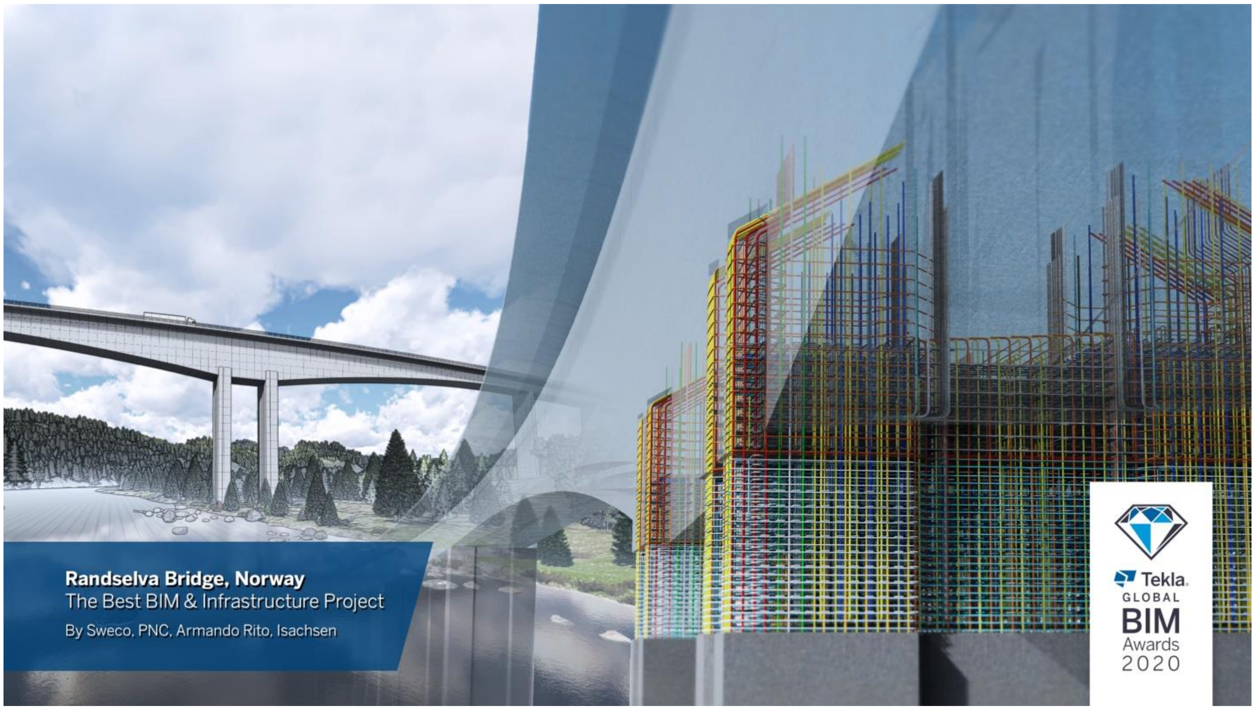

Trimble's Tekla Global BIM Awards 2020: The Randselva Bridge is the first bridge of its size to be constructed using a drawing-free, model-based process. The project challenged the status quo by relying on a parametric 3D model as the only official documentation and source for information needed to build the bridge without drawings. Trimble's Tekla® Structures software helped engineers to overcome challenges related to the bridge's complex, slender geometry and heavy reinforcement, while clash detection ensured the design was constructible. Sweco's teams in Norway, Finland, Denmark and Poland used Tekla Model Sharing to work on the same model on a daily basis. In addition, Trimble® Connect™ collaboration platform enabled communication and quick resolution of issues. In the field, workers used the Trimble SiteVision™ system, an outdoor augmented reality (AR) solution to place and view the 3D model at a true-to-life scale to connect the digital and physical worlds.

Third Quarter Earnings Conference Call Prepared Remarks

November 4, 2020

Trimble Corporate Participants

Robert Painter – President and CEO
David Barnes – Senior Vice President and CFO

TRANSFORMING THE WAY THE WORLD WORKS

Presentation

Robert Painter – President and CEO

Hello everyone, and thanks for taking the time to be with us today. Before I get started, a quick reminder that our presentation is available on our website, and we ask that you please refer to the safe harbor at the back. I will start on **slide 2** with the four key messages we want to convey today.

