



GARMIN®

**Q2 2016 Earnings
July 27, 2016**

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, GAAP and pro forma estimated earnings and EPS, and tax rate for fiscal 2016, Garmin's expected segment revenue growth rates, margins, currency movements, expenses, pricing, new products to be introduced in 2016 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

2nd Quarter Financial Review

Solid second quarter revenue and margin performance leading to 18% GAAP EPS growth and 21% pro forma EPS growth

- Consolidated revenue of \$812 million, up 5%
- Fitness, outdoor, marine and aviation segments combined grew 20% and contributed 70% of total revenue
- Expanded gross and operating margin to 57.0% and 24.7%, respectively
- GAAP EPS of \$0.85 and pro forma EPS of \$0.87
- Strengthened our wearable product portfolio with new trackers and devices with Garmin Elevate heart rate technology
- Connect IQ app store offers over 2,000 apps and has delivered over 13 million downloads since inception

Fitness

2nd Quarter Business Review

- Robust revenue growth of 34%; strong demand for recently introduced wearables
- Gross and operating margin of 56% and 25%, respectively
- Operating income growth of 60%

Market/Product Update

- Market share gains in GPS enabled devices
- Introduced and shipped our newest fitness wearables; Forerunner® 735XT, vívosmart® HR+, and vívomove™



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Outdoor

2nd Quarter Business Review

- Robust revenue growth of 23%; growth in multiple product lines led by strong demand for wearables
- Gross and operating margins expanded to 64% and 36%, respectively
- Operating income growth of 31%



Market/Product Update

- Launched the Approach X40, the first activity tracker for golf
- Introduced the Astro 430 which expands dog tracking to the DriveTrack 70 PND and the fēnix 3 smart watch



Marine

2nd Quarter Business Review

- Revenue growth of 8%
- Gross and operating margin of 58% and 26%, respectively
- Operating income growth of 19%

Market/Product Update

- Market share gains within the inland fishing market
- Introduced Quickdraw Community to share user created HD mapping content



Aviation

2nd Quarter Business Review

- Revenue growth of 6%
- Gross margin and operating margin remain strong at 74% and 28%, respectively
- Operating income growth of 13%

Market/Product Update

- Numerous new products and product enhancements announced at the Oshkosh Airshow
- Supporting OEM partners in the completion of aircraft/helicopter certifications and system enhancements



Auto

2nd Quarter Business Review

- Revenue declined 18%
- Gross and operating margins expanded to 46% and 16%, respectively

Market/Product Update

- PND global market share remains strong
- Providing factory installed original equipment Digital Video Recorder solution in the new Peugeot 3008



2016 Guidance Update

| | Updated | Prior |
|------------------|----------|-----------|
| Revenue | ~ \$2.9B | ~ \$2.82B |
| Gross Margin | ~ 55% | ~ 54.5% |
| Operating Margin | ~ 19% | ~ 18% |
| Tax Rate | ~ 19.5% | ~ 20.5% |
| Pro Forma EPS | ~ \$2.50 | ~ \$2.25 |

Assumes EUR/USD FX rate of 1.10 in 2016 Guidance

2016 Revenue Guidance by Segment

| | Updated Growth | Prior Growth |
|----------|----------------|--------------|
| Fitness | ~20% | 10% |
| Outdoor | ~20% | 10% |
| Marine | ~10% | 10% |
| Aviation | ~5% | 5% |
| Auto | ~(17%) | (15%) |

Financial Update

Doug Boessen
CFO and Treasurer

Q2 Income Statement

| (\$ Millions) | Q2 2016 | Q2 2015 | Change |
|-----------------------------|---------------|---------------|----------------|
| Revenue | \$812 | \$774 | 5% |
| Gross Profit | 463 | 419 | 10% |
| Gross Margin % | 57.0% | 54.2% | 280 bps |
| Total Operating Expense | 262 | 253 | 4% |
| Operating Income | 201 | 167 | 20% |
| Operating Margin % | 24.7% | 21.5% | 320 bps |
| Other Income/(Expense) | 3 | 7 | |
| Income Tax | 43 | 36 | |
| Net Income (GAAP) | 161 | 138 | 17% |
| Net Income Pro-Forma | 166 | 138 | 20% |
| EPS (GAAP) | \$0.85 | \$0.72 | 18% |
| EPS Pro-Forma | \$0.87 | \$0.72 | 21% |
| Units Shipped (K) | 4,209 | 4,150 | 1% |

