

# ***Dassault Systèmes Analyst Day Paris, June 2008***

## ***2008-2010 Growth Opportunities***

***Thibault de Tersant, Senior 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 \$1.60 per €1.00 and an average Japanese yen to euro exchange rate of JPY160 to €1.00 for the last three quarter of 2008. 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, 2007, which was filed with the SEC on April 4, 2008, 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 income and expenses related to the corporate headquarters relocation. For detailed information, see yearly presentation on DS website at <http://www.3ds.com/fr/corporate/investors/>.*

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

*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.*

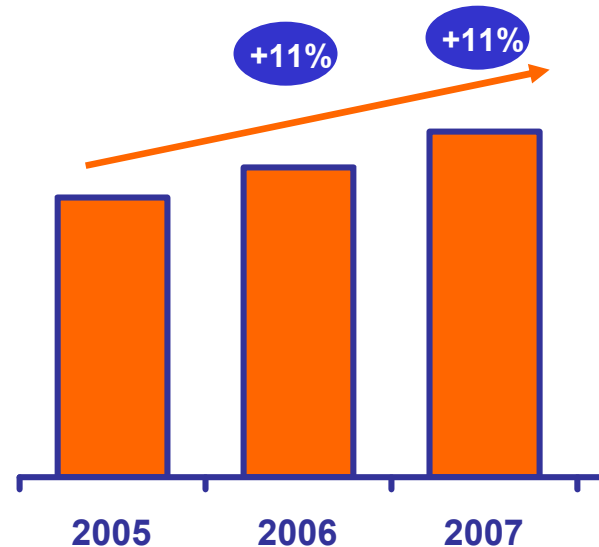


# ***Transforming DS to Drive Profitable Growth***

<b>1</b>	<b><i>Delivering Solid Revenue Growth</i></b>
<b>2</b>	<b><i>Expanding Addressable Market</i></b>
<b>3</b>	<b><i>Revenue Growth Drivers</i></b>
<b>4</b>	<b><i>Margin Expansion Drivers</i></b>
<b>5</b>	<b><i>2008 – 2010: Delivering Growth &amp; Operating Leverage</i></b>

## 2005-07: DS Delivered **Strong** Core Software Revenue **Growth**

### Non-GAAP Core Software Revenue\*



+%

Software revenue growth ex FX ex Abaqus, MatrixOne and ICEM

**DS delivered **strong** core software revenue **growth** while extending market reach with acquisitions**

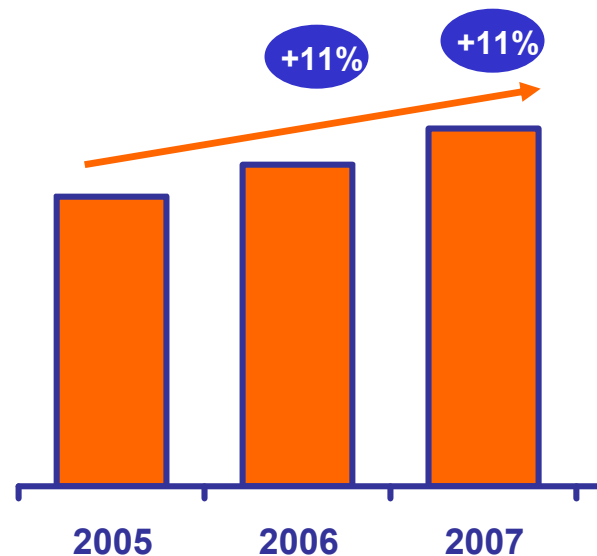


*\*Excluding the effect of adjusting the carrying value of acquired companies' deferred revenue.*

