



3DEXPERIENCE[®]

Analysts Meeting Q2 2014

Bernard Charlès, President and CEO
Thibault de Tersant, Senior EVP, CFO

Forward Looking Information

Statements herein that are not historical facts but express expectations or objectives for the future, including but not limited to statements regarding the Company's non-IFRS financial performance objectives, are forward-looking statements.

Such forward-looking statements are based on Dassault Systèmes management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results or performances may differ materially from those in such statements due to a range of factors. The Company's current outlook for 2014 takes into consideration, among other things, an uncertain macroeconomic outlook, but if global economic and business conditions further deteriorate, the Company's business results may not develop as currently anticipated and may drop below their earlier levels for an extended period of time. Furthermore, due to factors affecting sales of the Company's products and services as described above, there may be a substantial time lag between an improvement in global economic and business conditions and an upswing in the Company's business results.

In preparing such forward-looking statements, the Company has in particular assumed an average US dollar to euro exchange rate of US\$1.35 per €1.00 for the third quarter and US\$1.36 per €1.00 for the full year as well as an average Japanese yen to euro exchange rate of JPY140 to €1.00 for the 2014 third quarter and JPY140 to €1.00 for the full year; however, currency values fluctuate, and the Company's results of operations may be significantly affected by changes in exchange rates.

The Company's actual results or performance may also be materially negatively affected by numerous risks and uncertainties, as described in the "Risk Factors" section of the 2013 *Document de Référence*, filed with the AMF on March 28, 2014, and also available on the Company's website www.3ds.com.

Non-IFRS Information

Readers are cautioned that the supplemental non-IFRS information presented in this press release is subject to inherent limitations. It is not based on any comprehensive set of accounting rules or principles and should not be considered as a substitute for IFRS measurements. Also, the Company's supplemental non-IFRS financial information may not be comparable to similarly titled non-IFRS measures used by other companies. Further specific limitations for individual non-IFRS measures, and the reasons for presenting non-IFRS financial information, are set forth in the Company's annual report for the year ended December 31, 2013 included in the Company's 2013 *Document de Référence* filed with the AMF on March 28, 2014.

In the tables accompanying this press release the Company sets forth its supplemental non-IFRS figures for revenue, operating income, operating margin, net income and diluted earnings per share, which exclude the effect of adjusting the carrying value of acquired companies' deferred revenue, share-based compensation expense and related social charges, the amortization of acquired intangible assets, other operating income and expense, net, certain one-time items included in financial revenue and other, net, and the income tax effect of the non-IFRS adjustments and certain one-time tax effects. The tables also set forth the most comparable IFRS financial measure and reconciliations of this information with non-IFRS information.

When the Company believes it would be helpful for understanding trends in its business, the Company provides percentage increases or decreases in its revenue (in both IFRS as well as non-IFRS) to eliminate the effect of changes in currency values, particularly the U.S. dollar and the Japanese yen, relative to the euro. When trend information is expressed herein "in constant currencies", the results of the "prior" period have first been recalculated using the average exchange rates of the comparable period in the current year, and then compared with the results of the comparable period in the current year.

Q2 2014 Highlights

- Delivering **software revenue growth acceleration** with:
 - **CATIA & SIMULIA** showing strong performance
 - Investments done in **sales channels** paying off
- Continuing to strengthen **Brands**
 - Introducing **BIOVIA** for **Scientific Innovation**
 - Complementing **SIMULIA** with **Simpack** acquisition for **Multi-Body Simulation**
 - Complementing **DELMIA** with **Quintiq** proposed acquisition for **Global Business Operations Planning**
- Advancing our **Social Industry Experience** strategy
- Reconfirming **FY14 guidance** and adding **Simpack** acquisition

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Q2 2014 Business & Strategy Review

1. **Q2 2014 Performance**
2. Social Industry Experience Strategy
3. CATIA
4. BIOVIA
5. Simpack Acquisition | SIMULIA
6. Quintiq Proposed Acquisition | DELMIA

Q2 2014 Performance Non-IFRS

- Delivering **software revenue growth acceleration** with **organic software revenue growth** up **7%** exFX in Q2 and **5%** in H1
- Currency** depreciation hiding **EPS** progression, up **13%** exFX in Q2 and **10%** in H1

€ millions	Q2 14	H1 14
Revenue	570.1	1072.9
Growth	+9%	+6%
Growth exFX	+15%	+12%
Software Revenue Growth exFX	+13%	+9%
Operating Margin	28.5%	28.1%
EPS (€)	0.85	1.58
EPS Evolution	+2%	-2%

Revenue by Region Non-IFRS

- Improved dynamic of new licenses revenue in the **US**
- Strong growth in **Germany**, in **Sweden** and in the **UK**
- Good performance in **Korea** and **India**

Revenue Growth exFX by Region

	Q2 14	H1 14
Americas	+18%	+13%
Europe	+15%	+12%
Asia	+11%	+10%
Total Revenue	+15%	+12%

Investments done in sales channels in Europe, North America and Japan are paying off

Software Revenue by Brands Non-IFRS

Software Revenue Growth exFX by Brands

- Strong **CATIA** performance in Q2
- Good H1 dynamic for **ENOVIA** with some deals closed sooner in Q1
- **SOLIDWORKS** performance driven by new licenses growth and strong recurring
- Double-digit **SIMULIA** revenue growth

	Q2 14	H1 14
CATIA	+11%	+6%
ENOVIA	+5%	+8%
SOLIDWORKS	+8%	+6%
Other Software	+27%	+20%
Total Software	+13%	+9%

Q2 2014 Business & Strategy Review

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- 2. Social Industry Experience Strategy**
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Advancing our Social Industry Experience Strategy

- Gaining traction with **cloud** in new industries
- Expanding **Industry Solution Experience Portfolio**
 - **40** Industry Solution Experiences at the end of Q2
- Demonstrating business value in new industries with **transformational wins**



“We implemented the **3DEXPERIENCE** platform pretty quickly and within the day, we were up and running”.

Barilla Adopts 3DEXPERIENCE Platform



Barilla

Barilla is a leader in the markets for pasta worldwide, for ready-made sauces in Europe, for bakery products in Italy and for crisp breads in Scandinavia

Business Values

- **Time reduction / Quality improvement / Process integration / Cost savings**
- “With the 3DEXPERIENCE Platform, we can digitally exchange ideas faster, more intuitively and with few to no packaging recalls.”

Marco Rossi, IT Business Process Support Director

Solution

- 3DEXPERIENCE Platform, with **Perfect Package Solution**

BNP Paribas Securities Services Adopts **3DEXPERIENCE** Platform



BNP Paribas Securities Services

Leading provider of securities services & investment operations solutions to financial institutions and institutional investors worldwide

Business Values

- “It will help our teams share knowledge efficiently and streamline our processes”.
- “We estimate the **3DEXPERIENCE** Platform will reduce our **time to market by 20%**, which is significant in our fast-changing industry”.

Sébastien Messean
Head of Product Lifecycle Management
BNP Paribas Securities Services

Solution

- **3DEXPERIENCE** Platform, with **Innovation Factory** Industry Solution Experience

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CATIA | Shape the world we live in

- Strong **CATIA new licenses** revenue growth, up **+24%** exFX in Q2
- New investments in **Transportation & Mobility** driving performance
- Showing excellence of CATIA portfolio with **specialized applications** up strongly
 - Surface Refinement - Electrical - Creative Designer - Model Based Definition - Machining - Mold & Tooling

Customers increasing
CATIA installed base in Q2,
including:



IN THE AGE OF EXPERIENCE

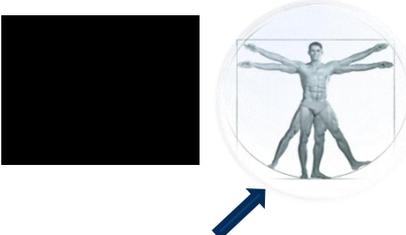
Design in the context of EXPERIENCE



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4. **BIOVIA**
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BIOVIA | Virtual BioSphere and Materials



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Very Positive Feedbacks from Customers and Industry Analysts after the BIOVIA Announcement

BIOVIA Customers in Diversified Markets



- “...Dassault Systèmes now has the **most extensive portfolio of life sciences capabilities** serving the R&D and product commercialization needs of both medical device and pharmaceutical manufacturers.”
- “BIOVIA should have a strong impact in the R&D space for **pharmaceuticals, biotechnology firms** and **academic research institutions**.”

