

# Trimble First Quarter 2019 Results Summary

# 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 for future financial market and economic conditions, whether the positive trend in financial results will continue through 2019, the impact of acquisitions, the ability to achieve long-term business model targets, including with respect to organic growth, software growth and target net working capital and capital expenditures, expectations for future R&D spend, the ability to deliver revenue, earnings per share and other financial projections that Trimble has guided for the second quarter of 2019 and beyond, including the expected tax rate, anticipated impact of stock-based compensation expense, amortization of intangibles related to previous acquisitions, anticipated acquisition costs, restructuring charges, the anticipated number of diluted shares outstanding, and our long-term growth targets and operating margins. These forward-looking statements are subject to change, and actual results may materially differ due to certain risks and uncertainties. Trimble's expected tax rate and current expected income are based on current tax law, including current interpretations of the Tax Cuts and Jobs Act of 2017 ("TCJA"), and may be affected by evolving interpretations of TCJA, the jurisdictions in which profits are determined to be earned and taxed, changes in the estimates of credits, benefits and deductions, the resolution of issues arising from tax audits with various tax authorities, including payment of interest and penalties, and the ability to realize deferred tax assets. 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 adverse geopolitical developments, 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 revenues, 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, non-GAAP annualized recurring 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>.



# Agenda

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- CEO Overview
- CFO Review of Results
- Guidance
- Q&A

# First quarter 2019 overview

## Financial Highlights

- First quarter non-GAAP revenue of \$805 million, up 8% total, +3% organic
- Annualized recurring revenue of ≈\$1.07 billion, up 30%
- Adjusted EBITDA margins of 21.4%, up 60 basis points
- Free cash flow up 38% on a trailing twelve month basis

## Operational Highlights

- 3-4-3 operational model balances short term and long term
- Progression towards unified delivery of value between office and field workflows
- Operational alignment of Transportation mobility and enterprise businesses
- Announced mixed reality hard hat with Hololens 2 for construction market
- Subscription transition for SketchUp exceeded plan
- Strength in civil and building end-user construction sales
- Strength in non-US agriculture markets



# First quarter 2019 financial summary

\$M, Except Per Share	First Quarter of		
	2018	2019	Y/Y Change
<b>Non-GAAP Income Statement Highlights</b>			
Revenue	\$745.1	\$804.5	+8%
Gross Margin % of Revenue	57.1%	58.0%	+90bps
Adjusted EBITDA	\$155.3	\$171.9	+11%
Adjusted EBITDA % of Revenue	20.8%	21.4%	+60bps
Operating Income	\$141.9	\$152.9	+8%
Operating Income % of Revenue	19.0%	19.0%	+0bps
Tax Rate	19.0%	20.0%	+100bps
Net Income	\$114.5	\$113.6	-1%
Diluted Earnings Per Share	\$0.45	\$0.45	+0%
<b>Balance Sheet &amp; Cash Flow Highlights</b>			
Net Debt	\$847.8	\$1,677.9	+98%
Deferred Revenue	\$360.4	\$464.4	+29%
Cash Flow from Operations	\$82.9	\$147.6	+78%
Free Cash Flow	\$64.7	\$133.1	+106%

- Non-GAAP Revenue: +8% y/y;
  - Organic +3%
  - Currency translation -2%
  - Acquisitions/divestitures +7%
- Non-GAAP gross margin expansion due to higher mix of software and recurring revenue
- Non-GAAP EPS flat: organic revenue, gross margin expansion, and acquisitions, offset by higher interest expense and tax rate
- Free cash flow growth driven by favorable working capital dynamics, lower acquisition expenses and reduced capital expenditures

Adjusted EBITDA refers to non-GAAP operating income plus depreciation plus income from equity method investments, net.

Net debt refers to total debt minus total cash and cash equivalents.

Free cash flow refers to cash flow from operations minus capital expenditures.

# Financial metric highlights

**Annualized recurring revenue ≈\$1.07B (+30% growth)**

**TTM free cash flow up +38%**

**\$1.7B in TTM software, services and recurring revenue (+28% growth)**

**Approx. \$1.1B backlog**

**TTM research & development 14.3% of revenue (>65% of R&D in software)**

**Net working capital 3% of TTM revenue**

**\$464M deferred revenue balance (+29% growth)**

**+30% TTM subscription revenue growth**

Annualized recurring revenue refers to quarterly, non-GAAP recurring revenue multiplied by four.

TTM refers to trailing twelve months.

