

# Finance



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Vice President, Finance

# FY 2009 Key Metrics

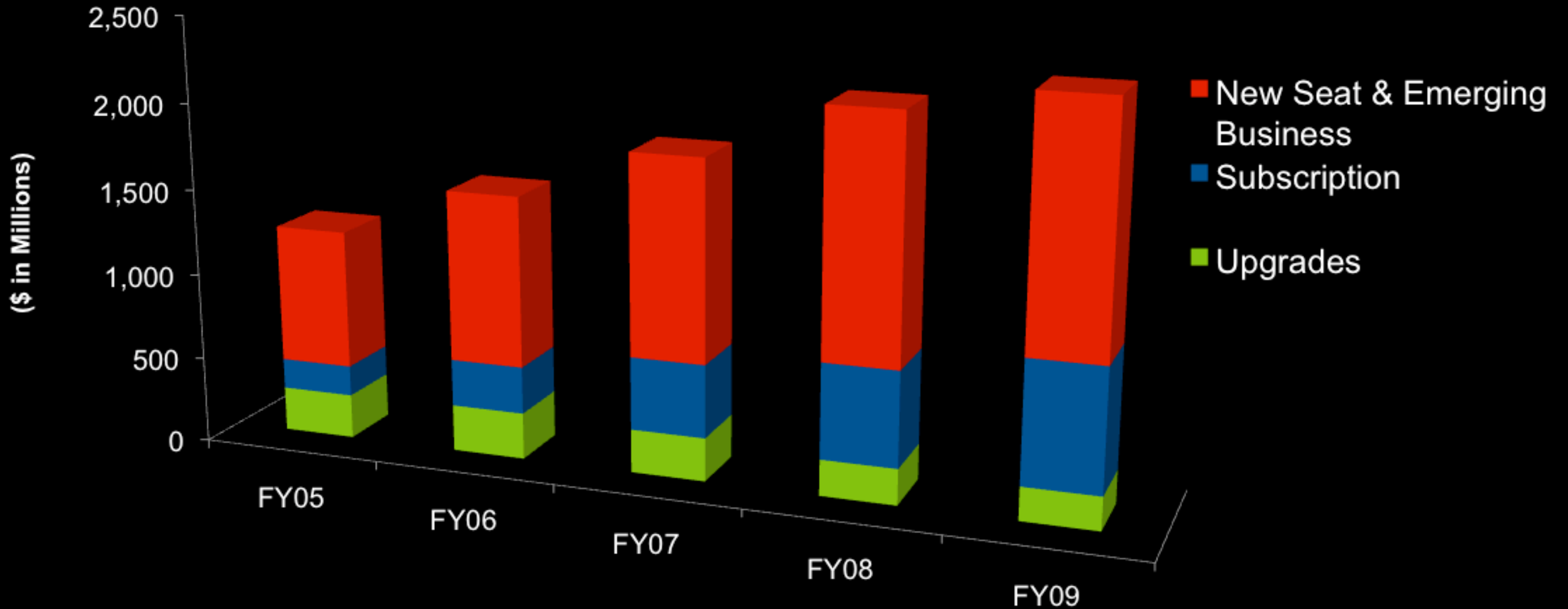
- Total revenue grew 7% to \$2.315B
- Total 3D revenue increased 23%
- Subscription revenue increased 29%
- Non-GAAP operating margin 25%
- Non-GAAP EPS \$1.95
- Cash flow from operations \$594M

