

# Trimble Inc.

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## Third Quarter 2022 Results Summary

# Third quarter 2022 highlights

## Key Messages

- Strong ARR and gross margin performance, despite economic uncertainty
- Continued focus and execution on Connect & Scale strategy
- Acquired Bid2Win and announced Bilberry acquisition
- Investor day held on September 7, 2022 - see [link here](#)

## Financial Highlights

- 6% organic revenue growth
- Recurring revenue strength with ARR of \$1.55B, +16% organic
- Record non-GAAP gross margin of 60.9%
- Non-GAAP operating margin sequential increase of 130 basis points
- Share repurchases of \$90M in Q3, and \$395M year-to-date

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.



# Trimble Dimensions 2022



## Record statistics:

- > 5,000 attendees
- > 70 sponsors
- > 400 content sessions

**Special Guest**  
**Apple Co-founder**  
**Steve Wozniak**



**Featuring the Offsite Experience**

# Q3'22 Acquisition Update

## Bid2Win Overview

- Bid2Win is a leading provider of estimating and operations software for the North America Civil Construction market
- Customer base of 1,400 heavy civil contractors, 9 year average tenure and 95% renewal rate
- Acquisition closed in Q3'22

## Strategic Rationale

- Bid2Win fills a critical gap between our ERP and on-site solutions in estimating, field operations, project tracking, scheduling and analytics, and site management.
- Enables Trimble to unlock siloed data and provide timely visibility into the project and business performance, improving a contractor's estimating accuracy, win rate, project execution and overall profitability



## Bilberry Overview

- Create smart machines that help farmers dramatically reduce the amount of chemicals sprayed on crops - green on green selective spraying
- Bilberry is a pioneer in applying artificial intelligence (AI) technology that identifies a wide variety of weed species in real time for a broad range of crop types
- Acquisition announced in Q3'22

## Strategic Rationale

- Expands the sprayer portfolio by providing additional selective spraying capabilities
- Collects weed species and locations for advisors and farmers to develop crop protection plans on the Trimble Ag Industry platform
- Reduces herbicide use by up to 80 percent, creating more sustainable farming practices



# Third quarter 2022 financial summary

\$M, Except Per Share	Third Quarter of		
Non-GAAP Highlights	2021	2022	Y/Y Change
Revenue	\$901.4	\$884.9	-2%
Gross Margin % of Revenue	58.7%	60.9%	+220 bps
Adjusted EBITDA	\$233.4	\$228.1	-2%
Adjusted EBITDA % of Revenue	25.9%	25.8%	-10 bps
Operating Income	\$214.7	\$209.9	-2%
Operating Income % of Revenue	23.8%	23.7%	-10 bps
Tax Rate	17.8%	18.0%	+20 bps
Net Income	\$168.6	\$164.0	-3%
Diluted Earnings Per Share	\$0.66	\$0.66	+0%
Balance Sheet & Cash Flow Highlights			
Net Debt	\$808.7	\$1,279.5	+58%
Deferred Revenue	\$589.0	\$636.8	+8%
Trailing 12-Month Cash Flow from Operations	\$783.5	\$440.4	-44%
Trailing 12-Month Free Cash Flow	\$740.4	\$389.1	-47%
Trailing 12-Month Share Repurchases	\$143.6	\$434.7	+203%

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.

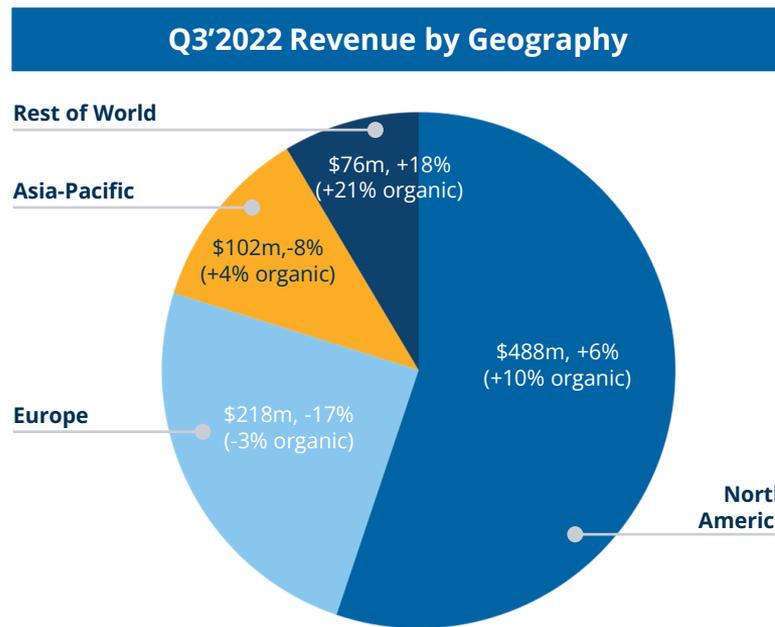
- Organic revenue: +6% y/y
  - Total revenue: -2% y/y
  - Currency translation: -4%
  - Acquisitions: +1%
  - Divestitures: -5%
- Gross margin improved due to increased software / subscription mix and the favorable impact of price increases and moderating cost inflation
- Operating margins stable, as gross margin improvements and lower incentive compensation expense offset spending on Connect & Scale investments
- TTM cash flow unusually low due primarily to inventory purchases and the timing of cash taxes (Section 174)
- Q3 share repurchases of \$90m



