



Q4 2022 and Fiscal Year Earnings

February 22, 2023

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 2023 GAAP and pro forma estimated earnings, EPS, and effective tax rate, and the Company's expected segment revenue growth rates, projected compound annual growth rate of Auto OEM, future profitability and revenue of Auto OEM, 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 31, 2022 filed by Garmin with the Securities and Exchange Commission (Commission file number 001-41118). A copy of Garmin's 2022 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 December 31, 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 Q4 2022

Revenue

\$1.31B

6% y/y decline

Operating income

\$267M

15% y/y decline

Operating margin

20.5%

BUSINESS INSIGHTS

- Solid performance in an increasingly challenging economic environment
- Retailer dynamics shifted to a more conservative approach
- Strong results from direct channels including Garmin.com
- Gross margin improved

Consolidated FY 2022

Revenue	Operating income	Operating margin
\$4.86B	\$1.03B	21.1%
2% y/y decline	16% y/y decline	

BUSINESS INSIGHTS

- Revenue negatively impacted by \$228 million due to FX
- Strong gross margin performance
- Combined consumer auto with outdoor beginning January 2023
- Cautiously optimistic outlook for 2023
- Proposing consistent annual dividend of \$2.92

Fitness FY 2022

Revenue

\$1.11B

28% y/y decline

Operating income

\$105M

71% y/y decline

Operating margin

9%

SEGMENT INSIGHTS

- Revenue declines across all product categories
- Launched Bounce, our first LTE-connected kids smartwatch
- Recently announced ECG App available on Venu 2 Plus
- 2023 revenue estimate: -5%



GARMIN

Outdoor FY 2022

Revenue

\$1.50B

17% y/y growth

Operating income

\$556M

17% y/y growth

Operating margin

37%

SEGMENT INSIGHTS

- Revenue growth driven by multiple categories led by adventure watches
- Launched second generation MARQ luxury smartwatch collection
- Launched the Instinct Crossover, a hybrid smartwatch
- 2023 revenue growth estimate: +2% (combined outdoor + consumer auto)



