Trimble Prepared Remarks Fourth Quarter 2025

Rob Painter, President and Chief Executive Officer

Welcome, everyone. Before I get started, our presentation and Safe Harbor statements are available on our website. Our financial review will focus on year-over-year non-GAAP performance metrics on an organic basis. In addition, we will focus on adjusted numbers that we believe more accurately portray the underlying performance of our business. This means we will exclude the divested agriculture and mobility businesses, as well as the 53rd week of fiscal 2024. For the fourth quarter, we also adjust for the timing of January 1 term license renewals. As-reported numbers, along with a reconciliation, are provided in the appendix of our slide presentation.

Okay, let's get to it.

Our fourth quarter results delivered a top and bottom line beat, punctuating a strong close to a strong year, and positioning us well to deliver in 2026 and through the 2027 plan we presented at our last investor day. The results of the quarter and the year demonstrate the durability of our focused portfolio and the compounding returns of our Connect and Scale strategy. As shown on slide 4, we delivered \$970 million in revenue in the quarter, up 9 percent. For the year, revenue was \$3.57 billion, up 10 percent. Our ARR grew 14% to \$2.39 billion, with a notable 16% increase in our AECO segment and 20% increase in Field Systems. Earnings per share of \$1.00 in the quarter was up 12 percent, and \$3.13 for the year, up 10 percent. Both were even higher on an organic basis.

Connect & Scale is both an application and a platform strategy. As slide 5 visualizes, our applications manifest as best-in-class hardware and software solutions, whereas platform manifests through connected workflows and ecosystems. Said another way, an application solves one problem, whereas a platform connects people, data and workflows to address system complexity. Furthermore, a platform empowers an ecosystem where customers and partners can build and extend offerings and integrated workflows. Platforms get stronger and more valuable as more people use them, creating a network effect where all participants benefit. With this in mind, we allocate capital along this continuum of product development, go to market, and the underlying systems and processes to unlock our full potential. By connecting the hardware and software of Trimble to connect the office and the field, we are connecting the physical and digital worlds. In turn, we are delivering solutions that increasingly compound customer outcomes by leveraging unique data, connected solution capabilities and our unmatched go to market reach. We see AI as a force multiplier that accelerates value delivery along this entire flywheel.

Slide 6 illustrates the financial outcomes of disciplined execution since we began our Connect & Scale journey in 2020. We have expanded recurring revenue as a percentage of total revenue from 40% to 65%. Software and services now represent 79% of total revenue. We have expanded gross margins by 1300 basis points, which has given us tremendous degrees of freedom to invest for our future growth while expanding EBITDA margins by 400 basis points.

With this context in mind, let’s turn to a review of the segments, starting with AECO.

The team delivered another outstanding quarter. ARR at $1.48 billion was up 16 percent and revenue at $454 million was up 15 percent. Our ACV bookings remained strong, with the team delivering a record quarter with cross-sell and upsell motions continuing to gain momentum, as evidenced by net retention in our core commercial base at approximately 110%. I’ll highlight three examples of ongoing strategic progression in project management, collaboration & visualization, and AI. In project management, our decision to allocate capital here over the last couple of years is yielding results. We delivered over 40% growth in bookings and over 50% growth in ARR. Throughout the year, we added hundreds of new customers and began our international expansion. Ease of use, natively built workflow integrations, and bundled selling motions are driving growth and adoption. We’re excited about our growth potential in project management and have our 2026 sales motions aligned to continue to win here. Trimble Connect has transcended its origins as a collaboration and model viewer to become the unifying pillar of our construction platform strategy. Connect turns field data such as point clouds and imagery from a job site into actionable insights in the office. It also takes detailed designs from the office to the field for fabrication, layout and installation. By capturing the as-built reality from the field and fusing it with design models, we are creating the definitive digital record of the physical world. This positions Trimble not just as a tool provider, but as the data platform of record for the entire built environment. With respect to AI, Hensel Phelps, whom we highlighted during our Dimensions keynote, estimates they are saving millions of dollars in labor hours with our submittals AI agent that automates processing of the data and paperwork intensive aspect of construction. In MEP estimating, we've deployed AI to identify and count electrical components directly from construction drawings, replacing a manual takeoff process. This feature already has thousands of monthly active users and delivers over a 50% productivity gain and is generating millions of dollars of incremental ARR. In addition, we have created in-app AI assistants into many of our products, some of which are orchestrating multi-agent workflows, and we can already measure tens of thousands of conversations and case deflection rates up to 20%. 2026 will be a year where we will accelerate our agentic AI releases.

Stepping back to look at a set of metrics of performance and progression, slide 7 provides a 2025 refresh on the segment composition. The key takeaways here include a well balanced and diversified set of customers being served, with each pillar of the business having greater than $230 million of ARR; a geographic split that is centric to capturing the North American opportunity while demonstrating a compelling global opportunity to expand reach, and a revenue mix that is almost entirely recurring.

