



3DEXPERIENCE[®]

Q2 & H1 2017 Earnings Presentation

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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 2017 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 2016 *Document de Référence* (Annual Report) filed with the AMF (French Financial Markets Authority) on March 22, 2017, and also available on the Company's website 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 2017 third quarter and US\$1.12 per €1.00 for the full year 2017 as well as an average Japanese yen to euro exchange rate of JPY130 to €1.00 for the third quarter and JPY125.9 to €1.00 for the full year 2017 before hedging; however, currency values fluctuate, and the Company's results of operations may be significantly affected by changes in exchange rates.

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 2016 *Document de Référence* filed with the AMF on March 22, 2017.

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, 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.

When the Company believes it would be helpful for understanding trends in its business, the Company provides percentage increases or decreases in its revenue (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 herein "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.

Q2 2017 Highlights

- ▶ A milestone quarter, signing **expanded strategic partnership agreement** with **Boeing**
- ▶ Delivering **Q2 software revenue** and **EPS** at the **high-end of guidance**
- ▶ **Q2 software** revenue driven by:
 - ▷ **Aerospace & Defense**
 - ▷ **High-Tech, Life Sciences, AEC, CPG-Retail**
- ▶ Strengthening position in Cloud with **Outscale** acquisition
- ▶ Updating **FY17 guidance** for currencies to take into account the strengthening of the euro

Boeing Extends Use of Dassault Systèmes to Include 3DEXPERIENCE Platform



BOEING

World's largest aerospace company and leading manufacturer of commercial jetliners and defense, space and security systems

Business Values:

Agreement spanning Boeing's **Commercial Aircraft**, **Space** and **Defense** divisions

- Adopting Dassault Systèmes **Manufacturing Operations Management** software
- Selecting **3DEXPERIENCE platform** to connect virtual and real worlds

This decision was the result of a **robust competitive selection process**

Ramp-up starting in **2018**

Solution:

- **3DEXPERIENCE Platform** with **Winning Program**, **Co-Design to Target**, **Ready for Rate**, **Build to Operate** and **License to Fly** Industry Solution Experiences

Boeing Milestone Decisions



Boeing relying on Dassault Systèmes' Digital Mock-Up to design the new **B-777**



Boeing including **3DEXPERIENCE Platform** for **Manufacturing Operations Management** and **Product Lifecycle Management**



1995

2017

3D Design

3D DMU Digital Mock-up

3D PLM Product Lifecycle Management

3DEXPERIENCE Business Experience

 1981

1989

1999

2012

Boeing and Dassault Systèmes Announce Extended Partnership

Boeing Extends Use of Dassault Systèmes to Include 3DEXPERIENCE Platform for Manufacturing Operations Management and Product Lifecycle Management

VELIZY-VILLACOUBLAY, France — July, 25, 2017 — [Dassault Systèmes](#) (Euronext Paris: #13065, DSY.PA) and [Boeing](#) have extended their partnership. Boeing will expand its deployment of Dassault Systèmes' products across its commercial aviation, space and defense programs to include the Dassault Systèmes' 3DEXPERIENCE platform.

This decision follows a competitive process that included the rigorous analysis of technical and functional capabilities, cost and business benefits across the value chain. Boeing will deploy the 3DEXPERIENCE platform in phases and rely on [Winning Program, Co-Design to Target, Ready for Rate, Build to Operate](#) and [License to Fly](#) industry solution experiences for aerospace and defense to deepen its end-to-end digital collaboration, design, engineering, analysis, manufacturing planning and shop floor execution capabilities throughout the enterprise.

"Dassault Systèmes is proud to collaborate with Boeing as it embarks on another century of innovation with a partner it trusts. Boeing not only leads the way in its own industry, but influences the progress of all industries across modern society," said Bernard Charlès, Vice Chairman and CEO, Dassault Systèmes. "We are at the turning point of the industrial era, where we are shattering another industry paradigm. The parallel exchange of data between virtual and real operations will transform the value-adding chain into a value creation chain. The entire 'extended' enterprise can continuously measure and control business processes for maximum efficiency and potential top line growth. This is 'Business in the Age of Experience.'"

The 3DEXPERIENCE platform can reduce integration and support costs, improve productivity, foster new innovation, and aid in the introduction of best practice processes to deliver standard work across the value chain. The 3DEXPERIENCE platform cannot only simulate products and processes, but also find and eliminate potential risks and quality issues before production. The platform's single source of data across all applications will provide reliable and actionable real-time information and seamless communication throughout the entire enterprise and supply chain as well as across product generations. This digital continuity will improve data and analytics capabilities.

"The decision to adopt Dassault Systèmes' 3DEXPERIENCE platform is a key milestone in our digital transformation. This digital enabler provides global design and manufacturing capabilities that will fuel our second century," said Ted Colbert, Chief Information Officer and Senior Vice President of Information Technology & Data Analytics, Boeing. "The value of this extended strategic partnership is a mutual desire to transform how Boeing connects, protects, explores and inspires the world."

Key Highlights:

Expanded partnership including **3DEXPERIENCE Platform for Manufacturing Operations Management and Product Lifecycle Management** across **commercial aviation, space and defense** programs

This decision followed a **competitive process**

Parallel exchange of data between **virtual and real** operations to transform the **value-adding chain** into a **value creation chain**

The **3DEXPERIENCE platform's single source of data** across all applications will provide reliable and actionable real-time information and seamless communication throughout the entire enterprise and supply chain as well as across product generations. This **digital continuity** will improve **data and analytics capabilities**

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Q2 17 Business Review

- **Q2 Performance**
- Core Industries | Aerospace & Defense
- Diversification Industries | High-Tech, Life Sciences, AEC, CPG-Retail
- Cloud | Outscale Acquisition

Q2 & H1 17 Non-IFRS

- ▶ Improved **new licenses** revenue in Q2
- ▶ **New licences** revenue and **EPS** at the high-end of guidance

€ millions	Q2 17	H1 17
Revenue	810.6	1 576.3
Growth	+8%	+9%
Growth exFX	+6%	+7%
New Licenses Growth exFX	+8%	+7%
Operating Margin	30.1%	28.2%
EPS (€)	0.62	1.15
EPS Evolution	+9%	+6%

Software Revenue by Brand Non-IFRS

- ▶ **CATIA**: double-digit Q2 new licenses growth in Americas and Europe offset by Asia
- ▶ **ENOVIA**: strong comparison base (new licenses up 34% exFX in Q2 16, 32% in H1 16) - Good H2 17 prospects with large transactions
- ▶ **SOLIDWORKS**: driven by strong new licenses dynamic
- ▶ **Other Software**: strong **QUINTIQ** growth

Software Revenue Growth exFX by Brand

	Q2 17	H1 17
CATIA	+1%	+3%
ENOVIA	+2%	+2%
SOLIDWORKS	+14%	+13%
Other Software	+9%	+9%
Software Revenue	+7%	+7%

Software Revenue by Region Non-IFRS

- ▶ Americas improvement driven by double-digit Q2 new licenses revenue growth in **North America**
- ▶ Double-digit Q2 new licenses revenue growth in **Central** and **Southern Europe**
- ▶ Weak performance in **China** and **Japan**

Software Revenue Growth exFX by Region

	Q2 17	H1 17
Americas	+9%	+7%
Europe	+7%	+9%
Asia	+4%	+5%
Software Revenue	+7%	+7%

Q2 17 Business Review

- Q2 Performance
- **Core Industries | Aerospace & Defense**
- Diversification Industries | High-Tech, Life Sciences, AEC, CPG-Retail
- Cloud | Outscale Acquisition



Reaching New Heights in Program Success

- ▶ **Aerospace & Defense** software revenue up **~14%** exFX in Q2 17
- ▶ Key win in **Propulsion**
- ▶ Expanding with **Aerospace Suppliers** (avionics and aero structures)
- ▶ Diversifying with **Airlines** and **Airports**
- ▶ Signing expanded strategic partnership agreement with **Boeing** (ramp-up starting in 2018)

Airframe OEMs

Aerospace
Suppliers

Propulsion

Defense

Airlines

Space

Meeting Main Customers' Challenges



Aerospace & Defense

Increase
PRODUCTION RATE



Foster
INNOVATION



Deliver
**HIGHEST QUALITY
PRODUCT**



Rockwell Collins Adopts 3DEXPERIENCE Platform



Rockwell Collins

Pioneer in the development and deployment of innovative aviation and high-integrity solutions for both commercial and government applications

Business Values:

Improving **productivity** and **data security** for **manufacturing** and **engineering** employees across the enterprise

- **Managing costs** for increasingly complex system
- **improving collaboration** across research, development and manufacturing processes
- Operating seamlessly on a **secure government cloud environment**

Solution:

- **3DEXPERIENCE Platform** with **Co-Design to Target Industry Solution Experience**, which leverages **ENOVIA** and **EXALEAD** applications

