

# ***Dassault Systèmes Presentation March 2008***

***Thibault de Tersant, Senior EVP and CFO***



# 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 our non-GAAP financial performance objectives are forward-looking statements (within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended).*

*Such forward-looking statements are based on 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. In preparing such forward-looking statements, we have in particular assumed an average U.S. dollar to euro exchange rate of \$1.45 per €1.00 and an average Japanese yen to euro exchange rate of JPY160 to €1.00 for the first quarter of 2008 and for the full year 2008. However, currency values fluctuate, and our results of operations may be significantly affected by changes in exchange rates. We have also assumed that there will be no substantial decline in general levels of corporate spending on information technology, and that our increased responsibility for both indirect and direct PLM sales channels, and the resulting commercial and management challenges, will not prevent us from maintaining growth in revenues or cause us to incur substantial unanticipated costs and inefficiencies. Our actual results or performance may also be materially negatively affected by difficulties or adverse changes affecting our partners or our relationships with our partners, including our longstanding, strategic partner, IBM; new product developments and technological changes; errors or defects in our products; growth in market share by our competitors; and the realization of any risks related to the integration of any newly acquired company and internal reorganizations. Unfavorable changes in any of the above or other factors described in the Company's SEC reports, including the Form 20-F for the year ended December 31, 2006, which was filed with the SEC on May 29 2007, could materially affect the Company's financial position or results of operations.*

# Non-GAAP Adjustments to US GAAP Information

*Financial information reported in accordance with US GAAP is specifically indicated as “US GAAP”. Supplemental non-GAAP financial information is also presented and excludes the effect of adjusting the carrying value of acquired companies’ deferred revenue, amortization of acquired intangible assets, share-based compensation expenses and one-time tax restructuring effects. See the Appendix to this document for the most closely comparable US GAAP financial measures, a reconciliation of the US GAAP and non-GAAP financial information and a discussion of the benefits and limitations of considering the supplemental non-GAAP financial information.*

*This presentation also includes revenue growth based on constant currencies, as calculated by the Company. Constant currency calculations are detailed in the Appendix to this document.*

*The Company uses non-GAAP and constant currency information to evaluate its financial performance in comparison to prior periods and as a measure of expected growth in planning and setting objectives for future periods. The Company believes the presentation of these measures is relevant and useful for investors because it allows investors to view the Company’s financial performance in a manner similar to the method used by the Company’s management, helps improve investors’ ability to understand the Company’s financial performance, and makes it easier to compare the Company’s results with other companies, including competitors. However, the non-GAAP measures presented by the Company may not be comparable to similarly titled measures used by other companies. The supplemental non-GAAP financial information should not be considered in isolation, but in conjunction with the US GAAP financial information.*



*Because market share is determined by comparing the revenue of market participants as if all participants reported in U.S. dollars, the Company also presents a convenience translation of revenue results in U.S. dollars.*

# 2007: a Year of Exceptional Progress

1	<i>Delivering Strong Revenue Performance in 2007</i>
2	<i>Transforming DS Channels to Expand Market Coverage</i>
3	<i>Providing Revolutionary Technologies to Bring the Value of PLM to a Much Wider Audience</i>
4	<i>Updating 2008 Objectives and Confirming 2005-2010 Plan</i>
5	<i>Financial Information Appendix</i>



## 2007 Financial Highlights (non-GAAP\*)

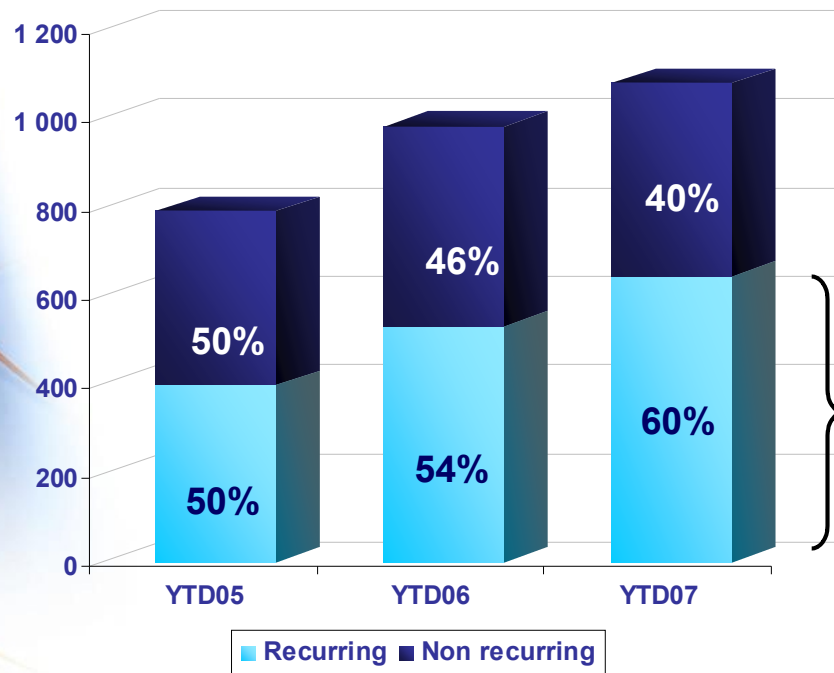
	Q407	2007
Revenue (€m)	371.1	1,275.9
Growth ex FX	12%	14%
Software Revenue growth ex FX	16%	16%
Operating Margin	34.9%	26.2%
EPS Growth	+8%	+8%

- Solid Q407 & 2007 performance despite pronounced currency headwinds
- Performance driven by **strong non-GAAP software** revenue growth at **+16%** ex FX

# Strong Recurring Revenue Driving Growth

## Software Recurring Revenue Evolution (non-GAAP\*)

% of SW revenue



• **FY 07 non-GAAP recurring software revenue growing by 27% ex FX**

• **Recurring revenue includes:**

- **annual maintenance revenue**
- **rental licenses (90% of SIMULIA revenue + some large CATIA / ENOVIA / DELMIA customers)**



**NB: Recurring software revenue excludes product development**

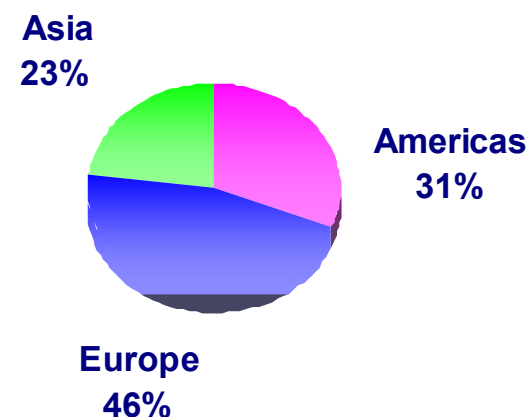
\* For a reconciliation to US GAAP financial information, please refer to the tables in the Appendix.

# 2007 Financial Highlights (non-GAAP\*)

## Revenue growth ex FX by region

	Q407	2007
Americas	+10%	+19%
Europe	+8%	+7%
Asia	+22%	+24%
<b>Total</b>	<b>+12%</b>	<b>+14%</b>

## FY 2007 Revenue



- Strong growth in **Asia**
- Continued solid dynamic of third quarter with **all regions** showing **double digit non-GAAP software revenue growth in Q407**

# 2007 Financial Highlights (non-GAAP\*)

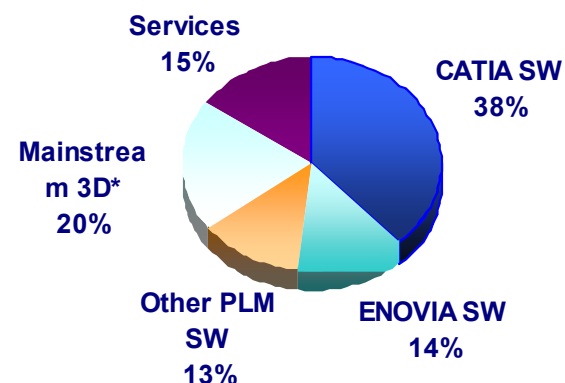
## Software Revenue growth ex FX by product line

	Q407	2007
<b>PLM</b>	<b>+17%</b>	<b>+16%</b>
<b>CATIA <sup>(1)</sup></b>	<b>+12%</b>	<b>+11%</b>
<b>ENOVIA</b>	<b>+16%</b>	<b>+32%</b>
<b>Mainstream 3D <sup>(2)</sup></b>	<b>+12%</b>	<b>+14%</b>
<b>Total</b>	<b>+16%</b>	<b>+16%</b>

(1) CATIA excluding ICEM

(2) As of Q307, the Mainstream 3D revenue line includes both SolidWorks and CosmosWorks

FY 2007 Revenue



- Strong software revenue growth ex FX both in **PLM & Mainstream 3D**
- Non-GAAP **ENOVIA VPLM & SmarTeam** software revenue growing at **~15% ex FX** in 2007
- Product diversification positioning DS on **fast growing segments** of the PLM market

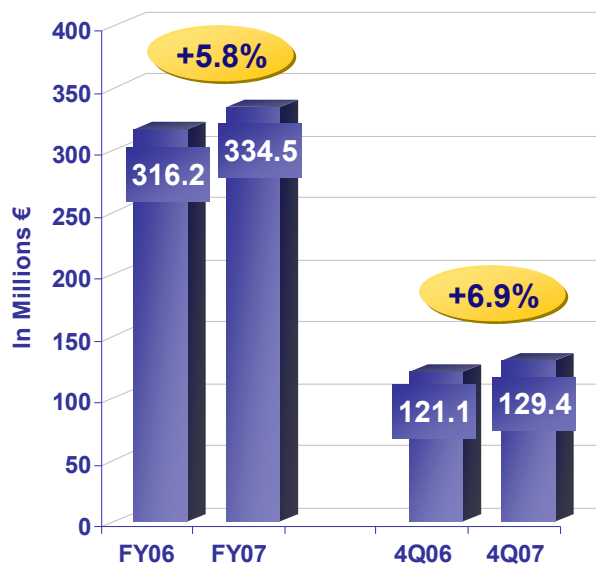


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# 2007 Financial Highlights (non-GAAP\*)

## Operating Income Evolution

### Operating Income

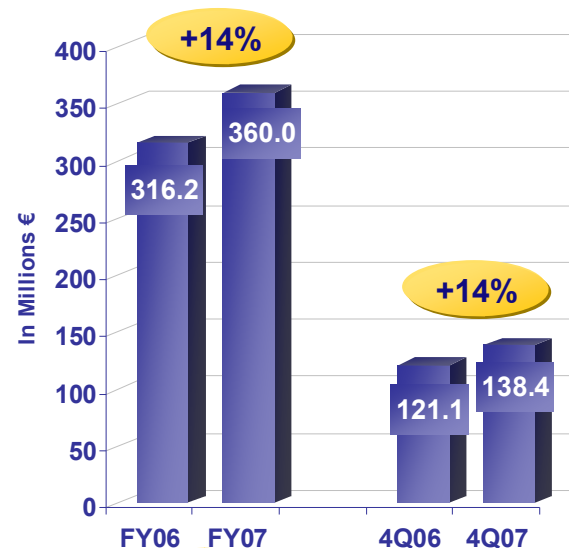


Op. Margin

26.9% 26.2%

34.3% 34.9%

### Operating Income ex FX



Op. Margin

26.9% 26.8%

34.3% 35.1%

- Starting to **increase non-GAAP operating margin** in Q4 in spite of €4m revenue shortfall in DS former IBM business partner operations
- Stable 2007 non-GAAP operating margin excluding currency impacts**
- Massive investments in **go-to-market** in 2007 compensated by operating **leverage in core business**



