

# Second Quarter Fiscal 21 Earnings

August 25, 2020



# Safe Harbor

This presentation contains forward looking statements about revenue, billings, free cash flow, operating margin, EPS, products, future performance, financial and otherwise, and strategy, including statements regarding our progress on our key priorities, guidance for the third fiscal quarter and full fiscal year 2021 and our long-term financial objectives. These statements reflect management's current expectations, estimates and assumptions based on the information currently available to us. These forward-looking statements are not guarantees of future performance and involve significant risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from results, performance or achievements expressed or implied by the forward-looking statements contained in this presentation, such as a failure to maintain subscriptions, ARPS, billings, revenue, deferred revenue, operating margins and cash flow growth; failure to maintain spend management; failure to successfully integrate acquired businesses, developments in the COVID-19 pandemic and the resulting impact on our business and operations; general market, political, economic, and business conditions, including from an economic downturn or recession in the United States or in other countries around the world; complete transitions to new business model and markets; failure of the construction industry to grow as anticipated; failure to successfully expand adoption of our products; failure of product and pricing changes to have the desired benefits; and any worsening in the macro economy or increase in protectionism.

A discussion of factors that may affect future results is contained in our most recent SEC Form 10-K and Form 10-Q filings available at [www.sec.gov](http://www.sec.gov), including descriptions of the risk factors that may impact us and the forward-looking statements made in this presentation. The forward-looking statements made in this presentation are made as of August 25, 2020. If this presentation is reviewed after August 25, 2020, even if made available by us, on our website or otherwise, it may not contain current or accurate information. We disclaim any obligation to update or revise any forward-looking statement based on new information, future events or otherwise.

Revenue and billings metrics are presented under Accounting Standard Codification ("ASC") 606, unless stated otherwise.

## Non-GAAP Financial Measures

These presentations include certain non-GAAP financial measures. Please see the Appendices attached to the presentations for an explanation of management's use of these measures and a reconciliation of the most directly comparable GAAP financial measures.

# Second Quarter Fiscal 21 Results

\$787M

Billings

\$913M

Total Revenue

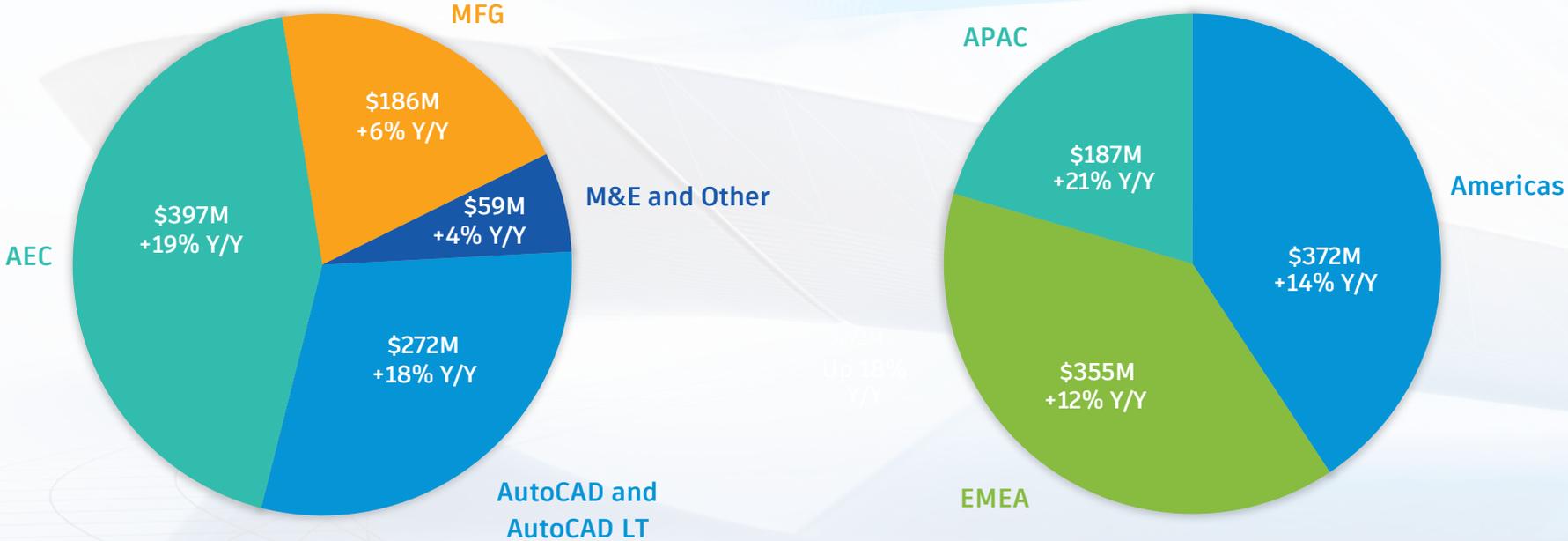
\$64M

Free Cash Flow

29%

Non-GAAP  
Operating Margin

# Q2 21 Revenue Mix By Product Family & Geography



Totals may not sum due to rounding.

