



Baylin Announces Financial Results for 2018

Revenue Increase of 48.6% Driven by Recent Acquisitions, Wireless Infrastructure and Embedded Solutions

Investor Conference Call on March 14, 2019 at 8:00 a.m. ET

- Revenue for the 12 months ended December 31, 2018 was \$136.2 million, an increase of 48.6% over the prior year.
- Gross profit grew to \$50.8 million in fiscal 2018, compared to \$28.3 million in fiscal 2017.
- Adjusted EBITDA⁽²⁾ was \$15.3 million in fiscal 2018, compared to \$5.0 million in fiscal 2017.
- Revenue and gross profit increased in the fourth quarter of 2018 by 47.9% and 54.1%, respectively, as compared to the same period in fiscal 2017.
- Adjusted EBITDA⁽²⁾ in the fourth quarter of 2018 was \$3.9 million.

TORONTO, CANADA – March 13, 2019 – Baylin Technologies Inc. (TSX: BYL) (the "Company" or "Baylin"), a leading, diversified, global wireless technology management company focused on research, design, development, manufacturing and sales of passive and active radio frequency products and services, today announced its financial results for the three and twelve months ended December 31, 2018. All amounts are stated in Canadian dollars unless otherwise indicated.

Key highlights for the twelve months ended December 31, 2018 include the following:

- Baylin completed two strategic acquisitions of: (i) the radio frequency, terrestrial microwave and antenna equipment divisions of Advantech Wireless Inc. ("Advantech Wireless"); and, (ii) the issued and outstanding shares of Alga Microwave Inc. ("Alga Microwave").
- Revenue grew to \$136.2 million in fiscal 2018, an increase of \$44.6 million or 48.6% over fiscal 2017.
- Gross profit was \$50.8 million in fiscal 2018, an increase of \$22.5 million over fiscal 2017. Gross margin was 37.3% in fiscal 2018, improved by six percentage points compared to gross margin of 30.9% in the prior year. Gross margin was negatively impacted by a \$3.7 million fair value increase applied to the inventory acquired in connection with the acquisitions of Advantech Wireless and Alga Microwave. Excluding this one-time impact, gross margin was 40.1% in 2018.
- Adjusted EBITDA⁽²⁾ was \$15.3 million in fiscal 2018 compared to \$5.0 million in fiscal 2017. Certain non-recurring and one-time expenses ("non-recurring items") of \$12.6 million were incurred in fiscal 2018, which were primarily expenses related to the acquisitions of Advantech Wireless and Alga Microwave, fair value increases applied to the inventory acquired in connection with the acquisitions of Advantech Wireless and Alga Microwave, consulting fees paid to the vendor of Advantech Wireless and other non-recurring items.
- Cash on hand at December 31, 2018 was \$20.9 million, a reduction of \$14.3 million from December 31, 2017. The decrease was primarily due to: (i) cash utilized for payment of a portion of the purchase price for Advantech Wireless and related fees and expenses; (ii) cash utilized for payment of a portion of the purchase price for Alga Microwave and related fees and expenses; and, (iii) an increase in non-cash working capital; offset by an increase in cash from: (i) a \$33 million term loan from Crown Capital Fund IV, LP; and, (ii) completion of a bought deal public offering of

subscription receipts and unsecured convertible debentures for aggregate gross proceeds of \$40.25 million.

- The Company's net loss was due to expenses related to the acquisitions of Advantech Wireless and Alga Microwave, consulting fees paid to the vendor of Advantech Wireless, the fair value adjustment of the convertible debentures and other non-recurring expenses.

Key highlights for the three months ended December 31, 2018 include the following:

- Revenue grew to \$36.0 million in the fourth quarter of fiscal 2018, an increase of \$11.7 million or 47.9% over the fourth quarter of fiscal 2017
- Adjusted EBITDA⁽²⁾ was \$3.9 million in the fourth quarter of fiscal 2018 compared to \$1.3 million in the fourth quarter of fiscal 2017.
- The move of Advantech Wireless operations into the Alga Microwave facility was completed in December 2018.

"We are very pleased with the Company's progress in 2018", stated Randy Dewey, Baylin's President and Chief Executive Officer. "The Company's revenue base has continued to diversify with growth in the Embedded Antenna and Wireless Infrastructure Groups and through the acquisitions of Advantech Wireless and Alga Microwave", added Mr. Dewey.

"The Company achieved higher gross margins in fiscal 2018 due to a higher percentage of revenue from our Wireless Infrastructure products as well as the two acquisitions that we completed this year, which has resulted in the continuing year over year growth of the Company's Adjusted EBITDA" stated Michael Wolfe, Baylin's Chief Financial Officer.

