



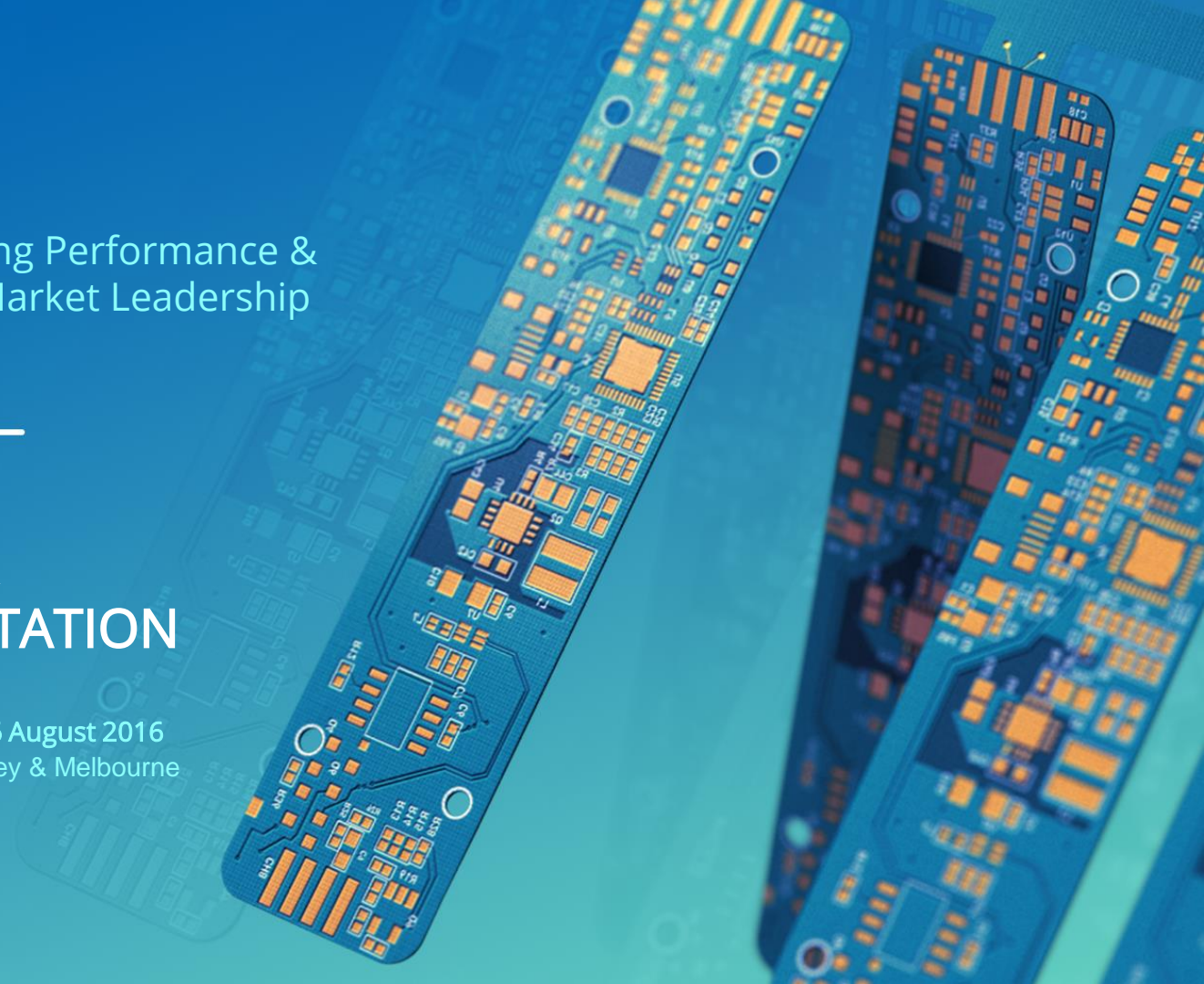
Delivering Industry-Leading Performance &  
Growing Momentum to Market Leadership

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# ALTIUM FULL YEAR INVESTOR PRESENTATION

Aram Mirkazemi CEO  
Joe Bedewi CFO  
Kim Besharati VP IR

24-26 August 2016  
Sydney & Melbourne



# Disclaimer

The Altium logo is positioned in the top right corner of the slide. It features the word "Altium" in a white, sans-serif font, with a registered trademark symbol (®) to its upper right. The background of the slide is a blue gradient with a faint, high-resolution image of a printed circuit board (PCB) showing various electronic components and traces.

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# Agenda

**Altium**®

1

Company Highlights & Significant Achievements

2

2016 Financial Performance & Metrics

3

Market Trends & Driving Forces

4

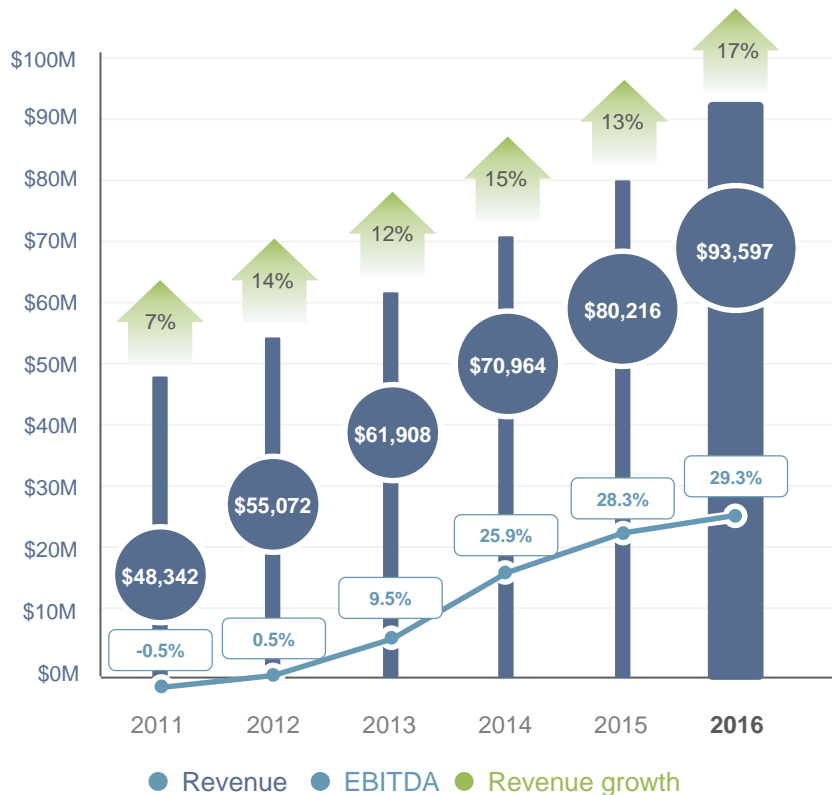
Pursuing PCB Market Leadership & EDA Transformation

5

Appendix: Company Overview

# Altium's FY16 Performance Highlights

Altium®

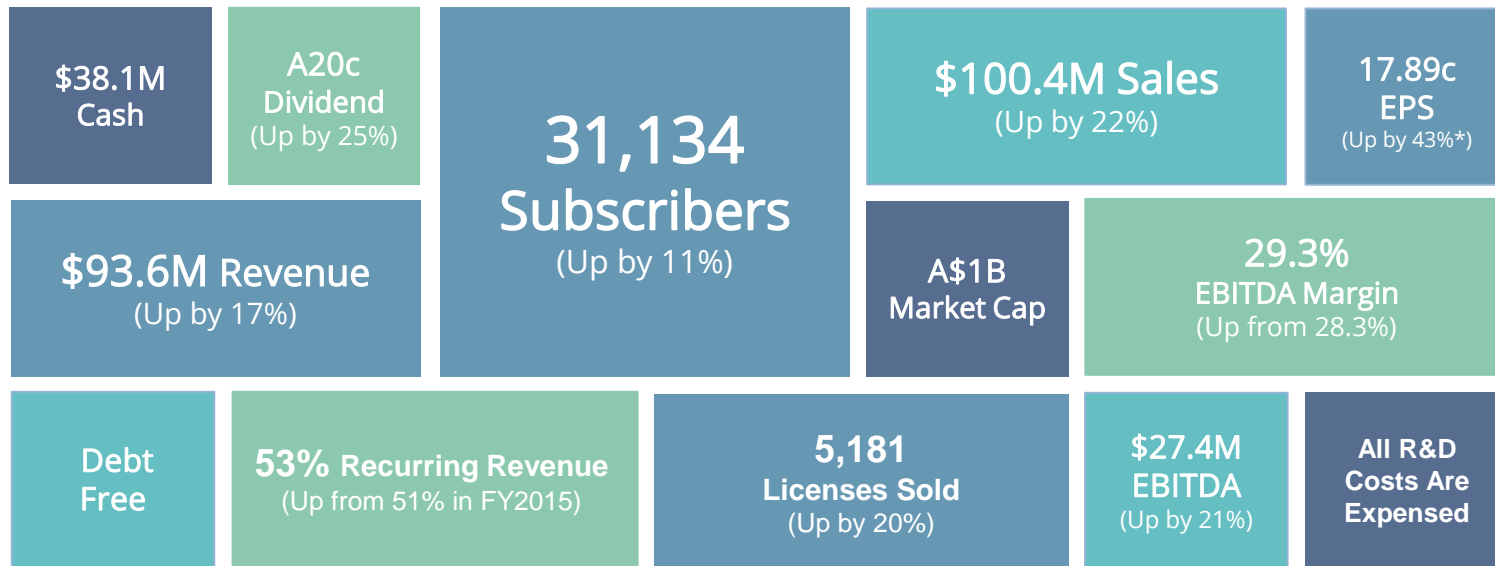


- Revenue growth of **17%**
- **29.3%** - EBITDA Margin
- Reached **\$100M** sales and on-track to exceed \$100M revenue in FY17
- **20%** increase in number of new AD licenses sold
- **11%** increase in subscribed seats to **31,134**

