



Pivoting to the Cloud with Growing
Momentum for a Stronger Second Half

ALTIUM HALF YEAR FISCAL 2021 INVESTOR PRESENTATION

Aram Mirkazemi CEO
Martin Ive CFO
Kim Besharati Chief of Staff

15 February– 18 February 2021
VIRTUAL



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Financial data

All dollar values are in US dollars (US\$) unless as otherwise presented.

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Agenda

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2021 Half Year Highlights and Significant Achievements

2

2021 Half Year Financial Performance and Metrics

3

Altium's Strategy for Dominance and Transformation

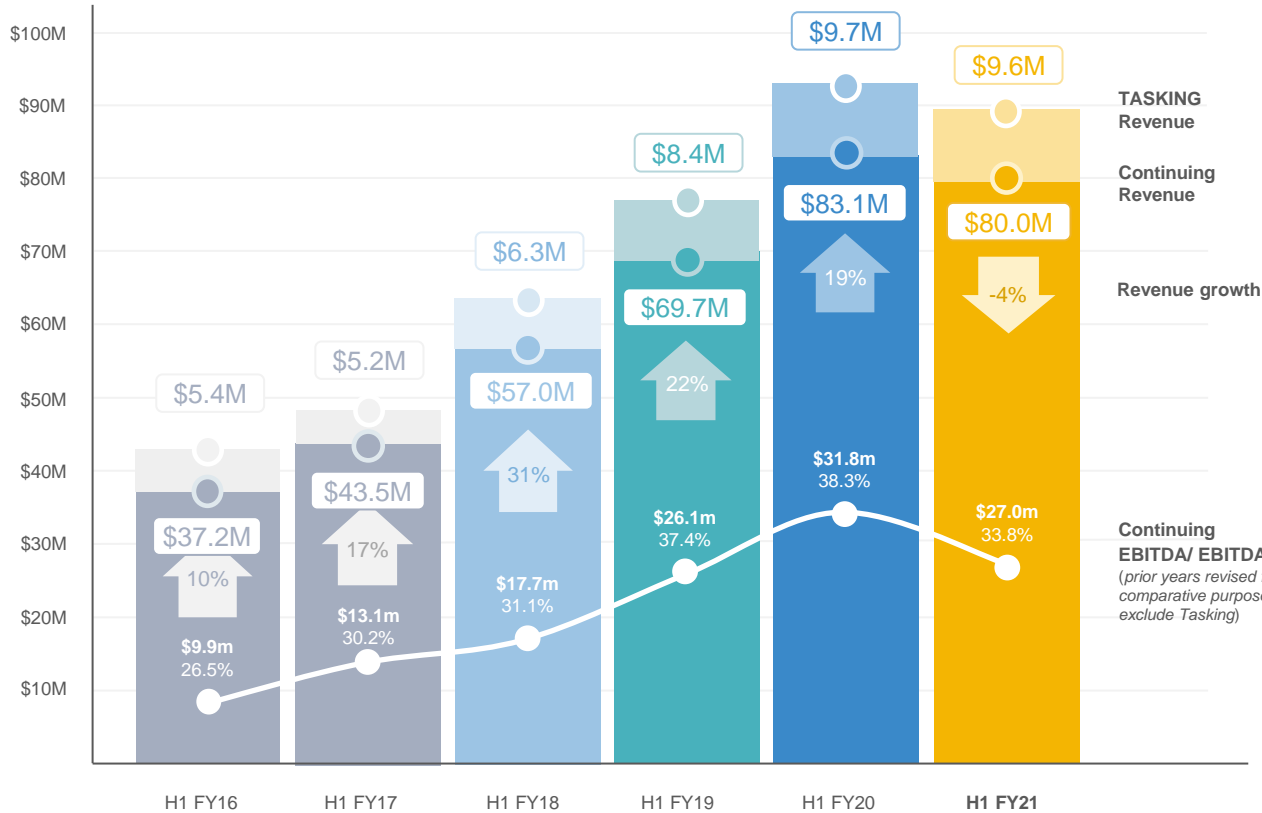
4

Growth Engines and Flywheels for Dominance and Transformation

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Appendix: Electronic Industry and Company Overview

Half Year FY21 Financial Summary



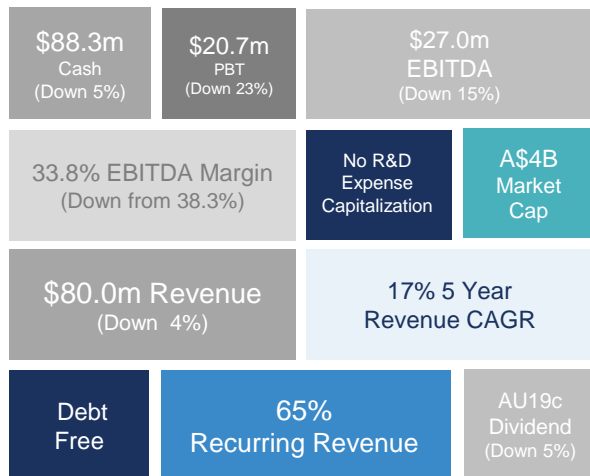
- Revenue decline of 4% COVID's second wave and pivot to cloud impacted first half performance
- EBITDA margin of 33.8% Margin is impacted by decline in revenue and continued investment in cloud
- 12% increase in subscriber base to 52,157 Renewals remain resilient through COVID and strengthened by pivot to cloud
- Altium Designer new seats 3,590 Return to full pricing before the second wave of COVID impacted new perpetual license sales

Pursuing Dominance and Transformation from a Position of Strength



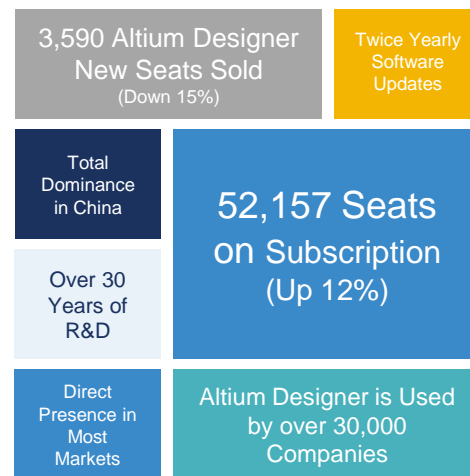
Financial Performance

Altium is the fastest growing EDA company with 8 consecutive years of double-digit growth (prior to COVID) and expanding margin



Altium Designer Dominance

Altium Designer is the most widespread professional PCB design tool used by over 100,000 engineers worldwide



Altium 365 Adoption

The world's first digital platform for design and realization of electronics hardware gaining strong early adoption



* The above represents continuing operations

Altium 365 Strong Early Adoption



Commercial Accounts

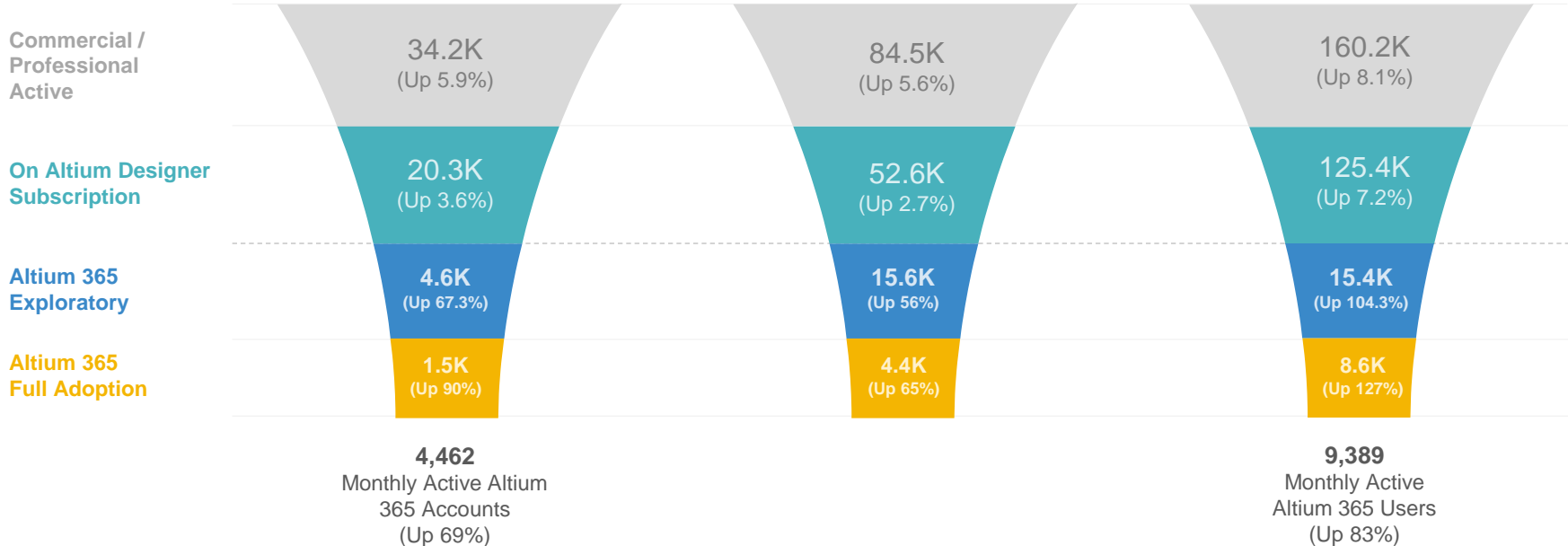
Altium Commercial Accounts represent businesses and entities that have at least one commercial license of Altium software (Altium Designer 10 or later)

Licensed Seats

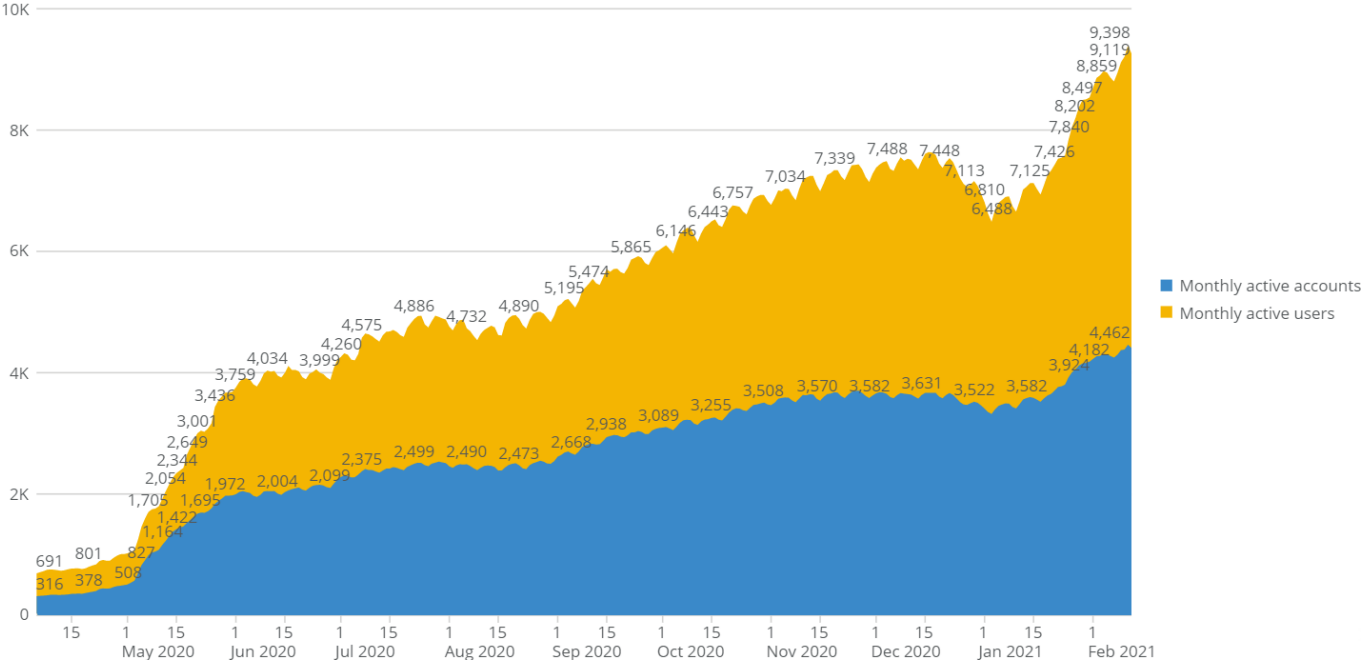
Altium Licensed Seats represent predominantly Altium Designer and Altium Designer SE licenses, but also include NEXUS and CircuitStudio clients

