

# Albemarle

## Q3 2022 Earnings

Conference Call/Webcast  
Thursday, November 3, 2022  
9:00am ET



# Forward-Looking Statements

Some of the information presented in this presentation, the press release, the conference call and discussions that follow, including, without limitation, information related to the timing of active and proposed projects, production capacity, committed volumes, pricing, financial flexibility, expected growth, anticipated return on opportunities, earnings and demand for Albemarle's products, productivity improvements, tax rates, stock repurchases, dividends, cash flow generation, costs and cost synergies, capital projects, future acquisition and divestiture transactions including statements with respect to timing, expected benefits from proposed transactions, market and economic trends, statements with respect to Albemarle's 2022 outlook, planned re-segmenting/realignment of the company's Lithium and Bromine business units and retention of the company's Catalysts business, 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 Albemarle's 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; product development; changes in financial and operating performance of its major customers and industries and markets served by it; the timing of orders received from customers; the gain or loss of significant customers; fluctuations in lithium market pricing, which could impact our revenues and profitability particularly due to our increased exposure to index-referenced and variable-priced contracts for battery grade lithium sales; changes with respect to contract renegotiations; potential production volume shortfalls; competition from other manufacturers; changes in the demand for its products or the end-user markets in which its products are sold; limitations or prohibitions on the manufacture and sale of its products; availability of raw materials; increases in the cost of raw materials and energy, and its ability to pass through such increases to its customers; technological change and development, changes in its markets in general; fluctuations in foreign currencies; changes in laws and government regulation impacting its operations or its products; the occurrence of regulatory actions, proceedings, claims or litigation (including with respect to the U.S. Foreign Corrupt Practices Act and foreign anti-corruption laws); the occurrence of cyber-security breaches, terrorist attacks, industrial accidents or natural disasters, the effects of climate change, including any regulatory changes to which it might be subject; hazards associated with chemicals manufacturing; the inability to maintain current levels of insurance, including 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 its manufacturing operations or joint ventures; changes in accounting standards; the inability to achieve results from its global manufacturing cost reduction initiatives as well as its ongoing continuous improvement and rationalization programs; changes in the jurisdictional mix of its earnings and changes in tax laws and rates or interpretation; changes in monetary policies, inflation or interest rates that may impact its ability to raise capital or increase its cost of funds, impact the performance of its pension fund investments and increase its 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 it may make in the future; future acquisition and divestiture transactions, including the ability to successfully execute, operate and integrate acquisitions and divestitures and incurring additional indebtedness; expected benefits from proposed transactions; timing of active and proposed projects; continuing uncertainties as to the duration and impact of the coronavirus (COVID-19) pandemic; performance of Albemarle's partners in joint ventures and other projects; changes in credit ratings; the inability to realize the benefits of its decision to retain its Catalysts business and realign its Lithium and Bromine global business units into a new corporate structure; and the other factors detailed from time to time in the reports Albemarle files with the SEC, including those described under "Risk Factors" in Albemarle's most recent Annual Report on Form 10-K and any subsequently filed Quarterly Reports on Form 10-Q. These forward-looking statements speak only as of the date of this press release. Albemarle assumes 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, adjusted EBITDA, adjusted EBITDA by operating segment, EBITDA margin, adjusted EBITDA margin, pro-forma adjusted EBITDA, pro-forma adjusted EBITDA margin, adjusted EBITDA ex FX, adjusted EBITDA margin ex FX, net debt to adjusted EBITDA, and gross debt to adjusted EBITDA 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 makers use 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.

# Delivering EBITDA Growth and Free Cash Flow

Q3 2022 net sales

**\$2.1B**

**+152%**  
vs prior year

Q3 2022 adj. EBITDA<sup>1</sup>

**\$1.2B**

**+447%**  
vs prior year

**Tightening FY  
2022 outlook**

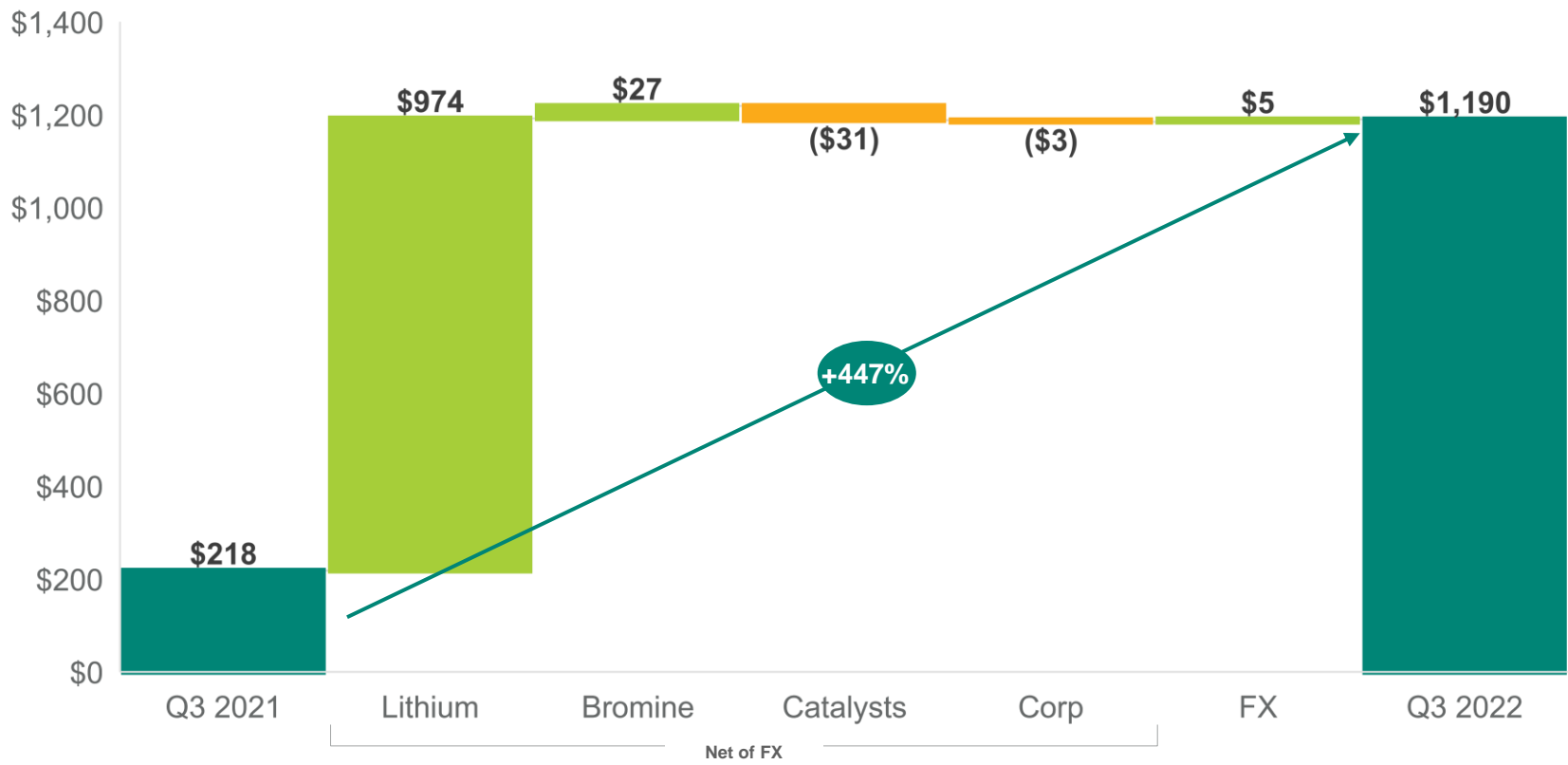
2022 adj. EBITDA  
**+280-300%**  
vs prior year

