

# Albemarle Corporation Second Quarter 2020 Earnings

Conference Call/Webcast  
Thursday, August 6, 2020  
9:00am ET



# Forward-Looking Statements

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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

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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

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01

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

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02

Q2 2020 net income of \$86 million or \$0.80 per diluted share; adjusted EBITDA of \$185 million

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03

Capital allocation priorities are to maintain investment grade rating and our quarterly dividend while preserving our long-term growth profile

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04

Sustainable cost reduction program on track to deliver \$50 - \$70 million savings in 2020; short-term cash management program on track to deliver \$25 - \$40 million savings per quarter

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05

Our long-term strategy remains largely the same: to invest in Lithium growth using cash flows from our other businesses; adapting to current environment requires increased focus on operational discipline

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# Our Strategy Has Not Changed, But The Focus Is Different

Sustainable Approach	<b>Grow</b>	<p>Invest in growth and be a leader in the lithium industry</p> <p>Become best in class in the deployment of lithium conversion capital</p>	<ul style="list-style-type: none"> <li>Lithium demand has been pushed out by COVID approximately one year, but the long term outlook is intact</li> <li>Deploy capital for lithium conversion as market grows; match capacity to demand</li> </ul>
	<b>Maximize</b>	<p>Optimize the earnings and cash of Bromine and Catalysts</p> <p>Build an excellence agenda across the enterprise and optimize the cost structure</p>	<ul style="list-style-type: none"> <li>Generate cash, maintain margins, invest in high-return projects to improve productivity and sustainability</li> <li>Leverage best in class digital platform for the operational agenda</li> <li><b>Focus on operational discipline to drive productivity in the business: manufacturing excellence, business excellence, project excellence</b></li> </ul>
	<b>Assess</b>	<p>Actively and continuously assess our portfolio</p>	<ul style="list-style-type: none"> <li>Continue to refine the portfolio</li> <li>Divestures of PCS and FCS are progressing</li> </ul>
	<b>Invest</b>	<p>Maintain a disciplined approach to capital allocation while preserving financial flexibility</p>	<ul style="list-style-type: none"> <li>Disciplined approach to capital investment</li> <li>Maintain Investment Grade credit rating and support the dividend</li> </ul>

# A Sustainable Approach to Managing Our World-Class Assets



Sustainable  
Business Model

## SOx Emissions Reduction



In 2019, use of our refinery catalysts prevented about 10 million tons of sulfur being released in the environment



Our People  
& Workplace

## Promoting an Inclusive and Diverse Workplace

Diverse, Engaged, and  
Accountable Board of  
Directors

**<5 years**, average tenure  
**8 of 10**, independent  
**5 of 10**, diverse

Committed to increasing  
diversity from the  
top down and bottom up



Community  
Engagement

## Voluntary Cooperation & Sustainability Agreement with Atacameño People's Council (CPA), Chile



Jointly monitor the brine and water levels with indigenous communities

Share 3.5% of revenues with CPA for community development projects



Natural  
Resource  
Management

## Artificial Marsh, Magnolia, Arkansas



Acts as a unique  
wastewater treatment  
facility

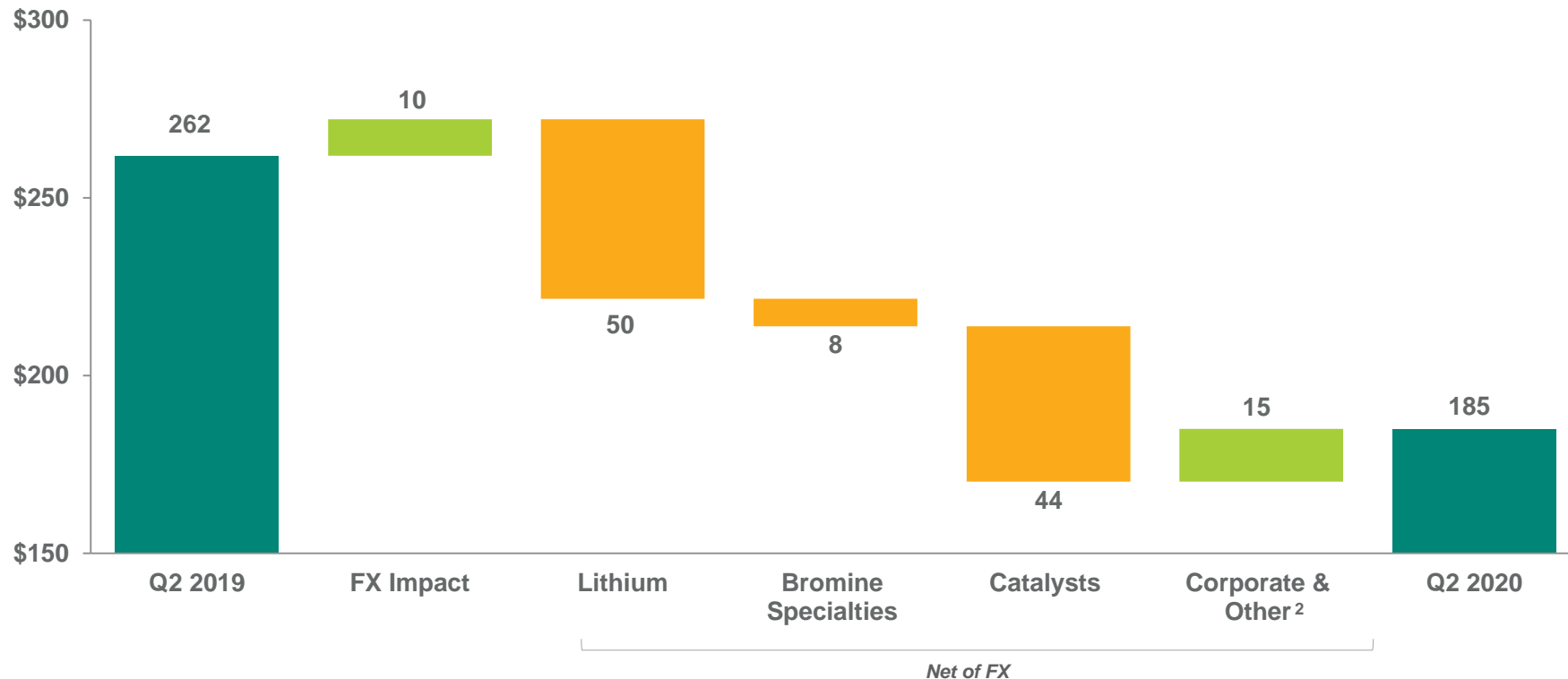
Committed to increasing  
native biodiversity  
and environmental  
conservation

