

Dassault Systèmes Reports Q3 and YTD EPS Up Double-Digits and Reaffirms 2018 Growth Objectives

VÉLIZY-VILLACOUBLAY, France — October 24, 2018 — [Dassault Systèmes](#) (Euronext Paris: #13065, DSY.PA), announces IFRS unaudited financial results for the third quarter and nine months ended September 30, 2018. These results were reviewed by the Company's Board of Directors on October 23, 2018. The Company has adopted IFRS 15 as of January 1, 2018. This press release includes 2018 third quarter and nine-month 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.

Third Quarter and Nine Months 2018 Highlights and Financial Summary (Unaudited, with references to IAS 18 data, revenue growth at constant currency)

- Q3 well aligned with Dassault Systèmes' non-IFRS IAS 18 objectives: total revenue up 10% and software revenue up 9% at constant currency, operating margin at 30.9%, EPS up 11% at €0.71
- Organic licenses revenue growth well in line, up 8% YTD at constant currency (non-IFRS IAS 18)
- **3DEXPERIENCE** software revenue up 19% YTD at constant currency (non-IFRS IAS 18)
- YTD software revenue up strongly in Transportation & Mobility; Energy, Process & Utilities; Consumer Goods and CPG-Retail; Marine & Offshore; Natural Resources; and Architecture, Engineering & Construction (non-IFRS IAS 18)
- Cash flow from operations up 11% YTD to €747 million (IAS 18)
- On an IAS 18, non-IFRS basis: targeting FY 2018 total revenues of €3.425 – €3.450 billion, up 9% to 10% at constant currency and EPS of €2.98 to €3.02, up 11% to 13%

In millions of Euros, except per share data	IFRS under IFRS15	IFRS under IAS18			IFRS under IFRS15	IFRS under IAS18		
	Q3 2018	Q3 2018	Change	Change in cc*	YTD 2018	YTD 2018	Change	Change in cc*
Total Revenue	804.5	826.9	10%	9%	2,450.9	2,433.5	5%	9%
Software Revenue	711.2	733.7	10%	9%	2,186.4	2,169.1	5%	10%
Operating Margin	18.9%	21.1%	-0.2pts		20.4%	19.8%	+0.4pts	
EPS	0.43	0.49	20%		1.45	1.41	16%	

In millions of Euros, except per share data	Non-IFRS under IFRS15	Non-IFRS under IAS18			Non-IFRS under IFRS15	Non-IFRS under IAS18		
	Q3 2018	Q3 2018	Change	Change in cc*	YTD 2018	YTD 2018	Change	Change in cc*
Total Revenue	809.2	831.7	10%	10%	2,460.5	2,443.1	5%	9%
Software Revenue	715.5	738.0	10%	9%	2,195.6	2,178.2	5%	9%
Operating Margin	28.9%	30.9%	-1.1pts		29.9%	29.4%	-0.0pts	
EPS	0.65	0.71	11%	11%	2.06	2.01	12%	19%

*In constant currencies.

Bernard Charlès, Dassault Systèmes' Vice Chairman and Chief Executive Officer commented, "We see a global Industry Renaissance: companies across all industries are reinventing themselves to provide new categories of experiences revealing new categories of customers. In all sectors that we serve – starting with Transportation and Mobility, Aerospace and

Defense and Energy, Processes and Utilities – we observe a radical transformation of the offer. All businesses are putting their next generation portfolio at the top of their agenda.

This long term trend is going to accelerate with the ‘platform factor’. Indeed, producing new experiences requires excellence in operations and high added value ecosystems. With the 3DEXPERIENCE platform we provide an operating system – for customers to power industry solutions - and a business model – for customers to power their value networks. Moreover, the 3DEXPERIENCE platform on the Cloud enables companies to very quickly launch and create full digital continuity from day 1, as we see both in our commercial business and in our 3DEXPERIENCE Lab, our accelerator for start-ups.

“This will drive sustainable growth opportunities for 2018 and the medium term.”

Third 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		
		Q3 2018	Change	Change in cc*		Q3 2018	Change	Change in cc*
Q3 2018 Total Revenue	804.5	826.9	10%	9%	809.2	831.7	10%	10%
Q3 2018 Software Revenue	711.2	733.7	10%	9%	715.5	738.0	10%	9%
Q3 2018 Services Revenue	93.2	93.2	13%	13%	93.7	93.7	14%	13%
Q3 2018 Operating Margin	18.9%	21.1%	-0.2pts		28.9%	30.9%	-1.1pts	
Q3 2018 EPS	0.43	0.49	20%		0.65	0.71	11%	11%

Total Software Revenue in millions of Euros	IFRS under IFRS15	IFRS under IAS18			Non-IFRS under IFRS15	Non-IFRS under IAS18		
		Q3 2018	Q3 2017	Change in cc*		Q3 2018	Q3 2017	Change in cc*
Americas	203.0	216.1	200.5	7%	205.7	218.8	200.9	8%
Europe	294.8	303.9	277.7	8%	296.1	305.2	278.7	8%
Asia	213.4	213.7	190.9	13%	213.7	214.0	191.0	13%

*In constant currencies

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

- On an IAS 18 basis with year over year comparisons at constant currency: Total revenue increased 9% (IFRS) and 10% (non-IFRS). Acquisitions contributed 5 percentage points to the non-IFRS revenue growth rate in the third quarter.
- On an IAS 18 basis and in constant currencies: Software revenue increased 9% (IFRS and non-IFRS). Licenses and other software revenue grew 7% (IFRS and non-IFRS), led by double-digit growth for CATIA, DELMIA, QUINTIQ and BIOVIA. Non-IFRS recurring revenue, comprised of subscription and support revenue, increased 10% and represented 74% of non-IFRS software revenue in the third quarter. On an organic basis, non-IFRS software revenue increased 5% in the third quarter with licenses and other software growth of 4% and recurring software growth of 6%.
- On a regional and IAS 18 basis: Asia non-IFRS software revenue increased 13% led by China and India. Europe non-IFRS software revenue increased 8% led by North Europe and Central Europe as well as Russia. Americas non-IFRS software revenue increased 8%, principally driven by acquisitions and improving results in Latin America. High Growth

Countries non-IFRS software revenue increased 15%. (All growth rates are in constant currencies.)

