

ALTIUM LIMITED

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Altium announces unaudited update on financial performance **Altium Limited - August 2014 Investor Presentation**

Sydney, Australia - 27 August 2014 –The executive management of electronics design software company Altium Limited (ASX:ALU) will today hold an investor presentation at the offices of Bell Potter, Sydney providing an update of the company's business strategy and financial performance.

The attached presentation will be given. A copy can also be found on the company's website: www.altium.com.

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ENDS

About Altium

Altium Limited (ASX:ALU) creates electronics 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 electronics 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.

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Delivering Sustainable Return While
Positioning for Future Growth

Altium

Altium Investor Presentation

27 August 2014
Sydney

Aram Mirkazemi - CEO
Richard Leon - CFO

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Financial data

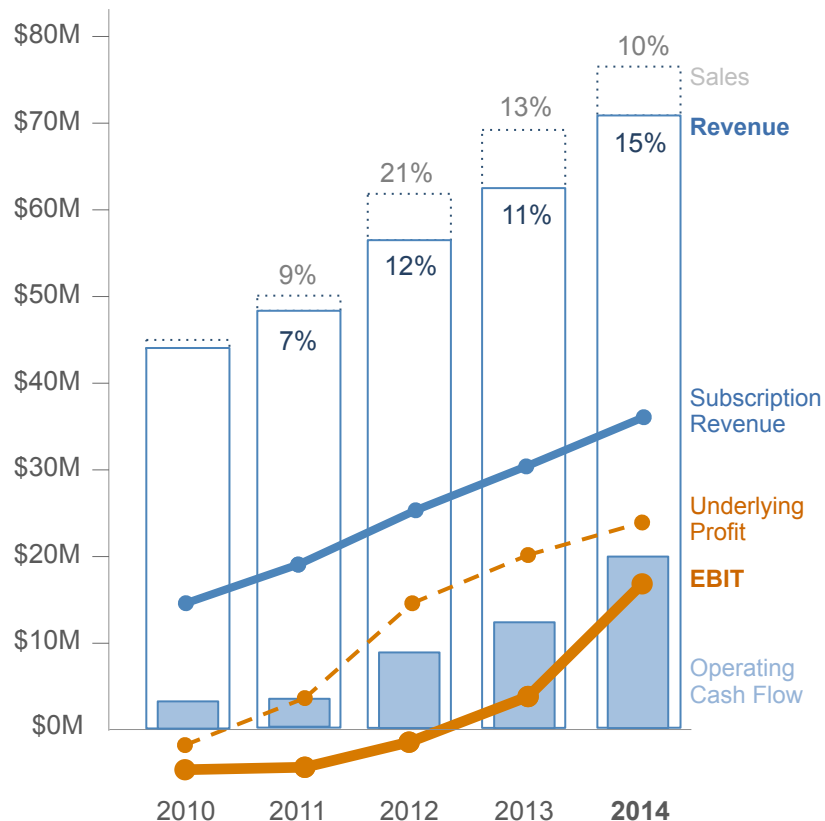
All dollar values are in US dollars (US\$) unless as otherwise presented.

Future performance

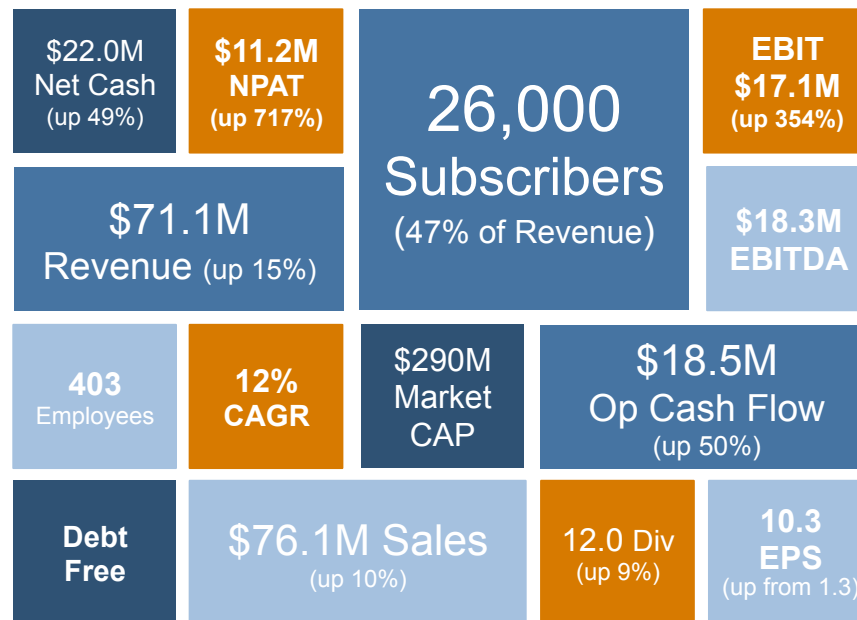
Forward looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking 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.

Past performance

Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.



Altium's FY14 Financial Metrics



Agenda

Altium

- 1 Company & Industry Overview
- 2 FY14 Results & Altium's Fundamentals
- 3 Mega Trends & Market Opportunity
- 4 Growth Strategy & Successful Execution
- 5 Outlook – FY15 and Beyond



Nick Martin **founds** the company by creating the first version of Altium Designer, **Protel PCB**



Altium Launches **Protel 98** Complete 32-bit design suite



Altium Acquires **Tasking** a leading provider of embedded system compiler technology



Altium Acquires **Morfik** to bolster its drive towards building a platform for IoT



Altium Launches **AD14** Introducing Advanced Design and 3D Capabilities

1985

1998

2002

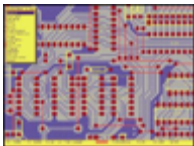
2010

2014

Over 25 Years of Continuous R&D in Printed Circuit Board Design Software

1988

Altium Launches **AutoTrax** Offering autorouting and photo plotting



1991

Altium Launches **Protel for Windows** - World's first Microsoft Windows-based PCB design system



1999

Altium Successfully completes an **IPO** on Australian Stock Exchange



2006

Altium Launches **World's first 3D PCB**



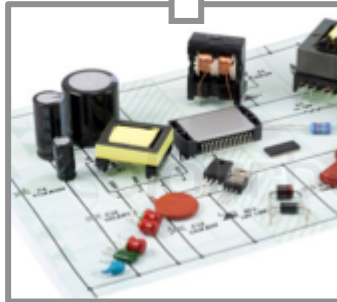
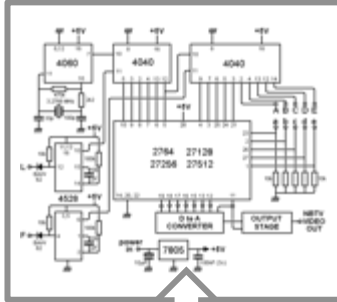
2011

Altium Launches **AD10** Introducing its Next Generation Design Tools with Vault Technology



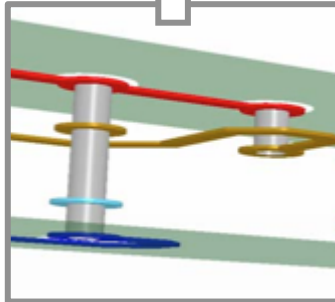
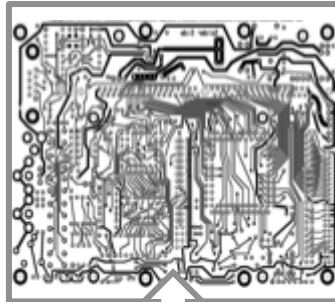
What is a Printed Circuit Board?

Circuit Diagram



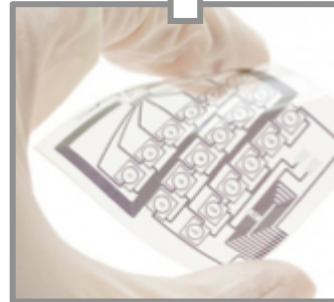
Design Capture

Layout Film



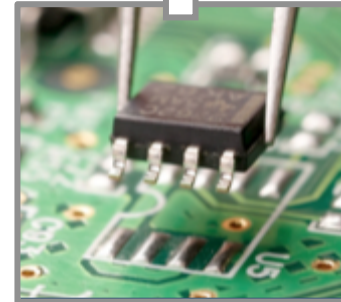
Layout

Bare Board

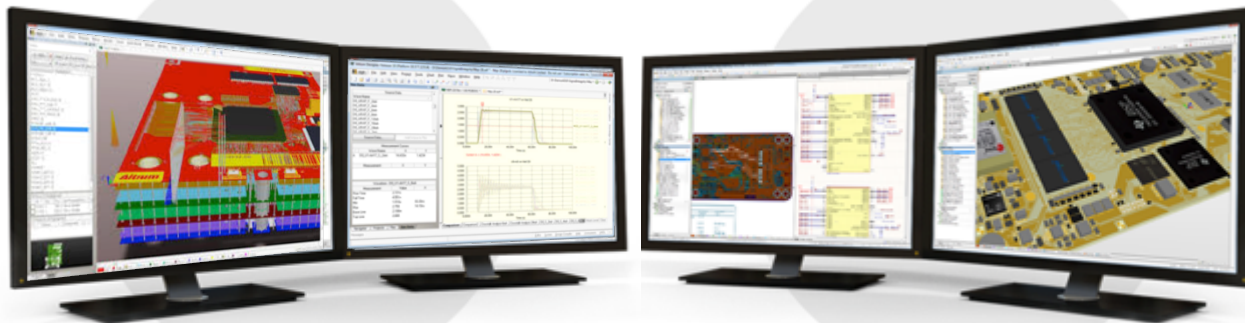


Fabrication

Assembled Board



Assembly



Altium Designer

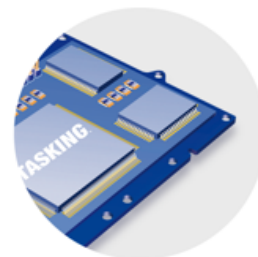
3D Printed Circuit Board
Design Software