Latecoere Selects DELMIA



Latecoere

The Latecoere Group carries out design, development, manufacturing and installation work in the field of aero structure and interconnection systems

Business Values:

- Supporting reorganization of all **industrial processes**
- **Maximizing value** thanks to the 3DEXPERIENCE twin of the new highly robotized, ultra automated factory in Toulouse
- **Visibility, control** and **synchronization** across all manufacturing operations

Solution:

- **DELMIA** Digital Manufacturing solutions
- **DELMIA Apriso** for Manufacturing Operations Management
- **DELMIA Ortems** for Advanced Planning and Scheduling

Airbus Extends Collaboration to Additive Manufacturing



Airbus Group

Leading OEM in the aerospace industry

Business Values:

Using 3DEXPERIENCE platform for **additive manufacturing** integrating **design**, **simulation** and **production**

- Delivering **lighter** and **less expensive parts** and meet technological performance, safety and cost standards
- Creating new opportunities: **remote fabrication** for maintenance, **rapid prototyping** for new designs

Solution:

- **3DEXPERIENCE Platform with Co-Design to Target Industry Solution Experience** including end-to-end additive manufacturing solution

Dubai Airports Selects Quintiq



Dubai Airports

Owens and manages operation of both of Dubai's airports: Dubai International (world's number one airport for international passengers) & Dubai World Central (region's airport of the future)

Business Values:

Delivering **world-class passenger experience**

- Enabling **automated planning** of all **fixed resources**
- Providing full visibility of resource allocation to **fit** specific **airline preferences** and further **streamline passenger flow**
- Handling **increasing traffic** without compromising passenger experience

Solution:

- **QUINTIQ** applications

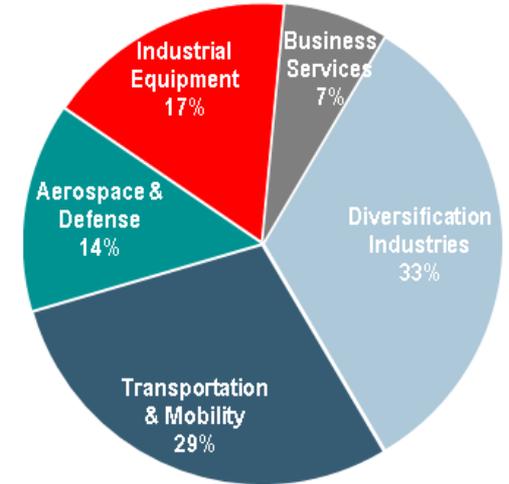
Q2 17 Business Review

- Q2 Performance
- Core Industries | Aerospace & Defense
- **Diversification Industries | High-Tech, Life Sciences, AEC, CPG-Retail**
- Cloud | Outscale Acquisition

Industry Vertical Diversification

Q2 17 – Software Revenue

- ▶ **Diversification industries*** representing **33%** of Q2 2017 software revenue
 - **+2 percentage point** YoY driven by **High-Tech, Life Sciences, Architecture Engineering & Construction** and **Consumer Packaged Goods-Retail**



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

Q2 Diversification Industries Performance*



High-Tech

+16%

- Semiconductors
- Consumer Electronics



Life Sciences

+15%

- Pharmaceutical & Biotech
- Medical Devices
- Patient Care



Architecture, Engineering
& Construction

+16%

- Buildings
- Infrastructure



Consumer Packaged
Goods - Retail

+13%

- Food & Beverage
- Household Products
- General Retailers



*Q2 Software Revenue Growth exFX

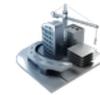
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- **Cloud | Outscale Acquisition**

Good Cloud Momentum



Companies with **project-oriented organization**



Architecture, Engineering
& Construction



Marine
& Offshore



Energy, Process
& Utilities

Diversification industries companies



Consumer Packaged
Goods - Retail



Consumer Goods
- Retail



Life Sciences

Large companies with open innovation



Transportation
& Mobility



Aerospace
& Defense



Industrial
Equipment

Good Cloud Momentum | AEC Example



Hackathon, Milano 4-5 April 2017

- ▶ Bringing together **17 architects**, including
 - ▷ Zaha Hadid Architects
 - ▷ SHoP Architects
 - ▷ HKS Architects
 - ▷ Kengo Kuma and Associates
 - ▷ Morphosis
 - ▷ ZAHNER
 - ▷ CO Architects
 - ▷ New Jersey Institute of Technology
 - ▷ CadMaker ...

- ▶ .. to create innovative building designs in under 24 hours with **CATIA's** latest generative modeling applications on the **3DEXPERIENCE platform** on the **Cloud**



Rennes Métropole Adopts 3DEXPERIENCE City to Develop “Virtual Rennes”



Rennes Métropole

Rennes Métropole is the inter-communal structure gathering the city of Rennes, in France, and its 42 surrounding cities. It has more than 420 000 inhabitants.

Business Values:

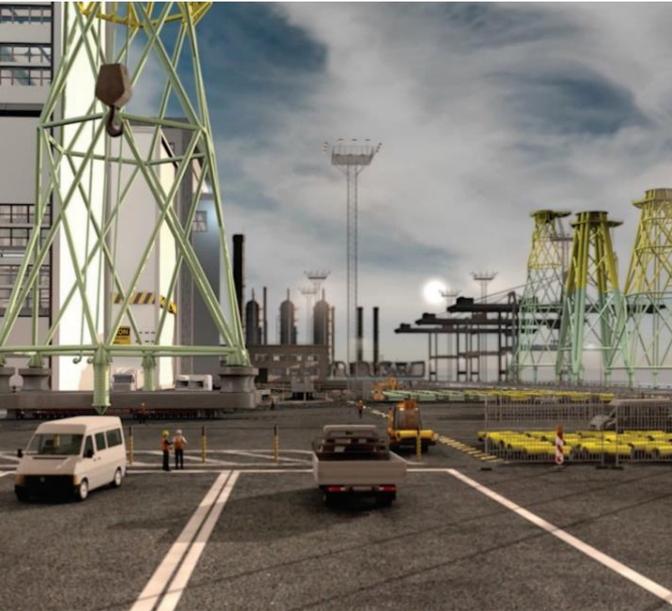
Create a **3DEXPERIENCE twin** of the city to perform a variety of **simulations** and decide the future evolutions of the city

- **Enriched collaboration** across city departments, utilities, urban planners, architects, transport authorities...
- **Exploitation of data** coming from many sources of the ecosystem players

Solution:

- **3DEXPERIENCE Platform** with **3DEXPERIENCE City** solution on the **Cloud**

MARITIME OFFSHORE GROUP Adopts 3DEXPERIENCE Platform



MARITIME OFFSHORE GROUP (MOG)

The Maritime Offshore Group is specialized in the design and development of innovative solutions for the offshore wind industry.

Business Values:

“Our core business is designing offshore structures, not administering our IT. With the **3DEXPERIENCE platform on the cloud**, we don’t need to make any additional IT investments. Moreover, we can rapidly apply changes to our designs to assess their cost impact. This is very important.”

Emilio Reales Founder and Managing Director,
MOG

Solution:

- **3DEXPERIENCE** Platform on the **Cloud**

Largest Cloud Offering on the Market



3DEXPERIENCE



Cloud Portfolio

- 16** Industry Solution Experiences
- 67** Industry Process Experiences
- 175** Roles (22 New Roles)



Coverage

- 10** Data Centers
Europe, US East, US West, Japan, Hong Kong, Singapore, China, Korea

Outscale Acquisition

- ▶ Acquiring a **majority stake in Outscale**
- ▶ Outscale providing **cloud computing infrastructure services (IaaS)** through **10 data centers** in Europe, North America and Asia
 - ▷ **Orchestrating and automating cloud resources** (including calculations, storage & networks) with a **data sovereignty compliance** approach
 - ▷ Privately-held company, headquartered in France ~**100 employees**
 - ▷ Already Dassault Systèmes' cloud service provider → majority stake not bringing additional revenue

Enabling 3DEXPERIENCE platform **rapid deployment** whatever the **size of the company**

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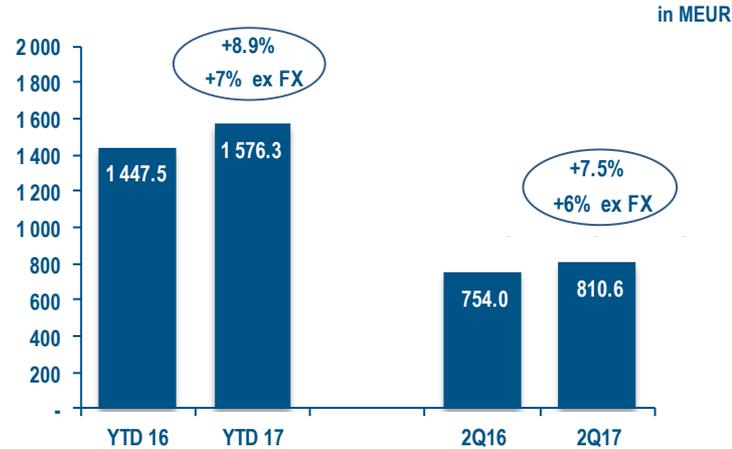
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Total Revenue Growth Non-IFRS