# Q2 2020 Financial Summary

<i>(in millions, except per share amounts)</i>	Q2 2020	Q2 2019	Variance
<b>Net Sales</b>	\$764	\$885	<b>-14%</b>
<b>Net Income Attributable to Albemarle Corporation</b>	\$86	\$154	-44%
<b>Adjusted EBITDA</b>	\$185	\$262	<b>-29%</b>
<b>Adjusted EBITDA Margin</b>	24%	30%	
<b>Diluted EPS</b>	\$0.80	\$1.45	<b>-45%</b>
<b>Non-operating Pension and OPEB items</b>	(0.02)	(0.01)	
<b>Non-recurring and Other Unusual Items</b>	0.07	0.10	
<b>Adjusted Diluted EPS</b>	\$0.86	\$1.55	<b>-45%</b>

# Q2 2020 Adjusted EBITDA<sup>1</sup> Bridge

(\$ in millions)

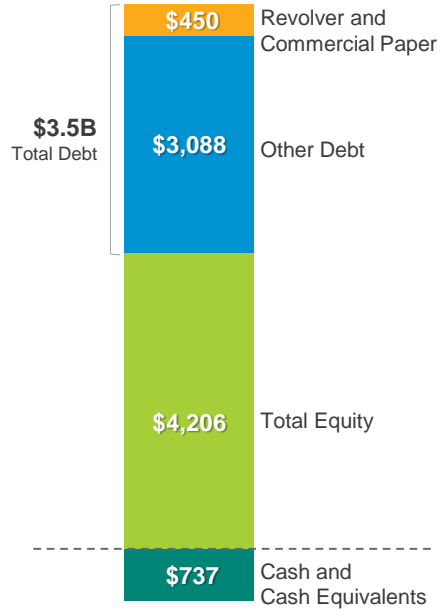


<sup>1</sup> Note: Bridge numbers may not reconcile due to rounding. <sup>2</sup> Corporate and Other includes Fine Chemistry Services (FCS).

