

# Trimble Fourth Quarter and Full Year 2020 Results Summary

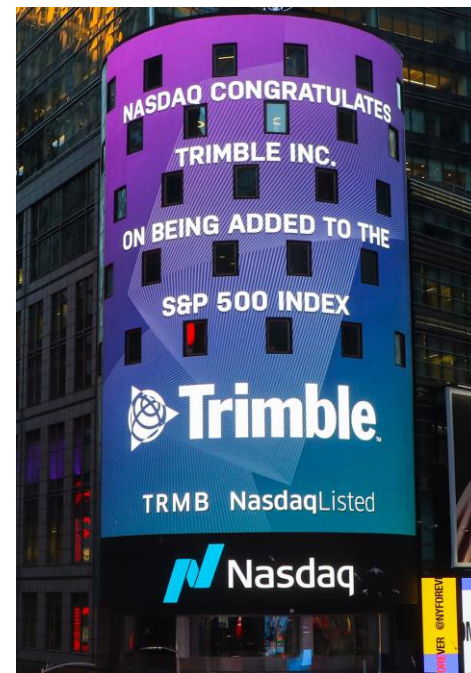
# Fourth quarter and full year 2020 highlights

## Key Messages

- Outperformed expectations in the quarter
- Company is aligned to deliver customer value and allocate capital towards the Connect & Scale 2025 strategy
- Long term market conviction remains strong

## Financial Highlights

- Q4 revenue +0.4% Y/Y ( $\approx +3\%$  ex 14th week in Q419); recurring revenue resilient with ARR of  $\approx \$1.30$  billion (+9%)
- Expanded gross margins and strong operating cost management led to Q4 adjusted EBITDA margin of 26%
- Business producing strong cash flow (FY20 operating cash flow \$672M, free cash flow \$615M ) in excess of net income



ARR refers to annualized recurring revenue, and is calculated by adding the portion of the contract value of all of our term licenses attributable to the current quarter to our non-GAAP recurring revenue for the current quarter and dividing that sum by the number of days in the quarter and then multiplying that quotient by 365.

Adjusted EBITDA refers to non-GAAP operating income plus depreciation plus income from equity method investments, net.

Free cash flow refers to cash flow from operations minus capital expenditures.

Figures may vary due to rounding.

# Connect & Scale 2025 is delivering customer value

Connected Supply Chain - Trimble Dispatch Advisor brings capabilities across the portfolio together to improve planning, reduce empty miles, and improve utilization



"We have found TDA to be a great tool for our dispatchers and load planners...TDA gave them suggestions and in turn showed our planners where to look for next load options. It is extremely easy to use and great for less experienced people... Weighing deadhead, dwell time and other negative factors is a tremendous tool to help curb impacts on the bottom line."



"TDA is a great support tool for our Regional Planning and OTR teams. With TDA our teams are able to easily make smart choices providing the right match the 1st time around. This correct match has a direct improvement on deadhead, lost time waiting, getting drivers home on time, and supports customer capacity by aligning the trucks to the best possible freight solution..."



"ACT's experience with TDA has been positive on many fronts. The first thing my planners like about the program is that it is very easy to use. Finding capacity to cover loads is crucial & getting results in a timely fashion is of utmost importance...The more we relied on TDA the better our empty miles improved."



"5 years ago classic had 27 trucks, now we're operating 72, and will be into 80 plus by June of 2021 and target to be at 100 plus in 2022. ETA/PTA and things were not important, when everyone just knew what's going on. TDA gives more insight into the details behind each match, and more accurate information. The things in place now!!"

Trimble's Connected Farm Ecosystem: GFX Connected Displays, AutoPilot steering with AutoSync Data exchange on 100 machines.

