



PRESS RELEASE

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5N Plus Reports Financial Results for the First Quarter Ended March 31, 2019

Montreal, Québec, April 30, 2019 – 5N Plus Inc. (TSX:VNP) (“5N Plus” or the “Company”), a leading global producer of engineered materials and specialty chemicals, today reported financial results for the first quarter ended March 31, 2019. All amounts are expressed in U.S. dollars.

5N Plus entered 2019 with strong demand for products across core and growth businesses and maintained a strong backlog and booking levels throughout the first quarter of the year. During this period, the Company faced production challenges negatively impacting overall sales. Within the core business of 5N Plus, these challenges were largely associated with equipment downtime as the demand for certain products increased dramatically. In the case of growth initiatives, the major challenges stemmed from production processes associated with new materials, for which the increased demand resulted in mass-scaling production challenges.

- Adjusted EBITDA¹ and EBITDA¹ for the first quarter of 2019 reached \$5.6 million and \$4.2 million compared to \$7.9 million and \$7.8 million during the same quarter of 2018.
- Revenue for Q1 2019 reached \$51.4 million compared to \$58.5 million for Q1 2018, in large part reflecting the impact of production challenges and to a lesser extent the impact of lower metal notations.
- Net loss for the first quarter of 2019 was \$1.1 million or \$0.01 per share compared to net earnings of \$3.0 million or \$0.04 per share for the same period last year.
- Annualized Return on Capital Employed (ROCE)¹ reached 8.6% for the first quarter of 2019, largely influenced by the lower Adjusted EBIT¹ performance impacted by production challenges.
- Net debt¹ stood at \$33.0 million as of March 31, 2019 from \$20.8 million for the same period last year, impacted by additional working capital.
- As at March 31, 2019, the Backlog¹ reached a level of 202 days of sales outstanding, slightly lower than last quarter ending at 217 days, however much higher than Q1 2018 ending at a level of 172 days. Bookings¹ in Q1 2019 reached 92 days compared to 105 days in Q4 2018 and 96 days in Q1 2018.
- On February 18, 2019, 5N Plus confirmed that its U.S. based subsidiary, 5N Plus Semiconductors, had been awarded a multi-year program to supply opto-electronic semiconductor substrates to Albuquerque, New Mexico based SolAero Technologies. The substrates are intended for use in satellite solar arrays for a number of applications, including powering a constellation of several hundreds low-orbit broadband satellites being manufactured by Airbus OneWeb Satellites. This network of satellites will provide global, persistent, low latency internet access that promises to bridge the digital divide.

¹ See Non-IFRS Measures

- Based on current production challenges along with higher production volumes but contracted margins within the Renewable Energy Sector as per the long-term contracts, Adjusted EBITDA is expected to land between \$26 million to \$30 million with the second half performing better than the first half of the year.
- On February 27, 2019, 5N Plus announced that the Toronto Stock Exchange approved 5N Plus' normal course issuer bid ("NCIB"). Under the NCIB, 5N Plus has the right to purchase for cancellation, from March 1, 2019 to February 29, 2020, a maximum of 3,515,926 common shares. From March 1, 2019 to March 31, 2019, 5N Plus has purchased and cancelled 384,379 of the Company's shares under the NCIB plan.

Arjang Roshan, President and Chief Executive Officer, said "We have begun a staging year in which 5N Plus will develop the firm footing needed to deliver the \$45M EBITDA and 17% ROCE by 2021, as stipulated by the Company's 5N21 strategic plan." Mr. Roshan added "As expected, we are experiencing challenges associated with mass scale production of new materials within our core and growth businesses." Mr. Roshan concluded "On behalf of 5N Plus, I would like to express my deepest gratitude to our customers who are working very closely with us. This level of collaboration and guidance is proving to be invaluable as we address growing pains associated with the type of transformation 5N Plus is undergoing."

Webcast Information

5N Plus will host a conference call on Wednesday, May 1, 2019 at 8:00 am Eastern Time with financial analysts to discuss results of the first quarter ended March 31, 2019. 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 May 8, 2019.

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 9149396.

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 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, subtracting cash and cash equivalents, included as debt is the current portion and the cross-currency swap related to the convertible debentures, any newly introduced IFRS 16 reporting measures in reference to lease liabilities is excluded from the calculation.

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 of PPE and amortization of intangible assets (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 global producer of engineered materials and specialty chemicals with integrated recycling and refining assets to manage the sustainability of its business model. The Company is headquartered in Montreal, Québec, Canada and operates R&D, manufacturing and commercial centers in several locations in Europe, the Americas and Asia. 5N Plus deploys a range of proprietary and proven technologies to manufacture products which are used as enabling precursors by its customers in a number of advanced electronics, optoelectronics, pharmaceutical, health, renewable energy and industrial applications. Many of the materials produced by 5N Plus are critical for the functionality and performance of the products and systems produced by its customers, many of whom are leaders within their industry.

