

Albemarle Corporation

Investor Presentation and
Non-GAAP Reconciliations

March 2018



Forward-Looking Statements

Some of the information presented in this presentation, the webcast 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, our portfolio, economic trends, supply and demand outlook, guidance and all other information relating to matters that are not historical facts may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from the views expressed.

Factors that could cause actual results to differ materially from the outlook expressed or implied in any forward-looking statement include, without limitation: changes in economic and business conditions; changes in financial and operating performance of our major customers and industries and markets served by us; the timing of orders received from customers; the gain or loss of significant customers; competition from other manufacturers; changes in the demand for our products or the end-user markets in which our products are sold; limitations or prohibitions on the manufacture and sale of our products; availability of raw materials; increases in the cost of raw materials and energy, and our ability to pass through such increases to our customers; changes in our markets in general; fluctuations in foreign currencies; changes in laws and government regulation impacting our operations or our products; the occurrence of regulatory 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; 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, 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, which is posted in the Investors section of our website at 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.

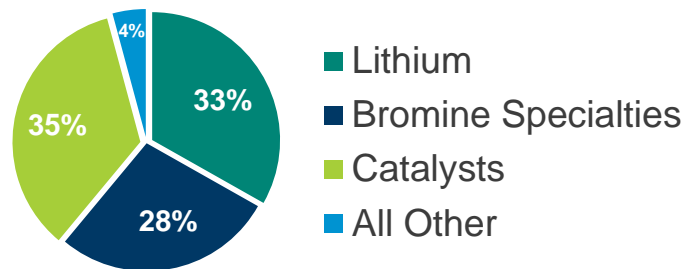
Albemarle Snapshot

Founded	1887
Global Employees	~5,000
Countries ¹	~100
Dividend Yield ²	1.3%
Market Cap ³	\$11.4B

Full Year 2017 Financial Highlights

Net Sales	\$3.1B
Adj. EPS ^{4,5}	\$4.59
Adj. EBITDA ^{4,5}	\$885M
Adj. EBITDA Margin ^{5,6}	29%

Full Year 2017 Net Sales by Segment



Providing innovative solutions to power the potential of energy efficiency

¹ Based on destinations of FY2017 product sales.

² \$101.76 closing price as of March 9, 2018; annualized dividend announced February 23, 2018.









³ \$101.76 closing price as of March 9, 2018; 112,380 million diluted shares outstanding as of December 31, 2017.

⁴ Non-GAAP measure. See Appendix for definition and Non-GAAP reconciliations.

⁵ Continuing operations only.

⁶ Non-GAAP measure. Adjusted EBITDA margin calculated by dividing net sales by Adjusted EBITDA.

Leadership Across Businesses Is Driven By Core Strengths

	Lithium	Bromine Specialties	Catalysts
Global Ranking	#1	#2	#2
Full Year 2017 Adj. EBITDA ¹	\$447M	\$259M	\$284M
Full Year 2017 Adj. EBITDA Margin ²	44%	30%	27%
Key Competitors	 	 	   
Advantages	Globally Diversified, Low Cost Resources; Leading Processing and Application Expertise; Customer Relationships	Globally Diversified, Low Cost Resources; Integrated Product Portfolio	Leading Technology and Application Expertise; Product Stewardship; Customer Relationships

¹ Non-GAAP measure. See Appendix for definition and Non-GAAP reconciliations.

² Non-GAAP measure. Adjusted EBITDA margin calculated by dividing net sales by Adjusted EBITDA. 2017 Net sales were \$1,018,885, \$855,143, and \$1,067,572 for Lithium, Bromine Specialties, and Catalysts, respectively.

Albemarle Path to Achieve Growth

2016

Diversified specialty chemical company with strong free cash flow¹ to fund growth

Lithium Wave I & II: Expand current resources and BG conversion capacity

Lithium Wave III: Explore new resources

Bromine Specialties: Strong cash flow

Catalysts: Strengthen R&D and technology

Supported by Productivity and Operational Excellence

2021

- 165,000 MT LCE annual capacity
- New Lithium resources in development with goal of 265,000 MT LCE capacity mid-2020s
- Strong free cash flow¹ to reinvest in growth businesses
- Ability to sustain margins in mature businesses
- Stronger overall product portfolio offering in refinery catalyst

