



GARMIN®

Q1 2018 Earnings
May 2, 2018

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 2018, Garmin's expected segment revenue growth rates, margins, currency movements, expenses, pricing, new products to be introduced in 2018 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 first quarter revenue and double digit earnings growth

- Consolidated revenue of \$711 million, up 11%
- Outdoor, fitness, aviation and marine segments on a combined basis grew 18% and contributed 80% of total revenue
- Gross and operating margin of 60.0% and 20.0%, respectively
- Operating income of \$142 million, growth of 22%
- GAAP and pro forma EPS of \$0.68

- 3 • Maintaining 2018 guidance

Outdoor

1st Quarter Business Review

- Robust revenue growth of 24%; strong demand for wearables
- Gross margin and operating margin of 65% and 30%, respectively
- Operating income growth of 27%



Market/Product Update

- Began shipping the Descent dive watch, bringing a sleek design to underwater adventurers
- Recently announced the tactix Charlie, a tactical themed GPS wearable



Fitness

1st Quarter Business Review

- Strong revenue growth of 20% primarily driven by growth of our advanced wearables
- Gross and operating margin of 58% and 20%, respectively
- Operating income growth of 81%

Market/Product Update

- Began shipping the Forerunner 645M, our first GPS running watch with integrated music and Garmin Pay mobile payments
- Recently announced several new cycling products including the Edge 130, Edge 520 Plus and Varia RTL510



Aviation

1st Quarter Business Review

- Strong revenue growth of 19%
- Gross and operating margin of 75% and 33%, respectively
- Operating income growth of 25%



Market/Product Update

- Started delivering the G500/600 TXi flight decks including the G500H TXi helicopter variant
- Announced the first flight of the G5000 equipped, newly retrofitted Citation XLS



Marine

1st Quarter Business Review

- Revenue growth of 9%, driven by our recent Navionics acquisition
- Improved gross margin of 59%
- Operating margin of 12%

Market/Product Update

- Announced the GCV 20, an ultra-high definition scanning sonar delivering greater resolution at greater depths
- Selected as the exclusive marine electronics supplier to Independent Boat Builders, Inc.



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Auto

1st Quarter Business Review

- Revenue declined 12%
- Gross and operating margin of 43% and 2%, respectively

Market/Product Update

- Global PND market share remains strong
- Announced a new generation dēzl 780, with built in Wi-Fi and dash cam capabilities



Financial Update

Doug Boessen
CFO and Treasurer

Q1 Income Statement

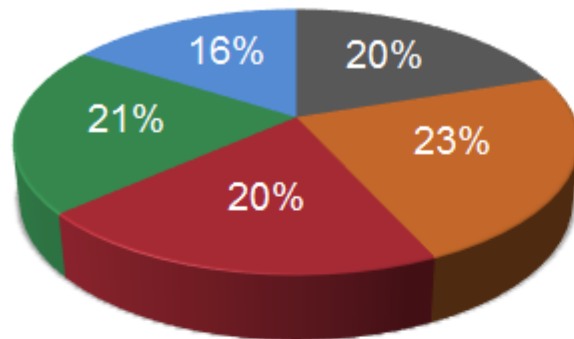
(\$ Millions)	Q1 2018	Q1 2017	Change
Revenue	\$711	\$642	11%
Gross Profit	427	373	14%
Gross Margin %	60.0%	58.1%	190 bps
Total Operating Expense	284	256	11%
Operating Income	142	117	22%
Operating Margin %	20.0%	18.2%	180 bps
Other Income	12	(29)	
Income Tax (expense) benefit	(25)	150	
Net Income (GAAP)	129	238	(46%)
Net Income (Pro-Forma)	129	99	30%
EPS (GAAP)	\$0.68	\$1.26	(46%)
EPS (Pro-Forma)	\$0.68	\$0.52	31%

Q1 Revenue

Q1 Revenue by Segment			
(\$ M)	2018	2017	Change
Outdoor	\$144	\$116	24%
Fitness	166	138	20%
Aviation	146	123	19%
Marine	114	104	9%
Auto	141	160	(12%)
Total	\$711	\$642	11%

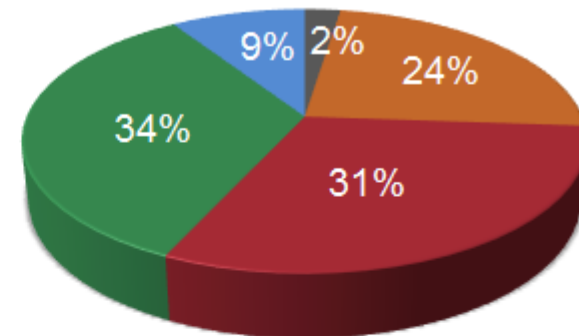
Q1 Revenue & Operating Income

Q1 2018 Revenue



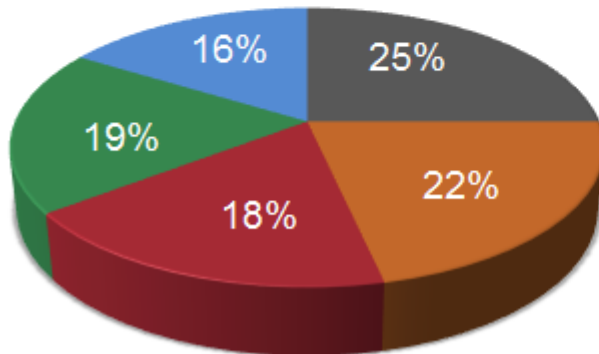
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Q1 2018 Operating Income



