

**OUTSTANDING FINANCIAL RESULTS AND  
INVESTING TO ACCELERATE FUTURE GROWTH**

23% Revenue Growth and

41% Growth in Net Profit After Tax



Altium®

# ALTIUM FULL YEAR INVESTOR PRESENTATION 2019

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19 August – 22 August 2019  
Sydney

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# Agenda

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1

**Company Highlights & Significant Achievements**

2

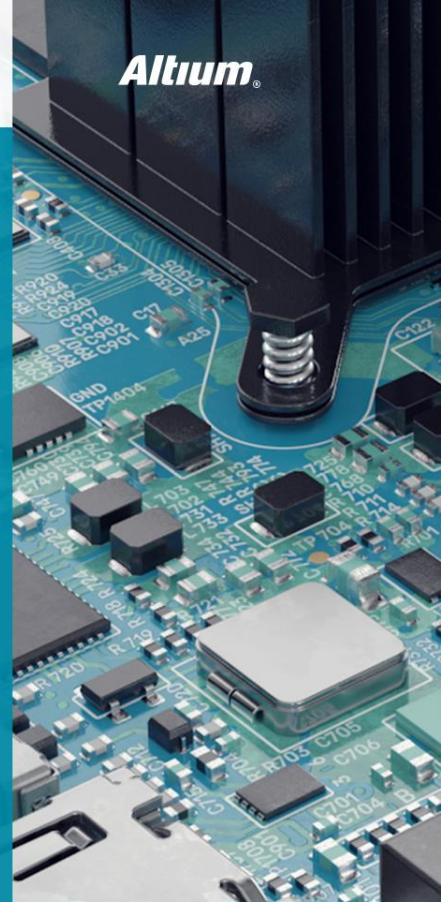
2019 Full Year Financial Performance & Metrics

3

Driving Forces, Market Opportunity and Industry Transformation

4

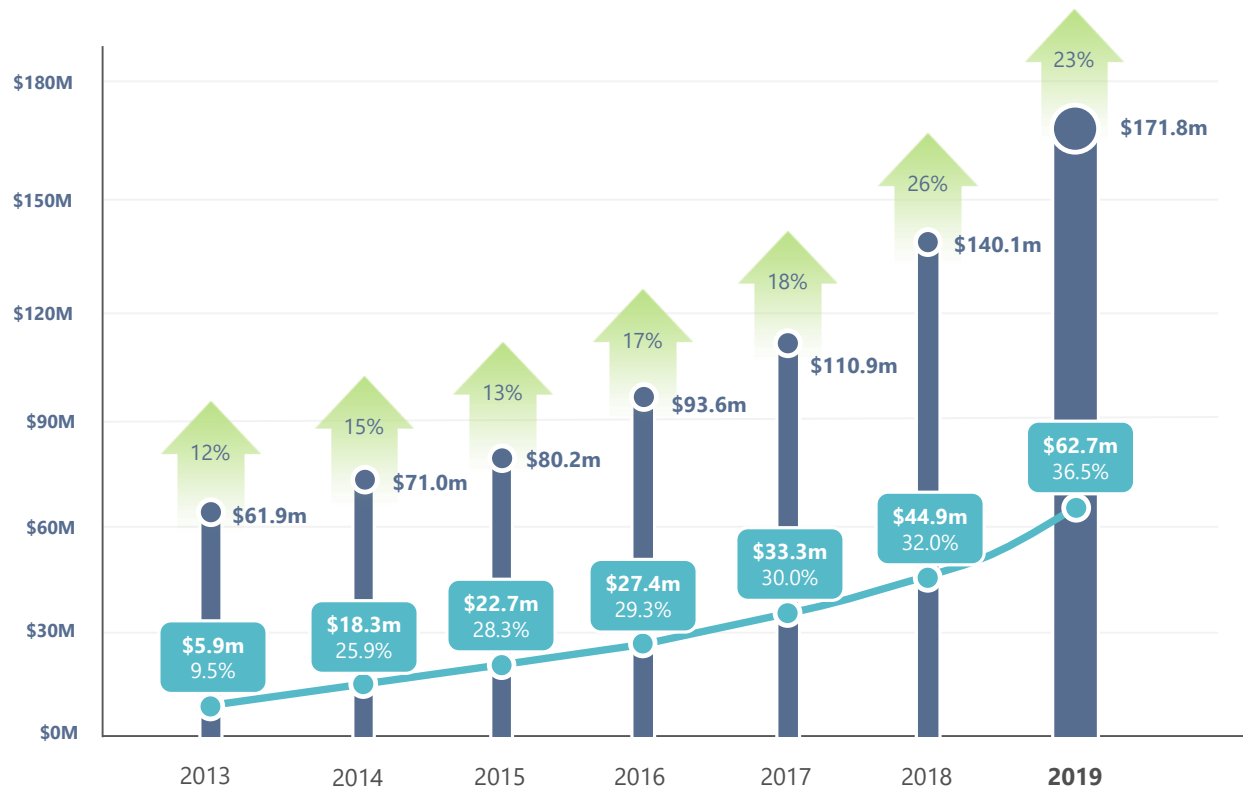
Appendix: Company Overview



# Altium's FY19 Financial Highlights



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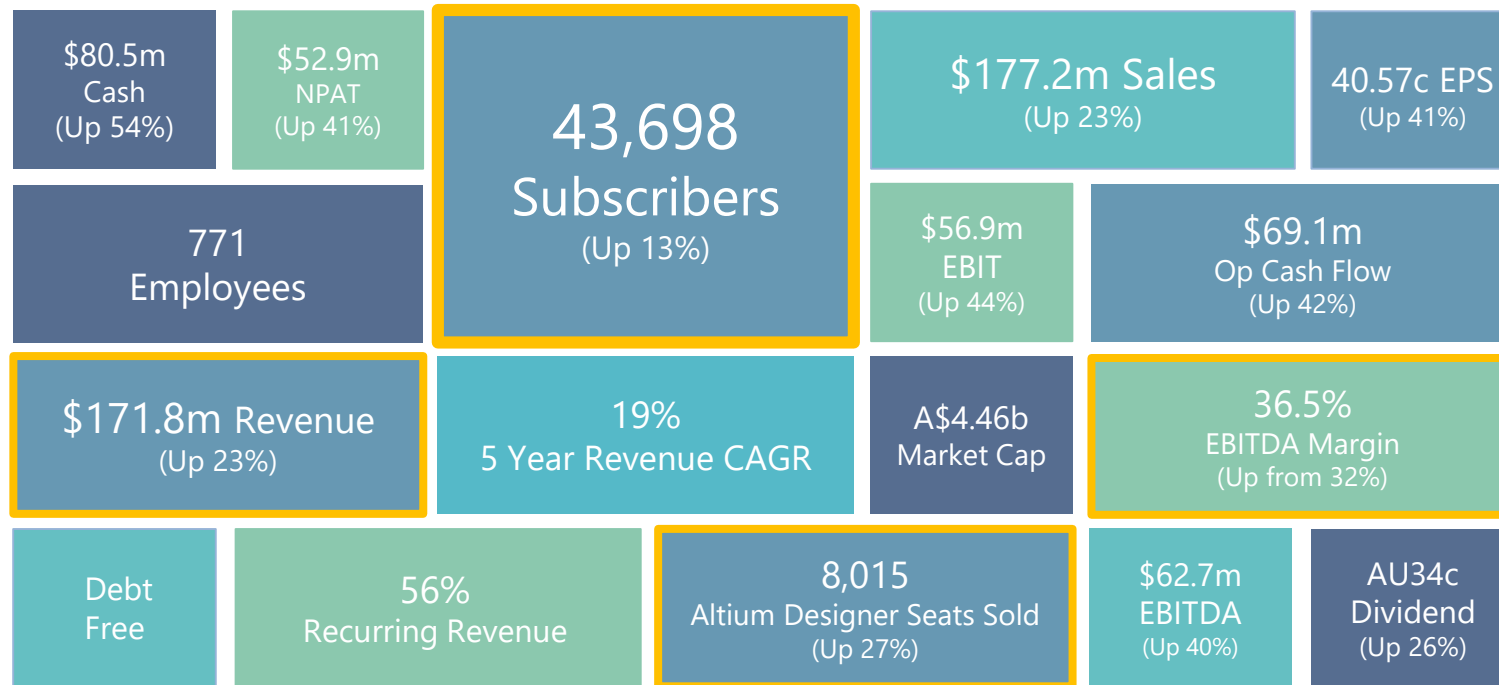
- Strong revenue growth of 23%
- Record EBITDA Margin of 36.5% (36.6% underlying)
- Strong net profit growth of 41%
- 13% increase in subscriber seats to 43,698
- 27% increase in Altium Designer seats with more than 8,000 new licenses sold

- Revenue
- EBITDA/EBITDA Margin
- Revenue growth

# Driving Performance from a Position of Financial Strength



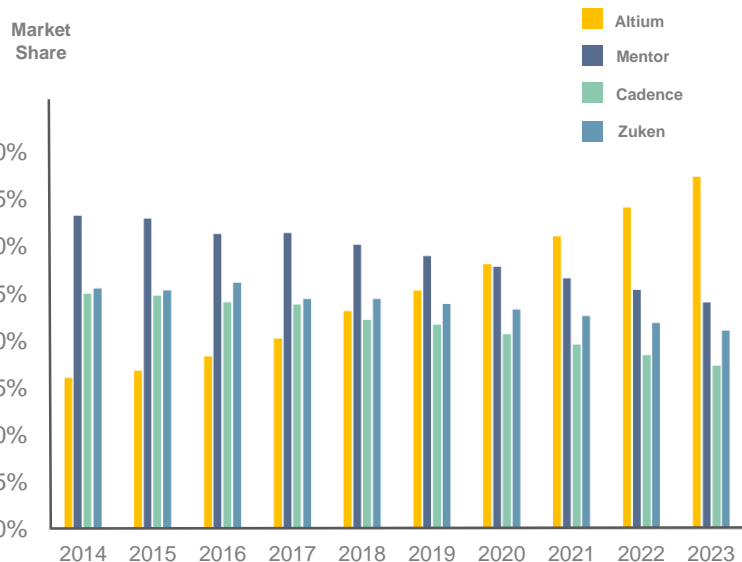
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# Accelerating Towards Market Dominance

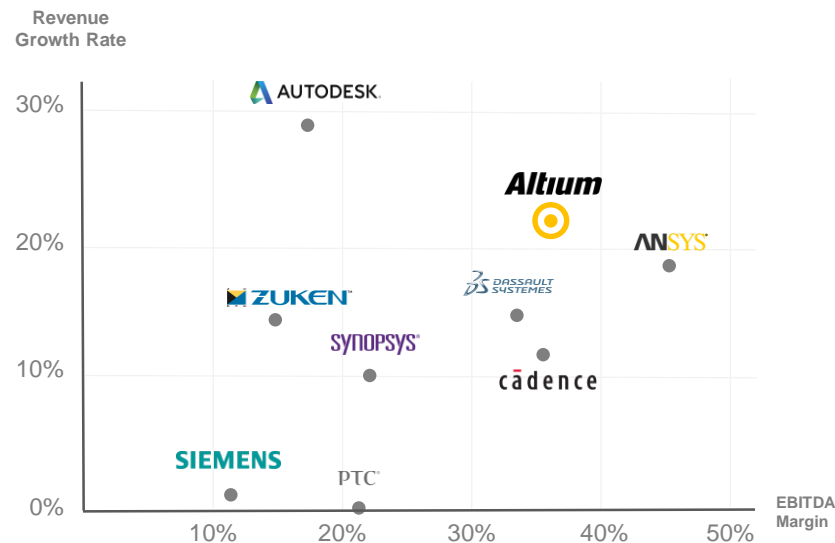


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### Dominating the PCB Market

This chart is produced using market data from Gary Smith EDA and Altium's internal competitive model.



### Industry-Leading Performance

Company financial data is based on their respective latest twelve months reporting period.

