

Trimble First Quarter 2021 Results Summary

First quarter 2021 highlights

Key Messages

- Outperformed expectations in the quarter
- End market strength
- Increasing investments in the business to accelerate Connect & Scale 2025 strategy

Financial Highlights

- Q1 revenue: \$887 million, +12% overall, +10% organic
- ARR: \$1.32B, +9% overall, +7% organic
- TTM operating cash flow: \$745M, up 26%
- Adjusted EBITDA margins: 26.1%
- Earnings per share growth: +35%

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.

Figures may vary due to rounding.

Trimble playbook and reporting segment highlights

Trimble Playbook

- Secular opportunity to digitize large global markets that are underserved and underpenetrated
- Technology that connects the physical and digital worlds
- Hardware and software solutions that connect the field and the office
- Delivering customer return on investment in the form of productivity, quality, safety, transparency and sustainability

Industry platform strategy

Reporting Segments

- Buildings & Infrastructure: continued conversion in business models; segment now ~65% software-related. Poised to benefit from a construction led recovery
- Geospatial: strongest growth since creation of reporting segment in 2017. Poised to benefit from ongoing innovation and construction led recovery
- Resources & Utilities: strong growth in the quarter. Poised to benefit from healthy agriculture and forestry commodity prices
- Transportation: expectations met in the quarter. Poised to benefit from strong bookings growth in both mobility and enterprise offerings

Trimble Operating System highlights

Trimble Operating System	Proof Points
Strategy	<ul style="list-style-type: none"> Subscription transitions in construction software offerings - Tekla Structures and Trimble MEP Strong recurring bookings in transportation enterprise business Manhattan divestiture completed in early Q2
People	<ul style="list-style-type: none"> Ranked #15 out of 15,000 companies in a 2021 Best Global Culture survey
Execution	<ul style="list-style-type: none"> Launch of SX12 scanning total station and TSC5 data collector Launch of civil construction estimating software Combination of LOADRITE payload management system with Earthworks Grade Control Platform Released new sustainability report



First quarter 2021 financial summary

\$M, Except Per Share	First Quarter of		
	2020	2021	Y/Y Change
Non-GAAP Highlights			
Revenue	\$794.0	\$886.7	+12%
Gross Margin % of Revenue	59.1%	58.4%	-70bps
Adjusted EBITDA	\$180.4	\$231.3	+28%
Adjusted EBITDA % of Revenue	22.7%	26.1%	+340bps
Operating Income	\$161.2	\$209.2	+30%
Operating Income % of Revenue	20.3%	23.6%	+330bps
Tax Rate	17.5%	17.3%	-20bps
Net Income	\$122.5	\$167.0	+36%
Diluted Earnings Per Share	\$0.49	\$0.66	+35%
Balance Sheet & Cash Flow Highlights			
Net Debt	\$1,758.6	\$1,124.8	-36%
Deferred Revenue	\$551.5	\$618.9	+12%
Cash Flow from Operations	\$155.7	\$228.2	+47%
Free Cash Flow	\$139.0	\$217.6	+57%

- Non-GAAP Revenue: +12% y/y;
 - Organic +10%
 - Currency translation +3%
 - Acquisitions/divestitures -1%
- Non-GAAP gross margin down due to revenue mix and increased product costs
- Non-GAAP EPS up \$0.17/share, driven primarily by higher revenue and cost containment
- Cash flow growth driven by EBITDA growth and improved working capital

First quarter revenue trends by type and geography

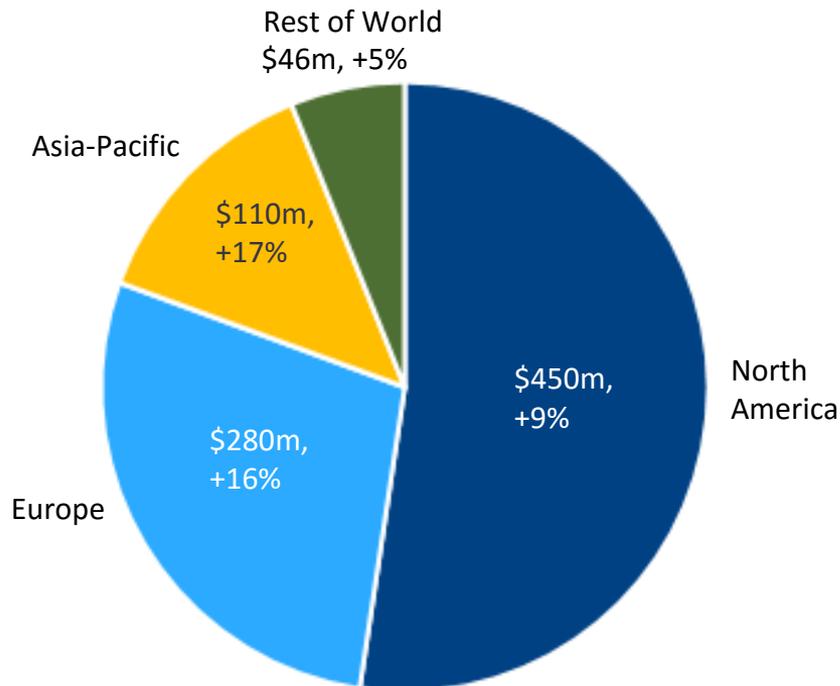
Recurring Revenue Streams

\$ Billions	First Quarter of		
	2020	2021	Y/Y Change
Annualized Recurring Revenue (ARR)	\$1.22	\$1.32	+9%

