

***Dassault Systèmes
Morgan Stanley - TMT
Conference
November 15th, 2007***

Thibault de Tersant, EVP and CFO



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 our non-GAAP financial performance objectives are forward-looking statements (within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended).

Such forward-looking statements are based on 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. In preparing such forward-looking statements, we have in particular assumed an average U.S. dollar to euro exchange rate of \$1.45 per €1.00 and an average Japanese yen to euro exchange rate of JPY165 to €1.00 for the last quarter of 2007; however, currency values fluctuate, and our results of operations may be significantly affected by changes in exchange rates. We have also assumed that there will be no substantial decline in general levels of corporate spending on information technology, and that our increased responsibility for both indirect and direct PLM sales channels, and the resulting commercial and management challenges, will not prevent us from maintaining growth in revenues or cause us to incur substantial unanticipated costs and inefficiencies. Our actual results or performance may also be materially negatively affected by difficulties or adverse changes affecting our partners or our relationships with our partners, including our longstanding, strategic partner, IBM; new product developments and technological changes; errors or defects in our products; growth in market share by our competitors; and the realization of any risks related to the integration of any newly acquired company and internal reorganizations. Unfavorable changes in any of the above or other factors described in the Company's SEC reports, including the Form 20-F for the year ended December 31, 2006, which was filed with the SEC on May 29 2007, could materially affect the Company's financial position or results of operations.



Non-GAAP Adjustments to US GAAP Information

Financial information reported in accordance with US GAAP is specifically indicated as “US GAAP”. Supplemental non-GAAP financial information is also presented and excludes the effect of adjusting the carrying value of acquired companies’ deferred revenue, amortization of acquired intangible assets, share-based compensation expenses and one-time tax restructuring effects. See the Appendix to this document for the most closely comparable US GAAP financial measures, a reconciliation of the US GAAP and non-GAAP financial information and a discussion of the benefits and limitations of considering the supplemental non-GAAP financial information.

This presentation also includes revenue growth based on constant currencies, as calculated by the Company. Constant currency calculations are available in DS Q307 earnings presentation at <http://www.3ds.com/corporate/investors/earnings/>.

The Company uses non-GAAP and constant currency information to evaluate its financial performance in comparison to prior periods and as a measure of expected growth in planning and setting objectives for future periods. The Company believes the presentation of these measures is relevant and useful for investors because it allows investors to view the Company’s financial performance in a manner similar to the method used by the Company’s management, helps improve investors’ ability to understand the Company’s financial performance, and makes it easier to compare the Company’s results with other companies, including competitors. However, the non-GAAP measures presented by the Company may not be comparable to similarly titled measures used by other companies. The supplemental non-GAAP financial information should not be considered in isolation, but in conjunction with the US GAAP financial information.



Because market share is determined by comparing the revenue of market participants as if all participants reported in U.S. dollars, the Company also presents a convenience translation of revenue results in U.S. dollars.

Agenda

1

Strong YTD performance

2

Progressing with large customers

3

Expanding indirect sales channels

4

Expanding addressable market through 3DVIA Strategy

5

Confirming 2005-2010 Plan: Updating 2007 & Initiating 2008 Objectives

6

Financial Information Appendix

YTD 07 Financial Highlights (non-GAAP*)

	YTD Q307
Revenue (€m)	904.8
Growth ex FX	+15%
Software Revenue growth ex FX	+16%
Operating Margin	22.7%
EPS Growth	+8%

- Strong YTD07 performance despite pronounced currency headwinds: **+18% EPS growth ex FX**
- YTD07 performance driven by **strong software** revenue growth at **+16% ex FX**

YTD 07 Financial Highlights (non-GAAP*)

Revenue growth ex FX by product line

	YTD Q307
PLM	+15%
ENOVIA	+45%
Mainstream 3D ⁽¹⁾	+15%
Total	+15%

Revenue growth ex FX by region

	YTD Q307
Americas	+22%
Europe	+6%
Asia	+24%
Total	+15%

(1) As of Q307, the Mainstream 3D revenue line includes both SolidWorks and CosmosWorks

- PLM revenue growth driven by solid CATIA, ENOVIA and SIMULIA performance
- Solid Mainstream 3D driven by SolidWorks only revenue

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Progressing in Large Customers

• Broadening installed base relationships

- ✚ Continuing to grow with large accounts in the **automotive & aerospace** industries
 - ✚ Boeing, Honda, Airbus, Ford, Sikorski, Valeo, Scania...
- ✚ Growing in **existing accounts** with new brands
 - ✚ HydroQuebec adding SIMULIA; Yantai Raffles adding ENOVIA MatrixOne

• Winning new accounts in **new industries**

- ✚ Consumer electronics (LG, Foxconn), apparel, shipbuilding, motorcycles (KTM)...

Progressing in Large Customers

Standardizing on CATIA V5 at Daimler

Context

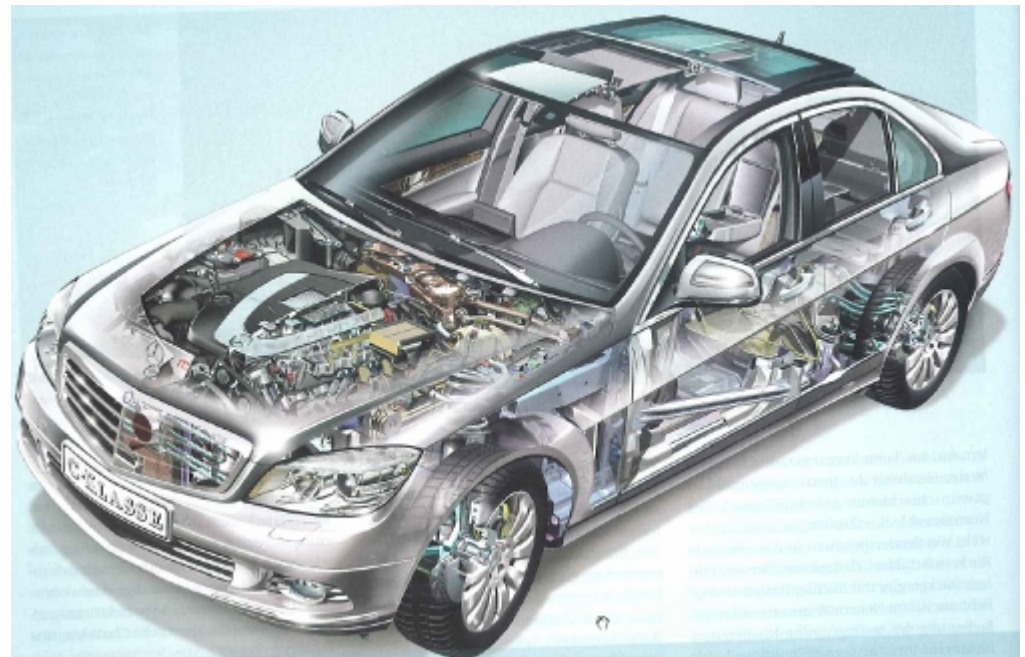
- Leading automobile manufacturer
- DaimlerChrysler AG turnover ~€150bn in 2006

Achievement

- New Mercedes C-Class is **100% designed with CATIA V5**
 - Platform, Body, Interior, Electrical and Powertrain

Enhancing productivity
with **standardized design
method** and creation of
templates for reuse in
upcoming vehicles

Detailed story: ATZ MTZ
Magazine – April 2007



Progressing in Large Customers

Winning Key Reference in Consumer Electronics



Context

- Leading Korean electronics company: ~\$40 Bn 2006 global sales - 81 subsidiaries - 40 design centers
- Objective of becoming 1 of the top 3 consumer electronics companies in the world



Achievement

- Selected **ENOVIA MatrixOne** to have one global instance of product data across all business units
 - To provide a consolidated view & encourage cross functional innovation
 - To enable a consistent process for product development
 - To enable a design anywhere manufacture anywhere strategy
 - To provide a single view of component and supplier information for all factories

- Replacing **Teamcenter**



Winning in Luxury Goods with ENOVIA MatrixOne



GUCCI
GROUP

Context

- World leading multi-brand luxury goods company, headquartered in Amsterdam
- Approx € 3.5 Bn 2006 revenue
- New ENOVIA MatrixOne customer
- Involved brands are Gucci–Bottega Veneta–YSL– Balenciaga–Stella McCartney– Alexander McQueen

Achievement

- Selected **ENOVIA MatrixOne** to streamline product development and engineering process by improving information sharing and collaboration among departments
- Won against other major PLM vendors





Progressing in Emerging Countries

Winning Key Reference in Electronics in China

Context

- ✚ **Foxconn**, leading manufacturer of electronics worldwide
- ✚ \$40 bn turnover in 2006 - ~450,000 employees

Achievement

- ✚ Selected **CATIA** and **ENOVIA** **SmarTeam** to improve productivity and collaboration with OEM vendors
- ✚ **PTC** and **UGS** winback



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Progressing with DS PLM Value Channel

Status in Q307

- We are **half-way** through the transition
- PLM Channel under complete DS responsibility in **25 countries**
 - ✚ **Countries already transitioned as of Q207:**
 - ✚ China, Australia, New Zealand, Latin America, Taiwan, France, Belux, Korea, USA, Canada, UK, Ireland, South Africa, Morocco, Netherlands, Tunisia, Norway, Sweden, Denmark and Finland
 - ✚ **New countries transitioned in Q307:** Austria, Russia (CIS), Italy, Spain and Portugal
 - ✚ All IBM Business Partners became DS VARs in new transitioning countries
- **Next steps**
 - ✚ Another **10 countries** to transition to DS VAR model by early 2008
 - ✚ No countries transitioning in Q4 2007

Progressing with DS PLM Value Channel

Continued solid execution in Q307

• Solid Revenue performance

- ✚ Confirming **H1 trend** & identified PLM potential in mid-market
- ✚ Good traction in automotive & aerospace supply chains
- ✚ **Diversifying in new industries**: consumer goods, yachting,...
- ✚ Increasing ability to win **new customers** and to **displace competition**
 - ✚ Ex in Korea: 140% more new customers in YTD Q307 compared to 2006