- Completed acquisition of the Qinzhou lithium conversion plant
- Kemerton II lithium conversion plant achieved mechanical completion
- Realigning core Lithium and Bromine businesses into Energy Storage and Specialties segments, expected to be effective January 1, 2023
- Awarded U.S. Dept. of Energy grant for U.S.-based lithium concentrator to support domestic EV supply chain

# Q3 2022 Financial Summary

<i>(in millions, except per share amounts)</i>	<b>Q3 2022</b>	<b>Q3 2021</b>	<b>Variance</b>
<b>Net Sales</b>	\$2,092	\$831	<b>+152%</b>
<b>Net income attributable to Albemarle Corporation</b>	\$897	\$(393)	
<b>Adjusted EBITDA<sup>1</sup></b>	\$1,190	\$218	<b>+447%</b>
<b>Adjusted EBITDA Margin<sup>1</sup></b>	57%	26%	
<b>Diluted EPS</b>	\$7.61	\$(3.36)	
Non-operating pension and OPEB items	(0.03)	(0.04)	
Non-recurring and other unusual items <sup>2</sup>	(0.08)	4.42	
<b>Adjusted Diluted EPS<sup>1, 3</sup></b>	\$7.50	\$1.05	<b>614%</b>

# Q3 2022 Adjusted EBITDA<sup>1</sup> Bridge (\$ in millions)



Note: Numbers may not reconcile due to rounding. <sup>1</sup> See appendix for non-GAAP reconciliations.

# Tightening 2022 Guidance

As of Nov 2, 2022

	FY 2021	Previous FY 2022 Guidance (as of August 3, 2022)	Revised FY 2022 Guidance	Revised FY 2022 Guidance vs FY 2021
Net Sales	\$3.3B	\$7.1B – \$7.5B	\$7.1B – \$7.4B	+115 to 125%
Adj. EBITDA	\$871M <sup>1</sup>	\$3.2B – \$3.5B	\$3.3B – \$3.5B	+280 to 300%
Adj. EBITDA Margin	26.2% <sup>1</sup>	45 – 47%	46 – 47%	+2,000 to 2,100 bps
Adj. Diluted EPS	\$4.04 <sup>1</sup>	\$19.25 – \$22.25	\$19.75 – \$21.75	+390 to 440%
Net Cash from Operations	\$344M	\$1.4B – \$1.7B	\$1.45B – \$1.65B	+320 to 380%
Capital Expenditures	\$954M	\$1.3B – \$1.5B	\$1.3B – \$1.4B	

Other Inputs for 2022: Depreciation and Amortization \$290M - \$310M; Adjusted effective tax rate 22%-24%; Corporate costs \$120M - \$130M; Interest and financing expenses \$115M - \$125M; Weighted-average common shares outstanding – diluted 117.8M.

# FY 2022: Outlook by GBU



- Reaffirming Lithium outlook:
  - Lithium FY 2022 adj. EBITDA expected to be up 500-550% Y/Y
  - Average realized pricing growth is expected to be 225-250% Y/Y resulting from previously renegotiated contracts and increased market pricing
  - FY 2022 volume growth is expected to be 20-30% Y/Y due to new capacity coming online as well as higher tolling volumes
- Current outlook range for Lithium reflects the potential upside for additional spot price improvements and the potential downside of volume shortfalls (e.g., delays in commissioning and production ramp up at expansion sites or qualifications for tolling) for the remainder of the year
- Q3 2022 Adjusted EBITDA growth margin benefited from a spodumene shipment from Talison originally expected in Q4 that occurred in Q3 resulting in a \$100M benefit in equity income; margins are expected to moderate in Q4



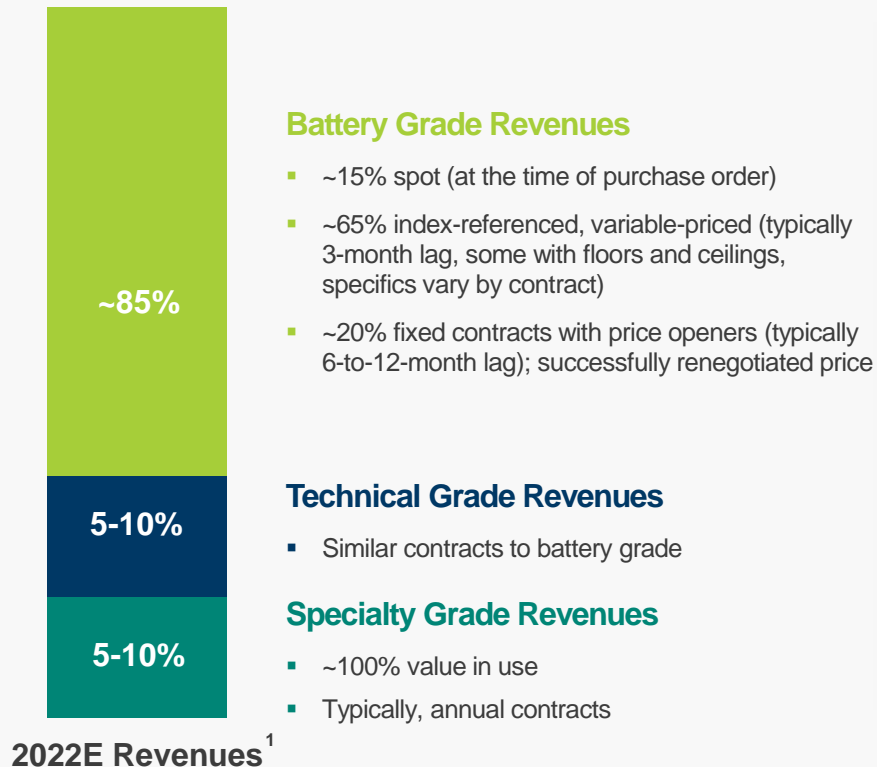
- Bromine FY 2022 adj. EBITDA is expected to be at the low end of previous outlook of 25%-30% reflecting emerging softness in some end markets (e.g., consumer and industrial electronics, building and construction, and other industrial uses)
- FY 2022 volume is also projected to be at the low end of previous outlook for a 5-10% volume increase



