# Dassault Systèmes Presentation

## September 2012
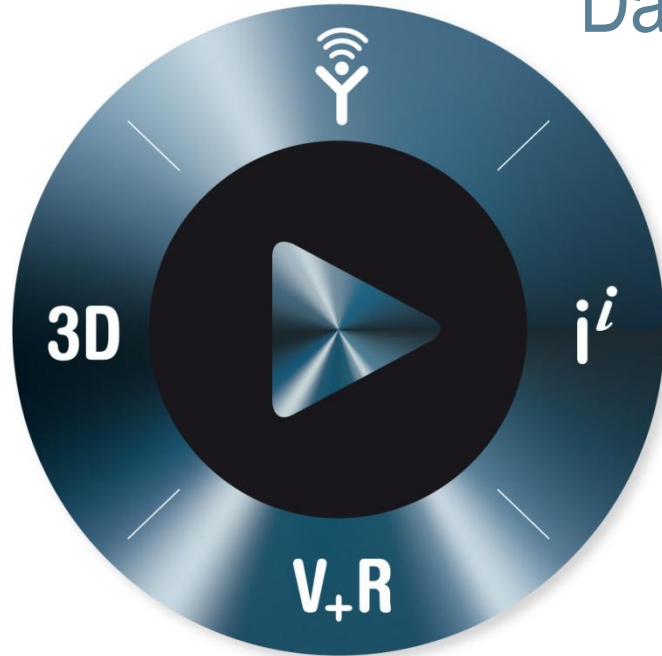
Thibault de Tersant, Senior EVP and CFO

3DEXPERIENCE

DASSAULT SYSTEMES | **IF WE** ask the right questions we can change the world.

# Agenda

| 1 | Strategy |
| 2 | Multi-Year Growth Plan |
| 3 | 2012 Financial Review |

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# Dassault Systèmes

**Over €10bn Market Cap**

## Shareholders Composition

Executive Team
7.94%

Free Float
49.91%

Groupe Industriel Marcel Dassault
42.15%
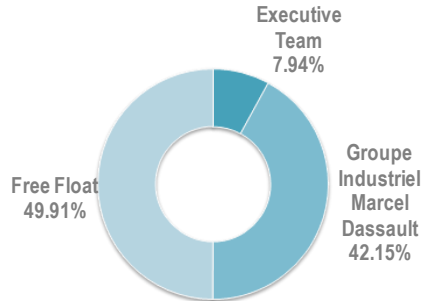
As of December 31, 2011



### Over 10,000 Passionate People

100+ nationalities

Serving 120+ countries

One global R&D

One architecture

### >150,000 Enterprise Customers

In 12 industries

More than 1 million users on premises

### 3DEXPERIENCE Platform

Open Architecture

Open Components

Open Communities

### >3,500 Partners

Research Institutes

Education Partners

Software and Technology Partners

Sales & Services Partners

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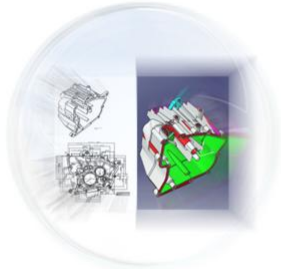
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# Our Purpose

"Dassault Systèmes provides Business & People with **3D**EXPERIENCE Universes to imagine sustainable innovations capable of harmonizing Product, Nature and Life"

Bernard CHARLES
President & Chief Executive Officer

# Our Legacy



**3DEXPERIENCE**

3D-PLM
Product Lifecycle Management

3D-DMU
Digital Mock-Up

3D - Design

3D

i^i

V+R

V3                    V4                    V5                    V6

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# From Product Experience to Business Experience

