

Albemarle Q1 2023 Earnings

May 4, 2023
9:00am ET



Forward-Looking Statements

This presentation, conference call and discussions that follow contain statements concerning our expectations, anticipations and beliefs regarding the future, which constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements, which are based on assumptions that we have made as of the date hereof and are subject to known and unknown risks and uncertainties, often contain words such as “anticipate,” “believe,” “estimate,” “expect,” “guidance,” “intend,” “may,” “outlook,” “should,” “would,” and “will.” Forward-looking statements may include statements regarding expected: financial and operating results, production capacity, volumes, and pricing, demand for Albemarle’s products, capital projects, acquisition and divestiture transactions, market and economic trends, and all other information relating to matters that are not historical facts. Factors that could cause Albemarle’s actual results to differ materially from the outlook expressed or implied in any forward-looking statement include: changes in economic and business conditions; financial and operating performance of customers; timing and magnitude of customer orders; fluctuations in lithium market pricing; production volume shortfalls; increased competition; changes in product demand; availability and cost of raw materials and energy; technological change and development; fluctuations in foreign currencies; changes in laws and government regulation; regulatory actions, proceedings, claims or litigation; cyber-security breaches, terrorist attacks, industrial accidents or natural disasters; political unrest; changes in inflation or interest rates; volatility in the debt and equity markets; acquisition and divestiture transactions; timing and success of projects; performance of Albemarle’s partners in joint ventures and other projects; changes in credit ratings; 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, which are filed with the SEC and available on the investor section of Albemarle’s website (investors.albemarle.com) and on the SEC’s website at www.sec.gov. 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 (loss) income attributable to Albemarle Corporation, adjusted diluted earnings per share (“EPS”), non-operating pension and other post-employment benefit (“OPEB”) items per diluted share, non-recurring and other unusual items per diluted share, adjusted effective income tax rates, EBITDA, adjusted EBITDA (on a consolidated basis), EBITDA margin and adjusted EBITDA margin are financial measures that are not required by, or presented in accordance with, accounting principles generally accepted in the United States, or GAAP. These non-GAAP measures should not be considered as alternatives to Net income attributable to Albemarle Corporation (“earnings”) or other comparable measures calculated and reported in accordance with GAAP. These measures are presented here to provide additional useful measurements to review the company’s 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 other non-GAAP financial measures that Albemarle uses to evaluate its 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 on the press release announcing the results discussed in this presentation, which is available on Albemarle’s website at <https://investors.albemarle.com>. 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.

Excellent Q1 Results Supporting Growth

\$2.6B  **+129%**

Q1 2023 NET SALES

VS PRIOR YEAR

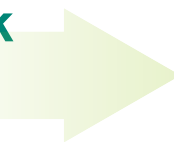
\$1.6B  **+269%**

Q1 2023 ADJ. EBITDA¹

VS PRIOR YEAR

2023 outlook

Reduced to reflect
lithium market price
declines YTD

2023 net sales
 **+35-55%**
Y/Y

- Selected location for U.S. lithium processing facility in Richburg, South Carolina
- Announced restructure of MARBL JV in Australia and separate investment by Mineral Resources Limited in Albemarle conversion assets in China
- Reached final investment decision to build Kemerton trains III/IV
- 2022 sustainability report to be published June 5, sustainability webcast on June 20

