

Fourth Quarter & Full Year 2024 Conference Call 4th February 2025

BEATRIX MARTINEZ, Vice President, Investor Relations

Thank you for joining our Fourth Quarter and Full Year 2024 earnings conference call with Pascal Daloz, Chief Executive Officer, and Rouven Bergmann, Chief Financial Officer.

- Dassault Systèmes' results are prepared in accordance with IFRS.
- The financial figures discussed on this conference call are on a non-IFRS basis, with revenue growth rates on a constant currency basis, unless otherwise noted.
- Some of the comments on this call contain forward-looking statements that could differ materially from actual results. Please refer to today's press release and the Risk Factors section of our 2023 Universal Registration Document.

All earnings materials are available on our website and these prepared remarks will be available shortly after this call.

I would now like to hand over to Pascal Daloz.

PASCAL DALOZ, CHIEF EXECUTIVE OFFICER

Thank you, Beatrix and good morning everyone. Thank you for joining us today. It's a pleasure to be here with you today.

Let me give you the tone I'm really pleased with our performance and the strong commercial momentum this quarter.

We signed major contracts, driven by **3DEXPERIENCE**, which will accelerate future growth.

2024 AT A GLANCE

Now let's start with a few headline figures of our 4Q and FY 2024 results.

We delivered strong Q4 results with software revenue accelerating to 9%.

This top line momentum was driven by a 13% increase in new business and a 22% rise in **3DEXPERIENCE**.

EPS grew by 11%.

Before I hand it over to Rouven for details on our financials and 2025 outlook, I want to touch on 3 important topics:

- First, 2024 has been a year of competitive success, mainly driven by the expansion of **3DEXPERIENCE** across industries, domains and geographies, and redefining our strategic partnerships with many industry leaders.

I'll share some names with you later.

- Second, key to this success is the relevance of **3DEXPERIENCE**, now contributing to nearly 40% of software revenue. By combining deep industry knowledge and know-how, it helps customers enhance their value propositions and empower their teams. This will nurture our future growth and build the foundation for broad cloud adoption.

- And third, today, we are unveiling a major horizon for Dassault Systèmes - one that builds not only on the work over the past three years to define and create game-changing solutions based on the deep and wide adoption of Generative ARTIFICIAL INTELLIGENCE, but also on the positioning of our company. These solutions will enable

our clients across all sectors to take advantage of the Artificial Intelligence at every stage of the lifecycle of the products and services.

Let's start with sector trends and key wins.

In Manufacturing Industries, the automotive sector faces slowing demand, mostly driven by lower EV adoption rates. Automakers, you know this, are under increasing pressure to transform, becoming more innovative and efficient. To achieve this, they really need to develop software-defined vehicles while also becoming more cost-effective, as vehicles are currently too expensive.

This is why they are turning to **3DEXPERIENCE**. Over the past 18 months, we have displaced the competition on many occasions and significantly expanded our footprint while preserving our value at the same time. Let me remind you of the sequence: after Jaguar Land Rover end of 2023, Renault, BMW, Volvo, and Mahindra & Mahindra, I am extremely proud to announce that Volkswagen Group has also chosen to adopt **3DEXPERIENCE**.

Beyond these winbacks, the industry continues to offer substantial growth opportunities: within the supply chain or by expanding deployments with our existing clients.

Meanwhile, the aerospace industry is facing a paradox: order backlogs are at record levels. But supply chain disruptions and production ramp-up challenges make transformation even more critical to collect the cash. Aerospace OEMs rely on **3DEXPERIENCE** to meet demand, accelerate production, optimize cash flow, and streamline supply chains.

The proof of this is that in 2024, we redefined our 20-year partnership with Airbus by expanding into their value network, and expanded in the U.S. defense sector with Lockheed Martin Group, which I will discuss in more detail shortly. Looking ahead, we see significant growth opportunities, particularly in space and defense, with the U.S. being a critical market for expansion.

In consumer-driven industries, PLM adoption is still in its early stages, creating a strong growth dynamic. With Centric PLM, our dedicated brand for this sector, we are uniquely positioned to capitalize on this momentum. Our solution is a perfect fit for their needs, and the addressable market remains extremely vast.

