



**Bentley®**

***THE Infrastructure Engineering Software Company***



# Disclaimer

This presentation includes forward-looking statements regarding the future results of operations and financial position, business strategy, and plans and objectives for future operations of Bentley Systems, Incorporated (the "Company", "we", "us", and words of similar import). All such statements contained in or made during this presentation, other than statements of historical facts, are forward-looking statements. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect" and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations, projections and assumptions about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, and there are a significant number of factors that could cause actual results to differ materially from statements made in or during this presentation including: adverse changes in global economic and/or political conditions; the impact of current and future sanctions, embargoes and other similar laws at the state and/or federal level that impose restrictions on our counterparties or upon our ability to operate our business within the subject jurisdictions; political, economic, regulatory and public health and safety risks and uncertainties in the countries and regions in which we operate; failure to retain personnel necessary for the operation of our business or those that we acquire; changes in the

industries in which our accounts operate; the competitive environment in which we operate; the quality of our products; our ability to develop and market new products to address our accounts' rapidly changing technological needs; changes in capital markets and our ability to access financing on terms satisfactory to us or at all; our ability to integrate acquired businesses successfully; our ability to identify and consummate future investments on terms satisfactory to us or at all; and other risks and uncertainties described in our reports filed from time to time with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2022 and subsequent Forms 10-Q.

The forward-looking statements made in this presentation are made as of May 25, 2023. If this presentation is reviewed after May 25, 2023, even if made available by us, on our website or otherwise, it may not contain current or accurate information. We disclaim any obligation to update or revise any forward-looking statement based on new information, future events, or otherwise.

Revenue metrics are presented under Accounting Standard Codification ("ASC") 606, unless stated otherwise.

Please refer to the Appendix of this presentation for definitions of KPIs and non-GAAP financial measures, and where applicable, reconciliations to their nearest GAAP equivalents, included in this presentation.

# BSY Investment Virtues

## A "Classic Compounder"

The entrenched leading provider of *infrastructure engineering* software globally

Founder-led company with a strong management bench and well-choreographed succession

Large direct recurring revenue base, low revenue concentration, and long-term account relationships provide strong visibility and consistency

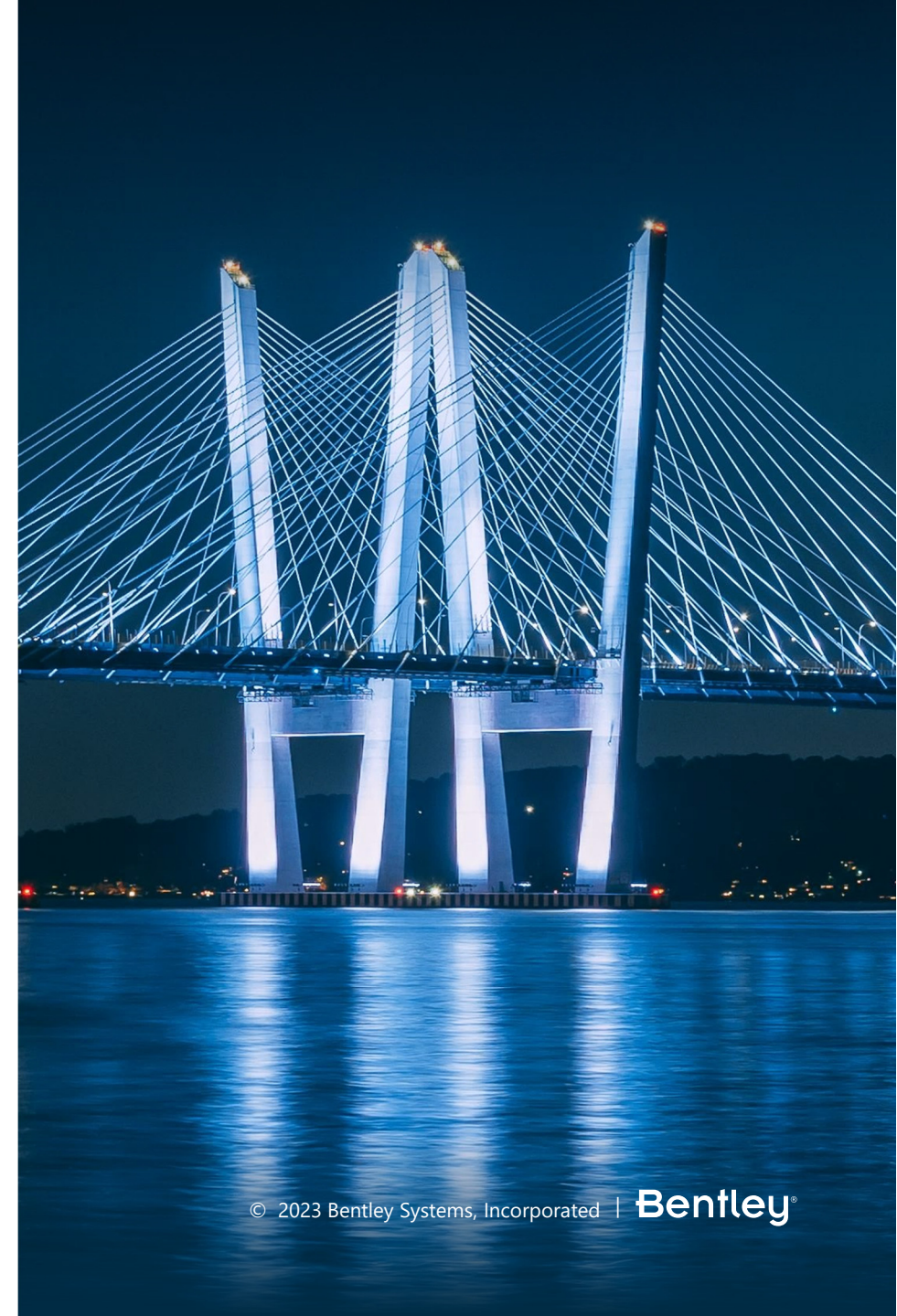
Large (ecosystem) pipeline and track record of programmatic acquisitions to round out organic growth

Operating leverage affords a long runway for ~100bps of annual (Adjusted OI w/SBC<sup>9</sup>) margin expansion

Strong Adjusted EBITDA Conversion generates capital for reinvestment, acquisitions, and return of capital (dividends and buybacks to offset SBC dilution)

Sustainable double-digit ARR growth driven by company-specific growth initiatives AND strongly favorable secular end market conditions

Footnote 9: Refer to KPI and Non-GAAP Definitions on page 28-29.



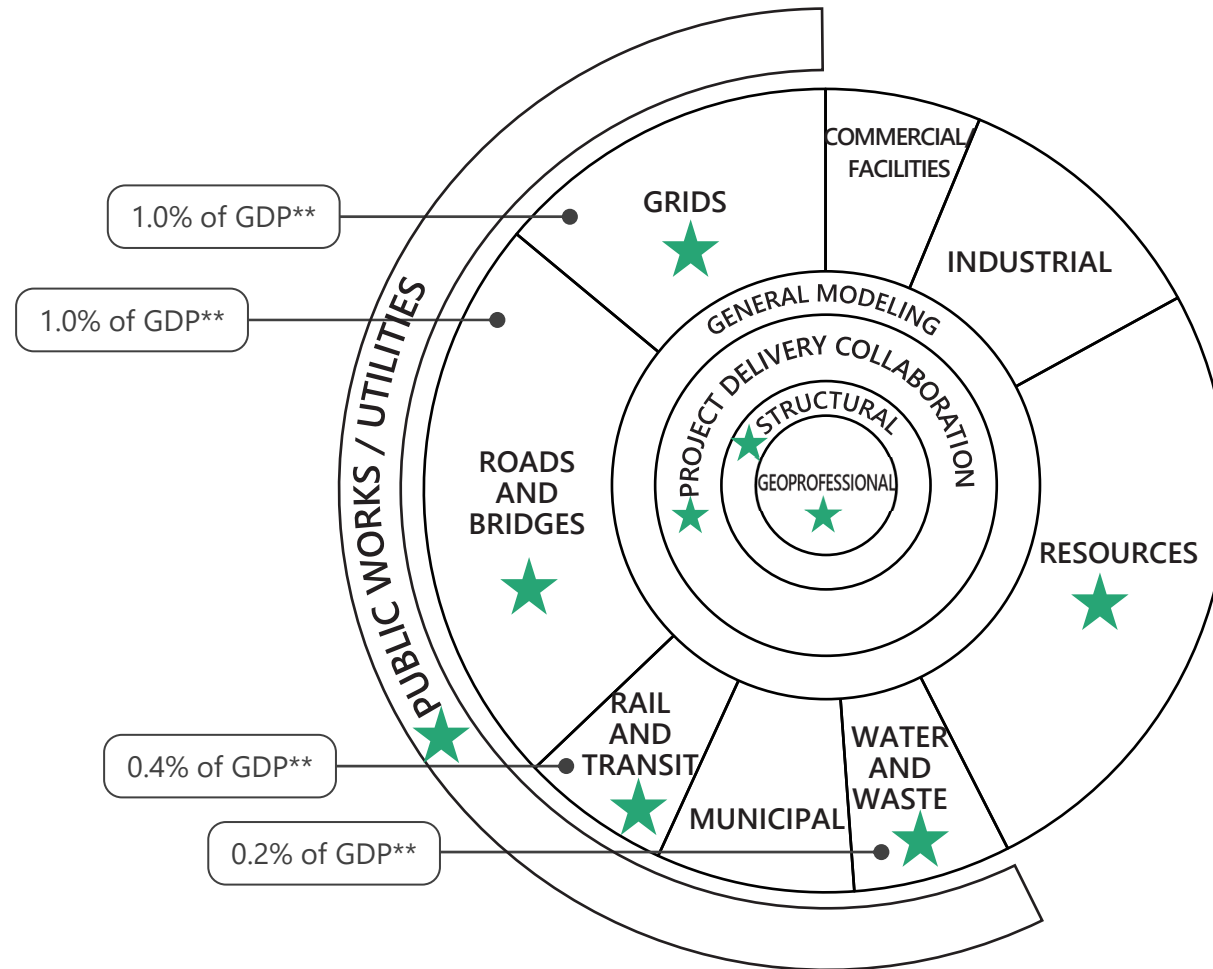
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# ARR\* by End Markets (Infrastructure Sectors)

