

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported)

May 23, 2019

Autodesk, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation)

000-14338

(Commission File Number)

94-2819853

(IRS Employer
Identification No.)

**111 McInnis Parkway
San Rafael, California 94903**

(Address of principal executive offices, including zip code)

(415) 507-5000

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	ADSK	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company []

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. []

Item 2.02. Results of Operations and Financial Condition.

On May 23, 2019, Autodesk, Inc. (“Autodesk” or the “Company”) issued a press release reporting financial results for the first quarter ended April 30, 2019. The press release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

The exhibit shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Non-GAAP Financial Measures

To supplement Autodesk’s consolidated financial statements presented on a GAAP basis, the press release furnished herewith as Exhibit 99.1 provide investors with certain non-GAAP measures, including but not limited to historical non-GAAP net earnings and historical and future non-GAAP net earnings per diluted share. For Autodesk’s internal budgeting and resource allocation process and as a means to evaluate period-to-period comparisons, Autodesk uses non-GAAP measures to supplement its consolidated financial statements presented on a GAAP basis. These non-GAAP measures do not include certain items that may have a material impact upon Autodesk’s reported financial results. Autodesk uses non-GAAP measures in making operating decisions because Autodesk believes those measures provide meaningful supplemental information for management regarding the Company’s earning potential and performance by excluding certain expenses and charges that may not be indicative of the Company’s core business operating results. For the reasons set forth below, Autodesk believes that 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 Autodesk’s institutional investors and the analyst community to help them analyze the health of the Company’s business. This allows investors and others to better understand and evaluate Autodesk’s 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 its core business. Autodesk also uses some of these measures for purposes of determining company-wide incentive compensation.

As described above, Autodesk may exclude the following items from its non-GAAP measures:

A. *Stock-based compensation expenses.* Autodesk excludes stock-based compensation expenses from its non-GAAP measures primarily because they are non-cash expenses and management finds it useful to exclude certain non-cash charges to assess the appropriate level of various operating expenses to assist in budgeting, planning and forecasting future periods. Moreover, because of varying available valuation methodologies, subjective assumptions and the variety of award types that companies can use under FASB ASC Topic 718, Autodesk believes that excluding stock-based compensation expenses allows investors to make meaningful comparisons between its recurring core business operating results and those of other companies.

B. *Amortization of developed technologies and purchased intangibles.* Autodesk incurs amortization of acquisition-related developed technology and purchased intangibles in connection with acquisitions of certain businesses and technologies. Amortization of developed technologies and purchased intangibles is inconsistent in amount and frequency and is significantly affected by the timing and size of Autodesk’s acquisitions. Management finds it useful to exclude these variable charges from our cost of revenues to assist in budgeting, planning and forecasting future periods. Investors should note that the use of intangible assets contributed to our revenues earned during the periods presented and will contribute to Autodesk’s future period revenues as well. Amortization of developed technologies and purchased intangible assets will recur in future periods.

C. *CEO transition costs.* Autodesk excludes amounts paid to the Company’s former CEOs, upon departure under the terms of their transition agreements, including severance payments, acceleration of restricted stock units and continued vesting of performance stock units, and legal fees incurred with the transition. Also excluded from Autodesk’s non-GAAP measures are recruiting costs related to the search for a new CEO. These costs represent non-recurring expenses and are not indicative of Autodesk’s ongoing operating expenses. Autodesk further believes that excluding the CEO transition costs from its non-GAAP results is useful to investors in that it allows for period-over-period comparability.

D. *Goodwill impairment.* This is a non-cash charge to write-down goodwill to fair value when there was an indication that the asset was impaired. As explained above, management finds it useful to exclude certain non-cash charges to assess the appropriate level of various operating expenses to assist in budgeting, planning and forecasting future periods.

E. *Acquisition related costs.* Autodesk excludes certain acquisition related costs, including due diligence costs, professional fees in connection with an acquisition, certain financing costs, and certain integration related expenses. These expenses are

unpredictable, and dependent on factors that may be outside of Autodesk's control and unrelated to the continuing operations of the acquired business, or Autodesk. In addition, the size and complexity of an acquisition, which often drives the magnitude of acquisition related costs, may not be indicative of such future costs. Autodesk believes excluding acquisition related costs facilitates the comparison of its financial results to the Autodesk's historical operating results and to other companies in its industry.

