



Record Full Year Performance

26% Revenue Growth

34% Profit Growth

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# ALTIUM FULL YEAR INVESTOR PRESENTATION

**Aram Mirkazemi** CEO  
**Joe Bedewi** CFO  
**Kim Besharati** VP IR

**21-24 August 2018**  
Sydney

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Altium

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# Agenda

1

**Company Highlights & Significant Achievements**

2

2018 Full Year Financial Performance & Metrics

3

Market Opportunity and Driving Forces

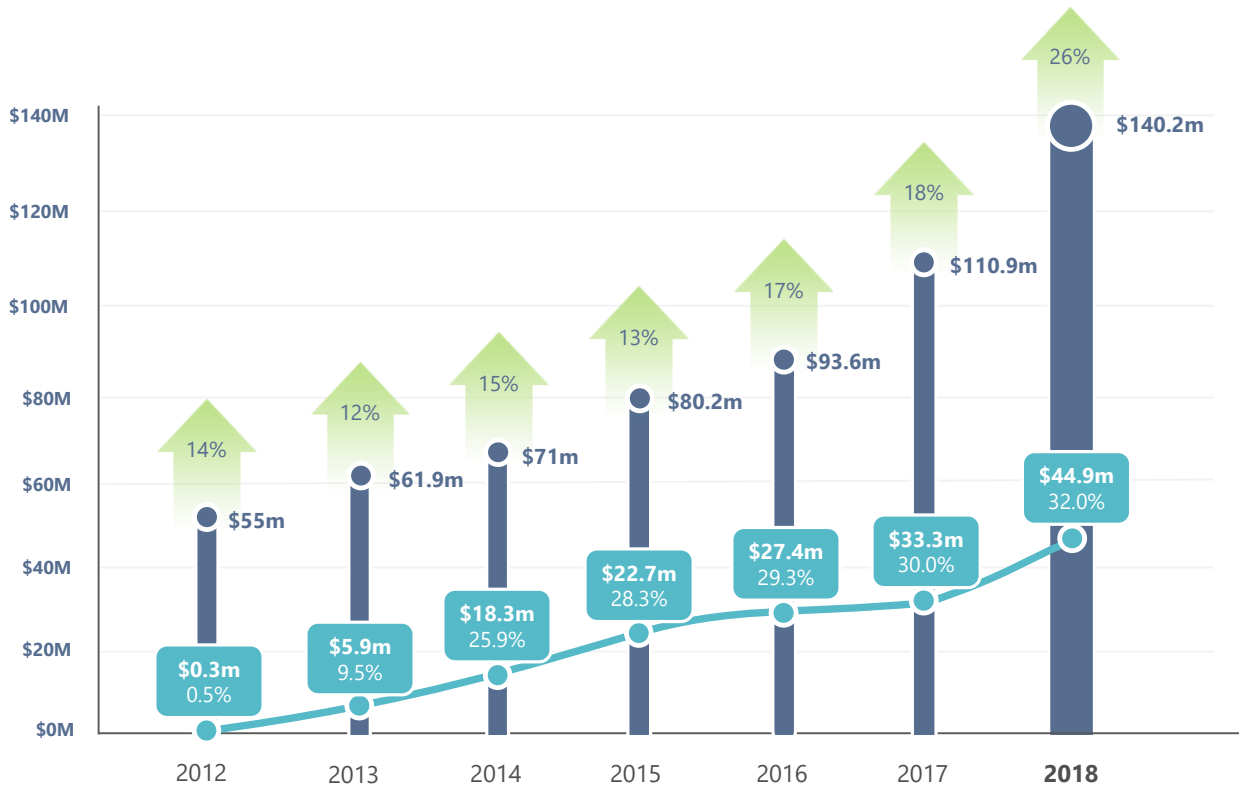
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Dominating the PCB Market - The Century Strategy

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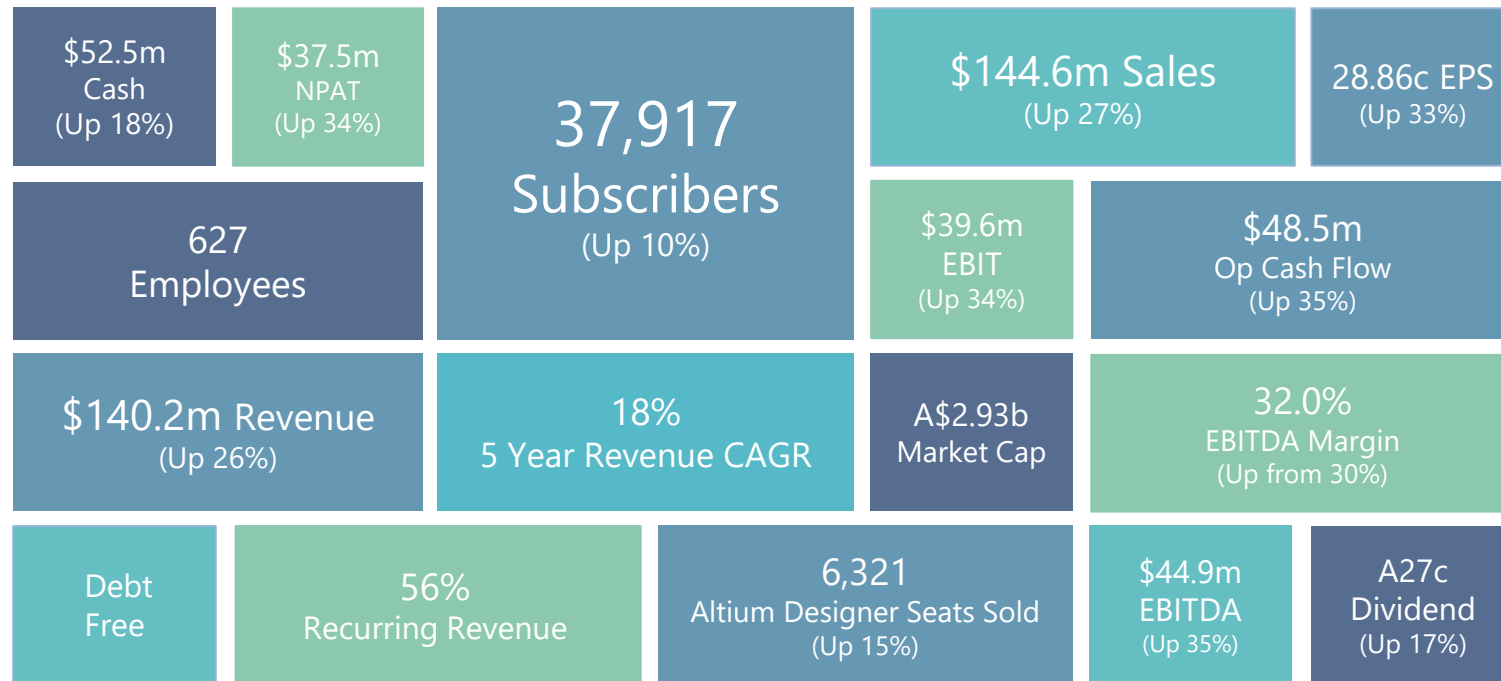
Appendix: Company Overview

# Altium's FY18 Financial Highlights

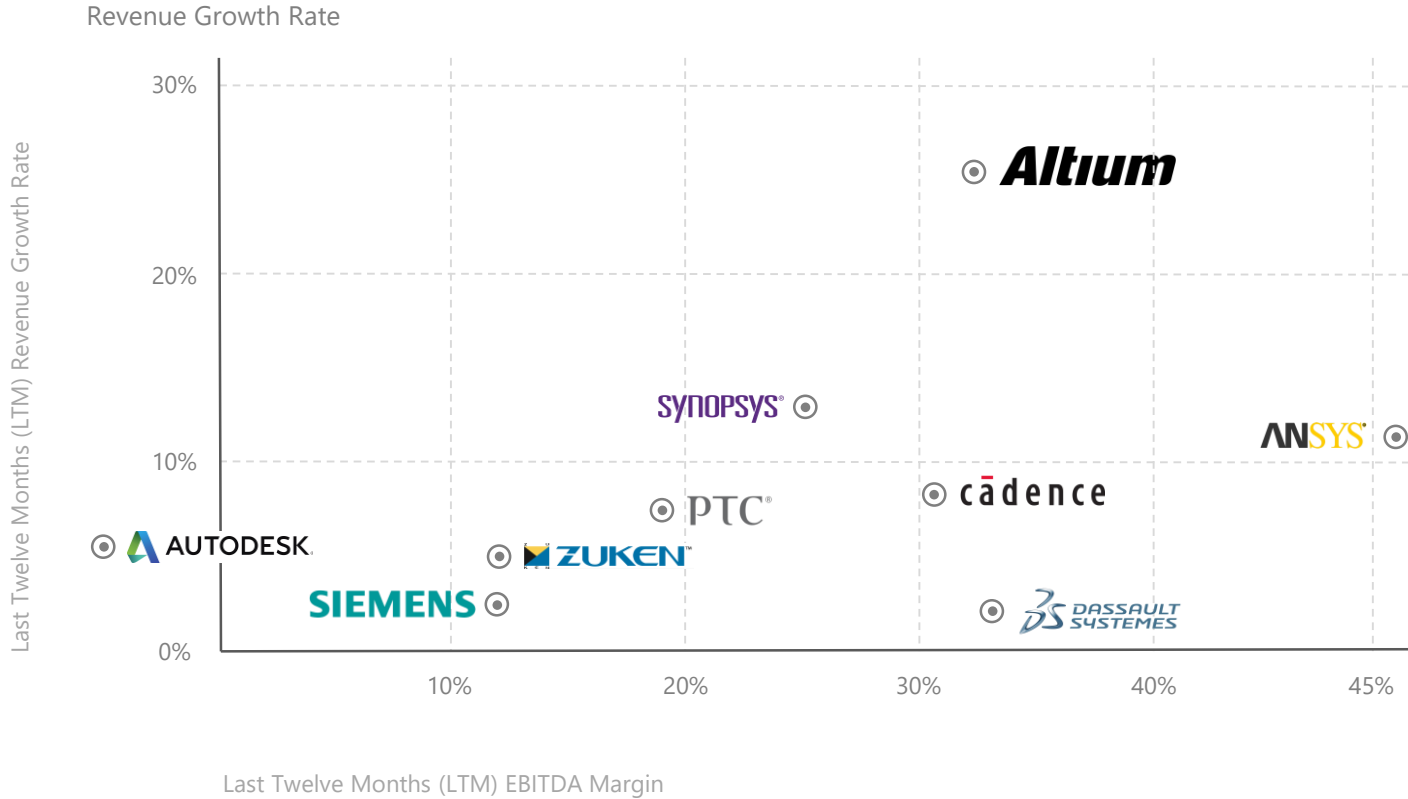


- Record revenue growth of 26%
  - Strong net profit growth of 34%
  - Record EBITDA Margin of 32.0% (35.5% underlying)
  - 10% increase in subscriber seats to 37,917
  - 15% increase in Altium Designer seats with 6,321 new licenses sold
- 
- Revenue
  - EBITDA/EBITDA Margin
  - Revenue growth

# Driving Performance from a Position of Financial Strength



# Industry-Leading Performance



Company	LTM <sup>(1)</sup>		
	Revenue Growth %	EBITDA Margin %	Growth + Margin
<b>Altium</b>	<b>26.0</b>	<b>32.0</b>	<b>58.0</b>
Ansys	10.7	46.8	57.5
Cadence	8.1	30.1	38.2
Synopsys	13.0	25.0	37.9
Dassault	2.9	32.6	35.5
PTC	7.8	19.4	27.2
Zuken	6.2	12.1	18.3
Siemens	3.2	12.0	15.1
Autodesk	6.3	-4.4	1.9

