



Q2 2024 Earnings

July 31, 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 June 29, 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 Q2 2024

Revenue
\$1.51B
14% y/y growth

Operating income
\$342M
20% y/y growth

Operating margin
22.7%

BUSINESS INSIGHTS

- Record consolidated revenue and strong operating income growth
- Surpassed 20,000 dedicated associates around the globe
- Recognized as a top employer by *Forbes* and *US News & World Report*
- Raising 2024 revenue and pro forma EPS guidance

Fitness

Q2 2024

Revenue

\$428M

28% y/y growth

Operating income

\$108M

98% y/y growth

Operating margin

25%

SEGMENT INSIGHTS

- Growth primarily driven by wearables
- Launched the Edge 1050 premium cycling computer with a vivid color touchscreen display and built-in speaker
- Celebrated Global Running Day with Garmin users running nearly 11 million miles
- 2024 revenue growth estimate +20%

Outdoor Q2 2024

Revenue

\$440M

2% y/y decline

Operating income

\$136M

2% y/y decline

Operating margin

31%

SEGMENT INSIGHTS

- Revenue decline primarily driven by adventure watches
- Launched the Approach Z30 smart laser range finder
- Launched the Alpha LTE, our first cellular based dog tracking collar
- 2024 revenue growth estimate: +7%

Aviation

Q2 2024

Revenue

\$218M

0% y/y growth

Operating income

\$50M

20% y/y decline

Operating margin

23%

SEGMENT INSIGHTS

- Continued growth in OEM product categories
- Named a Best Supplier by Embraer for the 9th consecutive year
- 2024 revenue growth estimate: Flat

Marine

Q2 2024

Revenue

\$273M

26% y/y growth

Operating income

\$60M

29% y/y growth

Operating margin

22%

SEGMENT INSIGHTS

- Revenue growth primarily driven by the acquisition of JL Audio
- Expanded Force Kraken trolling motor series to a broader range of boat sizes
- Introduced the Panoptix™ PS-22 Ice Fishing Bundle, which won Best of Category at the recent ICAST tradeshow
- 2024 revenue growth estimate: +15%

Auto OEM

Q2 2024

Revenue
\$147M
41% y/y growth

Operating income
(\$12M)

Operating margin
(8%)

SEGMENT INSIGHTS

- Growth driven by increased shipments of domain controllers
- Shipped our one millionth domain controller
- Awarded the Yamaha 2024 Global Award for excellence in Technology and Development
- 2024 revenue growth estimate: +50%

Financial Update

Doug Boessen
CFO and Treasurer

Income Statement

Q2

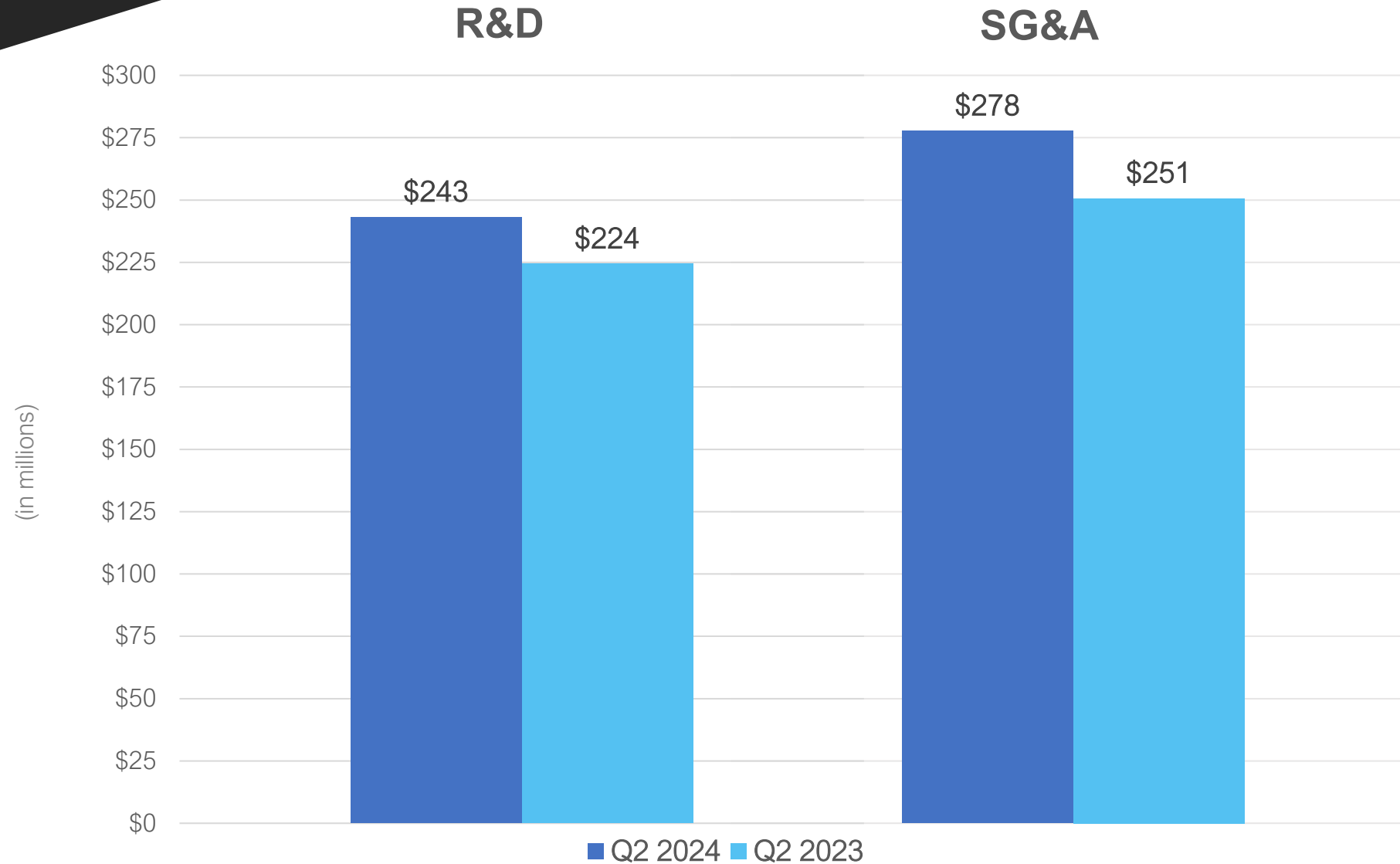
(in millions)	Q2 2024	Q2 2023	Y/Y
Net sales	\$1,507	\$1,321	14%
Gross profit	863	759	14%
<i>Margin %</i>	<i>57.3%</i>	<i>57.5%</i>	<i>(20 bps)</i>
Operating expenses	521	475	10%
Operating income	\$342	\$284	20%
<i>Margin %</i>	<i>22.7%</i>	<i>21.5%</i>	<i>120 bps</i>
GAAP EPS	\$1.56	\$1.50	4%
Pro Forma EPS	\$1.58	\$1.45	9%