¹ See appendix for non-GAAP reconciliations

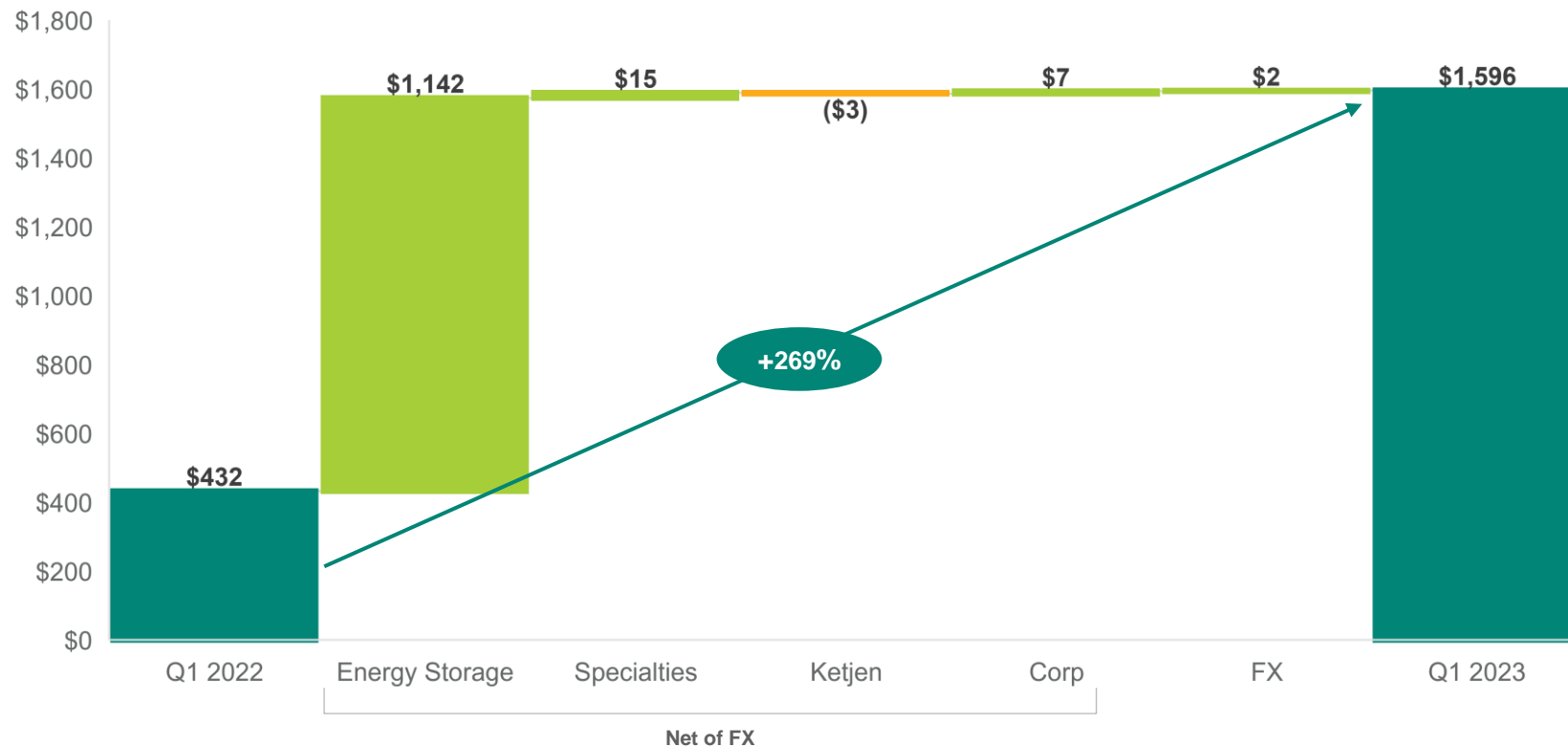
Q1 2023 Financial Summary

(in millions, except per share amounts)

	Q1 2023	Q1 2022	Variance
Net Sales	\$2,580	\$1,128	+129%
Net Income Attributable to Albemarle Corporation	\$1,239	\$253	+389%
Adjusted EBITDA¹	\$1,596	\$432	+269%
Adjusted EBITDA Margin¹	62%	38%	+2400 bps
Diluted EPS	\$10.51	\$2.15	+389%
Non-Operating Pension and OPEB Items	-	-\$0.04	NM
Non-Recurring and Other Unusual Items	(\$0.19)	\$0.26	NM
Adjusted Diluted EPS¹	\$10.32	\$2.38	+334%

¹ See appendix for non-GAAP reconciliations

Q1 2023 Adjusted EBITDA¹ Bridge (\$ in millions)



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

Adjusting FY 2023 Outlook to Reflect Recent Lithium Market Prices

As of May 3, 2023	FY 2022	Previous FY 2023 Guidance	Revised FY 2023 Guidance ²	2023 Revised Guidance vs FY 2022 ²
Net Sales	\$7.3B	\$11.3B – \$12.9B	\$9.8B – \$11.5B	35% to 55%
Adj. EBITDA^{1,2}	\$3.5B	\$4.2B – \$5.1B	\$3.3B – \$4.0B	(5%) to 15%
Adj. EBITDA Margin^{1,2}	47%	37% – 40%	34% – 35%	
Adj. Diluted EPS^{1,2}	\$21.96	\$26.00 – \$33.00	\$20.75 – \$25.75	(5%) to 20%
Net Cash from Operations	\$1.9B	\$2.1B – \$2.4B	\$1.7B – \$2.3B	(10%) to 20%
Capital Expenditures	\$1.3B	\$1.7B – \$1.9B	\$1.7B – \$1.9B	

Other Inputs for 2023:

- Depreciation and Amortization \$420M - \$460M
- Adjusted effective tax rate 23%-25%
- Corporate costs \$110M - \$120M
- Interest and financing expenses \$115M - \$125M
- Weighted-average common shares outstanding – diluted 117.8M

¹ See appendix for non-GAAP reconciliations

² The company does not provide the GAAP measures of net income, gross margin, or diluted earnings per share on a forward-looking basis, or a reconciliation of adjusted EBITDA or adjusted diluted earnings per share to such measure, respectively, because it is unable to estimate significant non-recurring or unusual items without unreasonable effort. See "Non-GAAP Measures" for more information.

Adjusting FY 2023 Outlook to Reflect Recent Lithium Market Prices

As of May 3, 2023

ENERGY STORAGE

- Energy Storage FY 2023 adj. EBITDA expected to be roughly flat Y/Y, as higher net sales are offset by timing impacts of higher price spodumene inventories; change from previous outlook reflects recent lithium market prices
- FY 2023 realized price now expected to be up 20-30% Y/Y, down from previous outlook, assuming recent market prices continue through year end
- FY 2023 volume expected to be up 30-40% Y/Y, unchanged from prior guidance, driven by ramping of new capacity, including Kemerton and Qinzhou, plus additional tolling
- Stronger 2H net sales expected with execution of project ramps, tolling, and spot volumes
- Potential upside if market pricing increases; potential downside if lithium market pricing continues to decrease and/or with volume shortfalls in ramping or spot volumes

SPECIALTIES

- Specialties FY 2023 adj. EBITDA expected to be up 5-10% Y/Y, unchanged from previous outlook
- Q2 expected to be the weakest quarter in the year as destocking occurs
- Expecting stronger 2H with restocking demand and recovery of consumer electronics and other end-markets