• Solid execution in transitioning countries

- ✚ Significantly increasing the number of qualified **leads**
- ✚ Starting to identify and recruit **new VARs**
 - ✚ Integware: new DS VAR in the life sciences market in the US
- ✚ Confirming **PLM Express packages** adoption

Progressing with DS PLM Value Channel

Growing in Consumer Goods with Viking



Consumer Goods

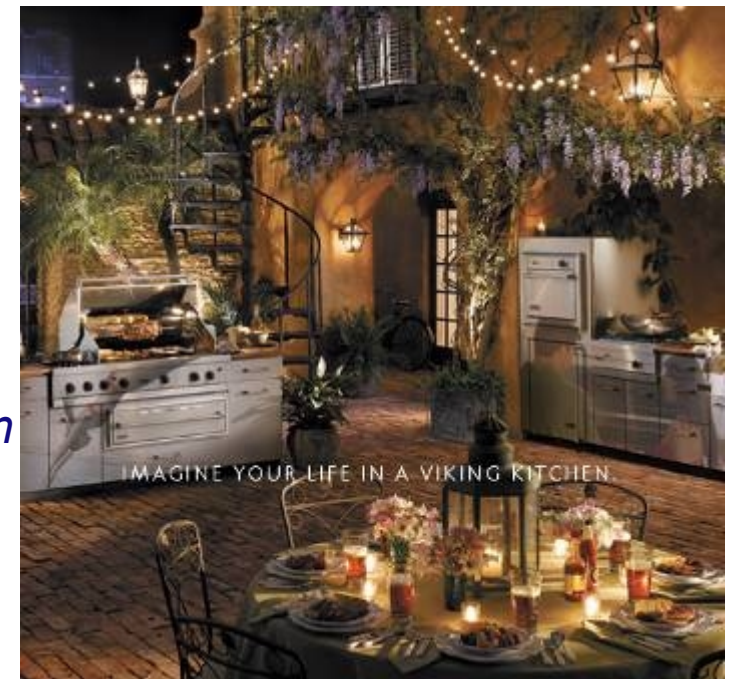


Context:

- ✦ Manufacturer of ultra-premium kitchen appliances
- ✦ US privately owned company – over 1,000 employees
- ✦ **ENOVIA SmarTeam** customer

Achievement:

- ✦ Selected **CATIA** to increase design quality and productivity



Confirmed Dynamic in Mainstream 3D



Strong SolidWorks results in Q307

Revenue Growth ex FX (*)	Q307	YTD Q307
SolidWorks	+20%	+16%
Mainstream 3D	+19%	+15%
= SolidWorks + CosmosWorks		

👤 Q307 SolidWorks seats sold: **+19%** YoY growth (**+13%** YTD)

👤 Q307 ASP down **-3%** ex FX (**-3%** YTD ex FX) – Level similar to Q207 ex FX

New CEO on board for SolidWorks Japan

Selection of wins:

Name	Location	Industry	Seats	New/repeat
Union Metal	US	High Tech	28	New
Kulicke & Soffa	US & AP	Special Machinery	50	New
Varian	AP	High Tech	200	Repeat



*As announced in Q207, Mainstream 3D segment now includes CosmosWorks (previously in PLM segment)

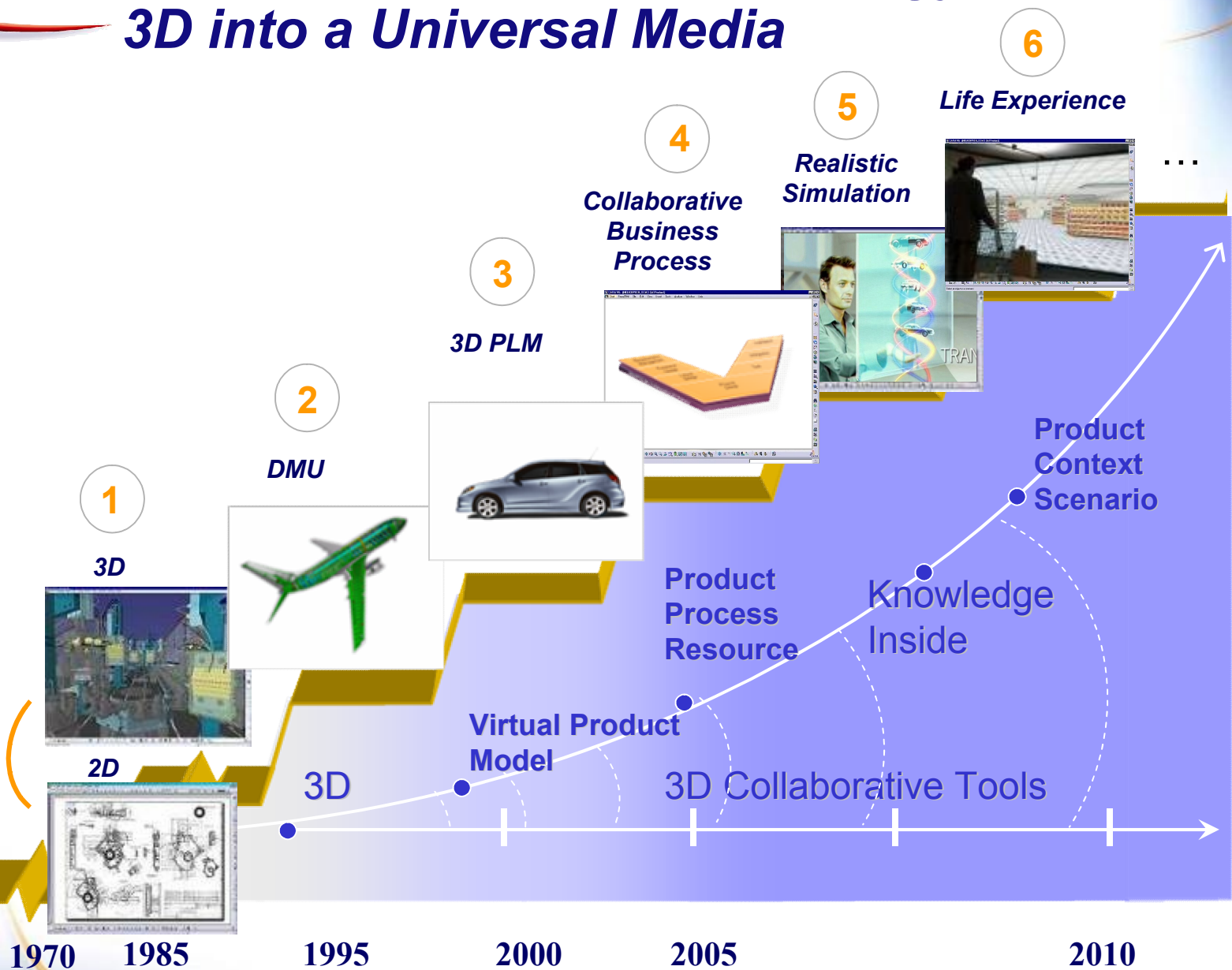
* For a reconciliation to US GAAP financial information, please refer to the tables in the Appendix

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Life Experience: 6th Step in DS Strategy to Turn 3D into a Universal Media

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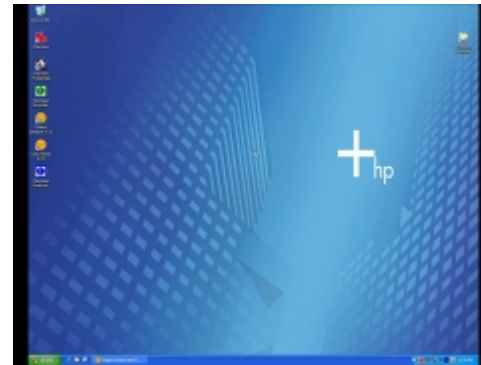
Expanding Market Opportunity to New Users

3. Consumers



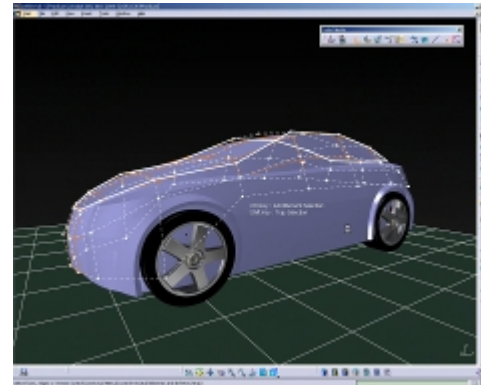
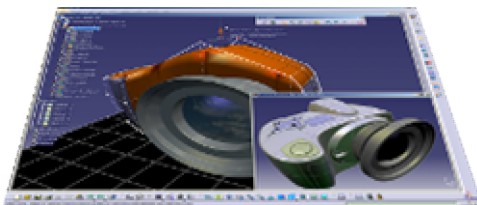
«Experience»

2. Collaborators



«Share»

