

DASSAULT SYSTEMES
Newsire Conference Call
2011 Third Quarter
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Final

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Senior Executive Vice President and CFO

Thank you for joining me today. Before discussing our quarterly results, let me remind you that most of the financial information I will review is presented on a supplemental, non-IFRS basis and that some of the comments I will make are forward-looking. Please refer to our earnings press release and regulatory documents filed with the AMF for an understanding of our risk factors and the differences between our IFRS and non-IFRS financial information.

Overview

- Dassault Systemes had a very solid third quarter, with revenue, earnings and operating margin coming in above our third quarter objectives. For your information, we came in above consensus analysts' estimates which were as follows: €416 million for revenue, €0.64 for EPS and a 27.5 percent operating margin.
- The 2011 third quarter revenue performance was particularly gratifying, as we surpassed by a nice margin last year's very high revenue comparison base.
- Turning to our profitability there are three key points I would like to emphasize:

1. First, we delivered a very strong level of operating margin expansion, 400 basis points in the September quarter, due to our revenue growth and infrastructure leverage.
 2. Second, thanks to this work on better optimizing our organization we have been able to continue to invest in adding key new resources, with staffing growing 7 percent over the last twelve months.
 3. And third our earnings per share growth at 18.5 percent was very good.
- Our quarter and year-to-date performances demonstrate that we are benefiting from a good customer appetite for our software solutions.
 - More broadly, the value of Version 6 as an integration platform for both large customers and the supply chain is becoming increasingly evident.

Upgrading 2011 Financial Objectives

Turning to our 2011 full year financial objectives we are increasing them for the third quarter over-performance.

- Setting a non-IFRS total revenue growth objective of 12 to 13 percent in constant currencies;
- A non-IFRS earnings per share growth objective of 14 to 16 percent for 2011;
- And a 30 percent non-IFRS operating margin objective for the year, which is well in advance of our plans.

Financial Review

Looking at our results in greater detail by business segment:

- It was a good quarter for both our business segments, first in our PLM businesses accounting for 80 percent of our revenues and for SolidWorks focused on helping companies move to the 3D design world.
- We had a very nice dynamic across our design, simulation, collaboration and virtual manufacturing software brands.

Moving to a regional review:

- Third quarter sales were led by Europe, with total revenue up 15 percent in constant currencies, on healthy growth in all sales channels. In the Americas, we are seeing progress in our SMB channels. And in Asia results tracked largely to expectations and reflected a high base of comparison.
- Our year-to-date geographic results show that revenue growth was evenly balanced across our three regions, with Europe up 18 percent, the Americas higher by 15 percent and Asia by 17 percent in constant currencies.
- And looking specifically at high growth countries, revenues were up 23 percent year-to-date in constant currencies.

Business Review

Turning to a brief business review, it is clear that our software is becoming a core enterprise system for our customers' innovation and business transformations.

- Boeing delivered its first 787 commercial jet to All Nippon Airlines in September. The 787 represents a new generation of aircraft with major technological and business process breakthroughs in design and manufacturing among others.

- Amcor, a global leader in the packaging industry has been able to reduce cycle time by 50 percent, reduce physical prototyping and deliver reduction in plastic content working with our software.
- And in automotive, Volkswagen's Skoda brand is better able to bring new cars onto the global markets quicker, while ensuring top quality and a very attractive price point thanks to our virtual manufacturing software.

With our Version 6 software, and our ENOVIA brand in particular spearheading the effort, we are further moving into the heart of critical business processes for a number of industries.

- In high tech, one of the ways we help them is in demonstrating their regulatory compliancy as we do with Agilent Technologies.
- In construction we are able to help Skanska accelerate its cost forecasting.
- For s.Oliver in apparel, our software helps them manage the growing complexity of their business including the ability to respond rapidly and flexibly to new product trends.
- As we make progress with new verticals we are also doing so in our core verticals. For example, industrial equipment is our second largest industry at Dassault Systemes. Over the last two years our ENOVIA V6 new licenses revenue growth in Industrial Equipment has grown more than 60 percent as our software addresses key business process challenges – around product complexity, around collaboration with worldwide engineering and production centers and to help them as they extend their business model to after-sales services.

Importantly, Version 6 deployments and wins illustrate quite well the value of our Version 6 software as an integration platform.

- At companies recently beginning their deployments of Version 6 including Jaguar Land Rover, Renault and Tesla.
- And in our multi-brands wins we have announced during the year.

Summary

All in all, we have made good progress since the start of the year and have reinforced it during the third quarter. Our financial results have been favorable. We are becoming an enterprise system at the heart of companies most critical business processes driving our growth into new industries and within our core industries. We are expanding our market presence around the world, including in faster growing regions. And our Version 6's value as an integration platform is becoming well understood and is propelling our progress with large companies in different industries and in the supply chains.

I would now be happy to take your questions.