



BSM Technologies Inc. Reports Fiscal 2017 First Quarter Results

TORONTO, February 9, 2017 - BSM Technologies Inc. ("BSM" or the "Company") (TSX: GPS), a leading provider of remote monitoring, [fleet management](#) and [fleet diagnostics](#), today announced its financial and operating results for the three months ended December 31, 2016 (the "Quarter"). All amounts are in Canadian dollars unless otherwise stated.

First Quarter of Fiscal 2017 Highlights

- Recurring Revenue⁽ⁱ⁾ of \$11.6 million, an increase of 17% compared to \$9.9 million in the first quarter of fiscal 2016 ("Q1 F2016").
- Hardware and service revenue of \$6.8 million, an increase of 17% compared to \$5.8 million in Q1 F2016.
- Total revenue of \$18.4 million, an increase of 17% compared to \$15.7 million in Q1 F2016.
- Adjusted EBITDA⁽ⁱ⁾ of \$2.8 million, an increase of 33% compared to \$2.1 million in Q1 F2016.
- On October 3, 2016, BSM acquired substantially all of the assets of Mobi Corp. ("Mobi"), enhancing BSM's commercial fleet management solutions to include planning, scheduling, route optimization and fleet analytics for consideration of US\$8.0 million and up to US\$17.0 million in potential earn-out payments.
- Experienced Subscriber⁽ⁱⁱ⁾ Gross Additions⁽ⁱⁱ⁾ of 4,300 and Subscriber Churn⁽ⁱⁱ⁾ of 3,100 in the Quarter. Additionally, BSM acquired 15,100 Subscribers⁽ⁱⁱ⁾ as a result of the acquisition of the assets of Mobi, bringing the total number of Subscribers⁽ⁱⁱ⁾ to 168,400 as of the end of the Quarter.
- On December 19, 2016, BSM received approval to commence a normal course issuer bid (the "Bid"). Under the terms of the Bid, BSM may acquire up to 7,027,655 common shares, representing approximately 10% of the total public float of common shares, as defined by the Toronto Stock Exchange. As at December 31, 2016, BSM had repurchased and cancelled nil common shares pursuant to the Bid.

Management Commentary:

"Strong revenue growth, in combination with robust gross margins and net Subscriber additions saw us deliver record results for BSM this quarter," said Aly Rahemtulla, BSM's President and CEO. "Our fiscal 2017 first quarter was highlighted by closing our acquisition of the Mobi assets and the fulfillment of previously announced large-scale hardware deployments. As we integrate the Mobi product offering with our technology, we believe that our enhanced end-to-end enterprise solution will better serve our customers, deepen our client relationships and enable additional commercial growth across our verticals."

Mr. Rahemtulla continued: "Growing our pipeline, delivering exceptional customer service and executing on organic growth opportunities will be our focus this fiscal year. Further, and as announced previously, we plan to continue to invest in the business with the goal of achieving best-in-class sales and marketing,

customer experience and technology. Overall, we are excited about our first quarter results and the fiscal year ahead and we look forward to continuing to build a bigger and better BSM.”

Second Generation (2G)/CDMA Wireless Network Shutdown

Certain wireless carrier partners of BSM have announced that they will shutdown their 2G/CDMA wireless networks in an effort to transition users towards next generation cellular network technology. As a part of these network shutdowns, they have announced that they plan on taking their 2G/CDMA towers offline. This 2G/CDMA network shutdown will affect some BSM Subscribers that continue to rely on this technology to operate their fleet management devices. Although many of its customers have already transitioned to newer network platforms, BSM believes that approximately 10,000 of its Subscribers will be impacted in the first quarter of calendar 2017.

Mr. Rahemtulla added: “We are mindful of the impact that this event will have on our customers. We are diligently working to convince them to upgrade their fleet management devices and benefit from enhanced technology and greater functionality, however, we expect a significant portion of these customers to unsubscribe.”

Financial Highlights for the First Quarter of Fiscal 2017:

(\$ thousands except gross margin % and per share data)	Three months ended	
	December 31	
	2016	2015
Total revenue	\$ 18,363	\$ 15,701
Recurring revenue ⁽ⁱ⁾	11,561	9,875
Hardware and service revenue	6,802	5,826
Gross profit	10,912	8,672
Gross margin %	59%	55%
Net income (loss)	(465)	(505)
Basic income (loss) per share	(0.006)	(0.006)
Diluted income (loss) per share	(0.006)	(0.006)
EBITDA ⁽ⁱ⁾	2,344	1,698
Adjusted EBITDA ⁽ⁱ⁾	\$ 2,818	\$ 2,114

Notes:

- (i) Recurring Revenue, EBITDA and Adjusted EBITDA are non-GAAP financial measures and do not have any standardized meaning prescribed by the Company's GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. See “Non-GAAP Disclosures” below for additional information.
- (ii) Subscriber, Subscriber Gross Additions and Subscriber Churn are key performance indicators of the Company and are therefore unlikely to be comparable to similar measures presented by other issuers. Refer to the “Non-GAAP Financial Measures and KPIs” section in the Company's management's discussion and analysis for the three months ended December 31, 2016 (the “Q1 FY2017 MD&A”), available at www.sedar.com, for further information on these definitions.

The Company's condensed interim consolidated financial statements for the three months ended December 31, 2016, together with its corresponding management's discussion and analysis can be found

under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.bsmwireless.com.

