

# Albemarle Corporation Second Quarter 2017 Earnings

Appendix & Non-GAAP Reconciliations

Conference Call/Webcast

Tuesday, August 8<sup>th</sup>, 2017

9:00am ET



# 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, 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. Actual results could differ materially from the views expressed.

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 regulatory 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; 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 execute, operate and integrate acquisitions and divestitures, 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 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 net income from continuing operations, Adjusted diluted earnings per share attributable to Albemarle Corporation, Adjusted diluted earnings per share from continuing operations, 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 excluding the impact of foreign exchange translation (“ex FX”), Adjusted EBITDA margin excluding the impact of foreign exchange translation (“ex FX”), net debt to Adjusted EBITDA, gross debt to Adjusted 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, which is posted in the Investors section of our website at [www.albemarle.com](http://www.albemarle.com), under “Non-GAAP Reconciliations” under “Financials.” 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.

# Net Income

	Three Months Ended	
	June 30,	
	2017	2016
<i>(\$ in thousands)</i>		
Net income (loss) attributable to Albemarle Corporation	\$ 103,333	\$ (314,821)
Add back:		
Loss from discontinued operations (net of tax)	—	398,340
Earnings from continuing operations	103,333	83,519
Add back:		
Non-operating pension and OPEB items from continuing operations (net of tax)	(589)	(225)
Non-recurring and other unusual items from continuing operations (net of tax)	23,738	21,780
Adjusted net income from continuing operations	126,482	105,074
Pro-forma: Net impact of income from divested businesses (net of tax)	—	(585)
Pro-forma adjusted net income from continuing operations	126,482	104,489
Adjusted diluted earnings per share from continuing operations	\$ 1.13	\$ 0.93
Pro-forma adjusted diluted earnings per share attributable to continuing operations	\$ 1.13	\$ 0.92
Weighted-average common shares outstanding – diluted	112,105	113,175

See above for a reconciliation of adjusted net income from continuing operations, and pro-forma adjusted net income, the non-GAAP financial measures, to Net income (loss) attributable to Albemarle Corporation, the most directly comparable financial measure calculated and reported in accordance with GAAP. Adjusted earnings is defined as Net income attributable to Albemarle Corporation before discontinued operations and the non-recurring, other unusual and non-operating pension and OPEB items as listed above. Pro-forma adjusted net income is defined as Net income attributable to Albemarle Corporation before discontinued operations and the non-recurring, other unusual and non-operating pension and OPEB items, and the net impact of divested businesses.

# EBITDA - Pro-forma

	Three Months Ended	
	June 30,	
	2017	2016
<i>(\$ in thousands)</i>		
Net income (loss) attributable to Albemarle Corporation	\$ 103,333	\$ (314,821)
Add back:		
Loss from discontinued operations (net of tax)	—	398,340
Interest and financing expenses	14,590	15,800
Income tax expense	23,130	23,656
Depreciation and amortization	49,122	49,705
<b>EBITDA</b>	190,175	172,680
Non-operating pension and OPEB items	(1,053)	(265)
Non-recurring and other unusual items (excluding items associated with interest expense)	29,819	18,056
<b>Adjusted EBITDA</b>	\$ 218,941	\$ 190,471
Pro-forma: Net impact of adjusted EBITDA from divested businesses	—	(585)
<b>Pro-forma adjusted EBITDA</b>	\$ 218,941	\$ 189,886
<b>Net sales</b>	\$ 737,258	\$ 669,327
Pro-forma: Net impact of net sales from divested businesses	—	(12,905)
<b>Pro-forma net sales</b>	\$ 737,258	\$ 656,422
EBITDA margin	25.8%	25.8%
Adjusted EBITDA margin	29.7%	28.5%
Year-over-year difference in adjusted EBITDA margin	124 bps	
Pro-forma adjusted EBITDA margin	29.7%	28.9%
Year-over-year difference in Pro-forma adjusted EBITDA margin	77 bps	

See above for a reconciliation of EBITDA, adjusted EBITDA, and pro-forma adjusted EBITDA, the non-GAAP financial measures, to Net income (loss) attributable to Albemarle Corporation, the most directly comparable financial measure calculated and reported in accordance with GAAP. EBITDA is defined as Net income attributable to Albemarle Corporation before interest and financing expenses, income taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before discontinued operations and the non-recurring, other unusual and non-operating pension and OPEB items as listed below. Pro-forma adjusted EBITDA is defined as adjusted EBITDA before the net impact of EBITDA from divested businesses.