# FY19 Significant Achievements



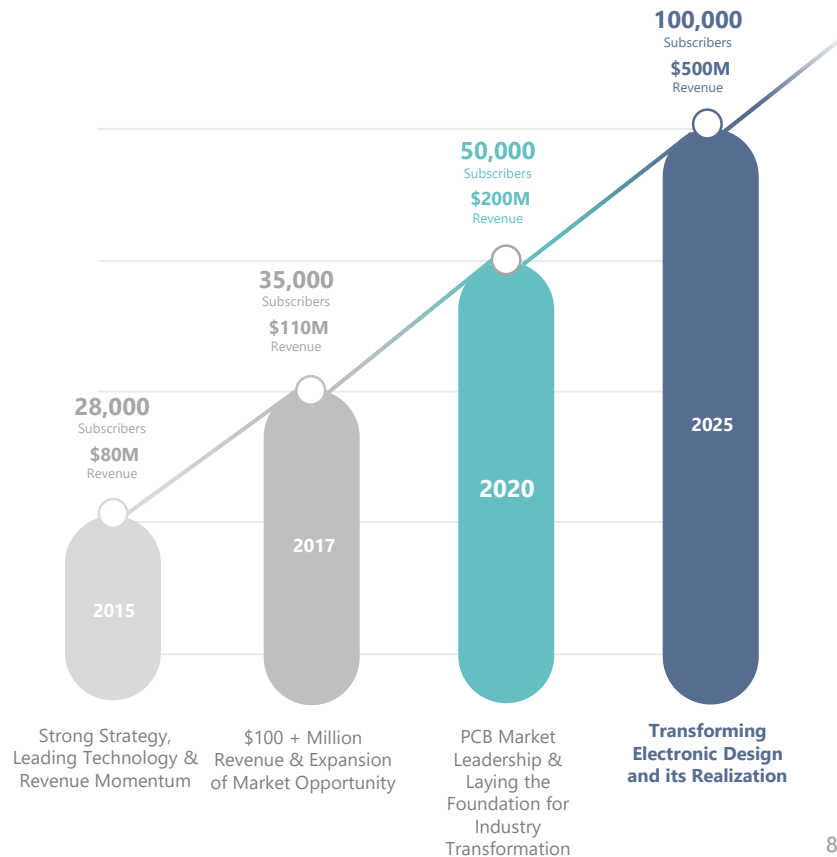
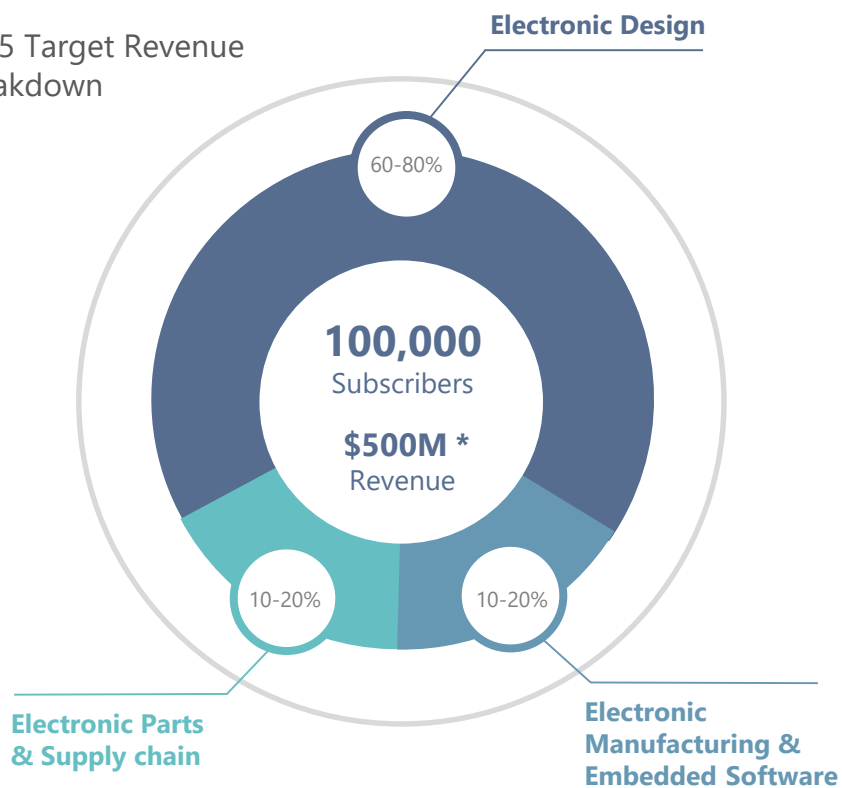
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- ✓ Record growth in new Altium Designer seats of 27% and record growth in subscriber base of 13% to more than 43,600 subscribers
- ✓ All business segments delivered double-digit revenue growth
- ✓ China delivered record revenue growth and expanded beyond Shanghai and Shenzhen to Beijing
- ✓ Released Altium Designer 19 with a range of new capabilities targeting advanced design and complex projects
- ✓ Released a beta version of Altium's new cloud platform Altium 365, with general availability in November with the release of Altium Designer 20
- ✓ Furthered Octopart momentum through improved search experience and business momentum

# On-Track for 2020 and Looking Beyond...

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## 2025 Target Revenue Breakdown



\* The target revenue of \$500M may include 5-10% from future acquisitions

# Rising to the Challenge of Industry Transformation...

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Altium needs to solve “the innovator’s dilemma”

As a high performing company Altium needs to achieve dominance through delivering best in class technology and at the same time disrupt the current model through the introduction of a new class of technology that challenges the existing norms



Converting dominance to transformation requires alignment of industry heavy weights

Altium’s ability to convert its dominance to compel key stakeholders requires a level of execution that Altium needs to rise to

For success Altium needs to perform strongly in all three domains at the same time

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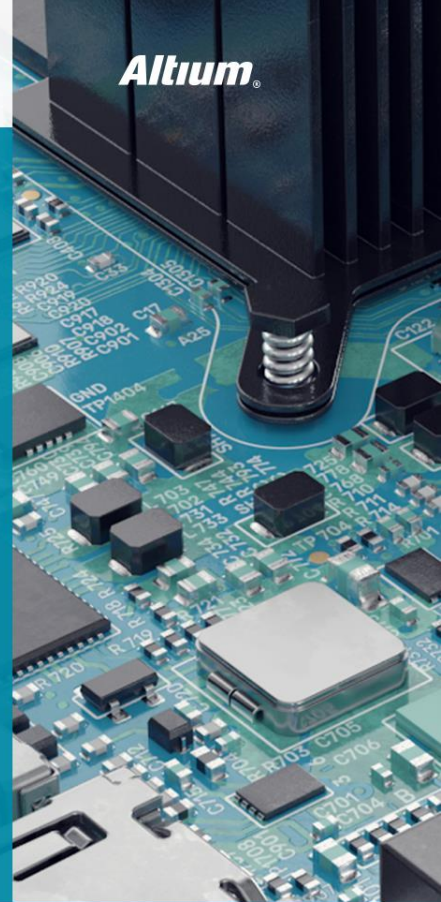
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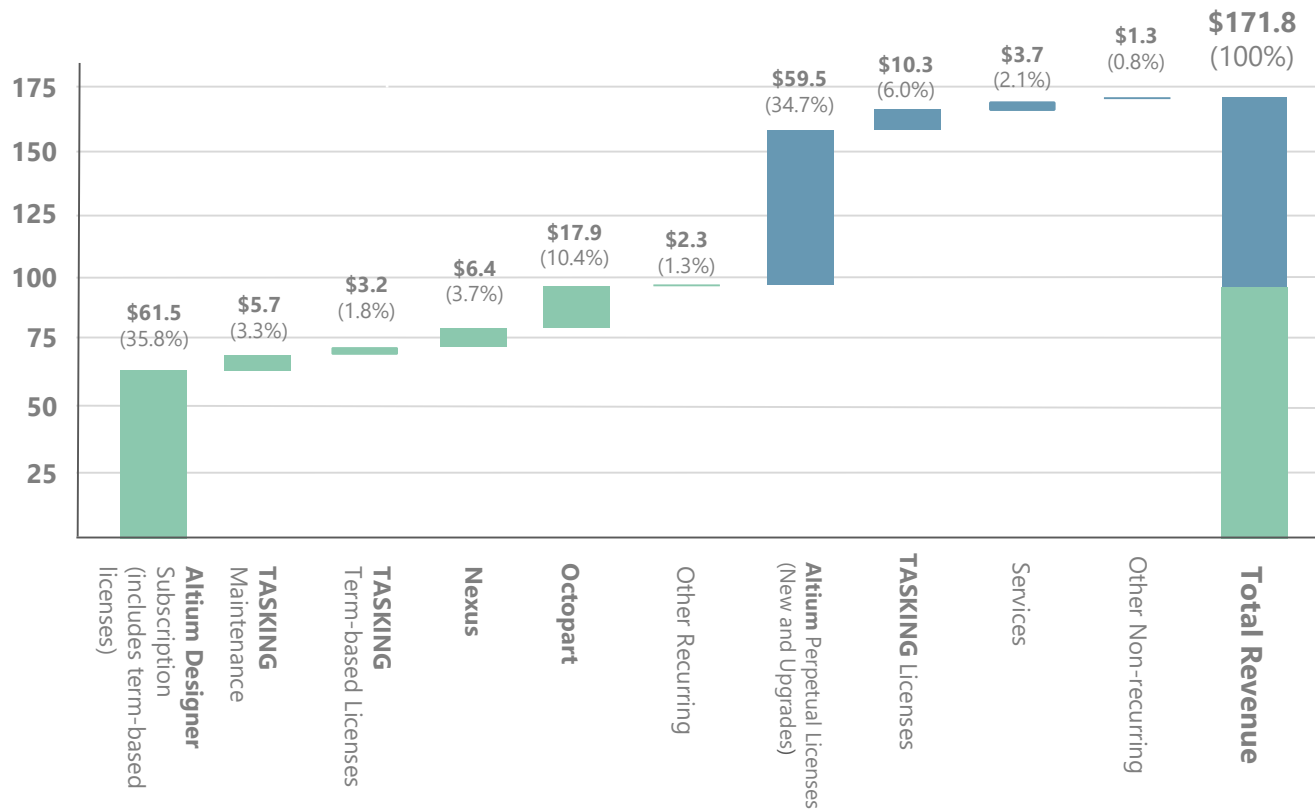


# Revenue Sources



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US Millions



**Transactional Revenue**

**\$74.8**  
(43.5%)

**Recurring Revenue**

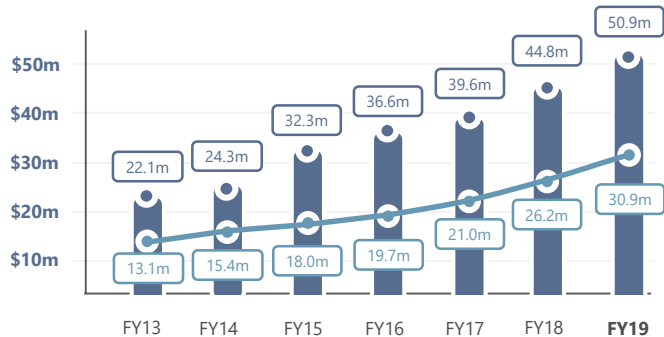
**\$97.0**  
(56.5%)

