SIMON MAYS-SMITH, VP INVESTOR RELATIONS

Thanks, operator, and good afternoon. Thank you for joining our conference call to discuss Autodesk's fiscal 27 second quarter results. Andrew Anagnost, our CEO, and Janesh Moorjani, our CFO, are on the line with me.

During this call, we will make forward-looking statements, including outlook and related assumptions, on products, artificial intelligence, sales and marketing optimization, go-to-market, strategies, and trends. Actual events or results could differ materially. Please refer to our SEC filings, including our most recent Form 10-Q and the Form 8-K filed with today's press release, for important risks and other factors that may cause our actual results to differ from those in our forward-looking statements.

Forward-looking statements made during the call are being made as of today. If this call is replayed or reviewed after today, the information presented during the call may not contain current or accurate information. Autodesk disclaims any obligation to update or revise any forward-looking statements.

We will quote several numeric or growth changes during this call as we discuss our financial performance. Unless otherwise noted, each such reference represents a year-on-year comparison. All non-GAAP numbers referenced in today's call are reconciled in our press release and supplemental materials available on our investor relations website.

And now, I will turn the call over to Andrew.

ANDREW ANAGNOST, CEO

Thank you, Simon, and welcome everyone to the call.

We delivered another strong quarter, with revenue and earnings per share above the high end of our guidance ranges. We've raised our full-year billings and revenue outlook to reflect the second quarter outperformance and stronger expectations for the second half. Our guidance now also includes MaintainX, following completion of the acquisition on August 3rd. Our strategy, strong execution, and the compounding benefits from the business model changes we have made over the years continue to be reflected in the performance of the business.

Autodesk's strategy is to build project intelligence across the asset lifecycle by converging design, make, and operate through a continuous flow of data, context, and experience. While owners have long invested in better design, manufacturing, and construction, the next opportunity lies in extending the value of that information into decades of operations and then bringing real-world performance back to inform the next generation of projects. This project intelligence across the lifecycle enables smarter decisions, greater resilience, and continuous optimization.

An enterprise deal we signed during the second quarter brings that strategy to life.

With a vision of every project becoming a complete, data-rich digital twin, one of the world's largest retailers selected Autodesk Forma as the common data environment connecting planning, design, construction, and operations across its portfolio in North America. Rather than optimizing individual phases, it is creating a connected digital thread that carries trusted project information from concept through construction and into operations.

That strategy led the customer to select Autodesk Tandem as its digital twin platform. While deployment is still in its early stages, the customer is investing in improving the fidelity of its asset data by capturing and validating as-built conditions, ensuring every facility has the trusted digital foundation required to support long-term operational value.

Forma helps create the continuous flow of project intelligence between design intent and operational reality. Combining design and construction data in Tandem creates a digital twin that evolves alongside the physical assets it represents. Looking ahead, solutions like MaintainX extend that digital thread from systems of record to systems of action, connecting digital twins with day-to-day operational workflows and real-world performance.

This is not an isolated deployment. It's a reflection of a broader shift we're seeing as owners move beyond digitizing projects to generating project intelligence across the entire asset lifecycle. As design, manufacturing, construction, and operations converge around a shared digital foundation, project intelligence doesn't stop at improving today's assets; it creates a continuous feedback loop that informs how the next generation of assets is designed, built, and operated.

Before I hand over to Janesh to discuss our quarterly financial performance and guidance, I'd like to say a few words about Amy Bunszel, our EVP of Architecture, Engineering and Construction Solutions, who plans to retire after an extraordinary 23 years with Autodesk.

Amy has helped shape Autodesk into the company we are today. Her vision, deep commitment to our customers, and leadership through some of our most important transformations have built a world-class AEC business and an enduring legacy.

I've spent much of my career working alongside Amy, and I'm going to miss her as a colleague and as a collaborator in solving the built world's capacity challenges. She will remain with us as we search for her successor and through the transition, and she leaves behind an exceptional team and an AEC business in a position of strength.

On behalf of all of us, I wish Amy the very best in her well-earned retirement.

Janesh, over to you to discuss our quarterly financial performance and guidance.

JANESH MOORJANI, CFO

Thanks, Andrew.

Q2 was another strong quarter. Overall, the underlying momentum of the business was consistent with prior quarters with strength coming from similar industry segments in AECO, particularly in construction and emerging markets. Overall, the impact from our sales reorganization was in line with the range of outcomes we had expected. The Americas, APAC, Eastern Europe and the Middle East are normalizing a little earlier than Western Europe. The overall impact to new subscription growth was, once again, within the range of our expectations while the linearity of billings during the quarter was better than we expected. Renewal rates remained strong.

Total revenue in the second quarter grew 16 percent as reported and 14 percent in constant currency. As expected, the new transaction model provided a tailwind of roughly 2 percentage points to revenue growth in the second quarter. Please see the tables in our press release, earnings deck, and Excel financials for details by product and region.

