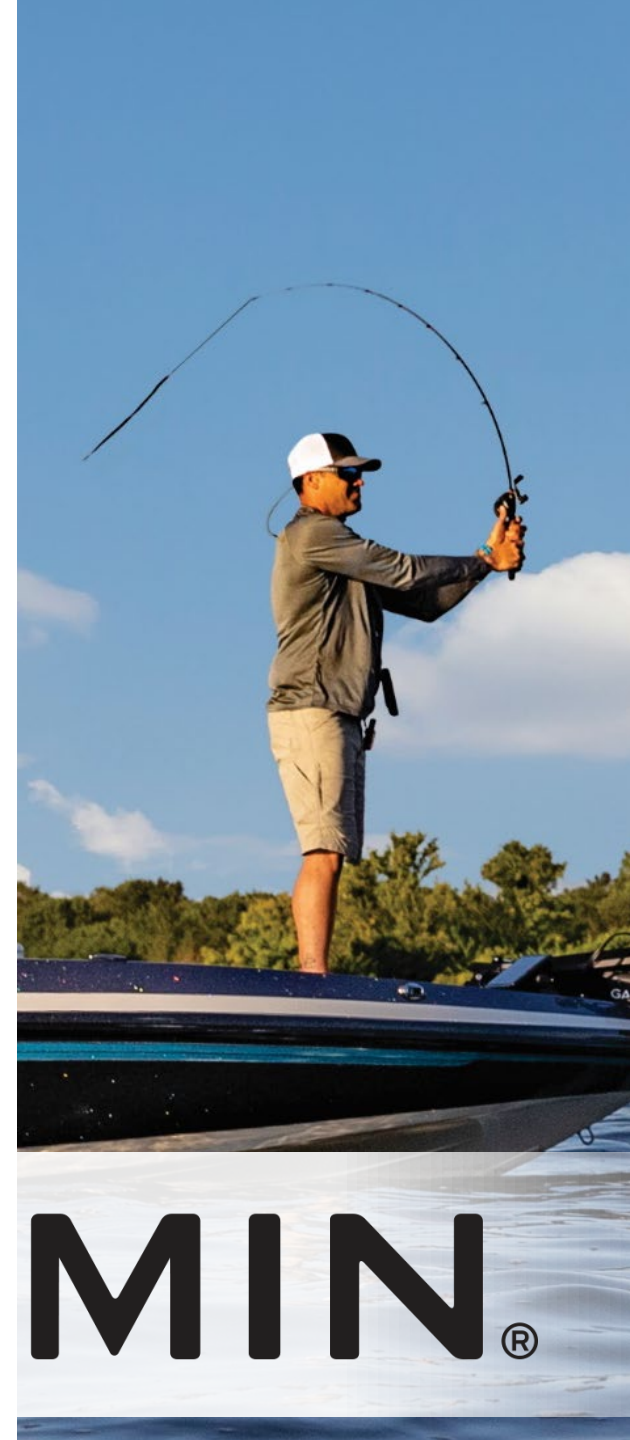


Q2 2020 Earnings
July 29, 2020



GARMIN®



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 GAAP and pro forma estimated earnings, EPS, and effective tax rate, and the Company’s expected segment revenue growth rates, consolidated revenue, gross margins, operating margins, potential future acquisitions, currency movements, expenses, pricing, new products to be introduced in 2020, 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 these materials 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 both the Annual Report on Form 10-K for the year ended December 28, 2019 and the Quarterly Report on Form 10-Q for the quarter ended June 27, 2020 filed by Garmin with the Securities and Exchange Commission (Commission file number 0-31983). A copy of Garmin’s 2019 Form 10-K and the Q2 2020 Form 10-Q can be downloaded from <https://www.garmin.com/en-US/investors/sec/>

Business Update

Cliff Pemble
President and CEO

2nd Quarter Highlights

Strong revenue and income during COVID-19 pandemic

- Revenue \$870 million
- Operating income \$188 million
- Gross margin and operating margin of 59.3% and 21.7%, respectively
- GAAP EPS of \$0.96 and pro forma EPS of \$0.91



