

Delivering Strong Performance &
Furthering Momentum for Market Leadership

Altium

Altium Half Year Investor Presentation

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22 February 2016 (Melbourne)

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Financial data

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

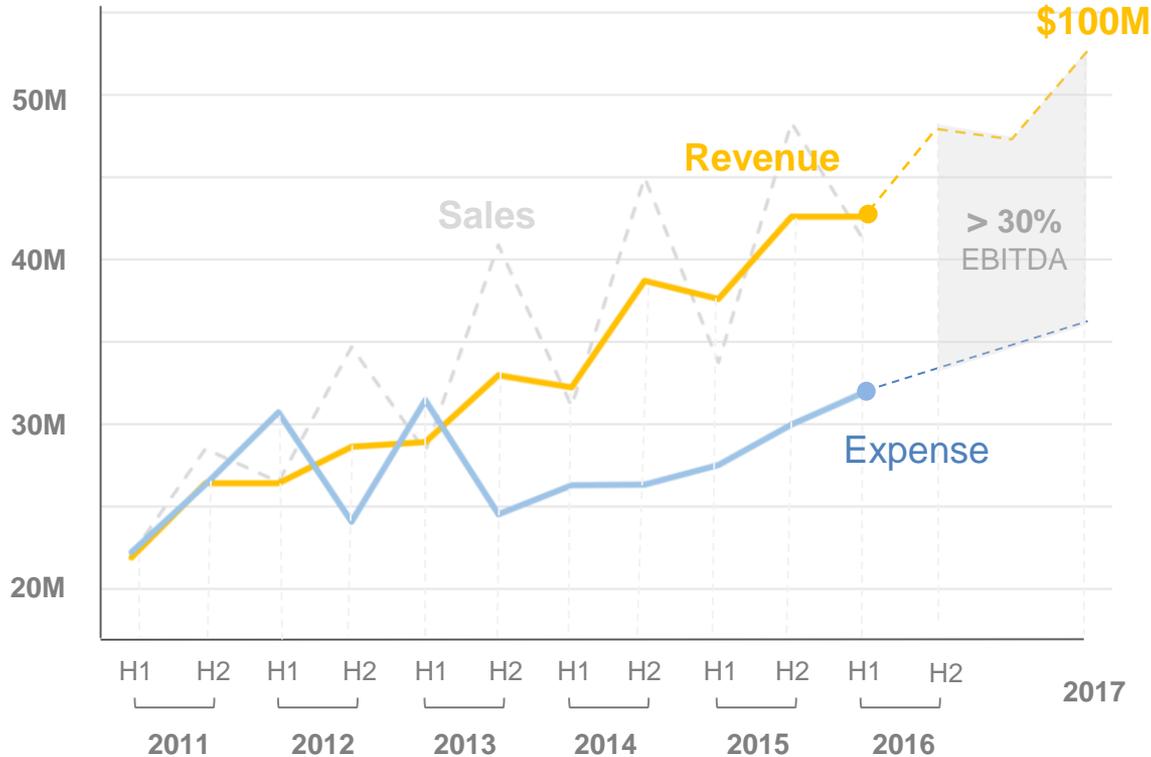
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Agenda

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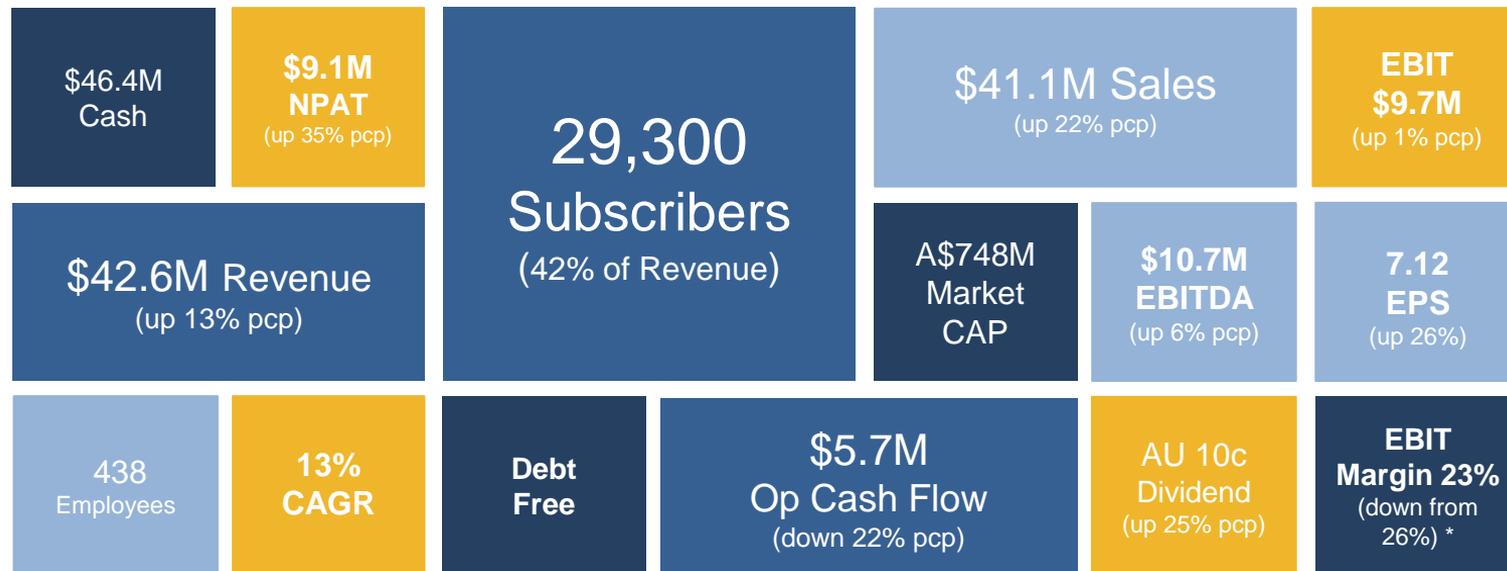
- 1 Company Highlights & Successful Execution
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- 3 Pursuing Market Leadership in PCB Design Software
- 4 Appendix: Company Overview & Long-Term Outlook

First Half Financial Highlights and Long Term Outlook



- Sales growth of 22%
- Revenue growth of 13%
- On-track to reach \$100M in revenue for 2017
- 27.5% EBITDA margin for existing business up from 26.7% (excludes revenue and costs from acquisitions)
- 23% increase in number of new AD licenses sold
- Increase in renewal rate to 87% from 84% in developed regions

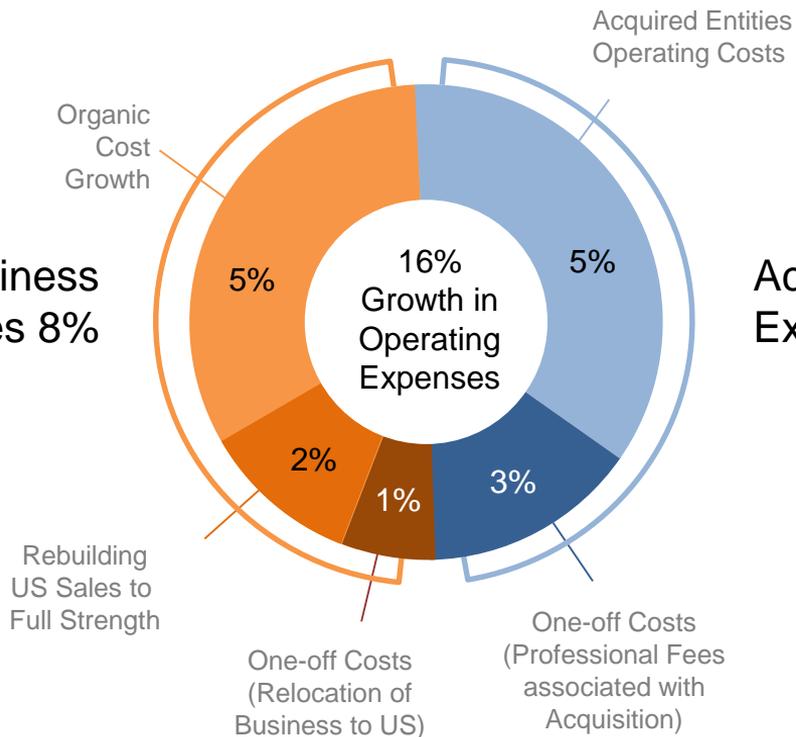
Altium's H1 FY16 Financial Metrics



* Includes revenue and costs from acquisitions

Expenses for the existing business for the full year is expected to be less than 10%.

Existing Business Expenses 8%



Acquisition Expenses 8%

Though it remains a challenge, we hope to achieve our aspirational goal of 30% EBITDA margin for fiscal year 2016.

- ✓ America delivered a record breaking first half (25% revenue growth and 40% sales growth)
- ✓ EMEA is back on track delivering a solid performance (19% revenue growth and 24% sales growth in local currency)
- ✓ Partnered with Dassault Systemes SOLIDWORKS to introduce a new line of electronic CAD products reinforcing Altium's bid for market leadership
- ✓ Released our fourth consecutive annual update to our flagship product Altium Designer 16
- ✓ Successfully completed and integrated our first acquisitions (Octopart and Ciiva)
- ✓ Closed the largest multi-year TASKING deal with a tier 1 automotive supplier (\$2.7 million)

Achieving Market Leadership by 2020

Altium's strategy to maintain mainstream price leadership through a transactional sales model while delivering capabilities that rival high-end tools' is fundamental to Altium's bid for market leadership.

