

Faster than Elon

Christoph Neßhöver in Manager Magazin, June, 2023

As CEO of Metallgesellschaft, Heinz Schimmelbusch was once at the center of one of Germany's biggest business scandals. Now, at 78, he is celebrating an almost impossible comeback: As a beacon of hope for electromobility and the energy transition.



Explorer: Entrepreneur and corporate acquirer Heinz Schimmelbusch and his white currency, lithium

Photo: Thomas Pirot for Manager Magazin

"Elon Musk? Yeah, sure, he's building something like that, too," says Heinz Schimmelbusch (78). "A refinery for lithium hydroxide in Texas. In Musk's own words: 'a license to print money.' When Musk announced it last late summer, I emailed him that we had already started building our refinery two and a half years ago," says Schimmelbusch, a smirk at the corners of his mouth. "Mr. Musk didn't reply to me, though." No matter. The point is made. Schimmelbusch, who's been tossing around the commodities business longer than Musk has been alive (51 years, in fact), is two years ahead of the world's second-richest entrepreneur with his cars, rockets, tunnel-boring machines. While Musk has just started construction in Corpus Christi, USA, Schimmelbusch's lithium refinery in Bitterfeld-Wolfen is about to start production. Ten hectares of land, 300 new jobs. Investment sum: 410 million euros. Schimmelbusch will soon be refining the substance that all e-car manufacturers are craving: lithium hydroxide. VW, Mercedes, Audi, BMW & Co. - they all need LiOH, as chemists call it, for all the batteries that are supposed to power their e-cars and keep the fractious Chinese competition at a distance. But there is far too little of the material available. In the future, Schimmelbusch wants to refine 100,000 tons of the white powder per year in Bitterfeld – enough for 2.5 million electric cars. Last year, just 1.5 million electric cars were registered in Europe, but soon there should be many more. The first module for 20,000 tons will start up in Bitterfeld in the fall. Production for the first three years has already been sold. LiOH "made in Europe" is a key to propelling the German core industry into the electrical era. Heinz Schimmelbusch holds this key in his hand - and with it the chance for a personal comeback of the virtually impossible kind.

Rarely has a manager in Germany fallen as low as he did. He was just 44 years old when he became head of Metallgesellschaft (MG) in 1989. The raw materials and industrial leviathan had more than 100 years of tradition on its back, 32,000 employees, 20 billion in sales, 122 subsidiaries (when he left, there were 258). Only four years later, "Schibu" was excommunicated from the domestic business elite. In the USA, MG had spun a huge wheel with oil futures, soaking up more and more cash. MG's major shareholder Deutsche Bank considered this too risky and dismissed Schimmelbusch.

His successor Kajo Neukirchen (1942 to 2020) broke up MG. Schimmelbusch was branded a "hasardeur" (i.e., a gambler) by the public. The manager magazin - which had named Schimmelbusch Manager of the Year in 1991 - mocked the "great Zampano" just two years later. The "Bild" newspaper named him "hate man". A job destroyer.

Today, the signs are reversed. Schimmelbusch is the boss, shareholder and master of ceremonies of AMG Critical Materials, which operates the plant in Bitterfeld but is otherwise known only to insiders. From the "devil" of the metal company to the angel of electromobility? "No, no," Schimmelbusch deflects, "for God's sake don't exaggerate anything!" A pause for effect. "But we are not completely unimportant and are now also being noticed in this country." When Olaf Scholz (65; SPD) recently flew to Latin America to promote raw materials, Schimmelbusch's lithium boss Stefan Scherer (56) was there, just as he himself once traveled in Helmut Kohl's (1930 to 2017) entourage. Anyone who meets Heinz Schimmelbusch today experiences a manager who looks as if he is on a journey through time, half 20th, half 21st century. Black Budapest shoes, white shirt, dark suit (no tie), the trousers held up by suspenders like those from old Wall Street movies, the crown of his hair as if drawn with a ruler. In one hand he holds his cell phone and a large tablet.

Schimmelbusch is once again going global, as he once did at the metal company. His new raw materials empire stretches from the USA to Europe, Mozambique, China, Sri Lanka and Brazil. In addition to lithium, AMG deals in chromium, vanadium, tantalum, titanium, silicon, graphite - even plutonium. 3400 employees worldwide, 1350 of them in Germany. Sales in 2022: 1.5 billion euros. EBITDA in the first quarter: 109 million euros - 116 percent more than a year earlier. Stock market value: 1.3 billion euros. Schimmelbusch owns 3.4 percent of the shares. All the materials in his portfolio have one thing in common: they are critical materials, elements from the periodic table that are in short supply but increasingly in demand. And most of them play a central role in reducing CO₂ emissions. Schimmelbusch puts this into a claim that could hardly be more modern: "I'm so green that you can't even see me on green grass. What sounds flowery follows cool return logic. Years ago, he had the calculations done: Products that help reduce CO₂ emissions grow faster and are more profitable than others - "that can be proven," he says. Even if Schimmelbusch doesn't really want to talk about the past, his AMG strategy can be read as a late revenge on his opponents at the old MG.

