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%
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

<table>
<thead>
<tr>
<th>Brand</th>
<th>Q1 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>CATIA</td>
<td>+4%</td>
</tr>
<tr>
<td>ENOVIA</td>
<td>+2%</td>
</tr>
<tr>
<td>SOLIDWORKS</td>
<td>+12%</td>
</tr>
<tr>
<td>Other Software</td>
<td>+10%</td>
</tr>
<tr>
<td><strong>Software Revenue</strong></td>
<td><strong>+7%</strong></td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Region</th>
<th>Q1 17</th>
<th>Americas</th>
<th>+5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>+10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>+6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software Revenue</td>
<td>+7%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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
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.
Virtual Testing Environment Key for Automated Driving Technology

Vehicle Electrification

Driving Automation

Connected & Shared Mobility
Deliver safe driving experience by connecting software & hardware disciplines.
Automatic Braking Scenario

- Sunny day
- Night
- Rainy night
- 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**
3DEXPERIENCE for Consumer Packaged Goods

IDEATE
- Scientists
- Management

DEVELOP
- Packaging Engineers
- Formulators
- Production
- Materials suppliers

PRODUCE
- Agencies
- Legal
- Transportation
- Suppliers
- Packaging suppliers
- Artwork Designers
- Legal
- Production

LAUNCH
- Local markets
- Perfect Value Chain
- Sales Planning
- Perfect Shelf

UNILEVER
- Perfect Lab
- Perfect Product
- Perfect Package

P&G
- Perfect Production
- Perfect Product
- Perfect Package

FOOD
- Perfect Production
- Perfect Product
- Perfect Package

Local Teams

FIRST MARKET

ADAPT / REPLICATE

3DEXPERIENCE
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

Organic revenue up 6% exFX in Q1 17
Software Revenue Growth Non-IFRS

**New Licenses and Other Software-related Revenue**

- **+8.0%**
- **+6% ex FX**

<table>
<thead>
<tr>
<th></th>
<th>1Q16</th>
<th>1Q17</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEUR</td>
<td>160.2</td>
<td>173.0</td>
</tr>
</tbody>
</table>

**Periodic Licenses & Maintenance Revenue**

- **+10.9%**
- **+8% ex FX**

<table>
<thead>
<tr>
<th></th>
<th>1Q16</th>
<th>1Q17</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEUR</td>
<td>453.7</td>
<td>503.1</td>
</tr>
</tbody>
</table>

**Software revenue up 7% exFX in Q1 17 driven by good recurring revenue**
Service Revenue & Margin Evolution Non-IFRS

Service Revenue

- Service Revenue & Margin Evolution
- Non-IFRS
- Service Revenue:
  - 1Q16: 79.6 in MEUR
  - 1Q17: 89.6 in MEUR
  - +12.6%
  - +10% ex FX
- Serv. Gross Margin:
  - 1Q16: 3.5%
  - 1Q17: 8.1%
EPS Non-IFRS

Excluding 5 cents of Q1 16 tax reserve reversal, EPS up 15%
Net Financial Position Q4 2016

Operating cash flow: +€348m compared to +€309m in Q1 2016, up 12%
## Operating Cash Flow Evolution

<table>
<thead>
<tr>
<th></th>
<th>Q1 17</th>
<th>Q1 16</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Cash Flow</strong></td>
<td>+348</td>
<td>+309</td>
<td>+39</td>
</tr>
<tr>
<td><strong>Net income adjusted for non cash items</strong></td>
<td>+149</td>
<td>+133</td>
<td>+16</td>
</tr>
<tr>
<td><strong>Decrease in trade accounts receivable</strong></td>
<td>+116</td>
<td>+114</td>
<td>+2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Increase in unearned revenue</strong></td>
<td>+156</td>
<td>+129</td>
<td>+27</td>
</tr>
<tr>
<td><strong>Decrease in accrued compensation</strong></td>
<td>-28</td>
<td>-22</td>
<td>-6</td>
</tr>
<tr>
<td><strong>Decrease in accounts payable</strong></td>
<td>-18</td>
<td>-10</td>
<td>-8</td>
</tr>
<tr>
<td><strong>Decrease in income taxes payable</strong></td>
<td>-7</td>
<td>-33</td>
<td>+26</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>-20</td>
<td>-2</td>
<td>-18</td>
</tr>
</tbody>
</table>

*Trade accounts up 9% exFX compared to Q1 2016*

*Unearned revenue up 9% exFX*

*No US tax down payments in Q1 due to new US tax payment calendar (postponed to Q2)*
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

<table>
<thead>
<tr>
<th>Initial Obj.</th>
<th>Q1 FX</th>
<th>April Obj.</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,275-3,300</td>
<td>+14</td>
<td>3,290-3,315</td>
</tr>
</tbody>
</table>

Mid-range: 3,288

ex FX Growth: +6-7%

EPS variation

<table>
<thead>
<tr>
<th>Initial Obj.</th>
<th>Q1</th>
<th>April Obj.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.65-2.70</td>
<td>+0.02</td>
<td>2.67-2.72</td>
</tr>
</tbody>
</table>

Growth: +6-8%

+7-9%
Proposed objectives

Non-IFRS

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

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)