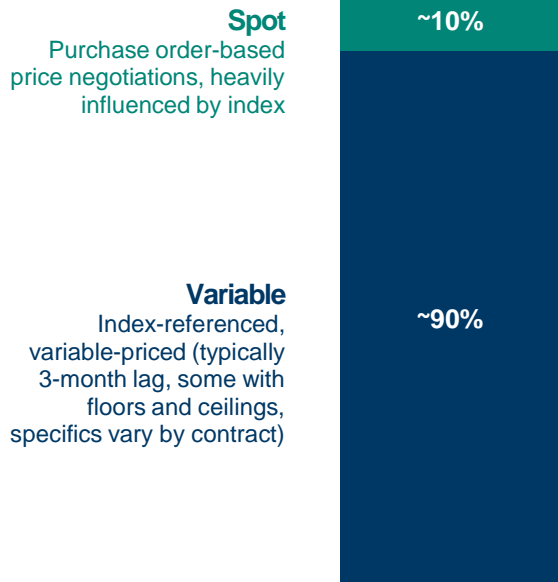
KETJEN

- Ketjen FY 2023 adj. EBITDA expected to be up 250-400% Y/Y, above previous outlook due to higher volumes and pricing
- Higher volumes across product segments driven by high refinery utilization; higher pricing primarily for FCC products
- Inflation in material costs expected to remain a headwind, energy costs expected to moderate in 2023

Updated Contract Pricing Reflects Changes in Market Price

Energy Storage Net Sales¹

(by Contract Type)



2023E

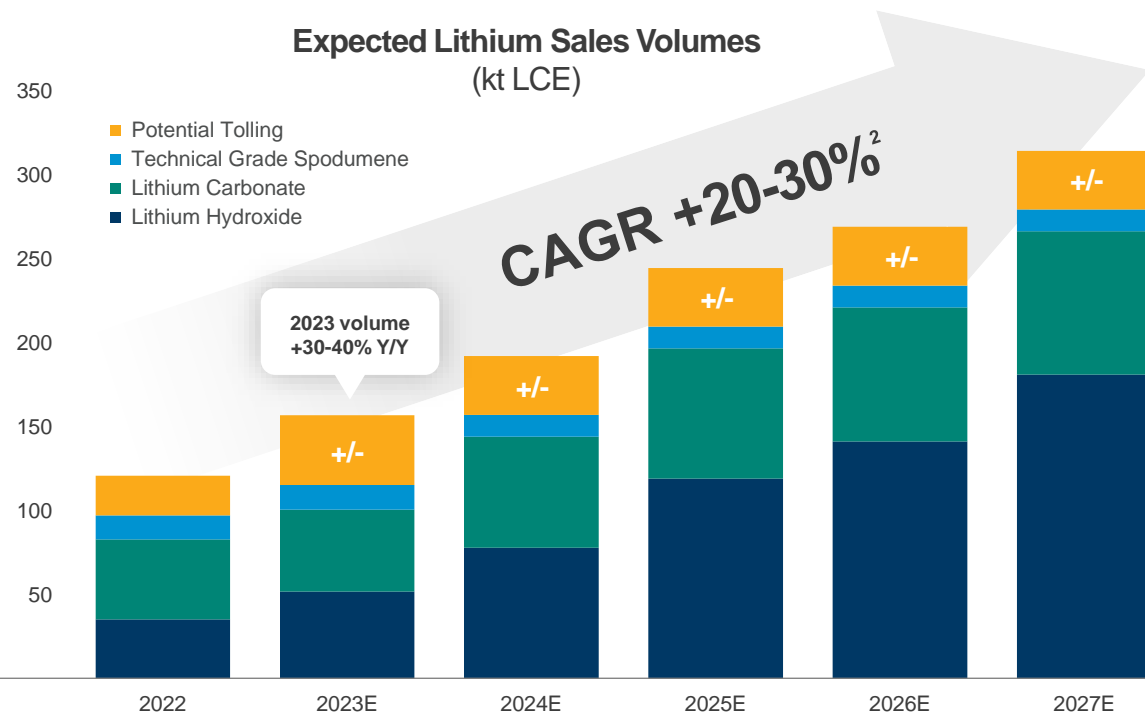
Leverage to Continued Strong Market Prices

- Majority of volumes sold under long-term contracts (typically 2-5 years duration) with strategic customers
- Partnerships across the value chain including major cathode, battery, and OEM customers
- Moving to predominantly index-referenced and variable pricing; moving floors higher - negotiations continue to progress for 2023 onward
- Assuming a $\pm \$10/\text{kg}$ change in full-year 2023 market indices equates to a $\pm \$5\text{-}7/\text{kg}$ change in Albemarle's average full-year 2023 realized pricing²
- Updated net sales split reflects updated market pricing; no change to contracts

¹ As of mid-April 2023; excludes technical grade spodumene and by-product net sales

² Assumes prevailing market pricing and Albemarle contract book as of mid-April 2023