First, the resilience of our team, the quality of our strategy and the strength of our financial model enabled us to outperform our own expectations in the third quarter. ARR grew 10 percent year over year to $1.26 billion, while quarterly revenue grew 1percent year over year to $793 million. Expanding gross margins and execution on costs led to adjusted EBITDA margins of 26.8 percent. Our shift to a more hardware connected, software centric and recurring revenue business model is working. I want to express my gratitude to the Trimble team, who continues to perform strongly under these challenging conditions, as well as our customers and investors for your continued support and confidence in Trimble.

Second, executing on the Connect & Scale 2025 strategy remains our focus. We are working to connect stakeholders and industry lifecycle data to improve and transform customer workflows. The business model transitions are an output of this strategy, not an input.

Third, we continue to put organizational elements in place to enable the strategy. Most recently, we have named James Dalton as our newest board member; and we promoted from within to hire a chief people officer, a chief digital officer, a vice president of talent & diversity, equity and inclusion, and a head of sustainability.

Fourth, our long-term conviction remains strong. We will balance cost containment and investment in innovation during the downturn. On one hand, we reduced our cost base in Transportation in the quarter. On the other hand, we continued to increase our investments in autonomy and digital transformation. We maintain our goal to exit this recession on a stronger competitive footing than we entered it; and on that note, we are in a more proactive mode of looking for acquisition opportunities, which will advance our Connect & Scale strategy.

At the reporting segment level, a few strategic comments to make…

In Buildings & Infrastructure, we saw better-than-expected results in civil construction machine control and guidance. In addition, our software businesses delivered a strong level of recurring revenue growth.

In Geospatial, innovation is sparking demand. Our end customers have been getting back to work and catching up on project activity.

In Resources & Utilities, the agriculture market has been resilient. In North America, for example, commodity prices have risen while direct support payments to farmers remain well above historical averages. Markets such as Australia, Japan and Brazil all performed well in the quarter. These overall favorable conditions, combined with the compelling ROI on investing in precision agriculture, have contributed to our growth in 2020.

In Transportation, we took several meaningful steps, which we believe will position the business for better performance in the quarters and years ahead. We implemented a substantial restructuring in the business during the third quarter, which will lower our ongoing fixed operating costs. Further, we made business plan decisions, which resulted in an inventory charge in the third quarter. With these difficult decisions behind us, we can now see the path for improved performance in 2021 as compared to the second half of 2020. At the macro level, market conditions have begun to improve in the transportation market, with higher asset utilization, improved spot prices and increasing capital investment.

Overall, we are cautiously optimistic that market conditions will support sustained growth for Trimble through 2021. As we move from election mode to governing mode, we will follow decisions on stimulus measures—especially infrastructure and local government funding and policy decisions relating to trade and tax.

Let me now turn the call over to David for a review of the numbers.

David Barnes – Chief Financial Officer

Thank you Rob.

Let's begin on **slide 3**, with a review of third quarter results. Third quarter revenue was $793 million, up 1 percent on a year-over-year basis. Net of acquisitions, divestitures and foreign exchange fluctuations, organic revenue declined 1 percent.

Gross margin in the third quarter was 58.8 percent, up 180 basis points year over year driven primarily by improved revenue mix and also assisted by lower discounting and new products with higher margins. Adjusted EBITDA margin was 26.8 percent, up 380 basis points year over year, a result of both gross margin expansion and cost reduction. Cost reduction was driven by structural actions and temporary factors relating to COVID-19. Operating income margins also expanded 360 basis points to 24.2 percent. Net income dollars increased by 26 percent on a year-over-year basis, while earnings per share increased by 12 cents to 60 cents per share.

Turning to slide 4, our third quarter cash flow from operations was $181 million, reflecting the strong cash flow generation of our business. Operating cash flow represented approximately 1.2x non-GAAP net income in the quarter. Free cash flow was $165 million. We paid down over $150 million of net debt in the quarter, and the net debt to adjusted EBITDA ratio fell to 1.9 times. At the end of the quarter, we had all $1.25 billion available on our revolving credit facility and approximately $184 million in cash. In addition, we have no scheduled principal payments on our debt until July 2022. Our liquidity and balance sheet remain strong.

