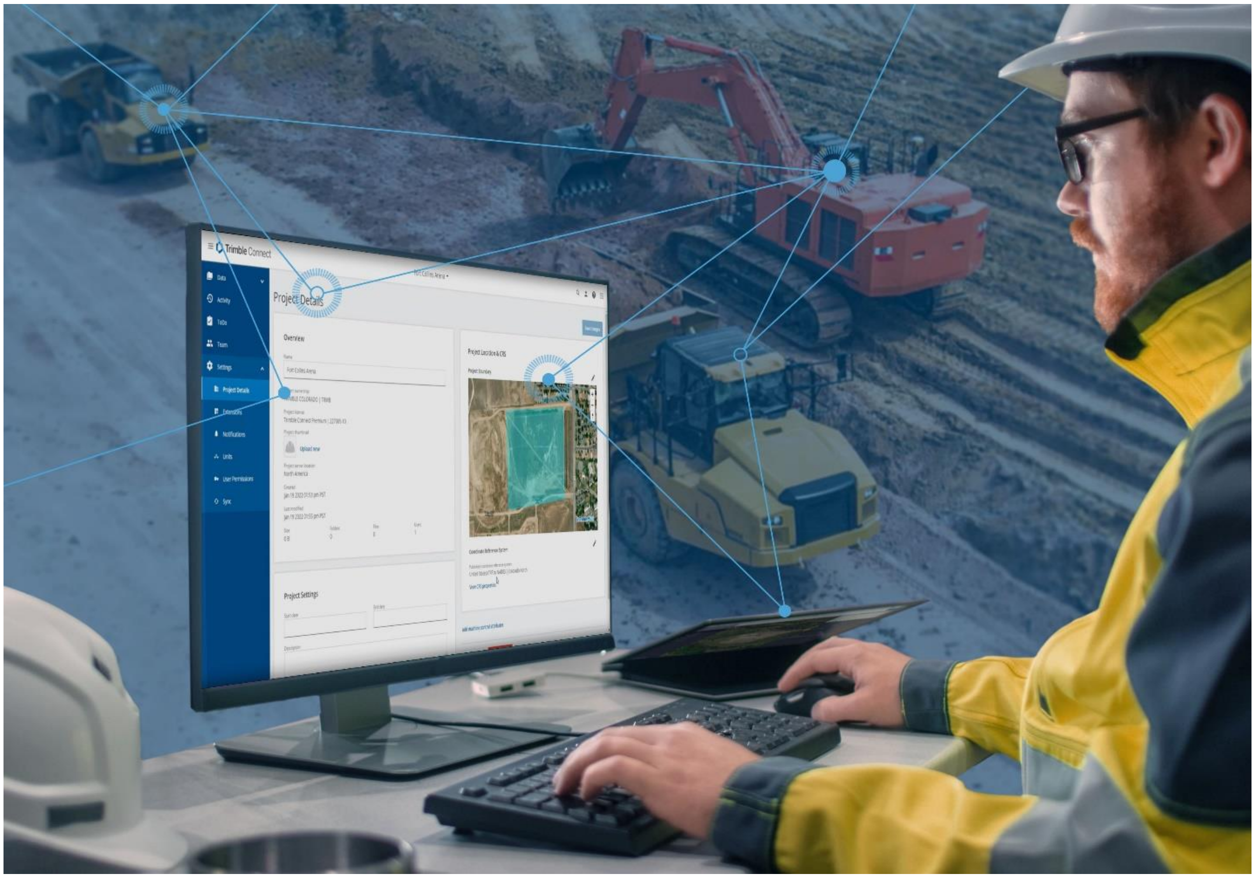

Trimble® Jobsite Connectivity Bundle links 3D models and data across Trimble civil construction hardware and software solutions. The interoperability of the solutions provides for a more efficient and reliable transfer of files throughout the construction lifecycle, giving contractors a single source of truth for constructible data both in the field and office.

