

Bentley Systems (Nasdaq: BSY) Fourth Quarter and Full Year 2020 Results, and 2021 Financial Outlook



**CORPORATE
DEVELOPMENTS**

Greg Bentley,
CEO, Bentley Systems

**FINANCIAL
OPERATING
RESULTS
FOR 2020 AND
FINANCIAL
OUTLOOK
FOR 2021**

David Hollister,
*Chief Financial Officer and
Chief Operations Advancement Officer,
Bentley Systems*

investors.bentley.com

Disclaimer

The forward-looking statements contained in this presentation reflect Bentley Systems' expectations as of today's date. Given the number of risk factors, uncertainties and assumptions discussed below, actual results may differ materially.

Any statements made in this presentation that are not statements of historical fact, including statements about our fiscal 2021 financial outlook and our beliefs and expectations, are forward-looking statements and should be evaluated as such. Forward-looking statements include information concerning possible or assumed future results of operations, business plans, and strategies. 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 financial and operating results and are not statements of fact, actual results may differ materially from those projected. Factors which may cause actual results to differ materially from current expectations include, but are not limited, to macroeconomic conditions, pandemic consequences, and other factors 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. Copies of each filing may be obtained from the Company or the SEC on their respective websites. All forward-looking statements reflect our beliefs and assumptions only as of the date of this press release. We undertake no obligation to update forward-looking statements to reflect future events or circumstances.

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. The Company is unable to reconcile these forward-looking non-GAAP financial measures to the most directly comparable GAAP measures without unreasonable efforts because the Company is currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected for these periods not to impact the non-GAAP measures, but would impact GAAP measures. Such unavailable information, which could have a significant impact on the Company's GAAP financial results, may include stock-based compensation charges, depreciation and amortization of capitalized software costs and of acquired intangible assets, realignment expenses, and other items.

Unless otherwise specified, estimated preliminary financial information as of and for the last twelve months ended June 30, 2020 included in this presentation is based upon information available to us as of the date of this presentation and has not been audited or reviewed by our independent registered public accounting firm. Our actual results may differ materially from this preliminary data.

On January 1, 2019, the Company adopted ASU No. 2014-09, Revenue from Contracts with Customers, and related amendments ("Topic 606"), which supersedes substantially all existing revenue recognition guidance under accounting principles generally accepted in the United States. The Company adopted Topic 606 using the modified retrospective method and has applied the standard only to contracts that were not completed as of the date of initial application. Please note that the comparative financial information for the fiscal years 2017, 2018 and 2019 included in this presentation has not been adjusted to reflect the Company's January 1, 2019 adoption of Topic 606 and is presented under Accounting Standards Codification ("ASC") 985-605, Software-Revenue Recognition, and Topic 605 (together referred to as "Topic 605").

For a comparison of certain of our 2019 financial information as recognized under Topic 605 and Topic 606, please refer to the annex of this presentation. We believe that an understanding of the impact of the revenue recognition guidance under Topic 606 on our revenues and revenue trends is useful in evaluating our operating performance.

Corporate Developments

Greg Bentley, CEO

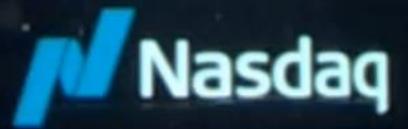
IPO on September 23
Opening Bell September 24

As presented in our
20Q3 Operating Results



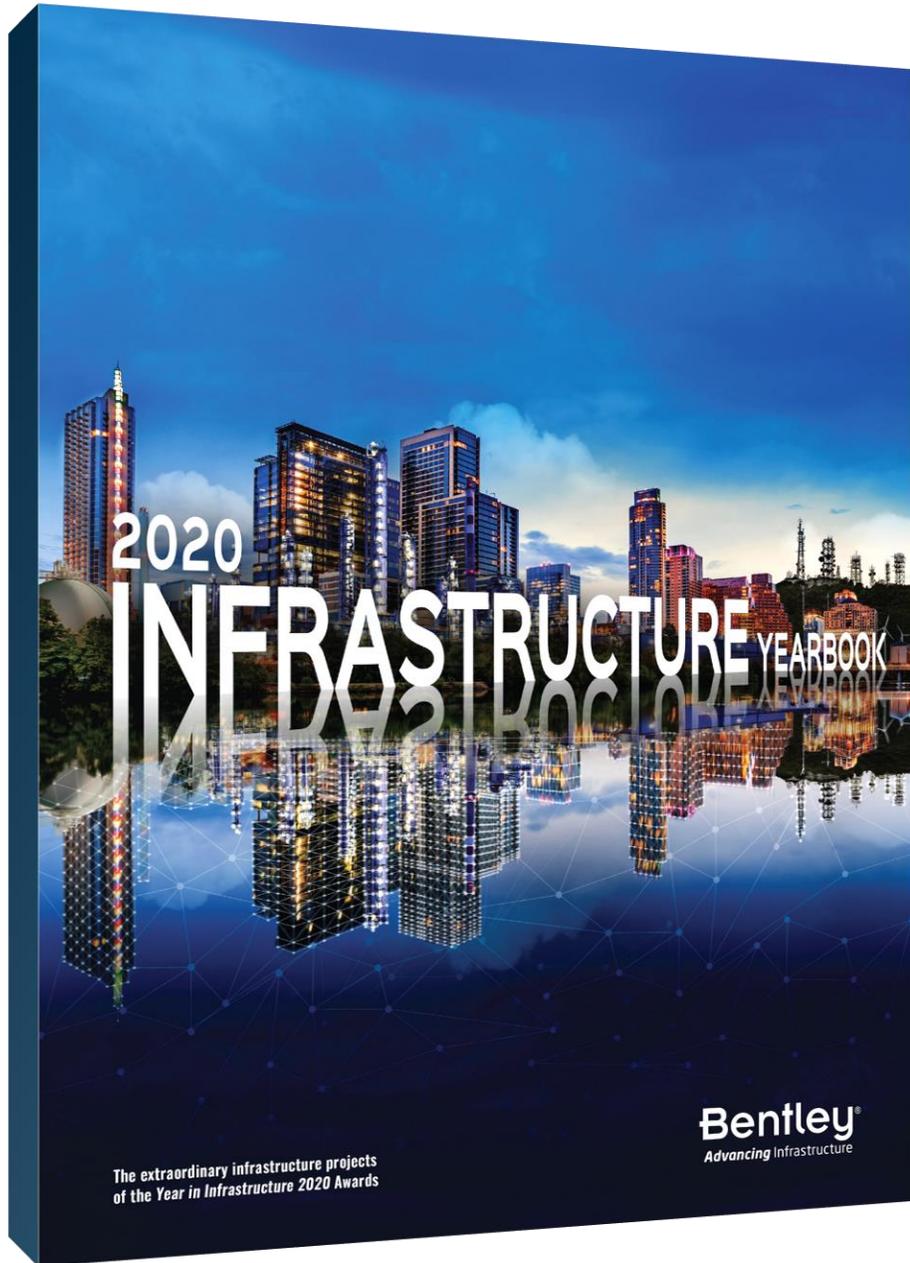
Bentley
Advancing Infrastructure

Nasdaq
Opening Bell



from rooting for the bad guy





www.bentley.com/en/infrastructure-yearbook

Bentley®

\$690,000,000

Senior Convertible Notes Offering

Due January 15, 2026

0.125% Coupon

January 22, 2021

BofA SECURITIES 

Goldman Sachs

KeyBanc
Capital Markets


MIZUHO

 **PNC**

 **Securities**

HSBC 

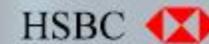
Bentley®

\$850,000,000

Revolving Credit Facility

Due November 15, 2025

January 25, 2021



Going Digital—2020s Growth Initiatives...



As presented in our January 2021 Convertible Notes Offering

- Programmatic and *opportunistic* acquisitions

SRO Solutions



Press Release

Press Contact:

Jordan Trocchio

+1 770 853-0817

jtrocchio@cohesivesolutions.com

The Cohesive Companies announce the acquisition of UK-based Maximo solutions provider SRO Solutions

Will strengthen Cohesive Companies in the global maritime and resources industries

EXTON, Pa. **November 30, 2020** – The Cohesive Companies, a wholly-owned but independently operated digital integrator business unit of Bentley Systems, Incorporated (Nasdaq: BSY, the *infrastructure engineering software* company), today announced its acquisition of *SRO Solutions* (“SRO”) to extend its capabilities for marine and industrial infrastructure. Established in 2004, SRO introduced IBM’s Maximo to the maritime environment, managing projects across all seven continents for an extensive list of blue-chip owner-operators of assets on- and off-shore. SRO, a Gold Accredited IBM Business Partner, provides unique Maximo replication and zero downtime upgrade solutions.

Headquartered in Manchester, UK, SRO approaches each project with a disciplined agile methodology, underpinned by a rich engineering heritage and strong technical competence. SRO’s engineers, consultants, and project managers wield extensive experience in delivering Maximo solutions across a wide range of sectors, led by maritime and oil and gas. Products include SDU (SRO Data Utility), which eliminates downtime and provides upgrade and migration processes that permit businesses to keep running while software (for example, large Maximo instances) are being updated; and SDR (SRO Data Replication), which assures data



Get In Touch

Maximo Asset Management solution for marine industry

SRO Solutions’ heritage and unrivalled Maximo knowledge within the sector positions us as the partner of choice for Maximo marine implementations.

Learn more about Maximo for Marine



Press Release

Press Contact:

Christine Byrne

+1 203 805 0432

Christine.Byrne@bentley.com

Follow us on Twitter:

[@BentleySystems](https://twitter.com/BentleySystems)

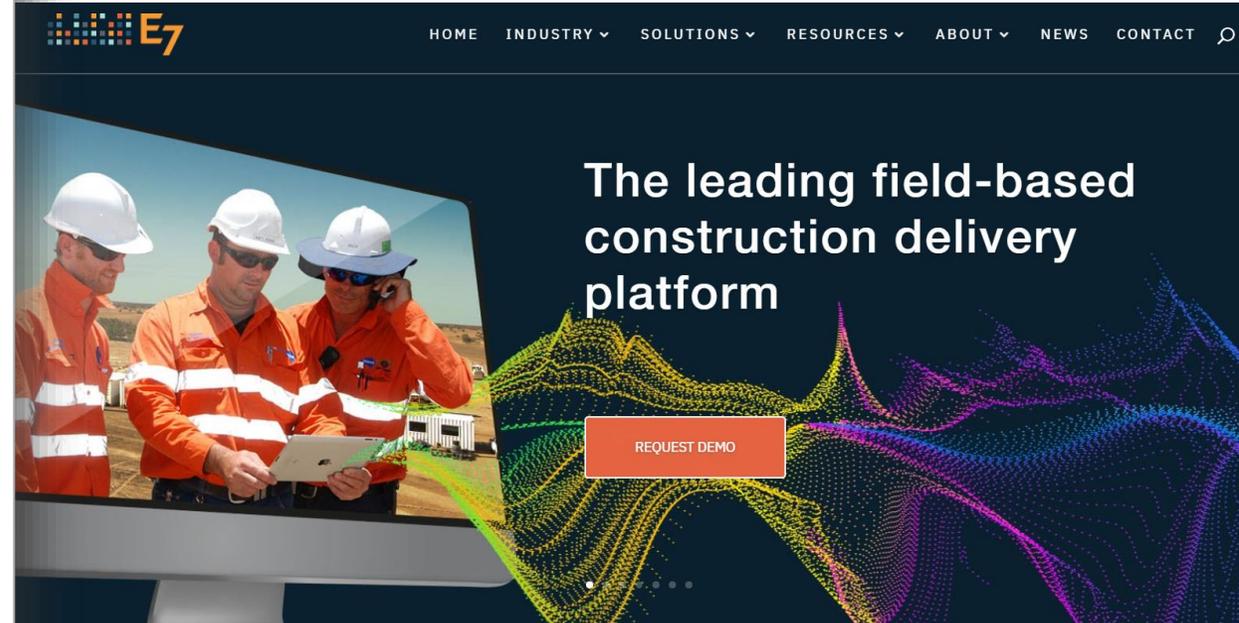
Bentley Systems Acquires Australian Civil Construction Software Leader E7

To Expand SYNCHRO's Enablement of 4D Construction Digital Twins

EXTON, Pa. – February 26, 2021 – Bentley Systems, Incorporated, (Nasdaq: BSY), the infrastructure engineering software company, today announced the acquisition of E7 Pty Ltd, a Brisbane, Australia-based leader in field-based construction delivery software for heavy civil construction. The acquisition adds capabilities to Bentley's comprehensive project delivery solution that helps civil contractors meet the schedule and budget requirements of infrastructure investment programs.

E7 helps organizations achieve greater resource utilization and field productivity through mobile and web interfaces that transform manual, field-based tasks into digital workflows. It includes capabilities specifically designed for heavy civil construction, including daily diaries, unplanned event tracking, timesheets, dockets, daily costs, and quantity progress measurement, that enable supervisors to produce daily progress measurement reports simply and quickly.

E7's flexible daily cost capture methods will extend Bentley's SYNCHRO construction modeling, project management and reporting, task management, voice-based field data capture and automation capabilities to create a comprehensive 4D construction digital twin solution. The combined capabilities enable heavy civil construction contractors to effectively optimize the

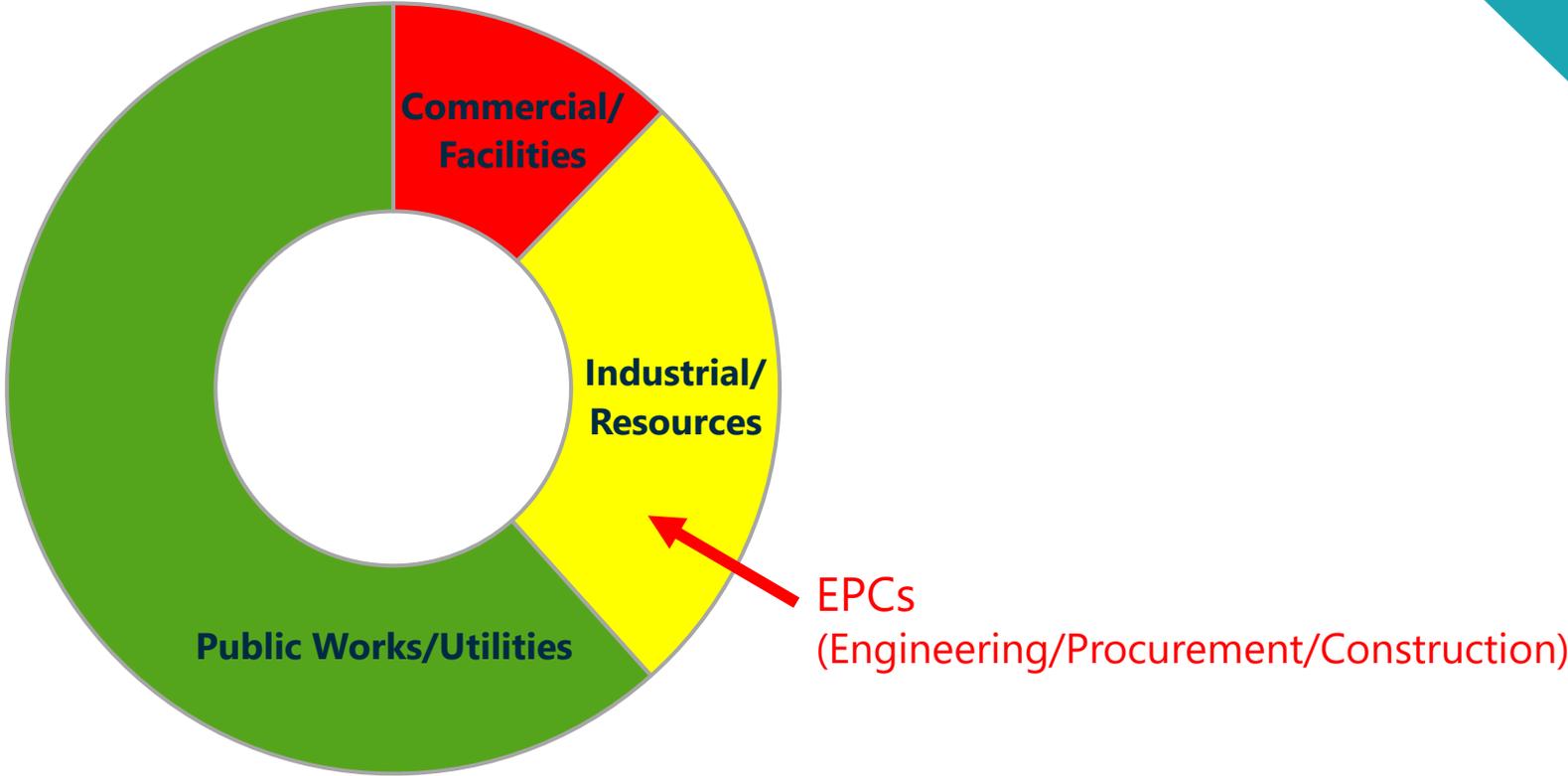


Exiting 2020...