Altium Vault

Design Data Management &
Collaboration Software

Tasking

Embedded Software
Development Tools



Concept

Design
Capture &
Verification

Embedded
Software
Development

FPGA
Prototype

Printed Circuit
Board Layout

Manufacturing



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



Sales and Support Centres

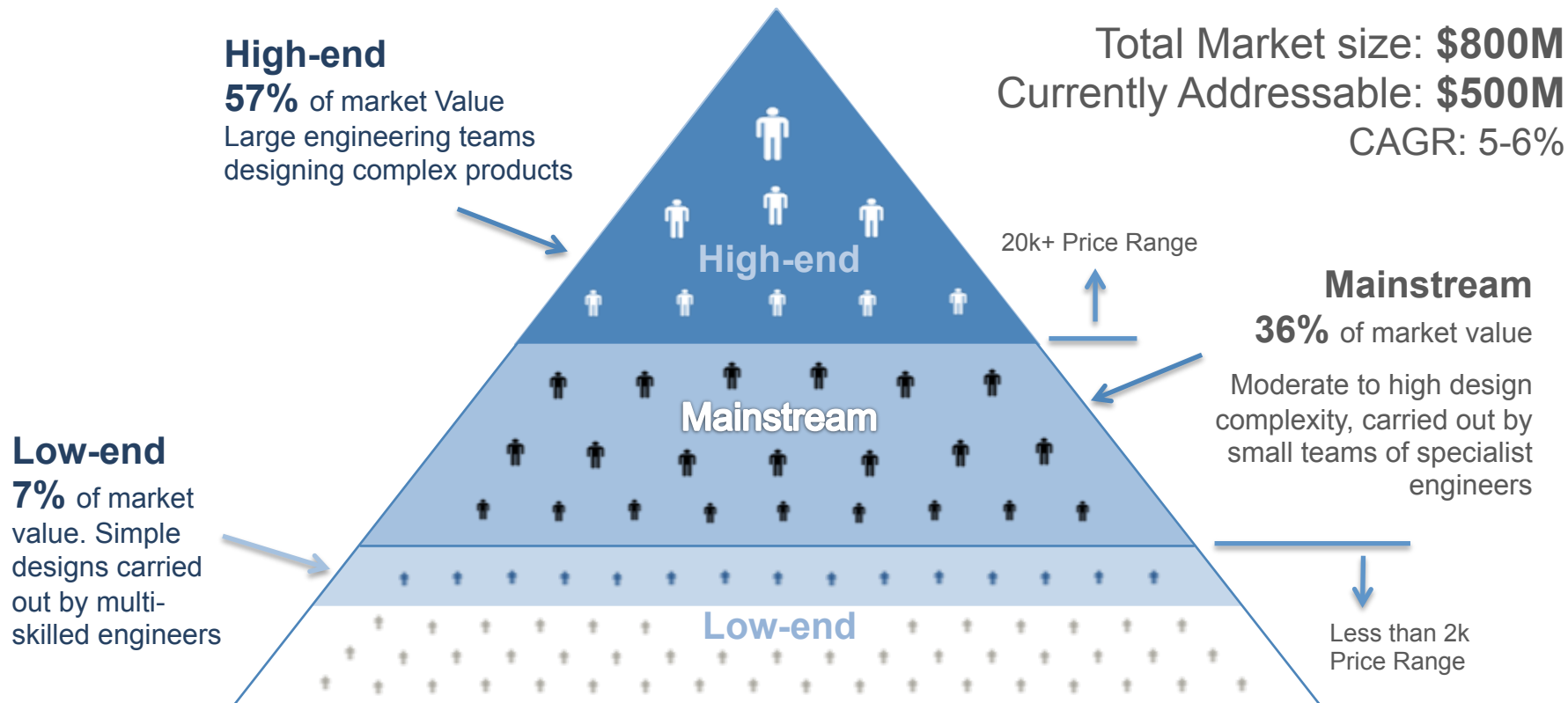
San Diego, Boston, Karlsruhe, Shanghai, Sydney

Research & Development Centres

San Diego, Ukraine, Netherlands, Shanghai

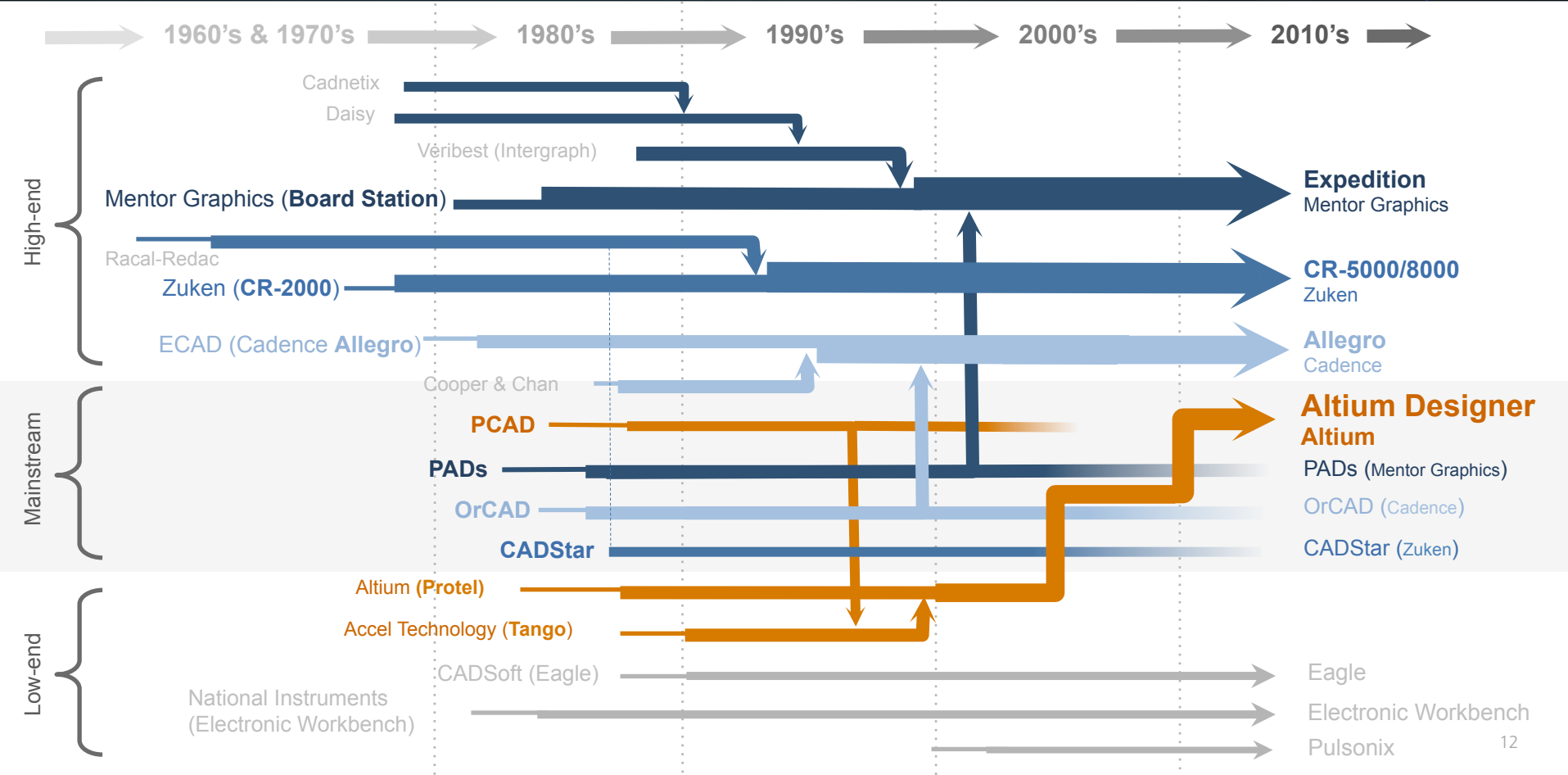


- Network of channel partners, with over 50 authorized Value-Added-Resellers

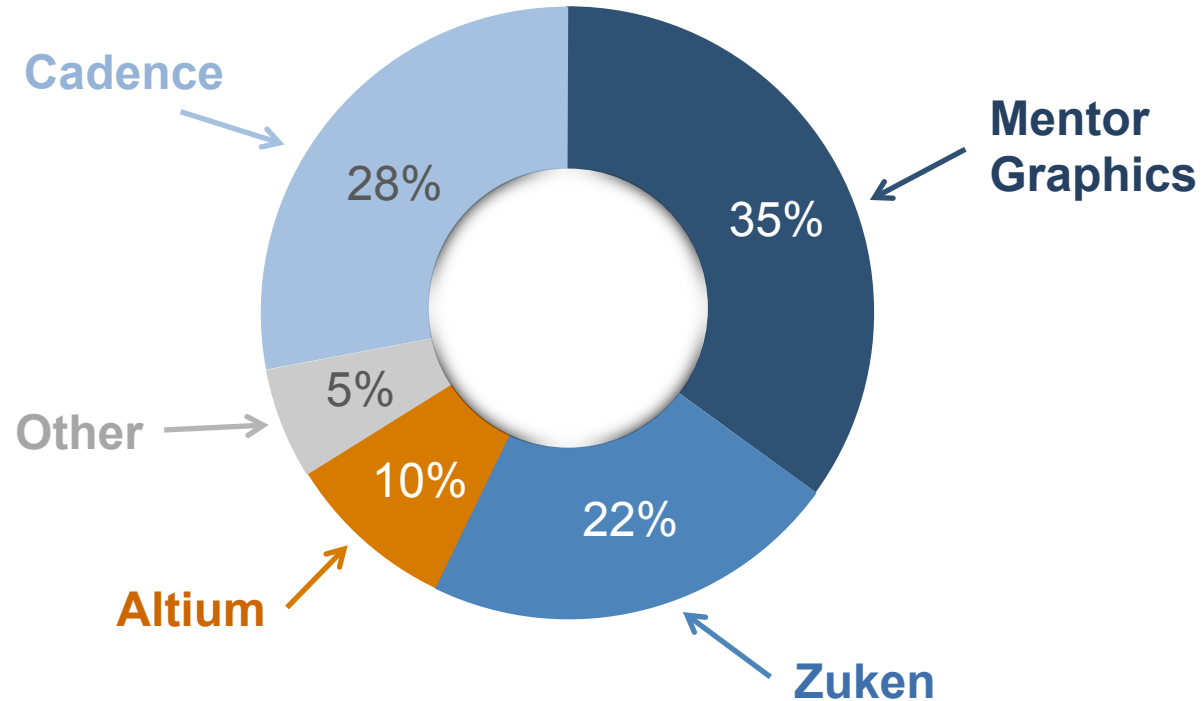


Industry Consolidation & Competitive Landscape

Altium



Printed Circuit Board Estimated Market Share (by Revenue)



