

Albemarle Corporation First Quarter 2020 Earnings

Conference Call/Webcast

Thursday, May 7, 2020

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, market trends, price, expected growth and earnings, demand for our products, capital projects, tax rates, stock repurchases, dividends, cash flow generation, 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 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 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 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.

Taking Action to Position Albemarle for the Present and the Future

01

Our priority is to protect the health and well-being of employees, customers and communities; actions to address COVID-19 implemented; sites are operating without a material impact

02

Q1 2020 net income of \$107 million or \$1.01 per diluted share; adjusted EBITDA of \$196 million was above previously communicated guidance; withdrawing FY 2020 guidance

03

Committed to maintaining investment grade credit rating; maintaining dividend

04

Preemptive measures to strengthen financial flexibility and preserve capital; liquidity of \$1.7B comprising cash-on-hand and credit facilities

05

Executing our downturn playbook in response to changing market conditions; accelerating cost savings program; reducing capital expenditures

06

Albemarle is an industry leader with the financial wherewithal, strategy and agility to operate in any economic environment; well positioned now and for the future

Protect Employees, Customers, Suppliers and Communities

Communication

Albemarle Executive Leadership Team meeting multiple times per week:

- COVID-19 global cross-functional response team update and recommendations
- Employee health and safety status/actions
- Business, Supply Chain, Manufacturing and Operations status/actions
- Financial status/actions

Frequent communication with employees

- Weekly email from CEO
- Weekly update from each GBU president, virtual town halls
- Weekly status and protocol update on company intranet

Actions Taken



Employees

- Protocols to decrease risk for our team, partners and communities
 - Travel restrictions, work-from-home, adjusted shift schedules
 - Health screening, social distancing at the worksite
 - Return-to-work protocols



Business Partners

- Frequent communications with customers to help us manage and meet their demand
- Plant entry protocol in place for safe and efficient deliveries



Manufacturing & Operations

- Business continuity plans in place to serve our customers with minimal disruption
 - Agile logistics team
 - Ability to ship from multiple ports and freight lines
 - Multi-source raw materials and supplies, where possible



Communities

- To date Albemarle, the Albemarle Foundation, and our JBC JV have contributed ~\$1.2M to help those in need
 - Donations of PPE globally
 - Fighting hunger
 - Relief for medical responders
 - Research grants
 - Improving access to learning

Adjusting Capital Allocation Priorities

		Adapting to Current Environment
01	Fund the Dividend <ul style="list-style-type: none">• 26th year of consecutive dividend increases• Targeting long-term median specialty chemical payout ratio	Committed to shareholder returns
02	Maintain Financial Flexibility <ul style="list-style-type: none">• Maintain Investment Grade rating• Long-term Net Debt to Adj. EBITDA Target: 2.0x - 2.5x	Committed to investment grade credit rating
03	Invest to Grow Profitably <ul style="list-style-type: none">• Strategically grow lithium capacity• Accelerate productivity projects• Build or buy conversion	Delaying capital expenditures
04	Growth via M&A and / or JVs <ul style="list-style-type: none">• Improved capital efficiency• Low-cost resources and operations	Disciplined approach to investment opportunities
05	Repurchase Shares <ul style="list-style-type: none">• Return excess cash to shareholders• Board authorization up to 7M additional shares	Authorization remains in place; no near-term planned buybacks

