




GARMIN®

Q2 2015 Earnings

July 29, 2015

Safe Harbor Statement

These materials include projections and other 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." Any statements regarding Garmin's revenue, GAAP and pro forma estimated earnings and EPS, and tax rate for fiscal 2015, Garmin's expected segment revenue growth rates, margins, currency movements, expenses, pricing, new products to be introduced in 2015 and Garmin's plans and objectives are forward-looking statements. 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

- Revenue decreased 1%, affected by strong US Dollar
- Shipped over 4 million units, representing 8% growth
- Non-auto market segments grew 11% and contributed 61% of total revenue
- Gross and operating margin of 54% and 22%, respectively
- Pro forma/GAAP EPS of \$0.72

Fitness

2nd Quarter Business Review

- Revenue growth of 5%; underlying foundation is solid
- Gross and operating margin of 56% and 21%, respectively
- R&D and advertising investments throughout 2015 position us for long-term success

Market/Product Update

- Forerunner 225 with wrist heart rate
- New cycling products include the Edge 20/25, Edge 520 and Varia



Outdoor

2nd Quarter Business Review

- Revenue growth of 4% due to improved supply and strength in wearables
- Operating income grew 6%

Market/Product Update

- fēnix 3 is performing well
- New eTrex and Rino models



Aviation

2nd Quarter Business Review

- Revenue growth of 5% with solid aftermarket results
- Operating profit declined slightly due to R&D investment to support future growth opportunities

Market/Product Update

- GAMA reports new aircraft sales down 15% in the first quarter of 2015
- Certifications of new cockpit wins continue, advancing our long-term position in the industry



Marine



2nd Quarter Business Review

- Revenue growth of 41% driven by a strong new product line-up and the recent acquisition of Fusion
- Gaining share based on innovation and execution

Market/Product Update

- Strong reception for our chartplotter combo products
- Growing awareness for our innovative Panoptix real-time sonar technology

Auto

2nd Quarter Business Review

- Revenue declined 15%, in-line with expectations
- Stable share in the US with share growth in Europe

Market/Product Update

- Expect PND market to decline approximately 10-15% globally with stable pricing
- Introduced dēzlCam with built-in dash cam and truck specific routing and warnings



2015 Guidance Update

	2015 Guidance
Revenue	~\$2.9 B
Gross Margin	54 - 55%
Operating Margin	20 - 21%
Tax Rate	18 - 19%
EPS (Pro Forma)	~\$2.65

Assumes EUR/USD FX rate of 1.10 in 2015

Financial Update

Doug Boessen
CFO and Treasurer

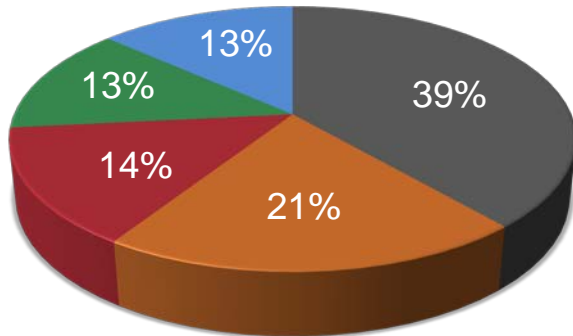
Q2 Income Statement

(\$ Millions)	Q2 2015 Actual	Q2 2014 Actual	Change
Revenue	\$774	\$778	(1%)
Gross Profit	419	444	(6%)
Gross Margin %	54%	57%	(300 bps)
Total Operating Expense	253	226	12%
Operating Income	167	219	(24%)
Operating Margin %	22%	28%	(660 bps)
Other Income/(Expense)	7	-10	
Income Tax	36	27	
Net Income (GAAP)	138	182	(24%)
Net Income Pro-Forma	138	200	(31%)
EPS (GAAP)	\$0.72	\$0.93	(23%)
EPS Pro-Forma	\$0.72	\$1.02	(29%)
Units Shipped (K)	4,150	3,841	8%

Q2 Revenue

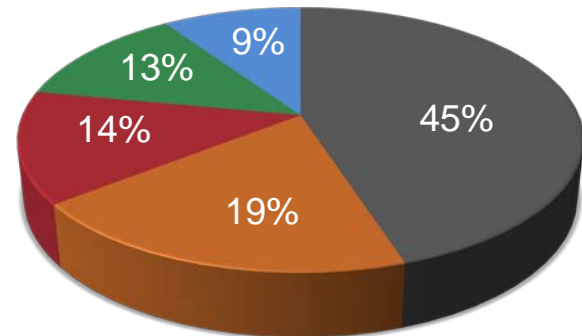
Revenue by Segment			
(\$ M)	Q2 2015	Q2 2014	Change
Auto	\$299	\$350	(15%)
Fitness	159	151	5%
Outdoor	110	106	4%
Marine	104	74	41%
Aviation	102	97	5%
Total	\$774	\$778	(1%)

