



Delivering Record Performance:
18% Revenue Growth &
22% Growth in Net Profit After Tax

ALTIUM FULL YEAR INVESTOR PRESENTATION

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Joe Bedewi CFO
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28 August – 1 September 2017
Sydney & Melbourne

Disclaimer

The Altium logo is positioned in the top right corner of the slide, set against a background image of a blue printed circuit board (PCB) with various electronic components like chips and connectors.

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Agenda

Altium®

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Company Highlights & Outlook

2

2017 Financial Performance & Metrics

3

Leading and Shaping PCB Design Market

4

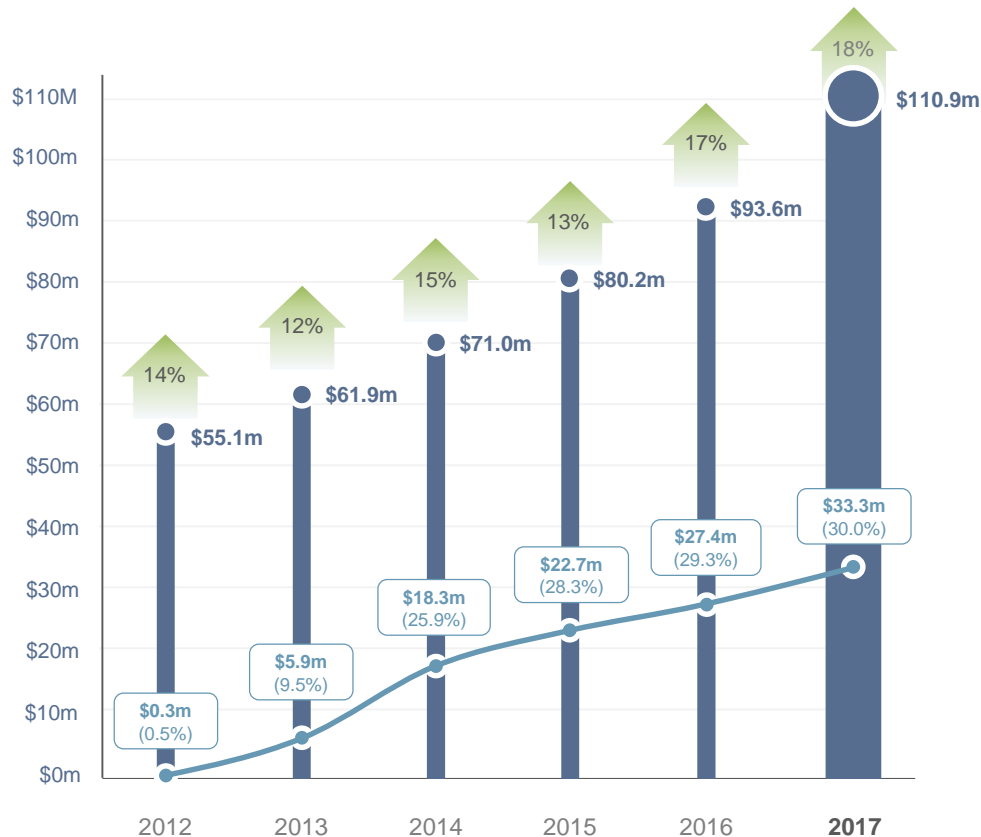
Transforming Electronic Design & its Realization

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Appendix: Company Overview

Altium's FY17 Financial Highlights

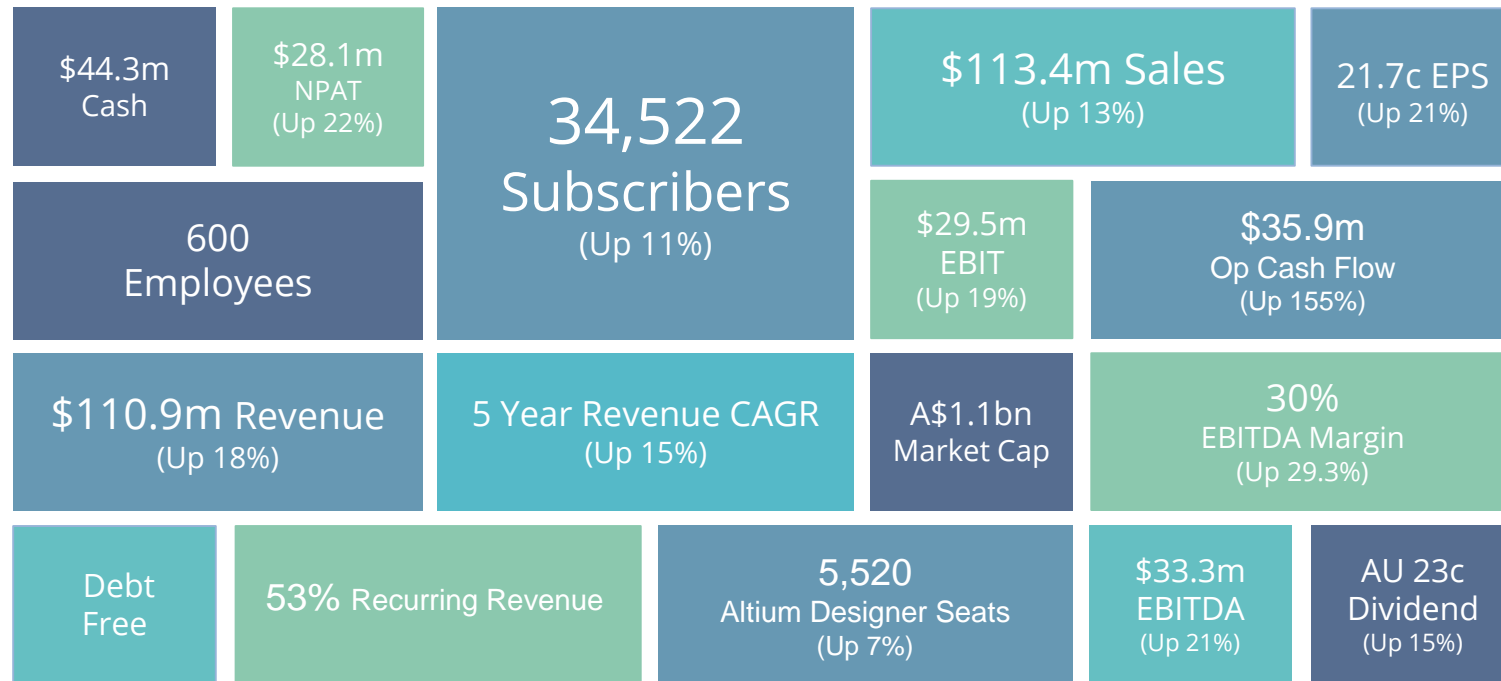
Altium



- Record revenue growth of 18%
- Record EBITDA Margin of 30% (32.3% underlying)
- Strong net profit growth of 22%
- 11% increase in subscriber seats to 34,522
- Over 5,500 Altium Designer licenses sold

● Revenue ● EBITDA ● Revenue growth

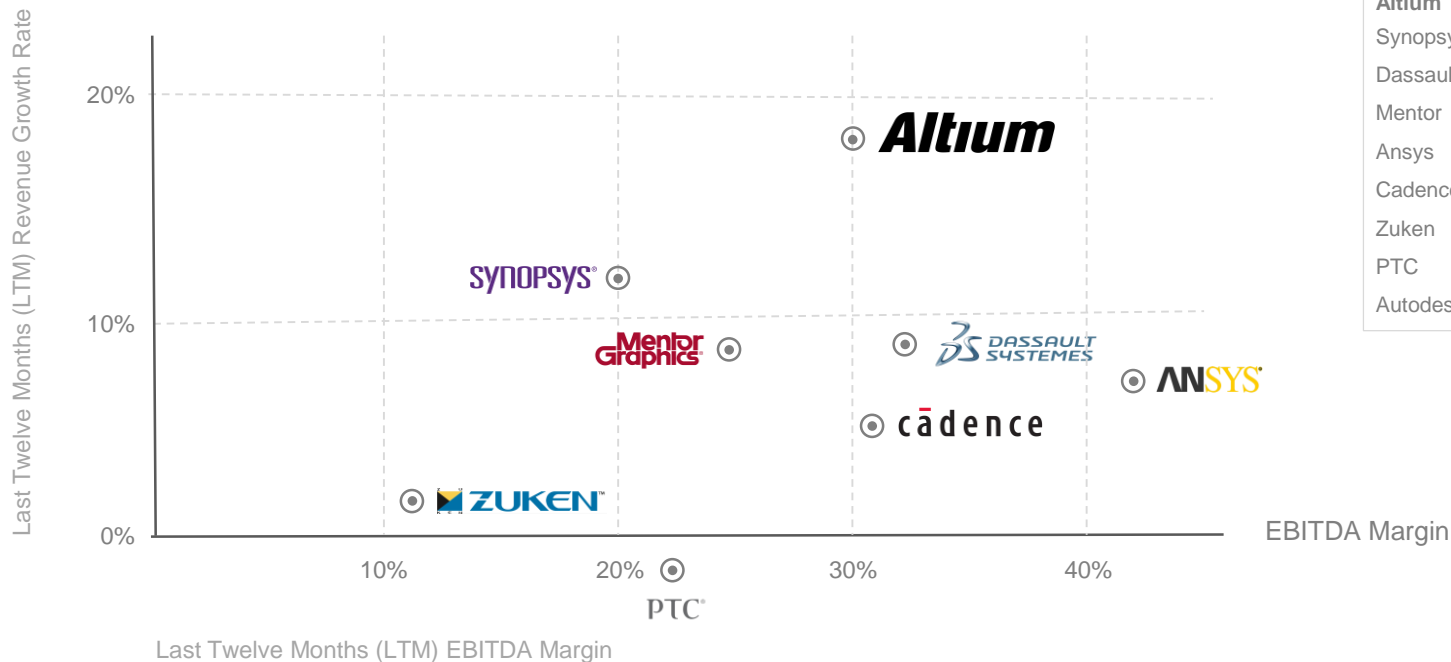
Driving Performance from a Position of Financial Strength

The Altium logo is positioned in the top right corner of the slide, featuring the word "Altium" in a white, sans-serif font with a registered trademark symbol.