Fitness

Q2 Business Review

- Revenue up 17%
- Gross margin and operating margin of 53% and 24%, respectively

Market Outlook

- Innovate with Firstbeat Analytics
- Launch compelling new products



Marine

Q2 Business Review

- Revenue up 4%
- Gross margin and operating margin of 59% and 28%, respectively

Market Outlook

- Leverage consumer interest in boating and fishing
- Capture market share through compelling innovation



Outdoor

Q2 Business Review

- Revenue down 2%
- Gross margin and operating margin of 65% and 33%, respectively

Market Outlook

- Complete line of solar smartwatches
- New products and categories are coming



GARMIN.

Aviation

Q2 Business Review

- Revenue down 31%
- Gross margin and operating margin of 73% and 12%, respectively

Market Outlook

- Longer recovery expected
- Leverage advanced safety technologies such as Autoland



Auto

Business Review

- Revenue decline of 46%
- Gross margin of 47% and operating loss of \$10 million

Market Outlook

- Prioritizing our transition to a tier 1 auto OEM supplier
- Recently introduced specialty products, with more on the way



Financial Update

Doug Boessen
CFO and Treasurer

Income Statement

| (\$ Millions) | Q2 2020 | Q2 2019 | Change |
|-----------------------------|---------------|---------------|------------------|
| Revenue | \$870 | \$955 | (9%) |
| Gross Profit | 515 | 575 | (10%) |
| Gross Margin % | 59.3% | 60.3% | (100 bps) |
| Total Operating Expense | 327 | 319 | 2% |
| Operating Income | 188 | 256 | (26%) |
| Operating Margin % | 21.7% | 26.8% | (510 bps) |
| GAAP Net Income | 184 | 224 | (18%) |
| GAAP EPS | \$0.96 | \$1.17 | (18%) |
| Pro Forma Net Income | 174 | 221 | (21%) |
| Pro Forma EPS | \$0.91 | \$1.16 | (22%) |



Q2 Revenue

Revenue by Segment

| (\$ M) | Q2 2020 | Q2 2019 | Change |
|--------------|--------------|--------------|-------------|
| Fitness | \$295 | \$252 | 17% |
| Marine | 158 | 151 | 4% |
| Outdoor | 206 | 210 | (2%) |
| Aviation | 126 | 184 | (31%) |
| Auto | 85 | 157 | (46%) |
| Total | \$870 | \$955 | (9%) |

