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Albemarle reports second quarter 2015 results

BATON ROUGE, La., Aug. 5, 2015 /PRNewswire/ -- **Second quarter 2015 highlights:**

- Adjusted earnings of \$0.84 per share.
- Three core business units grew constant currency revenue by 7% and adjusted EBITDA by 10% from prior year, and achieved adjusted EB
- Actions taken to date will result in \$50 million in acquisition synergies, in line with expectations.
- Full year EPS guidance reaffirmed at \$3.65 to \$4.05.



	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
<i>In thousands, except per share amounts</i>				
Net sales	\$ 931,485	\$ 604,721	\$ 1,815,889	\$ 1,204,564
Adjusted EBITDA	\$ 230,081	\$ 144,688	\$ 495,709	\$ 280,718
Net income from continuing operations	\$ 59,366	\$ 89,404	\$ 106,515	\$ 155,408
Net income attributable to Albemarle Corporation	\$ 52,147	\$ 22,447	\$ 95,262	\$ 79,030
Diluted earnings per share	\$ 0.46	\$ 0.28	\$ 0.86	\$ 0.99
Non-operating pension and OPEB items ^(a)	(0.01)	(0.01)	(0.03)	0.10
Special items ^(b)	0.39	0.07	1.18	0.21
Discontinued operations ^(c)	—	0.76	—	0.78
Adjusted diluted earnings per share	\$ 0.84	\$ 1.10	\$ 2.01	\$ 2.08

See accompanying notes and reconciliations to the condensed consolidated financial information.

Albemarle Corporation (NYSE: ALB) reported second quarter 2015 earnings of \$52.1 million, or \$0.46 per share, compared to second quarter 2014 earnings of \$22.4 million, or \$0.28 per share. Second quarter 2015 adjusted earnings were \$95.1 million, or \$0.84 per share, compared to \$86.8 million, or \$1.10 per share, in the second quarter of 2014 (see notes to the condensed consolidated financial information). The Company reported net sales of \$931.5 million in the second quarter of 2015, compared to \$604.7 million in the second quarter of 2014, driven primarily by the acquisition of Rockwood Holdings, Inc. ("Rockwood"), which was completed on January 12, 2015.

Earnings for the six months ended June 30, 2015 were \$95.3 million, or \$0.86 per share, compared to \$79.0 million, or \$0.99 per share, for the six months ended June 30, 2014. Adjusted earnings for the six months ended June 30, 2015 (including \$52.4 million in non-cash currency transaction gains from the first quarter) were \$201 million, or \$2.01 per share, compared to \$165.2 million, or \$2.08 per share, for 2014. Net sales for the six months ended June 30, 2015 were \$1.82 billion, compared to \$1.2 billion in the six months ended June 30, 2014, driven primarily by the acquisition of Rockwood.

"All of Albemarle's core businesses, with the exception of Clean Fuels Technologies, delivered outstanding results in the second quarter. EBITDA for the quarter was \$495.7 million, or 30% of revenue, compared to \$280.7 million, or 29% of revenue, for the first half of the year," said Albemarle President and CEO, Luke Kissam. "Our integration of Rockwood, which will result in our achieving at least \$50 million in cost savings in 2015. Finally, we demonstrated the superior cash generating power of our business, as we achieved a free cash flow on track with our expectations. Based on our performance year to date, we are reaffirming our full year EPS guidance of \$3.65 to \$4.05."

As previously announced, as a result of the completion of the acquisition of Rockwood, the Company has realigned its global business units. The Company's strategic assets and businesses to be market-focused and allows it to more effectively leverage its combined resources on innovative products. The reporting structure consists of three reportable operating segments, or global business units ("GBUs"): Performance Chemicals, Refining Solut Treatment. Three businesses that the Company previously announced it intends to sell will be reported together in the "All Other" category.

The acquisition of Rockwood was completed on January 12, 2015 for a purchase price of approximately \$5.7 billion. The cash consideration was \$4.8 billion, with the balance financed through debt and equity. The acquisition was accounted for as an acquisition. The cash consideration was \$4.8 billion, with the balance financed through debt and equity. The acquisition was accounted for as an acquisition. The cash consideration was \$4.8 billion, with the balance financed through debt and equity. The acquisition was accounted for as an acquisition.