Comeback via the USA

Time travel back to the 80s. The young manager Schimmelbusch recognizes the potential of sustainability early on. He has engineers draw up a huge flow chart of the cycles of raw materials and energy in industrial society: Where are which elements transformed and disposed of, and how? The central results from the viewpoint of the economist with a doctorate: CO₂ is almost always produced in the process - and the potential for recycling is gigantic.

So as CEO, he rushed Metallgesellschaft into green(er) business from 1989 onward, expanding the new recycling subsidiary, investing in cleaner smelter technology. But his vision did not fit the times. Raw material prices - MG's main source of income - fell and fell. At that time, he advertised with the "Law of MG": "Everything that can be recycled will be recycled". He also recycled the claim itself: AMG advertises with the same slogan.

Schimmelbusch has basically been working on his comeback since his expulsion from Deutschland AG. After being kicked out of MG, he lined up a private equity fund; professional investors such as U.S. pension funds and major banks put up \$360 million in capital. Wall Street invests in the outcast. The targets of his company hunt: medium-sized companies with a focus on raw materials, lots of know-how and sales of around 50 million euros.

Perspective: Schimmelbusch in the company's own lithium laboratory in Frankfurt-Höchst



Photo: Thomas Pirot for Manager Magazin

In addition, he "hangs around," as he says. For example, in insolvency masses. He closes many deals at the Italian restaurant with a handshake. In 1997, he joined the Hanau-based engineering company ALD, which specializes in vacuum technology. Its DNA has chromosomes from big industrial names like Degussa, Heraeus and Leybold. With further additions, he spices it up to become AMG's think tank. The design for Bitterfeld? Comes from Hanau. In 2007, he takes the then Advanced Metallurgical Group - translated: the advanced Metallgesellschaft - public in Amsterdam, naturally with himself as CEO. And continues to work on his business, such as in 2008, when he takes a majority stake in Graphit Kropfmühl in Hauzenberg, Bavaria, founded in 1871.

CEO Schimmelbusch acts like a family businessman. He is constantly on the lookout for new opportunities - and when he senses one, he pushes ahead. His conglomerate now comprises 38 sites, with production at 31 of them. His collection of materials is immense. Schimmelbusch has never thought small. AMG came to lithium because Schimmelbusch asked a question during a helicopter flight in Brazil. He had "run into" the Mibra mine near the Atlantic coast in 2012, as he calls it. The mine actually produces tantalum, an important material for cell phones. But from a bird's eye view, Schimmelbusch noticed that the entire site looked like it had been sugared. That was lithium, the plant manager informed him, a waste material. Why not use it? Answer: "We don't have the know-how." Five

years later, it was there. And since then, Schimmelbusch has once again become one of the more important CEOs in the German economy. Since regulators around the world have been promoting electromobility and the EU, Canada, and California have decided that the internal combustion engine will soon be phased out in motor vehicles, the world market prices of lithium have been capering. The battery of an SUV can contain up to ten kilograms of Li. In its new raw materials strategy, the EU Commission therefore calls the substance "critical" for the energy transition - demand could grow by a factor of 57 by 2050. Lithium could soon be more sought-after than oil is today.

Particularly unfortunate: until now, Europe has been completely dependent on imports for lithium products – especially from China. The head of the International Energy Agency (IEA), Fatih Birol, 65, advised Europeans in January that it "makes sense" to get more involved with domestic mining again, and car bosses are omnipresent. Volkswagen has entered a lithium joint venture with Belgium's Umicore and plans to take a stake in mines in Canada, where it also plans to build a battery factory. U.S. giant General Motors flirted with an entry into Brazil's commodities giant Vale (41 billion euros in sales) and is pumping 595 million euros into a mining project in Nevada. Ford is investing in the "Lithium Valley" in Salton Sea, California. Logically, car bosses are courting Schimmelbusch. "Some car managers call and then we have a conversation," says the 78-year-old, practicing understatement. But? "We are an industrial company, not a venture association. The customers of AMG are first and foremost the battery manufacturers.