# Board and Systems Revenue by Region

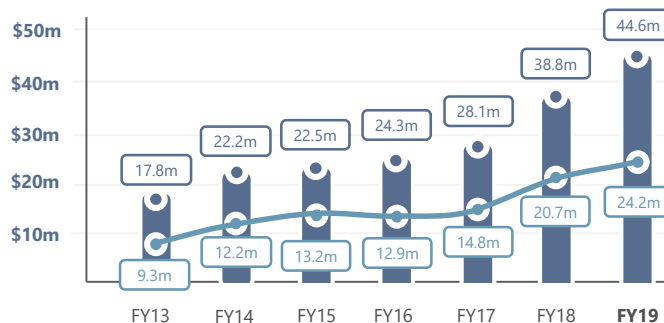


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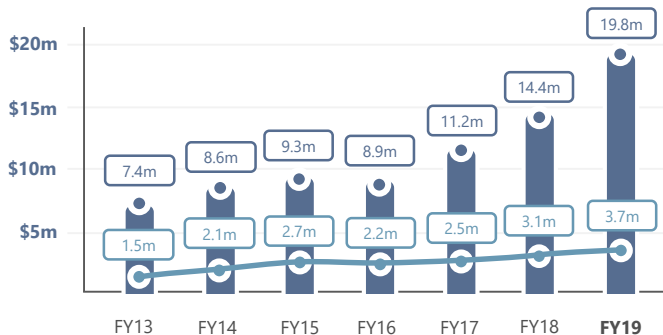
**BSD - Americas** FY19 Revenue growth : 14% 5 Yr Revenue CAGR: 16%  
5 Yr Recurring CAGR: 15%



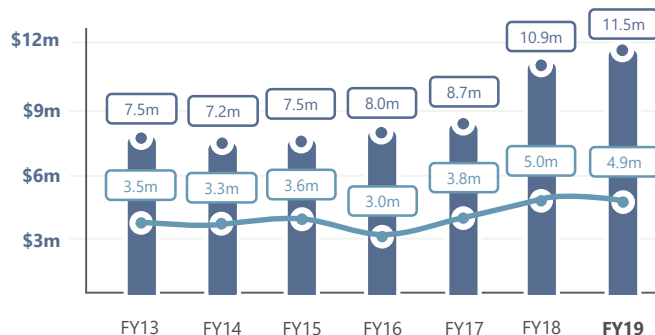
**BSD - EMEA USD** FY19 Revenue growth: 15% 5 Yr Revenue CAGR: 15%  
5 Yr Recurring CAGR: 15%



**BSD - China** FY19 Revenue growth: 37% 5 Yr Revenue CAGR: 18%  
5 Yr Recurring CAGR: 12%



**BSD - Rest of World** FY19 Revenue growth: 6% 5 Yr Revenue CAGR: 10%  
5 Yr Recurring CAGR: 8%



- Recurring
- Revenue

# Board and Systems Revenue Total & NEXUS



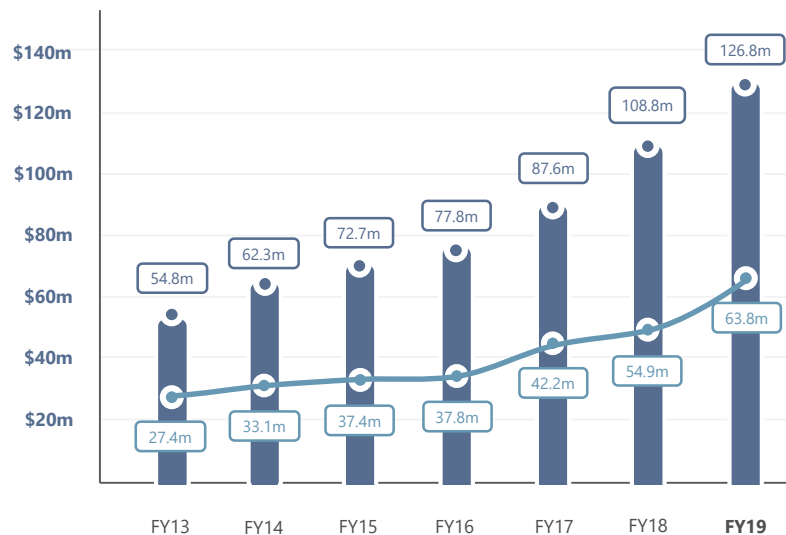
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## BSD – Total

FY19 Revenue growth: 17%

5 Yr Revenue CAGR: 15%

5 Yr Recurring CAGR: 14%

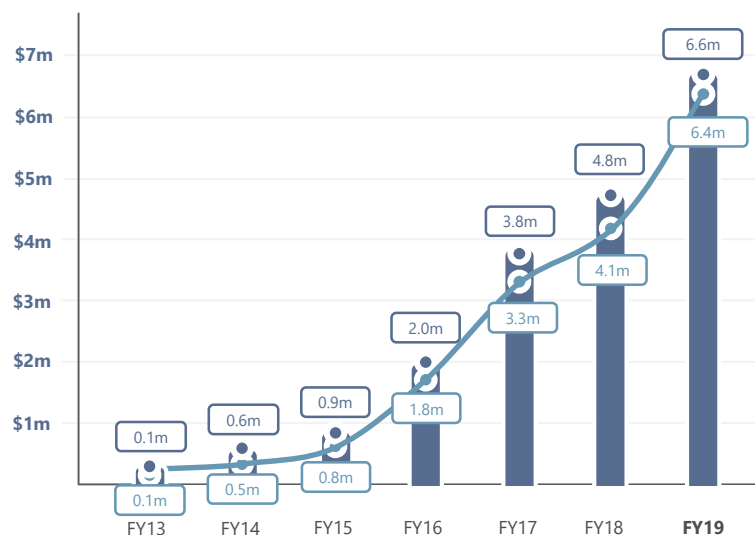


## NEXUS

FY19 Revenue growth: 38%

5 Yr Revenue CAGR: 61%

5 Yr Recurring CAGR: 62%



● Recurring

● Revenue

# Octopart and TASKING Revenue

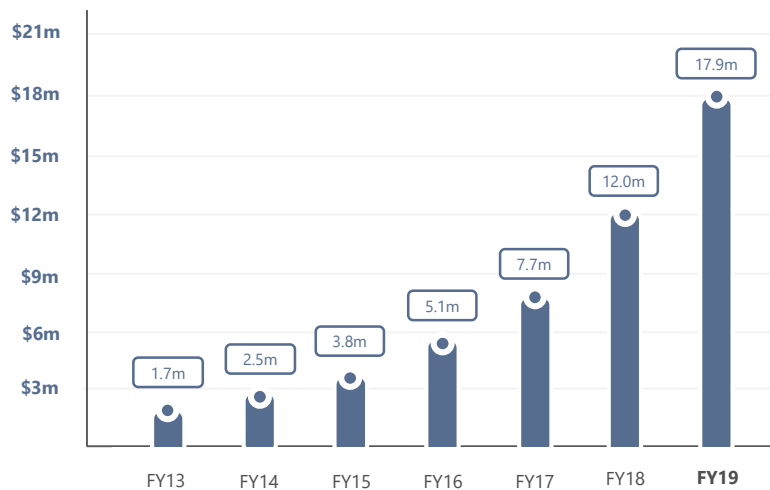


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## Octopart

FY19 Revenue growth: 49%

5 Yr Revenue CAGR: 49%

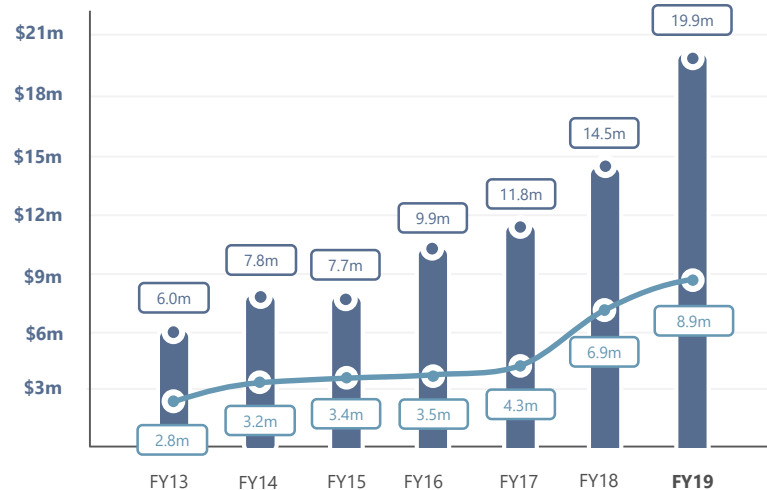


## TASKING

FY19 Revenue growth: 37%

5 Yr Revenue CAGR: 21%

5 Yr Recurring CAGR: 22%

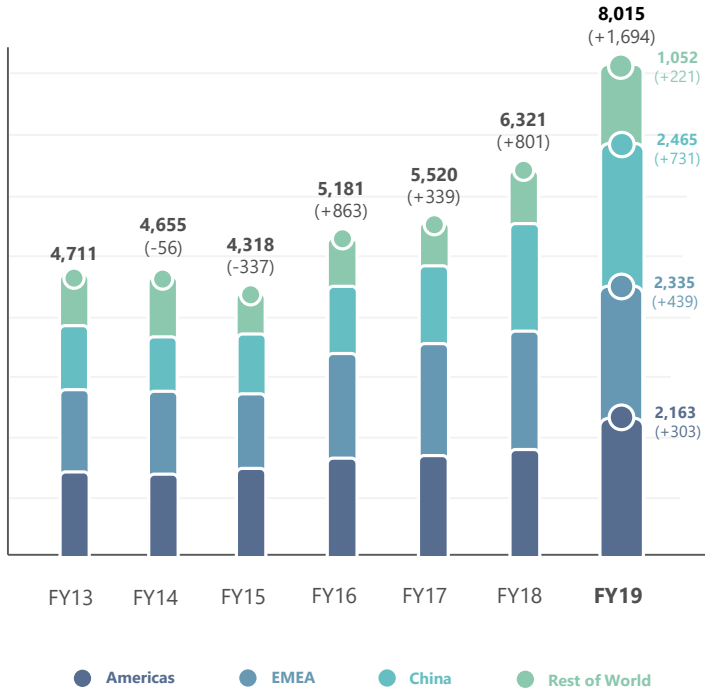


● Recurring

● Revenue

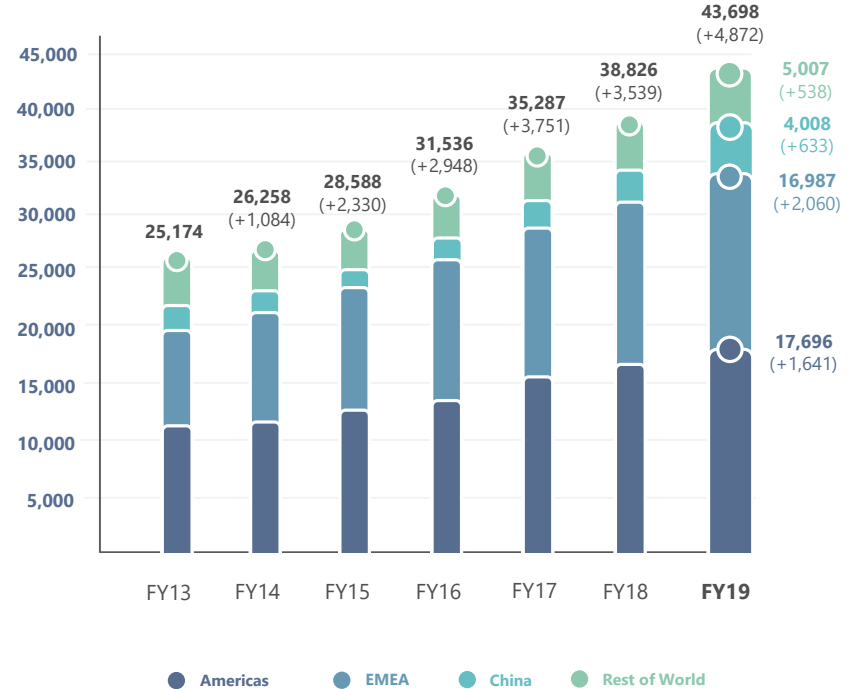
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## Altium Designer New Seats Sold