Quarterly Segment Results

In order to provide a meaningful comparison of the results of operations, where applicable, segment results for the second quarter and six months ended June 30, 2015 compared to the corresponding periods of 2014. The 2014 pro forma segment results are based on the historical or estimated financial statements of Albemarle and Rockwood and were prepared to illustrate the effects of the integration of the Rockwood business, as well as the structure discussed above. This supplemental pro forma financial information is also located on our website and in Albemarle's Current Report on April 13, 2015.

Performance Chemicals reported net sales of \$437.0 million in the second quarter of 2015, an increase of 10.0% from second quarter 2014 pro forma results of \$397.0 million. Excluding \$21.8 million of unfavorable currency exchange impacts, net sales increased by 15.5% from the second quarter of 2014 pro forma results of \$375.2 million. Adjusted EBITDA for Performance Chemicals was \$148.7 million, an increase of 10.0% from second quarter 2014 pro forma results of \$135.1 million. Excluding \$6.5 million of unfavorable currency exchange impacts, adjusted EBITDA increased by 10.0% from second quarter 2014 pro forma results of \$128.6 million. The increase was primarily driven by higher overall sales volumes, favorable Bromine and Lithium pricing, and the addition of our Talison joint vent sales and adjusted EBITDA for the second quarter were both favorably impacted by the delivery of a large Bromine related order that was previously delivered in the third quarter.

Refining Solutions generated net sales of \$164.6 million in the second quarter of 2015, a decrease of 19.7% from net sales of \$205.0 million in the second quarter of 2014. Excluding \$7.2 million of unfavorable currency exchange impacts, net sales decreased by 16.2% primarily driven by unfavorable Clean Fuels' offset by favorable Heavy Oil Upgrading volumes. Adjusted EBITDA for Refining Solutions was \$48.2 million in the second quarter of 2015, a decrease of 19.7% from second quarter 2014 results of \$59.4 million. Excluding \$1.0 million of unfavorable currency exchange impacts, Adjusted EBITDA decreased by 19.7% from second quarter 2014 results of \$60.4 million. The decrease was primarily driven by unfavorable Heavy Oil Upgrading volumes.

Chem Metall Surface Treatment reported net sales of \$213.2 million in the second quarter of 2015, an increase of 0.4% from second quarter 2014 results of \$212.4 million. Excluding \$29.2 million of unfavorable currency exchange impacts, net sales increased by 14.1% primarily due to increased sales from the acquisition of the remaining shares of the Chem Metall Shanghai joint venture in February of this year and favorable pricing. Adjusted EBITDA for Chem Metall Surface Treatment was \$48.4 million in the second quarter of 2015, a decrease of 1.3% from second quarter 2014 pro forma results of \$49.1 million. Excluding \$29.2 million of unfavorable currency exchange impacts, adjusted EBITDA increased by 8.6% due primarily to higher overall sales volumes and favorable pricing. The increase was primarily driven by higher overall sales volumes and favorable pricing. The increase was primarily driven by higher overall sales volumes and favorable pricing. The increase was primarily driven by higher overall sales volumes and favorable pricing.

All Other net sales were \$113.4 million in the second quarter of 2015, a decrease of 24.0% from pro forma net sales of \$149.2 million in the second quarter of 2014. Excluding \$10.3 million of unfavorable currency exchange impacts, net sales decreased by 17.1% primarily due to unfavorable Fine Chemistry pricing. All Other adjusted EBITDA was \$9.7 million in the second quarter of 2015, a decrease of 66.1% from second quarter 2014 pro forma net sales of \$29.0 million. Excluding \$2.2 million of unfavorable currency exchange impacts, adjusted EBITDA decreased by 58.3% due primarily to lower overall sales volume and unfavorable Fine Chemistry Services pricing.

