

Dassault Systèmes Reports Strong 3DEXPERIENCE-driven Growth with Fourth Quarter Total Revenue up 13% and Software Revenue up 11% at constant currency

VÉLIZY-VILLACOUBLAY, France — February 6, 2019 — [Dassault Systèmes](http://www.dassault-systemes.com) (Euronext Paris: #13065, DSY.PA), announces IFRS unaudited financial results for the fourth quarter and year ended December 31, 2018. These results were reviewed by the Company’s Board of Directors on February 5, 2019. The Company adopted IFRS 15 as of January 1, 2018. This press release includes 2018 fourth quarter and twelve-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.

Fourth Quarter and Full Year 2018 Highlights and Financial Summary (Unaudited, with references to IAS 18 data, all revenue growth at constant currency (exfx))

- On an organic basis, Q4 total revenue up 10%, software revenue up 8%, license and other software revenue up 11% and services revenue up 26% (IAS 18 exfx)
- Non-IFRS IAS 18 EPS up 24% to €1.10 in Q4 & 16% to €3.11 in FY, above DS objectives
- Cash flow from operations up 21% to €899 million in 2018
- **3DEXPERIENCE** software revenue up 24% in FY (IAS 18 exfx)
- Asia and Europe lead Q4 and FY, with notable strength in Japan, China and Western Europe
- Airbus selects the **3DEXPERIENCE** platform for its Global Enterprise Digital Transformation Program
- Initiating 2019 non-IFRS Financial Objectives under IFRS 15: non-IFRS total revenue growth of 10-11% at constant currency; non-IFRS EPS growth of 7-9% to €3.35 to €3.40 (up 9-11% at constant currency)

In millions of Euros, except per share data	IFRS under IFRS15	IFRS under IAS18			IFRS under IFRS15	IFRS under IAS18		
	Q4 2018	Q4 2018	Change	Change in cc*	YTD 2018	YTD 2018	Change	Change in cc*
Total Revenue	1,026.6	1,040.8	14%	13%	3,477.4	3,474.3	8%	10%
Software Revenue	895.4	909.7	12%	11%	3,081.8	3,078.7	7%	10%
Operating Margin	26.2%	27.2%	-3.6pts		22.1%	22.0%	-0.6pts	
EPS	0.73	0.78	-1%		2.18	2.18	8%	

In millions of Euros, except per share data	Non-IFRS under IFRS15	Non-IFRS under IAS18			Non-IFRS under IFRS15	Non-IFRS under IAS18		
	Q4 2018	Q4 2018	Change	Change in cc*	YTD 2018	YTD 2018	Change	Change in cc*
Total Revenue	1,030.6	1,044.9	14%	13%	3,491.1	3,488.0	8%	10%
Software Revenue	898.3	912.6	12%	11%	3,093.9	3,090.8	7%	10%
Operating Margin	36.5%	37.4%	-1.2pts		31.9%	31.8%	-0.2pts	
EPS	1.06	1.10	24%	24%	3.12	3.11	16%	20%

*In constant currencies.

Bernard Charlès, Dassault Systèmes’ Vice Chairman and Chief Executive Officer commented, “2018 was a remarkable year, with a record level of large 3DEXPERIENCE transactions including important decisions within our core industries of aerospace, automotive and industrial equipment. We significantly strengthened our market offer for the Fashion Industry with Centric PLM, for cyber systems with No Magic and for Manufacturing ERP for the mainstream

market with IQMS. We finished the year reaching a new milestone, our first 1 billion-euro revenue quarter, driving revenue and earnings up double-digits for 2018.

“This confirms our position as a catalyst and enabler of today’s global Industry Renaissance, bringing new ways, both real and virtual, of imagining, inventing, learning, producing and selling. With the help of the **3DEXPERIENCE** platform, new categories of companies can emerge and create new categories of sustainable solutions involving new categories of consumers.

“We now count multiple global leaders across many of our industries choosing the **3DEXPERIENCE** platform. We are pleased to announce that Airbus has selected the **3DEXPERIENCE** platform for its global digital enterprise transformation program and ultimately to create the European aerospace industry of tomorrow.”

Fourth 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		
		Q4 2018	Change	Change in cc*		Q4 2018	Change	Change in cc*
Q4 2018 Total Revenue	1,026.6	1,040.8	14%	13%	1,030.6	1,044.9	14%	13%
Q4 2018 Software Revenue	895.4	909.7	12%	11%	898.3	912.6	12%	11%
Q4 2018 Services Revenue	131.2	131.2	33%	32%	132.3	132.3	34%	33%
Q4 2018 Operating Margin	26.2%	27.2%	-3.6pts		36.5%	37.4%	-1.2pts	
Q4 2018 EPS	0.73	0.78	-1%		1.06	1.10	24%	24%

Total Software Revenue in millions of Euros	IFRS under IFRS15	IFRS under IAS18			Non-IFRS under IFRS15	Non-IFRS under IAS18		
		Q4 2018	Q4 2017	Change in cc*		Q4 2018	Q4 2017	Change in cc*
Americas	243.9	240.6	229.3	3%	246.2	242.9	230.4	4%
Europe	413.7	422.7	377.6	12%	414.3	423.3	378.3	12%
Asia	237.7	246.3	204.6	19%	237.8	246.4	205.1	19%

*In constant currencies

Fourth Quarter 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 increased 13% (IFRS and non-IFRS). Acquisitions contributed 3 percentage points to the revenue growth rate.
- On an IAS 18 basis and in constant currencies: Software revenue increased 11% (IFRS and non-IFRS). Licenses and other software revenue increased 13% (IFRS and non-IFRS). Non-IFRS recurring revenue, comprised of subscription and support revenue, increased 10%. On an organic basis, non-IFRS software revenue increased 8% with licenses and other software growth of 11%, subscription growth of 9% and support growth of 6%.
- On an IAS 18 basis and in constant currencies: Asia non-IFRS software revenue increased 19% on broad-based growth across all of Asia including Japan and China, its two largest geographies. Europe non-IFRS software revenue increased 12%, driven by significantly higher results in Western Europe and broad strength in direct sales with records set in large deal transactions. Americas non-IFRS software revenue increased 4% on mixed results by sales channels. High Growth Countries non-IFRS software revenue rose 18%.

- **3DEXPERIENCE** software revenue was up 33% at constant currency on an IAS 18 basis and represented 30% of related software revenue, compared to 25% in 2017, led by large **3DEXPERIENCE** transactions in Aerospace & Defense, Transportation & Mobility, Industrial Equipment and Energy, Process & Utilities and higher activity generally.
- On an IAS 18 basis and in constant currencies: Services revenue increased 32% (IFRS) and 33% (Non-IFRS) led by **3DEXPERIENCE** deployment activities, contribution from acquisitions and catch-up from prior quarters on certain brands.
- On an IAS 18 basis: IFRS operating income increased 1%. Non-IFRS operating income increased 11% to €390.8 million. The non-IFRS operating margin was 37.4%, coming in ahead of the Company's objectives on stronger revenue results. In comparison to the year-ago period, the non-IFRS operating margin decreased 120 basis points reflecting dilution from acquisitions.
- In the 2018 fourth quarter, IAS 18 IFRS and non-IFRS effective tax rates were 30.4% and 27.5%, respectively. In the 2017 fourth quarter, the IAS 18 IFRS and non-IFRS effective tax rate was 27.4% and 34.4%, respectively, with the IFRS tax rate benefiting from a deferred tax re-measurement following the enactment of the U.S Tax Reform Act while on a non-IFRS basis, the Company excluded this one-time tax benefit.
- On an IAS 18 basis: IFRS diluted net income per share decreased 1%. Non-IFRS diluted net income per share increased 24%, both as reported and in constant currency.

