



3DEXPERIENCE®

Q1 2017 Earnings Presentation

Bernard Charlès, Vice-Chairman of the Board
of Directors & CEO

Thibault de Tersant, Senior EVP, CFO

Q1 2017 Highlights

- ▶ Delivering **Q1 results** slightly ahead of guidance
- ▶ **SOLIDWORKS** posting good software growth
- ▶ Increasing **leadership** in **Transportation & Mobility** and **Industrial Equipment**
- ▶ Expanding in **Consumer Packaged Goods & Retail**
- ▶ Increasing footprint in **High-Growth Countries**
- ▶ Confirming and upgrading **FY17 guidance** for currencies

Agenda

1

Q1 17 Business Review

2

Q1 17 Financial Highlights

3

Q2 & FY17 Financial Objectives

4

Financial Information Appendix

Q1 17 Business Review

- **Q1 Performance**
- Brand | SOLIDWORKS
- Leadership | Transportation & Mobility
- Industry Diversification | Consumer Packaged Goods & Retail
- Geographic Diversification | High-Growth Countries

Q1 17 Non-IFRS

- ▶ **Revenue, margin and EPS** slightly ahead of guidance
- ▶ Excluding 5 cents of Q1 16 tax reserve reversal, **EPS** up **+15%**

€ millions	Q1 17
Revenue	765.7
Growth	+10%
Growth exFX	+8%
Operating Margin	26.2%
EPS (€)	0.53
EPS Evolution	+4%

Software Revenue by Brand Non-IFRS

- ▶ **CATIA**: consistent growth across regions
- ▶ **ENOVIA**: strong comparison base (new licenses up 30% exFX in Q1 16) - good FY17 prospects
- ▶ **SOLIDWORKS**: driven by strong new licenses dynamic
- ▶ **Other Software**: Good **SIMULIA** - Strong **QUINTIQ** and **EXALEAD** growth

Software Revenue Growth exFX by Brand

	Q1 17
CATIA	+4%
ENOVIA	+2%
SOLIDWORKS	+12%
Other Software	+10%
Software Revenue	+7%

Software Revenue by Region Non-IFRS

- ▶ Americas driven by growth in the **US** and strong performance in **Latin America**
- ▶ Strong growth in **France** and **Southern Europe**
- ▶ Asia driven by **Korea, China** and **India**

Software Revenue Growth exFX by Region

	Q1 17
Americas	+5%
Europe	+10%
Asia	+6%
Software Revenue	+7%

Q1 17 Business Review

- Q1 Performance
- **Brand | SOLIDWORKS**
- Leadership | Transportation & Mobility
- Industry Diversification | Consumer Packaged Goods & Retail
- Geographic Diversification | High-Growth Countries

SOLIDWORKS Non-IFRS | Authentic Designer Experience

- ▶ Delivering **good** performance
 - ▷ Software revenue up **12%** exFX driven by new licenses sales dynamic across geographies
- ▶ **Success** enabled by:
 - ▷ Robust and high-performance **software**
 - ▷ For **2D** and **3D** users, opening up towards **full digitalization**
 - ▷ Efficient **indirect channel**
 - ▷ Extended and active **user community**
- ▶ Benefiting from **leadership position**



SOLIDWORKS World 2017

5,000 engineers and designers from across the globe

Q1 17 Business Review

- Q1 Performance
- Brand | SOLIDWORKS
- **Leadership | Transportation & Mobility**
- Industry Diversification | Consumer Packaged Goods & Retail
- Geographic Diversification | High-Growth Countries

Driving Vehicle Innovation toward the Mobility of the Future

- ▶ **Transportation & Mobility** software revenue up **~15%** exFX in Q1 17
- ▶ Expanding at **Renault Group** with **3DEXPERIENCE** platform
- ▶ Key **3DEXPERIENCE** wins with **trucks** and **tier 1 suppliers**
- ▶ Winning **Fiat Chrysler Automobiles** with **3DEXPERIENCE Platform for Vehicle Design**