Non-Recurring Revenue Streams

\$ Millions	First Quarter of		
	2020	2021	Y/Y Change
Hardware	\$334.0	\$391.1	+17%
Perpetual Software	\$109.7	\$121.7	+11%
Professional Services	\$43.6	\$41.4	-5%

Q1'2021 Revenue by Geography



Financial metric highlights

**Annualized recurring revenue
≈\$1.32B (+9% growth)**

Approx. \$1.4B backlog⁽¹⁾

**\$1.87B in TTM software, services
and recurring revenue**

**TTM research & development
15.0% of revenue
(>65% of R&D in software)**

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

+12% Deferred Revenue growth

**TTM Adjusted EBITDA Margin
26.2%**

**TTM Operating Cash Flow \$745 million
(1.2x non-GAAP net income)**

(1) Excludes backlog of Manhattan Real Estate and Workplace Solutions, which was divested in early Q2. 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 2021 segment results

\$M	Q1'21 Revenue & Y/Y Growth	Q1'21 Operating Income \$ / %	Q1'21 Commentary
Buildings & Infrastructure	\$343.1, +16% (+13% organic, +3% FX, 0% M&A)	\$96.4 28.1%	<ul style="list-style-type: none"> Broad based growth in civil and building construction and across major regions Strong growth in both hardware and software ARR up in mid-teens, driven by organic growth and business model conversion
Geospatial	\$181.7, +24% (+22% organic, +2% FX, -1% M&A)	\$48.7 26.8%	<ul style="list-style-type: none"> Strong demand across all major regions New product innovation
Resources & Utilities	\$205.2, +14% (+10% organic, +4% FX, 0% M&A)	\$80.1 39.0%	<ul style="list-style-type: none"> Healthy market conditions in agriculture driven by commodity prices, government subsidies, and strong new machinery sales Positioning services growth continuing
Transportation	\$156.7, -8% (-6% organic, +1% FX, -2% M&A)	\$8.4 5.4%	<ul style="list-style-type: none"> Results in line with expectations Recurring bookings up significantly year-over-year Continued confidence in improving results later in the year Divestiture of Construction Logistics
Trimble Total	\$886.7, +12% (+10% organic, +3% FX, -1% M&A)	\$209.2 23.6%	

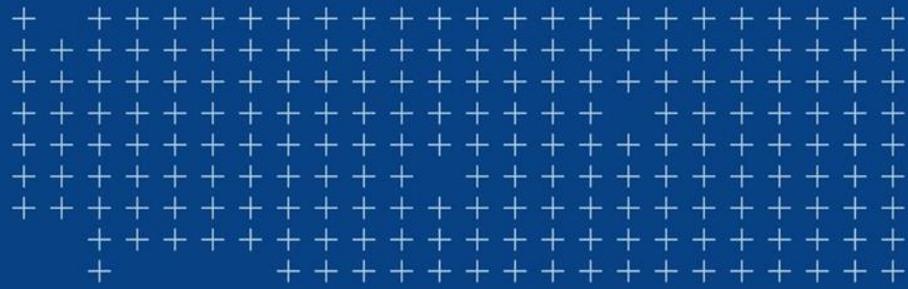
2021 updated outlook

- **Key planning assumptions**
 - Broad reopening of economies continues; GDP momentum continues to build
 - Supply environment challenged
 - Excludes impact of future acquisitions and divestitures
- **2021 non-GAAP Revenue \$3.4B-\$3.5B**
 - Organic revenue growth high single digits, plus $\approx 1\text{-}2\%$ currency, minus $\approx 1\%$ divestiture
 - Organic ARR growth high single digits, improving through the year
- **2021 non-GAAP EPS \$2.30-\$2.50**
 - Adjusted EBITDA and operating margins between 2019 and 2020 levels
 - Model transitions to subscription impact revenue growth and margins by ≈ 150 basis points
 - Income from equity method investments \$35-\$40M
 - Net interest expense \$65-\$68M, decreasing through the year
 - Non-GAAP tax rate of 17.0-17.5%, 255M shares outstanding
- **Cash flow from operations > 1.1X non-GAAP net income; free cash flow >1X non-GAAP net income**

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, 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, supply chain shortages and disruptions, resulting in increases in costs and reduced revenue, adverse geopolitical developments, further 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>.



Q&A