EBITDA Margin

# Significant Achievements FY18

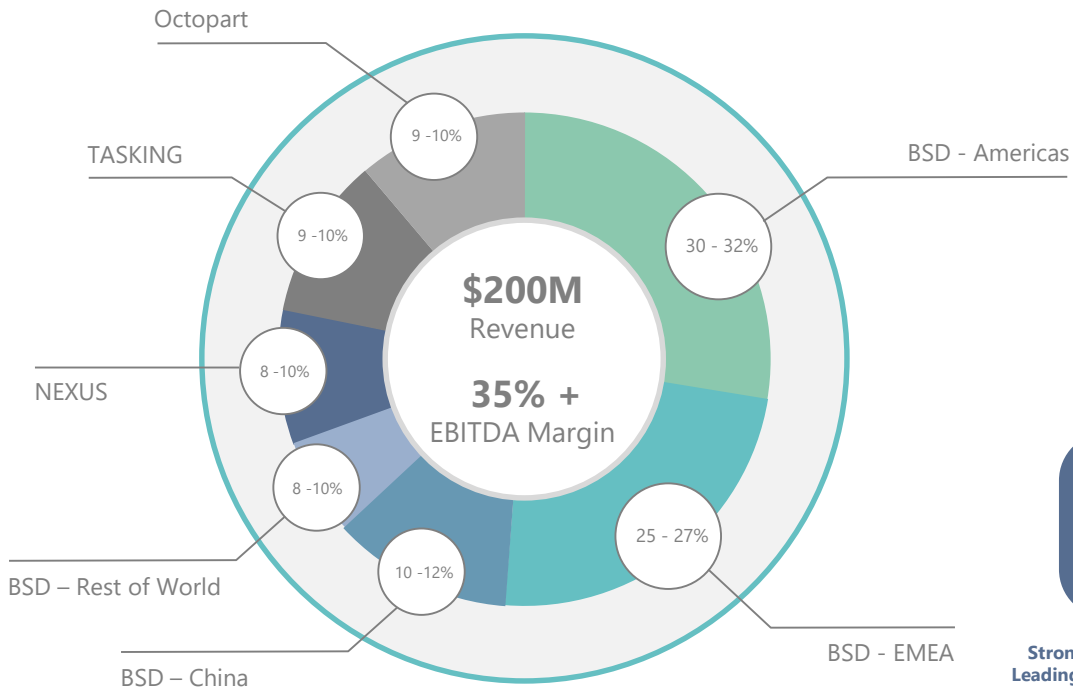
The Altium logo is positioned in the top right corner of the slide, set against a background image of a green printed circuit board (PCB) with various electronic components and traces.

- ✓ **Core PCB business delivered 24% revenue growth** - Altium Designer 18 accelerating adoption with all regions contributing double-digit growth
- ✓ **Scaling China operations** – opening a new sales office in Shenzhen and delivering 29% revenue growth with strong forward momentum
- ✓ **NEXUS first large win** – wholesale displacement of Mentor installation (approx. 150 seats) within a tier one automotive supplier
- ✓ **Octopart continued to outperform** - delivering 56% revenue growth with increased traffic and improved search experience
- ✓ **TASKING closed largest ever deal** - winning a US\$7.3 million multi-year contract and delivering 23% revenue growth
- ✓ **Acquired Smart Manufacturer Start-Up PCB:NG** – bringing Altium a step closer to connecting the design space to manufacturing floor

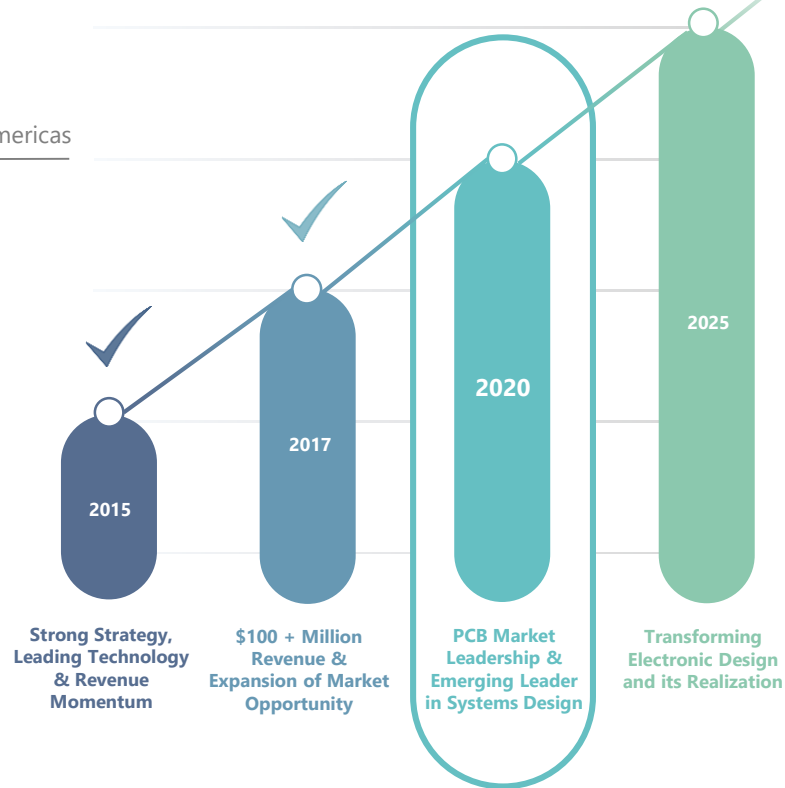
# Achieving Market Leadership by 2020



### 2020 Target Revenue Breakdown



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





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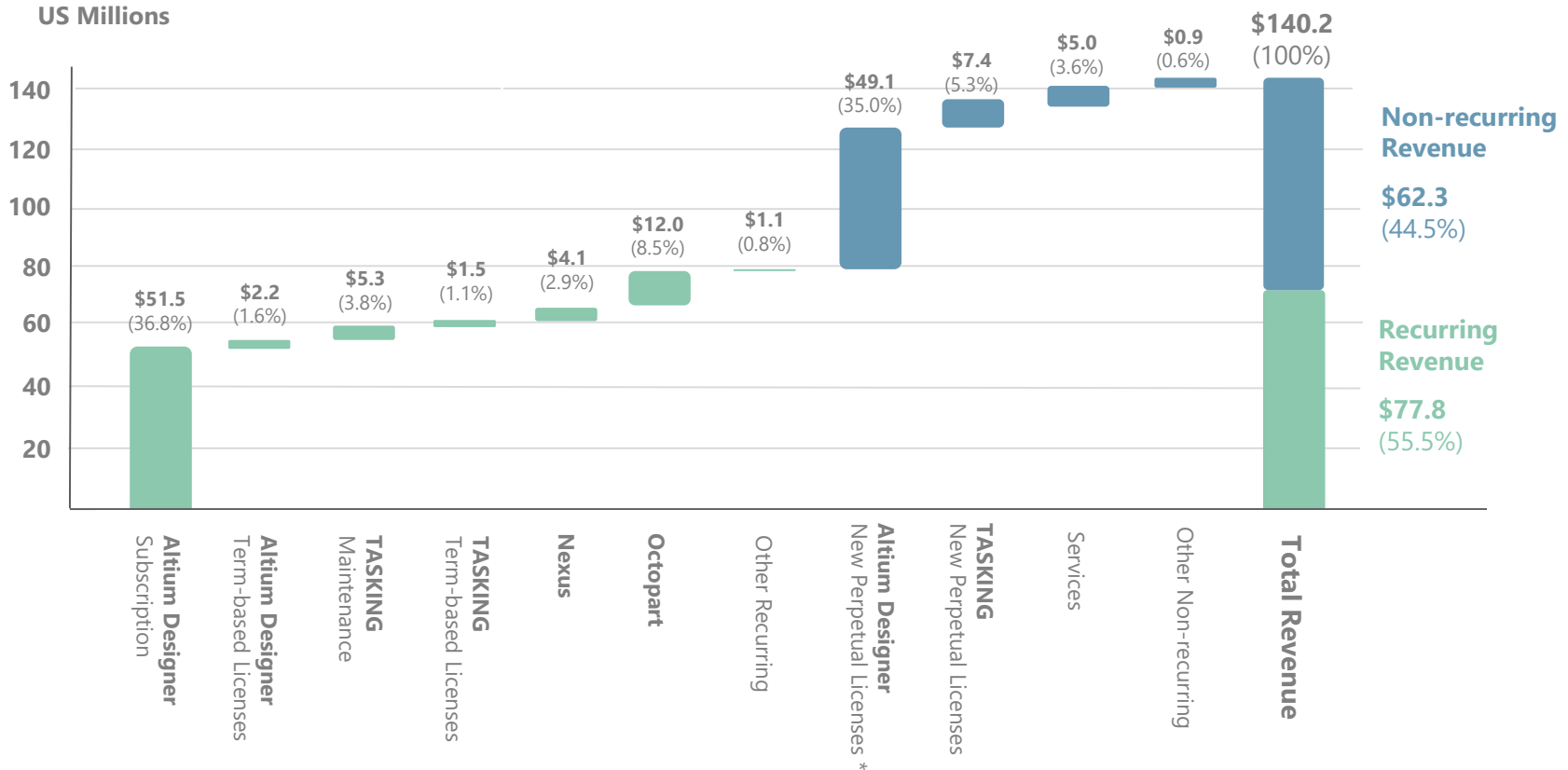
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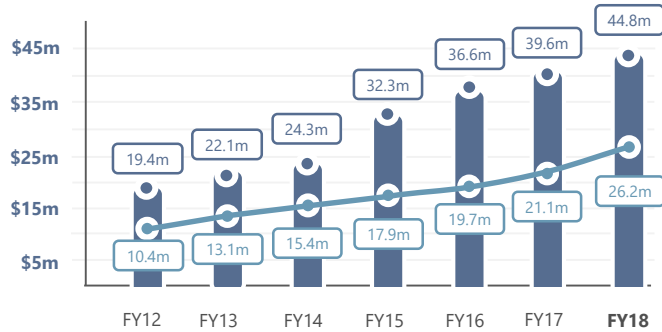
# Revenue Sources



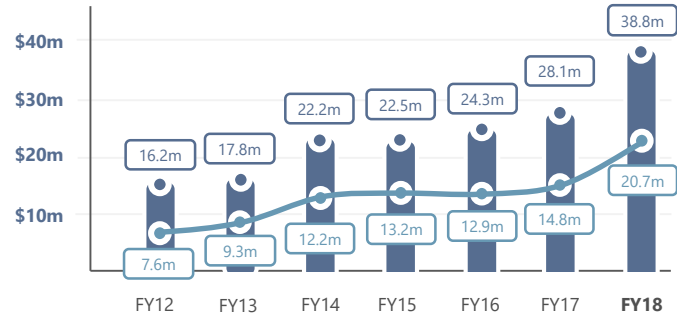
\* Altium Designer Perpetual Licenses drive future recurring revenue captured through Altium Designer Subscription.

