NewMarket Corp. (NEU)

Updated November 19th, 2025, by Ian Bezek

Key Metrics

Current Price:	$753	**5 Year Annual Expected Total Return:**	6.9%	**Market Cap:**	$7.1 B
Fair Value Price:	$768	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date:**	12/15/2025
% Fair Value:	98%	**5 Year Valuation Multiple Estimate:**	0.4%	**Dividend Payment Date:**	01/02/2026
Dividend Yield:	1.6%	**5 Year Price Target**	$980	**Years Of Dividend Growth:**	19
Dividend Risk Score:	B	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

NewMarket Corporation (NEU) is a holding company and is the parent company of Afton Chemical Corporation, Ethyl Corporation, NewMarket Services Corporation, and NewMarket Development Corporation. The company, through its subsidiaries, manufactures and sells petroleum additives, represents the sale of anti-knock compounds, as well as contract manufacturing and services. Founded in 1887 as a paper company, this $7 billion market cap company has come a long way from its roots.

NewMarket reported its Q3 earnings on October 30th, 2025. For the quarter, the company earned $10.67 per share, down from the $13.79 reported for the same period of 2024. The fall in earnings was driven in part by a 4% decline in petroleum additive shipments along with the company beginning efficiency investments in the firm's manufacturing capacity which led to a near-term decrease in profitability.

In April, NewMarket announced a capital investment of up to $100 million at the company's AMPAC facility in Cedar City, Utah, to expand ammonium perchlorate production capacity by more than 50%. This is a plant which produces key materials for the U.S. military and space force.

We had been expecting NewMarket's growth spurt to slow down in 2025 due to tariffs and a weakening economy. While Q1 was surprisingly strong, NewMarket's reported sequentially softer results in Q2. And then, with this most recent quarter, we saw a continuing decline in end market demand along with the new expenses related to the company's manufacturing efficiency efforts. Combining these factors, we no longer think NewMarket will grow earnings in 2025, we are now modeling a fractional decline in EPS this year.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$19.45	$20.54	$19.54	$20.34	$22.73	$24.64	$17.71	$27.77	$40.44	$48.22	***$48.00***	***$61.26***
DPS	$5.60	$6.40	$6.85	$7.00	$7.15	$7.60	$7.80	$8.40	$8.85	$10.00	***$12.00***	***$15.32***
Shares	12	12	12	11	11	11	10	10	10	10	***10.0***	***10.0***

NewMarket has quite a unique mix of businesses and its segment-by-segment results can be quite volatile. Overall, however, the company is seemingly greater than the sum of its parts, as its mix of specialty and commodity businesses have delivered outsized growth. NewMarket has grown its EPS at a 10.6% annualized since 2015 and at more than 14% a year over the past five years. We believe that NewMarket's dramatic growth over the past three years in particular is not sustainable, however, and forecast a more modest 5% annualized EPS growth rate going forward. There is room for upside here if new investments or M&A add to the firm's growth trajectory.

The company has grown its dividend at 6.7% annualized over the long-term, though this has accelerated in recent years. On October 30th, NewMarket announced that it is increasing its dividend by 9% to a new quarterly payout of $3.00 per share.

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	20.8	21.9	19.6	22.3	19.6	19.4	16.1	20.1	9.9	11.8	***15.7***	***16.0***
Avg. Yld.	1.2%	1.3%	1.6%	1.6%	1.8%	1.6%	1.9%	2.2%	2.2%	1.8%	***1.6%***	***1.6%***

Over the past decade, NewMarket has averaged an 18x P/E ratio, with that slipping to 15.5x over the past five years. We think that is a fair range for the company given its historical performance and business profile; we forecast a 16x P/E ratio over the long-term. The stock had traded down to about 10x earnings in 2023, but today's valuation is more in-line with our long-term forecast. The stock's current 1.6% yield is in-line with its historical average.

