

GARMIN®



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Garmin Reports Record First Quarter Revenue

Schaffhausen, May 8th, 2018 – Garmin Ltd. announced results for the first quarter ended March 31.:

Highlights for the first quarter 2018 include:

- Total revenue of \$711 million, growing 11% over the prior year, with outdoor, fitness, aviation, and marine collectively growing 18% over the prior year quarter and contributing 80% of total revenue
- Gross margin improved to 60.0% compared to 58.1% in the prior

- year quarter
- Operating margin improved to 20.0% compared to 18.2% in the prior year quarter
- Operating income grew 22%

Executive Overview from Cliff Pemble, Presidents and Chief Executive Officer:

“We achieved record first quarter revenue with double digit consolidated growth led by strong growth in our outdoor, fitness, aviation and marine segments,” said Cliff Pemble, president and chief executive officer of Garmin Ltd. “Both the outdoor and fitness segments delivered solid, double digit revenue growth, and we remain confident in our wearable product offerings. We are pleased with our first quarter results and look forward to launching new, compelling products throughout the remainder of the year.”

Outdoor

During the first quarter of 2018, the outdoor segment grew 24% with significant contributions from our fēnix® adventure line of wearables. Gross margin improved to 65% while operating margin remained strong at 30%, resulting in operating income growth of 27%. We introduced the tactix® Charlie, a tactical themed GPS wearable, and began shipping the Descent™ dive watch, bringing an attractive design to underwater adventurers. Looking forward, we remain focused on opportunities in wearables and other product categories within the outdoor market.

Fitness

During the first quarter of 2018, the fitness segment posted revenue growth of 20% primarily driven by our advanced wearables. Gross and operating margins increased year-over-year to 58% and 20%, respectively, resulting in an operating income growth of 81%. During the first quarter, we started shipping our first GPS running watch with integrated music and Garmin Pay contactless payments. We recently introduced the Edge® 130, a compact GPS cycling computer, the Edge 520 Plus, an advanced cycling computer and the Varia™ RTL510 rearview radar. Both computers allow cyclists to plan and download their route in advance and brings connectivity to riders. The updated Varia radar enhances the safety features from the first generation and the new design easily mounts to most road-use bikes. Even though the market for basic activity trackers has continued to rapidly mature, we

continue to see opportunities for advanced wearables within the fitness segment.

Aviation

The aviation segment posted solid first quarter revenue growth of 19%. Gross and operating margins were strong at 75% and 33%, respectively, resulting in operating income growth of 25%. During the quarter, we started delivering the G500/600 TXi flight decks including the G500H TXi helicopter variant. We continue to invest in upcoming certifications with our OEM partners, and ongoing aftermarket opportunities.

Marine

The marine segment posted revenue growth of 9% driven by our recent Navionics® acquisition. Gross margin increased year-over-year to 59%, while operating margin declined to 12%. During the first quarter of 2018, we introduced the GCV 20 ultra-high definition scanning sonar that delivers higher resolution imaging at greater depths. Additionally, we were selected as the exclusive marine electronics supplier to the Independent Boat Builders, Inc., the industry's largest purchasing cooperative network of leading boat brands. We remain focused on innovations and achieving market share gains within the inland fishing category.

Auto

The auto segment recorded a revenue decline of 12% in the first quarter of 2018, primarily due to the ongoing PND market contraction somewhat offset by growth in certain niche product lines. Gross and operating margins were 43% and 2%, respectively. During the quarter, we announced a new generation dēzl™ 780, with built in Wi-Fi® and dash cam capabilities bringing advanced safety features and alerts to the trucking industry. Looking forward, we are focused on disciplined execution to bring desired innovation to the market and to optimize profitability in this segment.

Additional Financial Information

Total operating expenses in the quarter were \$284 million, an 11% increase from the prior year. Research and development increased 16% driven by the

incremental costs associated with acquisitions, investments in the outdoor and fitness segments for the development of advanced wearable products and continued innovation in the aviation segment. Selling, general and administrative expenses increased 15% driven primarily by personnel related expenses and incremental costs associated with acquisitions. Advertising expenses decreased 20% year over year primarily due to reduced media spending and lower cooperative advertising.