Gartner

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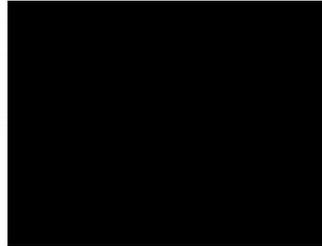
SIMULIA | Simulating Product, Nature & Life



3DEXPERIENCE®

Virtual + Real: Explore, Discover, Understand and Improve Product, Nature and Life

The Living Heart Project



Realistic Simulation for the Automotive Industry



...to **Reduce** Physical Testing and
Save significant **Time** and **Money**

Complementing SIMULIA with Simpack



- **Simpack profile**

- Technological leader in **Multi-Body Simulation**
- **Privately-held company** headquartered in Germany ~ 80 employees
- 130+ customers in the energy, automotive and rail industries
- 2014 FY estimated revenue: **~€10 million**



Scott Berkey,
SIMULIA CEO



Alex Eichberger,
SIMPACK CEO

- Adding multi-body simulation for **dynamic analysis of mechanical and mechatronic systems**
- Combined with **3DEXPERIENCE Platform**, enabling functional mock-up for **complete virtual and real product experience**



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6. **Quintiq Proposed Acquisition | DELMIA**



Dr. Victor Allis
Chief Executive Officer

Quintiq Identity Card



- **Global Business Operations Planning** software
- FY13 revenue: ~ **€70million**
- Revenue breakdown: **60%** Software, **40%** Services
- 2011-13 average revenue growth: **~+20%**
- Privately held company
- Headquartered in the Netherlands
- ~ **800** employees

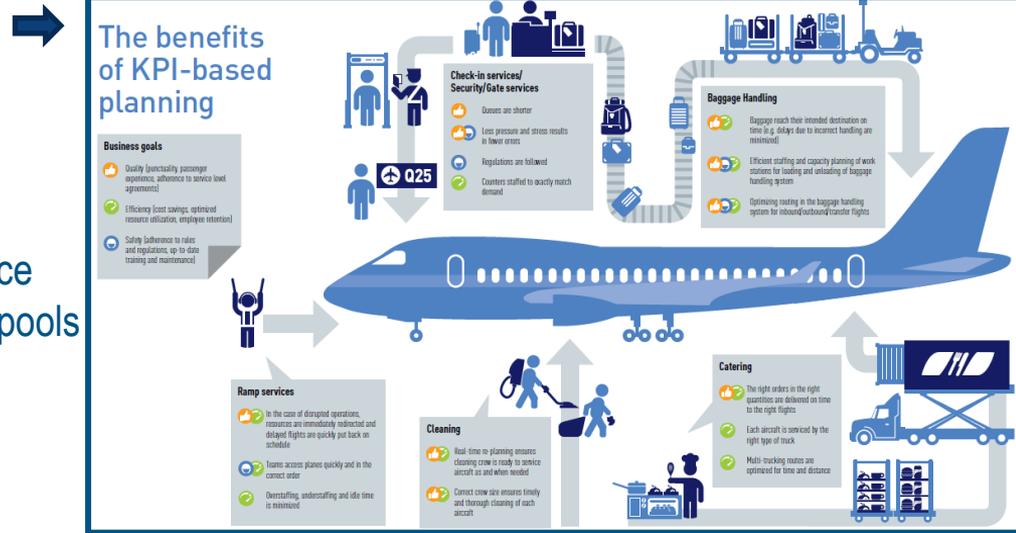
250 leading customers including:



Example: Airport Resource Planning

- Reduce **costs**
- Make **best use of resources**
- Increase **performance**
- Improve **passenger experience**
- Increase **Service Level Agreement** adherence
- Optimize **composition of teams & resource pools**
- Create robust resource **allocation plans**
- Reduce **overtime**
- Comply with **labor law**

Customer video: In-flight Services Provider LSG Sky Chefs



Complementing DELMIA & 3DEXPERIENCE Platform

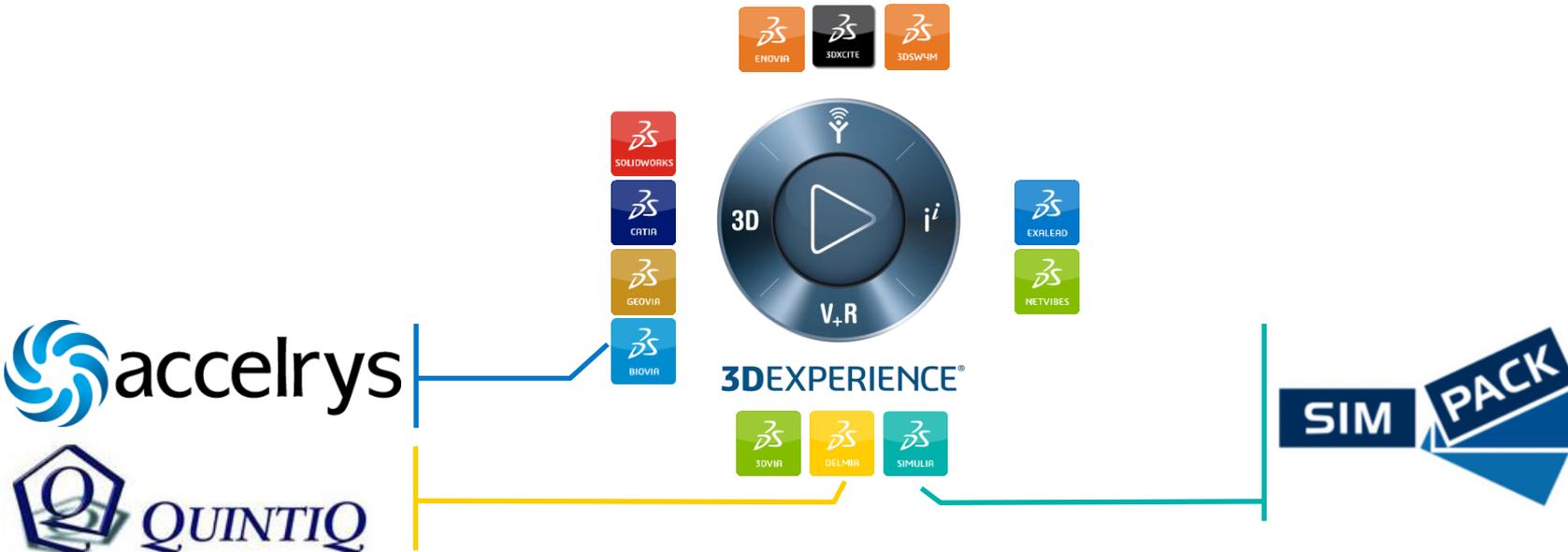
- **Complementing DELMIA addressing all aspects related to Planning & Optimization**
 - **Production** to reduce inventory, ensure high quality and delivery performance
 - **Logistics** to get goods from A to B within budget and on time
 - **Workforce** to allocate resources while respecting all regulations
- **Strengthening 3DEXPERIENCE Platform**
 - **Broad industry coverage** including Financial & Business Services, Transportation & Mobility, Aerospace & Defense, Natural Resources, Industrial Equipment, Consumer Packaged Goods
- **Quintiq bearing strong similarity with Dassault Systèmes**
 - **Strong scientific focus** with robust optimization algorithms
 - Deep understanding of **industry processes**

Quintiq Acquisition Closing

- Closing expected in **September 2014**
- Price: **approximately €250 million** in cash
- Impact on **non-IFRS FY14 objectives** to be included after the closing expected in **Q3 2014**
- Targeting **break-even at operating margin level** for the 12 months following the acquisition
- Expected to be **neutral to FY14 non-IFRS earnings**

Complementing Brands & 3DEXPERIENCE Platform with Acquisitions

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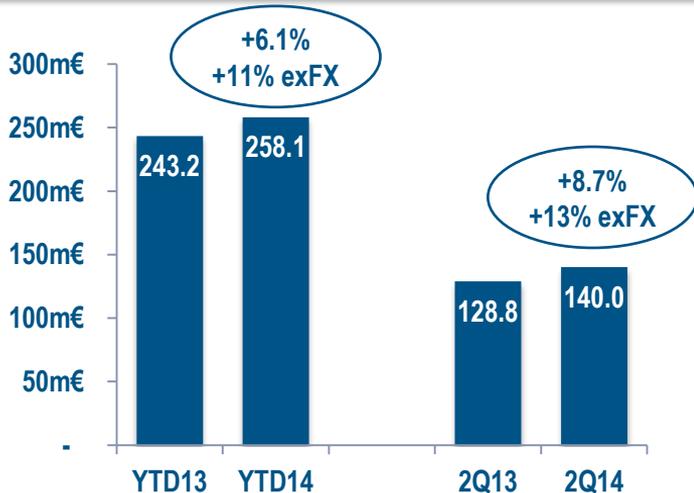
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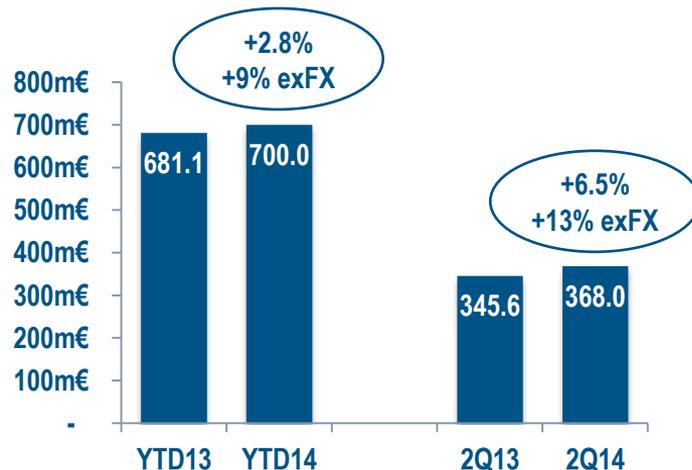
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Software Revenue Growth Non-IFRS

