



### **Baylin Acquires Advantech Wireless Inc.'s Radio Frequency and Microwave Divisions**

- Transformative acquisition expected to be significantly accretive to EPS even before synergies
- \$49 million up-front purchase price
- Baylin's management team will host an investor conference call at 9:45 a.m. ET

TORONTO, ONTARIO -- 01/17/18 -- Baylin Technologies Inc. (TSX:BYL) ("**Baylin**") is pleased to announce today that newly incorporated, wholly-owned subsidiaries of Baylin have acquired (the "**Acquisition**") the radio frequency, terrestrial microwave and antenna equipment divisions (the "**Business**") of Advantech Wireless Inc. and certain of its affiliates (collectively, "**Advantech**").

*"The addition of Advantech's RF and Microwave divisions is a transformational acquisition for Baylin that will enable us to accelerate growth in our wireless infrastructure segment by broadening our product offering and providing us access to new verticals and geographies"* said Randy Dewey, Baylin's President and CEO.

*"We are very excited to be joining forces with an industry leader that shares the same commitment toward innovation. Wireless carriers have substantial demand for RF and microwave products and as an approved supplier to key carriers, Baylin will be able to more fully take advantage of Advantech's diverse suite of products"* said David Gelerman, Advantech's CEO.

The purchase price for the Acquisition is \$49 million (subject to customary adjustments), comprised of the following:

- \$48 million in cash; and
- \$1 million in Baylin common shares ("**Baylin Shares**") at a price per share of \$3.24, being the volume weighted average price of the Baylin Shares on the Toronto Stock Exchange (the "**TSX**") for the five (5) trading day period immediately preceding this press release.

The cash portion of the purchase price for the Acquisition was funded through new indebtedness (see details below) and Baylin's existing cash resources. Advantech may be entitled to additional compensation of between \$0.75 million and \$3 million in each of 2018 and 2019 conditional on the Business meeting certain EBITDA targets in those years.

Headquartered in Montréal, Québec, Advantech is a leading designer and manufacturer of customizable radio frequency, terrestrial microwave and antenna products for several wireless communications markets. Advantech has developed significant innovations for over 25 years, including pioneering the use of Gallium Nitride technology to create smaller, lighter, and more powerful products. Advantech has over 160 clients in over 150 countries and offices across the globe.

Expected benefits of the Acquisition for Baylin include:

- Based on consensus research estimates, the Acquisition would:
  - be significantly accretive to EPS even before synergies; and
  - result in pro-forma LTM EBITDA of approximately \$10 million<sup>(1)</sup>;
- Complementary products strengthen Baylin’s offering in wireless infrastructure, allowing it to offer “turnkey” solutions to its customers;
- Gives Baylin access to new untapped verticals;
- Greater sales reach through an expanded geographical footprint in North America, South America and Europe;
- Potential cost synergies through optimization of supply chain, implementation of lean manufacturing, improved procurement practices, and rationalization of corporate overhead; and
- Baylin would acquire title to the “Advantech” business name, intellectual property, customer contracts and other licenses, rights and contracts.

The principals of Advantech have entered into a consulting agreement with Baylin, pursuant to which they will provide their services to Baylin for a period of two years.

#### **Details on Debt Financing**

In connection with the Acquisition, Baylin has entered into a credit agreement with Crown Capital Partners Inc. (“**Crown**”), pursuant to which Crown will provide a \$33 million term loan, with a rate of 9.0% per annum and maturing in 60 months. In addition, a total of 682,500 warrants of Baylin were issued to Crown.

Post the Acquisition, Baylin will have over \$10 million in cash and a net debt/pro-forma LTM EBITDA<sup>(1)</sup> ratio of approximately 2.4x.

#### **Advisors**

Raymond James acted as exclusive financial advisor and Aird & Berlis LLP acted as legal counsel to Baylin on the Acquisition. Raymond James also acted as exclusive advisor to Baylin on the debt capital raise.

#### **Conference Call Information**

Baylin will host a conference call on January 17<sup>th</sup>, 2018, at 9:45 a.m. (ET) to discuss the Acquisition. The call will be hosted by Randy Dewey, President and Chief Executive Officer, and Michael Wolfe, Chief Financial Officer. All interested parties are invited to participate.

DATE: January 17<sup>th</sup>, 2018

TIME: 9:45 a.m. (ET)

DIAL IN NUMBER: 1-888-231-8191 OR 647-427-7450

CONFERENCE ID#: 3294909

#### **About Baylin**

Baylin is a leading global technology company with over 39 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.

### **Forward-Looking Statements**

Certain statements contained in this press release constitute “forward-looking statements,” as such term is used in applicable Canadian securities laws. These statements relate to analyses and other information that are based upon forecasts of future results, estimates of amounts not yet determinable, and assumptions of management. These forward-looking statements include Baylin’s beliefs, plans, objectives, expectations, anticipations, estimates and intentions relating to the Business or the impact of the Acquisition on Baylin or its financial performance.

Forward-looking statements are made based on management’s beliefs, estimates and opinions on the date the statements are made. Except as expressly required by applicable securities laws, Baylin does not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement. Baylin’s business is subject to various risks that are discussed in its filings on the System for Electronic Document Analysis and Retrieval (SEDAR).

The TSX has in no way assessed the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

### **Contact Information**

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### **Endnotes**

(1) Pro-forma figures represent the combination of Baylin and Advantech’s LTM figures as of September 30, 2017. Revenue and cost synergies are not included. Figures are unaudited.