

Transforming the way the world works



# 2015 Annual Report





# ▶▶▶ to our shareholders

2015 was another challenging year, with results that did not reflect our history or potential. The three factors which most negatively impacted Trimble were the continued state of agricultural commodity prices, the strong U.S. dollar, and the direct and indirect effects of the oil price collapse. Offsetting these negative effects were particularly strong performances from the building construction and transportation and logistics businesses. Overall, Trimble's revenue declined 4 percent for the year, although in constant currency terms it was approximately flat. Excluding the effects of foreign exchange, our agriculture business, and our geospatial business, which was primarily impacted by the reduction in oil prices, the balance of Trimble's revenue increased approximately 5 percent. This is obviously well below our 10 year average annual growth of 11 percent.

Regional results varied significantly and were generally volatile. North America reflected the agriculture and oil price pressures. Generally, it remains the strongest large region and we expect growth in 2016. European results were significantly impacted by exchange rate fluctuations but demonstrated growth in local currency terms. We currently see an upward bias for Europe in 2016, highly contingent upon the upcoming UK referendum and resolution of the migrant crisis. The rest of the world, outside of North America and Europe, was challenging in 2015 and is expected to remain unchanged in 2016. Brazil, Russia, South Africa, and Australia remain weak; China is volatile and retains its long-term potential; India and Japan were strong.

Non-GAAP operating margins reflected the revenue pressure and declined to 17.0 percent of revenue against 20.0 percent in 2014. The fundamental margin outlook remains unchanged for Trimble and the margin retreat in 2015 reflected the effects of reduced revenue in Engineering and Construction (E&C) and Field Solutions and the short-term effects of acquisitions. The margin picture improved in the second half of 2015 and is expected to show continued improvement during 2016.

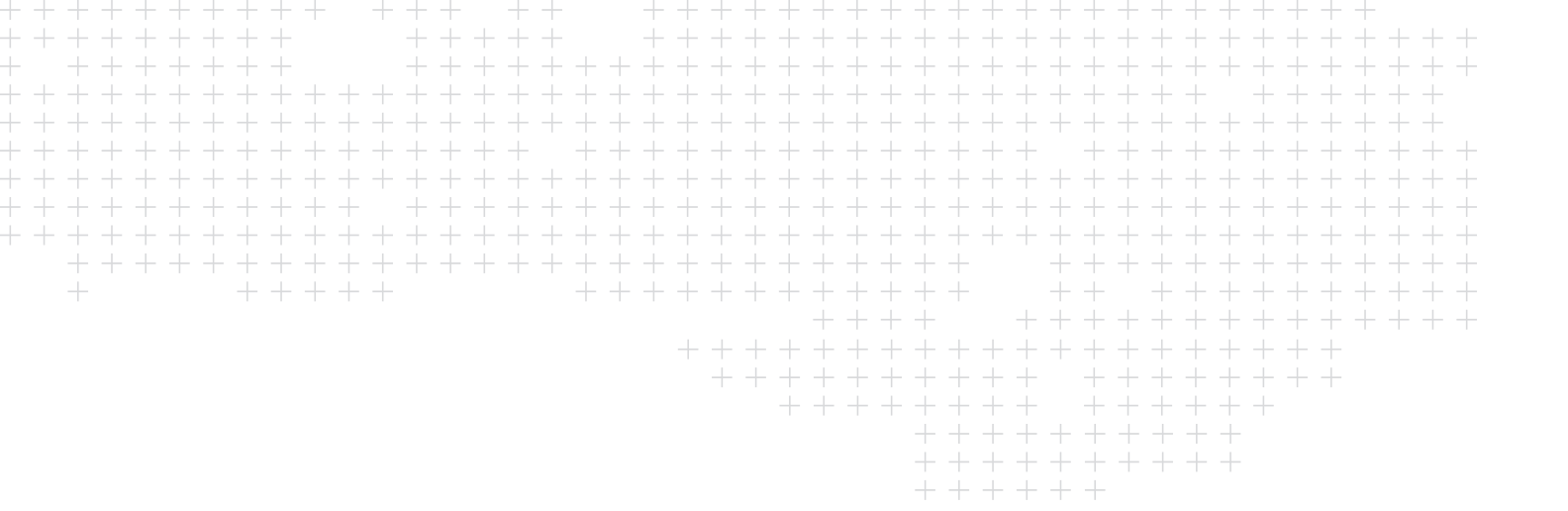
For the second consecutive year, the agricultural market experienced a sharp decline in investment by farmers who were reacting to lower farm incomes caused by commodity prices. We have been historically resistant to agricultural cyclical downsides because we are selling "productivity" and not "capacity," but the extreme conditions caused a decline in our Field Solutions segment revenue. Although market conditions are expected to continue to be difficult in agriculture in 2016, with continued decline in new major equipment sales, we currently expect our revenue to be relatively flat year to year as the combination of after-market sales, new products, and some regional markets combine to offset overall market conditions.