GARMIN

Aviation FY 2022

Revenue

\$793M

11% y/y growth

Operating income

\$213M

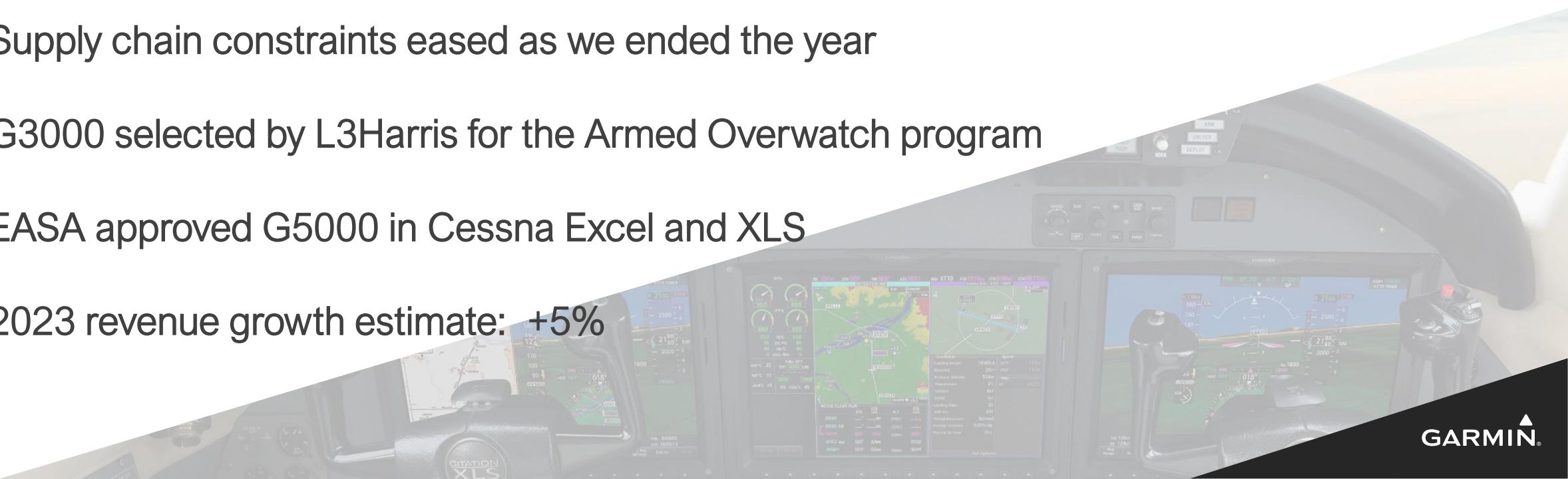
10% y/y growth

Operating margin

27%

SEGMENT INSIGHTS

- Revenue growth in both aftermarket and OEM categories
- Supply chain constraints eased as we ended the year
- G3000 selected by L3Harris for the Armed Overwatch program
- EASA approved G5000 in Cessna Excel and XLS
- 2023 revenue growth estimate: +5%



GARMIN

Marine FY 2022

Revenue

\$904M

3% y/y growth

Operating income

\$215M

14% y/y decline

Operating margin

24%

SEGMENT INSIGHTS

- Revenue growth driven by multiple categories led by sonars
- Integrated Garmin Navionics+ into GPSMAP chartplotters
- Received IBEX Innovation Award and other accolades
- 2023 revenue growth estimate: +5%



GARMIN

Auto FY 2022

Revenue
\$559M
4% y/y decline

Operating income
(\$62M)

Operating margin
(11%)

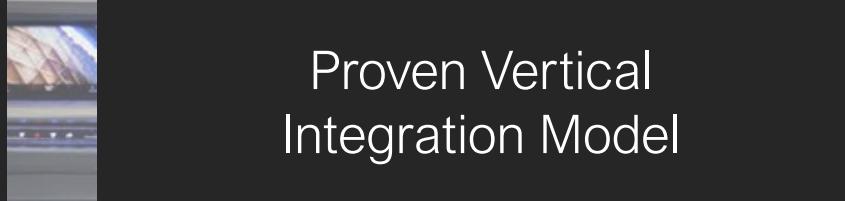
SEGMENT INSIGHTS

- Growth in auto OEM more than offset by declines in consumer auto products
- Combining Consumer Auto with Outdoor starting January 2023
- Auto OEM will continue forward as a standalone segment

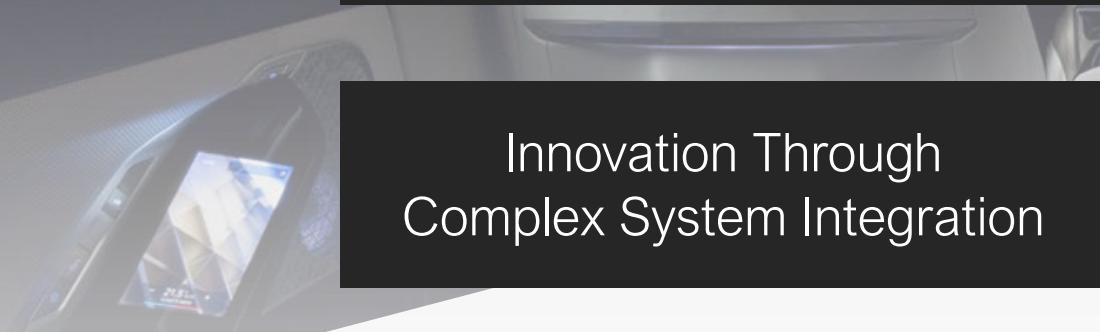
Auto OEM



Unique and Diverse
Technology Portfolio



Proven Vertical
Integration Model



Innovation Through
Complex System Integration



Global Engineering and
Manufacturing Footprint

To be recognized as the leading global automotive OEM supplier of innovative, reliable and expertly integrated digital cockpit solutions

Auto OEM

PRODUCT CATEGORIES



Domain Controllers



Infotainment Units



Other

CUSTOMERS



DAIMLER



HONDA



HONDA



YAMAHA
Rev's Your Heart®



Kawasaki

GARMIN

Auto OEM FY 2022

Revenue
\$284M
11% y/y growth

Operating income
(\$79M)

