Bentley Systems' 22Q2 Operating Results

Greg Bentley
Chief Executive Officer

Claire Rutkowski
SVP, Engineering Firm Solutions, CIO Champion

Nicholas Cumins
Chief Operating Officer

David Hollister
Chief Investment Officer

Werner Andre
Chief Financial Officer

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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: current and potential future impacts of the COVID-19 pandemic on the global economy and our business, and consolidated financial statements; 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, including the potential impact of any proposed or final infrastructure bill in the United States; 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, 2021 and subsequent Forms 10-Q.

The forward-looking statements made in this presentation are made as of August 9, 2022. If this presentation is reviewed after August 9, 2022, 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.

This presentation includes certain non-GAAP financial measures, including Adjusted EBITDA and Adjusted EBITDA Margin. Non-GAAP financial measures such as Adjusted EBITDA and Adjusted EBITDA Margin should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with GAAP. Please refer to the Appendix of this presentation for a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable financial measures prepared in accordance with GAAP

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Agenda

- Tone of Business (Greg, Claire)
- Operational Perspectives (Nicholas)
- Corporate Developments (Greg, David)
- Financial Performance (Werner)

Tone of Business

Greg Bentley, Chief Executive Officer

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Bentley
Advancing Infrastructure

Press Release

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1-610-458-2777

Media Contact:
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carey.mann@bentley.com
1-610-458-3170

Bentley Systems Announces Operating Results for the Second Quarter of 2022

EXTON, Pa. - August 9, 2022 - Bentley Systems, Incorporated (Nasdaq: BSY) ("Bentley Systems" or the "Company"), the infrastructure engineering software company, today announced operating results for its second quarter and six months ended June 30, 2022.

Second Quarter 2022 Financial Results

- *Total revenues* were $268.3 million, up 19.8% or 26.2% on a constant currency basis, year-over-year;
- *Subscriptions revenues* were $232.2 million, up 24.5% or 31.3% on a constant currency basis, year-over-year;
- *Last twelve-month recurring revenues* were $930.8 million, up 24.6% year-over-year;
- *Last twelve-month recurring revenues dollar-based net retention rate* was 109%, compared to 106% for the same period last year;
- *Last twelve-month account retention rate* was 98%, consistent with the same period last year;
- *Annualized Recurring Revenue ("ARR")* was $971.9 million as of June 30, 2022, representing an *ARR growth rate* of 14% from June 30, 2021;
- *GAAP operating income* was $55.7 million, compared to $33.2 million for the same period last year;
- *GAAP net income* was $55.7 million, compared to $45.6 million for the same period last year. *GAAP net income per diluted share* was $0.17, compared to $0.14 for the same period last year; *GAAP net income margin* was 20.8%, compared to 20.4% for the same period last year;
- *Adjusted Net Income* was $73.8 million, compared to $74.5 million for the same period last year. *Adjusted Net Income per diluted share* was $0.22 compared to $0.23 for the same period last year;
- *Adjusted EBITDA* was $86.5 million, compared to $69.3 million for the same period last year. *Adjusted EBITDA margin* was 32.2%, compared to 31.0% for the same period last year; and
- *Cash flow from operations* was $67.0 million, compared to $16.2 million for the same period last year.

Six Months Ended June 30, 2022 Financial Results

- *Total revenues* were $543.8 million, up 21.9% or 26.9% on a constant currency basis, year-over-year;
- *Subscriptions revenues* were $473.4 million, up 26.4% or 31.6% on a constant currency basis, year-over-year;
- *GAAP operating income* was $112.3 million, compared to $88.9 million for the same period last year;
- *GAAP net income* was $112.1 million, compared to $102.6 million for the same period last year. *GAAP net income per diluted share* was $0.35, compared to $0.32 for the same period last year. *GAAP net income margin* was 20.6%, compared to 23.0% for the same period last year;
- *Adjusted Net Income* was $153.4 million, compared to $138.6 million for the same period last year. *Adjusted Net Income per diluted share* was $0.46 compared to $0.43 for the same period last year;
- *Adjusted EBITDA* was $184.1 million, compared to $152.3 million for the same period last year. *Adjusted EBITDA margin* was 33.9%, compared to 34.2% for the same period last year; and
- *Cash flow from operations* was $168.7 million, compared to $149.0 million for the same period last year.

Definitions of the non-GAAP financial measures used in this press release and reconciliations of such measures to the most comparable GAAP financial measures are included below under the heading "Use and Reconciliation of Non-GAAP Financial Measures."

CEO Greg Bentley said, "I am pleased to report that Bentley Systems' operating performance continues to accord with our annual financial outlook for 2022, abstracting from foreign exchange fluctuations. While exchange rates obviously affect reported revenues, our *adjusted EBITDA margin* is substantially naturally hedged. In constant currency, most importantly, the quarter's year-over-year business performance *ARR growth rate* of 11.5%, which includes the write-down in 22Q2 of the remaining half (.5%) of our ARR in Russia, remains consistent with our expectations for the year. The 22Q1 acquisition of Power Line Systems contributed, as expected, a further 2.5% in *ARR growth rate*."

Mr. Bentley continued, "As to further 'macro' concerns, new business in China stabilized after 22Q1's 'counter-globalism' setback, and new business in Central Europe and Southern Europe improved. Beyond infrastructure engineering's intrinsic resilience even with respect to currently forecasted slowdowns in major economies, Bentley Systems' second half of 2022 is poised to benefit from our flourishing platform acquisitions for *environmental* opportunities (Seequent) and *grid* opportunities (Power Line Systems). I believe that investing in *going digital* for infrastructure engineering will prove an enduring global imperative."

CFO Werner Andre said, "To quantify the currency headwinds from the dollar strengthening during the quarter, our 22Q2 reported GAAP total revenues of $268.3 million would have been $275.4 million, if the exchange rates used in our annual financial outlook had remained in effect.

Although our 2022 financial outlook has not materially changed (including after netting year-to-date acquisitions and divestitures, and discontinuation of our business operations in Russia): if recent exchange rates would prevail for the remainder of the year, our 2022 full year *total revenues* as reported would be negatively impacted by about $25 million, relative to the revenues based on the exchange rates in effect when we determined our full year 2022 outlook at the beginning of the year, with *adjusted EBITDA margin* still approximately 33%. "

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Advancing Infrastructure

Press Release

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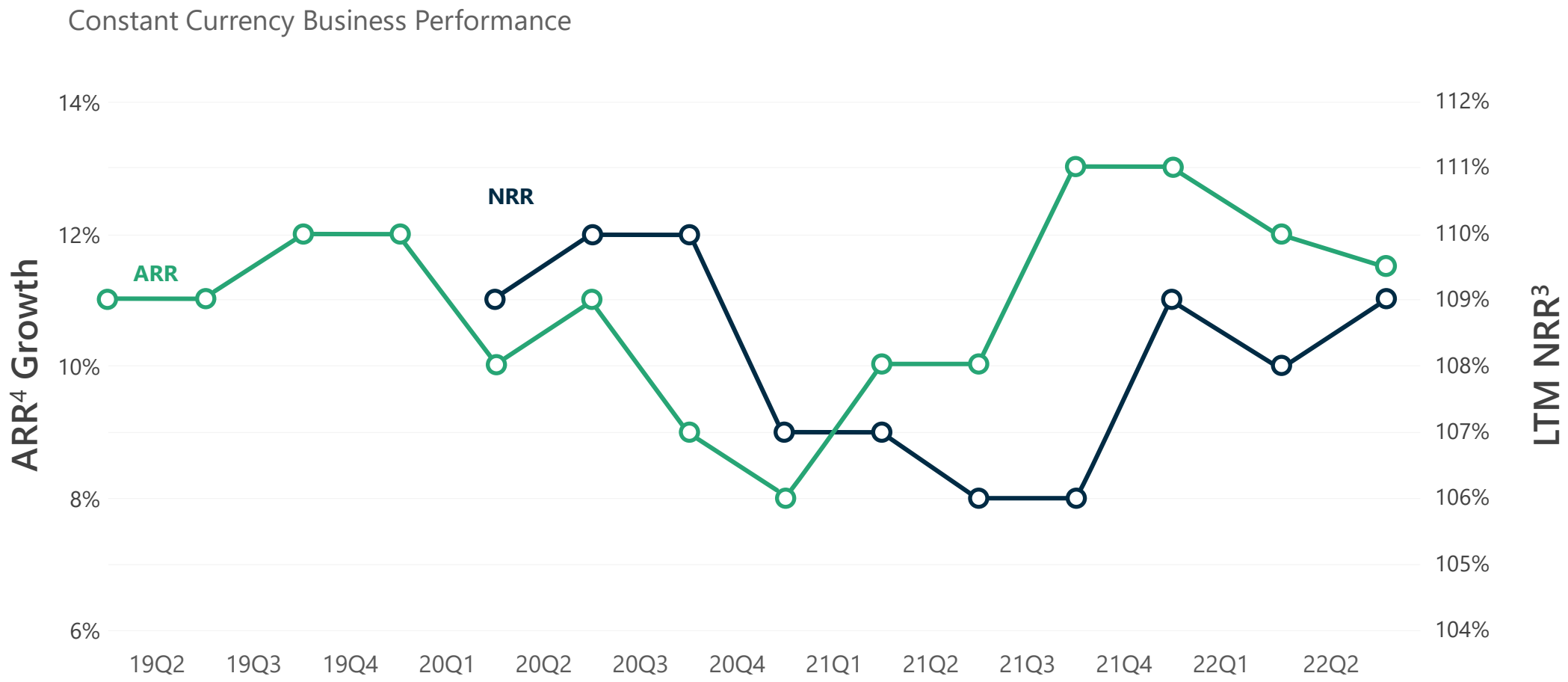
Historical ARR Growth and NRR Growth



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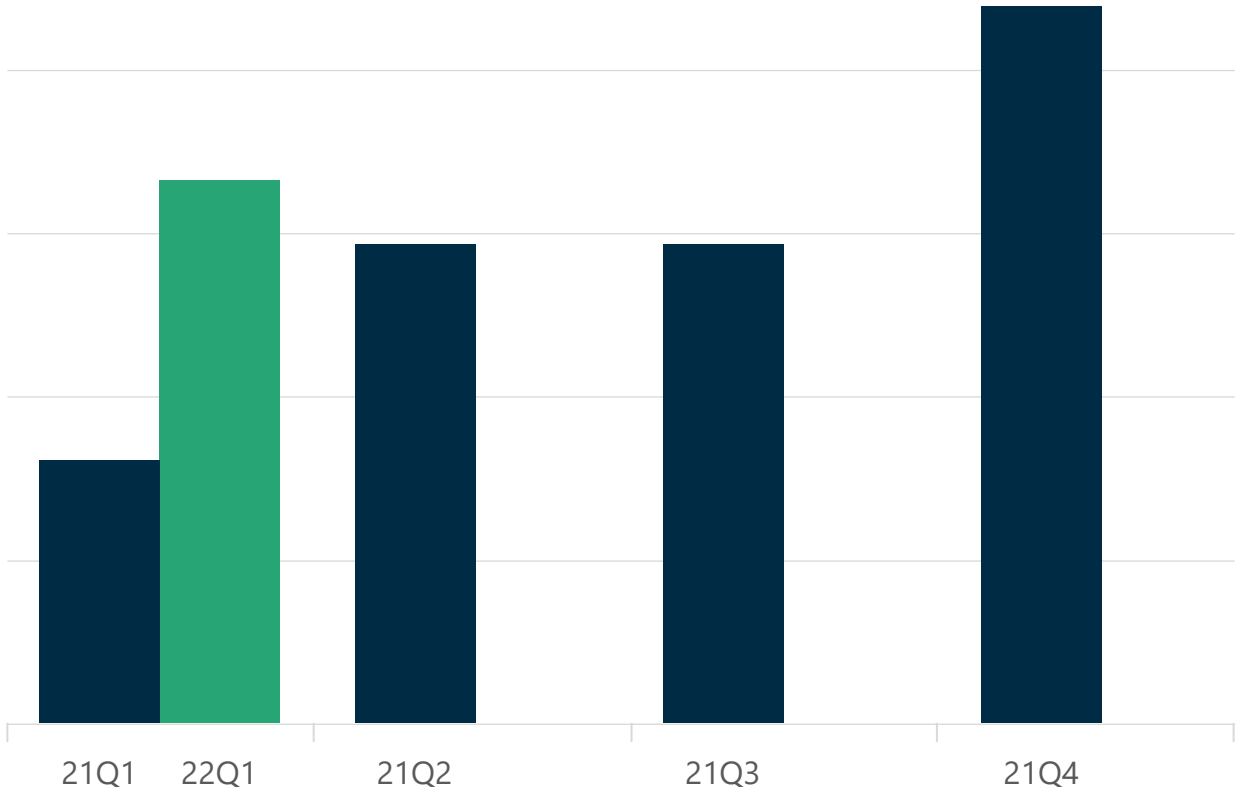
Virtuosity *New Business*

As presented at our 22Q1 Operating Results Call



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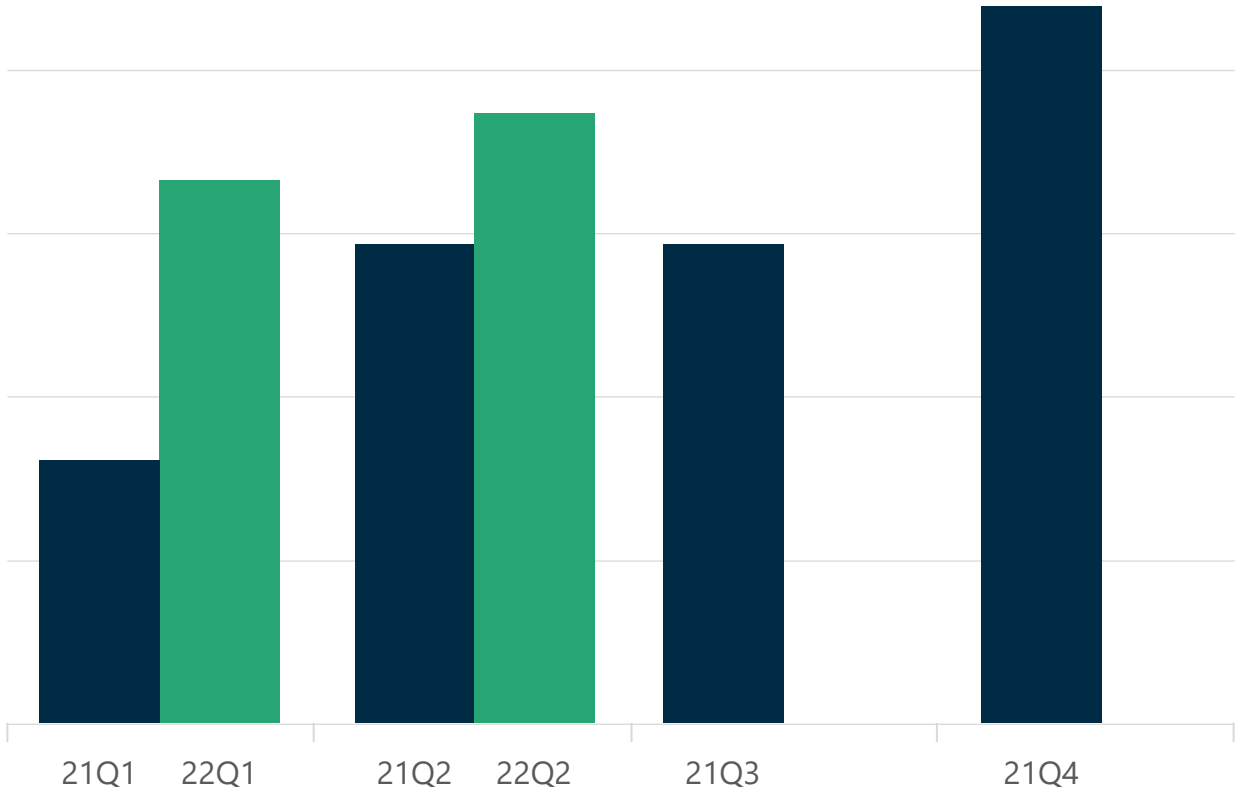
Virtuosity *New Business*