# FY 2009 - Two Divergent Halves

## FY09 Non-GAAP P&L

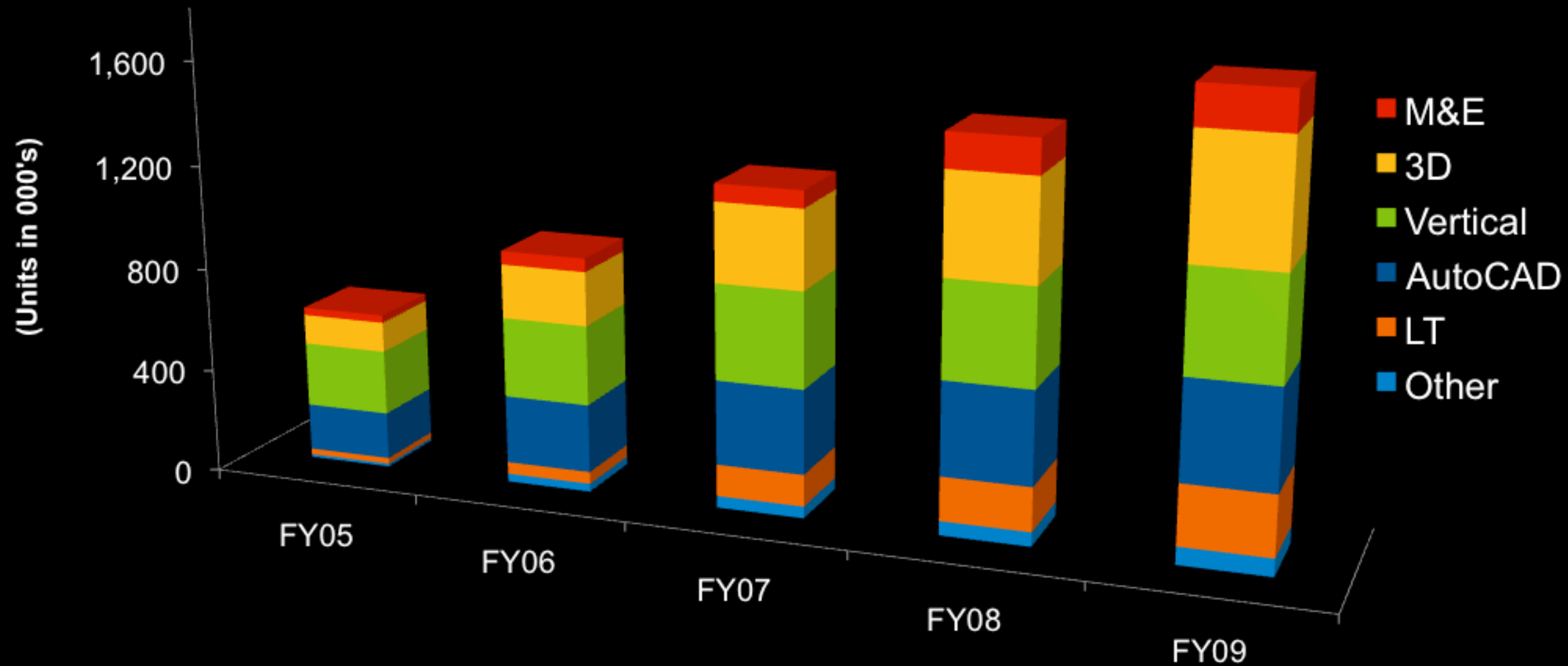
\$ in Millions	H1 FY09	Y/Y%	H2 FY09	Y/Y%
<b>Revenues</b>	<b>1,218</b>	<b>18%</b>	<b>1,097</b>	<b>(4)%</b>
Gross Margin%	91.2%	0.8 ppt	92.2%	(0.4) ppt
Operating Expenses	790	19%	757	3%
<b>Operating Margin</b>	<b>322</b>	<b>18%</b>	<b>255</b>	<b>(18)%</b>
<i>Operating Margin %</i>	26.4%	0.0 ppt	23.2%	(4.2) ppt
<b>EPS</b>	<b>\$1.06</b>	<b>20%</b>	<b>\$0.87</b>	<b>(14)%</b>