## Subscription Pool

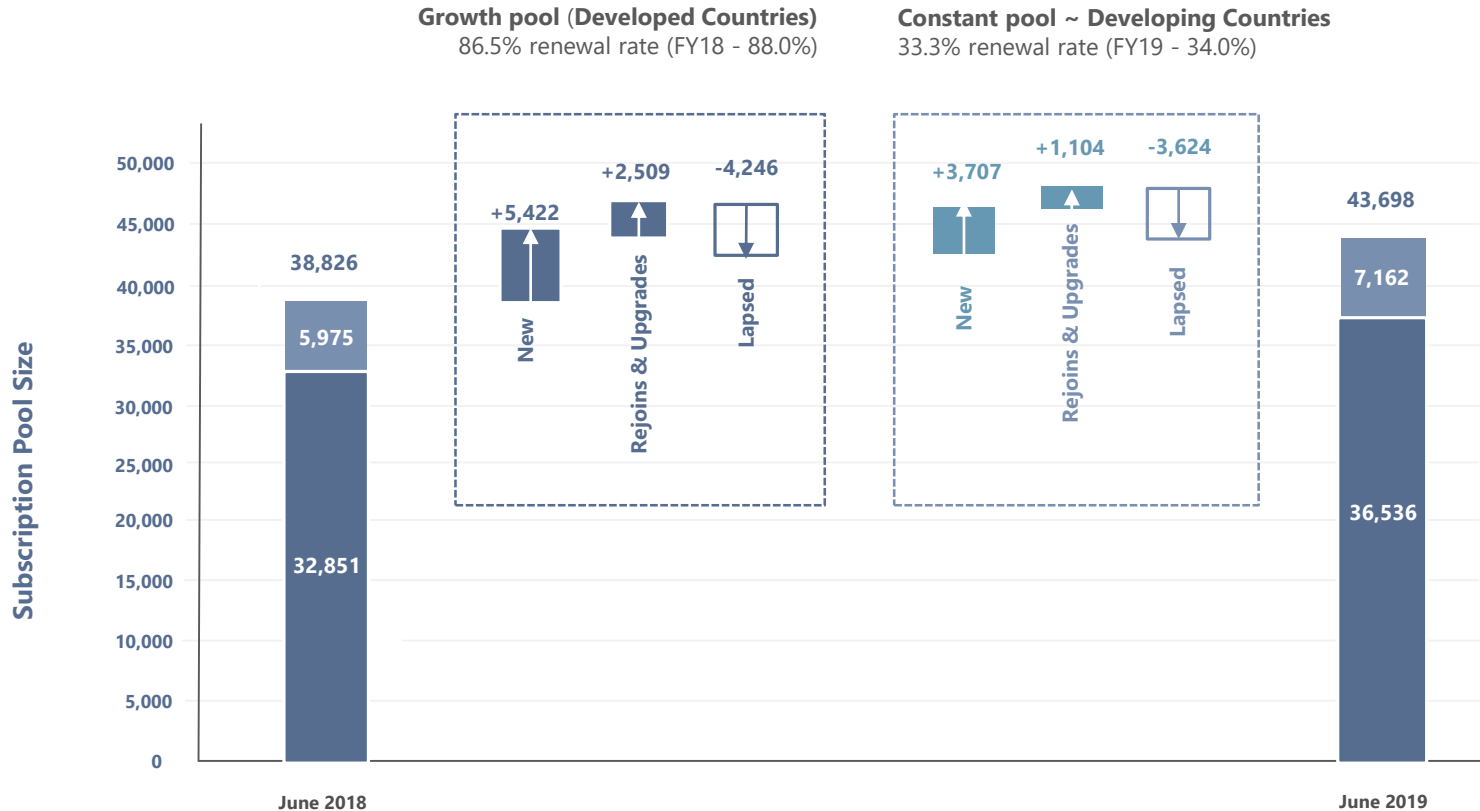
All years include term-based licenses



# Altium's Subscription Pool



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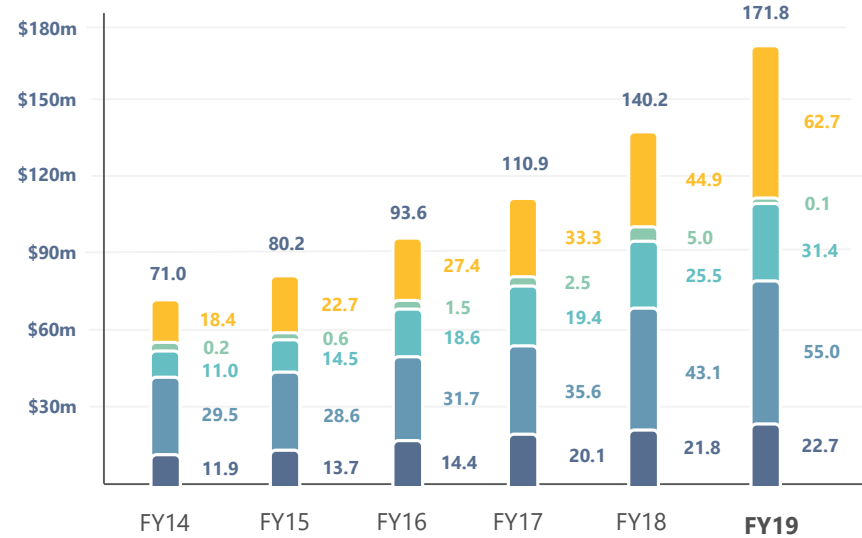
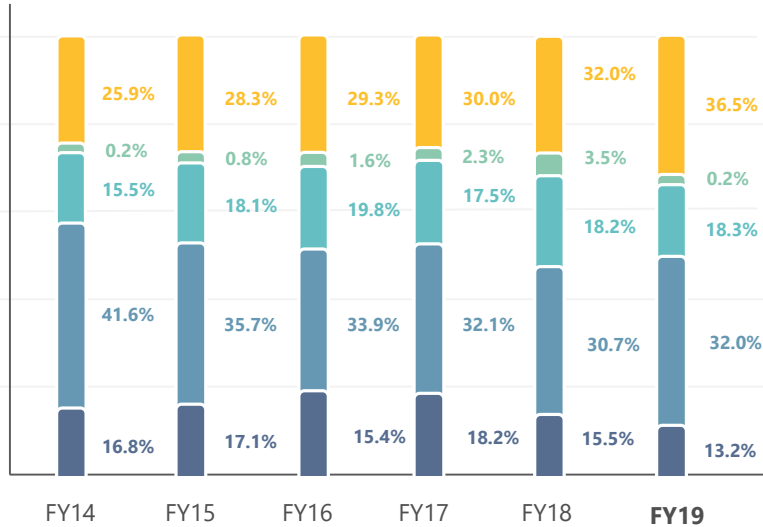
All numbers include term-based licenses

# Operating Expenses

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## Operating Expenses as a Percentage of Revenue

## Operating Expenses as a Breakdown of Revenue



● Margin    
 ● One off Costs incl Acquisitions    
 ● General & Administration    
 ● Sales & Marketing    
 ● Research & Development

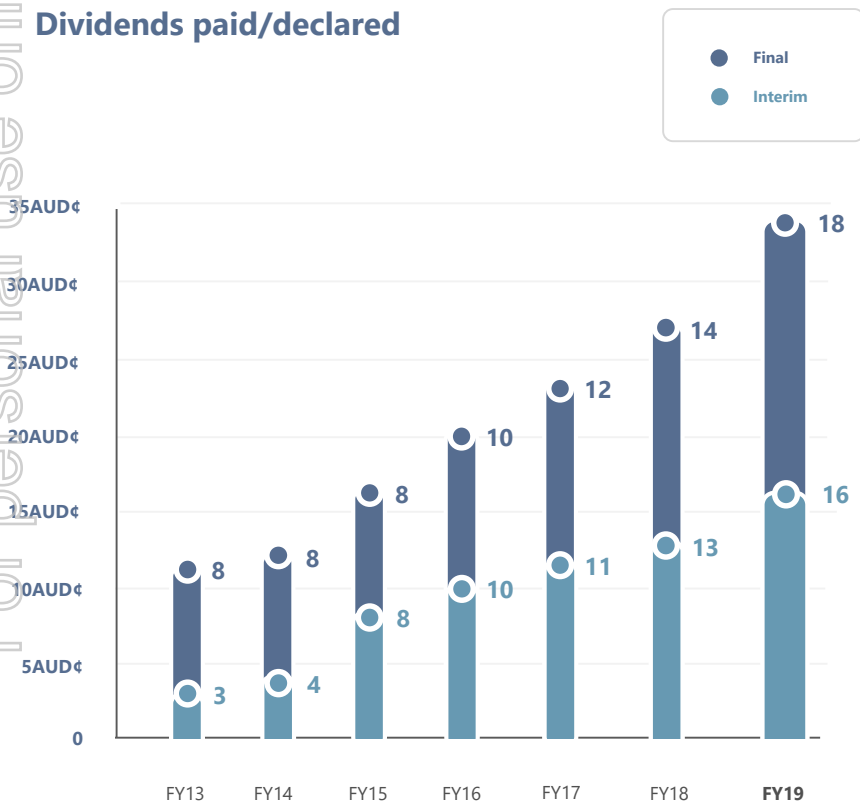
## Cash and cash equivalents



	Jun-19 \$ '000	Jun-18 \$ '000	Jun-17 \$ '000	Jun-16 \$ '000
Cash and cash equivalents	80,531	52,459	44,273	38,139
Trade and other receivables	45,833	38,799	32,672	30,406
Other current assets	5,108	4,171	2,861	1,548
<b>Total current assets</b>	<b>131,472</b>	<b>95,429</b>	<b>79,806</b>	<b>70,093</b>
Trade and other receivables	2,285	1,952	2,531	5,379
Property, plant and equipment	7,762	5,712	5,054	5,091
Intangible assets	51,534	49,068	40,459	33,508
Other non-current assets	84,873	82,120	82,946	82,301
<b>Total non-current assets</b>	<b>146,454</b>	<b>138,852</b>	<b>130,990</b>	<b>126,279</b>
<b>Total assets</b>	<b>277,926</b>	<b>234,281</b>	<b>210,796</b>	<b>196,372</b>
Trade and other payables	16,278	12,147	10,179	7,188
Tax liabilities	5,705	772	1,008	2,713
Provisions	2,109	6,784	7,600	3,568
Deferred revenue	48,277	43,989	38,436	32,234
<b>Total current liabilities</b>	<b>72,369</b>	<b>63,692</b>	<b>57,223</b>	<b>45,703</b>
Deferred tax liability	5,833	5,566	5,276	4,793
Provisions	6,407	3,974	703	4,230
Deferred revenue	6,875	6,035	6,958	9,038
Other liabilities	1,884	2,098	674	1,813
<b>Total non-current liabilities</b>	<b>20,999</b>	<b>17,673</b>	<b>13,611</b>	<b>19,874</b>
<b>Total liabilities</b>	<b>93,368</b>	<b>81,365</b>	<b>70,834</b>	<b>65,577</b>
<b>Net assets</b>	<b>184,558</b>	<b>152,916</b>	<b>139,962</b>	<b>130,795</b>
Contributed equity and reserves	126,058	138,260	137,452	135,571
Accumulated profits (losses)	58,500	14,656	2,510	(4,776)
<b>Total equity</b>	<b>184,558</b>	<b>152,916</b>	<b>139,962</b>	<b>130,795</b>

