

Q1 2021 Earnings
April 28, 2021

GARMIN®

Safe Harbor Statement

These materials include projections and other forward-looking statements regarding Garmin Ltd. and its business that are commonly identified by words such as “anticipates,” “would,” “may,” “expects,” “estimates,” “plans,” “intends,” “projects,” and other words or phrases with similar meanings. Any statements regarding the Company’s expected fiscal 2021 GAAP and pro forma estimated earnings, EPS, and effective tax rate, and the Company’s expected segment revenue growth rates, consolidated revenue, gross margins, operating margins, potential future acquisitions, currency movements, expenses, pricing, new products launches, market reach, statements relating to possible future dividends, statements related to the ongoing impact of the COVID-19 pandemic, and the Company’s plans and objectives are forward-looking statements. The forward-looking events and circumstances discussed in these materials may not occur and actual results could differ materially as a result of risk factors and uncertainties affecting Garmin, including, but not limited to, the risk factors that are described in both the Annual Report on Form 10-K for the year ended December 26, 2020 and the Quarterly Report on Form 10-Q for the quarter ended March 27, 2021 filed by Garmin with the Securities and Exchange Commission (Commission file number 0-31983). A copy of Garmin’s 2020 Form 10-K and the Q1 2021 Form 10-Q can be downloaded from <https://www.garmin.com/en-US/investors/sec/>. All information provided in this presentation is as of March 27, 2021. Undue reliance should not be placed on the forward-looking statements in this presentation, which are based on information available to us on the date hereof. We undertake no duty to update this information unless required by law.

Business Update

Cliff Pemble
President and CEO

First Quarter Highlights

Strong double-digit revenue and operating income growth

- Revenue of \$1.07 billion
- Gross and operating margins of 59.8% and 23.3%, respectively
- Operating income of \$250 million
- GAAP and pro forma EPS of \$1.14 and \$1.18, respectively



Fitness

1st Quarter Business Review

- Revenue of \$308 million
- Gross and operating margins of 56% and 24%, respectively
- Operating income of \$74 million
- Cycling products and advanced wearables drive growth

Market/Product Update

- Launched Lily, a fashion-first smartwatch with exceptional features designed specifically for women
- Expanded market for power pedals with launch of Rally, designed for both on and off-road cyclists



Outdoor

1st Quarter Business Review

- Revenue of \$256 million
- Gross and operating margins of 67% and 36%, respectively
- Operating income of \$93 million
- Growth across all categories



Market/Product Update

- Entered new market category with launch of Enduro
- Expanded lineup of golf products with launch of three new Approach devices



Aviation

1st Quarter Business Review

- Revenue of \$174 million
- Gross and operating margins of 73% and 26%, respectively
- Operating income of \$45 million
- Decline due to reduced contributions from ADS-B products



Market/Product Update

- 2020 Finalist for the esteemed Robert J. Collier Trophy
- Expanded the availability of the GFC500/600 autopilots



Marine

1st Quarter Business Review

- Revenue of \$209 million
- Gross and operating margins of 58% and 29%, respectively
- Operating income of \$62 million
- Strong demand across multiple categories

Market/Product Update

- Strong demand continues in boating and fishing



Auto

1st Quarter Business Review

- Revenue of \$124 million
- Gross margin of 39%
- Operating loss of \$24 million
- Growth in both OEM and Consumer Auto



Market/Product Update

- Entered powersport market with a trio of solutions



Business Summary

- Another record quarter!
- Experiencing strong demand for our products
- Industry-wide supply chain constraints
- Maintaining guidance issued February 17th, 2021



