GARMIN®

Q1 2023 Earnings

May 3, 2023

Safe Harbor Statement

These materials include projections and other forward-looking statements regarding Garmin Ltd. and its business that are commonly identified by words such as “anticipates,” “would,” “may,” “expects,” “estimates,” “plans,” “intends,” “projects,” and other words or phrases with similar meanings. Any statements regarding the Company’s expected fiscal 2023 GAAP and pro forma estimated earnings, EPS, and effective tax rate, and the Company’s expected segment revenue growth rates, projected compound annual growth rate of Auto OEM, future profitability and revenue of Auto OEM, consolidated revenue, gross margins, operating margins, potential future acquisitions, share repurchase programs, currency movements, expenses, pricing, new product launches, market reach, statements relating to possible future dividends, statements related to the ongoing impact of the COVID-19 pandemic, and the Company’s plans and objectives are forward-looking statements. The forward-looking events and circumstances discussed in this release may not occur and actual results could differ materially as a result of risk factors and uncertainties affecting Garmin, including, but not limited to, the risk factors that are described in the Annual Report on Form 10-K for the year ended December 31, 2022 filed by Garmin with the Securities and Exchange Commission (Commission file number 001-41118). A copy of Garmin’s 2022 Form 10-K can be downloaded from https://www.garmin.com/en-US/investors/sec/. All information provided in this release and in the attachments is as of April 1, 2023. Undue reliance should not be placed on the forward-looking statements in this press release, which are based on information available to us on the date hereof. We undertake no duty to update this information unless required by law.

Business Update

Cliff Pemble
President and CEO

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Consolidated
Q1 2023

Revenue	Operating income	Operating margin
$1.15B	**$197M**	**17.2%**
2% y/y decline	14% y/y decline	

BUSINESS INSIGHTS

- Solid performance to start the year
- Four segments with double-digit revenue growth
- Maintaining 2023 guidance

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Fitness
Q1 2023

Revenue	Operating income	Operating margin
$245M	**$11M**	**4%**
11% y/y growth		

SEGMENT INSIGHTS

- Revenue growth driven primarily by advanced wearables
- Strength in running watches introduced during the past year
- Launched Forerunner 265 and Forerunner 965, our first running watches with a vibrant AMOLED display

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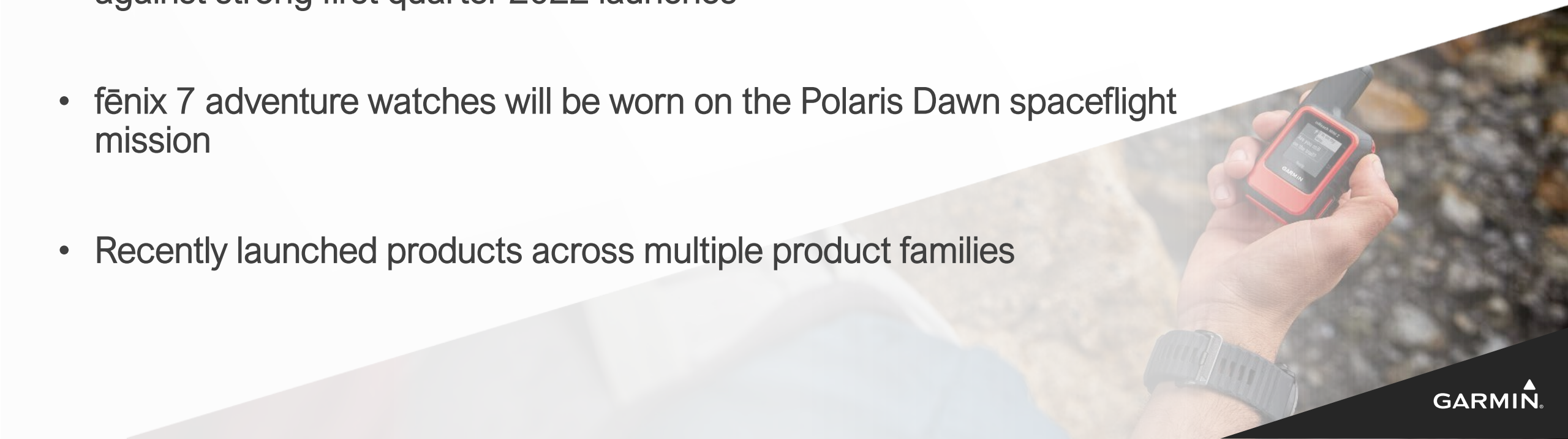
Outdoor
Q1 2023