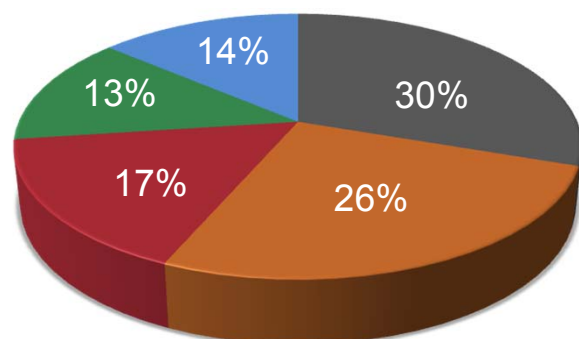
Q2 Revenue

| Revenue by Segment | | | |
|--------------------|--------------|--------------|-----------|
| (\$ M) | Q2 2016 | Q2 2015 | Change |
| Fitness | \$213 | \$159 | 34% |
| Outdoor | 133 | 109 | 23% |
| Marine | 112 | 105 | 9% |
| Aviation | 108 | 102 | 6% |
| Auto | 246 | 301 | (18%) |
| Total | \$812 | \$774 | 5% |

Action camera related net sales for the 13-weeks ended June 27, 2015 have been recast from the Outdoor segment to the Auto segment to conform to the current year presentation.

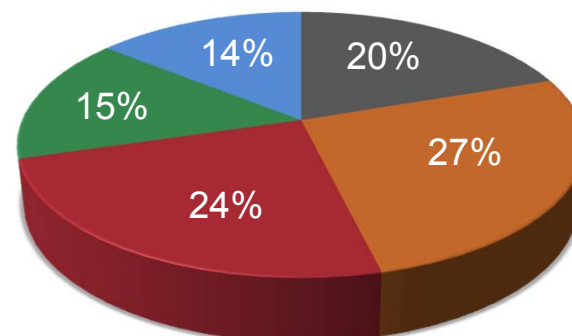
Q2 Revenue & Operating Income

Q2 2016 Revenue



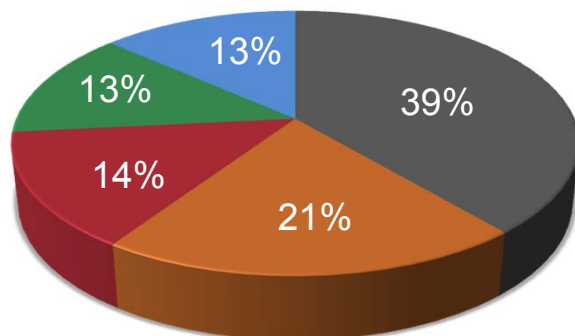
■ Auto ■ Fitness ■ Outdoor ■ Aviation ■ Marine

Q2 2016 Operating Income



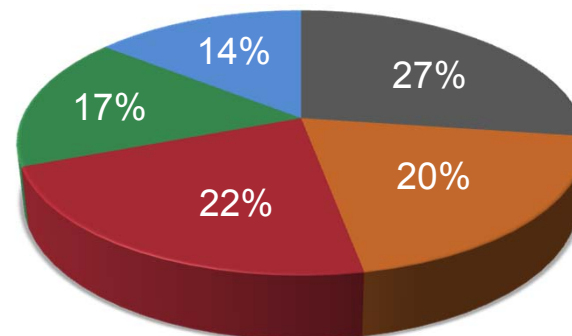
■ Auto ■ Fitness ■ Outdoor ■ Aviation ■ Marine