# Revenue – Board and Systems by Region

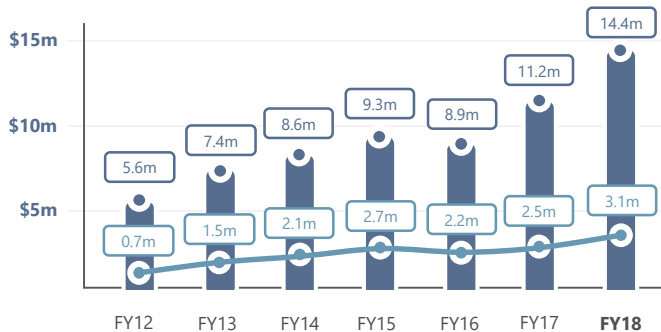
**BSD - Americas** FY18 Revenue growth : **13%** 5 Yr Revenue CAGR: **15%**  
5 Yr Recurring CAGR: **15%**



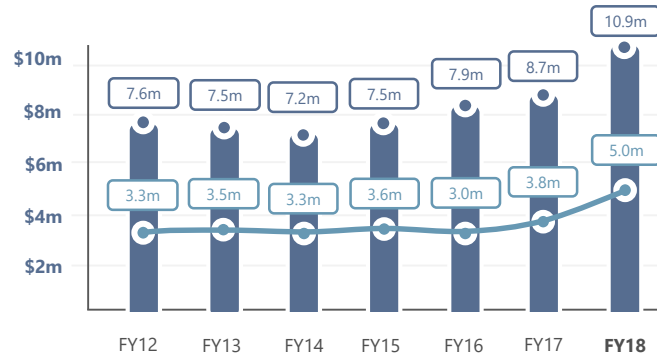
**BSD – EMEA USD** FY18 Revenue growth: **38%** 5 Yr Revenue CAGR: **17%**  
5 Yr Recurring CAGR: **17%**



**BSD – China** FY18 Revenue growth: **29%** 5 Yr Revenue CAGR: **14%**  
5 Yr Recurring CAGR: **16%**



**BSD – Rest of World** FY18 Revenue growth: **25%** 5 Yr Revenue CAGR: **8%**  
5 Yr Recurring CAGR: **7%**



- Recurring
- Revenue

# Revenue – BSD Total and NEXUS

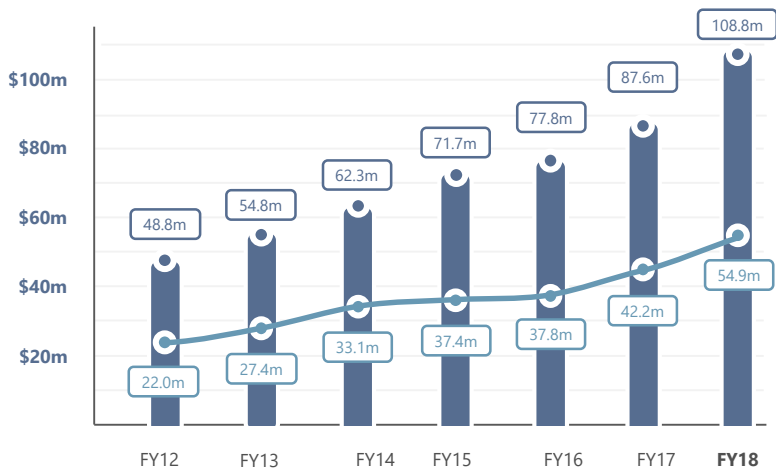


## BSD – Total

FY18 Revenue growth: **24%**

5 Yr Revenue CAGR: **15%**

5 Yr Recurring CAGR: **15%**

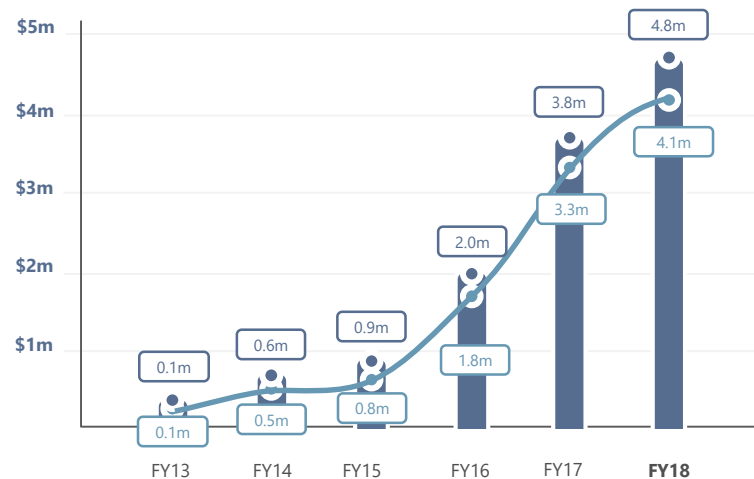


## NEXUS \*

FY18 Revenue growth: **29%**

5 Yr Revenue CAGR: **108%**

5 Yr Recurring CAGR: **108%**



● Recurring ● Revenue

\* NEXUS was launched in FY18 and is the evolution of Altium's Vault product. Revenue prior to FY18 represents Vault revenue.

