



# Q1 2012 Earnings Call Webcast

## May 2, 2012



# Safe Harbor Statement

These materials include forward-looking statements. These statements are based on the current expectations of Garmin Ltd. and are naturally subject to uncertainty and changes in circumstances. Forward-looking statements include, without limitation, statements containing words such as "proposed" and "intends" or "intended" and "expects" or "expected". By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. These factors include those discussed or identified in the filing by Garmin Ltd. with the U.S. Securities and Exchange Commission in its Annual Report on Form 10-K. Garmin Ltd. does not undertake any obligation to update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.



## **Business Update**

**Cliff Pemble**  
**President and COO**

# 1st Quarter 2012 Highlights

**Revenue growth of 10% with all segments contributing;  
resulting in pro forma EPS growth of 5%**

- Traditional market segments contributed 50% of total revenue with 14% revenue growth
- Gross and operating margin improved to 51% and 16%, respectively
- Operating income increased 21%, or \$16 million
- Pro forma EPS improved to \$0.45
- Sold 2.7 million units; up 7%

## 1<sup>st</sup> Quarter Business Highlights

- Revenue growth of 9%
- Marine industry showing signs of improvement during mild winter
- Strength across product portfolio



## Market/Product Update

- Ongoing emphasis on OEM market through broadening product portfolio and strategic alliances
- R&D investment levels will result in compressed margins in 2012

## 1<sup>st</sup> Quarter Business Highlights

- Revenue growth of 5%
- Successful first flight of the Cessna M2 which includes the G3000 cockpit



## Market/Product Update

- OEM market remains relatively flat in markets served
- Multiple ongoing certifications with increased R&D investment



## 1<sup>st</sup> Quarter Business Highlights

- 16% Revenue growth and 4% operating income growth
- Key niches contributing to growth include golf products and dog tracking/training systems

## Market/Product Update

- Capitalize on growth opportunities through new product introductions, market share gains and exploring adjacent markets





## 1<sup>st</sup> Quarter Business Highlights

- Revenue growth of 26% and operating income growth of 34%
- Forerunner 910XT experienced strong demand



## Market/Product Update

- Ongoing opportunities for global penetration in both running and cycling at multiple price points





# Automotive/Mobile



## 1<sup>st</sup> Quarter Business Highlights

- Revenue growth of 6% driven by deferred revenue amortization, market share gains and mobile applications
- Announced factory-installed relationship with Suzuki for fully-integrated infotainment



# Automotive/Mobile

## Market/Product Update

- Continue to expect PND market to decline driving overall revenue declines in-line with prior expectations for the year with improving profitability throughout year
- Sustain/grow market share with continued profitable innovation delivering the best navigation experience in the vehicle
- Win OEM opportunities with superior technologies and global presence



# Garmin Milestone



- 100 Million units sold since our inception in 1989
- Diverse markets starting with aviation and marine and still expanding
- Global presence and still expanding



## **Financial Update**

**Kevin Rauckman**  
**CFO and Treasurer**

# Q1 Income Statement

(\$ Millions)	Q1 2012	Q1 2011	Change
<b>Revenue</b>	<b>\$557</b>	<b>\$508</b>	<b>10%</b>
Gross Profit	284	238	19%
<b>Gross Margin %</b>	<b>51.0%</b>	<b>46.9%</b>	<b>410 bps</b>
Advertising	24	20	18%
SG&A	90	73	23%
R&D	80	70	14%
Total Operating Expense	194	163	19%
Operating Income	90	75	21%
<b>Operating Margin %</b>	<b>16.2%</b>	<b>14.7%</b>	<b>150 bps</b>
Other Income/(Expense)	9	22	
Income Tax	13	1	
<b>Net Income (GAAP)</b>	<b>87</b>	<b>96</b>	<b>(9%)</b>
<b>Net Income (Pro-Forma)</b>	<b>89</b>	<b>84</b>	<b>5%</b>
EPS (GAAP)	\$0.44	\$0.49	(10%)
EPS Pro-Forma (excl. FX)	\$0.45	\$0.43	5%
Units Shipped (k)	2,712	2,525	7%

