



Company	Altium Limited
Code	ALU
Meeting	AGM
Date	6 th December, 2019
Venue	Sheraton Grand Hotel, Elizabeth St, Sydney
Monitor	Mary Curran assisted by Tina Wu

Number attendees at meeting	70 shareholders plus 34 visitors
Number of holdings represented by ASA	71
Value of proxies	\$4.1 million (@\$35)
Number of shares represented by ASA	117,525
Market capitalisation	\$4,686m
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with chair Sam Weiss

Market Leader to Market Dominance

Altium held its technology morning before the AGM and gave very detailed presentations on past and future performance and goals. Many shareholders attended. The company has achieved excellent results, has no debt and is well on its way to achieving market dominance by 2025. The company has a new commitment which it calls the 'rule of 50'. This means revenue growth and EBITDA margin combined will be at least 50% each year for 2021 to 2025. With its cloud based Altium 365 it is confident of achieving a target of 100,00 subscribers and US \$500 million in revenue by 2025. Altium Designer 20, released last month is considered to be a game-changer for PCB design. There are 23 billion connected devices globally.

The company is scaling up in China by opening a new office in Beijing. China was a standout with 37% revenue growth and improved the ratio of paid to unpaid licences. (100,000 users in China).

There were many questions from shareholders, recurring revenue, answer generally around 55%. ASA asked about where the breakup of the sales growth would come from, i.e. new, organic, or from competitors (Cadence, Mentor, Eagle). Totally new is 10-15%, industry is generally growing in low single digits, but the competitive displacement model is the biggest piece of the pie. Difference in the market capitalisation versus the balance sheet. The Chair, Sam Weiss, said his

layman's answer is the difference is the shareholders in the room and the faith to deliver the Altium vision. The auditor stated the balance sheet was 'true and fair'. Re 'cloud hosting' it is provided by Amazon, Microsoft, but it is Altium designed. Staff question – no barriers in recruiting for sales, for engineering, access to plenty of talent as global as Altium has good reputation. Why would people not use 365 platform - is main challenge adoption of the cloud? Security was a concern about three years ago but now customers have changed because of the efficiencies.

Why had Wendy Stopps stepped down? The Chair stated that she had accepted another non-executive director role at Coles and coupled with Commonwealth Bank, she had too many 'calendar conflicts.' He made it clear at the start of the meeting when making introductions, that he expected 'all in' from employees and board members and noted that Lyn Mickleburgh had broken her ankle the previous week yet had made the trip today from USA and this is what he means by 'all in'. What is the plan to bring the board back to a more independent status? The Chair stated the most important thing for the board at the moment is to pull together to achieve the objectives. They will take their time and not make an appointment just to tick a box.

Staff is key to Altium (700 employees) and they have a plan to introduce an employee share plan to approx. 5% of total shares on issue called the Altium Ownership plan (value would be \$230 million approx.). They also currently have what is called a Centurion program, for the top 50 key people. He said that the board would be looking for input and shareholder approval. SM asked for confirmation that shares would be issued strictly to employees only. This was given.

ASA complimented the company for its actual remuneration and skin in the game tables and asked the company to continue to publish. 97% voted FOR. Question - Did all the proxy advisors vote FOR? The Chair stated he had only seen one report but that he believed that was the case. The election of Raelene Murphy passed 99% and the Takeover Provision 99%.