

First Quarter Fiscal 2020 Earnings

May 23, 2019



Safe Harbor

This presentation contains forward looking statements about revenue, billings, free cash flow, ARR, spend and EPS, products, future performance, financial and otherwise, including statements regarding our progress on our key priorities, business model transformation, guidance for the second fiscal quarter and full fiscal year 2020, our long term financial objectives and capital allocation. 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, ARR, ARPS, billings, revenue, deferred revenue, operating margins and cash flow growth; failure to maintain spend management; failure to successfully integrate acquired businesses, complete transitions to new business model and markets; failure of the construction industry grows as anticipated; failure to successfully expand adoption of our products; 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, 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 May 23, 2019. If this presentation is reviewed after May 23, 2019, 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, billings and ARR 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.

Strong Start to Fiscal 2020

Results Reflect Business Momentum Across Core and Cloud

33%

ARR Growth

96%

Recurring Revenue

\$735M

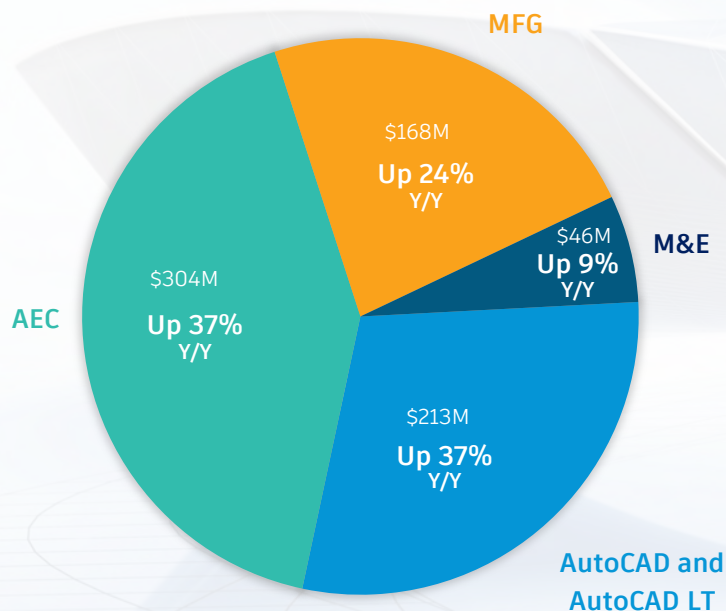
Total Revenue

\$207M

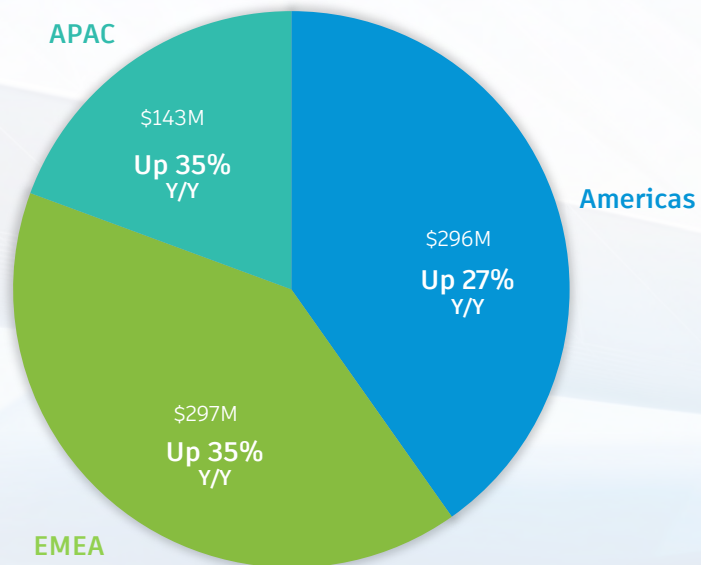
Free Cash Flow

Strong Growth Across All Products & Geographies

Q120 REVENUE MIX BY PRODUCT FAMILY^(1,2)