Our geospatial business in the E&C segment also suffered a decline as a result of the relative collapse of oil prices. Although our direct exposure to the oil industry is relatively small, amounting to 1 to 2 percent of total revenue, the largest decline in revenue was a result of a substantial cutback in project work in regional oil-producing areas — which went from boom to bust in a very short period of time. Our current expectation for geospatial is for a return to growth in 2016.

While financial results were challenging, we continued to make significant progress during the year in developing our markets. Our strategic emphasis continues to be on five core components: heavy civil construction, buildings and geospatial in E&C, agriculture in Field Solutions, and transportation and logistics in Mobile Solutions. Beyond these relatively large core markets we are also developing a number of smaller emerging markets such as forestry, electrical and water utilities, rail, and field service. In each of these markets, our formula remains consistent — to combine an extensive knowledge of the work flow and user needs with innovative development to create significant customer value and competitive differentiation.

In the construction market, we are seeing growing support for our hypothesis that we can achieve savings of 25–30 percent of project cost through a holistic application of technology. Trimble's unique contribution in achieving these transformative results is our core concept of the "constructible model," which is a much richer and robust concept than traditional geometric models. Another element of our unique contribution is the ability to convert the model intelligence into practical hardware solutions through tight integration. In 2015, we extended our hardware and software portfolio through internal product development and small acquisitions, including Building Information Modeling (BIM)-centric acquisitions such as Linear Project and Vianova.

The agriculture cycle currently dominates conversations about Trimble's role in farming. However, there is a significantly stronger secular story, which is expected to unfold over the next few years. Our view on the potential impact on the industry is as transformative as it is in construction. Farming will increasingly be driven from an information model, which will drive decisions in all farm operations — from crop planning through harvest. Our response to this challenge is the Connected Farm™ solution, which ties all the elements of the farm into a seamless information architecture. The Connected Farm will require competencies in precision positioning, discrete sensors, sensor fusion, wireless communication, data architectures, analytics, and the ability to apply the decisions in the field. Despite the current pressure on our agriculture business, we have continued to invest in a robust product



development program and are striving to be accountable to the need to generate short-term results with the need to continue investing in the long term. Trimble has a unique combination of capabilities with significant competencies across the required technological range, as well as significant and growing domain knowledge. In 2015, we continued our development of Connected Farm solutions and made a key acquisition, AGRI-TREND®, which significantly extended our capability to support agronomists who are, in turn, supporting the farmer.

In the transportation and logistics market, our goals are also transformative. The transportation industry is under intense pressure from tight margins and growing regulatory requirements and is therefore open to new technology-based innovations. As in construction and agriculture, Trimble is again in a unique position in that we provide solutions at both the mobile and the enterprise level. The mobile element is centered on fleet management, whereas the enterprise solution is focused on supporting the decisions needed to run the business. 2015 was a year of continued progress as we created new product functionality and continued integrating the elements of the mobile and enterprise solutions.

**The sum of all these strategic initiatives is driving a continued evolution of the Trimble business model. Current examples of this change include:**

- Our revenue reflects a continued shift to a combination of software, services, and recurring. In 2015 these categories grew to approximately 47 percent of total revenue and grew approximately 12 percent year over year.
- Recurring revenue, including subscription and SaaS offerings, grew to approximately 26 percent of revenue.
- Enterprise accounts are an increasing focus. Trimble is increasingly relevant as a technology partner for major companies and agencies. This requires a significant extension of our go-to-market capability.
- We have enhanced our third-party distribution channels to better equip them to handle the increasing software and integration content in our product solutions. We have created three targeted channels: SITECH® for heavy civil construction, BuildingPoint™ for building construction, and most recently Vantage™ for agriculture.