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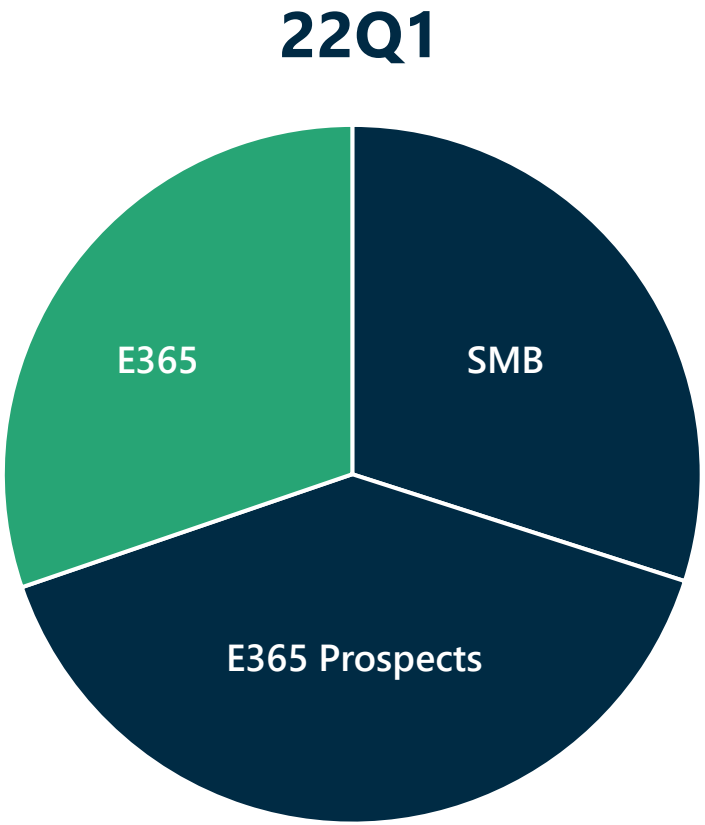
ARR by *Commercial Model*

As presented at our 22Q1 Operating Results Call



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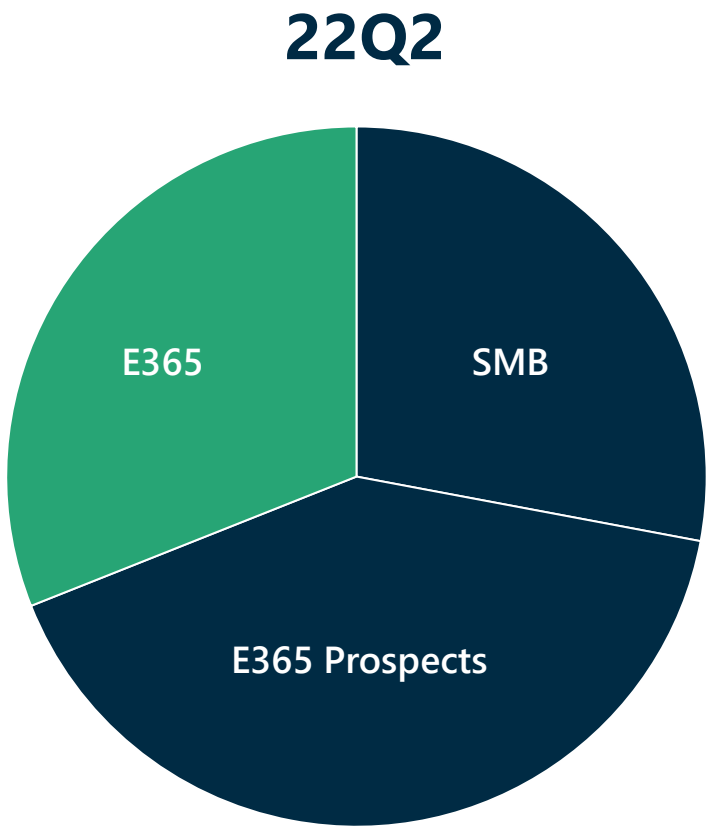
ARR by *Commercial Model*



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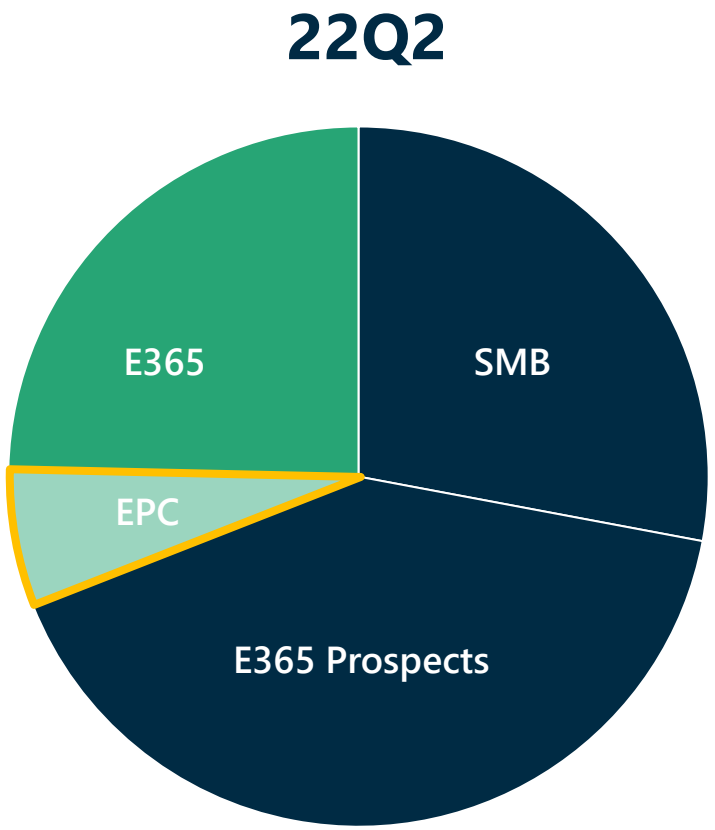
ARR by *Commercial Model*



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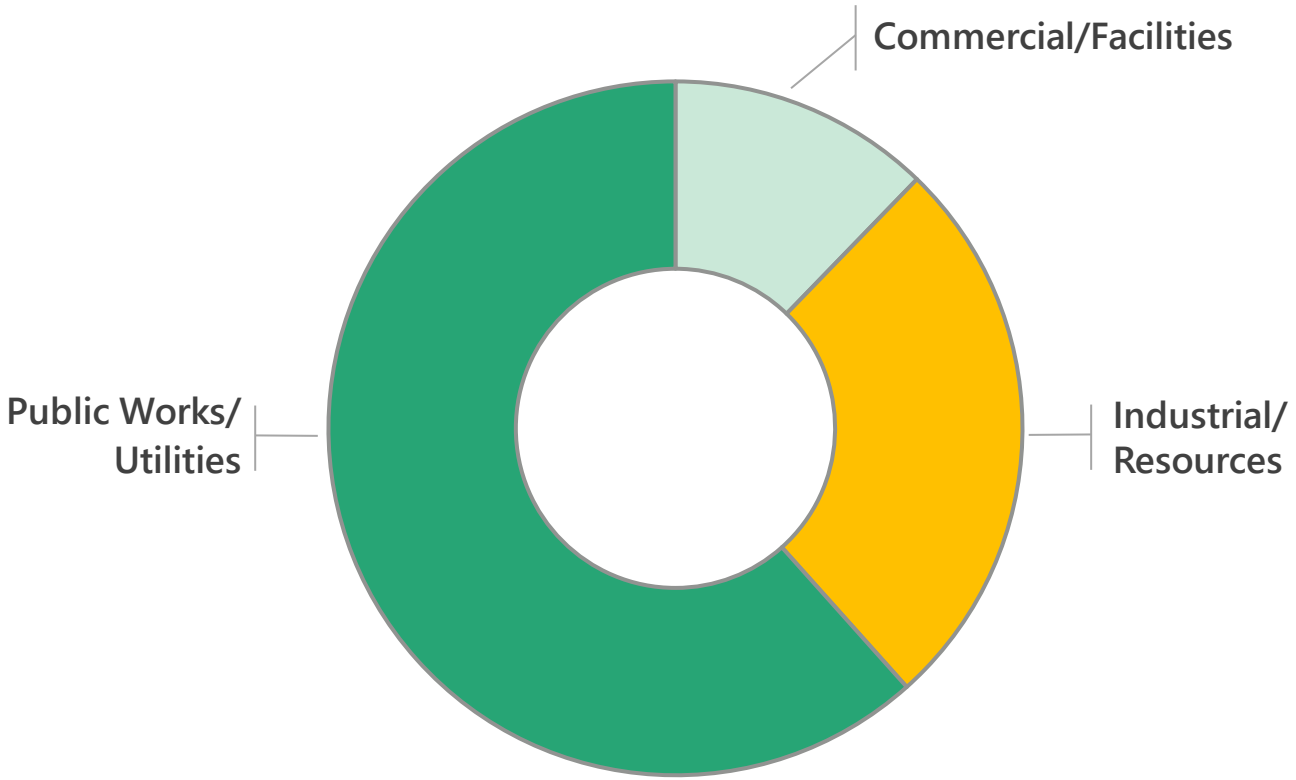
Application Usage Trends by *Infrastructure Sector*

As presented at our 22Q1 Operating Results Call



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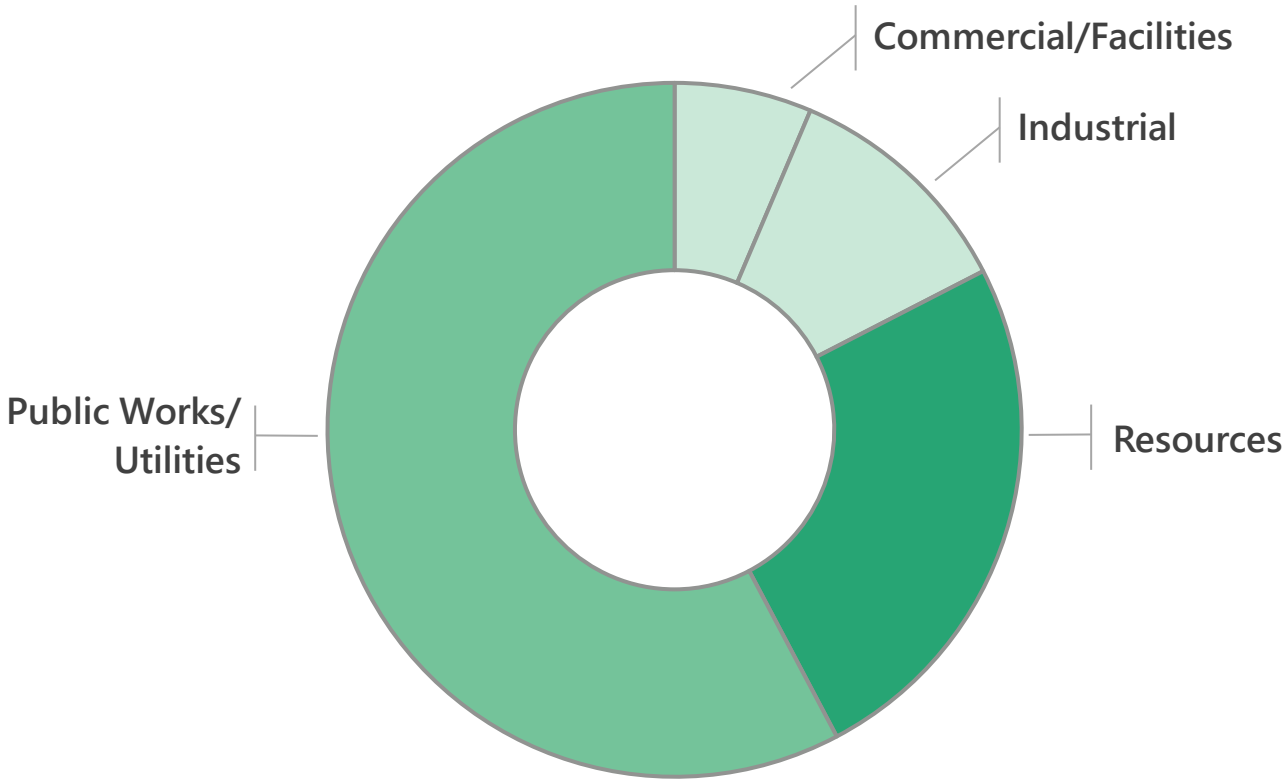
New Business / ARR by Infrastructure Sector



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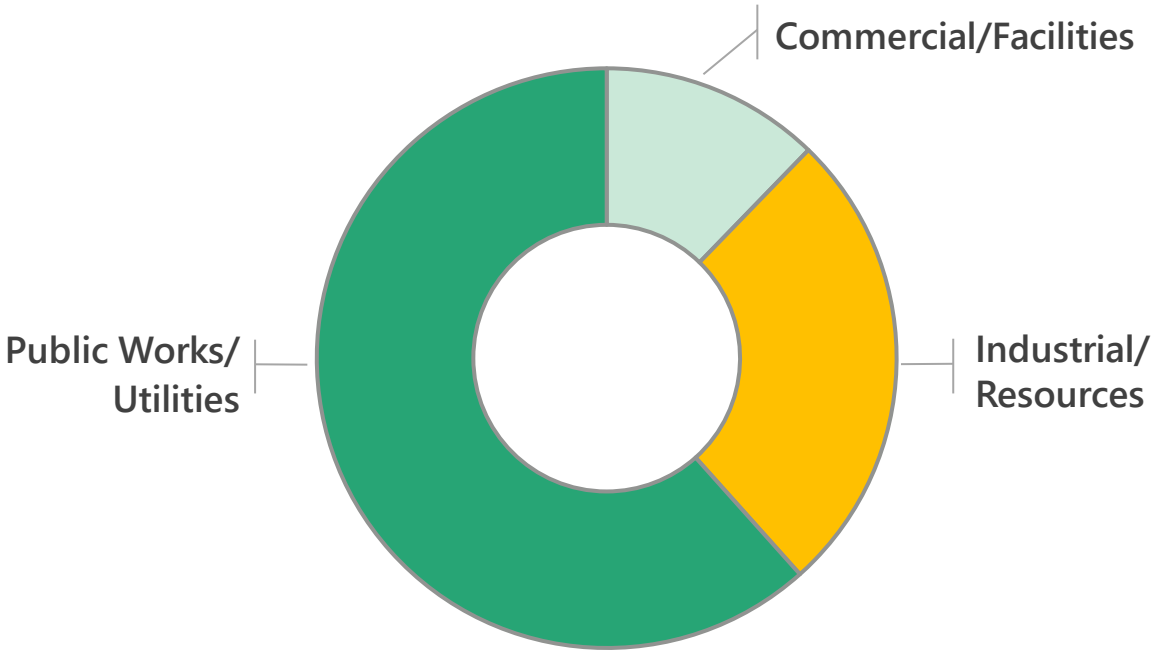
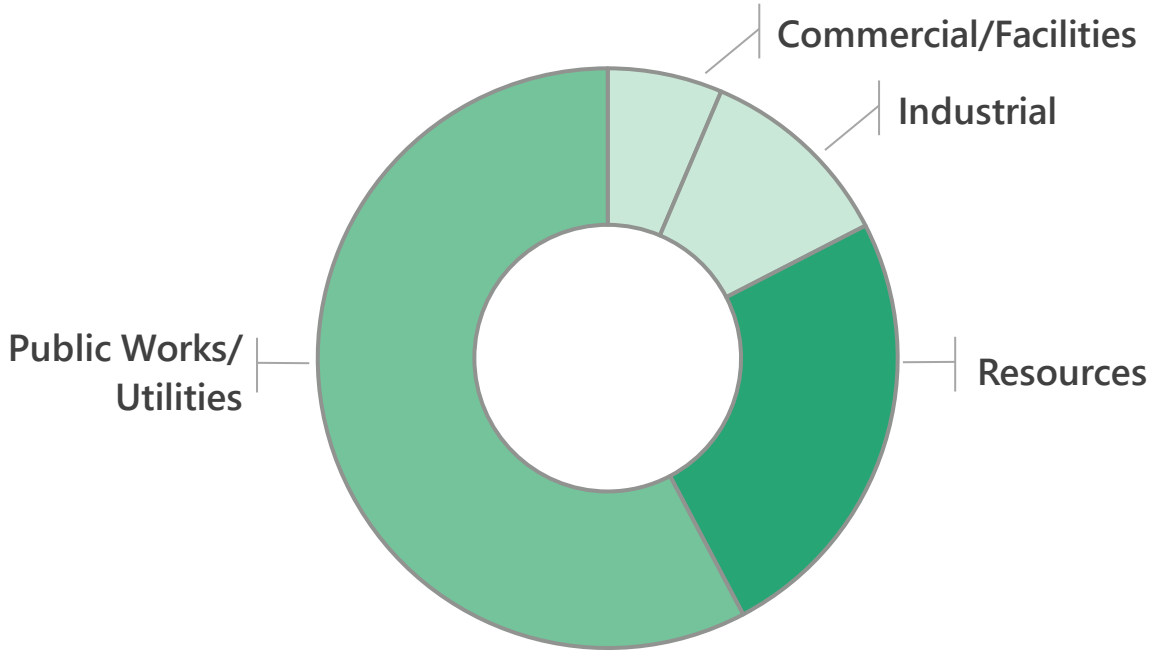
New Business / ARR by Infrastructure Sector