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. Pro-forma net sales is defined as net sales before the net impact of net sales from divested businesses.

# EBITDA - by Segment *(three-months ended June 30)*

*(\$ in thousands)*

	Lithium and Advanced Materials	Bromine Specialties	Refining Solutions	Reportable Segments Total	All Other	Corporate	Consolidated Total
<b>Three months ended June 30, 2017:</b>							
Net income (loss) attributable to Albemarle Corporation	\$ 95,350	\$ 51,739	\$ 40,463	\$ 187,552	\$ 152	\$ (84,371)	\$ 103,333
Depreciation and amortization	25,278	10,336	9,615	45,229	2,292	1,601	49,122
Non-recurring and other unusual items	11,921	—	—	11,921	—	17,898	29,819
Interest and financing expenses	—	—	—	—	—	14,590	14,590
Income tax expense	—	—	—	—	—	23,130	23,130
Non-operating pension and OPEB items	—	—	—	—	—	(1,053)	(1,053)
<b>Adjusted EBITDA</b>	<b>\$ 132,549</b>	<b>\$ 62,075</b>	<b>\$ 50,078</b>	<b>\$ 244,702</b>	<b>\$ 2,444</b>	<b>\$ (28,205)</b>	<b>\$ 218,941</b>
<b>Three months ended June 30, 2016:</b>							
Net income (loss) attributable to Albemarle Corporation	\$ 56,880	\$ 56,747	\$ 52,472	\$ 166,099	\$ (1,503)	\$ (479,417)	\$ (314,821)
Depreciation and amortization	25,788	9,815	9,114	44,717	3,353	1,635	49,705
Non-recurring and other unusual items	—	—	—	—	(974)	19,030	18,056
Interest and financing expenses	—	—	—	—	—	15,800	15,800
Income tax expense	—	—	—	—	—	23,656	23,656
Loss from discontinued operations (net of tax)	—	—	—	—	—	398,340	398,340
Non-operating pension and OPEB items	—	—	—	—	—	(265)	(265)
<b>Adjusted EBITDA</b>	<b>\$ 82,668</b>	<b>\$ 66,562</b>	<b>\$ 61,586</b>	<b>\$ 210,816</b>	<b>\$ 876</b>	<b>\$ (21,221)</b>	<b>\$ 190,471</b>

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 earnings on a segment basis is defined as earnings before discontinued operations and the special and non-operating pension and OPEB items as listed above. EBITDA is defined as earnings before interest and financing expenses, income taxes, and depreciation and amortization. Adjusted EBITDA is defined as EBITDA before discontinued operations and the non-recurring, other unusual and non-operating pension and OPEB items as listed above.

# EBITDA - Margin by Segment *(three-months ended June 30)*

*(\$ in thousands)*

	Lithium and Advanced Materials	Bromine Specialties	Refining Solutions	Reportable Segments Total	All Other	Consolidated Total
<b>Three months ended June 30, 2017:</b>						
Net sales	\$ 317,859	\$ 203,945	\$ 184,217	\$ 706,021	\$ 30,704	\$ 737,258
Net income (loss) attributable to Albemarle Corporation	30.0%	25.4%	22.0%	26.6%	0.5 %	14.0 %
Depreciation and amortization	8.0%	5.1%	5.2%	6.4%	7.5 %	6.7 %
Non-recurring and other unusual items	3.8%	—%	—%	1.7%	— %	4.0 %
Interest and financing expenses	—%	—%	—%	—%	— %	2.0 %
Income tax expense	—%	—%	—%	—%	— %	3.1 %
Non-operating pension and OPEB items	—%	—%	—%	—%	— %	(0.1)%
<b>Adjusted EBITDA Margin</b>	<b>41.7%</b>	<b>30.4%</b>	<b>27.2%</b>	<b>34.7%</b>	<b>8.0 %</b>	<b>29.7 %</b>
<b>Three months ended June 30, 2016:</b>						
Net sales	\$ 233,353	\$ 206,863	\$ 178,012	\$ 618,228	\$ 50,626	\$ 669,327
Net income (loss) attributable to Albemarle Corporation	24.4%	27.4%	29.5%	26.9%	(3.0)%	(47.0)%
Depreciation and amortization	11.1%	4.7%	5.1%	7.2%	6.6 %	7.4 %
Non-recurring and other unusual items	—%	—%	—%	—%	(1.9)%	2.7 %
Interest and financing expenses	—%	—%	—%	—%	— %	2.4 %
Income tax expense	—%	—%	—%	—%	— %	3.5 %
Loss from discontinued operations (net of tax)	—%	—%	—%	—%	— %	59.5 %
<b>Adjusted EBITDA Margin</b>	<b>35.4%</b>	<b>32.2%</b>	<b>34.6%</b>	<b>34.1%</b>	<b>1.7 %</b>	<b>28.5 %</b>

