

ALTIUM LIMITED

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## 2013 Chairman's Address Altium Annual General Meeting

**Sydney, Australia – 6 November 2013**

Good afternoon ladies and gentlemen and welcome to Altium Limited's 2013 Annual General Meeting. The financial year ended 30 June 2013 was a busy one for Altium. The company is making determined progress to ensure its sustainable long-term growth. As I will share with you, Altium remains operationally and financially strong.

### **FY13 Financial Highlights**

For fiscal 2013, Altium achieved a record full year result and generated its first profit before tax since 2007. Specific highlights for fiscal 2013 include:

- Worldwide sales delivered a second successive year of double-digit growth reaching US\$69.2 million.
- Revenue increased by 12% from fiscal 2012 to reach US\$62.0 million.
- Altium maintained margin growth with underlying profit increasing to US\$20.1 million, up 48% from the previous corresponding period.
- Net profit after tax was US\$1.4 million compared to the previous corresponding period of US\$6.1 million, which included an income tax benefit of \$6.5 million for the 2012 year.

Encouraging sales growth and a focus on exercising fiscal discipline enabled Altium to deliver a financial return to our shareholders totalling AU 11 cents per share over fiscal 2013. This comprised a final dividend of AU 8 cents per share and an interim dividend of AU 3 cents per share.

The ability to achieve these results has come from having excellent products, excellent people and it reflects a year of significant change and transformation for Altium. We have a new leadership team and a committed focus to create long-term shareholder wealth through delivering on-going value for our customers.

Altium's business today is truly global, with 85+ partners and resellers worldwide. This provides Altium with substantial reach and delivers diversified earnings. During fiscal 2013, all regions achieved double-digit sales growth, with the exception of APAC which achieved 9% growth.

Subscription revenue is a key part of our strategy for generating a predictable revenue stream. Increasing the number of subscribers to Altium Designer remains a strong focus for Altium. During fiscal 2013, Altium's subscription revenue continued to grow to represent 47% of total 2013 sales.

Altium maintains a strong financial position. Our cash balance as at 30 June 2013 increased 11% from the previous year to \$US14.8 million. This reflects Altium's focus on maintaining a strong cashflow, and proactively managing cash resources to meet planned and unexpected expenditures. Altium's approach to capital management is underpinned by its aim to provide a strong financial return to shareholders, through dividends.

## **Innovative Technology & Market Opportunity**

Altium continues to invest in its core competency as a leading provider of printed circuit board (PCB) design, electronics design and embedded system development software.

During fiscal 2013, Altium furthered the development of its technology. This included laying the foundation for opening up Altium's design platform to its customers, industry partners and third-party developers. This is enabling Altium to extend its reach beyond its user community into industry partner communities and has laid the foundation to enable the formation of strategic partnerships with additional key players within the industry.

Altium's design platform introduces enterprise level server infrastructure, providing design data management, and the foundation for collaboration and project management for engineering teams. During fiscal 2013 Altium also launched the Altium Vault Server. Altium vaults form the heart of the company's smart data management technologies. AVS is a powerful engineering content management solution that delivers high integrity, smart design and product data management by providing storage, formal revision management, supply chain intelligence and lifecycle state management. This eliminates risks inherent when working with electronics design data.

As a further hallmark of Altium's transformation, our R&D team has committed to three fixed annually-recurring product releases. This is aimed at supporting our product development strategy and to provide predictability to our customers.

Going forward, our product development strategy is focused on "Closing the Capability Gaps" with high-end design tools (characterized by high dollars and low volume). We are also focused on the needs of the entry level market (characterized by low dollars and high volume). Additionally, we will focus on

developing strategic partnerships that will allow Altium to access the user communities within the entry-level market.

The emerging market for product design for the Internet of Things (IOT) remains firmly on Altium's radar. As a tool provider for the design of smart and connected devices Altium will seek to leverage its position as smart devices play a key role in the emerging IOT market.

## **Drivers of Growth**

Altium is well-placed to maintain momentum achieved during fiscal 2013. In looking forward, Altium will be seeking to drive growth in the following areas:

- Expand Altium's channel capacity through its reseller network, product offering and increase market share within its growing market segment. Our increasing reseller network is expanding our ability to reach customers.
- Expand Altium's strategic sales through a global key accounts sales team and deliver product customization services through its R&D. Our product development strategy aimed at Closing the Capability Gaps with high-end design tools supports our expansion of strategic sales.
- Introduce a more sophisticated product delivery structure by restructuring Altium Designer into a suite of software products. We recognize that a one-size-fits-all approach is not in the best interests of our customers and that a suite approach will better serve our customers' needs.
- Leverage Altium's leadership position in embedded software, through its TASKING brand, to drive strategic sales. TASKING is a leading provider of compiler solutions to software developers within the micro-controller market. TASKING's development tools are predominately used within the automotive industry and the broader industrial market to program micro-controller based powertrain, driver assistance and safety related applications worldwide.

Altium will continue to pursue its strategy that has delivered a strong result for fiscal 2013. At the heart of this strategy is Altium's focus on building financial strength while pursuing customer-centric product development. Altium will also look to develop strategic partnerships within the electronic design automation (EDA) industry, chip vendors and part suppliers as it seeks to grow market share in the areas in which it already leads and as it expands its reach into upper and lower market segments.

## **Conclusion**

The Board is very pleased with the operating performance of Altium for fiscal 2013. As a Board and on behalf of you, our shareholders, we acknowledge and express our appreciation of the efforts of Altium's

CEO, Mr Kayvan Oboudiyat, and the senior management team as well as all of our employees. Altium is fortunate to have a passionate and committed team of people around the world.

I also wish to acknowledge the valued support and counsel that I receive from my colleagues on the Board. Their assistance, dedication and commitment over the past year is truly commendable and deeply appreciated.

In closing, I would like to thank our many customers across the world and our shareholders for their continued support. I believe that Altium is well placed to maintain the momentum achieved during fiscal 2013.

Thank you

ENDS

## **About Altium**

Altium Limited (ASX:ALU) creates electronic design software. Altium's unified electronics design environment links all aspects of electronics product design in a single application that is priced as affordable as possible. This enables electronic designers to innovate, harness the latest devices and technologies, manage their projects across broad design "ecosystems", and create connected, intelligent designs.

Founded in 1985, Altium operates worldwide. For more information visit [www.altium.com](http://www.altium.com).

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