Twelve 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	3,477.4	3,474.3	8%	10%	3,491.1	3,488.0	8%	10%
YTD 2018 Software Revenue	3,081.8	3,078.7	7%	10%	3,093.9	3,090.8	7%	10%
YTD 2018 Services Revenue	395.6	395.6	10%	13%	397.2	397.2	11%	14%
YTD 2018 Operating Margin	22.1%	22.0%	-0.6pts		31.9%	31.8%	-0.2pts	
YTD 2018 EPS	2.18	2.18	8%		3.12	3.11	16%	20%

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	864.7	874.0	855.4	7%	872.4	881.7	860.1	7%
Europe	1,340.3	1,329.5	1,233.5	9%	1,342.8	1,332.0	1,241.5	8%
Asia	876.8	875.2	780.4	16%	878.6	877.1	781.6	16%

*In constant currencies

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

- The Company implemented IFRS 15 effective as of January 1, 2018. While the implementation resulted in some quarterly variation compared to under IAS 18, the prior standard, it did not have a material impact on overall 2018 financial results. Specifically, for the full year 2018 total revenue and software revenue were both €3.1 billion (IFRS and

non-IFRS) higher under IFRS 15 with no difference in earnings per share compared to IAS 18 on an IFRS basis and a 1 cent difference on a non-IFRS basis.

- On an IAS 18 basis and in constant currencies, total revenue increased 10% (IFRS and non-IFRS) with acquisitions contributing three points to the total revenue growth.
- On an IAS 18 basis and in constant currencies: Total software revenue increased 10% (IFRS and non-IFRS) with double-digit growth for SOLIDWORKS, ENOVIA, SIMULIA and DELMIA and 4% growth for CATIA. Licenses and other software revenue increased 11% (IFRS and non-IFRS). Non-IFRS recurring revenue increased 9% in total, with double-digit subscription revenue growth including acquisitions and continued high support renewal rates on a global basis. On an organic basis excluding acquisitions, total software increased 7% with licenses and other software revenue higher by 9% and recurring software revenue up 6%.
- From an industry perspective and in constant currencies: IAS 18 non-IFRS software revenue increased double-digits in Transportation & Mobility, Aerospace & Defense, Industrial Equipment, Marine & Offshore, Consumer Goods-Retail, Architecture, Engineering & Construction, Natural Resources and Business Services.
- On a regional and IAS 18 basis: Asia non-IFRS software revenue increased 16% with double-digit software growth across all geographies. In Europe non-IFRS software revenue increased 8%, led by significantly higher license growth in Western Europe and strong recurring software revenue results generally. In the Americas, non-IFRS software revenue increased 7% reflecting the contribution from new acquisitions, strong growth in subscription revenue and continued strengthening in Latin America. 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 24% at constant currency in 2018 and represented approximately 25% of related software revenue, up 4 percentage points from 21% in 2017.
- On an IAS 18 basis, IFRS services revenue increased 13% and non-IFRS 14% in constant currencies, principally reflecting strong growth in **3DEXPERIENCE** related services activities and the contribution from acquisitions. The non-IFRS services gross margin was 12.9% for 2018 compared to 12.7% in the prior year.
- IAS 18 IFRS operating income increased 5%. IAS 18 non-IFRS operating income increased 7% as reported and 10% at constant currency and totaled €1.11 billion. On an IAS 18 non-IFRS basis, the operating margin was 31.8%, compared to 32% in 2017. The Company improved its underlying organic operating margin by about 70 basis points, largely absorbing acquisition dilution of about 80 basis points. Currency had a negative impact of about 10 basis points.
- On an IAS 18 basis, and principally reflecting the US tax law changes enacted in 2017, the 2018 IFRS effective tax rate decreased to 28.0% compared to 30.8% in 2017 and the non-IFRS effective tax rate decreased to 28.2% from 33.2%.

- IAS 18 non-IFRS financial revenue, net totaled €16.3 million, compared to €1.7 million in 2017 with an increase in financial net income of €11.2 million and a €2.7 million lower impact from foreign currency exchange losses.
- IAS 18 IFRS diluted net income per share increased 8%. IAS 18 non-IFRS diluted net income per share totaled €3.11, up 16% as reported and 20% at constant currency.

Business Outlook

(In the discussion below 2018 figures on an IAS 18, non-IFRS basis, with revenue growth rates in constant currencies while 2019 figures are on an IFRS 15 and IFRS 16, non-IFRS basis)

Pascal Daloz, Dassault Systèmes' Executive Vice President, CFO and Corporate Strategy Officer, commented, *“The fourth quarter came in at or above the high end of our objectives driven by 3DEXPERIENCE. On an organic basis, we had strong results across the board in the quarter with total revenue up 10%, software revenue up 8%, licenses and other software revenue growth of 11% and services revenue up 26%. On a regional basis, the quarter was led by Asia, with broad-based growth and notable strength in China and Japan, and by Europe.*

“Looking at the year, we delivered on all our financial objectives with total revenue and software revenue up 10%, license and other software revenue up 11%, organic operating margin expansion of 70 basis points absorbing almost all acquisition dilution, earnings per share up 16%, or 20% at constant currency, and cash flow from operations up 21% to €899 million.

“For 2019, we are targeting non-IFRS total revenue growth of about 10% to 11% in constant currencies and earnings per share growth of about 7% to 9% reaching €3.35 to €3.40, consistent with our expectations shared at our 2018 Capital Markets Day. We expect further progressive improvement of our organic software revenue growth, driven by recurring revenue representing 70% of our total software.

“In summary, the strategic drivers for sustainable growth we articulated at our Capital Markets Day last June, demonstrated good traction during 2018.

- *Our platform strategy well addresses customer requirements to achieve true end to end digital continuity in their business and drove our 3DEXPERIENCE software higher by 24% this past year.*
- *With our industry solution approach, eight of our industries achieved double-digit software growth - including all of our core verticals.*
- *Our local focus helped drive geographic diversification and extend our overall market leadership around the globe reflected in software revenue growth of 18% for High Growth Countries.*
- *Finally, extension of our addressable market to \$33 billion, as we expand our offer to bring the 3DEXPERIENCE platform to small and mid-sized companies.*

Altogether we believe these drivers position us well for 2019, representing the completion of our current five-year plan and the start of our 2023 plan targeting €6.00 non IFRS EPS.”

The Company's first quarter and full year 2019 financial objectives presented below are given on an IFRS 15 and IFRS 16, non-IFRS basis:

- First quarter 2019 Financial Objectives
 - 2019 non-IFRS total revenue objective of about €925 million to €945 million based upon the exchange rate assumptions below, growing about 11% to 13% in constant currencies; non-IFRS operating margin of about 31-31.5%; non-IFRS EPS of about €0.78 to €0.82, representing growth of 8% to 13%;
- Full year 2019 Financial Objectives
 - 2019 non-IFRS revenue growth objective of about 10% to 11% in constant currencies to about €3.81 to €3.84 billion; The reported revenue range reflects the principal 2019 currency exchange rate assumptions below for the US dollar and Japanese yen as well as the potential impact from additional currencies representing about 18% of the Company's total revenue in 2018.
 - 2019 non-IFRS operating margin of about 32 to 32.5%;
 - 2019 non-IFRS EPS of about €3.35 to 3.40, representing a growth objective of about 7% to 9% as reported;
- Financial objectives are based upon first quarter exchange rate assumptions of US\$1.16 per €1.00 and US\$1.19 per €1.00 for the full year; and JPY130 per €1.00 before hedging for both the first quarter and full year.

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

The 2019 non-IFRS objectives set forth above do not take into account the following accounting elements and are estimated based upon the 2019 principal currency exchange rates above: contract liabilities write-downs estimated at approximately €6 million; share-based compensation expense, including related social charges, estimated at approximately €105 million and amortization of acquired intangibles estimated at approximately €177 million. The above objectives also do not include any impact from other operating income and expense, net principally comprised of acquisition, integration and restructuring expenses, and impairment of goodwill and acquired intangible assets; from one-time items included in financial revenue; from one-time tax effects; and from the income tax effects of these non-IFRS adjustments. Finally, these estimates do not include any new stock option or share grants, or any new acquisitions or restructurings completed after February 6, 2019.

