3DEXPERIENCE®

Analysts Meeting

Q2 & H1 2016

Thibault de Tersant, Senior EVP, CFO
Pascal Daloz, EVP, Brands & Corporate Development

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Q2 2016 Highlights

- Delivering **Q2 results** at the **high-end of guidance**
- Seeing continued traction of **3DEXPERIENCE platform**
- **ENOVIA** delivering strong growth
- **Diversification Industries** showing good momentum
- Expanding in **Production Planning & Scheduling** with **Ortems** acquisition
- Expanding in **Electromagnetic Simulation** with **CST** proposed acquisition
- Reconfirming **FY16 guidance** with **double-digit new licenses** growth in **H2**

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Agenda

1. Q2 16 & H1 16 Business Review
2. Q2 16 & H1 16 Business Highlights
3. Q2 16 & H1 16 Financial Highlights
4. Q3 16 & FY 16 Financial Objectives
5. Financial Information Appendix

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Q2 16 & H1 16 Non-IFRS

- Improved **software revenue** in Q2
- Solid **EPS growth**, up 12% exFX in Q2

€ millions	Q2 16	YTD 16
Revenue	**754.0**	**1,447.5**
Growth	+4%	+4%
Growth exFX	+6%	+5%
Software Growth exFX	+7%	+6%
Operating Margin	**30.4%**	**28.4%**
Operating Margin Growth	+1.0 pt	+0.7 pt
EPS (€)	**0.57**	**1.08**
EPS Evolution	+8%	+13%

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Software Revenue by Brands Non-IFRS

- **CATIA**: impacted by a weak quarter in Asia
- **ENOVIA**: excellent growth across geographies
- **SOLIDWORKS**: improved new licenses revenue growth in Q2
- **Other Software**: led by **SIMULIA**, **DELMIA**, **QUINTIQ** and **EXALEAD**

Software Revenue Growth exFX by Brands

	Q2 16	YTD 16
CATIA	+1%	+3%
ENOVIA	+13%	+12%
SOLIDWORKS	+13%	+10%
Other Software	+10%	+4%
Total Software	**+7%**	**+6%**

Revenue by Region Non-IFRS

- Double-digit Q2 new licenses revenue growth both in **US** and in **Latin America**
- Double-digit Q2 new licenses revenue growth in **Europe** led by **Northern** and **Southern Europe** and **France**
- Weak performance in **Korea**, **India** and **AP South**

Software Revenue Growth exFX by Region		
	Q2 16	YTD 16
Americas	+8%	+7%
Europe	+9%	+6%
Asia	+4%	+4%
Software Revenue	**+7%**	**+6%**

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Q2 16 Business Highlights

- **3DEXPERIENCE Platform**
- ENOVIA
- Industry Diversification
- Ortems Acquisition
- CST Acquisition

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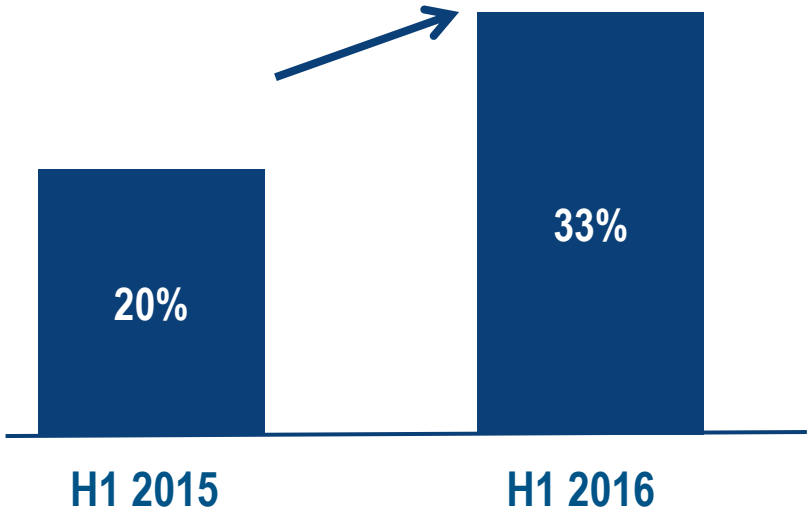
3DEXPERIENCE | H1 Performance

% V6 / New Licenses Revenue* Non-IFRS

+13 points in H1 16



3DEXPERIENCE new licenses revenue up **+68%** exFX

* Excluding SOLIDWORKS and acquisitions

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BAE Systems Adopts 3DEXPERIENCE Platform

