




GARMIN®

**Q4 2015 Earnings
February 17, 2016**

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 2016, Garmin's expected segment revenue growth rates, margins, currency movements, expenses, pricing, new products to be introduced in 2016 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

4th Quarter Financial Review

- Consolidated revenue of \$781 million, down 3%
- Outdoor, fitness, aviation and marine segments combined grew 11% and contributed 66% of total revenue
- Gross and operating margin of 52.9% and 18.7%, respectively
- Pro forma EPS of \$0.74

2015 Financial Review

- Consolidated revenue of \$2.8 billion, down 2%
- Outdoor, fitness, aviation and marine segments combined grew 9% and contributed 63% of total revenue
- Gross and operating margin of 54.6% and 19.5%, respectively
- Shipped approximately 16.2 million units, representing 7% growth
- Pro forma EPS of \$2.49

Fitness

2015 Business Review

- Revenue growth of 16%; strong results in activity trackers
- Gross and operating margin of 55% and 20%, respectively
- Newly introduced Garmin Elevate wrist heart rate products well received in the market
- Significant enhancements to Garmin Connect Mobile



2016 Outlook

- Revenue growth of ~10%
- Growth driven by introduction of new products and product categories
- Further penetration of fitness markets with innovative products serving a broad range of consumers from recreational participants to high-performance athletes



Outdoor

2015 Business Review

- Revenue decline of 1%
- Strong demand for fēnix 3 offset weakness in other categories
- Gross and operating margins declined slightly to 61% and 33%, respectively

2016 Outlook

- Revenue growth of ~10% including the impact from acquisitions
- Delorme and PulsedLight open new market opportunities
- Continue to capitalize on wearables with fēnix 3 HR
- Announced new golf products including the Approach S20, Approach G10 and TruSwing



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Aviation

2015 Business Review

- Revenue growth of 3%
- Gross margin and operating margin remain strong at 74% and 28%, respectively
- The G3000 equipped HondaJet becomes the latest certified platform, now totaling 64 glass cockpit certifications

2016 Outlook

- Revenue growth of ~5%
- Supporting numerous OEM partners in the completion of aircraft/helicopter certifications and system enhancements
- Capitalize on market share gains and aftermarket opportunities



Marine

2015 Business Review

- Strong revenue growth of 15%
- Gross margin of 55%, positively impacted by new products
- Operating margin of 10%
- Operating income grew 9%



2016 Outlook

- Revenue growth of ~10% building on current momentum and market share gains
- Continued product introductions focused on innovations in sonar, radar auto pilot



Auto

2015 Business Review

- Revenue declined 15%, in-line with expectations
- Gross and operating margins declined to 44% and 13%, respectively
- Global market share remains strong

2016 Outlook

- Revenue decline of ~15% due to PND industry declines and reduced deferred revenue contribution
- Reclassifying action camera into Auto to better align resources



2016 Guidance Update

| | 2016 Guidance | Segment Revenue | Growth |
|------------------|---------------|-----------------|--------|
| Revenue | ~\$2.82 B | Auto | (15%) |
| Gross Margin | ~54.5% | Outdoor | 10% |
| Operating Income | ~510M | Fitness | 10% |
| Operating Margin | ~18% | Marine | 10% |
| Tax Rate | ~20.5% | Aviation | 5% |
| EPS (Pro Forma) | ~\$2.25 | | |

