



Q1 2024 Earnings

May 1, 2024



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 2024 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, 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 30, 2023 filed by Garmin with the Securities and Exchange Commission (Commission file number 001-41118). A copy of Garmin’s 2023 Form 10-K can be downloaded from <https://www.garmin.com/en-US/investors/sec/>. All information provided in this presentation and in the attachments is as of May 1, 2024. 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 2024

Revenue
\$1.38B
20% y/y growth

Operating income
\$298M
51% y/y growth

Operating margin
21.6%

BUSINESS INSIGHTS

- Record consolidated revenue and operating income
- Four segments with double-digit revenue growth
- Expanded gross and operating margins
- Strong growth in EPS

Fitness

Q1 2024

Revenue

\$343M

40% y/y growth

Operating income

\$68M

544% y/y growth

Operating margin

20%

SEGMENT INSIGHTS

- Record Q1 revenue
- Growth across all product categories, led by strong demand for our advanced wearables
- Launched Forerunner 165, offering both exceptional value and great performance
- Garmin Health Research Glimpse highlights sleep research initiatives

Outdoor Q1 2024

Revenue

\$366M

11% y/y growth

Operating income

\$107M

39% y/y growth

Operating margin

29%

SEGMENT INSIGHTS

- Revenue growth driven primarily by wearables
- *inReach SOS Year in Review* provides insights on SOS incidents and the activities that triggered them
- *7 Days Out* docuseries highlights the importance of reliable health metrics and long battery life

Aviation

Q1 2024

Revenue

\$217M

2% y/y growth

Operating income

\$52M

10% y/y decline

Operating margin

24%

SEGMENT INSIGHTS

- Revenue growth driven by OEM product categories
- Announced a complete cockpit update for the popular Citation CJ2 business jet
- Expanded applications for the GWX 8000, our state-of-the-art 3D weather radar

Marine

Q1 2024

Revenue

\$327M

17% y/y growth

Operating income

\$88M

22% y/y growth

Operating margin

27%

SEGMENT INSIGHTS

- Revenue growth primarily driven by the acquisition of JL Audio
- Named Supplier of the Year by IBBI
- Launched the GPSMAP 16x3 series, adding larger touchscreen for greater clarity
- Launched the Panoptix PS70, our first deep water live sonar

Auto OEM

Q1 2024

Revenue
\$129M
58% y/y growth

Operating income
(\$16M)

Operating margin
(13%)

SEGMENT INSIGHTS

- Growth driven by increased shipments of domain controllers
- Awarded new business for instrument clusters in 2-wheel vehicles and infotainment systems for trucks

Financial Update

Doug Boessen
CFO and Treasurer

Income Statement

Q1

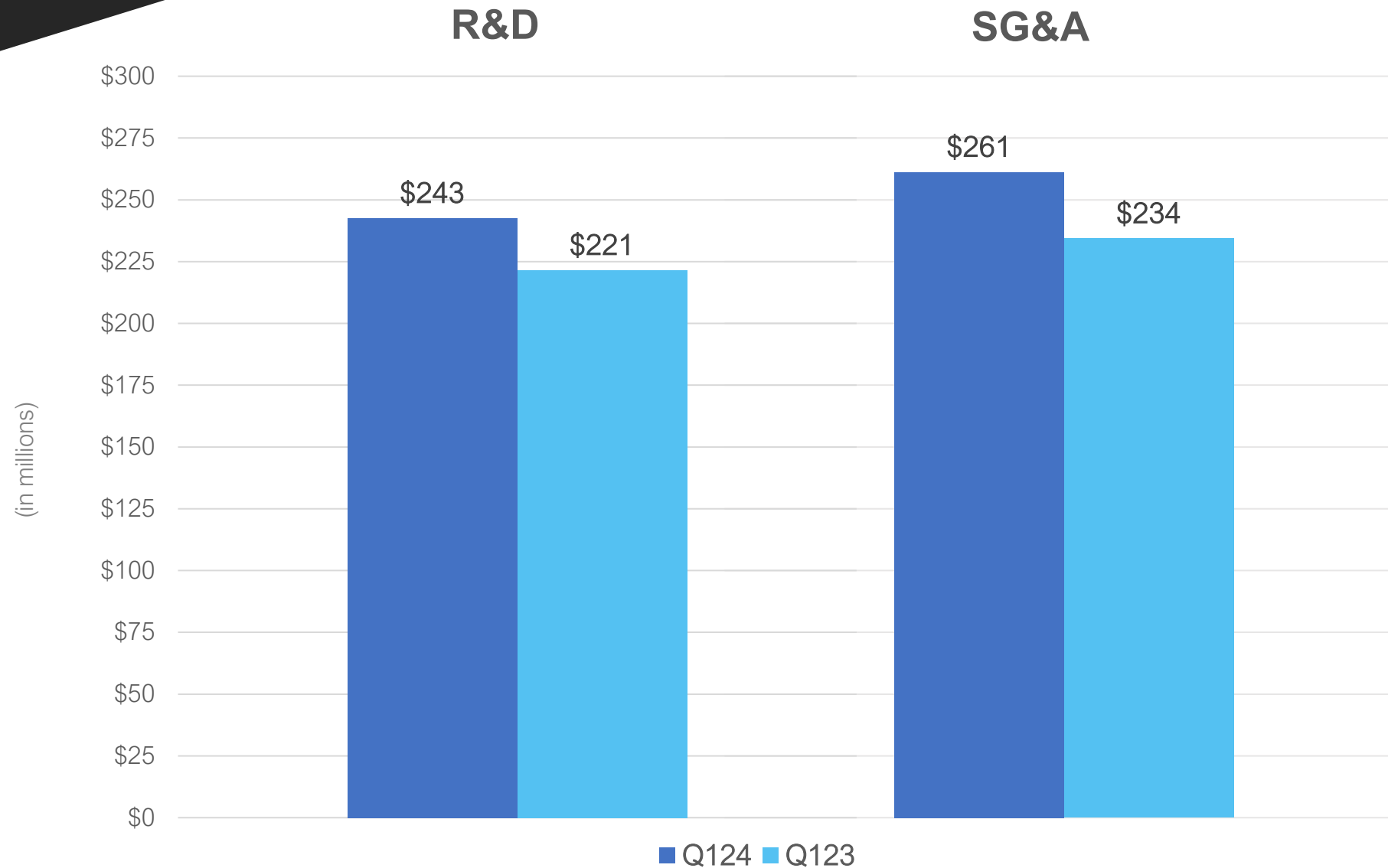
(in millions)	Q1 2024	Q1 2023	Y/Y
Net sales	\$1,382	\$1,147	20%
Gross profit	802	653	23%
<i>Margin %</i>	<i>58.1%</i>	<i>56.9%</i>	<i>120 bps</i>
Operating expenses	504	456	11%
Operating income	\$298	\$197	51%
<i>Margin %</i>	<i>21.6%</i>	<i>17.2%</i>	<i>440 bps</i>
GAAP EPS	\$1.43	\$1.05	36%
Pro Forma EPS	\$1.42	\$1.02	39%

