Albemarle Corporation (ALB)

Updated May 7th, 2025 by Nathan Parsh

Key Metrics

Current Price:	$57	**5 Year CAGR Estimate:**	12.0%	**Market Cap:**	$6.7 B
Fair Value Price:	$63	**5 Year Growth Estimate:**	7.5%	**Ex-Dividend Date:**	06/13/25[1]
% Fair Value:	90%	**5 Year Valuation Multiple Estimate:**	2.0%	**Dividend Payment Date:**	07/01/25[2]
Dividend Yield:	2.8%	**5 Year Price Target**	$90	**Years Of Dividend Growth:**	29
Dividend Risk Score:	A	**Sector:**	Materials	**Rating:**	Buy

Albemarle is the largest producer of lithium and second largest producer of bromine in the world. The two products account for nearly two-thirds of annual sales. Albemarle produces lithium from its salt brine deposits in the U.S. and Chile. The company has two joint ventures in Australia that also produce lithium. Albemarle's Chile assets offer a very low-cost source of lithium. The company operates in nearly 100 countries. Beginning January 1st, 2023, the company reorganized into the following segments: Energy Storage, Specialties, and Ketjen. Albemarle produces annual sales of more than $5 billion.

On July 16th, 2024, Albemarle increased its quarterly dividend 1.3% to $0.405.

On April 30th, 2025, Albemarle reported first quarter results for the period ending March 31st, 2025. For the quarter, revenue fell 20.6% to $1.08 billion, but this missed estimates by $80 million. Adjusted earnings-per-share of -$0.18 compared unfavorably to $0.26 in the prior year, but this was $0.48 better than expected.

Results were impacted weaker average prices for lithium. For the quarter, revenue for Energy Storage was down 34.5% to $524.6 million. This segment was impact by lower prices (-34%) while volume was unchanged. Revenues for Specialties were up 1.6% to $321 million as volume (+11%) was offset by a decrease in pricing (-8%). Ketjen sales of $231.5 million decreased 5.1% from the prior year as higher prices (+4%) only partially offset a decrease in volume (-8%).

Albemarle provided an outlook for 2025 as well, with the company expecting revenue in a range of $4.9 billion to $5.2 billion at least. The company's expected earnings-per-share for 2025 is $1.31 compared to -$0.80, but we believe that Albemarle has earnings power of $3.50 for the year.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$3.00	$5.68	$3.90	$5.50	$6.04	$4.12	$4.05	$22.84	$22.25	-$2.34	***-$1.31***	***$5.02***
DPS	$1.15	$1.22	$1.27	$1.33	$1.47	$1.54	$1.56	$1.58	$1.60	$1.61	***$1.62***	***$2.33***
Shares[3]	112	113	111	106	106	106	117	118	117	118	***118***	***118***

Albemarle has experienced very erratic earnings-per-share performance over the last decade. Albemarle has experienced steep drops in profitability in several other years (2012, 2014, 2017, 2020, and 2024). Results will likely be weaker in 2025 as well. Earnings-per-share have fluctuated greatly over the last five years. Higher demand following a recovery from the COVID-19 pandemic allowed for outsized growth in 2022, but estimates have fallen sharply since due to lower prices for lithium. The company also saw a 19% decrease in earnings-per-share during the last recession, before making a new high in 2010. Given the expected low base of earnings-per-share for 2025, we reaffirm our growth outlook of 7.5% from 5.0% as we note the company's leadership positions in the areas of lithium and bromine.

Albemarle has increased its dividend for 29 consecutive years, an impressive feat given the cyclical nature of the business. Dividends have grown by an average rate of 3.8% over the last ten years.

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[1] Estimated ex-dividend date

[2] Estimated dividend payment date

[3] In millions of shares

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	17.8	13.0	29.5	15.6	14.4	25.1	57.7	9.5	9.5	---	***16.3***	***18.0***
Avg. Yld.	2.1%	1.7%	1.1%	1.3%	2.0%	1.7%	0.7%	0.7%	1.1%	1.9%	***2.8%***	***2.6%***

Shares of Albemarle have decreased $24, or 29.6%, since our February 17th, 2025, report. Based on the current share price and earnings power estimates, the stock has a price-to-earnings ratio of 16.3. Albemarle has traded with an average price-to-earnings ratio of more than 21.0 over the last decade. We reaffirm our target valuation of 18 times as we balance the quality of the company and its leadership position in its industry with the volatile nature of the business. EPS is expected to be negative for the year, but analysts see adjusted earnings-per-share of $1.31 in 2026. If the stock were to trade with our target P/E by 2030, valuation would add 2.0% to total returns over this period.

