
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): April 29, 2004

ASPEN TECHNOLOGY, INC.

(Exact name of registrant as specified in charter)

Delaware

0-24786

04-2739697

(State or other juris-
diction of incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

Ten Canal Park, Cambridge, Massachusetts

02141

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (617) 949-1000

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

Item 12. Results of Operations and Financial Condition

On April 29, 2004, Aspen Technology, Inc. announced its financial results for the quarter ended March 31, 2004. The full text of the press release issued in connection with the announcement is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this 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 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.

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.

Date: April 29, 2004

ASPEN TECHNOLOGY, INC.

By: /s/ Charles F. Kane

Charles F. Kane
Senior Vice President and
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.

Description

99.1

Press release issued by Aspen Technology, Inc. on
April 29, 2004.

Aspen Technology Reports Fourth Consecutive Quarter
of Software License Revenue Growth

CAMBRIDGE, Mass.--(BUSINESS WIRE)--April 29, 2004--

Company Delivers Significant Improvement
in Year-over-Year Operating Margins Driven by Rebound
in Spending From the Chemicals Market

Aspen Technology, Inc. (NASDAQ: AZPN) today reported financial results for its fiscal 2004 third quarter and nine months ended March 31, 2004.

Total revenues for the third quarter totaled \$80.7 million, with software license revenues of \$35.9 million and services revenues of \$44.8 million. On a Generally Accepted Accounting Principles (GAAP) basis, the company reported third quarter net income of \$1.5 million, or \$0.03 per diluted share, compared to a net loss of \$2.0 million, or (\$0.05) per diluted share, in the same period last year. On a pro forma (non-GAAP) basis, excluding the preferred stock dividend and discount accretion, the company reported fiscal 2004 third quarter net income of \$4.9 million, or \$0.06 per diluted share.

"The strength of our business in the chemicals and oil & gas industries, combined with continued operational execution, enabled us to meet or exceed our quarterly targets for revenue and net income for the sixth consecutive quarter," said David McQuillin, President and CEO of AspenTech. "We continue to see modest improvements in the global economic environment and our customer base is actively looking to invest in IT solutions that support their corporate-wide initiatives to improve operational performance."

"During the past nine months, we have released nine new products, which we believe will fuel our future growth. Now, our challenge as a company is to focus on capturing the growth opportunities of these new products, as well as maximize the performance of our existing point solutions. As we build our sales pipeline for these products, we plan to reallocate organizational resources into sales and marketing activities that support our plans for profitable, sustainable growth in fiscal 2005 and beyond."

Total revenues for the nine months ended March 31, 2004 were \$238.1 million, with software license revenues growing by approximately seven percent year-over-year to \$108.7 million and services revenue totaling \$129.4 million. On a GAAP basis, the company reported net income of \$6.4 million, or \$0.13 per diluted share, as compared to a net loss of \$151.8 million, or (\$3.96) per diluted share, for the same period last year. On a pro forma (non-GAAP) basis, excluding the preferred stock dividend and discount accretion, the company reported net income of \$9.3 million, or \$0.12 per diluted share, compared to a pro forma (non-GAAP) loss of \$7.7 million, or (\$0.20) per diluted share, in the prior year.

"The company has made significant strides in consistently meeting or exceeding our operational targets and improving our financial performance, as evidenced by the year-over-year increase in our operating margins," said Charles Kane, Senior Vice President & CFO. "As we seek to grow our revenues and hit our long-term operating margin goals, it is necessary to maintain our focus on operational improvement and invest in the areas of the business that will produce the greatest growth opportunities."

Third Quarter Highlights

AspenTech accomplished the following in the third quarter:

- Generated 6.6 percent operating margins, its highest quarterly operating margin in four years and a more than two-fold improvement from last year's third quarter.
- Lowered DSOs for billed receivables by 21 days to 67 days compared to 88 days in the third quarter of fiscal 2003.
- Pro forma (non-GAAP) net income more than doubled from the year-ago quarter.
- Paid down approximately \$12 million of debt, relating to the company's outstanding convertible debentures.
- Signed significant license transactions with Eni Refining, Suncor Energy, Statoil, Mitsui Chemicals, Lubrizol, Valero Energy Corporation and L'Oreal.
- Delivered on new product development commitments with the

commercial launch of the Aspen Operations Manager Suite and the roll-out of the company's first vertical market solution, Aspen Oil & Gas.

- Received prestigious awards from Frost & Sullivan and the Supply Chain Council in recognition of the company's differentiated technology and value proposition to customers. The company was also recognized by the Service and Support Professionals Association for the third year in a row for outstanding customer support.