BAE Systems

Provides advanced, technology-led defense, aerospace and security solutions and employ a skilled workforce of some 83,400 people in over 40 countries

Business Values:

Transforming the way aircraft design and development is done through new processes and tools by:

- Facilitating **seamless collaboration** between customers, partners and business functions
- Ensuring the right information gets to the right people at the right time, thus **enabling intelligent business decisions** to be taken

Solution:

A new systematic approach to aircraft design based on model based engineering and the **3D**EXPERIENCE Platform

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3DEXPERIENCE Platform | Safran Transmission Systems*

video

The **3D**EXPERIENCE Platform allowed us to replace a certain number of applications that previously operated in silos to **achieve digital continuity** and to **reduce our IT maintenance costs**

Charles Manin, CIO, Safran Transmission Systems

The **3D**EXPERIENCE Platform is now our **unique source of information**. It **greatly reduces rework**. We also have improved projects management thanks to **real time dashboards** available with Co-design to Target.

Jean-Philippe Sallini, PLM Manager, Safan Transmission Systems

* designs and manufactures power transmission systems for the aerospace industry

+30% Productivity Gains

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Q2 16 Business Highlights

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- **ENOVIA**
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ENOVIA Performance

ENOVIA new licenses revenue up **+34%** exFX in Q2 and **+32%** in H1 (double-digit new licenses revenue growth for the 4th consecutive quarter)

Six Business Themes Driving Innovation and Profitable Growth for Customers across 12 Industries

- Strategic Customer Relationships
- Quality & Compliance
- Global Product Development
- Strategic Supplier Relationships
- Product Planning & Programs
- IP Classification & Security

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ENOVIA Portfolio

The **ENOVIA** portfolio provides collaborative innovation apps for **Business** and **Product Development** users

The **ENOVIA** portfolio is expanding to address Business and Product Development users in **Diversification industries**

SAMSUNG Electronics Adopts ENOVIA & 3DEXPERIENCE

SAMSUNG Electronics (Semiconductor)

Samsung Electronics, leads the global market in high-tech electronics manufacturing and digital media through innovative, reliable products and services

Business Values:

Achieving 'zero revision' for engineers by establishing an easy and fast development environment:

- Efficient **cost management** by minimizing re-spin of IP
- Shortening **time to market** through easy collaboration between engineers and effective data management

Solution:

3DEXPERIENCE Platform with **Silicon Thinking** Industry Solution Experience based on **ENOVIA**

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CHEVRON Oronite Adopts ENOVIA & 3DEXPERIENCE

Chevron Oronite

Chevron Oronite develops and markets quality additives that improve the performance of fuels and lubricants

Business Values:

Enhancing Development Process

- Increasing **product innovation**
- Reducing time for product review and sign off to measurably increase **productivity**
- Reducing cost of ownership and cost of IT to optimize **time to market**

Solution:

3DEXPERIENCE Platform with **Perfect Product** Industry Solution Experience including **ENOVIA (Enginuity) for formula development**

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Q2 16 Business Highlights

- 3DEXPERIENCE Platform
- ENOVIA
- **Industry Diversification**
- Ortems Acquisition
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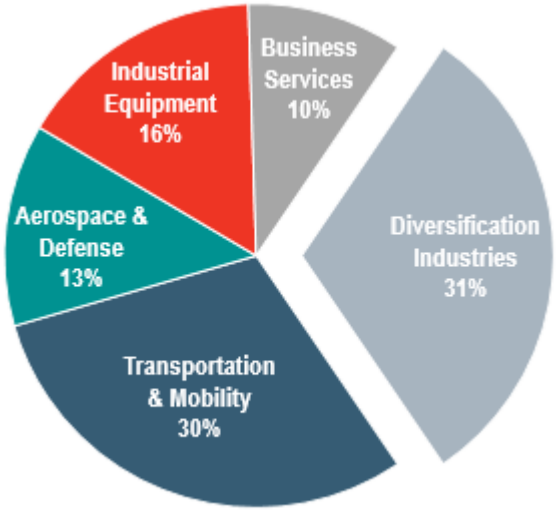
Industry Vertical Diversification

- **Diversification industries*** representing **31%** of H1 2016 software revenue
  - → **+1 percentage point** YoY driven by **Marine & Offshore**, **High-Tech** and **Energy, Process & Utilities**

H1 16 – Software Revenue



* Architecture, Engineering & Construction; Consumer Goods & Retail; Consumer Packaged Goods & Retail; Energy, Process & Utilities; Finance Business Services; High-Tech; Life Sciences; Marine & Offshore; Natural Resources

