



# Q2 2009 Earnings Call Webcast

## August 5, 2009



# Safe Harbor Statement

These materials include 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". 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 filings by Garmin Ltd. with the U.S. Securities and Exchange Commission in its Annual Report on Form 10-K, and its quarterly reports on Form 10-Q. 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 COO**

## Financial Highlights

- Sequential revenue growth of 53% with all segments showing improvement
- Strong gross and operating margins of 53% and 30%, respectively
- EPS of \$0.83 excluding the effects of foreign currency
- Generated \$246 million of free cash flow and currently hold over \$1.5 billion in cash and marketable securities

## Business Highlights

- Continued to lead in world-wide PND market share; 57% in North America and approximately 20% in Europe
- Sold 3.7 million units with PND unit growth in both North America and Asia
- Introduced or delivered new products across our marine and outdoor/fitness line-up to further solidify our technological leadership

## 2<sup>nd</sup> Quarter 2009 Segment Review

- **Automotive/Mobile** – 31% revenue decline driven by a 28% decline in ASPs and a slight decline in units as demand softened in the European market
- **Outdoor/Fitness** – 9% revenue decline as the segment generated \$108 million in revenue but could not post growth against the year-ago comparables
- **Aviation** – 28% revenue decline compared to the pre-recession 2008 performance but improved on a sequential basis by 9%
- **Marine** – 15% revenue decline as the headwinds in the boating industry continue but improved on a sequential basis by 58%

## Auto/Mobile

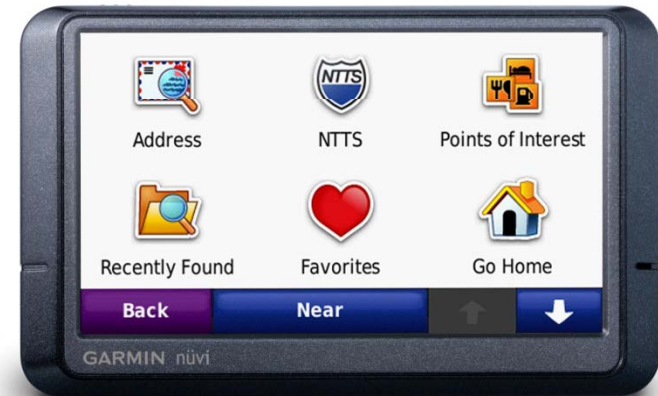
- North American and Asian PND markets posting unit growth offsetting declines in Europe
- Substantial ASP and gross margin improvement in Q2 on a sequential basis; expect stable pricing with some margin decline in Q3
- Expect increased volumes in Q3 due to the nüvi 1200, 1300 and 1400 series shipments

## Outdoor/Fitness, Aviation, and Marine

- Outdoor/fitness likely to be flat sequentially
- Aviation and marine will continue to be weak, however these markets appear to have hit the low point
- Marine sales will slow in Q3 and Q4 due to seasonality
- Continue to invest and innovate, gaining market share and improving our growth potential as these industries and the economy recover

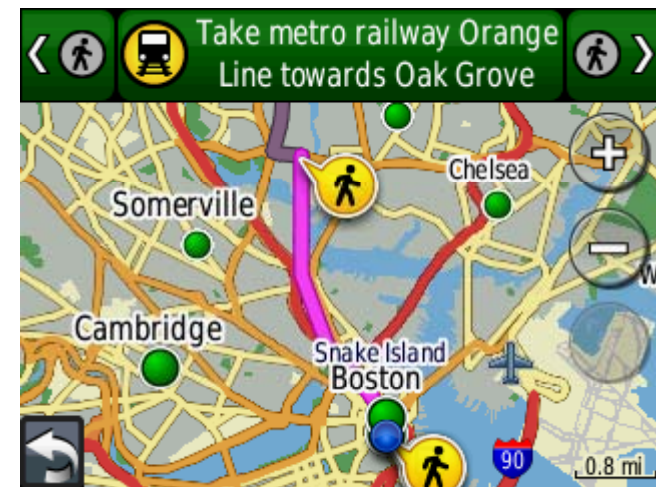
## nüvi® 465T

- Designed specifically for long-haul navigation and delivery trucks
- Supports multiple truck profiles; features advanced routing and guidance with truck-related road restrictions
- Standard features include: lane assist, subscription-free traffic alerts and Bluetooth capability