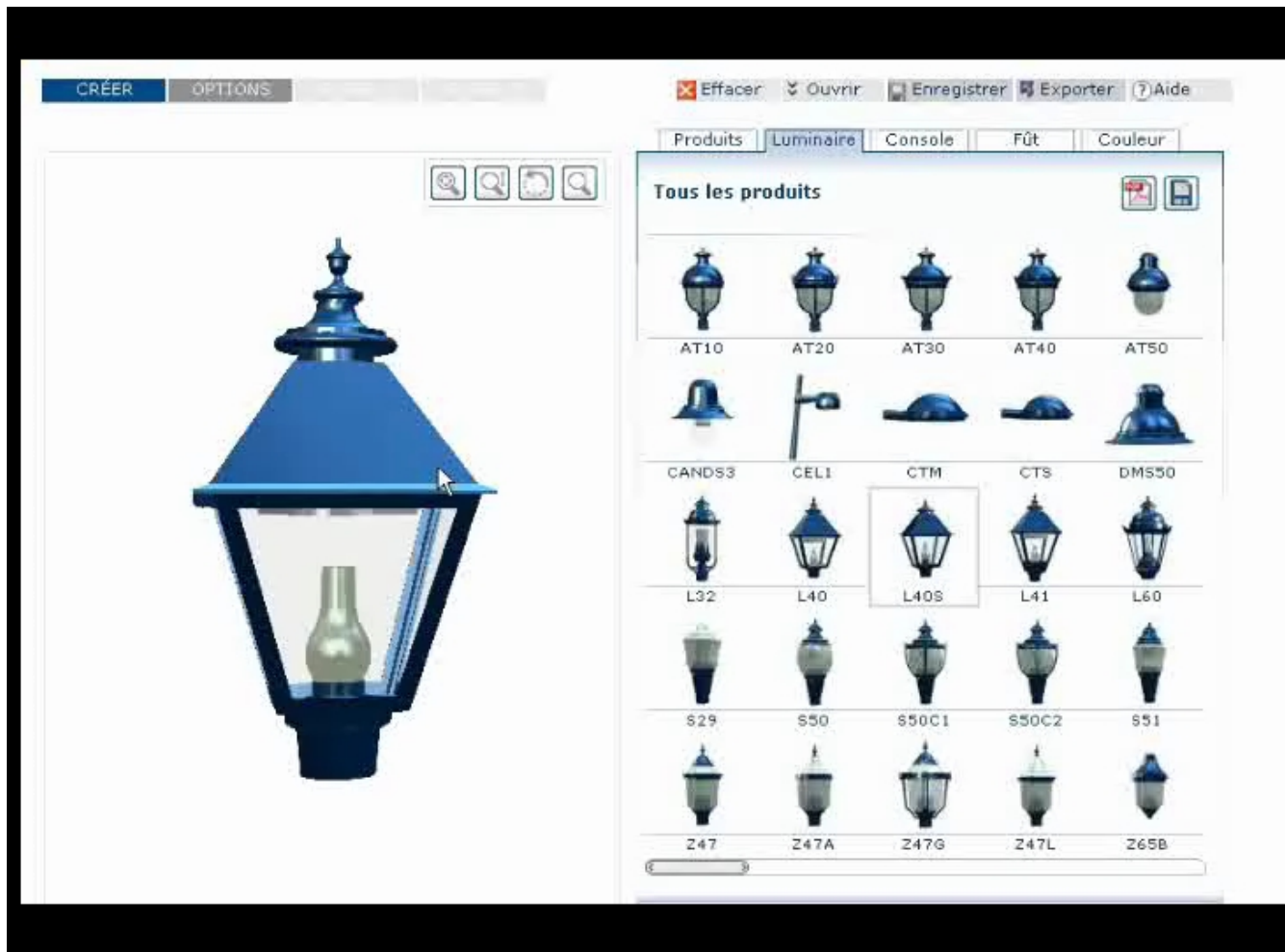
1. Creators



«Imagine»



Enabling Consumer Experience



Lumec, a Canadian manufacturer of outdoor lighting products, selected **3DVIA** to enable its customers to **test products** in different environment & lighting conditions

Introducing 3DVIA Composer

Reach a Broad Audience of New Users



- Acquisition of Seemage in September 07
- Offer customers a unique solution to create and maintain interactive documentation while **reusing 3D product data stored in any system (PLM, ERP ...)**
 - ✚ Can be used for technical documentation, manufacturing process instructions, training, sales and marketing brochures, catalogues and videos, ...
- Help customers achieve **very significant savings**



Announcing MSFT Virtual Earth – 3DVIA

Reach a Broad Audience of New Users

- The next milestone in the Dassault Systemes & **Microsoft** strategic alliance
- A **co-branded web service** that extends our partnership to online consumer 3D services
- Creates new « 3D Web Communities »



Microsoft®
Virtual Earth™ | 3dvia 



- Introduces **millions of Microsoft users** to the power and simplicity of 3D modeling, with realistic visualizations, textures and colors.
- Fully integrated with Microsoft's Virtual Earth Platform, mapping and geolocalization technology.



Technology Preview

Microsoft® Virtual Earth™



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DS Objectives (non-GAAP*)

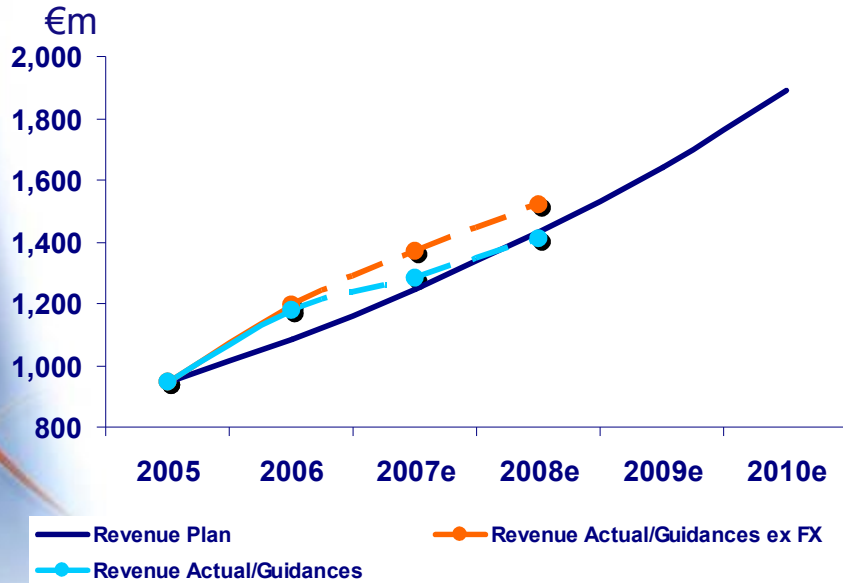
€m	4Q07	2007
Revenue	370-380	1,275-1,285
Growth	+5-8%	+8-9%
Growth ex FX	+11-14%	+14-15%
Operating Margin	~36%	~27%
EPS (€)	0.76-0.80	1.96-2.00
EPS Growth	+6-11%	+7-9%
€/US\$ Rate	1.45	1.37
€/JPY Rate	165	162

Accounting elements not included in the non-GAAP 2007 Objectives

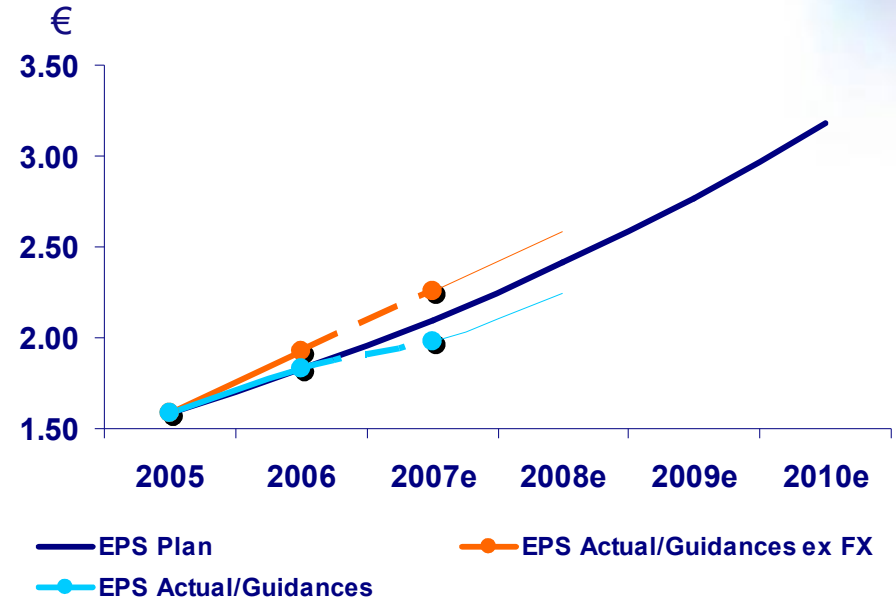
- FY 2007 estimated deferred revenue write-down: about €12m (before Seemage impact)***
- FY 2007 estimated share-based compensation expenses (SFAS 123R): about €18m***
- Quarterly estimated amount of amortization of acquired intangibles: about €12m (before Seemage impact)***
- These estimates don't include new stock options or share grants in 2007, nor new acquisitions which could be made in 2007***

Confirming 2005-2010 Plan & Initiating 2008 objectives

Double Revenue



Double EPS



Initiating 2008 non-GAAP revenue objectives: **+12%**
 Software revenue growth ex FX - **+10%** Total Revenue growth ex FX



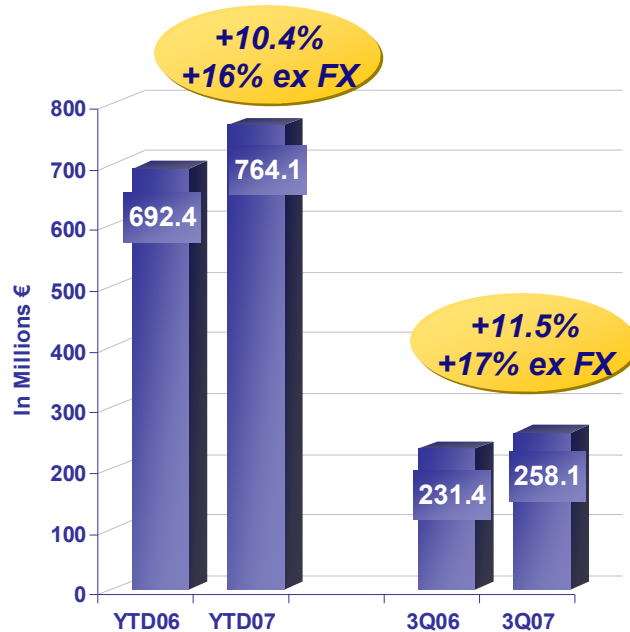
* Non-GAAP data, excluding the effect of adjusting the carrying value of acquired companies' deferred revenue, amortization of acquired intangible assets, share-based compensation expenses and one-time tax restructuring effects.