As of January 1st 2019, Dassault Systèmes adopted the new accounting standard IFRS 16 *Leases*, under the modified retrospective method. Under this method, the transition effect is accounted for within the consolidated equity at the date of initial application, therefore, the prior year comparative information is not adjusted.

The estimated impacts based on the leases contracts at the date of initial application are the following:

- At January 1st 2019,
 - Recognition in the balance sheet of Right of Use Assets of about €390 million and of Lease Liabilities of about €470m
 - Equity impact before tax of about €55 million
- For Full Year 2019, with an almost linear pattern throughout the quarters

- Improvement in the operating margin of about €11 million
- Decrease in financial income net of about €13 million
- Immaterial effect on pre-tax net result of about €-2 million

These estimated impacts on the future Company's performances are factored in the 2019 Full Year and First Quarter objectives presented above.

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 twelve months ended December 31, 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 and period ended December 31, 2018.)*

IAS 18 net operating cash flow increased 21% to €898.6 million for 2018 compared to €745.0 million for 2017 period principally reflecting growth in net income and non-cash operating adjustments.

Dassault Systèmes' uses of cash for 2018 were principally for payment for acquisitions, net of cash acquired and non-controlling interests totaling €353.1 million; share repurchases of €206.3 million cash dividends of €38.0 million (based on the shareholders electing payment of the dividend in cash); and capital expenditures, net of €72.4 million. The Company received cash for stock options exercised of €69.9 million.

Dassault Systèmes' net financial position totaled €1.81 billion at December 31, 2018, compared to €1.46 billion at December 31, 2017, reflecting cash, cash equivalents and short-term investments of €2.8 billion and debt related to credit lines of €1.0 billion.

Summary of Recent Business, Technology and Customer Announcements

Customers and Partners

On December 18, 2018, Dassault Systèmes announced that it is supporting Bridgestone EMEA on its new smart factory program to optimize plant performance by digitally transforming its tire production planning and execution across Europe. Bridgestone EMEA will use the DELMIA Apriso and QUINTIQ applications powered by the 3DEXPERIENCE platform to manage its manufacturing operations, its production planning and to optimize eight production sites in Europe. Bridgestone EMEA is a key regional subsidiary of Tokyo-based Bridgestone Corporation, the world's largest manufacturer of tires and other rubber products.

On November 15, 2018, Dassault Systèmes announced that GLM Co. Ltd., an emerging Japanese developer of environmentally friendly automobiles and related services, has deployed the 3DEXPERIENCE platform to expand its electric vehicle development business. As the first company in Japan to mass-produce an electric sports car, GLM will be able to meet the high demand for its expertise and its own technical platform of electric vehicle development solutions including chassis, power systems, and vehicle control units, which

automotive manufacturers and new entrants from other industries are using to deliver market innovations.

On November 6, 2018, Bureau Veritas, Naval Group and Dassault Systèmes announced jointly that a 3D classification process has been applied to a significant naval vessel for the first time. This marks a major step forward in the design review and calculation modelling required for class approvals in the design and construction of new ships, as well as in the digital transformation of the marine industry. The collaborative project to develop the concept of 3D classification combines the expertise of Bureau Veritas in testing, inspection and certification; of Naval Group in the design and construction of high technology military vessels; and of Dassault Systèmes with its **3DEXPERIENCE** platform, 3D design software, 3D digital mock up and product lifecycle management solutions. Together, the project partners aimed at enabling digital continuity to reduce the time and associated costs spent in design review, and to improve data accuracy and traceability by sharing information more effectively between different project stakeholders.

Corporate:

On January 8, 2019, Dassault Systèmes announced the completion of the acquisition of IQMS, a California based manufacturing ERP software company, for \$425 million to extend the 3DEXPERIENCE platform to small and mid-sized manufacturing companies seeking to digitally transform their business operations. IQMS's software – on premise EnterpriseIQ and software as a service WebIQ – deliver an all-in-one solution to mid-market manufacturers for managing engineering, manufacturing and business ecosystems by digitally connecting order processing, scheduling, production and shipping processes in real time. IQMS's solutions are used by 1,000 customers based primarily in the U.S. whose 2,000 manufacturing facilities in 20 countries produce for the automotive, industrial equipment, medical device, consumer goods, and consumer packaged goods industries.

The Company also recently completed the acquisition of two companies:

- **Argosim SA, a privately-held company based in France, addressing the challenge of verifying system requirements at the specification stage—before design begins,** by using innovative modelling and simulation technologies to validate systems specifications to ensure requirements are right the first time.
- **COSMOlogic, privately-held and based in Germany, providing fluid phase computational chemistry software applications.** COSMOlogic's technology and expertise support the rapid, accurate prediction of fluid phase thermodynamics, providing customer benefits along the entire chemicals and materials value chain.

Dassault Systèmes announces two new executive leadership appointments:

Olivier Ribet has been appointed Executive Vice President, Europe, Middle East, Africa, Russia (EMEAR) and Cross-Industry Initiatives, member of the Executive committee. Olivier joined Dassault Systèmes in 2013 as Vice President, High-Tech Industry, and was then named Vice President, Industries in 2017. He has contributed extensively to raising the market position and accelerated adoption of Dassault Systèmes' Industry Solution Experiences in 12 industries, through cooperation agreements with strategic partners and direct engagement with global

customers. In his new role, he will manage the EMEAR region and will also lead cross-industry initiatives.

Olivier has more than 20 years of international experience in strategy, product development, software engineering, marketing, sales, and business development including senior management positions at Microsoft, where he was granted a patent for a method of extracting key terms in text mining. He is a graduate of the Institute des Etudes Politiques in Bordeaux, France, Institut Multimédias and INSEAD (AIEP).

Victoire de Margerie has joined Dassault Systèmes as Vice President Corporate Marketing, Branding and Communications. In this role, she will deliver a unified approach to sharing the company's stories with all stakeholders to strengthen and further Dassault Systèmes' position as the 3DEXPERIENCE company and its contribution to sustainable innovation.

Victoire brings more than 25 years of experience in marketing, communications strategy and execution. She was Director of Development at Lever de Rideau, a Paris-based events communications agency, Vice President External Relations at EADS and Head of International Communication Coordination at Airbus. She currently serves as president of the women's professional network Féminin Pluriel Paris.

Today's Webcast and Conference Call Information

Today, Wednesday, February 6, 2019, Dassault Systèmes will first host from Paris a webcasted meeting at 10:00 AM Paris Time/ 9:00 AM London time and will then host a conference call at 9:00 AM New York time/ 3:00 PM Paris time/ 2:00 PM London time. The webcasted meeting and conference call will be available via the Internet by accessing <http://www.3ds.com/investors/>. 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

First Quarter Earnings Release: April 24, 2019
Second Quarter Earnings Release: July 24, 2019
Third Quarter Earnings Release: October 24, 2019
Fourth Quarter Earnings Release: February 6, 2020

Forward-looking Information

Statements herein that are not historical facts but express expectations or objectives for the future, including but not limited to statements regarding the Company's non-IFRS financial performance objectives, are forward-looking statements. Such forward-looking statements are based on Dassault Systèmes management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results or performances may differ materially from those in such statements due to a range of factors. The Company's current outlook for 2019 takes into consideration, among other things, an uncertain global economic environment. In light of the continuing uncertainties regarding economic, business, social and geopolitical conditions at the global level, the Company's revenue, net earnings and cash flows may grow more slowly, whether on an annual or quarterly basis. While the Company makes every effort to take into consideration

this uncertain macroeconomic outlook, the Company's business results, however, may not develop as anticipated. Further, there may be a substantial time lag between an improvement in global economic and business conditions and an upswing in the Company's business results. The Company's actual results or performance may also be materially negatively affected by numerous risks and uncertainties, as described in the "Risk Factors" section of the 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\$1.16 per €1.00 for the 2019 first quarter and US\$1.19 per €1.00 for the full year as well as an average Japanese yen to euro exchange rate of JPY130 to €1.00 for the 2019 first quarter and full year 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, including impairment of goodwill and acquired intangibles, certain one-time items included in financial revenue and other, net, and the income tax effect of the non-IFRS adjustments and certain one-time tax effects. The tables also set forth the most comparable IFRS financial measure and reconciliations of this information with non-IFRS information.

