



Trimble Reports Third Quarter 2005 Revenue and Earnings

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SUNNYVALE, Calif., Oct. 20, 2005 -- Trimble (NASDAQ: TRMB) today announced results for its third quarter, ended Sept. 30, 2005. Revenue for the third quarter was \$188.5 million, up approximately 11 percent from revenue of \$170.2 million in the third quarter of fiscal 2004. Operating income for the third quarter of 2005 was \$33.0 million, up 33 percent when compared to operating income of \$24.8 million in the third quarter of 2004. Net income for the third quarter of 2005 was \$20.2 million, or \$0.35 per share, up approximately 13 percent when compared to net income of \$17.9 million, or \$0.33 per share for the third quarter of fiscal 2004.

Net income was up 13 percent while operating income was up 33 percent due to a year-over-year increase in effective tax rates. In the third quarter of 2005, the effective tax rate was 34 percent, compared to an effective tax rate of 17 percent in the third 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 TrimTrac locator enables cost-effective automatic position reporting for personal vehicle monitoring, security and theft recovery. The device can also support select roadside assistance and concierge services with application server and call center capabilities provided by third-party service providers.

"During the third quarter, the Engineering and Construction segment continued to show strong growth, both within the survey and the machine control product lines. We are also pleased with the continuing progress of the Trimble Mobile Solutions segment," said Steven W. Berglund, Trimble's president and chief executive officer. "Our outlook for the fourth quarter is cautious given the uncertainties of the agricultural market, as farmers react to the impact of higher petroleum and natural gas products."

"Looking ahead to 2006, we remain bullish on the Engineering and Construction market, which we expect will show continued growth. Trimble Mobile Solutions is moving toward profitability and should show strong double-digit growth in 2006. While we are guarded about the agricultural market, we believe Trimble Field Solutions will show year-over-year growth in 2006. We also expect Component Technologies to rebound and demonstrate full-year growth over 2005," concluded Berglund.

Trimble Results by Business Segment Following are Trimble's results by segment:

Revenue for Engineering and Construction (E&C) was \$134.2 million for the third quarter of 2005, up approximately 19 percent compared to revenue of \$113 million in the third quarter of fiscal 2004. This revenue growth was driven by the continued success of the Trimble S6 servo, auto lock and robotic total stations, as well as machine control products. E&C's operating margins were 25.6 percent, compared to 21.2 percent in the third quarter of 2004.

Revenue for Trimble Field Solutions (TFS) was \$24.9 million in the third quarter of 2005, down 5.4 percent compared to \$26.3 million in revenue in the third quarter of 2004. Operating margins were 15.9 percent, compared to 22.2 percent in the third quarter of 2004. TFS was impacted by slower sales of precision agriculture products, which we believe resulted from farmers' reaction to higher operating costs. This increase was triggered by higher petroleum and natural gas prices, which impacted the costs of equipment operations and fertilizer.

Revenue for Component Technologies (CT) was \$12.6 million, down from \$14.9 million in the same period of 2004. The decline in revenue is due to lower shipments of in-vehicle navigation products, in line with Company guidance on its last quarterly conference call. CT operating margins were 13.0 percent in the third quarter of 2005, compared to 18.7 percent in the third quarter of 2004.

Revenue for Trimble Mobile Solutions (TMS) was \$7.2 million, up 14 percent from revenue of \$6.4 million in the third quarter of 2004. Operating losses were \$700 thousand, compared to losses of \$2.1 million in the third quarter of fiscal 2004. The number of TMS subscribers grew by over 100 percent when compared to the third quarter of 2004.

Non-GAAP Net Income and Earnings Per Share

Non-GAAP net income for the third quarter of fiscal 2005 was \$21.0 million, up approximately 38 percent compared to non-GAAP net income of \$15.2 million in the third quarter of fiscal 2004. Non-GAAP earnings per share for the third quarter of fiscal 2005 were \$0.37 up approximately 32 percent from \$0.28 per share in the third quarter of fiscal 2004.

GAAP and non-GAAP earnings per share for the third quarter of 2005 were calculated on a diluted basis using approximately 57.5 million shares.

Forward Looking Guidance

For the fourth quarter of fiscal 2005, the company is guiding revenue growth of 8 to 10 percent over the prior year. This represents revenue of \$176 to \$179 million, with operating margins between 12.5 and 12.9 percent of revenue. Our short-term outlook is tempered by uncertainty about growth in the agriculture market, where Trimble Field Solutions products are sold. Non-operating expenses are expected to be approximately \$2.0 million. The Company expects to use a 20 to 22 percent effective tax rate for the GAAP income tax provision in the fourth quarter. This is due to various factors, including consideration of the one-time benefit from the repatriation of undistributed earnings of foreign subsidiaries incentive provided by the American Jobs Creation Act of 2004. Trimble expects GAAP earnings per share between \$0.26 and \$0.28 per share, using approximately 57.9 million shares outstanding. Included in the assumptions regarding our GAAP earnings per share projections are approximately \$1.0 million for amortization of purchased intangibles.

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 / Web cast Details

The Company will hold a conference call on Thursday, Oct. 20 at 1:30 p.m. PDT to review its third 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 pass code is 1048662.

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 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, and are made pursuant to the safe harbor provisions of the Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties, and actual events and results may differ materially from those described in this press release. Factors that could cause or contribute to such differences include, but are not limited to performance, availability and market acceptance of the TrimTrac Locator, adequate availability of components and gaining type approvals for the product. More information about potential factors which could affect Trimble's business and financial results is set forth in reports filed with the SEC, including Trimble's quarterly reports on Form 10-Q and its annual report on Form 10-K. All forward looking statements are based on information available to Trimble as of the date hereof, and Trimble assumes no obligation to update such statements.

Financial Tables

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

