

## **Neo Performance Materials to Purchase Magnet Manufacturing Facility and Expand its Capabilities and Capacity in High-Growth NdFeB Magnet Markets**

*Company to Produce Compression Molded, Neodymium-Iron-Boron ("NdFeB") Magnets for Automotive, Home Appliance and Other Markets Using Its Market-Leading Magnequench NdFeB Powders*

**TORONTO, Canada** – July 15, 2019: Neo Performance Materials Inc. ("Neo", the "Company") [TSX: NEO] is pleased to announce that its Magnequench subsidiary ("Neo Magnequench") has entered into a definitive agreement to purchase the assets of Asia Magnets ("SAMAG"), a privately owned manufacturer in Chuzhou, China of compression molded NdFeB bonded magnets, for a purchase price of 68.5M RMB (US\$9.9M), plus working capital. The acquisition will further enhance the value that Neo provides to customers and is expected to leverage Neo's ability to produce high-performance magnetic powders and magnets.

Located west of Shanghai, SAMAG constructed a new production facility in 2016 and recently completed a US\$2.9 million capacity expansion, including the installation of new manufacturing equipment and additional production footprint. This increased capacity and new equipment, which is included in the purchase price, will allow Neo Magnequench to accelerate its strategy to expand into compression molded magnet production.

SAMAG was founded by Gao Qingguo, a 20-year veteran of the bonded NdFeB magnet industry, and has an established reputation as a reliable and responsive supplier of high-quality compression molded magnets to multiple markets. Mr. Gao will continue with the Company following the acquisition.

Neo Magnequench is the global market leader in magnetic powders for high-performance NdFeB magnets, which are critical to supporting the rapid growth of high-efficiency micro motors and sensors used in automobiles, home appliances, industrial automation, and other applications. NdFeB magnets deliver more power and greater efficiency to these applications, which in turn can reduce operational costs, energy and fuel consumption, and harmful air emissions.

"As global demand for NdFeB magnets continues to expand across multiple industry segments, this strategic acquisition will enable Neo to work more closely with our magnetic powder customers and will help us expand direct sales of additional value-added engineered materials into multiple, high-growth markets," said Geoff Bedford, President and Chief Executive Officer of Neo.

Greg Kroll, Executive Vice President of Neo Magnequench, added: "This acquisition is compelling for the Neo Magnequench business as it immediately expands our existing magnet manufacturing knowhow and enhances our production capability, and SAMAG's production will benefit from Neo's technical

expertise, extensive global sales team and networks. The acquisition will expand our ability to work more closely with magnet users from concept through the entire product lifecycle. It also helps us respond to a clear market demand for a compression molded magnet supplier that can both produce at competitive cost and deliver superior technical and development expertise for current and next-generation applications."

In this asset purchase, the purchase price was 68.5M RMB (US\$9.9M), plus working capital. This acquisition includes SAMAG's newly installed magnet manufacturing equipment and expanded production footprint to support future growth. SAMAG's annual revenue is approximately US\$4.0M and its existing adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) (unaudited) is approximately US\$1.0M. The purchase will be funded by existing cash on hand. The purchase is subject to customary closing conditions but is not expected to require any material government regulatory approvals. The Company expects the transaction to close later in the third quarter or early fourth quarter of 2019.

# # #

**Source:** Neo Performance Materials. \$NEO @NeoMaterials #magnequench #neomaterials #NdFeB #magnets #neodymium #praseodymium

### **About Neo Performance Materials**

Neo Performance Materials is a global leader in the innovation and manufacturing of rare earth- and rare metal-based functional materials, which are essential inputs to high technology, high growth, future-facing industries. The business of the Company is organized along three segments: Magnequench, Chemicals & Oxides and Rare Metals. The Company is headquartered in Toronto, Ontario, Canada; with corporate offices in Greenwood Village, Colorado, US; and Beijing, China. The Company operates globally with sales and production across 10 countries, being Japan, China, Thailand, Estonia, Singapore, Germany, United Kingdom, Canada, United States, and South Korea. For more information, please visit [www.neomaterials.com](http://www.neomaterials.com).

### **NON-IFRS MEASURES**

This news release refers to Adjusted EBITDA, which is a non-IFRS financial measure. This measure is not recognized measures under IFRS, does not have a standardized meaning prescribed by IFRS, and may not be comparable to similar measures presented by other companies. Rather, this measure is provided as additional information to complement IFRS financial measures by providing further understanding of Neo's results of operations from management's perspective. Neo's definitions of non-IFRS measures used in this news release may not be the same as the definitions for such measures used by other companies in their reporting. Non-IFRS measures have limitations as analytical tools and should not be considered in isolation nor as a substitute for analysis of Neo's financial information reported under IFRS. Neo uses non-IFRS financial measures such as Adjusted EBITDA to provide investors with supplemental measures of its base-line operating performance and to eliminate items that have less bearing on operating performance or operating conditions and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. Neo believes that securities analysts, investors and other interested parties frequently use non-IFRS financial measures in the evaluation of issuers. For definitions of how Neo defines such financial measures, please see the "Non-IFRS Financial Measures" section of Neo's management's discussion and analysis filing for the three months ended March 31, 2019, available on Neo's web site at [www.neomaterials.com](http://www.neomaterials.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

## Cautionary Statements Regarding Forward Looking Statements

This news release contains "forward-looking information" within the meaning of applicable securities laws in Canada. Forward-looking information may relate to future events or future performance of Neo. All statements in this release, other than statements of historical facts, with respect to Neo's objectives and goals, as well as statements with respect to its beliefs, plans, objectives, expectations, anticipations, estimates, and intentions, are forward-looking information. Specific forward-looking statements in this discussion include, but are not limited to: expectations regarding the successful completion of the Asia Metals acquisition; impacts on Neo's future results as a result of the acquisition; the benefits of increased vertical integration to the Company; and expectations regarding Neo's ability to better serve existing and future customers through this acquisition. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. Neo believes the expectations reflected in such forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in this discussion and analysis should not be unduly relied upon. For more information on Neo, investors should review Neo's continuous disclosure filings that are available under Neo's profile at [www.sedar.com](http://www.sedar.com).

## Information Contacts

Ali Mahdavi  
Investor Relations  
(416) 962-3300  
Email: [a.mahdavi@neomaterials.com](mailto:a.mahdavi@neomaterials.com)

Jim Sims  
Media Relations  
(303) 503-6203  
Email: [j.sims@neomaterials.com](mailto:j.sims@neomaterials.com)

Website: [www.neomaterials.com](http://www.neomaterials.com)  
e-mail: [info@neomaterials.com](mailto:info@neomaterials.com)