

Dassault Systèmes Q3 and YTD Total Revenue and EPS Growth Up Double-digits; On Track for 5-year Doubling of non-IFRS EPS to €3.50 for 2019

VÉLIZY-VILLACOUBLAY, France — October 24, 2019 — [Dassault Systèmes](http://Dassault_Systèmes) (Euronext Paris: #13065, DSY.PA) announces IFRS unaudited financial results for the third quarter and nine months ended September 30, 2019. These results were reviewed by the Group’s Board of Directors on October 23, 2019. This press release also includes financial information on a non-IFRS basis with reconciliations included in the Appendix to this communication. All IFRS and non-IFRS figures are presented in compliance with IFRS 15 and IFRS 16, which have been applied since January 1, 2018 and January 1, 2019, respectively.

Q3 and Nine Months Highlights and Financial Summary (Unaudited, all revenue growth at constant currency)

- **Q3 non-IFRS basis: total revenue €914 million, up 10%, EPS €0.78, up 20% or 16% at constant currency**
- **YTD non-IFRS organic basis: total revenue up 9%, driven by recurring software up 9%**
- **3DEXPERIENCE non-IFRS software revenue up 32% at constant currency YTD, represents 27% of related non-IFRS software**
- **Cash flow from operations up 34%, crossing €1.00 billion milestone YTD**
- **Toyota Motor Corporation adopts 3DEXPERIENCE platform**
- **Poised to Reach Five-Year Goal of Doubling non-IFRS EPS to €3.50 in 2019; Reaffirming 2019 non-IFRS Total revenue up 10% to 11% in constant currency; updating non-IFRS EPS to €3.50-€3.55, up 12%-14% before Medidata Solutions Inc. (“Medidata”)**
- **Medidata acquisition completion expected in the coming days**

In millions of Euros, except per share data
Total Revenue
Software Revenue
Operating Margin
EPS

IFRS			
Q3 2019	Q3 2018	Change	Change in cc*
914.8	804.5	14%	11%
798.5	711.2	12%	10%
21.0%	18.9%	+2.1pts	
0.53	0.43	23%	

IFRS			
YTD 2019	YTD 2018	Change	Change in cc*
2,835.1	2,450.9	16%	12%
2,501.2	2,186.4	14%	11%
20.8%	20.4%	+0.4pt	
1.66	1.45	14%	

In millions of Euros, except per share data
Total Revenue
Software Revenue
Operating Margin
EPS

Non-IFRS			
Q3 2019	Q3 2018	Change	Change in cc*
914.0	809.2	13%	10%
797.5	715.5	11%	9%
30.3%	28.9%	+1.4pt	
0.78	0.65	20%	16%

Non-IFRS			
YTD 2019	YTD 2018	Change	Change in cc*
2,843.4	2,460.5	16%	12%
2,508.0	2,195.6	14%	11%
31.3%	29.9%	+1.4pt	
2.46	2.06	19%	14%

*In constant currencies

Bernard Charlès, Dassault Systèmes' Vice Chairman and Chief Executive Officer commented:
"Sustainable Innovation in customer experiences and business models is a strategic imperative for this 21st Century. Dassault Systèmes is recognized as a leading player in this transformation – from ideation to design to supply to manufacturing to go-to-market to use – across all industries.

"In our largest industry, Automotive, we are honored of our long-established friendship and partnership with Toyota Motor Corporation – with whom we co-invented PLM in 1999 – as they adopt our 3DEXPERIENCE platform to conduct their 'once-in a century profound transformation' underway from an automotive to mobility experience company.

"Lockheed Martin is also standardizing on the 3DEXPERIENCE platform for all new advanced development programs as part of a multi-year partnership agreement. More broadly, our 3DEXPERIENCE platform is establishing a very strong position in the Aerospace & Defence industry as a powerful catalyst and enabler of sustainable growth models.

"Last week our "Science in the Age of Experience" conference in Boston brought together industry and academic leaders and our science-based teams including BIOVIA and SIMULIA, as well as our future Medidata colleagues. We are focused on helping health innovators advance affordable precision medicine. By combining data intelligence and simulation, we will power smarter therapeutics for healthier people. It is clear that the future of science will be shaped by inclusive and multi-discipline platforms."

