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## BAYLIN TECHNOLOGIES (TSX:BYL)

Baylin is a diversified leading global wireless technology management company. Baylin focuses on research, design, development, manufacturing and sales of passive and active RF Satellite products and services.

## ANNUAL GENERAL MEETING May 11, 2021

## FORWARD-LOOKING STATEMENTS



#### CLEAR SIGNALS. SOUND INVESTMENTS.

This presentation includes "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws. Forward-looking information is not a statement of historical fact. Rather, it is disclosure regarding events, conditions, developments or financial performance that we expect or anticipate may or will occur in the future including, among other things, information or statements concerning our objectives and strategies to achieve those objectives, statements with respect to management's beliefs, plans, estimates and intentions and statements concerning anticipated future events, circumstances, expectations, results, operations or performance. Forward-looking statements can be identified generally by the use of forward-looking terminology, such as "anticipate", "believe", "could", "should", "estimate", "expect", "forecast", "intend", "likely", "may", "plan", "potential", "project", "outlook", "seek", "target", "trend" or "will" or the negative or other variations of these words or other comparable words or phrases and is intended to identify forward-looking information or statements, although not all forward-looking information or statements contain these words.

Forward-looking information and statements are based on certain assumptions and estimates made by us in light of the experience and perception of historical trends, current conditions, expected future developments, including projected growth in the antenna and related industries, and other factors we believe are appropriate and reasonable in the circumstances, but there an be no assurance that such assumptions and estimates will prove to be correct. We caution investors against placing undue reliance on this information since actual results may vary materially from the forward-looking information. The assumptions we have made in preparing the forward-looking information and our objectives include: our ability to generate sufficient revenue while controlling our costs and expenses; our ability to manage our growth effectively; the absence of material adverse changes in our industry or the global economy generally; trends in our industry and markets; our ability to manage risks related to expansion; our ability to maintain good business relationships; our ability to develop products and technologies that keep pace with the continuing changes in technology, evolving industry standards, new product introductions by competitors and changing client preferences and requirements; our ability to retain key personnel; our ability to raise sufficient capital to support our business growth; our ability to comply with financial covenants in our credit facilities; and our ability to manage risks from operating in foreign countries

The forward-looking information and statements in this presentation are made as of the date of this presentation and, except as required by applicable law, we do not undertake any obligation to update or revise any such forward-looking information or statements, whether as a result of new information, future events or otherwise.

This cautionary statement qualifies all the forward-looking information and statements in this presentation.

There are a number of non-IFRS measures used in this presentation, including EBITDA (earnings before interest, taxes, depreciation and amortization) and Adjusted EBITDA. For the purpose of this presentation, EBITDA is calculated as operating income plus depreciation and amortization. Adjusted EBITDA is calculated as EBITDA plus: (i) acquisition expenses (including legal, fair value step up of inventory acquired, planned restructuring and litigation relating to acquisition agreements); (ii) expenses to permanently close/relocate a facility or shut down a line of business; and, (iii) expenses relating to corporate re-organizations.. We believe that these non-IFRS measures are appropriate measures of our operating performance or of potential acquisitions. Our calculation of these measures may differ from the methodology used by other issuers and, accordingly, may not be comparable to such other issuers. We believe that these measures are appropriate measures of our operating performance because they facilitate an understanding of operating performance without giving effect to certain non-cash and non-recurring expenses. None of these measures is equivalent to net income or cash flow from operating activities determined in accordance with IFRS.

The market and industry data and technical and other information in this presentation is based on information from independent industry publications, market research, analysts reports and surveys, product information and other publicly available sources. Although we believe these sources to be generally reliable, we have not independently verified any of the data or information from them and, accordingly, we do not guarantee or represent the accuracy or completeness of that data or information and assume no liability for its use.

All figures are presented in Canadian dollars unless otherwise indicated.