Greg Bentley, CEO

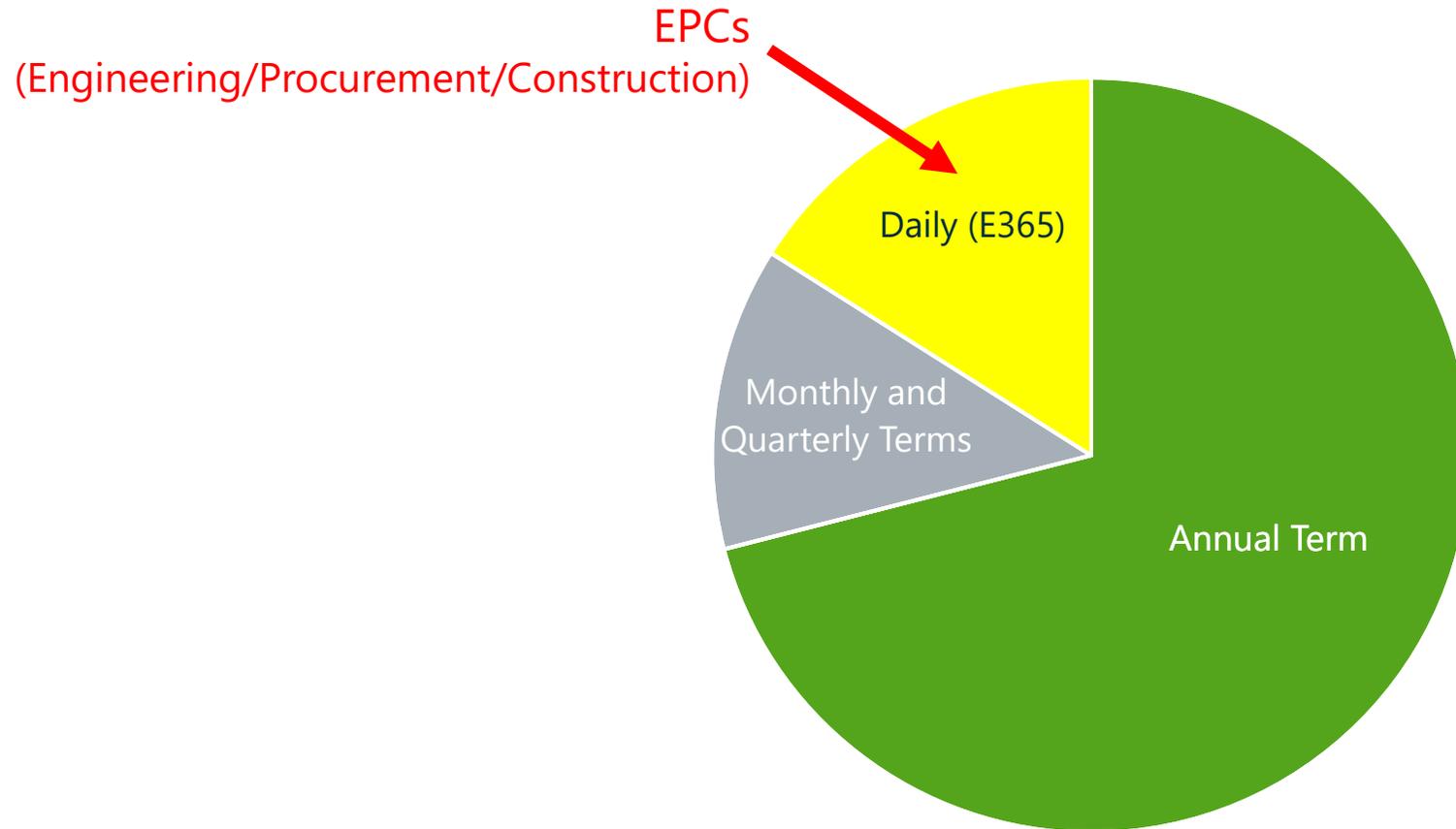
2020 to Date...

As presented in our 20Q3 Operating Results



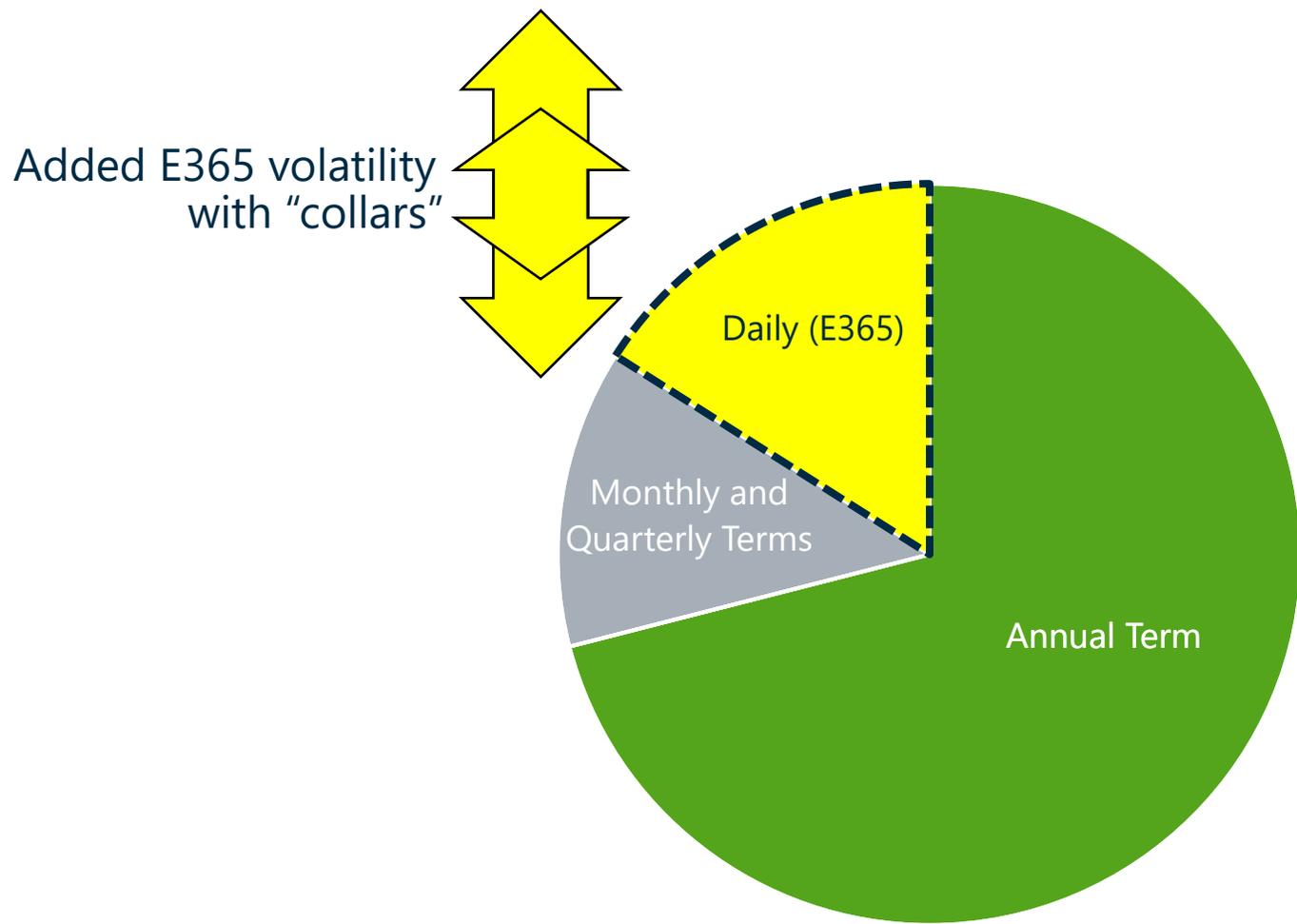
ARR by Consumption Model

As presented in our 20Q3 Operating Results



As of June 30, 2020

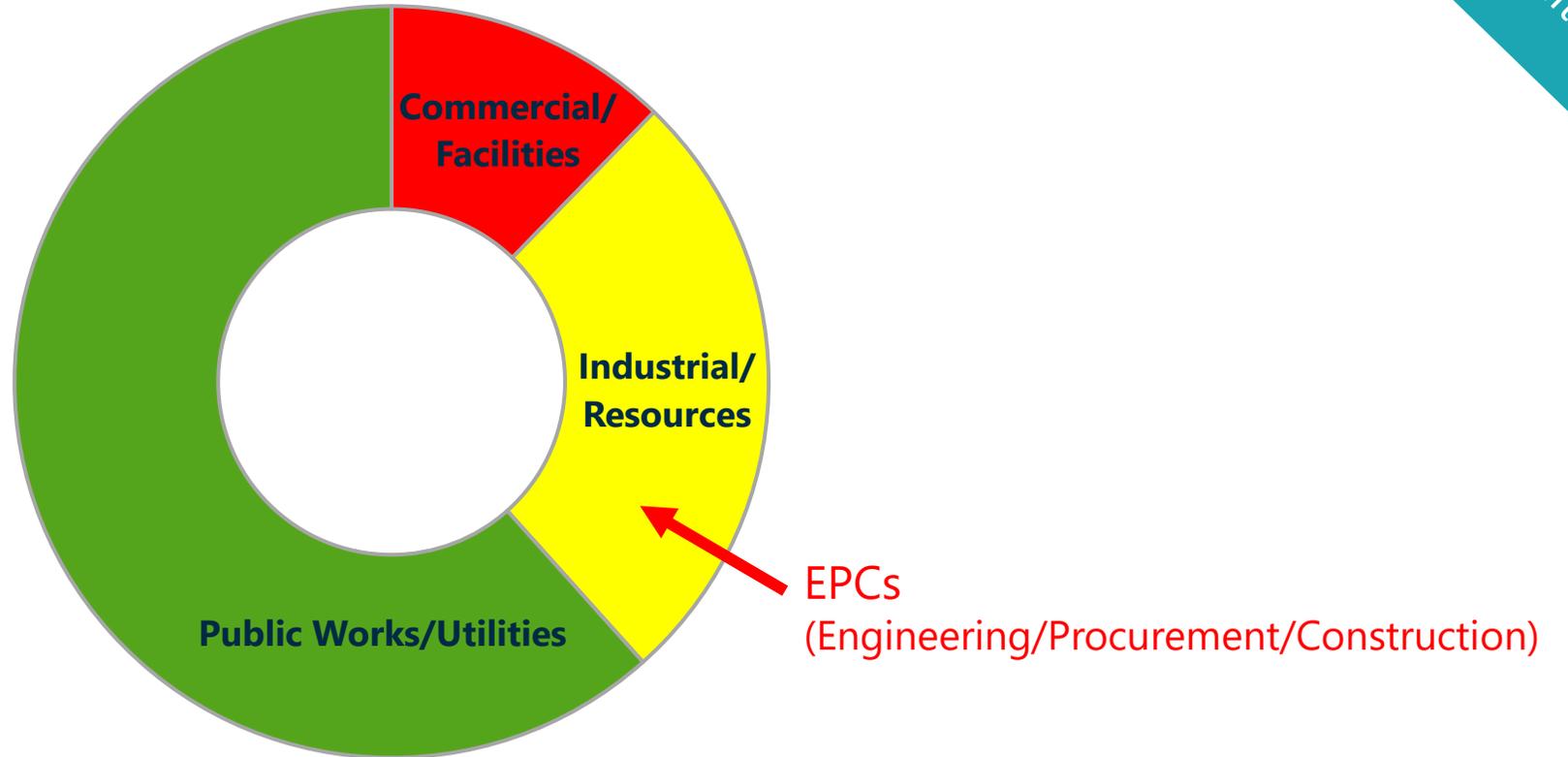
ARR by Consumption Model: (Exiting 2020...)



As of June 30, 2020

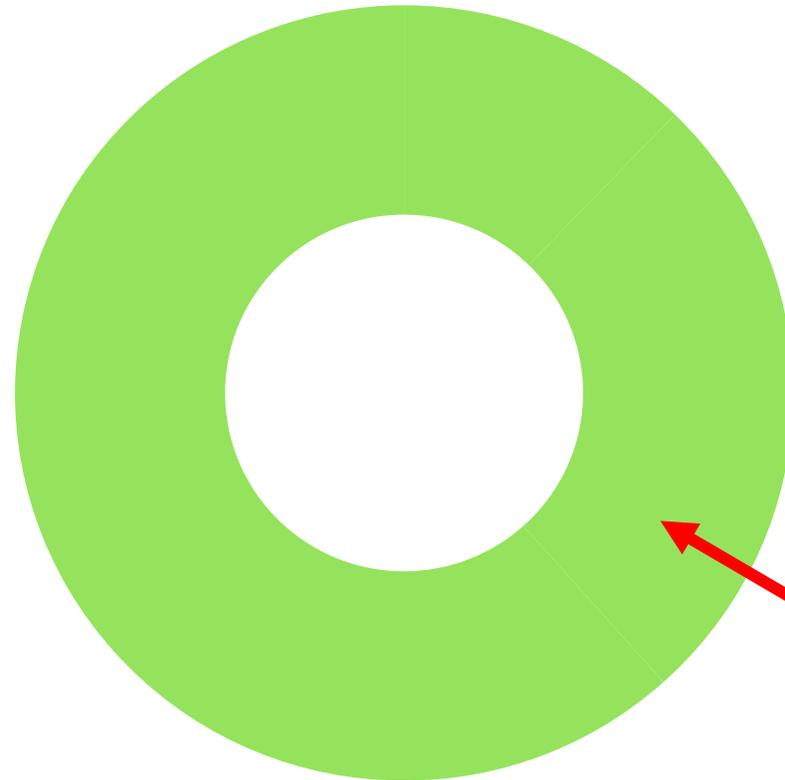
2020 to Date...

As presented in our
20Q3 Operating Results



2020 to Date... (Exiting 2020)

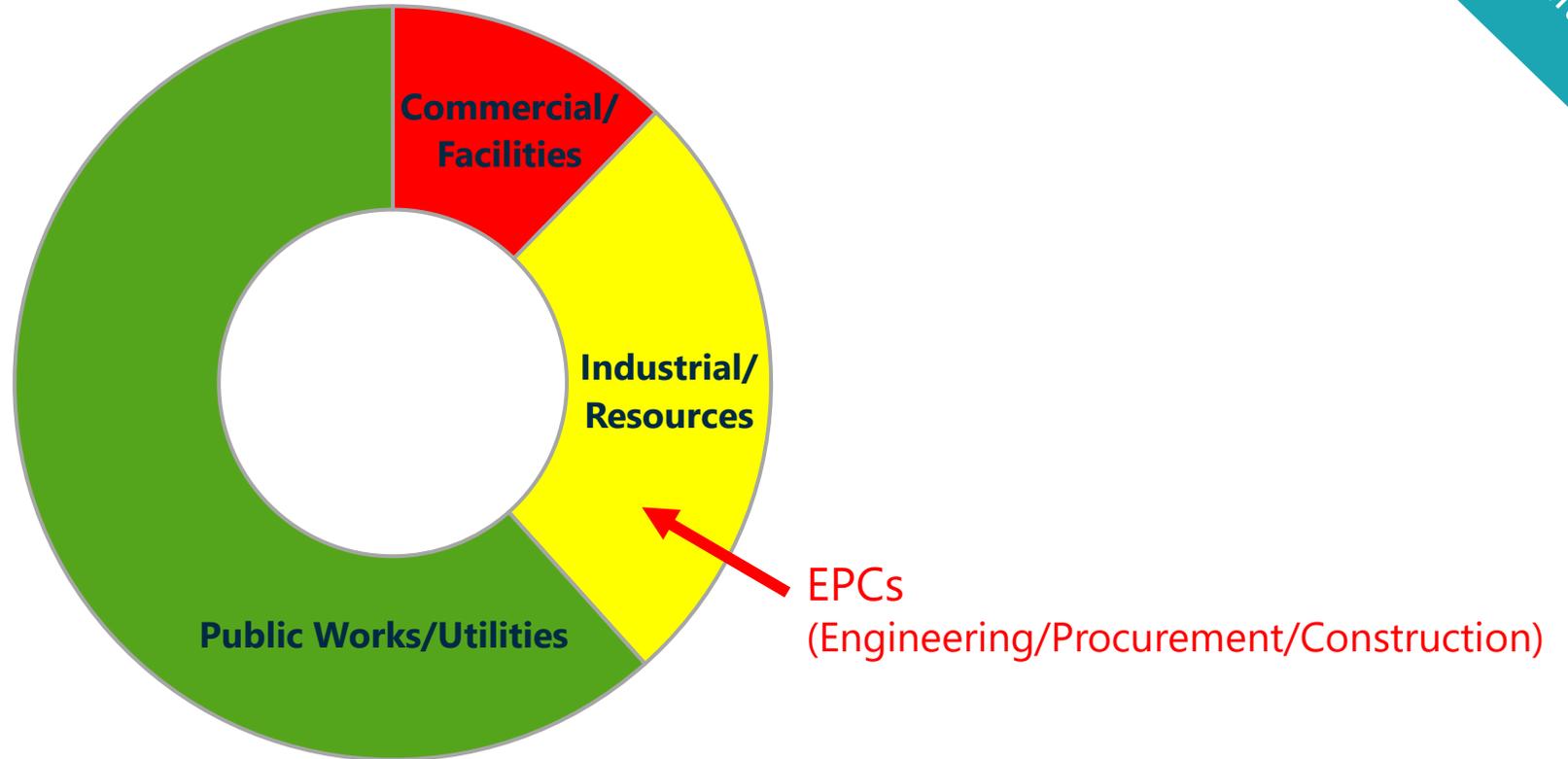
As presented in our
20Q3 Operating Results