Acquisitions negatively impact EPS by \$0.05 in 2016

Financial Update

Doug Boessen
CFO and Treasurer

Q4 Income Statement

| (\$ Millions) | Q4 2015 Actual | Q4 2014 Actual | Change |
|-----------------------------|-------------------|-------------------|------------------|
| Revenue | \$781 | \$803 | (3%) |
| Gross Profit | 413 | 431 | (4%) |
| Gross Margin % | 52.9% | 53.6% | (70 bps) |
| Total Operating Expense | 267 | 255 | 5% |
| Operating Income | 146 | 176 | (17%) |
| Operating Margin % | 18.7% | 21.9% | (320 bps) |
| Other Income/(Expense) | 7 | 24 | |
| Income Tax | 20 | -10 | |
| Net Income (GAAP) | 132 | 210 | (37%) |
| Net Income Pro-Forma | 140 | 149 | (6%) |
| EPS (GAAP) | \$0.70 | \$1.09 | (36%) |
| EPS Pro-Forma | \$0.74 | \$0.77 | (4%) |
| Units Shipped (K) | 5,137 | 5,147 | 0% |

FY Income Statement

| (\$ Millions) | FY 2015 Actual | FY 2014 Actual | Change |
|-----------------------------|-------------------|-------------------|------------------|
| Revenue | \$2,820 | \$2,871 | (2%) |
| Gross Profit | 1,539 | 1,604 | (4%) |
| Gross Margin % | 54.6% | 55.9% | (130 bps) |
| Total Operating Expense | 989 | 914 | 8% |
| Operating Income | 550 | 691 | (20%) |
| Operating Margin % | 19.5% | 24.1% | (460 bps) |
| Other Income/(Expense) | 18 | 33 | |
| Income Tax | 111 | 360 | |
| Net Income (GAAP) | 456 | 364 | 25% |
| Net Income Pro-Forma | 475 | 602 | (21%) |
| EPS (GAAP) | \$2.39 | \$1.88 | 27% |
| EPS Pro-Forma | \$2.49 | \$3.10 | (20%) |
| Units Shipped (K) | 16,247 | 15,244 | 7% |

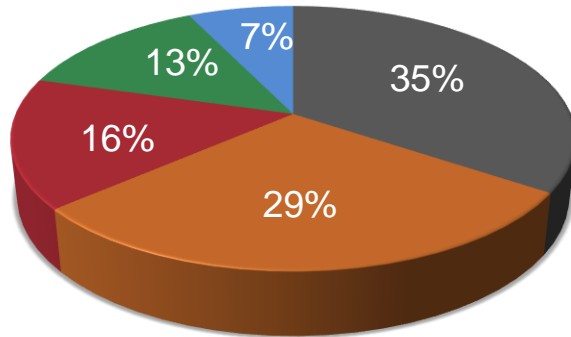
Q4 and FY Revenue

| Revenue by Segment | | | |
|--------------------|--------------|--------------|-------------|
| (\$ M) | Q4 2015 | Q4 2014 | Change |
| Auto | \$268 | \$340 | (21%) |
| Fitness | 229 | 201 | 14% |
| Outdoor | 124 | 116 | 6% |
| Aviation | 104 | 93 | 12% |
| Marine | 56 | 53 | 8% |
| Total | \$781 | \$803 | (3%) |

| Revenue by Segment | | | |
|--------------------|----------------|----------------|-------------|
| (\$ M) | FY 2015 | FY 2014 | Change |
| Auto | \$1,048 | \$1,240 | (15%) |
| Fitness | \$662 | \$568 | 16% |
| Outdoor | \$425 | \$428 | (1%) |
| Aviation | \$399 | \$386 | 3% |
| Marine | \$287 | \$248 | 15% |
| Total | \$2,820 | \$2,871 | (2%) |