1) Impact of COVID-19

2) 2020 Key Accomplishments and Strategic Developments

3) Financial Performance

4) 2021 Outlook



- Although Asia Pacific (AP) sales volumes increased in Q3 2020, surpassing expectations, and Q4 2020 revenue was somewhat ahead of each of the Q1 and Q2 of 2020, new lockdown measures in North America and Europe resulted in lower AP revenue in Q4 2020 compared to the Q3 2020.
- Infrastructure revenue was impacted throughout 2020 by delays in small cell deployments due to site approval delays caused by municipality shutdowns and slower than expected services. Additionally, the delay in completion of the 5G C-band spectrum auction delay impacted both Infrastructure and Satcom revenue.
- With ongoing capital expenditures to complete the new facility in Vietnam, we expect final commissioning as soon as travel restrictions are lifted.



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### **KEY FINANCIAL DEVELOPMENTS**

- Revenue decreased by 22% over 2019 to \$119.7 million
- Gross margin decreased by 6.2 percentage points over 2019
- Adjusted EBITDA declined to \$6.4 million compared to \$13.8 million in 2019

## **PANDEMIC RESPONSE**

- Strategic reorganization resulted in a \$13.5 million reduction to opex, representing a 22% decrease over 2019 (excl. one-time costs). Total 2020 cost reduction initiatives reduced annualized expenses by approximately \$20 million.
- Completed a \$5 million private placement of 6.67 million units, with strong insider participation, comprised of one common share and one-half of a common share purchase warrant.



## Key Operational Developments | Galtronics USA

 Implementation of auto soldering capability for rapid PCB antenna assembly in Galtronics' Wuxi manufacturing plant

## Key Commercial Developments | Galtronics USA

- Mass production of several Wi-Fi 6 antenna programs for Tier-1 and Tier-2 wireless operators and cable companies
- Market leading HyperFlat<sup>™</sup> product series, a line-up of high-performing, indoor ceiling-mount omnidirectional DAS antennas for 5G and 4G wireless systems.
- New multibeam base station antenna product series, for LTE and 5G wireless networks.
- 8-port and 20-port base station antennas for 5G & 5G/4G deployments with 8T8R azimuth beamforming at C-band.
- Small cell canister antenna portfolio upgraded to cover 5G applications at C-band.
- Approval by a second Tier-1 wireless operator for Small Cell antennas.



## Advantech/Alga

- Won contract for very high power L/S and C-band with key U.S. Military Integrator. A multiyear contract, includes major design milestones like controller area network (CAN bus) communication, advanced phase combining structures.
- Won a multi-year contract for specialized military grade frequency converters covering C, X, Ku band with key U.S. Military integrator.
- Finalized last stage of a 5-year deployment program for Engage Class military antenna terminals for Ministry of Defense for an international customer.
- Received initial orders for 5G reject filters from 2 large satellite operators in U.S.
- Redesigned 1,000W Ku-band flagship amplifier line using the best of Advantech-Alga technology.
- Advantech is now holding the Presidency of Space and Satellite Professionals International (SSPI) Canada Chapter, on organization that groups the Canadian Space Industry
- Advantech is now part of World Teleport Association (WTA) Technology Advisory Board, together with 4 other key international Satellite companies.



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Projected sales of main products in 2013

# FINANCIAL PERFORMANCE

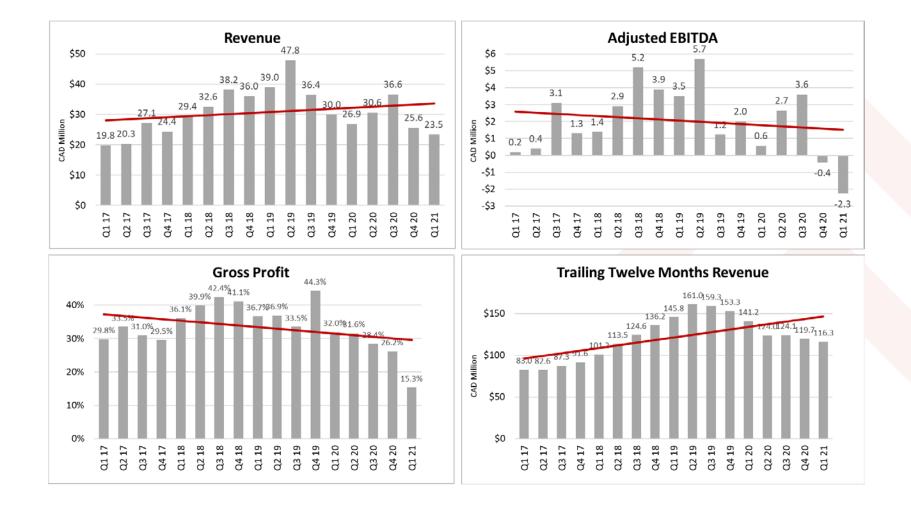
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## TRAILING 4-YEAR RESULTS