Zlatiya Agro, Bulgaria



Image source: Glasat na zemeleca

"Part of our goals with Trimble equipment is process automation and cost optimization for a more profitable farm. In addition, data management between all machines and the office is increasingly important to us. Digitalization of data exchange between connected devices with AutoSync on the one hand will allow better synchronization of processes and their planning. On the other hand, it will help in making informed and timely decisions"



# Sustainability at Trimble

## Environmental

- Trimble solutions estimated to deliver millions of metric tons of avoided greenhouse gas emissions annually to customers in Ag, Civil, and Transportation
- Third year of filing with Carbon Disclosure Project (CDP)
- 30% reduction in GHG emissions footprint (2020 vs. 2015)
- Reduced worldwide facilities footprint by 11% in 2020
- Commitment to develop Science-based targets
- Employee run “Trimble Green Team” implemented waste reduction initiative
- Green construction and design standards such as LEED in all new facilities

**S&P 500®**



## Social

- COVID response has ensured employee health and safety
- Named Head of Talent and DEI and launched a global diversity, equity and inclusion team
- Placed in the top 10% of companies for diversity and gender scores (Comparably)
- Launched new global Trimble Careers site with focus on diversity & inclusion
- Voluntary attrition rate ≈7%
- Trimble Foundation focus on disaster recovery and relief and female education and empowerment



## Governance

- 4 out of 11 members of Trimble’s Board of Directors are female or ethnically diverse
- Joined the Responsible Business Alliance
- Named a Head of Sustainability and Director of ESG
- Named to WSJ’s Management Top 250
- Identifying and managing climate and other ESG related risks through Enterprise Risk Management process
- Trimble named to Investor’s Business Daily Top 50 Best ESG Companies