About Dassault Systèmes

Dassault Systèmes, the **3DEXPERIENCE** Company, provides business and people with virtual universes to imagine sustainable innovations. Its world-leading solutions transform the way products are designed, produced, and supported. Dassault Systèmes' collaborative solutions foster social innovation, expanding possibilities for the virtual world to improve the real world. The Group brings value to over 250,000 customers of all sizes, in all industries, in more than 140 countries. For more information, visit www.3ds.com.

3DEXPERIENCE, the *Compass logo* and the *3DS logo*, **CATIA**, **SOLIDWORKS**, **ENOVIA**, **DELMIA**, **SIMULIA**, **GEOVIA**, **EXALEAD**, **3DVIA**, **BIOVIA**, **NETVIBES** and **3DEXCITE** are registered trademarks of Dassault Systèmes or its subsidiaries in the US and/or other countries.

(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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Glossary of Definitions

Information in Constant Currencies

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

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

Information on Growth excluding acquisitions (“organic growth”)

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

Information on Industrial Sectors

Our global customer base includes companies in 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, we utilize the following ratios: a) for Licenses revenue, we calculate the percentage contribution by comparing total **3DEXPERIENCE** Licenses revenue to Licenses revenue for all product lines except **SOLIDWORKS** and acquisitions (“related Licenses revenue”); and, b) for software revenue, the Company calculates the percentage contribution by comparing total **3DEXPERIENCE** software revenue to software revenue for all product lines except **SOLIDWORKS** and acquisitions (“related software revenue”).

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, including impairment of goodwill and acquired intangible assets, 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				Twelve months ended			
	December 31, 2018	December 31, 2017	Change	Change in cc*	December 31, 2018	December 31, 2017	Change	Change in cc*
Non-IFRS-IAS18 Revenue	€ 1 044,9	€ 912,8	14%	13%	€ 3 488,0	€ 3 242,0	8%	10%
Non-IFRS-IAS18 Revenue breakdown by activity								
Software revenue	912,6	813,8	12%	11%	3 090,8	2 883,2	7%	10%
<i>of which licenses and other software revenue</i>	335,7	295,8	14%	13%	923,5	855,8	8%	11%
<i>of which subscription and support revenue</i>	576,9	518,0	11%	10%	2 167,3	2 027,4	7%	9%
Services revenue	132,3	99,0	34%	33%	397,2	358,8	11%	14%
Non-IFRS-IAS18 software revenue breakdown by product line								
CATIA software revenue	292,4	288,5	1%	2%	1 030,8	1 004,9	3%	4%
ENOVIA software revenue	116,0	86,2	35%	33%	358,7	321,9	11%	14%
SOLIDWORKS software revenue	208,3	178,7	17%	12%	746,1	695,8	7%	10%
Other software revenue	295,8	260,4	14%	13%	955,2	860,6	11%	15%
Non-IFRS-IAS18 Revenue breakdown by geography								
Americas	284,8	260,4	9%	7%	1 019,3	982,1	4%	9%
Europe	492,9	429,0	15%	15%	1 516,6	1 406,5	8%	9%
Asia	267,2	223,4	20%	18%	952,1	853,4	12%	15%
Non-IFRS-IAS18 operating income	€ 390,8	€ 351,9	11%		€ 1 109,4	€ 1 037,1	7%	
Non-IFRS-IAS18 operating margin	37,4%	38,6%			31,8%	32,0%		
Non-IFRS net income attributable to shareholders	€ 287,3	€ 232,2	24%		€ 811,1	€ 692,9	17%	
Non-IFRS-IAS18 diluted net income per share	€ 1,10	€ 0,89	24%	24%	€ 3,11	€ 2,68	16%	20%
Closing headcount**	17 030	16 140	6%		17 030	16 140	6%	
Average Rate USD per Euro	1,14	1,18	-3%		1,18	1,13	4%	
Average Rate JPY per Euro	128,80	132,90	-3%		130,40	126,70	3%	

* In constant currencies

** Headcount includes subcontractors

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DASSAULT SYSTEMES ACQUISITIONS AND FOREIGN EXCHANGE IMPACT

In millions of Euros	Non-IFRS reported			o/w Growth EX FX ⁽¹⁾	o/w Scope ⁽²⁾	o/w FX ⁽³⁾
	Q4 2018	Q4 2017	Change MEUR			
Revenue QTD	1,044.9	912.8	132.1	93	31	8
Revenue YTD	3,488.0	3,242.0	246.0	225	102	-80

(1) Growth at constant rate and constant scope

(2) Change of scope impact at current year rate

(3) FX impact on previous year figures

IAS 18

DASSAULT SYSTEMES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (IFRS)

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

In millions of Euros, except per share data and percentages	Three months ended		Twelve months ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Licenses and other software revenue	335.7	295.8	923.5	855.8
Subscription and Support revenue	573.9	515.7	2,155.3	2,013.5
Software revenue	909.7	811.5	3,078.7	2,869.3
Services revenue	131.2	98.9	395.6	358.7
Total Revenue IFRS -IAS 18	€ 1,040.8	€ 910.4	€ 3,474.3	€ 3,228.0
Cost of software revenue (excluding amortization of acquired intangibles)	(44.0)	(41.8)	(162.0)	(158.2)
Cost of services and other revenue	(100.5)	(81.2)	(348.8)	(315.7)
Research and development	(163.3)	(130.1)	(631.1)	(576.6)
Marketing and sales	(297.4)	(264.6)	(1,069.8)	(1,015.0)
General and administrative	(77.8)	(61.0)	(287.4)	(243.3)
Amortization of acquired intangibles	(45.3)	(40.7)	(171.6)	(160.3)
Other operating income and expense, net	(29.3)	(10.8)	(38.4)	(29.9)
Total Operating Expenses	(757.6)	(630.2)	(2,709.2)	(2,499.0)
Operating Income	€ 283.2	€ 280.2	€ 765.1	€ 729.0
Financial revenue and other, net	2.9	1.5	15.5	22.4
Income before income taxes	286.1	281.7	780.7	751.4
Income tax expense	(87.0)	(77.1)	(218.7)	(231.3)
Net Income	€ 199.2	€ 204.6	€ 562.0	€ 520.1
Non-controlling interest	2.9	0.3	6.0	(0.7)
Net Income attributable to equity holders of the parent	€ 202.2	€ 204.9	€ 568.0	€ 519.4
Basic net income per share	0.78	0.80	2.20	2.04
Diluted net income per share	€ 0.78	€ 0.79	€ 2.18	€ 2.01
Basic weighted average shares outstanding (in millions)	259.0	256.1	258.4	254.9
Diluted weighted average shares outstanding (in millions)	260.6	258.9	260.8	258.3

	Three months ended December 31, 2018		Twelve months ended December 31, 2018	
	Change*	Change in cc**	Change*	Change in cc**
IFRS Revenue IFRS -IAS 18	14%	13%	8%	10%
IFRS Revenue by activity				
Software revenue	12%	11%	7%	10%
Services revenue	33%	32%	10%	13%
IFRS Software Revenue by product line				
CATIA software revenue	1%	1%	2%	4%
ENOVIA software revenue	35%	33%	11%	14%
SOLIDWORKS software revenue	17%	12%	7%	10%
Other software revenue	14%	13%	12%	15%
IFRS Revenue by geography				
Americas	9%	7%	3%	8%
Europe	15%	15%	8%	9%
Asia	20%	19%	12%	15%