Agenda

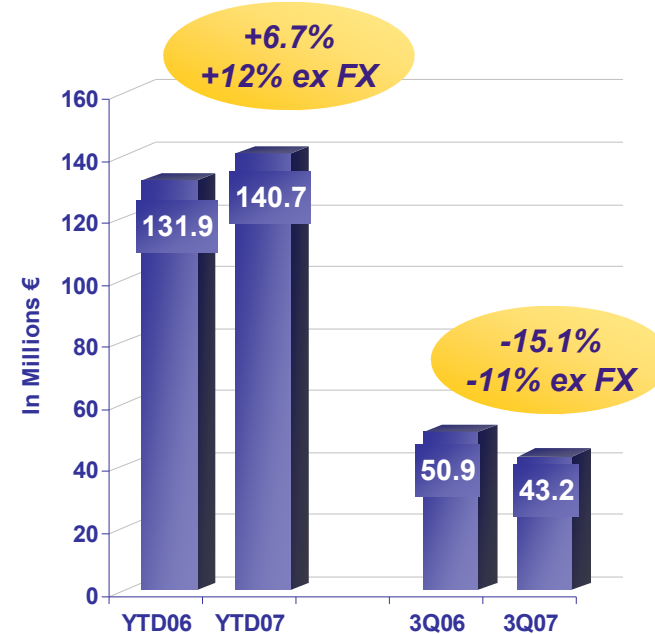
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Q307 Financial Highlights (non-GAAP*)

Software Revenue



Service Revenue

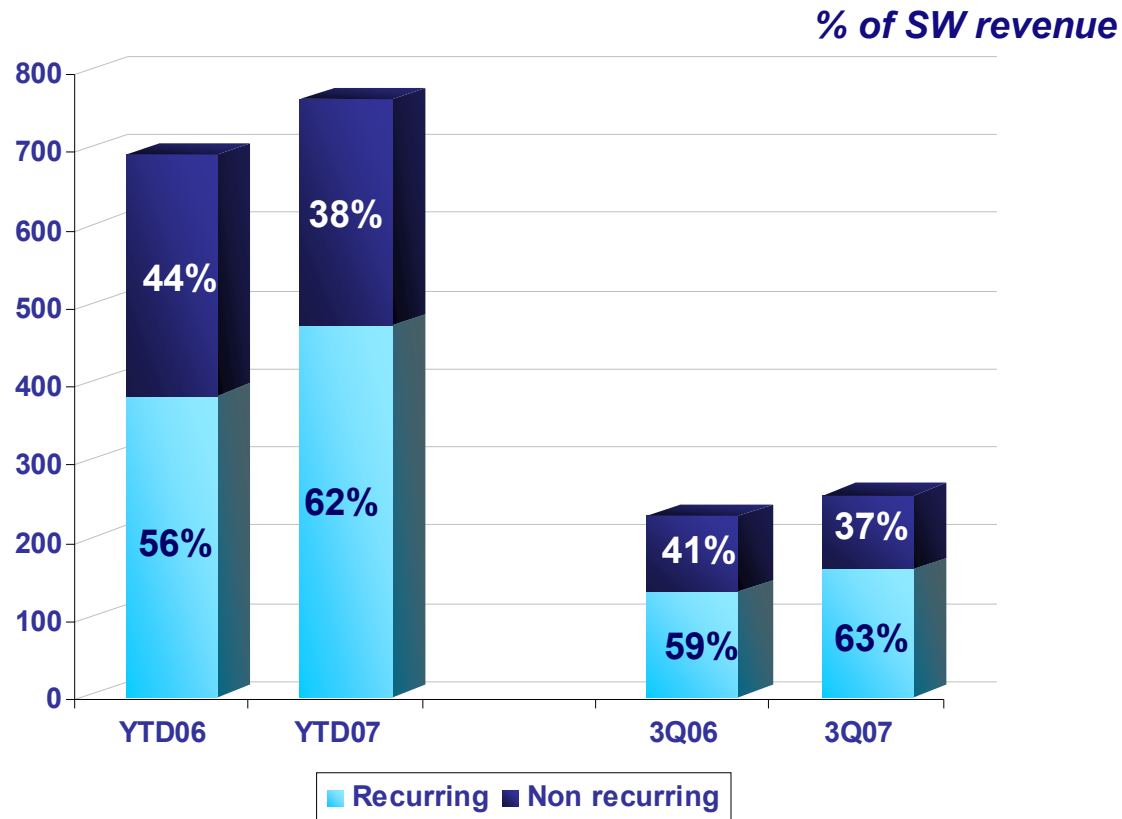


- **Strong software revenue growth**
- **Expected services revenue decline due to:**
 - ✎ Strong base of comparison with **72% ex FX service revenue growth in Q306**
 - ✎ Return in 2007 to a more usual seasonality with a lower Q3 due to **holidays impacts**



* For a reconciliation to US GAAP financial information, please refer to the tables in the Appendix.

Software Recurring Revenue Evolution (non-GAAP*)

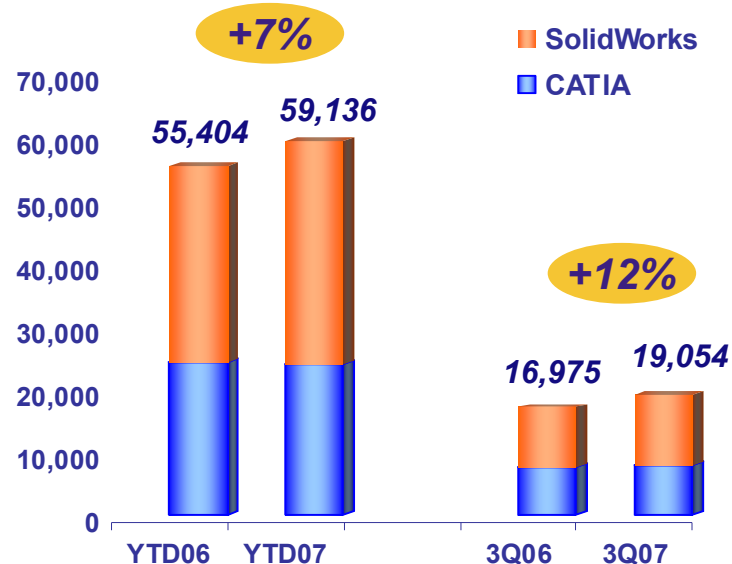


NB: Recurring software revenue excludes product development

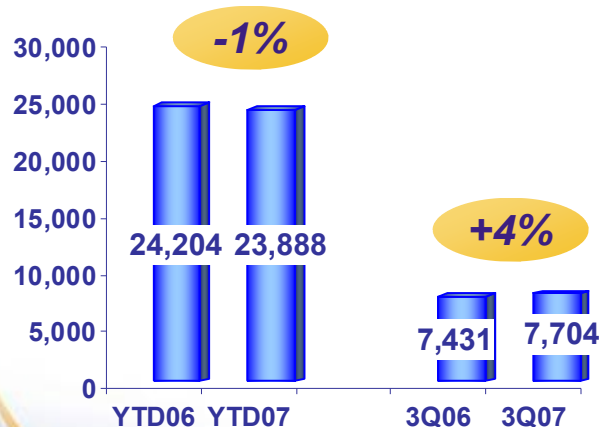
** For a reconciliation to US GAAP financial information, please refer to the tables in the Appendix.*

Q307 Financial Highlights (non-GAAP*)

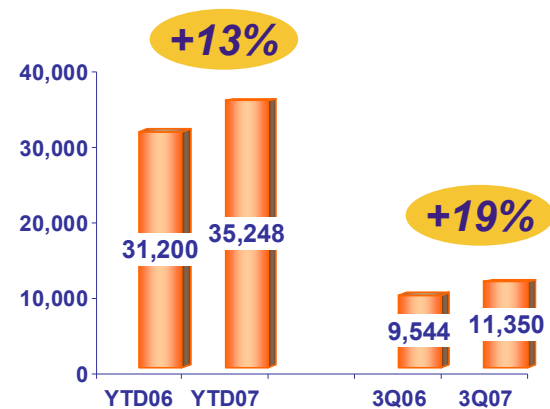
CATIA + SolidWorks Units



CATIA Units

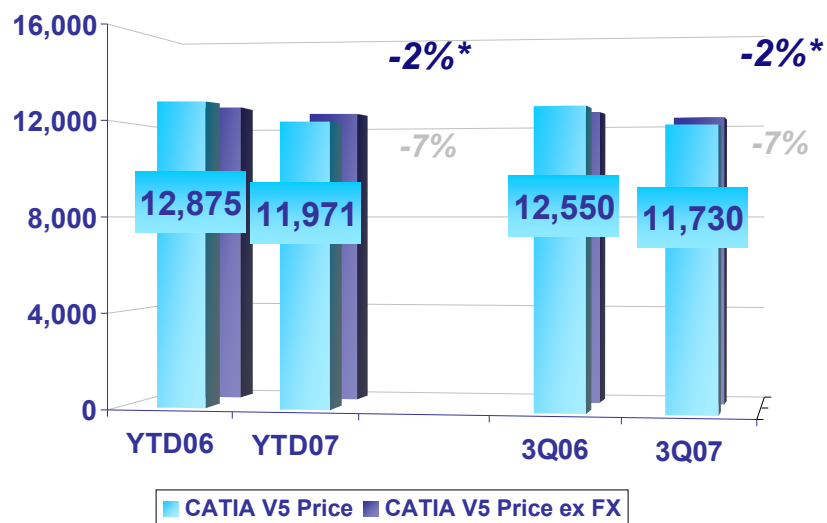


SolidWorks Units

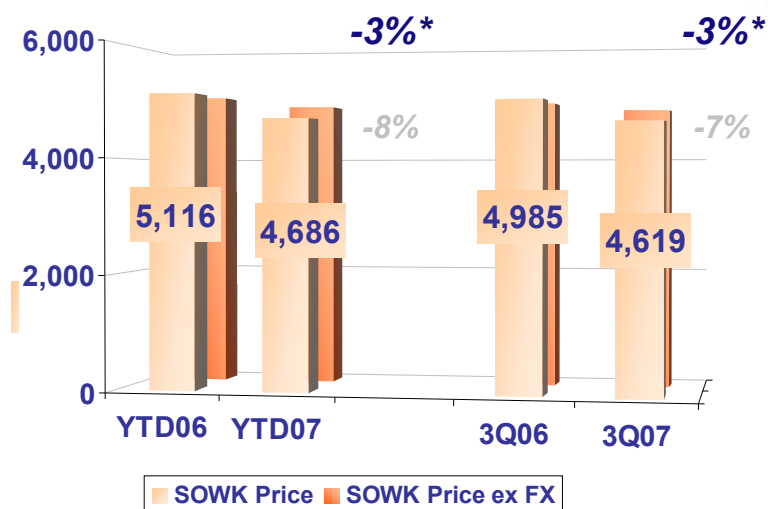


Average Seat Price Evolution

CATIA V5 ASP (€)



