



GARMIN®



Q3 2014 Earnings Call Webcast

October 29, 2014



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

3rd Quarter Financial Review

**Strong revenue and margin performance continued
generating 10% pro forma EPS growth**

- Revenue growth of 10% with non-auto/mobile segments growing 24% and contributing 56% of total revenue
- Gross and operating margins of 56% and 25%, respectively
- Operating income growth of 16% with non-auto/mobile segments generating 70% of operating income
- Executed previously announced inter-company restructuring resulting in \$308 million tax expense and GAAP net loss per share of \$0.76
- Pro forma EPS growth of 10%; \$0.76 for third quarter 2014

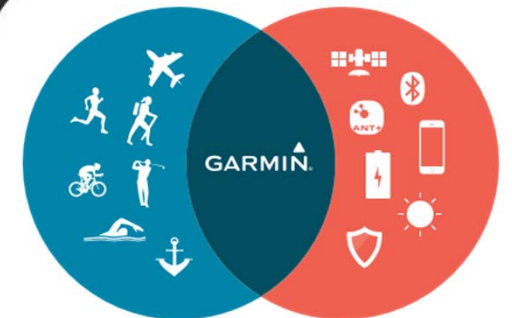
Fitness

3rd Quarter Business Review

- Revenue growth of 43%
- Gross and operating margins of 64% and 32%, respectively
- Operating income growth of 38%

Market/Product Update

- vívosmart launched exclusively at Best Buy
- Forerunner 920XT announced for our multi-sport customers
- Connect IQ software developers' kit launched for Garmin wearables



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Outdoor

3rd Quarter Business Review

- Revenue grew by 19% to \$121 million; new products in golf, wearables and dog tracking/training contributed
- Gross and operating margins remain strong at 65% and 42%, respectively

Market/Product Update

- Significant third quarter growth confirms strength of product portfolio and is expected to result in mid-single digit growth for full year
- Continue to explore and innovate in new adjacencies and categories to drive long-term growth



Aviation

3rd Quarter Business Review

- Revenue growth of 19%; all categories contributed
- Gross and operating margins of 73% and 29%, respectively
- Operating income growth of 25%

Market/Product Update

- Business jet and helicopter certifications continue to offer market share gains
- Pursuing additional aftermarket opportunities via ADS-B mandate and King Air avionics enhancements



Marine



3rd Quarter Business Review

- Revenue growth of 12% driven by Fusion acquisition
- Gross and operating margin improvement led to 32% operating income growth

Market/Product Update

- Announced 2015 product line-up including chartplotters, MFDs, radars and autopilots
- Recreational marine market remains difficult but positioned well for future growth

Automotive/Mobile

3rd Quarter Business Review

- Revenue declined 5% due to PND volume trends
- Profitability and market share continue to be strong providing long-term cash flow generation

Market/Product Update

- Announced OEM partnership with Honda on the 2015 Civic and CR-V
- Will continue to leverage our industry-leading navigation solutions to build market share in OEM



2014 Guidance

	2014 Update	Prior
Revenue	~\$2.85 B	\$2.75 - \$2.85 B
Gross Margin	~56%	~56%
Operating Margin	~24%	~24%
Tax Rate (Pro Forma)	~17%	~15%
EPS (Pro Forma)	~\$3.10	\$2.95 - \$3.05

