Baylin Reports Continued Positive Adjusted EBITDA

Investor Conference Call on May 9, 2017 at 8:00 a.m. EDT.

- ***Revenue in the first quarter of 2017 was $19.8 million (CAD); a 5% decrease from a year ago.***
- ***Gross profit and gross margin continued to improve, both at the highest level in the past 13 quarters.***
- ***Q1 2017 Operating expenses, adjusted for non-recurring expenses, were $6.8 million (CAD); in line with the fourth quarter of fiscal 2016.***
- ***Current quarter Adjusted EBITDA was $0.2 million (CAD); the 5th consecutive quarter positive result following Adjusted EBITDA losses in 2015 and 2014.***

Toronto, CANADA, May 8, 2017 - Baylin Technologies Inc. (TSX: BYL) (the "Company" or "Baylin"), a global provider of innovative antenna solutions for the networking, mobile and wireless infrastructure markets, today announced its financial results for the three months ended March 31, 2017. All figures are stated in Canadian dollars ("CAD") unless otherwise noted.

Key highlights for the three months ended March 31, 2017:

- Changed its reporting currency to Canadian dollars from United States dollars.
- Revenue, at $19.8 million (CAD), showed a 5% decline against last year's comparable quarter, due to a later product launch by a major Asia Pacific (formerly referred to as the Mobile product line) customer.
- Gross profit was $5.9 million (CAD), and gross margin (See Non-GAAP Measures on page 2 of the MD&A) was 30%; both at the highest level in the past 13 quarters.
- Positive Adjusted EBITDA was $0.2 million (CAD), making it the fifth consecutive positive quarter. Certain non-recurring and one-time expenses ("non-recurring items") were incurred in Q1 fiscal 2017 amounting to $0.4 million (CAD). (See Non-GAAP Measures on page 2 of the MD&A). The positive Adjusted EBITDA was achieved despite incurring $0.4 million (CAD) in R&D expenses related Base Station Antenna ("BSA") product development.
- Cash on hand at March 31, 2017 was $15.6 million (CAD), a reduction of $2.9 million (CAD) from December 31, 2016. The decline reflected the season working capital build, as well as the aforementioned R&D investment in BSA product development.
- Significantly strengthened the management team with the addition of Mr. Jerry Kirshman as President and Chief Operating Officer of Americas/EMEA, and Dr. Minya Gavrilovic as EVP Innovation and Product Strategy. Their proven leadership will be of great benefit in leading our BSA strategy.

Randy Dewey, Vice Chairman, President and Chief Executive Officer commented, "We are pleased to report that the first quarter of 2017 continued the positive Adjusted EBITDA trend established last year. While there was a slight decline in revenue in the quarter relative to last year, it was due primarily to the later launch this year of a customers' new generation product. Also, we launched our aggressive entry into the BSA market with the addition of experienced senior executives to lead our efforts."

Mr. Dewey added: "While we have reported positive Adjusted EBITDA for now five consecutive quarters, we are not satisfied with the level of profitability we have achieved. Accordingly our focus will continue to be increasing profitability and cash flow. I'm confident we are on the right path of controlling operating expenses, improving margins, increasing liquidity, and building our capabilities in the BSA market space."

Selected Financial Information

(In thousands of ***Canadian dollars*** *except per share amounts)*

(in CAD$000's except per share amounts)	Three Months Ended March 31,		Twelve Months Ended December 31,
	2017	2016	2016
	$	$	$
Revenue	19,801	20,925	84,137
Gross Profit	5,942	5,623	23,481
Loss before income taxes	(1,629)	(714)	(2,610)
Income tax expense (recovery)	15	65	3
Net income (loss)	(1,644)	(779)	(2,613)
Basic and diluted loss per share	(0.08)	(0.04)	(0.14)
EBITDA	(224)	233	659
Adjusted EBITDA	151	382	1,873
Current assets	39,968	40,820	39,968
Total assets	61,820	71,793	61,820
Current liabilities	20,326	25,224	20,326
Non-current liabilities	1,635	2,033	1,635
Total liabilities	21,961	27,256	21,961

The Company's complete unaudited consolidated interim financial statements and Management's Discussion & Analysis for the three months ended March 31, 2017 are available at baylintech.com/investor-relations/ and www.sedar.com/.