Registered Users

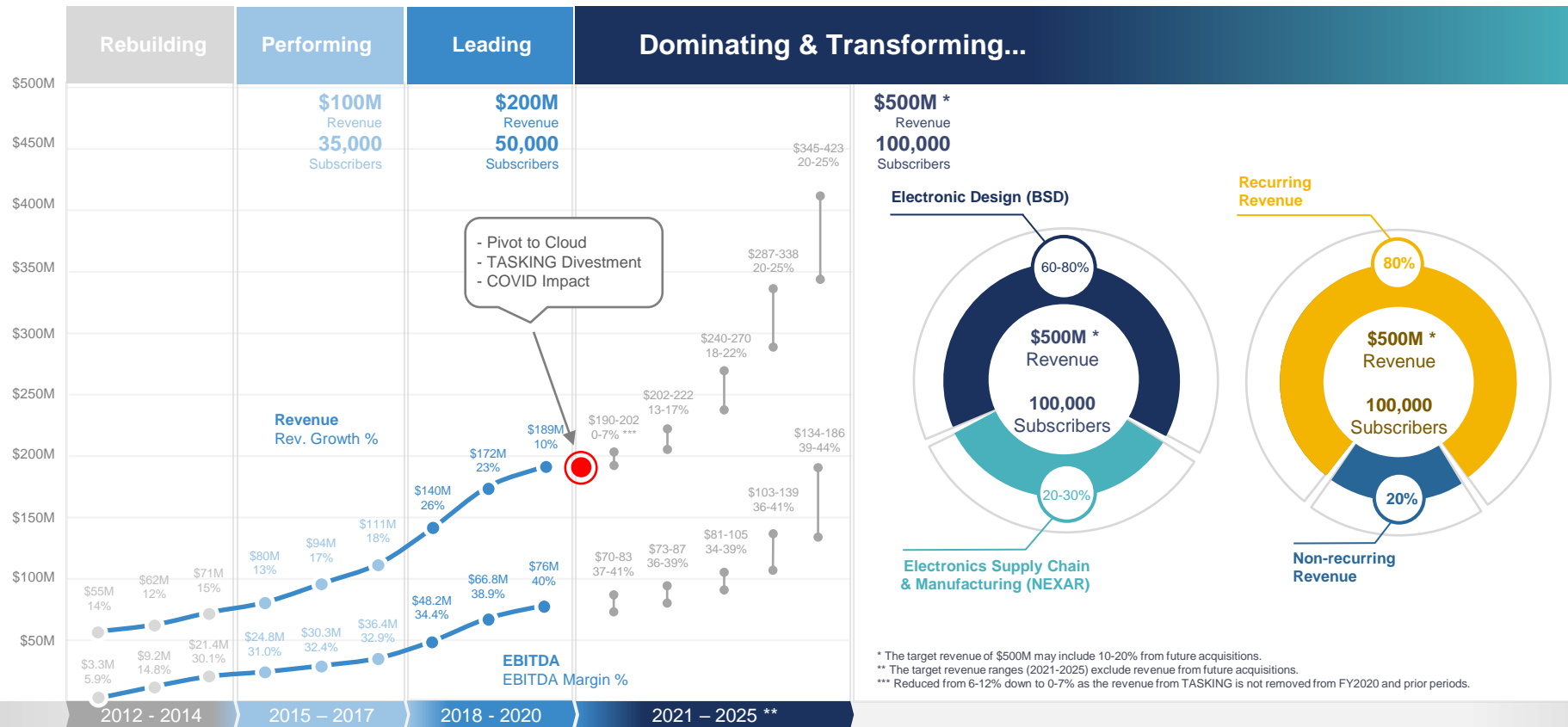
Altium Registered Users represent commercial designers, engineers and other professionals who have registered for access to Altium software and Altium 365 platform

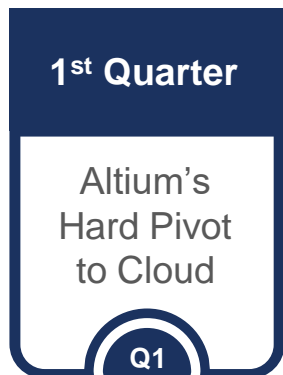


Altium 365 Adoption Accelerates

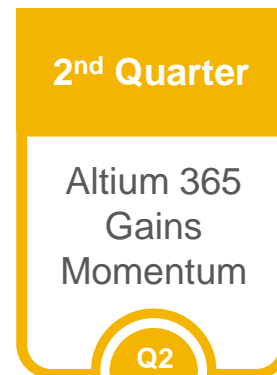


Updated Flight Path to 2025



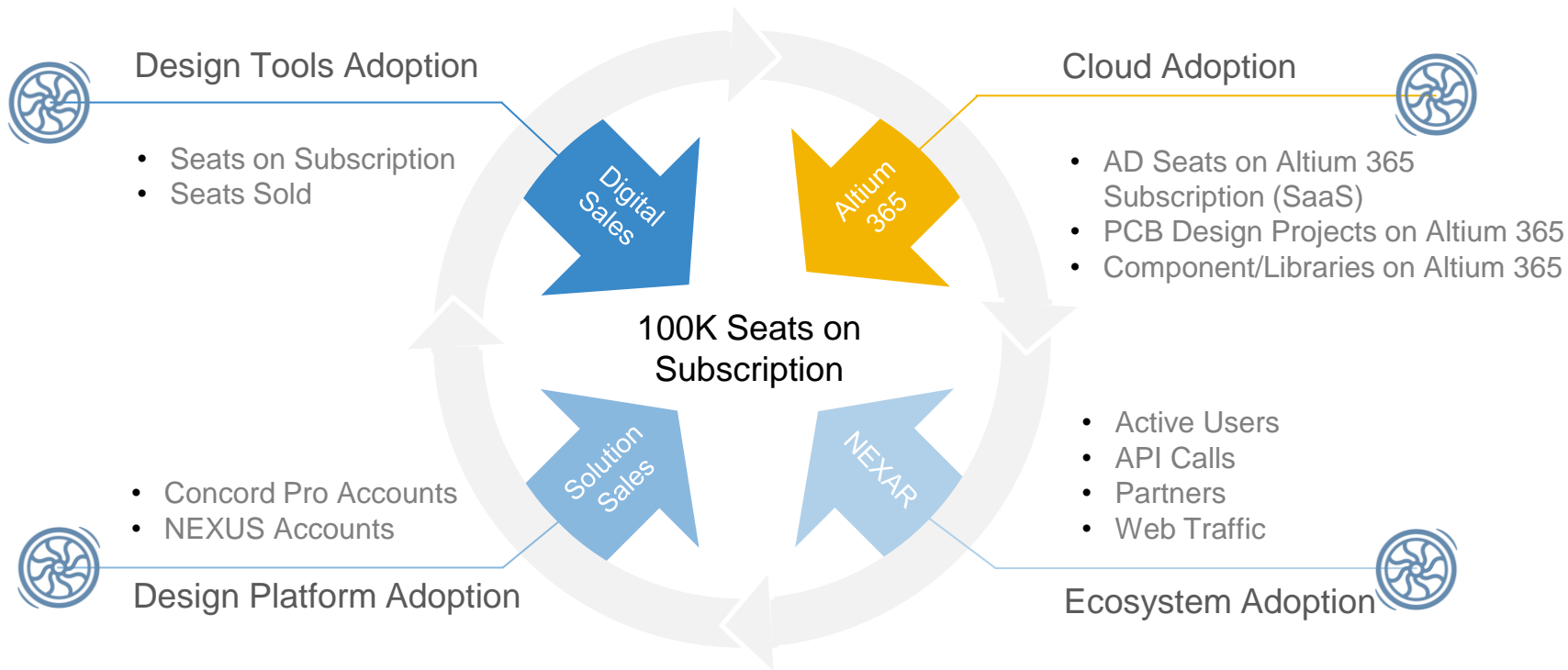


- Implemented organizational change to separate CAD software from Cloud business and sales into high-volume (digital sales) and high-touch (value sales)
- CAD business to drive dominance and Cloud business to drive transformation



- Altium 365 adoption accelerates with over 9,300 active users and 4,400 active accounts
- Released Altium Designer 21 with a range of new capabilities targeting next generation rigid flex boards, length tuning support for high-speed designs, SPICE simulation and deeper integration with Altium 365

Four Flywheels for Dominance and Transformation



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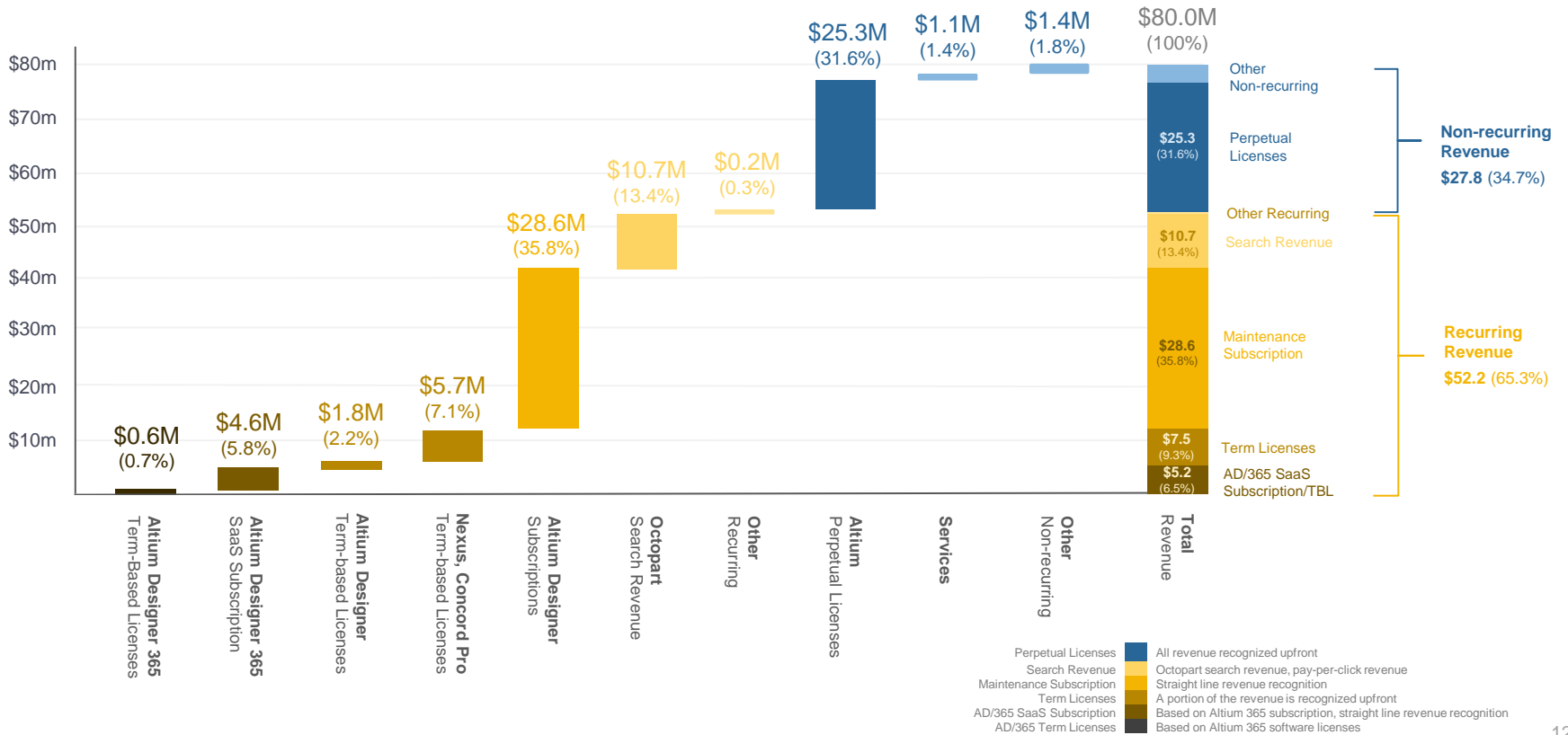
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Growth Engines and Flywheels for Dominance and Transformation

