



PRESS RELEASE

RELEASE DATE: May 2, 2017

5N Plus Reports Financial Results for the First Quarter Ended March 31, 2017

Montreal, Québec, May 2, 2017 – 5N Plus Inc. (TSX:VNP) (“5N Plus”, the “Group” or the “Company”), the leading producer of specialty metal and chemical products, today reported financial results for the first quarter ended March 31, 2017. All amounts are expressed in U.S. dollars.

Following a transitional year, the Company continued to improve performance and profitability, reporting a strong quarter in terms of earnings and making further progress toward the objectives defined by its Strategic Plan, 5N21 (“5N21”). During this period, the Company continued to maintain a sound balance sheet in support of its growth initiatives.

- Adjusted EBITDA¹ and EBITDA¹ for the first quarter of 2017 reached \$6.1 million and \$9.7 million compared to \$4.3 million and \$2.9 million during the same quarter of 2016. The Adjusted EBITDA reflects improved profitability, strong product demand and overall performance of operating activities. The EBITDA for the quarter was positively impacted by non-recurring items, stemming from optimization of commercial agreements mandated over the past quarters by the Company’s Strategic Plan, 5N21. This resulted in contract amendments including securing higher margins in the short term versus higher market share and termination of non-core commercial activities; the net result of which yielded a positive impact of \$3.4 million compared to restructuring charges of \$1.0 million for the same period last year.
- Net earnings for the first quarter of 2017 reached \$4.2 million or \$0.05 per share compared to a net loss of \$1.9 million or (\$0.02) per share for the same period last year.
- Revenue for Q1 2017 reached \$60.9 million compared to \$63.9 million for Q1 2016, with gross margin¹ reaching 23.1% in Q1 2017 compared to 19.4% for the same period of 2016.
- Net debt¹ stood at \$20.8 million as at March 31, 2017 slightly higher when compared to December 31, 2016, with liquidity maintained at a high level.
- Backlog¹ reached as at March 31, 2017, a level of 128 days of sales outstanding, representing a decrease of 8 days compared to the previous quarter. Bookings in Q1 2017 reached 97 days compared to 78 days in Q4 2016 and 89 days in Q1 2016.
- The Company reaffirmed its guidance for 2017 as per 5N21.
- On February 21, 2017, 5N Plus announced an approved amendment to the Company’s normal course issuer bid by the Toronto Stock Exchange under which 5N Plus has the right to purchase for cancellation a maximum of 2,100,000 common shares (previously 600,000) until October 10, 2017.

¹ See Non-IFRS Measures

- On March 2, 2017, la Caisse de dépôt et placement du Québec announced the acquisition of 8,700,000 additional shares of 5N Plus on the secondary market, reinvesting \$14.8 million, bringing la Caisse's ownership to 18.93%.
- During the quarter, the Company mandated, on a non-exclusive basis, Arrowhead Business and Investment Decisions, an investor relations firm based in New York City, United States, to increase awareness within the investment community, expand its network, and support its communication program in the United States.

Arjang Roshan, President and Chief Executive Officer, said "We are beginning to see results as we deliver the short-term objectives of our Strategic Plan, 5N21, specifically related to optimizing core businesses and global assets with notable progress in balancing quality of earnings while managing healthy market share along with consolidating the global footprint which is progressing in-line with our expectations." Mr. Roshan added, "In addition to improve profitability and quality of earnings, we expect much of this work to reduce earnings volatility." Mr. Roshan concluded, "The new executive team and I are encouraged by the results and remain on course in congruence with 5N21."

Webcast Information

5N Plus will host a conference call on Wednesday, May 3, 2017 at 8:00 am ET with financial analysts to discuss results of the quarter ended March 31, 2017. All interested parties are invited to participate in the live broadcast on the Company's Web site at www.5nplus.com. A replay of the webcast and a recording of the Q&A will be available until May 10, 2017.

To participate in the conference call:

- Montreal area: 514-807-9895
- Toronto area: 647-427-7450
- Toll-Free: 1-888-231-8191

Enter access code 14986470.

Non-IFRS Measures

EBITDA means net earnings (loss) before interest expenses (revenues), income taxes, depreciation and amortization. We use EBITDA because we believe it is a meaningful measure of the operating performance of our ongoing business without the effects of certain expenses. The definition of this non-IFRS measure used by the Company may differ from that used by other companies. EBITDA margin is defined as EBITDA divided by revenues.

