



GARMIN®

Q3 2015 Earnings

October 28, 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

3rd Quarter Financial Review

- Revenue decreased 4%, affected by strong US Dollar
- Shipped approximately 3.9 million units, representing 4% growth
- Non-auto market segments continue to provide revenue growth; contributed 61% and 75% of revenue and operating income, respectively
- Gross and operating margin of 53% and 18.5%, respectively
- Pro forma EPS of \$0.51

Fitness



3rd Quarter Business Review

- Revenue growth of 23%; strong results in activity trackers, multisport and cycling
- Gross and operating margin of 54% and 19%, respectively

Market/Product Update

- Forerunner family update including the 235 with Garmin Elevate wrist heart rate technology
- vivosmart HR with Garmin Elevate, always-on display and full smart notification capability
- Garmin Connect Mobile update
- Q4 advertising campaign launches soon

Outdoor

3rd Quarter Business Review

- Revenue decline of 5% due to geographic exposure to weak currency
- Margin profile negatively impacted by currency and category mix

Market/Product Update

- Expanded the fēnix 3 product line with new color and material options



Aviation

3rd Quarter Business Review

- Revenue decline of 5% following general industry trends
- Gross margin remains strong while operating margin declined to 25% due to R&D investment growth

Market/Product Update

- Development and certification of additional aircraft platforms continues; confident in our market position and long-term opportunities for growth



Marine



NMEA®
2015
Product Award
Recipient

3rd Quarter Business Review

- Revenue was flat following strong 2nd quarter results and as we compare against the Q3 2014 acquisition of Fusion
- Gross margin continues to improve with launch of new products

Market/Product Update

- Honored with 5 awards by NMEA including Manufacturer of the Year
- Will build on current momentum in 2016 with further innovation and share gain

Auto

3rd Quarter Business Review

- Revenue declined 14%, in-line with expectations
- Global share remains stable

Market/Product Update

- Expect PND market to decline approximately 10-15% globally with stable pricing
- Introduced babyCam, a back seat video monitoring system that feeds wirelessly to compatible Garmin PND



2015 Guidance Update

	2015 Guidance
Revenue	~\$2.8 B
Gross Margin	~53.5%
Operating Margin	~18.5%
Tax Rate	~21.5%
EPS (Pro Forma)	~\$2.25

Financial Update

Doug Boessen
CFO and Treasurer

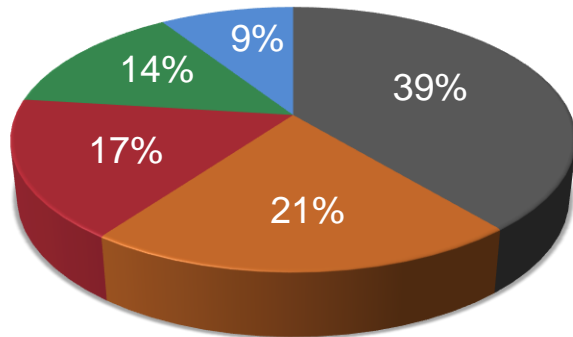
Q3 Income Statement

(\$ Millions)	Q3 2015 Actual	Q3 2014 Actual	Change
Revenue	\$680	\$706	(4%)
Gross Profit	362	398	(9%)
Gross Margin %	53%	56%	(300 bps)
Total Operating Expense	237	223	6%
Operating Income	125	176	(29%)
Operating Margin %	18%	25%	(640 bps)
Other Income/(Expense)	39	-3	
Income Tax	46	319	
Net Income (GAAP)	119	-147	NM
Net Income Pro-Forma	97	146	(34%)
EPS (GAAP)	\$0.63	-\$0.76	NM
EPS Pro-Forma	\$0.51	\$0.76	(33%)
Units Shipped (K)	3,861	3,700	4%

