

GARMIN®

Q1 2019 Earnings
May 1, 2019

Safe Harbor Statement

These materials include projections and other forward-looking statements. These statements are based on the current expectations of Garmin Ltd. and are naturally subject to uncertainty and changes in circumstances. Forward-looking statements include, without limitation, statements containing words such as "proposed" and "intends" or "intended" and "expects" or "expected." Any statements regarding Garmin's revenue, operating earnings, pro forma tax rate and pro forma EPS for fiscal 2019, Garmin's expected segment revenue growth rates, margins, currency movements, expenses, pricing, new products to be introduced in 2019 and Garmin's plans and objectives are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. These factors include those discussed or identified in the filing by Garmin Ltd. with the U.S. Securities and Exchange Commission in its Annual Report on Form 10-K. Garmin Ltd. does not undertake any obligation to update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

Business Update

Cliff Pemble
President and CEO

1st Quarter Financial Review

- Record consolidated revenue of \$766 million, up 8%
- Marine, aviation, fitness and outdoor segments on a combined basis grew 12%
- Gross and operating margins of 59.0% and 19.8%, respectively
- Operating income of \$151 million, up 6%
- GAAP EPS of \$0.74 and pro forma EPS of \$0.73
- Maintaining 2019 guidance
- Ranked one of America's Top 5 Best Employers by Forbes



Marine

1st Quarter Business Review

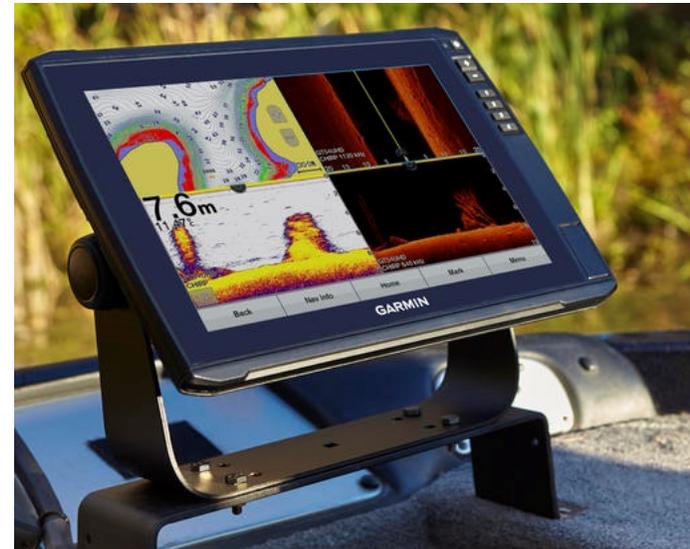
- Revenue growth of 18%, driven by strong chartplotter and sonar sales
- Gross and operating margins of 58% and 19%, respectively

Market/Product Update

- Introduced new ECHOMAP Ultra series with built-in Panoptix LiveScope support
- Supplier of the year award from Independent Boat Builders, Inc. in our first year of partnership



IBBI HONORS GARMIN AS
SUPPLIER OF THE YEAR



GARMIN

Aviation

1st Quarter Business Review

- Revenue growth of 17%, with contributions from both aftermarket and OEM
- Gross and operating margins of 75% and 34%, respectively

Market/Product Update

- Delivered the G1000 NXi upgrade for the Citation Mustang
- Launched compelling new ADS-B products ahead of the mandate deadline to fully capitalize on the opportunity
- Delivered G3X Touch retrofit cockpit display system for single engine aircraft
- Named a supplier of the year by Embraer



Fitness

1st Quarter Business Review

- Revenue growth of 9%, driven by strong wearable sales
- Gross and operating margins of 50% and 10%, respectively

Market/Product Update

- Completed the acquisition of Tacx, adding indoor cycling and training to our product portfolio
- Fully refreshed the Forerunner line of running watches
- Introduced new Garmin Connect app and a new menstrual cycle tracking feature



Outdoor

1st Quarter Business Review

- Revenue growth of 7%, with growth across multiple product categories
- Gross and operating margins of 63% and 27%, respectively

Market/Product Update

- Introduced MARQ series, a new line of authentic smart tool watches
- Launched the S40 stylish golf watch combining high quality golf functionality with smart features



