



PRESS RELEASE

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5N Plus Reports Financial Results for the Second Quarter Ended June 30, 2016

Montreal, Québec, August 2, 2016 – 5N Plus Inc. (TSX:VNP), the leading producer of specialty metal and chemical products, today reported financial results for the second quarter ended June 30, 2016. All amounts are expressed in U.S. dollars.

The Company completed a second quarter characterized by healthy demand for its products in an environment of moderate stability with respect to most commodity prices resulting in the best quarter performance since 2014. In addition, the Company continued to manage cash diligently and operating expenses judiciously, ending the quarter once again with a solid balance sheet, presenting no usage of its credit facility and high level of liquidity.

- Adjusted EBITDA¹ and EBITDA¹ reached \$4.7 million and \$5.4 million in Q2 2016 compared to \$2.0 million and (\$6.0) million in Q2 2015. The Adjusted EBITDA recovered from the last 6 quarters accommodated by moderately stable commodity prices, favorable mix, and reduced operating expenses.
- Net debt¹ was reduced during the quarter standing at \$27.5 million as at June 30, 2016 down from \$58.4 million one year earlier, following reduction of working capital requirements and overall better performance.
- Revenues for Q2 2016 reached \$57.4 million compared to \$87.3 million for the same quarter of 2015, impacted by significant decrease of underlying commodity pricing over the course of 2015.
- Backlog¹ reached as at June 30, 2016 a level of 157 days of sales outstanding, an improvement over the backlog as at March 31, 2016 registered at 145 and June 30, 2015 at 137 days. Bookings¹ for the second quarter of 2016 reached 86 days compared to 89 days in the first quarter of 2016, and 73 days in the second quarter of 2015.

Arjang (AJ) Roshan, President and Chief Executive Officer, said “Following improved profitability in Q1 2016, we are encouraged by further improvement in our performance during Q2 2016. During the quarter, price of the metals we utilize in our products remained moderately stable, while working capital was further reduced as compare to the same period last year and Q1 2016. Consequently, any inherent influence from the metal markets on our performance in the reporting period was muted.”

¹ See Non-IFRS Measures

Mr. Roshan continued, “Given the environment of lower metal prices along with continued favorable product mix; in part driven by our selective approach toward market opportunities, significant improvement in Gross Margin¹ was realized when compared to last year. While the general market for a number of end-products associated with Gallium and Indium remained challenging, the demand for most other products remained healthy.”

Mr. Roshan concluded, “During this period, we finalized a Strategic Plan aimed at improving our profitability along with reducing our volatility exposure. As communicated last quarter, the highlights of the plan will be shared early September. In the meanwhile, we have moved forward with implementing certain aspects of the plan including maximization of the core business, appropriate positioning of the growth initiatives and optimization of the existing assets and operations. One immediate outcome from these activities has been the closure of a jointly-owned European manufacturing site and select regional corporate offices.”

Webcast Information

5N Plus will host a conference call on Wednesday, August 3, 2016 at 8:00 am ET with financial analysts and institutional investors to discuss results of the quarter ended June 30, 2016. 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 August 10, 2016.

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 57680403.

Non-IFRS Measures

EBITDA means net earnings (loss) before interest expenses (income), 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.

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 and restricted cash. We use it as an indicator of our overall financial position, and calculate it by taking our total debt, including the current portion, and subtracting cash and cash equivalents and restricted cash.

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.

¹ See Non-IFRS Measures

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

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’ 2015 MD&A dated February 23, 2016 and notes 11 and 12 of the unaudited condensed interim consolidated financial statements for the three and six-month periods ended June 30, 2016 and 2015, 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)

	June 30, 2016	December 31, 2015
	\$	\$
Assets		
Current		
Cash and cash equivalents	15,225	8,816
Accounts receivable	29,028	37,325
Inventories	82,665	89,052
Income tax receivable	3,235	2,632
Other current assets	1,430	1,820
Total current assets	131,583	139,645
Property, plant and equipment	63,510	67,646
Intangible assets	9,113	7,315
Deferred tax assets	4,003	3,478
Investment accounted for using the equity method	866	310
Derivative financial assets	1,538	-
Other assets	1,358	2,343
Total non-current assets	80,388	81,092
Total assets	211,971	220,737
Liabilities		
Current		
Trade and accrued liabilities	47,431	38,744
Income tax payable	5,674	6,598
Current portion of long-term debt	350	435
Total current liabilities	53,455	45,777
Long-term debt	-	1,512
Convertible debentures	43,879	40,288
Deferred tax liabilities	746	668
Employee benefit plan obligation	15,814	13,934
Derivative financial liabilities	345	1,530
Other liabilities	4,576	20,403
Total non-current liabilities	65,360	78,335
Total liabilities	118,815	124,112
Equity		
Equity holders of 5N Plus Inc.	93,164	96,632
Non-controlling interests	(8)	(7)
Total equity	93,156	96,625
Total liabilities and equity	211,971	220,737

5N PLUS INC.