# Driving Performance from a Position of Strength



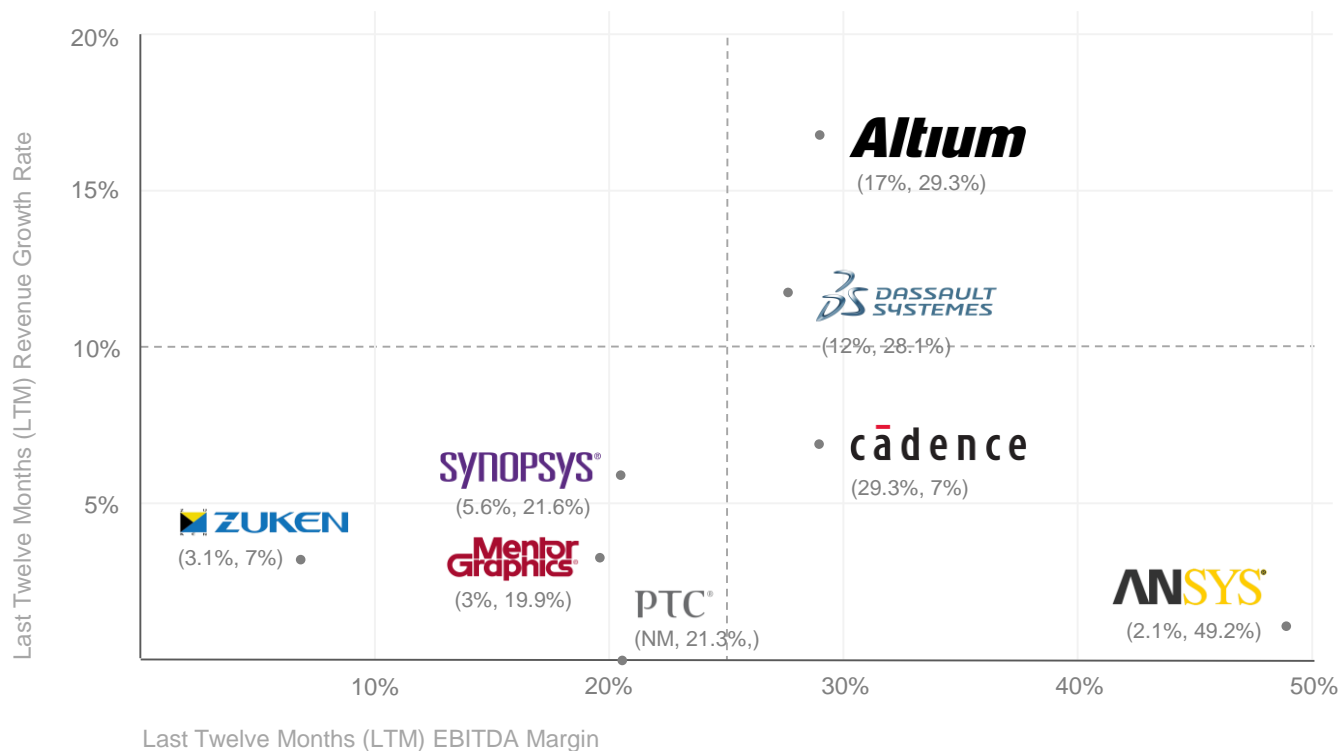
## Altium's FY16 Financial Metrics



\* Normalised EPS

# Industry-Leading Performance

Altium



# FY16 Significant Achievements

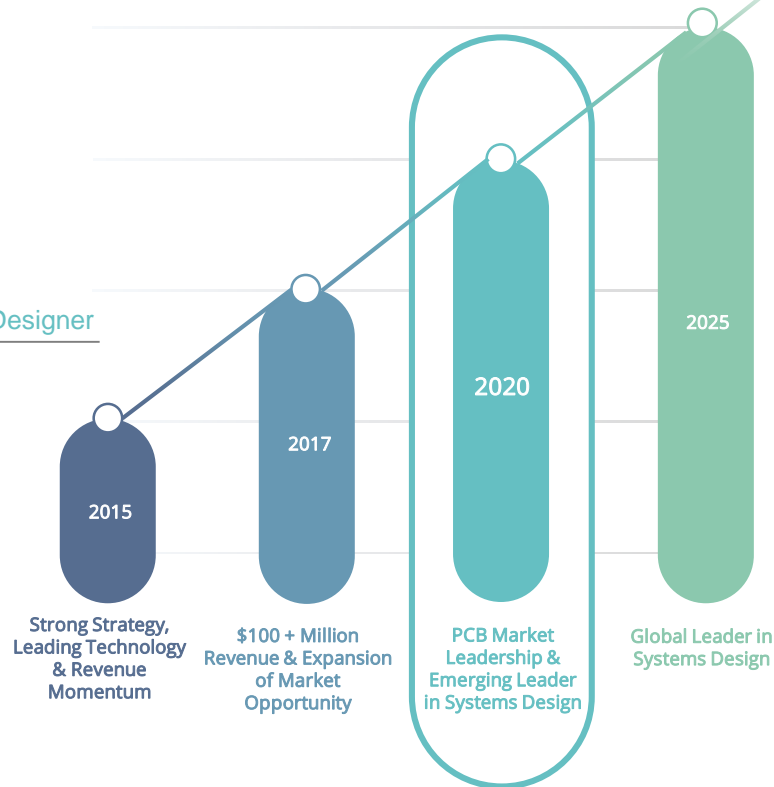
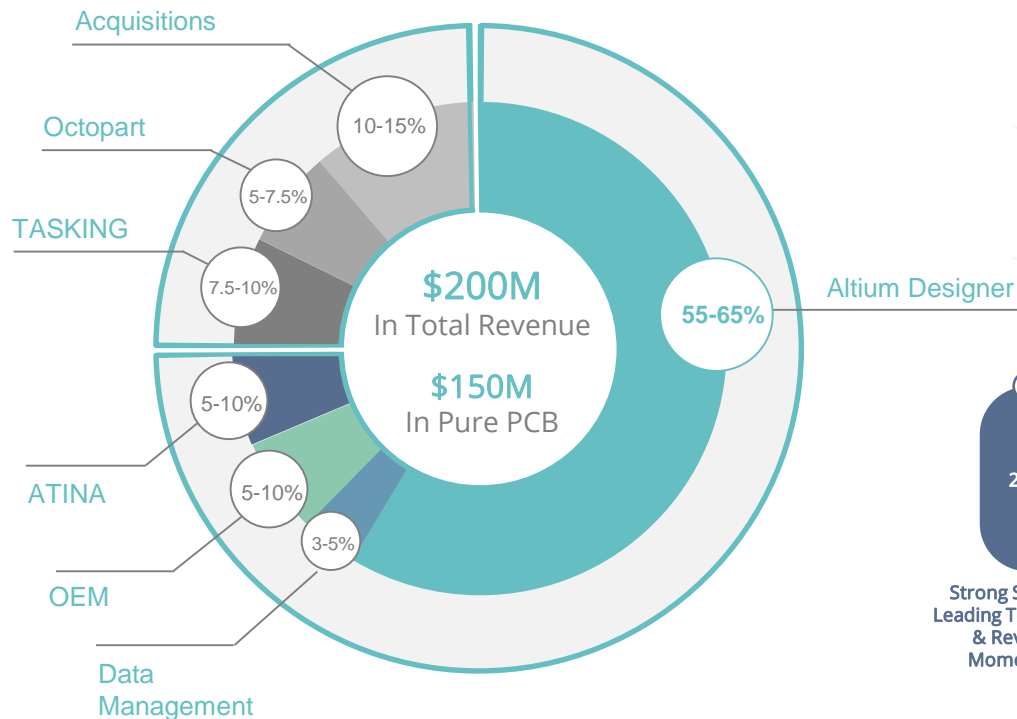


- ✓ Delivered major upgrade to Altium's flagship product, Altium Designer 16. (Starting from 2013 Altium has successfully produced a major upgrade every year).
- ✓ OEM partnership with Dassault Systemes SolidWorks and the delivery of a new electronic / mechanical CAD product (SolidWorks PCB released 1 July 2016).
- ✓ OEM partnership with Computer Simulation Technology (CST) to deliver first level simulation capability for Altium Designer users (PDN Analyser released April 2016).
- ✓ Successful acquisition, and integration of, Octopart and Ciiva. (Octopart positively impacted revenue and profit margin growth in FY2016).
- ✓ Acquisition of Perception Software to spearhead Altium's go-to-market strategy for its high-end enterprise product focused on data and process management.
- ✓ Build up of Altium's European HQ in Munich and expansion of Altium's direct reach in Europe.

# Achieving Market Leadership by 2020

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## 2020 Target Revenue Breakdown



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Pursuing PCB Market Leadership & EDA Transformation

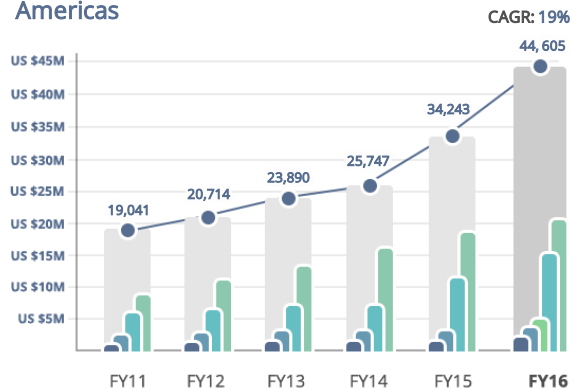
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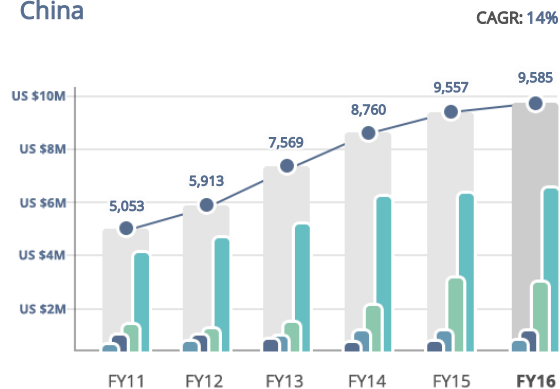
# Revenue by Region

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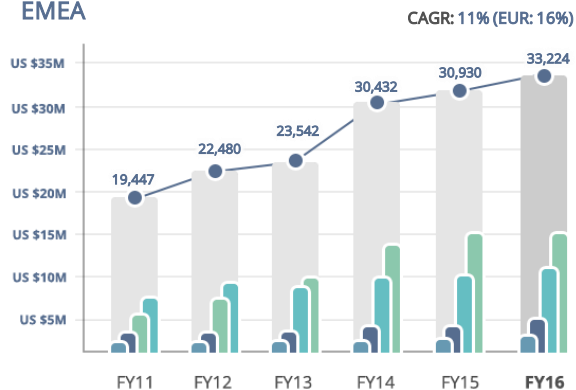
## Americas



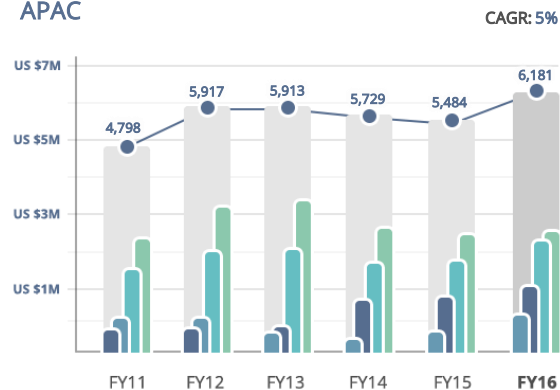
## China



## EMEA



## APAC

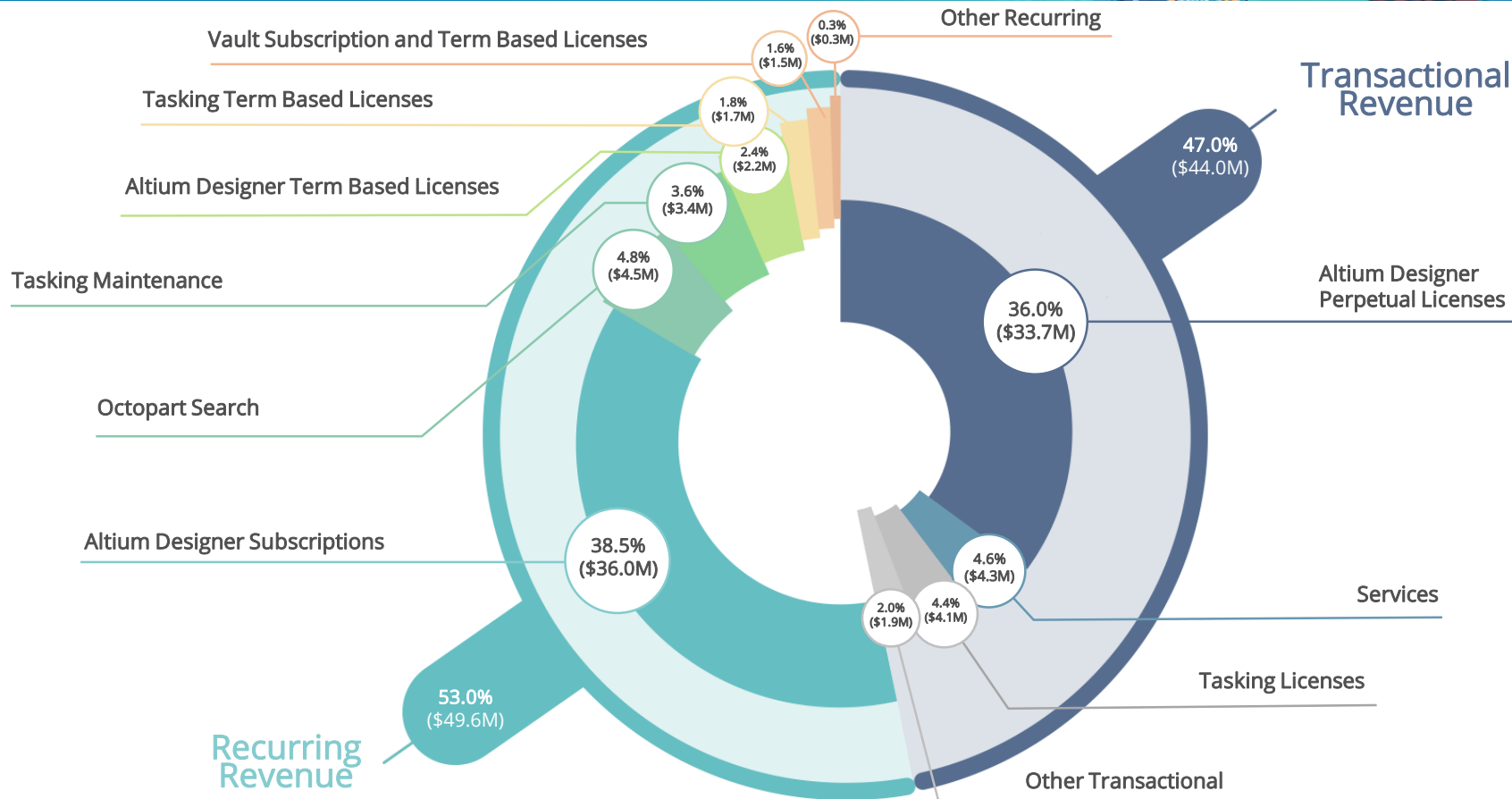


5 YEAR  
CAGR 14%  
Across All Regions

- Altium Licenses
- Altium Subscriptions
- Tasking (Licenses and Maintenance)
- Octopart
- Other

# Altium's Revenue Sources

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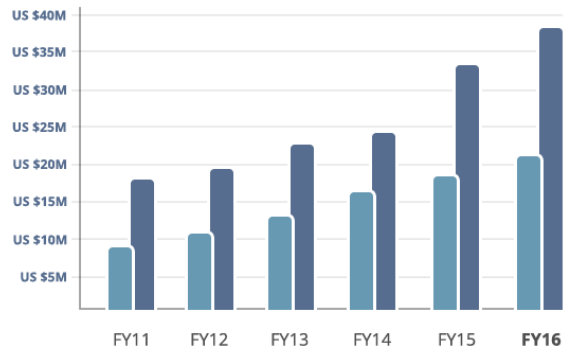


