# **ModernGraham Valuation**

# **Company Name:**

Company Ticker ALB Date of Analysis

Albemarle Corporation



#### 2/19/2016

### 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.

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	1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$6,316,704,576 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	48.31% Pass
	6. Moderate PEmg Ratio	PEmg < 20	18.73 Pass
	7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.95 Pass
Enterprising Investo	r; must pass 4 out of the following 5 tests, or i	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			
	Defensive	Yes	

Defensive	Yes
Enterprising	Yes

# Stage 2: Determination of Intrinsic Value

EPSmg	\$2.91
MG Growth Estimate	-1.22%
MG Value	\$17.65
MG Value based on 3% Growth	\$42.18
MG Value based on 0% Growth	\$24.72
Market Implied Growth Rate	5.12%

MG Opinion

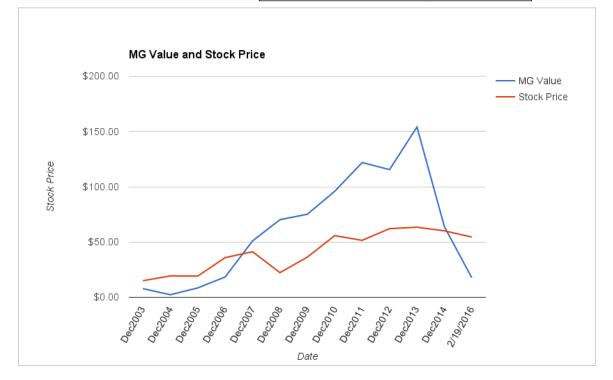
Current Price		\$54.48
% of Intrinsic Value		308.70%
Opinion	Overvalued	
MG Grade	В	

## Stage 3: Information for Further Research

	Net Current Asset Value (NCAV)		-\$42.74
	Graham Number PEmg Current Ratio		\$37.16
			18.73
			1.30
	PB Ratio		1.95
	Dividend Yield		2.10%
	Number of Consecutive Years of Divide Growth	nd	20
Useful Links:	ModernGraham tagged articles	Morningstar	
	Google Finance	MSN Money	
	Yahoo Finance	Seeking Alpha	

GuruFocus

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.19	Next Fiscal Year Estimate	\$2.91
Dec2014	\$1.69	Dec2014	\$3.36
Dec2013	\$4.90	Dec2013	\$4.00
Dec2012	\$3.47	Dec2012	\$3.38
Dec2011	\$4.28	Dec2011	\$3.17
Dec2010	\$3.43	Dec2010	\$2.49
Dec2009	\$1.94	Dec2009	\$1.95
Dec2008	\$2.09	Dec2008	\$1.82
Dec2007	\$2.36	Dec2007	\$1.56
Dec2006	\$1.47	Dec2006	\$1.11
Dec2005	\$1.20	Dec2005	\$0.90
Dec2004	\$0.65	Dec2004	\$0.78
Dec2003	\$0.86	Dec2003	\$0.87
Dec2002	\$0.85	Dec2002	\$0.87
Dec2001	\$0.74	Dec2001	\$0.88
Dec2000	\$1.09	Dec2000	\$0.96
Dec1999	\$0.94	Dec1999	\$0.85
Dec1998	\$0.82	Balance Sheet Information	Sep2015
Dec1997	\$0.72	Total Current Assets	\$1,720,915,000
Dec1996	\$1.33	Total Current Liabilities	\$1,322,548,000
Dec1995	\$0.00	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 Valuation – November 2015 Update \$ALB

Other ModernGraham posts about related companies

Airgas Inc Stock Valuation – February 2016 \$ARG Air Products & Chemicals Inc Valuation – February 2016 \$APD FMC Corporation Valuation – January 2016 Update \$FMC Eastman Chemical Co Valuation – January 2016 \$EMN Ashland Inc Valuation – January 2016 Update \$ASH LyondellBasell Industries Valuation – November 2015 Update \$LYB Albemarle Corporation Valuation – November 2015 Update \$ALB Dow Chemical Company Analysis – October 2015 Update \$DOW Sigma-Aldrich Corporation Analysis – September 2015 Update \$FMC