- In the third quarter, **3DEXPERIENCE** software revenue was up 14% at constant currency on an IAS 18 basis, with some of the larger transactions of the quarter in Marine & Offshore, Aerospace & Defense, Consumer Packaged Goods-Retail and Transportation & Mobility.
- Services revenue increased 13% in constant currencies (IAS 18 IFRS and non-IFRS) on a year over year basis led by growth in **3DEXPERIENCE** services activity as well as the contribution from acquisitions.
- IAS 18 IFRS operating income increased 9.0%. IAS 18 non-IFRS operating income increased 6.6% to €256.6 million. The non-IFRS operating margin was 30.9%, in line with the Company's objective, compared to 32.0% in the year-ago period, reflecting acquisition dilution of 110 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 29.0% and 29.1%, respectively, in the 2018 third quarter compared to 32.9% and 31.4%, respectively, in the 2017 third quarter.
- IAS 18 IFRS diluted net income per share increased 20% as reported. IAS 18 non-IFRS diluted net income per share totaled €0.71, increasing 11% both as reported and at constant currency.

Nine Months 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	2,450.9	2,433.5	5%	9%	2,460.5	2,443.1	5%	9%
YTD 2018 Software Revenue	2,186.4	2,169.1	5%	10%	2,195.6	2,178.2	5%	9%
YTD 2018 Services Revenue	264.4	264.4	2%	6%	264.9	264.9	2%	6%
YTD 2018 Operating Margin	20.4%	19.8%	+0.4pts		29.9%	29.4%	-0.0pts	
YTD 2018 EPS	1.45	1.41	16%		2.06	2.01	12%	19%

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	620.7	633.3	626.1	9%	626.2	638.8	629.7	9%
Europe	926.7	906.8	855.9	7%	928.5	908.6	863.2	7%
Asia	639.0	628.9	575.8	14%	640.8	630.7	576.5	14%

*In constant currencies

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

- On an IAS 18 basis and in constant currencies, total revenue grew 9% (IFRS and non-IFRS) with acquisitions contributing three points to the year over year total revenue growth.

- On an IAS 18 basis and in constant currencies: Total software revenue increased 10% (IFRS) and 9% (non-IFRS). Licenses and other software revenue increased 9% (IFRS and non-IFRS), with double-digit growth for CATIA, ENOVIA and DELMIA, well supported by high single-digit growth for SOLIDWORKS. Non-IFRS recurring revenue represented 73% of total software revenue, and grew 9% led by growth in subscription revenue, including the acquisition of EXA, and high support renewal rates in all three regions. On an organic basis excluding acquisitions, total software increased 7% with licenses and other software revenue growth of 8% and recurring software revenue growth of 6%.
- IAS 18 non-IFRS software revenue increased double-digits in constant currencies in Transportation & Mobility, Energy, Process & Utilities, Consumer Goods & Retail and Consumer Packaged Goods & Retail, Marine & Offshore, Natural Resources and Architecture, Engineering & Construction.
- On a regional and IAS 18 basis: Asia non-IFRS software revenue increased 14% with all countries contributing to this strong performance. In Europe non-IFRS software revenue increased 7% with notable performances in North and South 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, including acquisitions. High Growth Countries non-IFRS software revenue increased 18% and represented about 18% of total software revenue. (All growth rates are in constant currencies.)
- **3DEXPERIENCE** non-IFRS IAS 18 software revenue increased 19% in constant currencies during the first nine months of 2018 and represented approximately 22% of related software revenue.
- IAS 18 IFRS and non-IFRS services revenue increased 6% in constant currencies, with growth in **3DEXPERIENCE** related services, and the contribution from acquisitions.
- IAS 18 IFRS operating income grew 7.4%. IAS 18 non-IFRS operating income totaled €718.6 million, representing an increase of 4.9% as reported and 10% at constant currency. On an IAS 18 non-IFRS basis, the operating margin was 29.4%, stable with the year-ago nine-month period, thanks to underlying operating margin improvement of about 100 basis points offsetting both acquisition dilution of about 70 basis points and negative currency impacts of about 30 basis points.
- The Company's IAS 18 IFRS and non-IFRS effective tax rates decreased to 26.6% and 28.6%, respectively, for the first nine months of 2018 compared to 32.8% and 32.6%, respectively, in the prior year period principally reflecting US tax law changes enacted in 2017.
- Non-IFRS financial revenue, net totaled €12.4 million, compared to €(0.2) million in the year-ago period on a strong increase in financial net income as well as lower foreign currency exchange losses.
- IAS 18 IFRS diluted net income per share grew 16%. IAS 18 non-IFRS diluted net income per share increased 12% as reported and 19% at constant currency and totaled €2.01.

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, *“Based on our solid first half and third quarter aligned with our objectives, year-to-date total revenue and software revenue are higher by 9% at constant currency, our operating margin is stable year on year thanks to underlying operational improvements of 100 basis points enabling us to absorb 70 basis points of dilution from acquisitions as well as negative currency effects. Finally, our earnings per share is up double-digits. Our cash flow from operations increased 11% year over year, reaching €747 million for the first nine months of 2018.*

“Turning to the fourth quarter, we are expecting to report another quarter of solid year over year progression, with a total revenue objective of about €1 billion and earnings per share reaching about €1.00. Given the record high quarter we reported for new licenses and other software revenue in the 2017 fourth quarter, we believe these objectives demonstrate very clearly the market opportunity before us. (all figures on an IAS non-IFRS basis)

“Finally, looking to the full year, we are confirming our non-IFRS total revenue growth objective of about 9% to 10% in constant currencies. Based upon our performance to date and fourth quarter outlook, this translates to a target revenue range of €3.425 to €3.450 billion, an operating margin of about 31.5% and EPS of about €2.98 to €3.02, representing growth of 11% to 13% or 16% to 17% at constant currency.” (all figures and related growth rates on an IAS 18 non-IFRS basis)

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

- Fourth quarter 2018 Financial Objectives
 - 2018 IAS 18 non-IFRS total revenue objective of about €982 million to €1.00 billion based upon the exchange rates assumptions below, growing about 9% to 11% in constant currencies; IAS 18 non-IFRS operating margin of about 36.5%; IAS 18 non-IFRS EPS of about €0.96 to €1.00, representing growth of 8% to 12%;
- Full year 2018 Financial Objectives
 - 2018 IAS 18 non-IFRS revenue growth objective of about 9% to 10% in constant currencies reaffirmed, and updating reported revenue range to about €3.425 to €3.450 billion. The reported revenue range reflects 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 31.5%;
 - 2018 IAS 18 non-IFRS EPS of about €2.98 to 3.02, representing a growth objective of about 11% to 13% as reported;

- Financial objectives are based upon fourth quarter exchange rate assumptions of US\$1.20 per €1.00; and JPY135 per €1.00 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 €14 million on an IAS 18 basis, share-based compensation expense, including related social charges, estimated at approximately €129 million and amortization of acquired intangibles estimated at approximately €171 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 October 24, 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 three and nine months ended September 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, year-to-date and period ended September 30, 2018.)*

IAS 18 net operating cash flow increased 11% to €746.6 million for the first nine months of 2018 compared to €671.8 million in the 2017 period principally reflecting growth in net income and non-cash operating adjustments.