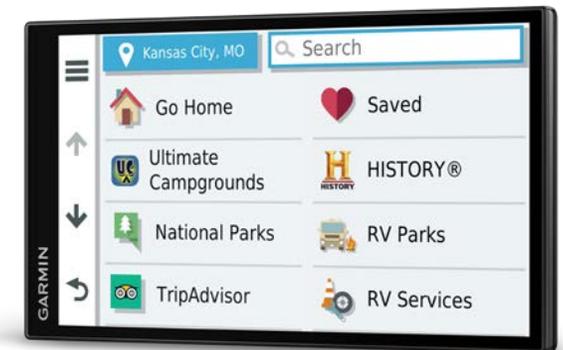
Auto

1st Quarter Business Review

- Revenue decline of 10%
- Gross and operating margins of 45% and 6%, respectively

Market/Product Update

- Global PND market share remains strong
- Launched the new BC 40 back up camera
- Named the lead design and manufacturing partner of the BMW AG for next generation vehicle computing systems



Financial Update

Doug Boessen
CFO and Treasurer

Q1 Income Statement

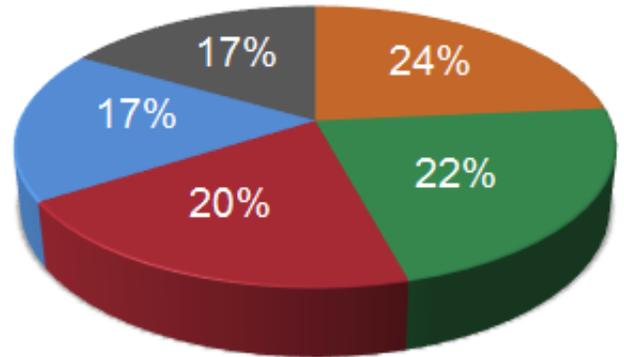
(\$ Millions)	Q1 2019	Q1 2018	Change
Revenue	\$766	\$711	8%
Gross Profit	452	427	6%
Gross Margin %	59.0%	60.0%	(100 bps)
Total Operating Expense	300	284	6%
Operating Income	151	142	6%
Operating Margin %	19.8%	20.0%	(20 bps)
Other Income	15	12	
Income Tax Expense	(26)	(25)	
Net Income (GAAP)	140	129	8%
Net Income (Pro-Forma)	140	129	9%
EPS (GAAP)	\$0.74	\$0.68	9%
EPS (Pro-Forma)	\$0.73	\$0.68	7%

Q1 Revenue

Q1 Revenue by Segment				
(\$ M)	2019	2018	Change	
Marine	\$134	\$114	18%	
Aviation	171	146	17%	
Fitness	180	166	9%	
Outdoor	154	144	7%	
Auto	127	141	(10%)	
Total	\$766	\$711	8%	

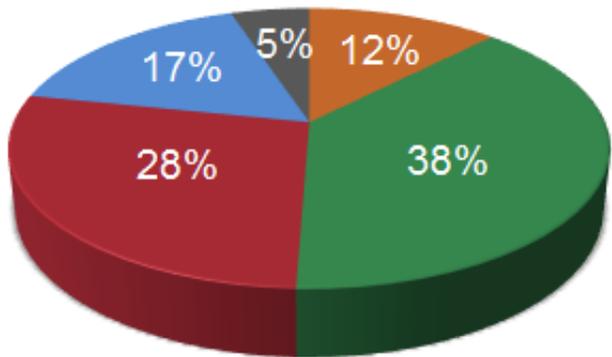
Q1 Revenue & Operating Income

Q1 2019 Revenue



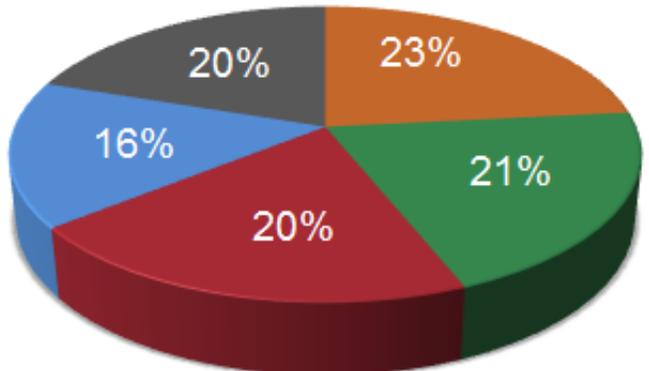
■ Fitness ■ Aviation ■ Outdoor ■ Marine ■ Auto