See above for adjusted EBITDA margin, a non-GAAP financial measure defined as adjusted EBITDA divided by net sales. See slide 6 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 \$533 and \$473 in the three months ended June 30, 2017 and June 30, 2016, respectively.

# EBITDA - Lithium & Adv. Materials

<i>(\$ in thousands)</i>	Lithium	PCS	Total Lithium and Advanced Materials
<b>Three months ended June 30, 2017:</b>			
Net income attributable to Albemarle Corporation	\$ 81,819	\$ 13,531	\$ 95,350
Depreciation and amortization	21,460	3,818	25,278
Non-recurring and other unusual items	11,921	—	11,921
<b>Adjusted EBITDA</b>	<b><u>\$ 115,200</u></b>	<b><u>\$ 17,349</u></b>	<b><u>\$ 132,549</u></b>
<b>Three months ended June 30, 2016:</b>			
Net income attributable to Albemarle Corporation	\$ 42,129	\$ 14,751	\$ 56,880
Depreciation and amortization	22,017	3,771	25,788
<b>Adjusted EBITDA</b>	<b><u>\$ 64,146</u></b>	<b><u>\$ 18,522</u></b>	<b><u>\$ 82,668</u></b>

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 earnings on a segment basis is defined as earnings before discontinued operations and the special and non-operating pension and OPEB items as listed above. EBITDA is defined as earnings before interest and financing expenses, income taxes, and depreciation and amortization. Adjusted EBITDA is defined as EBITDA before discontinued operations and the non-recurring, other unusual and non-operating pension and OPEB items as listed above.



# EBITDA - Lithium & Adv. Materials Margins

<i>(\$ in thousands)</i>	Lithium	PCS	Total Lithium and Advanced Materials
<b>Three months ended June 30, 2017:</b>			
Net sales	\$ 243,821	\$ 74,038	\$ 317,859
Net income attributable to Albemarle Corporation	33.6%	18.3%	30.0%
Depreciation and amortization	8.8%	5.2%	8.0%
Non-recurring and other unusual items	4.9%	—%	3.8%
Adjusted EBITDA	<u>47.2%</u>	<u>23.4%</u>	<u>41.7%</u>
<b>Three months ended June 30, 2016:</b>			
Net sales	\$ 157,713	\$ 75,640	\$ 233,353
Net income attributable to Albemarle Corporation	26.7%	19.5%	24.4%
Depreciation and amortization	14.0%	5.0%	11.1%
Adjusted EBITDA	<u>40.7%</u>	<u>24.5%</u>	<u>35.4%</u>

See above for adjusted EBITDA margin, a non-GAAP financial measure defined as adjusted EBITDA divided by net sales. See slide 8 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.

# EBITDA - Continuing Operations (Twelve Months Ended)

	Twelve Months Ended				
(\$ in thousands)	Jun 30, 2016	Sep 30, 2016	Dec 31, 2016	Mar 31, 2017	Jun 30, 2017
<b>Continuing Operations</b>					
Net income attributable to Albemarle Corporation	\$ 153,009	\$ 215,837	\$ 643,675	\$ 466,702	\$ 884,856
Depreciation and amortization	180,325	179,656	190,975	192,436	191,853
Non-recurring and other unusual items (excluding items associated with interest expense)	(20,329)	(59,662)	(61,335)	77,103	88,866
Interest and financing expenses	69,665	66,317	65,181	118,580	117,370
Income tax expense	31,639	30,889	96,263	82,749	82,223
Loss (income) from discontinued operations (net of tax)	356,576	344,441	(202,131)	(184,819)	(583,159)
Non-operating pension and OPEB items	(33,239)	(32,164)	25,589	24,809	24,021
<b>Adjusted EBITDA</b>	<b>\$ 737,646</b>	<b>\$ 745,314</b>	<b>\$ 758,217</b>	<b>\$ 777,560</b>	<b>\$ 806,030</b>
Pro-forma: Net impact of adjusted EBITDA from divested businesses	(18,571)	(9,837)	(2,059)	—	—
<b>Pro-forma Adjusted EBITDA</b>	<b>\$ 719,075</b>	<b>\$ 735,477</b>	<b>\$ 756,158</b>	<b>\$ 777,560</b>	<b>\$ 806,030</b>
Net Sales	\$ 2,742,363	\$ 2,703,157	\$ 2,677,203	\$ 2,742,055	\$ 2,809,986
Pro-forma: Net impact of net sales from divested businesses	(170,345)	(97,087)	(26,132)	—	—
<b>Pro-forma Net Sales</b>	<b>\$ 2,572,018</b>	<b>\$ 2,606,070</b>	<b>\$ 2,651,071</b>	<b>\$ 2,742,055</b>	<b>\$ 2,809,986</b>
<b>Pro-forma Adjusted EBITDA Margin</b>	<b>28%</b>	<b>28%</b>	<b>29%</b>	<b>28%</b>	<b>29%</b>