Dassault Systèmes' uses of cash for the 2018 nine-month period were principally for payment for acquisitions, net of cash acquired and non-controlling interests totaling €348.8 million; cash dividends of €38.0 million (based on the shareholders electing payment of the dividend in cash); share repurchases of €113.9 million and capital expenditures, net of €48.2 million. The Company received cash for stock options exercised of €59.2 million.

The Company's net financial position totaled €1.75 billion at September 30, 2018, compared to €1.46 billion at December 31, 2017, reflecting cash, cash equivalents and short-term investments of €2.75 billion and debt related to credit lines of €1.0 billion.

Summary of Recent Business, Technology and Customer Announcements

Customers

On October 17, 2018, Dassault Systèmes announced that it is helping enable GE Aviation Hamble to drive innovation and efficiency across the product development lifecycle of aerostructures through the implementation of its 3DEXPERIENCE platform. The 3DEXPERIENCE platform is helping GE Aviation Hamble to develop a digital thread to enable continuity and collaboration across the business. This includes requirements definition, design,

analysis, simulation, manufacturing, qualification and supporting the development of new manufacturing technologies and techniques.

On July 25, 2018, Dassault Systèmes announced that ExxonMobil has selected the 3DEXPERIENCE platform as part of its digital transformation. This implementation will support the aggregation of engineering data and derive greater value from ExxonMobil's data across a multitude of tools. A long-time customer of Dassault Systèmes' simulation, materials science and supply chain planning applications, ExxonMobil is the largest publicly traded energy company in the world and uses technology and innovation to help meet growing energy needs. ExxonMobil will now use the "Capital Facilities Information Excellence" industry solution experience based on the 3DEXPERIENCE platform. In a unified digital environment, ExxonMobil employees can collaborate in real time. Engineers, operations and maintenance personnel will be able to access a single source of information describing the complex assets for which they have responsibility, in order to improve business process control and performance.

Corporate:

On September 14, 2018, Dassault Systèmes announced the launch of SOLIDWORKS 2019, the latest release of its portfolio of 3D design and engineering applications. SOLIDWORKS 2019 delivers enhancements and new features that help millions of innovators improve the product development process to get products into production faster, and create new categories of experiences for new categories of customers in today's Industry Renaissance. Among the new features are enhanced Large Design Review for greater design flexibility and SOLIDWORKS Extended Reality to experience designs in Virtual Reality and Augmented Reality.

Today's Webcast and Conference Call Information

Today, Wednesday, October 24, 2018, Dassault Systèmes will first host from London a webcasted meeting at 8:30 AM London Time/ 9:30 AM Paris 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

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 fourth quarter as well as an average Japanese yen to euro exchange rate of JPY135 to €1.00 for the 2018 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 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.

This press release constitutes the quarterly financial information required by article L.451-1-2 IV of the French Monetary and Financial Code (*Code Monétaire et Financier*).

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)

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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

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

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, certain one-time tax effects 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, 2018	September 30, 2017	Change	Change in cc*	September 30, 2018	September 30, 2017	Change	Change in cc*
Non-IFRS-IAS18 Revenue	€ 831.7	€ 752.9	10%	10%	€ 2,443.1	€ 2,329.2	5%	9%
Non-IFRS-IAS18 Revenue breakdown by activity								
Software revenue	738.0	670.6	10%	9%	2,178.2	2,069.4	5%	9%
<i>of which licenses and other software revenue</i>	188.4	175.2	8%	7%	587.7	560.0	5%	9%
<i>of which subscription and support revenue</i>	549.5	495.4	11%	10%	1,590.4	1,509.4	5%	9%
Services revenue	93.7	82.3	14%	13%	264.9	259.8	2%	6%
Non-IFRS-IAS18 software revenue breakdown by product line								
CATIA software revenue	246.5	230.3	7%	7%	738.4	716.4	3%	6%
ENOVIA software revenue	81.8	77.6	5%	5%	242.5	235.7	3%	7%
SOLIDWORKS software revenue	177.5	166.2	7%	4%	537.8	517.1	4%	9%
Other software revenue	232.2	196.5	18%	18%	659.5	600.2	10%	15%
Non-IFRS-IAS18 Revenue breakdown by geography								
Americas	257.0	227.9	13%	12%	734.5	721.7	2%	9%
Europe	344.0	317.3	8%	7%	1,023.7	977.5	5%	6%
Asia	230.7	207.7	11%	12%	684.9	630.0	9%	14%
Non-IFRS-IAS18 operating income	€ 256.6	€ 240.7	7%		€ 718.6	€ 685.2	5%	
Non-IFRS-IAS18 operating margin	30.9%	32.0%			29.4%	29.4%		
Non-IFRS net income attributable to shareholders	€ 184.8	€ 165.6	12%		€ 523.8	€ 460.7	14%	
Non-IFRS-IAS18 diluted net income per share	€ 0.71	€ 0.64	11%	11%	€ 2.01	€ 1.79	12%	19%
Closing headcount	16,721	15,562	7%		16,721	15,562	7%	
Average Rate USD per Euro	1.16	1.17	-1%		1.19	1.11	7%	
Average Rate JPY per Euro	129.60	130.30	-1%		130.90	124.70	5%	

* In constant currencies

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DASSAULT SYSTEMES ACQUISITIONS AND FOREIGN EXCHANGE IMPACT

In millions of Euros	Non-IFRS reported			o/w Growth	o/w	o/w
	2018	2017	Change MEUR	EX FX ⁽¹⁾	Scope ⁽²⁾	FX ⁽³⁾
Revenue QTD	831.7	752.9	78.8	41	33	5
Revenue YTD	2,443.1	2,329.2	113.9	132	71	-88