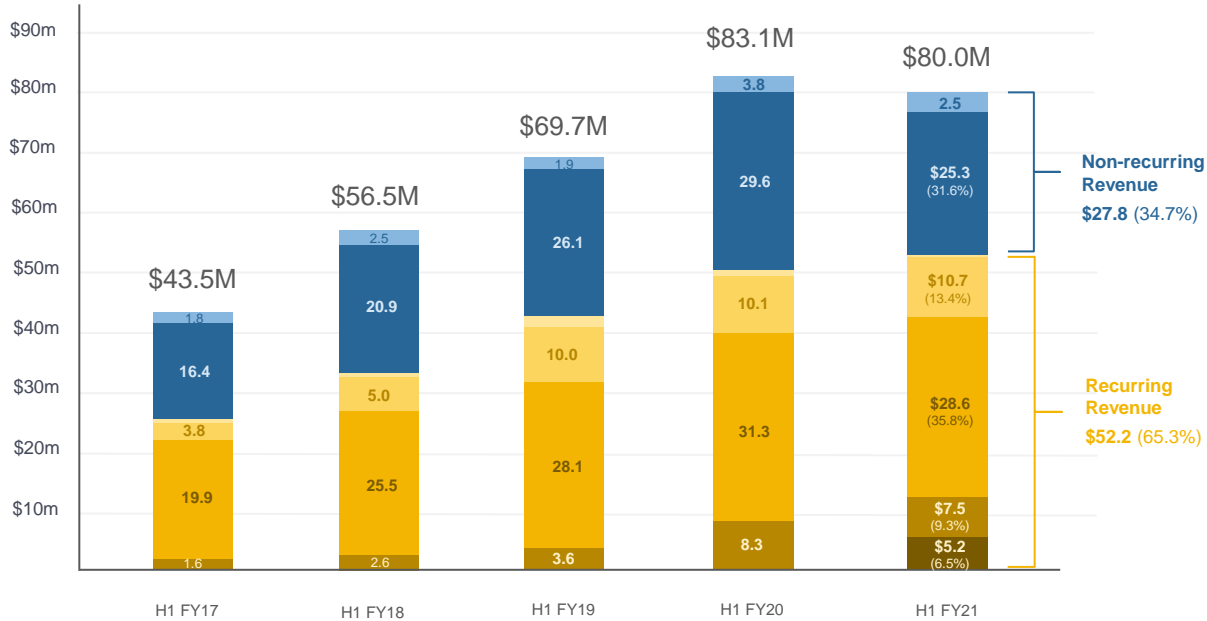
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Appendix: Electronic Industry and Company Overview

First Half 2021 Group Revenue by Type

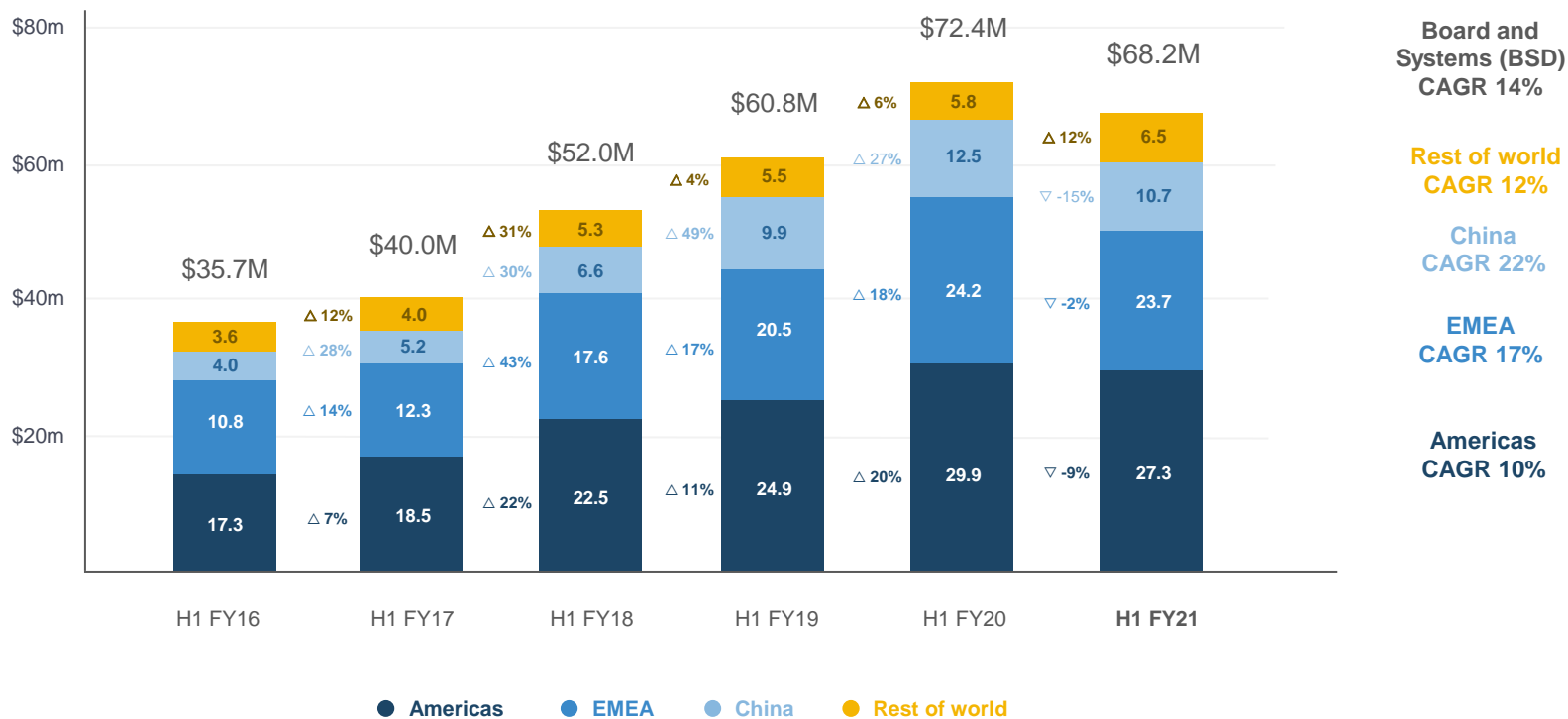


First Half Historical Group Revenue by Type

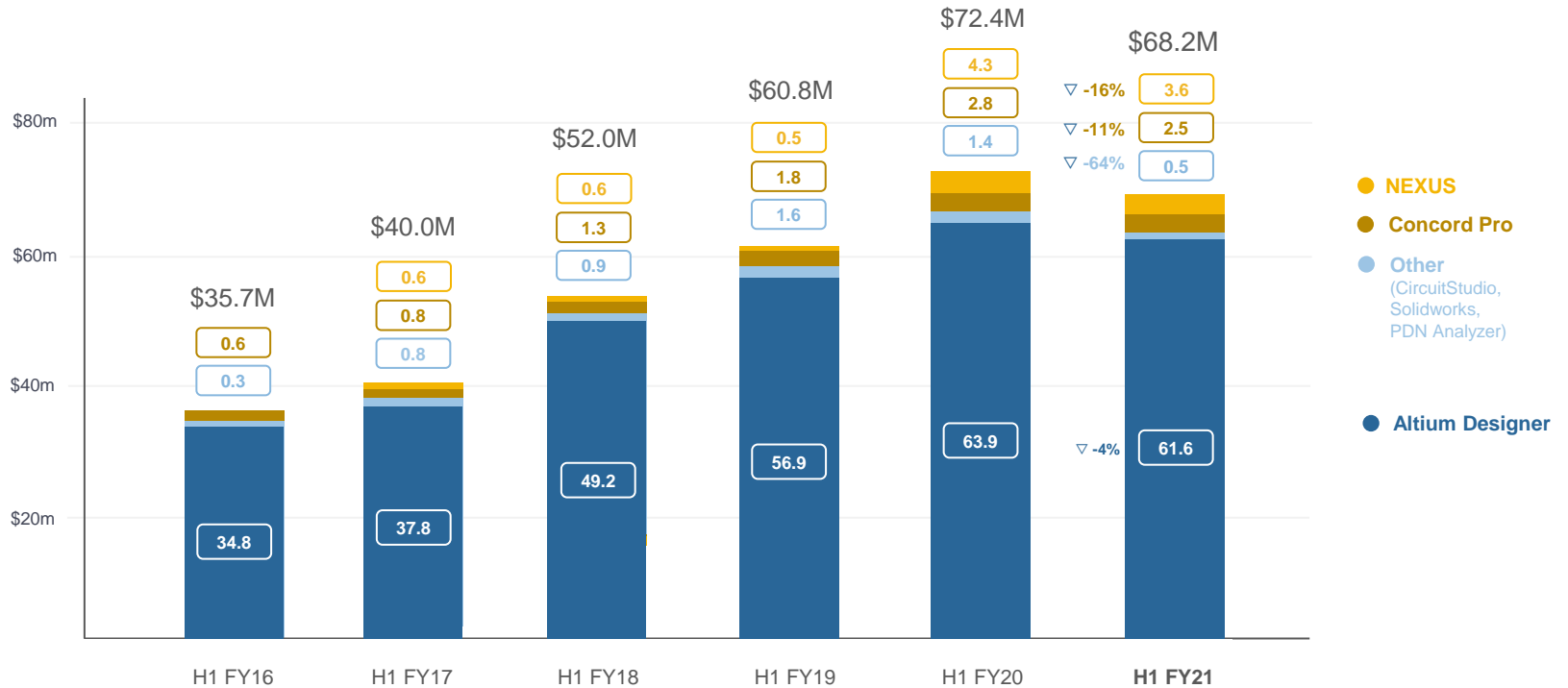


■ Perpetual Licenses All revenue recognized upfront
■ Search Revenue Octopart search revenue, pay-per-click revenue
■ Maintenance Subscription Straight line revenue recognition
■ Term Licenses A portion of the revenue is recognized upfront
■ AD/365 SaaS Subscription Based on Altium 365 subscription, straight line revenue recognition
■ AD/365 Term Licenses Based on Altium 365 software licenses

Board and Systems (BSD) Revenue by Region



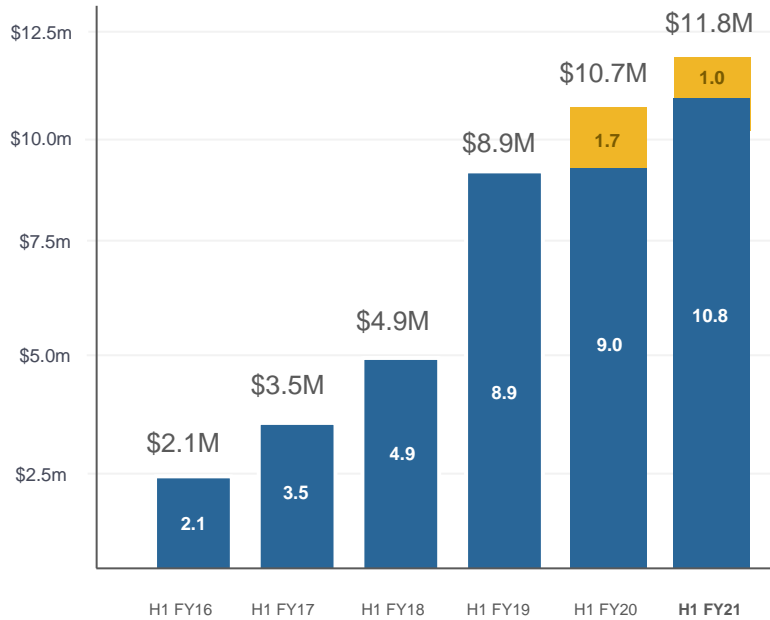
Board and Systems (BSD) Revenue by Product



