



Trimble announces that it has agreed to acquire Transporeon, a leading cloud-based transportation management software platform, in an all-cash transaction valued at €1.88 billion. Transporeon's software platform provides modular applications that power a global network for 145,000 carriers and 1,400 shippers and load recipients with an integrated suite of best-in-class sourcing, planning, execution, monitoring and settlement tools.

Transporeon Acquisition Conference Call Prepared Remarks

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Participants

Rob Painter – Trimble, President and CEO
David Barnes – Trimble, Senior Vice President and CFO
Stephan Sieber – Transporeon, CEO

Presentation

Rob Painter, Trimble CEO

Thank you everyone for joining us today. I'm Rob Painter, CEO of Trimble. With me today are David Barnes, our CFO, and Stephan Sieber, CEO of Transporeon. Before I get started, I'll call your attention to our presentation, which is available on our website. I ask you to refer to the safe harbor language on Slide 2, and **I'll begin my commentary on Slide 3.**

The transportation industry represents one of the largest opportunities available to Trimble. It's a market that is large, global, underserved and underpenetrated, and it is undergoing a secular adoption of technology to improve productivity and sustainability.

Yesterday, we announced that we have entered into an agreement to acquire Transporeon—a leading transportation management software platform that enables automation, real-time insights and collaboration—supporting shippers, brokers, carriers and load recipients. Transporeon's global platform possesses an expansive customer reach, executing over 25 million transports per year, and processing over €48 billion of freight spend per year across a network of 1,400 shippers & retailers and 145,000 carriers and logistics service providers. Transporeon's modular tools and services, support customers selling and procuring freight services, executing transports and auditing freight payments.

Transporeon has delivered strong and consistent financial performance at scale with high growth and margins since the year 2000. In 2023, we expect the business to achieve €190 million in revenue, delivering approximately 25 percent growth and a 30 percent EBITDA margin. More than 90 percent of that revenue is recurring revenue, and the business has consistently delivered over 110 percent net retention. This is a compelling business model that is perfectly in line with our strategy.

We have kept our eyes on this business for years. We are building a business for the long term, and assets like this don't come along often. We've kept our balance sheet in a position to be able to act on opportunities like this, so when we got approached, we quickly engaged.

I'll take us through the strategic logic for the deal, David will cover the economics, and then we'll turn it over to Stephan to walk you through the market needs, the solution offering, the business model, customer ROI, and pertinent facts on the business. I'll come back up to wrap the call. **So, let's move to Slide 4** and start with the strategic logic.

The headline message is that the acquisition of Transporeon accelerates and strengthens our Connect & Scale industry cloud strategy—both across Trimble and within our existing Transportation business. The strategic logic for this transaction sits on three pillars—platform, market and business model. Let's walk through each of them.

First, Transporeon has built a scaled and cloud-based transportation management platform that connects key stakeholders across the industry lifecycle to positively impact the optimization of global supply chains. This fits perfectly with what we are doing at Trimble in each of the key industries we serve. Evidence of scale comes in the form of the number of industry participants and freight moved through the platform. Evidence of platform comes in the network ecosystem of 3,000 global ERP, warehouse management systems and transportation management systems where Transporeon has integrations.

Second, the Transporeon team has built this business into a growing and profitable leader in an attractive market with low penetration that continues to have digitization tailwinds. The upfront investment for both carriers and shippers in adopting Transporeon is modest, and the customer ROI is compelling with a quick time to value. Transporeon's market leadership position, scaled network and robust data ingestion create greater opportunities to efficiently provide customers with the best outcome. This acquisition increases our addressable market access by approximately €5 billion.

Third, this deal is financially and strategically compelling to Trimble shareholders. As mentioned earlier, we expect revenue in 2023 of €190 million, which would represent approximately 25 percent year-over-year revenue growth, in line with its historical growth. More than 90 percent of this revenue is subscription or recurring transactional and the business has consistently delivered over 110 percent net retention with its unique multi-sided monetization model. The business is growth and margin accretive for Trimble and the Transportation segment, and we expect to be non-GAAP EPS neutral in 2024. Looking further into the future, we see significant opportunities for a larger and more global Transportation business, with

meaningful synergies in the years ahead. Stephan and the existing Transporeon management team will join Trimble, and they are excited about accelerating their business as part of the Trimble family. In summary, Transporeon fits the mold of a Trimble business, consistent with what we know, and have had success with, in the past.