Adjusted EBITDA means EBITDA as defined above before impairment of inventories, allowance for doubtful of a receivable from a related party, litigation and restructuring costs, gain on disposal of property, plant and equipment, change in fair value of debenture conversion option, foreign exchange and derivatives loss (gain). We use adjusted EBITDA because we believe it is a meaningful measure of the operating performance of our ongoing business without the effects of inventory write-downs. The definition of this non-IFRS measure used by the Company may differ from that used by other companies. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenues.

Net debt or net cash is a measure we use to monitor how much debt we have after taking into account cash and cash equivalents. We use it as an indicator of our overall financial position, and calculate it by taking our total debt, including the current portion and the cross-currency swap related to the convertible debenture, and subtracting cash and cash equivalents.

Backlog represents the expected orders we have received but have not yet executed and that are expected to translate into sales within the next twelve months expressed in number of days. Bookings represent orders received during the period considered, expressed in days, and is calculated by adding revenues to the increase or decrease in backlog for the period considered divided by annualized year revenues. We use backlog to provide an indication of expected future revenues in days, and bookings to determine our ability to sustain and increase our revenues.

Gross margin is a measure we use to monitor the sales contribution after paying cost of sales excluding depreciation of property, plant and equipment. We also expressed this measure in percentage of revenues by dividing the gross margin value by the total revenue.

About 5N Plus Inc.

5N Plus is the leading producer of specialty metal and chemical products. Fully integrated with closed-loop recycling facilities, the Company is headquartered in Montreal, Québec, Canada and operates manufacturing facilities and sales offices in several locations in Europe, the Americas and Asia. 5N Plus deploys a range of proprietary and proven technologies to produce products which are used in a number of advanced pharmaceutical, electronic and industrial applications. Typical products include purified metals such as bismuth, gallium, germanium, indium, selenium and tellurium, inorganic chemicals based on such metals and compound semiconductor wafers. Many of these are critical precursors and key enablers in markets such as solar, light-emitting diodes and eco-friendly materials.

Forward-Looking Statements and Disclaimer

This press release may contain forward-looking information within the meaning of applicable securities laws. All information and statements other than statements of historical facts contained in this press release are forward-looking information. Such statements and information may be identified by words such as “about”, “approximately”, “may”, “believes”, “expects”, “will”, “intends”, “should”, “plans”, “predicts”, “potential”, “projects”, “anticipates”, “estimates”, “continues” or similar words or the negative thereof or other comparable terminology. Forward-looking statements are based on the best estimates available to 5N Plus at this time and involve known and unknown risks, uncertainties and other factors that may cause 5N Plus’ actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. A description of the risks affecting 5N Plus’ business and activities appears under the heading “Risk and Uncertainties” of 5N Plus’ 2016 MD&A dated February 21, 2017 and notes 11 and 12 of the unaudited condensed interim consolidated financial statements for the three-month periods ended March 31, 2017 and 2016, available on SEDAR at www.sedar.com. No assurance can be given that any events anticipated by the forward-looking information in this press release will transpire or occur, or if any of them do so, what benefits that 5N Plus will derive therefrom. In particular, no assurance can be given as to the future financial performance of 5N Plus. The forward-looking information contained in this press release is made as of the date hereof and 5N Plus undertakes no obligation to publicly update such forward-looking information to reflect new information, subsequent or otherwise, unless required by applicable securities laws. The reader is warned against placing undue reliance on these forward-looking statements.

