



**For Immediate Release: February 8, 2017**

**FIRAN TECHNOLOGY GROUP (“FTG” OR “THE CORPORATION”) ANNOUNCES FULL YEAR AND FOURTH QUARTER 2016 FINANCIAL RESULTS**

Toronto, February 8, 2017 – Firan Technology Group Corporation (TSX:FTG) today announced financial results for the full year and fourth quarter 2016.

- Achieved record annual sales of \$87.1M, an increase of 20.9% over full year 2015
- Grew Q4 sales to \$27.2M, an increase of 45.3% over Q4 2015
- Grew Aerospace segment by 70.8% over full year 2015
- Grew Circuits segment sales by 4.6% over full year 2015
- 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
- Began equipment installation for a dedicated outer layer production facility for Aerospace circuit boards at FTG Printronics Circuit – the joint venture in Tianjin China

“The year 2016 saw a dramatic change in FTG with the completion of two acquisitions,” stated Brad Bourne, President and Chief Executive Officer. He added, “As we transition the revenue from these acquisitions to existing FTG facilities, we will drive up utilization rates and see increased profitability.”

Full Year Results: (twelve months ended Nov 30, 2016 compared with twelve months ended Nov 30, 2015)

	<u>Full Year 2016</u>	<u>Full Year 2015</u>
Sales	\$87,114,000	\$72,045,000
Gross Margin	19,353,000	18,034,000
Gross Margin (%)	22.2%	25.0%
Operating Earnings: <sup>(1)</sup>	<hr/> \$7,559,000	<hr/> 9,515,000
• Net R&D Investment	3,238,000	5,066,000
• AMIS early repayment expense	-	556,000
• Recovery of Investment tax credits	(594,000)	(6,736,000)
• Amortization of intangible assets	479,000	48,000
• Bargain purchase gain	(7,189,000)	-
• Restructuring	4,051,000	-
Net Earnings before tax	<hr/> 7,574,000	<hr/> 10,581,000
• Income Tax Expense	1,642,000	1,033,000
• Non-controlling Interests	17,000	11,000
Net Earnings after tax	<hr/> \$5,915,000	<hr/> \$9,537,000

Earnings per share		
- basic	\$0.29	\$0.53
- diluted	\$0.27	\$0.47

**Fourth Quarter Results:** (three months ended Nov 30, 2016 compared with three months ended Nov 30, 2015)

	<u>Q4 2016</u>	<u>Q4 2015</u>
Sales	\$27,233,000	\$18,742,000
Gross Margin	5,730,000	4,953,000
Gross Margin (%)	21.0%	26.3%
Operating Earnings <sup>(1)</sup> :	<hr/> 2,288,000	<hr/> 2,539,000
• Net R&D Investment	966,000	1,465,000
• AMIS Early Payment Expense	-	556,000
• Recovery of Investment Tax Credits	(95,000)	(6,736,000)
• Amortization of Intangibles	281,000	12,000
Net Earnings before Tax	1,136,000	7,242,000
• Tax Expense	506,000	820,000
Net Earnings After Tax	<hr/> \$630,000	<hr/> \$6,422,000
Earnings per share		
- basic	\$0.03	\$0.36
- diluted	\$0.03	\$0.32

(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 2016 that continue to improve the Corporation and position it for the future, including:

- Signed two new sourcing agreements with a leading US based Aerospace customer for the Circuits Toronto and Chatsworth businesses for applications in Business, Regional and Air Transport Aircraft and well as Defense and Space applications
- Received initial production orders from two large aerospace customers at the FTG Printronics Circuits joint venture in China
- Completed certification of Circuits Chatsworth facility for rigid flex technology under US Department of Defense MIL-PRF-31032 certification, positioning this site in the top two technology providers worldwide
- Achieved recertification of the FTG Printronics Circuit joint venture under the AS9100 designation
- Completed the acquisition of the assets of PhotoEtch, and subsequent to year-end, closed the facility moving work to existing FTG facilities.
- Completed the acquisition of the assets of Teledyne Printed Circuit Technology (PCT)
- Raised new equity via the issue of 3.45M shares at \$2.00 per share, less expenses

- Announced five year agreement with Esterline to supply cockpit products for the C Series aircraft
- Entered into an agreement to license the eSurface technology as a semi additive manufacturing process for certain advanced technology printed circuit boards
- Announced a new contract to supply cockpit products for a US military simulator program, a PhotoEtch customer
- FTG Aerospace Chatsworth was selected as a top performing supplier by Lockheed Martin Aeronautics
- Hired Melinda Diebel as CFO who brings strong financial and manufacturing experience, replacing Joe Ricci who is retiring
- Added Mike Andrade to the Board of Directors, bringing his strong manufacturing and technology experience to FTG.

