



*Press Release*

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## **Bentley Systems Enters into Agreement to Acquire *Power Line Systems*, Global Leader in Software for Power Transmission Engineering**

*To Anchor New Acceleration Initiative for Grid Integration!*

EXTON, Pa. – November 16, 2021 – Bentley Systems, Incorporated (Nasdaq: BSY), the *infrastructure engineering software* company, today announced that it has entered into a definitive agreement to acquire Power Line Systems—a leader in software for the design of overhead electric power transmission lines and their structures—from private equity firm TA Associates for approximately \$700 million. The consideration is payable, at BSY’s election, in cash or a combination of cash and BSY stock. As an established subscription business with no full-time go-to-market staffing, Power Line Systems generates extraordinary profitability and cashflow, and accordingly, the acquisition is expected to be accretive to BSY’s corresponding financial metrics.

The combination will substantially complete the reach of BSY’s comprehensive portfolio for the lifecycle integration of grid infrastructure across electrical transmission, substation, and distribution assets, and communications towers. The resulting breadth and depth of the company’s software and cloud services for grid integration will uniquely position BSY to support the modernization of grid infrastructure for renewable energy sources and storage, mobility electrification, ubiquitous broadband and 5G communications, and environmental resilience and adaptation. By rare global consensus, power infrastructure is of such pivotal priority that the U.S.’s Infrastructure Investment and Jobs Act commits \$65 billion of incremental funding for it, with Goldman Sachs estimating that \$3 trillion will need to be spent across the world annually for electrification and renewables to fully accomplish the environmental goals being endorsed by assembled political leaders.

The acquisition is subject to customary closing conditions, including HSR Act notification. Upon closing, Power Line Systems will operate within Bentley's new Grid Integration Group, combining also its SPIDA analysis products and fast-growing-startup OpenTower business, with Power Line Systems' current CEO Otto Lynch reporting to Bentley's Chief Acceleration Officer Santanu Das.

Power Line Systems was founded by University of Wisconsin professor Dr. Alain Peyrot in 1984, and is headquartered in Madison, WI. Its concentrated focus from the outset has been ever-improving engineering tools for overhead power line structures, earning the supportive confidence of transmission engineers as the industry standard of best practice throughout the U.S., increasingly across Europe, and opportunistically in Asia. Power Line Systems' "PLS" software can advantageously bring transmission-grade sophistication to broader applications in overhead distribution and in the communications grid which—to deliver the more intensive reach of 5G—increasingly includes newly shared towers and poles.

Bentley Systems' recently developed OpenTower iQ cloud service is generating impactful new business growth by meeting the new demands of communications tower owners for lifecycle digital twins of their existing towers. Tower digital twins leverage UAV-surveyed reality modeling, machine learning, and asset performance modeling to help maximize these assets' capacity, revenue, safety, and reliability while minimizing costs and risks of work on site. BSY's new Grid Integration Group can now expand this opportunity to existing power transmission towers, where reliability, safety, and fitness for purpose are stressed by deterioration, weather extremes, and vegetation encroachment.

Despite not to date having any transmission market offerings, Bentley Systems has been ranked by ARC Advisory Group as leading its broader grouping of *Electrical Transmission and Distribution, and Communications* within Engineering Design Tools for Plants, Infrastructure, and BIM. By bringing together Power Line Systems' products (for transmission) with OpenUtilities Substation and SPIDA (for distribution) and OpenTower (for communications) and OpenUtilities Designer and OpenComms (for network provisioning), Bentley Systems' grid integration and digital twin offerings will span virtually all physical grid structures, lines, and networks at the same time as these are becoming increasingly shared by utilities for multiple purposes—and just as grid modernization has become perhaps the world's most vital infrastructure engineering challenge.

Bentley's CEO Greg Bentley said, "Acquiring Power Line Systems fills a very important gap in our energy grid offerings at this fortuitous juncture when grid upgrades, resilience, and integration combine to drive one of the most urgent and sustained growth opportunities we've ever seen. Becoming the going-digital leader in power transmission engineering also adds meaningfully to our 'ES(D)G' handprint—*empowering sustainable development goals* by supporting the world's much-needed energy transitions to reduce carbon emissions. We look forward to welcoming Otto Lynch and Erik Jacobsen, respectively chief executive and chief

technology officers of Power Line Systems, and their colleagues—who have shown how much can be accomplished by so few, through virtuosity in software development and relentless commitment to engineering advancement. Our global go-to-market resources can now be deployed to take full advantage of burgeoning market demand—a consequence of the momentum driving incremental renewable energy sources and ubiquitous electrification—for going digital in transmission, and integrated grid, engineering.”

