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GARMIN LTD
Form 8-K
October 30, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

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

Date of Report (Date of earliest event reported): October 30, 2002

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.)
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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 9. Regulation FD Disclosure

See attached as Exhibit 99.1 to this Form 8-K a press release dated October 30, 2002 concerning the announcement of financial results for the fiscal quarter ended September 28, 2002.

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The information in this Form 8-K, including the exhibits, 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.

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: October 30, 2002

/s/ Andrew R. Etkind

Andrew R. Etkind
General Counsel and Secretary

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press release dated October 30, 2002 concerning the announcement of financial results for the fiscal quarter ended September 28, 2002.

Exhibit 99.1

Garmin Reports Record Third Quarter and Revises 2002 Guidance Upward

CAYMAN ISLANDS, October 30, 2002/PRNewswire/ -- Garmin Ltd. (Nasdaq: GRMN - news) today announced record revenue and earnings for its third fiscal quarter ended September 28, 2002. Revenue for the quarter increased 24 percent to \$107.8 million from \$86.9 million in the year-ago quarter. Net income increased to \$38.4 million, or \$0.36 diluted earnings per share, compared to \$25.0 million or \$0.23 diluted earnings per share in the year-ago quarter. Third quarter net income included a \$9.6 million foreign currency gain as a result of a stronger U.S. dollar compared to the Taiwan dollar. Excluding the effects of foreign currency, diluted EPS for the quarter was \$0.29 compared to \$0.23 in the year-ago quarter. The diluted EPS of \$0.29 recorded for the third quarter of 2002 exceeded company guidance of \$0.23 to \$0.25.

'We are pleased to announce another solid quarter of growth. Overall demand for our products remains strong,' said Dr. Min Kao, CEO of Garmin Ltd. 'On the heels of 32 percent revenue growth last quarter, our consumer segment recorded a 25 percent growth in revenues during this quarter, as we continue to exhibit

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strength across all of our consumer product lines. Additionally, we experienced a 26% growth in EPS when excluding the effects of foreign currency from the prior year quarter. As consumer awareness of the utility of GPS navigation steadily increases, we have experienced continued growth in our core markets, as well as our emerging automotive product line.'

Consumer revenue for the third quarter totaled \$80.2 million - a 25 percent growth compared to the third quarter of 2001. Aviation revenue totaled \$27.6 million - a 20.6 percent increase compared to the year-ago quarter. Total units sold for the quarter increased to 378,000 from 311,000 - representing an increase of 21.5 percent.

Revenue increased across all geographic regions during the third quarter of fiscal 2002 when compared to the year-ago quarter:

- North America revenue was \$77.9 million compared to \$66.9 million, up 16 percent.
- Europe revenue was \$22.8 million compared to \$16.9 million, up 35 percent.
- Asia revenue was \$7.0 million compared to \$3.1 million, up 126 percent.

'We are pleased with our financial performance during the third quarter,' said Kevin Rauckman, chief financial officer of Garmin Ltd. 'Our consumer segment has now achieved four consecutive quarters of year-over-year revenue growth in excess of twenty percent. Excluding positive foreign currency effects, we were able to exceed the high-end of our guidance range of \$0.25 for the quarter. Gross margins held steady at 54.8 percent when compared to 54.9 in the prior year's third quarter. We also generated \$43.3 million of free cash flow for the quarter resulting in a cash and marketable securities balance of \$423 million at the end of the third quarter.'

Revenue for the nine-month year-to-date period ending September 28, 2002 was \$331.5 million - up 20 percent from the \$276.1 million generated in the year-ago period. Net income increased to \$97.3 million, or \$0.90 diluted earnings per share, compared to \$85.4 million or \$0.79 diluted earnings per share in the year-ago period. On a year-to-date basis, foreign currency fluctuations have been immaterial to the EPS calculation.

Consumer revenue for the year-to-date period totaled \$248.8 million - a 28.5 percent growth compared to the year-ago period. Aviation revenue totaled \$82.7 million - a 0.2 percent increase compared to the year-ago period. Total units sold for the period increased to 1,079,000 from 993,000 - representing an increase of 8.7 percent.