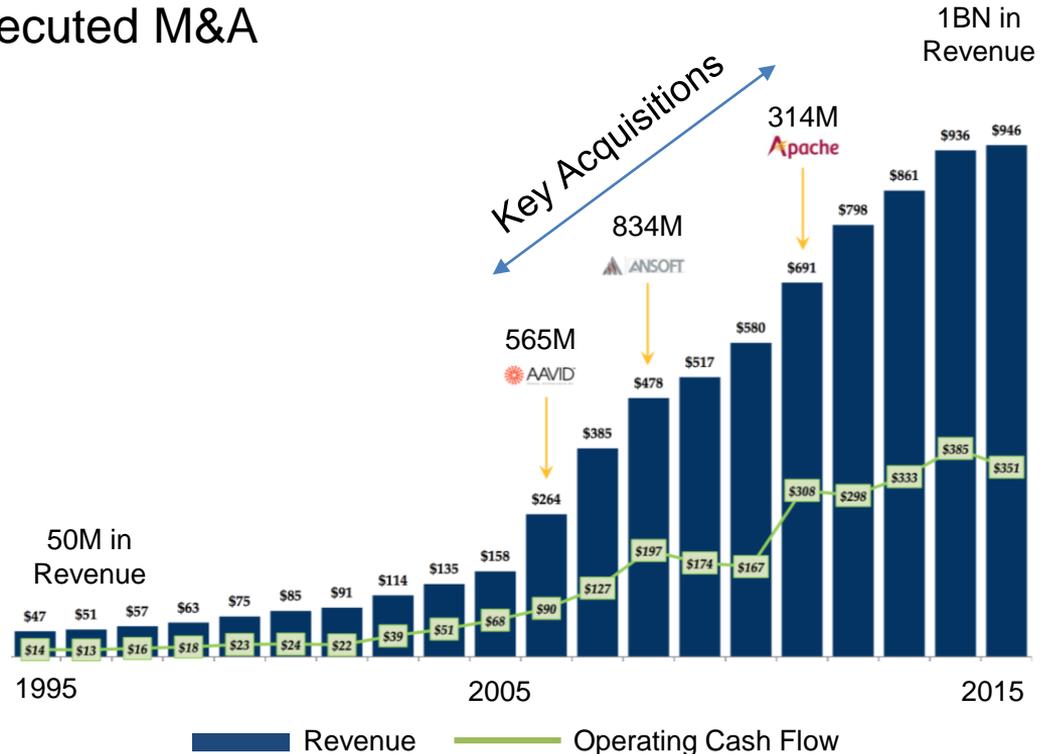


At the current CAGR revenue for Altium's PCB product line will approach \$150M in revenue by 2020.



Delivering Market-Leadership through Focus, Fiscal Discipline and a 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.



Agenda

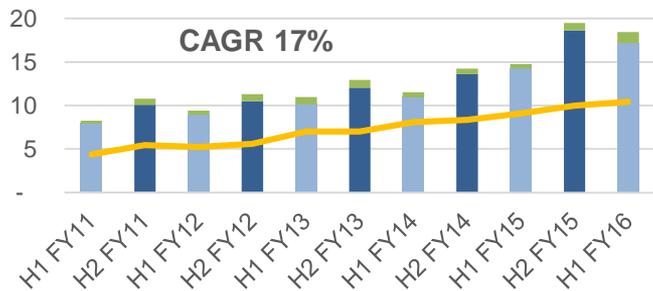
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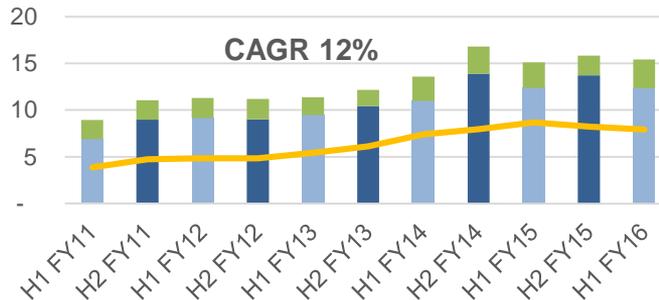
Revenue by Region



