

# **World leader in the production of permanent magnetic powders, Neo Performance Materials continues to innovate and lead the pack**

Neo Performance Materials Inc. (TSX: NEO) continues to impress the market, despite previous Q3-2020 results which reflected the impact of slower economic activities due to the impact of the global coronavirus pandemic. Notably, the company has continued the quarterly dividend of CAD\$0.10 per share as customer demand is returning and slowly growing. Although it is too early to call an end to the impact of the pandemic, it appears business is starting to return to pre-pandemic levels.

Notably, the company announced on December 4, 2020 that a group of selling shareholders had entered into a secondary bought deal financing for the sale and purchase of 3.9 million shares at CAD\$12.10 per share for gross proceeds of CAD\$47.6 million. As this was a secondary offering from existing shareholders, the company will not receive any of the proceeds. However, at September 30, 2020, the company had cash, cash equivalents plus restricted cash of US\$78.6 million and positive working capital of US\$173 million (including \$115 million of inventories), giving the company a strong balance sheet. Moreover, it is a definite sign of the strength of the company's business plan and the interest in the capital markets for Neo.

Neo manufactures the building blocks of many modern technologies that enhance efficiency and sustainability. Neo's

advanced industrial materials, magnetic powders and magnets, specialty chemicals, metals and alloys are critical to the performance of many everyday products and emerging technologies. The company operates as a global advanced materials manufacturer with 11 manufacturing facilities in countries including Canada, China, Estonia, Germany, South Korea, the US and Thailand. Neo also has two dedicated research and development centres in Singapore and the United Kingdom.



#### REE Separation

- Sillamäe, Estonia
- Zibo, China
- Jiangyin, China

#### REE Metal Production

- Rayong, Thailand\*
- Jiangxi Province, China\*

#### REE Alloy + Magnetic Powders

- Korat, Thailand
- Tianjin, China

#### REE Magnets

- Tianjin, China
- Chuzhou, China

#### REE Environmental Catalyst Materials

- Sillamäe, Estonia
- Zibo, China

#### LED / Electronic specialties

- Hyeongok, South Korea
- Quapaw, Oklahoma, US

#### Rare Metals Refining / Recycling

- Sillamäe, Estonia
- Sagard, Germany
- Peterborough, Ontario, CAN

The company has approximately 1,800 employees worldwide who are “all passionate about making advanced industrial materials”. The company is customer-focused and operates in three business segments where Neo management sees robust, long-term growth driven by multiple global macro trends, such as vehicle electrification, industrial automation, consumer electronics, energy efficient lighting, air and water pollution control and super alloys. Neo identifies growth markets driven by global macro trends such as these and produces highly engineered industrial materials that are critical to the performance of applications in those markets. The company engineers materials that are reducing the human carbon footprint.

Neo, through its Magnequench business unit, is the world leader in the production of permanent magnetic powders used in bonded and hot-deformed, fully dense neodymium-iron-boron ("NdFeB" or "neo") magnets. So much so that, despite the global pandemic, in August 2020 the company announced that it intends to significantly expand its capacity to produce compression molded neo magnets and assemblies, used in the automotive, electronics, home appliance and other industries. Particularly important is that modern vehicles use more than 140 small electric motors, many of which have neo magnets. Electric and hybrid electric vehicles use even more small electric motors and larger traction motors, all of which preferentially use Neo magnets.

Lastly, it is important to note that Neo has developed dual supply chains inside and outside China for rare earths separation and rare earths advanced materials. The company also owns the only rare earths separation facility in Europe.

With an almost half billion dollar (Canadian) market capitalization and world/industry leading manufacturing and technology centers, Neo is leading the way in an industry that is continuing to evolve and grow. The company is innovative and management has the expertise and knowledge and the potential to continue to innovate and lead the pack.