

Third Quarter Fiscal 2020 Earnings

November 26, 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 fourth 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 November 26, 2019. If this presentation is reviewed after November 26, 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 Third Quarter Fiscal 2020

\$1B+

Billings

\$267M

Free Cash Flow

\$843M

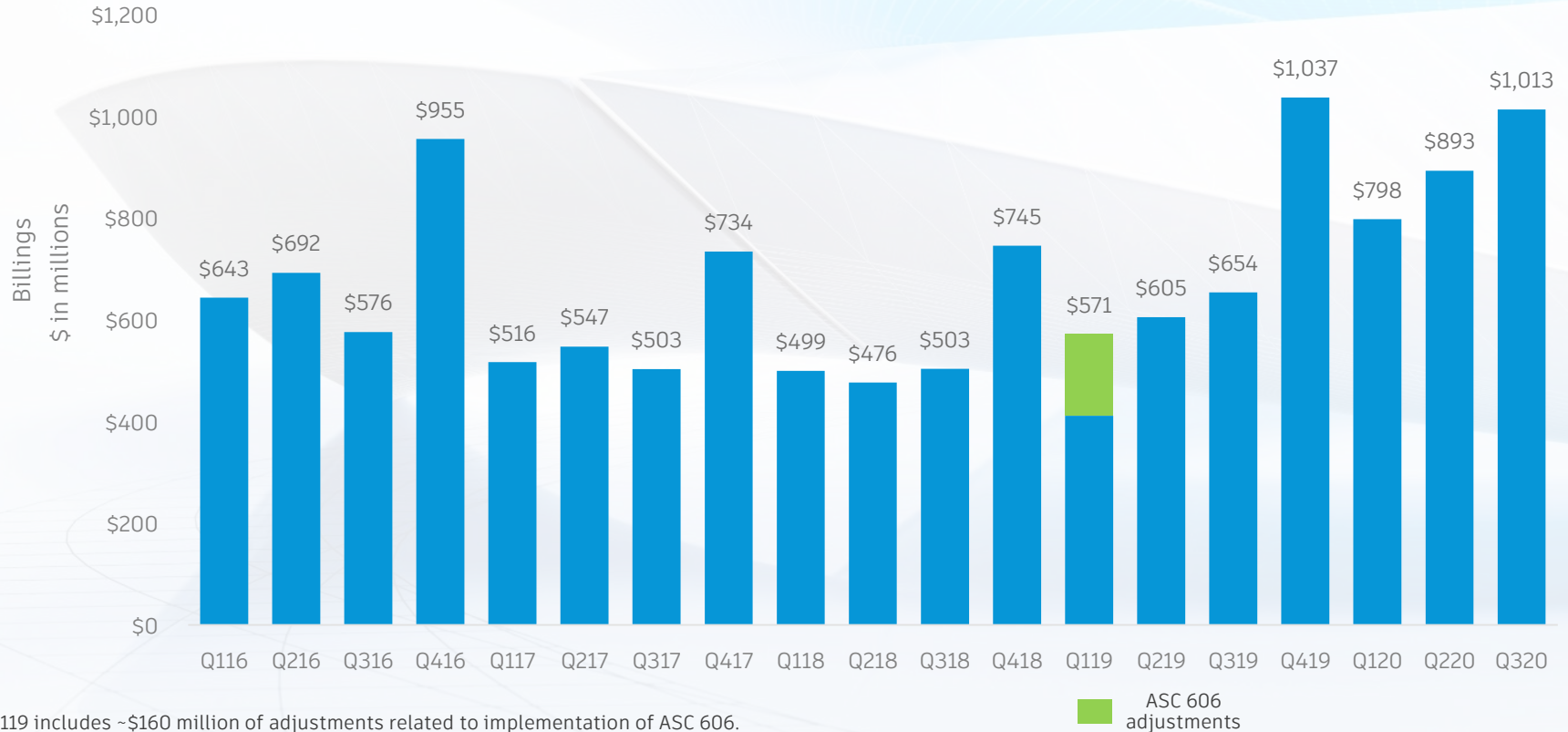
Total Revenue

96%

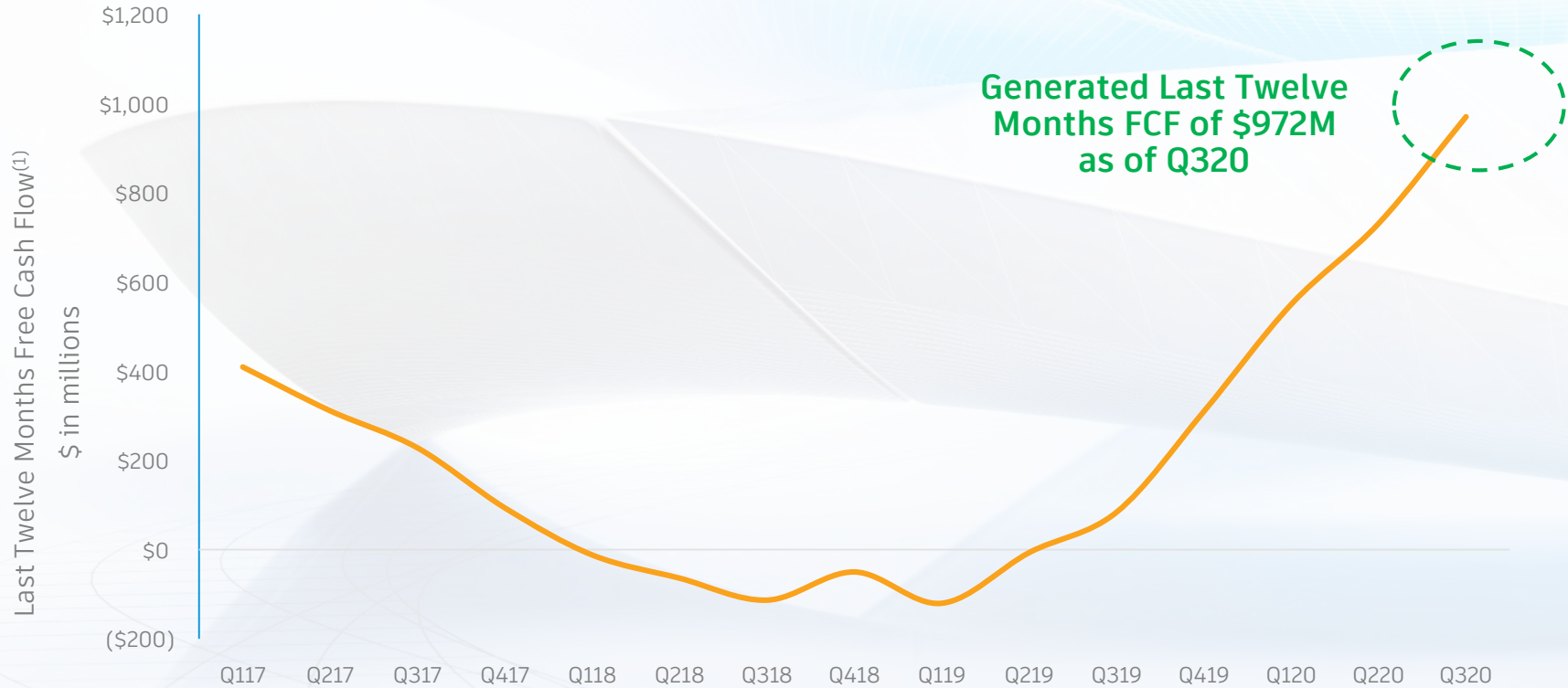
Recurring Revenue

Billings over \$1 Billion in Q320

Strong Growth of 55% Year-Over-Year



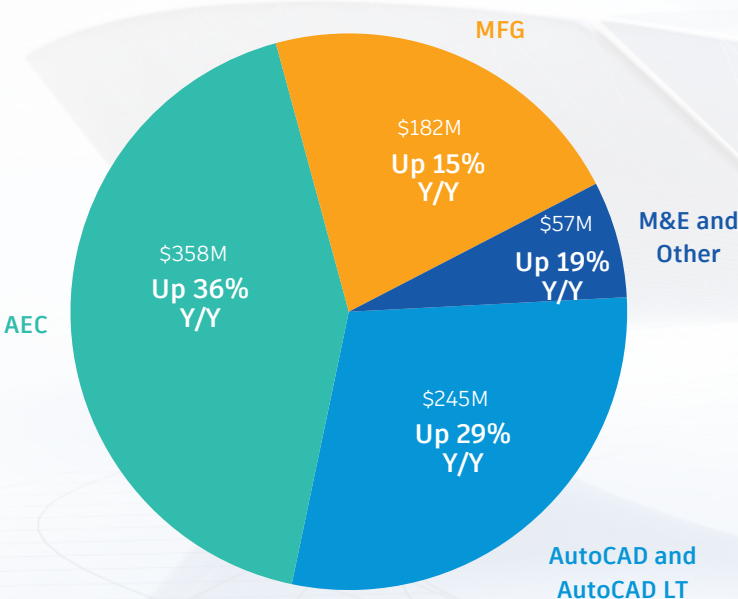
Highest Last Twelve Months FCF in ADSK History



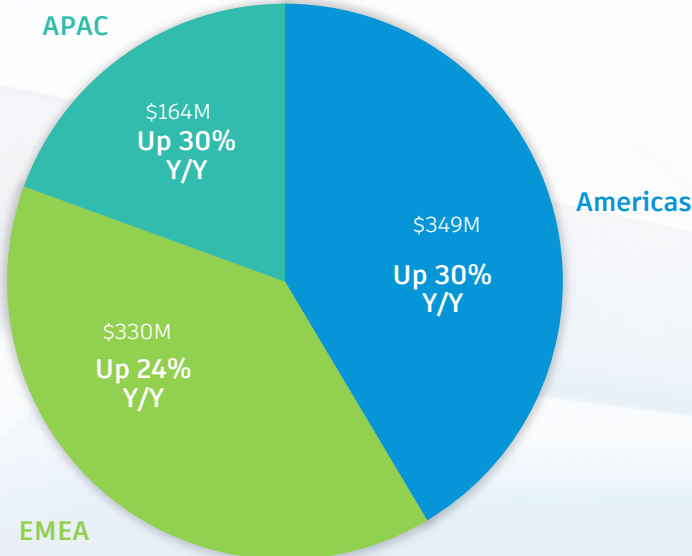
(1) Non-GAAP to GAAP reconciliations in appendix.

