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GARMIN LTD
Form 8-K
April 30, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 30, 2003

GARMIN LTD.

(Exact name of registrant as specified in its charter)

Cayman Islands
(State or other
jurisdiction
of incorporation)

0-31983
(Commission
File Number)

98-0229227
(I.R.S. Employer
Identification No.)

P.O. Box 30464 SMB
5th Floor, Harbour Place
103 South Church Street
George Town, Grand Cayman, Cayman Islands
(Address of principal executive offices)

Registrant's telephone number, including area code: (345) 946-5203*

Not Applicable
(Former name or former address, if changed since last report)

* The executive offices of the Registrant's principal United States subsidiary are located at 1200 East 151st Street, Olathe, Kansas 66062. The telephone number there is (913) 397-8200.

Item 7. Financial Statements, Pro Forma Financial Statements and Exhibits

(c) Exhibits

Exhibit No.

Press Release dated April 30, 2003

99.1

Item 9. Regulation FD Disclosure (Furnished under Item 12)

See attached as an exhibit to this Form 8-K a press release dated April 30, 2003 concerning the announcement of financial results for the fiscal quarter ended March 29, 2003.

The information in this Form 8-K, including the exhibit, is required by Item 12 of Form 8-K, is furnished pursuant to Item 9 and shall not be deemed to be filed for the purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section, and shall not be deemed to be incorporated by reference into the filings of the registrant under the Securities Act of 1933.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GARMIN LTD.

Date: April 30, 2003

/s/ Andrew R. Etkind

Andrew R. Etkind
General Counsel and Secretary

EXHIBIT INDEX

| <u>Exhibit</u> | <u>Description</u> |
|----------------|-------------------------------------|
| 99.1 | Press release dated April 30, 2003. |

Exhibit 99.1

Garmin Reports Record First Quarter 2003

CAYMAN ISLANDS, April 30, 2003/PRNewswire/—Garmin Ltd. (Nasdaq: GRMN news) today announced record revenue and earnings for its first fiscal quarter ended March 29, 2003. Revenue for the quarter increased 23 percent to \$123.8 million from \$100.9 million in the year-ago quarter. Net income increased to \$41.5 million, or \$0.38 diluted earnings per share, compared to \$26.8 million or \$0.25 diluted earnings per share in the year-ago quarter. First quarter net income included a \$0.8 million foreign currency loss as a result of a weaker U.S. dollar compared to the Taiwan dollar. The diluted EPS of \$0.38 recorded for the first quarter of 2003 exceeded company guidance of \$0.29 to \$0.32. Excluding the effects of foreign currency, diluted EPS for the quarter was \$0.39 compared to \$0.25 in the year-ago quarter.

We are pleased to announce another quarter of solid growth. Overall demand for our products continues to expand, said Dr. Min Kao, CEO and Co-Chairman of Garmin Ltd. Our consumer segment recorded a 28 percent increase in revenues during this quarter when compared to the first quarter of 2002, and all of our consumer product lines continue to grow. Our aviation segment was also strong this quarter, posting a 9% growth in revenue over the year ago quarter.

We also experienced a 56 percent growth in EPS when excluding the effects of foreign currency from the prior year quarter, Dr. Kao continued. We are pleased that consumers are becoming more aware of the usefulness of GPS navigation. As a result, we have experienced growth in our core markets, as well as our emerging automotive product line, as we look forward to bringing fully-integrated GPS navigation to the PDA market in the coming months. We are also anticipating future opportunities our new integrated cockpit will provide, and are delighted to have been chosen to provide the avionics for the new Cessna Mustang business jet, which is due out in 2006, and the Diamond Aircraft DA42 turbo-diesel twin engine aircraft which is due out in 2004.

Consumer revenue for the first quarter totaled \$95.3 million—a 28 percent growth compared to the first quarter of 2002. Aviation revenue totaled \$28.5 million—a 9 percent increase compared to the year-ago quarter. Total units sold for the quarter increased to 446,000 from 313,000

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representing an increase of 43 percent.

Revenue increased across all geographic regions during the first quarter of fiscal 2003 when compared to the year-ago quarter:

North America revenue was \$85.3 million compared to \$73.1 million, up 17 percent.

Europe revenue was \$33.5 million compared to \$23.7 million, up 41 percent.

Asia revenue was \$5.0 million compared to \$4.1 million, up 22 percent.

We are pleased with our financial performance during the first quarter, said Kevin Rauckman, chief financial officer of Garmin Ltd. Our consumer segment has now achieved six consecutive quarters of year-over-year revenue growth in excess of twenty percent. Gross margins improved significantly to 60.3 percent when compared to 54.0 percent in the prior year's first quarter, driven primarily by product mix, improved manufacturing productivity and efficiencies, and the overall benefits that come from our strategy of vertical integration. We also generated \$37.7 million of free cash flow for the quarter resulting in a cash and marketable securities balance of \$500.5 million at the end of the first quarter.

