

# 2022 Investor Update: Supplemental Charts

August 9, 2022



# Cautionary statement regarding forward-looking and non-GAAP financial information

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that provide current expectations or forecasts of future events based on certain assumptions. Forward-looking statements are subject to risks, uncertainties, and factors relating to our business which could cause our actual results to differ materially from the expectations expressed in or implied by such forward-looking statements.

Forward-looking statements use words such as "anticipate," "believe," "could," "estimate," "expect," "forecast," "intend," "likely," "may," "outlook," "plan," "predict," "project," "should," "target," or other words of similar meaning. Forward-looking statements include those about market opportunity, including our total addressable market. We caution readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. We undertake no obligation to update forward-looking statements, whether as a result of new information, future events or otherwise.

The risks associated with the following, among others, could cause actual results to differ materially from those described in any forward-looking statements:

- adverse conditions in the macroeconomic environment, including high inflation, and volatility in equity and foreign exchange markets; political, economic and regulatory uncertainties in the countries and regions in which we operate (including the Russian invasion of Ukraine);
- our ability to timely recruit and retain key personnel in a highly competitive labor market for skilled personnel, including potential financial impacts of wage inflation;
- impacts from tariffs, trade sanctions, export license requirements or other trade barriers (including impacts from changes to diplomatic relations and trade policy between the United States and Russia (or the United States and other countries that may support Russia or take similar actions) due to the Russian invasion of Ukraine);
- constrained credit and liquidity due to disruptions in the global economy and financial markets, that may limit or delay availability of credit under our existing or new credit facilities, or that may limit our ability to obtain credit or financing on acceptable terms or at all;
- current and future impacts of a natural disaster or catastrophe, including the COVID-19 pandemic and actions taken to address the pandemic by our customers, suppliers, regulatory authorities, and our business, on the global economy and our business and consolidated financial statements, and other public health and safety risks; and government actions or mandates surrounding the COVID-19 pandemic;
- declines in our customers' businesses resulting in adverse changes in procurement patterns; disruptions in accounts receivable and cash flow due to customers' liquidity challenges and commercial deterioration; uncertainties regarding demand for our products and services in the future and our customers' acceptance of new products; delays or declines in anticipated sales due to reduced or altered sales and marketing interactions with customers; and potential variations in our sales forecast compared to actual sales;
- increased volatility in our revenue due to the timing, duration and value of multi-year subscription lease contracts; and our reliance on high renewal rates for annual subscription lease and maintenance contracts;

# Cautionary statement regarding forward-looking and non-GAAP financial information

- our ability to protect our proprietary technology; cybersecurity threats or other security breaches, including in relation to an increased level of our activity that is occurring from remote global off-site locations; and disclosure and misuse of employee or customer data whether as a result of a cybersecurity incident or otherwise;
- the quality of our products, including the strength of features, functionality and integrated multi-physics capabilities; our ability to develop and market new products to address the industry's rapidly changing technology; failures or errors in our products and services; and increased pricing pressure as a result of the competitive environment in which we operate;
- investments in complementary companies, products, services and technologies; our ability to complete and successfully integrate our acquisitions and realize the financial and business benefits of the transactions; and the impact indebtedness incurred in connection with any acquisition could have on our operations;
- investments in global sales and marketing organizations and global business infrastructure; and dependence on our channel partners for the distribution of our products;
- operational disruptions generally or specifically in connection with transitions to and from remote work environments; and the failure of our technological infrastructure or those of the service providers upon whom we rely including for infrastructure and cloud services;
- our ability and our channel partners' ability to comply with laws and regulations in relevant jurisdictions; and the outcome of contingencies, including legal proceedings, government or regulatory investigations and service tax audit cases;
- our intention to repatriate previously taxed earnings in excess of working capital needs and to reinvest all other earnings of our non-U.S. subsidiaries;
- plans for future capital spending; the extent of corporate benefits from such spending including with respect to customer relationship management; and higher than anticipated costs for research and development or slowdown in our research and development activities;
- uncertainty regarding income tax estimates in the jurisdictions in which we operate; and the effect of changes in tax laws and regulations in the jurisdictions in which we operate;
- our ability to execute on our strategies related to environmental, social, and governance matters, and achieve related expectations, including as a result of evolving regulatory and other standards, processes, and assumptions, the pace of scientific and technological developments, increased costs and the availability of requisite financing, and changes in carbon markets; and
- other risks and uncertainties described in our reports filed from time to time with the SEC.

