

# Trimble Inc.

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## First Quarter 2022 Results Summary

# First quarter 2022 highlights

## Key Messages

- Outperformed expectations in the quarter
- Strong demand, revenue, ARR and EBITDA growth despite supply chain challenges
- Focused and well positioned to execute on Connect & Scale 2025 strategy
- Market conditions remain net positive
- Capital allocation aligned with strategic priorities

## Financial Highlights

- Q1 revenue +12%, +14% organic; recurring revenue resilient with ARR of \$1.47B (+12% overall, +14% organic)
- Strong Q1 and TTM adjusted EBITDA margin of 25.5%, despite cost pressures
- Share repurchases in Q1 of \$105M, and \$245M on a TTM basis
- Recently announced 5 divestitures, enhancing strategic focus

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.

TTM refers to trailing twelve months.

Figures may vary due to rounding.



# Innovation and Platform



# Trimble Construction One (TC1)

## Example: persona-based offering TC1 - Contractor Cloud

## Improving go to market motions

## Demonstrating early success

- Key account selling across the portfolio
- Persona based bundling and discrete connected workflows

- Increased win rates
- Increase in deal size
- Increase in share of wallet
- Reduction in sales cycles



Unique platform for data and workflows

Contractual framework to  
easily grow

Increase in  
bookings



# First quarter 2022 financial summary

\$M, Except Per Share	First Quarter of		
Non-GAAP Highlights	2021	2022	Y/Y Change
Revenue	\$886.7	\$993.7	+12%
Gross Margin % of Revenue	58.4%	57.9%	-50bps
Adjusted EBITDA	\$231.3	\$253.3	+10%
Adjusted EBITDA % of Revenue	26.1%	25.5%	-60bps
Operating Income	\$209.2	\$233.1	+11%
Operating Income % of Revenue	23.6%	23.5%	-10bps
Tax Rate	17.3%	18.6%	+130bps
Net Income	\$167.0	\$184.8	+11%
Diluted Earnings Per Share	\$0.66	\$0.73	+11%
Balance Sheet & Cash Flow Highlights			
Net Debt	\$1,124.8	\$936.5	-17%
Deferred Revenue	\$618.9	\$703.9	+14%
Cash Flow from Operations	\$228.2	\$153.0	-33%
Free Cash Flow	\$217.6	\$138.5	-36%
Share Repurchases	\$40.0	\$104.7	+162%

- Organic revenue: +14% y/y;
  - Total revenue +12%
  - Currency translation -2%
  - Acquisitions/Divestitures +0%
- Gross margin slightly lower due to increased hardware costs
- Q1 cash flow down due to increased inventory purchases and 2021 incentive plan payout

Net debt refers to total debt minus total cash and cash equivalents.  
 Free cash flow refers to cash from operating activities minus capital expenditures.  
 Figures may vary due to rounding.



# First quarter revenue trends by type and geography

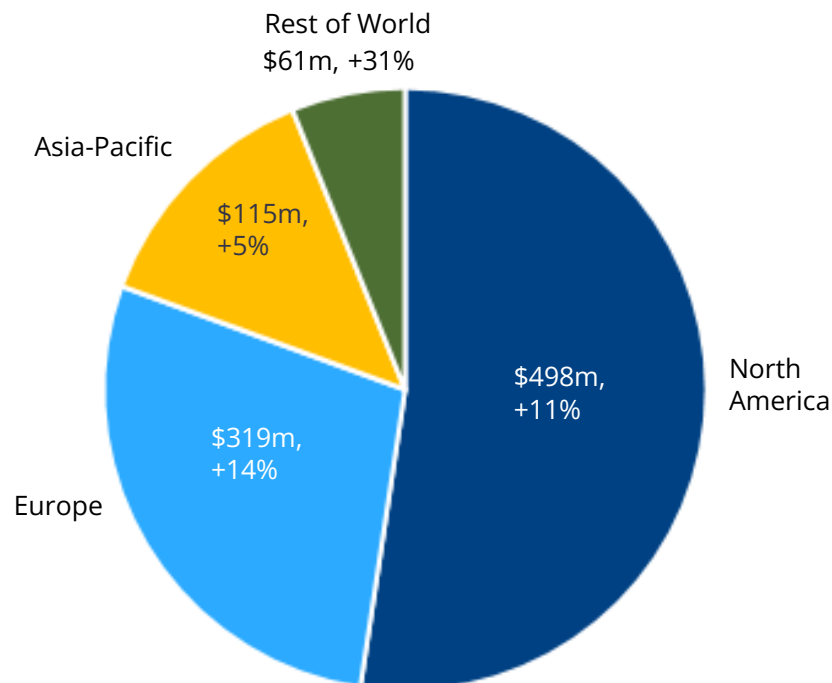
## Recurring Revenue Streams

\$ Billions	First Quarter of		
	2021	2022	Y/Y Change
Annualized Recurring Revenue (ARR)	\$1.32	\$1.47	+12%
Organic ARR Growth			+14%

## Non-Recurring Revenue Streams

\$ Millions	First Quarter of		
	2021	2022	Y/Y Change
Hardware	\$391.1	\$435.1	+11%
Perpetual Software	\$121.7	\$131.7	+8%
Professional Services	\$41.4	\$38.0	-8%

## Q1'2022 Revenue by Geography



# Financial metric highlights

**Annualized recurring revenue**  
**≈\$1.47B (+12% growth, +14% organic)**

**Approx. \$1.7B backlog**

**\$2.07B in TTM software, services  
and recurring revenue**

**TTM research & development**  
**14.5% of TTM revenue**  
**(>65% of R&D in software)**

**Net working capital**  
**<0% of TTM revenue**

**+14% Deferred Revenue growth**

**TTM Adjusted EBITDA Margin**  
**25.5%**

**TTM Operating Cash Flow \$675 million**  
**(0.97x non-GAAP net income)**

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.

