



## PRESS RELEASE

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### **5N Plus Inc. Reports Results for Quarter and Fiscal Year Ended December 31, 2012**

**Montreal, Québec, March 28, 2013** – 5N Plus Inc. (TSX:VNP), the leading producer of specialty metal and chemical products, today reported financial results for the quarter and fiscal year ended December 31, 2012 and announced that it has amended its senior secured multi-currency revolving credit facility.

**On August 24, 2011, the Company changed its financial year-end date from May 31 to December 31. As a result, the year ended December 31, 2011 comprises seven months.**

- Generated strong cash flow from operating activities of \$101.8 million in 2012. Net debt amounted to \$136.6 million on December 31, 2012 compared to \$260.6 million on December 31, 2011 and decreased by \$4 million in the fourth quarter 2012 and by \$124 million during 2012. Total debt amounted to \$148.4 million on December 31, 2012 compared to \$341.9 million on December 31, 2011 and decreased by \$1.4 million in the fourth quarter 2012 and by \$193.5 million in 2012.
- Adjusted EBITDA for the fourth quarter 2012 was \$6.4 million, a 10.4% decrease over Adjusted EBITDA of \$7.1 million for the fourth quarter 2011. Adjusted EBITDA in 2012 was \$37.9 million compared to \$37.4 million for the seven-month period ended December 31, 2011.
- The Company recorded in the fourth quarter 2012 goodwill and other non-current asset impairment charges of \$204.8 million due to longer-than-anticipated pricing softness in minor metals and a significant reduction in the market capitalization of the Company. This resulted in a net loss of \$212.0 million in the quarter and a net loss of \$227.9 million for 2012. This compares with net losses of \$37.2 million and \$22.5 million for the quarter and seven-month period ended December 31, 2011. Excluding impairment charges and reversals, restructuring costs and acquisition costs net of the related income tax, adjusted net earnings resulted in a loss of \$6.9 million in the fourth quarter 2012, of \$2.9 million for 2012 which compares to adjusted net earnings (loss) of (\$0.1) million and \$16.5 million for the quarter and seven-month period ended December 31, 2011.
- Revenues for the fourth quarter 2012 were \$128.6 million, a 13.9% decrease over revenues of \$149.4 million for the fourth quarter 2011. Revenues for 2012 increased to \$551.7 million representing a 40.8% increase over revenues of \$391.7 million for the seven-month period ended December 31, 2011.
- As at December 31, 2012, the backlog of orders expected to translate into sales over the following twelve months stood at \$165.8 million compared to \$162.3 million as at September 30, 2012 and to \$223.2 million a year ago.
- The Company amended its senior secured multi-currency revolving credit facility under which the facility will be reduced to \$100 million starting March 31, 2013 and could, at any time, be expanded to \$140 million at the Company's request through the exercise of an additional \$40 million accordion feature, subject to review and approval by the lenders.

Jacques L'Ecuyer, President and Chief Executive Officer, said "Despite a very challenging business environment we managed to maintain market share and generate significant cash flow enabling a sizeable reduction in debt. We also achieved commercial, technical and operational milestones including the completion of our Malaysian facility, breakthroughs at our Sylarus subsidiary, relocation of our Fairfield US operations to Wisconsin and further penetration of the Asian market.

Mr. L'Ecuyer continued, "Revenues, backlog and profitability were negatively impacted in the quarter and the year by low underlying commodity prices resulting in significant write-downs in the value of our inventories, non-current assets and goodwill, the latter having now been completely written off. Headwinds related to continuing concerns over European demand, the slowdown in the global economy and the structural changes in the solar industry continued to weigh on our performance. This was further exacerbated by the difficulties encountered with the integration of the former MCP activities leading to the departure of some senior executives from the former management team and the dispute which followed related to some of the seller's representations and warranties made at the time of the purchase."