Revenue Q2

(in millions)	Q2 2024	Q2 2023	Change
Fitness	\$428	\$335	28%
Outdoor	440	448	(2%)
Aviation	218	217	0%
Marine	273	216	26%
Auto OEM	147	105	41%
Total	\$1,507	\$1,321	14%

(in millions)	Q2 2024	Q2 2023	Change
Americas	\$741	\$642	15%
EMEA	542	458	18%
APAC	224	221	1%
Total	\$1,507	\$1,321	14%

Operating Expenses



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

Other Financial Items

Q2 2024

Balance Sheet

Cash and Marketable Securities

\$3.42B

Accounts Receivable

\$808M

Inventory

\$1.32B

Cash Flow

Free Cash Flow

\$218M

Capital Expenditures

\$37M

Dividends Paid

\$144M

Share Repurchases

\$10M

Taxes

Pro Forma
Effective Tax Rate

17.9%

Guidance

	2024
Revenue	\$5.95B
Gross margin	57.0%
Operating margin	21.3%
Tax rate	16.0%
EPS	\$6.00

All amounts and %s are approximate.

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Appendix
July 31, 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 half 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		26-Weeks Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
GAAP net income	\$ 300,630	\$ 287,939	\$ 576,591	\$ 490,266
Foreign currency gains / losses ⁽¹⁾	4,828	(10,797)	2,547	(18,484)
Tax effect of foreign currency gains / losses ⁽²⁾	(862)	958	(428)	1,632
Pro forma net income	\$ 304,596	\$ 278,100	\$ 578,710	\$ 473,414
GAAP net income per share:				
Basic	\$ 1.57	\$ 1.51	\$ 3.00	\$ 2.56
Diluted	\$ 1.56	\$ 1.50	\$ 2.99	\$ 2.56
Pro forma net income per share:				
Basic	\$ 1.59	\$ 1.45	\$ 3.01	\$ 2.47
Diluted	\$ 1.58	\$ 1.45	\$ 3.00	\$ 2.47
Weighted average common shares outstanding:				
Basic	192,074	191,293	191,982	191,395
Diluted	192,899	191,597	192,808	191,741

(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 17.9% and 16.8% for the 13-weeks and 26-weeks ended June 29, 2024 and 8.9% and 8.8% for the 13-weeks and 26-weeks ended July 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		26-Weeks Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Net cash provided by operating activities	\$ 255,321	\$ 273,702	\$ 690,626	\$ 552,912
Less: purchases of property and equipment	(37,157)	(52,533)	(70,325)	(99,346)
Free Cash Flow	<u>\$ 218,164</u>	<u>\$ 221,169</u>	<u>\$ 620,301</u>	<u>\$ 453,566</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 26-weeks ended June 29, 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.