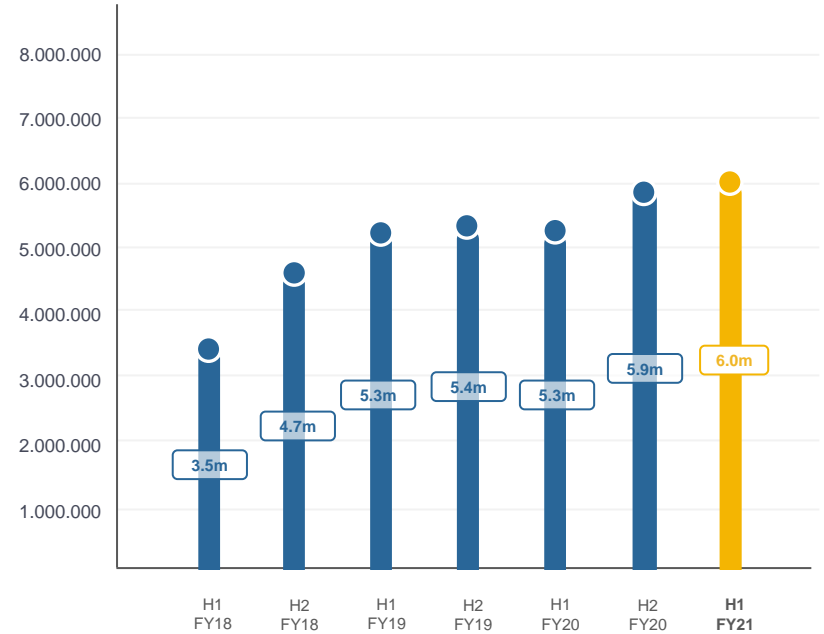
NEXAR Revenue by Product



NEXAR



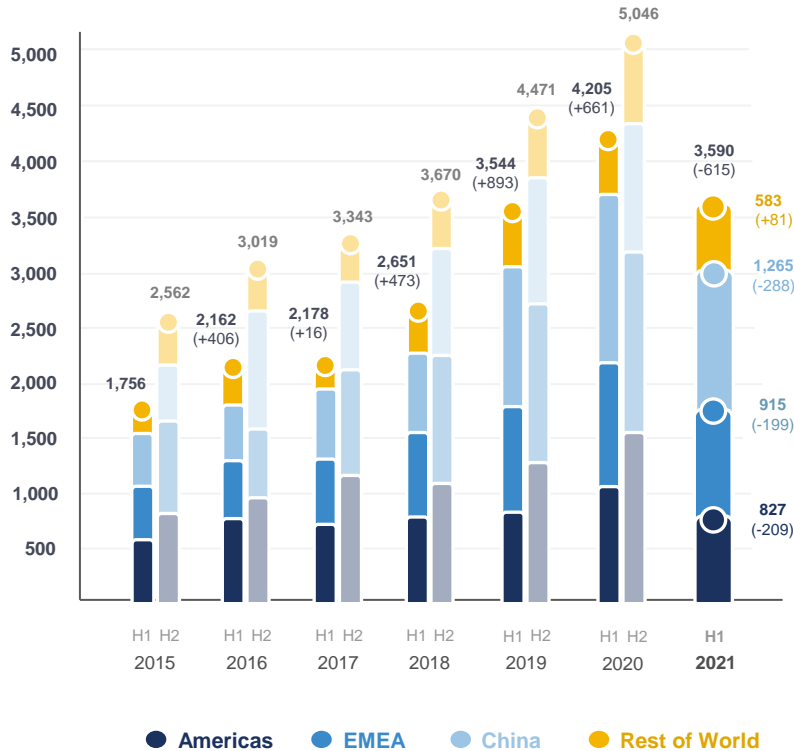
Octopart Clicks



● Octopart ● Smart Manufacturing

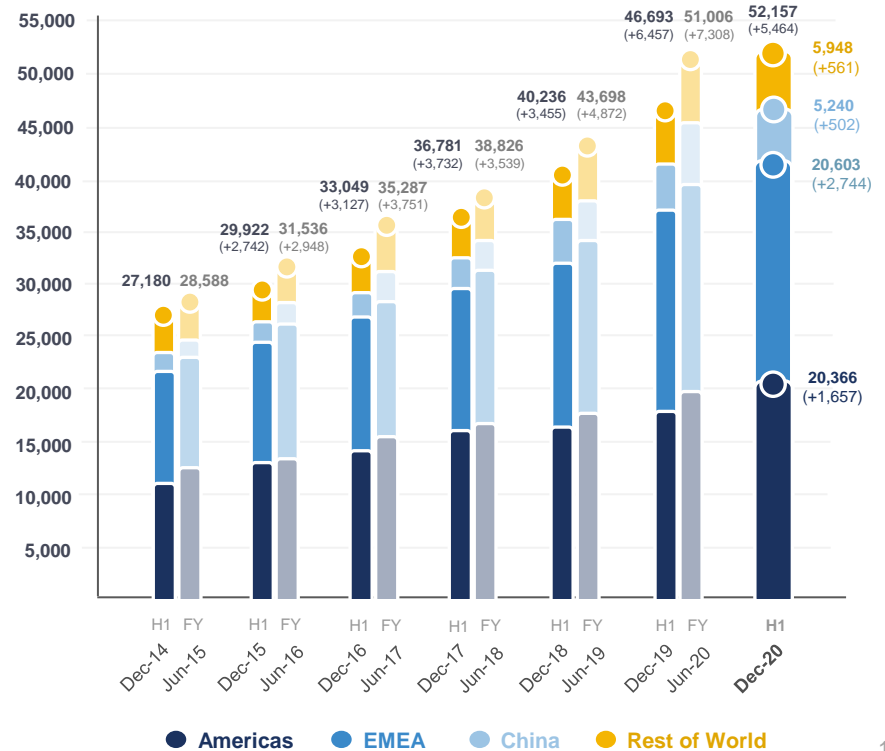


Altium Designer New Seats Sold

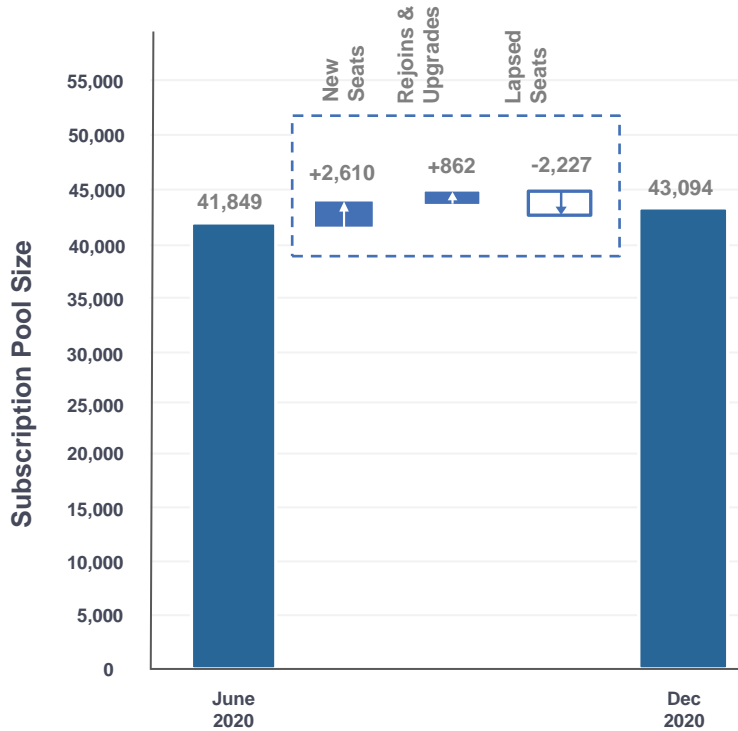


Subscription Pool

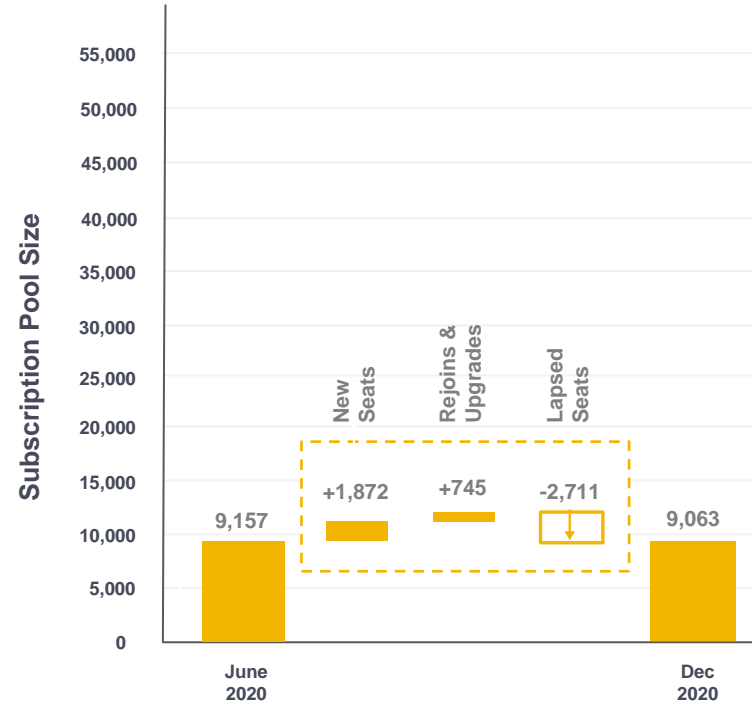
All years include term-based licenses



Growth in Subscription Pools



Growth Pool (Developed Countries)
86.7% renewal rate (FY20 - 88.4%)

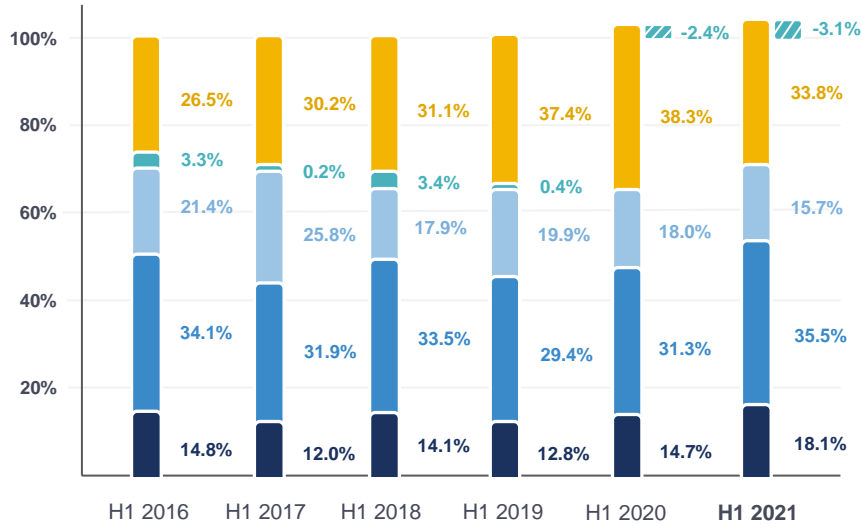


Constant Pool (Developing Countries)
43.5% renewal rate (FY20 - 36.6%)

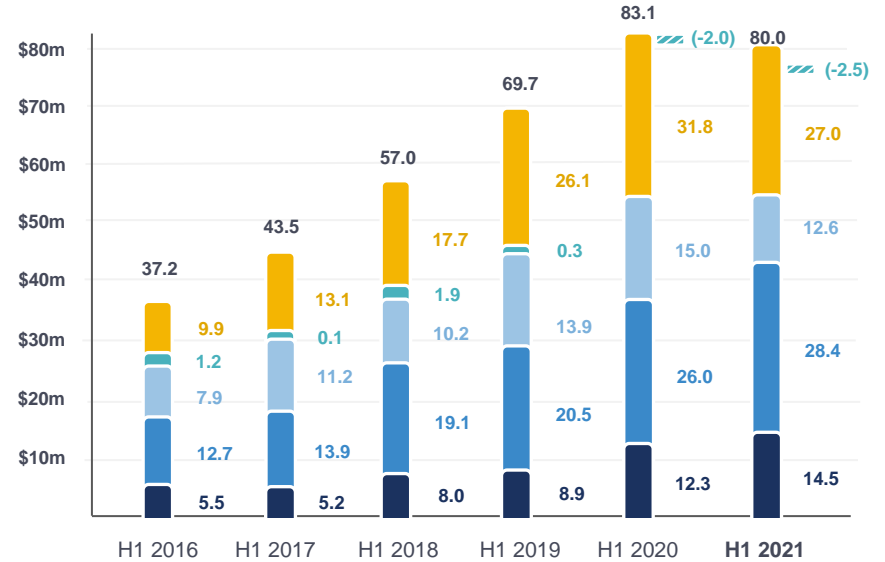
Operating Expenses



Operating Expenses as a Percentage of Revenue



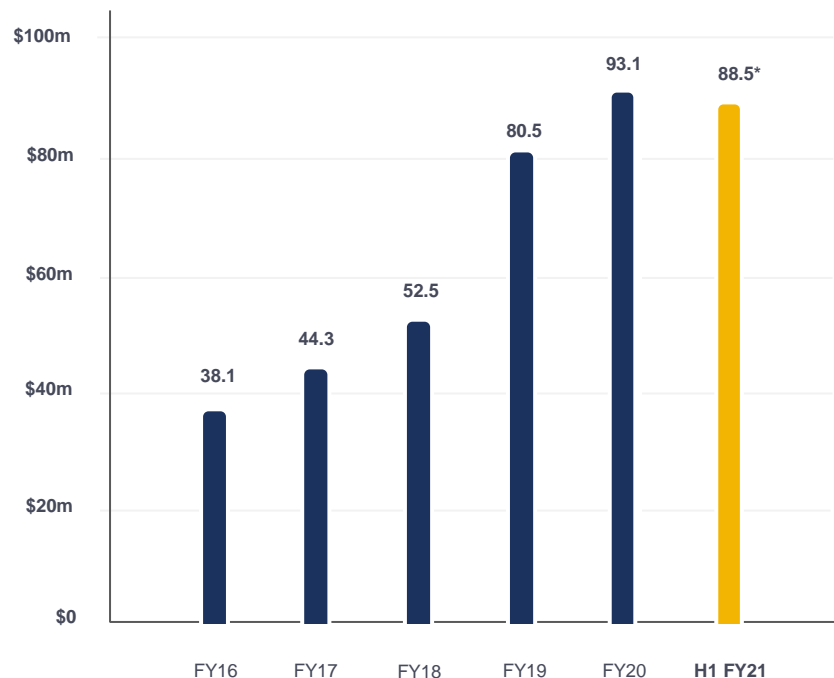
Operating Expenses as a Breakdown of Revenue