SolidWorks ASP (€)



Reported

***Excluding Exchange Rate Impact**

Assuming a 45% average VAR margin



Mainstream 3D Segment reconciliation

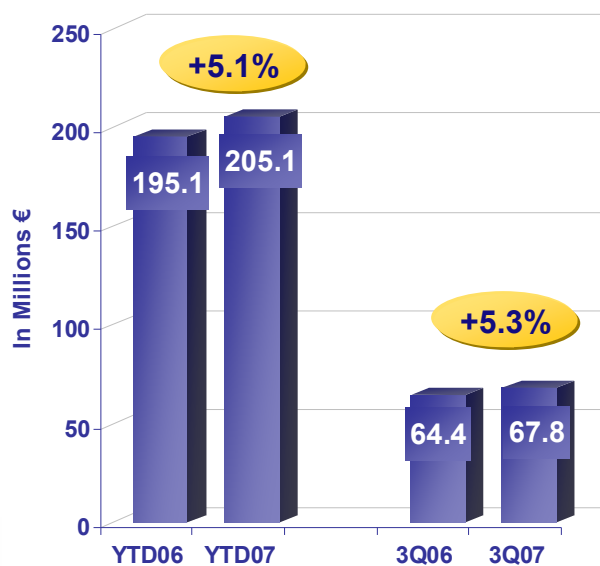
As of Q307, Mainstream 3D Segment includes both SolidWorks and CosmosWorks, while it previously only included SolidWorks. For information, a reconciliation of previous and new figures is provided below.

US GAAP, in €m	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07
<u>Previous split:</u>							
PLM (incl. CosmosWorks)	200.9	224.2	226.0	292.2	235.0	247.7	241.9
YoY growth	+26%	+31%	+33%	+15%	+17%	+10%	+7%
SolidWorks	51.2	55.8	50.3	57.2	55.9	58.0	57.2
YoY growth	+28%	+20%	+16%	+12%	+9%	+4%	+14%
<u>New split:</u>							
PLM	196.2	219.7	221.3	287.7	230.1	243.0	237.2
YoY growth	+27%	+32%	+33%	+16%	+17%	+11%	+7%
Mainstream 3D (incl. CosmosWorks)	55.9	60.3	55.0	61.7	60.8	62.7	61.9
YoY growth	+26%	+18%	+16%	+11%	+9%	+4%	+13%
<u>Non-GAAP, in €m</u>	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07
<u>Previous split:</u>							
PLM (incl. CosmosWorks)	203.7	229.9	231.9	293.9	237.3	249.9	243.7
YoY growth	+28%	+35%	+36%	+12%	+16%	+9%	+5%
SolidWorks	52.3	56.1	50.4	59.3	57.4	58.9	57.6
YoY growth	+31%	+20%	+16%	+14%	+10%	+5%	+14%
<u>New split:</u>							
PLM	199.0	225.4	227.2	289.4	232.4	245.2	239.0
YoY growth	+29%	+36%	+37%	+13%	+17%	+9%	+5%
Mainstream 3D (incl. CosmosWorks)	57.0	60.6	55.1	63.8	62.3	63.6	62.3
YoY growth	+28%	+18%	+16%	+13%	+9%	+5%	+13%

Q307 Financial Highlights (non-GAAP*)

Operating Income Evolution

Operating Income

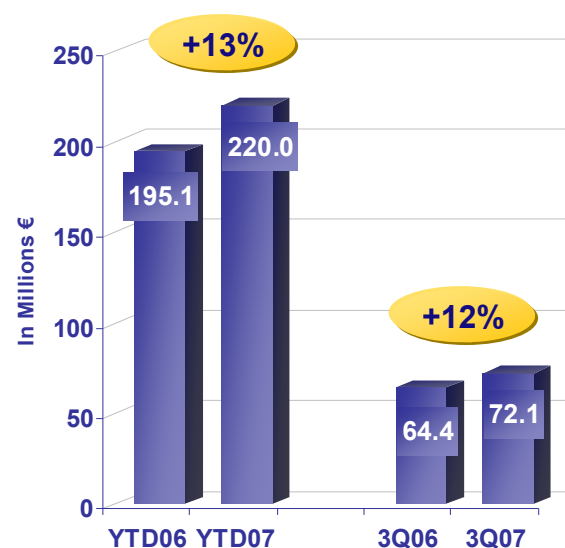


Op. Margin

22.7%

22.5%

Operating Income ex FX



Op. Margin

23.2%

22.9%



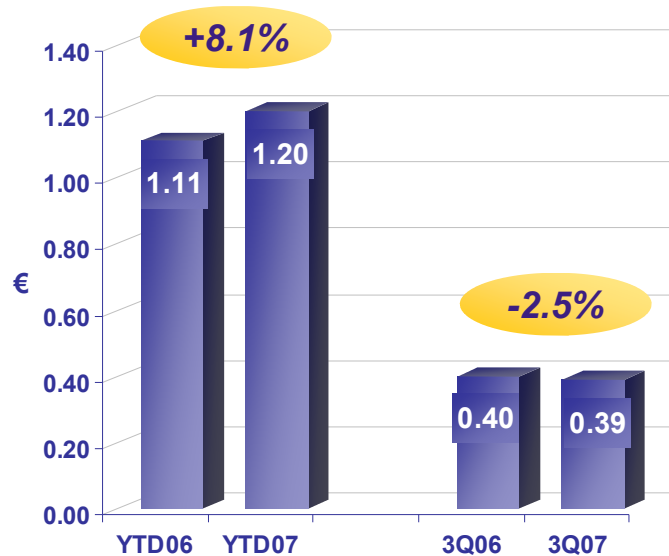
Currency impact of 0.5 points on YTD operating margin

* For a reconciliation to US GAAP financial information, please refer to the tables in the Appendix.

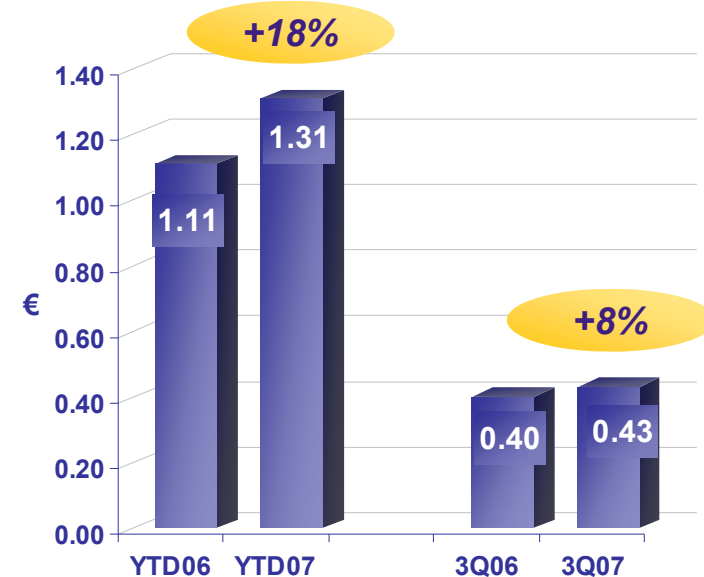
Q307 Financial Highlights (non-GAAP*)

EPS Growth

EPS Growth



EPS Growth ex FX

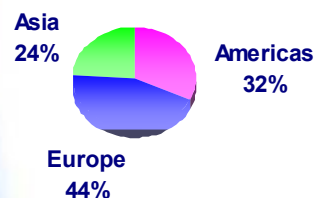


- **Strong currency headwinds:** 11 pts of growth impact on Q307 EPS
- Q3 non-GAAP pretax income increased **6%**
- Strong base of comparison linked to **unusually low tax rate in Q306** (28% vs 32.7% in Q307) following one-time tax restructuring benefit in Q306

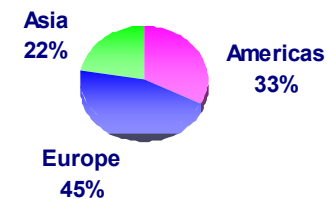
* For a reconciliation to US GAAP financial information, please refer to the tables in the Appendix.