Transportation & Mobility



Car & Light
Truck OEMs

Racing Cars

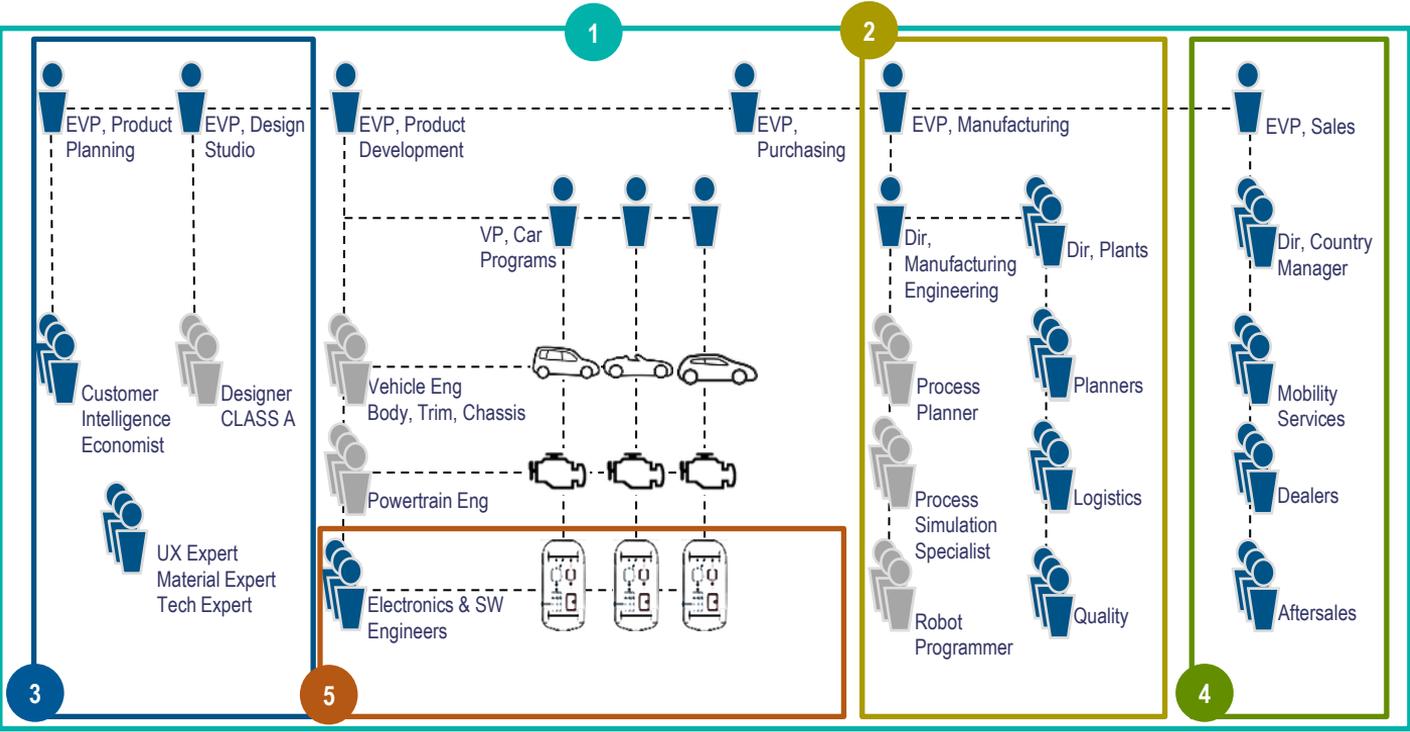
Motorcycles

T&M Industry
Suppliers

Trucks
& Buses

Trains

From Engineering to Business Experience



- 1 Program Digital Continuity
- 2 Manufacturing
- 3 Innovation Lab
- 4 Marketing & Sales
- 5 Systems Engineering

VE Commercial Vehicles Adopts 3DEXPERIENCE Platform



VE Commercial Vehicles

Joint venture between Eicher Motors Limited and Volvo Group - Manufacturing wide range of trucks, buses and components

Business Values:

- Get things **right first time**
- Increase **business process efficiency** to support frugal innovation
- Meet **emerging market requirement** by managing product complexity through **variant** and **configuration management** practices

Solution:

- **3DEXPERIENCE Platform with Modular, Global & Secure** Industry Solution Experience

Faurecia Uses 3DEXPERIENCE Platform from Engineering to Digital Manufacturing



Faurecia

Global automotive equipment supplier providing automotive seating, interior systems and clean mobility

Business Values:

3DEXPERIENCE Platform supporting development of **Faurecia digital transformation** for engineering and digital manufacturing

- **Enabling digital continuity** from engineering to manufacturing planning, simulation & robotics
- **Fostering product and process standardization**
- **Managing complexity** of growing product diversity
- **Improve efficiency** with a product/process approach

Solution:

3DEXPERIENCE Platform with **Modular, Global & Secure** and **Target Zero Defect** Industry Solution Experiences which leverage **CATIA, DELMIA, SIMULIA** and **ENOVIA** applications

Fiat Chrysler Automobiles (FCA) Adopts 3DEXPERIENCE Platform



Fiat Chrysler Automobiles

Seventh-largest automaker in the world

Business Values:

Unifying **global design studios** & combining **artistic style and surface quality**

- Enabling designers to harness **emotive power** within the context of the broader customer experience
- Collaborating with **different disciplines** to bring this holistic experience to life
- Shortening **cycle times** while preserving **initial design intention**