Financial Summary

Revenue and Gross Profit

(in CAD$000's)	Three Months Ended March 31,		
	2017	2016	Change
	$	$	
Revenue	**19,801**	**20,925**	**(5.4%)**
Cost of Revenue	13,859	15,302	(9.4%)
Gross Profit	**5,942**	**5,623**	**5.7%**
Gross Margin %	30.0%	26.9%	3.1%

a) *Factors Affecting Revenue and Gross Profit*

Revenue

Revenue is derived from the sale of our antenna products. Financial results are reported as one reportable segment. The Company manufactures and sells a variety of antenna products such as antennas for mobile handsets and smartphones, networking and telemetry devices, land mobile radios, telematics and wireless infrastructure antennas. Revenue is impacted by the timing of our customer's product launches, their project deployment plans, and network expansion investment levels by carriers and independent providers.

Gross profit

Our gross profit is impacted by selling prices and sales volumes, product mix and the variable costs of goods sold (being direct materials and direct labour). The Company also commenced lean manufacturing processes in order to optimize and reduce its fixed manufacturing costs going forward.

b) *Fiscal 2017 compared to Fiscal 2016*
Revenue was $19.8 million (CAD) in the first quarter of fiscal 2017, a 5.4% decline when compared to Q1 fiscal 2016's level of $20.9 million (CAD). This decline was attributable to Asia Pacific, which saw its Revenue decrease by 10.3%. This decline was due to the launch of our major customer's flagship new mobile handset version in Q2 of fiscal 2017, whereas last year the new mobile handset version was launched in Q1. Wireless Infrastructure products grew by 37.2%, whereas Networking declined by 5.6% quarter-over-quarter due to the timing of customer orders delayed to later in fiscal 2017.

Gross Profit was $5.9 million (CAD) in Q1 of fiscal 2017, with an associated gross margin of 30.0%. Both compared favourably with the first quarter of fiscal 2016, where it was $5.6 million (CAD), or 26.9% of Revenue. We note the continued improvement in both gross profit and gross margin %, with the current quarter being at their highest levels in the past 13 quarters. The improvement in the current quarter versus the comparable quarter a year ago was due primarily to the change in product mix.

R&D Expenses

(in CAD$000's)			
	Three Months Ended March 31,		
	2017	**2016**	**Change**
	$	**$**	
Payrolls	2,009	1,824	10.2%
Other development costs	711	549	29.4%
Depreciation	211	77	174.5%
Total	**2,931**	**2,450**	**19.6%**
As a Percentage of Revenue	14.8%	11.7%	

a) *Factors Affecting R&D Expenses*
R&D expenses consist primarily of salaries, patent fees, product development costs and other related engineering expenses. Our technological design centers are located in Israel, South Korea and the United States. As such, we often incur significant expenditures in the development of a new product without any assurance that our customers' system designers will ultimately select our product for use in their applications. We are often required to anticipate which product designs will generate demand in advance of our customers expressly indicating a need for that particular design. Even if our customers' system designers ultimately select our products, a substantial period of time will elapse before we generate revenue relative to the possibly significant expenses we have initially incurred.

b) *Fiscal 2017 compared to Fiscal 2016*
R&D expense in the first quarter of fiscal 2017 was $2.9 million (CAD), or 14.8% of Revenue; a $0.4 million increase from fiscal 2016's same quarter amount of $2.5 million (CAD) (11.7% of Revenue). The increase was attributable to increased headcount hired to develop products to expand our product lines, particularly the incremental investment in BSA development. We anticipate quarter-over-quarter spending to increase through the balance of fiscal 2017 in comparison to 2016.