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

IAS 18

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

In millions of Euros	December 31, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents	2,809.3	2,459.4
Short-term investments	0.6	1.3
Accounts receivable, net	1,060.4	895.9
Other current assets	321.3	242.9
Total current assets	4,191.6	3,599.5
Property and equipment, net	178.2	169.0
Goodwill and Intangible assets, net	3,262.4	2,990.1
Other non-current assets	340.2	271.2
Total Assets	€ 7,972.4	€ 7,029.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	161.7	149.3
Unearned revenues	1,013.6	876.4
Short-term debt	350.0	0.0
Other current liabilities	603.6	501.7
Total current liabilities	2,128.9	1,527.4
Long-term debt	650.0	1,000.0
Other non-current obligations	652.1	506.3
Total long-term liabilities	1,302.1	1,506.3
Non-controlling interests	63.9	1.9
Parent shareholders' equity	4,477.5	3,994.2
Total Liabilities and Shareholders' equity	€ 7,972.4	€ 7,029.8

IAS 18

DASSAULT SYSTEMES
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (IFRS)

In millions of Euros	Three months ended			Twelve months ended		
	December 31, 2018	December 31, 2017	Change	December 31, 2018	December 31, 2017	Change
Net Income attributable to equity holders of the parent	202.2	204.9	(2.8)	568.0	519.4	48.6
Non-controlling interest	(2.9)	(0.3)	(2.6)	(6.0)	0.7	(6.7)
Net Income	199.2	204.6	(5.4)	562.0	520.1	41.9
Depreciation of property & equipment	14.8	12.7	2.1	57.3	49.5	7.8
Amortization of intangible assets	47.5	42.7	4.8	180.4	168.2	12.2
Other non cash P&L items	75.5	(40.8)	116.3	121.3	(3.3)	124.6
Changes in working capital	(185.0)	(146.0)	(39.0)	(22.4)	10.5	(32.9)
Net Cash provided by operating activities	€ 152.0	€ 73.2	€ 78.8	€ 898.6	€ 745.0	€ 153.6
Additions to property, equipment and intangibles	(24.2)	(21.0)	(3.2)	(72.4)	(84.5)	12.1
Payments for acquisition of businesses, net of cash acquired	(4.3)	(327.4)	323.1	(251.6)	(338.2)	86.6
Sale (purchase) of short term investments, net	(0.1)	47.5	(47.6)	0.6	51.1	(50.5)
Investments, loans and others	1.5	(3.0)	4.5	0.2	4.2	(4.0)
Net Cash provided by (used in) investing activities	(€ 27.1)	(€ 303.9)	€ 276.8	(€ 323.2)	(€ 367.4)	€ 44.2
Acquisition of non-controlling interests	-	-	-	(101.5)	(37.5)	(64.0)
Repayment of short term and long term debt	-	-	-	(14.9)	-	(14.9)
(Purchase) Sale of treasury stock	(92.4)	(69.0)	(23.4)	(206.3)	(133.0)	(73.3)
Proceeds from exercise of stock-options	10.7	28.6	(17.9)	69.9	62.4	7.5
Cash dividend paid	-	-	-	(38.0)	(51.3)	13.3
Net Cash provided by (used in) financing activities	(€ 81.7)	(€ 40.4)	(€ 41.3)	(€ 290.8)	(€ 159.4)	(€ 131.4)
Effect of exchange rate changes on cash and cash equivalents	20.3	(11.4)	31.7	65.3	(195.5)	260.8
Increase (decrease) in cash and cash equivalents	€ 63.5	(€ 282.5)	€ 346.0	€ 349.9	€ 22.7	€ 327.2
Cash and cash equivalents at beginning of period	€ 2,745.8	€ 2,741.9		€ 2,459.4	€ 2,436.7	
Cash and cash equivalents at end of period	€ 2,809.3	€ 2,459.4		€ 2,809.3	€ 2,459.4	

IAS 18

DASSAULT SYSTEMES SUPPLEMENTAL NON-IFRS FINANCIAL INFORMATION IFRS – NON-IFRS RECONCILIATION (unaudited; in millions of Euros, except per share data)

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

In millions of Euros, except per share data and percentages	Three months ended December 31,						Change	
	2018 IFRS	Adjustment (1)	2018 Non-IFRS	2017 IFRS	Adjustment (1)	2017 Non-IFRS	IFRS	Non-IFRS (2)
Total Revenue IAS18	€ 1,040.8	€ 4.1	€ 1,044.9	€ 910.4	€ 2.4	€ 912.8	14%	14%
Total Revenue IAS18 breakdown by activity								
Software revenue	909.7	2.9	912.6	811.5	2.3	813.8	12%	12%
Licenses and other software revenue	335.7		335.7	295.8		295.8	14%	14%
Subscription and Support revenue	573.9	2.9	576.9	515.7	2.3	518.0	11%	11%
<i>Recurring portion of Software revenue</i>	63%		63%	64%		64%		
Services revenue	131.2	1.1	132.3	98.9	0.1	99.0	33%	34%
Total Software Revenue IA18 breakdown by product line								
CATIA software revenue	291.6	0.8	292.4	288.5		288.5	1%	1%
ENOVIA software revenue	116.0		116.0	86.2		86.2	35%	35%
SOLIDWORKS software revenue	208.3		208.3	178.7		178.7	17%	17%
Other software revenue	293.7	2.1	295.8	258.1	2.3	260.4	14%	14%
Total Revenue IAS18 breakdown by geography								
Americas	281.9	3.0	284.8	259.2	1.2	260.4	9%	9%
Europe	491.9	1.0	492.9	428.3	0.7	429.0	15%	15%
Asia	267.1	0.1	267.2	222.9	0.5	223.4	20%	20%
Total Operating Expenses	(€ 757.6)	€ 103.5	(€ 654.1)	(€ 630.2)	€ 69.3	(€ 560.9)	20%	17%
Share-based compensation expense	(28.9)	28.9	-	(17.8)	17.8	-		
Amortization of acquired intangibles	(45.3)	45.3	-	(40.7)	40.7	-		
Other operating income and expense, net	(29.3)	29.3	-	(10.8)	10.8	-		
Operating Income	€ 283.2	€ 107.6	€ 390.8	€ 280.2	€ 71.7	€ 351.9	1%	11%
Operating Margin	27.2%		37.4%	30.8%		38.6%		
Financial revenue & other, net	2.9	1.0	3.9	1.5	0.0	1.5	94%	156%
Income tax expense	(87.0)	(21.4)	(108.4)	(77.1)	(44.4)	(121.5)	13%	-11%
Non-controlling interest	2.9	(1.9)	1.0	0.3		0.3		
Net Income attributable to shareholders	€ 202.2	€ 85.2	€ 287.3	€ 204.9	€ 27.3	€ 232.2	-1%	24%
Diluted Net Income Per Share	€ 0.78	€ 0.32	€ 1.10	€ 0.79	€ 0.10	€ 0.89	-1%	24%

(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, including impairment of goodwill and acquired intangible assets of €22 million in 2018, (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 December 31,						Change	
	2018 IFRS	Adjustment	2018 Non-IFRS	2017 IFRS	Adjustment	2017 Non-IFRS	IFRS	Non-IFRS
Cost of revenue	(144.5)	1.4	(143.1)	(123.0)	0.7	(122.3)	17%	17%
Research and development	(163.3)	12.0	(151.3)	(130.1)	6.1	(124.0)	26%	22%
Marketing and sales	(297.4)	8.7	(288.8)	(264.6)	7.6	(257.0)	12%	12%
General and administrative	(77.8)	6.8	(70.9)	(61.0)	3.4	(57.6)	28%	23%
Total share-based compensation expense		€ 28.9			€ 17.8			

(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 260.6 million diluted shares for Q4 2018 and 258.9 million diluted shares for Q4 2017.