CORPORATE GOALS

Sales Growth: 7-10% annualized
Adj. EBITDA Margins¹: 32 – 35%

Every Part of the Portfolio Contributes to the Strategy

Battery Markets Continue to Accelerate Lithium Demand

Battery Market Expectations

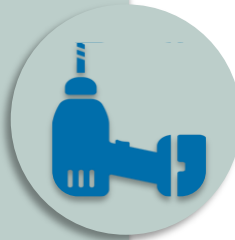


Transportation (EV, Trucks/Buses)

CAGR (2016-21): 32 – 35%

LCE Content: 40 – 100 kgs

EV Sales grew 58% in 2017



Consumer Electronics (CE)

CAGR (2016-21): ~8%

LCE Content: < 0.1 kgs



Grid Storage (ESS)

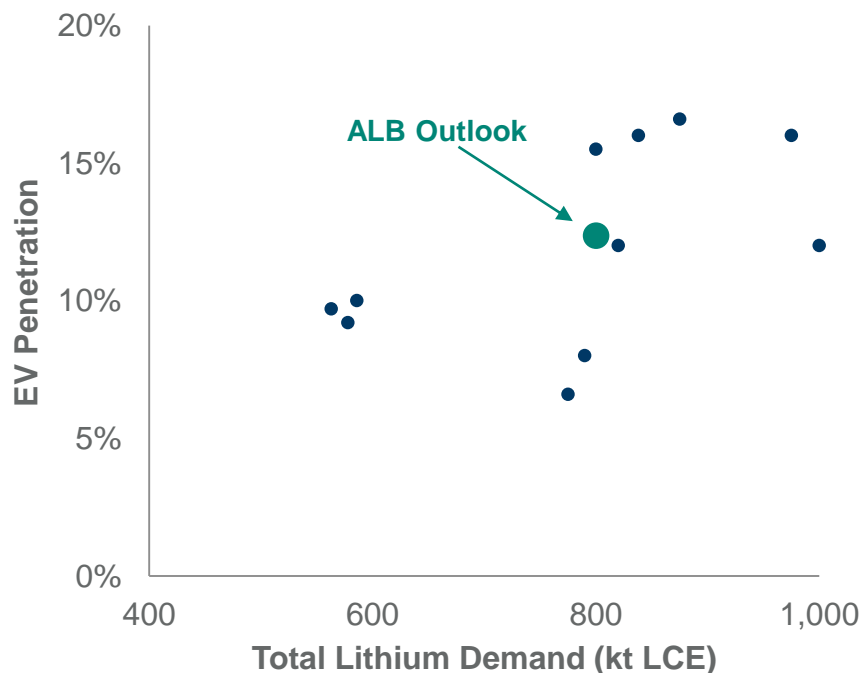
CAGR (2016-21): > 40%

LCE Content: > 1,000 kgs

Source: Based on Internal Albemarle Demand Model and third-party data

Demand Outlook – Thoughtful & Comprehensive Approach

2025 EV and Lithium Outlook¹



Demand Buildup by Application

Demand in kt LCE

Application	2017 Demand	'17 – '25 CAGR	2025 Demand
Transportation	50	35%	550
Consumer Electronics ²	60	8%	110
All Other/Industrial	110	3 – 4%	140
Total	220	~18%	800

Key EV Demand Inputs

- 12.4% EV (BEV + PHEV) penetration in 2025
- 51 kWh EV battery; 13 kWh PHEV battery
- 0.85 kg LCE/kWh for cathode; 0.10 kg LCE/kWh electrolyte

¹Includes estimates from Roskill, BMO Capital Markets, Citi Investment Research, Deutsche Bank, Goldman Sachs, Instine|Numora (America), Morgan Stanley, UBS, Oppenheimer, SQM, and FMC

²Includes grid storage or ESS volumes

Supply to Remain Relatively Balanced versus Demand

Established majors have strong incentive to commission capacity as demand warrants

- Relative size of lithium profit generation and resulting equity valuation
- Duration of resource quotas and time to earn returns on capital deployed