Third Quarter 2019 versus 2018 Financial Comparisons (Unaudited)

In millions of Euros, except per share data	IFRS				Non-IFRS			
	Q3 2019	Q3 2018	Change	Change in cc*	Q3 2019	Q3 2018	Change	Change in cc*
Q3 2019 Total Revenue	914.8	804.5	14%	11%	914.0	809.2	13%	10%
Q3 2019 Software Revenue	798.5	711.2	12%	10%	797.5	715.5	11%	9%
Q3 2019 Services Revenue	116.3	93.2	25%	21%	116.5	93.7	24%	21%
Q3 2019 Operating Margin	21.0%	18.9%	+2.1pts		30.3%	28.9%	+1.4pt	
Q3 2019 EPS	0.53	0.43	23%		0.78	0.65	20%	16%

Total Software Revenue in millions of Euros	IFRS				Non-IFRS			
	Q3 2019	Q3 2018	Change	Change in cc*	Q3 2019	Q3 2018	Change	Change in cc*
Americas	260.6	203.0	28%	20%	259.9	205.7	26%	19%
Europe	309.8	294.8	5%	5%	309.5	296.1	5%	5%
Asia	228.1	213.4	7%	5%	228.1	213.7	7%	4%

*In constant currencies

Q3 Revenue Review

- In constant currencies: Total revenue increased 11% (IFRS) and 10% (non-IFRS). On an organic basis, non-IFRS total revenue increased 8%.
- Software revenue increased 10% (IFRS) and 9% (non-IFRS). Licenses and other software revenue increased 2% (IFRS and non-IFRS) principally reflecting some large deals slippage and softness in the automotive supply chain. Non-IFRS recurring revenue increased 12%, with double-digit growth for support and subscription revenue, and represented 75% of total non-IFRS software in the quarter. On an organic basis, total non-IFRS software revenue increased 7%, driven by double-digit non-IFRS recurring software revenue growth (All growth rates at constant currencies).
- Services revenue increased 21% (IFRS and non-IFRS) and represented 13% of total revenue (IFRS and non-IFRS). Services revenue (non-IFRS) increased 16% on an organic basis, with strong growth in 3DEXPERIENCE and global business operations (all growth rates at constant currencies).
- On a regional basis and at constant currencies: America's non-IFRS software revenue increased 19% on large deal activity and strong non-IFRS recurring software growth in North America. Europe non-IFRS software revenue increased 5% led by North, West and South Europe offset in part by a continued weak macro backdrop in Central Europe. Asia non-IFRS software revenue increased 4% led by China and Japan, partially offset by weak results in Korea and India.
- 3DEXPERIENCE non-IFRS software revenue increased 19% at constant currency and represented 27% (24% in Q3 2018) of related non-IFRS software revenue.

Q3 Operating Review

- IFRS operating income increased 27%. Non-IFRS operating income increased 18% to €276.9 million. The non-IFRS operating margin increased 140 basis points in the aggregate to 30.3%, reflecting underlying organic improvement of 160 basis points, currency favorable effects of 30 basis points, and estimated acquisition dilution of 50 basis points.
- The IFRS effective tax rate was 29.3%, similar to 29.1% in the year-ago period. On a non-IFRS basis, the effective tax rate was 27.3% in the third quarter, reflecting an increase in the estimated benefit for patents in France under the new tax law. In the year-ago period, the non-IFRS effective tax rate was 29.1%.
- IFRS diluted net income per share increased 23% with operating income growth of 27%. Non-IFRS diluted net income per share increased 20% to €0.78 per share, and increased about 16% at constant currency.

Nine Months 2019 versus 2018 Financial Comparisons
(Unaudited)

In millions of Euros, except per share data	IFRS				Non-IFRS			
	YTD 2019	YTD 2018	Change	Change in cc*	YTD 2019	YTD 2018	Change	Change in cc*
YTD 2019 Total Revenue	2,835.1	2,450.9	16%	12%	2,843.4	2,460.5	16%	12%
YTD 2019 Software Revenue	2,501.2	2,186.4	14%	11%	2,508.0	2,195.6	14%	11%
YTD 2019 Services Revenue	333.9	264.4	26%	23%	335.3	264.9	27%	23%
YTD 2019 Operating Margin	20.8%	20.4%	+0.4pt		31.3%	29.9%	+1.4pt	
YTD 2019 EPS	1.66	1.45	14%		2.46	2.06	19%	14%

Total Software Revenue in millions of Euros	IFRS				Non-IFRS			
	YTD 2019	YTD 2018	Change	Change in cc*	YTD 2019	YTD 2018	Change	Change in cc*
Americas	775.0	620.7	25%	17%	780.5	626.2	25%	17%
Europe	1,022.2	926.7	10%	9%	1,023.5	928.5	10%	9%
Asia	704.0	639.0	10%	8%	704.0	640.8	10%	7%