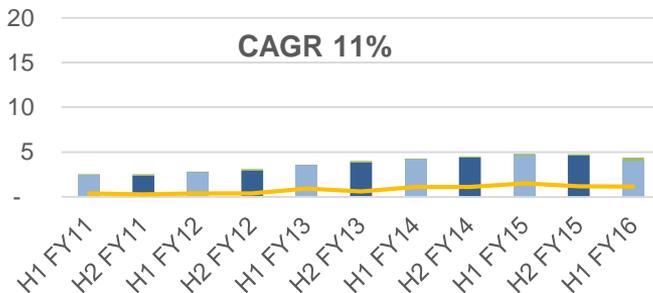
Americas – US\$M



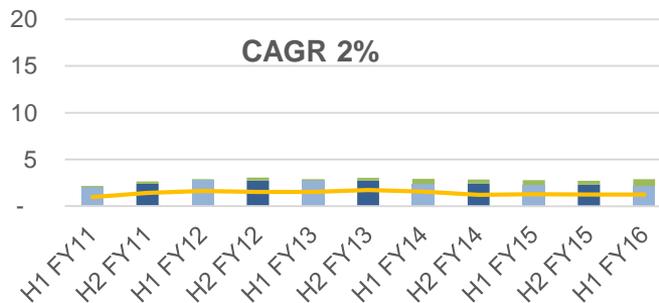
EMEA - US\$M



China - US\$M



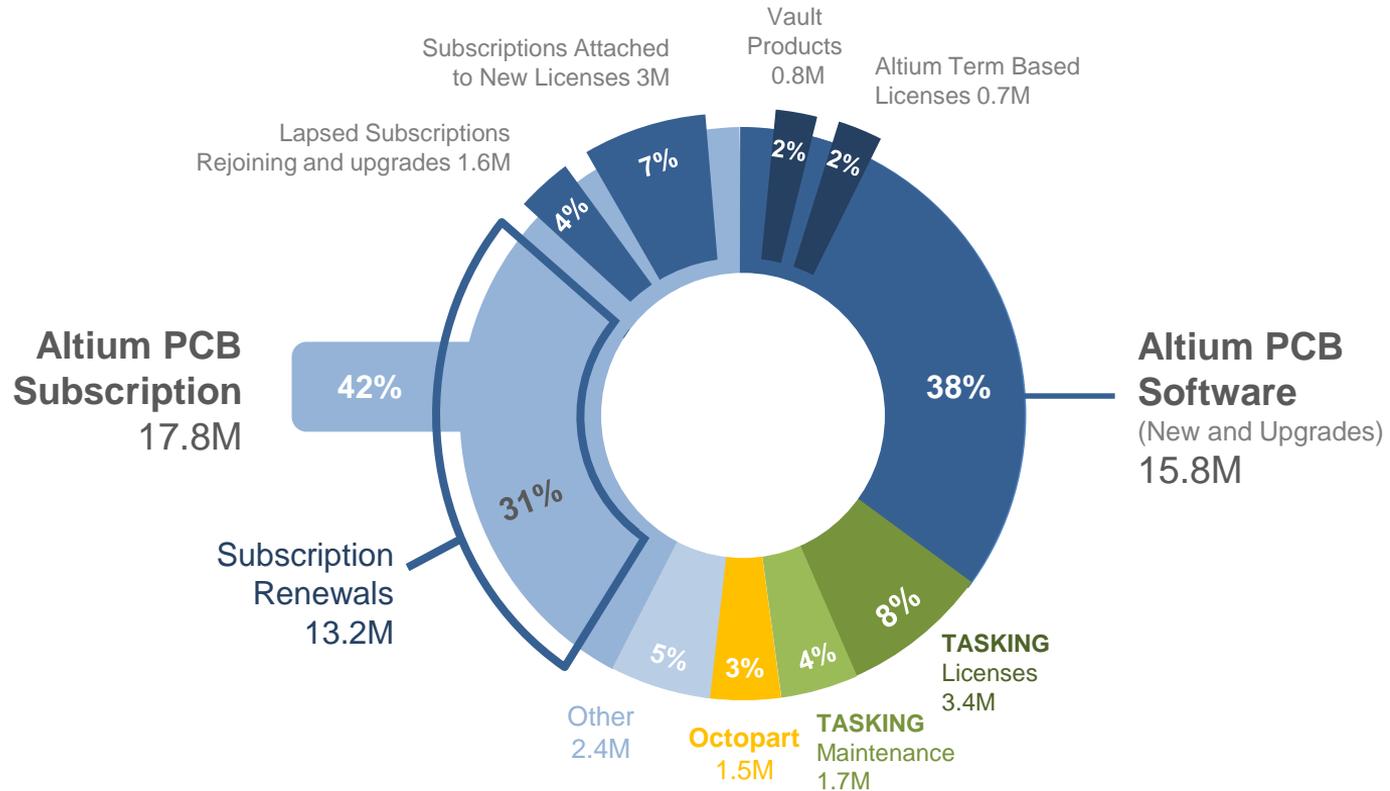
APAC - US\$M



5 YEAR
CAGR 13%
Across All Regions

- PCB – First Half
- PCB - Second Half
- TASKING
- Recurring revenue

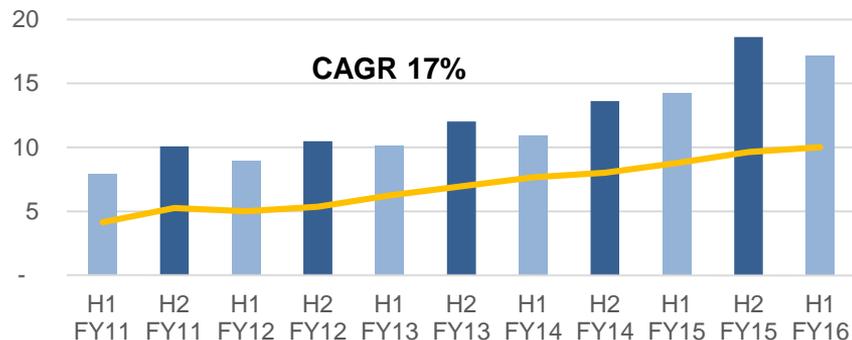
Altium's Revenue Sources



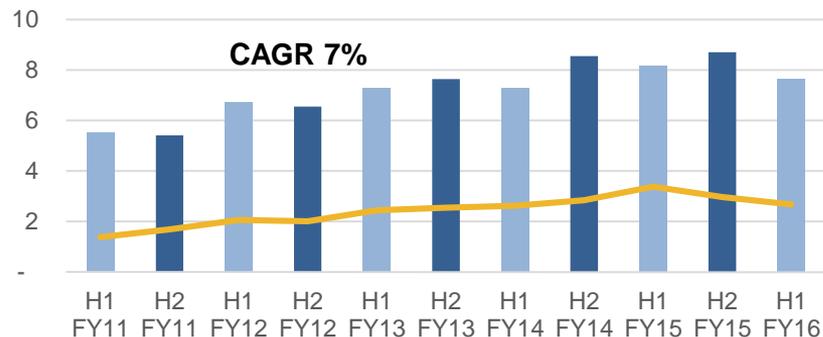
Revenue - Board and Systems



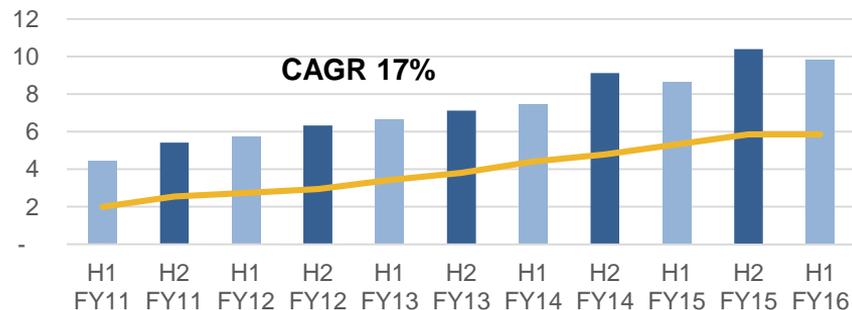
BSD – Americas (US\$M)



BSD - Rest of World (US\$M)



BSD – EMEA (€M)



5 YEAR

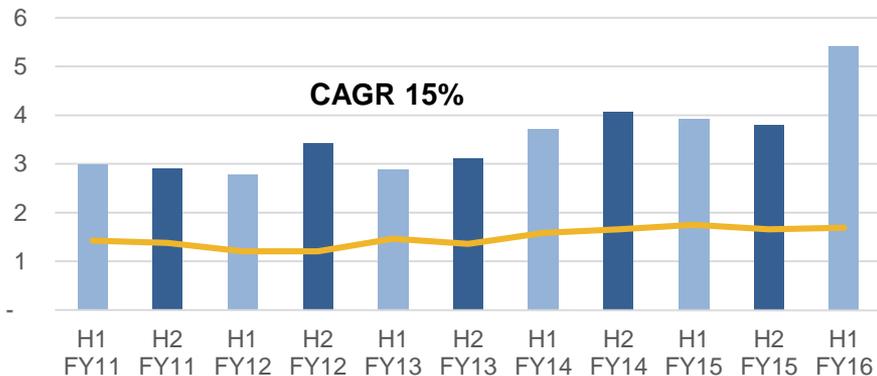
CAGR 14.3% Globally

- Total revenue – First Half
- Total revenue – Second Half
- Recurring revenue

Revenue - TASKING & Octopart

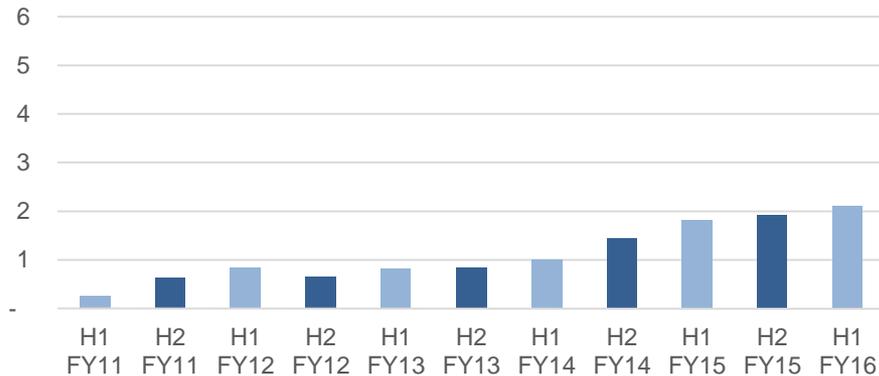


TASKING (US\$M)



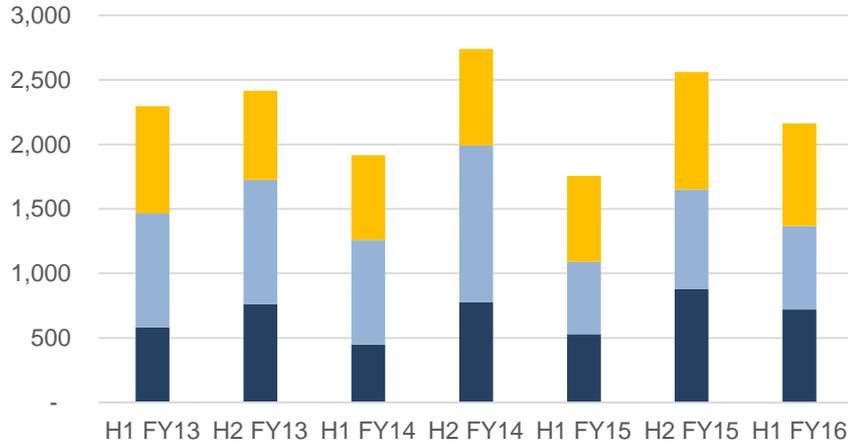
- TASKING – First Half
- TASKING – Second Half
- Recurring revenue

Octopart (US\$M)