Otto Lynch said, “We are enthused to be joining the like-minded Grid Integration Group within Bentley Systems to enlarge our collective contributions further across the broader grid, further across the infrastructure lifecycle, and further across the world. The community of transmission engineers for whom Power Line Systems has been the go-to software provider will also gain from our expanding scope and reach.”

Ashu Agrawal, a managing director at TA Associates and Power Line Systems board member, said, “Otto and the PLS team have created the standard for efficiency and software-enablement of the indispensable work of power transmission engineers. However, the accelerated pace of the global energy transition creates a need for further expansion of and innovation in the grid. We’re confident Bentley Systems can provide the right surrounding constellation to expand Power Line Systems toward full grid digital twins.”

Bentley’s CFO David Hollister said, “Our portfolio development team has long regarded Power Line Systems as a perfect match, which now comes at a perfect time for us to take advantage of heightened market opportunities for energy transition and grid modernization. In relation to the \$700 million base purchase price, the deal structure enables a tax-deductible step-up in basis that we present-value at approximately \$90 million. The transaction is expected to close by year end, and our optionality until closing to pay the consideration partially in shares, or as much as fully in cash, can be accommodated under our existing \$850 million revolving credit facility, although we remain open to exploring alternative sources of financing.

We expect the Power Line Systems business to be able to contribute in 2022:

- approximately \$30 million of subscription revenue
- accretion in our overall ARR growth rate, and
- profitability consistent with its history of EBITDA margins more than twice BSY’s.”

### **Advisors**

Goldman Sachs is serving as financial advisor and Simpson Thacher & Bartlett LLP is acting as legal counsel to Bentley Systems. Lazard is serving as financial advisor and Goodwin Procter LLP is acting as legal counsel to Power Line Systems and TA Associates.

### **Conference Call**

A call for investors will be held on Wednesday, November 17, 2021 at 8:30 a.m. Eastern Standard Time. To register for the investor call, click this link:

[https://zoom.us/webinar/register/WN\\_sq4nyj17SeuuICWb0dOJnQ](https://zoom.us/webinar/register/WN_sq4nyj17SeuuICWb0dOJnQ)

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### **About Bentley Systems**

Bentley Systems (Nasdaq: BSY) is the *infrastructure engineering software* company. We provide innovative software to advance the world's infrastructure – sustaining both the global economy and environment. Our industry-leading software solutions are used by professionals, and organizations of every size, for the design, construction, and operations of roads and bridges, rail and transit, water and wastewater, public works and utilities, buildings and campuses, mining, and industrial facilities. Our offerings include *MicroStation*-based applications for modeling and simulation, *ProjectWise* for project delivery, *AssetWise* for asset and network performance, Seequent's leading geosciences software portfolio, and the *iTwin* platform for infrastructure digital twins. Bentley Systems employs more than 4,000 colleagues and generates annual revenues of more than \$800 million in 172 countries.

[www.bentley.com](http://www.bentley.com)

### **Forward-Looking Statements**

This press release contains forward-looking statements that involve risks and uncertainties, including statements regarding: the planned acquisition of Power Line Systems and the timing thereof, the impact of the acquisition on Bentley's financial condition and results of operations and the products, services and business relationships of each of Bentley and Power Line Systems.

Any statements made in this press release that are not statements of historical fact, including statements about our beliefs and expectations, are forward-looking statements and should be evaluated as such. Forward-looking statements are based on Bentley Systems management's beliefs, as well as assumptions made by, and information currently available to, them. Because such statements are based on expectations as to future events and are not statements of fact, actual results may differ materially from those projected. Factors that could cause actual results to differ materially include the following: Bentley's ability to successfully integrate or operate the business of Power Line Systems; any costs or delays attributable to obtaining required regulatory approvals for the acquisition; costs related to the acquisition; adverse changes in the capital markets environment and Bentley's ability to access additional financing on terms acceptable to it or at all; changes in the customer base or geographic footprint of Power Line Systems; failure to retain personnel necessary for the operation or integration of the business of Power Line Systems; changes in the industries in which the customers of Power Line Systems operate; the competitive environment in which both Bentley and Power Line Systems operate and competitive responses to the acquisition; the ability of Bentley and Power Line Systems to

innovate, develop new products or modify existing products; general economic, market and business conditions; unanticipated impact of accounting for acquisitions; and the ability to satisfy the conditions to the completion of the acquisition on the anticipated schedule, or at all. Further information on factors which may cause actual results to differ materially from current expectations include, but are not limited, those described under the heading “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020, and the Company’s subsequent filings with the SEC.

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