



Q4 2012 Earnings Call Webcast

February 20, 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

4th Quarter Financial Review

Strong profitability and cash flow generation though revenue declined 16%

- Consolidated revenue declined 16% with traditional markets contributing 43%
- Gross margin strong at 48.6%
- Operating expenses declined 4% year-over-year resulting in an operating margin of 19.5%
- Traditional market segments contributed 66% of total operating income
- Generated \$163 million of free cash flow

2012 Financial Review

Pro forma EPS growth of 4% with strong margin performance

- Consolidated revenue of over \$2.7 billion, down 2%
- Operating income growth of 9% to \$604 million with most segments contributing to growth
- Traditional market segments contributed 63% of total operating income
- Sold approximately 15.4 million units
- Gained global market share across our diverse set of products and geographies
- Generated \$646 million of free cash flow

2012 Review

- Full year revenue decline of 6%
- Accelerated R&D investment to support growing product portfolio/market share opportunities
- Acquired Nexus Marine for expansion into sailboat instrumentation

2013 Outlook

- Revenue growth of 5-10%
- Deliver new products including our glass helms, chartplotters, fishfinders and a marine wristwatch to grow aftermarket revenues



Long-Term Strategic Initiatives

- Expand market share across the recreational boating industry
- Integrate and capitalize on acquisitions that have expanded our addressable market
- Grow revenue and improve efficiency in the segment



2012 Review

- Full year revenue growth of 2%
- Named cockpit provider for the Cessna Citation Sovereign (G5000 in 2013), Cessna Longitude (G5000 in 2017) and Learjet 70/75 (G5000 in 2013)
- Selected by Northrop Grumman to provide the integrated flight deck for the optionally piloted Firebird
- Launched solid-state weather radar and enhanced TCAS (Traffic Collision Avoidance System)



2013 Outlook

- Revenue growth of 10-15%
- OEM production expected to remain relatively flat with Garmin's growth driven by new cockpit certifications
- Capitalize on new aftermarket products – VHF radios and FAA certified traffic solutions

Long-Term Strategic Initiatives

- Continued development of integrated flight decks for business jets and helicopters
- Retrofit and military opportunities
- Continued market share gains in the helicopter market
- FAA's NextGen transformation of the National Airspace System (NAS)





2012 Review

- Full year revenue growth of 11%
- Continued to gain market share in the golf and sporting dog categories
- Introduced the fēnix wristwatch and Alpha Track and Train system

2013 Outlook

- Revenue growth of 5-10%
- Expansion into the pet market with the BarkLimiter and Delta series



Long-Term Strategic Initiatives

- Continue to identify adjacent markets and leverage the strength of the Garmin brand to expand our addressable market
- Deliver superior technologies through compelling form factors and content
- Embrace mobile platforms to expand the essential nature of our products



2012 Review

- Full year revenue growth of 8%
- Maintained market share leadership in GPS-enabled fitness
- Launched Forerunner 10 to compete in the entry-level and value conscious running market



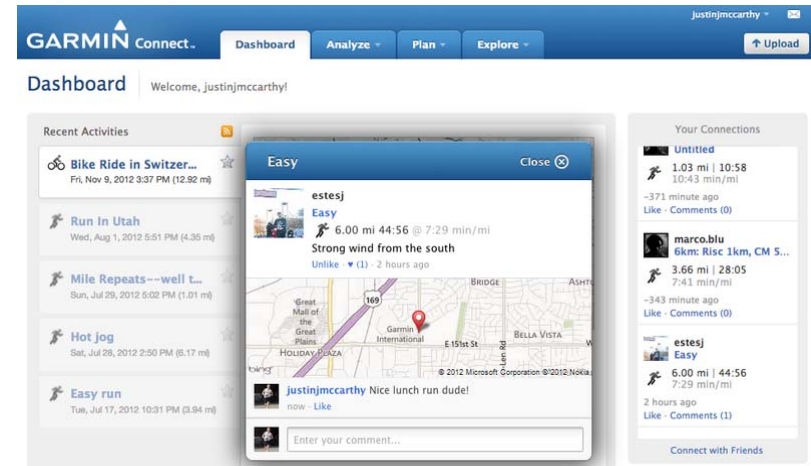
2013 Outlook

- Revenue growth of 5-10%
- Expand our reach in the cycling market with the recently released Edge 510 and 810
- Launch Vector
- Further penetration of fitness markets with innovative products serving a broad range of customers from recreational participants to high-performance athletes