Q1 2019 Operating Income



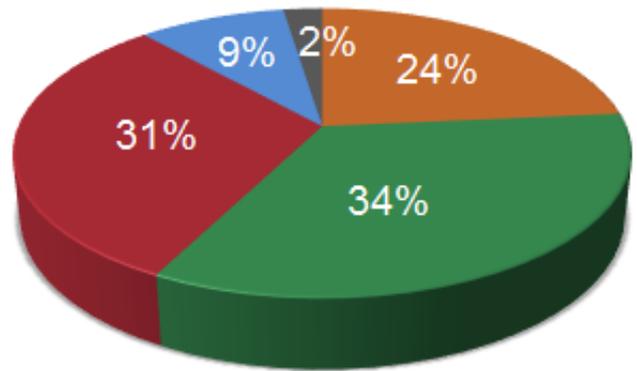
■ Fitness ■ Aviation ■ Outdoor ■ Marine ■ Auto

Q1 2018 Revenue



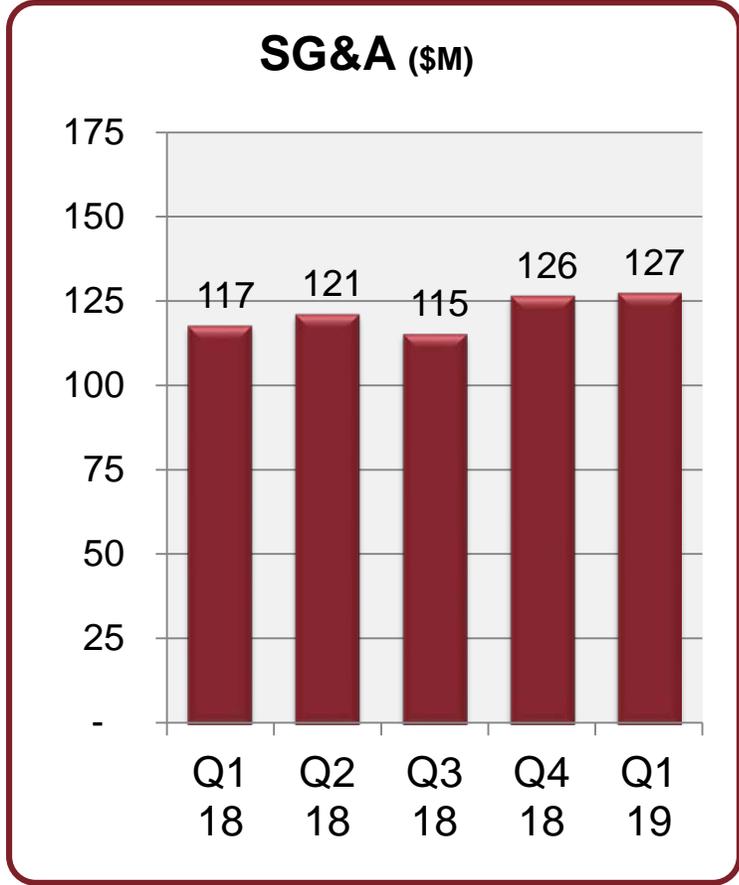
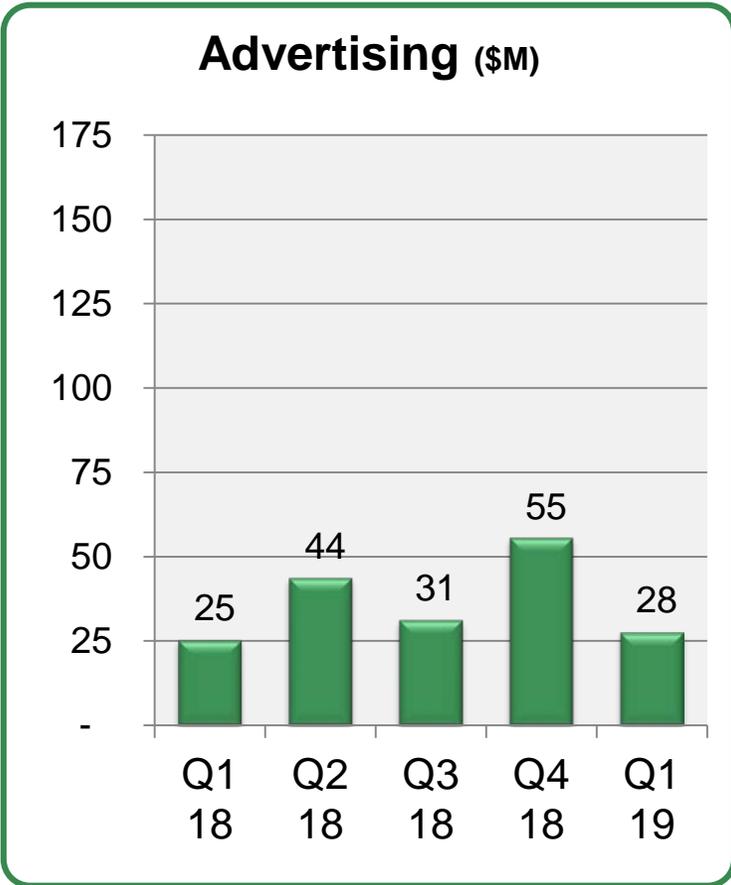
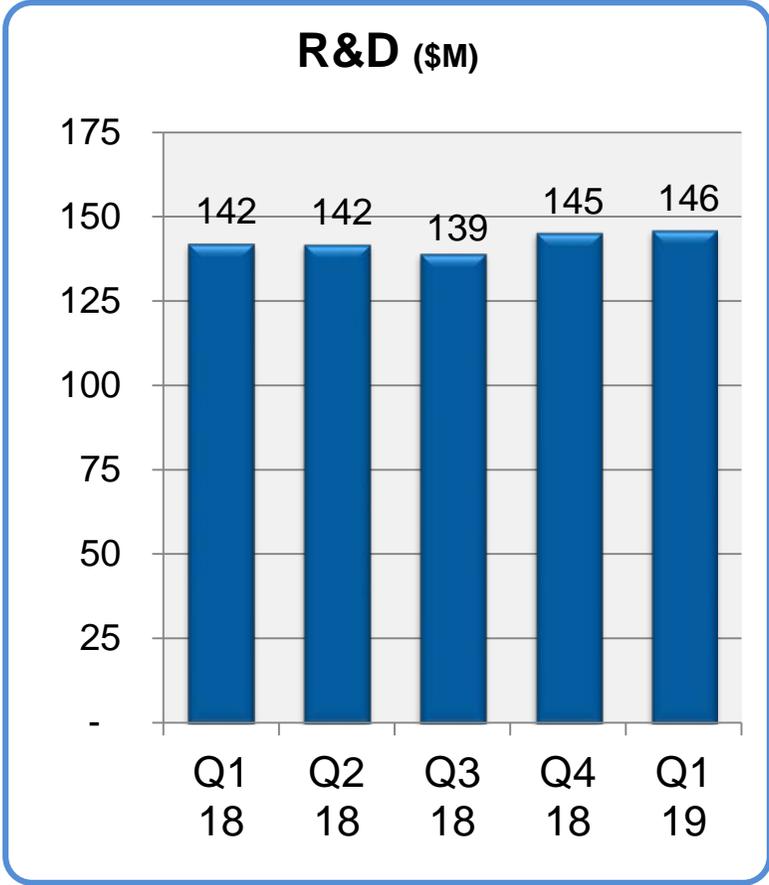
■ Fitness ■ Aviation ■ Outdoor ■ Marine ■ Auto