Sales and Marketing

(in CAD$000's)			
	Three Months Ended March 31,		
	2017	**2016**	**Change**
	$	**$**	
Payrolls	1,134	862	31.6%
Other	114	294	(61.3%)
Total	**1,248**	**1,156**	**8.0%**
As a Percentage of Revenue	6.3%	5.5%	

a) *Factors Affecting Sales and Marketing Expenses*
Sales and marketing expenses consist primarily of salaries, advertising, trade shows, travel costs and other promotional activities. These costs can be material when entering new markets such as the infrastructure market and acquiring new customers, requiring meaningful investments to win new business.

b) *Fiscal 2017 compared to Fiscal 2016*
Sales and marketing expenses in the first quarter of fiscal 2017 were $1.2 million (CAD) (6.3% of Revenue), essentially level with the first quarter of fiscal 2016. We anticipate these expenses to modestly increase over the balance of fiscal 2017 was we build out the sales force associated with the BSA market.

G&A

	Three Months Ended March 31,		
	2017	**2016**	**Change**
	$	**$**	
Payrolls	1,341	1,093	22.6%
Other	1,596	1,664	(4.1%)
Depreciation	52	103	(49.7%)
Total	**2,989**	**2,861**	**4.5%**
As a Percentage of Revenue	15.1%	13.7%	

a) *Factors Affecting G&A Expenses*
G&A expenses consist of costs relating to human resources, legal and finance functions, professional fees, insurance and other corporate expenses.

b) *Fiscal 2017 compared to Fiscal 2016*
G&A expenses in the first quarter of fiscal 2017 were $3.0 million (CAD) (15.1% of Revenue), whereas in the first quarter of fiscal 2016 these expenses were $2.9 million (CAD) (13.7% of Revenue). The increase in absolute dollar terms was primarily due to several non-recurring costs related to expanding the executive leadership team in support (i) developing products for our entry into the BSA market, and (ii) senior leadership team depth.

Operating loss, EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are non-IFRS measures that we use to assess our operating performance (See Non-GAAP Measures on page 2 of the MD&A). EBITDA and Adjusted EBITDA are reconciled as follows:

Reconciliation to Operating Loss

(in CAD$000's)			
	Three Months Ended March 31,		
	2017	**2016**	**Change**
	$	**$**	
Operating loss	**(1,226)**	**(844)**	**45.2%**
Amortization and depreciation	1,002	1,078	(7.0%)
EBITDA	**(224)**	**233**	**(196.1%)**
Termination costs and other one-time costs	375	148	152.6%
Adjusted EBITDA	**151**	**382**	**(60.4%)**

a) *Factors Affecting Operating loss, EBITDA and Adjusted EBITDA*
Operating loss, EBITDA and Adjusted EBITDA are highly impacted by revenue volumes, the mix of product sales and operating expense overheads. Additionally in 2017, as noted above, we incurred $0.4 million CAD incremental R&D related to our entry into the BSA market.

b) *Fiscal 2017 compared to Fiscal 2016*
Operating loss for the three month ended March 31, 2017 was $1.2 million (CAD), compared with an operating loss in the same quarter in fiscal 2016 of $0.8 million (CAD).

Adjusted EBITDA in the first quarter of fiscal 2017 was $0.2 million (CAD) versus $0.4 million (CAD) in the same quarter a year ago. The non-recurring items in the first quarter of fiscal 2017 amounted to $0.4 million, and were comprised primarily of recruiting costs related to the expansion of the leadership team in support of our entry into the BSA market, severance, and sundry other non-recurring activities.

Net Loss for the period

(in CAD$000's, except per share amounts)			
	Three Months Ended March 31,		
	2017	**2016**	**Change**
	$	**$**	
Loss before taxes	(1,629)	(714)	128.0%
Income tax expense (recovery)	15	65	(76.9%)
Net Loss for the period	(1,644)	(779)	110.9%
Basic and diluted Loss per share	($0.08)	($0.04)	

a) *Factors Affecting Net Income or Loss*
Net loss is influenced by the above noted factors for Operating loss and EBITDA.

b) *Fiscal 2017 compared to Fiscal 2016*
Net loss in the first quarter of fiscal 2017 was $1.6 million (CAD) compared with a net loss in the first quarter of fiscal 2016 of $0.8 million (CAD). On a loss per share basis, fiscal 2017 had a loss was $0.08 per share (CAD), whereas in fiscal 2016 this loss amount was $0.04 per share (CAD).