Long-Term Strategic Initiatives

- Build innovate next-generation running and cycling products to drive deeper penetration and strong replacement demand
- Leverage connectivity capabilities and Garmin Connect to build community and social networking amongst users
- Identify opportunities to offer best-in-class sensors that expand our addressable market



Automotive / Mobile



2012 Review

- Full year revenue decline of 6%
- PND market share grew globally with 70+% in North America and approximately 32% in EMEA
- Maintained strong profitability with over \$220 million in operating income
- Announced factory-installed relationship with Suzuki for fully-integrated infotainment
- Extended relationship with Chrysler

Automotive / Mobile



2013 Outlook

- Revenue decline of 15-20%
- Maintain PND market leadership while maximizing profitability
- Continued investment in auto OEM as the market opportunity for infotainment and navigation expands

Long-Term Strategic Initiatives

- Focus on auto OEM as market for infotainment and navigation grow
- Capitalize on niche opportunities in fleet management, over-the-road trucking, RV and motorcycle



2013 Guidance

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

* Assumes EUR/USD FX rate of 1.30 in 2013



Financial Update

Kevin Rauckman
CFO and Treasurer

Q4 Income Statement

(\$ Millions)	Q4 2012	Q4 2011	Change
Revenue	\$769	\$910	(16%)
Gross Profit	374	434	(14%)
Gross Margin %	48.6%	47.7%	90 bps
Advertising	47	56	(16%)
SG&A	94	93	1%
R&D	83	85	(2%)
Total Operating Expense	224	234	(4%)
Operating Income	150	200	(25%)
Operating Margin %	19.5%	22.0%	250 bps
Other Income/(Expense)	5	(15)	NM
Income Tax	26	20	33%
Net Income (GAAP)	129	166	(22%)
Net Income (Pro-Forma)	133	187	(29%)
EPS (GAAP)	\$0.66	\$0.85	(22%)
EPS Pro-Forma (excl. FX)	\$0.68	\$0.96	(29%)
Units Shipped (k)	5,046	6,097	(17%)

2012 Income Statement

(\$ Millions)	2012	2011	Change
Revenue	\$2,716	\$2,759	(2%)
Gross Profit	1,438	1,339	7%
Gross Margin %	53.0%	48.5%	450 bps
Advertising	139	145	(4%)
SG&A	370	341	8%
R&D	326	299	9%
Total Operating Expense	834	785	6%
Operating Income	604	554	9%
Operating Margin %	22.2%	20.1%	210 bps
Other Income/(Expense)	20	30	(33%)
Income Tax/(Credit)	82	63	30%
Net Income (GAAP)	542	521	4%
Net Income (Pro-Forma)	560	532	5%
EPS (GAAP)	\$2.76	\$2.67	3%
Pro-Forma EPS (excl. FX / tax)	\$2.85	\$2.73	4%
Units Shipped (k)	15,363	15,869	(3%)

Revenue by Segment

(\$M)	Q4 2012	Q4 2011	Growth
Auto / Mobile	\$437	\$579	(25%)
Outdoor	\$119	\$121	(2%)
Fitness	\$104	\$95	10%
Marine	\$39	\$43	(9%)
Aviation	\$70	\$72	(2%)
Total	\$769	\$910	(16%)