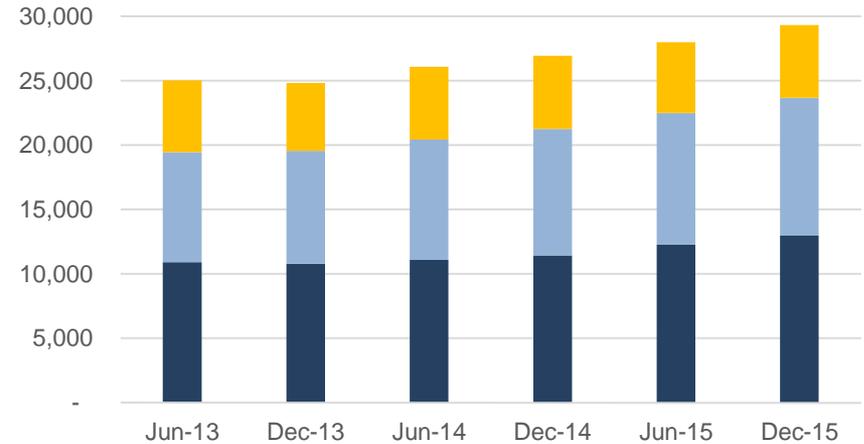


- Octopart – First Half
- Octopart – Second Half

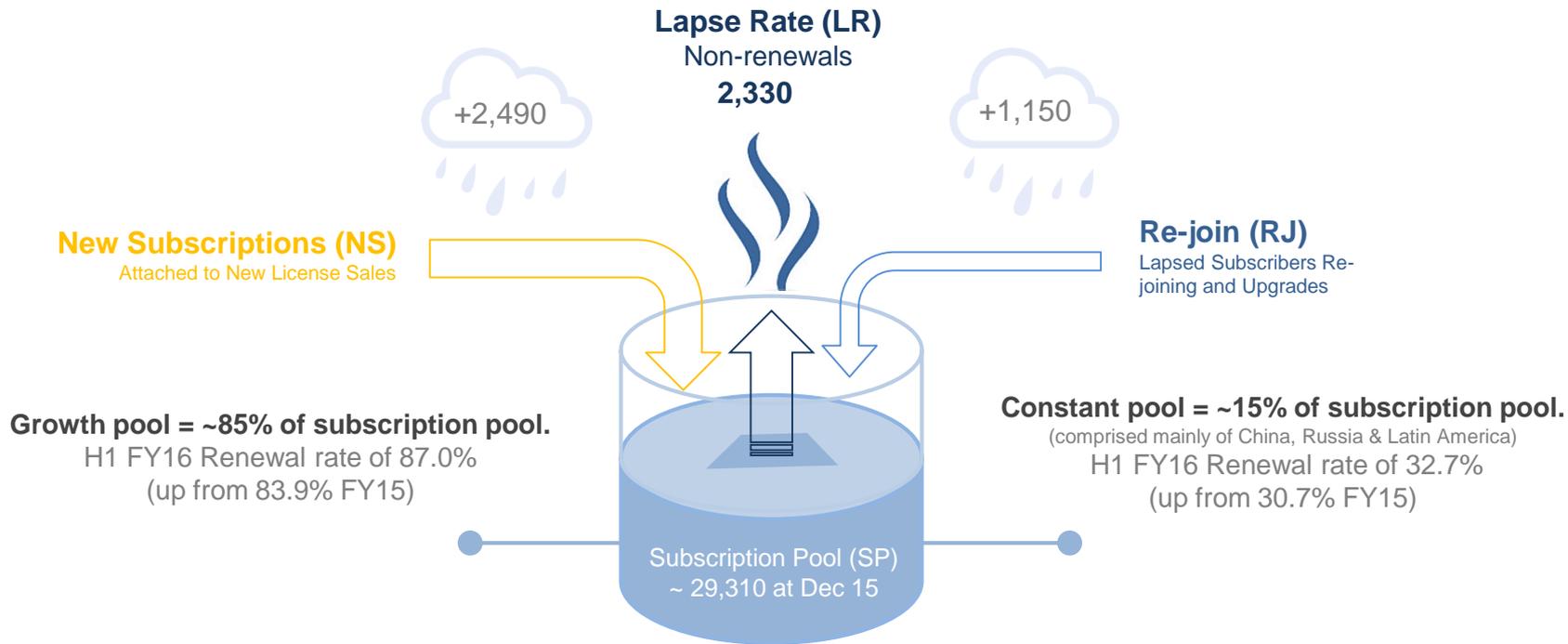
Altium Designer Seat Count



PCB Subscription Pool



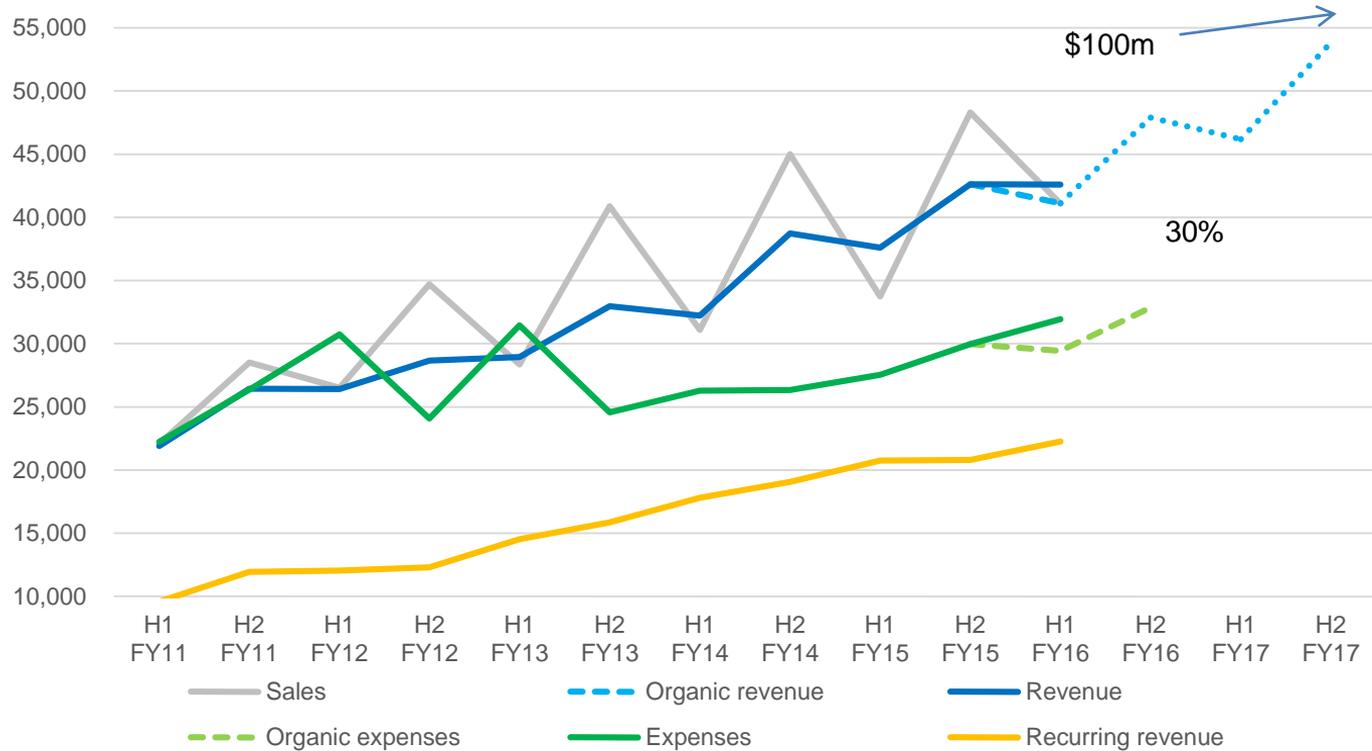
■ Americas ■ EMEA ■ Rest of World



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

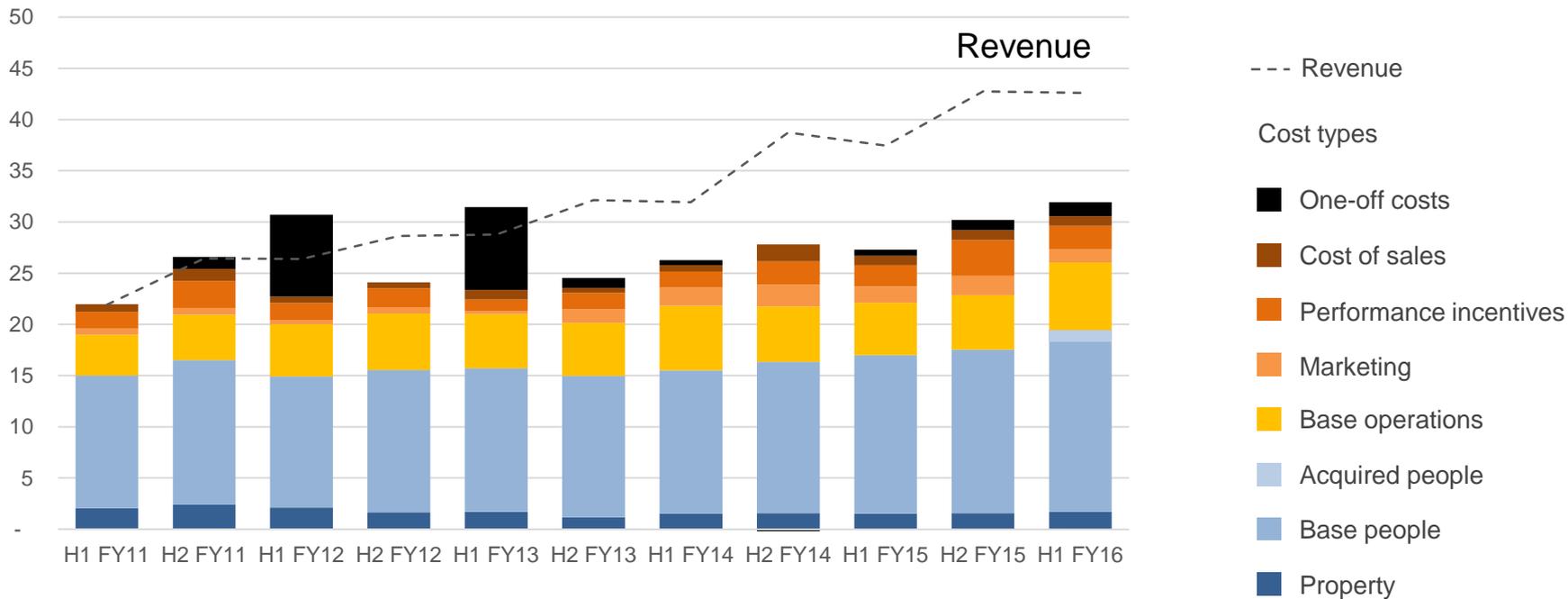
Seasonality Curves - Revenue: Sales: Operating costs