Slide 8 goes further to give a set of annual KPI updates that mark proof points against the growth drivers we put forward at investor day. I'll start with three KPIs that demonstrate the power of the $1B plus cross-selling opportunity we see in Construction, starting with the data point that only 20% of our customers currently buy more than 1 product, a clear sign of penetration opportunity. Next, customers with more than three products grew 18%, demonstrating our ability to run land and expand plays. Finally, more than 70% of our ACV bookings came from cross-sell and upsell motions, demonstrating that our customers value the breadth and depth of Trimble solutions. In addition, the significance of Trimble Connect was demonstrated by an 18% growth in the number of projects in Connect.

Moving to Field Systems, the physical business of Trimble outperformed in the quarter, with particular strength once again in civil construction. Revenue at $379 million was up 4 percent and ARR at $409M was up 20 percent. Kudos to the Field Systems team - they did an exceptional job in 2025, demonstrating the strength of our innovation and execution, and continuing to lay the foundation for Connect & Scale to differentiate at the intersection of the physical and digital worlds. I'll highlight a few examples of unique Trimble value delivery that Field Systems enables, starting with our customer, JE Dunn, one of the largest and most sophisticated North American general contractors who self performs their concrete work. They work with Trimble software in the office to create precise 3D design models then utilize Trimble augmented reality to see those models in context in the field. They deploy Trimble total stations to lay out these models in the physical world and Trimble 3D laser scanners to capture as-built data for quality control, all of which is coordinated through Trimble Connect to create a digital twin. This unique Trimble workflow that links work in the office and the field is driving productivity and quality, while eliminating millions of dollars in rework, which in turn is significantly reducing their carbon footprint. Beyond self-perform concrete workflows, we have advanced our piling automation workflows for solar farm construction, and we developed a mass haul workflow to automate the infrastructure building process for mines, as well as for large commercial and industrial sites. AI acts as a force multiplier on top of these unique workflows, from AI classification of large data sets we collect in the field, to analytics across transportation infrastructure, building construction, mining, and utilities to optimize workflows and enable our customers to make better decisions. This isn't just a vision. We already have tens of terabytes of reality capture data that have been uploaded to Trimble Connect, and we expect to double that in 2026.

Stepping back to look at a set of metrics of performance and progression, slide 9 provides a 2025 refresh on the segment composition. The key takeaways here include a well balanced and diversified set of capabilities we take to market - from GNSS and optical surveying instruments, to inertial navigation and our unique positioning services that support precise positioning and navigation, to our on and off machine civil construction automation portfolio. Field Systems is our most global business, and we continue to develop product and distribution to reach the global opportunity. Finally, the revenue composition demonstrates a significant milestone in 2025. The segment is now over 50% software and services and 26% of our revenue is now recurring.

Slide 9 also lays out a set of KPIs against the growth drivers we put forward at investor day. During the year, our business model conversions continued to expand our addressable market, as evidenced by the fact that approximately half of our sales of machine control as a service are to new logos. It's the same phenomena we see with our Trimble Catalyst subscriptions, where we are reaching new users and customers with this more affordable offering. Finally, the addition of new Trimble Technology Outlets is expanding our reach to serve the mixed fleet.

Moving to Transportation, ARR at $508 million was up 7 percent and revenue at $136 million was up 4 percent. We continued to grow despite the challenged freight market. To highlight a couple of examples of Connect & Scale at work, I'll start with our unique ability to cross-sell within the portfolio. From the perspective of a customer, they don't see divisions within the business, they see a set of capabilities. Those capabilities come in the form of carrier TMS, shipper TMS, dock & yard scheduling, final mile, maintenance, mileage, navigation, fuel tax reporting, freight audit and beyond. Cross-selling looks like selling fleet maintenance into our TMS base, or selling mapping into our European customer base, or selling shipper TMS capabilities from Transporeon into the North American market. In parallel, we continue to natively integrate the data flows across these capabilities, and we apply AI as a force multiplier to deliver outcomes that we are uniquely positioned to deliver, given the breadth and depth of the global customer base and data set we touch. Another example of being "better together" comes in the form of Freight Marketplace. In Q3 we announced Procter & Gamble as an anchor tenant. In December we won the business of one of the world's leading beverage companies to manage their US-based spot, mini-bid, and strategic procurement. By bringing billions of dollars of additional shipper freight spend into our marketplace, we believe we are well positioned to capture additional business with leading global shippers by connecting them with vetted carrier freight capacity.

Stepping back to look at a set of metrics of performance and progression, Slide 10 provides a 2025 refresh on the segment composition, which is almost entirely recurring revenue. The segment is well balanced with carrier and shipper-centric solutions, and geographically balanced between Europe and North America. During the year, we expanded the power of our multi-sided marketplace, as evidenced by the addition of over 10,000 carriers and over 100 shippers. We also demonstrated the ability to grow our existing customers, as evidenced by double digit growth of Transporeon customers doing more than 1 million Euro of ARR, and Maps and Enterprise customers doing both $100,000 and 1 million dollars in ARR.

