

Trimble Third Quarter 2020 Results Summary

Third quarter 2020 highlights

Key Messages

- Outperformed expectations in the quarter despite COVID-19 challenges - results demonstrated resilience of the Trimble team and diversification of portfolio
- Executing on the Connect & Scale 2025 strategy remains our focus
- Building the organization to execute the strategy - New Board Member, Chief Digital Officer, Chief People Officer, VP of Talent & DEI, Head of Sustainability
- Long-term market conviction remains strong

Financial Highlights

- ARR +10% Y/Y, \$1.26 billion
- Expanded gross margins and execution on costs led to adjusted EBITDA margin of 26.8%
- Business producing attractive operating cash flow (≈\$600M TTM, ≈1.1x non-GAAP 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.

TTM refers to trailing twelve months.

Figures may vary due to rounding.

Third quarter income statement

\$M, Except Per Share	Third Quarter of		
	2019	2020	Y/Y Change
Non-GAAP Income Statement Highlights			
Revenue	\$784.3	\$792.8	+1%
Gross Margin % of Revenue	57.0%	58.8%	+180bps
Adjusted EBITDA	\$180.1	\$212.5	+18%
Adjusted EBITDA % of Revenue	23.0%	26.8%	+380bps
Operating Income	\$161.9	\$191.8	+18%
Operating Income % of Revenue	20.6%	24.2%	+360bps
Tax Rate	19.0%	16.0%	-300bps
Net Income	\$121.1	\$152.8	+26%
Diluted Earnings Per Share	\$0.48	\$0.60	+25%

- Non-GAAP Revenue: +1% Y/Y;
 - Organic -1%, currency translation +1%, Acquisitions/divestitures +1%
 - ARR +10% YOY, +6% organic; Non-recurring revenue -2%
- Non-GAAP gross margin % up due to revenue mix
- Operating margin at record high

Third quarter cash flow and balance sheet

\$M, Except Per Share	Third Quarter of		
	2019	2020	Y/Y Change
Cash Flow & Balance Sheet Highlights			
Cash Flow from Operations	\$137.3	\$180.5	+31%
Free Cash Flow	\$121.2	\$165.0	+36%
Cash	\$184.6	\$184.0	-0%
Deferred Revenue	\$419.0	\$501.6	+20%
Net Debt	\$1,565.7	\$1,486.2	-5%
TTM Adjusted EBITDA	\$736.8	\$777.8	+6%
Net Debt to Adjusted EBITDA (TTM)	2.1x	1.9x	-0.2x

- Operating cash flow 1.2X non-GAAP net income
- TTM operating cash flow +7% Y/Y; TTM free cash flow +10% Y/Y
- Net debt down \$150M in the quarter
- Undrawn \$1.25 billion revolving credit facility

Financial metric highlights

**Annualized recurring revenue
≈\$1.26B (+10% growth)**

**\$1.8B in TTM software, services
and recurring revenue**

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

**TTM Adjusted EBITDA Margin
24.7%**

Approx. \$1.2B backlog

**TTM research & development
14.9% of revenue
(>65% of R&D in software)**

+20% Deferred Revenue growth

**TTM Operating Cash Flow \$606 million
(1.1x non-GAAP net income)**

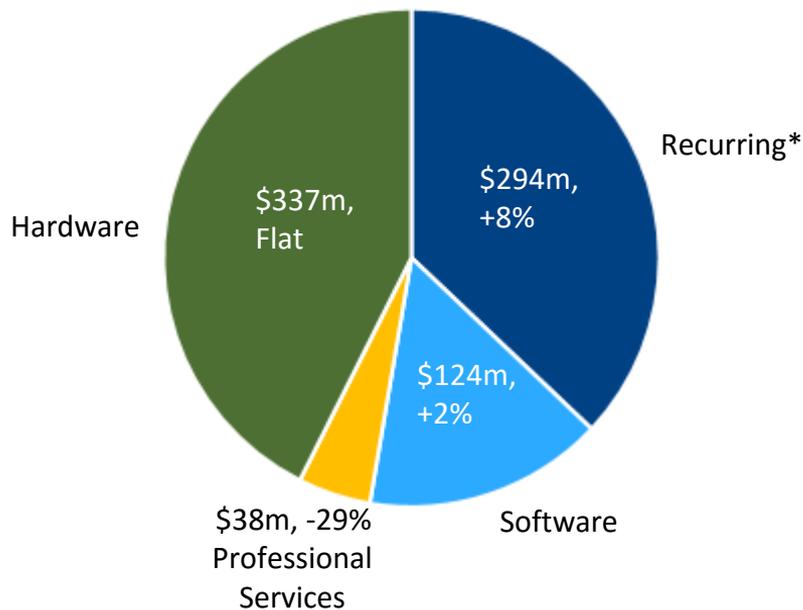
Software, Services, Recurring refers to software, services and recurring revenues. Recurring revenue includes subscription, maintenance and support revenues. Software includes perpetual and term licenses. Services includes professional and other services.