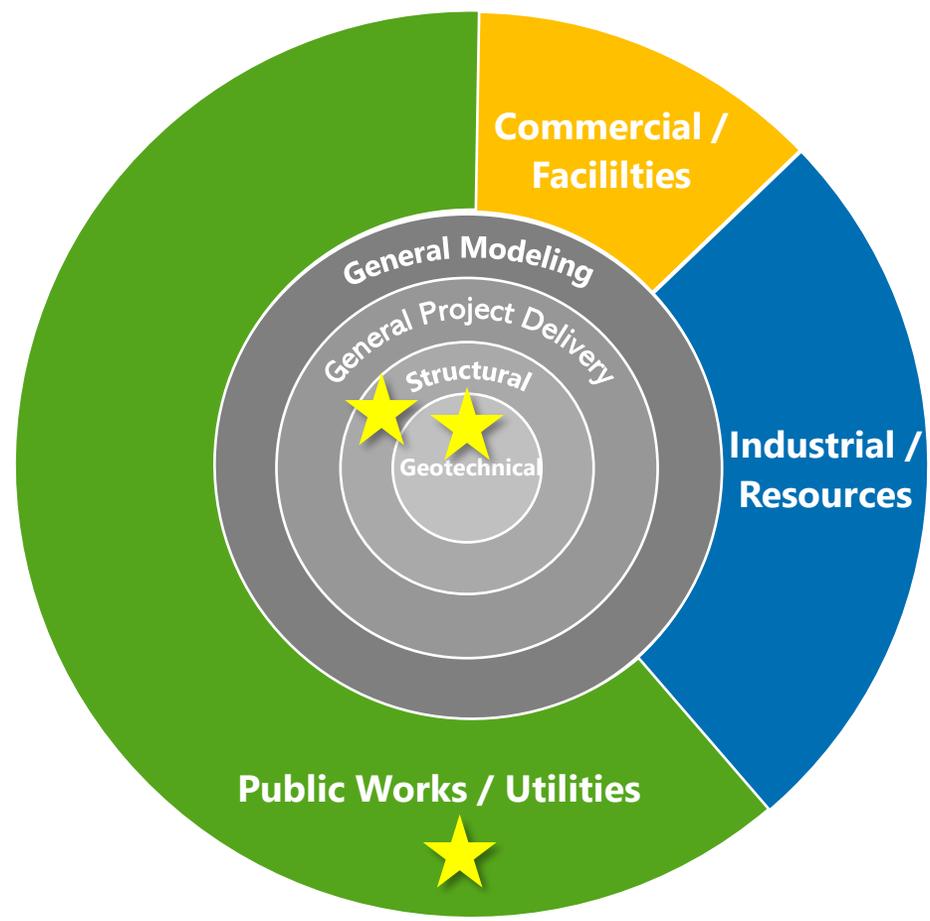
EPCs
(Engineering/Procurement/Construction)

2020 to Date...

As presented in our
20Q3 Operating Results



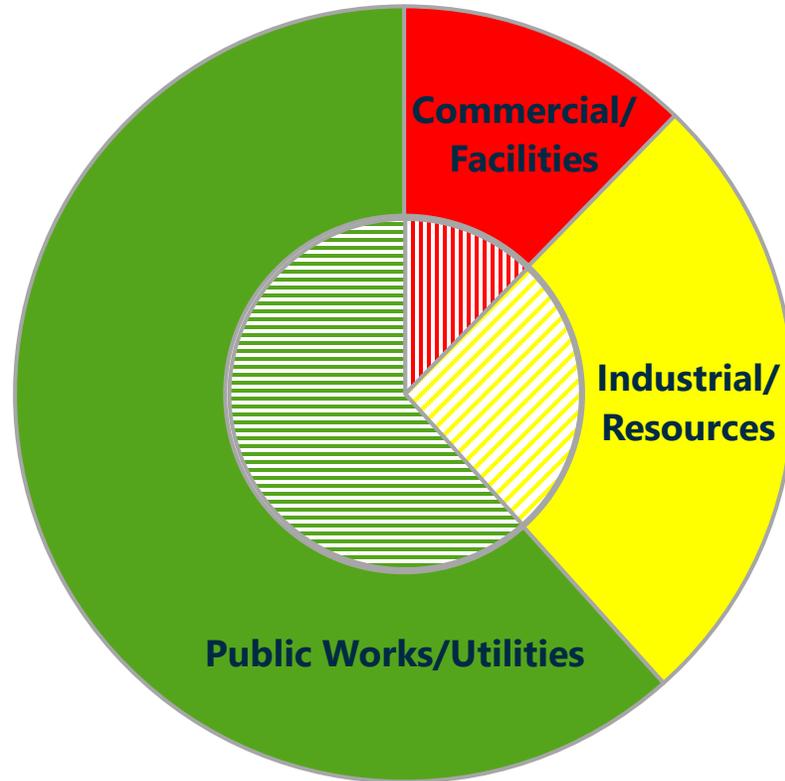
Revenues by Infrastructure Sector and Discipline



★ We believe we are the market leader in these sectors and disciplines of infrastructure engineering software

2020 to Date...

As presented in our
20Q3 Operating Results



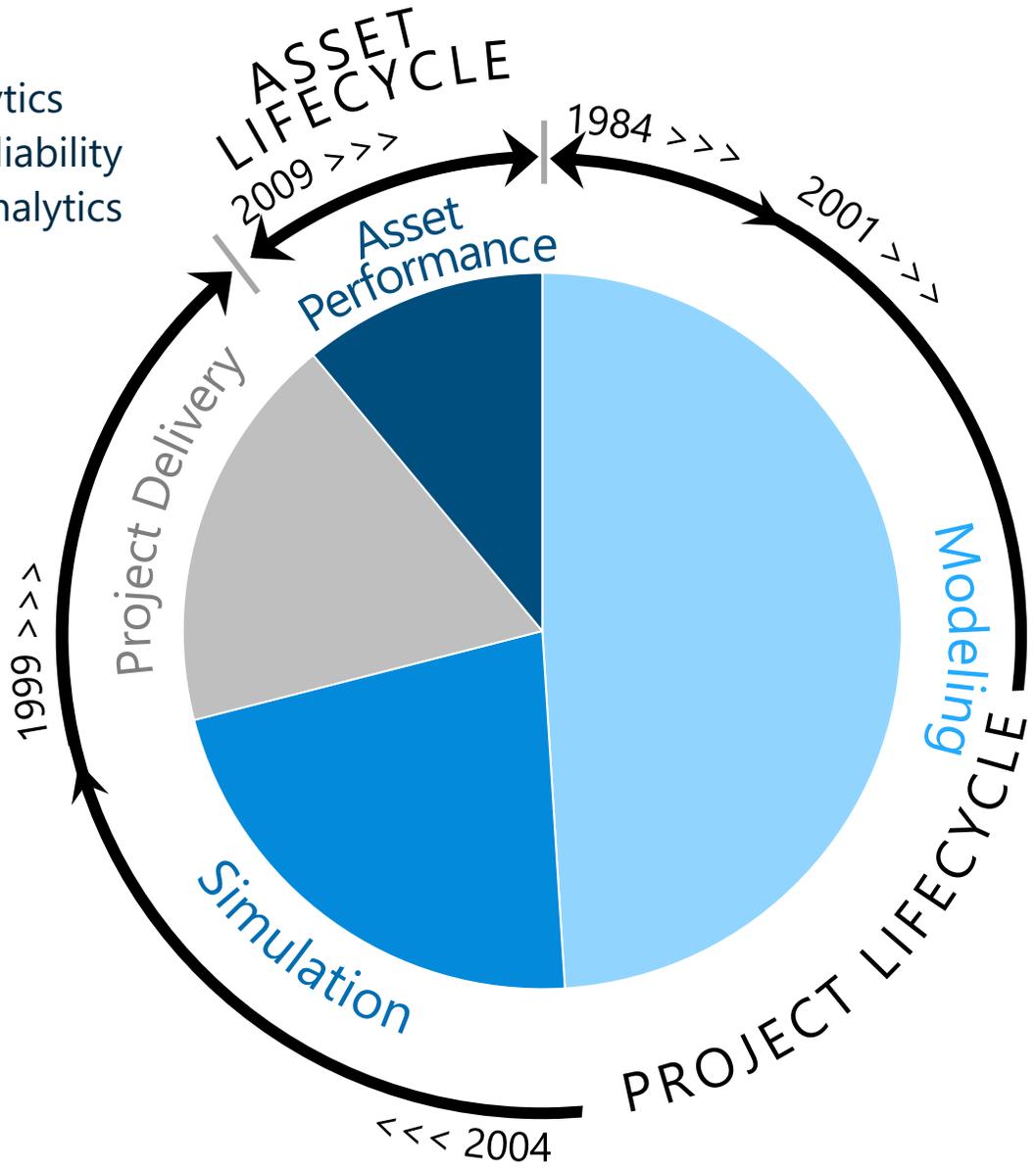
Revenues by Infrastructure Lifecycle

- AssetWise ALIM
- AssetWise 4D Analytics
- AssetWise Asset Reliability
- AssetWise Linear Analytics
- SUPERLOAD

- ProjectWise
- ProjectWise 365
- SYNCHRO

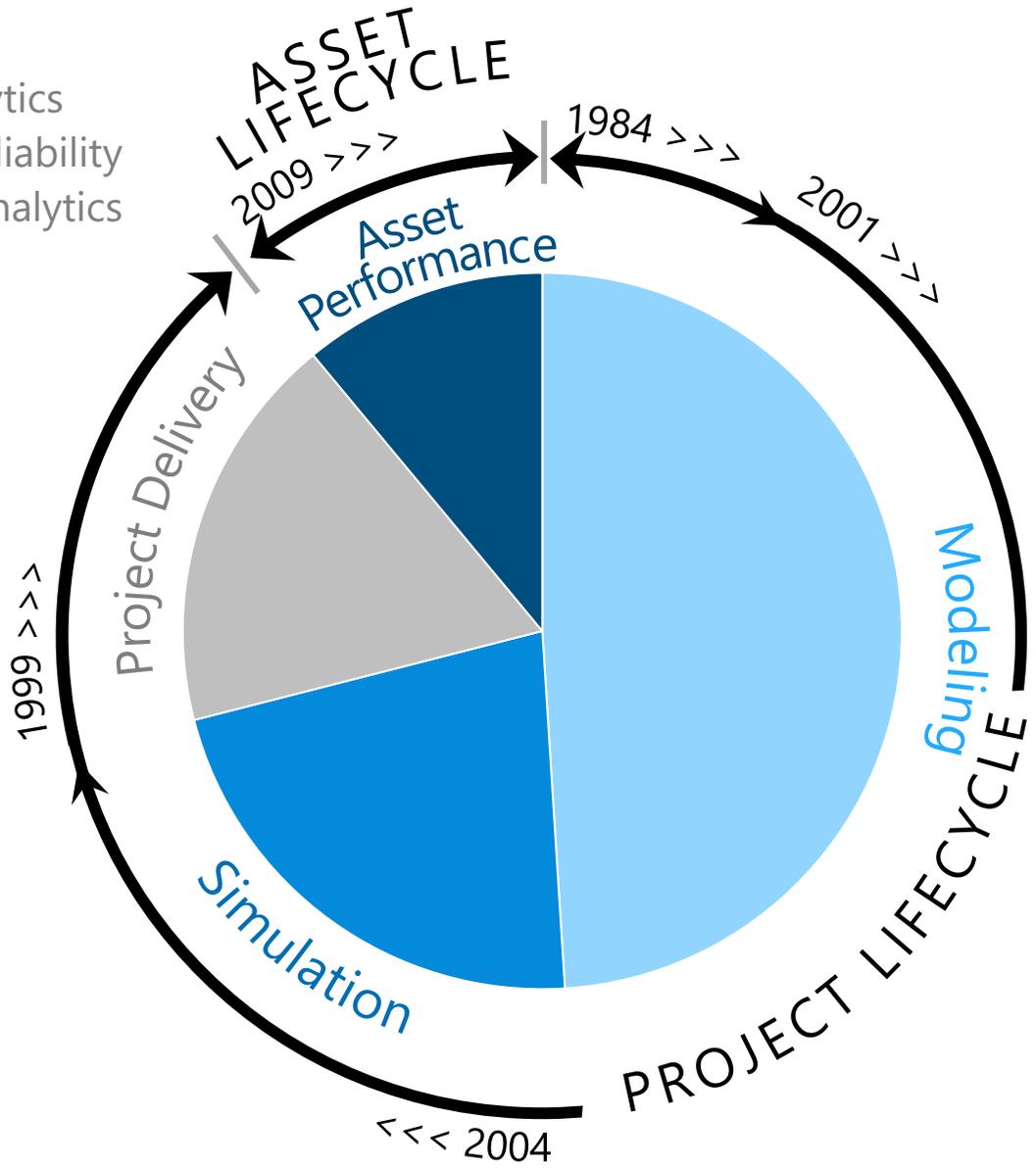
- STAAD
- RAM
- PLAXIS
- LEAP
- LEGION
- CUBE
- SITEOPS
- SACS
- MOSES
- AUTOPIPE

- MicroStation
- OpenPlant
- OpenBuildings
- OpenRoads
- OpenRail
- OpenSite
- OpenFlows
- OpenUtilities
- OpenCities
- OpenBridge
- OpenTower
- OpenWind Power



Revenues by Infrastructure Lifecycle

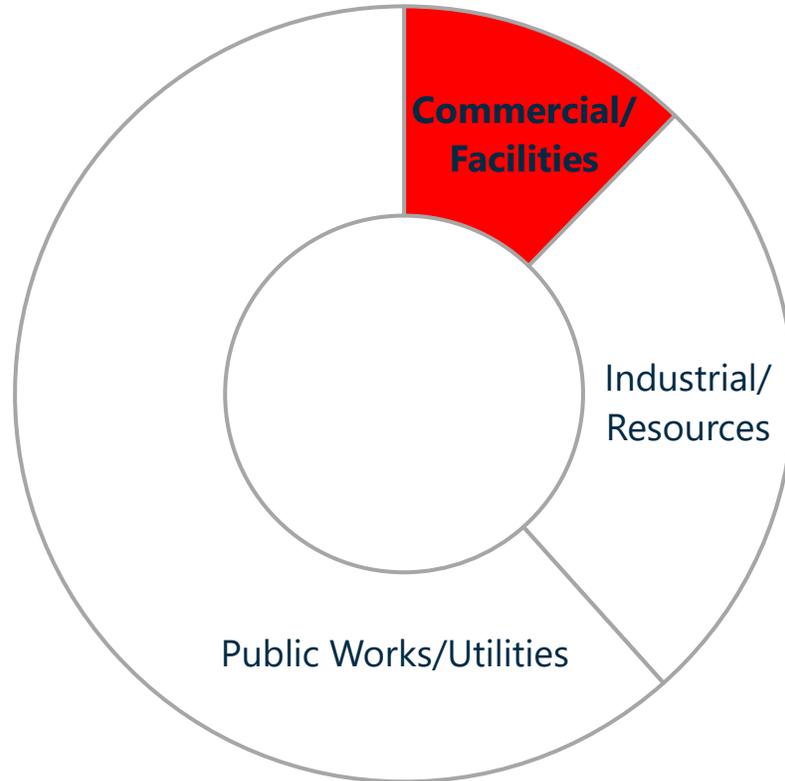
- AssetWise ALIM
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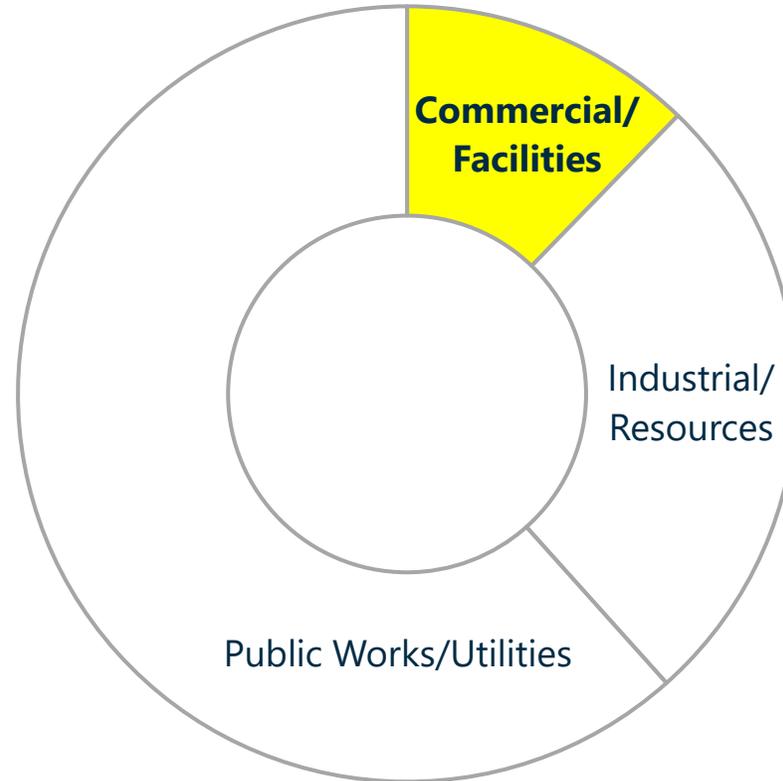
2020 to Date...