# Q2 21 Strategic Update

## Accelerating Digitization in AEC

- Winning competitive deals in project management due to our enhanced capabilities and breadth of our portfolio
- Acquired Pype (which closed in Q3 21) for automating submittals and project closeouts workflows, and made strategic investments in Bridgit (workforce optimization) and Factory\_OS (advancing modular construction practices)
- BIM 360 Design adoption by Revit users nearly doubled over the last year

## Convergence of Design & Make in Manufacturing

- Added a record of over 10k Fusion 360 commercial subscriptions
- Increased traction in Manufacturing and Generative Design due to our unique combination of optimization and manufacturing capabilities
- Continue to win with Building Product Manufacturers due to our deep connection to BIM

## Monetizing Non-Compliant & Legacy Users

- Confident about converting the long-term opportunity with non-paying users while being sensitive to current customer situations
- Signed 3 license compliance deals over \$1M in APAC, where business activity has returned
- Named user transition and premium plan are off to promising starts, with some customers choosing to adopt early

# Outlook

The background features a large, light blue, curved shape on the left side, resembling a stylized wave or a modern architectural element. To the right, there is a blue grid pattern that appears to be a perspective view of a floor or a wall. The overall color palette is light blue and white, with a clean, minimalist aesthetic.

# Outlook

**Q3 FY21<sup>(1)</sup>**

**(ending October 31, 2020)**

Revenue (in millions)	\$930 - \$945
EPS GAAP	\$0.42 - \$0.48
EPS non-GAAP <sup>(2)</sup>	\$0.91 - \$0.97

**FY21<sup>(1)</sup>**

**(ending January 31, 2021)**

Billings (in millions) <sup>(3)</sup>	\$4,070 - \$4,170 Down (3.0%) - (0.5%)
Revenue (in millions) <sup>(3)</sup>	\$3,715 - \$3,765 Up 13.5%-15.0%
GAAP operating margin	14.5%-16.0%
Non-GAAP operating margin <sup>(4)</sup>	27.5%-29.0%
EPS GAAP	\$1.63 - \$1.81
EPS non-GAAP <sup>(5)</sup>	\$3.72 - \$3.90
Free cash flow (in millions) <sup>(6)</sup>	\$1,300 - \$1,400

(1) Non-GAAP to GAAP reconciliations in appendix.

(2) Non-GAAP earnings per diluted share excludes \$0.45 related to stock-based compensation expense, \$0.07 for the amortization of acquisition-related intangibles, \$0.01 for acquisition-related costs, and (\$0.04) related to GAAP-only tax charges.

(3) Excluding the approximately \$20 million impact of foreign currency exchange rates and hedge gains/losses, billings guidance would be \$4,090 - \$4,190 million and revenue guidance would be \$3,735 - \$3,785 million.

(4) Non-GAAP operating margin excludes approximately 11% related to stock-based compensation expense, approximately 2% for the amortization of acquisition-related intangibles, and less than 1% related to acquisition-related costs.

(5) Non-GAAP earnings per diluted share excludes \$1.80 related to stock-based compensation expense, \$0.30 for the amortization of acquisition-related intangibles, \$0.14 related to losses on strategic investments and dispositions, \$0.04 related to acquisition-related costs, partially offset by (\$0.19) related to a GAAP-only tax benefit.

(6) Free cash flow is cash flow from operating activities less approximately \$95 million of capital expenditures.

# Non-GAAP FY21 Model Considerations

## INCOME STATEMENT

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- Recurring revenue as percent of total expected to be above 95%
- Net revenue retention rate expected to be in the range of 100 to 110 percent for Q3 and Q4 FY21
- Gross margins expected to remain consistent with FY20 levels
- Operating margin expected to expand year over year by 3.0 to 4.5 percentage points
- Other income and expense to be approximately (\$50M)
- Effective tax rate of 16%
- Share count to be consistent with FY20

## BALANCE SHEET / CASH FLOW

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- Capital expenditures to be approximately \$95 million
- Long-term deferred revenue as a percent of total deferred revenue to be in the mid-20 percent range
- Third quarter free cash flow to be approximately one-third of second half free cash flow

The background features a complex, abstract composition of light blue and white geometric shapes. A prominent white semi-transparent rectangle is positioned in the upper-left to center area. Below it, a large, curved, light blue shape sweeps across the middle. The bottom of the image is dominated by a series of parallel, slightly curved lines in various shades of blue, creating a sense of depth and movement. The overall aesthetic is clean, modern, and technical.

