



**3DEXPERIENCE®**

# Dassault Systèmes

## Q1 2019 Earnings Presentation

**Bernard Charlès,**  
Vice-Chairman & CEO

**Pascal Daloz,**  
EVP, CFO & Corporate Strategy Officer

# 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 2019 takes into consideration, among other things, an uncertain global economic environment. In light of the continuing uncertainties regarding economic, business, social and geopolitical conditions at the global level, the Company's revenue, net earnings and cash flows may grow more slowly, whether on an annual or quarterly basis. While the Company makes every effort to take into consideration this uncertain macroeconomic outlook, the Company's business results, however, may not develop as anticipated. Further, 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. 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 2018 *Document de Référence* (Annual Report) filed with the AMF (French Financial Markets Authority) on March 26, 2019 and also available on the Company's website [www.3ds.com](http://www.3ds.com).

In preparing such forward-looking statements, the Company has in particular assumed an average US dollar to euro exchange rate of US\$1.15 per €1.00 for the 2019 second quarter and US\$1.17 per €1.00 for the full year as well as an average Japanese yen to euro exchange rate of JPY130 to €1.00 for the 2019 second quarter and JPY129 to €1.00 full year before hedging; however, currency values fluctuate, and the Company's results of operations may be significantly affected by changes in exchange rates.

All IFRS and non-IFRS figures are presented in compliance with IFRS 15 and IFRS 16 standards.

# 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 2018 *Document de Référence* filed with the AMF on March 26, 2019.

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, including impairment of goodwill and acquired intangibles, 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.

# Glossary of Definitions

## **Information in Constant Currencies**

We have followed a long-standing policy of measuring our revenue performance and setting our revenue objectives exclusive of currency in order to measure in a transparent manner the underlying level of improvement in our total revenue and software revenue by type, industry, region and product lines. We believe it is helpful to evaluate our growth exclusive of currency impacts, particularly to help understand revenue trends in our business. Therefore, we provide percentage increases or decreases in our revenue and EPS (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 by us "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.

While constant currency calculations are not considered to be an IFRS measure, we do believe these measures are critical to understanding our global revenue results and to compare with many of our competitors who report their financial results in U.S. dollars. Therefore, we are including this calculation for comparing IFRS revenue figures for comparable periods as well as for comparing non-IFRS revenue figures for comparable periods. All constant currency information is provided on an approximate basis. Unless otherwise indicated, the impact of exchange rate fluctuations is approximately the same for both the Company's IFRS and supplemental non-IFRS financial data.

## **Information on Growth excluding acquisitions ("organic growth")**

In addition to discussing total growth, we also provide financial information where we discuss growth excluding acquisitions or growth on an organic basis as used alternatively. In both cases, growth excluding acquisitions have been calculated using the following restatements of the scope of consolidation: for entities entering the consolidation scope in the current year, subtracting the contribution of the acquisition from the aggregates of the current year, and for entities entering the consolidation scope in the previous year, subtracting the contribution of the acquisition from January 1st of the current year, until the last day of the month of the current year when the acquisition was made the previous year.

## **Information on Industrial Sectors**

Our global customer base includes companies in 11 industrial sectors as of January 1, 2019: with "Core Industries" comprised of Transportation & Mobility; Industrial Equipment; Aerospace & Defense; and a portion of Business Services. "Diversification Industries" includes companies in High-Tech; Life Sciences; Energy & Materials; Home & Lifestyle, Construction, Cities & Territories; Consumer Packaged Goods & Retail, Marine & Offshore and a portion of Business Services.

## **3DEXPERIENCE Licenses and Software Contribution**

To measure the progressive penetration of 3DEXPERIENCE software, the Company utilizes the following ratios: a) for new licenses revenue, the Company calculates the percentage contribution by comparing total 3DEXPERIENCE new licenses revenue to new licenses revenue for all product lines except SOLIDWORKS and acquisitions ("related new licenses revenue"); and, b) for software revenue, the Company calculates the percentage contribution by comparing total 3DEXPERIENCE software revenue to software revenue for all product lines except SOLIDWORKS and acquisitions ("related software revenue").

# Q1 2019 Highlights Non-IFRS

► Good Q1 2019 in terms of:

## Performance

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- ✓ Total revenue up **+13%** exFX
- ✓ Licenses\* revenue up **+15%** exFX
- ✓ **3DEXPERIENCE** software revenue\*\* up **+26%** exFX
- ✓ Double-digit software growth in **Transportation & Mobility, Aerospace & Defense, Industrial Equipment, Home & Lifestyle, High-Tech, Life Sciences, Marine & Offshore**

## Strategy Implementation

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- |            |  |
|------------|--|
| PURPOSE    | Making a <b>significant</b> and <b>positive impact</b>                                     |
| SOCIAL     | <b>Cloud Adoption</b><br><b>Schindler 3DEXPERIENCE twin</b>                                |
| INDUSTRY   | Industry Renaissance: from <b>Industrial Equipment</b> to <b>Fashion</b> and <b>Mining</b> |
| EXPERIENCE | From <b>Molecule</b> to <b>Patient Experience</b>  |

► Confirming and upgrading **FY19 guidance** for currencies

\*Licenses and other software revenue

\*\* Excluding SOLIDWORKS and acquisitions

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# Our Purpose

“

Dassault Systèmes provides business & people with **3DEXPERIENCE** universes to imagine sustainable innovations capable of harmonizing product, nature and life.

”



# Our Purpose in Action: Life Sciences



## From Molecule to Patient Experience

Better serve  
more people  
around the world



# Personalized Health

Wearable, “combination” products are transforming the patient experience by shifting the point of care from the clinic to the patient’s home

Paradigm shift towards **large molecule biologics** and required **high-volume injectors** to deliver them.

**Market** opportunity for **large volume injectable devices**: \$8 Bn by 2025

**Biological drugs**: more than **50%** of pharmaceutical R&D pipelines

The image shows a person's arm wearing a white, circular, wrist-worn device labeled 'IASO'. Below the arm, there is a white box containing the device, and two more white devices are shown in a 3D rendering. The background features a large green plant. The text 'IASO' is prominently displayed in the top left, followed by 'Transforming the Patient Experience'. The Dassault Systèmes logo is in the bottom right corner of the image area.

**IASO**  
Transforming the Patient Experience

Named after the Greek goddess of recovery, IASO is a Dassault Systèmes showcase for the lifecycle of a combination product in oncology

From upstream thinking through commercialization, IASO demonstrates the value the 3DEXPERIENCE can deliver to stakeholders challenged with bringing innovation to market and transforming the patient experience

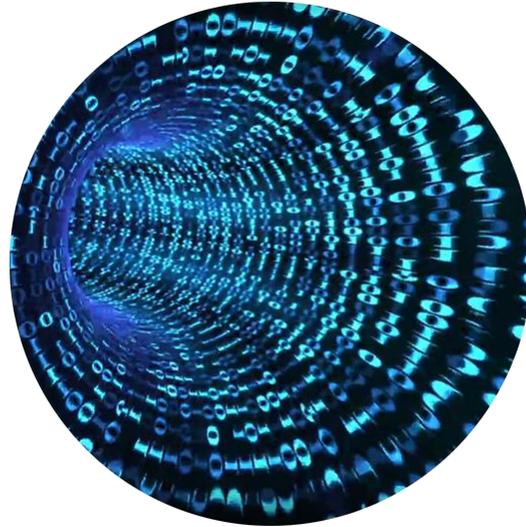
This prototype was created by Dassault Systèmes for demonstration purposes only and represents a fictitious product not subject to commercialization.