#### ALL FIGURES IN CAD



#### CLEAR SIGNALS. SOUND INVESTMENTS.



# Q1 SUMMARY INCOME STATEMENT



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(CAD in 000's)	Q1 2021	Q1 2020	2021 vs 2020 incr/(decr)
Revenue	\$23,460	\$26,942	(12.9%)
Gross Profit	\$3,597	\$8,599	(58.2%)
as % of revenue	15.3%	31.9%	
Operating Costs	\$9,172	\$11,814	(22.4%)
Operating income (loss)	(\$5,575)	(\$3,215)	n/a
Net income (loss)	(\$8,462)	(\$2,461)	n/a
Income (loss) per share	(\$0.17)	(\$0.06)	n/a
Adjusted EBITDA	(\$2,257)	\$555	n/a
as % of revenue	n/a	2.1%	n/a

The pandemic had a continued significant impact on revenue, sales mix and margins in the first quarter of 2021 particularly for the Infrastructure and Satcom business lines. In addition, adjusted EBITDA does not include a \$2.0 million loss incurred on an exited business line.



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# **2021 OUTLOOK**



## Advantech / Alga

- The Satcom business line has seen a significant increase in military proposals and contract wins to new and existing customers for large opportunities that are expected to commence shipments in 1H 2021.
- The launch of our new Summit Series II solid state power amplifier has achieved early success with a key customer win, and our first system is on track to be delivered in the second quarter of 2021, with other awards expected to be delivered soon afterwards.
- We believe that there is no other platform in the market that can deliver the capabilities of our Summit Series II and that it will open up multi-million dollar opportunities in both our traditional GEO domain and rapidly emerging LEO constellations.



### **Galtronics**

The outlook for the Wireless Infrastructure business line for 2021 has improved for several reasons:

- Completion of the 5G spectrum auction in December 2020, which will spur new investments across our carrier partners;
  - The delayed C-band auction likewise negatively impacted Massive MIMO industry volumes, however, volumes are expected to recover to historic highs in 2022 (*source: EJL Wireless Research*)
- Several projects delayed in 2020 are now scheduled for 2021;
- New carrier supplier status wins for small cells for which revenue commenced in the first quarter of 2021; and,
- BSA wins with a tier one North American carrier.



### **Embedded Antenna**

- The Embedded Antenna business line is expected to continue to perform well in 2021 with gross margin expected to improve throughout the balance of 2021 due to a capital investment which will automate a portion of the manufacturing process of one of its highest volume products.
- The increase in consumer demand for Wi-Fi 6 products, coupled with recent large platform wins in this market, have this business expecting growth for 2021.
- Furthermore, we have moved into the automotive antenna market, resulting in two long-term automotive contracts that are expected to start in mid-2021.

## **GROWTH STRATEGY**



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#### Organic



Focus on innovation in each of Baylin's four key segments. Accelerate development of integrated solutions between mobile and satcom



Expansion into more sophisticated product lines



Continue to complement global direct sales force with the appointment of third-party sales representatives



Leverage prime supplier status with large customers



Leverage product development and channels with strategic partnerships

#### Inorganic

#### Actively seeking acquisitions which provide:



Technological capabilities



New geographical markets



**New OEM customers** 



New verticals



# Wireless Solutions

USA | China | Korea | Vietnam | Canada | Brazil | Europe