Mr. L'Ecuyer added, "On the positive side, the amendment to our credit facility provides us with the required financing flexibility for 2013 and better fits our current financing needs. We are now better aligned and we intend to gradually redeploy capital into higher value opportunities and recycling with a strong focus on increasing commercial dealings in Asia. We also intend to leverage our dominant market share and take advantage of what we believe will be a much more favorable underlying commodity pricing environment in the coming year. Recognising that 2013 will be a year of transition, we have established a plan for improving efficiency which includes the closure of the Trail operations and the relocation of all corresponding activities and more generally significant cost reduction efforts throughout the group. At the same time we also intend to further develop our Asian footprint in Korea as previously announced. These measures, together with the continuing support from our financial institutions, should enable us to be very well positioned to take advantage of growth opportunities beyond the current year."

Mr. L'Ecuyer concluded, "We therefore continue to remain cautiously optimistic and are confident on our ability to weather the current challenges. We would also like to thank our employees who have unfortunately been negatively impacted by the current cost reduction measures and efficiency improvement plan for their past contribution, and all others for their commitment and confidence as we strive to become a better and stronger organization in a changing business environment to which we must adapt."

#### **Webcast Information**

5N Plus will host a conference call on Friday, March 29, 2013 at 8:00 am ET with financial analysts to discuss results of the fourth quarter and fiscal year ended December 31, 2012. All interested parties are invited to participate in the live broadcast on the Company's Web site at [www.5nplus.com](http://www.5nplus.com). A replay of the webcast and a recording of the Q&A will be available until April 5, 2013.

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 28895723.

#### **Non-IFRS Measures**

Adjusted net earnings means the net earnings (loss) before the effect of charge and reversal of impairment related to inventory, property plant and equipment, intangible assets, impairment of goodwill, restructuring charges and acquisitions costs net of the related income tax. We use adjusted net earnings (loss) because we believe it is a meaningful measure of the operating performance of our ongoing business without the effects of unusual inventory write-downs and property plant and equipment and intangible asset impairment charges, restructuring charges and acquisition costs. The definition of this non-IFRS measure used by the Company may differ from that used by other companies.

EBITDA means net earnings (loss) before financial expenses (income), income taxes, depreciation and amortization, impairment or reversal of impairment of property plant and equipment and intangible assets, impairment of goodwill, restructuring costs and acquisition-related costs. 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. 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 temporary investments. 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 temporary investments.

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 12 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.

Funds from operations means the amount of cash generated from operating activities before changes in non-cash working capital balances related to operations. This amount appears directly in the audited consolidated statements of cash flows of the Company. We consider funds from operations to be a key measure as it demonstrates the Company's ability to generate cash necessary for future growth and debt repayment.

#### **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 "Risks and Uncertainties" in Management's Discussion and Analysis for the fiscal year ended December 31, 2012 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 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.

**5N PLUS INC.**

**CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)**

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

	Year ended December 31, 2012	Seven-month period ended December 31, 2011
	\$	\$
<b>Revenues</b>	551,675	391,712
Cost of sales	520,247	357,530
Selling, general and administrative expenses	45,742	33,500
Other expenses, net	225,836	23,443
Share of (profit) loss from joint ventures	333	(429)
	<b>792,158</b>	414,044
<b>Operating loss</b>	(240,483)	(22,332)
<b>Financial expenses</b>		
Interest on long-term debt	8,012	5,179
Other interest expense	816	308
Foreign exchange and derivative (gain) and loss	2,759	(642)
	<b>11,587</b>	<b>4,845</b>
<b>Loss before income tax</b>	(252,070)	(27,177)
Income tax recovery	(24,221)	(4,713)
<b>Net loss for the period</b>	<b>(227,849)</b>	<b>(22,464)</b>
<b>Attributable to:</b>		
Equity holders of 5N Plus Inc.	(227,738)	(21,641)
Non-controlling interest	(111)	(823)
	<b>(227,849)</b>	<b>(22,464)</b>
<b>Loss per share attributable to equity holders of 5N Plus Inc.</b>	(2.91)	(0.31)
<b>Basic loss per share</b>	(2.91)	(0.32)
<b>Diluted loss per share</b>	(2.91)	(0.32)

