



3DEXPERIENCE®

Dassault Systèmes

Q2 & H1 2018 Earnings Presentation

Bernard Charlès, Vice-Chairman & CEO

Pascal Daloz, EVP, CFO & Corporate Strategy Officer

H1 2018 Highlights Non-IFRS (under IAS 18)

► Good H1 2018 in terms of:

Performance

- Organic licenses* revenue up **+10%** exFX ✓
- 3DEXPERIENCE** licenses revenue up **+27%** exFX ✓
- Double-digit licenses revenue growth in all major brands: **CATIA, SOLIDWORKS, ENOVIA, SIMULIA, DELMIA, GEOVIA** ✓
- High-growth countries software revenue up **+21%** exFX ✓
- Double-digit software growth in **Transportation & Mobility, CPG-Retail****, **Marine & Offshore, AEC*****, **Natural Resources** ✓

Strategy Implementation

- SOCIAL** | **3DEXPERIENCE** platform for companies to become **platform companies**
- INDUSTRY** | Digital transformation of **Fashion, Retail** and **Consumer Goods** Companies
Centric Software Acquisition
- EXPERIENCE** | **Connected Experiences**
No Magic Acquisition

► Reconfirming **FY18 guidance**, adding **No Magic** and **Centric Software** acquisitions, updating **FY18 EPS** for **Q2 currency upside** and for **FY lower tax rate**

* Licenses and other software revenue
** CPG-Retail: Consumer Packaged Goods-Retail
*** AEC: Architecture, Engineering & Construction

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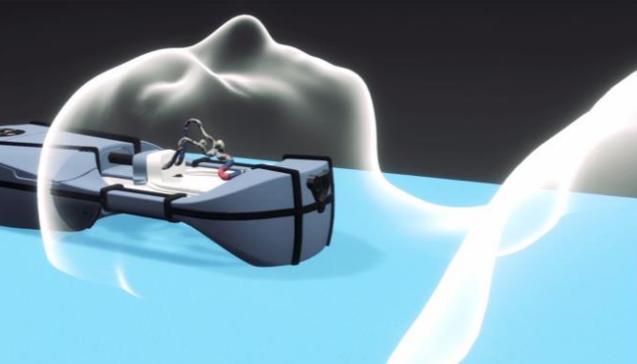
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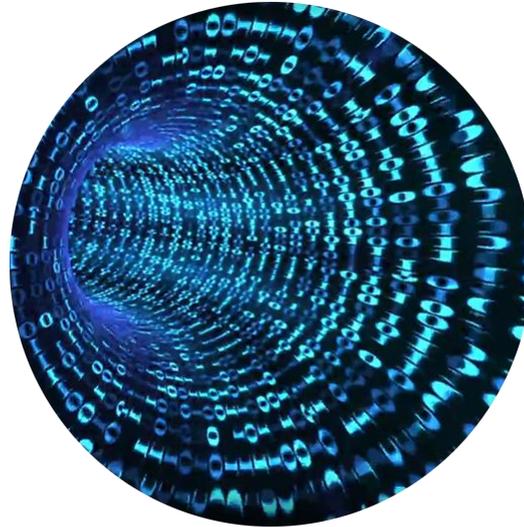
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The Industry Renaissance is here



Yesterday

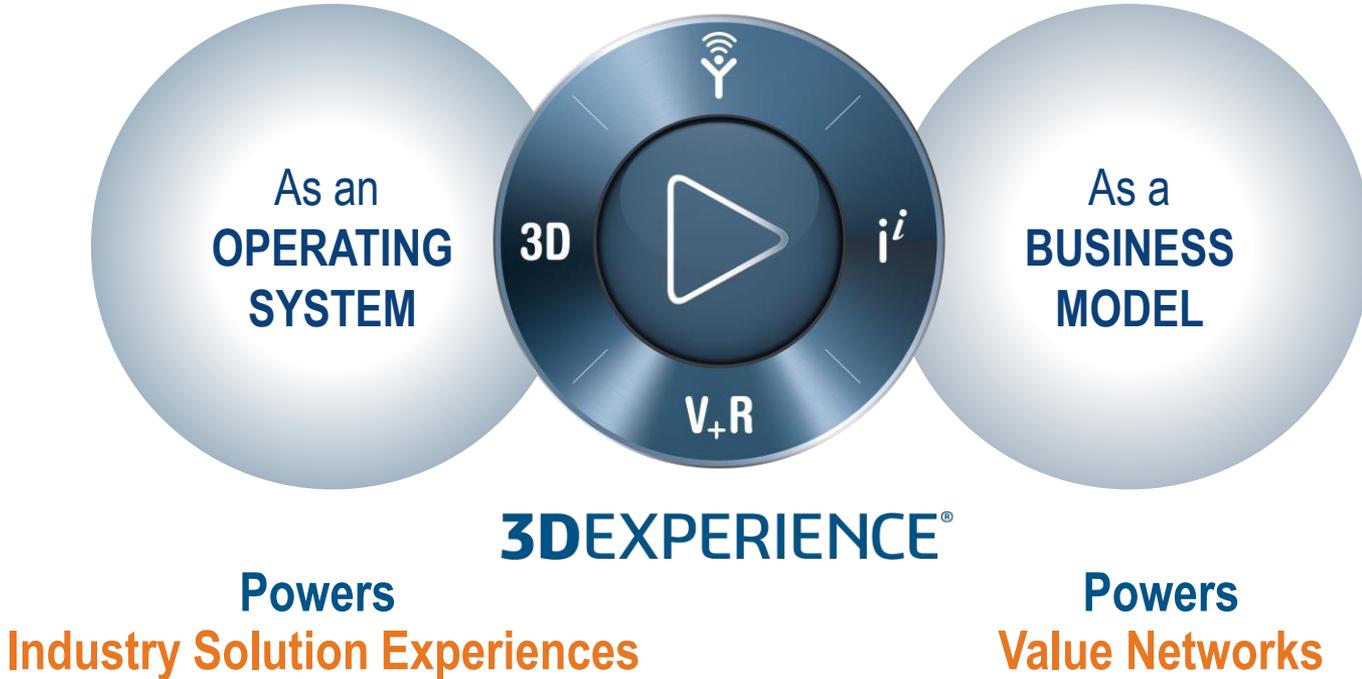


Today



Tomorrow

Platform for Knowledge and Know-How



Empowering the Workforce of the Future



3DEXPERIENCE Innovation Centers



China 3DEXPERIENCE Innovation Center



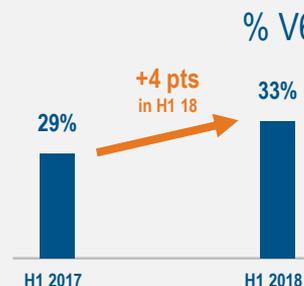
Aerospace 3DEXPERIENCE Innovation Center

H1 2018 Performance

€ millions	H1 18
Revenue	1,611
Growth	+2%
Growth exFX	+9%
Software Growth exFX	+9%
Licenses* Growth exFX	+10%
Operating Margin	28.7%
EPS (€)	1.30
EPS Evolution	+13%
EPS Evolution exFX	+23%

* Licenses and other software revenue

3DEXPERIENCE



3DEXPERIENCE licenses revenue up **+27%** exFX

* Excluding SOLIDWORKS and acquisitions

3DEXPERIENCE Momentum

Energy, Process & Utilities



3DEXPERIENCE®

Capital Projects Management



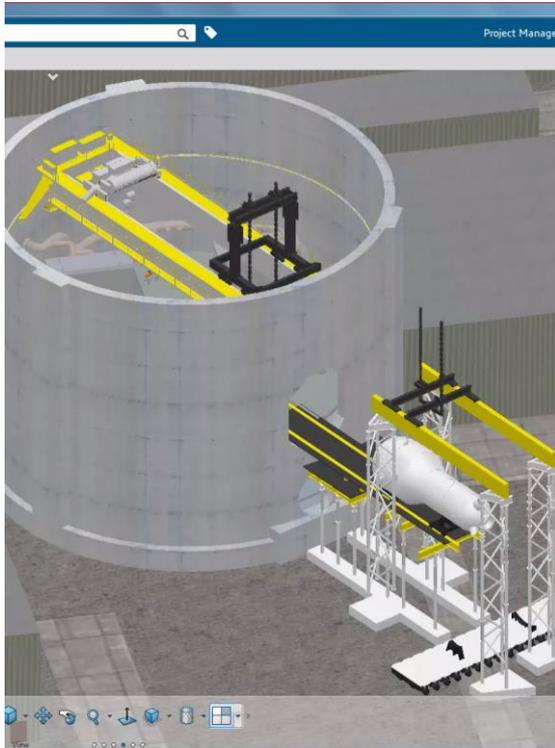
Engineering, Procurement & Construction

Capital Assets Management



Owners & Operators

EDF Group Adopts 3DEXPERIENCE Platform



Integrated electricity company, active in all areas of the business: generation, transmission, distribution, energy supply and trading, energy services. ~35 million customers (26 in France); 2017 sales: €70 billion

Business Values:

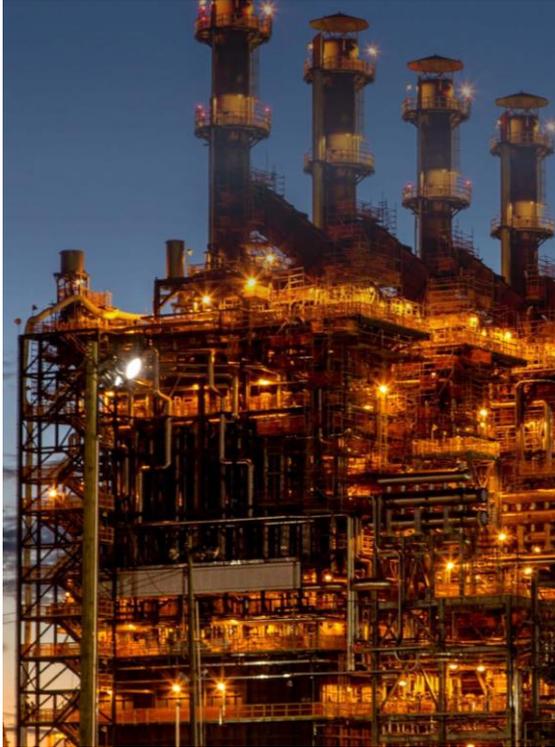
20 year-partnership for digital transformation of EDF's nuclear engineering and its ecosystem: strengthen EDF **plant performance** and **competitiveness of nuclear power**

- ▶ Accessing **real-time project data**
- ▶ Designing the **digital twins of nuclear plants** whether they are at the **design, construction** or **operational phase**
- ▶ Teaming up with **Capgemini**
- ▶ Ramp-up starting in **2019**

Solution:

3DEXPERIENCE Platform and nuclear engineering experiences

ExxonMobil Adopts the 3DEXPERIENCE Platform



ExxonMobil

ExxonMobil is the largest publicly traded Oil & Gas company in the world, with industry leading refining, chemical manufacturing, upstream production and capital projects capabilities.