# Revenue – Board and Systems



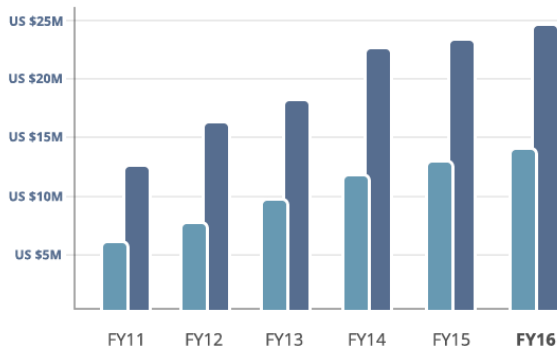
## BSD - Americas

Revenue CAGR: 16%  
Recurring CAGR: 17%



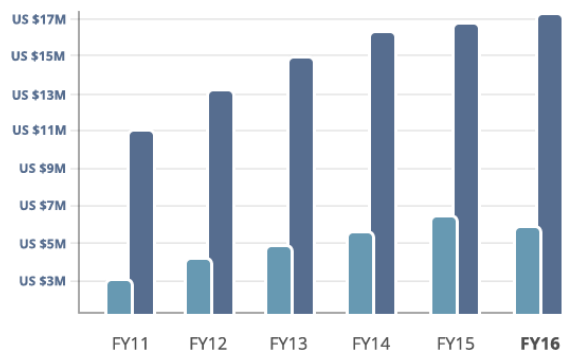
## BSD - EMEA USD

Revenue CAGR: 13% (EUR: 18%)  
Recurring CAGR: 17% (EUR: 22%)



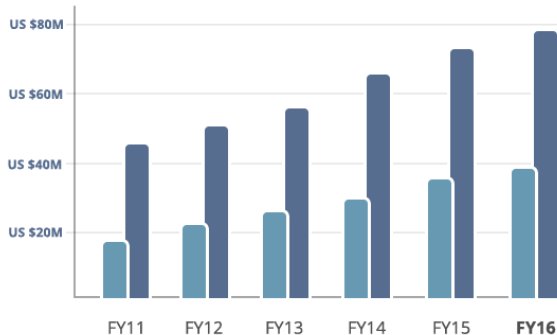
## BSD - Rest of World

Revenue CAGR: 9%  
Recurring CAGR: 12%



## BSD - Total

Revenue CAGR: 13%  
Recurring CAGR: 16%



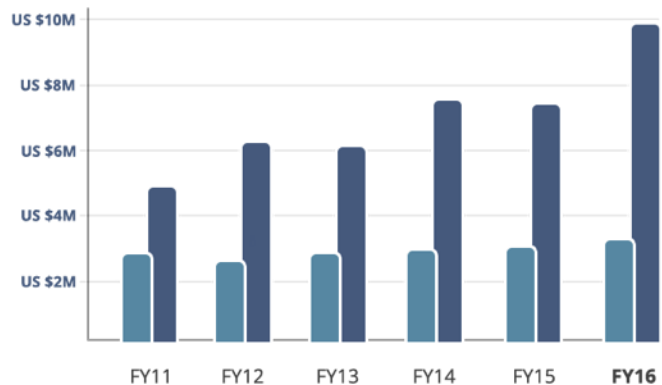
Revenue CAGR 13.2%  
Across All Regions

- Revenue
- Recurring

# Revenue – TASKING and Octopart

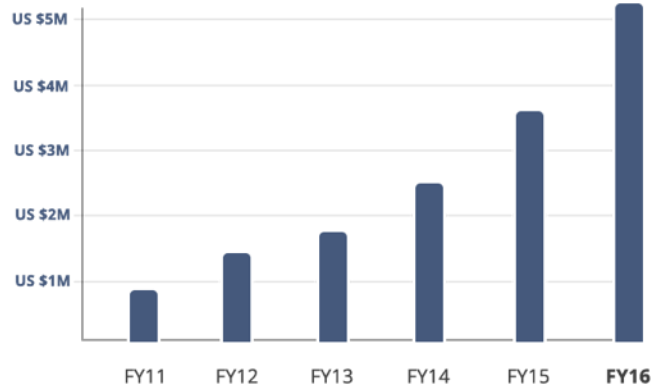
## MES (TASKING)

Revenue CAGR: 11%  
Recurring CAGR: 5%



## Octopart Search

Revenue CAGR: 41%  
All recurring revenue

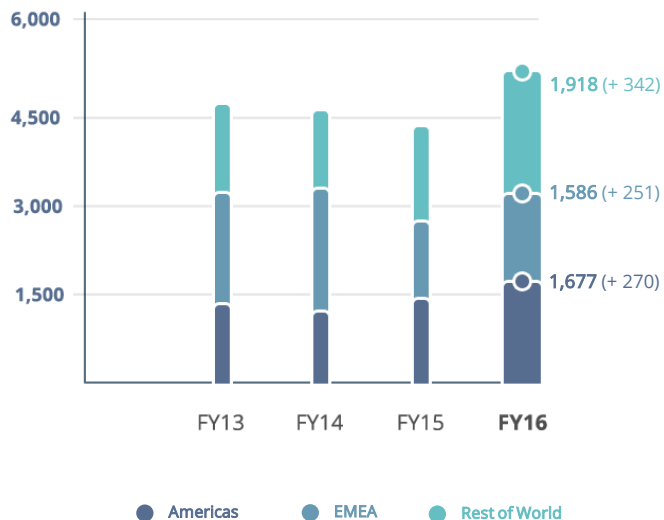


● Revenue  
● Recurring

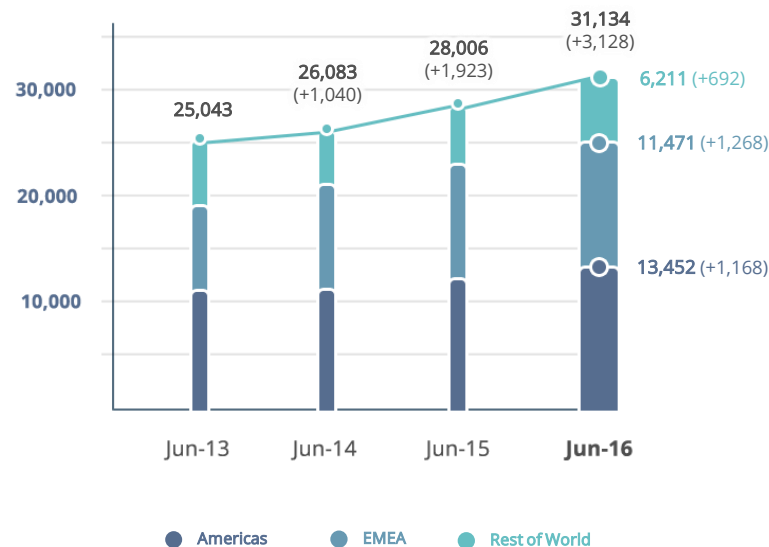
# Board and Systems – Underlying Metrics

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## Altium Designer Seat Count

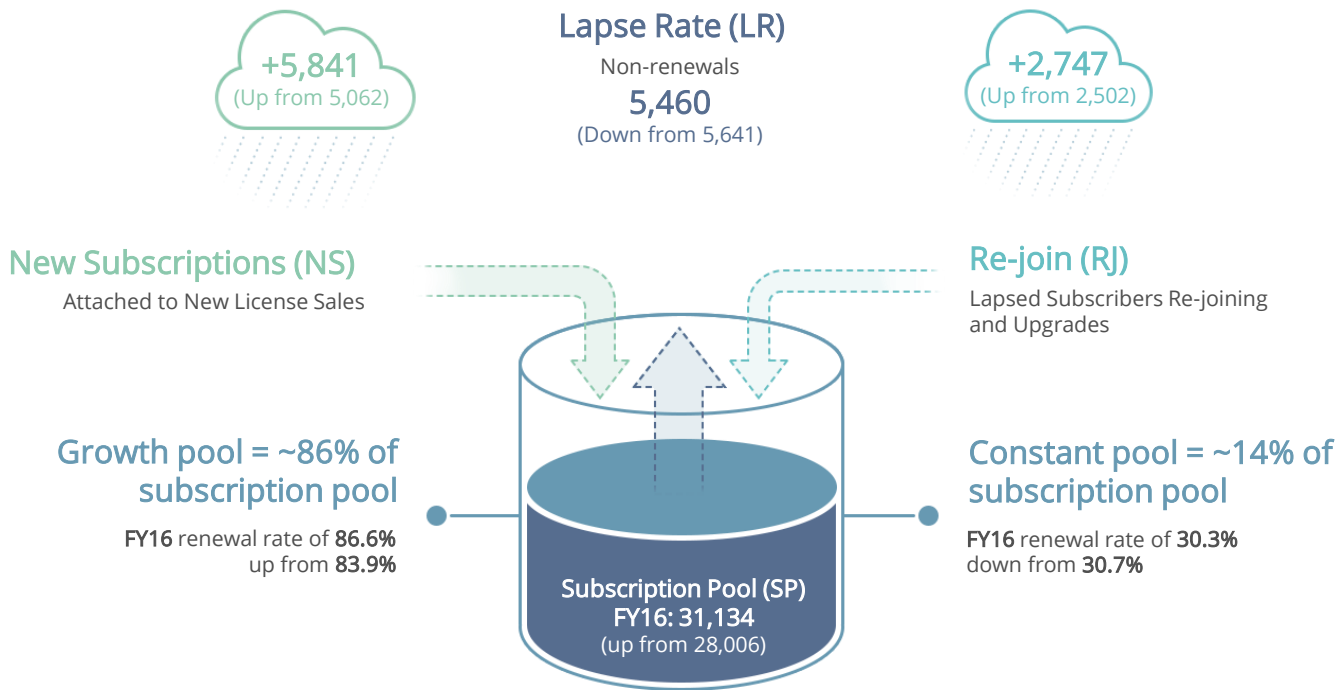


## Subscription Pool



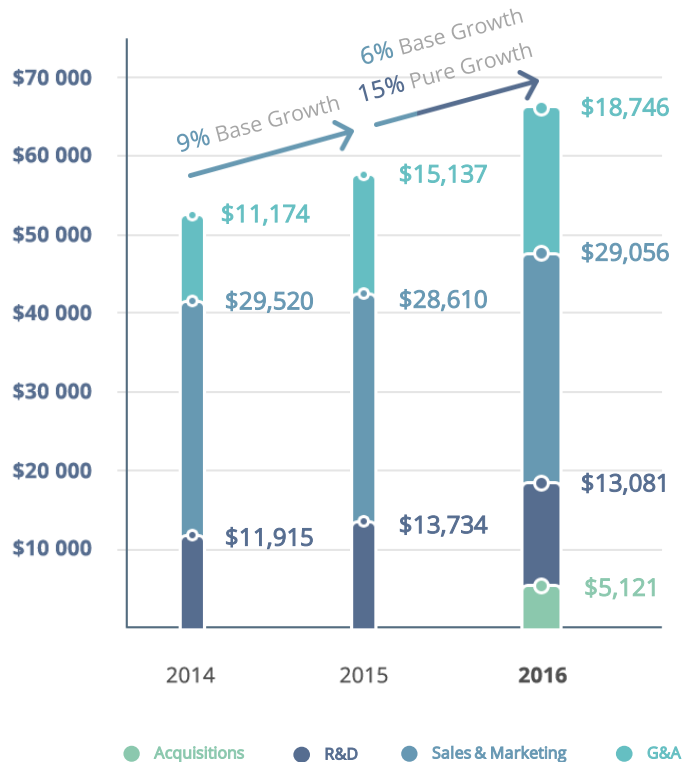
# Altium's Subscription Pool

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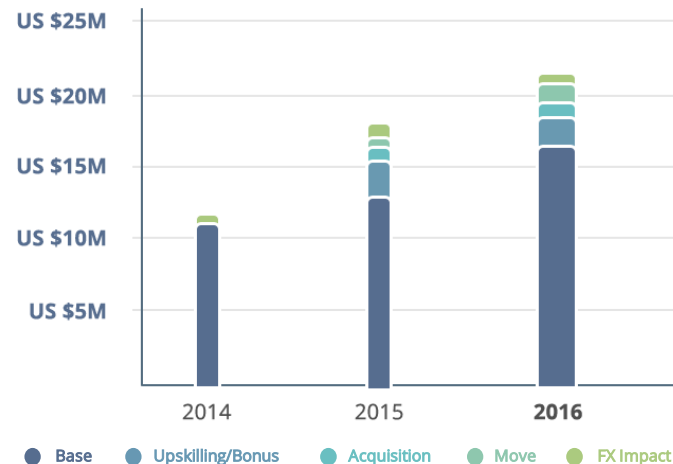


$$\text{Growth Equation} = \text{NS} + \text{RJ} - (\text{LR} \times \text{SP})$$