Seasonality of Sales: Revenue: Operating costs

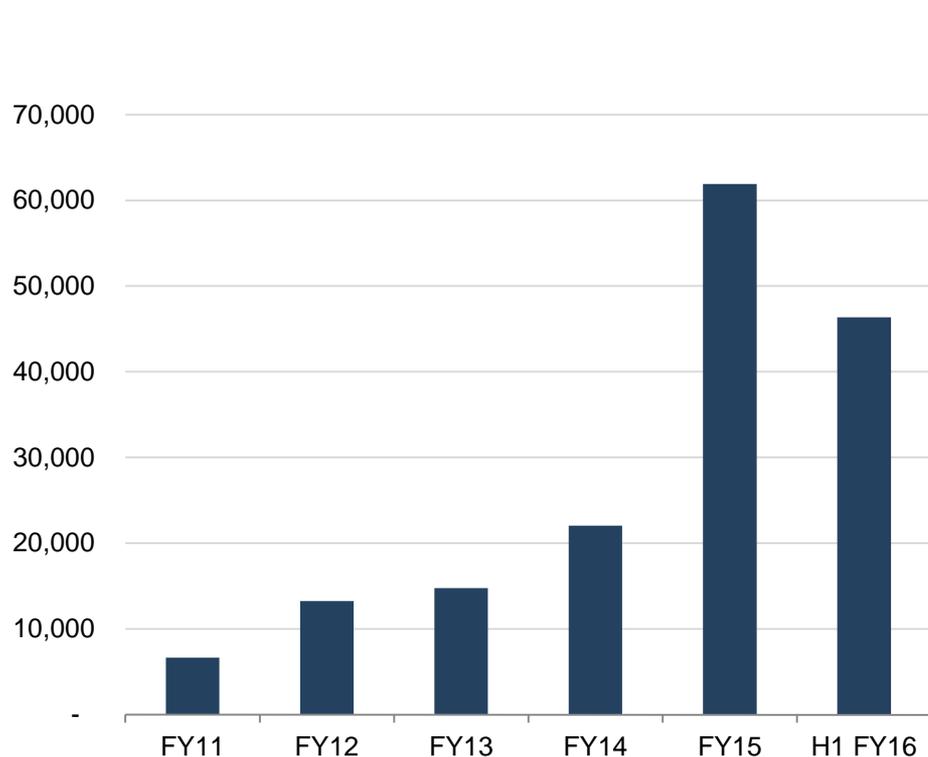


Altium's Operating Costs

Altium Group costs - US\$M

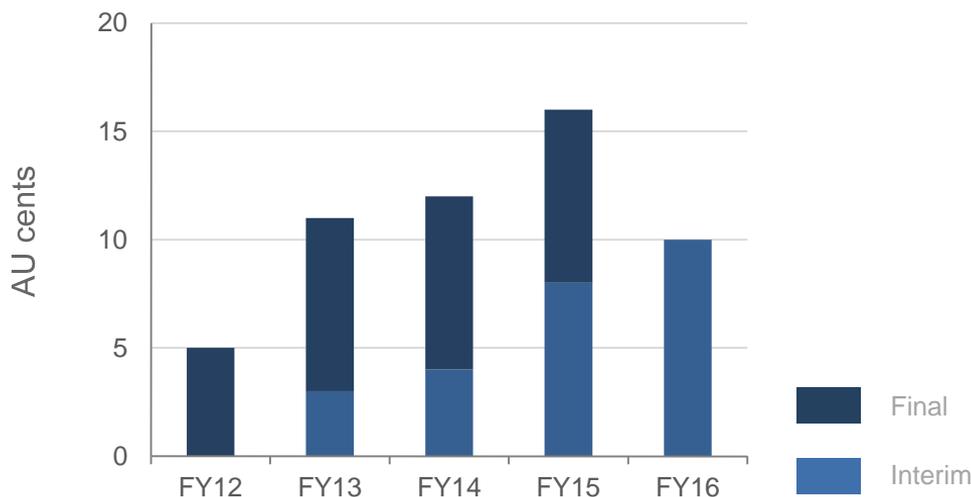


Altium's Balance Sheet



	Dec-15	Jun-15	Var	
	\$ '000	\$ '000	\$ '000	%
Cash and cash equivalents	46,353	61,907	(15,554)	-25%
Trade and other receivables	20,494	20,703	(209)	-1%
Other current assets	2,159	1,955	204	10%
Total current assets	69,006	84,565	(15,559)	-18%
Trade and other receivables	2,252	1,499	753	50%
Property, plant and equipment	5,169	3,886	1,283	33%
Intangible assets	22,339	0	22,339	100%
Other non-current assets	82,466	81,622	844	1%
Total non-current assets	112,226	87,007	25,219	29%
Total assets	181,232	171,572	9,660	6%
Trade and other payables	5,277	5,988	(711)	-12%
Borrowings	58	60	(2)	-3%
Tax liabilities	4,894	4,989	(95)	-2%
Provisions	2,802	1,908	894	47%
Deferred revenue	27,184	28,773	(1,589)	-6%
Total current liabilities	40,215	41,718	(1,503)	-4%
Borrowings	26	53	(27)	-51%
Deferred Tax	1,678	0	1,678	100%
Provisions	6,535	1,202	5,333	444%
Deferred revenue	5,951	6,091	(140)	-2%
Other liabilities	998	906	92	10%
Total non-current liabilities	15,188	8,252	6,936	84%
Total liabilities	55,403	49,970	5,433	11%
Net assets	125,829	121,602	4,227	3%
Contributed equity and reserves	134,491	131,767	2,724	2%
Accumulated losses	(8,662)	(10,165)	1,503	-15%
Total equity	125,829	121,602	4,227	3%

Dividends paid/declared



Operating Cash Flow down 25% to \$5.5m

	H1FY16 \$ '000	H1FY15 \$ '000	Var \$ '000	%
Cash flows from operating activities				
Receipts from customers	43,919	37,032	6,887	19%
Payments to suppliers and employees	(37,366)	(29,499)	(7,867)	27%
Net Interest paid	38	228	(190)	-83%
Net income taxes paid	(862)	(408)	(454)	111%
Operating Cash Flow	5,729	7,353	(1,624)	-22%
Capital Expenditure				
Payments for property, plant and equipment	(1,779)	(1,195)	(584)	49%
Payments for purchase of subsidiary, net of cash acquired	(10,767)		(10,767)	0%
Payments for expenses relating to acquisitions	(839)		(839)	0%
Free Cash Flow	(7,656)	6,158	(13,814)	-224%
Cash flows from financing activities				
Proceeds from exercise of options	-	-	-	-
Proceeds from issue of shares	-	39,966	(39,966)	-100%
Dividends paid	(7,644)	(7,941)	297	-4%
Repayment of borrowings	(30)	(38)	8	-21%
Subtotal	(15,330)	38,145	(53,475)	-140%
Effects of exchange rate changes	(223)	(1,140)	917	-80%
Increase in cash and cash equivalents	(15,553)	37,005	(52,558)	-142%

Half Year Results Key Metrics

USD millions	H1 FY16	H1 FY15	Change %
Revenue (excl. interest)	42.6	37.6	13%
Reported expenses	31.9	27.5	16%
• Existing business expenses	29.8	27.5	8%
• Acquisition expenses	2.1	-	N/A
EBITDA	10.7	10.1	6%
Depreciation and amortization	1.0	0.5	
EBIT	9.7	9.6	1%
Net interest	-	0.2	
Profit before income tax	9.7	9.8	-
Income tax expense	0.6	3.0	
Profit after income tax	9.1	6.8	35%

	H1 FY16	H1 FY15	Change %
EPS	7.12	5.63	26%
Dividends (AU cents)	10	8	25%
Key Margin Analysis			
EBITDA Margin	25.0%	26.7%	
EBITDA Margin (existing)	27.5%	26.7%	
Net profit before tax margin	22.8%	26.1%	
Net profit after tax margin	21.4%	18.1%	
Return on equity	7.4%	26.6%	
Effective tax rate	6.2%	30.6%	
Balance Sheet (USD millions)			
Cash and equivalents	46.4	59.1	-21%
Net assets	125.8	43.4	>100%
Operating cash flows	5.7	7.4	-23%

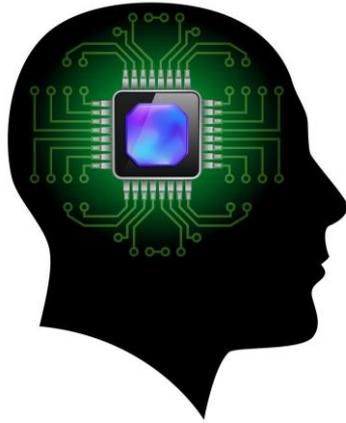
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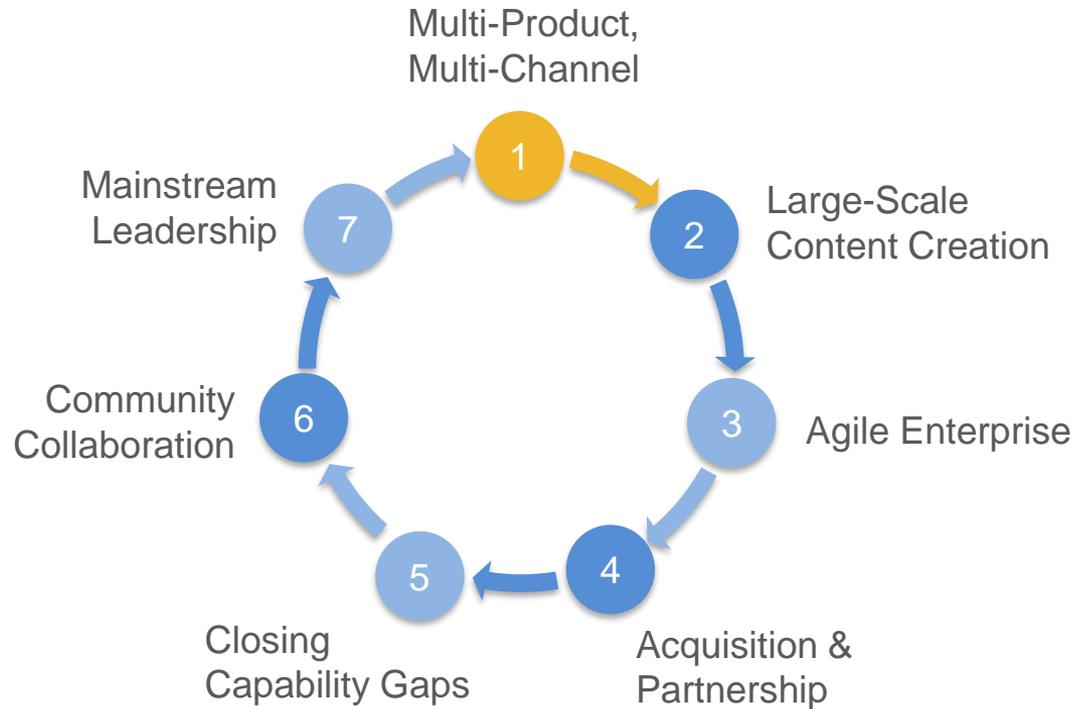
Rise of Smart Connected Devices