The effective tax rate in the first quarter of 2018 was 16.0% compared to the pro forma effective tax rate of 21.2% in the prior year quarter. The decrease in the effective tax rate is primarily due to the benefits from the U.S. tax reform and the impact of the release of reserves.

In the first quarter of 2018, we generated \$188 million of free cash flow. We continued to return cash to shareholders with our quarterly dividend of approximately \$96 million. We ended the quarter with cash and marketable securities of approximately \$2.4 billion.

As announced in February 2018, the Board will recommend to the shareholders for approval at the annual meeting to be held on June 8, 2018 a cash dividend in the total amount of \$2.12 per share (subject to adjustment in the event that the Swiss Franc weakens more than 35% relative to the USD), payable in four equal installments on dates to be approved by the Board.

2018 Guidance:

We are maintaining our 2018 guidance for revenue of approximately \$3.2 billion and pro forma EPS of \$3.05.

Revenue Standard Adoption

We adopted the new revenue standard in the first quarter of 2018. The prior periods presented here have been restated to reflect adoption of this new standard.

This release includes projections and other forward-looking statements regarding Garmin Ltd. and its business that are commonly identified by words such as “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, currency movements, expenses, pricing, new products to be introduced in 2018, statements relating to possible future dividends 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, 2017 filed by Garmin with the Securities and Exchange Commission (Commission file number 0-31983). A copy of Garmin's 2017 Form 10-K can be downloaded from

<http://www.garmin.com/aboutGarmin/invRelations/finReports.html>.

Non-GAAP Financial Measures

This release and the attachments contain non-GAAP financial measures. A reconciliation to the nearest GAAP measure and a discussion of the Company's use of these measures are included in the attachments.

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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, forward-looking pro forma earnings per share, pro forma effective tax rate, forward-looking 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.

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 such discrete tax items are important measures to permit investors' consistent comparison between periods. In the first quarter 2018, there were no such discrete tax items identified.

The net release of uncertain tax position reserves, amounting to approximately \$3.5 million and \$1.0 million in the first quarter 2018 and 2017, respectively, have not been included as pro forma adjustments in the above presentation as such amounts tend to be more recurring in nature, and do not affect comparability between periods.

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.

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 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 cash provided by operating activities.

Forward-looking pro forma tax rate

Forward-looking pro forma tax rate and pro forma earnings per share are calculated before the effect of certain discrete tax items. Management believes certain discrete tax items may not be reflective of income tax expense incurred as a result of current period earnings. Therefore, in order to permit consistent comparison between periods, the tax rate and earnings per share before the effect of such discrete tax items are important measures. At this time management is unable to determine whether or not significant discrete tax items will be identified in fiscal 2018.

Forward-looking pro forma earnings per share (EPS)

In addition to the discrete tax items discussed in the forward-looking pro forma effective tax rate section above, our 2018 pro forma EPS excludes foreign currency exchange gains and losses. The estimated impact of such 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 of such foreign currency gains and losses, net of tax effects, was less than \$0.01 for the 13-weeks ended March 31, 2018.

À propos de Garmin

Garmin développe dans le monde entier des produits mobiles destinés aux secteurs de l'automobile, du fitness, des sports de plein air, de la marine et de l'aviation. Depuis sa fondation en 1989, Garmin a vendu plus de 190 millions de produits. L'entreprise, dont le siège social est situé à Schaffhouse, en Suisse, emploie aujourd'hui dans le monde plus de 11 000 personnes au sein de 50 succursales. Garmin se distingue par une politique de diversification constante, lui ayant permis de s'établir avec succès sur les marchés des bracelets connectés d'activité et de santé, des montres connectées ainsi que des montres de golf et de course à pied. Garmin est présent en Europe

germanophone avec des bureaux à Garching chez Munich (Allemagne), Graz (Autriche) et Neuhausen am Rheinfall (Suisse). L'entreprise dispose en outre de son propre centre de recherche et développement à Wurtzbourg (Allemagne). La clé de son succès réside dans l'intégration verticale : le développement, depuis la conception jusqu'au produit fini prêt à la vente, ainsi que la distribution restent autant que possible réalisés en interne. C'est ce qui permet à Garmin de garantir les exigences de qualité et de design les plus élevées et de proposer à ses clients des produits sur mesure aux applications les plus variées.

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