For FTG, overall sales increased by \$15.1M or 20.9%, from \$72.0M in FY2015 to \$87.1M in FY2016. Both Circuits and Aerospace participated in the growth in 2015. For the fourth quarter, sales were \$27.2M, an increase of \$8.5M or 45% versus the same period last year, as the full benefit of the acquisitions are seen in FTG's revenues.

Revenues benefited from the PhotoEtch acquisition which closed on March 18<sup>th</sup> and contributed \$6.0M in incremental sales during the remaining 8.5 months subsequent to the acquisition. This translates into an \$8.5M annual run rate, well above our expectations which was \$6.0M annually. The Teledyne PCT acquisition closed on July 8<sup>th</sup> and contributed \$11.5M during the 5.5 months subsequent to the acquisition. This is tracking at over \$24M, also well above our target of 75% of historic revenues or \$15.6M annually. A portion of this demand results from some customers placing short term demand related to safety stock requirements and is not expected to be sustained after the transition period. Excluding the acquisitions, revenues were down \$2.3M or 3.2% compared to full year 2015.

The Circuits Segment sales were up \$2.5M or 4.6% in 2016 versus 2015. In Q4 2016, sales were up \$1.5M or 10.7% compared to Q4 2015.

For the Aerospace segment, sales in 2016 were \$30.3M compared to \$17.7M last year resulting in a 70.8% growth rate. In Q4 2016, sales were up \$7.0M or 144.7% compared to Q4 2015.

Gross margins in 2016 were up \$1.3M compared to 2015. 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 2016 was \$10.2M, an increase from \$7.0M in 2015.

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

	<u>2016</u>	<u>2015</u>
Net earnings	\$5,915,000	\$9,537,000
Add:		
Interest	307,000	1,003,000
Income taxes/ITC	1,048,000	(5,703,000)
Depreciation	2,433,000	2,070,000
Amortization	537,000	137,000
EBITDA	<u>\$10,240,000</u>	<u>\$7,044,000</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 2016 was \$5.9M compared to a net profit of \$9.5M in 2015. The profit in 2015 included a gain from a \$6.7M recovery of investment tax credits, and a \$2M foreign exchange gain, neither of which were significant in the 2016 results. In 2016, results were positively impacted by bargain purchase gains, offset by restructuring charges for a net benefit of \$3.1M. Also as a result of the acquisitions, there was a \$5.3M intangible asset created which will be amortized over 5 years. In 2016, this amortization negatively impacted earnings by \$0.4M.

The Circuits segment net earnings before corporate and interest and other costs was \$9.8M in 2016 compared to \$5.9M in 2015.

The Aerospace net earnings before corporate and interest and other costs was \$2.5M in 2016 versus \$0.6M in 2015. Costs in 2016 related to the development of the C919 cockpit assemblies and one new program of \$1.3M were treated as deferred development and not expensed.

Cash flow from operations after investments in capital equipment and deferred development but before the acquisitions and related restructuring in 2016 was \$2.5M, compared to a cash flow of \$3.6M in 2015.

As at November 30, 2016, the Corporation's net working capital was \$22.4M, an increase of \$7.4M over November 30, 2015, primarily due to the working capital resulting from the acquisitions completed during the year.

The Corporation will host a live conference call on Thursday February 9, 2017 at 8:30 am (EST) to discuss the results of FY2016.

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 February 23, 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, pass code 4501417.

