



PRESS RELEASE

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5N Plus Reports Financial Results for the First Quarter Ended March 31, 2018

Montreal, Québec, May 1, 2018 – 5N Plus Inc. (TSX:VNP) (“5N Plus” or the “Company”), a leading producer of engineered materials, today reported financial results for the first quarter ended March 31, 2018. All amounts are expressed in U.S. dollars.

5N Plus posted a strong first quarter in 2018, with healthy demand for the Company’s products across several sectors within the Eco-Friendly Materials and Electronic Materials segments. The Company continued to reap benefits from implementation of the first pillar of its Strategic Plan 5N21 and has shifted more resources to address the second and third pillars of the plan, namely; extracting more value from upstream activities and delivering quality growth.

- Adjusted EBITDA¹ and EBITDA¹ for the first quarter of 2018 reached \$7.9 million and \$7.8 million compared to \$6.6 million and \$9.7 million during the same quarter of 2017. The Adjusted EBITDA reflects improved profitability, supported by a favorable sales mix, strong product demand and overall performance of operating activities, while the EBITDA for the first quarter of 2017 was positively impacted by higher non-recurring items.
- Revenue for Q1 2018 reached \$58.5 million compared to \$60.9 million for Q1 2017, with gross margin¹ reaching 25.1% in Q1 2018 compared to 23.1% in 2017, reflecting an improved product mix compared to the same quarter of last year.
- Net earnings for the first quarter of 2018 reached \$3.0 million or \$0.04 per share compared to \$4.2 million or \$0.05 per share for the same period last year.
- Net debt¹ stood at \$20.8 million as at March 31, 2018 which was the same level as at March 31, 2017, but higher than December 31, 2017 due to an increase in working capital requirements.
- Annualized Return on Capital Employed (ROCE)¹ represented 15.2% for the first quarter of 2018 compared to 15.6% for fiscal year 2017.
- As at March 31, 2018, the Backlog¹ reached a level of 172 days of sales outstanding, representing an increase of 44 days when compared to the same period last year, and a decrease of 15 days compared to the previous quarter. Bookings¹ in Q1 2018 reached 96 days compared to 108 days in Q4 2017 and 97 days in Q1 2017.
- On April 11, 2018, 5N Plus announced expansion of capacity and capability in its upstream activities across South East Asia and Europe to further enhance the Company’s competitive access to specialty metals which are key ingredients in its products and a notable pass-through component of cost of goods sold.

- On April 24, 2018, 5N Plus announced the closing of a \$79 million senior secured multi-currency revolving syndicated credit facility, with a \$30 million accordion feature which would increase the total size of the facility to \$109 million, replacing its existing \$50 million credit facility.
- On April 30, 2018, 5N Plus announced that it has secured a series of multi-year contracts for the supply of semiconductor materials and ancillary services associated with the manufacturing of thin film photovoltaic (PV) modules by First Solar, Inc.
- The Company will provide its 2018 guidance during the conference call with financial analysts scheduled on May 2, 2018 at 8:00 a.m. Eastern Daylight Time.

Arjang Roshan, President and Chief Executive Officer, said “After a strong finish in 2017, we are pleased by how the first quarter of 2018 has taken shape.” Mr. Roshan added “With the first pillar of our strategic plan nearly completed, 5N Plus has emerged as a leader in its core businesses with improved margins and we are now focusing our resources on new growth initiatives linked with the second and third pillars of our strategic plan 5N21.” Mr. Roshan concluded “We are excited by the potential we see across our businesses and we will remain focused and disciplined to ensure our future success.”

Webcast Information

5N Plus will host a conference call on Wednesday, May 2, 2018 at 8:00 am EDT with financial analysts to discuss results of the quarter ended March 31, 2018. 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 9, 2018.

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 6776244.

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, share-based compensation expense, impairment of non-current assets, litigation and restructuring costs (income), 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.

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.

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.

Return on Capital Employed (ROCE) is a non-IFRS financial measure, calculated by dividing the annualized Adjusted EBIT by capital employed at the end of the period. Adjusted EBIT is calculated as the Adjusted EBITDA less depreciation and amortization (adjusted for accelerated depreciation charge, if any). Capital employed is the sum of the accounts receivable, the inventory, the PPE, the goodwill and intangibles less trade and accrued liabilities (adjusted for exceptional items). We use ROCE to measure the return on capital employed, whether the financing is through equity or debt. In our view, this measure provides useful information to determine if capital invested in the Company yields competitive returns. The usefulness of ROCE is limited by the fact that it is a ratio and not providing information as to the absolute amount of our net income, debt or equity. It also excludes certain items from the calculation and other companies may use a similar measure but calculate it differently.

About 5N Plus Inc.