Established Brand in Most Countries in the World

Active user community in virtually every country in the world

Brand

Sophisticated Software with Millions of lines of code

Developed over 25 years, virtually impossible to rewrite, reproduce or copy

Software IP

Transactional Sales

Value-based Sales with Strong Operating Leverage

The only 'Pure Play' PCB company in the World

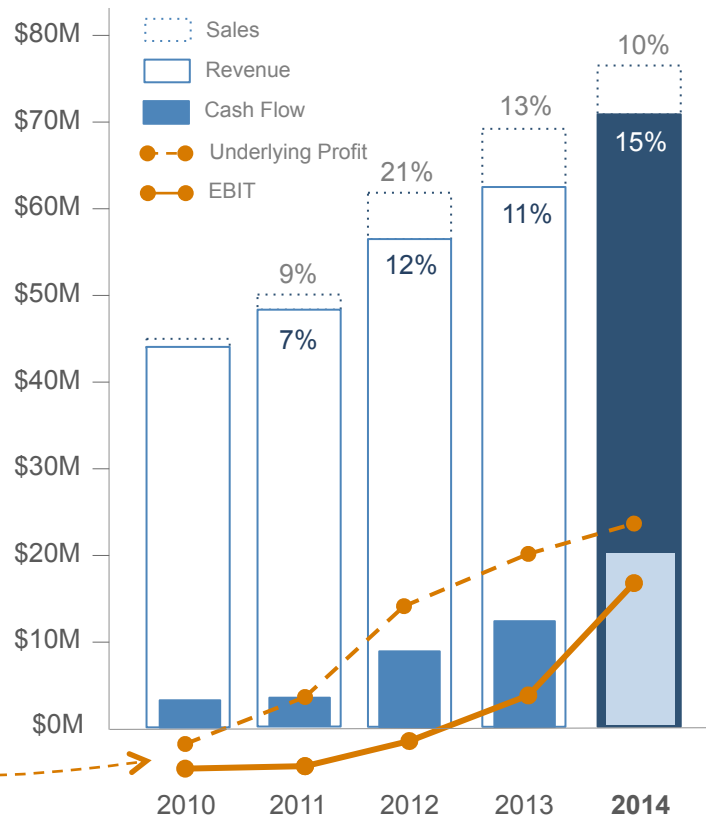
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Altium's Key Financial Metrics

Altium

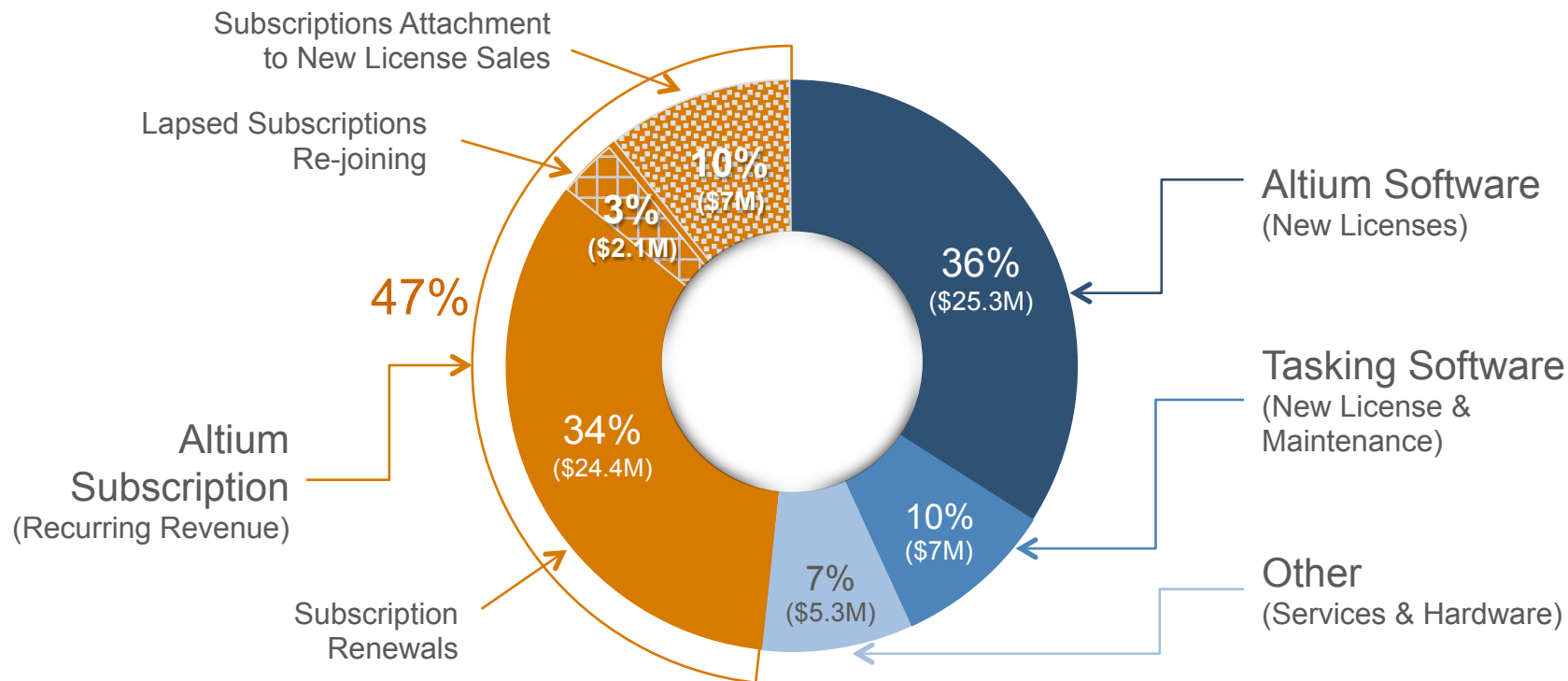


EBIT \$17.1M (Margin 23%)
Underlying Profit \$22.9M

Dividend
12.0 AU CPS
Full Year

Revenue Growth 15% (Sales 10%)
Revenue \$71.1M (Sales \$76.1M)

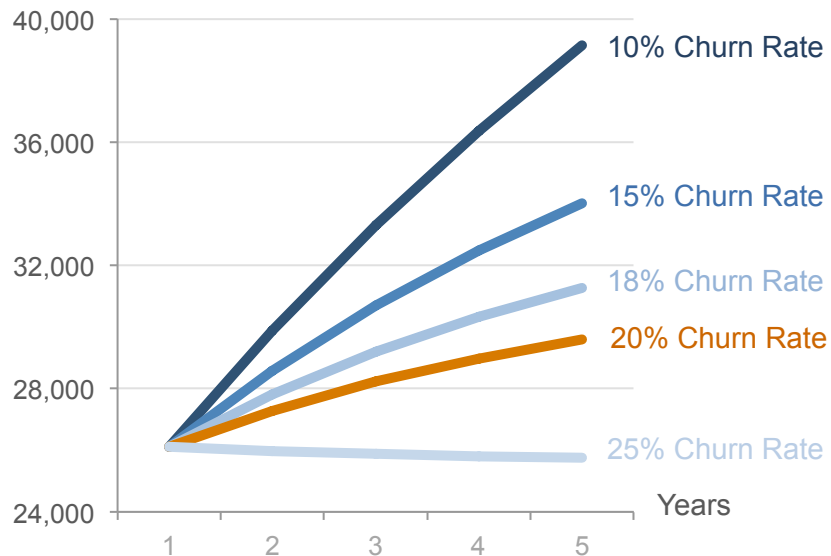
Operating Cash Flow \$18.5M
Net Cash \$22.0M (49% Growth)



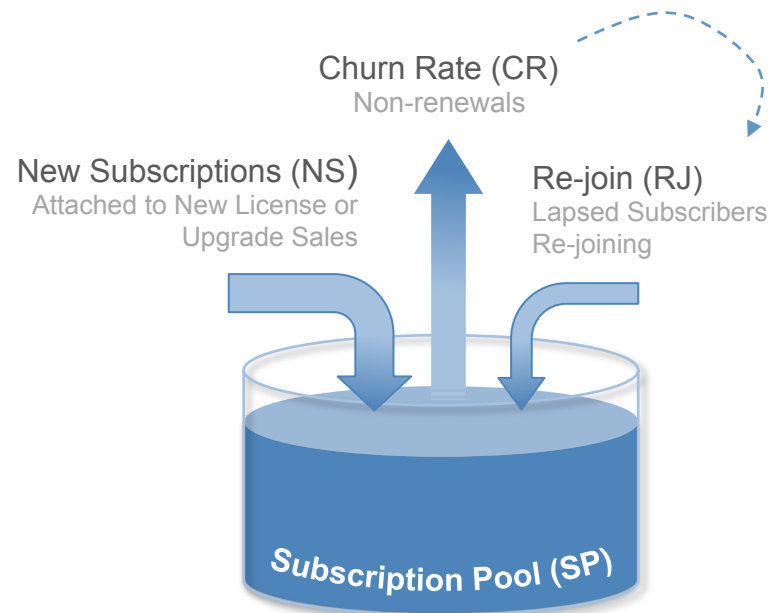
The percentage breakdown for sales sources relate to FY14

Subscription Pool Characteristic Curves

Subscribed seats

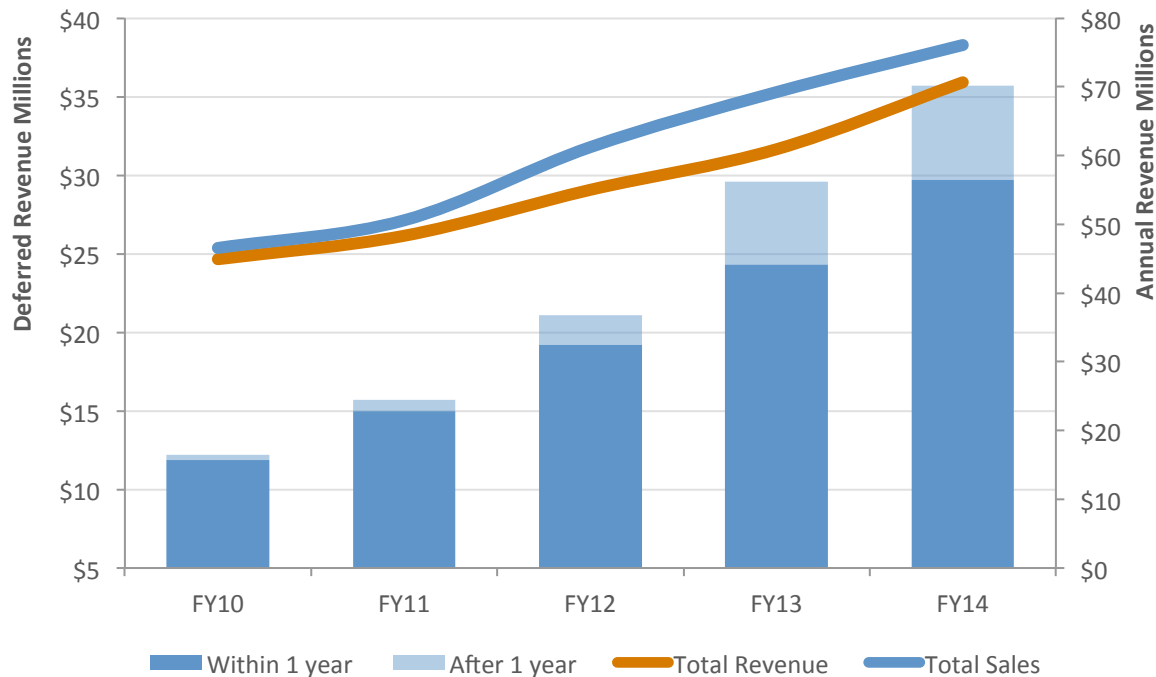


Note: The above characteristic curves assume fixed number of annual new licenses and re-joins