Total Revenue

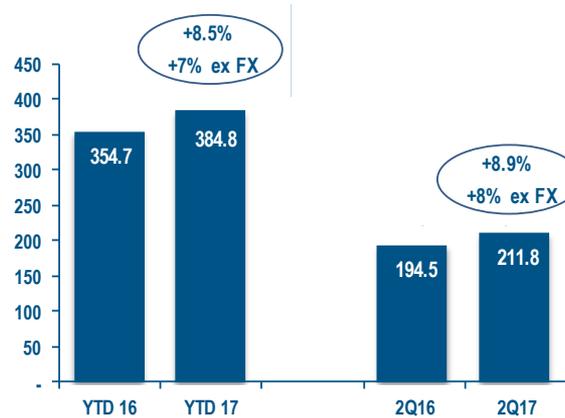


Organic revenue up 5% exFX in H1 17

Software Revenue Growth Non-IFRS

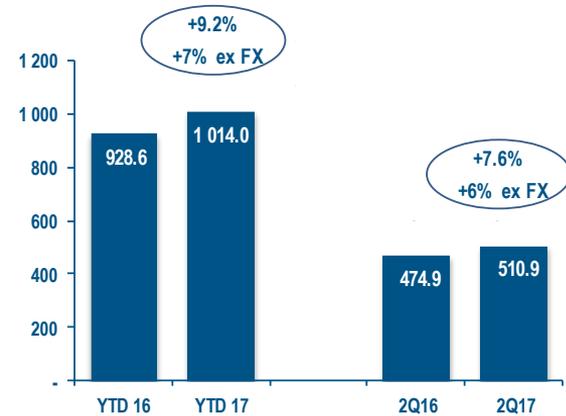
New licenses and Other software revenue

In MEUR



Periodic and Maintenance revenue

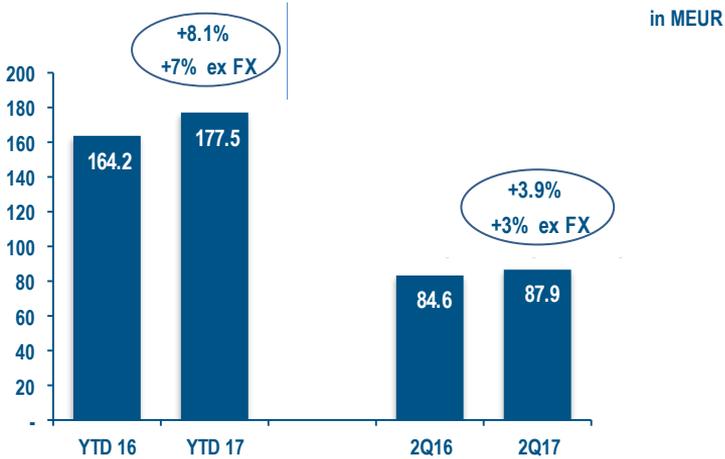
In MEUR



Software revenue up **7%** exFX in Q2 17 and H1 17

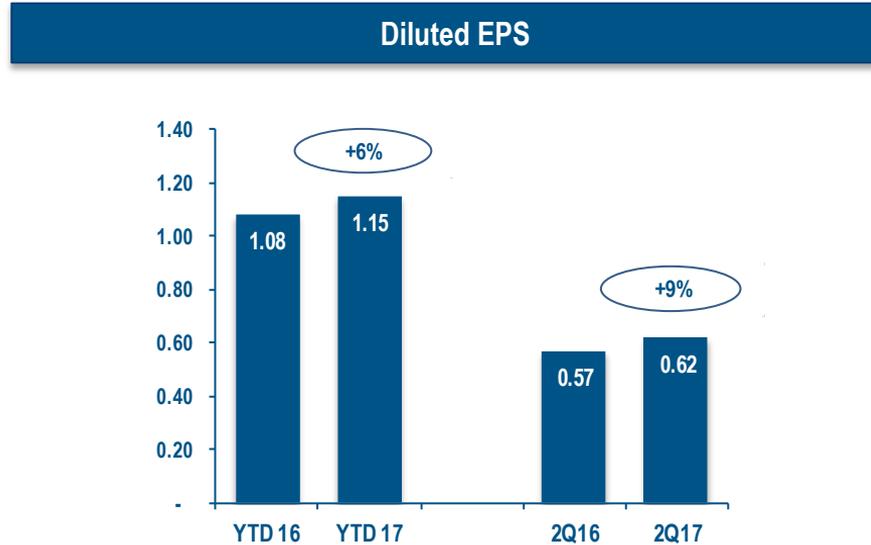
Services Revenue & Gross Margin Evolution Non-IFRS

Services Revenue



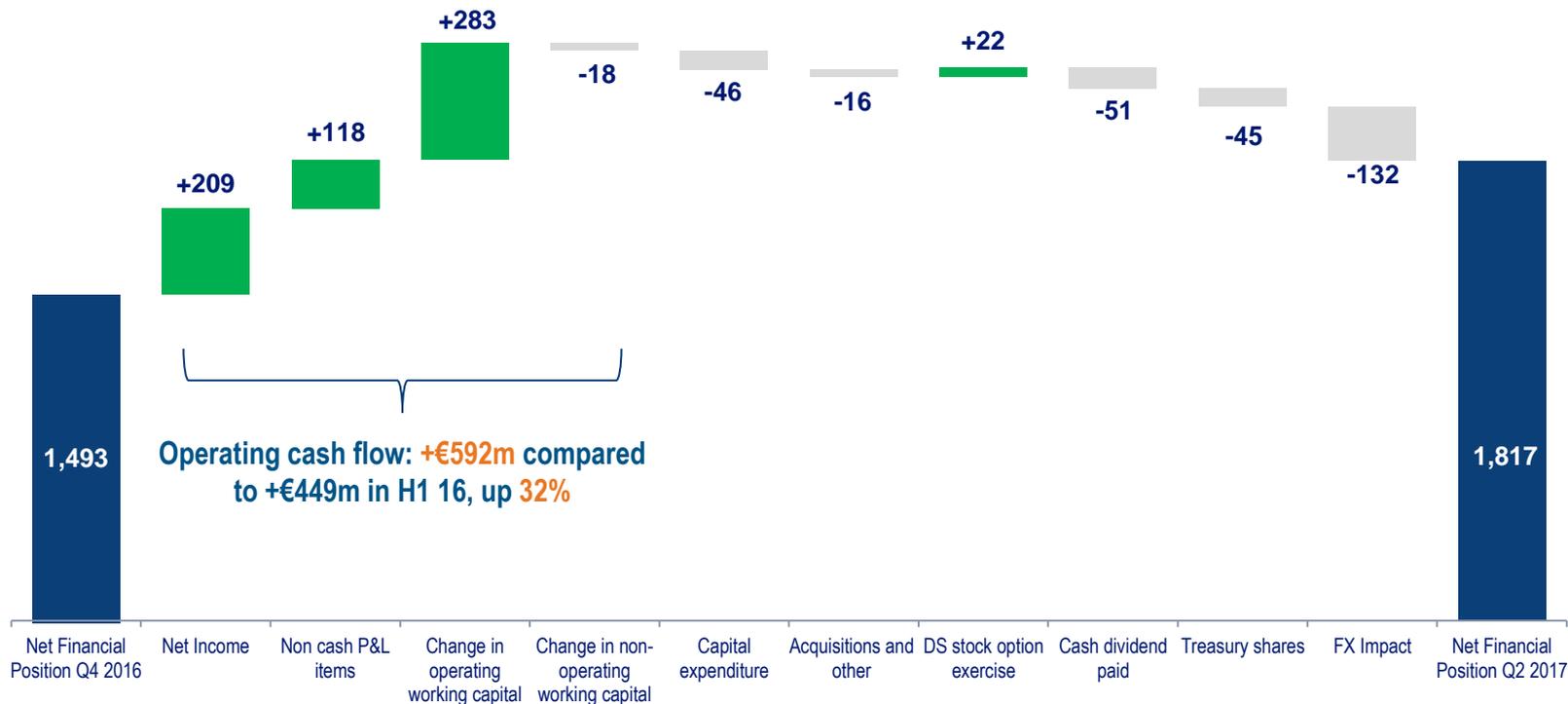
Serv. Gross Margin	5.6%	9.5%	7.6%	10.9%
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EPS Non-IFRS