Social and Collaborative Apps

Information Intelligence Apps

3D Modeling Apps

Real time **3D**EXPERIENCE Platform

Content and Simulation Apps

3D

i$^i$

V+R
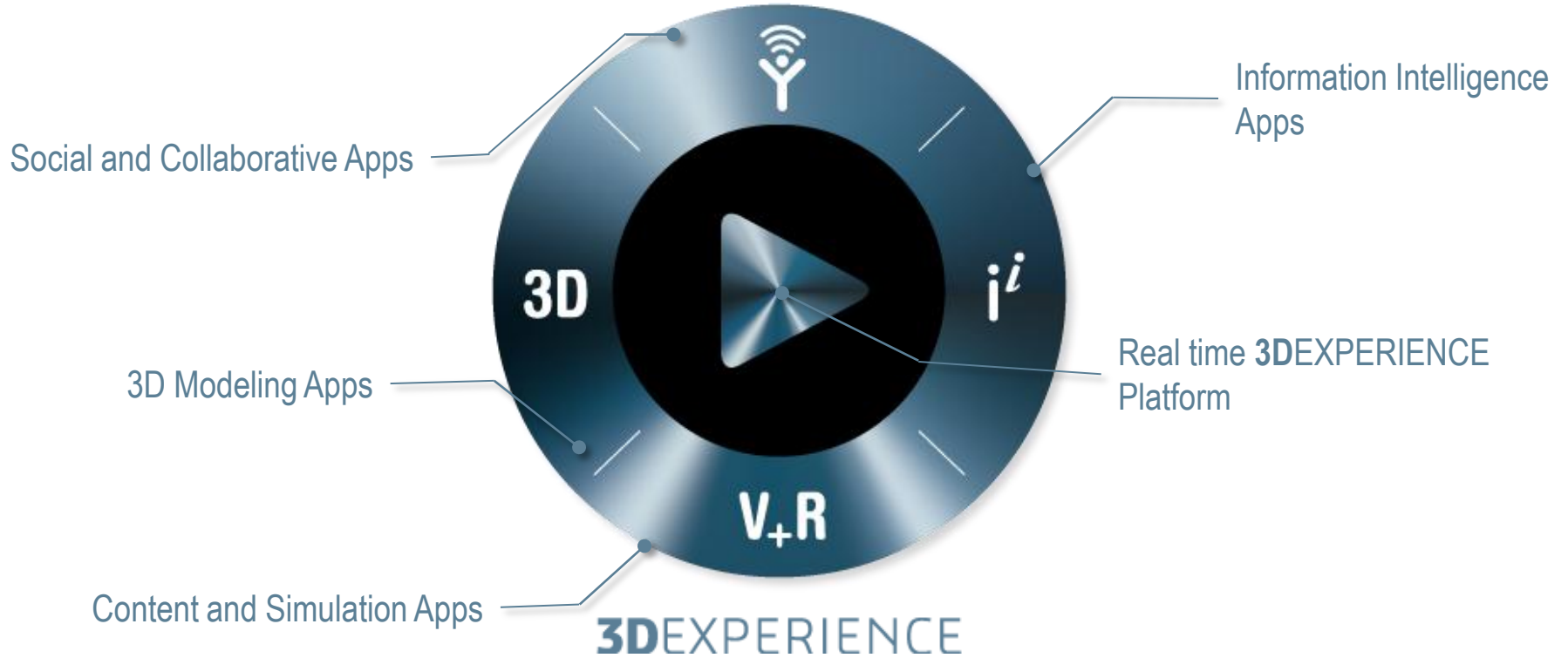
**3D**EXPERIENCE

# Strategic Operational Elements

Brands
"User Experience"

CATIA
SOLIDWORKS
SIMULIA
DELMIA
ENOVIA
GEOVIA
EXALEAD
NETVIBES
3DSWYM
3DVIA

Industries
"Solution Experience"
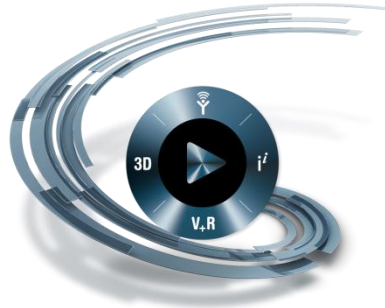
Distribution Network
"Customer Experience"

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# Agenda

| | |
|---|---|
| **1** | Strategy |
| **2** | Multi-Year Growth Plan |
| **3** | 2012 Financial Review |

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# Revenue Growth 1999-2011 non-IFRS



99-11 DS Software Revenue ($m): +14%*
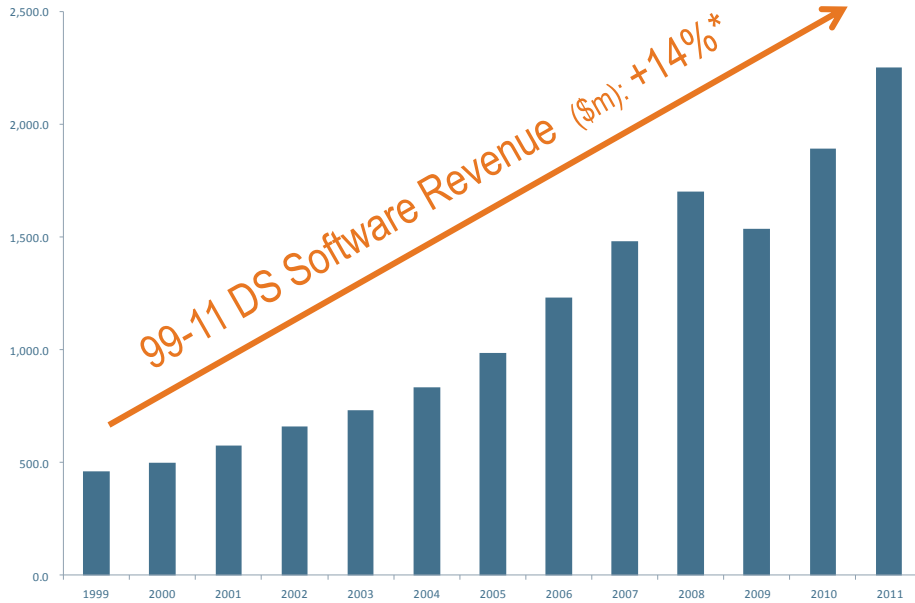
|  | | CAGR 99-11 |
|---|---|---|
| In $ | Software Revenue | 14% |
| | CATIA | 10% |
| | ENOVIA | 25% |
| | Other PLM | 26% |
| | SolidWorks | 18% |

