

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

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**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): **August 7, 2019**

**ASPEN TECHNOLOGY, INC.**

(Exact name of registrant as specified in its charter)

**001-34630**

**Delaware**  
(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

**04-2739697**  
(IRS Employer  
Identification No.)

**20 Crosby Drive, Bedford, MA**  
(Address of principal executive offices)

**01730**  
(Zip Code)

Registrant's telephone number, including area code: **(781) 221-6400**

(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))

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

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.

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**Item 2.02 Events Results of Operations and Financial Condition.**

On August 7, 2019, we issued a press release announcing financial results for the fourth quarter of fiscal year 2019, ended June 30, 2019. The full text of the press release issued in connection with this announcement is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Item 2.02, including Exhibit 99.1, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934 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 or the Securities Exchange Act of 1934 except as expressly set forth by specific reference in such a filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

The following exhibit relating to Item 2.02 shall be deemed to be furnished, and not filed:

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">Press release issued by Aspen Technology, Inc. on August 7, 2019</a>

**SIGNATURE**

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.

**ASPEN TECHNOLOGY, INC.**

Date: August 7, 2019

By: /s/ Karl E. Johnsen

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Karl E. Johnsen

Senior Vice President and Chief Financial Officer



## Contacts:

**Media Contact**

David Grip

AspenTech

+1 781-221-5273

david.grip@aspentech.com

**Investor Contact**

Brian Denyeau

ICR

+1 646-277-1251

brian.denyeau@icrinc.com

## Aspen Technology Announces Financial Results for the Fourth Quarter and Fiscal Year 2019

**Bedford, Mass. - August 7, 2019** - Aspen Technology, Inc. (NASDAQ:AZPN), the asset optimization software company, today announced financial results for its fourth quarter and fiscal year ended June 30, 2019.

“AspenTech’s fourth quarter performance was a strong finish to a great year, highlighted by a return to double-digit annual spend growth. Our results reflect positive contributions across all areas of the business, including meaningful improvement in Engineering, continued strength in MSC and substantial growth from APM,” said Antonio Pietri, President and Chief Executive Officer of AspenTech.

Pietri continued, “We enter fiscal year 2020 performing at a high level and are benefitting from a positive demand environment driven by a secular technology investment cycle in the process and other capital intensive industries. We believe AspenTech is well positioned to benefit from this trend and intend to make investments in the business this year to ensure we maximize this opportunity. We are confident this will generate additional value for our customers and shareholders over time.”

### Fourth Quarter and Fiscal Year 2019 Recent Business Highlights

- Annual spend, which the company defines as the annualized value of all term license and maintenance contracts at the end of the quarter, was approximately \$541 million at the end of the fourth quarter of fiscal 2019, which increased 10.6% compared to the fourth quarter of fiscal 2018 and 2.8% sequentially.
- GAAP operating margin was 56.8% compared to 50.2% in the fourth quarter of fiscal 2018. Non-GAAP operating margin was 61.3% compared to 54.1% in the fourth quarter of fiscal 2018.
- AspenTech repurchased approximately 648,000 shares of its common stock for \$75 million in the fourth quarter of fiscal 2019.
- AspenTech repurchased approximately 3.1 million shares of its common stock for \$300 million in fiscal year 2019.

### Summary of Fourth Quarter Fiscal Year 2019 Financial Results

AspenTech’s total revenue of \$195.8 million included:

- **License revenue**, which represents the portion of a term license agreement allocated to the initial license, was \$148.5 million in the fourth quarter of fiscal 2019, compared to \$111.6 million in the fourth quarter of fiscal 2018.
- **Maintenance revenue**, which represents the portion of the term license agreement related to on-going support and the right to future product enhancements, was \$39.5 million in the fourth quarter of fiscal 2019, compared to \$39.2 million in the fourth quarter of fiscal 2018.

- **Services and other revenue** was \$7.8 million in the fourth quarter of fiscal 2019, compared to \$8.3 million in the fourth quarter of fiscal 2018.

For the quarter ended June 30, 2019, AspenTech reported income from operations of \$111.2 million, compared to income from operations of \$79.8 million for the quarter ended June 30, 2018.

Net income was \$103.9 million for the quarter ended June 30, 2019, leading to net income per share of \$1.49, compared to net income per share of \$1.06 in the same period last fiscal year.

Non-GAAP income from operations was \$119.9 million for the fourth quarter of fiscal 2019, compared to non-GAAP income from operations of \$86.1 million in the same period last fiscal year. Non-GAAP net income was \$110.7 million, or \$1.59 per share, for the fourth quarter of fiscal 2019, compared to non-GAAP net income of \$81.2 million, or \$1.12 per share, in the same period last fiscal year. These non-GAAP results add back the impact of stock-based compensation expense, amortization of intangibles and acquisition related fees. A reconciliation of GAAP to non-GAAP results is presented in the financial tables included in this press release.