*In constant currencies

Revenue Review

- Total revenue increased 12% (IFRS and non-IFRS) in constant currencies on double-digit growth for both software and services revenue.
- Software revenue increased 11% (IFRS and non-IFRS). Licenses and other software revenue increased 9% (IFRS and non-IFRS). Non-IFRS recurring revenue increased 12% reflecting double-digit growth for both support as well as subscription revenue. Services revenue increased 23% (IFRS and non-IFRS) and represented 12% of total revenue (IFRS and non-IFRS) (All growth rates at constant currencies).
- On an organic and non-IFRS basis, total revenue increased 9%. Software revenue increased 8% led by recurring software revenue up 9%, with licenses and other software revenue up 5%. Services revenue increased 14% (all growth rates at constant currencies).
- From an industry perspective and in constant currencies: non-IFRS software revenue increased 10% for Core Industries and 9% for Diversification Industries for the first nine months of 2019.
- On a regional basis and at constant currencies: America non-IFRS software revenue increased 17%, reflecting principally large deal activity, strong recurring software growth and contributions from acquisitions. Europe non-IFRS software revenue increased 9%, on notable strength in Northern, Western and Southern Europe. Asia non-IFRS software revenue increased 7% led by China.
- 3DEXPERIENCE non-IFRS software revenue increased 32% at constant currencies and represented 27% (21% in YTD 2018) of related non-IFRS software revenue, led by large

3DEXPERIENCE transactions in Aerospace & Defense, Transportation & Mobility, Consumer Goods, Energy & Materials, Industrial Equipment and Marine & Offshore.

Operating Review

- IFRS operating income increased 18%. Non-IFRS operating income increased 21% to €889.6 million. The non-IFRS operating margin increased 140 basis points to 31.3%, compared to 29.9% in the year-ago period, reflecting underlying organic improvement of about 200 basis points and currency favorable effects of about 40 basis points offset in part by estimated acquisition dilution of 100 basis points.
- On an IFRS basis, the effective tax rate increased to 28.6% from 26.7%. On a non-IFRS basis, the effective tax rate was 28.4% for the 2019 nine-month period, similar to 28.6% in the year-ago period.
- IFRS diluted net income per share increased 14%. Non-IFRS diluted net income per share increased 19% to €2.46 per share, and increased an estimated 14% at constant currency.

CFO Commentary

(In the discussion below, figures are on a non-IFRS basis, with revenue growth rates in constant currencies.)

Pascal Daloz, Dassault Systèmes' Executive Vice President, CFO and Corporate Strategy Officer, commented:

“Non-IFRS total revenue in the third quarter increased 10%, accompanied by a strong operational performance, with our non-IFRS operating margin up 140 basis points and non-IFRS EPS up 20% to 78 cents, or 16% growth at constant currency.

“As our results year-to-date have demonstrated, our recurring software revenue growth rate has been accelerating by several hundred basis points over 2018, thanks to strong double-digit subscription growth and global strength for our support revenue.

“Looking to our full year performance before adding Medidata, we are reaffirming our non-IFRS total revenue growth objective of 10% to 11% at constant currency, taking into account the potential for continued volatility in licenses activity in Q4. We are updating our financial results, including for currency, leading to a non-IFRS EPS objective of €3.50 to 3.55, up 12% to 14%. Importantly, we are poised to achieve our five-year goal of doubling our non-IFRS EPS to €3.50 in 2019.

“Assuming that the closing of Medidata will take place on or before October 31, 2019 with a two-month contribution, - on a combined basis, our 2019 non-IFRS revenue growth objective becomes 13% to 14% at constant currency, with a non-IFRS EPS objective of €3.52 to €3.57, up 13% to 14%.”

2019 Fourth Quarter and Full Year Financial Objectives

Dassault Systèmes' fourth quarter and full year 2019 financial objectives presented below reflect the addition of Medidata for a two-month period assuming a closing taking place at the latest October 31st, 2019. They are given on a non-IFRS basis and reflect the principal 2019 currency exchange rate assumptions below for the US dollar and Japanese yen as well as the potential impact from additional non-Euro currencies:

	Fourth Quarter 2019	Full Year 2019
Non-IFRS Total Revenue	€1.172 to €1.212 billion	€4.015 to €4.055 billion
Growth in Constant Currencies	+15% to +19%	+13% to +14%
Non-IFRS operating Margin	33.0% to 33.5%	~32.0%
Non-IFRS EPS	€1.05 to €1.10	€3.52 to €3.57
EPS Growth	-1% to +4%	+13% to +14%
<i>US dollar</i>	<i>\$1.15 per Euro</i>	<i>\$1.13 per Euro</i>
<i>Japanese yen (before hedging)</i>	<i>JPY 125.0 per Euro</i>	<i>JPY 123.2 per Euro</i>