Industry-Leading Performance

Altium

Revenue Growth Rate



| Company | LTM | | |
|----------|------------------|-----------------|-----------------|
| | Revenue Growth % | EBITDA Margin % | Growth + Margin |
| Altium | 18.5 | 30 | 48.5 |
| Synopsys | 12.0 | 20.0 | 32.0 |
| Dassault | 8.9 | 32.6 | 41.5 |
| Mentor | 8.6 | 25.5 | 34.1 |
| Ansys | 7.5 | 42.5 | 50.0 |
| Cadence | 5.4 | 30.8 | 36.2 |
| Zuken | 1.8 | 11.6 | 13.4 |
| PTC | -1.6 | 22.0 | 20.4 |
| Autodesk | -15.4 | -3.6 | -19.0 |

Dominating the PCB Landscape

The Altium logo is positioned in the top right corner of the slide, set against a background image of a blue printed circuit board (PCB) with various electronic components.The Altium logo is centered above the comparison table. It features the word "Altium" in a bold, blue, italicized sans-serif font.The "The Competitors" logo is located to the right of the Altium logo. It consists of the words "The Competitors" in a white, monospaced font, with "The" on a separate line above "Competitors". The text is contained within a dark blue rectangular box.

| | | |
|-----------------------------------|--|---|
| New Seats / Customers | 5500+ new licenses sold in FY17 | New license growth estimated to be low or negligible |
| Subscription Pool | 34,500 - the largest and the fastest growing in the industry | Generally static or declining |
| Direct Sales Capability | 75% + and growing direct sales | No significant transactional sales force (only through resellers) |
| Approach to Partnership | Strategic | Tactical |
| Revenue Growth | 2-3X the average growth for the industry | Below market growth |
| Software Technology | The only PCB design tool with unified design data model | Separate design tools between layout and schematic |
| Software Release Frequency | Annual Updates | Irregular and infrequent updates |

Expanding Direct Reach in Europe

- Successful innovation in the age of IoT depends on building and maintaining a direct relationship with end users
- Altium is the only design tool company with an expanding direct sales force



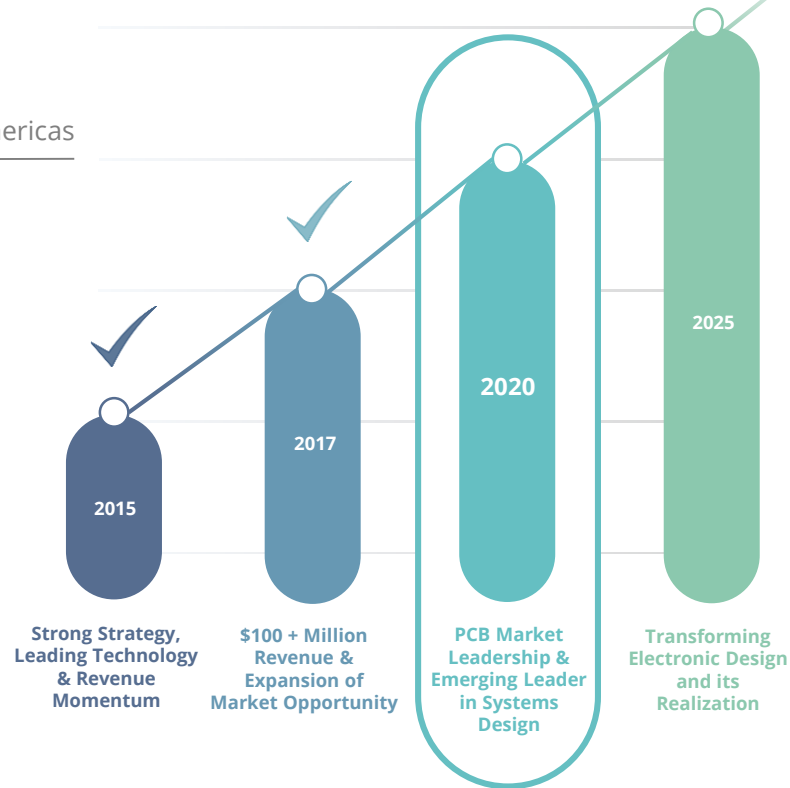
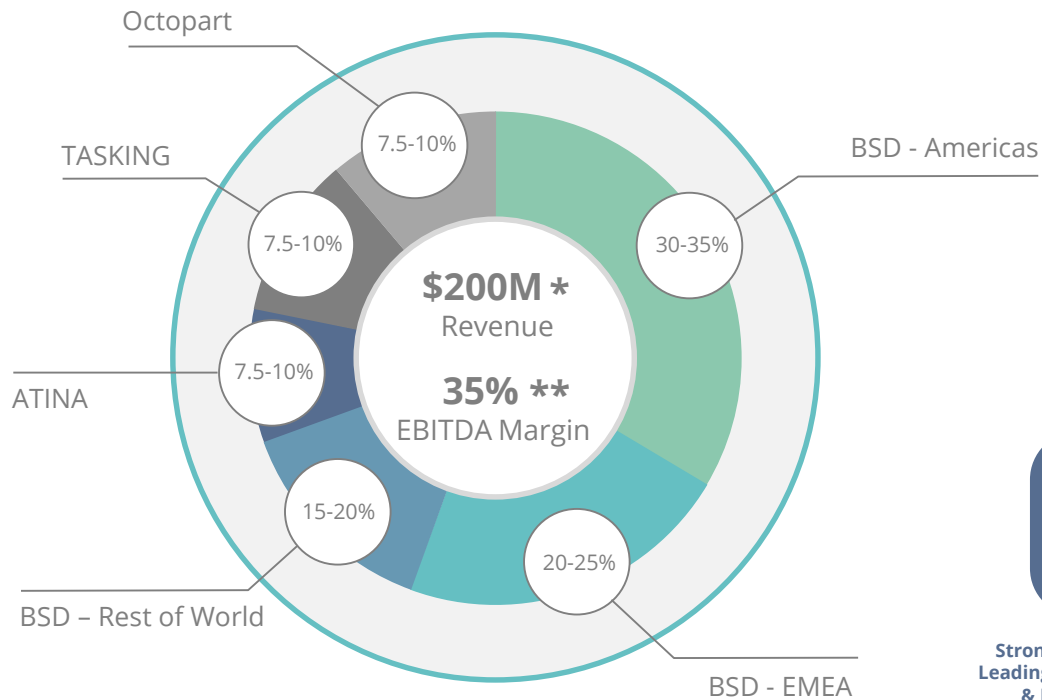
FY17 Significant Achievements

- ✓ Delivered major upgrade to Altium's flagship product, Altium Designer 17, representing the fifth consecutive annual upgrade
- ✓ Expanded direct sales presence in Europe acquiring long-time resellers in the Netherlands and the United Kingdom
- ✓ Octopart delivered strongest business unit growth through improved search experience and business momentum
- ✓ China delivered strongest regional performance through growing success of our License compliance selling approach
- ✓ TASKING achieved highly-sought industry accreditation to further drive the adoption of TASKING's compiler in the automotive industry
- ✓ Post year end acquisition of Upverter, developer of the world's first fully web-based electronics design platform, securing Altium's future in the cloud

Achieving Market Leadership by 2020

Altium

2020 Target Revenue Breakdown



* The target revenue of \$200M may include 5-10% from future acquisitions

** 35% reported EBITDA margin or better in fiscal year 2020

BSD – Board and Systems Division (accounts for all PCB products excluding ATINA)

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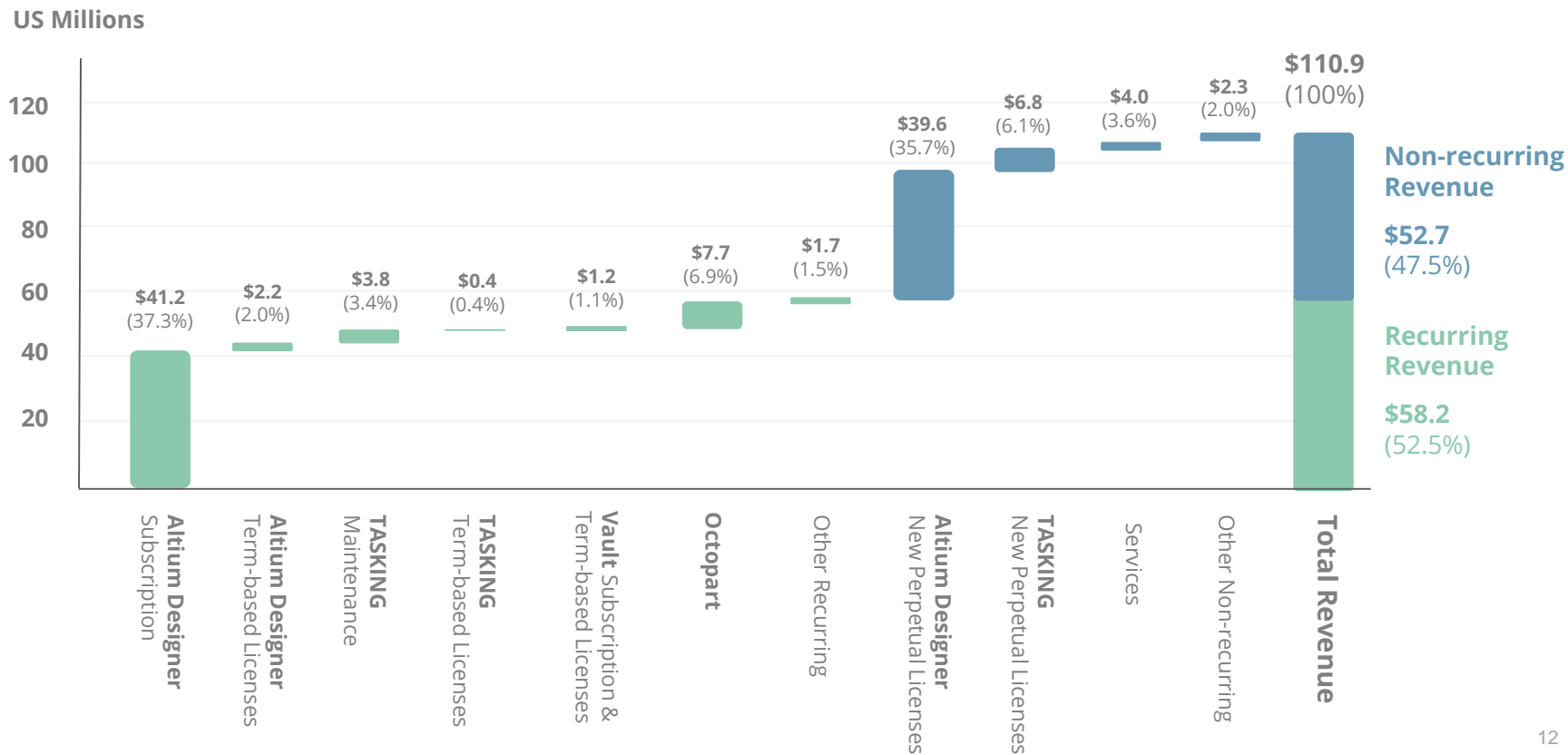
Transforming Electronic Design and its Realization

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Appendix: Company Overview

Revenue Sources

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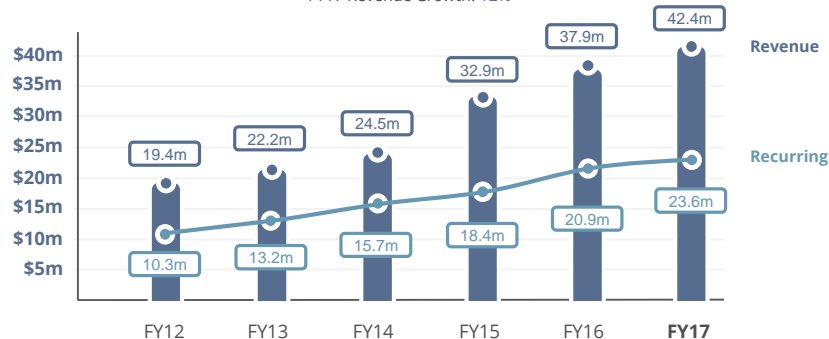