# New Licenses Drive Revenue Growth

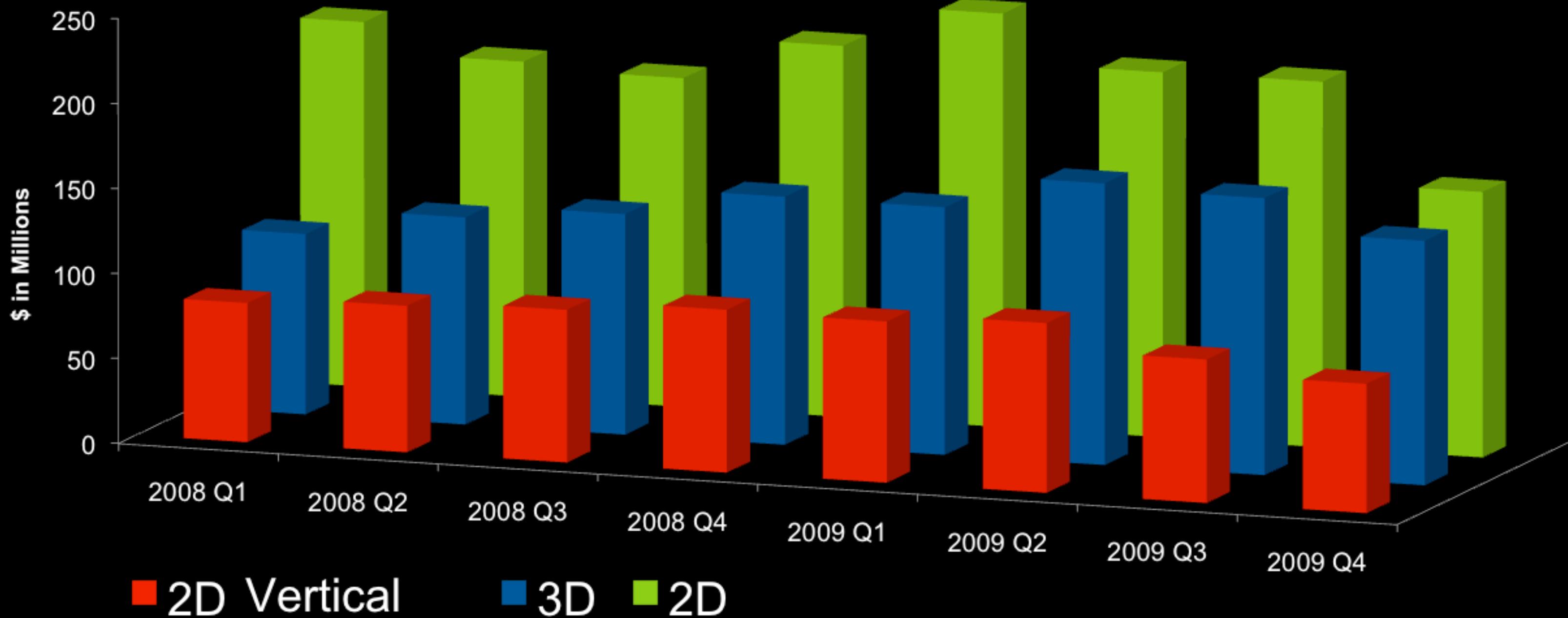


# Subscription Continues to Grow

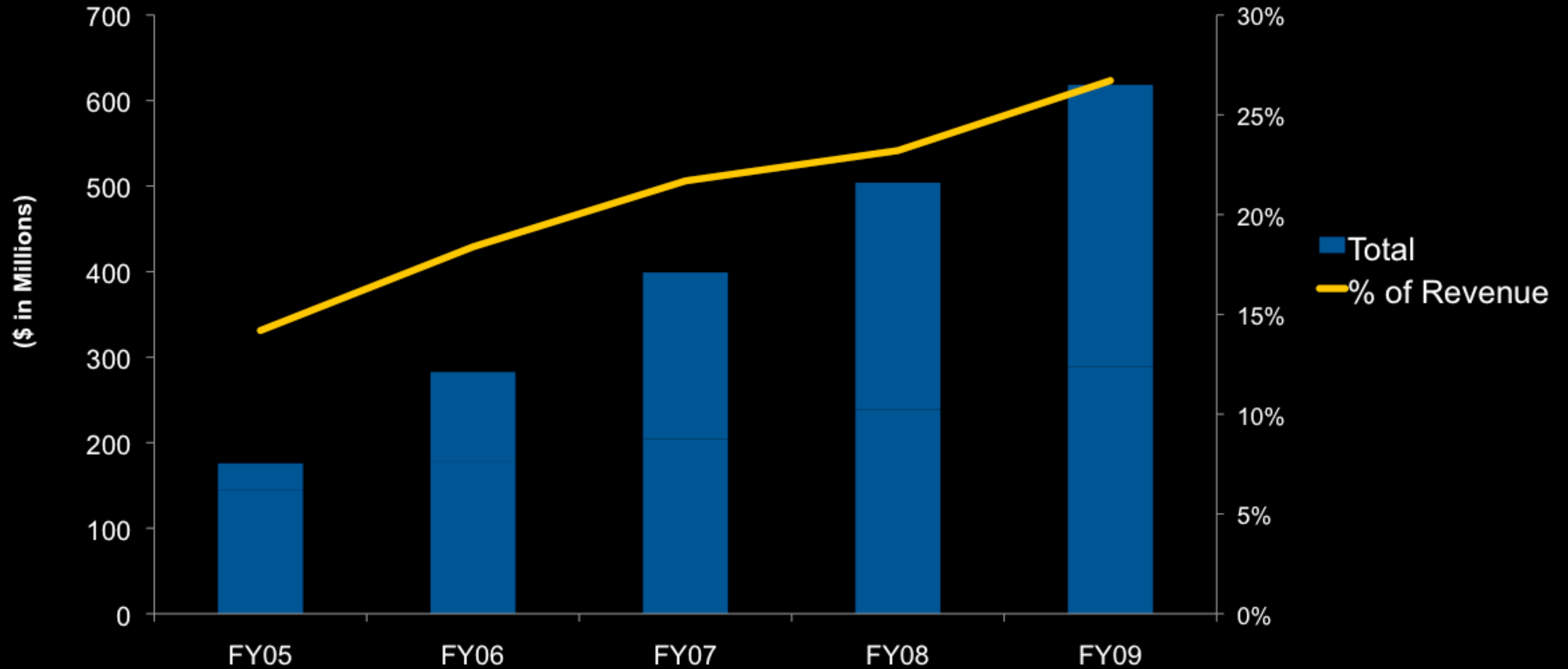