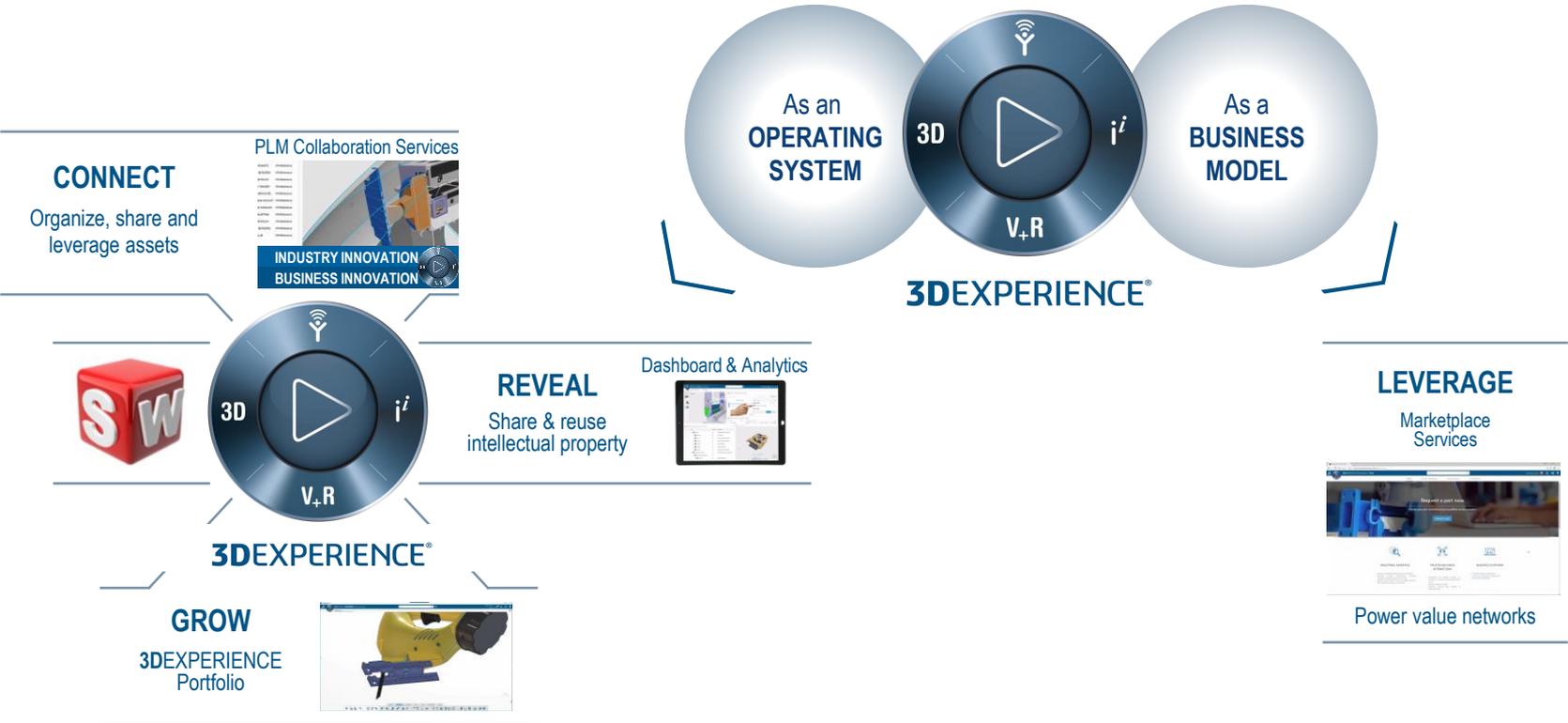
Business Values:

- ▶ **Leverage** engineering data across the Upstream and Downstream business units over the **full asset lifecycle**
- ▶ **Workflows to manage change** in engineering artifacts to maintain accuracy over the full asset lifecycle
- ▶ **Digitalized** framework to manage global practices such as design, procurement, and construction standards
- ▶ Utilizing **3D models** of equipment

Solution:

3DEXPERIENCE Platform with
**Capital Facilities Information
Excellence** Industry Solution
Experience

SOLIDWORKS POWER'BY 3DEXPERIENCE





INDUSTRY | Centric Software Acquisition

Accelerate Digital Transformation of Fashion, Retail and Consumer Goods Companies



#1 in next generation PLM for fashion, apparel, luxury and retail

FY17 revenue:
~ US\$ 61m
 up ~60%

Headquartered in
California

275 employees

Centric PLM in 3DS Strategy Framework

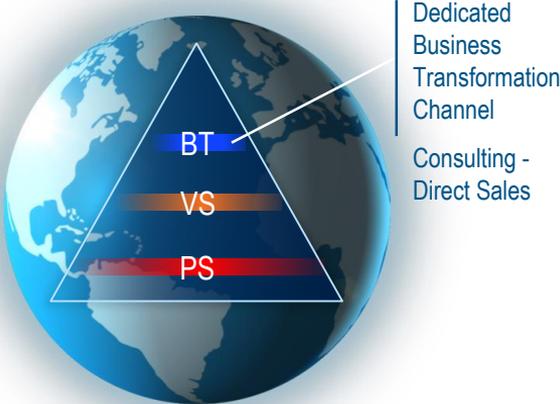
Brands
 “User Experience” & Communities



Industries
 “Solution Experience”



12 Geo Field Operations
 “Customer Experience”



APPLICATIONS

+

CONTENT

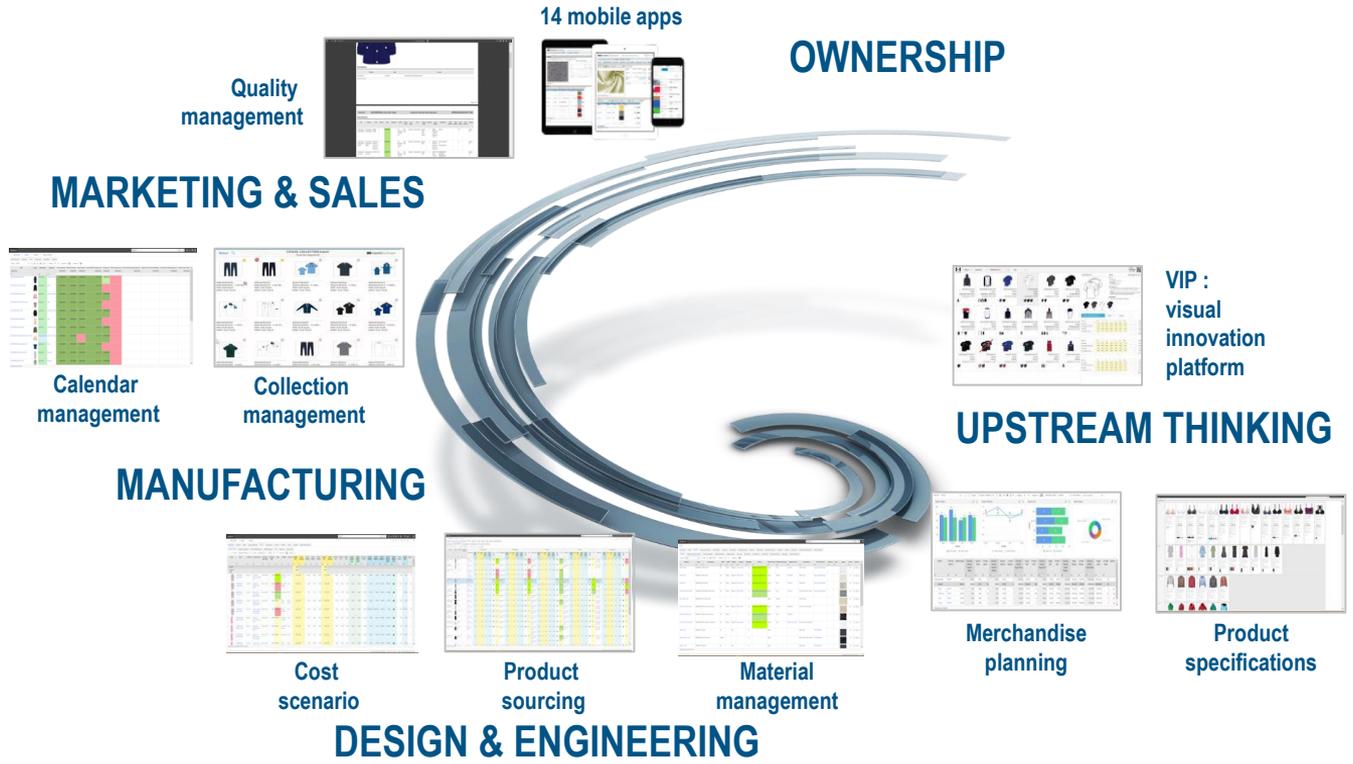
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SERVICES

3DEXPERIENCE platform

PLM for Fashion, Retail

and all companies launching products by collection





No Magic | Strengthen foothold in Systems Engineering... ... for new connected experiences

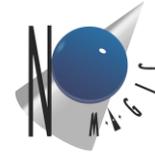


Mechatronics Systems

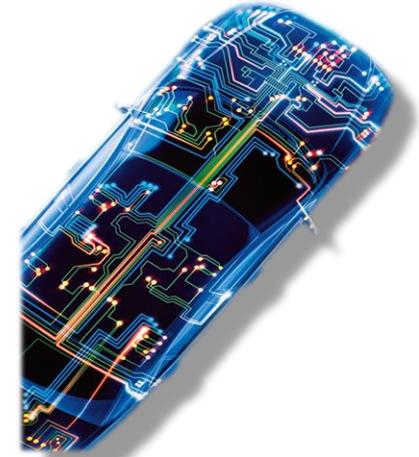
Cyber Physical Systems

Cyber Physical Systems: Multitude of software-intensive connected systems interacting together in an unpredictable world

CATIA



Cyber **Physical**
System Architecture



Cyber Physical
System Architecture

Centric Software Acquisition

Acquiring for cash **63%** ownership of Centric Software

- ▶ Closed on **July 24th** 2018
- ▶ Payment in cash: **~\$350m** for **63%** equity stake, including an advance payment to shareholders keeping their shares
- ▶ Expected to be **slightly dilutive** to FY18 non-IFRS earnings (due to sales seasonality)

Acquisition of the remainder of the shares to take place in **2020** and **2021**

Price will depend on Centric Software's **revenue growth** and **profitability** in **2019** and **2020**
→ **3-6 times 2019** or **2020 revenues**

No Magic Acquisition



Company profile

Recognized provider of software for **model-based systems engineering**

Privately-held company headquartered in **Texas, USA**

~ 170 employees

Acquisition completed on June 20th, 2018

H2 outlook:
Revenue of ~€6m - Neutral to non-IFRS **earnings**

Opportunity

New connected experiences for Aerospace & Defense, Transportation & Mobility and High-tech industries
Enabling the **adoption of industry standard languages** such as UML, SysML, UPDM

UML: Unified Modeling Language - SysML: Systems Modeling Language - UPDM: Unified Profile for for DoDAF/MODAF, USA Department of Defense Architecture Framework (DoDAF) / UK Ministry of Defense Architecture Framework (MODAF)

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Q2 & H1 18 Non-IFRS (under IAS 18)

€ millions	Q2 18	H1 18	
Revenue	840.3	1,611.4	
Growth	+4%	+2%	
Growth exFX	+8%	+9%	Top line growth
Software Growth exFX	+9%	+9%	
Operating Margin	30.2%	28.7%	
Operating Margin Growth	+0.1 pt	+0.5 pt	Operating margin expansion
EPS (€)	0.72	1.30	
EPS Evolution	+16%	+13%	And lower income tax resulting in strong EPS growth
EPS Evolution exFX	+22%	+23%	

Software Revenue by Region Non-IFRS (under IAS 18)

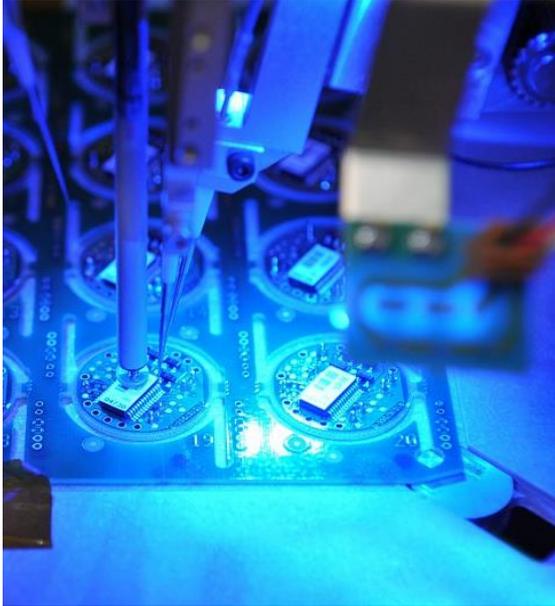
Software Revenue Growth exFX by Region	Q2 18	H1 18	
Americas	+7%	+9%	Strong base of comparison in Q2 (Q2 17 double-digit licenses growth in North America)
Europe	+6%	+6%	Driven by Southern Europe and Russia
Asia	+14%	+15%	Double-digit software revenue in all geos in H1: China, Japan, South Korea, India and AP South
Software Revenue	+9%	+9%	

Software Revenue by Brand Non-IFRS (under IAS 18)

Software Revenue Growth exFX by Brand	Q2 18	H1 18	
CATIA	+5%	+5%	Double-digit licenses growth exFX
ENOVIA	+9%	+7%	Double-digit licenses growth exFX
SOLIDWORKS	+11%	+12%	Double-digit licenses growth exFX
Other Software	+11%	+13%	Strong DELMIA and good SIMULIA
Software Revenue	+9%	+9%	

Safran Electronics & Defense

Adopts 3DEXPERIENCE Platform



World leader in optronics, avionics, electronics and critical software for both civil and defense applications.