Revenue	Operating income	Operating margin
$329M	**$77M**	**23%**
27% y/y decline		

SEGMENT INSIGHTS

- Revenue decline primarily driven by adventure watches as they compare against strong first quarter 2022 launches
- fēnix 7 adventure watches will be worn on the Polaris Dawn spaceflight mission
- Recently launched products across multiple product families



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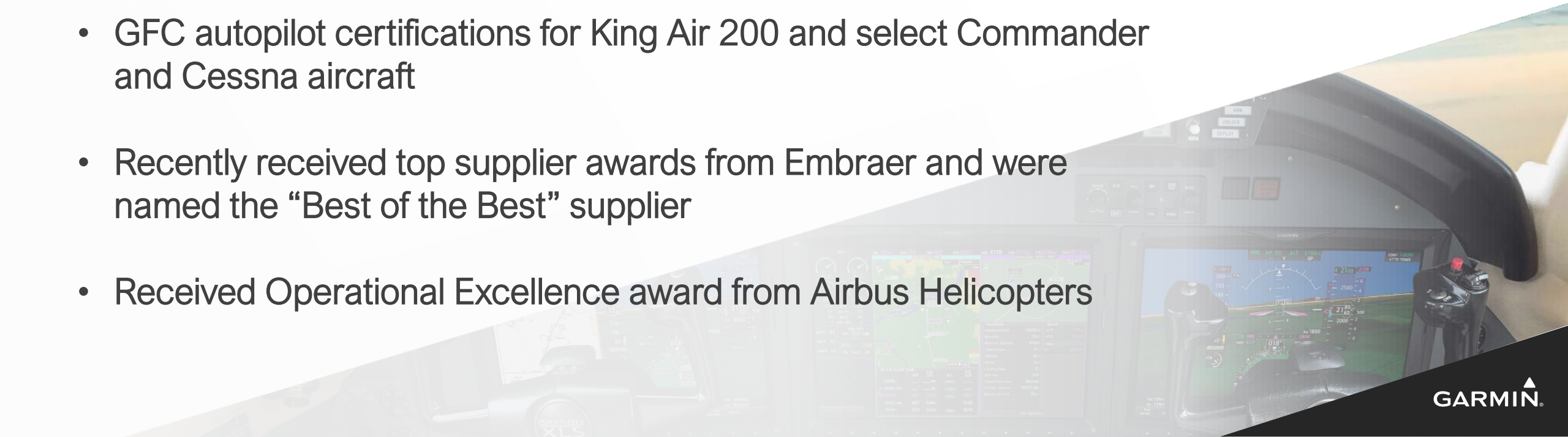
Aviation
Q1 2023

Revenue	Operating income	Operating margin
$214M	**$58M**	**27%**
22% y/y growth		

SEGMENT INSIGHTS

- Revenue growth in both OEM and aftermarket categories
- GFC autopilot certifications for King Air 200 and select Commander and Cessna aircraft
- Recently received top supplier awards from Embraer and were named the “Best of the Best” supplier
- Received Operational Excellence award from Airbus Helicopters