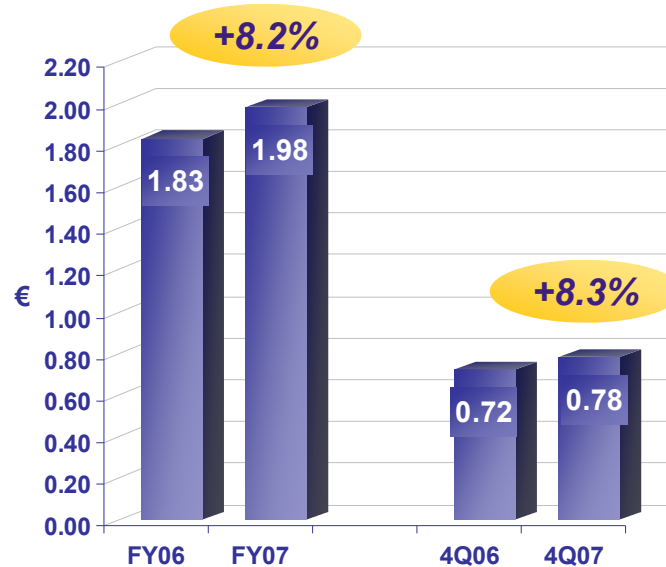
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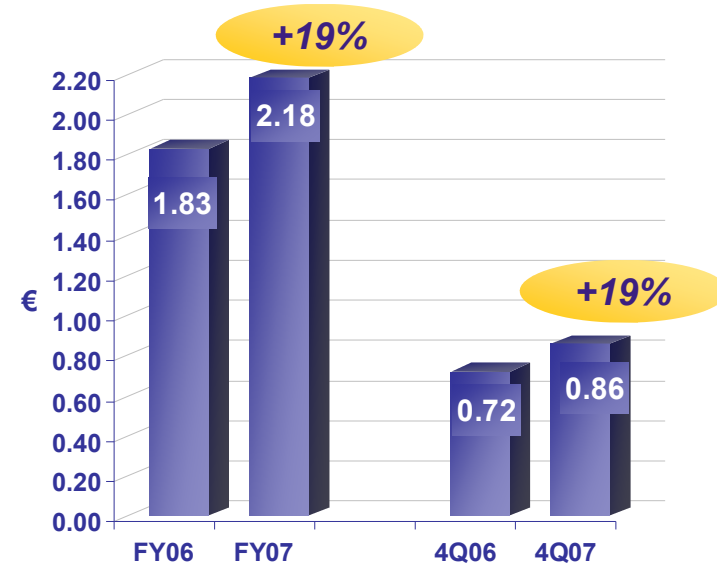
# 2007 Financial Highlights (non-GAAP\*)

## EPS Growth

### EPS Growth



### EPS Growth ex FX



- Strong **currency headwinds**: 11 pts of growth impact on 2007 non-GAAP EPS

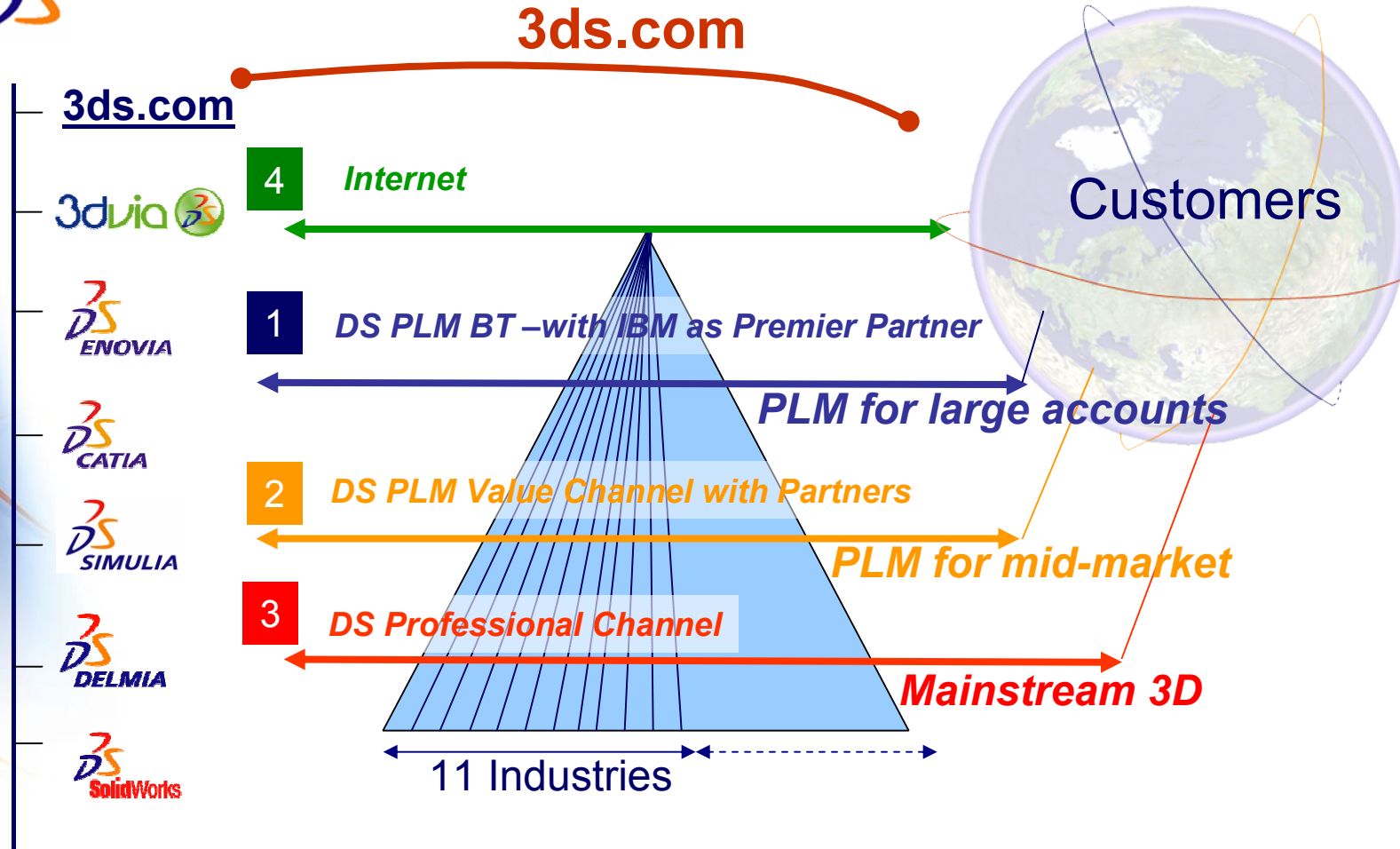
# 2007: a Year of Exceptional Progress

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# Investing & Transforming Go-to-Market to Prepare Future Growth



3ds.com



# Investing & Transforming Go-to-Market to Prepare Future Growth

- **Over the last 3 years DS invested to build strong channels to ensure efficient go-to-market for all DS products**
  - ✦ *Taking responsibility of PLM indirect channel according to roadmap*
  - ✦ *Investing in people, processes and tools to support channels*
  - ✦ *Simplifying packaging to better answer customer needs and reduce sales cycle*
  
- **Main 2007 achievements**
  - ✦ *Delivering solid growth in all channels while minimizing disruption*
  - ✦ *Increasing capacity of all channels*
  - ✦ *Increasing coverage in emerging countries*



## ***Investing & Transforming Go-to-Market for PLM to Large Size Enterprises***

- ***Addressing large size enterprises with **IBM PLM** and **DS direct sales force** (both equivalent in size)***
- ***Representing ~55% of DS total non-GAAP revenue in 2007***
- ***Delivering **double-digit** non-GAAP software revenue growth ex FX in 2007***
- ***Continuing to grow **sales capacity** to increase coverage***





# Growing in 2007 with PLM to Large Size Enterprises

**PLM Business Transformation 2007 revenue growth driven by:**

**Selling full PLM offering**



LARSEN & TOUBRO LIMITED



**Selling in new industries**



LG



UNDER ARMOUR®  
PERFORMANCE APPAREL



MICHAEL KORS

**Growing customers installed base**



TOYOTA

HONDA



# Investing & Transforming Go-to-Market for PLM to Small- to Mid-Size Enterprises

- Addressing small- to mid-size enterprises with a PLM indirect channel made of a **network of value-added resellers**
- Successfully establishing **PLM indirect channel**
  - 👤 DS responsible for 25 regions at end Q407:
    - 👤 China, Australia, New Zealand, Latin America, Taiwan, France, Belux, Korea, USA, Canada, UK, Ireland, South Africa, Morocco, Netherlands, Tunisia, Norway, Sweden, Denmark, Finland, Austria, Russia (CIS), Italy, Spain and Portugal
  - 👤 Transitioning in Q108:
    - 👤 Asean, CEMA, Germany, India, Japan, North Africa, Switzerland
  - 👤 Greece, Israel and Turkey to be transitioned in Q308
- Representing **~25%** of DS total non-GAAP revenue in 2007
- Delivering **above 15%** non-GAAP software revenue growth ex FX in 2007
- Starting to see strong dynamic at resellers increasing their sales capacity by **~20%** in 2007

## **Investing & Transforming Go-To-Market for Mainstream 3D**

- **Addressing Mainstream 3D market with a Professional Channel made of a *network of value-added resellers***
- **Representing *~20%* of DS total revenue in 2007 (SolidWorks & CosmosWorks)**
- **Delivering *14%* non-GAAP software revenue growth ex FX in 2007**
- **Increasing number of resellers by *20%* in 2007 with strong emphasis on emerging countries (*~ 350* resellers in 2007)**
- **Reorganizing channel in *Japan***
- **Starting to sell *3DVIA Composer* (ex Seemage) in 2008**



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# Investing & Delivering Major Technological Breakthrough to Prepare Future Growth

- Over the last 3 years DS invested to deliver major **technological breakthroughs** to bring the value of PLM to a much wider audience
- **Main 2007 achievements**
  - ✚ Announcing **lifelike experience** using 3D as universal media
  - ✚ Creating a new brand, **3DVIA** for lifelike experience (3dswym)
  - ✚ Delivering first online **application** (Microsoft– Virtual Earth)
  - ✚ Preparing next PLM 2.0 generation with **V6**





