

Altium Limited ASX Announcement



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For immediate release

Chairman's Address, Annual General Meeting 2006

Good afternoon ladies and gentlemen and welcome to Altium's Annual General Meeting on this Tuesday, the 10th October 2006 at the Westin Hotel in Sydney. I am pleased to be here, once again, to present to you an overview of Altium's results and activities for the 2005/06 financial year. Today I would like to take some time at the outset to briefly revisit Altium's journey over the last few years so that I can put into context for you the improved performance we are seeing today.

Altium's history of innovation

As consumers, I am sure we can all relate to the fact that electronics technology changes so quickly, and so dramatically, that it can also be extremely difficult to keep up with these developments. Well, it is no different for Altium's customers – the developers of electronic products. Preparing for and managing the changes required to make use of new technologies entails a great deal of vision and foresight in order to be properly positioned for the future.

As a leading developer of electronic product development solutions, we see it as our job not only to help our customers navigate such fundamental changes in the industry, but to use advances in electronics technology as opportunities to innovate and deliver differentiated products to their end-customers, thereby staying ahead of the competition.

This drive to anticipate future trends and arm every engineer with the necessary tools to embrace them has been a defining characteristic of Altium throughout its 20 year history. As the slide indicates, we have a demonstrated track record of delivering breakthrough electronics design technology. And, we are currently leading the industry in unified electronic product development technology – the result of our multi-year technology development program funded by you, our shareholders. This has profound implications for the industry and opens up new ways to approach the design of electronics products moving into the future.

And now to today – along with our ongoing investment in technology, in the last financial year Altium has put significant effort into an organisational development program to fuel the next stage of growth. From this, we are seeing the beginning of what we believe will be sustained growth as we continue to execute our strategy.

Now I'd like to take you through our activities and results of the past year so you can see how we are continuing to transition our vision into action.

Building a world-class sales organisation

In my address last year, I outlined our plans to build a world-class sales organisation in order to fully-capitalise on the tremendous R&D efforts that saw the successful delivery of our ground-breaking Altium Designer product in 2005. These changes are all about Altium being able to partner with engineers, and their organisations, at a much deeper level in order to help them harness the next generation of design tools and technologies. And, I am very happy to report that in this last financial year we have started to see concrete results from these efforts.

The implementation of this new sales model was initially rolled out in the US, our largest market which represents 46% of Altium's annual sales. We saw significant growth in sales performance that culminated in a record fourth quarter – up more than 50% over the previous corresponding period. Overall the US team achieved 32% annual sales growth and delivered four consecutive quarters of increased sales growth.

Continuation of this process in the US and implementation of the same model within other geographical areas, in particular Europe and the Asia-Pacific region, will be critical to our ongoing success and growth in the new financial year.

Achievement highlights 2005/06

As we pursue the building of our global sales organisation, we also continue our focus on technology and product development – our core strength and one that continues to distance us from our competitors.

A major technology highlight of the last year was the release of a new version upgrade to our unified electronic product development system – Altium Designer 6 – and which has since been followed up with several major updates to ensure our customers stay armed with the latest design technologies.

We have previewed to much acclaim several new pieces of technology at a major US trade show in Silicon Valley – the Embedded Systems Conference. This included a demonstration of our next-generation NanoBoard-NB2 – a unique development system that works seamlessly with Altium Designer for engineers designing electronic systems – and a new unified hardware-software compiler technology that will allow more customers to use our tools in new ways and open up new avenues of product innovation and development.

It is clear that our marketing message of unifying design disciplines is resonating strongly within and across the electronics industry. Feedback from our customers via our sales channels, at user conferences and tradeshow, and from discussions we've had with electronics industry media, all indicate that the need we saw emerging six years ago when we started the development of Altium Designer has grown to a critical point.

We are also helping many organizations re-evaluate their electronics design software licensing strategies in today's competitive economy, especially in terms of unifying the current disparate disciplines involved in electronics product development. An example of this is National Semiconductor, one of the world's largest semiconductor manufacturers, who has standardised globally on Altium Designer, as we announced back in June.

Empowering our people for performance

Being a technology company, we are solely dependent on the innovation and know-how of our people. Making sure every person at Altium is well-equipped, developed and motivated to drive our strategy forward remains, as always, a key priority for us.

In March 2006 we introduced Salesforce.com, a world-leading, web-based customer relationship management system. Having access to technology that gives our people visibility into pertinent information ensures they can focus on delivering solutions that meet our customers' specific needs.

We have also recently announced the creation of a new executive position of "President & Chief Operating Officer", and the promotion of Emma Lo Russo to this role, in a move designed to further support the company's strategic development plans and ensure it is well positioned to fulfill its high-growth potential.

Financial Results

Now I would like to share with you Altium's 2005/06 financial performance highlights as detailed in our annual report.

Overall the company achieved revenue growth of 14% over the previous year, finishing at \$45.6 million for the 2005/06 reporting period, up from \$40.1 million in 2004/05.

Earnings before interest, tax depreciation and amortisation (EBITDA) rose to \$7.0 million in 2005/06. This represents a 316% increase over the \$1.7 million EBITDA earned in 2004/05.

The Board and I are particularly pleased to see a return to profitability in this last financial year – in the end we achieved a profit after tax of \$1.4 million. As I outlined in my review in the annual report, returning the company to profitability was a key objective for the year and we are glad to have been able to deliver on this goal. This result also meant that we could deliver a four cent unfranked dividend, the first one in over 3 years, to you, our shareholders, in acknowledgement of your support of our vision, and as a sign of the Boards confidence in the company's future profitability and strengthening financial position.

Focused on the future

This year's results mark an important milestone, and it is very rewarding to see so many of the seeds we have planted in both our R&D and organizational development programs over the last few years starting to grow. They also serve to reinforce our confidence in our strategy and provide us with a clearer picture of the opportunities for growth before us.

In closing this address, I refer to an announcement we have made to the ASX this morning which provided an update on our results for the June to September 2006 quarter. Continuing our improved sales results, we announced \$9.4m in revenues, which represented an increase of 26% over the \$7.5m achieved in the same period last year.*

This result was driven by sales increases across all regions and an overall product sales improvement of 37%. In the US sales were up 34%, Europe was up 10% and Asia-Pacific was up 118%. The improved performance in Asia-Pacific was primarily the result of strong growth in China.*

As I mentioned earlier in my address, continuing the rollout of our new sales model will be critical to achieving ongoing improvement in our financial performance. We are pleased that our efforts continue to show in the results we are achieving and we will work hard to ensure that this momentum is sustained in the year ahead.

As we move into what I believe will be an exciting period for the company, I would like to thank our management and staff. Their hard work, dedication and passion are central factors in the success Altium has experienced this year. And to our shareholders, we thank you for your continued support. The Board and I are looking forward to a period of increasing growth and continuing profitability as we follow through on the execution of our strategic plan.

Thank you,

Carl J Rooke

* The financial results outlined are based on management reports and have not been subject to review by the company's auditors.

About Altium

Altium Limited (ASX:ALU) is the industry's leading developer of electronic product development solutions dedicated to unifying the different design disciplines involved in electronics product development. Altium products ensure all electronic engineers, designers, developers, and their organizations, take maximum advantage of emerging design technologies to bring smarter products to market faster and easier.

Founded in 1985, Altium is headquartered in Sydney, Australia with sales offices in the United States, Europe, Japan, China, and resellers in all other major markets. For more information, visit us at www.altium.com.

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