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

Deferred Revenue to Annual Revenue

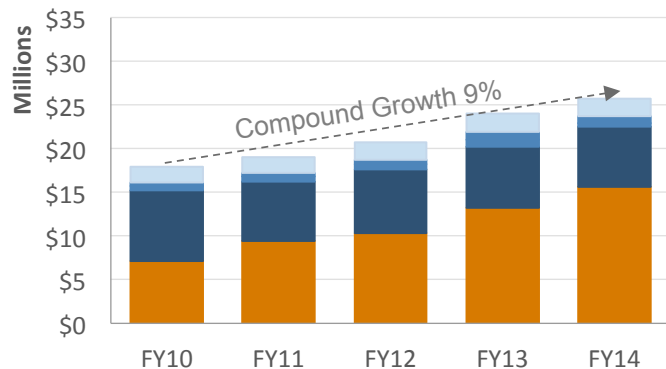


Focus Area – Reduction
in Churn Rate

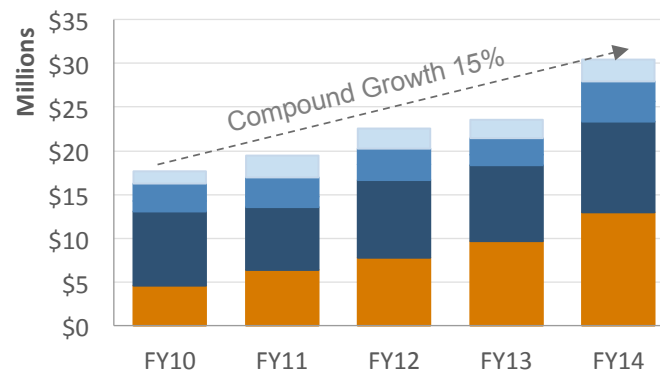
Altium's Revenue Contribution by Region

Altium

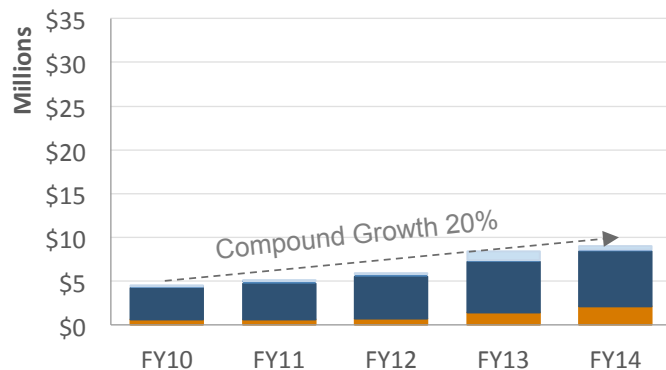
Americas



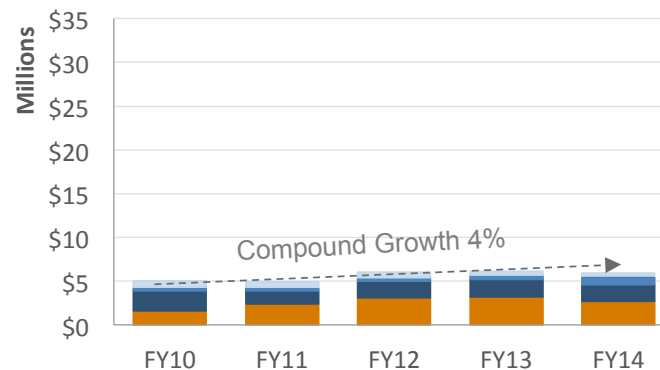
EMEA



Greater China

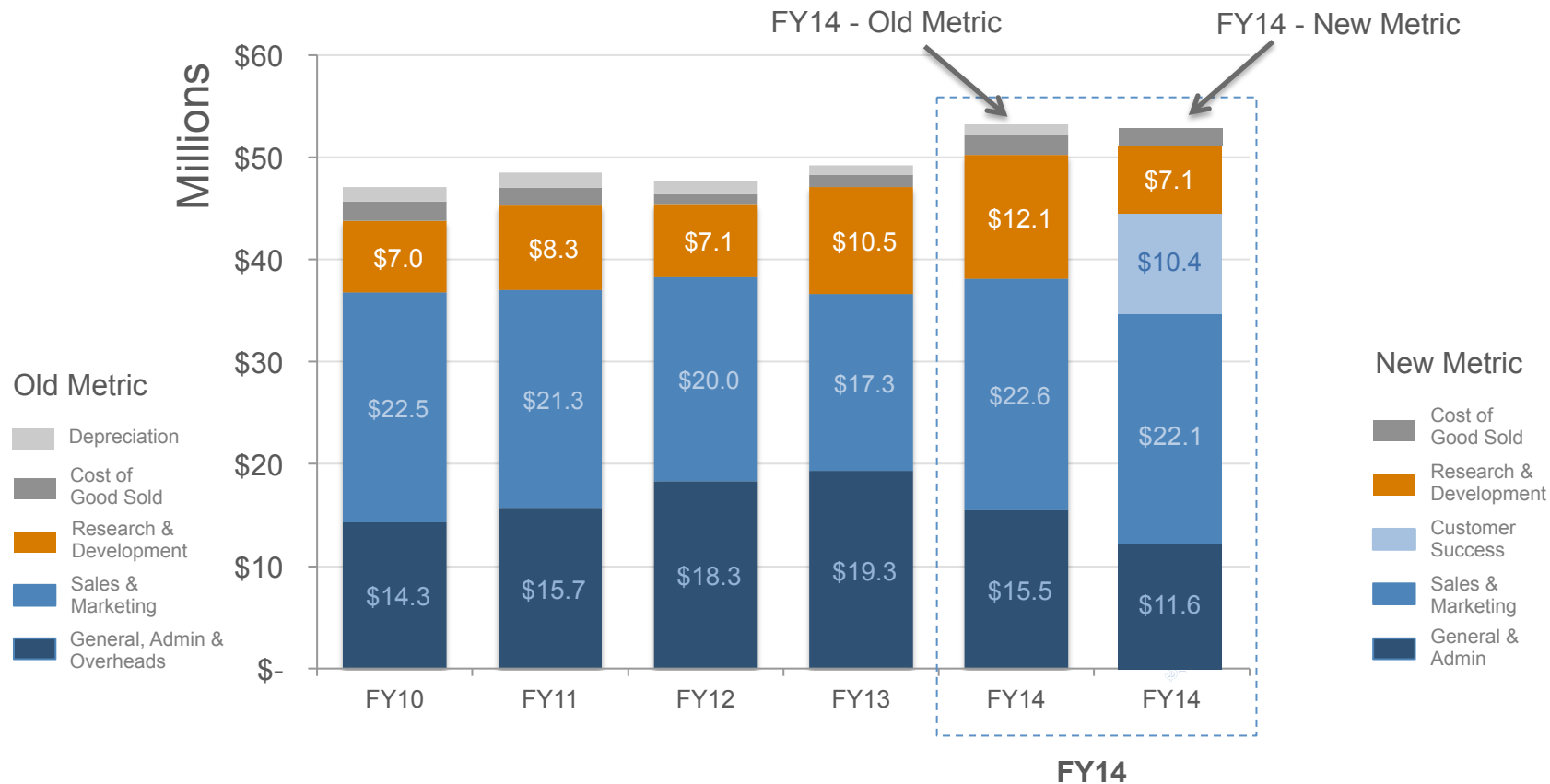


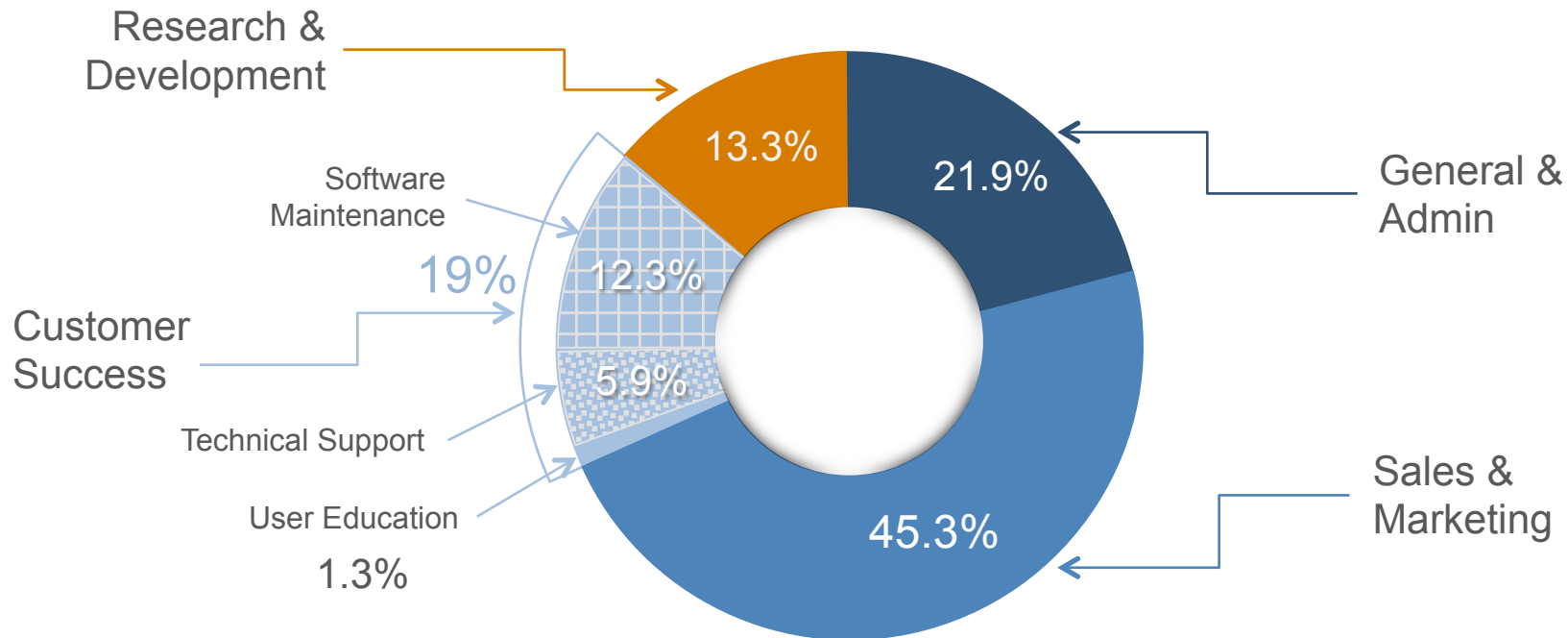
Asia Pacific



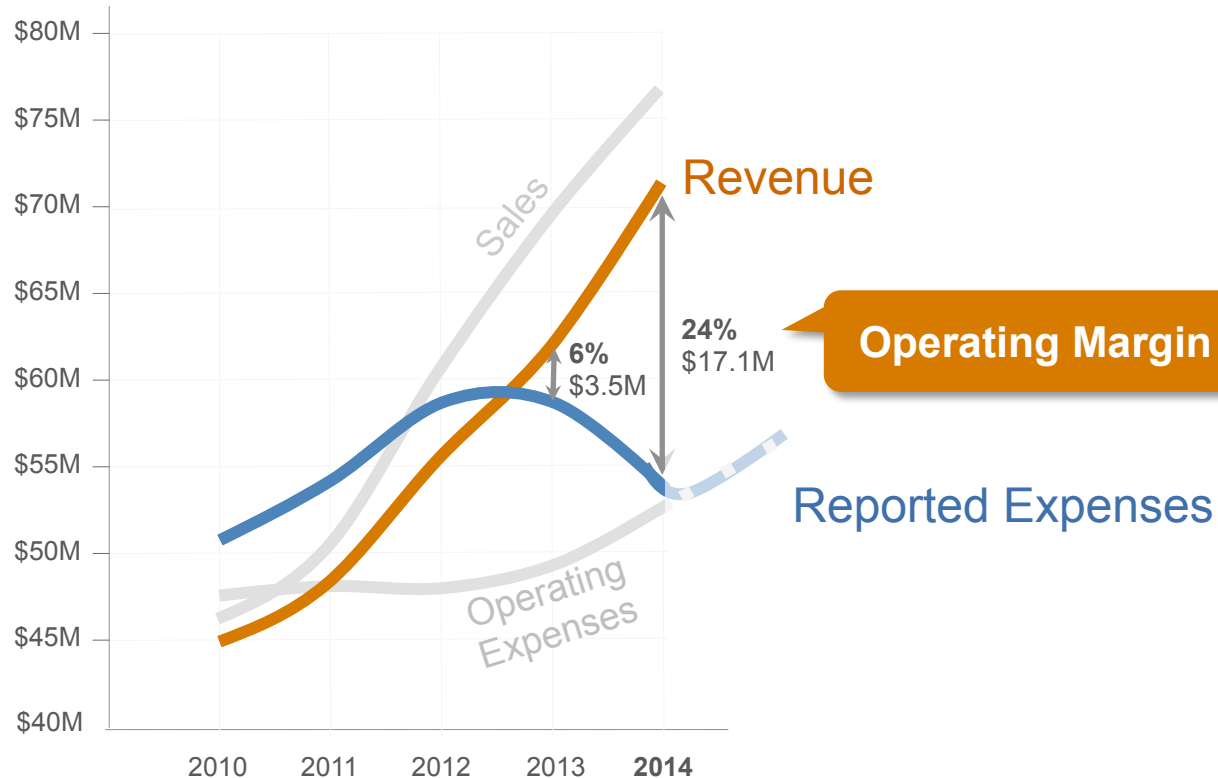
CAGR 12%
Across All
Regions

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

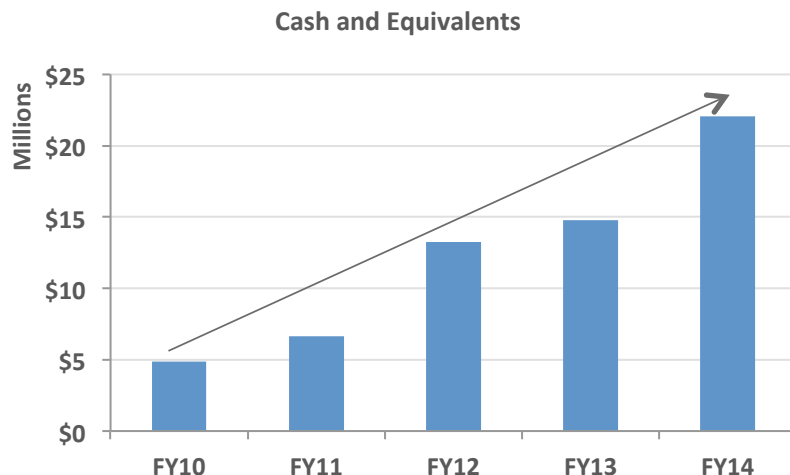




- Focus on core competency
- Discipline in product development
- Increasing sales capacity to extend growth into addressable market
- Value discipline – growth only pursued if financial and strategic principles as well as return criteria are satisfied

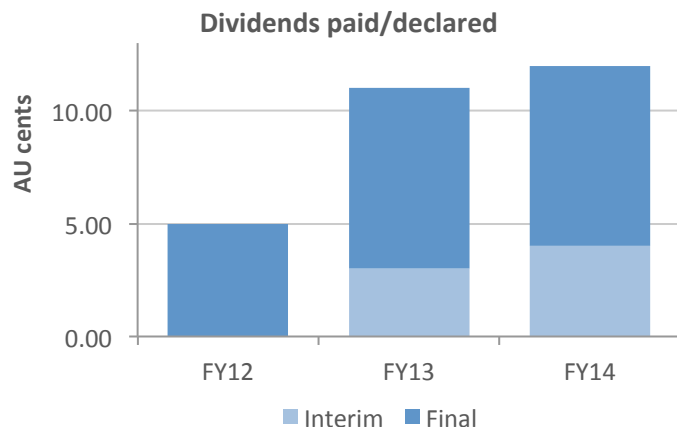


- Strong Balance Sheet
- Cash & Cash Equivalents up 49%
- Minimal borrowings. Debt/Equity less than 2%
- Net Assets increase 50%



	FY14 \$ '000	FY13 \$ '000	Var \$ '000	%
Cash and cash equivalents	22,049	14,756	7,293	49%
Trade and other receivables	22,429	16,193	6,236	39%
Other current assets	1,582	1,590	(8)	-1%
Current assets	46,060	32,539	13,521	42%
Trade and other receivables	1,136	2,201	(1,065)	-48%
Property, plant and equipment	1,908	1,565	343	22%
Intangible assets	-	263	(263)	-100%
Other non-current assets	4,898	9,859	(4,961)	-50%
Non-current assets	7,942	13,888	(5,946)	-43%
Total Assets	54,002	46,427	7,575	16%
Trade and other payables	5,499	4,595	904	20%
Borrowings	60	156	(96)	-62%
Tax liabilities	338	264	74	28%
Provisions	1,773	2,846	(1,073)	-38%
Deferred revenue	29,727	24,279	5,448	22%