New Licenses Revenue



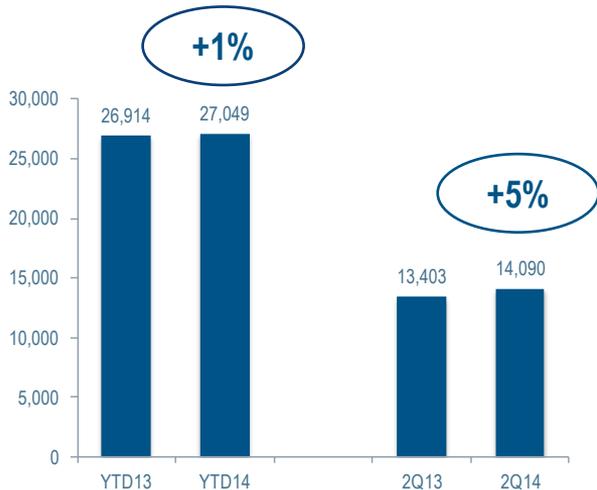
Periodic & Maintenance and Other Software Revenue



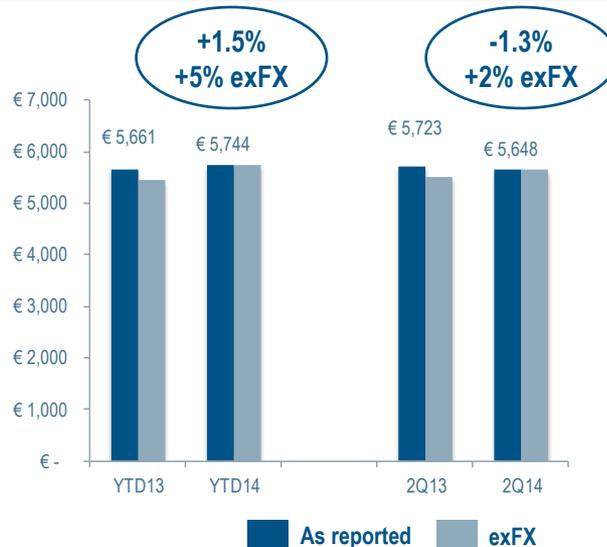
Improved **new licenses** revenue growth with **organic new licenses** up **7%** exFX in Q2
Recurring revenue reflecting **solid maintenance growth** and **rental growth** driven by **SIMULIA**

SOLIDWORKS Price & Units Evolution

Number of Units



ASP (€)

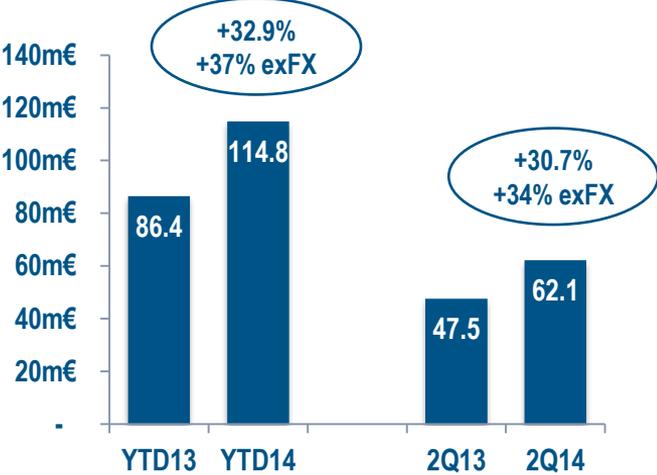


Assuming in 2014 a 48% average VAR margin (45% in 2013)

Improved **units** growth combined with increase of **ASP** and solid **renewal rates** driving **SOLIDWORKS** non-IFRS **revenue up 8% exFX in Q2, 6% in H1**

Service Revenue & Margin Evolution Non-IFRS

Service Revenue

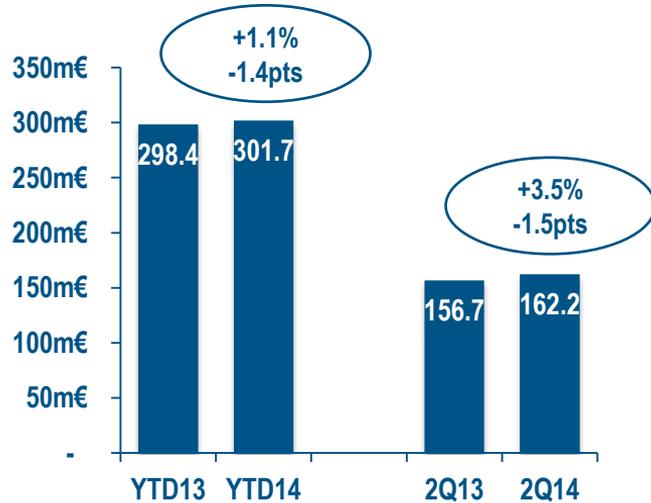


Serv Gross Margin	YTD13	YTD14	2Q13	2Q14
	5.2%	17.3%	10.9%	21.7%

Service margin improved by **10.8 percentage points** in Q2 and **12.1** in H1

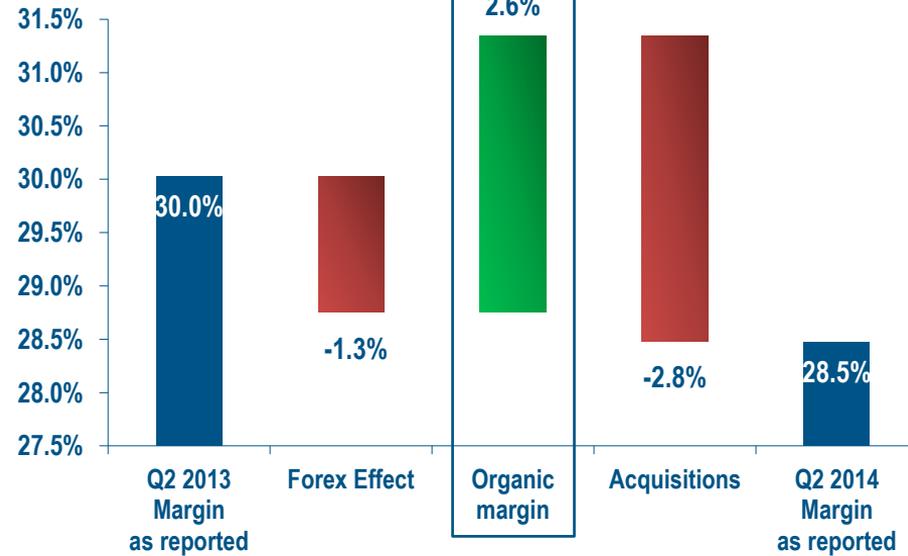
Operating Income Evolution Non-IFRS

Operating Income



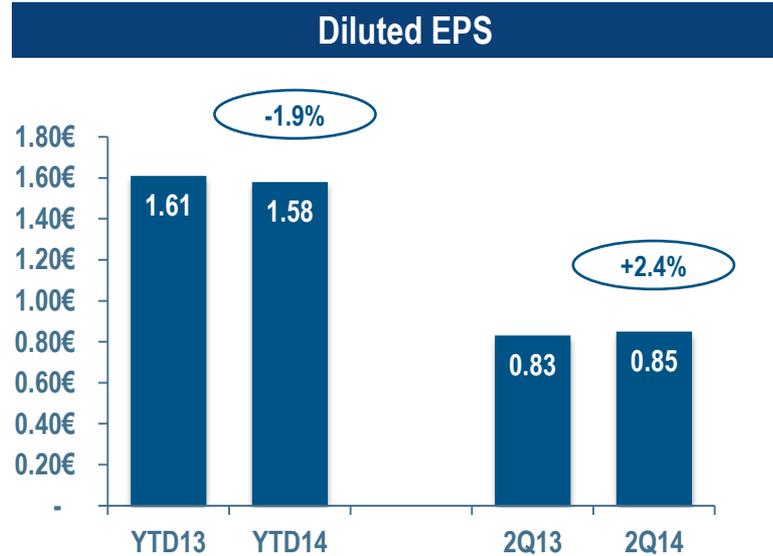
Op. Margin	YTD13	YTD14	2Q13	2Q14
	29.5%	28.1%	30.0%	28.5%

Q2 Operating Margin: YoY Comparison



Organic operating margin increasing **260** basis points on **improved efficiency of global operations**
 → Helping mitigate acquisition dilution