Q2 17 EPS on the high-end of guidance
Excluding 5 cents of Q1 16 tax reserve reversal, **H1 17 EPS** up **12%**

Change in Net Financial Position



Operating Cash Flow Evolution IFRS

€ million	H1 17	H1 16	Changes	
Operating Cash Flow	+592	+449	+143	
Net income adjusted for non cash items	+327	+288	+39	
Decrease in trade accounts receivable	+182	+115	+67	DSO reduced by 6 days compared to Q2 2016
Increase in unearned revenue	+120	+145	-25	Unearned revenue up 4% exFX compared to Q2 2016
Decrease in accrued compensation	-19	-23	+4	
Decrease in accounts payable	-1	-6	+5	
Increase (Decrease) in income taxes payable	+14	-73	+87	Timing impact of tax downpayments and payments made in connection with ongoing proceedings in 2016
Other	-31	+3	-34	

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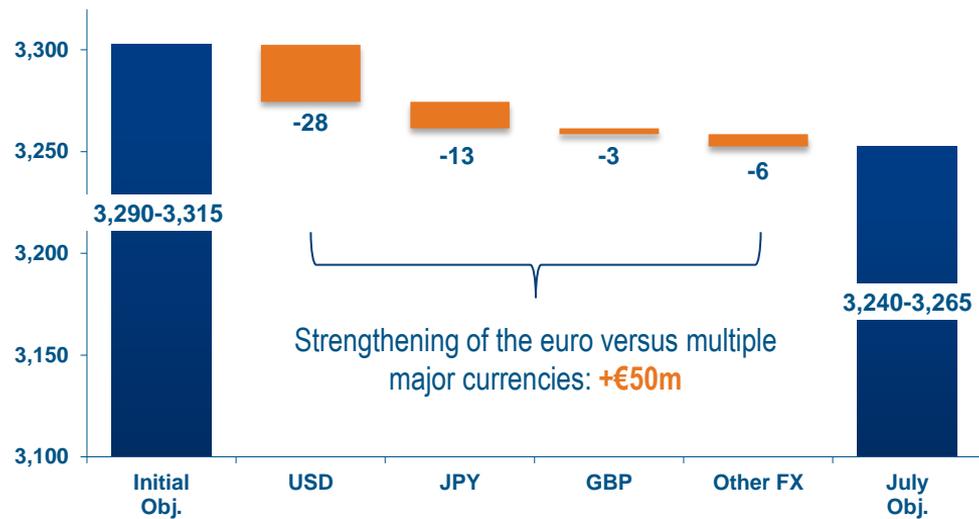
Reconfirming FY17 Objectives Non-IFRS

- ▶ Reconfirming constant currency objectives for **total, software and new licenses** revenue - Reconfirming **operating margin** objective
- ▶ Strengthening of the **euro** versus **multiple major currencies**
 - ▷ USD: **1.10** per €1.00 → **1.15** in July
 - ▷ JPY *: **117.0** per €1.00 → **130.0** in July
 - ▷ Other currencies: **British Pound, Chinese Yuan, Korean Won, Indian Rupee, Russian Ruble ...**

* Non-hedged JPY: ~7% of DS revenue

Objectives Changes from April to July

Revenue Variation

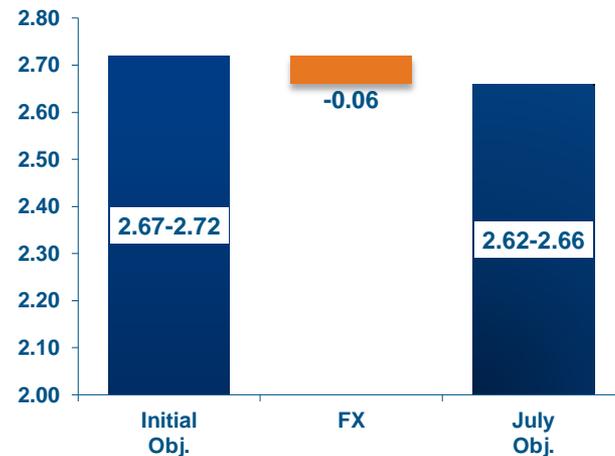


Mid-range:	3,302	3,252
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ex FX Growth: +6-7%

+6-7%

EPS Variation



Growth: +7-9%

+5-7%

Proposed objectives

Non-IFRS

	Q3 2017	FY 2017
Revenue (M€)	760-775	3,240-3,265
Growth	+3-5%	+6-7%
Growth ex FX	+6-8%	+6-7%
Operating Margin	31-32%	~31.5%
EPS (€)	0.62-0.65	2.62-2.66
EPS Growth	-2% to +3%	+5-7%
€/\$ rates	1.15	1.12
€/¥ rates	130.0	125.9

Unchanged compared to April:

- **FY17 new licenses** revenue up **8-10%** exFX implying **double-digit new licenses** growth exFX in H2
- **FY17 recurring** revenue up **~6%** exFX
- **FY17 organic operating margin** up **~50 basis points** exFX
- **FY17 tax rate** of **~33.5%**

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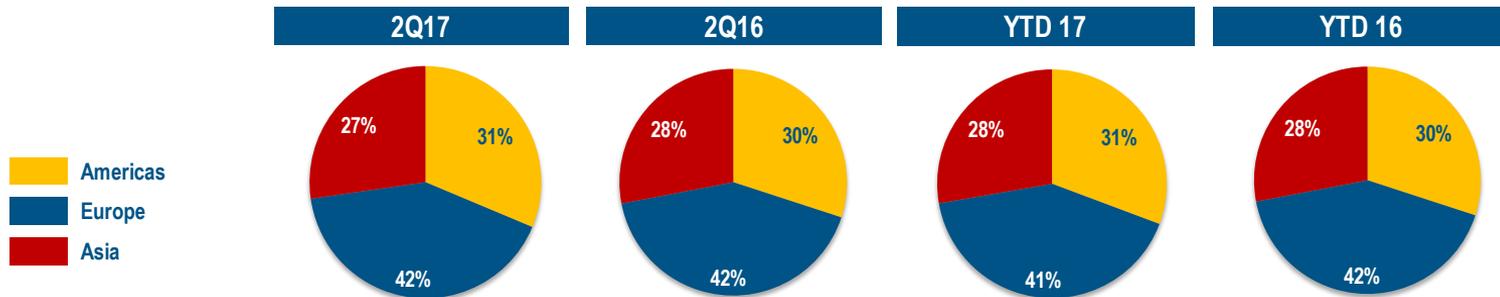
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Software Revenue by Region

IFRS

<i>in MEUR</i>	2Q17	2Q16	Growth	Growth ex FX	YTD 17	YTD 16	Growth	Growth ex FX
Americas	224.4	202.0	+11.1%	+8%	425.7	387.4	+9.9%	+6%
Europe	297.4	282.2	+5.4%	+6%	578.1	540.5	+7.0%	+7%
Asia	196.7	185.2	+6.2%	+4%	384.9	353.7	+8.8%	+5%
Software revenue	718.5	669.4	+7.3%	+6%	1 388.7	1 281.6	+8.4%	+6%



Software Revenue by Region

Non-IFRS

in MEUR

	2Q17	2Q16	Growth	Growth ex FX
Americas	225.7	202.0	+11.7%	+9%
Europe	300.1	282.2	+6.3%	+7%
Asia	196.9	185.2	+6.3%	+4%
Software revenue	722.7	669.4	+8.0%	+7%

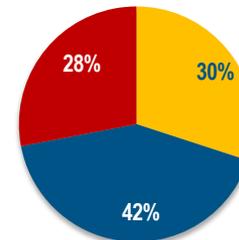
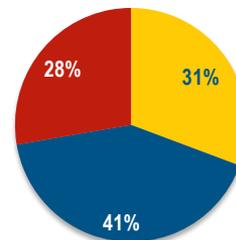
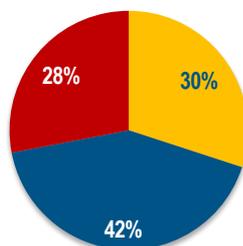
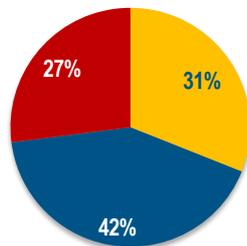
	YTD 17	YTD 16	Growth	Growth ex FX
Americas	428.9	388.4	+10.4%	+7%
Europe	584.4	540.9	+8.0%	+9%
Asia	385.5	354.0	+8.9%	+5%
Software revenue	1 398.8	1 283.3	+9.0%	+7%