We may include non-GAAP financial information in this presentation. Reconciliations for such financial information may be found in materials on our corporate website and in our SEC filings. This information supplements our GAAP results and should not be viewed in isolation from, or as a substitute for, GAAP results. We believe that this information and the related reconciliations may be useful to investors, analysts and others to help understand and evaluate our financial results, and with respect to adjusted metrics, because we believe they better reflect the ongoing financial results and trends of our businesses and increase comparability of period-to-period results.

# ANSYS 2022 Investor Update agenda

TIME

TOPIC

SPEAKER

8:30 AM – 8:35 AM

Opening remarks

Kelsey DeBriyn, *VP, Investor Relations*

8:35 AM – 9:50 AM

Investor update

~5 minutes

1

**ANSYS' leadership in engineering simulation**

Ajei Gopal, *President & CEO*

~6 minutes

2

**Three vectors of growth**

Nicole Anasenes, *CFO* | Shane Emswiler, *SVP, Products* |  
Walt Hearn, *VP, Global Sales & Customer Excellence*

~3 minutes

3

**Drivers of market demand**

Nicole Anasenes, *CFO*

~3 minutes

4

**A track record of execution**

Ajei Gopal, *President & CEO*

~21 minutes

5

**The broadest & deepest physics platform**

Shane Emswiler, *SVP, Products*

~18 minutes

6

**Driving sustainable growth**

Walt Hearn, *VP, Global Sales & Customer Excellence*

~16 minutes

7

**Financial outlook**

Nicole Anasenes, *CFO*

~3 minutes

8

**Delivering on the promise of simulation**

Ajei Gopal, *President & CEO*

9:50 AM – 10:30 AM

Q&A session

ANSYS Management



# Key Supplemental Charts

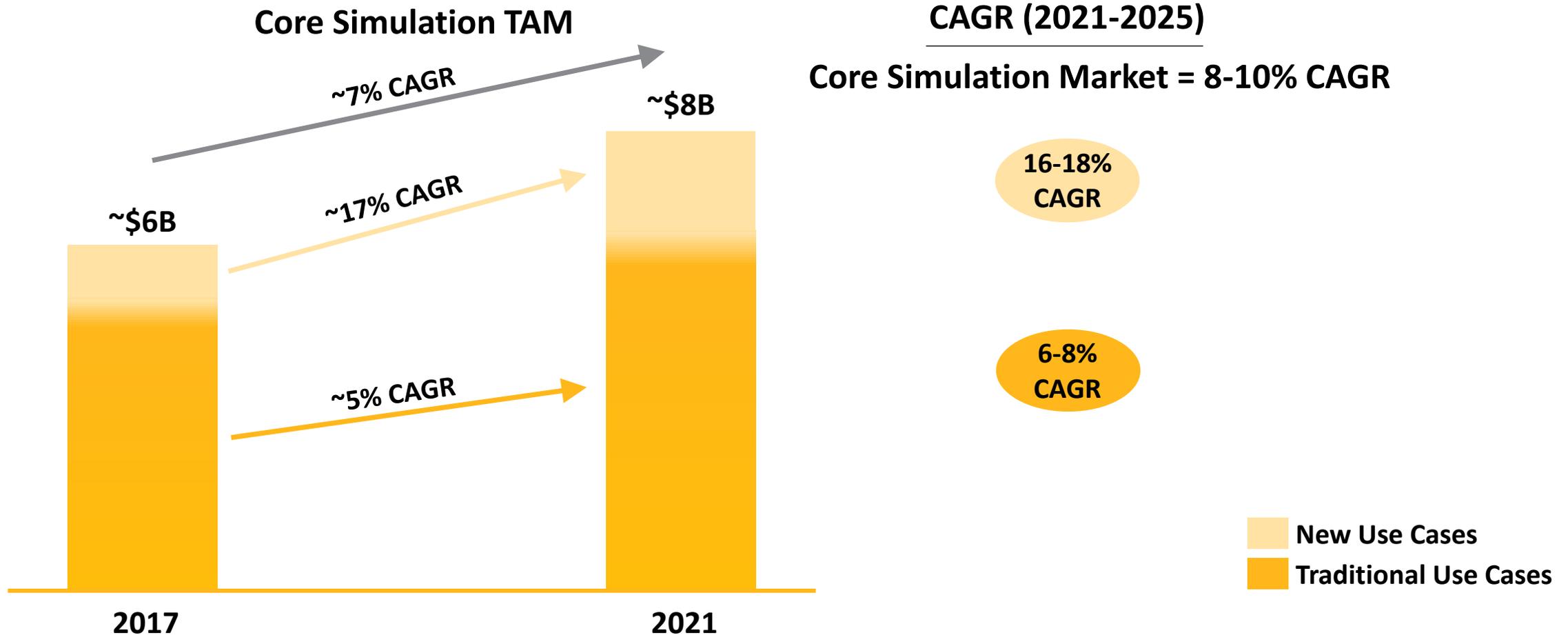
*Note: these charts are meant to be used in conjunction with the Ansys 2022 Investor Update video which provides additional context and is posted on our investor relations website*