The company will hold a conference call and webcast to discuss its financial results, business outlook, and related corporate and financial matters at 5:00 p.m. eastern time on Thursday, April 29, 2004. Interested parties may listen to a live webcast of the call by logging on to AspenTech's website: <http://www.aspentech.com> and clicking on the "Webcast" link under the Investor Relations section of the site. A replay of the call will be archived on AspenTech's website for the next twelve months and will also be available for forty-eight hours via telephone, beginning at 8:00 p.m. eastern time on April 29, 2004, by dialing (800) 642-1687 and entering in confirmation code: 6816709.

Pro Forma (non-GAAP) Results

AspenTech reports pro forma financial results, which exclude certain non-operational, non-cash and other specified charges that management generally does not consider in evaluating the Company's ongoing operations. These results are provided as a complement to results provided in accordance with accounting principles generally accepted in the United States (known as "GAAP"). Management believes this pro forma measure helps indicate underlying trends in the Company's business, and uses this pro forma measure to establish budgets and operational goals that are communicated internally and externally, to manage the Company's business and to evaluate its performance. A reconciliation of pro forma to GAAP is included in the attached condensed consolidated financial statements.

About AspenTech

Aspen Technology, Inc. provides industry-leading software and implementation services that enable process companies to increase efficiency and profitability. AspenTech's engineering product line is used to design and improve plants and processes, maximizing returns throughout an asset's operating life. Its manufacturing/supply chain product line allows companies to increase margins in their plants and supply chains, by managing customer demand, optimizing production, and streamlining the delivery of finished products. These two offerings are combined to create solutions for enterprise operations management (EOM), integrated enterprise-wide systems that provide process manufacturers with the capability to dramatically improve their operating performance. Over 1,500 leading companies already rely on AspenTech's software, including Aventis, Bayer, BASF, BP, ChevronTexaco, Dow Chemical, DuPont, ExxonMobil, Fluor, Foster Wheeler, GlaxoSmithKline, Shell, and Total. For more information, visit www.aspentech.com.

The third, fourth and sixth paragraphs of this press release contains forward-looking statements for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. For this purpose, any statement using the term "will," "should," "could," "anticipates," "believes" or a comparable term is a forward-looking statement. Actual results may vary significantly from AspenTech's expectations based on a number of risks and uncertainties, including: AspenTech's lengthy sales cycle which makes it difficult to predict quarterly operating results; the FTC's investigation of AspenTech's acquisition of Hyprotech; fluctuations in AspenTech's quarterly operating results; AspenTech's dependence on customers in the cyclical chemicals, petrochemicals and petroleum industries; AspenTech's ability to raise additional capital as required; AspenTech's ability to integrate the operations of acquired companies; intense competition; AspenTech's need to develop and market products successfully; reliance on relationships with strategic partners; and other risk factors described from time to time in AspenTech's periodic reports and registration statements filed with the Securities and Exchange Commission. AspenTech cannot guarantee any future results, levels of activity, performance, or achievements. Moreover, neither AspenTech nor anyone else assumes responsibility for the accuracy and completeness of any forward-looking statements. AspenTech undertakes no obligation to update any of the forward-looking statements after the date of this press release.

AspenTech and the Aspen logo are trademarks of Aspen Technology, Inc., Cambridge, Mass.