In total, the unfavorable currency exchange impact was \$68.5 million in net sales and \$12.7 million in adjusted EBITDA (including \$1.9 million of unfavorable currency exchange impacts on Corporate results).

Corporate Results

Corporate adjusted EBITDA was \$(25.0) million in the second quarter of 2015 compared to \$(33.4) million pro forma adjusted EBITDA in the second quarter of 2014. The \$8.4 million improvement is primarily related to achieved synergies and \$1.9 million of favorable impacts from currency exchange.

Income Taxes

Our adjusted effective income tax rates, which exclude discontinued operations, special and non-operating pension and OPEB items, were 28.1% in the second quarter of 2015 and 2014, respectively. Our effective tax rate continues to be influenced by the level and geographic mix of income, an increase in income in lower tax jurisdictions. The effective tax rate increase compared to the prior year is primarily driven by the Rockwood acquisition and changes in various benefits in our effective tax rate.

Cash Flow

Our cash flow from operations was approximately \$133.2 million for the six months ended June 30, 2015, down 55% versus the same period in 2014. Significant cash expenses in the current period related to the Rockwood acquisition, including acquisition fees, costs to deliver synergy project and repatriate cash from overseas. We had \$207.2 million in cash and cash equivalents at June 30, 2015 as compared to \$2.5 billion at December 31, 2014. Cash provided by operations and proceeds from borrowings funded \$2.1 billion for acquisitions, \$111.7 million of capital expenditures for plant and dividends to shareholders of \$54.2 million during the six months ended June 30, 2015.

Earnings Call

The Company's performance for the second quarter ended June 30, 2015 will be discussed on a conference call at 9:00 AM Eastern time on August 19, 2015. The call can be accessed by dialing 888-680-0869 (International Dial-In # 617-213-4854), and entering conference ID 45458728. The Company's earnings supporting material can be accessed through Albemarle's website under Investors at www.albemarle.com.

About Albemarle

Albemarle Corporation, headquartered in Baton Rouge, Louisiana, is a premier specialty chemicals company with leading positions in attractive markets around the world. With a broad customer reach and diverse end markets, Albemarle develops, manufactures and markets technologically advanced and high performance products including lithium and lithium compounds, bromine and bromine derivatives, catalysts and surface treatment chemistries used in a wide range of applications including consumer electronics, flame retardants, metal processing, plastics, contemporary and alternative transportation vehicles, refining, pharmaceuticals, construction and custom chemistry services. Albemarle is focused on delivering differentiated, performance-based technologies that deliver innovative solutions to its customers. The Company employs approximately 6,900 people and serves customers in approximately 100 countries. Albemarle's website is www.albemarle.com, including notification of events, news, financial performance, investor presentations and webcasts, Regulation G required information regarding the Company, its businesses and the markets it serves.

Forward-Looking Statements

Some of the information presented in this press release and the conference call and discussions that follow, including, without limitation, statements regarding the transaction with Rockwood and the anticipated consequences and benefits of the transaction, product development, changes in productivity, growth and earnings, input costs, surcharges, tax rates, stock repurchases, dividends, cash flow generation, costs and cost synergies, portfolio trends, outlook and all other information relating to matters that are not historical facts may constitute forward-looking statements within the meaning of the Securities Litigation Reform Act of 1995. There can be no assurance that actual results will not differ materially. Factors that could cause actual results to differ include, without limitation: changes in economic and business conditions; changes in financial and operating performance of our major customer markets served by us; the timing of orders received from customers; the gain or loss of significant customers; competition from other manufacturers for our products; limitations or prohibitions on the manufacture and sale of our products; availability of raw materials; changes in the cost of raw materials; changes in our markets in general; fluctuations in foreign currencies; changes in laws and government regulation impacting our operations or the occurrence of natural disasters; the inability to maintain current levels of product or premises liability insurance or the political unrest affecting the global economy; political instability affecting our manufacturing operations or joint ventures; changes in accounting standards; changes in 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; volatility and subsides in debt and equity markets; technology or intellectual property infringement; decisions we may make in the future; the ability to successfully operate and realize estimated synergies; and the other factors detailed from time to time in the reports we file with the SEC, including those "Risk Factors" in the joint proxy statement/prospectus we filed in connection with the transaction with Rockwood, and 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 press release. We assume no obligation to provide updates or revisions to these forward-looking statements should circumstances change, except as otherwise required by securities and other applicable laws.