(\$M)	2012	2011	Growth
Auto / Mobile	\$1,492	\$1,591	(6%)
Outdoor	\$402	\$363	11%
Fitness	\$322	\$298	8%
Marine	\$208	\$222	(6%)
Aviation	\$292	\$285	2%
Total	\$2,716	\$2,759	(2%)

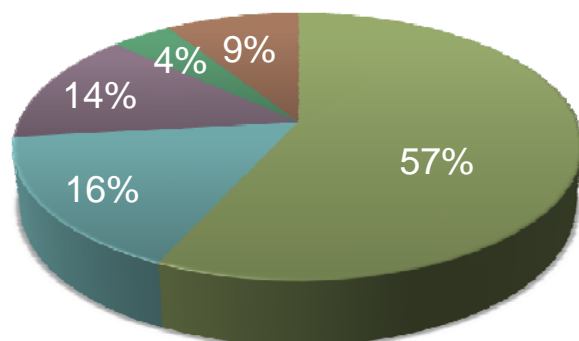
Revenue by Geography

(\$M)	Q4 2012	Q4 2011	Growth
Americas	\$445	\$537	(17%)
EMEA	\$253	\$301	(16%)
APAC	\$71	\$72	(1%)
Total Revenue	\$769	\$910	(16%)

(\$M)	2012	2011	Growth
Americas	\$1,514	\$1,528	(1%)
EMEA	\$945	\$983	(4%)
APAC	\$257	\$248	4%
Total Revenue	\$2,716	\$2,759	(2%)

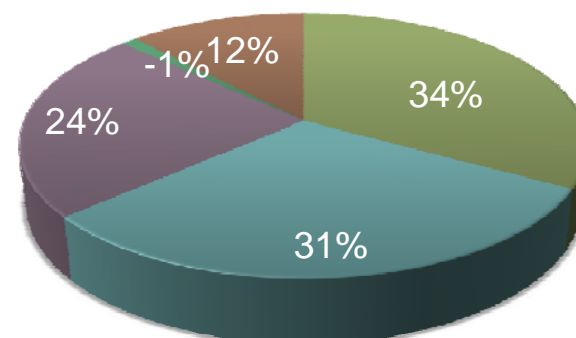
Q4 Revenue & Operating Income

Q4 2012 Revenue



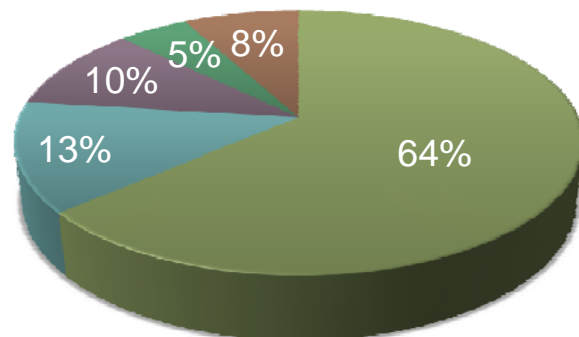
■ Auto/Mobile ■ Outdoor ■ Fitness ■ Marine ■ Aviation

Q4 2012 Operating Income



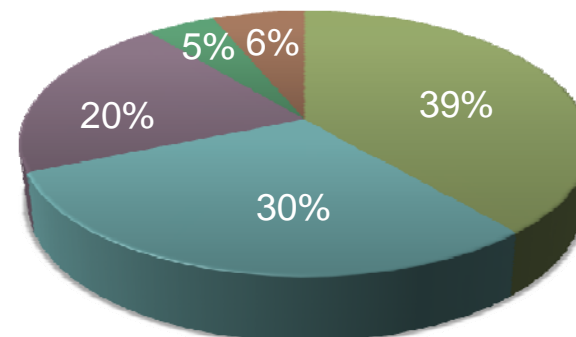
■ Auto/Mobile ■ Outdoor ■ Fitness ■ Marine ■ Aviation

