

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

FOR THE PERIOD ENDED APRIL 30, 1995

OR

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

COMMISSION FILE NUMBER: 0-14338

AUTODESK, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation or organization)

94-2819853

(I.R.S. Employer Identification No.)

111 MCINNIS PARKWAY  
SAN RAFAEL, CALIFORNIA 94903  
(Address of principal executive offices)

TELEPHONE NUMBER (415) 507-5000  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes      X      No  
-----      -----

As of June 7, 1995, there were 47,020,000 shares of the Registrant's Common Stock outstanding.

AUTODESK, INC.

INDEX

PART I. FINANCIAL INFORMATION

	Page No.
	-----
ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:	
Condensed Consolidated Statement of Income Three months ended April 30, 1995 and 1994.....	3
Condensed Consolidated Balance Sheet April 30, 1995 and January 31, 1995.....	4
Condensed Consolidated Statement of Cash Flows Three months ended April 30, 1995 and 1994.....	6
Notes to Condensed Consolidated Financial Statements.....	7
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS....	8
PART II. OTHER INFORMATION	
ITEM 1. LEGAL PROCEEDINGS.....	10
ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.....	10
SIGNATURES.....	11

## PART I. FINANCIAL INFORMATION

## ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AUTODESK, INC.  
 CONDENSED CONSOLIDATED STATEMENT OF INCOME  
 (In thousands, except per share data)  
 (Unaudited)

	Three months ended April 30	
	1995	1994
Revenues	\$141,777	\$109,550
Direct commissions	3,119	2,972
Net revenues	138,658	106,578
Costs and expenses:		
Cost of revenues	17,285	15,099
Marketing and sales	45,003	36,560
Research and development	19,166	15,583
General and administrative	18,796	14,996
	100,250	82,238
Income from operations	38,408	24,340
Interest and other income, net	2,500	1,559
Income before income taxes	40,908	25,899
Provision for income taxes	14,931	9,453
Net income	\$ 25,977	\$ 16,446
Net income per share	\$ 0.51	\$ 0.33
Shares used in computing net income per share	50,610	50,240

See accompanying notes.

AUTODESK, INC.  
CONDENSED CONSOLIDATED BALANCE SHEET  
ASSETS  
(In thousands)

	April 30, 1995	January 31, 1995
	(Unaudited)	(Audited)
Current assets:		
Cash and cash equivalents	\$167,504	\$195,038
Marketable securities	52,398	45,316
Accounts receivable, net	95,579	86,340
Inventories	7,559	5,769
Deferred income taxes	28,052	29,915
Prepaid expenses and other current assets	11,224	10,707
	-----	-----
Total current assets	362,316	373,085
	-----	-----
Marketable securities	55,695	15,019
Computer equipment, furniture and leasehold improvements, at cost:		
Computer equipment and furniture	98,947	91,557
Leasehold improvements	21,563	20,048
Less accumulated depreciation	(70,181)	(65,090)
	-----	-----
Net computer equipment, furniture and leasehold improvements	50,329	46,515
Capitalized software	23,384	26,406
Other assets	20,978	21,051
	-----	-----
	\$512,702	\$482,076
	=====	=====

See accompanying notes.

AUTODESK, INC.  
CONDENSED CONSOLIDATED BALANCE SHEET  
LIABILITIES AND STOCKHOLDERS' EQUITY  
(In thousands)

	April 30, 1995	January 31, 1995
	----- (Unaudited)	----- (Audited)
Current liabilities:		
Accounts payable	\$ 19,567	\$ 21,535
Accrued compensation	16,615	18,165
Accrued income taxes	40,796	53,202
Litigation accrual	26,260	25,800
Other accrued liabilities	45,200	36,288
	-----	-----
Total current liabilities	148,438	154,990
	-----	-----
Deferred income taxes	1,894	2,625
Other liabilities	1,124	977
Stockholders' equity:		
Common stock	122,930	100,870
Retained earnings	217,448	215,064
Foreign currency translation adjustment	20,868	7,550
	-----	-----
Total stockholders' equity	361,246	323,484
	-----	-----
	\$512,702	\$482,076
	=====	=====

See accompanying notes.

