

ALBEMARLE CORP. NYSE-ALB

RECENT PRICE **90.90** P/E RATIO **17.3** (Trailing: 19.6; Median: 15.0) RELATIVE P/E RATIO **0.94** DIV'D YLD **1.5%** VALUE LINE

TIMELINESS 2 Raised 3/30/18	High: 48.8 45.9 37.6 57.3 71.8 68.5 70.0 76.3 65.0 92.2 145.0 138.7	LEGENDS --- 12.0 x "Cash Flow" p sh Relative Price Strength 2-for-1 split 3/07 Options: Yes Shaded area indicates recession	Target Price Range 2021 2022 2023 320 200 160 120 100 80 60 40 18																																				
SAFETY 3 New 11/28/97	Low: 32.9 16.2 15.5 34.5 38.0 50.9 56.6 51.3 41.4 45.8 87.0 86.8																																						
TECHNICAL 4 Lowered 7/13/18	2021-23 PROJECTIONS <table border="1"> <tr> <th>Price</th> <th>Gain</th> <th>Ann'l Total Return</th> </tr> <tr> <td>High 180</td> <td>(+100%)</td> <td>20%</td> </tr> <tr> <td>Low 120</td> <td>(+30%)</td> <td>9%</td> </tr> </table>		Price	Gain	Ann'l Total Return	High 180	(+100%)	20%	Low 120	(+30%)	9%																												
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BETA 1.30 (1.00 = Market)	Insider Decisions <table border="1"> <tr> <th>S</th><th>O</th><th>N</th><th>D</th><th>J</th><th>F</th><th>M</th><th>A</th><th>M</th> </tr> <tr> <td>to Buy</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td> </tr> <tr> <td>Options</td><td>0</td><td>0</td><td>0</td><td>5</td><td>5</td><td>0</td><td>0</td><td>0</td> </tr> <tr> <td>to Sell</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td> </tr> </table>		S	O	N	D	J	F	M	A	M	to Buy	0	0	0	0	0	0	0	0	Options	0	0	0	5	5	0	0	0	to Sell	0	0	0	0	0	0	0	0	
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Albemarle was incorporated in Virginia in November of 1993 and was a wholly-owned subsidiary of Ethyl Corporation. On February 28, 1994, Ethyl spunoff to its common shareholders all of the outstanding shares of Albemarle, including Ethyl's olefins and derivatives, bromine chemicals, and specialty chemicals businesses. Since that time, Albemarle has been a publicly traded company on the New York Stock Exchange under the ticker ALB.

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC	21-23
Sales per sh	27.12	21.91	25.80	32.26	30.88	32.68	31.34	32.54	23.79	27.79	30.20	32.25	Sales per sh	35.70
"Cash Flow" per sh	3.67	3.05	4.58	5.99	4.62	6.50	3.04	5.30	7.73	5.70	8.30	9.20	"Cash Flow" per sh	12.70
Earnings per sh ^A	2.40	1.94	3.51	4.77	3.47	4.90	1.69	3.00	5.68	3.90	5.25	5.80	Earnings per sh ^A	7.50
Div'ds Decl'd per sh ^B	.47	.50	.55	.64	.80	.96	1.10	1.15	1.22	1.27	1.33	1.40	Div'ds Decl'd per sh ^B	1.66
Cap'l Spending per sh	1.10	1.10	.82	2.14	3.16	1.94	1.42	2.03	1.75	2.87	4.55	3.15	Cap'l Spending per sh	2.90
Book Value per sh	11.71	13.18	15.46	17.89	20.63	20.33	17.42	29.00	33.73	33.24	35.50	38.30	Book Value per sh	43.80
Common Shs Outst'g ^C	90.98	91.51	91.59	88.94	88.90	80.05	78.03	112.22	112.52	110.55	110.50	110.00	Common Shs Outst'g ^C	105.00
Avg Ann'l P/E Ratio	14.3	14.5	12.6	12.0	17.2	13.1	38.0	17.8	13.0	29.5	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	20.0
Relative P/E Ratio	.86	.97	.80	.75	1.09	.74	2.00	.90	.68	1.48			Relative P/E Ratio	1.10
Avg Ann'l Div'd Yield	1.4%	1.8%	1.2%	1.1%	1.3%	1.5%	1.7%	2.1%	1.7%	1.1%			Avg Ann'l Div'd Yield	1.1%