New brine projects typically take 10 years to reach quality product levels

- Hard rock projects vary depending on existing infrastructure

Market needs high-cost hard rock capacity to meet accelerating EV demand

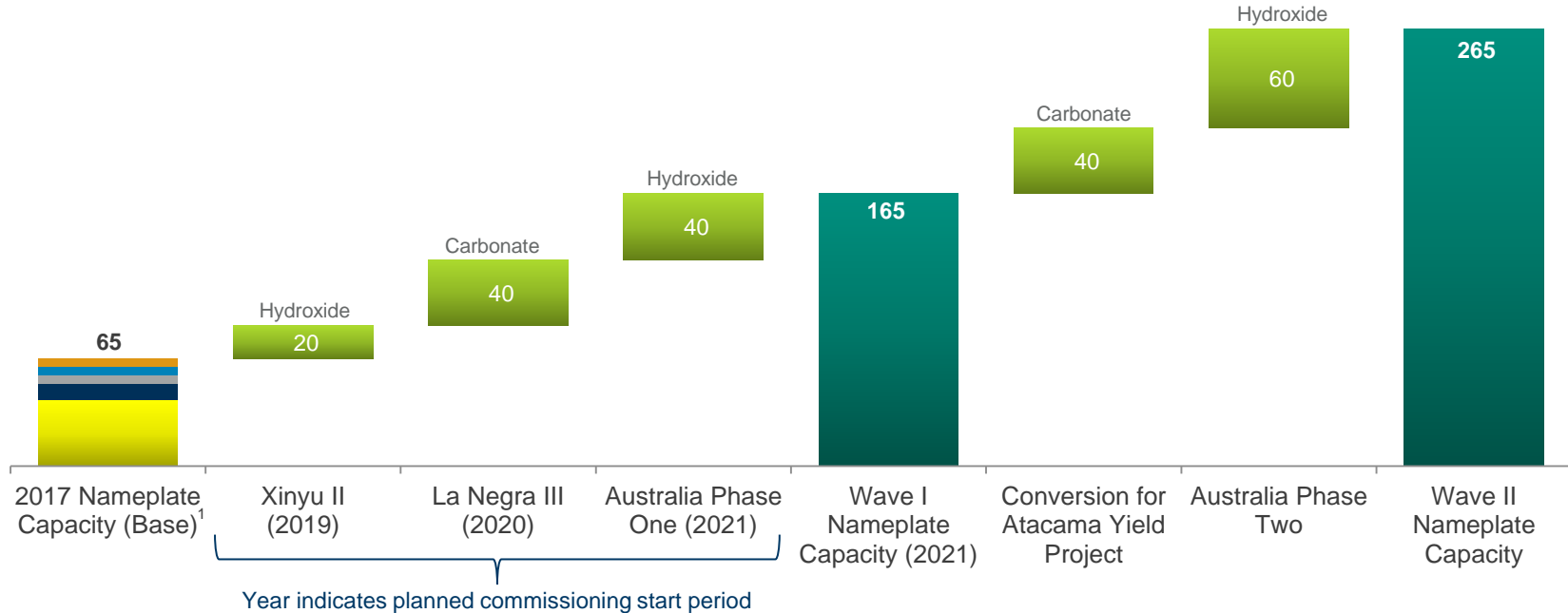
- Sets pricing floor in low teens USD per MT

Experience curve for new entrants to produce EV grade

- Technical and processing challenges to making battery grade (BG) product for EVs
- Some lower quality resources and conversion capacity unable to economically achieve BG quality requirements of automotive industry

Expanding Lithium Conversion Capacity in High Quality Resources

All figures in kt LCE and represent only lithium nameplate conversion capacity



Ramping as needed to meet demand of existing customers with ability to reduce spend rate based on 5-year outlook

¹ Conversion capacity does not include approximately 10 kt LCE of technical grade spodumene to non-battery applications.

Albemarle the Partner of Choice in EV Battery Markets

Deep relationships

- Leading cathode/battery producers largely based in Asia
- Average ALB supply relationship of 10+ years
- Baseload volume, but not sole supplier

Long-term Contracts

- Minimum volumes that escalate each year
- Pricing floor with pricing upside opportunities
- Fully committed capacity through 2021
- Contracts provides attractive return on capital for Wave 1 expansion investments

Value-added Sale

- Chemical, physical and purity characteristics requiring specialized operating know-how
- Customer specific specifications
- Development of innovative new lithium materials with customers

Disciplined Capital Allocation Strategy – Our Priorities

Invest for Growth, Maintain Flexibility and Deliver Shareholder Value

Invest for Growth in High Return Projects

- Strategically grow Lithium

Disciplined M&A Strategy

- Must support or accelerate our strategy

Maintain Investment Grade Rating

- Long-term Net Debt to Adjusted EBITDA^{1,2} Target: 2.0x – 2.5x
- Short-term target lower to stay flexible for investment

