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13 ANNUAL REPORT


**GARMIN**

Garmin Ltd.  
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Switzerland  
Garmin.com

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M00-60326-00 0414



# DELIVERING WHAT CUSTOMERS DESIRE



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It's at the heart of every product concept and design decision: what will make a customer desire it? What will make it irresistible? How can Garmin create safer journeys and more memorable experiences? How can Garmin help customers achieve goals they never thought possible? Meeting these objectives goes hand in hand with the company's mission:

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**TO CREATE SUPERIOR PRODUCTS THAT ARE ESSENTIAL TO CUSTOMERS' LIVES.**

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In 2013, Garmin launched several new products and categories that offer compelling features and superior quality while addressing unique customer needs. As Garmin enters its 25<sup>th</sup> year in business, the company's commitment to developing world-class products is stronger than ever. Here's to discovering where Garmin will take our technology in the next 25 years.

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## DEAR SHAREHOLDERS,

2013 was an exciting year at Garmin, as we introduced many innovative products and expanded into new categories. Our talented associates are filled with energy and ideas and have intensified their efforts to create superior products with differentiated features to better serve our customers. I'd like to take this opportunity to thank each and every one of them, and I would also like to thank you, our shareholders, for your commitment to Garmin's vision.

To highlight 2013, Garmin...

- Reported revenue of over \$2.6 billion with record annual revenues in our growth segments of outdoor, fitness, aviation and marine
- Generated \$574 million of free cash flow supporting our dividend and share repurchases
- Entered the action camera market with the VIRB and VIRB Elite
- Launched the Vector power meter, expanding our role in the cycling market
- Completed business jet avionics certifications with Cessna and Bombardier
- Delivered significant innovation in the marine market that is expected to generate ongoing growth
- Achieved industry-leading market share and profitability in the PND market
- Announced our relationship with Mercedes to deliver navigation solutions beginning in their 2014 models

While the PND market is expected to continue to decline in 2014, we are excited about the numerous incremental opportunities that we see to enhance revenue and profitability across our broad spectrum of products and markets. Some of our primary objectives for 2014 focus on new products and include:

- Establishing a strong retail presence and building market share in action cameras and fitness bands with our VIRB series and vívofit
- Capturing share in the inland marine market with our DownVü and SideVü scanning sonar
- Delivering on key aviation opportunities in both the OEM and aftermarket categories
- Seizing new opportunities in the auto/mobile segment with dash cameras, OEM solutions and mobile applications and accessories

In addition to these exciting new initiatives, we also expect growth from market share gains and penetration opportunities with our strong portfolio of existing products serving hunters, hikers, golfers, runners, mariners, pilots ... and the list goes on.

As this list shows, we are a diversified company focusing on the application of technology in active lifestyles. The possibilities for innovation are vast as technology continues to penetrate our lives, and Garmin plans to be at the forefront of that movement as we have been for the past 25 years. Thank you for your ownership of Garmin, and we look forward to another successful year in 2014.