# Innovation: the root to success





# Innovation: the root to success



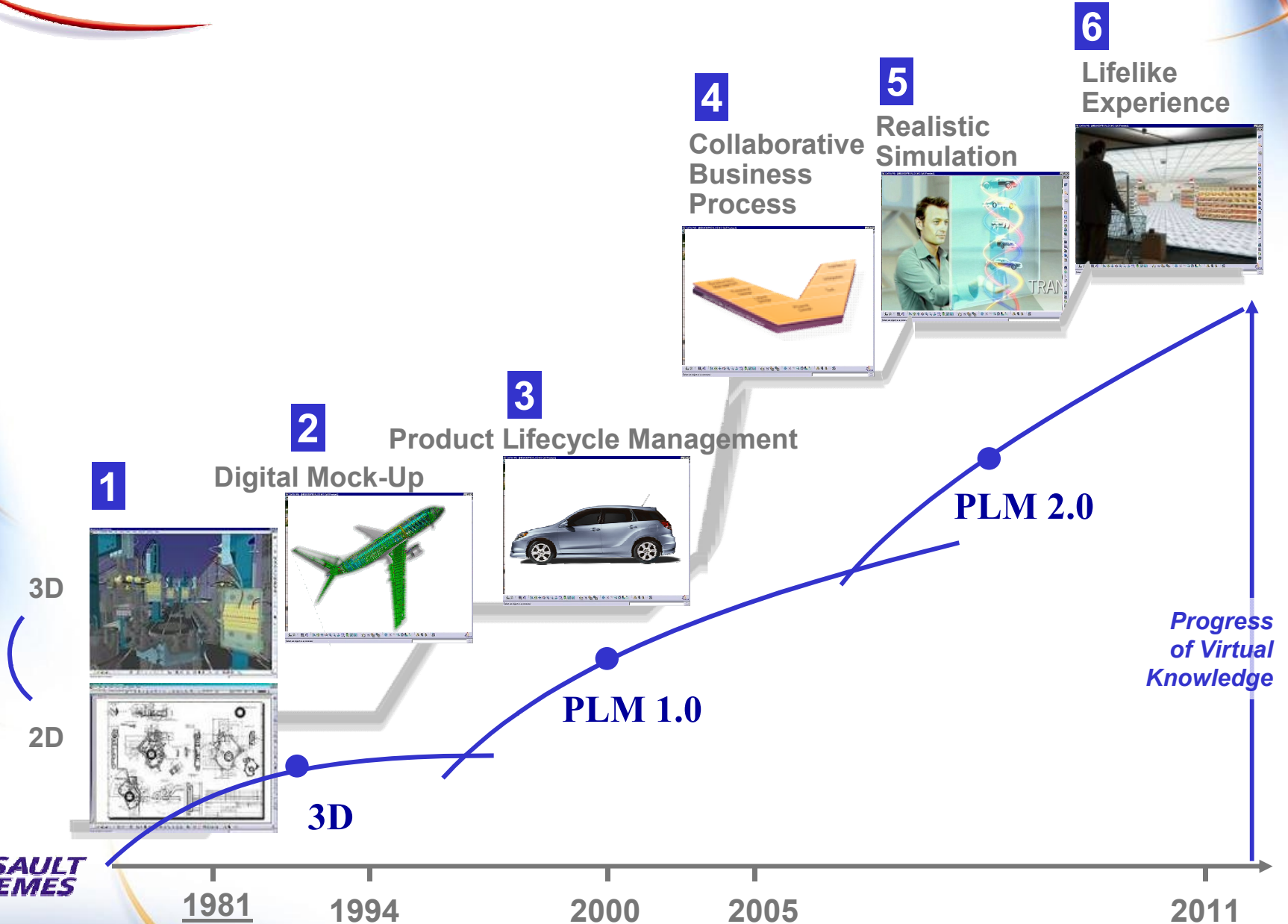


# Innovation: the root to success



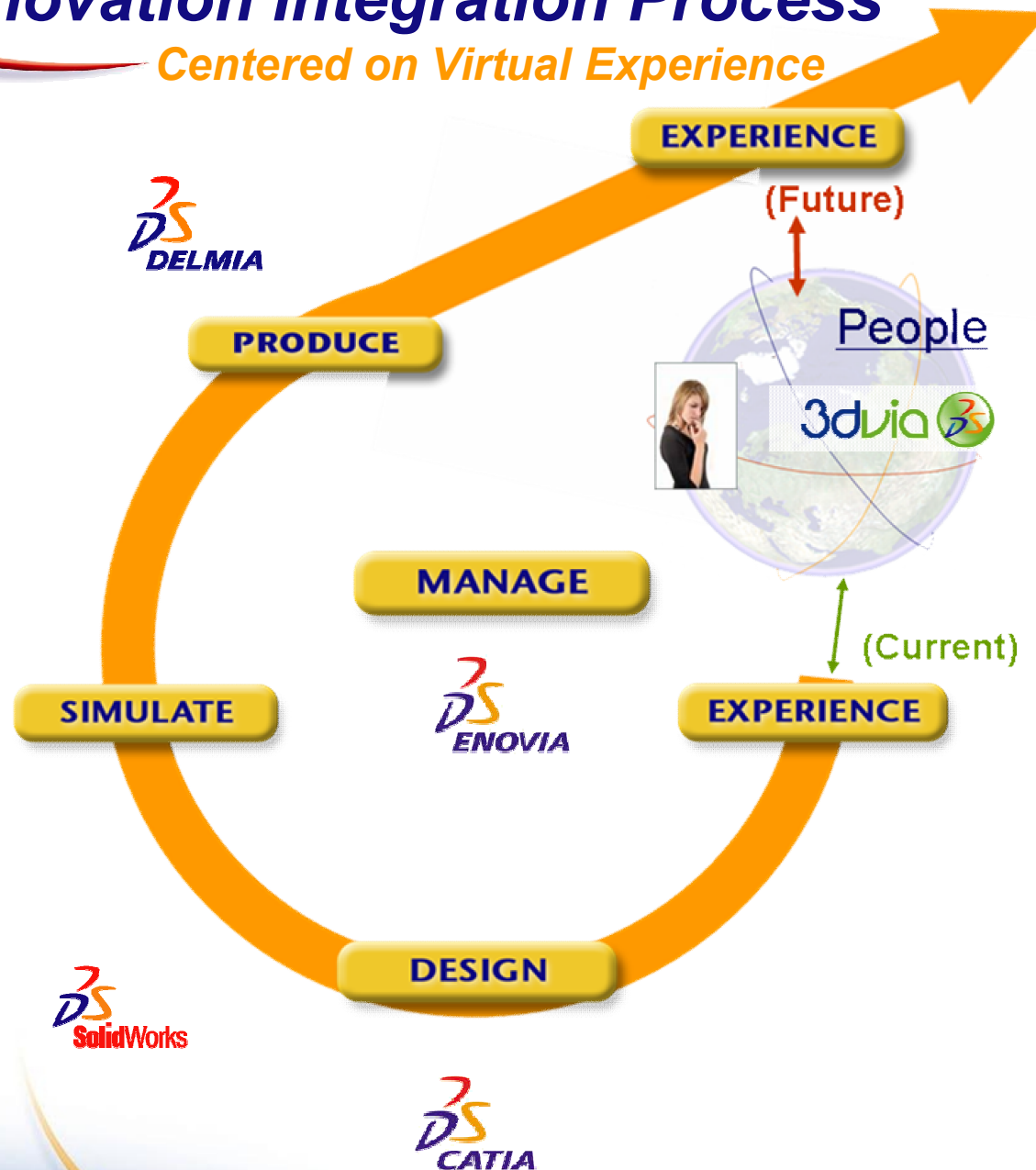


# DS Strategy: "3D Virtual Experience Everywhere"



# Innovation Integration Process

Centered on Virtual Experience



Automotive



Aerospace



Shipbuilding



Industrial Equipment



High-tech



Consumer Goods



Consumer Packaged Goods



Life Sciences



Construction



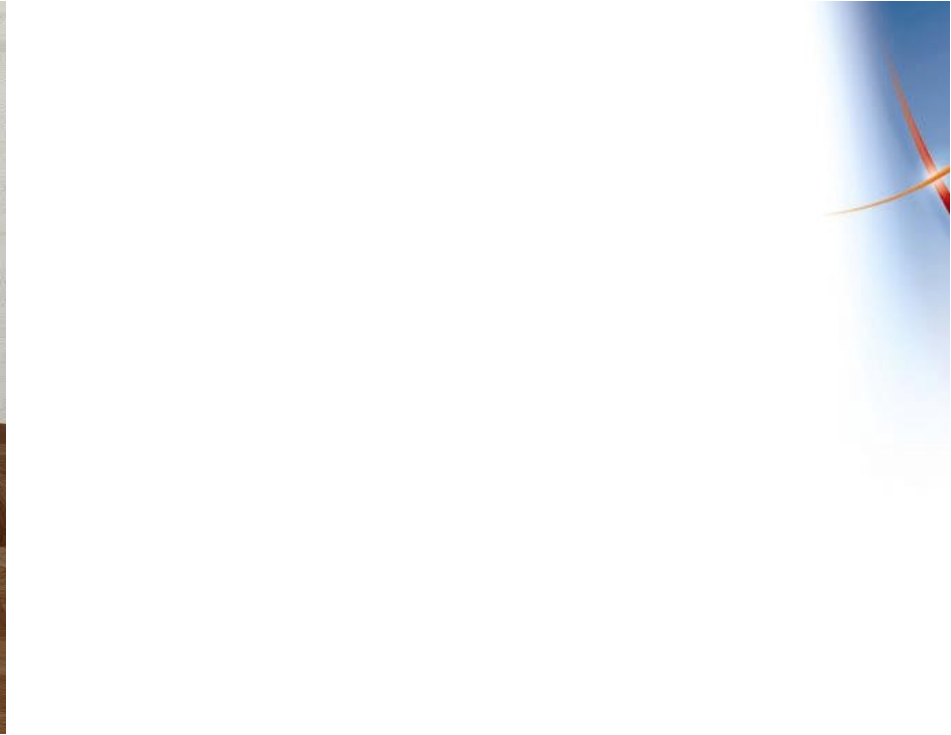
Energy



Business Services









# PLM 2.0 on V6 Platform



1. Global Collaborative Innovation

2. Lifelike Experience

3. Online creation and collaboration

4. Single PLM platform for IP Management

- Shape, Mechanical, Systems

- From Requirement to Functional, Logical, and Physical view

- Multi discipline collaboration

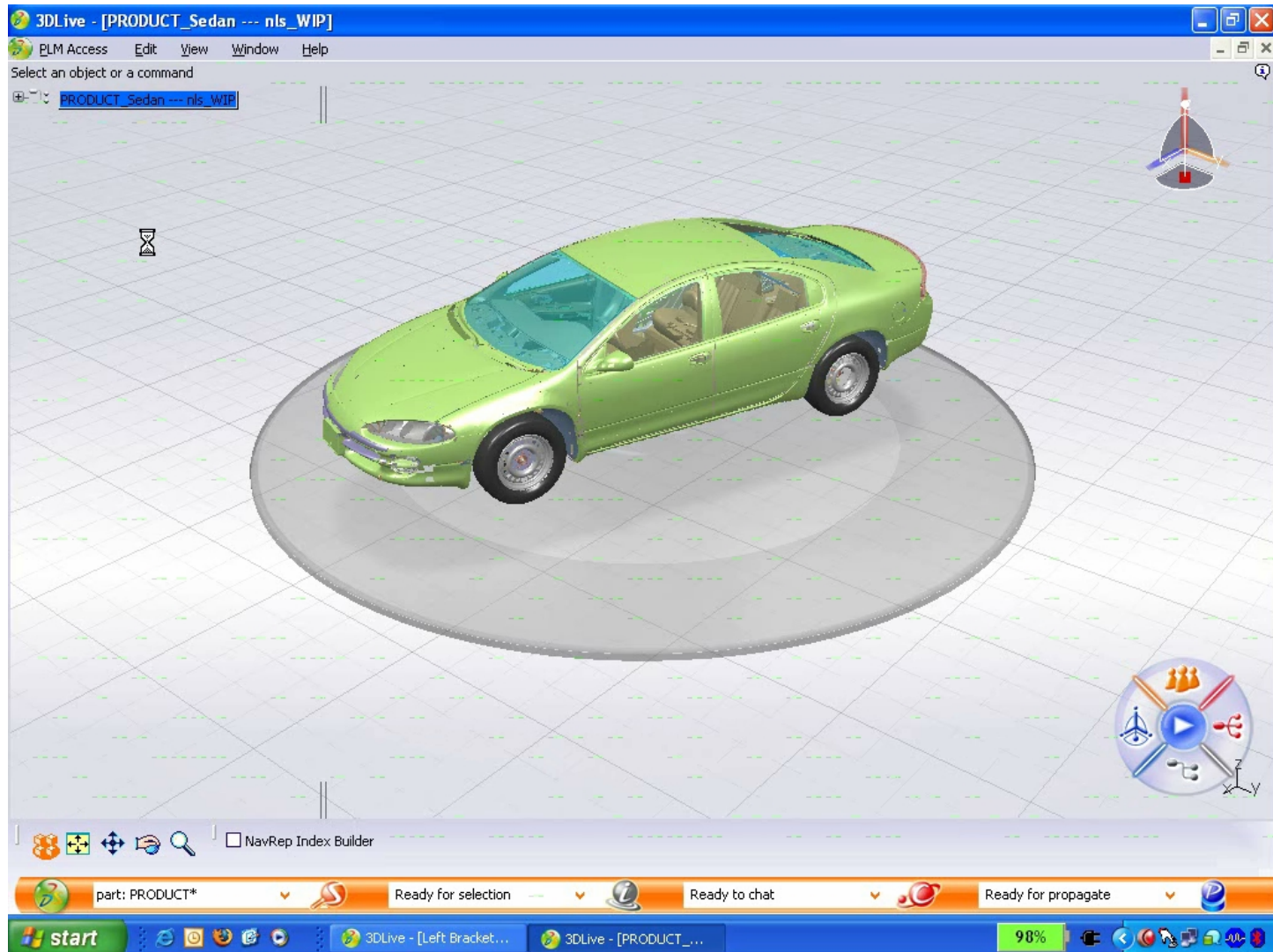
5. Ready to use PLM Business Processes

6. Lower Total Cost of Ownership

## More Value to More Customers



- Targeting general availability mid 2008 with **a large portion of the portfolio available** to start production pilots fairly quickly
- Open architecture enabling customers to **work smoothly with existing systems**
  - ✚ Easy integration with other existing PLM
  - ✚ Easy integration with other enterprise systems (ERP, CRM ...)
- Reducing **cost of ownership**
  - ✚ Reducing the cost of implementation & maintenance with a single server to administrate for PLM and easy integration with enterprise system
- Enabling access to a **wider community of users**





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## DS Objectives (non-GAAP\*)

€m	1Q08	2008
<b>Revenue</b>	<b>305 - 310</b>	<b>1,365 - 1,380</b>
<b>Growth</b>	<b>+3-5%</b>	<b>+7-8%</b>
<b>Growth ex FX</b>	<b>+8-10%</b>	<b>~+10%</b>
<b>SW Growth ex FX</b>	<b>+11-12%</b>	<b>~+12%</b>
<b>Operating Margin</b>	<b>~22.5%</b>	<b>27 - 27.5%</b>
<b>EPS (€)</b>	<b>0.40 - 0.42</b>	<b>2.17 - 2.22</b>
<b>EPS Growth</b>	<b>+3-8%</b>	<b>+10-12%</b>
<b>€/US\$ Rate</b>	<b>1.45</b>	<b>1.45</b>
<b>€/JPY Rate</b>	<b>160</b>	<b>160</b>