First Quarter 2022 Earnings Conference Call Prepared Remarks

May 5, 2022

Trimble Corporate Participants

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

Trimble®
Transforming the Way the World Works

Presentation

Rob Painter, CEO

Welcome everyone. Before I get started, our presentation is available on our website; and we ask that you refer to the safe harbor at the back.

Let's begin on page 2 with gratitude and a shout-out to our team and our partners for delivering a record first quarter that exceeded our expectations. The team delivered record levels of annualized recurring revenue of $1.47 billion, revenue of $994 million and EBITDA of $253 million. Every reporting segment met or exceeded expectations, and backlog stands at $1.7 billion. Our software teams exceeded expectations on delivering ARR growth as we continue to transform our business models, and we achieved record levels of recurring software bookings in many parts of the business. On the hardware side, our operations team secured components late in the quarter to solidify our strong performance. Qualitatively speaking, the story of the first quarter is that demand remains healthy, our strategy is working, and we continue to execute in a very dynamic environment. Against this backdrop, we are raising our organic annual guidance for the year, adjusting for the impact of divestitures and currency.

As many of you know, we think on a 3-4-3 operating cadence, simultaneously balancing 3 months, 4 quarters and 3 years. We aim for the same balance on these update calls. I'll start my commentary by addressing some of the specific topics you've been asking about in the 3-4 zone, namely Russia and Ukraine, supply chain, inflation and market conditions. Starting with Russia and Ukraine, our first priority remains the safety of our teams. For the business, we continue to pause all new sales into Russia and Belarus and our long-term planning assumption is that our 2 percent of revenue from the region does not come back—most of which comes from agriculture and survey hardware. Given our current backlog, we are directing as much product elsewhere as possible, and we do not anticipate a material change to 2022 company revenue. In Ukraine, we are highly motivated to help however we can, but the practicalities on the ground are obviously very difficult. We have donated to relief efforts through our Foundation and have begun preparations for how we can help with rebuild efforts. As it relates to supply chain, the short answer is that it isn't getting easier, but we also didn't expect it to get easier. Inflation presents obvious challenges, less so from a perspective of price durability, more so from an ability to price dynamically in a fast-moving market. Finally, overall market conditions remain strong at the moment. Commodity prices are high, global construction backlog is robust, and US infrastructure bill spending is on the horizon. We have not yet picked up on discernible recessionary demand signals.

Pivoting now to the long-term horizon and the 3 years in the 3-4-3 model. We are a purpose driven company, with a mission to transform the way the world works. On March 31, we announced a $1.25 billion revolving credit facility that links to two of our sustainability commitments, namely reducing greenhouse gas emissions and increasing gender diversity at Trimble. While we continue to await approval of our science-based targets, we also added ESG performance metrics to long-term incentive compensation for our named executive officers. Talk is cheap. We are taking action.

Consistent with our 3-4-3 model, I'll talk next about capital allocation, and how we view ourselves as capital allocators on behalf of our shareholders. I believe how we allocate our resources—time, people and money, and how we balance that across short- and long-term horizons, will ultimately determine how we are judged as operators. In the first quarter, we executed $105 million of share buybacks. In the quarter, we put our balance sheet to work to build inventory where possible. The biggest news though is that we announced the sale of five of our businesses in the last few weeks. Our precision tools business, our weighing business, our timing business, our accessories business and one of our rail businesses. This is in addition to seven businesses we divested over the previous two years. We continue to focus our efforts on developing and growing our connected industry platforms and building our digital transformation capabilities. We believe the best ongoing fit for these businesses lies outside Trimble, yet I would be remiss not to step back and acknowledge that these are our long-term colleagues and the results they delivered over the years enabled much of the transformation you see in us today. My gratitude to all of these colleagues and to all of our colleagues who worked tirelessly on this effort over the last few quarters. David will walk you through the numbers in his remarks.

Moving to page 3, let's talk about innovation and our platform strategy. We are building industry clouds to connect stakeholders and workflows across operational lifecycles. In construction, for example, we aim to connect the complete project lifecycle to automate and optimize work, establishing shared industry protocols and common data environments so that diverse stakeholders can efficiently collaborate and work across the design-build-operate stages of project delivery.

