

Dassault Systèmes Raises EPS Guidance for 2018

VÉLIZY-VILLACOUBLAY, France — July 25, 2018 — [Dassault Systèmes](http://www.dassault-systemes.com) (Euronext Paris: #13065, DSY.PA), announces IFRS unaudited financial results for the second quarter and first half ended June 30, 2018. These results were reviewed by the Company's Board of Directors on July 24, 2018. The Company has adopted IFRS 15 as from January 1, 2018. This press release includes 2018 second quarter and first half financial results under IFRS 15 as well as under the prior IAS 18 standard and includes a summary explanation of the major differences for the Company. In addition, this press release also includes financial information on a non-IFRS basis (both IFRS 15 and IAS 18) with reconciliations included in the Appendix to this communication.

Second Quarter and First Half 2018 Highlights and Financial Summary (Unaudited, with references to IAS 18 data, revenue in constant currency)

- Organic license and other software revenue up 8% in Q2 and 10% in H1 in constant currencies (IFRS IAS 18)
- Q2 well aligned with Dassault Systèmes' non-IFRS IAS 18 objectives, with software revenue up 9%, operating margin at 30.2%, EPS of €0.72 up 16% or 22% at constant currency
- **3DEXPERIENCE** software revenue up 22% in H1 at constant currency (IAS 18)
- CATIA, SOLIDWORKS, ENOVIA and DELMIA deliver organic double digit license revenue growth in H1 at constant currency (IFRS and non-IFRS IAS 18)
- Cash flow from operations up 9% in H1 to €645 million (IAS 18)
- Completing majority ownership investment in Centric Software
- Confirming and updating 2018 FY IAS 18 non-IFRS revenue objective for acquisitions and currency and upgrading FY EPS to €2.95 to €3.00 per diluted share, growth of 10% to 12% as reported or 15% to 17% at constant currency;

In millions of Euros, except per share data	IFRS under IFRS 15	IFRS under IAS18			IFRS under IFRS 15	IFRS under IAS18		
	Q2 2018	Q2 2018	Change	Change in cc*	YTD 2018	YTD 2018	Change	Change in cc*
Total Revenue	827.8	837.3	4%	8%	1,646.4	1,606.6	3%	9%
Software Revenue	740.1	749.6	4%	9%	1,475.2	1,435.4	3%	10%
Operating Margin	20.4%	21.3%	+0.3pts		21.1%	19.1%	+0.7pts	
EPS	0.50	0.52	8%	14%	1.02	0.91	12%	22%

In millions of Euros, except per share data	Non-IFRS under IFRS 15	Non-IFRS under IAS18			Non-IFRS under IFRS 15	Non-IFRS under IAS18		
	Q2 2018	Q2 2018	Change	Change in cc*	YTD 2018	YTD 2018	Change	Change in cc*
Total Revenue	830.7	840.3	4%	8%	1,651.3	1,611.4	2%	9%
Software Revenue	743.0	752.6	4%	9%	1,480.0	1,440.2	3%	9%
Operating Margin	29.4%	30.2%	+0.1pts		30.4%	28.7%	+0.5pts	
EPS	0.69	0.72	16%	22%	1.41	1.30	13%	23%

*In constant currencies.

Bernard Charlès, Dassault Systèmes' Vice Chairman and Chief Executive Officer commented, "More companies are understanding that the **3DEXPERIENCE** platform is the catalyst and enabler for them to become platform companies. As it is both an operating system to run their business and a business model to transform their business, the **3DEXPERIENCE** platform is a game-changer in added value creation.

During the first half of this year we have commenced new major **3DEXPERIENCE** engagements with global leaders in core and diversification industries. A very good illustration is the twenty-year partnership we entered into with EDF: with the **3DEXPERIENCE** twin of existing and future plants, we can create new nuclear engineering experiences for EDF and digitally transform the nuclear industry as a whole. Indeed, our world leading solutions are used to manage the complexity of two-thirds of the world's nuclear reactors and four-fifths of those under construction.

“Leading engagements with strategic partners contributes to increase our footprint, like our current alliance with Accenture for industry-specific solutions and the partnership we have with Capgemini for EDF.

“We continue to invest in markets that are highly promising both in terms of digital maturity and our own growth potential. We have decided to team up with Centric Software, the market leader driving digital transformation in the fashion, apparel, luxury and retail sectors with its well-tailored, configurable PLM solution. Together, we aim to boost the innovation and speed to market of all businesses that launch their products by collection and seek solutions that respond to today's on-trend and on-demand consumers, representing a multi-billion-dollar total addressable market. As we successfully did with SOLIDWORKS, Centric Software will take the lead in this market segment.”

2018 Second Quarter Financial Summary (Unaudited)

In millions of Euros, except per share data	IFRS under IFRS15	IFRS under IAS18			Non-IFRS under IFRS15	Non-IFRS under IAS18		
		Q2 2018	Change	Change in cc*		Q2 2018	Change	Change in cc*
Q2 2018 Total Revenue	827.8	837.3	4%	8%	830.7	840.3	4%	8%
Q2 2018 Software Revenue	740.1	749.6	4%	9%	743.0	752.6	4%	9%
Q2 2018 Services Revenue	87.7	87.7	0%	4%	87.7	87.7	0%	4%
Q2 2018 Operating Margin	20.4%	21.3%	+0.3pts		29.4%	30.2%	+0.1pts	
Q2 2018 EPS	0.50	0.52	8%	14%	0.69	0.72	16%	22%

Total Software Revenue in millions of Euros	IFRS under IFRS15	IFRS under IAS18			Non-IFRS under IFRS15	Non-IFRS under IAS18		
		Q2 2018	Q2 2017	Change in cc*		Q2 2018	Q2 2017	Change in cc*
Americas	208.1	221.5	224.4	7%	210.0	223.3	225.7	7%
Europe	306.9	314.0	297.4	7%	307.1	314.2	300.0	6%
Asia	225.1	214.2	196.7	14%	225.9	215.1	196.9	14%

*In constant currencies

Second Quarter 2018 versus 2017 Financial Comparisons on an IAS 18 Basis ("IAS 18 IFRS and IAS 18 non-IFRS")

- On an IAS 18 basis, total revenue increased 8% (IFRS and non-IFRS). Second quarter financial results include EXA Corporation, an acquisition completed on November 17, 2017. Excluding acquisitions, IAS 18 non-IFRS total revenue and software revenue increased 6%. (All growth rates are in constant currencies.)
- On an IAS 18 basis and in constant currencies: Software revenue increased 9% (IFRS and non-IFRS). Licenses and other software revenue grew 8% (IFRS and non-IFRS), with double-digit growth for CATIA, SOLIDWORKS, ENOVIA, DELMIA and GEOVIA. Non-IFRS Recurring revenue, comprised of Subscription and Support revenue, increased 9% reflecting double-digit growth in Subscription revenue with the acquisition of EXA, and continued high Support renewal rates.

- On a regional and IAS 18 basis: Asia non-IFRS software revenue increased 14% on strong growth in China, South Asia and India. In Europe non-IFRS software revenue increased 6% led by Southern Europe and Russia. In the Americas, non-IFRS software revenue increased 7%, led by Latin America and well supported by North America. High Growth Countries non-IFRS software revenue increased 25% on broad-based growth. (All growth rates are in constant currencies.)
- On an IAS 18 basis, **3DEXPERIENCE** software revenue was up 18% in the second quarter of 2018 in constant currencies, with the largest transactions recorded in Aerospace & Defense, High Tech, Transportation & Mobility, Energy, Process & Utilities, Marine & Offshore and Consumer Packaged Goods.
- Services revenue increased 4% in constant currencies (IAS 18 IFRS and non-IFRS) with strong growth in **3DEXPERIENCE** services activity.
- IAS 18 IFRS operating income increased 5.2%. IAS 18 non-IFRS operating income totaled €253.6 million, representing an increase of 4.0% as reported and 10% in constant currencies. The IAS 18 non-IFRS operating margin was 30.2%, compared to 30.1% in the year-ago quarter, reflecting underlying organic improvement of 100 basis points, offsetting negative currency effects of 40 basis points and acquisition dilution of about 50 basis points.
- Principally reflecting the U.S. Tax Reform Act of 2017, the Company's IAS 18 IFRS and non-IFRS effective tax rates decreased to 25.6% and 27.8%, respectively, in the 2018 second quarter compared to 33.5% and 34.5%, respectively, in the 2017 second quarter. The second quarter effective tax rates also benefited from reversal of reserves following completion of a tax audit.
- IAS 18 non-IFRS financial revenue totaled €5.0 million, compared to € (0.7) million in the year-ago period on higher net interest income and lower currency exchange losses.
- IAS 18 IFRS diluted net income per share increased 8% or 14% in constant currencies. IAS 18 non-IFRS diluted net income per share totaled €0.72, increasing 16% or 22% at constant currency.