# Revenue – TASKING and Octopart

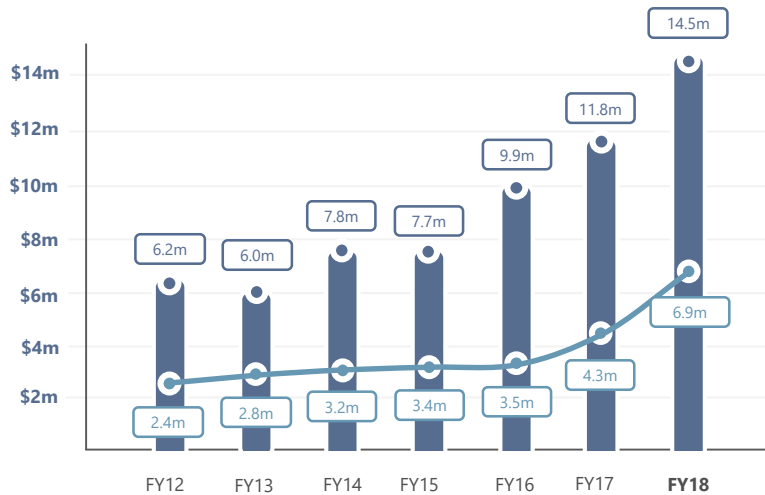


## TASKING

FY18 Revenue growth: **23%**

5 Yr Revenue CAGR: **19%**

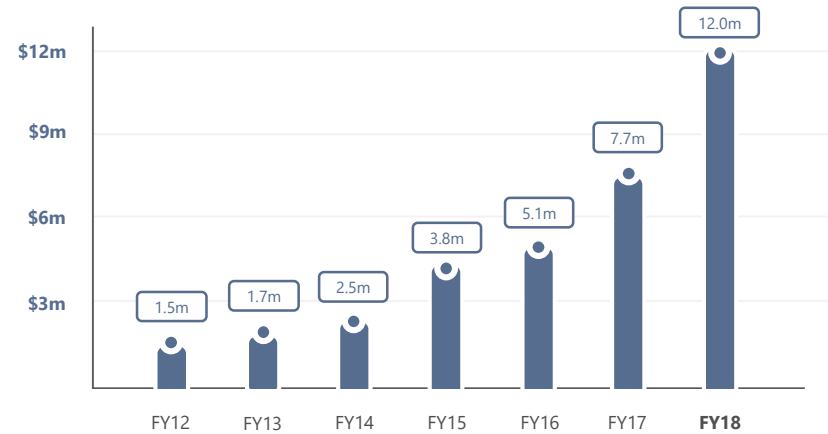
5 Yr Recurring CAGR: **19%**



## Octopart

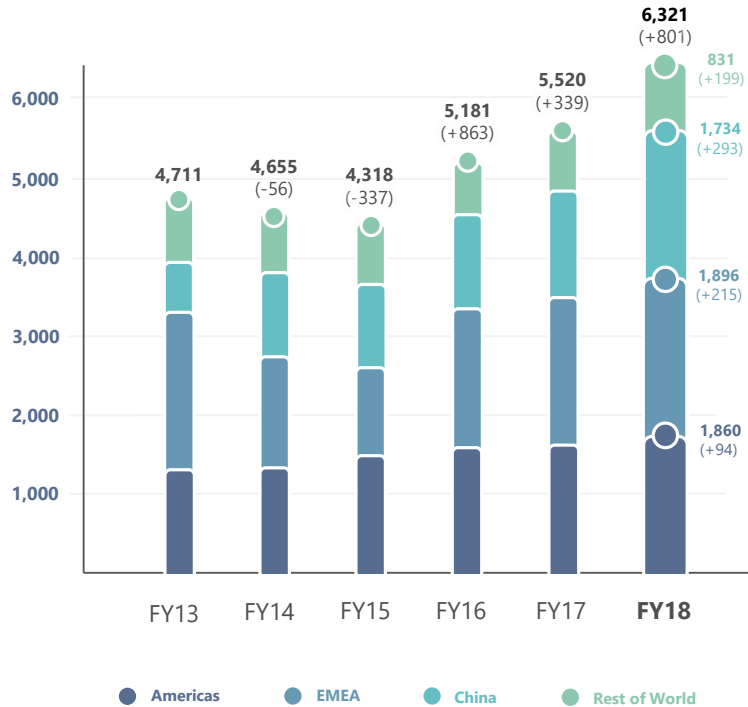
FY18 Revenue growth: **56%**

5 Yr Revenue CAGR: **48%**

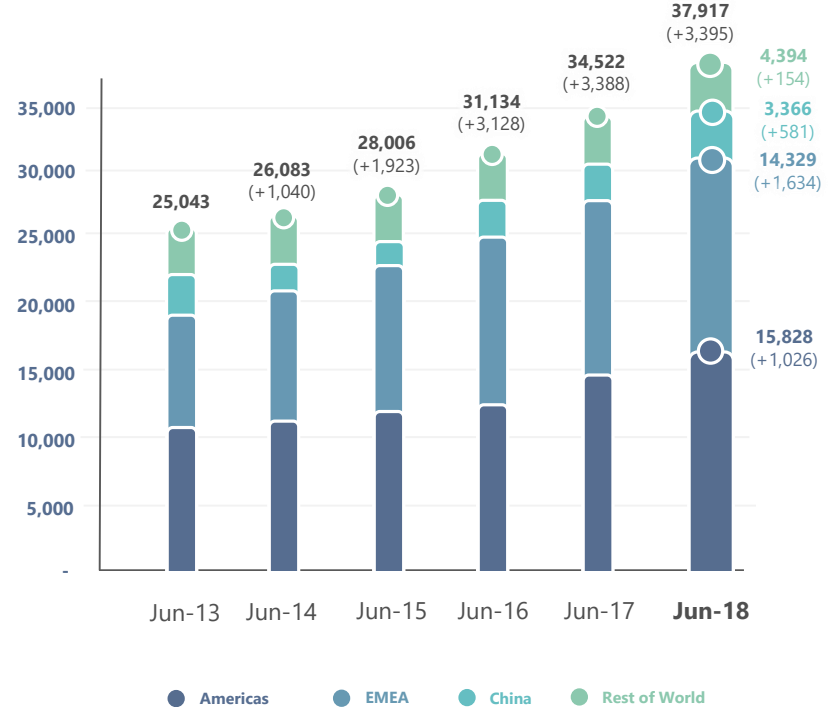


● Recurring ● Revenue

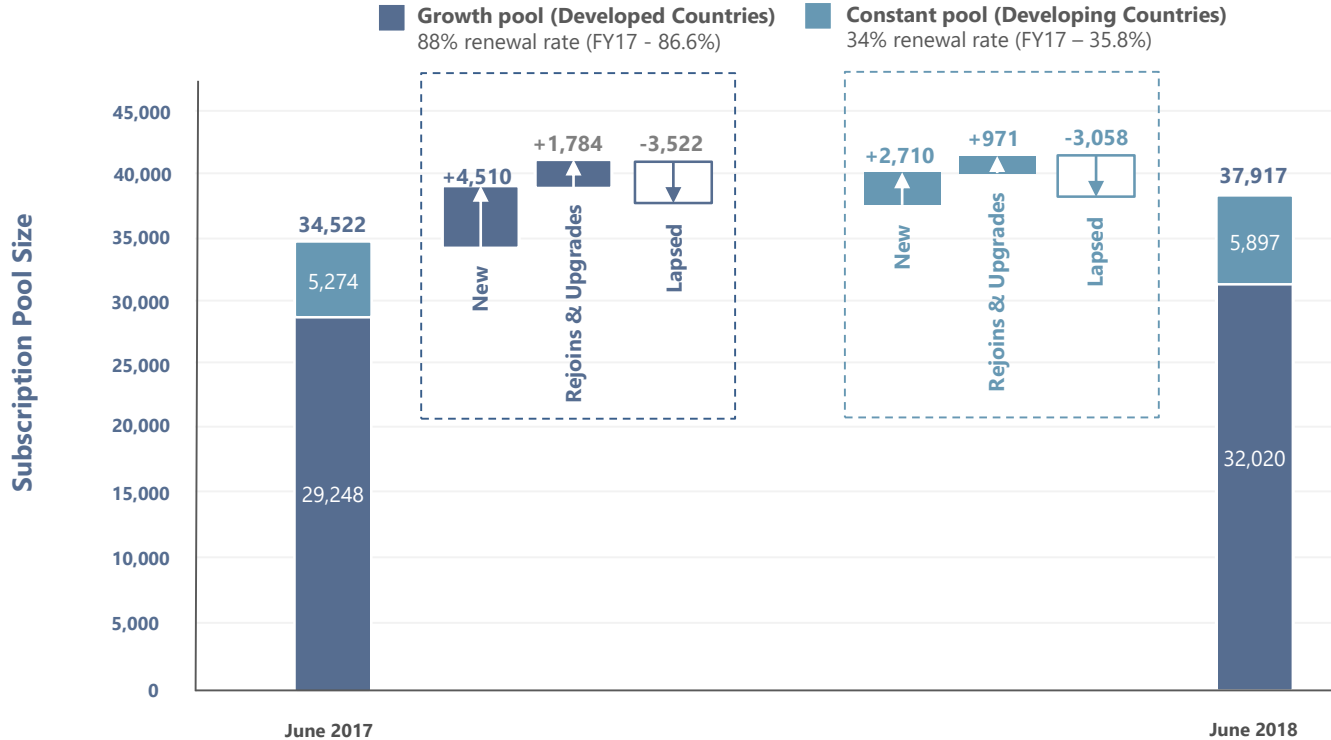
## Altium Designer New Seats Sold



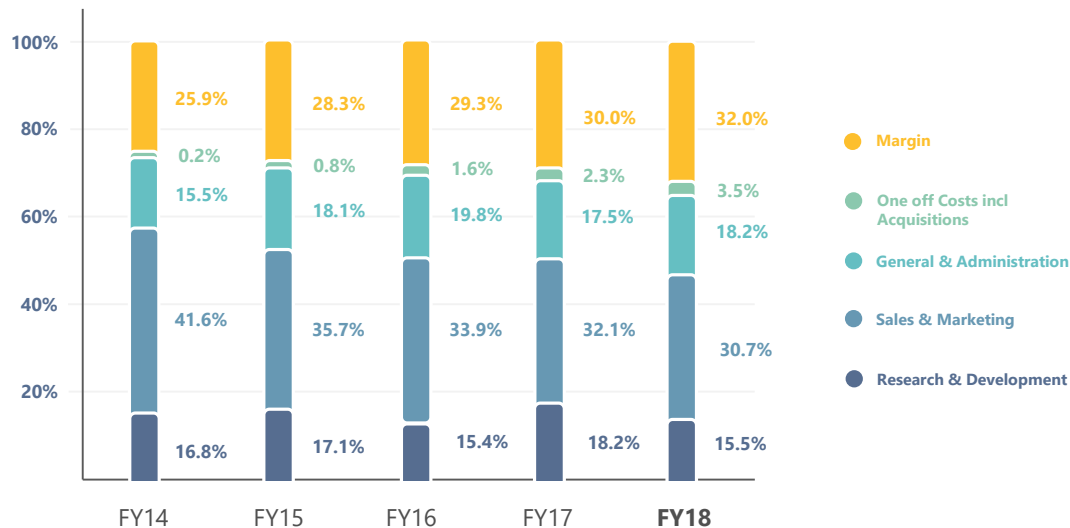
## Subscription Pool



# Altium's Subscription Pool



## Operating Expenses as a Percentage of Revenue

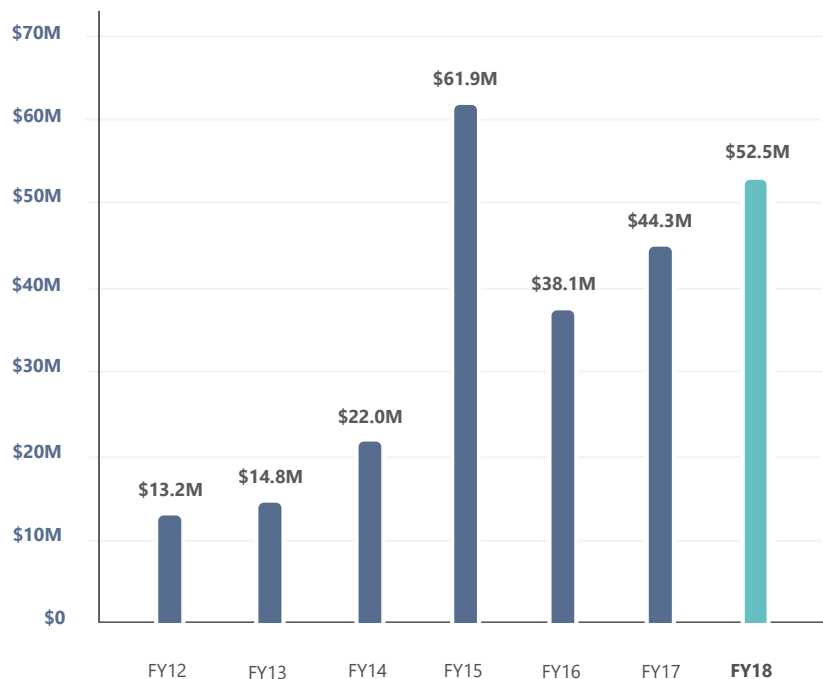


### What Drives Altium's Unique Operating Leverage?

- 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

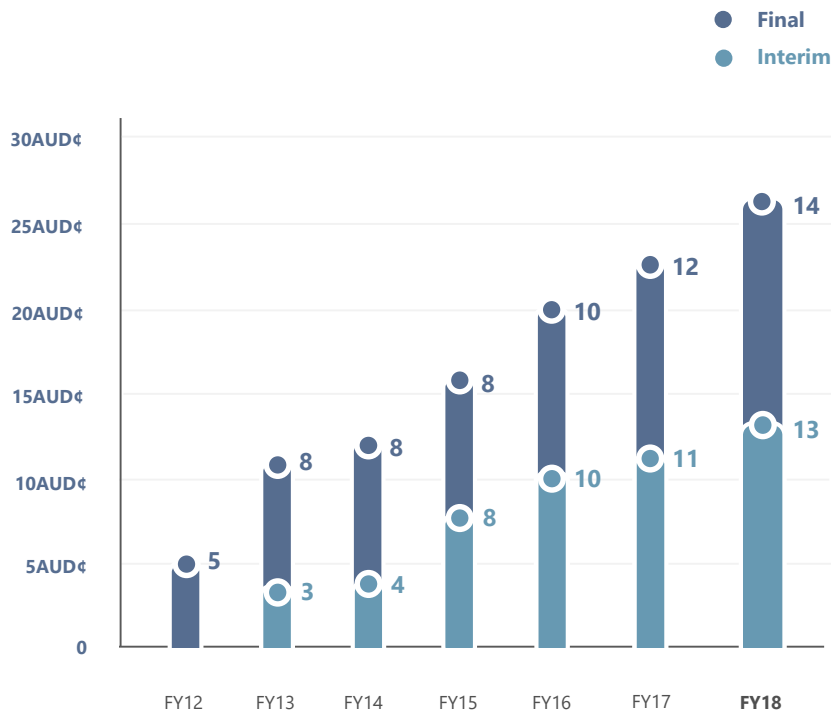


## Cash and cash equivalents



	Jun-18 \$ '000	Jun-17 \$ '000	Jun-16 \$ '000	Jun-15 \$ '000
Cash and cash equivalents	52,459	44,273	38,139	61,906
Trade and other receivables	38,799	32,672	30,406	20,704
Other current assets	4,171	2,861	1,548	1,955
<b>Total current assets</b>	<b>95,429</b>	<b>79,806</b>	<b>70,093</b>	<b>84,565</b>
Trade and other receivables	1,662	2,531	5,379	1,499
Property, plant and equipment	5,712	5,054	5,091	3,886
Intangible assets	49,068	40,459	33,508	0
Other non-current assets	82,120	82,946	82,301	81,622
<b>Total non-current assets</b>	<b>138,562</b>	<b>130,990</b>	<b>126,279</b>	<b>87,007</b>
<b>Total assets</b>	<b>233,991</b>	<b>210,796</b>	<b>196,372</b>	<b>171,572</b>
Trade and other payables	12,147	10,179	7,188	6,048
Tax liabilities	772	1,008	2,713	4,989
Provisions	6,784	7,600	3,568	1,908
Deferred revenue	43,989	38,436	32,234	28,773
<b>Total current liabilities</b>	<b>63,692</b>	<b>57,223</b>	<b>45,703</b>	<b>41,718</b>
Deferred tax liability	5,566	5,276	4,793	0
Provisions	3,974	703	4,230	1,202
Deferred revenue	6,035	6,958	9,038	6,091
Other liabilities	2,098	674	1,813	959
<b>Total non-current liabilities</b>	<b>17,673</b>	<b>13,611</b>	<b>19,874</b>	<b>8,252</b>
<b>Total liabilities</b>	<b>81,365</b>	<b>70,834</b>	<b>65,577</b>	<b>49,970</b>
<b>Net assets</b>	<b>152,626</b>	<b>139,962</b>	<b>130,795</b>	<b>121,602</b>
Contributed equity and reserves	138,260	137,452	135,571	131,767
Accumulated profits (losses)	14,366	2,510	(4,776)	(10,165)
<b>Total equity</b>	<b>152,626</b>	<b>139,962</b>	<b>130,795</b>	<b>121,602</b>

## Dividends paid/declared



	FY18 \$ '000	FY17 \$ '000	FY16 \$ '000	FY15 \$ '000
<b>Operating Cash Flow</b>	<b>48,482</b>	<b>35,861</b>	<b>14,082</b>	<b>21,345</b>
<b>Capital Expenditure</b>				
Payments for property, plant and equipment	(2,824)	(4,343)	(2,720)	(2,338)
Payments for intangibles	(748)	(515)	(250)	-
<b>Free Cash Flow</b>	<b>44,910</b>	<b>31,003</b>	<b>11,112</b>	<b>19,007</b>
<b>Cash flows from investing activities</b>				
Payments for purchase of subsidiary, net of cash acquired	(3,681)	(603)	(17,039)	(947)
Payments on contingent and deferred considerations	(7,455)	(3,580)	-	-
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares	-	-	-	39,966
Dividends paid	(25,633)	(20,791)	(17,631)	(15,886)
Repayment of borrowings	(9)	(51)	(43)	(66)
Increase/(decrease) in cash and cash equivalents	8,132	5,978	(23,601)	42,074
Effects of exchange rate changes	54	156	(166)	(2,217)
<b>Total increase/(decrease) in cash and cash equivalents</b>	<b>8,186</b>	<b>6,134</b>	<b>(23,767)</b>	<b>39,857</b>

# Full Year Results Key Metrics



USD millions	FY18	FY17	+/- %	FY16	FY15
<b>Revenue (excl. interest)</b>	140.2	110.9	<b>26%</b>	93.6	80.2
<b>Reported expenses</b>	95.3	77.6	<b>23%</b>	66.2	57.5
• Business expenses	90.3	75.1	<b>20%</b>	64.7	56.9
• One-off expenses	5.0	2.5	<b>96%</b>	1.5	0.6
<b>EBITDA</b>	44.9	33.3	<b>35%</b>	27.4	22.7
<b>Depreciation and amortization</b>	5.3	3.8	<b>40%</b>	2.7	1.3
<b>EBIT</b>	39.6	29.5	<b>34%</b>	24.7	21.4
<b>Net interest</b>	0.1	-	<b>N/A</b>	(0.1)	0.2
<b>Profit before income tax</b>	39.7	29.5	<b>35%</b>	24.6	21.6
<b>Income tax expense</b>	2.2	1.4	<b>58%</b>	1.6	(70.8)
<b>Profit after income tax</b>	37.5	28.1	<b>34%</b>	23.0	92.4

	FY18	FY17	FY16	FY15
<b>EPS</b>	28.86	21.70	17.89	74.84
<b>Dividends (AU cents)</b>	27	23	20	16
<b>Key Margin Analysis</b>				
EBITDA margin	32.0%	30.0%	29.3%	28.3%
Underlying EBITDA margin	35.5%	32.3%	30.9%	29%
Net profit before tax margin	28%	27%	26%	27%
Net profit after tax margin	27%	25%	25%	115%
Effective tax rate	5.6%	4.7%	6.5%	N/A
<b>Balance Sheet (USD millions)</b>				
Cash and equivalents	52.5	44.3	38.1	61.9
Net assets	152.6	140.0	130.8	121.6
<b>Operating cash flows</b>	48.5	35.9	14.1	21.3