Revenue – Board and Systems

Altium

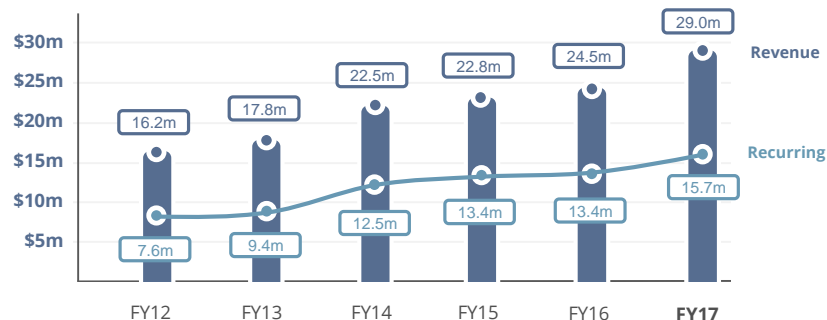
BSD - Americas

5 Yr Revenue CAGR: 17%
5 Yr Recurring CAGR: 18%
FY17 Revenue Growth: 12%



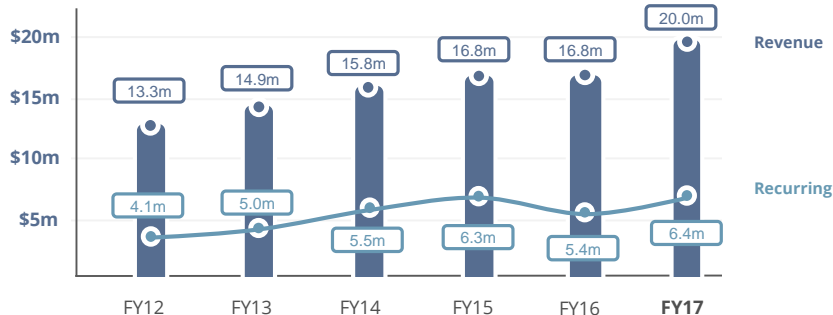
BSD - EMEA USD

5 Yr Revenue CAGR: 12%
5 Yr Recurring CAGR: 16%
FY17 Revenue Growth: 18%



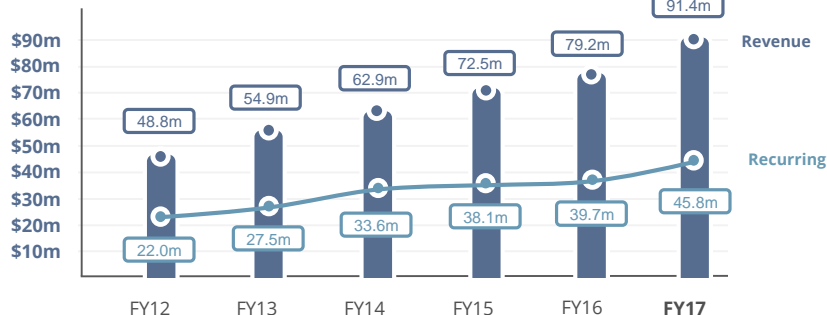
BSD - Rest of World

5 Yr Revenue CAGR: 9%
5 Yr Recurring CAGR: 12%
FY17 Revenue Growth: 19%



BSD - Total

5 Yr Revenue CAGR: 13%
5 Yr Recurring CAGR: 16%
FY17 Revenue Growth: 15%

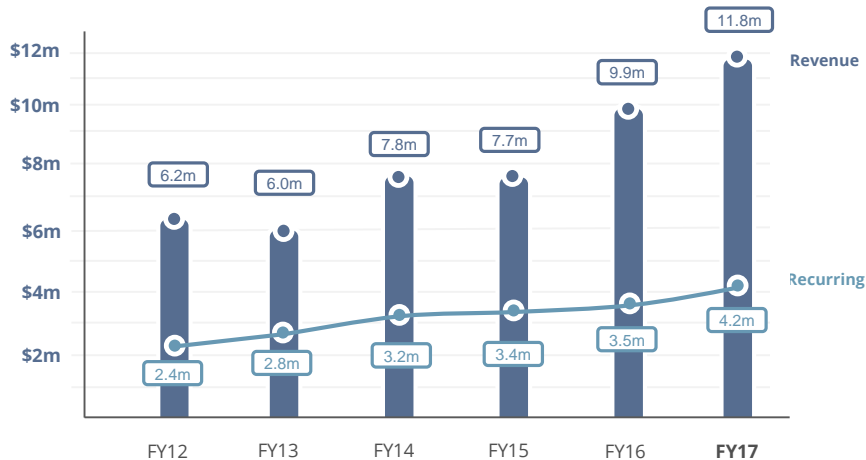


Revenue – TASKING and Octopart

Altium

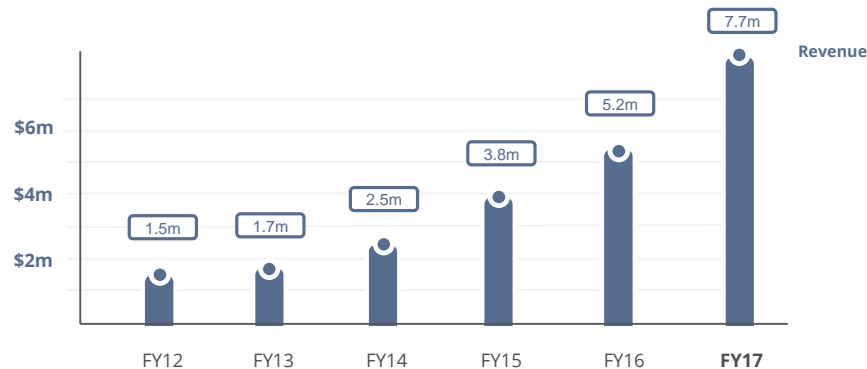
TASKING

5 Yr Revenue CAGR: 14%
5 Yr Recurring CAGR: 12%
FY17 Revenue Growth: 19%



Octopart

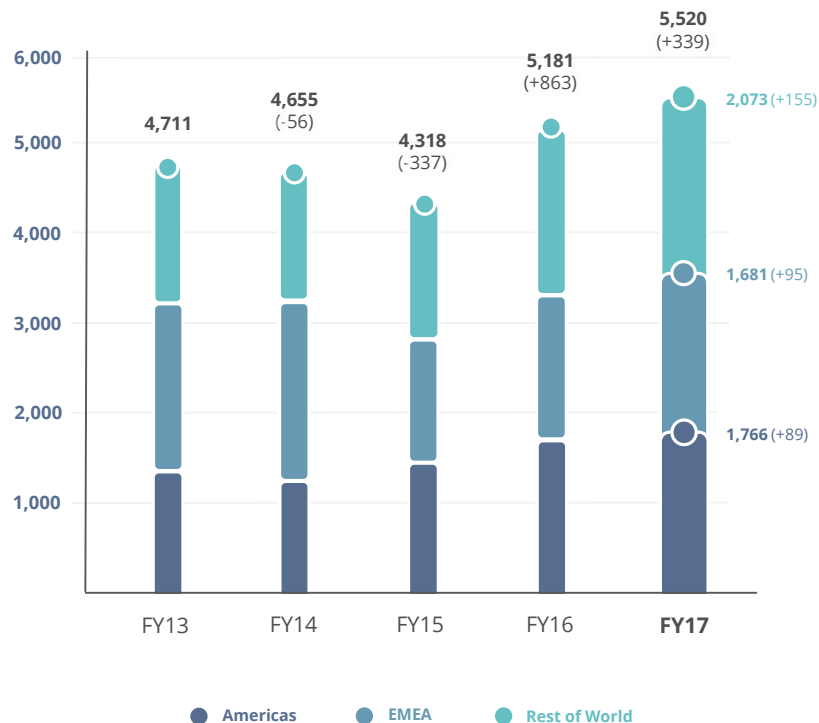
5 Yr Revenue CAGR: 39%
FY17 Revenue Growth: 50%



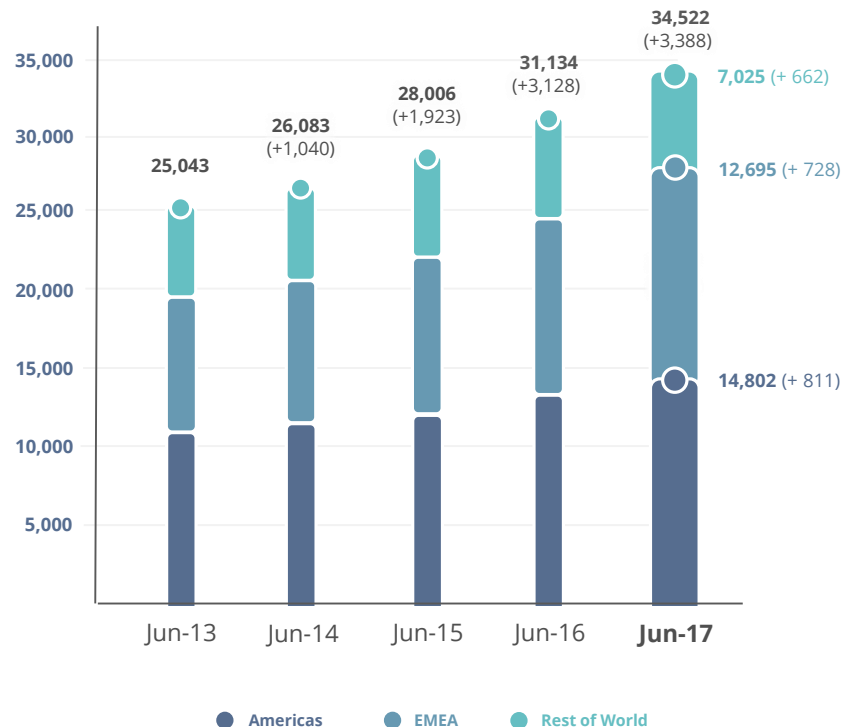
Board and Systems – Underlying Metrics

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Altium Designer New Seats Sold

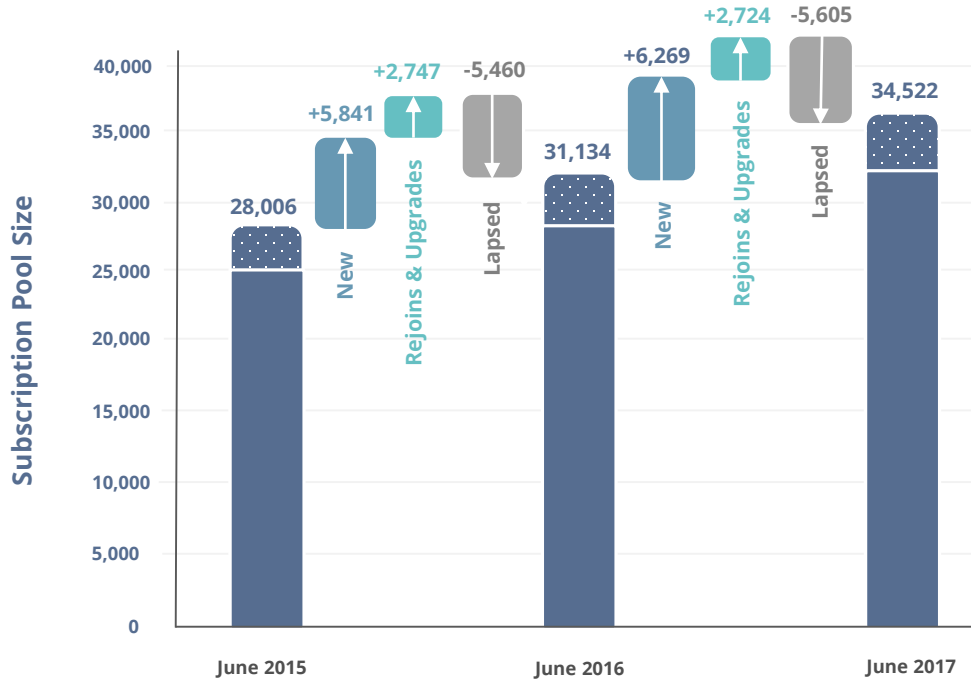


Subscription Pool



Altium's Subscription Pool

Altium®

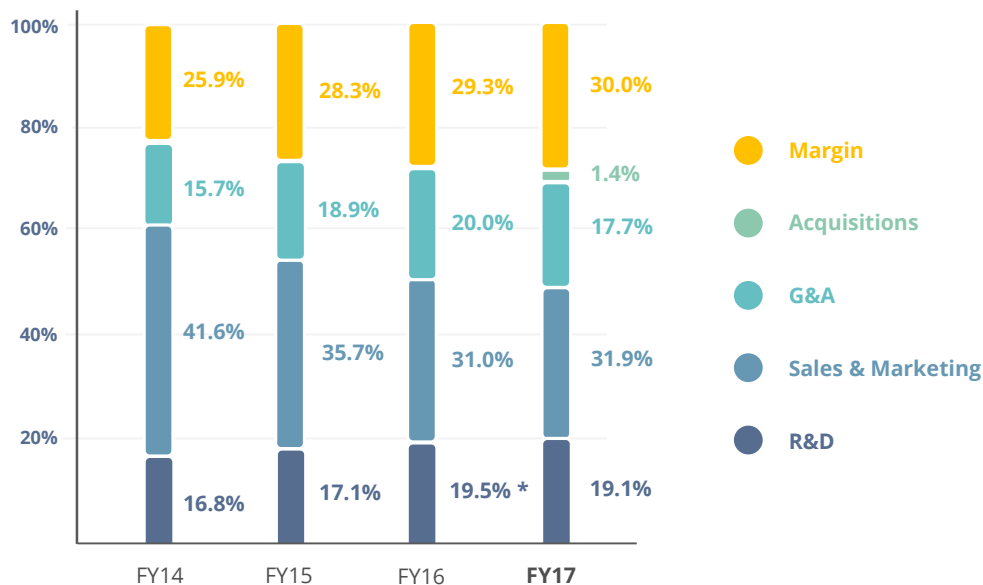


- Growth pool ~ Developed Countries**
87% of subscription pool
86.6% renewal rate (FY16 - 86.6%)
- Constant pool ~ Developing Countries**
13% of subscription pool
35.8% renewal rate (FY16 - 30.3%)