## ***Accounting elements not included in the non-GAAP 2008 Objectives***

- FY 2008 estimated deferred revenue write-down: about €1m***
- FY 2008 estimated share-based compensation expenses (SFAS 123R): about €18m***
- Quarterly estimated amount of amortization of acquired intangibles: about €12m***
- These objectives do not include any impact from one-time costs and one-time gains related to the anticipated DS global headquarters' relocation in 2008***
- These objectives do not include new stock options or share grants in 2008, nor new acquisitions which could be made in 2008***

# Drivers for 2008 Revenue Growth

2008 revenue growth driven by **software** revenue

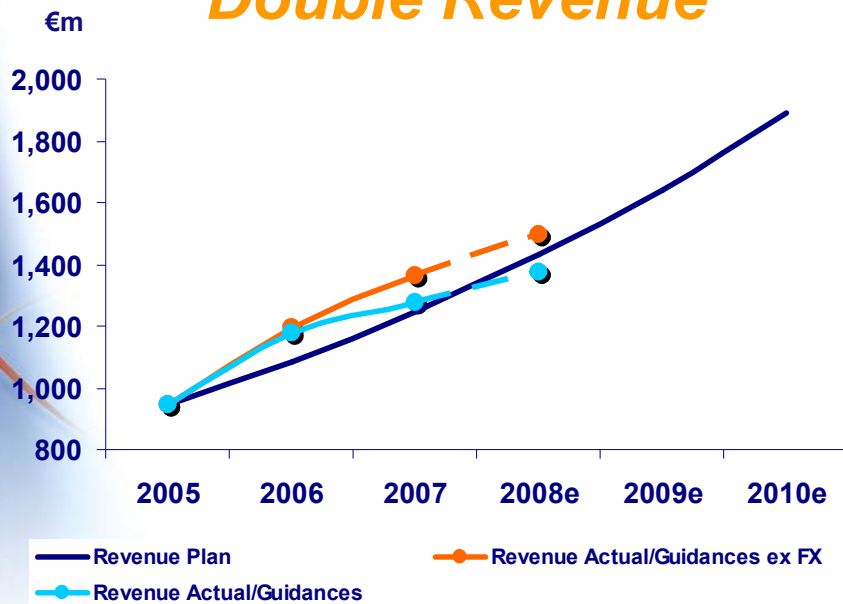
- **Growth driven by customers' demand**
  - ⌘ DS solutions contributing to innovation, globalization, cost reductions
- **New license sales growth driven by:**
  - ⌘ Stronger channels with increased **sales capacity**
  - ⌘ Solid **pipeline**
  - ⌘ **Diversification** in new industries
- **Good visibility on revenue**
  - ⌘ Strong recurring revenue base representing 60% of software revenue
    - ⌘ Large DS installed base widely under **maintenance**
    - ⌘ Strong demand for **simulation** (90% of SIMULIA's software revenue is recurring)
    - ⌘ **New business** with large CATIA, ENOVIA, DELMIA customers choosing leasing
  - ⌘ Good visibility on large, multi-year contract deployments
- **Diversification of industrial and geographic exposure**

## **Drivers for 2008 non-GAAP Operating Margin Improvement**

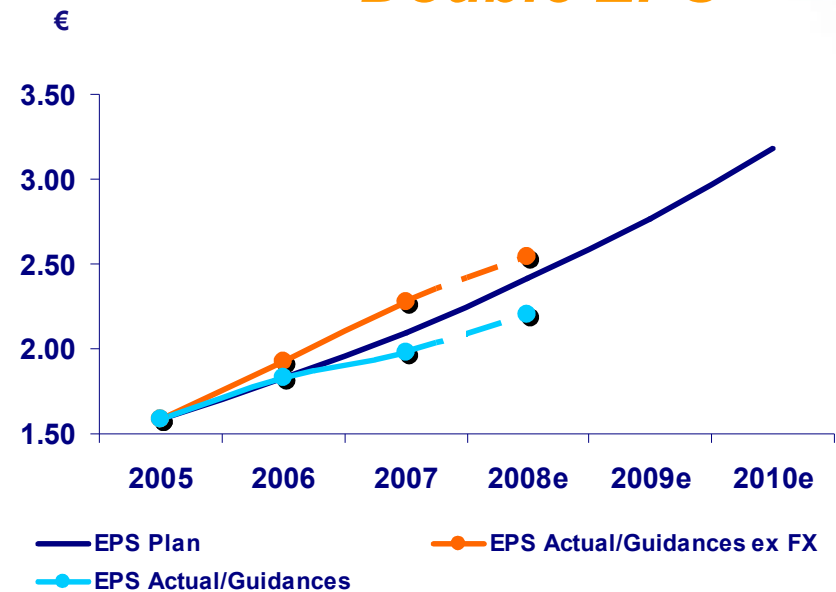
- **2008 Objective:** *Increase non-GAAP operating margin by 80 to 130 bp*
- **Drivers for improvement:**
  - ✚ Continue to improve *ENOVIA profitability* (following MatrixOne acquisition in 2006)
  - ✚ Increase *channel profitability* after 3 years of large investments
  - ✚ No currency impact

# Confirming 2005-2010 Plan

## Double Revenue



## Double EPS



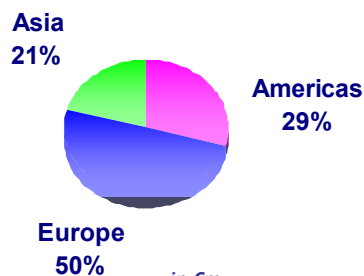
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# Revenue per Region (US GAAP)