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

The 2019 non-IFRS financial objectives set forth above do not take into account the following accounting elements and are estimated based upon the 2019 principal currency exchange rates above: contract liabilities write-downs estimated at approximately €10 million; share-based compensation expense, including related social charges, estimated at approximately €144 million and amortization of acquired intangibles estimated at approximately €201 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, and impairment of goodwill and acquired intangible assets; from one-time items included in financial revenue; from one-time tax effects; and from the income tax effects of these non-IFRS adjustments. Finally, these estimates do not include any new stock option or share grants, or any new acquisitions or restructurings completed after September 30, 2019. The non-IFRS financial objectives above include Medidata for a two-month period, while the accounting elements above do not yet reflect the addition of Medidata.

Implementation of IFRS 16 Leases Summary

As of January 1, 2019, Dassault Systèmes adopted the new accounting standard IFRS 16 Leases, under the modified retrospective method. Under this method, the transition effect is accounted for within the consolidated equity at the date of initial application, therefore, there is no adjustment to prior year comparative information.

Cash Flow and Balance Sheet Information

Net operating cash flow increased 34% to €1.00 billion for the first nine months of 2019 compared to €746.6 million in the 2018 period. During the 2019 nine-month period, cash obtained from operations was used principally for repayment of short- and long-term debt of €1.00 billion; payment for acquisitions, net of cash acquired of €398.7 million; distribution of cash dividends of €168.8 million; capital expenditures, net of €76.7 million; and payment for lease obligations of €56.6 million. The Group also received cash from exercise of stock options of €72.9 million.

At September 30, 2019 Dassault Systèmes' had a net cash position of €2.22 billion, compared to a net cash position of €1.81 billion at December 31, 2018. During the first nine months, cash, cash equivalents and short-term investments increased to €5.86 billion from €2.81 billion and total debt increased from €1.0 billion to €3.64 billion, of which €3.63 billion was long-term debt.

In connection with the funding of the acquisition of Medidata by Dassault Systèmes, in an all-cash transaction at a price of \$92.25 per share of Medidata, representing an enterprise value of \$5.8 billion, the Group completed a €3.65 billion Eurobond offering in September 2019.

Summary of Recent Business, Technology and Customer Announcements

The completion of the acquisition of Medidata with the objective of pushing the bounds of possibilities in 21st Century Healthcare is expected in the coming days. The acquisition will position Dassault Systèmes to lead the digital transformation of Life Sciences in the age of precision medicine and patient-centric experience through a unique and comprehensive offering that reflects a deep understanding of healthcare, its ecosystem and market needs.

On September 18, 2019, Dassault Systèmes introduced SOLIDWORKS 2020, Designed for the 3DEXPERIENCE.WORKS Portfolio, Accelerating the Product Development Process for Millions of Users. With SOLIDWORKS 2020, and the 3DEXPERIENCE.WORKS portfolio of solutions, the 3DEXPERIENCE platform provides a growing set of cloud-based solutions that work together to help manage every aspect of developing concepts, designing products, and manufacturing and delivering them. Solutions like 3D Sculptor, which includes the xShape (sub division modeling) application, 3D Creator featuring the xDesign (parametric modeling) application, 3D Component Designer (data management), Project Planner, and Structural Professional Engineer (advanced simulation) and enable users to reduce friction in their design to manufacturing process.

Today's Webcast and Conference Call Information

Today, Thursday, October 24, 2019, Dassault Systèmes will host from London a webcasted meeting at 9:30 AM Paris time /8:30 AM London Time and will then host a conference call at 9:00 AM New York time / 3:00 PM Paris time / 2:00 PM London time. The webcasted meeting and conference call will be available via the Internet by accessing <http://www.3ds.com/investors/>.

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

Life Sciences Day: November 13, 2019 in New York

Fourth Quarter 2019 Earnings Release: February 6, 2020 in Paris

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 2019 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 2018 Document de Référence (Annual Report) filed with the AMF (French Financial Markets Authority) on March 26, 2019 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\$1.15 per €1.00 as well as an average Japanese yen to euro exchange rate of JPY125 to €1.00 for the 2019 fourth quarter 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 2018 Document de Référence filed with the AMF on March 26, 2019.

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, including impairment of goodwill and acquired intangibles, 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.

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For more information:

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

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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 250,000 customers of all sizes, in all industries, in more than 140 countries. For more information, visit www.3ds.com.

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APPENDIX TABLE OF CONTENTS

(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.)