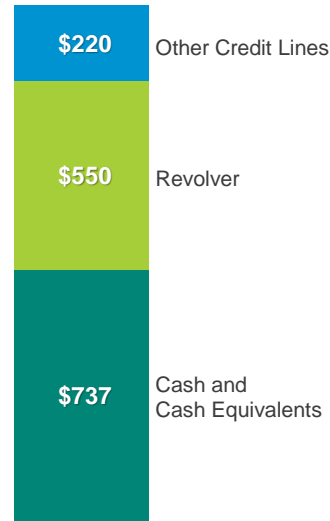


# Strong Financial Position and Ample Liquidity (As of 6/30/20, \$M)

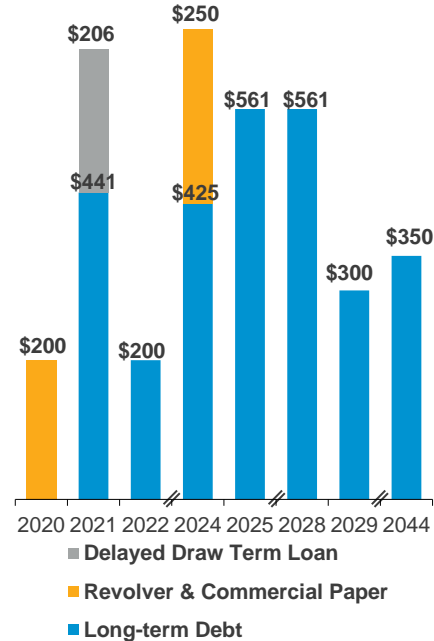
## CAPITAL STRUCTURE



## TOTAL LIQUIDITY: \$1.5B



## DEBT MATURITY TIMELINE



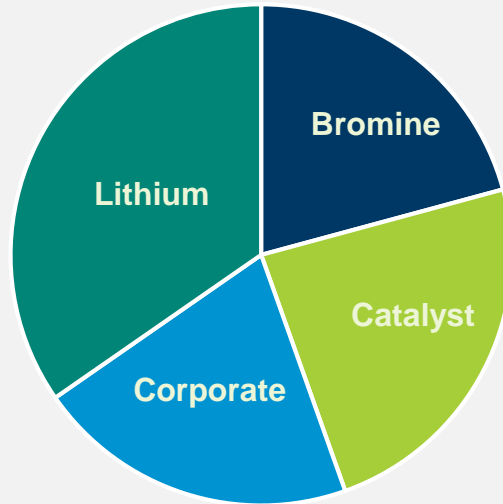
- \$737M cash and cash equivalents
- Net debt to adjusted EBITDA is 3.2x
- Weighted average interest of 2.4%
- Working capital typically averages ~25% of net sales; extending vendor payment terms; drawing down inventories
- Divestures slowed due to COVID-19; opportunity for cash infusion
- We expect to refinance the 2021 debt maturities

Committed to Maintaining Investment Grade Credit Rating

# Savings Initiatives Remain on Track

- Executing sustainable cost savings initiative
- Projects identified in 2019 totaling a **\$100M+ run rate by YE 2021**
- On track to achieve **\$50-\$70M savings in year one**
- Other short-term cash management actions save ~\$25-\$40M per quarter
- FY 2020 capex spending of \$850 to \$950M, unchanged from Q1 2020, down 15% from original outlook

## Sustainable cost savings with 200+ projects



## Project Case Studies:

Lithium: Operational excellence and supply chain optimization

**Project Savings ~ \$11M/year**

Catalysts: Direct material cost savings

**Project Savings ~ \$5M/year**

Corporate: Reducing IT cost and increasing productivity

**Project Savings ~ \$4M/year**

Bromine: Direct material cost savings

**Project Savings ~ \$2M/year**

# Q3 2020 Outlook and Assumptions

	Q3 2020 Outlook
Net sales	\$700 - \$775 million
Adjusted EBITDA	\$140 - \$190 million

## Lithium

- Q3 2020 adjusted EBITDA expected to be down 10-20% sequentially
- Impact of low OEM automotive production to be felt more acutely in Q3 2020; lower market prices and higher inventory in the battery channel
- Continued weakness in technical grade (TG) orders, mainly glass and ceramics, compared to pre-COVID levels

