



**For Immediate Release: April 12, 2017**

**FIRAN TECHNOLOGY GROUP (“FTG”) ANNOUNCES FIRST QUARTER 2017 RESULTS**

Toronto, April 12, 2017 – Firan Technology Group Corporation (TSX: FTG) today announced financial results for the first quarter 2017.

- Achieved record first quarter sales of \$27.2M in Q1 2017, an increase of more than 60% over Q1 2016
- Grew Aerospace segment by 168% over Q1 last year
- Grew Circuits segment sales by 23% over Q1 last year
- Gross margins increased by \$3.1M or 83% over Q1 last year
- Net Income increase by 78% in Q1 2017 versus Q1 2016
- Cash flow from operations was \$1.0M in Q1 2017 compared to cash usage of \$0.6M in Q1 last year
- Completed the integration of PhotoEtch and closed the facility in December 2016
- Continued the transition of Teledyne PCT, expect transition to continue through Q2 2017

“The first quarter of 2017 saw the continued benefit on the top line from the two acquisitions last year,” stated Brad Bourne, President and Chief Executive Officer. He added, “With the closure of PhotoEtch complete and the planned closure of Teledyne PCT in Q2, the benefits of these acquisitions will translate to improved bottom line results as well.”

First Quarter Results: (three months ended March 3, 2017 compared with three months ended Feb 26, 2016)

	<u>Q1 2017</u>	<u>Q1 2016</u>
Sales	\$27,172,000	\$16,929,000
Gross Margin	6,886,000	3,752,000
Gross Margin (%)	25.3%	22.2%
Operating Earnings <sup>(1)</sup> :	3,017,000	1,232,000
• Net R&D Investment	1,410,000	717,000
• Foreign Exchange Loss (Gain)	161,000	(55,000)
• Recovery of Investment Tax Credits	(141,000)	(167,000)
• Amortization of Intangibles	281,000	12,000
Net Earnings before Tax	1,306,000	725,000
• Current Tax Expense	17,000	16,000
• Deferred Tax Expense	488,000	259,000
• Non-controlling Interests	1,000	0
Net Earnings After Tax	\$800,000	\$450,000
Earnings per share		
- basic	\$0.04	\$0.02
- diluted	\$0.03	\$0.02

(1) Operating Earnings is not a measure recognized under International Financial Reporting Standards (“IFRS”). Management believes that this measure is important to many of the Corporation’s shareholders, creditors and other stakeholders. The Corporation’s method of calculating Operating Earnings may differ from other corporations and accordingly may not be comparable to measures used by other corporations.

## Business Highlights

FTG accomplished many goals in the first quarter of 2017 that continue to improve the corporation and position it for the future, including:

- Announced a renewed 3-year agreement to supply circuit boards to a wide range of aircraft in a contract valued at over \$12.0M USD.
- Subsequent to quarter end, announced the transition of PhotoEtch's largest customer to FTG's existing sites with 100% retention rate.
- Completed certification of Circuits Chatsworth facility for one type of rigid flex technology used at Teledyne PCT under the US Department of Defense MIL-PRF-31032 certification.
- Closed the PhotoEtch facility in December 2016, and opened a small engineering office in Fort Worth to retain the PhotoEtch engineering team.
- Began equipment installation for a dedicated outer layer production facility for Aerospace circuit boards at FTG Printronics Circuit – the joint venture in Tianjin China.

For FTG, overall sales increased by \$10.2M or 60%, from \$16.9M in Q1 2016 to \$27.2M in Q1 2017. Both Circuits and Aerospace participated in the growth.

Revenues benefited from the PhotoEtch acquisition which closed on March 18, 2016 and the Teledyne PCT acquisition which closed on July 8, 2016. Total revenues related to the acquisitions was approximately \$10.0M with about \$8.0M coming from the Teledyne PCT facility in Hudson NH and the balance coming from activity transitioned to existing FTG sites.

The Circuits Segment sales were up \$2.9M or 23% in Q1 2017 versus Q1 2016.

For the Aerospace segment, sales in Q1 2017 were \$11.7M compared to \$4.4M in Q1 last year resulting in a 168% growth rate.

Gross margins in Q1 2017 were up \$3.1M, or 83%, compared to Q1 2016. On a percentage basis, margins increased from 22.2% to 25.3% from Q1 last year to Q1 this year. While the benefits of the acquisitions are seen immediately in revenues, the benefits to gross margins will only result once the acquired facilities are closed and the manufacturing activity is moved to existing FTG facilities.

