

# ModernGraham Valuation

## Company Name:

Company Ticker ALB

Date of Analysis

11/11/2015

Albemarle  
Corporation



## Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

*Defensive Investor; must pass 6 out of the following 7 tests.*

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$5,488,738,206	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.30	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	48.48%	Pass
6. Moderate PEmg Ratio	PEmg < 20	16.74	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.75	Pass

*Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.*

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.30	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	8.93	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Fail

### Suitability

<b>Defensive</b>	<b>Yes</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$2.91
MG Growth Estimate	-1.20%
<b>MG Value</b>	<b>\$17.76</b>
MG Value based on 3% Growth	\$42.22
MG Value based on 0% Growth	\$24.75
Market Implied Growth Rate	4.12%

### MG Opinion

Current Price	\$48.76
% of Intrinsic Value	274.55%
<b>Opinion</b>	<b>Overvalued</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$42.74
Graham Number	\$37.25
PEmg	16.74
Current Ratio	1.30
PB Ratio	1.75
Dividend Yield	2.35%
Number of Consecutive Years of Dividend Growth	20

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.20	Next Fiscal Year Estimate	\$2.91
Dec14	\$1.69	Dec14	\$3.36
Dec13	\$4.90	Dec13	\$4.00
Dec12	\$3.47	Dec12	\$3.38
Dec11	\$4.28	Dec11	\$3.17
Dec10	\$3.43	Dec10	\$2.49
Dec09	\$1.94	Dec09	\$1.95
Dec08	\$2.09	Dec08	\$1.82
Dec07	\$2.36	Dec07	\$1.56
Dec06	\$1.47	Dec06	\$1.11
Dec05	\$1.20	Dec05	\$0.90
Dec04	\$0.65	Dec04	\$0.78
Dec03	\$0.86	Dec03	\$0.87
Dec02	\$0.85	Dec02	\$0.87
Dec01	\$0.74	Dec01	\$0.88
Dec00	\$1.09	Dec00	\$0.96
Dec99	\$0.94	Dec99	\$0.89
Dec98	\$0.82	<b>Balance Sheet Information                      Sep15</b>	
Dec97	\$0.72	Total Current Assets	\$1,720,915,000
Dec96	\$1.33	Total Current Liabilities	\$1,322,548,000
Dec95	\$0.59	Long-Term Debt	\$3,558,964,000
		Total Assets	\$9,675,064,000
		Intangible Assets	\$4,708,079,000
		Total Liabilities	\$6,530,575,000
		Shares Outstanding (Diluted Average)	112,544,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

## Recommended Reading:

Other  
ModernGraham  
posts about the  
company

[Albemarle Corporation Analysis – Initial Coverage \\$ALB](#)

Other  
ModernGraham  
posts about related  
companies

[Dow Chemical Company Analysis – October 2015 Update \\$DOW](#)  
[Sigma-Aldrich Corporation Analysis – September 2015 Update \\$SIAL](#)  
[FMC Corporation Analysis – September 2015 Update \\$FMC](#)  
[Eastman Chemical Company Analysis – September 2015 Update \\$EMN](#)  
[Ashland Inc. Analysis – Initial Coverage \\$ASH](#)  
[The Best Companies of the Chemicals Industry – August 2015](#)  
[LyondellBasell Industries Analysis – August 2015 Update \\$LYB](#)  
[Albemarle Corporation Analysis – Initial Coverage \\$ALB](#)  
[E I Du Pont de Nemours & Company Analysis – August 2015 Update \\$DD](#)  
[Dow Chemical Analysis – July 2015 Update \\$DOW](#)