François-José Bordonado  
Vice President, Investor Relations

Thank you for joining us on our first quarter earnings conference call, with Bernard Charles, Vice Chairman and CEO, and Pascal Daloz, EVP, Chief Operating Officer & CFO.

- Dassault Systèmes’ results are prepared in accordance with IFRS.
- Most of the financial figures on this conference call are presented on a non-IFRS basis, with revenue growth rates in constant currencies unless otherwise noted.
- Some of our comments on this call will contain forward-looking statements that could differ materially from actual results. Please refer to today’s press release and to the Risk Factors section of our 2019 Document d'enregistrement universel (our Regulatory Annual Report).

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

I would now like to introduce Bernard Charles.
Bernard Charles
Vice Chairman and Chief Executive Officer

Thank you. We appreciate your interest and attention during this difficult global juncture and we hope you and your families are keeping safe.

OUR PERSPECTIVES
To begin today, I would like to share our perspectives with you. Pascal will cover in depth our financial performance and framework for the year.

Each quarter I keep coming back to our Purpose, it is at the heart of what drives our passion.

- The Virtual World improves and extends the Real World. We need to place it front and center as businesses, governments and healthcare systems around the globe model the future. The crisis gives clear meaning to what we do, our DNA of sciences, engineering and model-based data analytics. Post the crisis, I believe we will see an acceleration of industry transformation and a deeper appreciation of the power of the virtual twin experience in modeling and simulation and predicting, with design, function, manufacturing, supply chains and last mile services across all sectors. And all this will need to be done within a broader framework of course.

- All our brands are supporting of our efforts in Life Sciences and as I will briefly highlight, our brands are able to be catalysts to help the world better understand the unknown of this novel coronavirus. In addition, we are also accelerating new product introductions at Medidata as you may have seen with our separate announcement this morning.

From an operational framework for 2020, we are maintaining or even strengthening our workforce and investing in our people, both in training and in selective hiring and redirecting the workforce for highest value. Ensuring the success of our Medidata acquisition is of course part of our 2020 framework. Life Sciences is now close to 20% of our software revenue, our second largest industry. We are continuing in R&D to strengthen our industry and domain leadership and closely supporting our customers.
And we are working to accelerate the adoption of our 3DEXPERIENCE portfolio on the cloud with different type of models and the 2021X RELEASE is a major milestone with a native cloud environment.

Finally, we have set a 2020 Financial Framework, with the objective of maintaining a 2020 earnings per share stable with 2019, thanks to three critical factors: recurring software resiliency, a continued strong level of operating profitability and a thoughtful savings plan enabling investing for the future.

**REVEALING THE INVISIBLE AND THE UNKNOWNS**

**IN THE COVID-19 PANDEMIC**

With science at the heart of Dassault Systemes, let me briefly share how our solutions are helping companies reveal the invisible and the unknowns surrounding this pandemic.

- First with BIOVIA to enable the structural modeling of the SARS-CoV-2 S protein in order to help accelerate new drug developments.
- With SIMULIA companies are able to simulate the viral dispersion in ventilation systems of complex installations, including hospitals to prevent contamination. More broadly, a number of companies have newly designed medical products underway to help combat the global pandemic, using SIMULIA as well as CATIA and SOLIDWORKS.
- Medidata’s solution are being used in an estimated 60% of commercial Covid-19 clinical trials underway around the globe.
- Also, due to COVID-19, Medidata accelerated its planned launch of the myMedidata Platform, an advanced, intuitive platform to enable patients to participate in clinical trials for new medicines and vaccines. This first release of myMedidata includes a research-based COVID-19 symptom tracker designed to support research studies and advance scientific understanding of the virus.
- PPD, a leading global CRO, and Medidata announced a multi-year collaboration to accelerate pharmaceutical and medical device trials with next generation data analytics and predictive modeling. The agreement is designed to address some of
the most persistent problems that impede the clinical development process with
the objectives of building solutions to enhance clinical research trial designs,
optimize site and investigator selection, and leverage real-time insights for agile
trial execution.