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.

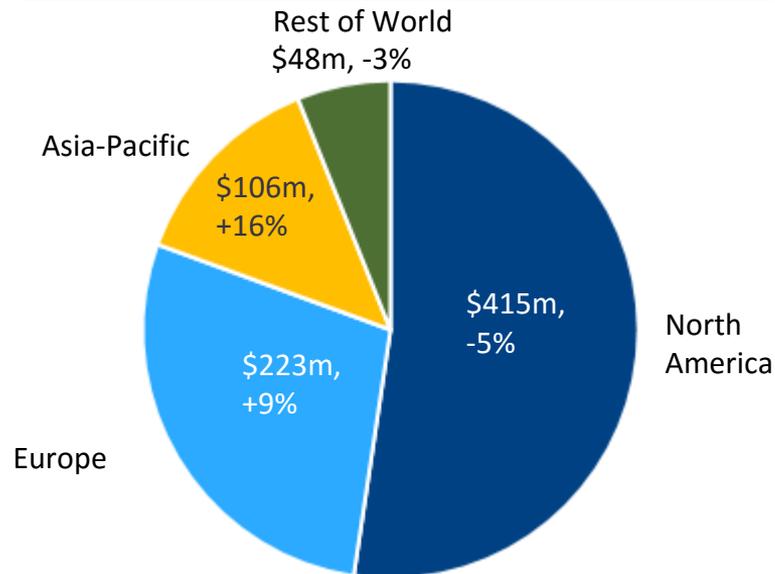
Net working capital refers to accounts receivable plus inventory minus accounts payable minus accrued compensation and benefits minus deferred revenue (short-term and long-term).

Third quarter revenue mix by type and geography

Q3'2020 Revenue by Type



Q3'2020 Revenue by Geography



*Recurring revenue includes subscription, maintenance and support revenues. Does not include contract value of term licenses reported in ARR measure. Figures may vary due to rounding.

Third quarter segment results

\$M	Q3'20 Revenue & Y/Y Growth	Q3'20 Operating Income \$ / %	Q3'20 Commentary
Buildings & Infrastructure	\$317.4, +2% (+1% organic, +1% FX, 0% M&A)	\$95.9 30.2%	<ul style="list-style-type: none"> Strong ARR growth due to organic growth and subscription transition Hardware sales flat Y/Y Margin up close to 4 percentage points Y/Y due to revenue mix and cost reductions
Geospatial	\$165.6, +7% (+7% organic, +1% FX, -1% M&A)	\$51.4 31.0%	<ul style="list-style-type: none"> Product innovation expanding opportunities Margin up over 11 percentage points Y/Y due to growth, revenue mix and cost reductions
Resources & Utilities	\$150.6, +24% (+16% organic, +1% FX, +7% M&A)	\$54.3 36.1%	<ul style="list-style-type: none"> Ag market resilience, driven by North America, Japan, Brazil and Australia ARR growth Y/Y driven by Positioning Services and Utilities Margin up over 7 percentage points driven primarily by revenue mix and cost reductions
Transportation	\$159.2, -20% (-21% organic, 0% FX, +1% M&A)	\$8.6 5.4%	<ul style="list-style-type: none"> Revenue in line with expectations Margin down approximately 10 percentage points; lower revenue, subscription transition, inventory charges, and M&A Restructuring of cost base in the quarter
Trimble Total	\$792.8, +1% (-1% organic, +1% FX, +1% M&A)	\$191.8 24.2%	

Q4 outlook considerations

- Revenue
 - Y/Y growth trends likely to be less favorable than Q3'20
 - 53rd week in 2019 added 3% of revenue growth to Q4'19
 - Q4'19 tougher comp in Resources & Utilities
 - Q3'20 benefitted from deferred customer spending
 - Organic ARR growth in line with Q3'2020
- Gross margin
 - Roughly flat Y/Y
- Operating expenses
 - Opex expected up ≈\$20m sequentially; higher incentive compensation, gradual increase in discretionary spending
 - Anticipate decremental margins in the mid-30s
- Net interest expense: ≈\$18M
- Shares outstanding: 251M
- Non-GAAP tax rate 16%
- Cash flow
 - Full year operating cash flow > non-GAAP net income, capex lower Y/Y