IAS 18

DASSAULT SYSTEMES SUPPLEMENTAL NON-IFRS FINANCIAL INFORMATION IFRS – NON-IFRS RECONCILIATION (unaudited; in millions of Euros, except per share data)

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

In millions of Euros, except per share data and percentages	Twelve months ended December 31,						Change	
	2018		2018	2017		2017	IFRS	Non-IFRS (2)
	IFRS	Adjustment (1)	Non-IFRS	IFRS	Adjustment (1)	Non-IFRS		
Total Revenue IAS18	€ 3,474.3	€ 13.7	€ 3,488.0	€ 3,228.0	€ 14.0	€ 3,242.0	8%	8%
Total Revenue IAS18 breakdown by activity								
Software revenue	3,078.7	12.0	3,090.8	2,869.3	13.9	2,883.2	7%	7%
Licenses and other software revenue	923.5		923.5	855.8		855.8	8%	8%
Subscription and Support revenue	2,155.3	12.0	2,167.3	2,013.5	13.9	2,027.4	7%	7%
<i>Recurring portion of Software revenue</i>	70%		70%	70%		70%		
Services revenue	395.6	1.6	397.2	358.7	0.1	358.8	10%	11%
Total Software Revenue IA18 breakdown by product line								
CATIA software revenue	1,028.3	2.5	1,030.8	1,004.9		1,004.9	2%	3%
ENOVIA software revenue	358.7		358.7	321.9		321.9	11%	11%
SOLIDWORKS software revenue	746.1		746.1	695.8		695.8	7%	7%
Other software revenue	945.6	9.6	955.2	846.7	13.9	860.6	12%	11%
Total Revenue IAS18 breakdown by geography								
Americas	1,010.6	8.7	1,019.3	977.3	4.8	982.1	3%	4%
Europe	1,513.4	3.2	1,516.6	1,398.5	8.0	1,406.5	8%	8%
Asia	950.2	1.8	952.1	852.2	1.2	853.4	12%	12%
Total Operating Expenses	(€ 2,709.2)	330.6	(€ 2,378.6)	(€ 2,499.0)	294.1	(€ 2,204.9)	8%	8%
Share-based compensation expense	(120.6)	120.6	-	(103.9)	103.9	-		
Amortization of acquired intangibles	(171.6)	171.6	-	(160.3)	160.3	-		
Other operating income and expense, net	(38.4)	38.4	-	(29.9)	29.9	-		
Operating Income	€ 765.1	344.3	€ 1,109.4	€ 729.0	308.1	€ 1,037.1	5%	7%
Operating Margin	22.0%		31.8%	22.6%		32.0%		
Financial revenue & other, net	15.5	0.8	16.3	22.4	(20.7)	1.7	-31%	N/A
Income tax expense	(218.7)	(98.6)	(317.3)	(231.3)	(113.9)	(345.2)	-5%	-8%
Non-controlling interest	6.0	(3.3)	2.7	(0.7)		(0.7)		
Net Income attributable to shareholders	€ 568.0	243.1	€ 811.1	€ 519.4	173.5	€ 692.9	9%	17%
Diluted Net Income Per Share	€ 2.18	0.9	€ 3.11	€ 2.01	0.7	€ 2.68	8%	16%

(1) In the reconciliation schedule above, (i) all adjustments to IFRS revenue data reflect the exclusion of the deferred revenue adjustment of acquired companies; (ii) adjustments to IFRS operating expense data reflect the exclusion of the amortization of acquired intangibles, share-based compensation expense and related social charges, and other operating income and expense, including impairment of goodwill and acquired intangible assets of €22 million in 2018, (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	Twelve months ended December 31,						Change	
	2018		2018	2017		2017	IFRS	Non-IFRS
	2018 IFRS	Adjustment	Non-IFRS	2017 IFRS	Adjustment	Non-IFRS		
Cost of revenue	(510.9)	4.8	(506.1)	(473.9)	4.1	(469.8)	8%	8%
Research and development	(631.1)	47.1	(584.1)	(576.6)	41.6	(535.0)	9%	9%
Marketing and sales	(1,069.8)	31.0	(1,038.8)	(1,015.0)	36.6	(978.4)	5%	6%
General and administrative	(287.4)		(287.4)	(243.3)	21.6	(221.7)	18%	13%
Total share-based compensation expense		€ 120.6			€ 103.9			

(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 2018 and 258.3 million diluted shares for 2017.

Summary of Principal Differences of IFRS 15 Compared to IAS 18

The Company 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 fourth quarter, IFRS recurring software revenue was €561.5 million under IFRS 15 and was €12.4 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 December 31, 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 December 31, 2018 balance sheet line item unearned revenue has been reduced by €106 million, reflecting mainly (i) the one-time permanent difference of €94 million, and (ii) change in upfront licenses of €6 million and (iii) higher amount of revenue recognized in the amount of €3 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 €26 million as at December 31, 2018.

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

In millions of Euros, except per share data and percentages	2018 Non-IFRS			2018 Non-IFRS		
	QTD IFRS15	Adjustment (1)	QTD IAS18	YTD IFRS15	Adjustment (1)	YTD IAS18
Total Revenue	€ 1 030,6	14,3	€ 1 044,9	€ 3 491,1	(3,1)	€ 3 488,0
Total Revenue breakdown by activity						
Software revenue	898,3	14,3	912,6	3 093,9	(3,1)	3 090,8
Licenses and Other software revenue	333,9	1,9	335,7	918,5	4,9	923,5
Subscription and Support revenue	564,4	12,4	576,9	2 175,3	(8,0)	2 167,3
<i>Recurring portion of Software revenue</i>	<i>63%</i>		<i>63%</i>	<i>70%</i>		<i>70%</i>
Services revenue	132,3		132,3	397,2		397,2
Total Software Revenue breakdown by product line						
CATIA software revenue	288,6	3,8	292,4	1 031,0	(0,3)	1 030,8
ENOVIA software revenue	115,7	0,3	116,0	358,5	0,3	358,7
SOLIDWORKS software revenue	209,3	(0,9)	208,3	742,5	3,6	746,1
Other software revenue	284,6	11,2	295,8	961,9	(6,7)	955,2
Total Revenue breakdown by geography						
Americas	288,1	(3,3)	284,8	1 010,0	9,3	1 019,3
Europe	483,9	9,0	492,9	1 527,5	(10,9)	1 516,6
Asia	258,6	8,6	267,2	953,6	(1,5)	952,1
Total Operating Expenses	(€ 654,1)		(€ 654,1)	(€ 2 378,6)		(€ 2 378,6)
Share-based compensation expense	-		-	-		-
Amortization of acquired intangibles	-		-	-		-
Other operating income and expense, net	-		-	-		-
Operating Income	€ 376,5	14,3	€ 390,8	€ 1 112,5	(3,1)	€ 1 109,4
Operating Margin	36,5%	+0,9pts	37,4%	31,9%	-0,1pts	31,8%
Financial revenue & other, net	3,9		3,9	16,3		16,3
Income tax expense	(105,2)	(3,2)	(108,4)	(319,0)	1,7	(317,3)
Non-controlling interest	1,0		1,0	2,7		2,7
Net Income attributable to shareholders	€ 276,2	11,1	€ 287,3	€ 812,5	(1,4)	€ 811,1
Diluted Net Income Per Share	€ 1,06	0,04	€ 1,10	€ 3,12	-0,01	€ 3,11