– 30 –

Contact:

Jean Mayer
Vice President, Legal Affairs
also in charge of investor relations
5N Plus Inc.
(514) 856-0644 x6178
invest@5nplus.com

5N PLUS INC.Condensed Interim Consolidated Statements of Financial Position
(in thousands of United States dollars)

	March 31 2017	December 31 2016
	\$	\$
Assets		
Current		
Cash and cash equivalents	23,023	24,301
Accounts receivable	38,225	29,799
Inventories	75,074	80,309
Income tax receivable	6,930	6,819
Other current assets	3,753	2,831
Total current assets	147,005	144,059
Property, plant and equipment	58,435	59,945
Intangible assets	11,561	11,109
Deferred tax assets	1,758	1,883
Investment accounted for using the equity method	778	779
Derivative financial assets	818	189
Other assets	1,043	1,093
Total non-current assets	74,393	74,998
Total assets	221,398	219,057
Liabilities		
Current		
Trade and accrued liabilities	53,124	57,381
Income tax payable	8,616	8,422
Current portion of long-term debt	330	325
Total current liabilities	62,070	66,128
Convertible debentures	44,356	43,157
Deferred tax liabilities	1,939	715
Employee benefit plan obligation	14,688	14,813
Derivative financial liabilities	47	68
Other liabilities	5,656	5,662
Total non-current liabilities	66,686	64,415
Total liabilities	128,756	130,543
Equity		
Equity holders of 5N Plus Inc.	92,651	88,522
Non-controlling interests	(9)	(8)
Total equity	92,642	88,514
Total liabilities and equity	221,398	219,057

5N PLUS INC.

Condensed Interim Consolidated Statements of Earnings (Loss)

For the three-month periods ended March 31

(in thousands of United States dollars, except per share information)

	2017	2016
	\$	\$
Revenue	60,870	63,868
Cost of sales	48,760	53,739
Selling, general and administrative expenses	7,039	6,378
Other (revenues) expenses	(2,724)	3,050
Share of loss (gain) from joint ventures	8	(113)
	53,083	63,054
Operating earnings	7,787	814
Finance expense		
Interest on long-term debt	815	880
Imputed interest and other interest expense	990	1,819
Changes in fair value of debenture conversion option	(22)	309
Foreign exchange and derivative loss	177	27
	1,960	3,035
Earnings (loss) before income taxes	5,827	(2,221)
Income tax expense (recovery)		
Current	318	699
Deferred	1,356	(1,011)
	1,674	(312)
Net earnings (loss)	4,153	(1,909)
Attributable to:		
Equity holders of 5N Plus Inc.	4,154	(1,907)
Non-controlling interests	(1)	(2)
	4,153	(1,909)
Earnings (loss) per share attributable to equity holders of 5N Plus Inc.	0.05	(0.02)
Basic earning (loss) per share	0.05	(0.02)
Diluted earnings (loss) per share	0.05	(0.02)

5N PLUS INC.

(in thousands of United States dollars)

Revenue by Segment and Gross Margin	Q1 2017	Q1 2016	Change
	\$	\$	
Electronic Materials	19,339	19,568	(1%)
Eco-Friendly Materials	41,531	44,300	(6%)
Total revenue	60,870	63,868	(5%)
Cost of sales	(48,760)	(53,739)	(9%)
Depreciation on property, plant and equipment (PPE)	1,973	2,246	(12%)
Gross margin¹	14,083	12,375	14%
Gross margin percentage¹	23.1%	19.4%	

Adjusted EBITDA and EBITDA	Q1 2017	Q1 2016
	\$	\$
Revenue	60,870	63,868
Adjusted operating expenses ^{1*}	(54,798)	(59,618)
Adjusted EBITDA ¹	6,072	4,250
Impairment of inventory	-	-
Gain on disposal of property, plant and equipment	390	-
Litigation and restructuring income (costs)	3,368	(1,030)
Change in fair value of debenture conversion option	22	(309)
Foreign exchange and derivative loss	(177)	(27)
EBITDA ¹	9,675	2,884
Interest on long-term debt, imputed interest and other interest expense	1,805	2,699
Depreciation and amortization	2,043	2,406
Earnings (loss) before income taxes	5,827	(2,221)
Income tax expense (recovery)		
Current	318	699
Deferred	1,356	(1,011)
	1,674	(312)
Net earnings (loss)	4,153	(1,909)

*Excluding litigation and restructuring (income) costs, gain on disposal of property, plant and equipment and depreciation and amortization.

Net Debt	As at March 31, 2017	As at December 31, 2016
	\$	\$
Bank indebtedness	-	-
Long-term debt including current portion	330	325
Convertible debentures	44,356	43,157
Cross-currency swap	(818)	(189)
Total Debt	43,868	43,293
Cash and cash equivalents	(23,023)	(24,301)
Net Debt¹	20,845	18,992