Revenue by Geography

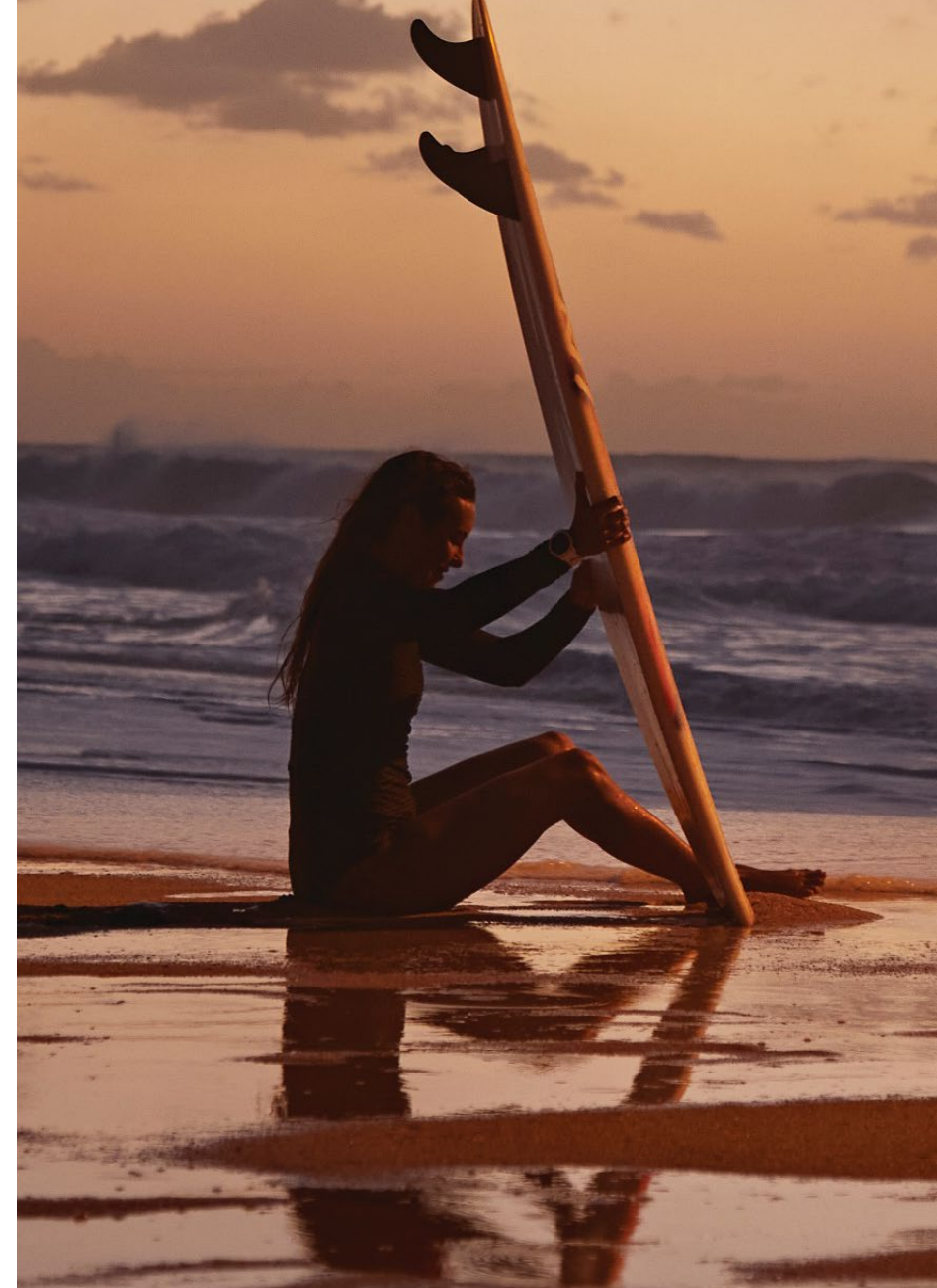
| (\$ M) | Q2 2020 | Q2 2019 | Change |
|--------------|--------------|--------------|-------------|
| Americas | \$423 | \$471 | (10%) |
| EMEA | 335 | 339 | (1%) |
| APAC | 112 | 145 | (23%) |
| Total | \$870 | \$955 | (9%) |



YTD Revenue

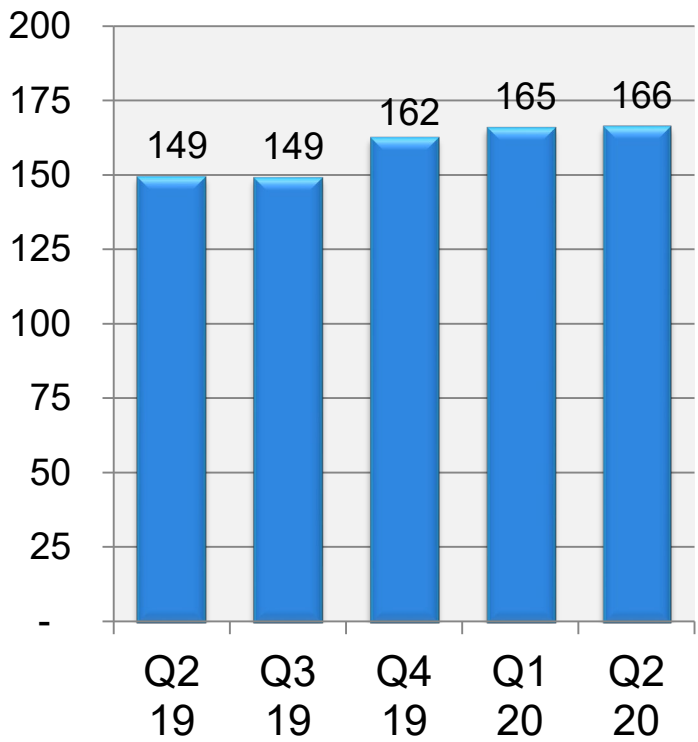
| Revenue by Segment | | | |
|--------------------|----------------|----------------|-----------|
| (\$ M) | 2020 | 2019 | Change |
| Fitness | \$518 | \$432 | 20% |
| Marine | 321 | 285 | 12% |
| Outdoor | 381 | 364 | 5% |
| Aviation | 315 | 355 | (11%) |
| Auto | 191 | 284 | (33%) |
| Total | \$1,726 | \$1,721 | 0% |