F. Restructuring and other exit costs, net. These expenses are associated with realigning Autodesk's business strategies based on current economic conditions. In connection with these restructuring actions or other exit actions, Autodesk recognizes costs related to termination benefits for former employees whose positions were eliminated, the closure of facilities and cancellation of certain contracts. Autodesk excludes these charges because these expenses are not reflective of ongoing business and operating results. Autodesk believes that it is useful for investors to understand the effects of these items on its total operating expenses.

G. Loss (gain) on strategic investments and dispositions. Autodesk excludes gains and losses related to its strategic investments and dispositions from its non-GAAP measures primarily because management finds it useful to exclude these variable gains and losses on these investments and dispositions in assessing Autodesk's financial results. Included in these amounts are non-cash unrealized gains and losses on the derivative components, dividends received, realized gains and losses on the sales or losses on the impairment of these investments and dispositions. Autodesk believes that excluding these items is useful to investors because these excluded items do not correlate to the underlying performance of its business and these losses or gains were incurred in connection with strategic investments and dispositions which do not occur regularly.

H. Establishment of a valuation allowance on certain net deferred tax assets. This is a non-cash charge to record a valuation allowance on certain deferred tax assets. As explained above, management finds it useful to exclude certain non-cash charges to assess the appropriate level of various cash expenses to assist in budgeting, planning and forecasting future periods.

I. Discrete tax items. Autodesk excludes the GAAP tax provision, including discrete items, from the non-GAAP measure of income, and includes a non-GAAP tax provision based upon the projected annual non-GAAP effective tax rate. Discrete tax items include income tax expenses or benefits that do not relate to ordinary income from continuing operations in the current fiscal year, unusual or infrequently occurring items, or the tax impact of certain stock-based compensation. Examples of discrete tax items include, but are not limited to, certain changes in judgment and changes in estimates of tax matters related to prior fiscal years, certain costs related to business combinations, certain changes in the realizability of deferred tax assets or changes in tax law. Management believes that this approach assists investors in understanding the tax provision and the effective tax rate related to ongoing operations. Autodesk believes the exclusion of these discrete tax items provides investors with useful supplemental information about the Company's operational performance.

J. Income tax effects on the difference between GAAP and non-GAAP costs and expenses. The income tax effects that are excluded from the non-GAAP measures relate to the tax impact on the difference between GAAP and non-GAAP expenses, primarily due to stock-based compensation, amortization of purchased intangibles and restructuring charges and other exit costs (benefits) for GAAP and non-GAAP measures.

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. Autodesk compensates 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. Autodesk urges investors to review the reconciliation of its non-GAAP financial measures to the comparable GAAP financial measures included in Exhibit 99.1 and not to rely on any single financial measure to evaluate its business.

Item 7.01. Regulation FD Disclosures

On May 23, 2019, Autodesk posted supplemental investor materials on its investors.autodesk.com website. Autodesk intends to use its investors.autodesk.com website as a means of disclosing material non-public information and for complying with its disclosure obligations under Regulation FD.

The information in this current report on Form 8-K and the exhibit attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated as of May 23, 2019.

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 hereunto duly authorized.

AUTODESK, INC.

By: /s/ R. SCOTT HERREN

R. Scott Herren
Senior Vice President and Chief Financial Officer (Principal
Financial and Accounting Officer)

Date: May 23, 2019

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated as of May 23, 2019.

AUTODESK, INC. ANNOUNCES FISCAL 2020 FIRST QUARTER RESULTS

Strong Growth Across All Regions; Momentum in Construction Drives Cloud ARR Up 164%

SAN RAFAEL, Calif., MAY 23, 2019-- [Autodesk, Inc.](#) (NASDAQ: ADSK) today reported financial results for the first quarter of fiscal 2020.

All growth rates are compared to the first quarter of fiscal 2019 unless otherwise noted. A reconciliation of GAAP to non-GAAP results is provided in the accompanying tables. For definitions, please view the Glossary of Terms later in this document.