Business Values:

- ▶ Improve **product quality & customer satisfaction**
- ▶ Increase product **innovation** while managing product **complexity**
- ▶ Reduce product development **costs**
- ▶ Accelerate **time to market**

Solution:

3DEXPERIENCE Platform with Business Operation Excellence, Co-design to target and Smarter, Faster, Lighter Industry Solution Experiences leveraging CATIA, DELMIA, ENOVIA and EXALEAD brands

DELMIA Performance* | Global Industrial Operations

H1 DELMIA
organic software revenue
up **17%** exFX

Performance driven by



Tires



OEMs and EV
new entrants



OEMs and
suppliers

Strong performance in
**Manufacturing
Execution System
and Digital
Manufacturing**



3DEXPERIENCE[®]

DS DELMIA

* Non-IFRS (under IAS 18)

Bridgestone Europe Adopts DELMIA and Quintiq to support its Smart Factory concept



Bridgestone Europe is responsible for the EMEA business of the world's number one tire and rubber company

Key Challenges:

Master tire production across 8 sites and allow plants to schedule and execute production across all departments in one integrated Scheduling and Execution application:

- ▶ Reduce the current planning cycle **from weeks into days**
- ▶ React in **real time** to disruptions in production
- ▶ Increase **asset utilization** and **direct productivity**

Solution:

DELMIA for Manufacturing Execution System

QUINTIQ Scheduling & Optimization Solution

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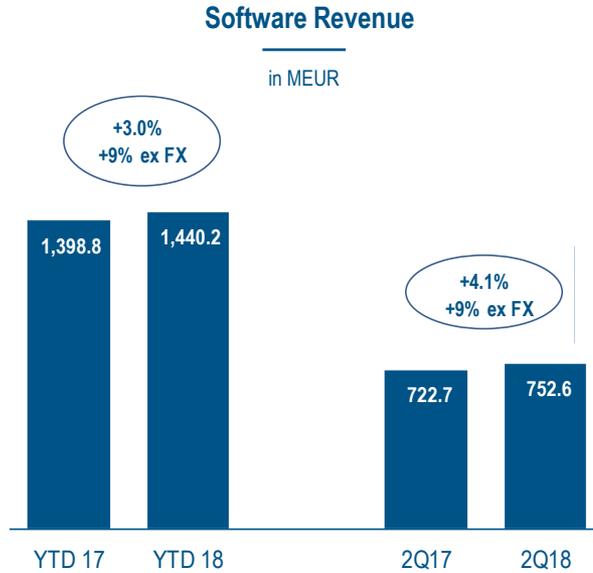
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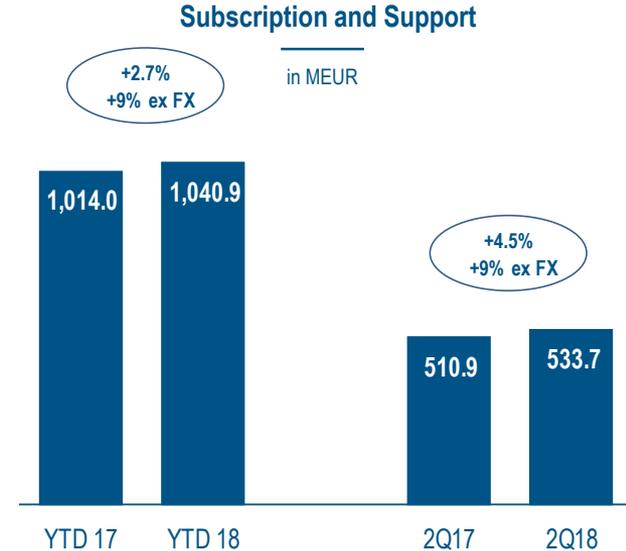
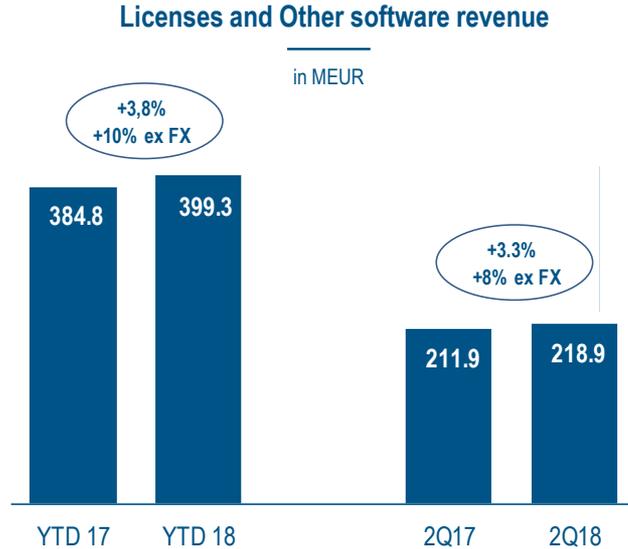
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Software Revenue Growth Non-IFRS (under IAS 18)



Organic software revenue
+6% exFX in Q2 and **+7%** in H1

Software Revenue Growth Non-IFRS (under IAS 18)

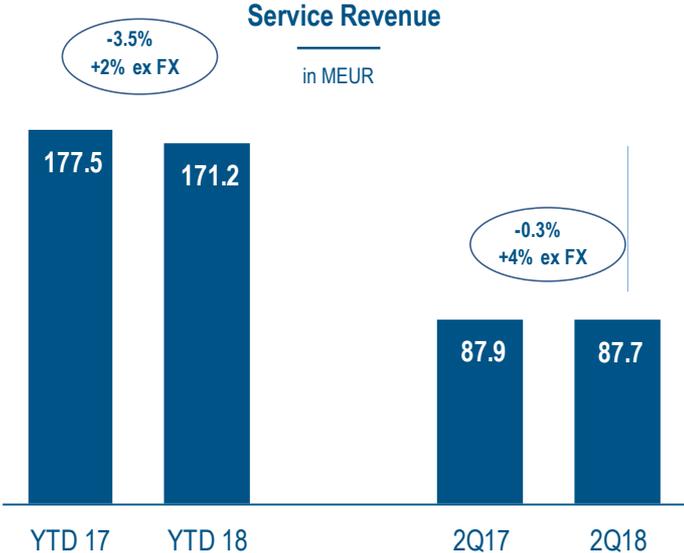


Organic **licenses*** revenue up **+8%** exFX in Q2 and **+10%** in H1

Organic **recurring** revenue (Subscription and Support) up **6%** exFX in Q2 and H1 reflecting solid support revenue

* Licenses and other software revenue

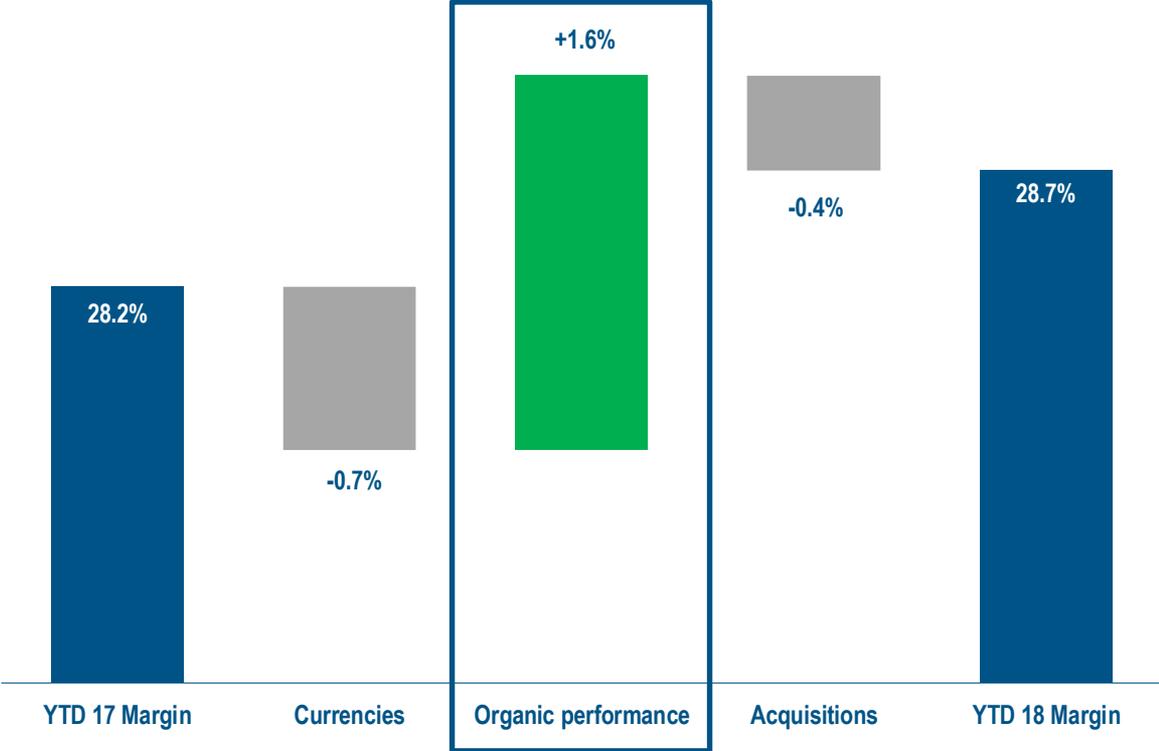
Service Revenue & Margin Evolution Non-IFRS (under IAS 18)



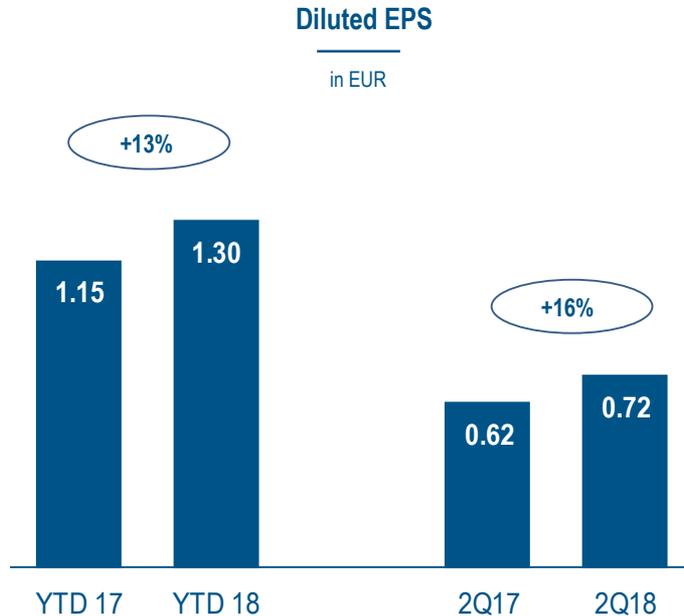
Strong growth in **3DEXPERIENCE services** activity

Serv. Gross Margin	YTD 17	YTD 18	2Q17	2Q18
	9.5%	6.5%	10.8%	7.4%

Operating Margin Evolution Non-IFRS (under IAS 18)