(1) Growth at constant rate and constant scope

(2) Change of scope impact at current year rate

(3) FX impact on previous year figures

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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, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Licenses and other software revenue	188.4	175.2	587.7	560.0
Subscription and Support revenue	545.3	493.9	1,581.3	1,497.8
Software revenue	733.7	669.1	2,169.1	2,057.8
Services revenue	93.2	82.3	264.4	259.8
Total Revenue IFRS -IAS 18	€ 826.9	€ 751.4	€ 2,433.5	€ 2,317.6
Cost of software revenue (excluding amortization of acquired intangibles)	(39.0)	(38.0)	(118.0)	(116.4)
Cost of services and other revenue	(87.2)	(72.7)	(248.4)	(234.5)
Research and development	(153.8)	(140.6)	(467.8)	(446.5)
Marketing and sales	(256.5)	(232.1)	(772.3)	(750.4)
General and administrative	(70.1)	(60.5)	(209.6)	(182.3)
Amortization of acquired intangibles	(43.8)	(39.1)	(126.3)	(119.6)
Other operating income and expense, net	(2.2)	(8.5)	(9.1)	(19.1)
Total Operating Expenses	(652.6)	(591.5)	(1,951.6)	(1,868.8)
Operating Income	€ 174.3	€ 159.9	€ 481.9	€ 448.8
Financial revenue and other, net	3.5	(1.6)	12.6	20.9
Income before income taxes	177.8	158.3	494.5	469.7
Income tax expense	(51.5)	(52.1)	(131.7)	(154.2)
Net Income	€ 126.3	€ 106.2	€ 362.8	€ 315.5
Non-controlling interest	2.7	0.3	3.1	(1.0)
Net Income attributable to equity holders of the parent	€ 129.0	€ 106.5	€ 365.9	€ 314.5
Basic net income per share	0.50	0.42	1.42	1.23
Diluted net income per share	€ 0.49	€ 0.41	€ 1.41	€ 1.22
Basic weighted average shares outstanding (in millions)	259.7	255.5	258.3	254.7
Diluted weighted average shares outstanding (in millions)	260.8	258.5	260.1	258.0

	Three months ended September 30, 2018		Nine months ended September 30, 2018	
	Change*	Change in cc**	Change*	Change in cc**
IFRS Revenue IFRS -IAS 18	10%	9%	5%	9%
IFRS Revenue by activity				
Software revenue	10%	9%	5%	10%
Services revenue	13%	13%	2%	6%
IFRS Software Revenue by product line				
CATIA software revenue	7%	6%	3%	5%
ENOVIA software revenue	5%	5%	3%	7%
SOLIDWORKS software revenue	7%	4%	4%	9%
Other software revenue	17%	18%	11%	16%
IFRS Revenue by geography				
Americas	12%	10%	1%	9%
Europe	8%	7%	5%	7%
Asia	11%	12%	9%	14%

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

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DASSAULT SYSTEMES
CONDENSED CONSOLIDATED BALANCE SHEETS (IFRS)

(unaudited; in millions of Euros)

In millions of Euros	September 30, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents	2,745.8	2,459.4
Short-term investments	0.5	1.3
Accounts receivable, net	634.9	895.9
Other current assets	286.5	242.9
Total current assets	3,667.7	3,599.5
Property and equipment, net	169.6	169.0
Goodwill and Intangible assets, net	3,314.6	2,990.1
Other non-current assets	316.9	271.2
Total Assets	€ 7,468.8	€ 7,029.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	139.3	149.3
Unearned revenues	894.9	876.4
Short-term debt	350.0	0.0
Other current liabilities	443.4	501.7
Total current liabilities	1,827.6	1,527.4
Long-term debt	650.0	1,000.0
Other non-current obligations	615.6	506.3
Total long-term liabilities	1,265.6	1,506.3
Non-controlling interests	58.4	1.9
Parent shareholders' equity	4,317.2	3,994.2
Total Liabilities and Shareholders' equity	€ 7,468.8	€ 7,029.8

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DASSAULT SYSTEMES
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (IFRS)

In millions of Euros	Three months ended			Nine months ended		
	September 30, 2018	September 30, 2017	Change	September 30, 2018	September 30, 2017	Change
Net Income attributable to equity holders of the parent	129.0	106.5	22.5	365.9	314.5	51.4
Non-controlling interest	(2.7)	(0.3)	(2.4)	(3.1)	1.0	(4.1)
Net Income	126.3	106.2	20.1	362.8	315.5	47.3
Depreciation of property & equipment	14.3	13.9	0.4	42.5	36.8	5.7
Amortization of intangible assets	45.9	40.9	5.0	132.9	125.5	7.4
Other non cash P&L items	12.7	27.1	(14.4)	45.8	37.5	8.3
Changes in working capital	(98.1)	(108.7)	10.6	162.6	156.5	6.1
Net Cash provided by operating activities	€ 101.1	€ 79.4	€ 21.7	€ 746.6	€ 671.8	€ 74.8
Additions to property, equipment and intangibles	(16.9)	(17.7)	0.8	(48.2)	(63.5)	15.3
Payments for acquisition of businesses, net of cash acquired	(195.7)	(2.8)	(192.9)	(247.3)	(10.8)	(236.5)
Sale (purchase) of short term investments, net	-	(0.1)	0.1	0.7	3.6	(2.9)
Investments, loans and others	0.2	0.8	(0.6)	(1.3)	7.2	(8.5)
Net Cash provided by (used in) investing activities	(€ 212.4)	(€ 19.8)	(€ 192.6)	(€ 296.1)	(€ 63.5)	(€ 232.6)
Acquisition of non-controlling interests	(75.3)	(23.4)	(51.9)	(101.5)	(37.5)	(64.0)
Repayment of short term and long term debt	(14.9)	-	(14.9)	(14.9)	-	(14.9)
(Purchase) Sale of treasury stock	(111.6)	(19.2)	(92.4)	(113.9)	(64.0)	(49.9)
Proceeds from exercise of stock-options	15.5	12.0	3.5	59.2	33.8	25.4
Cash dividend paid	-	-	-	(38.0)	(51.3)	13.3
Net Cash provided by (used in) financing activities	(€ 186.3)	(€ 30.6)	(€ 155.7)	(€ 209.1)	(€ 119.0)	(€ 90.1)
Effect of exchange rate changes on cash and cash equivalents	0.2	(56.3)	56.5	45.0	(184.1)	229.1
Increase (decrease) in cash and cash equivalents	(€ 297.4)	(€ 27.3)	(€ 270.1)	€ 286.4	€ 305.2	(€ 18.8)
Cash and cash equivalents at beginning of period	€ 3,043.2	€ 2,769.2		€ 2,459.4	€ 2,436.7	
Cash and cash equivalents at end of period	€ 2,745.8	€ 2,741.9		€ 2,745.8	€ 2,741.9	