*ex FX software revenue CAGR 99-11: 12%

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# Outpacing Competitors & Peers Growth
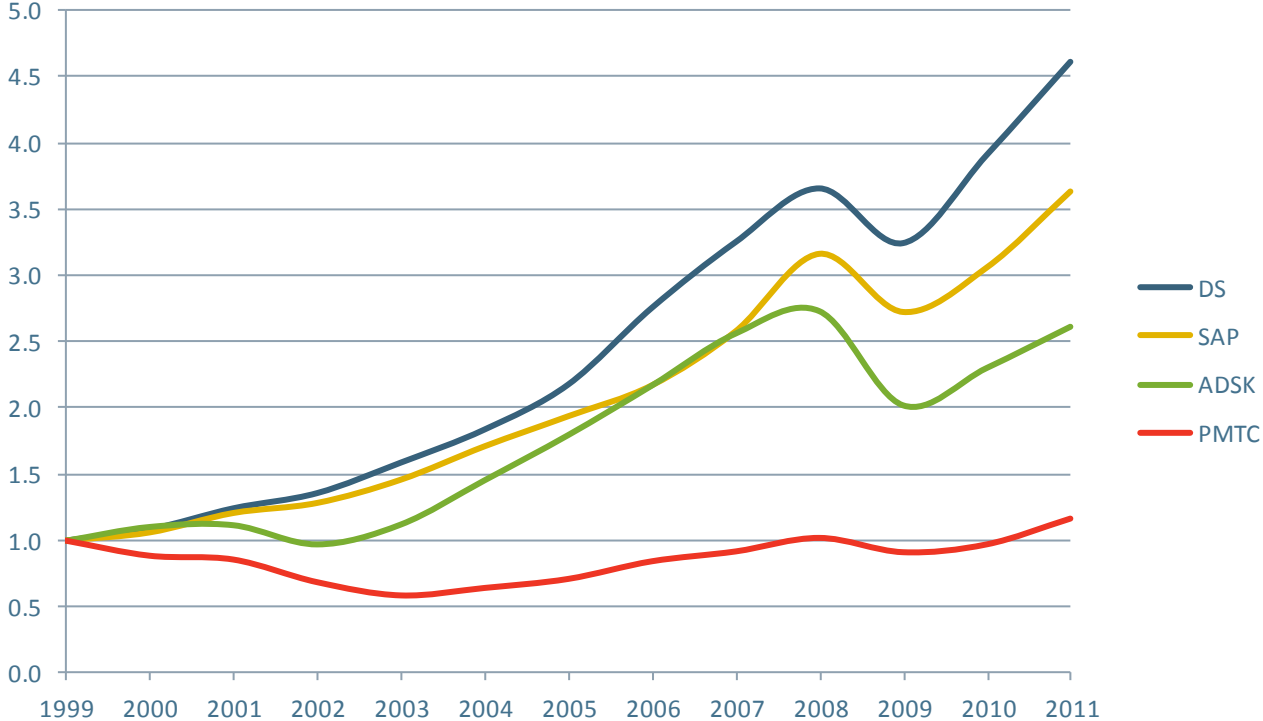
# Each Innovation Breakthrough to Double the Addressable Market