Glossary of Definitions

Non-IFRS Financial Information

Condensed consolidated statements of income

Condensed consolidated balance sheets

Condensed consolidated cash flow statements

IFRS – non-IFRS reconciliation

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

Our global customer base includes companies in 11 industrial sectors as of January 1, 2019: with "Core Industries" comprised of Transportation & Mobility; Industrial Equipment; Aerospace & Defense; and a portion of Business Services. "Diversification Industries" includes companies in High-Tech; Life Sciences; Energy & Materials; Home & Lifestyle, Construction, Cities & Territories; Consumer Packaged Goods & Retail, Marine & Offshore and a portion of Business Services.

3DEXPERIENCE Licenses and Software Contribution

To measure the progressive penetration of **3DEXPERIENCE** software, we utilize the following ratios: a) for Licenses revenue, we calculate 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”).

DASSAULT SYSTEMES
NON-IFRS 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, including the impairment of goodwill and other intangible assets, 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				Nine months ended			
	September 30, 2019	September 30, 2018	Change	Change in cc*	September 30, 2019	September 30, 2018	Change	Change in cc*
Non-IFRS Revenue	€ 914.0	€ 809.2	13%	10%	€ 2,843.4	€ 2,460.5	16%	12%
Non-IFRS Revenue breakdown by activity								
Software revenue	797.5	715.5	11%	9%	2,508.0	2,195.6	14%	11%
<i>of which licenses and other software revenue</i>	196.4	188.1	4%	2%	658.1	584.7	13%	9%
<i>of which subscription and support revenue</i>	601.1	527.5	14%	12%	1,849.9	1,610.9	15%	12%
Services revenue	116.5	93.7	24%	21%	335.3	264.9	27%	23%
Non-IFRS software revenue breakdown by product line								
CATIA software revenue	257.0	241.4	6%	5%	807.6	742.4	9%	8%
ENOVIA software revenue	84.8	80.8	5%	3%	274.3	242.6	13%	10%
SOLIDWORKS software revenue	196.1	177.5	10%	7%	590.3	533.2	11%	5%
Other software revenue	259.6	215.9	20%	17%	835.9	677.3	23%	19%
Non-IFRS Revenue breakdown by geography								
Americas	306.1	243.9	25%	18%	915.8	721.9	27%	19%
Europe	360.6	334.9	8%	8%	1,164.8	1,043.6	12%	11%
Asia	247.3	230.5	7%	5%	762.8	695.0	10%	7%
Non-IFRS operating income	€ 276.9	€ 234.2	18%		€ 889.6	€ 736.0	21%	
Non-IFRS operating margin	30.3%	28.9%			31.3%	29.9%		
Non-IFRS net income attributable to shareholders	€ 202.5	€ 168.7	20%		€ 643.0	€ 536.3	20%	
Non-IFRS diluted net income per share	€ 0.78	€ 0.65	20%	16%	€ 2.46	€ 2.06	19%	14%
Closing headcount	18,019	16,721	8%		18,019	16,721	8%	
Average Rate USD per Euro	1.11	1.16	(4)%		1.12	1.19	(6)%	
Average Rate JPY per Euro	119.32	129.60	(8)%		122.57	130.90	(6)%	

* In constant currencies

DASSAULT SYSTEMES
ACQUISITIONS AND FOREIGN EXCHANGE IMPACT

In millions of Euros	Non-IFRS reported			o/w Growth EX FX ⁽¹⁾	o/w Scope ⁽²⁾	o/w FX ⁽³⁾
	Q3 2019	Q3 2018	Change MEUR			
Revenue QTD	914.0	809.2	104.7	65	20	20
Revenue YTD	2,843.4	2,460.5	382.9	219	92	73