2018 First Half Financial Summary (Unaudited)

In millions of Euros, except per share data	IFRS under IFRS15	IFRS under IAS18			Non-IFRS under IFRS15	Non-IFRS under IAS18		
		YTD 2018	Change	Change in cc*		YTD 2018	Change	Change in cc*
YTD 2018 Total Revenue	1,646.4	1,606.6	3%	9%	1,651.3	1,611.4	2%	9%
YTD 2018 Software Revenue	1,475.2	1,435.4	3%	10%	1,480.0	1,440.2	3%	9%
YTD 2018 Services Revenue	171.2	171.2	-4%	2%	171.2	171.2	-4%	2%
YTD 2018 Operating Margin	21.1%	19.1%	+0.7pts		30.4%	28.7%	+0.5pts	
YTD 2018 EPS	1.02	0.91	12%	22%	1.41	1.30	13%	23%

Total Software Revenue in millions of Euros	IFRS under IFRS15	IFRS under IAS18			Non-IFRS under IFRS15	Non-IFRS under IAS18		
		YTD 2018	YTD 2017	Change in cc*		YTD 2018	YTD 2017	Change in cc*
Americas	417.7	417.2	425.7	9%	420.5	420.0	428.9	9%
Europe	631.9	602.9	578.2	7%	632.4	603.4	584.5	6%
Asia	425.6	415.3	384.9	15%	427.1	416.7	385.5	15%

*In constant currencies

First Half 2018 versus 2017 Financial Comparisons on an IAS 18 Basis ("IAS 18 IFRS and IAS 18 non-IFRS")

- On an IAS 18 basis, total revenue increased 9% (IFRS and non-IFRS). Excluding acquisitions, IAS 18 non-IFRS total revenue and software revenue increased 6% and 7%, respectively. (All growth rates are in constant currencies.)
- On an IAS 18 basis and in constant currencies: Software revenue increased 10% (IFRS) and 9% (non-IFRS). Licenses and other software revenue increased 10% (IFRS and non-IFRS), with double-digit growth for CATIA, SOLIDWORKS, ENOVIA, SIMULIA, DELMIA and GEOVIA. Non-IFRS Recurring revenue, comprised of Subscription and Support revenue, represented 72% of non-IFRS software revenue. Non-IFRS Recurring revenue increased 9% reflecting strong growth in Subscription revenue, including the acquisition of EXA, and continued strong Support renewal rates in all three regions.
- IAS 18 non-IFRS software revenue increased double-digits in constant currencies in Transportation & Mobility, Marine & Offshore, Consumer Packaged Goods-Retail, Architecture, Engineering & Construction and Natural Resources.
- On a regional and IAS 18 basis: Asia non-IFRS software revenue increased 15% with double-digit growth across all countries. In Europe non-IFRS software revenue increased 6% with notable performances in Southern Europe as well as Russia. In the Americas, non-IFRS software revenue increased 9% led by Latin America and a solid contribution from North America. High Growth Countries non-IFRS software revenue increased 21%. (All growth rates are in constant currencies.)
- On an IAS 18 basis, **3DEXPERIENCE** software revenue increased 22% in constant currencies in the first half of 2018.
- IAS 18 IFRS and non-IFRS services revenue increased 2% in constant currencies, with double-digit growth in **3DEXPERIENCE** related services activity, offset by lower services activities for certain smaller brands in the 2018 First Half.
- IAS 18 IFRS operating income increased 6.5%. IAS 18 non-IFRS operating income totaled €462.0 million, representing an increase of 3.9% as reported and 13% in constant currencies. The IAS 18 non-IFRS operating margin was 28.7% for the 2018 First Half, compared to 28.2% in the year-ago period, reflecting underlying organic improvement of 160 basis points, offset in part by negative currency effects of 70 basis points and acquisition dilution estimated at 40 basis points.
- The Company's IAS 18 IFRS and non-IFRS effective tax rates decreased from 32.8% to 25.3% and from 33.3% to 28.3%, respectively, principally reflecting the U.S. Tax Reform Act of 2017.
- 2018 First Half IAS 18 non-IFRS financial revenue was €10.3 million, compared to € (0.2) million in the 2017 First Half on higher financial net income and lower foreign currency exchange losses.

- IAS 18 IFRS diluted net income per share increased 12% or 22% at constant currency. IAS 18 non-IFRS diluted net income per share totaled €1.30, representing increases of 13.0% as reported and 23% at constant currency.

Business Outlook

(Discussion on an IAS 18, non-IFRS basis, with revenue growth rates in constant currencies)

Pascal Daloz, Dassault Systèmes' Executive Vice President, CFO and Corporate Strategy Officer, commented, *“Building on the strong start to 2018 in the first quarter, our second quarter financial results were aligned well with our objectives, bringing us to a solid first half performance, with software revenue up 9%, 160 basis points of underlying organic operating margin improvement absorbing both currency headwinds and acquisition dilution, and earnings per share up 13% as reported and 23% at constant currency. Cash flow from operations was also strong, increasing 9% in the first half to €645 million.*

*“Looking to the full year outlook, we are now targeting IAS 18 non-IFRS total revenue growth of about 9% to 10% in constant currencies, confirming acceleration in **3DEXPERIENCE** activity as our first half results demonstrated, and healthy software growth for **SOLIDWORKS** for the year in total while anticipating a high base of comparison in the third quarter. We are then updating our financial objectives for new acquisitions. Our new revenue range is €3.41 to €3.44 billion, incorporating the second quarter currency upside.*

“In turn, we are upgrading our EPS objective, targeting IAS 18 non-IFRS earnings per share of €2.95 to €3.00, representing growth of about 10% to 12%, reflecting higher activity, currency and improved effective tax rate for the year. At constant currency, this would represent a growth rate of about 15% to 17%.”

The Company's third quarter and full year 2018 financial objectives are given in IAS 18 on a non-IFRS basis:

- Third quarter 2018 IAS 18 non-IFRS total revenue objective of about €805 to €825 million based upon the exchange rates assumptions below, growing about 8% to 11% in constant currencies; non-IFRS operating margin of about 29% to 30%; and non-IFRS EPS of about €0.64 to €0.68, 0% to 6%, or about 1% to 8% at constant currency;
- 2018 IAS 18 non-IFRS revenue growth objective of about 9% to 10% in constant currencies at €3.41 to €3.44 billion (reflecting the principal 2018 currency exchange rate assumptions below for the US dollar and Japanese yen as well as the potential impact from additional currencies representing about 17% of the Company's total revenue in 2017);
- 2018 IAS 18 non-IFRS operating margin of about 31.0% to 31.5%;
- 2018 IAS 18 non-IFRS EPS of about €2.95 to €3.00 representing a growth objective of about 10% to 12%, or about 15% to 17% on a constant currency basis;
- Objectives are based upon exchange rate assumptions of US\$1.20 per €1.00 for the 2018 third and fourth quarters; and JPY135 per €1.00 for the 2018 third and fourth quarters before hedging.

These objectives are prepared and communicated only on a non-IFRS basis and are subject to the cautionary statement set forth below.

The 2018 non-IFRS objectives, which are stated on an IAS 18 basis, set forth above do not take into account the following accounting elements and are estimated based upon the 2018 principal currency exchange rates above: deferred revenue write-downs estimated at approximately €5 million on an IAS 18 basis, share-based compensation expense, including related social charges, estimated at approximately €121 million and amortization of acquired intangibles estimated at approximately €163 million. The above objectives also do not include any impact from other operating income and expense, net principally comprised of acquisition, integration and restructuring expenses, from one-time items included in financial revenue and from one-time tax restructuring gains and losses. Finally, these estimates do not include any new stock option or share grants, or any new acquisitions or restructurings completed after July 25, 2018.

Cash Flow and Other Financial Highlights Under IAS 18 For Year-over-Year Comparisons

The Company's net cash flow from operations for the second quarter and first half ended June 30, 2018 are identical under IFRS 15 in comparison to IAS 18 although some of the line items differ. *(See pages 16 and 22 in the Appendix to this press release for further details including a reconciliation of the cash flow statement and balance sheets under IFRS 15 compared to IAS 18 for the quarter, half year and period ended June 30, 2018.)*

IAS 18 net operating cash flow for the 2018 First Half increased 9% to €645.5 million compared to €592.4 million in the 2017 First Half on growth in net income and non-cash operating adjustments.

Dassault Systèmes' net financial position totaled €2.04 billion at June 30, 2018, compared to €1.46 billion at December 31, 2017, reflecting cash, cash equivalents and short-term investments of €3.04 billion and long-term debt of €1.00 billion.

Summary of Recent Business, Technology and Customer Announcements

Customers:

On June 27, 2018, EDF, Dassault Systèmes and Capgemini jointly announced the signing of a long-term partnership agreement for the digital transformation of EDF's nuclear engineering and its ecosystem. The partnership aims to support EDF in the digitalization of its plant engineering projects with the view to strengthen plant performance and overall competitiveness of nuclear power. It represents a major step in accelerating the digital transformation of the nuclear industry as a whole. In keeping with the terms of the agreement, EDF and Dassault Systèmes are engaging in a 20-year partnership that will sustainably support industrial projects thanks to the **3DEXPERIENCE** platform of Dassault Systèmes which is designed to standardize, harmonize and modernize processes and engineering methods. This interactive and evolutive platform will be used by nuclear businesses to access real-time project data. It will also be used to design the digital twins of nuclear plants whether they are at the design, construction or operational phase.