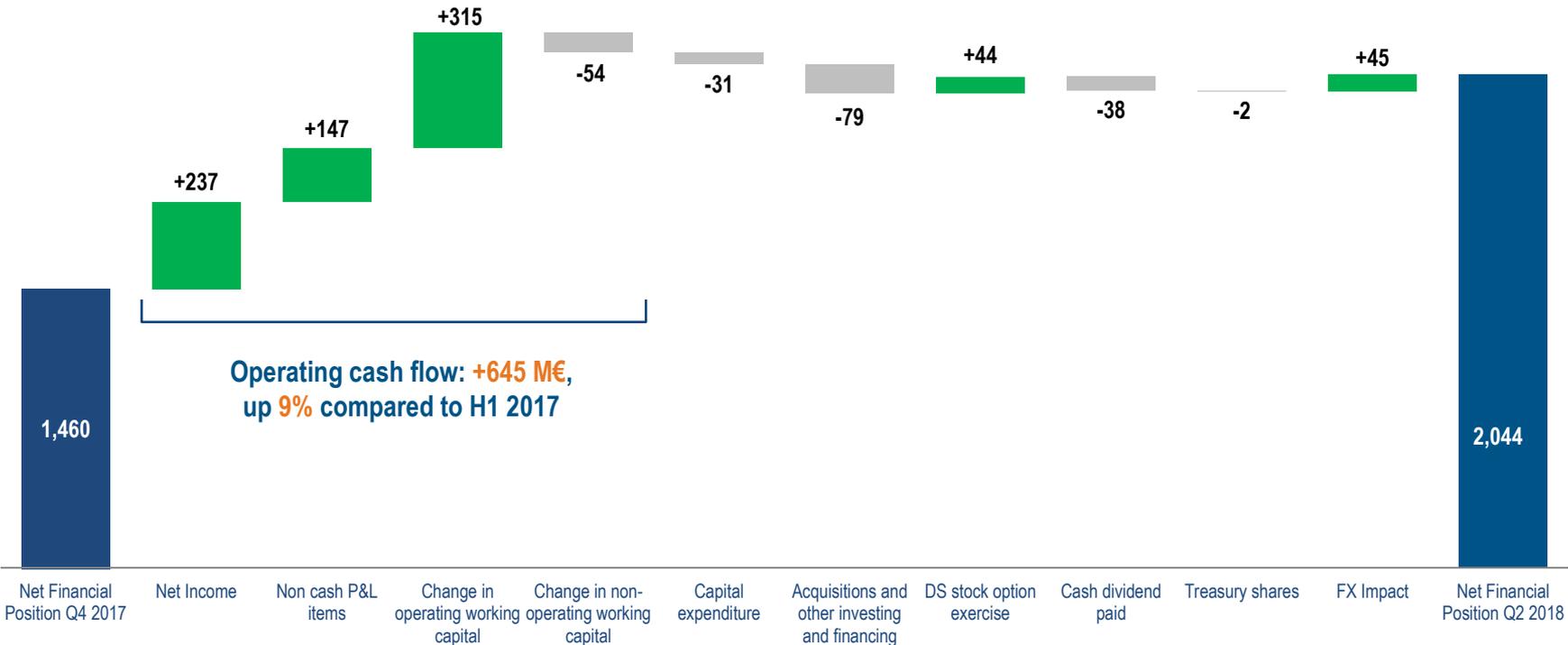
EPS Non-IFRS (under IAS 18)



EPS up 22% exFX in Q2 and 23% in H1: top line growth, margin expansion and lower tax rate

Tax rate | Q217: 34.5% → Q218: 27.8%
H117: 33.3% → H118: 28.3%

Change in Net Financial Position IFRS (under IAS 18)



Operating Cash Flow Evolution IFRS (under IAS 18)

€ million	YTD 18	YTD 17	Changes	
Operating Cash Flow	+645	+592	+53	
Net income adjusted for non cash items	+385	+327	+58	
Decrease in trade accounts receivable	+207	+182	+25	
Increase in unearned revenue	+129	+120	+9	Unearned revenue up 8% exFX at constant perimeter
Decrease in accrued compensation	-7	-19	+12	
Decrease in accounts payable	-14	-1	-13	
Decrease (increase) in income taxes payable	-36	+14	-50	Higher 2017 taxable income in France paid in Q2 2018 and lower 2018 tax charges in the US
Other	-19	-31	+12	

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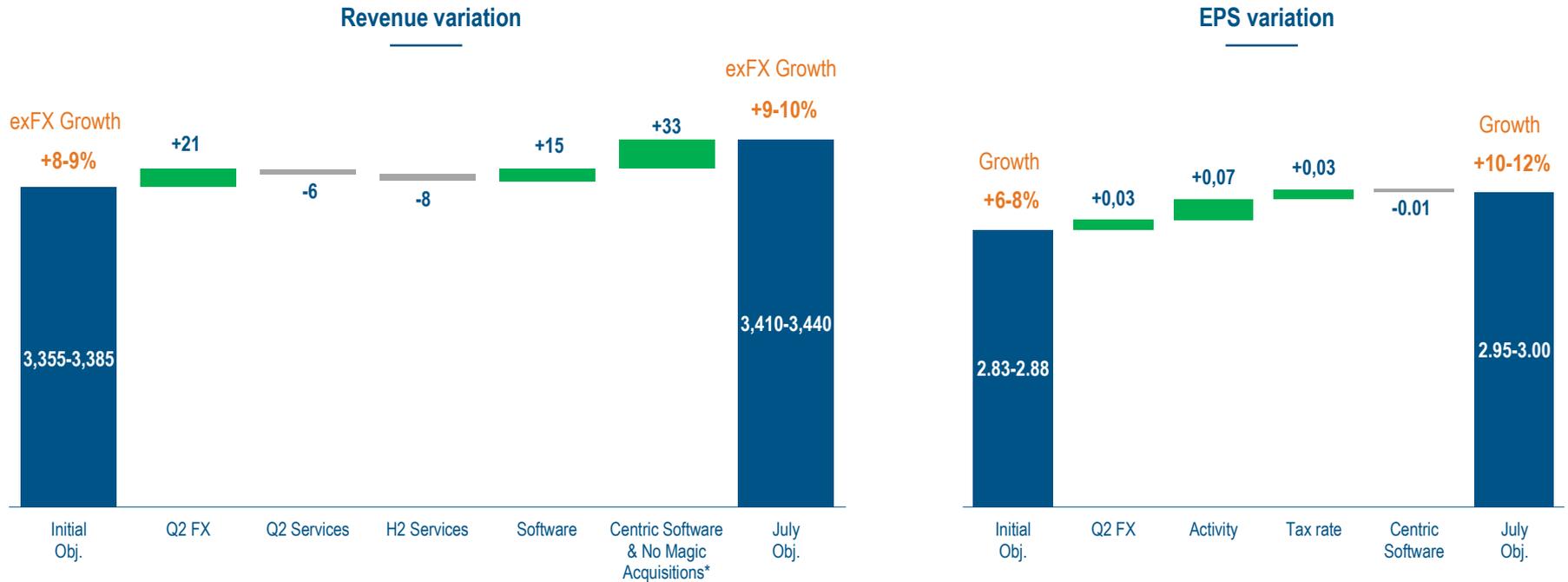
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FY18 Objectives Changes from April to July



* Software & Services

Proposed Objectives Non-IFRS IAS 18

	Q3 2018	FY 2018
Revenue (M€)	805-825	3,410-3,440
Growth	+7-10%	+5-6%
Growth ex FX	+8-11%	+9-10%
Operating Margin	29-30%	31-31.5%
Operating Margin Growth	-3 to -2 pts	-1 to -0.5 pts
EPS (€)	0.64-0.68	2.95-3.00
EPS Growth	+0-6%	+10-12%
€/ \$ rates	1.20	1.21
€/ ¥ rates	135.0	133.3

FY 2018

Software	Licenses	Recurring
+9-10% exFX	+9-11% exFX	~+9% exFX
Operating margin -1 to -0.5 pt: acquisitions -1 to -0.8 pt, currencies -0.3 pt		Tax rate of ~29.1%
		EPS +10-12% (+15-17% exFX)

Q3 2018

Software	Licenses	Recurring
+9-10% exFX	+6-9% exFX	~+10% exFX
Operating margin -3 to -2 pts: acquisitions ~-1.5 pts		

Reminder: Q317 software revenue reflecting SOLIDWORKS revenue up 16% exFX

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▶ IAS 18

▶ Reconciliation of IFRS 15 & IAS 18

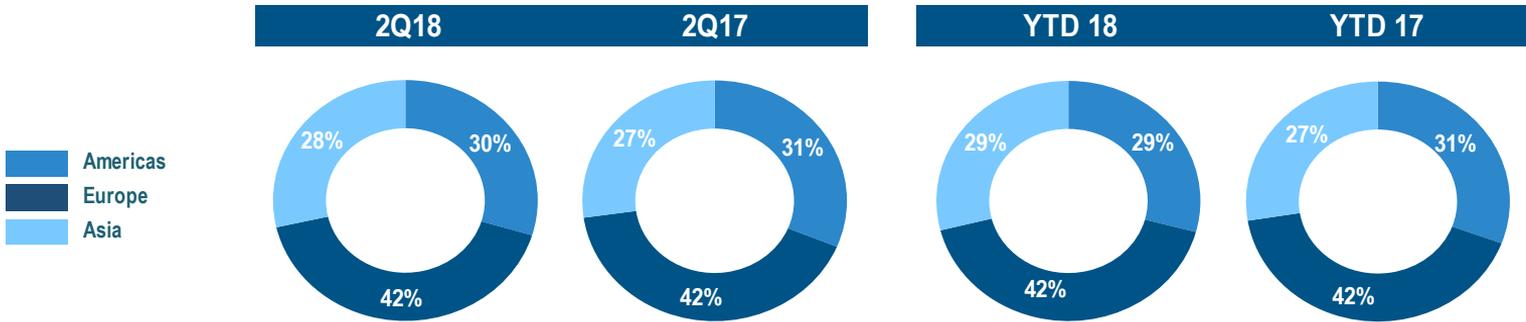
▶ IFRS 15

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Software by Region (IAS18)

Non-IFRS

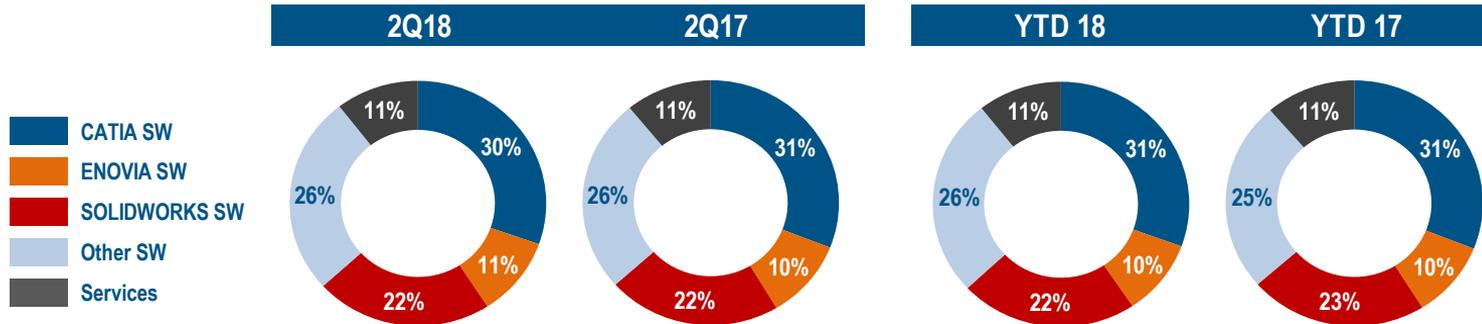
<i>in MEUR</i>	2Q18	2Q17	Growth	Growth ex FX	YTD 18	YTD 17	Growth	Growth ex FX
Americas	223.3	225.7	-1.1%	+7%	420.0	428.9	-2.1%	+9%
Europe	314.2	300.0	+4.7%	+6%	603.4	584.5	+3.2%	+6%
Asia	215.1	196.9	+9.2%	+14%	416.7	385.5	+8.1%	+15%
Software revenue	752.6	722.7	+4.1%	+9%	1,440.2	1,398.8	+3.0%	+9%