Next on **slide 5** we highlight some of the key metrics that we follow. Annualized recurring revenue, which as a reminder, includes the annualized value of term licenses, was $1.26 billion in the third quarter, up 10 percent on a year-over-year basis. Organic growth of ARR was 6 percent. Excluding our Transportation segment, Trimble organic ARR grew at a double-digit rate in the quarter. Net working capital, inclusive of deferred revenue, represents approximately 1 percent of revenue on a trailing twelve months basis, demonstrating the asset light nature of our business model. We continue to proactively manage our costs, while maintaining investment in key initiatives. Research and development, on a trailing twelve months basis, was nearly 15 percent of revenue. Two additional metrics that we follow are deferred revenue and backlog. Our deferred revenue was up 20 percent on a year-over-year basis through a combination of organic and acquisition related growth, and our backlog was $1.2 billion, up 13 percent versus prior year. These two metrics give us additional visibility into the future revenue trends in the quarters ahead.

Turning to slide 6, recurring revenues made up 37 percent of total Trimble revenue in the quarter, compared to 35 percent a year ago. We experienced recurring revenue growth across a wide range of businesses. Even in a tough economic environment, these offerings are essential to the operation of our customers' businesses.

Our non-recurring revenues, including hardware, perpetual software and professional services, experienced a year-over-year decline of about 2 percent in the quarter. Performance in these areas was helped by strength in our Geospatial and Agriculture businesses, offset by expected weak performance in transportation. Overall our professional service trends improved somewhat in the quarter from the beginning of the COVID crisis, but are still negatively impacted by lack of access to our customers' facilities and employees.

In terms of geography, North America was down 5 percent, representing a sequential improvement when compared to the second quarter, which was down 17 percent. Revenues in North America were adversely impacted by the declines in our Transportation business. Excluding Transportation, revenue in North America grew over 2 percent year over year in the third quarter. Europe was up 9 percent, reflecting broad based improvement in project activity across the continent. Asia Pacific was, once again, the best performer in the quarter, up 16 percent. Agriculture was a bright spot in Asia Pacific in the quarter, as Australia recovered from a multi-year drought and the Japanese government implemented increased direct support of farmers. Our business in China, while still small, grew year on year in the third quarter as the country recovered from the easing of COVID-related shutdowns.

Turning now to **slide 7** for additional detail on each of the reporting segments.

Buildings and Infrastructure revenue was up 1 percent on an organic basis. Revenue growth was strong in our software businesses. Segment margins were up nearly four percentage points due to higher margin revenue mix and cost control.

Geospatial revenue was up 7 percent on an organic basis, driven principally by increased sales to OEM customers. Revenue from sales of systems to the surveying and mapping sector was essentially flat versus prior year, a meaningful improvement from the second quarter when revenues were down nearly 20 percent year on year. Margins were up over 11 percentage points due to a combination of higher margin revenue mix, compelling new products, lower levels of discounting and strong cost control.

Resources & Utilities revenue was up 16 percent on an organic basis. We benefited from double-digit growth in each of our precision agriculture, positioning services and agriculture software offerings. M&A growth also played a role in the segment growth in the quarter, as the integration of Cityworks has added significant capability to our offerings for utilities and local governments. Margins expanded over 7 percentage points, driven by improved revenue mix, strong profitability from M&A and cost control.

While top-line results in Transportation were consistent with our expectations coming into the quarter, the business performed well below our long-term objectives. Segment revenue was down 21 percent on an organic basis and margins declined over 10 percentage points. The drivers of revenue and margin decline are broadly consistent with those we highlighted in our last earnings call. The rate of revenue decline did improve in the third quarter as compared to the second quarter as did customer retention. Profitability in the quarter was impacted by lower revenue, subscription transition and M&A as well as an inventory charge that we took in the Mobility business.

Turning now to our outlook for the fourth quarter, we continue to face significant uncertainty in market demand across the industry sectors we serve. With the rate of COVID-19 infection increasing in many countries, our customers face renewed risks of work restrictions stemming from governmental rules to curb the spread of the virus. And the pace of the recovery in the broader economy remains uncertain. As a result, we still don't have sufficient clarity in end-user demand to enable us to give guidance. As we did last quarter, we will provide some color on the most important trends, which will drive our performance.

Starting with revenue, I'll remind you that our fiscal year 2019 had an extra week. The lack of the 14th week this quarter will adversely impact overall Trimble revenue growth by approximately $23 million, or about 3 percent. And this quarter we will enjoy less benefit from projects deferred at the onset of the pandemic this past spring. Lastly, the combination of lapping our Cityworks acquisition from the fourth quarter of 2019 and the recent divestiture of Construction Logistics result in less favorable inorganic revenue growth momentum. Considering all of these factors, we anticipate that total Trimble revenue will be down modestly versus prior year in the fourth quarter. Nevertheless, we expect that our recurring revenue businesses will remain robust, with organic ARR growth in-line with third quarter 2020 performance. Note again that Cityworks, which is principally a recurring term license business, was part of Trimble for much of the fourth quarter in 2019.