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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 September 30,						Change	
	2018 IFRS	Adjustment (1)	2018 Non-IFRS	2017 IFRS	Adjustment (1)	2017 Non-IFRS	IFRS	Non-IFRS (2)
Total Revenue IAS18	€ 826.9	€ 4.8	€ 831.7	€ 751.4	€ 1.5	€ 752.9	10%	10%
Total Revenue IAS18 breakdown by activity								
Software revenue	733.7	4.3	738.0	669.1	1.5	670.6	10%	10%
Licenses and other software revenue	188.4		188.4	175.2		175.2	8%	8%
Subscription and Support revenue	545.3	4.3	549.5	493.9	1.5	495.4	10%	11%
<i>Recurring portion of Software revenue</i>	74%		74%	74%		74%		
Services revenue	93.2	0.5	93.7	82.3		82.3	13%	14%
Total Software Revenue IA18 breakdown by product line								
CATIA software revenue	245.3	1.2	246.5	230.3		230.3	7%	7%
ENOVIA software revenue	81.8		81.8	77.6		77.6	5%	5%
SOLIDWORKS software revenue	177.5		177.5	166.2		166.2	7%	7%
Other software revenue	229.1	3.1	232.2	195.0	1.5	196.5	17%	18%
Total Revenue IAS18 breakdown by geography								
Americas	254.0	2.9	257.0	227.5	0.4	227.9	12%	13%
Europe	342.4	1.6	344.0	316.3	1.0	317.3	8%	8%
Asia	230.4	0.3	230.7	207.6	0.1	207.7	11%	11%
Total Operating Expenses	(€ 652.6)	€ 77.5	(€ 575.1)	(€ 591.5)	€ 79.3	(€ 512.2)	10%	12%
Share-based compensation expense	(31.5)	31.5	-	(31.7)	31.7	-		
Amortization of acquired intangibles	(43.8)	43.8	-	(39.1)	39.1	-		
Other operating income and expense, net	(2.2)	2.2	-	(8.5)	8.5	-		
Operating Income	€ 174.3	€ 82.3	€ 256.6	€ 159.9	€ 80.8	€ 240.7	9%	7%
Operating Margin	21.1%		30.9%	21.3%		32.0%		
Financial revenue & other, net	3.5	(1.3)	2.2	(1.6)	1.9	0.4	N/A	N/A
Income tax expense	(51.5)	(23.7)	(75.3)	(52.1)	(23.8)	(75.8)	-1%	-1%
Non-controlling interest	2.7	(1.4)	1.3	0.3		0.3		
Net Income attributable to shareholders	€ 129.0	€ 55.8	€ 184.8	€ 106.5	€ 59.1	€ 165.6	21%	12%
Diluted Net Income Per Share (3)	€ 0.49	€ 0.22	€ 0.71	€ 0.41	€ 0.23	€ 0.64	20%	11%

(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 September 30,						Change	
	2018 IFRS	Adjustment	2018 Non-IFRS	2017 IFRS	Adjustment	2017 Non-IFRS	IFRS	Non-IFRS
Cost of revenue	(126.2)	1.3	(124.9)	(110.8)	1.2	(109.6)	14%	14%
Research and development	(153.8)	12.0	(141.8)	(140.6)	12.4	(128.1)	9%	11%
Marketing and sales	(256.5)	8.4	(248.1)	(232.1)	10.9	(221.2)	11%	12%
General and administrative	(70.1)	9.7	(60.3)	(60.5)	7.2	(53.3)	16%	13%
Total share-based compensation expense		€ 31.5			€ 31.7			

(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 260.8 million diluted shares for Q3 2018 and 258.5 million diluted shares for Q3 2017.

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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	Nine months ended September 30,						Change	
	2018		2018		2017		2017	
	IFRS	Adjustment (1)	Non-IFRS	IFRS	Adjustment (1)	Non-IFRS	IFRS	Non-IFRS (2)
Total Revenue IAS18	€ 2,433.5	€ 9.6	€ 2,443.1	€ 2,317.6	€ 11.6	€ 2,329.2	5%	5%
Total Revenue IAS18 breakdown by activity								
Software revenue	2,169.1	9.1	2,178.2	2,057.8	11.6	2,069.4	5%	5%
Licenses and other software revenue	587.7		587.7	560.0		560.0	5%	5%
Subscription and Support revenue	1,581.3	9.1	1,590.4	1,497.8	11.6	1,509.4	6%	5%
<i>Recurring portion of Software revenue</i>	73%		73%	73%		73%		
Services revenue	264.4	0.5	264.9	259.8		259.8	2%	2%
Total Software Revenue IA18 breakdown by product line								
CATIA software revenue	736.7	1.7	738.4	716.4		716.4	3%	3%
ENOVIA software revenue	242.5		242.5	235.7		235.7	3%	3%
SOLIDWORKS software revenue	537.8		537.8	517.1		517.1	4%	4%
Other software revenue	652.1	7.5	659.5	588.6	11.6	600.2	11%	10%
Total Revenue IAS18 breakdown by geography								
Americas	728.8	5.7	734.5	718.2	3.5	721.7	1%	2%
Europe	1,021.6	2.1	1,023.7	970.2	7.3	977.5	5%	5%
Asia	683.1	1.8	684.9	629.2	0.8	630.0	9%	9%
Total Operating Expenses	(€ 1,951.6)	227.0	(€ 1,724.5)	(€ 1,868.8)	224.8	(€ 1,644.0)	4%	5%
Share-based compensation expense	(91.6)	91.6	-	(86.1)	86.1	-		
Amortization of acquired intangibles	(126.3)	126.3	-	(119.6)	119.6	-		
Other operating income and expense, net	(9.1)	9.1	-	(19.1)	19.1	-		
Operating Income	€ 481.9	236.7	€ 718.6	€ 448.8	236.4	€ 685.2	7%	5%
Operating Margin	19.8%		29.4%	19.4%		29.4%		
Financial revenue & other, net	12.6	(0.2)	12.4	20.9	(20.7)	0.2	-40%	N/A
Income tax expense	(131.7)	(77.2)	(208.9)	(154.2)	(69.5)	(223.7)	-15%	-7%
Non-controlling interest	3.1	(1.4)	1.7	(1.0)		(1.0)		
Net Income attributable to shareholders	€ 365.9	157.9	€ 523.8	€ 314.5	146.2	€ 460.7	16%	14%
Diluted Net Income Per Share (3)	€ 1.41	0.60	€ 2.01	€ 1.22	0.57	€ 1.79	16%	12%