Q120 REVENUE MIX BY GEOGRAPHY⁽²⁾

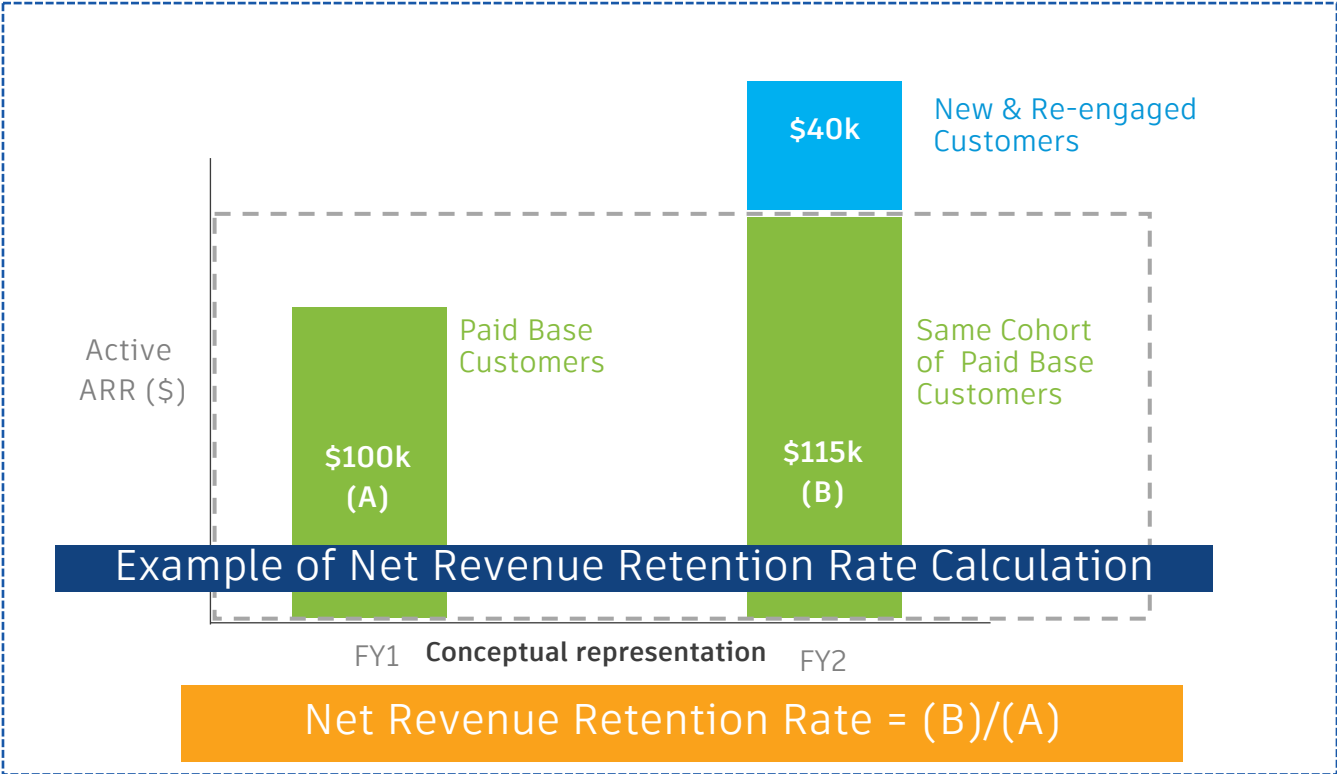


(1) Excludes \$5M of revenue from Other.

(2) Total revenue of \$735M; may not sum due to rounding.

Q120 Within FY19 Range of Approx. 110% - 120%

Net Revenue Retention Rate



See appendix for glossary of terms.

Q120 Strategic Update

Executing in Construction

- BIM 360 ARR growth accelerates
- Strong revenue growth and largest deal pipeline ever at PlanGrid
- Best new business quarter ever at BuildingConnected
- Recent acquisitions contributed \$83M of ARR

Winning in Manufacturing

- Manufacturing revenue up 24% year-over-year, with strength across all products and geographies
- Fusion 360 adoption accelerating
 - 100%+ growth in Fusion commercial Monthly Active Users (MAU)
 - Significant wins against major competitors

Digitizing the Company

- All new single user subscriptions are on identity-based authentication
- On track to migrate all eligible single user subscriptions by the end of fiscal year

Q120 Construction Highlights

Expanding Wallet Share

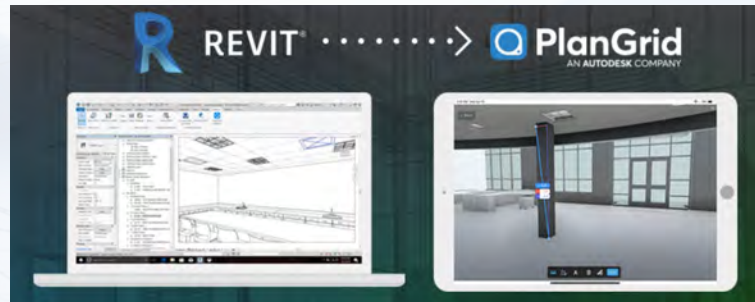
- Long standing PlanGrid Customer renewed for three years in part due to Autodesk's vision
- A large joint customer of Autodesk and PlanGrid tripled their PlanGrid subscriptions
- One of Autodesk's largest customers added PlanGrid to its portfolio

Realizing Sales and R&D Synergies

- Introduction of PlanGrid BIM generated 5x more customer interest than past PlanGrid introductions
- BuildingConnected user base grew from ~700K to >800K since acquisition

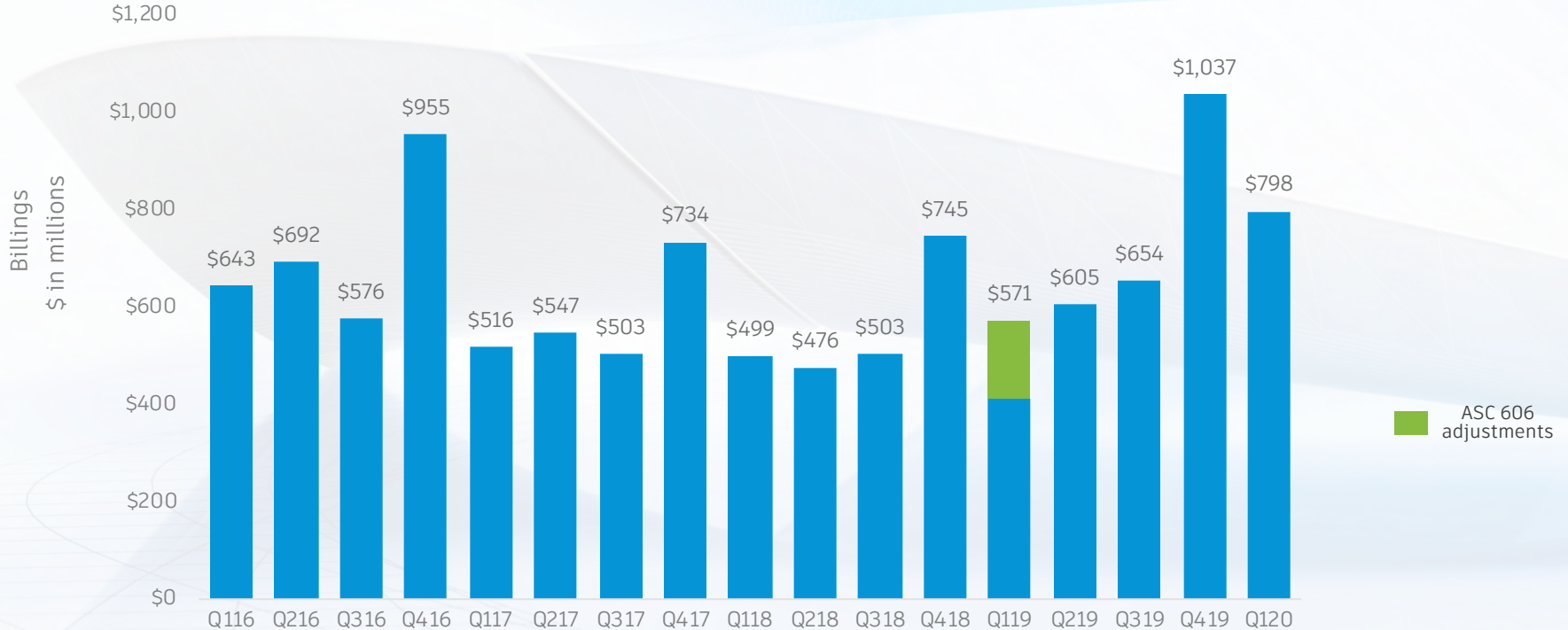
Displacing the Competition

- Customers choosing Autodesk over competition due to our comprehensive solutions portfolio
- Won 15 head-to-head bids versus competitors