SW, Services, Recurring refers to software, services and recurring revenues. Recurring revenue includes subscription, maintenance and support revenues. Software & services includes software licenses and professional 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).

Figures may vary due to rounding.

# Non-GAAP revenue by reporting segment

M	Q1'19	Q1'19 vs. Q1'18 Growth %				TTM Growth CAGR %		Key Factors
		Revenue	Organic	M&A/ Divestiture	FX	Total	1 Year	
Buildings & Infrastructure	\$294.7	+11%	+21%	-3%	+30%	+33%	+18%	<ul style="list-style-type: none"> <li>Strength in end-user sales in both civil and building construction</li> <li>Subscription conversion in SketchUp business exceeded expectations</li> <li>Acquisitions performed to expectations</li> </ul>
Geospatial	\$161.2	-6%	+0%	-2%	-8%	+4%	+2%	<ul style="list-style-type: none"> <li>Growth in survey end-markets</li> <li>Year over year decline in OEM sales</li> </ul>
Resources & Utilities	\$159.5	+3%	+0%	-3%	+0%	+9%	+15%	<ul style="list-style-type: none"> <li>Agriculture OEM revenue up year over year</li> <li>Agriculture aftermarket business down in North America, up outside of North America</li> </ul>
Transportation	\$189.1	+3%	+1%	-1%	+3%	+7%	+11%	<ul style="list-style-type: none"> <li>Continued growth in subscriber base</li> <li>ELD hardware peak in Q1'18 created difficult comparison</li> </ul>
Trimble Total	\$804.5	+3%	+7%	-2%	+8%	+15%	+12%	

Figures may vary due to rounding.

CAGR refers to compound annual growth rate.

Organic growth is approximate and includes revenue from acquisitions completed in, or before, the corresponding prior year quarter.

Growth rates reflect values rounded to the nearest percentage point. Figures may vary due to rounding.

Fiscal 2015, used in the 3 year TTM growth metric, was accounted for under the prior revenue recognition standard.

