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2015 Chairman's Address Altium Annual General Meeting

Sydney, Australia - 17 November 2015

Good morning ladies and gentlemen and welcome to the Altium Limited 2015 Annual General Meeting. The financial year ended 30 June 2015 has been a productive period for Altium and it is my pleasure to share with you today the financial performance of Altium over the past twelve months and to offer some perspective on the journey ahead.

Three years ago we set out for ourselves three strategic objectives for your Company:

- To restore shareholder value.
- To focus on our customers and by doing so, concentrate our R & D and engineering capability on initiatives that directly address the needs of our customers.
- To become the market leader in the PCB industry and to achieve that through revenue growth of at least ten percent per annum while also expanding our operating margins.

Looking back over the past three years we believe that we have come a long way to achieve those strategic objectives and that it is time to expand upon them for the future. The above objectives of shareholder value, PCB industry leadership and revenue growth with margin expansion have been embedded in our collective psyche; in today's comments I shall set out the principal themes that will enable us to expand our business further than we anticipated possible three years ago.

During fiscal 2015, Altium delivered positive financial results and built momentum for future growth and market leadership in Printed Circuit Board (PCB) design; we are making steady progress to achieving our ambition to become the leading PCB design tool company in the world.

Some of the significant milestones achieved in fiscal 2015 included:

- Successful capital raise of AU\$44.8 million from institutional investors.
- Acquisition of Octopart and Ciiva, which provide a foundation for our content and design data management strategy.
- Product release of CircuitMaker, CircuitStudio and PCBWorks.
- Strategic partnership with CST (a supplier of electromagnetic simulation technology) as part of our strategy of closing technology capability gaps.
- Relocation of the heart of our business to the US including the transfer of core business assets to the US.
- Expanded leadership team; Mr Henry Potts recruited from Mentor Graphics to become Altium COO.
- Entered the ASX 200 in September.

I will speak about some of these milestones in more detail shortly. Before doing so, I would like to reflect on our financial performance over the past fiscal year.

FY15 Financial Highlights

In Fiscal 2015, we delivered strong financial results and increased the momentum that has characterized Altium's journey over the past few years. Specific highlights for fiscal 2015 include:

- Worldwide revenue increased 13% to US\$80.2 million. Five-year revenue CAGR is 13%.
- EBITDA margin increased from 26% in fiscal 2014 to 28%.
- Earnings per share (EPS) were 12.47 cents (on a normalized basis excluding the deferred tax asset recognized on the transfer of certain assets to the US) compared with 10.26 cents in fiscal 2014.
- Normalized Net Profit after Tax (NPAT) increased from US\$11.2 million to US\$15.4 million an increase of 37.5% before the impact of the Deferred Tax Asset (DTA). After the impact of the DTA, NPAT increased to US\$92.4 million.
- Net cash was US\$61.9 million as at 30 June 2015.

I am pleased to acknowledge that our Americas team led by long term Altium executive Chris Donato delivered an outstanding performance to achieve record sales and revenue levels at growth rates of 30% and 33%, respectively. This follows the successful transformation of Altium's US sales to a direct sales model. Our Americas Sales Team is organized into "pods" of five or six people, each with specialist skills in product engineering or customer engagement that work together to provide our customers with the service and support that they need. As we have conveyed throughout the year, our confidence in the US is strong; the direct sales team there now uses a focused marketing strategy to build a pipeline of new customer opportunities.

In Europe, we fell just short of double-digit sales growth despite the impact of the weakened Euro. Our business fundamentals in Europe are solid, and we have increased the intensity of our focus on all business areas there to counter the impact of the decline of the Euro compared to the US dollar. This will include the establishment of a stronger corporate presence in region. And our Board and management are confident that the EMEA strategy will be rewarded in fiscal 2016.

When we remove the effect of currency, Altium's fiscal 2015 revenue grew by 19% (instead of 13%) and sales increased by 15% (instead of 8%). I believe that these results in constant currency further demonstrate the underlying momentum in our business.

As most of you will appreciate, subscriptions are a key element of the Altium strategy to secure a predictable revenue stream. During fiscal 2015, Altium improved its renewal rates in key regions by 3% to 84% compared with fiscal 2014. Additionally, Altium continued to aggressively drive new account sales.

Encouraging sales and revenue growth and our concentration on fiscal discipline has enabled Altium to pay shareholders dividends of AU 16 cents per share in fiscal 2015 (an increase of twenty-five percent from AU 12 cents in fiscal 2014).

Strategy for Market Leadership in PCB

Our revenue growth is significantly outpacing the growth of our competitors and we are very focused on becoming the market leader in PCB design tools. We recognize that to become # 1 in PCB, we must become the market leader in every PCB segment in both dollars and number of seats.

Our strategy for market leadership in PCB design is based on our ability to:

- Deliver differentiated products, through clear channels to market, that are customer centric and built on an open platform.
- Increase our leadership position in the mainstream PCB market.
- Provide leading edge content creation with smart delivery of it.

- Grow M & A capability and strengthen partnerships with providers of critical technology that increase our value to customers.
- Deliver agile solutions to modern enterprises.
- Close advanced design capability gaps, especially at the high end of the market for Enterprise customers.
- Support makers and the open hardware community at the entry level for PCB tools.

In fiscal 2015 we released three new products including:

- CircuitMaker - a free tool for the Entry Level in PCB design, the maker's community and hobbyist market that has collaboration at its core; files are stored and managed in the cloud.
- CircuitStudio - a paid professional tool for individual designers who use PCB design tools infrequently to create unmanaged, one-off projects.
- PCBWorks - the world's first PCB design tool engineered specifically for collaboration and close integration with the Solidworks Mechanical Computer Aided Design tools.