- Catalysts FY 2022 adj. EBITDA to be down 45-65% within the lower range of previous outlook due to continued headwinds from higher natural gas and raw materials costs
- Successful price increases with re-opened contracts, addition of natural gas surcharges and inflation price adjustments



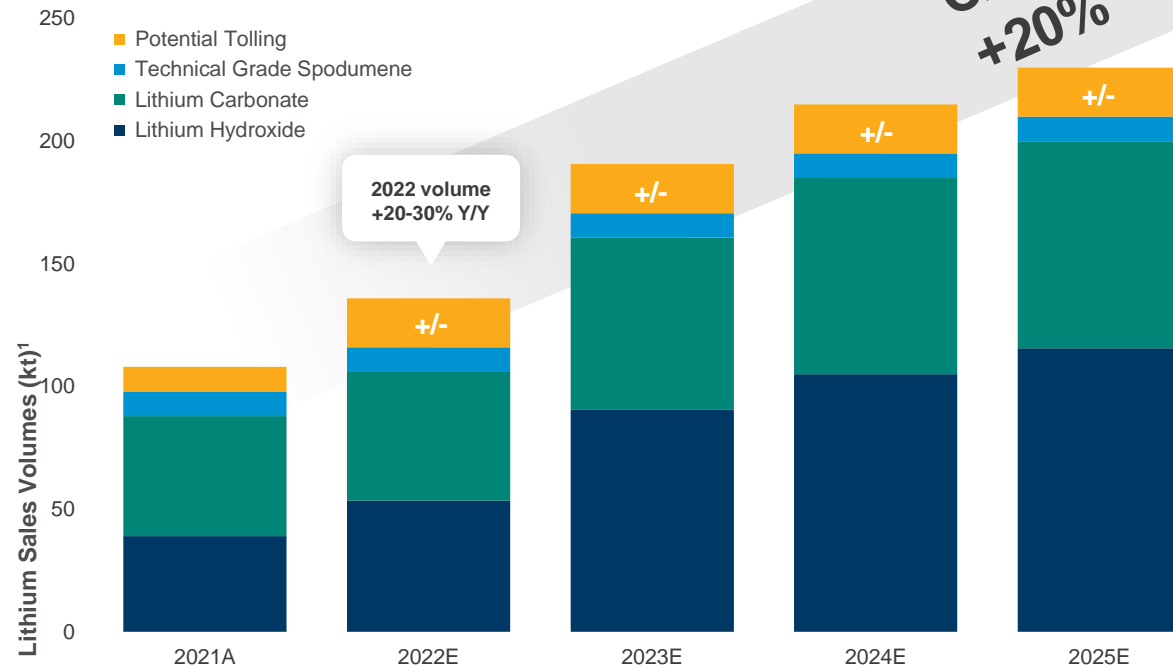
# Lithium Contracts Offer Leverage to Strong Market Prices



## Contracting Approach Continues to Evolve<sup>2</sup>

- Majority of volumes sold under long-term contracts (typically 2-5 years duration) with strategic customers
- Partnership offering varies by segment in terms of price, contract duration, value added services, etc.
- Moving fixed pricing mechanisms to predominantly index-referenced and variable pricing; moving floors higher - negotiations continue to progress for 2023 onward
- Revenue split varies with market price and contract changes
- Changes from previous outlook reflect updated index pricing

# Executing Our Strategy to Deliver Volumetric Growth

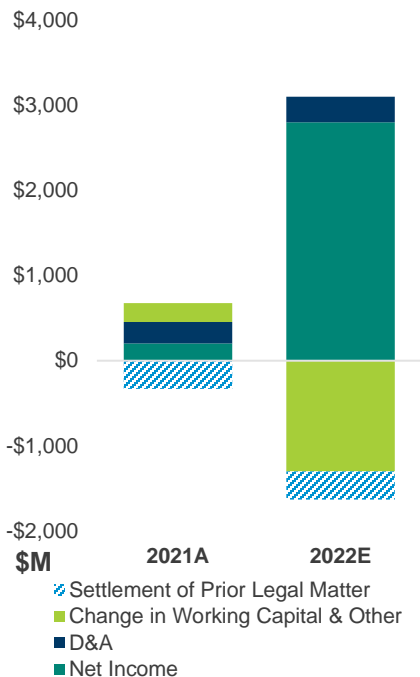


- Volume increases reflect expansions at Silver Peak, La Negra, Kemerton, and Qinzhou
- Technical-grade spodumene sales (~10 ktpa) and tolling (0-20 ktpa) included
- Further upside potential from:
  - Additional tolling volumes as Wodgina ramps up; bridge to further conversion expansions
  - Additional conversion assets (e.g., Meishan greenfield)

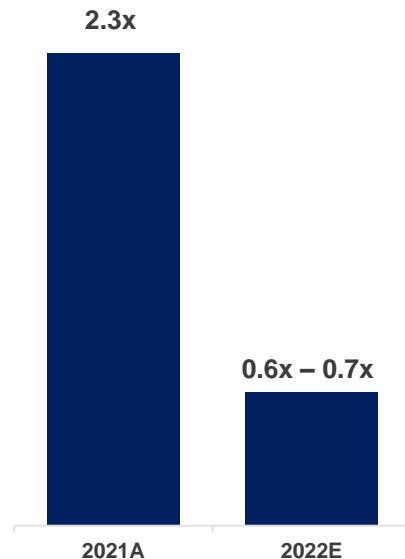
**Lithium Conversion Expected to Be > 200ktpa in 2025**

# Strong Financial Position and Ample Liquidity (As of 9/30/22, \$M)

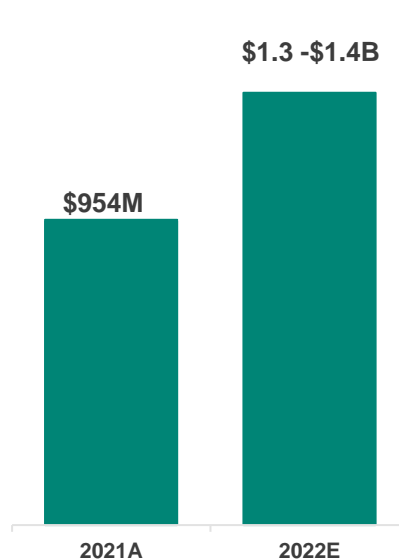
## FY 2022E NET CASH FROM OPERATIONS \$1.45-1.65B



## LEVERAGE<sup>1</sup> (x)



## CAPITAL EXPENDITURES (\$M)



- Committed to maintaining Investment Grade credit rating
- Recent \$1.7B debt issuance strengthens liquidity and reduces repayment risk in a volatile environment.
- \$1B cash and cash equivalents
- \$3.4B total debt (92% fixed rate)
- Weighted average interest of 4.0%
- Net debt to adjusted EBITDA of 0.9x
- Working capital typically averages ~25% of net sales