**$4 bn**

**$8 bn**
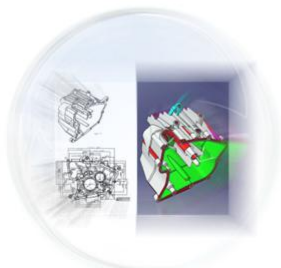
**$16 bn**

**$32 bn**

3D - Design

3D-DMU
Digital Mock-Up

3D-PLM
Product Lifecycle Management

**3D**EXPERIENCE

**V3**

**V4**

**V5**

**V6**
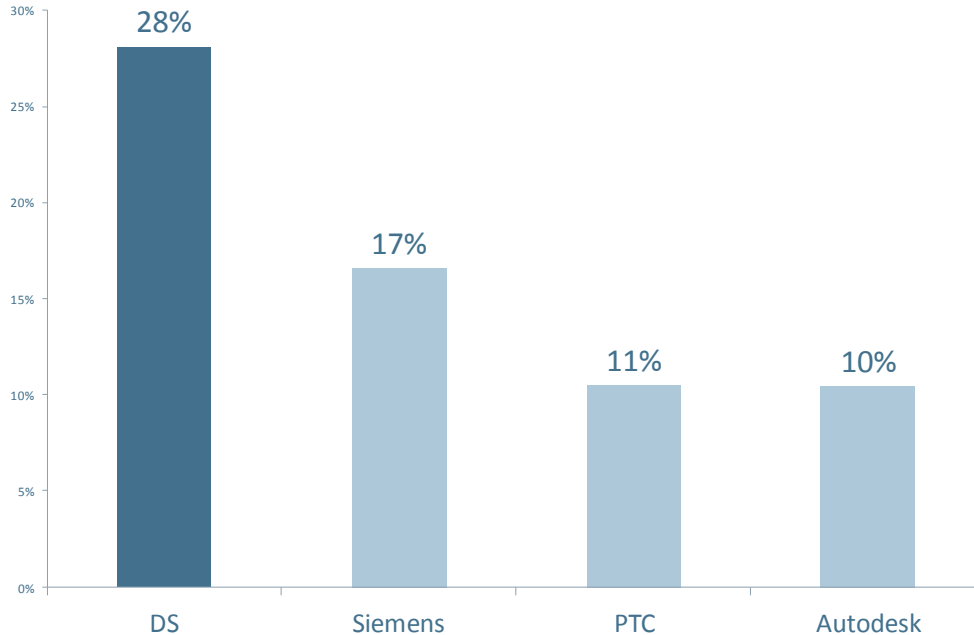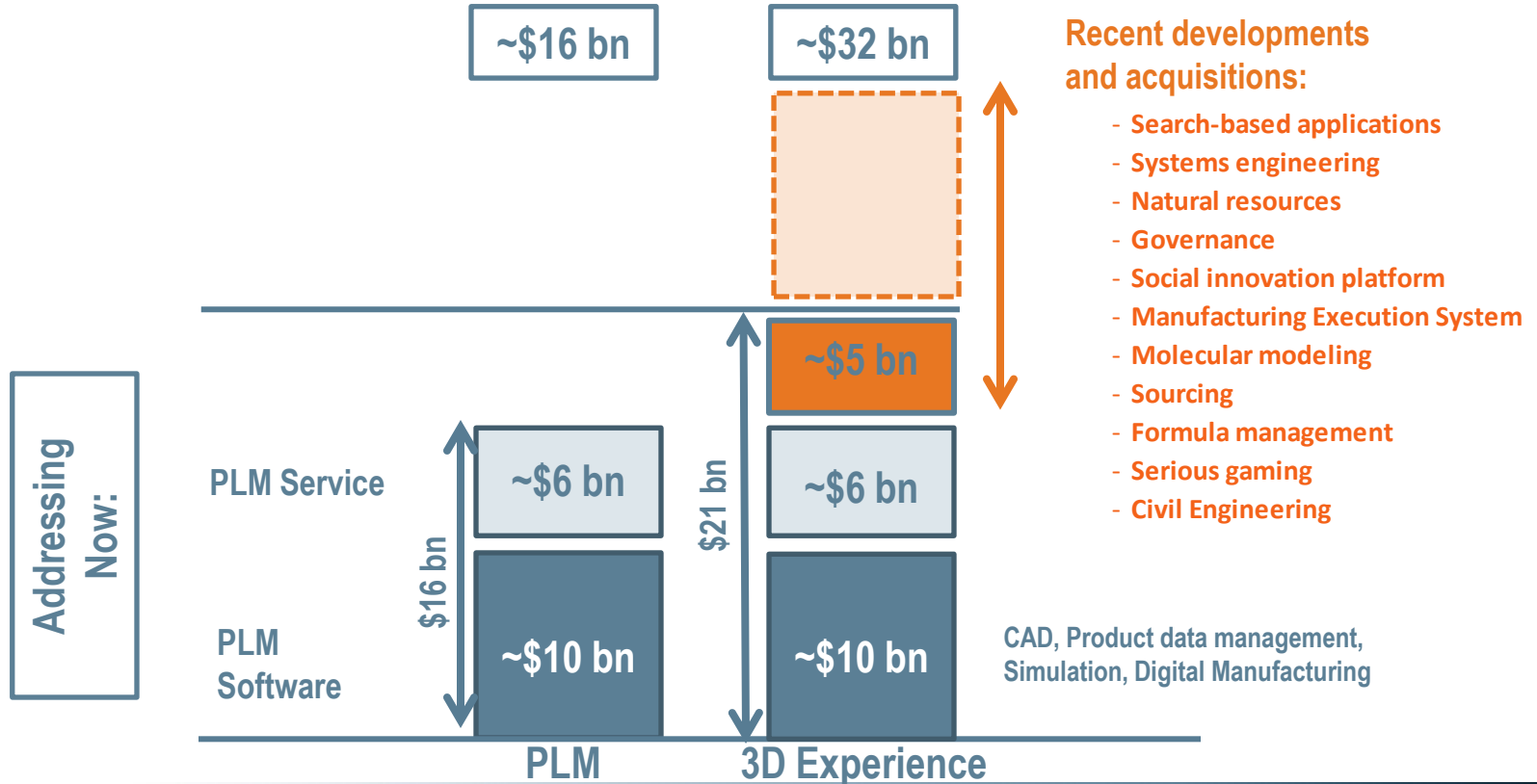
# DS Leader of the PLM Market

## Market Share (PLM Software)



- ▶ **DS:** clear **leader** of the market with **~28%** market share

- ▶ DS gaining **+13 pts** market share in 10 years since 2001

- ▶ Software PLM market sized at **$10bn**

- ▶ Software PLM market including **CAD, Product data management, Simulation, Digital Manufacturing**

Source Dassault Systèmes and industry analysts

# Market Size to Reach $32bn with 3D Experience

~$16 bn

~$32 bn

**Recent developments and acquisitions:**

- Search-based applications
- Systems engineering
- Natural resources
- Governance
- Social innovation platform
- Manufacturing Execution System
- Molecular modeling
- Sourcing
- Formula management
- Serious gaming
- Civil Engineering

**Addressing Now:**

**PLM Service**

~$6 bn

~$6 bn

$21 bn

$16 bn

**PLM Software**

~$10 bn

~$10 bn

~$5 bn

CAD, Product data management, Simulation, Digital Manufacturing

**PLM**

**3D Experience**

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# Growth Strategy

**Thanks to**

▶ **Double** potential addressable market from **$16B** to **$32B**

▶ Continue to **gain market share**

3D Experience Platform

Industries Solution Experience



Industries Value "Solution Experience"

# Growth Strategy: Social & Collaborative apps

**Connect the dots within and outside the company**

- ▶ **Expand to** new collaborative professional users **with structured applications**
  - ▷ **5-10 X** design users

- ▶ **Expand to** system engineering
  - ▷ **2 X** design users