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Energy, Process & Utilities

- **Energy, Process & Utilities** software revenue up **~+15%** exFX in **Q2**
- Diversifying in **Oil & Gas** segment
- Enabling continued **innovation** and increasing **safety** in **nuclear plants** with **key recent wins**

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Attending World Nuclear Exhibition | JUNE 28-30, 2016 - LE BOURGET - PARIS

Emmanuel Macron, French economy minister featuring Dassault Systèmes

ASE Group of Companies (Rosatom) winner of World Nuclear Exhibition competition in Operational Excellence Nomination* with **3D**EXPERIENCE Platform implementation

Assystem and Dassault Systèmes partner to digitally transform nuclear engineering

* http://www.rosatom.ru/en/press-centre/news/ase-group-of-companies-is-a-winner-of-world-nuclear-exhibition-competition-in-the-operational-excell/

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Covering with NIAEP-ASE Full Nuclear Lifecycle

Up to 60% productivity increase on engineering

Multidisciplinary digital mock-up including suppliers and multi-dimensions (3D, time, resources, costs, risks …)

Reactor commissioned on-time and on-budget

Digital continuity enhancing collaboration between engineering and construction teams on site

Accelerating commissioning
Reducing time of unit outage

Digital simulation providing accountable, reliable and predictable performance of plant operations

TRANSFORMATION MILESTONES

Business Benefits

Technical Scope

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Q2 16 Business Highlights

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- **Ortems Acquisition**
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The **3D**EXPERIENCE Platform for Global Industrial Operations

Collaborative Platform,
all stakeholders share common understanding

Build & Simulate
the Manufacturing Processes

Operate & Measure
the Physical Manufacturing Operations

Optimize & Predict
Hot rescheduling & predictive analytics

Real time **3D**EXPERIENCE

3DEXPERIENCE®

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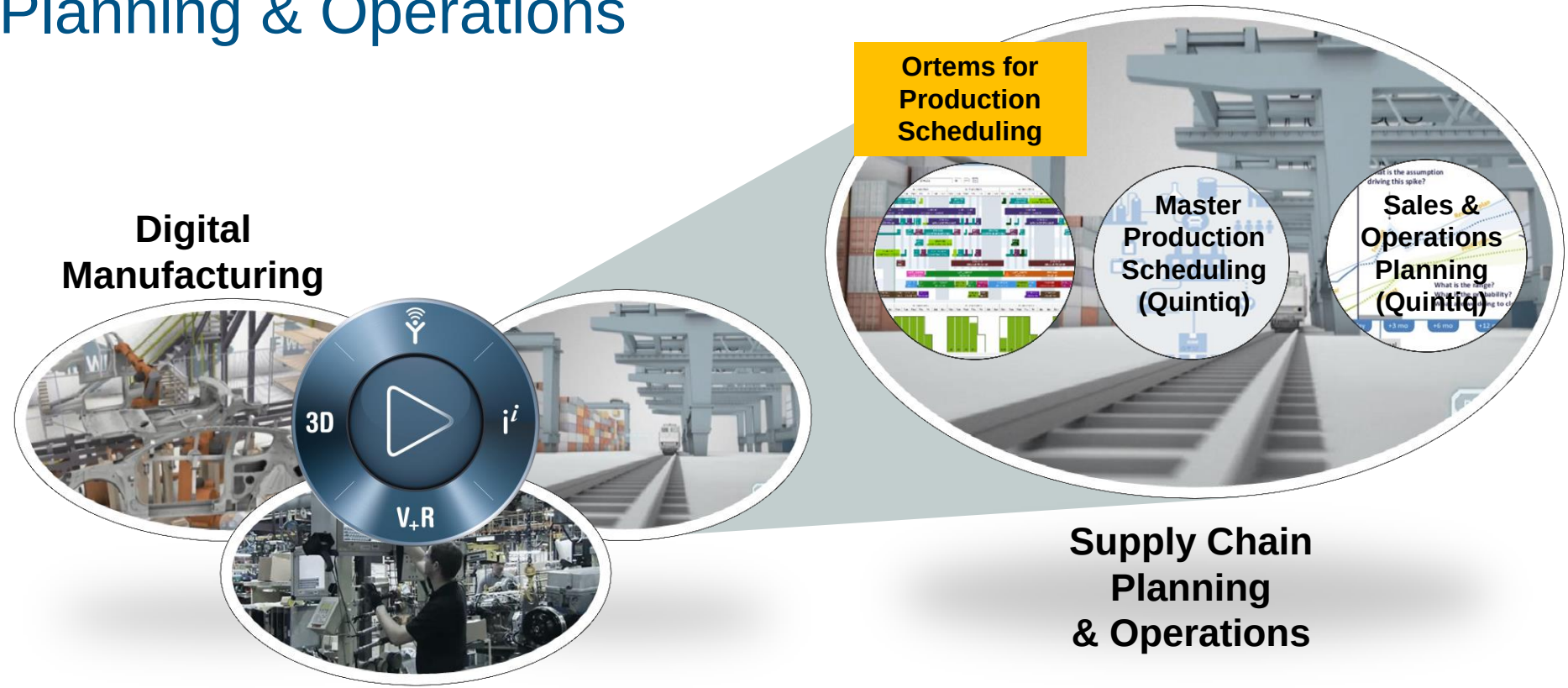
Ortems Extends DELMIA Applications in Supply Chain Planning & Operations