Q1 2018 Operating Income



■ Fitness ■ Aviation ■ Outdoor ■ Marine ■ Auto

Operating Expenses



Balance Sheet / Cash Flow / Taxes

Balance Sheet

- Ended quarter with approximately \$2.7 billion of cash and marketable securities
- Accounts receivable declined sequentially, as expected, following the seasonally strong fourth quarter
- Inventory balance increased on both a sequential and year-over-year basis in preparation for the seasonally strong second quarter

Cash Flow

- Generated \$134 million of free cash flow in Q1 2019
- Paid both the December 31, 2018 and the March 29, 2019 dividends in Q1 2019

Taxes

- Q1 2019 effective tax rate of 15.7% compared to 16.0% in Q1 2018



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Appendix

May 1, 2019

Segment Information

	<u>Outdoor</u>	<u>Fitness</u>	<u>Marine</u>	<u>Auto</u>	<u>Aviation</u>	<u>Total</u>
(in thousands)						
13-Weeks Ended March 30, 2019						
Net sales	\$ 154,051	\$ 180,256	\$ 133,968	\$ 126,999	\$ 170,776	\$ 766,050
Gross profit	97,488	90,835	78,055	57,337	127,983	451,698
Operating income	41,953	18,126	25,473	8,213	57,618	151,383

13-Weeks Ended March 31, 2018

Net sales	\$ 144,258	\$ 166,035	\$ 113,554	\$ 141,312	\$ 145,713	\$ 710,872
Gross profit	93,285	96,601	66,683	61,012	108,954	426,535
Operating income	43,822	33,374	13,131	3,468	48,407	142,202

In the first quarter of fiscal 2019, the methodology used to allocate certain selling, general, and administrative expenses to the segments was refined. The Company's composition of segments did not change. Prior year amounts are presented above as they were originally reported. For comparative purposes, we estimate segment operating income for the 13 weeks ended March 31, 2018 would have been approximately \$4 million less for the aviation segment, approximately \$4 million more for the marine segment, and not significantly different for the outdoor, fitness, and auto segments. Also, we estimate segment operating income for the 52 weeks ended December 29, 2018 would have been approximately \$18 million less for the aviation segment, approximately \$11 million more for the marine segment, approximately \$7 million more for the outdoor segment, and not significantly different for the fitness and auto segments.