**Expect to be free cash flow positive in 2022**

# Continued Growth in a Turbulent Macro Environment

## 2022E Forecast Cost Breakdown:

### Royalties

- Progressive commissions paid in Chile, increases with price to customer
- For every \$1 over \$10/kg LCE, ALB pays \$0.40 to CORFO

### Energy/ Freight

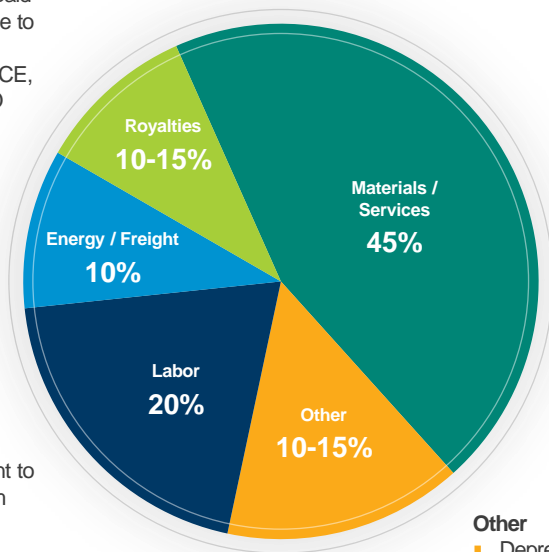
- Includes natural gas and utilities
- Notable increases in freight, continued supply chain issues

### Labor (incl GSA)

- Increasing headcount to prepare for long-term growth, plus inflation impacts

### Materials / Services

- Nearly 20% spodumene is company-owned
- Other major inputs include BPA, chlorine, molybdenum, caustic soda, soda ash
- Other services includes warehousing



### Other

- Depreciation
- Other standard cost components

## Economic Conditions Vary By Segment

### Lithium

- Expect continued secular growth related to the shift to clean transportation supported by OEM EV investments and public policy
- Key economic indicators include global EV production
- Battery grade demand lags EV production ~1 to 2 quarters
- Contribution margin ~60%

### Bromine

- Diverse end markets – ability to divert product to highest margin operations; demand typically rebounds quickly post recession
- Key economic indicators include consumer confidence, total automotive production, building and construction
- ~1 to 3 quarter lag in supply chain
- Contribution margin ~65%

### Catalysts

- Demand relatively resilient in previous recessions; lower oil prices have historically led to higher demand and lower raw materials costs
- Key economic indicators include transportation fuel demand
- FCC demand changes with fuel consumption with little to no lag
- HPC demand lags multiple quarters as refineries push out turnarounds
- Contribution margin ~40%

# Prioritizing Capital Allocation to Support Growth Strategy

	Invest to Grow Profitably	Portfolio Management	Maintain Financial Flexibility	Dividends & Share Repurchases
Objectives	<ul style="list-style-type: none"> <li>Strategically grow lithium and bromine capacity to leverage low-cost resources</li> <li>Maintain capital discipline and operational excellence</li> </ul>	<ul style="list-style-type: none"> <li>Actively assess portfolio; reinvest proceeds</li> <li>Bolt-on acquisitions to accelerate growth at attractive returns</li> <li>Build and maintain our top-tier resource base</li> </ul>	<ul style="list-style-type: none"> <li>Committed to Investment Grade rating</li> <li>Strong balance sheet offers optionality to fund growth</li> </ul>	<ul style="list-style-type: none"> <li>Continue to support our dividend</li> <li>Limited cash flow available for repurchase as we invest in growth</li> </ul>
2022 Focus	<ul style="list-style-type: none"> <li>\$1.3B - \$1.4B 2022E CAPEX</li> </ul>	<ul style="list-style-type: none"> <li>\$200M Qinzhou acquisition completed on October 25, 2022.</li> </ul>	<ul style="list-style-type: none"> <li>Long-term Net Debt to Adj. EBITDA target of 2.0x - 2.5x</li> </ul>	<ul style="list-style-type: none"> <li>\$138M dividends paid YTD 2022</li> </ul>
Ability to Adapt to Changing Economic Conditions	<ul style="list-style-type: none"> <li>Slow non-critical / non-growth capital expenditures</li> <li>Accelerate partnering / tolling arrangements</li> </ul>	<ul style="list-style-type: none"> <li>Position company to take advantage of low-price acquisition targets in a downturn</li> </ul>	<ul style="list-style-type: none"> <li>Enable continuation of growth</li> <li>Slow hiring, T&amp;E, and other discretionary costs</li> <li>Shift production volumes to support highest demand markets</li> </ul>	<ul style="list-style-type: none"> <li>Continue to support our dividend</li> <li>No repurchases expected</li> </ul>