Total current liabilities	37,397	32,140	5,257	16%
Borrowings	88	35	53	151%
Provisions	2,829	3,700	(871)	-24%
Deferred revenue	5,981	5,345	636	12%
Other liabilities	116	137	(21)	-15%
Total non-current liabilities	9,014	9,217	(203)	-2%
Total Liabilities	46,411	41,357	5,054	12%
Net Assets	7,591	5,070	2,521	50%
Issued Capital and Reserves	94,268	90,105	4,163	5%
Accumulated losses	(86,677)	(85,035)	(1,642)	2%
Equity	7,591	5,070	2,521	50%

- Operating Cash Flow up 50% to \$18.4m
- Continue to return dividend to shareholders.
- Increase dividend year on year working within the constraints of the net assets test.



	FY14 \$ '000	FY13 \$ '000	Var \$ '000	%
Cash flows from operating activities				
Receipts from customers	75,689	69,579	6,490	9%
Payments to suppliers and employees	(55,708)	(55,620)	(651)	0%
Net Interest paid	138	78	60	77%
Net income taxes paid	(1,667)	(1,719)	109	-3%
Operating Cash Flow	18,452	12,318	6,008	50%
Capital Expenditure				
Payments for property, plant and equipment	(1,296)	(678)	(492)	91%
Free Cash Flow	17,156	11,640	5,516	47%
Cash flows from financing activities				
Proceeds from exercise of options	2,943	17	2,926	17212%
Dividends paid	(12,808)	(9,091)	(3,717)	41%
Repayment of borrowings	(157)	(265)	108	-41%
Subtotal	7,134	2,301	4,833	210%
Effects of exchange rate changes	159	(791)	950	-120%
Increase in cash and cash equivalents	7,293	1,510	5,783	383%

Full Year Results Key Metrics

Altium

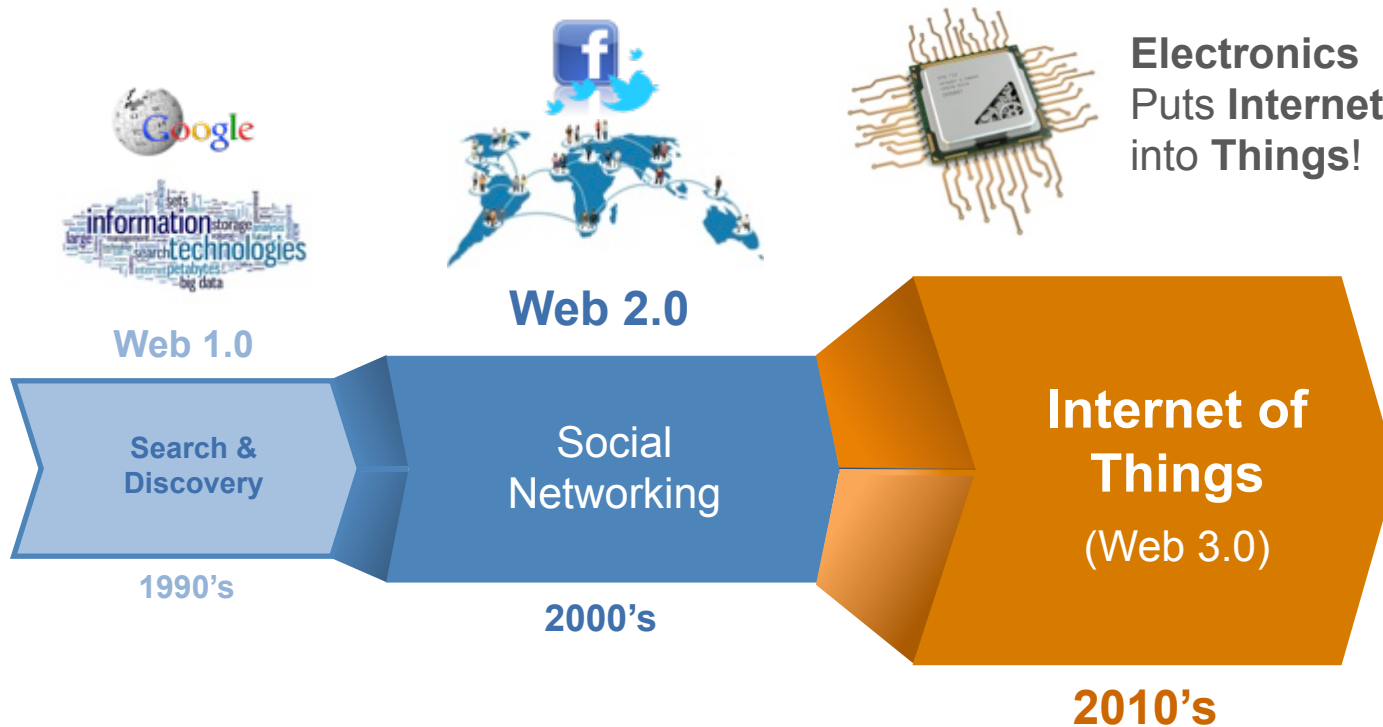
USD millions	FY14	FY13	Change %
Total Revenue	71.1	62.1	15%
Reported Expenses (excl. D&A & Int.)	52.8	56.1	-6%
EBITDA	18.3	5.9	210%
Depreciation	1.0	1.0	0%
Amortisation	0.3	1.2	-78%
EBIT	17.1	3.8	354%
Net Interest	0.0	0.3	-105%
Income tax expense	6.0	2.1	180%
NPAT	11.2	1.4	717%

