



PRESS RELEASE

RELEASE DATE: August 7, 2018

5N Plus Reports Financial Results for the Second Quarter Ended June 30, 2018

Montreal, Québec, August 7, 2018 – 5N Plus Inc. (TSX:VNP) (“5N Plus” or the “Company”), a leading producer of engineered materials, today reported financial results for the second quarter ended June 30, 2018. All amounts are expressed in U.S. dollars.

5N Plus posted a strong second quarter, delivering the best Adjusted EBITDA¹ over the past four quarters, with healthy demand for the Company’s products across several sectors of its segments. This was especially notable for the Extractive and Catalytic Materials, on track to reach a record level since its inception a few years ago and the Company’s ultra-high purity materials running at full capacity.

During the quarter, the Company continued to focus on its growth initiatives while improving its core activities. Additional gains in terms of throughput and working capital are expected in the coming quarters. In the meanwhile, Return on Capital Employed¹ (ROCE) has improved and the Company continues to make progress toward the objectives related to the second and third pillars of 5N21, which are to increase contribution from upstream activities and to deliver quality growth from new initiatives.

- Adjusted EBITDA¹ and EBITDA¹ for the six-month period ended June 30, 2018 reached \$16.9 million and \$15.7 million compared to \$15.9 million and \$16.0 million for the same period of 2017. The increase in Adjusted EBITDA reflects improved profitability, supported by a favorable sales mix, strong product demand and overall performance of the operating activities.
- Adjusted EBITDA and EBITDA for the second quarter of 2018 reached \$9.0 million and \$7.9 million compared to \$9.2 million and \$6.3 million for the same quarter of 2017.
- Revenue in Q2 2018 reached \$58.4 million compared to \$56.2 million in Q2 2017, positively impacted by sales mix, and gross margin¹ reached 26.5% in Q2 2018.
- Net earnings were \$3.4 million or \$0.04 per share in the second quarter of 2018 and 2017.
- Net debt¹ stood at \$19.4 million as at June 30, 2018, higher than December 31, 2017 due to an increase in working capital requirements.
- Annualized ROCE represented 16.8% in the second quarter of 2018 compared to 15.6% at the end of 2017.
- As at June 30, 2018, the backlog¹ reached a level of 170 days of sales outstanding, representing an increase of 35 days compared to June 30, 2017, and a decrease of 2 days compared to March 31, 2018. Bookings¹ in Q2 2018 reached 89 days compared to 87 days in Q2 2017, and 96 days in Q1 2018.

¹ See Non-IFRS Measures

- On May 29, 2018, 5N Plus announced that it has exercised its right to partially redeem its 5.75% convertible unsecured subordinated debentures maturing on June 30, 2019, in an aggregate principal amount of CA\$40.0 million on July 3, 2018. Following such partial repayment, the aggregate principal amount of debentures outstanding is CA\$26.0 million, reducing future cost of the Company's gross debt.
- On July 31, 2018, 5N Plus announced that it is doubling the capacity of its ultra-high purity Semiconductor plant located on its Montreal campus to serve the growing demand for the Company's specialty semiconductor materials, which are becoming the materials of choice for advanced sensing and imaging technologies utilized in a new generation of medical devices, and in security and defense applications.

Arjang Roshan, President and Chief Executive Officer, said "As we deliver the results for the first half of 2018, we are pleased with the Company's earnings growth and progress toward delivering the targets articulated in our strategic plan 5N21." Mr. Roshan added "We are selectively investing in our growth and upstream activities while continuing to deliver strong margins from our core businesses. We have further improved the return on capital employed and expect more progress as we continue to climb the learning curve which has been afforded by the transformation in our business model." Mr. Roshan concluded "As we move to the second half of 2018, we remain fully committed to our guidance for the year. We also remain on track to deliver \$45 million in Adjusted EBITDA and 17% return on capital employed by 2021."

Webcast Information

5N Plus will host a conference call on Wednesday, August 8, 2018 at 8:00 am ET with financial analysts to discuss results of the quarter ended June 30, 2018. All interested parties are invited to participate in the live broadcast on the Company's website at www.5nplus.com. A replay of the webcast and a recording of the Q&A will be available until August 15, 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 2167787.

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 and impairment inventory charge. 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 are 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 June 30, 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.