# Appendix

# Appendix – Other Financial Information

\$ in millions <sup>(1,2)</sup>

	Q219	Q319	Q419	Q120	Q220	Q320	Q420	Q121	Q221
<b>Revenue</b>									
Recurring revenue	\$ 586.8	\$ 631.4	\$ 687.4	\$ 707.8	\$ 767.2	\$ 806.2	\$ 857.3	\$ 865.0	\$ 892.4
Recurring revenue as a percentage of total revenue	96%	96%	93%	96%	96%	96%	95%	98%	98%
Subscription revenue	\$ 420.6	\$ 481.3	\$ 550.0	\$ 595.8	\$ 663.7	\$ 715.0	\$ 777.4	\$ 803.0	\$ 841.2
Maintenance revenue	\$ 166.4	\$ 150.1	\$ 137.4	\$ 112.0	\$ 103.5	\$ 91.2	\$ 79.9	\$ 62.1	\$ 51.2
Other revenue	\$ 24.7	\$ 29.5	\$ 49.9	\$ 27.7	\$ 29.6	\$ 36.5	\$ 42.0	\$ 20.6	\$ 20.7
Total net revenue	\$ 611.7	\$ 660.9	\$ 737.3	\$ 735.5	\$ 796.8	\$ 842.7	\$ 899.3	\$ 885.7	\$ 913.1
M2S revenue <sup>(3)</sup>	\$ 87.4	\$ 103.8	\$ 117.7	\$ 126.5	\$ 141.5	\$ 149.4	\$ 160.7	\$ 169.7	\$ 177.5
Direct revenue	28%	28%	30%	30%	30%	30%	31%	30%	30%
Indirect revenue	72%	72%	70%	70%	70%	70%	69%	70%	70%
<b>Revenue by geography</b>									
Americas	\$ 247.5	\$ 268.5	\$ 300.4	\$ 295.8	\$ 325.9	\$ 349.3	\$ 364.8	\$ 362.2	\$ 371.5
Europe, Middle East and Africa	\$ 248.3	\$ 266.5	\$ 298.6	\$ 297.2	\$ 316.2	\$ 329.6	\$ 360.5	\$ 344.8	\$ 354.7
Asia Pacific	\$ 115.9	\$ 125.9	\$ 138.3	\$ 142.5	\$ 154.7	\$ 163.8	\$ 174.0	\$ 178.7	\$ 186.9
Emerging economies	\$ 74.2	\$ 80.7	\$ 87.3	\$ 87.9	\$ 97.4	\$ 101.6	\$ 109.3	\$ 111.4	\$ 113.7
Emerging economies as a percent of total revenue	12%	12%	12%	12%	12%	12%	12%	13%	12%
<b>Revenue by product family</b>									
Architecture, Engineering and Construction	\$ 243.1	\$ 263.8	\$ 292.9	\$ 304.3	\$ 334.2	\$ 358.0	\$ 380.6	\$ 382.7	\$ 397.0
AutoCAD Product Family and AutoCAD LT	\$ 176.6	\$ 190.6	\$ 209.0	\$ 213.2	\$ 231.3	\$ 245.4	\$ 258.3	\$ 262.2	\$ 271.9
Manufacturing	\$ 146.1	\$ 158.5	\$ 176.2	\$ 167.5	\$ 174.6	\$ 182.2	\$ 201.8	\$ 182.9	\$ 185.5
Media and Entertainment	\$ 41.7	\$ 43.6	\$ 54.9	\$ 45.5	\$ 50.8	\$ 50.6	\$ 52.3	\$ 52.6	\$ 53.3
Other	\$ 4.2	\$ 4.4	\$ 4.3	\$ 5.0	\$ 5.9	\$ 6.5	\$ 6.3	\$ 5.3	\$ 5.4

(1) For definitions, please view the Glossary of Terms later in this document.

(2) Totals may not agree with the sum of the components due to rounding.

(3) A portion of M2S revenue is included in Other Revenue. The amounts are not material for the periods presented. For Q2 21 M2S Conversion rates were 41% and Upsell from eligible products was 26%

# Appendix – Other Financial Information

\$ in millions

	Q219	Q319	Q419	Q120	Q220	Q320	Q420	Q121	Q221
Net revenue:									
<b>Design <sup>(1)</sup></b>	\$ 568.0	\$ 609.4	\$ 655.9	\$ 662.6	\$ 715.5	\$ 748.3	\$ 793.7	\$ 797.7	\$ 821.4
Subscription	\$ 401.6	\$ 459.3	\$ 518.5	\$ 550.6	\$ 612.0	\$ 657.1	\$ 713.8	\$ 735.6	\$ 770.2
Maintenance	\$ 166.4	\$ 150.1	\$ 137.4	\$ 112.0	\$ 103.5	\$ 91.2	\$ 79.9	\$ 62.1	\$ 51.2
<b>Make <sup>(2)</sup></b>	\$ 19.0	\$ 22.0	\$ 31.5	\$ 45.2	\$ 51.7	\$ 57.9	\$ 63.6	\$ 67.4	\$ 71.0
Subscription	\$ 19.0	\$ 22.0	\$ 31.5	\$ 45.2	\$ 51.7	\$ 57.9	\$ 63.6	\$ 67.4	\$ 71.0
<b>Other</b>	\$ 24.7	\$ 29.5	\$ 49.9	\$ 27.7	\$ 29.6	\$ 36.5	\$ 42.0	\$ 20.6	\$ 20.7
<b>Total net revenue</b>	\$ 611.7	\$ 660.9	\$ 737.3	\$ 735.5	\$ 796.8	\$ 842.7	\$ 899.3	\$ 885.7	\$ 913.1

(1) Design Business: Represents the combination of maintenance, product subscriptions, and all EBAs. Main products include, but not limited to, AutoCAD, AutoCAD LT, Industry Collections, Revit, Inventor, Maya and 3ds Max. Certain products, such as our computer aided manufacturing solutions, incorporate both Design and Make functionality and are classified as Design.

(2) Make Business: Represents certain cloud-based product subscriptions. Main products include, but not limited to, Assemble, BIM 360, BuildingConnected, PlanGrid, Fusion 360 and Shotgun. Certain products, such as Fusion 360, incorporate both Design and Make functionality and are classified as Make.