THE *Infrastructure Engineering Software* Company



★ We believe we are the market leader

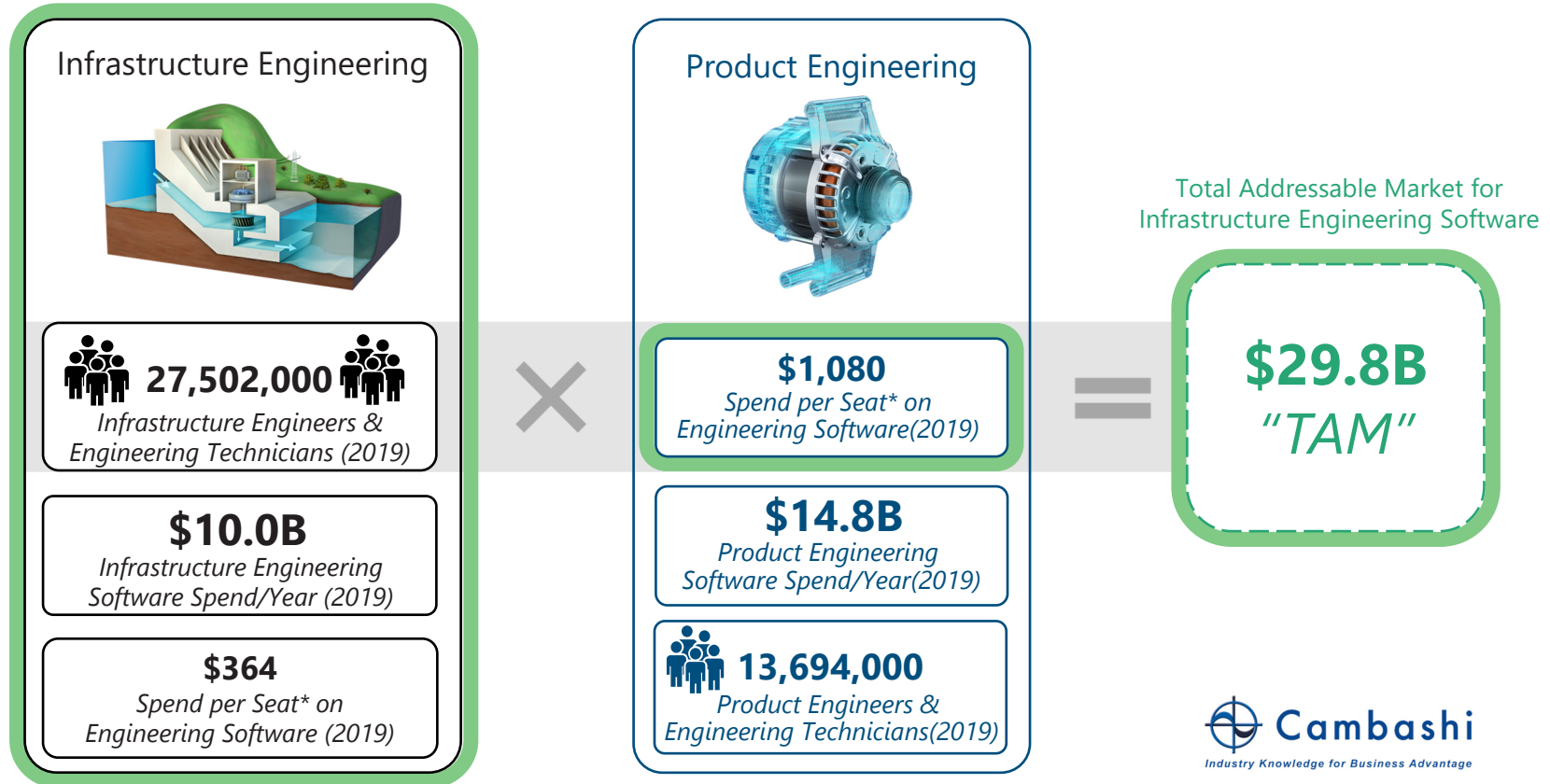
\* Annualized Recurring Revenue

\*\* Oxford Economics Outlook Global Infrastructure Spending 2016 through 2040

Note: Chart segment sizing corresponds to underlying % of 2022 ASC 606 Revenue

# Total Addressable Market ("TAM")

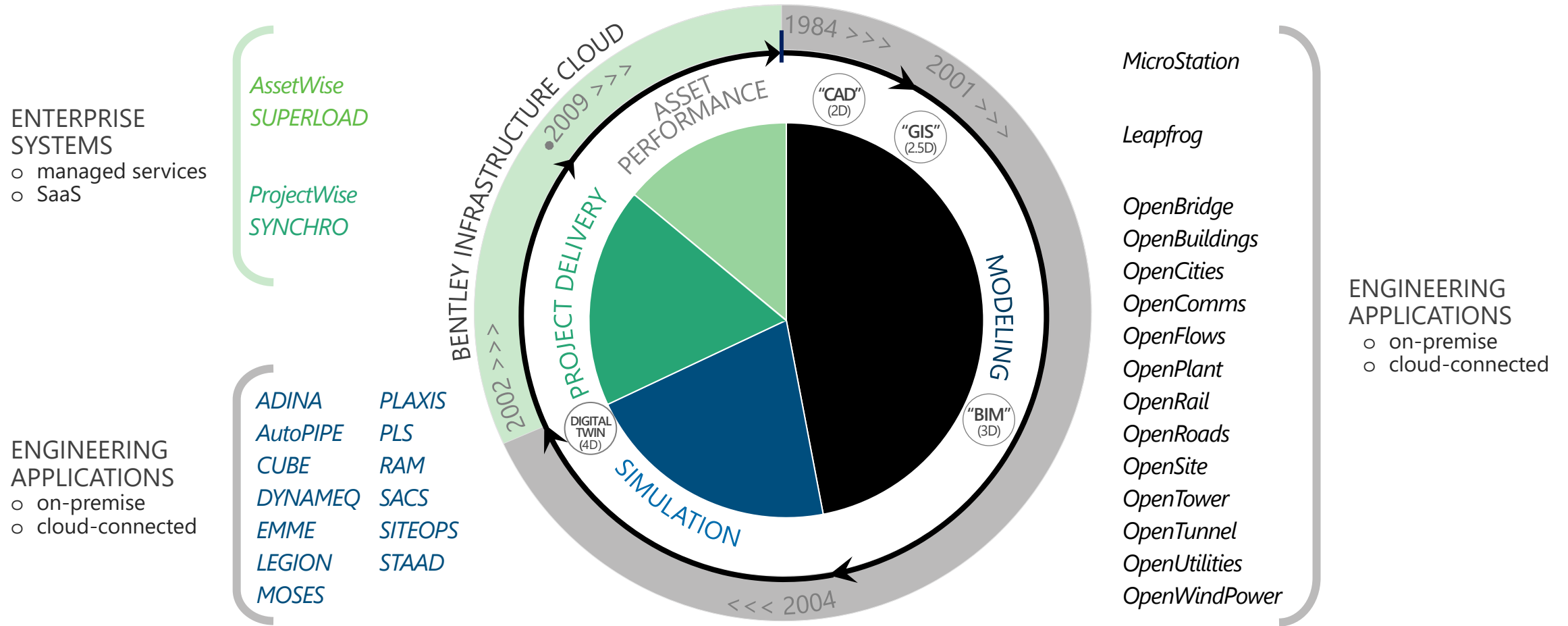
What if infrastructure engineers/technicians would each spend on engineering software the same amount that product engineers/technicians (on average) already spend?



\*Computed for "high spend intensity" countries with consistent employment count from 2018 to 2019  
Source: Oct. 2021 Cambashi study commissioned by Company