Approximately 1.7M Users



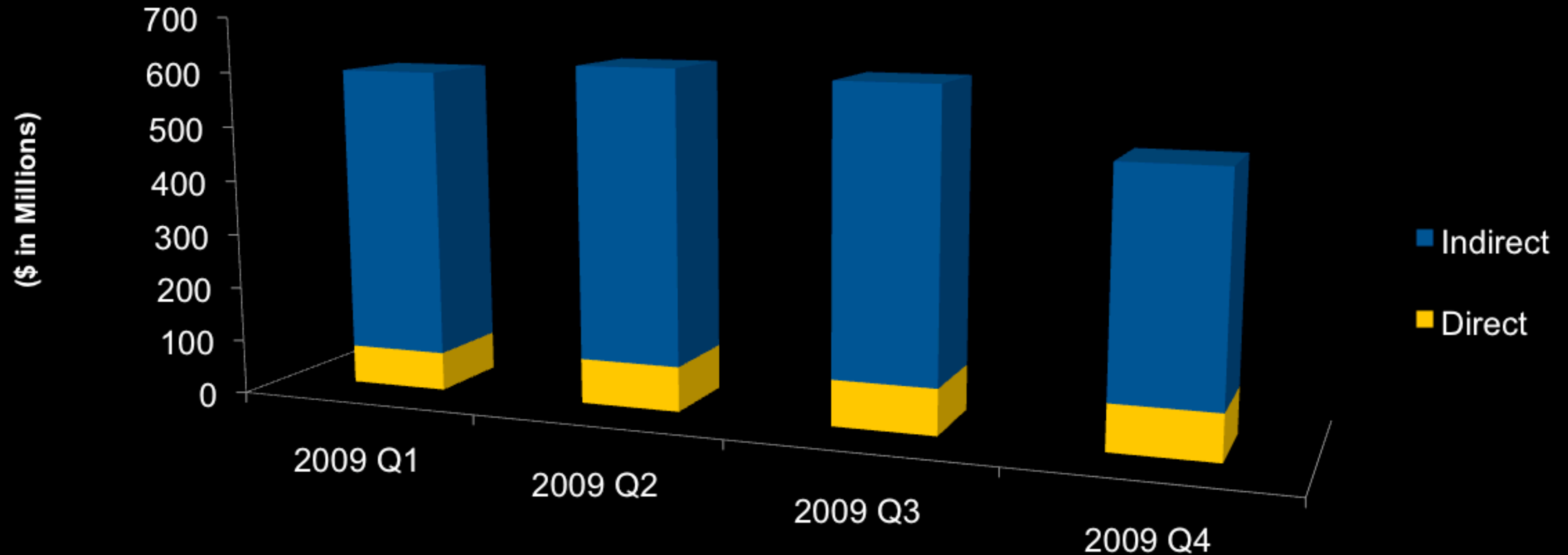
# Industry Specific Product Performance is Better