Revenue Q1

(in millions)	Q1 2024	Q1 2023	Change
Fitness	\$343	\$245	40%
Outdoor	366	329	11%
Aviation	217	214	2%
Marine	327	279	17%
Auto OEM	129	81	58%
Total	\$1,382	\$1,147	20%

(in millions)	Q1 2024	Q1 2023	Change
Americas	\$716	\$612	17%
EMEA	463	356	30%
APAC	202	180	12%
Total	\$1,382	\$1,147	20%

Operating Expenses



* SG&A has been updated to include Advertising Expense. See Appendix for additional information.

Other Financial Items

Q1 2024

Balance Sheet

Cash and Marketable Securities

\$3.33B

Accounts Receivable

\$695M

Inventory

\$1.30B

Cash Flow

Free Cash Flow

\$402M

Capital Expenditures

\$33M

Dividends Paid

\$140M

Taxes

Pro Forma
Effective Tax Rate

15.6%

GARMIN[▲]®

Appendix
May 1, 2024

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 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 2024 and 2023 there were no such discrete tax items identified.

Non-GAAP Financial Information

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 30, 2024	April 1, 2023
GAAP net income	\$ 275,961	\$ 202,327
Foreign currency gains ⁽¹⁾	(2,282)	(7,688)
Tax effect of foreign currency gains ⁽²⁾	356	674
Pro forma net income	\$ 274,035	\$ 195,313
GAAP net income per share:		
Basic	\$ 1.44	\$ 1.06
Diluted	\$ 1.43	\$ 1.05
Pro forma net income per share:		
Basic	\$ 1.43	\$ 1.02
Diluted	\$ 1.42	\$ 1.02
Weighted average common shares outstanding:		
Basic	191,890	191,498
Diluted	192,698	191,886

(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 was calculated using the effective tax rate of 15.6% for the 13-weeks ended March 30, 2024 and 8.8% for the 13-weeks ended April 1, 2023.

Non-GAAP Financial Information

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 30, 2024	April 1, 2023
Net cash provided by operating activities	\$ 435,305	\$ 279,210
Less: purchases of property and equipment	(33,168)	(46,814)
Free Cash Flow	<u>\$ 402,137</u>	<u>\$ 232,396</u>

Forward-looking financial measures

The forward-looking financial measures in our 2024 guidance 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 \$0.01 per share for the 13-weeks ended March 30, 2024.

At this time, management is unable to determine whether or not significant discrete tax items will occur in fiscal 2024, estimate the impact of any such items, or anticipate the impact of any other events that may be considered in the calculation of non-GAAP financial measures.

Change in Operating Expense Presentation

Certain prior period information presented here has been recast to conform to the current period presentation. In the first quarter of 2024, the Company changed the presentation of operating expense to include advertising expense within selling, general, and administrative expenses on the Company's condensed consolidated statements of income, which management believes to be a more meaningful presentation. This change in presentation had no effect on the Company's consolidated operating or net income.