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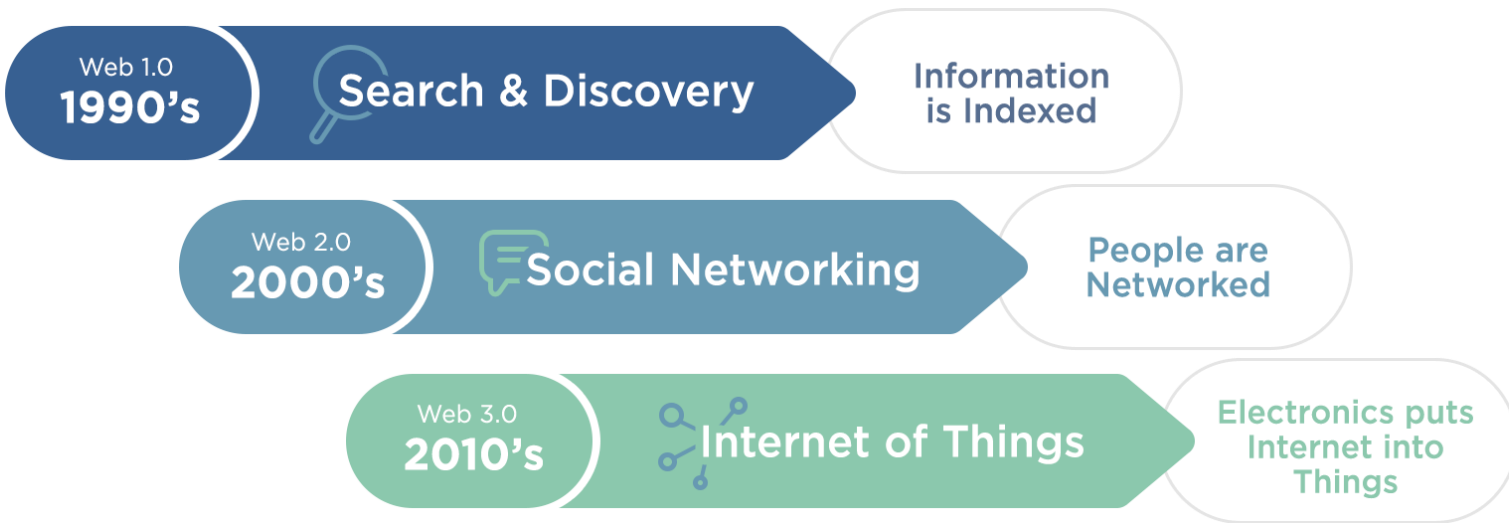
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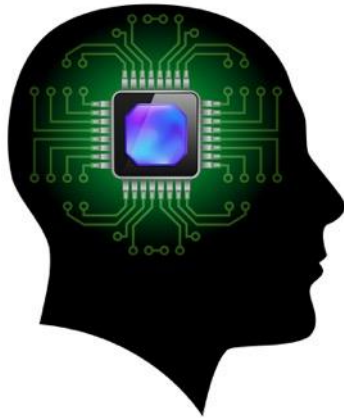
Appendix: Company Overview



Internet of Things is driving the proliferation of electronics

# Electronics at the Heart of All Intelligent Systems

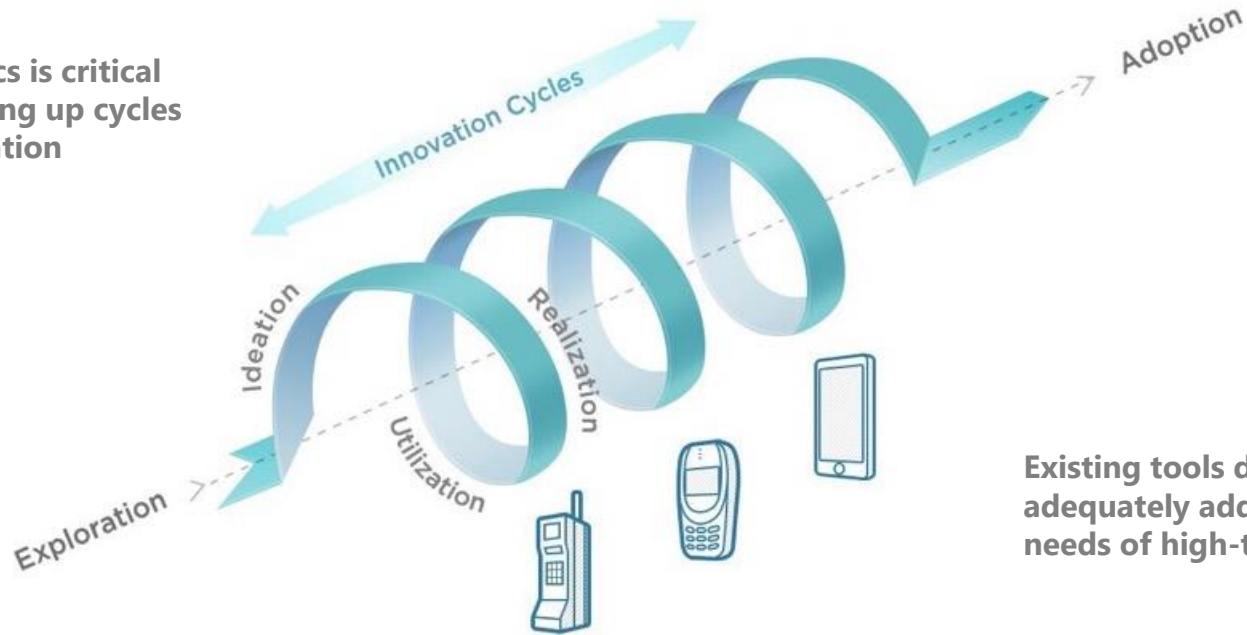
Altium



Printed Circuit Boards are central to the design & realization of electronics

# IOT is Driving the Pace of Innovation

Electronics is critical to speeding up cycles of innovation



Existing tools do not adequately address the needs of high-tech products

Success depends on the ability to move quickly through innovation cycles

# Current Engineering Tools Fall Short

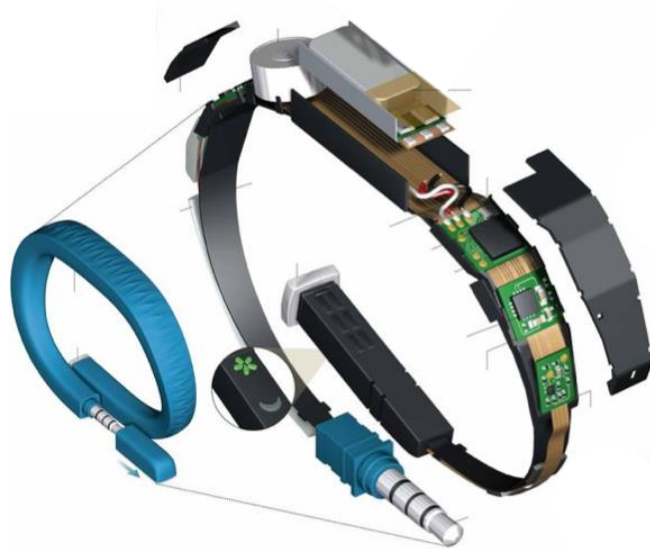


- MCAD - Mechanical Computer Aided Design
- ECAD - Electronic Computer Aided Design
- CAE - Computer Aided Engineering - Analysis and Simulation
- CAM - Computer Aided Manufacturing
- PLM - Product Lifecycle Management

The current model for tool integration is old and has evolved around the notion of “tool-chains”



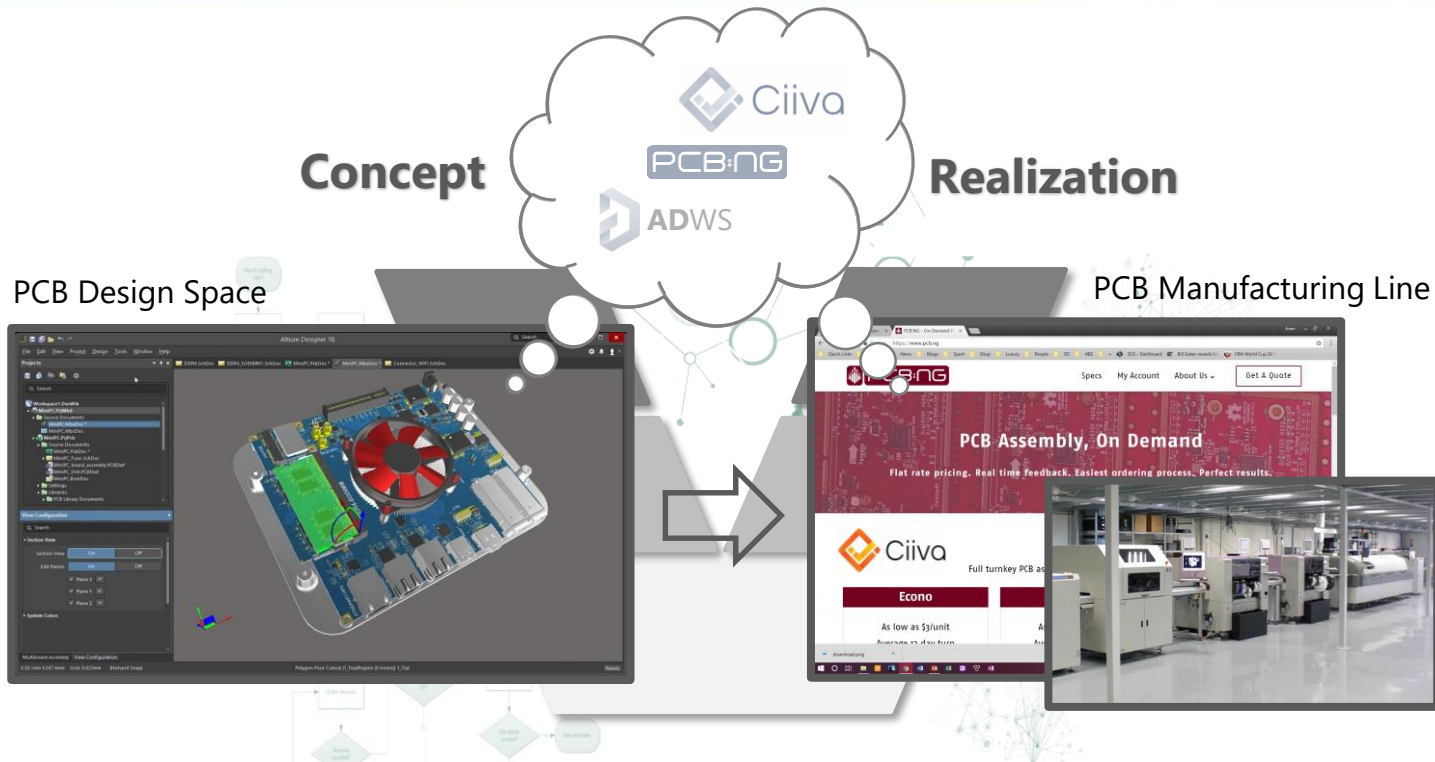
# The Future of Engineering Tools is Multi-disciplinary...