# 2005-07: DS Delivered **Strong** CATIA Software Revenue **Growth**



## CATIA Non-GAAP Software Revenue\*



CATIA Software revenue growth ex FX ex ICEM



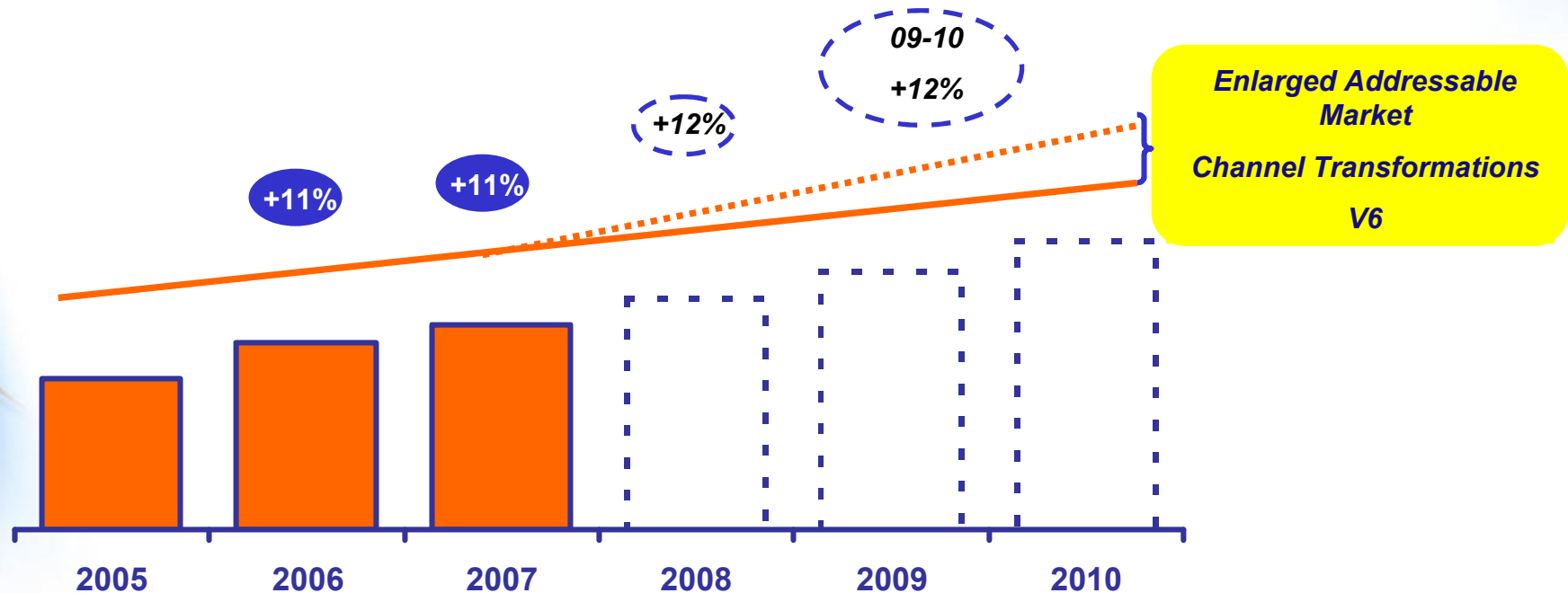
	2006	2007
CATIA new seats growth	+2%	0%

\*Excluding the effect of adjusting the carrying value of acquired companies' deferred revenue.



# 2008-10: Confident to Achieve 12% Software Revenue Growth ex FX

## Non-GAAP Software Revenue \*



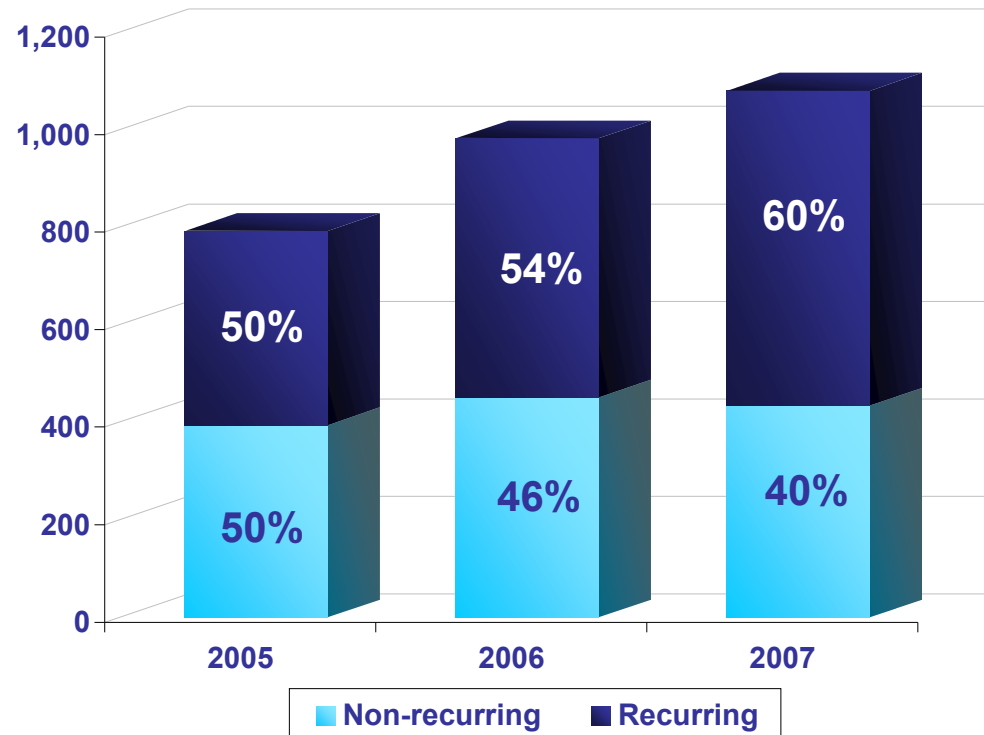
Software revenue growth ex FX before including Abaqus, MatrixOne and ICEM acquisitions

Targeted software revenue growth

\*Excluding the effect of adjusting the carrying value of acquired companies' deferred revenue.

