

Delivering Strong Performance &  
Building Momentum for Future Growth

**Altium**

Altium Full Year Investor Presentation

25-28 August 2015  
Sydney & Melbourne

Aram Mirkazemi CEO  
Richard Leon CFO  
Kim Besharati VP IR

*This presentation has been prepared by Altium Limited (ACN 009 568 772) and is for information purposes only. It does not constitute financial product or investment advice or a recommendation to acquire Altium shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal and taxation advice appropriate to their jurisdiction. Altium is not licensed to provide financial product advice in respect of Altium shares.*

*Altium, Altium Designer, Altium Vault, Ciiva, Circuitmaker, Circuistudio, Octopart, PCBWorks, Protel and Tasking, and their respective logos, are trademarks or registered trademarks of Altium Limited, or its subsidiaries. All other registered or unregistered trademarks mentioned in this presentation are the property of their respective owners, and no trademark rights to the same are claimed*

## **Financial data**

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

**Future performance** - Forward looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. An investment in Altium shares is subject to investment and other known and unknown risks, some of which are beyond the control of Altium Limited. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, none of Altium employees, its directors, employees or agents, nor any other person accepts any liability, including, without limitation, any liability arising out of fault or negligence, for any loss arising from the use of the information contained in this presentation. In particular, no representation or warranty, express or implied is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in this Presentation nor is any obligation assumed to update such information. Such forecasts, prospects or returns are by their nature subject to significant uncertainties and contingencies. Before making an investment decision, you should consider, with or without the assistance of a financial adviser, whether an investment is appropriate in light of your particular investment needs, objectives and financial circumstances.

# Agenda

**Altium**

- 1 Company Highlights & Significant Achievements
- 2 2015 Financial Performance & Metrics
- 3 Pursuing Market Leadership in PCB Design Software
- 4 Successful Execution & Progress Update
- 5 Appendix: Company Overview & Long –Term Outlook

# Altium's FY15 Financial Highlights

\$90M —

Sales metrics removed



## Maintain top line growth and expand margins.

13% revenue growth and EBIT margin increased from 24% to 27%.



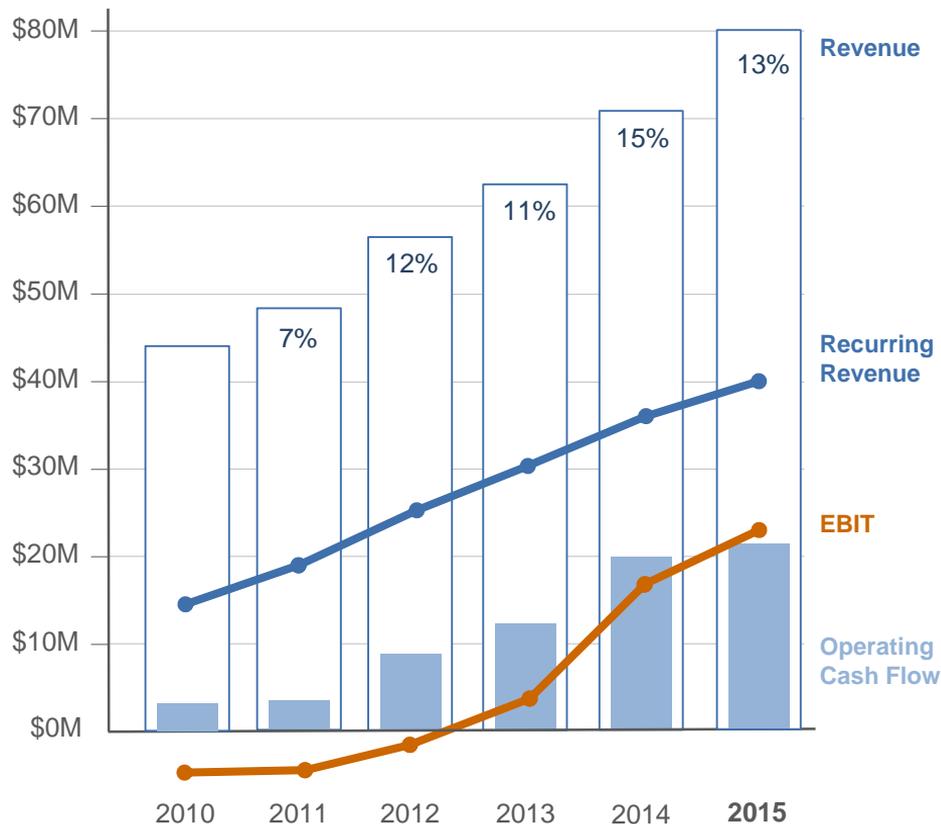
## Acquire New Logo's.

Acquired in excess 1,680 new accounts at average of 1.46 seats per account.

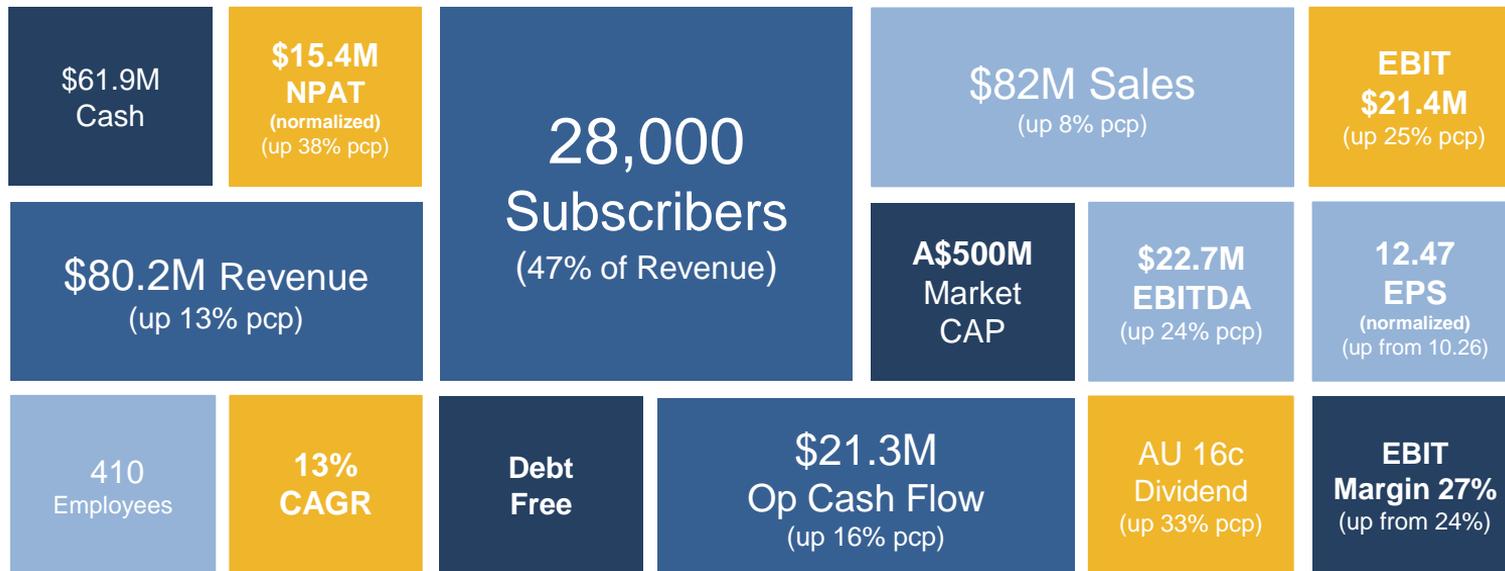


## Increase subscription renewals rates.

Renewal rates in key regions improved 3% to 84% compared to FY14.



## Altium's FY15 Financial Metrics



# Progress Update – Significant Milestones



- ✓ Completed preparation for the launch of our enterprise go-to-market strategy
- ✓ Laid the foundation for a strong partnership in ECAD & MCAD through the launch of PCBWorks
- ✓ Achieved a significant step forward in Altium's content & data management strategy through acquisitions of Octopart & Ciiva
- ✓ Developed a strategic partnership with CST (a supplier of Electromagnetic Simulation Technology)
- ✓ Relocated the heart of our business to the USA
- ✓ Furthered momentum in Americas sales
- ✓ Prepared the foundation for scaling up our operations in EMEA

## Completed transformation of US sales

- ✓ The new team structure delivering strong performance for direct sales
- ✓ Focused marketing efforts building a strong opportunity pipeline
- ✓ Early signs of our sales strategy gaining traction for the long-term play

## Underlying metrics growing in strength

- ✓ Increasing new licences
- ✓ Growing subscriptions

## Increasing focus and intensity in FY16

- ✓ Establish a stronger direct corporate presence in EMEA
- ✓ Strengthen and increase the capacity of our reseller channel
- ✓ Further strengthen EMEA leadership

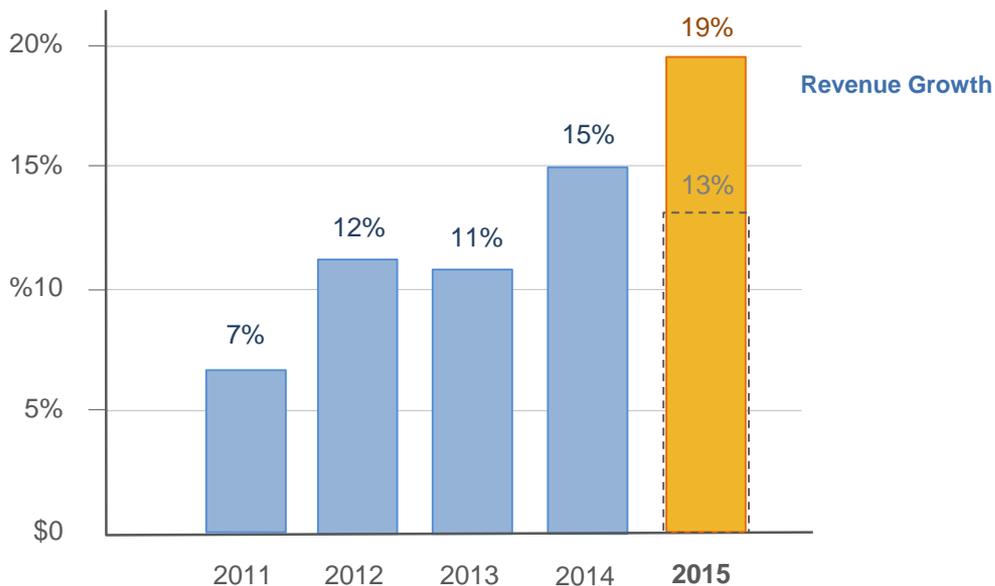
## Challenging macroeconomic conditions

- ✓ Impact from a weakening Euro currency not fully overcome
- ✓ Business fundamentals remain solid

# A Constant Currency View of Sales and Revenue

Revenue for FY15 would have been reported as \$84 million (19% growth, instead of 13%)

Sales for FY15 would have been reported as \$87 million (15% growth, instead of 8%)



