



BSM Technologies Inc. Reports Fiscal 2017 Third Quarter Results

TORONTO, August 14, 2017 – BSM Technologies Inc. (“BSM” or the “Company”) (TSX: GPS), a leading provider of real-time GPS fleet and asset management solutions, today announced financial and operating results for its fiscal 2017 third quarter ending June 30, 2017 (the “Quarter”). All amounts are presented in Canadian dollars unless otherwise stated.

Third Quarter of Fiscal 2017 Highlights

- Total revenue of \$16.7 million, an increase of 27% compared to \$13.1 million in the third quarter of fiscal 2016 (“Q3 F2016”).
- Recurring Revenue⁽ⁱ⁾ of \$11.4 million, an increase of 25% compared to \$9.1 million in Q3 F2016.
- Hardware and Professional Services Revenue⁽ⁱ⁾ of \$5.3 million, an increase of 31% compared to \$4.0 million in Q3 F2016.
- Adjusted EBITDA⁽ⁱ⁾ of \$2.2 million, an increase of 14% compared to \$1.9 million in Q3 F2016.
- Subscriber⁽ⁱⁱ⁾ Gross Additions⁽ⁱⁱ⁾ of 4,100 and Subscriber Churn⁽ⁱⁱ⁾ of 3,600 in the Quarter.
- Initiated significant expansion opportunities with existing customers in our government, rail and construction verticals.

Management Commentary:

“Revenue for the third quarter of 2017 was highlighted by beginning installations on several significant expansion opportunities with existing customers in our core verticals” said Aly Rahemtulla, BSM's President and CEO. “We initiated the deployment of the previously announced expansion with one of our Class 1 rail customers that is expected to lead to an additional 1,500 subscribers once completed. Further, we completed initial shipments to an existing state government customer where, as previously announced, we were selected to replace existing hardware units and significantly expand the use of telematics for this customer. Upon full deployment, which is scheduled to be completed over the course of this calendar year, we expect this state government customer to have over 5,800 subscribers. In addition, the largest customer in our construction vertical continued to add hardware units to its fleet of rental equipment and has now become one of our top 10 customers as measured by Recurring Revenue⁽ⁱ⁾.”

“An evaluation of our technology roadmap, with a particular emphasis on platform consolidation and scalability, was completed by our Chief Technology Officer, Doug Swanson. As a result of the evaluation, we began implementing a number of operational and structural changes to the technology teams. These changes are designed to increase our development velocity and accelerate the move to a common technology platform.”

Mr. Rahemtulla added: “We continue to prioritize exceptional customer experience and to proactively pursue opportunities to encourage organic growth across BSM's verticals.”

Financial Highlights for the Third Quarter of Fiscal 2017:

(\$ thousands except gross margin % and per share data)	Three months ended June 30		Nine months ended June 30	
	2017	2016	2017	2016
Total revenue	\$ 16,660	\$ 13,093	\$ 51,027	\$ 44,032
Recurring Revenue ⁽ⁱ⁾	11,356	9,058	34,684	28,918
Hardware and Professional Services Revenue ⁽ⁱ⁾	5,304	4,035	16,343	15,114
Gross profit	9,819	7,320	30,189	24,409
Gross margin %	59%	55%	59%	55%
Net income/(loss)	(1,401)	98	(2,599)	(423)
Basic income/(loss) per share	(0.017)	(0.002)	(0.037)	(0.018)
Diluted income/(loss) per share	(0.016)	(0.002)	(0.036)	(0.018)
EBITDA ⁽ⁱ⁾	1,051	1,894	4,952	4,799
Adjusted EBITDA ⁽ⁱ⁾	\$ 2,150	\$ 1,882	7,138	6,320

Notes:

- (i) *Recurring Revenue, Hardware Revenue, Professional Services 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 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 and nine months ended June 30, 2017, available at www.sedar.com, for further information on these definitions.*

The Company's condensed interim consolidated financial statements for the three and nine months ended June 30, 2017, 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.bsmtechnologies.com.

Conference call details:

DATE:	August 15, 2017
TIME:	8:30 a.m. ET
DIAL-IN NUMBER:	647-427-7450 or 1-888-231-8191
CONFERENCE ID:	62303185
TAPED REPLAY:	416-849-0833 or 1-855-859-2056 Reference number 62303185 Available until Tuesday, August 22 at midnight

LIVE WEBCAST: <http://bit.ly/2vavuvn>
 Webcast will be archived for 90 days

About BSM Technologies Inc. (bsmtechnologies.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 divisions 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.bsmtechnologies.com>

Non-GAAP Disclosures

This news release includes the measures “Recurring Revenue”, “Hardware Revenue”, “Professional Services Revenue”, “EBITDA” and “Adjusted EBITDA”, which are “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 the Company’s GAAP under IFRS. BSM believes that investors use these non-GAAP financial measures as indicators to assess telematics companies.

