



Q2 2012 Earnings Call Webcast

August 1, 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

2nd Quarter 2012 Highlights

Strong revenue and margin performance resulting in pro forma EPS growth

- Revenue growth of 7% led by our outdoor segment at 24%
- Gross and operating margin improved to 59% and 28%, respectively
- Operating income increased 55% to \$204 million
- Pro forma EPS improved to \$0.98
- Sold 3.9 million units; up 4%

2nd Quarter Segment Review

- Revenue declined 14% due to a global slowdown in marine activity
- Mild winter accelerated marine season
- High end boat market still slow



Market/Product Update

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

2nd Quarter Segment Review

- Revenue growth of 4% as OEM growth was offset by weakness in aftermarket
- Margin compression continues as we invest in certification of new cockpits in the business jet category

Market/Product Update

- Announced G5000 cockpit solution for the Cessna Longitude
- Announced new relationship with Bombardier offering the G5000 on the Learjet 70/75



Aviation – OEM Update

Citation Ten



Citation M2

Citation Longitude



2013

2015

2017

Learjet 75



Photo courtesy of Bombardier, Inc.

Citation Latitude



Note: Estimated year of entry into service is based on public information from aircraft manufacturers and is subject to change.

2nd Quarter Segment Review

- Strong revenue growth and operating income growth of 24% and 23%, respectively
- Continue to see strong results from new product introductions and category expansion

Market/Product Update

- fēnix: wrist watch designed to be a versatile guide to the active outdoorsmen while offering compelling style for everyday use



2nd Quarter Segment Review

- Revenue growth of 5% and operating income growth of 35%
- Product cycle drove results with high-end mix supporting strong profitability

Market/Product Update

- Garmin Swim: first training watch designed specifically for swimmers that lets users track stroke type, stroke count, distance, pace, lengths



2nd Quarter Segment Review

- Revenue growth of 8% with strong margins and operating income growth
- Gaining market share globally with North America exceeding 70% and Europe in low-to-mid 30% range



Market/Product Update

- PND market contraction will result in revenue contraction in the 2nd half of the year in-line with prior expectations
- Declining revenue offset by market share gains
- Introduced updated zūmo for the motorcycle market
- Win OEM opportunities with superior technologies and global presence

2012 Guidance

	New	Prior
Revenue *	\$2.75 - \$2.8 B	\$2.7 - \$2.8 B
Gross Margin	52 - 53%	49 – 50%
Operating Income	\$560 - \$600 M	\$520 - \$540 M
Operating Margin	21 – 22%	19 – 20%
Tax Rate	13%	13%
EPS (Pro Forma)	\$2.70 - \$2.85	%2.45 - \$2.60

* Full year EUR/USD FX rate Forecast of 1.27



Financial Update

Kevin Rauckman
CFO and Treasurer

Q2 Income Statement

(\$ Millions)	Q2 2012	Q2 2011	Change
Revenue	\$718	\$674	7%
Gross Profit	422	322	31%
Gross Margin %	58.7%	47.8%	1100 bps
Advertising	38	34	12%
SG&A	99	86	15%
R&D	80	71	14%
Total Operating Expense	218	191	14%
Operating Income	204	132	55%
Operating Margin %	28.4%	19.5%	890 bps
Other Income/(Expense)	3	(5)	
Income Tax	22	18	
Net Income (GAAP)	186	110	70%
Net Income (Pro-Forma)	193	122	58%
EPS (GAAP)	\$0.95	\$0.56	70%
EPS Pro-Forma (excl. FX)	\$0.98	\$0.63	56%
Units Shipped (k)	3,906	3,761	4%

Deferred Revenue Impact

Deferred Revenue Impact*	Q2 2012	Q2 2011
Sales (\$M)	(\$16)	(\$62)
Operating Income (\$M)	(\$11)	(\$51)
Net Income (\$M)	(\$10)	(\$44)
EPS	(\$0.05)	(\$0.23)

- All figures are net of current year amortization

Revenue by Segment

(\$M)	Q2 2012	Q2 2011	Growth
Auto / Mobile	\$392	\$363	8%
Outdoor	\$100	\$81	24%
Fitness	\$82	\$78	5%
Marine	\$68	\$79	(14%)
Aviation	\$76	\$73	4%
Total	\$718	\$674	7%