SELECTED FINANCIAL INFORMATION

Selected financial information of the Company is summarized below for the periods indicated:

(in \$000's except per share amounts)

	Twelve Months Ended December 31,		
	2018	2017	2016
	\$	\$	\$
Revenue	136,214	91,642	84,133
Gross Profit	50,841	28,345	23,504
Income (loss) before income taxes	(10,624)	(3,773)	(2,678)
Income tax expense	(5,180)	436	2
Net income (loss)	(5,444)	(4,209)	(2,680)
Basic and diluted income (loss) per share	(\$0.13)	(\$0.17)	(\$0.15)
EBITDA ⁽¹⁾	2,733	2,306	602
Adjusted EBITDA ⁽²⁾	15,293	4,954	1,816
Current assets	79,937	64,666	43,031
Total assets	170,517	84,882	65,006
Current liabilities	35,077	26,873	22,114
Non-current liabilities	53,613	2,183	1,462
Total liabilities	88,690	29,056	23,576

(1) See "Non-GAAP Measures". EBITDA refers to earnings before interest, income taxes, depreciation and amortization.

(2) See "Non-GAAP Measures". Adjusted EBITDA refers to operating income (loss) plus depreciation and amortization plus non-recurring items.

The table below discloses selected financial information for the fourth quarter of fiscal 2018 compared to the prior year period.

	(in \$000's)		
	Three Months Ended December 31,		
	2018	2017	Change
	\$	\$	
Revenue	36,009	24,351	47.9%
Cost of Revenue	24,946	17,173	45.3%
Gross Profit	11,063	7,178	54.1%
Gross Margin %	30.7%	29.5%	4.1%

Revenue in the fourth quarter of fiscal 2018 was \$36.0 million, representing a 47.9% increase over the fourth quarter of fiscal 2017.

Gross margin was 30.7% in the fourth quarter of fiscal 2018. Gross margin was negatively impacted by a \$3.7 million fair value increase applied to the inventory acquired in connection with the acquisitions of Advantech Wireless and Alga Microwave, an adjustment recorded in the fourth quarter. Excluding this one-time impact, gross margin was 41.3% in the fourth quarter of 2018.

A copy of the Company's audited consolidated financial statements for the year ended December 31, 2018 and corresponding management's discussion and analysis (the "MD&A") are available under the Company's SEDAR profile on www.sedar.com.

OUTLOOK

Management believes that the Company has gained access to technology through the strategic acquisitions of Advantech Wireless and Alga Microwave that will accelerate growth by broadening the Company's product offering and better positioning the Company for development of products for 5G (the fifth generation of cellular mobile communications).

Having completed the move of Advantech Wireless operations into the Alga Microwave facility in December 2018, management expects improved manufacturing efficiencies and cost reductions in 2019.

Research and development expenses are expected to increase in 2019 for small cell, base station and 5G antenna products. Management is expecting revenue growth as these new products hit the market.

A continued focus on controlling spending, optimizing manufacturing efficiencies and managing liquidity will continue in 2019 in an effort to hold the margin gains we have achieved over the last several years.

INVESTOR CONFERENCE CALL

Baylin will hold a conference call on March 14, 2019 at 8:00 a.m. (ET) to discuss its financial results for the year ended December 31, 2018. The call will be hosted by Randy Dewey, President and Chief Executive Officer, Michael Wolfe, Chief Financial Officer and Daniel Kim, Executive Vice President of Corporate Development. All interested parties are invited to participate using the dial-in details provided below.

Date: March 14, 2019
Time: 8:00 a.m. (ET)
Dial-in Number: 888-231-8191 or 647-427-7450
Conference ID#: 6678762

Webcast: <https://event.on24.com/wcc/r/1924919/4F99B06DAB35A55F0B6ED4338329DA73>

FORWARD-LOOKING STATEMENTS

Certain statements contained 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. Forward-looking statements are frequently, but not always, identified by words such as "expects," "anticipates," "believes," "intends," "estimates," "predicts," "potential," "targeted," "plans," "possible" and similar expressions, or statements that events, conditions or results "will," "may," "could" or "should" occur or be achieved. 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, objectives and expectations. These statements reflect the Company's current views regarding future events and operating performance and are based on information currently available to the Company 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 the Company's results of operations and business outlook are subject to significant risk, volatility and uncertainty. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to the risk factors discussed in the Company's Annual Information Form dated March 13, 2019 which is available on the Company's profile at www.sedar.com. All of the forward-looking statements made in this press release are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. Unless required by applicable securities law, the Company does not intend and does not assume any obligation to update these forward-looking statements.

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. While management of the Company believes 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. See "Non-GAAP Measures" on page 2 of the MD&A for further information.

ABOUT BAYLIN

Baylin Technologies Inc. (TSX: BYL) is a diversified leading global wireless technology management company. Baylin focuses on research, design, development, manufacturing and sales of passive and active radio-frequency products and services. Baylin aspires to meet its customers' needs and anticipate the direction of the market. For further information, please visit www.baylintech.com.

For further information please contact Investor relations: investor.relations@baylintech.com