# Catalysts Strategic Review Decision & Reshaping Core Portfolio

## Catalysts Update

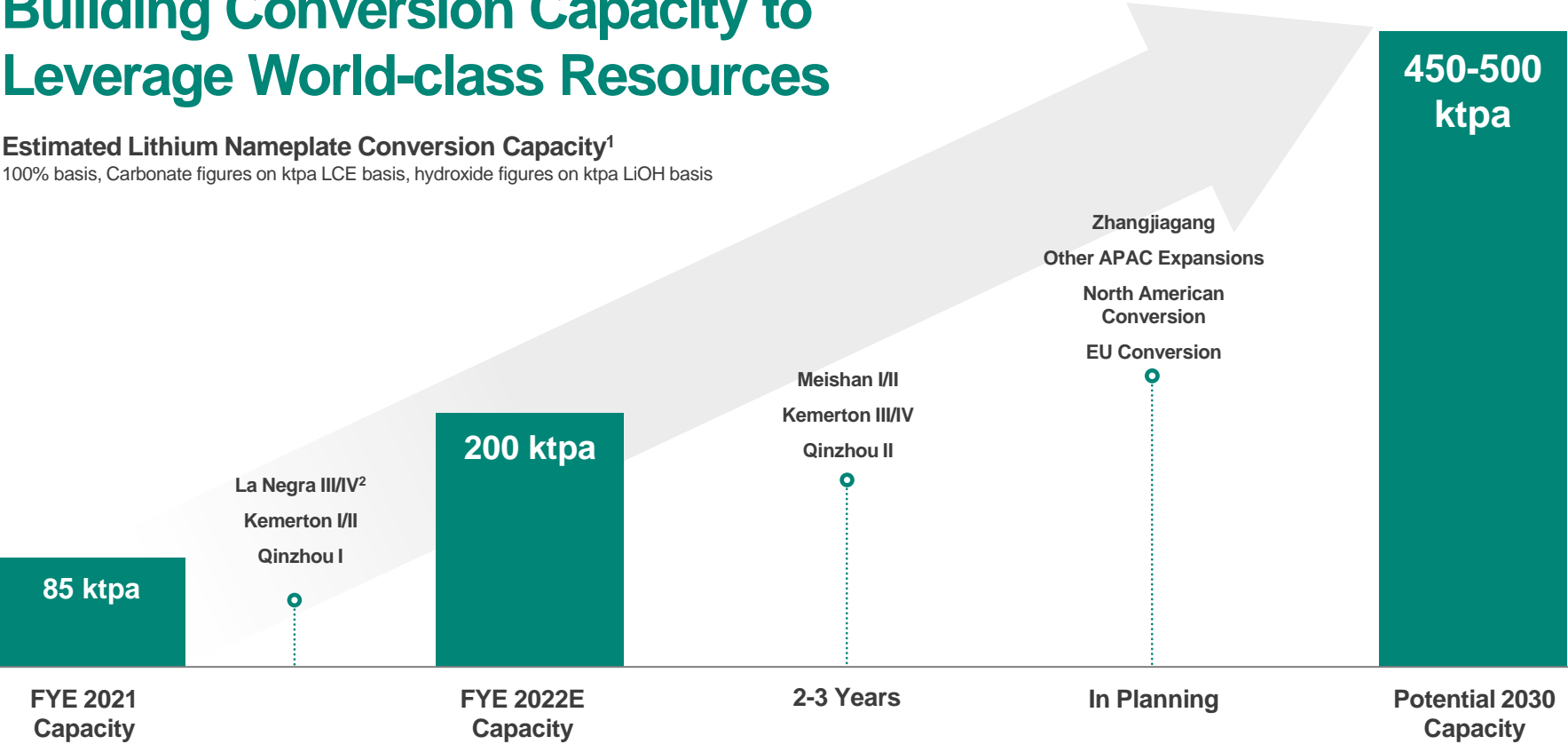
- Strategic review concluded
- Albemarle to retain the business as a wholly owned subsidiary
- Raphael Crawford will continue to lead the business
- The subsidiary will be branded as Ketjen
- Focus on tailoring catalysts solutions to complex challenges to enhance performance
- Separation work is underway and expected to be complete by early 2024
- Investing to maximize value and growth opportunities for the new subsidiary

## New Core Portfolio Segmentation

- Reshaping core portfolio with a stronger focus on multiple growth opportunities
- Combination expected to strengthen Albemarle's ability to serve its specialties customers and to develop new products
- Businesses share complementary competencies in complex chemistry, applied knowledge and process technology
- New segments:
  - Energy Storage
  - Specialties
- New structure expected to be effective January 1, 2023

# Building Conversion Capacity to Leverage World-class Resources

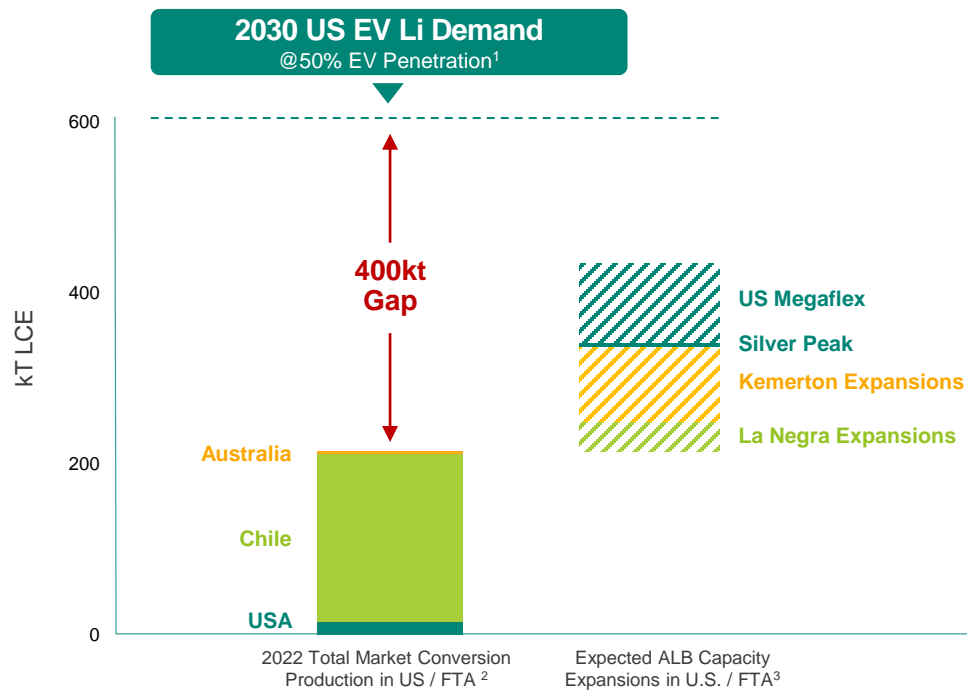
**Estimated Lithium Nameplate Conversion Capacity<sup>1</sup>**  
100% basis, Carbonate figures on ktpa LCE basis, hydroxide figures on ktpa LiOH basis



Delivering significant conversion capacity growth around the world

<sup>1</sup> Conversion capacity does not include 10 ktpa of technical-grade lithium concentrate. Includes 100% of ALB/MRL JV (60% ownership, 100% marketing rights).  
<sup>2</sup> Full nameplate capacity at La Negra III/IV requires completion of Salar Yield Improvement Project.

# Albemarle Well-Positioned to Provide US Lithium Supply



## Inflation Reduction Act (IRA) encourages domestic EV supply chain investment

- Credits for sourcing of critical minerals extracted or processed in U.S. / Free Trade Agreement (“FTA”) countries
- Albemarle expansions either in place or underway in FTA-partner countries
- Albemarle has the resources, expertise, innovation and financial flexibility to move the U.S. supply chain and global EV industry forward

**Inflation Reduction Act (IRA) incentivizes lithium supply in North America and FTA-partner countries**





## Key Takeaways

**Significant FY 22 Growth Expected: ~\$7.1-7.4B in Revenue (>2x 2021); ~\$3.3-3.5B in Adj. EBITDA (3.7x 2021); ~\$1.45-1.65B in Cash from Operations (>4x 2021)**

**Financial flexibility to deliver profitable growth, maintain Investment Grade credit rating, and support our dividend**

**Positioned for continued growth in a turbulent macro environment**

**Delivering high return growth projects for Lithium and Bromine given investment in technology, talent, and operational excellence**

**Executing strategy to create long-term shareholder value**

# Lithium Overview

## Y/Y Q3 Performance Drivers

- Net sales up 318% (price<sup>1</sup> +298%, volume +20%); adjusted EBITDA +786%
- Increased sales due to renegotiated fixed and index-referenced variable price contracts and increased market pricing
- Adjusted EBITDA margin benefited from a spodumene shipment from Talison originally expected in Q4 that occurred in Q3, resulting in a \$100M benefit in equity income