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## Dividends paid/declared



	FY19 \$ '000	FY18 \$ '000	FY17 \$ '000	FY16 \$ '000
<b>Operating Cash Flow</b>	<b>69,066</b>	<b>48,482</b>	<b>35,861</b>	<b>14,082</b>
<b>Capital Expenditure</b>				
Payments for property, plant and equipment	(5,095)	(2,824)	(4,343)	(2,720)
Payments for intangibles	(17)	(748)	(515)	(250)
<b>Free Cash Flow</b>	<b>63,954</b>	<b>44,910</b>	<b>31,003</b>	<b>11,112</b>
<b>Cash flows from investing activities</b>				
Payments for purchase of subsidiary, net of cash acquired	(2,421)	(3,681)	(1,338)	(17,039)
Payments on contingent and deferred considerations	(5,471)	(7,455)	(2,845)	0
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares	-	-	-	-
Dividends paid	(28,128)	(25,633)	(20,791)	(17,631)
Repayment of borrowings	(7)	(9)	(51)	(43)
Increase/(decrease) in cash and cash equivalents	27,927	8,132	5,978	(23,601)
Effects of exchange rate changes	145	54	156	(166)
<b>Total increase/(decrease) in cash and cash equivalents</b>	<b>28,072</b>	<b>8,186</b>	<b>6,134</b>	<b>(23,767)</b>

# Full Year Results Key Metrics

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USD millions	FY19	FY18	+/- %	FY17	FY16	FY15
<b>Revenue (excl. interest)</b>	171.8	140.2	<b>23%</b>	110.9	93.6	80.2
<b>Reported expenses</b>	109.1	95.3	<b>14%</b>	77.6	66.2	57.5
• Business expenses	108.9	90.3	<b>21%</b>	75.1	64.7	56.9
• One-off expenses	0.2	5.0	<b>(96%)</b>	2.5	1.5	0.6
<b>EBITDA</b>	62.7	44.9	<b>40%</b>	33.3	27.4	22.7
<b>Depreciation and amortization</b>	5.8	5.3	<b>9%</b>	3.8	2.7	1.3
<b>EBIT</b>	56.9	39.6	<b>44%</b>	29.5	24.7	21.4
<b>Net interest</b>	0.7	0.1	<b>600%</b>	-	(0.1)	0.2
<b>Profit before income tax</b>	57.6	39.7	<b>45%</b>	29.5	24.6	21.6
<b>Income tax expense</b>	4.7	2.2	<b>114%</b>	1.4	1.6	(70.8)
<b>Profit after income tax</b>	52.9	37.5	<b>41%</b>	28.1	23.0	92.4

	FY19	FY18	FY17	FY16	FY15
<b>EPS</b>	40.57	28.86	21.70	17.89	74.84
<b>Dividends (AU cents)</b>	34	27	23	20	16
<b>Key Margin Analysis</b>					
EBITDA margin	36.5%	32.0%	30.0%	29.3%	28.3%
Underlying EBITDA margin	36.6%	35.5%	32.3%	30.9%	29%
Net profit before tax margin	34%	28%	27%	26%	27%
Net profit after tax margin	31%	27%	25%	25%	115%
Effective tax rate	8.2%	5.6%	4.7%	6.5%	N/A
<b>Balance Sheet (USD millions)</b>					
Cash and equivalents	80.5	52.5	44.3	38.1	61.9
Net assets	184.6	152.6	140.0	130.8	121.6
<b>Operating cash flows</b>	69.1	48.5	35.9	14.1	21.3

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2019 Full Year Financial Performance & Metrics

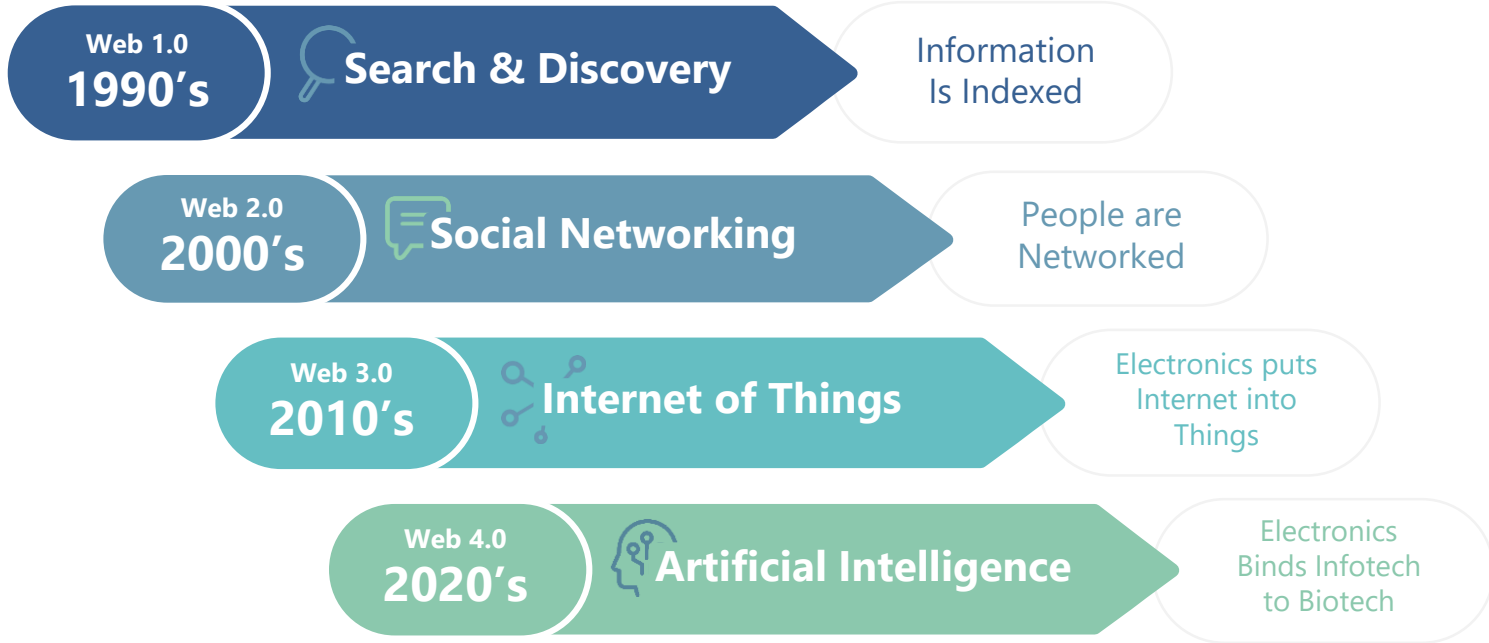
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**Driving Forces, Market Opportunity and Industry Transformation**

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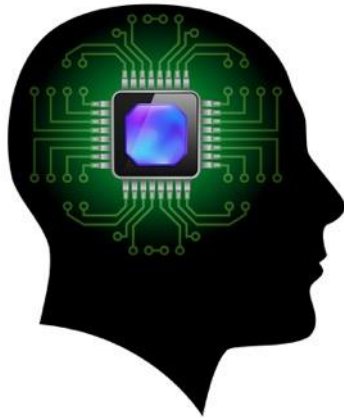
Appendix: Company Overview





Internet of Things & Artificial Intelligence are driving the proliferation of electronics

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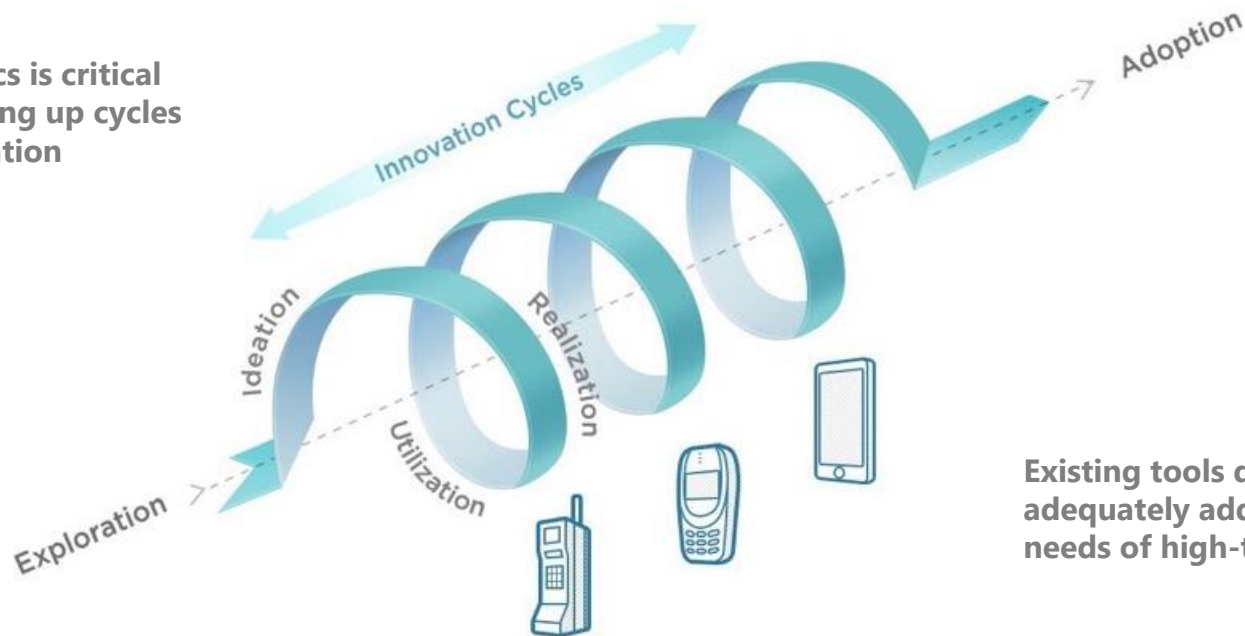


Printed Circuit Boards are central to the design & realization of electronics

# IOT is Driving the Pace of Innovation

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Electronics is critical to speeding up cycles of innovation

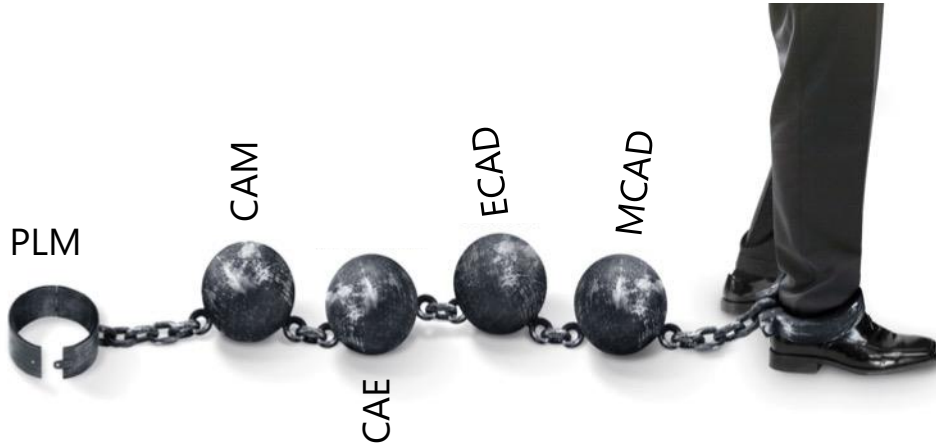


Existing tools do not adequately address the needs of high-tech products

Success depends on the ability to move quickly through innovation cycles

# Current Engineering Tools Fall Short

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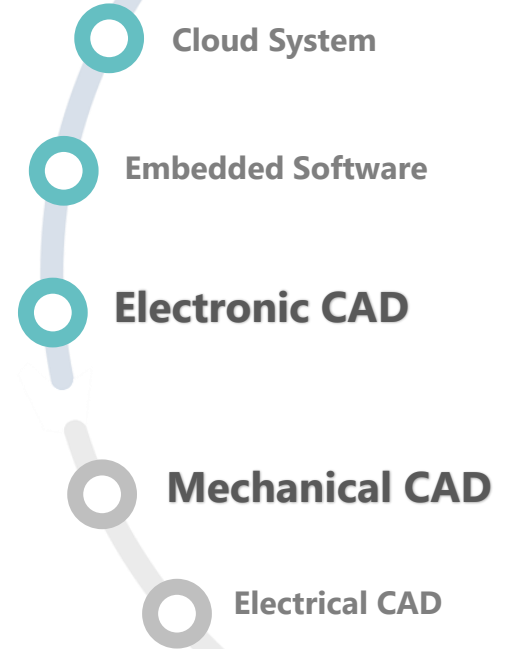


