




GARMIN.

Q2 2013 Earnings Call Webcast

July 31, 2013

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

2nd Quarter Financial Review

**Strong second quarter revenue and margin performance
with revenue growth in all traditional segments**

- Traditional market segments contributed 50% of total revenue, and growth of 8% combined
- Gross margin of 55% due to positive segment mix
- Operating margin of 24% with traditional markets contributing 64% of total operating income
- Free cash flow of \$186 million

Outdoor

2nd Quarter Business Review

- Revenue growth of 6% generating operating income growth of 3%
- Golf remains a source of strength, along with dog tracking and training



Market/Product Update

- Introduction of Monterra built on Android OS with accessibility to applications
- Targeting adjacent markets to expand addressable market opportunity



Fitness

2nd Quarter Business Review

- Revenue growth of 3%, as new cycling products and the Forerunner 10 performed well
- R&D investment grew in the quarter, as we focus on new products and explore additional categories

Market/Product Update

- Vector power meter expected to deliver soon and generate accelerating revenue growth
- New adjacent market opportunities in focus for next year



Aviation

2nd Quarter Business Review

- Revenue growth of 16% with OEM and aftermarket contributing
- Operating income flat as we invested an additional \$8 million in R&D that will provide long-term benefit

Market/Product Update

- G5000 certifications are nearing completion
- Expect growth in 2013 and 2014 driven by OEM



Marine

2nd Quarter Business Review

- Revenue growth of 7% as new products began to deliver
- Operating margin of 20% as we returned to profitability in the segment

Market/Product Update

- New products have been well received with strong shipments continuing into third quarter
- Committed to innovation that will enhance market share position and ensure long-term profitability



Automotive/Mobile



2nd Quarter Business Review

- Revenue decline of 12% as the PND market performed as expected; partially offset with OEM growth
- Market share gains continue in both Europe and US
- 7" nüvi products selling well with improved ASP
- Announced expanded relationships with Volkswagen and MINI

Market/Product Update

- Continue to expect PND unit declines of approximately 20% globally
- Focus on niche opportunities including fleet management, over-the-road trucking and head up display

2013 Guidance Update

	2013 Update	Prior
Revenue *	\$2.5 - \$2.6 B	\$2.5 - \$2.6 B
Gross Margin	53 - 54%	53 - 54%
Operating Income	~\$500 M	\$480 - \$500 M
Operating Margin	~20%	19 – 20%
Tax Rate	15%	14%
EPS (Pro Forma)	\$2.30 - \$2.40	\$2.30 - \$2.40
Free Cash Flow	\$525 M	\$525 M

* Assumes EUR/USD FX rate of 1.30 in 2013

Financial Update

Kevin Rauckman
CFO and Treasurer

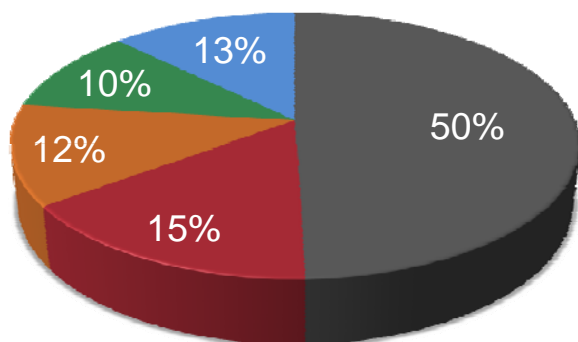
Q2 Income Statement

(\$ Millions)	Q2 2013 Actual	Q2 2012 Actual	Change
Revenue	\$697	\$718	(3%)
Gross Profit	384	422	(9%)
Gross Margin %	55.1%	58.7%	(370 bps)
Advertising	29	38	(23%)
SG&A	88	99	(11%)
R&D	96	80	20%
Total Operating Expense	214	218	(2%)
Operating Income	170	204	(17%)
Operating Margin %	24.4%	28.4%	(400 bps)
Other Income/(Expense)	37	3	
Income Tax	34	22	
Net Income (GAAP)	172	186	(7%)
Net Income (Pro-Forma)	150	193	(22%)
EPS (GAAP)	\$0.88	\$0.95	(8%)
EPS Pro-Forma (excl. FX)	\$0.76	\$0.98	(22%)
Units Shipped (K)	3,631	3,911	(7%)