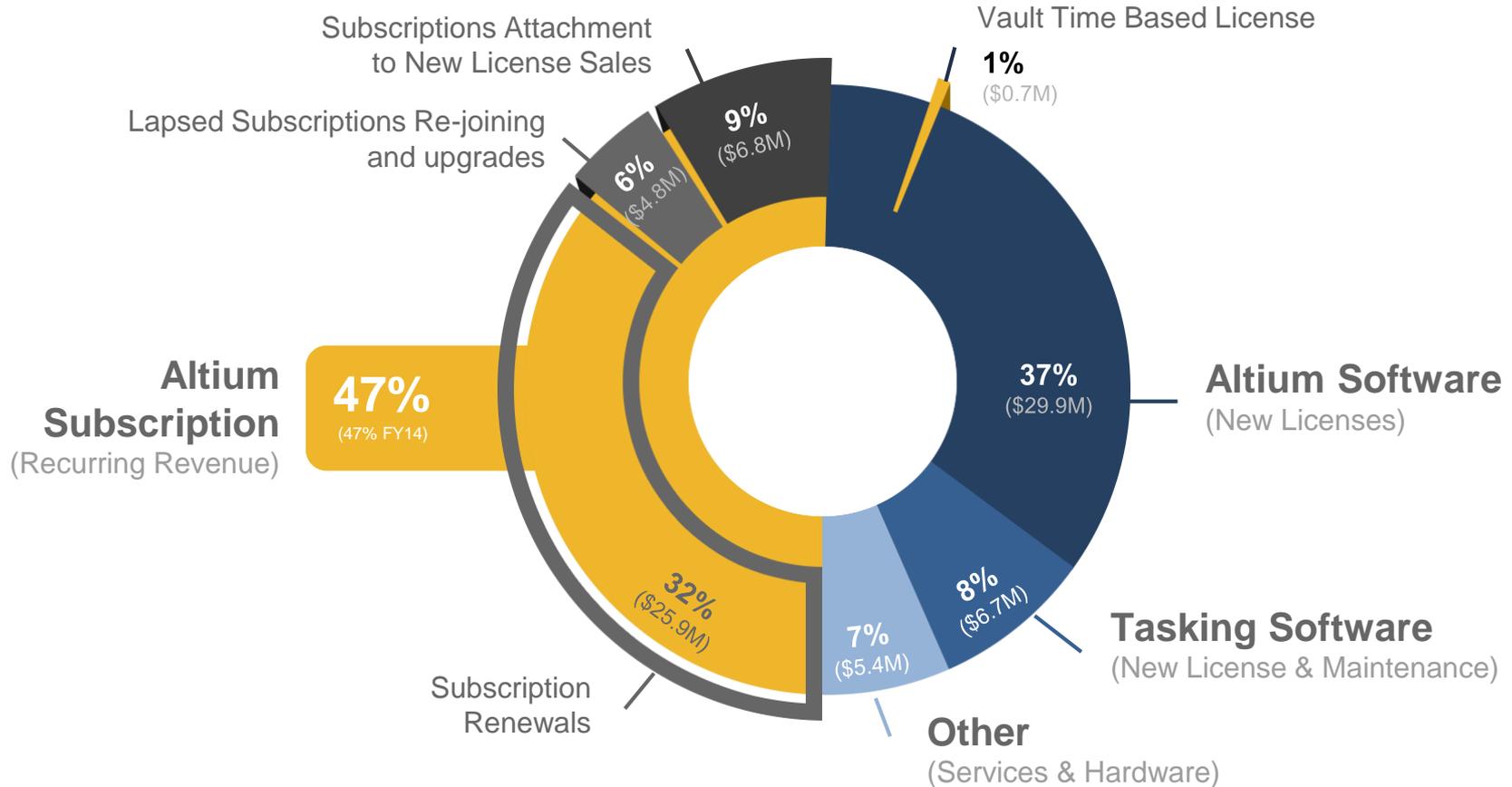
Results in constant currency demonstrate the underlying momentum in our growth

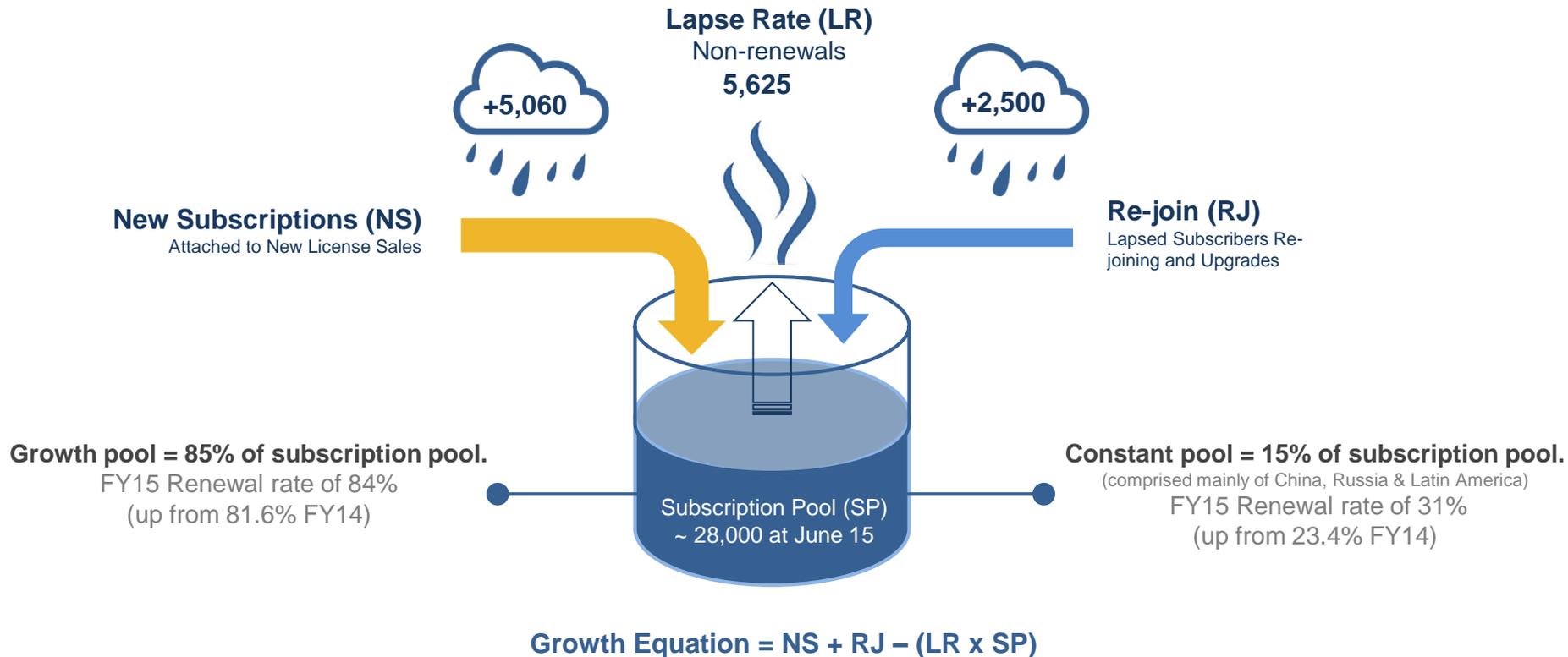
# Agenda

**Altium**

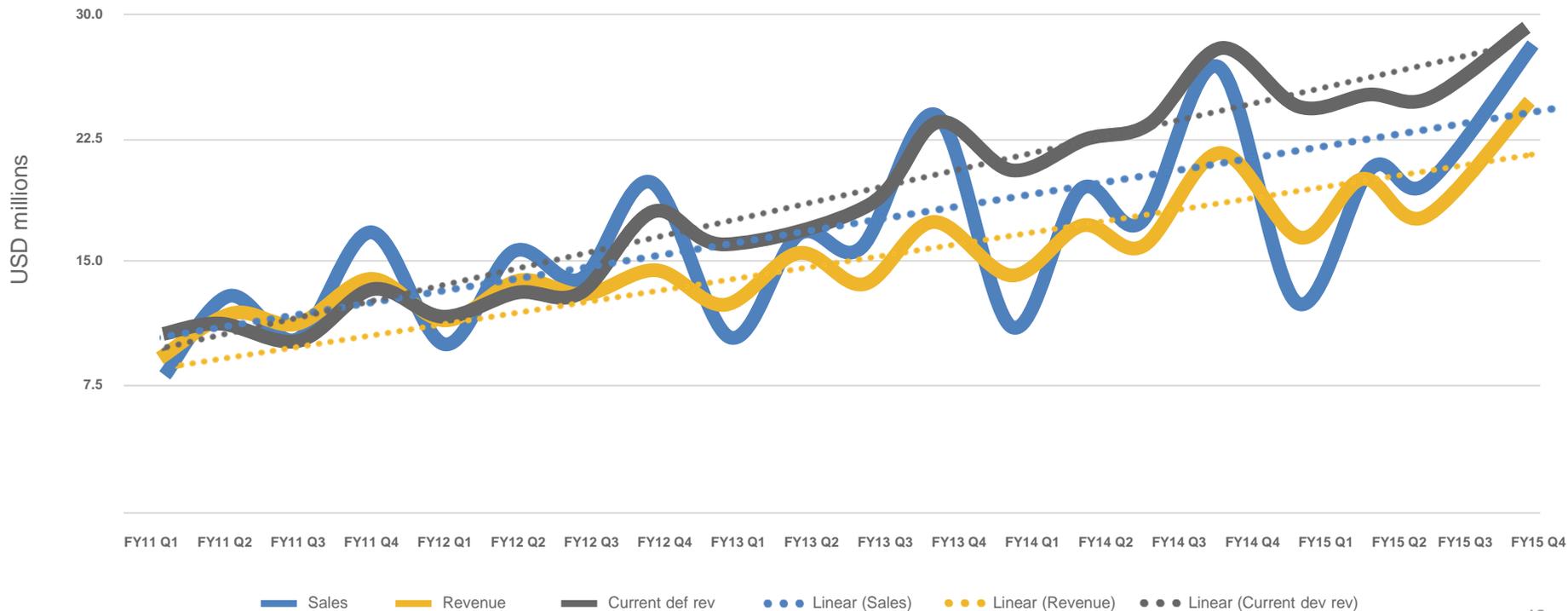
- 1 Company Highlights & Significant Achievements
- 2 2015 Financial Performance & Metrics
- 3 Pursuing Market Leadership in PCB Design Software
- 4 Successful Execution & Progress Update
- 5 Appendix: Company Overview & Long –Term Outlook