– 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) (unaudited)

	June 30 2018	December 31 2017
	\$	\$
Assets		
Current		
Cash and cash equivalents	29,032	34,024
Accounts receivable	27,424	25,639
Inventories	91,579	90,647
Income tax receivable	5,696	6,145
Other current assets	10,040	8,773
Total current assets	163,771	165,228
Property, plant and equipment	56,395	56,607
Intangible assets	11,112	10,856
Deferred tax assets	9,093	6,891
Investment accounted for using the equity method	789	718
Derivative financial assets	484	3,602
Other assets	1,383	1,030
Total non-current assets	79,256	79,704
Total assets	243,027	244,932
Liabilities		
Current		
Trade and accrued liabilities	47,725	57,043
Income tax payable	12,408	11,339
Current portion of long-term debt	182	271
Current portion of convertible debentures	18,755	-
Total current liabilities	79,070	68,653
Long-term debt	30,000	-
Convertible debentures	-	48,768
Deferred tax liabilities	246	251
Employee benefit plan obligation	14,688	15,396
Other liabilities	6,552	6,436
Total non-current liabilities	51,486	70,851
Total liabilities	130,556	139,504
Equity		
Equity holders of 5N Plus Inc.	112,489	105,446
Non-controlling interest	(18)	(18)
Total equity	112,471	105,428
Total liabilities and equity	243,027	244,932

5N PLUS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS

For the three and six-month periods ended June 30

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

	Three months		Six months	
	2018	2017	2018	2017
	\$	\$	\$	\$
Revenue	58,359	56,229	116,906	117,099
Cost of sales	44,916	42,049	90,810	90,809
Selling, general and administrative expenses	6,685	6,434	13,504	13,473
Other expenses (revenues), net	1,116	2,768	1,196	44
Share of loss from joint ventures	24	113	22	121
	52,741	51,364	105,532	104,447
Operating earnings	5,618	4,865	11,374	12,652
Financial expense				
Interest on long-term debt	832	822	1,625	1,637
Imputed interest and other interest expense	2,174	602	2,883	1,592
Changes in fair value of debenture conversion option	-	316	-	294
Foreign exchange and derivative (gain) loss	(23)	182	181	359
	2,983	1,922	4,689	3,882
Earnings before income taxes	2,635	2,943	6,685	8,770
Income tax expense (recovery)				
Current	1,076	992	2,473	1,310
Deferred	(1,861)	(1,464)	(2,256)	(108)
	(785)	(472)	217	1,202
Net earnings	3,420	3,415	6,468	7,568
Attributable to:				
Equity holders of 5N Plus Inc.	3,417	3,416	6,468	7,570
Non-controlling interests	3	(1)	-	(2)
	3,420	3,415	6,468	7,568
Earnings per share attributable to equity holders of 5N Plus Inc.	0.04	0.04	0.08	0.09
Basic earnings per share	0.04	0.04	0.08	0.09
Diluted earnings per share	0.04	0.04	0.08	0.09

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

Revenue by Segment and Gross Margin	Q2 2018	Q2 2017	Change	YTD 2018	YTD 2017	Change
	\$	\$		\$	\$	
Electronic Materials	21,418	18,566	15%	42,041	37,905	11%
Eco-Friendly Materials	36,941	37,663	(2%)	74,865	79,194	(5%)
Total revenue	58,359	56,229	4%	116,906	117,099	-
Cost of sales	(44,916)	(42,049)	7%	(90,810)	(90,809)	-
Depreciation on property, plant and equipment (PPE)	2,004	1,867	7%	4,040	3,840	5%
Gross margin¹	15,447	16,047	(4%)	30,136	30,130	-
Gross margin percentage¹	26.5%	28.5%		25.8%	25.7%	

Adjusted EBITDA and EBITDA	Q2 2018	Q2 2017	YTD 2018	YTD 2017
	\$	\$	\$	\$
Revenue	58,359	56,229	116,906	117,099
Adjusted operating expenses ^{1*}	(49,387)	(46,993)	(100,049)	(101,217)
Adjusted EBITDA ¹	8,972	9,236	16,857	15,882
Impairment of inventory	-	-	-	-
Share-based compensation expense	(1,135)	(2,397)	(1,789)	(2,971)
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	-	(316)	-	(294)
Foreign exchange and derivative gain (loss)	23	(182)	(181)	(359)
EBITDA ¹	7,860	6,341	15,660	16,016
Interest on long-term debt, imputed interest and other interest expense	3,006	1,424	4,508	3,229
Depreciation and amortization	2,219	1,974	4,467	4,017
Earnings before income taxes	2,635	2,943	6,685	8,770
Income tax expense (recovery)				
Current	1,076	992	2,473	1,310
Deferred	(1,861)	(1,464)	(2,256)	(108)
	(785)	(472)	217	1,202
Net earnings	3,420	3,415	6,468	7,568
Basic earnings per share	\$0.04	\$0.04	\$0.08	\$0.09
Diluted earnings per share	\$0.04	\$0.04	\$0.08	\$0.09

*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 June 30, 2018	As at December 31, 2017
	\$	\$
Revolving credit facility	30,000	-
Long-term debt, current portion	182	271
Convertible debentures	18,755	48,768
Cross-currency swap	(484)	(3,602)
Total Debt	48,453	45,437
Cash and cash equivalents	(29,032)	(34,024)
Net Debt¹	19,421	11,413

¹ See Non-IFRS Measures