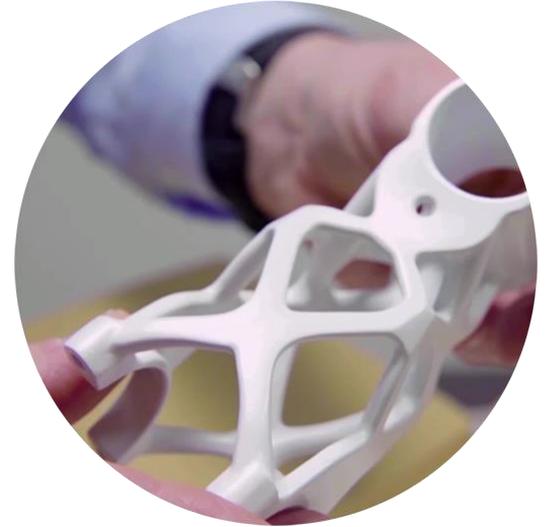
# The Industry Renaissance is here



Yesterday



Today



Tomorrow

# The Industry Renaissance in Industrial Equipment

## Production of One

Deliver personalized products more rapidly than ever



## Product as a Service

Keep operations running smoothly



## New Industrial Experience

Provide customized experiences and deepen brand loyalty



## Data Economy

Smart ways to use data to drive profitability



## Intelligent Connected Systems

Make better use of your machine data



# Schindler



## Expands 3DEXPERIENCE to Elevators



**Schindler**

Schindler develops, manufactures, installs, maintains and modernizes elevators, escalators, moving walks and transit management solutions for all kinds of buildings

### Business Values:

3DEXPERIENCE Platform on the **cloud** to enable:

- ▶ Schindler's vision of the **3DEXPERIENCE twin**
- ▶ **Digital transformation** of the whole Schindler Group
- ▶ **Connecting the dots** across all sectors, including the extended enterprise

### Solution:

3DEXPERIENCE Platform on the cloud with **Single Source for Speed, Concurrent Equipment Engineering, Simplified Smart Equipment, Ready To Make, Keep Them Running** Industry solution Experiences

# CLAAS



## Adopts 3DEXPERIENCE Platform

**CLAAS**

Leading agricultural equipment manufacturers

### Business Values:

CLAAS completes worldwide rollout of 3DEXPERIENCE platform for all engineering and manufacturing sites

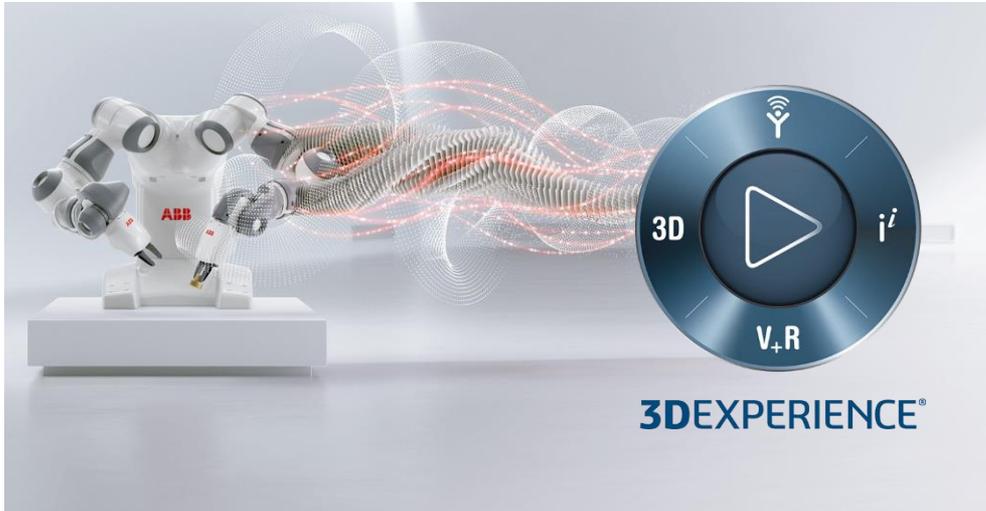
- ▶ 700+ users now rely on a single digital engineering platform to build **Intelligent, Energy Efficient Machines**
- ▶ Providing rapid **access to CLAAS knowledge and know-how** and facilitating **collaboration**
- ▶ “The global agricultural equipment market is changing **fast**, incorporating **IoT** at an incredible rate, and creating even more **intelligent machines**.” Philippe Bartissol, VP, Industrial Equipment Industry, Dassault Systèmes

### Solution:

3DEXPERIENCE Platform with multiple Industry Solution Experiences including **Concurrent Equipment Engineering, Ready to Make and Keep Them Running**

# ABB and Dassault Systèmes Industry Solution Partnership

Flexibility, speed and productivity of industrial companies



**ABB  
Transformation**

ABB adopting the **3DEXPERIENCE platform** to model and simulate its solutions before delivering them to its customers

**ABB  
Industrial Integrator**

ABB to provide customers with **advanced 3DEXPERIENCE twins** to run ABB's solutions and their operations

Phase 1: Factory Automation and Robotics

Phase 2: Smart Buildings & Process Industries



Interconnecting machinery and systems on **production sites**, but also outside to **clients, partners** and other **production sites**



# Platform-based Manufacturing

A platform approach enables the real and virtual worlds to inform and reinforce one another

# CENTRIC PLM: 850+ brands

## Market Adoption in Home & Lifestyle



2017 – 2013



2014



2015



2016



2017



2018



2019 Q1

Leading international home improvement retailer based in France

Norwegian outdoor equipment and apparel

German sandals, clogs, and shoes

Active fashion global company

Garment manufacturer in Asia & Africa

Ski and casual clothing company based in Sweden

North American cheerleading uniforms (SMB)

ethical footwear brand based in the US (SMB)

APP GROUP

Mackage

SOIA & KYO

TORY BURCH ensait

# CENTRIC PLM: 850+ brands

## Market Adoption in Home & Lifestyle



**Increase  
Income & Sales :  
up to 5% to 10%**

**Reduce  
Inventories  
20-40%**

**Reduce  
Logistics Costs  
10-15%**

✓ **MORE NEW PRODUCTS**

✓ **INCREASED EFFICIENCY**

✓ **LESS WASTE**

✓ **FASTER TIME TO MARKET**



2017 – 2013

2014

2015

2016

2017

2018

2019 Q1



Leading international home improvement retailer based in France

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German sandals, clogs, and shoes

Active fashion global company

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# Design in the Age of Experience | Milan Design Week 2019

24 420 visitors  
150 journalists & media  
40 designers & thought leaders speakers



# The Industry Renaissance in Energy & Materials | Mining



**Innovation & Profitability**  
Build competitive advantage and boost revenue and margin

Figure A: Scatter plot showing a positive correlation with  $r = 0.87$ .  
Figure B: Scatter plot showing a positive correlation with  $r = 0.67$ .  
Figure C: Line graph showing multiple data series over time.



**Market Uncertainty**  
Offset price volatility and adapt to changing market conditions



**Workforce Dynamics**  
Create an engaging and productive work environment



**Health & Safety and Environmental Regulations**  
Efficiently manage regulations, contracts and requirements



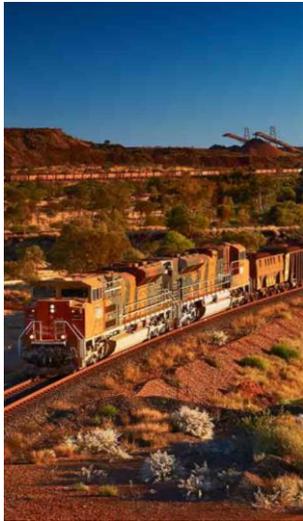
**Complexity & Risk**  
Improve operations agility and deliver on time on budget



# BHP and Dassault Systèmes have engaged in a Long-term Strategic Partnership



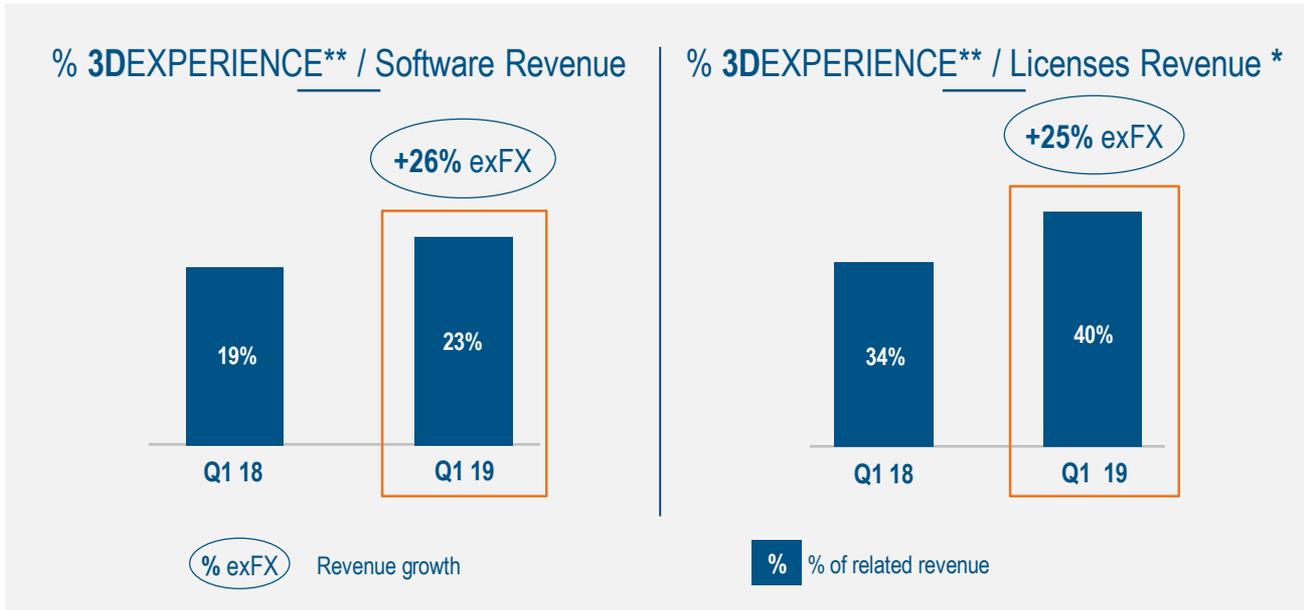
3DEXPERIENCE®



- ▶ Leverage the **application of digital technologies to mining**
- ▶ Apply technologies proven in other industries to the core mining fundamentals of **geoscience** and **resource engineering**
- ▶ Create a **new level of understanding** of **resource** and **operational potential**, underpinned by both company's commitment to **safety** and **sustainability**