● EBITDA
 ● One off Costs incl Acquisitions
 ● General & Administration
 ● Sales & Marketing
 ● Research & Development



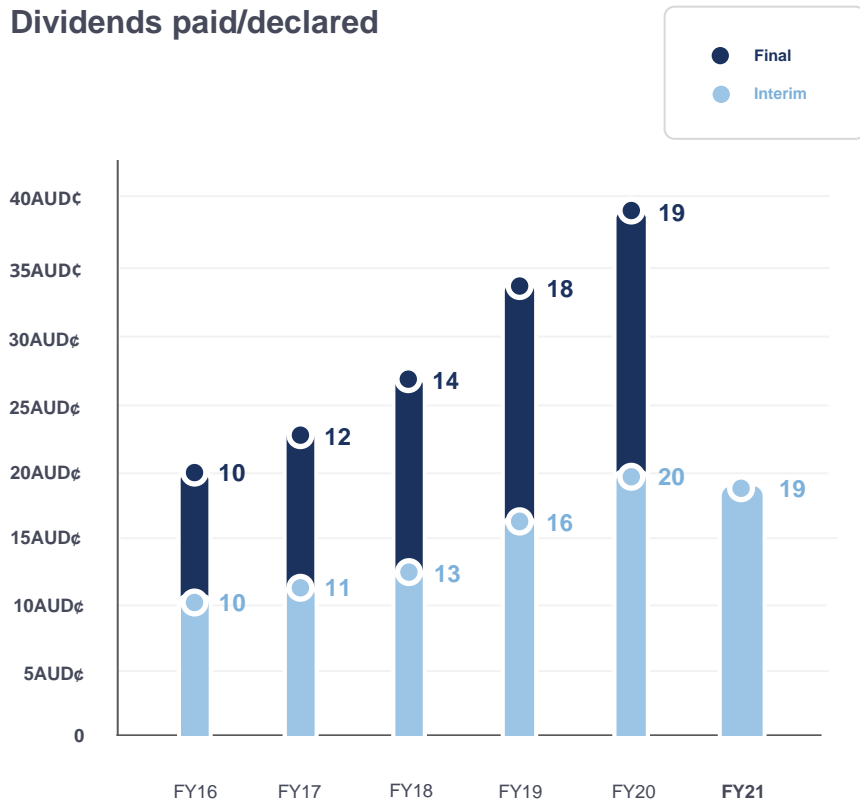
Cash and cash equivalents



*Includes TASKING cash held for sale

	Dec-20 \$ '000	Jun-20 \$ '000	Dec-19 \$ '000	Jun-19 \$ '000
Cash and cash equivalents	88,318	93,083	80,666	80,531
Trade and other receivables	46,823	59,655	45,520	45,833
Other current assets	11,007	7,455	7,514	5,108
Assets classified as held for sale	10,759	-	-	-
Total current assets	156,907	160,193	133,700	131,472
Trade and other receivables	3,878	3,343	2,742	2,285
Property, plant and equipment	19,609	21,113	19,683	7,762
Intangible assets	48,664	49,690	50,265	51,534
Other non-current assets	57,103	61,723	83,041	84,873
Total non-current assets	129,254	135,869	155,731	146,454
Total assets	286,161	296,062	289,431	277,926
Trade and other payables	11,541	16,629	8,679	16,278
Tax liabilities	758	6,587	6,096	5,705
Provisions	2,719	2,792	3,053	2,109
Lease liabilities	5,635	5,480	4,932	0
Customer contract liabilities	45,302	50,193	45,883	48,277
Liabilities classified as held for sale	7,560	-	-	-
Total current liabilities	73,515	81,681	68,643	72,369
Deferred tax	8,206	8,820	9,256	5,833
Provisions	298	2,755	3,525	6,407
Customer contract liabilities	9,355	10,013	7,523	6,875
Lease liabilities	7,580	8,453	7,794	-
Other liabilities	6	7	9	1,884
Total non-current liabilities	25,445	30,048	28,107	20,999
Total liabilities	98,960	111,729	96,750	93,368
Net assets	187,201	184,333	192,681	184,558
Contributed equity and reserves	149,212	147,702	146,265	145,137
Retained profits	37,989	36,631	46,416	39,421
Total equity	187,201	184,333	192,681	184,558

Dividends paid/declared



Cash flows from operating activities

Receipts from customers	91,132	95,325	81,601	64,501
Payments to suppliers and employees	(62,253)	(71,440)	(54,234)	(48,965)
Payments for expenses relating to acquisitions	-	-	-	(347)
Net interest received	107	592	279	32
Interest and other finance costs paid	(360)	-	-	-
Net income taxes paid	(9,921)	(3,686)	(831)	(348)

Operating cash flows

Capital Expenditure

Payments for property, plant and equipment	(1,327)	(1,733)	(2,481)	(1,592)
Payments for intangibles	(588)	(262)	(13)	(231)

Free Cash Flow

Cash flows from investing activities

Payments on contingent and deferred considerations	(50)	(3)	(5,471)	(9,048)
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Cash flows from financing activities

Dividends paid	(18,351)	(16,050)	(13,327)	(12,534)
Repayment of borrowings	(2,828)	(2,720)	(3)	(6)

(Decrease)/increase in cash and cash equivalents

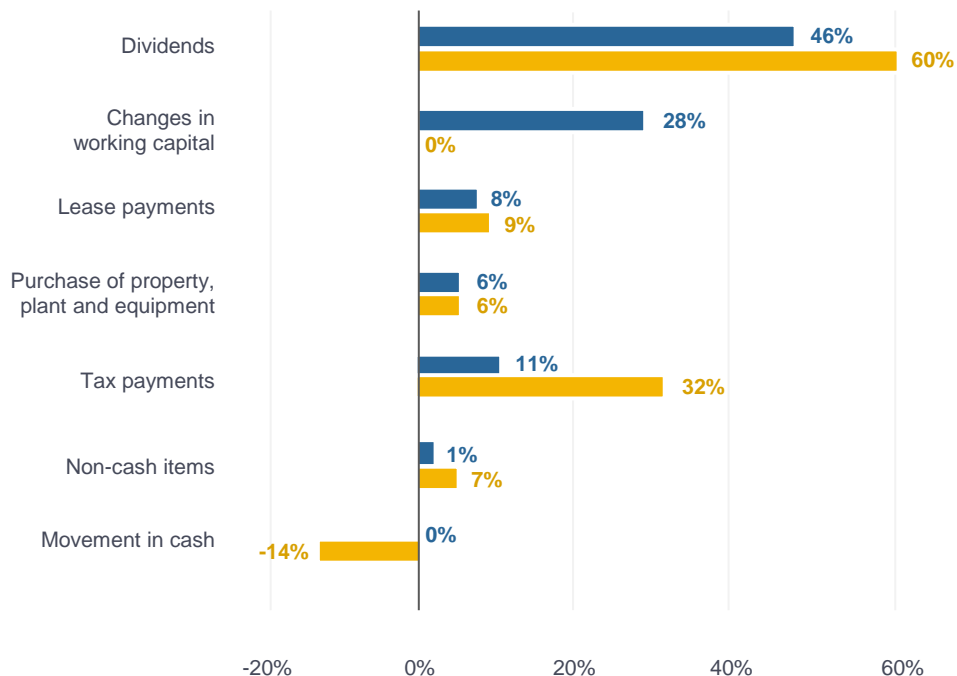
Effects of exchange rate changes	(149)	112	46	290
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Total (decrease)/increase in cash and cash equivalents

	H1 FY21 \$ '000	H1 FY20 \$ '000	H1 FY19 \$ '000	H1 FY18 \$ '000
Operating cash flows	18,705	20,791	26,815	14,873
Capital Expenditure	(1,327)	(1,733)	(2,481)	(1,592)
Free Cash Flow	16,790	18,796	24,321	13,050
Cash flows from investing activities	(50)	(3)	(5,471)	(9,048)
Cash flows from financing activities	(18,351)	(16,050)	(13,327)	(12,534)
(Decrease)/increase in cash and cash equivalents	(4,439)	23	5,520	(8,538)
Total (decrease)/increase in cash and cash equivalents	(4,588)	135	5,566	(8,248)

Cash conversion rate

● H1 FY20 ● H1 FY21



Reconciliation to EBITDA

Operating EBITDA

H1 FY21
USD'000

H1 FY20
USD'000

30,649

34,631

Non-Cash Items in EBITDA

Share-based payment

1,105

851

Unrealised foreign exchange differences

(297)

(12)

Interest

(252)

591

Earnout

(2,500)

(2,000)

Changes in working capital

Receivables

1,098

(144)

Inventories

(118)

(598)

Deferred revenue

1,106

(1,746)

Other operating assets

(434)

1,514

Payables and provisions

(1,731)

(8,610)

Other items

Tax paid

(9,921)

(3,686)

Operating cashflow

18,705

20,791

Half Year FY21 Results Key Metrics *



USD millions	H1 FY21	H1 FY20	+/- %	H1 FY19	H1 FY18
Revenue (excl. interest)	89.6	92.8	-3%	78.1	63.2
Reported expenses	58.9	56.0	5%	49.8	44.3
EBITDA	30.7	36.8	-17%	28.3	19.0
Depreciation and amortization	6.2	5.4	15%	2.9	2.5
EBIT	24.5	31.5	-22%	25.5	16.4
Net interest	0.3	-0.3	N/A	-0.3	0.0
Profit before income tax	24.2	31.8	-24%	25.8	16.5
Income tax expense	4.5	8.7	-48%	2.3	1.6
Profit after income tax	19.7	23.1	-15%	23.4	14.9

	H1 FY21	H1 FY20	H1 FY19	H1 FY18
EPS	15.03	17.65	18.00	11.48
Dividends (AU cents)	19	20	16	13
Key Margin Analysis				
EBITDA margin	34.2%	39.7%	36.3%	30.0%
EBITDA margin (Underlying)	32.7%	37.6%	36.7%	33.1%
Net profit before tax margin	27.0%	34.2%	33.0%	26.1%
Net profit after tax margin	22.0%	24.9%	30.0%	23.5%
Effective tax rate	18.7%	27.3%	9.0%	9.7%
Balance Sheet (USD millions)				
Cash and equivalents	88.5	80.7	58.0	36.0
Net assets	187.2	192.7	166.1	141.8
Operating cash flows				
	18.7	20.8	26.8	14.9

* The above numbers include Tasking.

Historical data is as reported and has not been revised for AASB16 Leases unless noted.

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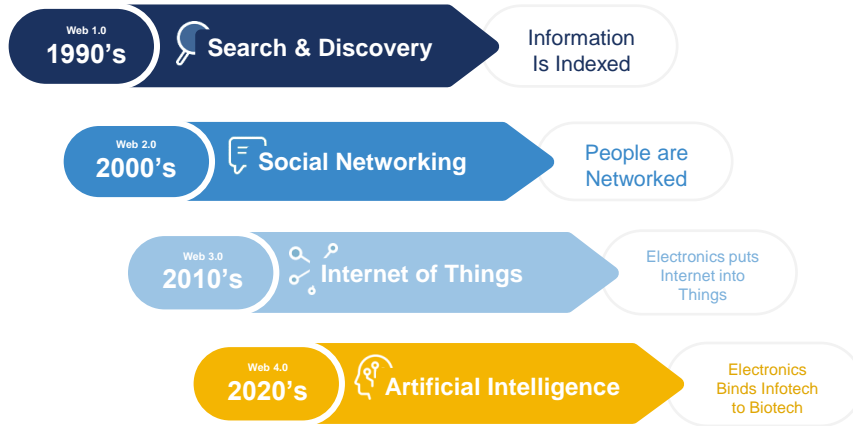
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The Rise of Smart Connected Devices and the Emergence of Digital Economy