Solution:

- **3DEXPERIENCE Platform** with **Drive Emotion** Industry Solution Experience, which leverages **CATIA** applications

Ford Uses 3DEXPERIENCE Platform Immersive Virtual Reality Experience

Ford Motor Company

Third-largest automaker in the world

Business Values:

Visitors to the FordHub in New York City can virtually assemble the Ford Mustang on the roof of the Empire State Building, echoing the iconic moment in 1964 when Ford put a physical Mustang on the top of the building

Offer a premium digital experience that creates **excitement** and **emotion** around the legendary Mustang

Leverage animated content, gamification and virtual reality to spark consumers' imaginations and create a strong emotional **connection with a brand**

Solution:

- **3DEXPERIENCE Platform** with **Virtual Garage** Industry Solution Experience, which leverages **3DEXCITE** applications



Giving a Presentation at Bosch Connected World

Berlin March 15-16, 2017

Virtual Testing Environment Key for Automated Driving Technology



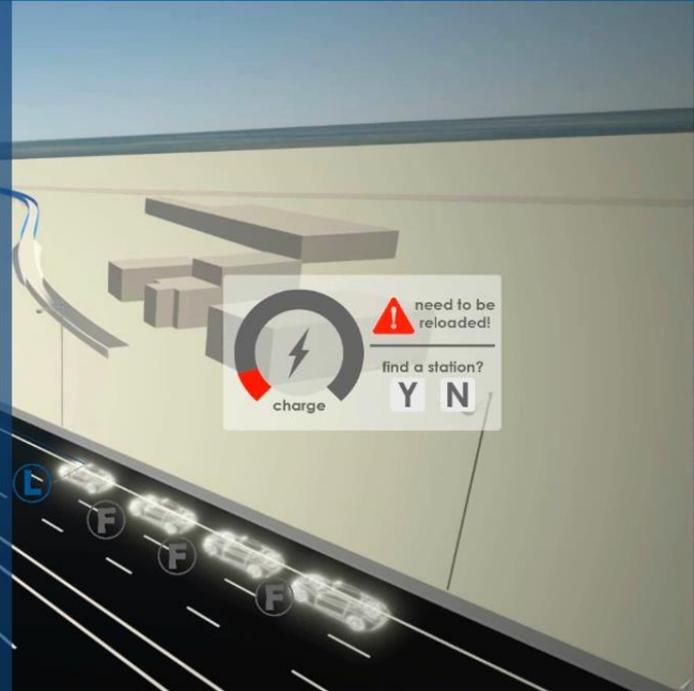
Vehicle Electrification



