DASSAULT SYSTEMES
Newswire Conference Call
2010 Fourth Quarter
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Senior Executive Vice President and CFO

Thank you for joining me today to discuss our fourth quarter and annual results for 2010.

Before beginning, let me remind you that Dassault Systemes' financial results are prepared in accordance with IFRS. In addition, most of the financial information I will review today is presented on a supplemental, non-IFRS basis. For an understanding of the differences between the two please see the reconciliation tables included in our earnings press release. Some of the comments I will make on this call are forward-looking. Please refer to our risk factors in today's financial press release, and in our regulatory documents filed with the AMF.

Summary

2010 was a great year for Dassault Systemes. We met all our business and financial objectives. We delivered a strong financial performance, advanced our diversification into new industries, completed and integrated the largest acquisition in our history, IBM PLM, saw further adoption of our Version 6 software, and expanded our addressable market with the acquisitions of Exalead in search-based applications and Geensoft in embedded software systems.

Let me share some key points of our financial performance, beginning first with our full year financial results:

- Total revenue for 2010 was 1.58 billion euros. Revenue was up 21 percent in constant currencies, driven by investment in innovation across the various industries, especially in automotive, industrial equipment, high tech and energy.
- We benefited from strong growth in both new licenses revenue which increased 30 percent in constant currencies and from the good evolution of recurring software revenue which increased 23 percent in constant currencies during 2010.
- All our brands contributed to the strong growth in new licenses revenue and recurring software revenue.

- We also saw a good dynamic in all three geographic regions, with total revenue up 22 percent in Europe, 13 percent in the Americas and 28 percent in Asia – these figures are in constant currencies. Looking in greater detail, there was good depth in Europe, with Germany, France and Northern Europe; in Asia we also saw a good progression in many countries, and of particular note is that Japan returned to investing in 2010 and that had not been the case really since the summer of 2008; and in the Americas, overall good performance, with Latin America really one of the most dynamic of the developing geographic areas in the world.
- Thanks to our revenue growth and solid management of operating expenses, our operating margin reached 28.6 percent for the year, up from 25 percent in 2009.
- At the bottom-line, earnings per diluted share were up sharply, increasing 34 percent to 2.50 euros for 2010.
- Cash flow was equally strong. We generated 408 million euros of net operating cash flow in 2010 compared to 298 million euros in 2009 on better business conditions and improved cash collections.
- Our net financial position at year-end was 846 million euros, just 12 million euros below where we finished 2009. This figure is quite remarkable when you consider that during 2010 we made cash investments of 462 million euros as well as returning 55 million euros of cash to shareholders in the form of dividends, so all in all

our net financial position shows the strength of our cash flow generation and cash management.

Fourth Quarter Financial Summary

Now, let me review briefly our fourth quarter financial performance compared to analysts' consensus expectations.

- Non-IFRS revenue was 467 million euros, up 31 percent in constant currencies compared to the 2009 fourth quarter. Adjusting for the better evolution of currency, we came in about 30 million euros above our objective range from a pure activity perspective. The consensus was 442 million euros.
- Non-IFRS EPS increased 22 percent to 83 cents, compared to the consensus analysts' estimate of 80 cents.
- Our non-IFRS operating margin was 33.9 percent, compared to the analysts' consensus of 31.7 percent.

2011 Financial Objectives

Turning to our financial objectives for 2011, let me share some general comments first. We are optimistic about our growth opportunities in 2011 for several reasons. First, some of the economic indicators closer to our business, in particular, industrial investment, are showing improving trends and are forecasted to increase further in 2011. Second, we are encouraged by our fourth quarter performance and third, we are pleased with our pipeline of opportunities entering 2011. So these three data points are well aligned with our views of a progressive improvement in investment plans by our customers.

On the other hand, we think it is appropriate to temper this optimism with the fact that the economic environment is still not easy and we see a number of things that could cause it to remain volatile.

Adding these together, we see a good year for Dassault Systemes, with new licenses revenue increasing about 15 percent in constant currencies, a healthy progression of recurring revenue, even with the important level of one-time maintenance renewals in 2010, and further improvement in our operating margin.

Our 2011 non-IFRS revenue growth target is 9 to 11 percent in constant currencies, with new licenses revenue growing about 15 percent in constant currencies. Our target revenue range is 1.68 billion to 1.71 billion euros based upon our growth expectations and currency assumptions.

With respect to 2011 earnings, our objective is 2.64 to 2.75 euros, representing 6 to 10 percent non-IFRS EPS growth, and a non-IFRS operating margin of about 29 percent, compared to 28.6 percent for 2010.

For the 2011 first quarter, we have set a non-IFRS total revenue objective of about 390 to 400 million euros and a non-IFRS EPS objective of about 53 to 57 cents per share.

In setting our objectives we are assuming a US dollar to euro exchange rate of 1.40 US dollars per euro and for the Japanese yen 120 yen per euro.

Business Review

Now, let's look at how we performed against our strategic objectives:

- First, Brand leadership: We manage our business with a strategic focus on having a rich portfolio of brands covering the entire product development cycle – with the goal of each brand being the leader in its space. Our balanced focus is evident in the fact that our brands achieved double-digit constant currencies software growth in 2010. Specifically, CATIA grew 31 percent and ENOVIA 29 percent. Other PLM increased 16 percent. And our Mainstream 3D revenue increased 15 percent, all these figures in constant currencies.

- Second, Industry Diversification: Every industry needs to sustain innovation. During 2010 we made further progress, in particular with a dynamic year in high tech and energy. New industries represented 23 percent of end-user revenues in 2010 up from 20 percent in 2009. We achieved this higher contribution from new industries even with the very active year of growth we had in 2010 with automotive and industrial equipment companies. Thanks to our efforts, Dassault Systemes is now positioned with a product portfolio that can address all sectors of the economy.

- Third, Version 6: We have 600 customers who are working with us on V6 business. Just this morning, we announced that BMW had selected Version 6 for embedded systems after a detailed benchmark. Customers deploying Version 6 include LG in high tech, VF in apparel, Renault in the automotive industry, Bell Helicopter in aerospace, GE Energy and Carrefour in retailing. You can see how our diversification is working by the Version 6 wins with leading players across a diverse set of industries. And this diversity also demonstrates how important PLM is to all these different industries.

- Fourth, Addressable Market Expansion: We are entering into new domains which offer significant opportunity, with CATIA Systems for embedded software systems and with Exalead in search-based applications as two important examples.

- Fifth, Global and Local Reach: Dassault Systemes has a large global footprint as we are engaged with customers in more than 80 countries through our sales channels. We are also well present at the local level all around the world to better serve our customers, with an employee base comprised of more than 90 nationalities. A perfect illustration of this is the more than 16,000 new customers we gained during 2010.

Summary

In summary 2010 was an excellent year for Dassault Systemes, meeting all our objectives. As a result, we are entering 2011 with a strong product offering, our distribution channels well positioned on their respective markets, and a good pipeline of business opportunities.

I would now be happy to take your questions.