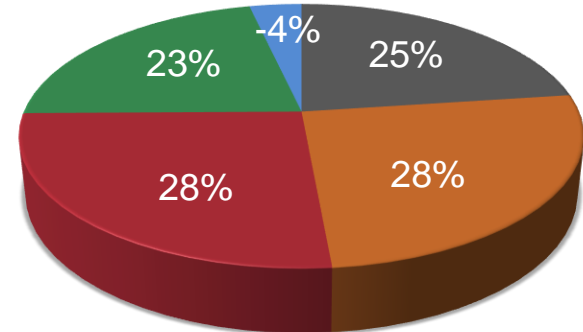
Q4 Revenue and Operating Income

Q4 2015 Revenue



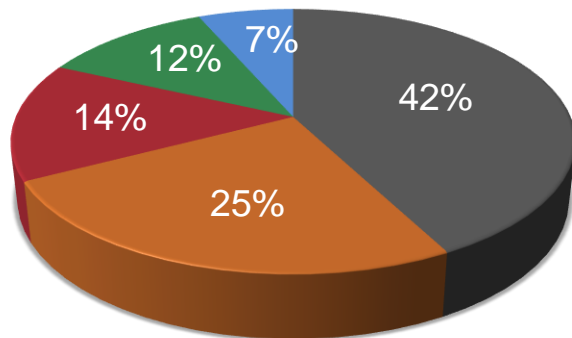
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Q4 2015 Operating Income



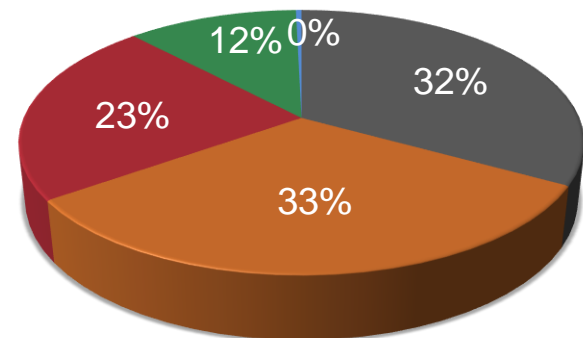
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Q4 2014 Revenue



■ Auto ■ Fitness ■ Outdoor ■ Aviation ■ Marine

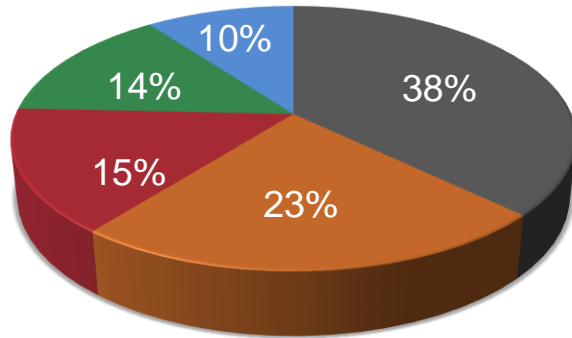
Q4 2014 Operating Income



■ Auto ■ Fitness ■ Outdoor ■ Aviation ■ Marine

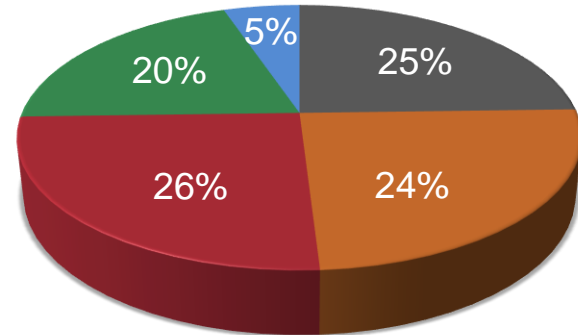
FY Revenue and Operating Income

2015 Revenue



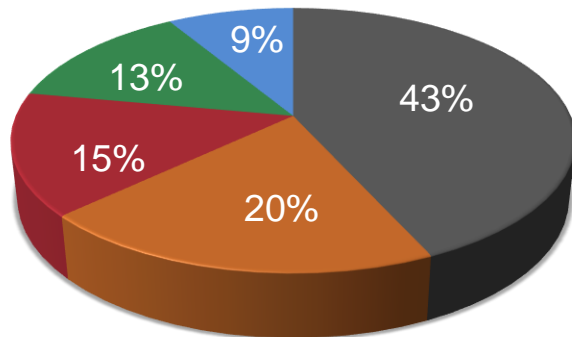
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2015 Operating Income