## Bromine Specialties

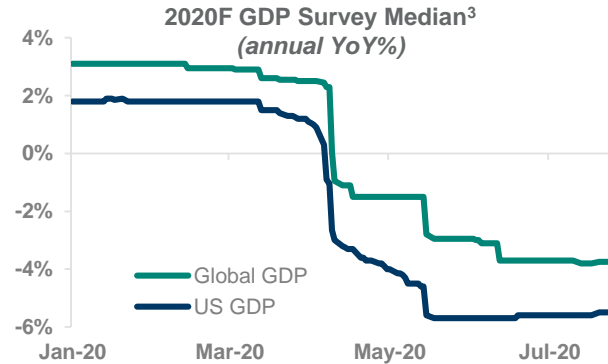
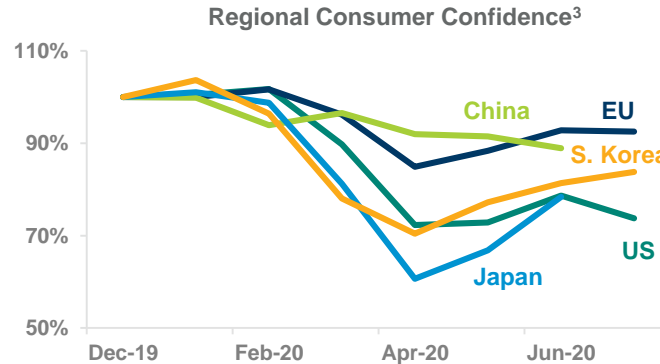
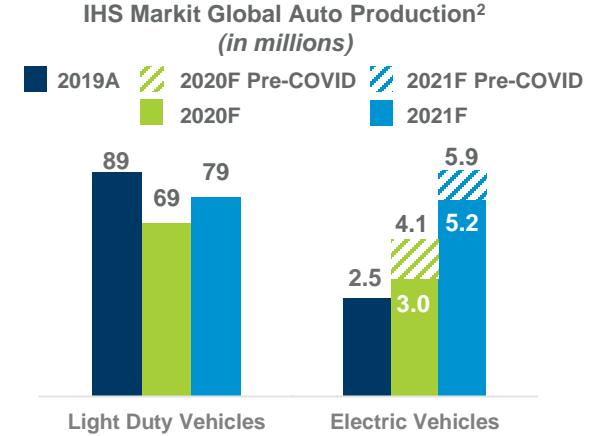
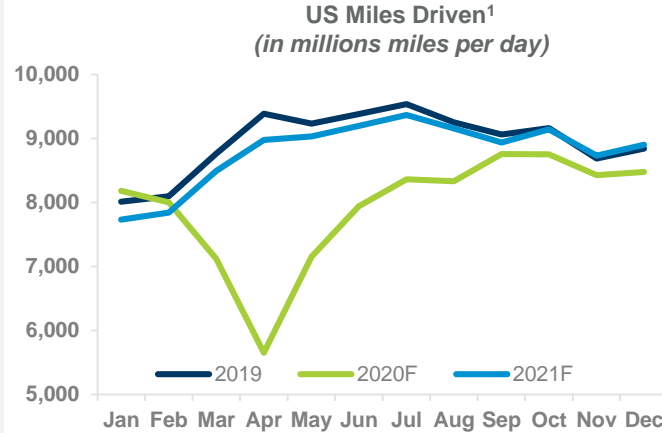
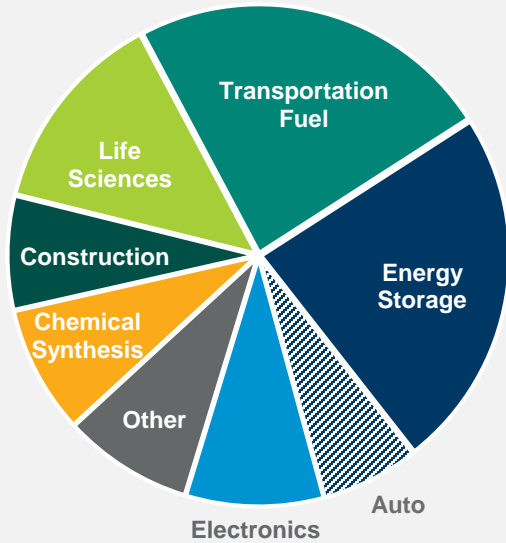
- Q3 2020 adjusted EBITDA expected to be flat sequentially
- Strong demand for surfactants and stabilization in building and construction offset weakness in other markets

## Catalysts

- Q3 2020 adjusted EBITDA is expected to be down ~50-60% YoY
- Fluid catalytic cracking (FCC) recovering as transportation fuel consumption begins to improve
- Hydroprocessing Catalysts (HPC) orders pushed out into 2021 and 2022

# Some End Markets Rebounding, All Remain Below Pre-COVID Levels

**End Market Segments**  
Based on Revenue

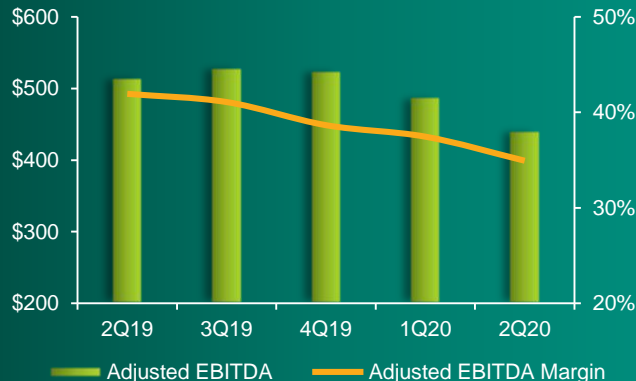


# Q2 2020 Overview: Lithium

## Q2 2020 PERFORMANCE

(\$M)	Q2 2020	ΔQ2 2019
Net Sales	\$284	-13%
Net Sales ex FX <sup>1</sup>	\$287	-12%
Adj. EBITDA	\$95	-33%
Adj. EBITDA ex FX <sup>1</sup>	\$91	-36%
Adj. EBITDA Margin	33%	(1,034) bps
Adj. EBITDA Margin ex FX <sup>1</sup>	32%	(1,183) Bps

## HISTORICAL TREND (TTM)



Note: Numbers may not reconcile due to rounding.

<sup>1</sup> Net of FX impacts.

