

LyondellBasell (NYSE: LYB) Pitch

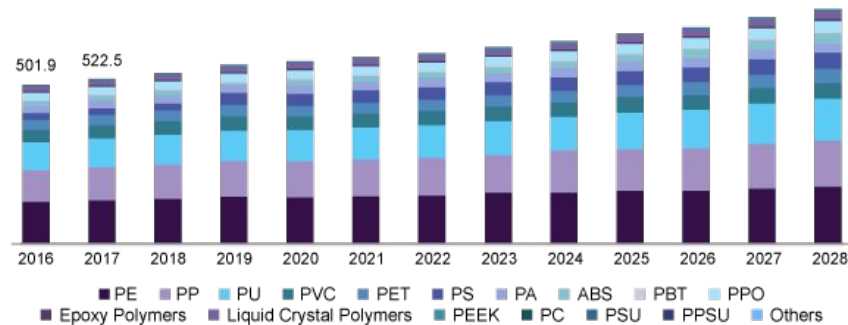
Investing in the Plastics Industry



Context

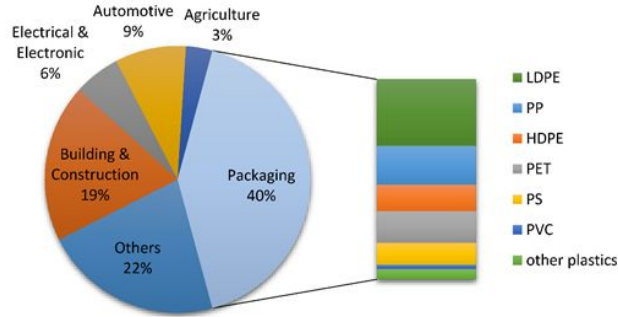
- The plastics industry is expected to grow 3.4% compounded annually
- Plastics are essential to technological development
 - Also essential to consumer products, including manufacturing and packaging
- FMA currently lacks an Industrial equity that takes advantage of this market growth

Global plastic market size, by product, 2016 - 2028 (USD Billion)



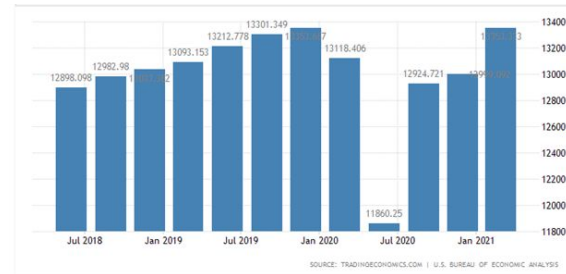
Source: www.grandviewresearch.com

The Low Density Polyethylene (LDPE) Play



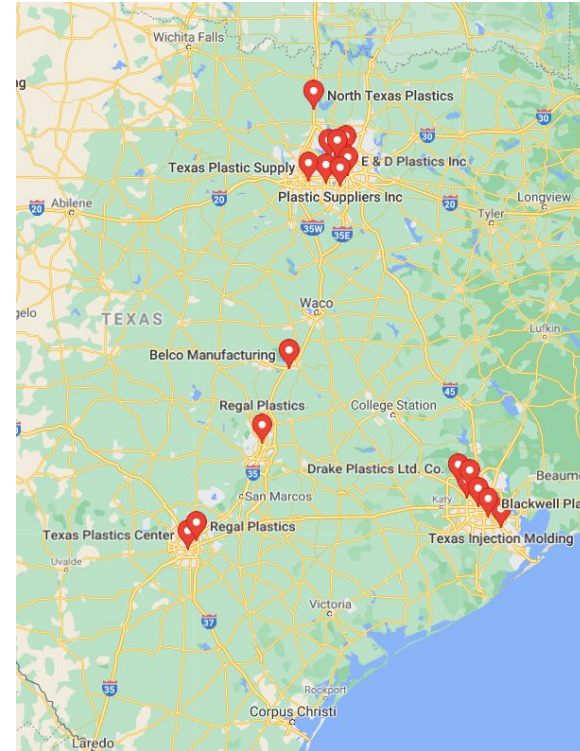
- Consumer spending has nearly reached back to pre-pandemic levels
 - With the current situation, consumer spending is likely to resume annual growth
- Consumer products rely on plastics like LDPE for packaging, making them a required industry material

- LDPE is a lightweight, clear, destructible plastic most often used for packaging in consumer goods
 - Excellent for film applications, such as those used in food packagings or loose bags



The Low Density Polyethylene (LDPE) Play (cont.)

- Plastic and resin industries are affected by Texas power outages
 - Plastic and Resin industry in Texas valued around 37 billion
 - 85% of U.S. Polyethylene is produced in Texas
- This supply shortage puts pricing completely in the hands of the producer
 - Because polyethylene is required for packaged products, industries are forced to purchase at whatever price resin manufacturers set





LyondellBasell (NYSE: LYB)

& the LDPE Play





Company Overview



- Originally based in the Netherlands
- Are the third largest resin manufacturer in the United States
- The largest licensor of polyolefin technologies in the world
- 29.34 Billion gross revenue
- P/E: 14.71
- 4.37% annual dividend



LyondellBasell's Place in the Short Term

- As the world's largest supplier of polyethylene technologies, LyondellBasell is perfectly poised to take advantage of current market conditions.
 - In the short term, LYB is likely to benefit greatly from plastic shortages. The combination of consumer demand and supply allows them to charge premium prices for their products, and ensures a large stream of revenue
 - This shortage and price control is likely to be reflected in their Q2 earnings report, scheduled for July 30th, 2021



LyondellBasell's Place in the Long Term

- In the long term, the plastics industry with its previously mentioned growth ensures LYB's long term prospects and profitability.
 - While LDPE has been focused on, LYB is a top producer and licensor of polyolefin technologies in general. This includes high density polyethylene (HDPE), polyethylene terephthalate (PET), and polypropylene (PP), among others. Together, these plastics make up to 88% of the packaging plastics market worldwide

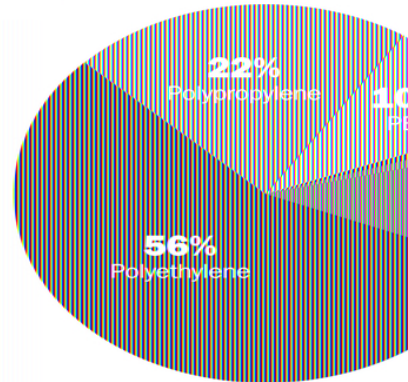
Plastics News FYI

GLOBAL PLASTIC PACKAGING MARKET

Olefins and polyolefins make up the greatest share of existing plastic packaging, according to a report done by Wood Mackenzie. The report cites plastics recycling and the industry's reaction to the single-use plastics backlash as a key theme for 2019.

The report also says to look for peak crude oil transportation demand and China's drive for self-sufficiency for basic chemicals and polymers.

Graphic by Jessica Jordani; source: Wood Mackenzie





Possible Risks

- Company has gained a large amount of debt over the COVID-19 crisis
- Future environmental laws may limit the sales of packaging plastics
 - [Bag taxes](#) are one example; the buildup of similar laws may result in hits to overall revenue
- LyondellBasell is not currently innovating on the production of biodegradable plastics
- Stock has recently broken a support line



**Suggested Purchase:
52 Shares at ~\$5,000**