# Q1 2019 Performance at a Glance Non-IFRS

€ millions	Q1 19
<b>Revenue</b>	<b>964</b>
Growth	+17%
Growth exFX	+13%
Software Growth exFX	<b>+12%</b>
Licenses* Growth exFX	<b>+15%</b>
<b>Operating Margin</b>	<b>32.8%</b>
Operating Margin	+1.4 pts
<b>EPS (€)</b>	<b>0.87</b>
EPS Evolution	+21%



\* Licenses and other software revenue

\*\* Excluding SOLIDWORKS and acquisitions

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# Software Revenue by Region Non-IFRS

Software Revenue Growth exFX by Region	Q1 19	
Americas	+18%	Led by <b>North America</b> and strong subscription revenue
Europe	+10%	Driven by <b>Southern</b> , <b>Central</b> and <b>Northern</b> Europe
Asia	+8%	Strong performance in <b>China</b> and <b>AP South</b>
<b>Software Revenue</b>	<b>+12%</b>	

# Software Revenue by Brand Non-IFRS

Software Revenue Growth exFX by Brand	Q1 19	
CATIA	+6%	Improvement in <b>North America</b> with strong <b>subscription</b> revenue
ENOVIA	+19%	Organic <b>high double-digit licenses*</b> revenue growth exFX
SOLIDWORKS	+5%	Strong <b>base of comparison</b> with revenue up 13% exFX in Q1 18
Other Software	+22%	Good <b>SIMULIA</b> - Strong <b>DELMIA</b>
<b>Software Revenue</b>	<b>+12%</b>	

\* Licenses and other software revenue

# DELMIA Performance\*



**3DEXPERIENCE®**

**DS DELMIA**

MAKE it Happen

Organic software revenue  
DELMIA up **+25%** exFX  
DELMIA Quintiq up **+78%** exFX

Performance driven by



Aerospace &  
Defense



Transportation  
& Mobility



Industrial  
Equipment



Marine &  
Offshore

\* Non-IFRS

# Eurostar



## Adopts DELMIA Quintiq



Leading international high-speed rail service carrying passengers to and from London, Paris, Brussels, Rotterdam and Amsterdam via the Channel Tunnel

### Business Values:

Increasing **trip frequency** and offering the best possible **travel experience** to customers

- ▶ Optimizing the **planning** of train **drivers, managers** and **control room staff**
- ▶ Streamlining the scheduling of detailed train **maintenance** plans that comply with highly complex **rules** and **legal regulations** across all time zones

### Solution:

DELMIA Quintiq applications powered by the 3DEXPERIENCE platform with **Resource and Maintenance Planning** Industry Solution Experience

# Industries Performance\*

## Targeting 11 industries:



## Double-digit software growth exFX:

### Core industries:



### Diversification industries:



\* Non-IFRS

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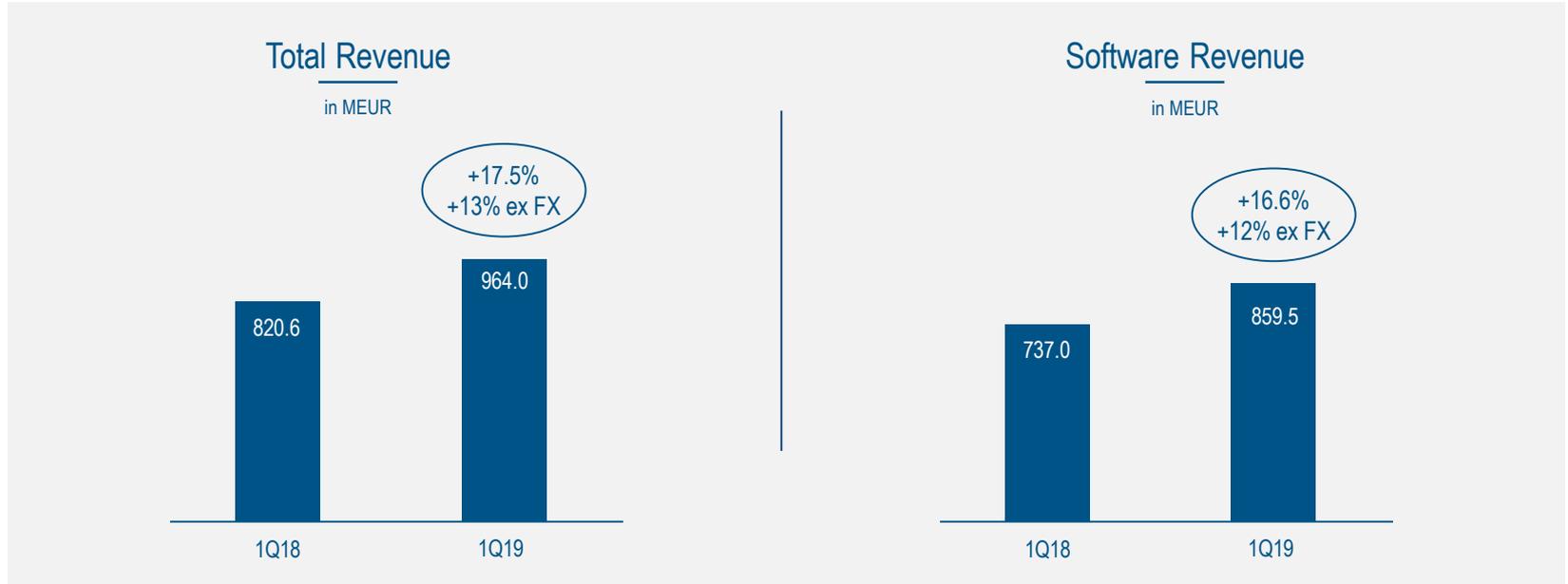
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# Revenue Growth Non-IFRS



Organic revenue **+8%** exFX

Organic software revenue **+8%** exFX

# Software Revenue Growth Non-IFRS

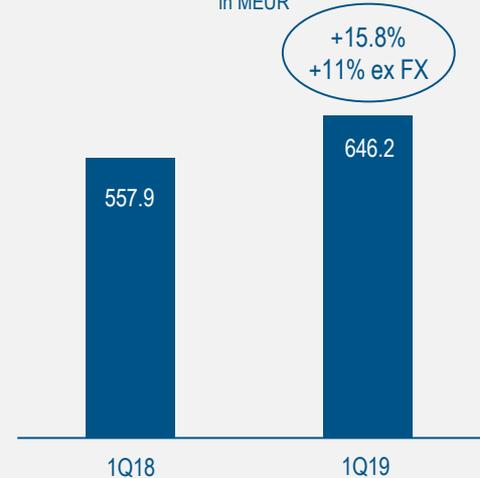
## Licenses and Other software revenue

in MEUR



## Subscription and Support

in MEUR



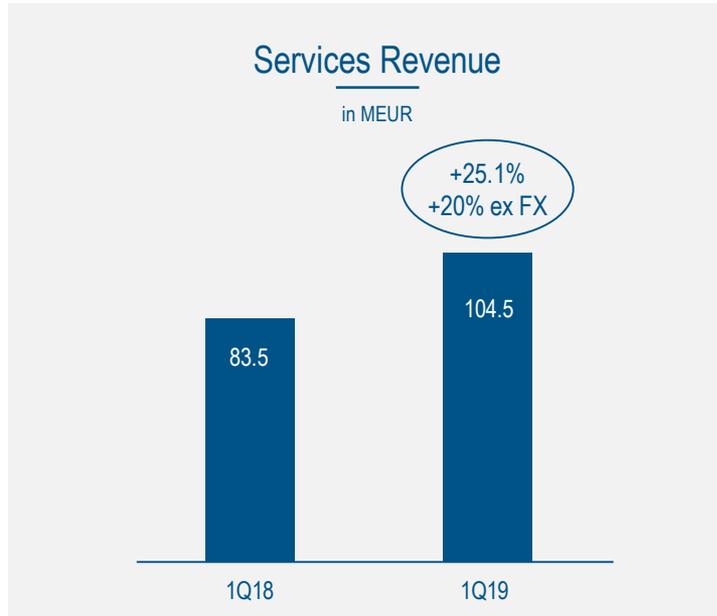
Organic **licenses**\* revenue up **+9%** exFX