Fund Dividend Growth

- Increase dividend annually: 24 consecutive years since going public in 1994

Repurchase Shares

- When excess balance sheet capability available

Continued Portfolio Assessment to Drive Value

2014

2018

Acquired Rockwood ('15)
Entered high growth lithium market

Acquired Jiangxi Jiangli New Materials ('16)
Chinese lithium conversion capacity

Divested AOX ('14) and exited Phosphorus ('12) business
Non-core assets

Divested Minerals, Metal Sulfides and Chemetall® Surface Treatment ('16)
Used proceeds to reduce debt and strengthen balance sheet

Divesting Polyolefin Catalysts & Components ('18)
Non-core assets

Committed to evaluating the portfolio

Albemarle Is Well Positioned to Maximize Long-Term Shareholder Value Creation

- 1 Multi-year journey has resulted in a more focused and growth-oriented portfolio underpinned by energy efficiency macro drivers
- 2 Clear strategy with the people, cash generation and resources necessary to execute the strategy
- 3 Experienced and focused management team with clear deliverables
- 4 Actively managing our portfolio in a disciplined and focused manner to drive shareholder value
- 5 Strong balance sheet and disciplined approach to capital allocation with focus on highest returns (reinvestment, strategic acquisitions and returns to shareholders)

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Appendix

2018 Guidance and Business Snapshots

Full Year 2018 Guidance

	FY 2017	FY 2017 Pro Forma ³	FY 2018 Guidance ⁴	2018 Guidance vs FY 2017 Pro-Forma ³
Net Sales	\$3.07B	\$3.00B	\$3.2 – \$3.4B	7% – 15%
Adjusted EBITDA ¹	\$885M	\$859M	\$955 – \$1,005M	11% – 17%
Adjusted EBITDA Margin ¹	29%	29%	29% – 30%	
Adjusted Diluted EPS ¹	\$4.59	\$4.40	\$5.00 – \$5.40	14% – 23%
Net Cash from Operations ²	\$304M	\$278M	\$660 – \$730M	
Capital Expenditures	\$318M	\$313M	\$800 – \$900M	
Adjusted Free Cash Flow ²	\$354M	\$333M	(\$150) – \$50M	




1. Non-GAAP measure. See Non-GAAP reconciliation in Appendix for 2017 figures.

2. Free Cash Flow is a non-GAAP measure defined as Net Cash from Operations, add back pension and post-retirement contributions and subtract capital expenditures. See slide 12 for details.

3. The FY 2017 Pro Forma calculation excludes the financial contribution from Polyolefin Catalyst & Components for the final nine months of 2017 because Albemarle anticipates to close the sale by the end of 1Q 2018. Pro Forma FY 2017 Net Cash from Operations is calculated by subtracting the Adjusted EBITDA associated with the Polyolefin Catalysts & Components. Pro Forma FY 2017 Adjusted Free Cash Flow calculated by subtracting the Adjusted EBITDA and adding back the Capital Expenditures associated with the Polyolefin Catalysts & Components.

4. FY 2018 Guidance assumes financial contribution from Polyolefin Catalysts & Components ends at the end of 1Q 2018 when the sale closes.

Full Year 2018 Business Guidance vs 2017

GBU	Outlook	Business Environment
Lithium		<ul style="list-style-type: none"> FY 2018 Adj. EBITDA¹ expected to increase by greater than 20% compared to 2017 Favorable outlook driven by strong volume and price improvements, primarily in battery grade product portfolio Wave I expansion projects remain on track and increasing spend to accelerate Wave II projects Lithium Adj. EBITDA¹ margins expected to remain above 40%
Bromine Specialties		<ul style="list-style-type: none"> FY 2018 Adj. EBITDA¹ expected to be flat vs prior year Expect healthy demand for flame retardants and other bromine derivatives partially offset by higher raw material and freight costs
Catalysts ²		<ul style="list-style-type: none"> FY 2018 Adj. EBITDA¹ expected to increase mid-to-high single digit vs prior year² driven by higher volume and favorable product mix Growth in FCC volume and favorable product mix partially offset by increased input costs Favorable product mix in CFT driving higher margins

