Investment Summary - LB Group Co Ltd (002601.SZ)  
 As of 5 September 2025

Stock Price: CNY 18.59 (prev. close)  
 Market Cap: CNY 45B  
 Industry: Specialty Chemicals, Titanium Dioxide (TiO₂) Pigments, Inorganic Pigments, Advanced Materials  
 Recommended Action: Buy

## **Business Overview**

* LB Group is the world’s largest manufacturer of titanium dioxide (TiO₂) pigments and a significant producer of zirconium, lithium materials, and high-performance advanced pigments sold globally under “BILLIONS” and “XUELIAN” brands.[finance.yahoo+1](https://finance.yahoo.com/quote/002601.SZ/profile/)
* FY2024 revenue: CNY 27.05B; net income: CNY 3.23B (margin: 11.9%); H1 2025 net profit down 19.5% YoY amid pricing/margin pressure and declining global TiO₂ demand.[moomoo+2](https://www.moomoo.com/stock/002601-SZ/news)
* Major segments: TiO₂ (85% of revenue), zirconium/lithium/functional chemicals (15%+); exports exceed 50%, with presence in over 100 countries.[lomonbillions+1](https://www.lomonbillions.global/)
* Products underpin paints, plastics, papers, inks, and emerging battery/energy storage applications. Major customers: coatings/paint majors, plastics converters, paper makers.[reuters+1](https://www.reuters.com/markets/companies/002601.SZ)
* Strengths: Industry-leading scale, cost leadership, R&D intensity, global distribution, vertical integration from feedstock to pigment, and a history of M&A and production technology upgrades.
* Challenges: Intense price competition, exposure to global demand cycles, high working capital, regulatory and anti-dumping risks in US/EU/Asia.[finbox+1](https://finbox.com/SZSE:002601/explorer/total_rev/)

## **Business Performance**

* 5-year sales CAGR: ~13% (rapid scale-up since 2020); 2024-25: top-line flat, profits fell as industry downcycled.[finbox](https://finbox.com/SZSE:002601/explorer/total_rev/)
* 5-year profit CAGR: positive until 2023, –32.8% net profit decline FY2024, H1 2025: net down 19.5%.[moomoo](https://www.moomoo.com/stock/002601-SZ/news)
* Operating cash flow FY2024: CNY 3.4B (stable, covers dividend/capex).[investing](https://www.investing.com/equities/billions-chemicl-a-financial-summary)
* Market share: #1 globally in TiO₂, with ~12.5% of world pigment output; lead over Chemours, Tronox, Venator.[moomoo+1](https://www.moomoo.com/stock/810172-HK/news)

## **Industry Context**

* TiO₂/pigments in late-mature cycle, global supply overhang; polycarbonate and specialty pigment innovation drives modest new demand.
* Global TiO₂ market: $21.3B (2025), 2.5% CAGR; industry average YoY sales flat, typical net margin 6–7%, gross 22–26%.[moomoo](https://www.moomoo.com/stock/810172-HK/news)
* Export share: China now world’s largest TiO₂ exporter; LB Group accounted for >20% of all China shipments in 2024.[lomonbillions+1](https://www.lomonbillions.global/)
* Debt/assets: 61% (industry avg 50%), current ratio 0.78 (low), interest cover: 7.9x.[digrin+1](https://www.digrin.com/stocks/detail/002601.SZ/financials)
* Industry-specific: Plant utilization ~82% (industry 75–80%); chloride TiO₂ margin outperforms sulfate process peers.[lomonbillions+1](https://www.lomonbillions.global/)

## **Financial Stability and Debt Levels**

* Cash flows stable, leverage manageable though at the higher end (debt/assets 61%).[morningstar+1](https://www.morningstar.com/stocks/xshe/002601/quote)
* Current ratio 0.78 (sub-1.3; liquidity is tight but manageable given stable cash ops and strong inventory levels).
* Dividend coverage secure: 2024 payout ratio below 40%, yield ~2%.[public+1](https://public.com/stocks/lb/forecast-price-target)
* No major solvency risks; capex and working capital funded by stable operations.

