Net impact of adjusted EBITDA from divested business	—	(10,872)
Pro-forma adjusted EBITDA	\$ 225,867	\$ 237,846
Net sales	\$ 832,064	\$ 821,629
Pro-forma: Net impact of net sales from divested business	—	(27,082)
Pro-forma net sales	\$ 832,064	\$ 794,547
EBITDA margin	28.0%	26.3%
Adjusted EBITDA margin	27.1%	30.3%
Pro-forma adjusted EBITDA margin	27.1%	29.9%

See above for a reconciliation of EBITDA, adjusted EBITDA, and pro-forma 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.

See above for a reconciliation of pro-forma net sales, the non-GAAP financial measure, to net sales, the most directly comparable financial measure calculated and reported in accordance with GAAP.

Adjusted EBITDA - by Segment *(three months ended March 31)*

(\$ in thousands)

	Lithium	Bromine Specialties	Catalysts	Reportable Segments Total	All Other	Corporate	Consolidated Total
Three months ended March 31, 2019:							
Net income (loss) attributable to Albemarle Corporation	\$ 93,169	\$ 67,480	\$ 47,859	\$ 208,508	\$ 5,206	\$ (80,145)	\$ 133,569
Depreciation and amortization	22,092	11,117	12,212	45,421	2,037	1,825	49,283
Non-recurring and other unusual items	355	—	—	355	—	(6,857)	(6,502)
Interest and financing expenses	—	—	—	—	—	12,586	12,586
Income tax expense	—	—	—	—	—	37,514	37,514
Non-operating pension and OPEB items	—	—	—	—	—	(583)	(583)
Adjusted EBITDA	\$ 115,616	\$ 78,597	\$ 60,071	\$ 254,284	\$ 7,243	\$ (35,660)	\$ 225,867
Three months ended March 31, 2018:							
Net income (loss) attributable to Albemarle Corporation	\$ 108,334	\$ 59,536	\$ 55,660	\$ 223,530	\$ 1,760	\$ (93,530)	\$ 131,760
Depreciation and amortization	24,065	10,433	12,170	46,668	2,102	1,560	50,330
Non-recurring and other unusual items	(1,385)	—	—	(1,385)	—	36,311	34,926
Interest and financing expenses	—	—	—	—	—	13,538	13,538
Income tax expense	—	—	—	—	—	20,361	20,361
Non-operating pension and OPEB items	—	—	—	—	—	(2,197)	(2,197)
Adjusted EBITDA	\$ 131,014	\$ 69,969	\$ 67,830	\$ 268,813	\$ 3,862	\$ (23,957)	\$ 248,718
Pro-forma: Net impact of adjusted EBITDA from divested business	—	—	(10,872)	(10,872)	—	—	(10,872)
Pro-forma adjusted EBITDA	\$ 131,014	\$ 69,969	\$ 56,958	\$ 257,941	\$ 3,862	\$ (23,957)	\$ 237,846

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

Adjusted EBITDA - Margin by Segment *(three months ended March 31)*

<i>(\$ in thousands)</i>	Lithium	Bromine Specialties	Catalysts	Reportable Segments Total	All Other	Consolidated Total
Three months ended March 31, 2019:						
Net sales	\$ 291,886	\$ 249,052	\$ 251,648	\$ 792,586	\$ 39,478	\$ 832,064
Net income (loss) attributable to Albemarle Corporation	31.9%	27.1%	19.0%	26.3%	13.2%	16.1%
Depreciation and amortization	7.6%	4.5%	4.9%	5.7%	5.2%	5.9%
Non-recurring and other unusual items	0.1%	—%	—%	—%	—%	(0.8)%
Interest and financing expenses	—%	—%	—%	—%	—%	1.5%
Income tax expense	—%	—%	—%	—%	—%	4.5%
Non-operating pension and OPEB items	—%	—%	—%	—%	—%	(0.1)%
Adjusted EBITDA Margin	39.6%	31.6%	23.9%	32.1%	18.3%	27.1%
Three months ended March 31, 2018:						
Net sales	\$ 298,032	\$ 225,639	\$ 260,717	\$ 784,388	\$ 37,165	\$ 821,629
Pro-forma: Net impact of net sales from divested business	—	—	(27,082)	(27,082)	—	(27,082)
Pro-forma net sales	\$ 298,032	\$ 225,639	\$ 233,635	\$ 757,306	\$ 37,165	\$ 794,547
Net income (loss) attributable to Albemarle Corporation	36.3%	26.4%	21.3%	28.5%	4.7%	16.0%
Depreciation and amortization	8.1%	4.6%	4.7%	5.9%	5.7%	6.1%
Non-recurring and other unusual items	(0.5)%	—%	—%	(0.2)%	—%	4.3%
Interest and financing expenses	—%	—%	—%	—%	—%	1.7%
Income tax expense	—%	—%	—%	—%	—%	2.5%
Non-operating pension and OPEB items	—%	—%	—%	—%	—%	(0.3)%
Adjusted EBITDA Margin	44.0%	31.0%	26.0%	34.3%	10.4%	30.3%
Pro-forma Adjusted EBITDA Margin	44.0%	31.0%	24.4%	34.1%	10.4%	29.9%