AUTODESK, INC.  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(In thousands)  
(Unaudited)

	Three months ended April 30,	
	1995	1994
Operating activities		
Net income	\$ 25,977	\$ 16,446
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,656	5,673
Changes in operating assets and liabilities	(16,966)	(8,748)
	15,667	13,371
Net cash provided by operating activities	15,667	13,371
Investing activities		
Sales (purchases) of marketable securities, net	(47,758)	24,121
Purchases of computer equipment, furniture and leasehold improvements	(6,293)	(3,186)
Other	12,531	2,150
	(41,520)	23,085
Net cash provided (used) by investing activities	(41,520)	23,085
Financing activities		
Proceeds from issuance of common stock	22,590	21,024
Repurchase of common stock	(21,415)	(30,743)
Dividends paid	(2,856)	(2,856)
	(1,681)	(12,575)
Net cash used in financing activities	(1,681)	(12,575)
Net increase (decrease) in cash and cash equivalents	(27,534)	23,881
Cash and cash equivalents at beginning of quarter	195,038	85,604
	\$167,504	\$109,485
Cash and cash equivalents at end of quarter	\$167,504	\$109,485

See accompanying notes.

AUTODESK, INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. The condensed consolidated financial statements for the three month periods ended April 30, 1995 and April 30, 1994 are unaudited and reflect all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial position and operating results for the interim period. The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto, together with management's discussion and analysis of financial condition and results of operations, contained in the Company's Annual Report to Stockholders incorporated by reference in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1995. The results of operations for the three months ended April 30, 1995 are not necessarily indicative of the results for the entire fiscal year ending January 31, 1996.
2. On May 19, 1995, the Company declared a cash dividend of \$0.06 per share payable to stockholders of record on July 7, 1995. The dividend will be paid on July 21, 1995.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Net revenues. Autodesk's first quarter worldwide net revenues increased 30 percent over first quarter net revenues in the prior fiscal year to \$138.7 million resulting principally from new and upgrade sales of AutoCAD Release 12 and AutoCAD Release 13, which began shipping in the preceding quarter. Growth in revenues was also attributable to increased sales of AutoCAD LT and from sales of multimedia product offerings such as 3D Studio and Animator Studio, which began shipping late in the quarter. First quarter net revenues in fiscal year 1996 increased by 50 percent, 38 percent and 14 percent in Asia/Pacific, Europe and the Americas, respectively, when compared to the same period of fiscal year 1995. The weaker value of the dollar, relative to international currencies, favorably affected first quarter revenues by approximately \$6.8 million compared to the first quarter of the prior fiscal year. Consolidated revenues derived from AutoCAD and AutoCAD updates represented approximately 80 percent of revenues in both the first quarter of fiscal year 1996 and the first quarter of fiscal year 1995. International sales, including exports from the US, accounted for approximately 66 percent of the Company's revenues in the first quarter of fiscal year 1996 as compared to 63 percent for the first quarter of fiscal year 1995.

The Company currently intends to release a variety of new and upgraded products during the balance of fiscal year 1996. Delays in the introduction of new or enhanced products or failure to achieve significant customer acceptance for these new products may have an adverse effect on the Company's revenues and results of operation in future periods. There can be no assurance that the Company will not experience difficulties that could delay or prevent the successful development, introduction and marketing of new products and product enhancements or that its new products and product enhancements will adequately meet the requirements of the marketplace and achieve market acceptance. In addition, the Company's revenues in future periods could be affected by changes in currency exchange rates or uncertainties in the global economic environment.

Cost of revenues. Cost of revenues as a percentage of net revenues decreased in the first quarter of fiscal 1996 to 12 percent from 14 percent in the first quarter of the prior fiscal year. The improved gross margin in the current quarter resulted from on-going cost control measures in production, particularly in the areas of media duplication, packaging, shipping and the delivery of products on lower-cost compact disc media (CD-ROM). In the future, the Company expects that cost of revenues as a percentage of net revenues may be impacted by the mix of sales of new products, the geographic distribution of sales, sales of AutoCAD updates, which have a lower gross margin than commercial versions of AutoCAD, and the volume of software sold on CD-ROM media.

Marketing and sales. Marketing and sales expenses decreased from 34 percent of net revenues in the first quarter of fiscal year 1995 to 32 percent in the first quarter of fiscal year 1996. Actual spending increased 23 percent in order to support worldwide marketing efforts of new and enhanced products, including promotional activities related to AutoCAD Release 13, and product offerings from the Company's multimedia market group. The Company expects to continue to emphasize marketing and sales of its products to promote Autodesk's competitive position.

Research and development. Research and development expenses as a percentage of net revenues for the first quarter of fiscal year 1996 decreased to 14 percent from 15 percent in the first quarter of the prior fiscal year. Actual research and development spending increased by 23 percent in absolute dollars on a year over year basis due to increased personnel costs to support the development of new and enhanced products and expenses related to product localization. The Company anticipates that research and development expenses will increase in fiscal year 1996 over the prior fiscal year as a result of product offerings scheduled for release during the year and from expenses associated with localizing certain foreign-language versions of these products. Additionally, the Company intends to continue recruiting and hiring experienced software developers and to consider the acquisition of complementary software technologies and businesses.