5N Plus is a leading producer of engineered materials. 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 pharmaceutical, healthcare, renewable energy, aerospace, security and sensing, imaging, technical and industrial materials, extractive and catalytic materials, and animal feed additive industries.

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’ 2017 MD&A dated February 20, 2018 and note 12 of the unaudited condensed interim consolidated financial statements for the three-month periods ended March 31, 2018 and 2017 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.

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5N PLUS INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
(in thousands of United States dollars) (unaudited)

	March 31 2018	December 31 2017
	\$	\$
Assets		
Current		
Cash and cash equivalents	25,143	34,024
Accounts receivable	29,405	25,639
Inventories	92,946	90,647
Income tax receivable	6,169	6,145
Other current assets	9,054	8,773
Total current assets	162,717	165,228
Property, plant and equipment	56,521	56,607
Intangible assets	11,050	10,856
Deferred tax assets	7,197	6,891
Investment accounted for using the equity method	751	718
Derivative financial assets	2,334	3,602
Other assets	988	1,030
Total non-current assets	78,841	79,704
Total assets	241,558	244,932
Liabilities		
Current		
Trade and accrued liabilities	49,853	57,043
Income tax payable	11,531	11,339
Current portion of long-term debt	264	271
Total current liabilities	61,648	68,653
Convertible debentures	48,027	48,768
Deferred tax liabilities	248	251
Employee benefit plan obligation	15,495	15,396
Other liabilities	6,555	6,436
Total non-current liabilities	70,325	70,851
Total liabilities	131,973	139,504
Equity		
Equity holders of 5N Plus Inc.	109,606	105,446
Non-controlling interest	(21)	(18)
Total equity	109,585	105,428
Total liabilities and equity	241,558	244,932

5N PLUS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS

For the three-month periods ended March 31

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

	2018	2017
	\$	\$
Revenue	58,547	60,870
Cost of sales	45,894	48,760
Selling, general and administrative expenses	6,819	7,039
Other expenses (revenues), net	80	(2,724)
Share of (gain) loss from joint ventures	(2)	8
	52,791	53,083
Operating earnings	5,756	7,787
Financial expenses		
Interest on long-term debt	793	815
Imputed interest and other interest expense	709	990
Changes in fair value of debenture conversion option	-	(22)
Foreign exchange and derivative loss	204	177
	1,706	1,960
Earnings before income taxes	4,050	5,827
Income tax expense (recovery)		
Current	1,397	318
Deferred	(395)	1,356
	1,002	1,674
Net earnings	3,048	4,153
Attributable to:		
Equity holders of 5N Plus Inc.	3,051	4,154
Non-controlling interest	(3)	(1)
	3,048	4,153
Earnings per share attributable to equity holders of 5N Plus Inc.	0.04	0.05
Basic earnings per share	0.04	0.05
Diluted earnings per share	0.04	0.05

5N PLUS INC.
(in thousands of United States dollars)

Revenue by Segment and Gross Margin	Q1 2018	Q1 2017
	\$	\$
Electronic Materials	20,623	19,339
Eco-Friendly Materials	37,924	41,531
Total revenue	58,547	60,870
Cost of sales	(45,894)	(48,760)
Depreciation on property, plant and equipment (PPE)	2,036	1,973
Gross margin¹	14,689	14,083
Gross margin percentage¹	25.1%	23.1%

Adjusted EBITDA and EBITDA	Q1 2018	Q1 2017
	\$	\$
Revenue	58,547	60,870
Adjusted operating expenses ^{1*}	(50,662)	(54,224)
Adjusted EBITDA ¹	7,885	6,646
Impairment of inventory	-	-
Share-based compensation expense	(654)	(574)
Litigation and restructuring income	588	3,368
Gain on disposal of property, plant and equipment	185	390
Change in fair value of debenture conversion option	-	22
Foreign exchange and derivative loss	(204)	(177)
EBITDA ¹	7,800	9,675
Interest on long-term debt, imputed interest and other interest expense	1,502	1,805
Depreciation and amortization	2,248	2,043
Earnings before income taxes	4,050	5,827
Income tax expense (recovery)		
Current	1,397	318
Deferred	(395)	1,356
	1,002	1,674
Net earnings	3,048	4,153
Basic earnings per share	\$0.04	\$0.05
Diluted earnings per share	\$0.04	\$0.05

**Excluding share-based compensation expense, litigation and restructuring income, gain on disposal of property, plant and equipment and depreciation and amortization.*

Net Debt	As at March 31, 2018	As at December 31, 2017
	\$	\$
Bank indebtedness	-	-
Long-term debt including current portion	264	271
Convertible debentures	48,027	48,768
Cross-currency swap	(2,334)	(3,602)
Total Debt	45,957	45,437
Cash and cash equivalents	(25,143)	(34,024)
Net Debt¹	20,814	11,413

¹ See Non-IFRS Measures