2Q17

2Q16

YTD 17

YTD 16

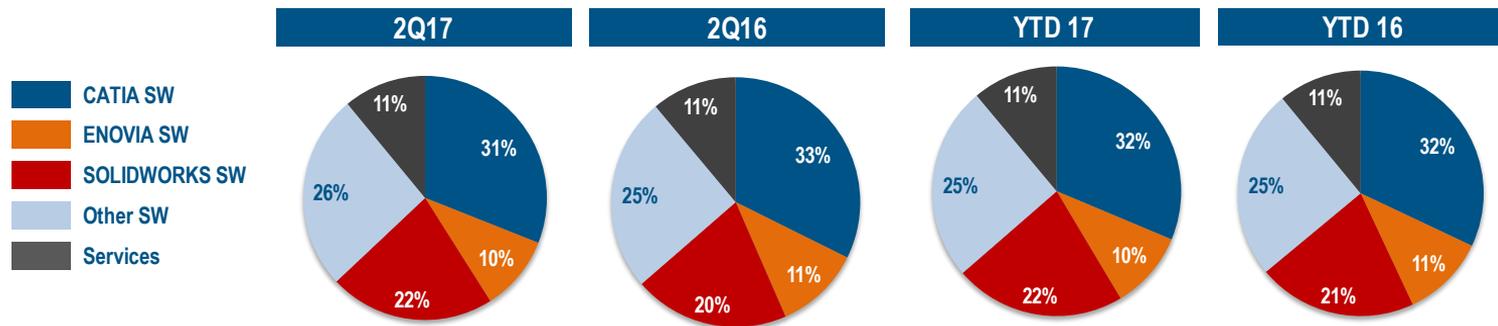


Revenue by Product Line

IFRS

in MEUR

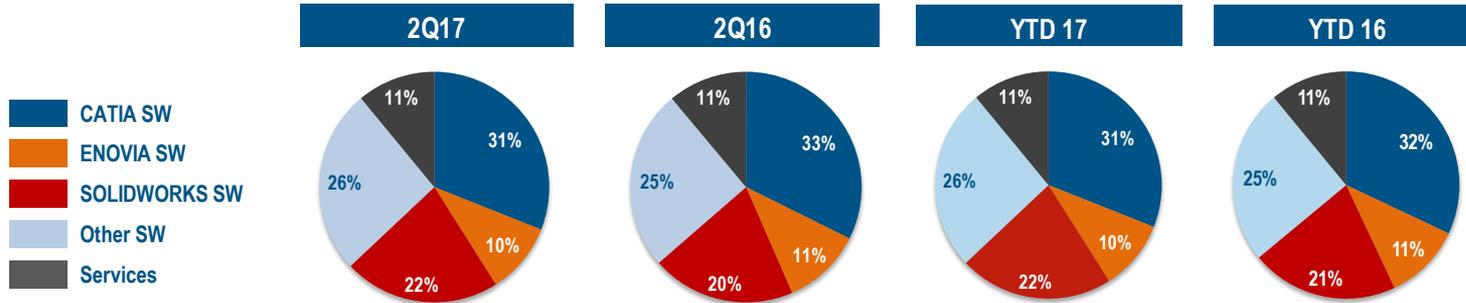
	2Q17	2Q16	Growth	Growth ex FX	YTD 17	YTD 16	Growth	Growth ex FX
CATIA SW	249.7	244.0	+2.3%	+1%	486.2	465.5	+4.4%	+3%
ENOVIA SW	84.4	81.7	+3.3%	+2%	158.0	152.6	+3.5%	+2%
SOLIDWORKS SW	176.7	152.2	+16.1%	+14%	350.9	303.7	+15.5%	+13%
Other SW	207.7	191.5	+8.5%	+7%	393.6	359.8	+9.4%	+7%
Services	87.9	84.6	+3.9%	+3%	177.5	163.8	+8.4%	+7%
Total revenue	806.4	754.0	+6.9%	+6%	1 566.2	1 445.4	+8.4%	+6%



Revenue by Product Line

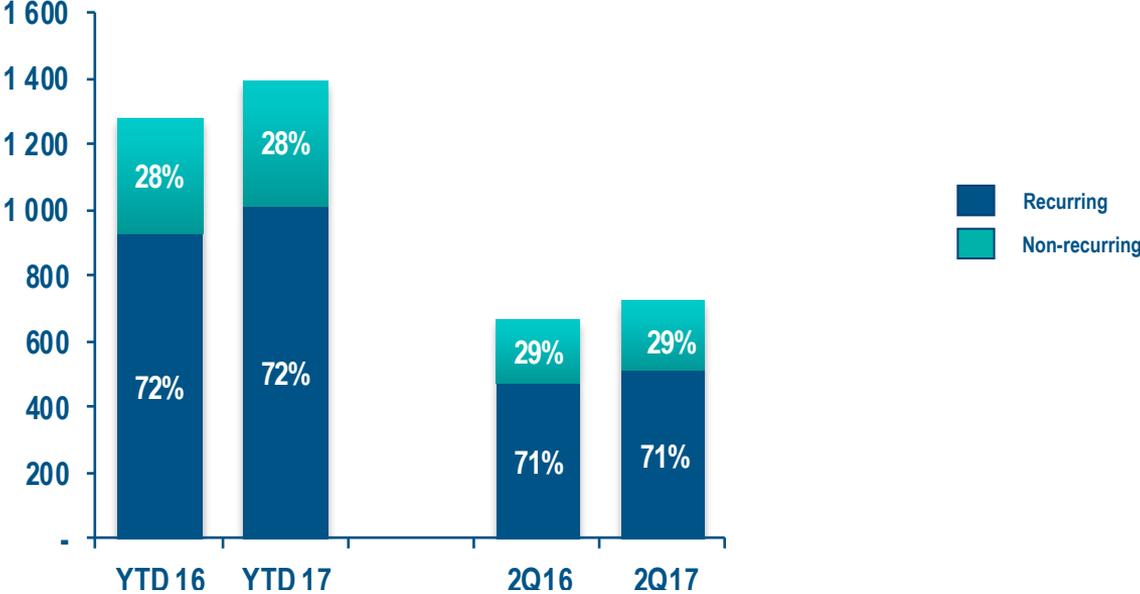
Non-IFRS

<i>in MEUR</i>	2Q17	2Q16	Growth	Growth ex FX	YTD 17	YTD 16	Growth	Growth ex FX
CATIA SW	249.7	244.0	+2.3%	+1%	486.2	465.5	+4.4%	+3%
ENOVIA SW	84.4	81.7	+3.3%	+2%	158.0	152.6	+3.5%	+2%
SOLIDWORKS SW	176.7	152.2	+16.1%	+14%	350.9	303.7	+15.5%	+13%
Other SW	211.9	191.5	+10.7%	+9%	403.7	361.5	+11.7%	+9%
Services	87.9	84.6	+3.9%	+3%	177.5	164.2	+8.1%	+7%
Total revenue	810.6	754.0	+7.5%	+6%	1 576.3	1 447.5	+8.9%	+7%



Software Revenue Evolution

Non-IFRS



IFRS P&L

(In millions of €, except per share data)

	Three months ended June 30,			Six months months ended June 30,		
	2017	2016	YoY	2017	2016	YoY
Software revenue	718.5	669.4	+7.3%	1,388.7	1,281.6	+8.4%
New licenses and Other software revenue	211.8	194.5	+8.9%	384.8	354.1	+8.7%
Periodic and Maintenance revenue	506.7	474.9	+6.7%	1,003.9	927.5	+8.2%
Service and other revenue	87.9	84.6	+3.9%	177.5	163.8	+8.4%
Total revenue	806.4	754.0	+6.9%	1,566.2	1,445.4	+8.4%
Cost of Software revenue	(38.0)	(37.7)	+0.8%	(78.4)	(75.2)	+4.3%
Cost of Service and other revenue	(78.9)	(78.7)	+0.3%	(161.7)	(155.8)	+3.8%
Research and development	(156.2)	(138.7)	+12.6%	(305.9)	(269.2)	+13.6%
Marketing and sales	(258.5)	(232.2)	+11.3%	(518.3)	(460.0)	+12.7%
General and administrative	(61.5)	(56.0)	+9.8%	(121.8)	(110.4)	+10.3%
Amortization of acquired intangibles	(39.3)	(38.2)	+2.9%	(80.5)	(77.4)	+4.0%
Other operating income and expense, net	(4.5)	(11.1)	-59.5%	(10.6)	(13.5)	-21.5%
Total operating expenses	(636.9)	(592.6)	+7.5%	(1,277.2)	(1,161.5)	+10.0%
Operating income	169.5	161.4	+5.0%	289.0	283.9	+1.8%
Financial revenue and other, net	15.3	(7.6)	N/S	22.5	(16.8)	N/S
Income tax expense	(61.9)	(50.9)	+21.6%	(102.2)	(73.5)	+39.0%
Non-controlling interest	0.1	(1.6)	N/S	(1.3)	(2.4)	-45.8%
Net Income (to equity holders of the parent)	123.0	101.3	+21.4%	208.0	191.2	+8.8%
Diluted net income per share (EPS)	0.48	0.39	+23.1%	0.81	0.74	+9.5%
Average diluted shares (Million)	257.9	257.3		257.1	257.3	