- Total ARR increased 33 percent to \$2.83 billion;
- Billings were \$798 million; adjusting for adoption of ASC 606, billings increased 40 percent;
- Total revenue increased 31 percent to \$735 million; recurring revenue represents 96 percent of total;
- GAAP operating margin was 3 percent, up 13 percentage points;
- Non-GAAP operating margin was 18 percent, up 13 percentage points;
- GAAP diluted EPS was \$(0.11); Non-GAAP diluted EPS of \$0.45;
- Cash flow from operating activities was \$221 million; free cash flow was \$207 million

"We are off to a strong start in fiscal 2020 with billings and free cash flow coming in at or above expectations and great momentum across the entire business," said Andrew Anagnost, Autodesk president and CEO. "We are particularly pleased with the performance of our Construction portfolio, where we have started realizing both the sales and technology synergies we envisioned when we acquired PlanGrid and BuildingConnected. Overall, we are on track to achieve our fiscal 2020 ARR and free cash flow guidance and are reaffirming our fiscal 2023 targets."

"Our solid execution during the growth phase of the business model transition drove 33% ARR growth and enabled significant margin expansion," said Scott Herren, Autodesk CFO. "All product categories and geographies made solid contributions to our strong start in the first quarter, and market demand remains robust. Over the last 12 months, we have generated \$550 million in free cash flow, positioning us well to hit our fiscal 2020 target of \$1.35 billion."

First Quarter Fiscal 2020 Financial Highlights

- Total ARR increased 33 percent to \$2.83 billion as reported, and 32 percent on a constant currency basis. On a sequential basis, total ARR increased 3 percent as reported, and on a constant currency basis.
- Subscription plan ARR increased 70 percent to \$2.38 billion as reported, and 69 percent on a constant currency basis. On a sequential basis, subscription plan ARR increased 8 percent as reported, and on a constant currency basis. Subscription plan ARR includes \$505 million related to the maintenance-to-subscription (M2S) program.
- Maintenance plan ARR decreased 38 percent to \$448 million as reported, and 40 percent on a constant currency basis. On a sequential basis, maintenance plan ARR decreased 18 percent as reported, and 19 percent on a constant currency basis.
- Core ARR increased 29 percent to \$2.65 billion. On a sequential basis, core ARR increased 1 percent.
- Cloud ARR increased 164 percent to \$181 million. Excluding fourth quarter acquisitions, cloud ARR increased 43 percent to \$98 million. On a sequential basis, total cloud ARR increased 43 percent.

- Net revenue retention rate was within the fiscal 2019 range of approximately 110 to 120 percent.
- Total revenue increased 31 percent to \$735 million as reported, and 30 percent on a constant currency basis.
- Total recurring revenue in the first quarter was 96 percent of total revenue, compared to 95 percent in the first quarter last year.
- GAAP operating income was \$25 million compared to a loss of \$(55) million in the first quarter last year. GAAP operating margin was 3 percent, up 13 percentage points year-over-year. The increase was driven by an increase in revenue, operating leverage, and lower restructuring costs.
- Total non-GAAP operating income was \$132 million compared to \$29 million in the first quarter last year. Non-GAAP operating margin was 18 percent, up 13 percentage points year-over-year. The increase was driven by an increase in revenue and operating leverage.
- GAAP diluted net loss per share was \$(0.11), compared to GAAP diluted net loss per share of \$(0.38) in the first quarter last year.
- Non-GAAP diluted net income per share was \$0.45, compared to non-GAAP diluted net income per share of \$0.06 in the first quarter last year.
- Billings were \$798 million; adjusting for adoption of ASC 606, billings increased 40 percent.
- Deferred revenue increased 19 percent to \$2.15 billion. The increase is primarily related to the increase in subscription plan billings as well as recent acquisitions. Unbilled deferred revenue at the end of the first quarter was \$589 million, a decrease of \$2 million compared to the fourth quarter of fiscal 2019. The decrease is primarily due to the normal seasonality of EBA billings. Total deferred revenue (deferred revenue plus unbilled deferred revenue) was \$2.74 billion, an increase of 24 percent compared to the first quarter last year.
- Cash flow from operating activities was \$221 million, an increase of \$238 million compared to the first quarter last year. Free cash flow was \$207 million, an increase of \$240 million compared to the first quarter last year.