Q4 2011 Revenue



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

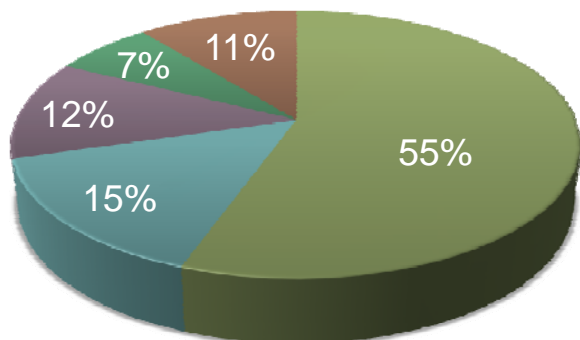
Q4 2011 Operating Income



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

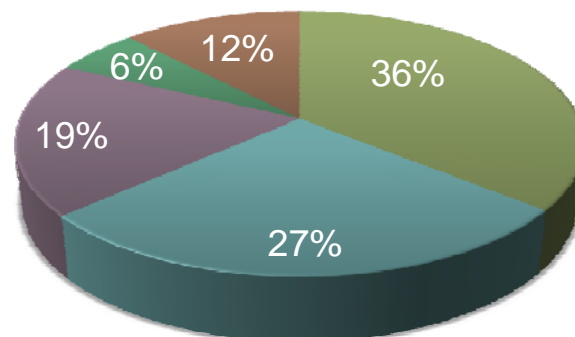
Annual Revenue & Operating Income

2012 Revenue



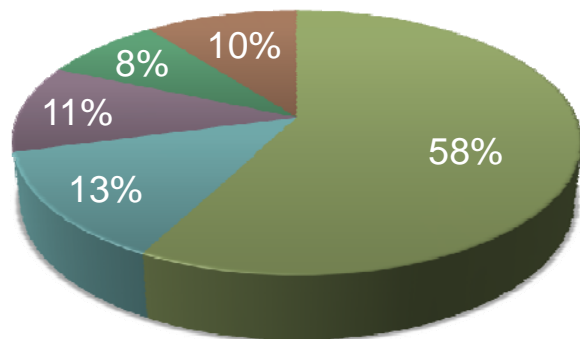
■ Auto/Mobile ■ Outdoor ■ Fitness ■ Marine ■ Aviation

2012 Operating Income



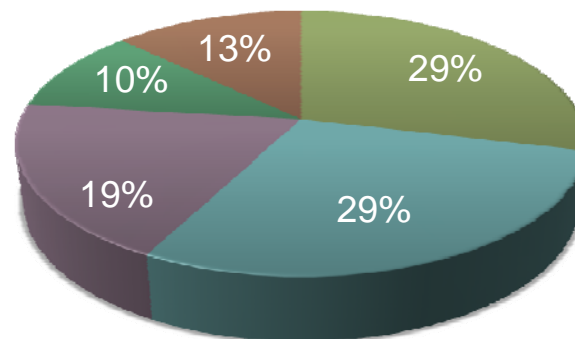
■ Auto/Mobile ■ Outdoor ■ Fitness ■ Marine ■ Aviation