Turning now to Life Sciences, we announced our strategic repositioning in this sector at NEXT, in November. Some of you had the opportunity to attend. This repositioning includes the expansion of the value proposition of Medidata, which is now built on three pillars: "Patient Experience" on the one hand, "Data Experience," and "Study Experience" on the other hand.

It has been well received by our clients notably in the large pharma sector, as evidenced by the renewals and expansions of major contracts achieved in 2024. We leveraged our expanded portfolio with clients such as Bristol-Myers Squibb, Sanofi, AstraZeneca, Moderna, Regeneron, Novotech, and Bayer, which I will elaborate on shortly. Additionally, we signed several "win-backs," displacing competitors.

This repositioning in Life Sciences also includes an expansion into manufacturing and PLM, the integration of Artificial Intelligence across the portfolio, the development of human virtual twins as a way to connect between the physical and virtual worlds, for example combining real drugs with software to enable personalized treatments.

Consequently, we are confident in our ability to return progressively to double-digit growth, driven by our strengthened position in Life Sciences, and ongoing innovation across our portfolio.

In the Infrastructure sector, the energy transition is driving strong demand across renewables and nuclear, fuelling sustained green capital expenditure. In construction, the focus is on enhancing productivity, minimizing material waste, renovating existing

buildings, and reducing CO2 emissions. This segmented industry - from hospitals, to nuclear plants, and data centers - requires deep expertise. We focus on key segments, using **3DEXPERIENCE** and Virtual Twins to integrate knowledge and know-how and enable a more generative approach. In addition, with a single platform, we create value in both sides: the build and the run phases.

In the Infrastructure sector, more than market share, it's the share of value that matters to us. We focus on transformative projects that make a real impact, where we bring a disruptive approach to drive lasting change.

Now, let's explore in detail some of these customer successes.

As I mentioned, Volkswagen Group has selected **3DEXPERIENCE** on the cloud, a decision that encompasses all the Group's well-known brands, including Volkswagen, Audi and Porsche but also (Skoda, Seat, Cupra, Bentley, Lamborghini, Scania; just to name a few.

This is a significant, once-in-20-years decision and I like to remember this. Facing significant strategic challenges, VW has selected us to support its transformation. With close to 40,000 users relying on **3DEXPERIENCE**, we are expanding the scope of our partnership beyond mechanical engineering to systems' engineering and manufacturing, with hundreds of VW Group factories involved. The extension of our scope implies displacing the competition.

With **3DEXPERIENCE**, VW will benefit from faster development cycles, optimized resource allocation, and shorter time-to-market - cutting it in half. Their choice of our cloud solution will also accelerate adoption and lay the foundation for Artificial Intelligence. We are strongly supporting Volkswagen in its radical transformation, moving from traditional car manufacturing to software-driven innovation.

After Volkswagen, let me focus another major win: Lockheed Martin Group. This decision also encompasses all the Group's divisions, including Aircrafts, Space Systems, and Helicopters.

Facing surging defense demand, they must accelerate production. As a long-time partner, they are expanding their commitment by expanding the use of **3DEXPERIENCE** to transform their manufacturing operations. In this case too, we are displacing the competition.

3DEXPERIENCE for manufacturing will streamline production, connect suppliers and shop floors for rigorous quality control, and take it a step further: Lockheed Martin is also becoming a model-based enterprise, with a fully integrated digital thread across the entire product lifecycle - in other words, they are creating the Virtual Twin of the enterprise to drive greater agility.

Moving on to Life Sciences, Bayer reaffirms its 19-year partnership with Medidata as a key strategic partner for clinical research. As part of their growth strategy, they explored other solutions but realized none could meet their high standards.

With this renewal and extension, Bayer is accelerating its clinical trials, both by increasing the volume of studies conducted with us and expanding the use of our portfolio of products to transform their manufacturing. They are also preparing for the future with Rave Lite for early-phase studies and expanding the use of Patient Cloud, making it easier for patients to participate remotely.

This isn't just a contract renewal; it's a clear acknowledgment of the superiority of our Medidata platform.