**MSCI**  
ESG RATINGS



CCC B BB BBB A AA AAA

LAST UPDATE: May 29, 2020

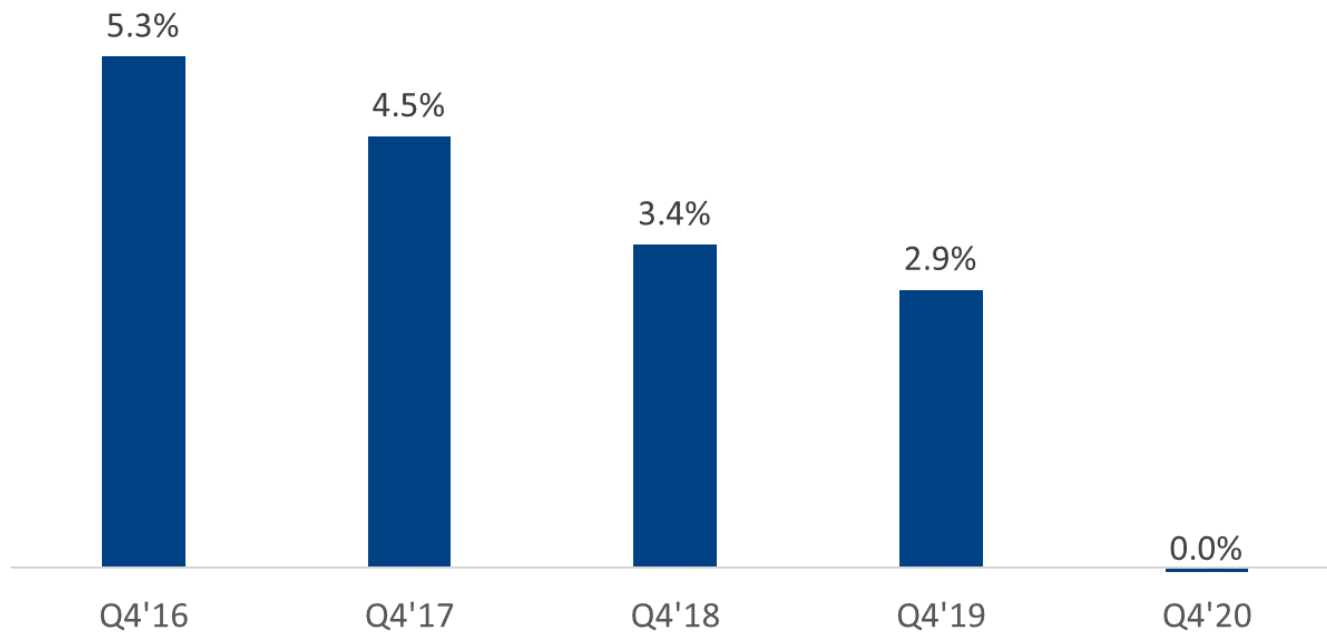
# Fourth quarter 2020 financial summary

\$M, Except Per Share	Fourth Quarter of		
	2019	2020	Y/Y Change
<b>Non-GAAP Income Statement Highlights</b>			
Revenue	\$826.7	\$830.0	+0%
Gross Margin % of Revenue	59.0%	59.4%	+40bps
Adjusted EBITDA	\$195.6	\$216.5	+11%
Adjusted EBITDA % of Revenue	23.7%	26.1%	+240bps
Operating Income	\$180.6	\$196.7	+9%
Operating Income % of Revenue	21.8%	23.7%	+190bps
Tax Rate	19.0%	16.0%	-300bps
Net Income	\$134.0	\$155.6	+16%
Diluted Earnings Per Share	\$0.53	\$0.61	+15%
<b>Balance Sheet &amp; Cash Flow Highlights</b>			
Net Debt	\$1,654.0	\$1,309.5	-21%
Deferred Revenue	\$541.9	\$613.8	+13%
Cash Flow from Operations	\$122.2	\$188.3	+54%
Free Cash Flow	\$107.8	\$176.6	+64%

- Non-GAAP Revenue: +0.4% y/y;
  - Organic -1% ( $\approx$ +2% excluding impact of extra week in Q4 2019)
  - Currency translation +1%
  - Acquisitions/divestitures -0%
- Non-GAAP gross margin up due to revenue mix
- Non-GAAP EPS up \$0.08/share, driven by higher gross margin, cost containment, and lower tax rate
- Cash flow growth driven by EBITDA growth and improved working capital

# Net working capital light business model

NWC % of Q4 Annualized Revenue



Annualized revenue refers to quarterly revenue multiplied by 4.  
NWC refers to net working capital including deferred revenue (AR+Inventory-AP/Accrued Comp-Deferred Revenue).  
Figures may vary due to rounding.

# Fourth quarter revenue trends by type and geography

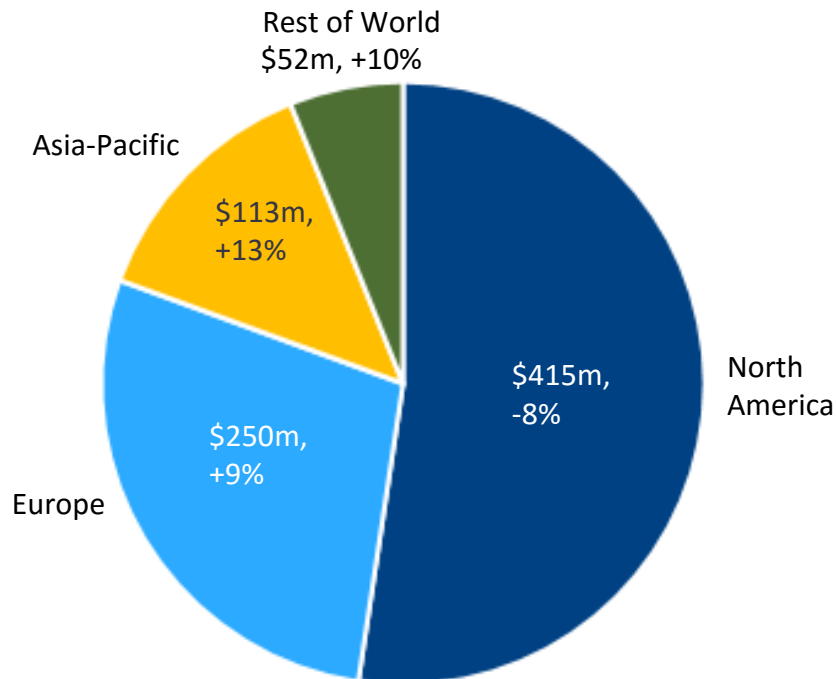
## Recurring Revenue Streams

\$ Billions	Fourth Quarter of		
	2019	2020	Y/Y Change
Annualized Recurring Revenue (ARR)	\$1.19	\$1.30	+9%