Our strategy is already delivering innovative value today, based on a strong foundation of technologies in areas such as positioning and sensing, mixed reality, robotics, autonomy, data science and artificial intelligence. Through our partnership with Microsoft, we are enabling designers, engineers and contractors to collaborate with one another by interacting with richer data and more immersive models, and Trimble is the only company in the world with direct access to Microsoft's HoloLens technology that we have integrated directly into our Trimble XR10. Through our partnership with Boston Dynamics, we are at the intersection of the physical and digital worlds in robotics where builders use our automated scanning solutions to capture as-builts throughout the asset operational lifecycle. Through our machine control and guidance technologies, we have been working on autonomy for over 20 years. We are innovating through progressive stages of autonomy, with the most recent addition of horizontal steering controls for dozers and compactors, which deliver productivity and sustainability.

Our strategy also leverages Trimble product innovation into differentiated go to market motions. We are evolving and enhancing our commerce model to remove friction, enhance the user experience, and enable value to be captured and exchanged through more granular interactions at the point of work. Value is increasingly tied to subscription payments and delivered on a API-driven services platform so that producers and operators can self-provision services and get real-time user feedback. As an example, our Trimble Construction One solution, **as shown on page 4**, delivers a unified provisioning experience across more than 20 products and services, and enables our divisions to sell persona-based bundles and discrete connected workflows. We are aggressively streamlining online experiences via self-provisioned subscription services that empower users to thrive and unlock new innovations for modern ecosystems and project stakeholders. This improves real-time collaboration and interactions at scale that help us address society's most urgent challenges.

To enable this strategy, we are investing heavily in our underlying digital systems. Our initial pilots are already demonstrating value by improving the productivity of our sales teams as they serve common customers. As we continue to roll out functionality in the quarters ahead, we expect to be able to deliver our commercial offerings at increasing levels of scale, while generating new and impactful digital insights about our customers' journey.

I will close with a comment on our planned investor day in September. The three questions we hear most on investor minds include: *one*, the arc of our model progression; *two*, progress and proof points of our industry platform strategy and *three*, the collective impact of the current market risks, namely recession, war, inflation and supply chain. Your feedback over the coming months will be appreciated as we prepare for this update.

David.

David Barnes, CFO

Thank you, Rob.

Let's start on slide 5 with a review of first quarter results. First quarter revenue of $994 million was up 14 percent organically year on year. Changes in foreign exchange rates subtracted 2 percent to revenue growth, resulting in reported growth of 12 percent. The strong revenue performance was broad-based. Approximately two thirds of our 14 percent organic revenue growth came from volume, with the remaining one third driven by the impact of price increases we have taken in the past year. Software and recurring revenue increased as expected, and hardware revenue was better than expectations driven by the success of our operations team in getting more product through our supply chain.

Gross margin in the first quarter was 57.9 percent, down 50 basis points year over year, reflecting higher product and freight costs in our supply chain, partially offset by increased pricing and improved software margins. Adjusted EBITDA margin was 25.5 percent, down 60 basis points year over year, driven primarily by lower gross margins, and to a lesser extent higher operating expenses from our strategic investments and a return to normalized expense levels. Operating margin was 23.5 percent, down 10 basis points year over year. Net income dollars increased by 11 percent and earnings per share increased by $0.07 to $0.73 per share.

Our first quarter cash flow from operations was $153 million, and free cash flow was $139 million. Cash flow was down year over year in the quarter as we continued to build inventory and as a result of our incentive plan payouts following very strong performance versus our 2021 objectives. Deferred revenue grew 14 percent, reflecting continued strong growth in recurring revenue streams. The underlying working capital dynamics in our business remain strong, and we expect that our net working capital will remain near zero as the year progresses even in this difficult supply chain environment. Our net debt declined over $30 million in the quarter, and our net debt to adjusted EBITDA ratio remains around 1.0.