CAPITAL STRUCTURE as of 3/31/18
 Total Debt \$1476.1 mill. Due in 5 Yrs \$39.2 mill.
 LT Debt \$1436.9 mill. LT Interest \$71.2 mill. (27% of Cap'l)
 Leases, Uncapitalized Annual rentals \$7.9 mill.
 Pension Assets 12/17-\$316 mill. Oblig. \$331 mill.
 Prfd Stock None
 Common Stock 110,756,056 shs. as of 4/24/18
 MARKET CAP: \$10.1 billion (Large Cap)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		
Sales (\$mill)	2467.1	2005.4	2362.8	2869.0	2745.4	2616.4	2445.5	3651.3	2677.2	3072.0	3320	3550	Sales (\$mill)	3750
Operating Margin	15.5%	14.8%	21.8%	23.9%	18.5%	26.4%	15.3%	23.1%	27.5%	25.5%	26.5%	27.0%	Operating Margin	31.5%
Depreciation (\$mill)	111.7	100.5	95.6	96.8	99.0	107.4	103.6	260.1	226.2	196.9	335	375	Depreciation (\$mill)	545
Net Profit (\$mill)	222.2	178.4	323.7	436.3	311.5	413.2	334.9	643.7	643.7	433.1	580	640	Net Profit (\$mill)	790
Income Tax Rate	6.4%	--	17.4%	20.8%	16.8%	24.1%	37.5%	6.5%	6.5%	3.1%	18.0%	18.0%	Income Tax Rate	18.0%
Net Profit Margin	9.0%	8.9%	13.7%	15.2%	11.3%	15.8%	5.5%	9.2%	24.0%	14.1%	17.5%	18.0%	Net Profit Margin	21.0%
Working Cap'l (\$mill)	740.5	678.8	984.0	954.4	1022.3	1046.5	2209.0	214.3	2166.5	1276.7	1750	1900	Working Cap'l (\$mill)	2100
Long-Term Debt (\$mill)	906.1	776.4	851.9	749.3	696.6	1054.3	2223.0	3174.7	2121.7	1415.4	1435	1700	Long-Term Debt (\$mill)	2130
Shr. Equity (\$mill)	1065.8	1205.7	1416.1	1591.3	1833.6	1627.4	1359.5	3254.4	3795.1	3674.5	3925	4215	Shr. Equity (\$mill)	4600
Return on Total Cap'l	12.2%	9.8%	14.8%	19.4%	12.9%	16.0%	4.3%	6.2%	11.4%	9.6%	9.0%	9.5%	Return on Total Cap'l	11.0%
Return on Shr. Equity	20.8%	14.8%	22.9%	27.4%	17.0%	25.4%	9.8%	10.3%	17.0%	11.8%	15.0%	15.0%	Return on Shr. Equity	17.0%
Retained to Com Eq	16.9%	11.1%	19.4%	23.8%	13.2%	20.6%	3.6%	6.6%	13.4%	8.0%	11.0%	11.5%	Retained to Com Eq	13.0%
All Div'ds to Net Prof	19%	25%	15%	13%	22%	19%	63%	36%	21%	32%	25%	24%	All Div'ds to Net Prof	23%

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2015	884.4	931.5	905.1	930.3	3651.3
2016	657.2	669.3	654.0	696.7	2677.2
2017	722.1	737.3	754.9	857.7	3072.0
2018	821.6	810	815	873.4	3320
2019	850	870	900	930	3550

The January, 2015 acquisition of most of Rockwood Holdings' assets permanently changed the complexion of Albemarle's operations. In that deal, Albemarle acquired Rockwood's lithium and bromine assets, which now power its sales and earnings. Indeed, after the good part of nine months, during which time the Rockwood assets were folded into the infrastructure, Albemarle's earnings took off. Share net increased to \$5.68 in 2016, from \$3.00 in 2015. The stock price followed suit, rising from \$46 at the start of 2016, to \$145 at the end of 2017. In the first quarter of this year, bromine products accounted for 27% of sales and 28% of operating income. Lithium items accounted for 36% of sales and 53% of operating income. We look for these two product segments to drive the top and bottom lines over the next three to five years.

and Other (9%, 4%). Has about 4,580 employees. Officers & directors own 1% of stock; Vanguard, 11.8%; Franklin Resources, 7.8%; BlackRock, 7.3%; State St., 5.4%; Prudential, 7.3%; Jernison, 7.1% (3/18 proxy). Chairman, President, and CEO: Luther C. Kissam, Inc.: VA. Address: 4350 Congress Street, Suite 700, Charlotte, NC 28209. Tel.: 225-388-7402. Internet: www.albemarle.com.

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2015	.40	.46	.58	1.55	3.00
2016	2.02	d2.78	1.13	5.30	5.68
2017	.45	1.13	1.06	1.26	3.90
2018	1.18	1.30	1.35	1.42	5.25
2019	1.35	1.35	1.50	1.60	5.80

Given the aforementioned, we think Albemarle stock is very fairly valued. The fundamentals regarding the thesis that lithium demand will grow haven't changed. Demand for lithium, which is the critical element in the fabrication of electric car and cellphone batteries, should

continue to rise. The reason the stock price has fallen this year is because there is an industrywide fear of lithium overcapacity. Large Chinese conglomerates are buying up lithium-rich lands in South America and Africa. Albemarle and its peers are also buying up lithium deposits (in western Australia, Argentina, and North Carolina). These deposits are being left unmined until they are needed in greater quantities. It appears that investors have been loath to buy large-cap lithium stocks like Albemarle until they can gauge how keen consumers are to buy electric cars and more smartphones.

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2014	.275	.275	.275	.275	1.10
2015	.275	.29	.29	.29	1.15
2016	.29	.305	.305	.305	1.21
2017	.305	.320	.320	.320	1.27
2018	.320	.335	.335		

Jeremy J. Butler

We would be buyers of this timely stock. The company is spending heavily on procuring lithium-rich lands around the world to compete with the Chinese when it comes to supplying lithium to the battery industry (see this year's capital spending hike). In addition, the bromine assets, although lower margin, should be sold in higher quantities for the production of a great many industrial products. This equity has above-average capital gains potential to 2021-2023.

(A) Diluted shares. Quarterly eps don't add in '15 and '16 due to change in shares outstanding. Excludes nonrecurring gain (loss): '06, (\$6c); '07, (4c); '08, (30c). Next earnings report due August 6th.	(B) Div'ds historically paid in first week of January, April, July, and October. Div'd reinvestment plan available.	(C) In millions, adjusted for split.	Company's Financial Strength	B++
			Stock's Price Stability	45
			Price Growth Persistence	55
			Earnings Predictability	35

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