22Q1



22Q2



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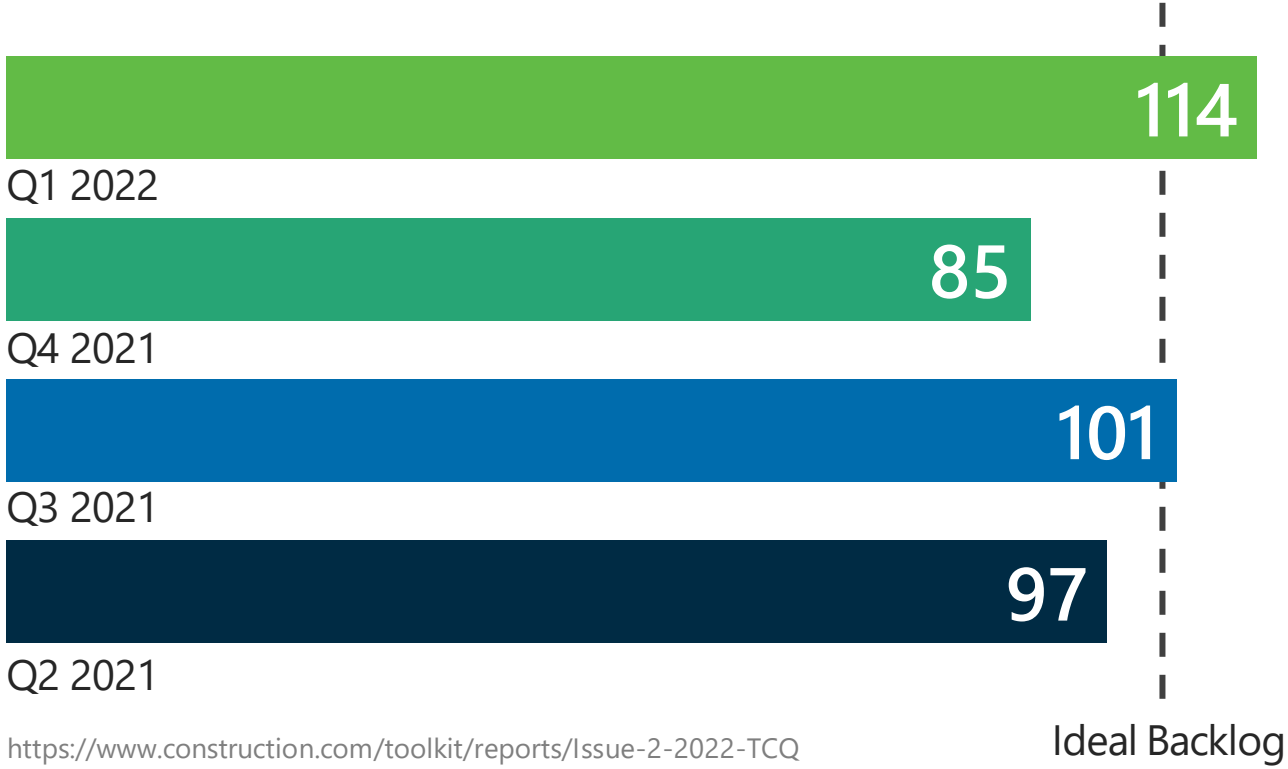
Ratio of Current to Ideal Backlog for Civil Engineers



https://www.construction.com/toolkit/reports/Issue-2-2022-TCQ

Source: Dodge Construction Network. Q1 2022 Quarterly Report

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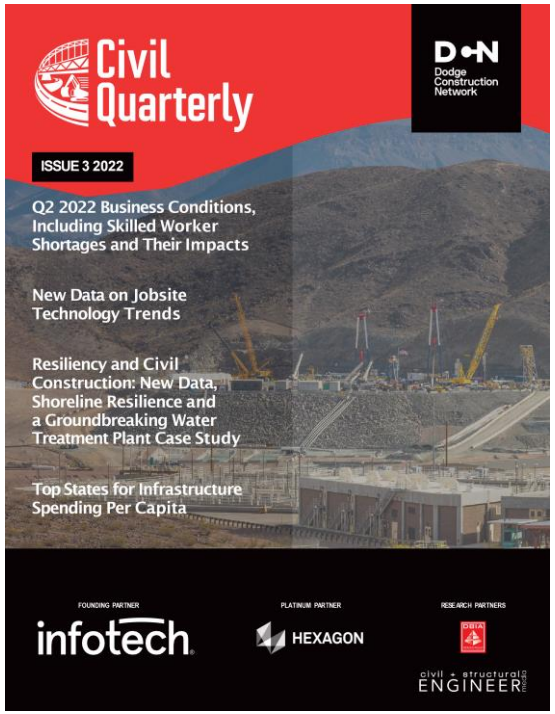
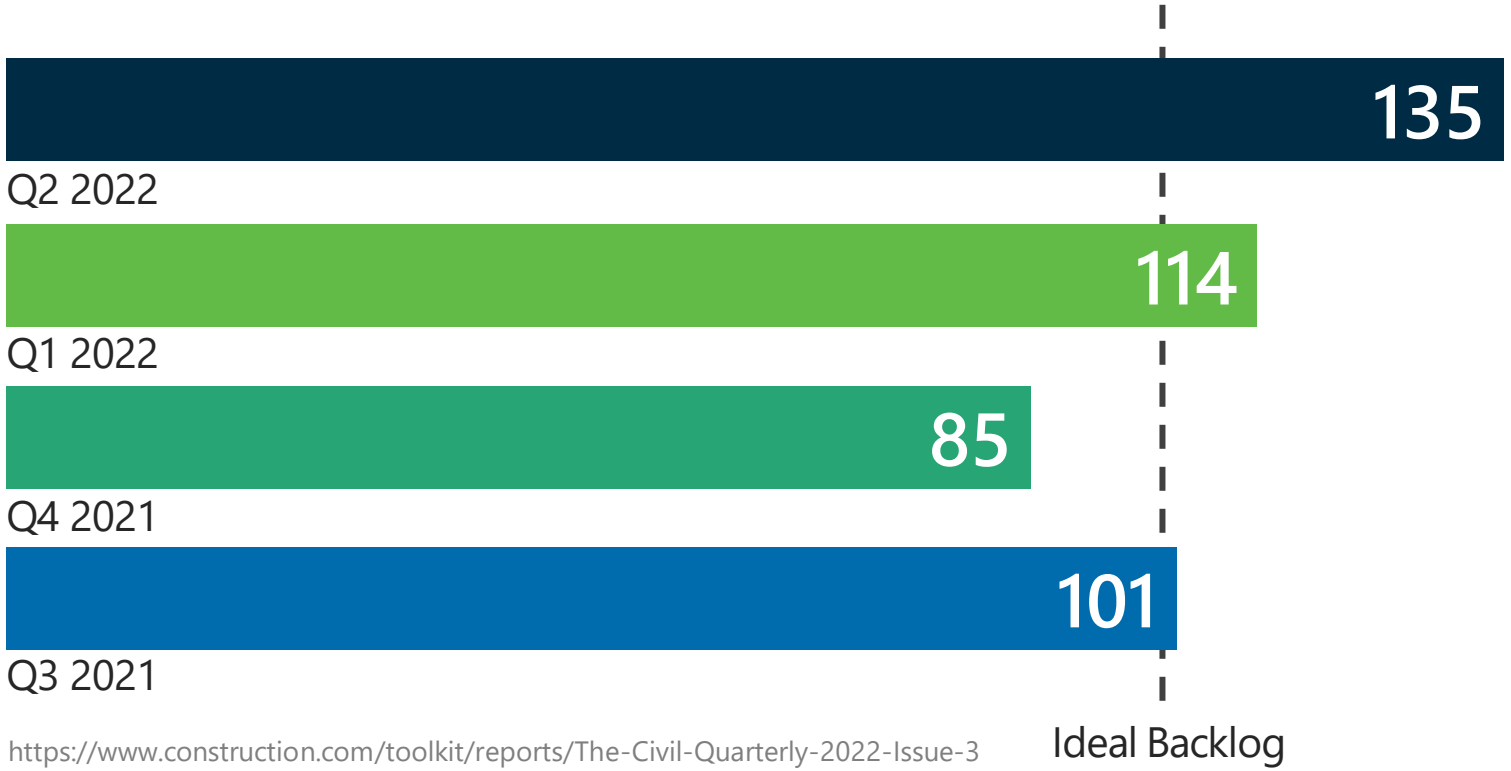
Ratio of Current to Ideal Backlog for Civil Engineers





https://www.construction.com/toolkit/reports/The-Civil-Quarterly-2022-Issue-3

Source: Dodge Construction Network. Q2 2022 Quarterly Report

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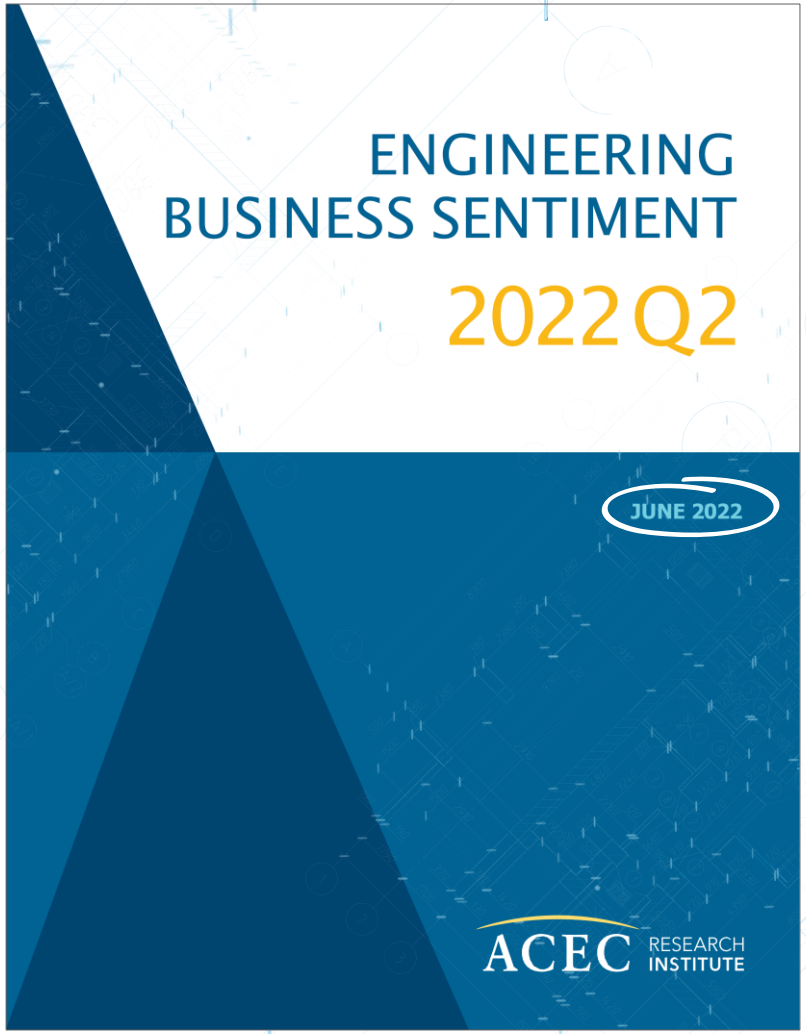
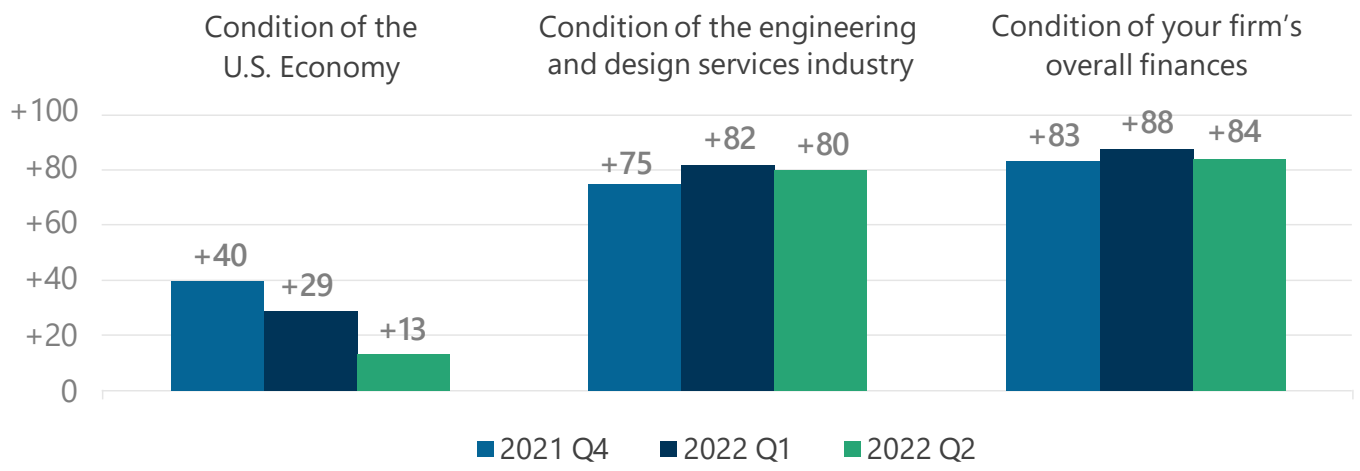