# Appendix – Other Financial Information

In millions <sup>(1,2)</sup>

	Q219	Q319	Q419	Q120	Q220	Q320	Q420	Q121	Q221
<b>Billings &amp; Deferred Revenue</b>									
Billings	\$ 604.8	\$ 653.5	\$ 1,036.6	\$ 797.6	\$ 892.8	\$ 1,013.2	\$ 1,486.4	\$ 883.7	\$ 786.9
Short-term Deferred Revenue	\$ 1,491.5	\$ 1,517.6	\$ 1,763.3	\$ 1,777.5	\$ 1,772.1	\$ 1,822.0	\$ 2,176.1	\$ 2,163.9	\$ 2,102.1
Long-term Deferred Revenue	\$ 308.0	\$ 274.5	\$ 328.1	\$ 376.0	\$ 477.4	\$ 598.0	\$ 831.0	\$ 841.2	\$ 776.8
Deferred Revenue	\$ 1,799.5	\$ 1,792.1	\$ 2,091.4	\$ 2,153.5	\$ 2,249.5	\$ 2,420.0	\$ 3,007.1	\$ 3,005.1	\$ 2,878.9
Unbilled Deferred Revenue <sup>(3)</sup>	405.8	450.5	591.0	589.1	563.0	549.3	549.6	469.7	468.5
Remaining Performance Obligations (RPO)	\$ 2,205.3	\$ 2,242.6	\$ 2,682.4	\$ 2,742.6	\$ 2,812.5	\$ 2,969.3	\$ 3,556.7	\$ 3,474.8	\$ 3,347.4
Current RPO	\$ 1,634.4	\$ 1,661.0	\$ 1,930.1	\$ 1,998.0	\$ 2,013.6	\$ 2,050.4	\$ 2,368.6	\$ 2,350.4	\$ 2,310.7
<b>FX impact</b>									
Year-on-year FX benefit (impact) on subscription and maintenance revenue	\$ 8.9	\$ 11.6	\$ 10.2	\$ 6.0	\$ (0.3)	\$ (5.5)	\$ (8.7)	\$ (11.0)	\$ (11.4)
Year-on-year FX benefit (impact) on total revenue	\$ 6.7	\$ 9.7	\$ 9.9	\$ 6.1	\$ (0.6)	\$ (6.5)	\$ (9.7)	\$ (11.3)	\$ (11.2)
Year-on-year FX (impact) benefit on cost of revenue and operating expenses	(5.7)	1.0	4.7	7.9	8.1	7.1	2.2	11.3	6.9
Year-on-year FX benefit (impact) benefit on operating income	\$ 1.0	\$ 10.7	\$ 14.6	\$ 14.0	\$ 7.5	\$ 0.6	\$ (7.5)	\$ –	\$ (4.3)
<b>Balance Sheet Items and Cash Review</b>									
Cash Flow from Operating Activities	\$ 43.3	\$ 39.2	\$ 311.5	\$ 221.2	\$ 219.3	\$ 276.4	\$ 698.2	\$ 327.3	\$ 91.2
Less: Capital Expenditures	20.0	12.7	17.6	14.7	14.8	9.7	14.0	19.9	26.8
Free Cash Flow	\$ 23.3	\$ 26.5	\$ 293.9	\$ 206.5	\$ 204.5	\$ 266.7	\$ 684.2	\$ 307.4	\$ 64.4
Depreciation, Amortization and Accretion	\$ 22.2	\$ 23.5	\$ 25.4	\$ 32.7	\$ 32.1	\$ 31.6	\$ 30.9	\$ 30.0	\$ 30.0
Total Cash and Marketable Securities	\$ 1,297.9	\$ 1,193.0	\$ 953.6	\$ 972.1	\$ 991.3	\$ 1,024.5	\$ 1,843.7	\$ 1,466.9	\$ 1,519.5
Share repurchase (shares)	1.1	0.8	0.2	0.6	0.3	0.8	1.0	1.2	0.1
Share repurchase	\$ 146.8	\$ 102.6	\$ 22.2	\$ 100.0	\$ 40.5	\$ 123.7	\$ 191.3	\$ 189.0	\$ 7.8

(1) For definitions, please view the Glossary of Terms later in this document.

(2) Totals may not agree with the sum of the components due to rounding.

(3) Unbilled deferred revenue represents contractually stated or committed orders under early renewal and multi-year billing plans primarily for subscriptions for which the associated deferred revenue has not been recognized.