We remain focused on executing our long term strategy - Connect & Scale 2025

Strategic Levers

- Connect industry lifecycles

- Deliver breakout innovation

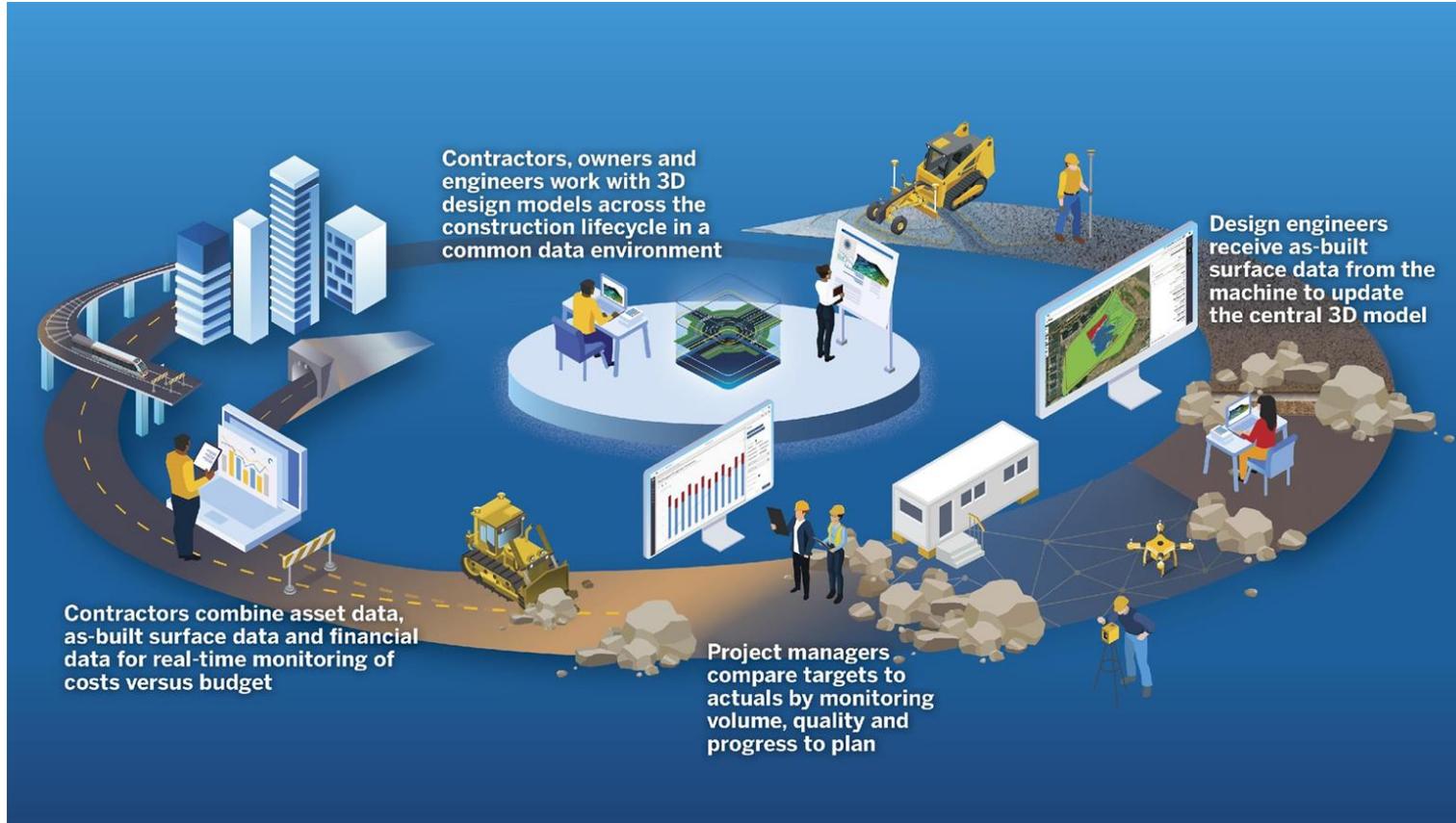
- Accelerate business model transformation