# Total 3D Revenue



# Direct Sales Holding Up

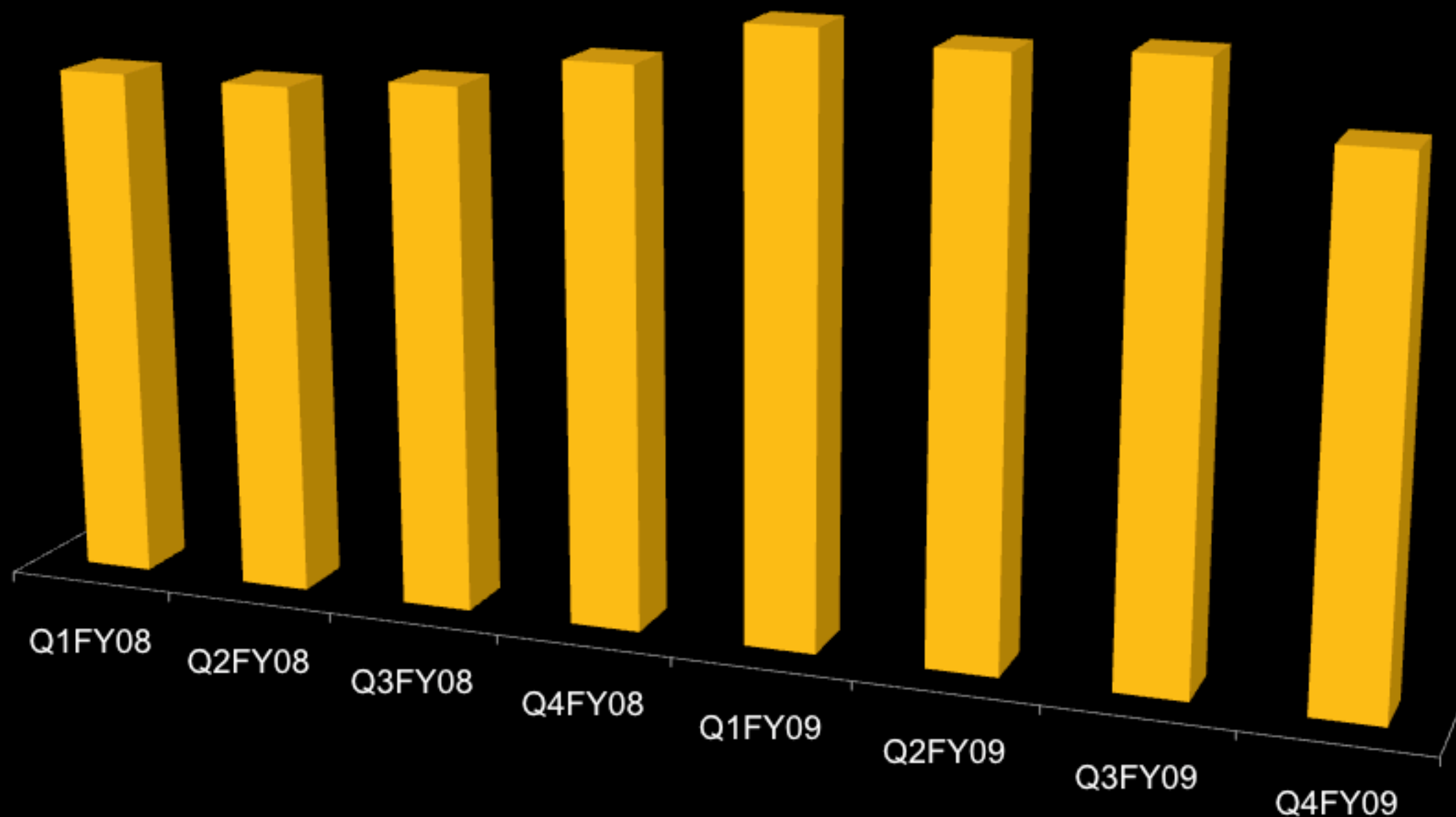


- Increased in each quarter of FY09
- 17% of revenue in Q4



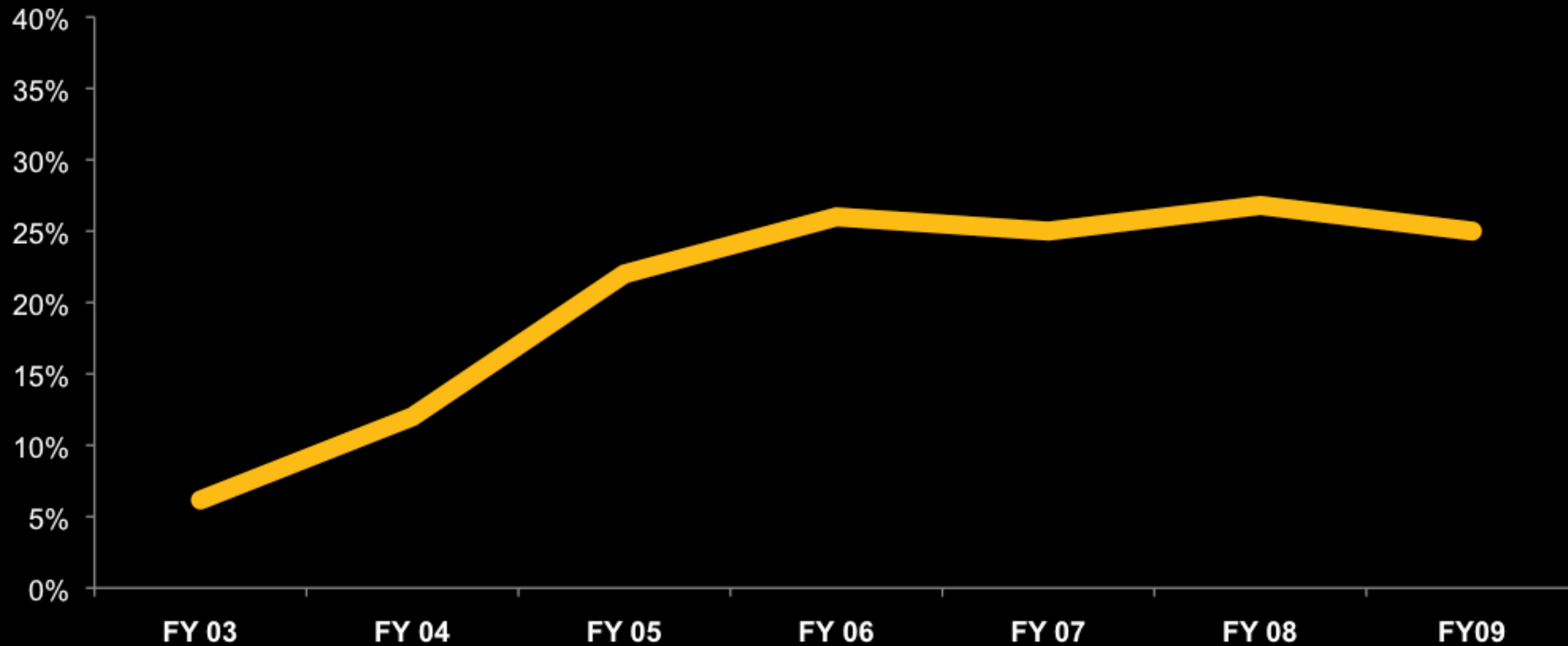
# Channel Inventory Remains Stable

Channel Inventory



# Non-GAAP Operating Margin

FY09 Impacted by Revenue Shortfall



# Reducing Cost Structure

- Restructuring announced in January saves \$130M in annual operating costs
  - 10% headcount reduction
  - Consolidating facilities
    - 20 of 25 targeted facilities already closed
  - Hiring freeze
  - Reduced contractors and consultants
  - Reduced discretionary spending