(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	Nine months ended September 30,						Change	
	2018		2018		2017		2017	
	2018 IFRS	Adjustment	Non-IFRS	2017 IFRS	Adjustment	Non-IFRS	IFRS	Non-IFRS
Cost of revenue	(366.4)	3.4	(363.0)	(350.9)	3.4	(347.6)	4%	4%
Research and development	(467.8)	35.1	(432.7)	(446.5)	35.5	(411.0)	5%	5%
Marketing and sales	(772.3)	22.3	(750.0)	(750.4)	29.0	(721.4)	3%	4%
General and administrative	(209.6)		(209.6)	(182.3)		(182.3)	15%	9%
Total share-based compensation expense		€ 91.6			€ 86.1			

(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 260.1 million diluted shares for YTD 2018 and 258.0 million diluted shares for YTD 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 3rd quarter, IFRS recurring software revenue was €523.2 million under IFRS 15 and was €22.1 million less 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).
- *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 subscription 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 September 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 September 30, 2018 balance sheet line item unearned revenue has been reduced by €110 million, reflecting mainly (i) the one-time permanent difference of €94 million, and (ii) the higher amount of revenue recognized in the first nine months under IFRS 15 compared to IAS 18 in the amount of €17 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 1, 2018 (1st application impact) and to €38 million as at September 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 IFRS 15	Adjustment (1)	QTD IAS 18	YTD IFRS 15	Adjustment (1)	YTD IAS 18
Total Revenue	€ 809.2	22.4	€ 831.7	€ 2,460.5	(17.4)	€ 2,443.1
Total Revenue breakdown by activity						
Software revenue	715.5	22.4	738.0	2,195.6	(17.4)	2,178.2
Licenses and Other software revenue	188.1	0.4	188.4	584.7	3.1	587.7
Subscription and Support revenue	527.5	22.1	549.5	1,610.9	(20.4)	1,590.4
<i>Recurring portion of Software revenue</i>	74%		74%	73%		73%
Services revenue	93.7		93.7	264.9		264.9
Total Software Revenue breakdown by product line						
CATIA software revenue	241.4	5.1	246.5	742.4	(4.1)	738.4
ENOVIA software revenue	80.6	1.2	81.8	242.6	(0.1)	242.5
SOLIDWORKS software revenue	177.5	(0.0)	177.5	533.2	4.5	537.8
Other software revenue	215.9	16.3	232.2	677.3	(17.8)	659.5
Total Revenue breakdown by geography						
Americas	243.9	13.1	257.0	721.9	12.6	734.5
Europe	334.9	9.1	344.0	1,043.6	(19.9)	1,023.7
Asia	230.5	0.2	230.7	695.0	(10.1)	684.9
Total Operating Expenses	(€ 575.1)		(€ 575.1)	(€ 1,724.5)		(€ 1,724.5)
Share-based compensation expense	-		-	-		-
Amortization of acquired intangibles	-		-	-		-
Other operating income and expense, net	-		-	-		-
Operating Income	€ 234.2	22.4	€ 256.6	€ 736.0	(17.4)	€ 718.6
Operating Margin	28.9%	+1.9pts	30.9%	29.9%	-0.5pts	29.4%
Financial revenue & other, net	2.2		2.2	12.4		12.4
Income tax expense	(68.9)	(6.4)	(75.3)	(213.8)	4.9	(208.9)
Non-controlling interest	1.3		1.3	1.7		1.7
Net Income attributable to shareholders	€ 168.7	16.1	€ 184.8	€ 536.3	(12.5)	€ 523.8
Diluted Net Income Per Share (3)	€ 0.65	0.06	€ 0.71	€ 2.06	(0.05)	€ 2.01

In millions of Euros	2018 Non-IFRS			2018 Non-IFRS		
	2018 IFRS 15	Adjustment	2018 IAS 18	2018 IFRS 15	Adjustment	2018 IAS 18
Cost of revenue	(124.9)		(124.9)	(363.0)		(363.0)
Research and development	(141.8)		(141.8)	(432.7)		(432.7)
Marketing and sales	(248.1)		(248.1)	(750.0)		(750.0)
General and administrative	(60.3)		(60.3)	(178.8)		(178.8)
Total share-based compensation expense						

DASSAULT SYSTEMES

RECONCILIATION BALANCE SHEET IFRS 15 vs IAS 18

(unaudited; in millions of Euros)

In millions of Euros	IFRS 15 Basis September 30, 2018	Difference	IAS 18 Basis September 30, 2018
ASSETS			
Cash and cash equivalents	2,745.8	-	2,745.8
Short-term investments	0.5	-	0.5
Accounts receivable, net	616.3	18.6	634.9
Contract assets	38.3	(38.3)	
Other current assets	266.0	20.5	286.5
Total current assets	3,666.9	0.8	3,667.7
Property and equipment, net	169.6	-	169.6
Goodwill and Intangible assets, net	3,314.6	-	3,314.6
Other non-current assets	308.6	8.3	316.9
Total Assets	€ 7,459.8	€ 9.0	€ 7,468.8
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accounts payable	139.3	0	139.3
Contract liabilities - Unearned revenues	785.3	109.6	894.9
Short-term debt	350.0	0.0	350.0
Other current liabilities	443.4	0.0	443.4
Total current liabilities	1,718.0	109.6	1,827.6
Long-term debt	650.0	-	650.0
Other non-current obligations	621.4	(5.80)	615.6
Total long-term liabilities	1,271.4	(5.80)	1,265.6
Non-controlling interests	58.4	-	58.4
Parent shareholders' equity	4,412.0	(94.8)	4,317.2
Total Liabilities and Shareholders' equity	€ 7,459.8	€ 9.0	€ 7,468.8

DASSAULT SYSTEMES

RECONCILIATION CASH FLOW IFRS 15 vs IAS 18

(unaudited; in millions of Euros)