# Third quarter revenue by type and geography

Recurring Revenue Streams				
\$ Billions	Third Quarter of			
	2021	2022	Y/Y Change	Y/Y Organic Change
Annualized Recurring Revenue	\$1.36	\$1.55	+13%	+16%

Non-Recurring Revenue Streams				
\$ Millions	Third Quarter of			
	2021	2022	Y/Y Change	Y/Y Organic Change
Hardware	\$397.6	\$352.5	-11%	+3%
Perpetual Software	\$122.7	\$120.0	-2%	+1%
Professional Services	\$36.7	\$33.1	-10%	-10%



# Financial metric highlights

<b>Annualized recurring revenue</b> ~\$1.55B (+13% growth, +16% organic)	<b>Approx. \$1.5B backlog</b>
<b>\$2.1B in TTM software, services and recurring revenue</b>	<b>TTM research &amp; development</b> 14.5% of TTM revenue (>65% of R&D in software)
<b>Net working capital</b> <0% of TTM revenue	<b>+8% Deferred Revenue growth</b>
<b>Gross Margin 60.9%</b>	<b>Net Debt to Adjusted EBITDA 1.4x</b>

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.



# Third quarter 2022 segment results

\$M	Q3'22 Revenue & Y/Y Growth	Q3'22 Non-GAAP Operating Income \$ / %	Q3'22 Commentary
Buildings & Infrastructure	\$363.6, +4% (+12% organic, -3% FX, +3% Acq., -8% Divestiture)	\$96.7 26.6%	<ul style="list-style-type: none"> <li>Organic ARR growth &gt;20% driven by organic growth and business model conversion</li> <li>Double digit revenue growth at e-Builder, Viewpoint, SketchUp</li> <li>Double digit revenue growth in Civil Construction</li> </ul>
Geospatial	\$184.2, -10% (+1% organic, -4% FX, -7% Divestiture)	\$61.5 33.4%	<ul style="list-style-type: none"> <li>Organic revenue up low single digit vs. strong Q3'21</li> <li>Recurring offerings continue to grow</li> </ul>
Resources & Utilities	\$191.7, +4% (+9% organic, -6% FX)	\$64.2 33.5%	<ul style="list-style-type: none"> <li>High single digit agriculture organic growth despite loss of Russia/Ukraine markets and softening demand in Europe</li> <li>Organic ARR growth &gt; 10%, driven by consistent Positioning Services growth</li> </ul>
Transportation	\$145.4, -10% (-4% organic, -2% FX, -4% Divestiture)	\$16.0 11.0%	<ul style="list-style-type: none"> <li>Organic ARR growth up high single digits and up sequentially</li> <li>Organic revenue down primarily due to reduced hardware sales in North America</li> <li>Double digit operating income margin</li> </ul>
Trimble Total	\$884.9, -2% (+6% organic, -4% FX, +1% Acq., -5% Divestiture)	\$209.9 23.7%	<ul style="list-style-type: none"> <li>Organic ARR up 16%, record non-GAAP gross margin 60.9%</li> </ul>

# 2022 Outlook

- **Key planning assumptions**

- Continued strong ARR growth
- Fourth quarter hardware revenue down HSD organically reflecting dealer caution in select markets and improved supply chain execution
- Outlook includes impact of recently announced divestitures, excludes impact of future acquisitions and divestitures

\$M	Guidance at August 2022	Guidance at November 2022	Commentary
Organic ARR growth	16%	16%	<ul style="list-style-type: none"> <li>• Driven by growth in bookings and net retention</li> </ul>
Revenue	\$3.76B - \$3.82B	\$3.665B - \$3.715B	<ul style="list-style-type: none"> <li>• Full year organic revenue growth of 6-8%</li> <li>• Full year M&amp;A/divestiture growth impact -3%, full year FX growth impact -3%.</li> </ul>
Non-GAAP operating margins	Approx. 23.0% - 23.5%	Approx 23.0%	<ul style="list-style-type: none"> <li>• Full year gross margin approximately 60%, fourth quarter high point of year</li> </ul>
Non-GAAP EPS	\$2.70 - \$2.80	\$2.61 - \$2.67	<ul style="list-style-type: none"> <li>• 250 million shares outstanding</li> </ul>
Equity Method Income	Approx. \$30M	Approx. \$28M	
Net interest expense	Approx. \$63M	Approx. \$66M	
Non-GAAP tax rate	Approx. 18.5%	18-18.5%	
Free cash flow	Approx. 0.7x non-GAAP net income	0.5x - 0.6x non-GAAP net income	<ul style="list-style-type: none"> <li>• 2022 cash flow impacted by Section 174 tax payment and inventory build</li> <li>• 2023 cash flow expected to be above 1x non-GAAP net income as tax and inventory patterns reverse</li> </ul>

# 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, adverse effects of the COVID 19 pandemic, supply chain shortages and disruptions, 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, 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>.