Operating Expenses

Altium

Operating Expenses as a Percentage of Revenue



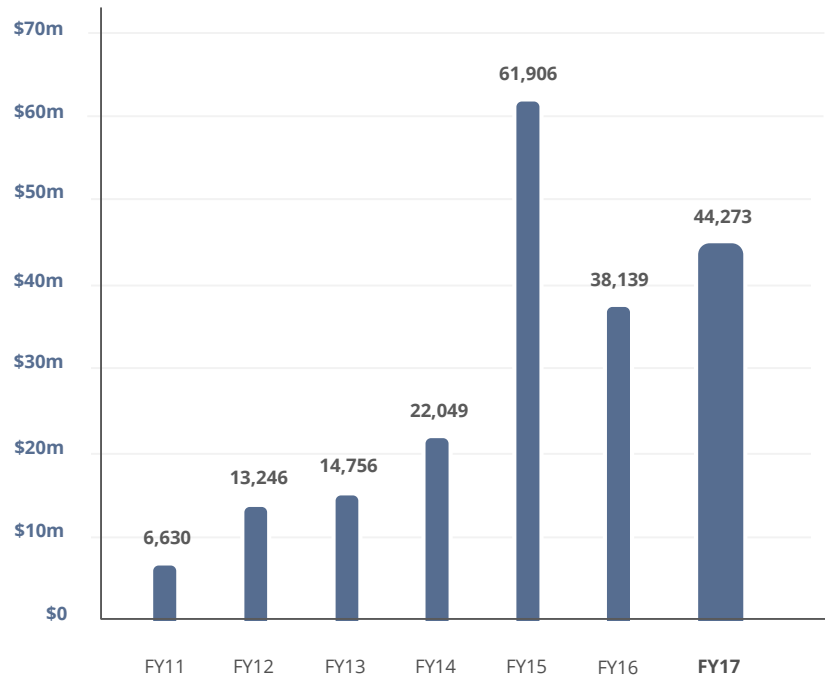
What Drives Altium's Unique Operating Leverage?

- No Waste Culture – Every Dollar Counts
- We support a Value-Based Market but, we service this market with a commodity selling model
- R&D is driven by a high product release rate

* Includes approximately 5% in acquired R&D expenses

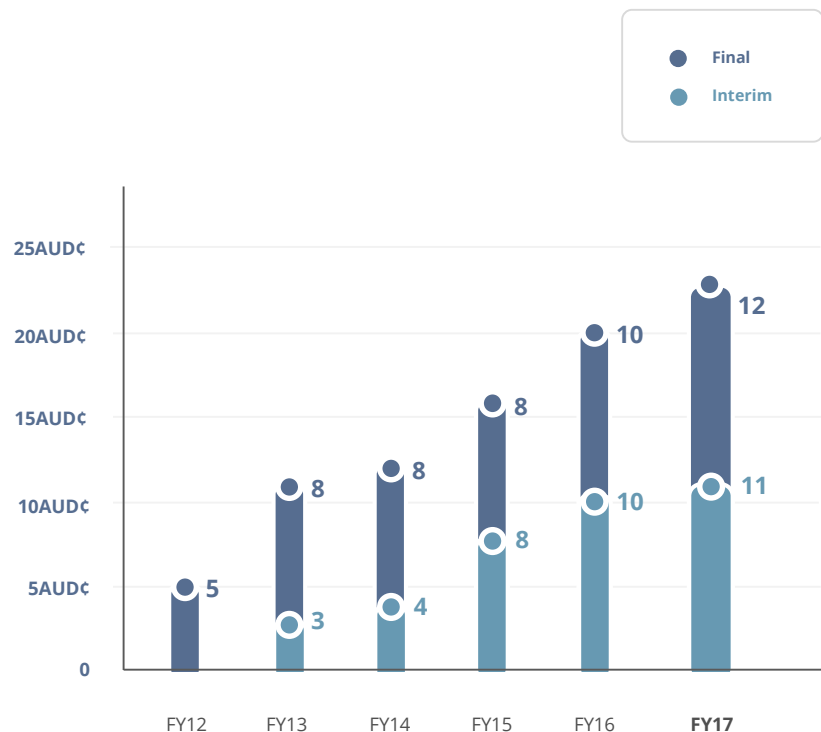
Balance Sheet

Altium



| | Jun-17 \$ '000 | Jun-16 \$ '000 | Jun-15 \$ '000 | Jun-14 \$ '000 |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Cash and cash equivalents | 44,273 | 38,139 | 61,906 | 22,049 |
| Trade and other receivables | 32,672 | 30,406 | 20,704 | 22,429 |
| Other current assets | 2,861 | 1,548 | 1,955 | 1,582 |
| Total current assets | 79,806 | 70,093 | 84,565 | 46,060 |
| Trade and other receivables | 2,531 | 5,379 | 1,499 | 1,136 |
| Property, plant and equipment | 7,317 | 5,091 | 3,886 | 1,908 |
| Intangible assets | 38,196 | 33,508 | 0 | 0 |
| Other non-current assets | 82,946 | 82,301 | 81,622 | 4,898 |
| Total non-current assets | 130,990 | 126,279 | 87,007 | 7,942 |
| Total assets | 210,796 | 196,372 | 171,572 | 54,002 |
| Trade and other payables | 10,179 | 7,188 | 6,048 | 5,559 |
| Tax liabilities | 1,008 | 2,713 | 4,989 | 338 |
| Provisions | 7,600 | 3,568 | 1,908 | 1,773 |
| Deferred revenue | 38,436 | 32,234 | 28,773 | 29,727 |
| Total current liabilities | 57,223 | 45,703 | 41,718 | 37,397 |
| Deferred tax liability | 5,276 | 4,793 | 0 | 0 |
| Provisions | 703 | 4,230 | 1,202 | 2,829 |
| Deferred revenue | 6,958 | 9,038 | 6,091 | 5,981 |
| Other liabilities | 674 | 1,813 | 959 | 204 |
| Total non-current liabilities | 13,611 | 19,874 | 8,252 | 9,014 |
| Total liabilities | 70,834 | 65,577 | 49,970 | 46,411 |
| Net assets | 139,962 | 130,795 | 121,602 | 7,591 |
| Contributed equity and reserves | 137,452 | 135,571 | 131,767 | 94,268 |
| Accumulated profits (losses) | 2,510 | (4,776) | (10,165) | (86,677) |
| Total equity | 139,962 | 130,795 | 121,602 | 7,591 |

Dividends paid/declared



| | FY17 \$ '000 | FY16 \$ '000 | FY15 \$ '000 | FY14 \$ '000 |
|---|-----------------|-----------------|-----------------|-----------------|
| Cash flows from operating activities | | | | |
| Receipts from customers | 116,436 | 92,121 | 81,517 | 75,689 |
| Payments to suppliers and employees | (77,635) | (71,461) | (60,692) | (55,708) |
| Payments for expenses relating to acquisitions | (145) | (1,143) | - | - |
| Net Interest paid | 5 | (53) | 305 | 138 |
| Net income taxes paid | (2,800) | (5,383) | (732) | (1,667) |
| Operating Cash Flow | 35,861 | 14,082 | 20,398 | 18,452 |
| Capital Expenditure | | | | |
| Payments for property, plant and equipment | (4,343) | (2,720) | (2,354) | (1,296) |
| Payments for intangibles | (515) | (250) | - | - |
| Proceeds on sale of assets | - | - | 16 | - |
| Free Cash Flow | 31,003 | 11,112 | 18,060 | 17,156 |
| Cash flows from investing activities | | | | |
| Payments for purchase of subsidiary, net of cash acquired | (4,183) | (17,039) | - | - |
| Cash flows from financing activities | | | | |
| Proceeds from issue of shares | - | - | 39,966 | 2,943 |
| Dividends paid | (20,791) | (17,631) | (15,886) | (12,808) |
| Repayment of borrowings | (51) | (43) | (66) | (157) |
| Subtotal | 5,978 | (23,601) | 42,074 | 7,134 |
| Effects of exchange rate changes | 156 | (166) | (2,217) | 159 |
| Increase in cash and cash equivalents | 6,134 | (23,767) | 39,857 | 7,293 |

Full Year Results Key Metrics

Altium

| USD millions | FY17 | FY16 | +/- % | FY15 | FY14 |
|--------------------------------------|-------|-------|--------------|--------|------|
| Revenue (excl. interest) | 110.9 | 93.6 | 18% | 80.2 | 70.9 |
| Reported expenses | 77.6 | 66.2 | 17% | 57.5 | 52.6 |
| • Business expenses | 75.1 | 64.7 | 16% | 56.9 | 52.4 |
| • One-off expenses | 2.5 | 1.5 | N/A | 0.6 | 0.2 |
| EBITDA | 33.3 | 27.4 | 21% | 22.7 | 18.3 |
| Depreciation and amortization | 3.8 | 2.7 | 41% | 1.3 | 1.2 |
| EBIT | 29.5 | 24.7 | 19% | 21.4 | 17.1 |
| Net interest | - | (0.1) | | 0.2 | - |
| Profit before income tax | 29.5 | 24.6 | 20% | 21.6 | 17.1 |
| Income tax expense | 1.4 | 1.6 | (13%) | (70.8) | 6.0 |
| Profit after income tax | 28.1 | 23.0 | 22% | 92.4 | 11.1 |

| | FY17 | FY16 | FY15 | FY14 |
|-------------------------------------|-------|-------|-------|-------|
| EPS | 21.70 | 17.89 | 74.84 | 10.26 |
| Dividends (AU cents) | 23 | 20 | 16 | 12 |
| Key Margin Analysis | | | | |
| EBITDA Margin | 30.0% | 29.3% | 28.3% | 25.9% |
| Net profit before tax margin | 27% | 26% | 27% | 24% |
| Net profit after tax margin | 25% | 25% | 115% | 16% |
| Return on equity | 20.7% | 18.2% | 143% | 174% |
| Effective tax rate | 4.7% | 6.5% | N/A | 35.1% |
| Balance Sheet (USD millions) | | | | |
| Cash and equivalents | 44.3 | 38.1 | 61.9 | 22.0 |
| Net assets | 140.1 | 130.8 | 121.6 | 7.6 |
| Operating cash flows | 35.9 | 14.1 | 20.4 | 18.5 |