Driving Automation



Connected & Shared Mobility





AUTONOMOUS CAR

Automatic Braking Scenario

Scenario #1 - Autonomous car

Sunny day

Scenario #2 - Autonomous car

Night

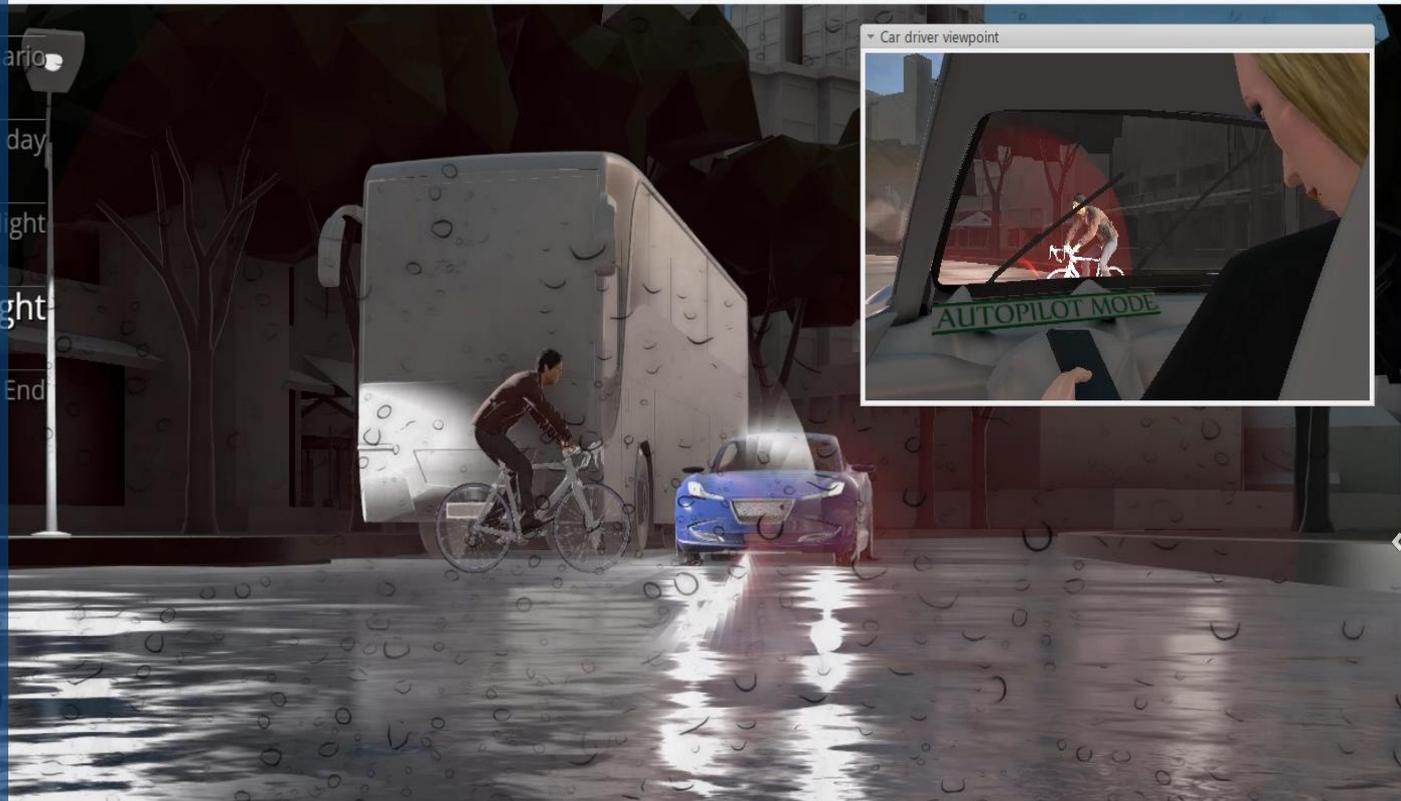
Scenario #3 - Autonomous car

Rainy night

End



Driving Automation



**>> Deliver safe driving experience
by connecting software & hardware disciplines**

AutomaticBrakeScenario_1

1 AUTONOMOUS CAR Automatic Braking Scenario

2 Scenario #1 - Autonomous car
Sunny day

3 Scenario #2 - Autonomous car
Night

4 Scenario #3 - Autonomous car
Rainy night

5 End



Q1 17 Business Review

- Q1 Performance
- Brand | SOLIDWORKS
- Leadership | Transportation & Mobility
- **Industry Diversification | Consumer Packaged Goods & Retail**
- Geographic Diversification | High-Growth Countries

Better, Faster, Smarter Innovation

- ▶ **Consumer Packaged Goods & Retail** software revenue up ~26% exFX in Q1 17
- ▶ Expanding at **P&G** with **3DEXPERIENCE** platform
- ▶ Starting deployment at **Unilever** with **BIOVIA**
- ▶ Expanding in **Food** and **Retail** with **QUINTIQ**