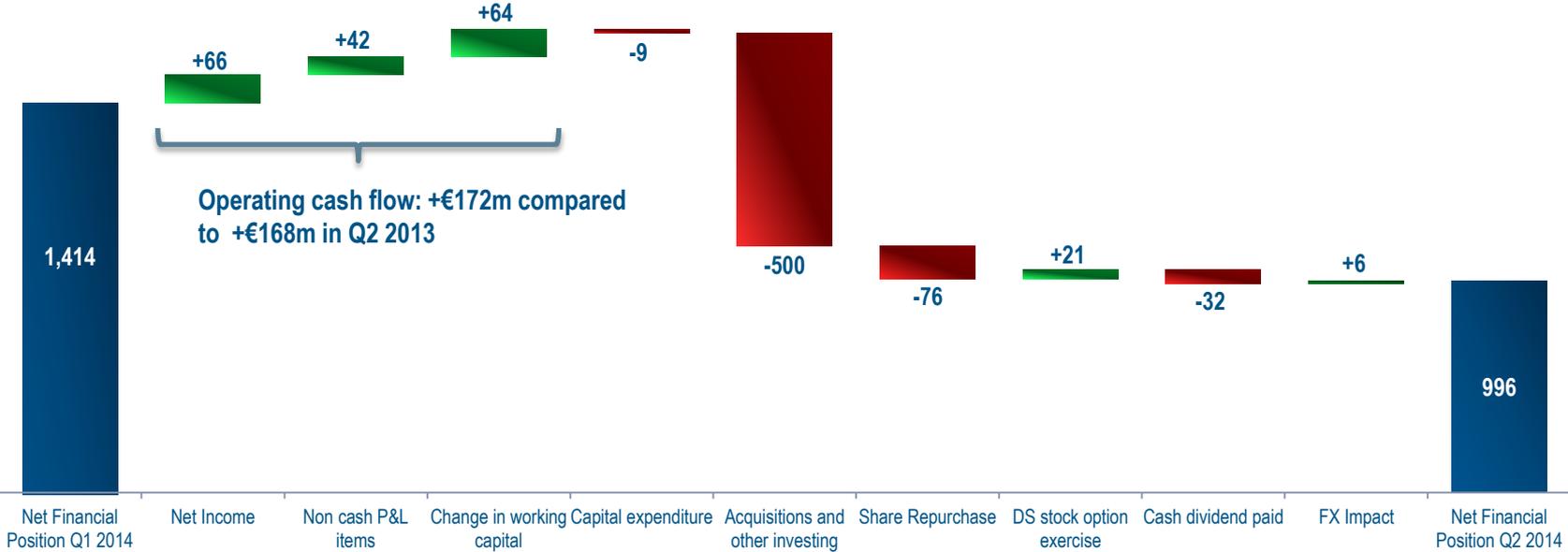
EPS Non-IFRS



EPS reflecting 11 percentage points of negative currency impact in **Q2**,
12 percentage points in **H1**

Change in Net Financial Position

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Operating Cash Flow Evolution IFRS 2Q14

€ million	Q2 14	Q2 13	Changes	
Operating Cash Flow	+172	+168	+4	
Net income adjusted for non cash items	+108	+129	-21	Lower IFRS net income mainly due to accounting for 2014 acquisitions
Decrease in trade accounts receivable	+34	+19	+15	Up 2% exFX and excluding impact of changes in scope compared to Q2 2013
Increase in unearned revenue	+30	+22	+8	Up 10% exFX and excluding impact of changes in scope compared to Q2 2013
Decrease in accrued compensation	-32	-18	-14	Timing impact on payments of social charges
Increase in accounts payable	+9	+8	+1	
Increase in income taxes payable	+13	+16	-3	
Other	+10	-8	+18	Includes mainly changes in VAT accounts

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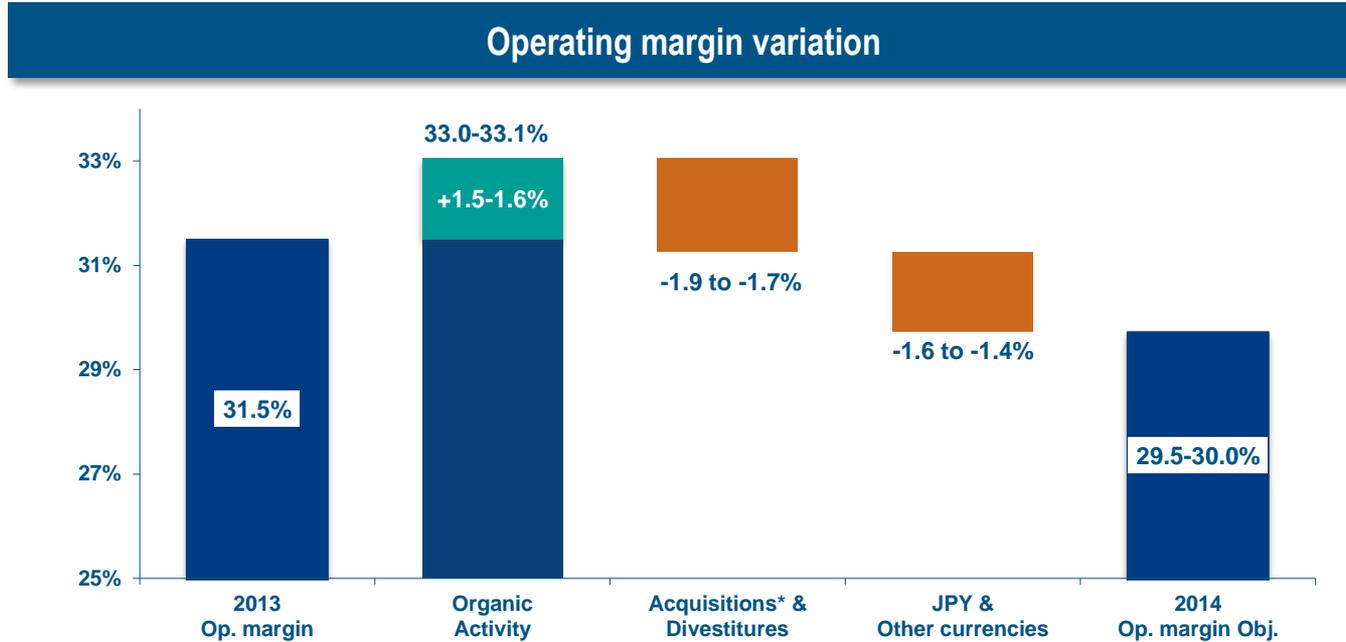
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Confirming FY Objectives

- Solid Q2 providing reassurance for FY revenue and **reconfirming:**
 - FY **revenue growth** up **14-15%** exFX
 - FY **double-digit organic new licenses revenue growth**
 - FY **organic operating margin** up **150 basis point**
- Adding **Simpack**, increasing the mid-point and narrowing the FY objective range
- Leaving **currency assumptions** unchanged
 - Keeping **US\$1.35** per €1.00 for Q3 & Q4 - From US\$1.37 to **US\$1.36** for FY
 - **JPY140** per €1.00 per unchanged for Q3, Q4 and FY

2013-2014 FY Operating Margin Evolution



* Including acquisition of Simpack with ~€5M revenue

Proposed objectives Non-IFRS

	Q3 2014	FY 2014
Revenue (M€)	560-570	2,290-2,300
Growth	+13-15%	+10-11%
Growth ex FX	+16-18%	+14-15%
Operating Margin	28-29%	~29.5-30%
Operating Margin Growth	-4 to -3 pts	~-2 pts
EPS (€)	0.83-0.88	~3.50
EPS Growth	-6% to +0%	stable
EPS (€) after 2-for-1 stock split*	0.41-0.44	~1.75
€/\$ rates	1.35	1.36
€/¥ rates	140	140

* EPS reflecting 2-for-1 stock split effected in July 2014

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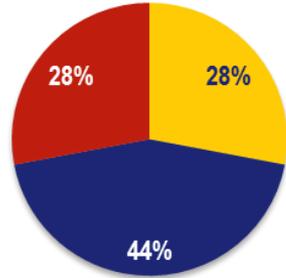
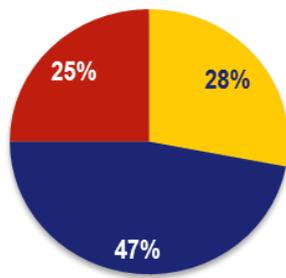
Revenue by Region

IFRS

<i>in M€</i>	2Q14	2Q13	Growth	Growth ex FX	YTD14	YTD13	Growth	Growth ex FX
Americas	156.9	145.4	+7.9%	+14%	295.3	278.8	+5.9%	+11%
Europe	259.2	231.1	+12.2%	+13%	490.7	446.5	+9.9%	+11%
Asia	140.7	145.5	-3.3%	+0%	273.0	282.0	-3.2%	+6%
Total revenue	556.8	522.0	+6.7%	+10%	1,059.0	1,007.3	+5.1%	+9%