Ortems Complementing DELMIA Applications

- **Ortems Profile:**
  - Expert in **production planning** and **scheduling**
  - **Privately-held company** based in Lyon (France)
  - **~50 employees**
  - FY15 revenue: **~€5m** (half software, half service)

- Complementing **DELMIA** Manufacturing Execution System and Manufacturing Operations Management with Ortems **constraint-based production scheduling** capabilities

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Q2 16 Business Highlights

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Electromagnetism is a fundamental physics that harmonizes the communication between Product, Nature and Life

Smart Transportation

Smart Energy

Smart Mobility

Smart Infrastructure

Smart Cities & Homes

Smart Health

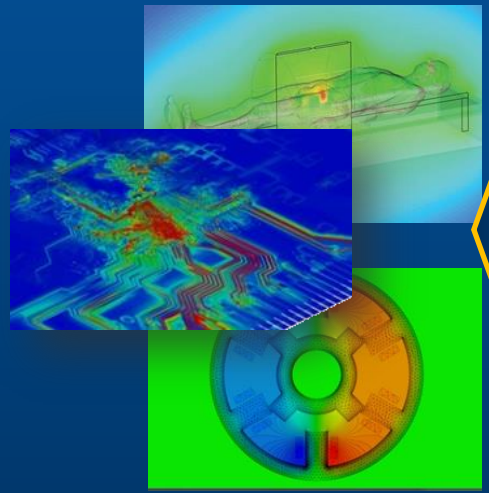
Our Technology Vision

Multiphysics Discipline

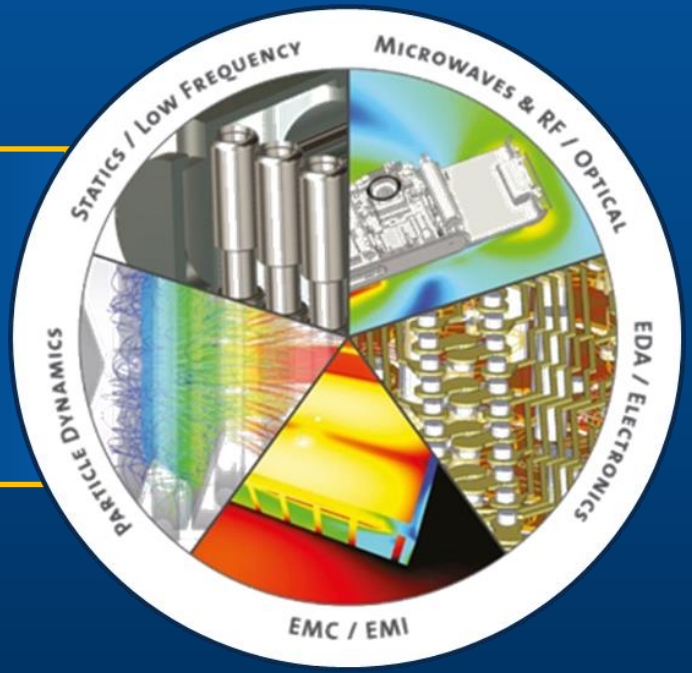
Structures & Solids | Chemical | Bio | Geophysics | Thermal | **Electromagnetics** | Fluids | Controls

Multiscale

- Functional
- Logical
- Physical (Macroscale Continuum)
- Material Sciences
- Physical (Microscale Non-Continuum)