Q2 Revenue

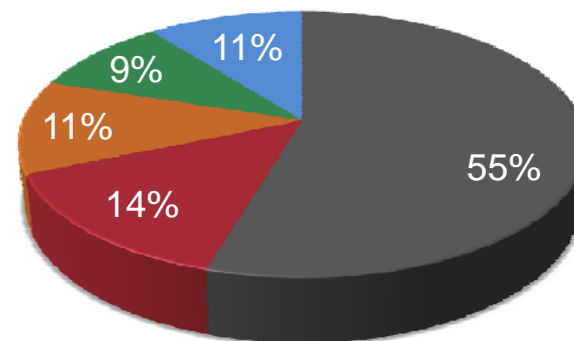
Revenue by Segment			
(\$M)	Q2 2013	Q2 2012	Growth
Auto / Mobile	\$345	\$392	(12%)
Outdoor	\$107	\$100	6%
Fitness	\$84	\$82	3%
Marine	\$73	\$68	7%
Aviation	\$88	\$76	16%
Total	\$697	\$718	(3%)

Q2 2013 Revenue



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

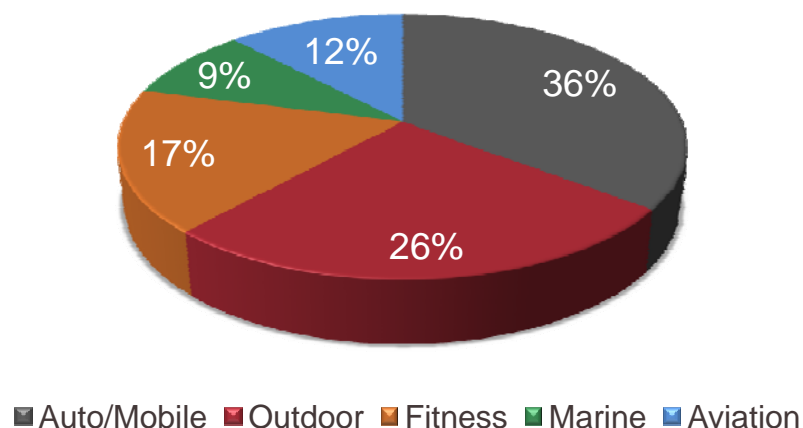
Q2 2012 Revenue



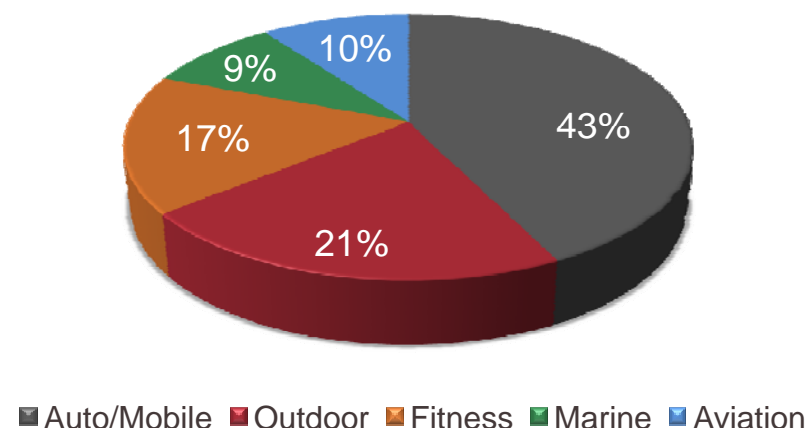
■ Auto/Mobile ■ Outdoor ■ Fitness ■ Marine ■ Aviation

Q2 Operating Income

Q2 2013 Operating Income



Q2 2012 Operating Income

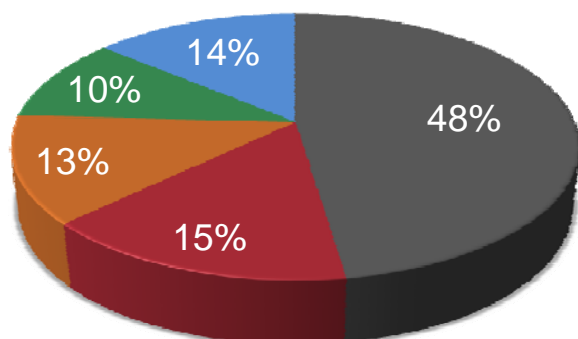


Margin Review

- GM of 55%; strong due to segment mix though down from prior year
- Auto/mobile decline primarily due to \$21 million benefit related to royalties in 2012
- Marine decline related to product mix in the quarter that included continued promotional pricing on older products
- Operating margin declined from 28% to 24% driven by the \$21 million benefit in 2012, as discussed above, and increased R&D