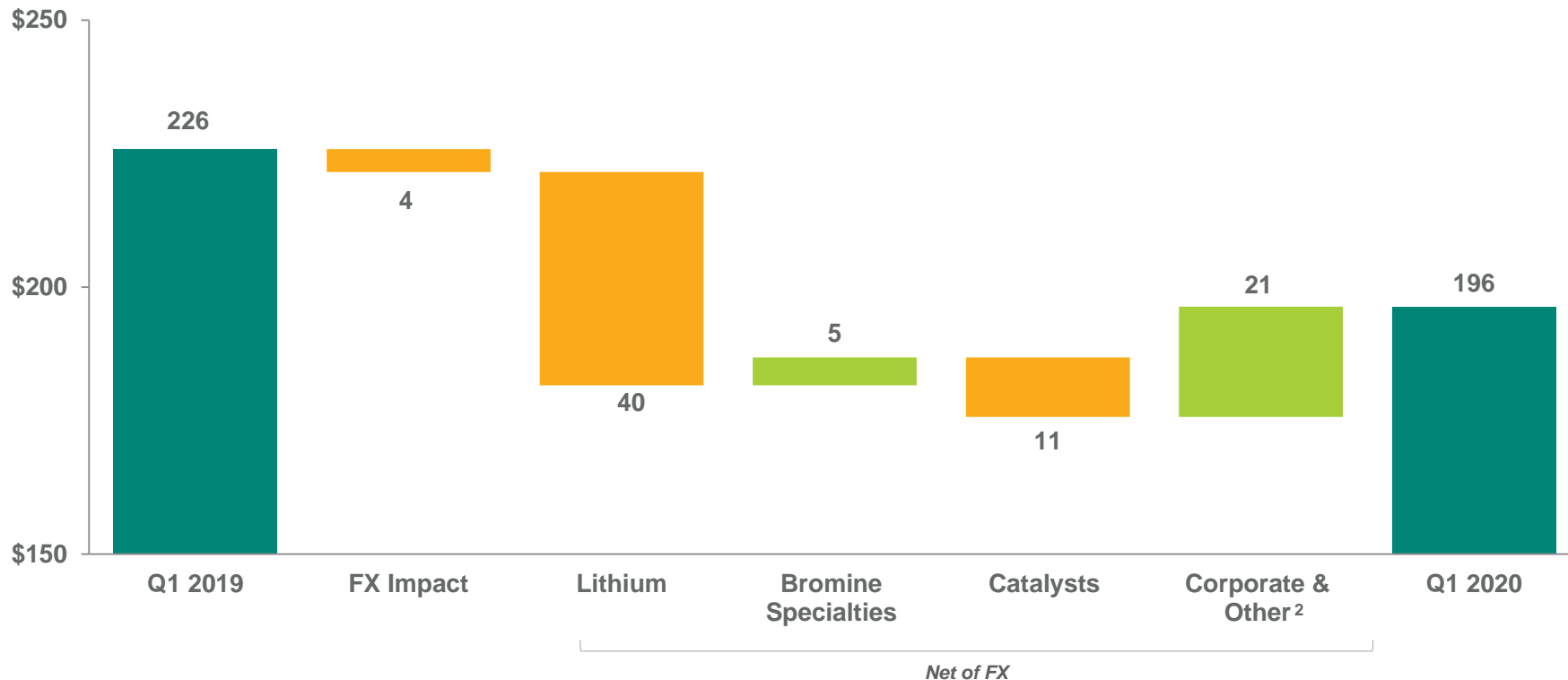
Q1 2020 Financial Summary

(in millions, except per share amounts)

	Q1 2020	Q1 2019	Variance
Net Sales	\$739	\$832	-11%
Net Income Attributable to Albemarle Corporation	\$107	\$134	-20%
Adjusted EBITDA	\$196	\$226	-13%
Diluted EPS	\$1.01	\$1.26	-20%
Non-operating Pension and OPEB items	(0.02)	(0.01)	
Non-recurring and Other Unusual Items	0.01	(0.02)	
Adjusted Diluted EPS	\$1.00	\$1.23	-19%
Adjusted EBITDA Margin	27%	27%	

Q1 2020 Adjusted EBITDA¹ Bridge

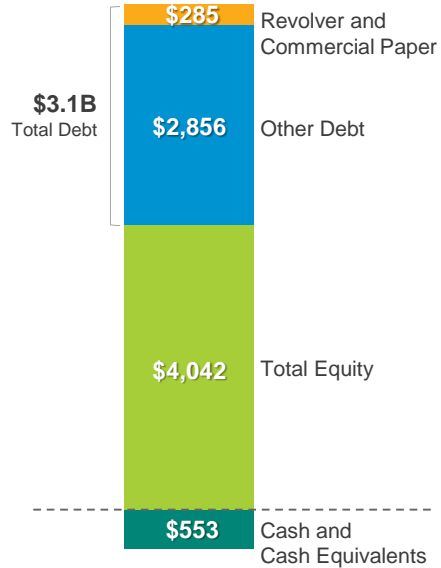
(\$ in millions)



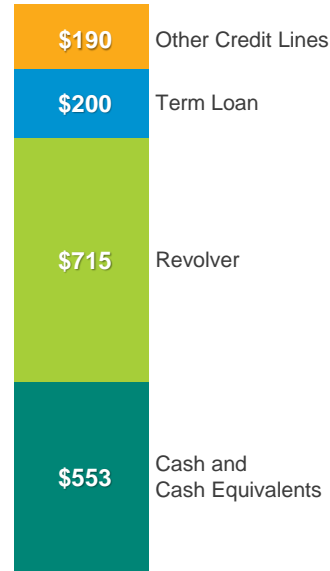
¹ Note: Bridge numbers may not reconcile due to rounding. ² Corporate and Other includes Fine Chemistry Services (FCS).