# Supplemental Market Opportunity Charts

# Growth in the core simulation market is expected to accelerate with new use cases providing tailwinds to growth

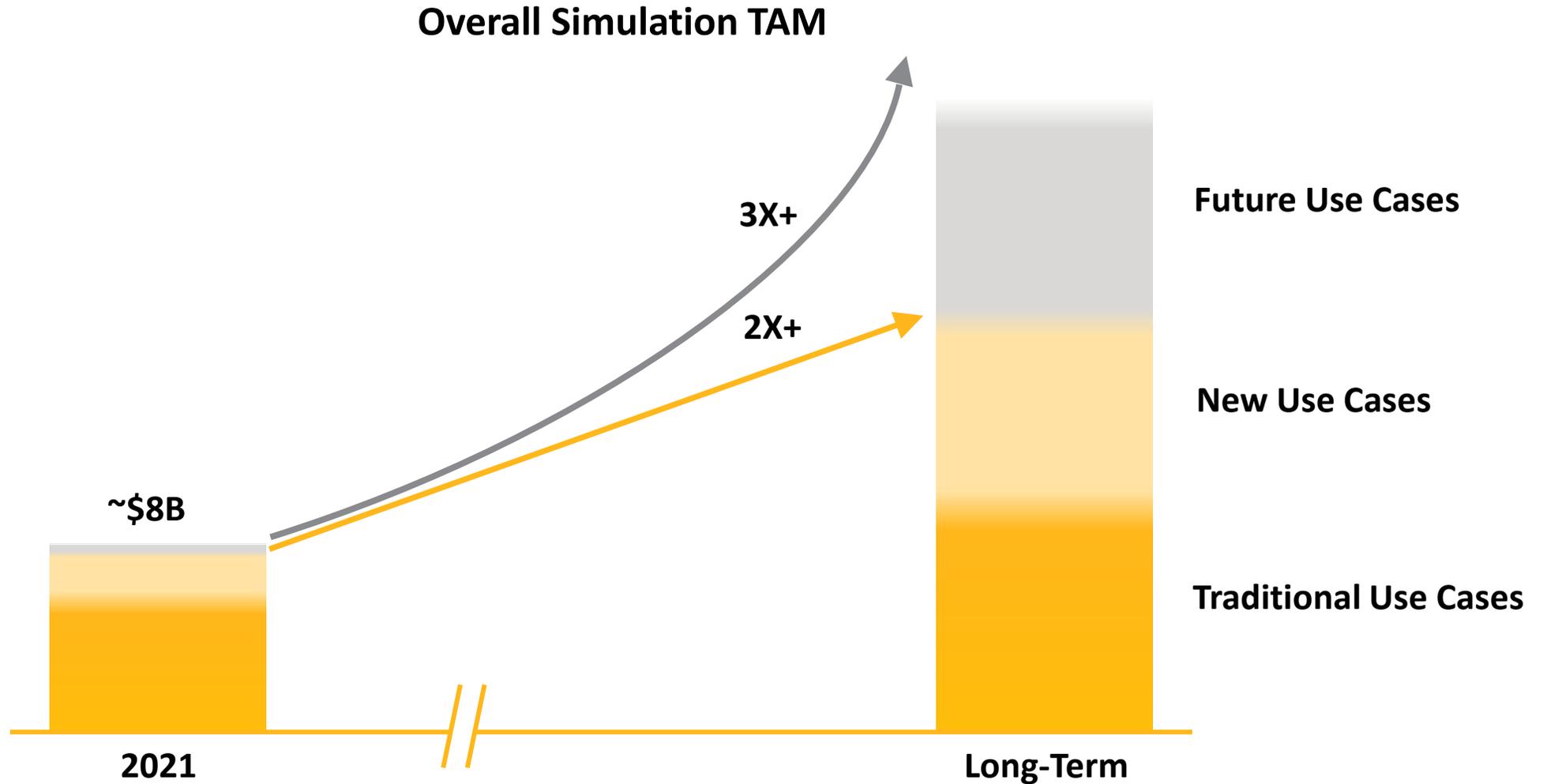


**Ansys expects to outgrow the core simulation market from 2021 to 2025**

Note: core simulation market includes traditional use cases + new use cases; Source: Total addressable market (TAM) and compound annual growth rate (CAGR) based on third party study completed in 2022 and commissioned by Ansys. Study based on customer and industry expert interviews and review of industry reports and commentaries. Refer to Cautionary Statement for factors that could impact future financial results.