Revenue by Product Line (IAS18)

IFRS

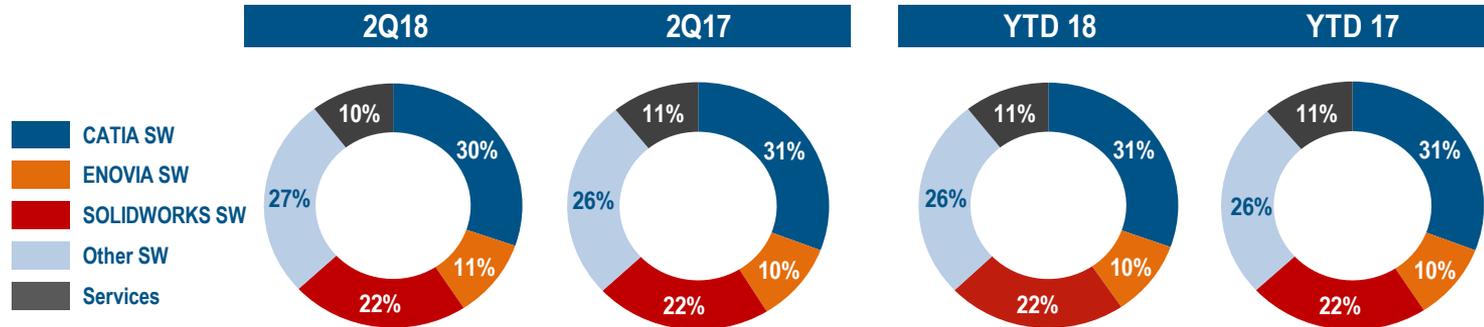
<i>in MEUR</i>	2Q18	2Q17	Growth	Growth ex FX	YTD 18	YTD 17	Growth	Growth ex FX
CATIA SW	254.5	249.7	+1.9%	+5%	491.4	486.2	+1.1%	+5%
ENOVIA SW	87.9	84.4	+4.1%	+9%	160.8	158.0	+1.7%	+7%
SOLIDWORKS SW	187.1	176.7	+5.9%	+11%	360.3	350.9	+2.7%	+12%
Other SW	220.2	207.7	+6.0%	+12%	422.9	393.6	+7.4%	+15%
Services	87.7	87.9	-0.3%	+4%	171.2	177.5	-3.5%	+2%
Total revenue	837.3	806.4	+3.8%	+8%	1 606.6	1 566.2	+2.6%	+9%



Revenue by Product Line (IAS18)

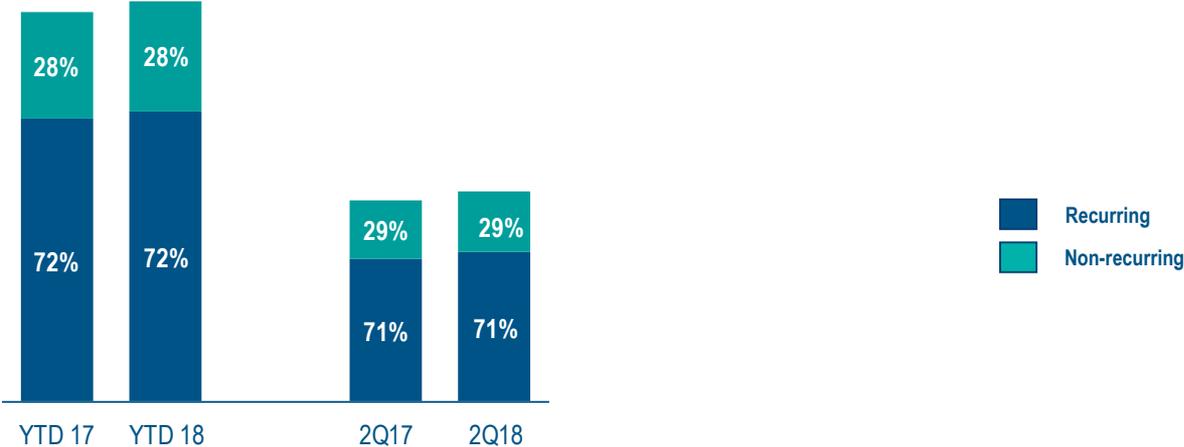
Non-IFRS

<i>in MEUR</i>	2Q18	2Q17	Growth	Growth ex FX	YTD 18	YTD 17	Growth	Growth ex FX
CATIA SW	254.9	249.7	+2.1%	+5%	491.9	486.2	+1.2%	+5%
ENOVIA SW	87.9	84.4	+4.1%	+9%	160.8	158.0	+1.7%	+7%
SOLIDWORKS SW	187.1	176.7	+5.9%	+11%	360.3	350.9	+2.7%	+12%
Other SW	222.7	211.9	+5.1%	+11%	427.3	403.8	+5.8%	+13%
Services	87.7	87.9	-0.3%	+4%	171.2	177.5	-3.5%	+2%
Total revenue	840.3	810.6	+3.7%	+8%	1,611.4	1,576.3	+2.2%	+9%



Software Revenue Evolution (IAS18)

Non-IFRS



IFRS P&L (IAS18)

(In millions of €, except per share data)	Three months ended June 30,			Six months ended June 30,		
	2018	2017	YoY	2018	2017	YoY
Software revenue	749.6	718.5	+4.3%	1,435.4	1,388.7	+3.4%
Licenses and Other software revenue	218.9	211.8	+3.3%	399.3	384.8	+3.8%
Subscription and Support revenue	530.8	506.7	+4.8%	1,036.0	1,003.9	+3.2%
Services revenue	87.7	87.9	-0.3%	171.2	177.5	-3.5%
Total revenue	837.3	806.4	+3.8%	1,606.6	1,566.2	+2.6%
Cost of Software revenue	(38.2)	(37.9)	+0.6%	(79.0)	(78.4)	+0.8%
Cost of Services revenue	(81.8)	(78.9)	+3.6%	(161.2)	(161.8)	-0.4%
Research and development	(161.4)	(156.2)	+3.3%	(314.0)	(305.9)	+2.6%
Marketing and sales	(262.8)	(258.5)	+1.7%	(515.8)	(518.3)	-0.5%
General and administrative	(69.8)	(61.6)	+13.4%	(139.6)	(121.8)	+14.5%
Amortization of acquired intangibles	(40.7)	(39.3)	+3.6%	(82.5)	(80.5)	+2.5%
Other operating income and expense, net	(4.4)	(4.5)	-3.3%	(6.9)	(10.6)	-35.3%
Total operating expenses	(659.0)	(637.0)	+3.5%	(1,299.0)	(1,277.3)	+1.7%
Operating income	178.3	169.4	+5.2%	307.6	288.9	+6.5%
Financial revenue and other, net	4.4	15.3	-71.0%	9.1	22.5	-59.4%
Income tax expense	(46.7)	(61.8)	-24.4%	(80.2)	(102.2)	-21.5%
Non-controlling interest	0.1	0.1	N/A	0.4	(1.3)	-
Net Income (to equity holders of the parent)	136.1	122.9	+10.7%	236.9	208.0	+13.9%
Diluted net income per share (EPS)	0.52	0.48	+8.3%	0.91	0.81	+12.3%
Average diluted shares (Million)	260.4	257.9		260.0	257.1	

IFRS P&L (%) (IAS18)

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
	<u>% of revenue</u>		<u>% of revenue</u>	
Software revenue	89.5%	89.1%	89.3%	88.7%
Licenses and Other software revenue	26.1%	26.3%	24.9%	24.6%
Subscription and Support revenue	63.4%	62.8%	64.5%	64.1%
Services revenue	10.5%	10.9%	10.7%	11.3%
Total revenue	100.0%	100.0%	100.0%	100.0%
Cost of Software revenue	4.6%	4.7%	4.9%	5.0%
Cost of Services revenue	9.8%	9.8%	10.0%	10.3%
Research and development	19.3%	19.4%	19.5%	19.5%
Marketing and sales	31.4%	32.1%	32.1%	33.1%
General and administrative	8.3%	7.6%	8.7%	7.8%
Amortization of acquired intangibles	4.9%	4.9%	5.1%	5.1%
Other operating income and expense, net	0.5%	0.6%	0.4%	0.7%
Total operating expenses	78.7%	79.0%	80.9%	81.6%
Operating income	21.3%	21.0%	19.1%	18.4%
Financial revenue and other, net	0.5%	1.9%	0.6%	1.4%
Income tax rate (% of EBIT)	25.6%	33.5%	25.3%	32.8%
Non-controlling interest	0.0%	0.0%	0.0%	-0.1%
Net Income (to equity holders of the parent)	<u>16.3%</u>	<u>15.2%</u>	<u>14.7%</u>	<u>13.3%</u>

Non-IFRS P&L (IAS18)

(In millions of €, except per share data)	Three months ended June 30,			Six months ended June 30,		
	2018	2017	YoY	2018	2017	YoY
Software revenue	752.6	722.7	+4.1%	1,440.2	1,398.8	+3.0%
Licenses and Other software revenue	218.9	211.8	+3.3%	399.3	384.8	+3.8%
Subscription and Support revenue	533.7	510.9	+4.5%	1,040.9	1,014.0	+2.7%
Services revenue	87.7	87.9	-0.3%	171.2	177.5	-3.5%
Total revenue	840.3	810.6	+3.7%	1,611.4	1,576.3	+2.2%
Cost of Software revenue	(37.7)	(37.4)	+0.8%	(78.1)	(77.3)	+1.0%
Cost of Services revenue	(81.2)	(78.4)	+3.6%	(160.0)	(160.6)	-0.4%
Research and development	(150.5)	(145.0)	+3.8%	(291.0)	(282.9)	+2.8%
Marketing and sales	(255.3)	(249.6)	+2.3%	(501.9)	(500.2)	+0.4%
General and administrative	(61.9)	(56.3)	+9.9%	(118.4)	(110.7)	+6.9%
Total operating expenses	(586.6)	(566.8)	+3.5%	(1,149.5)	(1,131.8)	+1.6%
Operating income	253.6	243.8	+4.0%	462.0	444.5	+3.9%
Financial revenue and other, net	5.0	(0.7)	N/A	10.3	(0.2)	N/A
Income tax expense	(72.0)	(83.8)	-14.0%	(133.7)	(147.9)	-9.6%
Non-controlling interest	0.1	0.1	N/A	0.4	(1.3)	-
Net Income (to equity holders of the parent)	186.8	159.4	+17.2%	339.0	295.1	+14.9%
Diluted net income per share (EPS)	0.72	0.62	+16.1%	1.30	1.15	+13.0%
Average diluted shares (Million)	260.4	257.9		260.0	257.1	

Non-IFRS P&L (%) (IAS18)

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Software revenue	89.6%	89.2%	89.4%	88.7%
Licenses and Other software revenue	26.0%	26.1%	24.8%	24.4%
Subscription and Support revenue	63.5%	63.0%	64.6%	64.3%
Services revenue	10.4%	10.8%	10.6%	11.3%
Total revenue	100.0%	100.0%	100.0%	100.0%
Cost of Software revenue	4.5%	4.6%	4.8%	4.9%
Cost of Services revenue	9.7%	9.7%	9.9%	10.2%
Research and development	17.9%	17.9%	18.1%	17.9%
Marketing and sales	30.4%	30.8%	31.1%	31.7%
General and administrative	7.4%	7.0%	7.3%	7.0%
Total operating expenses	69.8%	69.9%	71.3%	71.8%
Operating income	30.2%	30.1%	28.7%	28.2%
Financial revenue and other, net	0.6%	-0.1%	0.6%	0.0%
Income tax rate (% of EBIT)	27.8%	34.5%	28.3%	33.3%
Non-controlling interest	0.0%	0.0%	0.0%	-0.1%
Net Income (to equity holders of the parent)	<u>22.2%</u>	<u>19.7%</u>	<u>21.0%</u>	<u>18.7%</u>

IFRS – Non-IFRS Reconciliation QTD (IAS18)