Mega Trends



Digital Disrupters



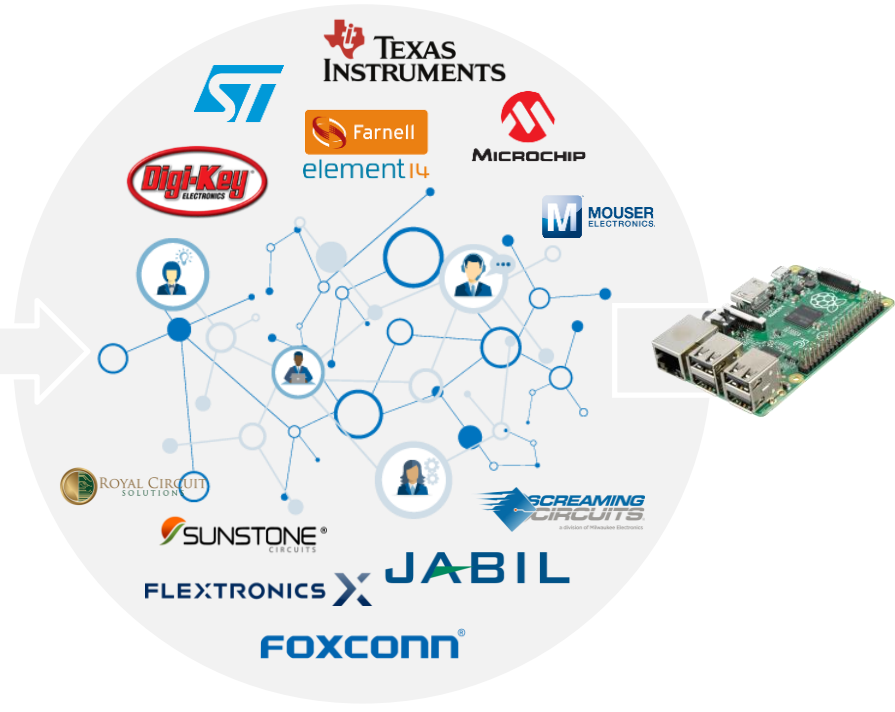
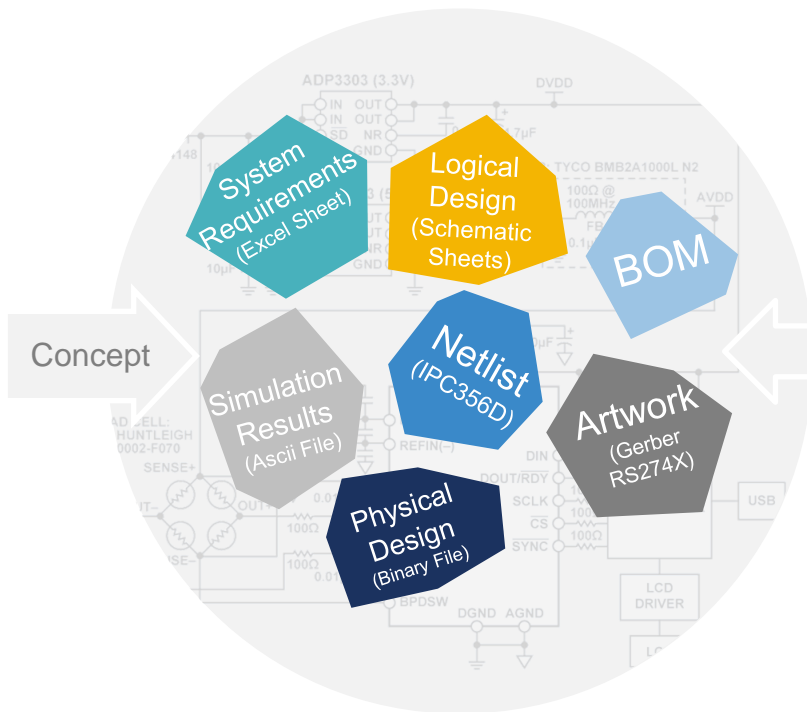
Internet of Things & Artificial Intelligence are driving the proliferation of Electronics & the Digital Economy

Electronics Industry is in Need of Transformation & Ripe for Disruption



Electronic Design

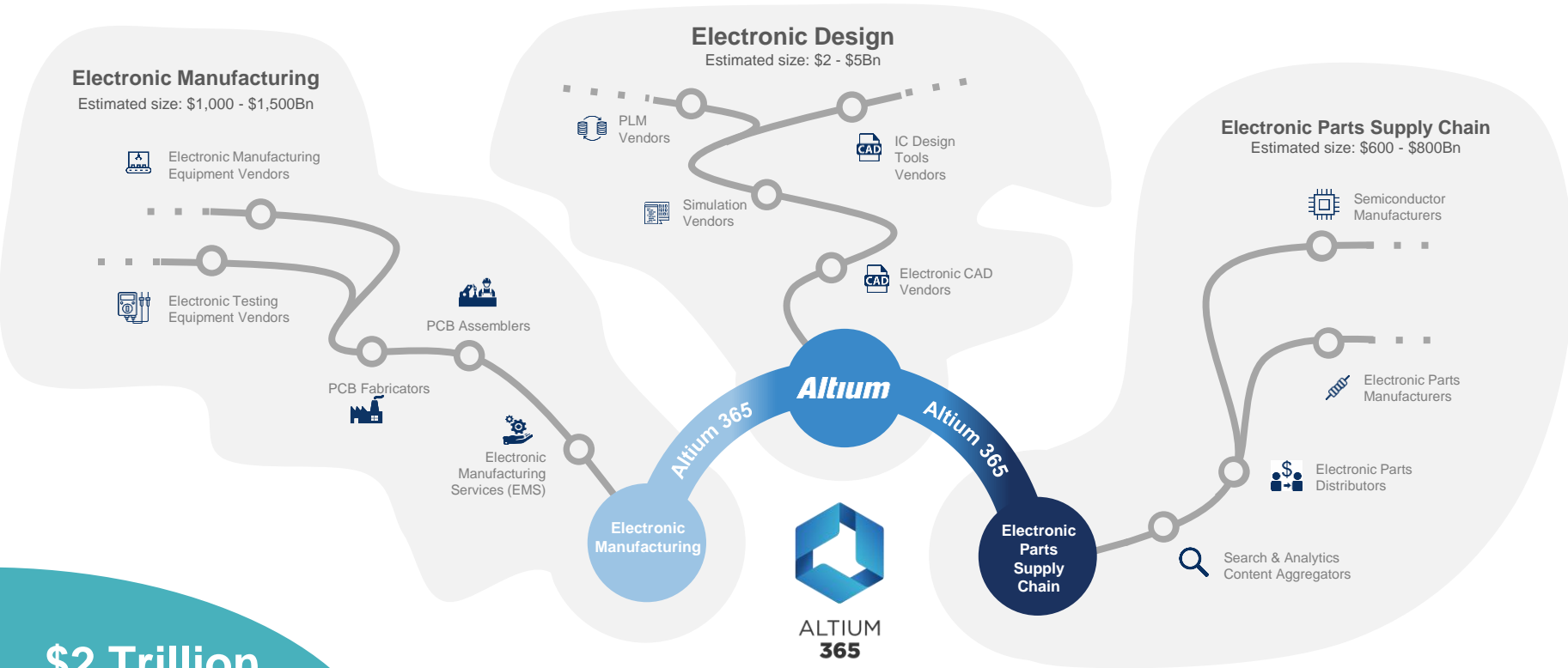
Supply Chain & Manufacturing



Unification of Data Model and Digital Continuity is Required to Manage Design Complexity

Large Scale Management of Production Risk will Result in Unimagined Productivity & Reward

The Electronics Industry Value Chain is Disconnected



\$2 Trillion
Estimated Industry Size

Altium 365 connects the Electronics Industry fragmented value chains to drive productivity and manage production risk

Industry Transformation Through Market Dominance



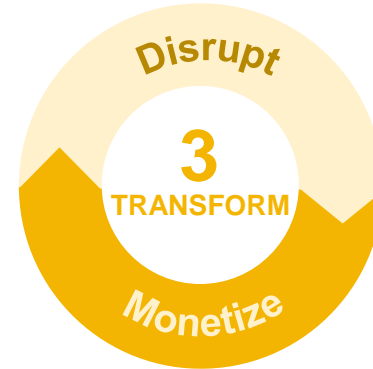
Market Leadership



Market Dominance

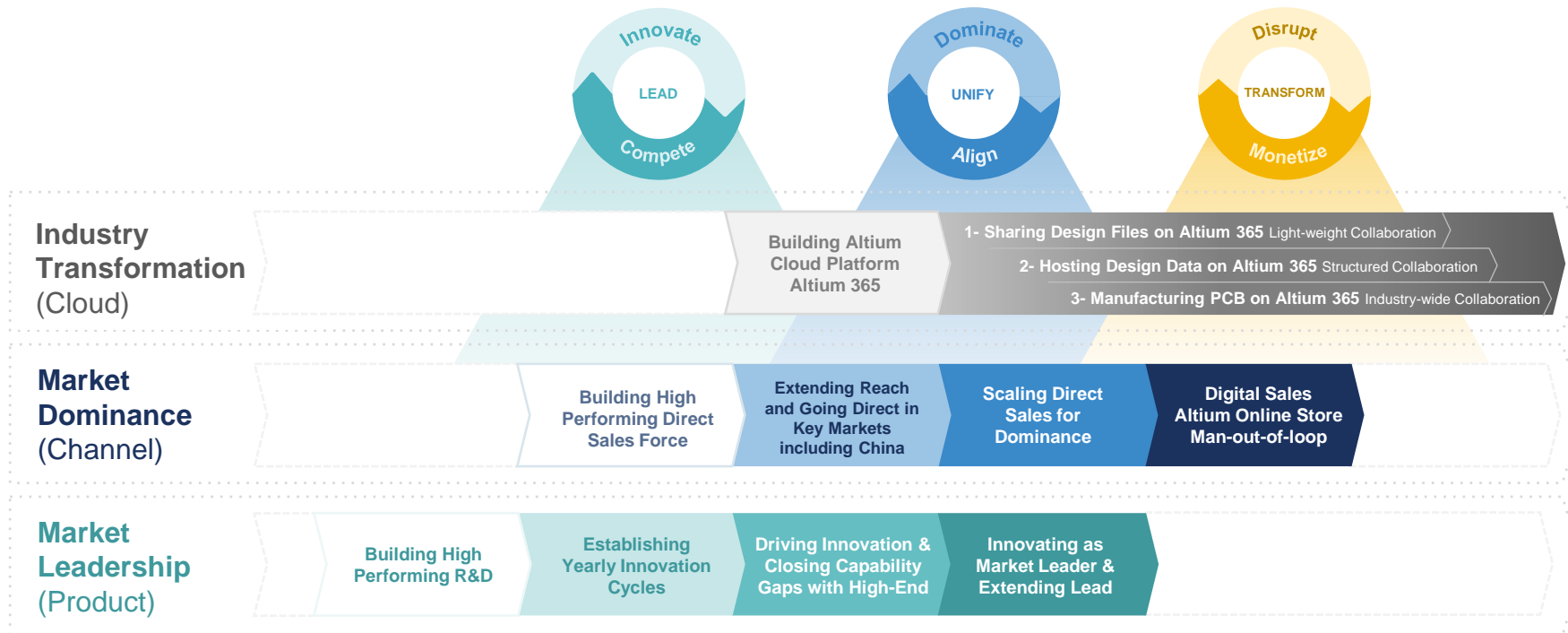


Industry Transformation



Altium must target 100,000 active subscribers by 2025 to compel key industry stakeholders to support its agenda to transform electronic design and its realization

Phases in Pursuit of Leadership, Dominance & Transformation



\$100M
Revenue
35,000
Subscribers

\$200M
Revenue
50,000
Subscribers

\$500M
Revenue
100,000
Subscribers

2012 - 2014

2015 - 2017

2018 - 2020

2021 - 2025

Altium 365 Providing Opportunities for Significant TAM Expansion



Altium 365 Digital Platform (\$2 Trillion)

The total global electronic manufacturing and supply chain is estimated to be over \$2 Trillion.

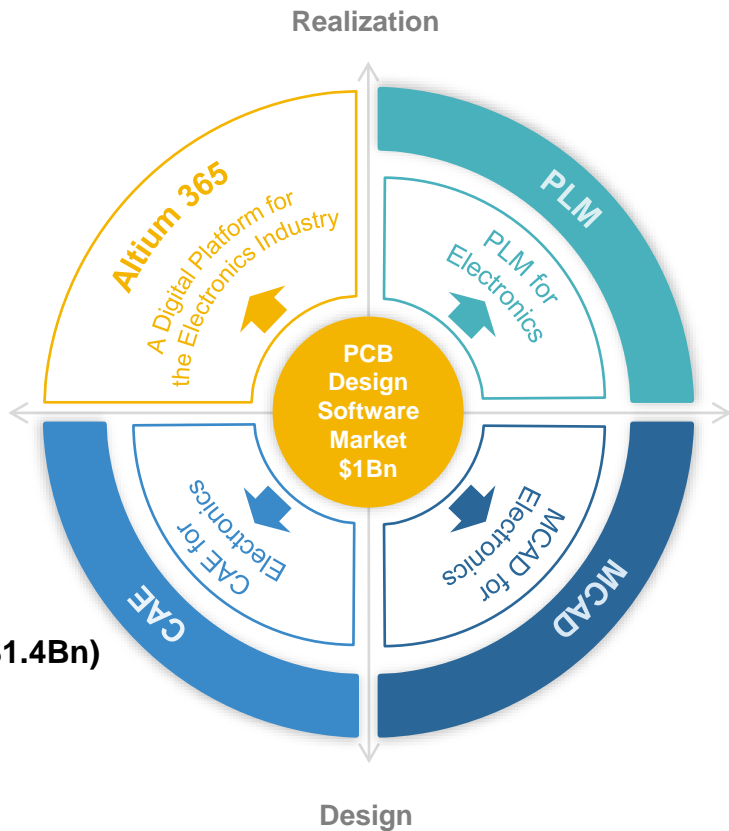


Electronic Hardware

CAE for Electronics (\$1.4Bn)

The total global CAE market size is estimated to be \$7.3Bn. The electronics industry portion is estimated at \$1.4Bn.