To conclude with customer wins, BIAD has chosen the **3DEXPERIENCE** platform to transform hospital construction. By leveraging virtual twins and simulations, we enhance

patient care, reduce wait times, and optimize operations. Reusing knowledge has increased productivity by 30% and cut costs by 15%. With our productization approach, BIAD is setting new standards in quality and efficiency. The first hospital's Virtual Twin was completed in just 90 days. Another 19 will follow in Beijing alone, transforming the industry at large. This is how we drive innovation in specialized construction markets.

A final note on the construction market. China accounts for more than 25% of the global construction market. To accelerate our market penetration, we are launching a joint venture for sustainable buildings and cities in China with CSADI, a leading architecture and engineering institute, employing over 5,000 engineers.

They published a complete scientific analysis in Nature showing that combining **3DEXPERIENCE** and Virtual Twins reduces construction time by 25%, costs by 10%, waste by 15%, and improves quality by nearly 20%.

Remember, just one year ago, we announced our 2040 horizon: the Generative Economy. It's the convergence of the Experience Economy – where the product is not enough but you also need the experience - and the Circular Economy. It's about taking inspiration from the living world to generate rather than consume.

For customers, the Generative Economy provides tremendous opportunities when it comes to:

- creating sustainable product & services
- reinventing circular ways of life,
- providing accessible and quality care for all.

The Generative Economy is a Knowledge Economy.

- It's an economy of virtual assets in which intellectual property (IP), will serve as a new currency.
- Tomorrow's industry leaders will be those with the best-developed knowledge and know-how assets.

As a consequence, today, as part of the Generative Economy, we're introducing "3D UNIV+RSES" and related Artificial Intelligence-based services. In fact, 3D UNIV+RSES are a new class of representation of the world.

For the ones who have been following us for a long time, you know Dassault Systèmes' DNA is inventing industry-changing representations of the world. 3D UNIV+RSES are the 7th generation of representations that we introduced over the past 40 years allowing new ways of imagining, creating and producing:

Gen 1: 3D modelling (for digital pre-assembly);

Gen 2: Digital Mock Up for design in context

Gen 3: Product Data Management or how to couple with representation (for collaboration through project and program management in the engineering and manufacturing domains);

Gen 4: Product Lifecycle Management or lifecycle (for product lifecycle traceability and certification);

Gen 5 = Virtual Twin. More than a replica, it is how we replicate the real by elevating it;

Gen 6 = Virtual Twin Experience. Moving "From Things to Life." (making biology an integral part of Virtual Twins).

It's a legacy of rich IP, created with our customers – the largest KNOWLEDGE BASE in our market.

What are 3D UNIV+RSES?

- 3D UNIV+RSES combine modeling, simulation, real-world evidence and Artificial Intelligence-generated content.
- They embed multiple generative Artificial Intelligence technologies at the core of our platform.
- They will allow customers to fully exploit their rich, high quality patrimony of 3D design, Virtual twins and/or PLM data.
- 3D UNIV+RSES offer a unique and secured industry environment for combining and cross-simulating virtual twins and for training multi-Artificial Intelligence engines while protecting customers' IP.

As a consequence, we're introducing new Artificial Intelligence-based services:

- Generative Experiences (i.e. experiences that were not created by humans but with Artificial Intelligence) ;
- Virtual Companions (to upskill Roles and Processes portfolio) ;

And, lastly, intelligent Virtual Twin Experience as a Service (in my view, preparing the future of Professional services).

Let me give you an industry view of 3D UNIV+RSES.

In each of our 3 sectors, we are focusing on new value areas centered around 'End Products' and services - the core value created by our customers for their end users.

With 3D UNIV+RSES, our ambition is to virtualize the entire cycle of life of these end-products. 3D UNIV+RSES make it possible for customers to create the Virtual Twin of everything for everyone.

Virtualizing the cycle of life is possible by connecting virtual and real and connecting virtual twins together.

For instance, for a car, we can connect the virtual twins of its design, engineering, manufacturing and usage at the same time.

A crucial factor: we want 3D UNIV+RSES to make generativity trustable, because 3D UNIV+RSES are science-based spaces for understanding, experimenting and learning.