CPG-Retail



Food &
Beverage

Beauty &
Personal Care

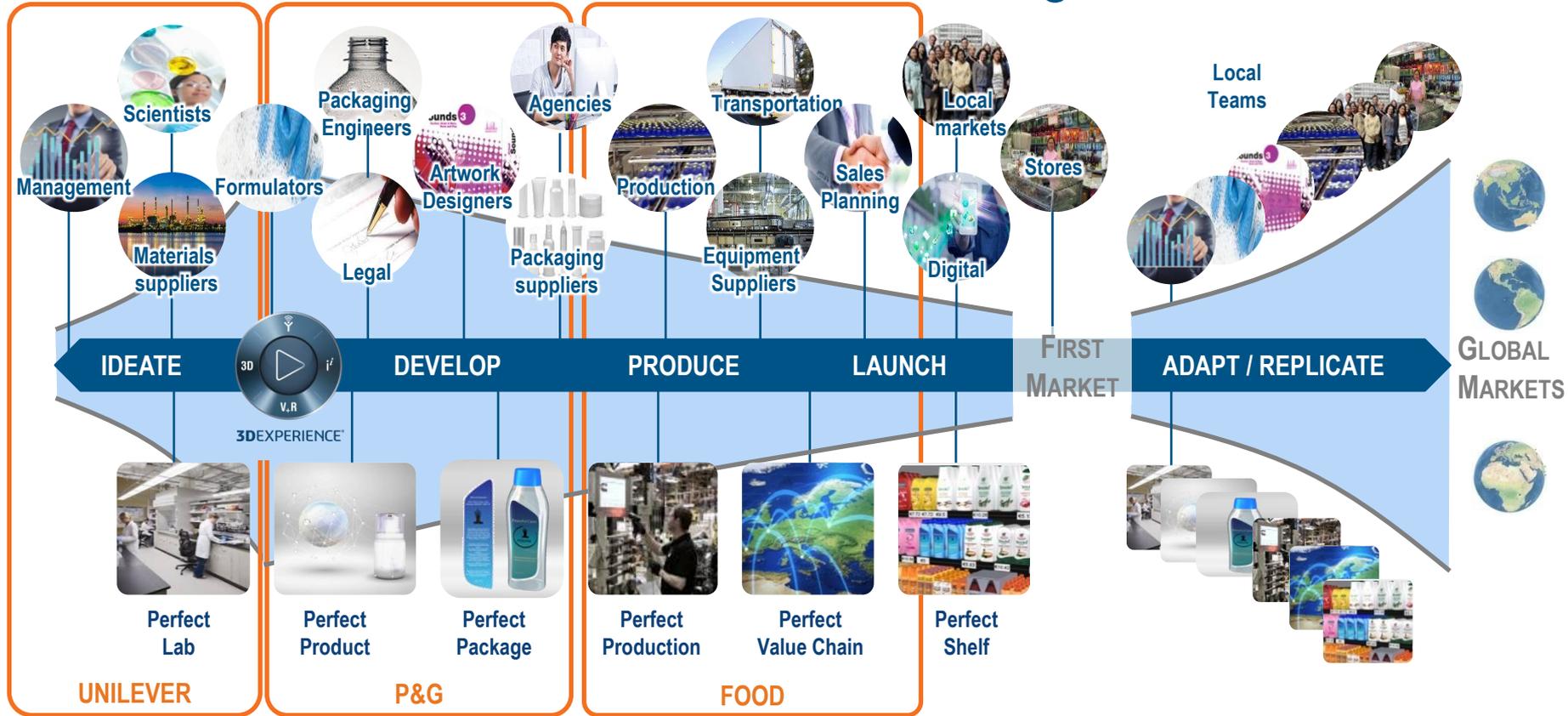
Household
Products

Packaging

General
Retailers

Specialty
Retailers

3DEXPERIENCE for Consumer Packaged Goods



3DEXPERIENCE Extended Across P&G to 18,000 Users



Procter & Gamble

One of the world's largest consumer packaged goods companies

Business Values:

- Connecting thousands of users to **data**, **colleagues** and **consumers**
- Accelerating and improving **packaging** design, product **formulation**, **requirements** management and **program** management
- Reducing product **development time** by up to **20%** in the context of **short product lifecycles**, fluctuating **costs** of raw materials and highly variable **consumer demand**

Solution:

- **3DEXPERIENCE Platform** with **Perfect Product** and **Perfect Package** Industry Solution Experiences

Q1 17 Business Review

- Q1 Performance
- Brand | SOLIDWORKS
- Leadership | Transportation & Mobility
- Industry Diversification | Consumer Packaged Goods & Retail
- **Geographic Diversification | High-Growth Countries**

High-Growth Countries* Non-IFRS

- ▶ Increased **sales coverage**
- ▶ Strong software growth: **~+17%** exFX in Q1 17
- ▶ Increased **proportion of total revenue: ~16%**
 - ▷ **+1 point** compared to Q1 16

* China, India, AP South, Latam, Czech Republic, Hungary, Slovakia, Turkey, Poland, Russia, Africa, Balkans excluding Greece and Cyprus, Israel, Middle-East, North Africa



Ashok Leyland Adopts 3DEXPERIENCE Platform



Ashok Leyland

Second largest manufacturer of commercial vehicles in India, and the fourth largest manufacturer of buses in the world

Business Values:

Enabling **right-first-time innovation, from concept to production:**

- Providing an **integrated and open development platform** to enable full digital continuity from **customer order** to **vehicle assembly & delivery** and including **suppliers early in the process**
- Ensuring **flexible and global manufacturing capabilities**

Solution:

- **3DEXPERIENCE** Platform, with **Target Zero Defect, Truck & Bus Tailors, Modular, Global & Secure** Industry Solutions Experiences