As presented in our
20Q3 Operating Results



2020 to Date... (20Q4)

As presented in our 20Q3 Operating Results

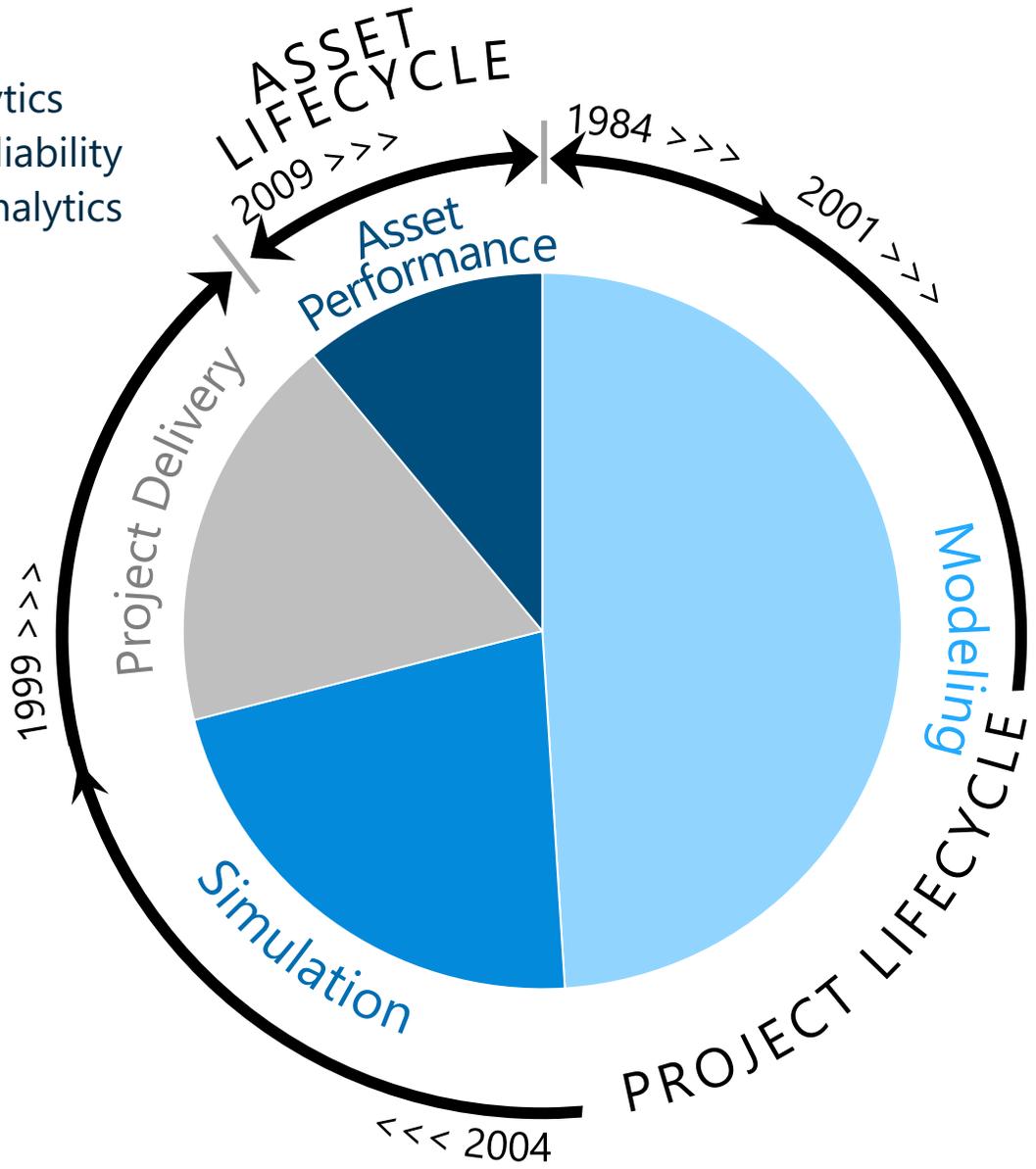


Revenues by Infrastructure Lifecycle

- AssetWise ALIM
- AssetWise 4D Analytics
- AssetWise Asset Reliability
- AssetWise Linear Analytics
- SUPERLOAD

- ProjectWise
- ProjectWise 365
- SYNCHRO

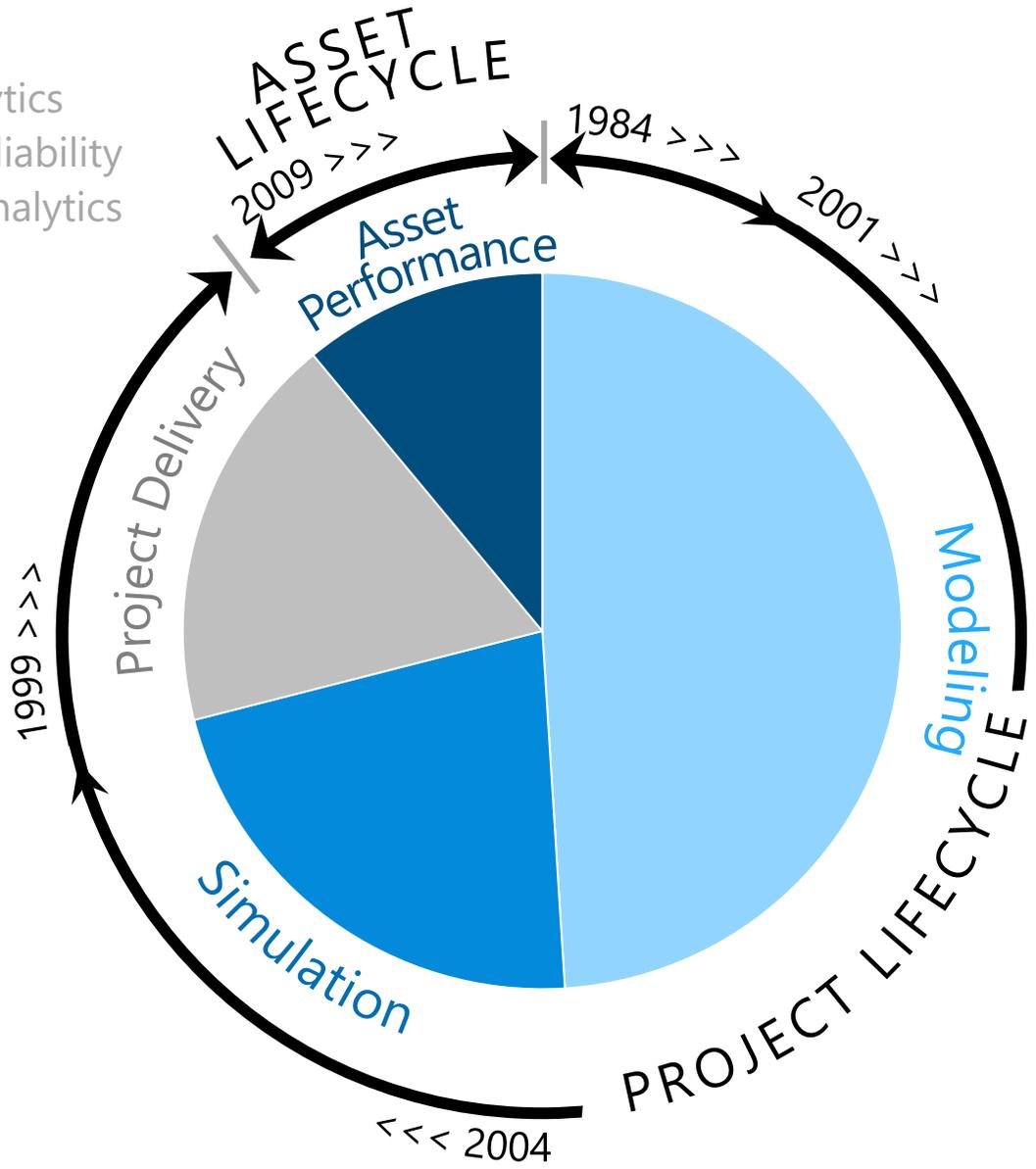
- STAAD
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Revenues by Infrastructure Lifecycle (Commercial / Facilities Products)

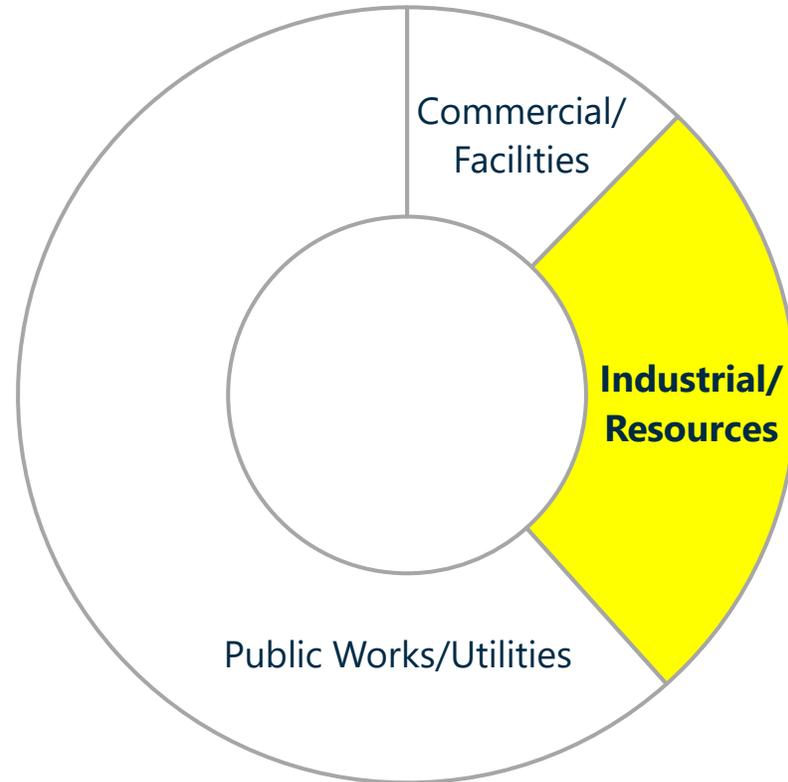
- AssetWise ALIM
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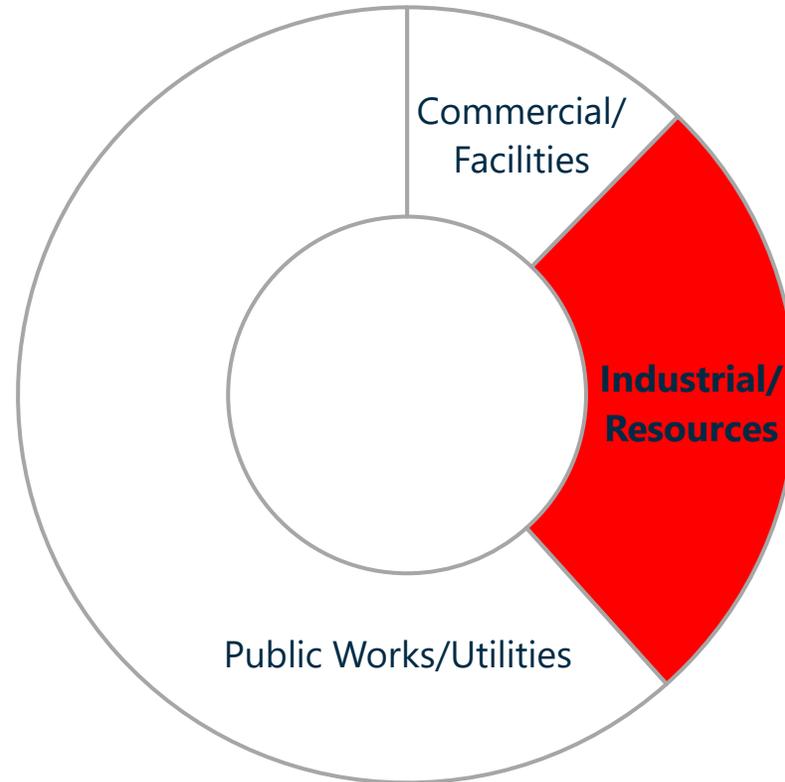
2020 to Date...

As presented in our
20Q3 Operating Results



2020 to Date... (20Q4)