# Appendix – Other Financial Information

*In millions, except per share data*

	Q219	Q319	Q419	Q120	Q220	Q320	Q420	Q121	Q221
<b>Gross Margin</b>									
Gross Margin - GAAP	89%	89%	90%	89%	90%	91%	91%	91%	91%
Gross Margin - Non-GAAP	90%	90%	91%	91%	92%	92%	92%	92%	93%
<b>Total Spend</b>									
Total Spend - GAAP	\$ 636.4	\$ 646.2	\$ 697.0	\$ 710.7	\$ 723.0	\$ 732.1	\$ 765.5	\$ 755.1	\$ 767.0
Total Spend - Non-GAAP	\$ 556.1	\$ 568.7	\$ 598.1	\$ 603.6	\$ 610.3	\$ 617.4	\$ 640.4	\$ 637.9	\$ 650.7
<b>Operating Margin</b>									
Operating Margin - GAAP	(4)%	2%	5%	3%	9%	13%	15%	15%	16%
Operating Margin - Non-GAAP	9%	14%	19%	18%	23%	27%	29%	28%	29%
<b>Earnings Per Share</b>									
Basic Net (Loss) Income Per Share - GAAP	\$ (0.18)	\$ (0.11)	\$ 0.30	\$ (0.11)	\$ 0.18	\$ 0.30	\$ 0.60	\$ 0.30	\$ 0.45
Diluted Net (Loss) Income Per Share - GAAP	\$ (0.18)	\$ (0.11)	\$ 0.29	\$ (0.11)	\$ 0.18	\$ 0.30	\$ 0.59	\$ 0.30	\$ 0.44
Basic Net Income Per Share - Non-GAAP	\$ 0.20	\$ 0.30	\$ 0.46	\$ 0.45	\$ 0.66	\$ 0.79	\$ 0.93	\$ 0.86	\$ 0.99
Diluted Net Income Per Share - Non-GAAP	\$ 0.19	\$ 0.29	\$ 0.46	\$ 0.45	\$ 0.65	\$ 0.78	\$ 0.92	\$ 0.85	\$ 0.98
<b>Weighted Average Shares</b>									
Basic Net (Loss) Income Share Count - GAAP	219.0	218.9	219.2	219.6	219.6	219.7	220.0	219.2	219.2
Diluted Net (Loss) Income Share Count - GAAP	219.0	218.9	221.3	219.6	222.4	221.9	222.5	221.3	222.2
Basic Net Income Share Count - Non-GAAP	219.0	218.9	219.2	219.6	219.6	219.7	220.0	219.2	219.2
Diluted Net Income Share Count - Non-GAAP	222.2	221.6	221.3	222.0	222.4	221.9	222.5	221.3	222.2

# Appendix – Non-GAAP Reconciliation to GAAP

\$ in millions, except per share data

	Three Months Ended July 31,		Six Months Ended July 31,	
	2020	2019	2020	2019
	<b>(Unaudited)</b>			
GAAP cost of subscription and maintenance revenue	\$ 58.5	\$ 53.0	\$ 115.9	\$ 112.7
Stock-based compensation expense	(4.2)	(3.4)	(7.8)	(7.0)
Acquisition-related costs	(0.1)	–	(0.3)	–
Non-GAAP cost of subscription and maintenance revenue	\$ 54.2	\$ 49.6	\$ 107.8	\$ 105.7
GAAP cost of other revenue	\$ 15.0	\$ 17.9	\$ 32.1	\$ 31.7
Stock-based compensation expense	(1.6)	(1.4)	(3.1)	(2.7)
Non-GAAP cost of other revenue	\$ 13.4	\$ 16.5	\$ 29.0	\$ 29.0
GAAP amortization of developed technologies	\$ 7.4	\$ 8.6	\$ 14.8	\$ 17.8
Amortization of developed technologies	(7.4)	(8.6)	(14.8)	(17.8)
Non-GAAP amortization of developed technologies	\$ –	\$ –	\$ –	\$ –
GAAP gross profit	\$ 832.2	\$ 717.3	\$ 1,636.0	\$ 1,370.1
Stock-based compensation expense	5.8	4.8	10.9	9.7
Amortization of developed technologies	7.4	8.6	14.8	17.8
Acquisition-related costs	0.1	–	0.3	–
Non-GAAP gross profit	\$ 845.5	\$ 730.7	\$ 1,662.0	\$ 1,397.6
GAAP marketing and sales	\$ 350.9	\$ 316.8	\$ 692.2	\$ 630.1
Stock-based compensation expense	(43.4)	(36.0)	(84.1)	(68.5)
Acquisition-related costs	(1.6)	(0.1)	(3.3)	(0.1)
Non-GAAP marketing and sales	\$ 305.9	\$ 280.7	\$ 604.8	\$ 561.5
GAAP research and development	\$ 232.5	\$ 215.4	\$ 449.9	\$ 421.0
Stock-based compensation expense	(35.2)	(30.8)	(68.2)	(57.5)
Acquisition-related costs	(0.4)	(0.4)	(0.4)	(0.4)
Non-GAAP research and development	\$ 196.9	\$ 184.2	\$ 381.3	\$ 363.1
GAAP general and administrative	\$ 93.2	\$ 101.4	\$ 198.0	\$ 200.5
Stock-based compensation expense	(11.5)	(16.6)	(30.9)	(27.7)
Acquisition-related costs	(1.4)	(5.5)	(1.4)	(18.2)
Non-GAAP general and administrative	\$ 80.3	\$ 79.3	\$ 165.7	\$ 154.6
GAAP amortization of purchased intangibles	\$ 9.5	\$ 9.7	\$ 19.2	\$ 19.5
Amortization of purchased intangibles	(9.5)	(9.7)	(19.2)	(19.5)
Non-GAAP amortization of purchased intangibles	\$ –	\$ –	\$ –	\$ –