- Cloud System
- Embedded Software
- Electronic CAD**
- Mechanical CAD
- Electrical CAD

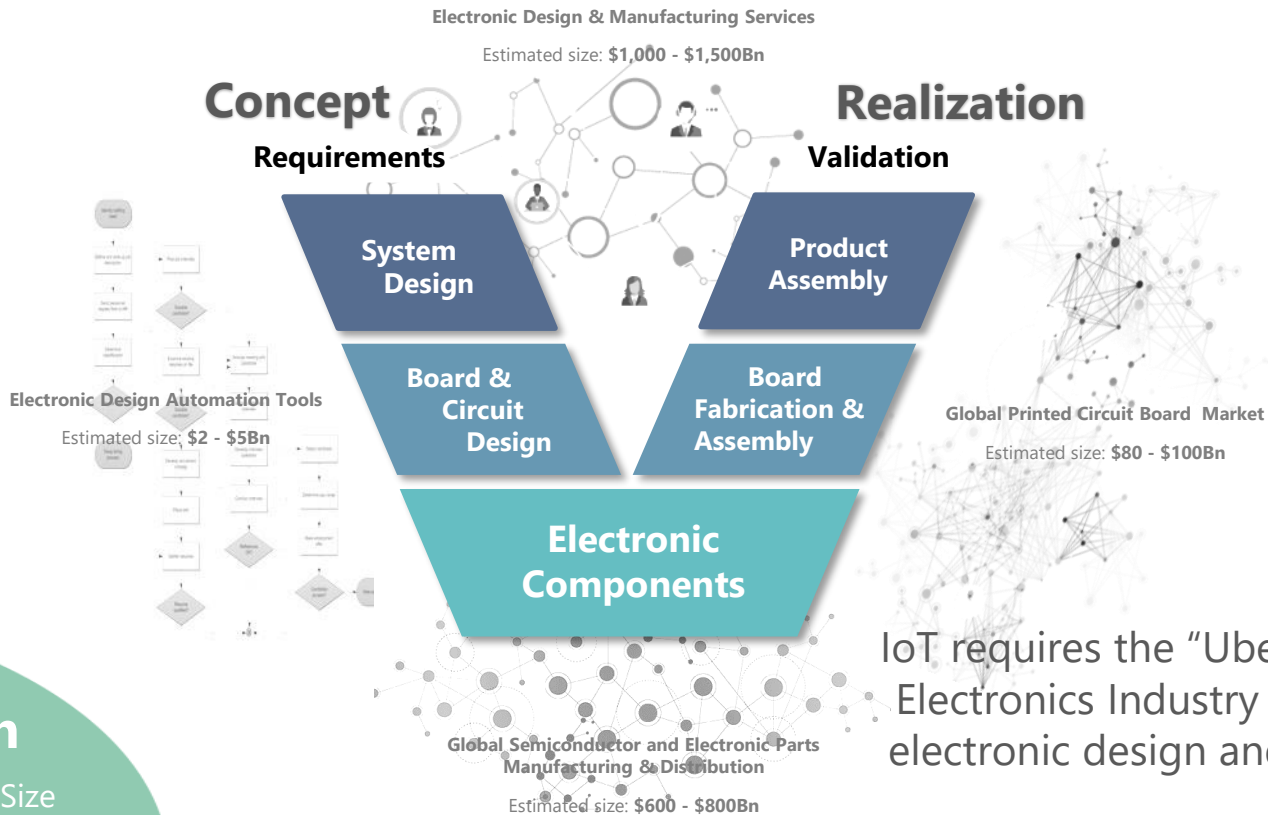
ECAD and MCAD tools must communicate natively and operate at the same level of abstraction

# Design Space Must Directly Connect to the Manufacturing Floor



Acquisition of smart manufacturer start-up PCB:NG helps Altium connect design space to supply chain & manufacturing

# IoT Requires Transformation of the Electronics Industry



**\$2 Trillion**

Estimated Industry Size

IoT requires the “Uberization” of the Electronics Industry - transforming electronic design and its realization

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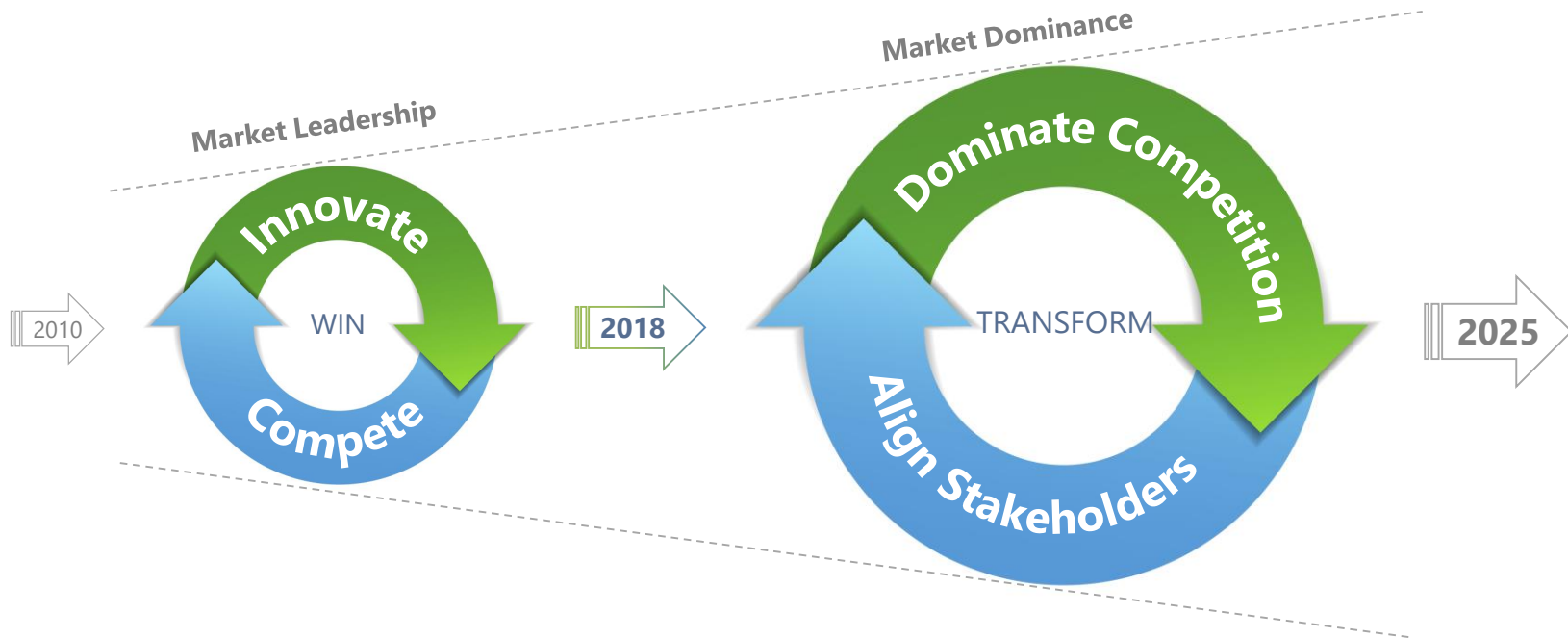
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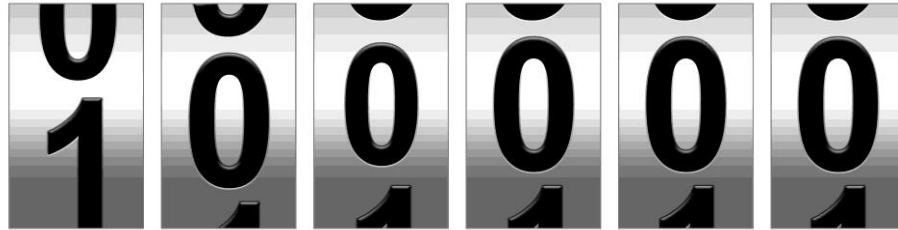
# From Leadership to Dominance...



PCB design software is a “winner takes all” market similar to Desktop Publishing & Microsoft Office tools

# Targeting 100,000 Subscribers before 2025

Altium



Altium must target 100,000 active subscribers of its flagship product (Altium Designer) before 2025 so as to compel key stakeholders within the manufacturing and supply chain industry to support its agenda to transform electronic design and its realization

# Altium is the Clear Winner...



<b>New Seats / Customers</b>	6321 new licenses sold in FY18	New license growth estimated to be low or negligible
<b>Subscription Pool</b>	38,000 - the largest and the fastest growing in the industry	Generally static or declining
<b>Direct Sales Capability</b>	90% + and growing direct sales	No significant transactional sales force (only through resellers)
<b>Approach to Partnership</b>	Strategic	Tactical
<b>Revenue Growth</b>	2-3X the average growth for the industry	Below market growth
<b>Software Technology</b>	The only PCB design tool with unified design data model	Separate design tools between layout and schematic
<b>Software Release Frequency</b>	Major Annual Updates	Irregular and infrequent updates

# Accelerating Growth to Drive Dominance Beyond 2020

The Altium logo is positioned in the top right corner of the slide, overlaid on a background image of a green printed circuit board (PCB) with various electronic components and traces.

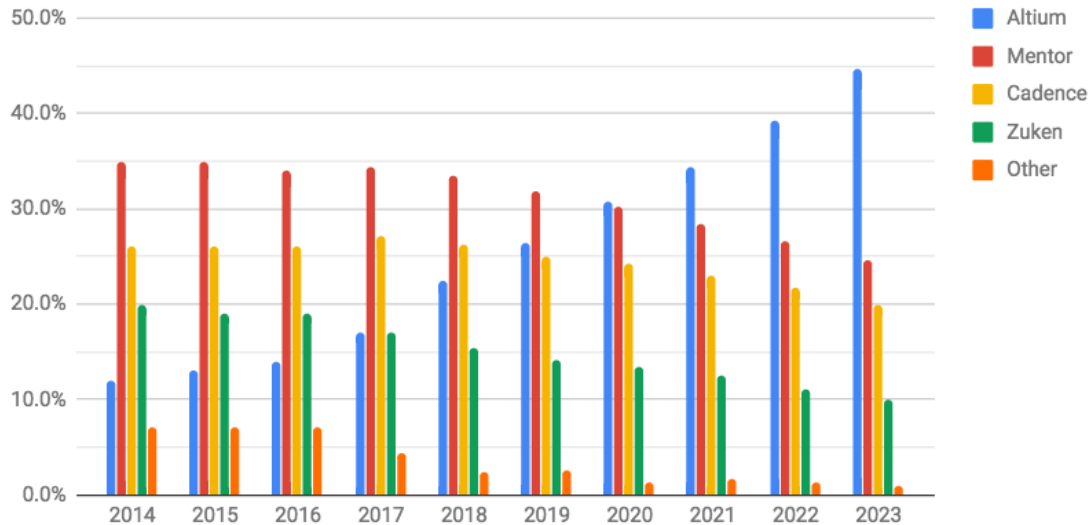
- ✓ Apple's (Macintosh commercial 1984) style advertising to claim leadership and drive deep adoption across all segments of the market
- ✓ Introduce the next generation Atlassian-style (man-out-of-the-loop) transactional selling to expand capacity and reduce cost of sales
- ✓ Add capacity to Altium's transactional sales to aggressively pursue competitive displacement
- ✓ Refocus Altium's technical support and customer success to drive and facilitate customers transitioning from legacy CAD systems to Altium's platform
- ✓ Make Altium software more accessible by reducing the upfront cost of ownership