## 2005-07: Increasing Proportion of Recurring Revenue

Recurring software revenue  
evolution over past 3 years





# ***Transforming DS to Drive Profitable Growth***

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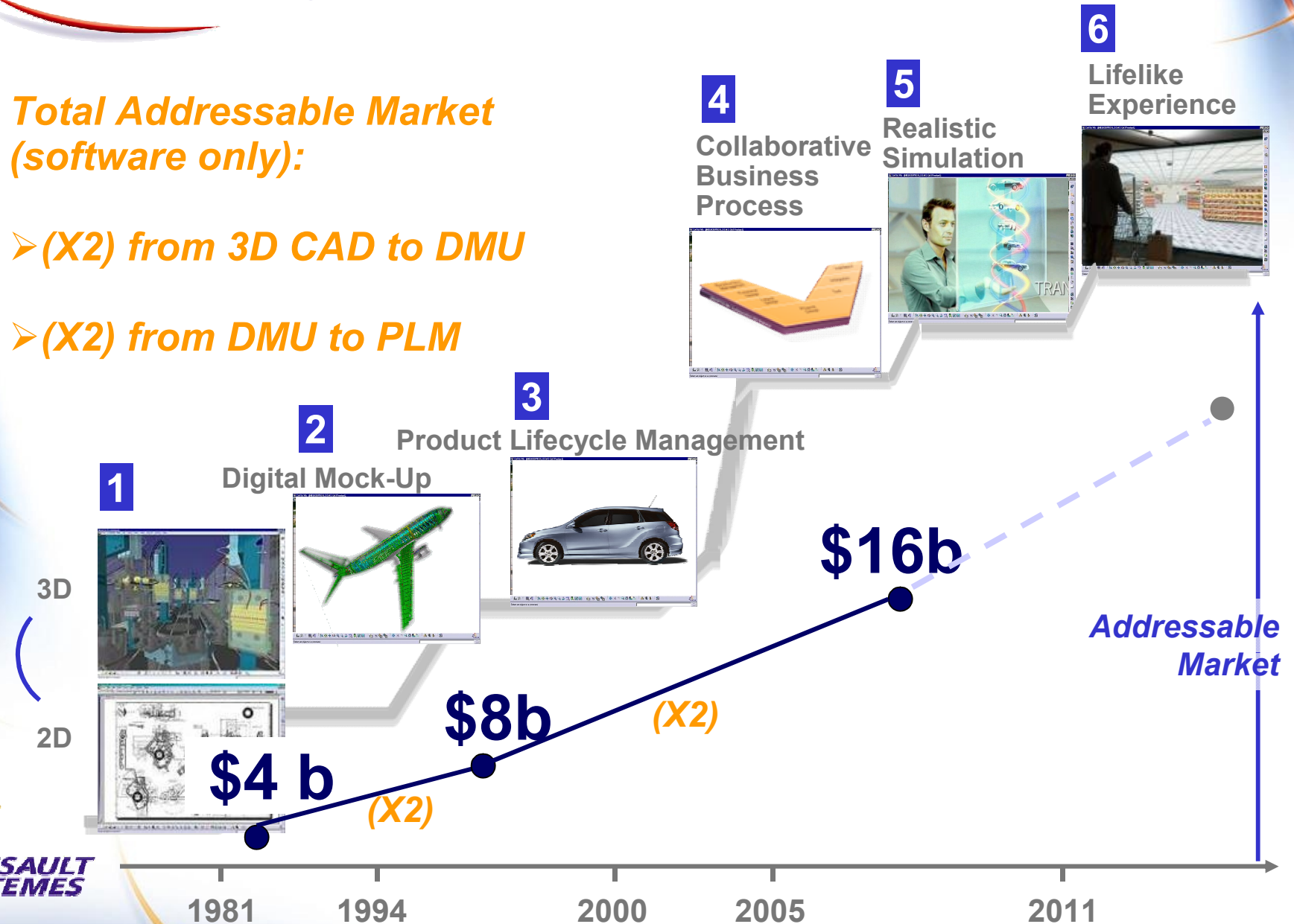


# Expanding the Addressable PLM Market

**Total Addressable Market (software only):**

➤ (X2) from 3D CAD to DMU

➤ (X2) from DMU to PLM



# *Transforming DS to Drive Profitable Growth*

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## DS Growth Drivers



Growing in **core industries** and diversifying in **new industries**  
Reaching **new users** offering solutions to improve **Business Processes**