- ▶ **Expand to** new professional users **with** social user interfaces
  - ▷ Foster innovation in all industries with non structured applications

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# Valeo Selecting ENOVIA V6

- ▶ **Context**
  - ▷ Leading automotive supplier of components, integrated systems and modules, in particular for the reduction of $CO_2$ emissions
  - ▷ 2011 revenue: ~€11bn - 68,000 employees

- ▶ **Challenges**
  - ▷ **Develop new complex products** putting together electronics, software and mechanical components
  - ▷ **Foster worldwide collaboration across 185 sites**

- ▶ **Targeted achievements**
  - ▷ Provide a **fully integrated solution for mechatronics**
  - ▷ Enable more than **12,000 worldwide users** to access on-line a single product data repository

# Growth Strategy: 3D Modeling apps



**Deliver with 3D a complete workflow from imagination to 3D Experience**

▶ **Expand 3D modeling users**
  ▷ 37% of 3D potential market (5.5 m engineers) are 3D users → 52%* end of 2019

▶ **Expand to new professional users**
  ▷ Develop the usage of 3D to new and new industries

▶ **Expand to system engineering**
  ▷ Quickly and easily define smart products
  ▷ **Same number of users** as mechanical engineers

\* Assumption: number of users migrating from 2D to 3D increases by 6% per year & market growth by 1.5% per year
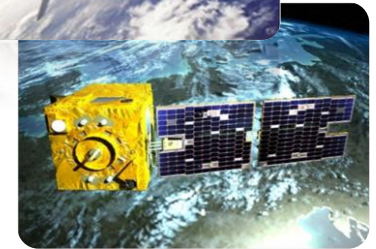
# Astrium Selecting V6



- **Context**
  - ▷ Leading company in space transportation and satellite systems
  - ▷ **EADS group**
  - ▷ 2010 revenue ~€5bn - ~17,000 employees
- **Challenges**
  - ▷ **Improve productivity by 25%**
- **Achievement**
  - ▷ **Introduced V6** with **CATIA, ENOVIA and SIMULIA**
    - ▶ single database
    - ▶ business process coverage
  - ▷ Provide **digital mock-up for all**
  - ▷ Adopt **Simulation Lifecycle Management**