- Scale the business

Execution

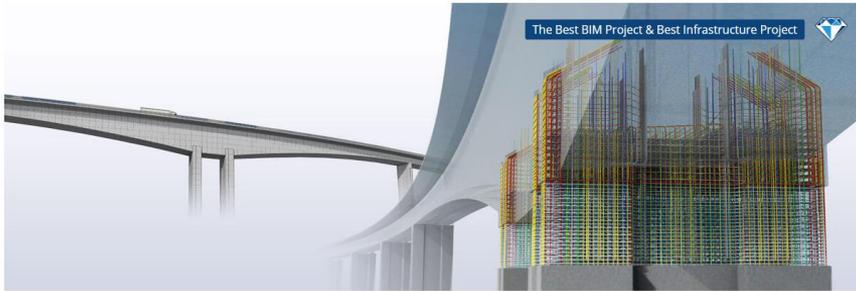
- Integrating design data from the office with machine control data to deliver real-time progress and productivity updates for the jobsites - [WorksOS](#)
- Bringing augmented reality into the cab of construction equipment to help operators more easily understand 3D models, cut/fill and slope data, bench and reference points - [Trimble Earthworks 2.0](#)
- Creating a more [seamless and transparent supply chain](#) by enabling closer collaboration among carriers, shippers and third-party logistics providers
- Geospatial: empowering land surveyors to complete work faster and more accurately - [Trimble R12i](#)
- Construction: Trimble [Tekla 2020 Global BIM award winners](#) showcase the world's most impressive structural construction projects
- Construction: extending the use of [autonomous robots](#) in construction - strategic alliance with Boston Dynamics
- Expanding addressable market through business model transformation
- Selling technology assurance and digital:physical integration with [Platform as a Service offering](#)
- Enabling analytics for [pre-construction](#) and construction [project health monitoring](#)
- Completed divestiture of [Trimble Construction Logistics](#) to Command Alkon
- [Acquired MidStates VRS](#) to expand network footprint size over one million square miles in N.America
- [Appointed](#) new board member, Chief People Officer, Chief Digital Officer, VP Talent & DEI, Head of Sustainability

WorksOS delivers real-time jobsite progress to plan



Trimble Tekla announces 2020 Global BIM Awards Winners

Best Infrastructure Project



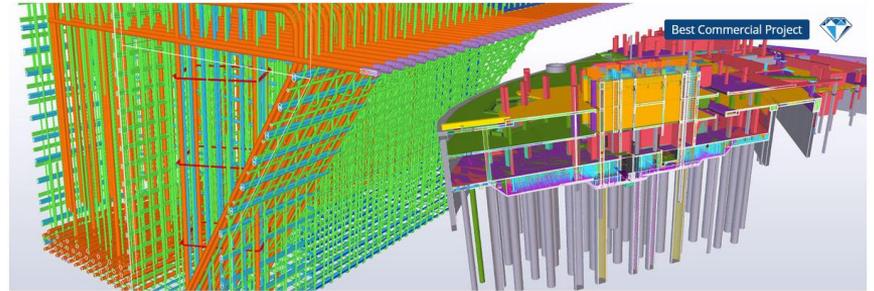
Project name: Randselva Bridge

Project category: Infrastructure

Company: Sweco, PNC, Armando Rito, Isachsen

Project location: Norway

Best Commercial Project



Project name: One Nine Elms

Project category: Commercial

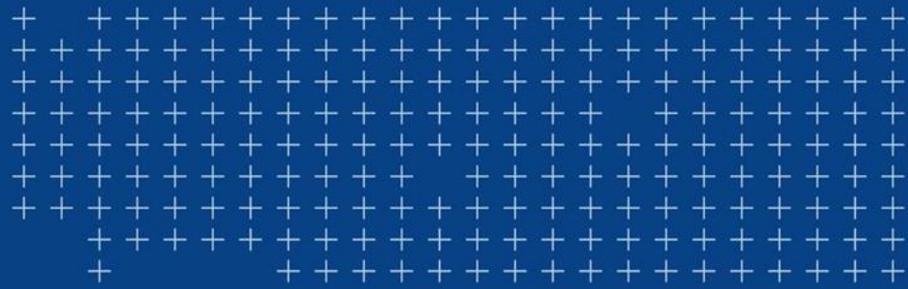
Company: Solve Structural Design

Project location: United Kingdom

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 the impact of the COVID-19 pandemic, including impacts upon our financial or 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, 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 following pages contain non-GAAP measures including non-GAAP revenue, Adjusted EBITDA, 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