| Revenue by Geography | | | |
|----------------------|----------------|----------------|-----------|
| (\$ M) | 2020 | 2019 | Change |
| Americas | \$851 | \$850 | 0% |
| EMEA | 635 | 599 | 6% |
| APAC | 240 | 272 | (12%) |
| Total | \$1,726 | \$1,721 | 0% |

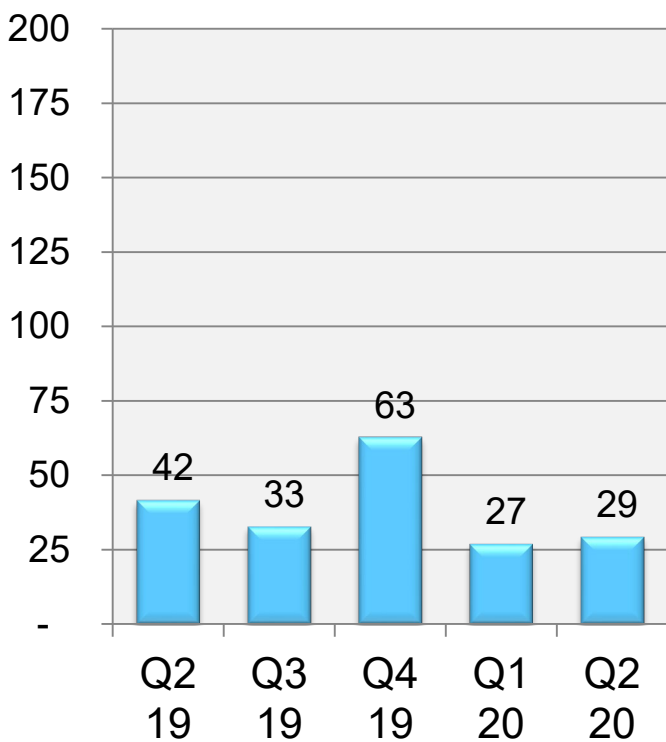


Operating Expenses

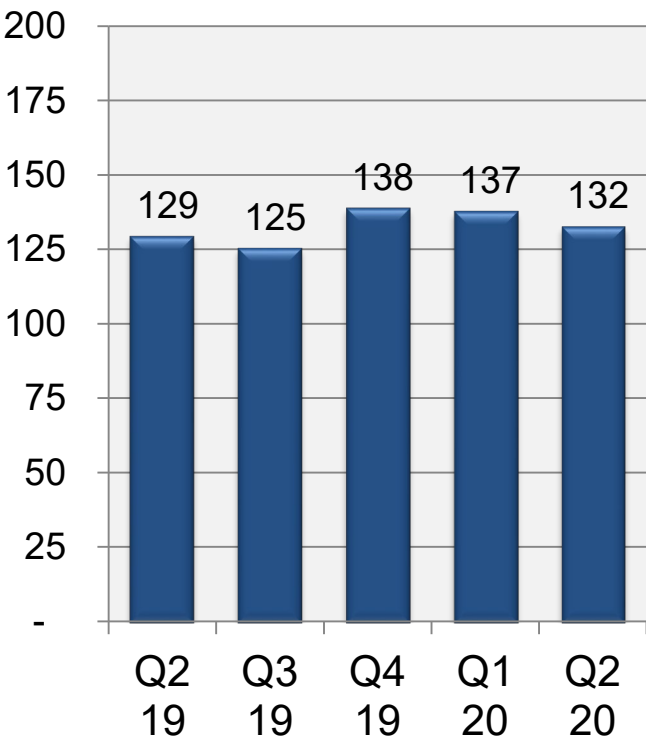
R&D (in millions)