Financial Update

Doug Boessen
CFO and Treasurer

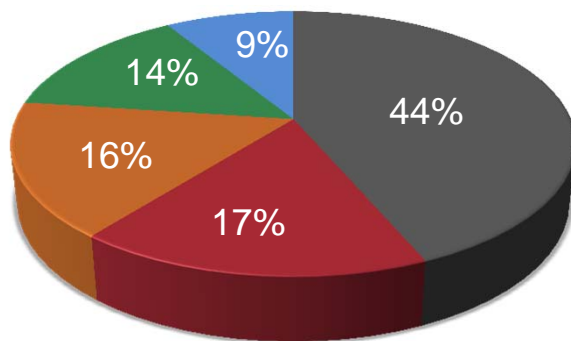
Q3 Income Statement

(\$ Millions)	Q3 2014 Actual	Q3 2013 Actual	Change
Revenue	\$706	\$644	10%
Gross Profit	398	353	13%
Gross Margin %	56%	55%	160 bps
Total Operating Expense	223	201	11%
Operating Income	176	152	16%
Operating Margin %	25%	24%	130 bps
Other Income/(Expense)	(3)	9	
Income Tax	319	(27)	
Net Income (GAAP)	(147)	188	NM
Net Income Pro-Forma	146	136	7%
EPS (GAAP)	(0.76)	\$0.96	NM
EPS Pro-Forma	0.76	\$0.69	9%
Units Shipped (K)	3,679	3,273	12%

Q3 Revenue

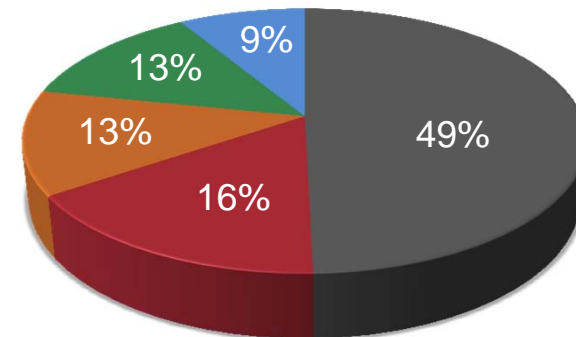
Revenue by Segment			
(\$ M)	Q3 2014	Q3 2013	Change
Auto / Mobile	\$308	\$323	(5%)
Outdoor	\$121	\$101	19%
Fitness	\$116	\$81	43%
Aviation	\$99	\$84	19%
Marine	\$62	\$55	12%
Total	\$706	\$644	10%