Revenue per Region (US GAAP)

3Q 2007 Revenue

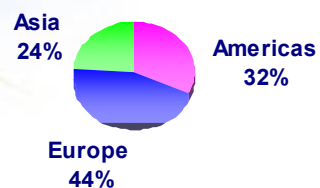


3Q 2006 Revenue

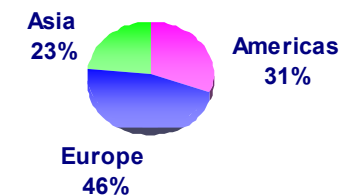


<i>in €m</i>	3Q07	3Q06	Growth	Growth ex FX	YTD07	YTD06	Growth	Growth ex FX
Americas	96.1	90.8	+6%	+14%	285.8	247.7	+15%	+25%
Europe	130.9	124.2	+5%	+5%	394.5	371.0	+6%	+6%
Asia	72.1	61.3	+18%	+27%	215.4	189.7	+14%	+24%
Total Revenue	299.1	276.3	+8%	+13%	895.7	808.4	+11%	+16%

YTD 2007 Revenue

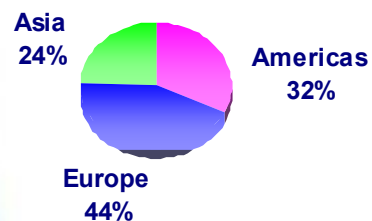


YTD 2006 Revenue

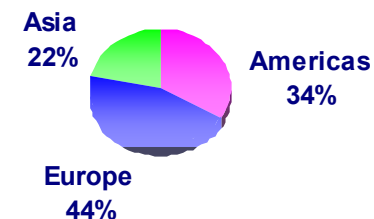


Revenue per Region (non-GAAP*)

3Q 2007 Revenue

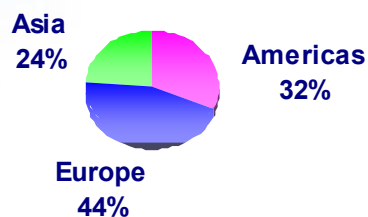


3Q 2006 Revenue

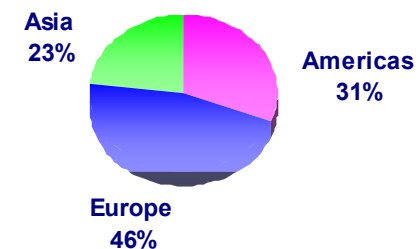


<i>in €m</i>	3Q07	3Q06	Growth	Growth ex FX	YTD07	YTD06	Growth	Growth ex FX
Americas	97.0	95.0	+2%	+10%	290.1	256.4	+13%	+22%
Europe	131.9	125.6	+5%	+5%	398.1	376.0	+6%	+6%
Asia	72.4	61.7	+17%	+27%	216.6	191.9	+13%	+24%
Total Revenue	301.3	282.3	+7%	+12%	904.8	824.3	+10%	+15%

YTD 2007 Revenue



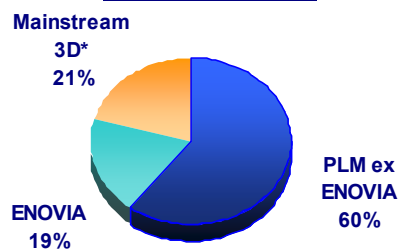
YTD 2006 Revenue



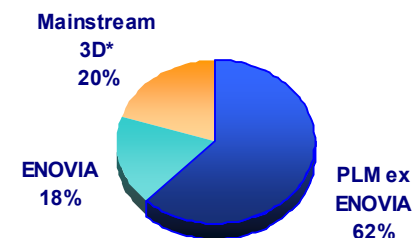
* For a reconciliation to US GAAP financial information, please refer to the tables in the Appendix.

Revenue per Product Line (US GAAP)

3Q 2007 Revenue

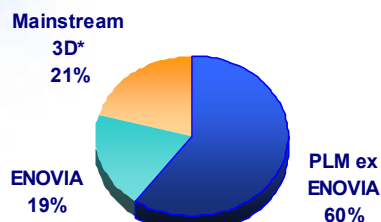


3Q 2006 Revenue

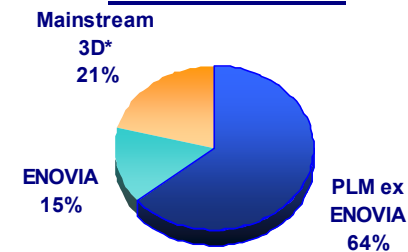


in €m	3Q07	3Q06	Growth	Growth ex FX	YTD07	YTD06	Growth	Growth ex FX
PLM	237.2	221.3	+7%	+12%	710.2	637.2	+11%	+17%
of which ENOVIA	57.1	49.6	+15%	+20%	173.0	121.1	+43%	+50%
Mainstream 3D*	61.9	55.0	+13%	+18%	185.5	171.2	+8%	+14%
Total Revenue	299.1	276.3	+8%	+13%	895.7	808.4	+11%	+16%

YTD 2007 Revenue



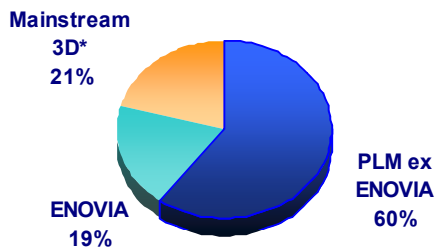
YTD 2006 Revenue



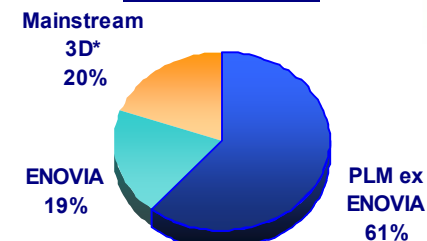
* Including CosmosWorks

Revenue per Product Line (non-GAAP**)

3Q 2007 Revenue

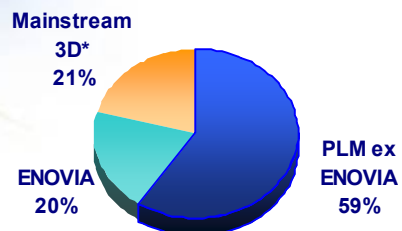


3Q 2006 Revenue

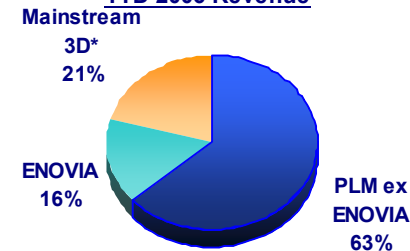


in €m	3Q07	3Q06	Growth	Growth ex FX	YTD07	YTD06	Growth	Growth ex FX
PLM	239.0	227.2	+5%	+10%	716.6	651.6	+10%	+15%
of which ENOVIA	58.1	54.4	+7%	+12%	178.3	128.6	+39%	+45%
Mainstream 3D*	62.3	55.1	+13%	+19%	188.2	172.7	+9%	+15%
Total Revenue	301.3	282.3	+7%	+12%	904.8	824.3	+10%	+15%

YTD 2007 Revenue



YTD 2006 Revenue



* Including CosmosWorks

** For a reconciliation to US GAAP financial information, please refer to the tables in the Appendix.

US GAAP P&L

	Three Months ended Sep.			Nine Months ended Sep.		
	2007	2006		2007	2006	
<i>(in millions of €, except per share data)</i>						
Software revenue	255.9	225.4	13.5%	755.0	676.5	11.6%
New licenses revenue	92.8	94.7	-2.0%	284.8	297.9	-4.4%
Periodic licenses, maintenance and product development revenue	163.1	130.7	24.8%	470.2	378.6	24.2%
Service and other revenue	43.2	50.9	-15.1%	140.7	131.9	6.7%
Total revenue	299.1	276.3	8.3%	895.7	808.4	10.8%
Cost of Software revenue	16.0	13.1	22.1%	41.8	36.2	15.5%
Cost of Service and other revenue	38.4	36.6	4.9%	117.1	104.4	12.2%
Research and development	76.3	77.0	-0.9%	228.3	224.8	1.6%
Marketing and sales	83.5	73.0	14.4%	254.9	211.7	20.4%
General and administrative	24.4	20.9	16.7%	70.4	59.3	18.7%
Amortization of acquired intangibles	13.6	11.0	23.6%	35.4	30.4	16.4%
Total operating expenses	252.2	231.6	8.9%	747.9	666.8	12.2%
Operating income	46.9	44.7	4.9%	147.8	141.6	4.4%
Financial revenue and other, net	1.7	1.0	70.0%	8.0	0.3	n/a
Income before income taxes	48.6	45.7	6.3%	155.8	141.9	9.8%
Income tax expense	-17.4	-5.4	n/a	-53.7	-39.2	n/a
Minority Interest	-0.1	0.6	n/a	-0.2	-1.1	n/a
Net income	<u>31.1</u>	<u>40.9</u>	<u>-24.0%</u>	<u>101.9</u>	<u>101.6</u>	<u>0.3%</u>
Diluted net income per share (EPS)	<u>0.26</u>	<u>0.34</u>	<u>-23.5%</u>	<u>0.85</u>	<u>0.85</u>	<u>0.0%</u>
Average shares (Million)	<u>120.4</u>	<u>118.9</u>		<u>119.5</u>	<u>119.1</u>	

US GAAP P&L (%)

(in %)	Three Months ended Sep.		Nine Months ended Sep.	
	2007	2006	2007	2006
	<u>% of revenue</u>		<u>% of revenue</u>	
Software revenue	85.6%	81.6%	84.3%	83.7%
New licenses revenue	31.0%	34.3%	31.8%	36.9%
Periodic licenses, maintenance and product development revenue	54.5%	47.3%	52.5%	46.8%
Service and other revenue	14.4%	18.4%	15.7%	16.3%
Total revenue	100.0%	100.0%	100.0%	100.0%
Cost of Software revenue	5.3%	4.7%	4.7%	4.5%
Cost of Service and other revenue	12.8%	13.2%	13.1%	12.9%
Research and development	25.5%	27.9%	25.5%	27.8%
Marketing and sales	27.9%	26.4%	28.5%	26.2%
General and administrative	8.2%	7.6%	7.9%	7.3%
Amortization of acquired intangibles	4.5%	4.0%	4.0%	3.8%
Total operating expenses	84.3%	83.8%	83.5%	82.5%
Operating income	15.7%	16.2%	16.5%	17.5%
Financial revenue and other, net	0.6%	0.4%	0.9%	0.0%
Income before income taxes	16.2%	16.5%	17.4%	17.6%
Income tax rate (% of IBIT)	35.8%	11.8%	34.5%	27.6%
Minority Interest	0.0%	0.2%	0.0%	-0.1%
Net income	<u>10.4%</u>	<u>14.8%</u>	<u>11.4%</u>	<u>12.6%</u>