1. Non-GAAP measure.

2. Guidance provided on pro forma basis to include the first quarter of 2018 and exclude the final nine months of 2017 financial contribution of Polyolefin Catalysts & Components business, which is expected to be sold at the end of 1Q 2018



Lithium Snapshot

Full Year 2017 Financials

Net Sales	\$1,019M
Adj. EBITDA¹	\$447M
Adj. EBITDA Margin²	44%

Characteristics

- Mining and specialty chemicals capability
- Vertically integrated from natural resource to specialty performance products
- Low cost position globally

Applications

- Energy storage (Batteries)
- Glasses and Ceramics
- Greases and Lubricants
- Pharmaceutical Synthesis
- Polyolefins and Elastomers



Business Environment

- Volume growth driven by energy storage
- Public policy accelerating e-mobility / renewables
- Battery cost declining / performance improving
- Long-term supply agreements becoming industry standard

Best-In-Class Resources Coupled with Derivatives Expertise Are Differentiators

¹ Non-GAAP measure. See Appendix for definition and Non-GAAP reconciliations of historical measures.

² Non-GAAP measure. Adjusted EBITDA margin calculated by dividing net sales by Adjusted EBITDA.

Bromine Specialties Snapshot

Full Year 2017 Financials

Net Sales	\$855M
Adj. EBITDA ¹	\$259M
Adj. EBITDA Margin ²	30%

Characteristics

- Mineral extraction and processing
- Low-cost position on global cost curve
- Vertically integrated
- Stable and sustainable cash flow

Applications



- Flame retardants for electronics and construction materials
- Completion fluids for oilfield
- Industrial water treatment
- Plastic and synthetic rubber
- Ag and pharma synthesis

Business Environment

- Stable flame retardants demand across electronics, construction and automotive
- Current completion fluid weakness due to oil prices, with a favorable and long-term outlook
- Excess bromine capacity is limited to few suppliers

Advantaged Position. Stable End Markets. Strong Sustainable Cash Flow.

¹ Non-GAAP measure. See Appendix for definition and Non-GAAP reconciliations of historical measures.

² Non-GAAP measure. Adjusted EBITDA margin calculated by dividing net sales by Adjusted EBITDA.

Catalysts Snapshot

Full Year 2017 Financials

Net Sales	\$1,068M
Adj. EBITDA¹	\$284M
Adj. EBITDA Margin²	27%

Characteristics

- Leading positions in FCC and HPC catalysts
- Technology and applications knowledge
- Focused on value creation for refiners
- Long-term, collaborative customer relationships
- High barriers-to-entry
- Strong free cash flow¹ generation with growth
- Safety, scale and technical service

Fluid Cracking Catalysts (FCC)

FCC Catalyst

- Cracks oil feedstock
- Makes gasoline
- Makes propylene

Clean Fuels Technology (CFT)

HPC Catalyst

- Removes sulfur and contaminants
- Makes clean diesel
- Makes clean oil-feedstock

Alkylation & Isomerization Catalyst

- Makes clean high-octane gasoline

Polymer Catalyst Solutions (PCS)

PCS

- Polymers
- Eco-tires
- Pharma Synthesis
- AG Chem Synthesis
- Coatings

Leadership in FCC and HPC catalysts with High Margin Business with High Barriers-to-Entry

¹ Non-GAAP measure. See Appendix for definition and Non-GAAP reconciliations of historical measures.

² Non-GAAP measure. Adjusted EBITDA margin calculated by dividing net sales by Adjusted EBITDA.

Appendix

Non-GAAP Reconciliations and
Supplemental Information

New Reporting Structure: Net Sales and Adjusted EBITDA

New reporting structure starting 1Q 2018: Renaming Refining Solutions GBU to Catalysts; PCS and Refining Solutions net sales and adjusted EBITDA to be reported under the Catalysts GBU; renaming Lithium & Advanced Materials GBU to Lithium