Additionally, Altium released a new version of its flagship product, Altium Designer 16, to support our customers to increase productivity in the electronic design process and provide powerful new enhancements to design more complex high-speed PCBs.

A new product aimed at the top end of the PCB market is on track to be released in the second half of 2016. This will extend our addressable market, with a high-end strategy to deliver agile solutions for enterprise customers.

Our enterprise go-to-market strategy also draws on the know-how of our TASKING business. TASKING provides compiler technology with its sales primarily in the high-end automotive industry. A compiler converts higher level programming language (which contains logic constructs) into the lower level language that dictates the functions that micro-processors actually perform. TASKING customers include Bosch, BMW, Continental and Audi. In July 2015, TASKING closed a \$2.6 million multi-year, time licence transaction for its TriCore/Aurix compilers with a tier one automotive supplier.

Altium has invested in and reinvigorated its TASKING business over the past twelve months. I encourage you to visit our new TASKING website at www.TASKING.com for further insight into this business.

Other notable progress to achieve our strategy for PCB market leadership included our acquisition of Octopart, a leading provider of electronic parts data and specialized online inventory search. Octopart's content and proprietary search algorithms enable engineers to easily access comprehensive electronic parts data for more rapid and cost-effective design, sourcing and manufacturing; it is the equivalent of Google Search for the PCB industry. We also acquired Ciiva, a provider of a cloud-based electronic component management system. These acquisitions are the basis of Altium's next generation smart content creation and delivery platform where part information, design data and supply chain intelligence come together to accelerate and inform the design process for engineers. This provides a unique competitive advantage to Altium.

Additionally, Altium has formed a strategic partnership with German-based Computer Simulation Technology (CST) to provide electromagnetic simulation and analysis functionality that will enable Altium to not only close capability gaps but to go beyond and set a new standard in advanced board design.

I am pleased to share with you that Altium plans to utilize its strong balance sheet and healthy pipeline of M&A opportunities to accelerate its path to market leadership in the PCB design tool industry. Later this morning, our CEO Aram Mirkazemi and our Chief Product and Operations Officer Henry Potts will deliver a technology presentation about the Altium long-term growth strategy and how we will take advantage of the emerging market for intelligent system design automation.

Looking Ahead

During fiscal 2016, Altium will continue to:

- Concentrate on shareholder value.
- Make and deliver design tools that provide useful benefits to customers.
- Ensure that our revenue growth exceeds any increase in our cost base.

We remain firmly committed to deliver strong operating leverage and expanding margin, while we invest to grow Altium's business beyond its revenue goal of \$100 million in fiscal 2017.

Focus areas for Altium during fiscal 2016 include:

- revenue growth of 10% or greater;
- increase in operating margins;
- introduction of Enterprise product line;

- high growth in the Americas region;
- return Europe region to growth, through a stronger corporate presence and disciplined execution;
- lay the foundation for substantial revenue growth in emerging markets;
- integrate Octopart and Ciiva into Altium;
- assist TASKING division to deliver on the market opportunity in the high-end automotive industry;
- secure and implement strategic partnerships that meet converging market demands and the needs of our customers; and
- complete strategic acquisitions that can further expand or enhance our product offering to accelerate Altium's drive for market leadership in PCB.

In conclusion, I would like to thank my colleagues on the Board of Directors, Carl Rooke, David Warren and our CEO Aram Mirkazemi for their unwavering commitment, wisdom and passion to build Altium into a truly great company. We are in the right position, with the right leadership team, the right people, the right technology and the right strategy to become the world leader in Printed Circuit Board design.

After the end of the Financial Year, our long time CFO Mr. Richard Leon made a personal decision to return to Australia and retired from the Company. This is the first Annual General Meeting without him poised to answer even the thorniest questions about our financial results from shareholders. We are grateful to him for the crucial role that he played in the transformation of our financial results and we shall miss him.

Each and every one of our hard-working, dedicated and loyal employees is a valuable asset to the company. I would like to recognize them for their collective achievements and thank them for their tireless efforts that have underpinned the company's successful performance during fiscal 2015.

Finally, I would like to acknowledge and thank our faithful Altium customers around the world, as well as our valued shareholders for your commitment to the Company and your belief in us; we don't take your confidence lightly and work hard to continue to enjoy your respect and support. I have enjoyed engaging with you over the past year and very much look forward to a closer dialogue in the coming twelve months as Altium embarks further along its exciting journey.

Thank you.

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About Altium

Altium Limited (ASX: ALU) is an Australian multinational software corporation that focuses on electronics design systems for 3D PCB design and embedded system development. Altium products are found everywhere from world leading electronic design teams to the grassroots electronic design community. With a unique range of technologies Altium helps organisations and design communities to innovate, collaborate and create connected products while remaining on-time and on-budget. Products provided are Altium Designer®, Altium Vault®, CircuitStudio®, CircuitMaker®, PCBWorks®, the TASKING® range of embedded software compilers and Octopart® the search engine for electronic components and industrial products. Founded in 1985, Altium has offices worldwide, with US locations in San Diego , New York and Boston, European locations in Karlsruhe, Amersfoort, Kiev and Zug and Asia-Pacific locations in Shanghai, Tokyo and Sydney. For more information, visit www.altium.com. You can also follow and engage with Altium via Facebook, Twitter and YouTube.