https://programs.acec.org/impact-report-21/

Current Economic Sentiment vs. Last Quarter



Source: ACEC Research Institute Engineering Business Sentiment © | 2022 Q2

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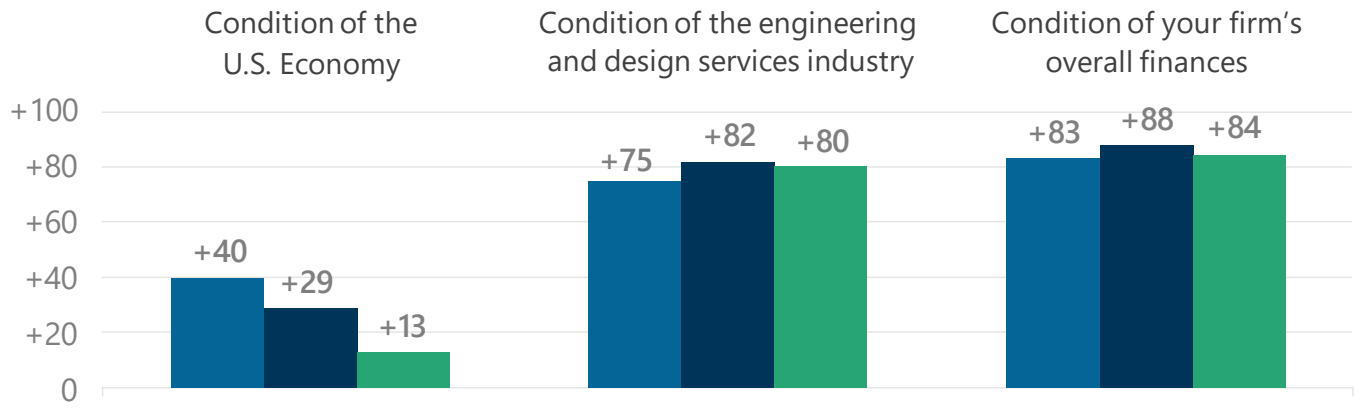
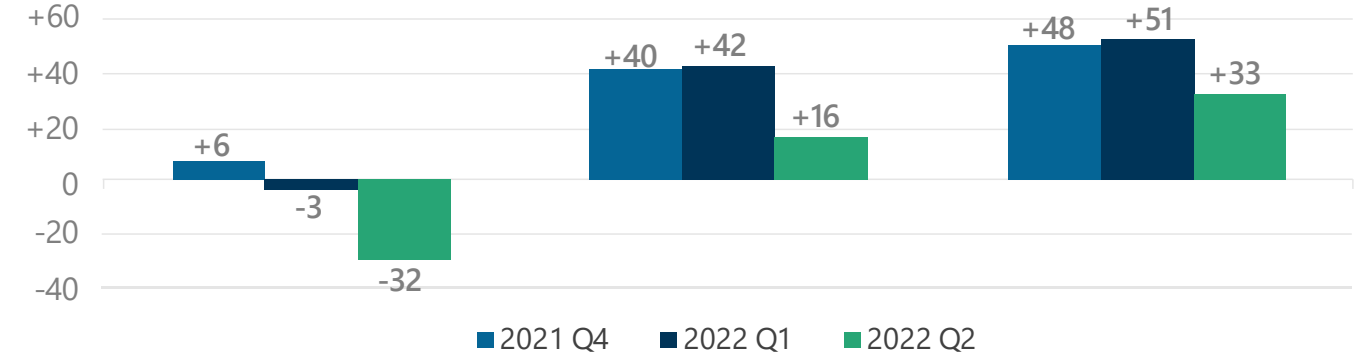
Current Economic Sentiment vs. Last Quarter



12 months from now



Source: ACEC Research Institute Engineering Business Sentiment © | 2022 Q2

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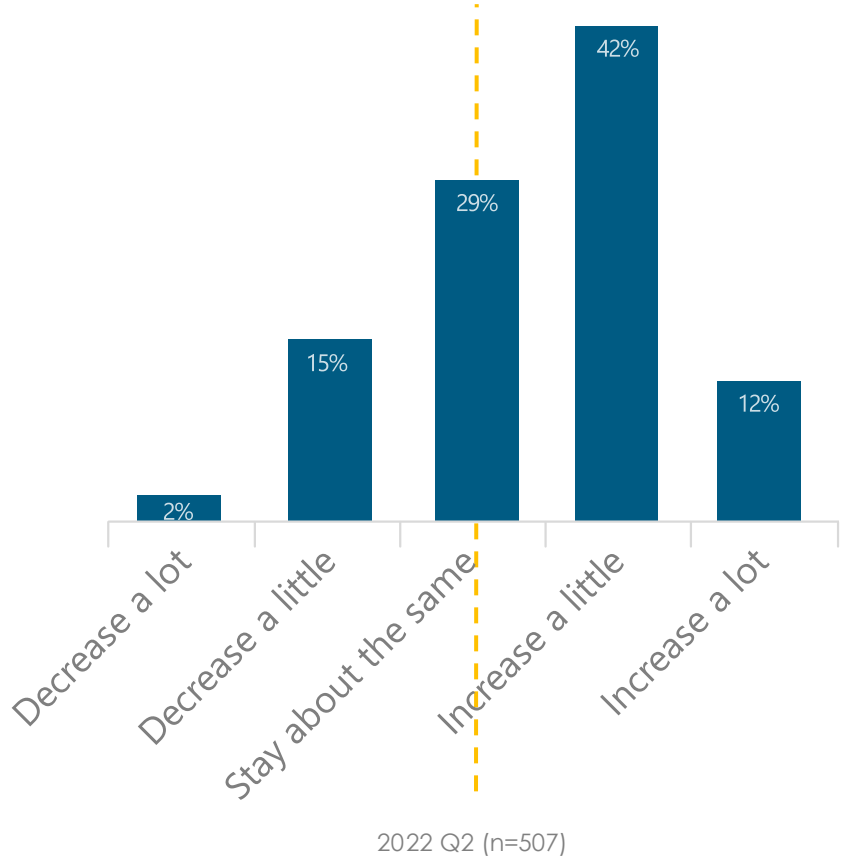
Backlog *12 Months from Now*



Source: ACEC Research Institute Engineering Business Sentiment © | 2022 Q2

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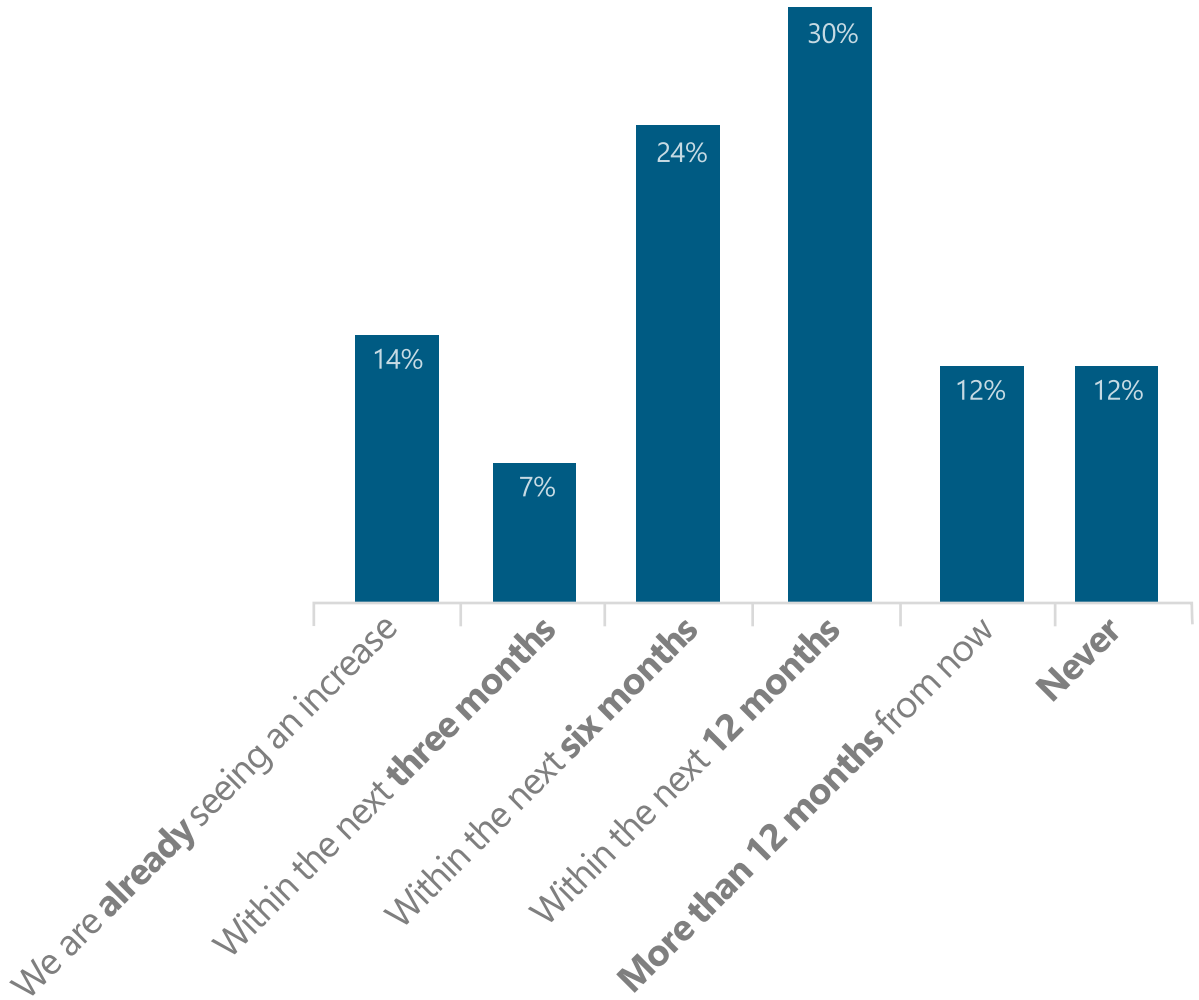
Increase in Projects as a Result of IIJA



Source: ACEC Research Institute Engineering Business Sentiment © | 2022 Q2

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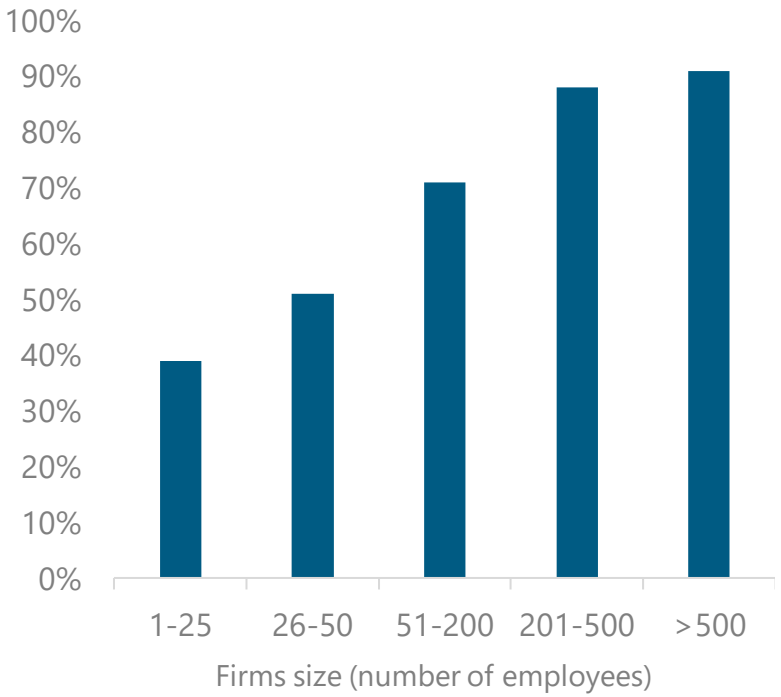
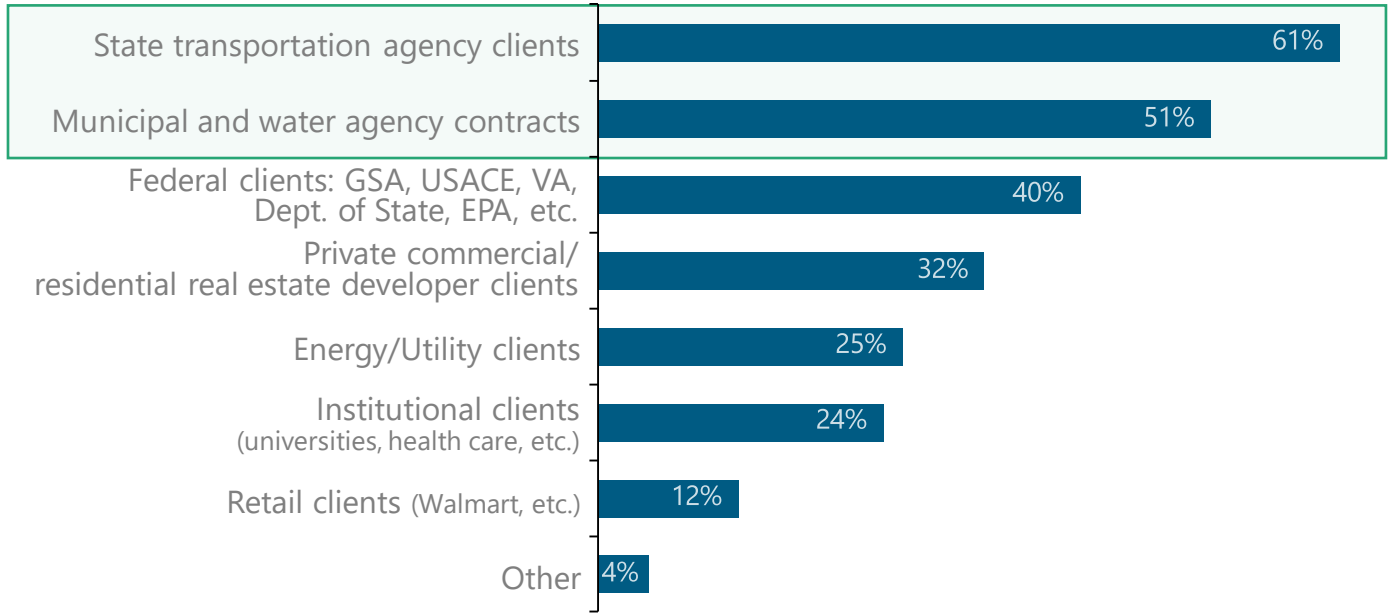
Escalation Clauses