	Three months ended				Year ended
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	December 31, 2017
Net sales:					
Lithium	\$ 216,229	\$ 243,821	\$ 269,238	\$ 289,597	\$ 1,018,885
Bromine Specialties	219,191	203,945	212,923	219,084	855,143
Catalysts	253,558	258,255	244,594	311,165	1,067,572
All Other	32,419	30,704	28,021	37,770	128,914
Corporate	666	533	90	173	1,462
Total net sales	<u>\$ 722,063</u>	<u>\$ 737,258</u>	<u>\$ 754,866</u>	<u>\$ 857,789</u>	<u>\$ 3,071,976</u>
Adjusted EBITDA:					
Lithium	\$ 99,852	\$ 115,200	\$ 112,944	\$ 118,656	\$ 446,652
Bromine Specialties	68,488	62,075	63,936	64,402	258,901
Catalysts	69,749	67,427	60,394	86,313	283,883
All Other	5,156	2,444	306	5,972	13,878
Corporate	(31,869)	(28,205)	(28,197)	(29,563)	(117,834)
Total adjusted EBITDA	<u>\$ 211,376</u>	<u>\$ 218,941</u>	<u>\$ 209,383</u>	<u>\$ 245,780</u>	<u>\$ 885,480</u>

New Reporting Structure: Adjusted EBITDA

New reporting structure starting 1Q 2018: Renaming Refining Solutions GBU to Catalysts; PCS and Refining Solutions net sales and adjusted EBITDA to be reported under the Catalysts GBU; renaming Lithium & Advanced Materials GBU to Lithium

	<u>Lithium</u>	<u>Bromine Specialties</u>	<u>Catalysts</u>	<u>Reportable Segments Total</u>	<u>All Other</u>	<u>Corporate</u>	<u>Consolidated Total</u>
Year ended December 31, 2017:							
Net income (loss) attributable to Albemarle Corporation	\$ 342,992	\$ 218,839	\$ 230,665	\$ 792,496	\$ 5,521	\$ (743,167)	\$ 54,850
Depreciation and amortization	87,879	40,062	54,468	182,409	8,357	6,162	196,928
Utilization of inventory markup	23,095	—	—	23,095	—	—	23,095
Restructuring and other	—	—	—	—	—	17,056	17,056
Gain on acquisition	(6,221)	—	—	(6,221)	—	—	(6,221)
Acquisition and integration related costs	—	—	—	—	—	33,954	33,954
Interest and financing expenses	—	—	—	—	—	115,350	115,350
Income tax expense	—	—	—	—	—	431,817	431,817
Non-operating pension and OPEB items	—	—	—	—	—	(16,125)	(16,125)
Multiemployer plan shortfall contributions	—	—	—	—	—	7,887	7,887
Note receivable reserve	—	—	—	—	—	28,730	28,730
Other	(1,093)	—	(1,250)	(2,343)	—	502	(1,841)
Adjusted EBITDA	\$ 446,652	\$ 258,901	\$ 283,883	\$ 989,436	\$ 13,878	\$ (117,834)	\$ 885,480
Year ended December 31, 2016:							
Net income (loss) attributable to Albemarle Corporation	\$ 198,852	\$ 187,364	\$ 265,416	\$ 651,632	\$ 131,301	\$ (139,258)	\$ 643,675
Depreciation and amortization	86,862	39,562	51,193	177,617	7,302	6,056	190,975
(Gain) loss on sales of businesses, net	—	—	—	—	(123,831)	1,533	(122,298)
Acquisition and integration related costs	—	—	—	—	—	57,384	57,384
Interest and financing expenses	—	—	—	—	—	65,181	65,181
Income tax expense	—	—	—	—	—	96,263	96,263
Income from discontinued operations (net of tax)	—	—	—	—	—	(202,131)	(202,131)
Non-operating pension and OPEB items	—	—	—	—	—	25,589	25,589
Other	—	—	—	—	—	3,579	3,579
Adjusted EBITDA	\$ 285,714	\$ 226,926	\$ 316,609	\$ 829,249	\$ 14,772	\$ (85,804)	\$ 758,217

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.

Net Income

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
<i>(\$ in thousands)</i>				
Net (loss) income attributable to Albemarle Corporation	\$ (218,366)	\$ 602,090	\$ 54,850	\$ 643,675
Add back:				
Income from discontinued operations (net of tax)	—	(559,974)	—	(202,131)
Earnings from continuing operations	(218,366)	42,116	54,850	441,544
Add back:				
Non-operating pension and OPEB items from continuing operations (net of tax)	(8,455)	17,868	(10,548)	17,608
Non-recurring and other unusual items from continuing operations (net of tax)	376,641	28,844	471,559	(55,374)
Adjusted net income from continuing operations	149,820	88,828	515,861	403,778
Adjusted diluted earnings per share from continuing operations	\$ 1.34	\$ 0.78	\$ 4.59	\$ 3.57
Weighted-average common shares outstanding – diluted	112,152	113,563	112,380	113,239

