MOI GLOBAL

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WIDEMOAT Investing Summit

ESPLANADE

CAPITAL

5N PLUS INC. (VNP-CA)

Pedal to the Metal

JUNE 2018

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Investment Thesis

UNDER-THE-RADAR, UNDERVALUED, AND SUCCESSFULLY TRANSFORMING NICHE, SPECIALTY MATERIALS COMPANY ABOUNDING WITH CATALYSTS INCLUDING ~4X GROWTH AT LARGEST CUSTOMER	
Overlooked First Solar (FSLR) Proxy	• Benefits directly from largest customer's (FSLR) aggressive plans to expand capacity by nearly 4X following years of languishing demand • Serves as sole (or nearly sole) supplier of FSLR's core raw material, Cadmium Telluride (CdTe) • Extended their supply contract with FSLR until 2021 on April 30, 2018 providing strong revenue visibility for the next 3+ years • Demonstrated early (but muted) signs of FSLR impact in Q1 2018 as revenues grew 54% y/y and comprised 21% of VNP revenue
Successfully Transforming Under New CEO	• Following departure of founding CEO in 2015, new management team is successfully transforming VNP from a struggling low-value add metals pass-through business (high revenue / low margin) to a high-value add (lower revenue / high margin) materials technology company • New CEO has overseen EBITDA growth from $4.4M in 2015 to $29.6M in 2017 while eschewing high revenue low margin/ROIC opportunities endemic under founding CEO • Reducing earnings volatility related to metals pricing and buttressing margins by enhancing upstream sourcing through recycling / refining
Imminent Revenue Inflection	• Successful business transformation and strong underlying trends are being masked by revenue declines which we expect to reverse by H2 18 at the latest • VNP's largest customer, FSLR, is nearly quadrupling manufacturing capacity from Q2 18 through 2020, which can single-handedly support revenue growth • As VNP cycles deliberate low-value add revenue declines, top-line strength will flow through to P&L and become more easily appreciated by investors • Experience revenue tailwinds in 2018 as VNP passes through recent, significant base metal price increases (VNP prices their materials as a spread (value-add) to base metal pricing)
Undemanding Absolute and Relative Valuation	• Trades at ~7.4X/6.6X Consensus 2018/19 EBITDA vs. specialty metals peers at ~10.0-12.0X

Catalyst Rich	• Near-term: FSLR inaugural expansion output in Q2 2018 and modest Q2 2018 Consensus estimates while conservative 2019 Consensus estimates likely need to be raised over course of 2018
	• Medium-term: VNP likely returns to revenue growth in H2 2018 ahead of management's conservative 2019 guidance
	• Long-term:
	    o FSLR's ~4X capacity growth almost single-handedly supports sustainable revenue and EBITDA growth through 2020
	    o Pursuit modest bolt-on acquisitions to supplement its portfolio or enable expansion customer opportunity set
	    o Easily achieve its stated 2021 EBITDA of $40M (organically) and $60M (supplemented by M&A) as early as 2019 (vs. $29.6M in 2017)

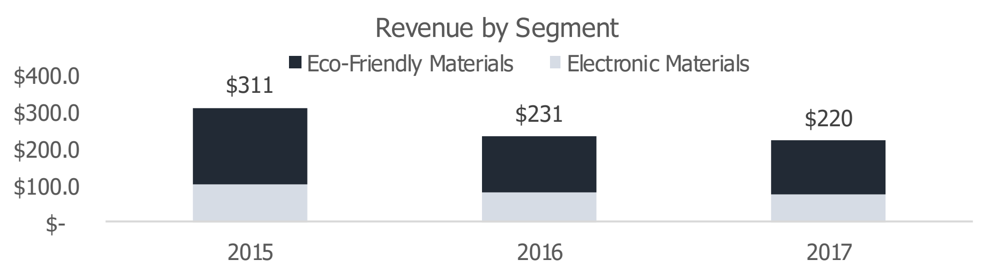
Strong, Under-levered Balance Sheet	• Retired $250M of debt over past 6 years leaving balance sheet with modest ~0.7X leverage and ample capacity to invest or return capital to shareholders
Other Factors Driving Upside	• Laggard Eco-Friendly segment presents EBITDA expansion opportunity as it operates at ~40% of Electronic Materials EBITDA margin despite 2X the revenue • ~$5M of written-down inventory (when new management installed) could contribute ~$5M of EBITDA at current market prices (vs. $29.6M 17 EBITDA) • Two long-term and well capitalized Canadian investors own nearly 38% of VNP • Management and Chairman are aligned with sizeable equity, RSU, and option position • NOL balance of ~$150M (vs. enterprise value of ~$235M) valued at present value of $0.70 per share

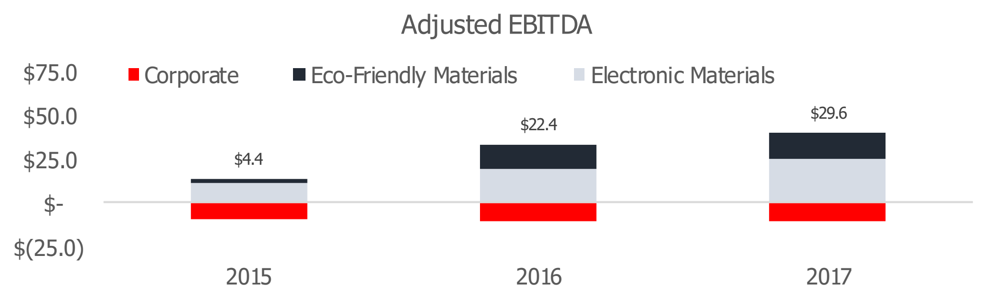
We value VNP at ~$5.75 in our base case representing ~70% upside from current levels

Company Overview

FINANCIAL & VALUATION SNAPSHOT						
	CAD	USD				
Share Price	$3.39	$2.55			Revenue (2)	EV/Revenue
Diluted Shares	84.3	84.3		2015A	$311.0	0.8x
Market Capitalization	$285.8	$214.8		2016A	$231.5	1.0x
				2017A	$219.9	1.1x
Cash & Equivalents	$33.5	$25.1		2018E	$233.1	1.0x
Debt (1)	$63.9	$48.0		2019E	$248.4	1.0x
Enterprise Value	$316.3	$237.7				
					Adj. EBITDA (2)	EV/EBITDA
Net Debt (1)	$30.4	$22.9		2015A	$4.4	54.5x
				2016A	$22.4	10.6x
(1) Excludes Pension liability of US$15.5M				2017A	$29.6	8.0x
(2) Consensus estimates				2018E	$32.2	7.4x
				2019E	$36.1	6.6x

KEY HISTORICAL FINANCIALS





Note: VNP trades in Canada but reports financials in USD
Source : FactSet, Esplanade Capital analysis