Agenda

1

Q1 17 Business Review

2

Q1 17 Financial Highlights

3

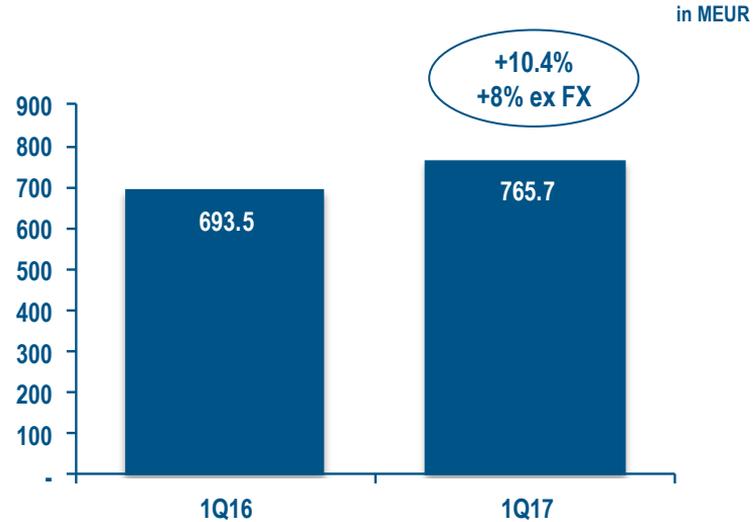
Q2 & FY17 Financial Objectives

4

Financial Information Appendix

Total Revenue Growth Non-IFRS

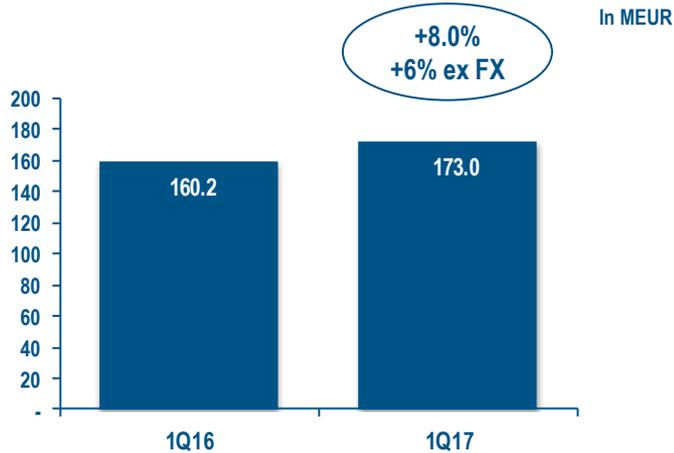
Total Revenue



Organic revenue up **6%** exFX in Q1 17

Software Revenue Growth Non-IFRS

New Licenses and Other Software-related Revenue



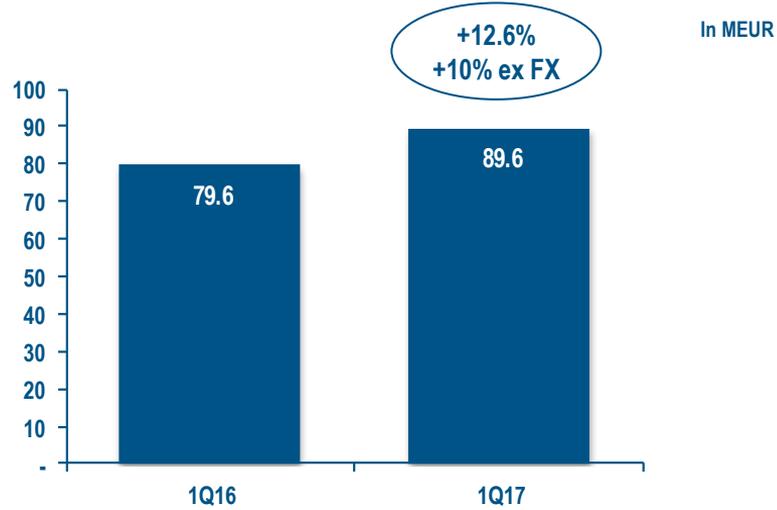
Periodic Licenses & Maintenance Revenue



Software revenue up **7%** exFX in Q1 17 driven by good **recurring** revenue

Service Revenue & Margin Evolution Non-IFRS

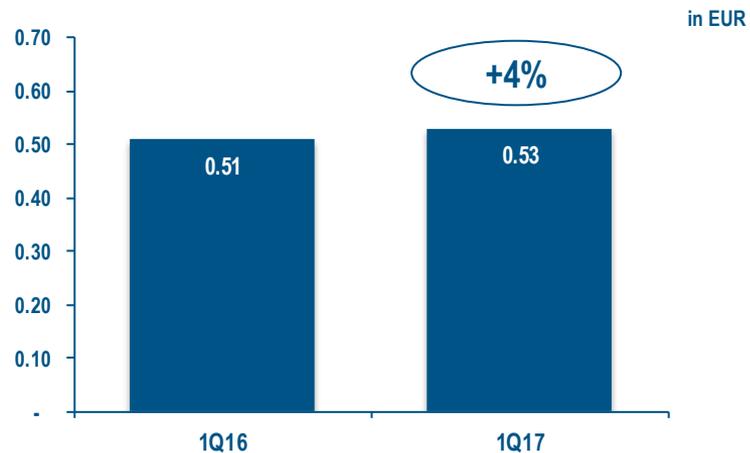
Service Revenue



Serv. Gross Margin	3.5%	8.1%
--------------------	------	------