## nüvi® 1200, 1300, 1400 series

- Delivery began in June
- Thin form factor
- Pedestrian navigation features





## Oregon® 550/550t

- Integrates 3.2 megapixel camera and 3-axis compass into touchscreen family of products
- 850 MB of internal memory

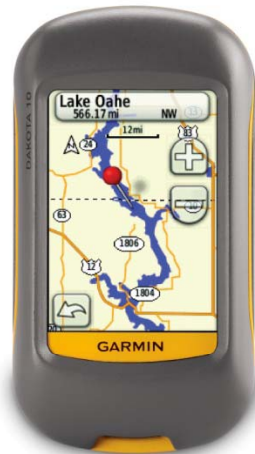
## Foretrex® 301/401

- Waterproof, wearable, lightweight device for hiking, skiing and camping
- Foretrex 401 includes electronic compass, barometric altimeter and wireless data sharing



## Dakota™ 10/20

- Touchscreen handheld at mid-range pricing
- Dakota 20 includes 3-axis compass, barometric altimeter and wireless data sharing



## GTS – Traffic Advisory Systems

- Uses patent pending CLEAR CAS™ technology correlating ADS-B and radar targets
- Puts Garmin at the forefront of the FAA's NextGen program

## G500

- Brings form and function of G600 to smaller aircraft
- Provides improved situational awareness and safety

## G3X™

- Allows experimental and light sport aircraft to gain the benefits of Garmin's glass cockpit
- Customizes to the aircraft with building-block design





## GPSMAP® 400 & 500 series

- Incorporates high sensitivity GPS receiver and improved digital design
- Plug and play system integration through NMEA 2000 networking

## VHF 300/300 AIS

- Flagship marine radio for OEMs and high-end boat market
- AIS features four built-in receivers to allow identification and location of large vessels



## GMR™ 60x/120x

- Four-foot and six-foot open array radars with increased power
- HD technology providing better performance and higher resolution

## Launch update

- G60 has launched in Taiwan with other markets to follow this month; M20 to launch with carriers in Taiwan and Singapore
- Carrier field testing of the G60 in the US; anticipate Q4 launch
- Specific carrier relationships and pricing details will be announced closer to the launch dates





## **Financial Update**

**Kevin Rauckman**  
**CFO and Treasurer**

## Q2 Income Statement

(\$ millions)	Q2 2009	Q2 2008	Change
<b>Revenue</b>	<b>\$669</b>	<b>\$912</b>	<b>-27%</b>
Gross Profit	\$352	\$417	-16%
Gross Margin	52.6%	45.8%	680 bps
Advertising	\$34	\$58	-42%
Other SG&A	\$62	\$67	-7%
R&D	\$56	\$54	5%
Operating Income	\$199	\$238	-16%
<b>Operating Margin</b>	<b>29.8%</b>	<b>26.2%</b>	<b>360 bps</b>
<b>Net Income</b>	<b>\$162</b>	<b>\$256</b>	<b>-37%</b>
Net Income Margin	24%	28%	
Earnings per Share (GAAP)	\$0.81	\$1.19	-32%
<b>Earnings per Share (ProForma)</b>	<b>\$0.83</b>	<b>\$0.94</b>	<b>-12%</b>
<b>Units Shipped (K)</b>	<b>3,715</b>	<b>3,920</b>	<b>-5%</b>

# Net Income, excluding FX

**Garmin Ltd. And Subsidiaries**  
**Net income per share (Pro Forma)**  
(in thousands, except per share information)

	13-Weeks Ended		26-weeks Ended	
	June 27, 2009	June 28, 2008	June 27, 2009	June 28, 2008
Net Income (GAAP)	\$161,871	\$256,092	\$210,409	\$403,871
Foreign currency (gain) / loss, net of tax effects	\$3,918	(\$17,465)	\$5,893	(\$14,226)
Gain on sale of equity securities, net of tax effects	-	(\$37,006)	-	(\$41,269)
<b>Net income (Pro Forma)</b>	<b>\$165,789</b>	<b>\$201,622</b>	<b>\$216,302</b>	<b>\$348,377</b>
Net income per share (GAAP):				
Basic	\$0.81	\$1.20	\$1.05	\$1.88
Diluted	\$0.81	\$1.19	\$1.05	\$1.86
Net income per share (Pro Forma)				
Basic	\$0.83	\$0.94	\$1.08	\$1.62
Diluted	\$0.83	\$0.94	\$1.08	\$1.60
Weighted average common shares outstanding:				
Basic	200,296	213,756	200,364	215,130
Diluted	200,669	215,572	200,737	217,274