Advertising (in millions)



SG&A (in millions)



Balance Sheet / Cash Flow / Taxes

Balance Sheet

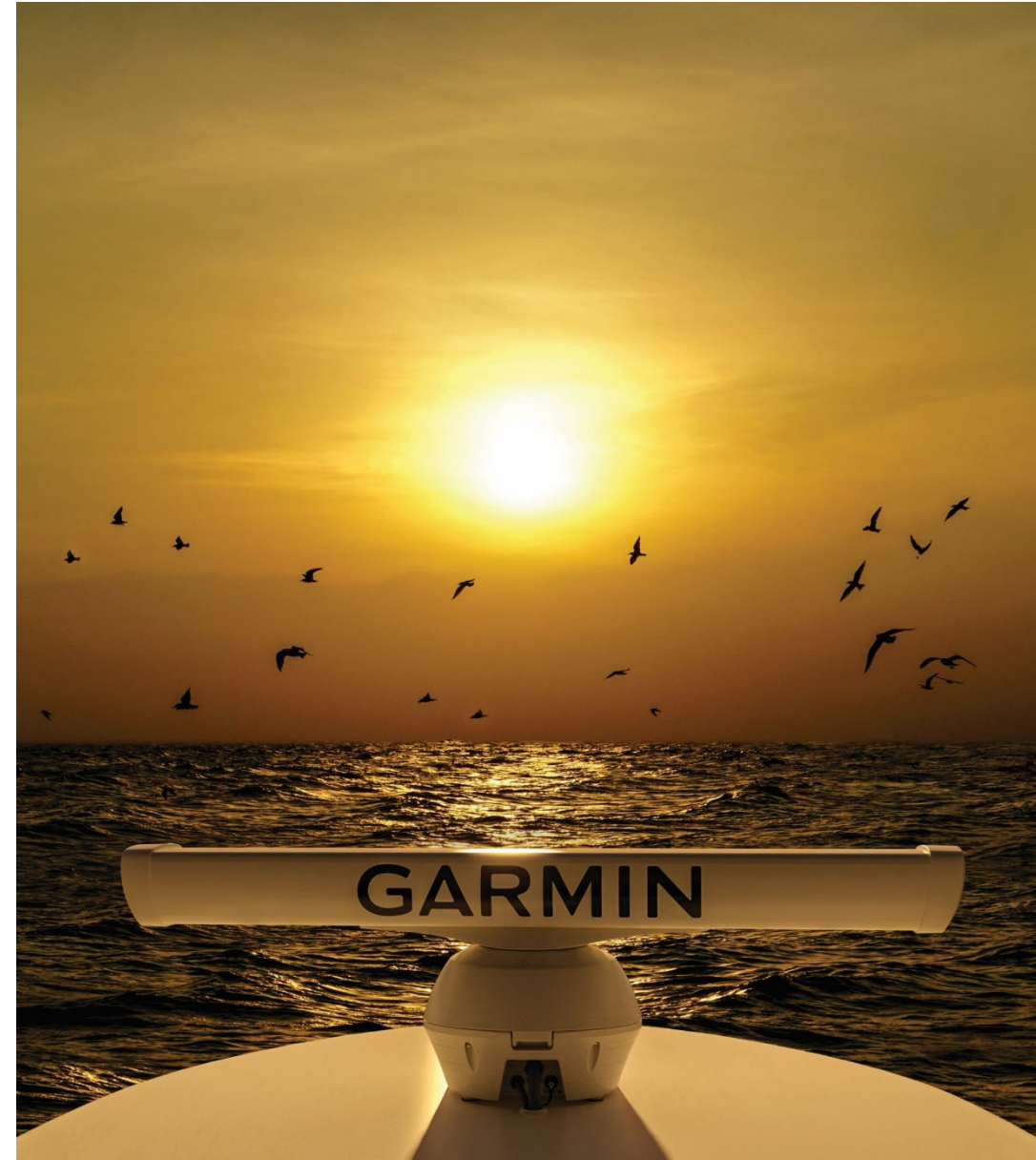
- Cash and marketable securities of \$2.7 billion
- Accounts receivable of \$524 million
- Inventory balance of \$813 million