(\$M)	YTD 2012	YTD 2011	Growth
Auto / Mobile	\$671	\$627	7%
Outdoor	\$178	\$148	20%
Fitness	\$153	\$134	14%
Marine	\$124	\$131	(5%)
Aviation	\$149	\$142	4%
Total	\$1,275	\$1,182	8%

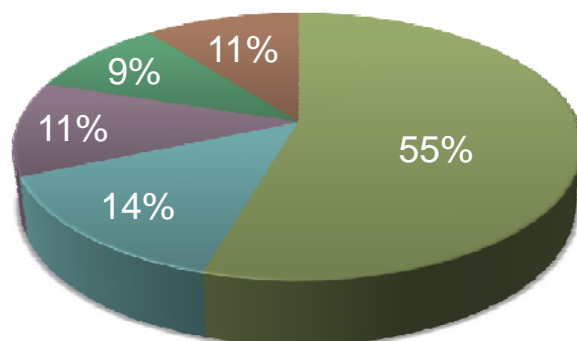
Revenue by Geography

(\$M)	Q2 2012	Q2 2011	Growth
Americas	\$392	\$358	9%
EMEA	\$269	\$253	6%
APAC	\$57	\$63	(9%)
Total Revenue	\$718	\$674	7%

(\$M)	YTD 2012	YTD 2011	Growth
Americas	\$688	\$638	8%
EMEA	\$468	\$424	10%
APAC	\$119	\$120	(1%)
Total Revenue	\$1,275	\$1,182	8%

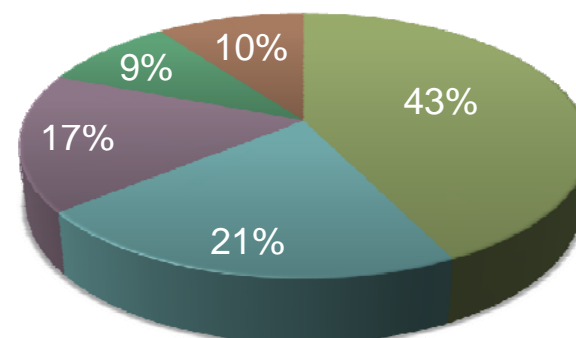
Q2 Revenue & Operating Income

Q2 2012 Revenue



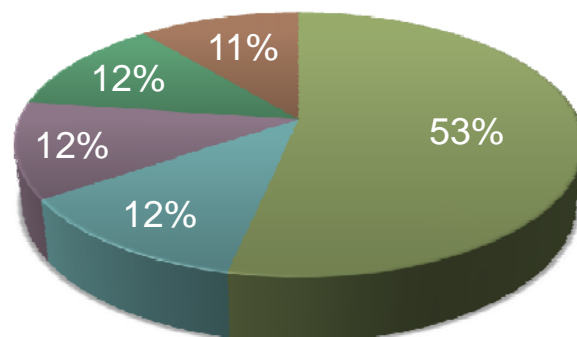
■ Auto/Mobile ■ Outdoor ■ Fitness ■ Marine ■ Aviation

Q2 2012 Operating Income



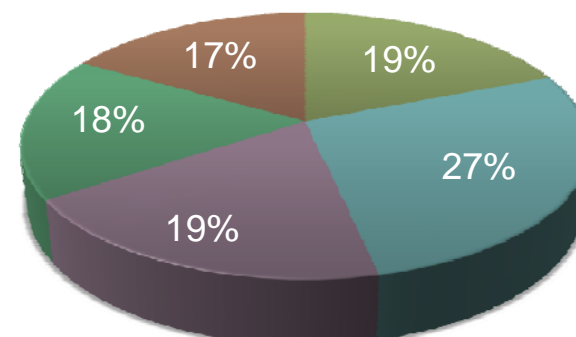
■ Auto/Mobile ■ Outdoor ■ Fitness ■ Marine ■ Aviation