# Appendix – Non-GAAP Reconciliation to GAAP

\$ in millions, except per share data

	Three Months Ended July 31,			Six Months Ended July 31,		
	2020	2019	(Unaudited)	2020	2019	
GAAP restructuring and other exit costs, net	\$	–	\$ 0.2	\$	–	\$ 0.4
Restructuring and other exit costs, net		–	(0.2)		–	(0.4)
Non-GAAP restructuring and other exit costs, net	\$	–	\$ –	\$	–	\$ –
GAAP operating expenses	\$	686.1	\$ 643.5	\$ 1,359.3	\$	1,271.5
Stock-based compensation expense		(90.1)	(83.4)	(183.2)		(153.7)
Amortization of purchased intangibles		(9.5)	(9.7)	(19.2)		(19.5)
Acquisition-related costs		(3.4)	(6.0)	(5.1)		(18.7)
Restructuring and other exit costs, net		–	(0.2)	–		(0.4)
Non-GAAP operating expenses	\$	583.1	\$ 544.2	\$ 1,151.8	\$	1,079.2
GAAP spend	\$	767.0	\$ 723.0	\$ 1,522.1	\$	1,433.7
Stock-based compensation expense		(95.9)	(88.2)	(194.1)		(163.4)
Amortization of developed technologies		(7.4)	(8.6)	(14.8)		(17.8)
Amortization of purchased intangibles		(9.5)	(9.7)	(19.2)		(19.5)
Acquisition-related costs		(3.5)	(6.0)	(5.4)		(18.7)
Restructuring and other exit costs, net		–	(0.2)	–		(0.4)
Non-GAAP spend	\$	650.7	\$ 610.3	\$ 1,288.6	\$	1,213.9
GAAP income from operations	\$	146.1	\$ 73.8	\$ 276.7	\$	98.6
Stock-based compensation expense		95.9	88.2	194.1		163.4
Amortization of developed technologies		7.4	8.6	14.8		17.8
Amortization of purchased intangibles		9.5	9.7	19.2		19.5
Acquisition-related costs		3.5	6.0	5.4		18.7
Restructuring and other exit costs, net		–	0.2	–		0.4
Non-GAAP income from operations	\$	262.4	\$ 186.5	\$ 510.2	\$	318.4
GAAP interest and other expense, net	\$	(17.1)	\$ (7.3)	\$ (57.2)	\$	(23.5)
Loss (gain) on strategic investments and dispositions, net		14.3	(2.2)	30.9		2.8
Non-GAAP interest and other expense, net	\$	(2.8)	\$ (9.5)	\$ (26.3)	\$	(20.7)
GAAP provision for income taxes	\$	(30.8)	\$ (26.3)	\$ (54.8)	\$	(59.1)
Discrete GAAP tax items		0.6	3.3	1.1		1.0
Income tax effect of non-GAAP adjustments		(11.4)	(8.9)	(23.8)		4.5
Non-GAAP provision for income tax	\$	(41.6)	\$ (31.9)	\$ (77.5)	\$	(53.6)

# Appendix – Non-GAAP Reconciliation to GAAP

In millions, except per share data

	Three Months Ended July 31,		Six Months Ended July 31,	
	2020	2019	2020	2019
	<b>(Unaudited)</b>			
GAAP net income	\$ 98.2	\$ 40.2	\$ 164.7	\$ 16.0
Stock-based compensation expense	95.9	88.2	194.1	163.4
Amortization of developed technologies	7.4	8.6	14.8	17.8
Amortization of purchased intangibles	9.5	9.7	19.2	19.5
Acquisition-related costs	3.5	6.0	5.4	18.7
Restructuring and other exit costs, net	–	0.2	–	0.4
Loss (gain) on strategic investments and dispositions, net	14.3	(2.2)	30.9	2.8
Discrete GAAP tax items	0.6	3.3	1.1	1.0
Income tax effect of non-GAAP adjustments	(11.4)	(8.9)	(23.8)	4.5
Non-GAAP net income	\$ 218.0	\$ 145.1	\$ 406.4	\$ 244.1
GAAP diluted net income per share	\$ 0.44	\$ 0.18	\$ 0.74	\$ 0.07
Stock-based compensation expense	0.43	0.40	0.87	0.74
Amortization of developed technologies	0.03	0.04	0.07	0.08
Amortization of purchased intangibles	0.04	0.05	0.09	0.09
Acquisition-related costs	0.03	0.02	0.03	0.09
Loss (gain) on strategic investments and dispositions, net	0.06	(0.01)	0.14	0.01
Discrete GAAP tax items	–	0.01	–	–
Income tax effect of non-GAAP adjustments	(0.05)	(0.04)	(0.11)	0.02
Non-GAAP diluted net income per share	\$ 0.98	\$ 0.65	\$ 1.83	\$ 1.10
GAAP weighted average shares used in computing diluted net income per share	222.2	222.4	222.0	222.3
Dilutive effect of restricted awards	–	–	–	–
Non-GAAP weighted average shares used in computing diluted net income per share	222.2	222.4	222.0	222.3