Revenue and Gross Margin

	Three months ended June 30,						Increase (Decrease)	
	2018 IFRS	Adjustment	2018 Non-IFRS	2017 IFRS	Adjustment	2017 Non-IFRS	IFRS	Non-IFRS
(€ million, except % and per share data)								
Total Revenue	837.3	3.0	840.3	806.4	4.2	810.6	3.8%	3.7%
Total Revenue breakdown by activity								
Software revenue	749.6	3.0	752.6	718.5	4.2	722.7	4.3%	4.1%
<i>Licenses and Other software revenue</i>	218.9		218.9	211.9		211.9	3.3%	3.3%
<i>Subscription and Support revenue</i>	530.8	3.0	533.7	506.7	4.2	510.9	4.8%	4.5%
<i>Recurring portion of Software revenue</i>	71%		71%	71%		71%		
Services revenue	87.7		87.7	87.9		87.9	-0.3%	-0.3%
Total Revenue breakdown by product line								
CATIA SW revenue	254.5	0.5	254.9	249.7		249.7	1.9%	2.1%
ENOVIA SW revenue	87.9		87.9	84.4		84.4	4.1%	4.1%
SOLIDWORKS SW revenue	187.1		187.1	176.7		176.7	5.9%	5.9%
Other SW revenue	220.2	2.5	222.7	207.7	4.2	211.8	6.0%	5.1%
Services revenue	87.7		87.7	87.9		87.9	-0.3%	-0.3%
Total Revenue breakdown by geography								
Americas revenue	250.5	1.9	252.3	256.8	1.3	258.1	-2.5%	-2.2%
Europe revenue	353.0	0.2	353.2	334.5	2.6	337.1	5.5%	4.8%
Asia revenue	233.9	0.9	234.8	215.2	0.3	215.4	8.7%	9.0%
Gross Margin								
Cost of Software revenue	(38.2)	0.5	(37.7)	(37.9)	0.5	(37.4)	0.6%	0.8%
<i>Software Gross margin*</i>	94.9%		95.0%	94.7%		94.8%		
Cost of Services revenue	(81.8)	0.6	(81.2)	(78.9)	0.5	(78.4)	3.6%	3.6%
<i>Services Gross margin</i>	6.7%		7.4%	10.2%		10.8%		

* No amortization of acquired intangibles is included in Software Gross margin calculation

IFRS – Non-IFRS Reconciliation YTD (IAS18)

Revenue and Gross Margin

	Six months ended June 30,						Increase (Decrease)	
	2018 IFRS	Adjustment	2018 Non-IFRS	2017 IFRS	Adjustment	2017 Non-IFRS	IFRS	Non-IFRS
<i>(€ million, except % and per share data)</i>								
Total Revenue	1,606.6	4.8	1,611.4	1,566.2	10.1	1,576.3	2.6%	2.2%
Total Revenue breakdown by activity								
Software revenue	1,435.4	4.8	1,440.2	1,388.7	10.1	1,398.8	3.4%	3.0%
<i>Licenses and Other software revenue</i>	399.3		399.3	384.8		384.8	3.8%	3.8%
<i>Subscription and Support revenue</i>	1,036.0	4.8	1,040.9	1,003.9	10.1	1,014.0	3.2%	2.7%
<i>Recurring portion of Software revenue</i>	72%		72%	72%		72%		
Services revenue	171.2		171.2	177.5		177.5	-3.5%	-3.5%
Total Revenue breakdown by product line								
CATIA SW revenue	491.4	0.5	491.9	486.2		486.2	1.1%	1.2%
ENOVIA SW revenue	160.8		160.8	158.0		158.0	1.7%	1.7%
SOLIDWORKS SW revenue	360.3		360.3	350.9		350.9	2.7%	2.7%
Other SW revenue	422.9	4.4	427.3	393.6	10.1	403.8	7.4%	5.8%
Services revenue	171.2		171.2	177.5		177.5	-3.5%	-3.5%
Total Revenue breakdown by geography								
Americas revenue	474.7	2.8	477.5	490.7	3.2	493.9	-3.3%	-3.3%
Europe revenue	679.1	0.6	679.7	653.8	6.3	660.1	3.9%	3.0%
Asia revenue	452.7	1.5	454.2	421.7	0.6	422.3	7.4%	7.6%
Gross Margin								
Cost of Software revenue	(79.0)	0.9	(78.1)	(78.4)	1.0	(77.3)	0.8%	1.0%
<i>Software Gross margin*</i>	94.5%		94.6%	94.4%		94.5%		
Cost of Services revenue	(161.2)	1.2	(160.0)	(161.8)	1.1	(160.6)	-0.4%	-0.4%
<i>Services Gross margin</i>	5.9%		6.5%	8.9%		9.5%		

* No amortization of acquired intangibles is included in Software Gross margin calculation

Financial Revenue and Other

Non-IFRS (IAS18)

MEUR	2Q18	2Q17	var	YTD 18	YTD 17	var
Interest Income	9.6	6.6	3.0	17.0	11.0	6.0
Interest Expense	(3.9)	(3.4)	(0.5)	(7.7)	(6.7)	(1.0)
Financial net Income	5.7	3.2	2.5	9.3	4.3	5.0
Exchange Gain / (Loss)	(0.6)	(4.6)	4.0	0.1	(5.1)	5.2
Other Income / (Loss)	(0.1)	0.8	(0.9)	0.9	0.7	0.2
Total	5.0	(0.7)	5.7	10.3	(0.2)	10.5

Exchange Rate evolution

From assumptions to actual data

Breakdown of P&L by currency for YTD 18		
	Revenue	Operating Expenses
USD	35.5%	32.2%
JPY	12.7%	5.1%

Average Exchange rates				
		2017	2018	% change
QTD	EUR/USD	1.10	1.19	+8%
	EUR/JPY	122.6	130.0	+6%
YTD	EUR/USD	1.08	1.21	+12%
	EUR/JPY	121.8	131.6	+8%



Comparing 2Q18 with mid-range Objectives

Non-IFRS

	Revenue	Operating Expenses	Operating Profit	Operating Margin
2Q18 Guidances mid-range	822.5	(579.9)	242.6	29.5%
Growth YoY	+1.5%	+2.3%	-0.5%	-0.6pt
USD impact	15.7	(8.8)	6.9	+0.3pt
JPY impact including hedging	2.7	(1.1)	1.6	+0.1pt
Other currencies and other hedging impact	2.5	(0.1)	2.4	+0.2pt
Total FX	20.9	(10.0)	10.9	+0.6pt
Activity / Cost Control / Other	(3.1)	3.3	0.1	+0.1pt
Delta: Reported vs guidances	17.8	(6.7)	11.0	+0.7pt
2Q18 Reported	840.3	(586.6)	253.6	30.2%
Growth YoY	+3.7%	+3.5%	+4.0%	+0.1pt
2Q17 Reported	810.6	(566.8)	243.8	30.1%

Estimated FX impact on 2Q18 Op. Results

Non-IFRS

€ millions QTD	Total Revenue	Operating Expenses	Operating Income	Operating Margin
2Q18 Reported	840.3	(586.6)	253.6	30.2%
2Q17 Reported	810.6	(566.8)	243.8	30.1%
<i>Growth as reported</i>	+3.7%	+3.5%	+4.0%	+0.1 pt
Impact of Actual Currency Rates				
USD impact	(23.9)	14.2	(9.7)	
JPY impact including hedging	(3.9)	1.8	(2.1)	
Other currencies and other hedging impact	(6.0)	4.7	(1.3)	
Total FX Impact adjustment	(33.8)	20.7	(13.1)	
2Q17 ex FX	776.8	(546.1)	230.7	29.7%
<i>Growth exFX</i>	+8%	+7%	+10%	+0.5 pt

Estimated FX impact on YTD18 Op. Results

Non-IFRS

€ millions YTD	Total Revenue	Operating Expenses	Operating Income	Operating Margin
YTD2018 Reported	1,611.4	(1,149.5)	462.0	28.7%
YTD2017 Reported	1,576.3	(1,131.8)	444.5	28.2%
<i>Growth as reported</i>	+2.2%	+1.6%	+3.9%	+0.5 pt
Impact of Actual Currency Rates				
USD impact	(67.4)	40.6	(26.8)	
JPY impact including hedging	(11.3)	4.6	(6.7)	
Other currencies and other hedging impact	(14.2)	11.1	(3.1)	
Total FX Impact adjustment	(92.9)	56.3	(36.6)	
YTD2017 ex FX	1,483.4	(1,075.5)	407.9	27.5%
<i>Growth exFX</i>	+9%	+7%	+13%	+1.2 pt

Consolidated Statement of Cash Flows (IAS 18)

(in millions of €)	2Q18	2Q17	Variation	2Q18 YTD	2Q17 YTD	Variation
Net income attributable to equity holders of the parent	136.1	123.0	13.1	236.9	208.0	28.9
Non-controlling interest	(0.1)	(0.1)	0.0	(0.4)	1.3	(1.7)
Net income	136.0	122.9	13.1	236.5	209.2	27.3
Depreciation of property & equipment	14.5	11.1	3.4	28.2	22.9	5.3
Amortization of intangible assets	43.1	41.3	1.8	87.0	84.6	2.4
Other non-cash P&L items	16.5	2.6	13.9	33.1	10.4	22.7
Changes in working capital	28.5	66.7	(38.2)	260.7	265.2	(4.5)
Net Cash Provided by (Used in) Operating Activities (I)	238.6	244.6	(6.0)	645.5	592.4	53.1
Additions to property, equipment and intangibles	(19.3)	(27.4)	8.1	(31.3)	(45.8)	14.5
Payment for acquisition of businesses, net of cash acquired	(51.6)	(7.6)	(44.0)	(51.6)	(8.0)	(43.6)
Sale (Purchase) of short-term investments, net	40.8	12.5	28.3	0.7	3.7	(3.0)
Investments, loans and others	(1.5)	0.0	(1.5)	(1.5)	6.4	(7.9)
Net Cash Provided by (Used in) Investing Activities (II)	(31.6)	(22.5)	(9.1)	(83.7)	(43.7)	(40.0)
Acquisition of non-controlling interests	(26.2)	(14.1)	(12.1)	(26.2)	(14.1)	(12.1)
(Purchase) Sale of treasury stock	(10.6)	(47.9)	37.3	(2.3)	(44.8)	42.5
Proceeds from exercise of stock-options	31.4	16.5	14.9	43.7	21.8	21.9
Cash dividend paid	(38.0)	(51.3)	13.3	(38.0)	(51.3)	13.3
Net Cash Provided by (Used in) Financing Activities (III)	(43.4)	(96.8)	53.4	(22.8)	(88.4)	65.6
Effect of exchange rate changes on cash and cash equivalents (IV)	75.8	(121.5)	197.3	44.8	(127.8)	172.6
Increase (Decrease) in Cash (V) = (I)+(II)+(III)+(IV)	239.4	3.8	235.6	583.8	332.5	251.3
Cash and cash equivalents at Beginning of Period	2 803.8	2 765.4		2 459.4	2 436.7	
Cash and cash equivalents at End of Period	3 043.2	2 769.2		3 043.2	2 769.2	
Cash and cash equivalents variation	239.3	3.8		583.8	332.5	

Balance Sheet (IAS 18)