MCAD - Mechanical Computer Aided Design  
ECAD - Electronic Computer Aided Design  
CAE - Computer Aided Engineering - Analysis and Simulation  
CAM - Computer Aided Manufacturing  
PLM - Product Lifecycle Management

The current model for tool integration is old and has evolved around the notion of "tool-chains"

# The Future of Engineering Tools is Multi-disciplinary...

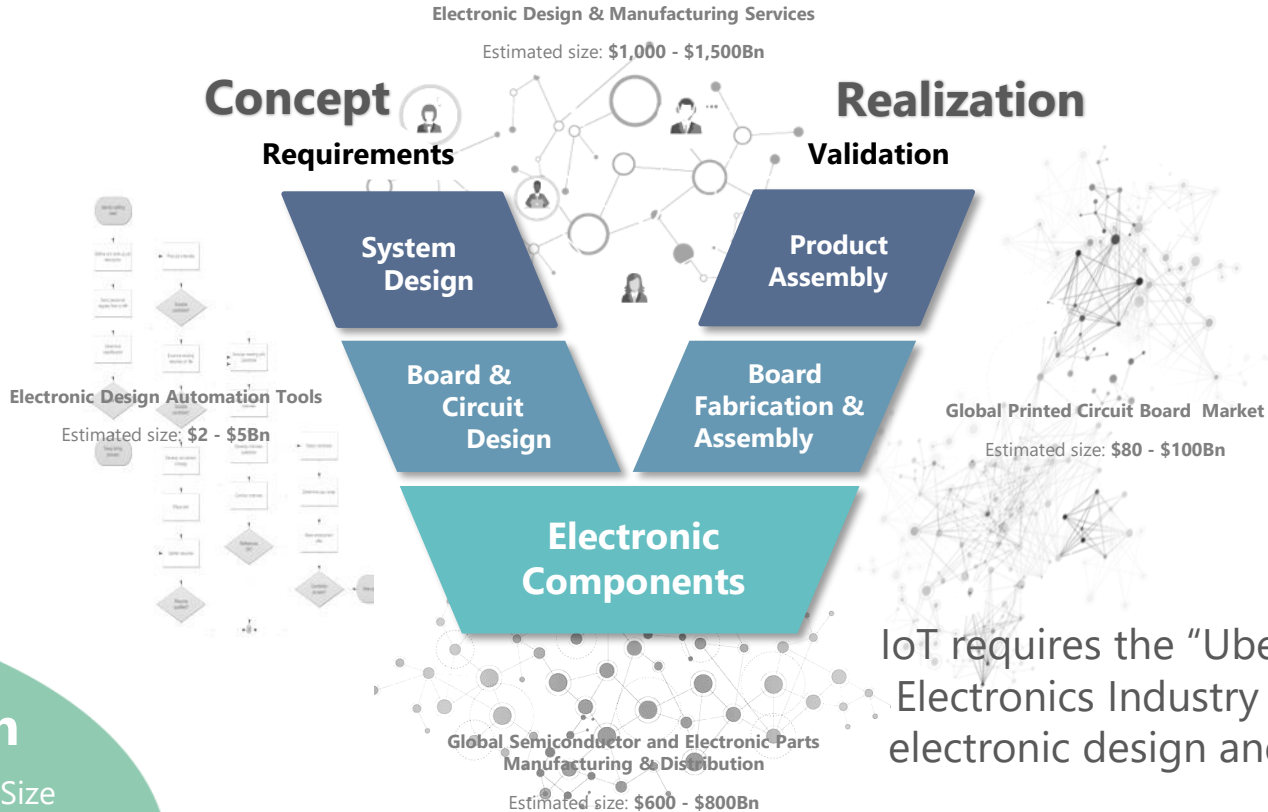
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ECAD and MCAD tools must communicate natively and operate at the same level of abstraction

# IOT Requires Transformation of the Electronics Industry

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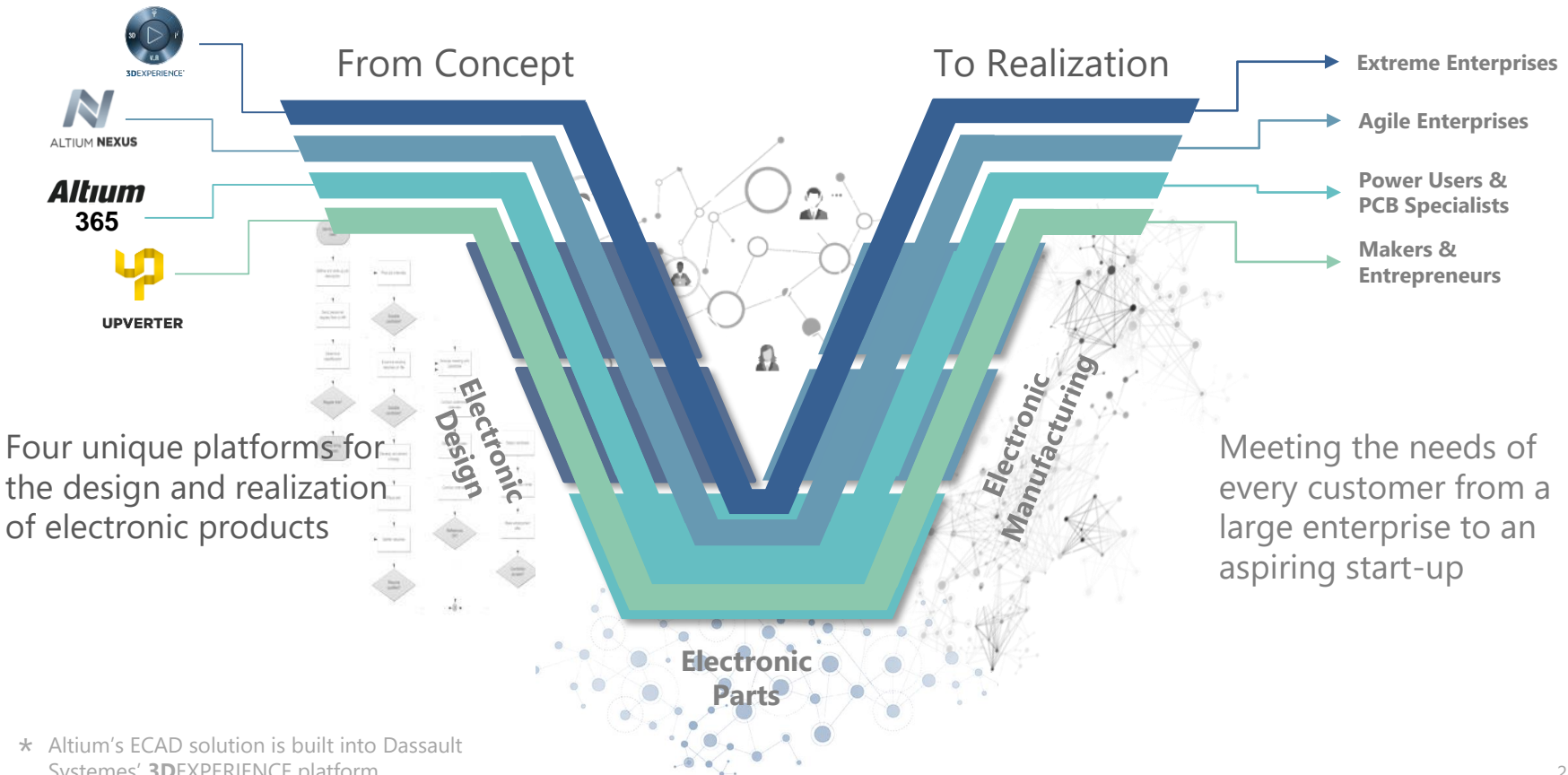
**\$2 Trillion**

Estimated Industry Size

IoT requires the "Uberization" of the Electronics Industry - transforming electronic design and its realization

# Aggressively Executing on a Product Strategy for Dominance & Industry Transformation

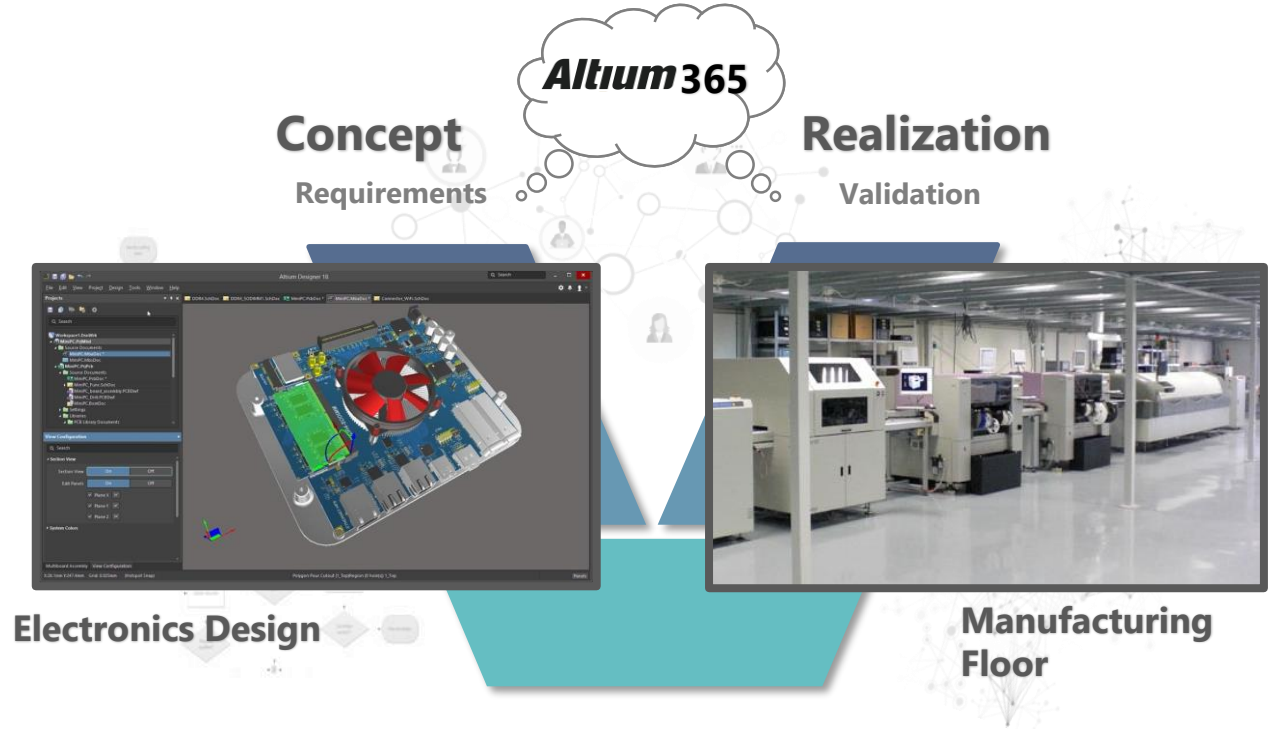
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\* Altium's ECAD solution is built into Dassault Systemes' 3DEXPERIENCE platform