General and administrative. General and administrative expenses were 14 percent of net revenues in the first quarter of both fiscal years 1996 and 1995. Expenses increased 25 percent in absolute dollars over the same period in the prior fiscal year resulting primarily from higher personnel costs and expenses incurred to support the Company's increased operations and infrastructure.

Interest and other income. Interest and other income in the first quarter was \$2.5 million, including foreign currency gains of approximately \$190,000, compared to \$1.6 million in the same quarter of the prior fiscal year, net of foreign exchange losses of approximately \$150,000. Interest income for the quarter was \$2.4 million, an increase of approximately \$630,000 from the same period in the prior fiscal year resulting from higher interest rates throughout the world and from a greater average balance of cash, cash equivalents and marketable securities.

Provision for income taxes. The Company's effective income tax rate was 36.5 percent in the first quarter of both fiscal year 1996 and 1995.

Quarterly results. The Company's consolidated results of operations to date have not been materially affected by seasonal trends. However, the Company believes that in the future its results may reflect quarterly fluctuations resulting from factors such as order deferrals in anticipation of new product releases, delays in the release of new products, a slower growth rate in the personal-computer CAD and desktop multimedia software markets or adverse general economic and industry conditions in any of the countries in which the Company does business. In addition, with a significant portion of net revenues and net income contributed by international operations, fluctuations of the US dollar against foreign currencies and the seasonality of the European, Asia/Pacific and other international markets could impact the Company's results of operations and financial condition in a particular quarter. Rapid technological change and the Company's ability to develop, manufacture and market products that successfully adapt to that change may also have an impact on the results of operations. Further, increased competition in the market for design automation and multimedia software products could also negatively impact the Company's results of operations.

Due to the factors noted above, the Company's future earnings and stock price may be subject to significant volatility, particularly on a quarterly basis. Any shortfall in revenues or earnings from levels expected by securities analysts could have an immediate and significant adverse effect on the trading price of the Company's common stock. The Company typically receives and fulfills a majority of its orders within the quarter, with a substantial portion occurring in the third month of the fiscal quarter. As a result, the Company may not learn of revenue shortfalls until late in a fiscal quarter, which could result in an even more immediate and adverse effect on the trading price of the Company's common stock.

## LIQUIDITY AND CAPITAL RESOURCES

Cash, cash equivalents and marketable securities, which consist primarily of high-quality municipal bonds and tax-advantaged money market instruments, totaled \$275.6 million at April 30, 1995 compared to \$255.4 million at January 31, 1995. The increase in cash, cash equivalents and marketable securities was due primarily to cash generated from operations (\$15.7 million) and cash proceeds from the issuance of shares through the Company's stock option and stock purchase programs (\$22.6 million). This increase was partially offset by cash used to purchase 532,500 shares of the Company's stock under an ongoing systematic repurchase program (\$21.4 million); to purchase computer equipment, furniture and leasehold improvements (\$6.3 million); and to pay dividends on the Company's common stock (\$2.9 million).

Longer term cash requirements, other than normal operating expenses, are anticipated for development of new software products and enhancement of existing products; financing anticipated growth; dividend payments; repurchases of the Company's common stock; and the possible acquisition of software products or technologies complementary to the Company's business. The Company believes that its existing cash, cash equivalents, marketable securities, available line of credit and anticipated cash generated from operations will be sufficient to satisfy its currently anticipated cash requirements for fiscal year 1996.

The Company's principal commitments at April 30, 1995 consisted of obligations under operating leases for facilities.

## PART II. OTHER INFORMATION

-----

### ITEM 1. LEGAL PROCEEDINGS

Reference is made to Item 3 of the Company's Annual Report to Stockholders on Form 10-K for the fiscal year ended January 31, 1995.

### ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

No reports on Form 8-K were filed during the quarter ended April 30, 1995.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DATED: June 9, 1995

AUTODESK, INC.  
(Registrant)

/S/ Carol A. Bartz  
-----  
Carol A. Bartz  
President and Chief Executive Officer

/S/ Eric B. Herr  
-----  
Eric B. Herr  
Vice President, Chief Financial Officer  
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibit No. -----	Description -----
27	Financial Data Schedule



3-MOS

JAN-31-1996			
APR-30-1995			
		167,504	
	52,398		
	101,994		
	6,415		
	7,559		
362,316		120,510	
	70,181		
	512,702		
148,438			0
		122,930	
0			
		0	
		238,316	
512,702			
		141,777	
	141,777		
		17,285	
	82,965		
	0		
	585		
	460		
	40,908		
	14,931		
25,977			
	0		
	0		
		0	
	25,977		
	0.51		
	0		