(1) Growth at constant rate and constant scope

(2) Change of scope impact at current year rate

(3) FX impact on previous year figures

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		Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Licenses and other software revenue	196.4	188.1	658.1	584.7
Subscription and Support revenue	602.1	523.2	1,843.1	1,601.8
Software revenue	798.5	711.2	2,501.2	2,186.4
Services revenue	116.3	93.2	333.9	264.4
Total Revenue IFRS	€ 914.8	€ 804.5	€ 2,835.1	€ 2,450.9
Cost of software revenue (excluding amortization of acquired intangibles)	(42.2)	(39.0)	(131.9)	(118.0)
Cost of services and other revenue	(101.3)	(87.2)	(307.6)	(248.4)
Research and development	(170.5)	(153.8)	(527.7)	(467.8)
Marketing and sales	(283.8)	(256.5)	(875.5)	(772.3)
General and administrative	(69.2)	(70.1)	(221.5)	(209.6)
Amortization of acquired intangibles	(51.1)	(43.8)	(152.2)	(126.3)
Other operating income and expense, net	(4.4)	(2.2)	(28.4)	(9.1)
Total Operating Expenses	(722.5)	(652.6)	(2,244.8)	(1,951.6)
Operating Income	€ 192.3	€ 151.9	€ 590.3	€ 499.3
Financial revenue and other, net	1.4	3.5	6.7	12.6
Income before income taxes	€ 193.7	€ 155.3	€ 597.0	€ 511.9
Income tax expense	(56.8)	(45.1)	(170.8)	(136.6)
Net Income	€ 136.9	€ 110.2	€ 426.2	€ 375.3
Non-controlling interest	0.5	2.7	6.2	3.1
Net Income attributable to equity holders of the parent	€ 137.4	€ 112.9	€ 432.3	€ 378.4
Basic net income per share	0.53	0.43	1.67	1.47
Diluted net income per share	€ 0.53	€ 0.43	€ 1.66	€ 1.45
Basic weighted average shares outstanding (in millions)	260.0	259.7	259.4	258.3
Diluted weighted average shares outstanding (in millions)	261.1	260.8	260.9	260.1

	Three months ended September 30, 2019		Nine months ended September 30, 2019	
	Change*	Change in cc**	Change*	Change in cc**
IFRS Revenue	14%	11%	16%	12%
IFRS Revenue by activity				
Software revenue	12%	10%	14%	11%
Services revenue	25%	21%	26%	23%
IFRS Software Revenue by product line				
CATIA software revenue	7%	6%	9%	8%
ENOVIA software revenue	5%	3%	13%	10%
SOLIDWORKS software revenue	10%	7%	11%	5%
Other software revenue	22%	19%	24%	20%
IFRS Revenue by geography				
Americas	27%	20%	27%	19%
Europe	8%	9%	12%	11%
Asia	7%	5%	10%	7%

*Variation compared to the same period in the prior year.

**In constant currencies

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

In millions of Euros	September 30, 2019	December 31, 2018
ASSETS		
Cash and cash equivalents	5,855.6	2,809.3
Short-term investments	0.8	0.6
Accounts receivable, net	744.0	1,044.1
Contract assets	39.9	26.5
Other current assets	424.6	321.3
Total current assets	7,064.9	4,201.8
Property and equipment, net	568.8	178.2
Goodwill and Intangible assets, net	3,675.3	3,262.4
Other non-current assets	343.1	331.6
Total non-current assets	4,587.3	3,772.2
Total Assets	€ 11,652.2	€ 7,974.0
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	160.1	161.7
Contract liabilities	922.1	907.5
Borrowings, current	11.5	350.0
Other current liabilities	588.7	603.6
Total current liabilities	1,682.4	2,022.8
Borrowings, non-current	3,628.5	650.0
Other non-current liabilities	1,095.7	675.4
Total non-current liabilities	4,724.1	1,325.4
Non-controlling interests	58.2	63.9
Parent shareholders' equity	5,187.4	4,561.9
Total Liabilities and Shareholders' equity	€ 11,652.2	€ 7,974.0

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

In millions of Euros	Three months ended			Nine months ended		
	September 30, 2019	September 30, 2018	Change	September 30, 2019	September 30, 2018	Change
Net Income attributable to equity holders of the parent	137.4	112.9	24.5	432.3	378.4	53.9
Non-controlling interest	(0.5)	(2.7)	2.1	(6.2)	(3.1)	(3.1)
Net Income	136.9	110.2	26.6	426.2	375.3	50.8
Depreciation of property & equipment	33.6	14.3	19.3	98.9	42.5	56.3
Amortization of intangible assets	53.4	45.9	7.5	158.9	132.9	26.0
Other non-cash P&L items	27.6	12.7	15.0	74.9	45.8	29.1
Changes in working capital	(141.5)	(82.0)	(59.5)	244.8	150.1	94.7
Net Cash provided by operating activities	€ 110.1	€ 101.1	€ 9.0	€ 1,003.7	€ 746.6	€ 257.1
Additions to property, equipment and intangibles	(28.5)	(16.9)	(11.6)	(76.7)	(48.2)	(28.5)
Payments for acquisition of businesses, net of cash acquired	4.1	(195.7)	199.8	(398.7)	(247.3)	(151.4)
Sale (purchase) of short term investments, net	(0.2)	-	(0.2)	(0.2)	0.7	(0.9)
Investments, loans and others	2.8	0.2	2.6	(14.3)	(1.3)	(13.0)
Net Cash provided by (used in) investing activities	(€ 21.7)	(€ 212.4)	€ 190.7	(€ 489.8)	(€ 296.1)	(€ 193.7)
Acquisition of non-controlling interests	-	(75.3)	75.3	-	(101.5)	101.5
Proceeds of short term and long term debt	3,652.0	-	3,652.0	3,652.0	-	3,652.0
Repayment of short term and long term debt	(1,000.0)	(14.9)	(985.1)	(1,000.9)	(14.9)	(986.0)
Payments on lease obligations	(19.3)	-	(19.3)	(56.6)	-	(56.6)
(Purchase) Sale of treasury stock	(44.5)	(111.6)	67.1	(35.3)	(113.9)	78.6
Proceeds from exercise of stock-options	26.9	15.5	11.4	72.9	59.2	13.7
Cash dividend paid	-	-	-	(168.8)	(38.0)	(130.8)
Net Cash provided by (used in) financing activities	€ 2,615.1	(€ 186.3)	€ 2,801.4	€ 2,463.3	(€ 209.1)	€ 2,672.4
Effect of exchange rate changes on cash and cash equivalents	59.4	0.2	59.2	69.1	45.0	24.1
Increase (decrease) in cash and cash equivalents	€ 2,762.8	(€ 297.4)	€ 3,060.2	€ 3,046.3	€ 286.4	€ 2,759.9
Cash and cash equivalents at beginning of period	€ 3,092.8	€ 3,043.2		€ 2,809.3	€ 2,459.4	
Cash and cash equivalents at end of period	€ 5,855.6	€ 2,745.8		€ 5,855.6	€ 2,745.8	