Let me now turn to David to walk us through the pertinent economics of the transaction, **starting on slide 5.**

David Barnes, Trimble CFO

As Rob mentioned earlier, we are purchasing Transporeon for €1.88 billion, in cash. We expect to fund the purchase with a combination of cash on hand and new debt. We have committed debt financing from Bank of America and expect to put in place permanent financing closer to transaction closing in the first half of 2023.

We expect pro forma leverage at the close of the transaction to be roughly 3.5X net debt to EBITDA. We remain committed to maintaining our investment grade debt rating, and our plan is to de-lever to achieve net debt to EBITDA at or under 2.5X in 18 to 24 months. To achieve this objective, we will temporarily suspend our share buyback program and limit further acquisitions in the near-term.

Rob covered some of the pro forma financial aspects of the transaction and based on those factors we expect the acquisition to be immediately accretive to Trimble's organic revenue growth, gross margins and operating margins. From a non-GAAP EPS perspective, we expect the acquisition to be roughly neutral in our first full year of ownership in 2024.

While our outlook for synergies is modest in the first 12 to 18 months of Trimble ownership, we see significant upside potential from revenue synergies over time. Our valuation is rooted primarily in the growth and margin profile of the Transporeon business in its current form as an independent business, and the potential for synergies represents upside to this base case.

The transaction is expected to close in the first half of next year, subject to regulatory review and customary closing conditions.

I'd like to now turn to Stephan Sieber to tell you more about Transporeon.

Stephan Sieber, Transporeon CEO

Thank you, David. First, to give you some background on myself, I have been the CEO of Transporeon for the past 3 years. Prior to Transporeon, I was CEO of Unit4, a private European software company. Prior to Unit4, I was at SAP for 13 years in a variety of leadership positions. I was excited to become the CEO at Transporeon for many of the same reasons. I believe it is an excellent partner for Trimble, as both companies believe in the value that the connection of the physical and digital worlds brings to improve the way our industry works for the benefit of our customers, society and our planet.

The last 2 years were a curse and a blessing for our industry at the same time. Never before has the transportation industry got so much attention but we also all learned how structurally inefficient and full of bullwhip effects this industry still is. Lack of transparency and visibility, a low degree of digitalization, and too many decisions based on gut feeling and historical experience are the main reasons for this. The transportation industry is digitally underserved, and the physical world of moving goods is only partially, if at all, connected to the digital world. Therein lies a massive opportunity to reduce waste in global transportation processes and achieve significant financial and environmental improvements.

Moving to slide 7, Transporeon is a global transportation management platform that solves freight problems where they occur, in between companies and trading partners, instead of being implemented to the sole benefit of one party. On our platform, we provide roughly 10 applications solving freight problems 360 degrees along the lifecycle of a freight transaction. On this platform we connect shippers, brokers, forwarders, carriers and load recipients that we equally serve as customers. Our offering is modular, open and API-based, connecting, integrating and coordinating with nearly every ERP, WMS and TMS system at our customers. Instead of replacing software we first and foremost make sure that technology that is already in place collaborates and communicates better and allows our customers to benefit from rapid value. All our customers connect once to our platform and with this get access to one of the largest transportation networks world-wide. The modular nature of our offering has enabled our strong net retention of >110 percent consistently over time.

Moving to slide 8, the Transporeon business model is best characterized with 3 aspects. First, a rapid time-to-value for all customers, Second, mass-micro monetization of all sides of the network and third, a scalable cloud-native platform for all customers leading to attractive network effects.

Every month we are adding carriers to our platform. Their onboarding process is highly digitalized and self-service. They can join our platform and start doing business in under one hour. For shippers, we usually have project durations of weeks rather than months—and even the most complex and large global industrial firms can rapidly benefit from our platform—enabling us to benefit from the ROI, which the customers realize without friction from a long selling process.

We strongly believe in a transparent and open-book transactional monetization model. This model best aligns the interests of all customers in our network and ourselves. Our ability to monetize all sides of the network—as a natively built-in platform capability gives us an opportunity to accelerate and drive adoption by incentivizing the right behavior on the platform.

Last but not least, running all customers on a set of native cloud applications, integrated in one cloud platform gives us network density and attractive unit economics. This also allows us to co-innovate with our customers at pace and support their continuous improvement cycles with data, insights and benchmarking.