Growing in **large** as well as **small- and medium-sized** customers

THANKS TO

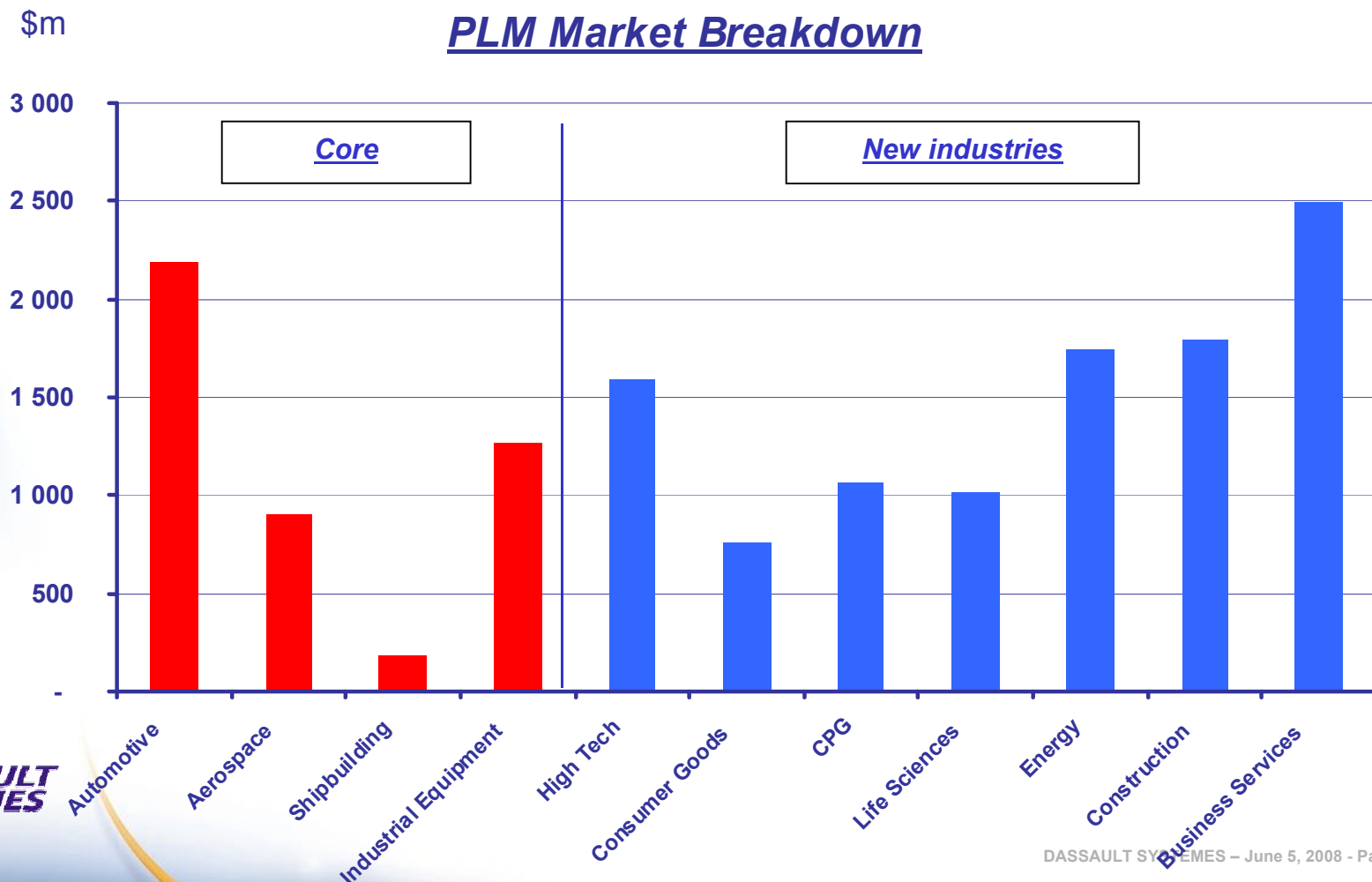


**Strengthened**  
**channels**

**Continuous**  
**investment in**  
**product innovation**



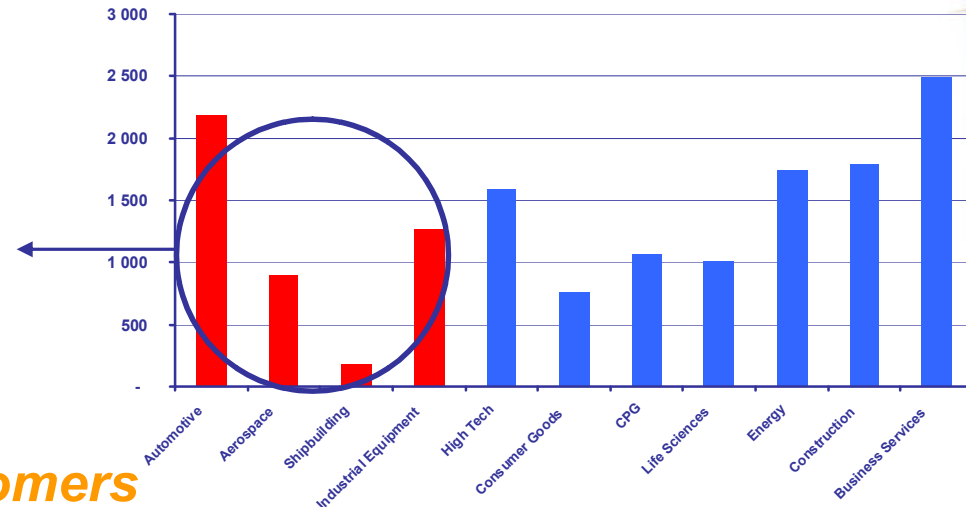
# Growing in Core Industries and Diversifying in New Industries



# Growing in Core Industries

**~30% of total  
addressable market**

PLM Market Breakdown



- **Winning new customers**
- **Expanding in large customers installed base**
  - ✚ Selling unique new technologies. Ex: Systems
  - ✚ Selling full PLM offering: simulation, manufacturing,...
  - ✚ Offering unique complete PDM portfolio covering business processes
- **Growing in the supply chain**
- **Introducing PLM 2.0 for all with Version 6**