Organic **recurring**\*\* revenue up **+8%** exFX

\* Licenses and other software revenue

\*\* Subscription and support revenue

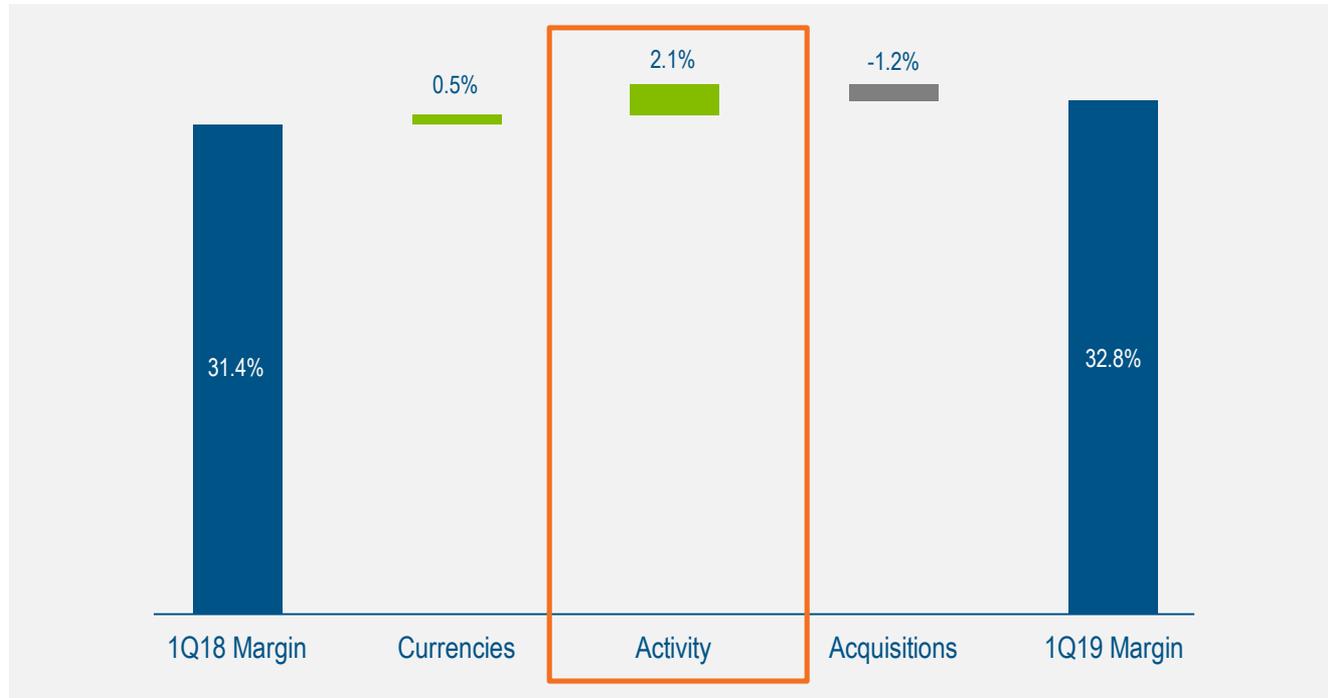
# Services Revenue & Margin Evolution Non-IFRS



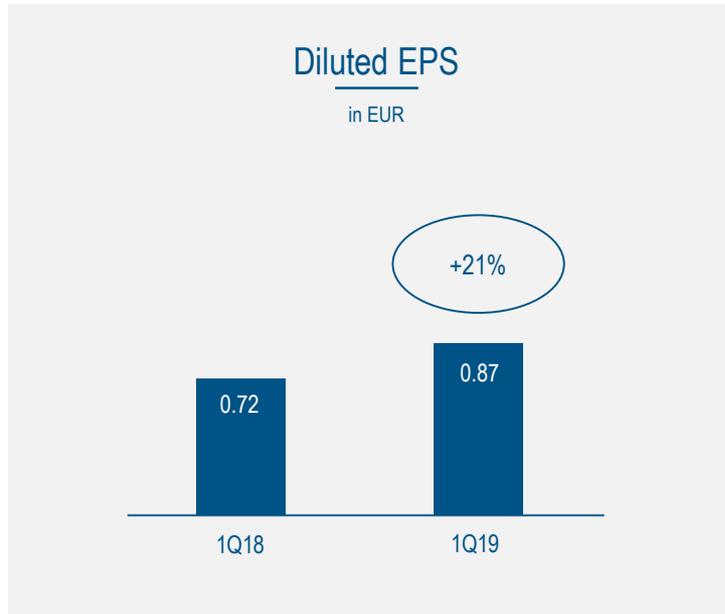
Organic services revenue up **+9%** exFX

Serv. Gross Margin	5.6%	4.9%
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# Operating Margin Evolution Non-IFRS



# EPS Non-IFRS

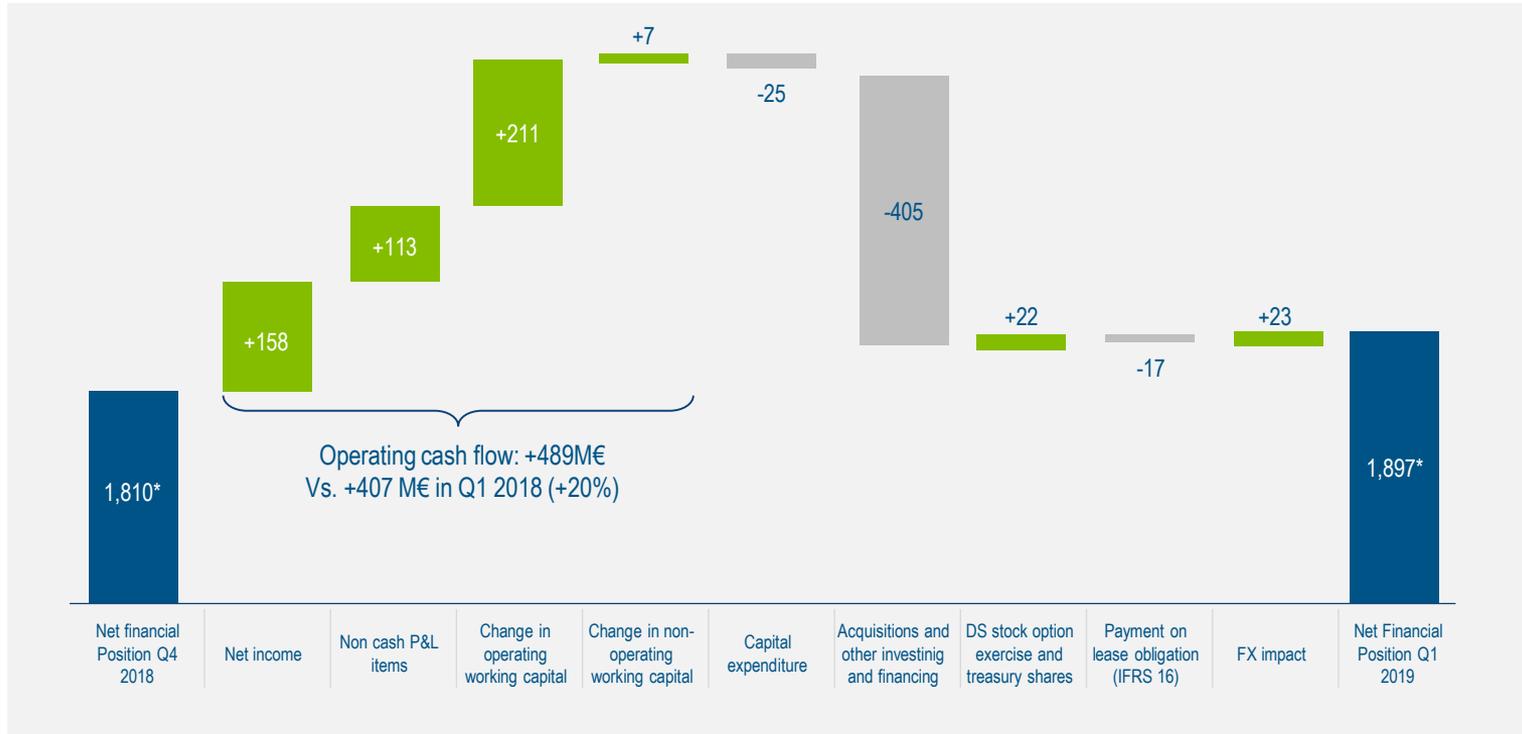


\* Q1 18 tax rate: 28.8%

EPS driven by **top line growth**, **operating margin improvement** and **positive currency impact**