Strong Growth Across All Products & Geographies

Q320 Revenue Mix by Product Family



Q320 Revenue Mix by Geography



Q320 Strategic Update

Executing Well in Construction

- Acquisitions contributed \$113M of ARR, up 15% quarter-over-quarter; BIM 360 Design drove strong organic⁽¹⁾ cloud ARR growth
- Construction presence at AU increased over 7x in 2 years to approximately 3,500
- Announced Autodesk Construction Cloud, supporting our long-term plan to deliver a unified solution with data on one platform

Strength in Manufacturing

- Manufacturing revenue up 15% year-over-year as we continue to displace competition and gain share
- Announced ANSYS partnership allowing our customers to use ANSYS' simulation solutions while running generative design workflows in Fusion 360
- As the market for smart products continues to grow, we introduced design-through-make electronics workflow in Fusion 360

Monetizing Non-Paying Users

- Increased insights on noncompliant user base with data on usage
- Monetizing non-paying users
 - Signed 19 license compliance deals over \$500K, including 3 over \$1M
 - These large deals were equally distributed by region and one of the \$1M+ deals was in China

(1) Organic excludes Q4 FY19 acquisitions

Outlook

Q4 FY20⁽¹⁾

(ending January 31, 20120)

Revenue (in millions)	\$880 - \$895
EPS GAAP	\$0.42 - \$0.47
EPS non-GAAP ⁽¹⁾	\$0.86 - \$0.91

FY20⁽¹⁾

(ending January 31, 2020)

Total ARR (in millions)	\$3,405 - \$3,445 Up 24%-25%
Billings (in millions)	\$4,050 - \$4,090 Up 50%-51%
Revenue (in millions) ⁽²⁾	\$3,255 - \$3,270 Up 27%
GAAP Spend growth ⁽³⁾	Approx. 12%
Non-GAAP Spend growth ⁽³⁾	Approx. 9%
EPS GAAP	\$0.80 - \$0.85
EPS non-GAAP	\$2.74 - \$2.79
Free cash flow (in millions) ⁽⁴⁾	\$1,300 - \$1,340

(1) Non-GAAP to GAAP reconciliations in appendix

(2) Excluding the approximately \$15 million impact of foreign currency exchange rates and hedge gains/losses, revenue guidance would be \$3,270 - \$3,285 million.

(3) Spend is equal to cost of revenue plus operating expenses. Non-GAAP spend excludes \$355 million related to stock-based compensation expense, \$73 million for the amortization of acquisition-related intangibles, \$23 million for acquisition related costs, and \$1M related to restructuring charges & other facility exit costs.

(4) Free cash flow is cash flow from operating activities less approximately \$60 million of capital expenditures.

Non-GAAP FY20 Model Considerations

INCOME STATEMENT

- Recurring revenue as percent of total expected to be consistent with FY19 in mid-90% range
- FY20 gross margins expected to expand modestly, driven by revenue growth
- Operating margins expected to expand, driven by operating leverage, partially offset by expenses associated with recent acquisitions
- Q4 interest and other expense to be relatively flat sequentially
- 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 ~\$60 million
- Fourth quarter free cash flow to be substantially above third
- Long term deferred revenue expected to be in the mid twenty percent range of total deferred revenue, still below historical levels

FY21 Preliminary View: Revenue and free cash flow growth rates expected to be in the low 20 percent range

The background features a complex, abstract composition of overlapping, semi-transparent blue and white geometric shapes. These shapes, which resemble stylized architectural elements or data structures, are arranged in a way that creates a sense of depth and movement. A prominent white diagonal band cuts across the scene, providing a clear space for the text.

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

Third Quarter Fiscal 2020 Results Excluding Recent Acquisitions^(1,2,3)

\$ in millions

	Consolidated	Recent Acquisitions (3)	Consolidated ex-Acquisitions	Y/Y change ex-Acquisitions
Subscription & Maintenance Revenue	\$ 806.2	\$ 28.2	\$ 778.0	23%
Other	36.5	0.5	36.0	22%
Total Revenue	\$ 842.7	\$ 28.7	\$ 814.0	23%
ARR				
Core ARR	\$ 2,993.0	\$ –	\$ 2,993.0	23%
Cloud ARR	231.6	112.7	118.9	35%
Total ARR	\$ 3,224.6	\$ 112.7	\$ 3,111.9	23%

(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

Third Quarter Fiscal 2020 Overview

<i>\$ in millions, except per share data ⁽¹⁾</i>	Q3 19	Q3 20	Total Y/Y change, as reported	Management Comments
Subscription plan ARR ⁽²⁾	\$ 1,925.1	\$ 2,860.0	49%	Driven by growth in all subscription plan types, led by product subscriptions
Maintenance plan ARR	600.6	364.6	(39)%	Reflects migration of maintenance plan subscriptions to product subscriptions
Total ARR ⁽²⁾	\$ 2,525.7	\$ 3,224.6	28%	
Revenue ⁽³⁾	\$ 660.9	\$ 842.7	28%	Driven by growth in subscription plan revenue, led by product subscription revenue
GAAP operating (loss) income	\$ 14.7	\$ 110.6		Driven by revenue growth
GAAP operating (loss) margin	2%	13%	11pts	Driven by revenue growth, increased operating leverage and lower restructuring expenses
Non-GAAP operating income	\$ 92.2	\$ 225.3		Driven by revenue growth
Non-GAAP operating margin	14%	27%	13pts	Driven by revenue growth and increased operating leverage
GAAP diluted net (loss) income per share	\$ (0.11)	\$ 0.30	\$ 0.41	
Non-GAAP diluted net income per share	\$ 0.29	\$ 0.78	\$ 0.49	

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

(2) Included in Subscription plan ARR and total ARR is an \$113 million contribution from the fourth quarter FY19 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 \$29 million contribution from the fourth quarter acquisitions, or 4 percentage points of the year-over-year increase.

