Business Strengths of Dassault Systèmes

The solutions of Dassault Systèmes, the **3D**EXPERIENCE Company, transform the way products are designed, simulated, produced, marketed and supported, leveraging the virtual world to improve the real world.

Dassault Systèmes' focus has been on enabling digital continuity and to do so in a much broader fashion as the entire enterprise is involved in driving successful customer experiences. This digital continuity begins with Upstream Thinking, to then Design and Engineering, Manufacturing, Sales & Marketing all the way to Ownership with after-sales. The **3D**EXPERIENCE platform is a critical enabler of this digital continuity.

The Company believes its global market leadership and financial performance benefit from key characteristics of the Company.

Dassault Systèmes is a scientific company serving science and technology for a sustainable society.

The Company's DNA to model and represent as scientifically accurate as possible products, nature and life has given birth to a unique Industry Solutions Experiences portfolio based on the 3DEXPERIENCE platform, whose key strengths are in their scientific content and deep understanding of industrial processes.

Dassault Systèmes has had a long-standing leadership position in its industry thanks to its ability to define and create new markets, expanding from 3D Design to Digital Mock-Up, to Product Lifecycle Management and now 3DEXPERIENCE. Underpinning this market leadership has been the Company's clear and strong commitment to technological innovation.

Important areas of investment in R&D include, among others, the **3D**EXPERIENCE business platform foundations and services, Modeling Technologies (3D, systems engineering, natural resources and biosystems), technologies for product, production and usage realistic simulation, intelligent information technologies (indexing, dashboarding and data science) and connectivity technologies (for social and structured collaboration and program management & compliance). Moreover, the Company's R&D efforts are centered on advancing breakthrough user experiences, and expanding the reach of its solution with native cloud and mobility and immersive solutions. The Company works closely with customers in

different industries in order to develop software solutions that well address its clients' business goals, are highly suited to their industries, and designed to maximize user productivity and experience.

Dassault Systèmes maintains a long-term focus, well supported by its financial model with a high level of recurring software revenue.

The Company believes that sustainable market leadership requires a long-term vision, which is characterized by investing in people and its long-term financial model. The Company has a diverse, highly educated workforce, which totaled 15,133 at the end of 2016, from 124 countries. The Company's long-standing financial model, with a high level of recurring software revenue, representing 71% of the Company's total non-IFRS software revenue in 2016, has enabled the Company to maintain as well as increase investments in critical resources in R&D and customer support even during challenging macroeconomic environments.

Dassault Systèmes' 3DEXPERIENCE software applications, comprised of leading market brands, have been integral to the Company's success and continue to be principal areas of investment through internal research and development as well as through selective acquisitions.

The Company's **3D**EXPERIENCE portfolio is comprised of 3D modeling applications, simulation applications creating virtual twins of products or production systems, social and collaborative applications, and information intelligence applications. The Company's objective is to create a portfolio of brands, leaders within their respective markets. In support of its "Social Industry Experiences" strategy, brands are focused on providing value to end-users. The Company's portfolio architecture has been therefore designed to offer at three levels value creation: for the enterprise, for the organization or team, and for the user role.

The Company is benefiting from a sophisticated organization supporting its multiple growth drivers.

In connection with the Company's **3D**EXPERIENCE strategy, the Group has organized itself along three axes with:

➢ a strategy to cover customer processes with an industry-focused set of offerings, "Industry Solution Experiences" based upon the Company's underlying software applications portfolio, content and services;

➢ a domain-focused group of software applications organized by brand in order to ensure a strong focus on the satisfaction of end-user needs;

➢ and a global-local-specialized organization in order to leverage its global strengths, while at the same time ensuring a strong local proximity with customers and partners and enabling a more flexible

management structure responsive to local needs at the client, partner and employee level thanks to its twelve geographic management teams.

The Company believes the structure of its sales, well balanced between its direct and indirect sales channels, has enabled it to develop a diverse customer base and to extend and deepen its global reach.

Dassault Systèmes has a diverse customer base by size, geographic origin and industry. The Company's clients range from the smallest companies in the world to global leaders, and includes clients in 12 vertical sectors: Transportation & Mobility; Industrial Equipment; Aerospace & Defense; Financial & Business Services; High-Tech; Life Sciences; Energy, Process & Utilities; Consumer Goods & Retail; Natural Resources; Architecture, Engineering & Construction; Consumer Packaged Goods & Retail and Marine & Offshore.

For marketing and sales, the Company operates through both a direct sales force and indirectly through value-added resellers, with total sales well balanced between direct and indirect sales channels. It continues to selectively expand and extend its sales radius, deepen its industry expertise and relationships, as well as domain or discipline knowledge of its three sales channels.

Dassault Systèmes has had a long history of partnering, leading to the development of a resilient and dynamic ecosystem of partners, including sales and services, software development, technology, education and research and with system integrators.

Since its founding in 1981, the Company has worked in close partnership with other professionals in software development and technology, in sales and marketing, in services and in education and research. More recently, the Company has extended its relationships with system integrators with strong industry expertise and regional presence for both sales and service engagements. Moreover, the Group is engaging with its ecosystem, working with more than 400 software development partners building applications complementing its software applications as well as working with key technology partners. Looking to the future, Dassault Systèmes has had a long-standing commitment and is actively growing connections with academic, research and medical organizations around the world, working to use 3D to enable an improved learning environment for students throughout the world and to collaborate in accelerating the creation of new software dedicated to help the digital world improve the real world.