Billings of \$798 Million in Q120

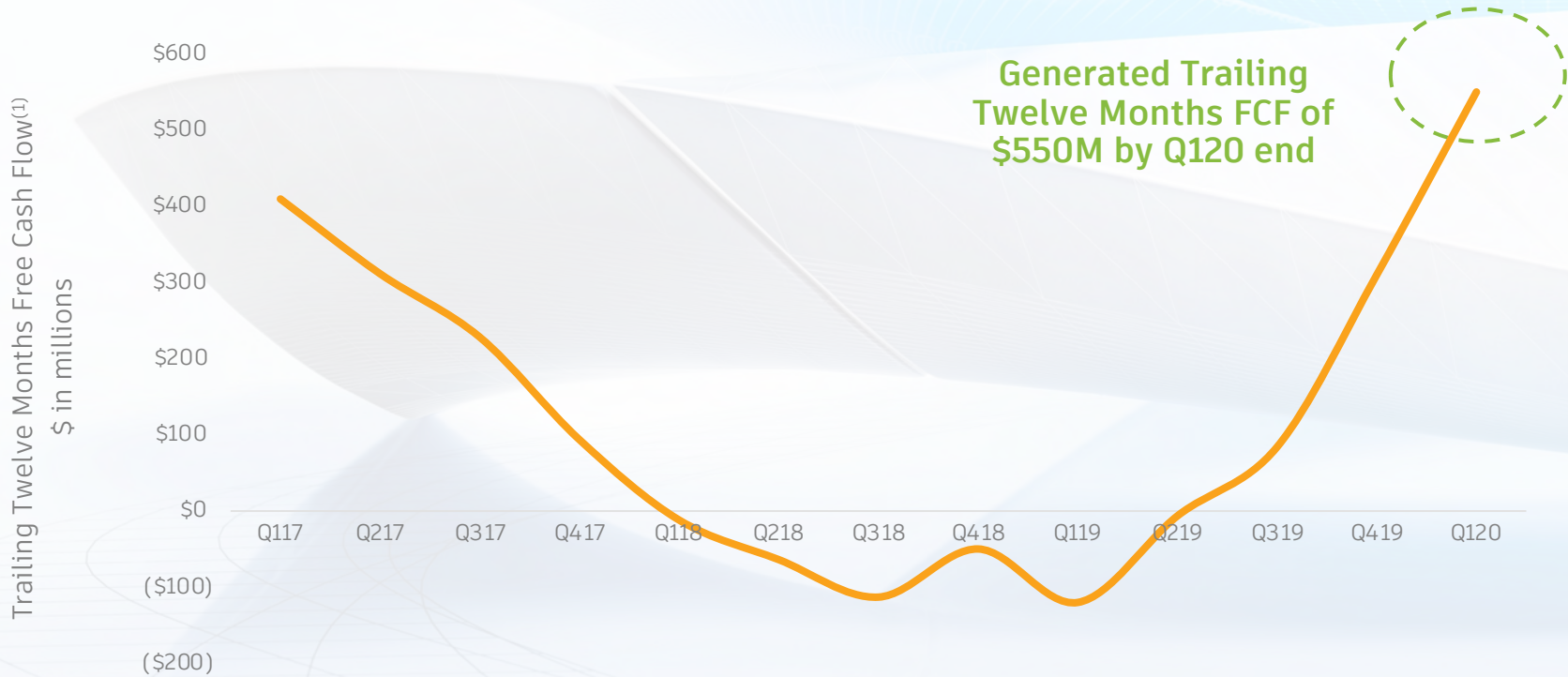
Up ~40% Y/Y on an adjusted basis



(1) Q119 includes ~\$160 million of adjustments related to implementation of ASC 606.

Free Cash Flow: Strong Start to Fiscal Year

On Track to Achieve FY20 Guidance of \$1.35 Billion



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

Outlook

Q2 FY20⁽¹⁾

(ending July 31, 2019)

Revenue	\$782M - \$792M
EPS GAAP	\$0.13 - \$0.17
EPS non-GAAP ⁽¹⁾	\$0.59 - \$0.63

FY20⁽¹⁾

(ending January 31, 2020)

Total ARR (in millions)	\$3,500 - \$3,550 Up 27%-29%
Billings (in millions)	\$4,050 - \$4,150 Up 50%-53%
Revenue (in millions)	\$3,250 - \$3,300 Up 26%-28%
GAAP Spend growth ^(2,3)	Approx. 12%
Non-GAAP Spend growth ⁽³⁾	Approx. 9%
EPS GAAP	\$0.83 - \$1.02
EPS non-GAAP	\$2.71 - \$2.90
Free cash flow	Approx. \$1.35 billion

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

(2) GAAP spend growth increased by 2 percentage points versus our prior guidance. This resulted in a corresponding reduction in GAAP EPS. The change in outlook is due primarily to stock-based compensation, as well as accounting adjustments associated with our fourth quarter acquisitions.

(3) Spend is equal to cost of revenue plus operating expenses. Non-GAAP spend excludes \$326 million related to stock-based compensation expense, \$74 million for the amortization of acquisition-related intangibles, and \$38 million for acquisition related costs.