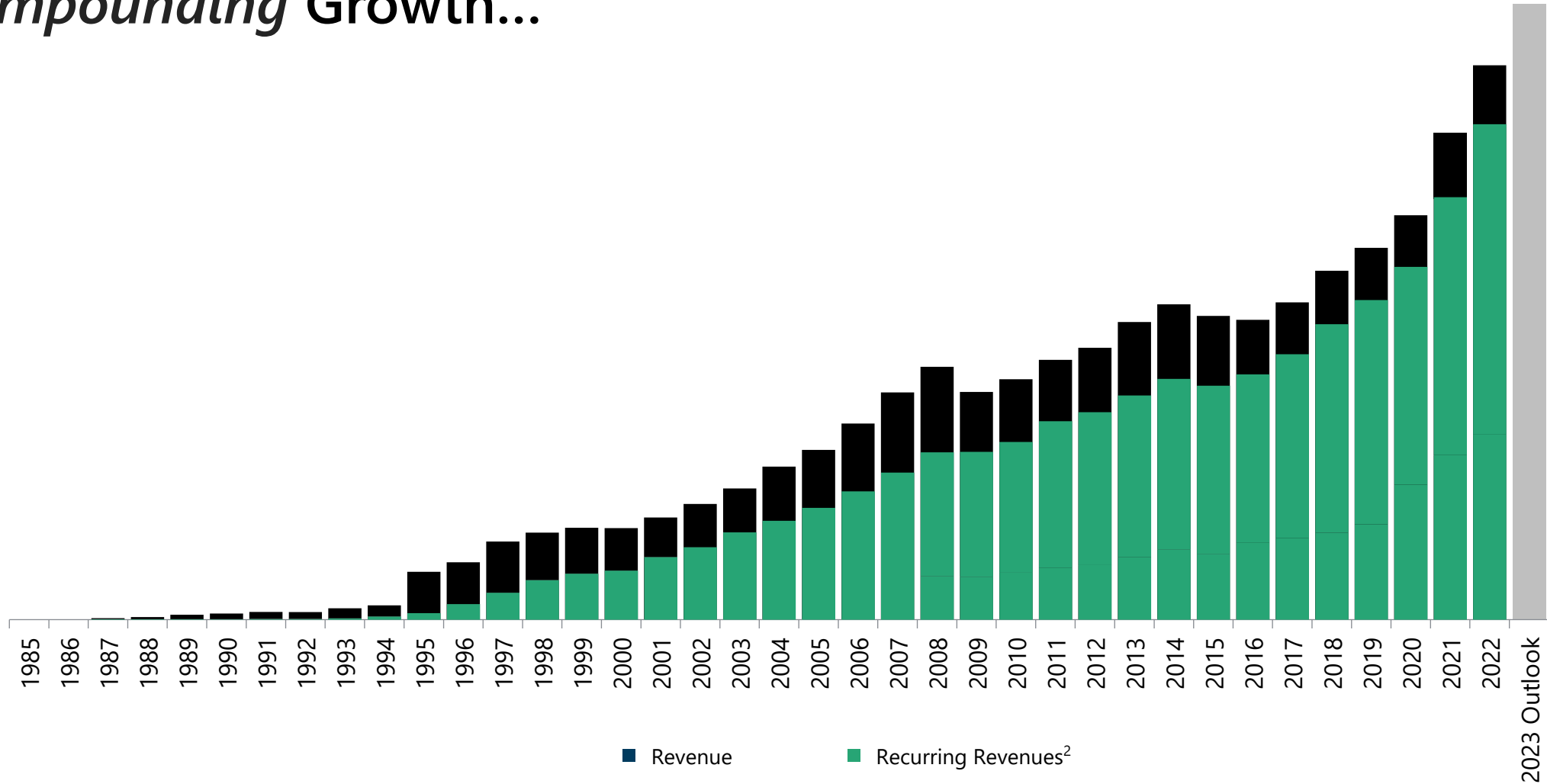


# Comprehensiveness Across (Infrastructure and BSY) Lifecycle...



Note: Chart segment sizing corresponds to underlying % of 2022 ASC 606 Revenue

# Compounding Growth...



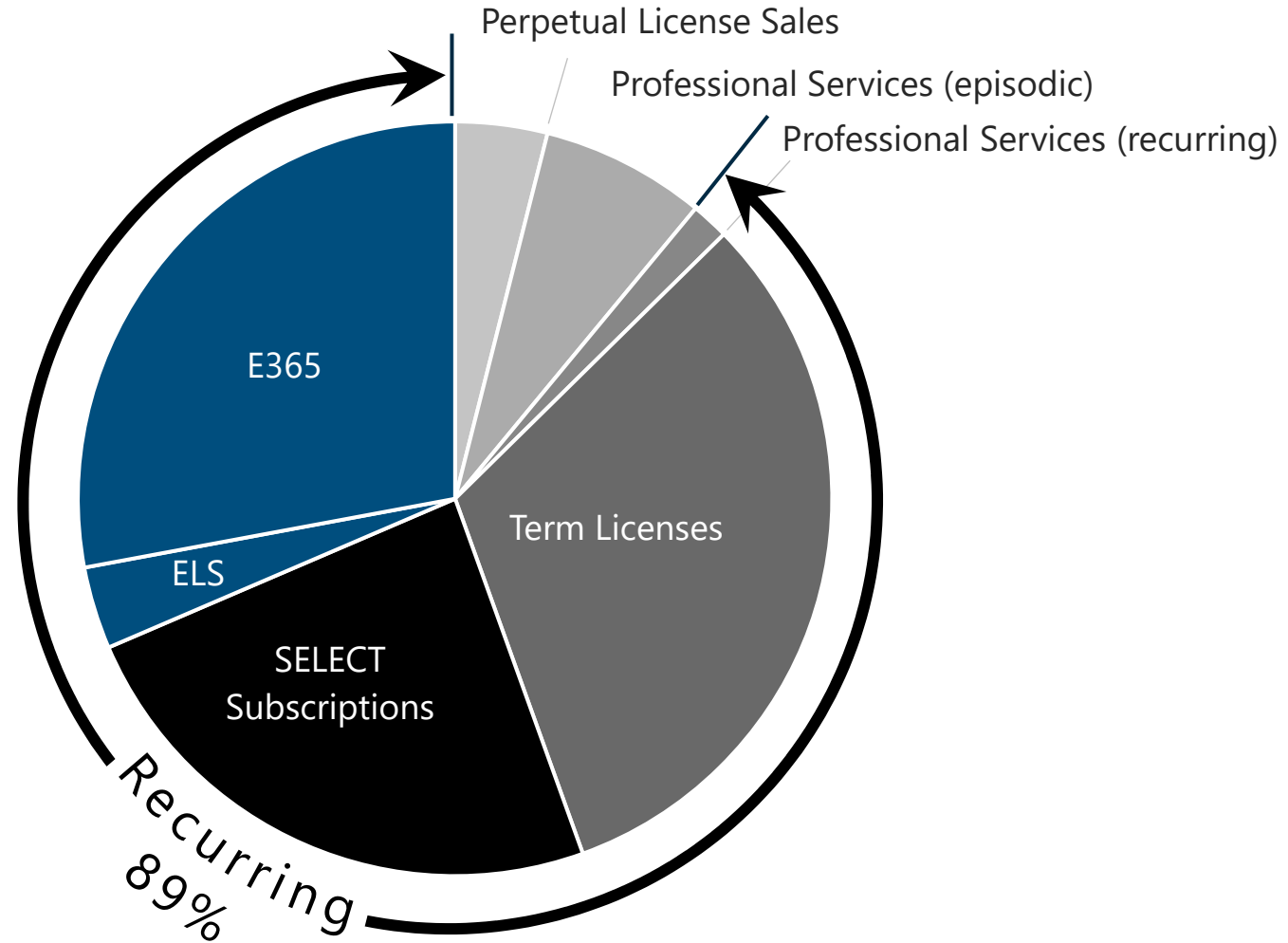
Note: 1985–2018 revenues were calculated using ASC 605.

2019, 2020, 2021, 2022, and 2023 Outlook revenue calculated using ASC 606

Footnote 2: Refer to page 28-29 for KPI and non-GAAP definitions and reconciliations



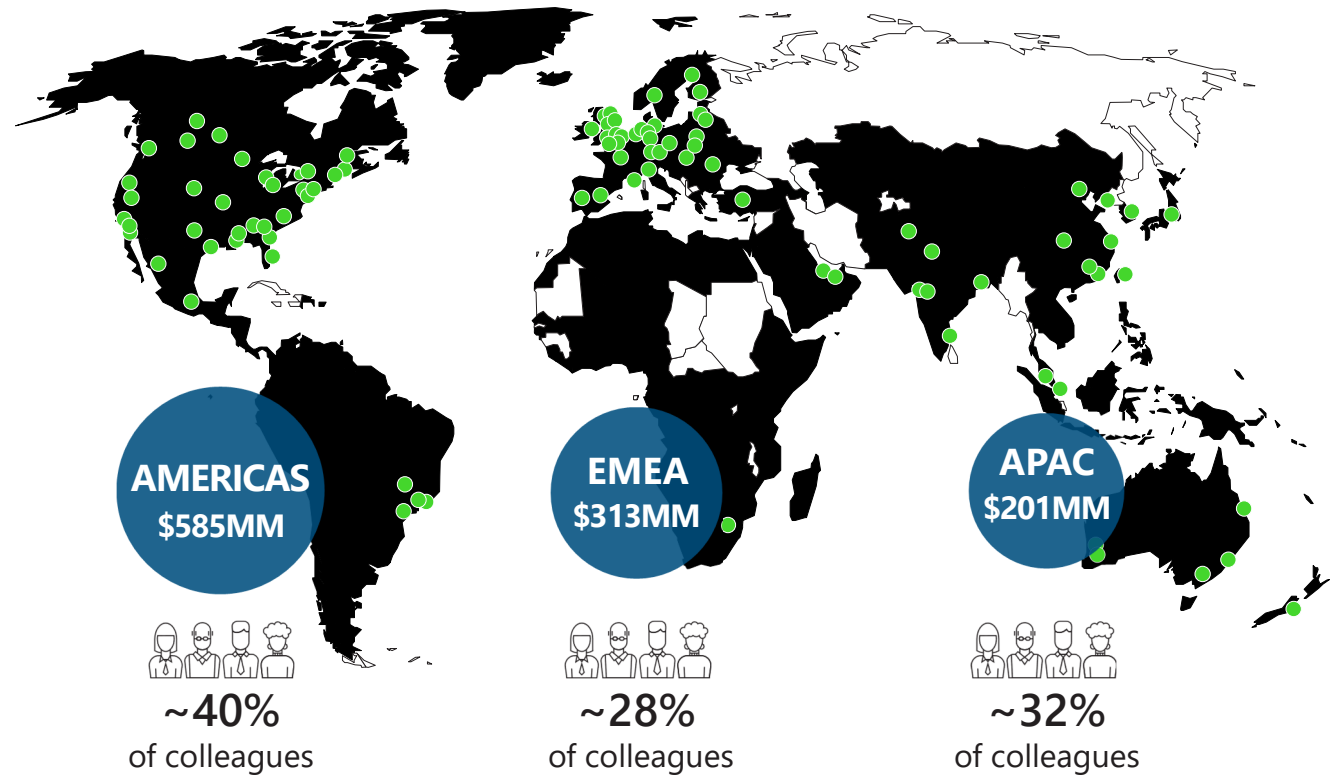
# Revenues by *Commercial Model*



Note: Chart segment sizing corresponds to underlying % of 2022 ASC 606 Revenue

# Comprehensiveness Across *Geographies*

- **194**  
Countries where BSY's solutions are in use
- **~5,000**  
Colleagues/Offices in 40 Countries



Note: \$ Amounts are revenues in millions, based on 2022 Revenue using ASC 606  
Colleague count numbers as of December 31, 2022.



# 2022 *Going Digital* Awards In Infrastructure

*The Year(s) of Asia Ex-China*

~300 nominations from BSY accounts

12 independent-juried categories

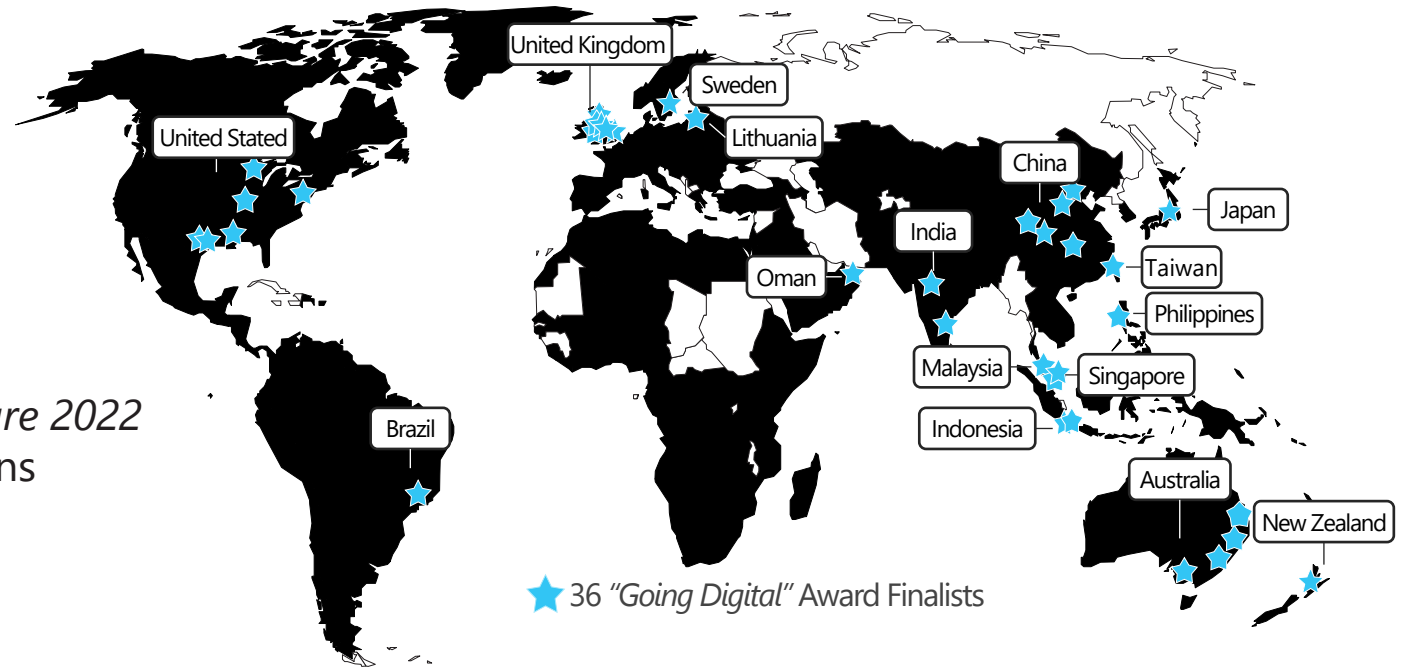
12 Founders' Awards

> 100 infrastructure journalists at *Year in Infrastructure 2022* Conference in London, covering Finalist presentations