## YoY Q2 Performance Drivers

- Net sales down 13% (price -14%, volume +1%) and adjusted EBITDA down 33%
- Lower pricing reflects previously agreed contract price adjustments, lower market prices
- Adjusted EBITDA unfavorably impacted by lower Talison equity income, partially offset by cost savings initiatives

## Outlook

- Q3 2020 adjusted EBITDA expected to be down 10-20% sequentially
- Impact of low OEM automotive production to be felt more acutely in Q3 2020; lower market prices and higher inventory in the battery channel
- Continued weakness in technical grade (TG) orders, mainly glass and ceramics
- Temporarily idling select battery grade production to respond to weakness in demand and higher lithium inventory in battery channel

## Drivers/Sensitivities

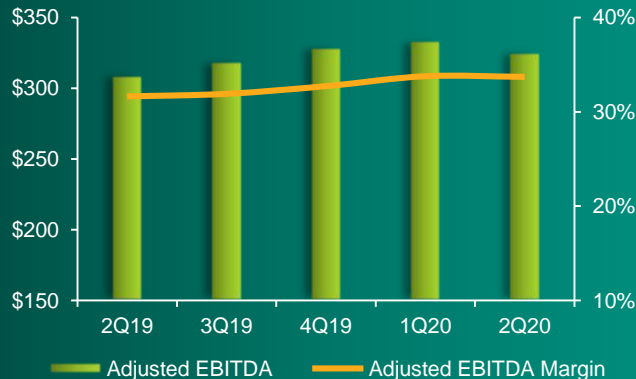
- Energy storage (~60% of Li sales): Primary driver - EV sales in Europe and China
  - Potentially 1 to 2 quarter lag behind EV production; high inventory of lithium levels are prolonging the lag
- Specialties and TG (~40% of Li sales): Primary driver - consumer spending and industrial production
  - Less than 1 quarter lag

# Q2 2020 Overview: Bromine Specialties

## Q2 2020 PERFORMANCE

(\$M)	Q2 2020	ΔQ2 2019
Net Sales	\$233	-9%
Net Sales ex FX <sup>1</sup>	\$235	-8%
Adj. EBITDA	\$73	-10%
Adj. EBITDA ex FX <sup>1</sup>	\$74	-10%
Adj. EBITDA Margin	31%	(46) bps
Adj. EBITDA Margin ex FX <sup>1</sup>	31%	(48) bps

## HISTORICAL TREND (TTM)



Note: Numbers may not reconcile due to rounding.

<sup>1</sup> Net of FX impacts.

## YoY Q2 Performance Drivers

- Net sales down 9% (volume -8%, price -1%) and adjusted EBITDA down 10%
- Revenue and adjusted EBITDA decrease mainly driven by lower volume predominantly due to the COVID-19 pandemic
- Offset by cost savings initiatives

## Outlook

- Q3 2020 adjusted EBITDA expected to be flat sequentially
- Continued reduced demand driven by COVID-19 impacting Q3 2020
- Strong demand for surfactants and stabilization in building and construction offset weakness in other markets

## Drivers/Sensitivities

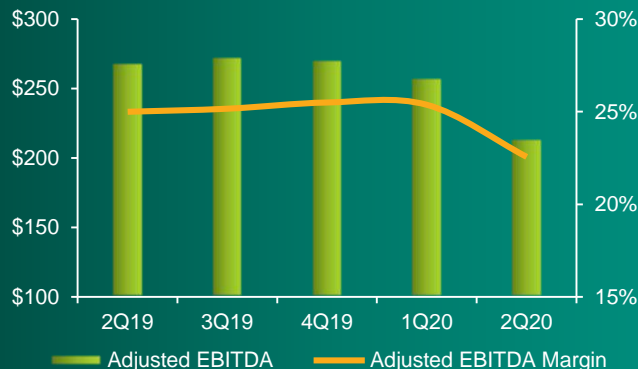
- GDP driven business - electronics, automotive, construction, appliances
- Flame retardants (~ 50% of sales): Primary driver - consumer spending / GDP
  - Driven in part by consumer markets
- Oilfield (< 20% of sales): Primary driver - oil price
  - Deep water and off-shore drilling
- ~1 to 3 quarter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

# Q2 2020 Overview: Catalysts

## Q2 2020 PERFORMANCE

(\$M)	Q2 2020	ΔQ2 2019
Net Sales	\$197	-26%
Net Sales ex FX <sup>1</sup>	\$198	-26%
Adj. EBITDA	\$23	-66%
Adj. EBITDA ex FX <sup>1</sup>	\$23	-66%
Adj. EBITDA Margin	12%	(1,355) bps
Adj. EBITDA Margin ex FX <sup>1</sup>	12%	(1,345) bps

## HISTORICAL TREND (TTM)



Note: Numbers may not reconcile due to rounding.

<sup>1</sup> Net of FX impacts. <sup>2</sup> Sales based on a 5-year average excluding PCS

## YoY Q2 Performance Drivers

- Net sales down 26% (volume -22%, price -4%) and adjusted EBITDA down 66%
- FCC volume down from lower transportation fuel consumption as a result of stay-at-home orders and travel restrictions
- HPC volumes down due to normal lumpiness, some softness related to lower oil prices and reduced fuel demand
- EBITDA reduced by net \$12M out-of-period adjustment related to inventory valuation and freight costs (primarily from Q1 2020); offset by cost savings initiatives

## Outlook

- Q3 2020 adjusted EBITDA is expected to be down ~50-60% YoY
- FCC recovering but still below seasonal and pre-COVID levels
- HPC continued pressure in H2 2020; some refineries pushing out turnarounds into 2021 and 2022