Albemarle Corporation and Subsidiaries

Consolidated Statements of Income

(In Thousands Except Per Share Amounts) (Unaudited)

	Three Months Ended		
	June 30,		
	2015	2014	2013
Net sales	\$ 931,485	\$ 604,721	\$ 1,811,455
Cost of goods sold ^{(a)(b)}	630,919	397,358	1,256,311
Gross profit	300,566	207,363	555,144
Selling, general and administrative expenses ^(a)	147,712	67,011	283,111
Research and development expenses	25,336	21,937	50,000
Restructuring and other charges, net ^(b)	—	3,332	—
Acquisition and integration related costs ^(b)	24,166	4,843	8,000
Operating profit	103,352	110,240	141,993
Interest and financing expenses ^(b)	(33,182)	(8,733)	(66,000)
Other income (expenses), net ^(b)	541	(979)	500
Income from continuing operations before income taxes and equity in net income of unconsolidated investments	70,711	100,528	122,493
Income tax expense ^(b)	17,139	21,773	30,000
Income from continuing operations before equity in net income of unconsolidated investments	53,572	78,755	92,493

Equity in net income of unconsolidated investments (net of tax) ^(b)	5,794	10,649	11
Net income from continuing operations	59,366	89,404	10
Loss from discontinued operations (net of tax) ^(c)	—	(60,025)	
Net income	59,366	29,379	10
Net income attributable to noncontrolling interests	(7,219)	(6,932)	(11)
Net income attributable to Albemarle Corporation	\$ 52,147	\$ 22,447	\$ 9
Basic earnings (loss) per share			
Continuing operations	\$ 0.46	\$ 1.05	\$
Discontinued operations	—	(0.76)	
	\$ 0.46	\$ 0.29	\$
Diluted earnings (loss) per share			
Continuing operations	\$ 0.46	\$ 1.04	\$
Discontinued operations	—	(0.76)	
	\$ 0.46	\$ 0.28	\$
Weighted-average common shares outstanding – basic	112,189	78,662	11
Weighted-average common shares outstanding – diluted	112,607	79,091	11

See accompanying notes to the condensed consolidated financial information.

Albemarle Corporation and Subsidiaries

Condensed Consolidated Balance Sheets

(In Thousands) (Unaudited)

	June 30, 2015	December 31, 2014
ASSETS		
Cash and cash equivalents	\$ 207,238	\$ 2,489,768
Other current assets	1,446,843	859,082
Total current assets	1,654,081	3,348,850
Property, plant and equipment	4,073,722	2,620,670
Less accumulated depreciation and amortization	1,455,185	1,388,802
Net property, plant and equipment	2,618,537	1,231,868
Other assets and intangibles	5,498,191	642,385
Total assets	\$ 9,770,809	\$ 5,223,103
LIABILITIES AND EQUITY		
Current portion of long-term debt	\$ 428,000	\$ 711,096
Other current liabilities	940,078	428,790
Total current liabilities	1,368,078	1,139,886
Long-term debt	3,562,308	2,223,035
Other noncurrent liabilities	757,800	314,663
Deferred income taxes	766,713	56,884
Albemarle Corporation shareholders' equity	3,179,077	1,359,465
Noncontrolling interests	136,833	129,170
Total liabilities and equity	\$ 9,770,809	\$ 5,223,103

See accompanying notes to the condensed consolidated financial information.