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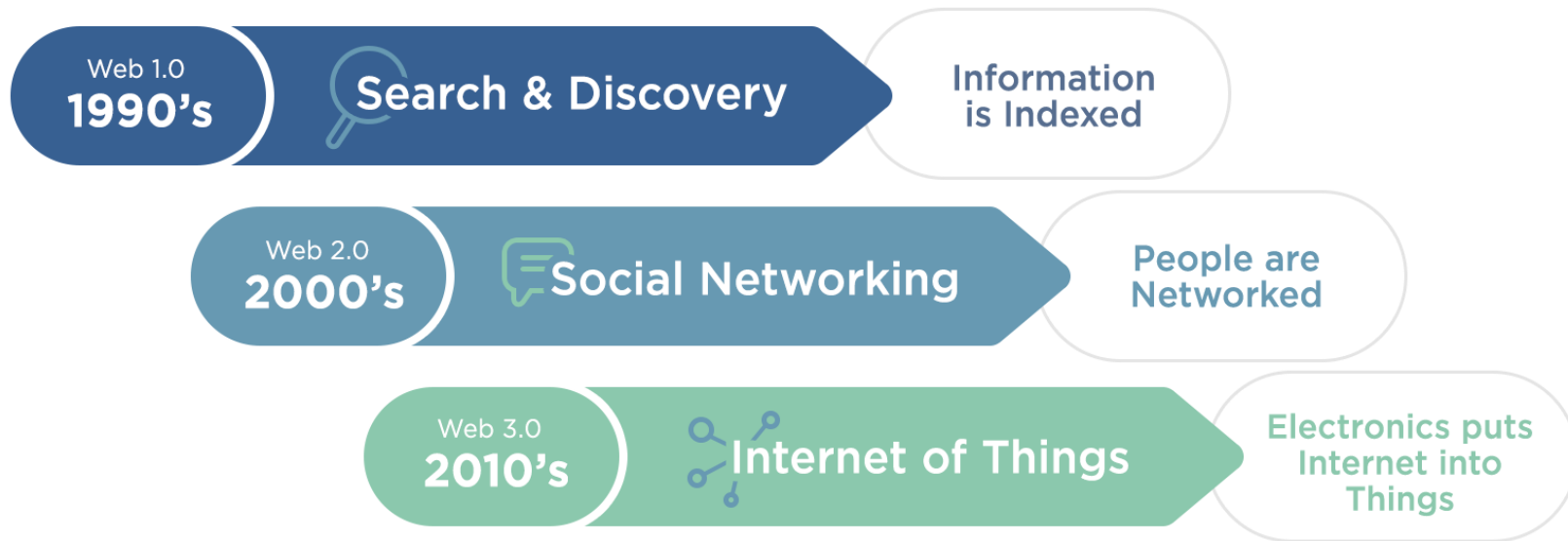
Transforming Electronic Design and its Realization

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Appendix: Company Overview

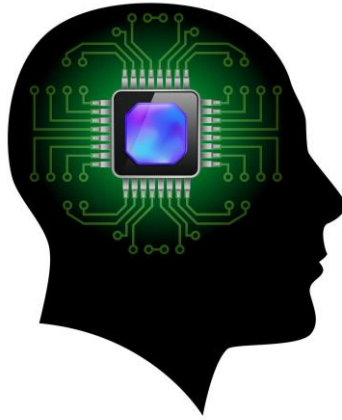
Rise of Smart Connected Devices

Altium



At the Heart of All Intelligent Systems is Electronics

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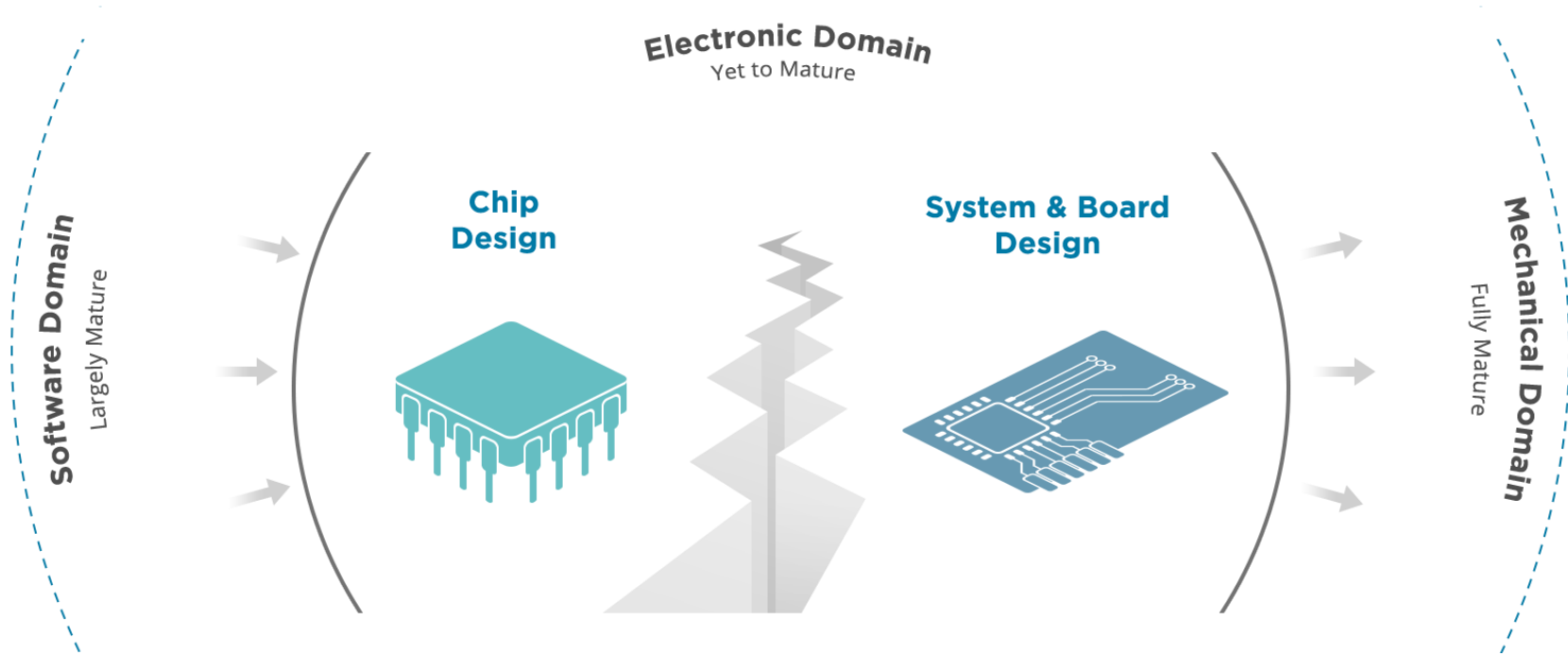


Printed Circuit Boards Central to Electronics

Transformation of the EDA Industry

Creating Opportunities for Altium to Lead...


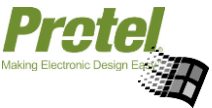


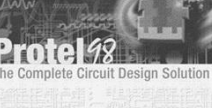











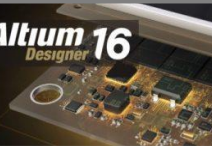






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The rise of smart connected devices is driving a deep transformation in the EDA industry with the Board & Systems Design going mainstream while Chip Design is becoming highly specialized

Delivering the Next Generation PCB Design Tools

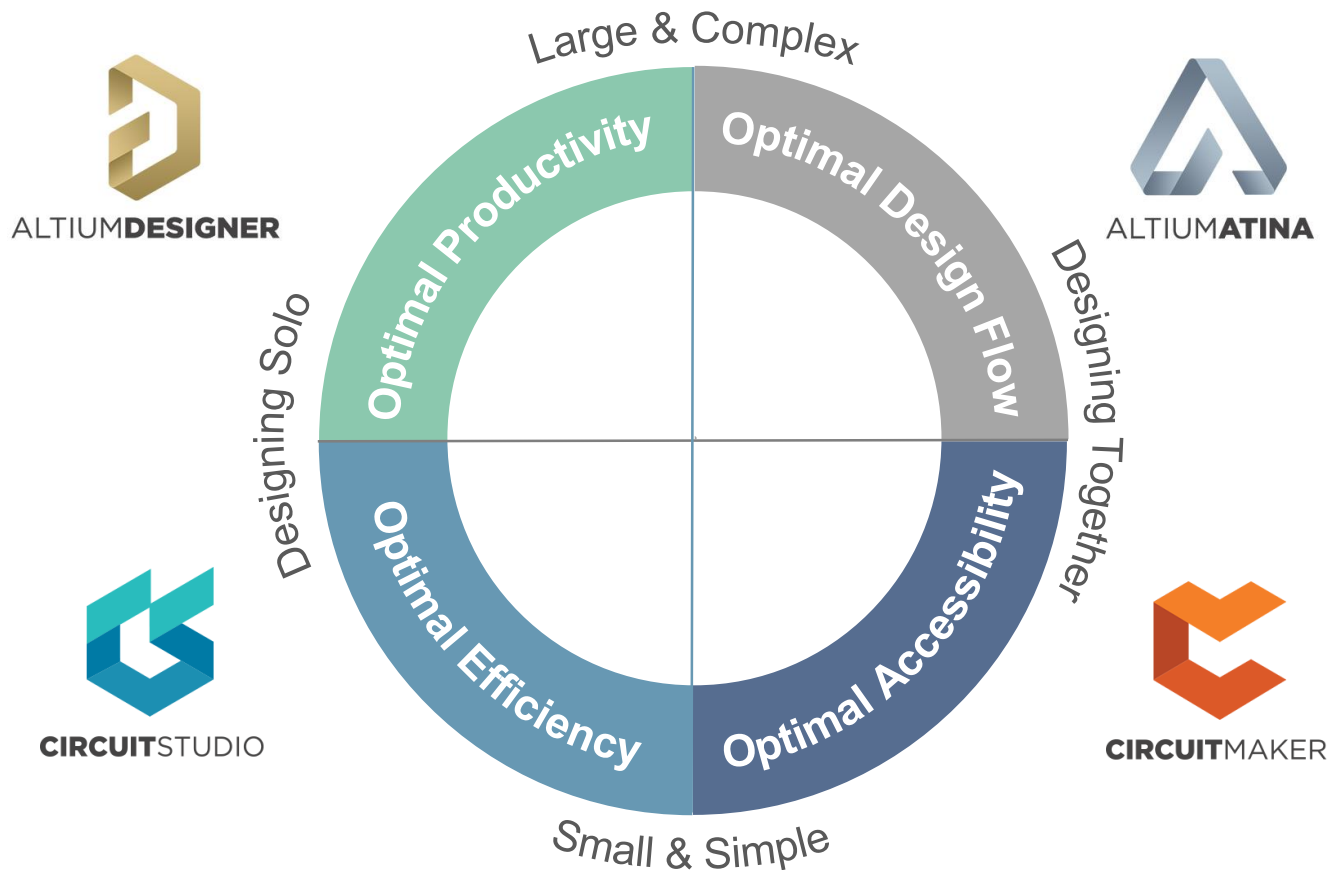
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| | | | | | | | |
|------|---|---|---|---|---|---|------|
| 1985 |  |  |  |  |  |  | 1999 |
| 2000 |  |  |  |  |  |  | 2009 |
| 2010 |  |  |  |  |  |  | 2017 |
| 2018 |  |  |  |  |  | | 2025 |

Altium's Next Generation PCB Design Software

A Unique PCB Solution For Every Usage Profile

Altium



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Innovation in the Age of Internet of Things

Altium



Exploration
(Discovery & Invention)

Innovation
(Pioneering & Development)