Use of Escalation Clauses in Multi-Year Contracts



Types of Clients with Escalation Clauses



2022 Q2(n=309)

Source: ACEC Research Institute Engineering Business Sentiment © | 2022 Q2

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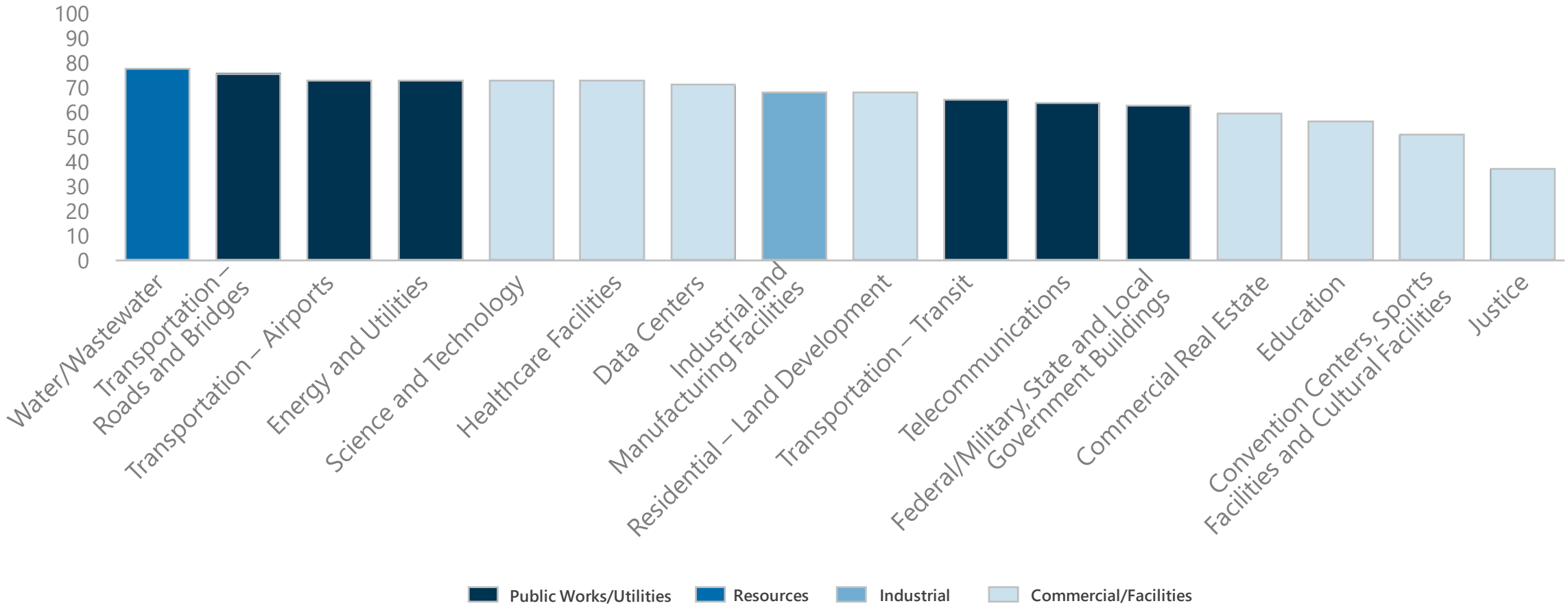
Current Industry Sentiment by *Sector*



Source: ACEC Research Institute Engineering Business Sentiment © | 2022 Q2

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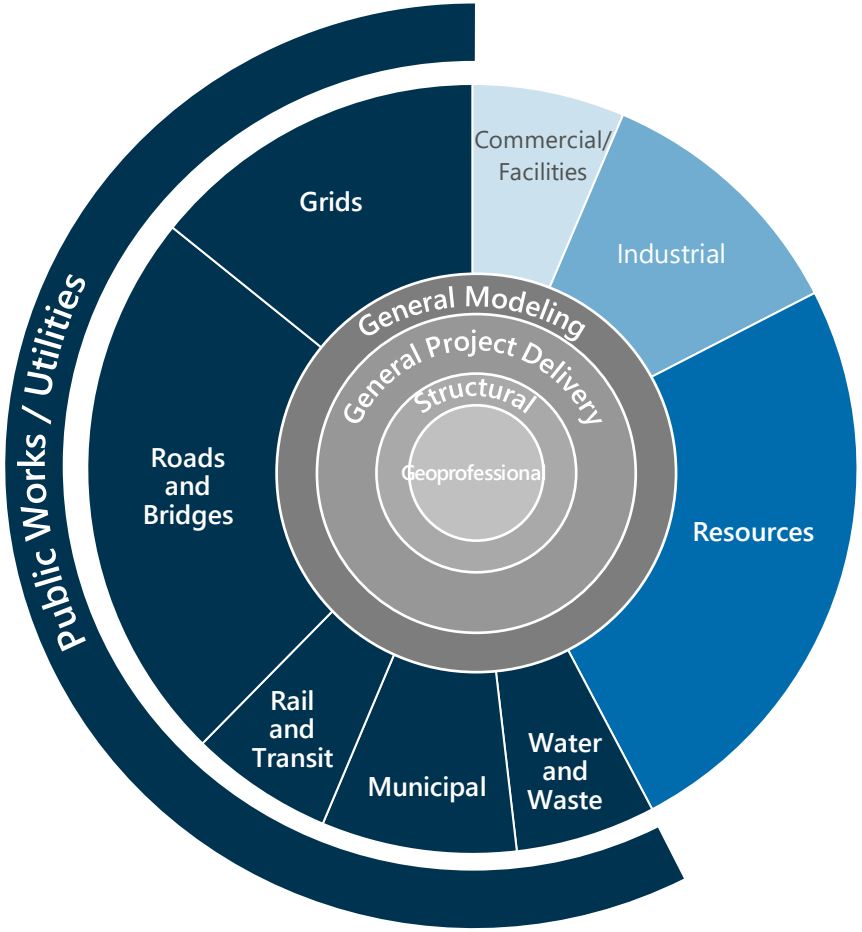
ARR[4] by *Infrastructure Sector and Discipline*



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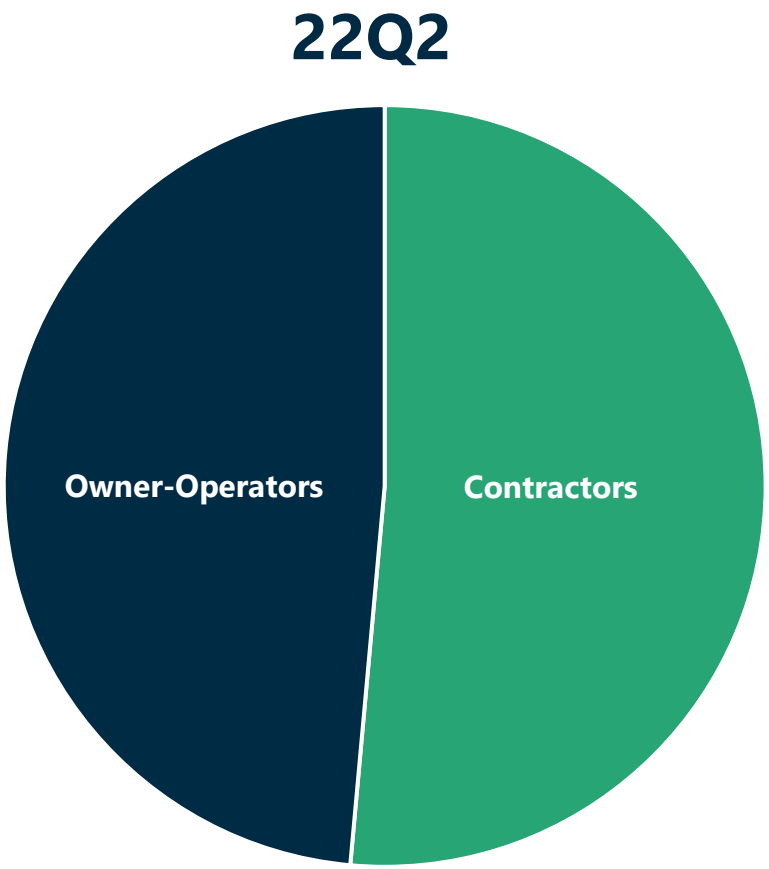
ARR[4] by *Account Type*



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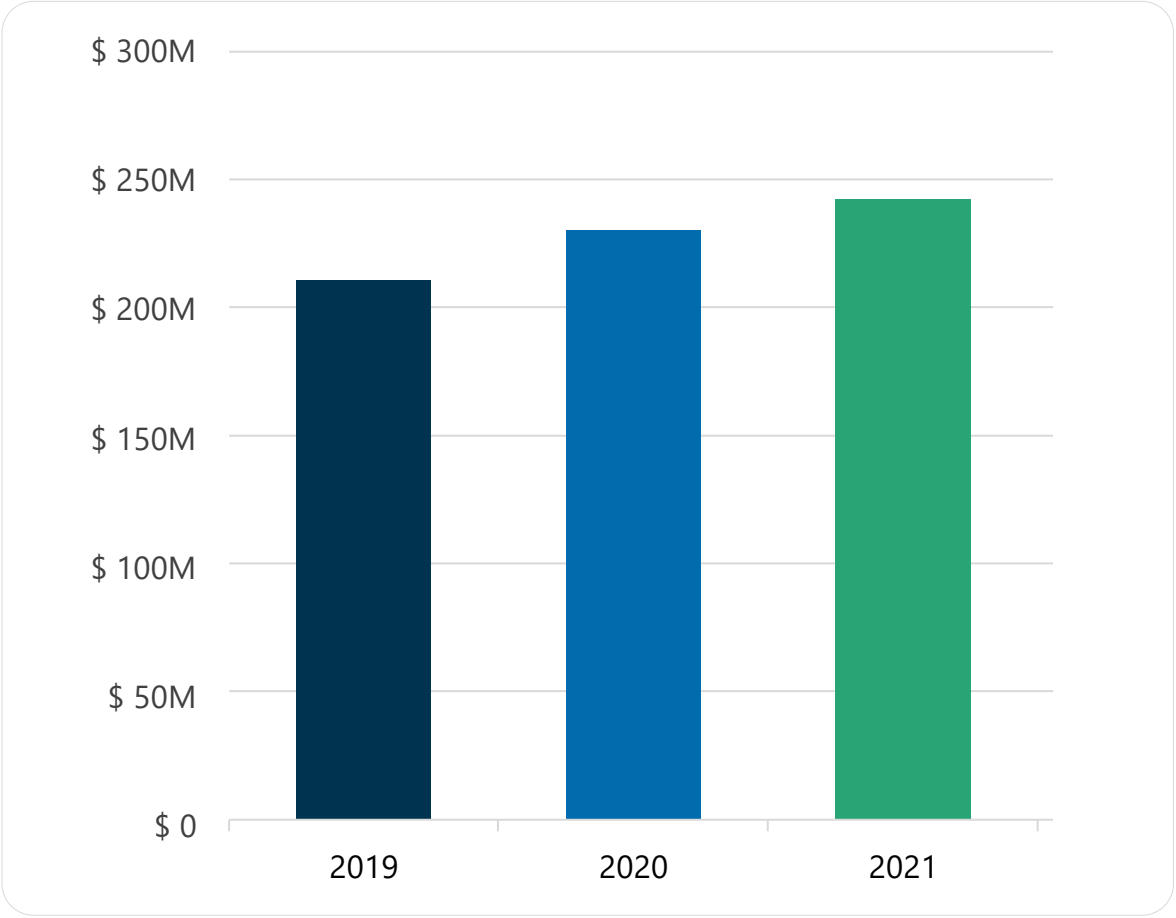
ENR Top Design Firms: *BSY Runrate*

As presented at our 21Q4 Operating Results Call



BSY Runrate (ARR + License Sales + Services)

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AECOM
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FUGRO
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NV5 BEYOND ENGINEERING
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Stantec
SWECO
TECNICAS REUNIDAS
TETRA TECH
wood.
Worley energy | chemicals | resources
wsp

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Claire Rutkowski will be expanding our Industry Solutions group, which until now has been dedicated only to owner-operators in our end markets, to lead our offerings and advocacy for engineering firms globally.

Claire Rutkowski

SVP, Engineering Firm Solutions, CIO Champion

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Operational Perspectives

Nicholas Cumins, Chief Operating Officer

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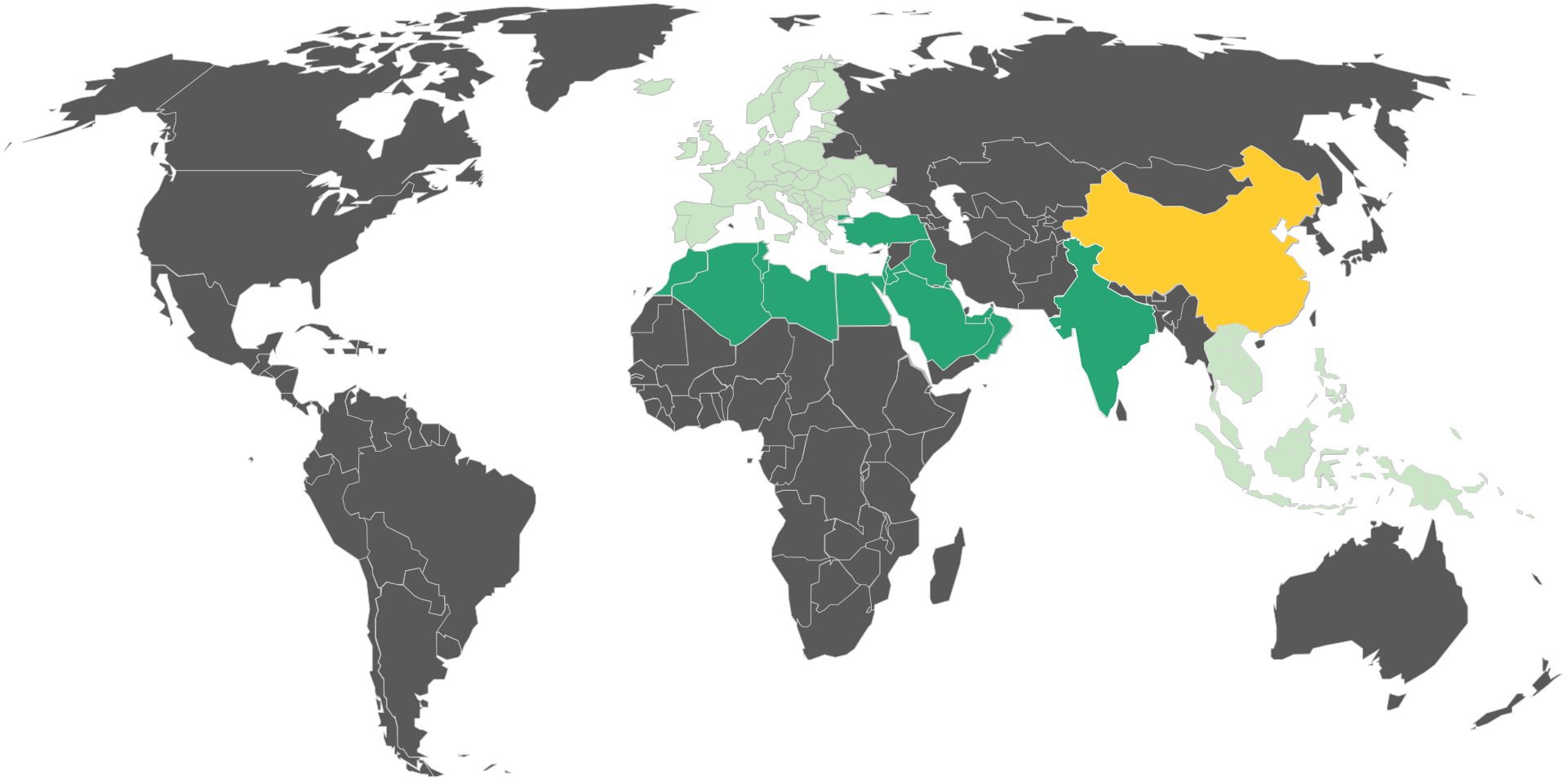
Notable Developments in New Business *Across Geographies*



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The ability to analyze thousands of images via AI and machine learning, and drape those cracks on the model via Bentley products, is really a game changer for inspecting assets—whether they be bridges or dams.