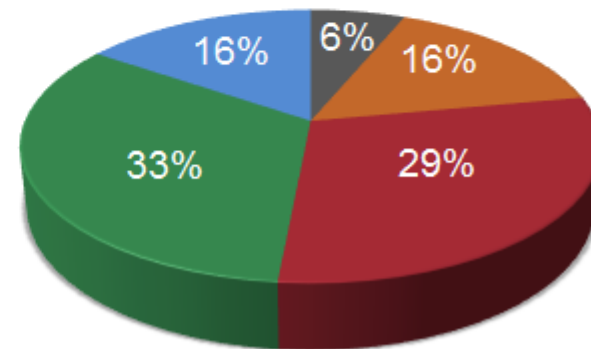
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Q1 2017 Revenue



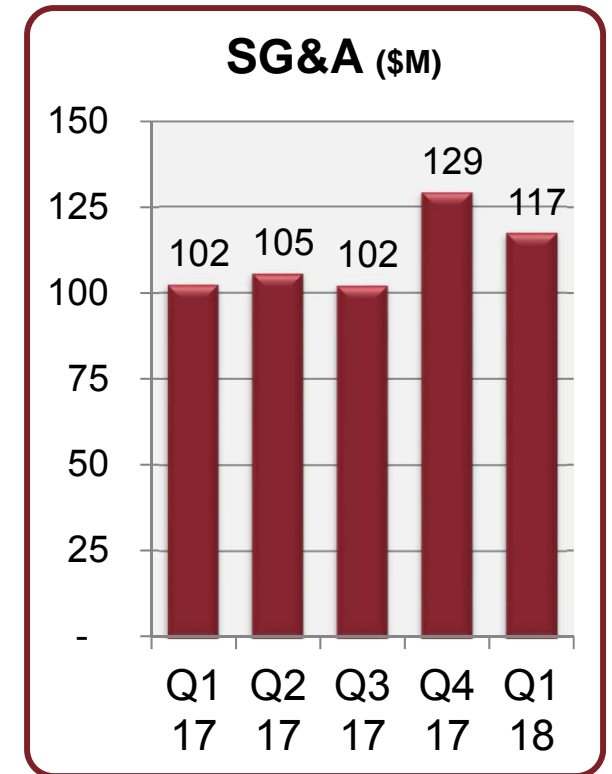
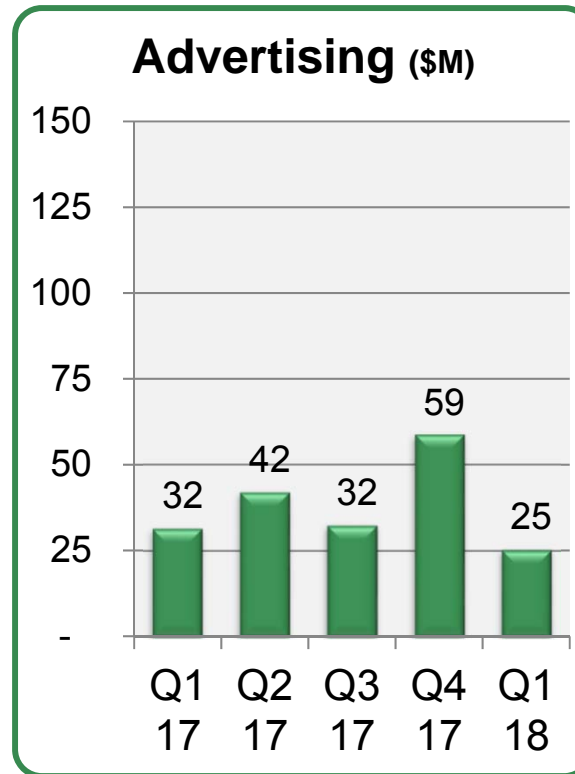
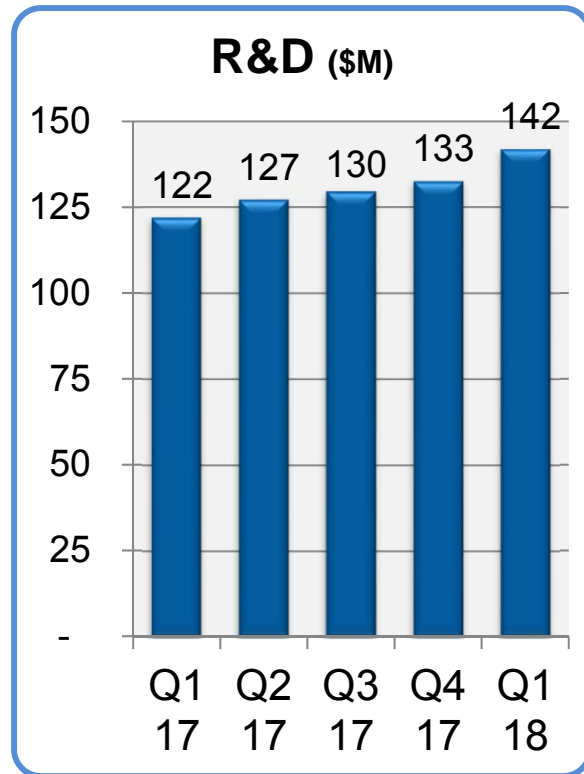
■ Auto ■ Fitness ■ Outdoor ■ Aviation ■ Marine