Strong Financial Position and Ample Liquidity (As of 3/31/20, \$M)

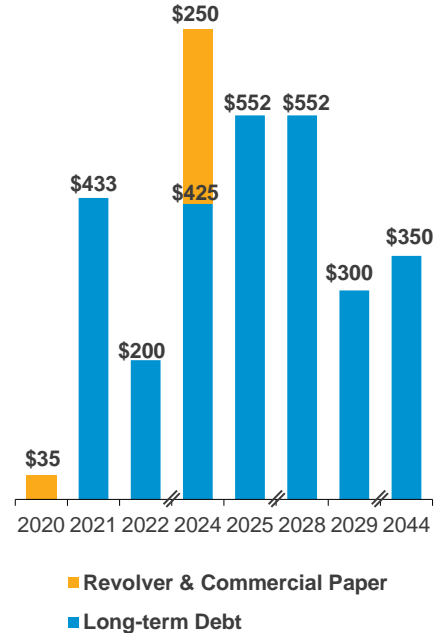
CAPITAL STRUCTURE



TOTAL LIQUIDITY: \$1.7B



DEBT MATURITY TIMELINE



- \$553M cash and cash equivalents
- \$250M drawn on revolver
- Net debt to adjusted EBITDA is 2.7x
- Leverage (gross debt to EBITDA) is 3.2x versus current covenant of 4.0x
- Currently negotiating covenant waiver to ensure on-going financial flexibility
- Weighted average interest of 2.7%
- Working capital typically averages ~25% of net sales; extending vendor payment terms; drawing down inventories
- Divestures slowed due to COVID-19; opportunity for cash infusion
- Subsequent event - in April, \$200M drawn on term loan

Committed to Maintaining Investment Grade Credit Rating

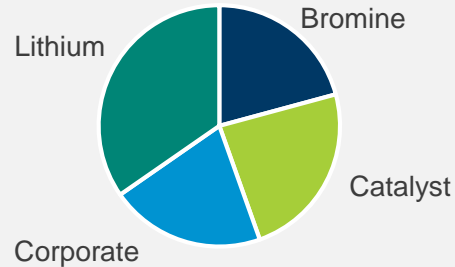
Accelerating 2020 Sustainable Cost Savings Initiative

- Executing on existing cost management project identified in 2019 totaling a **\$100M+ run rate YE 2021**
- Now expecting **\$50-\$70M in year one**; pulling forward **\$10 to \$20 million additional savings**

Three Buckets of Identified Cost Savings



Total Expected Cost Savings by Business Unit



Cost savings plan in place prior to COVID-19; accelerating pace of capture

Q2 2020 Outlook and Assumptions

	Q2 2020 Outlook
Net sales	\$700 - \$775 million
Adjusted EBITDA	\$140 - \$190 million

Lithium

- Q2 2020 adjusted EBITDA expected to be down YoY, but up slightly sequentially
- Stable Q2 energy storage orders as cathode and battery producers fill order backlogs; weaker specialties and technical grade (TG) orders

Bromine Specialties

- Q2 2020 adjusted EBITDA expected to be down ~20% YoY
- Early indications that some customers may push orders from late Q2 into Q3

Catalysts

- Q2 2020 adjusted EBITDA could be down ~50% YoY
- Fluid catalytic cracking (FCC) impacted by full quarter of stay-at-home orders and reduced transportation fuel consumption; Expect minimal impact to Q2 order book for Clean Fuel Technologies (Hydroprocessing Catalysts or HPC)