# Electronics Design Needs to Connect to the Manufacturing Floor

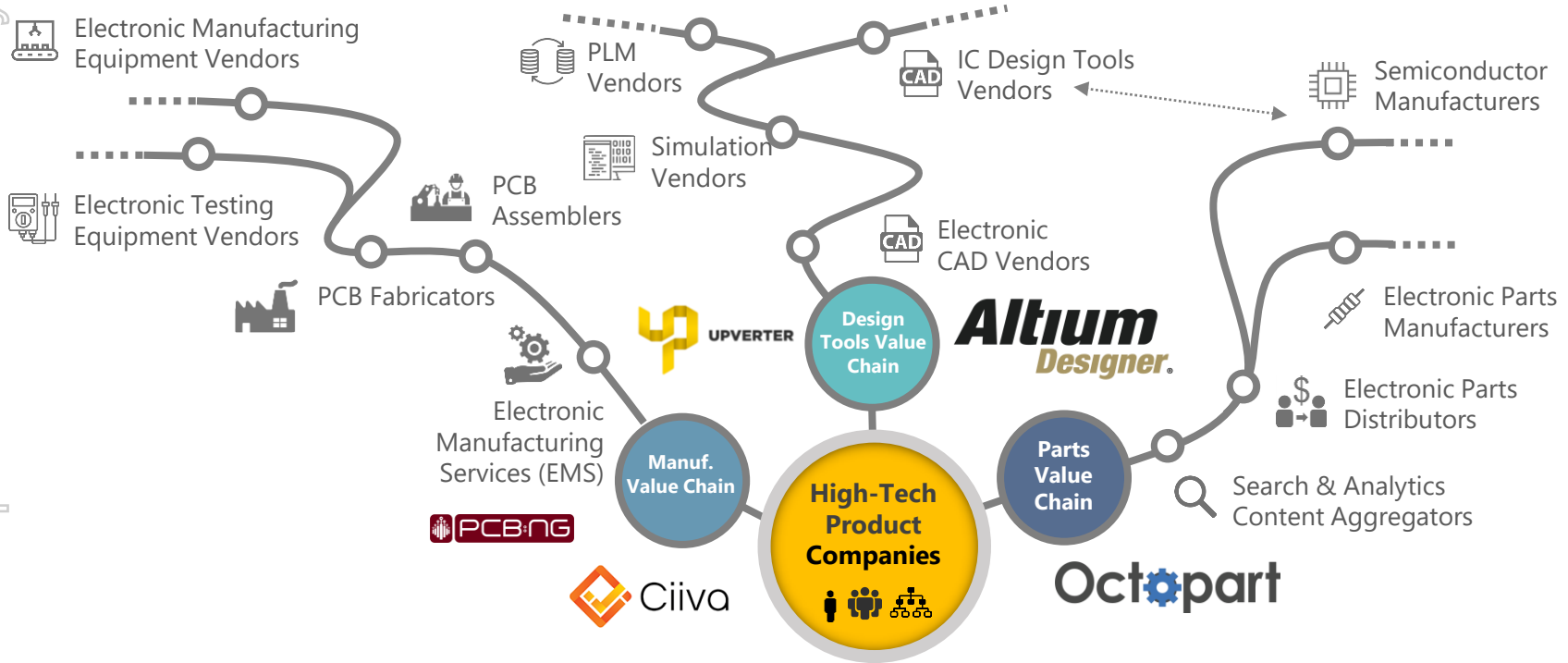
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Connecting electronics design to the manufacturing floor with bi-directional digital continuity is at the heart of transformation

# Electronics Industry Value Chain

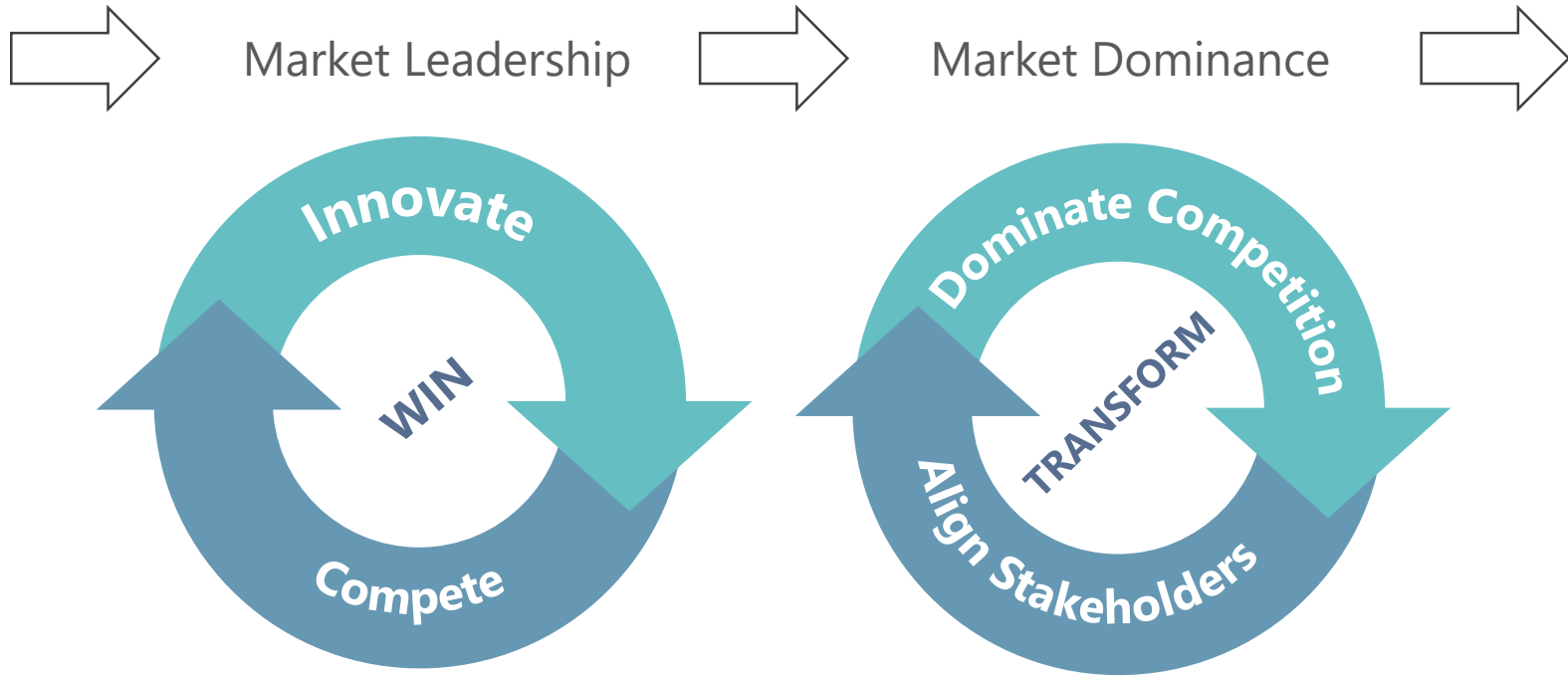
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The three segments of the value chain are completely isolated and digitally disconnected within their own chain

# Transformation Through Dominance...

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Altium must target **100,000 active subscribers by 2025** so as to compel key industry stakeholders to support its agenda to transform electronic design and its realization

- ✓ The proliferation of electronics through the rise of smart connected devices continues to drive growth for our business in the foreseeable future
- ✓ Altium is confident of achieving its 2020 target of US\$200 million revenue and commits to a higher EBITDA margin floor of 37% (excluding the impact of the new leasing standard)
- ✓ Altium is committed to the achievement of 100,000 Altium Designer subscribers before 2025 for market dominance and to an aspirational revenue goal of US\$500 million in 2025
- ✓ Altium is anticipating reaching its halfway mark of 50,000 subscribers as early as 2020
- ✓ Altium will continue to pursue partnership and M&A opportunities to support its long-term vision of creating a product design and realization platform that is centered around electronics

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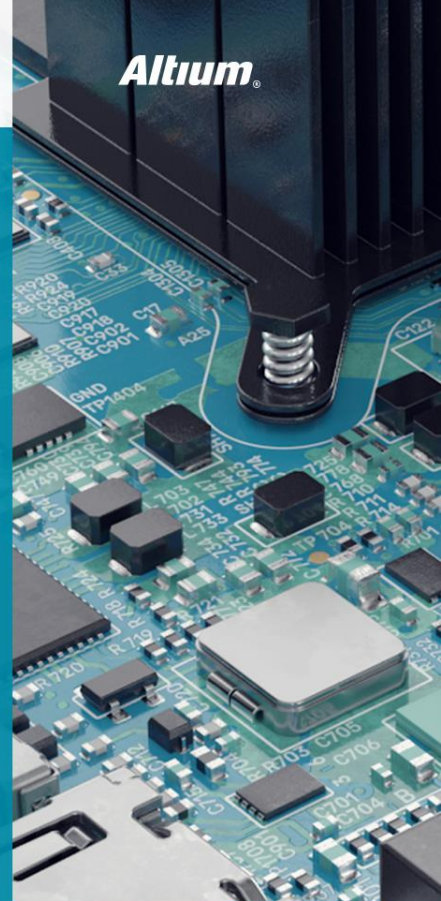
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**Appendix: Company Overview**



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



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Now

- 1- Altium creates a seamless online and offline design experience for a new breed of designers with **Upverter 2.0**
- 2- Altium **acquires board manufacturing company PCB-NG**, combining it with Ciiva to create the world's first fully integrated design-to-realization channel
- 3- Altium acquires **Gumstix** a provider of innovative design-to-order hardware and manufacturing solutions providing capability addition in the design-to-realization platform for the long-tail electronics segment and beyond.

2017

- 1- Altium **surpasses US\$100 million revenue target** and delivers \$US110 million for financial year 2017
- 2- **Altium acquires Upverter**, the developer of the world's first fully cloud, fully collaborative electronics design systems
- 3- **Altium releases Altium Designer 18** and launches **NEXUS**

2016

Altium **partners with Dassault Systems SOLIDWORKS** to deliver a specialized version of its PCB design software for SolidWorks users

2015

- 1- Altium acquires **Octopart**, the **#1 electronic parts search engine** in the world
- 2- Altium acquires **Ciiva**, a cloud based **electronic components management system**

2014

- 1- **Successful capital raising** of \$44M on ASX
- 2- Altium relocated its HQ to California USA

2010

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

2006

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

1999

Altium Successfully completes an IPO on Australian Stock Exchange

1991

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

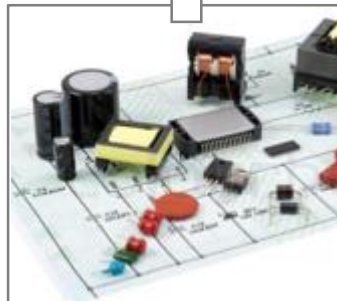
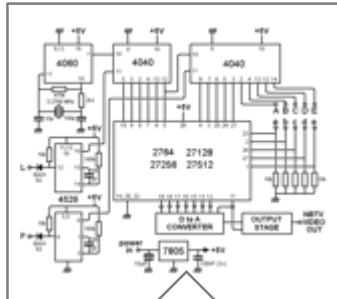
1985

The company was founded by creating the first version of Altium Designer, **Protel PCB**

# Printed Circuit Board Design and Manufacturing Process

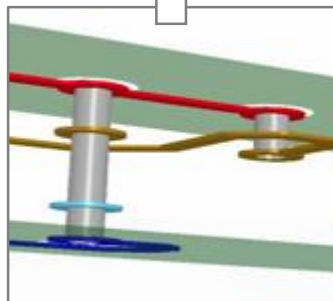
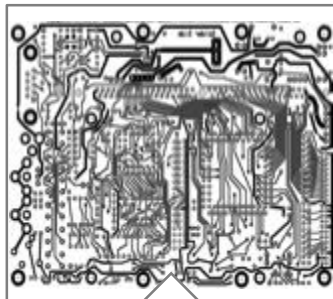
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### Design Capture