BUSINESS DESCRIPTION

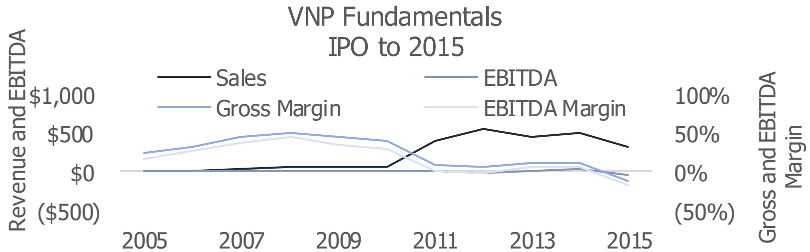
- IPO in December 2007 at CAD$3.00
- Canada-based VNP is the leading, global supplier of niche specialty metals, chemicals, and engineered materials to the diverse end markets in which it competes
- Participates in upstream (metal extraction and recycling) and downstream (manufacturing and sale of high value-add industrial metals/engineered materials)
- Segments: **Eco-friendly Materials** (66% of LTM revenue and 36% of adjusted EBITDA before corporate costs) and **Electronic Materials** (34% of LTM revenue and 64% of adjusted EBITDA before corporate costs)
    - **Eco-friendly Materials**: mainly associated with refined bismuth and bismuth chemicals (~60% of the segment's revenue) for which VNP is the world's leading producer, is used as a replacement for more harmful metals and chemicals (e.g., lead) in a number of applications as it is one of the very few heavy metals with no detrimental effect on either human health or the environment
    - **Electronic Materials**: mainly associated with products utilizing cadmium, gallium, germanium, indium and tellurium, which are sold as alloys, high-purity compounds or engineered substrates

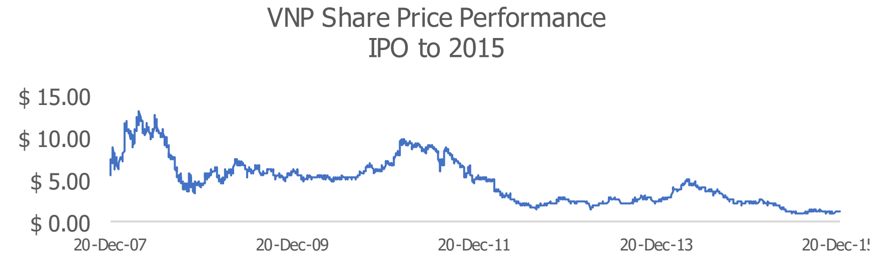
POST-IPO SHARE PRICE PERFORMANCE

ESPLANADE CAPITAL

Path to Founding CEO Upheaval

- Esplanade has been investing in the solar sector since 2004 and has followed VNP since hitting our radar as the sole supplier of solar bellwether FSLR's key raw material, CdTe
- 2000: created through a management buyout of assets from a Canadian mining and metals company. VNP focused on high purity niche metal refining and minor metal trading under founding CEO Jacques L'Écuyer
- 2007: completed its IPO on the Toronto Stock Exchange on the back of hypergrowth from its largest customer FSLR
- 2009: solar industry including FSLR suffered a downturn in 2009, and VNP had not diversified their customer base enough to withstand sector turbulence
- 2011: defending against future FLSR volatility, acquired MCP Group in 2011 in a highly levered deal
    - o While deal boosted revenues, it never translated into significant EBITDA accretion but did constrain the balance sheet by adding over $300M of debt versus almost no debt previously





- 2015: L'Écuyer's precarious tenure ended when metals pricing collapsed in 2015 exposing VNP's reliance on metals trading and lack of an intelligible strategy
    - o Forced to record a massive inventory impairment, and L'Écuyer left VNP hobbled with revenues declining 40%, EBITDA turning deeply negative, and shares sitting 50% below their IPO price
    - o L'Écuyer sold his last shares in February 2017 and serves no role with VNP today
- 2016: installed AJ Roshan, a senior executive at global materials and recycling giant Umicore, as the second CEO in VNP's history
    - o Appointed Luc Betrand, legendary Canadian financial executive, as chairman who then acquired ~1.3% of VNP
    - o Replaces several key executives
- Having met with new management on several occasions, we left our meetings impressed and confident in their ability to hit their stated targets

Source : FactSet, Esplanade Capital analysis

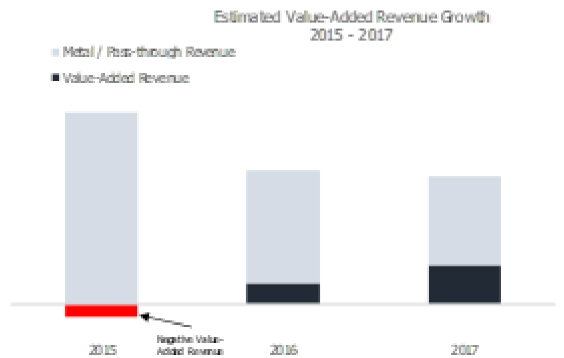
Business Transformation

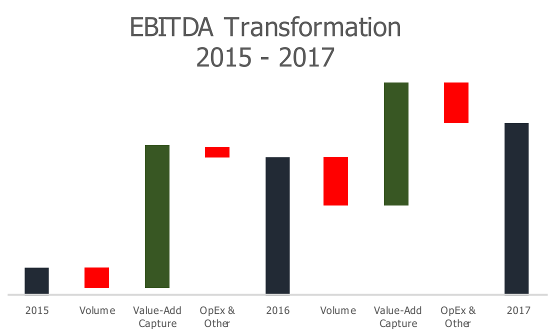
Transforming into a materials technology company diversified across industries through a strategic plan targeting higher quality earnings growth, reduced earnings volatility, and more diversified earnings

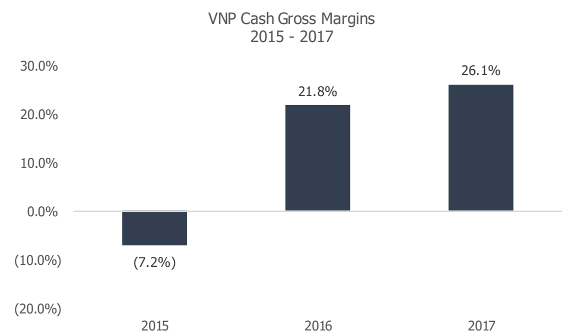
Strategic Plan Component	Status	Evidence / Impact
Extracting more value from core business by eliminating low-value add revenues	COMPLETE	Value-Added Revenue Growth, Gross Margin Expansion, EBITDA Growth, Improved ROCE
Extracting value from upstream and largest cost component (metal) through greater emphasis on recycling and refining	~25% COMPLETE	EBITDA Volatility Amplitude Compression and Margin Expansion
Delivering quality growth from existing downstream growth initiatives and M&A	~10% COMPLETE	Organic and Acquisitive Top- and Bottom-Line Accretive Growth

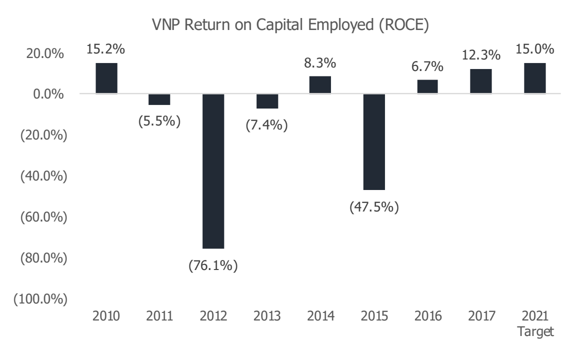
Given what Roshan inherited, he has made remarkable progress against his plan to date. Roshan's transformation is increasing:

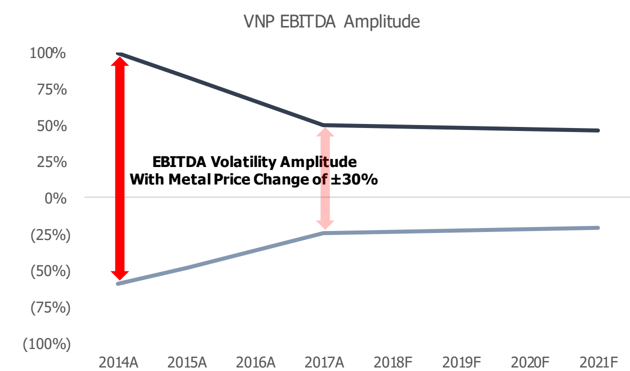
And reducing EBITDA volatility











Source : Company reports, Esplanade Capital analysis

Enhanced Business Model

UPSTREAM STRATEGY

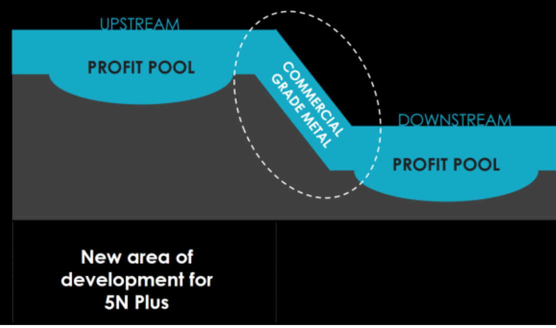
- Embarking on metals procurement strategy that utilizes expertise recycling and refining from non-traditional sources
- Shifting away from historical method of sourcing commercial-grade refined metal at little discount to market price to sourcing a greater quantity of complex feedstock streams from which can extract and refine metals of interest at attractive terms
- Possesses extensive raw materials sourcing and refining capabilities given its metals of interest are not mined directly given their typically low concentrations in ores (typically recovered as by-products of other mining operations).

5N21 Business model

UPSTREAM:

Maximum Benefit:
High Metal Prices

Utilize technology to extract critical metals from complex streams at attractive terms...



DOWNSTREAM:

Maximum Benefit:
Low Metal Prices

Manufacturing and sale of industrial product and material technology with high degree of value-added activity and transformation.

DOWNSTREAM STRATEGY

- Largely completed this leg of its transformation
- Prioritizing manufacturing and selling products with significant value-added activity and transformation
- Highly engineered materials typically generate better margins than commodity products
- In addition, pricing of value-add products is set by applying a premium to the metals' price thereby reducing exposure to volatility

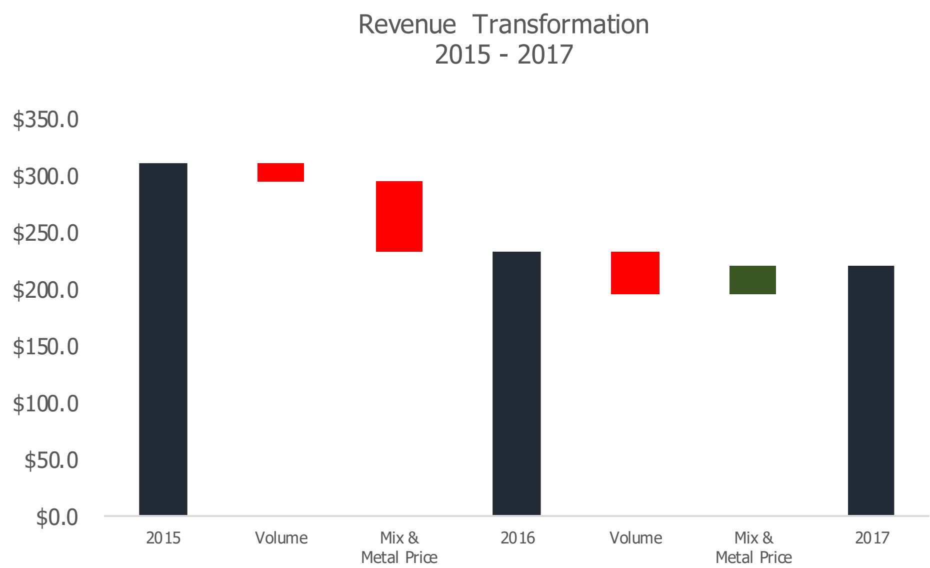
DOWNSTREAM OPPORTUNITIES

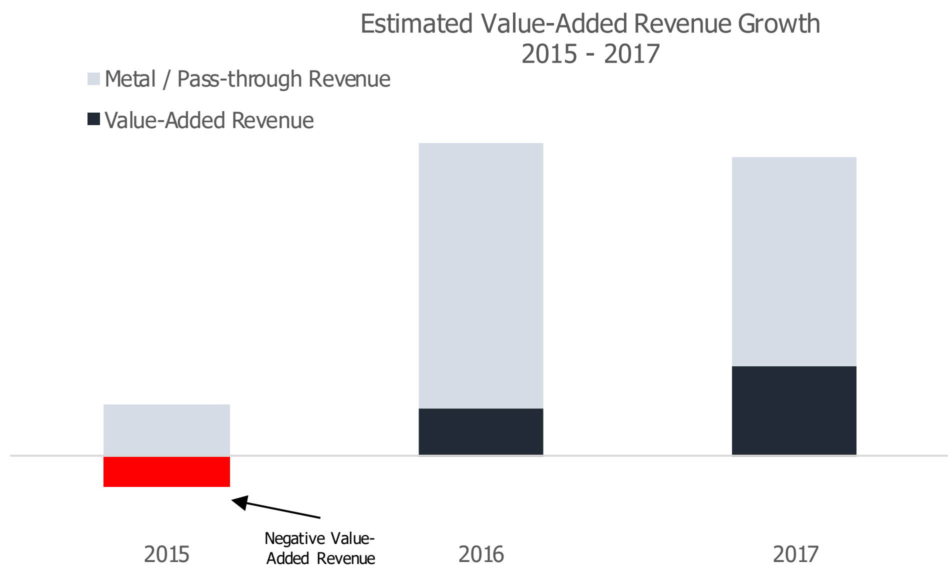
	MARKET GROWTH PROSPECT	CURRENT CAPITAL REQUIREMENTS	5N'S POSITION
Pharma, Health and Nutrition	High	High	Market Leader
Electronics and Electro-Optics	Average	Low	Top 3
Industrial Chemicals	Average	Low	Top 3
Coating and Pigments	Average	Low	Top 3
Alternative Energy	High	Low	Market Leader
Aerospace, Security and Defence	High	Low	Top 3