3Q07 US GAAP – non-GAAP reconciliation

Revenue and Gross margin

(€ million, except % and per share data)	Three months ended September 30,						Increase (Decrease)	
	2007 GAAP	Adjustment (1)	2007 non-GAAP	2006 GAAP	Adjustment (1)	2006 non-GAAP	GAAP	non-GAAP (2)
TOTAL REVENUE	299.1	2.2	301.3	276.3	6.0	282.3	+8.3%	+6.7%
Total Revenue breakdown by activity								
Software revenue	255.9	2.2	258.1	225.4	6.0	231.4	+13.5%	+11.5%
<i>of which Recurring Software revenue</i>	161.5	2.2	163.7	130.0	6.0	136.0		
<i>Recurring portion of Software revenue</i>	63%		63%	58%		59%		
Service and other revenue	43.2			50.9			(15.1%)	
Total Revenue breakdown by segment								
PLM revenue	237.2	1.8	239.0	221.3	5.9	227.2	+7%	+5%
<i>of which ENOVIA revenue</i>	57.1	1.0	58.1	49.6	4.8	54.4	+15%	+7%
Mainstream 3D revenue	61.9	0.4	62.3	55.0	0.1	55.1	+13%	+13%
Total Revenue breakdown by geography								
Americas revenue	96.1	0.9	97.0	90.8	4.2	95.0	+6%	+2%
Europe revenue	130.9	1.0	131.9	124.2	1.4	125.6	+5%	+5%
Asia revenue	72.1	0.3	72.4	61.3	0.4	61.7	+18%	+17%
Gross Margin								
Cost of Software revenue	16.0		16.0	13.1		13.1	+22.1%	+22.1%
Software Gross margin*	93.7%		93.8%	94.2%		94.3%		
Cost of Service and other revenue	38.4	(0.2)	38.2	36.6	0.3	36.9	+4.9%	+3.5%
Service Gross margin	11.1%		11.6%	28.1%		27.5%		



(1) In the reconciliation schedule above, (i) all non-GAAP adjustments to GAAP revenue data reflect the exclusion of the deferred revenue adjustment; (ii) non-GAAP adjustments to GAAP operating expenses data reflect the exclusion of stock-based compensation expenses and of the amortization of acquired intangibles; and (iii) all non-GAAP adjustments to GAAP income data reflect the combined effect of these non-GAAP adjustments plus, with respect to net income and diluted net income per share, the exclusion of one-time tax restructuring effects.

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

* No amortization of acquired intangibles is included in Software Gross margin calculation

3Q07 US GAAP – non-GAAP reconciliation

Expenses and Earnings

(€ million, except % and per share data)	Three months ended September 30,						Increase (Decrease)	
	2007 GAAP	Adjustment (1)	2007 non-GAAP	2006 GAAP	Adjustment (1)	2006 non-GAAP	GAAP	non-GAAP (2)
Total Operating Expenses	252.2	(18.7)	233.5	231.6	(13.7)	217.9	+8.9%	+7.2%
Stock-based compensation expense	5.1	(5.1)	-	2.7	(2.7)	-	n/a	n/a
Amortization of acquired intangibles	13.6	(13.6)	-	11.0	(11.0)	-	n/a	n/a
Operating Income	46.9	20.9	67.8	44.7	19.7	64.4	+4.9%	+5.3%
Operating Margin	15.7%		22.5%	16.2%		22.8%		
Income before income taxes	48.6	20.9	69.5	45.7	19.7	65.4	+6.3%	+6.3%
Income tax expense	(17.4)	(5.3)	(22.7)	(5.4)	(12.9)	(18.3)	n/a	n/a
Income tax effect of adjustments above	5.3	(5.3)	-	6.1	(6.1)	-	n/a	n/a
One-time tax restructuring effects	-			6.8	(6.8)	-	n/a	
Minority Interest	(0.1)			0.6			n/a	
Net Income	31.1	15.6	46.7	40.9	6.8	47.7	(24.0%)	(2.1%)
Diluted net income per share, in € (3)	0.26	0.13	0.39	0.34	0.06	0.40	(23.5%)	(2.5%)

(€ million)	Three months ended September 30,					
	2007 GAAP	Adjust.	2007 non-GAAP	2006 GAAP	Adjust.	2006 non-GAAP
Cost of Service and other revenue	38.4	(0.2)	38.2	36.6	0.3	36.9
Research and development	76.3	(3.0)	73.3	77.0	(1.4)	75.6
Marketing and sales	83.5	(1.0)	82.5	73.0	(1.0)	72.0
General and administrative	24.4	(0.9)	23.5	20.9	(0.6)	20.3
Total stock-based compensation expense		(5.1)			(2.7)	

- (1) In the reconciliation schedule above, (i) all non-GAAP adjustments to GAAP revenue data reflect the exclusion of the deferred revenue adjustment; (ii) non-GAAP adjustments to GAAP operating expenses data reflect the exclusion of stock-based compensation expenses and of the amortization of acquired intangibles, as indicated; and (iii) all non-GAAP adjustments to GAAP income data reflect the combined effect of these non-GAAP adjustments plus, with respect to net income and diluted net income per share, the exclusion of one-time tax restructuring effects.
- (2) The non-GAAP percentage increase (decrease) compares non-GAAP measures for the two different periods. In the event there is a non-GAAP adjustment to the relevant measure for only one of the periods under comparison, the non-GAAP increase (decrease) compares the non-GAAP measure to the relevant GAAP measure.
- (3) Based on a weighted average of 120.4 million diluted shares for 3Q07 and 118.9 million diluted shares for 3Q06.



YTD07 US GAAP – non-GAAP reconciliation

Revenue and Gross margin

(€ million, except % and per share data)	Nine months ended September 30,						Increase (Decrease)	
	2007 GAAP	Adjustment (1)	2007 non-GAAP	2006 GAAP	Adjustment (1)	2006 non-GAAP	GAAP	non-GAAP (2)
TOTAL REVENUE	895.7	9.1	904.8	808.4	15.9	824.3	+10.8%	+9.8%
Total Revenue breakdown by activity								
Software revenue	755.0	9.1	764.1	676.5	15.9	692.4	+11.6%	+10.4%
<i>of which Recurring Software revenue</i>	466.1	9.1	475.2	369.9	15.9	385.8		
<i>Recurring portion of Software revenue</i>	62%		62%	55%		56%		
Service and other revenue	140.7			131.9			+6.7%	
Total Revenue breakdown by segment								
PLM revenue	710.2	6.4	716.6	637.2	14.4	651.6	+11%	+10%
<i>of which ENOVIA revenue</i>	173.0	5.3	178.3	121.1	7.5	128.6	+43%	+39%
Mainstream 3D revenue	185.5	2.7	188.2	171.2	1.5	172.7	+8%	+9%
Total Revenue breakdown by geography								
Americas revenue	285.8	4.3	290.1	247.7	8.7	256.4	+15%	+13%
Europe revenue	394.5	3.6	398.1	371.0	5.0	376.0	+6%	+6%
Asia revenue	215.4	1.2	216.6	189.7	2.2	191.9	+14%	+13%
Gross Margin								
Cost of Software revenue	41.8		41.8	36.2		36.2	+15.5%	+15.5%
Software Gross margin*	94.5%		94.5%	94.6%		94.8%		
Cost of Service and other revenue	117.1	(0.5)	116.6	104.4	(0.2)	104.2	+12.2%	+11.9%
Service Gross margin	16.8%		17.1%	20.8%		21.0%		



(1) In the reconciliation schedule above, (i) all non-GAAP adjustments to GAAP revenue data reflect the exclusion of the deferred revenue adjustment; (ii) non-GAAP adjustments to GAAP operating expenses data reflect the exclusion of stock-based compensation expenses and of the amortization of acquired intangibles; and (iii) all non-GAAP adjustments to GAAP income data reflect the combined effect of these non-GAAP adjustments plus, with respect to net income and diluted net income per share, the exclusion of one-time tax restructuring effects.

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

* No amortization of acquired intangibles is included in Software Gross margin calculation

YTD07 US GAAP – non-GAAP reconciliation

Expenses and Earnings

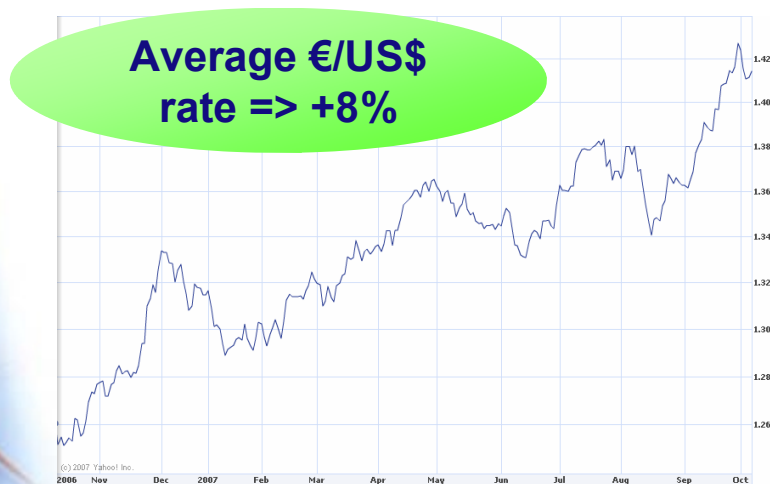
(€ million, except % and per share data)	Nine months ended September 30,						Increase (Decrease)	
	2007 GAAP	Adjustment (1)	2007 non-GAAP	2006 GAAP	Adjustment (1)	2006 non-GAAP	GAAP	non-GAAP (2)
Total Operating Expenses	747.9	(48.2)	699.7	666.8	(37.6)	629.2	+12.2%	+11.2%
Stock-based compensation expense	12.8	(12.8)	-	7.2	(7.2)	-	n/a	n/a
Amortization of acquired intangibles	35.4	(35.4)	-	30.4	(30.4)	-	n/a	n/a
Operating Income	147.8	57.3	205.1	141.6	53.5	195.1	+4.4%	+5.1%
Operating Margin	16.5%		22.7%	17.5%		23.7%		
Income before income taxes	155.8	57.3	213.1	141.9	53.5	195.4	+9.8%	+9.1%
Income tax expense	(53.7)	(16.2)	(69.9)	(39.2)	(23.3)	(62.5)	n/a	n/a
Income tax effect of adjustments above	16.2	(16.2)	-	16.5	(16.5)	-	n/a	n/a
One-time tax restructuring effects	-			6.8	(6.8)	-	n/a	
Minority Interest	(0.2)			(1.1)			n/a	
Net Income	101.9	41.1	143.0	101.6	30.2	131.8	+0.3%	+8.5%
Diluted net income per share, in € (3)	0.85	0.35	1.20	0.85	0.26	1.11	+0.0%	+8.1%