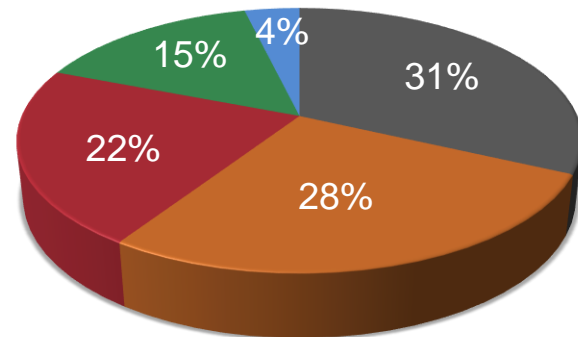
■ Auto ■ Fitness ■ Outdoor ■ Aviation ■ Marine

2014 Revenue



■ Auto ■ Fitness ■ Outdoor ■ Aviation ■ Marine

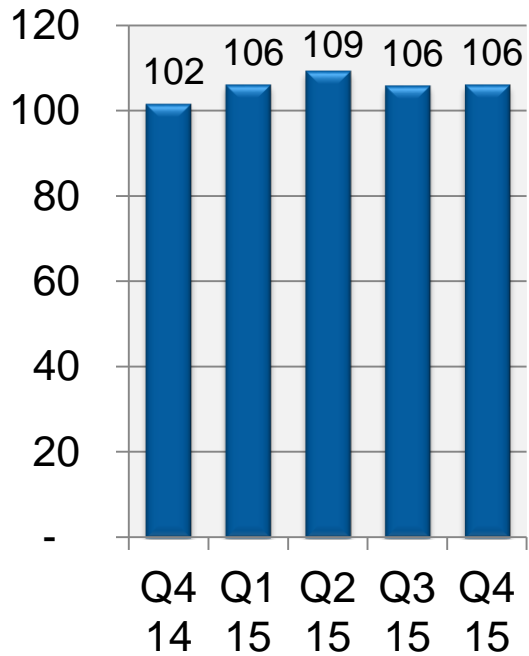
2014 Operating Income



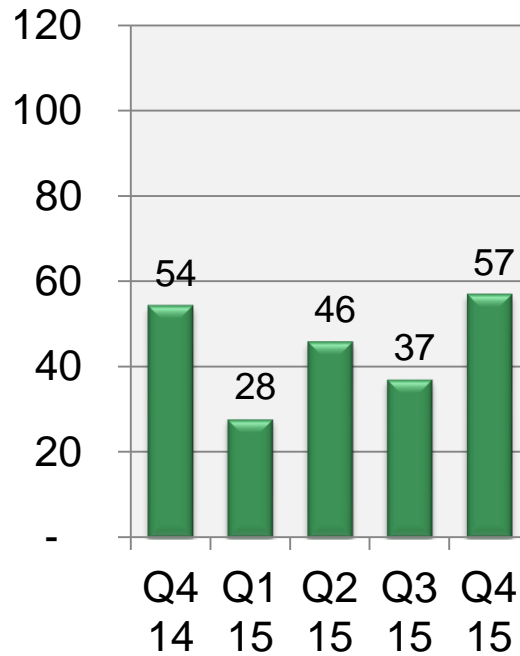
■ Auto ■ Fitness ■ Outdoor ■ Aviation ■ Marine

Operating Expenses

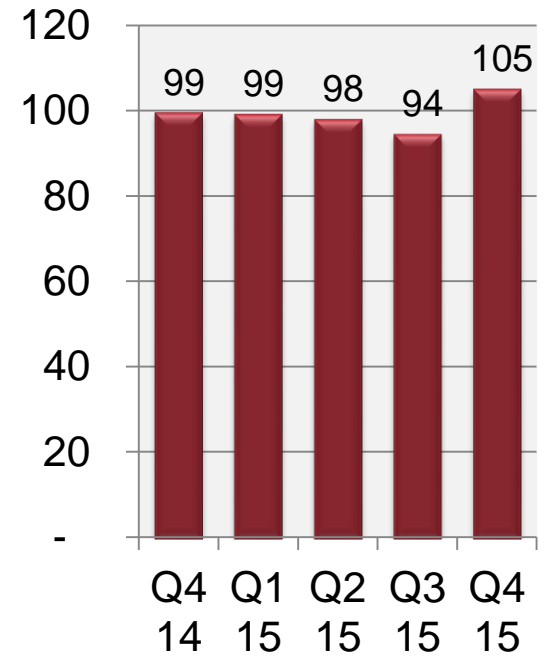
R&D (\$M)



