

Trimble Inc.

First Quarter 2023 Results Summary

First quarter 2023 highlights

Key Messages - Connect & Scale Strategy

- Record ARR and gross margin performance despite economic uncertainty
- Focused capital allocation. Business transformation enabling software business growth. Hardware supply chains largely stabilized and channel inventory levels moderating.
- Transporeon acquisition closed at beginning of second quarter

Financial Highlights

- \$1.65B of ARR, +13% organic growth
- Record non-GAAP gross margin of 64.2%, record EBITDA margin of 27.2%, record non-GAAP operating margin of 24.7%
- \$202M of free cash flow, +46%, with strong free cash flow conversion
- Total remaining performance obligations (backlog) of \$1.6 billion

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. Organic revenue refers to revenue excluding the impacts of (i) foreign currency translation (FX), and (ii) acquisitions and divestitures. Figures may vary due to rounding.



Progress and proof points on the Connect & Scale journey

Buildings & Infrastructure

- **Trimble Construction One offering is powering new logo and cross sell bookings - higher win rates, larger deal sizes, shorter sales cycles**
- Double digit Y/Y ACV bookings growth
- **ARR** growing faster than company average growth
- Selling **unique workflow offerings** for “asset lifecycle management,” e.g., England’s National Highways [\[link\]](#), Norwegian Public Roads Administration [\[link\]](#)
- **Expanding addressable market through product innovation** - Siteworks Machine Guidance Module designed for small site and utility contractors [\[link\]](#)
- **Innovating hardware business models:** Trimble Ri - robotic total station for layout offered on subscription basis [\[link\]](#)

Geospatial

- Strong demand from US state departments of transportation - **coordinating software direct sales teams with hardware indirect teams**
- **Workflow integration:** linking 3d point clouds to design software [\[link\]](#)
- **ARR growth:** Trimble Catalyst - positioning as a service

Resources & Utilities

- **Building out aftermarket channel in Agriculture to gain dealer and customer intimacy** - providing farmers choice in their technology platforms
- **Leveraging innovation across Trimble:**
 - Advanced path planning technology for automation / autonomy developed for use across served industries [\[link\]](#)
 - Positioning services announced go live with Nissan for advanced driver assist system [\[link\]](#)
- **ARR growth:** positioning services delivers precision GNSS accuracy as a service to off-road and on-road markets