Earnings before interest, tax, depreciation and amortization (EBITDA) for Q1 2017 was \$2.2M, an increase from \$1.2M in Q1 2016.

The following table reconciles EBITDA<sup>(2)</sup> to the net earnings for Q1, 2016.

	<u>Q1 2017</u>	<u>Q1 2016</u>
Net earnings	\$800,000	\$450,000
Add:		
Interest	123,000	40,000
Income taxes	505,000	275,000
Recovery of ITCs	(141,000)	(167,000)
Depreciation/Amortization	884,000	567,000
EBITDA	<u>\$2,171,000</u>	<u>\$1,165,000</u>

(2) EBITDA is not a measure recognized under International Financial Reporting Standards ("IFRS"). Management believes that this measure is important to many of the Corporation's shareholders, creditors and other stakeholders. The Corporation's method of calculating EBITDA may differ from other corporations and accordingly may not be comparable to measures used by other corporations.

Net profit at FTG in Q1 2017 was \$0.8M compared to a net profit of \$0.5M in Q1 2016. The profit in Q1 2017 was positively impacted by the increased activity from the acquisitions as well as the closure of the PhotoEtch plant in December 2016, offset by the ramp up of costs in the Chatsworth facilities in anticipation of the closure of the Teledyne PCT facility at the end of Q2, increased interest costs, a negative foreign exchange impact and amortization of intangible assets resulting from the two acquisitions last year. The amortization of intangible assets and deferred income taxes in Q1 both years are non-cash expenses.

The Circuits segment net earnings before corporate and interest and other costs was \$2.4M in Q1 2017 compared to \$1.4M in Q1 2016.

The Aerospace net earnings before corporate and interest and other costs was (\$0.3M) in Q1 2017 versus (\$0.2M) in Q1 2016. This segment will see the largest benefit from the closure of the Teledyne PCT facility and is currently incurring increased costs related to the ramp up in Chatsworth. It is also being allocated the majority of the amortization of intangible assets resulting from the acquisitions last year, and is still being impacted by lower engineering activity on development programs which results in more costs being expensed rather than going into deferred development.

Cash flow from operations after investments in capital equipment and deferred development, was \$1.0M in Q1 2017 compared to cash usage of \$0.6M in Q1 last year. Capital asset additions in Q1 2017 were \$1.5M versus \$0.4M in Q1 2016 with the majority of the expenditures related to the build of an outer layer manufacturing facility in the circuit board joint venture in China. The disposal of plant and equipment of \$0.6M in Q1 2017 was non cash and related to the disposal of some assets from the Teledyne PCT acquisition that are not required at any FTG facility.

As at March 3, 2017, the Corporation's net working capital was \$23.9M, an increase of \$1.5M over November 30, 2016, primarily due to lower provisions and lower short term debt partially offset by lower accounts receivables.

The Corporation will host a live conference call on Thursday April 13, 2017 at 8:30 am (EST) to discuss the results of the first quarter of 2017.

Anyone wishing to participate in the call should dial 416-340-2220 or 1-866-225-2055 and identify that you are calling to participate in the FTG conference call. The Chairperson is Mr. Brad Bourne. A replay of the call will be available until April 27, 2017 and will be available on the FTG website at [www.ftgcorp.com](http://www.ftgcorp.com). The number to call for a rebroadcast is 905-694-9451 or 1-800-408-3053, Passcode 1236437#.

#### ABOUT FIRAN TECHNOLOGY GROUP CORPORATION

FTG is an aerospace and defense electronics product and subsystem supplier to customers around the globe. FTG has two operating units:

FTG Circuits is a manufacturer of high technology, high reliability printed circuit boards. Our customers are leaders in the aviation, defense, and high technology industries. FTG Circuits has operations in Toronto, Ontario, Chatsworth, California, Hudson, New Hampshire and a joint venture in Tianjin, China.

FTG Aerospace manufactures illuminated cockpit panels, keyboards and sub-assemblies for original equipment manufacturers of aerospace and defense equipment. FTG Aerospace has operations in Toronto, Ontario, Chatsworth, California, Fort Worth, Texas and Tianjin, China.

The Corporation's shares are traded on the Toronto Stock Exchange under the symbol FTG.