**Management believes that net income per share before the impact of foreign currency translation gain or loss is an important measure.**

# Revenue by Segment

(\$ millions)	Q2 2008	Q2 2008	Change
Auto/Mobile	\$437	\$632	-31%
Outdoor/Fitness	\$108	\$119	-9%
Aviation	\$64	\$90	-28%
Marine	\$60	\$71	-15%
<b>Total Revenue</b>	<b>\$669</b>	<b>\$912</b>	<b>-27%</b>

(\$ millions)	YTD 2009	YTD 2008	Change
Auto/Mobile	\$697	\$1,084	-36%
Outdoor/Fitness	\$188	\$189	-1%
Aviation	\$123	\$175	-30%
Marine	\$98	\$127	-23%
<b>Total Revenue</b>	<b>\$1,106</b>	<b>\$1,575</b>	<b>-30%</b>

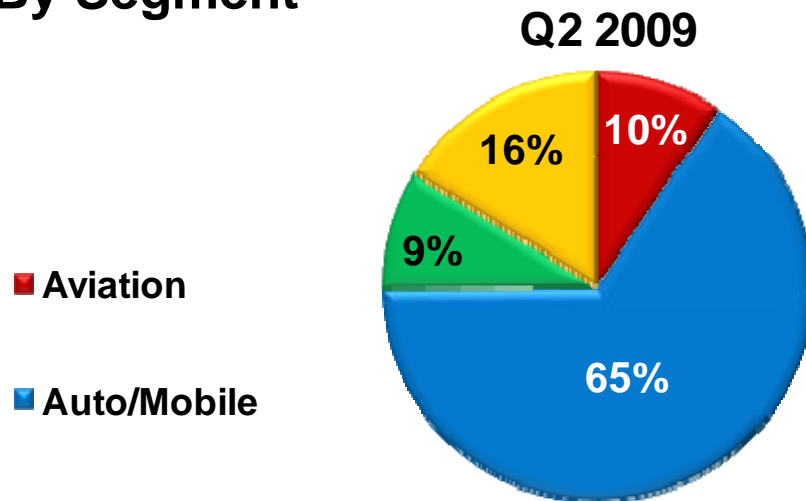
## Revenue by Geography

(\$ millions)	Q2 2009	Q2 2008	Change
North America	\$436	\$576	-24%
Europe	\$198	\$307	-36%
Asia	\$35	\$29	21%
<b>Total Revenue</b>	<b>\$669</b>	<b>\$912</b>	<b>-27%</b>

(\$ millions)	YTD 2009	YTD 2008	Change
North America	\$702	\$987	-29%
Europe	\$340	\$517	-34%
Asia	\$64	\$71	-10%
<b>Total Revenue</b>	<b>\$1,106</b>	<b>\$1,575</b>	<b>-30%</b>