Q2 2015 Revenue



■ Auto ■ Fitness ■ Outdoor ■ Aviation ■ Marine

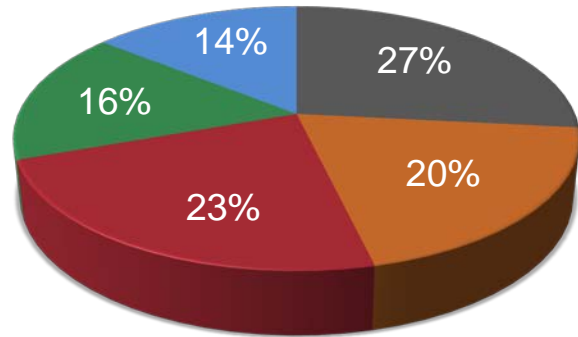
Q2 2014 Revenue



■ Auto ■ Fitness ■ Outdoor ■ Aviation ■ Marine

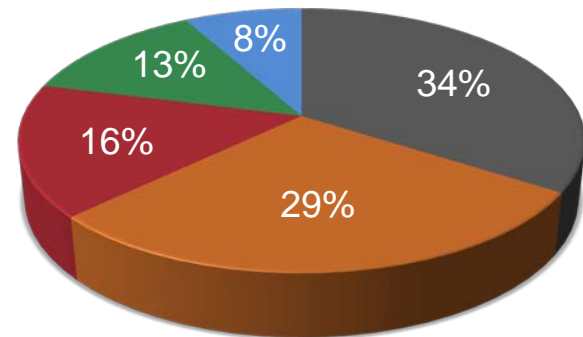
Q2 Operating Income

Q2 2015 Operating Income



■ Auto ■ Fitness ■ Outdoor ■ Aviation ■ Marine

Q2 2014 Operating Income



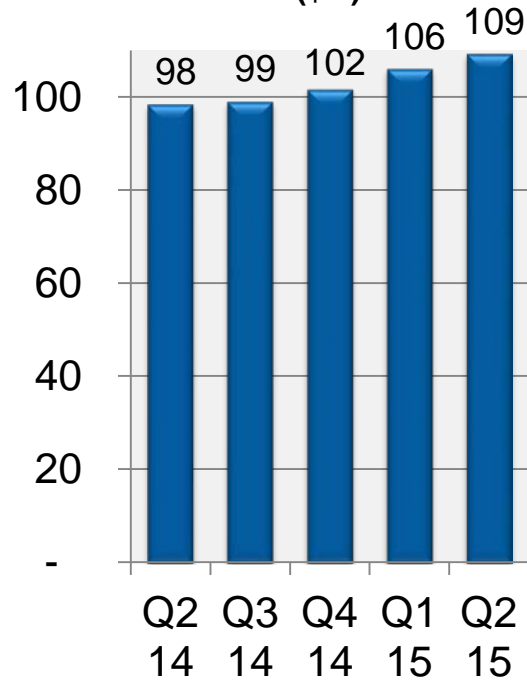
■ Auto ■ Fitness ■ Outdoor ■ Aviation ■ Marine

Margin Review

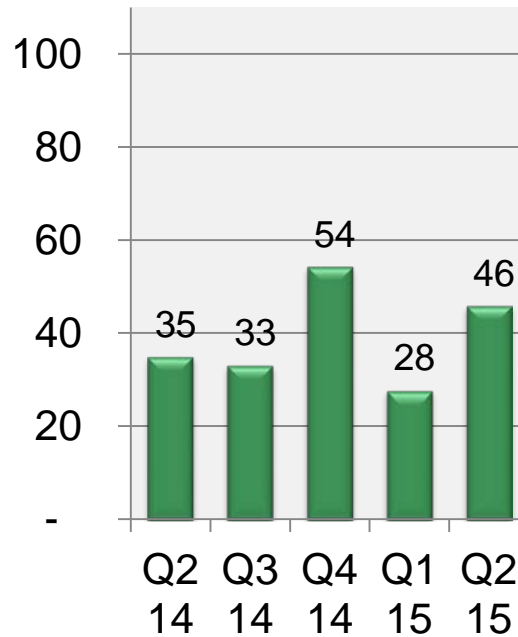
- GM of 54%; due primarily to the negative impact of currency on consumer revenues and product mix
 - Fitness product mix shift toward activity trackers
 - Marine product mix positively impacted by 2015 product line-up with partial offset from lower margin Fusion products
 - Outdoor product mix shift toward wearables offset by prior year inventory reserve
- Operating margin declined from 28% to 22% driven by GM compression and increased R&D and advertising