## FY 2022 Outlook (as of 11/02/2022)

- Lithium FY 2022 adj. EBITDA is expected to grow ~500-550% Y/Y
- Average realized pricing growth is expected to be 225-250% Y/Y resulting from previously negotiated contracts and increased market pricing
- Volume growth is expected to be 20-30% due to new capacity coming online and higher tolling volumes
- Outlook range for Lithium reflects the potential upside for additional spot price improvements and the potential downside of volume shortfalls (e.g., delays in commissioning and production ramp up at expansion sites and qualifications for tolling) for the remainder of the year

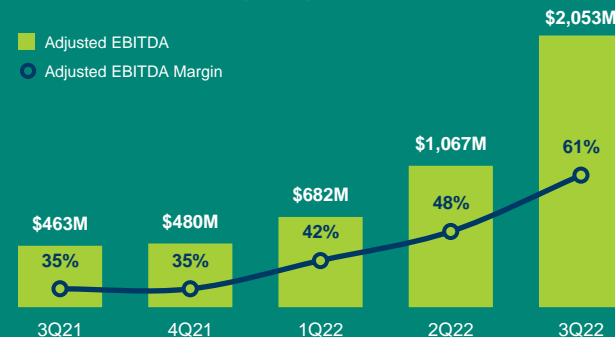
## Drivers/Sensitivities

- Energy storage (~85% of Li sales<sup>4</sup>): Primary driver - EV sales in Europe and China
- Specialties & TG (~15% of Li sales<sup>4</sup>): Primary driver - consumer spending & industrial production

## Q3 2022 Performance

(in millions)	Q3 2022	Y/Y
Net Sales	\$1,501	+318%
Net Sales ex FX <sup>2</sup>	\$1,534	+327%
Adj. EBITDA <sup>3</sup>	\$1,111	+786%
Adj. EBITDA ex FX <sup>2,3</sup>	\$1,099	+776%
Adj. EBITDA Margin <sup>3</sup>	74%	+3,912 bps
Adj. EBITDA Margin ex FX <sup>2,3</sup>	72%	+3,673 bps

## Historical Trend (TTM)



# Bromine Overview

## Y/Y Q3 Performance Drivers

- Net sales up 28% (price<sup>1</sup> +18%, volume +10%); adjusted EBITDA +24%
- Favorable pricing driven by robust demand and tight market conditions
- Increase in net sales partially offset by higher costs for raw materials and freight

## FY 2022 Outlook (as of 11/2/2022)

- Bromine FY 2022 adj. EBITDA is expected to be at the low end of previous outlook of approximately 25-30%, reflecting emerging softness in some end markets
- Demand softness in consumer and industrial electronics and building and construction
- Continuing to monitor global economic conditions

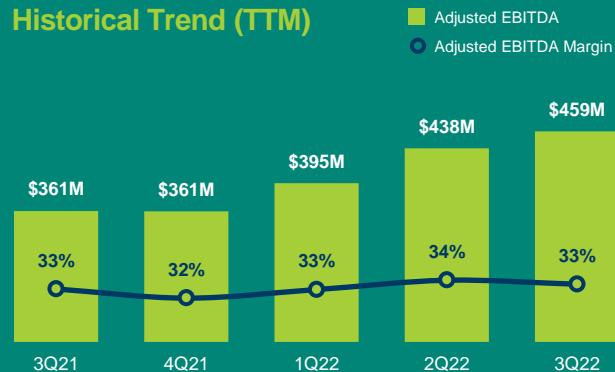
## Drivers/Sensitivities

- GDP-plus business – industrial and consumer electronics, automotive, construction, and appliances
- Fire Safety Solutions (~60% of sales<sup>4</sup>): Primary driver - digitization, electrification
  - Industrial and consumer electronics, automotive, construction, appliances

## Q3 2022 Performance

(in millions)	Q3 2022	Y/Y
Net Sales	\$355	+28%
Net Sales ex FX <sup>2</sup>	\$363	+31%
Adj. EBITDA <sup>3</sup>	\$107	+24%
Adj. EBITDA ex FX <sup>2,3</sup>	\$113	+31%
Adj. EBITDA Margin <sup>3</sup>	30%	-84 bps
Adj. EBITDA Margin ex FX <sup>2,3</sup>	31%	+17 bps

## Historical Trend (TTM)



# Catalysts Overview

## Y/Y Q3 Performance Drivers

- Net sales up 22% (price<sup>1</sup> 5%, volume 17%); adjusted EBITDA down 86%
- Adjusted EBITDA declined as increased sales were offset by cost pressures including natural gas and raw materials

## FY 2022 Outlook (as of 11/02/2022)

- Catalysts FY 2022 adj. EBITDA expected to be down 45-65% Y/Y, within the lower range of previous outlook
- Mitigating headwinds from higher costs with price increases and cost pass-throughs

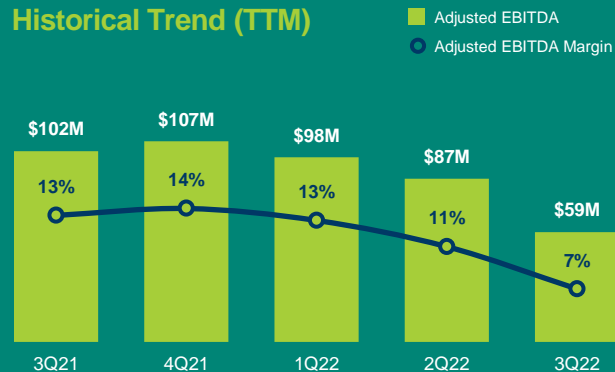
## Drivers/Sensitivities

- FCC (~ 50% of sales<sup>4</sup>): Primary drivers - miles driven/transportation fuel consumption
- HPC (~ 30% of sales<sup>4</sup>): Primary drivers - environmental sulfur regulations and miles driven/transportation fuel consumption
- PCS (~ 20% of sales<sup>4</sup>): Primary drivers - plastic and polyurethane demand

## Q3 2022 Performance

(in millions)	Q3 2022	Y/Y
Net Sales	\$236	+22%
Net Sales ex FX <sup>2</sup>	\$241	+25%
Adj. EBITDA <sup>4</sup>	\$5	-86%
Adj. EBITDA ex FX <sup>2,3</sup>	\$2	-93%
Adj. EBITDA Margin <sup>3</sup>	2%	-1,514 bps
Adj. EBITDA Margin ex FX <sup>2,3</sup>	1%	-1,608 bps

## Historical Trend (TTM)



# Q4 2022 Investor Relations Events



**Nov 9**

Baird Global Industrials Conference



**Dec 6**

BMO Growth & ESG Conference



**Dec 7**

Deutsche Bank Lithium & Battery Materials Conference



**Dec 14 - 15**

Winter NDR Hosted by Mizuho Securities

**Meredith Bandy, CFA**

VP, Investor Relations & Sustainability  
meredith.bandy@albemarle.com  
+1 980.999.5168