Conference call details:

DATE:	Friday, February 10, 2017
TIME:	8:30 a.m. ET
DIAL-IN NUMBER:	647-427-7450 or 1-888-231-8191
CONFERENCE ID:	59679232
TAPED REPLAY:	416-849-0833 or 1-855-859-2056 Reference number 59679232 Available until Friday, February 17, 2017 at midnight
LIVE WEBCAST:	http://bit.ly/2jbbrSZ Webcast will be archived for 90 days

About BSM Technologies Inc. ([bsmwireless.com](http://www.bsmwireless.com))

BSM Technologies Inc., through its subsidiaries, is a global top 20 commercial fleet telematics provider for automatic vehicle location (AVL) solutions that improve efficiency, accountability and reduce costs for fleet operators. BSM's end-to-end solutions automate record keeping and regulatory compliance, reduce fuel burn and idling, mitigate risk, and keep drivers safe. BSM provides solutions for commercial and government units who manage and operate diverse assets and large fleets that utilize its integrated [fleet tracking](#), [fleet maintenance](#), and intelligent business engine which provides real time, [web-based tracking](#) of mobile and fixed assets.

For more information, please visit <http://www.bsmwireless.com>

Non-GAAP Disclosures

This news release includes the measures "Recurring Revenue", "EBITDA" and "Adjusted EBITDA", which are deemed "non-GAAP financial measures" under applicable laws. Non-GAAP financial measures do not have any standardized meaning under the Company's GAAP and therefore may not be comparable to similar measures presented by other issuers. Readers are cautioned that that the disclosure of these items are meant to add to, and not replace, the discussion of financial results or cash flows from operations as determined by GAAP. BSM believes that investors use these non-GAAP financial measures as indicators to assess telematics companies. Refer to the "Non-GAAP Financial Measures and KPIs" section in the Q1 FY2017 MD&A, available at www.sedar.com, for further information on the definition, calculation and reconciliation of these non-GAAP financial measures.

"**Recurring Revenue**" includes monthly application service provider fees, monthly monitoring fees, and resale of cellular and satellite data. Recurring Revenue is derived from the service revenue category within the segmented information note of the Company's financial statements. BSM believes that Recurring

revenue provides useful information to BSM's investors because it shows the long term nature of service revenue.

"EBITDA" and **"Adjusted EBITDA"** are measures of BSM's operating profitability. BSM believes that EBITDA and Adjusted EBITDA provide useful information to its investors because they exclude transactions not related to the core cash operating business activities, allowing meaningful analysis of the performance of BSM's core cash operations. EBITDA is an indicator of the financial results generated by BSM's business activities excluding: the impact of any financing activities; amortization of property, equipment and intangible assets; and taxes with respect to various jurisdictions. Adjusted EBITDA is a further refinement of EBITDA to remove the effect of: acquisition, integration and restructuring related costs; share-based compensation expense; write-off of goodwill or other impairments to any financial and non-financial assets; fair value adjustments on contingent consideration; and costs related to certain legal actions. As such, Adjusted EBITDA provides more meaningful continuity with respect to the comparison of BSM's operating results over time. EBITDA and Adjusted EBITDA are derived from the consolidated statements of operations and comprehensive income and statement of cash flows. BSM believes that using these metrics enhances an overall understanding of the Company's results and BSM presents them for that purpose. Refer to the *"Non-GAAP Financial Measures and KPIs"* section in the Q1 FY2017 MD&A, available under the Company's profile on SEDAR at www.sedar.com, for further information on the calculation and reconciliation of these non-GAAP financial measures.

Cautionary Note Regarding Forward-Looking Statements

This news release includes certain forward-looking statements or information under applicable Canadian, U.S. and other securities laws. Such forward-looking information and statements are often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and any other similar expressions. Such forward-looking information includes but is not limited to, statements with respect to enhancing the Company's enterprise solution in order to better serve the Company's customers and achieve greater commercial growth, the future financial or operating performance of the Company, the resources and financial flexibility of the Company, plans to continue to invest in the Company's sales and marketing, customer experience and technology, the impact of the 2G/CDMA network shutdown on the Company and its customers and the ability of the Company to capitalize on future opportunities. These forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business and include, but are not limited to, successfully completing a hardware and software consolidation and developing an enhanced enterprise solution, current and future customers reacting positively to the enhance enterprise solution leading to increased commercial growth, reducing Subscriber Churn through internal investments, the financial position of the Company and the impact of the 2G/CDMA network shutdown. Management believes that these assumptions are reasonable; however, some risks include, but are not limited to, the failure to efficiently or successfully complete hardware and software consolidation, the failure to develop an enhance enterprise solution, the failure to judge the impact of the 2G/CDMA network shutdown, the failure to capitalize on future opportunities, and the failure to reduce Subscriber Churn through internal investments. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that could cause actual results to

differ materially from those contained in the forward-looking information. Some of these risks, uncertainties and other factors are described under the heading "Risk Factors" in BSM's most recent annual information form available at www.sedar.com. Forward-looking statements or information are based on estimates and opinions of management at the date the statements are made. Except as required by applicable law, BSM does not undertake any obligation to update forward-looking information. Readers should not place undue reliance on forward-looking information.

SOURCE BSM Technologies Inc.

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