

17 February 2020

Announcement Authorised by:
Samuel Weiss
Chairman
Altium Limited

ALT IUM L I M I T E D
ACN 009 568 772
Level 6, Tower B
The Zenith
821 Pacific Highway
Chatswood NSW 2067
Australia

Investor Relations
Contact Details:
Kim Besharati
VP Investor Relations &
Corporate Affairs
Phone: +1 858 864 1513
Mobile: +1 760 828 3567

Altium Announces Financial Results for the Half Year to 31 December 2019

Altium Delivers a Strong First Half Performance and Maintains Full Year Guidance

Sydney, Australia - 17 February 2020 - Electronic design software company Altium Limited (ASX:ALU) has announced its results for the half year ended 31 December 2019. Altium achieved revenue growth of 19% to US\$92.8 million with strong performances in all key business units and regions (except for Octopart). Profit before tax grew by 23% to US\$31.8 million. The company delivered an EBITDA margin of 40% (37% excluding the impact of AASB16 *Leases*) for the half year. Other highlights include:

- Increase of 19% in new Altium Designer seats.
- Record growth of 16% in the subscription base to 46,693 subscribers.
- Impressive revenue growth of 27% in China.
- NEXUS achieved US\$7 million in revenue for growth of 197%.
- US and EMEA delivered solid performances with double-digit revenue growth.
- TASKING delivered strong revenue growth of 15%.
- Strong EBITDA margin growth achieved while investing in key growth initiatives.
- An interim dividend of AUD 20 cents up 25%.

Full Year Guidance and Outlook

Altium confirms previously provided full year revenue and margin guidance of between US\$205 million to US\$215 million for revenue and an EBITDA margin of 39% to 40% (on a reported basis) and 37% to 38% (excluding the impact of AASB16 *Leases*). Notwithstanding the strong first half performance, the company is likely to land at the lower end of the full year guidance range. This is due to the emerging uncertainty about the impact of the Coronavirus in China and the slower start to Octopart in the first half.

Due to Altium's accelerated profitability, the company moved to the full effective tax rate of 27% during the first half. This has resulted in a near flat EPS which will continue for the remainder of the financial year. Pre-tax EPS grew by 23% during the first half. The cash flow for the full year is expected to align to historical growth patterns.

Key Half Year Financial Measures Compared with the Prior Corresponding Period:

Key Financial Measures	1st Half FY20 (US\$'000s)	1st Half FY19 (US\$'000s)	Change %
Sales to customers	92,624	75,854	22%
Revenue (excluding interest)	92,846	78,118	19%
Reported expenses*	56,017	49,758	13%
EBITDA*	36,829	30,298	22%
<i>EBITDA margin*</i>	39.7%	38.8%	-
Profit before income tax	31,768	25,759	23%
Profit after income tax**	23,083	23,441	-2%
EPS (cents)	17.65	18.00	-2%
Pre-Tax EPS (cents)	24.29	19.78	23%
Operating cash flow	20,791	26,815	-22%
Cash and cash equivalents	80,666	58,025	39%
Dividend per share (AU cents)	20	16	25%

* Prior year has been revised for comparative purposes to include the estimated impact of the AASB16 Leases.

For personal use only

Revenue Breakdown	1st Half FY20 (US\$'000s)	1st Half FY19 (US\$'000s)	Change %
Worldwide revenue	92,846	78,118	19%
Board and Systems (Altium Designer, Circuit Studio, SolidWorks PCB)	65,382	58,426	12%
- Americas (US\$)	25,801	23,295	11%
- EMEA (Euro)	19,280	17,289	12%
- China (US\$)	12,496	9,865	27%
- Rest of World (US\$)	5,647	5,413	4%
NEXUS (US\$)	7,027	2,363	197%
TASKING (US\$)	9,717	8,443	15%
Octopart (US\$)	9,045	8,886	2%
Other (US\$)	1,675	-	-

Comments from Altium's CEO Mr Aram Mirkazemi:

Altium CEO, Mr Aram Mirkazemi commented: "Altium has delivered a strong performance for the first half, particularly in comparison with an outstanding first half performance in fiscal 2019. Revenue growth of 19% and an EBITDA margin of 37%, excluding the positive impact of the new leasing standard, for the half mark over eight years of successive periods of double-digit revenue growth and expanding margin".

