



Q1 2022 Earnings

April 27, 2022

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 2022 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, share repurchase programs, currency movements, expenses, pricing, new product 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 this release 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 the Annual Report on Form 10-K for the year ended December 25, 2021 filed by Garmin with the Securities and Exchange Commission (Commission file number 001-41118). A copy of Garmin’s 2021 Form 10-K can be downloaded from <https://www.garmin.com/en-US/investors/sec/>. All information provided in this release and in the attachments is as of March 26, 2022. Undue reliance should not be placed on the forward-looking statements in this press release, 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

Consolidated Q1 2022

Revenue
\$1.17B
9% y/y growth

Operating income
\$229M
8% y/y decline

Operating margin
19.5%

BUSINESS INSIGHTS

- Record revenue with growth over strong prior year comparable
- Growth in four segments with three in double-digits
- High freight costs and currency shifts impact margin
- Demand remains strong
- Implementing a share repurchase program

Fitness

Q1 2022

Revenue

\$221M

28% y/y decline

Operating income

\$1M

99% y/y decline

Operating margin

0%

SEGMENT INSIGHTS

- All categories declined due to strong prior year comparable
- Expect trends to moderate in the second half of 2022
- Exciting new products are coming



Outdoor Q1 2022

Revenue

\$385M

50% y/y growth

Operating income

\$149M

62% y/y growth

Operating margin

39%

SEGMENT INSIGHTS

- Highly successful launches of the fēnix 7 and Instinct 2 series, and the new epix premium smartwatch
- Positive indicators across multiple product categories



Aviation

Q1 2022

Revenue

\$175M

1% y/y growth

Operating income

\$40M

11% y/y decline

Operating margin

23%

SEGMENT INSIGHTS

- Growth in OEM product categories
- Aftermarket impacted by supply chain constraints, but improved throughout the quarter
- Positive indicators for OEM and aftermarket categories



Marine

Q1 2022

Revenue

\$254M

21% y/y growth

Operating income

\$59M

6% y/y decline

Operating margin

23%

SEGMENT INSIGHTS

- Growth driven by chartplotters
- LiveScope Plus raises the bar for live sonar technology
- Positive indicators across multiple product categories

Auto

Q1 2022

Revenue
\$138M
11% y/y growth

Operating loss
(\$20M)

Operating margin
(14%)

SEGMENT INSIGHTS

- Growth in both OEM and consumer
- Instinct 2 dēzl creates a new smartwatch vertical
- Achieved BMW production qualification
- Deliveries for BMW 7 series start in Q2