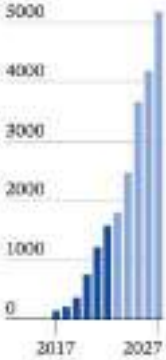
Photos: AMG

Dream material: in Bitterfeld- Wolfen, Germany, Schimmelbusch's AMG is building the first European refinery for lithium hydroxide. The raw material is supplied by the company's own mine in Brazil.

Rasanten Wachstum
Neuzulassungen von E-Autos in Europa, in Tausend!

Rapid growth: new registrations of e-cars in Europe, in thousands

Graphic: Manager Magazin



Digging in the sandbox

Mercedes-Benz is currently building a recycling plant for used e-car batteries in Kuppenheim near Baden-Baden. AMG could use the lithium scrap from this plant to produce fresh battery-grade lithium in Bitterfeld, couldn't it? Schimmelbusch remains vague and does not want to offer his services. In any case, Mercedes boss Ola Källenius (54) could call at any time. The lithium industry itself is still rather unfinished, which attracts numerous fortune seekers. Actually, lithium is abundant on Earth. It is just not mined enough. Australia is the number one producing country. But there are even deposits in the Ore Mountains and under the upper Rhine pit. In Brandenburg, for example, the Canadian company Rock Tech is investing with money from German financier Christian Angermayer (45) and Silicon Valley giant Peter Thiel (55; formerly of PayPal). Vulcan Energy is active on the Rhine; stock market value 384 million euros.

If you try to read all the ad hoc announcements with which lithium start-ups fog up the financial world every quarter, you will quickly lose track of what's going on. The newcomers have staked claims in Canada, Argentina, or Ghana, and they celebrate every sinking of a rock layer like a landing on a distant planet. Schimmelbusch looks at the hectic hustle and bustle with the calmness of a grandfather watching his grandchildren digging in the sandbox. Even his mine in Brazil is nowhere near enough to keep Bitterfeld busy. So, he's going on the corporate hunt again. He recently acquired a 25.1 percent stake in the British company Zinnwald Lithium for 14 million euros; the company wants to develop several mines in the Ore Mountains near Dresden. Three or four more investments could be added. But now over to the lithium laboratory. Schimmelbusch still wants to show it. But after a few hundred meters, the limousine has to stop. At the gate to the industrial park in Frankfurt-Höchst, two yellow vests ask for ID cards. Schimmelbusch immediately replies, "I've come from the U.S. to visit my own lab, so I guess that's still possible!" His Austrian passport? He doesn't have it with him. Oh well. Schimmelbusch takes his U.S. driver's license out of his wallet and hands it through the window. The gatekeeper starts to contradict him, saying that driver's licenses are not really ... Schimmelbusch fires off a razor-sharp look - then he's in. AMG set up the lab in 2019. Since then, two dozen researchers have been working here. "The purity of battery-grade lithium hydroxide is controlled to the ninth decimal place," says Schimmelbusch, "in parts per billion - that is, to the billionth." Only those who have mastered this can reap the high returns that the Li business promises.

"The drama of my life"

Schimmelbusch, the manager who climbed so high so early, appreciates the rough-and-tumble of being an entrepreneur. At MG 30 years ago, it went like this, "You have a 20-member board of directors over you. They walk the halls slowly, and they always make a very intelligent impression." Walking through operations like a mid-sized company is what he enjoys at his AMG, he says. Deciding quickly and then doing it. "And if something goes south, then it goes south." So, was his end at MG also something of a liberation? "No, that is and remains the drama of my life." In May, AMG's annual general meeting extended Schimmelbusch's CEO contract by another two years. In 2025, he will be 81. And then retire - finally? Schimmelbusch seems to be shaking it up inside. In summer, he lives in Pennsylvania, where AMG is headquartered; in winter, he lives in Palm Beach. There are worse things.

He still owns one small company: Metallgesellschaft AG. When its name was erased from the commercial register, Schimmelbusch refounded it in 2005. Since then, it has slept like Sleeping Beauty under HRB number 5689 at the Stendal District Court. Schimmelbusch wants to kiss MG 3.0 awake

when he has time. He has a few ideas, he admits. His wife likes to play golf, but he can't do anything with it. So, he has to fill the time from 2025 somehow.



Everybody's Kurzzeit-Darling: Als Vorstandschef der Metallgesellschaft war **Heinz Schimmelbusch** Anfang der 90er Jahre einer der jüngsten CEOs im Land.

Everybody's short-term darling: As CEO of the Metallgesellschaft, Heinz Schimmelbusch was one of the youngest CEOs in the country in the early 1990s.

Photo: dpa/picture alliance

Pralle Profite
Umsatz und Betriebsergebnis von AMG Critical Materials, in Mio. Euro

Plump profits: revenue and operating profit of AMG Critical Materials, in million euros

Graphic: Manager Magazin