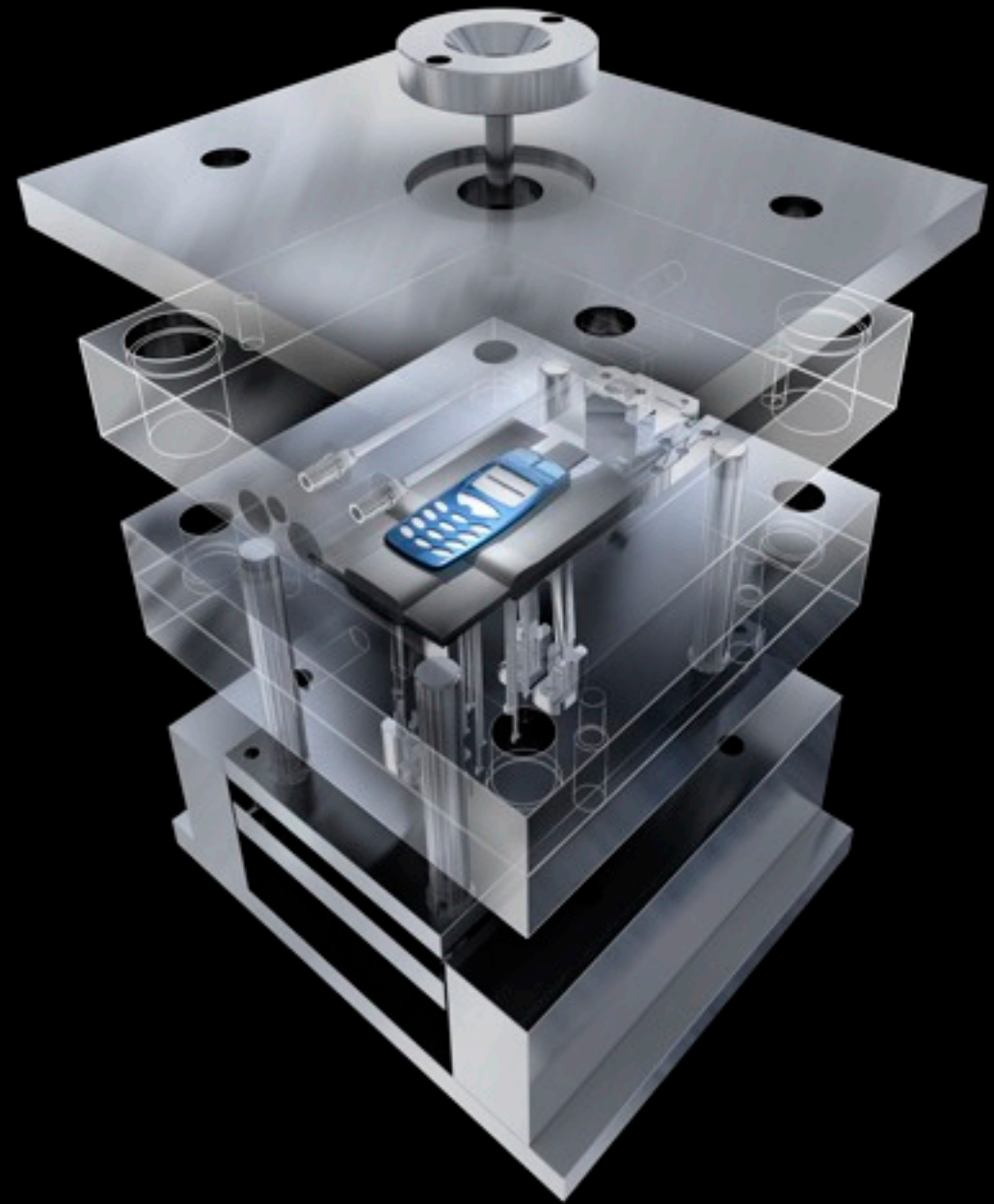


# Reducing Cost Structure

Targeting \$100-\$150M in Further Expense Reductions

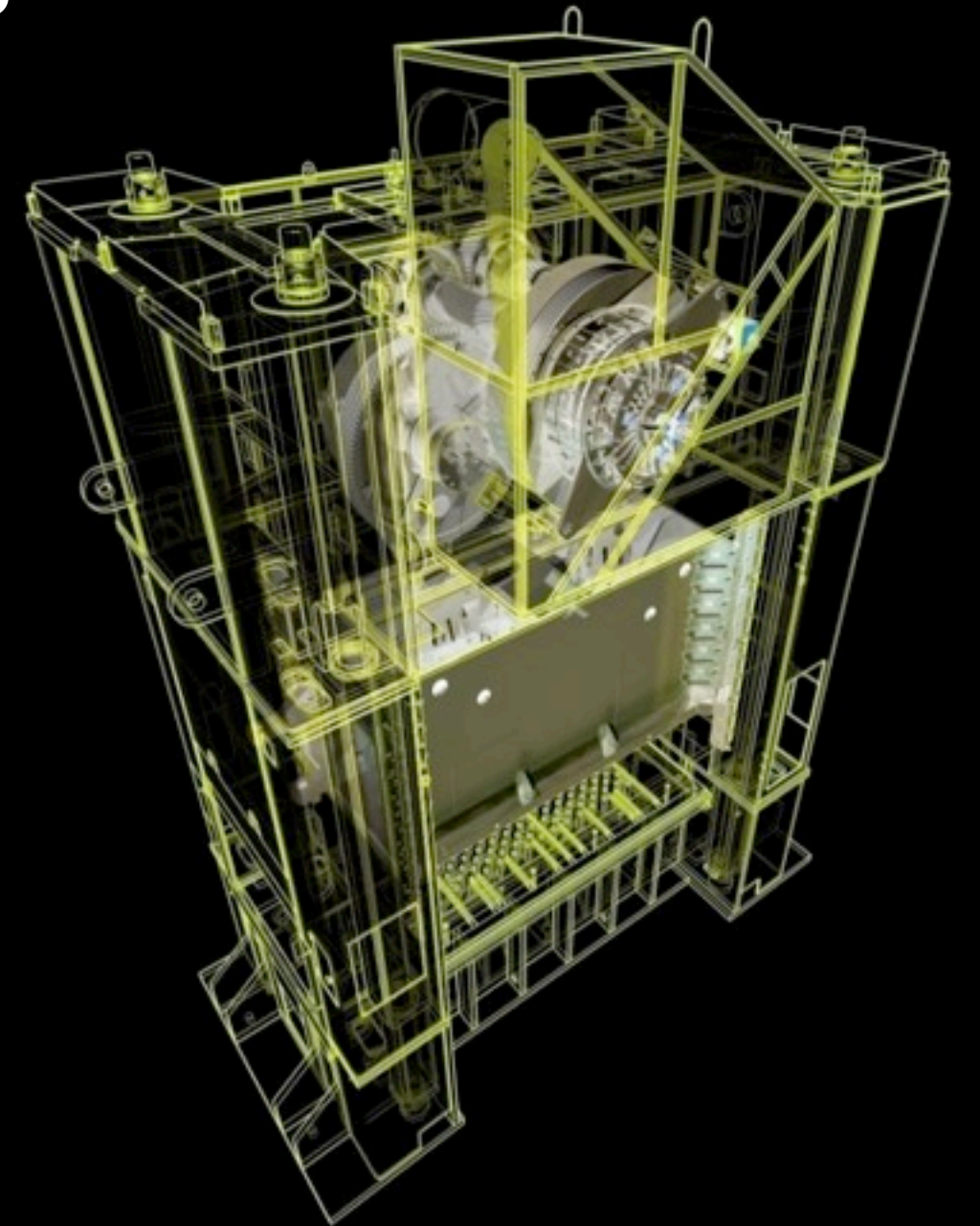
## Opportunities for Savings

- Employee fringe benefits
- Contingent labor
- Advertising & promotions
- Facilities consolidations
- Travel & entertainment
- Headcount reductions



# Use of Cash

- ~\$1 billion in cash and investments
  - > 80% located offshore
- Repurchase stock
  - Offset employee stock plans
- M&A
  - Diminished near-term appetite for large acquisitions