Carlos Femmer
Associate Vice President Data Acquisition
Cross Sector Director
HDR

Diablo Dam Digital Twin Modeling

The Year in INFRASTRUCTURE and GOING DIGITAL AWARDS

WINNER IN REALITY MODELING
HDR I Whatcom County, Washington, United States

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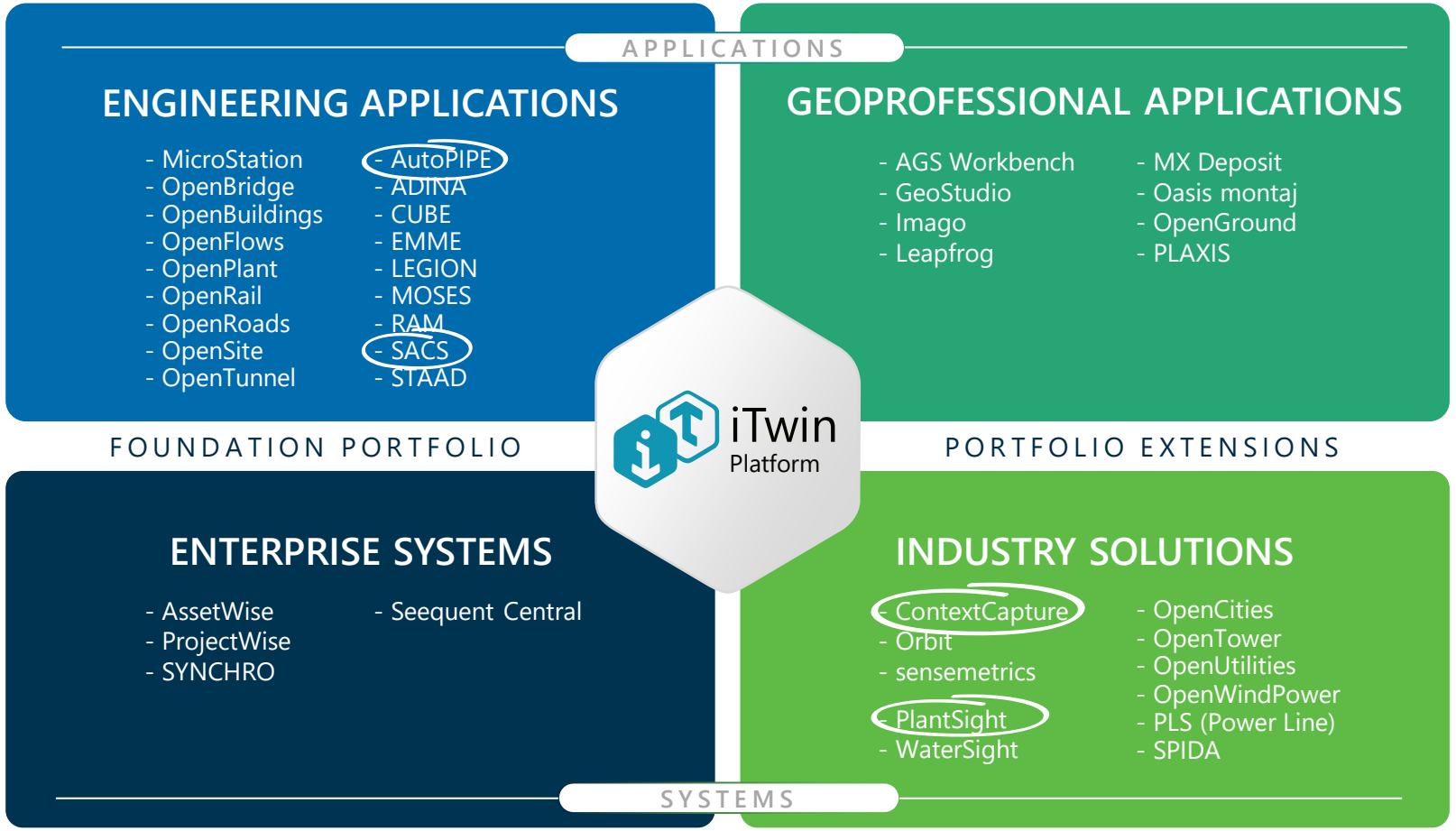
Notable Developments in New Business *Across Products*



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Press Release
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+1 203 805 0432
Christine.Byrne@bentley.com
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Managing More than 80,000 Miles of Roads, Texas DOT Implements a Digital Delivery Initiative for New Bridge Projects

Innovative Technology Advances High-quality Bridge Design and Construction

EXTON, Pa. – July 20, 2022 – Bentley Systems, Incorporated (Nasdaq: BSY), the infrastructure engineering software company, wishes to recognize Texas Department of Transportation (TxDOT). With more than 80,000 centerline miles of highway and more than 14,000 employees statewide, TxDOT manages the largest highway system in the United States. TxDOT continues to lead the way in this industry by improving its roads and bridges with advancements in technology.

TxDOT's stated vision is to deliver mobility, enable economic opportunity, and enhance the quality of life for all Texans. In this spirit, TxDOT has launched their Bridge Digital Delivery initiative, using Bentley's OpenBridge software for all new bridge projects effective June 1, 2022. Their TxDOT Bridge initiative is part of a larger Digital Delivery initiative that also includes roads and highways.

The initiative that TxDOT is moving toward comprises the Digital Delivery of Digital Twin models for bidding and construction projects using 3D models created during the design process. TxDOT recognizes how this innovative project delivery provides advantages over traditional methods. The use of intelligent 3D models enables better designs to ensure project intent and faster constructability reviews, reducing change orders and requests for information.

"I would like to express my congratulations and appreciation to the teams that are carrying forward the vision for 3D Digital Twin design at TxDOT," said Jacob Tambunga, director of plan development with TxDOT. "Tremendous initiatives, like these, will continue to take much teamwork and skill for successful outcomes. We look forward to continuing our work with Bentley on bringing Digital Delivery and a Digital Twin to the State of Texas."

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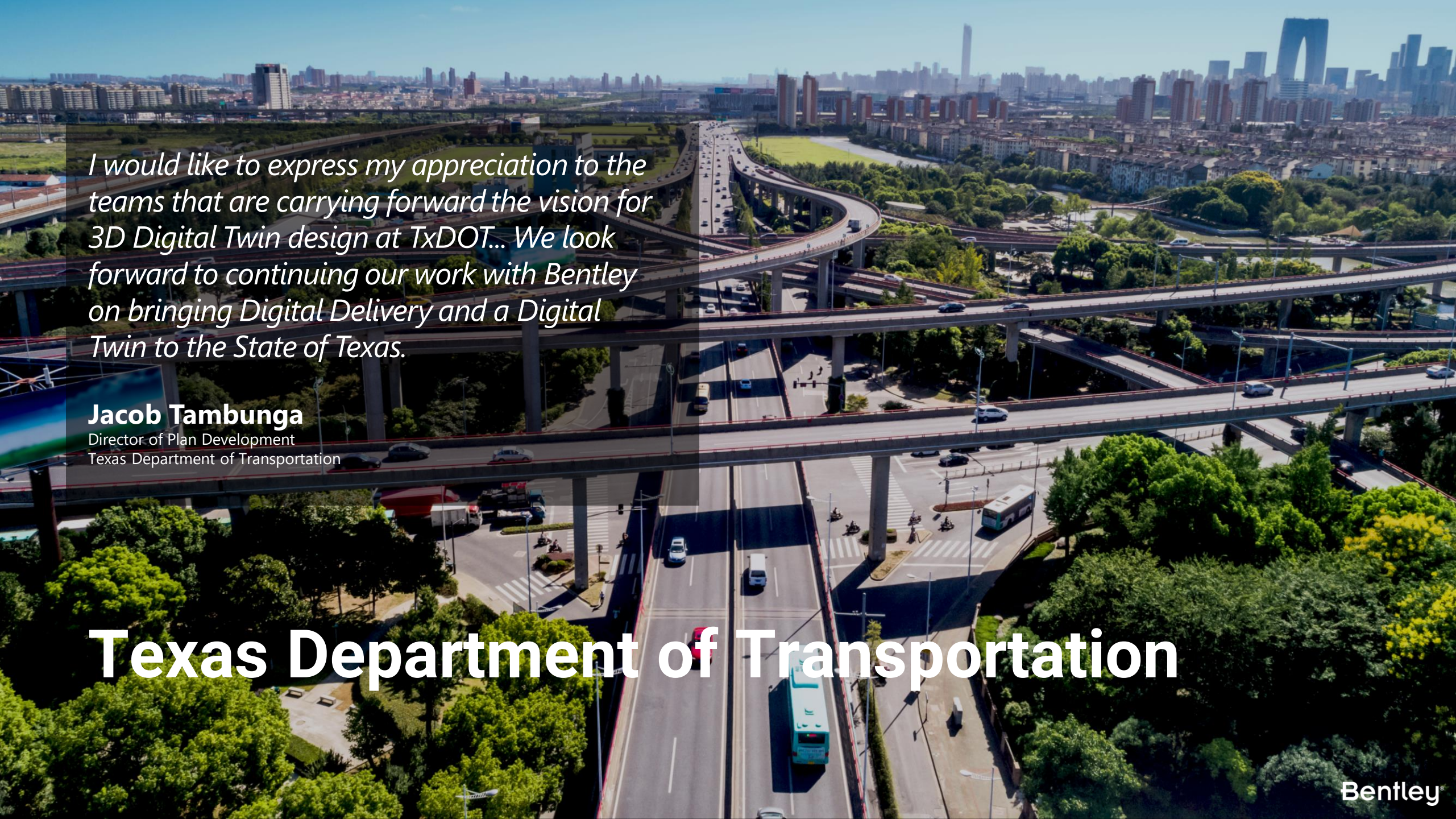

I would like to express my appreciation to the teams that are carrying forward the vision for 3D Digital Twin design at TxDOT... We look forward to continuing our work with Bentley on bringing Digital Delivery and a Digital Twin to the State of Texas.

Jacob Tambunga
Director of Plan Development
Texas Department of Transportation

Texas Department of Transportation

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Bentley | BSY Investments

As presented at our 21Q4 Operating Results Call

INVESTING IN BUSINESSES, ENTREPRENEURS AND AN ECOSYSTEM FOR INFRASTRUCTURE DIGITAL TWIN ADOPTION

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Corporate Developments

David Hollister, Chief Investment Officer

Bentley

TERALYTICS

Teralytics Boosts North American Presence and Global Reach through the Acquisition of Streetlytics from Bentley Systems

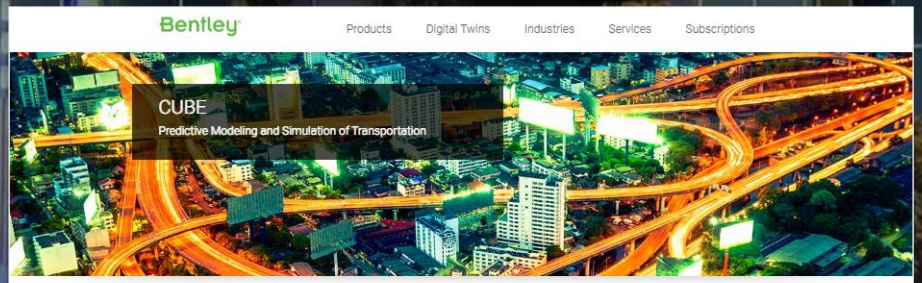
ZÜRICH – July 26, 2022 – Teralytics, the global platform for human mobility analysis, today announced it has acquired the Streetlytics mobility data business from Bentley Systems (Nasdaq: BSY), the infrastructure engineering software company.

Streetlytics' team of mobility data analytics experts, led by industry veteran Michael Clarke, will boost Teralytics' capabilities and grow their presence in the North American market. Mr. Clarke, who was the former President and CEO of Citilabs, will join Teralytics in the newly appointed role of President, reporting directly to Teralytics' CEO, David Reed. Bentley has partnered with Teralytics to leverage the company's data services for Bentley's mobility simulation solutions, which support transportation planners and engineers around the globe. As part of the transaction, Bentley is investing in Teralytics and will join its Board of Directors. Teralytics' existing investors are also taking part in the round.

"The Streetlytics' mission and values align perfectly with ours," said Mr. Reed. "Having the team on board will deepen our ability to serve customers across a number of industries through our truly global, independent analytics platform. We are also looking forward to partnering with Bentley, whose global reach opens new opportunities for Teralytics to deliver our insights at scale."

Streetlytics delivers mobility analytics for audience measurement across the out-of-home advertising industry in the United States and Canada, as well as to experts in real estate, retail, transportation planning, traffic engineering and air quality analysis. Teralytics analyzes data from a diverse set of sources, applying powerful data science to create transformative insights into human mobility. The integration of the Teralytics and Streetlytics technical stacks will create a powerful scalable mobility analytics platform providing unmatched global data coverage and insights.

"I am thrilled for our team to be joining Teralytics, whose quest to improve decision-making in governments and businesses through mobility analytics matches our own beliefs and ambitions," said Mr. Clarke. "Global, always-on understanding of mobility has never been more relevant, as governments and operators seek to plan, design, operate and maintain effective, efficient and sustainable transportation systems during a period of

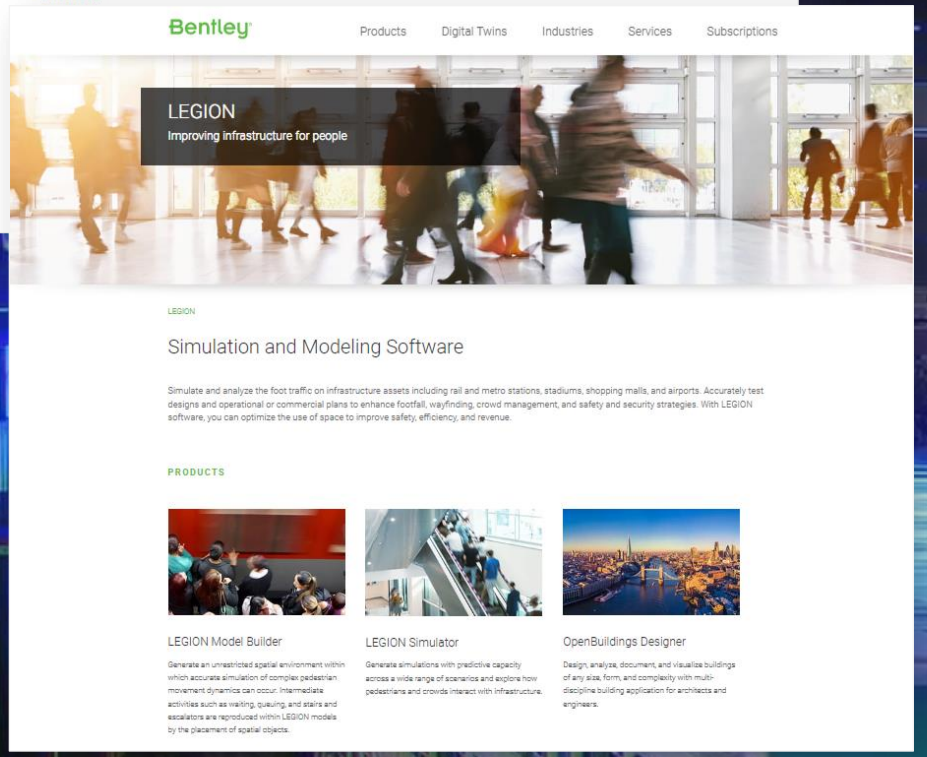


Transportation and Land-use Modeling

Citilabs' CUBE is an open modeling software used by planners and engineers to analyze the effects of new projects and policies on a city's transportation network, land-use, and its population. It is used to develop and apply predictive multi-modal transportation models, as part of a city's overall digital twin, to simulate how changes in infrastructure, operations, technology, and demographics will impact movement and accessibility of a given area. CUBE covers all aspects of transportation to help you better understand the impact before implementation, including:

- CUBE Voyager for macroscopic movement of people and vehicles
- CUBE Avenue for mesoscopic traffic modeling
- CUBE Cargo for freight modeling
- CUBE Land for land-use modeling
- CUBE Dynasim for microscopic traffic simulation
- CUBE Access for metrics on people's accessibility to valued destinations, such as employment, health services, transportation hubs, and entertainment.