Q3 Revenue

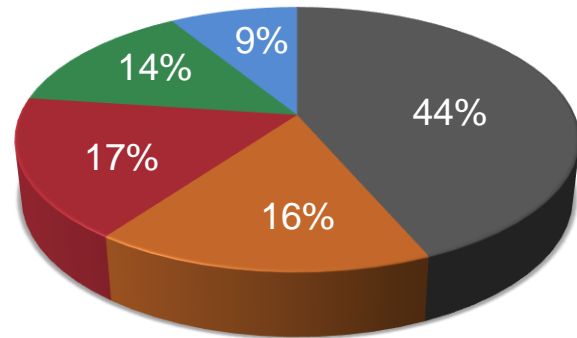
Revenue by Segment			
(\$ M)	Q3 2015	Q3 2014	Change
Auto	\$265	\$308	(14%)
Fitness	143	116	23%
Outdoor	115	121	(5%)
Aviation	94	99	(5%)
Marine	63	62	0%
Total	\$680	\$706	(4%)

Q3 2015 Revenue



■ Auto ■ Fitness ■ Outdoor ■ Aviation ■ Marine

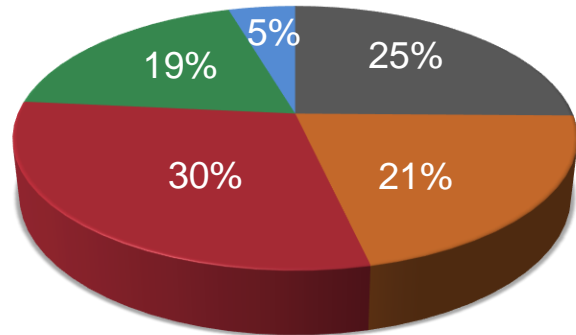
Q3 2014 Revenue



■ Auto ■ Fitness ■ Outdoor ■ Aviation ■ Marine

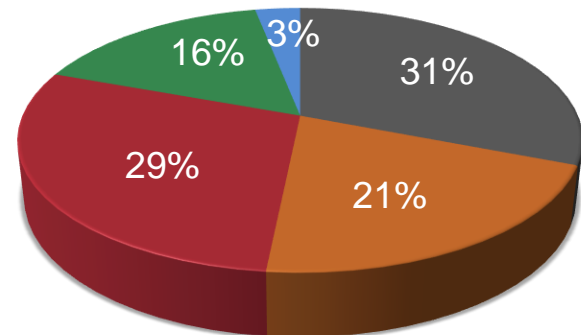
Q3 Operating Income

Q3 2015 Operating Income



■ Auto ■ Fitness ■ Outdoor ■ Aviation ■ Marine

Q3 2014 Operating Income



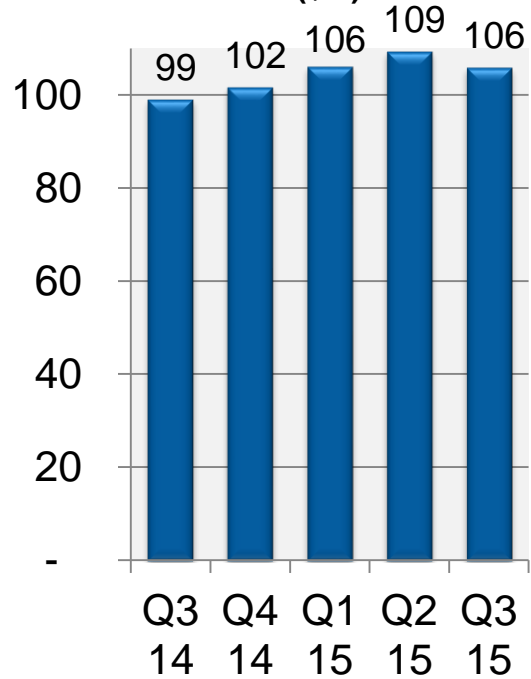
■ Auto ■ Fitness ■ Outdoor ■ Aviation ■ Marine

Margin Review

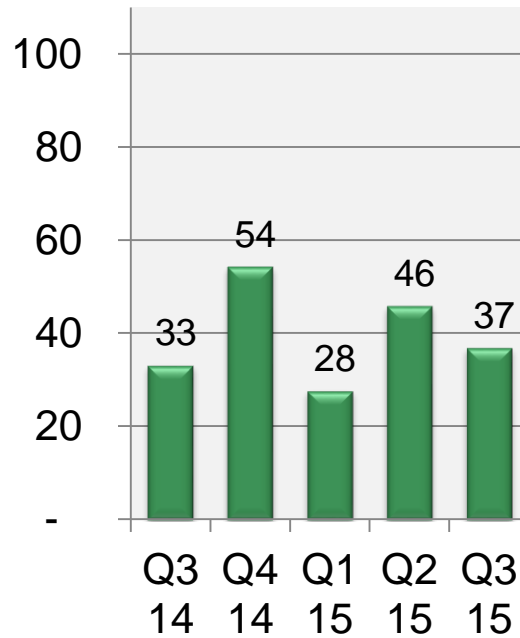
- GM of 53.3%; decline due primarily to the negative impact of currency on consumer revenues and pricing pressure in fitness
- Operating margin declined from 24.7% to 18.5% driven primarily by GM compression and increased R&D