Executing Our Downturn Playbook for Short-Term Cash Management

		Status
Variable Costs	<ul style="list-style-type: none"> • Aggressively pursue lower raw material pricing • Continue travel restrictions • Limit professional services • Pursue economic incentives (e.g., stimulus plans/tax deferrals) • Reduced metric-based incentives and annual bonus plan 	✓ Activated
Fixed Costs	<ul style="list-style-type: none"> • Strict limits on hiring, overtime, contractors • Reduced capital expenditures • C-Suite and Board compensation reductions 	✓ Activated
Production	<ul style="list-style-type: none"> • Idle production sites as market demands dictate • Restructure supply chain 	✓ Activated, as needed
Working Capital	<ul style="list-style-type: none"> • Reduce inventory • Seek vendor payment extensions • Accelerate collection of receivables 	✓ Activated

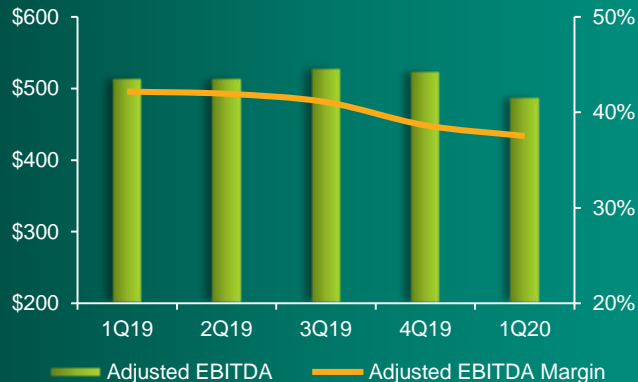
Short-term cash management actions save ~\$25-\$40M per quarter;
FY 2020 capex spending down ~\$150M from plan

Q1 2020 Overview: Lithium

Q1 2020 PERFORMANCE

(\$M)	Q1 2020	ΔQ1 2019
Net Sales	\$237	-19%
Net Sales ex FX ¹	\$240	-18%
Adj. EBITDA	\$79	-32%
Adj. EBITDA ex FX ¹	\$76	-35%
Adj. EBITDA Margin	33%	(640) bps
Adj. EBITDA Margin ex FX ¹	32%	(807) bps

HISTORICAL TREND (TTM)



Q1 Performance Drivers

- Net sales down 19% and adjusted EBITDA down 32%
 - Lower contract pricing (reflecting 2020 price adjustments) and reduced volume as customer took excess volume in Q4 2019
 - Partially offset by cost savings initiatives and favorable customer/product mix

Outlook

- Energy storage/battery grade (BG): anticipating potential H2 2020 impact as battery and cathode producers complete backlog and begin to respond to OEM shutdowns
- Specialties and technical grade (TG): Q2 2020 impact due to customer closures and order cancellations in industrial production (polymer, glass, grease) related to COVID-19

Drivers/Sensitivities

- Energy storage (~60% of Li sales): Primary driver - EV sales in Europe and China
 - Potentially 1 to 2 quarter lag behind EV production
- Specialties and TG (~40% of Li sales): Primary driver - consumer spending and industrial production
 - Less than 1 quarter lag in the downturn, relatively quick rebound in the upturn

Note: Numbers may not reconcile due to rounding.

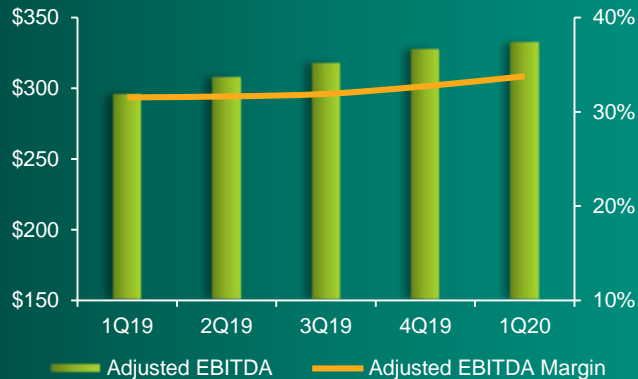
¹ Net of FX impacts.