"There is no doubt that Altium has growing momentum toward market dominance and our 2025 targets. Our increase in new Altium Designer seats of 19% and record growth of 16% in our subscription base to 46,693 subscribers puts us well into our climb to reach 100,000 subscribers by 2025. I am confident that we will achieve our target of 50,000 subscribers by full year".

Comments from Altium's CFO Mr Joe Bedewi:

Altium CFO, Mr Joe Bedewi commented: "Altium has delivered a strong first half result in most financial metrics. Profit before income tax increased by 23% for the half to US\$31.8 million. The decline in profit after tax is a consequence of the increase in the effective tax rate to 27%. Altium's cash tax rate for the first half was 11.6%".

“Altium maintains a strong balance sheet, with a cash balance of US\$80.7 million (up 39% from 31 December 2018). Operating cash flow of US\$20.8 million for the half was down 22% driven by extended terms for long-term NEXUS contracts, payables timing and increased tax payments. Operating cash flow at full year is expected to be consistent with previous years’ strong performance”, commented Mr Bedewi.

“During the first half, Octopart was negatively impacted by the reduced volume in the parts distribution industry due to excess inventory, which resulted in lower cost per click and lower traffic to distributors. Octopart was also temporarily impacted by changes to the Google search algorithm, which is now rectified”, said Mr Bedewi.

Mr Bedewi concluded: “Altium achieved a strong EBITDA margin of 40% (37% excluding the impact of AASB16 Leases), and at the same time investing to reach our 2025 targets for PCB market dominance and driving adoption of our new cloud platform Altium 365 to lead industry transformation”.

Dividend:

The Board has declared an unfranked half year dividend of AU 20 cents per share, up 25% over the prior year. Key dates for the final dividend are:

Announcement date	17 February 2020
Record date	2 March 2020
Payment date	25 March 2020

Investor Presentation and Call:

Altium management will host a conference call on 17 February at 5pm AEDT to discuss the investor presentation (slides to be released separately to the market) and to provide an update of the company’s business strategy and financial performance.

Details for the call are provided below.

Date: 17 February at 5pm AEDT

Dial in Numbers:

Australia (toll free)	1800 148 258
Australia (mobile)	1300 157 230
New Zealand	0800 667 018
Hong Kong	800 965 808
USA	18 665862813
Canada	18 668374489
United Kingdom	08 000569662
Germany	08 001 814 827
China	108 006 110 127

International Dial in: +61 280385271

Attendee Passcode: 8878024

Investor Relations contact details:

Kim Besharati - VP Investor Relations & Corporate Affairs (US based)
Ph:+1 858 864 1513
Mobile: +1 760 828 3567

Alison Raffin - Company Secretary (Australia based)
Ph: +61 413 528 120
ENDS

About Altium

Altium (ASX:ALU) is a multinational software corporation headquartered in San Diego, California, 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 organizations and design communities to innovate, collaborate and create connected products while remaining on time and on budget. Products provided are ACTIVEBOM®, ActiveRoute®, Altium 365®, Altium Concord Pro™, Altium Designer®, Altium NEXUS®, Altium Vault®, Autotrax®, Camtastic®, Ciiva™, CIIVA SMARTPARTS®, CircuitMaker®, CircuitStudio®, Common Parts Library™, Draftsman®, DXP™, Easytrax®, EE Concierge®, NanoBoard®, NATIVE 3D™, OCTOMYZE®, Octopart®, P-CAD®, PCBWORKS®, PDN Analyzer™, Protel®, Situs®, SmartParts™, the TASKING® range of embedded software compilers, Upverter®, X2®, XSignals®, PCB:NG®, and Gumstix®.

Founded in 1985, Altium has offices worldwide, with US locations in San Diego, Boston, Dallas and New York City, European locations in Karlsruhe, Amersfoort, Kiev, St Petersburg, Moscow, Munich, Markelo and Zug, and Asia Pacific locations in Shanghai, Beijing, Shenzhen, Tokyo and Sydney. For more information, visit www.altium.com. You can also follow and engage with Altium via Facebook, Twitter, LinkedIn and YouTube.

www.altium.com

For personal use only