Online gallery of these case studies at  
<https://www.bentley.com/events/going-digital-awards/>

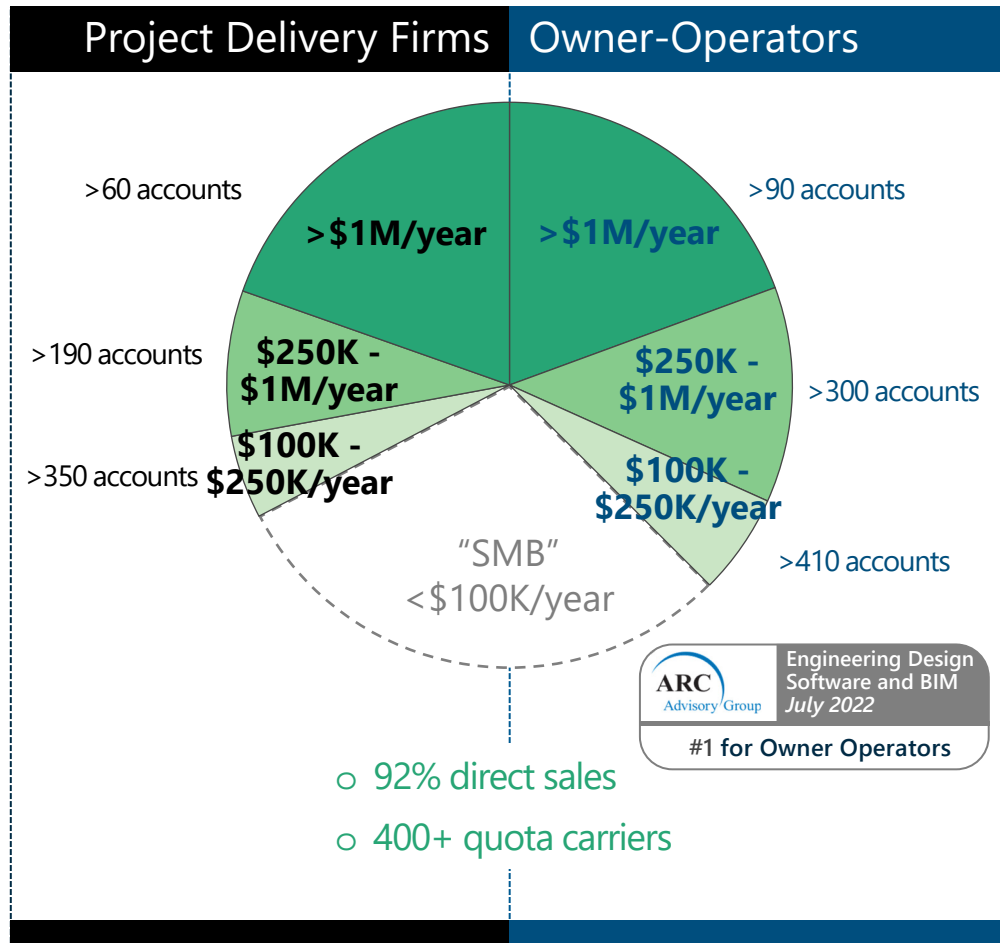
Infrastructure Yearbook

<https://www.bentley.com/company/infrastructure-yearbook/>

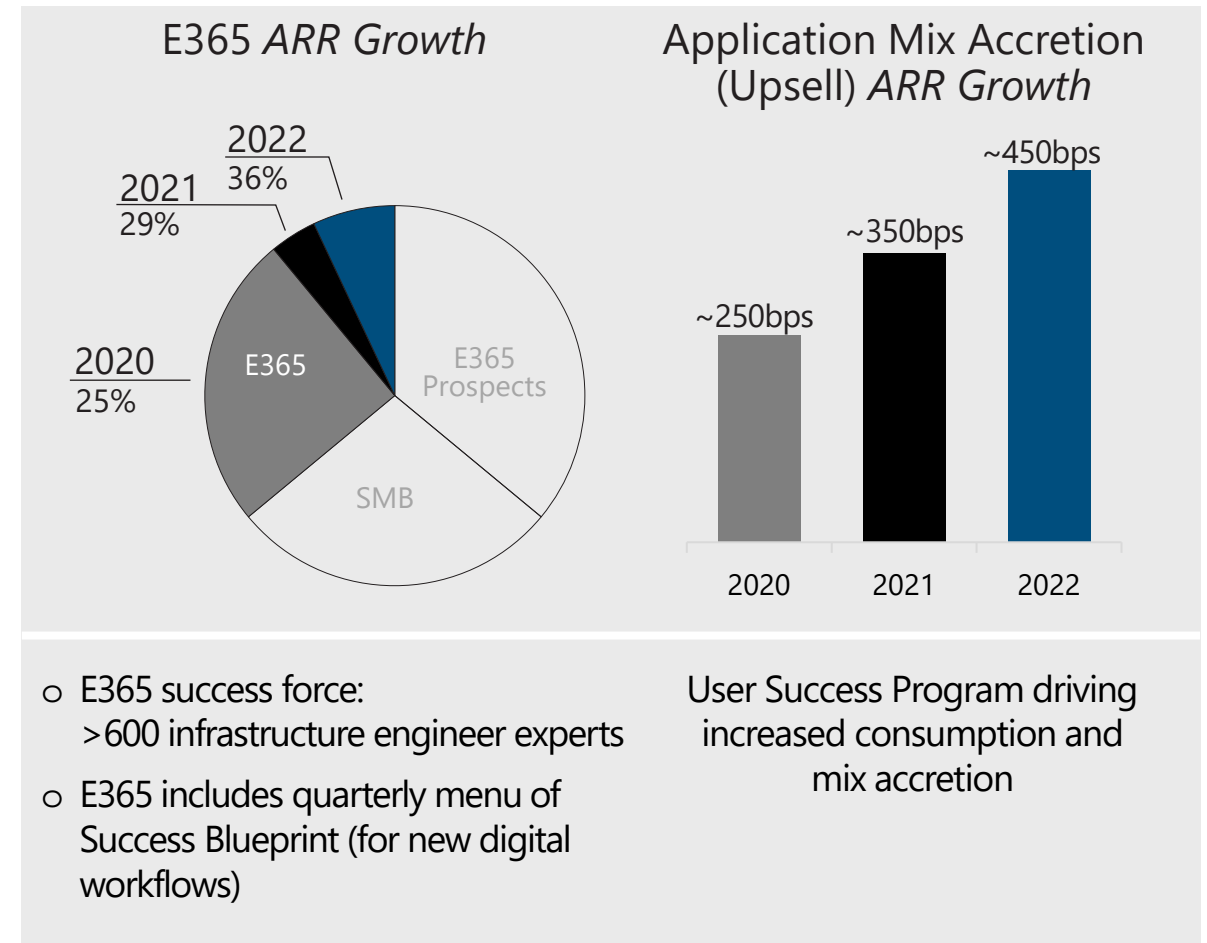


# Growth Initiative #1 - E365

## Accretion in Enterprise Accounts

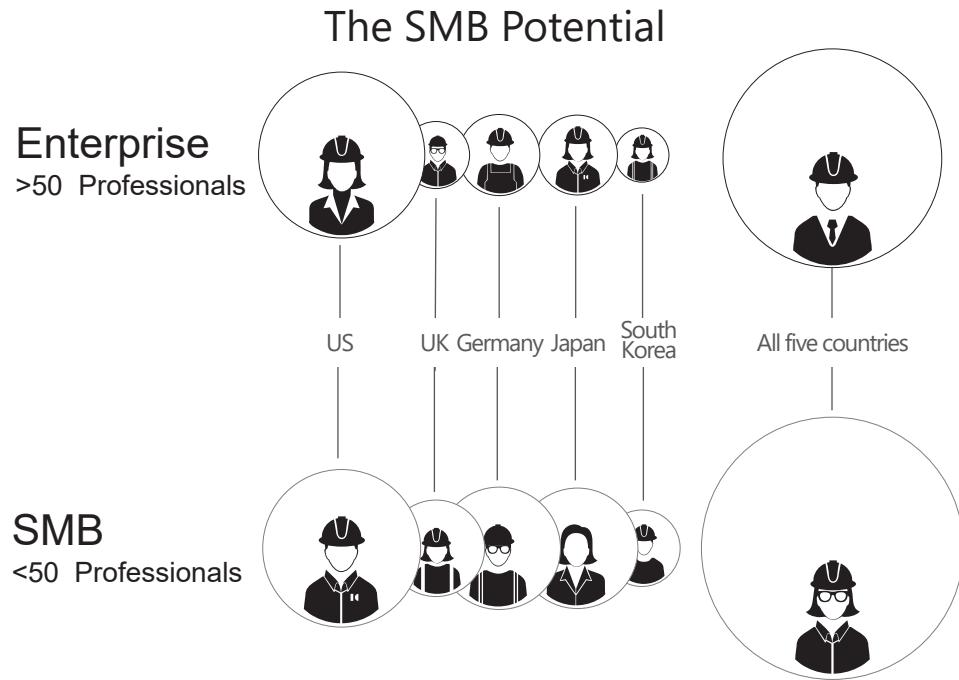


Note: Chart segment sizing corresponds to underlying % of 2022 Revenue using ASC 606.