**Our key themes for 2016 are straightforward:**

- Restore revenue growth.
- Demonstrate meaningful progress in expanding operating margins through tighter control of costs and more active management of product and business portfolios.
- Accelerate strategic progression through a focus on penetration of underserved market segments, aggressive product development, and extension of our go-to-market capabilities.

**Beyond 2016 our fundamental goals remain unchanged:**

- Breakout market leadership — achieved by leading transformations in our markets.
- Top-tier financial performance — focused on revenue growth, incremental margin performance, and return on equity.
- A new standard of excellence that transcends best current practices — focused on following a unique path emphasizing “always better.”

Once again I thank the Trimble employees for their continued competency, commitment, and loyalty.

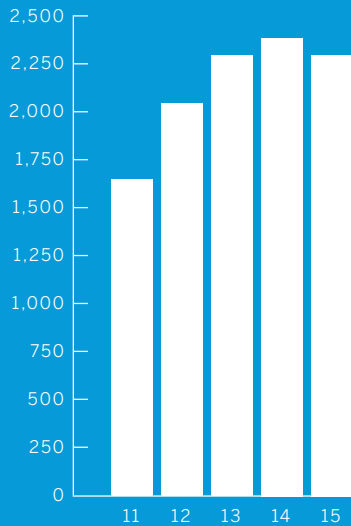
Steven W. Berglund  
President and Chief Executive Officer



# Financial Information

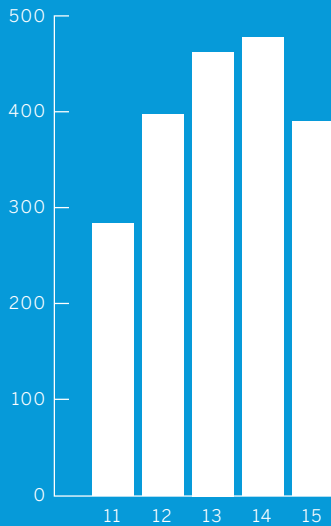
## Revenue

(in U.S. \$ millions)



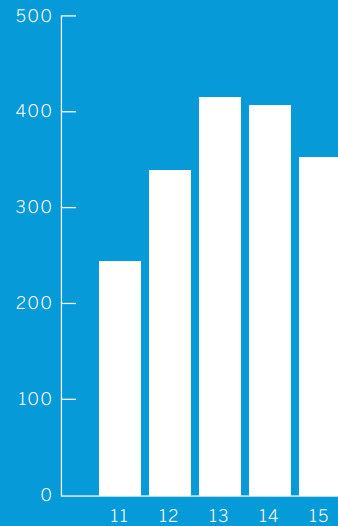
## Non-GAAP Operating Income

(in U.S. \$ millions)



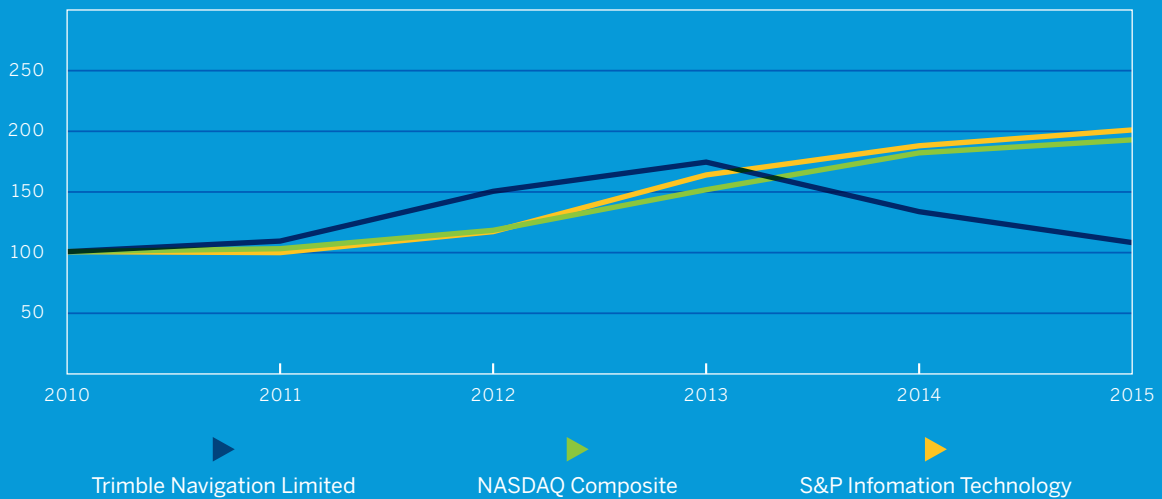
## Cash Flow from Operations

(in U.S. \$ millions)



## Comparison of Cumulative Five-Year Total Return\*

Among Trimble Navigation Limited\*, the NASDAQ Composite Index\*, and the S&P\* Information Technology Index.