Q1 19 tax rate: **29.7%** → **+0.9 points**

# Change in Net Financial Position IFRS



\* Reflecting cash, cash equivalents, short-term investments and debt related to credit lines

# Operating Cash Flow Evolution IFRS

€ million	1Q19	1Q18	Changes	
<b>Operating Cash Flow</b>	<b>+489</b>	<b>+407</b>	<b>+82</b>	<b>Up 20% year on year</b>
Net income adjusted for non cash items	+270	+210	+60	
Decrease in trade accounts receivable and contract assets	+179	+135	+44	Balance up 11% exFX at constant perimeter
Increase in contract liability *	+85	+93	-8	Balance up 10% exFX at constant perimeter
Decrease in accrued compensation	-26	-14	-12	
Decrease in accounts payable	-27	-18	-9	
Increase in income taxes payable	+6	+2	+4	
Other	+2	-1	+3	

\* Previously named unearned revenue

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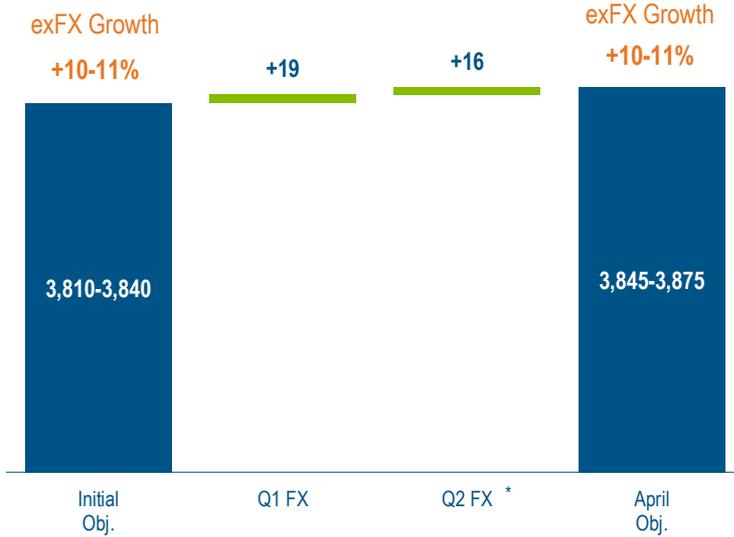
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# Objectives Changes from February to April

## Revenue variation

## EPS variation



<b>Mid point</b>	<b>3,825</b>	<b>3,860</b>
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<b>Mid point</b>	<b>3.37</b>	<b>3.42</b>
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\* Q2 FX: from US\$1.20 per €1.00 in February to US\$1.15 per €1.00 in April

# Proposed Objectives Non-IFRS

Q2 2019			FY 2019		
<b>Software</b> +10-12% exFX	<b>Q2 2019</b>		<b>FY 2019</b>	<b>Software +10-11% exFX</b>	<b>Licenses +10-12% exFX</b>
<b>Licenses</b> +11-14% exFX	920-940	Revenue (M€)	3,845-3,875		
<b>Recurring</b> +9-11% exFX	+11-13%	Growth	+10-11%		<b>Recurring ~+9-10% exFX</b>
	+10-13%	<b>Growth ex FX</b>	+10-11%		Organic: ~+7-8% exFX
	~29.5%	Operating Margin	32-32.5%		+1 to 2 pts compared to 2018
	Stable	Operating Margin Growth	+0.2 to 0.6 pt		+2 to 3 pts compared to 2017
	0.74-0.77	EPS (€)	3.40-3.45		Organic operating margin increase: ~ +80 basis points exFX and excluding IFRS16 benefit
	+7-12%	<b>EPS Growth</b>	+9-11%		Tax rate of ~29%
	1.15	€/\$ rates	1.17		
	130.0	€/¥ rates	128.8		

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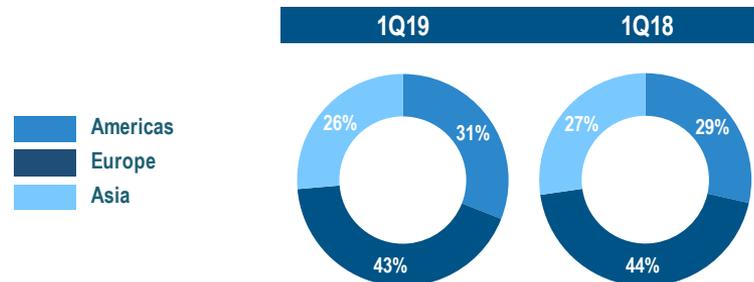
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# Software Revenue by Region

IFRS

<i>in MEUR</i>	1Q19	1Q18	Growth	Growth ex FX
Americas	264.9	209.6	+26%	+17%
Europe	364.9	325.0	+12%	+10%
Asia	225.5	200.6	+12%	+9%
<b>Software revenue</b>	<b>855.3</b>	<b>735.1</b>	<b>+16%</b>	<b>+12%</b>

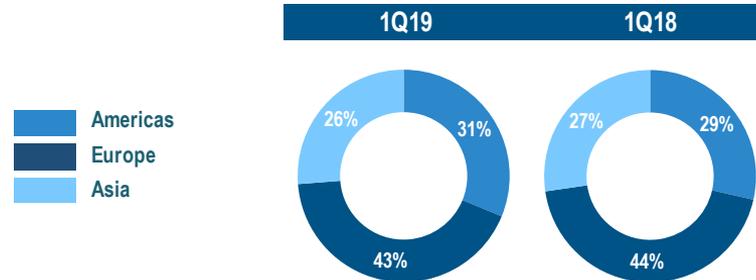


# Software by Region

Non-IFRS

*in MEUR*

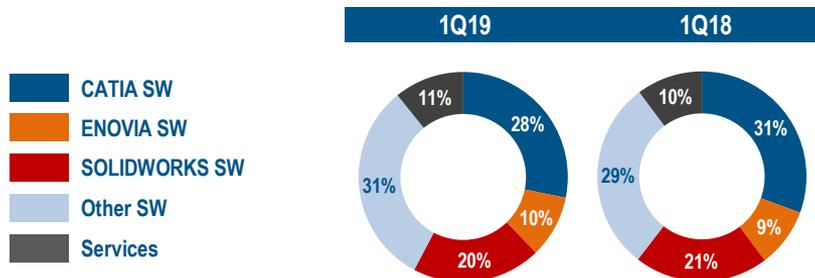
	1Q19	1Q18	Growth	Growth ex FX
Americas	268.3	210.5	+27.5%	+18%
Europe	365.7	325.3	+12.4%	+10%
Asia	225.5	201.2	+12.1%	+8%
<b>Software revenue</b>	<b>859.5</b>	<b>737.0</b>	<b>+16.6%</b>	<b>+12%</b>



# Revenue by Product Line

IFRS

<i>in MEUR</i>	1Q19	1Q18	Growth	Growth ex FX
CATIA SW	270.1	250.7	+8%	+6%
ENOVIA SW	92.3	74.7	+24%	+19%
SOLIDWORKS SW	191.4	169.9	+13%	+5%
Other SW	301.5	239.8	+26%	+21%
Services	103.6	83.5	+24%	+19%
<b>Total revenue</b>	<b>958.9</b>	<b>818.7</b>	<b>+17%</b>	<b>+13%</b>