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 Group'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 Group's *Document de référence* for the year ended December 31, 2018 filed with the AMF on March 26, 2019. 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 September 30,						Change	
	2019 IFRS	Adjustment ⁽¹⁾	2019 Non-IFRS	2018 IFRS	Adjustment ⁽¹⁾	2018 Non-IFRS	IFRS	Non-IFRS ⁽²⁾
Total Revenue	€ 914.8	(€ 0.8)	€ 914.0	€ 804.5	€ 4.8	€ 809.2	14%	13%
Total Revenue breakdown by activity								
Software revenue	798.5	(1.0)	797.5	711.2	4.3	715.5	12%	11%
Licenses and other software revenue	196.4		196.4	188.1		188.1	4%	4%
Subscription and Support revenue	602.1	(1.0)	601.1	523.2	4.3	527.5	15%	14%
<i>Recurring portion of Software revenue</i>	75%		75%	74%		74%		
Services revenue	116.3	0.2	116.5	93.2	0.5	93.7	25%	24%
Total Software Revenue breakdown by product line								
CATIA software revenue	257.0		257.0	240.2	1.2	241.4	7%	6%
ENOVIA software revenue	84.8		84.8	80.8		80.8	5%	5%
SOLIDWORKS software revenue	196.1		196.1	177.5		177.5	10%	10%
Other software revenue	260.6	(1.0)	259.6	212.8	3.0	215.9	22%	20%
Total Revenue breakdown by geography								
Americas	306.7	(0.6)	306.1	241.0	2.9	243.9	27%	25%
Europe	360.8	(0.2)	360.6	333.3	1.6	334.9	8%	8%
Asia	247.3		247.3	230.2	0.3	230.5	7%	7%
Total Operating Expenses	(€ 722.5)	€ 85.5	(€ 637.0)	(€ 652.6)	€ 77.5	(€ 575.1)	11%	11%
Share-based compensation expense	(30.0)	30.0	-	(31.5)	31.5	-		
Amortization of acquired intangibles	(51.1)	51.1	-	(43.8)	43.8	-		
Other operating income and expense, net	(4.4)	4.4	-	(2.2)	2.2	-		
Operating Income	€ 192.3	€ 84.6	€ 276.9	€ 151.9	€ 82.3	€ 234.2	27%	18%
Operating Margin	21.0%		30.3%	18.9%		28.9%		
Financial revenue & other, net	1.4	0.9	2.3	3.5	(1.3)	2.2	(59)%	7%
Income tax expense	(56.8)	(19.4)	(76.2)	(45.1)	(23.7)	(68.9)	26%	11%
Non-controlling interest	0.5	(1.1)	(0.5)	2.7	(1.4)	1.3		
Net Income attributable to shareholders	€ 137.4	€ 65.1	€ 202.5	€ 112.9	€ 55.8	€ 168.7	22%	20%
Diluted Net Income Per Share (3)	€ 0.53	€ 0.25	€ 0.78	€ 0.43	€ 0.22	€ 0.65	23%	20%

(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, net, including the impairment of goodwill and other intangible assets, (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.

(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 261.1 million diluted shares for Q3 2019 and 260.8 million diluted shares for Q3 2018.