# Growth Initiative #2 - *Virtuosity*

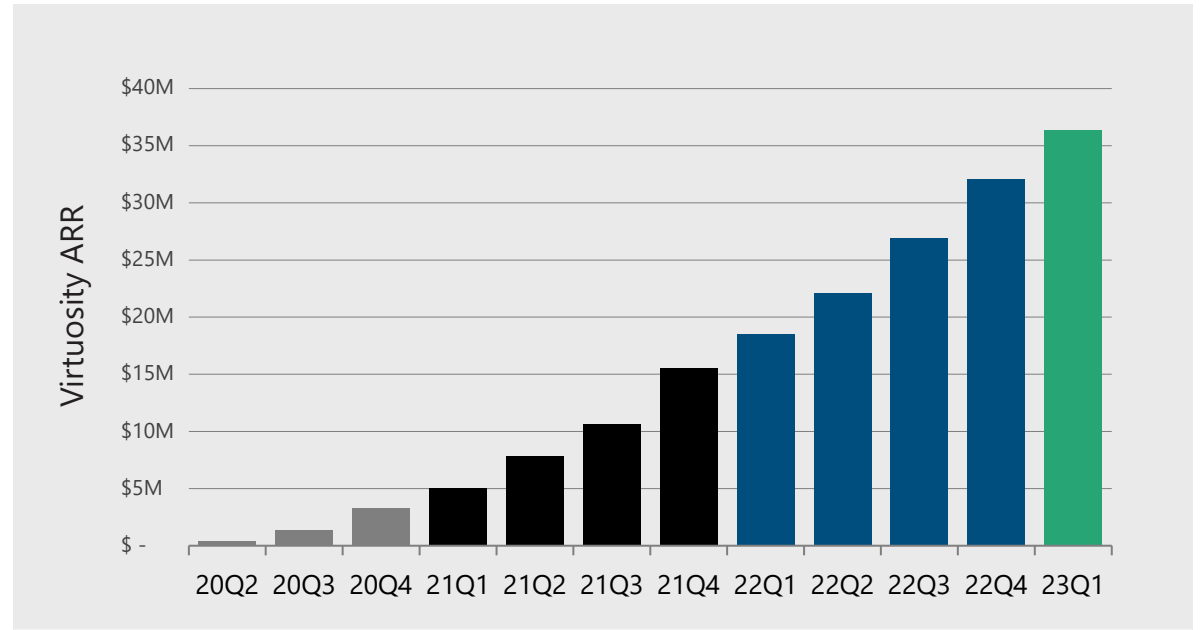
## Penetration in Small and Medium-Sized Businesses ("SMBs")



Number of infrastructure engineers, by size of firm



Source: Oct. 2021 Cambashi study commissioned by Company

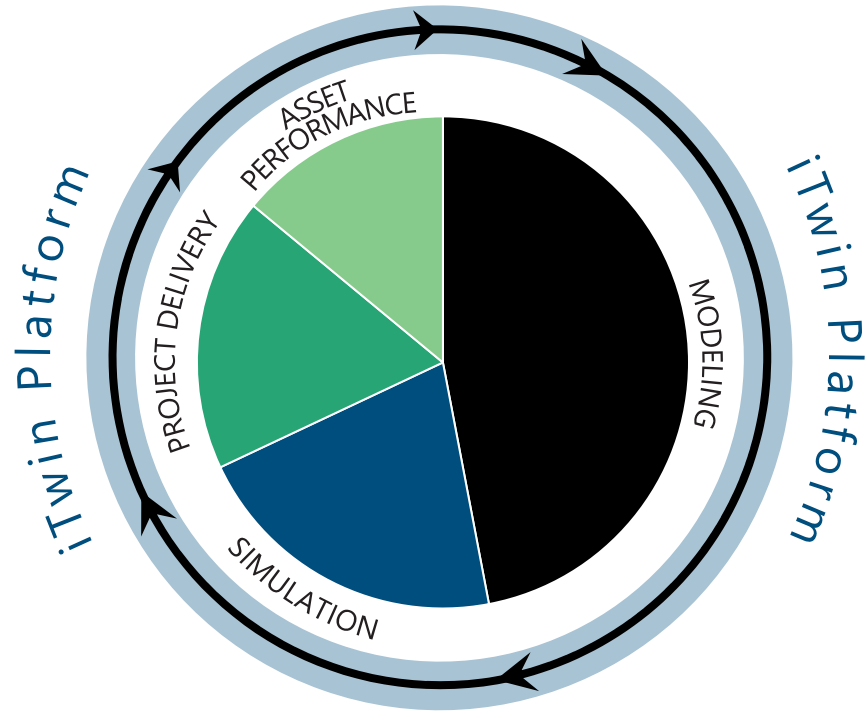


- Virtuoso Subscriptions combine license with expert assistance
- Targeted at SMB via direct-sales Digital Experience
- >160 inside sales quota carriers
- Adding hundreds of new logos quarterly; new logos adding ~3% in ARR growth

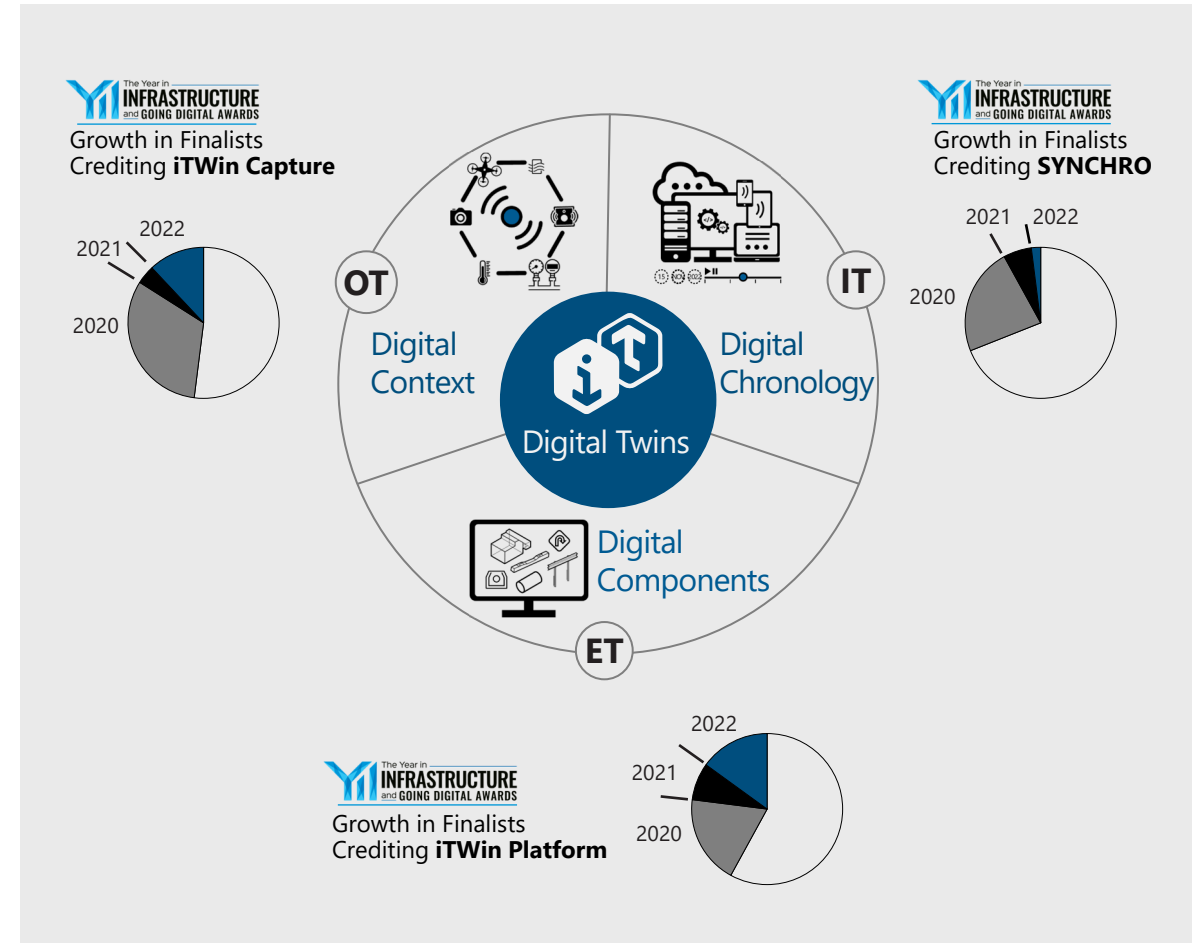


# Growth Initiative #3 - Digital Twins (Powered by iTwin Platform)

Cloud Services Synchronizing, Aligning, Federating Infrastructure Engineering Data for Metaverse, AI Accessibility



See people like you experiencing improved decision support across design, construction, and operations: <https://youtu.be/l3ttDL-NHII>