Appendix – Other Financial Information

\$ in millions ⁽¹⁾

	Q318	Q418	Q119	Q219	Q319	Q419	Q120	Q220	Q320
ARR									
Subscription plan ARR	\$ 924.0	\$ 1,175.0	\$ 1,401.5	\$ 1,681.8	\$ 1,925.1	\$ 2,200.1	\$ 2,383.3	\$ 2,654.8	\$ 2,860.0
Maintenance plan ARR	\$ 977.8	\$ 879.1	\$ 724.9	\$ 665.6	\$ 600.6	\$ 549.3	\$ 447.9	\$ 414.0	\$ 364.6
Total ARR	\$ 1,901.8	\$ 2,054.1	\$ 2,126.4	\$ 2,347.4	\$ 2,525.7	\$ 2,749.4	\$ 2,831.2	\$ 3,068.8	\$ 3,224.6
Core ARR	\$ 1,837.3	\$ 1,984.8	\$ 2,058.0	\$ 2,272.1	\$ 2,437.9	\$ 2,623.5	\$ 2,650.6	\$ 2,862.0	\$ 2,993.0
Cloud ARR	\$ 64.5	\$ 69.3	\$ 68.4	\$ 75.3	\$ 87.8	\$ 125.9	\$ 180.6	\$ 206.8	\$ 231.6
M2S ARR included in Subscription plan ARR	\$ 69.9	\$ 151.6	\$ 273.4	\$ 349.2	\$ 414.8	\$ 469.8	\$ 504.8	\$ 565.7	\$ 597.1

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

Appendix – Other Financial Information

\$ in millions ^(1,2)

	Q318	Q418	Q119	Q219	Q319	Q419	Q120	Q220	Q320
Revenue ⁽³⁾									
Recurring revenue	\$ 475.5	\$ 513.5	\$ 531.6	\$ 586.8	\$ 631.4	\$ 687.4	\$ 707.8	\$ 767.2	\$ 806.2
Recurring revenue as a percentage of total revenue	92%	93%	95%	96%	96%	93%	96%	96%	96%
Subscription revenue	\$ 231.1	\$ 293.7	\$ 350.4	\$ 420.6	\$ 481.3	\$ 550.0	\$ 595.8	\$ 663.7	\$ 715.0
Maintenance revenue	\$ 244.4	\$ 219.8	\$ 181.2	\$ 166.4	\$ 150.1	\$ 137.4	\$ 112.0	\$ 103.5	\$ 91.2
Other revenue	\$ 39.8	\$ 40.3	\$ 28.3	\$ 24.7	\$ 29.5	\$ 49.9	\$ 27.7	\$ 29.6	\$ 36.5
Total net revenue	\$ 515.3	\$ 553.8	\$ 559.9	\$ 611.7	\$ 660.9	\$ 737.3	\$ 735.5	\$ 796.8	\$ 842.7
Direct revenue	30%	30%	29%	28%	28%	30%	30%	30%	30%
Indirect revenue	70%	70%	71%	72%	72%	70%	70%	70%	70%
Revenue by geography ⁽³⁾									
Americas	\$ 214.6	\$ 232.4	\$ 233.5	\$ 247.5	\$ 268.5	\$ 300.4	\$ 295.8	\$ 325.9	\$ 349.3
Europe, Middle East and Africa	\$ 205.4	\$ 221.0	\$ 220.9	\$ 248.3	\$ 266.5	\$ 298.6	\$ 297.2	\$ 316.2	\$ 329.6
Asia Pacific	\$ 95.3	\$ 100.4	\$ 105.5	\$ 115.9	\$ 125.9	\$ 138.3	\$ 142.5	\$ 154.7	\$ 163.8
Emerging economies	\$ 57.8	\$ 64.0	\$ 65.2	\$ 74.2	\$ 80.7	\$ 87.3	\$ 87.9	\$ 97.4	\$ 101.6
Emerging economies as a percent of total revenue	11%	12%	12%	12%	12%	12%	12%	12%	12%
Revenue by product family ⁽³⁾									
Architecture, Engineering and Construction	\$ 195.4	\$ 216.6	\$ 221.8	\$ 243.1	\$ 263.8	\$ 292.9	\$ 304.3	\$ 334.2	\$ 358.0
AutoCAD Product Family and AutoCAD LT	\$ 142.7	\$ 154.1	\$ 155.6	\$ 176.6	\$ 190.6	\$ 209.0	\$ 213.2	\$ 231.3	\$ 245.4
Manufacturing	\$ 132.0	\$ 136.2	\$ 135.4	\$ 146.1	\$ 158.5	\$ 176.2	\$ 167.5	\$ 174.6	\$ 182.2
Media and Entertainment	\$ 37.7	\$ 39.9	\$ 41.8	\$ 41.7	\$ 43.6	\$ 54.9	\$ 45.5	\$ 50.8	\$ 50.6
Other	\$ 7.5	\$ 7.0	\$ 5.3	\$ 4.2	\$ 4.4	\$ 4.3	\$ 5.0	\$ 5.9	\$ 6.5

(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 Q119, revenue is reported under ASC Topic 606.

