




GARMIN.

Q1 2015 Earnings

April 29, 2015



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 CEO

1st Quarter Financial Review

**Solid first quarter revenue and margin performance
despite significant FX headwinds**

- Revenue flat, affected by FX headwinds
- Non-auto market segments grew 9% and contributed 63% of total revenue
- Gross and operating margin of 59% and 19%, respectively
- Pro forma EPS was stable at \$0.55 for first quarter 2015
- Maintaining 2015 guidance

Fitness

1st Quarter Business Review

- Revenue growth of 31%
- Gross and operating margin of 63% and 26%, respectively
- R&D and advertising investments continue

Market/Product Update

- vívofit 2 and vívoactive will reach additional retail channels in Q2
- Announced Vector 2 and 2S with advanced cycling metrics
- Capturing growth opportunities with broad portfolio




GARMIN®

Outdoor

1st Quarter Business Review

- Revenue decline of 10%
- Gross and operating margins remained strong

Market/Product Update

- Expect improved results in Q2 with strong demand for fēnix 3 and additional new products
- Announced VIRB X and XE with G-Metrix data capabilities, enhanced VIRB Edit software and mobile app



Aviation

1st Quarter Business Review

- Revenue growth of 2%; following strong Q1 2014
- Operating profit declined slightly due to 9% growth in R&D investment

Market/Product Update

- Comprehensive line-up of ADS-B solutions across price points and aircraft categories
- Supporting numerous OEM partners in the completion of aircraft/helicopter certifications and system enhancements



Marine



1st Quarter Business Review

- Revenue growth of 7% driven by the recent acquisition of Fusion
- Profitability improves; posted 20% growth in operating income

Market/Product Update

- Strong demand for recently introduced products
- Ongoing innovation is essential for improved market share and profitability

Auto

1st Quarter Business Review

- Revenue declined 11% as the PND category performed in-line with expectations; amortization of deferred revenues creates headwind
- Market share and profitability remain strong

Market/Product Update

- Expect PND market to decline approximately 10-15% globally
- Introduced nüvicam with built-in dash cam and advanced alerts



Financial Update

Doug Boessen
CFO and Treasurer

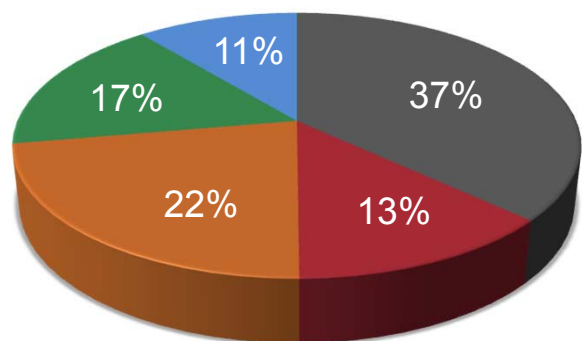
Q1 Income Statement

(\$ Millions)	Q1 2015 Actual	Q1 2014 Actual	Change
Revenue	\$585	\$583	0%
Gross Profit	344	331	4%
Gross Margin %	59%	57%	210 bps
Total Operating Expense	232	210	10%
Operating Income	112	120	(7%)
Operating Margin %	19%	21%	(150 bps)
Other Income/(Expense)	(36)	22	
Income Tax	9	24	
Net Income (GAAP)	67	119	(44%)
Net Income Pro-Forma	106	108	(2%)
EPS (GAAP)	\$0.35	\$0.61	(42%)
EPS Pro-Forma	\$0.55	\$0.55	(0%)
Units Shipped (K)	3,044	2,492	22%

Q1 Revenue

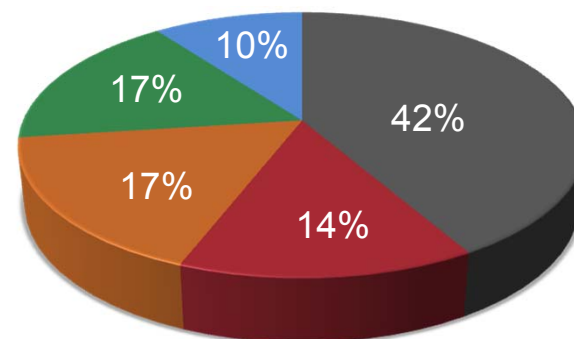
Revenue by Segment			
(\$ M)	Q1 2015	Q1 2014	Change
Auto	\$216	\$243	(11%)
Fitness	\$131	\$100	31%
Aviation	\$98	\$96	2%
Outdoor	\$76	\$84	(10%)
Marine	\$64	\$60	7%
Total	\$585	\$583	0%