	FY14	FY13	Change %
EPS (AU cents)	10.26	1.33	> 100%
Dividends (AU cents)	12.00	11.00	9%
Key Margin Analysis			
EBIT Margin	24%	6%	
EBITDA Margin	26%	10%	
Net Profit Before Tax Margin	24%	6%	
Net Profit After Tax Margin	16%	2%	
Return on Equity	176%	20%	
Debt/Equity	1.9%	3.8%	
Balance Sheet (USD '000)			
Cash & Cash Equivalents	22,049	14,756	49%
Net Assets	7,591	5,070	50%
Operating cash flows	18,452	12,318	50%

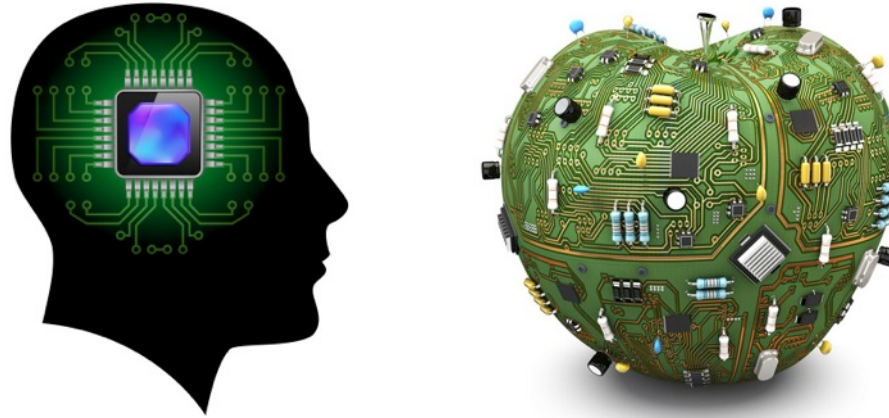
Agenda

Altium

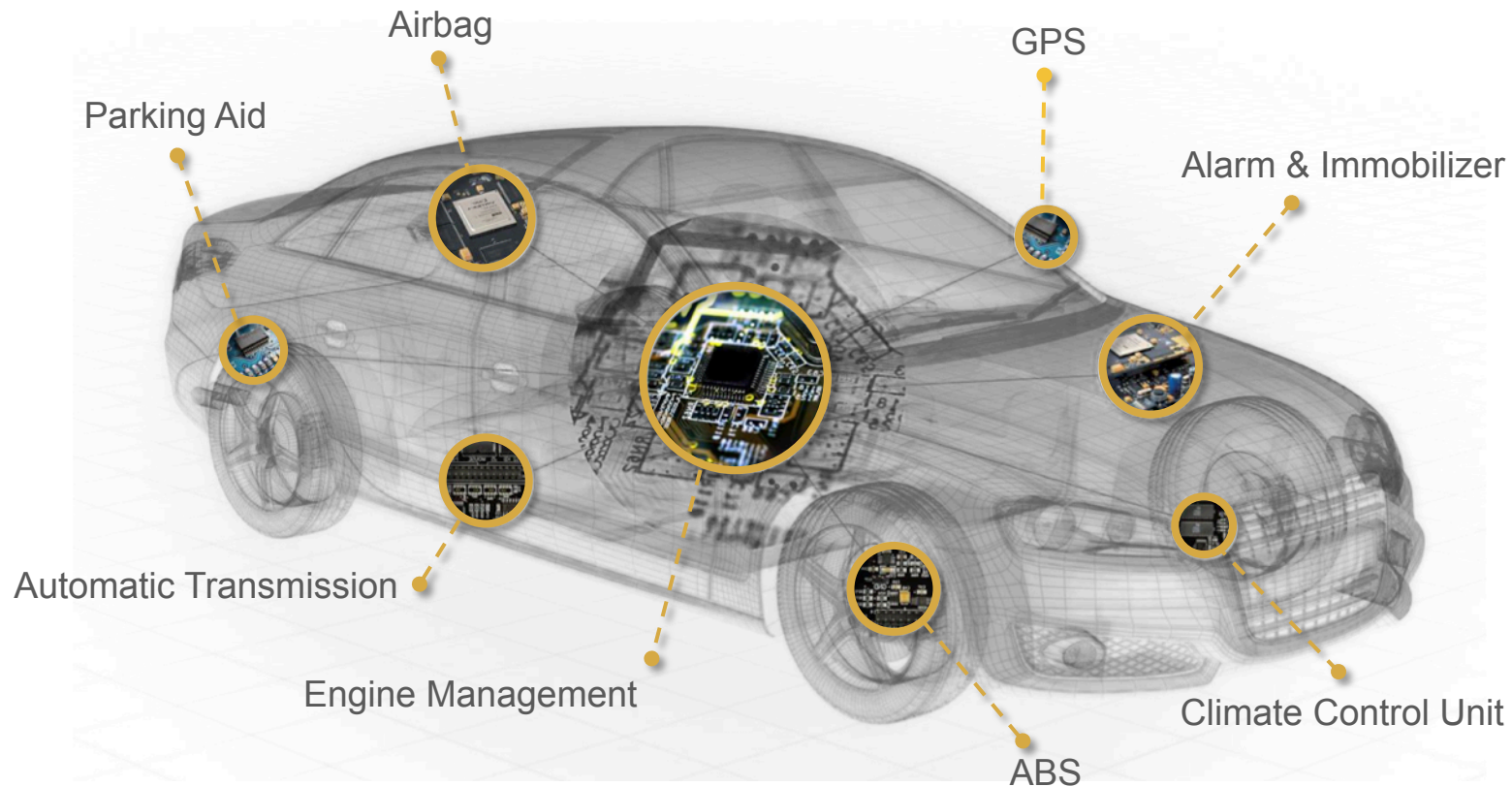
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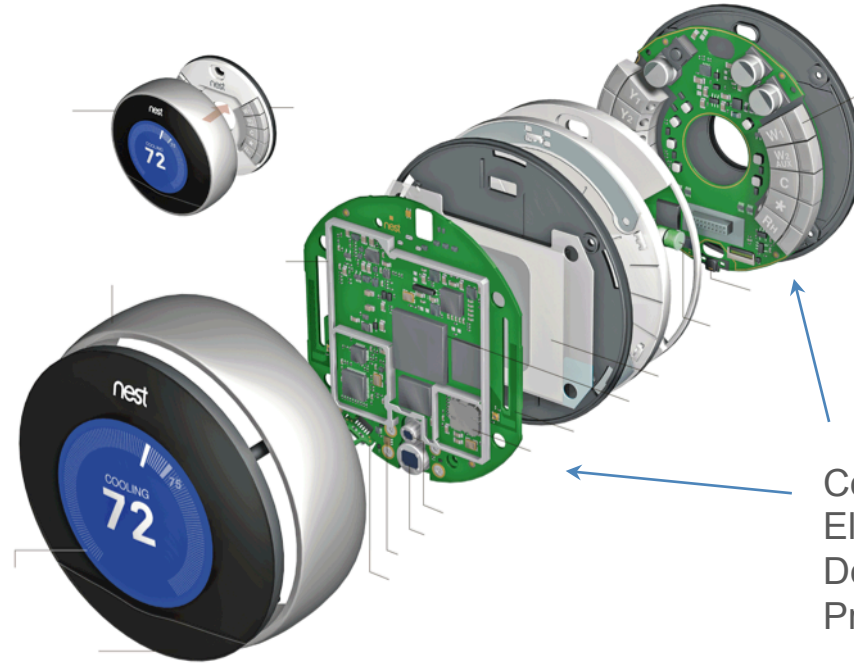
Increasing demand in electronics industry is the main driver for growth



At the Heart of All Intelligent Systems Are
Electronics and Printed Circuit Boards



The **Nest** thermostat learns the temps you like, turns itself down when you're away, and has remote control through Wi-Fi



Outdated
Thermostat



Complex
Electromechanical
Design with Multiple
Printed Circuit Boards

Cloud
Computing



Software Engineering

Development of compelling User
interface for Mobile devices

Embedded System Engineering

Development of Control Systems
in Electromechanical devices

Altium

Hardware Engineering

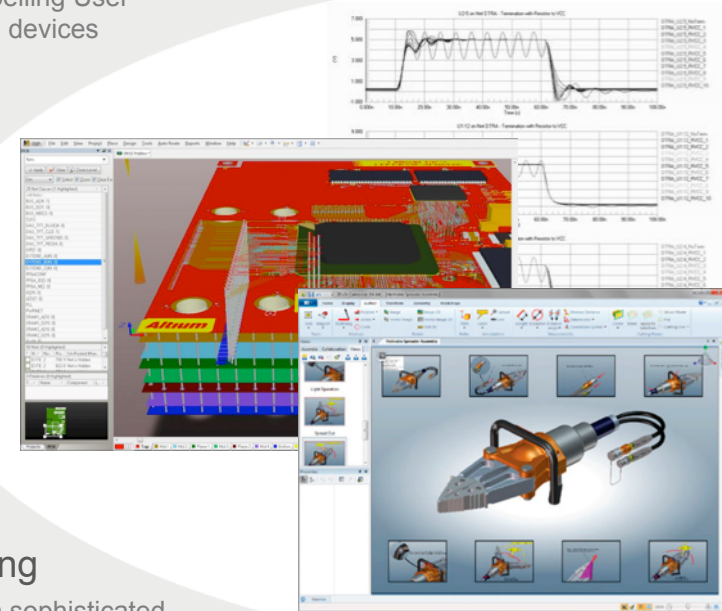
Creation of high-performance electronic
hardware with complex form factor