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. EBITDA is defined as Net income attributable to Albemarle Corporation before interest and financing expenses, income taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before discontinued operations and the non-recurring, other unusual and non-operating pension and OPEB items as listed below. Pro-forma adjusted EBITDA is defined as adjusted EBITDA before the net impact of EBITDA from divested businesses.

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. Pro-forma net sales is defined as net sales before the net impact of net sales from divested businesses.

# EBITDA - Lithium & Adv. Materials (Twelve Months Ended)

(\$ in thousands)	Twelve Months Ended				
	Jun 30, 2016	Sep 30, 2016	Dec 31, 2016	Mar 31, 2017	Jun 30, 2017
<b>Lithium and Advanced Materials</b>					
Net income attributable to Albemarle Corporation	\$ 219,307	\$ 246,975	\$ 261,394	\$ 292,173	\$ 330,643
Depreciation and amortization	87,550	91,027	101,966	101,562	101,052
Non-recurring and other unusual items	17,572	738	—	3,173	15,094
Adjusted EBITDA	324,429	338,740	363,360	396,908	446,789
Net Sales	872,339	903,943	968,216	1,036,418	1,120,924
Adjusted EBITDA Margin	37%	37%	38%	38%	40%
<b>Lithium</b>					
Net income attributable to Albemarle Corporation	\$ 146,233	\$ 176,574	\$ 198,852	\$ 232,120	\$ 271,810
Depreciation and amortization	73,416	76,436	86,862	86,439	85,882
Non-recurring and other unusual items	17,572	738	—	3,173	15,094
Adjusted EBITDA	237,221	253,748	285,714	321,732	372,786
Net Sales	561,683	599,685	668,852	748,520	834,629
Adjusted EBITDA Margin	42%	42%	43%	43%	45%
<b>PCS</b>					
Net income attributable to Albemarle Corporation	\$ 73,074	\$ 70,401	\$ 62,542	\$ 60,053	\$ 58,833
Depreciation and amortization	14,134	14,591	15,104	15,123	15,170
Adjusted EBITDA	87,208	84,992	77,646	75,176	74,003
Net Sales	310,656	304,257	299,364	287,897	286,295
Adjusted EBITDA Margin	28%	28%	26%	26%	26%

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 earnings on a segment basis is defined as earnings before discontinued operations and the special and non-operating pension and OPEB items as listed above. EBITDA is defined as earnings before interest and financing expenses, income taxes, and depreciation and amortization. Adjusted EBITDA is defined as EBITDA before discontinued operations and the non-recurring, other unusual and non-operating pension and OPEB items as listed above.

# EBITDA - Bromine Specialties & Refining Solutions

## (Twelve Months Ended)

(\$ in thousands)	Twelve Months Ended				
	Jun 30, 2016	Sep 30, 2016	Dec 31, 2016	Mar 31, 2017	Jun 30, 2017
<b>Bromine Specialties</b>					
Net income attributable to Albemarle Corporation	\$ 190,116	\$ 182,342	\$ 187,364	\$ 194,205	\$ 189,197
Depreciation and amortization	39,077	39,857	39,562	39,601	40,122
Adjusted EBITDA	229,193	222,199	226,926	233,806	229,319
Net Sales	765,593	769,374	792,425	815,063	812,145
Adjusted EBITDA Margin	30%	29%	29%	29%	28%
<b>Refining Solutions</b>					
Net income attributable to Albemarle Corporation	\$ 186,571	\$ 196,839	\$ 202,874	\$ 197,034	\$ 185,025
Depreciation and amortization	35,320	35,495	36,089	36,434	36,935
Non-recurring and other unusual items	1,971	1,971	—	—	—
Adjusted EBITDA	223,862	234,305	238,963	233,468	221,960
Net Sales	734,113	739,464	732,137	746,969	753,175
Adjusted EBITDA Margin	30%	32%	33%	31%	29%