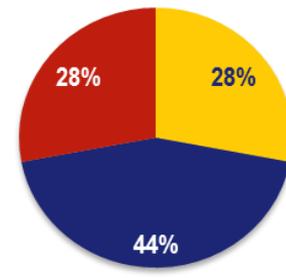
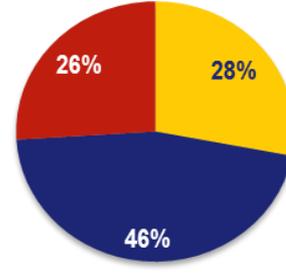
2Q14

2Q13



YTD14

YTD13



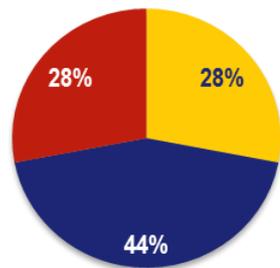
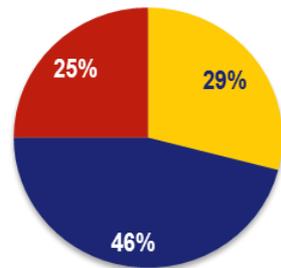
Revenue by Region

Non-IFRS

<i>in M€</i>	2Q14	2Q13	Growth	Growth ex FX	YTD14	YTD13	Growth	Growth ex FX
Americas	162.9	145.3	+12.1%	+18%	301.3	279.8	+7.7%	+13%
Europe	264.2	231.1	+14.3%	+15%	496.3	447.1	+11.0%	+12%
Asia	143.0	145.5	-1.7%	+11%	275.3	283.8	-3.0%	+10%
Total Revenue	570.1	521.9	+9.2%	+15%	1,072.9	1,010.7	+6.2%	+12%

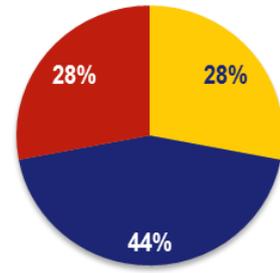
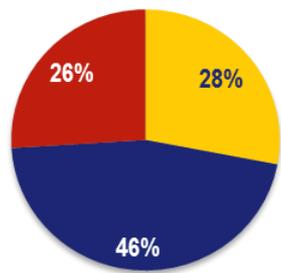
2Q14

2Q13



YTD14

YTD13



Revenue by Product Line

IFRS

in M€

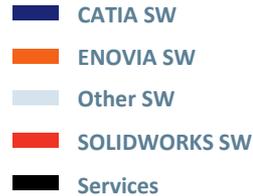
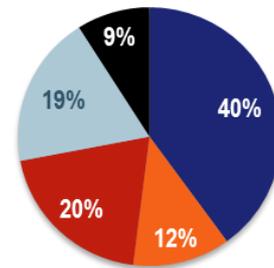
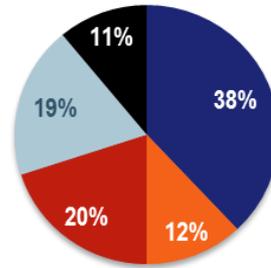
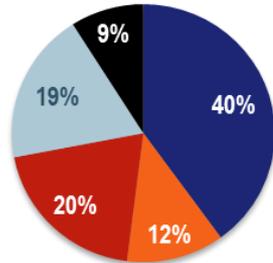
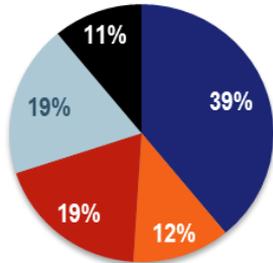
	2Q14	2Q13	Growth	Growth ex FX	YTD14	YTD13	Growth	Growth ex FX
CATIA SW	216.8	208.0	+4.2%	+11%	404.3	405.6	-0.3%	+4%
ENOVIA SW	65.3	64.7	+0.9%	+5%	125.0	121.1	+3.2%	+8%
SOLIDWORKS SW	107.8	104.9	+2.8%	+6%	211.3	207.5	+1.8%	+6%
Other SW	105.7	96.9	+9.1%	+14%	204.6	186.7	+9.6%	+15%
Services	61.2	47.5	+28.8%	+33%	113.8	86.4	+31.7%	+36%
Total Revenue	556.8	522.0	+6.7%	+10%	1,059.0	1,007.3	+5.1%	+9%

2Q14

2Q13

YTD14

YTD13



Revenue by Product Line

Non-IFRS

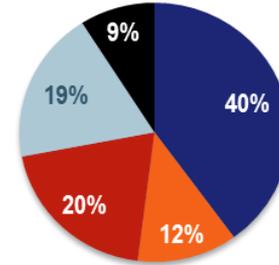
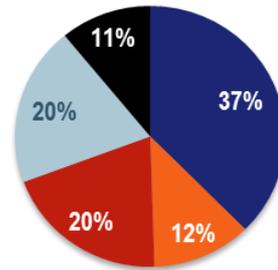
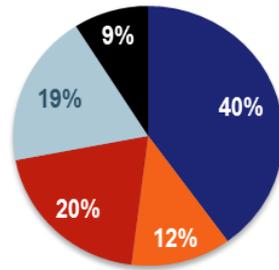
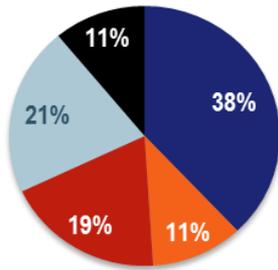
in M€	2Q14	2Q13	Growth	Growth ex FX	YTD14	YTD13	Growth	Growth ex FX
CATIA SW	216.8	208.0	+4.2%	+11%	404.3	405.6	-0.3%	+6%
ENOVIA SW	65.3	64.7	+0.9%	+5%	125.0	121.1	+3.2%	+8%
SOLIDWORKS SW	107.8	104.9	+2.8%	+8%	211.3	207.5	+1.8%	+6%
Other SW	118.1	96.8	+22.0%	+27%	217.5	190.1	+14.4%	+20%
Services	62.1	47.5	+30.7%	+34%	114.8	86.4	+32.9%	+37%
Total Revenue	570.1	521.9	+9.2%	+15%	1,072.9	1,010.7	+6.2%	+12%

2Q14

2Q13

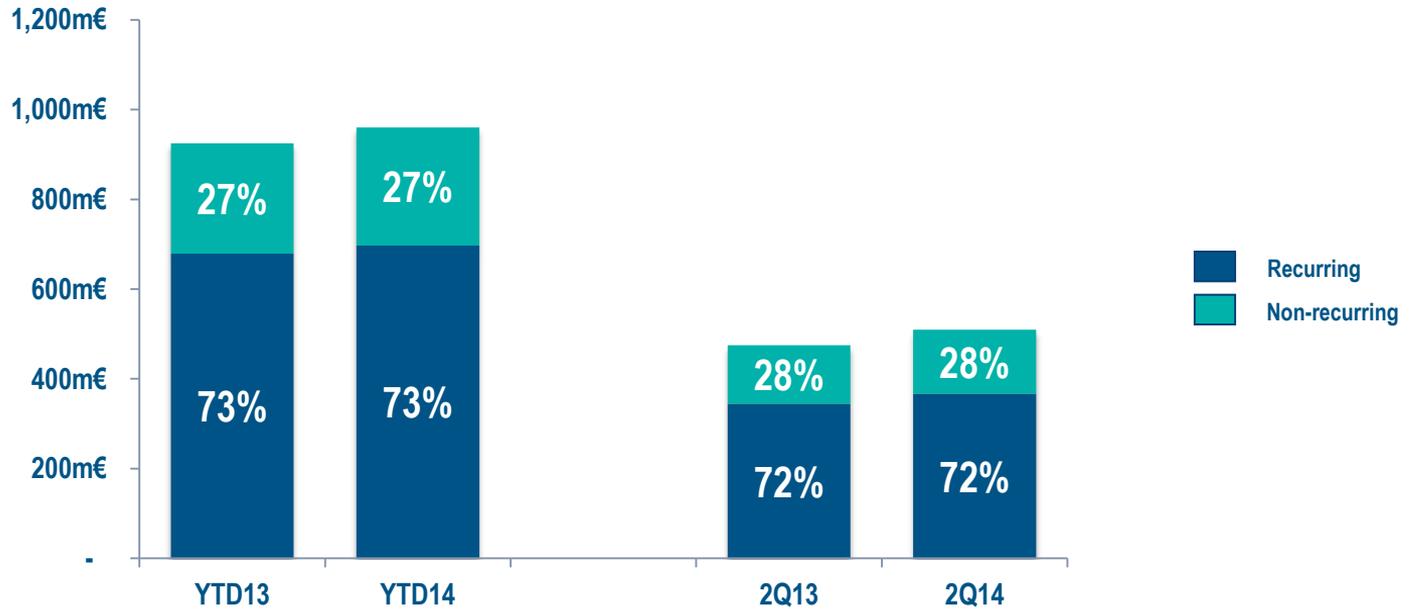
YTD14

YTD13



Software Revenue Evolution

Non-IFRS



NB: Recurring software revenue excludes product development and other software revenue