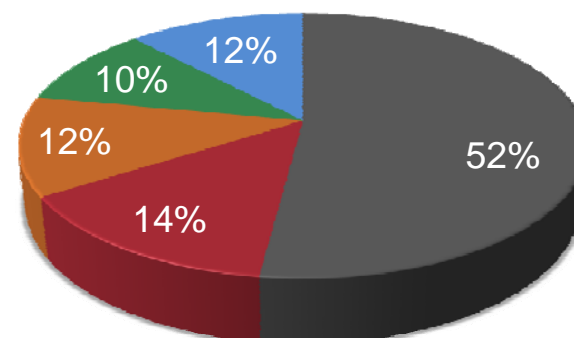
YTD Revenue & Operating Income

YTD 2013 Revenue



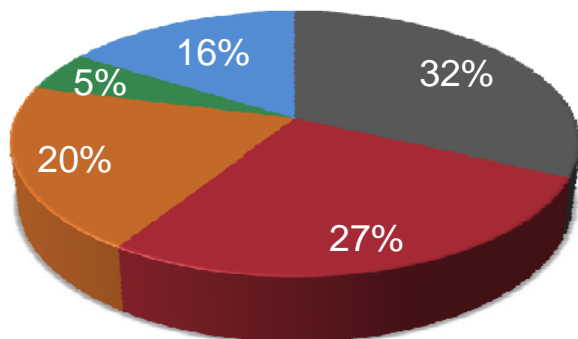
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YTD 2012 Revenue



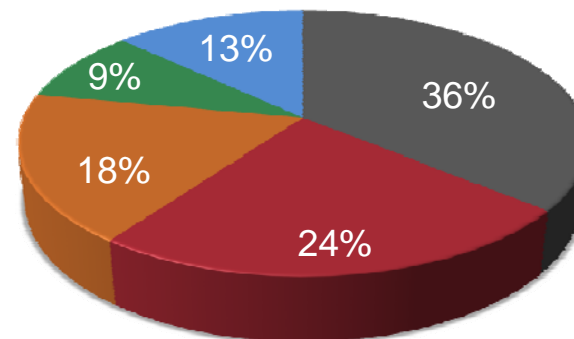
■ Auto/Mobile ■ Outdoor ■ Fitness ■ Marine ■ Aviation

YTD 2013 Operating Income



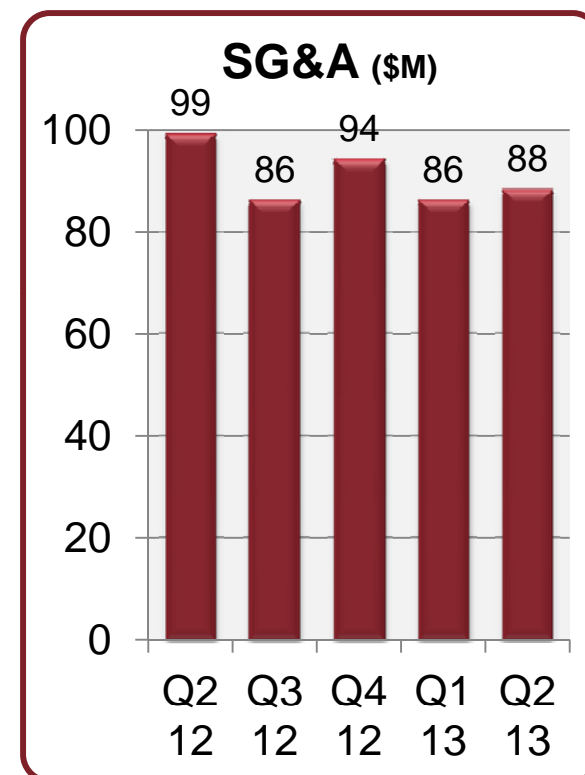
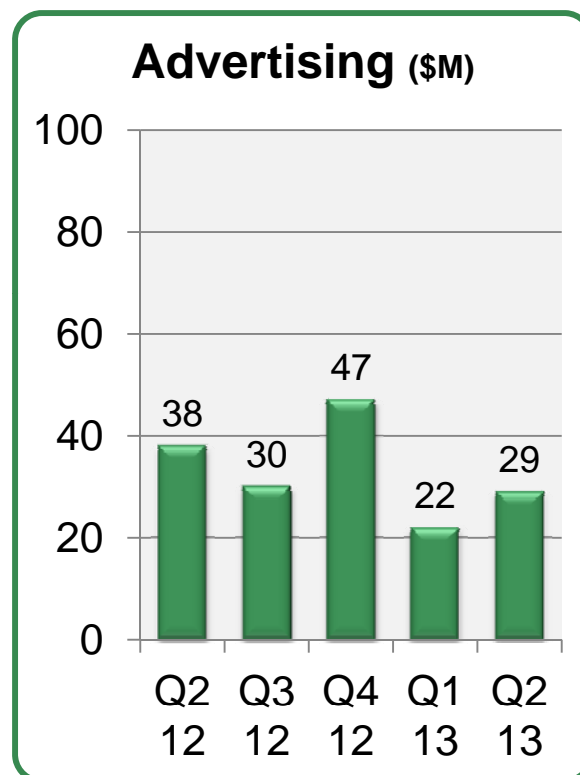
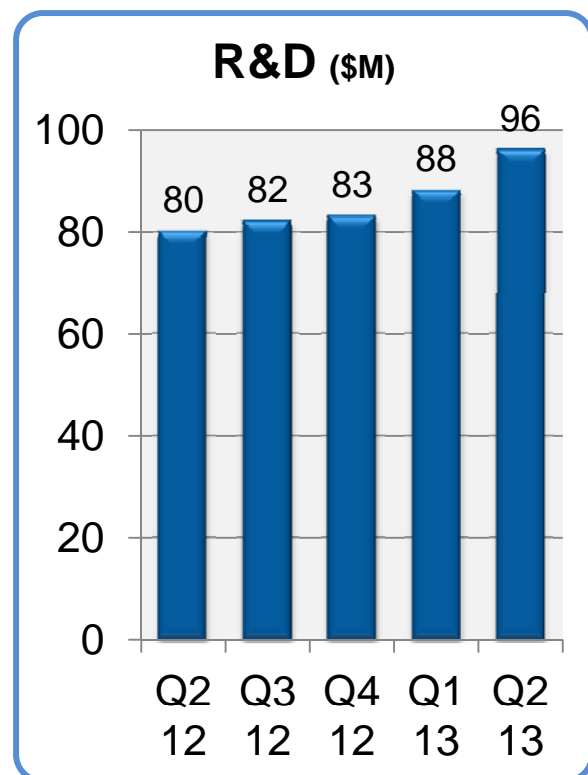
■ Auto/Mobile ■ Outdoor ■ Fitness ■ Marine ■ Aviation