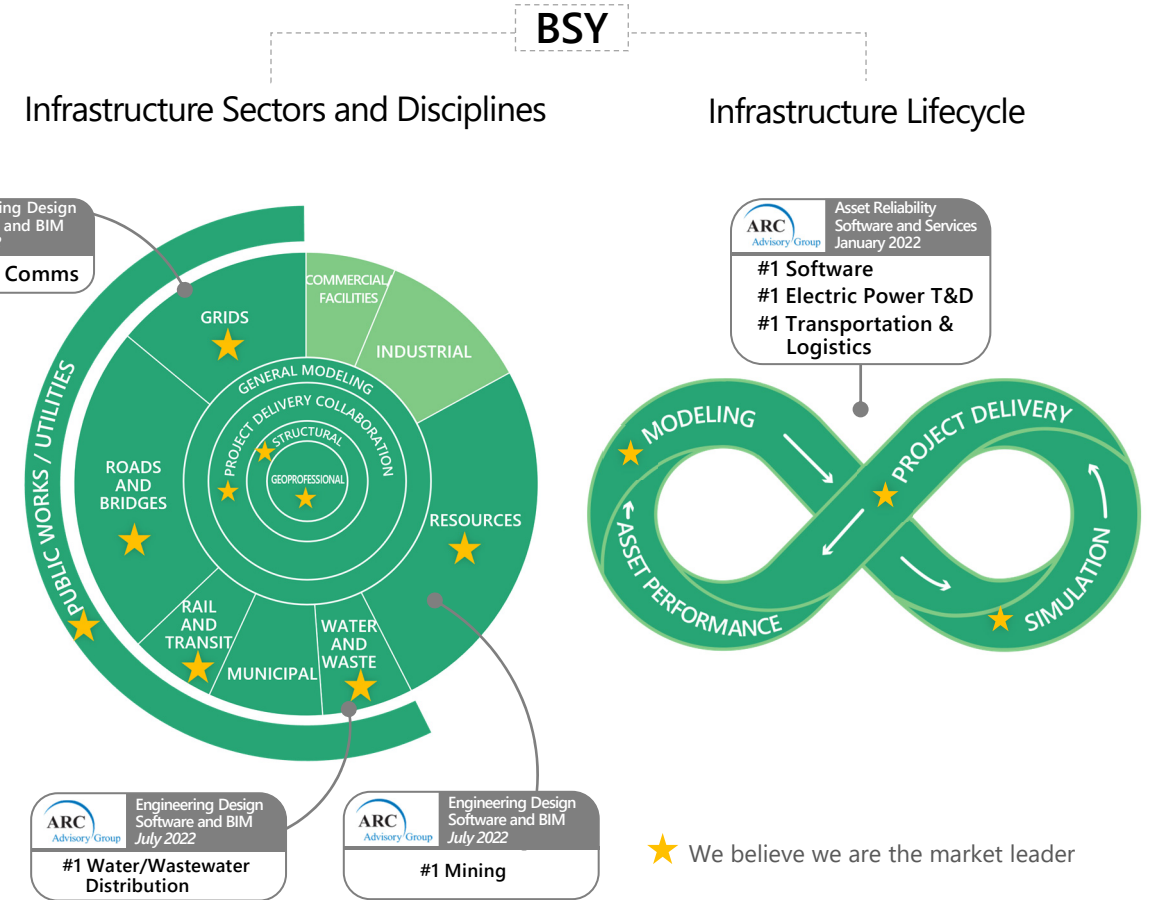
# Competitive Landscape

## THE Infrastructure Engineering Software Company

	BSY	ADSK	TRMB	ESRI	HEX	AVV	NEM	DASTY	AZPN
PUBLIC WORKS / UTILITIES	★								
GRIDS	★								
ROADS AND BRIDGES	★								
RAIL AND TRANSIT	★								
MUNICIPAL	★			★					
WATER AND WASTE	★								
RESOURCES	★								
INDUSTRIAL					★	★			
COMMERCIAL / FACILITIES		★							
GEOPROFESSIONAL	★								
STRUCTURAL	★								
PROJECT DELIVERY COLLABORATION									
GENERAL MODELING									
MODELING	★								
SIMULATION									
PROJECT DELIVERY	★								
ASSET PERFORMANCE	★			★					

<b>Market Presence</b>	<div style="display: flex; justify-content: space-between;"> <div style="width: 20%;"> <p>★ Strong</p> <p>★ Moderate</p> <p>★ Low</p> <p>★ Minor</p> </div> <div style="width: 40%;"> <p>ADSK - Autodesk</p> <p>TRMB - Trimble</p> <p>ESRI - Esri</p> <p>HEX - Hexagon</p> </div> <div style="width: 40%;"> <p>AVV - Aveva</p> <p>NEM - Nemetschek</p> <p>DASTY - Dassault Systems</p> <p>AZPN - AspenTech</p> </div> </div>
★ Market Leader	



Note: Chart segment sizing corresponds to the underlying % of 2022 ASC 606 Revenue.

# ES(D)G: Empowering Sustainable Development Goals

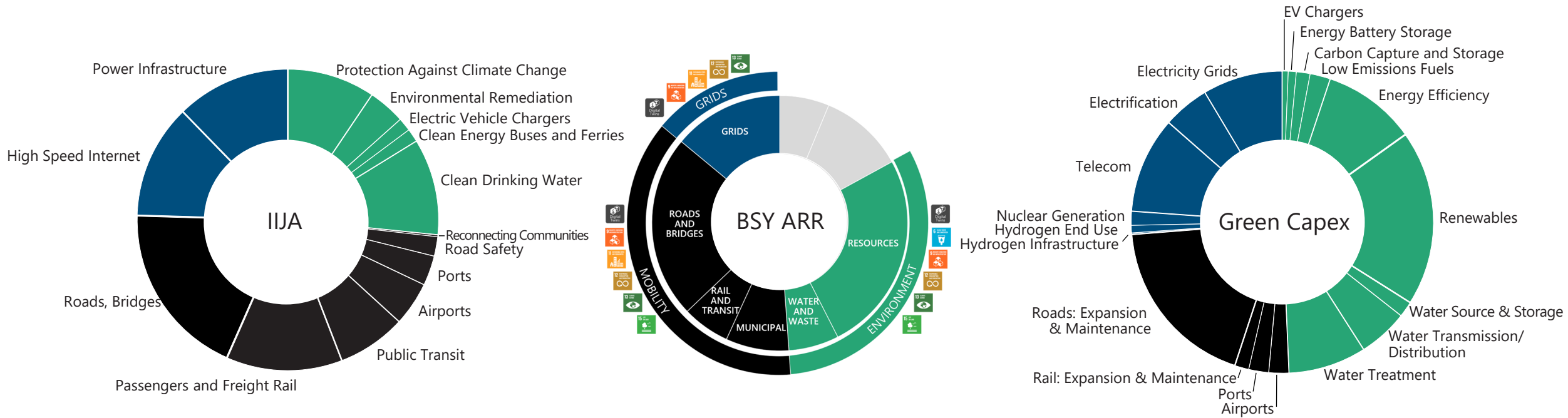
## SUSTAINABLE DEVELOPMENT GOALS





# Global (Infrastructure) Investment Priorities

*Positioned Well to Take Advantage of Unprecedented Global Infrastructure Spending Including Energy Transition*



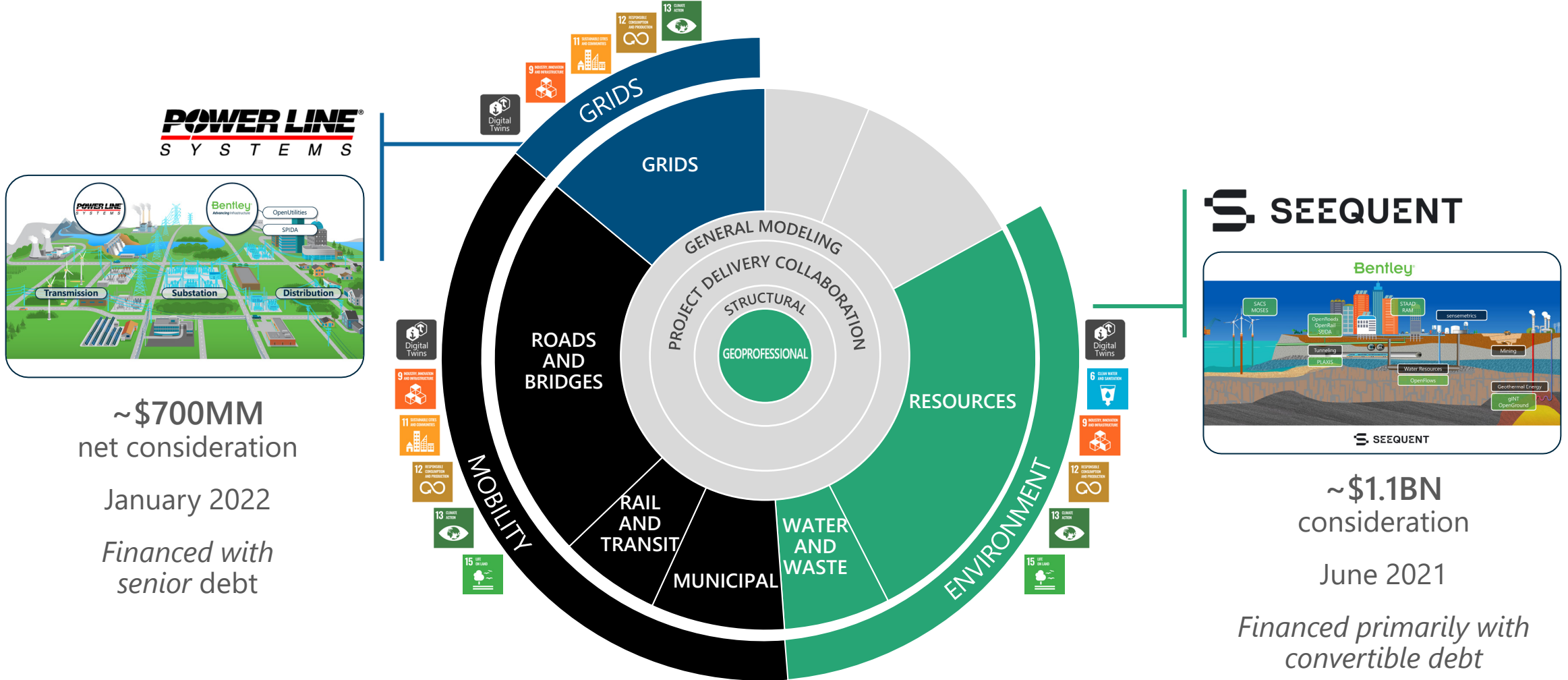
**U.S. Infrastructure Investment and Jobs Act (IIJA)**  
 (IIJA, and "IRA" in U.S. are representative of incremental multi-year infrastructure and energy transition investment programs also exist in EU, UK, India, Australia, China, ...)

**Green Capex: Capturing the Opportunities**  
 2022 Sustainability And Impact Series  
 Annual investment required, 2020s (US\$ tn)

Source: IEA, OECD, McKinsey & Company, Goldman Sachs Global Investment Research – 2021/10/11 <https://www.goldmansachs.com/insights/pages/gs-research/green-capex/green-capex-making-infrastructure-happen.pdf>

# Platform Acquisitions

Expanding Opportunities for Grid and Environment Digital Twins



Note: Chart segment sizing corresponds to underlying % of 2022 ASC 606 Revenue

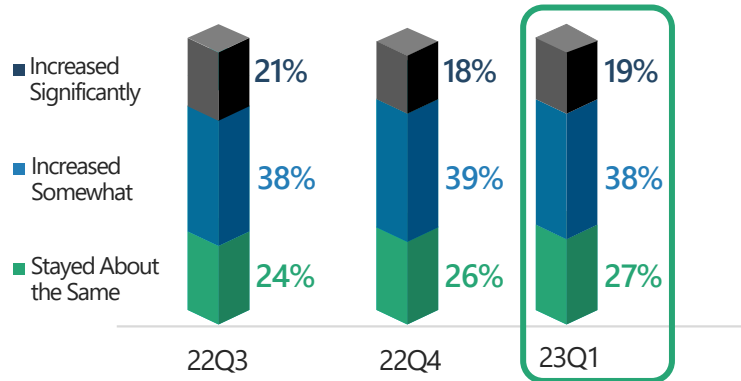
# Programmatic Acquisitions...