Maintaining Strategy to Deliver Volumetric Growth

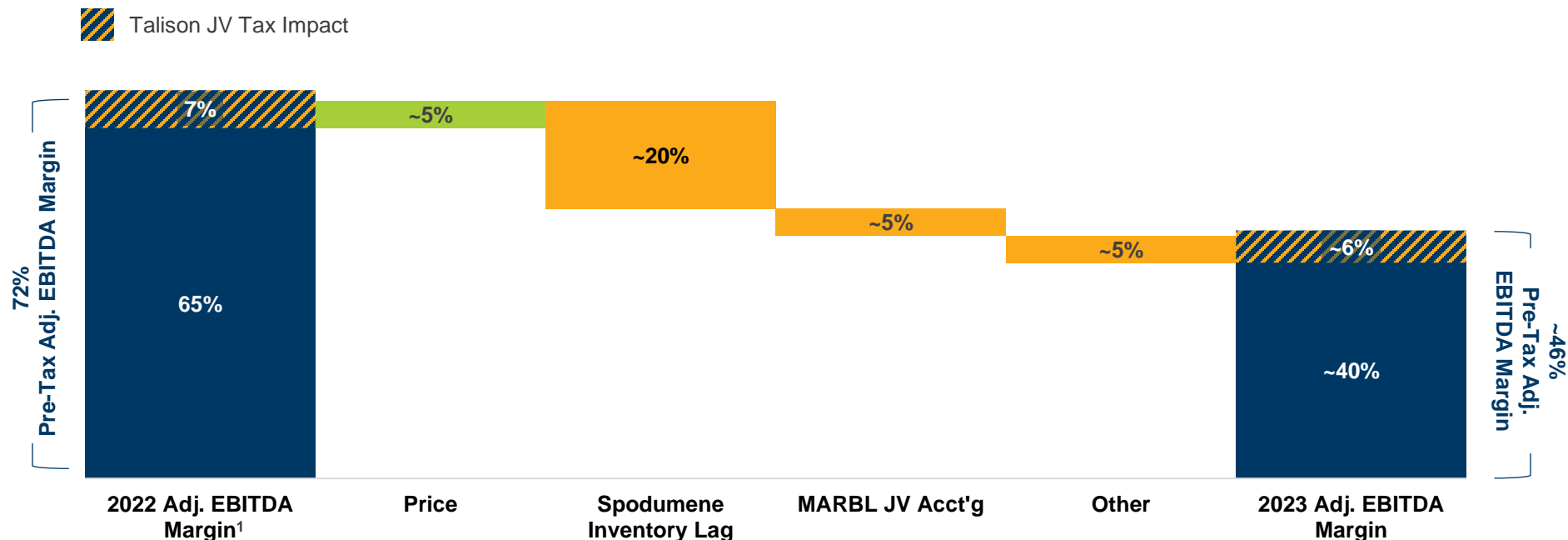


- Assumes ~2 years to ramp a new conversion plant
- Includes expansions at Silver Peak, La Negra, Kemerton, Qinzhou, and Meishan
- Technical-grade spodumene sales (~10 ktpa) and tolling (0-70 ktpa) included
- Further upside potential from:
 - Additional tolling volumes as bridge to further conversion expansions
 - Additional conversion assets

¹ All figures shown on 100% basis in LCE, volumes include MARBL JV (Expected 50% ownership of Wodgina, 85% ownership of Kemerton, pending regulatory approvals), excludes specialty products

² Approximate 5-yr CAGR based on 2022 to 2027E

Energy Storage Adjusted EBITDA Margin Bridge – 2022 vs 2023 forecast



2023 margins are expected to decline primarily due to spodumene inventory lags

¹ See appendix for non-GAAP reconciliations

Disciplined Capital Allocation to Support Growth Strategy

Objectives

Ability to Adapt to Changing Economic Conditions

Invest in High-Return Growth

- Growth remains the primary capital allocation priority
- Strategically grow Energy Storage and Specialties to leverage low-cost resources
- Position Ketjen for long-term stability
- Maintain capital discipline and operational excellence

Portfolio Management

- Actively assess portfolio; reinvest proceeds
- Accelerate and de-risk our strategy in next-gen technology and/or materials
- Bolt-on acquisitions to accelerate growth at attractive returns
- Build and maintain our top-tier resource base

Maintain Financial Flexibility

- Committed to Investment Grade rating
- Free cash flow positive in 2022, significant operating cash flow to fund growth
- Leverage expected to remain <1.0x near-term to preserve flexibility
- \$1.6B cash and cash equivalents

Dividends & Share Repurchases

- Continue to support our dividend
- Limited cash flow available for repurchase as we invest in growth
- Expected 29th year of dividend growth

- Slow non-critical / non-growth capital expenditures
- Accelerate partnering / tolling arrangements

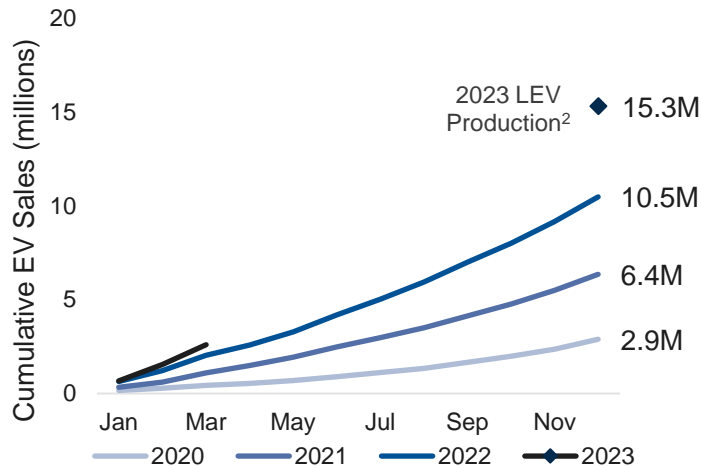
- Position company to take advantage of low-price acquisition targets in a downturn

- Enable continuation of growth
- Slow hiring, T&E, and other discretionary costs
- Shift production volumes to support highest demand markets