# Operating expenses



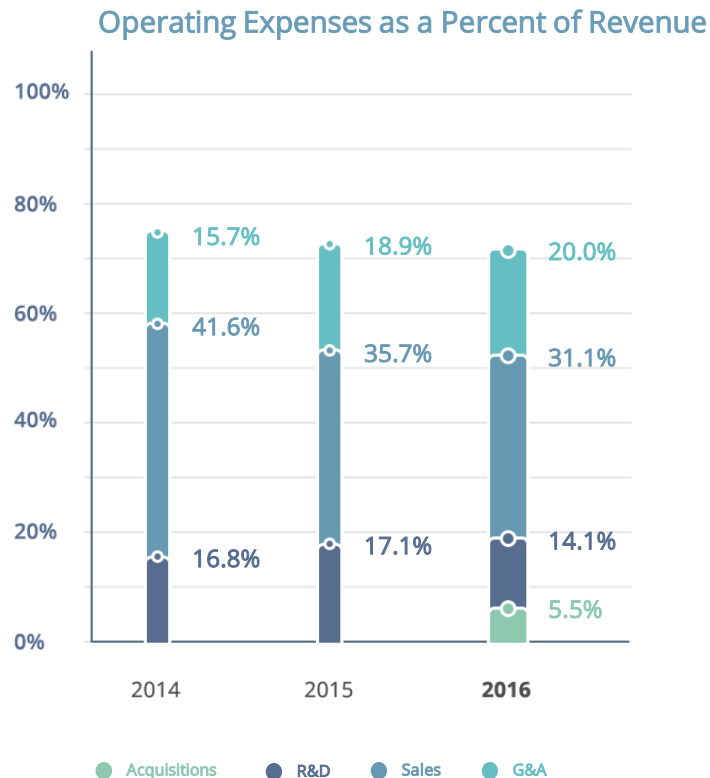
## G&A Breakout



- R&D spend is holding constant, augmented by capability driven Acquisitions
- Acquisition spend represents acquired operating expense
- Sales and Marketing gaining efficiency
- G&A increases due to One-Time Charges and Key Hiring

# Operating expenses

Altium®

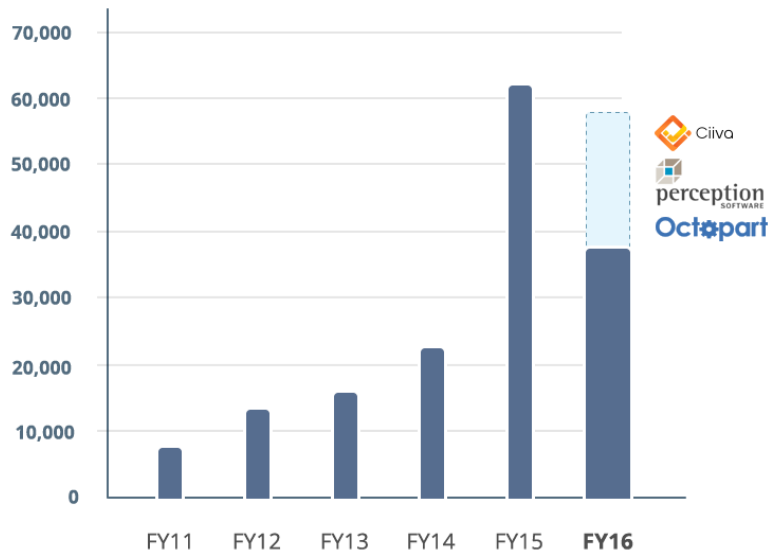


## What Drives Altium's Unique Operating Leverage?

- 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

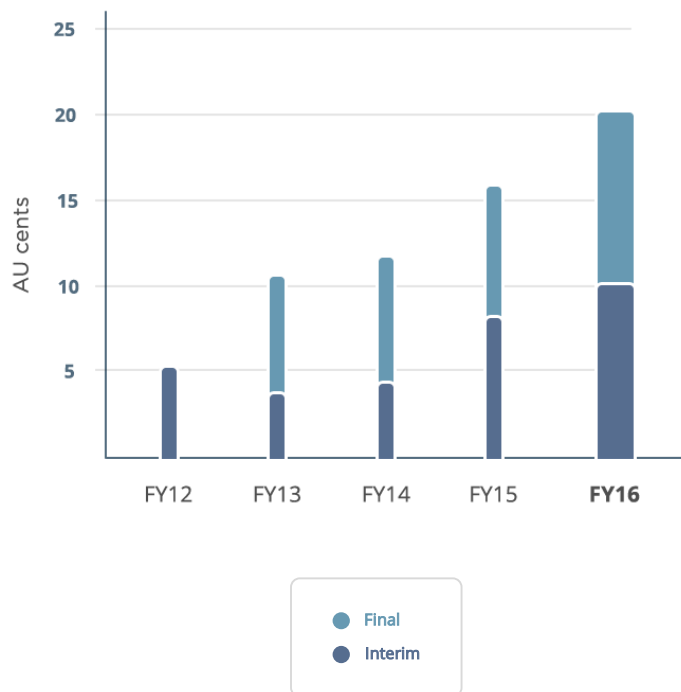
# Altium's Cash Balance

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	Jun-16 \$ '000	Jun-15 \$ '000	Var \$ '000	%
Cash and cash equivalents	38,139	61,906	(23,767)	-38%
Trade and other receivables	30,406	20,704	9,702	47%
Other current assets	1,548	1,955	(407)	-21%
<b>Total current assets</b>	<b>70,093</b>	<b>84,565</b>	<b>(14,472)</b>	<b>-17%</b>
Trade and other receivables	5,379	1,499	3,880	259%
Property, plant and equipment	5,091	3,886	1,205	31%
Intangible assets	33,508	0	33,508	100%
Other non-current assets	82,301	81,622	679	1%
<b>Total non-current assets</b>	<b>126,279</b>	<b>87,007</b>	<b>39,272</b>	<b>45%</b>
<b>Total assets</b>	<b>196,372</b>	<b>171,572</b>	<b>24,800</b>	<b>14%</b>
Trade and other payables	7,137	5,988	1,149	19%
Borrowings	51	60	(9)	-15%
Tax liabilities	2,713	4,989	(2,276)	-46%
Provisions	3,568	1,908	1,660	87%
Deferred revenue	32,234	28,773	3,461	12%
<b>Total current liabilities</b>	<b>45,703</b>	<b>41,718</b>	<b>4,054</b>	<b>10%</b>
Borrowings	20	53	(33)	-62%
Deferred Tax	4,793	0	4,793	100%
Provisions	4,230	1,202	3,028	252%
Deferred revenue	9,038	6,091	2,947	48%
Other liabilities	1,793	906	887	98%
<b>Total non-current liabilities</b>	<b>19,874</b>	<b>8,252</b>	<b>11,622</b>	<b>141%</b>
<b>Total liabilities</b>	<b>65,577</b>	<b>49,970</b>	<b>15,607</b>	<b>31%</b>
<b>Net assets</b>	<b>130,795</b>	<b>121,602</b>	<b>9,193</b>	<b>8%</b>
Contributed equity and reserves	135,571	131,767	3,804	3%
Accumulated losses	(4,776)	(10,165)	5,389	-53%
<b>Total equity</b>	<b>130,795</b>	<b>121,602</b>	<b>9,193</b>	<b>31%</b>

## Dividends paid/declared



	FY16 \$ '000	FY15 \$ '000	Var \$ '000	%
<b>Cash flows from operating activities</b>				
Receipts from customers	92,121	81,517	10,604	13%
Payments to suppliers and employees	(71,461)	(60,692)	(10,769)	18%
Payments for expenses relating to acquisitions	(1,143)	-	(1,143)	100%
Net Interest paid	(53)	305	(357)	-117%
Net income taxes paid	(5,383)	(732)	(4,651)	635%
<b>Operating Cash Flow</b>	<b>14,082</b>	<b>20,398</b>	<b>(6,316)</b>	<b>-31%</b>
<b>Capital Expenditure</b>				
Payments for property, plant and equipment	(2,720)	(2,354)	(366)	16%
Payments for intangibles	(250)	-	(250)	100%
Proceeds on sale of assets	-	16	(16)	-100%
<b>Free Cash Flow</b>	<b>11,112</b>	<b>18,060</b>	<b>(6,948)</b>	<b>-38%</b>
<b>Cash flows from investing activities</b>				
Payments for purchase of subsidiary, net of cash acquired	(17,039)	-	(17,039)	100%
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares	-	39,966	(39,966)	-100%
Dividends paid	(17,631)	(15,886)	(1,745)	11%
Repayment of borrowings	(43)	(66)	23	-35%
Subtotal	(23,601)	42,074	(65,675)	-156%
Effects of exchange rate changes	(166)	(2,217)	2,051	-93%
<b>Increase in cash and cash equivalents</b>	<b>(23,767)</b>	<b>39,857</b>	<b>(63,624)</b>	<b>-160%</b>

# Full Year Results Key Metrics



USD millions	FY16	FY15	Change %
Revenue (excl. interest)	93.6	80.2	17%
Reported expenses	66.2	57.5	15%
• Existing business expenses	61.0	57.5	6%
• Acquired business expenses	5.1	-	N/A
EBITDA	27.4	22.7	21%
Depreciation and amortization	2.7	1.3	207%
EBIT	24.7	21.4	15%
Net interest	(0.1)	0.2	
Profit before income tax	24.6	21.6	14%
Income tax expense	1.6	(70.8)	
Profit after income tax	23.0	92.4	

	FY16	FY15	Change %
EPS	17.89	74.84	
Dividends (AU cents)	20	16	25%
Key Margin Analysis			
EBITDA Margin	29.3%	28.3%	
Net profit before tax margin	26%	27%	
Net profit after tax margin	25%	115%	
Return on equity	18.2%	143%	
Effective tax rate	6.5%	N/A	
Balance Sheet (USD millions)			
Cash and equivalents	38.1	61.9	-38%
Net assets	130.8	121.6	8%
Operating cash flows	14.1	20.4	-31%

# Agenda

**Altium**®

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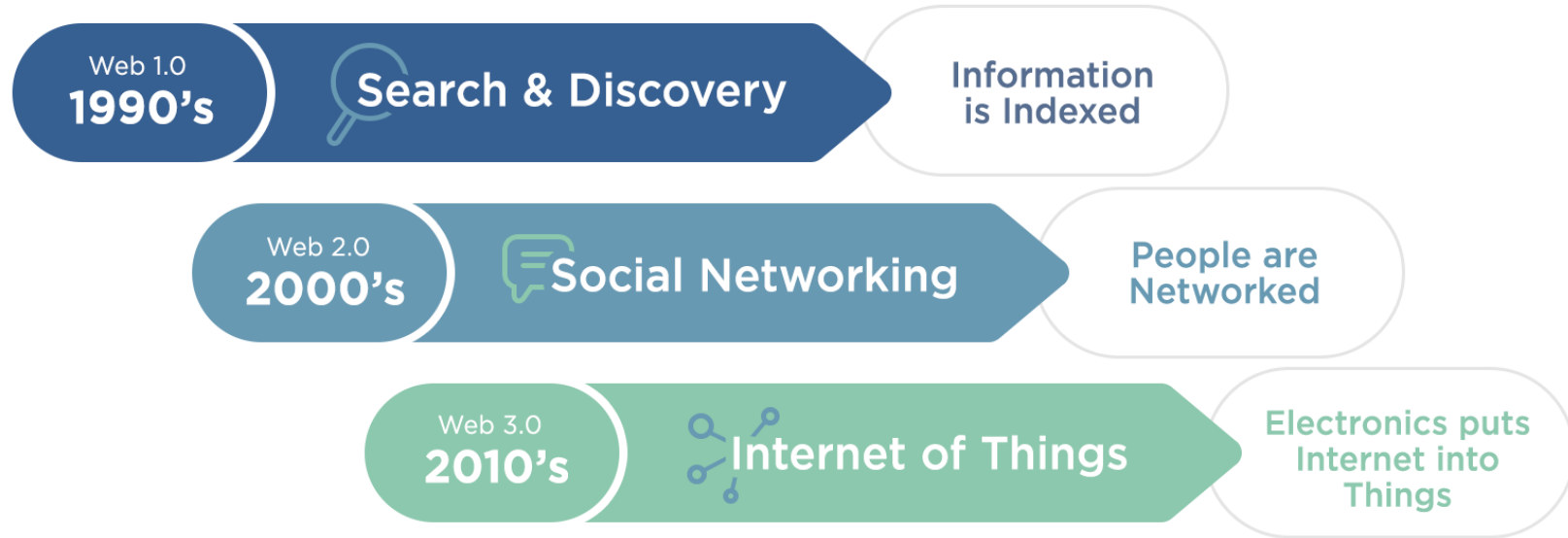
Pursuing PCB Market Leadership & EDA Transformation

