



LyondellBasell Industries N.V. (LYB)

Updated February 3rd, 2025, by Nikolaos Sismanis

Key Metrics

Current Price:	\$76	5 Year CAGR Estimate:	8.1%	Market Cap:	\$24.6 B
Fair Value Price:	\$59	5 Year Growth Estimate:	6.0%	Ex-Dividend Date¹:	03/03/25
% Fair Value:	127%	5 Year Valuation Multiple Estimate:	-4.7%	Dividend Payment Date¹:	03/26/25
Dividend Yield:	7.1%	5 Year Price Target	\$80	Years Of Dividend Growth:	13
Dividend Risk Score:	F	Retirement Suitability Score:	C	Rating:	Hold

Overview & Current Events

LyondellBasell Industries goes back to 1955, when its predecessor company began industrial-scale production of polyethylene in Germany. Today LyondellBasell is one the largest plastics, chemicals and refining companies in the world. The company provides materials and products that help advance solutions for food safety, water purity, fuel efficiency of vehicles, and functionality in electronics and appliances. LyondellBasell sells products in more than 100 countries and is the world's largest producer of polymer compounds. The \$24.6 billion market cap company, with U.S operations headquartered in Houston, Texas and global operations headquartered in London, generated \$40.3 billion in sales last year.

On January 31st, 2025, LyondellBasell posted its Q4 and full year results for the period ending December 31st, 2024. The company posted revenues of \$9.45 billion, marking a sequential decline from \$10.32 billion in Q3, due to softer demand and lower product pricing across key divisions. The company posted adjusted EBITDA of \$689 million, down from \$1.21 billion in Q3, reflecting higher raw material costs, seasonally lower polyolefin demand, and compressed refining and oxyfuels margins amid weaker gasoline crack spreads. Adjusted net income for Q4 was \$249 million (\$0.75 per share), down from \$617 million (\$1.88) in Q3. For the year, adjusted EPS was \$6.40. We now forecast fiscal 2025 EPS of \$6.26.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$9.59	\$9.13	\$11.20	\$12.01	\$9.58	\$5.61	\$18.19	\$12.46	\$8.65	\$6.40	\$6.26	\$8.38
DPS	\$3.04	\$3.33	\$3.55	\$4.00	\$4.15	\$4.20	\$4.44	\$9.90	\$4.94	\$5.27	\$5.36	\$7.17
Shares²	440	404	395	376	353	334	334	328	326	326	325	300

From 2010 to 2018, LyondellBasell put together a terrific growth record, increasing earnings-per-share by an average compound rate of 20% per annum. However, there are two important caveats: 1) in April of 2010 LyondellBasell emerged from Chapter 11 bankruptcy protection, meaning that the company was starting from an artificially low base and 2) 2019 and 2020 saw marked downdrafts in earnings.

Over time LyondellBasell can drive earnings growth from a blend of organic growth and acquisitions. For example, the company paid \$2.25 billion for the acquisition of A. Schulman, Inc in 2018, which doubled LyondellBasell's compounding business. It also gave the company exposure to new categories such as consumer products, appliances, and agriculture. Finally, the company recently launched a three-pillar strategy to create a more profitable and sustainable growth engine. Further, the share buyback program can boost bottom-line growth.

After two strong trading periods (FY2021 and FY2022), earning levels have normalized at lower levels. Nevertheless, we expect earnings to then grow at a CAGR of 6% from a low base estimate in FY2025, assuming improving conditions in the commodities market. That said, it is very hard to forecast future earnings accurately due to the unpredictable nature of commodity prices. We also forecast a DPS CAGR of 6% through 2030.

¹ Estimate

² In millions.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	9.5	8.8	8.2	8.8	9	16.7	5.27	7.4	10	14.8	12.1	9.5
Avg. Yld.	3.3%	4.1%	3.9%	3.8%	4.8%	5.9%	4.6%	10.7%	5.7%	5.6%	7.1%	9.0%

Since 2015, shares of LyondellBasell have traded hands with an average P/E ratio of about 9.8 times earnings. We think this is a fair valuation estimate for the firm, keeping in mind this has ranged from 6 to 14 times earnings in the past. The current valuation is somewhat richer, likely reflecting the market's expectations for a rebound in earnings. The dividend should add to returns as well, as it currently yields 7.1%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