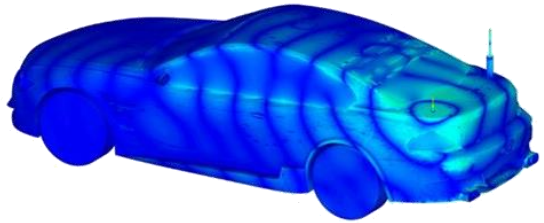


Systems
Sensors
Chips
Circuits
Particles



CST – Computer Simulation Technology

- Leader in **Electromagnetic Simulation**
- FY15 revenue: **~€47m**
- Revenue breakdown: **~35%** new licenses, **~ 65%** recurring
- 2012-15 average revenue growth: **~+10%**
- FY15 operating margin: **~25%**
- Privately-held company - Headquartered in Germany
- **~270** employees



- Essential for **accelerating development of electronics and electrical systems**, from early concept stages through final validation
- **Provides a full electromagnetic simulation portfolio**, including low frequency (for electric motors) through high frequency (for electronics, antennas)
- Combined with **3D**EXPERIENCE Platform, provides a **complete virtual product experience** for the co-design of next generation devices

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CST Acquisition Closing

- Closing expected in **Q4 2016** and subject to customary conditions precedent, including antitrust approvals in Germany and Austria
- Price: approximately **€220 million** in cash
- Impact on **non-IFRS FY16 objectives** to be included after the closing
- Immediately **accretive** to **non-IFRS earnings**

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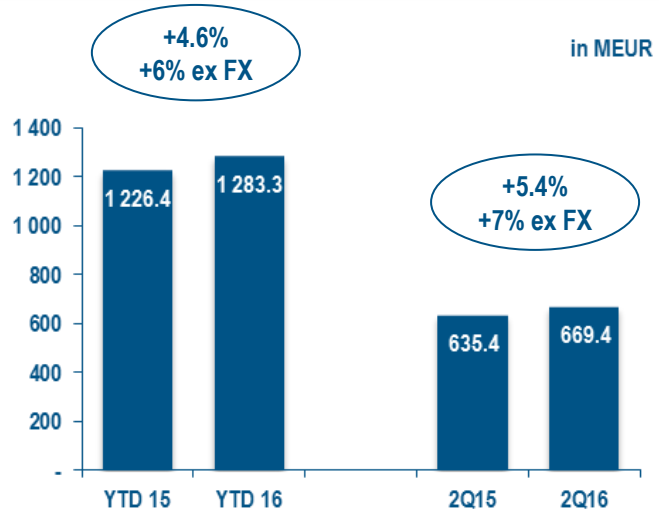
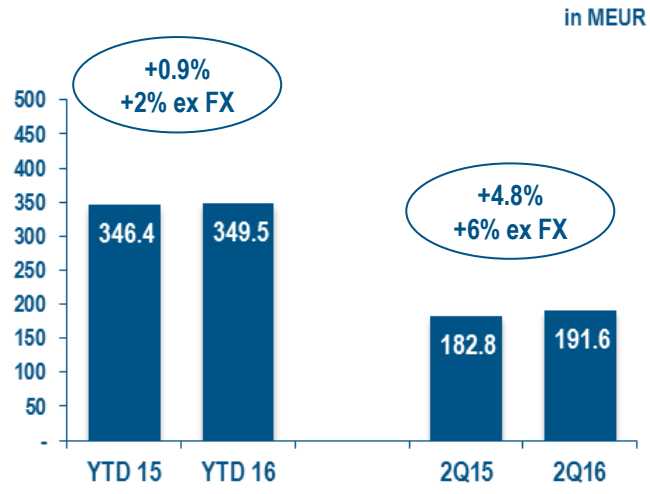
Software Revenue Growth Non-IFRS

Software Revenue



New Licenses Revenue



Improved **software** revenue growth with **new licenses** revenue return to growth in Q2