Over the next 10+ years, the ~\$8B core simulation market is estimated to grow 2X+ and the core + future use cases to grow 3X+



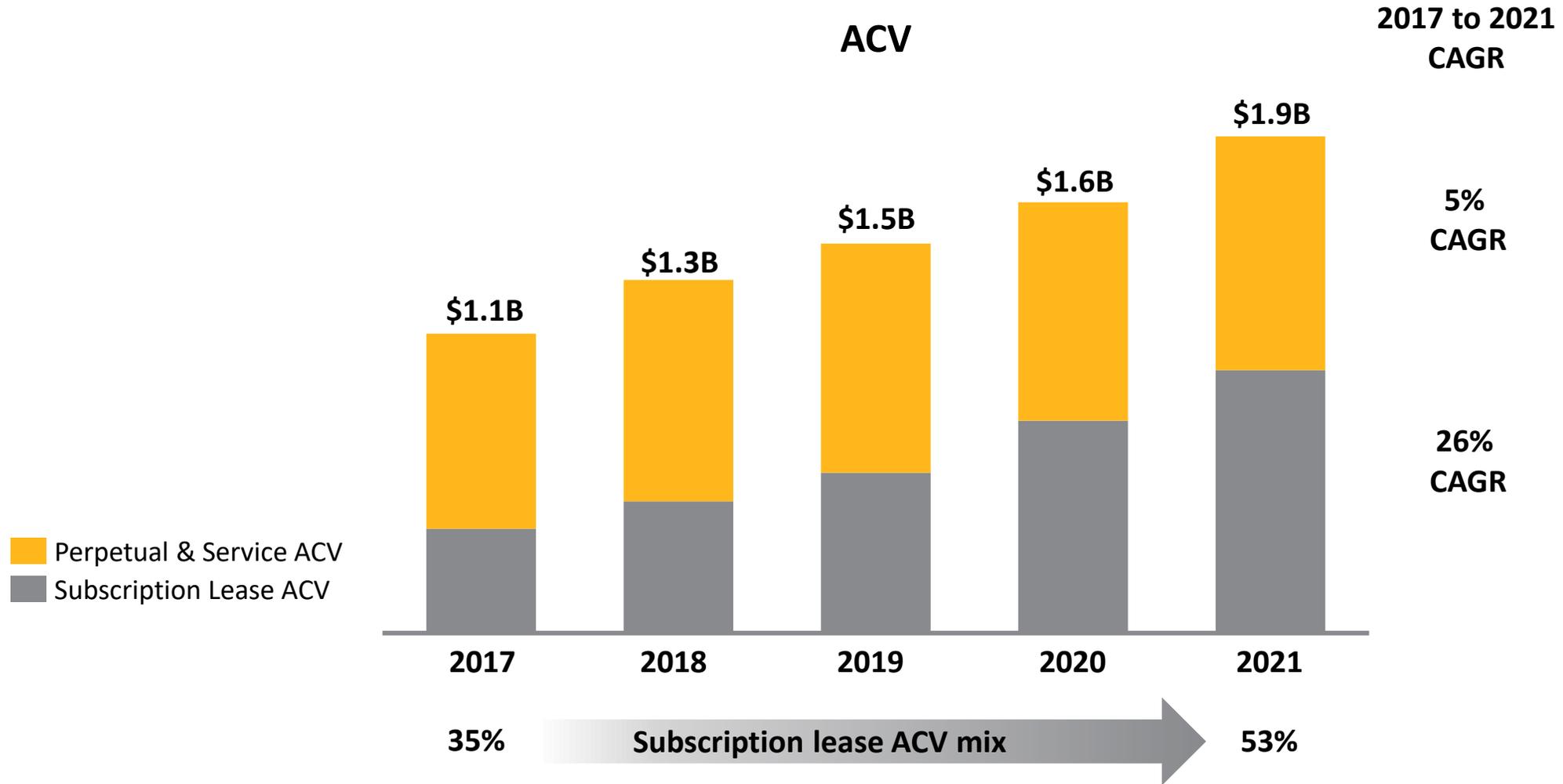
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# **Supplemental Financial Model Transition and Future Outlook Charts**