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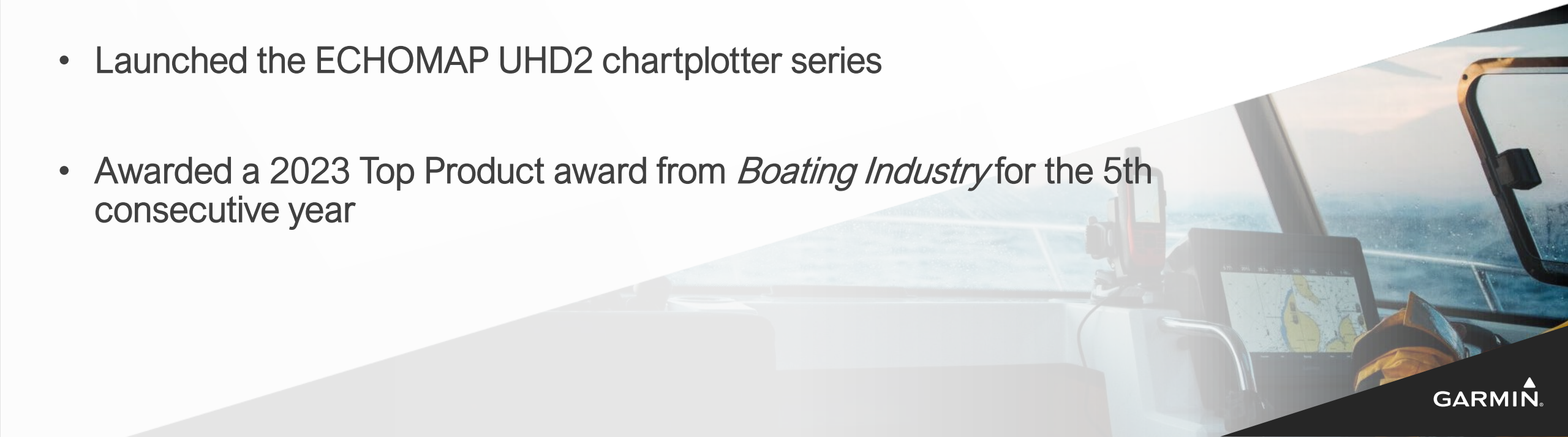
Marine
Q1 2023

Revenue	Operating income	Operating margin
$279M	**$72M**	**26%**
10% y/y growth		

SEGMENT INSIGHTS

- Revenue growth primarily due to the timing of spring promotions
- Launched the ECHOMAP UHD2 chartplotter series
- Awarded a 2023 Top Product award from *Boating Industry* for the 5th consecutive year



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Auto OEM
Q1 2023

Revenue	Operating income	Operating margin
$81M	($20M)	(24%)
11% y/y growth		

SEGMENT INSIGHTS

- Revenue growth driven by increased shipments of domain controllers
- Began production for additional BMW models
- Launched infotainment solution for additional models of Yamaha sport touring motorcycles

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Financial Update

Doug Boessen
CFO and Treasurer

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Income Statement
Q1

(in millions)	Q1 2023	Q1 2022	Y/Y
Net sales	$1,147	$1,173	(2%)
Gross profit	653	662	(1%)
Margin %	*56.9%*	*56.5%*	*40 bps*
Operating expenses	456	434	5%
Operating income	$197	$229	(14%)
Margin %	*17.2%*	*19.5%*	*(230 bps)*
GAAP EPS	$1.05	$1.09	(4%)
Pro Forma EPS	$1.02	$1.11	(8%)

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Revenue
Q1

(in millions)	Q1 2023	Q1 2022	Change
Fitness	$245	$221	11%
Outdoor	329	450	(27%)
Aviation	214	175	22%
Marine	279	254	10%
Auto OEM	81	73	11%
Total	**$1,147**	**$1,173**	**(2%)**

(in millions)	Q1 2023	Q1 2022	Change
Americas	$612	$571	7%
EMEA	356	397	(10%)
APAC	180	205	(12%)
Total	**$1,147**	**$1,173**	**(2%)**