Turning now to slide 6, I'll review in more detail our first quarter revenue trends. ARR was up 12 percent in aggregate and up 14 percent organically. Our non-recurring revenue streams grew, with hardware up 11 percent year over year and perpetual software growing 8 percent. Our hardware growth was driven by strong performance in civil construction, geospatial and agriculture. Our hardware growth contributed to perpetual software growth as some of our hardware offerings are bundled with software.

From a geographic perspective, North American revenues were up 11 percent. In Europe, revenues were up 14 percent. Asia Pacific was up 5 percent year over year, and the rest of world was up 31 percent.

Next on slide 7, we highlight some of the key metrics that we follow. Organic ARR in Buildings and Infrastructure, Geospatial. and Resources and Utilities all grew in the teens or above, while Transportation ARR growth was in the mid-single digits and improved sequentially. Net working capital, inclusive of deferred revenue, continued to be negative, despite the build in inventory during the first quarter.

Research and development on a trailing twelve-month basis was 14.5 percent of revenue, with approximately two-thirds of our R&D investments going into software development.

Of our $1.7 billion in backlog, approximately $345 million represents hardware backlog, down modestly from year end 2021 levels but still well above our historical norms. Supply chain constraints continue to be very dynamic in nature, but our team made good progress in the quarter working around constraints and executing well in a challenging environment.

Let’s turn now to slide 8 for additional detail on each of the reporting segments. Buildings and Infrastructure revenue was up 18 percent on an organic basis. Revenue growth was strong in both our Building and Civil Construction businesses, and organic ARR was up in the high teens in the quarter. Geospatial revenue was up 16 percent on an organic basis, driven by strong performance in our survey and mapping business. Resources and Utilities revenue was up 16 percent on an organic basis, driven by continued strength in agriculture in Europe, South America, and the United States. Financial results in Transportation showed progression in a number of areas. Revenue was up 2 percent on an organic basis year over year, and organic ARR growth improved for the third quarter in a row. We continue to progress in the conversion of our Transportation Enterprise software business to recurring revenue models and made good progress on development of a new product in our Mobility business, which we believe will improve both margins and competitiveness when it is launched later this year. We continue to project improved momentum in margins and ARR growth in our Transportation segment in the fourth quarter.

Turning now to slide 9, I’d like to provide our updated financial outlook for 2022.

As Rob highlighted earlier, demand remains broadly strong across the end markets we serve. High inflation, rising interest rates, and the impact of the war in Ukraine are of course impacting sentiment around the world, but we don’t see meaningful signs that these developments are reducing current demand for our offerings. Our backlog of $1.7 billion, which reflects historically high levels of hardware backlog and growth in our recurring revenue offerings, gives us significant visibility through the balance of 2022. We continue to expect supply chain challenges into 2023, although we are increasingly optimistic that we will see component availability improve in the second half of this year.

With that backdrop, I’ll talk through our updated guidance. Our recently announced divestitures and the strengthening of the value of the US dollar will both impact our financial results for the balance of 2022, so I’ll focus first on organic trends. The key message here is that our organic outlook for ARR, revenue and earnings have all improved.

We are raising the midpoint of our organic revenue guidance range by $30 million, with an updated range of $3.99 billion to $4.07 billion. That revised view reflects an outlook for organic revenue growth of 10 percent to 12 percent. The midpoint of our organic EPS forecast has increased by 6 cents, with a new EPS range of $2.85 to $3.00. We are raising our outlook for organic ARR growth to above 15 percent. Our full year outlook reflects our expectation that organic revenue growth will be in the mid-teens in our Buildings and Infrastructure and Resources and Utilities segments, where demand remains very strong and backlog is high. Geospatial organic growth is expected to moderate from the first quarter pace and be in the mid to high single-digit range for the year, against 27 percent growth in 2021. We expect that our Transportation segment will see low single-digit organic growth for the year, with meaningful improvement by the fourth quarter when our initiatives to improve retention and grow ARR take hold.

The table on page 9 of our presentation bridges this organic outlook through the impacts of the changes in exchange rates and our upcoming divestitures. The US dollar has appreciated significantly versus the euro and other major currencies in the last 90 days. Assuming that exchange rates remain where they are now, we estimate the impact on our revenue from our last outlook of approximately $45 million.