End market	Examples of 5N Plus product	Growth drivers
Aerospace	Semiconductor material for Earth imaging and for satellite solar arrays	Internet of Things, communication, infrared imaging, situational awareness
Security	Semiconductor material for security screening and for flat panels	Infrared imaging, situational awareness, safe transportation
Imaging & sensing	Semiconductor material for medical imaging	Medical diagnosis, aging population
Industrial materials	Chemicals for LED, micro powders for electronics, glass frit for windshields, pigment, coating materials for anti-corrosion	Eco-friendly yellow pigments for paints, anti-corrosion, consumer goods
Technical materials	Micro powders and alloys for electronics, material for thermoelectric cooling system, alloys for optical lenses	Consumer electronics, consumer goods, mass transportation
Renewable energy	Semiconductor compounds for solar power generation	Clean and affordable energy
Health & cosmetics	Active ingredients in antacid medication (eg Pepto-Bismol), pearlescent pigment	Human health, cosmetics
Pharma	Active pharmaceutical ingredients for treatment of conditions related to gastrointestinal tract	Human and animal health
Extractive & catalytic	Active agents enhancing commodity extraction	Reducing production cost and environmental impact in precious metals, oil & gas industries
Feed additives	Active ingredient for mastitis treatment, feed ingredients	Animal health and food safety

Revenue Impact from Transformation

VNP is deliberately decreasing absolute revenues in the near-term as VNP eschews legacy low-value add revenue streams which plagued the company in the past



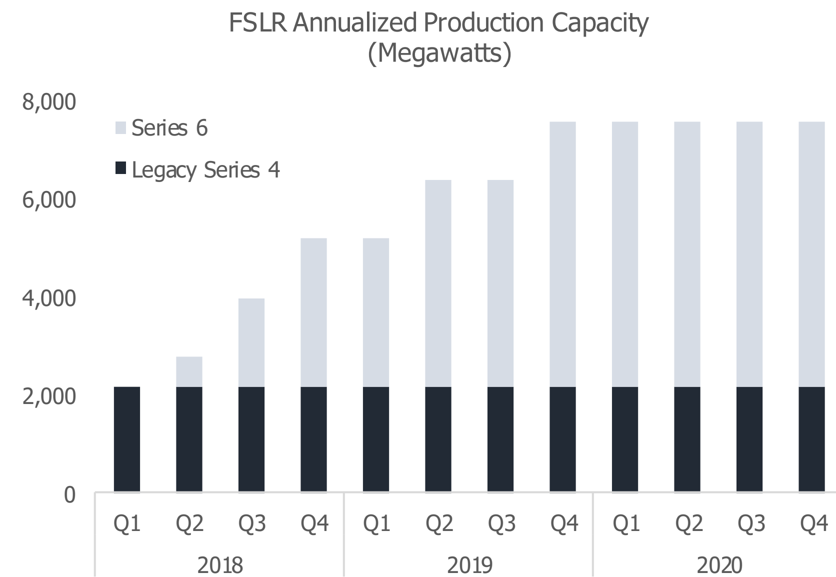


We believe that the optics of declining revenue are holding back shares of VNP despite strong underlying fundamentals. As detailed later, we expect absolute revenue growth to return in 2018

Source : Company reports, Esplanade Capital analysis

First Solar Relationship

- Though VNP serves a diverse set of customers, VNP still relies on one customer, FSLR, for over 10% of its revenue (increased to ~21% in Q1 2018)
- VNP has supplied ultra high purity CdTe to FSLR (on a nearly sole source basis) since beginning commercial production in mid-2000's
- In the past, FSLR has proved a blessing and a curse as FSLR navigated the turbulent solar market
- After years of flat and even declining production in 2017, FSLR is retooling and embarking on a near quadrupling (4X) of their production capacity thanks to their newest technology (Series 6)
- This new capacity is almost entirely contracted to FSLR's customers through 2020
- Given that visibility (helped by US tariffs on solar imports), we maintain high confidence that FSLR will fully execute on their aggressive capacity expansion starting in Q2 2018 and that VNP will directly benefit as the sole (or primary) supplier of FSLR's key raw material



FSLR IMPACT ON VNP REVENUE DECLINE			
	2015	**2016**	**2017**
VNP Total Revenue	$311.0	$231.5	$219.9
Change in Revenue		($79.5)	($11.6)
FSLR Revenue	$37.3	$37.0	$26.4
Change in Revenue		($0.3)	($10.6)
FSLR % of VNP Revenue Decline		0.4%	**92.0%**

We estimate that FSLR alone accounted for nearly all of VNP's 2017 revenue decline

First Solar Opportunity

In Q1 2018, revenue from FSLR grew >50% y/y
as the early impact from their capacity expansion is starting to materialize

FSLR Production Ramp

	Q1	Q2	Q3	Q4	2018	Q1	Q2	Q3	Q4	2019	Q1	Q2	Q3	Q4	2020
Capacity															
Series 4	545	545	545	545	2,180	545	545	545	545	2,180	545	545	545	545	2,180
Series 6	0	150	450	750	1,350	750	1,050	1,050	1,350	4,200	1,350	1,350	1,350	1,350	5,400
Ohio	0	150	150	150	450	150	150	150	450	900	450	450	450	450	1,800
Malaysia	0	0	300	300	600	300	300	300	300	1,200	300	300	300	300	1,200
Vietnam	0	0	0	300	300	300	600	600	600	2,100	600	600	600	600	2,400
Quarterly Utilization															
Series 4	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Series 6	#DIV/0!	50.0%	58.3%	70.0%	63.9%	90.0%	85.7%	92.9%	88.9%	89.3%	94.4%	100.0%	100.0%	100.0%	98.6%
Ohio	0.0%	50.0%	75.0%	100.0%	75.0%	100.0%	100.0%	100.0%	66.7%	83.3%	83.3%	100.0%	100.0%	100.0%	95.8%
Malaysia	0.0%	0.0%	50.0%	75.0%	62.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Vietnam	0.0%	0.0%	0.0%	50.0%	50.0%	75.0%	75.0%	87.5%	100.0%	85.7%	100.0%	100.0%	100.0%	100.0%	100.0%
Quarterly Production															
Series 4	545	545	545	545	2,180	545	545	545	545	2,180	545	545	545	545	2,180
Series 6	0	75	263	525	863	675	900	975	1,200	3,750	1,275	1,350	1,350	1,350	5,325
Ohio	0	75	113	150	338	150	150	150	300	750	375	450	450	450	1,725
Malaysia	0	0	150	225	375	300	300	300	300	1,200	300	300	300	300	1,200
Vietnam	0	0	0	150	150	225	450	525	600	1,800	600	600	600	600	2,400
Total	545	620	808	1,070	3,043	1,220	1,445	1,520	1,745	5,930	1,820	1,895	1,895	1,895	7,505
Year-Over-Year Growth	(23.44%)	20.90%	53.14%	101.17%	33.22%	71.37%	181.79%	188.26%	228.07%	159.64%	155.65%	269.54%	259.38%	256.27%	228.60%
FSLR 2017 Production	712	513	527	532	2,284	712	513	527	532	2,284	712	513	527	532	2,284
FSLR 2016 Production	774	785	779	760	3,097	774	785	779	760	3,097	774	785	779	760	3,097
FSLR Revenue to VNP Estimated															
Target Year Revenue	$12.3	$6.6	$8.6	$11.4	$39.0	$12.4	$14.7	$15.4	$17.7	$60.2	$17.6	$18.3	$18.3	$18.3	$72.4
2017	$8.2	$5.9	$6.1	$6.1	$26.4	$8.2	$5.9	$6.1	$6.1	$26.4	$8.2	$5.9	$6.1	$6.1	$26.4
2016	$9.3	$9.4	$9.3	$9.1	$37.0	$9.3	$9.4	$9.3	$9.1	$37.0	$9.3	$9.4	$9.3	$9.1	$37.0
FSLR ASP to VNP - Target Year	$0.01069	$0.01069	$0.01069	$0.01069		$0.01015	$0.01015	$0.01015	$0.01015		$0.00965	$0.00965	$0.00965	$0.00965	
2017	$0.01155	$0.01155	$0.01155	$0.01155		$0.01155	$0.01155	$0.01155	$0.01155		$0.01155	$0.01155	$0.01155	$0.01155	
2016	$0.01196	$0.01196	$0.01196	$0.01196		$0.01196	$0.01196	$0.01196	$0.01196		$0.01196	$0.01196	$0.01196	$0.01196	
Incremental Revenue	$4.1	$0.7	$2.5	$5.3	$12.6	$4.2	$8.7	$9.3	$11.6	$33.8	$9.3	$12.4	$12.2	$12.1	$46.0
Incremental EBITDA		$0.2	$0.6	$1.3	$2.1	$1.0	$2.2	$2.3	$2.9	$8.5	$2.3	$3.1	$3.1	$3.0	$11.5