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Appendix: Company Overview

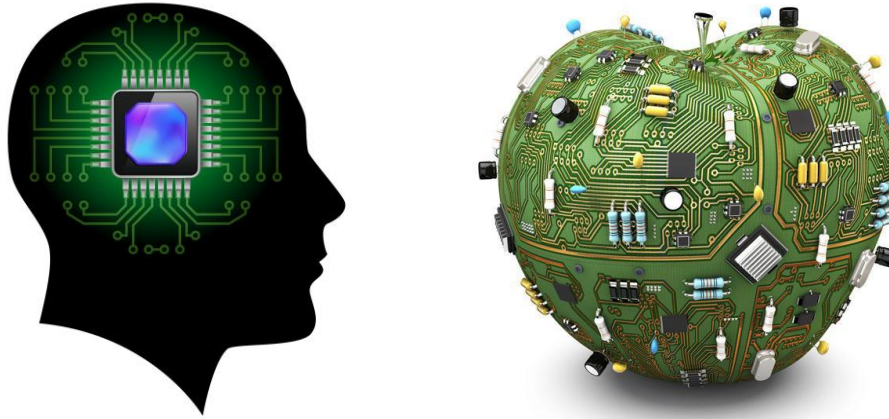
# Rise of Smart Connected Devices

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# At the Heart of All Intelligent Systems is Electronics

**Altium**



Printed Circuit Boards Central to Electronics

# PCB Design Software Market Current Trends, Segmentation & Size

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## High-End Tools

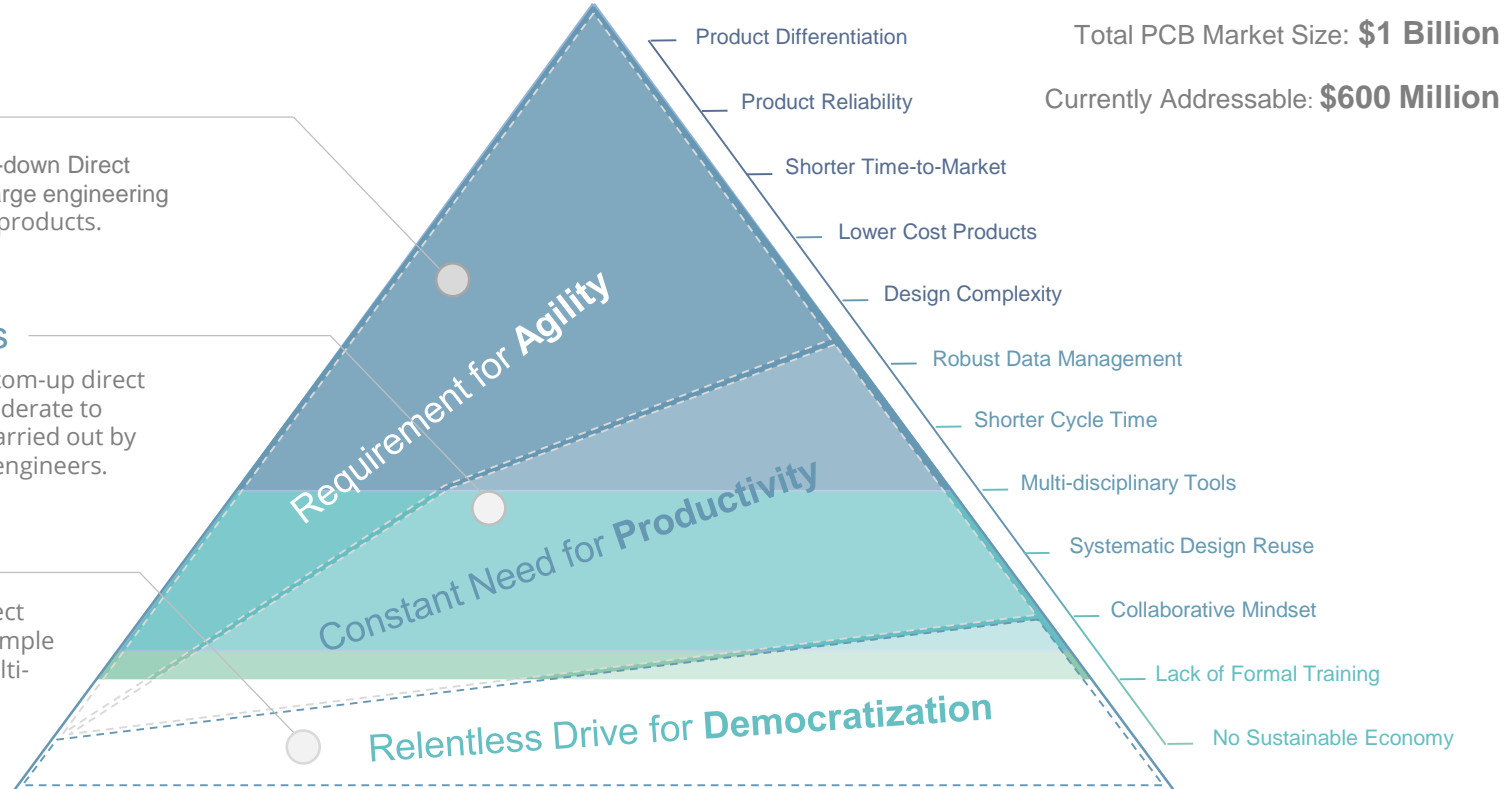
57% of market value - Top-down Direct Enterprise Sales Model. Large engineering teams designing complex products.

## Mainstream Tools

36% of market value - Bottom-up direct / indirect sales model. Moderate to high design complexity, carried out by small teams of specialist engineers.

## Low-End Tools

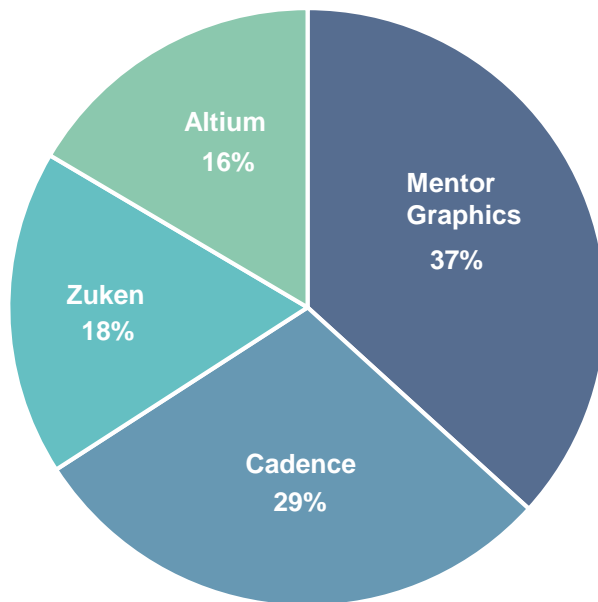
7% of market value - Indirect Sales through partners. Simple designs carried out by multi-skilled engineers.



# Current Market Share for the 'Big Four' PCB Software Companies

**Altium**

Revenue Share - Pure PCB  
Excluding Wire Harness, IC Packing and Services



This chart depicts market share based on the most recent financial reports for the 'Big Four' PCB software companies (Mentor Graphics, Cadence Design Systems, Zuken and Altium) and the breakdown of the addressable market based on Gary Smith's PCB Market Trends Report.

# The Future is Multi-disciplinary...

Altium



ECAD



**Cloud System Engineering**  
Cloud application development and  
Infrastructure management



**Embedded System Engineering**  
Development of Control Systems in  
Electromechanical devices



## Electronics Engineering

Creation of high-performance electronic  
hardware with complex form factor



## Mechanical Engineering

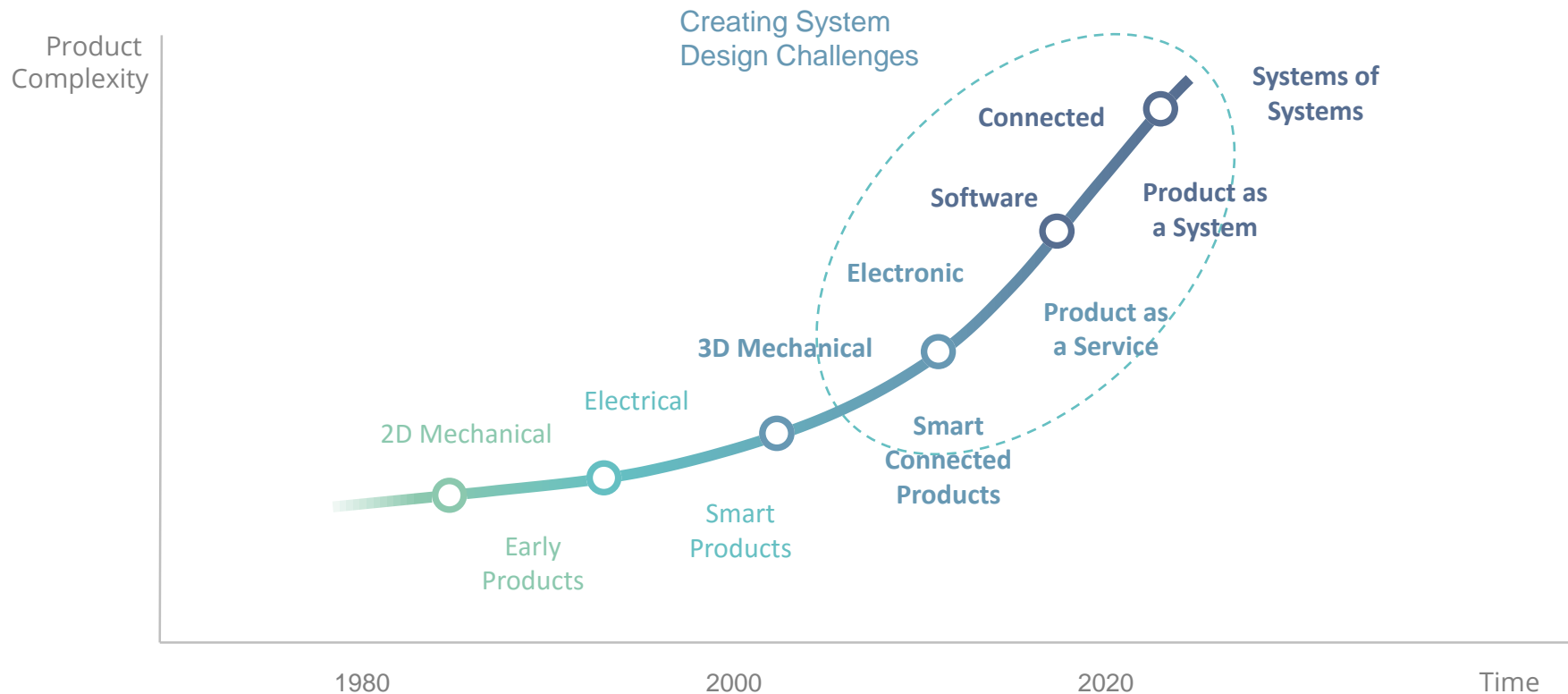
Designing complex objects with sophisticated  
electromechanical behaviour