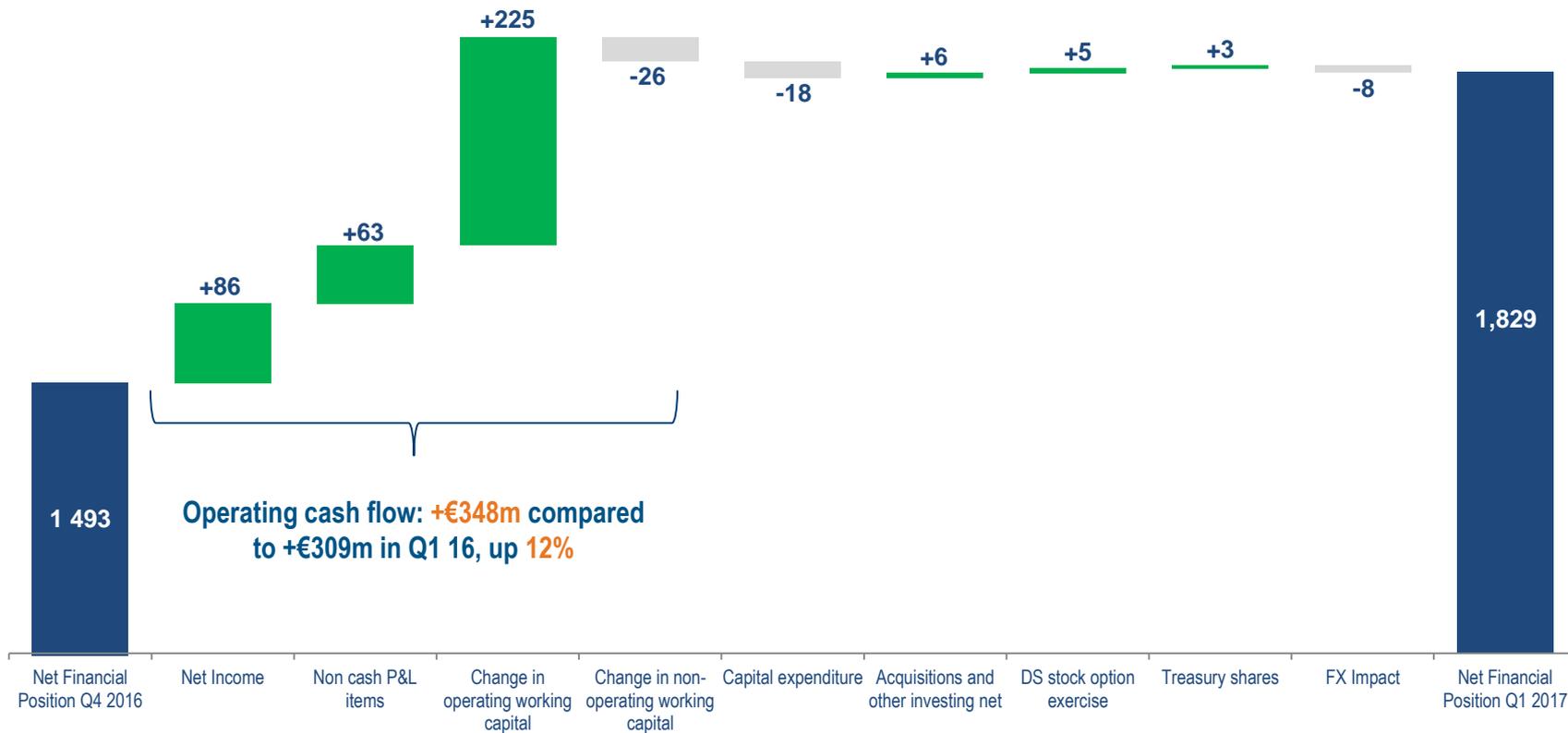
EPS Non-IFRS

Diluted EPS



Excluding 5 cents of Q1 16 tax reserve reversal, **EPS up 15%**

Change in Net Financial Position



Operating Cash Flow Evolution IFRS

€ million	Q1 17	Q1 16	Changes	
Operating Cash Flow	+348	+309	+39	
Net income adjusted for non cash items	+149	+133	+16	
Decrease in trade accounts receivable	+116	+114	+2	Trade accounts up 9% exFX compared to Q1 2016
Increase in unearned revenue	+156	+129	+27	Unearned revenue up 9% exFX
Decrease in accrued compensation	-28	-22	-6	
Decrease in accounts payable	-18	-10	-8	
Decrease in income taxes payable	-7	-33	+26	No US tax down payments in Q1 due to new US tax payment calendar (postponed to Q2)
Other	-20	-2	-18	

