



Trimble Reports Third Quarter Results Ahead of Guidance

- Revenues of \$170.2 million versus guidance of \$165.0 - \$168.0 million;
- GAAP EPS of \$0.33 versus guidance of \$0.25 - \$0.27;
- Non-GAAP EPS were \$0.28 versus the mean analyst estimate of \$0.24.

SUNNYVALE, Calif., Oct. 26, 2004 -- Trimble (Nasdaq: TRMB) today announced results for its third fiscal quarter ended October 1, 2004. The Company reported third quarter revenues of approximately \$170.2 million, a 22 percent increase over the approximately \$139.6 million reported in the third quarter of 2003.

GAAP Net Income and EPS

GAAP net income for the third quarter of 2004 was approximately \$17.9 million, an 80 percent increase over the approximately \$9.9 million reported in the third quarter of 2003. GAAP EPS for the third quarter of 2004 were \$0.33, a 74 percent increase over the \$0.19 reported in the third quarter of 2003. The Company used a 17 percent effective tax rate when calculating GAAP net income and EPS for the third quarter of 2004.

Use of Non-GAAP Financial Measures

The Company provides non-GAAP financial measures called "non-GAAP net income" and "non-GAAP EPS" to supplement its consolidated financial statements presented in accordance with GAAP. These non-GAAP financial measures are intended to supplement the user's overall understanding of the Company's current financial performance and its prospects for the future and in many cases, are used by analysts and investors to evaluate the Company. Specifically, the Company's third quarter results exclude amortization of purchased intangibles and changes in market valuation of minority investments from non-GAAP EPS because the chief executive officer excludes these items when budgeting and evaluating the business. Also, in the past, the Company has excluded items such as restructuring costs and other acquisition-related expenses and income tax benefits related to the re-valuation of deferred tax assets because they are either infrequent or not essential to evaluating the Company's operations. The Company uses a fully-taxed rate of 35 percent for non-GAAP net income and EPS because it is used by outside analysts and investors, as well as for internal analysis to provide comparable information for use in evaluating Trimble's performance versus prior periods and other companies. However, these non-GAAP financial measures are not intended to supercede or replace the Company's GAAP results. Please see the supplemental financial statements for a reconciliation of non-GAAP to GAAP.

Non-GAAP net income for the third quarter of 2004 was approximately \$15.2 million, a 64 percent increase over approximately \$9.3 million for the third quarter of 2003. Non-GAAP EPS for the third quarter of 2004 were \$0.28, a 56 percent increase over \$0.18 for the third quarter of 2003. GAAP and non-GAAP EPS for the third quarter of 2004 were calculated on a diluted basis using approximately 55.1 million shares.

"We continue to see a strong business environment in most parts of the Company," said Steven W. Berglund, Trimble president and CEO. "Besides our strong revenue and EPS numbers, during the third quarter we generated nearly \$24.0 million in cash from operations and paid down \$25.0 million in debt which now means we have more cash than debt for the first time in over four years. This performance was particularly impressive because we postponed the initial shipments of our new TrimTrac locator until early 2005 to incorporate new improvements into the design. As a result of the TrimTrac delay, our growth in the fourth quarter is expected to be somewhat below our previous expectations. Nonetheless we expect to meet our EPS guidance for the full year and expect to generate more than 20 percent revenue growth for the full year."

Berglund continued, "Looking to next year, we believe the current generally robust business environment will continue and will be augmented by a strong new product pipeline. Therefore, we are looking for strong growth beginning early in 2005."

Third Fiscal Quarter Business Segment Highlights

Engineering and Construction (E&C)

E&C revenues grew by approximately 21 percent versus the third quarter of 2003. All product lines within E&C performed well and showed double-digit, year-over-year growth.

Sales of construction machine control products remained particularly robust despite what is traditionally a slower quarter due to seasonality. Demand for survey products was also strong, particularly for GPS-based survey tools and

infrastructure solutions. Both product groups achieved record sales levels relative to any historical third quarter.

Field Solutions (TFS) - Agriculture and Geographic Information Systems (GIS)

TFS revenues grew by 30 percent over the third quarter of 2003. In the agricultural market, trends remained positive despite the seasonally slower period as the Company continued to see strong demand for automated and manual guidance products. The Company has also started to see increased activity from its relationship with CNH Global for both manual and auto guidance products.

For the second consecutive quarter, the Company had record sales of GIS products. Sales were driven by continued demand from utilities, strengthened distribution channels in the U.S. and Europe and state and local government spending in the U.S.