Financial Update

Doug Boessen
CFO and Treasurer

Q1 Income Statement

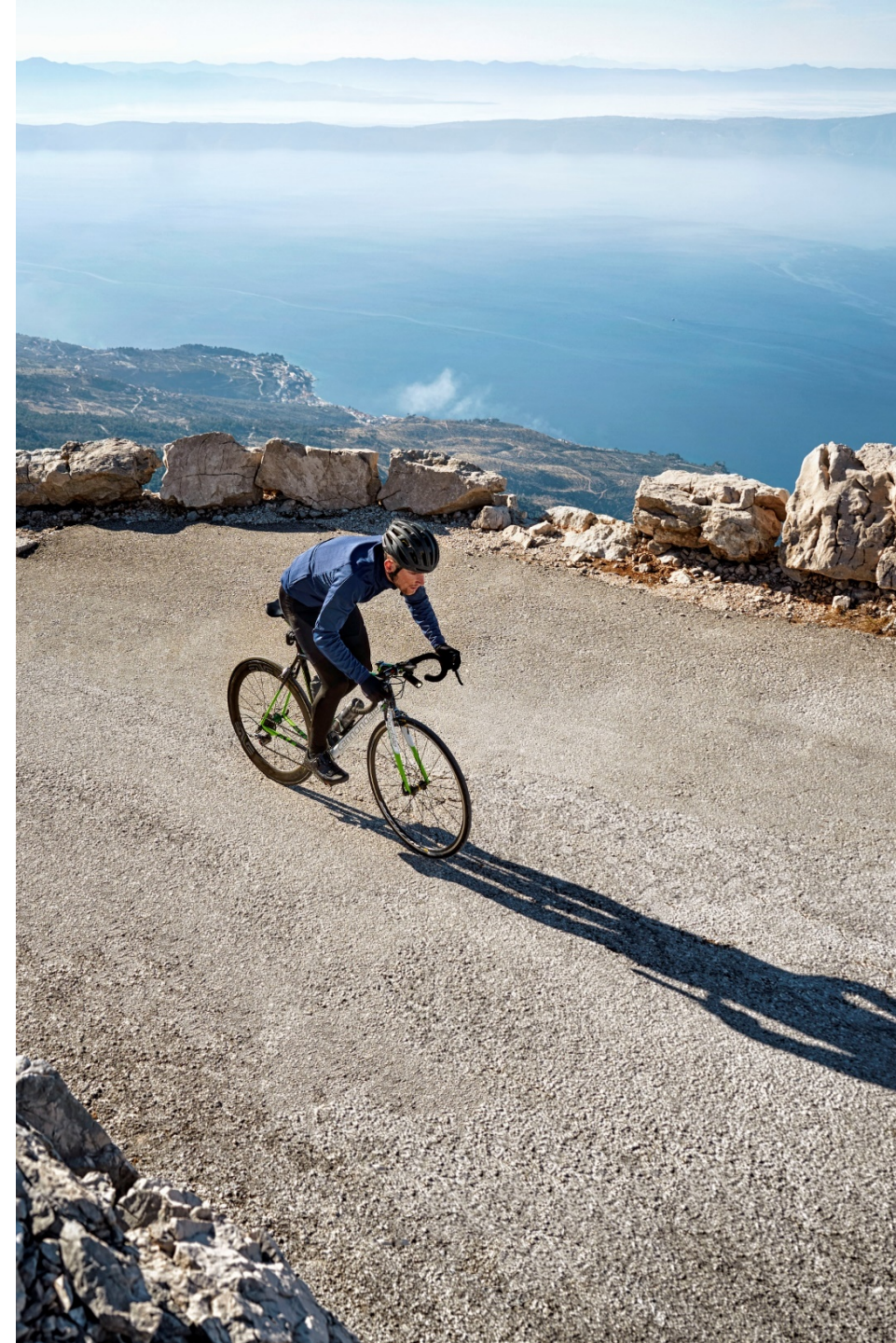
(In millions, except per share information)	Q1 2021	Q1 2020	Change
Net sales	\$1,072	\$856	25%
Gross profit	642	507	27%
Gross margin %	59.8%	59.2%	60 bps
Total operating expense	392	329	19%
Operating income	250	177	41%
Operating margin %	23.3%	20.7%	260 bps
Other income	1	0	
Income tax expense	(30)	(16)	
GAAP net income	220	161	37%
Pro forma net income	227	175	30%
GAAP EPS	\$1.14	\$0.84	36%
Pro forma EPS	\$1.18	\$0.91	30%