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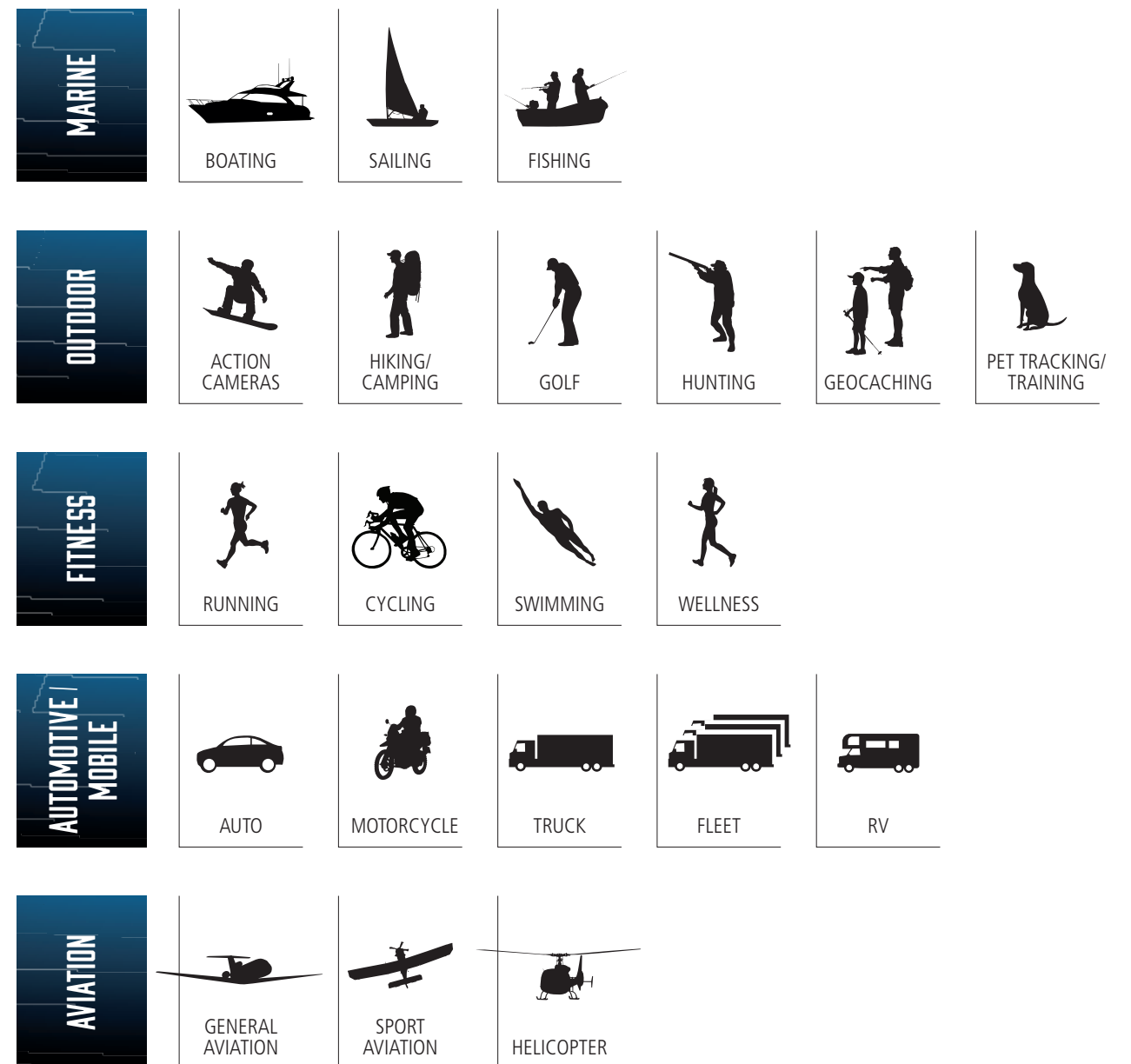


CLIFF PEMBLE | PRESIDENT AND CEO



# WHAT IS GARMIN MADE OF?

Since 1989, Garmin products have given millions of consumers the freedom to explore their world. Garmin is the global leader in satellite navigation, and its devices do far more than help people get from point A to point B. The company's consumer product offerings now include devices that help people get fit, capture and share life's moments and even help train the family dog.





The **GPSMAP® 8000** glass helm series includes multi-function displays and components offering premium features, enhanced user interface and a refined design.

Volvo Penta teamed up with Garmin to deliver an integrated glass cockpit system for Volvo Penta engines and steering systems. The Garmin-Volvo Penta collaboration earned the DAME design award at the 2013 Marine Equipment Trade Show (METS). This award honors the best and most trendsetting marine equipment.



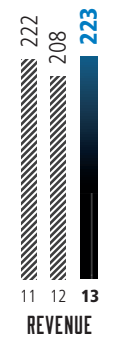
Boaters can view and control their Garmin multi-function chartplotters from the convenience of their mobile device, thanks to the new **Garmin Helm™** mobile app.



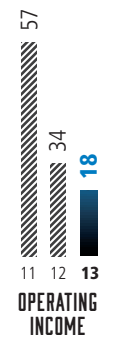
Garmin announced **DownVu™** and **SideVu™**, its down and side-scanning sonar technology that captures high-resolution imagery and has excellent precision.



Garmin launched its first marine-oriented GPS watch, **quatix™**, combining crucial marine features with comprehensive navigation and sailing capabilities. In 2014, SAIL magazine named quatix a winner of the Pittman Innovation Award in electronics.