Corporate:

On June 14, 2018, Dassault Systèmes announced the signing of a definitive agreement to acquire a majority stake in Centric Software, a privately-owned industry market leader driving digital transformation with software innovation in the fashion, apparel, luxury and retail sectors. With this investment, Dassault Systèmes aims to accelerate the digital transformation of companies seeking solutions for the increasingly complex development of collections that respond to today's on-trend and on-demand consumers, representing a multi-billion, dollar total addressable market. Headquartered in California's Silicon Valley and with offices in 13 countries, Centric Software provides product lifecycle management software solutions to more than 600 globally-recognized brands, including ASICS, Bass Pro, Belle China, Bestseller, Etam, Kate Spade, Loblaws, Louis Vuitton, Michael Kors, Samsonite, Ted Baker, Tommy Hilfiger and others.

On June 20, 2018 the completion of the acquisition of No Magic, a global solutions company focused on model-based systems engineering, architecture modeling for software, system of systems and enterprise business processes modeling was announced. No Magic is headquartered in Allen, Texas and has offices in Lithuania and Thailand. While providing continuity for No Magic's customers, Dassault Systèmes will empower No Magic's solutions with its 3DEXPERIENCE platform, complementing and reinforcing CATIA applications. This will provide a "single source of truth" allowing any user within a company to implement continuous 3D digital processes and to address all lifecycle aspects of an experience, from requirements, system of systems architecture models, systems and sub-systems architecture to functional, conceptual, logical and physical 3D modeling simulations. Enterprise customers, small companies and professionals in the Aerospace & Defense (NASA/JPL, Boeing, Lockheed Martin), Transportation & Mobility (Ford, Renault, Honda, BMW, Nissan), and other industries (Sony, Panasonic, John Deere, GE Healthcare, Pfizer, J.P. Morgan, PayPal) rely on No Magic's solutions.

Today's Webcast and Conference Call Information

Today, Wednesday, July 25, 2018, Dassault Systèmes will first host from Paris a webcasted meeting at 10:00 AM Paris time/ 9:00 AM London time and will then host a conference call at 9:00 AM New York time/ 2:00 PM London time/ 3:00 PM Paris time. The webcasted meeting and conference call will be available via the Internet by accessing <http://www.3ds.com/investors/>. Please go to the website at least 15 minutes prior to the webcast or conference call to register, download and install any necessary audio software. The webcast and conference call will be archived for one year.

Additional investor information can be accessed at <http://www.3ds.com/investors/> or by calling Dassault Systèmes' Investor Relations at 33.1.61.62.69.24.

Key Investor Relations Events

Third Quarter 2018 Earnings: October 24, 2018
Fourth Quarter 2018 Earnings: February 6, 2019

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 the Company's non-IFRS financial performance objectives, are forward-looking statements.

Such forward-looking statements are based on Dassault Systèmes 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. The Company's current outlook for 2018 takes into consideration, among other things, an uncertain global economic environment. In light of the continuing uncertainties regarding economic, business, social and geopolitical conditions at the global level, the Company's revenue, net earnings and cash flows may grow more slowly, whether on an annual or quarterly basis. While the Company makes every effort to take into consideration this uncertain macroeconomic outlook, the Company's business results, however, may not develop as anticipated. Further, there may be a substantial time lag between an improvement in global economic and business conditions and an upswing in the Company's business results. The Company's actual results or performance may also be materially negatively affected by numerous risks and uncertainties, as described in the "Risk Factors" section of the 2017 *Document de Référence* (Annual Report) filed with the AMF (French Financial Markets Authority) on March 21, 2018 and also available on the Company's website www.3ds.com.

In preparing such forward-looking statements, the Company has in particular assumed an average US dollar to euro exchange rate of US\$1.20 per €1.00 for the 2018 third and fourth quarters as well as an average Japanese yen to euro exchange rate of JPY135 to €1.00 for the 2018 third and fourth quarters before hedging; however, currency values fluctuate, and the Company's results of operations may be significantly affected by changes in exchange rates.

Non-IFRS Financial Information

Readers are cautioned that the supplemental non-IFRS information presented in this press release is subject to inherent limitations. It is not based on any comprehensive set of accounting rules or principles and should not be considered as a substitute for IFRS measurements. Also, the Company's supplemental non-IFRS financial information may not be comparable to similarly titled non-IFRS measures used by other companies. Further specific limitations for individual non-IFRS measures, and the reasons for presenting non-IFRS financial information, are set forth in the Company's 2017 *Document de Référence* filed with the AMF on March 21, 2018.

In the tables accompanying this press release the Company sets forth its supplemental non-IFRS figures for revenue, operating income, operating margin, net income and diluted earnings per share, which exclude the effect of adjusting the carrying value of acquired companies' deferred revenue, share-based compensation expense and related social charges, the amortization of acquired intangible assets, other operating income and expense, net, certain one-time items included in financial revenue and other, net, and the income tax effect of the non-IFRS adjustments and certain one-time tax effects. The tables also set forth the most comparable IFRS financial measure and reconciliations of this information with non-IFRS information.

About Dassault Systèmes

Dassault Systèmes, the 3DEXPERIENCE Company, provides business and people with virtual universes to imagine sustainable innovations. Its world-leading solutions transform the way products are designed, produced, and supported. Dassault Systèmes' collaborative solutions foster social innovation, expanding possibilities for the virtual world to improve the real world. The Group brings value to over 220,000 customers of all sizes, in all industries, in more than 140 countries. For more information, visit www.3ds.com.

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(Tables to Follow)

Contacts:

Dassault Systèmes

François-José Bordonado/Béatrix Martinez
+33.1.61.62.69.24
United States and Canada:
Michele.Katz@3ds.com

FTI Consulting

Rob Mindell
+44.20.3727.1000
Arnaud de Cheffontaines
+33.1.47.03.69.48

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(Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.)

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Non-IFRS Financial Information

Condensed consolidated statements of income

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DASSAULT SYSTEMES

Glossary of Definitions

Information in Constant Currencies

We have followed a long-standing policy of measuring our revenue performance and setting our revenue objectives exclusive of currency in order to measure in a transparent manner the underlying level of improvement in our total revenue and software revenue by type, industry, region and product lines. We believe it is helpful to evaluate our growth exclusive of currency impacts, particularly to help understand revenue trends in our business. Therefore, we provide percentage increases or decreases in our revenue and EPS (in both IFRS as well as non-IFRS) to eliminate the effect of changes in currency values, particularly the U.S. dollar and the Japanese yen, relative to the euro. When trend information is expressed by us "in constant currencies", the results of the "prior" period have first been recalculated using the average exchange rates of the comparable period in the current year, and then compared with the results of the comparable period in the current year.

While constant currency calculations are not considered to be an IFRS measure, we do believe these measures are critical to understanding our global revenue results and to compare with many of our competitors who report their financial results in U.S. dollars. Therefore, we are including this calculation for comparing IFRS revenue figures for comparable periods as well as for comparing non-IFRS revenue figures for comparable periods. All constant currency information is provided on an approximate basis. Unless otherwise indicated, the impact of exchange rate fluctuations is approximately the same for both the Company's IFRS and supplemental non-IFRS financial data.

Information on Growth excluding acquisitions ("organic growth")

In addition to discussing total growth, we also provide financial information where we discuss growth excluding acquisitions or growth on an organic basis as used alternatively. In both cases, growth excluding acquisitions have been calculated using the following restatements of the scope of consolidation: for entities entering the consolidation scope in the current year, subtracting the contribution of the acquisition from the aggregates of the current year, and for entities entering the consolidation scope in the previous year, subtracting the contribution of the acquisition from January 1st of the current year, until the last day of the month of the current year when the acquisition was made the previous year.

Information on Industrial Sectors

The Company's global customer base includes companies in 12 industrial sectors: Transportation & Mobility; Industrial Equipment; Aerospace & Defense; Financial & Business Services; High-Tech; Life Sciences; Energy, Process & Utilities; Consumer Goods & Retail; Natural Resources; Architecture, Engineering & Construction; Consumer Packaged Goods & Retail and Marine & Offshore. Commencing in 2012 we implemented an industry go-to-market strategy with the dual objectives of broadening and deepening our presence in our largest industries as well as increasing the contribution from a diversified set of industrial sectors. "Diversification Industries" include: Architecture, Engineering & Construction; Consumer Goods & Retail; Consumer Packaged Goods & Retail; Energy, Process & Utilities; Finance Business Services; High-Tech; Life Sciences; Marine & Offshore; and Natural Resources. "Core Industries" include: Transportation & Mobility, Industrial Equipment, Aerospace & Defense and a portion of Business Services.