**Brook Wootton, IRC**

Senior Director, Investor Relations  
brook.wootton@albemarle.com  
+1 980.766.1922

**Eran del Castillo**

Manager, Investor Relations  
eran.delcastillo@albemarle.com  
+1 980.299.5619

# 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 September 30,		Year Ended December 31,
	2022	2021	2021
<i>(\$ in thousands)</i>			
Net income attributable to Albemarle Corporation	\$ 897,215	\$ (392,781)	\$ 123,762
Add back:			
Non-operating pension and OPEB items (net of tax)	(3,936)	(4,271)	(60,659)
Non-recurring and other unusual items (net of tax)	(9,789)	520,392	407,337
Adjusted net income attributable to Albemarle Corporation	\$ 883,490	\$ 123,340	\$ 470,440
Adjusted diluted earnings per share	\$ 7.50	\$ 1.05	\$ 4.04
Weighted-average common shares outstanding – diluted	117,869	117,685	116,536



# EBITDA and Adjusted EBITDA

	Three Months Ended September 30,		Year Ended December 31,
	2022	2021	2021
<i>(\$ in thousands)</i>			
Net income attributable to Albemarle Corporation	\$ 897,215	\$ (392,781)	\$ 123,672
Add back:			
Interest and financing expenses	29,691	5,136	61,476
Income tax expense	196,938	(114,670)	29,446
Depreciation and amortization	77,713	62,082	254,000
<b>EBITDA</b>	1,201,557	(440,233)	468,594
Non-operating pension and OPEB items	(5,027)	(5,471)	(78,814)
Non-recurring and other unusual items	(6,564)	663,273	481,194
<b>Adjusted EBITDA</b>	\$ 1,189,966	\$ 217,569	870,974
Net impact of adjusted EBITDA from divested business	—	—	(28,415)
<b>Adjusted EBITDA excluding impact from divested business</b>	\$ 1,189,966	\$ 217,569	\$ 842,559
<b>Net sales</b>	\$ 2,091,805	\$ 830,566	\$ 3,327,957
Net impact of net sales from divested business	—	—	(65,648)
<b>Net sales excluding impact from divested business</b>	\$ 2,091,805	\$ 830,566	\$ 3,262,309
EBITDA margin	57.4 %	(53.0)%	14.1 %
Adjusted EBITDA margin	56.9 %	26.2 %	26.2 %
Adjusted EBITDA margin excluding impact from divested businesses	56.9 %	26.2 %	25.8 %

# Adjusted EBITDA – by Segment *(three months ended September 30)*

(\$ in thousands)	Lithium	Bromine	Catalysts	Corporate	Consolidated Total
<b>Three months ended September 30, 2022</b>					
Net income (loss) attributable to Albemarle Corporation	\$ 1,063,426	\$ 93,186	\$ (12,473)	\$ (246,924)	\$ 897,215
Depreciation and amortization	47,758	13,772	12,689	3,494	77,713
Non-recurring and other unusual items	59	—	4,419	(11,042)	(6,564)
Interest and financing expenses	—	—	—	29,691	29,691
Income tax expense	—	—	—	196,938	196,938
Non-operating pension and OPEB items	—	—	—	(5,027)	(5,027)
<b>Adjusted EBITDA</b>	<b>\$ 1,111,243</b>	<b>\$ 106,958</b>	<b>\$ 4,635</b>	<b>\$ (32,870)</b>	<b>\$ 1,189,966</b>
<b>Three months ended September 30, 2021</b>					
Net income (loss) attributable to Albemarle Corporation	\$ 92,449	\$ 73,409	\$ 20,039	\$ (578,678)	\$ (392,781)
Depreciation and amortization	34,256	12,603	13,064	2,159	62,082
Non-recurring and other unusual items	(1,289)	—	—	664,562	663,273
Interest and financing expenses	—	—	—	5,136	5,136
Income tax expense	—	—	—	(114,670)	(114,670)
Non-operating pension and OPEB items	—	—	—	(5,471)	(5,471)
<b>Adjusted EBITDA</b>	<b>\$ 125,416</b>	<b>\$ 86,012</b>	<b>\$ 33,103</b>	<b>\$ (26,962)</b>	<b>\$ 217,569</b>

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

(\$ in thousands)

	Lithium	Bromine	Catalysts	Consolidated Total
<b>Three months ended September 30, 2022</b>				
Net sales	\$ 1,501,073	\$ 354,908	\$ 235,824	\$ 2,091,805
Net income (loss) attributable to Albemarle Corporation	70.8 %	26.3 %	(5.3)%	42.9 %
Depreciation and amortization	3.2 %	3.9 %	5.4 %	3.7 %
Non-recurring and other unusual items	— %	— %	— %	(0.3)%
Interest and financing expenses	— %	— %	— %	1.4 %
Income tax expense	— %	— %	— %	9.4 %
Non-operating pension and OPEB items	— %	— %	— %	(0.2)%
<b>Adjusted EBITDA Margin</b>	<b>74.0 %</b>	<b>30.1 %</b>	<b>2.0 %</b>	<b>56.9 %</b>
<b>Three months ended September 30, 2021</b>				
Net sales	\$ 359,229	\$ 277,783	\$ 193,554	\$ 830,566
Net income (loss) attributable to Albemarle Corporation	25.7 %	26.4 %	10.4 %	(47.3)%
Depreciation and amortization	9.5 %	4.5 %	6.7 %	7.5 %
Non-recurring and other unusual items	(0.4)%	— %	— %	79.9 %
Interest and financing expenses	— %	— %	— %	0.6 %
Income tax expense	— %	— %	— %	(13.8)%
Non-operating pension and OPEB items	— %	— %	— %	(0.7)%
<b>Adjusted EBITDA Margin</b>	<b>34.9 %</b>	<b>31.0 %</b>	<b>17.1 %</b>	<b>26.2 %</b>