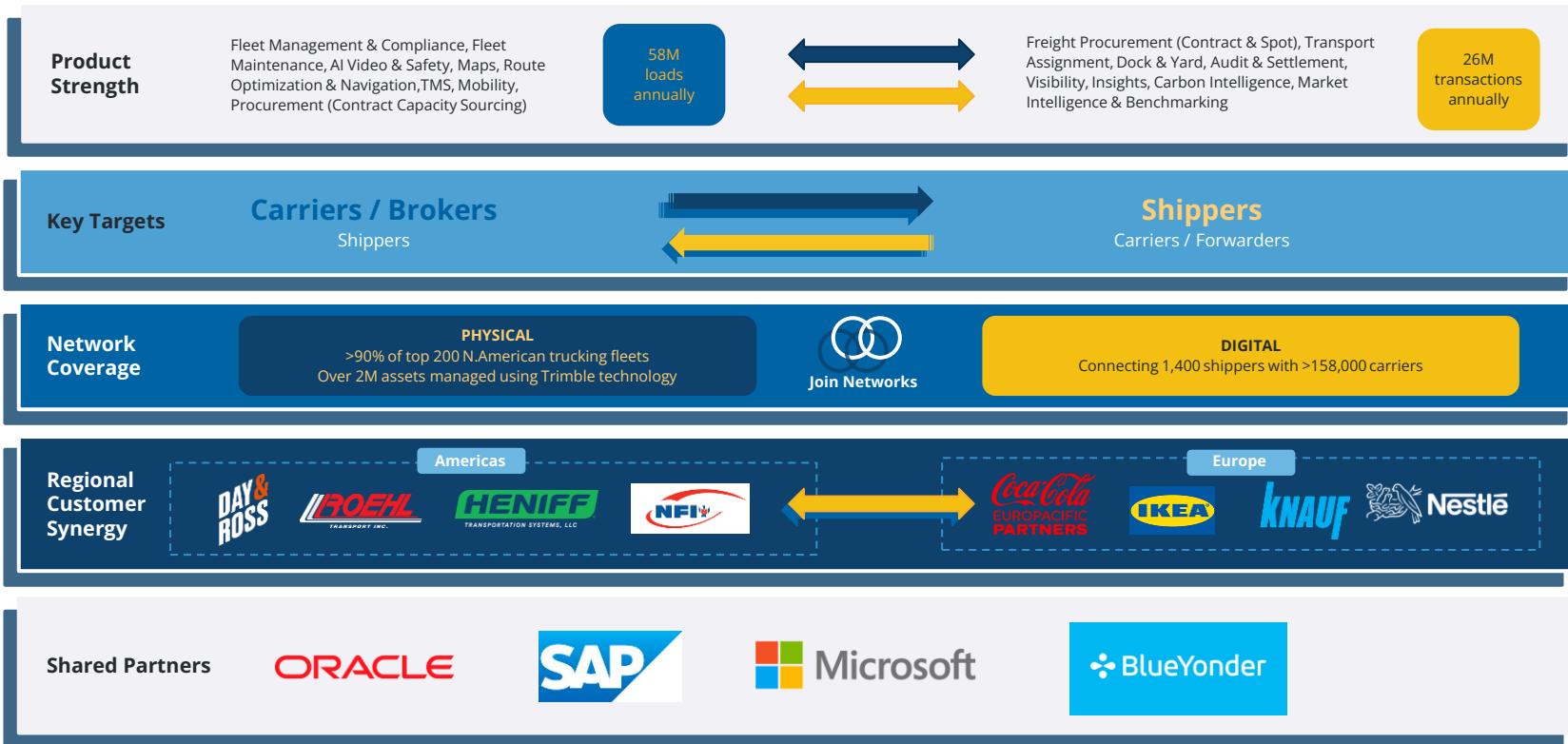
Transportation

- Delivering **open technology platforms** for mobility customers
- **Connecting data:** dwell time metrics [\[link\]](#)
- Closed Transporeon acquisition on April 3, 2023 [\[link\]](#)
- **ARR growth:** YoY organic growth in each of last 6 quarters

Trimble & Transporeon - creating a global transportation platform for shippers and carriers



TRANSPOREON



First quarter 2023 financial summary

| \$M, Except Per Share | First Quarter of | | |
|--------------------------------------|------------------|-----------|------------|
| Non-GAAP Highlights | 2022 | 2023 | Y/Y Change |
| Revenue | \$993.7 | \$915.4 | -8% |
| Gross Margin % of Revenue | 57.9% | 64.2% | +630 bps |
| Adjusted EBITDA | \$253.3 | \$248.8 | -2% |
| Adjusted EBITDA % of Revenue | 25.5% | 27.2% | +170 bps |
| Operating Income | \$233.1 | \$226.1 | -3% |
| Operating Income % of Revenue | 23.5% | 24.7% | +120 bps |
| Tax Rate | 18.6% | 18.2% | -40 bps |
| Net Income | \$184.8 | \$177.9 | -4% |
| Diluted Earnings Per Share | \$0.73 | \$0.72 | -1% |
| Balance Sheet & Cash Flow Highlights | | | |
| Net Debt | \$936.5 | \$1,048.8 | +12% |
| Deferred Revenue | \$703.9 | \$760.8 | +8% |
| Cash Flow from Operations | \$153.0 | \$208.7 | +36% |
| Free Cash Flow | \$138.5 | \$202.3 | +46% |
| Share Repurchases | \$104.7 | \$0.0 | -100% |