3DEXPERIENCE Licenses and Software Contribution

To measure the progressive penetration of **3DEXPERIENCE** software, the Company utilizes the following ratios: a) for Licenses revenue, the Company calculates the percentage contribution by comparing total **3DEXPERIENCE** Licenses revenue to Licenses revenue for all product lines except SOLIDWORKS and acquisitions (“related Licenses revenue”); and, b) for software revenue, the Company calculates the percentage contribution by comparing total **3DEXPERIENCE** software revenue to software revenue for all product lines except SOLIDWORKS and acquisitions (“related software revenue”).

IAS 18

DASSAULT SYSTEMES NON-IFRS IAS 18 FINANCIAL INFORMATION

(unaudited; in millions of Euros, except per share data, headcount and exchange rates)

Non-IFRS key figures exclude the effects of adjusting the carrying value of acquired companies' deferred revenue, share-based compensation expense and related social charges, amortization of acquired intangible assets, other operating income and expense, net, certain one-time financial revenue items and the income tax effects of these non-IFRS adjustments.

Comparable IFRS financial information and a reconciliation of the IFRS and non-IFRS measures are set forth in the separate tables within this Attachment.

In millions of Euros, except per share data and percentages	Three months ended				Six months ended			
	June 30, 2018	June 30, 2017	Change	Change in cc*	June 30, 2018	June 30, 2017	Change	Change in cc*
Non-IFRS-IAS18 Revenue	€ 840.3	€ 810.6	4%	8%	€ 1,611.4	€ 1,576.3	2%	9%
Non-IFRS-IAS18 Revenue breakdown by activity								
Software revenue	752.6	722.7	4%	9%	1,440.2	1,398.8	3%	9%
<i>of which licenses and other software revenue</i>	218.9	211.8	3%	8%	399.3	384.8	4%	10%
<i>of which subscription and support revenue</i>	533.7	510.9	4%	9%	1,040.9	1,014.0	3%	9%
Services revenue	87.7	87.9	0%	4%	171.2	177.5	-4%	2%
Non-IFRS-IAS18 software revenue break down by product line								
CATIA software revenue	254.9	249.7	2%	5%	491.9	486.2	1%	5%
ENOVIA software revenue	87.9	84.4	4%	9%	160.8	158.0	2%	7%
SOLIDWORKS software revenue	187.1	176.7	6%	11%	360.3	350.9	3%	12%
Other software revenue	222.7	211.9	5%	11%	427.3	403.8	6%	13%
Non-IFRS-IAS18 Revenue breakdown by geography								
Americas	252.3	258.1	-2%	6%	477.5	493.9	-3%	8%
Europe	353.2	337.1	5%	6%	679.7	660.1	3%	5%
Asia	234.8	215.4	9%	14%	454.2	422.3	8%	15%
Non-IFRS-IAS18 operating income	€ 253.6	€ 243.8	4%		€ 462.0	€ 444.5	4%	
Non-IFRS-IAS18 operating margin	30.2%	30.1%			28.7%	28.2%		
Non-IFRS net income attributable to shareholders	€ 186.8	€ 159.4	17%		€ 339.0	€ 295.1	15%	
Non-IFRS-IAS18 diluted net income per share	€ 0.72	€ 0.62	16%	22%	€ 1.30	€ 1.15	13%	23%
Closing headcount	16,221	15,457	5%		16,221	15,457	5%	
Average Rate USD per Euro	1.19	1.10	8%		1.21	1.08	12%	
Average Rate JPY per Euro	130.0	122.6	6%		131.60	121.80	8%	

* In constant currencies

IAS 18

DASSAULT SYSTEMES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (IFRS)

(unaudited; in millions of Euros, except per share data)

In millions of Euros, except per share data and percentages	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Licenses and other software revenue	218.9	211.8	399.3	384.8
Subscription and Support revenue	530.8	506.7	1,036.0	1,003.9
Software revenue	749.6	718.5	1,435.4	1,388.7
Services revenue	87.7	87.9	171.2	177.5
Total Revenue IFRS -IAS 18	€ 837.3	€ 806.4	€ 1,606.6	€ 1,566.2
Cost of software revenue (excluding amortization of acquired intangibles)	(38.2)	(37.9)	(79.0)	(78.4)
Cost of services and other revenue	(81.8)	(78.9)	(161.2)	(161.8)
Research and development	(161.4)	(156.2)	(314.0)	(305.9)
Marketing and sales	(262.8)	(258.5)	(515.8)	(518.3)
General and administrative	(69.8)	(61.6)	(139.6)	(121.8)
Amortization of acquired intangibles	(40.7)	(39.3)	(82.5)	(80.5)
Other operating income and expense, net	(4.4)	(4.5)	(6.9)	(10.6)
Total Operating Expenses	(659.0)	(637.0)	(1,299.0)	(1,277.3)
Operating Income	€ 178.3	€ 169.4	€ 307.6	€ 288.9
Financial revenue and other, net	4.4	15.3	9.1	22.5
Income before income taxes	182.7	184.6	316.7	311.4
Income tax expense	(46.7)	(61.8)	(80.2)	(102.2)
Net Income	€ 136.0	€ 122.8	€ 236.5	€ 209.2
Non-controlling interest	0.1	0.1	0.4	(1.3)
Net Income attributable to equity holders of the parent	€ 136.1	€ 122.9	€ 236.9	€ 208.0
Basic net income per share	0.53	0.48	0.92	0.82
Diluted net income per share	€ 0.52	€ 0.48	€ 0.91	€ 0.81
Basic weighted average shares outstanding (in millions)	258.9	254.5	257.9	254.2
Diluted weighted average shares outstanding (in millions)	260.4	257.9	260.0	257.1

	Three months ended June 30, 2018		Six months ended June 30, 2018	
	Change*	Change in cc**	Change*	Change in cc**
IFRS Revenue IFRS -IAS 18	4%	8%	3%	9%
IFRS Revenue by activity				
Software revenue	4%	9%	3%	10%
Services revenue	0%	4%	-4%	2%
IFRS Software Revenue by product line				
CATIA software revenue	2%	5%	1%	5%
ENOVIA software revenue	4%	9%	2%	7%
SOLIDWORKS software revenue	6%	11%	3%	12%
Other software revenue	6%	12%	7%	15%
IFRS Revenue by geography				
Americas	-2%	6%	-3%	8%
Europe	6%	7%	4%	6%
Asia	9%	14%	7%	15%

*Variation compared to the same period in the prior year. **In constant currencies

IAS 18

DASSAULT SYSTEMES
CONDENSED CONSOLIDATED BALANCE SHEETS (IFRS)
(unaudited; in millions of Euros)

In millions of Euros	June 30, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents	3,043.2	2,459.4
Short-term investments	0.5	1.3
Accounts receivable, net	695.5	895.9
Other current assets	273.1	242.9
Total current assets	4,012.3	3,599.5
Property and equipment, net	169.1	169.0
Goodwill and Intangible assets, net	3,023.6	2,990.1
Other non-current assets	292.6	271.2
Total Assets	€ 7,497.5	€ 7,029.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	132.7	149.3
Unearned revenues	1,016.0	876.4
Other current liabilities	482.4	501.7
Total current liabilities	1,631.1	1,527.4
Long-term debt	1,000.0	1,000.0
Other non-current obligations	494.6	506.3
Total long-term liabilities	1,494.6	1,506.3
Non-controlling interests	1.5	1.9
Parent shareholders' equity	4,370.4	3,994.2
Total Liabilities and Shareholders' equity	€ 7,497.5	€ 7,029.8

IAS 18

DASSAULT SYSTEMES
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (IFRS)

In millions of Euros	Three months ended			Six months ended		
	June 30, 2018	June 30, 2017	Change	June 30, 2018	June 30, 2017	Change
Net Income attributable to equity holders of the parent	136.1	123.0	13.1	236.9	208.0	28.9
Non-controlling interest	<u>(0.1)</u>	<u>(0.1)</u>	<u>0.0</u>	<u>(0.4)</u>	<u>1.3</u>	<u>(1.7)</u>
Net Income	136.0	122.9	13.1	236.5	209.2	27.3
Depreciation of property & equipment	14.5	11.1	3.4	28.2	22.9	5.3
Amortization of intangible assets	43.1	41.3	1.8	87.0	84.6	2.4
Other non cash P&L items	16.5	2.6	13.9	33.1	10.4	22.7
Changes in working capital	28.5	66.7	(38.2)	260.7	265.2	(4.5)
Net Cash provided by operating activities	€ 238.6	€ 244.6	(€ 6.0)	€ 645.5	€ 592.4	€ 53.1
Additions to property, equipment and intangibles	(19.3)	(27.4)	8.1	(31.3)	(45.8)	14.5
Payments for acquisition of businesses, net of cash acquired	(51.6)	(7.6)	(44.0)	(51.6)	(8.0)	(43.6)
Sale (purchase) of short term investments, net	40.8	12.5	28.3	0.7	3.7	(3.0)
Investments, loans and others	(1.5)	-	(1.5)	(1.5)	6.4	(7.9)
Net Cash provided by (used in) investing activities	(€ 31.6)	(€ 22.5)	(€ 9.1)	(€ 83.7)	(€ 43.7)	(€ 40.0)
Acquisition of non-controlling interests	(26.2)	(14.1)	(12.1)	(26.2)	(14.1)	(12.1)
(Purchase) Sale of treasury stock	(10.6)	(47.9)	37.3	(2.3)	(44.8)	42.5
Proceeds from exercise of stock-options	31.4	16.5	14.9	43.7	21.8	21.9
Cash dividend paid	(38.0)	(51.3)	13.3	(38.0)	(51.3)	13.3
Net Cash provided by (used in) financing activities	(€ 43.4)	(€ 96.8)	€ 53.4	(€ 22.8)	(€ 88.4)	€ 65.6
Effect of exchange rate changes on cash and cash equivalents	75.8	(121.5)	197.3	44.8	(127.8)	172.6
Increase (decrease) in cash and cash equivalents	€ 239.4	€ 3.8		€ 583.8	€ 332.5	
Cash and cash equivalents at beginning of period	€ 2,803.8	€ 2,765.4		€ 2,459.4	€ 2,436.7	
Cash and cash equivalents at end of period	€ 3,043.2	€ 2,769.2		€ 3,043.2	€ 2,769.2	

