Contacts:

Media Contact	Investor Contact
Len Dieterle	William Dyke
Aspen Technology	Aspen Technology
+1 781-221-4291	+1 781-221-5571
len.dieterle@aspentech.com	ir@aspentech.com

Aspen Technology Outlines Value Creation Strategy at 2024 Investor Day

Bedford, Mass. – September 17, 2024 – Aspen Technology, Inc. ("AspenTech" or the "Company") (NASDAQ: AZPN), a global leader in industrial software, held its 2024 Investor Day today, during which management provided updates on the Company's strategic priorities, business growth drivers, product innovation, and financial outlook.

"AspenTech has worked hard to become the trusted partner we are today, helping customers transform their operations to adapt to and capitalize on the opportunities resulting from the global transition to a new energy system while also achieving their sustainability goals," said Antonio Pietri, President and CEO of AspenTech. "As a market leader with a deeply talented team and more than 40 years of experience delivering leading-edge technology, we are focused on driving continuous innovation, including in Industrial AI, and increased product usage and adoption to support our long-term growth and financial objectives."

Pietri continued, "Over the past few years, our partnership with Emerson has provided us with access to new cross-sell opportunities, increased industry diversification, and the ability to pursue value-creating M&A. Together, we have formed a powerful new R&D vision for the future that we expect will only strengthen going forward as a complementary offering across the industrial technology stack."

Multi-year Financial Outlook

AspenTech reaffirmed its outlook for the full year of fiscal 2025, as stated on August 6, 2024, and provided the following multi-year financial outlook as part of its 2024 Investor Day.

- High-single-digits to double-digits Annual Contract Value[1] ("ACV") growth
- ACV margin[2] of 45-47%
- Mid-teens free cash flow[3] growth

David Baker, Chief Financial Officer of AspenTech, commented "We start fiscal 2025 with a solid foundation, positioning us well in a large industrial software market with durable tailwinds. Looking ahead, we are confident in our ability to achieve strong ACV growth while driving steady margin expansion to deliver mid-teens free cash flow growth. We will continue to execute a disciplined capital allocation approach focused on investing in key strategic areas of the business, executing value-creating M&A, and returning capital to shareholders via share buybacks."

Attractive Shareholder Value Creation

AspenTech's multi-year financial framework is supported by the following value creation framework.

Driving ACV Growth

- Uniquely positioned to capitalize on ~$15 - $16 billion addressable market in current suites or near-adjacent opportunities in alignment with long-term macro trends.
- Building on a history of industry-leading innovation to deliver transformational capabilities that better enable customers' performance, resiliency investments and sustainability efforts across the full asset lifecycle.

- Driving product usage and adoption by leveraging the Company's term and token model and closely collaborating with customers to meet their needs and co-innovate.

Expanding Margins

- Increasing mix of software relative to services further in alignment with pure play industrial software strategy.
- Advancing a scalable commercial model to grow ACV at minimal cost while accelerating access to innovation and enhancing customer value proposition.
- Driving productivity and efficiency improvements while capitalizing on significant leverage in cost structure.

Executing Disciplined Capital Allocation

- Reinforcing track record of innovation through strategic organic investment to expand customer relationships and drive growth.
- Executing a proven, value-creating M&A playbook focused on tuck-ins and strategic anchor targets to augment core suites, extend solutions across the value chain, or access new markets.
- Building on track record of returning capital to shareholders, as represented by more than $2 billion of share repurchases over past decade.

Event Recording and Presentation Materials

A replay of the event webcast and presentation materials are available for a limited time on the Webcasts and Events section of AspenTech's IR website at https://ir.aspentech.com/events-presentations/webcasts-and-events.

Footnotes

1. AspenTech defines ACV as the estimate of the annual value of portfolio of term license and software maintenance and support ("SMS") contracts, the annual value of SMS agreements purchased with perpetual licenses and the annual value of standalone SMS agreements purchased with certain legacy term license agreements, which have become an immaterial part of the Company's business.
2. ACV margin is calculated as the sum of current ACV less trailing twelve month total non-GAAP expenses, divided by current ACV.
3. Free cash flow is a non-GAAP metric that is calculated as net cash provided by operating activities adjusted for the net impact of purchases of property, equipment and leasehold improvements and payments for capitalized computer software development costs. The most directly comparable GAAP financial measure to Free Cash Flow is Operating Cash Flow. Effective January 1, 2023, AspenTech no longer excludes acquisition and integration planning related payments from its computation of free cash flow.

About AspenTech

Aspen Technology, Inc. (NASDAQ: AZPN) is a global software leader helping industries at the forefront of the world's dual challenge meet the increasing demand for resources from a rapidly growing population in a profitable and sustainable manner. AspenTech solutions address complex environments where it is critical to optimize the asset design, operation and maintenance lifecycle. Through our unique combination of deep domain expertise and innovation, customers in asset-intensive industries can run their assets safer, greener, longer and faster to improve their operational excellence.

Forward Looking Statements

Statements in this press release and our commentary and responses to questions that are not strictly historical may be "forward-looking" statements for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, which involve risks and uncertainties, and AspenTech undertakes no obligation to update any such statements to reflect later developments. These forward-looking statements include, but are not limited to, our guidance for fiscal 2025, our target operating model and annual contract value growth targets. In some cases, you can identify forward-looking statements by the following words: "may," "will," "could," "would," "should," "expect," "intend," "plan," "strategy," "anticipate," "believe," "estimate," "predict," "project," "potential," "continue," "ongoing," "target," "opportunity" or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words. These risks and uncertainties include, without limitation: the failure to realize the anticipated benefits of our transaction with Emerson Electric Co.; risks resulting from our status as a controlled company; risks arising from our suspension of commercial activities in Russia and the scope, duration and ultimate impact of the Israeli-Hamas conflict; as well as economic and currency conditions, market demand (including adverse changes in the process or other capital-intensive industries such as materially reduced spending budgets due to oil and gas price declines and volatility), pricing, protection of intellectual property, cybersecurity, natural disasters, tariffs, sanctions, competitive and technological factors, and inflation; and others, as set forth in AspenTech's most recent Annual Report on Form 10-K and subsequent reports filed with the Securities and Exchange Commission (the "SEC"). Except as otherwise required by law, AspenTech disclaims any intention or obligation to update or revise any forward-looking statements, which speak only as of the date they were made, whether as a result of new information, future events, or circumstances or otherwise. The outlook contained herein represents AspenTech's expectation for its consolidated results, other than as noted herein.

Use of Non-GAAP Financial Measures

This press release contains "non-GAAP financial measures" under the rules of the SEC. 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.

Management considers both GAAP and non-GAAP financial results in managing AspenTech's business. As the result of adoption of new licensing models, management believes that a number of AspenTech'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 AspenTech'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 AspenTech's business performance.

SOURCE: Aspen Technology, Inc.