Agenda

1

Q1 17 Business Review

2

Q1 17 Financial Highlights

3

Q2 & FY17 Financial Objectives

4

Financial Information Appendix

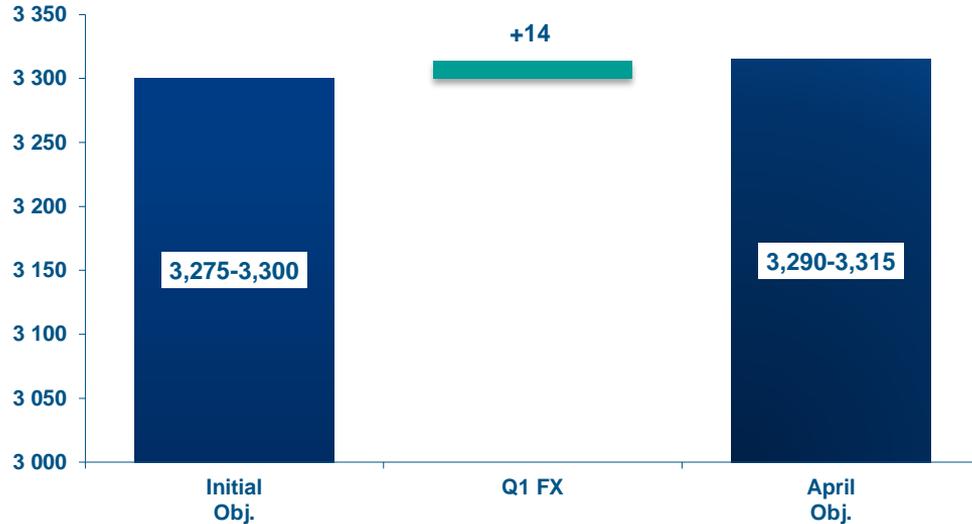
Confirming & Upgrading FY 17 Guidance for Currencies

- ▶ Anticipating for FY 17:
 - ▷ Improved **new licenses** revenue growth, up **8-10%** exFX
 - ▷ **Recurring** revenue at a more **normalized** growth rate of **+6%** exFX, **from Q2 onwards**
- ▶ Keeping **US\$** and **JPY** unchanged from February guidance with for **Q2, Q3, Q4** (US\$ 1.10 per €1.00, JPY 117.0 per €1.00)

- ▶ On this basis, confirming and upgrading **FY17 guidance** to take into account Q1 currency variations

Objectives Changes from February to April

Revenue variation

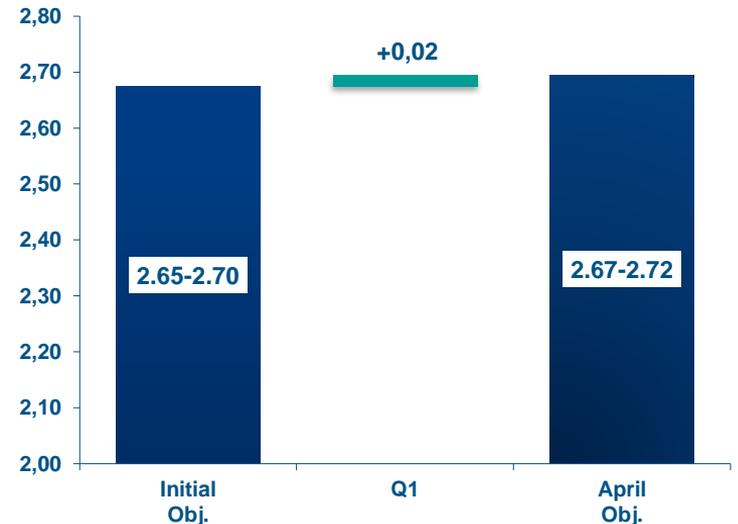


Mid-range:	3,288	3,302
------------	-------	-------

ex FX Growth: +6-7%

+6-7%

EPS variation



Growth: +6-8%

+7-9%

Proposed objectives

Non-IFRS

	Q2 2017	FY 2017
Revenue (M€)	805-815	3,290-3,315
Growth	+7-8%	+7-8%
Growth ex FX	+6-7%	+6-7%
Operating Margin	29.4-30.4%	~31.5%
EPS (€)	0.60-0.62	2.67-2.72
EPS Growth	+5-9%	+7-9%
€/\$ rates	1.10	1.09
€/¥ rates	117.0	118.0

FY 2017

- **New licenses** revenue up **8-10%** exFX
- **Recurring** revenue up **~6%** exFX
- **Organic operating margin** up **~50 basis points** exFX
- **Tax rate** of **~33.5%**
- **EPS** up **9-11%** (excluding 5 cents of Q1 16 tax reserve reversal)