IFRS P&L

(In millions of €, except per share data)	Three months ended June			Six months ended June		
	2014	2013	y/y	2014	2013	y/y
Software revenue	495.6	474.5	+4.4%	945.2	920.9	+2.6%
New licenses	139.6	128.8	+8.4%	257.7	243.2	+6.0%
Other software revenue	2.5	1.8	+38.9%	4.1	2.1	+95.2%
Periodic licenses and Maintenance	353.5	343.9	+2.8%	683.4	675.6	+1.2%
Service and other revenue	61.2	47.5	+28.8%	113.8	86.4	+31.7%
Total revenue	556.8	522.0	+6.7%	1,059.0	1,007.3	+5.1%
Cost of Software revenue	(27.4)	(23.5)	+16.6%	(52.1)	(47.7)	+9.2%
Cost of Service and other revenue	(48.6)	(42.4)	+14.6%	(95.1)	(82.1)	+15.8%
Research and development	(107.6)	(97.1)	+10.8%	(194.4)	(191.9)	+1.3%
Marketing and sales	(187.1)	(172.4)	+8.5%	(362.9)	(333.4)	+8.8%
General and administrative	(45.6)	(39.1)	+16.6%	(95.5)	(75.5)	+26.5%
Amortization of acquired intangibles	(30.1)	(24.5)	+22.9%	(57.5)	(48.8)	+17.8%
Other operating income and expense, net	(10.8)	(3.2)	N/S	(21.6)	(4.2)	N/S
Total operating expenses	(457.2)	(402.2)	+13.7%	(879.1)	(783.6)	+12.2%
Operating income	99.6	119.8	(16.9%)	179.9	223.7	(19.6%)
Financial revenue and other, net	3.5	5.7	(38.6%)	7.4	11.8	(37.3%)
Income tax expense	(36.6)	(43.7)	(16.2%)	(66.8)	(79.1)	(15.5%)
Non-controlling interest	0.0	(0.8)	N/S	(0.1)	(1.7)	(94.1%)
Net Income (to equity holders of the parent)	66.5	81.0	(17.9%)	120.4	154.7	(22.2%)
Diluted net income per share (EPS)	0.52	0.64	(18.8%)	0.94	1.22	(23.0%)
Average diluted shares (Million)	127.4	127.5		127.5	127.2	

IFRS P&L (%)

	Three months ended June		Six months ended June	
	2014	2013	2014	2013
	<u>% of revenue</u>		<u>% of revenue</u>	
Software revenue	89.0%	90.9%	89.3%	91.4%
New licenses	25.1%	24.7%	24.3%	24.1%
Other software revenue	0.4%	0.3%	0.4%	0.2%
Periodic licenses and Maintenance	63.5%	65.9%	64.5%	67.1%
Service and other revenue	11.0%	9.1%	10.7%	8.6%
Total revenue	100.0%	100.0%	100.0%	100.0%
Cost of Software revenue	4.9%	4.5%	4.9%	4.7%
Cost of Service and other revenue	8.7%	8.1%	9.0%	8.2%
Research and development	19.3%	18.6%	18.4%	19.1%
Marketing and sales	33.6%	33.0%	34.3%	33.1%
General and administrative	8.2%	7.5%	9.0%	7.5%
Amortization of acquired intangibles	5.4%	4.7%	5.4%	4.8%
Other operating income and expense, net	1.9%	0.6%	2.0%	0.4%
Total operating expenses	82.1%	77.0%	83.0%	77.8%
Operating income	17.9%	23.0%	17.0%	22.2%
Financial revenue and other, net	0.6%	1.1%	0.7%	1.2%
Income before income taxes	18.5%	24.0%	17.7%	23.4%
Income tax rate (% of IBIT)	35.5%	34.8%	35.7%	33.6%
Non-controlling interest	0.0%	-0.2%	0.0%	-0.2%
Net Income (to equity holders of the parent)	<u>11.9%</u>	<u>15.5%</u>	<u>11.4%</u>	<u>15.4%</u>

Non – IFRS P&L

(In millions of €, except per share data)	Three months ended June			Six months ended June		
	2014	2013	y/y	2014	2013	y/y
Software revenue	508.0	474.4	+7.1%	958.1	924.3	+3.7%
New licenses	140.0	128.8	+8.7%	258.1	243.2	+6.1%
Other software revenue	2.5	1.8	+38.9%	4.1	2.1	+95.2%
Periodic licenses and Maintenance	365.5	343.8	+6.3%	695.9	679.0	+2.5%
Service and other revenue	62.1	47.5	+30.7%	114.8	86.4	+32.9%
Total revenue	570.1	521.9	+9.2%	1,072.9	1,010.7	+6.2%
Cost of Software revenue	(27.2)	(23.4)	+16.2%	(51.5)	(47.5)	+8.4%
Cost of Service and other revenue	(48.6)	(42.3)	+14.9%	(94.9)	(81.9)	+15.9%
Research and development	(104.2)	(93.2)	+11.8%	(183.2)	(184.2)	(0.5%)
Marketing and sales	(184.3)	(169.3)	+8.9%	(354.9)	(327.3)	+8.4%
General and administrative	(43.6)	(37.0)	+17.8%	(86.7)	(71.4)	+21.4%
Total operating expenses	(407.9)	(365.2)	+11.7%	(771.2)	(712.3)	+8.3%
Operating income	162.2	156.7	+3.5%	301.7	298.4	+1.1%
Financial revenue and other, net	3.5	5.6	(37.5%)	7.4	11.1	(33.3%)
Income tax expense	(57.0)	(55.5)	+2.7%	(107.5)	(103.2)	+4.2%
Non-controlling interest	(0.1)	(0.8)	(87.5%)	(0.4)	(1.7)	(76.5%)
Net Income (to equity holders of the parent)	108.6	106.0	+2.5%	201.2	204.6	(1.7%)
Diluted net income per share (EPS)	0.85	0.83	+2.4%	1.58	1.61	(1.9%)
Average diluted shares (Million)	127.4	127.5		127.5	127.2	

Non – IFRS P&L (%)

	Three months ended June		Six months ended June	
	2014	2013	2014	2013
	<u>% of revenue</u>		<u>% of revenue</u>	
Software revenue	89.1%	90.9%	89.3%	91.5%
New licenses	24.6%	24.7%	24.1%	24.1%
Other software revenue	0.4%	0.3%	0.4%	0.2%
Periodic licenses and Maintenance	64.1%	65.9%	64.9%	67.2%
Service and other revenue	10.9%	9.1%	10.7%	8.5%
Total revenue	100.0%	100.0%	100.0%	100.0%
Cost of Software revenue	4.8%	4.5%	4.8%	4.7%
Cost of Service and other revenue	8.5%	8.1%	8.8%	8.1%
Research and development	18.3%	17.9%	17.1%	18.2%
Marketing and sales	32.3%	32.4%	33.1%	32.4%
General and administrative	7.6%	7.1%	8.1%	7.1%
Total operating expenses	71.5%	70.0%	71.9%	70.5%
Operating income	28.5%	30.0%	28.1%	29.5%
Financial revenue and other, net	0.6%	1.1%	0.7%	1.1%
Income before income taxes	29.1%	31.1%	28.8%	30.6%
Income tax rate (% of IBIT)	34.4%	34.2%	34.8%	33.3%
Non-controlling interest	0.0%	-0.2%	0.0%	-0.2%
Net Income (to equity holders of the parent)	<u>19.0%</u>	<u>20.3%</u>	<u>18.8%</u>	<u>20.2%</u>

IFRS – Non-IFRS Reconciliation QTD

Revenue and Gross Margin

(€ million, except % and per share data)

	Three months ended June 30,						Increase (Decrease)	
	2014 IFRS	Adjustment (1)	2014 non-IFRS	2013 IFRS	Adjustment (1)	2013 non-IFRS	IFRS	Non-IFRS
TOTAL REVENUE	556.8	13.3	570.1	522.0	(0.1)	521.9	6.7%	9.2%
Total Revenue breakdown by activity								
Software revenue	495.6	12.4	508.0	474.5	(0.1)	474.4	+4.4%	+7.1%
<i>New Licenses revenue</i>	139.6	0.4	140.0	128.8			+8.4%	+8.7%
<i>Other software revenue</i>	2.5			1.8			+38.9%	
<i>Periodic and Maintenance revenue</i>	353.5	12.0	365.5	343.9	(0.1)	343.8	+2.8%	+6.3%
<i>Recurring portion of Software revenue</i>	71%		72%	72%		72%		
Service and other revenue	61.2	0.9	62.1	47.5			+28.8%	+30.7%
Total Revenue breakdown by product line								
CATIA SW revenue	216.8			208.0			+4.2%	
ENOVIA SW revenue	65.3			64.7			+0.9%	
SOLIDWORKS SW revenue	107.8			104.9			+2.8%	
Other SW revenue	105.7	12.4	118.1	96.9	(0.1)	96.8	+9.1%	+22.1%
Service and other revenue	61.2	0.9	62.1	47.5			+28.8%	+30.7%
Total Revenue breakdown by geography								
Americas revenue	156.9	6.0	162.9	145.4	(0.1)	145.3	+7.9%	+12.1%
Europe revenue	259.2	5.0	264.2	231.1		231.1	+12.2%	+14.3%
Asia revenue	140.7	2.3	143.0	145.5		145.5	(3.3%)	(1.7%)
Gross Margin								
Cost of Software revenue	(27.4)	0.2	(27.2)	(23.5)	0.1	(23.4)	+16.6%	+16.2%
Software Gross margin*	94.5%		94.6%	95.0%		95.1%		
Cost of Service and other revenue	(48.6)	0.0	(48.6)	(42.4)	0.1	(42.3)	+14.6%	+14.9%
Service Gross margin	20.6%		21.7%	10.7%		10.9%		