Non-GAAP Measure:	Why We Use It	How We Calculate or Define It	Most Comparable IFRS Financial Measure
Recurring Revenue Hardware Revenue Professional Services Revenue	<ul style="list-style-type: none"> We believe that separately disclosing these revenue categories helps us to explain period-over-period variation in our financial performance. Furthermore, gross profit margin generated by each revenue categories varies and we believe disclosure of these different categories helps our investors to better understand the composition of our total revenue and the impact of relative changes in revenue categories on total gross profit margin. We believe that Recurring Revenue provides useful information to our investors because it shows the long-term nature of revenue earned from our customer relationships. 	<ul style="list-style-type: none"> Recurring Revenue is defined by us as: revenue from our monthly services fees, monthly monitoring fees, and resale of cellular and satellite data. Recurring Revenue is recognized monthly as services are delivered. Hardware Revenue is defined by us as: revenue from the sale of our proprietary and third-party telematics devices. Professional Services Revenue is defined by us as: revenue from installation fees, project management fees, custom development fees, cancellation fees and other one-time fees for 	Revenue

		services provided to our customers.	
EBITDA Adjusted EBITDA	<ul style="list-style-type: none"> We believe that EBITDA and Adjusted EBITDA provide useful information to our 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. We believe Adjusted EBITDA provides more meaningful continuity with respect to the comparison of BSM's operating results over time. We believe that using these metrics enhances an overall understanding of the Company's results and we present them for that purpose. 	<ul style="list-style-type: none"> EBITDA is defined by us as: Net income/(loss) adjusted by: cost of debt financing activities; depreciation of property and equipment; amortization of intangible assets; and taxes with respect to various jurisdictions. Adjusted EBITDA is defined by us as: EBITDA adjusted by: acquisition, integration and restructuring related costs; share-based compensation expenses; write-off of goodwill or other impairments to any financial and non-financial assets; fair value adjustments on contingent consideration; costs related to certain legal actions; and gains and losses resulting from the translation of non-Canadian dollar working capital balances. 	Net income/(loss)

Reconciliation of Recurring Revenue, Hardware Revenue and Professional Services Revenue to Total Revenue

Each of these revenue categories are components of total revenue as disclosed in the statement of operations in the Company's financial statements and presented within the financial highlights table of this press release.

(\$ thousands)	Three months ended June 30		Nine months ended June 30	
	2017	2016	2017	2016
Hardware Revenue	4,586	3,186	13,518	11,905
Recurring Revenue	11,356	9,058	34,684	28,918
Professional Services Revenue	718	849	2,825	3,209
Total Revenue	16,660	13,093	51,027	44,032

Reconciliation of EBITDA and Adjusted EBITDA to Net Income/(Loss)

(\$ thousands)	Three months ended June 30		Nine months ended June 30	
	2017	2016	2017	2016
Net income/(loss) as reported	(1,336)	(162)	(2,982)	(1,526)
Add (deduct):				
Interest expense, net of interest received	328	157	1,173	413
Tax expense/(recovery)	(65)	260	383	1,103

Amortization	2,124	1,639	6,378	4,809
EBITDA	1,051	1,894	4,952	4,799
Add (deduct):				
Share-based compensation	472	102	1,457	452
Foreign exchange (gain)/loss	627	(165)	394	138
Acquisition, integration and restructuring costs	-	51	335	931
Adjusted EBITDA	2,150	1,882	7,138	6,320

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 the timing and scope of customer project plans, the number of telematic hardware units which may be purchased by a customer, enhancing the Company's enterprise solution in order to better serve the Company's customers and achieve greater commercial growth, 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, customer's completing orders as initially indicated, the impact of the 2G/CDMA network shutdown on the Company and its customers, successfully completing a hardware and software consolidation and developing an enhanced enterprise solution, and current and future customers reacting positively to the enhance enterprise solution leading to increased commercial growth. Management believes that these assumptions are reasonable; however, some risks include, but are not limited to, customers failing to complete purchases as indicated, the failure to efficiently or successfully complete hardware and software consolidation, and the failure to develop an enhanced enterprise solution. 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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