Advertising (\$M)



SG&A (\$M)



Balance Sheet / Cash Flow

Balance Sheet

- Ended quarter with about \$2.4 billion of cash and marketable securities
- Accounts receivable increased sequentially due to strong sales in the holiday quarter and was down year-over-year
- Inventory balance relatively flat on a sequential basis and increased year-over-year due to new product categories and raw material requirements

Cash Flow

- Generated \$131 million of free cash flow in Q4 2015
- Repurchased \$23 million in company stock in Q4 2015; repurchase authorization remains in effect and management intends to repurchase in 2016 depending upon business and market conditions

Taxes

- Pro forma Effective Tax Rate (ETR) of 13.2% in Q4 2015 compared to 19.1% in Q4 2014, excluding a tax benefit from reserve releases
 - Improved profit forecast positively impacting income mix by tax jurisdiction
- Pro forma ETR of 19.6% in FY 2015 compared to 17.2% in FY 2014, excluding tax expense associated with inter-company restructuring and tax benefits from reserve releases
- Expect FY 2016 ETR of ~20.5%

Dividends

- Dividend of \$0.51 per share to be paid at close of March 2016
- Seeking shareholder approval for \$2.04 per share dividend; payable quarterly at \$0.51 per share beginning in June 2016




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Appendix

February 17, 2016

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 for 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 | | 52-weeks Ended | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | Dec 26, 2015 | Dec 27, 2014 | Dec 26, 2015 | Dec 27, 2014 |
| Net Income (GAAP) | \$132,383 | \$210,245 | \$456,227 | \$364,211 |
| Foreign currency (gain) / loss, net of tax effects | \$8,061 | (\$12,917) | \$18,875 | \$3,557 |
| Income tax benefit due to completion of tax audits and/or expiration of statutes | - | (\$48,542) | - | (\$72,942) |
| Tax due to inter-company restructuring | - | - | - | \$307,635 |
| Net income (Pro Forma) | \$140,444 | \$148,786 | \$475,102 | \$602,461 |
| Net income per share (GAAP): | | | | |
| Basic | \$0.70 | \$1.10 | \$2.39 | \$1.89 |
| Diluted | \$0.70 | \$1.09 | \$2.39 | \$1.88 |
| Net income per share (Pro Forma): | | | | |
| Basic | \$0.74 | \$0.78 | \$2.49 | \$3.12 |
| Diluted | \$0.74 | \$0.77 | \$2.49 | \$3.10 |
| Weighted average common shares outstanding: | | | | |
| Basic | 189,317 | 191,322 | 190,631 | 193,106 |
| Diluted (GAAP) | 189,847 | 192,356 | 191,107 | 194,165 |

Free Cash Flow

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

| | 13-Weeks Ended | | 52-weeks Ended | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | Dec 26, 2015 | Dec 27, 2014 | Dec 26, 2015 | Dec 27, 2014 |
| Net cash provided by operating activities | \$158,336 | \$145,017 | \$280,467 | \$522,711 |
| Less: purchases of property and equipment | (\$27,295) | (\$18,510) | (\$80,592) | (\$73,339) |
| Plus: taxes paid related to inter-company restructuring | - | - | \$182,800 | \$78,137 |
| Free Cash Flow | <u>\$131,041</u> | <u>\$126,507</u> | <u>\$382,675</u> | <u>\$527,509</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.