Q1 2020 Overview: Bromine Specialties

Q1 2020 PERFORMANCE

(\$M)	Q1 2020	ΔQ1 2019
Net Sales	\$232	-7%
Net Sales ex FX ¹	\$230	-8%
Adj. EBITDA	\$83	6%
Adj. EBITDA ex FX ¹	\$84	7%
Adj. EBITDA Margin	36%	439 bps
Adj. EBITDA Margin ex FX ¹	36%	487 bps

HISTORICAL TREND (TTM)



Q1 Performance Drivers

- Net sales down 7% due primarily to logistics challenges that shifted some orders into Q2, partially offset by higher pricing
- Adjusted EBITDA up 6% due to cost saving initiatives and lower minority interest expense, which more than offset reduced net sales

Outlook

- Q2 2020 EBITDA anticipated to be down ~20% year-over-year
- Reduced demand driven by COVID-19 may begin to impact late Q2 2020 and continue into H2 2020

Drivers/Sensitivities

- GDP driven business - electronics, automotive, construction, appliances
- Flame retardants (~ 50% of sales): Primary driver - consumer spending / GDP
 - Driven in part by consumer markets
- Oilfield (< 20% of sales): Primary driver - oil price
 - Deep water and off-shore drilling
- ~1 to 3 quarter lag in supply chain; typically rebounds quickly post-recession

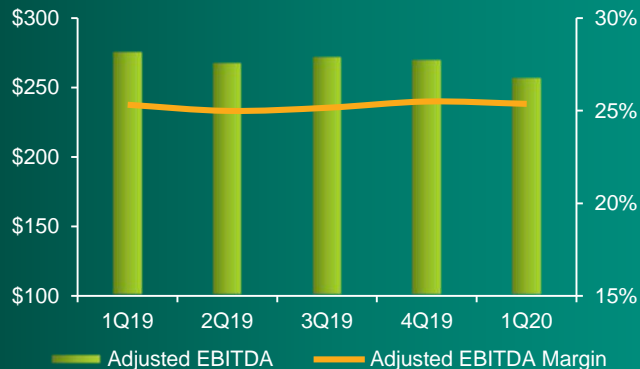
Note: Numbers may not reconcile due to rounding.
¹ Net of FX impacts.

Q1 2020 Overview: Catalysts

Q1 2020 PERFORMANCE

(\$M)	Q1 2020	ΔQ1 2019
Net Sales	\$207	-18%
Net Sales ex FX ¹	\$205	-18%
Adj. EBITDA	\$47	-21%
Adj. EBITDA ex FX ¹	\$49	-19%
Adj. EBITDA Margin	23%	(96) bps
Adj. EBITDA Margin ex FX ¹	24%	(3) bps

HISTORICAL TREND (TTM)



Q1 Performance Drivers

- Net sales down by 18% and adjusted EBITDA down by 21%
 - FCC volume was down from lower transportation fuel consumption as a result of stay-at-home orders and travel restrictions
 - HPC volume was down due to logistics disruptions related to COVID-19

Outlook

- FCC impacted by stay-at-home orders and travel restrictions; reduced transportation fuel consumption began in Q1 2020 in Asia and is expected to continue into Q2 in the rest of the world
- HPC Q2 order book largely secure; based on prior downturns expect H2 2020 orders to be pushed into 2021 as refineries push out turnarounds

Drivers/Sensitivities

- FCC: Primary drivers - miles driven/transportation fuel consumption
 - Very little lag time with changes in fuel consumption
- HPC: Primary driver - environmental sulfur regulations and customer turnarounds
 - 1 to 2 quarter lag into the downturn as refineries push out turnarounds, similar lag in the upturn
- Through cycle, both business are roughly the same size; HPC business is lumpy due to customer turnaround timing

Note: Numbers may not reconcile due to rounding.
¹ Net of FX impacts.

Upcoming Investor Events

Second Quarter 2020 Investor Relations Events

Date	Event – All Virtual
May 26	Non-Deal Roadshow
May 29	Bernstein Strategic Decisions Conference
June 1 – 4	Non-Deal Roadshow
June 9	Deutsche Bank Conference

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Appendix

Non-GAAP Reconciliations

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-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 Net Income

	Three Months Ended	
	March 31,	
	2020	2019
<i>(\$ in thousands)</i>		
Net income attributable to Albemarle Corporation	\$ 107,204	\$ 133,569
Add back:		
Non-operating pension and OPEB items (net of tax)	(2,311)	(569)
Non-recurring and other unusual items (net of tax)	1,493	(2,012)
Adjusted net income attributable to Albemarle Corporation	\$ 106,386	\$ 130,988
Adjusted diluted earnings per share	\$ 1.00	\$ 1.23
Weighted-average common shares outstanding – diluted	106,512	106,356