# Deferred Revenue Impact

Deferred Revenue Impact*	Q1 2012	Q1 2011
Sales (\$M)	\$1	(\$22)
Operating Income (\$M)	\$1	(\$18)
Net Income (\$M)	\$0	(\$18)
EPS	\$0.00	(\$0.09)

\*All figures are net of current year amortization

# Q1 Revenue

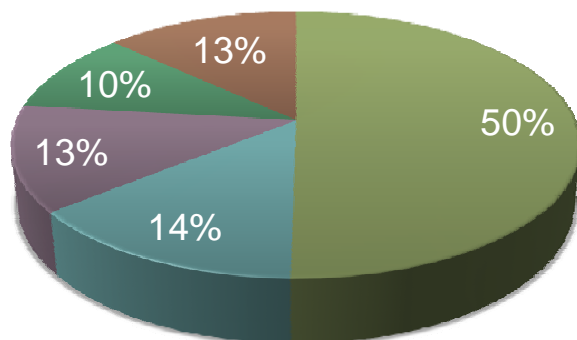
Revenue by Segment			
(\$M)	Q1 2012	Q1 2011	Growth
Auto / Mobile	\$280	\$265	6%
Outdoor	\$77	\$67	16%
Fitness	\$71	\$56	26%
Marine	\$56	\$51	9%
Aviation	\$73	\$69	5%
<b>Total</b>	<b>\$557</b>	<b>\$508</b>	<b>10%</b>

Revenue by Geography			
(\$M)	Q1 2012	Q1 2011	Growth
Americas	\$296	\$280	6%
EMEA	\$199	\$171	16%
APAC	\$62	\$57	8%
<b>Total Revenue</b>	<b>\$557</b>	<b>\$508</b>	<b>10%</b>



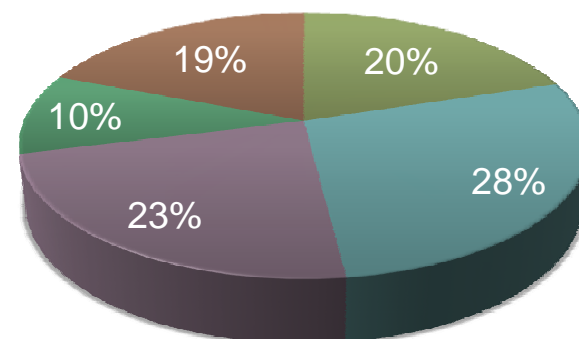
# Q1 Revenue & Operating Income

## Q1 2012 Revenue



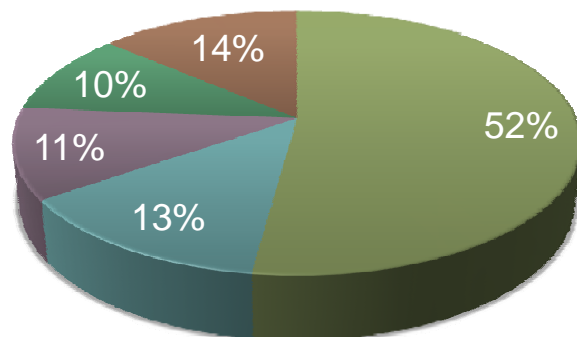
■ Auto/Mobile ■ Outdoor ■ Fitness ■ Marine ■ Aviation

## Q1 2012 Operating Income



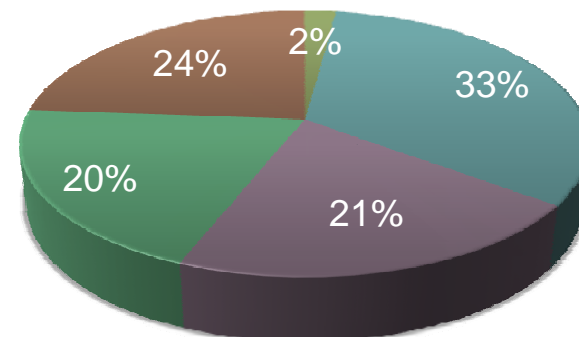
■ Auto/Mobile ■ Outdoor ■ Fitness ■ Marine ■ Aviation