Second Quarter and Fiscal Year 2003 Outlook

The company estimates that its diluted EPS for the second fiscal quarter of 2003, excluding effects for foreign currency, will be in the range of \$0.40 to \$0.43 on revenues between \$138 million and \$143 million.

Fiscal year 2003 revenue guidance remains \$515 million to \$540 million, and diluted EPS for the year, excluding effects of foreign currency, will be raised to a range of \$1.54 to \$1.60.

Earnings Call Information

The information for Garmin Ltd.'s earnings call is as follows:

When: Wednesday, April 30, 2003 at 11:00 a.m. Eastern

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

How: Simply log on to the web at the address above or call to listen in at 888-757-3036.

Contact: investor.relations@garmin.com

A phone recording will be available for 24 hours following the earnings call and can be accessed by dialing 800-252-6030 utilizing the access code 16386361. An archive of the live webcast will be available until May 30, 2003 on the Garmin website at <http://www.garmin.com>. To access the replay, click on the Investor Relations link and click over to the Events Calendar page.

This release includes projections and other forward-looking statements regarding Garmin Ltd. and its business. Any statements regarding the company's future financial position, revenues, earnings, product introductions, 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 affecting Garmin. Information concerning risk factors that could affect Garmin's actual results is contained in the Annual Report on Form 10-K for the year ended December 28, 2002 filed by Garmin with the Securities and Exchange Commission (Commission file number 0-31983). A copy of Garmin's 2002 Form 10-K can be downloaded from <http://www.garmin.com/aboutGarmin/invRelations/finReports.html>.

Through its operating subsidiaries, Garmin Ltd. designs, manufactures, and markets navigation, communications and information devices, most of which are enabled by GPS technology. Garmin is a leader in the general aviation and consumer markets and its products serve aviation, marine, general recreation, automotive, wireless and OEM applications. Garmin Ltd. is incorporated in the Cayman Islands, and its principal subsidiaries are located in the United States, Taiwan and United Kingdom. For more information, visit the investor relations site of Garmin Ltd. at www.garmin.com or contact the Investor Relations department at 913-397-8200.

Garmin Ltd. And Subsidiaries
Condensed Consolidated Statements of Income
(In thousands except per share information)

13-Weeks Ended

| (Unaudited) | |
|-------------------|-------------------|
| March 29, 2003 | March 30, 2002 |

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| | 13-Weeks Ended | |
|---|----------------|-----------|
| | | |
| Net sales | \$123,788 | \$100,856 |
| Cost of goods sold | 49,133 | 46,364 |
| Gross profit | 74,655 | 54,492 |
| Selling, general and administrative expenses | 13,593 | 11,239 |
| Research and development expense | 8,796 | 7,973 |
| | 22,389 | 19,212 |
| Operating income | 52,266 | 35,280 |
| Other income (A) | 830 | 592 |
| Income before income taxes | 53,096 | 35,872 |
| Income tax provision | 11,602 | 9,111 |
| Net income | \$41,494 | \$26,761 |
| Net income per share: | | |
| Basic | \$0.38 | \$0.25 |
| Diluted | \$0.38 | \$0.25 |
| Weighted average common shares outstanding: | | |
| Basic | 107,948 | 107,777 |
| Diluted | 108,693 | 108,137 |

(A) Includes \$0.8 million of foreign currency losses in Q1 2003 and \$0.7 million of losses in Q1 2002.

Garmin Ltd. And Subsidiaries Condensed
Consolidated Balance Sheets
(In thousands)

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| | (Unaudited) | |
|--|-------------------|----------------------|
| | March 29, 2003 | December 28, 2002 |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$251,148 | \$216,768 |
| Marketable securities | 79,311 | 113,336 |
| Accounts receivable, net | 52,108 | 58,278 |
| Inventories | 62,846 | 57,507 |
| Deferred income taxes | 14,847 | 14,847 |
| Prepaid expenses and other current assets | 5,649 | 4,490 |
| Total current assets | 465,909 | 465,226 |
| Property and equipment, net | 76,785 | 74,440 |
| Restricted cash | 1,599 | 1,598 |
| Marketable securities | 170,008 | 132,372 |
| Other assets, net | 24,598 | 24,479 |
| Total assets | \$738,899 | \$698,115 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$24,670 | \$32,446 |
| Salaries and benefits payable | 2,867 | 4,178 |
| Warranty reserve | 5,705 | 5,949 |
| Income taxes payable | 26,597 | 18,080 |
| Current portion of long-term debt | 0 | 0 |
| Other accrued expenses | 10,989 | 12,752 |
| Total current liabilities | 70,828 | 73,405 |
| Long-term debt | 20,000 | 20,000 |
| Deferred income taxes | 2,278 | 2,211 |
| Stockholders' equity: | | |
| Common stock | 1,122 | 1,080 |
| Additional paid-in capital | 130,070 | 129,431 |
| Retained earnings | 549,378 | 507,884 |
| Accumulated other comprehensive loss | (34,777) | (35,896) |
| Total stockholders' equity | 645,793 | 602,499 |
| Total liabilities and stockholders' equity | \$738,899 | \$698,115 |