OUTLOOK

Cost management, manufacturing efficiencies and product line rationalization were a key focus in fiscal 2016 and continued into fiscal 2017. As noted in the short form prospectus filed in December, 2016, $3.0 million (CAD) of the proceeds from the equity offering will be used to finance incremental R&D in fiscal 2017 in order to accelerate entry into the BSA market. In Q1 fiscal 2017, $0.4 million (CAD) of incremental R&D expenses were incurred for BSA product development.

While the board of directors and management are encouraged by the five consecutive quarters of posting positive Adjusted EBITDA, the over-arching focus in fiscal 2017 has not changed; that is continuing the momentum created in fiscal 2016, investing in new product development in order to enter the BSA market, while prudently managing our liquidity. Exploring new opportunities in the Asia Pacific (formally the Mobile market), continuing to diversify and expand the Networking customer portfolio and further expanding the Wireless Infrastructure product portfolio, especially into the BSA market, will be our primary focus. Also, management will explore opportunities to increase the scale of our business through a strategic, accretive acquisition or acquisitions.

Conference Call

Baylin will hold a conference call to discuss its fiscal 2017 three month financial results on May 9, 2017, at 8:00 a.m. (ET). The call will be hosted by Randy Dewey, Vice-Chairman, President and Chief Executive Officer, and Clifford Gary, VP Finance and Corporate Controller. All interested parties are invited to participate.

DATE:	May 9, 2017
TIME:	8 a.m.
DIAL IN NUMBER:	647-427-7450
	888-231-8191
CONFERENCE ID#:	54233082
WEBCAST DETAILS:	Webcast URL (EN):

http://event.on24.com/r.htm?e=1349664&s=1&k=4188F094D9A4EE097169790CBE3BE551

FORWARD-LOOKING STATEMENTS

Certain statements in this Press Release constitute “forward-looking” statements that involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, objectives or achievements of the Company, or industry results, to be materially different from any future results, performance, objectives or achievements expressed or implied by such forward looking statements. The forward-looking statements in this Press Release include, but are not limited to, statements regarding the Company’s expected product pipeline, plans to expand the Company’s business into new markets, the Company’s ability to achieve organizational efficiencies, and other statements regarding the Company’s plans and expectations in 2017. These statements reflect our current views regarding future events and operating performance and are based on information currently available to us, and speak only as of the date of this Press Release. These forward-looking statements involve a number of risks, uncertainties and assumptions and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such performance or results will be achieved. Those assumptions and risks include, but are not limited to, the Company’s ability to successfully allocate capital as needed and to develop new products, as well as the fact that our results of operations and business outlook are subject to significant risk, volatility and uncertainty. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including the factors identified in the “Risk Factors” section of the Company’s Annual Information Form dated March 9, 2017. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this Press Release as intended, planned, anticipated, believed, estimated or expected. Unless required by applicable securities law, we do not intend and do not assume any obligation to update these forward-looking statements.

(1) NON-GAAP MEASURES

This press release includes a number of measures that are not prescribed by Canadian generally accepted accounting principles ("GAAP") and as such may not be comparable to similar measures presented by other companies. We believe these measures are commonly employed to measure performance in our industry and are used by analysts, investors, lenders and interested parties to evaluate financial performance and our ability to incur and service debt to support our business activities. The measures we use are specifically defined (See Non-GAAP Measures on page 2 of the MD&A).

While we believe that non-GAAP measures are helpful supplemental information, they should not be considered in isolation as an alternative to net income, cash flows generated by operating, investing or financing activities, or other financial statement data presented in accordance with GAAP.

About Baylin

Baylin (TSX: BYL) is a leading global technology company with over 38 years of experience in designing, producing and supplying innovative antennas. We strive to meet our customers' needs by being their trusted partner from initial design to production with an extensive portfolio of custom engineered solutions and leading edge off-the-shelf antenna products.

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For further information please contact Investor relations:

investor.relations@baylintech.com