# Our financial model has shifted towards subscription lease licenses

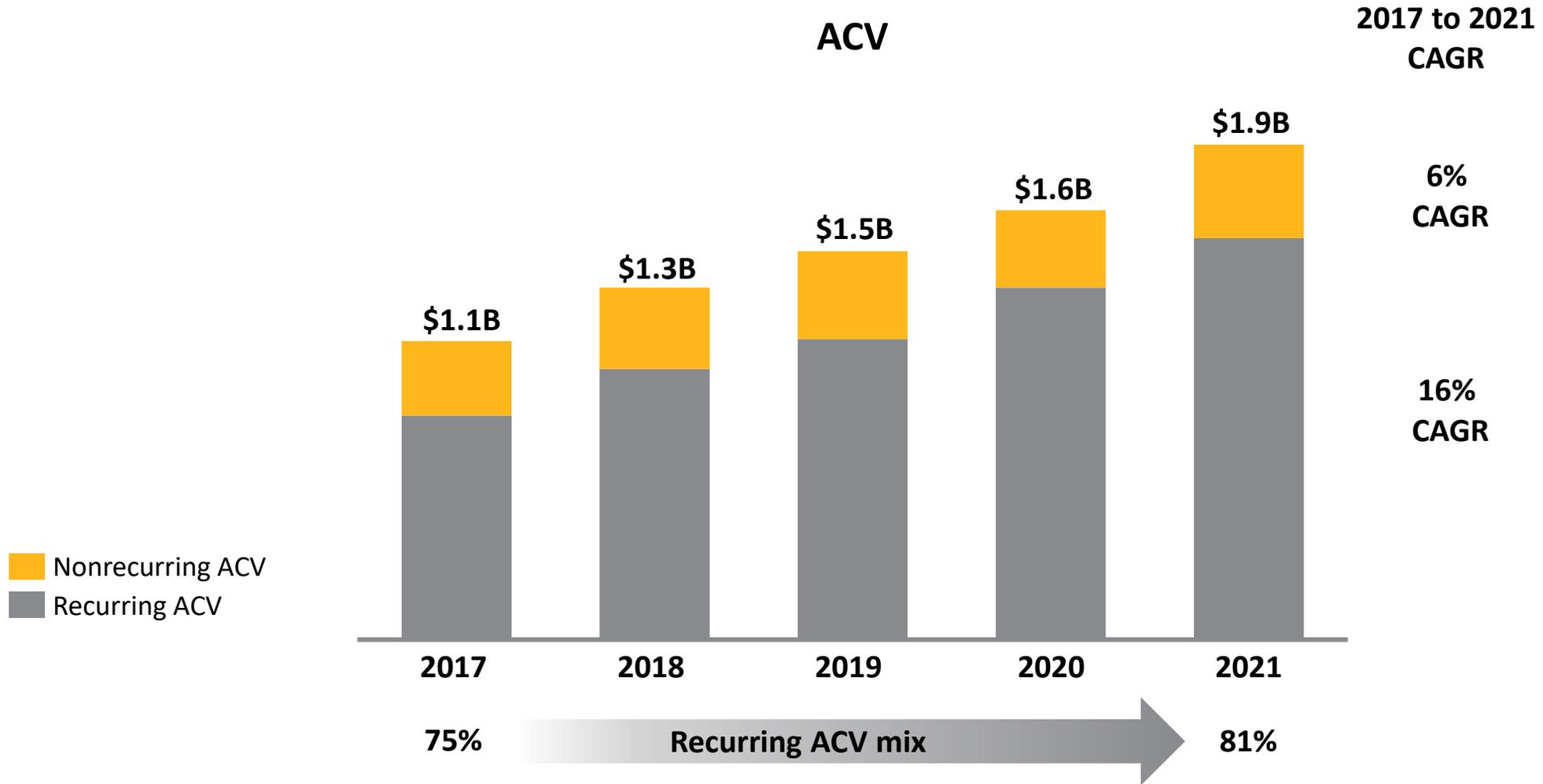


Subscription lease licenses have driven the growth in our financial model over the last few years