# Growth Strategy: Simulation apps

> **Improve real world understanding as we experience it**

- **Serve manufacturing engineers in all industries**
- **Expand to shop floor workers and quality engineers**
  - ▷ **10 x** the number of manufacturing engineers
- **Expand to supply chain modelers and planners**
  - ▷ **3 x** number of manufacturing engineers
- **Expand simulation users**
  - ▷ Replace heterogeneous and homegrown fragmented customers' solutions
  - ▷ Develop simulation beyond product to nature and life

# Snecma (Safran group) Selecting DELMIA V6

- ▶ **Context**
  - ▷ A world leading manufacturer of military & civil aircraft engines
  - ▷ 2011 revenue €4.5bn - 12,700 employees
- ▶ **Challenges**
  - ▷ Setup **unified & flexible collaborative environment** to maintain highest quality standard & manage costs
  - ▷ Manage market success of **new innovative engine programs** which will increase **manufacturing workload**
- ▶ **Targeted achievements**
  - ▷ Enable **end-to-end manufacturing engineering processes** of aero-engine parts, from raw materials to complex end parts:
    - ▶ Create & manage all shop floor deliverables
    - ▶ Support end-to-end industrialization business processes
    - ▶ Ensure digital continuity from design to manufacturing
  - ▷ Enable more than **500 users** to access **to single source of manufacturing data**

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# Growth Strategy: Information Intelligence apps

**Reveal Information Intelligence**

▶ **Expand with Data as a Service**
  ▷ Extract information intelligence from big data
  ▷ E-business, bio intelligence …

▶ **Expand with analytics and search-based applications**
  ▷ Extract information intelligence with focused applications in a very simple manner and without data warehouse

# Abercrombie & Fitch Selecting EXALEAD

Broad-based Growth

- **Context**
  - ▷ Leading apparel company
  - ▷ 2010 revenue: $4bn – 9,000 employees
- **Challenges**
  - ▷ Protect brand from **counterfeiting**
  - ▷ Protect brand from **illegitimate websites**
- **Achievement**
  - ▷ Selected **EXALEAD**
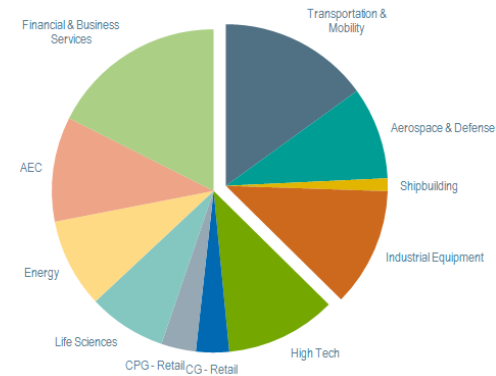
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# Growth Strategy: Industries "Solution Experience"

▶ **Connect the dots in 12 industries answering the question what my customer values most**

▶ **Expand in core industries** [1]
  ▷ Accelerate innovation and fortify competitive advantage

▶ **Serve new industries** [2]
  ▷ **Twice the market size** of DS **core industries**

(1) Aerospace & Defense, Industrial Equipment, Marine & Offshore, Transportation & Mobility, Natural Resources
(2) Architecture Engineering & Construction, Consumer Goods & Retail, Consumer Packaged Goods & Retail, Energy Process & Utilities, Financial & Business Services, High Tech, Life Sciences

**3D Experience Market Size by Industry**



- Transportation & Mobility
- Aerospace & Defense
- Shipbuilding
- Industrial Equipment
- High Tech
- CPG - Retail
- CG - Retail
- Life Sciences
- Energy
- AEC
- Financial & Business Services

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# POSCO Selecting V6

- **Context**
  - Leading Steel Company
  - 2011 revenue : 68B$ - 17,000 employees
- **Challenges**
  - POSCO achieved 68B$ revenue in 2011 and plan to increase it to 200B$ by 2020
- **Achievement**
  - **Introduced V6** with **ENOVIA , DELMIA, 3DVIA and SIMULIA**
    - Single 3D Database
    - Business Process Coverage
  - Provided **Asset lifecycle management based on 3D data**
  - Adopted **Virtual Factory**

# Enterprise Platform Strategy

- **Providing now with V6 an enterprise platform to power 3D Experiences**
  - ▷ Start Anywhere
  - ▷ Use Any Apps
  - ▷ Build IP as-you-go
  - ▷ Connect the dots without heavy IT intervention