# Appendix – Non-GAAP Reconciliation to GAAP

<i>\$ in millions</i>	Q219	Q319	Q419	Q120	Q220	Q320	Q420	Q121	Q221
	(Unaudited)								
GAAP gross margin	89%	89%	90%	89%	90%	91%	91%	91%	91%
Stock-based compensation expense	1%	1%	1%	1%	1%	1%	1%	1%	1%
Amortization of developed technology	1%	1%	1%	1%	1%	1%	1%	1%	1%
Non-GAAP gross margin <sup>(1)</sup>	90%	90%	91%	91%	92%	92%	92%	92%	93%
GAAP operating expenses	\$ 566.6	\$ 573.9	\$ 620.0	\$ 628.0	\$ 643.5	\$ 652.6	\$ 682.3	\$ 673.2	\$ 686.1
Stock-based compensation expense	(52.9)	(59.3)	(68.8)	(70.3)	(83.4)	(89.3)	(99.8)	(93.1)	(90.1)
Amortization of purchased intangibles	(3.8)	(4.2)	(6.2)	(9.8)	(9.7)	(9.7)	(9.7)	(9.7)	(9.5)
CEO transition costs	0.1	–	–	–	–	–	–	–	–
Acquisition-related costs	(2.5)	(1.8)	(11.9)	(12.7)	(6.0)	(2.2)	(1.9)	(1.7)	(3.4)
Restructuring and other exit costs, net	(13.8)	(3.7)	(1.9)	(0.2)	(0.2)	(0.1)	–	–	–
Non-GAAP operating expenses	\$ 493.7	\$ 504.9	\$ 531.2	\$ 535.0	\$ 544.2	\$ 551.3	\$ 570.9	\$ 568.7	\$ 583.1
GAAP spend	\$ 636.4	\$ 646.2	\$ 697.0	\$ 710.7	\$ 723.0	\$ 732.1	\$ 765.5	\$ 755.1	\$ 767.0
Stock-based compensation expense	(56.9)	(64.2)	(74.0)	(75.2)	(88.2)	(94.0)	(105.0)	(98.2)	(95.9)
Amortization of developed technologies	(3.4)	(3.6)	(4.9)	(9.2)	(8.6)	(8.4)	(8.3)	(7.4)	(7.4)
Amortization of purchased intangibles	(3.8)	(4.2)	(6.2)	(9.8)	(9.7)	(9.7)	(9.7)	(9.7)	(9.5)
CEO transition costs	0.1	–	–	–	–	–	–	–	–
Acquisition-related costs	(2.5)	(1.8)	(11.9)	(12.7)	(6.0)	(2.5)	(2.1)	(1.9)	(3.5)
Restructuring and other exit costs, net	(13.8)	(3.7)	(1.9)	(0.2)	(0.2)	(0.1)	–	–	–
Non-GAAP spend	\$ 556.1	\$ 568.7	\$ 598.1	\$ 603.6	\$ 610.3	\$ 617.4	\$ 640.4	\$ 637.9	\$ 650.7

(1) Totals may not sum due to rounding.

# Appendix – Non-GAAP Reconciliation to GAAP

In millions, except per share data

	Q219	Q319	Q419	Q120	Q220	Q320	Q420	Q121	Q221
	(Unaudited)								
GAAP operating margin	(4)%	2%	5%	3%	9%	13%	15%	15%	16%
Stock-based compensation expense	9%	10%	10%	10%	11%	11%	12%	11%	11%
Amortization of developed technologies	1%	1%	1%	1%	1%	1%	1%	1%	1%
Amortization of purchased intangibles	1%	1%	1%	1%	1%	1%	1%	1%	1%
Acquisition-related costs	–%	–%	2%	2%	1%	–%	–%	–%	–%
Restructuring and other exit costs, net	2%	1%	–%	–%	–%	–%	–%	–%	–%
Non-GAAP operating margin <sup>(1)</sup>	9%	14%	19%	18%	23%	27%	29%	28%	29%
GAAP diluted net (loss) income per share	\$ (0.18)	\$ (0.11)	\$ 0.29	\$ (0.11)	\$ 0.18	\$ 0.30	\$ 0.59	\$ 0.30	\$ 0.44
Stock-based compensation expense	0.26	0.28	0.33	0.34	0.40	0.42	0.47	0.44	0.43
Amortization of developed technologies	0.02	0.02	0.02	0.04	0.04	0.04	0.04	0.03	0.03
Amortization of purchased intangibles	0.01	0.02	0.03	0.04	0.05	0.04	0.04	0.04	0.04
Acquisition-related costs	0.01	0.01	0.05	0.07	0.02	0.02	0.01	0.01	0.03
Restructuring and other exit costs, net	0.06	–	(0.01)	–	–	–	–	–	–
(Gain) Loss on strategic investments and dispositions, net	(0.02)	(0.01)	(0.01)	0.02	(0.01)	–	–	0.08	0.06
Discrete GAAP tax items	(0.04)	(0.02)	–	(0.01)	0.01	–	0.01	–	–
Release of valuation allowance on deferred tax assets (2)	–	–	(0.08)	–	–	–	(0.18)	–	–
Income tax effect of non-GAAP adjustments	0.07	0.10	(0.16)	0.06	(0.04)	(0.04)	(0.06)	(0.05)	(0.05)
Non-GAAP diluted net income per share	\$ 0.19	\$ 0.29	\$ 0.46	\$ 0.45	\$ 0.65	\$ 0.78	\$ 0.92	\$ 0.85	\$ 0.98
GAAP weighted average shares used in computing diluted net (loss) income per share	219.0	218.9	221.3	219.6	222.4	221.9	222.5	221.3	222.2
Dilutive effect of restricted awards	3.2	2.7	–	2.4	–	–	–	–	–
Non-GAAP weighted average shares used in computing diluted net income per share	222.2	221.6	221.3	222.0	222.4	221.9	222.5	221.3	222.2

(1) Totals may not sum due to rounding.

(2) Fiscal year 2019 balances previously presented in "Discrete GAAP tax items."