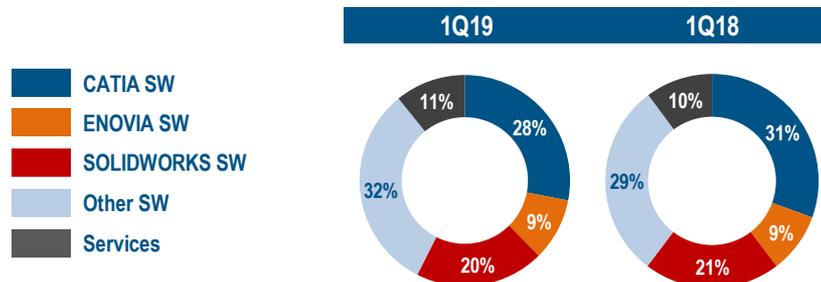


# Revenue by Product Line

Non-IFRS

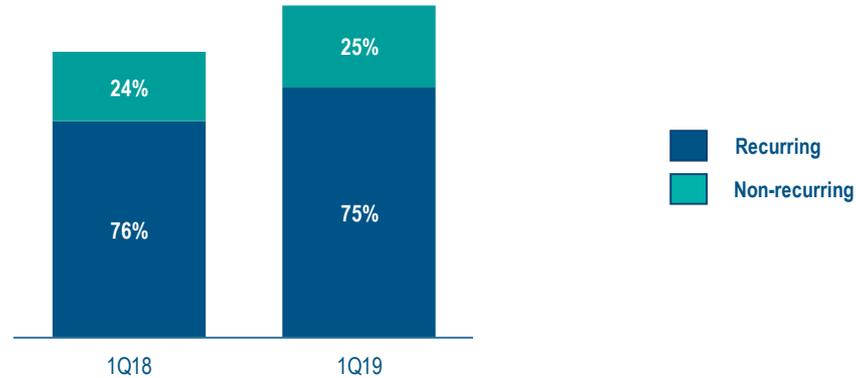
*in MEUR*

	1Q19	1Q18	Growth	Growth ex FX
CATIA SW	270.1	250.7	+7.8%	+6%
ENOVIA SW	92.3	74.7	+23.6%	+19%
SOLIDWORKS SW	191.4	169.9	+12.7%	+5%
Other SW	305.7	241.7	+26.5%	+22%
Services	104.5	83.5	+25.1%	+20%
<b>Total revenue</b>	<b>964.0</b>	<b>820.6</b>	<b>+17.5%</b>	<b>+13%</b>



# Software Revenue Evolution

Non-IFRS



# IFRS P&L

(In millions of €, except per share data)	Three months ended March 31,		
	2019	2018	YoY
Software revenue	855.3	735.1	+16.3%
Licenses and Other software revenue	213.2	179.1	+19.1%
Subscription and Support revenue	642.0	556.0	+15.5%
Services revenue	103.6	83.5	+24.0%
<b>Total revenue</b>	<b>958.9</b>	<b>818.7</b>	<b>+17.1%</b>
Cost of Software revenue	(45.2)	(40.9)	+10.5%
Cost of Services revenue	(100.6)	(79.4)	+26.7%
Research and development	(180.3)	(152.7)	+18.1%
Marketing and sales	(291.2)	(253.0)	+15.1%
General and administrative	(76.7)	(69.7)	+10.0%
Amortization of acquired intangibles	(50.1)	(41.8)	+19.8%
Other operating income and expense, net	0.9	(2.5)	N/A
<b>Total operating expenses</b>	<b>(743.1)</b>	<b>(639.9)</b>	<b>+16.1%</b>
<b>Operating income</b>	<b>215.8</b>	<b>178.7</b>	<b>+20.7%</b>
Financial revenue and other, net	5.2	4.7	+9.4%
<b>Earnings before income taxes</b>	<b>221.0</b>	<b>183.5</b>	<b>+20.4%</b>
Income tax expense	(62.9)	(47.5)	+32.6%
Non-controlling interest	2.8	0.3	N/A
<b>Net Income</b> (to equity holders of the parent)	<b>160.8</b>	<b>136.3</b>	<b>+18.0%</b>
<b>Diluted net income per share (EPS)</b>	<b>0.62</b>	<b>0.53</b>	<b>+17.0%</b>
<b>Average diluted shares (Million)</b>	<b>260.5</b>	<b>259.3</b>	

# IFRS P&L (%)

	Three months ended March 31,	
	2019	2018
	<u>% of revenue</u>	
Software revenue	89.2%	89.8%
Licenses and Other software revenue	22.2%	21.9%
Subscription and Support revenue	67.0%	67.9%
Services revenue	10.8%	10.2%
<b>Total revenue</b>	<b>100.0%</b>	<b>100.0%</b>
Cost of Software revenue	4.7%	5.0%
Cost of Services revenue	10.5%	9.7%
Research and development	18.8%	18.6%
Marketing and sales	30.4%	30.9%
General and administrative	8.0%	8.5%
Amortization of acquired intangibles	5.2%	5.1%
Other operating income and expense, net	-0.1%	0.3%
<b>Total operating expenses</b>	<b>77.5%</b>	<b>78.2%</b>
<b>Operating income</b>	<b>22.5%</b>	<b>21.8%</b>
Financial revenue and other, net	0.5%	0.6%
<b>Earnings before income taxes</b>	<b>23.0%</b>	<b>22.4%</b>
<b>Income tax rate (% of EBIT)</b>	<b>28.5%</b>	<b>25.9%</b>
Non-controlling interest	0.3%	0.0%
<b>Net Income</b> (to equity holders of the parent)	<b><u>16.8%</u></b>	<b><u>16.6%</u></b>

# Non-IFRS P&L

(In millions of €, except per share data)	Three months ended March 31,		
	2019	2018	YoY
Software revenue	859.5	737.0	+16.6%
Licenses and Other software revenue	213.2	179.1	+19.1%
Subscription and Support revenue	646.2	557.9	+15.8%
Services revenue	104.5	83.5	+25.1%
<b>Total revenue</b>	<b>964.0</b>	<b>820.6</b>	<b>+17.5%</b>
Cost of Software revenue	(44.4)	(40.4)	+9.8%
Cost of Services revenue	(99.4)	(78.9)	+26.0%
Research and development	(159.4)	(140.4)	+13.5%
Marketing and sales	(278.8)	(246.6)	+13.0%
General and administrative	(65.6)	(56.5)	+16.2%
<b>Total operating expenses</b>	<b>(647.6)</b>	<b>(562.8)</b>	<b>+15.1%</b>
<b>Operating income</b>	<b>316.4</b>	<b>257.8</b>	<b>+22.8%</b>
Financial revenue and other, net	4.2	5.2	-19.5%
<b>Earnings before income taxes</b>	<b>320.6</b>	<b>263.0</b>	<b>+21.9%</b>
Income tax expense	(95.2)	(75.6)	+25.9%
Non-controlling interest	1.0	0.3	N/A
<b>Net Income (to equity holders of the parent)</b>	<b>226.5</b>	<b>187.6</b>	<b>+20.7%</b>
<b>Diluted net income per share (EPS)</b>	<b>0.87</b>	<b>0.72</b>	<b>+20.8%</b>
<b>Average diluted shares (Million)</b>	<b>260.5</b>	<b>259.3</b>	

# Non-IFRS P&L (%)

	Three months ended March 31,	
	2019	2018
Software revenue	89.2%	89.8%
Licenses and Other software revenue	22.1%	21.8%
Subscription and Support revenue	67.0%	68.0%
Services revenue	10.8%	10.2%
<b>Total revenue</b>	<b>100.0%</b>	<b>100.0%</b>
Cost of Software revenue	4.6%	4.9%
Cost of Services revenue	10.3%	9.6%
Research and development	16.5%	17.1%
Marketing and sales	28.9%	30.1%
General and administrative	6.8%	6.9%
<b>Total operating expenses</b>	<b>67.2%</b>	<b>68.6%</b>
<b>Operating income</b>	<b>32.8%</b>	<b>31.4%</b>
Financial revenue and other, net	0.4%	0.6%
<b>Earnings before income taxes</b>	<b>33.3%</b>	<b>32.1%</b>
<b>Income tax rate (% of EBIT)</b>	<b>29.7%</b>	<b>28.8%</b>
Non-controlling interest	0.1%	0.0%
<b>Net Income</b> (to equity holders of the parent)	<b><u>23.5%</u></b>	<b><u>22.9%</u></b>

# IFRS – Non-IFRS Reconciliation QTD

## Revenue and Gross Margin

	Three months ended March 31,						Increase (Decrease)	
	2019 IFRS	Adjustment	2019 Non-IFRS	2018 IFRS	Adjustment	2018 Non-IFRS	IFRS	Non-IFRS
(€ million, except % and per share data)								
<b>Total Revenue</b>	<b>958.9</b>	<b>5.1</b>	<b>964.0</b>	<b>818.7</b>	<b>1.9</b>	<b>820.6</b>	<b>17.1%</b>	<b>17.5%</b>
<b>Total Revenue breakdown by activity</b>								
Software revenue	855.3	4.2	859.5	735.1	1.9	737.0	16.3%	16.6%
<i>Licenses and Other software revenue</i>	213.2		213.2	179.1		179.1	19.1%	19.1%
<i>Subscription and Support revenue</i>	642.0	4.2	646.2	556.0	1.9	557.9	15.5%	15.8%
<i>Recurring portion of Software revenue</i>	75%		75%	76%		76%		
Services revenue	103.6	0.9	104.5	83.5		83.5	24.0%	25.1%
<b>Total Revenue breakdown by product line</b>								
CATIA SW revenue	270.1		270.1	250.7		250.7	7.8%	7.8%
ENOVIA SW revenue	92.3		92.3	74.7		74.7	23.6%	23.6%
SOLIDWORKS SW revenue	191.4		191.4	169.9		169.9	12.7%	12.7%
Other SW revenue	301.5	4.2	305.7	239.8	1.9	241.7	25.7%	26.5%
Services revenue	103.6	0.9	104.5	83.5		83.5	24.0%	25.1%
<b>Total Revenue breakdown by geography</b>								
Americas revenue	307.0	4.0	311.1	238.1	0.9	239.0	29.0%	30.1%
Europe revenue	408.4	1.1	409.5	362.2	0.4	362.6	12.7%	12.9%
Asia revenue	243.5		243.5	218.4	0.6	219.0	11.5%	11.2%
<b>Gross Margin</b>								
Cost of Software revenue	( 45.2)	0.8	( 44.4)	( 40.9)	0.5	( 40.4)	10.5%	9.8%
<i>Software Gross margin*</i>	94.7%		94.8%	94.4%		94.5%		
Cost of Services revenue	( 100.6)	1.2	( 99.4)	( 79.4)	0.5	( 78.9)	26.7%	26.0%
<i>Services Gross margin</i>	2.9%		4.9%	5.0%		5.6%		