## Drivers/Sensitivities

- FCC (~ 60% of sales<sup>2</sup>): Primary drivers - miles driven/transportation fuel consumption
  - Very little lag time with changes in fuel consumption
- HPC (~ 40% of sales<sup>2</sup>): 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
- HPC business is lumpy due to customer turnaround timing

# Capital Allocation Priorities

		Adapting to Current Environment
01	<b>Fund the Dividend</b> <ul style="list-style-type: none"> <li>• 26<sup>th</sup> year of consecutive dividend increases</li> <li>• Targeting long-term median specialty chemical payout ratio</li> </ul>	Committed to shareholder returns
02	<b>Maintain Financial Flexibility</b> <ul style="list-style-type: none"> <li>• Maintain investment grade rating</li> <li>• Long-term net debt to adj. EBITDA target: 2.0x - 2.5x</li> </ul>	Committed to investment grade credit rating
03	<b>Invest to Grow Profitably</b> <ul style="list-style-type: none"> <li>• Strategically grow lithium capacity</li> <li>• Accelerate productivity projects</li> <li>• Build or buy conversion</li> </ul>	Delaying capital expenditures; 2020E capital expenditures of \$850-\$950M
04	<b>Growth via M&amp;A and / or JVs</b> <ul style="list-style-type: none"> <li>• Improved capital efficiency</li> <li>• Low-cost resources and operations</li> </ul>	Disciplined approach to investment opportunities
05	<b>Repurchase Shares</b> <ul style="list-style-type: none"> <li>• Return excess cash to shareholders</li> <li>• Board authorization up to 7M additional shares</li> </ul>	Authorization remains in place; no near-term planned buybacks



# Upcoming Investor Events

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## Third Quarter 2020 Investor Relations Events

Date	Event – All Virtual
September 9 <sup>th</sup>	UBS Global Chemicals
September 15 -16 <sup>th</sup>	RBC Capital Markets
Early October	Non-Deal Roadshow

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# Appendix

## Non-GAAP Reconciliations

# Definitions of Non-GAAP Measures

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<b>NON-GAAP MEASURE</b>	<b>DESCRIPTION</b>
<b>Adjusted Net Income</b>	Net income attributable to Albemarle Corporation before non-recurring, other unusual and non-operating pension and OPEB.
<b>Pro-forma Adjusted Net Income</b>	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.
<b>Adjusted Diluted EPS</b>	Diluted EPS before non-recurring, other unusual and non-operating pension and OPEB.
<b>Pro-forma Adjusted Diluted EPS</b>	Diluted EPS before non-recurring, other unusual and non-operating pension and OPEB items, and the net impact of the divested business.
<b>EBITDA</b>	Net income attributable to Albemarle Corporation before interest and financing expenses, income taxes, and depreciation and amortization.
<b>Adjusted EBITDA</b>	EBITDA before non-recurring, other unusual and non-operating pension and OPEB.
<b>Pro-forma Adjusted EBITDA</b>	Adjusted EBITDA before the net impact of EBITDA of the divested business.
<b>Pro-forma Net Sales</b>	Net Sales before the impact of Net Sales from the divested business.
<b>Adjusted Effective Income Tax Rate</b>	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 June 30,	
	2020	2019
<i>(\$ in thousands)</i>		
Net income attributable to Albemarle Corporation	\$ 85,624	\$ 154,198
Add back:		
Non-operating pension and OPEB items (net of tax)	(2,299)	(693)
Non-recurring and other unusual items (net of tax)	7,907	10,754
Adjusted net income attributable to Albemarle Corporation	\$ 91,232	\$ 164,259
Adjusted diluted earnings per share	\$ 0.86	\$ 1.55
Weighted-average common shares outstanding – diluted	106,535	106,316

# EBITDA and Adjusted EBITDA

	Three Months Ended	
	June 30,	
	2020	2019
<i>(\$ in thousands)</i>		
Net income attributable to Albemarle Corporation	\$ 85,624	\$ 154,198
Add back:		
Interest and financing expenses	17,852	11,601
Income tax expense	15,431	30,411
Depreciation and amortization	57,841	52,948
<b>EBITDA</b>	176,748	249,158
Non-operating pension and OPEB items	(2,895)	(676)
Non-recurring and other unusual items	11,340	13,418
<b>Adjusted EBITDA</b>	185,193	261,900
<b>Net sales</b>	\$ 764,049	\$ 885,052
EBITDA margin	23.1 %	28.2 %
Adjusted EBITDA margin	24.2 %	29.6 %

