Amanda Lacaze of Lynas presents: The story of a turnaround start-up

January 28, 2016 — Amanda Lacaze, CEO for Lynas Corporation Ltd. (ASX:LYC up +45.59% & OTCQX:LYSDY up +32.83% in 2015) in a keynote presentation titled **Lynas: The story of a turnaround start-up** at the Technology Metals Summit 2015 describes *What makes a successful mining venture?* Citing the progress at Lynas and the ways that Lynas expects to win in the rare earth market, Amanda states: “Rare earth elements are important functional materials. In many cases their use in finished applications has been limited in response to the perception that the rare earth market is highly volatile and therefore highly uncertain, both in terms of supply and price. For too long, industry focus has been on short term value gains. After fixing the fundamentals of its business, Lynas is well placed to lead a new focus on market growth.”

Publisher’s Note: We have transcribed the first 750 words of Amanda’s presentation for our InvestorIntel readers. Please note that whether you’re interested in rare earths, sustainability issues or are a business professional seeking advice on how to master a turnaround, this is a must-see. As we prepare for the Cleantech & Technology Metals Summit on May 10-11th, 2016 it is with great pleasure that we publish the keynote presentation **Lynas: The story of a turnaround start-up.**

Amanda Lacaze, CEO for Lynas Corporation Ltd.: “I’m delighted to have the opportunity to speak to you today. You will have seen that I’ve titled today’s presentation as the story of a turnaround start-up. I know that seems something of an oxymoron. I mean, how does a start-up get to be a turnaround?

So, today I’m going to share some of my thoughts on that and also on the actions that we’ve taken at Lynas that has turned us from the course we were charting 15 months ago.

Let me first start by introducing myself and Lynas. As Jack said, I’m the CEO of Lynas Corporation. We mine and process rare earth metals – we’re listed on the Australian Stock Exchange. At Lynas we have, as Jack mentioned, the highest grade proven rare earth deposit in the world at Mount Weld in Western Australia. We do first stage processing and then put it into bags in containers and ship to the east coast of Malaysia to a place called Kuantan, which is my current home.

We’ve only just recently released our updated resource and reserve statement and even at today’s economics we halved the assumed selling price from what it was when it was last done in 2012. It proved that the reserve is physically robust with many deposits. You have a lot of marginal material. As you move out when you change your economics they become uneconomic. Actually ours is a very well-defined reserve and in fact there was no significant reduction in either the proven reserves or indeed the life of the mine.

Lynas ore as well, and this is to Jack’s point, best fits today’s market. We have a high percentage of NdPr, which of course is the king of the market today. We sell most of our products to customers in Japan, Europe and China with a very small amount here in North America, which we are aiming to change.

So, why did I choose this very provocative title? Well I was prompted to shape this presentation in this way after reading [Jack’s blog] of the 31st of August relating to Molycorp filing under Chapter 11. Let me quote from it. “What makes a successful mining venture? The answer is the bringing into production of a mine the products of which sold for a profit.” I’m not sure about your sentence structure, but I agree with the sentiment.

(Quoting Jack Lifton) “It’s as simple as that. Yet when you look at the website entry about us on almost any junior mining venture you are told only that this corporate officer or that director has top school credentials and professional credits and has already made money for shareholders of previous ventures. But upon examination it almost always turns out that the money was made for those others who bought the shares low and sold high. Just about none of these previous ventures became successful producers of profitable products.”

He went on to talk about the failure of businesses where financial engineering appeared to be the primary goal of the enterprise. I am in firm agreement with much of what Jack says. I have actually now done four corporate turnarounds. My experience is that businesses get into trouble when external factors become negative. Via businesses that have survived at times appeared to flourish in the good times, but they lack the substance and resilience to survive more challenging conditions. They generally fall into three categories. The first, those with a good core business model, but they’ve been poorly managed. These businesses have performed really well in the good times masking the poor performance of management. They typically have overextended themselves and overreached in terms of competence. One of the easy telltale signs I find on this is businesses that engage in relentless M&A activity. I know the bankers in the room think that’s fabulous, but these businesses never stop for long enough to properly integrate acquisitions or realize synergies. They seem to think that if they just keep changing the landscape no one will be able to do the sums which typically show they have added a lot of profitless revenue. Usually they have taken on too much debt – then they’re unable to service the debt when market conditions change….to access the rest of the presentation, click here