



Bittium Corporation updates its strategy and financial targets

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Bittium Corporation has updated its strategy to strengthen its position in the global markets and to speed up its growth. The company plans to make significant investments in the future by increasing significantly the R&D investments in its own products and solutions in the year 2017. In line with the nature of the defense and public safety markets, the investments will pay back in a longer time period and therefore Bittium plans to activate the most of the R&D investments to its balance sheet. The company has a strong balance sheet and financial position.

Bittium has decided to establish a new product and service area around healthcare technology. By combining healthcare technologies with Bittium's long-term experience and knowhow in wireless and security technologies give the company good conditions to serve its customers in healthcare sector by offering them new kinds of products and services. As the first step to build the competencies in healthcare technology on November 10, 2016 Bittium acquired Mega Electronics Ltd, a company specialized in measuring and monitoring biosignals.

Bittium continues to search for inorganic growth opportunities in all its product and service areas and is prepared to invest in acquisitions that strengthen the company's growth strategy.

According to its updated strategy the company's business will be divided into three product and service areas effective as of December 1, 2016: Defense & Security, Connectivity and Medical Technologies.

Defense & Security

In the Defense & Security product and service area Bittium offers globally leading products and services for its customers in the defense, security and public safety markets. Bittium aims to increase significantly investments in various authority and special terminals as well as in related software development and extend its tactical communication product portfolio for defense industry. Growth in the net sales is sought especially from own products and product platforms that Bittium offers for international defense and public safety markets.

Bittium's competitiveness in these markets is based on trust and reliability, hi-quality of the products and services, as well as on advanced technology and security knowhow developed within the company during the last 30 years. Bittium offers its customers in the defense market new kind of efficiency for their management systems with products that enable faster data transfer, better mobility, and large compatibility with other communication systems.

In the public safety markets the transition towards LTE-based technology is expected to accelerate in the next few years. As the security threats are growing increasingly more security demands are set for the communication systems. Bittium increases investments in further developing its product offering for these markets. The company also continues offering public safety markets R&D services to develop special terminals and related systems that use both terrestrial and satellite networks.

In the defense, security and public safety markets there are signs of unification regarding technologies as well as in security demands. Also many customers, partners and supply chains are mostly the same and the trend towards this is strengthening. Bittium will merge two separate product and service areas into one and with that synergy Bittium is able to better serve the customers in defense and security technology.

The defense, security and public safety markets are slowly evolving markets by their nature. They are characterized by long sales cycles driven by the national governments' long preparation periods of projects and purchase programs. The purchases of the selected products are typically executed over several years.

Connectivity

The development of wireless technology continues and the digitalization creates growing need for wireless connections. Bittium offers R&D services and wireless connectivity solutions for its customers, and the demand is expected to increase within the next few years. The competitiveness of the company in these markets is based on the strong technology and security competence, as well as on trust and reliability, and quality. The more critical the system is, the more significant role Bittium's strengths have.

The demand for developing 4G-technology based network equipment is decreasing as the technology and market reach their maturity. However, Bittium is already strongly involved in the development of 5G technology which in a long run gives the company a good position to offer even more advanced connectivity solutions also for customers in other markets.

Medical Technologies

In the healthcare sector remote monitoring and home care markets are growing strongly. Patient monitoring in the hospital environment is also changing into wireless. These trends create demand for the digitalization of services, wireless capability and secure connections. For these markets Bittium has decided to establish a new product and service area around healthcare technology. As the first step to build the competencies in healthcare technology, on November 10, 2016 Bittium acquired Mega Electronics Ltd, a company specialized in measuring and monitoring biosignals.

By combining healthcare technologies with Bittium's long-term experience and competence in wireless and security technologies give Bittium good conditions to serve its customers in healthcare sector by offering them new kinds of products and services.

Bittium plans to strengthen its product and service offering for these markets also by searching for acquisition targets that complements the whole.

Financial targets

Bittium has announced earlier that it targets 10 percent annual growth in net sales and to reach EBIT level 10 percent of net sales in the year 2017 at the latest. The company believes that in the coming years it is able to grow its net sales even more than the earlier announced target, and therefore sets up a target to exceed the annual 10 percent growth target of the net sales.

However, Bittium believes, that during the year 2017 it is not yet able reach the targets set for the growth in the net sales and EBIT level. The reason for this is the termination of significant customer cooperation with a global network equipment manufacturer, of which Bittium announced earlier, that is expected to materialize faster and more extensively than the company estimated earlier. According to the information received by Bittium, the net sales from this customer cooperation will end completely in the beginning of the second quarter of the year 2017. To this extend this kind of extensive and rapid decrease in the services business net sales is most likely difficult to be replaced in a short term. In addition, the operating profit level of the year 2017 is also affected by the planned investments to enable the future growth.

Bittium targets further to increase the share of net sales generated from own products and product platforms. According to the targets Bittium announced earlier, in the year 2017 the share of net sales generated from own products and product platforms is clearly higher than in the year 2014, when the product based net sales was 26.7 percent of the net sales.

Oulu, November 24, 2016
Bittium Corporation
The Board of Directors

Further information

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Bittium

Bittium specializes in the development of reliable, secure communications and connectivity solutions leveraging its 30 year legacy of expertise in advanced radio communication technologies. Bittium provides innovative products and services, customized solutions based on its product platforms and R&D services. Complementing its communications and connectivity solutions, Bittium offers proven information security solutions for mobile devices and portable computers. Starting from November 10th, Bittium offers its customers also healthcare technology products and services in biosignal measuring in the areas of cardiology, neurology, rehabilitation, occupational health and sports medicine. Net sales of continuing operations in 2015 was EUR 56.8 million and operating profit was EUR 2.3 million. Bittium is listed on Nasdaq Helsinki.

www.bittium.com