- **Beginning of a new product cycle with V6**
  - ▷ **Installed base migration**
  - ▷ Large potential of **new accounts and new users**
  - ▷ **Named-user model**
  - ▷ **Larger size of V6 transactions** compared to V5

# 2009-2014 Plan
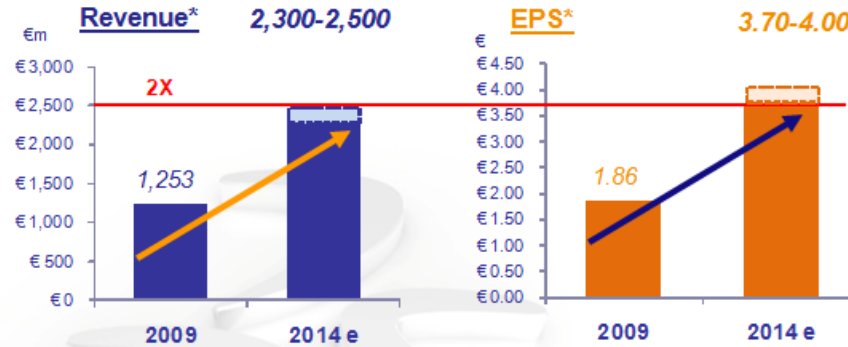
# On-track to Achieve 2009-2014 Plan
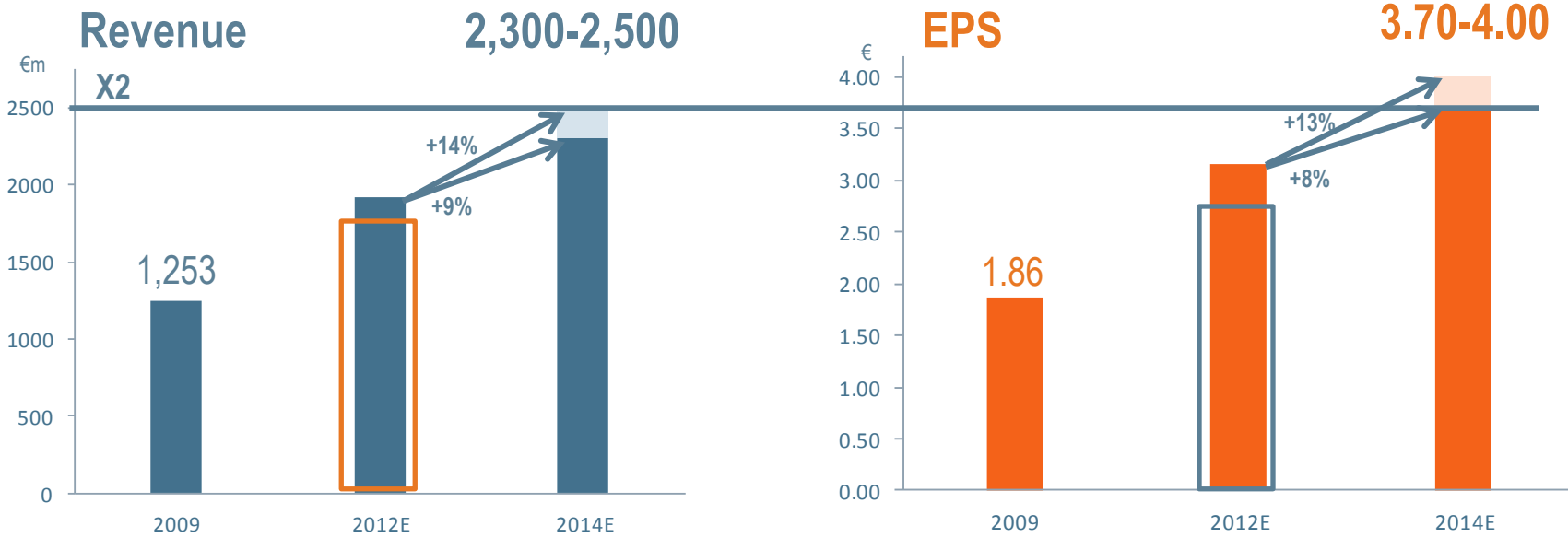


On-track to achieve 2009-2014 objective to more than double EPS with the assumption of an unchanged economic environment for the remaining period

Implied objective with 09-14 CAGR

2012E per 2012 guidance as of Q1 2012 earnings
and NOT including Gemcom acquisition