Non-GAAP FY20 Model Considerations

INCOME STATEMENT

- Recurring revenue as percent of total expected to be consistent with FY19 in mid-90% range
- Gross margins expected to expand modestly, driven by revenue growth
- Expect operating margins to expand, driven by operating leverage, partially offset by expenses associated with recent acquisitions
- Interest expense to increase, driven by increased debt balance
- Effective tax rate of 18%
- Share count to be consistent with FY19

BALANCE SHEET / CASH FLOW

- Expect to retire remaining term loan associated with the 4Q19 acquisitions by end of FY20
- Capital expenditures to be consistent with FY19
- Three-fourths of FY20 free cash flow expected in the second half of the year, with heavier weighting in Q4 due to normal seasonality

Appendix

Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures (In millions, except per share data)

To supplement our consolidated financial statements presented on a GAAP basis, we provide investors with certain non-GAAP measures including non-GAAP net income per share, non-GAAP operating margin, non-GAAP spend, non-GAAP EPS and free cash flow. For our internal budgeting and resource allocation process and as a means to evaluate period-to-period comparisons, we use non-GAAP measures to supplement our consolidated financial statements presented on a GAAP basis. These non-GAAP measures do not include certain items that may have a material impact upon our future reported financial results. We use non-GAAP measures in making operating decisions because we believe those measures provide meaningful supplemental information regarding our earning potential and performance for management by excluding certain expenses and charges that may not be indicative of our core business operating results. For the reasons set forth below, we believe these non-GAAP financial measures are useful to investors both because (1) they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making and (2) they are used by our institutional investors and the analyst community to help them analyze the health of our business. This allows investors and others to better understand and evaluate our operating results and future prospects in the same manner as management, compare financial results across accounting periods and to those of peer companies and to better understand the long-term performance of our core business. We also use some of these measures for purposes of determining company-wide incentive compensation.

There are limitations in using non-GAAP financial measures because non-GAAP financial measures are not prepared in accordance with GAAP and may be different from non-GAAP financial measures used by other companies. The non-GAAP financial measures are limited in value because they exclude certain items that may have a material impact upon our reported financial results. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which charges are excluded from the non-GAAP financial measures. We compensate for these limitations by analyzing current and future results on a GAAP basis as well as a non-GAAP basis and also by providing GAAP measures in our public disclosures. The presentation of non-GAAP financial information is meant to be considered in addition to, not as a substitute for or in isolation from, the directly comparable financial measures prepared in accordance with GAAP. We urge investors to review the reconciliation of our non-GAAP financial measures to the comparable GAAP financial measures included in this presentation, and not to rely on any single financial measure to evaluate our business.

The following slides shows Autodesk's non-GAAP results reconciled to GAAP results included in this presentation.

Appendix

First Quarter Fiscal 2020 Results Excluding recent Acquisitions^(1,2,3)

(\$ in millions except subscription and per subscription data)

	Consolidated	Recent Acquisitions (3)	Consolidated ex-Acquisitions	Y/Y change ex-Acquisitions
Subscription & Maintenance Revenue	\$ 707.8	\$ 20.7	\$ 687.1	29%
Other	27.7	0.2	27.5	(3)%
Total Revenue	\$ 735.5	\$ 20.9	\$ 714.6	28%
ARR				
Core ARR	\$ 2,650.6	\$ –	\$ 2,650.6	29%
Cloud ARR	180.6	82.8	97.8	43%
Total ARR	\$ 2,831.2	\$ 82.8	\$ 2,748.4	29%

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

(2) May not sum due to rounding.

(3) Recent acquisitions refer to PlanGrid and BuildingConnected.

Appendix

First Quarter Fiscal 2020 Overview

<i>(\$ in millions except per share data)</i> ⁽¹⁾	Q1 19	Q1 20	Total Y/Y change, as reported	Management Comments
Subscription plan ARR ⁽²⁾	\$ 1,401.5	\$ 2,383.3	70%	Driven by growth in all subscription plan types, led by product subscriptions
Maintenance plan ARR	724.9	447.9	(38)%	Reflects migration of maintenance plan subscriptions to product subscriptions
Total ARR ⁽²⁾	\$ 2,126.4	\$ 2,831.2	33%	
Revenue ⁽³⁾	\$ 559.9	\$ 735.5	31%	Driven by growth in all subscription plan revenue, led by product subscription revenue
GAAP operating (loss) income	\$ (55.3)	\$ 24.8		Driven by revenue growth and lower restructuring expenses
GAAP operating (loss) margin	(10)%	3%	13pts	Driven by revenue growth, operating leverage and lower restructuring expenses
Non-GAAP operating income	\$ 29.0	\$ 131.9		Driven by revenue growth
Non-GAAP operating margin	5%	18%	13pts	Driven by revenue growth and operating leverage
GAAP diluted net (loss) per share	\$ (0.38)	\$ (0.11)	\$ 0.27	
Non-GAAP diluted net income per share	\$ 0.06	\$ 0.45	\$ 0.39	

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

(2) Included in Subscription plan ARR and total ARR is an \$83 million contribution from the fourth quarter acquisitions. This represented 6 percentage points of the year-over-year increase in Subscription plan ARR and 4 percentage points of the year-over-year increase in total ARR.

(3) Included in revenue was a \$21 million contribution from the fourth quarter acquisitions, or 4 percentage points of the year-over-year increase.