Q3 2014 Revenue



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

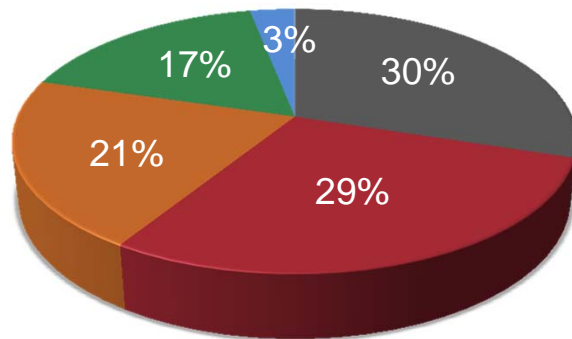
Q3 2013 Revenue



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

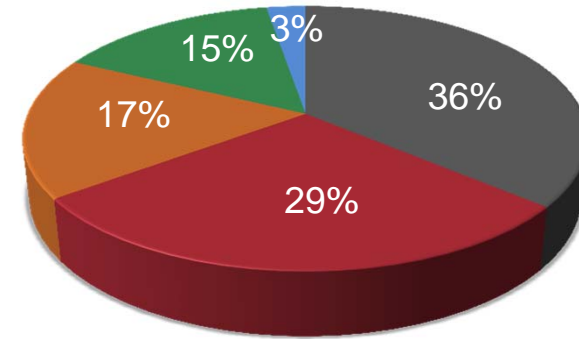
Q3 Operating Income

Q3 2014 Operating Income



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

Q3 2013 Operating Income

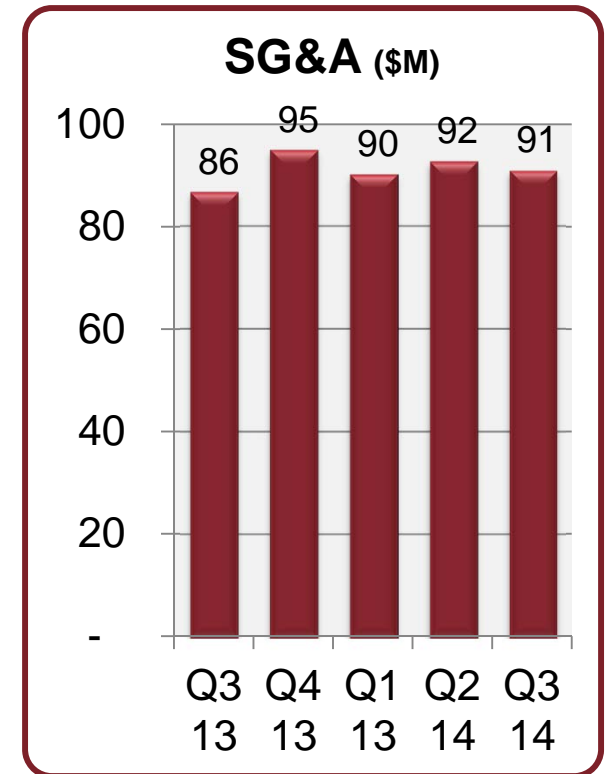
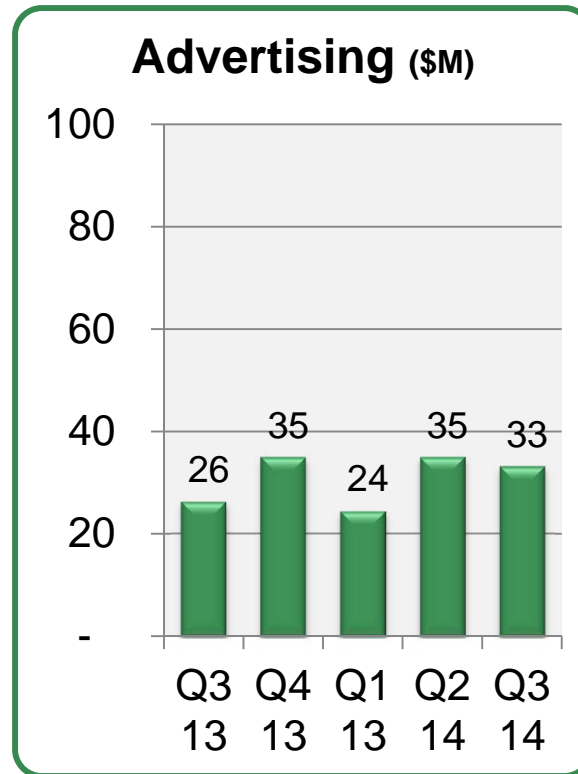
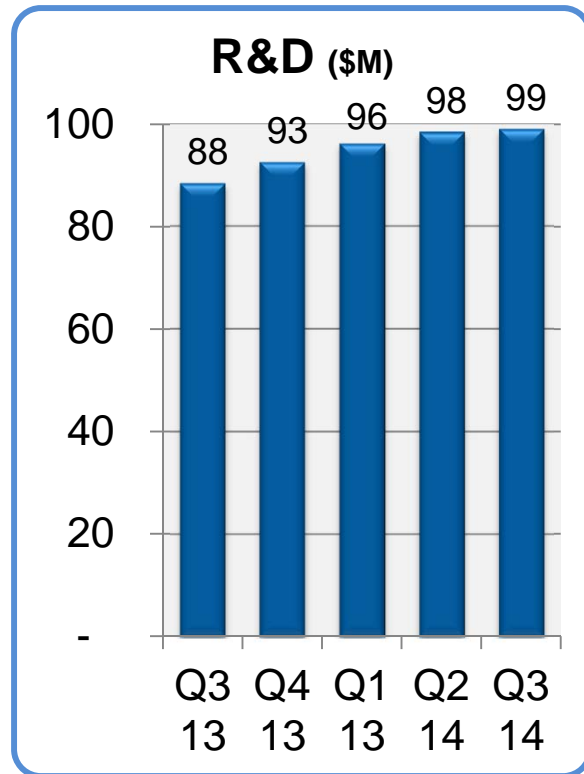