Q1 2017 Operating Income



■ Auto ■ Fitness ■ Outdoor ■ Aviation ■ Marine

Operating Expenses



Balance Sheet / Cash Flow / Taxes

Balance Sheet

- Ended quarter with approximately \$2.4 billion of cash and marketable securities
- Accounts receivable declined sequentially, as expected, following the seasonally strong fourth quarter
- Inventory balance increased on a sequential and year-over-year basis in preparation for the seasonally strong second quarter

Cash Flow

- Generated \$188 million of free cash flow in Q1 2018

Taxes

- Q1 2018 effective tax rate of 16.0% compared to pro forma effective tax rate of 21.2% in Q1 2017
 - The decrease is due to the benefits from the U.S. Tax Reform and the impact of the release of reserves



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Appendix

May 2, 2018

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 such discrete tax items are important measures to permit investors' consistent comparison between periods. In the first quarter 2018, there were no such discrete tax items identified.

	13-Weeks Ended	
	April 1,	
	2017	
	\$	ETR⁽¹⁾
U.S. GAAP income tax provision (benefit)	\$ (150,029)	(169.8%)
Pro forma discrete tax items:		
Switzerland corporate tax election ⁽²⁾	168,755	
Total pro forma discrete tax items	168,755	
Income tax provision (Pro Forma)	\$ 18,726	21.2%

⁽¹⁾ Effective tax rate is calculated by taking the Income tax provision divided by Income before taxes, as presented on the face of the Condensed Consolidated statements of Income.

⁽²⁾ In first quarter 2017, a \$169 million tax benefit was recognized resulting from the revaluation of certain Switzerland deferred tax assets. The revaluation is due to the Company's election in February 2017 to align certain Switzerland corporate tax positions with global tax initiatives. As this revaluation is not reflective of income tax expense incurred related to the current period earnings, and therefore affects period to period comparability, it has been identified as a discrete pro forma tax item.

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 31, 2018	April 1, 2017
Net income (GAAP)	\$ 129,374	\$ 238,404
Foreign currency gains / losses ⁽¹⁾	(816)	37,497
Tax effect of foreign currency gains / losses ⁽²⁾	130	(7,945)
Discrete tax items ⁽³⁾	-	(168,755)
Net income (Pro Forma)	\$ 128,688	\$ 99,201
Net income per share (GAAP):		
Basic	\$ 0.69	\$ 1.27
Diluted	\$ 0.68	\$ 1.26
Net income per share (Pro Forma):		
Basic	\$ 0.68	\$ 0.53
Diluted	\$ 0.68	\$ 0.52
Weighted average common shares outstanding:		
Basic	188,322	188,333
Diluted	189,292	189,031

(1) The majority of the Company's consolidated foreign currency 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 losses.

(2) The tax effect of foreign currency gains/losses were calculated using the effective tax rate of 16.0% and a pro forma effective tax rate of 21.2% for the first quarter 2018 and 2017, respectively.

(3) The discrete tax items are discussed in the pro forma effective tax rate section above.

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 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 cash provided by operating activities.

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

	13-Weeks Ended	
	March 31, 2018	April 1, 2017
Net cash provided by operating activities	\$ 214,190	\$ 120,395
Less: purchases of property and equipment	(26,336)	(25,538)
Free Cash Flow	<u>\$ 187,854</u>	<u>\$ 94,857</u>

Forward-looking pro forma tax rate

Forward-looking pro forma tax rate and pro forma earnings per share are calculated before the effect of certain discrete tax items. Management believes certain discrete tax items may not be reflective of income tax expense incurred as a result of current period earnings. Therefore, in order to permit consistent comparison between periods, the tax rate and earnings per share before the effect of such discrete tax items are important measures. At this time management is unable to determine whether or not significant discrete tax items will be identified in fiscal 2018.

Forward-looking pro forma earnings per share (EPS)

In addition to the discrete tax items discussed in the forward-looking pro forma effective tax rate section above, our 2018 pro forma EPS excludes foreign currency exchange gains and losses. The estimated impact of such foreign currency gains and losses cannot be reasonably estimated 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 less than \$0.01 for the 13-weeks ended March 31, 2018.