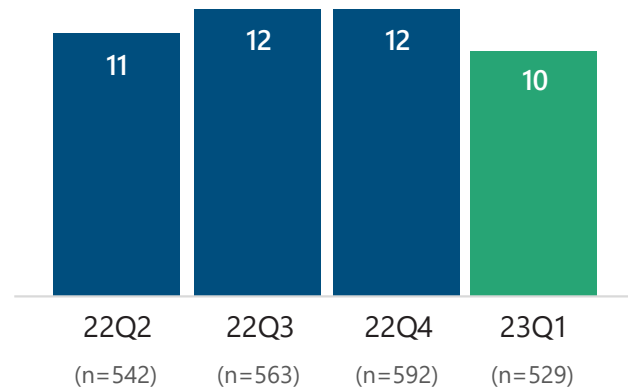


# Infrastructure Engineering at Capacity (*Going Digital...*)

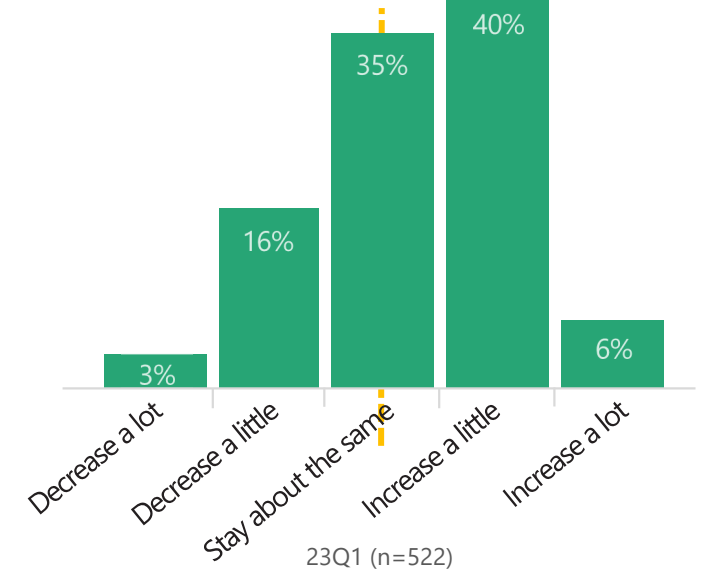
## Change in Civil Engineers' Backlog Over the Last 6 Months



## Current Backlog vs. Previous Quarters

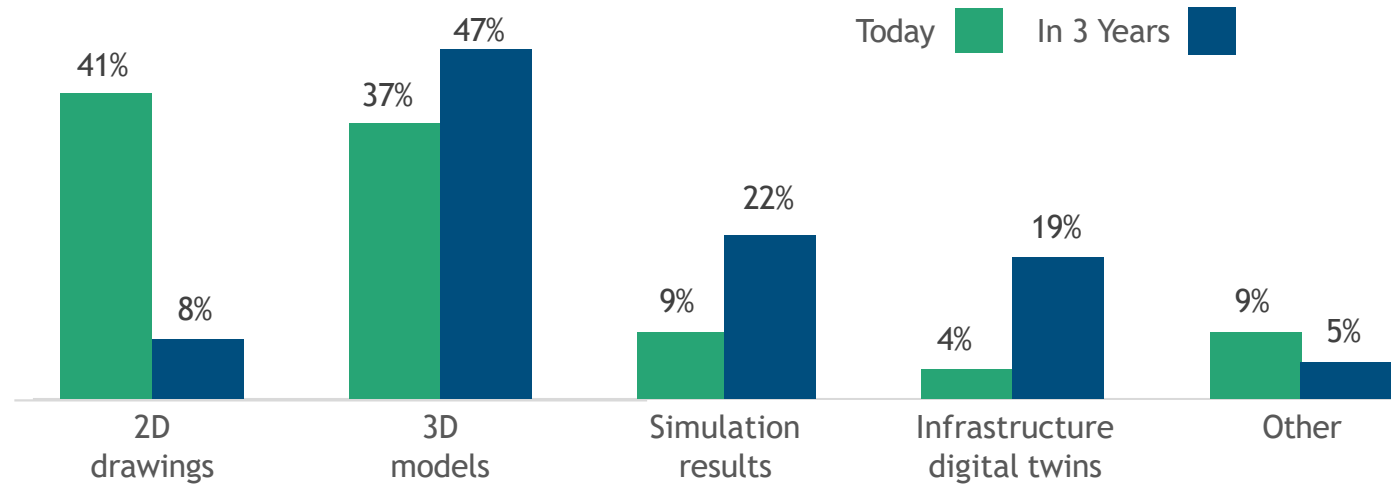


## Backlog 12 Months from Now

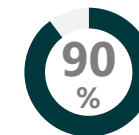


# Infrastructure Engineering Priorities (*Going Digital...*)

Client Priorities Today and in Three Years  
Deliverables Prioritized by Your Clients (Based on Priority 1 Rank)



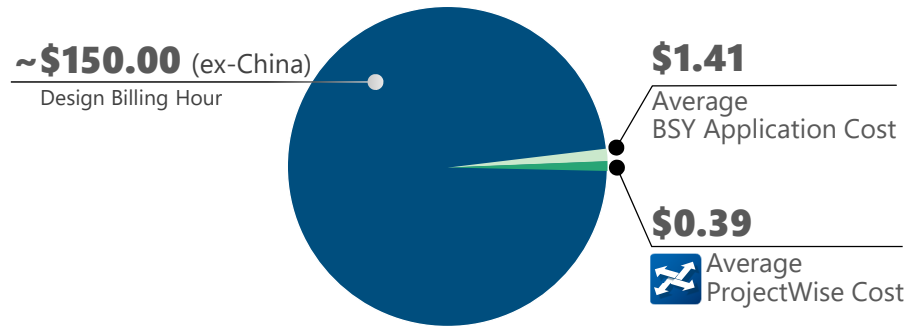
Source: AEC CEO Summit 2022  
<https://www.aecadvisors.com/event/ceo-summit-2022>



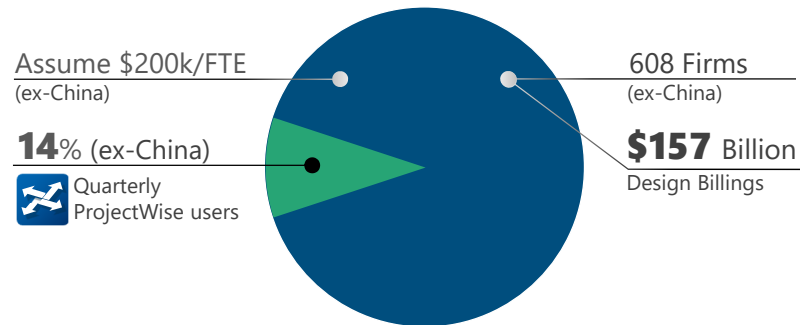
North American AEC  
Market Represented

# Engineering News-Record (Global) Top Design Firms (Going Digital...)

*BSY established Leader, with Long Upside Runway*



Ample opportunity for application upsell (mix accretion)

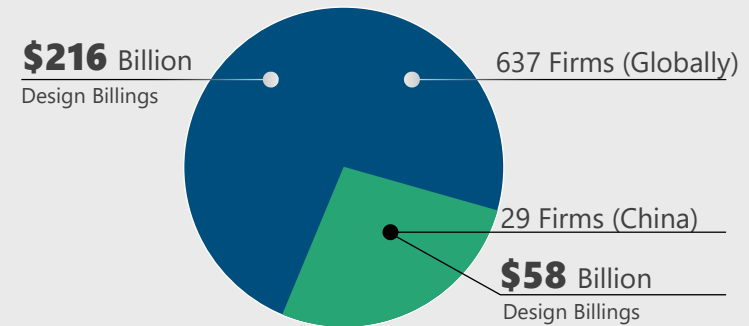


Ample opportunity for further standardization on ProjectWise for data-centric



Source: ENR Top 500 Design Firms (<https://www.enr.com/toplists>, / Top 225 International Design Firms / Top 150 Global Design Firms 2022

## The China Opportunity!

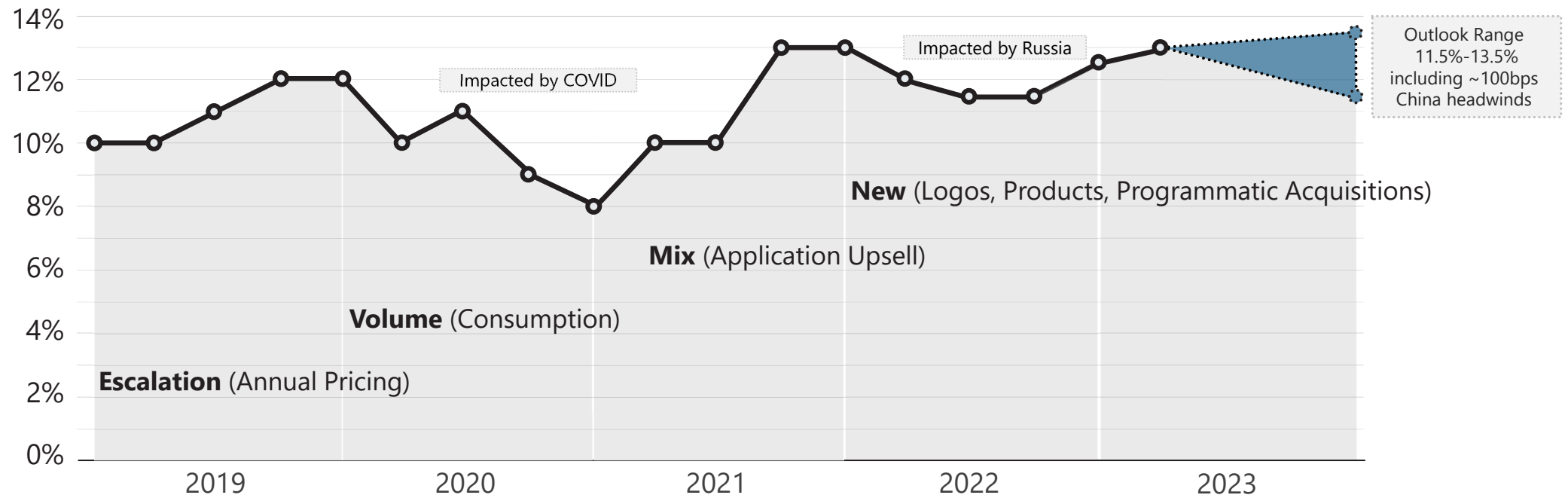


Pivoting to “localization” in China (currently 3-4% of BSY ARR) to surmount geopolitical obstacles and cloud limitations

- Joint venture for development and distribution of on-premises adaptation of ProjectWise platform (*iLink*)...
- Joint venture to assume hydropower accounts and to develop specialized Chinese (MicroStation-based) applications (*East Wise*)...
- Expect regression to local preference for license sales at the expense of ARR

# Resilient ARR Growth<sup>8</sup>

YoY Constant Currency Business Performance



Footnote 8: Refer to page 28-29 for KPI and non-GAAP definitions and reconciliations



# 2023 Financial Outlook

Financial Metrics	Outlook
Total Revenues	\$1,205 million to \$1,235 million <sup>a</sup> (increase of 9.5% to 12.5%)
ARR Growth <sup>8</sup> (constant currency <sup>1</sup> )	11.5% to 13.5% <sup>b</sup>
Adjusted OI w/SBC Margin <sup>10</sup>	~ 26%
Effective Tax Rate	~ 20%
Cash Flow from Operations	~ 80% of Adjusted EBITDA <sup>11</sup>
Capital expenditures	~ \$30 million, which includes certain IT investments

### Additional expectations to support financial modeling

- Full-year interest expense of ~\$49 million. ~\$33 million cash interest (net ~\$9 million of payments received from int. rate swap);
- Full-year cash taxes of ~ \$45 million;
- Stock-based compensation in the 6% range of revenues;
- Operating depreciation and amortization of ~ 1.5% of revenues;
- Fully diluted weighted average shares outstanding between 331 and 332.5 million;
- Dividends of \$0.20 per share.