IAS 18

DASSAULT SYSTEMES SUPPLEMENTAL NON-IFRS FINANCIAL INFORMATION IFRS – NON-IFRS RECONCILIATION

(unaudited; in millions of Euros, except per share data)

Readers are cautioned that the supplemental non-IFRS information presented in this press release is subject to inherent limitations. It is not based on any comprehensive set of accounting rules or principles and should not be considered as a substitute for IFRS measurements. Also, the Company's supplemental non-IFRS financial information may not be comparable to similarly titled non-IFRS measures used by other companies. Further specific limitations for individual non-IFRS measures, and the reasons for presenting non-IFRS financial information, are set forth in the Company's *Document de référence* for the year ended December 31, 2017 filed with the AMF on March 21, 2018. To compensate for these limitations, the supplemental non-IFRS financial information should be read not in isolation, but only in conjunction with the Company's consolidated financial statements prepared in accordance with IFRS.

In millions of Euros, except per share data and percentages	Three months ended June 30,						Change	
	2018 IFRS	Adjustment (1)	2018 Non-IFRS	2017 IFRS	Adjustment (1)	2017 Non-IFRS	IFRS	Non-IFRS (2)
Total Revenue IAS18	€ 837.3	€ 3.0	€ 840.3	€ 806.4	€ 4.2	€ 810.6	4%	4%
Total Revenue IAS18 breakdown by activity								
Software revenue	749.6	3.0	752.6	718.5	4.2	722.7	4%	4%
Licenses and other software revenue	218.9		218.9	211.8		211.8	3%	3%
Subscription and Support revenue	530.8	3.0	533.7	506.7	4.2	510.9	5%	4%
<i>Recurring portion of Software revenue</i>	71%		71%	71%		71%		
Services revenue	87.7		87.7	87.9		87.9	0%	0%
Total Software Revenue IA18 breakdown by product line								
CATIA software revenue	254.5	0.5	254.9	249.7		249.7	2%	2%
ENOVIA software revenue	87.9		87.9	84.4		84.4	4%	4%
SOLIDWORKS software revenue	187.1		187.1	176.7		176.7	6%	6%
Other software revenue	220.2	2.5	222.7	207.7	4.2	211.9	6%	5%
Total Revenue IAS18 breakdown by geography								
Americas	250.5	1.9	252.3	256.8	1.3	258.1	-2%	-2%
Europe	353.0	0.2	353.2	334.5	2.6	337.1	6%	5%
Asia	233.9	0.9	234.8	215.2	0.3	215.4	9%	9%
Total Operating Expenses	(€ 659.0)	€ 72.4	(€ 586.6)	(€ 637.0)	€ 70.2	(€ 566.8)	3%	4%
Share-based compensation expense	(27.3)	27.3	-	(26.3)	26.3	-		
Amortization of acquired intangibles	(40.7)	40.7	-	(39.3)	39.3	-		
Other operating income and expense, net	(4.4)	4.4	-	(4.5)	4.5	-		
Operating Income	€ 178.3	€ 75.4	€ 253.6	€ 169.4	€ 74.4	€ 243.8	5%	4%
Operating Margin	21.3%		30.2%	21.0%		30.1%		
Financial revenue & other, net	4.4	0.6	5.0	15.3	(16.0)	(0.7)	-71%	N/A
Income tax expense	(46.7)	(25.3)	(72.0)	(61.8)	(22.0)	(83.8)	-24%	-14%
Non-controlling interest	0.1		0.1	0.1		0.1		
Net Income attributable to shareholders	€ 136.1	€ 50.7	€ 186.8	€ 122.9	€ 36.5	€ 159.4	11%	17%
Diluted Net Income Per Share (3)	€ 0.52	€ 0.20	€ 0.72	€ 0.48	€ 0.14	€ 0.62	8%	16%

(1) In the reconciliation schedule above, (i) all adjustments to IFRS revenue data reflect the exclusion of the deferred revenue adjustment of acquired companies; (ii) adjustments to IFRS operating expense data reflect the exclusion of the amortization of acquired intangibles, share-based compensation expense and related social charges, and other operating income and expense, (iii) adjustments to IFRS financial revenue and other, net reflect the exclusion of certain one-time items included in financial revenue and other, net, and (iv) all adjustments to IFRS income data reflect the combined effect of these adjustments, plus for net income and diluted net income per share, certain one-time tax effects and the income tax effect of the non-IFRS adjustments.

In millions of Euros	Three months ended June 30,						Change	
	2018 IFRS	Adjustment	2018 Non-IFRS	2017 IFRS	Adjustment	2017 Non-IFRS	IFRS	Non-IFRS
Cost of revenue	(120.0)	1.1	(118.9)	(116.9)	1.1	(115.8)	3%	3%
Research and development	(161.4)	10.8	(150.5)	(156.2)	11.2	(145.0)	3%	4%
Marketing and sales	(262.8)	7.5	(255.3)	(258.5)	8.9	(249.6)	2%	2%
General and administrative	(69.8)	7.9	(61.9)	(61.6)	5.2	(56.3)	13%	10%
Total share-based compensation expense		€ 27.3			€ 26.4			

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

(3) Based on a weighted average 260.4 million diluted shares for Q2 2018 and 257.9 million diluted shares for Q2 2017.

IAS 18

DASSAULT SYSTEMES
SUPPLEMENTAL NON-IFRS FINANCIAL INFORMATION
IFRS – NON-IFRS RECONCILIATION

(unaudited; in millions of Euros, except per share data)

Readers are cautioned that the supplemental non-IFRS information presented in this press release is subject to inherent limitations. It is not based on any comprehensive set of accounting rules or principles and should not be considered as a substitute for IFRS measurements. Also, the Company's supplemental non-IFRS financial information may not be comparable to similarly titled non-IFRS measures used by other companies. Further specific limitations for individual non-IFRS measures, and the reasons for presenting non-IFRS financial information, are set forth in the Company's *Document de référence* for the year ended December 31, 2017 filed with the AMF on March 21, 2018. To compensate for these limitations, the supplemental non-IFRS financial information should be read not in isolation, but only in conjunction with the Company's consolidated financial statements prepared in accordance with IFRS.

In millions of Euros, except per share data and percentages	Six months ended June 30,						Change	
	2018		2018	2017		2017	IFRS	Non-IFRS (2)
	IFRS	Adjustment (1)	Non-IFRS	IFRS	Adjustment (1)	Non-IFRS		
Total Revenue IAS18	€ 1,606.6	€ 4.8	€ 1,611.4	€ 1,566.2	€ 10.1	€ 1,576.3	3%	2%
Total Revenue IAS18 breakdown by activity								
Software revenue	1,435.4	4.8	1,440.2	1,388.7	10.1	1,398.8	3%	3%
Licenses and other software revenue	399.3		399.3	384.8		384.8	4%	4%
Subscription and Support revenue	1,036.0	4.8	1,040.9	1,003.9	10.1	1,014.0	3%	3%
<i>Recurring portion of Software revenue</i>	72%		72%	72%		72%		
Services revenue	171.2		171.2	177.5		177.5	-4%	-4%
Total Software Revenue IA18 breakdown by product line								
CATIA software revenue	491.4	0.5	491.9	486.2		486.2	1%	1%
ENOVIA software revenue	160.8		160.8	158.0		158.0	2%	2%
SOLIDWORKS software revenue	360.3		360.3	350.9		350.9	3%	3%
Other software revenue	422.9	4.4	427.3	393.6	10.1	403.8	7%	6%
Total Revenue IAS18 breakdown by geography								
Americas	474.7	2.8	477.5	490.7	3.2	493.9	-3%	-3%
Europe	679.1	0.6	679.7	653.8	6.3	660.1	4%	3%
Asia	452.7	1.5	454.2	421.7	0.6	422.3	7%	8%
Total Operating Expenses	(€ 1,299.0)	149.5	(€ 1,149.5)	(€ 1,277.3)	145.4	(€ 1,131.8)	2%	2%
Share-based compensation expense	(60.2)	60.2	-	(54.4)	54.4	-		
Amortization of acquired intangibles	(82.5)	82.5	-	(80.5)	80.5	-		
Other operating income and expense, net	(6.9)	6.9	-	(10.6)	10.6	-		
Operating Income	€ 307.6	154.4	€ 462.0	€ 288.9	155.6	€ 444.5	6%	4%
Operating Margin	19.1%		28.7%	18.4%		28.2%		
Financial revenue & other, net	9.1	1.1	10.3	22.5	(22.6)	(0.2)	-59%	N/A
Income tax expense	(80.2)	(53.5)	(133.7)	(102.2)	(45.8)	(147.9)	-22%	-10%
Non-controlling interest	0.4		0.4	(1.3)		(1.3)		
Net Income attributable to shareholders	€ 236.9	102.0	€ 339.0	€ 208.0	87.2	€ 295.1	14%	15%
Diluted Net Income Per Share (3)	€ 0.91	0.39	€ 1.30	€ 0.81	0.34	€ 1.15	12%	13%

