

Altium Limited ASX Announcement



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Corporate Communications Contact

Jessica Maxwell
Altium Limited
Level 3, 12a Rodborough Road
Frenchs Forest, NSW 2086
Australia
www.altium.com
Telephone: +61 2 9975 7710
Fax: +61 2 9975 7720
Email: jessica.maxwell@altium.com.au

Chairman's Address, AGM 2002

Introduction

Good afternoon and welcome to Altium's 2002 annual general meeting. Today I will be presenting a review of Altium's performance in the 2002 financial year and the events since that date.

Following a phase of technology and product acquisitions as outlined in the company's IPO prospectus, 2002 saw the beginning of the next phase in the strategy – an intensive focus on technology integration and product development. Altium has spent the past 12 to 18 months combining in-house technology with acquired technologies to develop a number of innovative new products for our customers.

We have made significant progress towards long-term strategic objectives, and have laid the foundation for our product release schedule. We now have the products and the technologies in place to take advantage of opportunities as they present themselves.

2002 financial performance

In the 2002 financial year, the company experienced the most difficult external market conditions that it has faced in many years. After successfully growing the company's revenue and profits at a compound average rate of 45% per year over the previous five years, 2002 saw a small fall in sales revenue to just over \$52m.

With 98% of the company's revenue sourced from overseas, global economic conditions have a significant influence on the company's performance. Despite the difficult conditions, the company was able to report earnings before interest, tax, depreciation and amortisation of \$11.3m and achieve operating cashflows of \$7.1m. The net profit result of \$2.3m enabled the company to pay a final, fully-franked dividend of 2 cents per share.

Product development and releases

We have begun to see the results of our investment in R&D over the past eighteen months with a number of product releases that have occurred since June.

In June we released the first TASKING toolset taking advantage of our next-generation Viper compiler platform. This enabled our engineers to develop a sophisticated and mature compiler for the emerging StarCore architecture in a much shorter timeframe than would otherwise have been possible.

In July we released Protel DXP, the first single application to address the entire board-design process. Protel DXP is also the first product release built on the extensively re-engineered DXP technology integration platform.

In October, we released P-CAD 2002 with over sixty new and enhanced features.

Earlier this month we announced the launch of nVisage DXP, the first in a new line of products to target new segments of the PCB and FPGA design markets.

The remainder of this financial year will see a number of further product releases and updates. The main focus of the Altium management team is to transform the investment made by the company in research and development into solid and expanded revenue streams.

European expansion

In July of this year, the company announced the acquisition of the EDA business of Hoschar AG, a move which we expect will add 50% to our market share in the German speaking markets. Management have completed the integration of this business with our existing European operations and we are pleased to report that the company is confident that the expected increase in market share in Germany is well within our reach.

Earlier this month the company attended the large Electronica 2002 electronics industry tradeshow in Munich and launched nVisage DXP. Lead by our new team in Germany we experienced our most successful tradeshow results to date.

Future

At the end of year announcements in September, we explained that our ability to meet our projections for 2003 would be reliant on two factors:

1. our ability to execute our product delivery program, and

2. the state of the economic markets in which we operate.

I am pleased to advise that we have been successful in the execution of our product delivery program. We have never been in a position of having three major product releases over such a short period of time. This has given us the confidence that we are in a position to meet our shareholders' expectations.

Our leading-edge technology addresses the real needs of our customers, a fact which has been acknowledged by the customer reaction at trade shows. The media interest gives us independent confirmation of the market's acceptance.

Whilst we acknowledge that the economic conditions of the markets in which we operate are uncertain, we are confident that we can deliver improved operating cash flows and profits for the 2003 financial year.

Corporate Governance

The Board is very aware of its responsibilities in respect of corporate governance. In the last twelve months, the role of the Audit Committee has been expanded to include responsibility for:

1. recommendations to the Board for the appointment, removal, and remuneration of the external auditors, and
2. the allocation all external accounting professional services over \$20,000.

The CFO is not permitted to vote on such appointments.

A policy of audit partner rotation and a disclosure of fees in the annual accounts have also been adopted in this year's annual report.

Announcing a new non-executive director

The board, for some time now, has been considering appointing an additional non-executive director, and has decided to appoint Dr Steven Duvall as a non-executive director following this AGM.

Steven has had extensive experience within the technology industry, with more than 18 years experience at Intel Corporation. Presently, he is responsible for developing Intel's technology investment strategies and research program in Australia and New Zealand and consults on technology-related investment activities throughout the Asia-Pacific region. Steven has twice been awarded Intel's premier individual recognition award, and in 1999 was appointed an Intel Fellow, the company's highest technical position.

I am pleased to advise you that Steven Duvall's appointment will be formalised tomorrow. We are looking forward to the valuable contribution that he will make to the Altium board.

About Altium Limited

Altium Limited (ASX: ALU), trading as Protel International Limited (ASX: PRI) prior to August 6, 2001, is a leading global developer and supplier of desktop Electronic Design Automation (EDA) and embedded software design tools for the Microsoft Windows environment.

Since the Company's foundation in 1985 and its release of the world's first Microsoft Windows-based EDA tool in 1991, Altium has continued to apply the most advanced software design methods to provide powerful, easy-to-use and affordable design software to engineers and electronics designers worldwide.

Altium's current product brands include Protel, P-CAD, TASKING, Accolade, CircuitMaker and CAMtastic!. These products offer tailored solutions covering a range of hardware and software design processes.

Altium is headquartered in Sydney, Australia, and operates a number of sales and support offices in Australia, the United States, Japan and Europe, as well as maintaining a large reseller network in all other major markets. More information about the Company and its products and services may be obtained from our website at <http://www.altium.com>.

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