EBITDA and Adjusted EBITDA

	Three Months Ended	
	March 31,	
	2020	2019
<i>(\$ in thousands)</i>		
Net income attributable to Albemarle Corporation	\$ 107,204	\$ 133,569
Add back:		
Interest and financing expenses	16,885	12,586
Income tax expense	18,442	37,514
Depreciation and amortization	53,694	49,283
EBITDA	196,225	232,952
Non-operating pension and OPEB items	(2,908)	(583)
Non-recurring and other unusual items	3,048	(6,502)
Adjusted EBITDA	196,365	225,867
Net sales	\$ 738,845	\$ 832,064
EBITDA margin	26.6%	28.0%
Adjusted EBITDA margin	26.6%	27.1%

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, 2020							
Net income (loss) attributable to Albemarle Corporation	\$ 53,240	\$ 71,665	\$ 34,892	\$ 159,797	\$ 20,846	\$ (73,439)	\$ 107,204
Depreciation and amortization	25,397	11,597	12,578	49,572	1,978	2,144	53,694
Non-recurring and other unusual items	—	—	—	—	—	3,048	3,048
Interest and financing expenses	—	—	—	—	—	16,885	16,885
Income tax expense	—	—	—	—	—	18,442	18,442
Non-operating pension and OPEB items	—	—	—	—	—	(2,908)	(2,908)
Adjusted EBITDA	\$ 78,637	\$ 83,262	\$ 47,470	\$ 209,369	\$ 22,824	\$ (35,828)	\$ 196,365
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

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

(\$ in thousands)

	Lithium	Bromine Specialties	Catalysts	Reportable Segments Total	All Other	Consolidated Total
Three months ended March 31, 2020						
Net sales	\$ 236,818	\$ 231,592	\$ 207,207	\$ 675,617	\$ 63,228	\$ 738,845
Net income (loss) attributable to Albemarle Corporation	22.5%	30.9%	16.8%	23.7%	33.0%	14.5%
Depreciation and amortization	10.7%	5.0%	6.1%	7.3%	3.1%	7.3%
Non-recurring and other unusual items	—%	—%	—%	—%	—%	0.4%
Interest and financing expenses	—%	—%	—%	—%	—%	2.3%
Income tax expense	—%	—%	—%	—%	—%	2.5%
Non-operating pension and OPEB items	—%	—%	—%	—%	—%	(0.4)%
Adjusted EBITDA Margin	33.2%	36.0%	22.9%	31.0%	36.1%	26.6%
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%

Adjusted EBITDA - Continuing Operations *(twelve months ended)*

	Twelve Months Ended				
	Mar 31, 2019	Jun 30, 2019	Sep 30, 2019	Dec 31, 2019	Mar 31, 2020
<i>(\$ in thousands)</i>					
Net income attributable to Albemarle Corporation	\$ 695,371	\$ 547,108	\$ 572,433	\$ 533,228	\$ 506,863
Depreciation and amortization	199,651	202,125	206,905	213,484	217,895
Non-recurring and other unusual items (excluding items associated with interest expense)	(131,540)	67,457	64,683	117,243	126,793
Interest and financing expenses	51,453	49,746	47,866	57,695	61,994
Income tax expense	161,979	112,288	104,462	88,161	69,089
Non-operating pension and OPEB items	6,899	8,427	10,071	26,970	24,645
Adjusted EBITDA	<u>\$ 983,813</u>	<u>\$ 987,151</u>	<u>\$ 1,006,420</u>	<u>\$ 1,036,781</u>	<u>\$ 1,007,279</u>
Net Sales	\$ 3,385,385	\$ 3,416,563	\$ 3,518,562	\$ 3,589,427	\$ 3,496,208
Adjusted EBITDA Margin	29%	29%	29%	29%	29%

Adjusted EBITDA - by Segment (twelve months ended)

(\$ in thousands)

