



Trimble Reports Second Quarter 2005 Revenue and Earnings

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SUNNYVALE, Calif., July 26, 2005 -- Trimble (Nasdaq: TRMB) today announced results for its second quarter of 2005, ended July 1, 2005. Revenue for the second quarter was \$204.2 million, up approximately 14 percent from revenue of \$179.5 million in the second quarter of fiscal 2004. Operating income for the second quarter of 2005 was \$38.7 million, up 45 percent when compared to operating income of \$26.7 million in the second quarter of 2004. Net income for the second quarter of 2005 was \$23.8 million, or \$0.42 per share, up approximately 16 percent when compared to net income of \$20.5 million, or \$0.38 per share for the second quarter of fiscal 2004.

Although operating income was up 45 percent, net income was up 16 percent due to a 34 percent effective tax rate in the second quarter of 2005, compared to an 18 percent effective tax rate for the second quarter of 2004. The 2004 effective tax rate benefited from a research and development tax credit and net operating loss carry-forwards which should be factored into year-over-year comparisons.

"The second quarter was the strongest in Trimble's history in terms of revenue, operating profits and cash flow," said Steven W. Berglund, Trimble's president and chief executive officer. "Although we were well above our profit expectations, we were slightly below our revenue guidance because of lower-than-forecasted sales of our EZ-Steer™ guidance product due to the end of the agricultural buying season. Overall TFS segment sales, where agricultural products are captured, were up 40 percent for the first half of the year. We believe the condition of the agricultural market remains unchanged and has the potential to contribute strong double-digit growth in the second half of the year," Berglund continued.

"We continue to see strength in our Engineering and Construction segment and fundamental improvements in our mobile solutions segment as it moves toward profitability. Looking forward, we feel positive about the business environment and our target markets. Our growth will fluctuate quarter to quarter, but we continue to reaffirm our guidance of 12 to 15 percent annual revenue growth. We expect the revenue growth in the second half of the year to be consistent with this expectation at 12 to 15 percent year-over-year growth," concluded Berglund.

Trimble Results by Business Segment

Following are Trimble's results by segment:

Engineering and Construction (E&C) revenue in the second quarter of fiscal 2005 was \$141.1 million, up approximately 20 percent compared to revenue of \$117.2 million in the second quarter of fiscal 2004. Demand for both the Trimble® S6 Total Station for survey and for construction products remained strong. Operating margins for E&C were 26.3 percent, up from 19.5 percent in the second quarter of 2004.

In addition, Trimble's unconsolidated joint venture with Caterpillar had strong double-digit annual growth.

Trimble Field Solutions (TFS) revenue in the second quarter was \$32.2 million, up approximately 4 percent compared to the second quarter of 2004. Operating margins were 25.0 percent, compared to 29.3 percent in the second quarter of 2004. Operating margins were impacted by new product introductions, as well as increased marketing efforts.

Component Technologies (CT) revenue in the second quarter was \$14.8 million, down from \$18.6 million in the same period of 2004. As the company guided on its last earnings conference call, this softness was expected and can be attributed to reduced sales of its in-vehicle navigation products, as well as variable demand in its timing products. CT operating margins were at 19.0 percent in the second quarter of 2005, compared to 21.8 percent in the second quarter of 2004.

Trimble Mobile Solutions (TMS) revenue for the second quarter was \$6.4 million, up 23 percent from revenue of \$5.2 million in the second quarter of 2004. Operating losses were \$1.9 million, compared to losses of \$1.8 million in the second quarter of fiscal 2004. The second quarter's operating loss was mainly due to the write off of excess and obsolete inventory, of approximately \$1.1 million dollars. TMS subscriber growth more than tripled compared to the second quarter of 2004. The company expects this segment to reach profitability by the end of the current fiscal year.

Portfolio Technologies revenue was \$9.7 million, up 28 percent from revenue of \$7.5 million in the second quarter of fiscal 2004. Operating margins were 18 percent compared to 9.8 percent in the second quarter of 2004.

Non-GAAP Net Income and Earnings Per Share

Non-GAAP net income for the second quarter of fiscal 2005 was \$24.9 million, up approximately 44 percent compared to non-GAAP net income of \$17.3 million in the second quarter of fiscal 2004. Non-GAAP earnings per share for the second quarter of fiscal 2005 were \$0.44, up approximately 38 percent from \$0.32 per share in the second quarter of fiscal 2004.

GAAP and non-GAAP earnings per share for the second quarter of 2005 were calculated on a diluted basis using approximately 57.1 million shares.