The above graph compares the cumulative five-year total return provided shareholders on Trimble Navigation Limited's common stock relative to the cumulative total returns of the NASDAQ Composite Index and the S&P Information Technology Index. An investment of \$100 (with reinvestment of all dividends) is assumed to have been made in our common stock and in each of the indices on 12/31/2010, and its relative performance is tracked through 12/31/2015. The company has never paid dividends on its common stock and has no present plans to do so.

\*The company adopted a 52-53-week fiscal year effective upon the end of fiscal year 1997, and the actual date of the company's 2015 fiscal year end was January 1, 2016. Any variations due to any differences between the actual date of a particular fiscal year end and the calendar year end for such year are not expected to be material.



# Management Information

## Executive Management

**Steven W. Berglund**  
President and  
Chief Executive Officer

**Robert G. Painter**  
Chief Financial Officer

**Bryn A. Fosburgh**  
Sector Head

**Christopher W. Gibson**  
Sector Head

**Jürgen Kleim**  
Sector Head

**Darryl R. Matthews**  
Sector Head

**Sachin J. Sankpal**  
Sector Head

**James M. Veneziano**  
Sector Head

**Douglas R. Brent**  
Vice President,  
Technology Innovation

**Ann M. Ciganer**  
Vice President,  
Strategic Policy

**John E. Huey**  
Vice President,  
Treasurer

**Prakash Iyer**  
Vice President,  
Software Architecture and Strategy

**James A. Kirkland**  
Vice President,  
General Counsel

**Leah K. Lambertson**  
Vice President,  
Operations and  
Chief Information Officer

**Michael Lesyna**  
Vice President,  
Strategy and Corporate Development

**E. Michael Scarpa**  
Chief Human Resources Officer

**John P. Schreiber**  
Vice President,  
Global Tax

**Julie A. Shepard**  
Vice President,  
Finance and Chief Accounting Officer

**Jim Stuebner**  
Vice President,  
Enterprise Risk Management

**J. Erik Arvesen**  
Vice President,  
Cloud Infrastructure and Data Services

**Ron Bisio**  
Vice President,  
Geospatial

**Roz D. Buick, PhD**  
Vice President,  
Building Construction

**Christopher J. Shephard**  
Vice President,  
Construction Solutions

## Board of Directors

**Ulf J. Johansson, PhD**  
Chairman  
Business Consultant and Director,  
Telefon AB LM Ericsson

**Nickolas W. Vande Steeg**  
Vice Chairman  
Chairman, UC of APU  
Chairman, Bedrock Creek  
Director, Gardner Denver Inc.  
Director, Wabtec Corporation

**Steven W. Berglund**  
President and  
Chief Executive Officer

**Ronald S. Nersesian**  
President and  
Chief Executive Officer,  
Keysight Technologies

**Merit E. Janow**  
Dean, School of International  
and Public Affairs, and  
Professor of Practice,  
Columbia University

**Mark S. Peek**  
Co-President and  
Chief Financial Officer,  
Workday

**Börje Ekholm**  
Chief Executive Officer,  
Patricia Industries

**Kaigham J. Gabriel, PhD**  
President and  
Chief Executive Officer,  
Draper

## Locations

Australia	Hungary	Poland
Austria	India	Qatar
Belgium	Indonesia	Russia
Brazil	Ireland	Saudi Arabia
Canada	Italy	Singapore
Chile	Japan	South Africa
China	Korea	Spain
Denmark	Lithuania	Sweden
Finland	Malaysia	Switzerland
France	Mexico	Thailand
Germany	Netherlands	United Arab Emirates
Ghana	New Zealand	United Kingdom
Hong Kong	Norway	United States of America

## Corporate Headquarters

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## Shareholder Information

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Transfer & Trust Company  
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## Additional Information

The company's annual report on Form 10-K, as filed with the Securities Exchange Commission, accompanies this annual report to shareholders and is also available on the Investor Relations section of the Company's website at [www.trimble.com](http://www.trimble.com).

## Trimble Investor Information

Traded: The NASDAQ Stock Exchange  
Symbol: TRMB