2011 Revenue



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

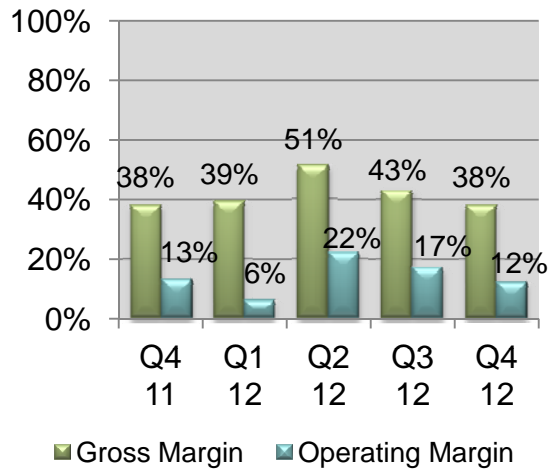
2011 Operating Income



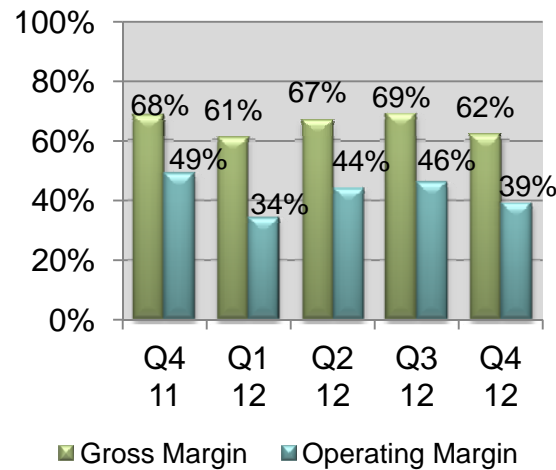
■ Auto/Mobile ■ Outdoor ■ Fitness ■ Marine ■ Aviation