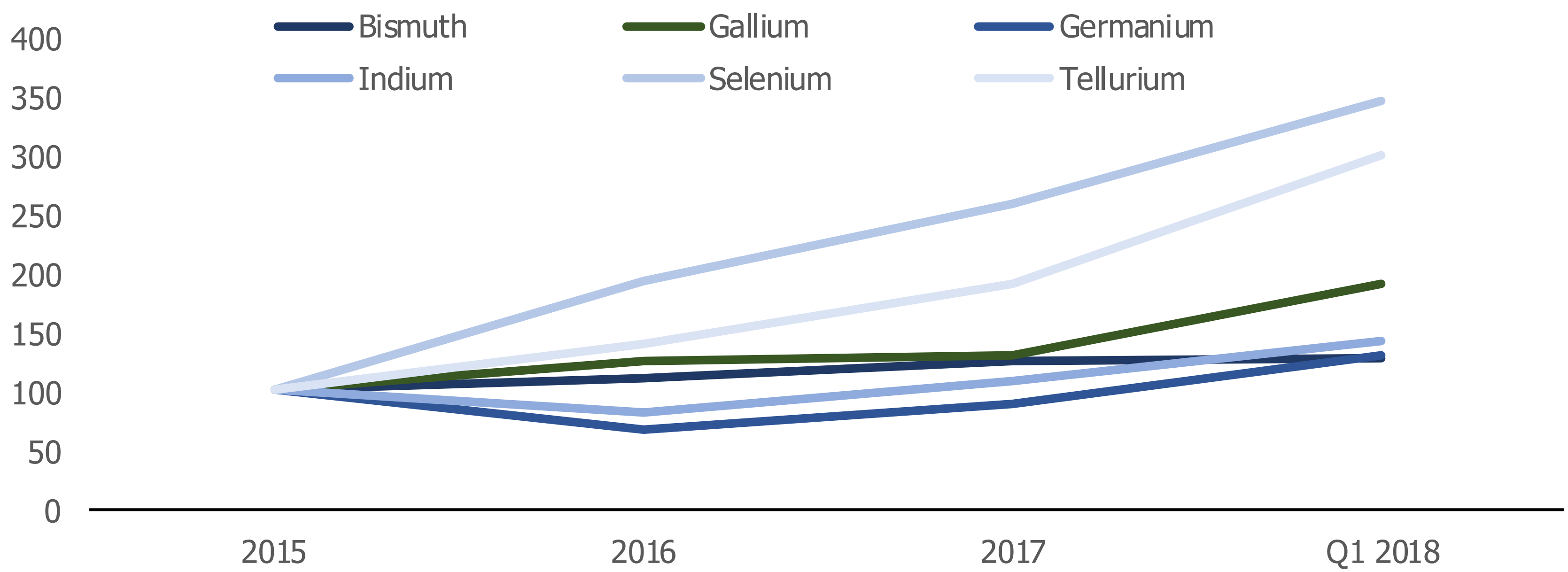
We expect VNP to capture an incremental ~$46M of revenue and $11.5M of EBITDA in 2020 from FSLR equating to 21% of 2017 revenues and 39% of EBITDA

Source : Company reports, Esplanade Capital analysis

Pass-Through Metal Price Increases

VNP largely passes through metal price changes to customers, and while these revenues contain little-to-no margin, they can mitigate VNP's revenue declines (and certainly improve investor optics)

VNP Core Metal Pricing Change
2015 - Q1 2018 Indexed



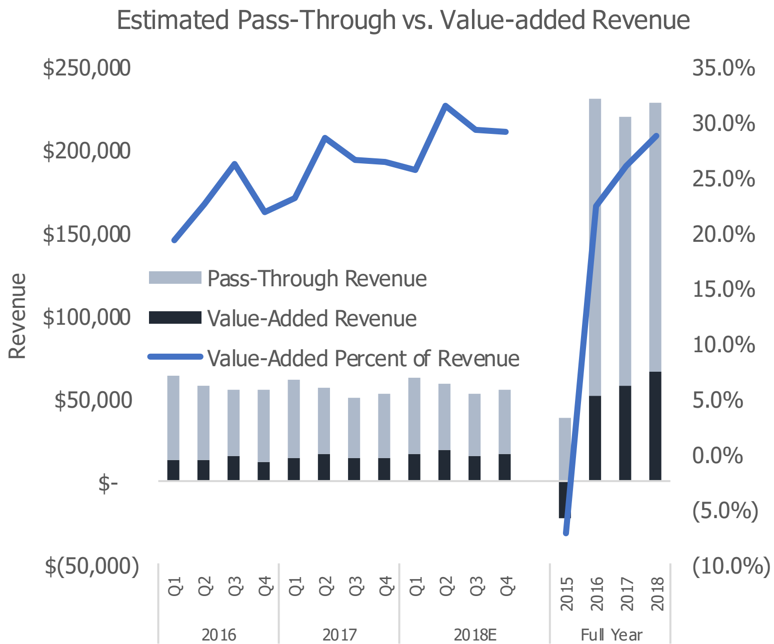
Source : VNP, Metal Bulletin, Esplanade Capital Analysis

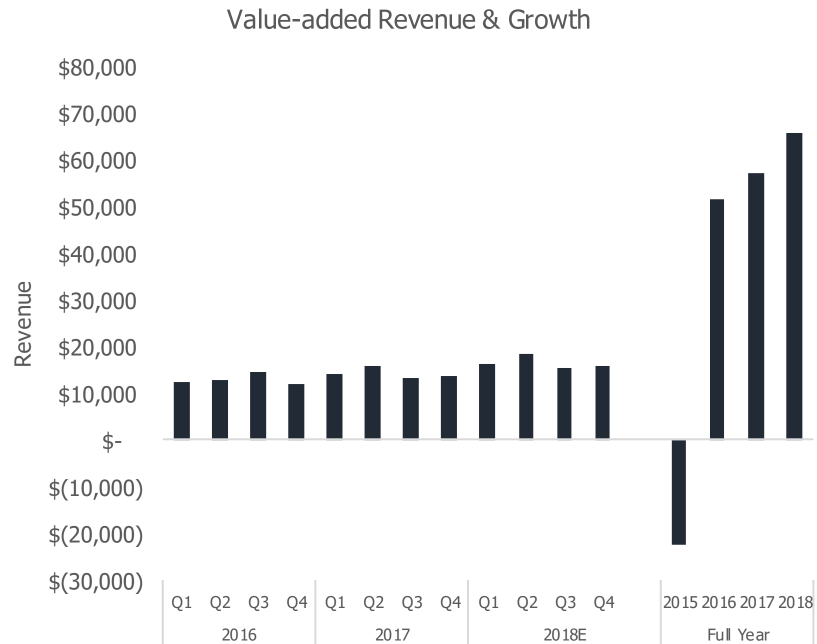
VNP's core metals have all experienced price increases of ~14-115% since 2016. Management notes that these price increases take several quarters to flow through to customers, but these elevated prices will start to impact VNP's revenue shortly

Source : Company reports, Esplanade Capital analysis

Continued Value-Added Revenue Growth

We estimate that value-added revenues grew at 10-15% in 2017.