In millions of Euros	2018 Non-IFRS			2018 Non-IFRS		
	2018 IFRS15	Adjustment	2018 IAS18	2018 IFRS15	Adjustment	2018 IAS18
Cost of revenue	(143,1)		(143,1)	(506,1)		(506,1)
Research and development	(151,3)		(151,3)	(584,1)		(584,1)
Marketing and sales	(288,8)		(288,8)	(1 038,8)		(1 038,8)
General and administrative	(70,9)		(70,9)	(249,7)		(249,7)

DASSAULT SYSTEMES

RECONCILIATION BALANCE SHEET IFRS 15 vs IAS 18

(unaudited; in millions of Euros)

In millions of Euros	IFRS 15 Basis December 31, 2018	Difference	IAS 18 Basis December 31, 2018
ASSETS			
Cash and cash equivalents	2,809.3	-	2,809.3
Short-term investments	0.6	-	0.6
Accounts receivable, net	1,044.1	16.3	1,060.4
Contract assets	26.5	(26.5)	-
Other current assets	321.3	-	321.3
Total current assets	4,201.8	(10.2)	4,191.6
Property and equipment, net	178.2	-	178.2
Goodwill and Intangible assets, net	3,262.4	-	3,262.4
Other non-current assets	331.6	8.6	340.2
Total Assets	€ 7,974.0	(€ 1.6)	€ 7,972.4
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accounts payable	161.7	-	161.7
Contract liabilities - Unearned revenues	907.5	106.1	1,013.6
Short-term debt	350.0	-	350.0
Other current liabilities	603.6	-	603.6
Total current liabilities	2,022.8	106.1	2,128.9
Long-term debt	650.0	-	650.0
Other non-current obligations	675.4	(23.30)	652.1
Total long-term liabilities	1,325.4	(23.30)	1,302.1
Non-controlling interests	63.9	-	63.9
Parent shareholders' equity	4,561.9	(84.4)	4,477.5
Total Liabilities and Shareholders' equity	€ 7,974.0	(€ 1.6)	€ 7,972.4

DASSAULT SYSTEMES

RECONCILIATION CASH FLOW IFRS 15 vs IAS 18

(unaudited; in millions of Euros)

In millions of Euros	Three months ended December 31, 2018			Twelve months ended December 31, 2018		
	IFRS 15	Difference	IAS 18	IFRS 15	Difference	IAS 18
Net Income attributable to equity holders of the parent	191.0	11.1	202.2	569.4	(1.4)	568.0
Non-controlling interest	<u>(2.9)</u>	-	<u>(2.9)</u>	<u>(6.0)</u>	-	<u>(6.0)</u>
Net Income	188.1	11.1	199.2	563.4	(1.4)	562.0
Depreciation of property & equipment	14.8	-	14.8	57.3	-	57.3
Amortization of intangible assets	47.5	-	47.5	180.4	-	180.4
Other non cash P&L items	107.0	(31.5)	75.5	152.8	(31.5)	121.3
Changes in working capital	(205.4)	20.4	(185.0)	(55.3)	32.9	(22.4)
Net Cash provided by operating activities	€ 152.0	-	€ 152.0	€ 898.6	-	€ 898.6
Additions to property, equipment and intangibles	(24.2)	-	(24.2)	(72.4)	-	(72.4)
Payments for acquisition of businesses, net of cash acquired	(4.3)	-	(4.3)	(251.6)	-	(251.6)
Sale (purchase) of short term investments, net	(0.1)	-	(0.1)	0.6	-	0.6
Investments, loans and others	1.5	-	1.5	0.2	-	0.2
Net Cash provided by (used in) investing activities	(€ 27.1)	-	(€ 27.1)	(€ 323.2)	-	(€ 323.2)
Acquisition of non-controlling interests	-	-	-	(101.5)	-	(101.5)
Repayment of short term and long term debt	-	-	-	(14.9)	-	(14.9)
(Purchase) Sale of treasury stock	(92.4)	-	(92.4)	(206.3)	-	(206.3)
Proceeds from exercise of stock-options	10.7	-	10.7	69.9	-	69.9
Cash dividend paid	-	-	-	(38.0)	-	(38.0)
Net Cash provided by (used in) financing activities	(€ 81.7)	-	(€ 81.7)	(€ 290.8)	-	(€ 290.8)
Effect of exchange rate changes on cash and cash equivalents	20.3	-	20.3	65.3	-	65.3
Increase (decrease) in cash and cash equivalents	€ 63.5	-	€ 63.5	€ 349.9	-	€ 349.9
Cash and cash equivalents at beginning of period	€ 2,745.8	-	€ 2,745.8	€ 2,459.4	-	€ 2,459.4
Cash and cash equivalents at end of period	€ 2,809.3	-	€ 2,809.3	€ 2,809.3	-	€ 2,809.3

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	twelve months ended
	December 31, 2018	December 31, 2018
Non-IFRS-IFRS15 Revenue	€ 1 030,6	€ 3 491,1
Non-IFRS-IFRS15 Revenue breakdown by activity		
Software revenue	898,3	3 093,9
<i>of which licenses and other software revenue</i>	333,9	918,5
<i>of which subscription and support revenue</i>	564,4	2 175,3
Services revenue	132,3	397,2
Non-IFRS-IFRS15 software revenue breakdown by product line		
CATIA software revenue	288,6	1 031,0
ENOVIA software revenue	115,7	358,5
SOLIDWORKS software revenue	209,3	742,5
Other software revenue	284,7	961,9
Non-IFRS-IFRS15 Revenue breakdown by geography		
Americas	288,1	1 010,0
Europe	483,9	1 527,5
Asia	258,6	953,6
Non-IFRS-IFRS15 operating income	€ 376,5	€ 1 112,5
Non-IFRS-IFRS15 operating margin	36,5%	31,9%
Non-IFRS net income attributable to shareholders	€ 276,2	€ 812,5
Non-IFRS-IFRS15 diluted net income per share	€ 1,06	€ 3,12
Closing headcount*	17 030	17 030
Average Rate USD per Euro	1,14	1,18
Average Rate JPY per Euro	128,80	130,40

* Headcount includes subcontractors

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	Twelve months ended
	December 31, 2018	December 31, 2018
Licenses and other software revenue	333.9	918.5
Subscription and Support revenue	561.5	2,163.3
Software revenue	895.4	3,081.8
Services revenue	131.2	395.6
Total Revenue IFRS -IFRS 15	€ 1,026.6	€ 3,477.4
Cost of software revenue (excluding amortization of acquired intangibles)	(44.0)	(162.0)
Cost of services and other revenue	(100.5)	(348.8)
Research and development	(163.3)	(631.1)
Marketing and sales	(297.4)	(1,069.8)
General and administrative	(77.8)	(287.4)
Amortization of acquired intangibles	(45.3)	(171.6)
Other operating income and expense, net	(29.3)	(38.4)
Total Operating Expenses	(757.6)	(2,709.2)
Operating Income	€ 268.9	€ 768.2
Financial revenue and other, net	2.9	15.5
Income before income taxes	271.9	783.8
Income tax expense	(83.8)	(220.4)
Net Income	€ 188.1	€ 563.4
Non-controlling interest	2.9	6.0
Net Income attributable to equity holders of the parent	€ 191.0	€ 569.4
Basic net income per share	0.74	2.20
Diluted net income per share	€ 0.73	€ 2.18
Basic weighted average shares outstanding (in millions)	259.0	258.4
Diluted weighted average shares outstanding (in millions)	260.6	260.8