Slide 9 describes how Transporeon solutions provide enormous benefits for our customers and generate tangible return on investment. We are helping participants in logistics networks by supporting and automating decision-making, providing connectivity, digitizing process workflows and increasing trust. For example, Transporeon has been a trusted logistics partner for Knauf, a global leader in building materials, for more than 20 years. With our platform, they've achieved 97 percent accurate ETA predictions, 10 percent improved turnaround time, and assignment and acceptance of contracted transports in less than one hour.

Slide 10 describes the diverse nature of the end markets, customers and geographies we support. Any industry in which large quantities of bulky goods are produced that need to be continuously transported over a certain distance is an attractive industry for us—we are therefore industry agnostic. Our largest industry combination is consumer goods and retail. For example, we serve Kellogg's, Kimberly Clark and Kraft-Heinz to optimize distribution of their products into retailers all across Europe. Overall, we serve customers in roughly 10 verticals.

The pie chart in the middle of this slide describes the revenue distribution based on the headquarter locations of our shipper customers. But many of our customers operate across national boundaries, and our multinational customers use our technology to optimize transports all around the world. Over the last 2 years, around 80 percent of our growth in terms of new transports on our platform came from outside German speaking Europe and about 40 percent from outside Europe. This demonstrates the truly global potential of our platform. Today, we support our customers in more than 140 countries and in close to 30 languages. We are excited about the increased global presence the combination with Trimble is bringing to us as a company and to our customers—many of them multinational organizations. Our business model is strongly about recurring technology revenues. More than 90 percent of our revenues are either subscription or usage-based transactional revenues.

Moving to Slide 11, I'd like to comment on the performance of our business when macro-economic conditions have been challenging. Here you can see some data from the last two periods of meaningful macroeconomic dislocation—the global financial crisis and the covid pandemic. During these difficult periods overall freight volumes in Europe were indeed down, but our business continued to grow. We achieved double-digit revenue growth consistently, and our net retention never dipped below 110 percent. We believe this experience will play out again going forward, as our platform delivers productivity and cost savings, when businesses need it the most, and our business model ensures rapid time to value at marginal upfront investment.

Let me now turn it back over to Rob.

Rob Painter, Trimble CEO

Let's transition to slide 12. While the Transporeon business is strong on a standalone basis, we believe that the combination of the Transporeon and Trimble Transportation businesses will yield meaningful

synergies over time. From a geographic perspective, the North American centricity of our current business complements Transporeon's European-centric footprint. The combined business will be more global and focused on a meaningfully bigger total addressable market. Trimble's strong technology footprint with carriers—and our technologies in mobility, enterprise software and maps will complement Transporeon's historically shipper focused solutions and create significant opportunities for cross sell and higher network density. Finally, the acquisition of Transporeon will enhance the recurring revenue profile of our business and accelerate our progress toward our strategic goal of growing a trusted industry platform that transforms and optimizes workflows.

Moving to slide 13, the key message is that Transporeon greatly advances our sustainability strategy. Lots of companies talk about sustainability. We can actually deliver it. Transporeon improves matching and reduces under-utilized carrier capacity and “empty miles.” Beyond that, it gives customers an easy, transparent and data-driven ability to manage emissions management across all modes and workflows. Finally, Transporeon gives customers the ability to choose the greenest option based on price, capacity and sustainability.

Let's begin to wrap up on slide 14. We have a credible track record of creating shareholder value through major acquisitions. In our investor day presentation in September, we showed you some data on the cumulative performance of our largest acquisitions over the last several years. These deals—the largest of which was the acquisition of Viewpoint in 2018—have meaningfully contributed to the power of our Connect & Scale industry platform strategy and have accelerated our transition to recurring revenue models. From a financial perspective, we have doubled the ARR of these businesses since the time of acquisition, while increasing operating margins from 17 to 28 percent.

In addition, we have a proven track record of de-levering following large deals. We closed the Viewpoint acquisition in July of 2018 and committed to reducing our leverage in subsequent quarters. By the end of 2020, our leverage came down to 1.6X. We project our leverage following the close of the Transporeon acquisition will be approximately 3.5X, and we are firmly committed to getting our leverage back at or below our 2.5X target in the next 18 to 24 months.

Before opening up the line to Q&A, I'll close with a short summary. I'm excited to welcome Stephan and the Transporeon team to Trimble. I'm excited at the opportunity in front of us to transform the way the world works as we execute our Connect & Scale strategy. Finally, our level of conviction and commitment is high that we can deliver extraordinary value to our customers and our shareholders.

Operator, let's open up the line for questions.