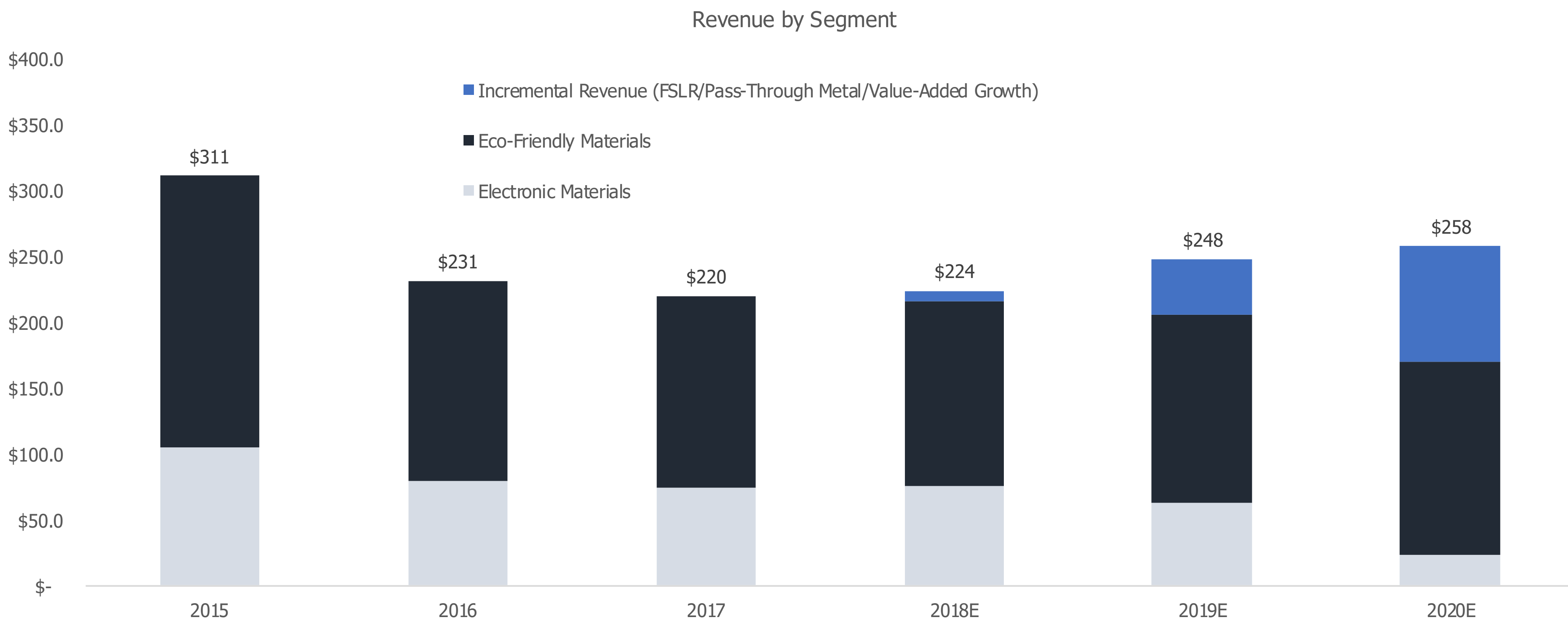


Value-added revenue growth reinforces our view of strong underlying trends in VNP's business as 2017 value-added growth was achieved despite VNP's largest customer FSLR actually reducing production volumes ~25% in 2017.

Source : Company reports, Esplanade Capital analysis

Revenue Inflection

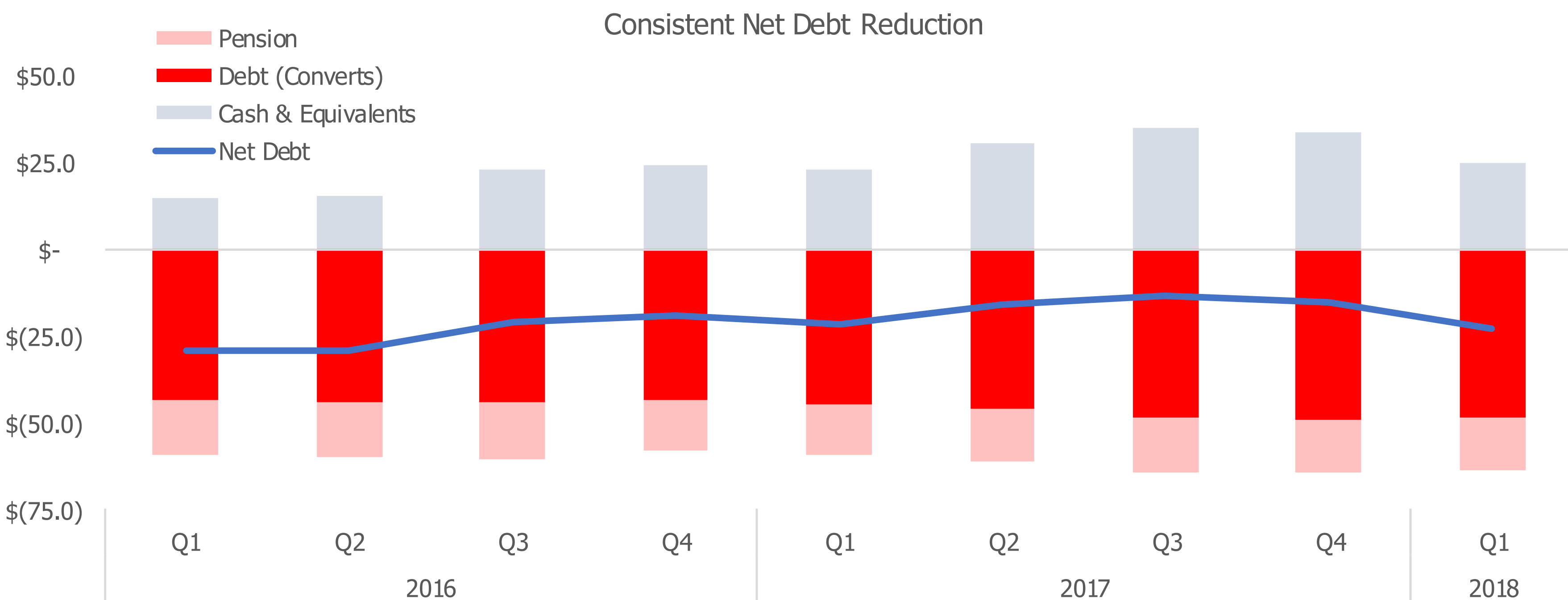
We expect revenue to inflect in Q2 or Q3 2018 and grow conservatively at a ~5.4% CAGR through 2020



Source : Company reports, Esplanade Capital analysis

Under-levered Balance Sheet

VNP has grown cash balances while reducing net debt during the transformation. Over the past 6 years, VNP has reduced debt by $250M to $48M in Q1 2018.