Operating Expenses

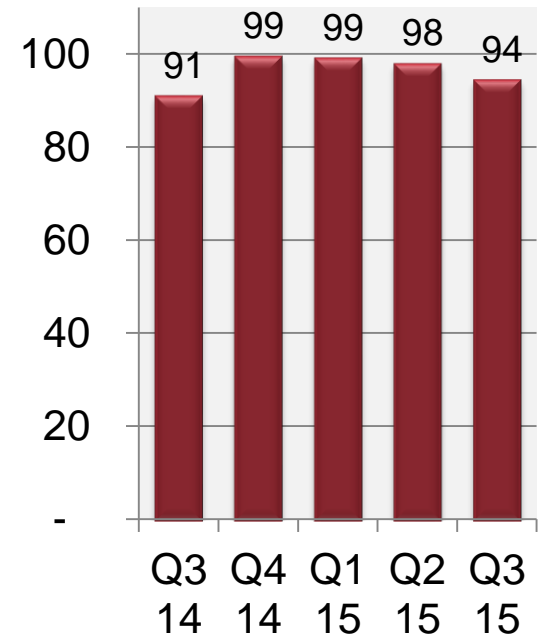
R&D (\$M)



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 decreased both sequentially and year-over-year
- Inventory balance increased on a sequential basis as we prepared for the fourth quarter and remains higher year-over-year to support new product launches

Cash Flow

- Generated \$124 million of free cash flow in Q3 2015
- Repurchased \$51 million in company stock in Q3 2015; \$192 million repurchase authorization remains in effect

Taxes

- Q3 2015 Effective Tax Rate (ETR) of 27.7% compared to pro forma ETR of 21.0% in Q3 2014
 - Reduced profit forecast negatively impacting income mix by tax jurisdiction
 - Q3 2014 pro forma ETR excludes tax expense associated with inter-company restructuring and tax benefit of reserve releases
- 2015 ETR forecasted to be approximately 21.5% 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. 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	
	Sept 26, 2015	Sept 27, 2014	Sept 26, 2015	Sept 27, 2014
Net Income (Loss) (GAAP)	\$119,299	(\$146,834)	\$323,844	\$153,966
Foreign currency (gain) / loss, net of tax effects	(\$22,120)	\$10,035	\$11,073	\$16,957
Income tax benefit due to completion of tax audits and/or expiration of statutes	-	(\$24,400)	-	(\$24,400)
Tax due to inter-company restructuring	-	\$307,635	-	\$307,635
Net income (Pro Forma)	\$97,179	\$146,436	\$334,917	\$454,158
Net income (loss) per share (GAAP):				
Basic	\$0.63	(\$0.76)	\$1.69	\$0.79
Diluted	\$0.63	(\$0.76)	\$1.69	\$0.79
Net income per share (Pro Forma):				
Basic	\$0.51	\$0.76	\$1.75	\$2.34
Diluted	\$0.51	\$0.76	\$1.75	\$2.33
Weighted average common shares outstanding:				
Basic	190,342	192,239	191,068	193,700
Diluted (GAAP) ⁽¹⁾	190,822	192,239	191,523	194,763
Diluted (Pro Forma)	190,822	193,341	191,523	194,763

(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	
	Sept 26, 2015	Sept 27, 2014	Sept 26, 2015	Sept 27, 2014
Net cash provided by operating activities	\$137,834	\$142,342	\$122,131	\$377,694
Less: purchases of property and equipment	(\$13,565)	(\$18,066)	(\$53,297)	(\$54,829)
Plus: taxes paid related to inter-company restructuring	-	\$78,137	\$182,800	\$78,137
Free Cash Flow	<u>\$124,269</u>	<u>\$202,413</u>	<u>\$251,634</u>	<u>\$401,002</u>

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.