IFRS 15

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

In millions of Euros	December 31, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents	2,809.3	2,459.4
Short-term investments	0.6	1.3
Accounts receivable, net	1,044.1	895.9
Contract assets	26.5	-
Other current assets	321.3	242.9
Total current assets	4,201.8	3,599.5
Property and equipment, net	178.2	169.0
Goodwill and Intangible assets, net	3,262.4	2,990.1
Other non-current assets	331.6	271.2
Total Assets	€ 7,974.0	€ 7,029.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	161.7	149.3
Contract liabilities	907.5	876.4
Short-term debt	350.0	-
Other current liabilities	603.6	501.7
Total current liabilities	2,022.8	1,527.4
Long-term debt	650.0	1,000.0
Other non-current obligations	675.4	506.3
Total long-term liabilities	1,325.4	1,506.3
Non-controlling interests	63.9	1.9
Parent shareholders' equity	4,561.9	3,994.2
Total Liabilities and Shareholders' equity	€ 7,974.0	€ 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			Twelve months ended		
	December 31, 2018	December 31, 2017	Change	December 31, 2018	December 31, 2017	Change
Net Income attributable to equity holders of the parent	191.0	204.9	(13.9)	569.4	519.4	50.0
Non-controlling interest	<u>(2.9)</u>	<u>(0.3)</u>	<u>(2.6)</u>	<u>(6.0)</u>	<u>0.7</u>	<u>(6.7)</u>
Net Income	188.1	204.6	(16.5)	563.4	520.1	43.3
Depreciation of property & equipment	14.8	12.7	2.1	57.3	49.5	7.8
Amortization of intangible assets	47.5	42.7	4.8	180.4	168.2	12.2
Other non cash P&L items	107.0	(40.8)	147.8	152.8	(3.3)	156.1
Changes in working capital	(205.4)	(146.0)	(59.4)	(55.3)	10.5	(65.8)
Net Cash provided by operating activities	€ 152.0	€ 73.2	€ 78.8	€ 898.6	€ 745.0	€ 153.6
Additions to property, equipment and intangibles	(24.2)	(21.0)	(3.2)	(72.4)	(84.5)	12.1
Payments for acquisition of businesses, net of cash acquired	(4.3)	(327.4)	323.1	(251.6)	(338.2)	86.6
Sale (purchase) of short term investments, net	(0.1)	47.5	(47.6)	0.6	51.1	(50.5)
Investments, loans and others	1.5	(3.0)	4.5	0.2	4.2	(4.0)
Net Cash provided by (used in) investing activities	(€ 27.1)	(€ 303.9)	€ 276.8	(€ 323.2)	(€ 367.4)	€ 44.2
Acquisition of non-controlling interests	-	-	-	(101.5)	(37.5)	(64.0)
Repayment of short term and long term debt	-	-	-	(14.9)	-	(14.9)
(Purchase) Sale of treasury stock	(92.4)	(69.0)	(23.4)	(206.3)	(133.0)	(73.3)
Proceeds from exercise of stock-options	10.7	28.6	(17.9)	69.9	62.4	7.5
Cash dividend paid	-	-	-	(38.0)	(51.3)	13.3
Net Cash provided by (used in) financing activities	(€ 81.7)	(€ 40.4)	(€ 41.3)	(€ 290.8)	(€ 159.4)	(€ 131.4)
Effect of exchange rate changes on cash and cash equivalents	20.3	(11.4)	31.7	65.3	(195.5)	260.8
Increase (decrease) in cash and cash equivalents	€ 63.5	(€ 282.5)	€ 346.0	€ 349.9	€ 22.7	€ 327.2
Cash and cash equivalents at beginning of period	€ 2,745.8	€ 2,741.9		€ 2,459.4	€ 2,436.7	
Cash and cash equivalents at end of period	€ 2,809.3	€ 2,459.4		€ 2,809.3	€ 2,459.4	

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 December 31,		
	2018	Adjustment	2018
	IFRS	(1)	Non-IFRS
Total Revenue IFRS15	€ 1,026.6	€ 4.1	€ 1,030.6
Total Revenue IFRS15 breakdown by activity			
Software revenue	895.4	2.9	898.3
Licenses and other software revenue	333.9		333.9
Subscription and Support revenue	561.5	2.9	564.4
<i>Recurring portion of Software revenue</i>	<i>63%</i>		<i>63%</i>
Services revenue	131.2	1.1	132.3
Total Software Revenue IFRS15 breakdown by product line			
CATIA software revenue	287.8	0.8	288.6
ENOVIA software revenue	115.7		115.7
SOLIDWORKS software revenue	209.3		209.3
Other software revenue	282.5	2.1	284.7
Total Revenue IFRS15 breakdown by geography			
Americas	285.2	3.0	288.1
Europe	482.8	1.0	483.9
Asia	258.6	0.1	258.6
Total Operating Expenses	(€ 757.6)	€ 103.5	(€ 654.1)
Share-based compensation expense	(28.9)	28.9	-
Amortization of acquired intangibles	(45.3)	45.3	-
Other operating income and expense, net	(29.3)	29.3	-
Operating Income	€ 268.9	€ 107.6	€ 376.5
Operating Margin	26.2%		36.5%
Financial revenue & other, net	2.9	1.0	3.9
Income tax expense	(83.8)	(21.4)	(105.2)
Non-controlling interest	2.9	(1.9)	1.0
Net Income attributable to shareholders	€ 191.0	€ 85.2	€ 276.2
Diluted Net Income Per Share	€ 0.73	€ 0.33	€ 1.06

(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, including impairment of goodwill and acquired intangible assets of €22 million in 2018, (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 December 31,		
	2018		
	2018 IFRS	Adjustment	Non-IFRS
Cost of revenue	(144.5)	1.4	(143.1)
Research and development	(163.3)	12.0	(151.3)
Marketing and sales	(297.4)	8.7	(288.8)
General and administrative	(77.8)	6.8	(70.9)
Total share-based compensation expense		€ 28.9	

(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 260.6 million diluted shares for Q4 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	Twelve months ended December 31,		
	2018	Adjustment	2018
	IFRS	(1)	Non-IFRS
Total Revenue IFRS 15	€ 3 477,4	€ 13,7	€ 3 491,1
Total Revenue IFRS 15 breakdown by activity			
Software revenue	3 081,8	12,0	3 093,9
Licenses and other software revenue	918,5		918,5
Subscription and Support revenue	2 163,3	12,0	2 175,3
<i>Recurring portion of Software revenue</i>	<i>70%</i>		<i>70%</i>
Services revenue	395,6	1,6	397,2
Total Software Revenue IFRS 15 breakdown by product line			
CATIA software revenue	1 028,6	2,5	1 031,0
ENOVIA software revenue	358,5		358,5
SOLIDWORKS software revenue	742,5		742,5
Other software revenue	952,3	9,6	961,9
Total Revenue IFRS 15 breakdown by geography			
Americas	1 001,3	8,7	1 010,0
Europe	1 524,3	3,2	1 527,5
Asia	951,8	1,8	953,6
Total Operating Expenses	(€ 2 709,2)	330,5	(€ 2 378,6)
Share-based compensation expense	(120,6)	120,6	
Amortization of acquired intangibles	(171,6)	171,6	
Other operating income and expense, net	(38,4)	38,4	
Operating Income	€ 768,2	344,3	€ 1 112,5
Operating Margin	22,1%		31,9%
Financial revenue & other, net	15,5	0,8	16,3
Income tax expense	(220,4)	(98,6)	(319,0)
Non-controlling interest	6,0	(3,3)	2,7
Net Income attributable to shareholders	€ 569,4	243,0	€ 812,5
Diluted Net Income Per Share	€ 2,18	0,94	€ 3,12

(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, including impairment of goodwill and acquired intangible assets of €22 million in 2018, (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	Twelve months ended December 31,		
	2018 IFRS	Adjustment	2018 Non-IFRS
Cost of revenue	(510,9)	4,8	(506,1)
Research and development	(631,1)	47,1	(584,1)
Marketing and sales	(1,069,8)	31,0	(1,038,8)
General and administrative	(287,4)	37,7	(249,7)
Total share-based compensation expense		€ 120,6	

(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 260.8 million diluted shares for 2018.