# Appendix

## 3QFY21 Outlook GAAP to Non-GAAP EPS Reconciliation

GAAP	\$0.42 - \$0.48
Stock-based compensation expense	\$0.45
Amortization of acquisition-related intangibles	\$0.07
Acquisition-related costs	\$0.01
GAAP-only tax charges	\$(0.04)
Non-GAAP	\$0.91 - \$0.97

# Appendix

## FY21 Outlook GAAP to Non-GAAP EPS Reconciliation

GAAP	\$1.63 - \$1.81
Stock-based compensation expense	\$1.80
Amortization of acquisition-related intangibles	\$0.30
Acquisition-related costs	\$0.04
Loss on strategic investments & dispositions, net	\$0.14
GAAP-only tax charges	\$(0.19)
Non-GAAP	\$3.72 - \$3.90

# Glossary of Terms

In order to help better understand our financial performance we use several key performance metrics including billings, recurring revenue, ARR, net revenue retention rate ("NR3"), ARPS, and subscriptions. These metrics are key performance metrics and should be viewed independently of revenue and deferred revenue as these metrics are not intended to be combined with those items. We use these metrics to monitor the strength of our recurring business. We believe these metrics are useful to investors because they can help in monitoring the long-term health of our business. Our determination and presentation of these metrics may differ from that of other companies. The presentation of these metrics is meant to be considered in addition to, not as a substitute for or in isolation from, our financial measures prepared in accordance with GAAP.

*Billings:* Total revenue plus the net change in deferred revenue from the beginning to the end of the period.

*Constant Currency (CC) Growth Rates:* We attempt to represent the changes in the underlying business operations by eliminating fluctuations caused by changes in foreign currency exchange rates as well as eliminating hedge gains or losses recorded within the current and comparative periods. We calculate constant currency growth rates by (i) applying the applicable prior period exchange rates to current period results and (ii) excluding any gains or losses from foreign currency hedge contracts that are reported in the current and comparative periods.

*Design Business:* Represents the combination of maintenance, product subscriptions, and all EBAs. Main products include, but are not limited to, AutoCAD, AutoCAD LT, Industry Collections, Revit, Inventor, Maya and 3ds Max. Certain products, such as our computer aided manufacturing solutions, incorporate both Design and Make functionality and are classified as Design.

*Enterprise Business Agreements (EBAs):* Represents programs providing enterprise customers with token-based access to a broad pool of Autodesk products over a defined contract term.

*Free Cash Flow:* Cash flow from operating activities minus capital expenditures.

# Glossary of Terms

*Maintenance Plan:* Our maintenance plans provide our customers with a cost effective and predictable budgetary option to obtain the productivity benefits of our new releases and enhancements when and if released during the term of their contracts. Under our maintenance plans, customers are eligible to receive unspecified upgrades when and if available, and technical support. We recognize maintenance revenue over the term of the agreements, generally one year.

*Make Business:* Represents certain cloud-based product subscriptions. Main products include, but are not limited to, Assemble, BIM 360, BuildingConnected, PlanGrid, Fusion 360 and Shotgun. Certain products, such as Fusion 360, incorporate both Design and Make functionality and are classified as Make.

*Net Revenue Retention Rate (NR3):* Measures the year-over-year change in subscription and maintenance revenue for the population of customers that existed one year ago (“base customers”). Net revenue retention rate is calculated by dividing the current quarter subscription and maintenance revenue related to base customers by the total corresponding quarter subscription and maintenance revenue from one year ago. Subscription and maintenance revenue is based on USD reported revenue, and fluctuations caused by changes in foreign currency exchange rates and hedge gains or losses have not been eliminated. Subscription and maintenance revenue related to acquired companies, one year after acquisition, has been captured as existing customers until such data conforms to the calculation methodology. This may cause variability in the comparison. Beginning with the first quarter of fiscal 2021, Autodesk modified its definition of NR3 to the definition above. The effect of this change is not material for the periods presented.

*Other Revenue:* Consists of revenue from consulting, training and other services, and is recognized over time as the services are performed. Other Revenue also includes software license revenue from the sale of products that do not incorporate substantial cloud services and is recognized up front.

*Product Subscription:* Provides customers the most flexible, cost-effective way to access and manage 3D design, engineering, and entertainment software tools. Our product subscriptions currently represent a hybrid of desktop and SaaS functionality, which provides a device-independent, collaborative design workflow for designers and their stakeholders.

# Glossary of Terms

*Recurring Revenue:* Consists of the revenue for the period from our traditional maintenance plans and revenue from our subscription plan offerings. It excludes subscription revenue related to consumer product offerings, select Creative Finishing product offerings, education offerings, and third-party products. Recurring revenue acquired with the acquisition of a business is captured when total subscriptions are captured in our systems and may cause variability in the comparison of this calculation.

*Remaining Performance Obligations (RPO):* The sum of total short-term, long-term, and unbilled deferred revenue. Current remaining performance obligations is the amount of revenue we expect to recognize in the next twelve months.

*Spend:* The sum of cost of revenue and operating expenses.

*Subscription Plan:* Comprises our term-based product subscriptions, cloud service offerings, and EBAs. Subscriptions represent a combined hybrid offering of desktop software and cloud functionality which provides a device-independent, collaborative design workflow for designers and their stakeholders. With subscription, customers can use our software anytime, anywhere, and get access to the latest updates to previous versions.

*Subscription Revenue:* Includes subscription fees from product subscriptions, cloud service offerings, and EBAs.

*Unbilled Deferred Revenue:* Unbilled deferred revenue represents contractually stated or committed orders under early renewal and multi-year billing plans for subscription, services and maintenance for which the associated deferred revenue has not been recognized. Under FASB Accounting Standards Codification ("ASC") Topic 606, unbilled deferred revenue is not included as a receivable or deferred revenue on our Condensed Consolidated Balance Sheet.



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