# Altium is Re-defining the Competitive Landscape...

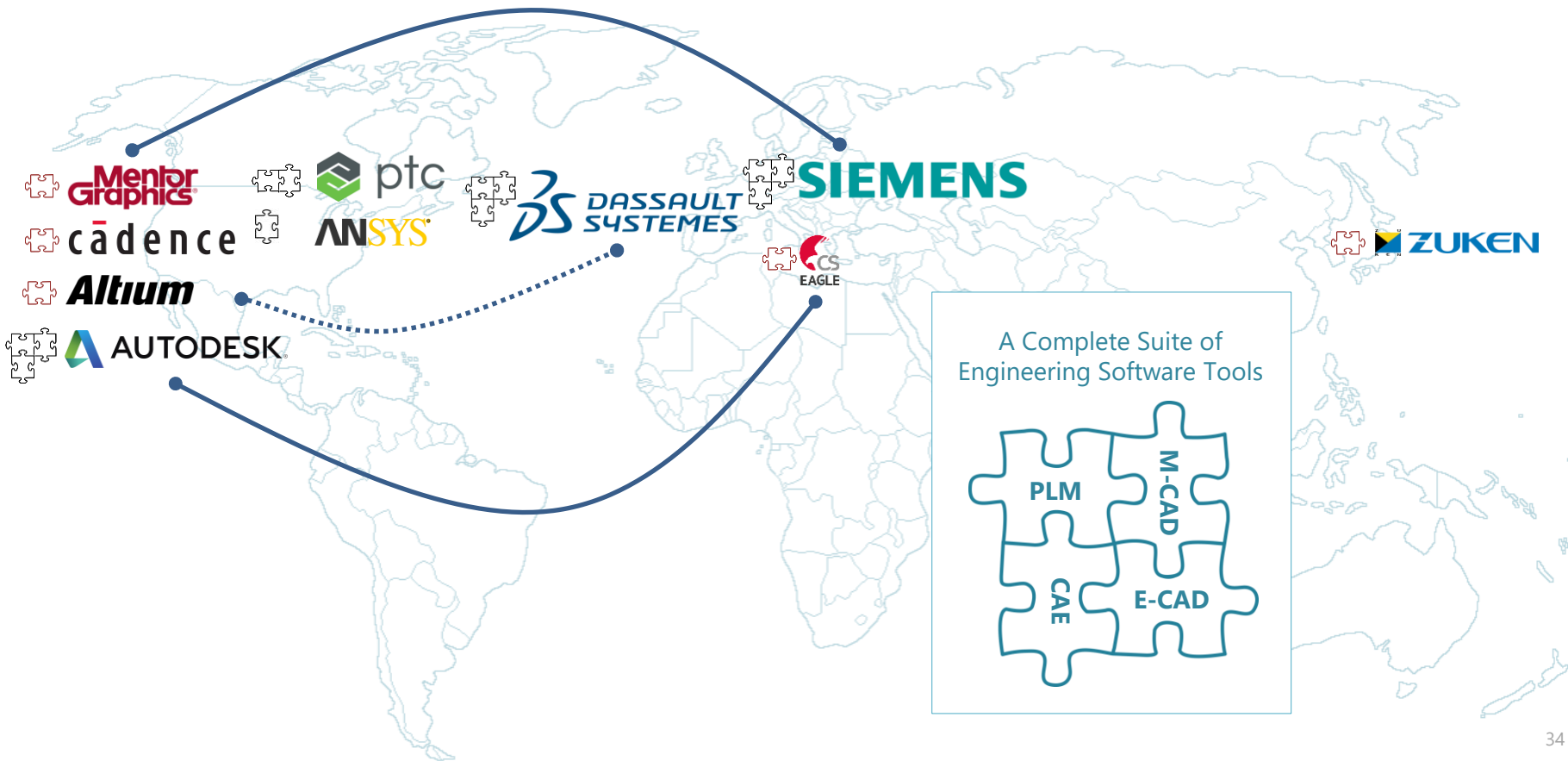


## Market Share by Revenue



Altium will dominate the competition well before 2025

# Making the Right Strategic Alliances is Critical...



# 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 is confident of achieving its 2020 targets of US\$200 million revenue and EBITDA margin of 35% or better
- ✓ Altium commits to the achievement of 100,000 Altium Designer subscribers before 2025 for market dominance
- ✓ 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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# Altium's Journey - a Long History and a Promising Future



Now

1- Altium creates a seamless online and offline design experience for a new breed of designers with **Upverter 2.0**  
2- Altium **acquires board manufacturing company PCB-NG**, combining it with Ciiva to create the world's first fully integrated design-to-realization channel

2017

1- Altium **surpasses \$US100 million revenue target** and delivers \$US110 million for financial year 2017  
2- **Altium acquires Upverter**, the developer of the world's first fully cloud, fully collaborative electronics design systems  
3- **Altium releases Altium Designer 18** and launches NEXUS

2016

Altium **partners with Dassault Systems SOLIDWORKS** to deliver a specialized version of its PCB design software for SolidWorks users

2015

1- Altium acquires **Octopart**, the #1 **electronic parts search** engine in the world

2- Altium acquires **Ciiva**, a cloud based **electronic components management** system

2014

1- **Successful capital raising** of \$44M on ASX  
2- Altium relocated its HQ to California USA

The company was founded by creating the first version of Altium Designer, **Protel PCB**

Altium Launches Protel for Windows - **World's first Microsoft Windows-based PCB design system**

Altium Successfully completes an IPO on Australian Stock Exchange

1999

1991

1985

2006

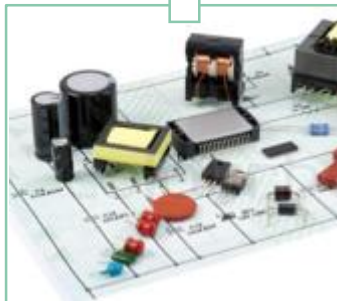
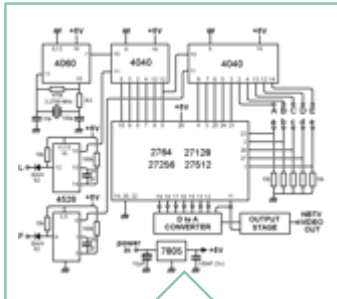
Altium launches Altium Designer 6, the **world's first Native 3D PCB** design software

2010

Altium launches **Altium Designer 13** introducing DXP 2.0, its next generation integration platform opening up Altium Designer to third-party developers

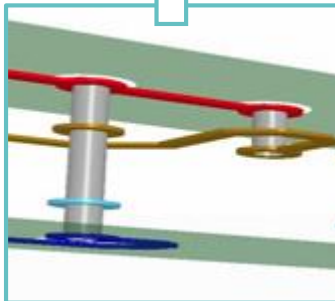
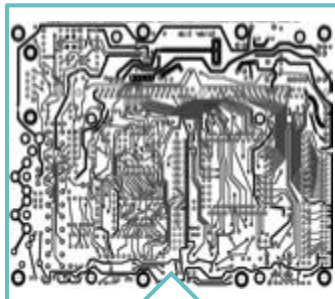
# Printed Circuit Board Design and Manufacturing Process