Q2 2015 Revenue



■ Auto ■ Fitness ■ Outdoor ■ Aviation ■ Marine

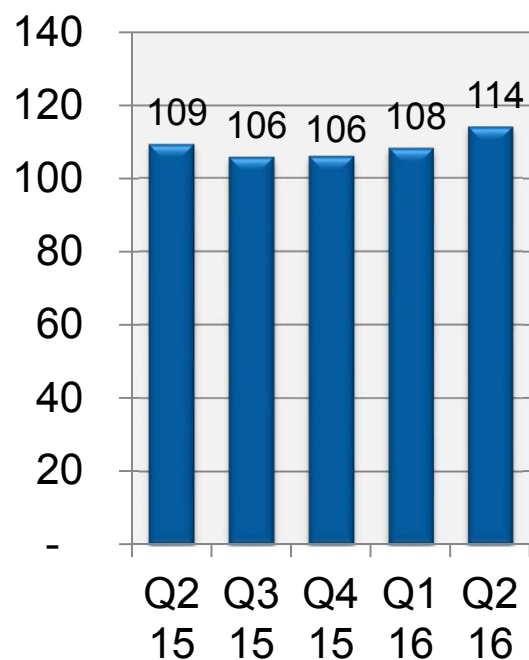
Q2 2015 Operating Income



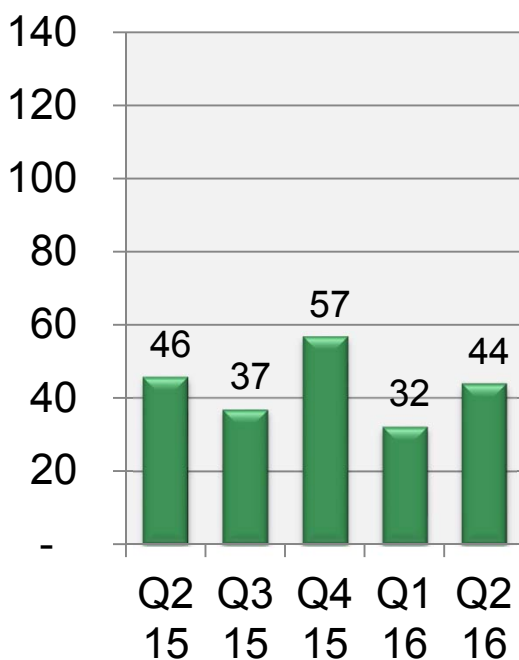
■ Auto ■ Fitness ■ Outdoor ■ Aviation ■ Marine

Operating Expenses

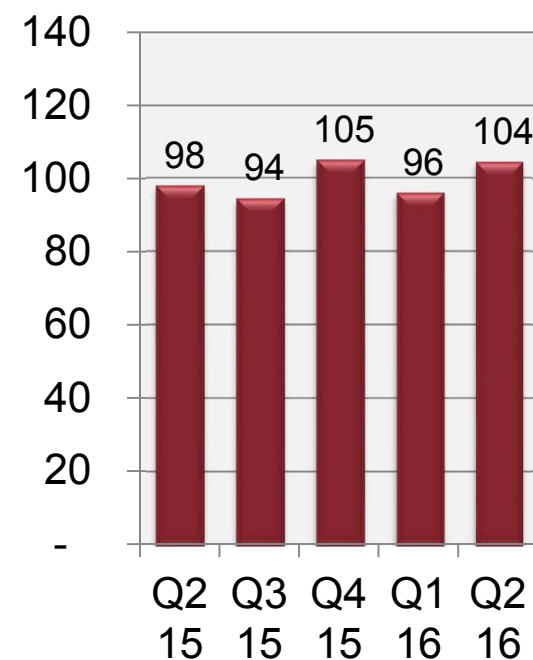
R&D (\$M)



Advertising (\$M)



SG&A (\$M)



Balance Sheet/Cash Flow/Taxes

Balance Sheet

- Ended quarter with about \$2.4 billion of cash and marketable securities
- Accounts receivable increased as expected following the seasonally strong second quarter
- Inventory balance decreased on a sequential basis as we exited the seasonally strong second quarter, but remains higher year-over-year due to new product offerings

Cash Flow

- Generated \$135 million of free cash flow in Q2 2016
- Repurchased more than \$25 million in company stock in Q2 2016

Taxes

- Q2 2016 Effective Tax Rate (ETR) of 21.0% compared to 20.6% in Q2 2015
- 2016 ETR forecasted to be 19.5% consistent with last year ETR




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Appendix

July 27, 2016

Non-GAAP Financial Information

To supplement our financial results presented in accordance with GAAP, this presentation includes the following measures defined by the Securities and Exchange Commission as non-GAAP financial measures: pro forma net income (earnings) per share, forward-looking pro forma earnings per share 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. 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.