Albemarle Corporation and Subsidiaries

Selected Consolidated Cash Flow Data

(In Thousands) (Unaudited)

Six Months Ended

June 30,

2015

2014

Cash and cash equivalents at beginning of year	\$ 2,489,768	\$ 477,239
Cash and cash equivalents at end of period	\$ 207,238	\$ 515,119
Sources of cash and cash equivalents:		
Net income	\$ 106,515	\$ 93,614
Proceeds from borrowings of long-term debt	1,000,000	—
Proceeds from other borrowings, net	133,699	—
Dividends received from unconsolidated investments and nonmarketable securities	45,526	11,944
Decrease in restricted cash	57,550	—
Working capital changes	—	63,235
Uses of cash and cash equivalents:		
Working capital changes	(44,932)	—
Capital expenditures	(111,723)	(46,670)
Acquisition of Rockwood, net of cash acquired	(2,051,645)	—
Other acquisitions, net of cash acquired	(48,845)	—
Repurchases of common stock	—	(150,000)
Repayments of long-term debt	(1,331,648)	(3,016)
Repayments of other borrowings, net	—	(13,083)
Pension and postretirement contributions	(10,973)	(4,717)
Dividends paid to shareholders	(54,238)	(41,316)
Non-cash and other items:		
Depreciation and amortization	131,469	52,714
Write-offs associated with restructuring and other	—	6,333
Impairment of assets of discontinued operations	—	80,711
Pension and postretirement (benefit) expense	(1,071)	17,917
Deferred income taxes	(41,207)	(16,114)
Equity in net income of unconsolidated investments (net of tax)	(16,186)	(19,550)

See accompanying notes to the condensed consolidated financial information.

Albemarle Corporation and Subsidiaries
Consolidated Summary of Segment Results
(In Thousands) (Unaudited)

	Three Months Ended			Six Months Ended		
	June 30,			June 30,		
	Actual	Actual	Pro forma	Actual	Actual	Pro forma
	2015	2014	2014	2015	2014	2014
Net sales:						
Performance Chemicals	\$ 436,962	\$ 280,377	\$ 397,146	\$ 825,328	\$ 556,274	\$ 788,818
Refining Solutions	164,573	205,024	205,024	343,739	399,685	399,685
Chemetail Surface Treatment	213,195	—	212,371	405,286	—	416,112
All Other	113,404	119,320	149,229	235,773	248,605	310,388
Corporate	3,351	—	3,256	5,763	—	6,363
Total net sales	<u>\$ 931,485</u>	<u>\$ 604,721</u>	<u>\$ 967,026</u>	<u>\$ 1,815,889</u>	<u>\$ 1,204,564</u>	<u>\$ 1,921,366</u>
Adjusted EBITDA:						
Performance Chemicals	\$ 148,682	\$ 76,954	\$ 119,453	\$ 279,210	\$ 150,339	\$ 234,639
Refining Solutions	48,200	66,551	66,551	90,393	127,585	127,585
Chemetail Surface Treatment	48,442	—	49,072	94,446	—	95,516
All Other	9,714	21,816	28,626	23,278	42,511	56,238
Corporate ^(a)	(24,957)	(20,633)	(33,350)	8,382	(39,717)	(67,276)
Total adjusted EBITDA	<u>\$ 230,081</u>	<u>\$ 144,688</u>	<u>\$ 230,352</u>	<u>\$ 495,709</u>	<u>\$ 280,718</u>	<u>\$ 446,702</u>

Performance Chemicals - details by product category:

Three Months Ended

Six Months Ended

- A write-off of \$3.3 million (\$2.1 million after income taxes, or \$0.03 per share) for certain multi-product facility project costs that we do not expense.

Six months ended June 30, 2014 -

- Net charges amounting to \$17.0 million (\$11.1 million after income taxes, or \$0.14 per share) in connection with a reduction of aluminum capacity.
- A write-off of \$3.3 million (\$2.1 million after income taxes, or \$0.03 per share) for certain multi-product facility project costs that we do not expense.

(3) Acquisition and integration related costs consisted of the following:

Three months ended June 30, 2015 -

- \$21.3 million directly related to the acquisition of Rockwood and \$2.9 million in connection with other significant projects. After income tax expense, \$16.4 million, or \$0.15 per share.

Six months ended June 30, 2015 -

- \$78.7 million directly related to the acquisition of Rockwood and \$5.0 million in connection with other significant projects. After income tax expense, \$58.6 million, or \$0.53 per share.