# Garmin Revenue

## By Segment

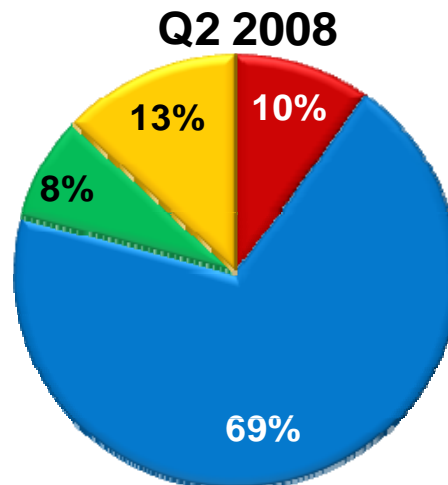


■ Aviation

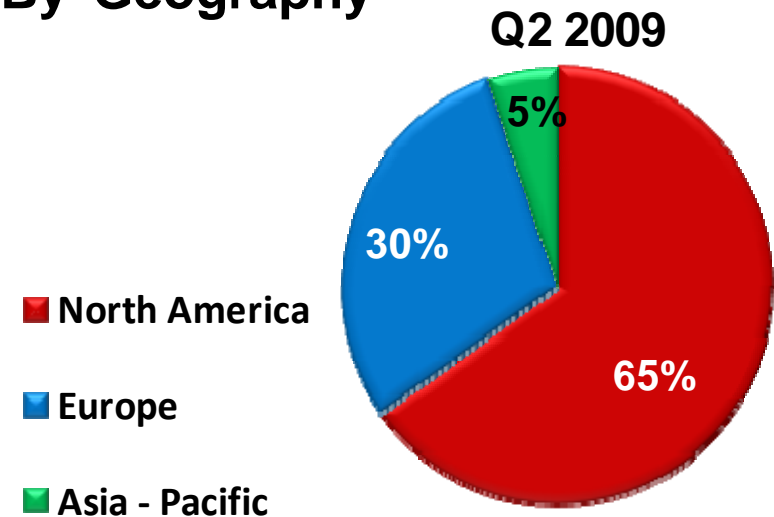
■ Auto/Mobile

■ Marine

■ Outdoor/Fitness



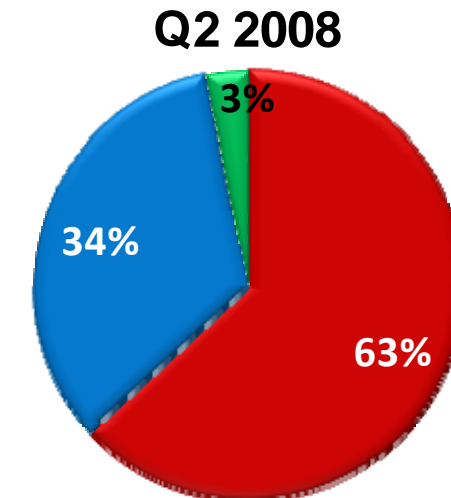
## By Geography



■ North America

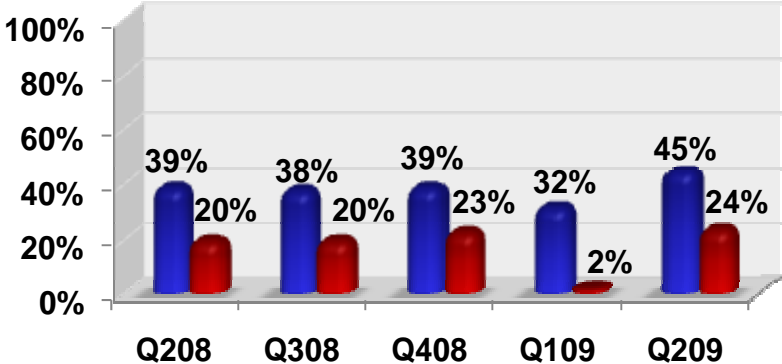
■ Europe

■ Asia - Pacific

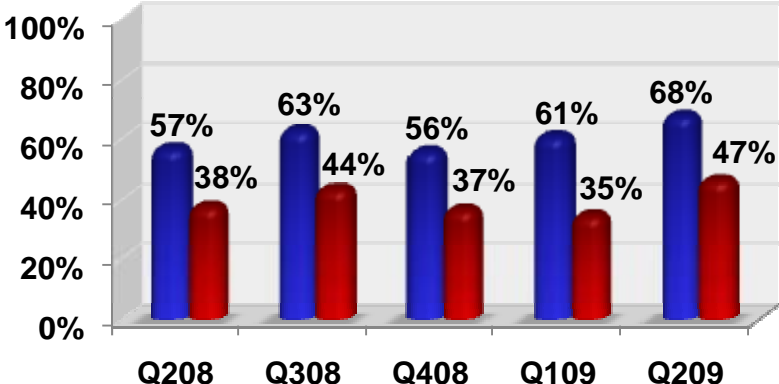


# Margin by Segment

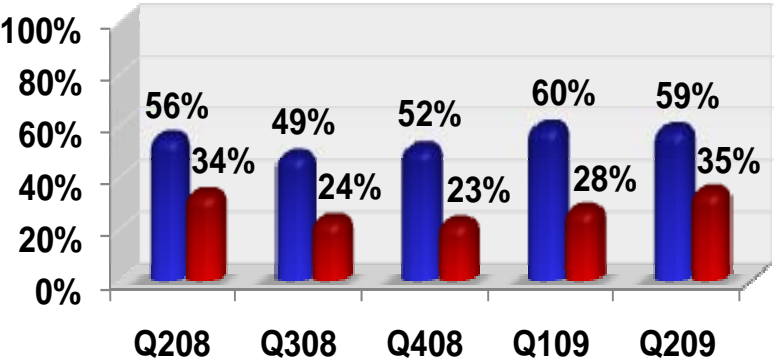
### Auto/Mobile



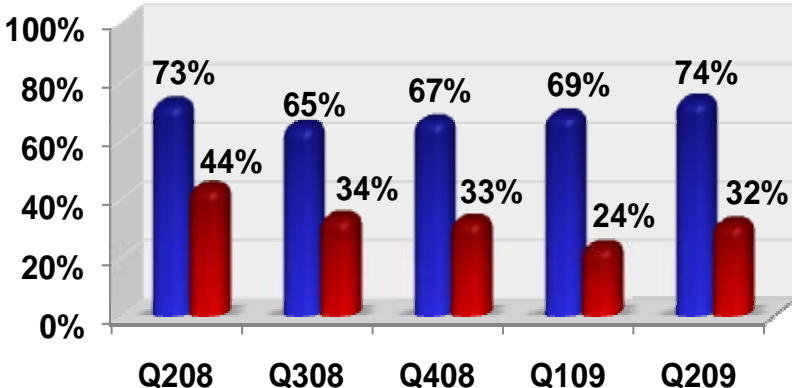
### Outdoor/Fitness



### Marine



### Aviation

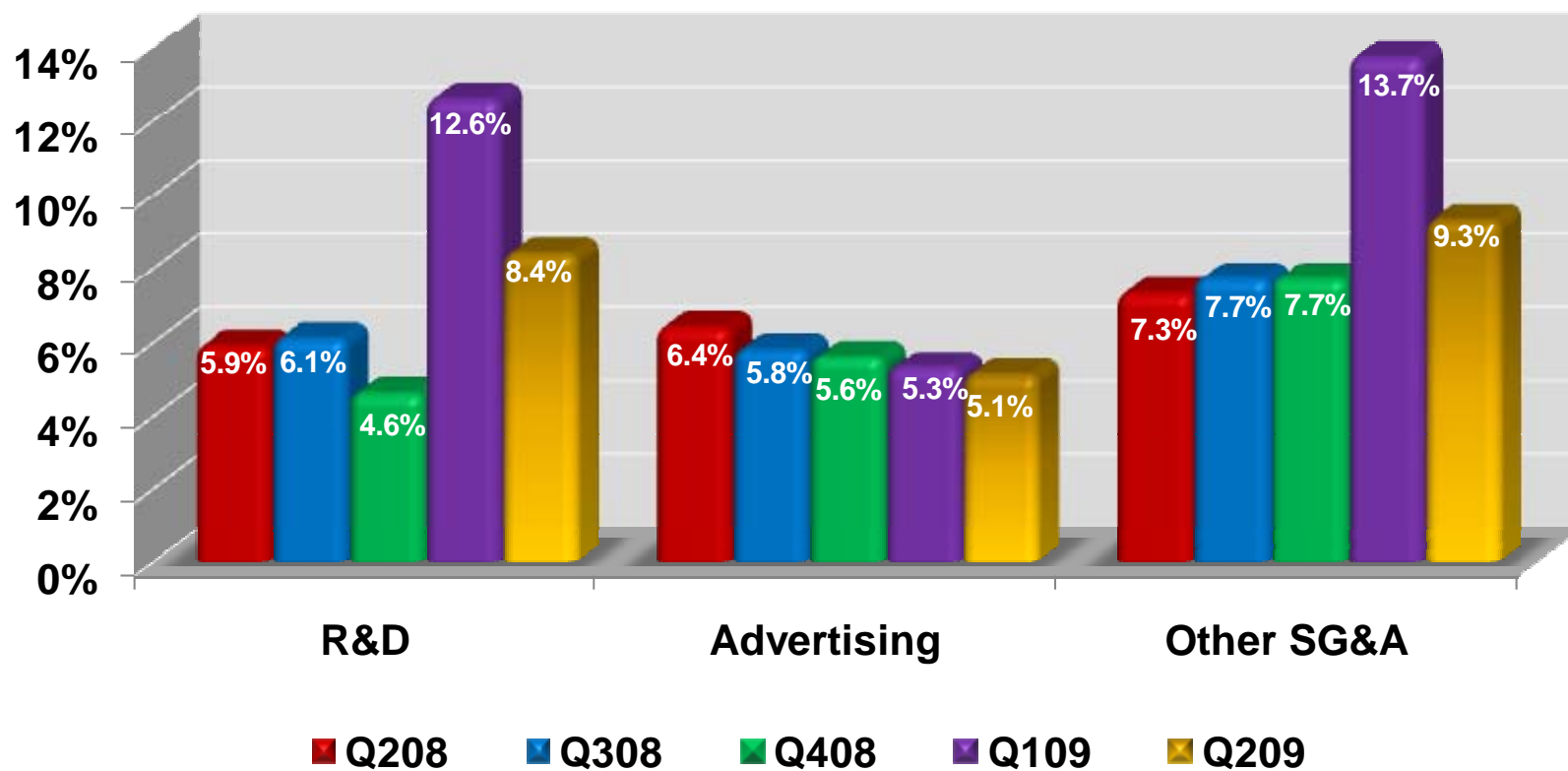


■ Gross Margin

■ Operating Margin



# Operating Expenses - % of Sales



## Balance Sheet

(\$ millions)	FY 2008	Q1 2009	Q2 2009
<b>Cash &amp; Marketable Securities</b>	<b>\$973</b>	<b>\$1,244</b>	<b>\$1,505</b>
Accounts Receivable	\$741	\$420	\$519
Inventory	\$425	\$353	\$323
Deferred Income Taxes	\$50	\$61	\$59