- Excess cash flow to support dividend growth and potential repurchases

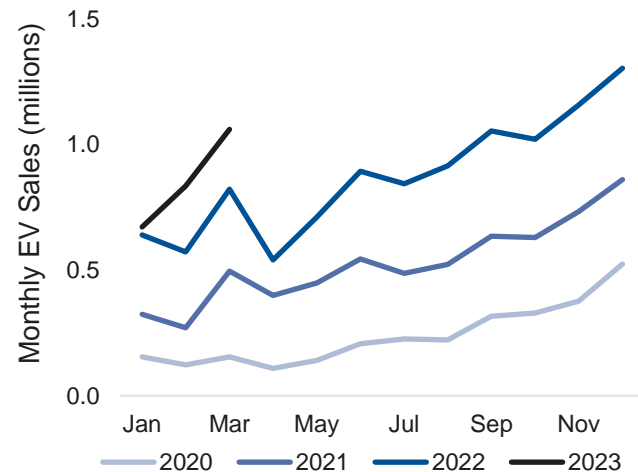
Global EV Demand Outlook Remains Robust

'20-'23 Global EV Sales: Cumulative YTD¹



Global 2023 EV production expected +36% Y/Y²

Global EV Sales: Monthly Actuals¹



Global EV sales YTD +26% Y/Y,
North America YTD +53%

Strong Q1 EV sales outside of China led by the US, China indicating recovery in February

¹ MarkLines data as of 4/25/2023, March data is incomplete with some countries yet to report sales

² S&P Global Mobility, Global Production based Alternative Propulsion Forecast, April 2023; LEV = low-emission vehicle, which includes PHEVs and BEVs

Strengthening Global Footprint in Resources and Conversion

Expanding global lithium conversion capacity...

- **Richburg**, South Carolina selected as site for U.S. lithium processing facility, construction expected to begin late in 2024

...To leverage world-class brine and spodumene resources

- **Salar Yield Improvement Project** on schedule for mechanical completion by the middle of 2023
- **Silver Peak** new wells and expansion projects continue to progress
- **Kings Mountain** mine studies continue to progress

Americas/EU Resource & Conversion



Diversified supply chains supporting customer regionalization

Strengthening Global Footprint in Resources and Conversion

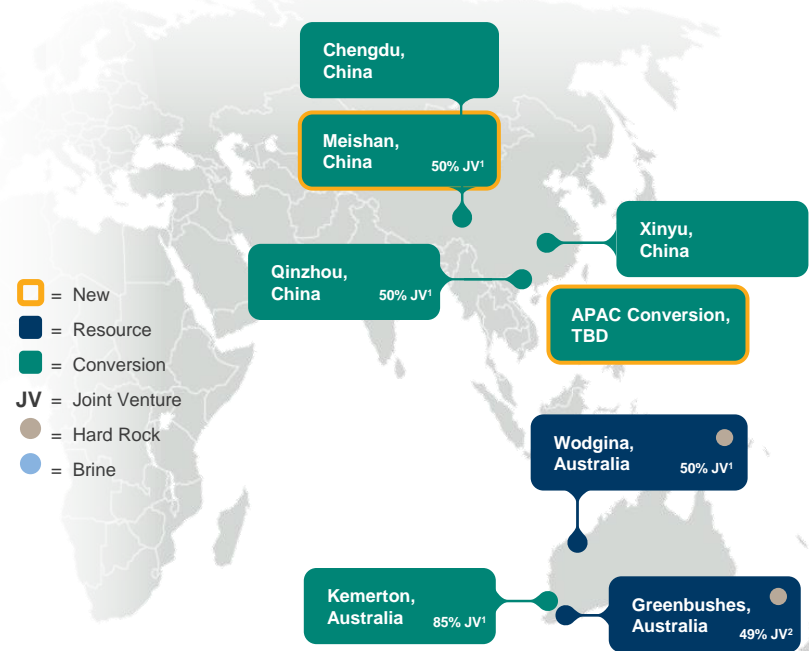
Expanding global lithium conversion capacity...

- **Kemerton I** is operating and producing lithium hydroxide, which remains subject to customer qualification
- **Kemerton II** is progressing through commissioning
- **Kemerton III/IV** final investment decision reached, begun construction
- **Meishan** construction progressing on-schedule with mechanical completion expected in 2024

...To leverage world-class spodumene resources

- **Wodgina** Train 3 commissioning
- **Greenbushes** CGP3 construction progressing

Australia/Asia Resource & Conversion



Full vertical integration from lithium resource to conversion is a competitive advantage

¹ Expected joint venture ownership interest, pending regulatory approvals

² Joint venture ownership interest, with right to 50% of the offtake

Committed to Building a Resilient World

New in the 2022 Sustainability Report

Initial TCFD reporting

Continued progress on environmental and DEI goals

Updated targets reflecting new GBU structure

New goals around scope 3 and air quality

Global updates from our External Affairs Team



June 5

Albemarle's 2022
Sustainability Report



June 20

Sustainability Day
Webcast



Key Takeaways

Continuing to expect growth in 2023, adjusting guidance with net sales +35-55% YoY

A global leader with world-class assets and a diversified product portfolio; long-term supply with reliable, consistent quality

Capitalizing on tremendous growth opportunities in electric vehicles and beyond - mobility, energy, connectivity, health

Innovating to deliver advanced solutions tailored to customer needs

Clear strategy with disciplined operating model to scale and innovate, accelerate profitable growth, and advance sustainability

Energy Storage Overview

Y/Y Q1 Performance Drivers

- Net sales up 319% (price³ +301%, volume +18%); adjusted EBITDA up 393%
- Increased sales due to renegotiated contracts and increased market pricing
- Adjusted EBITDA benefited from favorable pricing from contract renegotiations as well as the sale of lower cost inventory

FY 2023 Outlook (as of May 3, 2023)