Non-GAAP Financial Information

To supplement our financial results presented in accordance with GAAP, this release includes the following measures defined by the Securities and Exchange Commission as non-GAAP financial measures: pro forma net income (earnings) per share, pro forma effective tax rate and free cash flow. These non-GAAP measures are not based on any comprehensive set of accounting rules or principles and should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may be different from non-GAAP measures used by other companies, limiting the usefulness of the measures for comparison with other companies. Management believes providing investors with an operating view consistent with how it manages the Company provides enhanced transparency into the operating results of the Company, as described in more detail by category below.

The tables below provide reconciliations between the GAAP and non-GAAP measures.

Pro forma effective tax rate

The Company's income tax expense is periodically impacted by discrete tax items that are not reflective of income tax expense incurred as a result of current period earnings. Therefore, management believes disclosure of the effective tax rate and income tax provision before the effect of certain discrete tax items are important measures to permit investors' consistent comparison between periods. In the first quarter 2019 and 2018, there were no such discrete tax items identified. The net release of uncertain tax position reserves, amounting to approximately \$4.4 million and \$3.5 million in the first quarter 2019 and 2018, respectively, have not been included as pro forma adjustments in the above presentation of pro forma income tax provision as such items tend to be more recurring in nature.

Pro forma net income (earnings) per share

Management believes that net income (earnings) per share before the impact of foreign currency gains or losses and certain discrete income tax items, as discussed above, is an important measure in order to permit a consistent comparison of the Company's performance between periods.

	13-Weeks Ended	
	March 30, 2019	March 31, 2018
(in thousands, except per share information)		
Net income (GAAP)	\$ 140,173	\$ 129,374
Foreign currency gains / losses ⁽¹⁾	(314)	(816)
Tax effect of foreign currency gains / losses ⁽²⁾	49	130
Net income (Pro Forma)	\$ 139,908	\$ 128,688
Net income per share (GAAP):		
Basic	\$ 0.74	\$ 0.69
Diluted	\$ 0.74	\$ 0.68
Net income per share (Pro Forma):		
Basic	\$ 0.74	\$ 0.68
Diluted	\$ 0.73	\$ 0.68
Weighted average common shares outstanding:		
Basic	189,601	188,322
Diluted	190,599	189,292

(1) The majority of the Company's consolidated foreign currency gains and losses are driven by movements in the Taiwan Dollar, Euro, and British Pound Sterling in relation to the U.S. Dollar and the related exchange rate impact on the significant cash, receivables, and payables held in a currency other than the functional currency at one of the Company's subsidiaries. However, there is minimal cash impact from such foreign currency gains and losses.

(2) The tax effect of foreign currency gains and losses was calculated using the effective tax rate of 15.7% and 16.0% for the first quarter ended March 30, 2019 and March 31, 2018, respectively.

Free Cash Flow

Management believes that free cash flow is an important financial measure because it represents the amount of cash provided by operations that is available for investing and defines it as operating cash flows less capital expenditures for property and equipment. Management believes that excluding purchases of property and equipment provides a better understanding of the underlying trends in the Company's operating performance and allows more accurate comparisons of the Company's operating results to historical performance. This metric may also be useful to investors, but should not be considered in isolation as it is not a measure of cash flow available for discretionary expenditures. The most comparable GAAP measure is net cash provided by operating activities.

	13-Weeks Ended	
	March 30, 2019	March 31, 2018
(in thousands)		
Net cash provided by operating activities	\$ 164,582	\$ 214,190
Less: purchases of property and equipment	(30,094)	(26,336)
Free Cash Flow	<u>\$ 134,488</u>	<u>\$ 187,854</u>

Forward-looking Financial Measures

The forward-looking financial measures in our 2019 guidance provided above do not consider the potential effect of certain discrete tax items, foreign currency exchange gains and losses, and any other impacts that may be identified as pro forma adjustments in calculating the non-GAAP measures described above. At this time management is unable to determine whether or not significant discrete tax items will occur in fiscal 2019, reasonably estimate such foreign currency gains and losses, or anticipate the impact of any other events that may be considered in the calculation of non-GAAP financial measures. The impact of such foreign currency gains and losses, net of tax effects, was \$0.01 for the 13-weeks ended March 30, 2019.