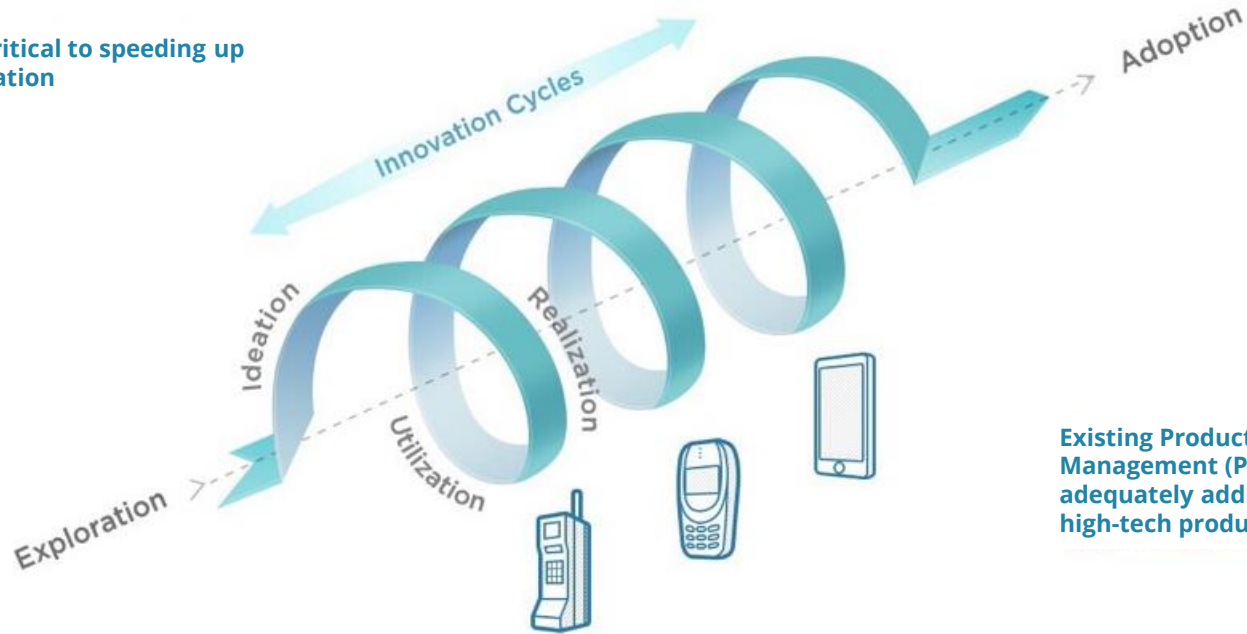
Adoption
(Accessibility & Refinement)

Modelling, digitalizing and integrating all objects and processes associated with the design and realization of smart products is critical for increasing the speed of innovation

Speeding up the Pace of Innovation

Altium

Electronics is critical to speeding up cycles of innovation

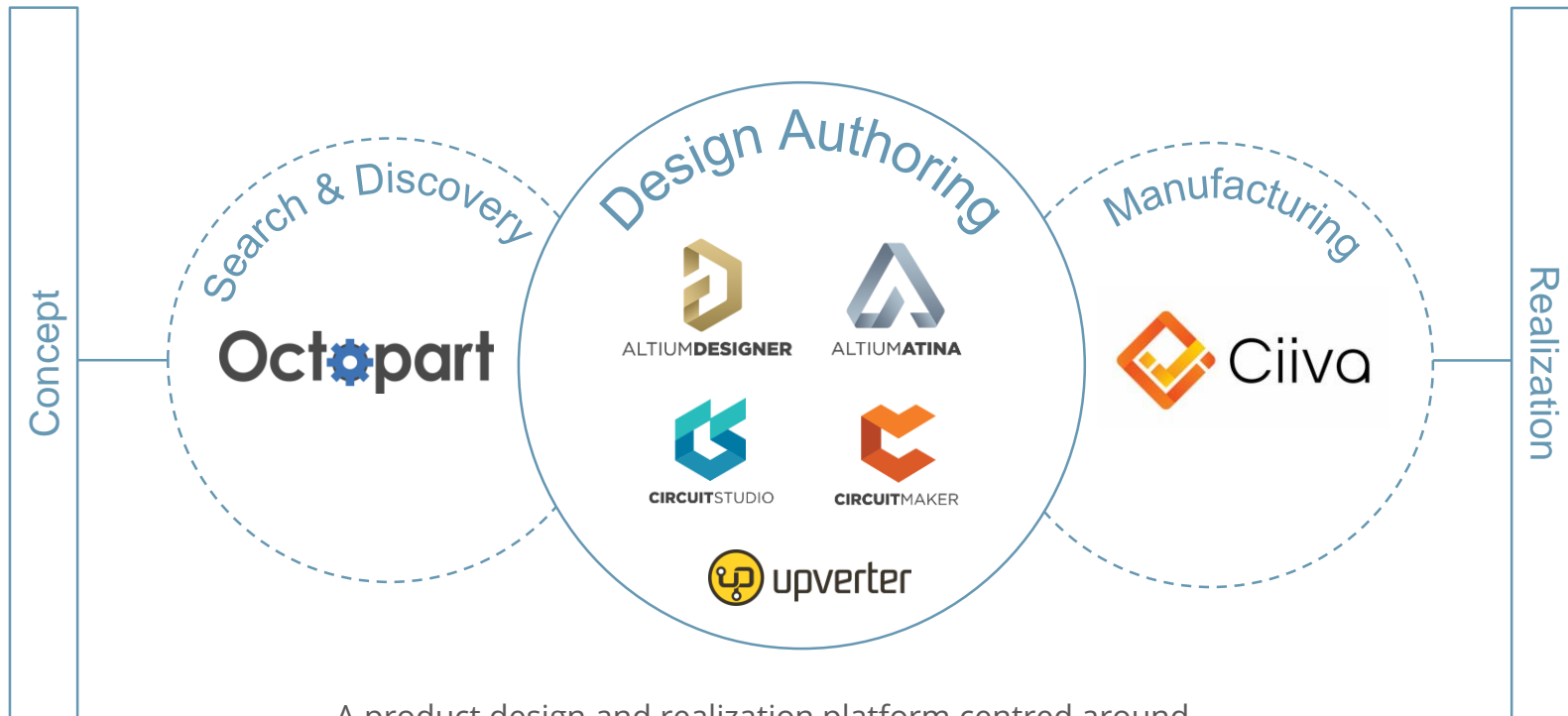


Existing Product Lifecycle Management (PLM) tools do not adequately address the needs of high-tech products

Success depends on the ability to move through innovation cycles faster than competitors

Altium's Product Design & Realization Strategy

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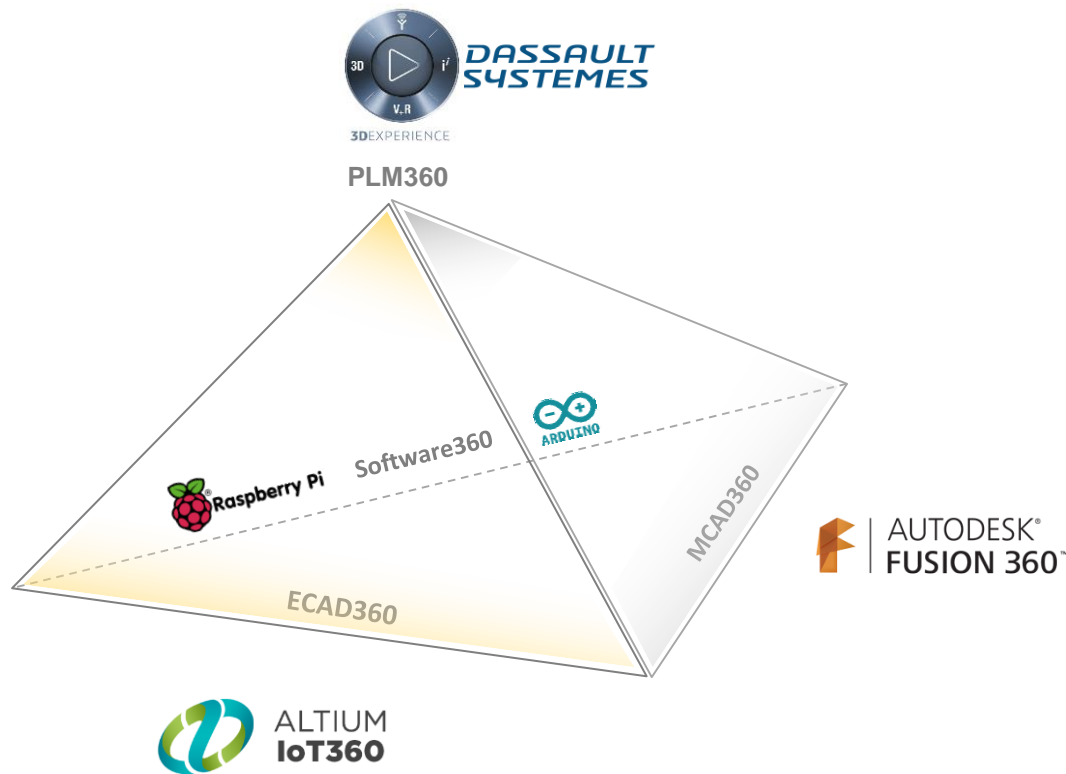


A product design and realization platform centred around electronics that connects concept to design and realization is critical to support the proliferation of smart products

The Emergence of Product Design and Realization Platforms

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“360 Product Design and Realization Suites” are emerging for each engineering discipline with Altium well positioned to lead the ECAD360 platform



Altium's Long-Term Outlook...

The Altium logo is located in the top right corner of the slide, featuring the word "Altium" in a white, italicized, sans-serif font.

- ✓ The proliferation of electronics through the rise of smart connected devices continues to drive growth for our business in the foreseeable future
- ✓ Altium will continue to drive top line growth and expand operating margin
- ✓ Altium remains confident in its business momentum and its ability to achieve its aggressive 2020 revenue target of US\$200 million
- ✓ Altium will grow its reported EBITDA margin steadily and aim at achieving 35% or better by 2020
- ✓ Altium will continue to pursue partnership and M&A opportunities to support its long-term vision of creating a product design and realization platform that is centered around electronics

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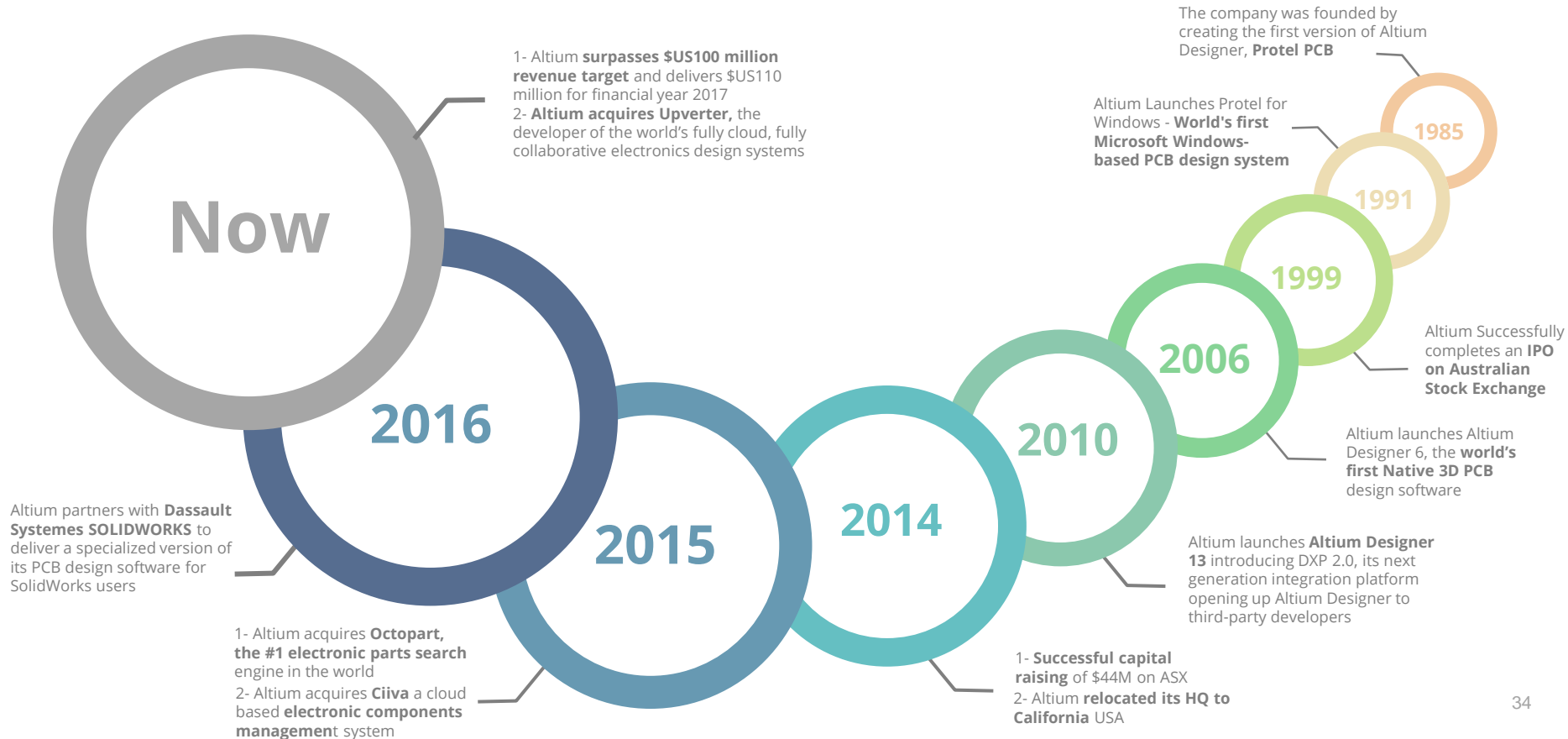
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Altium's Journey - a Long History and a Promising Future