Three and six months ended June 30, 2014 -

- \$4.8 million (\$3.1 million after income taxes, or \$0.04 per share) in connection with other significant projects.

(4) Included in Interest and financing expenses for the six months ended June 30, 2015 is \$1.6 million (\$1.1 million after income taxes, or \$0.01 per share) of financing expenses associated with senior notes we issued in the fourth quarter 2014 in connection with the acquisition of Rockwood, which did not occur in 2014.

(5) Included in Other income (expenses), net, for the six months ended June 30, 2015 is \$4.4 million (\$3.2 million after income taxes, or \$0.03 per share) of bridge facility fees and other financing fees related to the acquisition of Rockwood.

(6) Included in Income tax expense for the three and six months ended June 30, 2015 is a benefit of \$1.0 million, or \$0.01 per share, related to tax position adjustments associated with lapses in statutes of limitations. Also included in Income tax expense for the six months ended June 30, 2015 is \$0.7 million, or \$0.03 per share, associated with U.S. provision to return adjustments, the release of uncertain tax positions associated with a lapse in the statute of limitations and the inclusion of liabilities for non-indefinitely invested earnings on the announcement that the Company intends to sell its Minerals operations in Germany.

(c) On April 15, 2014, the Company signed a definitive agreement to sell its antioxidant, ibuprofen and propofol businesses and assets to Sinochem. The transaction was completed on June 30, 2014. The assets sold in this transaction were Albemarle's manufacturing sites in Orangeburg, South Carolina and Jinshan, China, along with Albemarle's antioxidant production facility in Ningbo, China. In the second quarter of 2014, the Company began accounting for these assets as held for sale and recorded a pre-tax charge of \$1.0 million after income taxes, or \$0.76 per share) related to the expected loss on the anticipated sale of the assets. The expected loss represented the carrying value of the related assets and their estimated fair value, based on the estimated sales price as outlined in the agreement less estimated expected loss and estimated costs to sell, net of related taxes, are included in Loss from discontinued operations (net of tax) in our consolidated financial statements for the three-month and six-month periods ended June 30, 2014.

Additional Information

It should be noted that adjusted net income attributable to Albemarle Corporation ("adjusted earnings"), adjusted diluted earnings per share, adjusted EBITDA, adjusted 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 measures are presented here to provide additional useful measures of performance, provide transparency to investors and enable period-to-period comparability of financial performance.

A description of other non-GAAP financial measures that we use to evaluate our operations and financial performance, and reconciliation of the non-GAAP measures to the most directly comparable financial measures calculated and reported in accordance with GAAP, can be found in the Investors section of www.albemarle.com under "Non-GAAP Reconciliations" under "Financials." Also, see below for supplemental reconciliations of the non-GAAP measures to the most directly comparable financial measures calculated and reported in accordance with GAAP.

ALBEMARLE CORPORATION AND SUBSIDIARIES

Non-GAAP Reconciliations

(In Thousands)

(Unaudited)

See below for a reconciliation of adjusted net income attributable to Albemarle Corporation ("adjusted earnings"), EBITDA and adjusted EBITDA measures, to Net income attributable to Albemarle Corporation ("earnings"), the most directly comparable financial measure calculated and reported in accordance with GAAP. Adjusted earnings is defined as earnings before discontinued operations and the special and non-operating pension and OPEB items; adjusted EBITDA is defined as earnings before interest and financing expenses, income taxes, and depreciation and amortization. Adjusted EBITDA is defined as earnings before discontinued operations and the special and non-operating pension and OPEB items as listed below.