In millions of Euros	Three months ended September 30,						Change	
	2019 IFRS	Adjustment	2019 Non-IFRS	2018 IFRS	Adjustment	2018 Non-IFRS	IFRS	Non-IFRS
Cost of revenue	(143.5)	1.5	(142.0)	(126.2)	1.3	(124.9)	14%	14%
Research and development	(170.5)	13.2	(157.3)	(153.8)	12.0	(141.8)	11%	11%
Marketing and sales	(283.8)	9.9	(273.9)	(256.5)	8.4	(248.1)	11%	10%
General and administrative	(69.2)	5.3	(63.9)	(70.1)	9.7	(60.3)	(1)%	6%
Total share-based compensation expense		€ 30.0			€ 31.5			

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

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

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In millions of Euros, except per share data and percentages	Nine months ended September 30,						Change	
	2019 IFRS	Adjustment ⁽¹⁾	2019 Non-IFRS	2018 IFRS	Adjustment ⁽¹⁾	2018 Non-IFRS	IFRS	Non-IFRS ⁽²⁾
Total Revenue	€ 2,835.1	€ 8.3	€ 2,843.4	€ 2,450.9	€ 9.6	€ 2,460.5	16%	16%
Total Revenue breakdown by activity								
Software revenue	2,501.2	6.8	2,508.0	2,186.4	9.1	2,195.6	14%	14%
Licenses and other software revenue	658.1		658.1	584.7		584.7	13%	13%
Subscription and Support revenue	1,843.1	6.8	1,849.9	1,601.8	9.1	1,610.9	15%	15%
<i>Recurring portion of Software revenue</i>	74%		74%	73%		73%		
Services revenue	333.9	1.5	335.3	264.4	0.5	264.9	26%	27%
Total Software Revenue breakdown by product line								
CATIA software revenue	807.6		807.6	740.8	1.7	742.4	9%	9%
ENOVIA software revenue	274.3		274.3	242.6		242.6	13%	13%
SOLIDWORKS software revenue	590.3		590.3	533.2		533.2	11%	11%
Other software revenue	829.1	6.8	835.9	669.8	7.5	677.3	24%	23%
Total Revenue breakdown by geography								
Americas	909.3	6.5	915.8	716.2	5.7	721.9	27%	27%
Europe	1,163.0	1.8	1,164.8	1,041.5	2.1	1,043.6	12%	12%
Asia	762.8		762.8	693.2	1.8	695.0	10%	10%
Total Operating Expenses	(€ 2,244.8)	€ 291.1	(€ 1,953.8)	(€ 1,951.6)	€ 227.0	(€ 1,724.5)	15%	13%
Share-based compensation expense	(110.5)	110.5	-	(91.6)	91.6	-		
Amortization of acquired intangibles	(152.2)	152.2	-	(126.3)	126.3	-		
Other operating income and expense, net	(28.4)	28.4	-	(9.1)	9.1	-		
Operating Income	€ 590.3	€ 299.3	€ 889.6	€ 499.3	€ 236.7	€ 736.0	18%	21%
Operating Margin	20.8%		31.3%	20.4%		29.9%		
Financial revenue & other, net	6.7	(0.3)	6.5	12.6	(0.2)	12.4	(47)%	(48)%
Income tax expense	(170.8)	(83.9)	(254.7)	(136.6)	(77.2)	(213.8)	25%	19%
Non-controlling interest	6.2	(4.5)	1.7	3.1	(1.4)	1.7		
Net Income attributable to shareholders	€ 432.3	€ 210.7	€ 643.0	€ 378.4	€ 157.9	€ 536.3	14%	20%
Diluted Net Income Per Share (3)	€ 1.66	€ 0.80	€ 2.46	€ 1.45	€ 0.61	€ 2.06	14%	19%

(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, net, including the impairment of goodwill and other intangible assets (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.

(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 260.9 million diluted shares for YTD 2019 and 260.1 million diluted shares for YTD 2018.

In millions of Euros	Nine months ended September 30,						Change	
	2019 IFRS	Adjustment	2019 Non-IFRS	2018 IFRS	Adjustment	2018 Non-IFRS	IFRS	Non-IFRS
Cost of revenue	(439.6)	5.0	(434.5)	(366.4)	3.4	(363.0)	20%	20%
Research and development	(527.7)	48.1	(479.6)	(467.8)	35.1	(432.7)	13%	11%
Marketing and sales	(875.5)	33.0	(842.5)	(772.3)	22.3	(750.0)	13%	12%
General and administrative	(221.5)	24.4	(197.2)	(209.6)	30.9	(178.8)	6%	10%
Total share-based compensation expense		€ 110.5			€ 91.6			