Appendix – Other Financial Information

In millions except per share data ⁽¹⁾

	Q118	Q218	Q318	Q418	Q119	Q219	Q319	Q419	Q120
ARR									
Subscription plan ARR	\$ 691.9	\$ 783.7	\$ 924.0	\$ 1,175.0	\$ 1,401.5	\$ 1,681.8	\$ 1,925.1	\$ 2,200.1	\$ 2,383.3
Maintenance plan ARR	\$ 1,051.7	\$ 1,046.0	\$ 977.8	\$ 879.1	\$ 724.9	\$ 665.6	\$ 600.6	\$ 549.3	\$ 447.9
Total ARR	\$ 1,743.6	\$ 1,829.7	\$ 1,901.8	\$ 2,054.1	\$ 2,126.4	\$ 2,347.4	\$ 2,525.7	\$ 2,749.4	\$ 2,831.2
Core ARR	\$ 1,684.4	\$ 1,767.6	\$ 1,837.3	\$ 1,984.8	\$ 2,058.0	\$ 2,272.1	\$ 2,437.9	\$ 2,623.5	\$ 2,650.6
Cloud ARR	\$ 59.2	\$ 62.1	\$ 64.5	\$ 69.3	\$ 68.4	\$ 75.3	\$ 87.8	\$ 125.9	\$ 180.6
M2S ARR included in Subscription plan ARR	N/A	\$ 7.6	\$ 69.9	\$ 151.6	\$ 273.4	\$ 349.2	\$ 414.8	\$ 469.8	\$ 504.8

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

Appendix – Other Financial Information

In millions^(1,2)

	Q118	Q218	Q318	Q418	Q119	Q219	Q319	Q419	Q120	
Revenue (4)										
Recurring revenue	\$ 435.9	\$ 457.4	\$ 475.5	\$ 513.5	\$ 531.6	\$ 586.8	\$ 631.4	\$ 687.4	\$ 707.8	
Recurring revenue as a percentage of total revenue	90%	91%	92%	93%	95%	96%	96%	93%	96%	
Subscription revenue	\$ 173.4	\$ 196.1	\$ 231.1	\$ 293.7	\$ 350.4	\$ 420.6	\$ 481.3	\$ 550.0	\$ 595.8	
Maintenance revenue	\$ 263.6	\$ 261.8	\$ 244.4	\$ 219.8	\$ 181.2	\$ 166.4	\$ 150.1	\$ 137.4	\$ 112.0	
Other revenue	\$ 48.7	\$ 43.9	\$ 39.8	\$ 40.3	\$ 28.3	\$ 24.7	\$ 29.5	\$ 49.9	\$ 27.7	
Total net revenue	\$ 485.7	\$ 501.8	\$ 515.3	\$ 553.8	\$ 559.9	\$ 611.7	\$ 660.9	\$ 737.3	\$ 735.5	
Direct revenue	30%	29%	30%	30%	29%	28%	28%	30%	30%	
Indirect revenue	70%	71%	70%	70%	71%	72%	72%	70%	70%	
Revenue by geography										
Americas	\$ 210.1	\$ 214.0	\$ 214.6	\$ 232.4	\$ 233.5	\$ 247.5	\$ 268.5	\$ 300.4	\$ 295.8	
Europe, Middle East and Africa	\$ 189.7	\$ 199.3	\$ 205.4	\$ 221.0	\$ 220.9	\$ 248.3	\$ 266.5	\$ 298.6	\$ 297.2	
Asia Pacific	\$ 85.9	\$ 88.5	\$ 95.3	\$ 100.4	\$ 105.5	\$ 115.9	\$ 125.9	\$ 138.3	\$ 142.5	
Emerging economies	\$ 50.9	\$ 53.8	\$ 57.8	\$ 64.0	\$ 65.2	\$ 74.2	\$ 80.7	\$ 87.3	\$ 87.9	
Emerging economies as a percent of total revenue	10%	11%	11%	12%	12%	12%	12%	12%	12%	
Revenue by product family (3)										
Architecture, Engineering and Construction	\$ 185.9	\$ 189.6	\$ 195.4	\$ 216.6	\$ 221.8	\$ 243.1	\$ 263.8	\$ 292.9	\$ 304.3	
AutoCAD Product Family and AutoCAD LT	\$ 129.0	\$ 135.6	\$ 142.7	\$ 154.1	\$ 155.6	\$ 176.6	\$ 190.6	\$ 209.0	\$ 213.2	
Manufacturing	\$ 128.3	\$ 132.3	\$ 132.0	\$ 136.2	\$ 135.4	\$ 146.1	\$ 158.5	\$ 176.2	\$ 167.5	
Media and Entertainment	\$ 36.5	\$ 38.0	\$ 37.7	\$ 39.9	\$ 41.8	\$ 41.7	\$ 43.6	\$ 54.9	\$ 45.5	
Other	\$ 6.0	\$ 6.3	\$ 7.5	\$ 7.0	\$ 5.3	\$ 4.2	\$ 4.4	\$ 4.3	\$ 5.0	

(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) Effective in 1Q19, revenue is reported under ASC Topic 606.

Appendix – Other Financial Information

In millions ^(1,2)

	Q118	Q218	Q318	Q418	Q119	Q219	Q319	Q419	Q120
Billings & Deferred Revenue									
Billings	\$ 499.2	\$ 476.3	\$ 503.2	\$ 745.0	\$ 411.2	\$ 604.8	\$ 653.5	\$ 1,036.6	797.6
Deferred Revenue	\$ 1,801.5	\$ 1,776.0	\$ 1,763.9	\$ 1,955.1	\$ 1,806.4	\$ 1,799.5	\$ 1,792.1	\$ 2,091.4	\$ 2,153.5
Unbilled Deferred Revenue ⁽³⁾	30.0	62.6	147.9	326.4	411.5	405.8	450.5	591.0	589.1
Total Deferred Revenue	\$ 1,831.5	\$ 1,838.6	\$ 1,911.8	\$ 2,281.5	\$ 2,217.9	\$ 2,205.3	\$ 2,242.6	\$ 2,682.4	\$ 2,742.6
FX impact									
Year-on-year FX (impact) benefit on total ARR	\$ (19.9)	\$ (18.4)	\$ (11.0)	\$ (0.8)	\$ 8.9	\$ 24.7	\$ 37.0	\$ 38.3	23.7
Year-on-year FX (impact) benefit on total revenue	\$ (5.8)	\$ (4.8)	\$ (2.7)	\$ 0.2	\$ 2.7	\$ 6.7	\$ 9.7	\$ 9.9	6.1
Year-on-year FX benefit (impact) on cost of revenue and operating expenses	4.2	3.5	(2.4)	(11.7)	(10.4)	(5.7)	1.0	4.7	7.9
Year-on-year FX (impact) benefit on operating income	\$ (1.6)	\$ (1.3)	\$ (5.1)	\$ (11.5)	\$ (7.7)	\$ 1.0	\$ 10.7	\$ 14.6	14.0
Balance Sheet Items and Cash Review									
Cash Flow from Operating Activities	\$ 45.2	\$ (72.5)	\$ (51.1)	\$ 79.3	\$ (16.9)	\$ 43.3	\$ 39.2	\$ 311.5	\$ 221.2
Less: Capital Expenditures	8.6	17.8	12.9	11.4	16.7	20.0	12.7	17.6	14.7
Free Cash Flow	\$ 36.6	\$ (90.3)	\$ (64.0)	\$ 67.9	\$ (33.6)	\$ 23.3	\$ 26.5	\$ 293.9	\$ 206.5
Depreciation, Amortization and Accretion	\$ 28.4	\$ 28.4	\$ 24.7	\$ 26.9	\$ 24.1	\$ 22.2	\$ 23.5	\$ 25.4	\$ 32.7
Total Cash and Marketable Securities	\$ 2,075.7	\$ 1,943.7	\$ 1,718.2	\$ 1,514.0	\$ 1,464.4	\$ 1,297.9	\$ 1,193.0	\$ 953.6	\$ 972.1
Share repurchase (shares)	2.2	1.2	1.0	2.4	0.2	1.1	0.8	0.2	0.6
Share repurchase (\$Ms dollars)	\$ 192.1	\$ 118.5	\$ 117.4	\$ 262.1	\$ 21.0	\$ 146.8	\$ 102.6	\$ 22.2	\$ 100.0