## Q1 2011 Revenue



■ Auto/Mobile ■ Outdoor ■ Fitness ■ Marine ■ Aviation

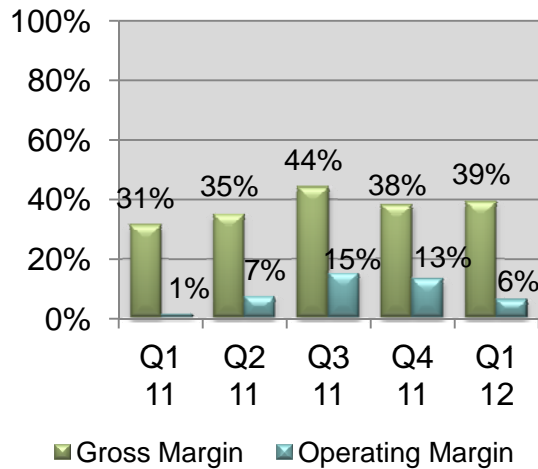
## Q1 2011 Operating Income



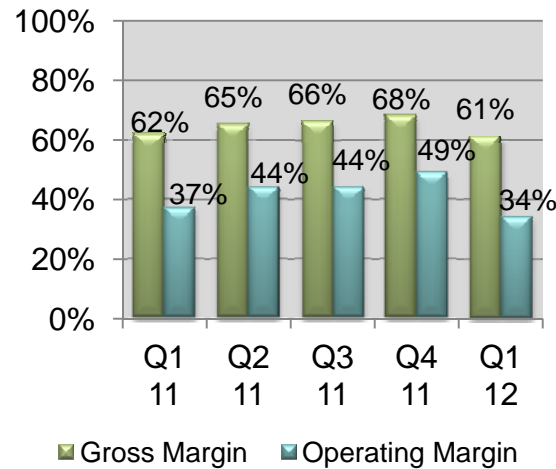
■ Auto/Mobile ■ Outdoor ■ Fitness ■ Marine ■ Aviation