VNP's modest ~0.7X net leverage and ample liquidity enable accretive, modest bolt-on acquisitions or returns of capital to shareholders

Source : Company reports, Esplanade Capital analysis

Other Upside Factors

Margin Tailwinds (~$5M at end of Q1 18) from 2015 Inventory Impairment

Amortization of 2015 Inventory Impairment

	YE 2015	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 2018
BoP Balance		$ 36,413	$ 30,319	$ 24,216	$ 17,668	$ 12,771	$ 7,622	$ 6,637	$ 5,751	$ 5,239
Reversals		$ (6,094)	$ (6,103)	$ (6,548)	$ (4,897)	$ (5,149)	$ (985)	$ (886)	$ (512)	$ (251)
Impairment		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
EoP Balance	$ 36,413	$ 30,319	$ 24,216	$ 17,668	$ 12,771	$ 7,622	$ 6,637	$ 5,751	$ 5,239	**$ 4,988**

Significant NOLs With NPV Worth ~25% of Current TEV

NET OPERATING LOSS CARRY FORWARDS

	Total $	%	PV	2018	2019	2020	2021	2022
UK	$ 51,700	33.9%	$ 20,247	$ 5,112	$ 6,365	$ 6,365	$ 6,365	$ 6,365
Belgium	$ 48,265	31.6%	$ 18,902	$ 4,773	$ 5,942	$ 5,942	$ 5,942	$ 5,942
US	$ 28,163	18.4%	$ 11,029	$ 2,785	$ 3,467	$ 3,467	$ 3,467	$ 3,467
HK	$ 17,196	11.3%	$ 6,734	$ 1,700	$ 2,117	$ 2,117	$ 2,117	$ 2,117
Korea	$ 1,849	1.2%	$ 724	$ 183	$ 228	$ 228	$ 228	$ 228
China	$ 5,534	3.6%	$ 2,167	$ 547	$ 681	$ 681	$ 681	$ 681
Total	$ 152,707	100.0%	$ 59,803	$ 15,100	$ 18,800	$ 18,800	$ 18,800	$ 18,800
Consensus Pre-Tax Income				$ 15,100	$ 18,800	$ 18,800	$ 18,800	$ 18,800
						HOLD FLAT WITH 2019 CONSENSUS		
NPV per Share	**$ 0.71**							
WACC	15.0%							

Incentivized Management (~10% effective stake)

MANAGEMENT & BOARD OWNERSHIP	
Equity Postion	2.9
RSUs	1.8
PSUs	0.5
Stock Appreciation Rights	0.7
Stock Appreciation Rights	1.3
Options	2.2
Total Shares and Equivalents (gross)	9.4

Committed and Well-Capitalized Anchor Shareholders

Holder	%OS	Position (000)
The Caisse de depot et placement du Quebec	18.8%	15,857
Letko, Brosseau & Associates Inc.	18.4%	15,511
Fidelity (Canada) Asset Management ULC	6.7%	5,625
Mackenzie Financial Corp.	2.1%	1,784
Dimensional Fund Advisors LP	1.3%	1,117
BERTRAND LUC - CHAIRMAN	1.4%	1,150

Laggard Eco-friendly Segment EBITDA Margin Expansion Opportunity

EBITDA MARGIN EXPANSION OPPORTUNITY

	2015	2016	2017	2018E	2019E
EC Normalized Adjusted EBITDA	$ (28,435)	$ (3,531)	$ 17,585	$ 26,795	$ 34,246
Electronic Materials	$ 3,048	$ 4,271	$ 18,193	$ 25,044	$ 32,784
Eco-Friendly Materials	$ (21,863)	$ 5,378	$ 14,086	$ 15,835	$ 15,603
Corporate Expense	$ (9,620)	$ (13,180)	$ (14,694)	$ (14,084)	$ (14,141)
Adjusted EBITDA Margin	(9.0%)	(0.6%)	10.0%	13.5%	15.1%
Electronic Materials	2.9%	5.4%	24.8%	30.0%	30.0%
Eco-Friendly Materials	(10.6%)	3.5%	9.6%	10.8%	10.7%
Corporate Expense	(3.1%)	(5.7%)	(6.7%)	(6.1%)	(5.5%)

If Eco-Friendly Achieved 50% of Electronic Materials EBITDA Margin in 2019:

Electronic Materials 2019E EBITDA Margin	30.0%
Theoretical Eco-Friendly Materials Margin	15.0%
Eco-Friendly 2019E Revenue	$ 146,468
Theoretical Eco-Friendly 2019E EBITDA	$ 21,970
Theoretical Incremental Eco-Friendly EBITDA	$ 6,367
Theoretical VNP Total EBITDA	$ 40,613
Upside to EC Estimate	18.6%

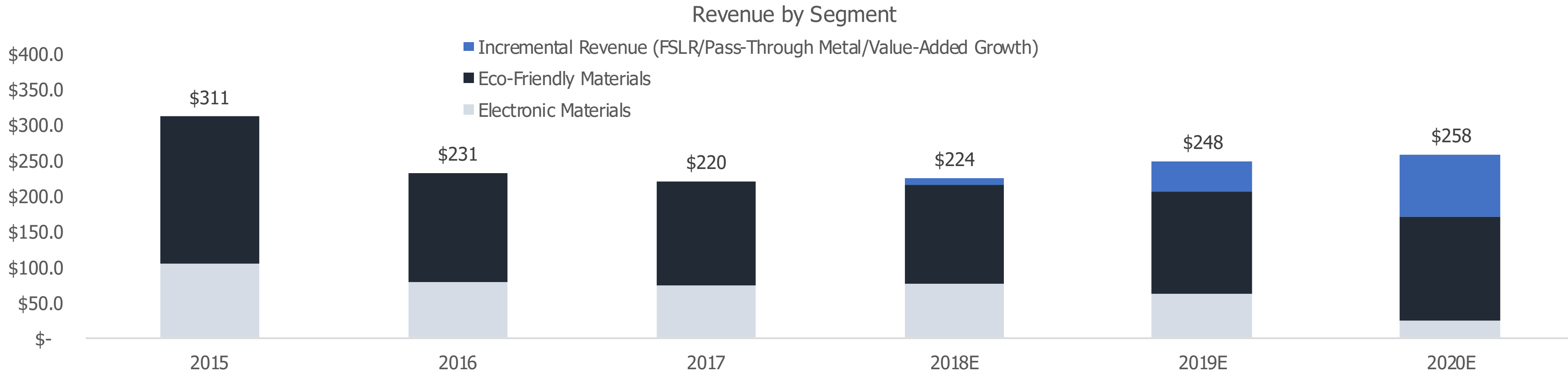
Source : Company reports, Esplanade Capital analysis