IN MILLIONS



OPERATING INCOME

# SOPHISTICATED SIMPLICITY

Garmin has gone to great lengths to refine its entire line of marine products, resulting in systems that are as easy to use as they are beautiful to behold. The company also developed its first down and side-scanning sonar — with clarity unmatched in the industry. And the key to making all its marine offerings so desired by consumers: the power of simple. It's the Garmin promise to deliver sophisticated technology that is easy to use.



Additions to the handheld line included **Monterra™**, an Android™-powered handheld giving users access to thousands of apps, including those targeting outdoor enthusiasts. It also offers Wi-Fi® connectivity, FM radio and NOAA weather radio. New models in the **Oregon®** series fit comfortably in a user's palm and are stylish enough to be mounted in a car.



Two new golf watches, **Approach® S2** and **S4**, fit golfers' need for function and fashion. Additionally, the S4 is on the forefront of smartwatch innovation with smart notifications, allowing the user to see email and text messages right on the watch.



**tactix™** is a GPS + ABC (altimeter, barometer, compass) watch inspired by the requirements of law enforcement and police special operations. It has a matte black finish and non-reflective display with green LED backlight that won't flare out with night vision devices.



Capturing key moments of weekend excursions and family outings is easier with **VIRB** and **VIRB Elite** — the action cameras that film smarter and longer than other action cameras. Now consumers from all walks of life can tell a better story with a camera that captures exactly what they see, thanks to the built-in display. When paired with compatible Garmin products, customers can control VIRB from their device and overlay data such as heart rate, cadence or temperature to complete their epic tale.

VIRB is the first Garmin product that crosses all of the company's market segments, lending unique applications for customers who fly, hike, hunt, boat, bike, ride, ski, board and more. In essence, VIRB captures the "explore more" moments that Garmin has been promoting since the company's inception.

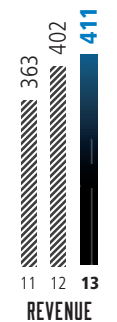


Garmin continued to develop products that enhance hunters' relationships with their canine companions. One such system, **Delta Upland™**, combines an electronic training collar, a built-in **BarkLimiter™**, and a remote beeper to help locate dogs that are out of sight.

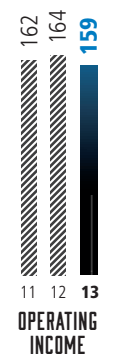


# FOCUSED ON NEEDS AT HAND

When outdoor enthusiasts want a device that fits a function to a T, they turn to Garmin. From training and tracking systems for pets and hunting dogs to a watch dialed in to the requirements of law enforcement, Garmin offers solutions for niche needs. On a much wider scale, the VIRB™ action cameras put Garmin quality and dependability into the hands of consumers who want to capture life's active moments.



