Technology Presentation

Transforming Electronic Design & Its Realization

16 November 2018
Sydney
Industry Transformation Through Market Dominance

The Century Strategy

Aram Mirkazemi – Chief Executive Officer
Electronics Industry & Its Segmentation

- **Electronic Design Tools**
  Estimated size: $2 - $5Bn

- **Printed Circuit Board Fabrication**
  Estimated size: $80 - $100Bn

- **Electronic Manufacturing Services**
  Estimated size: $1,000 - $1,500Bn

- **Semiconductor and Electronic Parts Manufacturing & Distribution**
  Estimated size: $600 - $800Bn

- **IoT requires the “Uberization” of the electronics industry**

$2 Trillion
Estimated Industry Size
The three segments of the value chain are completely isolated and digitally disconnected within their own chain.
Electronics Design Needs to Connect to the Manufacturing Floor

Connecting electronics design to the manufacturing floor with bi-directional digital continuity is at the heart of transformation.
Altium must target 100,000 active subscribers by 2025 so as to compel key industry stakeholders to support its agenda to transform electronic design and its realization.
Altium 365
A Platform for Transformation

Connected Design to Realization Experience for Electronics

Ted Pawela—Chief Operating Officer
Leigh Gawne - Head of Ciiva
Electronic Product Development Is Multidisciplinary

But The Connections Are Loose
Altium 365 Value Points

- One place to organize and manage everything, and everyone
- Simplified, interactive collaboration - from ANY device
- Manufacturable BOM assured – today and future
- Flexible control of design data
- Component and part information at your fingertips
Connecting electronics design to the manufacturing floor
What is Unique About Altium & Why it Will Dominate the PCB Market?

Growing to 100,000 Subscribers

Henry Potts – Senior Executive Vice President Sales
Altium connects to users at all levels within an organization, providing a *user experience* that is unique within the industry.
Growing demands on engineers is driving expectation for a consumer-like experience.
Altium’s Business Model is Highly Scalable

Unlike its competitors, Altium’s transactional sales model is system-driven and not based on relationships, making it highly scalable.
Scaling to 100,000 Subscribers

Competitive displacement  Expanding into new markets  Man out-of-the-loop selling approach  Data driven account based Intelligence

Altium’s transactional sales will be leveraged in multiple ways to reach 100,000 subscribers
Altium’s license compliance business in China shares many characteristics with Altium’s systematic approach to sales.
The hidden costs of customization for enterprises are creating opportunities for configurable solutions that are agile, affordable and deployed at scale.
NEXUS Delivering Success
The Autoliv Veoneer Experience

Agile enterprise solutions shaking up traditional enterprise software

Don Cantow – SVP Solution Sales
Founded in 2018, Veoneer is a new company building on the heritage of more than 60 years of automotive safety development as part of Autoliv.
Challenges of Legacy Enterprise Tools
- Minimal focus on employee experience and expertise
- Sluggishness from bureaucracy
- Stagnating innovation, engagement and collaboration
- Communication flows from the top to the bottom
- Lost opportunities to competitors and new incumbents

Challenges of Veoneer’s Existing Tool
- Expensive and slow to get things done
- Too much customization consuming resources and eating up time

“"We were looking at Altium back in 2015 ... the product at that point was not mature. We did a revaluation in 2017 and we realized that the technology and software itself had matured to the point that it was a viable alternative.”

Joe Borland, Director of Engineering at Veoneer

Altium NEXUS has reached a level of maturity to challenge the traditional enterprise software tools
Veoneer’s Challenges

• Changing people is much harder than changing technology
• Veoneer and its users had two decades of Mentor experience
• Many users value themselves based on tool knowledge
• NEXUS needed to allow change in months not years

“We had people who were the experts, they were the go to people, they had 15-20 years’ experience in the existing tool. Now they feel like kind of amateurs, and that knowledge-reset is tough to get through. We managed it, but I would say this, learning the tool is faster.”

Joe Borland, Director of Engineering at Veoneer

In 3-6 months Veoneer engineers were up and running with NEXUS being considered as their preferred tool!
Veoneer’s Implementation of NEXUS – A Record Four Months!

- The Mentor contract was expiring in just four months from January
  - The cost of failure was extreme
- Time frame for change was unprecedented
- Scope was enormous

"If everyone was aligned, including the upper management, from the top down and they supported the initiative, I think you can get this done. We did ours in 4 months."

Joe Borland, Director of Engineering at Veoneer

The strength of NEXUS as an agile solution was fully leveraged by Veoneer to go from decision to deployment in 4 months with the first PCB released in the first month.
Veoneer’s Experience of NEXUS

In just four months
- Altium trained the trainer
- Veoneer themselves trained 500 users
- Together we translated thousands of parts
- Together we translated hundreds of designs

In the first month of deployment
- Users achieved competency
- Design were begun
- Designs were completed
- Designs went to production

“You are probably looking at a 10X investment to implement a Mentor’s global system which does not give you the performance you need... NEXUS is 1/10th of the cost giving you that speed of operation.”