Footnote a: Revenue outlook is net of a ~\$8.5 million decrease due to the strengthening of the US dollar.  
Constant currency<sup>1</sup> growth of 10.5% to 13.5%

Footnote b: Includes ARR<sup>6</sup> acquired from programmatic acquisitions,  
which generally are immaterial, individually, and in the aggregate

Footnotes 1, 6, 8, 10, 11: Refer to page 28-29 for KPI and non-GAAP definitions

# Financial Drivers

## Resilient ARR Growth

~88% Subscription Revenues

## Commitment to robust R&D investment

>22% of revenue

## Commitment to annual margin improvement

Global, direct sales investments complete

~100 bp in *Adjusted OI w/SBC*

## Cashflow efficiency

~70% of revenue paid annually in advance

~20% effective tax rate

~80% Adjusted EBITDA conversion



# Capital Allocation Priorities

**Commitment to** (stock and/or convertible debt) repurchases to offset dilution from stock-based compensation

**Commitment to** (modest) dividend

**Commitment to** programmatic acquisitions

**Convertible debt funded accretive platform acquisitions**

~\$1.3B, debt service fixed at ~0.24% coupon through 2026/2027 maturities

Convertible leverage<sup>a</sup> at end of 23Q1: ~3.4x (< 2x "delta-adjusted")

**Senior debt**

\$195MM term loan, fixed at ~2.73% via interest rate swap maturing 2030

Revolving debt (net of cash) balance at end of 23Q1: \$146MM

Net Senior Debt Leverage<sup>b</sup> ~.9x at end of 23Q1

Footnote a: Convertible leverage is convertible debt divided by LTM Adj. EBITDA<sup>11</sup>

Footnote b: Net Senior Debt Leverage is Net Senior Debt (defined as Senior Debt minus Cash) divided by LTM Adj. EBITDA<sup>11</sup>

Footnote 11: Refer to page 28-29 for KPI and non-GAAP definitions



# Compounding *Predictability*

## **Predictable governance**

Farsighted founding family control  
(dual-class corresponds to majority economic ownership, sunseting otherwise)

## **Predictable performance**

Operating management incentives based on ARR Growth  
(but conditioned on annual operating margin improvement)

## **Predictable resilience**

Mainstay public works / utilities end market is tolerably counter-cyclical

## **Impregnable “comprehensive moat”**

THE infrastructure engineering software company  
(continuously reinforced by platform-enabled programmatic acquisitions)

## **Sustainable investment thesis:**

Intersection of global priorities: *going digital* and *infrastructure!*

Environmental resilience and adaptation  
(decarbonization, urbanization, resource imperatives)

Energy transition and security (grid integration, renewables, nuclear, ...)

ES(D)G “handprint”!



# KPI and Non-GAAP Definitions

*This presentation includes certain KPIs and non-GAAP financial measures, which are defined, and where applicable, are reconciled to their nearest GAAP equivalents herein.*

- 1. Constant currency.** In reporting period-over-period results, we calculate the effects of foreign currency fluctuations and constant currency information by translating current period results using prior period average foreign currency exchange rates.
- 2. Recurring revenues.** We define recurring revenues as subscriptions revenues that recur monthly, quarterly, or annually with specific or automatic renewal clauses and professional services revenues in which the underlying contract is based on a fixed fee and contains automatic annual renewal provisions.
- 3. LTM Recurring revenues.** Our last twelve-months (“LTM”) recurring revenues are calculated as recurring revenues recognized over the preceding twelve-month period.
- 4. Account retention rate.** Our account retention rate for any given twelve-month period is calculated using the average currency exchange rates for the prior period, as follows: the prior period recurring revenues from all accounts with recurring revenues in the current and prior period, divided by total recurring revenues from all accounts during the prior period. 2018 and 2019 calculated using ASC 605, and 2020, 2021, 2022, and 2023 calculated using ASC 606.
- 5. LTM Recurring revenues dollar-based net retention rate.** Our LTM recurring revenues dollar-based net retention rate is calculated, using the average exchange rates for the prior period, as follows: the recurring revenues for the current period, including any growth or reductions from existing accounts, but excluding recurring revenues from any new accounts added during the current period, divided by the total recurring revenues from all accounts during the prior period. A period is defined as any trailing twelve months. Related to our platform acquisitions, recurring revenues into new accounts will be captured as existing accounts starting with the second anniversary of the acquisition when such data conforms to the calculation methodology. This may cause variability in the comparison. 2018 and 2019 calculated using ASC 605, and 2020, 2021, 2022, and 2023 calculated using ASC 606.



# KPI and Non-GAAP Definitions

6. **Annualized Recurring Revenues (“ARR”).** Our ARR is defined as the sum of the annualized value of our portfolio of contracts that produce recurring revenues as of the last day of the reporting period, and the annualized value of the last three months of recognized revenues for our contractually recurring consumption-based software subscriptions with consumption measurement durations of less than one year, calculated using the spot foreign exchange rates.
7. **ARR growth rate.** Our constant currency ARR growth rate is the growth rate of ARR, measured on a constant currency basis.
8. **ARR growth rate from business performance.** Our constant currency ARR growth rate from business performance excludes the ARR onboarding of our platform acquisitions and includes the impact from the ARR onboarding of programmatic acquisitions, which generally are immaterial, individually and in the aggregate.
9. **Adjusted OI w/SBC.** Our Adjusted operating income inclusive of stock-based compensation expense (“Adjusted OI w/SBC”) is defined as operating income adjusted for the following: amortization of purchased intangibles, expense (income) relating to deferred compensation plan liabilities, acquisition expenses, and realignment expenses (income).
10. **Adjusted OI w/SBC margin.** Our Adjusted OI w/SBC margin is calculated by dividing Adjusted OI w/SBC by total revenues.
11. **Adjusted EBITDA.** Our Adjusted EBITDA is defined as cash flow from operations adjusted for the following: cash interest, cash taxes, cash deferred compensation plan distributions, cash acquisition expenses, changes in operating assets and liabilities, and other cash items (such as receipts (payments) related to interest rate swap). Adjusted EBITDA is our liquidity measure in the context of conversion of Adjusted EBITDA to cash flow from operations (i.e., the ratio of GAAP cash flow from operations to Adjusted EBITDA).

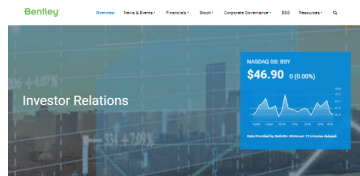
# Adjusted EBITDA Reconciliation

(\$ in thousands)	LTM 23Q1
Cash flow from operations	\$ 348,816
Cash interest	31,758
Cash taxes	25,955
Cash deferred compensation plan distributions	7,757
Cash acquisition expenses	19,755
Change in operating assets and liabilities	(47,072)
Other <sup>1</sup>	(4,161)
<b>Adjusted EBITDA</b>	<b>\$ 382,808</b>

Footnote 1: Includes receipts related to interest rate swap.

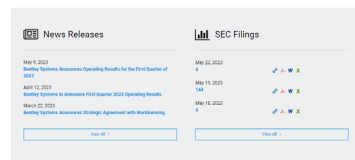
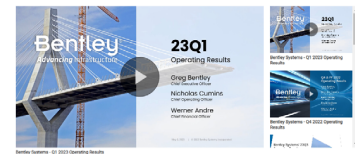
# Learning about BSY

## Investor Relations



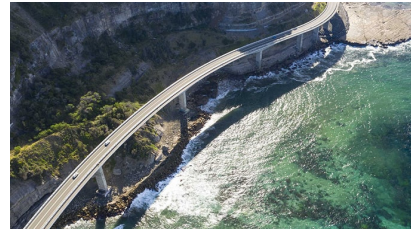
**About Us**  
Bentley's mission is to provide innovative software and services for the enterprises and professionals who design, build, and operate the world's infrastructure - addressing both the global economy and the environment for improved quality of life.  
We were founded in 1984 by the Bentley brothers. Our enduring commitment is to develop and support the most comprehensive portfolio of integrated software offerings across professional disciplines, project and asset lifecycle, cloud-based services, and programmatic, digital software enabled digital twins across engineering disciplines, distributed project teams, team offices, for the best and most secure computing from desktop, including desktop, on-premise servers, cloud native services, mobile devices, and web browsers.

Learn About Bentley (BSY: Nasdaq)



[investors.bentley.com](https://investors.bentley.com)

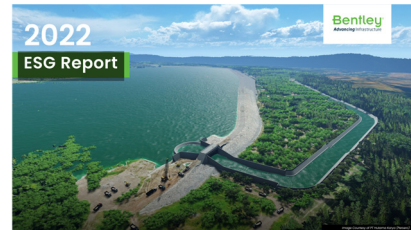
## ESG Commitment



[bentley.com/esg](https://www.bentley.com/esg)

Resilient and sustainable infrastructure is key to addressing climate change and other environmental challenges, and is essential to sustaining our economies and improving our quality of life.

## 2022 ESG Report



<https://www.bentley.com/bentley-systems-esg-report-2022>

Bentley's ESG Report details how we are leading in more sustainable, ethical ways to influence our environmental (E), social (S), and governance (G) impacts.

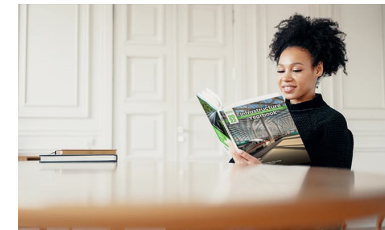
## Going Digital Awards



[yii.bentley.com/awards](https://yii.bentley.com/awards)

Bentley's Going Digital Awards in Infrastructure is an exciting and well-regarded global competition that recognizes the digital advancements in infrastructure.

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