## Non-Recurring Revenue Streams

\$ Millions	Fourth Quarter Actual		
	2019	2020	Y/Y Change
Hardware	\$330.7	\$348.0	+5%
Perpetual Software	\$137.7	\$142.4	+3%
Professional Services	\$54.5	\$39.1	-28%

## Q4'2020 Revenue by Geography



# Fiscal year 2020 financial summary

\$M, Except Per Share	Fiscal Year		
	2019	2020	Y/Y Change
<b>Non-GAAP Income Statement Highlights</b>			
Revenue	\$3,271.3	\$3,152.0	-4%
Gross Margin % of Revenue	57.7%	59.1%	+140bps
Adjusted EBITDA	\$749.2	\$798.7	+7%
Adjusted EBITDA % of Revenue	22.9%	25.3%	+240bps
Operating Income	\$674.0	\$719.6	+7%
Operating Income % of Revenue	20.6%	22.8%	+220bps
Tax Rate	19.5%	16.6%	-290bps
Net Income	\$502.5	\$562.4	+12%
Diluted Earnings Per Share	\$1.99	\$2.23	+12%
<b>Cash Flow Highlights</b>			
Share Repurchases	\$179.8	\$81.6	-55%
Cash Flow from Operations	\$585.0	\$672.0	+15%
Free Cash Flow	\$516.0	\$615.2	+19%

- Non-GAAP Revenue: -3.6% y/y
  - Organic -5%
  - Currency translation 0%
  - Acquisitions/divestitures +1%
- Non-GAAP gross margin % up due to revenue mix
- Non-GAAP EPS up \$0.24/share due to higher gross margin %, cost containment, and lower tax rate
- Cash flow growth driven by EBITDA growth and improved working capital



# Financial metric highlights

**Annualized recurring revenue  
≈\$1.3B (+9% growth)**

**\$1.83B in TTM software, services  
and recurring revenue**

**Net working capital  
<1% of TTM revenue**

**TTM Adjusted EBITDA Margin  
25.3%**

**Approx. \$1.3B backlog**

**TTM research & development  
15.1% of revenue  
(>65% of R&D in software)**

**+13% Deferred Revenue growth**

**TTM Operating Cash Flow \$672 million  
(1.2x non-GAAP net income)**

Software, Services, Recurring refers to software, services and recurring revenues. Recurring revenue includes subscription, maintenance and support revenues. Software includes perpetual and term licenses. Services includes professional and other services. Backlog represents contracted revenue for which goods or services have not been delivered and includes both invoiced amounts in deferred revenue as well as amounts that are not yet invoiced. The backlog excludes recurring billings for a portion of the existing customer base that are billed monthly as services are incurred.

# Fourth quarter segment results

\$M	Q4'20 Revenue & Y/Y Growth	Q4'20 Operating Income \$ / %	Q4'20 Commentary
Buildings & Infrastructure	\$321.4, +2% (+1% organic, +2% FX, 0% M&A)	\$96.0 29.9%	<ul style="list-style-type: none"> <li>ARR growth</li> <li>Civil construction hardware strength</li> <li>Building construction software strength</li> </ul>
Geospatial	\$193.5, +15% (+14% organic, +2% FX, -1% M&A)	\$65.1 33.6%	<ul style="list-style-type: none"> <li>Healthy end customer demand in Europe - anticipation of construction led recovery and tax incentives</li> <li>Healthy retail demand in North America - e.g., residential construction work</li> <li>New product innovation - R12i and X7 scanner leading demand</li> </ul>
Resources & Utilities	\$155.3, +12% (+10% organic, +3% FX, -1% M&A)	\$50.7 32.6%	<ul style="list-style-type: none"> <li>Healthy market conditions in Agriculture - e.g., farm income, commodity prices</li> <li>Healthy market conditions in Forestry - e.g., lumber prices have rebounded</li> <li>Strong growth in Cityworks' recurring term license business</li> </ul>
Transportation	\$159.8, -22% (-22% organic, 0% FX, 0% M&A)	\$10.2 6.4%	<ul style="list-style-type: none"> <li>Top line results and margins in line with expectations</li> <li>Revenue and margin drivers similar to prior quarters</li> <li>Transportation enterprise bookings mix ~80% subscription vs. 20% perpetual - ahead of expectations</li> </ul>
Trimble Total	\$830.0, 0% (-1% organic, +1% FX, 0% M&A)	\$196.7 23.7%	