# Altium's Revenue Sources



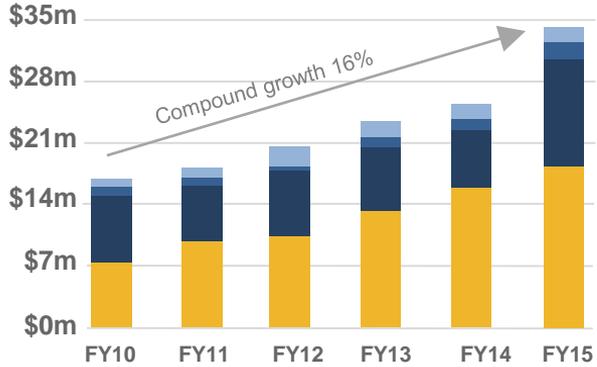


## Revenue vs Sales per Quarter

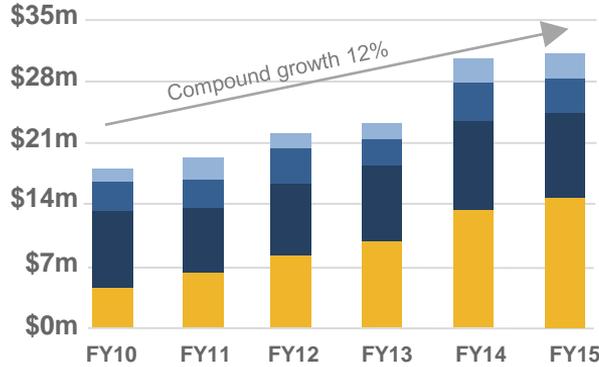


# Revenue by Region

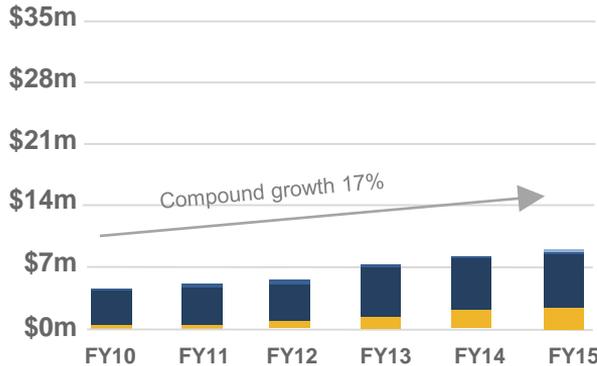
### Americas



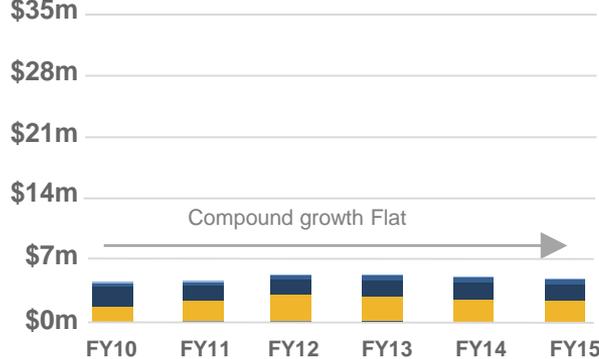
### EMEA



### China



### APAC



**5 YEAR**  
**CAGR 13%**  
 Across All Regions

- Other
- Tasking (Licenses & Maintenance)
- Altium Licenses
- Altium Subscription

## Workforce investment

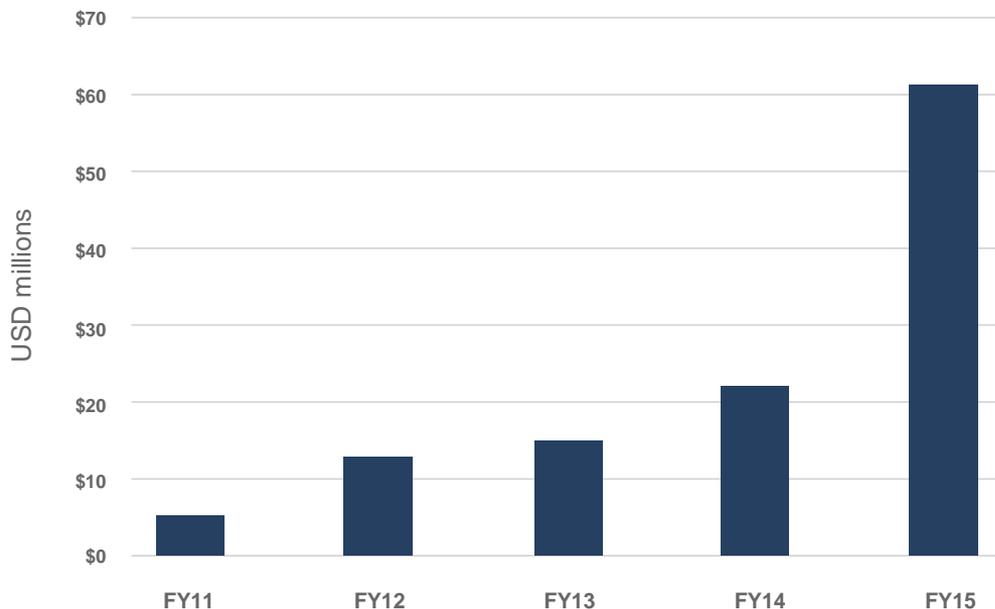
Investment focus and deployment to drivers of growth being R&D and Sales & Marketing resources.

Customer success consist of software maintenance, technical support and user education. Operating leverage realised as growth of subscription revenue outpace investment needed in customer success team.



- Functions**
- Research & Development
  - Sales & Marketing
  - Customer Success
  - General & Admin

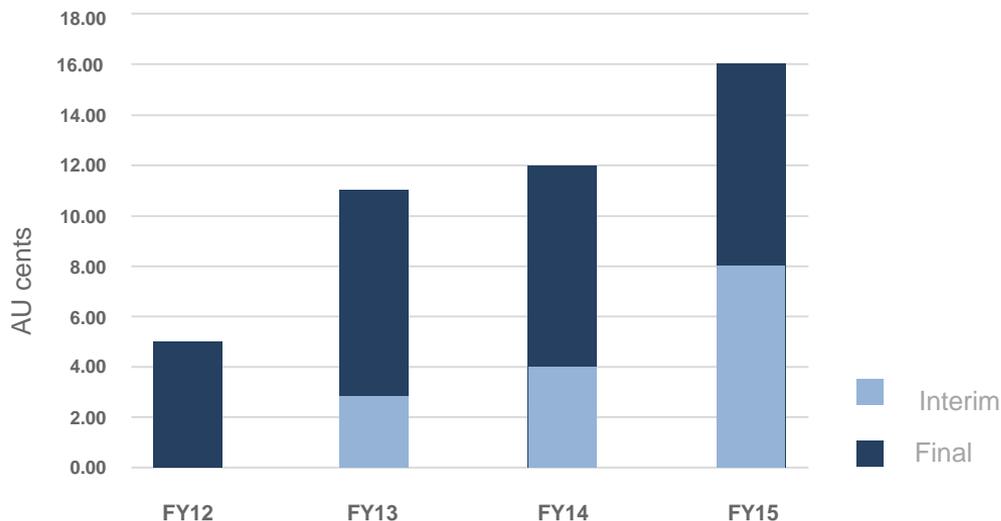
## Cash and Cash equivalents



Minimal borrowings - Debt/Equity less than 1%

	FY 15 \$ '000	FY 14 \$ '000	Var \$ '000	%
Cash and cash equivalents	61,906	22,049	39,857	181%
Trade and other receivables	20,459	22,429	(1,970)	-9%
Other assets	2,200	1,582	618	39%
<b>Total current assets</b>	<b>84,565</b>	<b>46,060</b>	<b>38,505</b>	<b>84%</b>
<b>Non-current assets</b>				
Trade and other receivables	1,499	1,136	363	32%
Property, plant and equipment	3,886	1,908	1,978	104%
Deferred tax assets	81,622	4,879	76,743	1573%
Other assets	19	19	-	-
<b>Total non-current assets</b>	<b>87,007</b>	<b>7,942</b>	<b>79,065</b>	<b>996%</b>
<b>Total assets</b>	<b>171,572</b>	<b>54,002</b>	<b>117,570</b>	<b>218%</b>
<b>Current liabilities</b>				
Trade and other payables	5,988	5,499	489	9%
Borrowings	60	60	-	0%
Tax liabilities	4,989	338	4,651	1376%
Provisions	1,908	1,773	135	8%
Deferred revenue	28,773	29,727	(954)	-3%
<b>Total current liabilities</b>	<b>41,718</b>	<b>37,397</b>	<b>4,321</b>	<b>12%</b>
<b>Non-current liabilities</b>				
Borrowings	53	88	(35)	-40%
Provisions	1,202	2,829	(1,627)	-58%
Deferred revenue	6,091	5,981	110	2%
Other liabilities	906	116	790	681%
<b>Total non-current liabilities</b>	<b>8,252</b>	<b>9,014</b>	<b>(762)</b>	<b>-8%</b>
<b>Total liabilities</b>	<b>49,970</b>	<b>46,411</b>	<b>3,559</b>	<b>8%</b>
<b>Net assets</b>	<b>121,602</b>	<b>7,591</b>	<b>114,011</b>	<b>1502%</b>
<b>Equity</b>				
Contributed equity and reserves	131,767	94,268	37,499	40%
Accumulated losses	(10,165)	(86,677)	76,512	-88%
<b>Total equity</b>	<b>121,602</b>	<b>7,591</b>	<b>114,011</b>	<b>1502%</b>

## Dividends paid/declared



Successful Capital raising  
 Operating Cash Flow up 16% to \$21.3m  
 Continue to return dividend to shareholders.

	FY 15 \$ '000	FY 14 \$ '000	Var \$ '000	%
<b>Cash flows from operating activities</b>				
Receipts from customers	82,464	75,689	6,775	9%
Payments to suppliers and employees	(60,692)	(55,708)	(4,984)	9%
Net Interest	305	138	167	121%
Net income taxes paid	(732)	(1,667)	935	-56%
<b>Operating Cash Flow</b>	<b>21,345</b>	<b>18,452</b>	<b>2,893</b>	<b>16%</b>
<b>Capital Expenditure</b>				
Payments for property, plant and equipment	(2,338)	(1,296)	(1,042)	80%
Payments for acquisition	(947)	-	(947)	
<b>Free Cash Flow</b>	<b>18,060</b>	<b>17,156</b>	<b>904</b>	<b>5%</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares and exercise of options	39,966	2,943	37,023	1258%
Dividends paid	(15,886)	(12,808)	(3,078)	24%
Repayment of borrowings	(66)	(157)	91	-58%
Subtotal	42,074	7,134	34,940	490%
Effects of exchange rate changes	(2,217)	159	(2,376)	
Increase in cash and cash equivalents	<b>39,857</b>	<b>7,293</b>	<b>32,564</b>	<b>447%</b>

# Full Year Results Key Metrics



US\$ millions	Jun-15	Jun-14	% Change
Revenue	80.2	71.0	13%
Expenses	57.5	52.6	9%
<b>EBITDA</b>	<b>22.7</b>	<b>18.3</b>	<b>24%</b>
Depreciation	1.3	1.0	30%
Amortisation	-	0.3	
<b>EBIT</b>	<b>21.4</b>	<b>17.1</b>	<b>25%</b>
Net interest	-0.2	-	
Income tax (normalized)	6.2	6.0	3%
<b>NPAT (normalized)</b>	<b>15.4</b>	<b>11.2</b>	<b>38%</b>

	Jun-15	Jun-14	% Change
<b>EPS (US cents)</b>	<b>12.47</b>	<b>10.26</b>	<b>22%</b>
<b>Dividends (AU cents)</b>	<b>16</b>	<b>12</b>	<b>33%</b>
<b>Key margin analysis</b>			
EBIT margin	27%	24%	
EBITDA margin	28%	26%	
Net profit before tax margin	27%	24%	
Net profit after tax margin (n)	19%	16%	
Return on equity	30%	27%	
<b>Balance Sheet (USD millions)</b>			
Cash and cash equivalents	61.9	22.0	181%
<b>Operating cashflows</b>	<b>21.3</b>	<b>18.5</b>	<b>16%</b>