As presented in our
20Q3 Operating Results



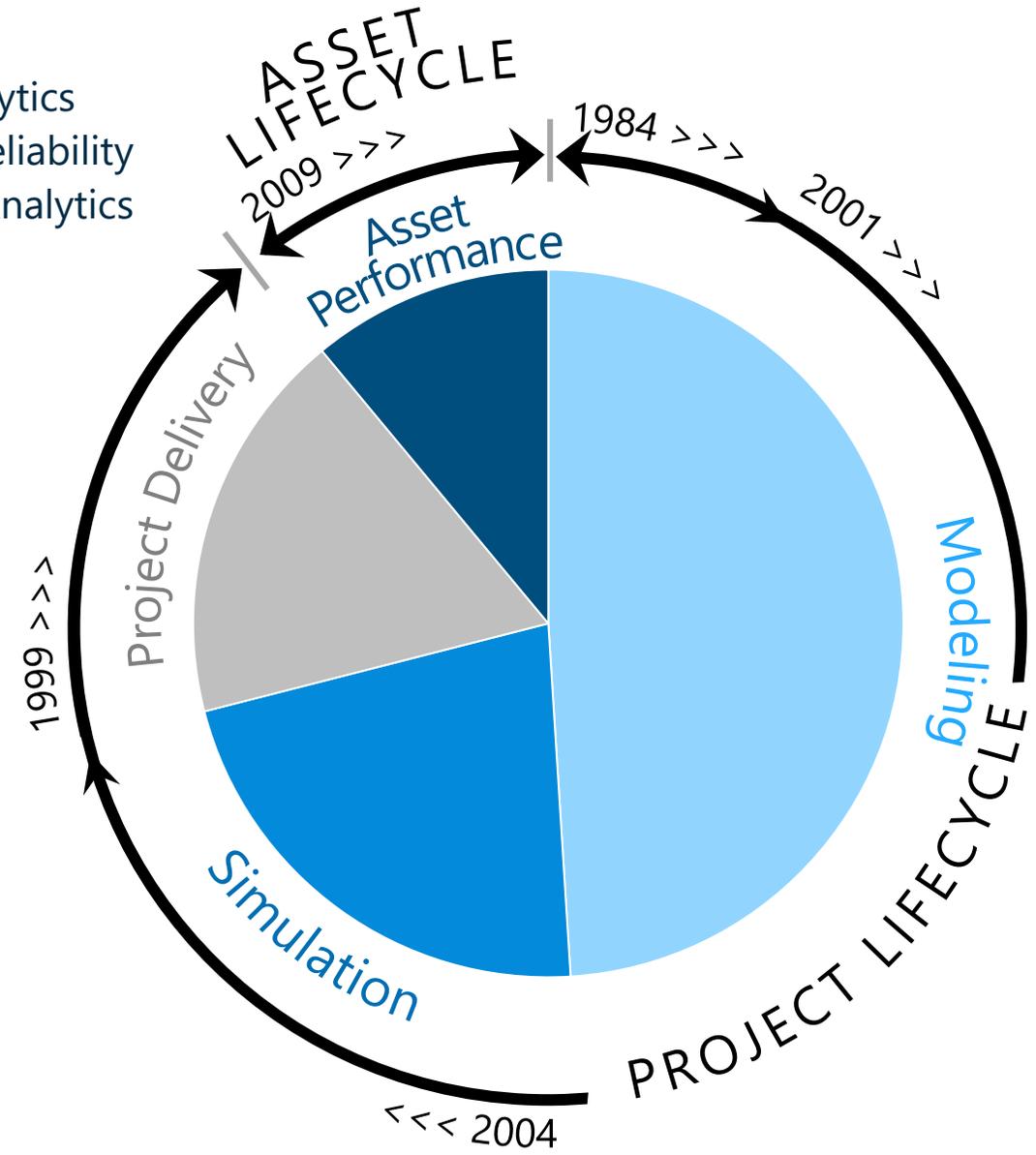
Revenues by Infrastructure Lifecycle

- AssetWise ALIM
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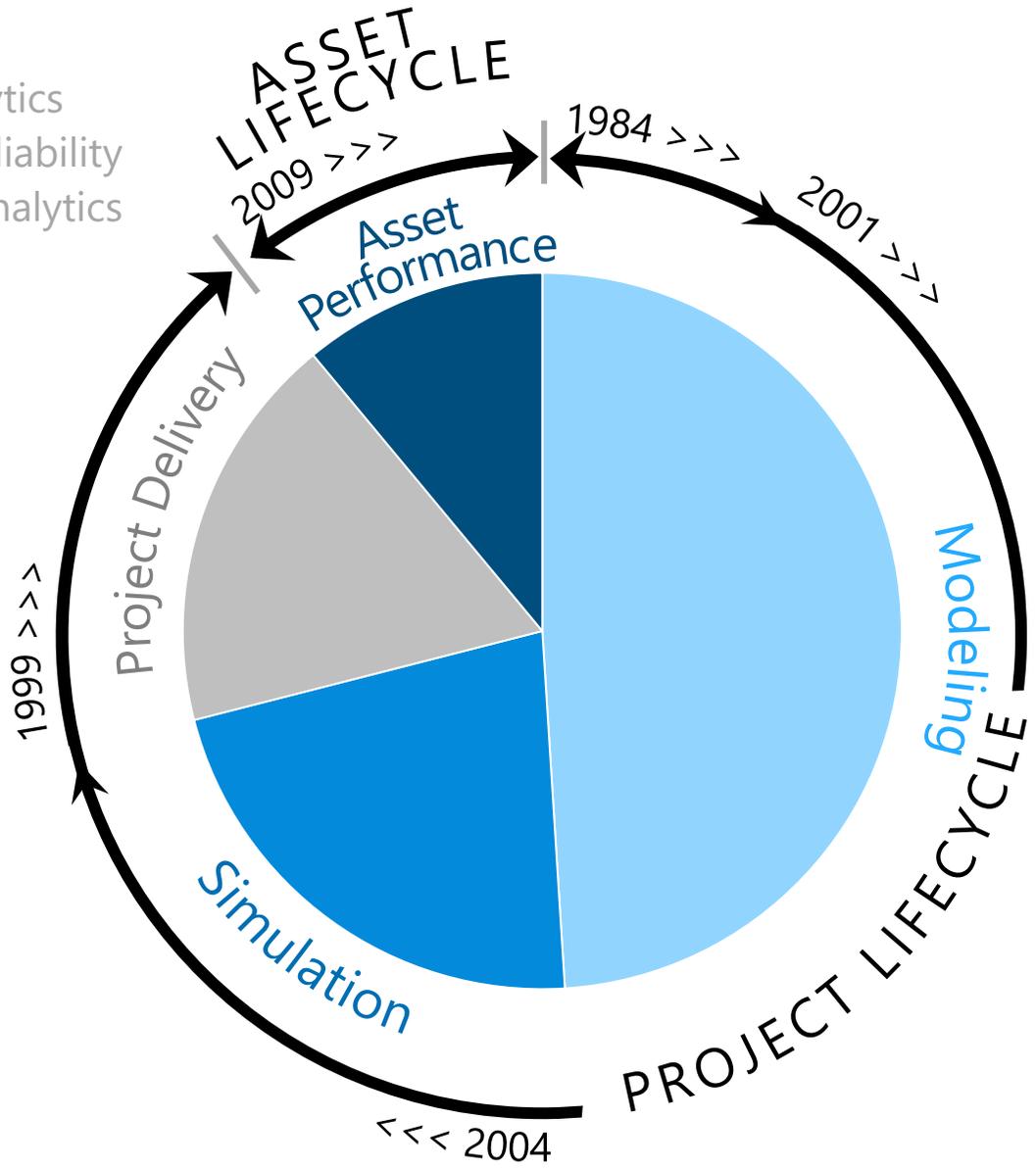
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Revenues by Infrastructure Lifecycle (Industrial / Resources Products)

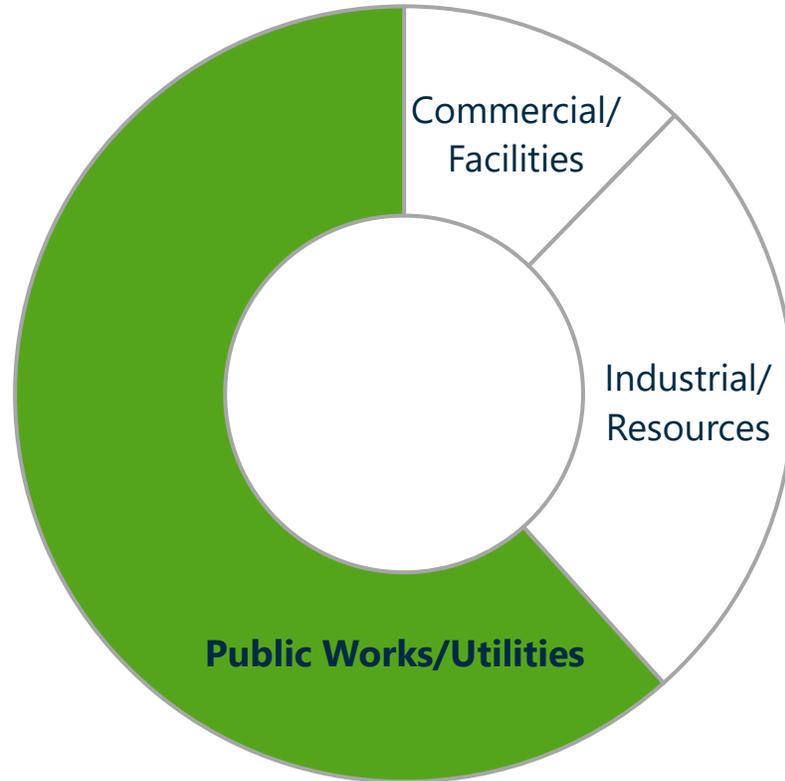
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2020 to Date... (20Q4)

As presented in our
20Q3 Operating Results



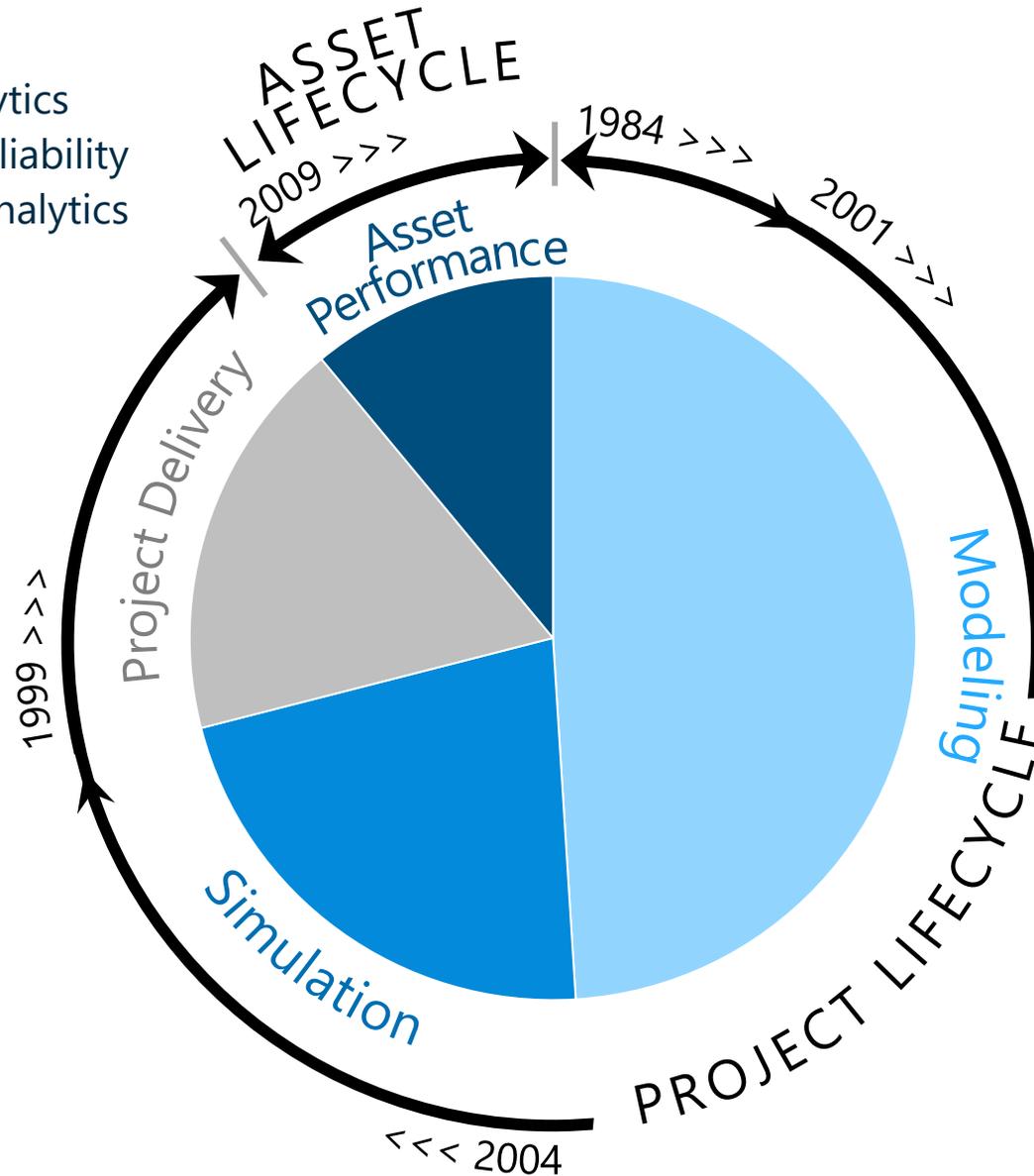
Revenues by *Infrastructure Lifecycle*

- AssetWise ALIM
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- AssetWise Asset Reliability
- AssetWise Linear Analytics
- SUPERLOAD

- ProjectWise
- ProjectWise 365
- SYNCHRO

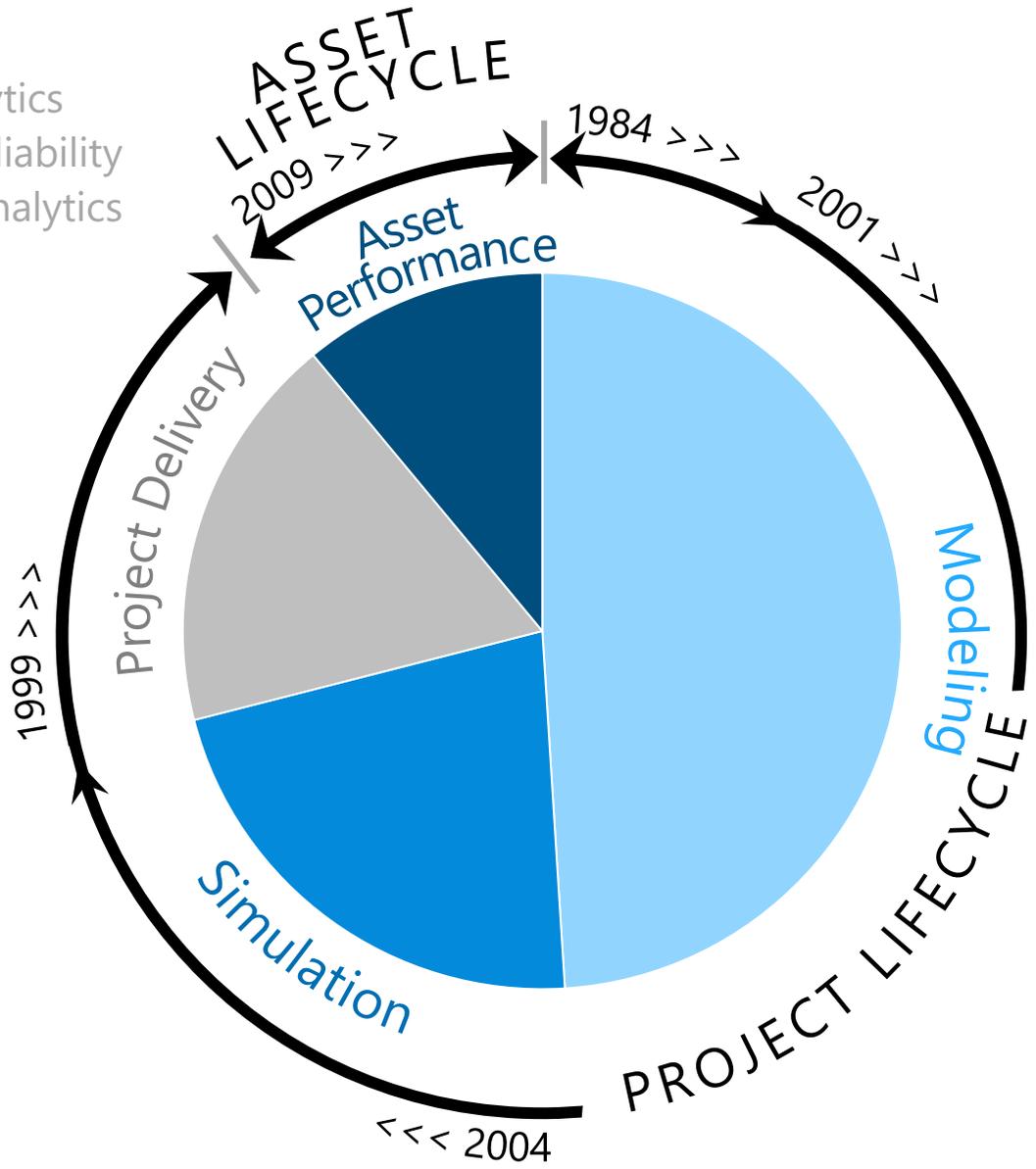
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Revenues by Infrastructure Lifecycle (Public Works / Utilities Products)

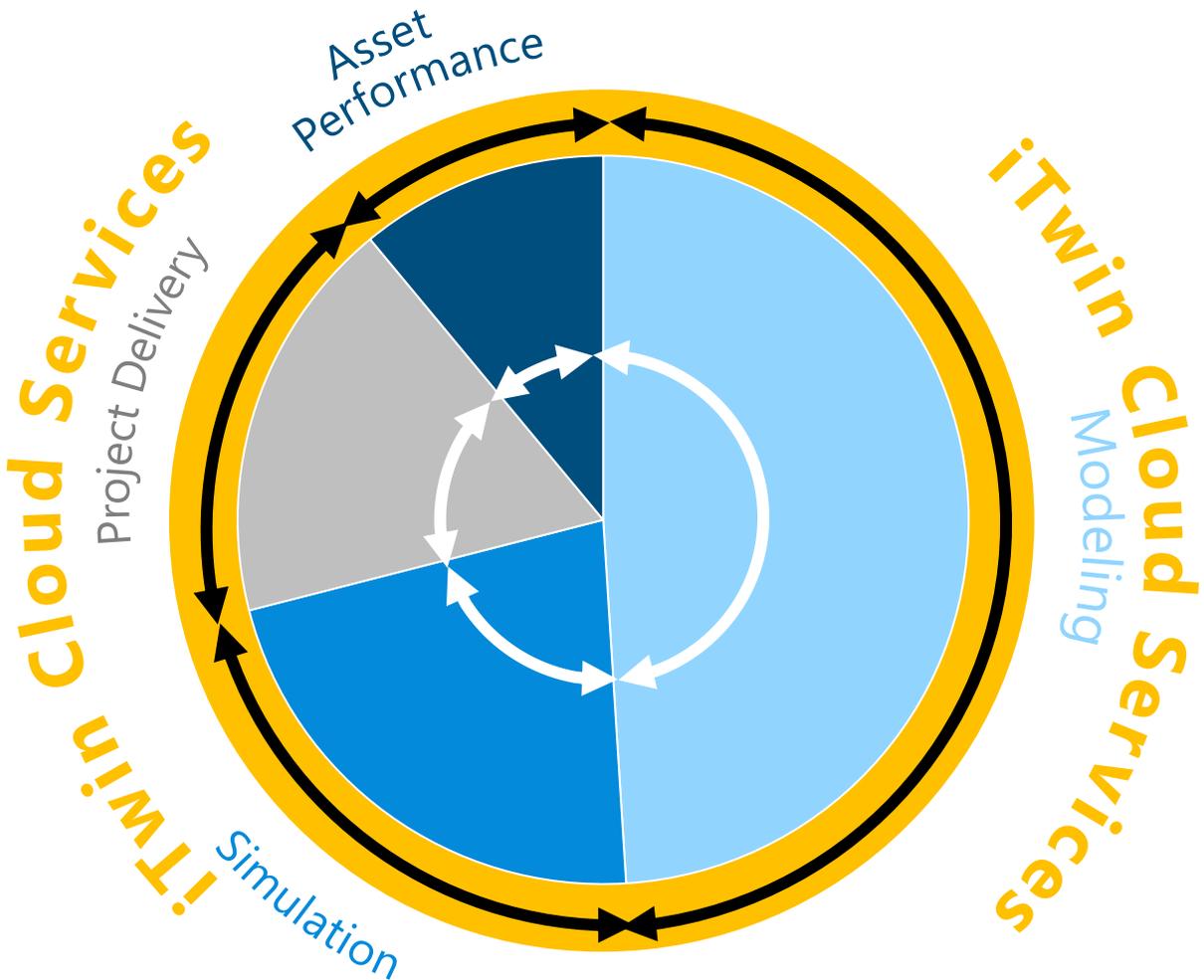
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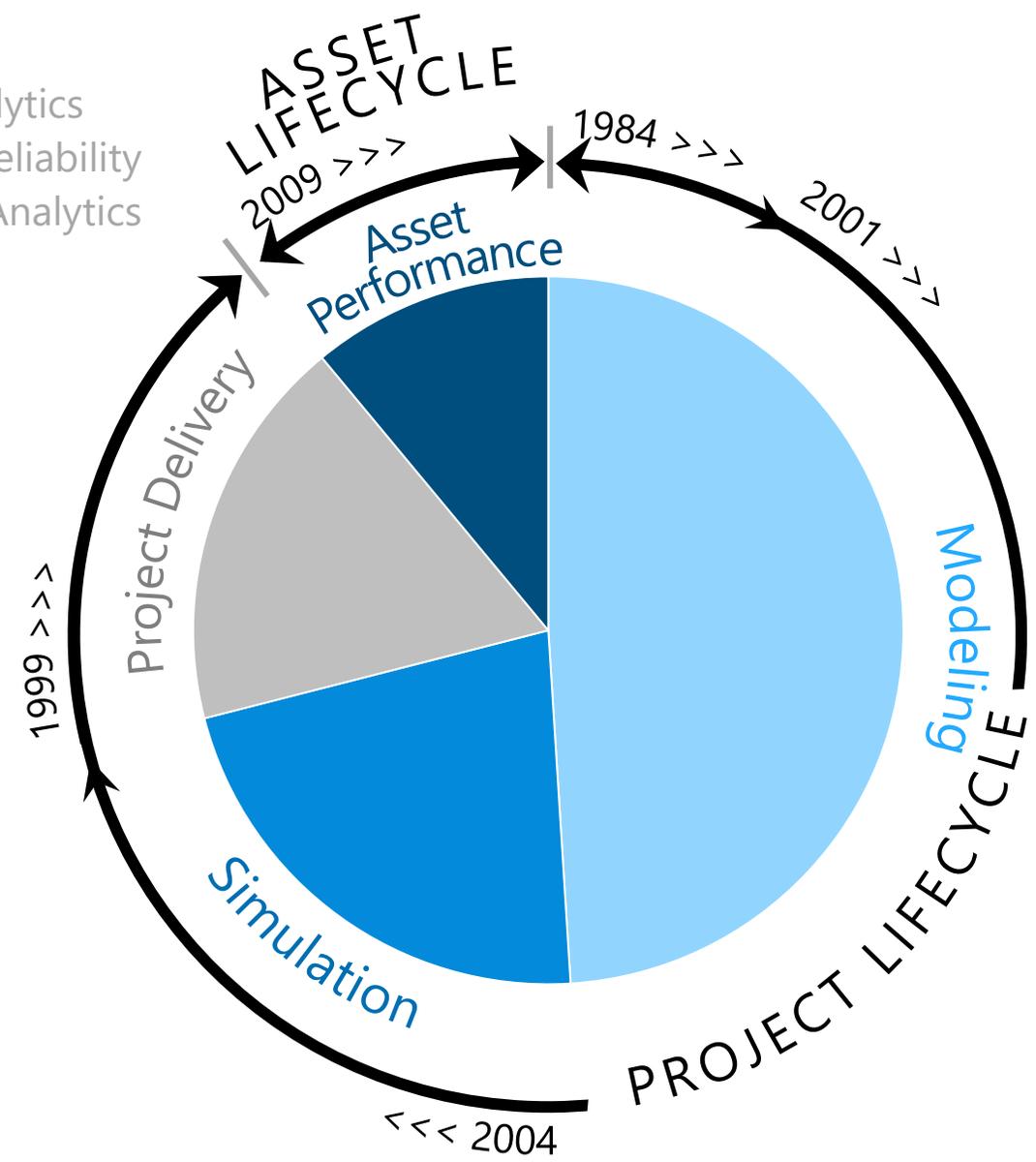
Revenues by *Infrastructure Lifecycle*—(20Q4)