# Margin by Segment

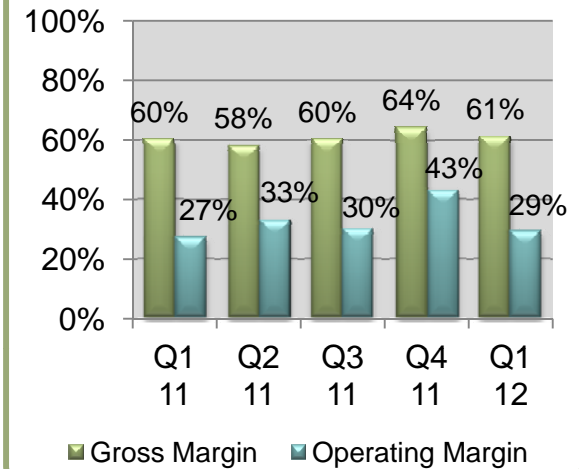
## Auto / Mobile



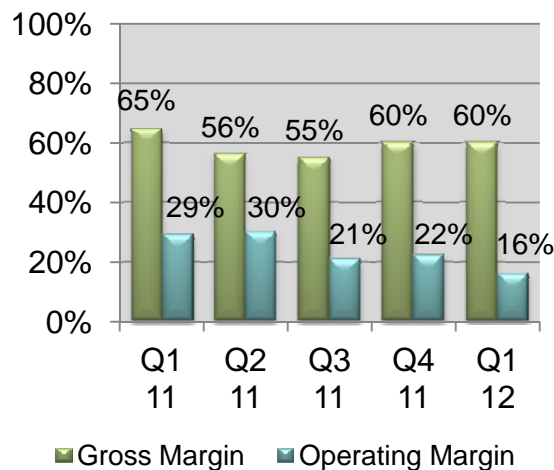
## Outdoor



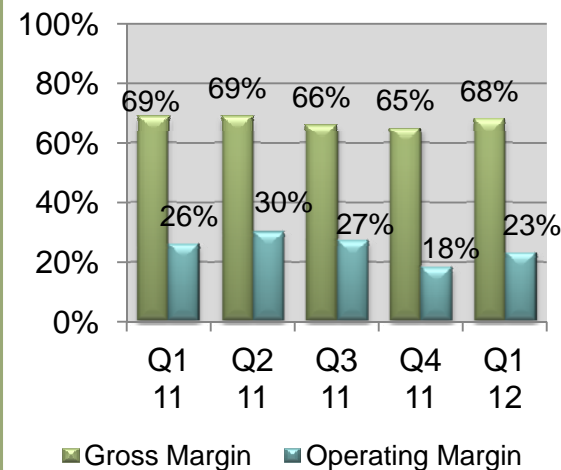
## Fitness



## Marine

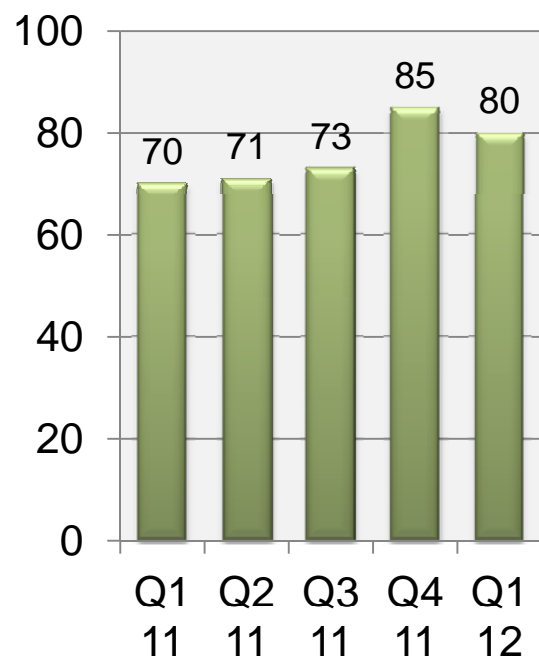


## Aviation

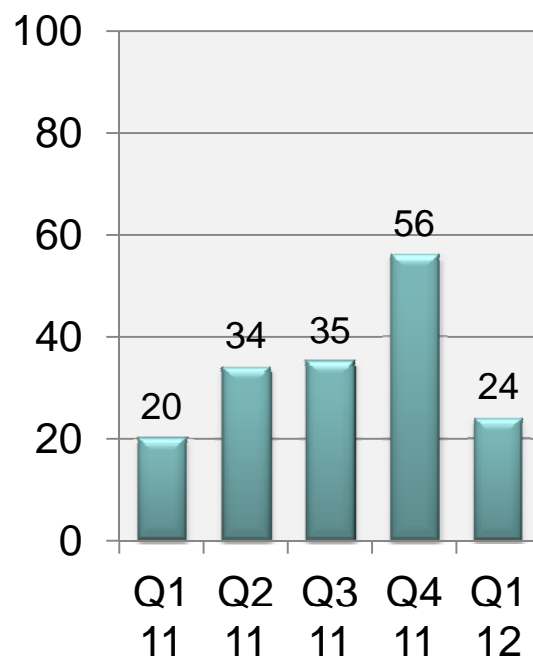


# Operating Expenses

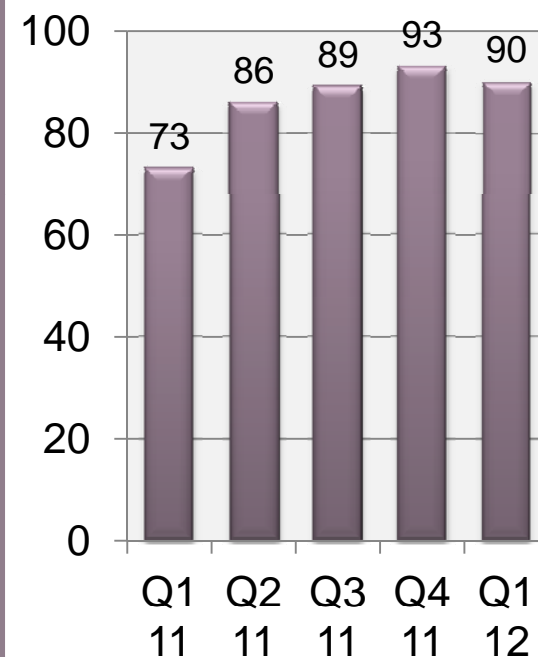
**R&D (\$M)**



**Advertising (\$M)**



**SG&A (\$M)**



# 2012 Balance Sheet

(\$ Millions)	Q1 2011	Q4 2011	Q1 2012
<b>Cash &amp; Marketable Securities</b>	<b>2,281</b>	<b>2,496</b>	<b>2,537</b>
Accounts Receivable	435	607	430
Inventory	411	398	407
Deferred Income Taxes	107	150	153
Prepaid Assets	38	70	48
Property, Plant & Equipment	427	417	413
Other Assets / Goodwill	239	333	337
<b>Total Assets</b>	<b>3,938</b>	<b>4,471</b>	<b>4,325</b>
Accounts Payable	119	211	109
Other Accrued Liabilities	213	298	216
Income Taxes Payable	177	239	231
Dividend Payable	0	78	0
Deferred Revenue	220	377	376
Deferred Income Taxes	15	11	14
<b>Shareholders Equity</b>	<b>3,193</b>	<b>3,257</b>	<b>3,379</b>
<b>Total Liabilities / Equity</b>	<b>3,937</b>	<b>4,471</b>	<b>4,325</b>

# Cash Flow

(\$ Millions)	Q1 2011	Q4 2011	Q1 2012
<b>Net Income</b>	<b>95</b>	<b>166</b>	<b>87</b>
Depreciation / Amortization	22	34	25
Accounts Receivable	327	(87)	185
Inventory	(11)	52	(13)
Accounts Payable	(18)	27	(58)
Deferred Revenue	22	64	(1)
Income Taxes	(17)	43	(16)
Other Cash from Operations	(212)	(74)	(87)
<b>Cash Flow from Operations</b>	<b>208</b>	<b>225</b>	<b>122</b>
Investing Activities	(275)	(163)	(55)
Financing Activities	4	(160)	(74)
Exchange Rate Changes	13	(4)	6
<b>Net Increase / (Decrease) in Cash</b>	<b>(50)</b>	<b>(102)</b>	<b>(1)</b>