- **Our 3DEXPERIENCE LAB HAS CREATED AN OPEN COVID-19 COMMUNITY.**
  Designers, engineers and manufacturers can play a critical role in combating the
  COVID-19 pandemic, leveraging collective intelligence to source, qualify, design,
  engineer and manufacture rapid solutions during the pandemic.

- Finally, we are also enlisting our 3DEXPERIENCE EDUCATION Cloud to help
  enable training for the workforce of the future, critically important to advancing the
  talents that will be needed in the coming decades and, as a side note, we will do
  new programs for people who have lost their jobs to have access to our software
  as we did in 2008-9.

### CLIENTS AND CHAMPION USERS ARE REVEALING THE VALUE OF AN INTEGRATED COLLABORATION

Critical to managing through the pandemic and likely disruptions until a vaccine is in place,
businesses can continue with a number of critical functions while working from home thanks
to the 3DEXPERIENCE CLOUD. Clients with on premise licenses have asked for cloud
licenses and we can provide on-premise licenses to work from also. We are providing 24/7
assistance to our customers and our partners.

This month we are making available **3DEXPERIENCE RELEASE 2021X on the Cloud.**
We have spoken to you about the platform as a **system of operation** and as a **business
model with the Marketplace.** **This release is so powerful and complete that the
3DEXPERIENCE platform is going to become our own ‘channel’ connecting to our
partners and customers.** Our sales people can present the complete portfolio with a demo
from their smartphones – the demo is not a demo, but the use of the platform itself.
With the 3DEXPERIENCE platform you have a number of capabilities normally delivered by individual software companies, ENABLING COLLABORATIVE INNOVATION connecting People, Ideas, Projects and Processes.

**THE VIRTUAL WORLD IMPROVES AND EXTENDS THE REAL WORLD**

Now let me move to how we are addressing key industry trends with new approaches likely to accelerate as we move through and exit this health crisis, hopefully sooner than later.

**In Life Sciences:** We are combining Medidata’s clinical testing and data analytics capabilities. They recently announced a partnership with Celsion to create a **Synthetic Control Arm (SCA)** for an important clinical trial in advanced ovarian cancer patients. Based on the potential demonstrated by the SCA in the Phase 1B that was presented to FDA in March of last year, Celsion plans to use the synthetic control arm as part of a breakthrough therapy submission to FDA. Medidata is in a unique position to create fit-for-purpose synthetic controls because of access to a pool of more than six million anonymized patients from nearly 20,000 previous clinical trials over the past years.

**In Infrastructure & Cities** we have long advocated bringing construction forward and applying the knowledge from advanced manufacturing to construction. The Covid-19 crisis revealed the value – time, quality, affordability, sustainability of modular construction. In that regard, we announced that we are working with the Aden Group to collaborate to develop in China Smart and Connected turnkey hospital solutions in the fight against COVID-19.

**I would like to conclude with one final example in Consumer Packaged Goods.** I am sure most of us did not think about finding fresh or frozen foods or household goods at a grocery store, we just expect it these items to be there. But in fact it is indeed quite complex with sudden adjustments to demand as we see during the health crisis. All critical constraints of business can be modeled in the virtual twin experience of the supply chain. The 3DEXPERIENCE platform generates optimized recommendation in term of sourcing
strategies, production planning, transportation costs reduction, while protecting the service levels to customers and consumers. And this provides new agility. Let me turn the call over to Pascal now.
Hello to everyone. We have a lot to cover so let me proceed.

**3DEXPERIENCE PLATFORM – ENABLING SEAMLESS BUSINESS CONTINUITY**

The global health emergency which unfolded during the first quarter underscored the power of the 3DEXPERIENCE platform to run our business from anywhere and to engage digitally with our customers as well as our partners.