ASPEN TECHNOLOGY, INC.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	March 31,	March 31,	March 31,	March 31,
	2004	2003	2004	2003
	-----	-----	-----	-----
REVENUES:				
Software licenses	\$35,914	\$34,883	\$108,736	\$101,310
Services	44,785	44,846	129,397	138,642
	-----	-----	-----	-----
Total revenues	80,699	79,729	238,133	239,952
	-----	-----	-----	-----
EXPENSES:				
Cost of software licenses	3,854	2,891	11,786	9,737
Cost of services	25,345	25,745	74,223	80,576
Selling and marketing	23,818	24,455	71,281	80,640
Research and development	14,234	15,727	44,534	49,469
General and administrative(1)	8,098	8,893	25,005	27,637
Goodwill Impairment Charge	-	-	-	74,715
Restructuring & Other One Time Charges	-	2,100	2,000	62,629
	-----	-----	-----	-----
Total costs and expenses	75,349	79,811	228,829	385,403
	-----	-----	-----	-----
Income (loss) from operations	5,350	(82)	9,304	(145,451)
Other income (expense), net	462	64	757	(750)
Interest income, net	460	349	2,077	1,198
	-----	-----	-----	-----
Income (loss) before provision for income taxes	6,272	331	12,138	(145,003)
Provision for income taxes	1,352	-	2,855	-
	-----	-----	-----	-----
Net income (loss)	4,920	331	9,283	(145,003)
Accretion of preferred stock discount and dividend(2)	(3,400)	(2,291)	(2,900)	(6,812)
	-----	-----	-----	-----
Net income (loss) applicable to common stockholders	\$1,520	\$(1,960)	\$6,383	\$(151,815)
	=====	=====	=====	=====
EARNINGS PER SHARE:				
Basic net income (loss) per common share	\$0.04	\$(0.05)	\$0.16	\$(3.96)
	=====	=====	=====	=====
Diluted net income (loss) per common share	\$0.03	\$(0.05)	\$0.13	\$(3.96)
	=====	=====	=====	=====
Weighted average shares outstanding - Basic	41,049	38,795	40,326	38,295
	=====	=====	=====	=====
Weighted average shares outstanding - Diluted	51,907	38,795	48,275	38,295
	=====	=====	=====	=====
PRO FORMA EARNINGS PER SHARE:				
Pro forma net income (loss) excludes Accretion of preferred stock discount and dividend for all periods and Restructuring and other charges for the periods ended March 31, 2003, and pro forma weighted average shares outstanding assumes the conversion of the Series D preferred stock to common stock.				
Net income (loss)	\$4,920	\$2,431	\$9,283	\$(7,659)
	=====	=====	=====	=====

Diluted earnings (loss) per share	\$0.06	\$0.06	\$0.12	\$(0.20)
	=====	=====	=====	=====
Weighted average shares outstanding - diluted	88,244	40,938	78,556	38,295
	=====	=====	=====	=====

(1) General and administrative costs include amortization of intangible assets of \$1.9 million and \$5.8 million in the three and nine months ended March 31, 2004, and \$2.2 million and \$8.7 million in the three and nine months ended March 31, 2003.

(2) Detail of this amount is provided on the reconciliation of net income (loss) to pro forma net income (loss)

Supplemental information - Reconciliation of net income (loss) to pro forma net income (loss)

	Three Months Ended		Nine Months Ended	
	March 31,	March 31,	March 31,	March 31,
	2004	2003	2004	2003
	-----	-----	-----	-----
Net income (loss) applicable to common stockholders	\$1,520	\$(1,960)	\$6,383	\$(151,815)
Adjustments to net income (loss):				
Restructuring and other charges	-	2,100	-	137,344
Preferred stock discount and dividend accretion	3,400	2,291	9,352	6,812
Gain on conversion of Series B redeemable preferred stock	-	-	(6,452)	-
	-----	-----	-----	-----
Pro forma net income (loss)	\$4,920	\$2,431	\$9,283	\$(7,659)
	=====	=====	=====	=====

ASPEN TECHNOLOGY, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(in thousands)

	March 31,	June 30,
	2004	2003
	-----	-----
ASSETS		
Current assets:		
Cash, cash equivalents and short-term investments	\$114,387	\$51,567
Accounts receivable, net	60,225	77,725
Unbilled services	18,399	15,279
Current portion of long-term installments receivable, net	20,301	34,720
Deferred tax asset	2,929	2,929
Prepaid expenses and other current assets	9,667	11,581
	-----	-----
Total current assets	225,908	193,801
	-----	-----
Long-term installments receivable, net	69,110	73,377
Equipment and leasehold improvements, net	23,895	31,158
Computer software development costs, net	18,998	17,728
Intangible assets, net	36,182	41,279
Purchased intellectual property, net	1,437	1,861
Deferred tax asset	13,831	13,831
Other assets	3,925	5,445
	-----	-----
Total assets	\$393,286	\$378,480
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$1,996	\$3,849
Amount owed to Accenture	-	8,162
Accounts payable and accrued expenses	70,949	82,094

Unearned revenue	18,714	20,492
Deferred revenue	36,007	37,266
	-----	-----
Total current liabilities	127,666	151,863
	-----	-----
Long-term debt, less current maturities	64,201	89,911
Deferred revenue, less current portion	6,637	9,815
Deferred tax liability	11,195	13,258
Other liabilities	8,150	16,009
	-----	-----
Redeemable preferred stock	103,303	57,537
Total stockholders' equity	72,134	40,087
	-----	-----
Total liabilities and stockholders' equity	\$393,286	\$378,480
	=====	=====

CONTACT: Aspen Technology, Inc.
Joshua Young, 617-949-1274
joshua.young@aspentech.com