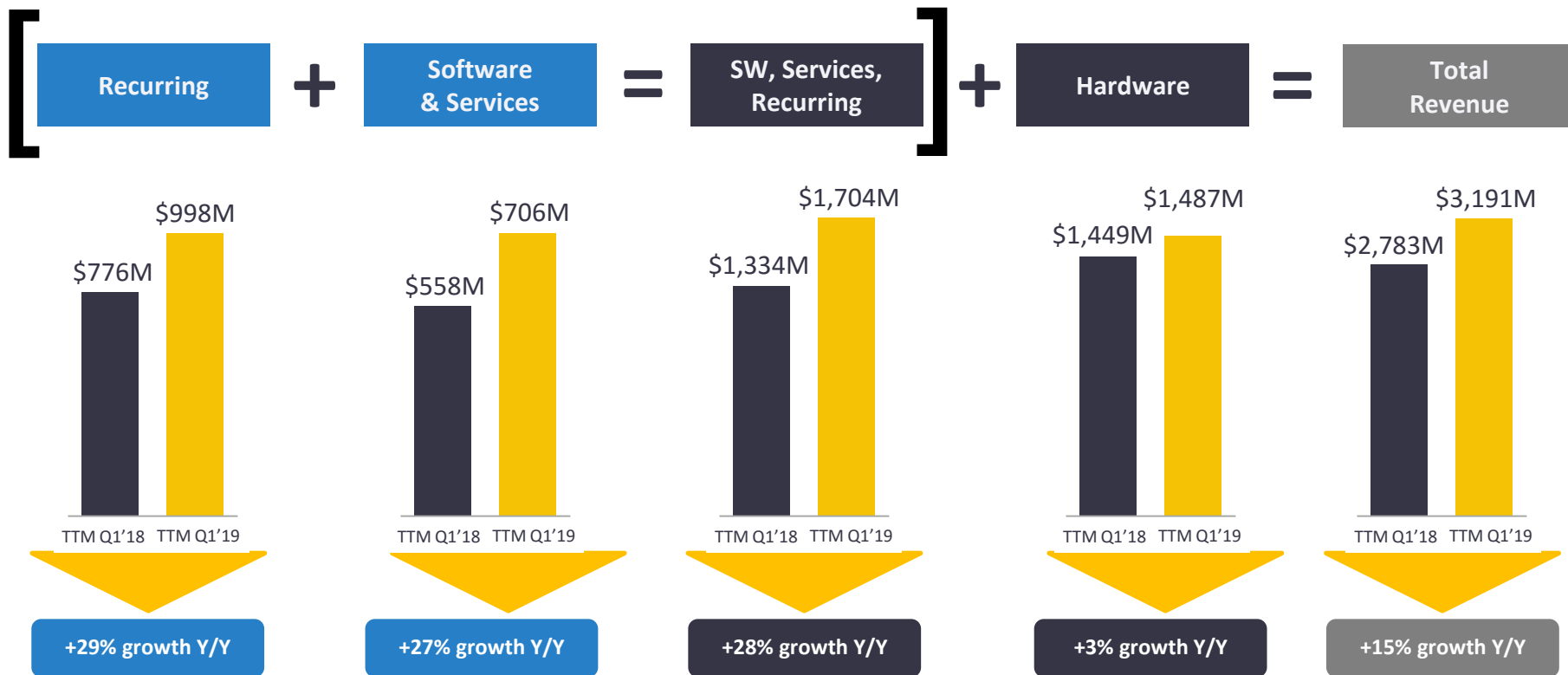
# Non-GAAP revenue by region

	% of Total		% Change	
	Q1'18	Q1'19	Y/Y Quarterly	Y/Y TTM
North America	52%	52%	+10%	+16%
Europe	30%	31%	+10%	+19%
Asia-Pacific	13%	12%	-1%	+7%
Rest of World	5%	5%	+3%	+2%
Total	100%	100%	+8%	+15%

Figures may vary due to rounding.



# Non-GAAP revenue mix, trailing 12 month growth



Recurring revenue includes subscription, maintenance and support revenues.  
 Figures may vary due to rounding.

# Non-GAAP operating income by reporting segment

\$M, Non-GAAP	Q1'19			TTM Q1'19		TTM Growth CAGR %		Q1'19 Y/Y Key Factors
	Operating income \$	Operating income %	Growth vs. Q1'18	Operating income \$	Operating income %	1 Year	3 Year	
Buildings & Infrastructure	\$62.5	21.2%	+37%	\$273.6	23.7%	+44%	+34%	<ul style="list-style-type: none"> <li>Mix transitioning to higher software &amp; recurring</li> </ul>
Geospatial	\$29.4	18.2%	-21%	\$158.5	22.3%	+14%	+6%	<ul style="list-style-type: none"> <li>Negative impact from OEM revenue shortfall</li> </ul>
Resources & Utilities	\$51.1	32.0%	-2%	\$167.4	29.5%	+14%	+17%	<ul style="list-style-type: none"> <li>Maintaining strong margin profile</li> </ul>
Transportation	\$31.2	16.5%	+2%	\$144.0	19.0%	+18%	+11%	<ul style="list-style-type: none"> <li>Select R&amp;D investment temporarily impacting margin</li> </ul>
Corporate <sup>1</sup>	-\$21.3	--	--	-\$88.6	--	--	--	
Trimble Total	\$152.9	19.0%	+8%	\$654.9	20.5%	+29%	+20%	

Fiscal 2015, used in the 3 year TTM growth metric, was accounted for under the prior revenue recognition standard.

1. Represents unallocated corporate expense.

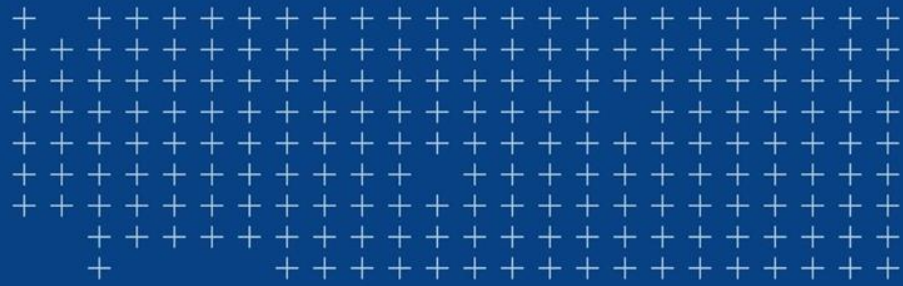
# Guidance and outlook

## Second Quarter 2019

- Non-GAAP revenue of \$850-\$880 million
- +8-12% total growth; +3-7% organic, +7% M&A, -2% FX
- Non-GAAP EPS of \$0.52 to \$0.56
- Income from equity method investments ≈\$11M
- Net interest expense ≈\$21M
- Non-GAAP tax rate of 20%, 254M shares outstanding

## Fiscal Year 2019

- Maintaining previously provided annual guidance



# Q&A