Appendix – Other Financial Information

In millions ^(1,2)

	Q318	Q418	Q119	Q219	Q319	Q419	Q120	Q220	Q320
Billings & Deferred Revenue									
Billings	\$ 503.2	\$ 745.0	\$ 411.2	\$ 604.8	\$ 653.5	\$ 1,036.6	\$ 797.6	\$ 892.8	\$ 1,013.2
Deferred Revenue	\$ 1,763.9	\$ 1,955.1	\$ 1,806.4	\$ 1,799.5	\$ 1,792.1	\$ 2,091.4	\$ 2,153.5	\$ 2,249.5	\$ 2,420.0
Unbilled Deferred Revenue ⁽³⁾	147.9	326.4	411.5	405.8	450.5	591.0	589.1	563.0	549.3
Remaining Performance Obligations (RPO)	\$ 1,911.8	\$ 2,281.5	\$ 2,217.9	\$ 2,205.3	\$ 2,242.6	\$ 2,682.4	\$ 2,742.6	\$ 2,812.5	\$ 2,969.3
Current RPO	N/A	N/A	\$ 1,600.0	\$ 1,634.4	\$ 1,661.0	\$ 1,930.1	\$ 1,998.0	\$ 2,013.6	\$ 2,050.4
FX impact									
Year-on-year FX (impact) benefit on total ARR	\$ (11.0)	\$ (0.8)	\$ 8.9	\$ 24.7	\$ 37.0	\$ 38.3	\$ 23.7	\$ (1.2)	\$ (22.1)
Year-on-year FX (impact) benefit on total revenue	\$ (2.7)	\$ 0.2	\$ 2.7	\$ 6.7	\$ 9.7	\$ 9.9	\$ 6.1	\$ (0.6)	\$ (6.5)
Year-on-year FX benefit (impact) on cost of revenue and operating expenses	(2.4)	(11.7)	(10.4)	(5.7)	1.0	4.7	7.9	8.1	7.1
Year-on-year FX (impact) benefit on operating income	\$ (5.1)	\$ (11.5)	\$ (7.7)	\$ 1.0	\$ 10.7	\$ 14.6	\$ 14.0	\$ 7.5	\$ 0.6
Balance Sheet Items and Cash Review									
Cash Flow from Operating Activities	\$ (51.1)	\$ 79.3	\$ (16.9)	\$ 43.3	\$ 39.2	\$ 311.5	\$ 221.2	\$ 219.3	\$ 276.4
Less: Capital Expenditures	12.9	11.4	16.7	20.0	12.7	17.6	14.7	14.8	9.7
Free Cash Flow	\$ (64.0)	\$ 67.9	\$ (33.6)	\$ 23.3	\$ 26.5	\$ 293.9	\$ 206.5	\$ 204.5	\$ 266.7
Depreciation, Amortization and Accretion	\$ 24.7	\$ 26.9	\$ 24.1	\$ 22.2	\$ 23.5	\$ 25.4	\$ 32.7	\$ 32.1	\$ 31.6
Total Cash and Marketable Securities	\$ 1,718.2	\$ 1,514.0	\$ 1,464.4	\$ 1,297.9	\$ 1,193.0	\$ 953.6	\$ 972.1	\$ 991.3	\$ 1,024.5
Share repurchase (shares)	1.0	2.4	0.2	1.1	0.8	0.2	0.6	0.3	0.8
Share repurchase (\$Ms dollars)	\$ 117.4	\$ 262.1	\$ 21.0	\$ 146.8	\$ 102.6	\$ 22.2	\$ 100.0	\$ 40.5	\$ 123.7

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

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

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

Appendix – Other Financial Information

In millions, except per share data

	Q318	Q418	Q119	Q219	Q319	Q419	Q120	Q220	Q320
Gross Margin									
Gross Margin - GAAP	85%	87%	88%	89%	89%	90%	89%	90%	91%
Gross Margin - Non-GAAP	86%	88%	89%	90%	90%	91%	91%	92%	92%
Total Spend									
Total Spend - GAAP	\$ 615.3	\$ 735.7	\$ 615.2	\$ 636.4	\$ 646.2	\$ 697.0	\$ 710.7	\$ 723.0	\$ 732.1
Total Spend - Non-GAAP	\$ 541.5	\$ 571.3	\$ 530.9	\$ 556.1	\$ 568.7	\$ 598.1	\$ 603.6	\$ 610.3	\$ 617.4
Operating Margin									
Operating Margin - GAAP	(19)%	(33)%	(10)%	(4)%	2%	5%	3%	9%	13%
Operating Margin - Non-GAAP	(5)%	(3)%	5%	9%	14%	19%	18%	23%	27%
Earnings Per Share									
Basic Net (Loss) Income Per Share - GAAP	\$ (0.55)	\$ (0.79)	\$ (0.38)	\$ (0.18)	\$ (0.11)	\$ 0.30	\$ (0.11)	\$ 0.18	\$ 0.30
Diluted Net (Loss) Income Per Share - GAAP	\$ (0.55)	\$ (0.79)	\$ (0.38)	\$ (0.18)	\$ (0.11)	\$ 0.29	\$ (0.11)	\$ 0.18	\$ 0.30
Basic Net (Loss) Income Per Share - Non-GAAP	\$ (0.12)	\$ (0.09)	\$ 0.07	\$ 0.20	\$ 0.30	\$ 0.46	\$ 0.45	\$ 0.66	\$ 0.79
Diluted Net (Loss) Income Per Share - Non-GAAP	\$ (0.12)	\$ (0.09)	\$ 0.06	\$ 0.19	\$ 0.29	\$ 0.46	\$ 0.45	\$ 0.65	\$ 0.78
Weighted Average Shares									
Basic Net (Loss) Income Share Count - GAAP	219.6	219.1	218.6	219.0	218.9	219.2	219.6	219.6	219.7
Diluted Net (Loss) Income Share Count - GAAP	219.6	219.1	218.6	219.0	218.9	221.3	219.6	222.4	221.9
Basic Net Income Share Count - Non-GAAP	219.6	219.1	218.6	219.0	218.9	219.2	219.6	219.6	219.7
Diluted Net Income Share Count - Non-GAAP	219.6	219.1	221.6	222.2	221.6	221.3	222.0	222.4	221.9