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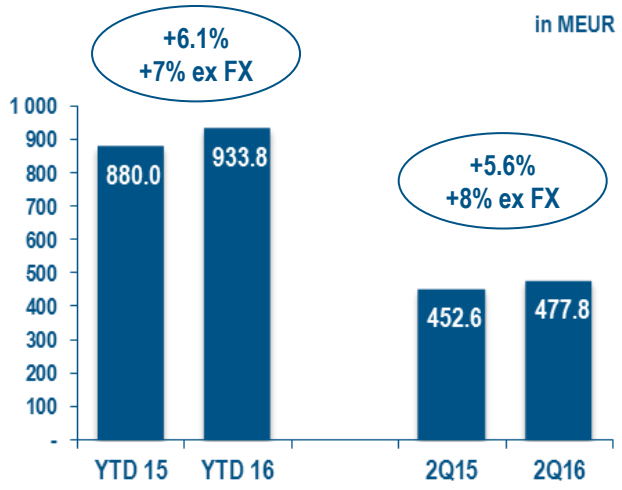
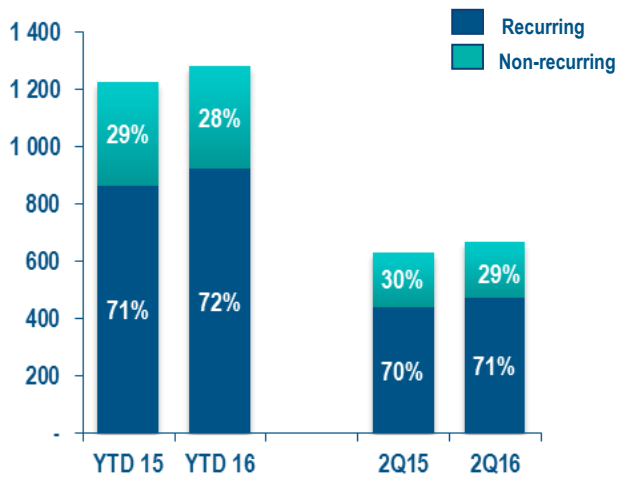
Software Revenue Growth Non-IFRS

Recurring and Other Software Revenue



Software Revenue Evolution



Strong **recurring** revenue

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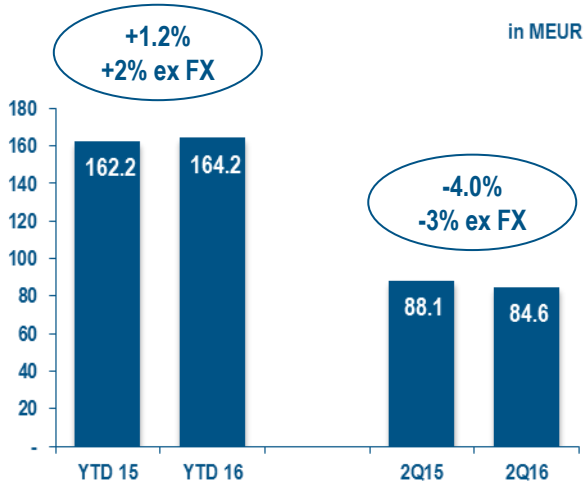
Service Revenue & Margin Evolution Non-IFRS

Service Revenue



Serv. Gross Margin	10.7%	5.6%	15.9%	7.6%

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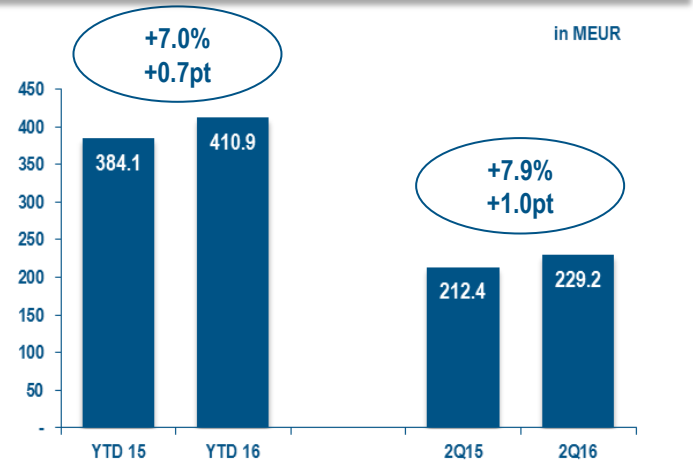
Operating Income Evolution & EPS Non-IFRS

Operating Income



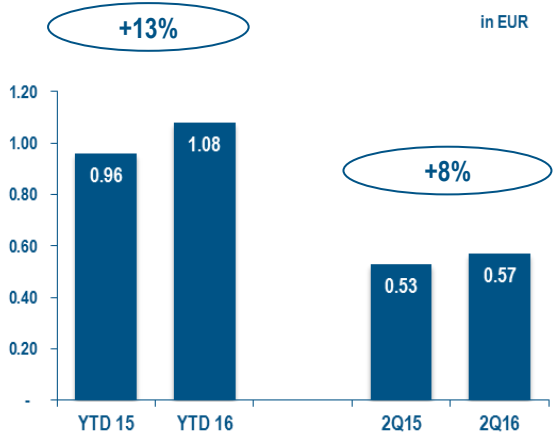
Op. margin	27.7%	28.4%	29.4%	30.4%

+70 bp, +90 bp exFX

+100 bp, +120 bp exFX

Q2 & H1 operating margin reflecting **back-end loaded investments** (aligned to revenue expectations)