■ Auto/Mobile ■ Outdoor ■ Fitness ■ Aviation ■ Marine

Margin Review

- Total GM of 56%; strong due to segment mix and improved or stable GM in four of five segments
- Operating margin improved to 25% year-over-year driven by the gross margin improvement discussed above

Operating Expenses



Taxes

Taxes

- Pro forma ETR of 21.0% in Q3 2014 compared to 15.7% in Q3 2013
 - Excludes tax expense associated with inter-company restructuring and tax benefit of reserve releases
 - Rate increase driven by income mix by tax jurisdiction, expiration of Taiwan tax holidays and expiration of the US R&D tax credit
- 2014 pro forma ETR now expected to be approximately 17.0% due primarily to delayed approval of the US R&D tax credit

Balance Sheet/Cash Flow

Balance Sheet

- Ended quarter with almost \$2.8 billion of cash and marketable securities
- Accounts receivable decreased sequentially due to seasonal trends
- Inventory balance increased sequentially as we prepare for the seasonally strong 4th quarter

Cash Flow

- Continued strong cash flow with \$220 million of operating cash and \$202 million of free cash flow in the quarter (excluding \$78 million tax payment associated with inter-company restructuring)
- Repurchased \$79 million in company stock completing the \$300 million authorization
- Will return over \$600 million of cash in 2014 via dividend and share repurchase



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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 and \$10 million for the 39-weeks ended September 27, 2014 and September 28, 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)

	13-Weeks Ended		39-weeks Ended	
	Sep 27, 2014	Sep 28, 2013	Sep 27, 2014	Sep 28, 2013
Net Income (Loss) (GAAP)	(\$146,834)	\$187,669	\$153,966	\$448,827
Foreign currency (gain) / loss, net of tax effects	\$10,035	\$693	\$16,957	(\$15,475)
Income tax benefit due to completion of tax audits and/or expiration of statutes	(\$24,400)	(\$52,180)	(\$24,400)	(\$68,716)
Tax due to inter-company restructuring	\$307,635	-	\$307,635	-
Net income (Pro Forma)	\$146,436	\$136,182	\$454,158	\$364,636
Weighted average common shares outstanding:				
Basic	192,239	195,325	193,700	195,488
Diluted (GAAP) ⁽¹⁾	192,239	196,300	194,763	196,312
Diluted (Pro Forma)	193,341	196,300	194,763	196,312
Net income (loss) per share (GAAP):				
Basic	(\$0.76)	\$0.96	\$0.79	\$2.30
Diluted	(\$0.76)	\$0.96	\$0.79	\$2.29
Net income per share (Pro Forma):				
Basic	\$0.76	\$0.70	\$2.34	\$1.87
Diluted	\$0.76	\$0.69	\$2.33	\$1.86

(1) Per US GAAP, dilutive shares are excluded from the calculation of GAAP EPS in a net loss position as the dilutive impact becomes anti-dilutive, reducing the loss per share.

Free Cash Flow

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

	13-Weeks Ended		39-weeks Ended	
	Sep 27, 2014	Sep 28, 2013	Sep 27, 2014	Sep 28, 2013
Net cash provided by operating activities	\$142,342	\$216,609	\$377,694	\$480,271
Less: purchases of property and equipment	(\$18,066)	(\$11,602)	(\$54,829)	(\$41,325)
Plus: taxes paid related to inter-company restructuring	\$78,137	-	\$78,137	-
Free Cash Flow	\$202,413	\$205,007	\$401,002	\$438,946

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 one-time cash payments associated with our inter-company restructuring less capital expenditures for property and equipment.