Mechanical Engineering

Designing complex objects with sophisticated
electromechanical behaviour

Cloud System Engineering

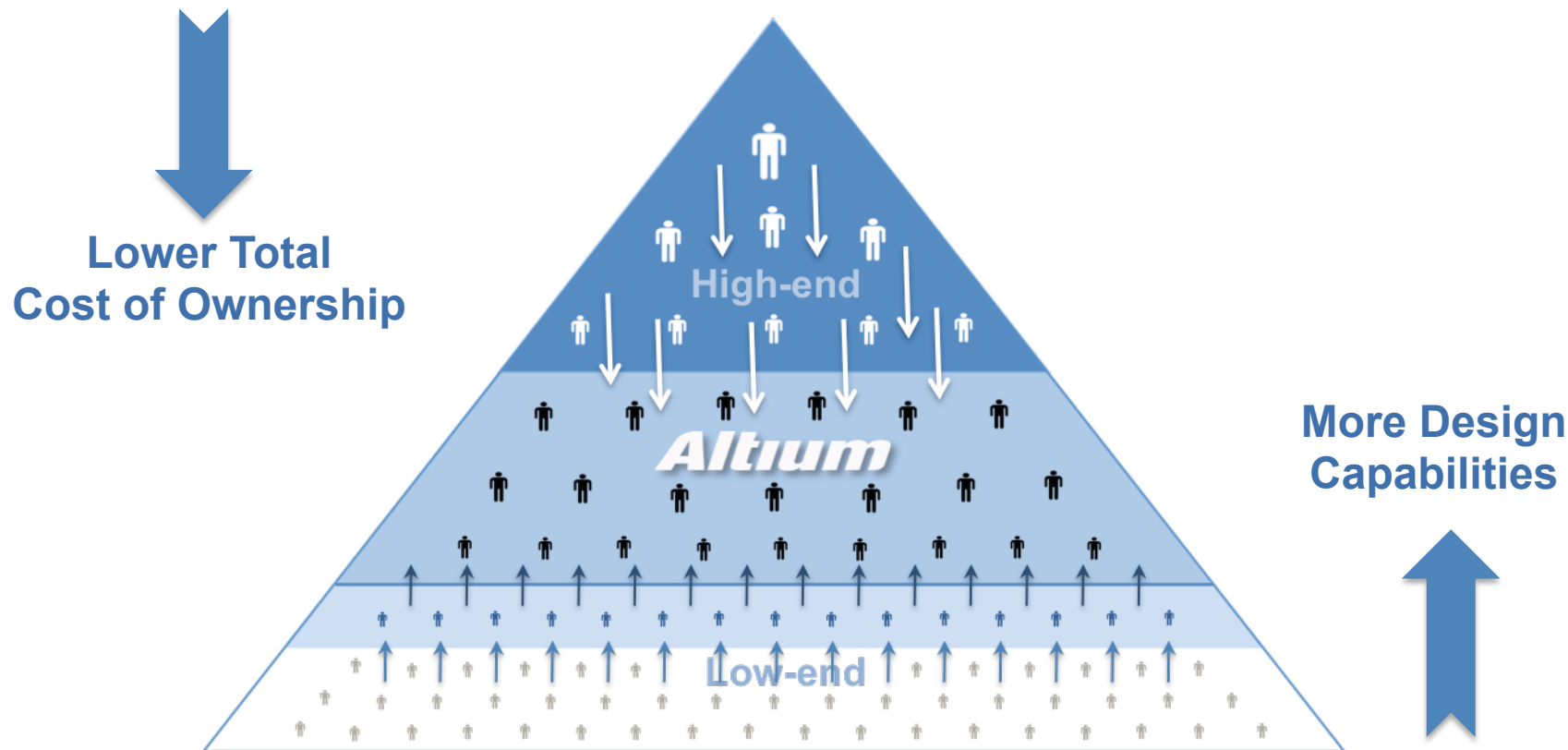
Cloud application development and
infrastructure management

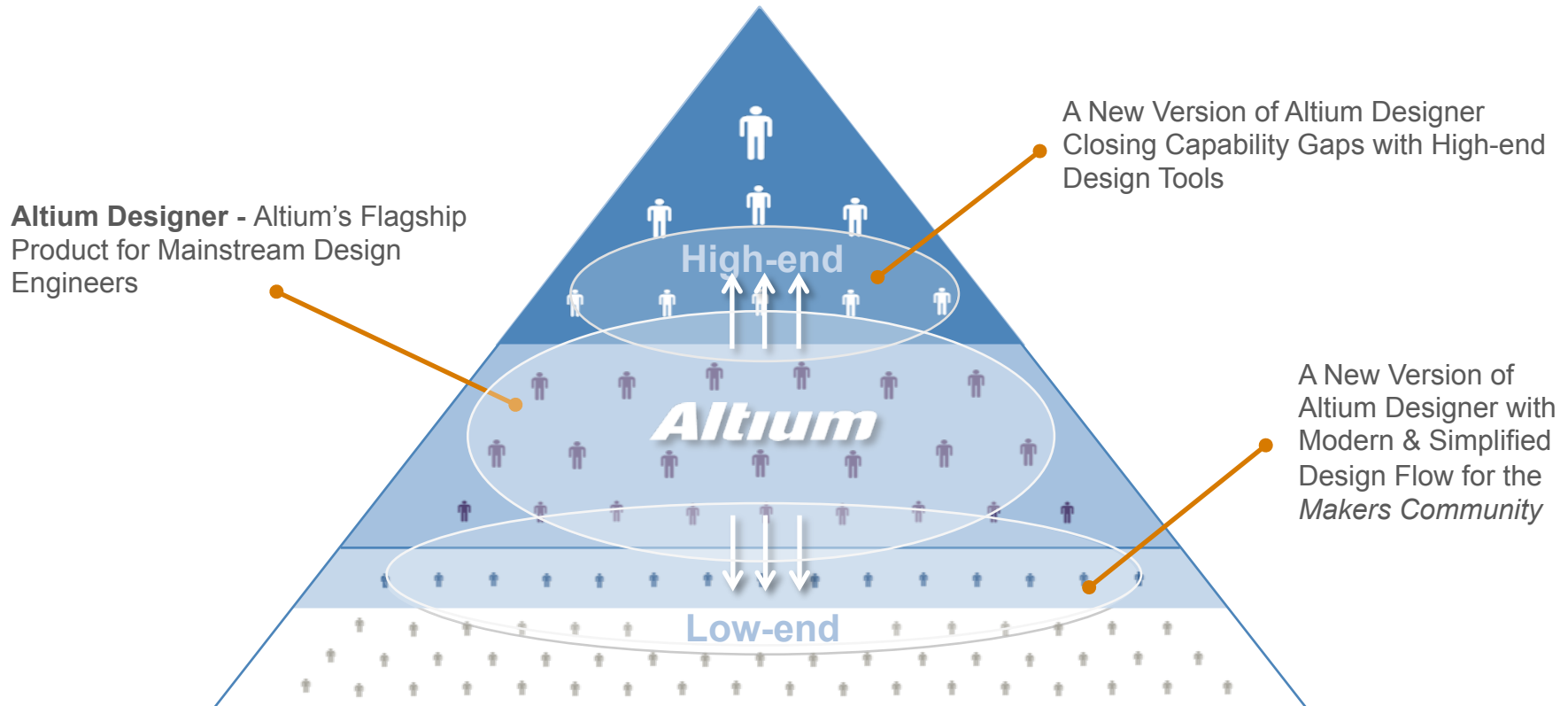


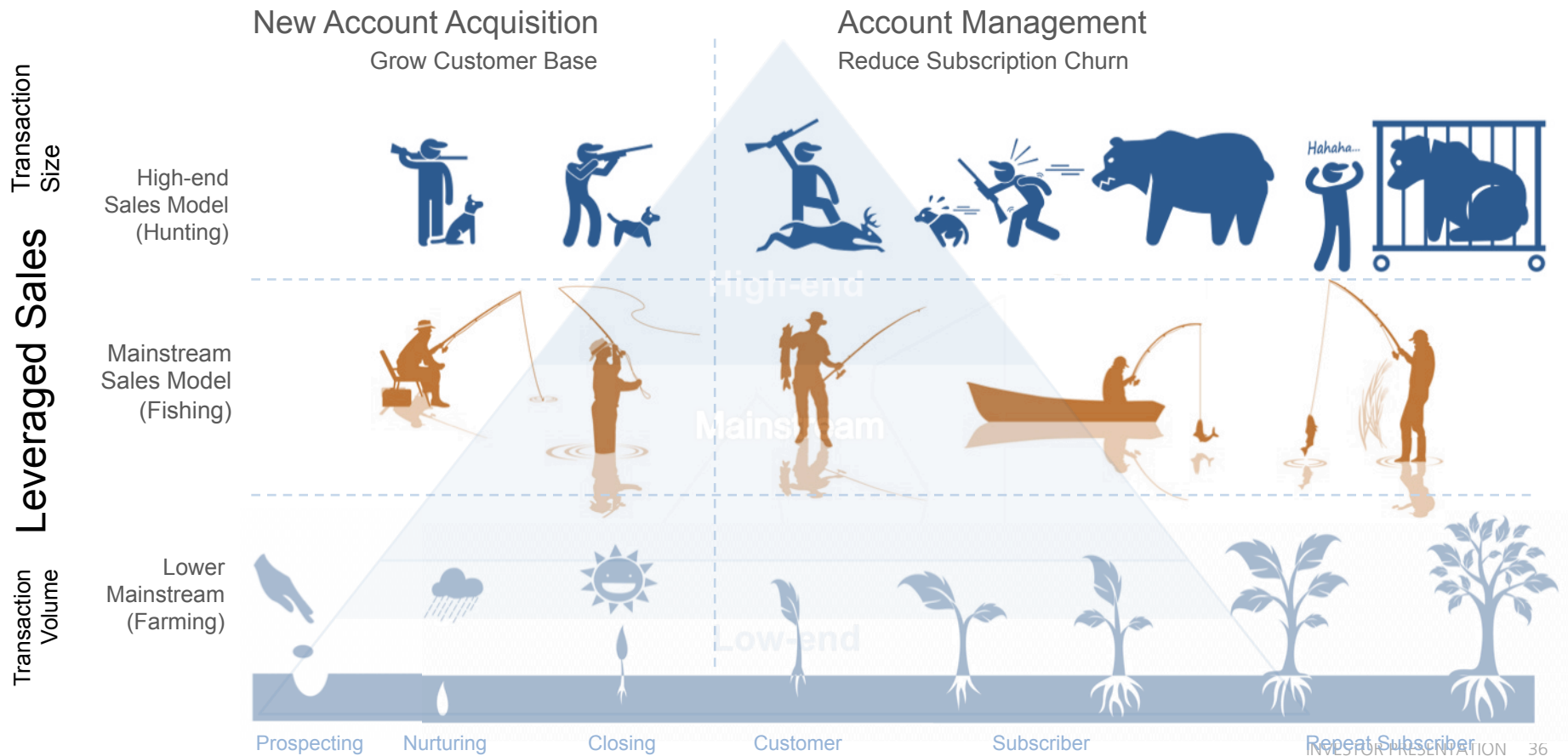
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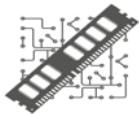
Expanding addressable market by extending reach through strategic partnership