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

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
<i>(\$ in thousands)</i>				
Net (loss) income attributable to Albemarle Corporation	\$ (218,366)	\$ 602,090	\$ 54,850	\$ 643,675
Add back:				
Income from discontinued operations (net of tax)	—	(559,974)	—	(202,131)
Interest and financing expenses	16,455	18,321	115,350	65,181
Income tax expense	378,221	34,728	431,817	96,263
Depreciation and amortization	52,841	49,687	196,928	190,975
EBITDA	229,151	144,852	798,945	793,963
Non-operating pension and OPEB items	(12,981)	26,368	(16,125)	25,589
Non-recurring and other unusual items (excluding items associated with interest expense)	29,610	16,164	102,660	(61,335)
Adjusted EBITDA	\$ 245,780	\$ 187,384	\$ 885,480	\$ 758,217
Net sales	\$ 857,789	\$ 696,655	\$ 3,071,976	\$ 2,677,203
EBITDA margin	26.7%	20.8%	26.0%	29.7%
Adjusted EBITDA margin	28.7%	26.9%	28.8%	28.3%
Year-over-year difference in adjusted EBITDA margin		176 bps		50 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.

EBITDA - Continuing Operations (Twelve Months Ended)

(\$ in thousands)	Twelve Months Ended				
	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016
Continuing Operations					
Net income attributable to Albemarle Corporation	\$ 54,850	\$ 875,306	\$ 884,856	\$ 466,702	\$ 643,675
Depreciation and amortization	196,928	193,774	191,853	192,436	190,975
Non-recurring and other unusual items (excluding items associated with interest expense)	102,660	89,214	88,866	77,103	(61,335)
Interest and financing expenses	115,350	117,216	117,370	118,580	65,181
Income tax expense	431,817	88,324	82,223	82,749	96,263
Income from discontinued operations (net of tax)	—	(559,974)	(583,159)	(184,819)	(202,131)
Non-operating pension and OPEB items	(16,125)	23,224	24,021	24,809	25,589
Adjusted EBITDA	\$ 885,480	\$ 827,084	\$ 806,030	\$ 777,560	\$ 758,217
Pro-forma: Net impact of adjusted EBITDA from divested businesses	—	607	(679)	(1,264)	(3,323)
Pro-forma Adjusted EBITDA	\$ 885,480	\$ 827,691	\$ 805,351	\$ 776,296	\$ 754,894
Net Sales	\$ 3,071,976	\$ 2,910,842	\$ 2,809,986	\$ 2,742,055	\$ 2,677,203
Pro-forma: Net impact of adjusted EBITDA from divested businesses	—	—	470	(12,435)	(38,567)
Pro-forma Net Sales	\$ 3,071,976	\$ 2,910,842	\$ 2,810,456	\$ 2,729,620	\$ 2,638,636
Pro-forma Adjusted EBITDA Margin	29%	28%	29%	28%	29%

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.

Diluted EPS

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Diluted (loss) earnings per share attributable to Albemarle Corporation	\$ (1.95)	\$ 5.30	\$ 0.49	\$ 5.68
Add back:				
Non-operating pension and OPEB items	(0.08)	0.16	(0.09)	0.16
Non-recurring and other unusual items from continuing operations (net of tax)				
Utilization of inventory markup	—	—	0.15	—
Restructuring and other, net	(0.01)	—	0.11	—
Acquisition and integration related costs	0.06	0.05	0.24	0.31
Gain on sales of businesses, net	—	—	—	(1.02)
Gain on acquisition	0.01	—	(0.04)	—
Loss on extinguishment of debt	(0.04)	0.01	0.30	0.01
Multiemployer plan shortfall contributions	0.02	—	0.06	—
Note receivable reserve	0.18	—	0.18	—
Other	(0.04)	0.03	—	0.03
Discrete tax items	3.18	0.16	3.20	0.18
Total non-recurring and other unusual items	3.36	0.25	4.20	(0.49)
Discontinued operations (net of tax)	—	(4.93)	—	(1.78)
Adjusted diluted earnings per share from continuing operations ¹	\$ 1.34	\$ 0.78	\$ 4.59	\$ 3.57

¹Totals may not add due to rounding

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