# Significant Opportunities to Grow in Core Industries

## Potential to Grow in DS TOP 50 Customers

Average DS software revenue per customer sizing category





# Significant Opportunities to Grow in Core Industries

## Potential to Grow in DS TOP 50 Customers

Average DS software revenue per customer sizing category

€30M

€15M

€5M

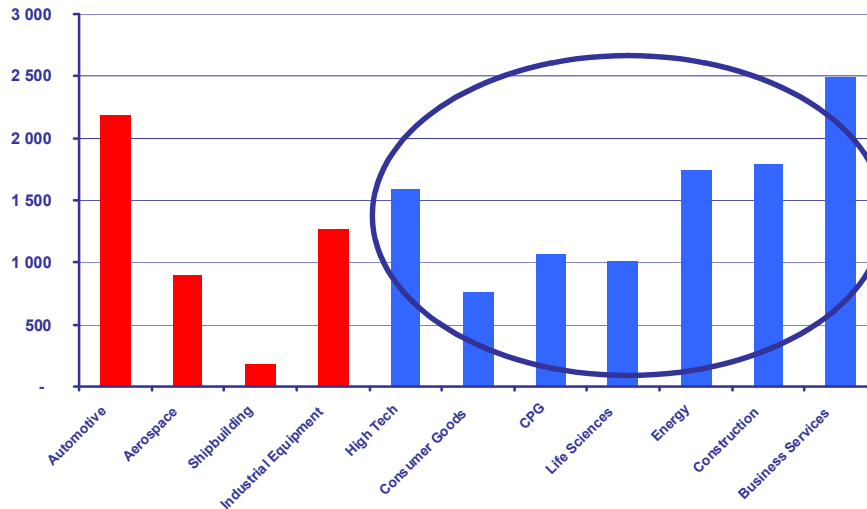
*Strong opportunities with installed base by selling complete PLM portfolio*

*Additional Potential for DS*



# Significant Opportunities to Grow in New Industries

PLM Market Breakdown



**Diversification opportunities in 70% of total addressable market**

- Offering industry-based solutions for **business processes management and collaboration**
- Expanding with **PLM portfolio**: simulation, manufacturing, life-like experience
- Growing with **CATIA** and **SolidWorks**

# Reaching New Users with Business Processes

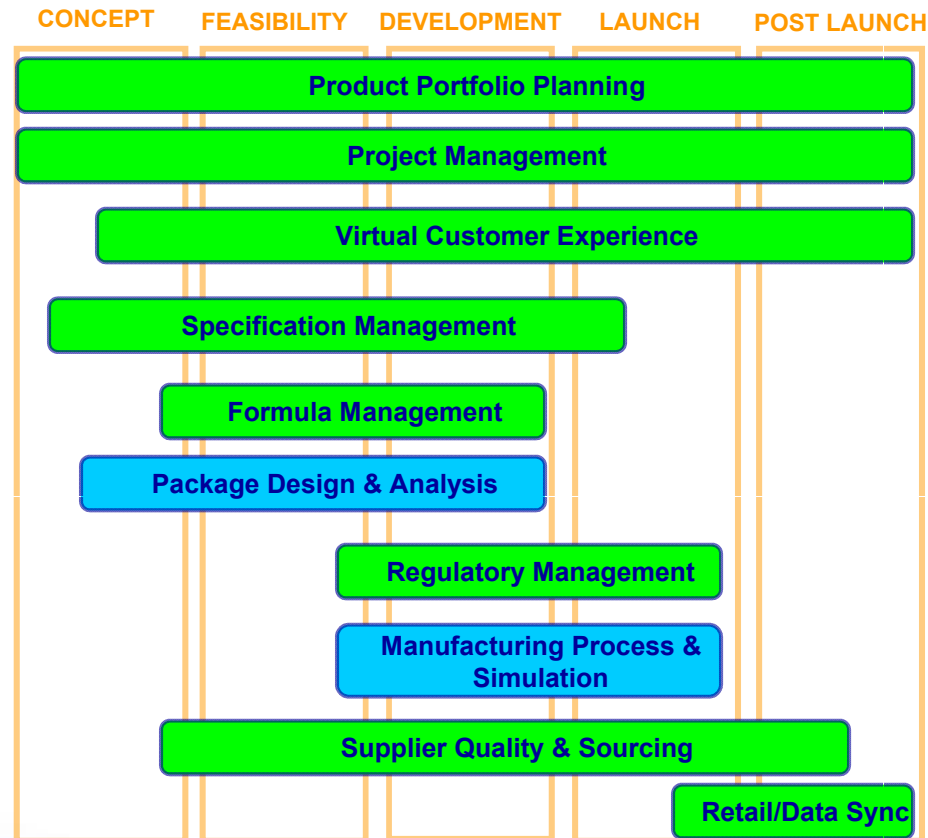
## DS expanding coverage of CPG industry



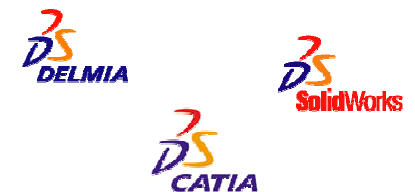
**Business Process covered by DS - YESTERDAY**