Forward Looking Guidance

The company expects revenue for the second half of the year to grow by 12 to 15 percent when compared to the second half of 2004. For the third quarter of fiscal 2005, the company is guiding 10 to 13 percent revenue growth, versus the prior year, which represents revenue of \$187 to \$192 million, with operating margins between 15.6 and 16.0 percent of revenue. Non-operating expenses are expected to be approximately \$3.4 million. The Company expects to use a 34 percent effective tax rate for GAAP income tax provision. Trimble expects GAAP earnings per share between \$0.29 and \$0.31 per share, using approximately 57.7 million shares outstanding. Included in the assumptions regarding our GAAP earnings per share projections are approximately \$1.0 million for amortization of purchased intangibles, and \$1.0 million for the write-off of old financing charges related to the refinancing of a revolving loan which is expected to be completed in the third quarter.

Non-GAAP vs. GAAP Financials

The Company provides non-GAAP financial measures called "non-GAAP net income" and "non-GAAP EPS" to supplement its consolidated financial statements presented in accordance with GAAP. These non-GAAP financial measures are intended to supplement the user's overall understanding of the Company's current financial performance and its prospects for the future. In many cases, non-GAAP financial measures are used by analysts and investors to evaluate the Company.

The Company excluded amortization of purchased intangibles, restructuring charges, the amortization of acquisition related inventory step-up charges, and revaluation of minority investments because the chief executive officer excludes these items when budgeting and evaluating the business. The Company uses a fully-taxed rate of 35 percent for non-GAAP net income and earnings per share because it is used by outside analysts and investors, as well as for internal analysis, to provide comparable information for use in evaluating Trimble's performance versus prior periods and other companies. However, these non-GAAP financial measures are not intended to supersede or replace the Company's GAAP results. Please see the supplemental financial statements, attached to this press release, for a reconciliation of GAAP to non-GAAP results.

Investor Conference Call / Webcast Details

The Company will hold a conference call on Tuesday, July 26, 2005 at 1:30 p.m. PDT to review its first quarter 2005 results. It will be broadcast live on the Web at www.trimble.com/investors.shtml. A replay of the call will be available for seven days beginning at 8:00 p.m., PDT. The replay number is (800) 642-1687 (U.S.), or (706) 645-9291 (international), and the passcode is 7700207.

About Trimble

Trimble is a leading innovator of Global Positioning System (GPS) technology. In addition to providing advanced GPS components, Trimble augments GPS with other positioning technologies as well as wireless communications and software to create complete customer solutions. Trimble's worldwide presence and unique capabilities position the Company for growth in emerging applications including surveying, automobile navigation, machine guidance, asset tracking, wireless platforms, and telecommunications infrastructure. Founded in 1978 and headquartered in Sunnyvale, California, Trimble has more than 2,000 employees in more than 20 countries worldwide.

Certain statements made in this press release are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and are made pursuant to the safe harbor provisions of the Securities Litigation Reform Act of 1995. These statements include the revenue, non-operating expenses, operating margins, effective tax rate, amortization of purchased intangibles and earnings per share estimates for the third fiscal quarter of 2005, as well as expectations for revenue growth for the second half of 2005 and fiscal 2005, and the timing of expected profitability for the TMS unit. These forward-looking statements are subject to change, and actual results may materially differ from those set forth in this press release due to certain risks and uncertainties. For example, recent strong demand for the Company's products may not continue because of a decline in the overall health of the economy and international markets, which may result in reduced capital spending. The company's expenses could also increase as a result of the recent revaluation of the Chinese yuan. In addition, the Company's results may be adversely affected if its joint ventures and recent acquisitions do not achieve anticipated results or if the Company is unable to market, manufacture and ship new products such as the GPS Pathfinder® ProXH™ receiver. Any failure to achieve predicted results could negatively impact the Company's revenues, gross margin and other financial results. Whether the Company achieves its guidance for the third fiscal quarter of 2005 will also depend on a number of other factors, including the risks detailed from time to time in reports filed with the SEC,

including its quarterly reports on Form 10-Q and its annual report on Form 10-K. Undue reliance should not be placed on any forward-looking statement, contained herein. These statements reflect the Company's position as of the date of this release. The Company expressly disclaims any undertaking to release publicly any updates or revisions to any statements to reflect any change in the Company's expectations or any change of events, conditions, or circumstances on which any such statement is based.

Financial Tables

- [Consolidated Statements of Operations](#)
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- [Consolidated Balance Sheet](#)
- [Consolidated Statements of Cash Flows](#)
- [Summary Financial Information](#)
- [EBITDA Reconciliation](#)

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