(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 subscription, services for which the associated deferred revenue has not been recognized.

Appendix – Other Financial Information

In millions except per share data ⁽¹⁾

	Q118	Q218	Q318	Q418	Q119	Q219	Q319	Q419	Q120
Gross Margin									
Gross Margin - GAAP	84%	85%	85%	87%	88%	89%	89%	90%	89%
Gross Margin - Non-GAAP	86%	87%	86%	88%	89%	90%	90%	91%	91%
Total Spend									
Total Spend - GAAP	\$ 605.3	\$ 609.4	\$ 615.3	\$ 735.7	\$ 615.2	\$ 636.4	\$ 646.2	\$ 697.0	\$ 710.7
Total Spend - Non-GAAP	\$ 525.2	\$ 530.6	\$ 541.5	\$ 571.3	\$ 530.9	\$ 556.1	\$ 568.7	\$ 598.1	\$ 603.6
Operating Margin									
Operating Margin - GAAP	(25)%	(21)%	(19)%	(33)%	(10)%	(4)%	2%	5%	3%
Operating Margin - Non-GAAP	(8)%	(6)%	(5)%	(3)%	5%	9%	14%	19%	18%
Earnings Per Share									
Basic Net (Loss) Income Per Share - GAAP	\$ (0.59)	\$ (0.66)	\$ (0.55)	\$ (0.79)	\$ (0.38)	\$ (0.18)	\$ (0.11)	\$ 0.30	\$ (0.11)
Diluted Net (Loss) Income Per Share - GAAP	\$ (0.59)	\$ (0.66)	\$ (0.55)	\$ (0.79)	\$ (0.38)	\$ (0.18)	\$ (0.11)	\$ 0.29	\$ (0.11)
Basic Net (Loss) Income Per Share - Non-GAAP	\$ (0.16)	\$ (0.11)	\$ (0.12)	\$ (0.09)	\$ 0.07	\$ 0.20	\$ 0.30	\$ 0.46	\$ 0.45
Diluted Net (Loss) Income Per Share - Non-GAAP	\$ (0.16)	\$ (0.11)	\$ (0.12)	\$ (0.09)	\$ 0.06	\$ 0.19	\$ 0.29	\$ 0.46	\$ 0.45
Weighted Average Shares									
Basic Net (Loss) Income Share Count - GAAP	219.9	219.5	219.6	219.1	218.6	219.0	218.9	219.2	219.6
Diluted Net (Loss) Income Share Count - GAAP	219.9	219.5	219.6	219.1	218.6	219.0	218.9	221.3	219.6
Basic Net Income Share Count - Non-GAAP	219.9	219.5	219.6	219.1	218.6	219.0	218.9	219.2	219.6
Diluted Net Income Share Count - Non-GAAP	219.9	219.5	219.6	219.1	221.6	222.2	221.6	221.3	222.0

(1) See non-GAAP to GAAP reconciliations.

Appendix – Non-GAAP Reconciliation to GAAP

(In millions, except per share data)

	Three Months Ended April 30,	
	2019	2018
GAAP cost of subscription and maintenance revenue	\$ 59.7	\$ 50.4
Stock-based compensation expense	(3.6)	(2.7)
Non-GAAP cost of subscription and maintenance revenue	<u>\$ 56.1</u>	<u>\$ 47.7</u>
GAAP cost of other revenue	\$ 13.8	\$ 12.8
Stock-based compensation expense	(1.3)	(0.8)
Non-GAAP cost of other revenue	<u>\$ 12.5</u>	<u>\$ 12.0</u>
GAAP amortization of developed technology	\$ 9.2	\$ 3.6
Amortization of developed technology	(9.2)	(3.6)
Non-GAAP amortization of developed technology	<u>\$ –</u>	<u>\$ –</u>
GAAP gross profit	\$ 652.8	\$ 493.1
Stock-based compensation expense	4.9	3.5
Amortization of developed technology	9.2	3.6
Non-GAAP gross profit	<u>\$ 666.9</u>	<u>\$ 500.2</u>
GAAP marketing and sales	\$ 313.3	\$ 276.4
Stock-based compensation expense	(32.5)	(24.0)
Non-GAAP marketing and sales	<u>\$ 280.8</u>	<u>\$ 252.4</u>
GAAP research and development	\$ 205.6	\$ 172.8
Stock-based compensation expense	(26.7)	(17.8)
Non-GAAP research and development	<u>\$ 178.9</u>	<u>\$ 155.0</u>
GAAP general and administrative	\$ 99.1	\$ 72.9
Stock-based compensation expense	(11.1)	(9.1)
Acquisition related costs	(12.7)	–
Non-GAAP general and administrative	<u>\$ 75.3</u>	<u>\$ 63.8</u>
GAAP amortization of purchased intangibles	\$ 9.8	\$ 3.8
Amortization of purchased intangibles	(9.8)	(3.8)
Non-GAAP amortization of purchased intangibles	<u>\$ –</u>	<u>\$ –</u>