	Three Months Ended		Six Months Ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Net income attributable to Albemarle Corporation	\$ 52,147	\$ 22,447	\$ 95,262	\$ 79,030
Add back:				
Non-operating pension and OPEB items (net of tax)	(862)	(855)	(3,089)	8,089
Special items (net of tax)	43,807	5,189	130,123	16,334
Loss from discontinued operations (net of tax)	—	60,025	—	61,794
Adjusted net income attributable to Albemarle Corporation	\$ 95,092	\$ 86,806	\$ 222,296	\$ 165,247
Net income attributable to Albemarle Corporation	\$ 52,147	\$ 22,447	\$ 95,262	\$ 79,030
Add back:				
Interest and financing expenses	33,182	8,733	68,928	17,506
Income tax expense (from continuing and discontinued operations)	17,139	1,624	31,279	14,070
Depreciation and amortization	67,483	24,905	131,469	52,714
EBITDA	169,951	57,709	326,938	163,320
Non-operating pension and OPEB items	(1,314)	(1,370)	(4,823)	12,701
Special items (excluding special items associated with interest expense)	61,444	8,175	173,594	25,175
Loss from discontinued operations	—	80,174	—	82,687

Less depreciation and amortization from discontinued operations	—	—	—	(3,165)
Adjusted EBITDA	\$ 230,081	\$ 144,688	\$ 495,709	\$ 280,718
Net sales	\$ 931,485	\$ 604,721	\$ 1,815,889	\$ 1,204,564
EBITDA margin	18.2 %	9.5 %	18.0 %	13.6
Adjusted EBITDA margin	24.7 %	23.9 %	27.3 %	23.3

See below for a reconciliation of adjusted EBITDA on a segment basis, the non-GAAP financial measure, to Net income (loss) attributable to AI most directly comparable financial measure calculated and reporting in accordance with GAAP.

	Performance Chemicals	Refining Solutions	Chemetail Surface Treatment	Reportable Segments Total	All Other	Coi
Three months ended June 30, 2015 (Actual):						
Net income (loss) attributable to Albemarle Corporation	\$ 83,016	\$ 39,717	\$ 26,254	\$ 148,987	\$ 3,612	\$ (1
Depreciation and amortization	31,843	8,483	19,111	59,437	5,724	
Special items (excluding special items associated with interest expense)	33,823	—	3,077	36,900	378	
Interest and financing expenses	—	—	—	—	—	
Income tax expense	—	—	—	—	—	
Non-operating pension and OPEB items	—	—	—	—	—	
Adjusted EBITDA	\$ 148,682	\$ 48,200	\$ 48,442	\$ 245,324	\$ 9,714	\$ (
Three months ended June 30, 2014 (Actual):						
Net income (loss) attributable to Albemarle Corporation	\$ 63,861	\$ 58,703	\$ —	\$ 122,564	\$ 18,393	\$ (1
Depreciation and amortization	13,093	7,848	—	20,941	3,423	
Special items	—	—	—	—	—	
Interest and financing expenses	—	—	—	—	—	
Income tax expense	—	—	—	—	—	
Loss from discontinued operations (net of tax)	—	—	—	—	—	
Non-operating pension and OPEB items	—	—	—	—	—	
Adjusted EBITDA	\$ 76,954	\$ 66,551	\$ —	\$ 143,505	\$ 21,816	\$ (
Three months ended June 30, 2014 (Pro forma):						
Net income (loss) attributable to Albemarle Corporation	\$ 94,304	\$ 58,703	\$ 41,193	\$ 194,200	\$ 24,253	\$ (1
Depreciation and amortization	25,149	7,848	7,879	40,876	4,373	
Special items	—	—	—	—	—	
Interest and financing expenses	—	—	—	—	—	
Income tax expense	—	—	—	—	—	
Loss from discontinued operations (net of tax)	—	—	—	—	—	
Non-operating pension and OPEB items	—	—	—	—	—	
Adjusted EBITDA	\$ 119,453	\$ 66,551	\$ 49,072	\$ 235,076	\$ 28,626	\$ (

