



5N PLUS

Enabling  
Technology's  
Performance

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# Earnings Conference Call

## Quarter ended

### March 31, 2017



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# Forward-Looking Statements

This presentation 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 presentation 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](http://www.sedar.com). No assurance can be given that any events anticipated by the forward-looking information in this presentation 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 presentation 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.

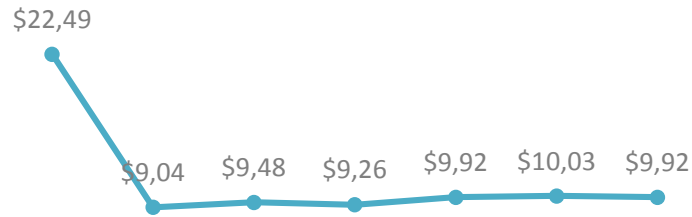


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# Metal Prices in U.S. dollars per kilo

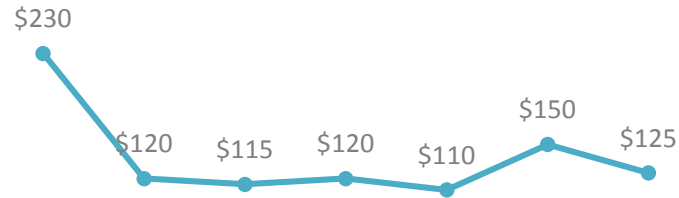
Quarter ended March 31, 2017

Bismuth



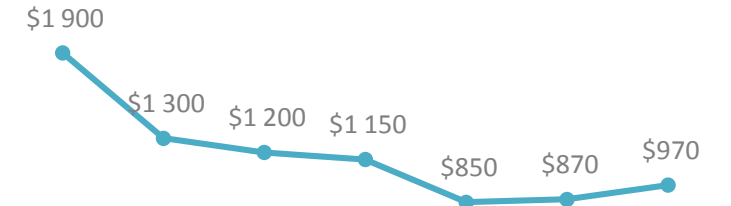
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Gallium



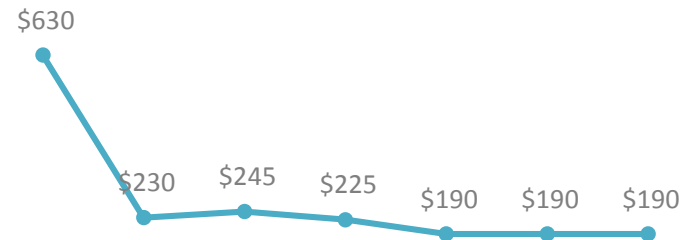
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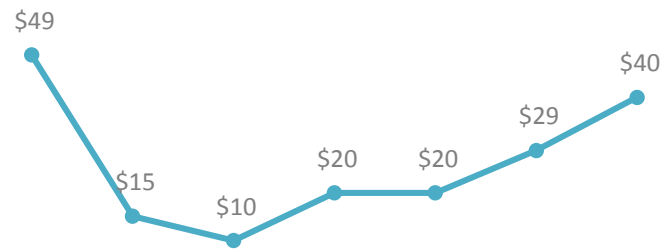
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Indium



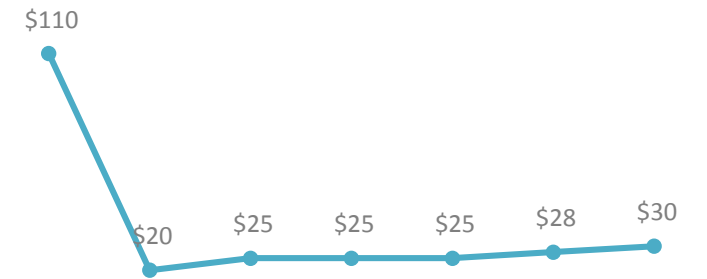
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Selenium



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Tellurium



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# Highlights

Quarter ended March 31, 2017

- Adjusted EBITDA<sup>1</sup> and EBITDA<sup>1</sup> 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 \$1.0M 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 margin<sup>1</sup> reaching 23.1% in Q1 2017 compared to 19.4% for the same period of 2016.
- Net debt<sup>1</sup> 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.
- Backlog<sup>1</sup> 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.
- 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%.