AspenTech had cash and cash equivalents of \$71.9 million and borrowings of \$220 million at June 30, 2019.

During the fourth quarter, the company generated \$85.2 million in cash flow from operations and \$84.9 million in free cash flow. Free cash flow is calculated as net cash provided by operating activities adjusted for the net impact of: purchases of property, equipment and leasehold improvements; capitalized computer software development costs, and other nonrecurring items, such as acquisition related payments.

### Summary of Fiscal Year 2019 Financial Results

AspenTech's total revenue of \$598.3 million increased 15% from \$518.9 million for fiscal year 2018.

- **License revenue** was \$404.1 million, an increase from \$326.5 million for fiscal year 2018.
- **Maintenance revenue** was \$165.4 million, an increase from \$161.1 million for fiscal year 2018.
- **Services and other revenue** was \$28.8 million, compared to \$31.2 million for fiscal year 2018.

For the fiscal year ended June 30, 2019, AspenTech reported income from operations of \$282.8 million, compared to income from operations of \$219.2 million for fiscal year 2018.

Net income was \$262.7 million for the fiscal year ended June 30, 2019, leading to net income per share of \$3.71, compared to net income per share of \$4.03 for fiscal year 2018. Net income in the year ago period benefited from one-time, non-cash items related to the implementation of Topic 606 and the implementation of the Tax Cuts and Jobs Act of 2017.

Non-GAAP income from operations was \$316.3 million for fiscal year 2019, an improvement compared to non-GAAP income from operations of \$246.6 million for fiscal year 2018. Non-GAAP net income was \$289.2 million, or \$4.09 per share, for fiscal year 2019, compared to non-GAAP net income of \$313.4 million, or \$4.30 per share, for fiscal year 2018.

For the fiscal year ended June 30, 2019, the company generated \$238.3 million in cash flow from operations and \$236.8 million in free cash flow.

**Note regarding Balance Sheet and Cash flow:** AspenTech is in the process of completing its final documentation under FASB Topic 606 (Revenue from Contracts with Customers) in connection with its Annual Report on Form 10-K, which it expects to file on time later this month. Selected balance sheet and statement of cash flow information is provided in the tables below.

### Business Outlook

Based on information as of today, August 7, 2019, AspenTech is issuing the following financial guidance for fiscal year 2020:

- Annual spend growth of 10-12% year-over-year
- Free cash flow of \$250 to \$260 million
- Total bookings of \$600 to \$650 million
- Total Revenue of \$575 to \$615 million

- GAAP operating income of \$206 to \$241 million
- Non-GAAP operating income of \$272 to \$307 million
- GAAP net income per share of \$2.70 to \$3.11
- Non-GAAP net income per share of \$3.44 to \$3.85

These statements are forward-looking and actual results may differ materially. Refer to the Forward-Looking Statements safe harbor below for information on the factors that could cause our actual results to differ materially from these forward-looking statements.

AspenTech has not reconciled its expectations as to non-GAAP operating income and non-GAAP net income per share to their most directly comparable GAAP measure because certain items are out of AspenTech's control or cannot be reasonably predicted. Accordingly, a reconciliation for forward-looking non-GAAP operating income and non-GAAP net income per share is not available without unreasonable effort.

### **Use of Non-GAAP Financial Measures**

This press release contains "non-GAAP financial measures" under the rules of the U.S. Securities and Exchange Commission. Non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles. This non-GAAP information supplements, and is not intended to represent a measure of performance in accordance with, disclosures required by generally accepted accounting principles, or GAAP. Non-GAAP financial measures should be considered in addition to, not as a substitute for or superior to, financial measures determined in accordance with GAAP. A reconciliation of GAAP to non-GAAP results is included in the financial tables included in this press release.

Management considers both GAAP and non-GAAP financial results in managing Aspen Technology's business. As the result of adoption of new licensing models, management believes that a number of Aspen Technology's performance indicators based on GAAP, including revenue, gross profit, operating income and net income, should be viewed in conjunction with certain non-GAAP and other business measures in assessing Aspen Technology's performance, growth and financial condition. Accordingly, management utilizes a number of non-GAAP and other business metrics, including the non-GAAP metrics set forth in this press release, to track Aspen Technology's business performance. None of these non-GAAP metrics should be considered as an alternative to any measure of financial performance calculated in accordance with GAAP.

### **Conference Call and Webcast**

Aspen Technology will host a conference call and webcast today, August 7<sup>th</sup>, 2019, at 4:30 p.m. (Eastern Time), to discuss the company's financial results for the fourth quarter and fiscal year 2019 as well as the company's business outlook. The live dial-in number is (866) 471-3828 or (678) 509-7573, conference ID code 2744108. Interested parties may also listen to a live webcast of the call by logging on to the Investor Relations section of Aspen Technology's website, <http://ir.aspentech.com/events-and-presentations>, and clicking on the "webcast" link. A replay of the call will be archived on Aspen Technology's website and will also be available via telephone at (855) 859-2056 or (404) 537-3406, conference ID code 2744108, through August 14, 2019.