Billings increased 10 percent as reported and 12 percent in constant currency. The impact of the new transaction model on billings growth was not significant in the second quarter. During the second quarter, we sustained our program of reducing multi-year discounts established over the last few years, including winding down multi-year renewals for the Maintenance to Subscription program. We continue to expect the reduction of discounting for multi-year contracts to benefit price realization over time, while also temporarily weighing on unbilled deferred revenue and RPO growth.

Turning to margins, second-quarter GAAP and non-GAAP operating margins were 29 percent and 41 percent, respectively. GAAP operating margin increased approximately 4 percentage points, primarily due to underlying margin improvements and a further reduction in stock-based compensation as a percent of revenue. Non-GAAP operating margin was up approximately 2 percentage points. This primarily reflected operating leverage and the benefits from our sales optimization.

Second-quarter free cash flow was $561 million, reflecting the timing of billings and collections during the quarter.

Moving on to capital allocation, we repurchased approximately 2.1 million shares during the quarter for $453 million. We continue to expect our share buyback in fiscal 27 to be similar to fiscal 26 in total dollars. We expect to maintain a healthy buyback program that continues to apply approximately 50 percent of free cash flow to further reduce share count over time.

Before I turn to guidance, a quick update on a few minor changes we're making to simplify our revenue presentation and reflect the acquisition of MaintainX. There are no changes to our income statement revenue presentation. We're making some minor changes to our product family revenue presentation to reflect the acquisition of MaintainX and, going forward, we'll stop disclosing Design and Make revenue, consistent with our strategy of converging workflows end to end and our expanding business in operations. We'll continue to provide regular commentary on Construction, Fusion, and Operations, and will also disclose MaintainX revenue for 4 quarters to help you track the performance of those businesses. The slide deck on our website summarizes these changes.

Let me finish with guidance.

Our guidance philosophy is unchanged. Our guidance continues to be based on the range of possible outcomes in our bottom-up sales forecast which is grounded in the momentum of the business and embeds some prudence against our expectations of sales productivity normalization.

We’ve assumed the macroeconomic environment will remain broadly stable through the year. Our guidance now includes the billings, revenue, and operating and net financing costs from MaintainX for approximately six months of fiscal 27. We expect MaintainX to contribute approximately $60 million to second half fiscal 27 revenue, and approximately $70 million to second half fiscal 27 billings, both slightly weighted towards the fourth quarter given the growth profile of the business.

As we have now largely concluded the new transaction model implementation, we will focus our commentary on as reported numbers in future earnings calls. As a reminder, the tailwind to revenue growth from the new transaction model in the first half of the year translates to approximately a 1.5 percentage point tailwind to revenue growth for the full year.

For billings, we've raised our fiscal 27 billings guidance to a range of $8.575 billion to $8.650 billion to reflect the contribution from MaintainX and an underlying improvement in our expectations, partly offset by mix assumption on the contribution from the new transaction model, and foreign exchange.

For revenue, we've raised our fiscal 27 revenue guidance to a range of $8.295 billion to $8.345 billion to reflect the contribution from MaintainX, our strong results in the second quarter, and an underlying improvement in our expectations.

For GAAP operating margin, we've revised our fiscal 27 guidance to a range of 25 to 27 percent primarily to reflect the GAAP accounting effects of the MaintainX acquisition.

For non-GAAP operating margin, our fiscal 27 guidance is unchanged, reflecting higher underlying margin from operating leverage and benefits from our go-to-market optimization, offset by the margin dilution from the MaintainX acquisition. We expect fiscal 28 non-GAAP margins to improve modestly from 39 percent in fiscal 27 with underlying improvement partly offset by the annualization of MaintainX operating costs. We remain on track to achieve 41 percent non-GAAP operating margin in fiscal 29.

And for free cash flow, we've narrowed our fiscal 27 expectation to a range of $2.725 billion to $2.750 billion, reflecting stronger underlying expectations offset by the operating and net financing costs for MaintainX and approximately $45 million of transaction expenses related to the acquisition of MaintainX.

We continue to manage our stock-based compensation with discipline. We expect stock-based compensation as a percent of revenue to be about 9 percent in fiscal 27 which is within our targeted range and down from about 11 percent in fiscal 26.

In summary, we remain disciplined and focused on the controllable factors that drive our revenue, operating margin, earnings per share, and capital allocation, which are the key building blocks of free cash flow per share.

The slide deck on our website has modeling assumptions for the third quarter and full-year fiscal 27.

Andrew, back to you.

ANDREW ANAGNOST, CEO

Thank you, Janesh.

Autodesk is focused on creating project intelligence, powered by the convergence of our platform, industry clouds, and AI. For our customers, convergence increases efficiency and resilience and reduces risk and down time so that they can deploy fewer resources to every project and bid on, and win, more projects with the resources they have. Let me give you some examples of our progress in the quarter that demonstrate how this differentiated strategy works.