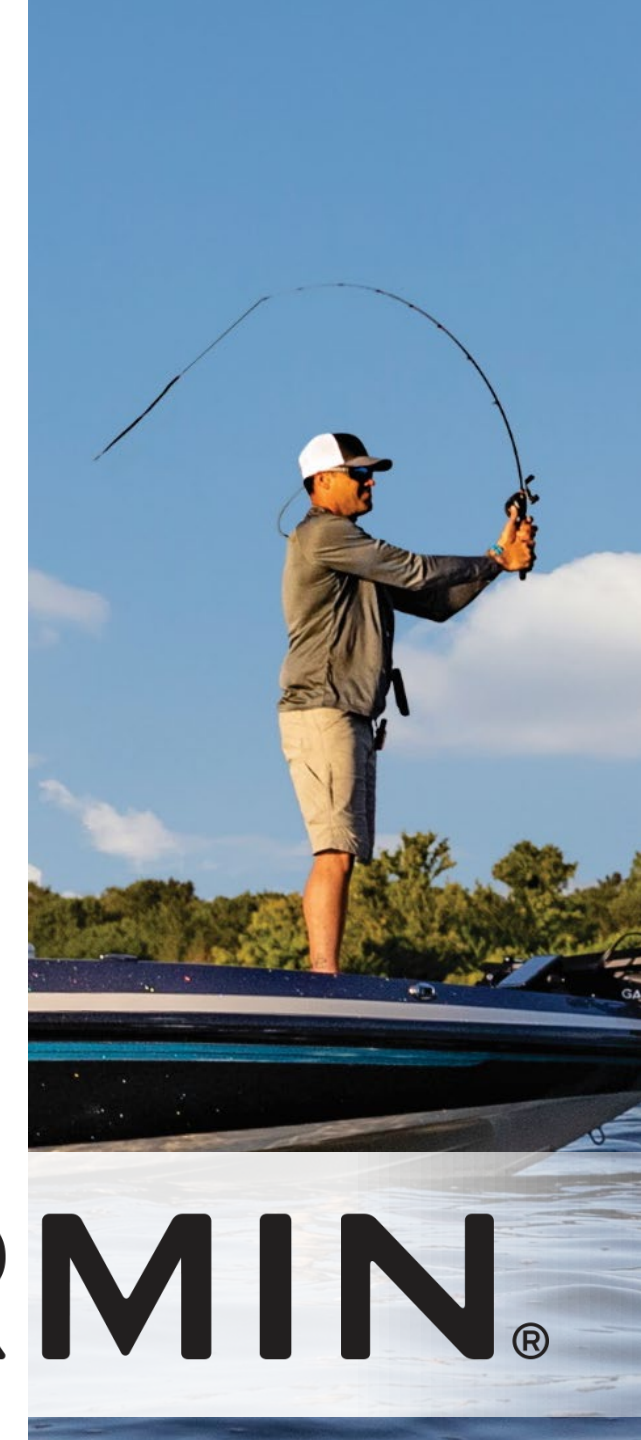
Cash Flow

- Generated \$142 million of free cash flow
- Paid quarterly dividend of \$109 million