As presented in our 20Q3 Operating Results



Revenues by Infrastructure Lifecycle (2020 New Business Growth Leaders)

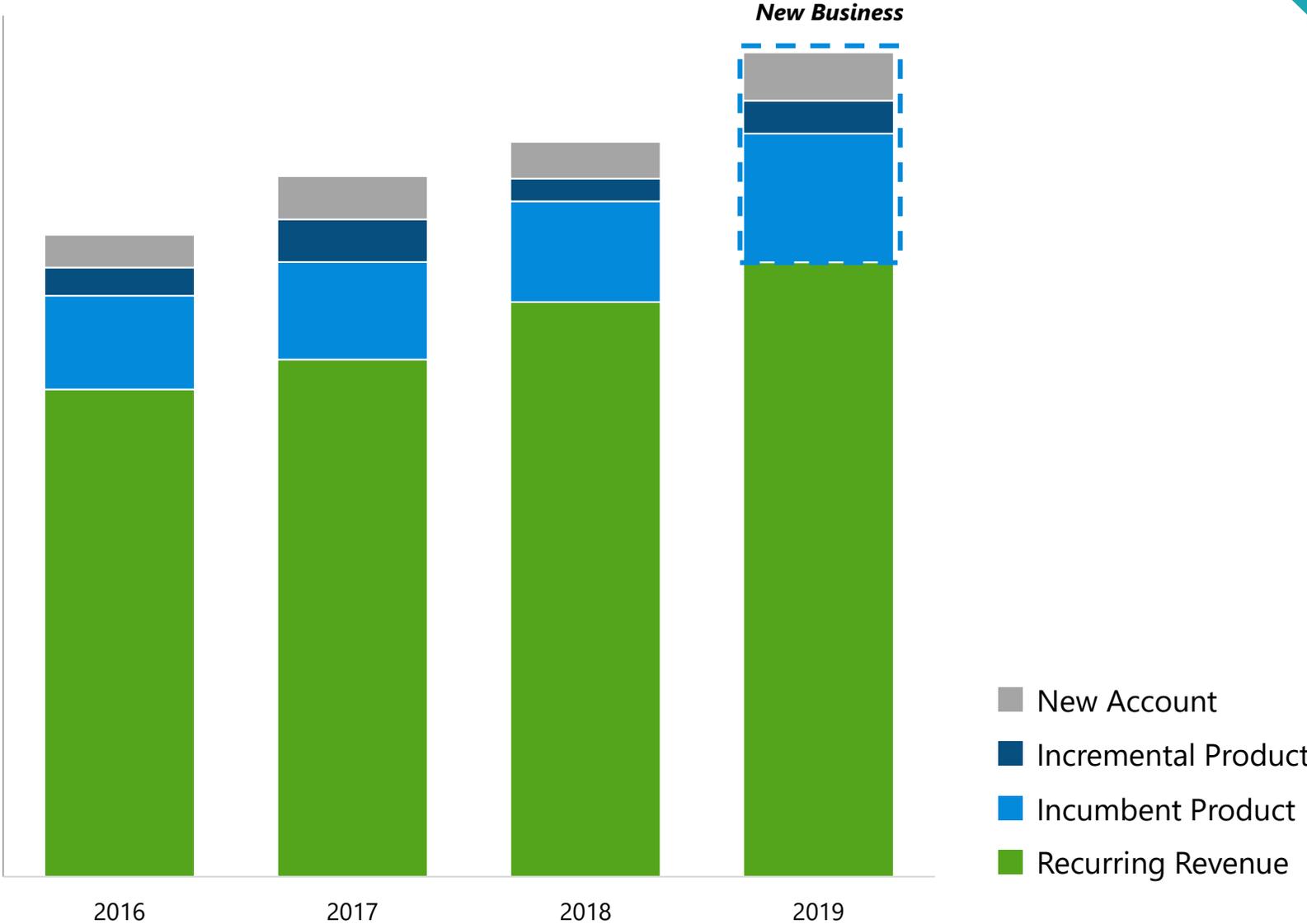
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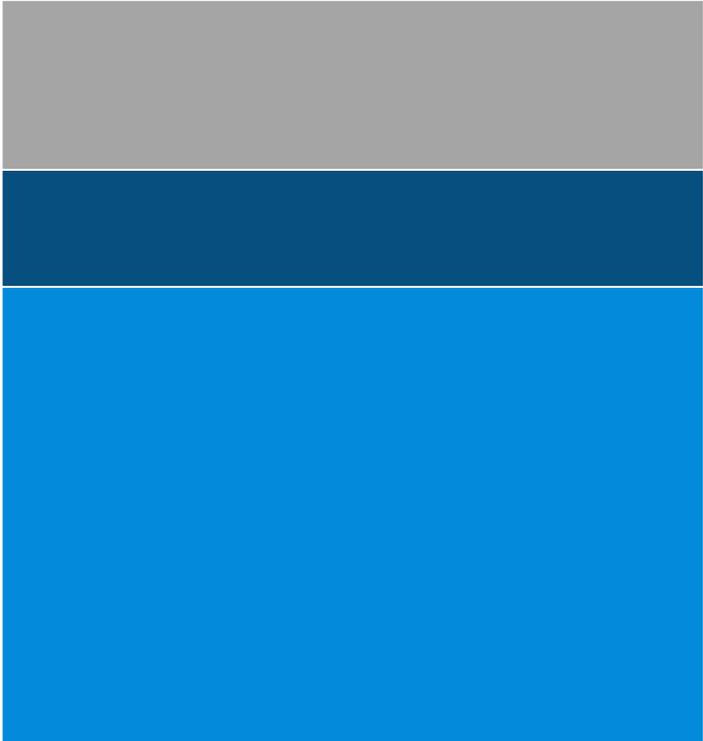
New Business Growth...

As presented in our 20Q3 Operating Results



Note: Excludes the impact of changes in foreign currency exchange rates. The company's 2019 budget exchange rates have been applied for all periods.

New Business Growth



e.g. *MicroStation* (\$\$) to *OpenRoads* (\$\$\$\$) "upsell"

- New Account
- Incremental Product
- Incumbent Product

Note: Excludes the impact of changes in foreign currency exchange rates. The company's 2019 budget exchange rates have been applied for all periods.

New Business Growth

Revenue Type/Component		PD/ANP/iTwin Brands	All Other Brands	Revenue Assigned
License Sales	Perpetual License	0.50X	0.50X	Included as Bentley NET USD Revenue
	SELECT Re-Instatement Fees			
	Project Subscription			
PS	PROJECT SERVICES	0.375X	0.375X	Included as Bentley NET USD Revenue
	TRAINING			
CSS - MTL	Monthly Term License	1.00X	1.00X	Paid MTL
Digital Integrators	Digital Integrators (License/Subscription)	0.50X	0.50X	Included as Bentley NET USD Revenue
Virtuosity	Virtuoso Subscription	2.00X	2.00X	Included as Adjusted – EVD ARR Growth
ARR Growth	E365	2.00X	2.00X	
	Virtuosity	2.00X	1.00X	
	CSS - VISA, PPA, Subscriptions, iTwin subscriptions, Graduated Subscription, Graduated ELS, ELS, AppManagement, SAAS	1.00X	1.00X	
	SuccessPlan/Recurring Services	1.00X	1.00X	
	SELECT - New when sold with License	N/A	0.20X	
	SELECT – Changes/Attrition			

Comprehensiveness Across Geographies



170+ Countries of Usage

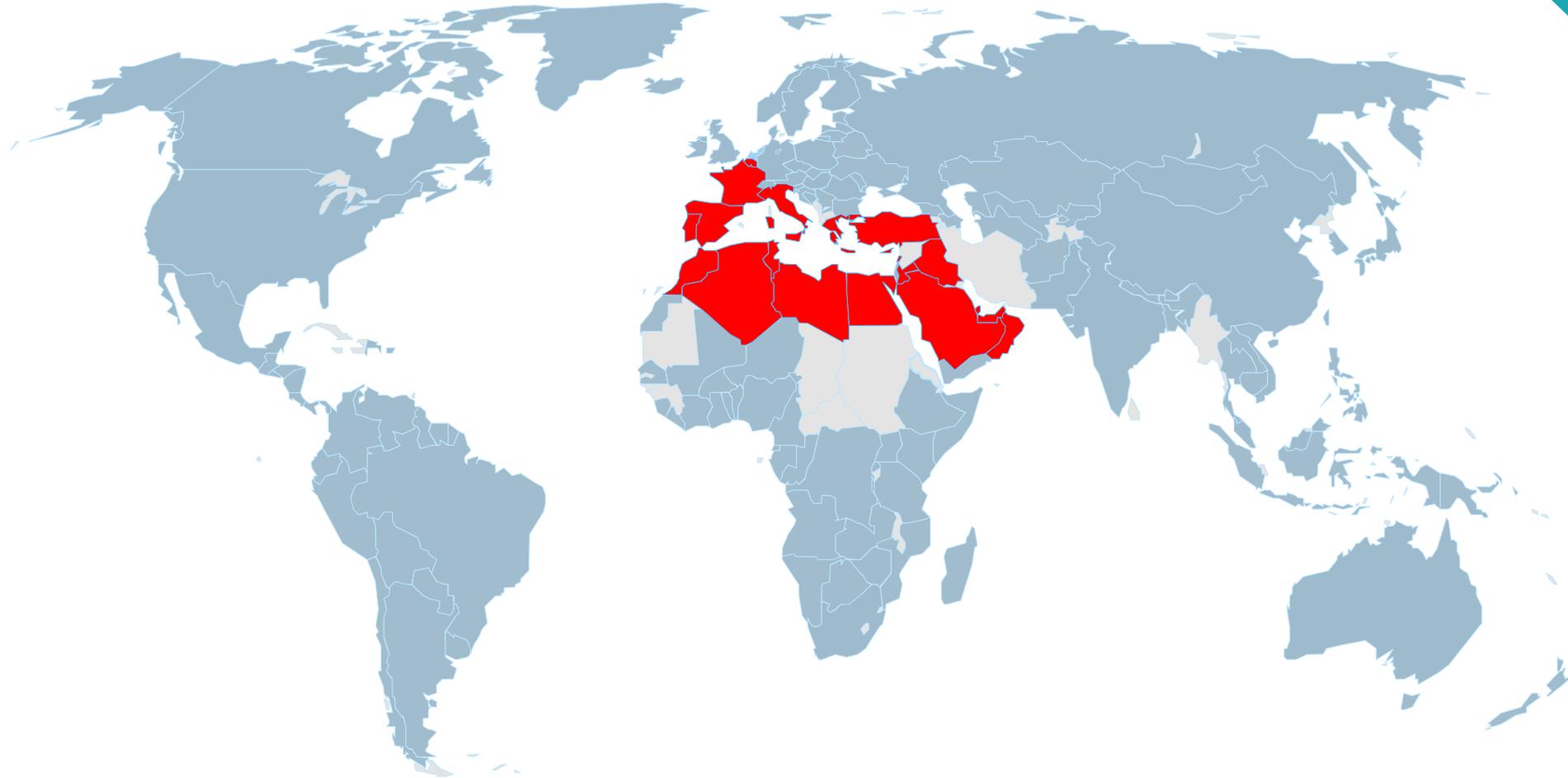
90+ Offices

~4,000 Colleagues

Note: \$ Amounts are revenues in millions, based on 2019 ASC 606.

Comprehensiveness Across Geographies: *2020 New Business Growth*

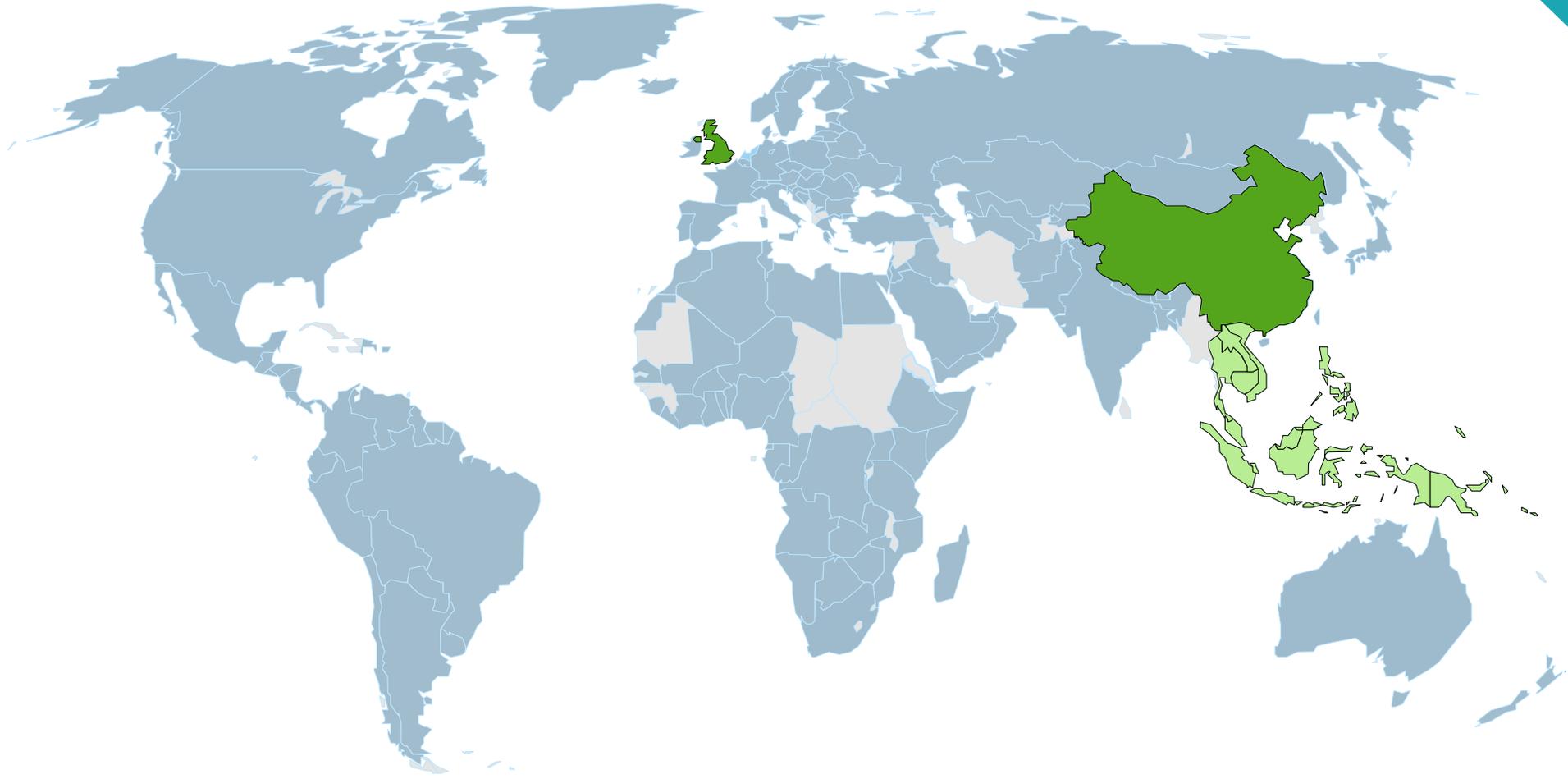
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20Q3 Operating Results



Note: \$ Amounts are revenues in millions, based on 2019 ASC 606.