Margin by Segment

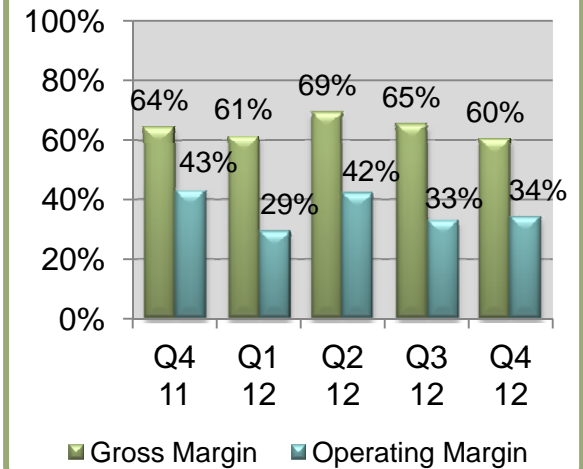
Auto / Mobile



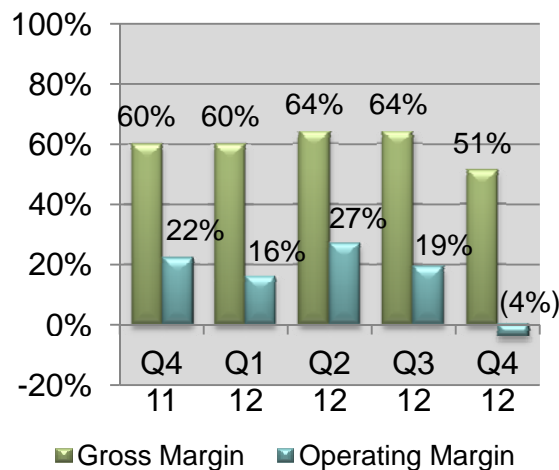
Outdoor



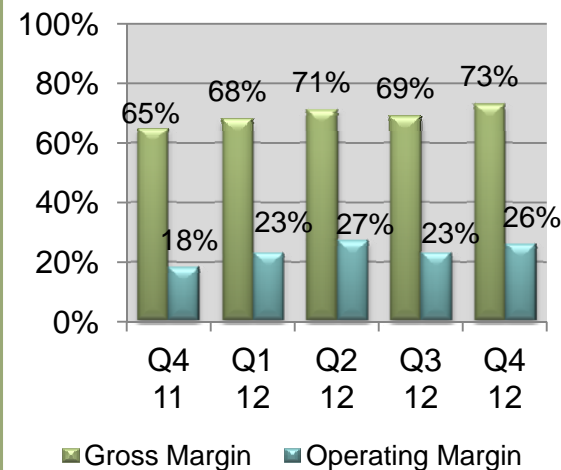
Fitness



Marine

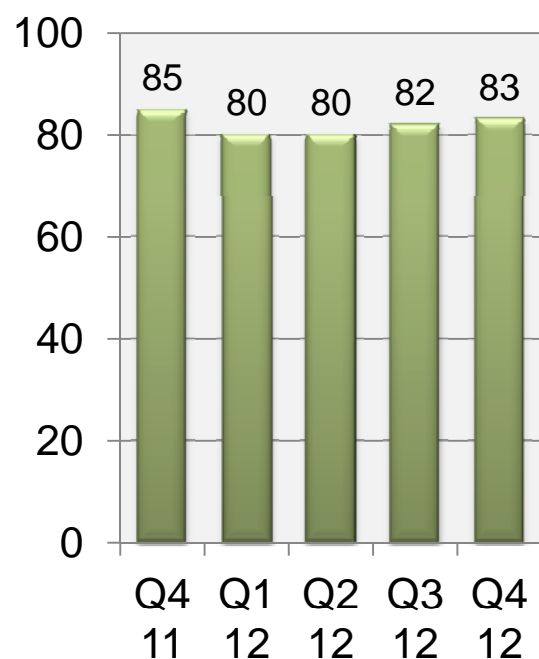


Aviation

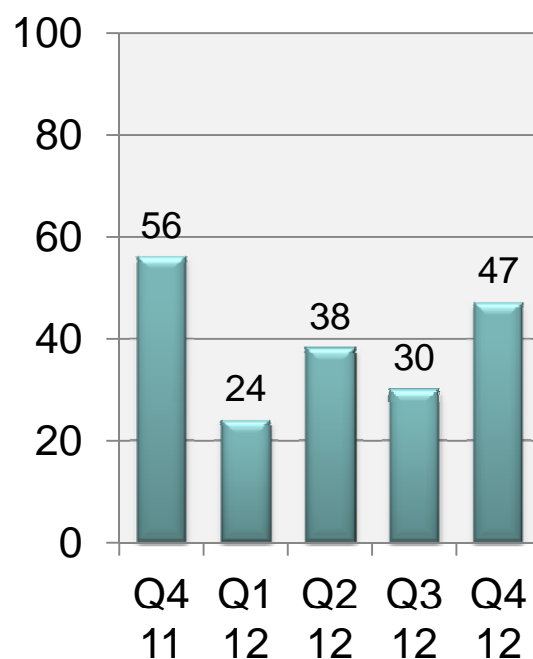


Operating Expenses

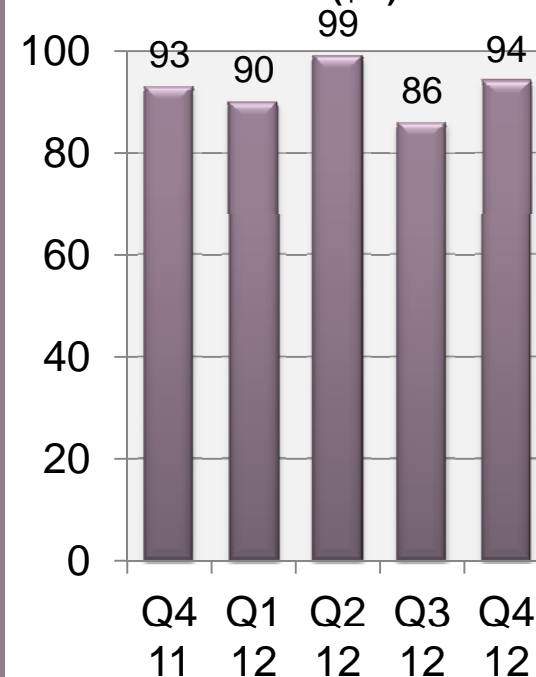
R&D (\$M)



Advertising (\$M)



SG&A (\$M)