Prepaid Assets	\$25	\$55	\$65
Property, Plant & Equipment	\$445	\$441	\$443
Other Assets / Goodwill	\$266	\$220	\$230
<b>Total Assets</b>	<b>\$2,925</b>	<b>\$2,794</b>	<b>\$3,144</b>
Accounts Payable	\$160	\$79	\$137
Other Accrued Liabilities	\$300	\$204	\$273
Income Taxes Payable	\$235	\$241	\$257
Deferred Income Taxes	\$4	\$12	\$15
<b>Shareholders Equity</b>	<b>\$2,226</b>	<b>\$2,258</b>	<b>\$2,462</b>
<b>Total Liabilities / Equity</b>	<b>\$2,925</b>	<b>\$2,794</b>	<b>\$3,144</b>

# Cash Flow

(\$ millions)	Fiscal 2008	Q1 2009	Q2 2009
<b>Net Income</b>	<b>\$733</b>	<b>\$49</b>	<b>\$162</b>
Depreciation/Amortization	\$78	\$22	\$21
Accounts Receivable	\$206	\$318	(\$85)
Inventory	\$83	\$59	\$30
Accounts Payable	(\$236)	(\$78)	\$54
Other Cash from Operations	(\$2)	(\$71)	\$74
<b>Net Cash Flow from Operations</b>	<b>\$862</b>	<b>\$299</b>	<b>\$256</b>
<b>Investing Activities</b>	<b>(\$56)</b>	<b>(\$66)</b>	<b>(\$234)</b>
<b>Financing Activities</b>	<b>(\$808)</b>	<b>(\$2)</b>	<b>\$4</b>
Exchange Rate Changes	(\$9)	(\$6)	\$11
<b>Net Increase/(Decrease) in Cash</b>	<b>(\$11)</b>	<b>\$225</b>	<b>\$37</b>
<b>Cash at End of Period</b>	<b>\$697</b>	<b>\$922</b>	<b>\$959</b>
<b>Marketable Securities</b>	<b>\$276</b>	<b>\$321</b>	<b>\$546</b>
<b>Total Cash &amp; Marketable Securities</b>	<b>\$973</b>	<b>\$1,243</b>	<b>\$1,505</b>

## Uses of Cash

- Annual dividend of \$0.75 approved for payment in December 2009; approximately \$150 million use of cash
- Continue to evaluate various acquisition opportunities
- \$256 million remain within \$300 million repurchase plan approved in October 2008.

## Taxes

- Tax rate for Q2 was 19%. We continue to expect this to be the tax rate for the full year.

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**GARMIN.**