IFRS – Non-IFRS Reconciliation QTD

Expenses & Earnings

(€ million, except % and per share data)

	Three months ended June 30,						Increase (Decrease)	
	2014 IFRS	Adjustment (1)	2014 non-IFRS	2013 IFRS	Adjustment (1)	2013 non-IFRS	IFRS	Non-IFRS
Total Operating Expenses	(457.2)	49.3	(407.9)	(402.2)	37.0	(365.2)	13.7%	11.7%
Share-based compensation expense	(8.4)	8.4	-	(9.3)	9.3	-	-	-
Amortization of acquired intangibles	(30.1)	30.1	-	(24.5)	24.5	-	-	-
Other operating income and expense, net	(10.8)	10.8	-	(3.2)	3.2	-	-	-
Operating Income	99.6	62.6	162.2	119.8	36.9	156.7	-16.9%	3.5%
Operating Margin	17.9%		28.5%	23.0%		30.0%		
Financial revenue & other, net	3.5		3.5	5.7	(0.1)	5.6	(38.6%)	(37.5%)
Income tax expense	(36.6)	(20.4)	(57.0)	(43.7)	(11.8)	(55.5)	(16.2%)	+2.7%
Non-controlling interest	0.0	(0.1)	(0.1)	(0.8)	0.0	(0.8)	(100.0%)	(87.5%)
Net Income	66.5	42.1	108.6	81.0	25.0	106.0	(17.9%)	+2.5%
Diluted net income per share, in € (3)	0.52	0.33	0.85	0.64	0.19	0.83	(18.8%)	+2.4%

(€ million)

	Three months ended June 30,					
	2014 IFRS	Adjust.	2014 non-IFRS	2013 IFRS	Adjust.	2013 non-IFRS
Cost of revenue	(76.0)	0.2	(75.8)	(65.9)	0.2	(65.7)
Research and development	(107.6)	3.4	(104.2)	(97.1)	3.9	(93.2)
Marketing and sales	(187.1)	2.8	(184.3)	(172.4)	3.1	(169.3)
General and administrative	(45.6)	2.0	(43.6)	(39.1)	2.1	(37.0)
Total Share-based compensation expense		8.4			9.3	

IFRS – Non-IFRS Reconciliation YTD

Revenue and Gross Margin

(€ million, except % and per share data)

	Six months ended June 30,						Increase (Decrease)	
	2014 IFRS	Adjustment	2014 non-IFRS	2013 IFRS	Adjustment	2013 non-IFRS	IFRS	Non-IFRS
TOTAL REVENUE	1059.0	13.9	1072.9	1007.3	3.4	1010.7	5.1%	6.2%
Total Revenue breakdown by activity								
Software revenue	945.2	12.9	958.1	920.9	3.4	924.3	+2.6%	+3.7%
<i>New Licenses revenue</i>	257.7	0.4	258.1	243.2			+6.0%	+6.1%
<i>Other software revenue</i>	4.1			2.1			+95.2%	
<i>Periodic and Maintenance revenue</i>	683.4	12.5	695.9	675.6	3.4	679.0	+1.2%	+2.5%
<i>Recurring portion of Software revenue</i>	72%		73%	73%		73%		
Service and other revenue	113.8	1.0	114.8	86.4			+31.7%	+32.9%
Total Revenue breakdown by product line								
CATIA SW revenue	404.3			405.6			(0.3%)	
ENOVIA SW revenue	125.0			121.1			+3.2%	
SOLIDWORKS SW revenue	211.3			207.5			+1.8%	
Other SW revenue	204.6	12.9	217.5	186.7	3.4	190.1	+9.6%	+14.4%
Service and other revenue	113.8	1.0	114.8	86.4			+31.7%	+32.9%
Total Revenue breakdown by geography								
Americas revenue	295.3	6.0	301.3	278.8	1.0	279.8	+5.9%	+7.7%
Europe revenue	490.7	5.6	496.3	446.5	0.6	447.1	+9.9%	+11.0%
Asia revenue	273.0	2.3	275.3	282.0	1.8	283.8	(3.2%)	(3.0%)
Gross Margin								
Cost of Software revenue	(52.1)	0.6	(51.5)	(47.7)	0.2	(47.5)	+9.2%	+8.4%
Software Gross margin*	94.5%		94.6%	94.8%		94.9%		
Cost of Service and other revenue	(95.1)	0.2	(94.9)	(82.1)	0.2	(81.9)	+15.8%	+15.9%
Service Gross margin	16.4%		17.3%	5.0%		5.2%		

IFRS – Non-IFRS Reconciliation YTD

Expenses & Earnings

(€ million, except % and per share data)

	Six months ended June 30,						Increase (Decrease)	
	2014 IFRS	Adjustment	2014 non-IFRS	2013 IFRS	Adjustment	2013 non-IFRS	IFRS	Non-IFRS
Total Operating Expenses	(879.1)	107.9	(771.2)	(783.6)	71.3	(712.3)	12.2%	8.3%
Share-based compensation expense	(28.8)	28.8	-	(18.3)	18.3	-	-	-
Amortization of acquired intangibles	(57.5)	57.5	-	(48.8)	48.8	-	-	-
Other operating income and expense, net	(21.6)	21.6	-	(4.2)	4.2	-	-	-
Operating Income	179.9	121.8	301.7	223.7	74.7	298.4	(19.6%)	1.1%
Operating Margin	17.0%		28.1%	22.2%		29.5%		
Financial revenue & other, net	7.4	0.0	7.4	11.8	(0.7)	11.1	(37.3%)	(33.3%)
Income tax expense	(66.8)	(40.7)	(107.5)	(79.1)	(24.1)	(103.2)	(15.5%)	+4.2%
Non-controlling interest	(0.1)	(0.3)	(0.4)	(1.7)	0.0	(1.7)	(94.1%)	(76.5%)
Net Income	120.4	80.8	201.2	154.7	49.9	204.6	(22.2%)	(1.7%)
Diluted net income per share, in €	0.94	0.64	1.58	1.22	0.39	1.61	(23.0%)	(1.9%)

(€ million)

	Six months ended June 30,					
	2014 IFRS	Adjust.	2014 non-IFRS	2013 IFRS	Adjust.	2013 non-IFRS
Cost of revenue	(147.2)	0.8	(146.4)	(129.8)	0.4	(129.4)
Research and development	(194.4)	11.2	(183.2)	(191.9)	7.7	(184.2)
Marketing and sales	(362.9)	8.0	(354.9)	(333.4)	6.1	(327.3)
General and administrative	(95.5)	8.8	(86.7)	(75.5)	4.1	(71.4)
Total Share-based compensation expense		28.8			18.3	

Financial Revenue & Other

Non – IFRS

€m	2Q14	2Q13	var	YTD14	YTD13	var
Interest Income	5.2	4.8	0.4	12.9	9.9	3.0
Interest Expense	(1.4)	(0.3)	(1.1)	(2.5)	(0.8)	(1.7)
Financial net Income	3.8	4.5	(0.7)	10.4	9.1	1.3
Exchange Gain / Loss	0.1	1.0	(0.9)	(2.7)	1.9	(4.6)
Other Income / Loss	(0.4)	0.1	(0.5)	(0.3)	0.1	(0.4)
Total	3.5	5.6	(2.1)	7.4	11.1	(3.7)

Exchange Rate evolution

From assumptions to actual data

Breakdown of P&L by currency for YTD14

	USD	JPY
Revenue <i>(As a % of Revenue)</i>	33.0%	13.2%
Operating Expenses <i>(As a % of Expenses)</i>	33.3%	4.7%

Average Exchange rates

		2014	2013	% change
FY	USD	1.37	1.31	+5%
	JPY	140.4	125.5*	+12%
QTD	USD	1.37	1.31	+5%
	JPY	140	129.1*	+8%

