

Lynas Continues Its Reign Under Amanda The Great

written by Tracy Hughes | June 7, 2022

Look online, and you will discover that while [Lynas Rare Earths Ltd.](#) (ASX: LYC) is covered by 9 research companies, it is impossible to find one PDF Equity Research Report online. For Australian-listed companies, sometimes they publish the reports on their website; unfortunately, not for Lynas.

Dig deeper online and you may see a [headline](#) about whether Lynas has too much debt... these conclusions are in my humble opinion quite wrong, and underestimate this rare earths' ruler outside of China, Amanda Lacaze.

I ran my conclusions by a semi-retired analyst, who requested anonymity and wrote me back promptly in agreement: "Saw their balance sheet and they are running just over 1x debt: cash flow and their cash flow is strong based on growing sales and commodity prices."

The media loves to tout Chinese control of rare earths, but it is a woman with an iron fist that rules the rare earths world. Proud of how she likes to watch the pennies, it is unquestionably the reason why she has held the role as a Non-Executive Director for ING Bank Australia Ltd. for over 11 years.

Now let's start with some prenuptial notes on Lynas, before you decide to make a commitment to this industry giant.

[Lynas Rare Earths Ltd.](#) is listed on the Australian Securities Exchange (ASX: LYC). The company also has a sponsored Level 1 American Depositary Receipt (ADR) program through the Bank of

New York Mellon (Code: LYSDY). On June 6 (Australia), the shares closed at AUD\$ 9.35. There 902.4 million shares outstanding, giving the company a market capitalization of approximately AUD\$8.4 billion (US\$6.1 billion. At December 31, 2021, Lynas reported six month results including AUD\$741.7 million positive working capital (including AUD\$674 of cash and short term deposits) and AUD\$156 million long term debt. Cash and short term deposits increased to AUD\$768.4 at March 31, 2022.

Lynas' quarter ended March 31, 2022, had the following highlights:

- All necessary approvals received for the Kalgoorlie Rare Earth Processing Facility (Australia based processing facility)
- Site clearing of the Kalgoorlie facility location is complete
- Delivery of major equipment to Kalgoorlie site with foundation and building work underway
- Kalgoorlie should be on track as part of the company's 2025 Foundation Project program
- Planning is underway for the US Rare Earths Processing Facility including contracts signed with the US Department of Defense
- Record quarter for operations including:
 - Sales revenue of AUD\$ 327.2 million (AUD\$ 202.7 million previous quarter)
 - Sales receipts of AUD\$ 262 million (AUD\$151 million previous quarter)
 - Total REO production of 4,945 tonnes (4,209 tonnes previous quarter)
 - NdPr production of 1,687 tonnes (1,359 tonnes previous quarter)
- Lynas noted quarterly price strength for NdPr contributed to record financial results

- Automotive demand for rare earths “remains strong”
- Exploration drilling under the existing Mt. Weld extraction pit revealed continuous rare earth element mineralization along 1,020 metres of drill core. Further targeted exploration is to be conducted “with the goal of meeting accelerating customer demand”.
- The company targets to be operating four sites in three countries with global sales in 2025

Having heard Amanda speak on several occasions in her early role as Managing Director nearly eight years ago, I recall believing that her reign would be short-lived. Her valiant commitment to the bottom line above all else seemed conservative and backward compared to the charismatic marketing styles of other leaders I quite like in the market. Commenting that weekly meetings would necessitate accountability for every dime spent, seemed dismal and droll to me, it seems, however, she was quite right.

As down winds from the recession are upon us, or gales of a correction are indeed in full force, I look to the critical materials sector for which many experts harbor no fears. And with the demand for rare earths continuing to exceed supply, it seems that the noble Australian woman whose fearless tactics took me by surprise is now the one championing it all.