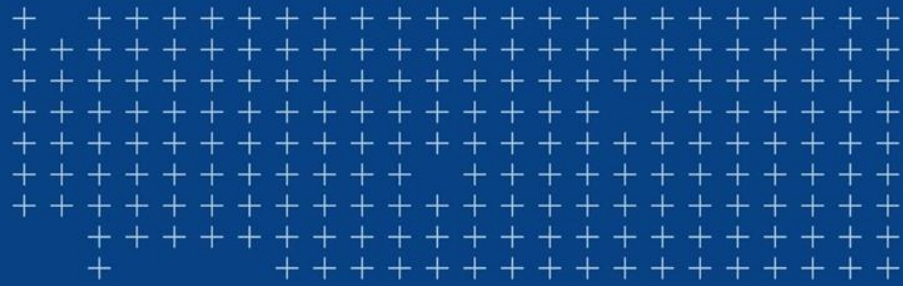
# 2021 Outlook

- **Key planning assumptions**
  - Broad reopening of economy by midyear 2021
  - 2021 GDP recovers to 2019 levels
  - Excludes impact of future acquisitions and divestitures
- **2021 non-GAAP Revenue \$3.3B-\$3.4B**
  - Organic revenue growth mid-single digits, plus  $\approx 1\text{-}2\%$  currency, minus  $\approx 1\%$  divestiture
  - Organic ARR growth high single digits, improving through the year
- **2021 non-GAAP EPS \$2.25-\$2.45**
  - Adjusted EBITDA and operating margins between 2019 and 2020 levels
  - Model transitions to subscription impact revenue growth and margins by  $\approx 150$  basis points
  - Income from equity method investments \$35-\$40M
  - Net interest expense \$65-\$70M, decreasing through the year
  - Non-GAAP tax rate of 16-17%, 254M shares outstanding
- **Cash flow from operations > 1.1X non-GAAP net income; free cash flow >1X non-GAAP net income**

# Forward-looking statements

Certain statements made in this presentation and any subsequent Q&A period 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 expectations about our future financial and operational results. These forward-looking statements are subject to change, and actual results may materially differ due to certain risks and uncertainties. The Company's results may be adversely affected if the Company is unable to market, manufacture and ship new products, obtain new customers, or effectively integrate new acquisitions. The Company's results would also be negatively impacted by further deterioration in economic conditions as a result of the COVID-19 pandemic, adverse geopolitical developments, further weakening in the macro environment, foreign exchange fluctuations, critical part supply chain shortages, the pace we transition our business model towards a subscription model, and the imposition of barriers to international trade. Any failure to achieve predicted results could negatively impact the Company's revenue, cash flow from operations, and other financial results. The Company's financial results will also depend on a number of other factors and 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 presentation. 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.

To help our investors understand our past financial performance and our future results, as well as our performance relative to competitors, we supplement the financial results that we provide in accordance with generally accepted accounting principles, or GAAP, with non-GAAP financial measures. The previous pages contain non-GAAP measures including non-GAAP revenue, Adjusted EBITDA, free cash flow, non-GAAP operating income, non-GAAP gross margins, non-GAAP tax rate, non-GAAP net income, and non-GAAP diluted earnings per share. The specific non-GAAP measures, which we use along with a reconciliation to the nearest comparable GAAP measures can be found on our website at <http://investor.trimble.com>.



# Q&A