(1) In the reconciliation schedule above, (i) all adjustments to IFRS revenue data reflect the exclusion of the deferred revenue adjustment of acquired companies; (ii) adjustments to IFRS operating expense data reflect the exclusion of the amortization of acquired intangibles, share-based compensation expense and related social charges, and other operating income and expense, (iii) adjustments to IFRS financial revenue and other, net reflect the exclusion of certain one-time items included in financial revenue and other, net, and (iv) all adjustments to IFRS income data reflect the combined effect of these adjustments, plus for net income and diluted net income per share, certain one-time tax effects and the income tax effect of the non-IFRS adjustments.

In millions of Euros	Six months ended June 30,						Change	
	2018 IFRS	Adjustment	2018 Non-IFRS	2017 IFRS	Adjustment	2017 Non-IFRS	IFRS	Non-IFRS
Cost of revenue	(240.2)	2.1	(238.1)	(240.1)	2.2	(238.0)	0%	0%
Research and development	(314.0)	23.1	(291.0)	(305.9)	23.0	(282.9)	3%	3%
Marketing and sales	(515.8)	13.9	(501.9)	(518.3)	18.1	(500.2)	0%	0%
General and administrative	(139.6)	21.1	(118.4)	(121.8)	11.1	(110.7)	15%	7%
Total share-based compensation expense		€ 60.2			€ 54.4			

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

(3) Based on a weighted average 260.0 million diluted shares for H1 2018 and 257.1 million diluted shares for H1 2017.

Summary of Principal Differences of IFRS 15 Compared to IAS 18

The Company has adopted IFRS 15 as of January 1, 2018 using the modified retrospective transition method (also called the cumulative effect method). Under this method, the transition effect is accounted for within the consolidated equity at the date of initial application, i.e. January 1, 2018, without any adjustment to the prior year comparative information. See also the Company's 2017 Document de Référence (Annual Report) for further information.

- *Recurring software:* Recurring software is comprised of subscription and support revenue. IFRS 15 has an impact on the timing of the quarterly recognition of subscription revenue but on a full year basis there is essentially no difference between IFRS 15 and the prior IAS 18 standard for subscription contracts of one year in length. For the 2018 second quarter, non-IFRS recurring software revenue was €525.5 million under IFRS 15 and was €14.6 million higher compared to the prior IAS 18 standard. Previously, under IAS 18, we showed a ratable quarterly amount based upon the annual contract level of our on-premise subscription software. Under IFRS 15, for new contracts entered into or for contracts renewing, we have assigned an upfront value as required which is recognized in the first quarter of the contract, and the remainder which is recognized ratably during the four quarters. We continue to report both of these amounts within recurring revenue, specifically as subscription revenue (previously called periodic revenue). Historically, a higher proportion of subscription contracts are renewed in the first quarter of the year than in the other three quarters of the year.
- *Operating expenses and sales commissions:* The Company continues to expense sales commissions under the IFRS 15 standard as was done under IAS 18. Therefore, there are no capitalized sales commissions. As a result, the Company's operating expenses are identical under IFRS 15 and the prior IAS 18 standard.
- *One-time permanent difference:* The implementation of IFRS 15 on January 1, 2018 resulted in a one-time permanent difference between IFRS 15 and IAS 18, where the deferred portion of rental agreements concluded in prior years will not be recognized into revenue. As a result, the corresponding amount of €80 million, net of taxes (€110 million before) was recorded in stockholders' equity as of January 1, 2018.
- *Initial impact on unearned revenue:* At June 30, 2018 unearned revenue on the Balance Sheet under IFRS 15 is not directly comparable to the December 31, 2017 balance sheet under the prior standard IAS 18. This is due to the fact that the June 30, 2018 balance sheet line item unearned revenue has been reduced by €134 million, reflecting mainly (i) the one-time permanent difference of €94 million, and (ii) the higher amount of recurring revenue recognized in the first half under IFRS 15 compared to IAS 18 in the amount of €40 million.
- *Contract Assets:* Under IFRS 15, the Company classifies the right to consideration in exchange for products or services transferred to a client as either a receivable or a contract asset. Contract assets amounted to €32 million as at January 1st, 2018 (1st application impact) and to €34 million as at June 30, 2018.

DASSAULT SYSTEMES
RECONCILIATION P&L NON-IFRS IFRS 15 vs Non-IFRS IAS 18
(unaudited; in millions of Euros except per share data)

In millions of Euros, except per share data and percentages	2018 Non-IFRS			2018 Non-IFRS		
	QTD IFRS15	Adjustment (1)	QTD IAS18	YTD IFRS15	Adjustment (1)	YTD IAS18
Total Revenue	€ 830.7	9.6	€ 840.3	€ 1,651.3	(39.8)	€ 1,611.4
Total Revenue breakdown by activity						
Software revenue	743.0	9.6	752.6	1,480.0	(39.8)	1,440.2
Licenses and Other software revenue	217.5	1.3	218.9	396.6	2.7	399.3
Subscription and Support revenue	525.5	8.2	533.7	1,083.4	(42.5)	1,040.9
<i>Recurring portion of Software revenue</i>	71%		71%	73%		72%
Services revenue	87.7		87.7	171.2		171.2
Total Software Revenue breakdown by product line						
CATIA software revenue	250.4	4.6	254.9	501.0	(9.2)	491.9
ENOVIA software revenue	87.3	0.6	87.9	162.0	(1.2)	160.8
SOLIDWORKS software revenue	185.9	1.3	187.1	355.7	4.5	360.3
Other software revenue	219.4	3.2	222.7	461.3	(34.0)	427.3
Total Revenue breakdown by geography						
Americas	239.0	13.3	252.3	478.0	(0.5)	477.5
Europe	346.1	7.1	353.2	708.7	(29.0)	679.7
Asia	245.6	(10.8)	234.8	464.5	(10.3)	454.2
Total Operating Expenses	(€ 586.6)		(€ 586.6)	(€ 1,149.5)		(€ 1,149.5)
Share-based compensation expense	-		-	-		-
Amortization of acquired intangibles	-		-	-		-
Other operating income and expense, net	-		-	-		-
Operating Income	€ 244.1	9.6	€ 253.6	€ 501.8	(39.8)	€ 462.0
Operating Margin	29.4%	+0.8pts	30.2%	30.4%	-1.7pts	28.7%
Financial revenue & other, net	5.0		5.0	10.3		10.3
Income tax expense	(69.3)	(2.7)	(72.0)	(144.9)	11.2	(133.7)
Non-controlling interest	0.1		0.1	0.4		0.4
Net Income attributable to shareholders	€ 179.9	6.8	€ 186.8	€ 367.5	(28.6)	€ 339.0
Diluted Net Income Per Share (3)	€ 0.69	0.03	€ 0.72	€ 1.41	(0.11)	€ 1.30

In millions of Euros	2018 Non-IFRS			2018 Non-IFRS		
	2018 IFRS15	Adjustment	2018 IAS18	2017 IFRS15	Adjustment	2017 IAS18
Cost of revenue	(118.9)		(118.9)	(238.1)		(238.1)
Research and development	(150.5)		(150.5)	(291.0)		(291.0)
Marketing and sales	(255.3)		(255.3)	(501.9)		(501.9)
General and administrative	(61.9)		(61.9)	(118.4)		(118.4)
Total share-based compensation expense						

DASSAULT SYSTEMES

RECONCILIATION BALANCE SHEET IFRS 15 vs NON-IFRS IAS 18

(unaudited; in millions of Euros)