Operating margin
(28%)

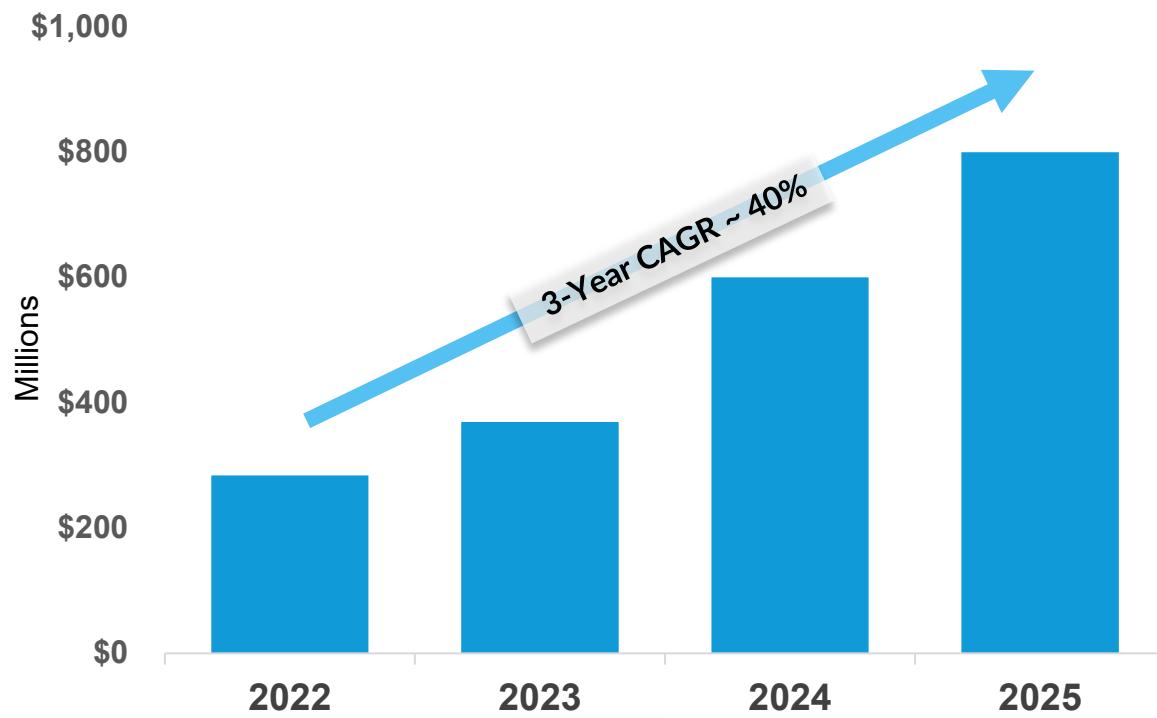
SEGMENT INSIGHTS

- New programs contribute to revenue growth
- Lower year-over-year operating losses
- Received a 2022 Supplier Innovation Award from the BMW Group
- 2023 revenue growth estimate: +30%

Auto OEM

- Compound annual growth of ~40% through 2025 is possible based on currently awarded business
- Operational efficiencies and scale provide a path to profitability in 2024

Projected Auto OEM Segment Revenue



Building the foundation for growth and profitability

Financial Update

Doug Boessen
CFO and Treasurer

Income Statement

Q4

(in millions)	Q4 2022	Q4 2021	Y/Y
Net sales	\$1,306	\$1,392	(6%)
Gross profit	745	772	(4%)
Margin %	57.0%	55.5%	150 bps
Operating expenses	478	457	5%
Operating income	\$267	\$315	(15%)
Margin %	20.5%	22.6%	(210 bps)
GAAP EPS	\$1.53	\$1.48	3%
Pro Forma EPS	\$1.35	\$1.55	(13%)

Income Statement

Full Year

(in millions)	2022	2021	Y/Y
Net sales	\$4,860	\$4,983	(2%)
Gross profit	2,807	2,890	(3%)
Margin %	57.7%	58.0%	(30 bps)
Operating expense	1,779	1,672	6%
Operating income	\$1,028	\$1,219	(16%)
Margin %	21.1%	24.5%	(340 bps)
GAAP EPS	\$5.04	\$5.61	(10%)
Pro Forma EPS	\$5.13	\$5.82	(12%)