# Agenda

**1**  Strategy

**2**  Multi-Year Growth Plan
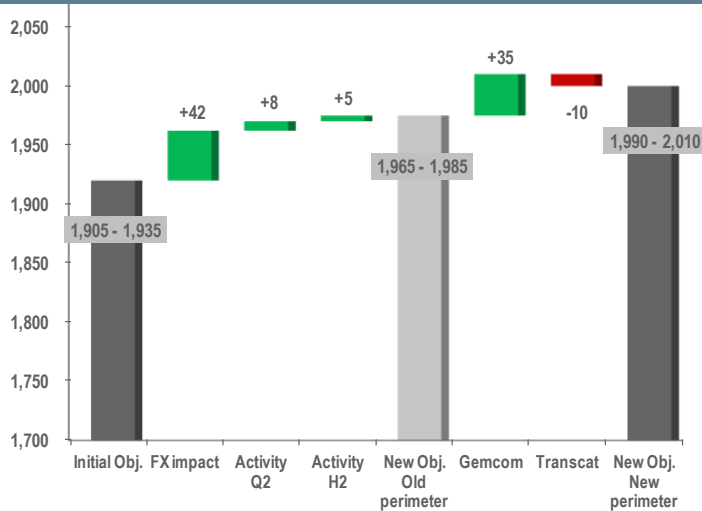
**3**  2012 Financial Review

# Q2 2012 Performance Non-IFRS*

▶ **Continuation of Q1 positive business trends with larger proportion of new rentals in Q2 compared to previous quarters**

▶ **Strong EPS growth driven by revenue growth and margin expansion**

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

| € millions | Q2 12 | YTD 12 |
|---|---|---|
| Revenue | 502.9 | 965.3 |
| Growth | +17% | +15% |
| **Growth ex FX** | **+10%** | **+10%** |
| New Licenses Growth ex FX | +9% | +13% |
| Operating Margin | 29.2% | 29.2% |
| **Operating Margin Growth** | **+1.2pt** | **+1.0pt** |
| EPS (€) | 0.76 | 1.47 |
| **EPS Growth** | **+19%** | **+15%** |

# Objectives change: from April to July Non-IFRS



**Revenue (€m)**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Initial Obj. | FX impact | Activity Q2 | Activity H2 | New Obj. Old perimeter | Gemcom | Transcat | New Obj. New perimeter |
| 1,905 - 1,935 | +42 | +8 | +5 | 1,965 - 1,985 | +35 | -10 | 1,990 - 2,010 |

| **Mid-range** | 1,920 | | | | | | 2,000 |

| **ExFX Growth** | +6-8% | | | | | | +8-9% |

**EPS (€)**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Initial Obj. | FX impact | Activity | Tax rate & shares | New Obj. Old perimeter | Gemcom | Transcat | New Obj. New perimeter |
| 3.10 - 3.20 | +0.09 | +0.01 | -0.05 | 3.15 - 3.25 | +0.06 | -0.01 | 3.20 - 3.30 |

| **Mid-range** | 3.15 | | | | | | 3.25 |

| **Growth** | +6-10% | | | | | | +10-13% |

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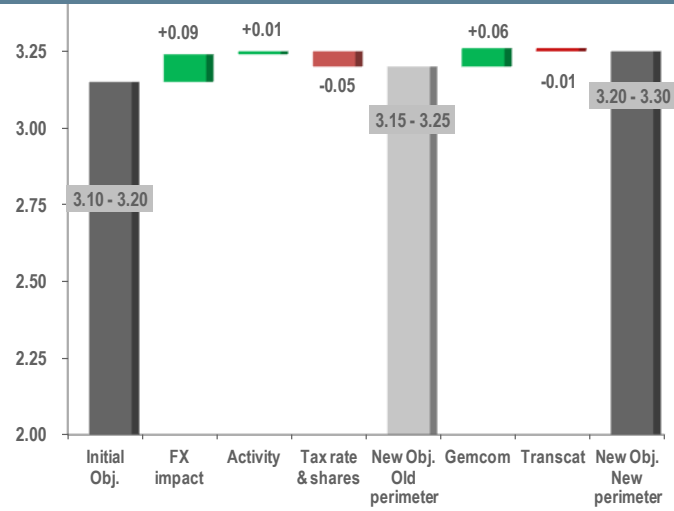
# Proposed Objectives

Non-IFRS

| € millions | 3Q 2012 | FY 2012 |
|---|---|---|
| Revenue | 480-490 | 1,990-2,010 |
| Growth | +11-13% | +12-13% |
| **Growth ex FX** | **+8-10%** | **+8-9%** |
| Operating Margin | 31-32% | ~31% |
| **Operating Margin Growth** | **~flat** | **~+1pt** |
| EPS (€) | 0.78-0.82 | 3.20-3.30 |
| **EPS Growth** | **+1-6%** | **+10-13%** |
| €/$ rates | 1.30 | 1.30 |
| €/¥ rates (before hedging) | 110.0 | 107.0 |