IN MILLIONS



OPERATING INCOME

# COACHING AND CONNECTING

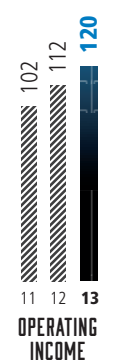
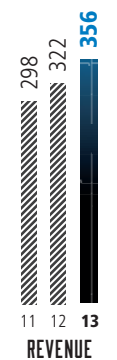
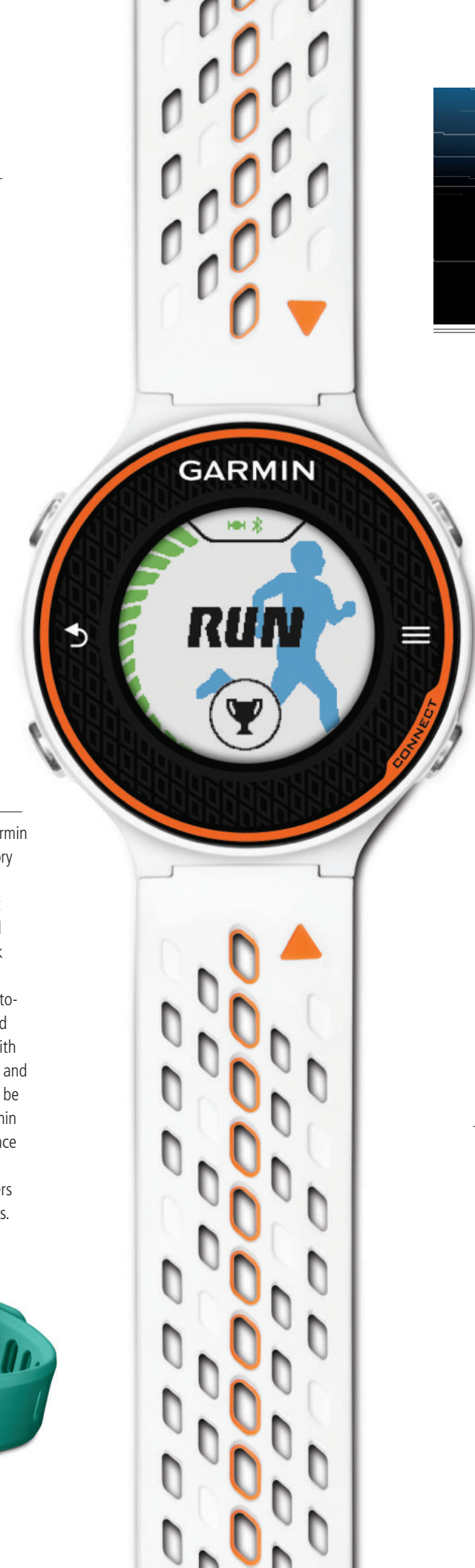
Runners and cyclists desire data and knowing how their efforts compare to what they did last month or last year. They also want to know what they can do to get better. The newest Garmin fitness devices, Forerunner® 220 and 620, fulfill that need to be “coached” through advanced features and feedback based on users’ efforts. For those runners who want accurate distance and pace data with a simplified interface, the Forerunner 10 has continued to be a popular choice. In 2013, Garmin introduced new colors in the Forerunner 10 series, further extending the appeal of wearable fitness to the masses.

Runners crave the guidance of a coach — someone to track their stats and gauge their potential. **Forerunner 220** and **620** running watches are like having a coach on-hand 24/7. Both offer connected features including automatic uploads to Garmin Connect™ and live tracking. The 620 introduced unique capabilities to the running market like VO2 max estimate, recovery advisor and race predictor. It also provides feedback on a user’s running form when used with the HRM-Run™ monitor.

In August, the **Vector™** pedal-based cycling power meter hit the market, giving cyclists the ability to measure their total power and left/right balance and display it on compatible devices. Now cyclists and triathletes can turn to Garmin as their complete training solution with power meter, GPS head unit and post-ride analysis all from a single source.

Garmin delivered its first fitness devices with connected features — **Edge® 510** and **810**. When these GPS bike computers are along for the ride, cyclists can invite friends and fans to follow them with a live tracking feature and later save and share their adventures via instant uploads to the Garmin Connect™ Mobile app.

At the 2014 Consumer Electronics Show, Garmin announced its entry into the wellness category with **vivofit™**, the fitness band that tracks steps, sleep and calories burned throughout the day. The product hit store shelves in mid February and has received positive feedback from consumers and the press alike for its one-year battery life, wireless sync and easy-to-read display. Also at CES, Garmin announced its corporate wellness program, complete with tracking devices such as **vivoki™** and **vivofit** and a wireless access point — a system that can be adopted by companies large and small. Garmin also announced an overhaul that will enhance the look and feel of its free online fitness community, Garmin Connect, giving customers a place to save, plan and share their activities.

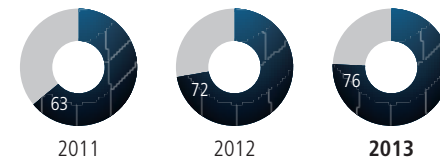


# DRIVEN TO DELIGHT

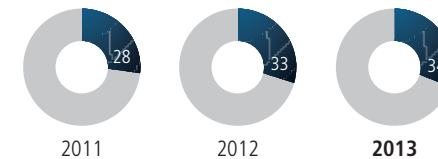


Consumers crave a fuss-free experience when they get behind the wheel, yet they want their personal navigator to fit their needs and their vehicle like a glove, which often calls for intricate design features. Garmin works to strike this balance every day when developing solutions for PND and OEM customers. The nüvi® lineup offers customers a range of features and sizes, arranged in three easy-to-shop categories: Essential, Advanced and Prestige. In 2013, Garmin won the international red dot design award for the nüvi 3597LMTHD navigator from the Prestige series, featuring unique sculpted styling, unibody housing and a magnetic mount.