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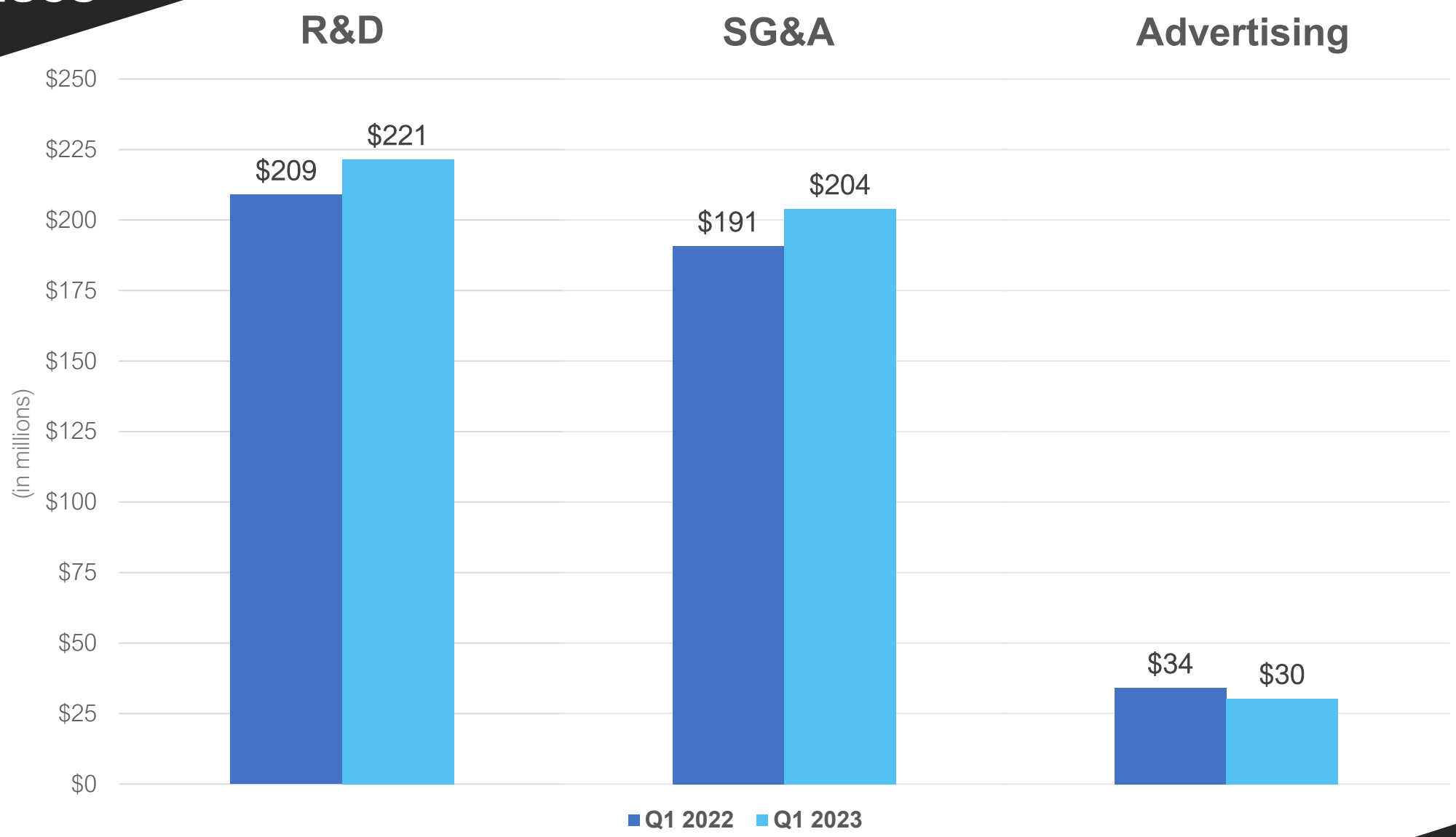
Operating Expenses



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Other Financial Items
Q1 2023

Balance Sheet

Cash and marketable securities

$2.71B

Accounts receivable

$611M

Inventory

$1.48B

Cash Flow

Free Cash Flow

$232M

Capital Expenditures

$47M

Dividends Paid

$140M

Share Repurchases

$41M

Taxes

Effective Tax Rate

8.8%

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Appendix
May 3, 2023

Change in reportable segments

The Company announced an organization realignment in January 2023, which combined the consumer auto operating segment with the outdoor operating segment. As a result, the Company's operating segments, which also represent our reportable segments, are fitness, outdoor, aviation, marine, and auto OEM. Results for the 13-week period ended March 26, 2022 have been recast to conform with the current period presentation. This change had no effect on the Company's consolidated results of operations.