MCAD

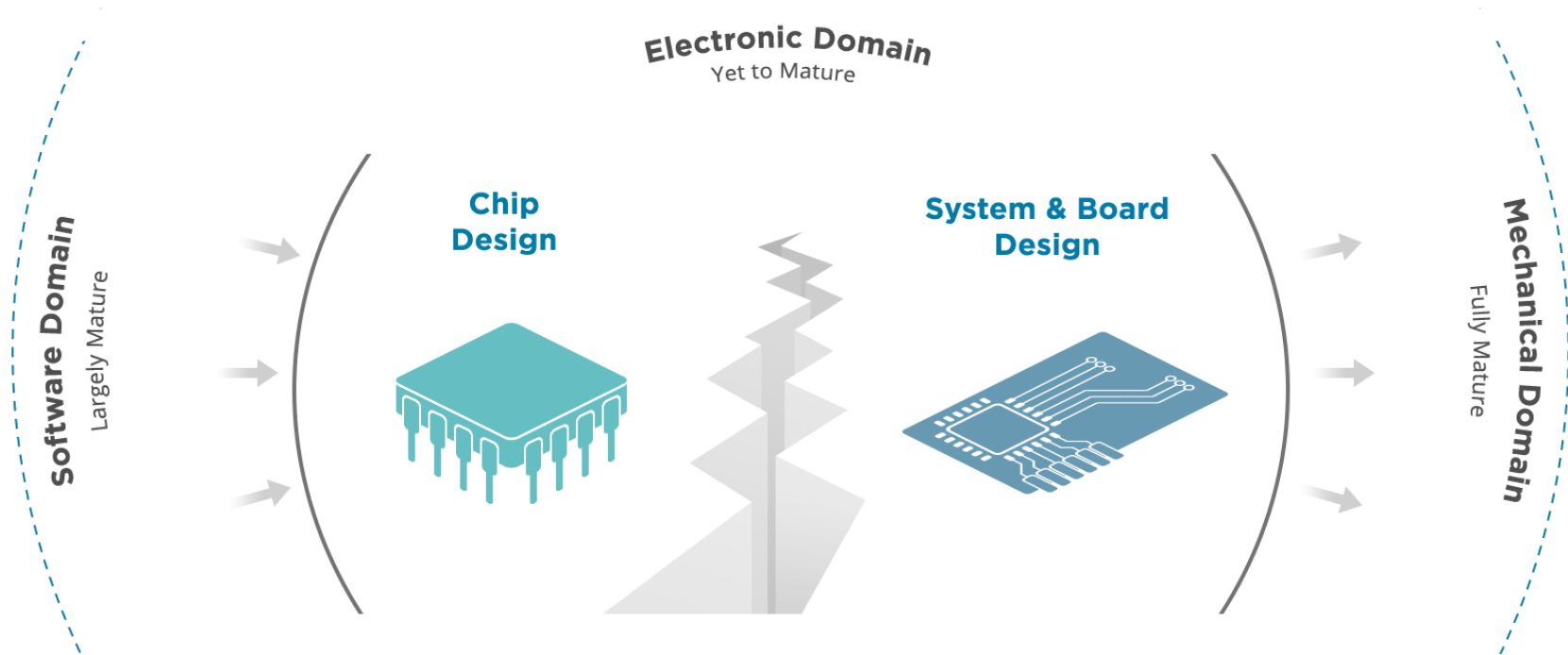


**Electrical Engineering**  
Development of wire harness and electrical  
systems in Electromechanical devices

# Product Complexity is Rapidly Increasing...



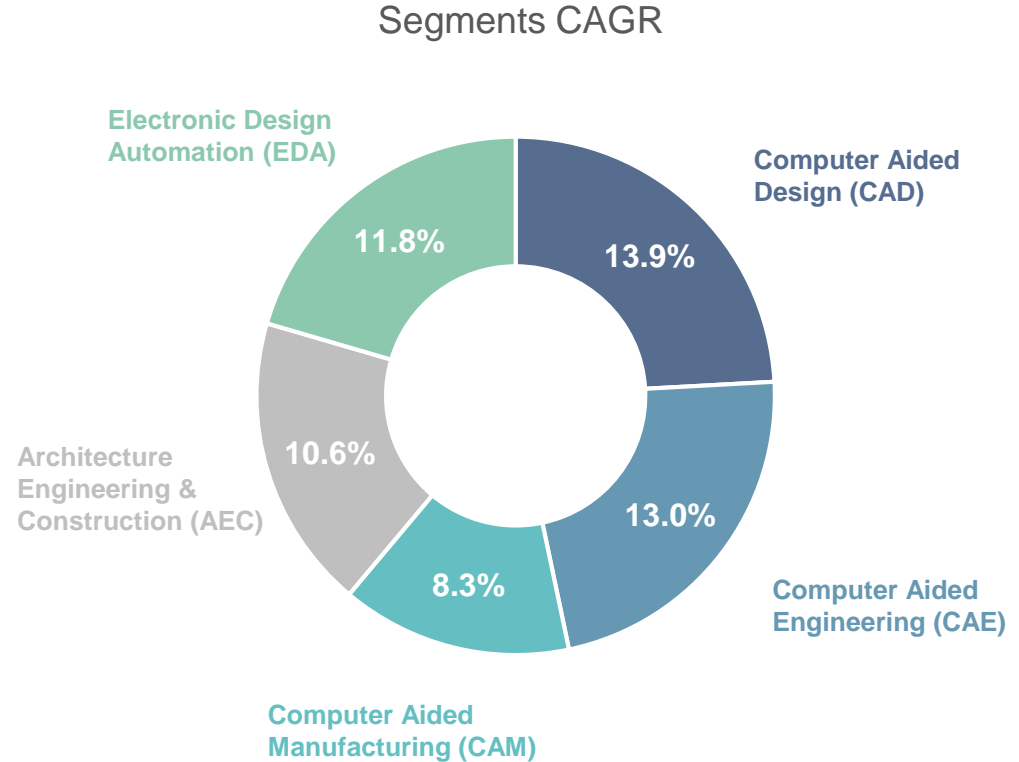
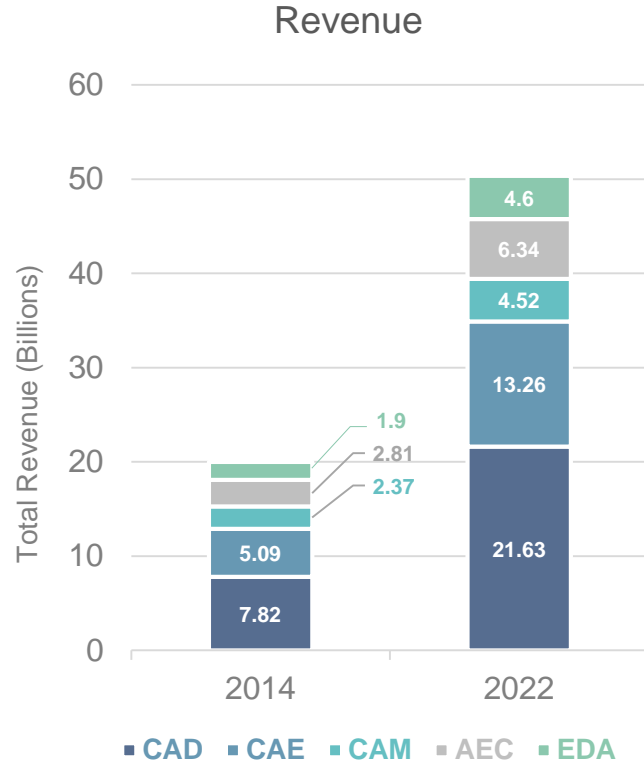
# IoT Will Transform the EDA Industry...



The rise of smart connected devices is driving Board Design mainstream while Chip Design is becoming highly specialized

# Global Engineering Software Market revenue, 2014 and 2022

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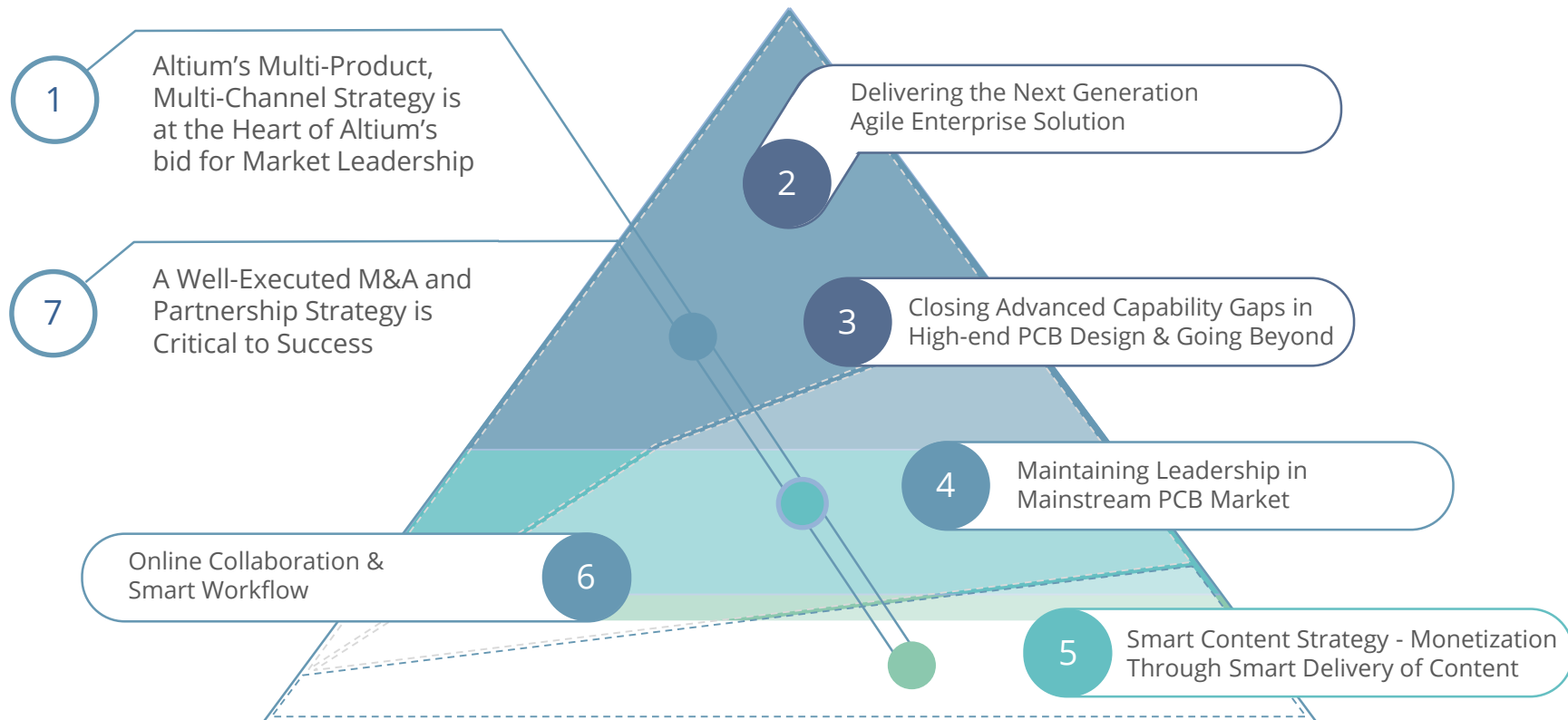
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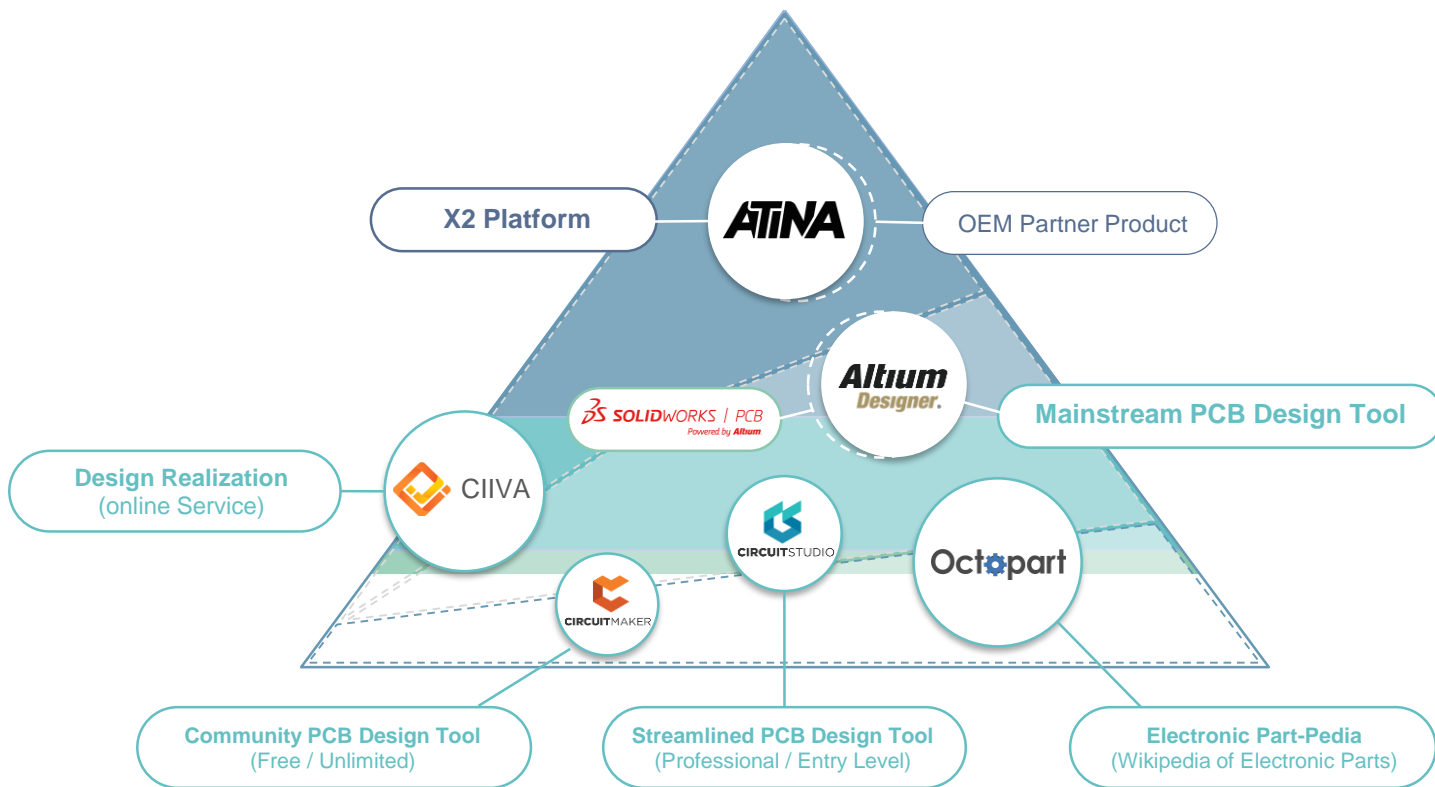
# Altium's Strategy for PCB Market Leadership