<sup>1</sup> See Non-IFRS Measures

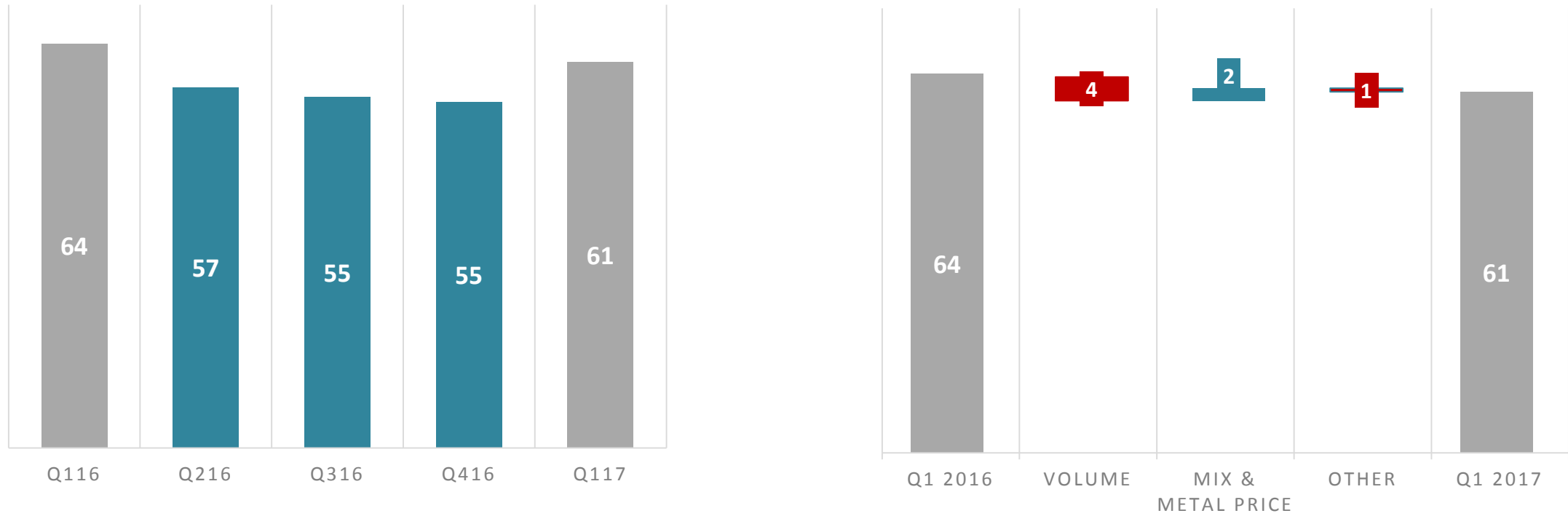


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# Revenue

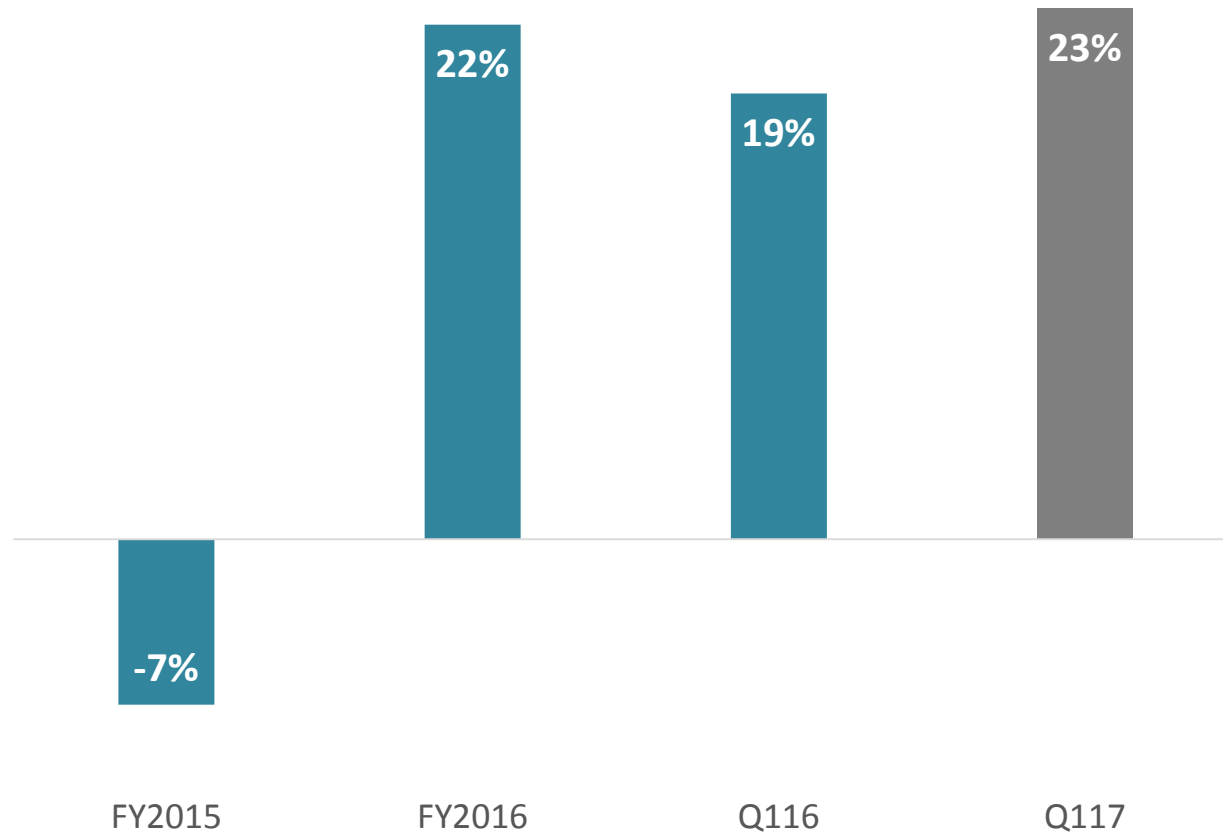
Quarter ended March 31, 2017

In millions of USD



# Gross Margin

Quarter ended March 31, 2017



Our revenue line is still impacted by underlying commodity prices. However, the moderate price stability in metals supported by our selective approach focused on better margin products are showing substantial improvement to our gross margin<sup>1</sup>.