IFRS P&L (%)

	Three months ended June 30,		Six months months ended June 30,	
	2017	2016	2017	2016
	<u>% of revenue</u>		<u>% of revenue</u>	
Software revenue	89.1%	88.8%	88.7%	88.7%
New licenses and Other software revenue	26.3%	25.8%	24.6%	24.5%
Periodic and Maintenance revenue	62.8%	63.0%	64.1%	64.2%
Service and other revenue	10.9%	11.2%	11.3%	11.3%
Total revenue	100.0%	100.0%	100.0%	100.0%
Cost of Software revenue	4.7%	5.0%	5.0%	5.2%
Cost of Service and other revenue	9.8%	10.4%	10.3%	10.8%
Research and development	19.4%	18.4%	19.5%	18.6%
Marketing and sales	32.1%	30.8%	33.1%	31.8%
General and administrative	7.6%	7.4%	7.8%	7.6%
Amortization of acquired intangibles	4.9%	5.1%	5.1%	5.4%
Other operating income and expense, net	0.6%	1.5%	0.7%	0.9%
Total operating expenses	79.0%	78.6%	81.5%	80.4%
Operating income	21.0%	21.4%	18.5%	19.6%
Financial revenue and other, net	1.9%	-1.0%	1.4%	-1.2%
Income tax rate (% of IBIT)	33.5%	33.1%	32.8%	27.5%
Non-controlling interest	0.0%	-0.2%	-0.1%	-0.2%
Net Income (to equity holders of the parent)	<u>15.3%</u>	<u>13.4%</u>	<u>13.3%</u>	<u>13.2%</u>

Non-IFRS P&L

(In millions of €, except per share data)	Three months ended June 30,			Six months months ended June 30,		
	2017	2016	YoY	2017	2016	YoY
Software revenue	722.7	669.4	+8.0%	1,398.8	1,283.3	+9.0%
New licenses and Other software revenue	211.8	194.5	+8.9%	384.8	354.7	+8.5%
Periodic and Maintenance revenue	510.9	474.9	+7.6%	1,014.0	928.6	+9.2%
Service and other revenue	87.9	84.6	+3.9%	177.5	164.2	+8.1%
Total revenue	810.6	754.0	+7.5%	1,576.3	1,447.5	+8.9%
Cost of Software revenue	(37.4)	(37.4)	+0.0%	(77.3)	(74.6)	+3.6%
Cost of Service and other revenue	(78.3)	(78.2)	+0.1%	(160.6)	(155.0)	+3.6%
Research and development	(145.1)	(131.3)	+10.5%	(283.0)	(255.3)	+10.8%
Marketing and sales	(249.7)	(225.6)	+10.7%	(500.2)	(448.2)	+11.6%
General and administrative	(56.3)	(52.3)	+7.6%	(110.7)	(103.5)	+7.0%
Total operating expenses	(566.8)	(524.8)	+8.0%	(1,131.8)	(1,036.6)	+9.2%
Operating income	243.8	229.2	+6.4%	444.5	410.9	+8.2%
Financial revenue and other, net	(0.7)	(1.2)	-41.7%	(0.2)	(5.0)	-96.0%
Income tax expense	(83.8)	(80.1)	+4.6%	(147.9)	(126.1)	+17.3%
Non-controlling interest	0.1	(1.6)	N/S	(1.3)	(2.4)	-45.8%
Net Income (to equity holders of the parent)	159.4	146.3	+9.0%	295.1	277.4	+6.4%
Diluted net income per share (EPS)	0.62	0.57	+8.8%	1.15	1.08	+6.5%
Average diluted shares (Million)	257.9	257.3		257.1	257.3	

Non-IFRS P&L (%)

	Three months ended June 30,		Six months months ended June 30,	
	2017	2016	2017	2016
Software revenue	89.2%	88.8%	88.7%	88.7%
New licenses and Other software revenue	26.1%	25.8%	24.4%	24.5%
Periodic and Maintenance revenue	63.0%	63.0%	64.3%	64.2%
Service and other revenue	10.8%	11.2%	11.3%	11.3%
Total revenue	100.0%	100.0%	100.0%	100.0%
Cost of Software revenue	4.6%	5.0%	4.9%	5.2%
Cost of Service and other revenue	9.7%	10.4%	10.2%	10.7%
Research and development	17.9%	17.4%	18.0%	17.6%
Marketing and sales	30.8%	29.9%	31.7%	31.0%
General and administrative	6.9%	6.9%	7.0%	7.2%
Total operating expenses	69.9%	69.6%	71.8%	71.6%
Operating income	30.1%	30.4%	28.2%	28.4%
Financial revenue and other, net	-0.1%	-0.2%	0.0%	-0.3%
Income tax rate (% of IBIT)	34.5%	35.1%	33.3%	31.1%
Non-controlling interest	0.0%	-0.2%	-0.1%	-0.2%
Net Income (to equity holders of the parent)	<u>19.7%</u>	<u>19.4%</u>	<u>18.7%</u>	<u>19.2%</u>

IFRS – Non-IFRS Reconciliation QTD

Revenue and Gross Margin

	Three months ended June 30,						Increase (Decrease)	
	2017 IFRS	Adjustment	2017 Non-IFRS	2016 IFRS	Adjustment	2016 Non-IFRS	IFRS	Non-IFRS
<i>(€ million, except % and per share data)</i>								
Total Revenue	806.4	4.2	810.6	754.0		754.0	6.9%	7.5%
Total Revenue breakdown by activity								
Software revenue	718.5	4.2	722.7	669.4		669.4	7.3%	8.0%
<i>New licenses and Other software revenue</i>	211.8		211.8	194.5		194.5	8.9%	
<i>Periodic and Maintenance revenue</i>	506.7	4.2	510.9	474.9		474.9	6.7%	7.6%
<i>Recurring portion of Software revenue</i>	71%		71%	71%		71%		
Service and other revenue	87.9		87.9	84.6		84.6	3.9%	
Total Revenue breakdown by product line								
CATIA SW revenue	249.7		249.7	244.0		244.0	2.3%	2.3%
ENOVIA SW revenue	84.4		84.4	81.7		81.7	3.3%	3.3%
SOLIDWORKS SW revenue	176.7		176.7	152.2		152.2	16.1%	16.1%
Other SW revenue	207.7	4.2	211.9	191.5		191.5	8.5%	10.7%
Service and other revenue	87.9		87.9	84.6		84.6	3.9%	
Total Revenue breakdown by geography								
Americas revenue	256.8	1.3	258.1	232.9		232.9	10.3%	10.8%
Europe revenue	334.4	2.7	337.1	320.2		320.2	4.4%	5.3%
Asia revenue	215.2	0.2	215.4	200.9		200.9	7.1%	7.2%
Gross Margin								
Cost of Software revenue	(38.0)	0.6	(37.4)	(37.7)	0.3	(37.4)	0.8%	0.0%
<i>Software Gross margin*</i>	94.7%		94.8%	94.4%		94.4%		
Cost of Service and other revenue	(79.0)	0.7	(78.3)	(78.7)	0.5	(78.2)	0.4%	0.1%
<i>Service Gross margin</i>	10.1%		10.9%	7.0%		7.6%		

IFRS – Non-IFRS Reconciliation QTD

Expenses & Earnings

	Three months ended June 30,						Increase (Decrease)	
	2017 IFRS	Adjustment	2017 Non-IFRS	2016 IFRS	Adjustment	2016 Non-IFRS	IFRS	Non-IFRS
<i>(€ million, except % and per share data)</i>								
Total Operating Expenses	(637.0)	70.2	(566.8)	(592.6)	67.8	(524.8)	7.5%	8.0%
Share-based compensation expense	(26.4)	26.4	-	(18.5)	18.5	-		
Amortization of acquired intangibles	(39.3)	39.3	-	(38.2)	38.2	-		
Other operating income and expense, net	(4.5)	4.5	-	(11.1)	11.1	-		
Operating Income	169.4	74.4	243.8	161.4	67.8	229.2	5.0%	6.4%
Operating Margin	21.0%		30.1%	21.4%		30.4%		
Financial revenue & other, net	15.3	(16.0)	(0.7)	(7.6)	6.4	(1.2)	-	-41.7%
Income tax expense	(61.8)	(22.0)	(83.8)	(50.9)	(29.2)	(80.1)	21.4%	4.6%
Non-controlling interest	0.1		0.1	(1.6)		(1.6)	-106.3%	-106.3%
Net Income attributable to shareholders	123.0	36.4	159.4	101.3	45.0	146.3	21.4%	9.0%
Diluted net income per share, in EUR	0.48	0.14	0.62	0.39	0.18	0.57	23.1%	8.8%