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

	Twelve Months Ended				
(\$ in thousands)	Sep 30, 2021	Dec 31, 2021	Mar 31, 2022	Jun 30, 2022	Sep 30, 2022
Net income attributable to Albemarle Corporation	\$ 212,131	\$ 123,672	\$ 281,378	\$ 263,551	\$ 1,553,547
Depreciation and amortization	247,535	254,000	258,314	267,884	283,515
Non-recurring and other unusual items (excluding items associated with interest expense)	291,102	481,194	478,490	885,605	215,768
Interest and financing expenses	75,322	61,476	45,428	79,685	104,240
Income tax expense	4,321	29,446	87,869	69,902	381,510
Non-operating pension and OPEB items	32,965	(78,814)	(78,629)	(78,196)	(77,752)
Adjusted EBITDA	\$ 863,376	\$ 870,974	\$ 1,072,850	\$ 1,488,431	\$ 2,460,828
Net impact of adjusted EBITDA from divested businesses	(44,866)	(28,415)	(6,990)	—	—
<b>Adjusted EBITDA excluding impact from divested business</b>	<b>\$ 818,510</b>	<b>\$ 842,559</b>	<b>\$ 1,065,860</b>	<b>\$ 1,488,431</b>	<b>\$ 2,460,828</b>
<b>Net sales</b>	<b>\$ 3,312,900</b>	<b>\$ 3,327,957</b>	<b>\$ 3,626,394</b>	<b>\$ 4,332,091</b>	<b>\$ 5,593,330</b>
Net impact of net sales from divested business	(120,095)	(65,648)	(21,191)	—	—
<b>Net sales excluding impact from divested business</b>	<b>\$ 3,192,805</b>	<b>\$ 3,262,309</b>	<b>\$ 3,605,203</b>	<b>\$ 4,332,091</b>	<b>\$ 5,593,330</b>
<b>Adjusted EBITDA margin excluding impact from divested businesses</b>	<b>26 %</b>	<b>26 %</b>	<b>30 %</b>	<b>34 %</b>	<b>44 %</b>

See above for a reconciliation of adjusted EBITDA and pro-forma adjusted EBITDA, the non-GAAP financial measures, to Net income attributable to Albemarle Corporation, the most directly comparable financial measure calculated and reported in accordance with GAAP.

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

# Adjusted EBITDA – by Segment *(twelve months ended)*

(\$ in thousands)	Twelve Months Ended				
	Sep 30, 2021	Dec 31, 2021	Mar 31, 2022	Jun 30, 2022	Sep 30, 2022
<b>Lithium</b>					
Net income attributable to Albemarle Corporation	\$ 326,745	\$ 192,365	\$ 383,682	\$ 761,188	\$ 1,732,165
Depreciation and amortization	129,831	138,772	145,492	154,497	167,999
Non-recurring and other unusual items	6,848	148,401	152,543	151,799	153,147
Adjusted EBITDA	463,424	479,538	681,717	1,067,484	2,053,311
Net Sales	1,317,131	1,363,284	1,634,580	2,205,762	3,347,606
Adjusted EBITDA Margin	35 %	35 %	42 %	48 %	61 %
<b>Bromine</b>					
Net income attributable to Albemarle Corporation	\$ 311,260	\$ 309,501	\$ 343,949	\$ 386,262	\$ 406,039
Depreciation and amortization	51,092	51,181	51,327	52,051	53,220
Non-recurring and other unusual items	(1,200)	—	—	—	—
Adjusted EBITDA	361,152	360,682	395,276	438,313	459,259
Net Sales	1,101,376	1,128,343	1,207,475	1,305,479	1,382,604
Adjusted EBITDA Margin	33 %	32 %	33 %	34 %	33 %
<b>Catalysts</b>					
Net income attributable to Albemarle Corporation	\$ 50,780	\$ 55,353	\$ 46,426	\$ 34,597	\$ 2,085
Depreciation and amortization	50,967	51,588	51,998	52,455	52,080
Adjusted EBITDA	101,747	106,941	98,424	87,052	58,584
Net Sales	757,876	761,235	758,869	820,850	863,120
Adjusted EBITDA Margin	13 %	14 %	13 %	11 %	7 %

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

(\$ in thousands)

	Twelve Months Ended	Three Months Ended			
	Sep 30, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021
<b>Adjusted EBITDA</b>	<b>\$ 2,460,828</b>	<b>\$ 1,189,966</b>	<b>\$ 610,209</b>	<b>\$ 431,930</b>	<b>\$ 228,723</b>
Net income attributable to noncontrolling interests	110,267	33,991	33,819	28,164	14,293
Equity in net income of unconsolidated investments (net of tax)	(483,031)	(258,884)	(128,156)	(62,436)	(33,555)
Dividends received from unconsolidated investments	385,912	193,931	117,796	39,168	35,017
<b>Consolidated EBITDA</b>	<b>\$ 2,473,976</b>	<b>\$ 1,159,004</b>	<b>\$ 633,668</b>	<b>\$ 436,826</b>	<b>\$ 244,478</b>
<b>Total Long Term Debt (as reported)</b>	<b>\$ 3,369,969</b>				
Off balance sheet obligations and other	130,000				
<b>Consolidated Funded Debt</b>	<b>\$ 3,499,969</b>				
Less Cash	1,382,803				
<b>Consolidated Funded Net Debt</b>	<b>\$ 2,117,166</b>				
<b>Consolidated Funded Debt to Consolidated EBITDA Ratio</b>	<b>1.4</b>				
<b>Consolidated Funded Net Debt to Consolidated EBITDA Ratio</b>	<b>0.9</b>				

# Diluted EPS

	Three Months Ended	
	September 30,	
	2022	2021
Diluted earnings per share attributable to Albemarle Corporation	\$ 7.61	\$ (3.36)
Add back:		
Non-operating pension and OPEB items (net of tax)	(0.03)	(0.04)
Non-recurring and other unusual items (net of tax)		
Acquisition and integration related costs	0.01	0.01
Loss on sale of interest in properties	—	0.01
Legal accrual	—	4.29
Other	(0.06)	0.02
Tax related items	(0.03)	0.09
Total non-recurring and other unusual items	(0.08)	4.42
Adjusted diluted earnings per share <sup>1</sup>	<u>\$ 7.50</u>	<u>\$ 1.05</u>
Diluted Shares	117,869	116,965

# Effective Tax Rate

<i>(\$ in thousands)</i>	Income before income taxes and equity in net income of unconsolidated investments	Income tax (benefit) expense	Effective income tax rate
<b>Three months ended September 30, 2022</b>			
As reported	\$ 869,260	\$ 196,938	22.7 %
Non-recurring, other unusual and non-operating pension and OPEB items	(11,592)	2,133	
As adjusted	<u>\$ 857,668</u>	<u>\$ 199,071</u>	23.2 %
<b>Three months ended September 30, 2021</b>			
As reported	\$ (516,809)	\$ (114,670)	22.2 %
Non-recurring, other unusual and non-operating pension and OPEB items	657,802	141,681	
As adjusted	<u>\$ 140,993</u>	<u>\$ 27,011</u>	19.2 %



# Equity Income and Noncontrolling Interest

	Three Months Ended September 30,			
	2022		2021	
	Equity Income	Noncontrolling Interest	Equity Income	Noncontrolling Interest
<i>(\$ in thousands)</i>				
Lithium	\$ 236,396	\$ —	\$ 21,664	\$ —
Bromine	—	(34,042)	—	(18,354)
Catalysts	6,788	—	10,768	—
Corporate	15,700	51	(4,726)	6
Total Company	<u>\$ 258,884</u>	<u>\$ (33,991)</u>	<u>\$ 27,706</u>	<u>\$ (18,348)</u>

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