



Baylin Announces Financial Results for the Second Quarter of 2019

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

- Revenue for the second quarter of 2019 was \$47.8 million, an increase of \$15.3 million or 46.8% over the prior year period.
- Gross profit grew to \$17.6 million in the second quarter of 2019, compared to \$13.0 million in the second quarter of 2018.
- Adjusted EBITDA⁽²⁾ was \$5.7 million in the second quarter of 2019, compared to \$2.9 million in the second quarter of 2018.

TORONTO, CANADA – August 7, 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 six months ended June 30, 2019. All amounts are stated in Canadian dollars unless otherwise indicated.

QUARTERLY HIGHLIGHTS

Key highlights for the three and six months ended June 30, 2019 include the following:

- Revenue grew to \$47.8 million in the second quarter of 2019, an increase of \$15.3 million or 46.8% over the second quarter of 2018. The increase was primarily due to higher revenue from Asia Pacific and Advantech Wireless products combined with the addition of revenue from Alga Microwave products. (Alga Microwave was acquired in July 2018.)
- Gross profit was \$17.6 million in the second quarter of 2019, an increase of \$4.6 million over the second quarter of 2018. Gross margin⁽³⁾ was 36.9% in the second quarter of 2019 compared to 40.1% in the prior year period. Gross margin⁽³⁾ was impacted by sales mix. Asia Pacific revenue was a higher percentage of sales for the second quarter of 2019 compared to the second quarter of 2018.
- Adjusted EBITDA⁽²⁾ was \$5.7 million in the second quarter of 2019 compared to \$2.9 million in the second quarter of 2018. Adjusted EBITDA⁽²⁾ for the second quarter of 2019 excludes certain non-recurring and one-time expenses of \$0.8 million which were primarily expenses related to the closure of the Galtronics' New Jersey office and consulting fees paid to Advantech Wireless Inc. (the consulting agreement will not be extended subsequent to the expiry on December 31, 2019).
- The Company's net cash at June 30, 2019 decreased from December 31, 2018 primarily due to repayment of a portion of the Crown Capital Fund IV, LP loan, capital expenditures, debt servicing, cash taxes, settlement of stock options and an increase in non-cash working capital.

"We are pleased with the Company's revenue growth in the second quarter of 2019 which was driven primarily by Asia Pacific being awarded several new platforms from a major customer", stated Randy Dewey, Baylin's President and Chief Executive Officer. "We are also pleased with the changes that we have implemented in Advantech's operations since the acquisition in 2018 which are driving improved performance", added Mr. Dewey.

"Following the refinancing in March 2019 of a \$33 million term loan, resulting in significantly lower borrowing costs, in July 2019 we completed an interest rate swap which has fixed a portion of the interest

rate on the Company's existing term loan locking in a relatively low interest rate until maturity in 2022", 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)	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Revenue	47,831	32,578	86,864	62,016
Gross profit	17,644	13,048	31,975	23,610
Income (loss) before income taxes	1,620	643	(3,812)	(3,827)
Income tax expense (recovery)	(34)	351	435	488
Net income (loss)	1,654	292	(4,247)	(4,315)
Basic and diluted income (loss) per share	\$0.04	\$0.01	(\$0.11)	(\$0.13)
EBITDA ⁽¹⁾	4,976	2,524	8,005	481
Adjusted EBITDA ⁽²⁾	5,738	2,889	9,252	4,335
Current assets	84,518	55,500	84,518	55,500
Total assets	179,103	115,991	179,103	115,991
Current liabilities	53,579	26,431	53,579	26,431
Non-current liabilities	51,512	32,676	51,512	32,676
Total liabilities	105,091	59,107	105,091	59,107

(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.

(3) See "Non-GAAP Measures". Gross margin refers to gross profit divided by revenue.

A copy of the Company's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2019 and corresponding management's discussion and analysis (the "MD&A") are available under the Company's SEDAR profile on www.sedar.com.

OUTLOOK

Management expects that the changes implemented at Advantech Wireless and Alga Microwave will result in improved manufacturing efficiencies and increasing profitability in the second half of 2019 and into 2020.

Management believes that its portfolio of small cells positions the Company well to defend its strong market share position.

The Company's recently launched base station antennas have all been approved for the market by key customers and we expect to receive orders for this product line in the second half of 2019.

We have seen some early 5G contract wins and expect this momentum to continue in 2019 and accelerate thereafter.

The Company has conditionally sold its Kirkland, Quebec facility for \$7.1 million and has negotiated the terms of a long-term lease to continue operating out of the facility. Baylin expects the sale to close in the third quarter of 2019.

INVESTOR CONFERENCE CALL

Baylin will hold a conference call on August 8, 2019 at 8:00 a.m. (ET) to discuss its financial results for the three and six months ended June 30, 2019. 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: August 8, 2019
Time: 8:00 a.m. (ET)
Dial-in Number: 888-231-8191 or 647-427-7450
Conference ID#: 1890437

Webcast: <https://event.on24.com/wcc/r/1924934/D3ECDF989C2272DC21837FD4414789A9>

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