EPS



Q2 EPS reflecting **revenue growth**, **operating margin expansion** and **negative currency** impact
→ **Q2 EPS** up **12%** exFX

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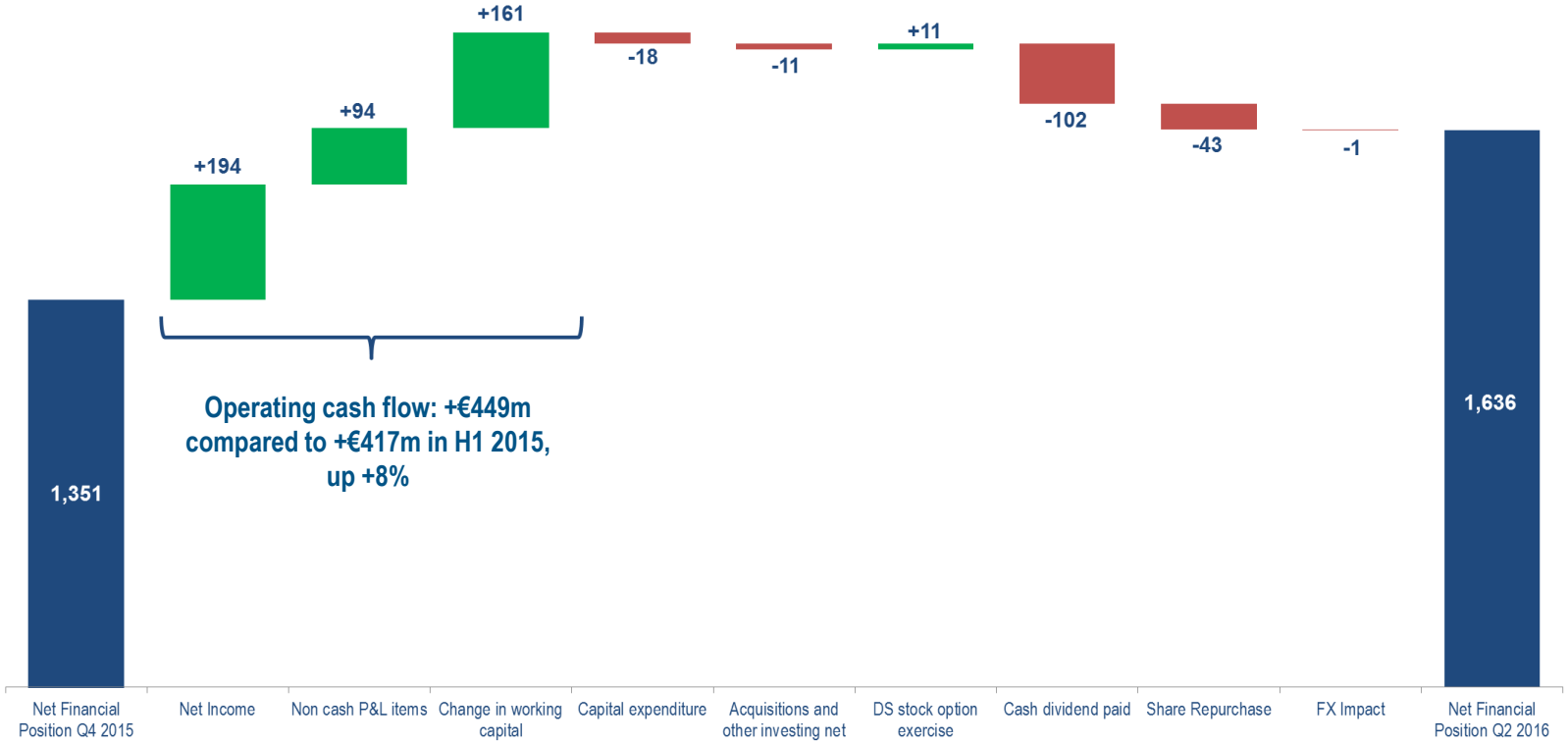
Change in Net Financial Position (YTD)



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Operating Cash Flow Evolution IFRS

€ million	YTD 16	YTD 15	Changes	
Operating Cash Flow	**+449**	**+417**	**+32**	
Net income adjusted for non cash items	+288	+255	+33	
Decrease in trade accounts receivable	+115	+118	-3	Trade accounts receivable up 14% exFX compared to Q2 2015
Increase in unearned revenue	+145	+135	+10	Unearned revenue up 12% exFX compared to Q2 2015
Decrease in accrued compensation	-23	-25	+2	
Decrease in accounts payable	-6	-18	+12	Timing impact compared to H1 2015
Decrease in income taxes payable	-73	-40	-33	Impact of tax downpayments and payments made in connection with ongoing tax proceedings
Other	+3	-8	+11	