## 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.

**For further information please contact:**

Bradley C. Bourne, President and CEO  
*Firan Technology Group Corporation*

Tel: (416) 299-4000x 314  
[bradbourne@ftgcorp.com](mailto:bradbourne@ftgcorp.com)

Melinda Diebel, Vice President and CFO  
*Firan Technology Group Corporation*

Tel: (416) 299-4000 x 264  
[melindadiebel@ftgcorp.com](mailto:melindadiebel@ftgcorp.com)

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

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

(in thousands of Canadian dollars) As at	November 30, 2016	November 30, 2015
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 3,152	\$ 3,160
Accounts receivable	21,022	12,987
Taxes receivable	259	231
Inventories	22,464	11,122
Prepaid expenses	1,776	979
	<b>48,673</b>	<b>28,479</b>
<b>Non-current assets</b>		
Plant and equipment, net	8,851	5,644
Deferred income tax assets	1,327	2,876
Investment tax credits receivable	7,330	6,736
Deferred development costs	739	387
Intangible assets, net	5,066	100
<b>Total assets</b>	<b>\$ 71,986</b>	<b>\$ 44,222</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Bank indebtedness	\$ 6,983	\$ -
Accounts payable and accrued liabilities	15,105	10,970
Provisions	2,349	366
Customer deposits, net of deferred development	308	1,044
Current portion of long-term bank debt	1,510	1,058
	<b>26,255</b>	<b>13,438</b>
<b>Non-current liabilities</b>		
Long-term bank debt	6,079	4,234
Deferred tax payable	1,573	1,460
<b>Total liabilities</b>	<b>33,907</b>	<b>19,132</b>
<b>Equity</b>		
Retained earnings	\$ 7,543	\$ 1,628
Accumulated other comprehensive income (loss)	443	(233)
	<b>7,986</b>	<b>1,395</b>
<b>Share capital</b>		
Common shares	19,051	13,075
Preferred shares	2,218	2,218
Contributed surplus	8,381	8,373
<b>Total equity attributable to FTG's shareholders</b>	<b>37,636</b>	<b>25,061</b>
Non-controlling interest	443	29
<b>Total equity</b>	<b>38,079</b>	<b>25,090</b>
<b>Total liabilities and equity</b>	<b>\$ 71,986</b>	<b>\$ 44,222</b>

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

(in thousands of Canadian dollars, except per share amounts)	Years ended	
	November 30, 2016	November 30, 2015
Sales	\$ 87,114	\$ 72,045
Cost of sales		
Cost of sales	65,446	52,048
Depreciation of plant and equipment	2,315	1,963
Total cost of sales	67,761	54,011
Gross margin	19,353	18,034
Expenses		
Selling, general and administrative	11,259	10,018
Research and development costs	3,567	5,558
Recovery of research and development costs	(329)	(492)
Recovery of investment tax credits	(594)	(6,736)
Depreciation of plant and equipment and amortization of intangible assets	597	156
Interest expense on short-term debt	100	34
Interest expense on long-term debt	207	413
Interest accretion due to early repayment of AMIS loan	-	556
Foreign exchange loss (gain)	110	(2,054)
Bargain purchase gain	(7,189)	-
Restructuring expenses	4,051	-
Total expenses	11,779	7,453
Earnings before income taxes	7,574	10,581
Current income tax expense	56	9
Deferred income tax expense	1,586	1,024
Total income tax expense	1,642	1,033
<b>Net earnings</b>	<b>\$ 5,932</b>	<b>\$ 9,548</b>
Attributable to:		
Non-controlling interest	17	11
Equity holders of FTG	5,915	9,537
<b>Earnings per share, attributable to the equity holders of FTG</b>		
Basic	\$ 0.29	\$ 0.53
Diluted	\$ 0.27	\$ 0.47

**FIRAN TECHNOLOGY GROUP CORPORATION**  
**Consolidated Statements of Comprehensive Income**

(in thousands of Canadian dollars)	Years ended	
	November 30, 2016	November 30, 2015
Net earnings	\$ 5,932	\$ 9,548
Other comprehensive income to be reclassified to net earnings in subsequent periods:		
Foreign currency translation adjustments	1,340	965
Net unrealized (loss) on derivative financial instruments designated as cash flow hedges	(876)	(1,178)
Tax impact	219	295
	<b>683</b>	<b>82</b>
<b>Total comprehensive income</b>	<b>\$ 6,615</b>	<b>\$ 9,630</b>
<b>Attributable to:</b>		
Equity holders of FTG	\$ 6,591	\$ 9,616
Non-controlling interest	\$ 24	\$ 14