- Energy Storage FY 2023 adj. EBITDA expected to be roughly flat Y/Y, as higher net sales are offset by timing impacts of higher price spodumene inventories; change from previous outlook reflects recent lithium market prices
- FY 2023 realized price now expected to be up 20-30% Y/Y, Energy Storage outlook range assumes recent market prices continue through year end
- FY 2023 volume expected to up +30-40% Y/Y (unchanged) primarily due to new capacity coming online
- Potential upside if market pricing increases; potential downside if lithium market pricing continues to decrease or potential volume shortfalls in ramping or spot volumes

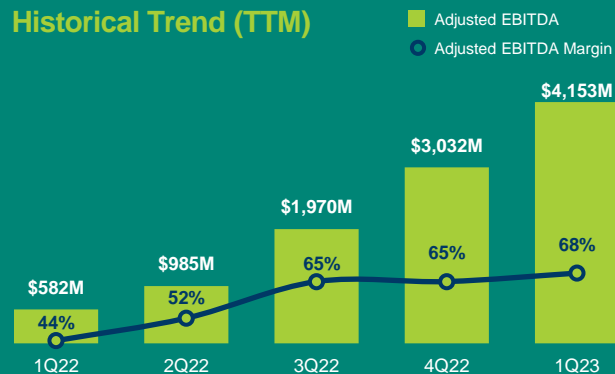
Drivers/Sensitivities

- Global accelerated EV adoption supported by regulation and technological improvements
- Emerging technologies; battery cost declining + performance improving
- Security of supply essential to underwrite global auto OEM investment in vehicle electrification

Q1 2023 Performance

(in millions)	Q1 2023	Y/Y
Net Sales	\$1,944	319%
Net Sales ex FX ¹	\$1,975	326%
Adj. EBITDA ⁴	\$1,406	393%
Adj. EBITDA ex FX ^{1,4}	\$1,427	400%
Adj. EBITDA Margin ⁴	72%	+1,090 bps
Adj. EBITDA Margin ex FX ^{1,4}	72%	+1,083 bps

Historical Trend (TTM)



Specialties Overview

Y/Y Q1 Performance Drivers

- Net sales down -6% (price³ +9%, volume -15%); adjusted EBITDA up 6%
- Volume down due to end-market demand weakness
- Adjusted EBITDA benefited by higher pricing and lower freight costs, partially offset by lower volumes

FY 2023 Outlook (as of May 3, 2023)

- Specialties FY 2023 adj. EBITDA is expected to be up 5-10% Y/Y, unchanged from previous outlook
- Expecting stronger 2H with restocking demand and recovery of consumer electronics

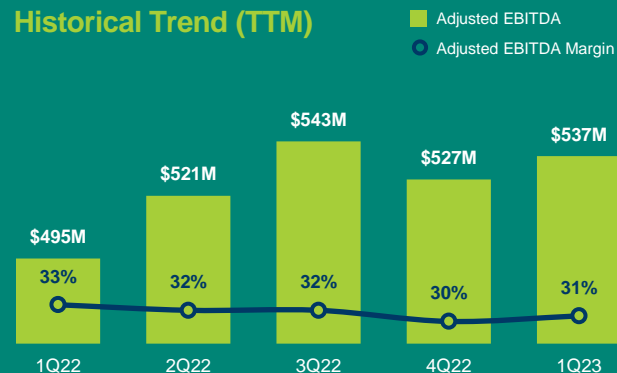
Drivers/Sensitivities

- GDP+ growth with diverse applications and end-markets in mobility, energy, connectivity, and health
- Supported by strong underlying trends in digitalization and electrification

Q1 2023 Performance

(in millions)	Q1 2023	Y/Y
Net Sales	\$419	-6%
Net Sales ex FX ¹	\$429	-4%
Adj. EBITDA ⁴	\$162	6%
Adj. EBITDA ex FX ^{1,4}	\$168	10%
Adj. EBITDA Margin ⁴	39%	+436 bps
Adj. EBITDA Margin ex FX ^{1,4}	39%	+486 bps

Historical Trend (TTM)



Ketjen Overview

Y/Y Q1 Performance Drivers

- Net sales flat (price³ +12%, volume -12%); adjusted EBITDA -14%
- Q1 adjusted EBITDA lower due to US freeze related downtime, timing of shipments, and unfavorable raw material cost

FY 2023 Outlook (as of May 3, 2023)

- Ketjen FY 2023 adj. EBITDA expected to be up 250-400% Y/Y, above previous outlook due to higher volumes and pricing
- Higher volumes across product segments driven by high refinery utilization; higher pricing primarily for FCC products
- Inflation in material costs expected to remain a headwind, energy costs expected to moderate in 2023

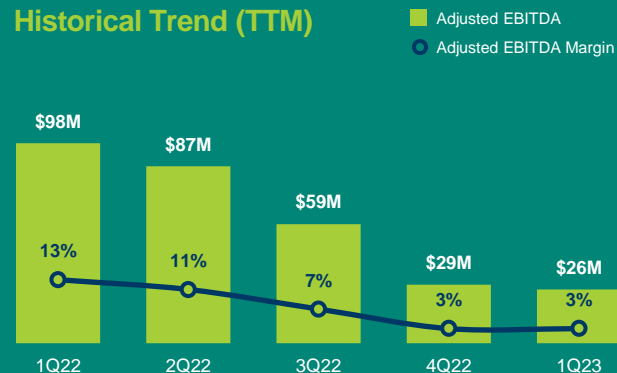
Drivers/Sensitivities

- FCC - miles driven/transportation fuel consumption
- HPC - environmental sulfur regulations and miles driven/transportation fuel consumption
- PCS - plastic and polyurethane demand