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Reconfirming FY16 Objectives Non-IFRS

- **Positive impact of JPY strengthening**, yet limited by **hedging**
  - Non-hedged JPY (~6% of DS revenue)*: **JPY 130.0** per €1.00 → **JPY 120.0** in July
- **Negative impact of GBP weakening**
  - Non-hedged GBP (~4% of DS revenue): **GBP 0.75** per €1.00 → **GBP 0.90** in July
- **Other currencies weakening**
  - Swedish Krona, Australian Dollar, Chinese Yuan, Malaysian Ringgit …

* Hedged JPY (~7% of DS revenue): from JPY134.6 per €1.00 in 2015 to JPY130.6 in 2016

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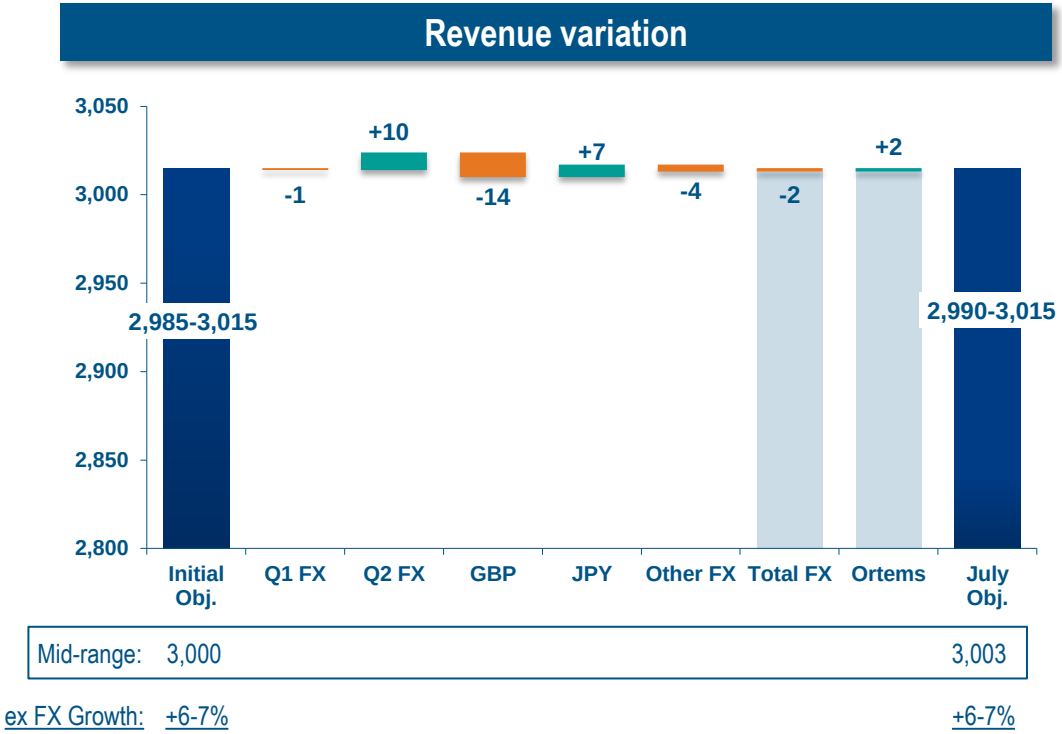
Objectives Changes Non-IFRS



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Proposed objectives Non-IFRS

	Q3 2016	FY 2016
Revenue (M€)	715-725	2,990-3,015
Growth	+4-6%	+4-5%
Growth ex FX	**+6-8%**	**+6-7%**
Operating Margin	30-30.5%	~31.0%
Operating Margin Growth	**-1pt to Stable**	**Stable**
EPS (€)	0.54-0.57	2.40
EPS Growth	**-7% to -2%**	**~+7%**
€/$ rates	1.15	1.13
€/¥ rates	120.0	122.2

Q3 2016:

- **New licenses revenue acceleration**
- Q3 15 EPS reflecting **€6M** R&D tax credit benefit and **4 cents** of reversal of tax reserves → excluding these impacts, **Q3 16 EPS** up **+8-14%** exFX

FY 2016:

- **FY 16 revenue** implying **double-digit new licenses** growth exFX in **H2**
- **Negative currency** impact on revenue growth above **2 points**
- **Tax rate** below last year by **2 points**
- **Negative currency** impact on EPS growth above **4 points**

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