



ALERT for TFSA Investors: Cheap Value Stock on Sale

Description

5N Plus Inc ([TSX:VNP](#)) is a leading [global producer](#) of engineered materials and specialty chemicals with integrated recycling and refining assets. The company is headquartered in Montreal, Québec and operates manufacturing and commercial centres in several locations in Europe, the Americas and Asia.

5N Plus deploys a range of proprietary technologies to produce products in electronics, pharmaceutical, health, renewable energy and industrial applications.

The company has a price to earnings ratio of 29.71, a price to book ratio of 1.45 and market capitalization of 156 million. Debt is very sparingly used at 5N Plus, as is evidenced by a debt to equity ratio of just 0.52. The company has average performance metrics with an operating margin of 5.04% and a return on equity of 4.90%.

Many of the materials produced by 5N Plus are critical for the functionality and performance of the products and systems produced by industry leading customers. The company has two business segments, namely [Electronic Materials and Eco-Friendly Materials](#).

The Electronic Materials segment manufactures and sells products which are used in the security, aerospace, sensing, imaging and renewable energy industries.

The company's end markets include photovoltaics (terrestrial and spatial solar energy), advance electronics, electronic packaging, medical imaging and thermoelectric, and its products are sold either in elemental or alloyed form as well as in the form of chemicals, compounds and wafers.

The Eco-Friendly Materials segment is mainly associated with bismuth, one of the very few heavy metals with no detrimental effect on either human health or the environment.

The Eco-Friendly Materials segment manufactures and sells products used in pharmaceutical, healthcare, animal feed additive, catalytic and extractive applications. Main products are sold either in elemental or alloyed form but mostly in the form of specialized chemicals.

The company recently unveiled a strategic plan called "5N21" to enhance profitability and reduce

earnings volatility. The plan focuses on extracting more value from core businesses and global assets, optimizing a balance between upstream and downstream activities and delivering quality growth from both existing growth initiatives and future acquisition opportunities.

5N Plus has been focused on improving operating efficiencies and enhancing process technologies. The company has made notable progress with respect to mass-scaling certain products, especially those requiring more value-added transformation fostered by the company's new business model.

During the quarter, the company reached important commercial milestones and secured a number of competitive supply agreements linked with growth initiatives.

These partnerships with industry leaders, confirm the uniqueness of the products and technologies provided by 5N Plus and supports the company's entry into these new markets.

With Bismuth metal prices declining to levels not witnessed in decades, 5N Plus continues to face significant headwinds impacting financial performance.

That said, these fluctuations are expected to be temporary and should not impact the company's long-term intrinsic value. In Q2 2019, the company announced it had significantly reduced refining and recycling activities caused by production suspension of complex metal-containing materials at suppliers' facilities which serve as input material for the company's refining and recycling plants.

5N Plus appears to be an interesting way for value investors to gain exposure to the Canadian chemical industry.

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