Revenue

Q4

(in millions)	Q4 2022	Q4 2021	Change
Fitness	\$337	\$470	(28%)
Outdoor	388	378	3%
Aviation	225	178	27%
Marine	211	196	7%
Auto	146	169	(14%)
Total	\$1,306	\$1,392	(6%)

(in millions)	Q4 2022	Q4 2021	Change
Americas	\$649	\$626	4%
EMEA	441	528	(17%)
APAC	217	237	(9%)
Total	\$1,306	\$1,392	(6%)

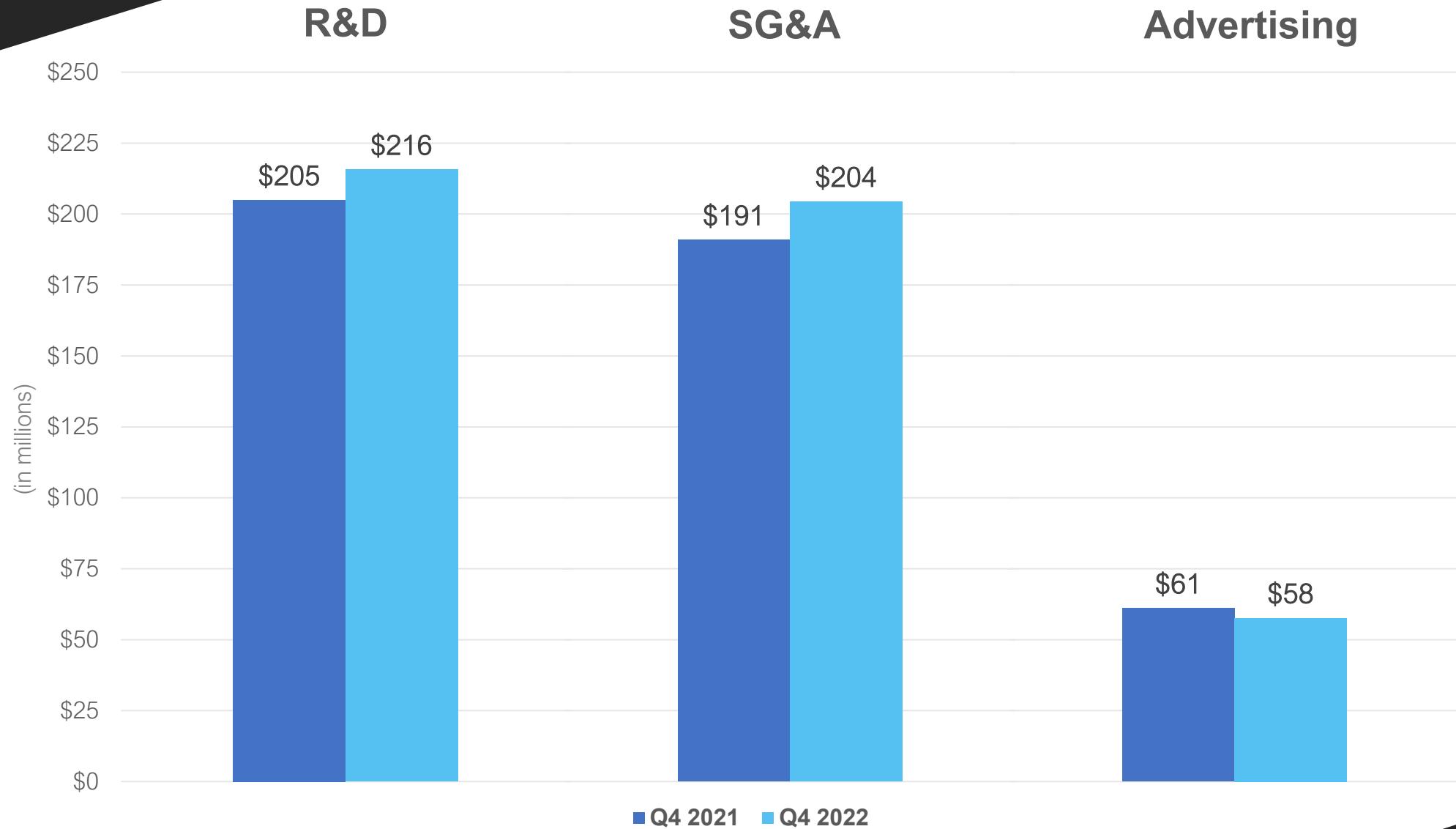
Revenue

Full Year

(in millions)	2022	2021	Change
Fitness	\$1,109	\$1,534	(28%)
Outdoor	1,495	1,282	17%
Aviation	793	712	11%
Marine	904	875	3%
Auto	559	579	(4%)
Total	\$4,860	\$4,983	(2%)

(in millions)	2022	2021	Change
Americas	\$2,429	\$2,350	3%
EMEA	1,634	1,859	(12%)
APAC	798	774	3%
Total	\$4,860	\$4,983	(2%)

Operating Expenses



Other Financial Items FY 2022

Balance Sheet

Cash and marketable securities

\$2.66B

Accounts receivable

\$657M

Inventory

\$1.52B

Cash Flow

Free Cash Flow

\$544M

Capital Expenditures

\$244M

Dividends Paid*

\$679M

Share Repurchases

\$207M

Taxes

GAAP

Effective Tax Rate

8.6%

Pro Forma

Effective Tax Rate

7.9%

*FY 2022 included five dividend payments

Guidance

2023	
Revenue	\$5.00B
Gross margin	57.5%
Operating margin	20.3%
Tax rate	8.0%
EPS	\$5.15



Appendix

February 22, 2023

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 thousands)	14-Weeks Ended		13-Weeks Ended		53-Weeks Ended		52-Weeks Ended	
	December 31, 2022		December 25, 2021		December 31, 2022		December 25, 2021	
	\$	ETR ⁽¹⁾						
GAAP income tax provision	\$ 36,604	11.1%	\$ 22,702	7.4%	\$ 91,389	8.6%	\$ 124,596	10.3%
Pro forma discrete tax item:								
Switzerland deferred tax assets ⁽²⁾	(7,168)		—		(7,168)		—	
Pro forma income tax provision	\$ 29,436	8.9%	\$ 22,702	7.4%	\$ 84,221	7.9%	\$ 124,596	10.3%