Condensed Interim Consolidated Statements of Earnings (Loss)

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	
	2016	2015	2016	2015
	\$	\$	\$	\$
Revenue	57,435	87,250	121,303	182,913
Cost of sales	46,913	86,624	100,652	176,546
Selling, general and administrative expenses	6,773	6,719	13,151	13,743
Other expenses	1,516	13,132	4,566	14,327
Share of loss (gain) from joint ventures	39	(57)	(74)	21
	55,241	106,418	118,295	204,637
Operating earnings (loss)	2,194	(19,168)	3,008	(21,724)
Finance expense				
Interest on long-term debt	876	1,198	1,756	2,388
Imputed interest and other interest expense	989	1,549	2,808	2,442
Changes in fair value of debenture conversion option	(57)	(933)	252	(1,646)
Foreign exchange and derivative (gain) loss	(587)	2,362	(560)	(61)
	1,221	4,176	4,256	3,123
Earnings (loss) before income taxes	973	(23,344)	(1,248)	(24,847)
Income tax expense (recovery)				
Current	347	316	1,046	28
Deferred	539	(3,196)	(472)	(2,460)
	886	(2,880)	574	(2,432)
Net earnings (loss)	87	(20,464)	(1,822)	(22,415)
Attributable to:				
Equity holders of 5N Plus Inc.	86	(20,463)	(1,821)	(22,412)
Non-controlling interests	1	(1)	(1)	(3)
	87	(20,464)	(1,822)	(22,415)
Earnings (loss) per share attributable to equity holders of 5N Plus Inc.	-	(0.24)	(0.02)	(0.27)
Basic earnings (loss) per share	-	(0.24)	(0.02)	(0.27)
Diluted earnings (loss) per share	-	(0.24)	(0.02)	(0.27)

5N PLUS INC.

(Figures in thousands of United States dollars)

Funds from Operations

	Q2 2016	Q2 2015	YTD 2016	YTD 2015
	\$	\$	\$	\$
Funds from (used in) operations¹	4,521	(1,482)	6,992	(3,497)
Net acquisition of PPE and intangible assets	(1,539)	(5,313)	(3,443)	(11,567)
Working capital changes	(3,148)	22,877	3,866	37,534
Others	249	425	(19)	3,156
	(4,438)	17,989	404	29,123
Total movement in net debt¹	83	16,507	7,396	25,626
Net debt ¹ , beginning of period	(27,549)	(74,888)	(34,862)	(84,007)
Net debt¹, end of period	(27,466)	(58,381)	(27,466)	(58,381)

Revenue by Segment and Gross Margin

	Q2 2016	Q2 2015	YTD 2016	YTD 2015
	\$	\$	\$	\$
Electronic Materials	19,706	30,793	39,274	60,433
Eco-Friendly Materials	37,729	56,457	82,029	122,480
Total revenue	57,435	87,250	121,303	182,913
Cost of sales	(46,913)	(86,624)	(100,652)	(176,546)
Depreciation on property, plant and equipment	2,455	1,946	4,701	3,977
Gross margin¹	12,977	2,572	25,352	10,344
Gross margin percentage¹	22.6%	2.9%	20.9%	5.7%

EBITDA and Adjusted EBITDA

	Q2 2016	Q2 2015	YTD 2016	YTD 2015
	\$	\$	\$	\$
Revenue	57,435	87,250	121,303	182,913
Operating expenses *	(52,721)	(85,287)	(112,339)	(180,680)
Adjusted EBITDA ¹	4,714	1,963	8,964	2,233
Impairment of inventory	-	(6,500)	-	(6,500)
Litigation and restructuring costs	-	-	(1,030)	-
Change in fair value of debenture conversion option	57	933	(252)	1,646
Foreign exchange and derivative gain (loss)	587	(2,362)	560	61
EBITDA ¹	5,358	(5,966)	8,242	(2,560)
Interest on long-term debt, imputed interest and other interest expense	1,865	2,747	4,564	4,830
Depreciation and amortization	2,520	14,631	4,926	17,457
Earnings (loss) before income taxes	973	(23,344)	(1,248)	(24,847)

*Excluding litigation and restructuring costs and depreciation and amortization.

Backlog and Bookings

	BACKLOG ¹			BOOKINGS ¹		
	Q2 2016	Q1 2016	Q2 2015	Q2 2016	Q1 2016	Q2 2015
	\$	\$	\$	\$	\$	\$
Electronic Materials	49,790	48,481	68,368	21,015	20,824	18,095
Eco-Friendly Materials	48,825	53,192	62,981	33,362	41,778	51,742
Total	98,615	101,673	131,349	54,377	62,602	69,837

(number of days based on annualized revenues) *

	BACKLOG ¹			BOOKINGS ¹		
	Q2 2016	Q1 2016	Q2 2015	Q2 2016	Q1 2016	Q2 2015
Electronic Materials	231	226	203	97	97	54
Eco-Friendly Materials	118	110	102	81	86	84
Weighted average	157	145	137	86	89	73

*Bookings and backlog are also presented in number of days to normalize the impact of commodity prices.

¹ See Non-IFRS Measures