(€ million)

	Three months ended June 30,					
	2017 IFRS	Adjust.	2017 Non-IFRS	2016 IFRS	Adjust.	2016 Non-IFRS
Cost of revenue	(117.0)	1.3	(115.7)	(116.4)	0.8	(115.6)
Research and development	(156.2)	11.1	(145.1)	(138.7)	7.4	(131.3)
Marketing and sales	(258.5)	8.8	(249.7)	(232.2)	6.6	(225.6)
General and administrative	(61.5)	5.2	(56.3)	(56.0)	3.7	(52.3)
Total Share-based compensation expense		26.4			18.5	

IFRS – Non-IFRS Reconciliation YTD

Revenue and Gross Margin

	Six months months ended June 30,						Increase (Decrease)	
	2017 IFRS	Adjustment	2017 Non-IFRS	2016 IFRS	Adjustment	2016 Non-IFRS	IFRS	Non-IFRS
(€ million, except % and per share data)								
Total Revenue	1 566.2	10.1	1 576.3	1 445.4	2.1	1 447.5	8.4%	8.9%
Total Revenue breakdown by activity								
Software revenue	1 388.7	10.1	1 398.8	1 281.6	1.7	1 283.3	8.4%	9.0%
<i>New licenses and Other software revenue</i>	384.8		384.8	354.1	0.6	354.7	8.7%	8.5%
<i>Periodic and Maintenance revenue</i>	1 003.9	10.1	1 014.0	927.5	1.1	928.6	8.2%	9.2%
<i>Recurring portion of Software revenue</i>	72%		72%	72%		72%		
Service and other revenue	177.5		177.5	163.8	0.4	164.2	8.4%	8.1%
Total Revenue breakdown by product line								
CATIA SW revenue	486.2		486.2	465.5		465.5	4.4%	4.4%
ENOVIA SW revenue	158.0		158.0	152.6		152.6	3.5%	3.5%
SOLIDWORKS SW revenue	350.9		350.9	303.7		303.7	15.5%	15.5%
Other SW revenue	393.6	10.1	403.7	359.8	1.7	361.5	9.4%	11.7%
Service and other revenue	177.5		177.5	163.8	0.4	164.2	8.4%	8.1%
Total Revenue breakdown by geography								
Americas revenue	490.7	3.2	493.9	448.2	1.1	449.3	9.5%	9.9%
Europe revenue	653.8	6.3	660.1	612.6	0.6	613.2	6.7%	7.6%
Asia revenue	421.7	0.6	422.3	384.6	0.4	385.0	9.6%	9.7%
Gross Margin								
Cost of Software revenue	(78.4)	1.1	(77.3)	(75.2)	0.6	(74.6)	4.3%	3.6%
<i>Software Gross margin*</i>	94.4%		94.5%	94.1%		94.2%		
Cost of Service and other revenue	(161.8)	1.2	(160.6)	(155.8)	0.8	(155.0)	3.9%	3.6%
<i>Service Gross margin</i>	8.8%		9.5%	4.9%		5.6%		

IFRS – Non-IFRS Reconciliation YTD

Expenses & Earnings

	Six months months ended June 30,						Increase (Decrease)	
	2017 IFRS	Adjustment	2017 Non-IFRS	2016 IFRS	Adjustment	2016 Non-IFRS	IFRS	Non-IFRS
<i>(€ million, except % and per share data)</i>								
Total Operating Expenses	(1 277.3)	145.5	(1 131.8)	(1 161.5)	124.9	(1 036.6)	10.0%	9.2%
Share-based compensation expense	(54.4)	54.4	-	(34.0)	34.0	-		
Amortization of acquired intangibles	(80.5)	80.5	-	(77.4)	77.4	-		
Other operating income and expense, net	(10.6)	10.6	-	(13.5)	13.5	-		
Operating Income	288.9	155.6	444.5	283.9	127.0	410.9	1.8%	8.2%
Operating Margin	18.4%		28.2%	19.6%		28.4%		
Financial revenue & other, net	22.5	(22.7)	(0.2)	(16.8)	11.8	(5.0)	-	-96.0%
Income tax expense	(102.1)	(45.8)	(147.9)	(73.5)	(52.6)	(126.1)	38.9%	17.3%
Non-controlling interest	(1.3)		(1.3)	(2.4)		(2.4)	-45.8%	-45.8%
Net Income attributable to shareholders	208.0	87.1	295.1	191.2	86.2	277.4	8.8%	6.4%
Diluted net income per share, in EUR	0.81	0.34	1.15	0.74	0.34	1.08	9.5%	6.5%

(€ million)

	Six months months ended June 30,					
	2017 IFRS	Adjust.	2017 Non-IFRS	2016 IFRS	Adjust.	2016 Non-IFRS
Cost of revenue	(240.2)	2.3	(237.9)	(231.0)	1.4	(229.6)
Research and development	(305.9)	22.9	(283.0)	(269.2)	13.9	(255.3)
Marketing and sales	(518.3)	18.1	(500.2)	(460.0)	11.8	(448.2)
General and administrative	(121.8)	11.1	(110.7)	(110.4)	6.9	(103.5)
Total Share-based compensation expense		54.4			34.0	

Financial Revenue and Other

Non-IFRS

MEUR	2Q17	2Q16	var	YTD 17	YTD 16	var
Interest Income	6.6	4.5	2.1	11.0	8.9	2.1
Interest Expense	(3.4)	(3.3)	(0.1)	(6.7)	(6.4)	(0.3)
Financial net Income	3.2	1.2	2.0	4.3	2.5	1.8
Exchange Gain / (Loss)	(4.7)	(3.4)	(1.3)	(5.2)	(8.1)	2.9
Other Income / (Loss)	0.8	1.0	(0.2)	0.7	0.6	0.1
Total	(0.7)	(1.2)	0.5	(0.2)	(5.0)	4.8

Exchange Rate evolution

From assumptions to actual data

Breakdown of P&L by currency for YTD 17		
	Revenue	Operating Expenses
USD	37.6%	35.9%
JPY	12.9%	5.2%

Average Exchange rates				
		2017	2016	% change
<i>QTD</i>	EUR/USD	1.10	1.13	-3%
	EUR/JPY	122.6	121.9	+1%
<i>YTD</i>	EUR/USD	1.08	1.12	-4%
	EUR/JPY	121.8	124.4	-2%



Comparing 2Q17 with mid-range Objectives

Non-IFRS

	Revenue	Operating Expenses	Operating Profit	Operating Margin
2Q17 Guidances mid-range Growth YoY	810.0 +7.4%	(567.8) +8.2%	242.2 +5.7%	29.9% -0.5pt
USD impact	(0.5)	0.4	(0.1)	+0.0pt
JPY impact including hedging	(3.4)	1.5	(1.9)	-0.1pt
Other currencies and other hedging impact	3.1	(1.9)	1.2	+0.0pt
Total FX	(0.8)	0.0	(0.8)	-0.1pt
Activity / Cost Control / Other	1.4	1.0	2.4	+0.3pt
Delta: Reported vs guidances	0.6	1.0	1.6	+0.2pt
2Q17 Reported Growth YoY	810.6 +7.5%	(566.8) +8.0%	243.8 +6.4%	30.1% -0.3pt
2Q16 Reported	754.0	(524.8)	229.2	30.4%

Estimated FX impact on 2Q17 Op. Results

Non-IFRS

€ millions QTD	Total Revenue	Operating Expenses	Operating Income	Operating Margin
2Q17 Reported	810.6	(566.8)	243.8	30.1%
2Q16 Reported	754.0	(524.8)	229.2	30.4%
<i>Growth as reported</i>	+7.5%	+8.0%	+6.4%	-0.3 pt
Impact of Actual Currency Rates				
USD impact	7.4	(4.6)	2.8	
JPY impact including hedging	1.6	0.1	1.7	
Other currencies and other hedging impact	(0.3)	(0.2)	(0.5)	
Total FX Impact adjustment	8.7	(4.7)	4.0	
2Q16 ex FX	762.7	(529.5)	233.2	30.6%
<i>Growth exFX</i>	+6%	+7%	+5%	-0.5 pt

Estimated FX impact on YTD17 Op. Results

Non-IFRS

€ millions YTD	Total Revenue	Operating Expenses	Operating Income	Operating Margin
YTD2017 Reported	1,576.3	(1,131.8)	444.5	28.2%
YTD2016 Reported	1,447.5	(1,036.6)	410.9	28.4%
<i>Growth as reported</i>	<i>+8.9%</i>	<i>+9.2%</i>	<i>+8.2%</i>	<i>-0.2 pt</i>
Impact of Actual Currency Rates				
USD impact	17.4	(11.1)	6.3	
JPY impact including hedging	7.7	(1.2)	6.5	
Other currencies and other hedging impact	0.6	(2.6)	(2.0)	
Total FX Impact adjustment	25.7	(14.9)	10.8	
YTD2016 ex FX	1,473.2	(1,051.5)	421.7	28.6%
<i>Growth exFX</i>	<i>+7%</i>	<i>+8%</i>	<i>+5%</i>	<i>-0.4 pt</i>