Appendix – Non-GAAP Reconciliation to GAAP

\$ in millions, except per share data

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2019	2018	2019	2018
GAAP cost of subscription and maintenance revenue	\$ 54.2	\$ 54.8	\$ 166.9	\$ 159.3
Stock-based compensation expense	(3.1)	(3.6)	(10.1)	(9.4)
Acquisition related costs	(0.3)	–	(0.3)	–
Non-GAAP cost of subscription and maintenance revenue	<u>\$ 50.8</u>	<u>\$ 51.2</u>	<u>\$ 156.5</u>	<u>\$ 149.9</u>
GAAP cost of other revenue	\$ 16.9	\$ 13.9	\$ 48.6	\$ 39.0
Stock-based compensation expense	(1.6)	(1.3)	(4.3)	(3.0)
Non-GAAP cost of other revenue	<u>\$ 15.3</u>	<u>\$ 12.6</u>	<u>\$ 44.3</u>	<u>\$ 36.0</u>
GAAP amortization of developed technology	\$ 8.4	\$ 3.6	\$ 26.2	\$ 10.6
Amortization of developed technology	(8.4)	(3.6)	(26.2)	(10.6)
Non-GAAP amortization of developed technology	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>
GAAP gross profit	\$ 763.2	\$ 588.6	\$ 2,133.3	\$ 1,623.6
Stock-based compensation expense	4.7	4.9	14.4	12.4
Amortization of developed technology	8.4	3.6	26.2	10.6
Acquisition related costs	0.3	–	0.3	–
Non-GAAP gross profit	<u>\$ 776.6</u>	<u>\$ 597.1</u>	<u>\$ 2,174.2</u>	<u>\$ 1,646.6</u>
GAAP marketing and sales	\$ 330.7	\$ 297.6	\$ 960.8	\$ 863.1
Stock-based compensation expense	(38.7)	(27.8)	(107.2)	(77.7)
Acquisition related costs	(0.2)	–	(0.3)	–
Non-GAAP marketing and sales	<u>\$ 291.8</u>	<u>\$ 269.8</u>	<u>\$ 853.3</u>	<u>\$ 785.4</u>
GAAP research and development	\$ 213.0	\$ 181.0	\$ 634.0	\$ 534.6
Stock-based compensation expense	(30.8)	(20.6)	(88.3)	(57.1)
Acquisition related costs	(1.8)	–	(2.2)	–
Non-GAAP research and development	<u>\$ 180.4</u>	<u>\$ 160.4</u>	<u>\$ 543.5</u>	<u>\$ 477.5</u>
GAAP general and administrative	\$ 99.1	\$ 87.4	\$ 299.6	\$ 239.4
Stock-based compensation expense	(19.8)	(10.9)	(47.5)	(28.3)
CEO transition costs	–	–	–	0.1
Acquisition related costs	(0.2)	(1.8)	(18.4)	(4.3)
Non-GAAP general and administrative	<u>\$ 79.1</u>	<u>\$ 74.7</u>	<u>\$ 233.7</u>	<u>\$ 206.9</u>
GAAP amortization of purchased intangibles	\$ 9.7	\$ 4.2	\$ 29.2	\$ 11.8
Amortization of purchased intangibles	(9.7)	(4.2)	(29.2)	(11.8)
Non-GAAP amortization of purchased intangibles	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>

Appendix – Non-GAAP Reconciliation to GAAP

\$ in millions, except per share data

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2019	2018	2019	2018
GAAP restructuring and other exit costs, net	\$ 0.1	\$ 3.7	\$ 0.5	\$ 40.0
Restructuring and other exit costs, net	(0.1)	(3.7)	(0.5)	(40.0)
Non-GAAP restructuring and other exit costs, net	\$ –	\$ –	\$ –	\$ –
GAAP operating expenses	\$ 652.6	\$ 573.9	\$ 1,924.1	\$ 1,688.9
Stock-based compensation expense	(89.3)	(59.3)	(243.0)	(163.1)
Amortization of purchased intangibles	(9.7)	(4.2)	(29.2)	(11.8)
CEO transition costs	–	–	–	0.1
Acquisition related costs	(2.2)	(1.8)	(20.9)	(4.3)
Restructuring and other exit costs, net	(0.1)	(3.7)	(0.5)	(40.0)
Non-GAAP operating expenses	\$ 551.3	\$ 504.9	\$ 1,630.5	\$ 1,469.8
GAAP spend	\$ 732.1	\$ 646.2	\$ 2,165.8	\$ 1,897.8
Stock-based compensation expense	(94.0)	(64.2)	(257.4)	(175.5)
Amortization of developed technology	(8.4)	(3.6)	(26.2)	(10.6)
Amortization of purchased intangibles	(9.7)	(4.2)	(29.2)	(11.8)
CEO transition costs	–	–	–	0.1
Acquisition related costs	(2.5)	(1.8)	(21.2)	(4.3)
Restructuring and other exit costs, net	(0.1)	(3.7)	(0.5)	(40.0)
Non-GAAP spend	\$ 617.4	\$ 568.7	\$ 1,831.3	\$ 1,655.7
GAAP income (loss) from operations	\$ 110.6	\$ 14.7	\$ 209.2	\$ (65.3)
Stock-based compensation expense	94.0	64.2	257.4	175.5
Amortization of developed technology	8.4	3.6	26.2	10.6
Amortization of purchased intangibles	9.7	4.2	29.2	11.8
CEO transition costs	–	–	–	(0.1)
Acquisition related costs	2.5	1.8	21.2	4.3
Restructuring and other exit costs, net	0.1	3.7	0.5	40.0
Non-GAAP income from operations	\$ 225.3	\$ 92.2	\$ 543.7	\$ 176.8
GAAP interest and other expense, net	\$ (14.2)	\$ (3.2)	\$ (37.7)	\$ (10.4)
Loss (Gain) on strategic investments and dispositions, net	0.4	(2.9)	3.2	(9.5)
Restructuring and other exit costs, net	–	(5.8)	–	(5.5)
Non-GAAP interest and other expense, net	\$ (13.8)	\$ (11.9)	\$ (34.5)	\$ (25.4)
GAAP provision for income taxes	\$ (29.7)	\$ (35.2)	\$ (88.8)	\$ (69.8)
Discrete GAAP tax items	0.3	(3.6)	1.3	(12.3)
Income tax effect of non-GAAP adjustments	(8.7)	23.5	(4.2)	53.3
Non-GAAP provision for income tax	\$ (38.1)	\$ (15.3)	\$ (91.7)	\$ (28.8)