In millions of Euros	Three months ended September 30, 2018			Nine months ended September 30, 2018		
	IFRS 15	Difference	IAS 18	IFRS 15	Difference	IAS 18
Net Income attributable to equity holders of the parent	112.9	16.1	129.0	378.4	(12.5)	365.9
Non-controlling interest	<u>(2.7)</u>	-	<u>(2.7)</u>	<u>(3.1)</u>	-	<u>(3.1)</u>
Net Income	110.2	16.1	126.3	375.3	(12.5)	362.8
Depreciation of property & equipment	14.3	-	14.3	42.5	-	42.5
Amortization of intangible assets	45.9	-	45.9	132.9	-	132.9
Other non cash P&L items	12.7	-	12.7	45.8	-	45.8
Changes in working capital	(82.0)	(16.1)	(98.1)	150.1	12.5	162.6
Net Cash provided by operating activities	€ 101.1	€ 0.0	€ 101.1	€ 746.6	€ 0.0	€ 746.6
Additions to property, equipment and intangibles	(16.9)	-	(16.9)	(48.2)	-	(48.2)
Payments for acquisition of businesses, net of cash acquired	(195.7)	-	(195.7)	(247.3)	-	(247.3)
Sale (purchase) of short term investments, net	-	-	-	0.7	-	0.7
Investments, loans and others	0.2	-	0.2	(1.3)	-	(1.3)
Net Cash provided by (used in) investing activities	(€ 212.4)	-	(€ 212.4)	(€ 296.1)	-	(€ 296.1)
Acquisition of non-controlling interests	(75.3)	-	(75.3)	(101.5)	-	(101.5)
Repayment of short term and long term debt	(14.9)	-	(14.9)	(14.9)	-	(14.9)
(Purchase) Sale of treasury stock	(111.6)	-	(111.6)	(113.9)	-	(113.9)
Proceeds from exercise of stock-options	15.5	-	15.5	59.2	-	59.2
Cash dividend paid	-	-	-	(38.0)	-	(38.0)
Net Cash provided by (used in) financing activities	(€ 186.3)	-	(€ 186.3)	(€ 209.1)	-	(€ 209.1)
Effect of exchange rate changes on cash and cash equivalents	0.2	-	0.2	45.0	-	45.0
Increase (decrease) in cash and cash equivalents	(€ 297.4)	-	(€ 297.4)	€ 286.4	-	€ 286.4
Cash and cash equivalents at beginning of period	€ 3,043.2	-	€ 3,043.2	€ 2,459.4	-	€ 2,459.4
Cash and cash equivalents at end of period	€ 2,745.8	-	€ 2,745.8	€ 2,745.8	-	€ 2,745.8

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 ended	Nine months ended
	September 30, 2018	September 30, 2018
Non-IFRS-IFRS15 Revenue	€ 809.2	€ 2,460.5
Non-IFRS-IFRS15 Revenue breakdown by activity		
Software revenue	715.5	2,195.6
<i>of which licenses and other software revenue</i>	<i>188.1</i>	<i>584.7</i>
<i>of which subscription and support revenue</i>	<i>527.5</i>	<i>1,610.9</i>
Services revenue	93.7	264.9
Non-IFRS-IFRS15 software revenue breakdown by product line		
CATIA software revenue	241.4	742.4
ENOVIA software revenue	80.6	242.6
SOLIDWORKS software revenue	177.5	533.2
Other software revenue	215.9	677.3
Non-IFRS-IFRS15 Revenue breakdown by geography		
Americas	243.9	721.9
Europe	334.9	1,043.6
Asia	230.5	695.0
Non-IFRS-IFRS15 operating income	€ 234.2	€ 736.0
Non-IFRS-IFRS15 operating margin	28.9%	29.9%
Non-IFRS net income attributable to shareholders	€ 168.7	€ 536.3
Non-IFRS-IFRS15 diluted net income per share	€ 0.65	€ 2.06
Closing headcount	16,721	16,721
Average Rate USD per Euro	1.16	1.19
Average Rate JPY per Euro	129.60	130.90

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	Nine months ended
	September 30, 2018	September 30, 2018
Licenses and other software revenue	188.1	584.7
Subscription and Support revenue	523.2	1,601.8
Software revenue	711.2	2,186.4
Services revenue	93.2	264.4
Total Revenue IFRS -IFRS 15	€ 804.5	€ 2,450.9
Cost of software revenue (excluding amortization of acquired intangibles)	(39.0)	(118.0)
Cost of services and other revenue	(87.2)	(248.4)
Research and development	(153.8)	(467.8)
Marketing and sales	(256.5)	(772.3)
General and administrative	(70.1)	(209.6)
Amortization of acquired intangibles	(43.8)	(126.3)
Other operating income and expense, net	(2.2)	(9.1)
Total Operating Expenses	(652.6)	(1,951.6)
Operating Income	€ 151.9	€ 499.3
Financial revenue and other, net	3.5	12.6
Income before income taxes	155.3	511.9
Income tax expense	(45.1)	(136.6)
Net Income	€ 110.2	€ 375.3
Non-controlling interest	2.7	3.1
Net Income attributable to equity holders of the parent	€ 112.9	€ 378.4
Basic net income per share	0.43	1.47
Diluted net income per share	€ 0.43	€ 1.45
Basic weighted average shares outstanding (in millions)	259.7	258.3
Diluted weighted average shares outstanding (in millions)	260.8	260.1

IFRS 15

DASSAULT SYSTEMES CONDENSED CONSOLIDATED BALANCE SHEET (IFRS)

(unaudited; in millions of Euros)

In millions of Euros	September 30, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents	2,745.8	2,459.4
Short-term investments	0.5	1.3
Accounts receivable, net	616.3	895.9
Contract assets	38.3	0.0
Other current assets	266.0	242.9
Total current assets	3,666.9	3,599.5
Property and equipment, net	169.6	169.0
Goodwill and Intangible assets, net	3,314.6	2,990.1
Other non-current assets	308.6	271.2
Total Assets	€ 7,459.8	€ 7,029.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	139.3	149.3
Contract liabilities	785.3	876.4
Short-term debt	350.0	0.0
Other current liabilities	443.4	501.7
Total current liabilities	1,718.0	1,527.4
Long-term debt	650.0	1,000.0
Other non-current obligations	621.4	506.3
Total long-term liabilities	1,271.4	1,506.3
Non-controlling interests	58.4	1.9
Parent shareholders' equity	4,412.0	3,994.2
Total Liabilities and Shareholders' equity	€ 7,459.8	€ 7,029.8

The Group has initially applied IFRS 15 at 1 January 2018.

Under the transition method chosen, comparative information is not restated.