**Business Process covered by DS - TODAY**

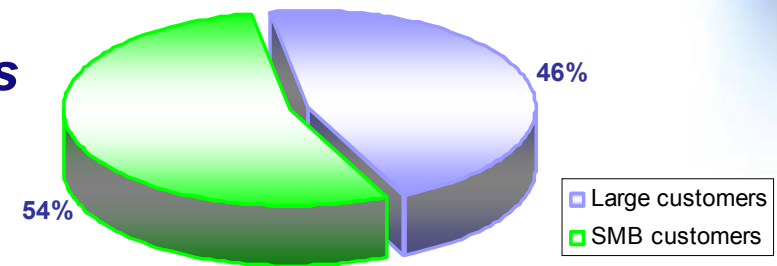


**10 Targeted Business Processes**



## Growing with Small- and Medium-Sized Enterprises

- Small- and medium-sized customers represent more than half of DS addressable market



- Many opportunities for DS to grow with small- and medium-sized enterprises
  - ⤴ Migrating **2D users to 3D** (market potential of ~4m 2D users)
  - ⤴ Growing with **supply chain**
  - ⤴ Growing with **PLM 2.0**
- Strengthened channels to capture this market
  - ⤴ **Rapid capacity increase** of Value Channel for PLM & Professional Channel for Mainstream 3D

# Rising PLM 2.0 Potential with V6



- **Leveraging V6 benefits**
  - ⤵ Simplify hybrid environment
  - ⤵ Replace legacy PDM with integrated PLM
  - ⤵ Leverage integrated IP platform
  - ⤵ Collaboration
- **Main impact of V6 pricing expected over 2010-2015 timeframe**
- **2009/10 V6 contributions**
  - ⤵ New paradigm to solve customers issues
  - ⤵ Selective PLM 2.0 projects
  - ⤵ Changing buying behavior towards integrated solutions



# Strengthened Channels to Reach Expanded Addressable Market



**3ds.com**

**3ds.com**

3dvia

4

Internet

DS  
ENOVIA

1

DS PLM BT –with IBM as Premier Partner

DS  
CATIA

2

DS PLM Value Channel with Partners

DS  
SIMULIA

DS  
DELMIA

3

DS Professional Channel

DS  
SolidWorks

PLM for large accounts

PLM for mid-market

Mainstream 3D

11 Industries

Customers



Automotive



Aerospace



Shipbuilding



Industrial Equipment



High-tech



Consumer Goods



Consumer Packaged Goods



Life Sciences



Construction



Energy



Business Services

DS  
DASSAULT  
SYSTEMES

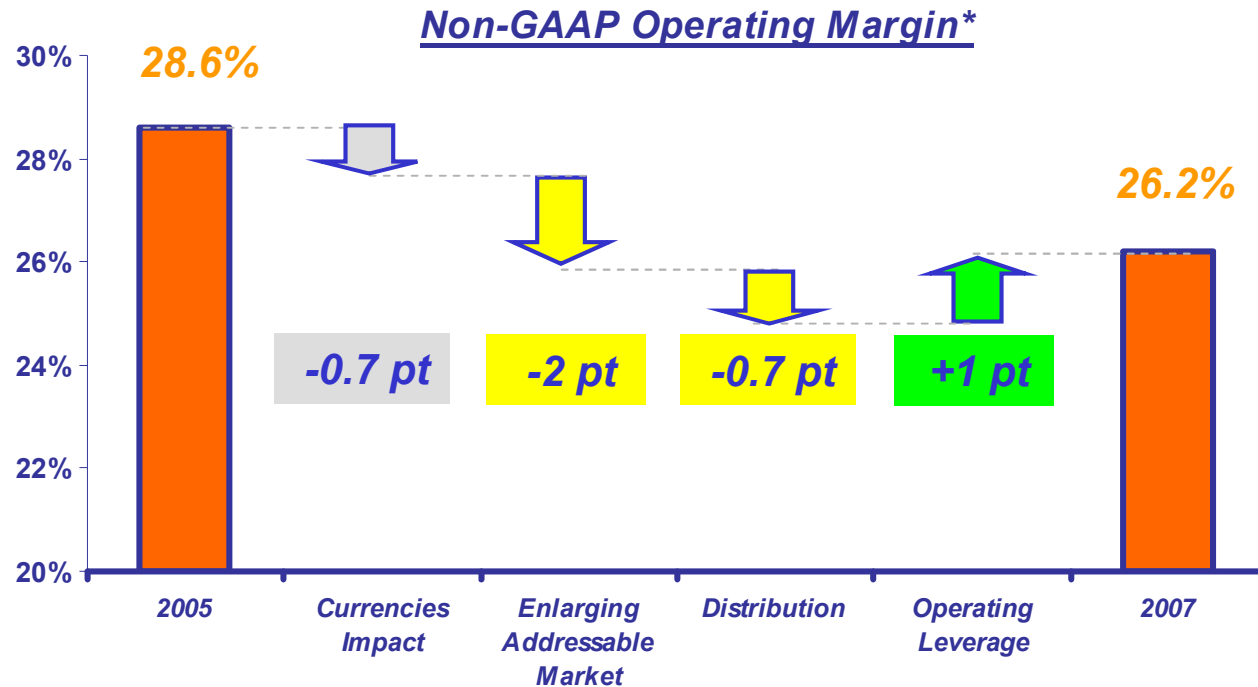
# *Transforming DS to Drive Profitable Growth*

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## 2005-07: Investing to Transform DS and Delivering Operating Leverage