Safety, Quality, Competitive Advantage, & Recession Resiliency

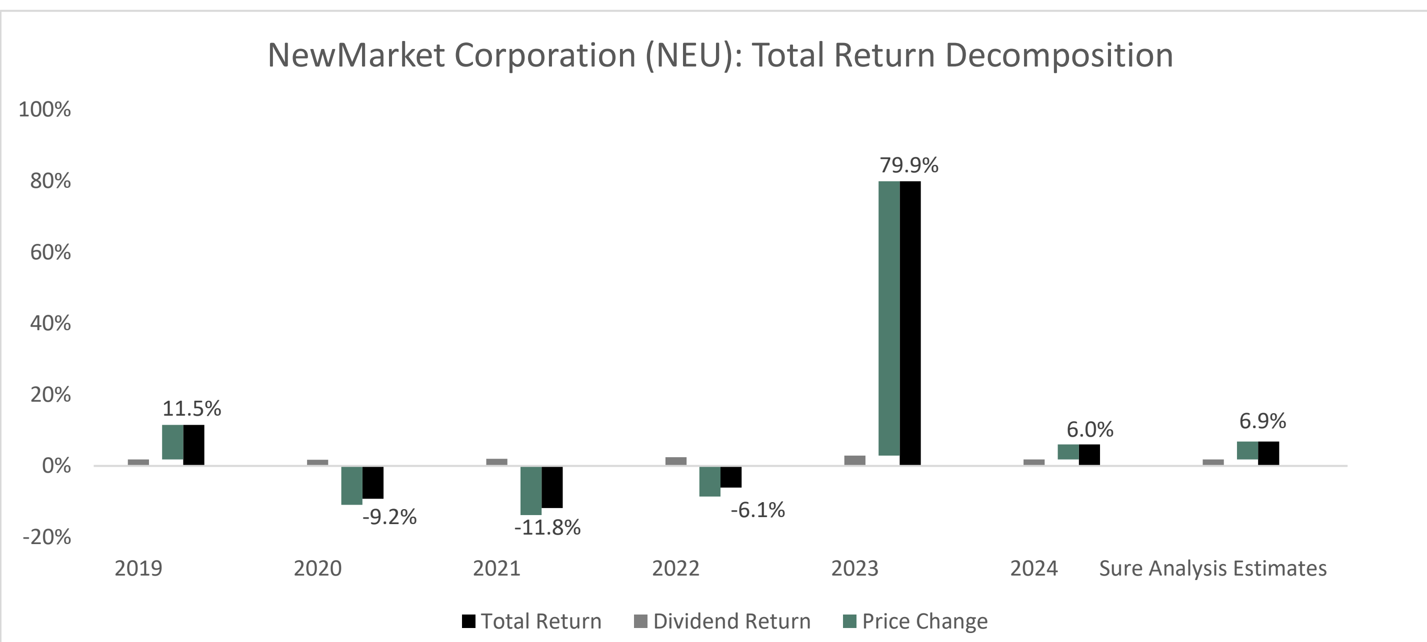
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	29%	31%	35%	34%	31%	31%	44%	30%	22%	21%	***25%***	***25%***

Newmarket has generally run a dividend payout ratio around 30% over the years. The current payout ratio is at 25%, even after the latest dividend hike, as earnings have increased more quickly than the dividend. This increases the firm's dividend safety and we see a long runway for meaningful hikes going forward. NewMarket's long-term debt load has crept up in recent years but remains just under $1.0 billion which is a manageable figure compared to its market capitalization and profitability. Chemical companies tend to be quite cyclical and prone to underperformance during recessions. However, NewMarket has many specialty products with more stable demand pictures when compared to commodity products. NewMarket's sales to the government and defense applications should be particularly durable regardless of economic stress.

Final Thoughts & Recommendation

We are forecasting 6.9% annualized total returns from here, driven primarily by the firm's earnings growth. While we had previously seen NewMarket shares as considerably undervalued, the stock has rallied sharply in 2025, which has closed the valuation gap. With shares near fair value, the stock earns a hold rating today.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	2,141	2,049	2,198	2,290	2,190	2,011	2,356	2,765	2,698	2,787
Gross Profit	679	677	636	585	630	595	548	640	773	886
Gross Margin	31.7%	33.0%	28.9%	25.6%	28.8%	29.6%	23.2%	23.1%	28.7%	31.8%
SG&A Exp.	164	162	168	152	148	143	146	145	151	171
D&A Exp.	42	45	55	72	88	84	84	82	78	117
Operating Profit	357	355	323	293	337	312	258	355	483	590
Op. Margin	16.7%	17.3%	14.7%	12.8%	15.4%	15.5%	10.9%	12.8%	17.9%	21.2%
Net Profit	239	243	191	235	254	271	191	280	389	462
Net Margin	11.1%	11.9%	8.7%	10.3%	11.6%	13.5%	8.1%	10.1%	14.4%	16.6%
Free Cash Flow	142	211	94	123	278	191	86	52	529	462
Income Tax	100	100	125	56	77	61	57	68	100	122

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,286	1,416	1,712	1,697	1,885	1,934	2,558	2,407	2,309	3,130
Cash & Equivalents	93	192	84	73	144	125	83	69	112	77
Acc. Receivable	253	266	311	277	290	285	317	385	368	346
Inventories	352	312	383	396	366	401	499	631	456	505
Goodwill & Int.	11	10	144	136	132	130	128	126	124	750
Total Liabilities	899	933	1,111	1,207	1,202	1,174	1,796	1,644	1,232	1,668
Accounts Payable	129	142	159	152	179	190	246	273	231	226
Long-Term Debt	491	503	597	766	643	599	1,139	1,004	644	971
Total Equity	388	483	602	490	683	760	762	762	1077	1,462
LTD/E Ratio	1.27	1.04	0.99	1.56	0.94	0.79	1.49	1.32	0.59	0.66

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	19.0%	18.0%	12.2%	13.8%	14.2%	14.2%	8.5%	11.3%	16.4%	17.0%
Return on Equity	59.0%	55.9%	35.1%	43.0%	43.4%	37.5%	25.1%	36.7%	42.3%	36.4%
ROIC	28.7%	26.1%	17.4%	19.1%	19.7%	20.2%	11.7%	15.2%	22.3%	22.3%
Shares Out.	12	12	12	11	11	11	10	10	10	9.6
Revenue/Share	174.89	173.27	185.93	198.84	196.16	183.46	219.05	275.52	281.58	291.6
FCF/Share	11.56	17.80	7.96	10.71	24.88	17.41	8.03	5.23	55.15	48.38

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