(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) Certain Switzerland deferred tax assets related to the enactment of Switzerland Federal and Schaffhausen cantonal tax reform and related transitional measures were revalued in the fourth quarter of 2022 resulting in \$7.2 million of income tax expense. The impact of the revaluation of these Switzerland deferred tax assets is not reflective of income tax expense incurred as a result of current period earnings and therefore affects period-to-period comparability.

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)	14-Weeks Ended		13-Weeks Ended		53-Weeks Ended		52-Weeks Ended	
	December 31,		December 25,		December 31,		December 25,	
	2022	2021	2021	2020	2022	2021	2022	2021
GAAP net income	\$ 293,272	\$ 286,135	\$ 973,585	\$ 1,082,200				
Foreign currency gains / losses ⁽¹⁾	(44,535)	14,642	11,274	45,263				
Tax effect of foreign currency gains / losses ⁽²⁾	3,974	(1,076)	(892)	(4,673)				
Pro forma discrete tax item ⁽³⁾	7,168	—	7,168	—				
Pro forma net income	\$ 259,879	\$ 299,701	\$ 991,136	\$ 1,122,790				
GAAP net income per share:								
Basic	\$ 1.53	\$ 1.49	\$ 5.06	\$ 5.63				
Diluted	\$ 1.53	\$ 1.48	\$ 5.04	\$ 5.61				
Pro forma net income per share:								
Basic	\$ 1.36	\$ 1.56	\$ 5.15	\$ 5.84				
Diluted	\$ 1.35	\$ 1.55	\$ 5.13	\$ 5.82				
Weighted average common shares outstanding:								
Basic	191,613	192,353	192,544	192,180				
Diluted	192,104	193,306	193,042	193,043				

(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 pro forma effective tax rate of 8.9% and 7.9% for the 14-weeks and fiscal year ended December 31, 2022, respectively, and the pro forma effective tax rate of 7.4% and 10.3% for the 13-weeks and fiscal year ended December 25, 2021, respectively.