Taxes

- GAAP ETR of 6.8%
- Pro forma ETR of 14.0% compared to 18.9% in the prior year





Appendix

July 29, 2020

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 net income (earnings) per share, pro forma effective tax rate 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 below 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 2020 and the first half of 2019, there were no such discrete tax items identified.

| | 13-Weeks Ended | | 26-Weeks Ended | |
|--|----------------|--------------------|----------------|--------------------|
| | June 27, | | June 27, | |
| | 2020 | | 2020 | |
| | \$ | ETR ⁽¹⁾ | \$ | ETR ⁽¹⁾ |
| U.S GAAP income tax provision | \$ 13,412 | 6.8% | \$ 29,866 | 8.0% |
| Pro forma discrete tax item: | | | | |
| Uncertain Tax Reserve Release ⁽²⁾ | 14,308 | | 14,308 | |
| Pro forma income tax provision | \$ 27,720 | 14.0% | \$ 44,174 | 11.8% |

(1) Effective tax rate is calculated by taking the income tax provision divided by income before taxes, as presented on the face of the Condensed Consolidated Statements of Income.

(2) In second quarter 2020, the Company recognized a \$14 million income tax benefit due to the release of uncertain tax position reserves associated with the 2014 intercompany restructuring, which was a pro forma adjustment in 2014. The second quarter 2020 impact of the reserve release is not reflective of income tax expense incurred as a result of current period earnings and therefore affects period-to-period comparability.

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.

| | 13-Weeks Ended | | 26-Weeks Ended | |
|--|------------------|------------------|------------------|------------------|
| | June 27, 2020 | June 29, 2019 | June 27, 2020 | June 29, 2019 |
| GAAP net income | \$ 184,180 | \$ 223,656 | \$ 345,360 | \$ 363,829 |
| Foreign currency gains / losses ⁽¹⁾ | 4,493 | (3,413) | 19,916 | (3,727) |
| Tax effect of foreign currency gains / losses ⁽²⁾ | (630) | 645 | (2,345) | 660 |
| Uncertain Tax Reserve Release ⁽³⁾ | (14,308) | — | (14,308) | — |
| Pro forma net income | \$ 173,735 | \$ 220,888 | \$ 348,623 | \$ 360,762 |
| GAAP net income per share: | | | | |
| Basic | \$ 0.96 | \$ 1.18 | \$ 1.81 | \$ 1.92 |
| Diluted | \$ 0.96 | \$ 1.17 | \$ 1.80 | \$ 1.91 |
| Pro forma net income per share: | | | | |
| Basic | \$ 0.91 | \$ 1.16 | \$ 1.83 | \$ 1.90 |
| Diluted | \$ 0.91 | \$ 1.16 | \$ 1.82 | \$ 1.89 |
| Weighted average common shares outstanding: | | | | |
| Basic | 191,024 | 189,855 | 190,914 | 189,728 |
| Diluted | 191,597 | 190,714 | 191,640 | 190,657 |

(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 gains and losses was calculated using the pro forma effective tax rate of 14.0% and 11.8% for the 13-weeks and 26-weeks ended June 27, 2020, respectively, and an effective tax rate of 18.9% and 17.7% for the 13-weeks and 26-weeks ended June 29, 2019, respectively.

(3) The discrete tax item is discussed in the pro forma effective tax rate section above.

Free Cash Flow

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 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 operating performance and allows more accurate comparisons of the Company's operating results to historical performance. 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.

| | 13-Weeks Ended | | 26-Weeks Ended | |
|---|-------------------|------------------|-------------------|-------------------|
| | June 27, 2020 | June 29, 2019 | June 27, 2020 | June 29, 2019 |
| Net cash provided by operating activities | \$ 199,237 | \$ 110,636 | \$ 425,111 | \$ 275,218 |
| Less: purchases of property and equipment | (56,909) | (30,401) | (98,270) | (60,495) |
| Free Cash Flow | <u>\$ 142,328</u> | <u>\$ 80,235</u> | <u>\$ 326,841</u> | <u>\$ 214,723</u> |