For example, in the Life Sciences & Healthcare sector:

- With our multi-physics, multi-biology modelers, we provide the virtual twin of the heart of a specific patient.
- By combining MODSIM and Artificial Intelligence, the surgeon can now generate therapeutics scenarios and validate them.
- So the 3D UNIV+RSE become the virtual companion of surgeons, helping them to make the best decisions.

Protecting patient data is just as essential as protecting citizen data. In the Infrastructure & Cities sector:

- Artificial Intelligence-powered 3D UNIV+RSES offer a trusted environment to manage complexity:
 - o aggregate multiple corpuses of data (citizen data, city planning, traffic, flows etc.),
 - o integrate them into a unified model,
 - o and generate life experiences.

With this plasticity, 3D UNIV+RSES become an operating system for cities.

As a consequence, with 3D UNIV+RSES, we are re-positioning Dassault Systèmes as the most trusted IP generation and management company. This is a major strategic move for customers across the three sectors we serve.

Equivalent to what we did in 2012, with **3DEXPERIENCE** in terms of impact.

To summarize,

- 3D UNIV+RSES embed multiple generative Artificial Intelligence technologies at the core of our platform.
- Our multi-Artificial Intelligence platforms provide customers with world-class secured environments to reveal and generate their own knowledge and know-how with rapid deployment.
- Artificial Intelligence is about empowering organizations, consumers, patients and citizens with knowledge and know-how.

With this, we expand our offering:

- In addition to our Industry Solutions, Processes and Roles.
- We introduce new categories of Experience as a Service: Generative Experiences, Virtual Companions, as well as intelligent Virtual Twin Experience as a Service.

And finally, it's all about trust. 3D UNIV+RSES make generativity reliable:

- We are committed to protecting our customers IP.

- Thanks to our 40-year industry legacy and immense customer base, we train our Artificial Intelligence engines on the most meaningful corpuses to create the highest value for customers.

These key points will be regularly addressed in our communications, on a quarterly basis, and will be a focal point of our upcoming CMD in June.

In the meantime, I will now hand it over to Rouven.

ROUVEN BERGMANN, CHIEF FINANCIAL OFFICER

Thank you, Pascal. Good morning to those in the US and good afternoon to everyone.

The quarter is a strong proof point of our resilience and competitiveness translating to 9% growth in software revenue and solid margin expansion of 70bps.

Clearly, this demonstrates trusted customer and partner relationships we have built over decades and many have expanded their commitments with us in 2024.

For the full year 2024, I would like to highlight the operational strength of our business. Thanks to productivity gains and effective resource allocation we achieved healthy EPS growth of 9% and improved cash conversion in a volatile market environment.

4Q24 & YTD24 PERFORMANCE AT A GLANCE

Now let's review the financials for the quarter and full year in more detail.

In Q4, Total revenue grew 7% driven by strong growth in New Business up 13%. Operating margin improved by 70 bps to 36.3% and we delivered EPS at 40 cents, up 11% .

For FY2024, Total Revenue was up 5% with Software Revenue growing at 6% and subscription revenue up 10%. Our subscription growth trends continue to be strong; when excluding Medidata, growth is 20% for the year. This is driving up the share of recurring revenue to now 80% of our software revenue. Operating margin was 31.9% and EPS was EUR 1.28, up 9% Y/Y, driven by productivity improvements. At the same time, we remained focused on innovation. It is how we differentiate and win against competition across all sectors.

Now... with that, let's review our growth drivers.

Growth Drivers

2024 has been a year of competitive success, driven by the expansion of **3DEXPERIENCE** across industries, domains and geographies. In Q4, 40% of the **3DEXPERIENCE** deals were competitive displacements. Industry leaders are adopting **3DEXPERIENCE** as a knowledge platform across the entire enterprise and value network. This is reflected in strong **3DEXPERIENCE** growth, with Software revenue of €376m, up an impressive 22% in Q4. In the quarter, large transactions with a value greater than €5 million contributed >90% to **3DEXPERIENCE** growth.

While Cloud revenue for the Group grew 7% in 2024, mainly due to the lower contribution of Medidata. Ex-Medidata Cloud revenue was up 41% in the year, with **3DEXPERIENCE** cloud up over 50%.

Cloud represented 24% of our FY software revenue.

