

# 2001 Chairman's Address



**Altium Limited**  
ACN 009 568 772

## **Chairman's Address**

### **2001 Annual General Meeting**

### **13th November 2001**

#### **Introduction**

As chairman of the board it gives me pleasure to present a review of Altium's performance for the 2001 financial year, and also to provide you with an update on our outlook for the year ahead.

2001 saw the completion and successful integration of our targeted business and technology acquisition plan – a strategy that was outlined in our IPO prospectus.

Over the year we have cemented strategic partnerships with some of the largest electronics companies in the world, and successfully released a number of new products. We have also significantly increased and diversified our global customer base, and continued the strong financial growth we have achieved over the past years.

Altium now has all the critical building blocks in place to fulfil our vision of providing all the tools necessary to form a complete electronic design system - one that integrates all aspects of the design process, is easy to use, and is accessible to all engineers.

#### **Revenue Growth**

I am particularly pleased to be able to report to shareholders that we achieved another outstanding result. The past financial year has seen Altium's sales revenue grow to \$53 million, with strong organic growth across our entire product range. The result represents an increase of more than 60% over the previous year. Altium has now delivered compound annual revenue growth above 45% for five consecutive years.

Altium's strong revenue growth reflects the Company's underlying strength in its business model and core products.

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## **Profit growth**

Our results continue to demonstrate our proven trend of delivering strong profit growth, with profit after tax reaching \$12.6 million, an increase of 58% over the previous year, and a compound growth rate of over 50% for the last four consecutive years.

Strong operating performance is also reflected in the growth of operating cashflows -up 65% to \$14.5m.

The fact that these results were achieved in the face of challenging economic conditions points to the underlying strength of the company, the vision of its stable management team, and the talent and dedication of its staff worldwide.

## **Dividends**

As a result of our successes in 2001, the board declared a fully-franked final dividend of 4.5 cents per share, taking the total dividend for the year to 8 cents per share, an increase of 33% on the previous year.

## **Acquisitions**

Since our IPO in 1999 we have been pursuing a strategic R&D and technology acquisition plan, and this past year has seen us add the final pieces to our technology base.

The most significant was the successful acquisition and integration of the Netherlands-based TASKING Group - a global leader in the provision of specialist tools for embedded software development.

This acquisition contributed to an immediate expansion of our product offerings, with the addition of embedded software design technology – positioning us as the first true single source for all engineering design needs in the desktop market.

Altium also acquired Innovative CAD Software - an established producer of computer-aided manufacturing software.

In addition we have made several complementary technology acquisitions aimed at providing key components for new products in the programmable chip design market. These include intellectual property from Evatronics, Silicore, CAST and CUPL.

ALTIUM LIMITED

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## **Strategic Partnerships**

During the year Altium strengthened its position within the FPGA market, with a 5 year OEM licensing agreement with US-based Atmel Corporation.

The acquisition of TASKING also brought to Altium strong OEM partnerships with major chip manufacturers – including Intel, Mitsubishi, Motorola, Philips, and Infineon.

These relationships provide us with significant opportunities for further development of our embedded software development and board-level programmable chip design products.

## **Product Development & Releases**

Altium released several new products during the last financial year, including P-CAD 2001 and the PeakFPGA Design Suite. We also released the Camtastic! 2000 Designers Edition - as a result of the acquisition of Innovative CAD Software.

In conjunction with these product releases we have continued the development of in-house and acquired technology – which will form the basis of new product releases over the next 12 to 24 months.

The tools we are developing will enable designer's not only to meet today's design challenges, but also enable them to enter new markets, including the significant and rapidly expanding programmable chip arena.

## **Our People**

As I look back over the 2000-2001 financial year I must pay particular tribute to the adaptability and resourcefulness of the Company as a whole. The increasing demands of high growth have been met by a staff and management team that has embraced the changes necessary to accommodate new product lines and diverse geographical markets.

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## **Name change**

As you would be aware the new financial year commenced with the change of corporate identity to Altium – giving us a single corporate brand identity to independently and equally represent all product brands. It is also an important part of the strategy to build a platform to deliver these products into the hands of engineers.

## **Outlook**

On September the 10th we announced the results for the last financial year and guidance for the coming year. Our expectations were of revenue between \$80 to \$90 million, assuming strong organic growth in excess of 30%, consistent with our historical achievements.

The events of September 11th mean that the world we operate in today is vastly different than anything we could have anticipated. In line with changed external environment, one which shows slowing economies in the US, Europe and Japan, we are revising our growth rate expectations in light of these events.

Our expectation has been revised to incorporate a lesser rate of sales revenue growth, at this stage we expect our revenue to be up to 15% below the bottom end of our \$80 to \$90 million forecast range.

This estimate is based on our results to the end of October, and our expectation of the continuation of this trend through the rest of this financial year, as a result of the external environment. In light of this we expect our profits to be a similar result to those announced last financial year.

The operating cash flow for the 2002 year will be positive. Our present cash position is the same as at 30 June 2001, even after paying out \$4 million in dividends. Based on our present projections we still expect to be in a position to pay a dividend next year.

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## **In Conclusion**

We remain confident in our strong strategic position with sound business fundamentals of growing sales and continued profitability.

The depth of talent, skills, commitment and leadership present within our organisation, combined with our world-leading software technologies that we now have at our disposal, provides us with a solid foundation to maintain our position as the major supplier of desktop electronic design software in the world.

Ladies and Gentlemen that concludes my address.

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