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

Years ended November 30, 2016 and November 30, 2015

(in thousands of Canadian dollars)	Attributed to the equity holders of FTG					Total	Non-controlling interest	Total equity
	Common Shares	Preferred Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)			
Balance, November 30, 2014	\$ 12,681	\$ 2,218	\$ (7,909)	\$ 8,411	\$ (312)	\$ 15,089	\$ 15	\$ 15,104
Net earnings	-	-	9,537	-	-	9,537	11	9,548
Stock-based compensation	-	-	-	51	-	51	-	51
Common shares issued on exercise of share options	394	-	-	(89)	-	305	-	305
Foreign currency translation adjustments	-	-	-	-	962	962	3	965
Net unrealized loss on derivative financial instruments designated as cash flow hedges, net of tax impact	-	-	-	-	(883)	(883)	-	(883)
Balance, November 30, 2015	\$ 13,075	\$ 2,218	\$ 1,628	\$ 8,373	\$ (233)	\$ 25,061	\$ 29	\$ 25,090
Net earnings	-	-	5,915	-	-	5,915	17	5,932
Stock-based compensation	-	-	-	47	-	47	-	47
Common shares issued on exercise of share options	157	-	-	(39)	-	118	-	118
Common shares issued	5,819	-	-	-	-	5,819	-	5,819
Foreign currency translation adjustments	-	-	-	-	1,333	1,333	7	1,340
Net unrealized gain on derivative financial instruments designated as cash flow hedges, net of tax impact	-	-	-	-	(657)	(657)	-	(657)
Contribution from non-controlling interest	-	-	-	-	-	-	390	390
Balance, November 30, 2016	\$ 19,051	\$ 2,218	\$ 7,543	\$ 8,381	\$ 443	\$ 37,636	\$ 443	\$ 38,079

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

(in thousands of Canadian dollars)	Years ended	
	November 30, 2016	November 30, 2015
Net inflow (outflow) of cash related to the following:		
<b>Operating activities</b>		
Net earnings	\$ 5,932	\$ 9,548
Items not affecting cash:		
Non-controlling interest share of net (earnings)	(17)	(11)
Stock-based compensation	47	51
Effect of exchange rates on US dollar debt	136	118
Depreciation of plant and equipment	2,433	2,070
Amortization of intangible assets	479	49
Amortization of deferred financing costs	11	37
Deferred income tax expense	1,662	729
Investment tax credits (recovery)	(594)	(6,736)
AMIS interest accretion	-	335
Interest accretion due to early repayment of AMIS loan	-	556
Amortization of government assistance	-	(339)
Decrease (increase) in net unrealized loss on derivative financial instruments designated as cash flow hedges	227	(188)
Net change in non-cash operating working capital	(14,672)	(453)
	(4,356)	5,766
<b>Investing activities</b>		
Additions to plant and equipment	(2,210)	(1,750)
Additions to plant and equipment - acquisitions	(3,340)	-
Additions to intangible assets - acquisitions	(5,296)	-
Additions to deferred development costs	(352)	(387)
Additions to deferred financing costs	(11)	-
	(11,209)	(2,137)
<b>Net cash flow from operating and investing activities</b>	<b>(15,565)</b>	<b>3,629</b>
<b>Financing activities</b>		
Increase in bank indebtedness	6,983	-
Proceeds from long-term bank debt	3,390	5,341
Repayments of long-term bank debt	(1,229)	(1,687)
Repayments of subordinated loan	-	(5,110)
Proceeds from issue of Common shares	5,937	305
Funding from non-controlling interests	390	-
	15,471	(1,151)
<b>Effects of foreign exchange rate changes on cash flow</b>	<b>86</b>	<b>41</b>
<b>Net (decrease) increase in cash flow</b>	<b>(8)</b>	<b>2,519</b>
Cash, beginning of the year	3,160	641
<b>Cash, end of year</b>	<b>3,152</b>	<b>\$ 3,160</b>
<b>Disclosure of cash payments</b>		
Payment for interest	\$ 286	\$ 113
Payments for income taxes	\$ 12	\$ 6