## **Key Financials & Valuation**

* FY2024 sales: CNY 27.05B (flat YoY); division mix: TiO₂ 85%, others 15%.
* Group net margin: 11.9% (down from 13.6% FY2023).
* PE: 11.7x (vs. sector 45.1x, significant discount); PB: 1.8x; Dividend yield: 2.0%; 52-wk range: CNY 15.18–22.85.[investing+1](https://www.investing.com/equities/billions-chemicl-a)
* Industry metrics: Utilization 82%, chloride process margin 6–8 pts above sulfate peers.
* Compared to peers, maintains best-in-industry market share and scale indicators.

## **Big Trends and Big Events**

* Global pigment oversupply, aggressive pricing, anti-dumping tariffs (EU, India, Brazil).
* Regulatory: Green policies (sustainable pigments), supply chain security, growing new applications in batteries and high-performance polymers.[moomoo](https://www.moomoo.com/stock/002601-SZ/news)
* LB has launched new high-pressure lithium iron phosphate (LFP) products for advanced batteries.

## **Customer Segments and Demand Trends**

* Key customers: Paints/coatings 40%, plastics 32%, papers 18%, others 10%.[lomonbillions](https://www.lomonbillions.global/)
* Exports remain growth driver; H1 2025 saw modest positive volume growth, with export revenue up despite margin squeeze.
* Criticism: Price sensitivity, anti-dumping/market access; substitutes (zinc, organic pigments) limited outside high-end applications.

## **Competitive Landscape**

* Global TiO₂/pigments highly consolidated (CR4 >65%); main competitors: Chemours (US), Tronox (US/Oz), Venator (UK).
* Moats: Scale, tech/process leadership, R&D, global reach, vertical integration, supply chain security.
* Key battlefronts: Cost, innovation (e.g., LFP pigment), tariff risk, downstream partnerships.

## **Risks and Anomalies**

* Margin compression, debt/employment of capital, working capital intensity.
* Trade frictions (anti-dumping); volatility in raw material (ilmenite/rutile) and energy costs.
* LFP/phosphate new product segment not yet proven at large scale.

## **Forecast and Outlook**

* Management/analyst forecast: Revenue flat to +3% FY25, net margin recovering 1–2 pts as demand stabilizes; LFP, advanced pigment launches as likely growth offset.
* Consensus price target: Median CNY 22.22 (+19.5% upside, range 19–24); dividend expected to remain stable.[valueinvesting+1](https://valueinvesting.io/002601.SZ/estimates)
* Analysts anticipate volume will continue to offset price headwinds.

## **Leading Investment Firms and Views**

* Coverage: Huatai, CITIC, Morgan Stanley, Goldman Sachs, Haitong; consensus “Buy” or “Outperform”.[public+1](https://public.com/stocks/lb/forecast-price-target)
* Median target CNY 22.22 (+19.5%), range 19–24.5; analyst consensus highlights cost leadership and defensive sector positioning.

## **Recommended Action: Buy**

* **Pros:** Global #1 position, R&D edge, cost/integration leadership, export growth, valued at sector discount.
* **Cons:** Margin pressure, high working capital, regulatory/trade risk.

## **Industry Ratio and Metric Analysis**

| **Metric** | **LB Group** | **Sector Avg** | **Trend** |
| --- | --- | --- | --- |
| PE | 11.7x | 45.1x | Discount |
| PB | 1.8x | 1.8x | Peer |
| Debt/Assets | 61% | 50% | Above |
| Op Margin | 11.9% | 6–7% | Above |
| Utilization | 82% | 75–80% | Above |

## **Key Takeaways**

LB Group is the global leader in TiO₂ pigments and related advanced chemicals, maintaining scale, innovation, and margin advantage versus industry peers. Analysts remain bullish on its global positioning and export strength, with strong buy consensus despite a challenging macro and trade landscape.

**Sources:**

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* [Yahoo Finance][finance.yahoo+3](https://finance.yahoo.com/quote/002601.SZ/)
* [Reuters], [Investing.com][reuters+3](https://www.reuters.com/markets/companies/002601.sz/financials)
* [Finbox], [Morningstar], [Moomoo], [Public], [Perplexity], [ValueInvesting][perplexity+5](https://www.perplexity.ai/finance/002601.SZ)
* Analyst and investment bank research: Huatai, CITIC, Haitong, Morgan Stanley, Goldman Sachs, all confirmed in analyst consensus panel.

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