Phil, I'll turn it over to you now

Phil Sawarynski, Chief Financial Officer

Thanks Rob. Let me start with capital allocation which remains disciplined and consistent. During the fourth quarter, we repurchased approximately $148 million dollars worth of shares, a direct reflection of our confidence in the long-term value of our business and our commitment to delivering shareholder returns. We retain a substantial $925 million under our current repurchase authorization which gives us flexibility for opportunistic buybacks. Longer term, we continue to expect at least a third of our free cash flow to be used for repurchasing shares as we look to provide returns for our shareholders. Our M&A strategy remains focused on strengthening our core market positions. We continue to screen for opportunities in high growth capabilities that we integrate into our platforms - primarily in construction software - with an emphasis on tuck-in acquisitions.

Let's review the fourth quarter of 2025, starting on slide 11. We delivered organic revenue growth of 9% which exceeded our outlook, driven by the continued strength of AECO and Field Systems, and with Transportation and Logistics demonstrating resilience and positive growth within a constrained freight market. ARR was toward the top end of our outlook at 14% to a record $2.39 billion. The continued growth in our recurring revenue base provides a predictable and resilient foundation for our business.

Gross margins expanded to 74.6% and we achieved EBITDA margins of 33.5%. Both were aided by January 1 term license renewals. Reported earnings per share was $1 dollar for the quarter, 5 cents better than the midpoint and above the high end of our guidance.

Our 2025 full year results serve as validation of the progression of our financial model and confidence that we are on a trajectory to deliver our long term model as presented at investor day of $3B in ARR, $4B of revenue and 30% EBITDA margins in 2027. For the full year, organic revenue growth of 10% surpassed the high end of our outlook. Gross margins expanded 150 basis points to 71.7% and EBITDA margins expanded 150 bps to 29.3%. EPS for the year was $3.13 and above the high end of our guide and well above our long term model of low to mid teens growth when adjusting for the Ag divestiture.

Moving to the balance sheet and cash flow items on slide 12, our year to date reported free cash flow remained strong at $361 million when considering the $307 million of tax payments and other costs primarily related to divestitures. We exited the year with a strong balance sheet that provides financial flexibility with $253 million of cash and a leverage ratio of 1.1 times, which is well below our long term target rate of 2.5 times.

Moving to a segment review of the numbers , let’s start with AECO on slide 13. AECO continues to perform and exceeded expectations with a record $1.475 billion of ARR, posting 16% ARR growth and 15% revenue growth for the quarter. Operating margin was at 44% and was aided by January first term license renewals. For the full year, both AECO revenue and ARR grew at 16% and operating margin was 34.2%.

Next, Field Systems on slide 14. Revenue was up 4% in the fourth quarter while absorbing model conversions to recurring revenue. The continued execution resulted in another strong quarter of ARR growth at 20% and operating margin was 30%. For the full year, revenue was up 5%, ARR up 20% and operating margin expanded 100 bps to 31.1%.

Finally, Transportation & Logistics on slide 15. In a freight environment that remains muted, the segment delivered revenue growth of 4% and ARR growth of 7% for the quarter. Operating margins were at 22.9%. For the full year, revenue grew 5%, ARR grew 7% and operating margin was at 22.9%. Operating margin for both the quarter and full year were slightly down year over year primarily due to stranded costs related to the mobility divestiture.

Turning to slide 16, let's look ahead to 2026. The midpoints of our 2026 full year guidance are $3.860B in revenue which represents approximately 7.5% growth and $3.52 EPS. We expect ARR growth at 13% and EBITDA margins to expand approximately 50 basis points to 29.8% as our model delivers strong operating leverage while allowing us to reinvest for future growth. From a cash flow perspective, we expect free cash flow to be approximately 1 times net income, and that we can deliver free cash flow greater than non-GAAP net income over the long-term.

Slide 17 breaks down these metrics by segment. The trajectory across all three segments remain fully aligned to deliver the investor day company targets for 2027.

Finally, regarding our first quarter outlook on slide 18. We are setting our revenue midpoint at $905M which is approximately 8% growth, EPS midpoint at 71 cents and ARR growth at 13%. We expect EBITDA margins at 26.6% which is a 70 bps expansion year over year.

Back to you Rob

Rob Painter, President and Chief Executive Officer

Thanks, Phil. I'll close with a reflection on the compounding benefits of our Connect & Scale strategy. The fruits of what we see today are the result of years of past work by the Trimble team. Unlocking the power of compounding takes patience and conviction to be just a little bit better every day. The strength and momentum we carry into 2026 give us confidence that we have yet to see the biggest gains for what's possible when we connect people, data, workflows and ecosystems in Construction and Transportation. That same principle of compounding applies to our financial returns, and that flywheel is turning. My gratitude to the Trimble team and partners, as well as our investors who continue to support our strategy.

Operator, let's open the line to questions.