Q2 2011 Revenue



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

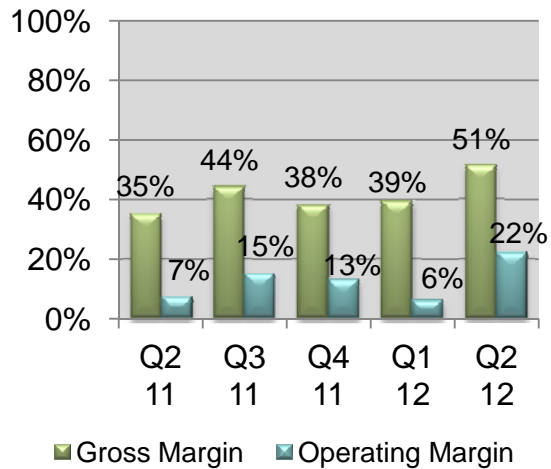
Q2 2011 Operating Income



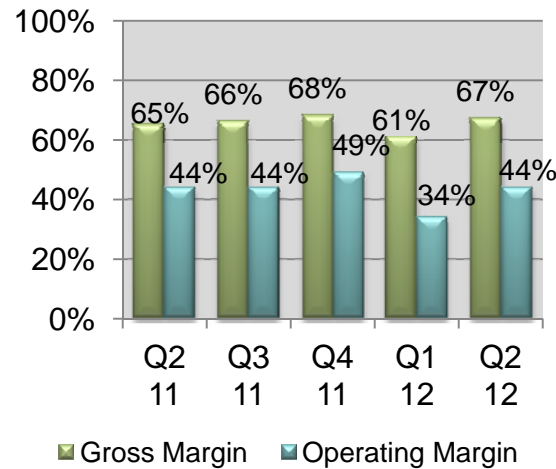
■ Auto/Mobile ■ Outdoor ■ Fitness ■ Marine ■ Aviation