# Acquisitions of Octopart and Ciiva – Financial Impact



- ✓ These acquisitions are of strategic significance in pursuit of PCB Market leadership
- ✓ The combined acquisitions are expected to be EPS accretive at low single digits for FY16 and projected to continue to be self-funding
- ✓ These acquisitions will for the most part be funded through the free cash-flow and reserves generated from Altium's organic business
- ✓ Octopart - Altium will pay US\$12 million for the business on completion subject to customary closing conditions. There will also be additional performance based earn-out payments over the next three financial years contingent on meeting aggressive revenue targets and margin milestones
- ✓ Ciiva - Altium paid a purchase price of US\$4 million of which US\$2 million was paid in cash at the date of purchase with the remaining US\$2 million to be paid in equal installments on the first and second anniversaries of the share purchase agreement date
- ✓ Addition of key management and engineering skills augment Altium's existing Content team realizing cost synergies
- ✓ The combined group revenue for Altium, Octopart & Ciiva for the last 12 months is \$84M

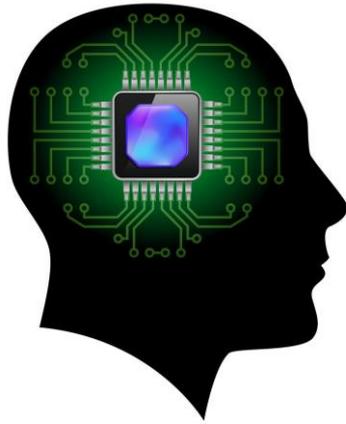
# Agenda

**Altium**

- 1 Company Highlights & Significant Achievements
- 2 2015 Financial Performance & Metrics
- 3 Pursuing Market Leadership in PCB Design Software
- 4 Successful Execution & Progress Update
- 5 Appendix: Company Overview & Long –Term Outlook

# Rise of Smart Connected Devices



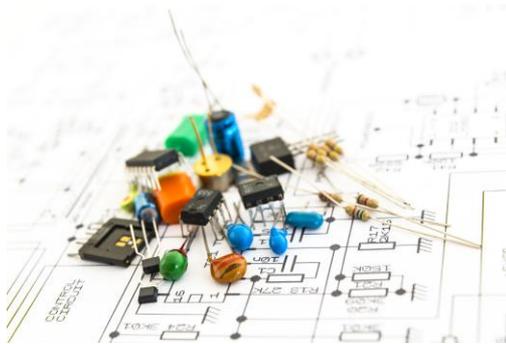


Printed Circuit Boards Central to Electronics



Selecting the right electronic parts is critical to the success of electronic products

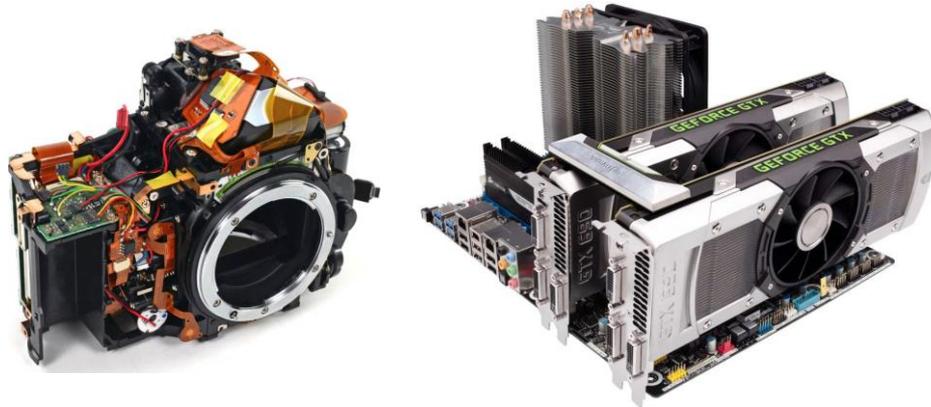
Design



Fabrication



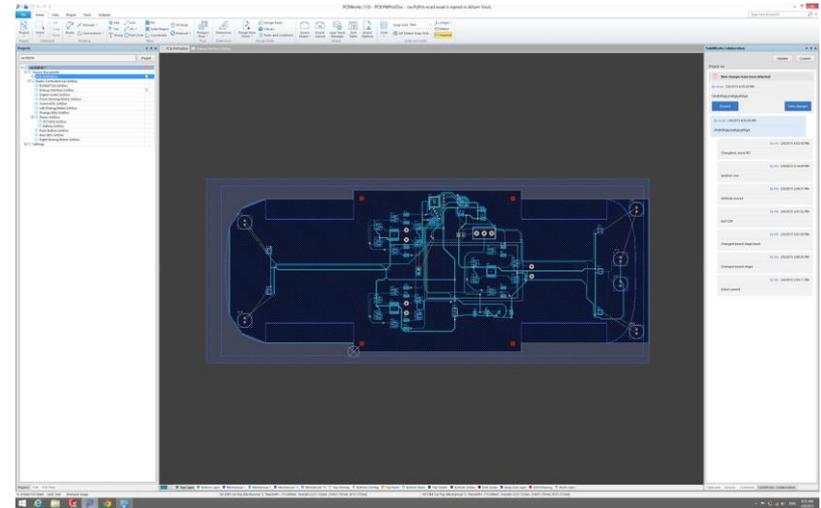
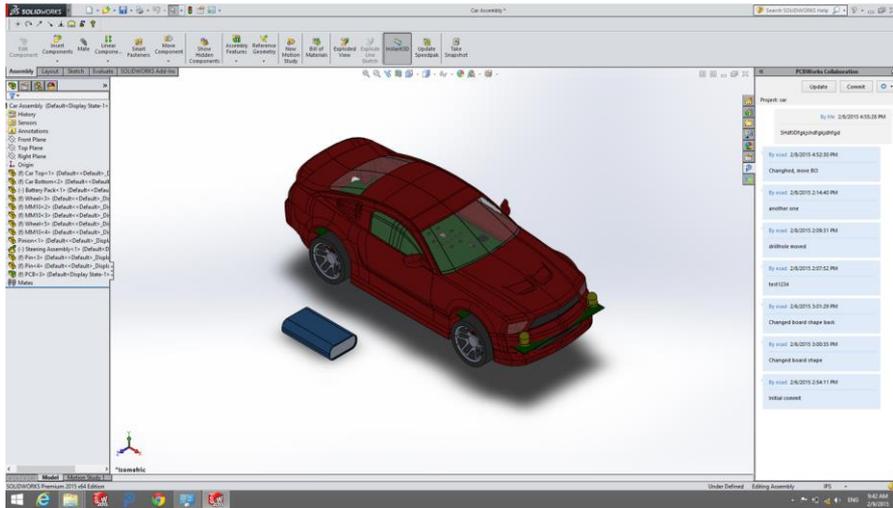
Managing bill of materials over the product lifecycle is essential for avoiding problems in manufacturing



Advanced design capabilities are important for high-end design

# The Future of Design is Multidisciplinary

Altium

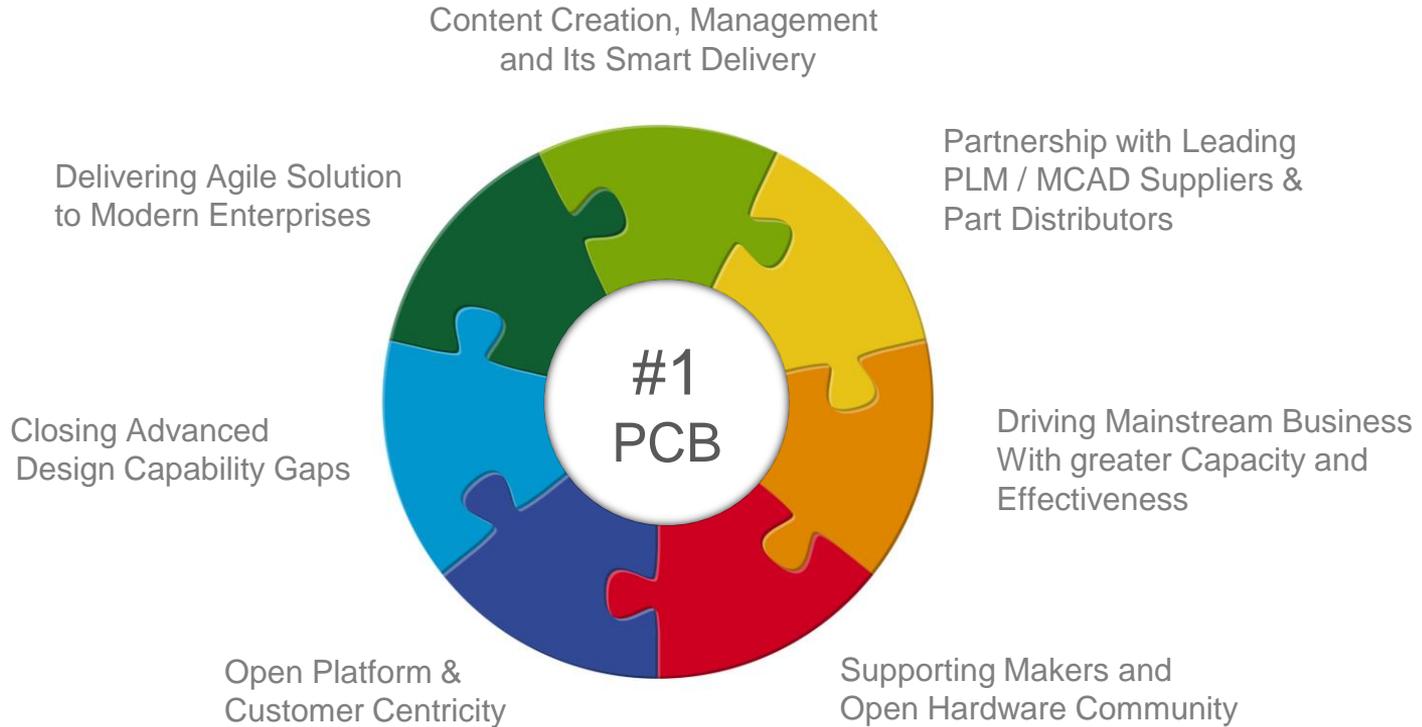


MCAD & ECAD can no longer stay as two separate worlds





Traditional solutions from leading EDA companies are not suitable for the needs of large enterprises new to electronics



# Agenda

**Altium**

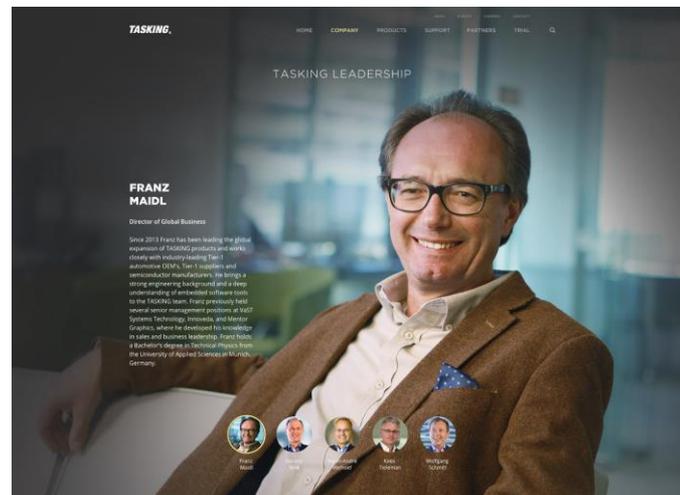
- 1 Company Highlights & Significant Achievements
- 2 2015 Financial Performance & Metrics
- 3 Pursuing Market Leadership in PCB Design Software
- 4 Successful Execution & Progress Update**
- 5 Appendix: Company Overview & Long –Term Outlook