Let me share some stats from last week (April 17th): we have 187 sites around the world, of which 139 were closed with employees all working from home. On a regional basis, in the Americas all 56 sites were closed. In Europe, most of our offices except in Germany are closed. And in Asia, offices in Japan, India, AP South were closed. In Korea we have a mix of the 3 statuses. In China our five locations were open.

**FIRST QUARTER FINANCIAL PERFORMANCE OVERVIEW**

Moving to our financial results, first quarter revenue totaled 1.14 billion euros, increasing 17% in constant currencies – we came in about 2.5% below the low end of our guidance range. With the pandemic spreading across Asia and then into Europe while arriving later to the Americas, these two regions saw the strongest impact on new licenses activities and certain industries such as Transportation & Mobility and Industrial Equipment were more affected. This is reflected in our 3DEXPERIENCE software revenue, which was essentially flat year over year, although from a mix perspective stable at 22% of related software revenue.

At the same time, we benefited from Life Science, now our second largest industry, and the resilience of financial model with recurring software revenue coming in at the high end of our 28% to 30% guidance range.
With good cost controls, we also delivered our operating margin and earnings per share near or at the high end of our range accompanied by a strong level of cash flow generation from operations.

**TRENDS BY KEY STRATEGIC SECTORS**

I would like to begin the detailed review with some perspectives on our three key strategic sectors.

- **Manufacturing Industries** represents about 70% of our total software revenue. In Q1 Aerospace & Defense had a solid performance with key add-on business with large clients and deployment roll-outs. We also saw a good performance in Consumer Packaged Goods-Retail. However, in Transportation & Mobility, Automotive had already been under pressure for suppliers commencing in H2 of last year and were joined by OEMs this quarter. Despite this, among our largest transactions in the quarter were in Transportation & Mobility in Asia and in the Americas. DELMIA Quintiq continues to gain traction, with a recent win with Nextlogic for port management in Rotterdam.

- **The Life Sciences & Healthcare sector** now accounts for about 20% of our total software, and here we benefited from software revenue up double-digits. Hyundai Pharm adopted Medidata with an integrated solution with both electronic data capture and electronic Trial Master File – this was an interesting case and is one of the few instances where we face Veeva and this was a win against them.

- **In Infrastructure & Cities**, representing about 10% of our business, we also had double-digit growth from Energy & Materials, on a low comparison base. With current oil prices a number of transactions were postponed.

**COMMENTARY BY REGION**

Moving to a regional review, with the addition of Medidata, the Americas represented 39% of total software revenue, Europe 37% and Asia 24%.

- While we called out in February the health crisis in China, over the course of the first quarter a large part of Asia went into lockdown. Within this environment, overall software grew 7% in Asia with software on an organic basis decreasing 1%.
Licenses revenues decreased just under 20%, while we had uniformly good growth for support revenues. Towards the end of the quarter we saw a pick-up in activity with large accounts in China, especially in Transportation & Mobility and High Tech. Entering Q2 everyone has read that moving about continues to be restricted to varying degrees so we expect Q2 to be a tougher quarter for Asia compared to Q1. Further with other parts of the world under mitigation restrictions, we would expect improvements in business activity in China and elsewhere in Asia to be closely linked with the rest of the world.

- In Europe software revenue increased 2%, with a sharper impact on new licenses activity based on the shutdowns starting in March. On an organic basis the software revenue decrease was 5%.
- In the Americas, the impact from the health crisis came later in the quarter. Overall software revenue increased 46% and on an organic basis increased 4%. With Medidata’s large presence and the mix of sales generally, recurring software revenue is highest in this region, compared to our overall level of 83% in Q1.

One example illustrating a growth driver for us in Asia is Medidata. We are working with a leading CRO in China, R&D, where it has expanded its partnership with Medidata.

**SOFTWARE REVENUE BY TYPE AND PRODUCT LINE**

Moving to our software revenue by type and product line.