We expect that the divestitures will close in the second quarter and will reduce our 2022 revenues by approximately $145 million. Sixty percent of the revenue impact is in Buildings and Infrastructure, 30 percent in Geospatial, and 10 percent in Transportation. As a result, our updated full-year revenue guidance, incorporating the impact of divestitures and recent changes in exchange rates, is $3.80 billion to $3.88 billion.

We now expect gross margins to be up approximately 100 basis points for the full year, with the majority of that improvement coming in the second half. This reflects our view that the pricing actions we are taking will more than offset inflation in the second half.

Our outlook for full year operating margin is increased to a range of 23 percent to 23.5 percent. Embedded in this outlook is the assumption that operating margins will be adversely impacted by our ongoing subscription transitions, as well as the investments we are making in support of our Connect and Scale strategy and the acceleration of ARR. In aggregate, these factors present a headwind to operating margins of approximately 200 basis points for the year. Our outlook for the margin impact of subscription transitions and strategic investments is unchanged from what we presented a quarter ago.

The divestitures will reduce full-year EPS by approximately 11 cents, and recent changes in foreign exchange rates will impact our earnings per share outlook by about 3 cents, resulting in a revised full-year EPS range of $2.71 to $2.86.

Hardware makes up the substantial majority of the revenue of the divested businesses, and as a result the divestitures will not have a meaningful impact on ARR trends. Looking to 2023 and beyond, we expect that the divestitures will be accretive to both revenue growth and operating margins. More strategically, our business post divestitures will be more centered on our platform strategy, and our mix of ARR and software will be higher.

Our forecast for income from equity investments and net interest costs is unchanged. Our tax-rate guidance has increased to a range of 18.5 percent to19 percent.

From a cash flow perspective, we project that free cash flow will be approximately equal to our non-GAAP net income, with stronger performance in the second half of the year. This forecast reflects our view that our inventory levels will grow modestly, and that the US congress will take action to permit the continued up-front deduction of R&D expenses. If the legislation is not passed and R&D costs are capitalized for tax purposes, then our 2022 cash flow outlook will be adversely impacted by approximately $70 million. Note that the tax capitalization of R&D costs has no meaningful impact on our book tax rate—only the timing of cash payments.

A few words on the quarterly dynamics we expect for the balance of this year: the supply chain issues have disrupted the normal seasonal patterns in our business. While the second quarter would normally be our largest quarter in absolute revenue, that is not what we expect this year. After the impact of divestitures and recent currency movements, we expect second quarter revenue to be down slightly versus the second quarter of 2021, which was unusually strong. Following the second quarter, we expect revenue to increase sequentially through the third and fourth quarters, reflecting gradual normalization in the supply chain, higher prices, and increasing software and recurring growth. From a gross margin perspective, we expect second quarter gross margins to be consistent with the first quarter, and then to increase in the second half of the year as our additional pricing actions take effect. Driven by improved price realization and revenue mix, we expect that gross margins will be approximately 250 basis points higher in the second half of the year compared to the first half, and operating margins will be approximately 200 basis points higher in the second half of 2022 versus the first half. We forecast second quarter earnings per share to be below second quarter 2021 earnings per share, with double digit year on year EPS growth in the back half of the year even after the impact of the divestitures. Most importantly, we have increased confidence in the drivers of our organic ARR progression for the remainder of the year.

Rob, back to you.

Rob Painter, CEO

Belong. Grow. Innovate. These are the three core Trimble values. Against a challenging landscape and a context of ongoing change, I am proud of what my colleagues have accomplished, individually and collectively. I am gratified to see that we have been named a top company culture and a top workplace for innovators. We are driven by a sense of purpose at Trimble, and we are proving that we can deliver financial results while showing up with compassion for our colleagues and our communities. The level of curiosity and openness to growth I see displayed at Trimble gives me confidence that we can continue to execute our strategy.

Operator let's open the line to questions.