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’ 2018 MD&A dated February 26, 2019 and note 12 of the unaudited condensed interim consolidated financial statements for the three-month periods ended March 31, 2019 and 2018 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.INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands of United States dollars) (unaudited)

	March 31 2019	December 31 2018
	\$	\$
Assets		
Current		
Cash and cash equivalents	22,163	26,724
Accounts receivable	28,163	22,984
Inventories	95,320	96,889
Income tax receivable	5,499	4,891
Other current assets	9,071	7,797
Total current assets	160,216	159,285
Property, plant and equipment	56,855	57,297
Right of use assets	6,916	-
Intangible assets	11,292	11,199
Deferred tax assets	8,608	7,872
Other assets	1,345	1,404
Total non-current assets	85,016	77,772
Total assets	245,232	237,057
Liabilities		
Current		
Trade and accrued liabilities	35,658	39,249
Income tax payable	7,425	7,732
Derivative financial liabilities	-	197
Current portion of long-term debt	179	175
Current portion of convertible debentures	-	18,571
Current portion of lease liabilities	1,558	-
Total current liabilities	44,820	65,924
Long-term debt	55,000	30,000
Deferred tax liabilities	265	266
Employee benefit plan obligation	15,156	14,619
Lease liabilities	5,394	-
Other liabilities	6,530	6,545
Total non-current liabilities	82,345	51,430
Total liabilities	127,165	117,354
Equity	118,067	119,703
Total liabilities and equity	245,232	237,057

5N PLUS INC.

INTERIM CONSOLIDATED STATEMENTS OF (LOSS) EARNINGS

For the three-month periods ended March 31

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

	2019	2018
	\$	\$
Revenue	51,413	58,547
Cost of sales	42,800	45,894
Selling, general and administrative expenses	5,516	6,819
Other expenses (income), net	1,800	80
Share of loss from joint ventures	-	(2)
	50,116	52,791
Operating earnings	1,297	5,756
Financial expense		
Interest on long-term debt	689	793
Imputed interest and other interest expense	714	709
Foreign exchange and derivative loss	287	204
	1,690	1,706
(Loss) earnings before income taxes	(393)	4,050
Income tax expense (recovery)		
Current	1,240	1,397
Deferred	(484)	(395)
	756	1,002
Net (loss) earnings	(1,149)	3,048
Attributable to:		
Equity holders of 5N Plus Inc.	(1,149)	3,051
Non-controlling interests	-	(3)
	(1,149)	3,048
(Loss) earnings per share attributable to equity holders of 5N Plus Inc.	(0.01)	0.04
Basic (loss) earnings per share	(0.01)	0.04
Diluted (loss) earnings per share	(0.01)	0.04

5N PLUS INC.

(in thousands of United States dollars)

Revenue by Segment and Gross Margin	Q1 2019	Q1 2018
	\$	\$
Electronic Materials	20,294	20,623
Eco-Friendly Materials	31,119	37,924
Total revenue	51,413	58,547
Cost of sales	(42,800)	(45,894)
Depreciation included in cost of sales	2,922	2,036
Gross margin¹	11,535	14,689
Gross margin percentage¹	22.4%	25.1%

Adjusted EBITDA and EBITDA	Q1 2019	Q1 2018
	\$	\$
Revenue	51,413	58,547
Adjusted operating expenses ^{1*}	(45,801)	(50,662)
Adjusted EBITDA ¹	5,612	7,885
Impairment of inventory	-	-
Share-based compensation expense	(1,137)	(654)
Litigation and restructuring income	-	588
Gain on disposal of property, plant and equipment (PPE)	-	185
Foreign exchange and derivative loss	(287)	(204)
EBITDA ¹	4,188	7,800
Interest on long-term debt, imputed interest and other interest expense	1,403	1,502
Depreciation and amortization	3,178	2,248
(Loss) earnings before income taxes	(393)	4,050
Income tax expense (recovery)		
Current	1,240	1,397
Deferred	(484)	(395)
	756	1,002
Net (loss) earnings	(1,149)	3,048
Basic earnings per share	(\$0.01)	\$0.04
Diluted earnings per share	(\$0.01)	\$0.04

¹Excluding share-based compensation expense, litigation and restructuring income, gain on disposal of property, plant and equipment, impairment of non-current assets and depreciation and amortization.

Net Debt	As at March 31, 2019	As at December 31, 2018
	\$	\$
Bank indebtedness	-	-
Long-term debt including current portion	55,179	30,175
Convertible debentures	-	18,571
Cross-currency swap	-	197
Total Debt¹	55,179	48,943
Cash and cash equivalents	(22,163)	(26,724)
Net Debt¹	33,016	22,219

¹ See Non-IFRS Measures