Q1 2015 Revenue



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

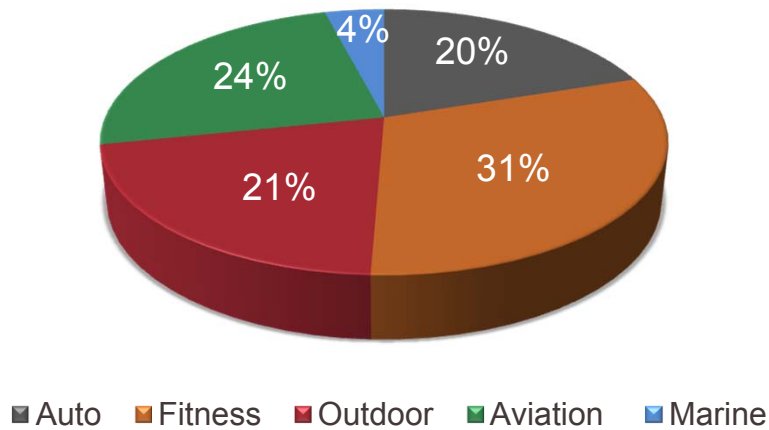
Q1 2014 Revenue



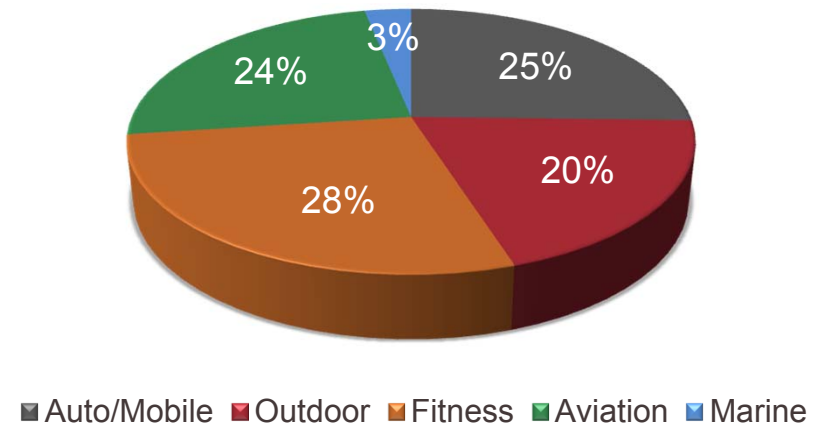
■ Auto/Mobile ■ Outdoor ■ Fitness ■ Aviation ■ Marine

Q1 Operating Income

Q1 2015 Operating Income



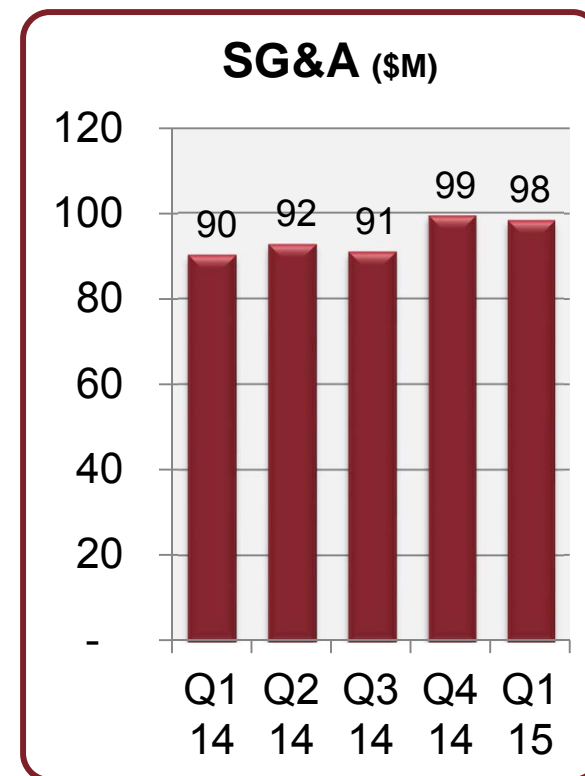
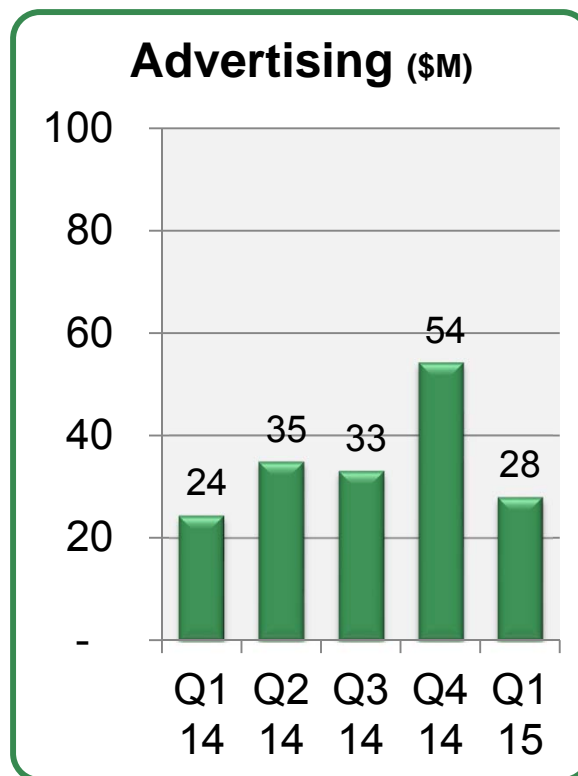
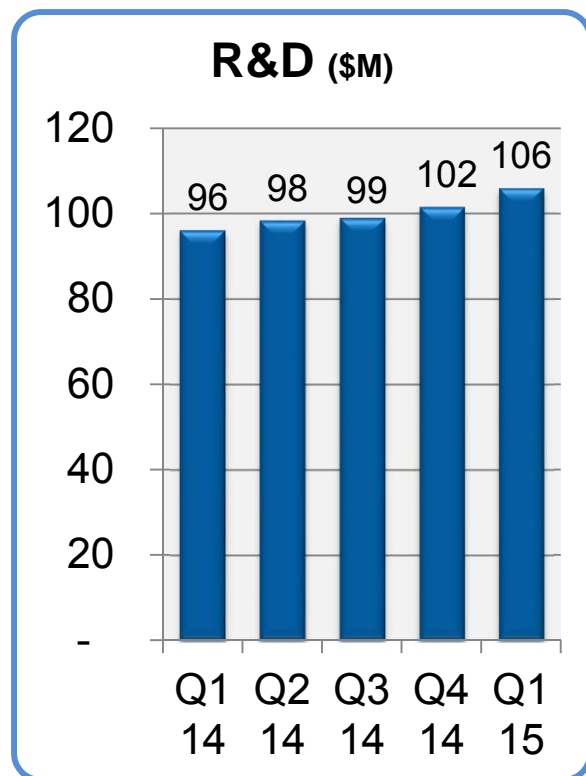
Q1 2014 Operating Income