An ENR Top 400 U.S. general contractor selected Forma for Construction over a competitive solution for cost management, preconstruction, and model coordination, driven by our differentiated platform value. Similarly, Rudolph Libbe Group, another ENR Top 400 general contractor, selected the Forma Operations Bundle in a competitive new-logo win to standardize workflows from preconstruction through project delivery supported by an ERP integration. In Europe, a leading infrastructure and construction company renewed and expanded its enterprise agreement with Autodesk to accelerate digital transformation and low-carbon and energy-efficient delivery, including using Autodesk Platform Services to build custom applications for a major transit infrastructure program. In India, a large municipal corporation replaced disconnected solutions with Autodesk's AEC, Water Infrastructure, and Forma offerings to connect civil design, hydraulic modeling, and project delivery for a new water treatment plant.

These stories have a common theme: creating project intelligence by converging people, processes, and data across the project lifecycle to increase efficiency and resilience, decrease risk, and prepare for an agentic AI world. It also extends Autodesk's growth potential as the continued strong performance of our construction business demonstrates. We see even greater potential in operations.

In manufacturing, customers are demanding convergence as they invest in their digital transformation to leverage granular and unified data and embrace the AI-driven automation capable of industry transformation. By consolidating on our platform, customers have the flexibility and connectivity across workflows to increase agility, innovation, and resilience.

For example, a leading German manufacturer standardized on the Product Design & Manufacturing Collection and Vault to unify fragmented engineering data and streamline proposal and project delivery. U.S.-based Central State Industrial expanded its use of Autodesk Vault and Fusion to connect critical data and workflows, improving access to project information, streamlining operations, and creating a scalable foundation to manage rapidly growing job volumes and support continued growth. Another German manufacturer selected Fusion to replace a legacy CAD/CAM solution with an integrated design and manufacturing environment, including 5-axis machining. And The Williams Company, an American precision machine shop, is using nearly the full breadth of Fusion for Manufacturing's capabilities – from cloud tool libraries to simultaneous multi-axis machining and automated probing – to modernize and standardize CNC programming across its shop floor. As you can see from these examples, our customers are using more of Fusion's functional breadth, with larger installations, and design through make convergence to drive strong growth.

Let me finish by talking about AI.

AI is what increasingly turns this connected data and context into actionable project intelligence. It promises to ease endemic capacity constraints, raise the bar on what's possible in the physical world, and help our customers do more with scarce resources. To realize that promise, our customers need AI that becomes an active participant in their workflows. They don't want AI that is merely impressive—they want AI that is accurate, fast enough to stay in the flow of work, and affordable enough to use every day.

Delivering all three at enterprise scale is hard. Accuracy, speed, and affordability are often competing constraints. We believe trust is earned by how those tradeoffs are managed.

The future of AI won't belong to the company with the best single model. It will belong to the platform that combines the richest context with the right models to deliver the best outcomes for customers.

That's where Autodesk is uniquely positioned. We bring together decades of industry experience, rich lifecycle data spanning design, make, and operate, and context that connects that information into a shared understanding of our customers' workflows. We combine probabilistic AI with deterministic engineering, grounding intelligence in the realities of the physical world. We complement those advantages with a common AI platform that can leverage the right model for the right task—from trusted third-party and frontier models to Autodesk-built models like neural

CAD, purpose-built to reason directly about geometry and design data. And we're building that platform to be open, allowing customers and partners to bring their own intelligence into Autodesk's workflows. We complement all of this with commercial innovations that make AI practical and affordable for customers of every size.

Those capabilities reinforce one another. Richer context improves accuracy. Intelligent model orchestration improves speed. Platform scale and vertical-specific models improve affordability. Together, they earn the trust our customers place in us to deploy AI in their most critical workflows.

As more of that intelligence—ours, our customers', and our partners'—connects through the platform, those advantages continue to compound. Every project now leverages historical project data and creates more knowledge. Every asset generates more operational intelligence. Every operational insight improves the next generation of design, engineering, and operations. That continuous feedback loop of project intelligence is creating a durable competitive advantage for Autodesk—and more importantly, an enduring advantage for our customers.

That's why we believe AI is more than a feature or a product cycle. It's a fundamental transformation in how the world's infrastructure, buildings, products, and factories will be imagined, built, operated, and continuously improved. And because Autodesk sits at the intersection of these workflows—with the data, context, and experience to bring them together—we believe we're building the platform and ecosystem that will define the next generation of AI for the built world. Autodesk's advantage is that we can create project intelligence across the asset lifecycle by converging design, make, and operate through a continuous flow of data, context, and experience. We're excited to tell you more about our plans at Autodesk University in a few weeks' time.

Operator, we would now like to open the call up for questions.