4Q ACTUAL VS OBJECTIVES

Now, let's review briefly how we performed relative to our objectives for the 4Q24:

Total revenue came in around the mid-point of guidance. Performance was driven by Software Revenue growth.

Operating margin was at 36.3%, 20 basis points below the mid-point of guidance, and EPS at €0.40 was above the mid-point, thanks to the resilience of our business model as expenses were largely in line with revenue growth.

SOFTWARE REVENUE BY REGION

Now, let me turn the focus on our geographies and product lines, starting with GEOs:

Europe showed strong acceleration in Q4, up 14% and 6% for FY, led by France and Southern Europe thanks to large deals closed in Aerospace & Defense and Home & Lifestyle. Also, as you saw this morning in our press release and just heard from Pascal, we signed a strategic agreement with Volkswagen Group, expanding our footprint significantly across the group and into manufacturing ramping up over the next years.

In the Americas, revenue was up 5% in Q4, and 4% for the full year (7% ex-Medidata). Competitive displacements are driving our momentum, most notably in Aerospace & Defense. Lockheed Martin entered an agreement to expand their **3DEXPERIENCE** footprint across new programs and into manufacturing.

In Asia, performance was good in the quarter, up 7%, led by healthy double-digit growth in Japan and India, while China was rather soft in the quarter in parts due to a high baseline effect in 2023. For the FY, Asia demonstrated resilient growth, with software revenue up 9% led by Japan and India as well as good performance in Southeast Asia.

SOFTWARE REVENUE BY PRODUCT LINE

Now let's review our Product Line Performance:

Industrial Innovation Software revenue grew 8% in Q4, driven by strong momentum with **3DEXPERIENCE** wins. Our Industrial customers are looking for Best Practices to redefine Engineering and Manufacturing connecting Virtual and Real. This is driving the exceptional growth in DELMIA of over 30%.

In Life Sciences, we saw the expected improvement of Medidata returning to growth, up 1% in Q4.

As Pascal outlined, 2024 was a year of transformation to re-position Medidata in our Life Sciences Strategy. The strategy is endorsed by our clients. In the fourth quarter, we signed key long-term renewals with several Top 10 Pharma including several win-backs and platform expansions with our most strategic accounts.

All of the above resulted in healthy bookings growth versus last year driven by Large Pharma and Mid-Market, highlighting our competitive strength. On the flip side, we still see a degree of caution in terms of bookings growth from CRO partners. The business dynamic for Large Pharma and Mid-Market is driven by innovation and transformation, while CROs is much more dependent on volumes of study starts.

In total we won more than 200 net new customers with MEDIDATA in 2024 and expanded our market share by over 1 pt. in clinical trials, driven by large share gains in Phase III and II.

Mainstream Innovation continued the strong momentum we saw throughout 2024. What stands out this quarter is the growth acceleration of Solidworks delivering high single digits, while Centric continued the outstanding performance throughout 2024 and delivered a strong finish in Q4 driven by an exceptional number of renewals.

MAINSTREAM OPPORTUNITY

Notable deals for Centric in the quarter included LVMH, Leclerc, H&M and Shopsense.

To fulfil our growth in the years to come, with CENTRIC PLM, we are expanding to:

- new verticals within consumer industries and

- position PLM approach as an end-to-end business platform for consumer industries.

CHANGE IN CASH AND DEBT POSITION

Turning now to cash flow and balance sheet items:

Cash and cash equivalents totalled €3.953 billion at the end of 2024, compared to €3.568 billion at the end of 2023, an increase of €384 million.

At the end of 4Q 2024, our net cash position totalled €1.459 billion, an increase of €881 million, versus a net cash position of €578 million on December 31, 2023, up over 2.5x.

Now, let's look at what is driving our cash position at the end of the fourth quarter:

We generated €1.660 billion Operating Cash Flow for the Full Year, a 6% increase versus FY 2023. This was driven by higher Net Income while year over year changes in Working Capital were flat.

Higher increase in Trade AR reflects strong business activity in Q4 and was partially offset by an increase in Contract Liabilities. Non-operating working capital was favourable mainly thanks to lower tax payments. For further detail, please see our Operating cash flow reconciliation published this morning.

Thanks to the improved Working Capital, Cash conversion from non-IFRS Operating Income was up by 3 points to 84%.