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 earnings on a segment basis is defined as earnings before discontinued operations and the special and non-operating pension and OPEB items as listed above. EBITDA is defined as earnings before interest and financing expenses, income taxes, and depreciation and amortization. Adjusted EBITDA is defined as EBITDA before discontinued operations and the non-recurring, other unusual and non-operating pension and OPEB items as listed above.

# EBITDA supplemental<sup>1</sup>

(\$ in thousands)

	Twelve Months Ended	Three Months Ended			
	Jun 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016
<b>Adjusted EBITDA</b>	<b>\$ 806,030</b>	<b>\$ 218,941</b>	<b>\$ 211,376</b>	<b>\$ 187,384</b>	<b>\$ 188,329</b>
Net income attributable to noncontrolling interests	39,465	10,356	11,444	8,188	9,477
Equity in net income of unconsolidated investments (net of tax)	(66,019)	(15,048)	(21,171)	(14,847)	(14,953)
Dividends received from unconsolidated investments	20,691	5,903	2,551	8,777	3,460
<b>Consolidated EBITDA</b>	<b>\$ 800,167</b>	<b>\$ 220,152</b>	<b>\$ 204,200</b>	<b>\$ 189,502</b>	<b>\$ 186,313</b>
<b>Total Long Term Debt (as reported)</b>	<b>\$ 1,728,577</b>				
Off balance sheet obligations and other	56,800				
<b>Consolidated Funded Debt</b>	<b>\$ 1,785,377</b>				
Less Cash	1,006,945				
<b>Consolidated Funded Net Debt</b>	<b>\$ 778,432</b>				
<b>Consolidated Funded Debt to Consolidated EBITDA Ratio</b>	<b>2.2</b>				
<b>Consolidated Funded Net Debt to Consolidated EBITDA Ratio</b>	<b>1.0</b>				

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

# Diluted EPS

	Three Months Ended	
	June 30,	
	2017	2016
Diluted earnings (loss) per share attributable to Albemarle Corporation	\$ 0.92	\$ (2.78)
Add back:		
Non-operating pension and OPEB items from continuing operations (net of tax)	(0.01)	—
Non-recurring and other unusual items from continuing operations (net of tax)		
Utilization of inventory markup	0.08	—
Restructuring and other, net	0.02	—
Acquisition and integration related costs	0.04	0.11
Multiemployer plan shortfall contributions	0.03	—
Other	0.02	—
Discrete tax items	0.02	0.08
Total non-recurring and other unusual items	0.21	0.19
Loss from discontinued operations (net of tax)	—	3.52
Adjusted diluted earnings per share from continuing operations <sup>1</sup>	\$ 1.13	\$ 0.93

<sup>1</sup>Totals may not add due to rounding

# Effective Tax Rate

	Income from continuing operations before income taxes and equity in net income of unconsolidated investments	Income tax expense	Effective income tax rate
<b>Three months ended June 30, 2017:</b>			
As reported	\$ 121,771	\$ 23,130	19.0%
Non-recurring, other unusual and non-operating pension and OPEB items from continuing operations	28,766	5,617	
As adjusted	<u>\$ 150,537</u>	<u>\$ 28,747</u>	19.1%
<b>Three months ended June 30, 2016:</b>			
As reported	\$ 105,396	\$ 23,656	22.4%
Non-recurring, other unusual and non-operating pension and OPEB items from continuing operations	17,791	(3,764)	
As adjusted	<u>\$ 123,187</u>	<u>\$ 19,892</u>	16.2%

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 Non-controlling Interest

	Three Months Ended June 30	
	2017	
<i>(\$ in thousands)</i>	Equity Income	Non-Controlling Interest
Bromine Specialties	\$ —	\$ (10,356)
Lithium and Advanced Materials	10,545	—
Refining Solutions	4,503	—
Total Company	\$ 15,048	\$ (10,356)



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