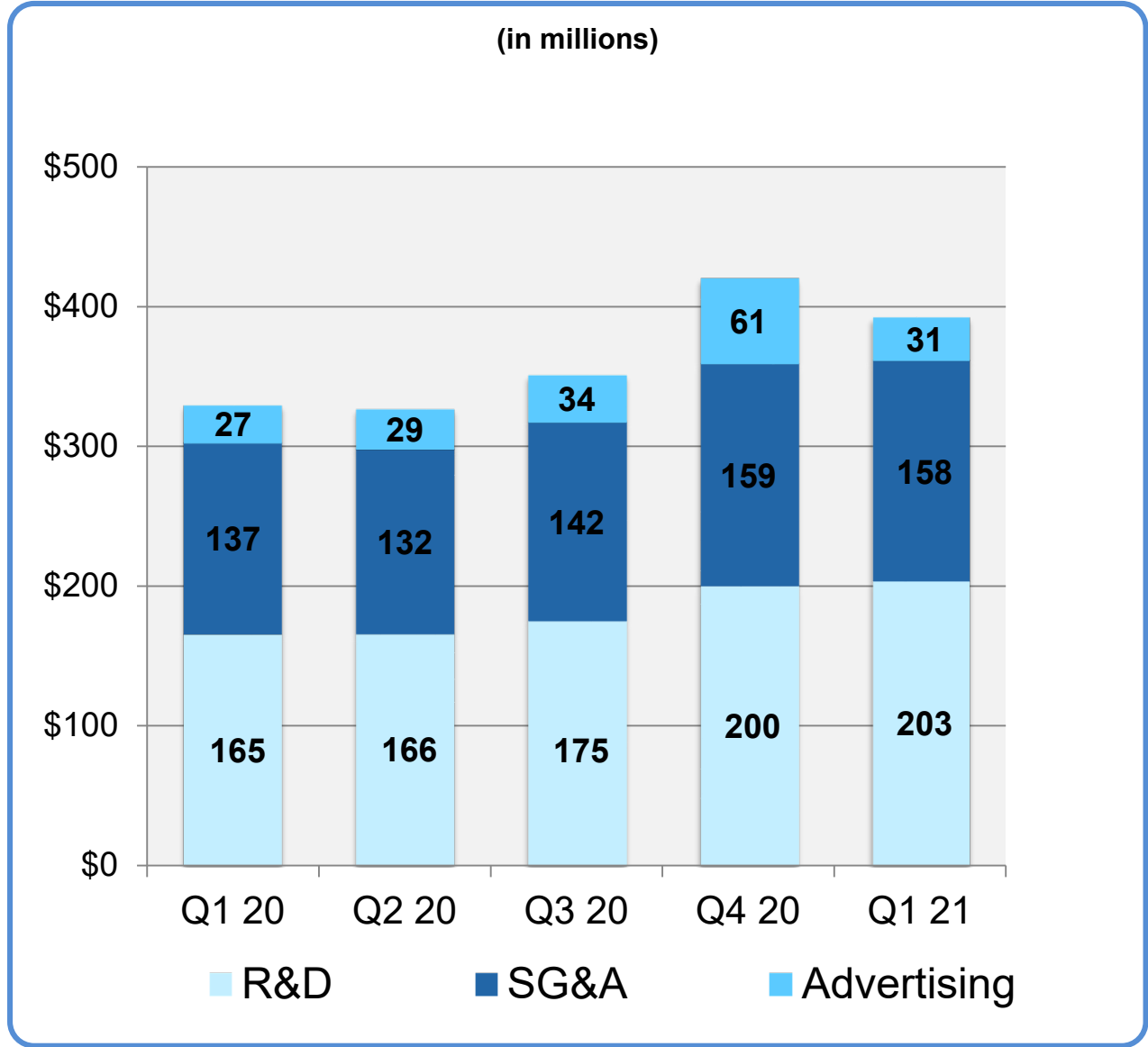
Q1 Revenue

Revenue by Segment			
(In millions)	Q1 2021	Q1 2020	Change
Fitness	\$308	\$224	38%
Outdoor	257	175	46%
Aviation	174	189	(8%)
Marine	209	163	28%
Auto	124	106	18%
Total	\$1,072	\$856	25%

Revenue by Geography			
(In millions)	Q1 2021	Q1 2020	Change
Americas	\$503	\$427	18%
EMEA	400	300	33%
APAC	169	129	31%
Total	\$1,072	\$856	25%



Operating Expenses



Balance Sheet/Cash Flow/Taxes

Balance Sheet

- Cash and marketable securities of ~\$3.2 billion
- Accounts receivable of \$558 million
- Inventory of \$838 million

Cash Flow

- Generated \$331 million of free cash flow in Q1 2021

Taxes

- Q1 2021 effective tax rate of 12.2% compared to 9.3% in Q1 2020





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Appendix

April 28, 2021

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 effective tax rate, pro forma net income (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, 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 on the following slides 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 2021 and 2020, there were no such discrete tax items identified. The net release of other uncertain tax position reserves, amounting to less than \$0.1 million and approximately \$4.1 million in the first quarter ended March 27, 2021 and March 28, 2020, respectively, have not been identified as pro forma adjustments 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.

(In thousands, except per share information)

	13-Weeks Ended	
	March 27, 2021	March 28, 2020
GAAP net income	\$ 220,029	\$ 161,180
Foreign currency losses ⁽¹⁾	8,281	15,423
Tax effect of foreign currency losses ⁽²⁾	(1,008)	(1,429)
Pro forma net income	\$ 227,302	\$ 175,174
GAAP net income per share:		
Basic	\$ 1.15	\$ 0.84
Diluted	\$ 1.14	\$ 0.84
Pro forma net income per share:		
Basic	\$ 1.18	\$ 0.92
Diluted	\$ 1.18	\$ 0.91
Weighted average common shares outstanding:		
Basic	191,896	190,803
Diluted	192,810	191,684

(1) Foreign currency gains and losses for the Company are driven by movements of a number of currencies 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 a given legal entity. 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 12.2% and 9.3% for the first quarter ended March 27, 2021 and March 28, 2020, respectively.

Free Cash Flow

Management believes that free cash flow is an important liquidity 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 operations and allows more accurate comparisons of the Company's results between periods. 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.

(In thousands)

	13-Weeks Ended	
	March 27, 2021	March 28, 2020
Net cash provided by operating activities	\$ 368,362	\$ 225,874
Less: purchases of property and equipment	(36,894)	(41,361)
Free Cash Flow	<u>\$ 331,468</u>	<u>\$ 184,513</u>

Forward-looking Financial Measures

The forward-looking financial measures in our 2021 guidance provided above do not consider the potential future net effect of foreign currency exchange gains and losses, certain discrete tax items and any other impacts that may be identified as pro forma adjustments in calculating the non-GAAP measures described above.

The estimated impact of 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 on diluted net income per share of foreign currency gains and losses, net of tax effects, was \$0.04 per share for the first quarter ended March 27, 2021.

At this time, management is unable to determine whether or not significant discrete tax items will occur in fiscal 2021 or anticipate the impact of any other events that may be considered in the calculation of non-GAAP financial measures.