To conclude, Operating Cash Flow this year was used for: cash dividends paid in Q2 of €303 million, the net purchase of treasury shares totalling €374 million, Capex Investments of €189 million for new offices in France, US and India and IT equipment, Repayment of lease liabilities of €80 million and €501 million for the repayment of debt net of proceeds.

1Q25 & FY25 FINANCIAL OBJECTIVES

Now, let's turn to our fiscal year 2025 outlook.

As you saw in this morning's press release, we expect our FY 2025 Total Revenue growth in the range of 6-8%, with Software revenue growth at 6-8%. Subscription revenue growth is expected to be in the range of 13-15% driving new Business growth up in the range of 9-12%. We expect the share of recurring revenue to reach 81% of Software revenue in 2025. Services Revenue growth is expected at 3-6%.

In terms of profitability, we anticipate the FY 2025 Operating Margin in the range of 32.6% to 32.9%, a year over year expansion of 70 to 100 bps ex-FX and EPS up 7-10%. This reflects strong operating leverage thanks to productivity gains we achieved in 2024 that will now come into effect.

We ended 2024 on a strong note demonstrating great resilience in a year that presented new challenges and opportunities.

Let me share the key assumptions to 7% Total Revenue growth in 2025:

First, we expect the momentum of **3DEXPERIENCE** adoption to continue to drive growth in industrial Innovation across key industries such as Aerospace, Defense, Industrial Equipment and High Tech. The Auto sector continues to play a crucial role, however we reflected some caution by reducing the contribution of this sector.

The potential of **3DEXPERIENCE** in 2025 is to expand our footprint in manufacturing and the value network.

In Mainstream Innovation, we see an increasing confidence by our partners to drive the growth in Solidworks with new users and platform expansion. Centric PLM had an exceptional year driven by a large renewal cycle in 2024, now in 2025 we expect the growth to be aligned with our mid-term plan of mid to high teens.

In Life Sciences, we expect mid-single digit growth for Medidata. This considers continued momentum with large pharma and mid-market clients, while we anticipate CROs will continue to face volume pressure in study starts – similar to 2024.

It is important to highlight that our confidence with Large Pharma is driven by the adoption of our newly launched products. With Clinical Data Studio we are revolutionizing data management, applying Artificial Intelligence to reduce timelines, risk and ensure safety. As it relates to Early and late Phase markets, we are now well positioned with Rave Lite to capture incremental growth in this dynamic market. It represents a key pillar to our growth strategy in 2025 and beyond.

Now, for Q1 – let me provide some insights which will help you to model the starting point:

We see a more balanced year between H1 and H2. In Q1 we anticipate total and Software revenue growth in the range of 3-8% at constant currency, reflecting a degree of caution on the timing of deal signature in the current context.

To complete the picture, subscription growth is anticipated in the range of 8-14% and Upfront License revenue between 0-9% growth.

In terms of profitability, we expect the operating margin to be in the range of 31% to 31.1%, and fully diluted EPS at €0.30 – 0.32 or up 3-7% y/y ex-FX.

For additional information, and to review what we've discussed, I'll refer you to today's earnings presentation.

... in conclusion, 2024 confirmed the strong customer relationships evidenced by a number of large breakthrough competitive wins in our core sectors. This reflects the confidence from our clients ready to engage in the long-term. We prepared 2025 with the right investments to open a new ERA and to expand our customer relationships with **3DEXPERIENCE**, while delivering our EPS target in 2025 thanks to productivity advancements.

Thanks again for joining us this call – now Pascal and I look forward to taking your questions.

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FOR MORE INFORMATION

Dassault Systèmes' 3DEXPERIENCE platform, 3D design software, 3D Digital Mock Up and Product Lifecycle Management (PLM) solutions: <http://www.3ds.com>

ABOUT DASSAULT SYSTÈMES

Dassault Systèmes is a catalyst for human progress. Since 1981, the company has pioneered virtual worlds to improve real life for consumers, patients and citizens.

With Dassault Systèmes' 3DEXPERIENCE platform, 350 000 customers of all sizes, in all industries, can collaborate, imagine and create sustain

nable innovations that drive meaningful impact.
For more information, visit: www.3ds.com

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