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

<i>(\$ in thousands)</i>	Lithium	Bromine Specialties	Catalysts	Reportable Segments Total	All Other	Corporate	Consolidated Total
<b>Three months ended June 30, 2020</b>							
Net income (loss) attributable to Albemarle Corporation	\$ 66,038	\$ 60,692	\$ 10,702	\$ 137,432	\$ 16,425	\$ (68,233)	\$ 85,624
Depreciation and amortization	28,498	12,349	12,075	52,922	2,173	2,746	57,841
Non-recurring and other unusual items	—	—	—	—	—	11,340	11,340
Interest and financing expenses	—	—	—	—	—	17,852	17,852
Income tax expense	—	—	—	—	—	15,431	15,431
Non-operating pension and OPEB items	—	—	—	—	—	(2,895)	(2,895)
<b>Adjusted EBITDA</b>	<b>\$ 94,536</b>	<b>\$ 73,041</b>	<b>\$ 22,777</b>	<b>\$ 190,354</b>	<b>\$ 18,598</b>	<b>\$ (23,759)</b>	<b>\$ 185,193</b>
<b>Three months ended June 30, 2019</b>							
Net income (loss) attributable to Albemarle Corporation	\$ 117,303	\$ 69,616	\$ 54,124	\$ 241,043	\$ 9,118	\$ (95,963)	\$ 154,198
Depreciation and amortization	24,365	11,716	12,751	48,832	2,122	1,994	52,948
Non-recurring and other unusual items	111	—	—	111	—	13,307	13,418
Interest and financing expenses	—	—	—	—	—	11,601	11,601
Income tax expense	—	—	—	—	—	30,411	30,411
Non-operating pension and OPEB items	—	—	—	—	—	(676)	(676)
<b>Adjusted EBITDA</b>	<b>\$ 141,779</b>	<b>\$ 81,332</b>	<b>\$ 66,875</b>	<b>\$ 289,986</b>	<b>\$ 11,240</b>	<b>\$ (39,326)</b>	<b>\$ 261,900</b>

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

(\$ in thousands)

	Lithium	Bromine Specialties	Catalysts	Reportable Segments Total	All Other	Consolidated Total
<b>Three months ended June 30, 2020</b>						
Net sales	\$ 283,722	\$ 232,779	\$ 197,053	\$ 713,554	\$ 50,495	\$ 764,049
Net income (loss) attributable to Albemarle Corporation	23.3 %	26.1 %	5.4 %	19.3 %	32.5 %	11.2 %
Depreciation and amortization	10.0 %	5.3 %	6.1 %	7.4 %	4.3 %	7.6 %
Non-recurring and other unusual items	— %	— %	— %	— %	— %	1.5 %
Interest and financing expenses	— %	— %	— %	— %	— %	2.3 %
Income tax expense	— %	— %	— %	— %	— %	2.0 %
Non-operating pension and OPEB items	— %	— %	— %	— %	— %	(0.4)%
<b>Adjusted EBITDA Margin</b>	<b>33.3 %</b>	<b>31.4 %</b>	<b>11.6 %</b>	<b>26.7 %</b>	<b>36.8 %</b>	<b>24.2 %</b>
<b>Three months ended June 30, 2019</b>						
Net sales	\$ 324,758	\$ 255,433	\$ 266,301	\$ 846,492	\$ 38,560	\$ 885,052
Net income (loss) attributable to Albemarle Corporation	36.1 %	27.3 %	20.3 %	28.5 %	23.6 %	17.4 %
Depreciation and amortization	7.5 %	4.6 %	4.8 %	5.8 %	5.5 %	6.0 %
Non-recurring and other unusual items	— %	— %	— %	— %	— %	1.5 %
Interest and financing expenses	— %	— %	— %	— %	— %	1.3 %
Income tax expense	— %	— %	— %	— %	— %	3.4 %
Non-operating pension and OPEB items	— %	— %	— %	— %	— %	(0.1)%
<b>Adjusted EBITDA Margin</b>	<b>43.7 %</b>	<b>31.8 %</b>	<b>25.1 %</b>	<b>34.3 %</b>	<b>29.1 %</b>	<b>29.6 %</b>

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

	Twelve Months Ended				
	Jun 30, 2019	Sep 30, 2019	Dec 31, 2019	Mar 31, 2020	Jun 30, 2020
<i>(\$ in thousands)</i>					
Net income attributable to Albemarle Corporation	\$ 547,108	\$ 572,433	\$ 533,228	\$ 506,863	\$ 438,289
Depreciation and amortization	202,125	206,905	213,484	217,895	222,788
Non-recurring and other unusual items (excluding items associated with interest expense)	67,457	64,683	117,243	126,793	124,715
Interest and financing expenses	49,746	47,866	57,695	61,994	68,245
Income tax expense	112,288	104,462	88,161	69,089	54,109
Non-operating pension and OPEB items	8,427	10,071	26,970	24,645	22,426
<b>Adjusted EBITDA</b>	<b>\$ 987,151</b>	<b>\$ 1,006,420</b>	<b>\$ 1,036,781</b>	<b>\$ 1,007,279</b>	<b>\$ 930,572</b>
Net Sales	\$ 3,416,563	\$ 3,518,562	\$ 3,589,427	\$ 3,496,208	\$ 3,375,205
<b>Adjusted EBITDA Margin</b>	<b>29 %</b>	<b>29 %</b>	<b>29 %</b>	<b>29 %</b>	<b>28 %</b>



