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# Garmin Ltd. (Q1 2026)

Garmin Ltd. First Quarter 2026 Earnings

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## CORPORATE SPEAKERS:

**Teri Seck**

*Garmin Ltd.; Director of Investor Relations*

**Clifton Pemble**

*Garmin Ltd.; President, Chief Executive Officer & Director*

**Douglas Boessen**

*Garmin Ltd.; Chief Financial Officer*

## CORPORATE SPEAKERS:

**Joseph Cardoso**

*JP Morgan; Analyst*

**Alyssa Shreves**

*Barclays; Analyst*

**David MacGregor**

*Longbow Research; Analyst*

**Benjamin Bollin**

*Cleveland Research; Analyst*

**Erik Woodring**

*Morgan Stanley; Analyst*

**Ivan Feinseth**

*Tigress Financial Partners; Analyst*

**Jordan Lyonnais**

*Bank of America; Analyst*

**Noah Zatzkin**

*KeyBanc Capital Markets; Analyst*

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### **PRESENTATION:**

Operator^ Hello, everyone. Thank you for joining us. Welcome to the Garmin Limited First Quarter 2026 Earnings Call.

(Operator Instructions)

I will now hand the conference over to Teri Seck, Director of Investor Relations.

Teri, please go ahead.

Teri Seck^ Good morning. We'd like to welcome you to Garmin Limited's First Quarter 2026 Earnings Call.

Please note that the earnings press release and related slides are available at Garmin's Investor Relations site on the Internet at [www.garmin.com/stock](http://www.garmin.com/stock).

An archive of the webcast and related transcript will also be available on our website.

This earnings call includes projections and other forward-looking statements regarding Garmin Limited and its business.

Any statements regarding our future financial position, revenues, segment growth rates, earnings, gross margins, operating margins, future dividends or share repurchases, market shares, product introductions, foreign currency, tariff impacts, future demand for our products and plans and objectives are forward-looking statements.

The forward-looking events and circumstances discussed in this earnings call may not occur. And actual results could differ materially as a result of risk factors affecting Garmin.

Information concerning these risk factors is contained in our Form 10-K filed with the Securities and Exchange Commission.

Presenting on behalf of Garmin Ltd. this morning are Cliff Pemble, President and Chief Executive Officer; and Doug Boessen, Chief Financial Officer and Treasurer.

At this time, I would like to turn the call over to Cliff Pemble.

Clifton Pemble^ Thank you, Teri. And good morning, everyone.

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As announced earlier today, Garmin achieved remarkable financial results during the first quarter of 2026 in a continuation of the positive trends we've been experiencing over the long term. Consolidated revenue increased 14% to \$1.75 billion, which is a new first quarter record.

We achieved double-digit growth rates in three segments, and we experienced strength in many product categories across the business including wearables, which were a significant contributor to consolidated growth.

Gross and operating margins expanded to 59.4% and 24.6%, respectively, resulting in record first quarter operating income of \$432 million, up 30% year-over-year and pro forma EPS of \$2.08, up 29% year-over-year.

We're off to a great start in 2026, and we are very pleased with our results.

As a reminder, the first quarter is typically the lowest seasonal quarter of our financial year.

While the initial trends are encouraging, much of the year remains ahead.

With this in mind and consistent with our typical practice, we are maintaining the guidance issued in February, and we'll provide updates as the year unfolds.

Doug will discuss our financial results in greater detail in a few minutes, but first, I'll provide a few remarks on the performance of each business segment.

Starting with fitness. Revenue increased 42% to \$547 million, which is a new first quarter record, driven by broad-based growth across all product categories, led by strong demand for advanced wearables. The primary driver of our performance is higher unit volumes, resulting in meaningful market share gains. Gross and operating margins were 62% and 29% respectively, resulting in operating income of \$158 million.

During the quarter, we launched the Varia RearVue 820, our brightest and most powerful radar tail light for cyclists.

We expanded on-device messaging for select wearables with a new Connect IQ app that allows customers to read, reply and react to WhatsApp messages right from their wrist.

We also announced that select wearables can now integrate with the highly acclaimed Natural Cycles birth control and Cycle Tracking app, empowering women to better understand and manage their reproductive health.

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The Fitness segment has achieved outstanding performance over the long term, and we are very pleased with these results.

As mentioned in February, we expect that the Fitness segment will be the strongest contributor to 2026 consolidated growth.

Moving to Outdoor. Revenue decreased 5% to \$418 million, as we compared against a strong prior year quarter, which included the launch of the Instinct 3 smartwatch family. Fenix smartwatches performed well during the quarter, even considering the strong comparable from the prior year. Gross and operating margins were 67% and 28%, respectively, resulting in operating income of \$119 million.

During the quarter, we released the Approach G82 handheld GPS with a built-in launch monitor and the Approach J1, our first GPS watch specifically designed for junior golfers.

The Approach J1 was created by Garmin Associates who, through their own experiences, recognize that aspiring junior golfers also want tools designed specifically for them to learn the game and improve performance.

I'm proud of the way that our teams lean on their own experiences to bring unique, highly differentiated products to market.