Appendix – Non-GAAP Reconciliation to GAAP

In millions, except per share data

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2019	2018	2019	2018
GAAP net income (loss)	\$ 66.7	\$ (23.7)	\$ 82.7	\$ (145.5)
Stock-based compensation expense	94.0	64.2	257.4	175.5
Amortization of developed technology	8.4	3.6	26.2	10.6
Amortization of purchased intangibles	9.7	4.2	29.2	11.8
CEO transition costs	–	–	–	(0.1)
Acquisition related costs	2.5	1.8	21.2	4.3
Restructuring and other exit costs, net	0.1	(2.1)	0.5	34.5
Loss (Gain) on strategic investments and dispositions, net	0.4	(2.9)	3.2	(9.5)
Discrete GAAP tax items	0.3	(3.6)	1.3	(12.3)
Income tax effect of non-GAAP adjustments	(8.7)	23.5	(4.2)	53.3
Non-GAAP net income	<u>\$ 173.4</u>	<u>\$ 65.0</u>	<u>\$ 417.5</u>	<u>\$ 122.6</u>
GAAP diluted net income (loss) per share	\$ 0.30	\$ (0.11)	\$ 0.37	\$ (0.67)
Stock-based compensation expense	0.42	0.28	1.16	0.79
Amortization of developed technology	0.04	0.02	0.12	0.06
Amortization of purchased intangibles	0.04	0.02	0.13	0.05
Acquisition related costs	0.02	0.01	0.10	0.02
Restructuring and other exit costs, net	–	–	–	0.16
Loss (Gain) on strategic investments and dispositions, net	–	(0.01)	0.01	(0.04)
Discrete GAAP tax items	–	(0.02)	0.01	(0.06)
Income tax effect of non-GAAP adjustments	(0.04)	0.10	(0.02)	0.24
Non-GAAP diluted net income per share	<u>\$ 0.78</u>	<u>\$ 0.29</u>	<u>\$ 1.88</u>	<u>\$ 0.55</u>
GAAP diluted shares used in per share calculation	221.9	218.9	222.1	218.7
Shares included in non-GAAP net income per share, but excluded from GAAP net loss per share as they would have been anti-dilutive	–	2.7	–	3.0
Non-GAAP diluted weighted average shares used in per share calculation	<u>221.9</u>	<u>221.6</u>	<u>222.1</u>	<u>221.7</u>

Appendix – Non-GAAP Reconciliation to GAAP

<i>\$ in millions</i>	Q318	Q418	Q119	Q219	Q319	Q419	Q120	Q220	Q320
	(Unaudited)								
GAAP gross margin	85%	87%	88%	89%	89%	90%	89%	90%	91%
Stock-based compensation expense	1%	1%	1%	1%	1%	1%	1%	1%	1%
Amortization of developed technology	1%	1%	1%	1%	1%	1%	1%	1%	1%
Non-GAAP gross margin ⁽¹⁾	86%	88%	89%	90%	90%	91%	91%	92%	92%
GAAP operating expenses	\$ 537.8	\$ 662.6	\$ 548.4	\$ 566.6	\$ 573.9	\$ 620.0	\$ 628.0	\$ 643.5	\$ 652.6
Stock-based compensation expense	(61.2)	(57.8)	(50.9)	(52.9)	(59.3)	(68.8)	(70.3)	(83.4)	(89.3)
Amortization of purchased intangibles	(4.7)	(4.9)	(3.8)	(3.8)	(4.2)	(6.2)	(9.8)	(9.7)	(9.7)
CEO transition costs	–	0.2	–	0.1	–	–	–	–	–
Acquisition related costs	–	–	–	(2.5)	(1.8)	(11.9)	(12.7)	(6.0)	(2.2)
Restructuring and other exit costs, net	–	(93.9)	(22.5)	(13.8)	(3.7)	(1.9)	(0.2)	(0.2)	(0.1)
Non-GAAP operating expenses	\$ 471.9	\$ 506.2	\$ 471.2	\$ 493.7	\$ 504.9	\$ 531.2	\$ 535.0	\$ 544.2	\$ 551.3
GAAP spend	\$ 615.3	\$ 735.7	\$ 615.2	\$ 636.4	\$ 646.2	\$ 697.0	\$ 710.7	\$ 723.0	\$ 732.1
Stock-based compensation expense	(65.1)	(62.1)	(54.4)	(56.9)	(64.2)	(74.0)	(75.2)	(88.2)	(94.0)
Amortization of developed technology	(4.0)	(3.7)	(3.6)	(3.4)	(3.6)	(4.9)	(9.2)	(8.6)	(8.4)
Amortization of purchased intangibles	(4.7)	(4.9)	(3.8)	(3.8)	(4.2)	(6.2)	(9.8)	(9.7)	(9.7)
CEO transition costs	–	0.2	–	0.1	–	–	–	–	–
Acquisition related costs	–	–	–	(2.5)	(1.8)	(11.9)	(12.7)	(6.0)	(2.5)
Restructuring and other exit costs, net	–	(93.9)	(22.5)	(13.8)	(3.7)	(1.9)	(0.2)	(0.2)	(0.1)
Non-GAAP spend	\$ 541.5	\$ 571.3	\$ 530.9	\$ 556.1	\$ 568.7	\$ 598.1	\$ 603.6	\$ 610.3	\$ 617.4