# Adjusted EBITDA - by Segment (twelve months ended)

(\$ in thousands)	Twelve Months Ended				
	Jun 30, 2019	Sep 30, 2019	Dec 31, 2019	Mar 31, 2020	Jun 30, 2020
<b>Lithium</b>					
Net income attributable to Albemarle Corporation	\$ 413,058	\$ 424,881	\$ 341,766	\$ 301,837	\$ 250,572
Depreciation and amortization	93,260	95,102	99,424	102,729	106,862
Non-recurring and other unusual items	9,219	9,384	83,744	83,389	83,278
Adjusted EBITDA	515,537	529,367	524,934	487,955	440,712
Net Sales	1,229,220	1,288,678	1,358,170	1,303,102	1,262,066
Adjusted EBITDA Margin	42 %	41 %	39 %	37 %	35 %
<b>Bromine Specialties</b>					
Net income attributable to Albemarle Corporation	\$ 264,396	\$ 271,653	\$ 279,945	\$ 284,130	\$ 275,206
Depreciation and amortization	44,313	46,143	47,611	48,091	48,724
Non-recurring and other unusual items	—	1,142	901	901	901
Adjusted EBITDA	308,709	318,938	328,457	333,122	324,831
Net Sales	976,212	999,863	1,004,216	986,756	964,102
Adjusted EBITDA Margin	32 %	32 %	33 %	34 %	34 %
<b>Catalysts</b>					
Net income attributable to Albemarle Corporation	\$ 211,040	\$ 214,894	\$ 219,686	\$ 206,719	\$ 163,297
Depreciation and amortization	49,004	49,492	50,144	50,510	49,834
Non-recurring and other unusual items	8,277	8,277	794	794	794
Adjusted EBITDA	268,321	272,663	270,624	258,023	213,925
Net Sales	1,073,820	1,084,027	1,061,817	1,017,376	948,128
Adjusted EBITDA Margin	25 %	25 %	25 %	25 %	23 %

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

(\$ in thousands)

	Twelve	Three Months Ended			
	Months Ended	Jun 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019
<b>Adjusted EBITDA</b>	<b>\$ 930,572</b>	<b>\$ 185,193</b>	<b>\$ 196,365</b>	<b>\$ 294,663</b>	<b>\$ 254,351</b>
Net income attributable to noncontrolling interests	66,965	18,134	16,431	15,852	16,548
Equity in net income of unconsolidated investments (net of tax)	(113,795)	(31,114)	(26,604)	(22,841)	(33,236)
Dividends received from unconsolidated investments	24,439	12,984	—	8,764	2,691
<b>Consolidated EBITDA</b>	<b>\$ 908,181</b>	<b>\$ 185,197</b>	<b>\$ 186,192</b>	<b>\$ 296,438</b>	<b>\$ 240,354</b>
<b>Total Long Term Debt (as reported)</b>	<b>\$ 3,538,392</b>				
Off balance sheet obligations and other	89,800				
<b>Consolidated Funded Debt</b>	<b>\$ 3,628,192</b>				
Less Cash	736,696				
<b>Consolidated Funded Net Debt</b>	<b>\$ 2,891,496</b>				
<b>Consolidated Funded Debt to Consolidated EBITDA Ratio</b>	<b>4.0</b>				
<b>Consolidated Funded Net Debt to Consolidated EBITDA Ratio</b>	<b>3.2</b>				

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

# Diluted EPS

	<b>Three Months Ended</b>	
	<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>
Diluted earnings per share attributable to Albemarle Corporation	\$ 0.80	\$ 1.45
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	0.04	0.04
Acquisition and integration related costs	0.04	0.04
Other	(0.01)	0.03
Discrete tax items	—	(0.01)
Total non-recurring and other unusual items	0.07	0.10
Adjusted diluted earnings per share <sup>1</sup>	\$ 0.86	\$ 1.55

# Effective Tax Rate

*(\$ in thousands)*

	Income before income taxes and equity in net income of unconsolidated investments	Income tax expense	Effective income tax rate
<b>Three months ended June 30, 2020</b>			
As reported	\$ 88,075	\$ 15,431	17.5 %
Non-recurring, other unusual and non-operating pension and OPEB items	8,445	2,837	
As adjusted	<u>\$ 96,520</u>	<u>\$ 18,268</u>	18.9 %
<b>Three months ended June 30, 2019</b>			
As reported	\$ 167,071	\$ 30,411	18.2 %
Non-recurring, other unusual and non-operating pension and OPEB items	12,742	2,681	
As adjusted	<u>\$ 179,813</u>	<u>\$ 33,092</u>	18.4 %

# Equity Income and Noncontrolling Interest

(\$ in thousands)	Three Months Ended June 30,			
	2020		2019	
	Equity Income	Noncontrolling Interest	Equity Income	Noncontrolling Interest
Lithium	\$ 12,628	\$ —	\$ 32,203	\$ —
Bromine Specialties	—	(18,146)	—	(20,775)
Catalysts	7,007	—	6,107	—
Corporate	11,479	12	—	3
Total Company	\$ 31,114	\$ (18,134)	\$ 38,310	\$ (20,772)

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