### **About Aspen Technology**

Aspen Technology (AspenTech) is a leading software supplier for optimizing asset performance. Its products thrive in complex, industrial environments where it is critical to optimize the asset design, operation and maintenance lifecycle. AspenTech uniquely combines decades of process modelling expertise with machine learning. The company's purpose-built software platform automates knowledge work and builds sustainable competitive advantage by delivering high returns over the entire asset lifecycle. As a result, companies in capital-intensive industries can maximize uptime and push the limits of performance, running their assets safer, greener, longer, and faster. Visit [AspenTech.com](http://AspenTech.com) to find out more.

### **Forward-Looking Statements**

The third paragraph of this press release as well as the Business Outlook section contain forward-looking statements for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Actual results may vary significantly from Aspen Technology's (AspenTech) expectations based on a number of risks and uncertainties, including, without limitation: AspenTech's failure to increase usage and product adoption of aspenONE offerings or grow the aspenONE APM business, and failure to continue to provide innovative, market-leading solutions; the demand for, or usage of, aspenONE software declines for any reason, including declines due to adverse changes in the process or other capital-intensive industries; unfavorable economic and market conditions or a lessening demand in the market for asset process optimization software; risks of foreign operations or transacting business with customers outside the United States; risks of competition and other risk factors described from time to

time in AspenTech's periodic reports filed with the Securities and Exchange Commission. AspenTech cannot guarantee any future results, levels of activity, performance, or achievements. AspenTech expressly disclaims any obligation to update forward-looking statements after the date of this press release.

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**Source:** Aspen Technology, Inc

**ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Dollars in Thousands, Except per Share Data)

	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2019	2018 As Adjusted	2019	2018 As Adjusted
<b>Revenue:</b>				
License	\$ 148,506	\$ 111,611	\$ 404,122	\$ 326,549
Maintenance	39,481	39,175	165,436	161,065
Services and other	7,782	8,298	28,787	31,245
Total revenue	<u>195,769</u>	<u>159,084</u>	<u>598,345</u>	<u>518,859</u>
<b>Cost of revenue:</b>				
License	1,918	1,493	7,060	5,236
Maintenance	4,967	4,347	19,208	17,408
Services and other	8,605	7,207	31,548	28,000
Total cost of revenue	<u>15,490</u>	<u>13,047</u>	<u>57,816</u>	<u>50,644</u>
Gross profit	<u>180,279</u>	<u>146,037</u>	<u>540,529</u>	<u>468,215</u>
<b>Operating expenses:</b>				
Selling and marketing	30,842	27,047	111,374	99,737
Research and development	21,229	21,213	83,122	82,076
General and administrative	16,985	17,993	63,231	67,181
Total operating expenses	<u>69,056</u>	<u>66,253</u>	<u>257,727</u>	<u>248,994</u>
Income from operations	<u>111,223</u>	<u>79,784</u>	<u>282,802</u>	<u>219,221</u>
Interest income	7,068	6,105	28,457	24,954
Interest (expense)	(2,405)	(1,739)	(8,733)	(5,691)
Other income (expense), net	1,149	120	664	(838)
Income before income taxes	<u>117,035</u>	<u>84,270</u>	<u>303,190</u>	<u>237,646</u>
Provision for (benefit from) income taxes	13,170	7,624	40,456	(56,057)
Net income	<u>\$ 103,865</u>	<u>\$ 76,646</u>	<u>\$ 262,734</u>	<u>\$ 293,703</u>
<b>Net income per common share:</b>				
Basic	\$ 1.51	\$ 1.07	\$ 3.76	\$ 4.07
Diluted	\$ 1.49	\$ 1.06	\$ 3.71	\$ 4.03
<b>Weighted average shares outstanding:</b>				
Basic	68,839	71,349	69,925	72,140
Diluted	69,638	72,315	70,787	72,956

**ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES**  
**SELECTED CONSOLIDATED BALANCE SHEET DATA**  
(Dollars in Thousands)

	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	\$ 71,926	\$ 96,165
Borrowings under credit agreement	220,000	170,000

**ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES**  
**Reconciliation of GAAP to Non-GAAP Results of Operations and Cash Flows**  
(Dollars in Thousands, Except per Share Data)