YTD 2012 Operating Income



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

Q2 Operating Expenses



Balance Sheet/Cash Flow

Balance Sheet

- Ended quarter with over \$2.7 billion of cash and marketable securities
- Accounts receivable increased sequentially as expected following seasonally strong Q2
- Inventory balance decreased slightly on a sequential basis

Cash Flow

- Continued strong cash flow with \$204 million of operating cash and \$186 million of free cash flow in the quarter
- Paid June 2013 dividend of \$88 million
- Repurchased \$13 million in company stock; repurchase authorization remains in effect and management intends to repurchase shares from time to time as conditions warrant

Taxes / Guidance

Taxes

- Tax rate was 16.5% for Q2 2013 compared to 10.4% in Q2 2012 due to unfavorable income mix by geographic region
- Full year 2013 tax rate now expected to be 15% compared to 13.1% in 2012 due to unfavorable income mix by geographic region

Guidance

- No update to revenue growth guidance by segment
- Anticipate that automotive/mobile will be less than 50% of total revenue in 2013




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Appendix

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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 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Net Income (GAAP)	\$172,491	\$185,904	\$261,157	\$272,761
Foreign currency (gain) / loss, net of tax effects	(\$22,920)	\$6,965	(\$16,213)	\$8,672
Income tax benefit due to completion of tax audits and/or expiration of statutes	-	-	(\$16,536)	-
Net income (Pro Forma)	\$149,571	\$192,869	\$228,409	\$281,433
Net income per share (GAAP):				
Basic	\$0.88	\$0.95	\$1.34	\$1.40
Diluted	\$0.88	\$0.95	\$1.33	\$1.39
Net income per share (Pro Forma):				
Basic	\$0.76	\$0.99	\$1.17	\$1.44
Diluted	\$0.76	\$0.98	\$1.16	\$1.43
Weighted average common shares outstanding:				
Basic	195,570	194,849	195,600	194,795
Diluted	196,300	196,261	196,338	196,232

Free Cash Flow

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

	13-Weeks Ended		26-weeks Ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Net cash provided by operating activities	\$204,298	\$222,905	\$263,661	\$345,133
Less: purchases of property and equipment	(\$18,107)	(\$11,668)	(\$29,723)	(\$17,426)
Free Cash Flow	<u>\$186,191</u>	<u>\$211,237</u>	<u>\$233,938</u>	<u>\$327,707</u>