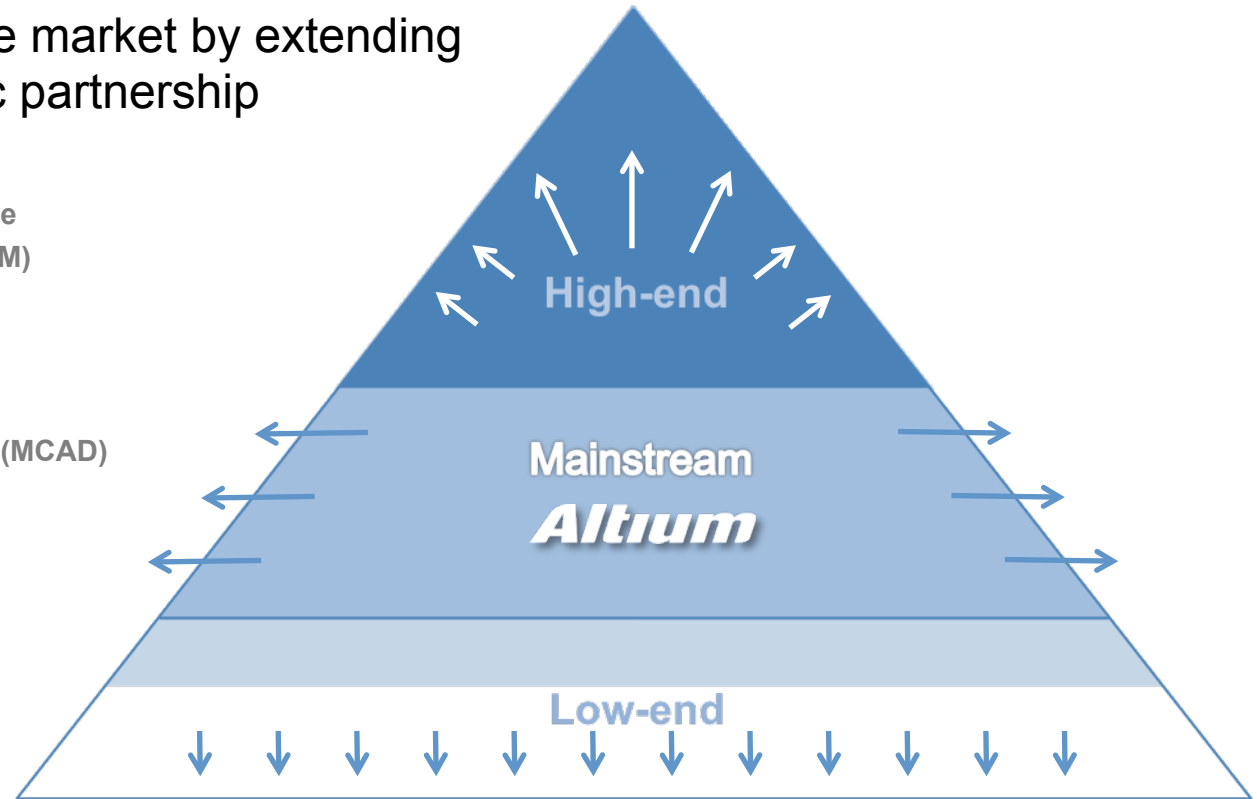
Product Life-cycle
Management (PLM)
Partners



Mechanical CAD (MCAD)
Partners

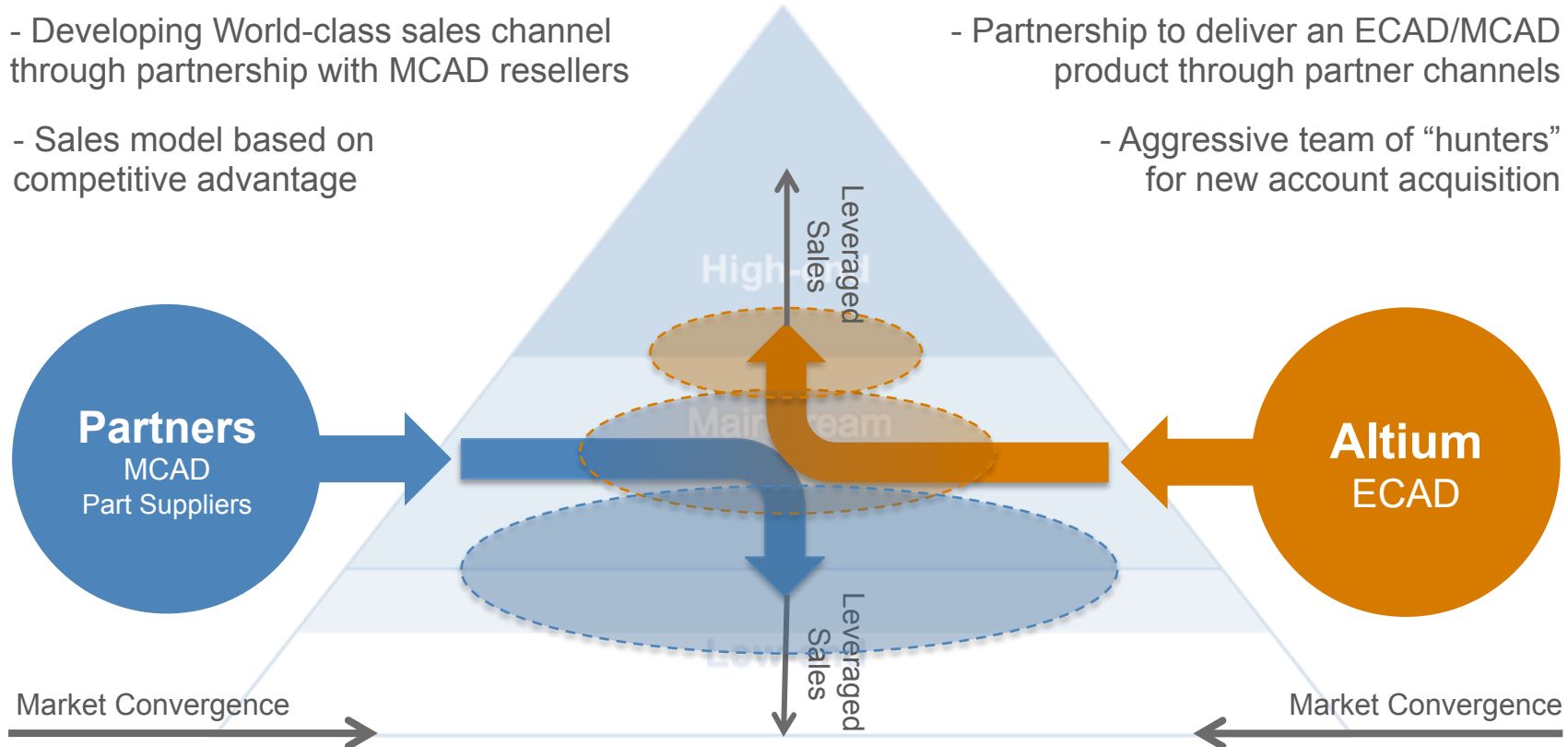


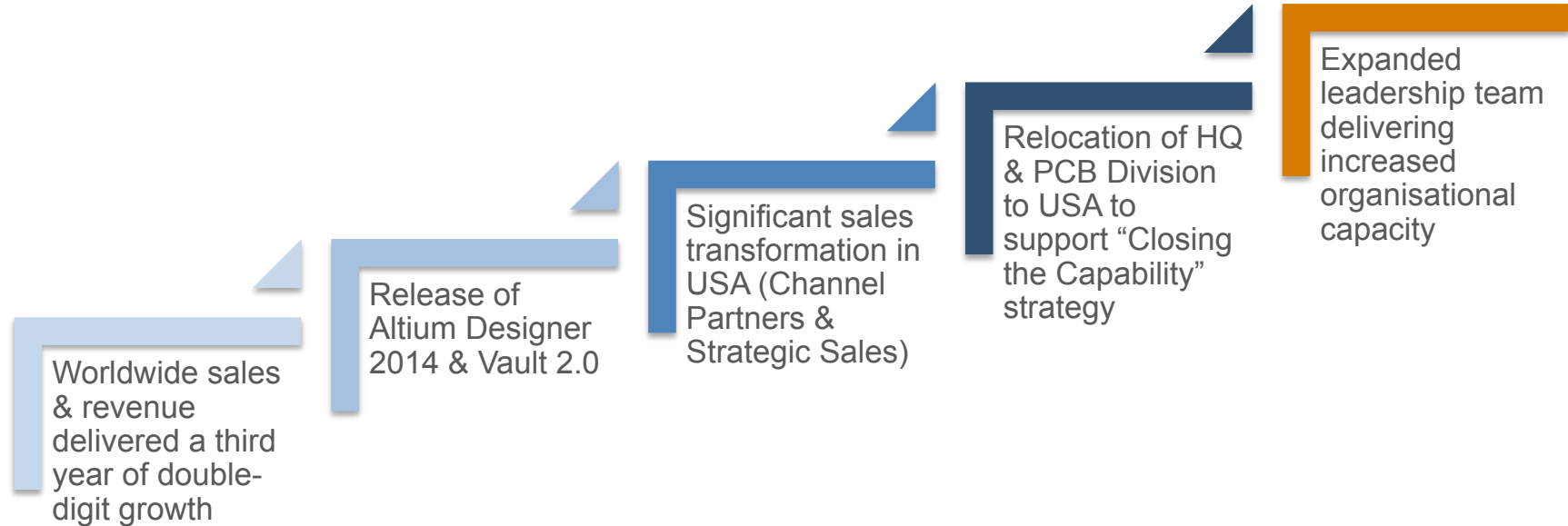
Large Electronic
Parts Suppliers



- Developing World-class sales channel through partnership with MCAD resellers
- Sales model based on competitive advantage

- Partnership to deliver an ECAD/MCAD product through partner channels
- Aggressive team of “hunters” for new account acquisition





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Our focus for FY15 is.....

- Driving new account acquisition
- Increasing our subscription rates
- Completing the transformation of US sales organization
- Leveraging our channel partners worldwide
- Launching an expanded product range from the low-end to the high-end
- Developing strategic partnerships to meet converging market demands & needs of our customers

FY15 profit growth to continue

- The world PCB market remains robust
- We expect to see continuing growth in revenue (licences & subscription)
- We will maintain or improve operating leverage
- We will focus on supporting continued momentum from EMEA while driving the US business forward from our HQ in San Diego
- The impact of Altium's higher-end product release in FY15 is anticipated be felt during FY16 and beyond

The background is a dark blue field filled with numerous 3D question marks of varying sizes and orientations, creating a textured, isometric effect. A bright blue line graph is overlaid on the scene, starting from the bottom left and trending upwards towards the top right. The line has several segments, showing a general increase with some minor fluctuations. At the end of the line, in the top right corner, is a small, bright blue light or starburst effect.

Altium

Questions and Answers