**Altium**



+

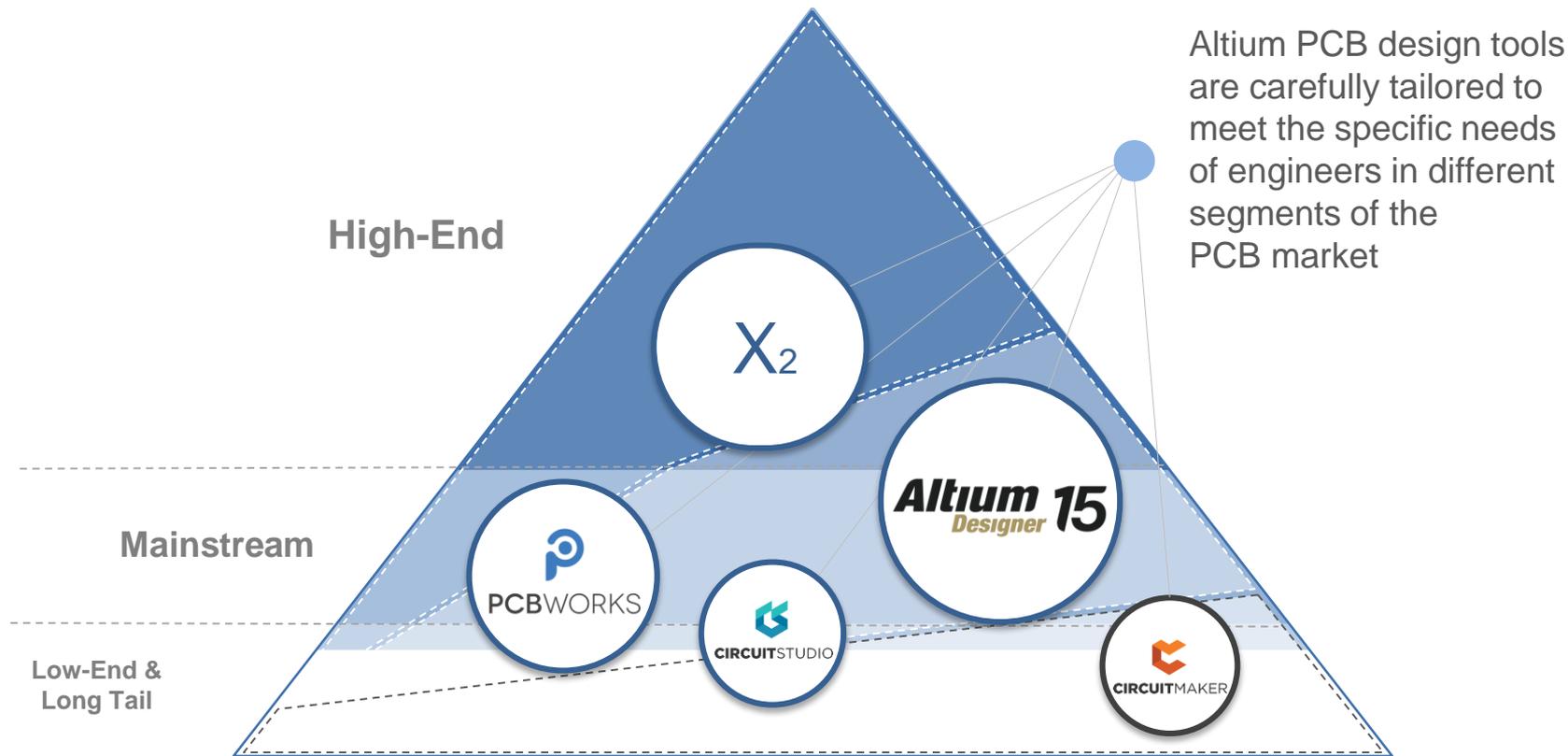
**TASKING**



The “agility” from Altium & the “enterprise know-how” from TASKING are the underpinnings of our enterprise go-to-market strategy

- ✓ Through TASKING's help, Altium has achieved its most significant multi-million, multi-year contract with a large enterprise customer within the automotive industry
- ✓ Altium recruited Henry Potts (former Head of Mentor's PCB Division) to further bolster our go-to-market strategy and our enterprise solutions
- ✓ TASKING has just signed its largest single deal in its history (US\$2.6 million) with one of the major tier 1 suppliers of automotive technology
- ✓ The reorganization of TASKING's sales force to bolster its capacity to support Altium's enterprise-go-to market strategy
- ✓ We are actively engaged with some of the newer enterprises and we will be sharing internal milestones that track the progress on the execution of our Agile Enterprise Strategy in February