Margin by Segment

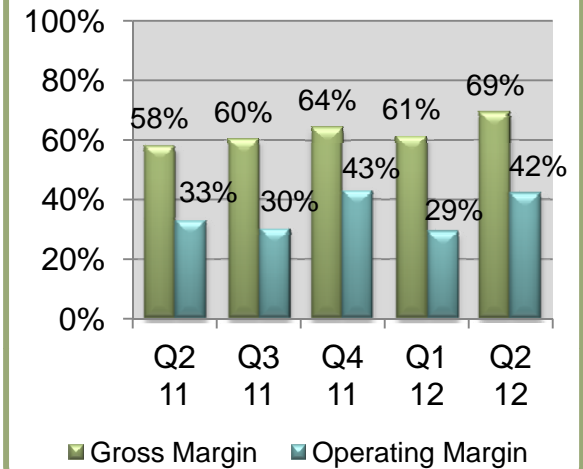
Auto / Mobile



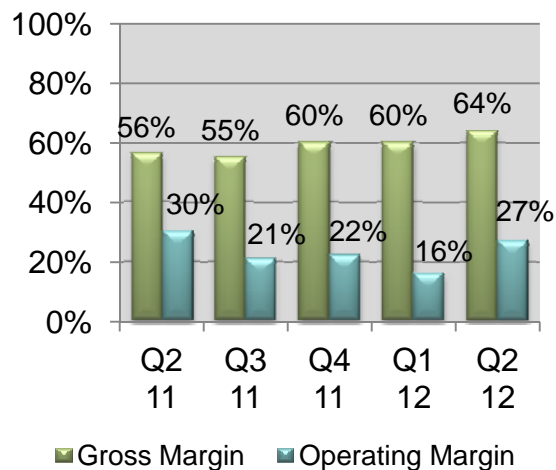
Outdoor



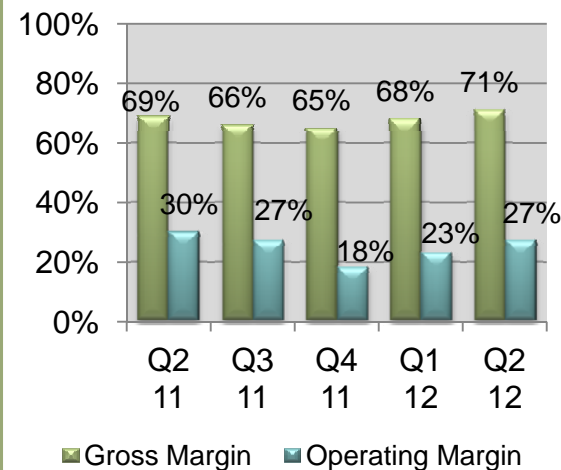
Fitness



Marine

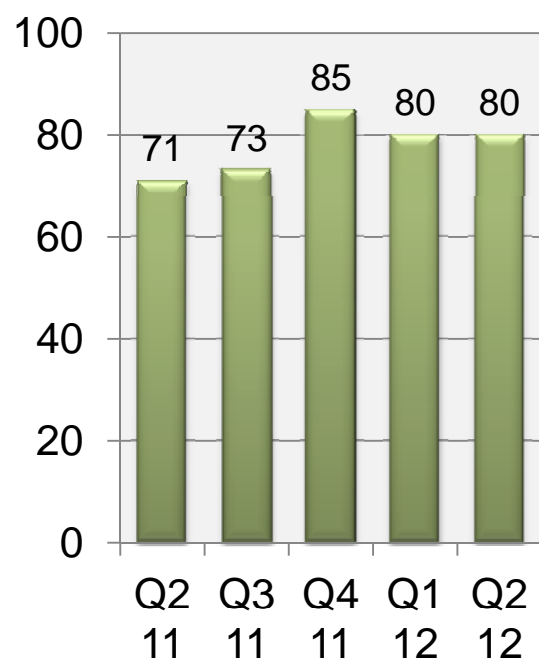


Aviation

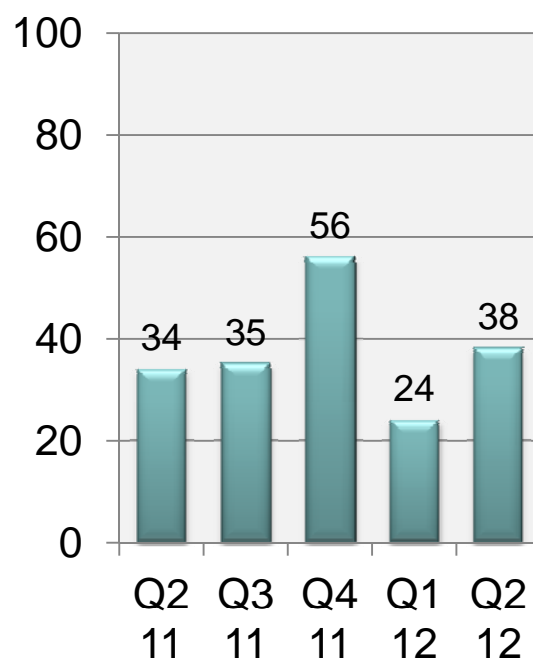


Operating Expenses

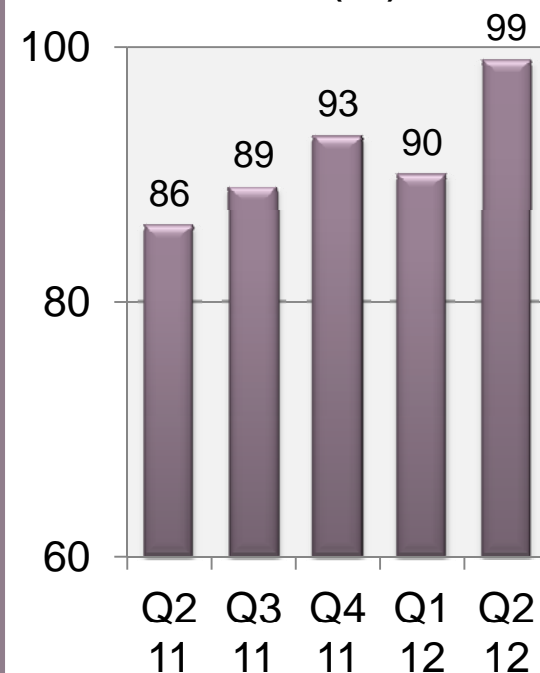
R&D (\$M)



Advertising (\$M)



SG&A (\$M)