In total, our software revenue increased 17%. Life Sciences software revenue was up very substantially with the addition of Medidata, and represented 19% of our total software. Looking at Medidata on a stand-alone basis its software revenue increased 13%, well aligned with the plan, delivering a solid performance in the quarter, passing the 1,500-customer mark and achieving several important competitive displacements, especially against Veeva and Oracle. Mainstream Innovation software revenue increased 2%, and represented 22% of total software. Industrial Innovation software revenue decreased 1%, with ENOVIA decreasing 11% and in contrast, DELMIA benefited from deployments underway.

- The global health crisis led to a significant disruption of new licensing activity, with the related revenue decreasing 20% overall. Overall, Mainstream Innovation saw a
lower impact in Q1 thanks to SOLIDWORKS, with a stronger impact on brands such as Centric PLM in Home & Lifestyle due to the large exposure in the Chinese market and supply chain. In contrast, Industrial Innovation was more affected, given a higher skew to the end of the March quarter for direct sales, and enterprise type decisions such as those involving ENOVIA.

- Our recurring software represented 83% of total software in the first quarter. Recurring software revenue grew 30% in total reflecting a six-fold increase in Life Sciences recurring software with the addition of Medidata. Overall, organic recurring software increased 5%.

**SERVICES REVENUE**
Services revenue in Q1 increased 14% to 121 million euros, reflecting the addition of Medidata. On an organic basis, the growth was 1%, impacted by lower new licenses activity as well as services works that was interrupted due to restrictions – such as manufacturing closures while portion of the services work was able to be done remotely. The services margin reflected lower utilization due to health restrictions on travel.

**OPERATING PROFITABILITY AND MARGIN**
For Q1 our non-IFRS operating profit increased 6% to 336 million euros. Our operating margin of 29.2% came in near the high end of our objective range of 28.5% to 29.5%. In comparison to our guidance, while recent acquisitions such as Centric and IQMS were slightly below our expectations, improved profitability on the core business and to a lesser extent currency and MEDIDATA, helped mitigate the impact of the shutdowns on licenses and services revenue.

**EARNINGS PER SHARE**
EPS increased 9% to 0.95 cents. We came in at the high end of our guidance with a two cents benefit from a lower effective tax rate benefiting from an improved geo mix, and three cents from currency, as well with the lower costs helping to offset in large measure the loss of revenue due to the impact of the global health crisis.
CASH FLOW AND BALANCE SHEET

Our operating cash flow in Q1 was 458 million euros, a strong level overall. In comparison to Q1 2019, it was lower by 6%, with two items - income taxes payable and accrued compensation linked to Medidata having the largest impacts.

Other key items: Contract liabilities were up about 5% in constant currencies and perimeter. And DSOs were stable on a constant perimeter basis.

With respect to our cash dividend, the Board of Directors is proposing an increase of 8% in the annual dividend to 70 cents per share with respect to the fiscal year 2019.

2020 FINANCIAL OBJECTIVES FRAMEWORK

Now, let’s move to our 2020 financial outlook. As I introduced at the beginning of my remarks, how does one approach financial objectives within the context of a global pandemic.

Within this reality, we have set a framework for what is important to us – how do we want to finish 2020?

- So to be very clear, our goal is to achieve a stable non-IFRS earnings per share for 2020 in comparison to 2019.

We are assuming that there will be a significant reduction in global GDP with restrictions on a number of the industries we serve, with the most dramatic impact in Q2, consistent with what most economists are estimating. There may be some timing differentials among geos, but globally we would expect that to be the case. Our planning framework assumes a progressive recovery in Q3 and Q4, based upon the current governmental plans, and also the progress in development of therapeutics for Covid-19 and encouraging information on vaccine development.

- Looking at new licenses revenue, in the first quarter, new licenses software decreased 20% in total – entering the quarter we had estimated a -5% to flat evolution, based upon the 2019 Q1 high comparison base, and specific health
related market softness. Looking forward, we are estimating Q2 new licenses revenue to decrease in the range of -31% to -28% and for H2 to decrease between -14% to -11% at constant currencies.