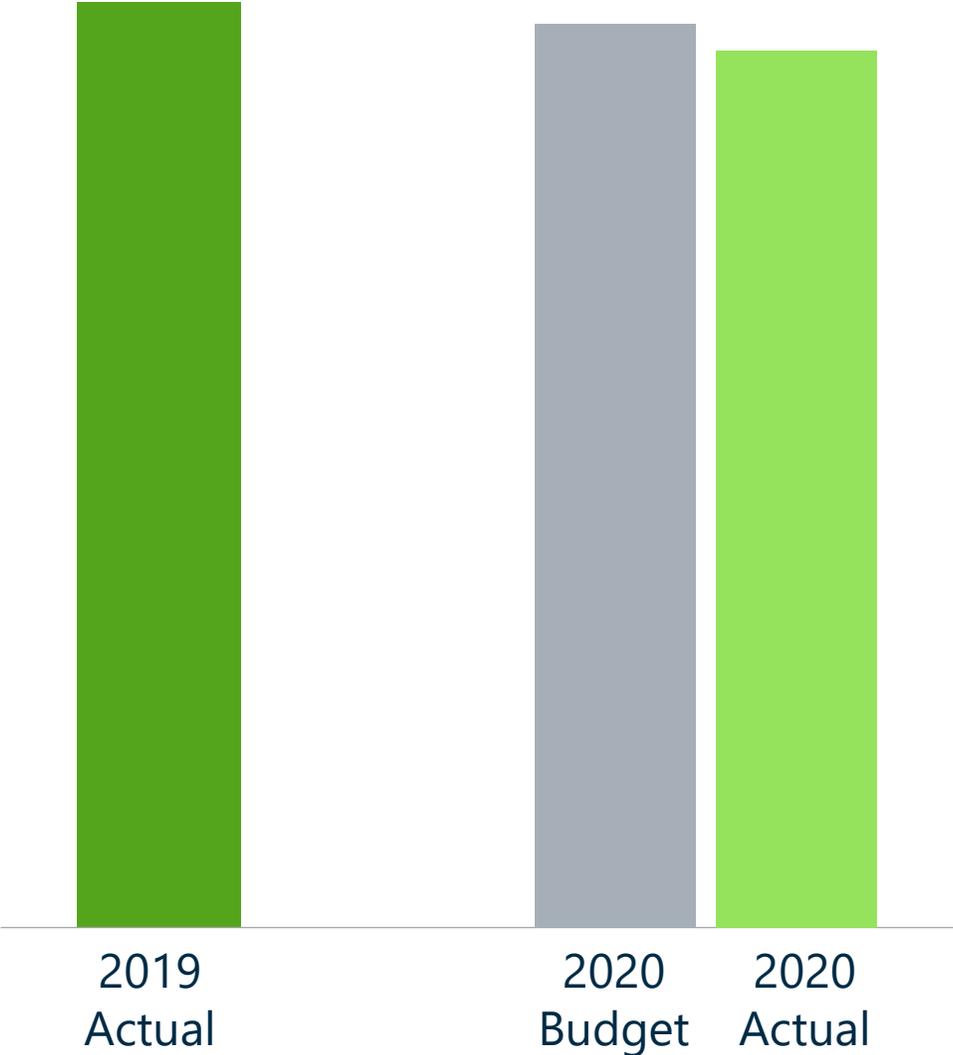
Comprehensiveness Across Geographies: *2020 New Business Growth*

As presented in our
20Q3 Operating Results

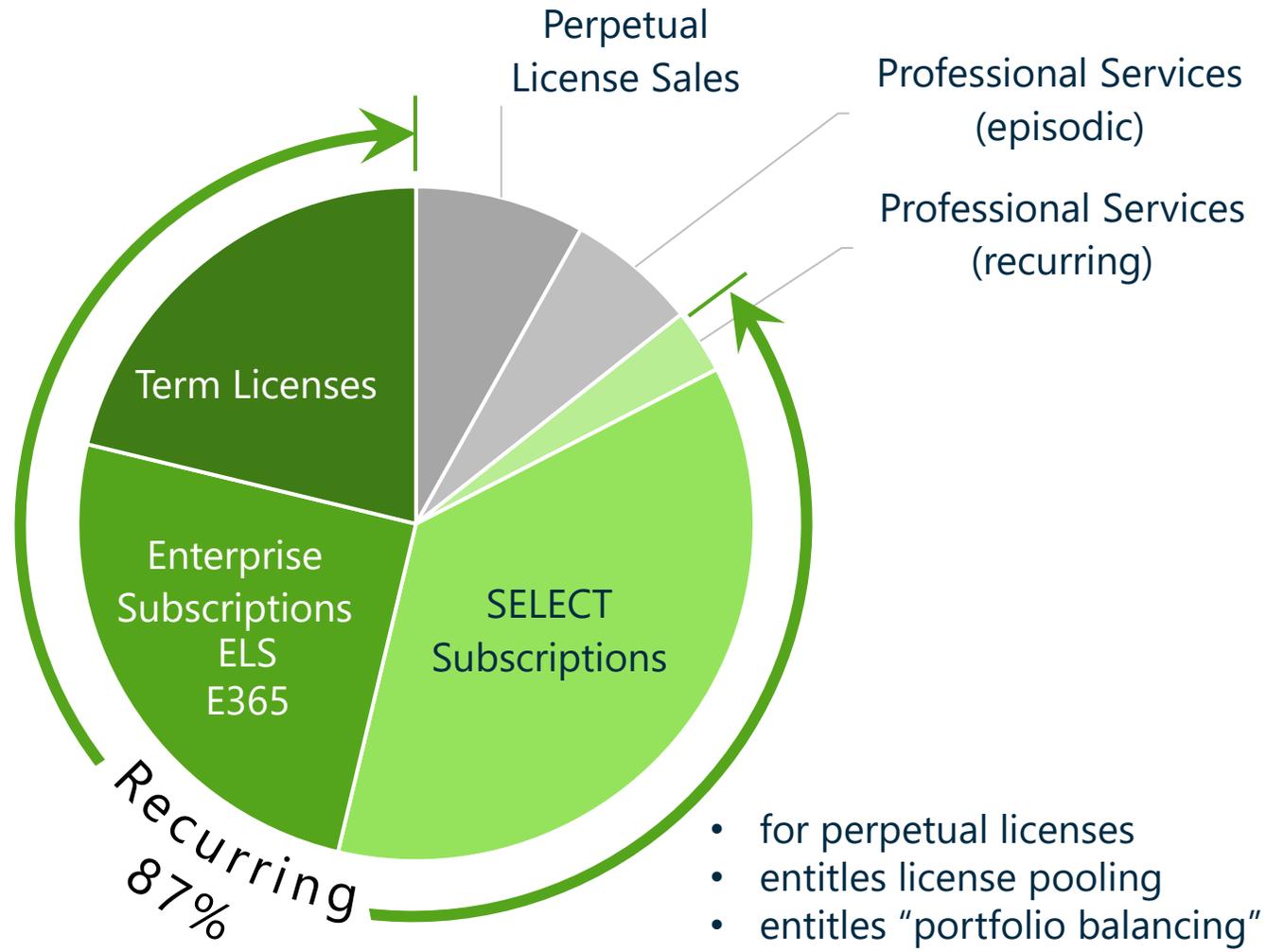


Note: \$ Amounts are revenues in millions, based on 2019 ASC 606.

New Business Growth

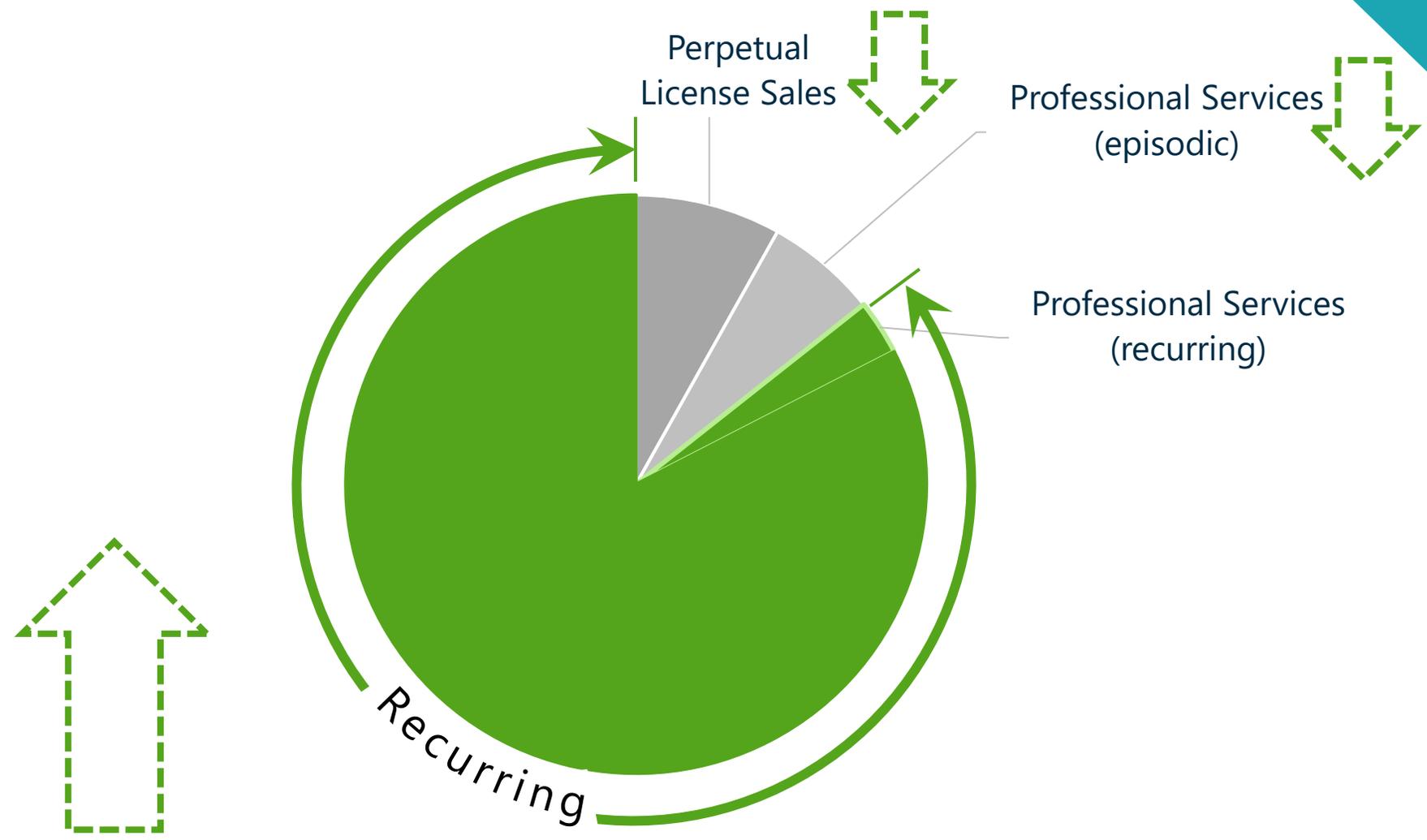


Revenues by Commercial Model



Note: Chart segment sizing corresponds to underlying % of 2019 ASC 606 Revenue.

Revenues by Commercial Model



Note: Chart segment sizing corresponds to underlying % of 2019 ASC 606 Revenue.

Entering 2021...

Greg Bentley, CEO

Going Digital—2020s Growth Initiatives...



As presented in
our January 2021
Convertible Notes Offering

- Programmatic and *opportunistic* acquisitions

Going Digital—2020s Growth Initiatives...

- *Success* programs to accelerate accretion
- Programmatic and *opportunistic* acquisitions



As presented in
our January 2021
Convertible Notes Offering

Going Digital—2020s Growth Initiatives...

- *Success* programs to accelerate accretion
- *Direct* (digital) engagement for SMB expansion
- Programmatic and *opportunistic* acquisitions



As presented in
our January 2021
Convertible Notes Offering

Going Digital—2020s Growth Initiatives...

- *Success* programs to accelerate accretion
- *Direct* (digital) engagement for SMB expansion
- *Digital Twin* mainstreaming
- Programmatic and *opportunistic* acquisitions



As presented in
our January 2021
Convertible Notes Offering

Going Digital—2020s Growth Initiatives...

- *Success* programs to accelerate accretion
- *Direct* (digital) engagement for SMB expansion
- *Digital Twin* mainstreaming
- Programmatic and *opportunistic* acquisitions



As presented in
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Convertible Notes Offering

Going Digital—2020s Growth Initiatives...

- Success programs to accelerate accretion
- Direct (digital) engagement for SMB expansion
- Digital Twin mainstreaming
- Programmatic and *opportunistic* acquisitions



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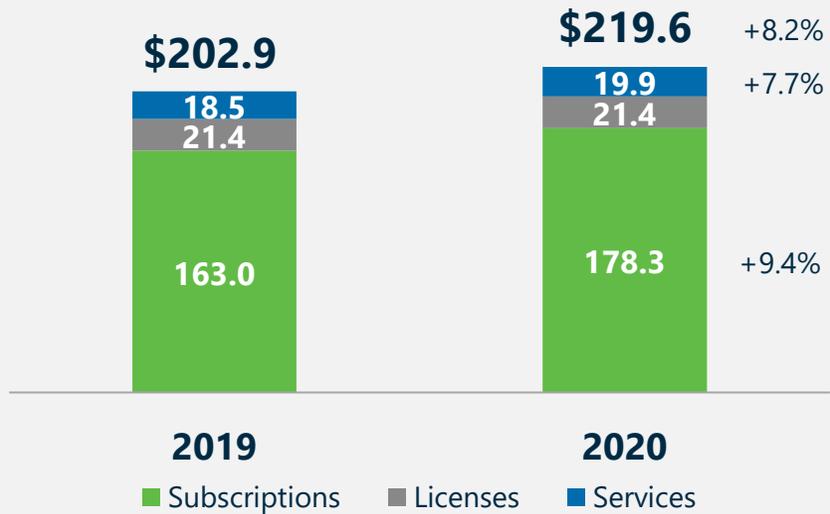
Exiting 2020 and Entering 2021...