MARKET SHARE - NORTH AMERICA  
(% OF TOTAL)



MARKET SHARE - EUROPE  
(% OF TOTAL)



▼  
The first Garmin for the RV lifestyle, **RV 760LMT**, features a 7" display and extra-loud speakers.

Volkswagen partnered with Garmin for a portable infotainment device with connected services for Volkswagen up! vehicles.

Daimler AG selected Garmin as their global tier-one navigation provider for most Mercedes-Benz models through 2017.

**fleet™ 590** was launched as the company's first portable and connected fleet management GPS, delivering an integrated tracking and dispatch fleet system for business owners and their drivers.

▼  
The new Curvy Roads feature on **zūmo® 390LM** navigates bikers to winding rides.

Garmin goes mini with a portable navigation option for MINI vehicles featuring exclusive detailing and a customized mount next to the instrument cluster.

▼  
**nüvi 3597LMTHD** with Real Directions guides drivers like a friend, referencing landmarks and buildings.

Garmin announced its first portable **head-up display (HUD)** for smartphone navigation apps, giving drivers an innovative new way to view navigation information in the car.







REVENUE  
IN MILLIONS



OPERATING INCOME  
IN MILLIONS

# DEDICATED SOLUTIONS FOR DISCERNING PILOTS

Garmin achieved monumental milestones in aviation by receiving FAA certification for several aircraft with Garmin integrated flight decks: the Cessna Citation M2 jet with the G3000™, the Bombardier Learjet 70/75 with the G5000™ and the Cessna Sovereign mid-size jet, which is the largest aircraft certified with the G5000 system. In 2013, Garmin announced a G5000 upgrade program for Beechjet 400A/Hawker 400XP aircraft. This upgrade gives existing owners a chance to breathe new life into their aircraft with industry-leading capabilities, while gaining an estimated 200 pounds of useful load capacity. Garmin also introduced a new line of avionics for experimental aircraft. Recognizing that kit builders have individual needs and questions, Garmin launched Team X — a group of Garmin pilots with expertise in kitplanes and custom aircraft who provide support and solutions to these customers.



Built on the same technology as the G1000® glass avionics suite, the non-certified **G900X**® provides a fully integrated solution for some of the most popular kit-built aircraft.



The **G3X**® flight display system offers true “glass cockpit” capabilities to experimental/kitplane and light sport aircraft. The system is scalable, allowing pilots to build out their dream panel as needs and budget allow.



The first GPS watch designed specifically for aviators, **D2**™ puts pilot-essential navigation functions at hand while seamlessly integrating with the Garmin Pilot™ app and VIRB action camera.



## FINANCIAL REVIEW

The selected financial data below and elsewhere in this annual report should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K, a copy of which is included with this annual report or is available at [Garmin.com/financials](http://Garmin.com/financials).

### REVENUE AND NET INCOME

→ \$ IN MILLIONS ←



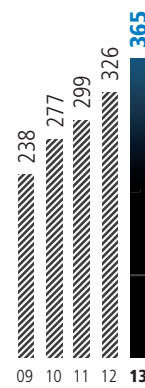
### DILUTED EPS

→ \$ PER SHARE ←



### R&D EXPENDITURES

→ \$ IN MILLIONS ←



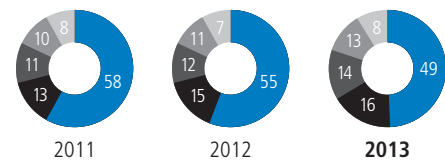
### BOOK VALUE PER SHARE

→ \$ PER SHARE ←



### REVENUE BY SEGMENT

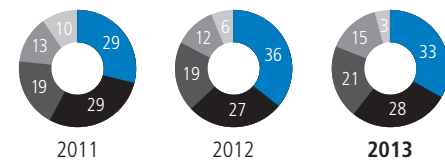
(% OF TOTAL)