## FORWARD-LOOKING STATEMENTS

This news release contains certain forward-looking statements. These forward-looking statements are related to, but not limited to, FTG's operations, anticipated financial performance, business prospects and strategies. Forward-looking information typically contains words such as "anticipate", "believe", "expect", "plan" or similar words suggesting future outcomes. Such statements are based on the current expectations of management of the Corporation and inherently involve numerous risks and uncertainties, known and unknown, including economic factors and the Corporation's industry, generally. The preceding list is not exhaustive of all possible factors. Such forward-looking statements are not guarantees of future performance and actual events and results could differ materially from those expressed or implied by forward-looking statements made by the Corporation. The reader is cautioned to consider these and other factors carefully when making decisions with respect to the Corporation and not place undue reliance on forward-looking statements. Other than as may be required by law, FTG disclaims any intention or obligation to update or revise any such forward-looking statements, whether as a result of new information, future events or otherwise.

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Additional information can be found at the Corporation's website [www.ftgcorp.com](http://www.ftgcorp.com)

**FIRAN TECHNOLOGY GROUP CORPORATION**  
**Interim Condensed Consolidated Balance Sheets**

(Unaudited) (in thousands of Canadian dollars)	March 03, 2017	November 30, 2016
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 2,801	\$ 3,152
Accounts receivable	20,496	21,022
Taxes receivable	329	259
Inventories	22,734	22,464
Prepaid expenses	1,145	1,776
	<b>47,505</b>	<b>48,673</b>
<b>Non-current assets</b>		
Plant and equipment, net	9,192	8,851
Deferred income tax assets	876	1,327
Investment tax credits receivable	7,471	7,330
Deferred development costs	605	739
Intangible assets, net	4,763	5,066
<b>Total assets</b>	<b>\$ 70,412</b>	<b>\$ 71,986</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Bank indebtedness	\$ 5,353	\$ 6,983
Accounts payable and accrued liabilities	15,024	15,105
Provisions	1,411	2,349
Customer deposits, net of deferred development	307	308
Current portion of long-term bank debt	1,505	1,510
	<b>23,600</b>	<b>26,255</b>
<b>Non-current liabilities</b>		
Long-term bank debt	5,682	6,079
Deferred tax payable	1,599	1,573
<b>Total liabilities</b>	<b>30,881</b>	<b>33,907</b>
<b>Equity</b>		
Retained earnings	\$ 8,343	\$ 7,543
Accumulated other comprehensive income	288	443
	<b>8,631</b>	<b>7,986</b>
<b>Share capital</b>		
Common shares	19,195	19,051
Preferred shares	2,218	2,218
Contributed surplus	8,240	8,381
<b>Total equity attributable to FTG's shareholders</b>	<b>38,284</b>	<b>37,636</b>
Non-controlling interest	1,247	443
<b>Total equity</b>	<b>39,531</b>	<b>38,079</b>
<b>Total liabilities and equity</b>	<b>\$ 70,412</b>	<b>\$ 71,986</b>

**FIRAN TECHNOLOGY GROUP CORPORATION**  
**Interim Condensed Consolidated Statements of Earnings**

(Unaudited) (in thousands of Canadian dollars, except per share amounts)	Three months ended	
	March 03, 2017	February 26, 2016
Sales	\$ 27,172	\$ 16,929
Cost of sales		
Cost of sales	19,718	12,664
Depreciation of plant and equipment	568	513
Total cost of sales	20,286	13,177
Gross margin	6,886	3,752
Expenses		
Selling, general and administrative	3,714	2,452
Research and development costs	1,480	787
Recovery of research and development costs	(70)	(70)
Recovery of investment tax credits	(141)	(167)
Depreciation of plant and equipment	32	28
Amortization of intangible assets	281	12
Interest expense on short-term debt	57	-
Interest expense on long-term debt	66	40
Foreign exchange loss (gain)	161	(55)
Total expenses	5,580	3,027
Earnings before income taxes	1,306	725
Current income tax expense	17	16
Deferred income tax expense	488	259
Total income tax expense	505	275
<b>Net earnings</b>	<b>\$ 801</b>	<b>\$ 450</b>
<b>Attributable to:</b>		
Non-controlling interest	1	-
Equity holders of FTG	800	450
<b>Earnings per share, attributable to the equity holders of FTG</b>		
Basic	\$ 0.04	\$ 0.02
Diluted	\$ 0.03	\$ 0.02

**FIRAN TECHNOLOGY GROUP CORPORATION**  
**Interim Condensed Consolidated Statements of Comprehensive Income (loss)**

(Unaudited) (in thousands of Canadian dollars)	Three months ended	
	March 03, 2017	February 26, 2016
Net earnings	\$ 801	\$ 450
Other comprehensive income (loss) to be reclassified to net earnings in subsequent periods:		
Foreign currency translation adjustments	513	859
Net unrealized (loss) on derivative financial instruments designated as cash flow hedges	(918)	(645)
Tax impact	229	161
	(176)	375
<b>Total comprehensive income</b>	<b>\$ 625</b>	<b>\$ 825</b>
<b>Attributable to:</b>		
Equity holders of FTG	\$ 645	\$ 825
Non-controlling interest	\$ (20)	\$ -