David Hollister, CFO

Revenue Performance

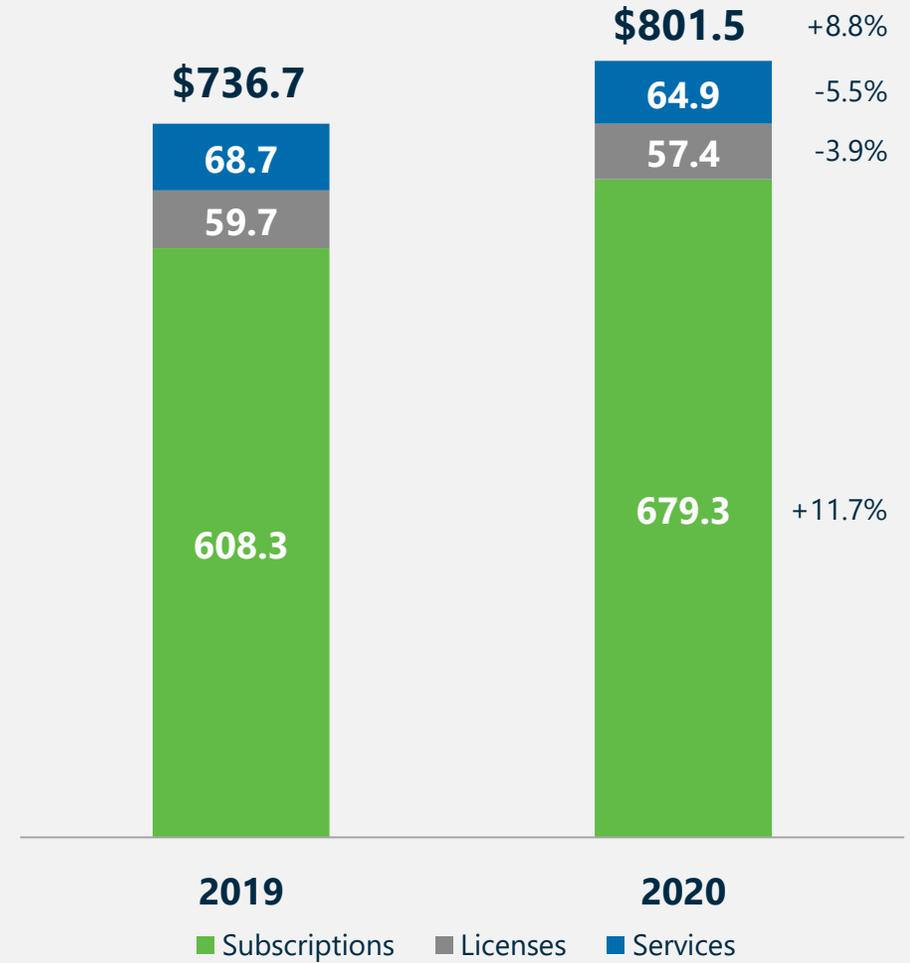
Fourth Quarter

\$ in millions



Full Year

\$ in millions



Recurring Revenue Performance

ARR: 8% 2020 constant currency growth
\$752.7 million at 12/31/2020 spot

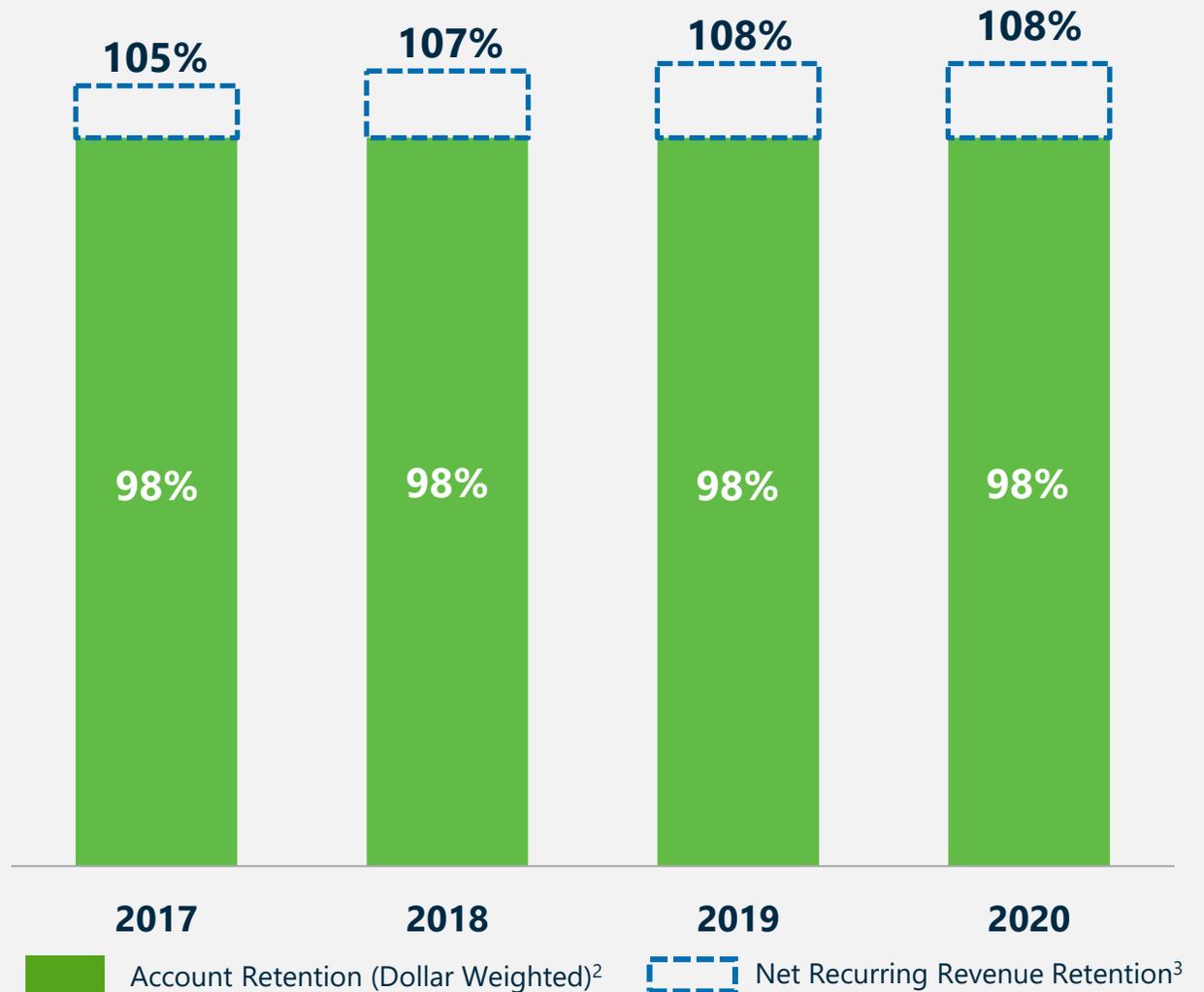
Recurring Revenues¹

\$ in millions



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

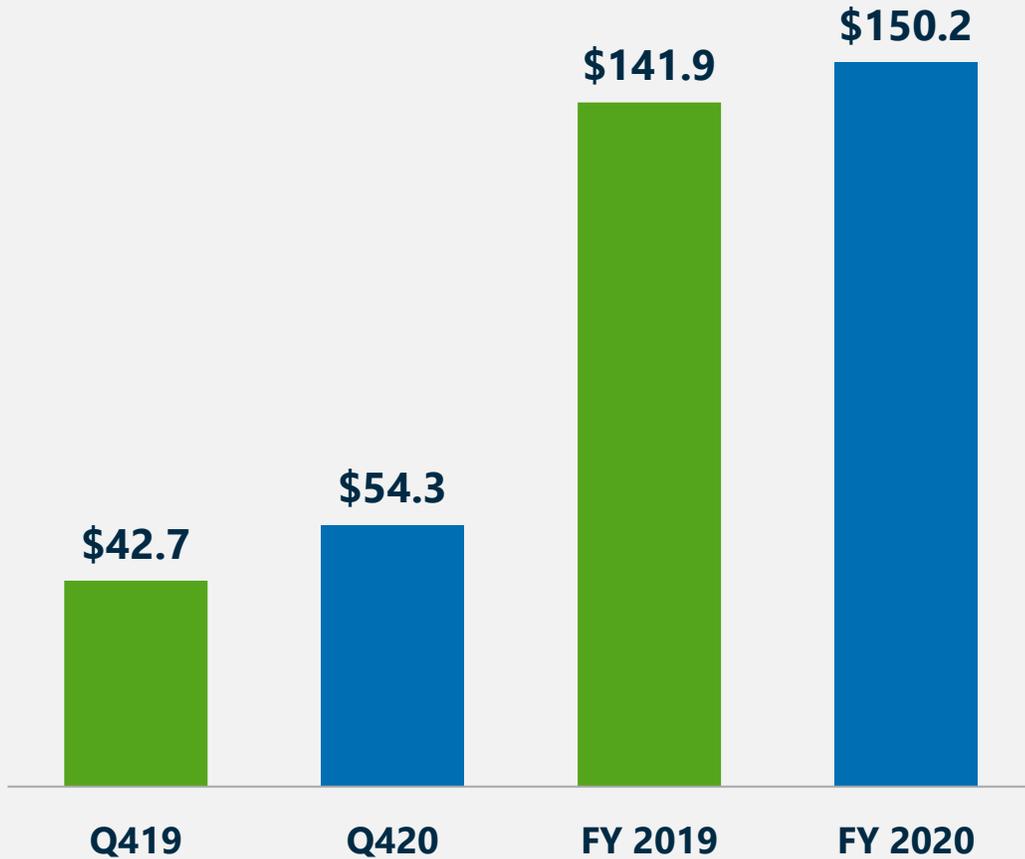
Recurring Revenue Retention



Profitability Performance

GAAP Operating Income

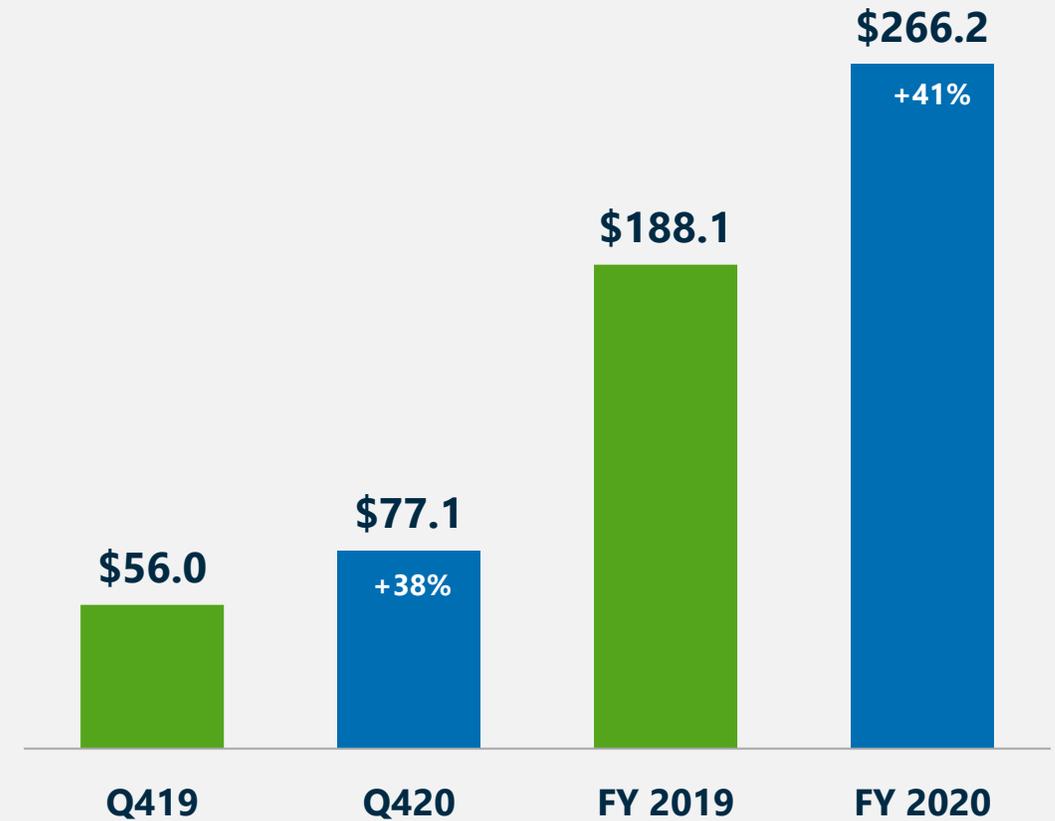
\$ in millions



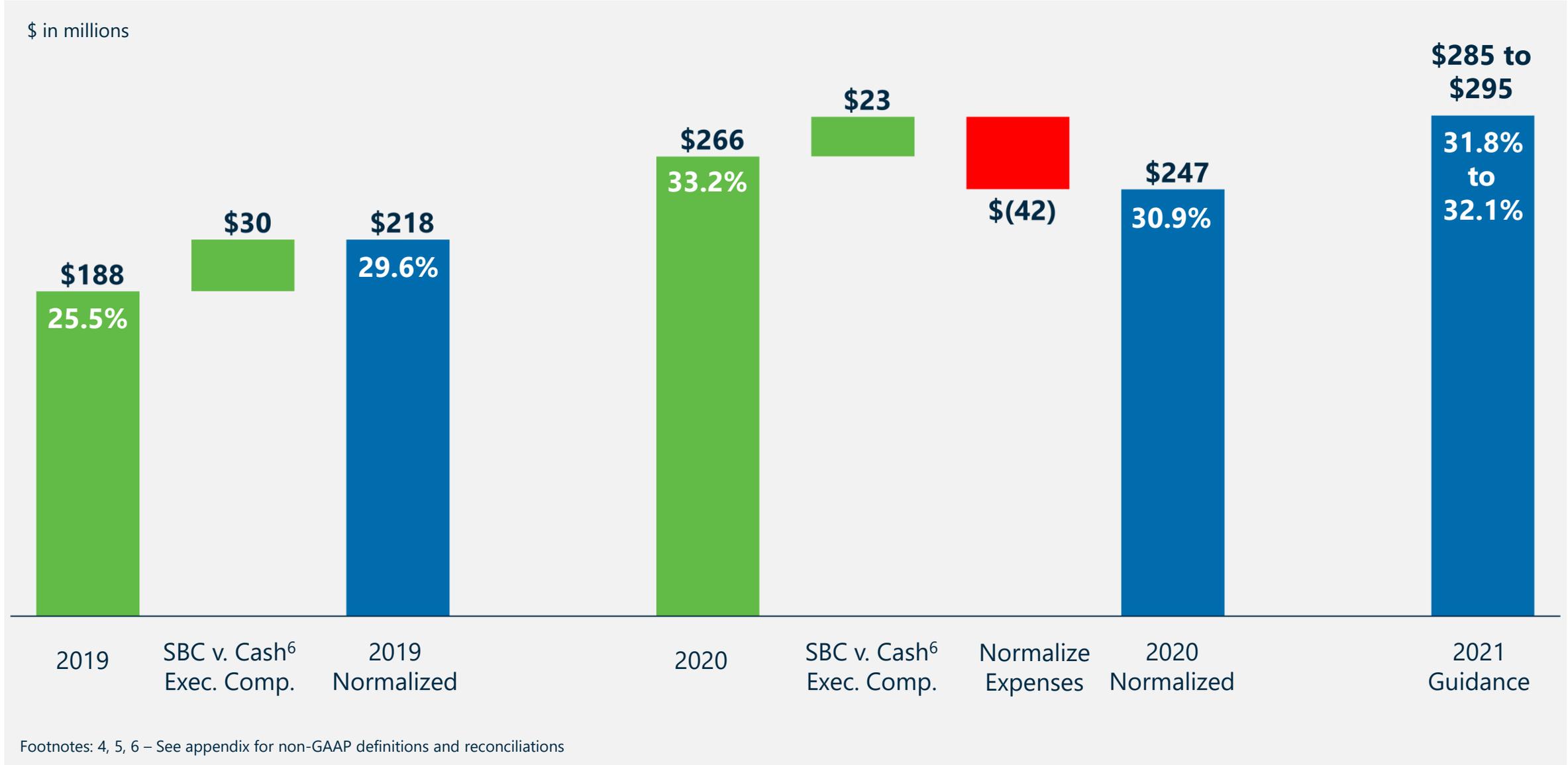
Footnotes: 4 – See appendix for KPI and non-GAAP definitions and reconciliations

Adjusted EBITDA⁴

\$ in millions



Adjusted EBITDA⁴ and margin⁵ normalization



Full Year 2021 Financial Outlook

Financial Metrics	Guidance
Total Revenues	\$895 million to \$920 million increase of 11.7% to 14.8%
ARR Growth (constant currency)	8% to 10%
Adjusted EBITDA ⁴	\$285 million to \$295 million approximately 32% Margin ⁵

Additional expectations to support financial modeling

- Full year interest expense of approximately \$7.5 million (approximately \$3.0 million of which is cash interest)
- Full year effective tax rate of approximately 20%
- Full year capital expenditures, including investments in capitalized software <2.5% of revenues
- Fully diluted weighted average shares outstanding between 327 and 329 million inclusive of 13.6 million shares applying an if-converted methodology to our January 2021 \$690 million convertible notes and assuming today's average share price
- Dividends of \$0.12 per share

Liquidity and Capital Structure

GAAP Operating Cash Flows

Fourth Quarter

Full Year

\$ in millions



January 2021 Financing Transactions

- \$850 million Senior Secured Revolver due 2025
 - Refinanced existing revolver; \$3.7 million fees
 - Retained \$200 million swap paying fixed .73%
- \$690 million Convertible Notes due 2026; 1/8% coupon
 - Proceeds net of \$18 million fees and expenses
 - Proceeds net of \$25.5 million capped call purchase
 - Conversion up 65% with capped call (\$72.98)

November 2020 First Follow-On Equity Offering

- 9.6 million primary shares
- 1.9 million secondary shares
- \$294.4 million proceeds to BSY, net of \$12.9 million fees and expenses

12/31/20 Pro forma for 1/21 Financing Transactions

\$ in millions

Cash	\$518.8
Debt	\$690.0
Net Debt	\$171.2
Net Debt Total Leverage	0.6x
Net Debt Senior Leverage	0.0x

Long term financial model targets

Financial Metrics	Targets	Comments
Total Revenues	~10% per year	Historical growth trends inflected for growth initiatives and subject to pace and scale of acquisitions
Adjusted EBITDA Margin ⁵	~100BPS accretion per year	Subject to modest dilution from Digital Integrators and Acceleration incubation investments

Additional expectations to support financial modeling

- Effective tax rate of approximately 20%
- Capital expenditures, including investments in capitalized software <2.5% of revenues
- Over time target a dividend yield between 0.5% and 1%
- Potential periodic stock repurchases to attenuate dilution from stock-based compensation
- Targeted normal net leverage comfort level in the range of 2X to 3X



Q & A



Thank You