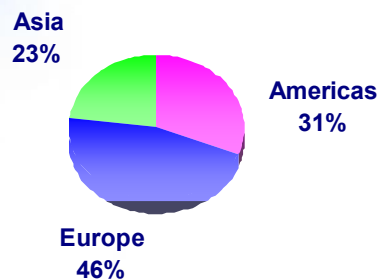
## 4Q 2007 Revenue



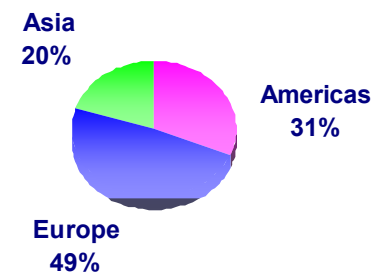
in €m

	4Q07	4Q06	Growth	Growth ex FX	FY07	FY06	Growth	Growth ex FX
Americas	106.0	108.3	-2%	+10%	391.8	356.0	+10%	+20%
Europe	181.4	170.9	+6%	+6%	575.9	541.9	+6%	+6%
Asia	75.7	70.2	+8%	+21%	291.1	259.9	+12%	+24%
<b>Total Revenue</b>	<b>363.1</b>	<b>349.4</b>	<b>+4%</b>	<b>+10%</b>	<b>1,258.8</b>	<b>1,157.8</b>	<b>+9%</b>	<b>+15%</b>

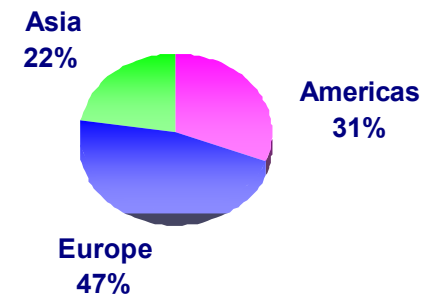
## FY 2007 Revenue



## 4Q 2006 Revenue

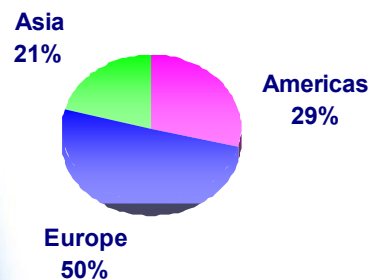


## FY 2006 Revenue



# Revenue per Region (non-GAAP\*)

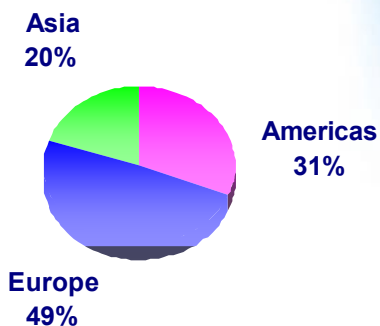
## 4Q 2007 Revenue



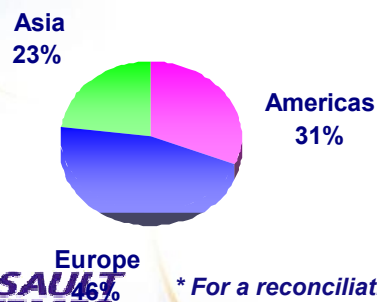
in €m

	4Q07	4Q06	Growth	Growth ex FX	FY07	FY06	Growth	Growth ex FX
Americas	107.8	110.1	-2%	+10%	397.9	366.5	+9%	+19%
Europe	186.2	172.3	+8%	+8%	584.3	548.3	+7%	+7%
Asia	77.1	70.8	+9%	+22%	293.7	262.7	+12%	+24%
<b>Total Revenue</b>	<b>371.1</b>	<b>353.2</b>	<b>+5%</b>	<b>+12%</b>	<b>1,275.9</b>	<b>1,177.5</b>	<b>+8%</b>	<b>+14%</b>

## 4Q 2006 Revenue

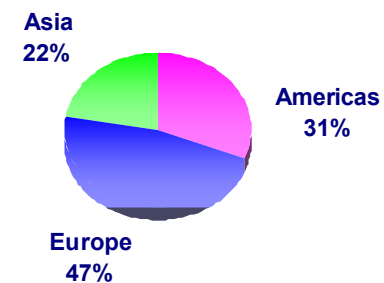


## FY 2007 Revenue



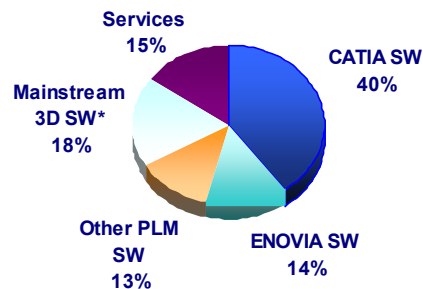
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## FY 2006 Revenue

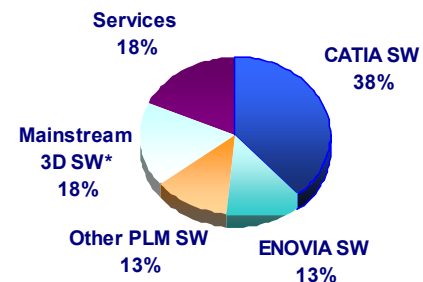


# Revenue per Product Line (US GAAP)

## 4Q 2007 Revenue

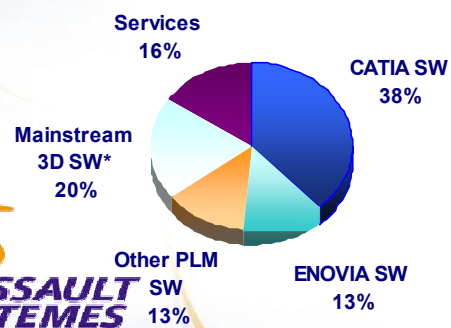


## 4Q 2006 Revenue

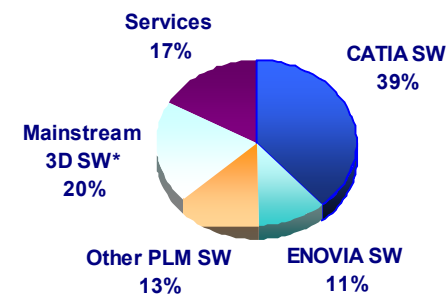


<i>in €m</i>	4Q07	4Q06	Growth	Growth ex FX	FY07	FY06	Growth	Growth ex FX
<b>PLM SW</b>	241.3	225.0	+7%	+14%	811.0	730.5	+11%	+17%
<i>of which CATIA SW</i>	145.2	135.0	+8%	+14%	478.4	447.8	+7%	+12%
<i>of which ENOVIA SW</i>	50.3	44.9	+12%	+8%	166.9	128.2	+30%	+37%
<b>Mainstream 3D SW*</b>	67.0	61.6	+9%	+16%	252.3	232.6	+8%	+15%
<b>Services</b>	54.8	62.8	-13%	-7%	195.5	194.7	+0%	+6%
<b>Total Revenue</b>	363.1	349.4	+4%	+10%	1,258.8	1,157.8	+9%	+15%

## FY 2007 Revenue



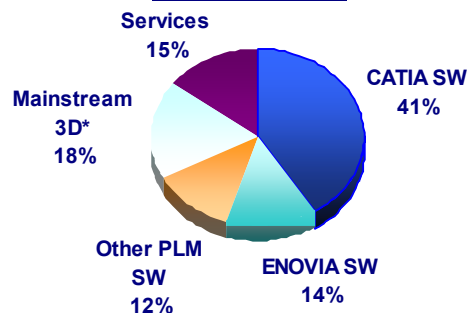
## FY 2006 Revenue



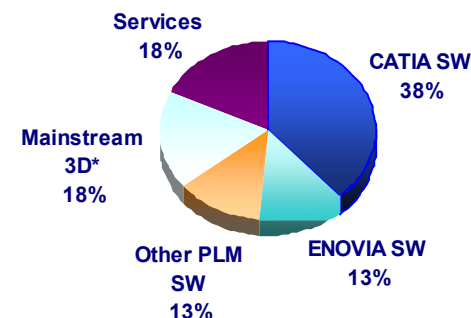
\* Including CosmosWorks

# Revenue per Product Line (non-GAAP\*\*)

4Q 2007 Revenue

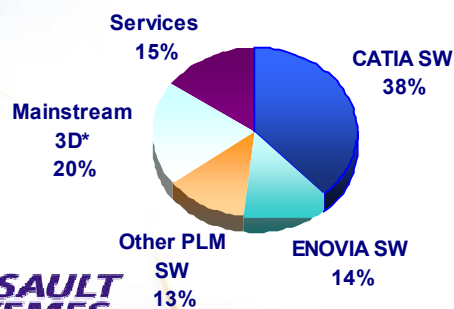


4Q 2006 Revenue

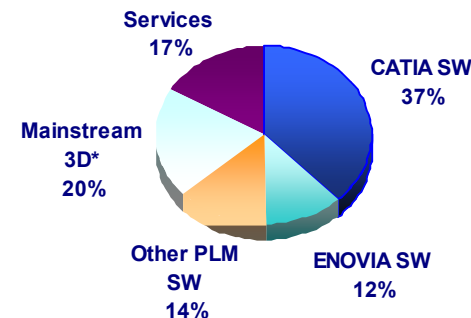


in €m	4Q07	4Q06	Growth	Growth ex FX	FY07	FY06	Growth	Growth ex FX
<b>PLM SW</b>	249.3	226.7	+10%	+17%	825.4	746.6	+11%	+16%
<i>of which CATIA SW</i>	152.6	135.0	+13%	+20%	486.9	447.9	+9%	+14%
<i>of which ENOVIA SW</i>	50.9	46.7	+9%	+16%	172.8	137.5	+26%	+32%
<b>Mainstream 3D SW*</b>	67.0	63.7	+5%	+12%	255.0	236.2	+8%	+14%
<b>Services</b>	54.8	62.8	-13%	-7%	195.5	194.7	+0%	+6%
<b>Total Revenue</b>	371.1	353.2	+5%	+12%	1,275.9	1,177.5	+8%	+14%

FY 2007 Revenue



FY 2006 Revenue

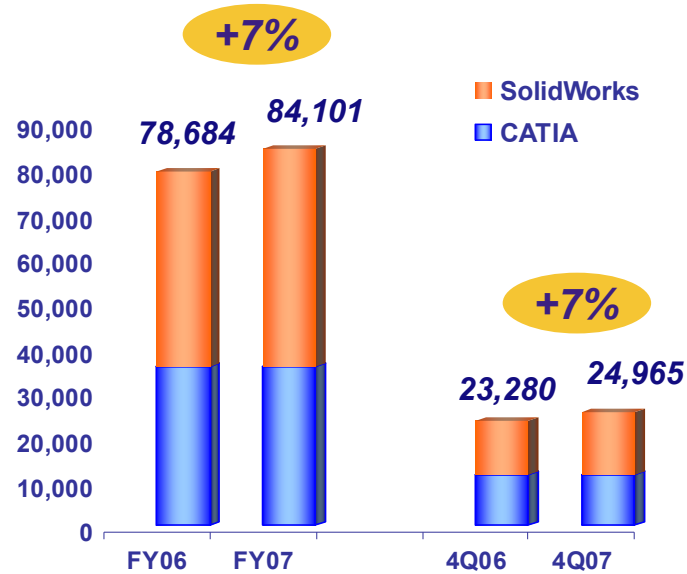


\* Including CosmosWorks

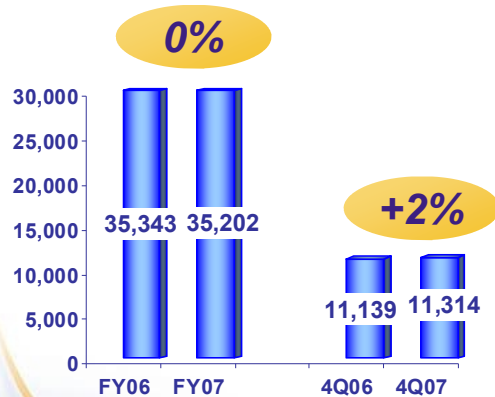
\*\* For a reconciliation to US GAAP financial information, please refer to the tables in the Appendix.

