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## **Chairman's address**

### **Altium Annual General Meeting, 2 October 2009**

**SYDNEY, Australia** – The following remarks will be made by Sam Weiss, Chairman of the Board of Directors of Altium Limited, at the company's AGM scheduled to be held Friday 2 October 2009:

I think Annual General Meetings are an essential element of the engagement any company has with its shareholders, and is often the only occasion when we get to meet with and speak with each other.

So today's Annual General Meeting gives Altium the opportunity to talk to our shareholders about two important topics: firstly, to speak directly with our shareholders about the financial year that ended in June; and secondly, and more importantly, to provide you with some background about the environment in which we are working and how we are dealing with an electronic design landscape that remains extremely exciting, and which continues to change rapidly.

We started the year well, but could see the impending impact of the Global Financial Crisis towards the end of first half. We responded aggressively to this as it started to bite into our business, and ended up with what we believe is a respectable set of results, albeit that they are not as profitable as we would like them to be. During this process we have lowered our costs and believe we have created enough headroom to ride out the storm while we continue to pursue our bigger agenda.

Whilst we are not satisfied with these results, we are quite pleased that we have been able to deliver them in this environment without letting go of our bigger plans.

Now I'd like to focus on what has really been going on at Altium during these 'interesting' times.

As you may be aware, we have just passed the 10th anniversary of our 1999 IPO.

As this milestone was approaching, the company spent some time examining its overall objectives and reviewing progress against those objectives.

This process began well before the real manifestation of the current financial markets crisis (for our business at least) and we had already started to gear up our company for the next stage of growth.

The key elements driving this were:

- Identification of where we were with the overall progress of our technology and product development efforts
- How the overall technology market, including the rapidly evolving communications and Internet infrastructure, were developing and the possible impact these developments would have on our customers and their customers.
- How much harmony there was between the technology we have built and the opportunities that are opening up to apply that technology

This led to an assessment of our leadership team which resulted in the recruitment of a number of new faces in our boardroom, in head office, and in our regional teams around the world.

Over the last 12-18 months, as the new team has been coming up to speed, we have begun to structure Altium in preparation for taking a much stronger position in the global technology development marketplace.

We also recognized that although we have built some great technology, which is very suitable for helping people to build the next generation of electronic products, we had drifted into something of a 'boutique' mentality with regard to the application of this technology.

We had become a bit too comfortable with the idea of supplying our products to a specialized minority of those designing electronic products.

Identifying that we were increasingly “stuck” in a small corner of the marketplace has been instrumental in getting us refocused on providing tools for the whole electronics design market and thereby getting our attention squarely on the bigger opportunity in front of us.

Responsibility for maintaining the organization's focus on this bigger and much more ambitious objective starts with us, your board of directors, and delivering on this for shareholders, employees and customers is our primary objective.

Maintaining high-standards of corporate governance and stewardship, as well as the financial health of Altium, also remain important to us.

But we believe that a more important responsibility is to ensure that the company can deliver on its goal of providing design tools and solutions for the electronics industry, especially in the era of global connectedness on the worldwide web, or Internet. The return to shareholders from accomplishing this objective has the potential to exceed anything that would come from being a provider to a niche market.

This process of responding to these pressures has strengthened Altium so that it can emerge from the current economic downturn as a major player in the next stages of the application of technology in the world.

This is the reason that Altium exists and we are not about to surrender this ambition just because we find ourselves in a global environment of fear and in markets that are suffering from the very real impact of the financial crisis.

Having to deal with markets and customers in turmoil has tested our commitment to our strategic plan, but it has also created opportunities. The pain at the tactical level appears to be encouraging many individuals in companies and organizations to question their practices and approaches to business in general and electronics design in particular. As a company that is focused on providing radical and new approaches to designing electronic products, this appears to be very good news for Altium.

With all of this in mind, we have started what will be a steady process of repositioning our products and technology to capitalize on this.

The first significant step in this was the major price change that we made in April of this year, pushing our products into a mainstream position and away from the niche towards which we had drifted.

Although too early to draw many conclusions, it was encouraging to see the effects of this in the fourth quarter, with the number of licences and upgrades sold in that quarter being more than double that of the corresponding period the previous year.

Over the current financial year and into the future, Altium will be rolling out a lot of new technology, some of which has been in the development pipeline for several years. As we do this we will be looking to raise our profile and position on the foundation of the technology we have built.

And we will be pushing hard on this as we seek to capitalize on the current global environment.

As demonstrated during 2009, we are adept at managing our expenditure. What is important to highlight here is that as we continue to manage costs we won't compromise on our ability to perform, or to create and bring next-generation electronic design tools to market. Instead, our aim is to maintain, build and adjust the organization and business structures so that we always have the right foundations to take advantage of the opportunity we now have with our new pricing structure.

So we believe we are well positioned to continue to scale up whilst maintaining our current cost base, and our plan for this year calls for us to do just this. Our cost model will continue to support the required level of research and product development to be able to deliver to these plans.

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## About Altium

Altium Limited (ASX:ALU) provides next-generation electronics design solutions that break down the barriers to innovation. Altium's solutions are unique because they unify the separate processes of electronics design, all within a single electronics design environment, working off a single data model, linking all aspects of electronics product design into one process. This unified design environment helps electronics designers easily harness the latest devices and technologies, manage their projects across broad design 'ecosystems', and create connected, intelligent designs.

Founded in 1985, Altium has headquarters in Sydney, sales offices in the United States, Europe, China, and resellers in all other major markets. For more information, visit [www.altium.com](http://www.altium.com).

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