Pro Forma Net Income (Earnings) Per Share

Management believes that net income per share before the impact of foreign currency translation gain or loss and income tax adjustments that materially impact the effective tax rate, as discussed below, is an important measure. The majority of the Company's consolidated foreign currency gain or loss result from balances involving the Euro and the Taiwan Dollar and from the exchange rate impact of the significant cash and marketable securities, 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 gain or loss. The Company's income tax expense is periodically impacted by material net releases of reserves primarily related to completion of audits and/or the expiration of statutes affecting prior periods. Thus, reported income tax expense is not reflective of the income tax expense that is incurred related to the current period earnings. The net release of other uncertain tax position reserves, amounting to approximately \$4.9 million and \$6.9 million in first half 2016 and 2015, respectively, have not been included as pro forma adjustments in the following presentation of pro forma net income as such amounts have been considered immaterial, tend to be more recurring in nature and are comparable between periods. Accordingly, earnings per share before the impact of foreign currency translation gain or loss and income tax adjustments that materially impact the effective tax rate permit a consistent comparison of the Company's operating performance between periods. The tax effect was calculated using effective tax rates of 21.0% and 20.6% for the second quarters of 2016 and 2015, respectively and 20.0% and 18.1% for the year-to-date 2016 and 2015. The effective tax rate is calculated by taking the Income tax provision divided by Income before taxes, as presented on the face of the Consolidated Statements of Income both on a quarterly and year-to-date basis.

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

| | 13-Weeks Ended | | 26-Weeks Ended | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | June 25, 2016 | June 27, 2015 | June 25, 2016 | June 27, 2015 |
| Net Income (GAAP) | \$161,064 | \$137,753 | \$249,155 | \$204,545 |
| Foreign currency loss | \$5,743 | \$487 | \$10,582 | \$44,751 |
| Tax effect of foreign currency loss | (\$1,204) | (\$100) | (\$2,114) | (\$8,101) |
| Net income (Pro Forma) | \$165,603 | \$138,140 | \$257,623 | \$241,195 |
| Net income per share (GAAP): | | | | |
| Basic | \$0.85 | \$0.72 | \$1.32 | \$1.07 |
| Diluted | \$0.85 | \$0.72 | \$1.31 | \$1.07 |
| Net income per share (Pro Forma): | | | | |
| Basic | \$0.88 | \$0.72 | \$1.36 | \$1.26 |
| Diluted | \$0.87 | \$0.72 | \$1.36 | \$1.26 |
| Weighted average common shares outstanding: | | | | |
| Basic | 188,892 | 191,101 | 189,195 | 191,432 |
| Diluted (GAAP) | 189,356 | 191,600 | 189,491 | 191,939 |

Forward-looking Pro Forma Earnings Per Share

The Company has not provided a GAAP reconciliation for forward-looking pro forma earnings per share because such measure cannot be provided without unreasonable efforts on a forward-looking basis due to the high variability and low visibility with respect to non-operating foreign currency exchange gains and losses and the related tax effects of such gains and losses. The impact of such foreign currency gains and losses, net of tax effects, was \$0.05 per share for the 26-weeks ended June 25, 2016, as indicated above. No other pro forma income tax adjustments have been included in forward-looking pro forma earnings per share.

Free Cash Flow

Garmin Ltd. And Subsidiaries
Free Cash Flow
(in thousands)

| | 13-Weeks Ended | | 26-Weeks Ended | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | June 25, 2016 | June 27, 2015 | June 25, 2016 | June 27, 2015 |
| (in thousands) | | | | |
| Net cash provided by (used in) operating activities | \$149,985 | (\$97,359) | \$279,372 | (\$15,704) |
| Less: purchases of property and equipment | (14,706) | (21,589) | (28,614) | (39,732) |
| Plus: taxes paid related to inter-company restructuring | - | 182,800 | - | 182,800 |
| Free Cash Flow | <u>\$135,279</u> | <u>\$63,852</u> | <u>\$250,758</u> | <u>\$127,364</u> |

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 flow plus non-recurring cash payments associated with our inter-company restructuring less capital expenditures for property and equipment.