# Units Evolution

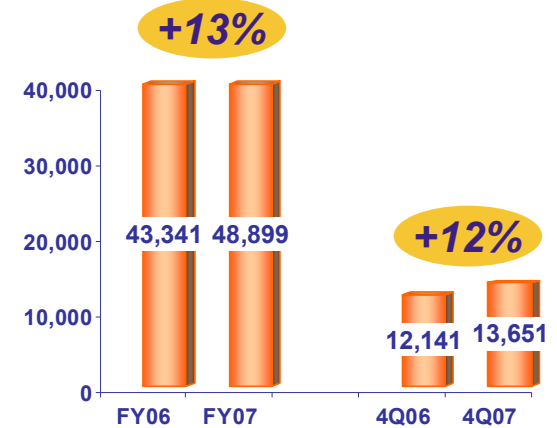
## CATIA + SolidWorks Units



## CATIA Units

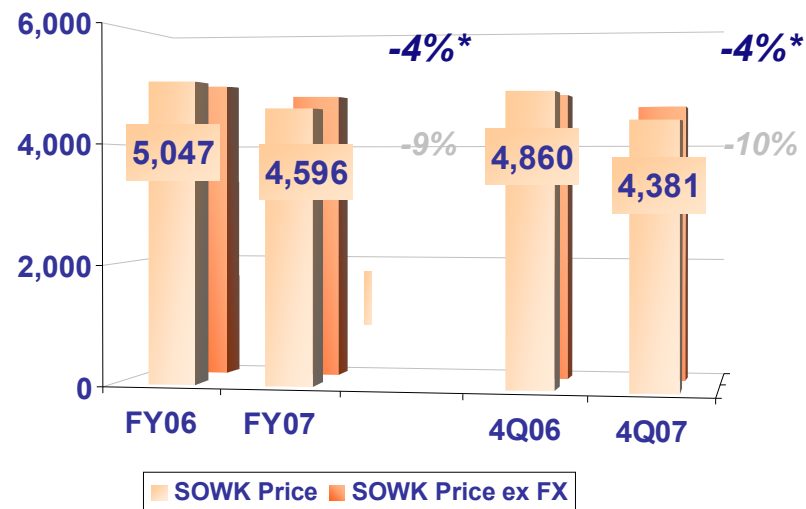


## SolidWorks Units



# SolidWorks' Average Seat Price Evolution

## SolidWorks ASP (€)



*Assuming a 45% average VAR margin*



# Non-GAAP Key Figures

	Three months ended				Twelve months ended			
	December 31, 2007	December 31, 2006	Variation	Variation in cc*	December 31, 2007	December 31, 2006	Variation	Variation in cc*
<b>Non-GAAP Revenue</b>	€ 371.1	€ 353.2	5%	12%	€ 1,275.9	€ 1,177.5	8%	14%
<b>Non-GAAP Revenue breakdown by activity</b>								
Software Revenue	316.3	290.4	9%	16%	1,080.4	982.8	10%	16%
Services and other Revenue	54.8	62.8	-13%	-7%	195.5	194.7	0%	6%
<b>Non-GAAP Software Revenue breakdown by segment</b>								
PLM SW revenue	249.3	226.7	10%	17%	825.4	746.6	11%	16%
<i>of which CATIA SW</i>	152.6	135.0	13%	20%	486.9	447.9	9%	14%
<i>of which ENOVIA SW</i>	50.9	46.7	9%	16%	172.8	137.5	26%	32%
Mainstream 3D SW	67.0	63.7	5%	12%	255.0	236.2	8%	14%
<b>Non-GAAP Revenue breakdown by geography</b>								
Americas	107.8	110.1	-2%	10%	397.9	366.5	9%	19%
Europe	186.2	172.3	8%	8%	584.3	548.3	7%	7%
Asia	77.1	70.8	9%	22%	293.7	262.7	12%	24%
<b>Non-GAAP Operating Income</b>	€ 129.4	€ 121.1	7%		€ 334.5	€ 316.2	6%	
<b>Non-GAAP Operating Margin</b>	34.9%	34.3%			26.2%	26.9%		
Non-GAAP Net Income	94.2	85.7	10%		237.2	217.5	9%	
<b>Non-GAAP Diluted Net Income Per Share</b>	€ 0.78	€ 0.72	8%		€ 1.98	€ 1.83	8%	
<b>Closing headcount</b>					7,459	6,84	9%	
Average Rate USD per Euro	1.45	1.29	12%		1.37	1.26	9%	
Average Rate JPY per Euro	164.3	151.9	8%		161.4	146.1	10%	

\* In constant currencies.

# US GAAP P&L

	Three Months ended Dec.			Twelve Months ended Dec.		
	2007	2006		2007	2006	
<i>(in millions of €, except per share data)</i>						
Software revenue	308.3	286.6	7.6%	1063.3	963.1	10.4%
New licenses revenue	132.7	134.4	-1.3%	417.5	432.3	-3.4%
Periodic licenses, maintenance and product development revenue	175.6	152.2	15.4%	645.8	530.8	21.7%
Service and other revenue	54.8	62.8	-12.7%	195.5	194.7	0.4%
<b>Total revenue</b>	<b>363.1</b>	<b>349.4</b>	<b>3.9%</b>	<b>1258.8</b>	<b>1157.8</b>	<b>8.7%</b>
Cost of Software revenue	11.2	13.4	-16.4%	53.0	49.6	6.9%
Cost of Service and other revenue	39.2	39.3	-0.3%	156.3	143.7	8.8%
Research and development	74.6	75.1	-0.7%	302.9	299.9	1.0%
Marketing and sales	95.1	84.3	12.8%	350.0	296.0	18.2%
General and administrative	26.7	24.4	9.4%	97.1	83.7	16.0%
Amortization of acquired intangibles	11.4	8.6	32.6%	46.8	39.0	20.0%
<b>Total operating expenses</b>	<b>258.2</b>	<b>245.1</b>	<b>5.3%</b>	<b>1006.1</b>	<b>911.9</b>	<b>10.3%</b>
<b>Operating income</b>	<b>104.9</b>	<b>104.3</b>	<b>0.6%</b>	<b>252.7</b>	<b>245.9</b>	<b>2.8%</b>
Financial revenue and other, net	-0.7	4.3	n/a	7.3	4.6	58.7%
<b>Income before income taxes</b>	<b>104.2</b>	<b>108.6</b>	<b>-4.1%</b>	<b>260.0</b>	<b>250.5</b>	<b>3.8%</b>
Income tax expense	-27.5	-31.6	n/a	-81.2	-70.8	n/a
Minority Interest	-0.1	1.2	n/a	-0.3	0.1	n/a
<b>Net income</b>	<b><u>76.6</u></b>	<b><u>78.2</u></b>	<b><u>-2.0%</u></b>	<b><u>178.5</u></b>	<b><u>179.8</u></b>	<b><u>-0.7%</u></b>
<b>Diluted net income per share (EPS)</b>	<b><u>0.64</u></b>	<b><u>0.66</u></b>	<b><u>-3.0%</u></b>	<b><u>1.49</u></b>	<b><u>1.51</u></b>	<b><u>-1.3%</u></b>
Average shares (Million)	<u>120.6</u>	<u>119.0</u>		<u>119.6</u>	<u>119.1</u>	

# US GAAP P&L (%)

(in %)	Three Months ended Dec.		Twelve Months ended Dec.	
	2007	2006	2007	2006
	<u>% of revenue</u>		<u>% of revenue</u>	
Software revenue	84.9%	82.0%	84.5%	83.2%
New licenses revenue	36.5%	38.5%	33.2%	37.3%
Periodic licenses, maintenance and product development revenue	48.4%	43.6%	51.3%	45.8%
Service and other revenue	15.1%	18.0%	15.5%	16.8%
<b>Total revenue</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Cost of Software revenue	3.1%	3.8%	4.2%	4.3%
Cost of Service and other revenue	10.8%	11.2%	12.4%	12.4%
Research and development	20.5%	21.5%	24.1%	25.9%
Marketing and sales	26.2%	24.1%	27.8%	25.6%
General and administrative	7.4%	7.0%	7.7%	7.2%
Amortization of acquired intangibles	3.1%	2.5%	3.7%	3.4%
<b>Total operating expenses</b>	<b>71.1%</b>	<b>70.1%</b>	<b>79.9%</b>	<b>78.8%</b>
<b>Operating income</b>	<b>28.9%</b>	<b>29.9%</b>	<b>20.1%</b>	<b>21.2%</b>
Financial revenue and other, net	-0.2%	1.2%	0.6%	0.4%
<b>Income before income taxes</b>	<b>28.7%</b>	<b>31.1%</b>	<b>20.7%</b>	<b>21.6%</b>
<b>Income tax rate (% of IBIT)</b>	<b>26.4%</b>	<b>29.1%</b>	<b>31.2%</b>	<b>28.3%</b>
Minority Interest	0.0%	0.3%	0.0%	0.0%
<b>Net income</b>	<b>21.1%</b>	<b>22.4%</b>	<b>14.2%</b>	<b>15.5%</b>