	Twelve Months Ended				
	Mar 31, 2019	Jun 30, 2019	Sep 30, 2019	Dec 31, 2019	Mar 31, 2020
Lithium					
Net income attributable to Albemarle Corporation	\$ 413,047	\$ 413,058	\$ 424,881	\$ 341,766	\$ 301,837
Depreciation and amortization	93,220	93,260	95,102	99,424	102,729
Non-recurring and other unusual items	9,108	9,219	9,384	83,744	83,389
Adjusted EBITDA	515,375	515,537	529,367	524,934	487,955
Net Sales	1,222,025	1,229,220	1,288,678	1,358,170	1,303,102
Adjusted EBITDA Margin	42%	42%	41%	39%	37%
Bromine Specialties					
Net income attributable to Albemarle Corporation	\$ 254,453	\$ 264,396	\$ 271,653	\$ 279,945	\$ 284,130
Depreciation and amortization	42,291	44,313	46,143	47,611	48,091
Non-recurring and other unusual items	—	—	1,142	901	901
Adjusted EBITDA	296,744	308,709	318,938	328,457	333,122
Net Sales	941,293	976,212	999,863	1,004,216	986,756
Adjusted EBITDA Margin	32%	32%	32%	33%	34%
Catalysts					
Net income attributable to Albemarle Corporation	\$ 437,803	\$ 211,040	\$ 214,894	\$ 219,686	\$ 206,719
Depreciation and amortization	49,173	49,004	49,492	50,144	50,510
Non-recurring and other unusual items	(210,428)	8,277	8,277	794	794
Adjusted EBITDA	276,548	268,321	272,663	270,624	258,023
Net Sales	1,092,485	1,073,820	1,084,027	1,061,817	1,017,376
Adjusted EBITDA Margin	25%	25%	25%	25%	25%

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.

Adjusted EBITDA supplemental¹

(\$ in thousands)

	Twelve Months Ended	Three Months Ended			
	Mar 31, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019
Adjusted EBITDA	\$ 1,007,279	\$ 196,365	\$ 294,663	\$ 254,351	\$ 261,900
Net income attributable to noncontrolling interests	69,603	16,431	15,852	16,548	20,772
Equity in net income of unconsolidated investments (net of tax)	(120,991)	(26,604)	(22,841)	(33,236)	(38,310)
Dividends received from unconsolidated investments	46,284	—	8,764	2,691	34,829
Consolidated EBITDA	\$ 1,002,175	\$ 186,192	\$ 296,438	\$ 240,354	\$ 279,191
Total Long Term Debt (as reported)	\$ 3,140,840				
Off balance sheet obligations and other	83,400				
Consolidated Funded Debt	\$ 3,224,240				
Less Cash	553,228				
Consolidated Funded Net Debt	\$ 2,671,012				
Consolidated Funded Debt to Consolidated EBITDA Ratio	3.2				
Consolidated Funded Net Debt to Consolidated EBITDA Ratio	2.7				

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

Diluted EPS

	Three Months Ended	
	March 31,	
	2020	2019
Diluted earnings per share attributable to Albemarle Corporation	\$ 1.01	\$ 1.26
Add back:		
Non-operating pension and OPEB items (net of tax)	(0.02)	(0.01)
Non-recurring and other unusual items (net of tax)		
Restructuring and other	0.01	—
Acquisition and integration related costs	0.02	0.04
Gain on sale of property	—	(0.08)
Other	(0.01)	(0.01)
Discrete tax items	(0.01)	0.03
Total non-recurring and other unusual items	0.01	(0.02)
Adjusted diluted earnings per share ¹	\$ 1.00	\$ 1.23

Effective Tax Rate

(\$ in thousands)

	Income before income taxes and equity in net income of unconsolidated investments	Income tax expense	Effective income tax rate
Three months ended March 31, 2020			
As reported	\$ 115,473	\$ 18,442	16.0%
Non-recurring, other unusual and non-operating pension and OPEB items	461	958	
As adjusted	<u>\$ 115,934</u>	<u>\$ 19,400</u>	16.7%
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	<u>\$ 146,774</u>	<u>\$ 33,010</u>	22.5%

Equity Income and Noncontrolling Interest

	Three Months Ended March 31,			
	2020		2019	
	Equity Income	Noncontrolling Interest	Equity Income	Noncontrolling Interest
<i>(\$ in thousands)</i>				
Lithium	\$ 33,507	\$ —	\$ 29,370	\$ —
Bromine Specialties	—	(16,433)	—	(17,939)
Catalysts	5,662	—	5,811	—
Corporate	(12,565)	2	—	(18)
Total Company	\$ 26,604	\$ (16,431)	\$ 35,181	\$ (17,957)

Note: Corporate equity income relates to foreign exchange gains or losses of our Windfield Holdings joint venture.

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