Margin Review

- GM of 59%; strong due to segment and product mix
- Outdoor and marine GM improvement related to product mix and reduced discounting in the categories
- Fitness GM remains strong at 63% with full range of products continuing to perform well
- Operating margin declined to 19%

Operating Expenses



Balance Sheet/Cash Flow

Balance Sheet

- Ended quarter with approximately \$2.7 billion of cash and marketable securities
- Accounts receivable declined as expected following seasonally strong fourth quarter
- Inventory balance increased on a sequential basis as we launched new products and prepared for the seasonal strength of second quarter

Cash Flow

- Continued strong cash flow with \$82 million of operating cash and \$64 million of free cash flow in the quarter
- Repurchased \$16 million in company stock; \$284 million repurchase authorization remains in effect



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Appendix

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Pro Forma net income (earnings) per share

Management believes that net income per share before the impact of foreign currency translation gain or loss and income tax adjustments that materially impact the effective tax rate, as discussed below, is an important measure. The majority of the Company's consolidated foreign currency gain or loss result from transactions involving the Euro, the British Pound Sterling and the Taiwan Dollar and from the exchange rate impact of the significant cash and marketable securities, receivables and payables held in U.S. dollars at the end of each reporting period by the Company's various non-U.S. subsidiaries. Such gain or loss is required under GAAP because the functional currency of the subsidiaries differs from the currency in which various assets and liabilities are held. However, there is minimal cash impact from such foreign currency gain or loss. The Company's income tax expense is periodically impacted by material net releases of reserves primarily related to completion of audits and/or the expiration of statutes effecting prior periods. Thus, reported income tax expense is not reflective of the income tax expense that is incurred related to the current period earnings. The net release of other uncertain tax position reserves, amounting to approximately \$11 million in both 2014 and 2013, respectively, have not been included as pro forma adjustments in the following presentation of pro forma net income as such amounts have been considered immaterial, tend to be more recurring in nature and are comparable between periods. In the third quarter of 2014, the company incurred tax expense of \$308 million associated with our inter-company restructuring. As this is a one-time transaction and not reflective of income tax expense incurred related to the current period earnings, it has been excluded from pro forma net income (earnings) per share. Accordingly, earnings per share before the impact of foreign currency translation gain or loss and income tax adjustments that materially impact the effective tax rate permits a consistent comparison of the Company's operating performance between periods.

Pro Forma Net Income

Garmin Ltd. And Subsidiaries
Net income per share (Pro Forma)
(in thousands, except per share information)

	<u>13-Weeks Ended</u>	
	<u>March 28, 2015</u>	<u>March 29, 2014</u>
Net Income (GAAP)	\$66,793	\$118,818
Foreign currency (gain) / loss, net of tax effects	\$38,801	(\$10,687)
Net income (Pro Forma)	<u>\$105,594</u>	<u>\$108,131</u>

Net income per share (GAAP):

Basic	\$0.35	\$0.61
Diluted	\$0.35	\$0.61

Net income per share (Pro Forma):

Basic	\$0.55	\$0.55
Diluted	\$0.55	\$0.55

Weighted average common shares outstanding:

Basic	191,762	195,090
Diluted	192,341	195,860

Free Cash Flow

Garmin Ltd. And Subsidiaries
Free Cash Flow
(in thousands)

	13-Weeks Ended	
	March 28, 2015	March 29, 2014
Net cash provided by operating activities	\$81,655	\$71,173
Less: purchases of property and equipment	(\$18,143)	(\$15,537)
Free Cash Flow	\$63,512	\$55,636

Management believes that free cash flow is an important financial measure because it represents the amount of cash provided by operations that is available for investing and defines it as operating cash flow less capital expenditures for property and equipment.