Appendix – Non-GAAP Reconciliation to GAAP

(In millions, except per share data)

	Three Months Ended April 30,	
	2019	2018
GAAP restructuring and other exit costs, net	0.2	22.5
Restructuring and other exit costs, net	(0.2)	(22.5)
Non-GAAP restructuring and other exit costs, net	<u>–</u>	<u>–</u>
GAAP operating expenses	628.0	548.4
Stock-based compensation expense	(70.3)	(50.9)
Amortization of purchased intangibles	(9.8)	(3.8)
Acquisition related costs	(12.7)	–
Restructuring and other exit costs, net	(0.2)	(22.5)
Non-GAAP operating expenses	<u>535.0</u>	<u>471.2</u>
GAAP spend	710.7	615.2
Stock-based compensation expense	(75.2)	(54.4)
Amortization of developed technology	(9.2)	(3.6)
Amortization of purchased intangibles	(9.8)	(3.8)
Acquisition related costs	(12.7)	–
Restructuring and other exit costs, net	(0.2)	(22.5)
Non-GAAP spend	<u>603.6</u>	<u>530.9</u>
GAAP income (loss) from operations	24.8	(55.3)
Stock-based compensation expense	75.2	54.4
Amortization of developed technology	9.2	3.6
Amortization of purchased intangibles	9.8	3.8
Acquisition related costs	12.7	–
Restructuring and other exit costs, net	0.2	22.5
Non-GAAP income from operations	<u>131.9</u>	<u>29.0</u>
GAAP interest and other income (expense), net	(16.2)	(8.5)
Loss (gain) on strategic investments and dispositions, net	5.0	(2.7)
Non-GAAP interest and other expense, net	<u>(11.2)</u>	<u>(11.2)</u>
GAAP provision for income taxes	(32.8)	(18.6)
Discrete GAAP tax items	(2.3)	–
Income tax effect of non-GAAP adjustments	13.4	15.2
Non-GAAP provision for income tax	<u>(21.7)</u>	<u>(3.4)</u>

Appendix – Non-GAAP Reconciliation to GAAP

(In millions, except per share data)

	Three Months Ended April 30,	
	2019	2018
GAAP net loss	\$ (24.2)	\$ (82.4)
Stock-based compensation expense	75.2	54.4
Amortization of developed technology	9.2	3.6
Amortization of purchased intangibles	9.8	3.8
Acquisition related costs	12.7	–
Restructuring and other exit costs, net	0.2	22.5
Loss (gain) on strategic investments and dispositions, net	5.0	(2.7)
Discrete GAAP tax items	(2.3)	–
Income tax effect of non-GAAP adjustments	13.4	15.2
Non-GAAP net income	<u>\$ 99.0</u>	<u>\$ 14.4</u>
GAAP diluted net loss per share	\$ (0.11)	\$ (0.38)
Stock-based compensation expense	0.34	0.25
Amortization of developed technology	0.04	0.02
Amortization of purchased intangibles	0.04	0.02
Acquisition related costs	0.07	–
Restructuring and other exit costs, net	–	0.09
Loss (gain) on strategic investments and dispositions, net	0.02	(0.01)
Discrete GAAP tax items	(0.01)	–
Income tax effect of non-GAAP adjustments	0.06	0.07
Non-GAAP diluted net income per share	<u>\$ 0.45</u>	<u>\$ 0.06</u>
GAAP diluted shares used in per share calculation	219.6	218.6
Shares included in non-GAAP net income per share, but excluded from GAAP net loss per share as they would have been anti-dilutive	2.4	3.0
Non-GAAP diluted weighted average shares used in per share calculation	<u>222.0</u>	<u>221.6</u>

Appendix – Non-GAAP Reconciliation to GAAP

	Q118	Q218	Q318	Q418	Q119	Q219	Q319	Q419	Q120
	(Unaudited)								
GAAP gross margin	84%	85%	85%	87%	88%	89%	89%	90%	89%
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 ⁽¹⁾	86%	87%	86%	88%	89%	90%	90%	91%	91%
GAAP operating expenses	\$ 527.1	\$ 534.8	\$ 537.8	\$ 662.6	\$ 548.4	\$ 566.6	\$ 573.9	\$ 620.0	\$ 628.0
Stock-based compensation expense	(55.1)	(55.0)	(61.2)	(57.8)	(50.9)	(52.9)	(59.3)	(68.8)	(70.3)
Amortization of purchased intangibles	(5.7)	(4.9)	(4.7)	(4.9)	(3.8)	(3.8)	(4.2)	(6.2)	(9.8)
CEO transition costs	(11.0)	(10.6)	–	0.2	–	0.1	–	–	–
Acquisition related costs	–	–	–	–	–	(2.5)	(1.8)	(11.9)	(12.7)
Restructuring and other exit costs, net	0.3	(0.5)	–	(93.9)	(22.5)	(13.8)	(3.7)	(1.9)	(0.2)
Non-GAAP operating expenses	\$ 455.6	\$ 463.8	\$ 471.9	\$ 506.2	\$ 471.2	\$ 493.7	\$ 504.9	\$ 531.2	\$ 535.0
GAAP spend	\$ 605.3	\$ 609.4	\$ 615.3	\$ 735.7	\$ 615.2	\$ 636.4	\$ 646.2	\$ 697.0	\$ 710.7
Stock-based compensation expense	(59.0)	(58.8)	(65.1)	(62.1)	(54.4)	(56.9)	(64.2)	(74.0)	(75.2)
Amortization of developed technology	(4.7)	(4.0)	(4.0)	(3.7)	(3.6)	(3.4)	(3.6)	(4.9)	(9.2)
Amortization of purchased intangibles	(5.7)	(4.9)	(4.7)	(4.9)	(3.8)	(3.8)	(4.2)	(6.2)	(9.8)
CEO transition costs	(11.0)	(10.6)	–	0.2	–	0.1	–	–	–
Acquisition related costs	–	–	–	–	–	(2.5)	(1.8)	(11.9)	(12.7)
Restructuring and other exit costs, net	0.3	(0.5)	–	(93.9)	(22.5)	(13.8)	(3.7)	(1.9)	(0.2)
Non-GAAP spend	\$ 525.2	\$ 530.6	\$ 541.5	\$ 571.3	\$ 530.9	\$ 556.1	\$ 568.7	\$ 598.1	\$ 603.6