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

# IFRS – Non-IFRS Reconciliation QTD

## Expenses & Earnings

	Three months ended March 31,						Increase (Decrease)	
	2019 IFRS	Adjustment	2019 Non-IFRS	2018 IFRS	Adjustment	2018 Non-IFRS	IFRS	Non-IFRS
<i>(€ million, except % and per share data)</i>								
<b>Total Operating Expenses</b>	<b>( 743.1)</b>	<b>95.5</b>	<b>( 647.6)</b>	<b>( 639.9)</b>	<b>77.1</b>	<b>( 562.8)</b>	<b>16.1%</b>	<b>15.1%</b>
Share-based compensation expense	( 46.3)	46.3	-	( 32.8)	32.8	-		
Amortization of acquired intangibles	( 50.1)	50.1	-	( 41.8)	41.8	-		
Other operating income and expense, net	0.9	( 0.9)	-	( 2.5)	2.5	-		
<b>Operating Income</b>	<b>215.8</b>	<b>100.6</b>	<b>316.4</b>	<b>178.7</b>	<b>79.0</b>	<b>257.8</b>	<b>20.7%</b>	<b>22.8%</b>
<b>Operating Margin</b>	<b>22.5%</b>		<b>32.8%</b>	<b>21.8%</b>		<b>31.4%</b>		
Financial revenue & other, net	5.2	( 0.9)	4.2	4.7	0.5	5.2	9.4%	-19.5%
Income tax expense	( 62.9)	( 32.3)	( 95.2)	( 47.5)	( 28.2)	( 75.6)	32.6%	25.9%
Non-controlling interest	2.8	( 1.8)	1.0	0.3		0.3	N/A	N/A
<b>Net Income attributable to shareholders</b>	<b>160.8</b>	<b>65.7</b>	<b>226.5</b>	<b>136.3</b>	<b>51.4</b>	<b>187.6</b>	<b>18.0%</b>	<b>20.7%</b>
<b>Diluted net income per share, in EUR</b>	<b>0.62</b>	<b>0.25</b>	<b>0.87</b>	<b>0.53</b>	<b>0.20</b>	<b>0.72</b>	<b>17.0%</b>	<b>20.8%</b>

	Three months ended March 31,					
	2019 IFRS	Adjust.	2019 Non-IFRS	2018 IFRS	Adjust.	2018 Non-IFRS
<i>(€ million)</i>						
Cost of revenue	( 145.7)	2.0	( 143.8)	( 120.3)	1.0	( 119.3)
Research and development	( 180.3)	20.9	( 159.4)	( 152.7)	12.2	( 140.4)
Marketing and sales	( 291.2)	12.4	( 278.8)	( 253.0)	6.4	( 246.6)
General and administrative	( 76.7)	11.0	( 65.6)	( 69.7)	13.2	( 56.5)
<b>Total Share-based compensation expense</b>		<b>46.3</b>			<b>32.8</b>	

# Financial Revenue and Other

Non-IFRS

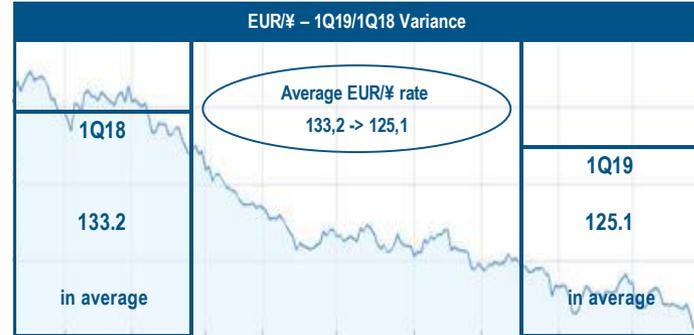
MEUR	1Q19	1Q18	var
Interest Income	8.4	7.4	1.0
Interest Expense	(6.6)	(3.8)	(2.7)
Financial net Income	1.9	3.6	(1.7)
Exchange Gain / (Loss)	2.5	0.7	1.9
Other Income / (Loss)	(0.2)	1.0	(1.2)
Total	4.2	5.2	(1.0)

# Exchange Rate evolution

From assumptions to actual data

Breakdown of P&L by currency for YTD 19		
	Revenue	Operating Expenses
USD	38.7%	37.3%
JPY	11.8%	4.4%

Average Exchange rates				
		2018	2019	% change
QTD	EUR/USD	1.23	1.14	-7%
	EUR/JPY	133.2	125.1	-6%
YTD	EUR/USD	1.23	1.14	-7%
	EUR/JPY	133.2	125.1	-6%



# Comparing 1Q19 with mid-range Objectives

Non-IFRS

	Revenue	Operating Expenses	Operating Profit	Operating Margin
<b>1Q19 Guidances mid-range</b>	<b>935.0</b>	<b>(645.1)</b>	<b>289.9</b>	<b>31.0%</b>
<b>Growth YoY</b>	<b>+13.9%</b>	<b>+14.6%</b>	<b>+12.5%</b>	<b>-0.4pt</b>
USD impact	8.6	(4.6)	4.0	+0.1pt
JPY impact including hedging	3.5	(1.3)	2.2	+0.1pt
Other currencies and other hedging impact	6.5	(6.1)	0.4	-0.2pt
<b>Total FX</b>	<b>18.6</b>	<b>(12.0)</b>	<b>6.6</b>	<b>+0.1pt</b>
<b>Activity / Cost Control / Other</b>	<b>10.4</b>	<b>9.5</b>	<b>19.9</b>	<b>+1.7pt</b>
<b>Delta: Reported vs guidances</b>	<b>29.0</b>	<b>(2.5)</b>	<b>26.5</b>	<b>+1.8pt</b>
<b>1Q19 Reported</b>	<b>964.0</b>	<b>(647.6)</b>	<b>316.4</b>	<b>32.8%</b>
<b>Growth YoY</b>	<b>+17.5%</b>	<b>+15.1%</b>	<b>+22.8%</b>	<b>+1.4pt</b>
<b>1Q18 Reported</b>	<b>820.6</b>	<b>(562.8)</b>	<b>257.8</b>	<b>31.4%</b>

# Estimated FX impact on 1Q19 Op. Results

Non-IFRS

€ millions QTD	Total Revenue	Operating Expenses	Operating Income	Operating Margin
1Q19 Reported	964.0	(647.6)	316.4	32.8%
1Q18 Reported	820.6	(562.8)	257.8	31.4%
<i>Growth as reported</i>	+17.5%	+15.1%	+22.8%	+1.4 pt
<b>Impact of Actual Currency Rates</b>				
USD impact	28.0	(15.1)	12.9	
JPY impact including hedging	3.5	(1.9)	1.6	
Other currencies and other hedging impact	0.9	(0.8)	0.1	
<b>Total FX Impact adjustment</b>	<b>32.4</b>	<b>(17.8)</b>	<b>14.6</b>	
1Q18 ex FX	853.0	(580.6)	272.4	31.9%
<i>Growth exFX</i>	+13%	+12%	+16%	+0.9 pt