IFRS

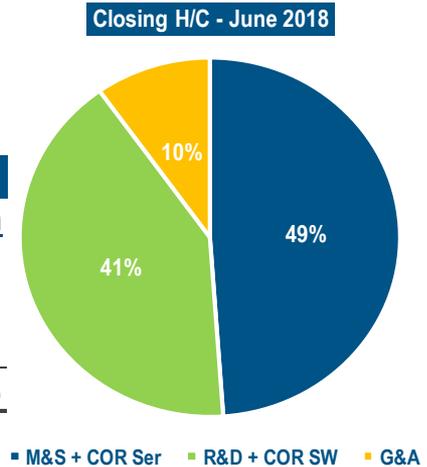
(in millions of€)	End of Jun-18	End of Mar-18	Variation Jun-18 / Mar-18	End of Dec-17	Variation Jun-18 / Dec-17
Cash and cash equivalents	3,043.2	2,803.8	+239.4	2,459.4	+583.8
Short-term investments	0.5	41.3	-40.8	1.3	-0.8
Accounts receivable, net	695.5	749.7	-54.2	895.9	-200.4
Other current assets	273.1	215.1	+58.0	242.9	+30.2
Total current assets	4,012.3	3,809.9	+202.4	3,599.5	+412.8
Property and equipment, net	169.1	164.4	+4.7	169.0	+0.1
Goodwill and Intangible assets, net	3,023.6	2,899.2	+124.4	2,990.1	+33.5
Other non current assets	292.6	287.6	+5.0	271.2	+21.4
Total Assets	7,497.5	7,161.1	+336.4	7,029.8	+467.7
Accounts payable	132.7	128.9	+3.8	149.3	-16.6
Unearned revenue	1,016.0	1,001.0	+15.0	876.4	+139.6
Other current liabilities	482.4	457.0	+25.4	501.7	-19.3
Total current liabilities	1,631.1	1,586.9	+44.2	1,527.4	+103.7
Long-term debt	1,000.0	1,000.0	0.0	1,000.0	0.0
Other non current obligations	494.6	499.4	-4.8	506.3	-11.7
Total long-term liabilities	1,494.6	1,499.4	-4.8	1,506.3	-11.7
Non-controlling interest	1.5	1.6	-0.1	1.9	-0.4
Parent Shareholders' equity	4,370.4	4,073.2	+297.2	3,994.2	+376.2
Total Liabilities and Shareholders' Equity	7,497.5	7,161.1	+336.4	7,029.8	+467.7

Trade Accounts Receivable | DSO (IAS 18)



Headcount by destination

At Closing - TOTAL							
	<u>2Q18</u>	<u>2Q17</u>	<u>% growth</u>	<u>4Q17</u>	<u>% growth</u>	<u>1Q18</u>	<u>% growth</u>
M&S + COR Ser	7 928	7 621	+4%	7 992	-1%	7 860	+1%
R&D + COR SW	6 696	6 463	+4%	6 669	+0%	6 638	+1%
G&A	1 597	1 372	+16%	1 478	+8%	1 569	+2%
Total	16 222	15 457	+5%	16 140	+1%	16 067	+1%



IFRS 2018 Objectives (IAS 18)

Accounting elements not included in the non-IFRS 2018 Objectives

- ▶ FY 2018 estimated **deferred revenue** write-down of **~€5m**
- ▶ FY 2018 estimated **share-based compensation** expenses, including related social charges: **~121m**
- ▶ FY 2018 estimated **amortization of acquired intangibles**: **~€163m**
- ▶ The non-IFRS 2018 objectives do not include any impact from other operating income and expense, net principally comprised of acquisition, integration and restructuring expenses, and from one-time items included in financial revenue and one-time tax restructuring gains and losses
- ▶ These estimates do not include any new stock option or share grants, or any new acquisitions or restructurings completed after July 25, 2018.

Table of Content

▶ IAS 18

▶ **Reconciliation of IFRS 15 & IAS 18**

▶ IFRS 15

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Summary of Principal Differences of IFRS 15 Compared to IAS 18

The Company has adopted IFRS 15 as of January 1, 2018 using the modified retrospective transition method (also called the cumulative effect method). Under this method, the transition effect is accounted for within the consolidated equity at the date of initial application, i.e. January 1, 2018, without any adjustment to the prior year comparative information.

The main differences between IFRS15 and IAS18 standards are described below:

Recurring software: Recurring software is comprised of subscription and support revenue. IFRS 15 has an impact on the timing of the quarterly recognition of subscription revenue but on a full year basis there is essentially no difference between IFRS 15 and IAS 18 for subscription contracts of one year in length. For the 2018 second quarter, non-IFRS recurring software revenue was €525.5 million in non-IFRS under IFRS 15 and was €14.6 million higher compared to the prior IAS 18 standard. Previously, under IAS 18, we showed a ratable quarterly amount based upon the annual contract level of our on-premise subscription software. Under IFRS 15, for new contracts entered into or for contracts renewing, we have assigned an upfront value as required which is recognized in the first quarter of the contract, and the remainder which is recognized ratably during the four quarters. We continue to report both of these amounts within recurring revenue, specifically as subscription revenue (previously called periodic revenue). Historically, a higher proportion of subscription contracts are renewed in the first quarter of the year than in the other three quarters of the year.

Operating expenses and sales commissions: The Company continues to expense sales commissions under the IFRS 15 standard as was done under IAS 18. Therefore, there are no capitalized sales commissions. As a result, the Company's operating expenses are identical under IFRS 15 and IAS 18.

One-time permanent difference: The implementation of IFRS 15 on January 1, 2018 resulted in a one-time permanent difference between IFRS 15 and IAS 18, where the deferred portion of rental agreements concluded in prior years will not be recognized into revenue. As a result, the corresponding amount of €110 million before income taxes or €80 million net of taxes, was recorded in stockholders' equity as of January 1, 2018.

Initial impact on unearned revenue: At June 30, 2018 unearned revenue on the Balance Sheet under IFRS 15 is not directly comparable to December 31, 2017 balance sheet under the prior standard IAS 18. This is due to the fact that June 30, 2018 balance sheet line item unearned revenue has been reduced by €134 million, reflecting (i) the one-time permanent difference of €94 million noted above, and (ii) the higher amount of recurring revenue recognized in the first semester under IFRS 15 compared to IAS 18 in the amount of €40 million.

Contract Assets: Under IFRS 15, The company classifies the right to consideration in exchange for products or services transferred to a client as either a receivable or a contract asset. Contract assets amounted to €32 million as at January 1st, 2018 (1st application impact) and to €34 million as at June 30, 2018.

IFRS15 – IAS18 Non GAAP Reconciliation

In millions of Euros, except per share data and percentages

	2018 Non-IFRS			2018 Non-IFRS		
	QTD IFRS15	Difference	QTD IAS18	YTD IFRS15	Difference	YTD IAS18
Total Revenue	830.7	9.6	840.3	1,651.3	(39.8)	1,611.4
Total Revenue breakdown by activity						
Software revenue	743.0	9.6	752.6	1,480.0	(39.8)	1,440.2
Licenses and Other software revenue	217.5	1.3	218.9	396.6	2.7	399.3
Subscription and Support revenue	525.5	8.3	533.7	1,083.4	(42.5)	1,040.9
<i>Recurring portion of Software revenue</i>	71%		71%	73%		72%
Services revenue	87.7	-	87.7	171.2	-	171.2
Total Software Revenue breakdown by product line						
CATIA software revenue	250.4	4.6	254.9	501.0	(9.2)	491.9
ENOVIA software revenue	87.3	0.6	87.9	162.0	(1.2)	160.8
SOLIDWORKS software revenue	185.9	1.3	187.1	355.7	4.5	360.3
Other software revenue	219.4	3.2	222.7	461.3	(34.0)	427.3
Total Revenue breakdown by geography						
Americas	239.0	13.3	252.3	478.0	(0.5)	477.5
Europe	346.1	7.1	353.2	708.7	(29.0)	679.7
Asia	245.6	(10.8)	234.8	464.5	(10.3)	454.2
Total Operating Expenses	(586.6)		(586.6)	(1,149.5)		(1,149.5)
Share-based compensation expense	-	-	-	-	-	-
Amortization of acquired intangibles	-	-	-	-	-	-
Other operating income and expense, net	-	-	-	-	-	-
Operating Income	244.1	9.6	253.6	501.8	(39.8)	462.0
Operating Margin	29.4%	+0.8pts	30.2%	30.4%	-1.7pts	28.7%
Financial revenue & other, net	5.0	-	5.0	10.3	-	10.3
Income tax expense	(69.3)	(2.7)	(72.0)	(144.9)	11.2	(133.7)
Non-controlling interest	0.1	-	0.1	0.4	-	0.4
Net Income attributable to shareholders	179.9	6.8	186.8	367.5	(28.6)	339.0
Diluted Net Income Per Share (3)	0.69	0.03	0.72	1.41	(0.11)	1.30

	2018 Non-IFRS			2018 Non-IFRS		
	QTD IFRS15	Difference	QTD IAS18	YTD IFRS15	Difference	YTD IAS18
Total share-based compensation expense						
Cost of revenue	(118.9)		(118.9)	(238.1)		(238.1)
Research and development	(150.5)		(150.5)	(291.0)		(291.0)
Marketing and sales	(255.3)		(255.3)	(501.9)		(501.9)
General and administrative	(61.9)		(61.9)	(118.4)		(118.4)
Total share-based compensation expense		-			-	

In millions of Euros

Balance Sheet IFRS15 / IAS 18 Reconciliation

IFRS

(in millions of €)	IFRS15	Difference	IAS 18
Cash and cash equivalents	3,043.2	0.0	3,043.2
Short-term investments	0.5	0.0	0.5
Accounts receivable, net	677.2	+18.3	695.5
Contract assets	36.3	-36.3	-
Other current assets	273.1	0.0	273.1
Total current assets	4,030.3	-18.0	4,012.3
Property and equipment, net	169.1	0.0	169.1
Goodwill and Intangible assets, net	3,023.6	0.0	3,023.6
Other non current assets	284.2	+8.4	292.6
Total Assets	7,507.2	-9.7	7,497.5
Accounts payable	132.7	0.0	132.7
Contract liabilities - Unearned revenue	882.3	+133.7	1,016.0
Other current liabilities	509.3	-26.9	482.4
Total current liabilities	1,524.3	+106.8	1,631.1
Long-term debt	1,000.0	0.0	1,000.0
Other non current obligations	500.3	-5.7	494.6
Total long-term liabilities	1,500.3	-5.7	1,494.6
Non-controlling interest	1.5	0.0	1.5
Parent Shareholders' equity	4,481.1	-110.7	4,370.4
Total Liabilities and Shareholders' Equity	7,507.2	-9.7	7,497.5

- ▶ **Difference in Accounts receivable, net: +€18m**, of which:
 - +€36m from Contract assets;
 - €(16)m upfront licenses opening adjustment;
 - €(2)m carve in.
- ▶ **Difference in Contract assets: (36)m**, of which:
 - €(32)m opening adjustment;
 - €(4)m 2018 first half variation.
- ▶ **Difference in Deferred revenue: +134m**, of which:
 - +€94m opening adjustment;
 - +€40m 2018 first half P&L.
- ▶ **Difference in Tax: €(41)m**, of which:
 - €(8)m in Other non-current assets;
 - €(27)m in Other current liabilities;
 - €(6)m in Other non-current liabilities.

Table of Content

▶ IAS 18

▶ Reconciliation of IFRS 15 & IAS 18

▶ **IFRS 15**

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

IFRS – Non-IFRS Reconciliation QTD (IFRS15)

Revenue and Gross Margin

	Three months ended June 30,		
	2018 IFRS	Adjustment	2018 Non-IFRS
(€ million, except % and per share data)			
Total Revenue	827.8	3.0	830.7
Total Revenue breakdown by activity			
Software revenue	740.1	3.0	743.0
Licenses and Other software revenue	217.5		217.5
Subscription and Support revenue	522.5	3.0	525.5
Recurring portion of Software revenue	71%		71%
Services revenue	87.7		87.7
Total Revenue breakdown by product line			
CATIA SW revenue	249.9	0.5	250.4
ENOVIA SW revenue	87.3		87.3
SOLIDWORKS SW revenue	185.9		185.9
Other SW revenue	217.0	2.5	219.4
Services revenue	87.7		87.7
Total Revenue breakdown by geography			
Americas revenue	237.1	1.9	239.0
Europe revenue	345.9	0.2	346.1
Asia revenue	244.7	0.9	245.6
Gross Margin			
Cost of Software revenue	(38.2)	0.5	(37.7)
Software Gross margin*	94.8%		94.9%
Cost of Services revenue	(81.8)	0.6	(81.2)
Services Gross margin	6.7%		7.4%

As set forth in DS-17Q4 Earnings Presentation, prior year financial data could not be restated in IFRS15 due to the transition methodology used. Therefore, there is no available comparison with Q2 2017 figures under IFRS15.