- Organic revenue: -3% y/y
 - Total revenue: -8% y/y
 - Currency translation: -1%
 - Acquisitions: +1%
 - Divestitures: -5%
- Gross margin up significantly due to increased software / subscription mix and the favorable impact of price increases and moderating cost inflation
- Operating margin growth, as gross margin improvements more than offset higher operating expense, including Connect & Scale investments
- Strong first quarter cash flow due to reduced inventory purchases, lower bonus, working capital management

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 by type and geography

| Revenue Growth by Type | | | | |
|--|------------------|---------|------------|--------------------|
| \$ Millions | First Quarter of | | | |
| | 2022 | 2023 | Y/Y Change | Y/Y Organic Change |
| Product (hardware and perpetual licenses) | \$566.8 | \$434.4 | -23% | -15% |
| Subscription and services (SaaS, term licenses, maint & support, prof. svcs) | \$426.9 | \$481.0 | +13% | +14% |
| Total | \$993.7 | \$915.4 | -8% | -3% |

| Revenue by Geography | | | | |
|----------------------|------------------|-------|------------|--------------------|
| \$ Billions | First Quarter of | | | |
| | 2022 | 2023 | Y/Y Change | Y/Y Organic Change |
| North America | \$498 | \$482 | -3% | 0% |
| Europe | \$319 | \$268 | -16% | -9% |
| Asia-Pacific | \$115 | \$103 | -11% | -1% |
| Rest of World | \$61 | \$63 | +3% | +6% |



1-year view on total organic revenue growth: Q1'23 vs. Q1'22: -3%

4-year CAGR view on organic revenue growth: Q1'23 vs. Q1'19: +5%

| Annualized Recurring Revenue | | | | |
|------------------------------|------------------|--------|------------|--------------------|
| \$ Billions | First Quarter of | | | |
| | 2022 | 2023 | Y/Y Change | Y/Y Organic Change |
| Annualized Recurring Revenue | \$1.47 | \$1.65 | +12% | +13% |

Financial metric highlights

Annualized recurring revenue
~\$1.65B (+12% growth, +13% organic)

Approx. \$1.6B backlog
(Remaining Performance Obligations)

Free cash flow > \$200 million

TTM research & development
15.6% of TTM revenue
(>65% of R&D in software)

Net working capital
<0% of TTM revenue

62% of TTM revenue is
software/services/recurring

Gross Margin 64.2%

Net Debt to Adjusted EBITDA 1.1x
(before funding of the Transporeon acquisition)

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 2023 segment results

| \$M | Q1'23 Revenue & Y/Y Growth | Q1'23 Non-GAAP Operating Income \$ / % | Q1'23 Commentary |
|----------------------------|--|--|---|
| Buildings & Infrastructure | \$399.5, +0% (+5% organic, -2% FX, +3% Acq., -6% Divestiture) | \$113.3 28.4% | <ul style="list-style-type: none"> Organic ARR growth approx. 20%; double digit revenue growth in many software and recurring businesses including Tekla, Viewpoint, SketchUp and eBuilder Civil Construction HW revenue down Y/Y due to inventory destocking, strong prior year comparison 4 year organic revenue CAGR of +9% |
| Geospatial | \$152.4, -27% (-16% organic, -2% FX, -9% Divestiture) | \$37.3 24.5% | <ul style="list-style-type: none"> Survey HW and related SW revenue down Y/Y due to dealers moderating inventory levels and strong prior year comparison 4 year organic revenue CAGR of +2% |
| Resources & Utilities | \$208.6, -9% (-8% organic, -1% FX) | \$79.1 37.9% | <ul style="list-style-type: none"> Agriculture organic revenue down Y/Y due to strong prior year comparison ARR continues to grow - driven by Positioning Services 4 year organic revenue CAGR of +6% |
| Transportation | \$154.9, -2% (+3% organic, -1% FX, -4% Divestiture) | \$23.4 15.1% | <ul style="list-style-type: none"> Organic ARR growth up mid single digits Double digit operating income margin due to product mix and cost reductions |
| Trimble Total | \$915.4, -8% (-3% organic, -1% FX, +1% Acq., -5% Divestiture) | \$226.1 24.7% | <ul style="list-style-type: none"> Organic ARR up +13%, record non-GAAP gross margin, record non-GAAP operating margin 4 year organic revenue CAGR of +5% |

Figures may vary due to rounding.