PRODUCTS



Bentley | BSY Investments

As presented at our 21Q4 Operating Results Call

Pre-Seed | Seed | Early | Growth | Maturity

iTwin Platform, Partner Programs, Developer Tools and Support

iTwin Ventures
Ecosystem Sponsorship Program

Agile Handover · AKULAR · ALLVISION · BEYOND CAD · BURO HAPPOLD · CCTech · ClimaTwin · INESS 360 · Hepta · M2X.ai · PHOCAZ · RE scan · SILO AI

iTwin Ventures
Portfolio Investments

SewerAI · EVERCAM CONSTRUCTION CAMERAS · NIRICSON · Unearth · FutureOn

BSY Investments
M&A and Acceleration

POWER LINE SYSTEMS · The Cohesive Companies · VISTA DATA VISION · sensemetrics

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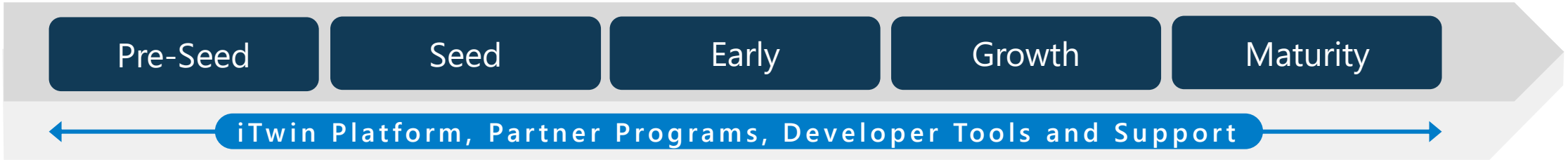
Bentley | BSY Investments



iTwin Ventures
Ecosystem Sponsorship Program

Agile Handover · AKULAR · ALLVISION · BEYOND CAD · BURO HAPPOLD · CCTech · ClimaTwin · INESS 360 · Hepta · M2X.ai · PHOCAZ · RE scan · SILO AI

iTwin Ventures
Portfolio Investments

SewerAI · EVERCAM CONSTRUCTION CAMERAS · Unearth · FutureOn · PLOTLOGIC · NIRICSON · transect · CONCENTRIC

BSY Investments
M&A and Acceleration

POWER LINE SYSTEMS · sensemetrics · VISTA DATA VISION · SPIDA SOFTWARE · eagle.io · Cohesive · maximoCon IT Services

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22Q2 Financial Performance

Werner Andre, Chief Financial Officer

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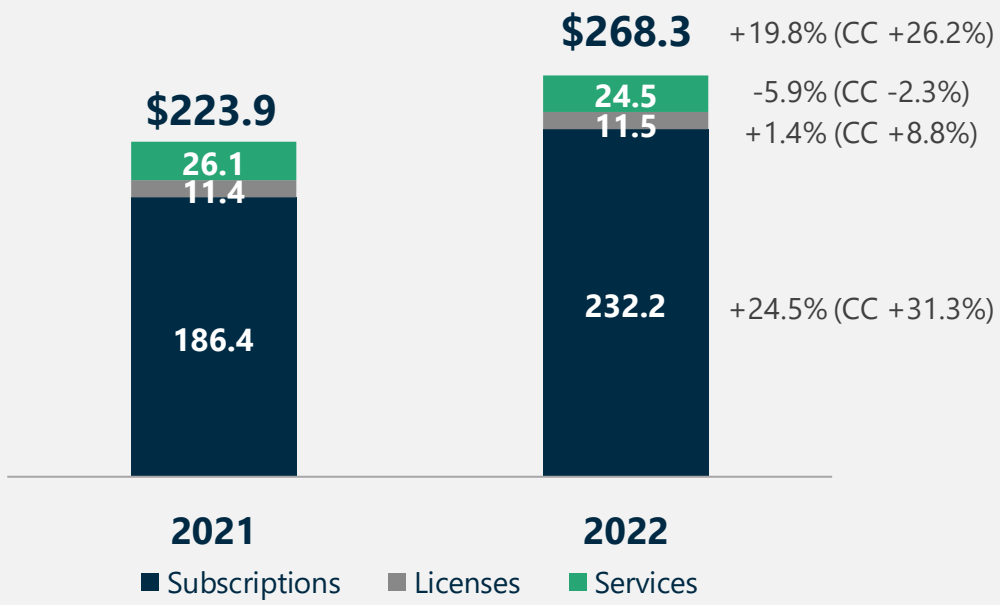
Revenue Performance

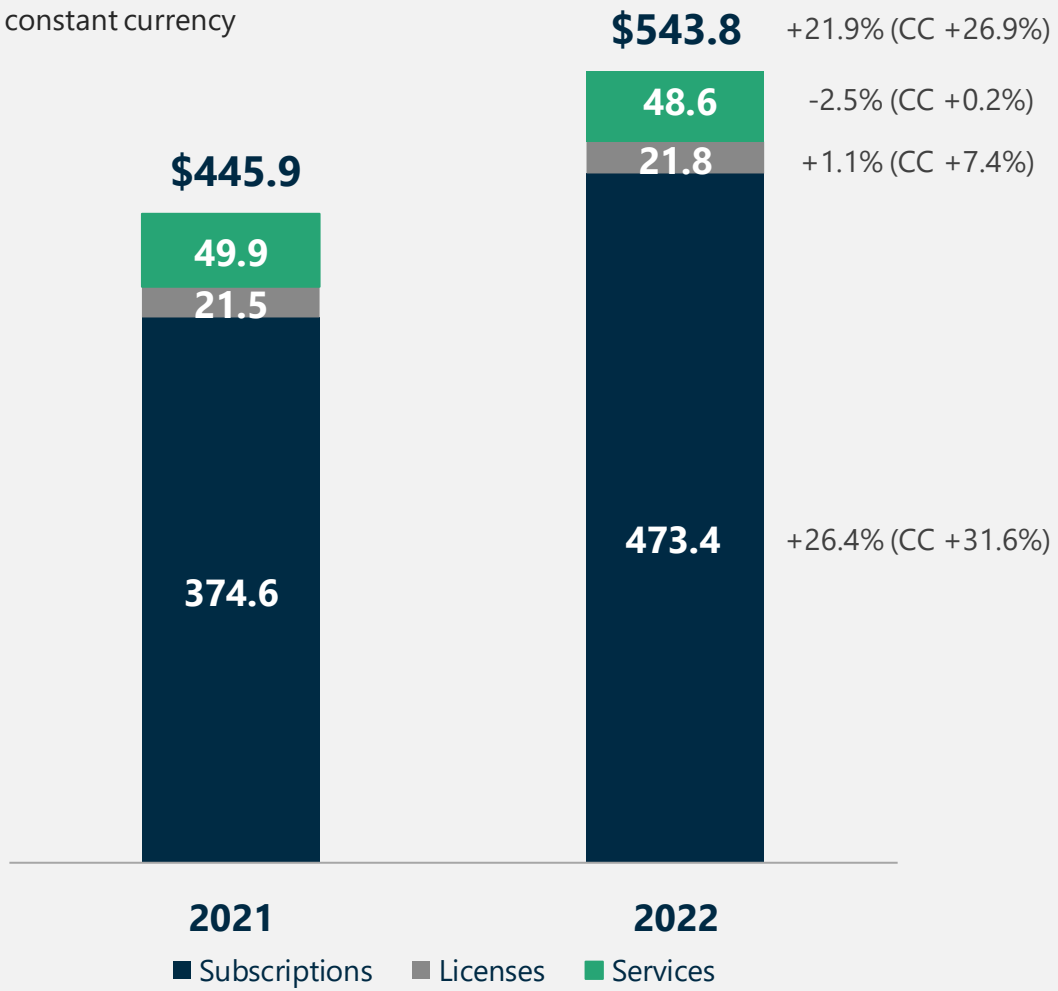
Second Quarter

$ in millions
CC constant currency



First Half

$ in millions
CC constant currency



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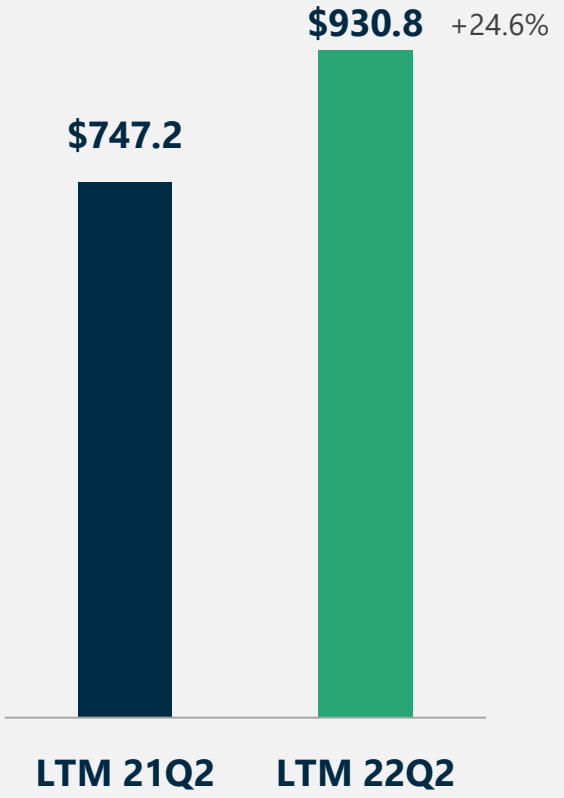
Recurring Revenue Performance

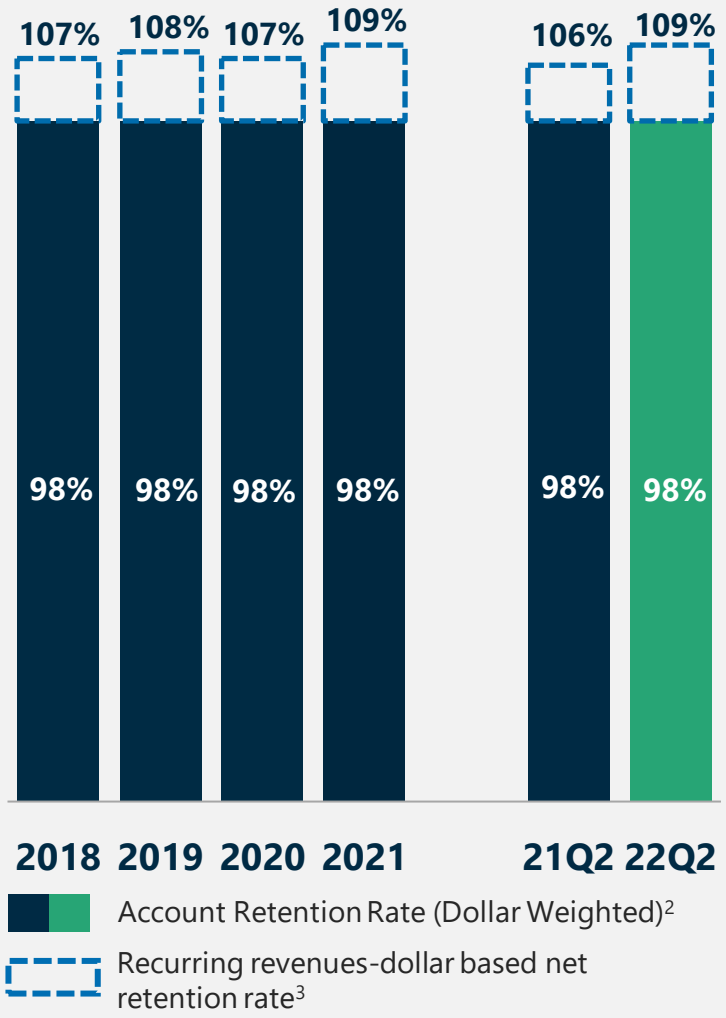
ARR[4]: 14% Y-o-Y constant currency growth
$971.9 million at 06/30/2022 spot

LTM Recurring Revenues[1]

$ in millions

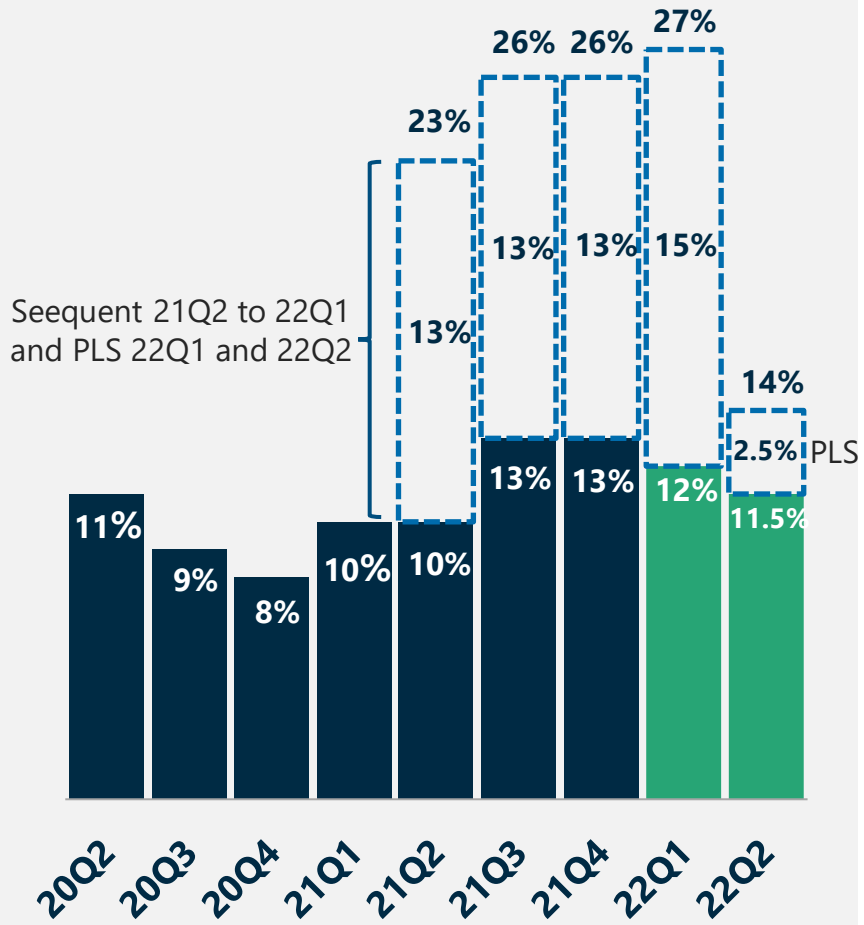


LTM Recurring Revenue Retention



Annualized Recurring Revenue (ARR)[4]

Constant Currency growth v. prior year



Footnotes 1, 2, 3, 4: See appendix for KPI and non-GAAP definitions and reconciliations