(3) The 2022 discrete tax item is discussed in the pro forma effective tax rate section above.

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)	14-Weeks Ended		13-Weeks Ended		53-Weeks Ended		52-Weeks Ended	
	December 31,		December 25,		December 31,		December 25,	
	2022	2021	2022	2021	2022	2021	2022	2021
Net cash provided by operating activities	\$ 368,665	\$ 168,962	\$ 788,259	\$ 1,012,427				
Less: purchases of property and equipment	(59,358)	(119,685)	(244,286)	(307,645)				
Free Cash Flow	<u>\$ 309,307</u>	<u>\$ 49,277</u>	<u>\$ 543,973</u>	<u>\$ 704,782</u>				

Forward-looking financial measures

The forward-looking financial measures in our 2023 guidance provided above are all approximate amounts and %s and 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 \$0.05 per share for the 53-weeks ended December 31, 2022.

At this time, management is unable to determine whether or not significant discrete tax items will occur in fiscal 2023 or anticipate the impact of any other events that may be considered in the calculation of non-GAAP financial measures.

Change in operating segments

In January 2023, the Company announced an organization realignment, which combines the consumer auto operating segment with the outdoor operating segment. As a result, beginning with reports filed in the first quarter of fiscal 2023, the Company's operating segments will be fitness, outdoor, aviation, marine, and auto OEM. Each prior period that will be presented in the forthcoming Form 10-Q and Form 10-K filings will be recast to conform to the revised composition. This change had no effect on the Company's consolidated financial results. The following table provides the relevant recast financial results. The table may not foot due to rounding.

Garmin Ltd. and Subsidiaries
Net Sales, Gross Profit and Operating Income by Segment (Unaudited)
(In thousands)

	Fitness	Outdoor	Aviation	Marine	Auto OEM	Total
52-Weeks Ended December 25, 2021						
Net sales	\$ 1,533,788	\$ 1,606,664	\$ 712,468	\$ 875,151	\$ 254,724	\$ 4,982,795
Gross profit	813,325	988,662	519,821	495,310	73,341	2,890,459
Operating income (loss)	359,201	524,469	193,188	249,781	(108,019)	1,218,620
13-Weeks Ended March 26, 2022						
Net sales	\$ 220,896	\$ 449,734	\$ 174,766	\$ 254,069	\$ 73,197	\$ 1,172,662
Gross profit	106,189	278,455	127,543	128,581	21,711	662,479
Operating income (loss)	580	152,810	40,127	58,882	(23,843)	228,556
13-Weeks Ended June 25, 2022						
Net sales	\$ 272,095	\$ 462,243	\$ 204,739	\$ 242,794	\$ 58,962	\$ 1,240,833
Gross profit	134,016	290,508	147,931	137,406	18,965	728,826
Operating income (loss)	23,462	163,371	61,745	68,619	(24,457)	292,740
13-Weeks Ended September 24, 2022						
Net sales	\$ 279,875	\$ 406,832	\$ 188,043	\$ 196,506	\$ 69,178	\$ 1,140,434
Gross profit	147,716	250,412	137,732	110,747	23,892	670,499
Operating income (loss)	40,850	122,947	48,487	44,950	(17,861)	239,373
14-Weeks Ended December 31, 2022						
Net sales	\$ 336,553	\$ 451,465	\$ 225,251	\$ 210,614	\$ 82,473	\$ 1,306,356
Gross profit	164,496	280,031	159,858	114,723	25,862	744,970
Operating income (loss)	39,844	134,152	62,829	42,853	(12,503)	267,175
53-Weeks Ended December 31, 2022						
Net sales	\$ 1,109,419	\$ 1,770,275	\$ 792,799	\$ 903,983	\$ 283,810	\$ 4,860,286
Gross profit	552,417	1,099,408	573,063	491,457	90,430	2,806,775
Operating income (loss)	104,738	573,281	213,186	215,304	(78,664)	1,027,845