- With respect to non-IFRS recurring software revenue, overall we would expect it to maintain a solid resiliency, while reflecting lower new licenses activity and some increased attrition, leading to growth of recurring revenue in the range of 26% to 27% in constant currencies for 2020. On a sequential quarterly basis, we would expect a progressive lowering of the organic support revenue growth as we saw in 2009.

- From an operating margin perspective, we are targeting to offset about half of the revenue gap from the health crisis as, together with our other expectations, would enable us to reach a stable EPS. This framework brings us to a non-IFRS operating margin target for planning purposes of about 29.5%. To be clear, we are investing for the future and we do not plan any workforce reductions. These investments include ensuring we retain our sales resources as they would otherwise be more impacted given their compensation structure.

- We are updating our estimated non-IFRS effective tax rate, lowering it to about 25.2% from 26.0% previously, updating it to reflect our geo mix for tax purposes, with a large share from the United States.

- The final point is that we are maintaining our exchange rate assumptions unchanged from Q2 to Q4 with a US$1.15 per €1.00 and JPY125 per €1.00 before hedging.

**UPDATED 2020 FINANCIAL OBJECTIVES FRAMEWORK**

We have provided in the earnings presentation on our website several charts summarizing the changes from our initial guidance prior to the global pandemic.

Now let me summarize what we are targeting, based upon the framework I have shared with you:

1. Our revenue growth range is now 12% to 13% in constant currencies, with the midpoint of our range now 4.525 billion euros from 4.865 billion. For your information, in
Q1 currency had a positive impact of 30 million euros offset by a negative impact from the health crisis of at least 46 million euros at the mid-point of the Q1 revenue range. Adding together the expected Q2 to Q4 impact, brings us to a total estimated reduction in revenue on the order of 370 million euros. Looking at the impact of the health crisis by revenue type:

- New licenses revenue moves from growth of 5 to 10% to a decrease of 17% to 20%, an impact of about 255 million euros.
- For recurring software revenue, we are assuming about 1.5 points of growth reduction, bringing it to 26 to 27% (about a 55 million-euro impact)
- And for services, growth of 5 to 7% from about 19% - an impact of about 60 million euros.

2. Finally, let me share some details of our savings plan, with a target of about 170 million euros. We captured 35 million euros in Q1, this was offset in part by currency headwinds of 20 million euros. For Q2 to Q4 we are estimating savings of 135 million euros coming from improved personnel utilization, redirection of some activities, reducing outside costs and selective hiring; travel and events-related savings, as well as other costs such as third-party or royalties.

3. With respect to our non-IFRS EPS, the mid-point of our objectives frameworks moves to 3.69 euros per share from 4.17 euros. About 58 cents comes off from the disruption to business from the health crisis. On the positive side, Q1 currency uplift of 3 cents, and for the rest of the year an estimated 7 cents benefit from tax and minority interest adjustments.

4. For details with respect to Q2 and the full year please refer to the Q1 earnings press release and presentation in the IR section of our website.

WRAP-UP

Before opening to questions, let me share several key investor relations activities in the coming timeframe:

1. First, we will be participating to a number of virtual roadshows and conferences over the next two months, reaching investors in Europe, North America and Asia. And, of course, there are a number of calls on the calendar as always with the investor
relations team. If you have not been contacted and would like to attend one of the virtual events, please send an email to our investor relations.

2. Second, due to the health crisis, we will be holding our Annual Meeting behind closed doors – the date is May 26th. Within today’s earnings press release we have information for shareholders for connecting to the Live event.

3. Third, with respect to our Capital Markets Day, which we had expected to hold in Paris on June 12th, we have decided to move it to the Fall, targeting November 17th. With the investor relations events on the calendar, I believe we have a high level of communications activities with shareholders and analysts. We hope you understand that the best use of our time at this stage of the pandemic is to manage the business. Looking ahead to the Fall CMD, we will use that occasion to review our long-term objectives.

Bernard and I would now like to answer your questions.

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