* No amortization of acquired intangibles is included in Software Gross margin calculation

IFRS – Non-IFRS Reconciliation QTD (IFRS15)

Expenses & Earnings

(€ million, except % and per share data)

	Three months ended June 30,		
	2018 IFRS	Adjustment	2018 Non-IFRS
Total Operating Expenses	(659.0)	72.4	(586.6)
Share-based compensation expense	(27.3)	27.3	-
Amortization of acquired intangibles	(40.7)	40.7	-
Other operating income and expense, net	(4.4)	4.4	-
Operating Income	168.7	75.4	244.1
Operating Margin	20.4%		29.4%
Financial revenue & other, net	4.4	0.6	5.0
Income tax expense	(44.0)	(25.3)	(69.3)
Non-controlling interest	0.1		0.1
Net Income attributable to shareholders	129.3	50.7	179.9
Diluted net income per share, in EUR	0.50	0.19	0.69

As set forth in DS-17Q4 Earnings Presentation, prior year financial data could not be restated in IFRS15 due to the transition methodology used. Therefore, there is no available comparison with Q2 2017 figures under IFRS15.

(€ million)

	Three months ended June 30,		
	2018 IFRS	Adjust.	2018 Non-IFRS
Cost of revenue	(120.0)	1.1	(118.9)
Research and development	(161.4)	10.8	(150.5)
Marketing and sales	(262.8)	7.5	(255.3)
General and administrative	(69.8)	7.9	(61.9)
Total Share-based compensation expense		27.3	

IFRS – Non-IFRS Reconciliation YTD (IFRS15)

Revenue and Gross Margin

	Six months ended June 30,		
	2018 IFRS	Adjustment	2018 Non-IFRS
Total Revenue	1,646.4	4.8	1,651.3
Total Revenue breakdown by activity			
Software revenue	1,475.2	4.8	1,480.0
<i>Licenses and Other software revenue</i>	396.6		396.6
<i>Subscription and Support revenue</i>	1,078.6	4.8	1,083.4
<i>Recurring portion of Software revenue</i>	73%		73%
Services revenue	171.2		171.2
Total Revenue breakdown by product line			
CATIA SW revenue	500.6	0.4	501.0
ENOVIA SW revenue	162.0		162.0
SOLIDWORKS SW revenue	355.7		355.7
Other SW revenue	456.9	4.4	461.3
Services revenue	171.2		171.2
Total Revenue breakdown by geography			
Americas revenue	475.2	2.8	478.0
Europe revenue	708.1	0.6	708.7
Asia revenue	463.1	1.4	464.5
Gross Margin			
Cost of Software revenue	(79.0)	0.9	(78.1)
<i>Software Gross margin*</i>	94.6%		94.7%
Cost of Services revenue	(161.2)	1.2	(160.0)
<i>Services Gross margin</i>	5.9%		6.5%

(€ million, except % and per share data)

As set forth in DS-17Q4 Earnings Presentation, prior year financial data could not be restated in IFRS15 due to the transition methodology used. Therefore, there is no available comparison with Q2 2017 figures under IFRS15.

* No amortization of acquired intangibles is included in Software Gross margin calculation

IFRS – Non-IFRS Reconciliation YTD (IFRS15)

Expenses & Earnings

(€ million, except % and per share data)

	Six months ended June 30,		
	2018 IFRS	Adjustment	2018 Non-IFRS
Total Operating Expenses	(1,299.0)	149.5	(1,149.5)
Share-based compensation expense	(60.2)	60.2	-
Amortization of acquired intangibles	(82.5)	82.5	-
Other operating income and expense, net	(6.9)	6.9	-
Operating Income	347.4	154.4	501.8
Operating Margin	21.1%		30.4%
Financial revenue & other, net	9.1	1.1	10.3
Income tax expense	(91.5)	(53.5)	(144.9)
Non-controlling interest	0.4		0.4
Net Income attributable to shareholders	265.5	102.0	367.5
Diluted net income per share, in EUR	1.02	0.39	1.41

As set forth in DS-17Q4 Earnings Presentation, prior year financial data could not be restated in IFRS15 due to the transition methodology used. Therefore, there is no available comparison with Q2 2017 figures under IFRS15.

(€ million)

	Six months ended June 30,		
	2018 IFRS	Adjust.	2018 Non-IFRS
Cost of revenue	(240.2)	2.1	(238.1)
Research and development	(314.0)	23.1	(291.0)
Marketing and sales	(515.8)	13.9	(501.9)
General and administrative	(139.6)	21.1	(118.4)
Total Share-based compensation expense		60.2	

IFRS - Non-IFRS P&L QTD (IFRS15)

(In millions of €, except per share data)	Three months ended June 30,		
	2018 IFRS	Adjustment	2018 Non-IFRS
Software revenue	740.1	3.0	743.0
Licenses and Other software revenue	217.5		217.5
Subscription and Support revenue	522.5	3.0	525.5
Services revenue	87.7		87.7
Total revenue	827.8	3.0	830.7
Cost of Software revenue	(38.2)	0.5	(37.7)
Cost of Services revenue	(81.8)	0.6	(81.2)
Research and development	(161.4)	10.8	(150.5)
Marketing and sales	(262.8)	7.5	(255.3)
General and administrative	(69.8)	7.9	(61.9)
Amortization of acquired intangibles	(40.7)	40.7	-
Other operating income and expense, net	(4.4)	4.4	-
Total operating expenses	(659.0)	72.4	(586.6)
Operating income	168.7	75.4	244.1
Financial revenue and other, net	4.4	0.6	5.0
Income tax expense	(44.0)	(25.3)	(69.3)
Non-controlling interest	0.1		0.1
Net Income (to equity holders of the parent)	129.3	50.7	179.9
Diluted net income per share (EPS)	0.50	0.19	0.69
Average diluted shares (Million)	260.4		260.4

As set forth in DS-17Q4 Earnings Presentation, prior year financial data could not be restated in IFRS15 due to the transition methodology used. Therefore, there is no available comparison with Q2 2017 figures under IFRS15.

IFRS - Non-IFRS P&L YTD (IFRS15)

(In millions of €, except per share data)	Six months ended June 30,		
	2018 IFRS	Adjustment	2018 Non-IFRS
Software revenue	1,475.2	4.8	1,480.0
Licenses and Other software revenue	396.6		396.6
Subscription and Support revenue	1,078.6	4.8	1,083.4
Services revenue	171.2		171.2
Total revenue	1,646.4	4.8	1,651.3
Cost of Software revenue	(79.0)	0.9	(78.1)
Cost of Services revenue	(161.2)	1.2	(160.0)
Research and development	(314.0)	23.1	(291.0)
Marketing and sales	(515.8)	13.9	(501.9)
General and administrative	(139.6)	21.1	(118.4)
Amortization of acquired intangibles	(82.5)	82.5	-
Other operating income and expense, net	(6.9)	6.9	-
Total operating expenses	(1,299.0)	149.5	(1,149.5)
Operating income	347.4	154.4	501.8
Financial revenue and other, net	9.1	1.1	10.3
Income tax expense	(91.5)	(53.5)	(144.9)
Non-controlling interest	0.4		0.4
Net Income (to equity holders of the parent)	265.5	102.0	367.5
Diluted net income per share (EPS)	1.02	0.39	1.41
Average diluted shares (Million)	260.0		260.0

As set forth in DS-17Q4 Earnings Presentation, prior year financial data could not be restated in IFRS15 due to the transition methodology used. Therefore, there is no available comparison with Q2 2017 figures under IFRS15.

IFRS - Non-IFRS P&L (%) (IFRS15)

	IFRS QTD	NON-IFRS QTD	IFRS YTD	NON-IFRS YTD
	2018		2018	
	% of revenue		% of revenue	
Software revenue	89.4%	89.4%	89.6%	89.6%
Licenses and Other software revenue	26.3%	26.2%	24.1%	24.0%
Subscription and Support revenue	63.1%	63.3%	65.5%	65.6%
Services revenue	10.6%	10.6%	10.4%	10.4%
Total revenue	100.0%	100.0%	100.0%	100.0%
Cost of Software revenue	4.6%	4.5%	4.8%	4.7%
Cost of Services revenue	9.9%	9.8%	9.8%	9.7%
Research and development	19.5%	18.1%	19.1%	17.6%
Marketing and sales	31.8%	30.7%	31.3%	30.4%
General and administrative	8.4%	7.5%	8.5%	7.2%
Amortization of acquired intangibles	4.9%	0.0%	5.0%	0.0%
Other operating income and expense, net	0.5%	0.0%	0.4%	0.0%
Total operating expenses	79.6%	70.6%	78.9%	69.6%
Operating income	20.4%	29.4%	21.1%	30.4%
Financial revenue and other, net	0.5%	0.6%	0.6%	0.6%
Income tax rate (% of EBIT)	25.4%	27.8%	25.6%	28.3%
Non-controlling interest	0.0%	0.0%	0.0%	0.0%
Net Income (to equity holders of the parent)	15.6%	21.7%	16.1%	22.3%

As set forth in DS-17Q4 Earnings Presentation, prior year financial data could not be restated in IFRS15 due to the transition methodology used. Therefore, there is no available comparison with Q2 2017 figures under IFRS15.

Balance Sheet (IFRS15)

IFRS

(in millions of €)	End of Jun-18
Cash and cash equivalents	3,043.2
Short-term investments	0.5
Accounts receivable, net	677.2
Contract assets	36.3
Other current assets	273.1
Total current assets	4,030.3
Property and equipment, net	169.1
Goodwill and Intangible assets, net	3,023.6
Other non current assets	284.2
Total Assets	7,507.2
Accounts payable	132.7
Contract liabilities	882.3
Other current liabilities	509.3
Total current liabilities	1,524.3
Long-term debt	1,000.0
Other non current obligations	500.3
Total long-term liabilities	1,500.3
Non-controlling interest	1.5
Parent Shareholders' equity	4,481.1
Total Liabilities and Shareholders' Equity	7,507.2

New items: Contract Assets / Contract Liabilities

The company classifies the right to consideration in exchange for products or services transferred to a client as either a receivable or a contract asset. A receivable is a right to consideration that is unconditional as compared to a contract asset, which is a right to consideration that is conditional upon factors other than the passage of time.

The majority of the company's contract assets represent unbilled amounts related to Fixed price services contracts when revenue recognized exceeds the amount billed to the client, and the right to consideration is subject to milestone completion or client acceptance.

The amount of billing in excess of revenue recognized is classified as contract liabilities.

Consolidated Statement of Cash Flows (IFRS 15)

IFRS

(in millions of €)	2Q18	2Q18 YTD
Net income attributable to equity holders of the parent	129.2	265.5
Non-controlling interest	(0.1)	(0.4)
Net income	129.1	265.1
Depreciation of property & equipment	14.5	28.2
Amortization of intangible assets	43.1	87.0
Other non-cash P&L items	16.5	33.1
Changes in working capital	35.4	232.1
Net Cash Provided by (Used in) Operating Activities (I)	238.6	645.5
Additions to property, equipment and intangibles	(19.3)	(31.3)
Payment for acquisition of businesses, net of cash acquired	(51.6)	(51.6)
Sale (Purchase) of short-term investments, net	40.8	0.7
Investments, loans and others	(1.5)	(1.5)
Net Cash Provided by (Used in) Investing Activities (II)	(31.6)	(83.7)
Acquisition of non-controlling interests	(26.2)	(26.2)
(Purchase) Sale of treasury stock	(10.6)	(2.3)
Proceeds from exercise of stock-options	31.4	43.7
Cash dividend paid	(38.0)	(38.0)
Net Cash Provided by (Used in) Financing Activities (III)	(43.4)	(22.8)
Effect of exchange rate changes on cash and cash equivalents (IV)	75.8	44.8
Increase (Decrease) in Cash (V) = (I)+(II)+(III)+(IV)	239.4	583.8
Cash and cash equivalents at Beginning of Period	2 803.8	2 459.4
Cash and cash equivalents at End of Period	3 043.2	3 043.2
Cash and cash equivalents variation	239.3	583.8