In millions of Euros	IFRS 15 Basis June 30, 2018	Difference	IAS 18 Basis June 30, 2018
ASSETS			
Cash and cash equivalents	3,043.2	-	3,043.2
Short-term investments	0.5	-	0.5
Accounts receivable, net	677.2	18.3	695.5
Contract assets	36.3	(36.3)	-
Other current assets	273.1	-	273.1
Total current assets	4,030.3	(18.0)	4,012.3
Property and equipment, net	169.1	-	169.1
Goodwill and Intangible assets, net	3,023.6	-	3,023.6
Other non-current assets	284.2	8.4	292.6
Total Assets	€ 7,507.2	(€ 9.7)	€ 7,497.5
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accounts payable	132.7	-	132.7
Contract liabilities - Unearned revenues	882.3	133.7	1,016.0
Other current liabilities	509.3	(26.9)	482.4
Total current liabilities	1,524.3	106.8	1,631.1
Long-term debt	1,000.0	-	1,000.0
Other non-current obligations	500.3	(5.70)	494.6
Total long-term liabilities	1,500.3	(5.70)	1,494.6
Non-controlling interests	1.5	-	1.5
Parent shareholders' equity	4,481.1	(110.7)	4,370.4
Total Liabilities and Shareholders' equity	€ 7,507.2	(€ 9.7)	€ 7,497.5

DASSAULT SYSTEMES

RECONCILIATION CASH FLOW IFRS 15 vs NON-IFRS IAS 18

(unaudited; in millions of Euros)

In millions of Euros	Three months ended June 30, 2018			Six months ended June 30, 2018		
	IFRS 15	Difference	IAS 18	IFRS 15	Difference	IAS 18
Net Income attributable to equity holders of the parent	129.2	6.9	136.1	265.5	(28.6)	236.9
Non-controlling interest	<u>(0.1)</u>	<u>0.0</u>	<u>(0.1)</u>	<u>(0.4)</u>	<u>0.0</u>	<u>(0.4)</u>
Net Income	129.1	6.9	136.0	265.1	(28.6)	236.5
Depreciation of property & equipment	14.5	-	14.5	28.2	-	28.2
Amortization of intangible assets	43.1	-	43.1	87.0	-	87.0
Other non cash P&L items	16.5	-	16.5	33.1	-	33.1
Changes in working capital	35.4	(6.9)	28.5	232.1	28.6	260.7
Net Cash provided by operating activities	€ 238.6	€ 0.0	€ 238.6	€ 645.5	€ 0.0	€ 645.5
Additions to property, equipment and intangibles	(19.3)	-	(19.3)	(31.3)	-	(31.3)
Payments for acquisition of businesses, net of cash acquired	(51.6)	-	(51.6)	(51.6)	-	(51.6)
Sale (purchase) of short term investments, net	40.8	-	40.8	0.7	-	0.7
Investments, loans and others	(1.5)	-	(1.5)	(1.5)	-	(1.5)
Net Cash provided by (used in) investing activities	(€ 31.6)	€ 0.0	(€ 31.6)	(€ 83.7)	€ 0.0	(€ 83.7)
Acquisition of non-controlling interests	(26.2)	-	(26.2)	(26.2)	-	(26.2)
(Purchase) Sale of treasury stock	(10.6)	-	(10.6)	(2.3)	-	(2.3)
Proceeds from exercise of stock-options	31.4	-	31.4	43.7	-	43.7
Cash dividend paid	(38.0)	-	(38.0)	(38.0)	-	(38.0)
Net Cash provided by (used in) financing activities	(€ 43.4)	€ 0.0	(€ 43.4)	(€ 22.8)	€ 0.0	(€ 22.8)
Effect of exchange rate changes on cash and cash equivalents	75.8	0.0	75.8	44.8	0.0	44.8
Increase (decrease) in cash and cash equivalents	€ 239.4	€ 0.0	€ 239.4	€ 583.8	€ 0.0	€ 583.8
Cash and cash equivalents at beginning of period	€ 2,803.8	€ 0.0	€ 2,803.8	€ 2,459.4	€ 0.0	€ 2,459.4
Cash and cash equivalents at end of period	€ 3,043.2	€ 0.0	€ 3,043.2	€ 3,043.2	€ 0.0	€ 3,043.2

IFRS 15
DASSAULT SYSTEMES
NON-IFRS IFRS 15 FINANCIAL INFORMATION
(unaudited; in millions of Euros, except per share data, headcount and exchange rates)

In millions of Euros, except per share data and percentages	Three months	Six months ended
	June 30, 2018	June 30, 2018
Non-IFRS-IFRS15 Revenue	€ 830.7	€ 1,651.3
Non-IFRS-IFRS15 Revenue breakdown by activity		
Software revenue	743.0	1,480.0
<i>of which licenses and other software revenue</i>	217.5	396.6
<i>of which subscription and support revenue</i>	525.5	1,083.4
Services revenue	87.7	171.2
Non-IFRS-IFRS15 software revenue breakdown by product line		
CATIA software revenue	250.4	501.0
ENOVIA software revenue	87.3	162.0
SOLIDWORKS software revenue	185.9	355.7
Other software revenue	219.4	461.3
Non-IFRS-IFRS15 Revenue breakdown by geography		
Americas	239.0	478.0
Europe	346.1	708.7
Asia	245.6	464.5
Non-IFRS-IFRS15 operating income	€ 244.1	€ 501.8
Non-IFRS-IFRS15 operating margin	29.4%	30.4%
Non-IFRS net income attributable to shareholders	€ 179.9	€ 367.5
Non-IFRS-IFRS15 diluted net income per share	€ 0.69	€ 1.41
Closing headcount	16,221	16,221
Average Rate USD per Euro	1.19	1.21
Average Rate JPY per Euro	130.0	131.60

IFRS 15

DASSAULT SYSTEMES CONDENSED CONSOLIDATED STATEMENT OF INCOME (IFRS)

(unaudited; in millions of Euros, except per share data)

In millions of Euros, except per share data and percentages	Three months ended	Six months ended
	June 30, 2018	June 30, 2018
Licenses and other software revenue	217.5	396.6
Subscription and Support revenue	522.5	1,078.6
Software revenue	740.1	1,475.2
Services revenue	87.7	171.2
Total Revenue IFRS -IFRS 15	€ 827.8	€ 1,646.4
Cost of software revenue (excluding amortization of acquired intangibles)	(38.2)	(79.0)
Cost of services and other revenue	(81.8)	(161.2)
Research and development	(161.4)	(314.0)
Marketing and sales	(262.8)	(515.8)
General and administrative	(69.8)	(139.6)
Amortization of acquired intangibles	(40.7)	(82.5)
Other operating income and expense, net	(4.4)	(6.9)
Total Operating Expenses	(659.0)	(1,299.0)
Operating Income	€ 168.7	€ 347.4
Financial revenue and other, net	4.4	9.1
Income before income taxes	173.1	356.6
Income tax expense	(44.0)	(91.5)
Net Income	€ 129.1	€ 265.1
Non-controlling interest	0.1	0.4
Net Income attributable to equity holders of the parent	€ 129.3	€ 265.5
Basic net income per share	0.50	1.03
Diluted net income per share	€ 0.50	€ 1.02
Basic weighted average shares outstanding (in millions)	258.9	257.9
Diluted weighted average shares outstanding (in millions)	260.4	260.0

IFRS 15

DASSAULT SYSTEMES
CONDENSED CONSOLIDATED BALANCE SHEET (IFRS)
(unaudited; in millions of Euros)

In millions of Euros	June 30, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents	3,043.2	2,459.4
Short-term investments	0.5	1.3
Accounts receivable, net	677.2	895.9
Contract assets	36.3	0.0
Other current assets	273.1	242.9
Total current assets	4,030.3	3,599.5
Property and equipment, net	169.1	169.0
Goodwill and Intangible assets, net	3,023.6	2,990.1
Other non-current assets	284.2	271.2
Total Assets	€ 7,507.2	€ 7,029.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	132.7	149.3
Unearned revenues	882.3	876.4
Other current liabilities	509.3	501.7
Total current liabilities	1,524.3	1,527.4
Long-term debt	1,000.0	1,000.0
Other non-current obligations	500.3	506.3
Total long-term liabilities	1,500.3	1,506.3
Non-controlling interests	1.5	1.9
Parent shareholders' equity	4,481.1	3,994.2
Total Liabilities and Shareholders' equity	€ 7,507.2	€ 7,029.8

IFRS 15

DASSAULT SYSTEMES CONDENSED CONSOLIDATED CASH FLOW STATEMENT (IFRS) (unaudited; in millions of Euros)