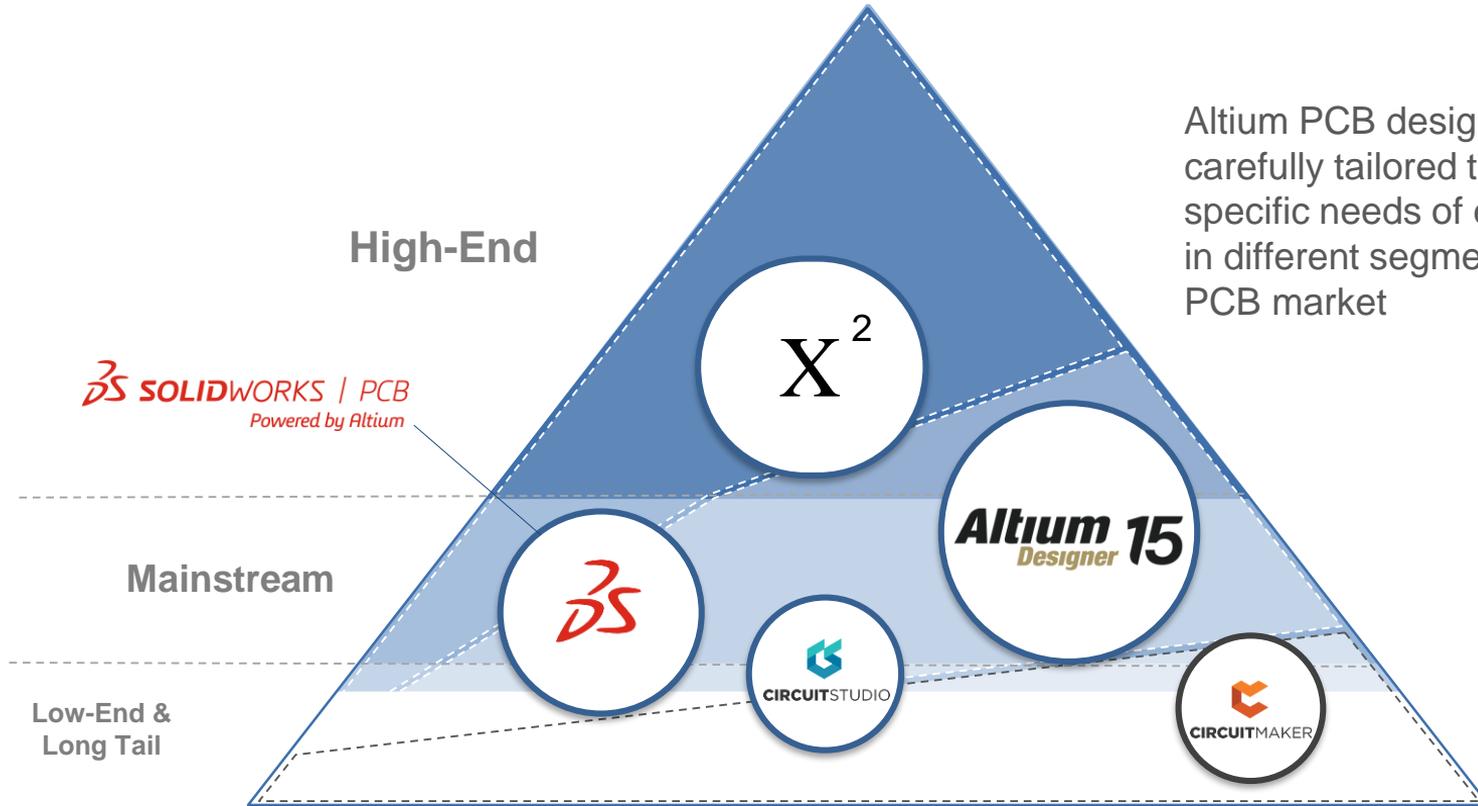


Printed Circuit Boards Central to Electronics

Altium's Strategy for Market Leadership in PCB



A Multi-Product, Multi-Channel Strategy



Altium PCB design tools are carefully tailored to meet the specific needs of engineers in different segments of the PCB market

Octopart

Connecting Design Space to Supply Chain



Ciiva

Transforming Intent into Realisable Design

Successful standardization, aggregation & unification of CAD content & supply chain data will decide the future of market leadership in PCB design

Growing Capability Through Acquisition & Partnership



Altium will grow by acquiring & partnering with brands that are associated with the design of PCB and smart devices

Questions and Answers

Altium



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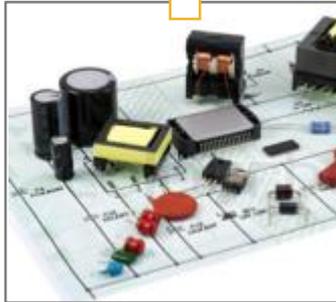
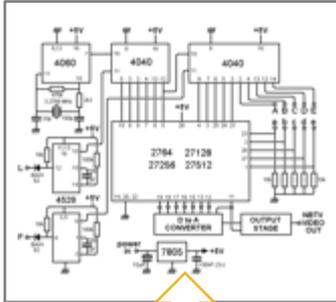
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30 Years of Continuous R&D in PCB Design Software

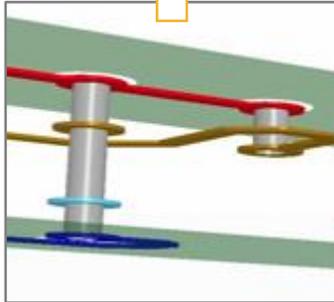
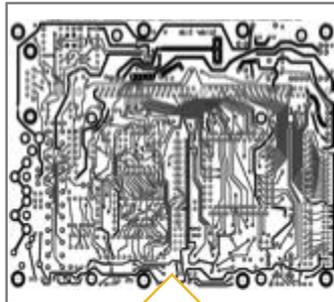