**5N PLUS INC.****CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Figures in thousands of United States dollars)

	As at December 31, 2012	As at December 31, 2011
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	9,535	29,449
Temporary investments (restricted)	2,357	51,882
Accounts receivable	87,807	76,641
Inventories	170,293	315,333
Income tax receivable	18,931	11,022
Other current assets	2,514	2,762
<b>Total current assets</b>	<b>291,437</b>	<b>487,089</b>
Property, plant and equipment	55,548	86,483
Intangible assets	16,010	68,148
Deferred tax asset	11,232	2,706
Goodwill	-	124,910
Investments accounted for using the equity method	503	1,513
Other assets	9,248	11,495
<b>Total non-current assets</b>	<b>92,541</b>	<b>295,255</b>
<b>Total assets</b>	<b>383,978</b>	<b>782,344</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current</b>		
Bank indebtedness and short-term debt	8,014	73,430
Trade and accrued liabilities	62,214	59,029
Income tax payable	2,217	354
Derivative financial liabilities	2,817	3,814
Long-term debt due within one year	29,527	14,757
<b>Total current liabilities</b>	<b>104,789</b>	<b>151,384</b>
Long-term debt	110,898	253,719
Deferred tax liability	2,632	19,143
Retirement benefit obligation	12,092	12,315
Derivative financial liabilities	3,537	1,902
Other liabilities	1,560	4,171
<b>Total non-current liabilities</b>	<b>130,719</b>	<b>291,250</b>
<b>Total liabilities</b>	<b>235,508</b>	<b>442,634</b>
Shareholders' equity	148,112	339,241
Non-controlling interest	358	469
<b>Total equity</b>	<b>148,470</b>	<b>339,710</b>
<b>Total liabilities and equity</b>	<b>383,978</b>	<b>782,344</b>

## 5N PLUS INC.

Cash Flows				Seven-month period ended
	Q4 2012	Q4 2011	2012	December 31, 2011
	\$	\$	\$	\$
Funds from operations <sup>1</sup>	4,244	10,349	25,393	27,338
Net changes in non-cash working capital items	2,685	(9,284)	76,419	(38,253)
Operating activities	6,929	1,065	101,812	(10,915)
Investing activities	(4,346)	(9,027)	33,637	(12,321)
Financing activities	(100)	7,791	(154,964)	24,043
Effect of foreign exchange rate changes on cash and cash equivalents related to operations	(276)	592	(399)	592
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,207</b>	<b>421</b>	<b>(19,914)</b>	<b>1,399</b>

Electronic Materials Business Unit				Seven-month period ended
	Q4 2012	Q4 2011	2012	December 31, 2011
	\$	\$	\$	\$
Revenues	55,254	69,761	232,013	186,015
Cost of goods & expenses, before amortization	(56,987)	(89,368)	(221,110)	(186,348)
<b>EBITDA<sup>1</sup></b>	<b>(1,733)</b>	<b>(19,607)</b>	<b>10,903</b>	<b>(333)</b>
Impairment of inventory	8,226	30,658	23,750	30,964
<b>Adjusted EBITDA<sup>1</sup></b>	<b>6,493</b>	<b>11,051</b>	<b>34,653</b>	<b>30,631</b>
Bookings	59,342	76,073	178,615	179,145

Eco-Friendly Materials Business Unit				Seven-month period ended
	Q4 2012	Q4 2011	2012	December 31, 2011
	\$	\$	\$	\$
Revenues	73,366	79,663	319,662	205,697
Cost of goods & expenses, before amortization	(85,066)	(77,890)	(327,865)	(191,097)
<b>EBITDA<sup>1</sup></b>	<b>(11,700)</b>	<b>1,773</b>	<b>(8,203)</b>	<b>14,600</b>
Impairment of inventory	16,291	2,755	26,835	3,826
<b>Adjusted EBITDA<sup>1</sup></b>	<b>4,591</b>	<b>4,528</b>	<b>18,632</b>	<b>18,426</b>
Bookings	72,744	84,444	311,584	172,043

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