# Non-GAAP P&L

(in millions of €, except per share data)	Three Months ended Dec.			Twelve Months ended Dec.		
	2007	2006		2007	2006	
Software revenue	316.3	290.4	8.9%	1080.4	982.8	9.9%
New licenses revenue	138.7	134.4	3.2%	423.5	432.3	-2.0%
Periodic licenses, maintenance and product development revenue	177.6	156.0	13.8%	656.9	550.5	19.3%
Service and other revenue	54.8	62.8	-12.7%	195.5	194.7	0.4%
<b>Total revenue</b>	<b>371.1</b>	<b>353.2</b>	<b>5.1%</b>	<b>1275.9</b>	<b>1177.5</b>	<b>8.4%</b>
Cost of Software revenue	11.2	13.4	-16.4%	53.0	49.6	6.9%
Cost of Service and other revenue	39.0	39.1	-0.3%	155.6	143.3	8.6%
Research and development	71.7	72.6	-1.2%	292.6	293.1	-0.2%
Marketing and sales	94.0	83.4	12.7%	346.3	293.5	18.0%
General and administrative	25.8	23.6	9.3%	93.9	81.8	14.8%
<b>Total operating expenses</b>	<b>241.7</b>	<b>232.1</b>	<b>4.1%</b>	<b>941.4</b>	<b>861.3</b>	<b>9.3%</b>
<b>Operating income</b>	<b>129.4</b>	<b>121.1</b>	<b>6.9%</b>	<b>334.5</b>	<b>316.2</b>	<b>5.8%</b>
Financial revenue and other, net	-0.7	4.3	n/a	7.3	4.6	58.7%
<b>Income before income taxes</b>	<b>128.7</b>	<b>125.4</b>	<b>2.6%</b>	<b>341.8</b>	<b>320.8</b>	<b>6.5%</b>
Income tax expense	-34.4	-40.9	n/a	-104.3	-103.4	n/a
Minority Interest	-0.1	1.2	n/a	-0.3	0.1	n/a
<b>Net income</b>	<b><u>94.2</u></b>	<b><u>85.7</u></b>	<b><u>9.9%</u></b>	<b><u>237.2</u></b>	<b><u>217.5</u></b>	<b><u>9.1%</u></b>
<b>Diluted net income per share (EPS)</b>	<b><u>0.78</u></b>	<b><u>0.72</u></b>	<b><u>8.3%</u></b>	<b><u>1.98</u></b>	<b><u>1.83</u></b>	<b><u>8.2%</u></b>
Average shares (Million)	<u>120.6</u>	<u>119.0</u>		<u>119.6</u>	<u>119.1</u>	



# Non-GAAP P&L (%)

<i>(in %)</i>	Three Months ended Dec.		Twelve Months ended Dec.	
	2007	2006	2007	2006
	<u>% of revenue</u>		<u>% of revenue</u>	
Software revenue	85.2%	82.2%	84.7%	83.5%
New licenses revenue	37.4%	38.1%	33.2%	36.7%
Periodic licenses, maintenance and product development revenue	47.9%	44.2%	51.5%	46.8%
Service and other revenue	14.8%	17.8%	15.3%	16.5%
<b>Total revenue</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Cost of Software revenue	3.0%	3.8%	4.2%	4.2%
Cost of Service and other revenue	10.5%	11.1%	12.2%	12.2%
Research and development	19.3%	20.6%	22.9%	24.9%
Marketing and sales	25.3%	23.6%	27.1%	24.9%
General and administrative	7.0%	6.7%	7.4%	6.9%
<b>Total operating expenses</b>	<b>65.1%</b>	<b>65.7%</b>	<b>73.8%</b>	<b>73.1%</b>
<b>Operating income</b>	<b>34.9%</b>	<b>34.3%</b>	<b>26.2%</b>	<b>26.9%</b>
Financial revenue and other, net	-0.2%	1.2%	0.6%	0.4%
<b>Income before income taxes</b>	<b>34.7%</b>	<b>35.5%</b>	<b>26.8%</b>	<b>27.2%</b>
<b>Income tax rate (% of IBIT)</b>	<b>26.7%</b>	<b>32.6%</b>	<b>30.5%</b>	<b>32.2%</b>
Minority Interest	0.0%	0.3%	0.0%	0.0%
<b>Net income</b>	<b><u>25.4%</u></b>	<b><u>24.3%</u></b>	<b><u>18.6%</u></b>	<b><u>18.5%</u></b>

# 4Q07 US GAAP – non-GAAP reconciliation

## Revenue and Gross margin

(€ million, except % and per share data)	Three months ended December 31,						Increase (Decrease)	
	2007 GAAP	Adjustment (1)	2007 non-GAAP	2006 GAAP	Adjustment (1)	2006 non-GAAP	GAAP	non-GAAP (2)
<b>TOTAL REVENUE</b>	<b>363.1</b>	<b>8.0</b>	<b>371.1</b>	<b>349.4</b>	<b>3.8</b>	<b>353.2</b>	<b>+3.9%</b>	<b>+5.1%</b>
<b>Total Revenue breakdown by activity</b>								
Software revenue	308.3	8.0	316.3	286.6	3.8	290.4	+7.6%	+8.9%
<i>of which Recurring Software revenue</i>	168.8	2.0	170.8	142.2	3.8	146.0		
<i>Recurring portion of Software revenue</i>	55%		54%	50%		50%		
Service and other revenue	54.8			62.8			(12.7%)	
<b>Total Revenue breakdown by segment</b>								
PLM SW revenue	241.3	8.0	249.3	225.0	1.7	226.7	+7%	+10%
<i>of which CATIA SW revenue</i>	145.2	7.4	152.6	135.0			+8%	+13%
<i>of which ENOVIA SW revenue</i>	50.3	0.6	50.9	44.9	1.8	46.7	+12%	+9%
Mainstream 3D SW revenue	67.0			61.6	2.1	63.7	+9%	+5%
Service and other revenue	54.8			62.8			(13%)	
<b>Total Revenue breakdown by geography</b>								
Americas revenue	106.0	1.8	107.8	108.3	1.8	110.1	(2%)	(2%)
Europe revenue	181.4	4.8	186.2	170.9	1.4	172.3	+6%	+8%
Asia revenue	75.7	1.4	77.1	70.2	0.6	70.8	+8%	+9%
<b>Gross Margin</b>								
Cost of Software revenue	11.2		11.2	13.4		13.4	(16.4%)	(16.4%)
Software Gross margin*	96.4%		96.5%	95.3%		95.4%		
Cost of Service and other revenue	39.2	(0.2)	39.0	39.3	(0.2)	39.1	(0.3%)	(0.3%)
Service Gross margin	28.5%		28.8%	37.4%		37.7%		



(1) In the reconciliation schedule above, (i) all non-GAAP adjustments to GAAP revenue data reflect the exclusion of the deferred revenue adjustment; (ii) non-GAAP adjustments to GAAP operating expenses data reflect the exclusion of stock-based compensation expenses and of the amortization of acquired intangibles; and (iii) all non-GAAP adjustments to GAAP income data reflect the combined effect of these non-GAAP adjustments plus, with respect to net income and diluted net income per share, the exclusion of one-time tax restructuring effects.

(2) The non-GAAP percentage increase (decrease) compares non-GAAP measures for the two different periods. In the event there is a non-GAAP adjustment to the relevant measure for only one of the periods under comparison, the non-GAAP increase (decrease) compares the non-GAAP measure to the relevant GAAP measure.

\* No amortization of acquired intangibles is included in Software Gross margin calculation

# 4Q07 US GAAP – non-GAAP reconciliation

## Expenses and Earnings

(€ million, except % and per share data)	Three months ended December 31,						Increase (Decrease)	
	2007 GAAP	Adjustment (1)	2007 non-GAAP	2006 GAAP	Adjustment (1)	2006 non-GAAP	GAAP	non-GAAP (2)
<b>Total Operating Expenses</b>	<b>258.2</b>	<b>(16.5)</b>	<b>241.7</b>	<b>245.1</b>	<b>(13.0)</b>	<b>232.1</b>	<b>+5.3%</b>	<b>+4.1%</b>
Stock-based compensation expense	5.1	(5.1)	-	4.4	(4.4)	-	n/a	n/a
Amortization of acquired intangibles	11.4	(11.4)	-	8.6	(8.6)	-	n/a	n/a
<b>Operating Income</b>	<b>104.9</b>	<b>24.5</b>	<b>129.4</b>	<b>104.3</b>	<b>16.8</b>	<b>121.1</b>	<b>+0.6%</b>	<b>+6.9%</b>
<b>Operating Margin</b>	<b>28.9%</b>		<b>34.9%</b>	<b>29.9%</b>		<b>34.3%</b>		
Income before income taxes	104.2	24.5	128.7	108.6	16.8	125.4	(4.1%)	+2.6%
<b>Income tax expense</b>	<b>(27.5)</b>	<b>(6.9)</b>	<b>(34.4)</b>	<b>(31.6)</b>	<b>(9.3)</b>	<b>(40.9)</b>	<b>n/a</b>	<b>n/a</b>
Income tax effect of adjustments above	6.9	(6.9)	-	4.6	(4.6)	-	n/a	n/a
One-time tax restructuring effects	-			4.7	(4.7)	-	n/a	
Minority Interest	(0.1)			1.2			n/a	
<b>Net Income</b>	<b>76.6</b>	<b>17.6</b>	<b>94.2</b>	<b>78.2</b>	<b>7.5</b>	<b>85.7</b>	<b>(2.0%)</b>	<b>+9.9%</b>
<b>Diluted net income per share, in € (3)</b>	<b>0.64</b>	<b>0.14</b>	<b>0.78</b>	<b>0.66</b>	<b>0.06</b>	<b>0.72</b>	<b>(3.0%)</b>	<b>+8.3%</b>

(€ million)	Three months ended December 31,					
	2007 GAAP	Adjust.	2007 non-GAAP	2006 GAAP	Adjust.	2006 non-GAAP
Cost of Service and other revenue	39.2	(0.2)	39.0	39.3	(0.2)	39.1
Research and development	74.6	(2.9)	71.7	75.1	(2.5)	72.6
Marketing and sales	95.1	(1.1)	94.0	84.3	(0.9)	83.4
General and administrative	26.7	(0.9)	25.8	24.4	(0.8)	23.6
<b>Total stock-based compensation expense</b>		<b>(5.1)</b>			<b>(4.4)</b>	

- (1) In the reconciliation schedule above, (i) all non-GAAP adjustments to GAAP revenue data reflect the exclusion of the deferred revenue adjustment; (ii) non-GAAP adjustments to GAAP operating expenses data reflect the exclusion of stock-based compensation expenses and of the amortization of acquired intangibles, as indicated; and (iii) all non-GAAP adjustments to GAAP income data reflect the combined effect of these non-GAAP adjustments plus, with respect to net income and diluted net income per share, the exclusion of one-time tax restructuring effects.
- (2) The non-GAAP percentage increase (decrease) compares non-GAAP measures for the two different periods. In the event there is a non-GAAP adjustment to the relevant measure for only one of the periods under comparison, the non-GAAP increase (decrease) compares the non-GAAP measure to the relevant GAAP measure.
- (3) Based on a weighted average of 120.6 million diluted shares for 4Q07 and 119.0 million diluted shares for 4Q06.