First Quarter Fiscal 2020 Business Highlights

Net Revenue by Geographic Area

(In millions, except percentages)

	Three months ended April 30, 2019	Three months ended April 30, 2018	Change compared to prior fiscal year		Constant currency change compared to prior fiscal year
			\$	%	%
Net Revenue:					
Americas					
U.S.	\$ 249.1	\$ 195.9	\$ 53.2	27%	*
Other Americas	46.7	37.6	9.1	24%	*
Total Americas	295.8	233.5	62.3	27%	27%
EMEA	297.2	220.9	76.3	35%	31%
APAC	142.5	105.5	37.0	35%	36%
Total Net Revenue	\$ 735.5	\$ 559.9	\$ 175.6	31%	30%
Emerging Economies	\$ 87.9	\$ 65.2	\$ 22.7	35%	35%

* Constant currency data not provided at this level.

Net Revenue by Product Family

Our product offerings are focused in four primary product families: Architecture, Engineering and Construction ("AEC"), AutoCAD and AutoCAD LT, Manufacturing ("MFG"), and Media and Entertainment ("M&E").

(In millions, except percentages)

	Three months ended		Change compared to prior fiscal year	
	April 30, 2019	April 30, 2018	\$	%
AEC	\$ 304.3	\$ 221.8	\$ 82.5	37 %
AutoCAD and AutoCAD LT	213.2	155.6	57.6	37 %
MFG	167.5	135.4	32.1	24 %
M&E	45.5	41.8	3.7	9 %
Other	5.0	5.3	(0.3)	(6)%
	\$ 735.5	\$ 559.9	\$ 175.6	31 %

Business Outlook

The following are forward-looking statements based on current expectations and assumptions, and involve risks and uncertainties, some of which are set forth below under "Safe Harbor Statement." Autodesk's business outlook for the second quarter and full year fiscal 2020 assumes, among other things, a continuation of the current economic environment and foreign exchange currency rate environment. A reconciliation between the fiscal 2020 GAAP and non-GAAP estimates is provided below or in the tables following this press release.

Second Quarter Fiscal 2020

	Q2 FY20 Guidance Metrics	Q2 FY20 (ending July 31, 2019)
Revenue (in millions)		\$782 - \$792
EPS GAAP		\$0.13 - \$0.17
EPS non-GAAP (1)		\$0.59 - \$0.63

(1) Non-GAAP earnings per diluted share excludes \$0.37 related to stock-based compensation expense, \$0.08 for the amortization of acquisition-related intangibles, \$0.04 related to acquisition related costs, and \$(0.03) related to GAAP-only tax charges.

Full Year Fiscal 2020

	FY20 Guidance Metrics	FY20 (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 (1)		Approx. 12%
Non-GAAP spend growth (2)		Approx. 9%
EPS GAAP (1)		\$0.83 - \$1.02
EPS non-GAAP (3)		\$2.71 - \$2.90
Free cash flow		Approx. \$1.35 billion

(1) 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.

(2) 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.

(3) Non-GAAP earnings per diluted share excludes \$1.47 related to stock-based compensation expense, \$0.33 for the amortization of acquisition-related intangibles, \$0.18 related to acquisition related costs, \$0.02 related to losses on strategic investments and dispositions, and \$(0.12) related to GAAP-only tax charges.

The second quarter and full year fiscal 2020 outlook assume a projected annual effective tax rate of 34 percent and 18 percent for GAAP and non-GAAP results, respectively. Shifts in geographic profitability continue to impact the annual effective tax rate due to significant differences in tax rates in various jurisdictions. Thus, assumptions for the annual effective tax rate are evaluated regularly and may change based on the projected geographic mix of earnings.

Earnings Conference Call and Webcast

Autodesk will host its first quarter conference call today at 5:00 p.m. ET. The live broadcast can be accessed at <http://www.autodesk.com/investor>. A transcript of the opening commentary will also be available following the conference call.

A replay of the broadcast will be available at 7:00 p.m. ET at <http://www.autodesk.com/investor>. This replay will be maintained on Autodesk's website for at least 12 months.

Investor Presentation Details

An investor presentation providing additional information can be found at <http://www.autodesk.com/investor>.

Contacts

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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.

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.

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.