(1) Totals may not sum due to rounding.

Appendix – Non-GAAP Reconciliation to GAAP

	Q118	Q218	Q318	Q418	Q119	Q219	Q319	Q419	Q120
	(Unaudited)								
GAAP operating margin	(25)%	(21)%	(19)%	(33)%	(10)%	(4)%	2%	5%	3%
Stock-based compensation expense	12%	12%	13%	11%	10%	9%	10%	10%	10%
Amortization of developed technology	1%	1%	1%	1%	1%	1%	1%	1%	1%
Amortization of purchased intangibles	1%	1%	1%	1%	1%	1%	1%	1%	1%
CEO transition costs	2%	2%	–%	–%	–%	–%	–%	–%	–%
Acquisition related costs	–%	–%	–%	–%	–%	–%	–%	2%	2%
Restructuring and other exit costs, net	–%	–%	–%	17%	4%	2%	1%	–%	–%
Non-GAAP operating margin ⁽¹⁾	(8)%	(6)%	(5)%	(3)%	5%	9%	14%	19%	18%
GAAP diluted net loss (income) per share	\$ (0.59)	\$ (0.66)	\$ (0.55)	\$ (0.79)	\$ (0.38)	\$ (0.18)	\$ (0.11)	\$ 0.29	\$ (0.11)
Stock-based compensation expense	0.27	0.27	0.30	0.28	0.25	0.26	0.28	0.33	0.34
Amortization of developed technology	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.04
Amortization of purchased intangibles	0.03	0.02	0.02	0.02	0.02	0.01	0.02	0.03	0.04
CEO transition costs (1)	0.04	0.05	–	–	–	–	–	–	–
Acquisition related costs	–	–	–	–	–	0.01	0.01	0.05	0.07
Restructuring and other exit costs, net	–	–	–	0.43	0.09	0.06	–	(0.01)	–
Loss (gain) on strategic investments and dispositions, net	(0.03)	0.07	0.01	0.03	(0.01)	(0.02)	(0.01)	(0.01)	0.02
Discrete GAAP tax items	(0.03)	–	(0.01)	(0.05)	–	(0.04)	(0.02)	(0.08)	(0.01)
Income tax effect of non-GAAP adjustments	0.13	0.12	0.09	(0.03)	0.07	0.07	0.10	(0.16)	0.06
Non-GAAP diluted net (loss) income per share	\$ (0.16)	\$ (0.11)	\$ (0.12)	\$ (0.09)	\$ 0.06	\$ 0.19	\$ 0.29	\$ 0.46	\$ 0.45
GAAP diluted shares used in per share calculation	219.9	219.5	219.6	219.1	218.6	219.0	218.9	221.3	219.6
Shares included in non-GAAP net income per share, but excluded from GAAP net loss per share as they would have been anti-dilutive	–	–	–	–	3.0	3.2	2.7	–	2.4
Non-GAAP diluted weighted average shares used in per share calculation	219.9	219.5	219.6	219.1	221.6	222.2	221.6	221.3	222.0

(1) Totals may not sum due to rounding.

Appendix

2QFY20 Outlook GAAP to Non-GAAP EPS Reconciliation

GAAP	\$0.13 - \$0.17
Stock-based compensation expense	\$0.37
Amortization of acquisition-related intangibles	\$0.08
Acquisition related costs	\$0.04
GAAP-only tax charges	\$(0.03)
Non-GAAP	\$0.59 - \$0.63

Appendix

FY20 Outlook GAAP to Non-GAAP EPS Reconciliation

GAAP	\$0.83 - \$1.02
Stock-based compensation expense	\$1.47
Amortization of acquisition-related intangibles	\$0.33
Acquisition related costs	\$0.18
Loss on strategic investments & dispositions	\$0.02
GAAP-only tax charges	\$(0.12)
Non-GAAP	\$2.71 - \$2.90

Glossary of Terms

Annualized Recurring Revenue (ARR): Represents the annualized value of our average monthly recurring revenue for the preceding three months. "Maintenance plan ARR" captures ARR relating to traditional maintenance attached to perpetual licenses. "Subscription plan ARR" captures ARR relating to subscription offerings. Refer to the definition of recurring revenue below for more details on what is included within ARR. 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.

ARR is currently one of our key performance metrics to assess the health and trajectory of our business. ARR should be viewed independently of revenue and deferred revenue as ARR is a performance metric and is not intended to be combined with any of these items.

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

Cloud Service Offerings: Represents individual term-based offerings deployed through web browser technologies or in a hybrid software and cloud configuration. Cloud service offerings that are bundled with other product offerings are not captured as a separate cloud service offering.

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.

Core Business: Represents the combination of maintenance, product, and EBA.

Glossary of Terms

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

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

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.

Net Revenue Retention Rate: Measures the year-over-year change in ARR for the population of customers that existed one year ago (“base customers”). Net revenue retention rate is calculated by dividing the current period ARR related to base customers by the total ARR from one year ago. ARR 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. ARR related to acquired companies is excluded from the calculation for at least one year from integration.

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.

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.

Total Deferred Revenue: Is the sum of total short term, long term, and unbilled deferred revenue.

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.



AUTODESK®

Make anything™