Q1 2023 Performance

(in millions)	Q1 2023	Y/Y
Net Sales	\$218	0%
Net Sales ex FX ¹	\$220	1%
Adj. EBITDA ⁴	\$15	-14%
Adj. EBITDA ex FX ^{1,4}	\$14	-16%
Adj. EBITDA Margin ⁴	7%	-92 bps
Adj. EBITDA Margin ex FX ^{1,4}	6%	-143 bps

Historical Trend (TTM)



Q2 2023 Investor Relations Events



June 6

TD Cowen Sustainability Week



June 20

Sustainability Day Webcast



June 21-22

Sustainability Day Virtual NDR

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Appendix: Non-GAAP Reconciliations

Definitions of Non-GAAP Measures

NON-GAAP MEASURE	DESCRIPTION
Adjusted Net Income	Net income attributable to Albemarle Corporation before non-recurring, other unusual and non-operating pension and OPEB.
Pro-forma Adjusted Net Income	Net income attributable to Albemarle Corporation before non-recurring, other unusual and non-operating pension and OPEB items, and the net impact of the divested business.
Adjusted Diluted EPS	Diluted EPS before non-recurring, other unusual and non-operating pension and OPEB.
Pro-forma Adjusted Diluted EPS	Diluted EPS before non-recurring, other unusual and non-operating pension and OPEB items, and the net impact of the divested business.
EBITDA	Net income attributable to Albemarle Corporation before interest and financing expenses, income taxes, and depreciation and amortization.
Adjusted EBITDA	EBITDA before non-recurring, other unusual and non-operating pension and OPEB.
Pro-forma Adjusted EBITDA	Adjusted EBITDA before the net impact of EBITDA of the divested business.
Pro-forma Net Sales	Net Sales before the impact of Net Sales from the divested business.
Adjusted Effective Income Tax Rate	Reported effective income tax rate before the tax impact of non-recurring, other unusual and non-operating pension and OPEB items.

Adjusted Net Income

	Three Months Ended March 31,		Year Ended December 31,
	2023	2022	2022
<i>(\$ in thousands)</i>			
Net income attributable to Albemarle Corporation	\$ 1,238,580	\$ 253,383	\$ 2,689,816
Add back:			
Non-operating pension and OPEB items (net of tax)	374	(4,139)	(42,189)
Non-recurring and other unusual items (net of tax)	(22,774)	30,903	(61,377)
Adjusted net income attributable to Albemarle Corporation	\$ 1,216,180	\$ 280,147	\$ 2,586,250
Adjusted diluted earnings per share	\$ 10.32	\$ 2.38	\$ 21.96
Weighted-average common shares outstanding – diluted	117,841	117,653	117,793

See above for a reconciliation of adjusted net income, 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 and Adjusted EBITDA

	Three Months Ended March 31,				Year Ended December 31,	
	2023		2022		2022	
	\$	% of net sales	\$	% of net sales	\$	% of net sales
(\$ in thousands)						
Net income attributable to Albemarle Corporation	\$ 1,238,580	48.0 %	\$ 253,383	22.5 %	\$ 2,689,816	36.7 %
Add back:						
Interest and financing expenses	26,777	1.0 %	27,834	2.5 %	122,973	1.7 %
Income tax expense	276,963	10.7 %	80,530	7.1 %	390,588	5.3 %
Depreciation and amortization	87,271	3.4 %	66,574	5.9 %	300,841	4.1 %
EBITDA	1,629,591	63.2 %	428,321	38.0 %	3,504,218	47.9 %
Non-operating pension and OPEB items	601	— %	(5,280)	(0.5) %	(57,032)	(0.8) %
Non-recurring and other unusual items	(34,473)	(1.3) %	8,889	0.8 %	28,671	0.4 %
Adjusted EBITDA	\$ 1,595,719	61.8 %	\$ 431,930	38.3 %	\$ 3,475,857	47.5 %
Net sales	\$ 2,580,252		\$ 1,127,728		\$ 7,320,104	
EBITDA margin	63.2 %		38.0 %		47.9 %	
Adjusted EBITDA margin	61.8 %		38.3 %		47.5 %	

See above for a reconciliation of EBITDA, adjusted EBITDA and 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.

Adjusted EBITDA – Continuing Operations (twelve months ended)

	Twelve Months Ended				
(\$ in thousands)	Mar 31, 2022	Jun 30, 2022	Sep 30, 2022	Dec 31, 2022	Mar 31, 2023
Net income attributable to Albemarle Corporation	\$ 281,378	\$ 263,551	\$ 1,553,547	\$ 2,689,816	\$ 3,675,013
Depreciation and amortization	258,314	267,884	283,515	300,841	321,538
Non-recurring and other unusual items (excluding items associated with interest expense)	478,490	885,605	215,768	28,671	(14,691)
Interest and financing expenses	45,428	79,685	104,240	122,973	121,916
Income tax expense	87,869	69,902	381,510	390,588	587,021
Non-operating pension and OPEB items	(78,629)	(78,196)	(77,752)	(57,032)	(51,151)
Adjusted EBITDA	\$ 1,072,850	\$ 1,488,431	\$ 2,460,828	\$ 3,475,857	\$ 4,639,646
Net impact of adjusted EBITDA from divested businesses	(6,990)	—	—	—	—
Adjusted EBITDA excluding impact from divested business	\$ 1,065,860	\$ 1,488,431	\$ 2,460,828	\$ 3,475,857	\$ 4,639,646
Net sales	\$ 3,626,394	\$ 4,332,091	\$ 5,593,330	\$ 7,320,104	\$ 8,772,628
Net impact of net sales from divested business	(21,191)	—	—	—	—
Net sales excluding impact from divested business	\$ 3,605,203	\$ 4,332,091	\$ 5,593,330	\$ 7,320,104	\$ 8,772,628
Adjusted EBITDA margin excluding impact from divested businesses	30 %	34 %	44 %	47 %	53 %