# A Unique PCB Design Solution For Every Market Segment



# Growing Capability Through Acquisition & Partnership



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

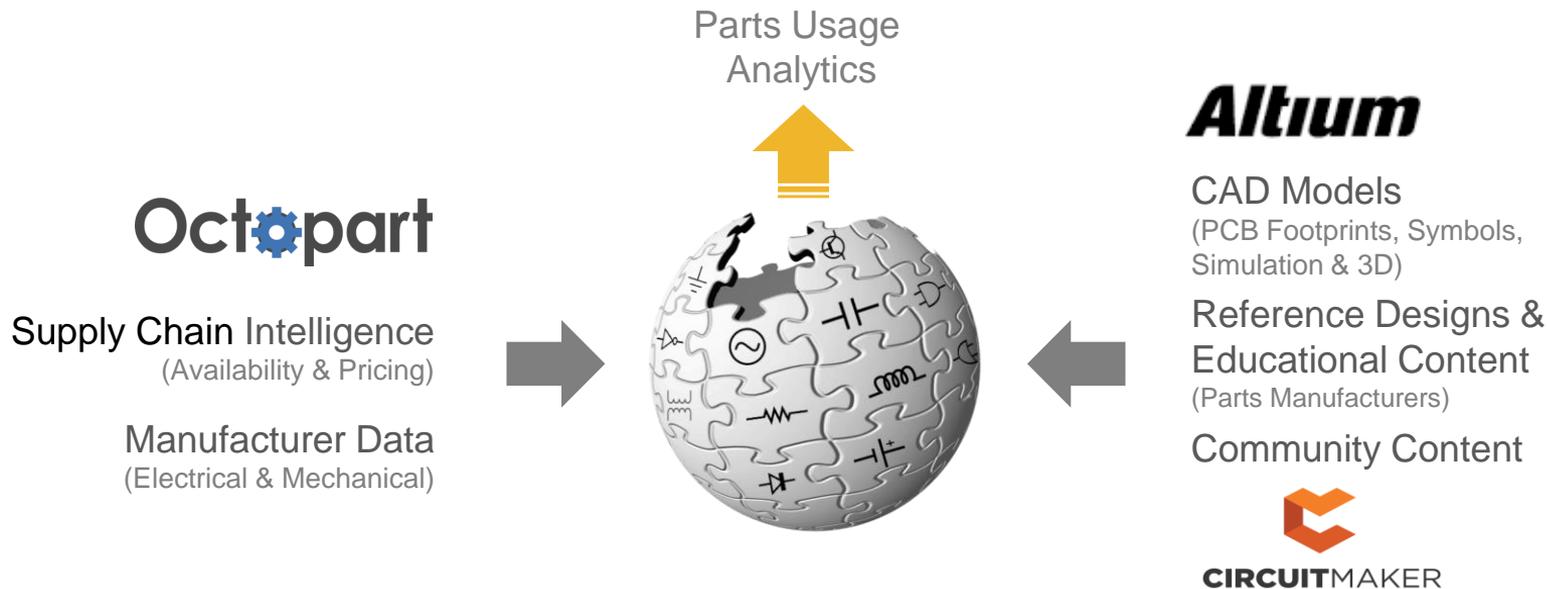
# Octopart

Connecting Design Space to Supply Chain

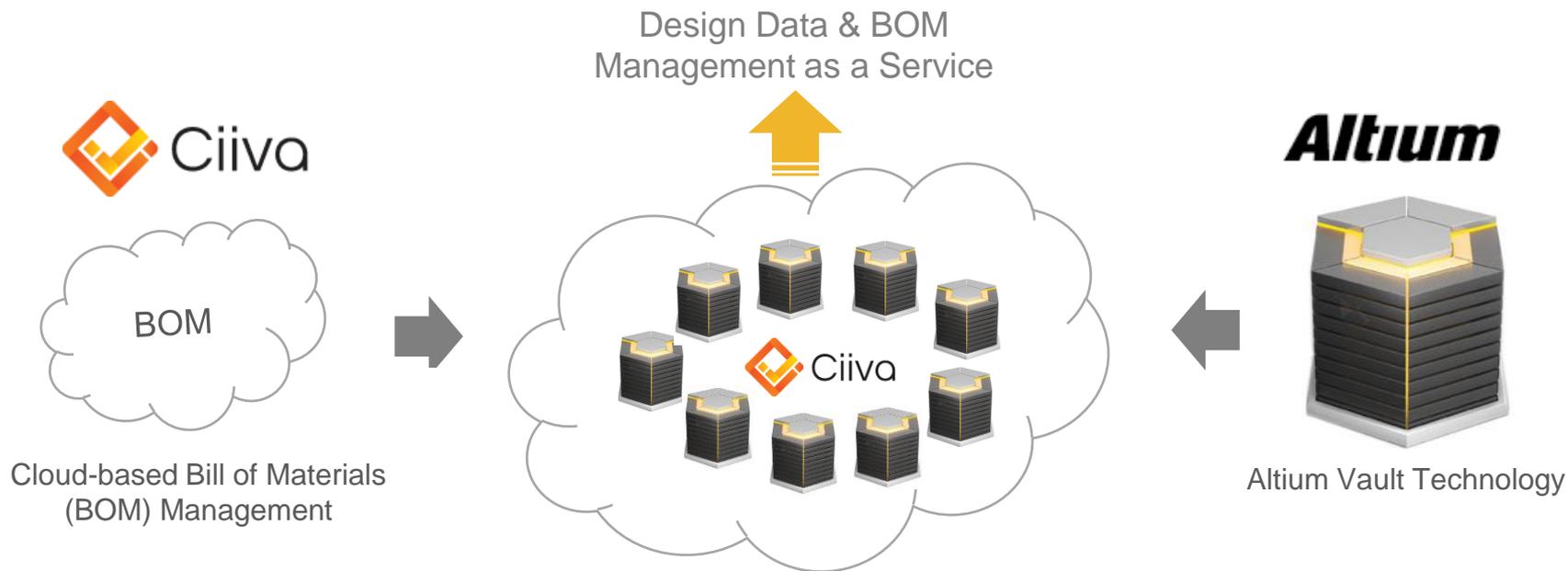


Design Data Management & BOM as a Service

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

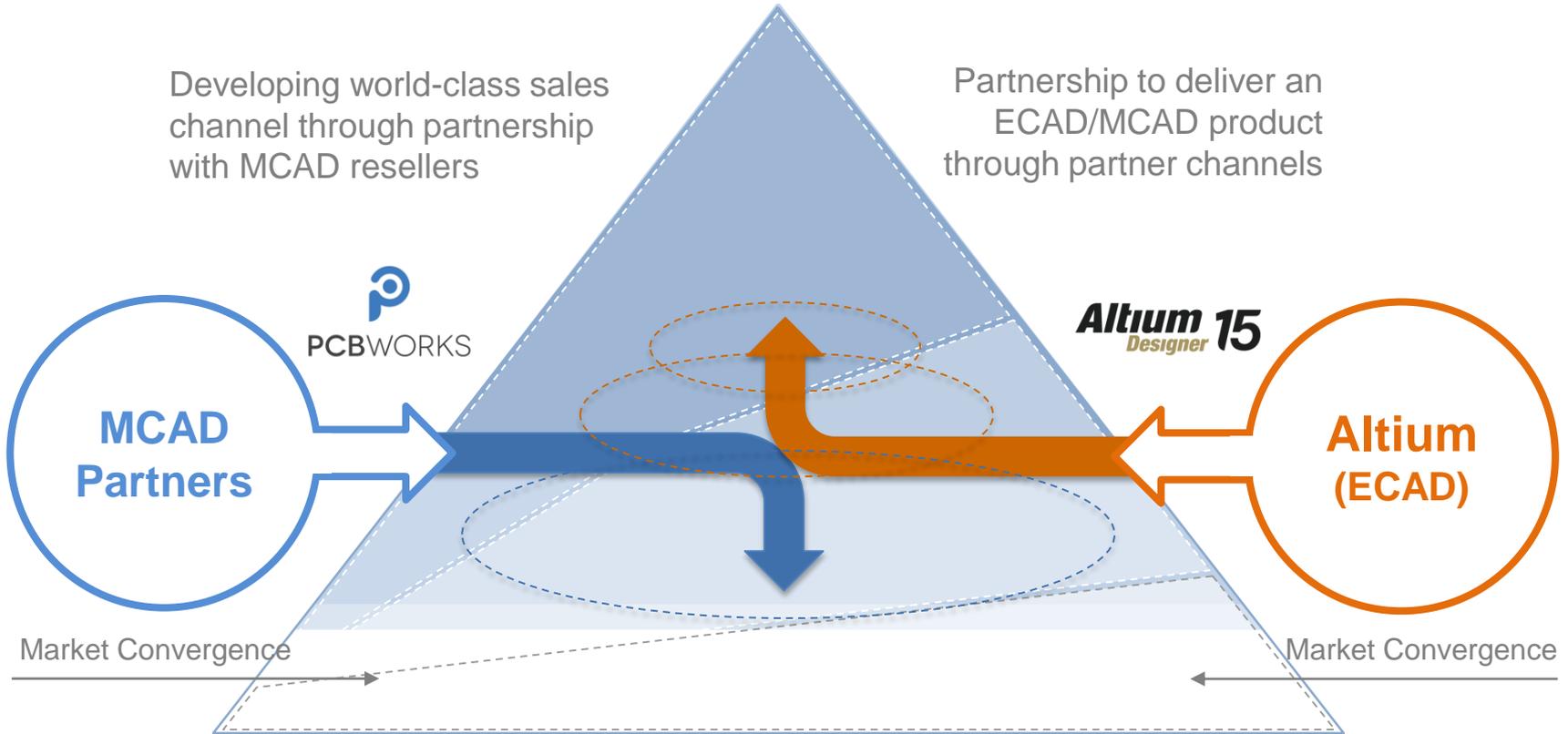


The combined content from Altium & Octopart bring the required ingredients to lay the foundation for a Wikipedia for Electronic Design



Design data management & BOM as a Service will drive adoption and accelerate the commercialization of Altium's Vault Technology

# Executing on ECAD / MCAD Strategy



# Questions and Answers

**Altium**



# Agenda

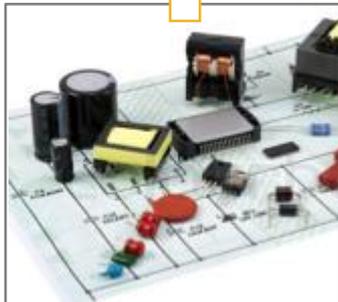
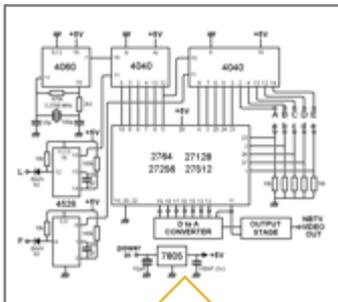
**Altium**

- 1 Company Highlights & Significant Achievements
- 2 2015 Financial Performance & Metrics
- 3 Pursuing Market Leadership in PCB Design Software
- 4 Successful Execution & Progress Update
- 5 Appendix: Company Overview & Long –Term Outlook

# 30 Years of Continuous R&D in PCB Design Software

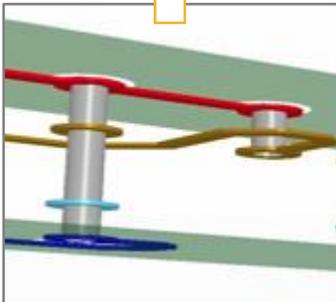
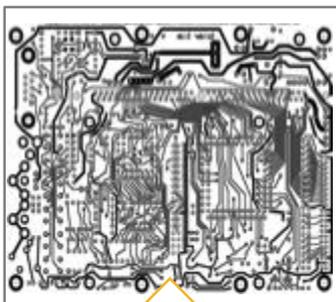