Safe Harbor Statement

This press release contains forward-looking statements that involve risks and uncertainties, including statements in the paragraphs under "Business Outlook" above and other statements about our short-term and long-term goals, and other statements regarding our strategies, market and product positions, performance and results. There are a significant number of factors that could cause actual results to differ materially from statements made in this press release, including: failure to achieve our revenue and profitability objectives; failure to successfully manage transitions to new business models and markets; failure to maintain cost reductions or otherwise control our expenses; difficulty in predicting revenue from new businesses and the potential impact on our financial results from changes in our business models; general market, political, economic, and business conditions; any imposition of new tariffs or trade barriers; the impact of non-cash charges on our financial results; fluctuation in foreign currency exchange rates; the success of our foreign currency hedging program; our performance in particular geographies, including emerging economies; the ability of governments around the world to meet their financial and debt obligations, and finance infrastructure projects; weak or negative growth in the industries we serve; slowing momentum in subscription billings or revenues; difficulties encountered in integrating new or acquired businesses and technologies; the inability to identify and realize the anticipated benefits of acquisitions; the financial and business condition of our reseller and distribution channels; dependence on and the timing of large transactions; pricing pressure; unexpected fluctuations in our annual effective tax rate; significant effects of tax legislation and judicial or administrative interpretation of tax regulations, including the Tax Cuts and Jobs Act; the timing and degree of expected investments in growth and efficiency opportunities; changes in the timing of product releases and retirements; and any unanticipated

accounting charges. Our estimates as to tax rate are based on current tax law, including current interpretations of the Tax Cuts and Jobs Act, and could be affected by changing interpretations of that Act, as well as additional legislation and guidance around that Act.

Further information on potential factors that could affect the financial results of Autodesk are included in Autodesk's Annual Report on Form 10-K for the fiscal year ended January 31, 2019, which is on file with the U.S. Securities and Exchange Commission. Autodesk disclaims any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.

About Autodesk

Autodesk makes software for people who make things. If you've ever driven a high-performance car, admired a towering skyscraper, used a smartphone, or watched a great film, chances are you've experienced what millions of Autodesk customers are doing with our software. Autodesk gives you the power to make anything. For more information visit autodesk.com or follow [@autodesk](https://twitter.com/autodesk).

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Autodesk, Inc.

Condensed Consolidated Statements of Operations

(In millions, except per share data)

	Three Months Ended April 30,	
	2019	2018
	(Unaudited)	
Net revenue:		
Subscription	\$ 595.8	\$ 350.4
Maintenance	112.0	181.2
Total subscription and maintenance revenue	707.8	531.6
Other	27.7	28.3
Total net revenue	735.5	559.9
Cost of revenue:		
Cost of subscription and maintenance revenue	59.7	50.4
Cost of other revenue	13.8	12.8
Amortization of developed technology	9.2	3.6
Total cost of revenue	82.7	66.8
Gross profit	652.8	493.1
Operating expenses:		
Marketing and sales	313.3	276.4
Research and development	205.6	172.8
General and administrative	99.1	72.9
Amortization of purchased intangibles	9.8	3.8
Restructuring and other exit costs, net	0.2	22.5
Total operating expenses	628.0	548.4
Income (loss) from operations	24.8	(55.3)
Interest and other expense, net	(16.2)	(8.5)
Income (loss) before income taxes	8.6	(63.8)
Provision for income taxes	(32.8)	(18.6)
Net loss	\$ (24.2)	\$ (82.4)
Basic net loss per share	\$ (0.11)	\$ (0.38)
Diluted net loss per share	\$ (0.11)	\$ (0.38)
Weighted average shares used in computing basic net loss per share	219.6	218.6
Weighted average shares used in computing diluted net loss per share	219.6	218.6