\$/€ – 2Q14 / 2Q13 Variance



¥/€ – 2Q14 / 2Q13 Variance



* Market rate – hedging not included

Comparing 2Q14 with Objectives at mid-range

Non-IFRS

€m	Revenue	Operating Expenses	Operating Profit	Operating Margin
2Q14 Guidances mid-range	560.0	(406.0)	154.0	27.5%
Growth YoY	+7.3%	+11.2%	-1.7%	-2.5pt
\$ Impact on Rev./Exp.	3.3	(2.5)	0.8	
JPY Impact on Rev./Exp.	0.0	0.0	0.0	
Other incl. GBP, WON, and other currencies and Hedging	(2.4)	1.8	(0.6)	
Total FX	0.9	(0.7)	0.2	+0.0pt
Activity / Cost Control / Other	9.2	(1.2)	8.0	+1.0pt
Delta: Reported vs guidances	10.1	(1.9)	8.2	+1.0pt
2Q14 Reported	570.1	(407.9)	162.2	28.5%
Growth YoY	+9.2%	+11.7%	+3.5%	-1.5pt
2Q13 Reported	521.9	(365.2)	156.7	30.0%

Estimated FX impact on 2Q14 Op. Results

Non-IFRS

€ millions QTD	Total Revenue	Operating Expenses	Operating Income	Operating Margin
2Q14 Reported	570.1	(407.9)	162.2	28.5%
2Q13 Reported	521.9	(365.2)	156.7	30.0%
<i>Growth as reported</i>	<i>+9.2%</i>	<i>+11.7%</i>	<i>+3.5%</i>	<i>-1.5 pt</i>
Impact of Actual Currency Rates				
USD impact	(8.0)	5.7	(2.3)	
JPY impact (Not hedged)	(5.5)	1.4	(4.1)	
Other currencies impact and Hedging	(11.1)	3.7	(7.4)	
Total FX Impact adjustment	(24.6)	10.8	(13.8)	
2Q13 @ 2Q14 rates	497.3	(354.4)	142.9	28.7%
<i>Growth exFX</i>	<i>+15%</i>	<i>+15%</i>	<i>+14%</i>	<i>-0.2 pt</i>

Estimated FX impact on YTD14 Op. Results

Non-IFRS

€ millions YTD	Total Revenue	Operating Expenses	Operating Income	Operating Margin
YTD14 Reported	1,072.9	(771.2)	301.7	28.1%
YTD13 Reported	1,010.7	(712.3)	298.4	29.5%
<i>Growth as reported</i>	<i>+6.2%</i>	<i>+8.3%</i>	<i>+1.1%</i>	<i>-1.4 pt</i>
Impact of Actual Currency Rates				
USD impact	(13.7)	9.8	(3.9)	
JPY impact (Not hedged)	(15.2)	3.8	(11.4)	
Other currencies impact and Hedging	(21.4)	8.9	(12.5)	
Total FX Impact adjustment	(50.3)	22.5	(27.8)	
YTD13 @ YTD14 rates	960.4	(689.8)	270.6	28.2%
<i>Growth exFX</i>	<i>+12%</i>	<i>+12%</i>	<i>+11%</i>	<i>-0.1 pt</i>

Balance Sheet

IFRS

(in millions of €)

	End of Jun-14	End of Mar-14	Variation Jun-14 / Mar-14	End of Dec-13	Variation Jun-14 / Dec-13
Cash and cash equivalents	1,253.5	1,665.2	-411.7	1,737.9	-484.4
Short-term investments	93.0	109.3	-16.3	65.8	+27.2
Accounts receivable, net	454.9	462.6	-7.7	472.6	-17.7
Other current assets	170.0	175.1	-5.1	143.7	+26.3
Total current assets	1,971.4	2,412.2	-440.8	2,420.0	-448.6
Property and equipment, net	112.3	102.7	+9.6	100.4	+11.9
Goodwill and Intangible assets, net	2,256.1	1,706.2	+549.9	1,531.7	+724.4
Other non current assets	153.3	129.3	+24.0	135.8	+17.5
Total Assets	4,493.1	4,350.4	+142.7	4,187.9	+305.2
Accounts payable	108.9	85.8	+23.1	85.0	+23.9
Unearned revenue	625.0	580.7	+44.3	489.0	+136.0
Short-term debt	20.9	20.4	+0.5	20.0	+0.9
Other current liabilities	284.2	298.5	-14.3	294.3	-10.1
Total current liabilities	1,039.0	985.4	+53.6	888.3	+150.7
Long-term debt	350.0	360.5	-10.5	360.0	-10.0
Other non current obligations	454.2	356.1	+98.1	315.5	+138.7
Total long-term liabilities	804.2	716.6	+87.6	675.5	+128.7
Non-controlling interest	28.9	33.4	-4.5	13.6	+15.3
Parent Shareholders' equity	2,621.0	2,615.0	+6.0	2,610.5	+10.5
Total Liabilities and Shareholders' Equity	4,493.1	4,350.4	+142.7	4,187.9	+305.2

Trade Accounts Receivables / DSO



Consolidated Statement of Cash Flows

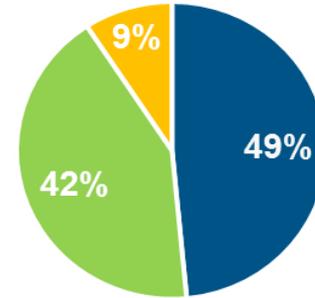
IFRS

(in millions of €)	2Q14	2Q13	Variation	YTD14	YTD13	Variation
Net income attributable to equity holders of the parent	66.5	81.0	-14.5	120.4	154.7	-34.3
Non-controlling interest	0.0	0.8	-0.8	0.1	1.7	-1.6
Net income	66.5	81.8	-15.3	120.5	156.4	-35.9
Depreciation of property & equipment	8.9	9.1	-0.2	17.1	17.1	-
Amortization of intangible assets	33.8	26.1	7.7	62.9	52.0	10.9
Other non cash P&L items	-0.9	11.7	-12.6	10.4	7.4	3.0
Changes in working capital	64.0	39.6	24.4	143.7	120.4	23.3
Net Cash Provided by (Used in) Operating Activities (I)	172.3	168.3	4.0	354.6	353.3	1.3
Additions to property, equipment and intangibles	-9.3	-9.2	-0.1	-14.1	-23.2	9.1
Payment for acquisition of businesses, net of cash acquired	-497.4	-26.4	-471.0	-657.3	-26.4	-630.9
Sale (Purchase) of short-term investments, net	16.6	-40.6	57.2	-26.6	-12.3	-14.3
Sales of investments, loans and others	-2.0	2.0	-4.0	-6.8	2.1	-8.9
Net Cash Provided by (Used in) Investing Activities (II)	-492.1	-74.2	-417.9	-704.8	-59.8	-645.0
Proceeds (Repayment) of short term and long term debt	-10.3	338.5	-348.8	-10.3	338.5	-348.8
(Purchase) Sale of treasury stock	-76.5	-	-76.5	-130.0	-	-130.0
Proceeds from exercise of stock-options	21.3	8.3	13.0	34.6	21.6	13.0
Cash dividend paid	-32.3	-31.6	-0.7	-32.3	-31.6	-0.7
Net Cash Provided by (Used in) Financing Activities (III)	-97.8	315.2	-413.0	-138.0	328.5	-466.5
Effect of exchange rate changes on cash and cash equivalents (IV)	5.9	-24.5	30.4	3.8	-2.6	6.4
Increase (Decrease) in Cash (V) = (I)+(II)+(III)+(IV)	-411.7	384.8	-796.5	-484.4	619.4	-1,103.8
Cash and cash equivalents at Beginning of Period	1,665.2	1,393.9		1,737.9	1,159.3	
Cash and cash equivalents at End of Period	1,253.5	1,778.7		1,253.5	1,778.7	
Cash and cash equivalents variation	-411.7	384.8		-484.4	619.4	

Headcount by destination

Closing H/C – June 2014

At Closing - TOTAL					
	<u>Jun-14</u>	<u>Jun-13</u>	<u>% growth</u>	<u>Mar-14</u>	<u>% growth</u>
M&S + COR Ser	5,894	4,859	+21%	5,551	+6%
R&D + COR SW	5,140	4,550	+13%	4,856	+6%
G&A	1,122	836	+34%	1,016	+10%
Total	12,156	10,245	+19%	11,423	+6%



- M&S + COR Ser
- R&D + COR SW
- G&A

IFRS 2014 Objectives

Accounting elements not included in the non-IFRS 2014 Objectives

- FY 2014 estimated **deferred revenue** write-down of **~€52m**
- FY 2014 estimated **share-based compensation** expenses: **~€41m**
- FY 2014 estimated **amortization of acquired intangibles**: **~€121m**
- The above objectives do not include any impact from other operating income and expense, net principally comprised of acquisition, integration and restructuring expenses.
- These estimates do not include any new stock option or share grants, or any new acquisitions or restructurings completed after July 24, 2014
- The Company's non-IFRS financial objectives for 2014 include SIMPACK, while the above non-IFRS adjustments do not take into account the impact of SIMPACK, for which accounting elements will be included in the 2014 third quarter earnings announcement