Note: amounts represent reported actuals



# We have been building a strong recurring annuity business



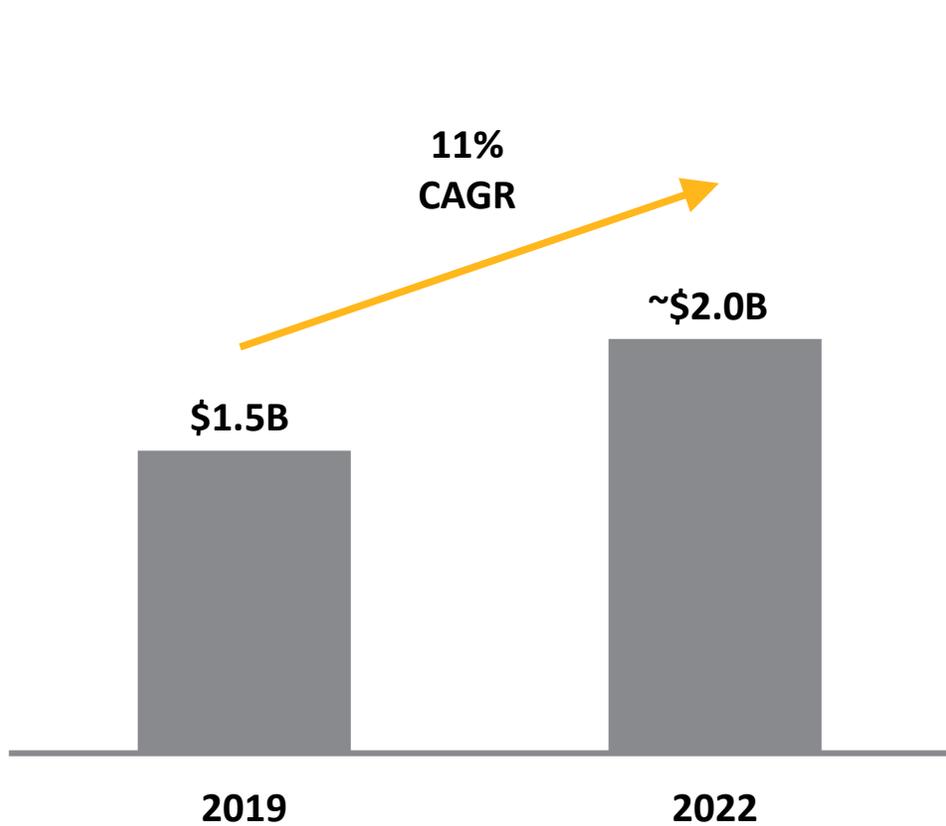
**Our highly recurring ACV model supports future growth**

Note: recurring ACV includes both subscription lease license and maintenance ACV, and excludes perpetual license and service ACV; amounts represent reported actuals

