

ASPEN TECHNOLOGY INC /DE/
Form 10-Q
October 26, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2017

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-34630

ASPEN TECHNOLOGY, INC.

(Exact name of registrant as specified in its charter)

Delaware 04-2739697

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

20 Crosby Drive

Bedford, Massachusetts 01730

(Address of principal executive offices) (Zip Code)

(781) 221-6400

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

filer (Do not check if

a smaller reporting
company)

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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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act): Yes No
As of October 19, 2017, there were 72,535,428 shares of the registrant's common stock (par value \$0.10 per share) outstanding.

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aspenONE is one of our registered trademarks. All other trade names, trademarks and service marks appearing in this Form 10-Q are the property of their respective owners.

Our fiscal year ends on June 30th, and references to a specific fiscal year are to the twelve months ended June 30th of such year (for example, "fiscal 2018" refers to the year ending June 30, 2018).

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Consolidated Financial Statements (unaudited)

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended	
	September 30,	
	2017	2016
	(Dollars in	
	Thousands, Except	
	per Share Data)	
Revenue:		
Subscription and software	\$ 115,756	\$ 113,444
Services and other	7,025	6,606
Total revenue	122,781	120,050
Cost of revenue:		
Subscription and software	5,783	5,069
Services and other	6,949	6,437
Total cost of revenue	12,732	11,506
Gross profit	110,049	108,544
Operating expenses:		
Selling and marketing	23,571	22,025
Research and development	19,489	18,632
General and administrative	13,676	13,157
Total operating expenses	56,736	53,814
Income from operations	53,313	54,730
Interest income	141	272
Interest (expense)	(1,206)	(869)
Other (expense) income, net	(616)	646
Income before provision for income taxes	51,632	54,779
Provision for income taxes	16,877	19,779
Net income	\$34,755	\$35,000
Net income per common share:		
Basic	\$0.48	\$0.44
Diluted	\$0.47	\$0.44
Weighted average shares outstanding:		
Basic	73,024	79,048
Diluted	73,609	79,385

See accompanying Notes to these unaudited consolidated financial statements.

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ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (Unaudited)

	Three Months Ended September 30,	
	2017	2016
	(Dollars in Thousands)	
Net income	\$ 34,755	\$ 35,000
Other comprehensive income (loss):		
Net unrealized losses on available for sale securities, net of tax effects of \$15 for the three months ended September 30, 2016	—	(26)
Foreign currency translation adjustments	1,401	(904)
Total other comprehensive income (loss)	1,401	(930)
Comprehensive income	\$ 36,156	\$ 34,070

See accompanying Notes to these unaudited consolidated financial statements.

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ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 (Unaudited)

September 30,
 2017 2017
 (Dollars in
 Thousands, Except
 Share Data)

ASSETS

Current assets:

Cash and cash equivalents	\$58,983	\$101,954
Accounts receivable, net	28,284	27,670
Prepaid expenses and other current assets	11,336	12,061
Prepaid income taxes	3,334	4,501
Total current assets	101,937	146,186
Property, equipment and leasehold improvements, net	12,360	13,400
Computer software development costs, net	706	667
Goodwill	51,738	51,248
Intangible assets, net	20,263	20,789
Non-current deferred tax assets	14,404	14,352
Other non-current assets	1,315	1,300
Total assets	\$202,723	\$247,942

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:

Accounts payable	\$3,522	\$5,467
Accrued expenses and other current liabilities	36,761	48,149
Income taxes payable	15,913	1,603
Borrowings under credit agreement	140,000	140,000
Current deferred revenue	233,476	272,024
Total current liabilities	429,672	467,243
Non-current deferred revenue	26,754	28,335