Altium®



# A Unique PCB Design Solution for Every Market Segment

Altium

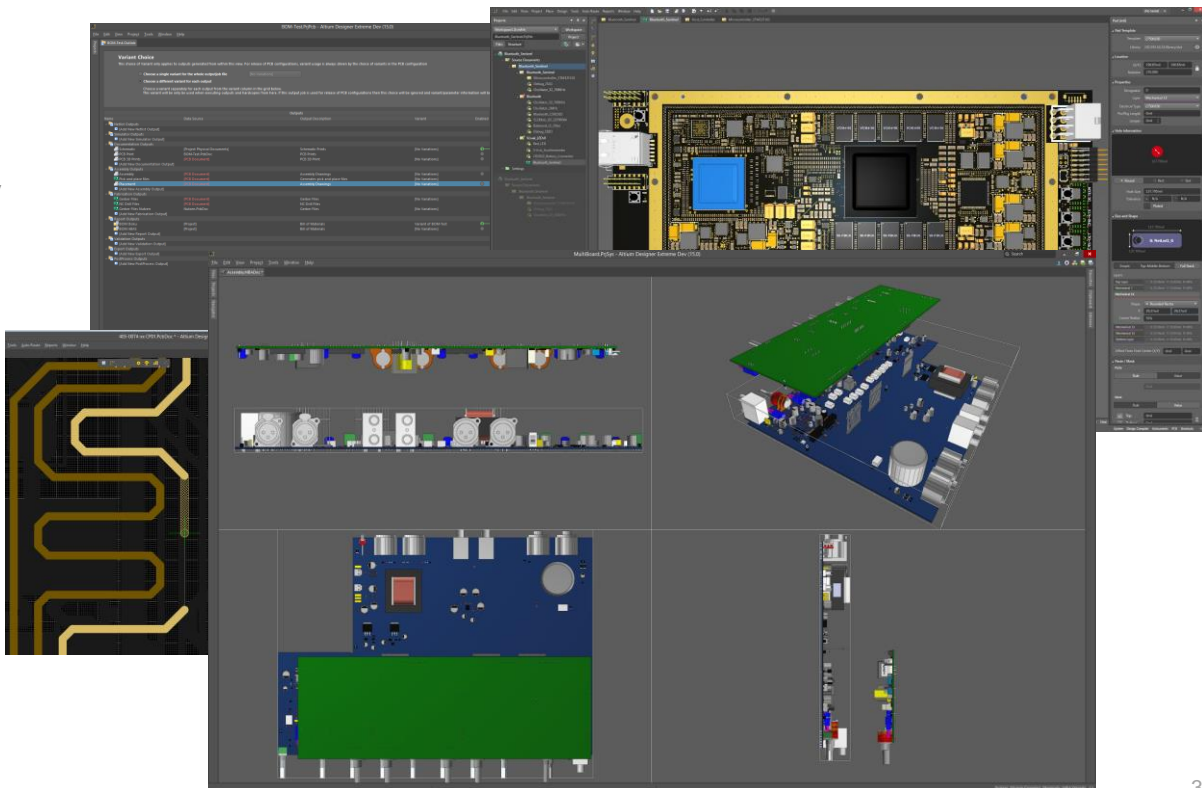


# ATINA - Altium's High-End PCB Design Tool



## ATINA

- Multi-board System Design Capability
- Advanced Routing Capability
- Constraint-Driven Design
- Handling Large Boards with Ease



## X2 Platform

- Next Generation - 3D Graphics Engine
- State-of-the-art User Interface/Experience
- 64-bit Computing architecture

# Octopart & Ciiva Acquisition - Executing on Content Strategy

Altium

## Octopart

Connecting Design Space to Supply Chain



Transforming Intent into Realisable Design

Successful standardization, aggregation & unification of CAD content & supply chain data is a component of Altium's bid for market leadership in PCB design

The screenshot displays the Octopart website interface. At the top, there's a navigation bar with 'Octopart' logo and a search bar containing 'NE555'. Below the navigation bar, there's a sidebar with filters for 'Manufacturer' (Texas Instruments, STMicroelectronics, etc.), 'Distributor' (Arrow, Verical, etc.), and 'More filters' (RoHS, Lead-Free Status, etc.). The main content area shows search results for 'Texas Instruments NE555DE4 - Order Now'. It includes a table of distributors and their stock/price information. The table has columns for Distributor, SKU, Stock, MOQ, Pkg, and prices for quantities 1, 10, 100, 1,000, and 10,000. The results are sorted by relevance. On the right side of the page, there's a sidebar with a TDK advertisement for SPM-LR series commercial grade power inductors.

Distributor	SKU	Stock	MOQ	Pkg	1	10	100	1,000	10,000
Verical	NE555D	8,929	224	Tube	USD 0.390	0.315	0.214	0.121	0.097
Newark	08F2512	2,108	1		USD 0.391	0.303	0.165	0.123	0.099
Chip One Stop Japan	C15523900766521	1,475	25		* USD		0.135	0.111	0.111

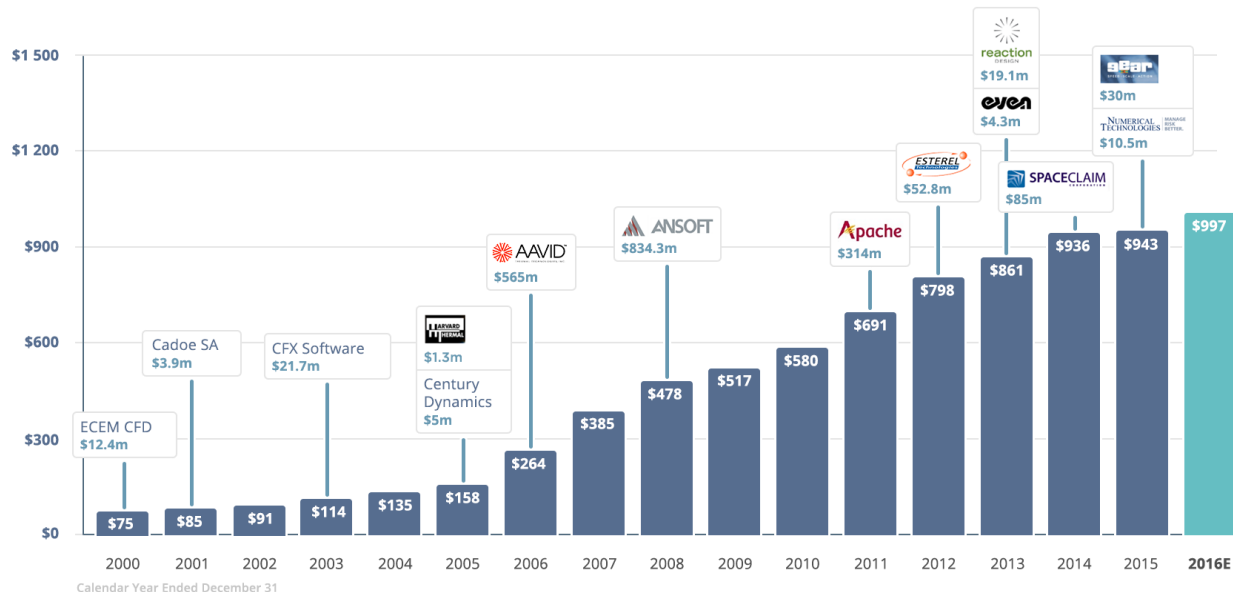
Distributor	SKU	Stock	MOQ	Pkg	1	10	100	1,000	10,000
Verical	NE555PSR	10,000	6,000		USD				
Digi-Key	296-6502-1-ND	8,349	1	Cut Tape	USD 0.370	0.300	0.205	0.115	0.115

# Successful M&A Execution - ANSYS Example



## Delivering Market-Leadership through Focus, Fiscal Discipline and Well-Executed M&A

- High calibre team delivering on a singular business focus.
- Innovative business model to capture opportunities that evolve within the industry.
- Strong and very consistent fiscal management to drive organic growth.
- Acquisition of complementary technology businesses.
- Achieving EBITDA margin of 48% at 1BN revenue.



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



Altium partners with **Dassault Systemes SOLIDWORKS** to Deliver a specialized version of its PCB Design Software for SolidWorks users

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

Altium acquires **Ciiva** a cloud based electronic components management system



Capital Raising of 44M on ASX  
Altium relocated its HQ to California USA Successful



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



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**

1985

1991

1999

2006



Altium Successfully completes an IPO on Australian Stock Exchange

2010

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

2014

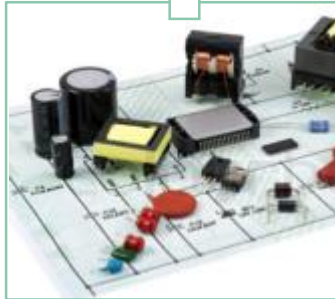
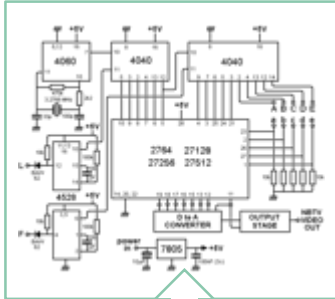
2015

Now

# Printed Circuit Board Design and Manufacturing Process

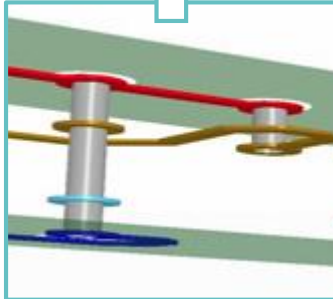
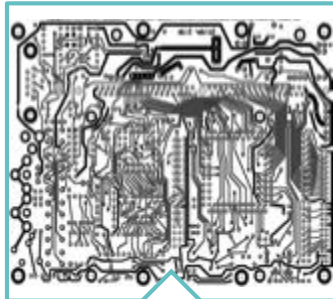
Altium®