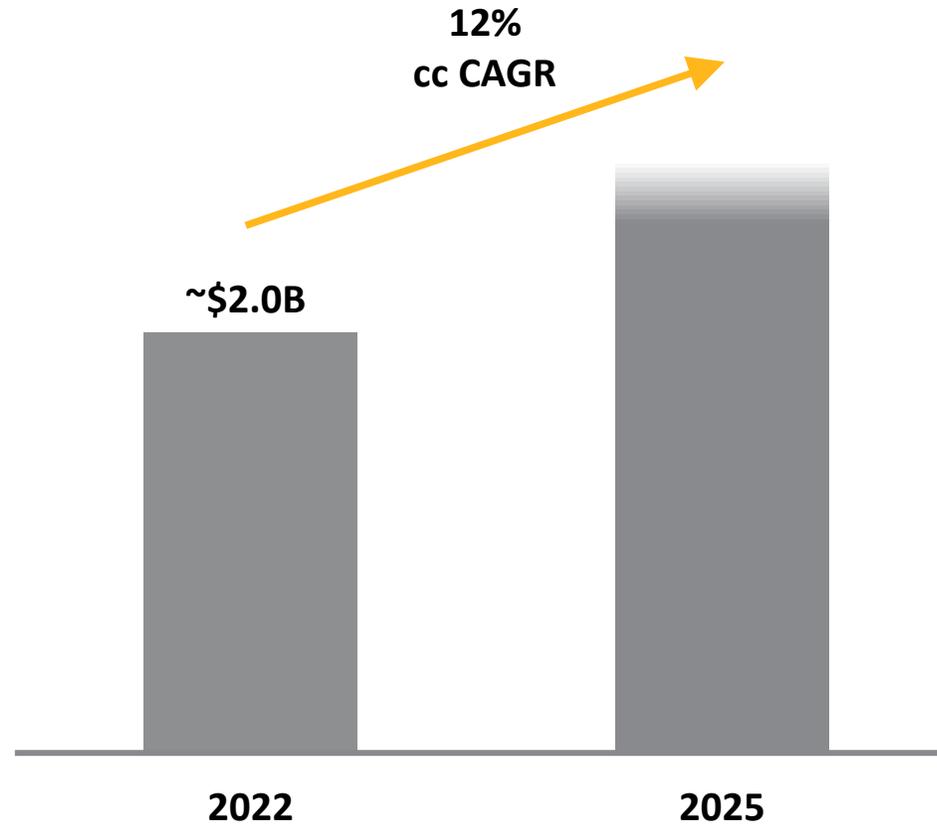


# Long-term ACV growth outlook

## 2019 to 2022 ACV growth



## 2022 to 2025 ACV outlook

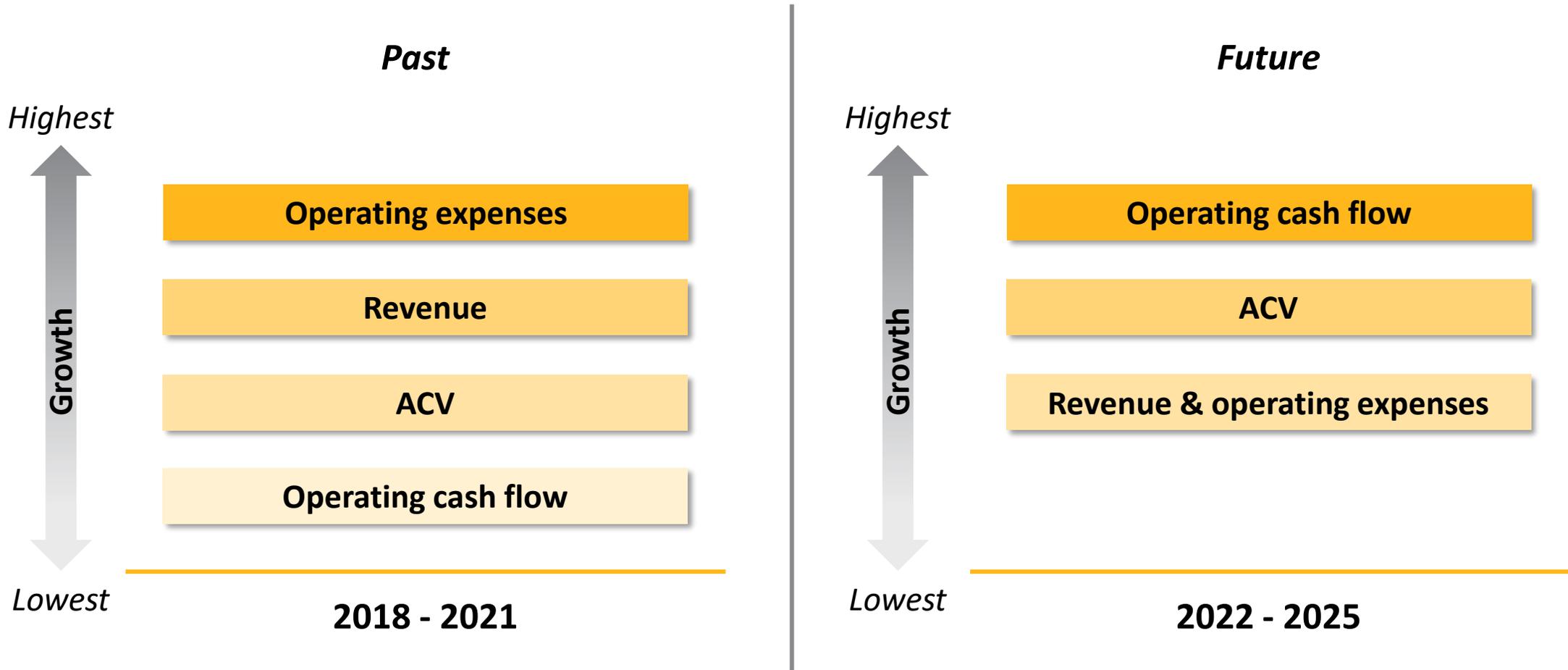


### Assumes:

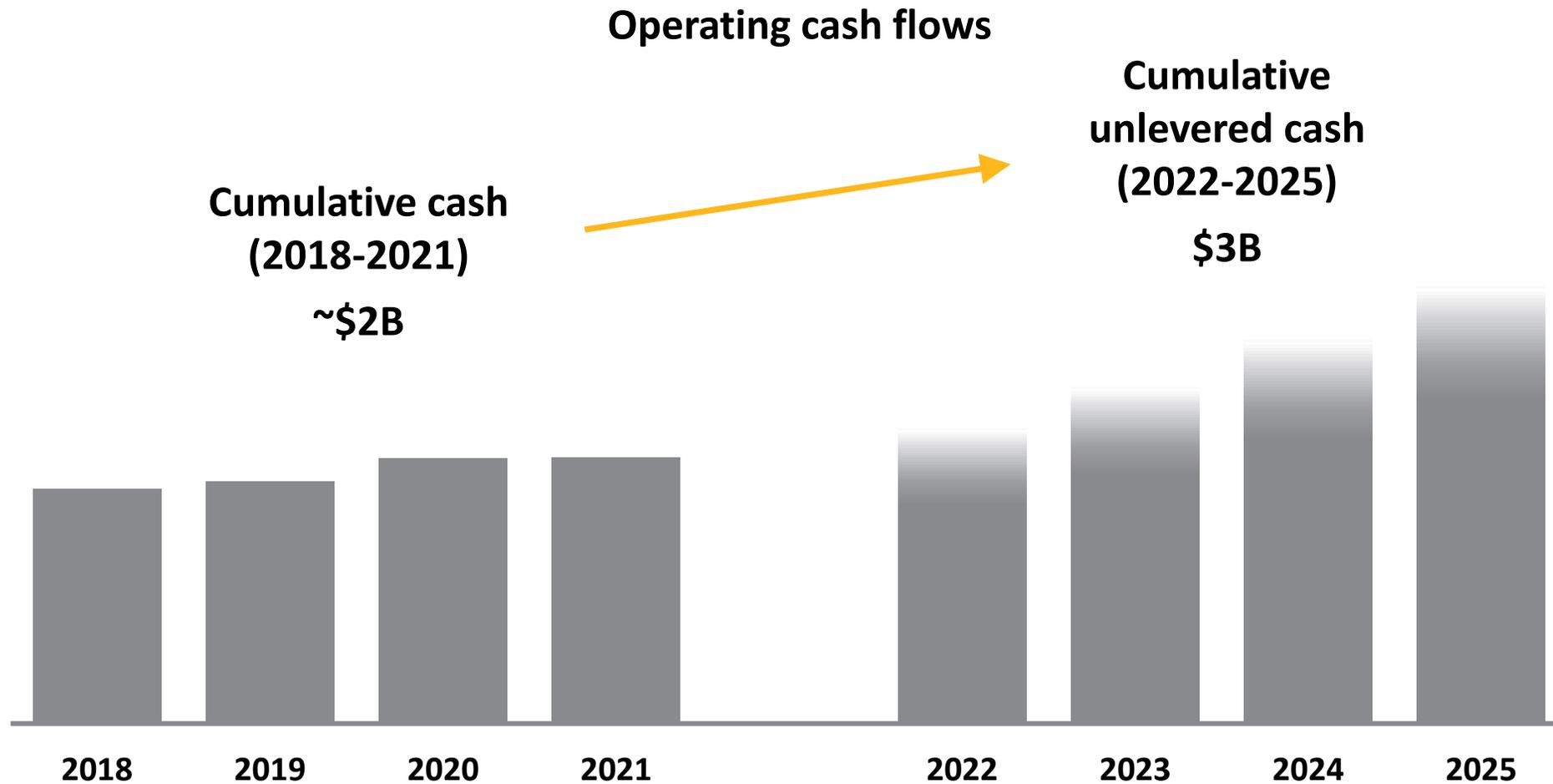
- 2022 to 2025 constant currency CAGR of 12%
- Growth includes approximately 1 to 2 points of annual tuck-in M&A over the period

**Outlook: long-term ACV CAGR of 12% constant currency 2022 to 2025**

# Future operating leverage: we expect operating cash flow to outgrow ACV and ACV to outgrow revenue and operating expenses



# Long-term unlevered operating cash flow outlook



**Outlook: \$3 billion of cumulative unlevered operating cash flow for the years 2022 to 2025**

Note: unlevered operating cash flows defined as operating cash flows plus cash paid for interest net of the associated tax benefit. See key assumptions slide for additional information



# Positioned for ongoing success

1

**Market leader in the growing simulation market:** Leader in the ~\$8B simulation market which is expected to grow 2x to 3x over the next decade. We are well-positioned to address both traditional use cases and the faster growing new use cases, which are fueled by the trends of: electrification, autonomy, connectivity, industrial IoT and sustainability

2

**Delivered against our 2019 investor day commitments while transforming our financial model:** 2022 outlook expected to achieve \$2 billion in ACV with industry-leading margins despite significant macro headwinds

3

**Expanded our portfolio and transitioned to a new strategic selling model:** Expanded our portfolio of solutions by 3X from the component to the mission level and by building deeper, long-term relationships with our customers by supporting their traditional and new multiphysics use cases

4

**Highly recurring financial model with 3 vectors of growth:** Shifted our financial model to a highly recurring subscription lease model and have a business model with 3 vectors of growth: more users, more products, more computations

5

**Strong outlook that reflects our accelerating financial position:** 12% ACV CAGR 2022 to 2025 with strong operating leverage, which gives us the capacity to invest to build the future opportunities of pervasive insights while delivering \$3 billion of cumulative unlevered operating cash flow

# / Key 2022 to 2025 outlook assumptions

- Assumes currency rates of Euro: 1.03 – 1.06 and Japanese Yen: 129 – 132
- Based on enacted tax legislation as of August 2022 and assumes a non-GAAP effective tax rate of 18.0%
- Assumes no material changes to trade restrictions or macroeconomic environment
- Includes tuck-in M&A



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