Cash at End of Period	1,210	1,287	1,286
Marketable Securities	1,070	1,209	1,251
<b>Total Cash and Marketable Securities</b>	<b>2,280</b>	<b>2,496</b>	<b>2,537</b>

# Uses of Cash, Taxes

## Uses of Cash

- Expect continued strong free cash flow generation throughout 2012; forecast of approximately \$650M
- Dividend of \$1.80 per share; \$0.45 per quarter beginning in June 2012 following shareholder approval
- Increased focus on acquisitions including recently announced Interphase

## Taxes

- Tax rate was 12.8% for first quarter. We expect the rate to be approximately 13% in 2012.

## 2012 Guidance

	2012
Revenue *	\$2.7 - \$2.8 B
Gross Margin	49 - 50%
Operating Income	\$520 - \$540 M
Operating Margin	19 – 20%
Tax Rate	13%
EPS (Pro Forma)	\$2.45 - \$2.60

\* Assumes EUR/USD FX rate of 1.30 in 2012

Segment Revenue	Growth
Auto / Mobile	(7% - 10%)
Outdoor	5% - 10%
Fitness	20% - 25%
Marine	5% - 10%
Aviation	5% - 10%



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## May 2, 2012



**GARMIN.**

# Appendix

May 2, 2012



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# Pro Forma Net Income

	13-Weeks Ended	
	March 31, 2012	March 26, 2011
Net Income (GAAP)	\$86,858	\$95,482
Foreign currency (gain) / loss, net of tax effects	\$1,736	(\$11,959)
Net income (Pro Forma)	\$88,594	\$83,523
Net income per share (GAAP):		
Basic	\$0.45	\$0.49
Diluted	\$0.44	\$0.49
Net income per share (Pro Forma):		
Basic	\$0.45	\$0.43
Diluted	\$0.45	\$0.43
Weighted average common shares outstanding:		
Basic	194,742	193,922
Diluted	195,673	194,720

Note: Tax effects are based on respective periods' effective tax rate.