(CAE – Computer Aided Engineering – Simulation & Analysis tools)



PLM for Electronics (\$3Bn)

The total global PLM software market size is estimated to be over \$20Bn with around \$3Bn attributable to electronics industry.

(PLM – Product Life Cycle Management)



Electronic Products

MCAD for Electronics (\$1.6Bn)

The total global MCAD market size is estimated to be over \$8.7Bn. Estimated \$1.6Bn (18%) is applied to the electronics industry.

(MCAD – Mechanical Computer Aided Design)

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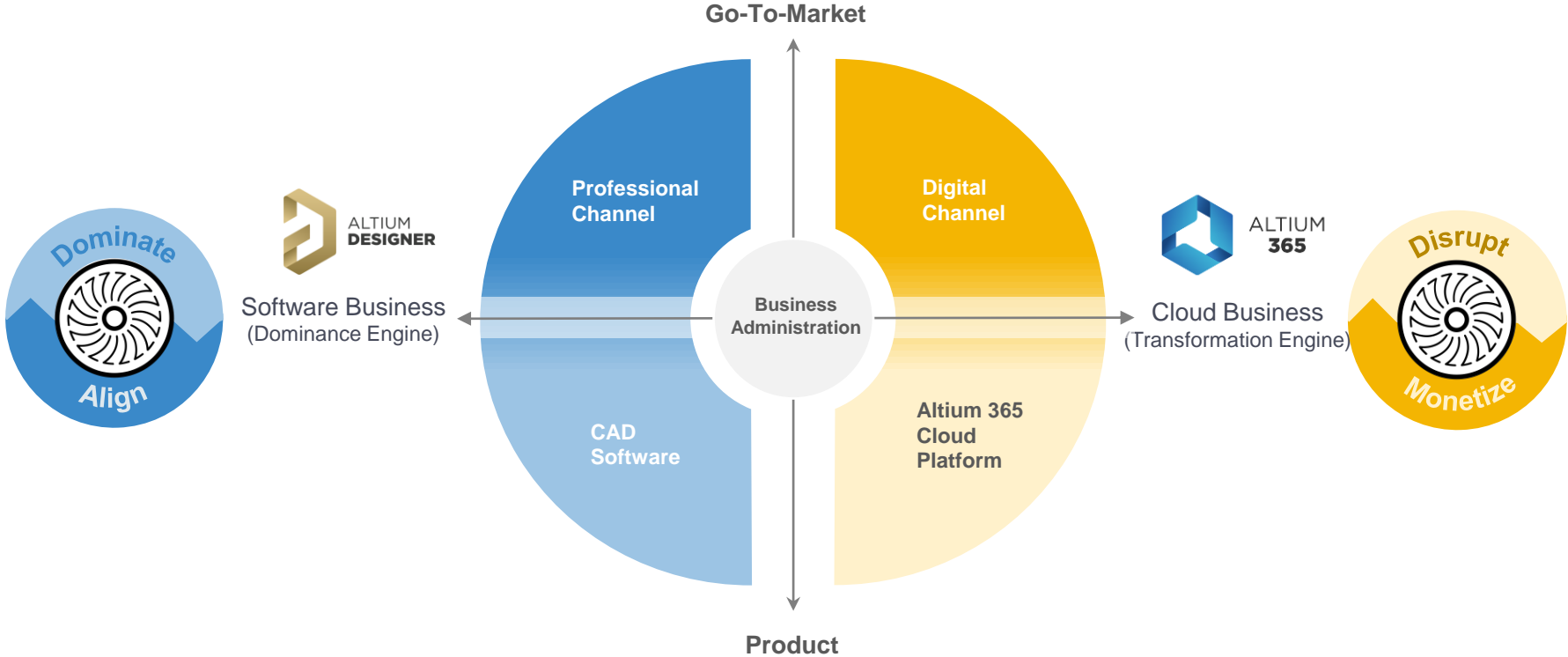
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Growth Engines and Flywheels for Dominance and Transformation

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Altium's Hard Pivot to the Cloud



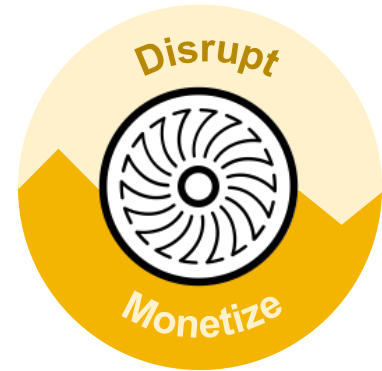
Two Complementary Engines of Growth



Software Business (Dominance Engine)



Cloud Business (Transformation Engine)



Altium's strong software business is our dominance engine, and our new cloud platform Altium 365 is our transformation engine

Altium's Move to the Cloud is Unlike Any Other



ALTIUM
DESIGNER

Software Business
(Dominance Engine)

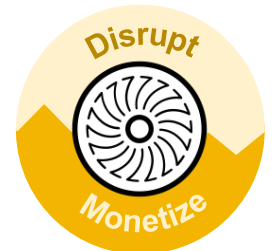
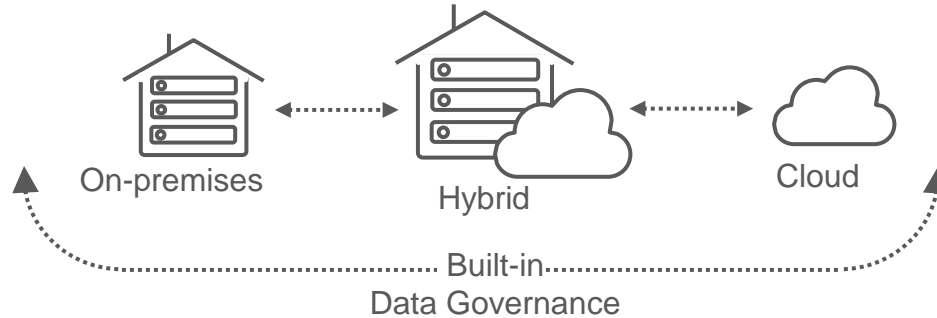
- Software Tools for Design of Electronics
- Traditional Software Licensing Model

- Collaboration Platform for Realization of Electronics
- Premium Services and Direct Monetization



ALTIUM
365

Cloud Business
(Transformation Engine)

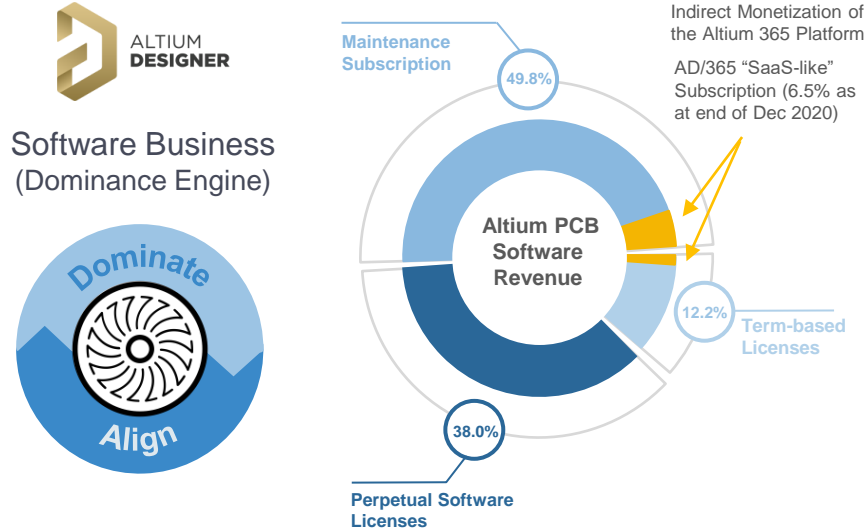


Altium's move to the cloud is from a position of strength and does not force its customers to change either their licensing model or the way they use Altium's existing software

The Impact of the Move to Cloud on Altium's Revenue

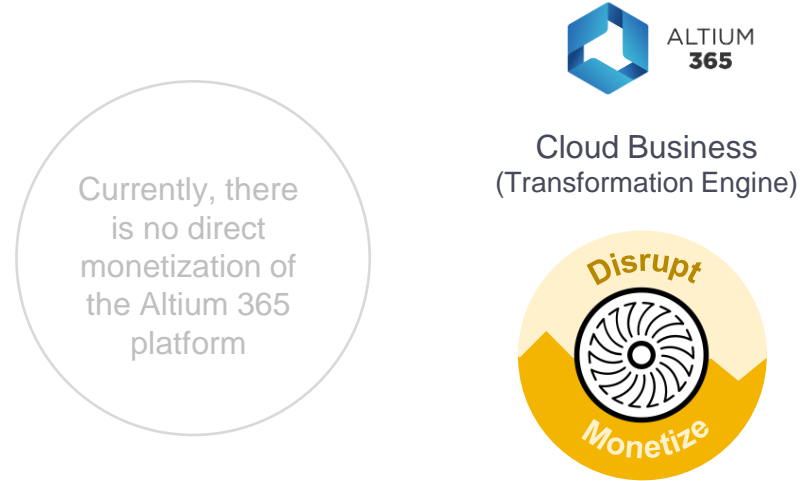


Indirect Monetization



Altium's move to the Cloud will bring "SaaS-like" revenue without changing its software licensing model