## Circuit Diagram



Design Capture

## Layout Film



Layout

## Bare Board

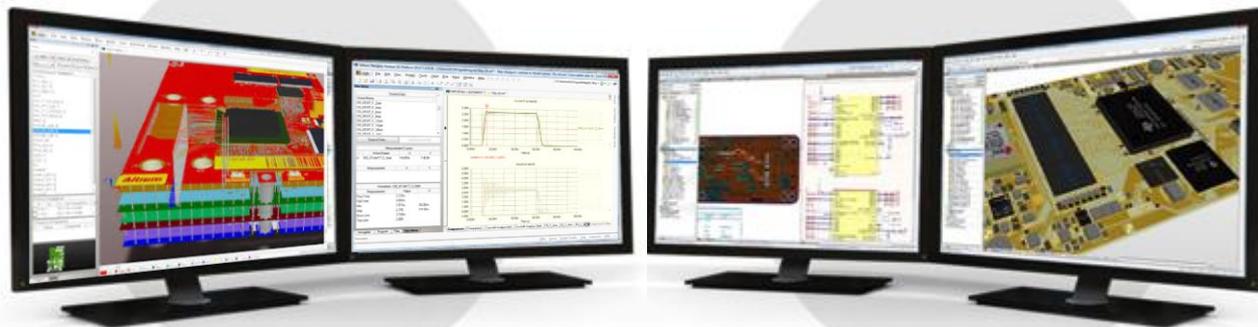


Fabrication

## 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

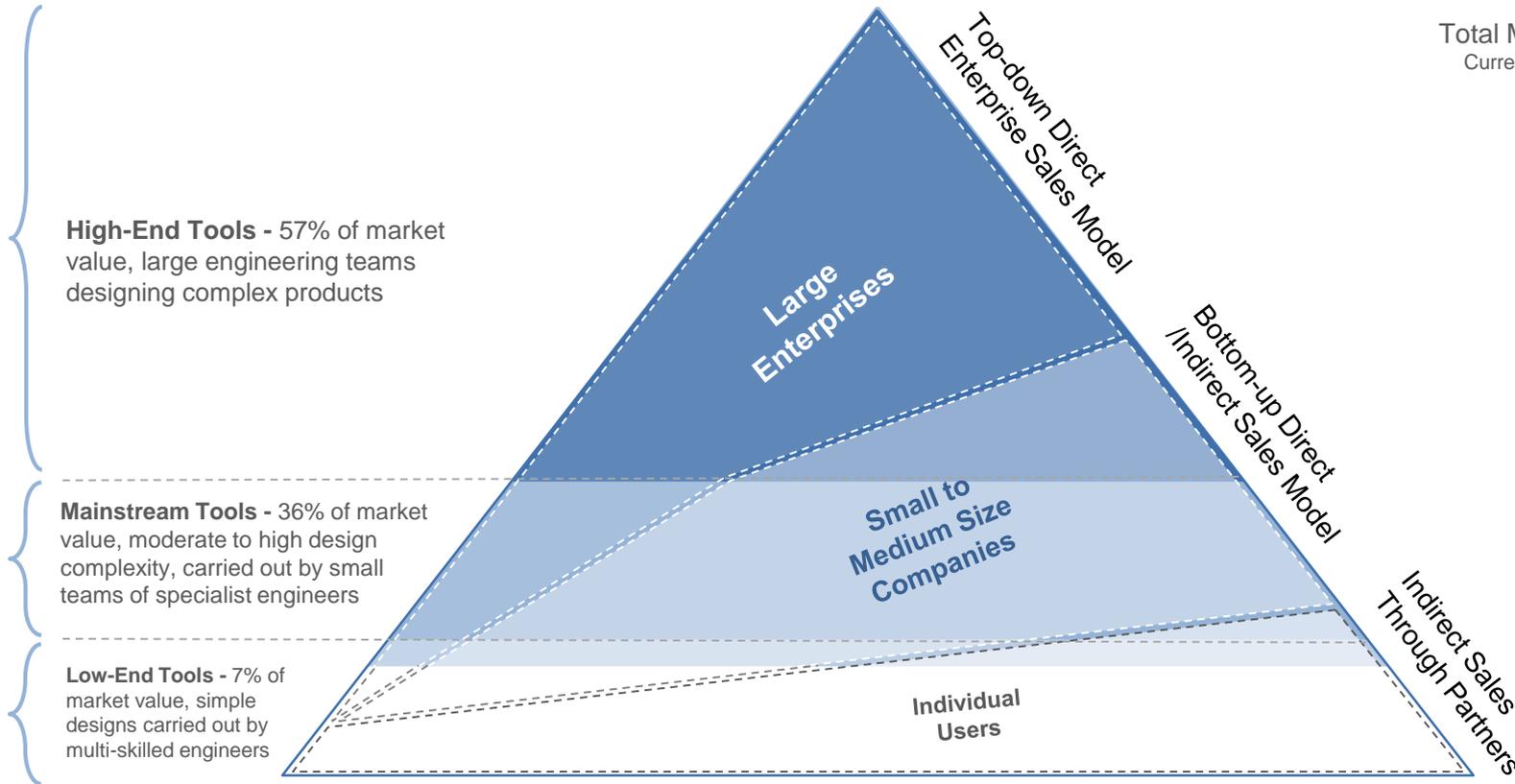
San Diego, Karlsruhe, Shanghai

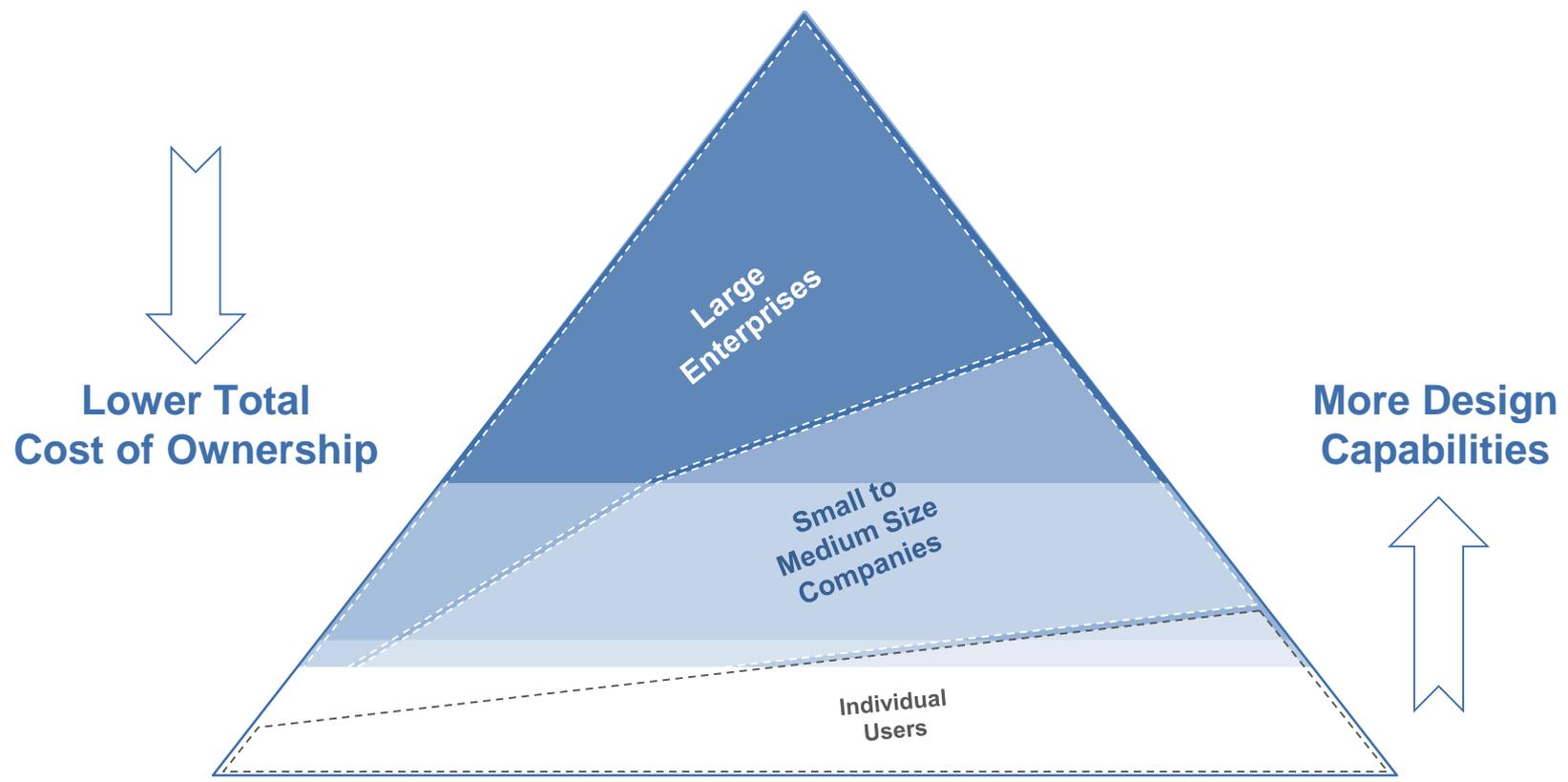


● Network of channel partners, with over 50 authorized Value-Added-Resellers

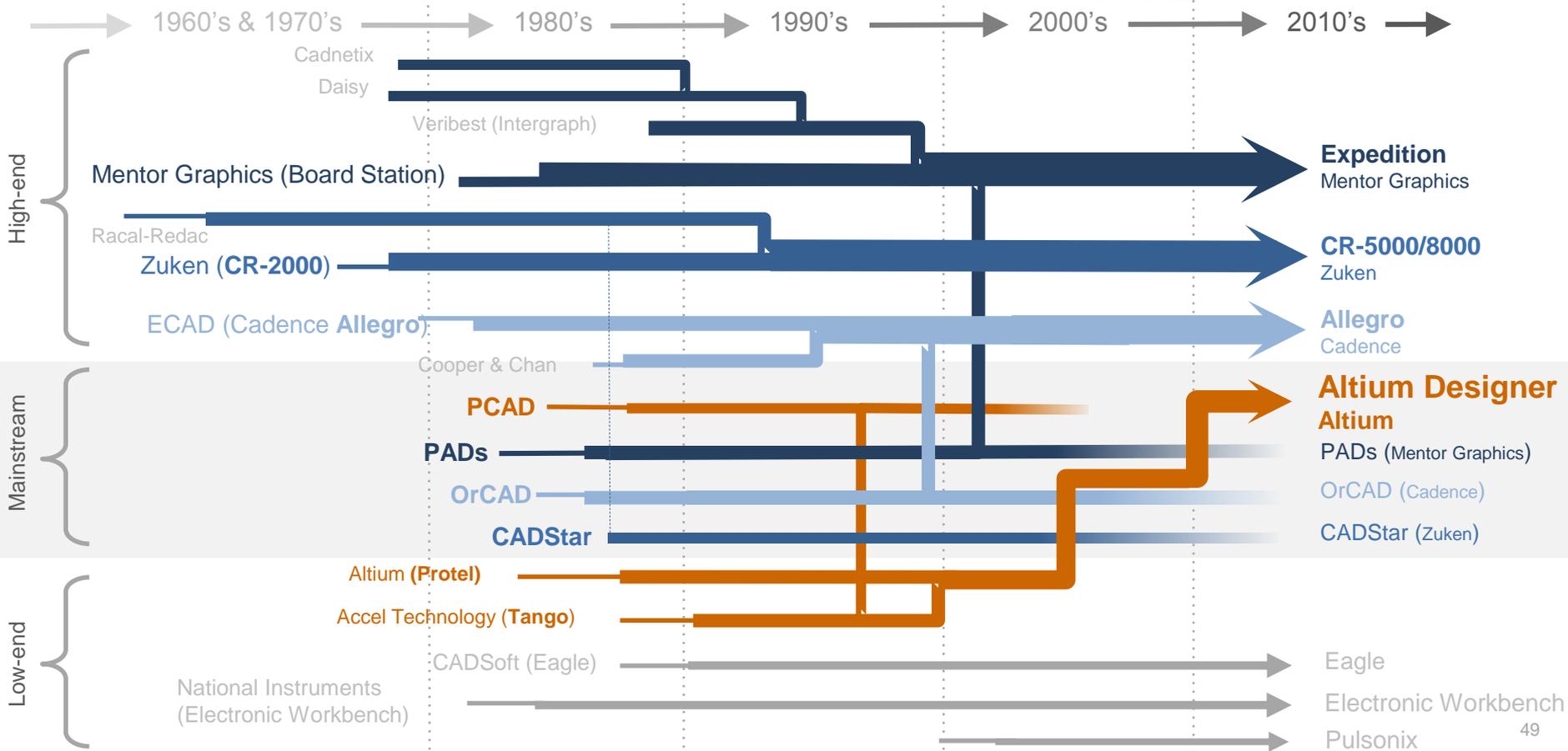
# PCB Design Software Market Segmentation & Size

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

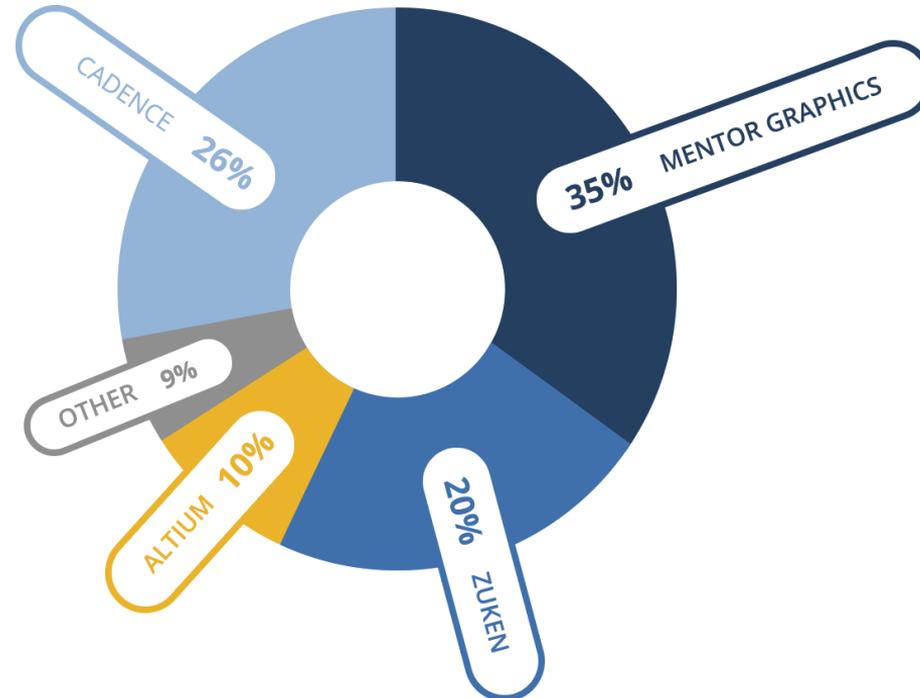




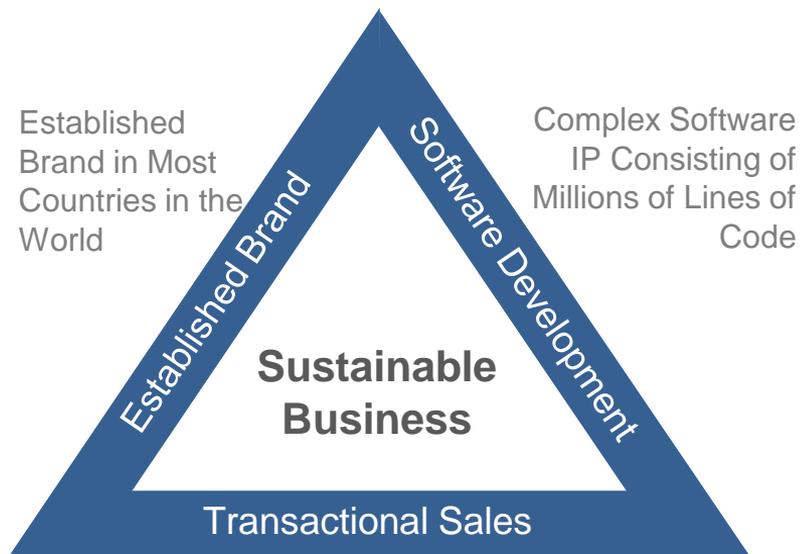
# Industry Consolidation & Competitive Landscape



Printed Circuit Board Estimated Market Share  
(by Revenue)