Circuit Diagram



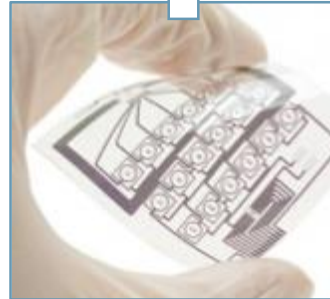
Design Capture

Layout Film



Layout

Bare Board



Fabrication

Assembled Board



Assembly



Design Data Management & Collaboration Software

**Altium**  
Designer

**TASKING®**

Embedded Software Development Tool



**SOLIDWORKS | PCB**  
Powered by Altium



**Octopart**



# Diversity of Application

Altium®



Automotive



Aerospace &  
Defence



Life Sciences



Mobile Devices &  
Communications



Consumer -  
Electronics



Electronics &  
High-Tech



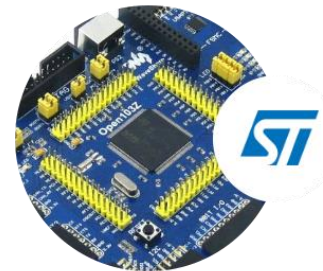
Research &  
Education



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

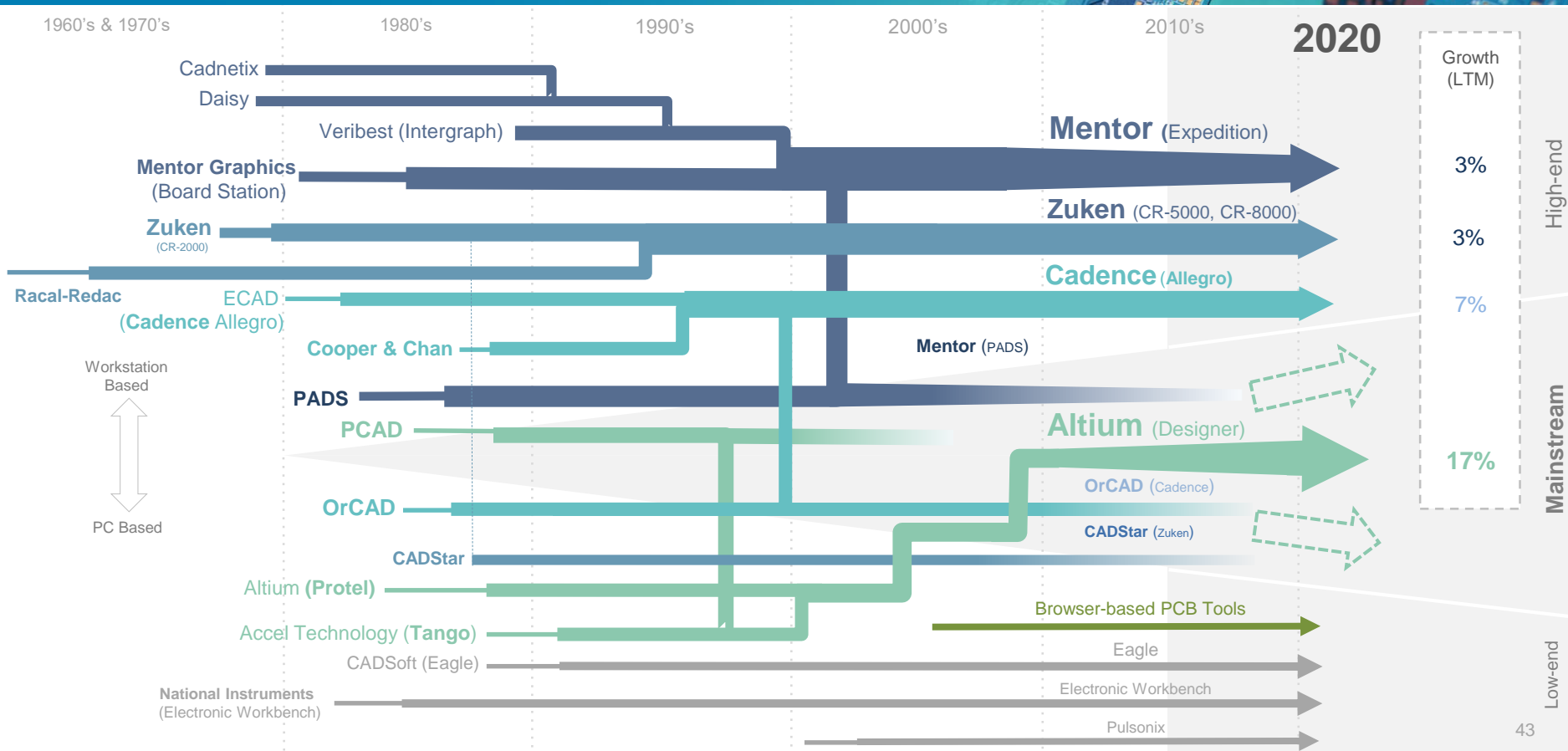
## Main Operating Centres

San Diego, Munich, Shanghai



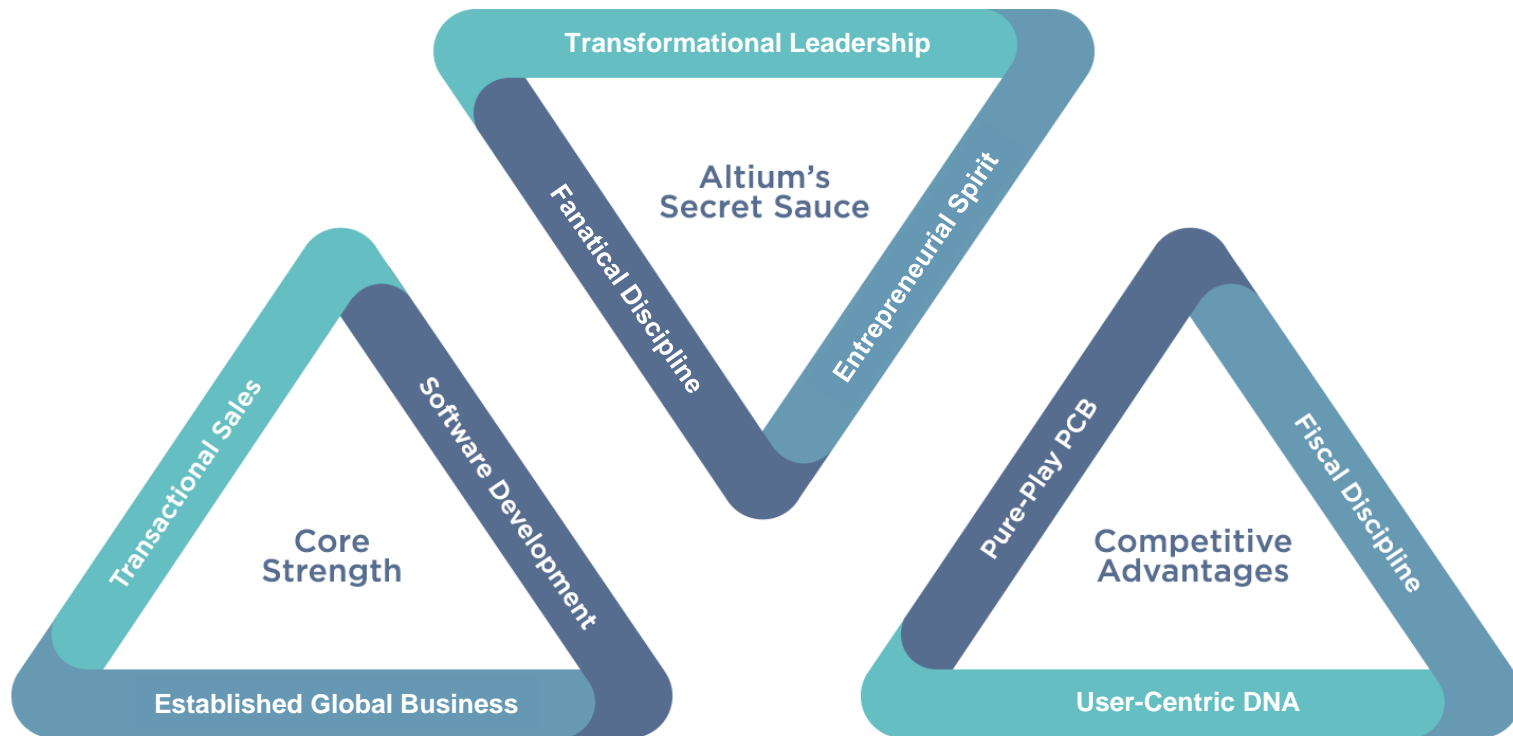
# Competition and Industry Landscape

Altium

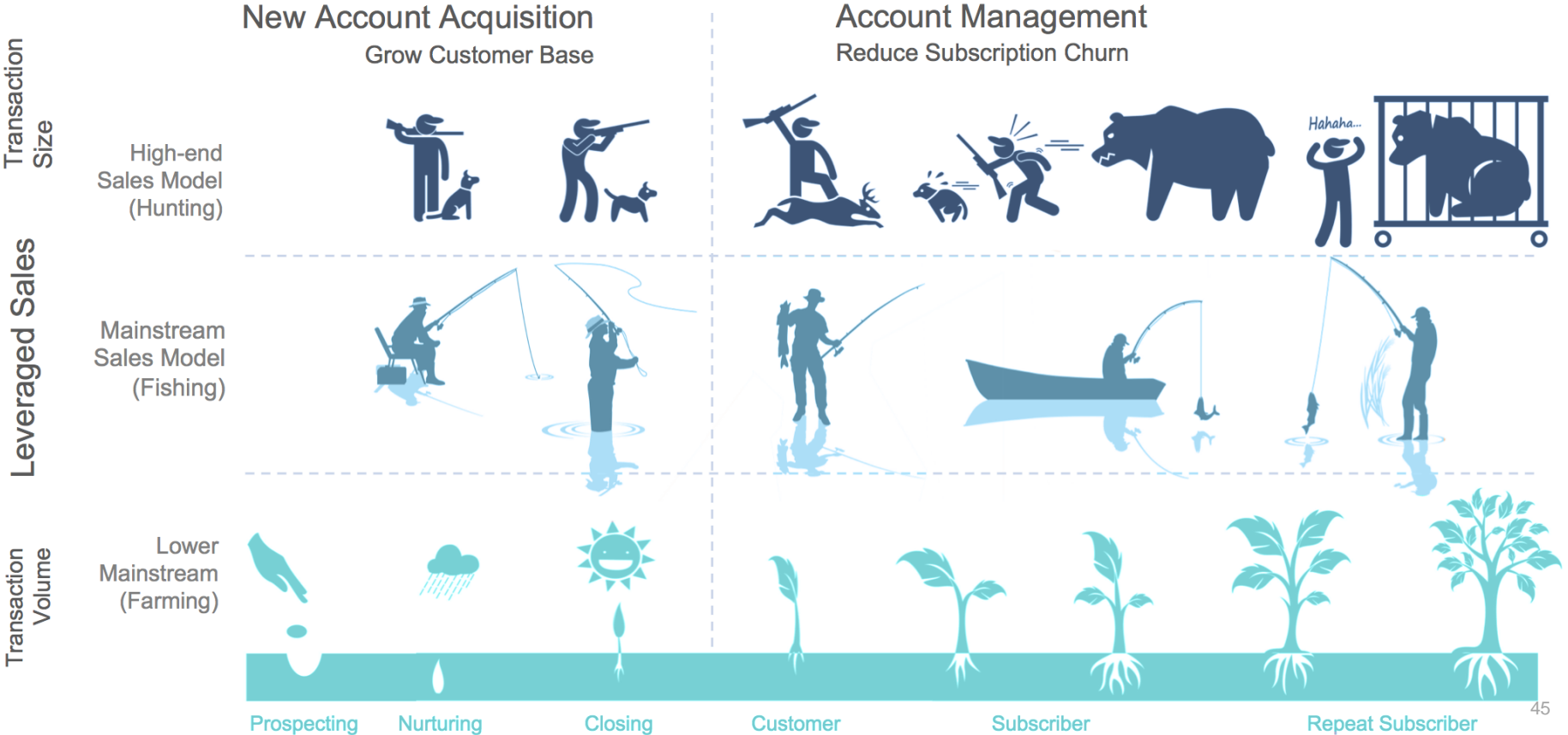


# The Altium Advantage

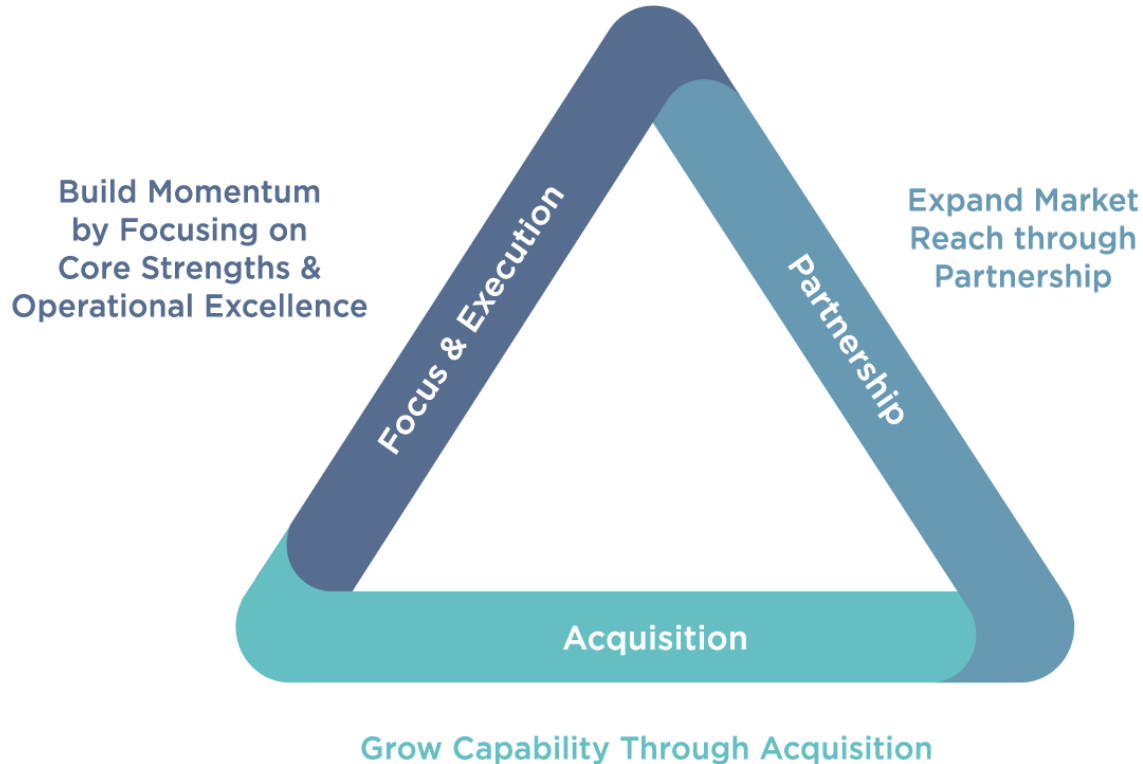
Altium®



# Altium's Leveraged Sales Strategy



# Altium's High-Level Strategy



# Altium's Long-Term Outlook



- ✓ The proliferation of electronics through the rise of smart connected devices is driver of growth for our business for the foreseeable future
- ✓ Altium will continue to drive top line growth while expanding operating margin to enter and maintain 30% plus
- ✓ Altium expects to see continuing growth in revenue (licences & subscription)
- ✓ Altium is confident that achieving market leadership in PCB design software by 2020 is well within its reach

Altium's aspirational goal is to achieve \$150 million in pure PCB revenue and \$200 million in total by FY2020