Net working capital refers to Accounts Receivable plus Inventory minus Accounts Payable minus Accrued Compensation and Benefits minus Deferred Revenue (current and non-current).

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.



# First quarter 2022 segment results

\$M	Q1'22 Revenue & Y/Y Growth	Q1'22 Non-GAAP Operating Income \$ / %	Q1'22 Commentary
Buildings & Infrastructure	\$397.6, +16% (+18% organic, -2% FX, 0% M&A)	\$120.7 30.4%	<ul style="list-style-type: none"> <li>Revenue growth strong in all major software and hardware centric businesses, revenue constrained by supply chain challenges</li> <li>Subscription revenue growth strong</li> <li>Organic ARR growth in high-teens, driven by organic growth and business model conversion</li> </ul>
Geospatial	\$207.5, +14% (+16% organic, -2% FX)	\$57.9 27.9%	<ul style="list-style-type: none"> <li>Continued strong demand across all major regions and end markets</li> <li>Strong growth in core survey and mapping business, revenue constrained by supply chain challenges</li> </ul>
Resources & Utilities	\$229.9, +12% (+16% organic, -3% FX, -1% Divestiture)	\$75.1 32.7%	<ul style="list-style-type: none"> <li>Continued healthy agriculture markets, revenue and margin constrained by supply chain challenges</li> <li>Strong growth in positioning services</li> </ul>
Transportation	\$158.7, +1% (+2% organic, -1% FX)	\$9.2 5.8%	<ul style="list-style-type: none"> <li>Met expectations</li> <li>Enterprise subscription revenue growth</li> <li>Strong revenue growth in maps business</li> </ul>
Trimble Total	\$993.7, +12% (+14% organic, -2% FX, +0% M&A)	\$233.1 23.5%	



# 2022 Outlook

## Key planning assumptions

- Resilient demand across our end markets
- Supply environment remains challenging with cost inflation impacting gross margins through at least 1H22
- Outlook includes impact of recently announced divestitures, excludes impact of future acquisitions and divestitures

	At Feb 2022	Update Guidance May 2022			Commentary
\$M	Prior FY22 Guidance	FY22 Guidance Before Divestitures (1) and FX (2)	Less: Divestitures (1) and FX (2)	FY22 Guidance After Divestitures (1) and FX (2)	
Revenue	\$3.95B - \$4.05B	\$3.99B - \$4.07B	(-\$145M divestitures, ≈-\$45M FX)	\$3.80B - \$3.88B	<ul style="list-style-type: none"> <li>Raising view on organic ARR growth to &gt;15% by year end</li> <li>Full year organic revenue growth 10-12%, raising midpoint of organic revenue guidance \$30 million</li> <li>Quarterly progression Y/Y: revenue down slightly in Q2 with growth returning in 2H</li> </ul>
Non-GAAP operating margins	≈23%	≈23 - 23.5%		≈23 - 23.5%	<ul style="list-style-type: none"> <li>Full year gross margin % up 50 to 100 bps year-over-year</li> <li>Gross margin % in Q2 flat sequentially with Q1; opex up modestly in Q2 vs. Q1</li> <li>Gross margin % up ≈250 bps in 2H vs. 1H; operating income % up ≈200 bps in 2H vs. 1H</li> </ul>
Non-GAAP EPS	\$2.75 - \$2.95	\$2.85 - \$3.00	(-\$0.11 divestitures, ≈-\$0.03 FX)	\$2.71 - \$2.86	<ul style="list-style-type: none"> <li>253 million shares outstanding</li> </ul>
Equity method income	≈\$30M	≈\$30M		≈\$30M	
Net interest expense	≈\$65M	≈\$65M		≈\$65M	
Non-GAAP tax rate	18%	18.5% - 19.0%		18.5% - 19.0%	
Free cash flow	>1.0x NG net income	>1.0x NG net income		≈1x NG net income	<ul style="list-style-type: none"> <li>Assumes continued upfront tax expensing of US R&amp;D costs</li> </ul>

(1) Reflects the recently announced divestitures of the Time and Frequency, LOADRITE, Spectra Precision Tools, SECO accessories, and Beena Vision businesses.

(2) Reflects changes in foreign currency exchange rates since early February 2022.

# 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, effectively integrate new acquisitions or consummate the recently announced divestitures in a timely manner. The Company's results would also be negatively impacted by deterioration in economic conditions as a result of the COVID-19 pandemic, supply chain shortages and disruptions, as well as general inflationary pressures, resulting in increases in costs and reduced revenue, adverse geopolitical developments and the potential impact of volatility and conflict in the political and economic environment, including the Russian invasion of Ukraine and its direct and indirect impact on our business, weakening in the macro environment, foreign exchange fluctuations, 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>.