(1) Totals may not sum due to rounding.

Appendix – Non-GAAP Reconciliation to GAAP

In millions, except per share data

	Q318	Q418	Q119	Q219	Q319	Q419	Q120	Q220	Q320
	(Unaudited)								
GAAP operating margin	(19)%	(33)%	(10)%	(4)%	2%	5%	3%	9%	13%
Stock-based compensation expense	13%	11%	10%	9%	10%	10%	10%	11%	11%
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	–%	–%	–%	–%	–%	–%	–%	–%	–%
Acquisition related costs	–%	–%	–%	–%	–%	2%	2%	1%	–%
Restructuring and other exit costs, net	–%	17%	4%	2%	1%	–%	–%	–%	–%
Non-GAAP operating margin ⁽¹⁾	(5)%	(3)%	5%	9%	14%	19%	18%	23%	27%
GAAP diluted net loss (income) per share	\$ (0.55)	\$ (0.79)	\$ (0.38)	\$ (0.18)	\$ (0.11)	\$ 0.29	\$ (0.11)	\$ 0.18	\$ 0.30
Stock-based compensation expense	0.30	0.28	0.25	0.26	0.28	0.33	0.34	0.40	0.42
Amortization of developed technology	0.02	0.02	0.02	0.02	0.02	0.02	0.04	0.04	0.04
Amortization of purchased intangibles	0.02	0.02	0.02	0.01	0.02	0.03	0.04	0.05	0.04
CEO transition costs	–	–	–	–	–	–	–	–	–
Acquisition related costs	–	–	–	0.01	0.01	0.05	0.07	0.02	0.02
Restructuring and other exit costs, net	–	0.43	0.09	0.06	–	(0.01)	–	–	–
Loss (Gain) on strategic investments and dispositions, net	0.01	0.03	(0.01)	(0.02)	(0.01)	(0.01)	0.02	(0.01)	–
Discrete GAAP tax items	(0.01)	(0.05)	–	(0.04)	(0.02)	(0.08)	(0.01)	0.01	–
Income tax effect of non-GAAP adjustments	0.09	(0.03)	0.07	0.07	0.10	(0.16)	0.06	(0.04)	(0.04)
Non-GAAP diluted net (loss) income per share	\$ (0.12)	\$ (0.09)	\$ 0.06	\$ 0.19	\$ 0.29	\$ 0.46	\$ 0.45	\$ 0.65	\$ 0.78
GAAP diluted shares used in per share calculation	219.6	219.1	218.6	219.0	218.9	221.3	219.6	222.4	221.9
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	219.6	219.1	221.6	222.2	221.6	221.3	222.0	222.4	221.9

(1) Totals may not sum due to rounding.

Appendix – Non-GAAP Reconciliation to GAAP

\$ in millions ⁽¹⁾

	Q117	Q217	Q317	Q417	Q118	Q218	Q318	Q418	Q119	Q219	Q319	Q419	Q120	Q220	Q320	
Last Twelve Months:																
Cash Flow from Operating Activities	\$ 491.9	\$ 396.7	\$ 324.0	\$ 169.7	\$ 50.5	\$ (4.0)	\$ (62.8)	\$ 0.9	\$ (61.2)	\$ 54.6	\$ 144.9	\$ 377.1	\$ 615.2	\$ 791.2	\$ 1,028.4	
Less: Capital Expenditures	82.2	85.2	95.7	76.0	62.3	59.8	50.2	50.7	58.8	61.0	60.8	67.0	65.0	59.8	56.8	
Free Cash Flow	\$ 409.7	\$ 311.5	\$ 228.3	\$ 93.7	\$ (11.8)	\$ (63.8)	\$ (113.0)	\$ (49.8)	\$ (120.0)	\$ (6.4)	\$ 84.1	\$ 310.1	\$ 550.2	\$ 731.4	\$ 971.6	

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

Appendix

4QFY20 Outlook GAAP to Non-GAAP EPS Reconciliation

GAAP	\$0.42 - \$0.47
Stock-based compensation expense	\$0.44
Amortization of acquisition-related intangibles	\$0.08
Acquisition related costs	\$0.01
GAAP-only tax charges	\$(0.09)
Non-GAAP	\$0.86 - \$0.91

Appendix

FY20 Outlook GAAP to Non-GAAP EPS Reconciliation

GAAP	\$0.80 - \$0.85
Stock-based compensation expense	\$1.60
Amortization of acquisition-related intangibles	\$0.33
Acquisition related costs	\$0.11
Loss on strategic investments & dispositions	\$0.01
GAAP-only tax charges	\$(0.11)
Non-GAAP	\$2.74 - \$2.79

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 (NR3): 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.

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

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

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

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

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



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