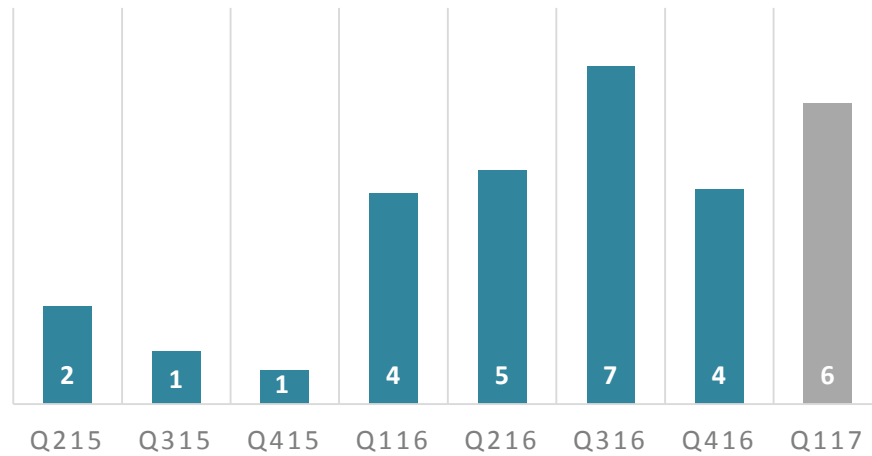
<sup>1</sup> See Non-IFRS Measures

# EBITDA and Adjusted EBITDA

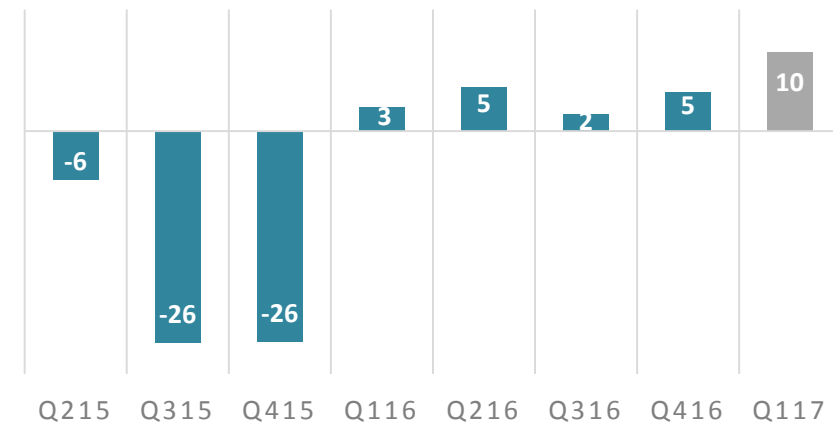
Quarter ended March 31, 2017

In millions of USD

Adjusted EBITDA<sup>1</sup>



EBITDA<sup>1</sup>

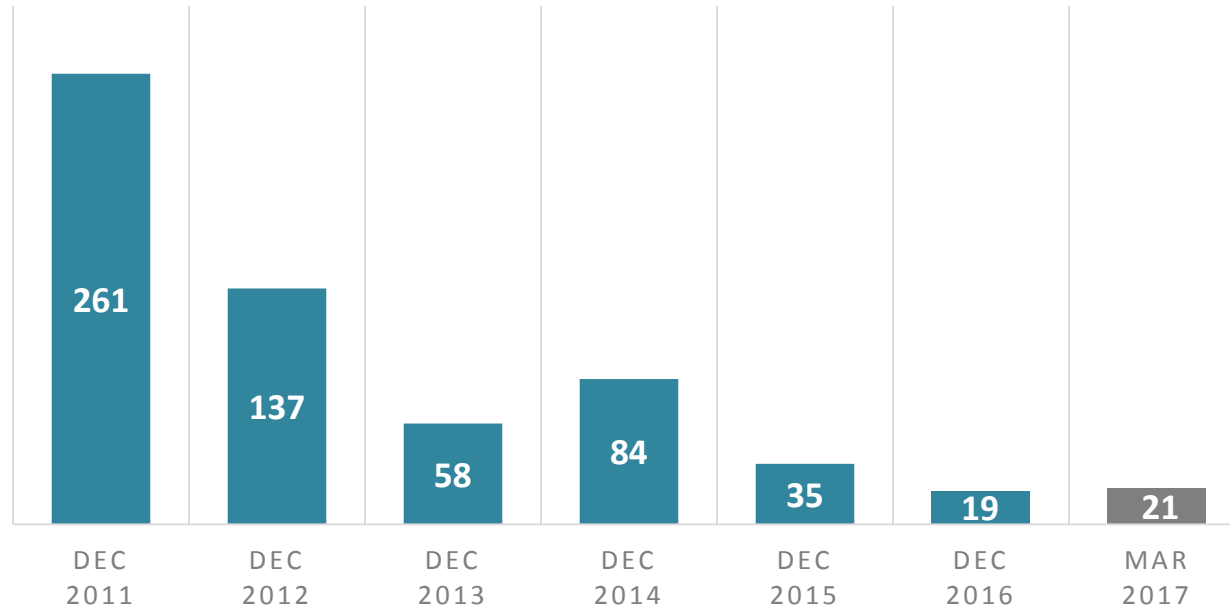


<sup>1</sup> See Non-IFRS Measures

# Net Debt Evolution

Quarter ended March 31, 2017

In millions of USD



**\$(240)**

Debt Reduction since DEC 2011

**\$(63)**

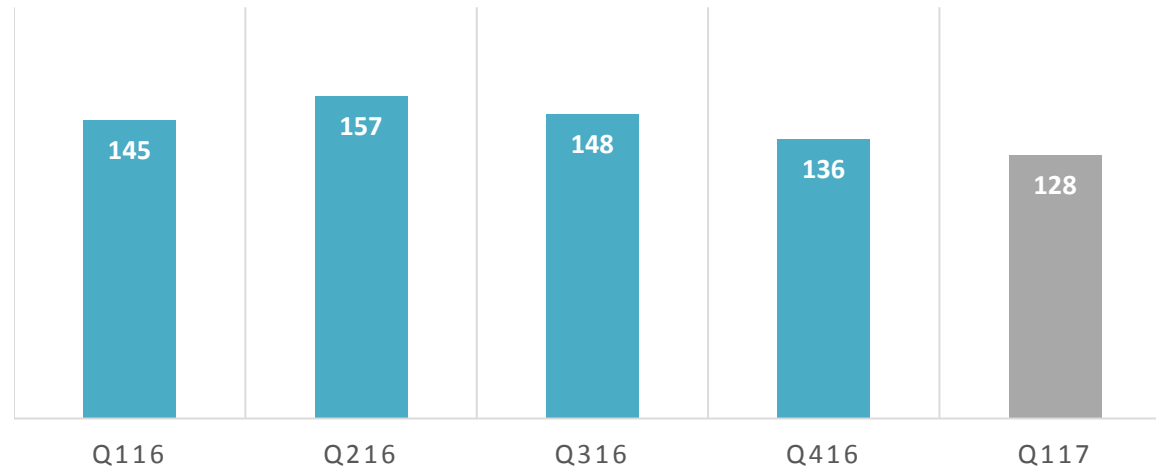
Debt Reduction since DEC 2014



# Backlog

Quarter ended March 31, 2017

In number of days



Backlog<sup>1</sup> 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, resulting from restructuring of certain contracts to balance market share against profitability, as well as client activities associated with retooling and upgrading of their manufacturing footprint.

<sup>1</sup> See Non-IFRS Measures



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# Non-IFRS Measures

Quarter ended March 31, 2017

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.

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.

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.

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.