2012 Balance Sheet

(\$ Millions)	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012
Cash & Marketable Securities	2,496	2,537	2,646	2,719	2,872
Accounts Receivable	607	430	486	509	604
Inventory	398	407	384	443	389
Deferred Income Taxes	150	153	154	157	162
Prepaid Assets	70	48	52	51	36
Property, Plant & Equipment	417	413	408	408	410
Other Assets / Goodwill	333	337	333	344	346
Total Assets	4,471	4,325	4,463	4,631	4,819
Accounts Payable	211	109	139	148	131
Other Accrued Liabilities	298	222	242	273	318
Income Taxes Payable	239	232	211	222	214
Dividend Payable	78	0	263	175	176
Deferred Revenue	377	376	392	412	445
Deferred Income Taxes	11	7	5	13	3
Shareholders Equity	3,257	3,379	3,211	3,388	3,532
Total Liabilities / Equity	4,471	4,325	4,463	4,631	4,819

Cash Flow

(\$ Millions)	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2012
Net Income	87	186	141	129	542
Depreciation / Amortization	25	26	12	27	90
Accounts Receivable	185	(68)	(15)	(93)	9
Inventory	(13)	23	(55)	49	4
Accounts Payable	(58)	32	6	(19)	(39)
Deferred Revenue	(1)	16	20	33	68
Income Taxes	(12)	(21)	5	(3)	(31)
Other Cash from Operations	(91)	29	51	52	42
Cash Flow from Operations	122	223	165	175	685
Investing Activities	(55)	(146)	(105)	(190)	(496)
Financing Activities	(74)	(86)	(86)	(4)	(250)
Exchange Rate Changes	6	(9)	5	3	5
Net Increase / (Decrease) in Cash	(1)	(18)	(21)	(16)	(56)
Cash at End of Period	1,286	1,268	1,247	1,231	1,231
Marketable Securities	1,251	1,378	1,472	1,641	1,641
Total Cash and Marketable Securities	2,537	2,646	2,719	2,872	2,872

Uses of Cash, Taxes

Uses of Cash

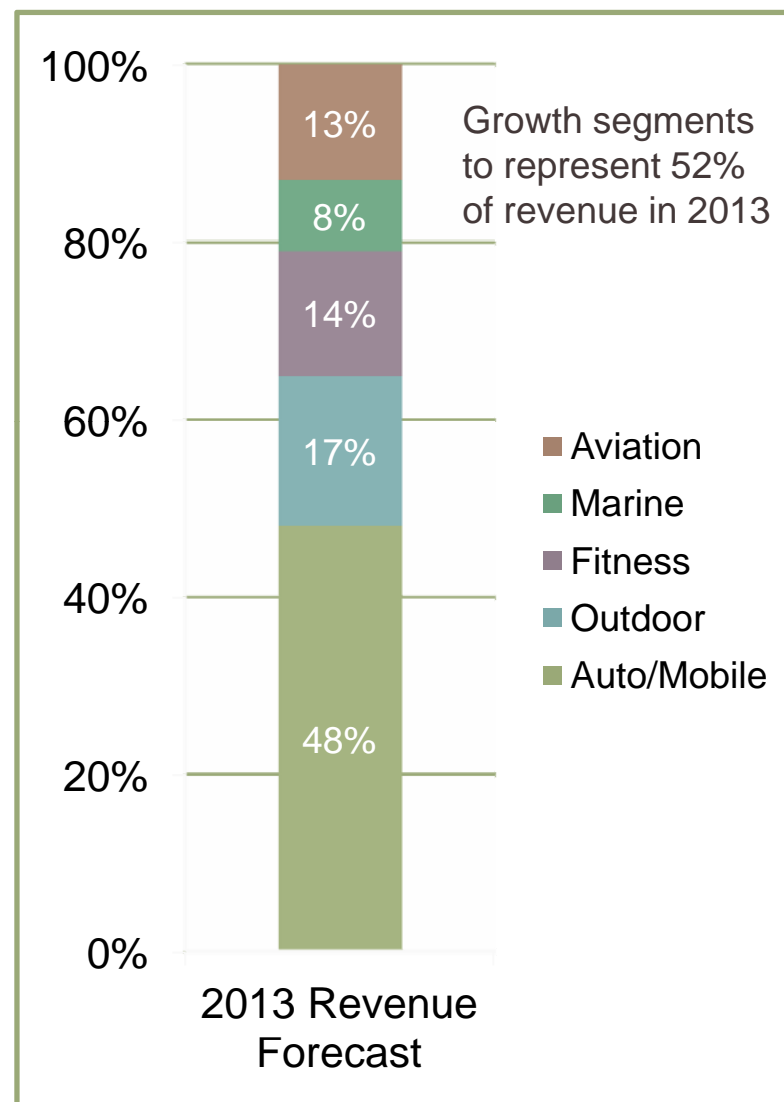
- Expect continued strong free cash flow generation in 2013
- Dividend of \$0.45 per share to be paid at close of March; seeking shareholder approval for \$0.45 per share quarterly dividend beginning in June 2013
- Board approved share repurchase for \$300 million
- Continued focus on acquisitions with additional niche markets and tuck-in technologies under evaluation