	Performance Chemicals	Refining Solutions	Chemetail Surface Treatment	Reportable Segments Total	All Other	Coi
Six months ended June 30, 2015 (Actual):						
Net income (loss) attributable to Albemarle Corporation	\$ 154,679	\$ 73,800	\$ 37,109	\$ 265,588	\$ 9,027	\$ (1
Depreciation and amortization	62,126	16,593	37,307	116,026	11,222	
Special items (excluding special items associated with interest expense)	62,405	—	20,030	82,435	3,029	
Interest and financing expenses	—	—	—	—	—	
Income tax expense	—	—	—	—	—	
Non-operating pension and OPEB items	—	—	—	—	—	
Adjusted EBITDA	\$ 279,210	\$ 90,393	\$ 94,446	\$ 464,049	\$ 23,278	\$
Six months ended June 30, 2014 (Actual):						
Net income (loss) attributable to Albemarle Corporation	\$ 125,190	\$ 111,057	\$ —	\$ 236,247	\$ 35,724	\$ (1
Depreciation and amortization	25,149	16,528	—	41,677	6,787	

Special items	—	—	—	—	—
Interest and financing expenses	—	—	—	—	—
Income tax expense	—	—	—	—	—
Loss from discontinued operations (net of tax)	—	—	—	—	—
Non-operating pension and OPEB items	—	—	—	—	—
Adjusted EBITDA	\$ 150,339	\$ 127,585	\$ —	\$ 277,924	\$ 42,511

Six months ended June 30, 2014 (Pro forma):

Net income (loss) attributable to Albemarle Corporation	\$ 185,907	\$ 111,057	\$ 79,917	\$ 376,881	\$ 47,557	\$ (3)
Depreciation and amortization	48,732	16,528	15,599	80,859	8,681	
Special items	—	—	—	—	—	
Interest and financing expenses	—	—	—	—	—	
Income tax expense	—	—	—	—	—	
Loss from discontinued operations (net of tax)	—	—	—	—	—	
Non-operating pension and OPEB items	—	—	—	—	—	
Adjusted EBITDA	\$ 234,639	\$ 127,585	\$ 95,516	\$ 457,740	\$ 56,238	\$ (

	Bromine	Lithium	PCS	Total Performance Chemicals
Three months ended June 30, 2015 (Actual):				
Net income (loss) attributable to Albemarle Corporation	\$ 60,486	\$ (213)	\$ 22,743	\$ 83,016
Depreciation and amortization	8,211	20,035	3,597	31,843
Special items	—	33,823	—	33,823
Adjusted EBITDA	\$ 68,697	\$ 53,645	\$ 26,340	\$ 148,682
Three months ended June 30, 2014 (Actual):				
Net income (loss) attributable to Albemarle Corporation	\$ 43,623	\$ —	\$ 20,238	\$ 63,861
Depreciation and amortization	8,907	—	4,186	13,093
Adjusted EBITDA	\$ 52,530	\$ —	\$ 24,424	\$ 76,954
Three months ended June 30, 2014 (Pro Forma):				
Net income (loss) attributable to Albemarle Corporation	\$ 43,623	\$ 30,443	\$ 20,238	\$ 94,304
Depreciation and amortization	8,907	12,056	4,186	25,149
Adjusted EBITDA	\$ 52,530	\$ 42,499	\$ 24,424	\$ 119,453
Six months ended June 30, 2015 (Actual):				
Net income (loss) attributable to Albemarle Corporation	\$ 104,958	\$ 3,715	\$ 46,006	\$ 154,679
Depreciation and amortization	16,672	38,103	7,351	62,126
Special items	—	62,405	—	62,405
Adjusted EBITDA	\$ 121,630	\$ 104,223	\$ 53,357	\$ 279,210
Six months ended June 30, 2014 (Actual):				
Net income (loss) attributable to Albemarle Corporation	\$ 91,657	\$ —	\$ 33,533	\$ 125,190
Depreciation and amortization	17,590	—	7,559	25,149
Adjusted EBITDA	\$ 109,247	\$ —	\$ 41,092	\$ 150,339
Six months ended June 30, 2014 (Pro Forma):				
Net income (loss) attributable to Albemarle Corporation	\$ 91,657	\$ 60,717	\$ 33,533	\$ 185,907
Depreciation and amortization	17,590	23,583	7,559	48,732
Adjusted EBITDA	\$ 109,247	\$ 84,300	\$ 41,092	\$ 234,639

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