See above for adjusted EBITDA margin, a non-GAAP financial measure defined as adjusted EBITDA divided by net sales. See slide 20 for the related reconciliation of adjusted EBITDA on a segment basis, the non-GAAP financial measure, to Net income attributable to Albemarle Corporation (“earnings”), the most directly comparable financial measure calculated and reporting in accordance with GAAP.

Consolidated Total includes net sales from Corporate (not shown) of \$76 in the three months ended March 31, 2018.

Adjusted EBITDA - Continuing Operations (twelve months ended)

(\$ in thousands)	Twelve Months Ended				
	Mar 31, 2018	Jun 30, 2018	Sep 30, 2018	Dec 31, 2018	Mar 31, 2019
Continuing Operations					
Net income attributable to Albemarle Corporation	\$ 135,397	\$ 334,525	\$ 345,600	\$ 693,562	\$ 695,371
Depreciation and amortization	202,188	203,540	203,352	200,698	199,651
Non-recurring and other unusual items (excluding items associated with interest expense)	101,914	(113,484)	(109,373)	(90,112)	(131,540)
Interest and financing expenses	60,375	59,093	56,289	52,405	51,453
Income tax expense	440,207	497,179	511,851	144,826	161,979
Non-operating pension and OPEB items	(17,259)	(18,410)	(19,577)	5,285	6,899
Adjusted EBITDA	\$ 922,822	\$ 962,443	\$ 988,142	\$ 1,006,664	\$ 983,813
Pro-forma: Net impact of adjusted EBITDA from divested businesses	(41,287)	(31,521)	(21,028)	(10,872)	—
Pro-forma Adjusted EBITDA	\$ 881,535	\$ 930,922	\$ 967,114	\$ 995,792	\$ 983,813
Net Sales	\$ 3,171,542	\$ 3,288,158	\$ 3,311,040	\$ 3,374,950	\$ 3,385,385
Pro-forma: Net impact of Net Sales from divested business	(106,013)	(80,282)	(53,306)	(27,082)	—
Pro-forma Net Sales	\$ 3,065,529	\$ 3,207,876	\$ 3,257,734	\$ 3,347,868	\$ 3,385,385
Pro-forma Adjusted EBITDA Margin	29%	29%	30%	30%	29%

See above for a reconciliation of adjusted EBITDA and pro-forma 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.

See above for a reconciliation of pro-forma net sales, the non-GAAP financial measure, to net sales, the most directly comparable financial measure calculated and reported in accordance with GAAP.

Adjusted EBITDA - by Segment (twelve months ended)

(\$ in thousands)	Twelve Months Ended				
	Mar 31, 2018	Jun 30, 2018	Sep 30, 2018	Dec 31, 2018	Mar 31, 2019
Lithium					
Net income attributable to Albemarle Corporation	\$ 373,712	\$ 409,185	\$ 409,753	\$ 428,212	\$ 413,047
Depreciation and amortization	92,879	95,744	96,798	95,193	93,220
Non-recurring and other unusual items	11,223	(698)	(1,635)	7,368	9,108
Adjusted EBITDA	477,814	504,231	504,916	530,773	515,375
Net Sales	1,100,688	1,174,430	1,176,120	1,228,171	1,222,025
Adjusted EBITDA Margin	43%	43%	43%	43%	42%
Bromine Specialties					
Net income attributable to Albemarle Corporation	\$ 219,681	\$ 227,615	\$ 241,822	\$ 246,509	\$ 254,453
Depreciation and amortization	40,701	40,059	40,501	41,607	42,291
Adjusted EBITDA	260,382	267,674	282,323	288,116	296,744
Net Sales	861,591	878,160	897,853	917,880	941,293
Adjusted EBITDA Margin	30%	30%	31%	31%	32%
Catalysts					
Net income attributable to Albemarle Corporation	\$ 229,359	\$ 456,252	\$ 458,897	\$ 445,604	\$ 437,803
Depreciation and amortization	53,855	53,342	51,655	49,131	49,173
Non-recurring and other unusual items	(1,250)	(219,955)	(218,705)	(210,428)	(210,428)
Adjusted EBITDA	281,964	289,639	291,847	284,307	276,548
Pro-forma: Net impact of adjusted EBITDA from divested business	(41,287)	(31,521)	(21,028)	(10,872)	—
Pro-forma Adjusted EBITDA	240,677	258,118	270,819	273,435	276,548
Net Sales	1,074,731	1,101,442	1,107,987	1,101,554	1,092,485
Pro-forma: Net impact of net sales from divested business	(106,013)	(80,282)	(53,306)	(27,082)	—
Pro-forma Net Sales	968,718	1,021,160	1,054,681	1,074,472	1,092,485
Pro-forma Adjusted EBITDA Margin	25%	25%	26%	25%	25%