Circuit Diagram



Design Capture

Layout Film



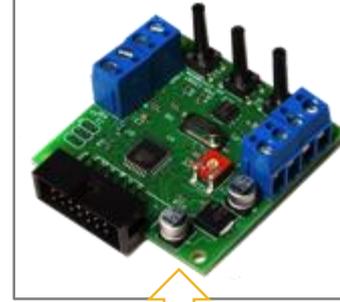
Layout

Bare Board

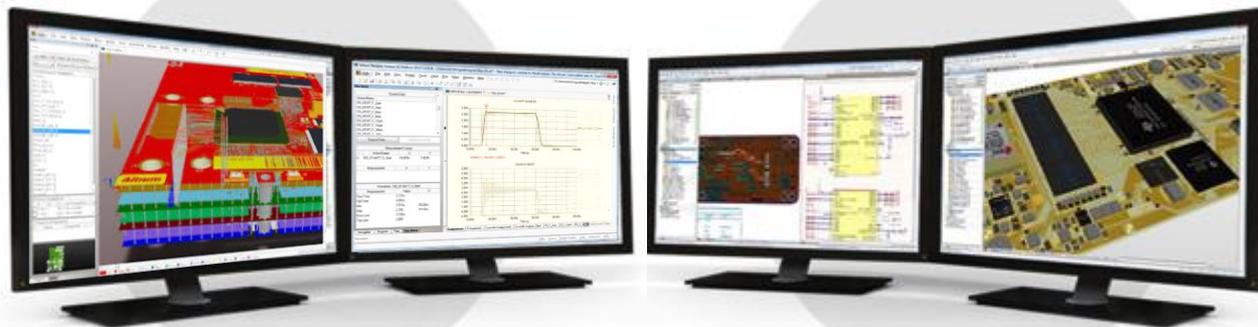


Fabrication

Assembled Board



Assembly



Altium Vault
Design Data Management &
Collaboration Software

**Altium
Designer**

TASKING®
Embedded Software
Development Tools



3D Printed Circuit Board Design Software Solution

Diversity of Applications



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



Sales and Support Centres

San Diego, Boston, Karlsruhe, Shanghai, Sydney

Research & Development Centres

San Diego, Ukraine, Netherlands, Shanghai

Main Operations Centres

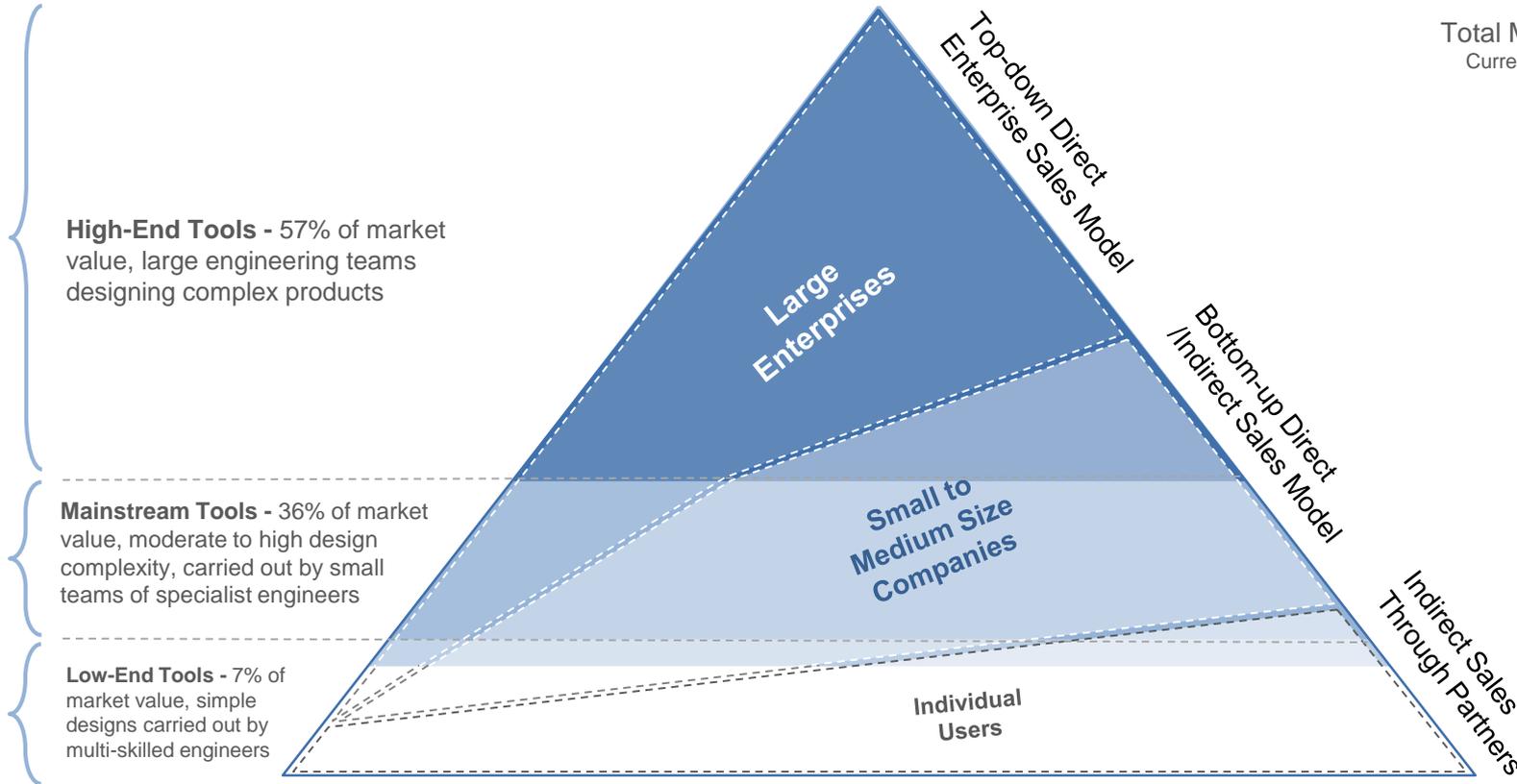
San Diego, Karlsruhe, Shanghai



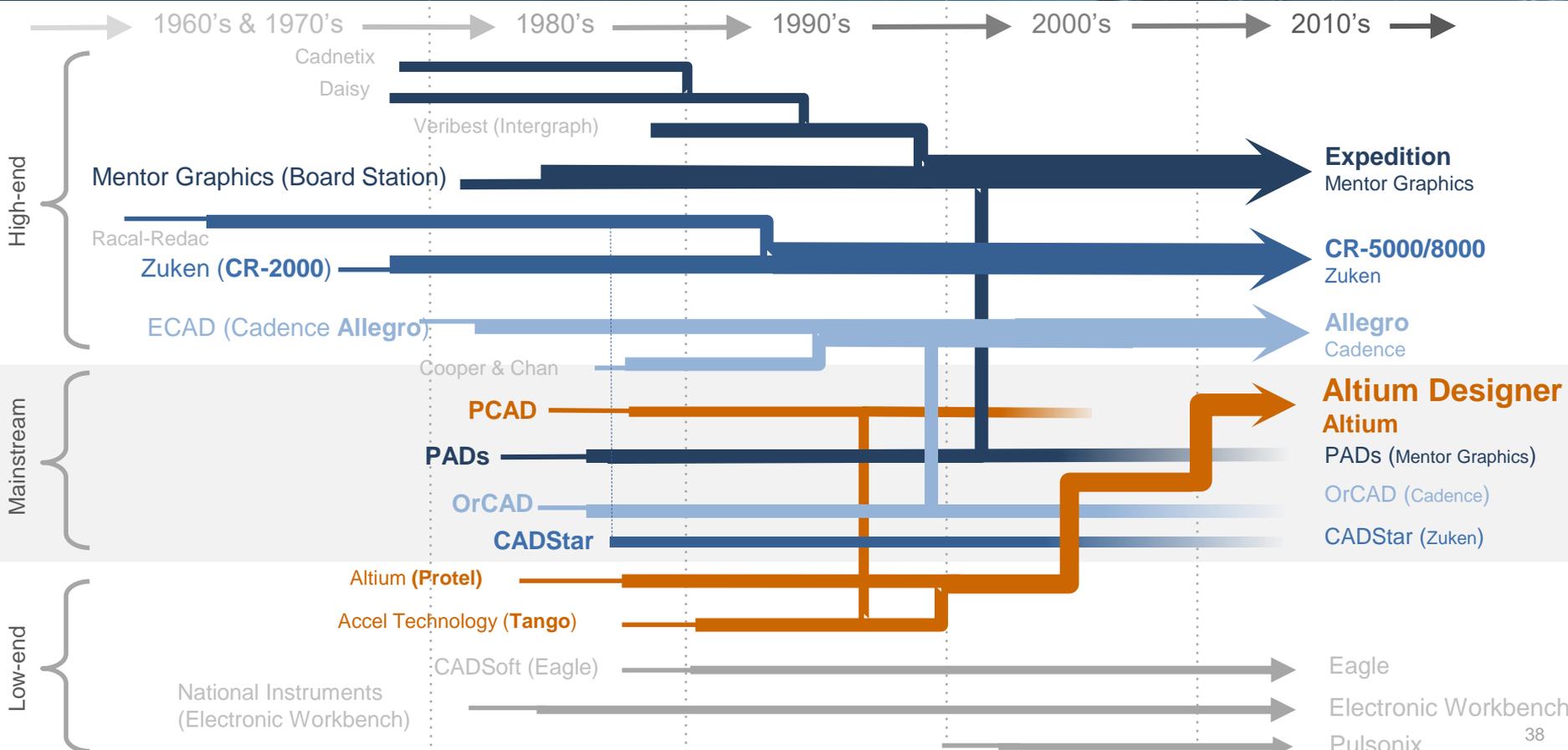
● Network of channel partners, with over 50 authorized Value-Added-Resellers

PCB Design Software Market Segmentation & Size

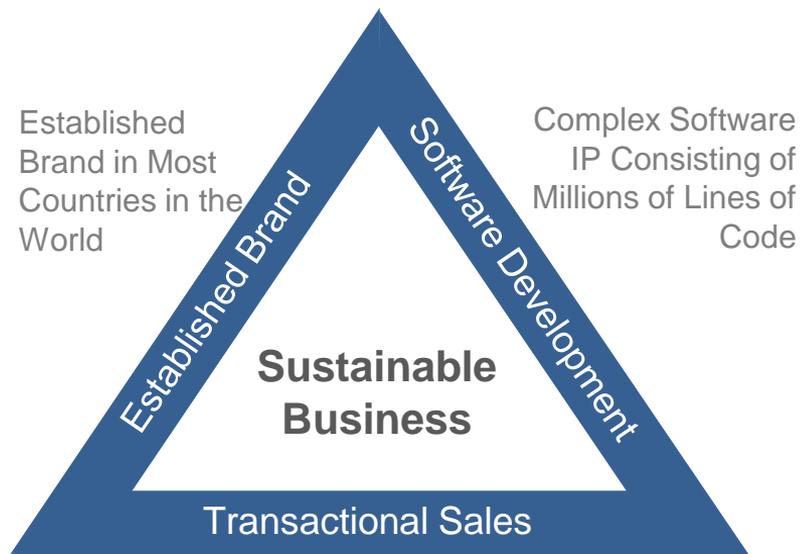
Total Market size: **\$800M**
Currently Addressable: **\$500M**