	Three Months Ended		Twelve Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
	As Adjusted		As Adjusted	
<b>Total expenses</b>				
GAAP total expenses (a)	\$ 84,546	\$ 79,300	\$ 315,543	\$ 299,638
Less:				
Stock-based compensation (b)	(6,119)	(5,466)	(27,573)	(22,688)
Amortization of intangibles	(1,153)	(653)	(4,533)	(2,231)
Litigation judgment	—	(141)	—	(1,689)
Acquisition related fees	(1,430)	(15)	(1,438)	(721)
Non-GAAP total expenses	\$ 75,844	\$ 73,025	\$ 281,999	\$ 272,309
<b>Income from operations</b>				
GAAP income from operations	\$ 111,223	\$ 79,784	\$ 282,802	\$ 219,221
Plus:				
Stock-based compensation (b)	6,119	5,466	27,573	22,688
Amortization of intangibles	1,153	653	4,533	2,231
Litigation judgment	—	141	—	1,689
Acquisition related fees	1,430	15	1,438	721
Non-GAAP income from operations	\$ 119,925	\$ 86,059	\$ 316,346	\$ 246,550
<b>Net income</b>				
GAAP net income	\$ 103,865	\$ 76,646	\$ 262,734	\$ 293,703
Plus:				
Stock-based compensation (b)	6,119	5,466	27,573	22,688
Amortization of intangibles	1,153	653	4,533	2,231
Litigation judgment	—	141	—	1,689
Acquisition related fees	1,430	15	1,438	721
Less:				
Income tax effect on Non-GAAP items (c)	(1,827)	(1,763)	(7,044)	(7,679)
Non-GAAP net income	\$ 110,740	\$ 81,158	\$ 289,234	\$ 313,353
<b>Diluted income per share</b>				
GAAP diluted income per share	\$ 1.49	\$ 1.06	\$ 3.71	\$ 4.03
Plus:				
Stock-based compensation (b)	0.09	0.07	0.40	0.32
Amortization of intangibles	0.02	0.01	0.06	0.03
Litigation judgment	—	—	—	0.02
Acquisition related fees	0.02	—	0.02	0.01
Less:				
Income tax effect on Non-GAAP items (c)	(0.03)	(0.02)	(0.10)	(0.11)
Non-GAAP diluted income per share	\$ 1.59	\$ 1.12	\$ 4.09	\$ 4.30

**ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES**  
**Reconciliation of GAAP to Non-GAAP Results of Operations and Cash Flows**  
(Dollars in Thousands, Except per Share Data)

Shares used in computing Non-GAAP diluted income per share

	69,638	72,315	70,787	72,956
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	<b>Three Months Ended June 30,</b>		<b>Twelve Months Ended June 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Free Cash Flow</b>				
GAAP cash flow from operating activities	\$ 85,177	\$ 79,107	\$ 238,313	\$ 206,936
Purchase of property, equipment and leasehold improvements	(230)	(114)	(436)	(331)
Capitalized computer software development costs	(37)	(30)	(1,131)	(329)
Non-capitalized acquired technology (d)	—	—	—	75
Acquisition related fee payments	—	280	27	1,148
Litigation related payments	—	260	—	4,546
<b>Free Cash Flow</b>	<b>\$ 84,910</b>	<b>\$ 79,503</b>	<b>\$ 236,773</b>	<b>\$ 212,045</b>

(a) GAAP total expenses

	<b>Three Months Ended June 30,</b>		<b>Twelve Months Ended June 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
		<b>As Adjusted</b>		<b>As Adjusted</b>
Total costs of revenue	\$ 15,490	\$ 13,047	\$ 57,816	\$ 50,644
Total operating expenses	69,056	66,253	257,727	248,994
<b>GAAP total expenses</b>	<b>\$ 84,546</b>	<b>\$ 79,300</b>	<b>\$ 315,543</b>	<b>\$ 299,638</b>

(b) Stock-based compensation expense was as follows:

	<b>Three Months Ended June 30,</b>		<b>Twelve Months Ended June 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
		<b>As Adjusted</b>		<b>As Adjusted</b>
Cost of maintenance	\$ 366	\$ 111	\$ 1,282	\$ 559
Cost of services and other	382	249	1,420	920
Selling and marketing	1,162	992	4,849	3,862
Research and development	1,472	1,938	6,923	7,617
General and administrative	2,737	2,176	13,099	9,730
<b>Total stock-based compensation</b>	<b>\$ 6,119</b>	<b>\$ 5,466</b>	<b>\$ 27,573</b>	<b>\$ 22,688</b>

(c) The income tax effect on non-GAAP items for the three and twelve months ended June 30, 2019 is calculated utilizing the Company's statutory tax rate of 21 percent. The income tax effect on non-GAAP items for the three and twelve months ended June 30, 2018 is calculated utilizing the Company's estimated federal and state tax rate.

(d) In the twelve months ended June 30, 2018, the Company has excluded \$0.1 million of final payments related to non-capitalized acquired technology from prior fiscal periods from free cash flow to be consistent with the treatment of other transactions where the acquired assets were capitalized.