Risks

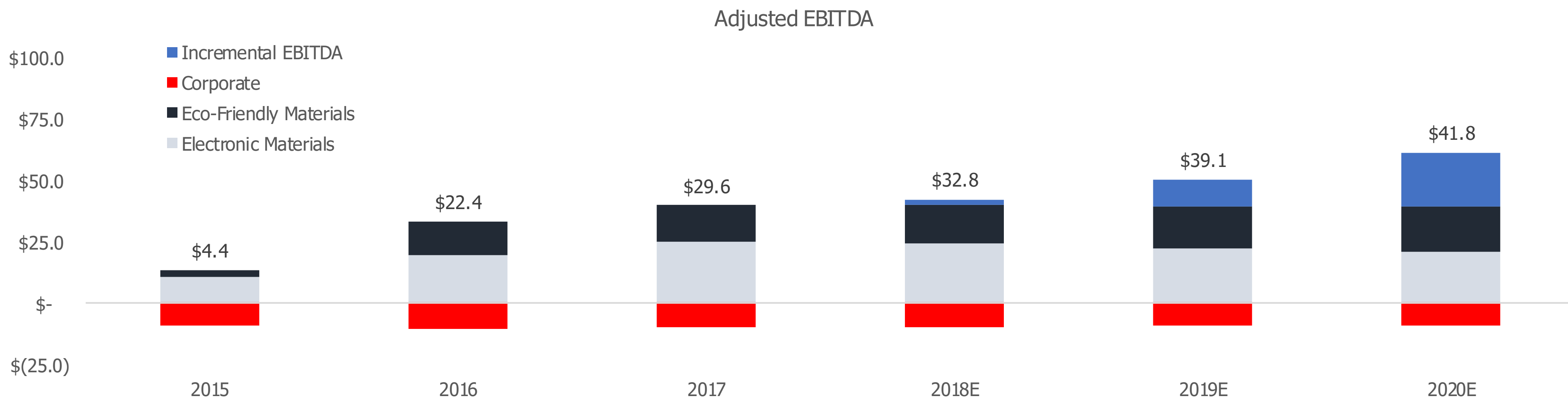
RISK FACTOR	MITIGATING FACTOR
FSLR Dependency	• FSLR has already deployed significant capital toward its massive global capacity expansion including non-refundable equipment deposits • FSLR has contracted nearly 100% of its new capacity through 2020 secured by non-refundable customer deposits • Extension and expansion of supply contract with VNP provides strong visibility through 2020
Metal Price Volatility	• Targets to reduce earnings volatility by 50% through metal price hedges and upstream recycling/refining activities • Evidenced by expanding EBITDA margins in the face of rising base metal pricing
Supply Risk	• Sources minor metals with very small annual production • Enhanced upstream operations mitigate this risk as does long-term relationship with global suppliers (as one of largest buyers of specific minor metals)
M&A	• M&A will become part of the strategy perhaps as early as late 18/early 19 – while may provide accretive growth, it may also complicate a simple story and introduce integration risks

Esplanade Forecasts

We expect revenue to inflect in Q2 or Q3 2018 and grow conservatively at a ~5.4% CAGR through 2020



We expect EBITDA to grow at a ~12% CAGR through 2020



Source : Company reports, Esplanade Capital analysis

Absolute and Relative Undervaluation

SPECIALTY METAL PEERS							
US DOLLARS				EBITDA		TEV to EBITDA	
		Market Cap	TEV	2018E	2019E	2018E	2019E
Allegheny Technologies Incorporated	ATI	$3,119.8	$4,687.5	$493.8	$594.2	9.5x	7.9x
Materion Corporation	MTRN	$1,084.3	$1,067.5	$93.2	$101.4	11.5x	10.5x
AXT, Inc.	AXTI	$276.1	$230.3	$22.1	$24.9	10.4x	9.2x
Commercial Metals Company	CMC	$2,583.4	$3,207.2	$376.9	$528.0	8.5x	6.1x
II-VI Incorporated	IIVI	$2,733.2	$2,944.7	$212.0	$251.4	13.9x	11.7x
IQE plc	IQE-GB	$1,050.3	$993.0	$62.8	$84.8	15.8x	11.7x
Umicore	UMI-BE	$13,887.5	$14,713.6	$870.2	$1,027.5	16.9x	14.3x
Kraton Corporation	KRA	$1,455.6	$3,039.6	$368.1	$426.1	8.3x	7.1x
Weighted Average Mean						12.4x	10.2x
Mean						11.8x	9.8x
Median						10.9x	9.9x
5N Plus Inc. CONSENSUS	VNP-CA	$214.8	$237.7	$32.2	$36.1	7.4x	6.6x
5N Plus Inc. ESPLANADE CAPITAL	VNP-CA	$214.8	$237.7	$32.8	$39.1	7.3x	6.1x

VNP trades at an undemanding relative multiple (~3-4 turns lower) versus global specialty metal peers

	Esplanade	Consensus	Δ
	2018 ESTIMATES		
Revenue	**$ 224.0**	**$ 230.2**	**(2.7%)**
EBITDA	**$ 32.8**	**$ 32.2**	**1.7%**
	2019 ESTIMATES		
Revenue	**$ 247.9**	**$ 242.0**	**2.4%**
EBITDA	**$ 39.1**	**$ 36.1**	**8.3%**
	TEV to EBITDA		
2017A	**8.0x**	**8.0x**	**0.0%**
2018E	**7.3x**	**7.4x**	**(1.7%)**
2019E	**6.1x**	**6.6x**	**(7.7%)**

VNP trades at an undemanding absolute multiple of ~6.6X 2019E with upward bias to Consensus 2019 estimates

Source : Company reports, Esplanade Capital analysis

Price Target: ~$5.75 Base Case

EBITDA			TEV to EBITDA		
Low	Base	High	Low	Base	High
$ 36.1	$ 39.1	$ 41.7	6.1x	9.9x	11.7x
2018E	2019E	2020E	Peer	Peer	Peer
Esplanade	Esplanade	Esplanade	18/19 Low	19 Median	19 High End

	VNP Value		
	Low	Base	High
Enterprise Value	$ 219.3	$ 386.6	$ 487.9
Cash	$ 25.1	$ 25.1	$ 25.1
Debt (1)	$ 48.0	$ 48.0	$ 48.0
Implied Equity Value	$ 196.4	$ 363.7	$ 465.0
CAD/USD	1.33	1.33	1.33
Implied Equity Value CAD$	$ 261.3	$ 483.9	$ 618.7
Equity Value per Share (CAD$)	$ 3.10	$ 5.74	$ 7.34
Upside / (Downside)	(8.6%)	69.3%	116.5%

We value VNP at ~$5.75/$7.35 in our base/high cases representing ~70-115% upside from current levels

Source : Company reports, Esplanade Capital analysis

Summary

- Under-the-radar, undervalued, and successfully transforming niche, specialty materials company abounding with catalysts including ~4X growth at largest customer
- Overlooked First Solar (FSLR) proxy
- Successfully transforming business under new CEO
- Imminent revenue inflection
- Undemanding absolute and relative valuation
- Abounding with catalysts over next 3-36 months
- Strong, under-levered balance sheet
- Series of other upside factors such as significant NOLs, strong anchor shareholders, incentivized management, EBITDA margin expansion in laggard segment, and margin benefits from previously written down inventory