From a segment perspective, Resources and Utilities revenue will continue to grow in the fourth quarter, albeit at a more modest rate as we lap the strong fourth quarter of last year. Transportation revenues are likely to decline at a rate comparable to what we experienced in the third quarter. The Geospatial and Buildings & Infrastructure segments are likely to see revenue trends at about the company average.

Turning to gross margins, we expect margins roughly flat versus prior year in the fourth quarter. The extra week in the fourth quarter of last year did boost margins and we won't have that positive impact in this quarter. Separate from this factor, though, we do expect gross margins to continue their strong performance driven by software mix, new products and reduced discounting.

Our operating expenses will grow modestly in the quarter, up approximately $20 million sequentially from the third quarter. With our improved performance outlook for the year we anticipate higher incentive compensation, and we are seeing a gradual increase in discretionary spending across areas where spending was unsustainably low due to COVID restrictions. Assuming the revenue and margins dynamics I've described, we expect to manage to decremental margins in the low to mid 30's.

Finally, I will note that we project continued healthy cash flow generation. With our leverage now at our long-term target, we have reinstituted a modest share repurchase program. We will continue to employ a disciplined approach to capital allocation as we manage our capital structure and invest for the future.

With that, I will turn it over to Rob to conclude.

Robert Painter – President and CEO

Let me close by turning to **slide 9** and reinforcing how we progressed against our Connect & Scale 2025 strategy in the quarter.

First: connecting solutions across our industry lifecycles. Two examples to share. In Construction, we released WorksOS, which integrates design data from the office with machine control data to deliver real-time progress and productivity updates for the entire jobsite. **Slide 10** shows a visual of how Trimble is transforming workflows in construction by connecting the physical and digital worlds. This is how we bring together the office and the field with our hardware and software, in a unique Trimble way. Today, we put a constructible digital engineering model on the blade of construction equipment. With WorksOS, we can dynamically bring back surface data and view progress to plan. In essence, this workflow positions us to take the 3D constructible model and next add dimensions of cost and schedule to create a 5D model. From here we will integrate this enriched model into the construction ERP system with additional financial and asset management views. The aggregation of all this data, coupled with artificial intelligence and machine learning algorithms, is a further step towards an autonomous future. Back to **slide 9** and another example from construction—we launched augmented reality into our Trimble earthworks machine control and guidance solution. Augmented reality is available in the cab of the excavator, which helps operators more easily understand 3D models, cut/fill information, slope data and other reference points.

Second: delivering breakout innovation. Two examples to share. In Geospatial, our new GNSS receiver, the R12i, has been a market success. The innovation in the GNSS receiver is the integration of inertial technology that enables robust tilt compensation. What this means is that the surveyor can work productively and effectively in challenging environments. We are making our customers' work easier. The second example is highlighted on **slide 11**. Our structural BIM software is used for many types of materials and projects. This past month, the team announced the winners of our 2020 BIM awards. On this slide you will see the winners for best infrastructure and best commercial projects. A closer look reveals that these projects deliver more than just incredibly detailed design visualization. What these engineering teams are delivering are the precise specifications needed to automate fabrication for each individual component, as well as instructions for assembling those complex designs in the field. This is what we call "Constructible Design" and these two projects are exemplary.

Third: accelerating our business model transformation. In construction, we sold our first Platform as a Service offering in our civil construction business. We are delivering technology assurance for our customers while integrating construction cloud services and world-class support to keep our customers' operations current and optimized.

Fourth: we are taking actions that enable us to efficiently and effectively scale our business. Last week we closed on the divestiture of our construction logistics business; and in the third quarter we completed the acquisition of a business that further expands our positioning services network to now cover over 1 million square miles in North America. We are making decisions and investments in the area of cloud enablement, data management and artificial intelligence that are connected in approach, which will enable us to scale to meet the opportunity ahead of us.

With that, I would like to thank everyone for taking the time to be with us today; and a special thank you to our global Trimble colleagues.

Operator, let's please go to Q&A.