2023 Outlook

- **Key planning assumptions**

- Continued mid-teens organic ARR growth with improved cash flow
- Outlook adds acquisition of Transporeon, acquired at the beginning of Q2'23

| \$M | Guidance at February 2023 | Guidance at May 2023 | Commentary |
|----------------------------|--------------------------------|--------------------------------|---|
| Full Year 2023 | | | |
| Organic ARR growth | +Mid-teens% | +Mid-teens% | <ul style="list-style-type: none"> • Organic growth +mid teens by Q4, progressing through year • Total ARR approx. \$2B by end of year with addition of Transporeon |
| Revenue | \$3.7B - \$3.8B | \$3.835B - \$3.935B | <ul style="list-style-type: none"> • Full year organic growth of 2-5%; progressing Q2-Q4 (see footnote (1) for additional detail) • Approx +\$135M from Transporeon (Q2-Q4) • Organic growth: +HSD in B&I, +MSD in Transportation, R&U flat, MSD decline in Geospatial |
| Non-GAAP operating margins | 23% - 24% | 23-24% | <ul style="list-style-type: none"> • Full year gross margin expansion 300 bps, operating leverage 30-40% |
| Equity Method Income | Approx. \$30M | \$30M-\$35M | |
| Net interest expense | Approx. \$70M | Approx. \$155M | |
| Non-GAAP tax rate | 18% | 17.5%-18.0% | |
| Non-GAAP EPS | \$2.66 - \$2.86 | \$2.52 - \$2.72 | <ul style="list-style-type: none"> • Transporeon impact (including incremental interest) minus MSD% EPS impact for FY23 • 250M average shares outstanding |
| Free cash flow | Approx. 1X non-GAAP net income | Approx. 1X non-GAAP net income | <ul style="list-style-type: none"> • 2023 cash flow benefits from reduced inventory, but assumes no change to Section 174 |
| Second Quarter 2023 | | | |
| Revenue | | \$962M - \$992M | <ul style="list-style-type: none"> • Organic revenue growth of minus 1% to +2.5% |
| Non-GAAP operating margins | | 21.5%-22.5% | <ul style="list-style-type: none"> • Gross margin % lower sequentially in Q2 due to mix (higher HW, lower term license revenue) • Opex up sequentially |
| EPS | | \$0.55-\$0.61 | <ul style="list-style-type: none"> • Net interest expense approx \$47M, 249M shares outstanding |

(1):

FX assumptions, by quarter, for Q2'23, Q3'23, and Q4'23 are: 0%, +1%, +1%, respectively.

Acquisition assumptions, by quarter, for Q2'23, Q3'23, and Q4'23 are: +6%, +6%, +6%, respectively.

Divestiture assumptions, by quarter, for Q2'23, Q3'23, and Q4'23 are: -2%, -1%, 0%, respectively.



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 divestitures in a timely manner. The Company's results would also be negatively impacted due to weakness and deterioration in the US and global macroeconomic outlook, including slowing growth, inflationary pressures and increases in interest rates, which may affect demand for our products and services and increase our costs, adversely affecting our revenues and profitability, supply chain shortages and disruptions, the pace at which our dealers work through their inventory, adverse geopolitical developments and the potential impact of volatility and conflict in the political and economic environment, including the Russian conflict with Ukraine and its direct and indirect impact on our business, foreign exchange fluctuations, the pace we transition our business model towards a subscription model, the imposition of barriers to international trade, and the impact of acquisitions or divestitures. 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>.