# FY07 US GAAP – non-GAAP reconciliation

## Revenue and Gross margin

(€ million, except % and per share data)	Twelve months ended December 31,						Increase (Decrease)	
	2007 GAAP	Adjustment (1)	2007 non-GAAP	2006 GAAP	Adjustment (1)	2006 non-GAAP	GAAP	non-GAAP (2)
<b>TOTAL REVENUE</b>	<b>1258.8</b>	<b>17.1</b>	<b>1275.9</b>	<b>1157.8</b>	<b>19.7</b>	<b>1177.5</b>	<b>+8.7%</b>	<b>+8.4%</b>
<b>Total Revenue breakdown by activity</b>								
Software revenue	1063.3	17.1	1080.4	963.1	19.7	982.8	+10.4%	+9.9%
<i>of which Recurring Software revenue</i>	634.8	11.1	645.9	512.1	19.7	531.8		
<i>Recurring portion of Software revenue</i>	60%		60%	53%		54%		
Service and other revenue	195.5			194.7			+0.4%	
<b>Total Revenue breakdown by segment</b>								
PLM SW revenue	811.0	14.4	825.4	730.5	16.1	746.6	+11%	+11%
<i>of which CATIA SW revenue</i>	478.4	8.5	486.9	447.8	0.1	447.9	+7%	+9%
<i>of which ENOVIA SW revenue</i>	166.9	5.9	172.8	128.2	9.3	137.5	+30%	+26%
Mainstream 3D SW revenue	252.3	2.7	255.0	232.6	3.6	236.2	+8%	+8%
Service and other revenue	195.5			194.7			+0%	
<b>Total Revenue breakdown by geography</b>								
Americas revenue	391.8	6.1	397.9	356.0	10.5	366.5	+10%	+9%
Europe revenue	575.9	8.4	584.3	541.9	6.4	548.3	+6%	+7%
Asia revenue	291.1	2.6	293.7	259.9	2.8	262.7	+12%	+12%
<b>Gross Margin</b>								
Cost of Software revenue	53.0		53.0	49.6		49.6	+6.9%	+6.9%
Software Gross margin*	95.0%		95.1%	94.8%		95.0%		
Cost of Service and other revenue	156.3	(0.7)	155.6	143.7	(0.4)	143.3	+8.8%	+8.6%
Service Gross margin	20.1%		20.4%	26.2%		26.4%		



(1) In the reconciliation schedule above, (i) all non-GAAP adjustments to GAAP revenue data reflect the exclusion of the deferred revenue adjustment; (ii) non-GAAP adjustments to GAAP operating expenses data reflect the exclusion of stock-based compensation expenses and of the amortization of acquired intangibles; and (iii) all non-GAAP adjustments to GAAP income data reflect the combined effect of these non-GAAP adjustments plus, with respect to net income and diluted net income per share, the exclusion of one-time tax restructuring effects.

(2) The non-GAAP percentage increase (decrease) compares non-GAAP measures for the two different periods. In the event there is a non-GAAP adjustment to the relevant measure for only one of the periods under comparison, the non-GAAP increase (decrease) compares the non-GAAP measure to the relevant GAAP measure.

\* No amortization of acquired intangibles is included in Software Gross margin calculation

# FY07 US GAAP – non-GAAP reconciliation

## Expenses and Earnings

(€ million, except % and per share data)	Twelve months ended December 31,						Increase (Decrease)	
	2007 GAAP	Adjustment (1)	2007 non-GAAP	2006 GAAP	Adjustment (1)	2006 non-GAAP	GAAP	non-GAAP (2)
<b>Total Operating Expenses</b>	<b>1006.1</b>	<b>(64.7)</b>	<b>941.4</b>	<b>911.9</b>	<b>(50.6)</b>	<b>861.3</b>	<b>+10.3%</b>	<b>+9.3%</b>
Stock-based compensation expense	17.9	(17.9)	-	11.6	(11.6)	-	n/a	n/a
Amortization of acquired intangibles	46.8	(46.8)	-	39.0	(39.0)	-	n/a	n/a
<b>Operating Income</b>	<b>252.7</b>	<b>81.8</b>	<b>334.5</b>	<b>245.9</b>	<b>70.3</b>	<b>316.2</b>	<b>+2.8%</b>	<b>+5.8%</b>
<b>Operating Margin</b>	<b>20.1%</b>		<b>26.2%</b>	<b>21.2%</b>		<b>26.9%</b>		
Income before income taxes	260.0	81.8	341.8	250.5	70.3	320.8	+3.8%	+6.5%
<b>Income tax expense</b>	<b>(81.2)</b>	<b>(23.1)</b>	<b>(104.3)</b>	<b>(70.8)</b>	<b>(32.6)</b>	<b>(103.4)</b>	<b>n/a</b>	<b>n/a</b>
Income tax effect of adjustments above	23.1	(23.1)	-	21.1	(21.1)	-	n/a	n/a
One-time tax restructuring effects	-			11.5	(11.5)	-	n/a	
Minority Interest	(0.3)			0.1			n/a	
<b>Net Income</b>	<b>178.5</b>	<b>58.7</b>	<b>237.2</b>	<b>179.8</b>	<b>37.7</b>	<b>217.5</b>	<b>(0.7%)</b>	<b>+9.1%</b>
<b>Diluted net income per share, in € (3)</b>	<b>1.49</b>	<b>0.49</b>	<b>1.98</b>	<b>1.51</b>	<b>0.32</b>	<b>1.83</b>	<b>(1.3%)</b>	<b>+8.2%</b>

(€ million)	Twelve months ended December 31,					
	2007 GAAP	Adjust. (1)	2007 non-GAAP	2006 GAAP	Adjust. (1)	2006 non-GAAP
Cost of Service and other revenue	156.3	(0.7)	155.6	143.7	(0.4)	143.3
Research and development	302.9	(10.3)	292.6	299.9	(6.8)	293.1
Marketing and sales	350.0	(3.7)	346.3	296.0	(2.5)	293.5
General and administrative	97.1	(3.2)	93.9	83.7	(1.9)	81.8
<b>Total stock-based compensation expense</b>		<b>(17.9)</b>			<b>(11.6)</b>	

- (1) In the reconciliation schedule above, (i) all non-GAAP adjustments to GAAP revenue data reflect the exclusion of the deferred revenue adjustment; (ii) non-GAAP adjustments to GAAP operating expenses data reflect the exclusion of stock-based compensation expenses and of the amortization of acquired intangibles, as indicated; and (iii) all non-GAAP adjustments to GAAP income data reflect the combined effect of these non-GAAP adjustments plus, with respect to net income and diluted net income per share, the exclusion of one-time tax restructuring effects.
- (2) The non-GAAP percentage increase (decrease) compares non-GAAP measures for the two different periods. In the event there is a non-GAAP adjustment to the relevant measure for only one of the periods under comparison, the non-GAAP increase (decrease) compares the non-GAAP measure to the relevant GAAP measure.
- (3) Based on a weighted average of 119.6 million diluted shares for FY07 and 119.1 million diluted shares for FY06.



# Balance Sheet Evolution (US GAAP)

CONSOLIDATED BALANCE SHEET					
<i>in €m</i>					
ASSETS	Dec-07	Sep-07	Variation	Dec-06	Variation
			Dec 07 / Sep 07		Dec 07 / Dec 06
Cash and short-term investments	626.6	571.1	55.5	459.2	167.4
Accounts receivable, net	320.0	241.4	78.6	303.6	16.4
Other assets	1,004.5	1,131.8	-127.3	1,093.2	-88.7
<b>Total Assets</b>	<b>1,951.1</b>	<b>1,944.3</b>	<b>6.8</b>	<b>1,856.0</b>	<b>95.1</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Long-term debt	202.9	210.5	-7.6	204.3	-1.4
Other liabilities	552.4	584.1	-31.7	541.7	10.7
Shareholders' equity	1,195.8	1,149.7	46.1	1,110.0	85.8
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,951.1</b>	<b>1,944.3</b>	<b>6.8</b>	<b>1,856.0</b>	<b>95.1</b>

# Consolidated Statement of Cash Flows

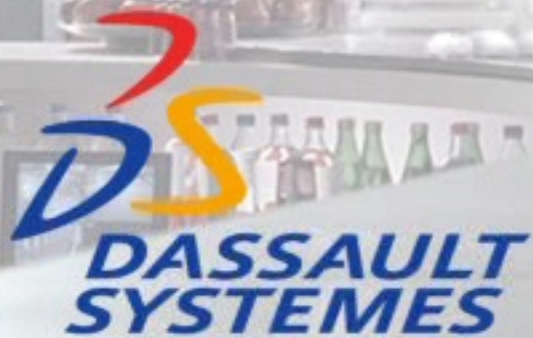
## (US GAAP)

<i>in €m</i>	4Q07	4Q06	delta	FY07	FY06	delta
Net Income	76.6	78.2	-1.6	178.5	179.8	-1.3
Changes in working capital and non-cash P&L items	-5.7	-39.9	+34.2	132.5	83.1	+49.4
<b>NET CASH PROVIDED BY (USED IN) OPERATING (I)</b>	<b>70.9</b>	<b>38.3</b>	<b>+32.6</b>	<b>311.0</b>	<b>262.9</b>	<b>+48.1</b>
Acquisition of assets and equity, net of cash	-15.5	-6.5	-9.0	-105.8	-286.9	+181.1
Sale of assets and equity	0.2	0.0	+0.2	0.3	0.1	+0.2
Loans and others	0.2	0.1	+0.1	-0.3	1.9	-2.2
<b>NET CASH PROVIDED BY (USED IN) INVESTING (II)</b>	<b>-15.1</b>	<b>-6.4</b>	<b>-8.7</b>	<b>-105.8</b>	<b>-284.9</b>	<b>179.1</b>
Borrowing	0.0	0.0	+0.0	0.0	200.0	-200.0
Share repurchase and proceeds from stock option exercise, net	10.1	-19.6	+29.7	48.0	-25.2	+73.2
Reimbursement of lease commitments	0.0	-0.4	+0.4	-0.4	-1.7	+1.3
Dividend	0.0	0.0	+0.0	-50.8	-48.2	-2.6
<b>NET CASH PROVIDED BY (USED IN) FINANCING (III)</b>	<b>10.1</b>	<b>-20.0</b>	<b>+30.1</b>	<b>-3.2</b>	<b>124.9</b>	<b>-128.1</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH &amp; STI (IV)</b>	<b>-10.4</b>	<b>-8.0</b>	<b>-2.4</b>	<b>-34.6</b>	<b>-23.6</b>	<b>-11.0</b>
<b>INCREASE (DECREASE) IN CASH &amp; STI (V) = (I)+(II)+(III)+(IV)</b>	<b>55.5</b>	<b>3.9</b>	<b>51.6</b>	<b>167.4</b>	<b>79.3</b>	<b>+88.1</b>
<b>CASH &amp; STI AT BEGINNING OF PERIOD</b>	<b>571.1</b>	<b>455.3</b>		<b>459.2</b>	<b>379.9</b>	
<b>CASH &amp; STI AT END OF PERIOD</b>	<b>626.6</b>	<b>459.2</b>		<b>626.6</b>	<b>459.2</b>	
<b>CASH &amp; STI VARIATION</b>	<b>55.5</b>	<b>3.9</b>		<b>167.4</b>	<b>79.3</b>	



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