### Investing to transform DS

- ⤵ Expanding addressable market
- ⤵ Diversifying to new industries & new users
- ⤵ Better addressing SMB market
- ⤵ Expanding coverage in BRICS countries

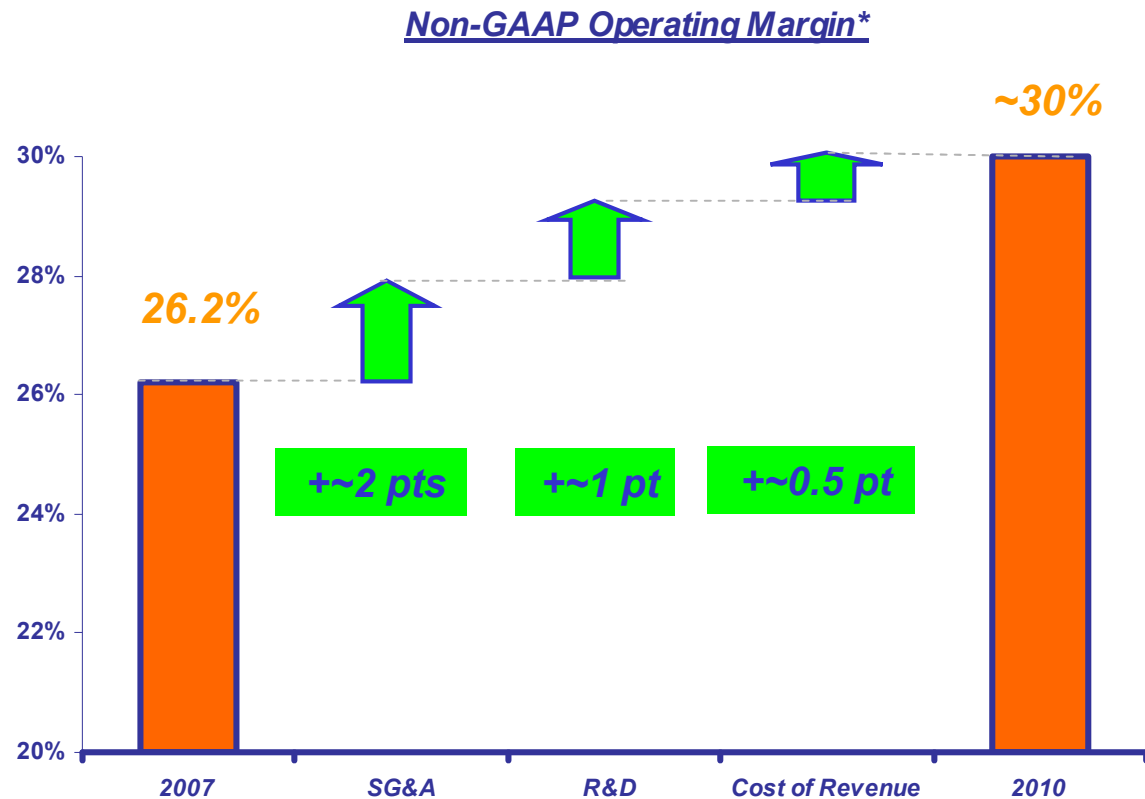
### While also delivering operating leverage



**DASSAULT  
SYSTEMES**

\*Non-GAAP financial information excludes the effect of adjusting the carrying value of acquired companies' deferred revenue, amortization of acquired intangibles, stock-based compensation expense, plus, with respect to net income and diluted net income per share, the exclusion of one-time tax restructuring effects in 2006 and one-time costs and one-time gains related to the anticipated DS global headquarters' relocation in 2008

# 2008-10: Driving Towards 29%-30% Operating Margin



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## 2008-10 Roadmap for Margin Expansion

- **SG&A => Margin contribution: ~2 points**

  - ✚ Leveraging virtuous **indirect model of distribution** (75% of DS revenue)
  - ✚ Developing **shared services**
- **R&D => Margin contribution: ~1 point**

  - ✚ Keeping **headcount** growth
  - ✚ Mutualizing **hardware** resources and facilities
  - ✚ Optimizing **tax credit**
- **Cost of Revenue => Margin contribution: ~0.5 points**