**FIRAN TECHNOLOGY GROUP CORPORATION**  
**Interim Condensed Consolidated Statements of Changes in Equity**

(Unaudited) (in thousands of Canadian dollars)	Three months ended March 03, 2017								
	Attributed to the equity holders of FTG							Non-controlling interest	Total equity
	Common Shares	Preferred Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Total			
Balance, November 30, 2016	\$ 19,051	\$ 2,218	\$ 7,543	\$ 8,381	\$ 443	\$ 37,636	\$ 443	\$ 38,079	
Net earnings	-	-	800	-	-	800	1	801	
Stock-based compensation	-	-	-	-	-	-	-	-	
Common shares issued on exercise of share options and PSU's	144	-	-	(141)	-	3	-	3	
Foreign currency translation adjustments	-	-	-	-	534	534	(21)	513	
Net unrealized loss on derivative financial instruments designated as cash flow hedges, net of tax impact	-	-	-	-	(689)	(689)	-	(689)	
Contribution from non-controlling interest	-	-	-	-	-	-	824	824	
Balance, March 03, 2017	\$ 19,195	\$ 2,218	\$ 8,343	\$ 8,240	\$ 288	\$ 38,284	\$ 1,247	\$ 39,531	

(in thousands of Canadian dollars)	Three months ended February 26, 2016								
	Attributed to the equity holders of FTG							Non-controlling interest	Total equity
	Common Shares	Preferred Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Total			
Balance, November 30, 2015	\$ 13,075	\$ 2,218	\$ 1,628	\$ 8,373	\$ (233)	\$ 25,061	\$ 29	\$ 25,090	
Net earnings	-	-	450	-	-	450	-	450	
Stock-based compensation	-	-	-	12	-	12	-	12	
Common shares issued on exercise of share options	15	-	-	(4)	-	11	-	11	
Foreign currency translation adjustments	-	-	-	-	859	859	-	859	
Net unrealized loss on derivative financial instruments designated as cash flow hedges	-	-	-	-	(484)	(484)	-	(484)	
Balance, February 26, 2016	\$ 13,090	\$ 2,218	\$ 2,078	\$ 8,381	\$ 142	\$ 25,909	\$ 29	\$ 25,938	



**FIRAN TECHNOLOGY GROUP CORPORATION**  
**Interim Condensed Consolidated Statements of Cash Flows**

(Unaudited) (in thousands of Canadian dollars)	Three months ended	
	March 03, 2017	February 26, 2016
Net inflow (outflow) of cash related to the following:		
<b>Operating activities</b>		
Net earnings	\$ 801	\$ 450
Items not affecting cash:		
Non-controlling interest share of net (earnings)	(1)	-
Stock-based compensation	-	12
Effect of exchange rates on US dollar debt	(19)	78
Depreciation of plant and equipment	600	541
Amortization of intangible assets	281	12
Amortization of deferred financing costs	3	2
Deferred income tax expense	478	393
Investment tax credits (recovery)	(141)	(167)
(Increase) decrease in net unrealized loss on derivative financial instruments designated as cash flow hedges	(31)	399
Net change in non-cash operating working capital	(194)	(1,887)
	<b>1,777</b>	<b>(167)</b>
<b>Investing activities</b>		
Additions to plant and equipment	(1,507)	(389)
Disposals of plant and equipment	614	-
Additions (decrease) to deferred development costs	135	(75)
	<b>(758)</b>	<b>(464)</b>
<b>Net cash flow from operating and investing activities</b>	<b>1,019</b>	<b>(631)</b>
<b>Financing activities</b>		
Decrease in bank indebtedness	(1,630)	-
Repayments of long-term bank debt	(387)	(282)
Funding from non-controlling interests	824	-
Proceeds from issue of Common shares	3	11
	<b>(1,190)</b>	<b>(271)</b>
<b>Effects of foreign exchange rate changes on cash flow</b>	<b>(180)</b>	<b>(30)</b>
<b>Net (decrease) increase in cash flow</b>	<b>(351)</b>	<b>(932)</b>
Cash, beginning of the period	3,152	3,160
<b>Cash, end of the period</b>	<b>2,801</b>	<b>\$ 2,228</b>
<b>Disclosure of cash payments</b>		
Payment for interest	\$ 129	\$ 40
Payments for income taxes	\$ 4	\$ 7