

Company: Albemarle	Ticker: ALB Current Price: \$286.77	Industry: Specialty Chemicals	
Target Price: \$328.55 Stop Loss: \$265.70 52 Week High/Low: \$169.93-\$308.24	TTM P/E: 131.94x Forward P/E: 11.89x EPS: 2.16	Beta: 1.41 Credit Rating: BBB Rating Outlook: Stable	Market Cap: 33.38B Avg Vol: 1.4M Dividend Yield: 0.6%
Company Background:			
Albemarle Corporation develops, manufactures, and markets engineered specialty chemicals worldwide. It operates through three segments: Lithium, Bromine, and Catalysts.			
Industry Outlook:			
The global lithium market size was valued at USD 6.83 billion in 2021 and is expected to expand at a compound annual growth rate (CAGR) of 12.0% from 2022 to 2030. Electrification of vehicles is projected to attract a significant volume of lithium-ion batteries, thus, anticipated to drive the market over the forecast period. The automotive application segment is expected to witness substantial growth over the forecast period, driven by stringent regulations for ICE automakers imposed by government bodies to reduce carbon dioxide emissions from vehicles. This has shifted the interest of automakers toward producing EVs, which is anticipated to benefit the demand for lithium and related products.			
Investment Thesis:			
<ul style="list-style-type: none"> ● A global market leader with durable competitive advantage ● Track record of strong financial and operational performance ● Significant growth expected by 2022 (Adj. EBITDA >3x 2021) ● Clear strategy to accelerate profitable growth and advance sustainability 			
Investment Risks:			
<ul style="list-style-type: none"> ● The company operates in some parts of the world that have experienced governmental corruption to some degree, and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices ● The requirements for compliance with foreign local laws and regulations may be unclear or indeterminate and may involve significant costs ● Several products that are or have been the subject of attention by regulatory authorities and environmental interest groups. 			
3-5 Takeaways from last quarter investor call transcripts			
<ul style="list-style-type: none"> ● Net sales of \$2.1 billion, an increase of 152% ● Net income of \$897.2 million, or \$7.61 per diluted share; Adjusted diluted EPS of \$7.50, an increase of 614% ● Completed the acquisition of the Qinzhou lithium conversion plant in Guangxi China for \$200 million on Oct. 25, 2022 ● Kemerton II lithium conversion plant achieved mechanical completion and transitioned to commissioning phase 			
Financial Performance		Discounted Cash Flow	

Profitability	2017	2018	2019	2020	2021
Gross margin	37.28%	36.59%	35.06%	31.86%	30.30%
Operating margin	21.05%	22.21%	19.75%	15.76%	17.87%
Profit Margin	1.79%	20.55%	14.86%	12.01%	3.72%
ROE	1.41%	18.31%	13.58%	8.78%	2.41%
ROA	0.69%	9.05%	6.11%	3.70%	1.15%
ROIC	2.14%	11.05%	8.28%	5.74%	6.18%
Activity	2017	2018	2019	2020	2021
Total asset turnover	0.39	0.44	0.41	0.31	0.31
Receivables turnover	6.02	5.92	5.89	5.47	6.12
Inventory turnover	3.69	3.31	3.17	2.81	2.97
Solvency	2017	2018	2019	2020	2021
Debt-to-equity	48.13%	45.36%	77.88%	83.05%	43.97%
Debt-to-capital	32.49%	31.21%	43.78%	45.37%	30.54%
Debt-to-asset	23.71%	22.49%	32.33%	35.51%	23.26%
Liquidity	2017	2018	2019	2020	2021
Current ratio	0.0348	0.0016	0.0049	0.0077	0.0031
Quick ratio	1.1160	1.2197	1.1441	0.8100	0.8369
Per share	2017	2018	2019	2020	2021
Earnings per share	0.49	6.34	5.02	3.52	1.06
Cash flow per share	2.75	5.16	6.77	6.85	2.94
EBITDA per share	7.62	8.99	8.69	6.22	7.25
Dividends per share	1.28	1.34	1.47	1.54	1.56

DCF	2021	2022	2023	2024	2025	2026	2027
Revenue	3,327.96	7,545.54	9,664.45	9,548.22	10,205.71	11,418.76	13,346.93
EBIT	594.69	3,226.40	3,932.69	3,697.30	4,215.15	4,373.60	4,711.72
Taxes	29.45	560.59	756.96	689.40	745.21	729.48	738.76
EBITAT	2,665.81	3,175.73	3,007.90	3,469.95	3,649.95	3,644.12	3,972.96
D&A	254.40	334.90	372.10	421.90	514.30	690.71	874.08
% of sales	7.64%	4.50%	4.00%	4.73%	5.55%	6.05%	6.55%
CapEx	953.70	1,438.40	1,485.90	1,310.40	1,310.40	1,712.30	1,934.70
% of sales	28.66%	19.06%	15.37%	13.72%	15.50%	15.00%	14.50%
Change in NWC	(368.70)	(329.19)	(421.64)	(416.56)	(445.25)	(498.17)	(582.29)
% of sales	-11.08%	(4.36%)	(4.36%)	(4.36%)	(4.36%)	(4.36%)	(4.36%)
Unlevered FCF	(330.68)	1,891.51	1,483.57	1,535.96	3,119.10	3,120.70	3,494.63
Time period	0.150684932	1.150684932	2.150684932	3.150684932	4.150684932	5.150684932	
Present value of FCF	1861.21	2195.46	2013.99	2225.39	2000.29	2012.35	
Terminal Value							49,713.44
PV of Terminal Value							28,627.09
Enterprise Value							40,935.71
*Cash							930.60
-Debt							3,383.50
Equity Value							38,482.81
Shares							117.13
Shares Price							328.53

Relative Valuation

Ticker	Company Name	EV/Revenue		EV/EBITDA		P/E	
		22	23	22	23	22	23
ALB	Albemarle Corporation	4.64x	3.71x	10.05x	8.25x	13.31x	10.77x
SQM	Sociedad Química y Minera de Chile S.A.	2.36x	2.32x	4.37x	4.46x	7.62x	7.86x
FMC	FMC CORPORATION	3.21x	3.05x	12.89x	11.75x	16.45x	14.59x
LTHM	Livent Corporation	6.51x	5.03x	15.20x	11.59x	22.85x	17.60x
Mean		4.18x	3.53x	10.63x	9.01x	15.06x	12.71x
Median		3.93x	3.38x	11.47x	9.92x	14.88x	12.68x
Calculating Implied Share Price		EV/Revenue		EV/EBITDA		P/E	
Minimum		\$ 186.25	\$ 157.66	\$ 114.46			
Mean		\$ 282.13	\$ 323.87	\$ 325.94			
Median		\$ 270.44	\$ 356.22	\$ 325.29			
Maximum		\$ 401.39	\$ 422.07	\$ 451.56			

Total Return %

3-Month Total return = 21.5%