Also during the quarter, we launched the zumo XT3, our newest and most advanced motorcycle-focused GPS device and the Catalyst 2, a compact device for motorsports that helps high-performance drivers achieve faster times on the track.

Looking forward, we expect second quarter outdoor performance to be similar to that of Q1.

We also expect to achieve stronger performance in the back half of the year due to the timing of product launches, resulting in improved full year growth when compared to 2025.

Looking next at Aviation, revenue increased 18% to \$264 million with growth contributions from both OEM and aftermarket product categories. Gross and operating margins were 75% and 27% respectively, resulting in operating income of \$71 million.

During the quarter, Daher unveiled their new TBM 980 single-engine turboprop aircraft featuring our G3000 PRIME avionics suite.

Also the Hondajet Elite II was certified by the FAA, becoming the first twin turbine business jet with Garmin Emergency Autoland technology.

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We are very pleased with the performance of aviation during the first quarter, and we expect to achieve solid growth throughout the remainder of the year.

Turning to the Marine segment. Revenue increased 11% to \$355 million with broad-based growth across multiple product categories. Gross and operating margins were 56% and 26%, respectively, resulting in operating income of \$91 million. The year-over-year margin compression was primarily due to higher tariff costs.

During the quarter, we launched a new 360-degree scanning sonar with Spy Pole, allowing anglers to see a bird's eye view of fish and underwater structure in every direction.

Also during the quarter, we launched the Quatix 8 Pro, our purpose-built nautical smartwatch with inReach technology for two-way satellite and cellular connectivity.

Our Marine segment is off to a very good start, and we believe we are on track to achieve growth consistent with the prior year.

And moving finally to the auto OEM segment. Revenue increased 1% to \$170 million with growth primarily driven by infotainment programs. The segment operating loss narrowed to \$6 million due to gross profit improvement and lower R&D expenses.

We continue to achieve important milestones leading up to the launch of our next large-scale program with Mercedes-Benz, which we anticipate will drive significant growth starting in 2027 and beyond.

As a reminder, we expect auto OEM revenue to decrease in 2026 as the BMW program has reached peak volumes and as certain legacy programs approach end of life.

We also expect the operating loss to narrow compared to 2025, although we are not expecting the segment to be profitable on a GAAP basis for the full year.

Wrapping up, we continue to outperform expectations in a business environment characterized by economic whiplash and geopolitical uncertainty. Even in these challenging circumstances, we believe that great products and customer service always win.

As strong as our product line currently is, we are planning to launch even more new products throughout the year including some that represent new categories for Garmin.

That concludes my remarks.

Next, Doug will walk you through additional details on our financial results. Doug?

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Douglas Boessen^ Thanks, Cliff. Good morning, everyone.

I'll begin by reviewing our first quarter financial results, provide comments on the balance sheet, cash flow statement and taxes.

We posted revenue of \$1.753 billion for the first quarter, representing a 14% increase year-over-year. Gross margin was 59.4%, a 180 basis point increase from the prior year quarter. The increase was primarily due to favorable foreign currency impacts.

Also for your reference, we do not record any benefit or receivable related to any potential refund of previously paid tariffs.

Operating expense as a percentage of sales was 34.8%, 110 basis point decrease.

Operating income was \$432 million, a 30% increase.

Operating margin was 24.6%, a 290 basis point increase over the prior year quarter.

Our GAAP EPS was \$2.09, and pro forma EPS was \$2.08.

Next, we look at first quarter revenue by segment and geography.

During the first quarter, we achieved double-digit growth in three of our five segments, led by the Fitness segment with 42% growth, followed by the Aviation segment with 18% growth, and Marine segment with 11% growth.

By geography, we achieved growth in all three regions, led by 25% growth in APAC, followed by 15% growth in EMEA and 10% growth in Americas. EMEA and APAC regions benefited from favorable foreign currency impacts.

Looking next at operating expenses.

First quarter operating expense increased by \$59 million or 11%.

Research and development increased approximately \$28 million.

SG&A increased approximately \$31 million compared to the prior year quarter. Both increases were primarily due to personnel-related expenses. A few highlights on the balance sheet, cash flow statement and taxes.

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We ended the quarter with cash and marketable securities of approximately \$4.3 billion.

Accounts receivable increased year-over-year due to strong sales, but decreased sequentially to \$941 million following a seasonally strong fourth quarter.

Inventory increased year-over-year and sequentially to approximately \$1.9 billion.

During the first quarter of 2026, we generated free cash flow of \$469 million, a \$9 million increase from the prior year quarter. Capital expenditures for the first quarter of 2026 were \$67 million, approximately \$27 million higher than the prior year quarter.

During the first quarter of 2026, we paid dividends of approximately \$174 million, purchased \$40 million of company stock.

At quarter end, we had approximately \$491 million remaining share repurchase program, which is authorized through December 2028.

For an effective tax rate of 14.3% which is comparable to 14.5% in the prior year quarter.

This concludes our formal remarks. Ben, can you please open the line for Q&A.

I will now turn the call back to Teri Seck for closing remarks. Teri, please go ahead.

Teri Seck^ Thank you, all for joining us today. Doug and I are available for callbacks.

And we hope you all have a great day.

Bye.

Operator^ This concludes today's call. Thank you for attending.

You may now disconnect.