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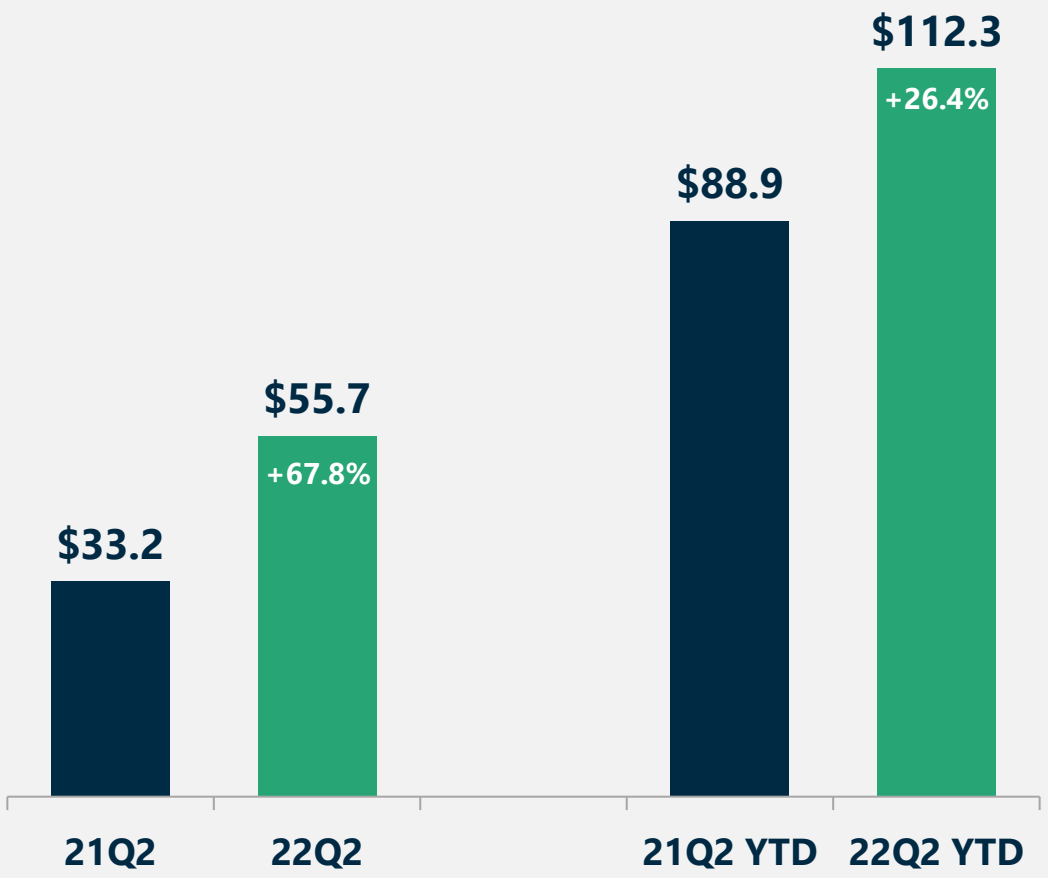
Profitability Performance

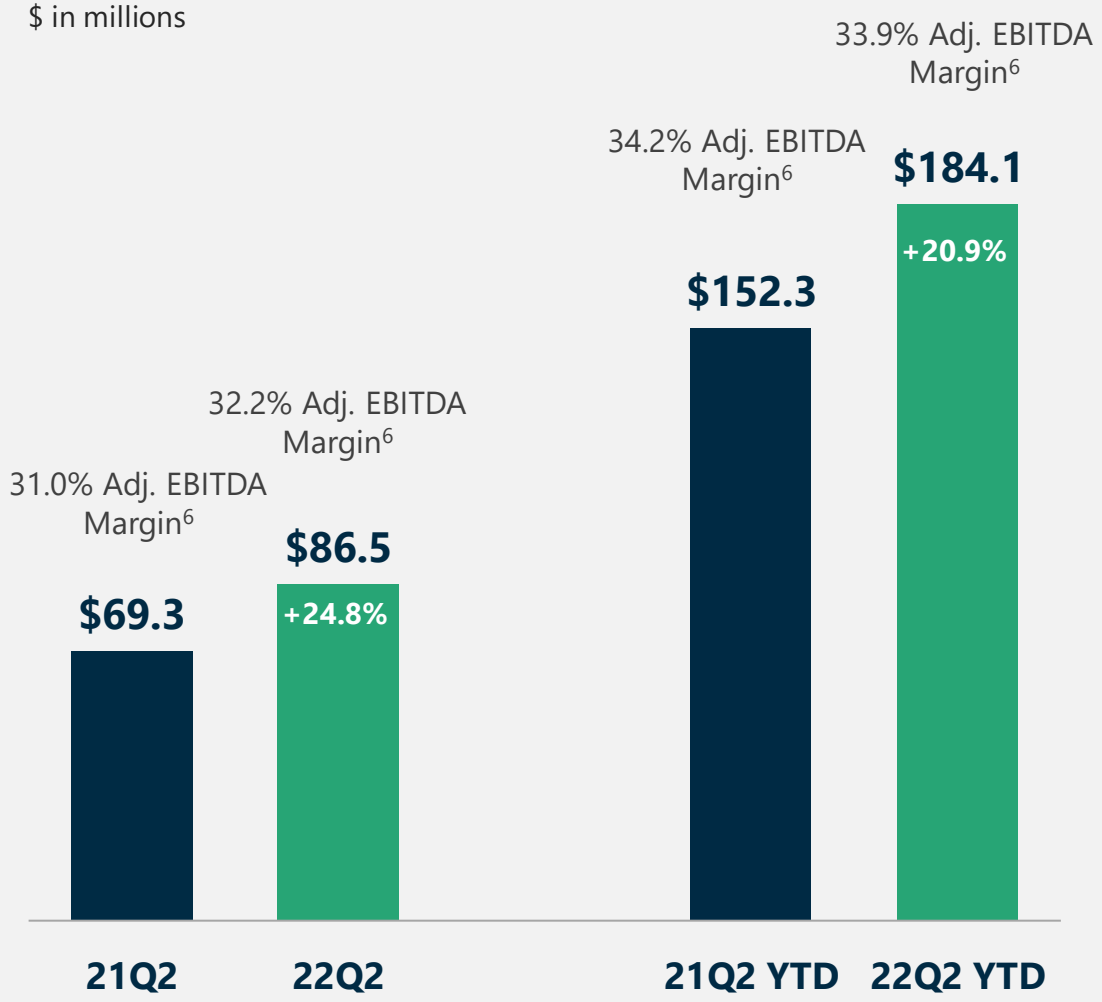
GAAP Operating Income

$ in millions



Adjusted EBITDA[5]

$ in millions



Footnotes 5,6: See appendix for KPI and non-GAAP definitions and reconciliations

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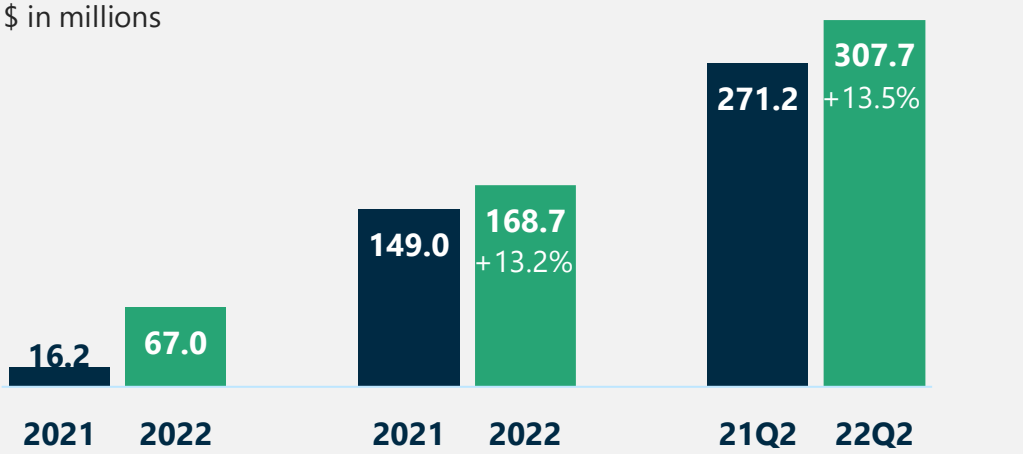
Liquidity and Capital Structure

GAAP Operating Cash Flows

Second Quarter | First Half | Last Twelve Months

$ in millions



06/30/2022 Credit Metrics

$ in millions

Cash	$	93.4
Senior Debt	$	591.5
Net Senior Debt[1]	$	498.1
Net Debt Senior Leverage[2]		1.4x
Available Revolver Credit Capacity	$	456.0

Excludes $1,265 million[1] of convertible notes due 2026/2027 if not converted.
Annual debt service on these notes is minimal at ~ $3 million per year.
Net debt leverage[2] including convertible notes as indebtedness is 4.8X

Major Transactions

22H1 Net settlements of shares issued with the deferred compensation plan and other stock-based compensation of $40.5 million (effectively manifests as a share buyback)

Share buyback under repurchase program of $13.2M in 22Q2

Footnote 1: Debt gross of unamortized debt issuance costs
Footnote 2: LTM Adj. EBITDA[5] used to calculate leverage is pro-forma for acquisitions, most notably PLS
Footnote 5: See appendix for KPI and non-GAAP definitions and reconciliations

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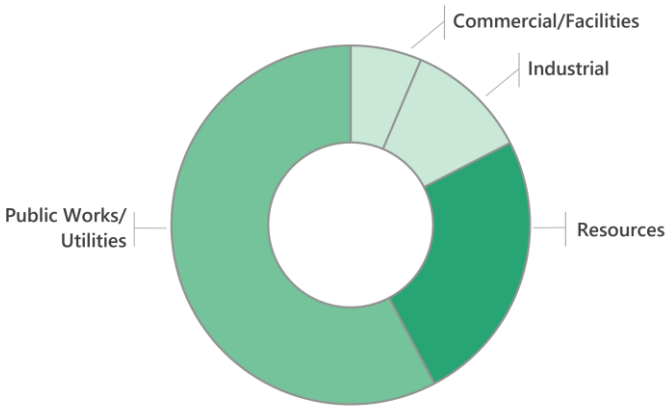
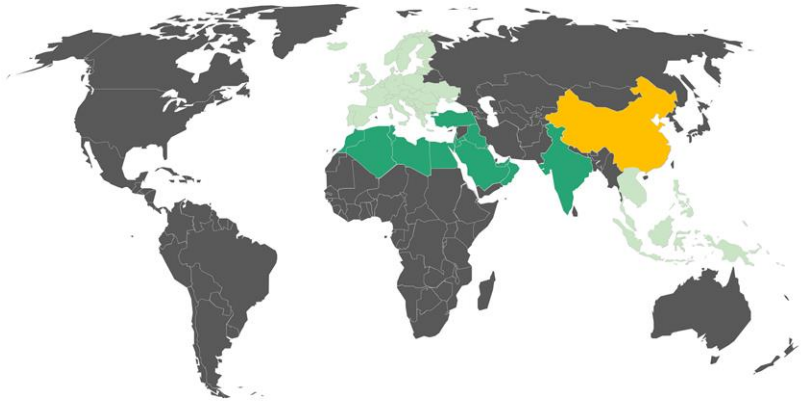
22Q2: “Straightforward…”

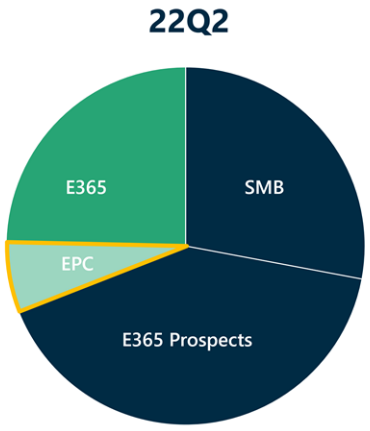
New Business / ARR by Infrastructure Sector



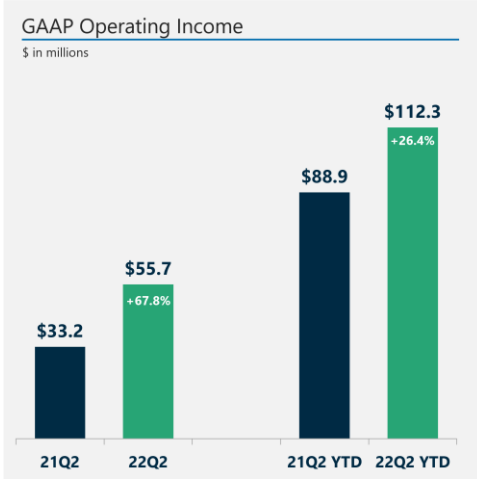
Notable Developments in New Business *Across Geographies*

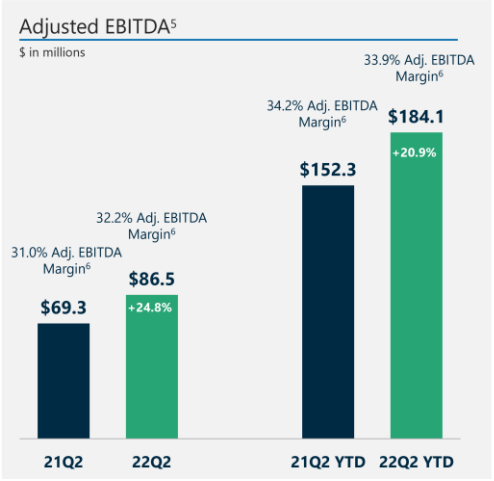


ARR by *Commercial Model*



Profitability Performance





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Q&A

Appendix

KPI and Non-GAAP Definitions and Reconciliations

1. ***Recurring revenues.*** Last twelve-months recurring revenues is calculated as recurring revenues recognized over the preceding twelve-month period. 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.
2. ***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 Topic ASC 605 and 2020, 2021, and 2022 calculated using Topic ASC 606.
3. ***Recurring revenues dollar-based net retention rate.*** Our 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. 2018 and 2019 calculated using Topic ASC 605 and 2020, 2021, and 2022 calculated using Topic ASC 606.
4. ***Annualized Recurring Revenue (ARR).*** Our ARR is defined as the sum of the annualized value of our portfolio of contracts that produce recurring revenue 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.
5. ***Adjusted EBITDA.*** Our Adjusted EBITDA is defined as net (loss) income adjusted for interest expense, net, benefit for income taxes, depreciation and amortization, stock-based compensation, expense (income) relating to deferred compensation plan liabilities, acquisition expenses, realignment expenses, other non-operating (income) expense, net, and (income) loss from investment accounted for using the equity method, net of tax.
6. ***Adjusted EBITDA margin.*** Our Adjusted EBITDA divided by Total Revenues.

Note: See detailed definitions of KPIs and individual Adjusted EBITDA reconciling items in the MD&A section of the associated Form 10-Q.

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Non-GAAP Reconciliation: Adjusted EBITDA

$ in thousands	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Net Income	**$ 55,673**	**$ 45,627**	**$ 112,061**	**$ 102,633**
Interest expense, net	7,622	2,453	14,664	4,772
Benefit for income taxes	(4,674)	(20,473)	(1,443)	(10,115)
Depreciation and amortization	18,518	10,287	35,730	19,280
Stock-based compensation	17,395	11,685	32,348	20,598
Deferred compensation plan	(12,159)	195	(17,297)	362
Acquisition expenses	3,856	13,954	17,853	23,210
Realignment expenses	3,194	-	3,194	-
Other (income) expense, net	(3,497)	3,777	(14,138)	(10,705)
Loss from investments accounted for using the equity method, net of tax	593	1,829	1,165	2,275
Adjusted EBITDA	**$ 86,521**	**$ 69,334**	**$ 184,137**	**$ 152,310**

Note: See further commentary on adjustments in MD&A section of the June 30, 2022 10-Q

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