In millions of Euros	Three months ended			Six months ended		
	June 30, 2018	June 30, 2017	Change	June 30, 2018	June 30, 2017	Change
Net Income attributable to equity holders of the parent	129.2	123.0	6.2	265.5	208.0	57.5
Non-controlling interest	<u>(0.1)</u>	<u>(0.1)</u>	<u>0.0</u>	<u>(0.4)</u>	<u>1.3</u>	<u>(1.7)</u>
Net Income	129.1	122.9	6.2	265.1	209.2	55.9
Depreciation of property & equipment	14.5	11.1	3.4	28.2	22.9	5.3
Amortization of intangible assets	43.1	41.3	1.8	87.0	84.6	2.4
Other non cash P&L items	16.5	2.6	13.9	33.1	10.4	22.7
Changes in working capital	35.4	66.7	(31.3)	232.1	265.2	(33.1)
Net Cash provided by operating activities	€ 238.6	€ 244.6	(€ 6.0)	€ 645.5	€ 592.4	€ 53.1
Additions to property, equipment and intangibles	(19.3)	(27.4)	8.1	(31.3)	(45.8)	14.5
Payments for acquisition of businesses, net of cash acquired	(51.6)	(7.6)	(44.0)	(51.6)	(8.0)	(43.6)
Sale (purchase) of short term investments, net	40.8	12.5	28.3	0.7	3.7	(3.0)
Investments, loans and others	(1.5)	-	(1.5)	(1.5)	6.4	(7.9)
Net Cash provided by (used in) investing activities	(€ 31.6)	(€ 22.5)	(€ 9.1)	(€ 83.7)	(€ 43.7)	(€ 40.0)
Acquisition of non-controlling interests	(26.2)	(14.1)	(12.1)	(26.2)	(14.1)	(12.1)
(Purchase) Sale of treasury stock	(10.6)	(47.9)	37.3	(2.3)	(44.8)	42.5
Proceeds from exercise of stock-options	31.4	16.5	14.9	43.7	21.8	21.9
Cash dividend paid	(38.0)	(51.3)	13.3	(38.0)	(51.3)	13.3
Net Cash provided by (used in) financing activities	(€ 43.4)	(€ 96.8)	€ 53.4	(€ 22.8)	(€ 88.4)	€ 65.6
Effect of exchange rate changes on cash and cash equivalents	75.8	(121.5)	197.3	44.8	(127.8)	172.6
Increase (decrease) in cash and cash equivalents	€ 239.4	€ 3.8		€ 583.8	€ 332.5	
Cash and cash equivalents at beginning of period	€ 2,803.8	€ 2,765.4		€ 2,459.4	€ 2,436.7	
Cash and cash equivalents at end of period	€ 3,043.2	€ 2,769.2		€ 3,043.2	€ 2,769.2	

IFRS 15

DASSAULT SYSTEMES SUPPLEMENTAL NON-IFRS FINANCIAL INFORMATION IFRS – NON-IFRS RECONCILIATION

(unaudited; in millions of Euros, except per share data)

Readers are cautioned that the supplemental non-IFRS information presented in this press release is subject to inherent limitations. It is not based on any comprehensive set of accounting rules or principles and should not be considered as a substitute for IFRS measurements. Also, the Company's supplemental non-IFRS financial information may not be comparable to similarly titled non-IFRS measures used by other companies. Further specific limitations for individual non-IFRS measures, and the reasons for presenting non-IFRS financial information, are set forth in the Company's *Document de référence* for the year ended December 31, 2017 filed with the AMF on March 21, 2018. To compensate for these limitations, the supplemental non-IFRS financial information should be read not in isolation, but only in conjunction with the Company's consolidated financial statements prepared in accordance with IFRS.

In millions of Euros, except per share data and percentages	Three months ended June 30,		
	2018	Adjustment	2018
	IFRS	(1)	Non-IFRS
Total Revenue IFRS15	€ 827.8	€ 3.0	€ 830.7
Total Revenue IFRS15 breakdown by activity			
Software revenue	740.1	3.0	743.0
Licenses and other software revenue	217.5		217.5
Subscription and Support revenue	522.5	3.0	525.5
<i>Recurring portion of Software revenue</i>	<i>71%</i>		<i>71%</i>
Services revenue	87.7		87.7
Total Software Revenue IFRS15 breakdown by product line			
CATIA software revenue	249.9	0.5	250.4
ENOVIA software revenue	87.3		87.3
SOLIDWORKS software revenue	185.9		185.9
Other software revenue	217.0	2.4	219.4
Total Revenue IFRS15 breakdown by geography			
Americas	237.1	1.9	239.0
Europe	345.9	0.2	346.1
Asia	244.7	0.9	245.6
Total Operating Expenses	(€ 659.0)	€ 72.4	(€ 586.6)
Share-based compensation expense	(27.3)	27.3	-
Amortization of acquired intangibles	(40.7)	40.7	-
Other operating income and expense, net	(4.4)	4.4	-
Operating Income	€ 168.7	€ 75.4	€ 244.1
Operating Margin	20.4%		29.4%
Financial revenue & other, net	4.4	0.6	5.0
Income tax expense	(44.0)	(25.3)	(69.3)
Non-controlling interest	0.1		0.1
Net Income attributable to shareholders	€ 129.3	€ 50.7	€ 179.9
Diluted Net Income Per Share (3)	€ 0.50	€ 0.19	€ 0.69

(1) In the reconciliation schedule above, (i) all adjustments to IFRS revenue data reflect the exclusion of the deferred revenue adjustment of acquired companies; (ii) adjustments to IFRS operating expense data reflect the exclusion of the amortization of acquired intangibles, share-based compensation expense and related social charges, and other operating income and expense, (iii) adjustments to IFRS financial revenue and other, net reflect the exclusion of certain one-time items included in financial revenue and other, net, and (iv) all adjustments to IFRS income data reflect the combined effect of these adjustments, plus for net income and diluted net income per share, the income tax effect of the non-IFRS adjustments.

In millions of Euros	Three months ended June 30,		
	2018		
	2018 IFRS	Adjustment	Non-IFRS
Cost of revenue	(120.0)	1.1	(118.9)
Research and development	(161.4)	10.8	(150.5)
Marketing and sales	(262.8)	7.5	(255.3)
General and administrative	(69.8)	7.9	(61.9)
Total share-based compensation expense		€ 27.3	

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

(3) Based on a weighted average 260.4 million diluted shares for Q2 2018 and 257.9 million diluted shares for Q2 2017.

IFRS 15

DASSAULT SYSTEMES SUPPLEMENTAL NON-IFRS FINANCIAL INFORMATION IFRS – NON-IFRS RECONCILIATION

(unaudited; in millions of Euros, except per share data)

Readers are cautioned that the supplemental non-IFRS information presented in this press release is subject to inherent limitations. It is not based on any comprehensive set of accounting rules or principles and should not be considered as a substitute for IFRS measurements. Also, the Company's supplemental non-IFRS financial information may not be comparable to similarly titled non-IFRS measures used by other companies. Further specific limitations for individual non-IFRS measures, and the reasons for presenting non-IFRS financial information, are set forth in the Company's *Document de référence* for the year ended December 31, 2017 filed with the AMF on March 21, 2018. To compensate for these limitations, the supplemental non-IFRS financial information should be read not in isolation, but only in conjunction with the Company's consolidated financial statements prepared in accordance with IFRS.

In millions of Euros, except per share data and percentages	Six months ended June 30,		
	2018	Adjustment	2018
	IFRS	(1)	Non-IFRS
Total Revenue IFRS15	€ 1,646.4	€ 4.8	€ 1,651.3
Total Revenue IFRS15 breakdown by activity			
Software revenue	1,475.2	4.8	1,480.0
Licenses and other software revenue	396.6		396.6
Subscription and Support revenue	1,078.6	4.8	1,083.4
<i>Recurring portion of Software revenue</i>	73%		73%
Services revenue	171.2		171.2
Total Software Revenue IFRS15 breakdown by product line			
CATIA software revenue	500.6	0.5	501.0
ENOVIA software revenue	162.0		162.0
SOLIDWORKS software revenue	355.7		355.7
Other software revenue	456.9	4.4	461.3
Total Revenue IFRS15 breakdown by geography			
Americas	475.2	2.8	478.0
Europe	708.1	0.6	708.7
Asia	463.1	1.5	464.5
Total Operating Expenses	(€ 1,299.0)	149.5	(€ 1,149.5)
Share-based compensation expense	(60.2)	60.2	
Amortization of acquired intangibles	(82.5)	82.5	
Other operating income and expense, net	(6.9)	6.9	
Operating Income	€ 347.4	154.4	€ 501.8
Operating Margin	21.1%		30.4%
Financial revenue & other, net	9.1	1.1	10.3
Income tax expense	(91.5)	(53.5)	(144.9)
Non-controlling interest	0.4		0.4
Net Income attributable to shareholders	€ 265.5	102.0	€ 367.5
Diluted Net Income Per Share (3)	€ 1.02	0.4	€ 1.41

(1) In the reconciliation schedule above, (i) all adjustments to IFRS revenue data reflect the exclusion of the deferred revenue adjustment of acquired companies; (ii) adjustments to IFRS operating expense data reflect the exclusion of the amortization of acquired intangibles, share-based compensation expense and related social charges, and other operating income and expense, (iii) adjustments to IFRS financial revenue and other, net reflect the exclusion of certain one-time items included in financial revenue and other, net, and (iv) all adjustments to IFRS income data reflect the combined effect of these adjustments, plus for net income and diluted net income per share, the income tax effect of the non-IFRS adjustments.

In millions of Euros	Six months ended June 30,		
	2018 IFRS	Adjustment	2018 Non-IFRS
Cost of revenue	(240.2)	2.1	(238.1)
Research and development	(314.0)	23.1	(291.0)
Marketing and sales	(515.8)	13.9	(501.9)
General and administrative	(139.6)	21.1	(118.4)
Total share-based compensation expense		€ 60.2	

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

(3) Based on a weighted average 260.0 million diluted shares for H1 2018 and 257.1 million diluted shares for H1 2017.