Consolidated Statement of Cash Flows

IFRS

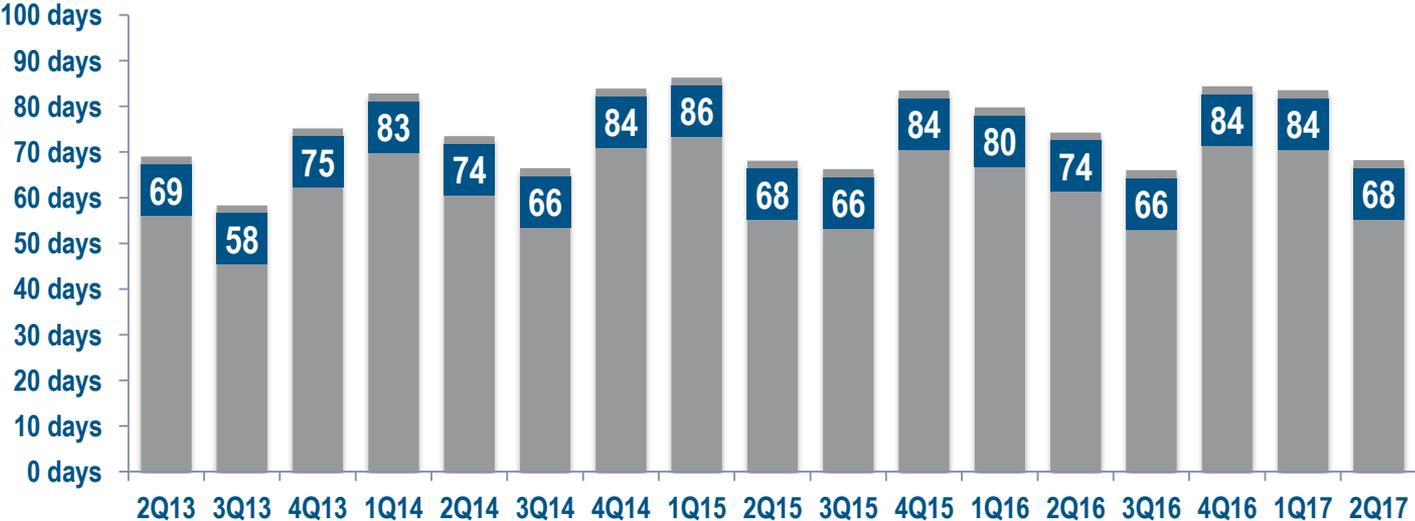
(in millions of €)	2Q17	2Q16	Variation	2Q17 YTD	2Q16 YTD	Variation
Net income attributable to equity holders of the parent	123.0	101.3	21.7	208.0	191.2	16.8
Non-controlling interest	(0.1)	1.6	(1.7)	1.3	2.4	(1.1)
Net income	122.9	102.9	20.0	209.3	193.6	15.7
Depreciation of property & equipment	11.1	10.9	0.2	22.9	21.4	1.5
Amortization of intangible assets	41.3	40.5	0.8	84.6	81.7	2.9
Other non-cash P&L items	2.6	0.5	2.1	10.4	(8.8)	19.2
Changes in working capital	66.7	(15.0)	81.7	265.2	161.2	104.0
Net Cash Provided by (Used in) Operating Activities (I)	244.6	139.8	104.8	592.4	449.1	143.3
Additions to property, equipment and intangibles	(27.4)	(9.6)	(17.8)	(45.8)	(18.4)	(27.4)
Payment for acquisition of businesses, net of cash acquired	(7.6)	(11.2)	3.6	(8.0)	(11.2)	3.2
Sale (Purchase) of short-term investments, net	12.5	(1.0)	13.5	3.7	19.8	(16.1)
Investments, loans and others	0.0	(0.5)	0.5	6.4	0.6	5.8
Net Cash Provided by (Used in) Investing Activities (II)	(22.5)	(22.3)	(0.2)	(43.7)	(9.2)	(34.5)
Acquisition of non-controlling interests	(14.1)	0.0	(14.1)	(14.1)	0.0	(14.1)
(Purchase) Sale of treasury stock	(47.9)	(9.0)	(38.9)	(44.8)	(43.3)	(1.5)
Proceeds from exercise of stock-options	16.5	7.3	9.2	21.8	10.5	11.3
Cash dividend paid	(51.3)	(100.1)	48.8	(51.3)	(101.9)	50.6
Net Cash Provided by (Used in) Financing Activities (III)	(96.8)	(101.8)	5.0	(88.4)	(134.7)	46.3
Effect of exchange rate changes on cash and cash equivalents (IV)	(121.5)	28.1	(149.6)	(127.8)	0.1	(127.9)
Increase (Decrease) in Cash (V) = (I)+(II)+(III)+(IV)	3.8	43.8	(40.0)	332.5	305.3	27.2
Cash and cash equivalents at Beginning of Period	2,765.4	2,542.0		2,436.7	2,280.5	
Cash and cash equivalents at End of Period	2,769.2	2,585.8		2,769.2	2,585.8	
Cash and cash equivalents variation	3.8	43.8		332.5	305.3	

Balance Sheet

IFRS

(in millions of €)	End of Jun-17	End of Mar-17	Variation Jun-17 / Mar-17	End of Dec-16	Variation Jun-17 / Dec-16
Cash and cash equivalents	2,769.2	2,765.4	+3.8	2,436.7	+332.5
Short-term investments	48.2	63.6	-15.4	56.1	-7.9
Accounts receivable, net	610.3	705.6	-95.3	820.4	-210.1
Other current assets	264.2	268.7	-4.5	257.2	+7.0
Total current assets	3,691.9	3,803.3	-111.4	3,570.4	+121.5
Property and equipment, net	156.7	137.3	+19.4	135.4	+21.3
Goodwill and Intangible assets, net	2,770.6	2,873.7	-103.1	2,926.5	-155.9
Other non current assets	286.5	312.5	-26.0	310.7	-24.2
Total Assets	6,905.7	7,126.8	-221.1	6,943.0	-37.3
Accounts payable	137.3	127.1	+10.2	144.9	-7.6
Unearned revenue	928.7	1,008.9	-80.2	853.1	+75.6
Other current liabilities	501.0	489.4	+11.6	467.6	+33.4
Total current liabilities	1,567.0	1,625.4	-58.4	1,465.6	+101.4
Long-term debt	1,000.0	1,000.0	0.0	1,000.0	0.0
Other non current obligations	545.5	581.4	-35.9	594.6	-49.1
Total long-term liabilities	1,545.5	1,581.4	-35.9	1,594.6	-49.1
Non-controlling interest	2.5	-	+2.5	22.6	-20.1
Parent Shareholders' equity	3,790.7	3,920.0	-129.3	3,860.2	-69.5
Total Liabilities and Shareholders' Equity	6,905.7	7,126.8	-221.1	6,943.0	-37.3

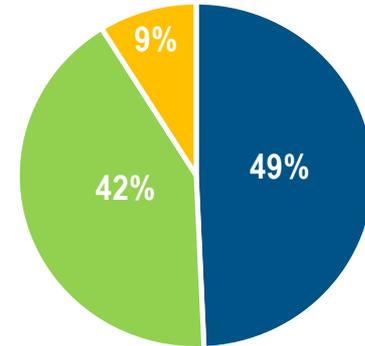
Trade Accounts Receivable / DSO



Headcount by Destination

At Closing - TOTAL					
	<u>2Q17</u>	<u>2Q16</u>	<u>% growth</u>	<u>1Q17</u>	<u>% growth</u>
M&S + COR Ser	7,621	7,114	+7%	7,533	+1%
R&D + COR SW	6,463	5,976	+8%	6,411	+1%
G&A	1,372	1,220	+12%	1,318	+4%
Total	15,456	14,310	+8%	15,262	+1%

Closing H/C - June 2017



■ M&S + COR Ser ■ R&D + COR SW ■ G&A

IFRS 2017 Objectives

Accounting elements not included in the non-IFRS 2017 Objectives

- FY 2017 estimated **deferred revenue** write-down of **~€12m**
- FY 2017 estimated **share-based compensation** expenses, including related social charges: **~€99m**
- FY 2017 estimated **amortization of acquired intangibles**: **~€161m**
- The non-IFRS 2017 objectives do not include any impact from other operating income and expense, net principally comprised of acquisition, integration and restructuring expenses, and from one-time items included in financial revenue and one-time tax restructuring gains and losses
- These estimates do not include any new stock option or share grants, or any new acquisitions or restructurings completed after July 25, 2017.