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				
	Mar 31, 2022	Jun 30, 2022	Sep 30, 2022	Dec 31, 2022	Mar 31, 2023
Energy Storage					
Net income attributable to Albemarle Corporation	\$ 299,678	\$ 694,200	\$ 1,663,153	\$ 2,847,564	\$ 3,959,782
Depreciation and amortization	130,414	139,739	153,900	175,737	192,853
Non-recurring and other unusual items	151,975	151,191	152,534	8,959	559
Adjusted EBITDA	582,067	985,130	1,969,587	3,032,260	4,153,194
Net Sales	1,332,887	1,891,441	3,014,019	4,660,945	6,140,923
Adjusted EBITDA Margin	44 %	52 %	65 %	65 %	68 %
Specialties					
Net income attributable to Albemarle Corporation	\$ 427,892	\$ 453,245	\$ 475,051	\$ 458,333	\$ 464,150
Depreciation and amortization	66,407	66,809	67,319	67,705	71,444
Non-recurring and other unusual items	627	613	613	1,280	1,280
Adjusted EBITDA	494,926	520,667	542,983	527,318	536,874
Net Sales	1,509,156	1,619,761	1,716,255	1,759,684	1,732,272
Adjusted EBITDA Margin	33 %	32 %	32 %	30 %	31 %
Ketjen					
Net income attributable to Albemarle Corporation	\$ 46,426	\$ 34,597	\$ 2,085	\$ (27,104)	\$ (29,693)
Depreciation and amortization	51,998	52,455	52,080	51,417	51,639
Non-recurring and other unusual items	—	—	4,419	4,419	4,419
Adjusted EBITDA	98,424	87,052	58,584	28,732	26,365
Net Sales	758,869	820,850	863,120	899,572	899,487
Adjusted EBITDA Margin	13 %	11 %	7 %	3 %	3 %

Adjusted EBITDA by segment is reported to the company's chief operating decision maker for purposes of making decisions about allocating resources to each segment and therefore is reported pursuant to GAAP and is not a non-GAAP financial measure.

Adjusted EBITDA supplemental¹

	Twelve Months Ended		Three Months Ended		
	Mar 31, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022
Adjusted EBITDA	\$ 4,639,646	\$ 1,595,719	\$ 1,243,752	\$ 1,189,966	\$ 610,209
Net income attributable to noncontrolling interests	135,274	38,123	29,341	33,991	33,819
Equity in net income of unconsolidated investments (net of tax)	(1,106,027)	(396,188)	(322,799)	(258,884)	(128,156)
Dividends received from unconsolidated investments	1,309,623	547,552	450,344	193,931	117,796
Consolidated EBITDA	\$ 4,978,516	\$ 1,785,206	\$ 1,400,638	\$ 1,159,004	\$ 633,668
Total Long Term Debt (as reported)	\$ 3,235,560				
Off balance sheet obligations and other	146,200				
Consolidated Funded Debt	\$ 3,381,760				
Less Cash	1,586,734				
Consolidated Funded Net Debt	\$ 1,795,026				
Consolidated Funded Debt to Consolidated EBITDA Ratio	0.7				
Consolidated Funded Net Debt to Consolidated EBITDA Ratio	0.4				

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

Adjusted Diluted EPS

	Three Months Ended	
	March 31,	
	2023	2022
Diluted earnings per share attributable to Albemarle Corporation	\$ 10.51	\$ 2.15
Add back:		
Non-operating pension and OPEB items (net of tax)	—	(0.04)
Non-recurring and other unusual items (net of tax)		
Acquisition and integration related costs	0.03	0.01
Loss on sale of interest in properties	—	0.07
Mark-to-market gain on public equity securities	(0.29)	—
Other	0.04	(0.01)
Tax related items	0.03	0.19
Total non -recurring and other unusual items	(0.19)	0.26
Adjusted diluted earnings per share ¹	\$ 10.32	\$ 2.38
Diluted Shares	117,841	117,653

¹Totals may not add due to rounding.

Adjusted 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
Three months ended March 31, 2023			
As reported	\$ 1,157,478	\$ 276,963	23.9 %
Non-recurring, other unusual and non -operating pension and OPEB items	(33,872)	(11,472)	
As adjusted	<u>\$ 1,123,606</u>	<u>\$ 265,491</u>	23.6 %
Three months ended March 31, 2022			
As reported	\$ 299,641	\$ 80,530	26.9 %
Non-recurring, other unusual and non -operating pension and OPEB items	3,609	(23,155)	
As adjusted	<u>\$ 303,250</u>	<u>\$ 57,375</u>	18.9 %

See above for a reconciliation of the adjusted effective income tax rate, the non-GAAP financial measure, to the effective income tax rate, the most directly comparable financial measure calculated and reporting in accordance with GAAP.

Equity Income and Noncontrolling Interest

	Three Months Ended March 31,			
	2023		2022	
	Equity Income	Noncontrolling Interest	Equity Income	Noncontrolling Interest
<i>(\$ in thousands)</i>				
Energy Storage	\$ 376,859	\$ —	\$ 61,874	\$ —
Specialties	—	(38,232)	—	(28,219)
Ketjen	8,889	—	5,044	—
Corporate	10,440	109	(4,482)	55
Total Company	<u>\$ 396,188</u>	<u>\$ (38,123)</u>	<u>\$ 62,436</u>	<u>\$ (28,164)</u>

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

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