Operating Expenses

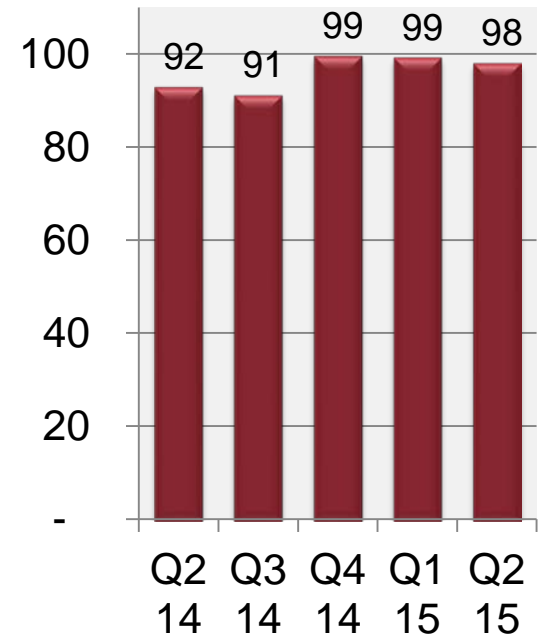
R&D (\$M)



Advertising (\$M)



SG&A (\$M)



Balance Sheet/Cash Flow

Balance Sheet

- Ended quarter with over \$2.4 billion of cash and marketable securities
- Accounts receivable increased as expected following seasonally strong second quarter
- Inventory balance decreased on a sequential basis as we exited the seasonal strong second quarter, but remains higher year-over-year to support new product launches

Cash Flow

- Excluding the cash tax payment of \$183 million for the intercompany restructuring made in the quarter, generated \$64 million of free cash flow in Q2 2015
- Repurchased \$41 million in company stock in Q2 2015; \$243 million repurchase authorization remains in effect

Taxes

- Q2 2015 Effective Tax Rate (ETR) of 20.6% compared to 12.8% in Q2 2014
 - Reduced profit forecast negatively impacting income mix by tax jurisdiction
 - Reserve release due to expiration of certain statutes of limitations reduced expense by \$1.6 million and \$5.2 million in Q2 2015 and Q2 2014, respectively
- 2015 ETR forecasted to be 18-19% due primarily to income mix by tax jurisdiction



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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 balances 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 a currency other than the functional currency at one of the Company's subsidiaries. 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 \$7 million and \$11 million in first half 2015 and 2014, 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. 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

Net income per share (Pro Forma)
(in thousands, except per share information)

	13-Weeks Ended		26-weeks Ended	
	June 27, 2015	June 28, 2014	June 27, 2015	June 28, 2014
Net Income (GAAP)	\$137,753	\$181,983	\$204,545	\$300,800
Foreign currency (gain) / loss, net of tax effects	\$387	\$17,768	\$36,650	\$6,478
Net income (Pro Forma)	<u>\$138,140</u>	<u>\$199,751</u>	<u>\$241,195</u>	<u>\$307,278</u>
Net income per share (GAAP):				
Basic	\$0.72	\$0.94	\$1.07	\$1.55
Diluted	\$0.72	\$0.93	\$1.07	\$1.54
Net income per share (Pro Forma):				
Basic	\$0.72	\$1.03	\$1.26	\$1.58
Diluted	\$0.72	\$1.02	\$1.26	\$1.57
Weighted average common shares outstanding:				
Basic	191,101	193,771	191,432	194,431
Diluted	191,600	194,955	191,939	195,464

Free Cash Flow

Free Cash Flow (in thousands)

	13-Weeks Ended		26-weeks Ended	
	June 27, 2015	June 28, 2014	June 27, 2015	June 28, 2014
Net cash provided by operating activities	(\$97,359)	\$164,179	(\$15,704)	\$235,352
Less: purchases of property and equipment	(\$21,589)	(\$21,224)	(\$39,732)	(\$36,761)
Plus: taxes paid related to inter-company restructuring	\$182,800	-	\$182,800	-
Free Cash Flow	\$63,852	\$142,955	\$127,364	\$198,591

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 plus non-recurring cash payments associated with our inter-company restructuring less capital expenditures for property and equipment.