## Circuit Diagram



Design Capture

## Layout Film



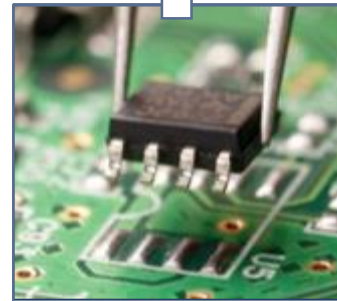
Layout

## Bare Board



Fabrication

## Assembled Board



Assembly

## Altium's DNA

Uncomplicated Value Proposition



Direct Sales Force



Free Technical Support



Easy to Get Up and Running



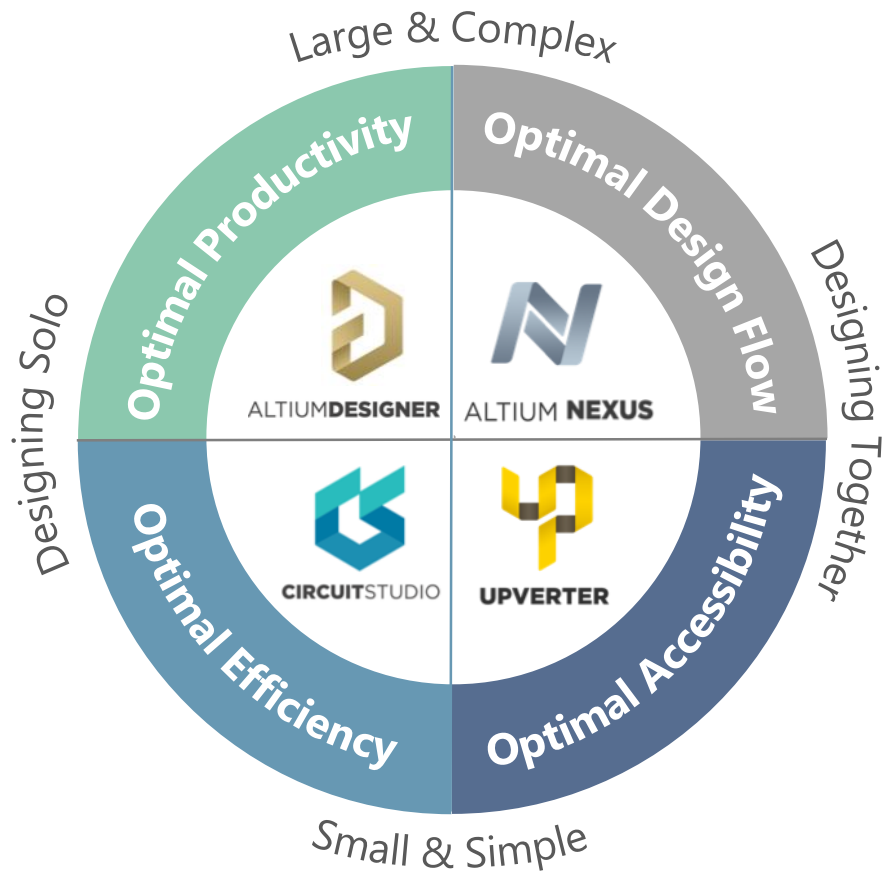
Easy to Learn, Easy to Use



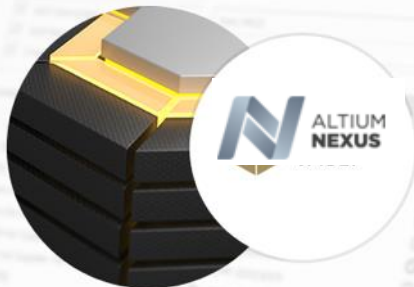
Easy to Maintain with No Hidden Costs

# A Unique PCB Solution For Every Usage Profile

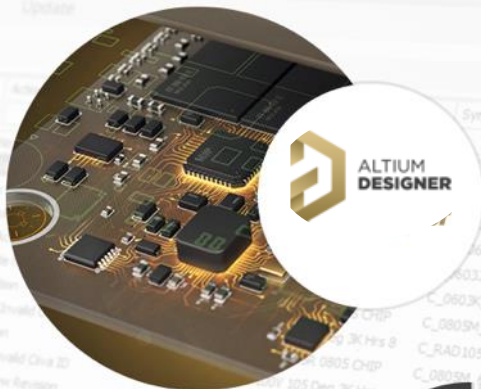
Altium







Design Data Management  
Collaboration Software



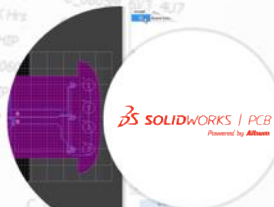
ALTIUM  
DESIGNER



Embedded Software  
Development Tool



CIRCUITSTUDIO



SOLIDWORKS | PCB  
Powered by Altium



Ciiva



UPVERTER



Octopart

## 3D-Printed Circuit Board Design Software Solutions

# Diversity of Application



Automotive



Aerospace & Defence



Life Sciences



Mobile Devices & Communications



Consumer - Electronics



Electronics & High-Tech



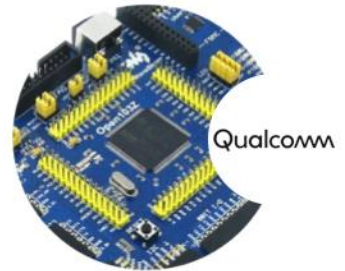
Research & Education



Industrial Controls Automation



Computers



Semiconductors

# High Profile Customers



Automotive



Aerospace & Defence



Life Sciences



Mobile Devices



Consumer- Electronics



Electronics & High-Tech



Research & Education



Industrial Controls



Computers



Semiconductors



## Main Operating Centres

San Diego, Munich, Shanghai

## Sales and Support Centres

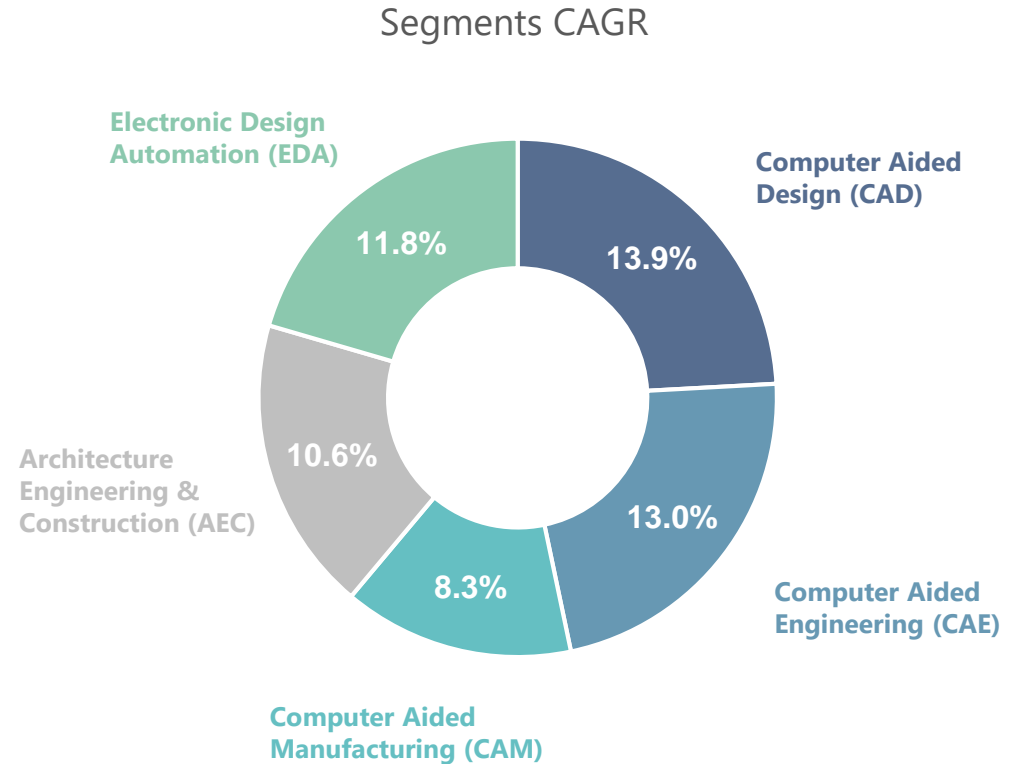
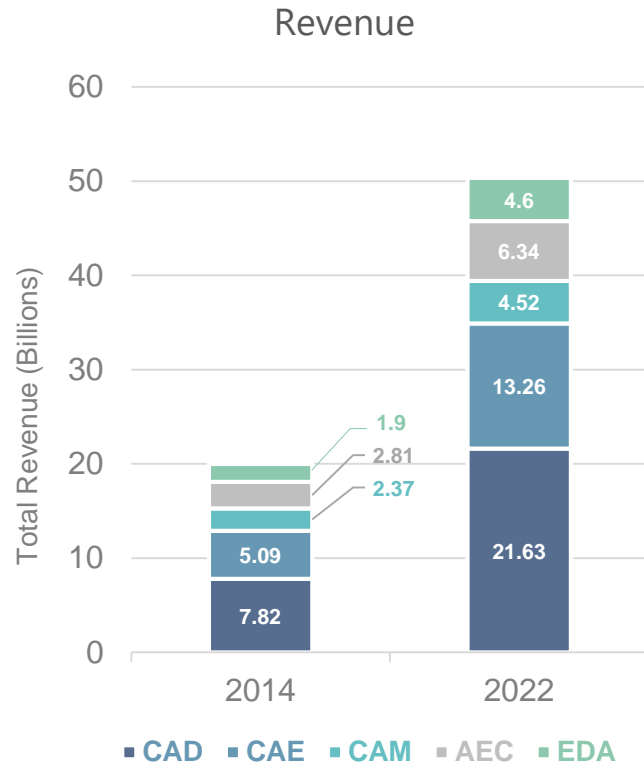
San Diego, Boston, Karlsruhe, Munich, Shanghai, Sydney

## Research & Development Centres

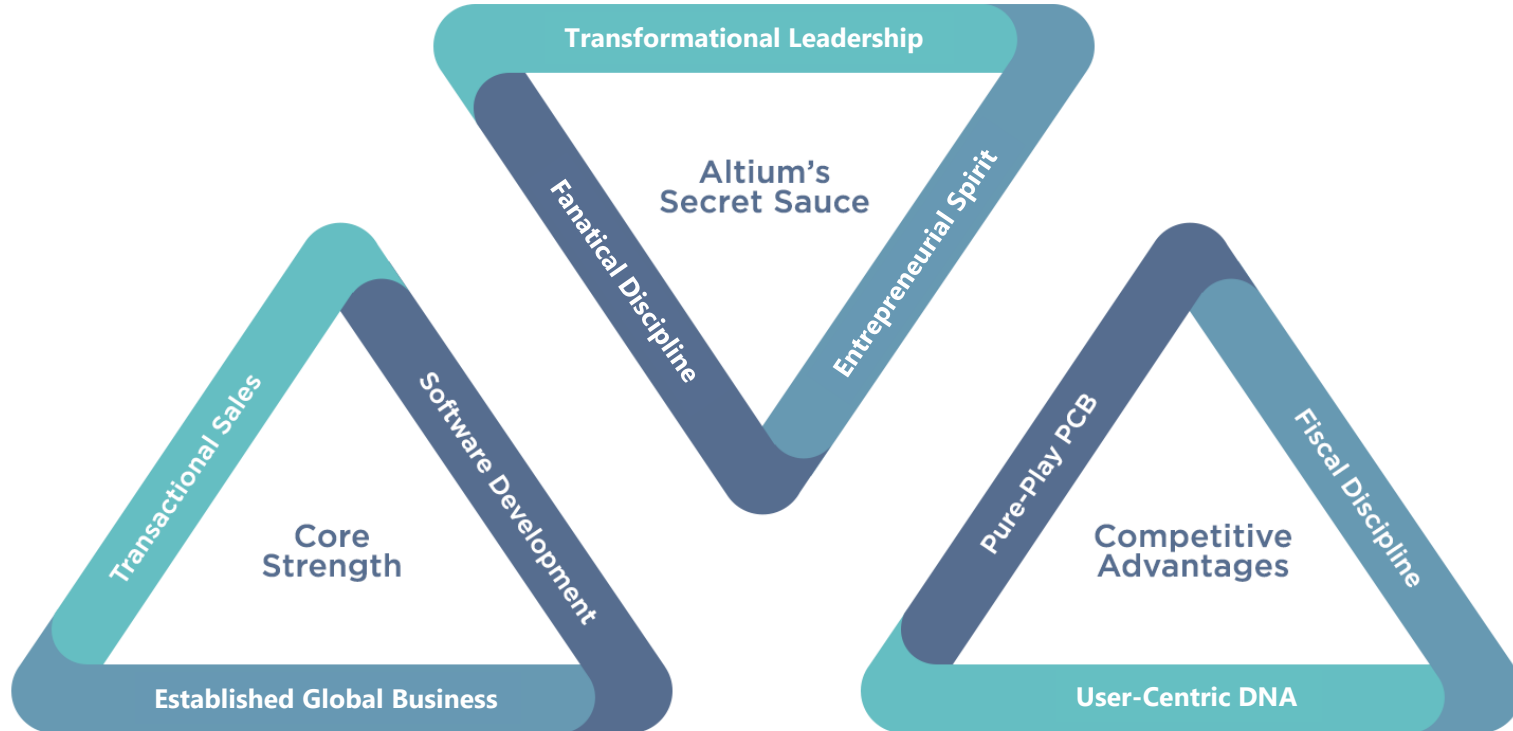
San Diego, Ukraine, Netherlands, Shanghai



# Global Engineering Software Market revenue, 2014 and 2022



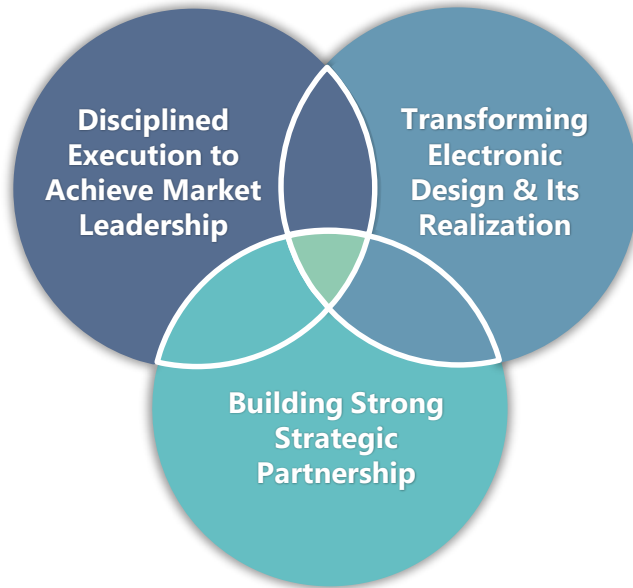
# The Altium Advantage



# Altium's Strategy for Success

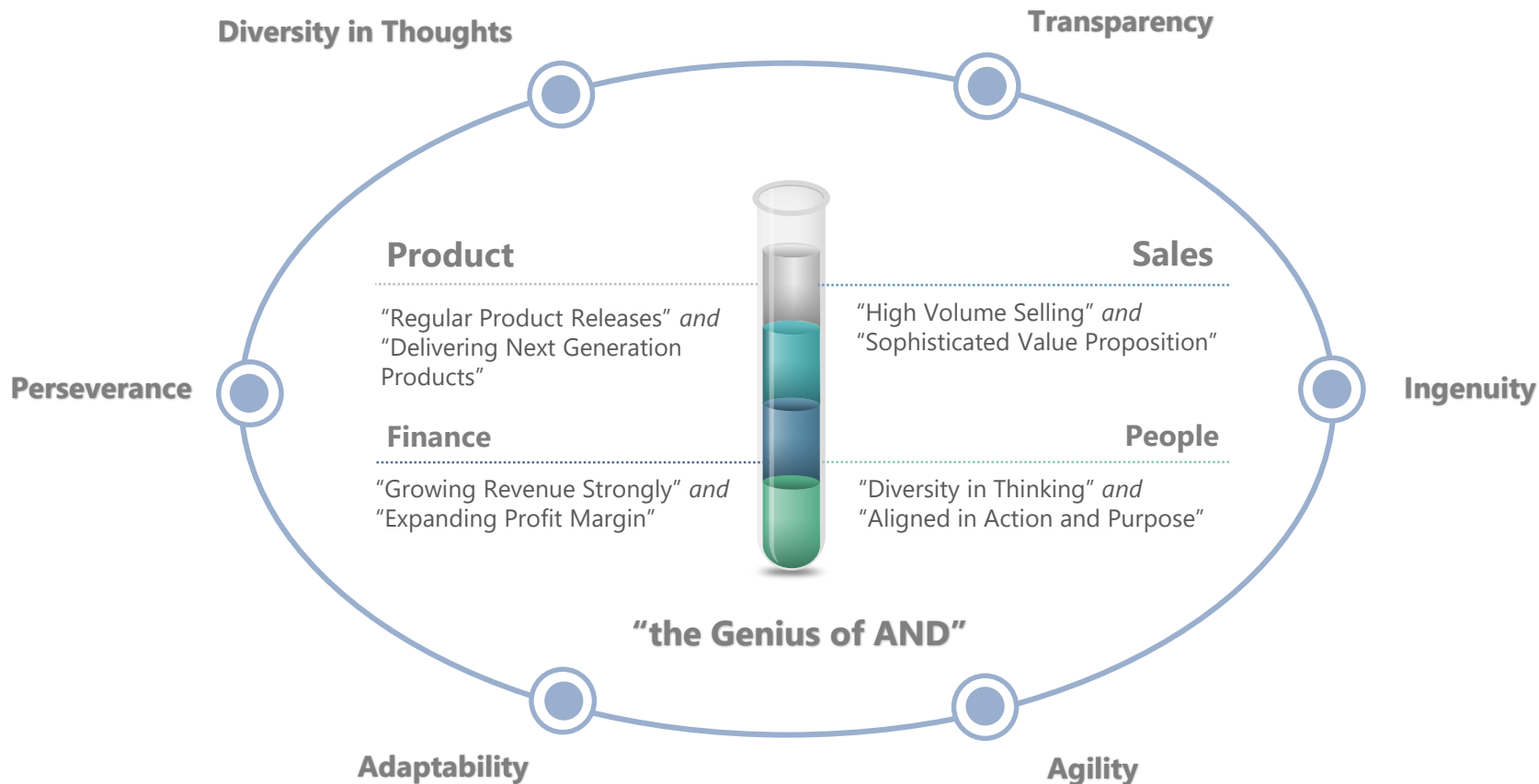


**Maintaining Disciplined Execution and Remaining Single-Minded About PCB Market Leadership**



**Being True to Our Deep Conviction that Altium's Journey Will Bring About Transformation of the Electronics Industry**

**Building a Strong Partnership with Leading Engineering Software Companies to Connect ECAD with MCAD & PLM**





## 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 is confident of achieving its 2020 targets of US\$200 million revenue and EBITDA margin of 35% or better
- Altium commits to the achievement of 100,000 Altium Designer subscribers before 2025 for market dominance
- 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