2012 Balance Sheet

(\$ Millions)	Q2 2011	Q4 2011	Q1 2012	Q2 2012
Cash & Marketable Securities	2,281	2,496	2,537	2,646
Accounts Receivable	435	607	430	486
Inventory	411	398	407	384
Deferred Income Taxes	107	150	153	154
Prepaid Assets	38	70	48	52
Property, Plant & Equipment	427	417	413	408
Other Assets / Goodwill	239	333	337	333
Total Assets	3,938	4,471	4,325	4,463
Accounts Payable	119	211	109	139
Other Accrued Liabilities	213	298	222	242
Income Taxes Payable	177	239	232	211
Dividend Payable	0	78	0	263
Deferred Revenue	220	377	376	392
Deferred Income Taxes	15	11	7	5
Shareholders Equity	3,193	3,257	3,379	3,211
Total Liabilities / Equity	3,937	4,471	4,325	4,463

Cash Flow

(\$ Millions)	Q1 2011	Q4 2011	Q1 2012	Q2 2012	YTD 2012
Net Income	95	166	87	186	273
Depreciation / Amortization	22	34	25	26	51
Accounts Receivable	327	(87)	185	(68)	117
Inventory	(11)	52	(13)	23	10
Accounts Payable	(18)	27	(58)	32	(26)
Deferred Revenue	22	64	(1)	16	15
Income Taxes	(17)	43	(16)	(21)	(37)
Other Cash from Operations	(212)	(74)	(87)	29	(58)
Cash Flow from Operations	208	225	122	223	345
Investing Activities	(275)	(163)	(55)	(146)	(201)
Financing Activities	4	(160)	(74)	(86)	(160)
Exchange Rate Changes	13	(4)	6	(9)	(3)
Net Increase / (Decrease) in Cash	(50)	(102)	(1)	(18)	(19)
Cash at End of Period	1,210	1,287	1,286	1,268	1,268
Marketable Securities	1,070	1,209	1,251	1,378	1,378
Total Cash and Marketable Securities	2,280	2,496	2,537	2,646	2,646

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 began in June 2012 following shareholder approval
- Increased focus on acquisitions

Taxes

- Tax rate was 10.4% for second quarter. We continue to expect the rate to be approximately 13% for full year 2012.

2012 Guidance

P&L	2012
Revenue *	\$2.75 - \$2.8 B
Gross Margin	52 - 53%
Operating Income	\$560 - \$600 M
Operating Margin	21 – 22%
Tax Rate	13%
EPS (Pro Forma)	\$2.70 - \$2.85

* Full year EUR/USD FX rate Forecast of 1.27

Revenue (\$M)	Growth
Auto / Mobile	(5%) – 0%
Outdoor	10% - 15%
Fitness	10% - 15%
Marine	(10%) – (5%)
Aviation	0% - 5%

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Appendix

August 1, 2012



Pro Forma Net Income

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

	13-Weeks Ended		26-weeks Ended	
	June 30, 2012	June 25, 2011	June 30, 2012	June 25, 2011
Net Income (GAAP)	\$185,904	\$109,477	\$272,761	\$204,959
Foreign currency (gain) / loss, r	\$6,965	\$12,588	\$8,672	\$2,261
Net income (Pro Forma)	\$192,869	\$122,065	\$281,433	\$207,220
Net income per share (GAAP):				
Basic	\$0.95	\$0.56	\$1.40	\$1.06
Diluted	\$0.95	\$0.56	\$1.39	\$1.05
Net income per share (Pro Forma):				
Basic	\$0.99	\$0.63	\$1.44	\$1.07
Diluted	\$0.98	\$0.63	\$1.43	\$1.06
Weighted average common shares outstanding:				
Basic	194,849	194,051	194,795	193,986
Diluted	196,261	194,875	196,232	194,801

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

Free Cash Flow

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

	13-Weeks Ended		26-weeks Ended	
	June 30, 2012	June 25, 2011	June 30, 2012	June 25, 2011
Net cash provided by operating activities	\$222,905	\$203,354	\$345,133	\$410,953
Less: purchases of property and equipment	(\$11,668)	(\$7,137)	(\$17,426)	(\$14,315)
Free Cash Flow	\$211,237	\$196,217	\$327,707	\$396,638

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.