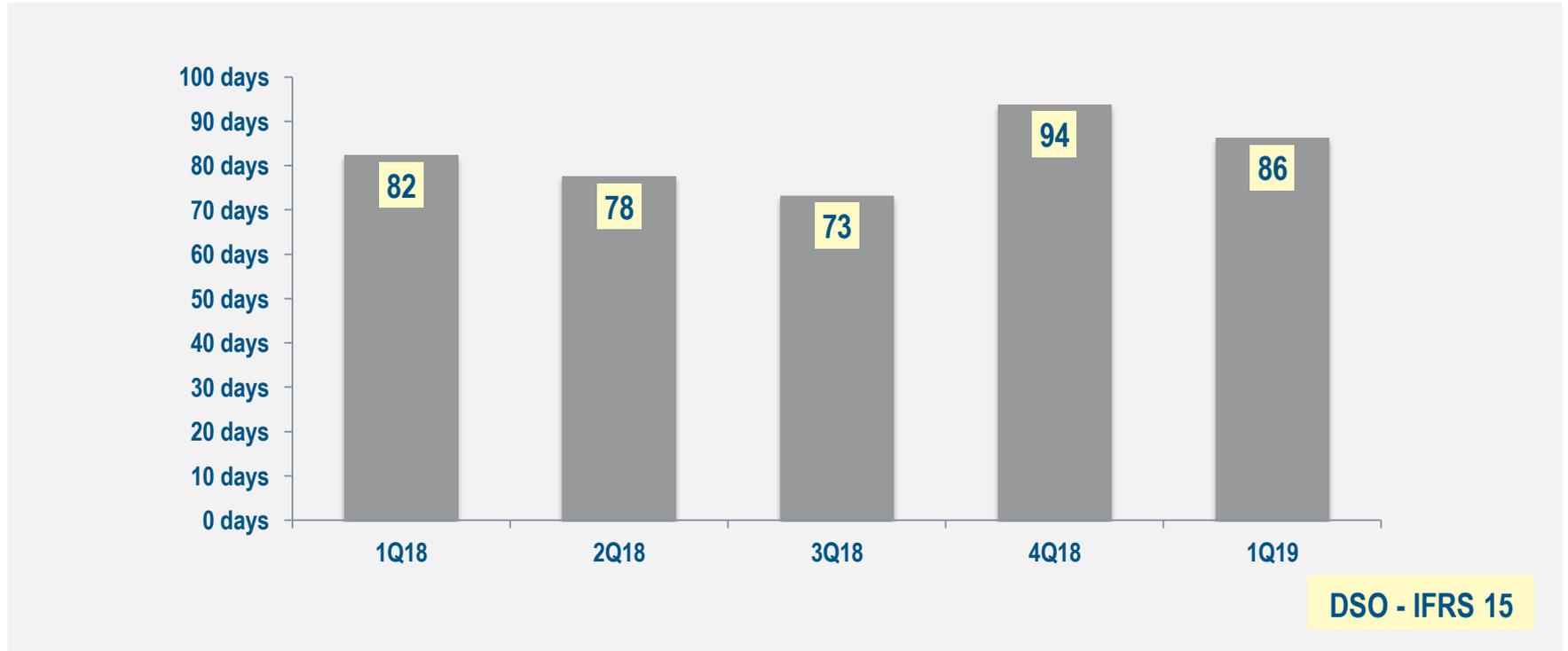
# Consolidated Statement of Cash Flows

(in millions of €)	1Q19	1Q18	Variation
Net income attributable to equity holders of the parent	160.8	136.3	24.5
Non-controlling interest	(2.8)	(0.3)	(2.5)
Net income	158.0	136.0	22.0
Depreciation of property & equipment	31.7	13.7	18.0
Amortization of intangible assets	52.3	43.9	8.4
Other non-cash P&L items	28.4	16.7	11.7
Changes in working capital	218.1	196.6	21.5
<b>Net Cash Provided by (Used in) Operating Activities (I)</b>	<b>488.5</b>	<b>406.9</b>	<b>81.6</b>
Additions to property, equipment and intangibles	(25.1)	(11.9)	(13.2)
Payment for acquisition of businesses, net of cash acquired	(400.6)	-	(400.6)
Sale (Purchase) of short-term investments, net	-	(40.1)	40.1
Investments, loans and others	(3.0)	(0.1)	(2.9)
<b>Net Cash Provided by (Used in) Investing Activities (II)</b>	<b>(428.7)</b>	<b>(52.1)</b>	<b>(376.6)</b>
Repayment of short term and long term debt	(0.9)	-	(0.9)
Payments on lease obligations	(17.0)	-	(17.0)
(Purchase) Sale of treasury stock	8.6	8.4	0.2
Proceeds from exercise of stock-options	13.5	12.3	1.2
<b>Net Cash Provided by (Used in) Financing Activities (III)</b>	<b>4.2</b>	<b>20.7</b>	<b>(16.5)</b>
Effect of exchange rate changes on cash and cash equivalents (IV)	22.7	(31.1)	53.8
Increase (Decrease) in Cash (V) = (I)+(II)+(III)+(IV)	86.7	344.4	(257.7)
Cash and cash equivalents at Beginning of Period	2 809.3	2 459.4	
<b>Cash and cash equivalents at End of Period</b>	<b>2 896.0</b>	<b>2 803.8</b>	
Cash and cash equivalents variation	86.7	344.4	

# Balance Sheet

(in millions of €)	End of Mar-19	End of Dec-18	Variation Mar-19 / Dec-18
Cash and cash equivalents	2 896,0	2 809,3	+86,7
Short-term investments	0,6	0,6	0,0
Accounts receivable, net	890,0	1 044,1	-154,1
Contract assets	36,8	26,5	+10,3
Other current assets	268,0	321,3	-53,3
<b>Total current assets</b>	<b>4 091,4</b>	<b>4 201,8</b>	<b>-110,4</b>
<b>Property and equipment, net</b>	<b>575,3</b>	<b>178,2</b>	<b>+397,1</b>
<b>Goodwill and Intangible assets, net</b>	<b>3 687,5</b>	<b>3 262,4</b>	<b>+425,1</b>
<b>Other non current assets</b>	<b>352,7</b>	<b>331,6</b>	<b>+21,1</b>
<b>Total Assets</b>	<b>8 706,9</b>	<b>7 974,0</b>	<b>+732,9</b>
Accounts payable	135,9	161,7	-25,8
Contract liabilities	1 013,3	907,5	+105,8
Short-term debt	350,0	350,0	0,0
Other current liabilities	582,0	603,6	-21,6
<b>Total current liabilities</b>	<b>2 081,2</b>	<b>2 022,8</b>	<b>+58,4</b>
Long-term debt	650,0	650,0	0,0
Other non current obligations	1 085,4	675,4	+410,0
<b>Total long-term liabilities</b>	<b>1 735,4</b>	<b>1 325,4</b>	<b>+410,0</b>
<b>Non-controlling interest</b>	<b>61,6</b>	<b>63,9</b>	<b>-2,3</b>
<b>Parent Shareholders' equity</b>	<b>4 828,7</b>	<b>4 561,9</b>	<b>+266,8</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>8 706,9</b>	<b>7 974,0</b>	<b>+732,9</b>

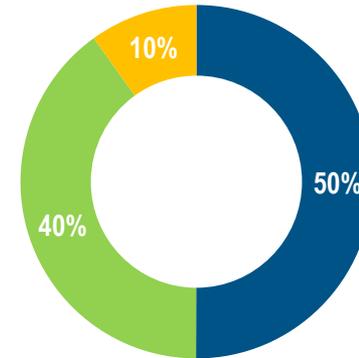
# Trade Accounts Receivable | DSO



# Headcount by Destinations – As of Q1 2019

Closing H/C - March 2019

At Closing - TOTAL					
	<u>1Q19</u>	<u>1Q18</u>	<u>% growth</u>	<u>4Q18</u>	<u>% growth</u>
M&S + COR Ser	8 856	7 860	+13%	8 511	+4%
R&D + COR SW	7 101	6 638	+7%	6 885	+3%
G&A	1 617	1 569	+3%	1 634	-1%
<b>Total</b>	<b>17 574</b>	<b>16 067</b>	<b>+9%</b>	<b>17 030</b>	<b>+3%</b>



■ M&S + COR Ser ■ R&D + COR SW ■ G&A

# IFRS 2019 Objectives

## Accounting elements not included in the non-IFRS 2019 Objectives

- ▶ FY 2019 estimated **contract liabilities** write-down of **~€12m**
- ▶ FY 2019 estimated **share-based compensation** expenses, including related social charges: **~€121m**
- ▶ FY 2019 estimated **amortization of acquired intangibles**: **~€196m**
- ▶ The non-IFRS objectives also do not include any impact from other operating income and expense, net principally comprised of acquisition, integration and restructuring expenses, and impairment of goodwill and acquired intangible assets; from one-time items included in financial revenue; from one-time tax effects; and from the income tax effects of these non-IFRS adjustments.
- ▶ Finally, these estimates do not include any new stock option or share grants, or any new acquisitions or restructurings completed after April 24, 2019.