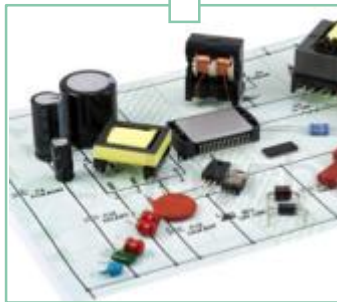
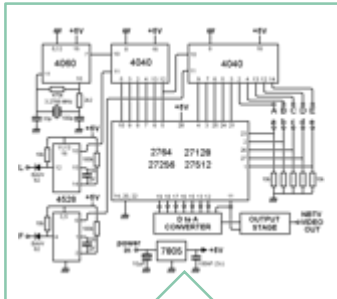
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Printed Circuit Board Design and Manufacturing Process

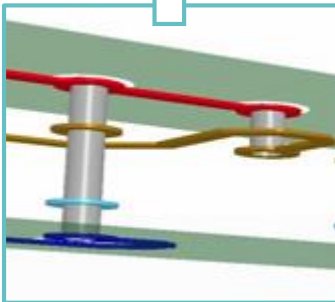
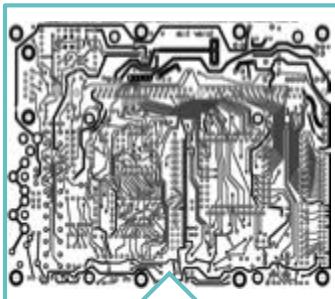
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Circuit Diagram



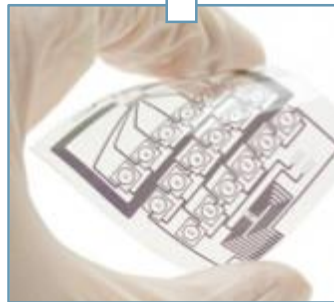
Design Capture

Layout Film



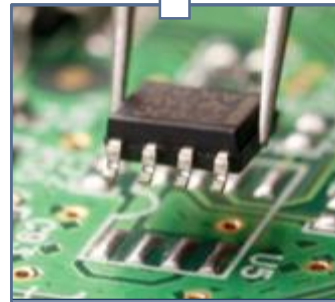
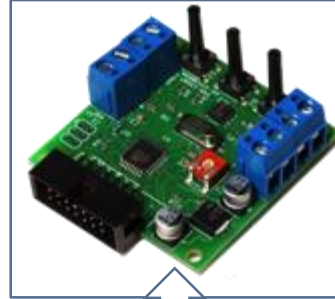
Layout

Bare Board



Fabrication

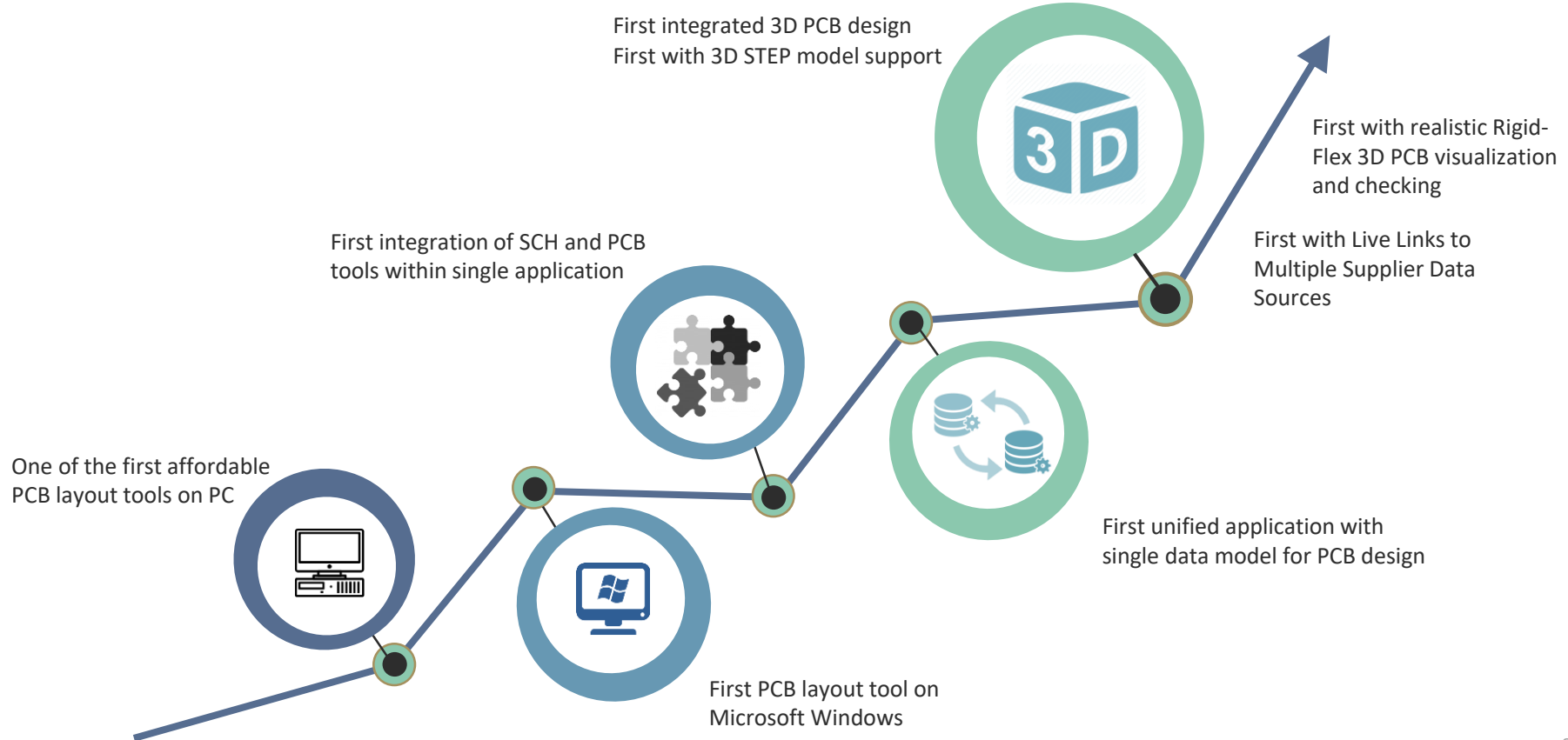
Assembled Board



Assembly

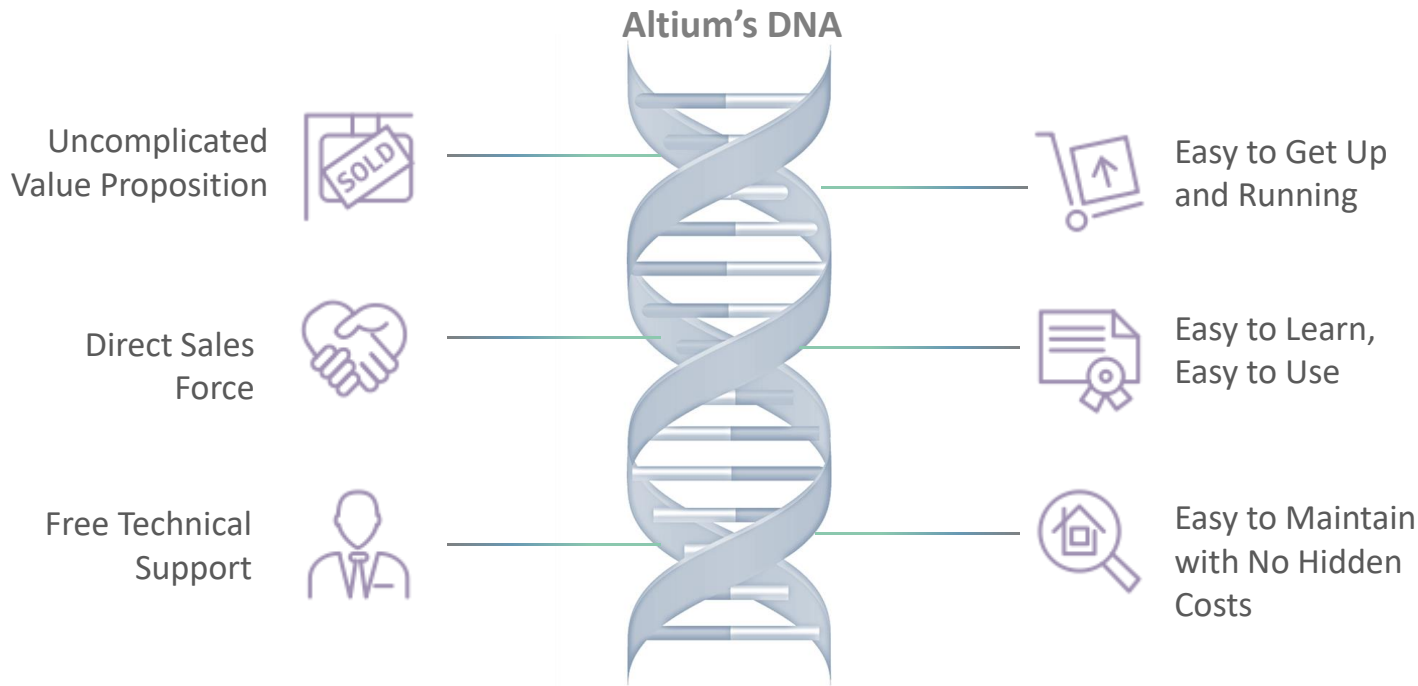
Altium - A Long History of Innovation in Productivity & User Friendliness