Industry Consolidation & Competitive Landscape

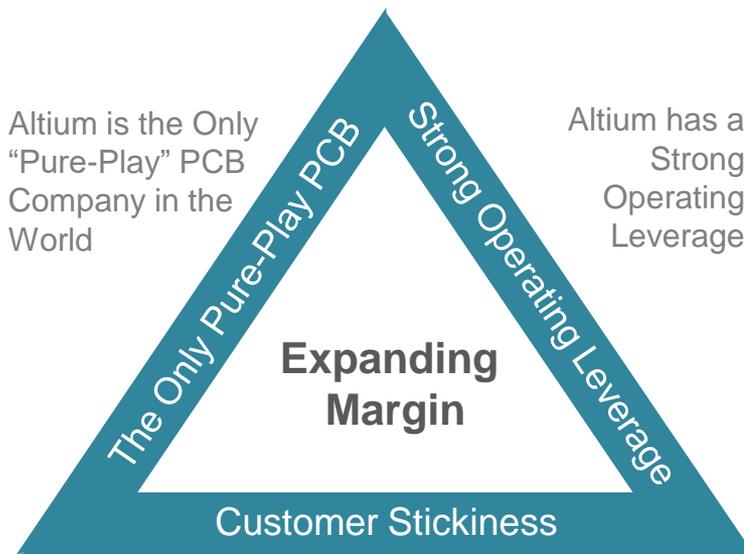


Core Strengths

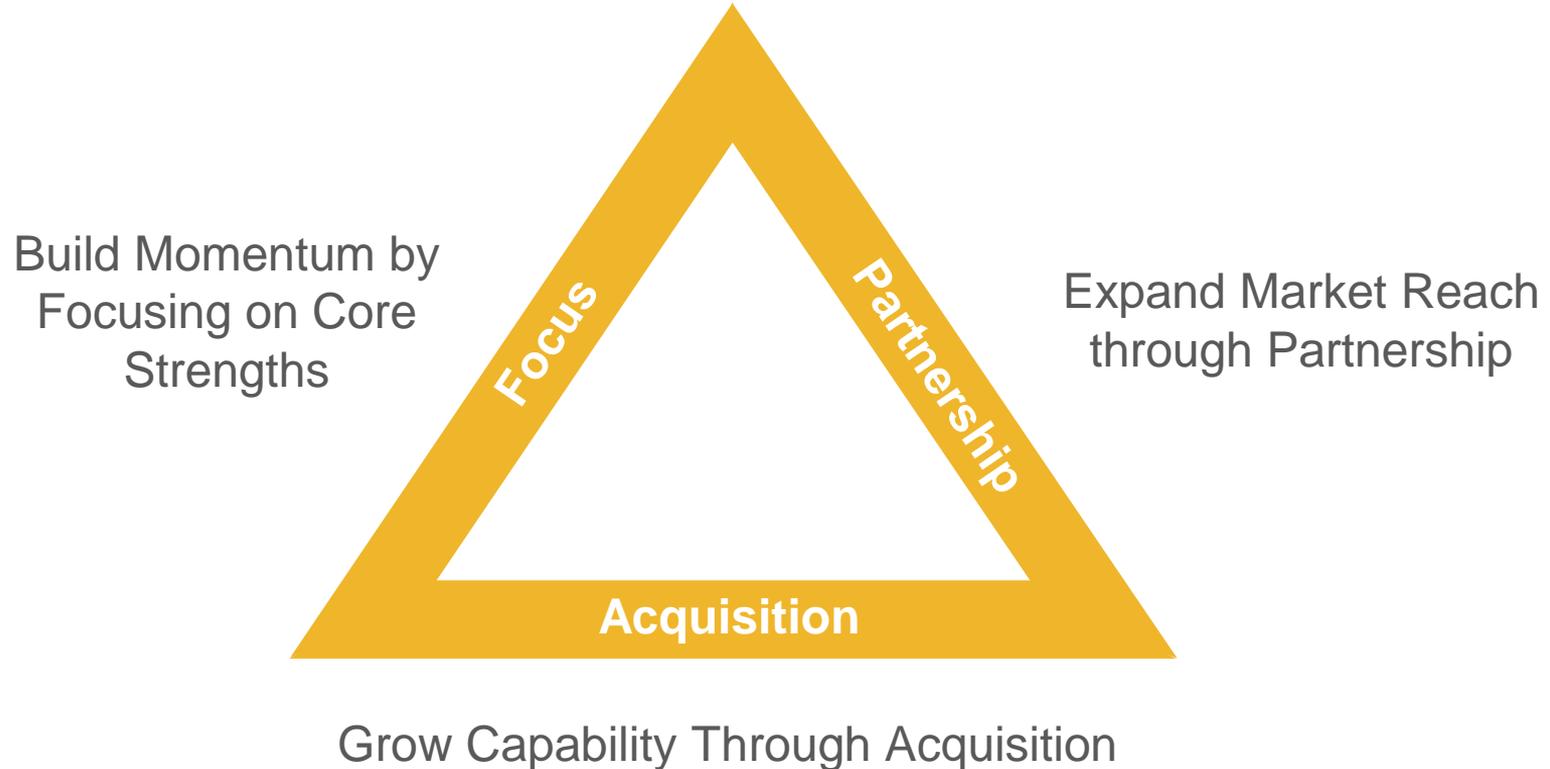


Value-based Sales with Strong Operating Leverage

Competitive Advantages



Altium Enjoys a High Level of Customer Loyalty



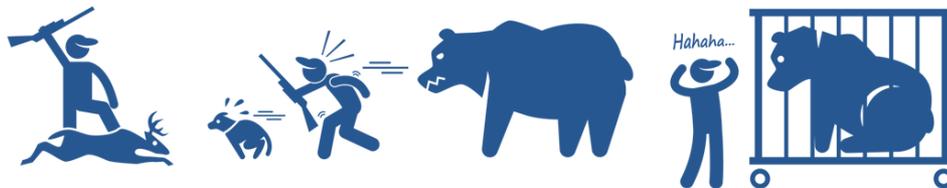
Altium's Leveraged Sales Strategy

New Account Acquisition
Grow Customer Base

Account Management
Reduce Subscription Churn

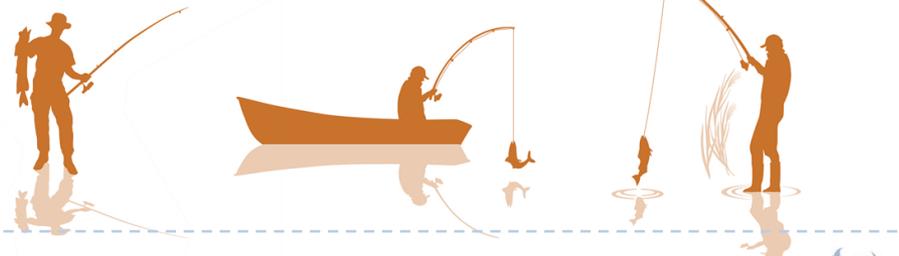
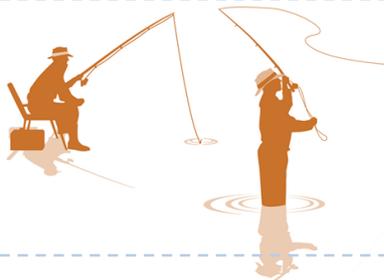
Transaction Size

High-end Sales Model (Hunting)



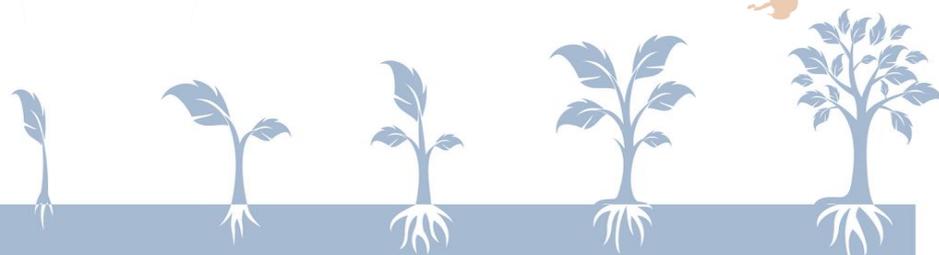
Leveraged Sales

Mainstream Sales Model (Fishing)



Transaction Volume

Lower Mainstream (Farming)



Prospecting

Nurturing

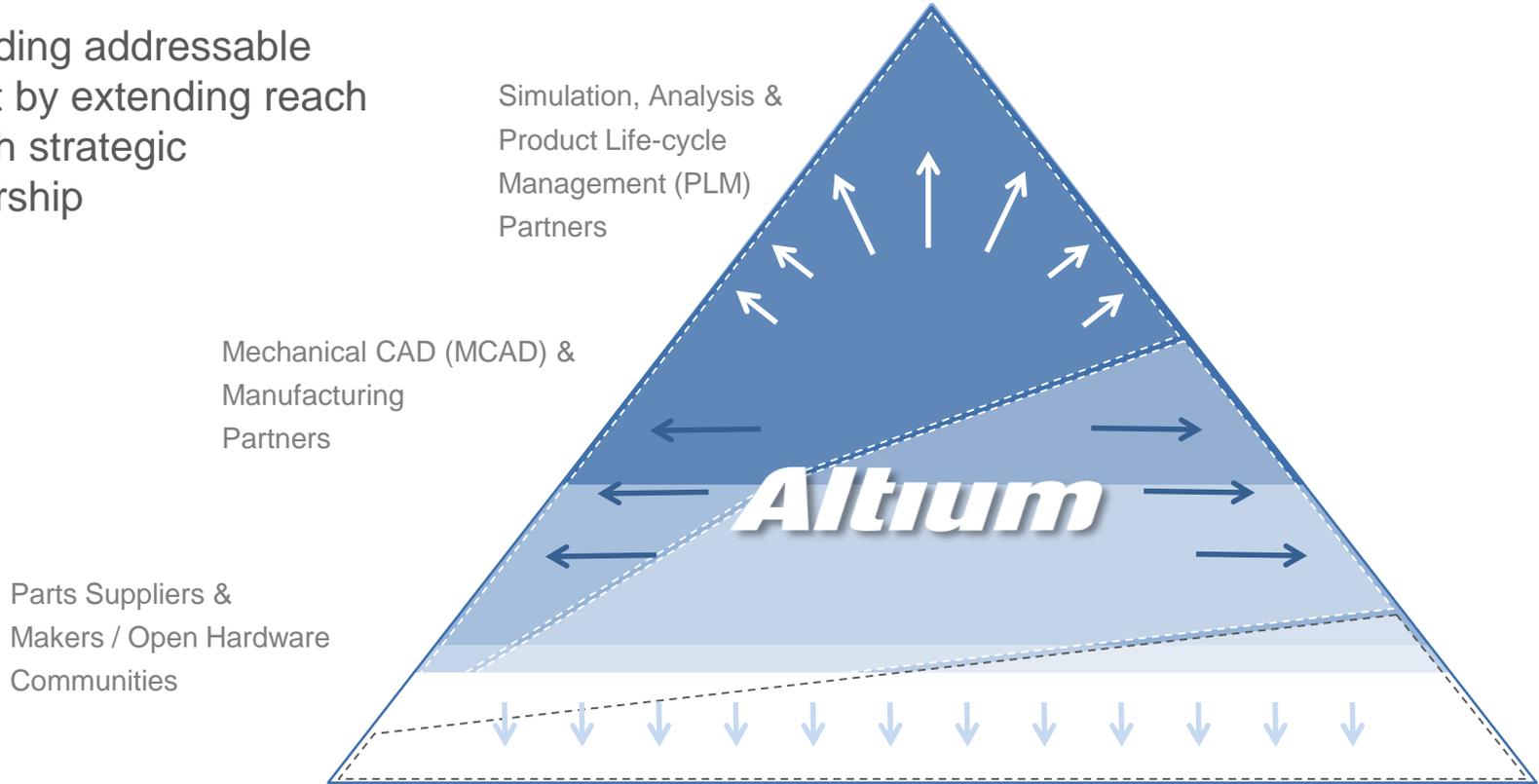
Closing

Customer

Subscriber

Repeat Subscriber

Expanding addressable market by extending reach through strategic partnership



Long – Term Outlook

Altium

- ✓ The proliferation of intelligent products is driver of growth for our business for the foreseeable future
- ✓ Altium will continue to deliver double-digit top line growth while expanding operating margin to enter and maintain 30% plus
- ✓ Altium is on-track to achieve its revenue goal of \$100 million by FY17
- ✓ Altium is confident that achieving market leadership in PCB design software by 2020 is well within its reach