Safety, Quality, Competitive Advantage, & Recession Resiliency

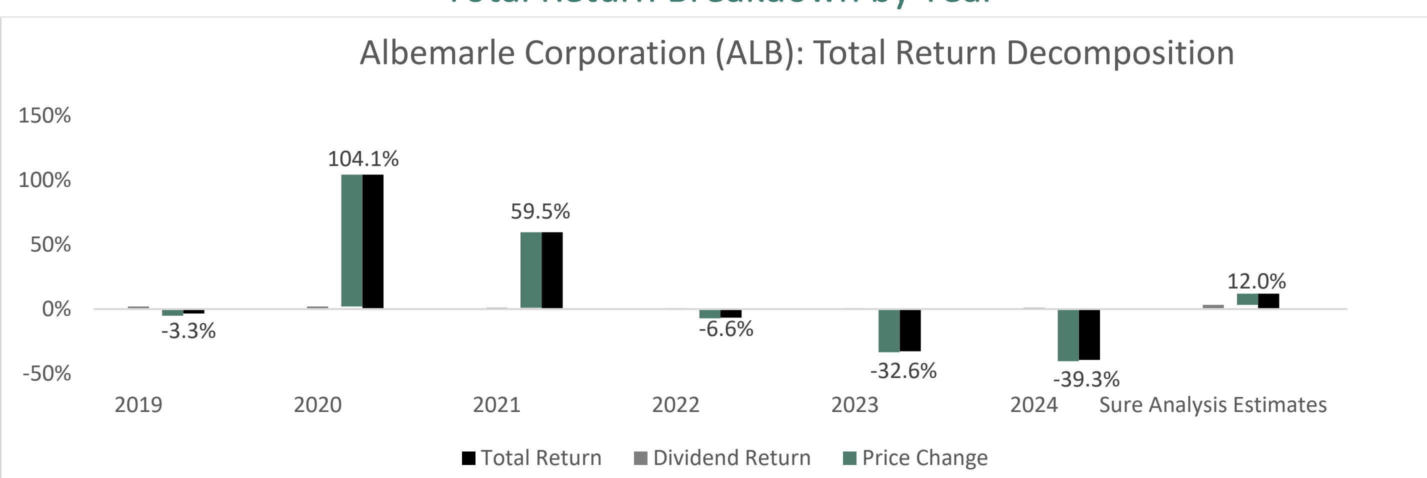
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	38%	21%	33%	21%	24%	37%	39%	7%	7%	---	***46%***	***46%***

Albemarle's earnings-per-share declined almost 20% from 2008 to 2009. The company has also had wild swings in profitability in recent years. Therefore, the company cannot be considered recession-proof. We should note that despite the decreases in earnings, Albemarle's dividend payout ratio has only exceeded 50% once over the last ten years. A key competitive advantage of Albemarle is that it ranks as the largest producer of lithium in the world. The metal is used in batteries for electric cars, pharmaceuticals, airplanes, mining, and other applications. Albemarle is also a top producer of Bromine, which is used in the electronics, construction, and automotive industries. The company possesses a size and scale that competitors will struggle to match.

Final Thoughts & Recommendation

After first quarter earnings, Albemarle is now projected to produce a return of 12.0% annually through 2030, up from our prior estimate of 4.4%. This expected return is based on earnings growth of 7.5%, a starting yield of 2.8%, and a small contribution from multiple expansion. Albemarle can be a volatile name as seen by results over the last decade and the swings in guidance from quarter-to-quarter. Still, the company is a leader in its industry. That said, lithium pricing could remain muted, which will greatly impact results this year. We reaffirm our five-year price target of $90 due to earnings power estimates for the year. We now rate shares of the company as a buy due to projected returns and a strong dividend risk score, but note that the stock is best for those with a strong risk tolerance.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	2,826	2,677	3,072	3,375	3,589	3,129	3,328	7,320	9,617	5,378
Gross Profit	860	970	1,106	1,217	1,258	995	998	3,075	1,186	63
Gross Margin	30.4%	36.2%	36.0%	36.1%	35.0%	31.8%	30.0%	42.0%	12.3%	1.2%
SG&A Exp.	300	354	450	446	533	430	441	524	910	618
D&A Exp.	260	226	197	201	213	232	254	301	430	589
Operating Profit	471	536	572	701	666	506	502	2,478	190	(642)
Operating Margin	16.7%	20.0%	18.6%	20.8%	18.6%	16.2%	15.1%	33.9%	2.0%	-11.9%
Net Profit	335	644	55	694	533	376	124	2,690	1,573	(1,179)
Net Margin	11.8%	24.0%	1.8%	20.6%	14.9%	12.0%	3.7%	36.7%	16.4%	-21.9%
Free Cash Flow	133	539	(14)	(154)	(132)	(52)	(609)	646	(824)	(984)
Income Tax	11	96	432	145	88	54	29	391	430	87

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	9,598	8,161	7,751	7,582	9,861	10,451	10,974	15,457	18,271	16,610
Cash & Equivalents	214	2,270	1,137	555	613	747	439	1,499	890	1,192
Accounts Receivable	398	486	534	606	613	531	557	1,191	1,213	742
Inventories	440	450	593	701	769	750	799	2,076	2,161	1,503
Goodwill & Int. Ass.	1,844	1,895	2,032	1,953	1,933	2,015	1,907	1,905	1,892	1,813
Total Liabilities	6,197	4,219	3,933	3,823	5,767	5,982	5,169	7,266	8,606	6,410
Accounts Payable	240	282	419	523	574	483	648	2,052	2,088	944
Long-Term Debt	3,817	2,369	1,837	1,705	3,050	3,572	2,394	3,217	4,167	3,516
Shareholder's Equity	3,254	3,795	3,675	3,585	3,932	4,268	5,625	7,983	9,412	7,726
LTD/E Ratio	1.17	0.62	0.50	0.48	0.78	0.84	0.43	0.40	0.44	0.35

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	4.5%	7.2%	0.7%	9.0%	6.1%	3.7%	1.2%	20.4%	9.3%	-6.8%
Return on Equity	13.7%	17.5%	1.4%	18.3%	13.6%	8.8%	2.4%	38.4%	17.6%	-11.9%
ROIC	5.8%	9.5%	0.9%	12.5%	8.5%	4.9%	1.5%	27.4%	12.5%	-8.6%
Shares Out.	112	113	111	106	106	106	117	118	117	118
Revenue/Share	25.34	23.64	27.34	30.83	33.76	29.29	28.56	62.14	81.66	45.76
FCF/Share	1.19	4.76	(0.12)	(1.41)	(1.25)	(0.48)	(5.23)	5.49	(7.00)	(8.37)

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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