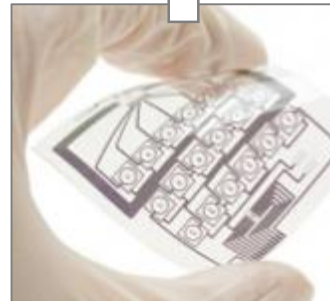
### Design Capture

### Physical Layout



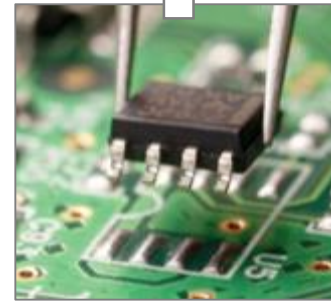
### Layout

### Bare Board



### Fabrication

### Assembled Board



### Assembly

## Altium DNA

Uncomplicated Value Proposition



Direct Sales Force



Free Technical Support



Easy to Get Up and Running

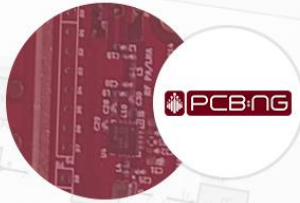
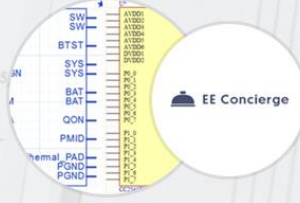
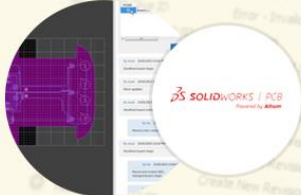
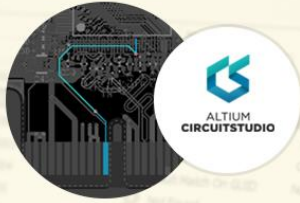


Easy to Learn, Easy to Use



Easy to Maintain with No Hidden Costs

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Printed Circuit Board Design Software Solutions

Manufacturing Automation

Embedded Software Development Tool

Design Data Management & Collaboration Software

# Diversity of Application

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Automotive



Aerospace & Defense



Life Sciences



Mobile Devices & Communications



Consumer – Electronics



Electronics & High-Tech



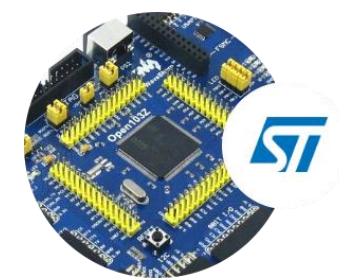
Research & Education



Industrial Controls Automation



Computers



Semiconductors

# High Profile Customers

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Automotive



Aerospace & Defence



Life Sciences



Mobile Devices



Consumer- Electronics



Electronics & High-Tech



Research & Education



Industrial Controls



Computers



Semiconductors



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## Main Operating Centres

San Diego, Munich, Shanghai

## Sales and Support Centres

San Diego, Boston, Karlsruhe, Munich, Shanghai, Sydney

## Research & Development Centres

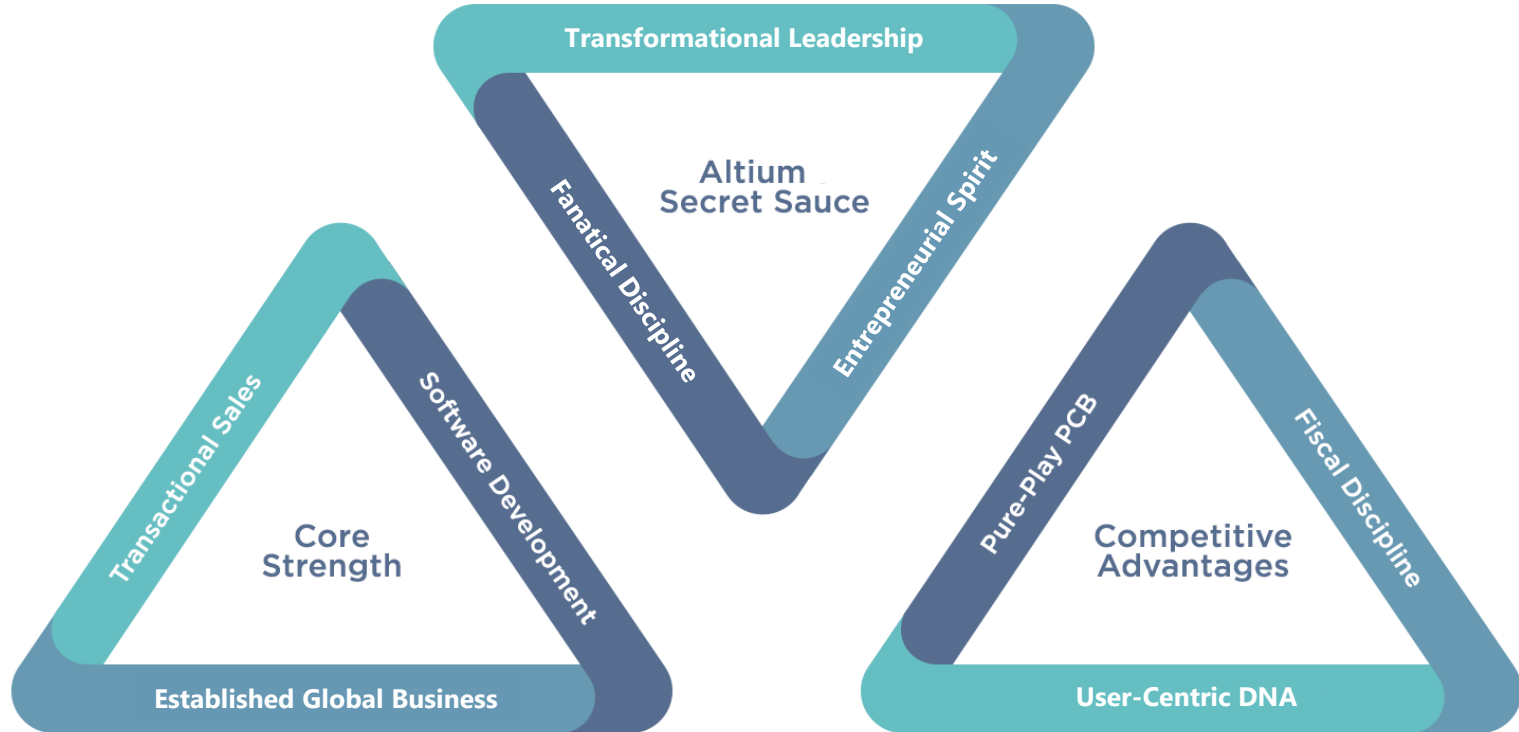
San Diego, Ukraine, Netherlands, Shanghai



# The Altium Advantage

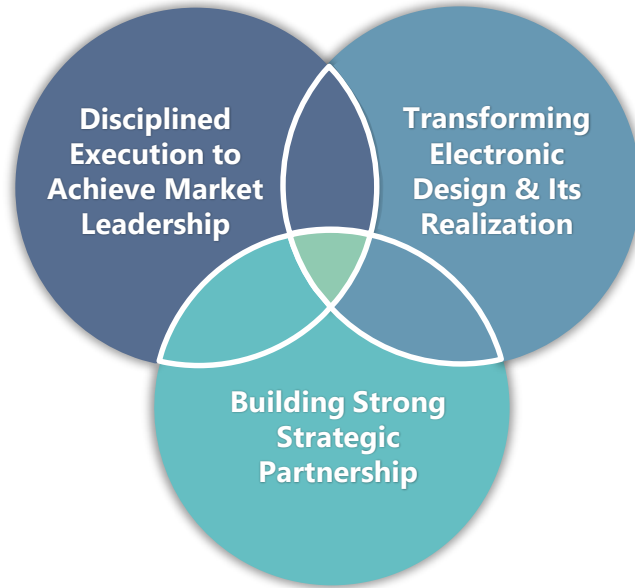


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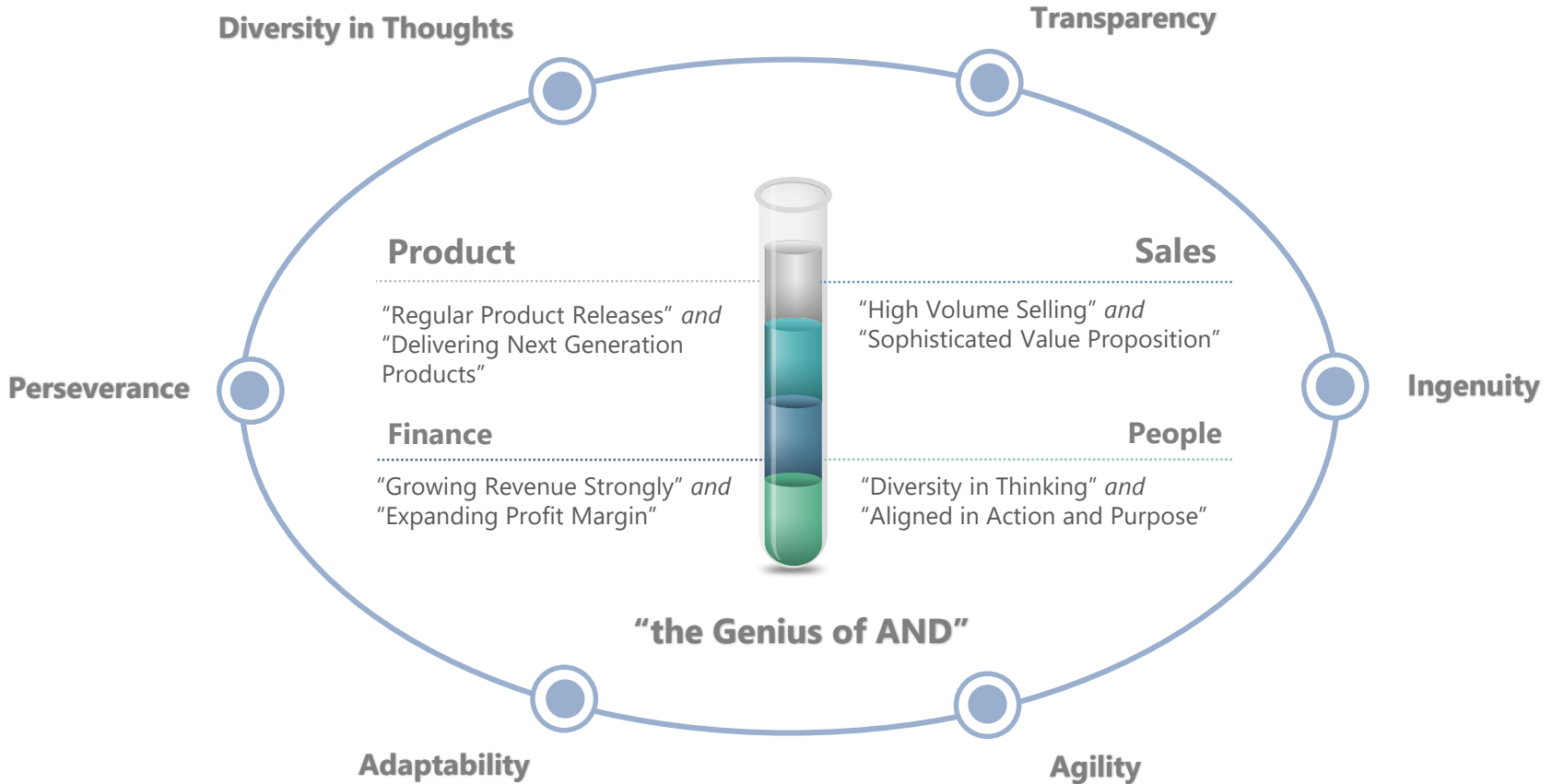
**Maintaining Disciplined Execution and Remaining Single-Minded About PCB Market Leadership**



**Being True to Our Deep Conviction that Altium's Journey Will Bring About Transformation of the Electronics Industry**

**Building a Strong Partnership with Leading Engineering Software Companies to Connect ECAD with MCAD & PLM**

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- ✔ The proliferation of electronics through the rise of smart connected devices continues to drive growth for our business in the foreseeable future
- ✔ Altium is confident of achieving its 2020 target of US\$200 million revenue and commits to a higher EBITDA margin floor of 37% (excluding the impact of the new leasing standard)
- ✔ Altium is committed to the achievement of 100,000 Altium Designer subscribers before 2025 for market dominance and to an aspirational revenue goal of US\$500 million in 2025
- ✔ Altium is anticipating reaching its halfway mark of 50,000 subscribers as early as 2020
- ✔ Altium will continue to pursue partnership and M&A opportunities to support its long-term vision of creating a product design and realization platform that is centered around electronics