Non-GAAP Financial Information

To supplement our financial results presented in accordance with GAAP, this release includes the following measures defined by the Securities and Exchange Commission as non-GAAP financial measures: pro forma effective tax rate, pro forma net income (earnings) per share and free cash flow. These non-GAAP measures are not based on any comprehensive set of accounting rules or principles and should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may be different from non-GAAP measures used by other companies, limiting the usefulness of the measures for comparison with other companies. Management believes providing investors with an operating view consistent with how it manages the Company provides enhanced transparency into the operating results of the Company, as described in more detail by category below.

The tables in the subsequent slides provide reconciliations between the GAAP and non-GAAP measures.

Pro forma effective tax rate

The Company's income tax expense is periodically impacted by discrete tax items that are not reflective of income tax expense incurred as a result of current period earnings. Therefore, management believes disclosure of the effective tax rate and income tax provision before the effect of certain discrete tax items are important measures to permit investors' consistent comparison between periods. In the first quarter 2023 and 2022, there were no such discrete tax items identified.

Pro forma net income (earnings) per share

Management believes that net income (earnings) per share before the impact of foreign currency gains or losses and certain discrete income tax items, as discussed above, is an important measure in order to permit a consistent comparison of the Company's performance between periods.

(In thousands, except per share information)	13-Weeks Ended	
	April 1, 2023	March 26, 2022
GAAP net income	$ 202,327	$ 211,592
Foreign currency gains / losses[1]	(7,688)	3,506
Tax effect of foreign currency gains/ losses[2]	674	(361)
Pro forma net income	$ 195,313	$ 214,737
GAAP net income per share:		
Basic	$ 1.06	$ 1.10
Diluted	$ 1.05	$ 1.09
Pro forma net income per share:		
Basic	$ 1.02	$ 1.11
Diluted	$ 1.02	$ 1.11
Weighted average common shares outstanding:		
Basic	191,498	192,887
Diluted	191,886	193,579

(1) Foreign currency gains and losses for the Company are driven by movements of a number of currencies in relation to the U.S. Dollar and the related exchange rate impact on the significant cash, receivables, and payables held in a currency other than the functional currency at a given legal entity. However, there is minimal cash impact from such foreign currency gains and losses.

(2) The tax effect of foreign currency losses was calculated using the effective tax rate of 8.8% for the 13-weeks ended April 1, 2023 and 10.3% for the 13-weeks ended March 26, 2022.

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Free cash flow

Management believes that free cash flow is an important liquidity measure because it represents the amount of cash provided by operations that is available for investing and defines it as operating cash flows less capital expenditures for property and equipment. Management believes that excluding purchases of property and equipment provides a better understanding of the underlying trends in the Company's operations and allows more accurate comparisons of the Company's results between periods. This metric may also be useful to investors, but should not be considered in isolation as it is not a measure of cash flow available for discretionary expenditures. The most comparable GAAP measure is net cash provided by operating activities.

(In thousands)	13-Weeks Ended	
	April 1, 2023	March 26, 2022
Net cash provided by operating activities	$ 279,210	$ 185,634
Less: purchases of property and equipment	(46,814)	(59,715)
Free Cash Flow	$ 232,396	$ 125,919

Forward-looking financial measures

The forward-looking financial measures in our 2023 guidance do not consider the potential future net effect of foreign currency exchange gains and losses, certain discrete tax items and any other impacts that may be identified as pro forma adjustments in calculating the non-GAAP measures described above.

The estimated impact of foreign currency gains and losses cannot be reasonably estimated on a forward-looking basis due to the high variability and low visibility with respect to non-operating foreign currency exchange gains and losses and the related tax effects of such gains and losses. The impact on diluted net income per share of foreign currency gains and losses, net of tax effects, was $0.03 per share for the 13-weeks ended April 1, 2023.

At this time, management is unable to determine whether or not significant discrete tax items will occur in fiscal 2023 or anticipate the impact of any other events that may be considered in the calculation of non-GAAP financial measures.