  - ✚ Improve Service Margin

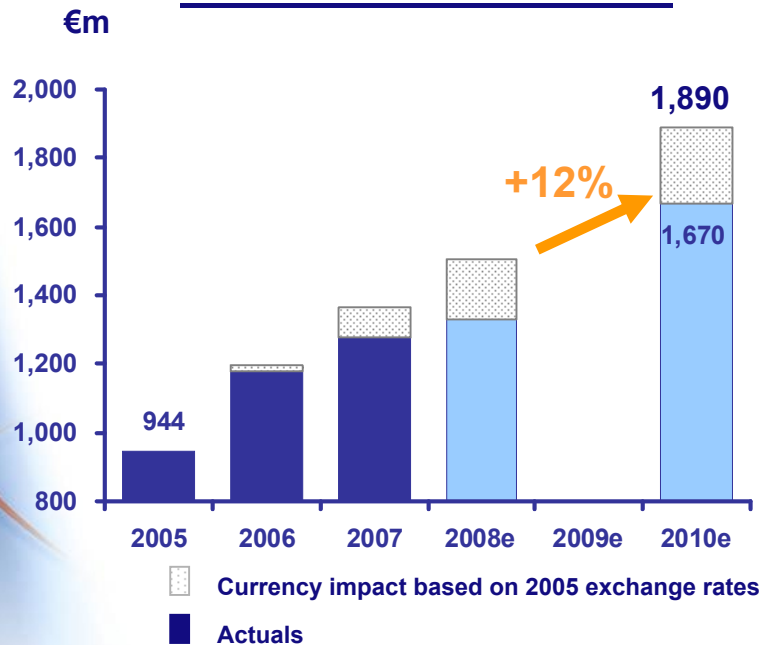
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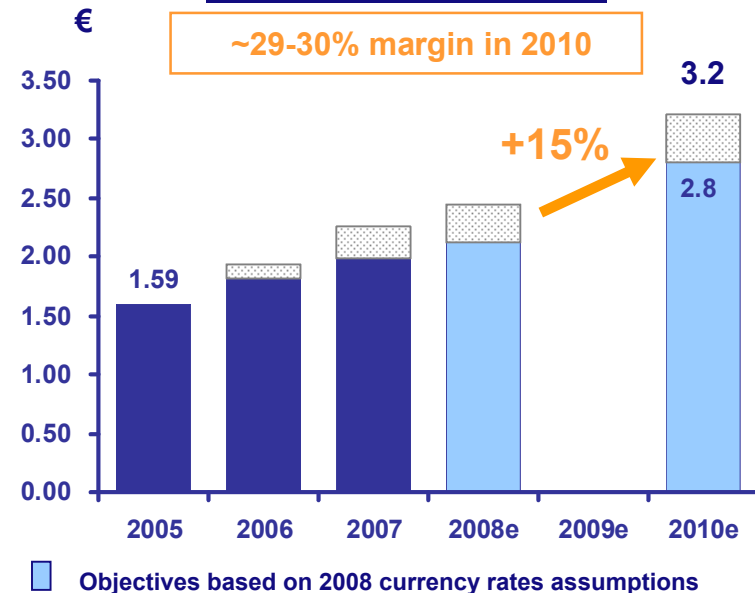


# DS Performance Tracking Initial Objectives Excluding Currency Impact

**DS non-GAAP Revenue\***



**DS non-GAAP EPS\***



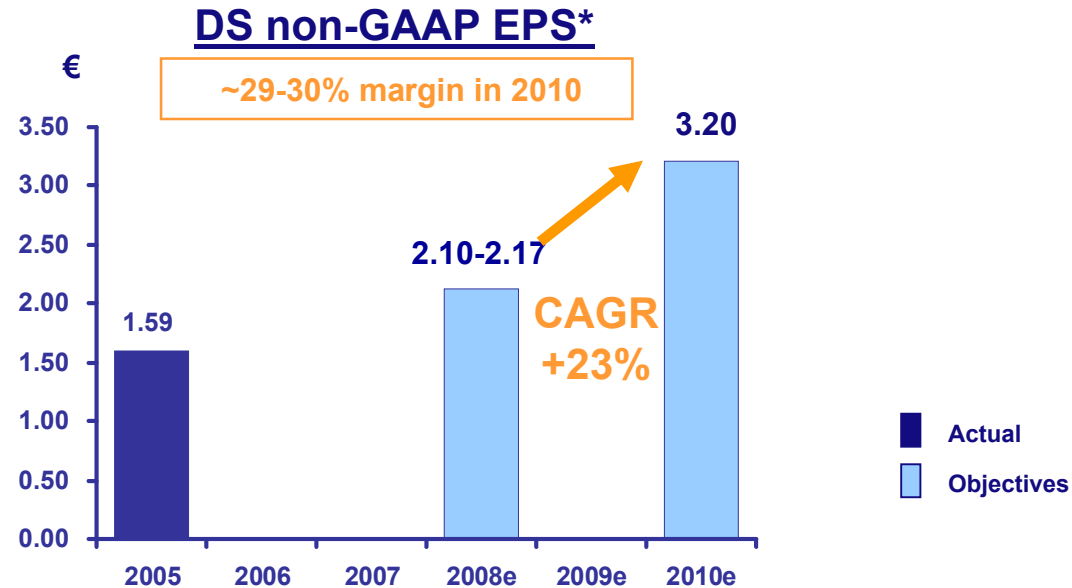
**2010 Objectives are achievable with ~12% non-GAAP revenue growth ex FX and 29-30% non-GAAP operating margin**



2010 actual is based on a steady dollar and yen (€/\$=1.57, €/JPY=160)

Non-GAAP financial information excludes the effect of adjusting the carrying value of acquired companies' deferred revenue, amortization of acquired intangibles, stock-based compensation expense, plus, with respect to net income and diluted net income per share, the exclusion of one-time tax restructuring effects in 2006 and one-time costs and one-time gains related to the anticipated DS global headquarters' relocation in 2008

# Reaching EPS @3.20 in 2010 Assuming € Decrease



- Assuming € will decrease about -10% per year vs. other currencies
- Achievable with ~12% non-GAAP revenue growth ex FX and 29-30% non-GAAP operating margin





[www.3ds.com](http://www.3ds.com)

*See what you mean*

***Thank You!***