Component Technologies (CT)

Third quarter revenues for CT decreased by approximately 8 percent over the third quarter of 2003. The Company attributed this to a near-term lull in telecommunications infrastructure sales, as well as a postponement in the shipment of its new TrimTrac™ locator due to design changes that resulted from customer recommendations after field trial results. The Company expects the new design to be ready before the end of the year with shipments beginning in early 2005. The TrimTrac shipping delay has not caused a loss in orders and the backlog remains strong.

Mobile Solutions (TMS)

Third quarter revenues for TMS increased by approximately 138 percent over the third quarter of 2003. During the quarter, the total number of subscribers increased by more than 75 percent over the second quarter of 2004 due to strong additions from the Company's construction materials vertical, its strengthened dealer channel, as well as installations and activations related to the Sprint account announced during the quarter. Despite the strength in the construction materials vertical, the Company noted that similar to last year, seasonality restrained customer activations. However, TMS has a strong and growing backlog in the vertical that is expected to take several quarters to work down.

Guidance

The fourth quarter is typically a seasonally slow period for most of the Company's business areas. For the entire fiscal year ending December 31, 2004, the Company expects revenues will be between \$655.0 and \$659.0 million. The Company attributes the change in full-year 2004 revenue guidance from previous expectations to the near-term lower revenues in its CT business relating to the lull in telecommunications infrastructure sales and the delay in TrimTrac shipments. Within these revenue guidelines, GAAP operating margins are expected to be between 12.6 and 12.8 percent. Net interest expense is expected to be approximately \$3.4 million, and other non-operating expense should be approximately \$6.9 million. For GAAP income tax provision, the Company expects a 17 percent effective tax rate for both the fourth quarter and full-year 2004. Within these revenue and expense guidelines, Trimble expects GAAP EPS to be between \$1.09 and \$1.12, assuming 54.9 million shares outstanding.

Full-year GAAP EPS includes approximately \$8.2 million for amortization of purchased intangibles, \$0.5 million in restructuring charges, \$0.5 million for inventory step-ups related to acquisitions, and a net \$1.4 million gain related to quarterly valuation of minority investments, that should be excluded when calculating non-GAAP EPS. Quarterly and full-year non-GAAP EPS are taxed at a 35 percent rate.

Please note, similar to the fourth quarter of 2003, the Company expects to have an income tax benefit of \$5.0 - \$10.0 million (approximately \$0.09 - \$0.18 per share) relating to the revaluation of a portion or all of the Company's deferred tax assets, that is not included in 2004 GAAP guidance at this time, but will be included when fourth quarter earnings are reported. This benefit will not impact non-GAAP EPS.

Investor Conference Call / Webcast Details

The Company will hold a conference call on Tuesday, October 26, 2004 at 8:00 a.m. Pacific Time to review its third quarter results. It will be broadcast live on the web at www.trimble.com/investors.html. A replay of the call will be available for 7 days beginning at 5:00 p.m., Pacific Time. The replay number is (800) 642-1687, and the passcode is 1411403.

About Trimble

Trimble is a leading innovator of Global Positioning System (GPS) technology. In addition to providing advanced GPS components, Trimble augments GPS with other positioning technologies, as well as wireless communications and software, to create complete customer solutions. Trimble's worldwide presence and unique capabilities position the Company for growth in emerging applications including surveying, automobile navigation, machine guidance, asset tracking, wireless platforms, and telecommunications infrastructure. Founded in 1978 and headquartered in Sunnyvale, California, Trimble has more than 2,000 employees in more than 20 countries worldwide. For an interactive look at Company news and products, visit Trimble's Web site at <http://www.trimble.com>

Forward Looking Statement

Certain statements made in this press release 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 the revenue, gross margin, operating expenses, net interest expense, non-operating expense, income tax provision, effective tax rate, restructuring and other non-recurring charges and earnings per share estimates for the fiscal year ending December 31, 2004, as well as the Company's ability to ship TrimTrac. These forward-looking statements are subject to change, and actual results may materially differ from those set forth in this press release due to certain risks and uncertainties. For example, recent strong demand for the Company's products may not continue because of a decline in the overall health of the economy and international markets, which may result in reduced capital spending. In addition, the Company's results may be adversely affected if its joint ventures and recent acquisitions do not achieve anticipated results or if the Company is unable to market, manufacture and ship new products such as the TrimTrac locator or new wireline telecommunications products. Any failure to achieve predicted results could negatively impact the Company's revenues, gross margin and other financial results. Whether the Company achieves its guidance for the entire fiscal year 2004 will also depend on a number of other factors, including the 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 release. 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.

Financial Tables

- [Consolidated Statements of Operations](#)
- [Reconciliation of GAAP to Non-GAAP](#)
- [Consolidated Balance Sheet](#)
- [Consolidated Statements of Cash Flows](#)
- [Summary Financial Information](#)
- [EBITDA Reconciliation](#)

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