Supplemental Schedule – Action Camera

www.garmin.com/en-US/company/investors/earnings/

Garmin Ltd. And Subsidiaries

Action Camera - Outdoor - Auto Segment Detail (Unaudited)

(in millions)

| ACTION CAMERA | Fiscal Year Ended December 27, 2014 | | | | | Fiscal Year Ended December 26, 2015 | | | | |
|------------------|-------------------------------------|-----------------|----------------|-----------------|-----------------|-------------------------------------|----------------|----------------|----------------|-----------------|
| | Quarter Ending | | | | | Quarter Ending | | | | |
| | March 29 | June 28 | September 27 | December 27 | Total | March 28 | June 27 | September 26 | December 26 | Total |
| Net sales | \$ 4.7 | \$ 4.4 | \$ 3.1 | \$ 5.6 | \$ 17.7 | \$ 3.1 | \$ 1.7 | \$ 5.4 | \$ 3.7 | \$ 14.0 |
| Gross profit | 2.1 | (4.8) | 1.1 | 1.4 | (0.1) | 1.2 | 0.9 | 1.7 | 1.2 | 5.0 |
| Operating income | <u>\$ 0.7</u> | <u>\$ (6.0)</u> | <u>\$ 0.4</u> | <u>\$ (0.1)</u> | <u>\$ (5.0)</u> | <u>\$ 0.1</u> | <u>\$ 0.5</u> | <u>\$ 0.4</u> | <u>\$ 0.3</u> | <u>\$ 1.1</u> |
| | | | | | | | | | | |
| OUTDOOR RECAST | Quarter Ending | | | | | Quarter Ending | | | | |
| | March 29 | June 28 | September 27 | December 27 | Total | March 28 | June 27 | September 26 | December 26 | Total |
| | March 29 | June 28 | September 27 | December 27 | Total | March 28 | June 27 | September 26 | December 26 | Total |
| Net sales | \$ 79.3 | \$ 101.7 | \$ 118.0 | \$ 110.9 | \$ 409.8 | \$ 72.8 | \$ 108.6 | \$ 109.9 | \$ 119.9 | \$ 411.2 |
| Gross profit | 48.8 | 69.4 | 78.1 | 70.3 | 266.7 | 49.1 | 66.0 | 66.4 | 73.4 | 254.9 |
| Operating income | <u>\$ 23.0</u> | <u>\$ 41.3</u> | <u>\$ 51.0</u> | <u>\$ 40.8</u> | <u>\$ 156.1</u> | <u>\$ 23.8</u> | <u>\$ 37.0</u> | <u>\$ 37.4</u> | <u>\$ 40.9</u> | <u>\$ 139.1</u> |
| | | | | | | | | | | |
| AUTO RECAST | Quarter Ending | | | | | Quarter Ending | | | | |
| | March 29 | June 28 | September 27 | December 27 | Total | March 28 | June 27 | September 26 | December 26 | Total |
| | March 29 | June 28 | September 27 | December 27 | Total | March 28 | June 27 | September 26 | December 26 | Total |
| Net sales | \$ 247.6 | \$ 354.4 | \$ 310.6 | \$ 345.4 | \$ 1,258.1 | \$ 219.2 | \$ 300.6 | \$ 270.1 | \$ 272.2 | \$ 1,062.1 |
| Gross profit | 115.9 | 162.8 | 142.1 | 148.5 | 569.3 | 105.0 | 131.9 | 114.3 | 113.3 | 464.5 |
| Operating income | <u>\$ 31.2</u> | <u>\$ 68.7</u> | <u>\$ 53.4</u> | <u>\$ 57.3</u> | <u>\$ 210.6</u> | <u>\$ 22.5</u> | <u>\$ 45.3</u> | <u>\$ 32.0</u> | <u>\$ 36.2</u> | <u>\$ 136.1</u> |