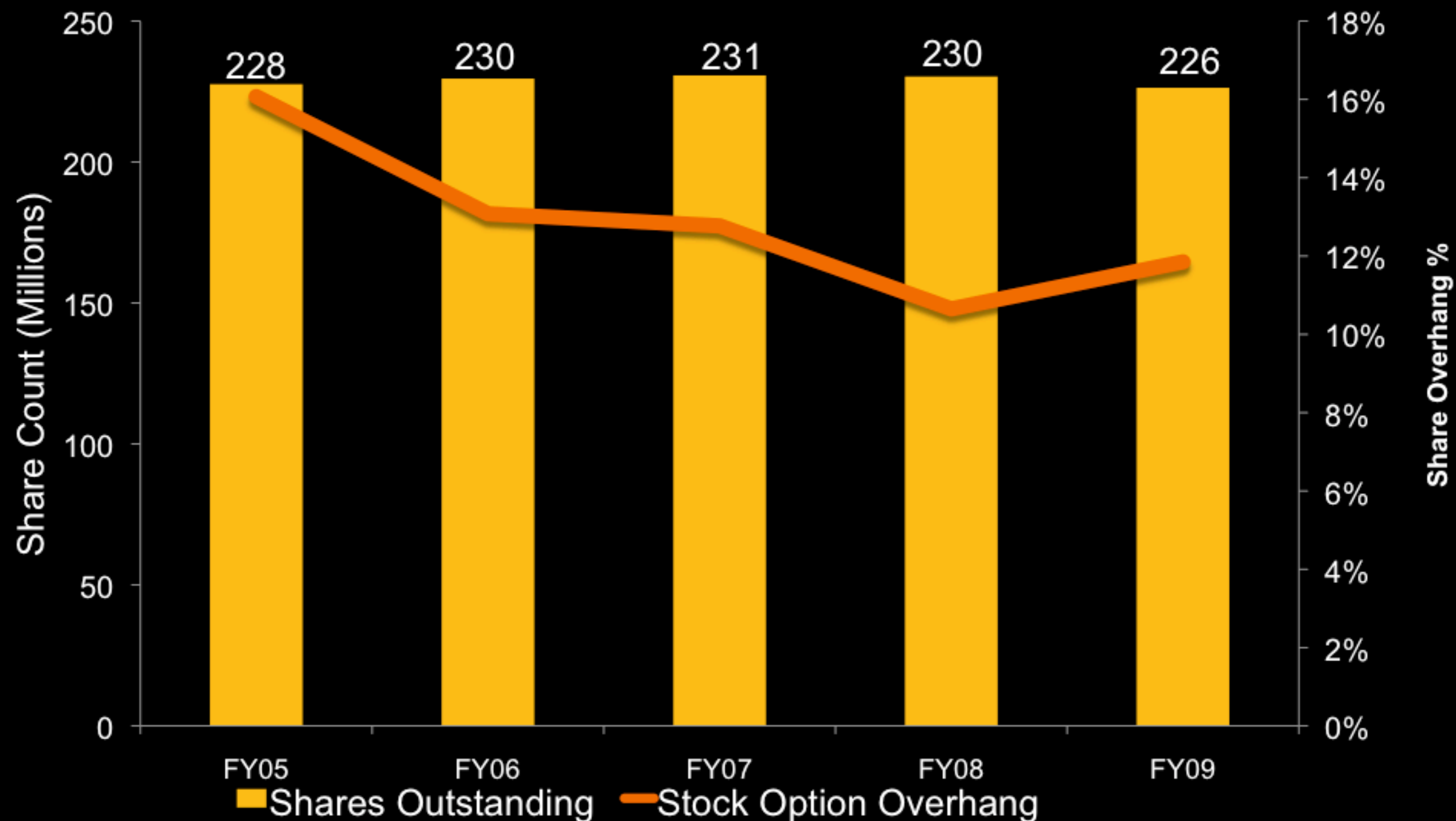
# Expanded Hedging Program

Goal: Reduce foreign currency volatility & risk

## F/X hedge program

- Expanded beyond 1 quarter
- Hedge euro and yen on a rolling 4 quarter basis
  - Percent hedged reduced beyond the current quarter but increased as quarters “roll off”

# Shares Outstanding Remain Flat



# Guidance

## Q1 FY 2010

- Revenue \$400M - \$440M
- GAAP EPS (\$0.20) – (\$0.08)
- Non-GAAP EPS \$0.00 - \$0.12



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# FY09 GAAP to Non-GAAP Reconciliation

	Net Income	Diluted EPS
	<i>\$M</i>	
<b>GAAP</b>	<b>184</b>	<b>\$ 0.80</b>
SFAS 123R stock-based compensation expense	90	0.39
Amortization of developed technology	23	0.10
Amortization of customer relationships and trademarks	23	0.10
In-process research and development	27	0.12
Impairment of goodwill and intangibles	129	0.56
Restructuring	40	0.18
Income tax effect on difference between GAAP and non-GAAP total costs and expenses at a normalized rate	(68)	(0.30)
<b>Non-GAAP</b>	<b>448</b>	<b>\$ 1.95</b>

# Guidance Summary

## GAAP to Non-GAAP Reconciliation

		Diluted Net Income (Loss) per Share
	<b>GAAP</b>	<b>\$(0.20) - \$(0.08)</b>
	SFAS 123R stock-based compensation	0.08
	Amortization of acquisition related intangibles	0.05
	Restructuring	0.07
	<b>Non-GAAP</b>	<b>\$0.00 - \$0.12</b>

# Reconciliation of Operating Margin

	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY09
<b>GAAP Operating Margin</b>	<b>2.5%</b>	<b>10.6%</b>	<b>18.7%</b>	<b>24.6%</b>	<b>19.0%</b>	<b>20.5%</b>	<b>10.6%</b>
Stock-based compensation expense	0.6%	0.6%	0.7%	0.3%	5.1%	4.6%	3.9%
Amortization of purchased intangibles	-	-	-	-	0.8%	0.9%	2.0%
IPR&D	-	-	-	0.5%	-	0.3%	1.2%
Empl. tax reimb. related to stock option review	-	-	-	-	-	0.6%	-
Litigation accrual	-	-	-	-	0.3%	-	-
Impairment of goodwill and intangibles	-	-	-	-	-	-	5.6%
Restructuring	3.1%	0.3%	2.2%	-	-	-	1.7%
<b>Non-GAAP Operating Margin</b>	<b>6.2%</b>	<b>11.5%</b>	<b>21.5%</b>	<b>25.5%</b>	<b>25.2%</b>	<b>26.9%</b>	<b>24.9%</b>