(€ million)	Nine months ended September 30,					
	2007 GAAP	Adjust.	2007 non-GAAP	2006 GAAP	Adjust.	2006 non-GAAP
Cost of Service and other revenue	117.1	(0.5)	116.6	104.4	(0.2)	104.2
Research and development	228.3	(7.4)	220.9	224.8	(4.3)	220.5
Marketing and sales	254.9	(2.6)	252.3	211.7	(1.6)	210.1
General and administrative	70.4	(2.3)	68.1	59.3	(1.1)	58.2
Total stock-based compensation expense		(12.8)			(7.2)	

- (1) In the reconciliation schedule above, (i) all non-GAAP adjustments to GAAP revenue data reflect the exclusion of the deferred revenue adjustment; (ii) non-GAAP adjustments to GAAP operating expenses data reflect the exclusion of stock-based compensation expenses and of the amortization of acquired intangibles, as indicated; and (iii) all non-GAAP adjustments to GAAP income data reflect the combined effect of these non-GAAP adjustments plus, with respect to net income and diluted net income per share, the exclusion of one-time tax restructuring effects.
- (2) The non-GAAP percentage increase (decrease) compares non-GAAP measures for the two different periods. In the event there is a non-GAAP adjustment to the relevant measure for only one of the periods under comparison, the non-GAAP increase (decrease) compares the non-GAAP measure to the relevant GAAP measure.
- (3) Based on a weighted average of 119.5 million diluted shares for YTD07 and 119.1 million diluted shares for YTD06.

Exchange Rate Evolution

€/US\$ - 3Q07/3Q06 Variance



€/JPY - 3Q07/3Q06 Variance



Average Exchange rates	3Q07	3Q06	Var.
€/US\$	1.37	1.27	+8%
€/JPY	161.9	148.1	+9%

Estimated Breakdown of P&L by currency for 2007

	US\$	JPY/Won
Revenue <i>(As a % of Revenue)</i>	41%	14%
Operating Expenses <i>(As a % of Expenses)</i>	45%	5%

Comparing Q3 2007 with Objectives (non-GAAP*)

€m	Revenue	Operating Expenses	Operating Income	Operating Margin
Non-GAAP Objectives - mid range	302.5	235.2	67.3	22.2%
Growth (%)	+7%	+8%	+5%	-0.6pts
Impact of Actual Currency Rates (vs assumptions)				
US\$ impact	-2.2	-1.9	-0.3	
€/US\$ from 1.35 to 1.37				
JPY/Won impact	+0.8	+0.2	+0.6	
€/JPY from 165.0 to 161.9				
Difference of Results over Objectives at actual rates	+0.2	+0.0	+0.2	
Non-GAAP Results	301.3	233.5	67.8	22.5%
Growth (%)	+7%	+7%	+5%	-0.3pts

Estimated FX Impact on Operating Performance in Q3 2007 (non-GAAP*)

€m	Revenue	Operating Expenses	Operating Income	Operating Margin
Non-GAAP	301.3	233.5	67.8	22.5%
Growth (%)	+7%	+7%	+5%	-0.3pts
US\$ impact adjustment €/US\$ from 1.27 to 1.37	+9.8	+8.3	+1.5	
JPY/Won impact adjustment €/JPY from 148.1 to 161.9	<u>+3.9</u>	<u>+1.1</u>	<u>+2.8</u>	
Total FX impact adjustment	+13.7	+9.4	+4.3	
Non-GAAP ex FX	315.0	242.9	72.1	22.9%
Growth (%)	+12%	+11%	+12%	+0.1pt

Estimated FX Impact on EPS in Q3 2007 (non-GAAP*)

€m	Net Income	EPS
Non-GAAP	46.7	0.39
Growth (%)	-2%	-3%
<i>FX impact on Operating Income adjustment</i>	+4.3	+0.04
<i>FX impact on Financial Revenue adjustment</i>	+2.6	+0.02
<i>Tax on FX impact adjustment (Tax Rate =32.7%)</i>	<u>-2.3</u>	<u>-0.02</u>
Total FX impact adjustment	+4.6	+0.04
Non-GAAP ex FX	51.3	0.43
Growth (%)	+8%	+8%

Estimated FX Impact on Operating Performance in YTD 07 (non-GAAP*)

€m	Revenue	Operating Expenses	Operating Income	Operating Margin
Non-GAAP	904.8	699.7	205.1	22.7%
Growth (%)	+10%	+11%	+5%	-1.0pts
US\$ impact adjustment €/US\$ from 1.24 to 1.34	+29.9	+25.4	+4.5	
JPY/Won impact adjustment €/JPY from 144.1 to 160.4	<u>+14.3</u>	<u>+3.9</u>	<u>+10.4</u>	
Total FX impact adjustment	+44.2	+29.3	+14.9	
Non-GAAP ex FX	949.0	729.0	220.0	23.2%
Growth (%)	+15%	+16%	+13%	-0.5pts

Estimated FX Impact on EPS in YTD07 (non-GAAP*)

€m	Net Income	EPS
Non-GAAP	143.0	1.20
Growth (%)	+8%	+8%
<i>FX impact on Operating Income adjustment</i>	+14.9	+0.12
<i>FX impact on Financial Revenue adjustment</i>	+4.7	+0.04
<i>Tax on FX impact adjustment (Tax Rate =32.8%)</i>	<u>-6.5</u>	<u>-0.05</u>
Total FX impact adjustment	+13.1	+0.11
Non-GAAP ex FX	156.1	1.31
Growth (%)	+18%	+18%

Financial Revenue and Other (US GAAP)

€m	3Q07	3Q06	3Q07/3Q06	YTD07	YTD06	YTD07/YTD06
Interest Income	5.8	4.1	41%	16.9	12.1	40%
Expense	-1.8	-1.6		-5.6	-3.7	
Financial net Income	4.0	2.5	60%	11.3	8.4	35%
Exchange Gain / Loss	-2.6	-2.2		-4.7	-8.3	
Other Income / Loss	0.3	-1.0		1.4	0.2	
Total	1.7	1.0	70%	8.0	0.3	ns

Balance Sheet Evolution (US GAAP)

CONSOLIDATED BALANCE SHEET					
<i>in €m</i>					
ASSETS	Sep-07	Jun-07	Variation	Dec-06	Variation
			Sep 07 / Jun 07		Sep 07 / Dec 06
Cash and short-term investments	571.1	544.6	26.5	459.2	111.9
Accounts receivable, net	241.4	259.7	-18.3	303.6	-62.2
Other assets	1,131.8	1,127.9	3.9	1,093.2	38.6
Total Assets	1,944.3	1,932.2	12.1	1,856.0	88.3
LIABILITIES AND SHAREHOLDERS' EQUITY					
Long-term debt	210.5	208.9	1.6	204.3	6.2
Other liabilities	584.1	576.2	7.9	541.7	42.4
Shareholders' equity	1,149.7	1,147.1	2.6	1,110.0	39.7
Total Liabilities and Shareholders' Equity	1,944.3	1,932.2	12.1	1,856.0	88.3

Consolidated Statement of Cash Flows

(US GAAP)

<i>in €m</i>	3Q07	3Q06	delta	YTD07	YTD06	delta
Net Income	31.1	40.9	-9.8	101.9	101.6	+0.3
Changes in working capital and non-cash P&L items	31.8	18.8	+13.0	138.2	123.0	+15.2
NET CASH PROVIDED BY (USED IN) OPERATING (I)	62.9	59.7	+3.2	240.1	224.6	+15.5
Acquisition of assets and equity, net of cash	-30.4	-3.1	-27.3	-90.3	-280.4	+190.1
Sale of assets and equity	0.1	0.1	0.0	0.1	0.1	+0.0
Loans and others	0.2	0.0	+0.2	-0.5	1.8	-2.3
NET CASH PROVIDED BY (USED IN) INVESTING (II)	-30.1	-3.0	-27.1	-90.7	-278.5	187.8
Borrowing	0.0	0.0	+0.0	0.0	200.0	-200.0
Share repurchase and proceeds from stock option exercise, net	10.1	-28.3	+38.4	37.9	-5.6	+43.5
Reimbursement of lease commitments	0.0	-0.4	+0.4	-0.4	-1.3	+0.9
Dividend	0.0	-48.2	+48.2	-50.8	-48.2	-2.6
NET CASH PROVIDED BY (USED IN) FINANCING (III)	10.1	-76.9	+87.0	-13.3	144.9	-158.2
EFFECT OF EXCHANGE RATE CHANGES ON CASH & STI (IV)	-16.4	2.0	-18.4	-24.2	-15.6	-8.6
INCREASE (DECREASE) IN CASH & STI (V) = (I)+(II)+(III)+(IV)	26.5	-18.2	44.7	111.9	75.4	+36.5
CASH & STI AT BEGINNING OF PERIOD	544.6	473.5		459.2	379.9	
CASH & STI AT END OF PERIOD	571.1	455.3		571.1	455.3	
CASH & STI VARIATION	26.5	-18.2		111.9	75.4	



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