Altium



Altium Has Always Been Easy to Do Business With

Altium



Altium Products

Altium



Design Data Management
Collaboration Software

Altium
Designer

TASKING®

Embedded Software
Development Tool



SOLIDWORKS | PCB
Powered by Altium



Octopart

3D-Printed Circuit Board Design Software Solutions

Diversity of Application

Altium



Automotive



Aerospace &
Defence



Life Sciences



Mobile Devices &
Communications



Consumer -
Electronics



Electronics &
High-Tech



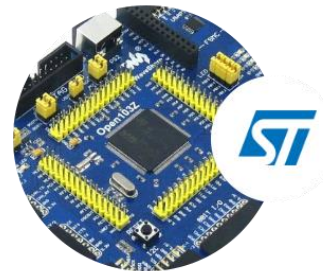
Research &
Education



Industrial Controls
Automation



Computers



Semiconductors

High Profile Customers

Altium



Automotive



Aerospace & Defence



Life Sciences



Mobile Devices



Consumer- Electronics



Electronics & High-Tech



Research & Education



Industrial Controls



Computers



Semiconductors



Global Reach

Altium

Sales and Support Centres

San Diego, Boston, Karlsruhe, Munich, Shanghai, Sydney

Research & Development Centres

San Diego, Ukraine, Netherlands, Shanghai

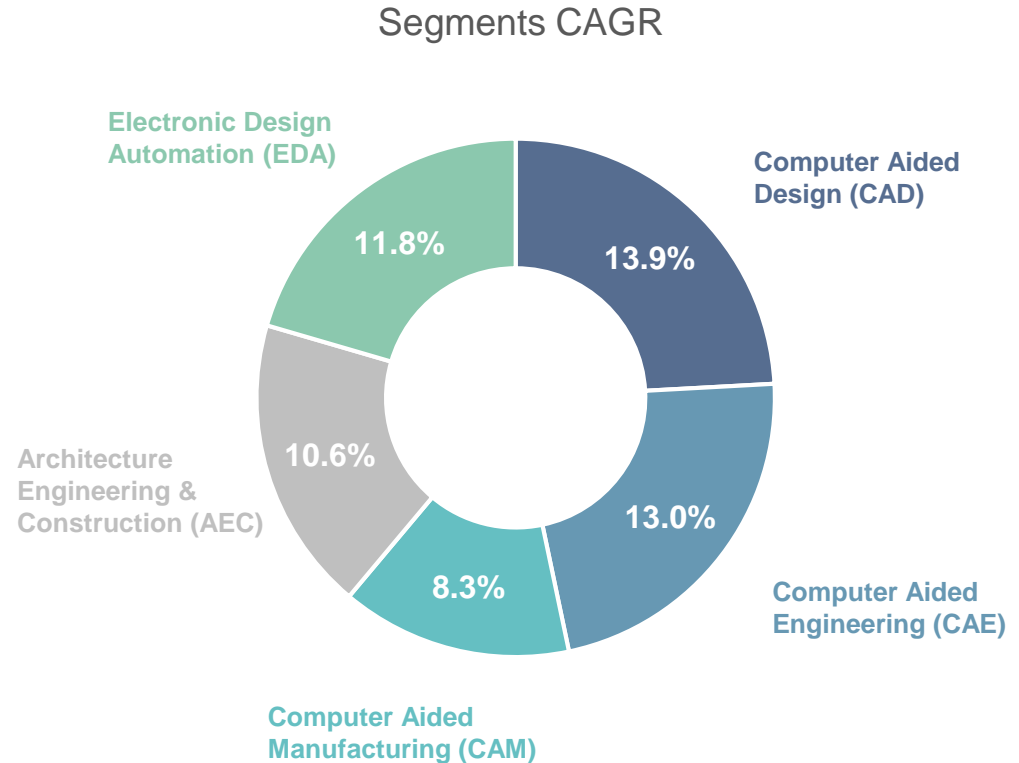
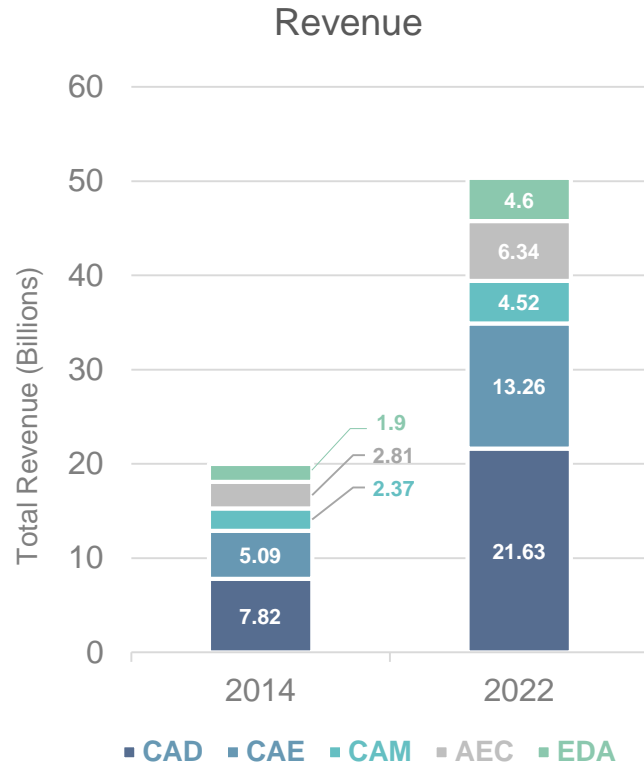
Main Operating Centres

San Diego, Munich, Shanghai



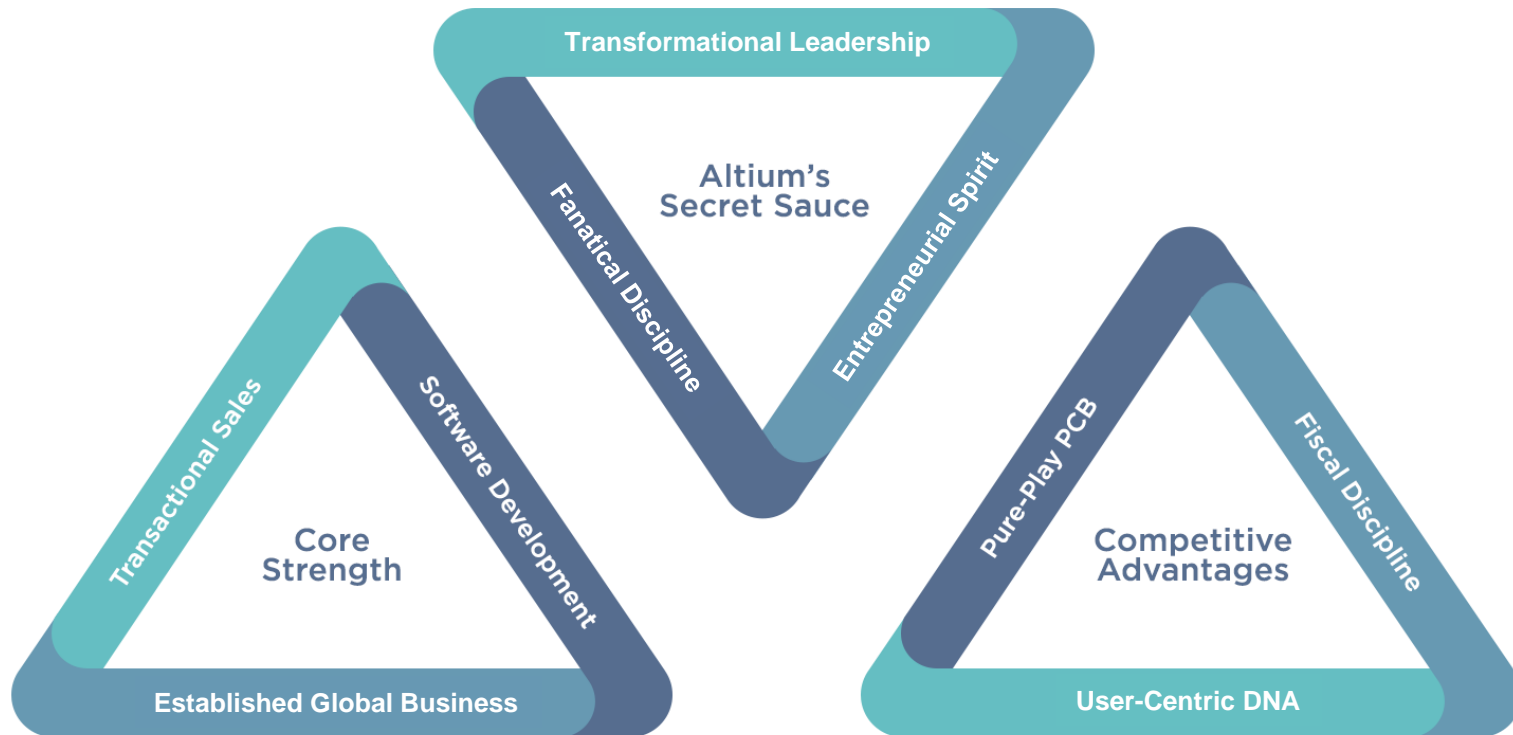
Global Engineering Software Market revenue, 2014 and 2022

Altium



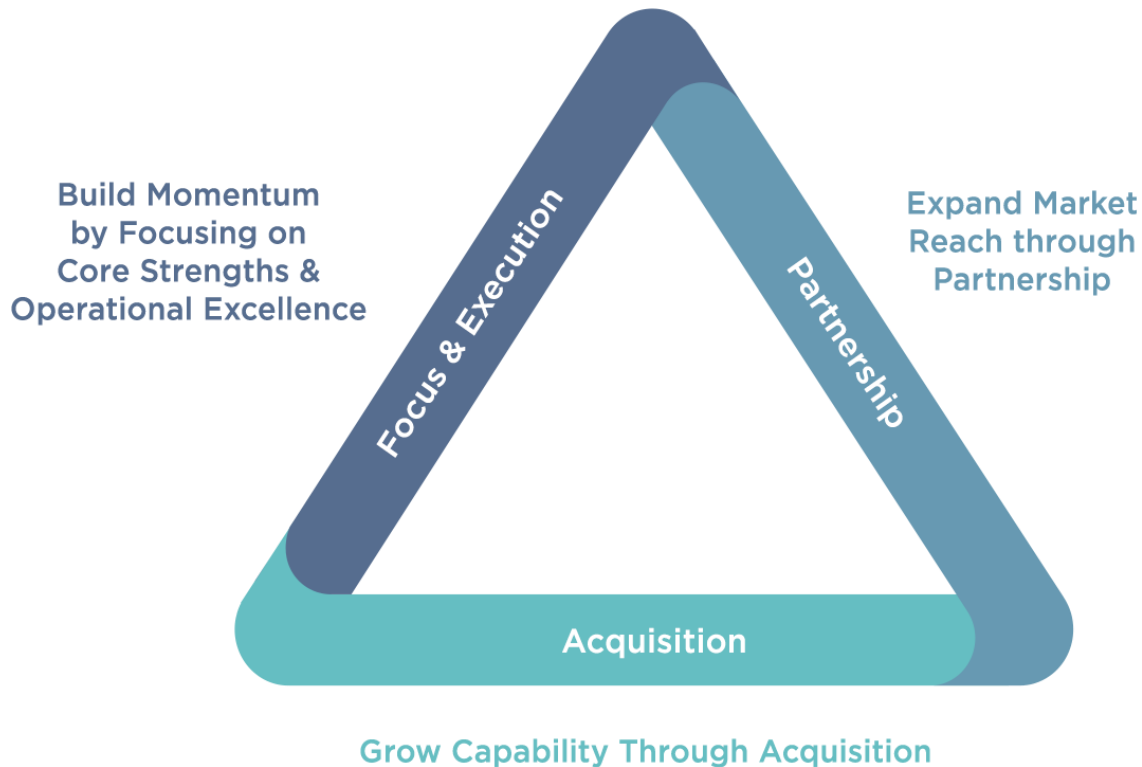
The Altium Advantage

Altium



Altium's High-Level Strategy

Altium



Altium's Long-Term Outlook

- The proliferation of electronics through the rise of smart connected devices continues to drive growth for our business in the foreseeable future
- Altium will continue to drive top line growth and expand operating margin
- Altium remains confident in its business momentum and its ability to achieve its aggressive 2020 revenue target of US\$200 million
- Altium will grow its reported EBITDA margin steadily and aim at achieving 35% or better by 2020
- Altium will continue to pursue partnership and M&A opportunities to support its long-term vision of creating a product design and realization platform that is centered around electronics