Joe Borland, Director of Engineering at Veoneer

NEXUS meets the needs of growing enterprises with less overhead and delivering performance through agility
NEXUS is driving the future of PCB design tools for enterprises
The mission that was seemingly impossible is now possible

- Veoneer is strongly recommending NEXUS and Altium
- Big and small companies alike want
  - Agility
  - Collaboration
  - Visibility to design
  - Process management the way they want to work
- NEXUS is a solution for enterprises not a traditional enterprise solution

“This is why I would recommend it. Not only because of the cost of ownership, but also from a technology perspective and the direction that I see Altium going in and that they are focused on PCB design... Seems that it is all about PCBs all day every day.”

Joe Borland, Director of Engineering at Veoneer
Altium Raising the Bar with Its Next Generation Marketing & Sales Process

Scaling through marketing & sales automation

Lawrence Romine – VP Corporate Marketing
Altium Marketing & Sales Process

Attract

Inform

Sell

Convert

Recycle/Repeat

Qualify

See

Try

Buy

$
Attraction: Content is King

70% of engineers cite, search engines as the most valuable when seeking information on the latest engineering trends.

>50% share technical information such as whitepapers with their colleagues “very often”.

65% say the most important factor in choosing a supplier is valuable consultation, education, content and tools.

74% say they are most likely to do business with a company that regularly produces new or updated content.

Engineers want content on their terms and they share valuable content.
Content is King...

Content is at the heart of all media types

Earned

Owned

Social

Paid
Authentic Content Yields Search Performance

Organic Search
Industry Publications
Press & Media

Owned Media

Social Media

Paid Media

Branded Content
Pay Per Click Advertising
Display Ads

CONTENT DRIVEN ATTRACTION

Authority is the name of the game
Highly Discoverable
Experienced via the Medium of Their Choosing
On the Topics of Their Choosing
In the Sequence They Dictate, and
Engaged by Sales When They Decide

Discoverable content for all phases of interest for all customer profiles
1) Non-Commercial Resource Materials

2) Configurable and Shareable Virtual Demo Content

3) Instant Success How-To Content

4) Instant Success How-To Content
Topic Key Words in the Top Search Results...

Top 10 Google results
Dominant Google presence due to authority on topics
The most valuable traffic is organic
Measuring everything guides investment and divestment decisions
And Informs Business Decisions

5m New Emails Generated

2m New Emails Generated

288k New Emails Generated

92k New Emails Generated

Optimized by Geo
We Know Exactly What Works

Self-selecting to engage with sales
How Were You First Introduced to Altium Designer?

- Previous Job: 47%
- Colleague: 22%
- Internet Search: 21%
- University: 8%
- Tradeshow: 3%

Referring and discovering Altium Designer
Before this purchase, what was your previous experience with Altium Designer?

- 44% No Experience
- 31% Used in Previous Job
- 20% Some Experience
- 5% Power User

Loyal users and displacement make up our new logo business.
Were any other tools included in your evaluation process?

67% Yes, we were evaluating other tools alongside Altium Designer
33% No, we were only evaluating Altium Designer

The credibility of market leadership
Financial Strength Powering a Transformative Journey

Financial Capacity is Critical to Success

Joe Bedewi – Chief Financial Officer
Altium follows a core set of principles and they drive our passion to achieve our Vision

- Set Goals that Drive Performance and Deliver Commitment
- Deliver on the “Ingenuity of And” - Double digit growth ”and” expanding EBITDA
- Be Transparent with those on our Journey – Shareholders, Stakeholders, and Employees
- Drive Results that enable us to Win

Altium is committed to delivering double digit growth and expanding margin because we believe financial strength is core to achieving our Vision
A Strong History of Achieving Commitments

- 2012 – Altium committed to providing investors greater visibility into the company operations – deliver a positive investor return
- 2013 – Deliver a new version of Altium Designer annually
- 2014 – Altium committed to revenue of $100M by FY17
- 2017 – Altium committed to revenue of $200M by FY20
- 2018 – Altium committed to a total subscription pool of 100,000 by 2025

**Revenue**

**EBITDA/ EBITDA Margin**

**Revenue growth**
Looking Ahead…

Financial Foundation

• Double digit revenue growth and expanding EBITDA margins
  - FY2020 revenue of $200M and EBITDA of at least 35%
• Generate free cash flow
  - Continued commitment to dividend enhancement
  - Fund the Altium Vision
• Continued transparency
  - R&D fully expensed
  - EBITDA reported at an all-In level

Executing to the Altium Vision

• Achieve the 100,000 subscribers by 2025
• Attract, retain and reward high quality talent
• Position Altium to be able to participate in transforming electronic design and its realization

Continue to create value for shareholders, stakeholders and employees
Thank You