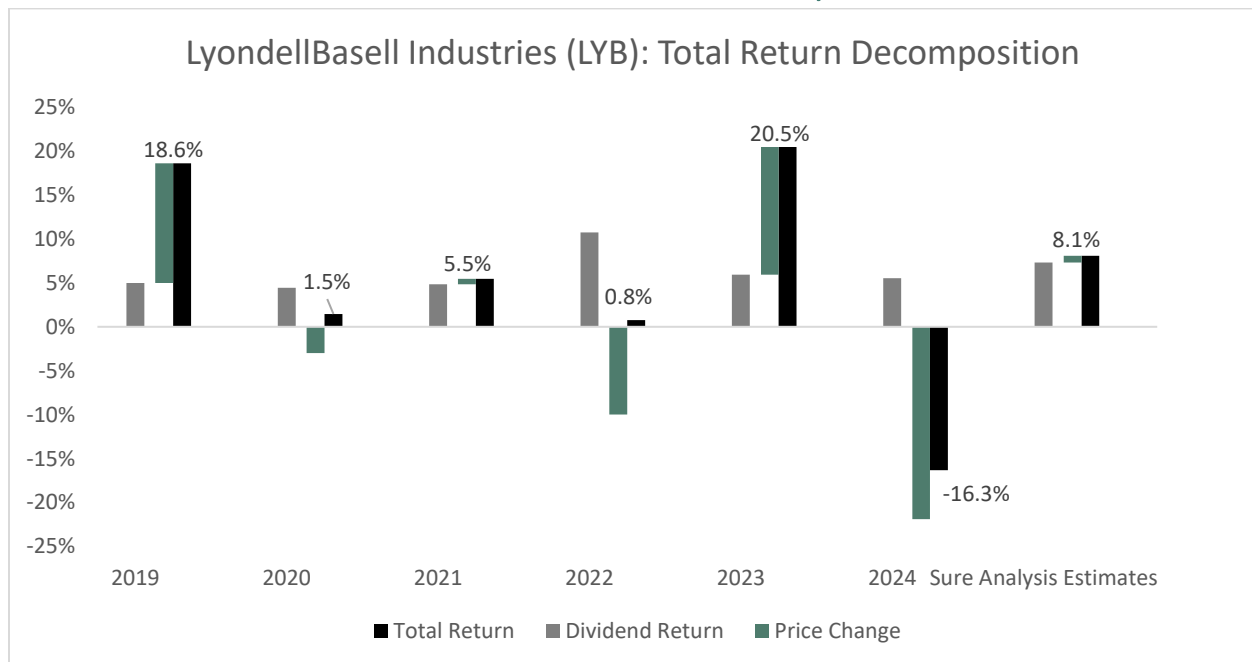
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	32%	36%	32%	33%	43%	75%	24%	79%	57%	82%	86%	86%

LyondellBasell's competitive strength lies in its global scale, advanced expertise, and focus on high-demand products like polyolefins and polypropylene. While its business remains cyclical, tied to commodity prices and industrial demand, the company has taken significant steps to mitigate volatility through cost discipline, sustainability initiatives, and strategic expansions in emerging markets. A key moment in its history was its Chapter 11 bankruptcy filing in 2009, during the Great Financial Crisis. Emerging from bankruptcy in 2010, LyondellBasell restructured its operations and balance sheet, turning a challenging period into a foundation for future growth. Today, we believe the company's dividend should stay covered, making up 86% of the company's underlying earnings, though we remain cautious.

Final Thoughts & Recommendation

LyondellBasell is a high-quality business with a fairly sound financial condition. The company is not recession-resistant, but it is in much better shape today than it was a decade ago. Its results remain below the record levels seen during the midst of the pandemic, but we expect an improving performance in the light of an improving commodities environment over the medium-term. We forecast a total return potential of 8.1% annually, stemming from a 7.1% yield and a 6% annual growth rate, offset by the possibility of a valuation headwind. LyondellBasell earns a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	44062	45608	2735	9183	34484	39004	27750	46170	50450	41110
Gross Profit	6,122	6,669	7,052	5,992	6,425	6,475	3394	8776	6604	5258
Gross Margin	13.9%	14.6%	21.5%	20.5%	18.6%	16.6%	12.2%	19.0%	13.1%	12.8%
SG&A Exp.	870	806	828	833	859	1,129	1140	1255	1310	1557
D&A Exp.	1,021	1,019	1,047	1,064	1,174	1,241	1385	1393	1267	1534
Operating Profit	5,102	5,736	6,122	5,060	5,460	5,231	2141	7397	5170	3571
Op. Margin	11.6%	12.6%	18.7%	17.3%	15.8%	13.4%	7.7%	16.0%	10.2%	8.7%
Net Profit	3,857	4,174	4,476	3,836	4,879	4,690	1420	5596	3882	2114
Net Margin	8.8%	9.2%	13.7%	13.1%	14.1%	12.0%	5.1%	12.1%	7.7%	5.1%
Free Cash Flow	3,274	4,549	4,402	3,363	3,659	3,366	1457	5736	4229	3411
Income Tax	1,136	1,540	1,730	1,386	598	613	-43	1163	882	501

Balance Sheet Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets	27298	24221	22757	23442	26206	28278	35400	36740	36360	37000
Cash & Equivalents	4,450	1,031	924	875	1,523	332	1763	1472	2151	3390
Acc. Receivable	4,030	3,448	2,517	2,842	3,539	3,503	3291	4808	3593	3356
Inventories	5,279	4,517	4,051	3,809	4,217	4,515	4344	4901	4804	4765
Goodwill & Int.	1,509	1,335	1,176	1,078	1,138	2,779	2704	2570	2489	2288
Total Liabilities	14784	15877	16183	17369	17256	17998	27420	24870	23740	23940
Accounts Payable	3,572	3,064	2,182	2,529	2,895	3,087	2398	4291	3583	3354
Long-Term Debt	5,835	7,045	8,028	8,981	8,619	9,387	15960	11610	11320	11230
Total Equity	12478	8314	6550	6048	8949	10257	7971	11860	12620	12930
LTD/E Ratio	0.47	0.85	1.23	1.49	0.96	0.92	2.00	0.98	0.90	0.87

Profitability & Per Share Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets	15.0%	16.2%	19.1%	16.6%	19.7%	17.2%	4.3%	15.5%	10.6%	5.8%
Return on Equity	32.7%	40.2%	60.2%	60.9%	65.1%	48.8%	17.7%	56.4%	31.7%	16.4%
ROIC	22.7%	24.7%	29.8%	25.9%	29.9%	25.2%	6.4%	23.6%	16.4%	8.7%
Shares Out.	477	440	404	395	376	353	334	334	328	326
Revenue/Share	77.30	87.54	70.25	69.48	86.43	100.27	83.09	138.24	153.81	126.10
FCF/Share	5.74	8.73	9.45	8.01	9.17	8.65	4.36	17.17	12.89	10.46

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

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