See above for a reconciliation of adjusted EBITDA and pro-forma 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.

See above for a reconciliation of pro-forma net sales on a segment basis, the non-GAAP financial measure, to net sales, the most directly comparable financial measure calculated and reported in accordance with GAAP.

Adjusted EBITDA supplemental¹

(\$ in thousands)

	Twelve Months Ended	Three Months Ended			
	Mar 31, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018
Adjusted EBITDA	\$ 983,813	\$ 225,867	\$ 264,302	\$ 235,082	\$ 258,562
Net income attributable to noncontrolling interests	56,369	17,957	16,453	13,734	8,225
Equity in net income of unconsolidated investments (net of tax)	(103,768)	(35,181)	(27,537)	(22,081)	(18,969)
Dividends received from unconsolidated investments	34,987	3,034	24,621	2,749	4,583
Consolidated EBITDA	\$ 971,401	\$ 211,677	\$ 277,839	\$ 229,484	\$ 252,401
Total Long Term Debt (as reported)	\$ 1,819,588				
Off balance sheet obligations and other	72,700				
Consolidated Funded Debt	\$ 1,892,288				
Less Cash	465,274				
Consolidated Funded Net Debt	\$ 1,427,014				
Consolidated Funded Debt to Consolidated EBITDA Ratio	1.9				
Consolidated Funded Net Debt to Consolidated EBITDA Ratio	1.5				

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

Diluted EPS

	Three Months Ended	
	March 31,	
	2019	2018
Diluted earnings per share attributable to Albemarle Corporation	\$ 1.26	\$ 1.18
Add back:		
Non-operating pension and OPEB items (net of tax)	(0.01)	(0.02)
Non-recurring and other unusual items (net of tax)		
Acquisition and integration related costs	0.04	0.02
Gain on sale of property	(0.08)	—
Legal accrual	—	0.12
Environmental accrual	—	0.11
Other	(0.01)	—
Discrete tax items	0.03	(0.11)
Total non-recurring and other unusual items	(0.02)	0.14
Adjusted diluted earnings per share ¹	\$ 1.23	\$ 1.30

¹Totals may not add due to rounding

Effective Tax Rate

<i>(\$ in thousands)</i>	Income before income taxes and equity in net income of unconsolidated investments	Income tax expense	Effective income tax rate
Three months ended March 31, 2019:			
As reported	\$ 153,859	\$ 37,514	24.4%
Non-recurring, other unusual and non-operating pension and OPEB items	(7,085)	(4,504)	
As adjusted	\$ 146,774	\$ 33,010	22.5%
Three months ended March 31, 2018:			
As reported	\$ 138,609	\$ 20,361	14.7%
Non-recurring, other unusual and non-operating pension and OPEB items	32,729	19,276	
As adjusted	\$ 171,338	\$ 39,637	23.1%

See above for a reconciliation of the adjusted effective income tax rate, the non-GAAP financial measure, to the effective income tax rate, the most directly comparable financial measure calculated and reporting in accordance with GAAP.

Equity Income and Noncontrolling Interest

	Three Months Ended March 31,			
	2019		2018	
	Equity Income	Noncontrolling Interest	Equity Income	Noncontrolling Interest
<i>(\$ in thousands)</i>				
Lithium	\$ 29,370	\$ —	\$ 16,190	\$ —
Bromine Specialties	—	(17,939)	—	(7,149)
Catalysts	5,811	—	4,487	—
Corporate	—	(18)	—	(16)
Total Company	\$ 35,181	\$ (17,957)	\$ 20,677	\$ (7,165)

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