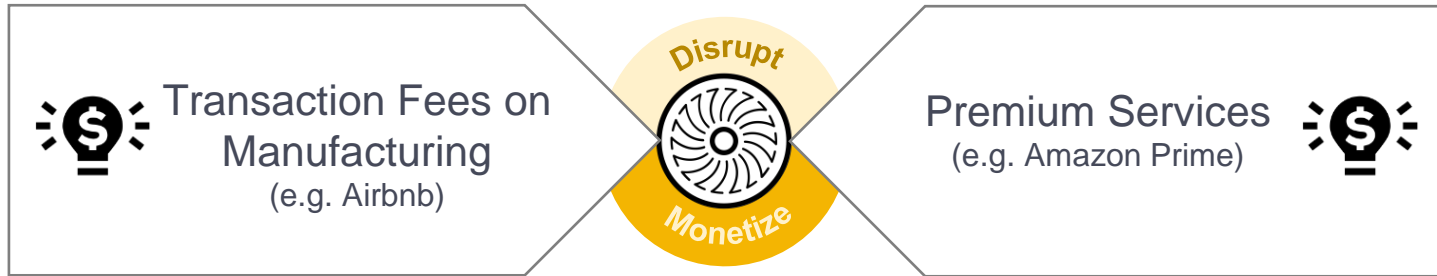
Direct Monetization



Altium 365 provides future opportunities for direct monetization

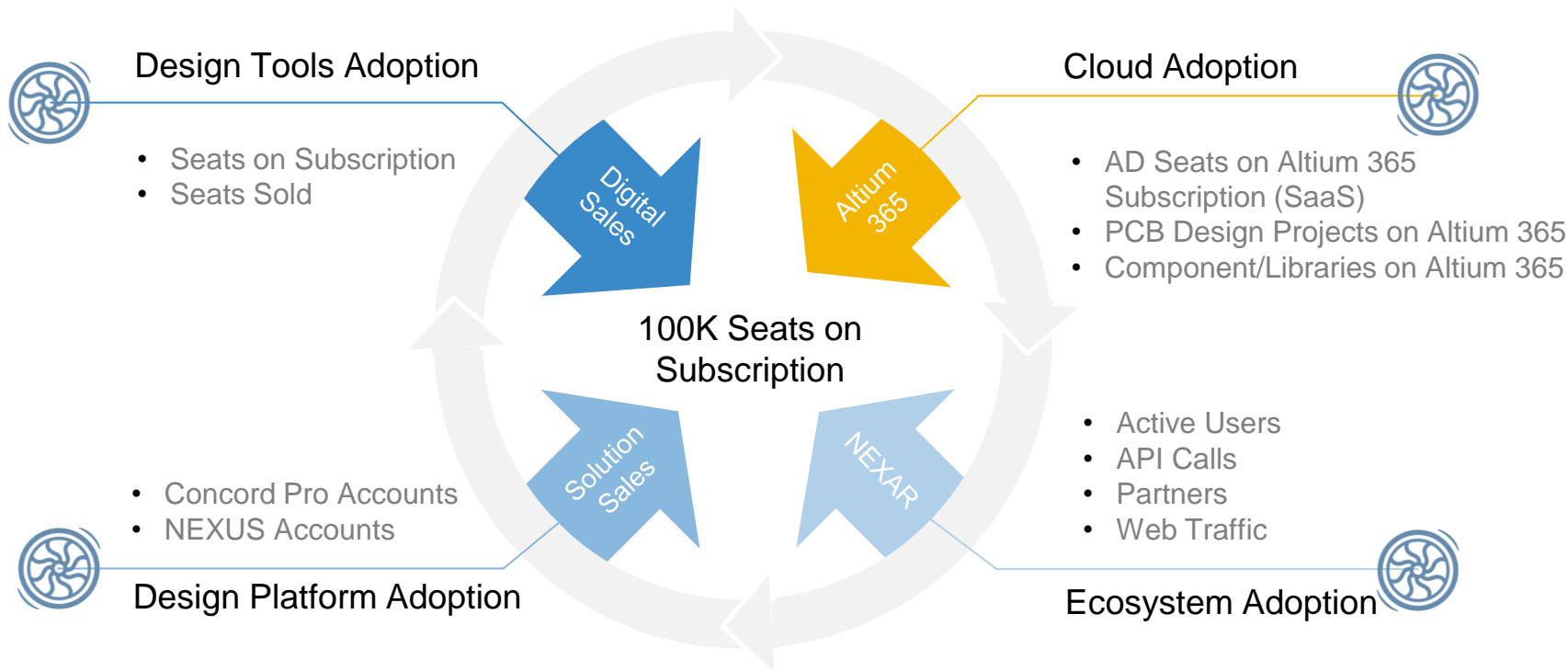


Cloud Business
(Transformation Engine)



Altium 365 provides unique opportunities for direct monetization

Four Flywheels for Dominance and Transformation





- Fiscal year **2021** a “**pre-vaccine**” environment for Altium’s flight path to 2025
- Macro environment remains challenging but a **stronger second half** expected as sales organization changes gain traction
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Agenda

1

2021 Half Year Highlights and Significant Achievements

2

2021 Half Year Financial Performance and Metrics

3

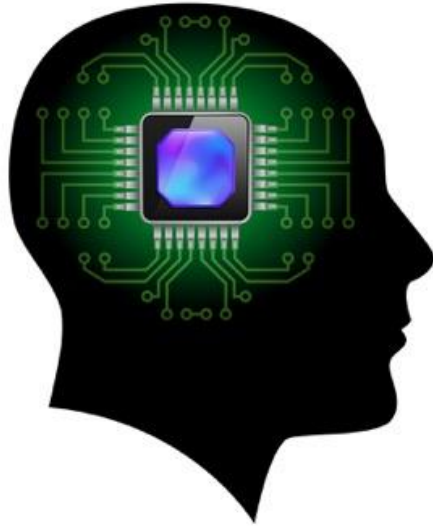
Altium's Strategy for Dominance and Transformation

4

Growth Engines and Flywheels for Dominance and Transformation

5

Appendix: Electronic Industry and Company Overview

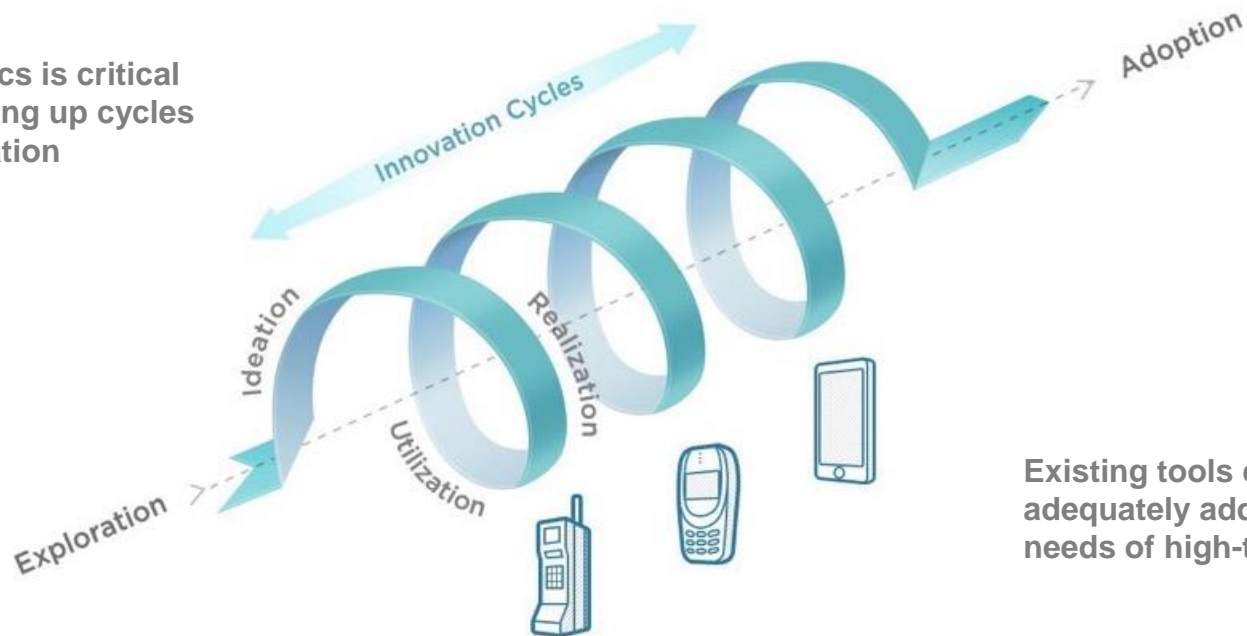


Printed Circuit Boards are central to the design & realization of electronics and smart connected products

IOT is Driving the Pace of Innovation



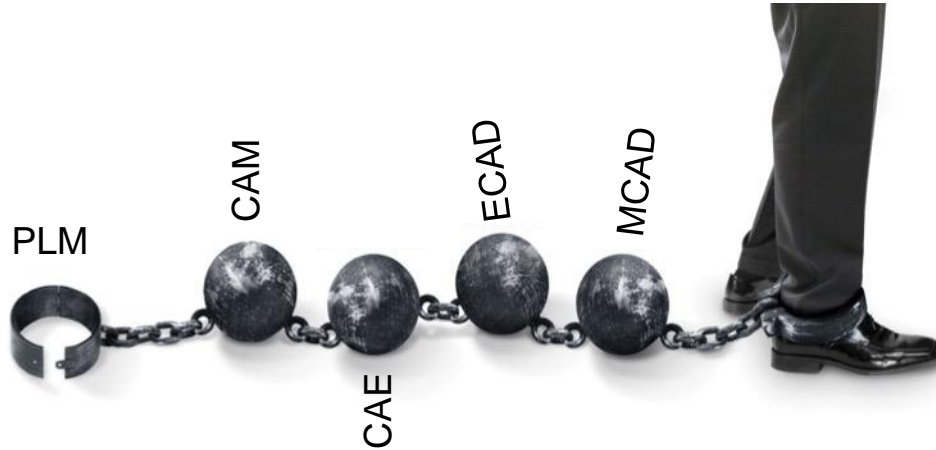
Electronics is critical to speeding up cycles of innovation



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

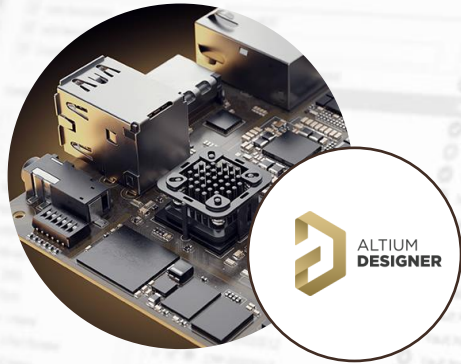
The current model for tool integration is old and has evolved around the notion of “tool-chains”



- 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

Altium Leading Products



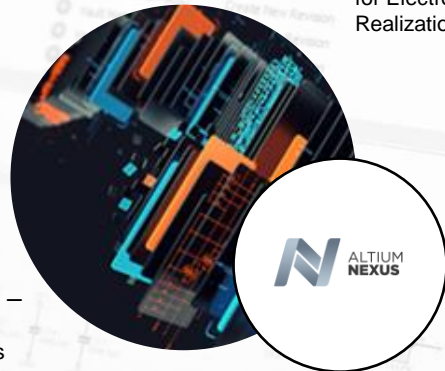
Altium Designer –
Most Widely Used PCB
Design Software



Altium 365 –
Altium's Cloud Platform
for Electronic Design &
Realization



Octopart –
Extensive, Easy-to-Use Search
Engine for Electronic Parts



Altium NEXUS –
Agile PCB Design
Software for Teams



Altium Concord Pro –
Complete Solution for Library
Management

Diversity of Application



Automotive



Aerospace & Defense



Life Sciences



Mobile Devices & Communications



Consumer – Electronics



Electronics & High-Tech



Research & Education



Industrial Controls Automation




Computers



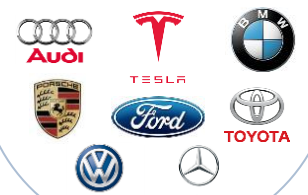
Semiconductors

High Profile Customers





Automotive




Audi, Tesla, BMW, Porsche, Ford, Toyota, Volkswagen, Mercedes-Benz




Aerospace & Defence



SPACEX, NASA, GENERAL DYNAMICS, Cassini, THALES, AFP, BOEING, LOCKHEED MARTIN



Life Sciences




Cochlear, BIOMERIEUX, QIAGEN, RESPIROMICS, PHILIPS, RESMED, Boston Scientific




Mobile Devices



SAGEM, PIM, BlackBerry, BMS, JDSU, Honeywell



Consumer- Electronics




amazon, Disney, DOLBY, Apple, B&O BANG & OLUFSEN, Fender, BOSE




Electronics & High-Tech




BOSCH, Google, iRobot, TE connectivity, WINCOR NIXDORF, P&G Procter&Gamble, GE




Research & Education




THE UNIVERSITY OF MELBOURNE, Griffith UNIVERSITY, JOHN HOPKINS APPLIED PHYSICS LABORATORY, CSIRO, St. JUDE MEDICAL, MONASH University, IBM Research




Industrial Controls




BAKER HUGHES, MSA The Safety Company, Faiveley TRANSPORT, VICOR The Power Behind Performance, ABB, SIEMENS




Computers



Microsoft, 联想 lenovo, NEC, hp invent, belkin



Semiconductors



Infineon, NXP, ST, MICROCHIP, BROADCOM, Qualcomm, TEXAS INSTRUMENTS



Main Operating Centers

San Diego, Munich, Shanghai

Sales and Support Centers

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

Research & Development Centers

San Diego, Ukraine, Netherlands, Shanghai





Altium connects to users at all levels within an organization providing a *user experience* that is unique within the industry



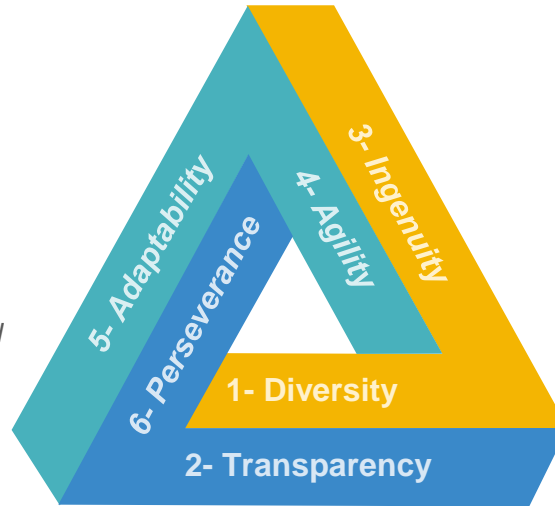
The Genius of AND

Product

“Regular Product Releases” *and*
“Delivering Next Generation
Products”

Finance

“Growing Revenue Strongly” *and*
“Expanding Profit Margin”



Sales

“High Volume Selling” *and*
“Sophisticated Value Proposition”

People

“Diversity in Thinking” *and*
“Aligned in Action and Purpose”

The only way to make the “Genius of AND” work is through **Ingenuity** supported by **Transparency, Agility, Adaptability** and **Perseverance**



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