IFRS 15

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

In millions of Euros	Three months ended			Nine months ended		
	September 30, 2018	September 30, 2017	Change	September 30, 2018	September 30, 2017	Change
Net Income attributable to equity holders of the parent	112.9	106.5	6.4	378.4	314.5	63.9
Non-controlling interest	<u>(2.7)</u>	<u>(0.3)</u>	<u>(2.4)</u>	<u>(3.1)</u>	<u>1.0</u>	<u>(4.1)</u>
Net Income	110.2	106.2	4.0	375.3	315.5	59.8
Depreciation of property & equipment	14.3	13.9	0.4	42.5	36.8	5.7
Amortization of intangible assets	45.9	40.9	5.0	132.9	125.5	7.4
Other non cash P&L items	12.7	27.1	(14.4)	45.8	37.5	8.3
Changes in working capital	(82.0)	(108.7)	26.7	150.1	156.5	(6.4)
Net Cash provided by operating activities	€ 101.1	€ 79.4	€ 21.7	€ 746.6	€ 671.8	€ 74.8
Additions to property, equipment and intangibles	(16.9)	(17.7)	0.8	(48.2)	(63.5)	15.3
Payments for acquisition of businesses, net of cash acquired	(195.7)	(2.8)	(192.9)	(247.3)	(10.8)	(236.5)
Sale (purchase) of short term investments, net	-	(0.1)	0.1	0.7	3.6	(2.9)
Investments, loans and others	0.2	0.8	(0.6)	(1.3)	7.2	(8.5)
Net Cash provided by (used in) investing activities	(€ 212.4)	(€ 19.8)	(€ 192.6)	(€ 296.1)	(€ 63.5)	(€ 232.6)
Acquisition of non-controlling interests	(75.3)	(23.4)	(51.9)	(101.5)	(37.5)	(64.0)
Repayment of short term and long term debt	(14.9)	-	(14.9)	(14.9)	-	(14.9)
(Purchase) Sale of treasury stock	(111.6)	(19.2)	(92.4)	(113.9)	(64.0)	(49.9)
Proceeds from exercise of stock-options	15.5	12.0	3.5	59.2	33.8	25.4
Cash dividend paid	-	-	-	(38.0)	(51.3)	13.3
Net Cash provided by (used in) financing activities	(€ 186.3)	(€ 30.6)	(€ 155.7)	(€ 209.1)	(€ 119.0)	(€ 90.1)
Effect of exchange rate changes on cash and cash equivalents	0.2	(56.3)	56.5	45.0	(184.1)	229.1
Increase (decrease) in cash and cash equivalents	(€ 297.4)	(€ 27.3)	(€ 270.1)	€ 286.4	€ 305.2	(€ 18.8)
Cash and cash equivalents at beginning of period	€ 3,043.2	€ 2,769.2		€ 2,459.4	€ 2,436.7	
Cash and cash equivalents at end of period	€ 2,745.8	€ 2,741.9		€ 2,745.8	€ 2,741.9	

The Group has initially applied IFRS 15 at 1 January 2018.
Under the transition method chosen, comparative information is not restated.

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 September 30,		
	2018	Adjustment	2018
	IFRS	(1)	Non-IFRS
Total Revenue IFRS15	€ 804.5	€ 4.8	€ 809.2
Total Revenue IFRS15 break down by activity			
Software revenue	711.2	4.3	715.5
Licenses and other software revenue	188.1		188.1
Subscription and Support revenue	523.2	4.3	527.5
<i>Recurring portion of Software revenue</i>	<i>74%</i>		<i>74%</i>
Services revenue	93.2	0.5	93.7
Total Software Revenue IFRS15 break down by product line			
CATIA software revenue	240.2	1.2	241.4
ENOVIA software revenue	80.6		80.6
SOLIDWORKS software revenue	177.5		177.5
Other software revenue	212.9	3.0	215.9
Total Revenue IFRS15 break down by geography			
Americas	241.0	2.9	243.9
Europe	333.3	1.6	334.9
Asia	230.2	0.3	230.5
Total Operating Expenses	(€ 652.6)	€ 77.5	(€ 575.1)
Share-based compensation expense	(31.5)	31.5	-
Amortization of acquired intangibles	(43.8)	43.8	-
Other operating income and expense, net	(2.2)	2.2	-
Operating Income	€ 151.9	€ 82.3	€ 234.2
Operating Margin	18.9%		28.9%
Financial revenue & other, net	3.5	(1.3)	2.2
Income tax expense	(45.1)	(23.7)	(68.9)
Non-controlling interest	2.7	(1.4)	1.3
Net Income attributable to shareholders	€ 112.9	€ 55.8	€ 168.7
Diluted Net Income Per Share (3)	€ 0.43	€ 0.22	€ 0.65

(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 effects and the income tax effect of the non-IFRS adjustments.

In millions of Euros	Three months ended September 30,		
			2018
	2018 IFRS	Adjustment	Non-IFRS
Cost of revenue	(126.2)	1.3	(124.9)
Research and development	(153.8)	12.0	(141.8)
Marketing and sales	(256.5)	8.4	(248.1)
General and administrative	(70.1)	9.7	(60.3)
Total share-based compensation expense		€ 31.5	

(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 260.8 million diluted shares for Q3 2018.

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	Nine months ended September 30,		
	2018	Adjustment	2018
	IFRS	(1)	Non-IFRS
Total Revenue IFRS15	€ 2,450.9	€ 9.6	€ 2,460.5
Total Revenue IFRS15 breakdown by activity			
Software revenue	2,186.4	9.1	2,195.6
Licenses and other software revenue	584.7		584.7
Subscription and Support revenue	1,601.8	9.1	1,610.9
<i>Recurring portion of Software revenue</i>	<i>73%</i>		<i>73%</i>
Services revenue	264.4	0.5	264.9
Total Software Revenue IFRS15 breakdown by product line			
CATIA software revenue	740.8	1.7	742.4
ENOVIA software revenue	242.6		242.6
SOLIDWORKS software revenue	533.2		533.2
Other software revenue	669.8	7.5	677.3
Total Revenue IFRS15 breakdown by geography			
Americas	716.2	5.7	721.9
Europe	1,041.5	2.1	1,043.6
Asia	693.2	1.8	695.0
Total Operating Expenses	(€ 1,951.6)	227.0	(€ 1,724.5)
Share-based compensation expense	(91.6)	91.6	
Amortization of acquired intangibles	(126.3)	126.3	
Other operating income and expense, net	(9.1)	9.1	
Operating Income	€ 499.3	236.7	€ 736.0
Operating Margin	20.4%		29.9%
Financial revenue & other, net	12.6	(0.2)	12.4
Income tax expense	(136.6)	(77.2)	(213.8)
Non-controlling interest	3.1	(1.4)	1.7
Net Income attributable to shareholders	€ 378.4	157.9	€ 536.3
Diluted Net Income Per Share (3)	€ 1.45	0.61	€ 2.06

(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 effects and the income tax effect of the non-IFRS adjustments.

In millions of Euros	Nine months ended September 30,		
	2018 IFRS	Adjustment	2018 Non-IFRS
Cost of revenue	(366.4)	3.4	(363.0)
Research and development	(467.8)	35.1	(432.7)
Marketing and sales	(772.3)	22.3	(750.0)
General and administrative	(209.6)	30.9	(178.8)
Total share-based compensation expense		€ 91.6	

(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 260.1 million diluted shares for YTD 2018.