AUTOMOTIVE/MOBILE  
OUTDOOR  
FITNESS  
AVIATION  
MARINE

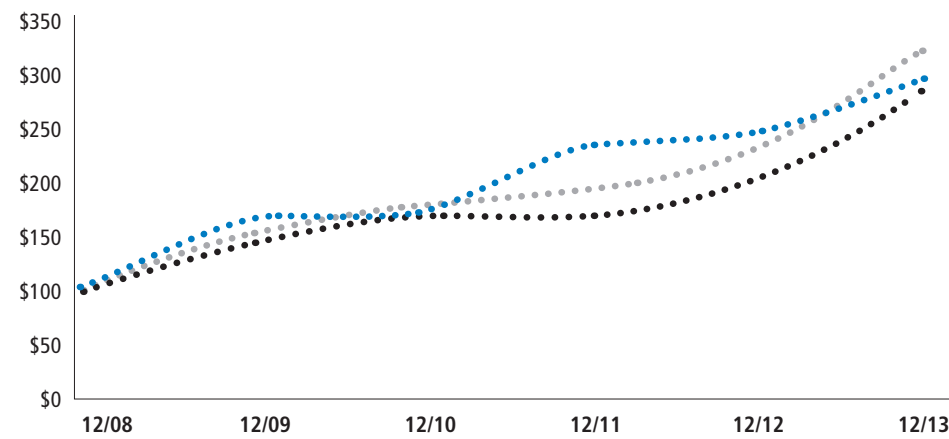
### OPERATING INCOME BY SEGMENT

(% OF TOTAL)



## COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN\*

Among Garmin Ltd., the NASDAQ Composite Index, and the NASDAQ 100 Index



The graph below matches Garmin Ltd.'s cumulative 5-Year total shareholder return on common stock with the cumulative total returns of the NASDAQ Composite index and the NASDAQ 100 index. The graph tracks the performance of a \$100 investment in our common stock and in each index (with the reinvestment of all dividends) from 12/31/2008 to 12/31/2013.

\*\$100 invested on 12/31/08 in stock or index, including reinvestment of dividends. Fiscal year ending December 31.

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

## BOARD OF DIRECTORS

**Donald H. Eller** 2 | 3  
Private Investor

**Joseph J. Hartnett** 1 | 2 | 3  
Former President and Chief Executive Officer  
Ingenient Technologies

**Dr. Min H. Kao**  
Executive Chairman  
Garmin Ltd.

**Charles W. Peffer** 1 | 2 | 3  
Retired Partner  
KPMG LLP

**Clifton A. Pemble**  
President and Chief Executive Officer  
Garmin Ltd.

**Thomas P. Poberezny** 1 | 2 | 3  
Chairman Emeritus  
Experimental Aircraft Association (EAA)

1 | Audit Committee  
2 | Nominating and Corporate Governance Committee  
3 | Compensation Committee

## EXECUTIVE OFFICERS

**Dr. Min H. Kao**  
Executive Chairman

**Clifton A. Pemble**  
President and Chief Executive Officer

**Kevin S. Rauckman**  
Chief Financial Officer and Treasurer

**Andrew R. Etkind**  
Vice President,  
General Counsel and Secretary

**Danny J. Bartel**  
Vice President, Worldwide Sales  
Garmin International, Inc.

**Patrick G. Desbois**  
Vice President, Operations  
Garmin International, Inc.

**Philip I. Straub**  
Vice President and  
Managing Director, Aviation  
Garmin International, Inc.

**Sean M. Biddlecombe**  
Managing Director, EMEA  
Garmin (Europe) Ltd.

**P.C. Huang**  
General Manager  
Garmin Corporation

## INVESTOR RELATIONS

[investor\\_relations@garmin.com](mailto:investor_relations@garmin.com)  
Security analysts, investment professionals and shareholders can find investor relations information on the company's website at [Garmin.com/stock](http://Garmin.com/stock).

## TRANSFER AGENT

Computershare Trust Company, N.A.  
250 Royall Street  
Canton, Massachusetts, 02021  
United States of America

## INDEPENDENT ACCOUNTANTS

Ernst & Young LLP

## MARKET INFORMATION

The shares of Garmin Ltd. are traded on the NASDAQ Global Select Market under the symbol GRMN. Garmin Ltd. is a component of the S&P 500 Index.

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