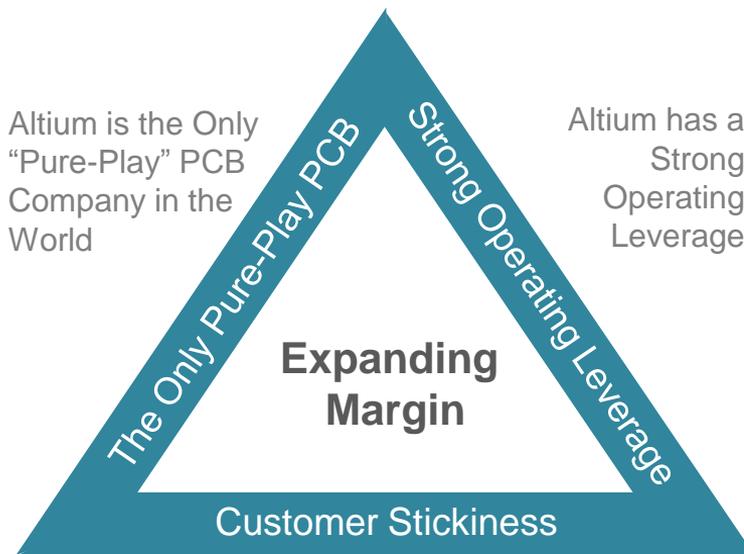


## Core Strengths

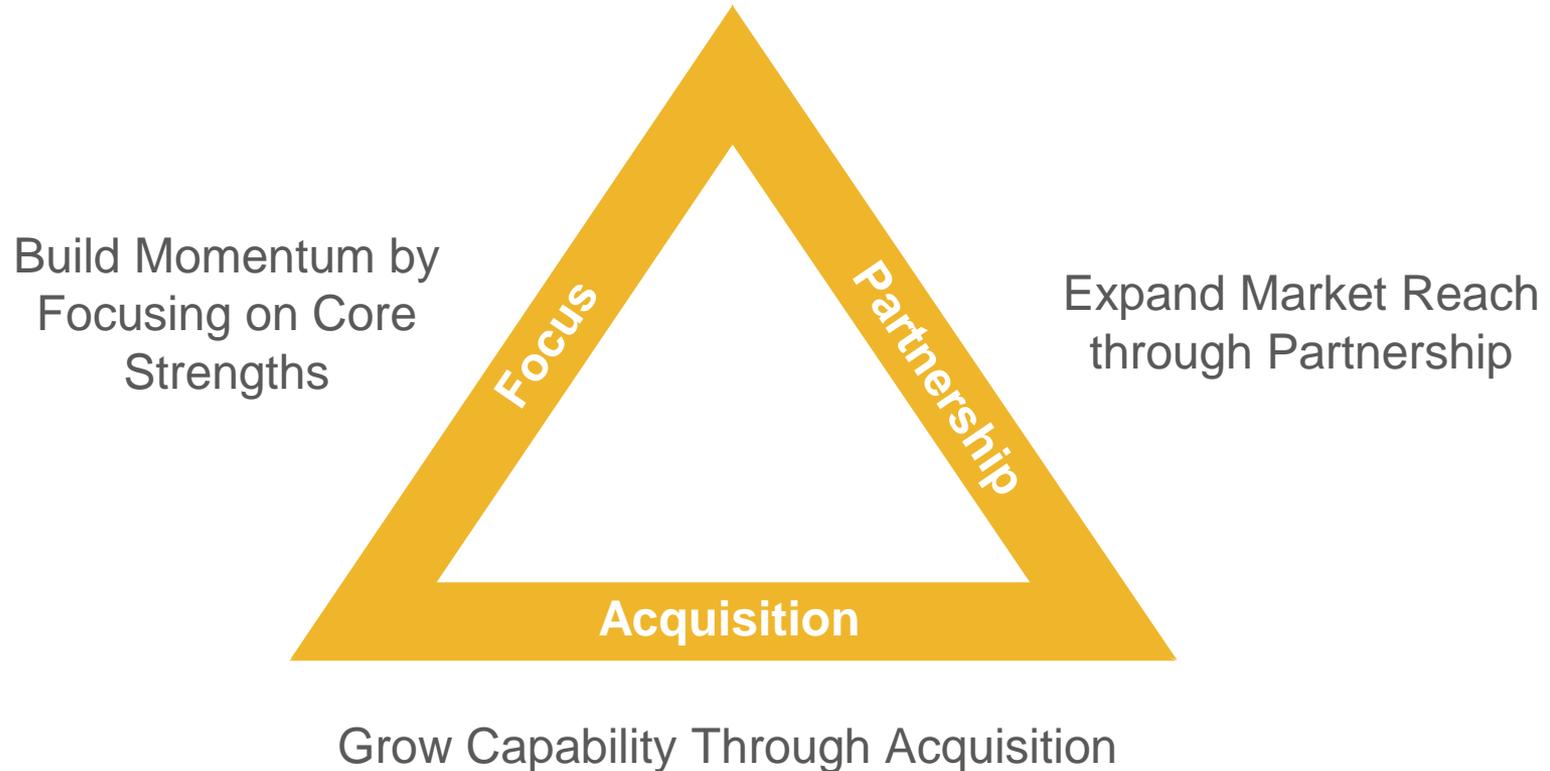


Value-based Sales with Strong Operating Leverage

## Competitive Advantages



Altium Enjoys a High Level of Customer Loyalty



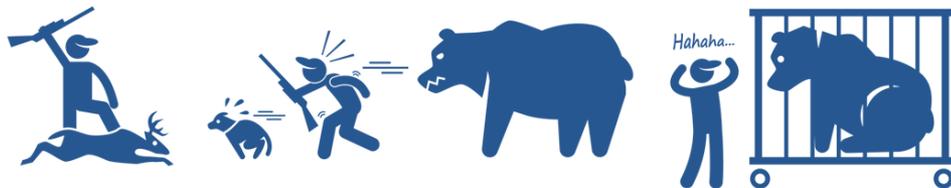
# Altium's Leveraged Sales Strategy

New Account Acquisition  
Grow Customer Base

Account Management  
Reduce Subscription Churn

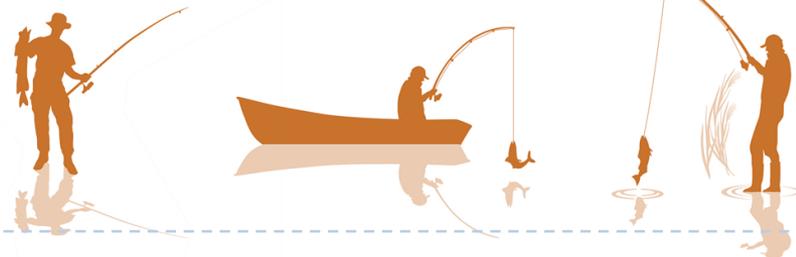
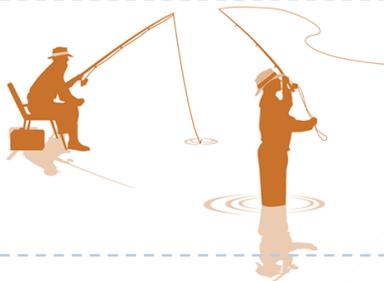
Transaction Size

High-end Sales Model (Hunting)



Leveraged Sales

Mainstream Sales Model (Fishing)



Transaction Volume

Lower Mainstream (Farming)



Prospecting

Nurturing

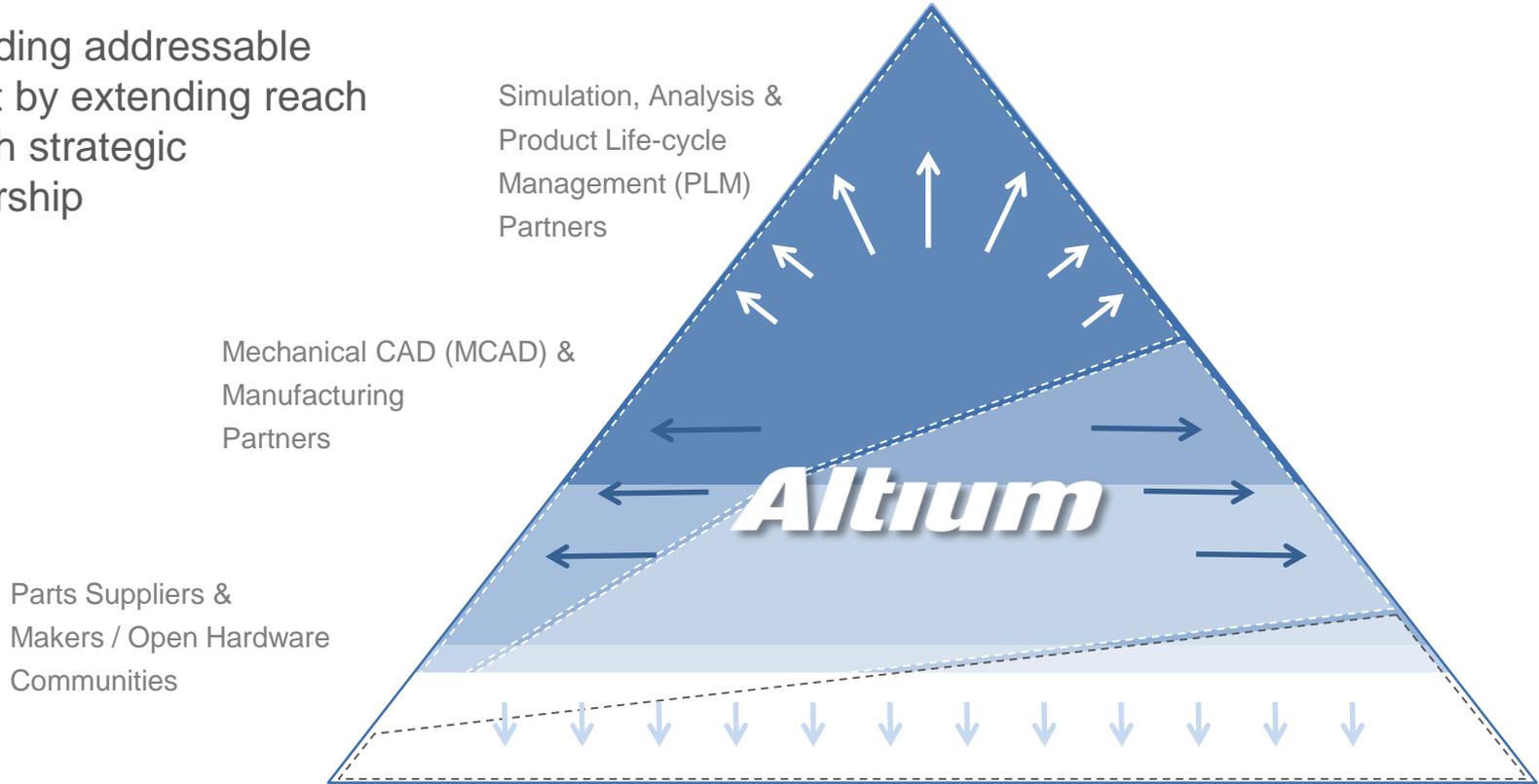
Closing

Customer

Subscriber

Repeat Subscriber

Expanding addressable market by extending reach through strategic partnership



## Long – Term Outlook

**Altium**

- ✓ The proliferation of 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  
\$100 million in revenue by FY17