Autodesk, Inc.**Condensed Consolidated Balance Sheets***(In millions)*

	April 30, 2019	January 31, 2019
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 883.2	\$ 886.0
Marketable securities	88.9	67.6
Accounts receivable, net	268.1	474.3
Prepaid expenses and other current assets	182.1	192.1
Total current assets	1,422.3	1,620.0
Computer equipment, software, furniture and leasehold improvements, net	152.6	149.7
Operating lease right-of-use assets	309.9	—
Developed technologies, net	96.3	105.6
Goodwill	2,446.2	2,450.8
Deferred income taxes, net	54.4	65.3
Other assets	326.8	337.8
Total assets	\$ 4,808.5	\$ 4,729.2
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 98.0	\$ 101.6
Accrued compensation	161.8	280.8
Accrued income taxes	6.5	13.2
Deferred revenue	1,777.5	1,763.3
Lease liabilities	59.2	—
Other accrued liabilities	117.7	142.3
Total current liabilities	2,220.7	2,301.2
Long-term deferred revenue	376.0	328.1
Long-term lease liabilities	265.6	—
Long-term income taxes payable	18.4	21.5
Long-term deferred income taxes	93.9	79.8
Long-term notes payable, net	1,963.3	2,087.7
Other liabilities	115.9	121.8
Stockholders' deficit:		
Common stock and additional paid-in capital	2,123.1	2,071.5
Accumulated other comprehensive loss	(141.6)	(135.0)
Accumulated deficit	(2,226.8)	(2,147.4)
Total stockholders' deficit	(245.3)	(210.9)
Total liabilities and stockholders' deficit	\$ 4,808.5	\$ 4,729.2

Autodesk, Inc.**Condensed Consolidated Statements of Cash Flows***(In millions)*

	Three Months Ended April 30,	
	2019	2018
	(Unaudited)	
Operating activities:		
Net loss	\$ (24.2)	\$ (82.4)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation, amortization and accretion	32.7	24.1
Stock-based compensation expense	75.2	54.4
Deferred income taxes	24.4	13.3
Restructuring and other exit costs, net	0.2	22.5
Other operating activities	15.3	10.5
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	206.2	231.4
Prepaid expenses and other current assets	11.4	(1.4)
Accounts payable and accrued liabilities	(172.6)	(227.7)
Deferred revenue	62.2	(58.5)
Accrued income taxes	(9.6)	(3.1)
Net cash provided by (used in) operating activities	221.2	(16.9)
Investing activities:		
Purchases of marketable securities	(19.8)	(9.9)
Sales of marketable securities	4.6	6.2
Maturities of marketable securities	—	68.6
Capital expenditures	(14.7)	(16.7)
Other investing activities	0.7	(0.6)
Net cash (used in) provided by investing activities	(29.2)	47.6
Financing activities:		
Proceeds from issuance of common stock, net of issuance costs	46.9	49.1
Taxes paid related to net share settlement of equity awards	(25.8)	(38.8)
Repurchase and retirement of common stock	(88.5)	(22.0)
Repayment of debt	(125.0)	—
Net cash used in financing activities	(192.4)	(11.7)
Effect of exchange rate changes on cash and cash equivalents	(2.4)	(4.0)
Net (decrease) increase in cash and cash equivalents	(2.8)	15.0
Cash and cash equivalents at beginning of the period	886.0	1,078.0
Cash and cash equivalents at end of the period	\$ 883.2	\$ 1,093.0

Autodesk, Inc.

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 table shows Autodesk's non-GAAP results reconciled to GAAP results included in this release.

	Three Months Ended April 30,	
	2019	2018
	(Unaudited)	
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	\$ 56.1	\$ 47.7
GAAP cost of other revenue	\$ 13.8	\$ 12.8
Stock-based compensation expense	(1.3)	(0.8)
Non-GAAP cost of other revenue	\$ 12.5	\$ 12.0
GAAP amortization of developed technology	\$ 9.2	\$ 3.6
Amortization of developed technology	(9.2)	(3.6)
Non-GAAP amortization of developed technology	\$ —	\$ —
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	\$ 666.9	\$ 500.2
GAAP marketing and sales	\$ 313.3	\$ 276.4

Stock-based compensation expense	(32.5)	(24.0)
Non-GAAP marketing and sales	\$ 280.8	\$ 252.4
GAAP research and development	\$ 205.6	\$ 172.8
Stock-based compensation expense	(26.7)	(17.8)
Non-GAAP research and development	\$ 178.9	\$ 155.0
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	\$ 75.3	\$ 63.8
GAAP amortization of purchased intangibles	\$ 9.8	\$ 3.8
Amortization of purchased intangibles	(9.8)	(3.8)
Non-GAAP amortization of purchased intangibles	\$ —	\$ —
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	\$ —	\$ —
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	\$ 535.0	\$ 471.2
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	\$ 603.6	\$ 530.9
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	\$ 131.9	\$ 29.0
GAAP interest and other 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	\$ (11.2)	\$ (11.2)
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>
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>