Financial Update

Doug Boessen
CFO and Treasurer

Income Statement

Q1

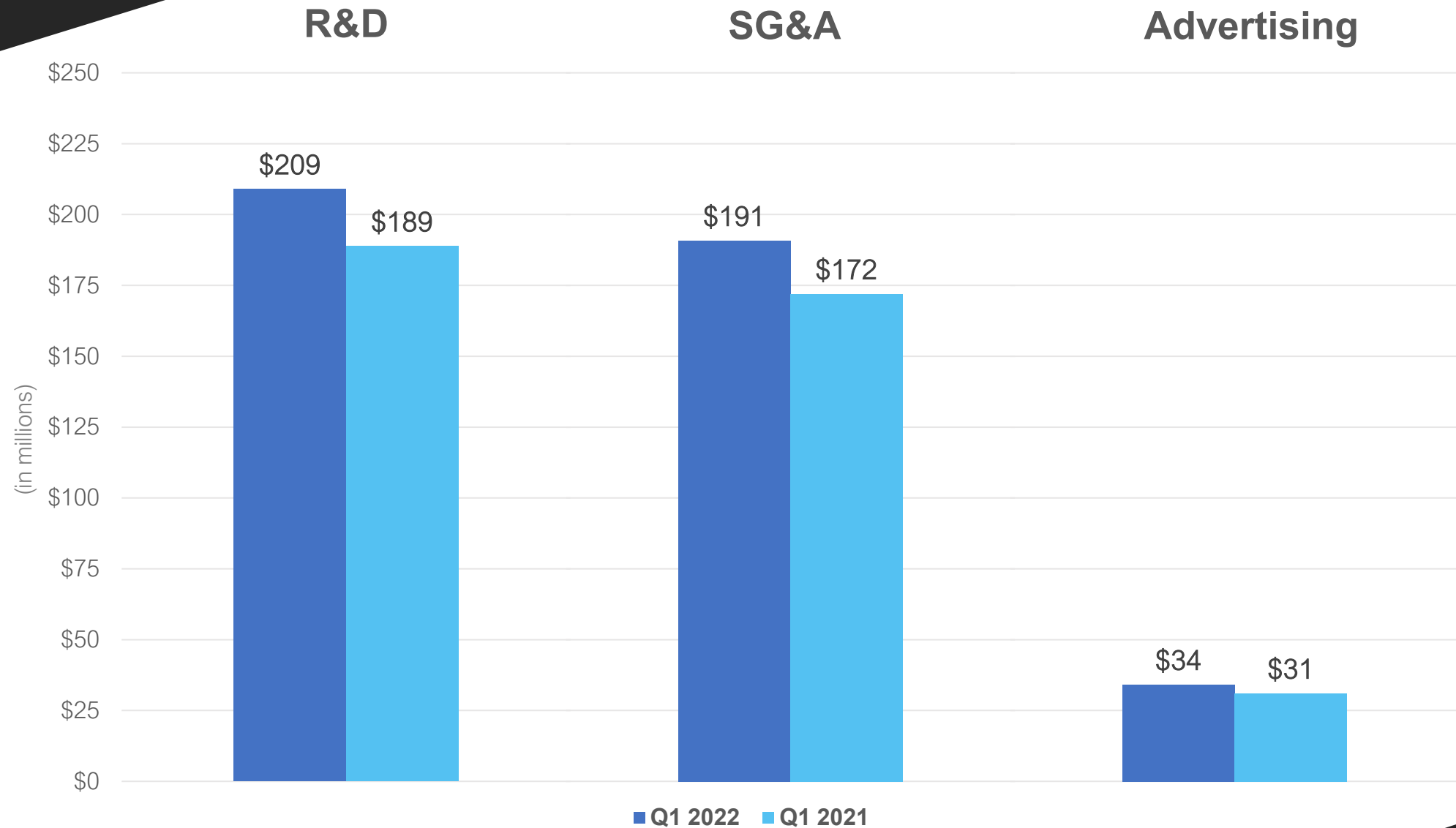
(in millions)	Q1 2022	Q1 2021	Y/Y
Net sales	\$1,173	\$1,072	9%
Gross profit	662	642	3%
<i>Margin %</i>	<i>56.5%</i>	<i>59.8%</i>	<i>(330 bps)</i>
Operating expense	434	392	11%
Operating income	\$229	\$250	(8%)
<i>Margin %</i>	<i>19.5%</i>	<i>23.3%</i>	<i>(380 bps)</i>
GAAP EPS	\$1.09	\$1.14	(4%)
Pro Forma EPS	\$1.11	\$1.18	(6%)

Revenue Q1

(in millions)	Q1 2022	Q1 2021	Change
Fitness	\$221	\$308	(28%)
Outdoor	385	257	50%
Aviation	175	174	1%
Marine	254	209	21%
Auto	138	124	11%
Total	\$1,173	\$1,072	9%

(in millions)	Q1 2022	Q1 2021	Change
Americas	\$571	\$503	13%
EMEA	397	400	(1%)
APAC	205	169	21%
Total	\$1,173	\$1,072	9%

Operating Expenses



Prior year amounts have been recast to conform to current year expense classification.

Other Financial Items

Q1 2022

Balance Sheet

Cash and marketable securities

\$3.03B

Accounts receivable

\$600M

Inventory

\$1.34B

Cash Flow

Free Cash Flow

\$126M

Capital Expenditures

\$60M

Dividends Paid

\$129M

Taxes

Effective Tax Rate

10.3%

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Appendix

April 27, 2022

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 in the subsequent 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 2022 and 2021, there were no such discrete tax items identified.

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 26, 2022	March 27, 2021
GAAP net income	\$ 211,592	\$ 220,029
Foreign currency losses ⁽¹⁾	3,506	8,281
Tax effect of foreign currency losses ⁽²⁾	(361)	(1,008)
Pro forma net income	\$ 214,737	\$ 227,302
GAAP net income per share:		
Basic	\$ 1.10	\$ 1.15
Diluted	\$ 1.09	\$ 1.14
Pro forma net income per share:		
Basic	\$ 1.11	\$ 1.18
Diluted	\$ 1.11	\$ 1.18
Weighted average common shares outstanding:		
Basic	192,887	191,896
Diluted	193,579	192,810

(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 losses was calculated using the effective tax rates of 10.3% and 12.2% for the 13-weeks ended March 26, 2022, and March 27, 2021 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 26, 2022	March 27, 2021
Net cash provided by operating activities	\$ 185,634	\$ 368,362
Less: purchases of property and equipment	(59,715)	(36,894)
Free Cash Flow	\$ 125,919	\$ 331,468