Taxes

- Tax rate was 13.1% for 2012; up from 10.8% in 2011. We expect the rate to be approximately 14% in 2013.

2013 Guidance

Segment Revenue	Growth
Auto / Mobile	(20% - 15%)
Outdoor	5% - 10%
Fitness	5% - 10%
Marine	5% - 10%
Aviation	10% - 15%



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February 20, 2013



GARMIN.

Appendix

February 20, 2013



Pro Forma Net Income

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

	<u>13-Weeks Ended</u> <u>December 29,</u> <u>2012</u>	<u>14-Weeks Ended</u> <u>December 31,</u> <u>2011</u>	<u>52-Weeks Ended</u> <u>December 29,</u> <u>2012</u>	<u>53-Weeks Ended</u> <u>December 31,</u> <u>2011</u>
Net Income (GAAP)	\$129,294	\$165,556	\$542,403	\$520,896
Foreign currency (gain) / loss, net of normalized tax effects	\$3,254	\$21,930	\$17,389	\$10,790
Net income (Pro Forma)	<u>\$132,548</u>	<u>\$187,486</u>	<u>\$559,792</u>	<u>\$531,686</u>
Net income per share (GAAP):				
Basic	\$0.66	\$0.85	\$2.78	\$2.68
Diluted	\$0.66	\$0.85	\$2.76	\$2.67
Net income per share (Pro Forma):				
Basic	\$0.68	\$0.96	\$2.87	\$2.74
Diluted	\$0.68	\$0.96	\$2.85	\$2.73
Weighted average common shares outstanding:				
Basic	195,101	194,319	194,909	194,105
Diluted	196,275	195,100	196,213	194,894

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

Free Cash Flow

Garmin Ltd. And Subsidiaries

Free Cash Flow (in thousands)

	<u>13-Weeks Ended</u>	<u>14-Weeks Ended</u>	<u>52-Weeks Ended</u>	<u>53-Weeks Ended</u>
	<u>December 29,</u>	<u>December 31,</u>	<u>December 29,</u>	<u>December 31,</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Net cash provided by operating activities	\$174,711	\$224,858	\$684,745	\$822,334
Less: purchases of property and equipment	(\$11,564)	(\$11,843)	(\$38,445)	(\$38,366)
Free Cash Flow	<u>\$163,147</u>	<u>\$213,015</u>	<u>\$646,300</u>	<u>\$783,968</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 less capital expenditures for property and equipment.

Deferred Revenue Impact

Deferred Revenue Impact*	Q4 2012	Q4 2011	2012	2011
Sales (\$M)	(\$33)	(\$72)	(\$68)	(\$179)
Operating Income (\$M)	(\$27)	(\$57)	(\$53)	(\$143)
Net Income (\$M)	(\$22)	(\$51)	(\$46)	(\$128)
EPS	(\$0.11)	(\$0.26)	(\$0.23)	(\$0.66)

- All figures are net of current year amortization