Revenue increased across all geographic regions during the first nine months of the year when compared to 2001:

- North America revenue was \$239.3 million compared to \$207.8 million, up 15 percent.
- Europe revenue was \$76 million compared to \$58.4 million, up 30 percent.
- Asia revenue was \$16.1 million compared to \$9.8 million, up 64 percent.

Revised Fourth Quarter and Fiscal Year 2002 Outlook

Due to increasing interest in GPS navigation technology and demand for Garmin products, the company is revising previous guidance upward.

The company estimates that its diluted EPS for the fourth fiscal quarter of 2002, excluding effects for foreign currency, will be in the range of \$0.25 to \$0.28 on revenues between \$106.0 million to \$110.0 million.

The company has revised its fiscal year 2002 guidance upward and now estimates

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that its diluted EPS for the year, excluding effects of foreign currency, will be in the range of \$1.16 to \$1.18 (earlier guidance was \$1.07 to \$1.14) on revenues between \$437.0 million to \$441.0 million (earlier guidance was \$415.0 million to \$430.0 million).

Earnings Call Information

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

When: Wednesday, October 30, 2002 at 11:00 a.m. Eastern
Where: www.garmin.com
How: Simply log on to the web at the address above or call to listen in at 866-783-5359.
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 13935132. An archive of the live webcast will be available until November 30, 2002 on the Garmin website at 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 29, 2001 filed by Garmin with the Securities and Exchange Commission (Commission file number 0-31983). A copy of Garmin's 2001 Form 10-K can be downloaded from 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		39-Weeks Ended
	(Unaudited)		(Unaudited)
	Sept. 28, 2002	Sept. 29, 2001	Sept. 28, 2002
Net sales	\$107,756	\$86,930	\$331,450
Cost of goods sold	48,705	39,201	150,245

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Gross profit	59,051	47,729	181,205
Selling, general and administrative expenses	11,055	9,663	33,393
Research and development expense	7,954	7,306	23,403
	19,009	16,969	56,795
Operating income	40,042	30,760	124,409
Other income (A)	10,722	2,742	3,813
Income before income taxes	50,764	33,502	128,222
Income tax provision	12,336	8,501	30,887
Net income	\$38,428	\$25,001	\$97,335
Net income per share:			
Basic	\$0.36	\$0.23	\$0.90
Diluted	\$0.36	\$0.23	\$0.90
Weighted average common shares outstanding:			
Basic	107,798	108,242	107,788
Diluted	108,139	108,599	108,193

(A) Includes \$9.6 million of foreign currency gains in Q3 2002 and \$.3 million of gains in Q3 2001. Includes \$.2 million of foreign currency losses for the nine-month period ended September 28, 2002 and \$7.7 million of gains for the nine-month period ended September 29, 2001.

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

	(Unaudited) Sept. 28, 2002	December 29, 2001
Assets		
Current assets:		
Cash and cash equivalents	\$194,444	\$192,842
Marketable securities	77,555	40,835
Accounts receivable, net	44,916	47,998

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Inventories	50,109	61,132
Deferred income taxes	6,963	7,007
Prepaid expenses and other current assets	5,135	2,921
Total current assets	379,122	352,735
Property and equipment, net	71,644	70,086
Restricted cash	1,458	1,600
Marketable securities	151,020	90,749
Other assets, net	25,594	16,985
Total assets	\$628,838	\$532,155
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$22,069	\$18,837
Salaries and benefits payable	3,994	3,308
Warranty reserve	3,802	4,777
Income taxes payable	7,490	12,444
Current portion of long-term debt	1,334	4,177
Other accrued expenses	9,409	5,485
Total current liabilities	48,098	49,028
Long-term debt	18,666	28,011
Deferred income taxes	1,075	1,147
Stockholders' equity:		
Common stock	1,078	1,078
Additional paid-in capital	127,349	127,131
Retained earnings	462,422	365,087
Accumulated other comprehensive loss	(29,849)	(39,327)
Total stockholders' equity	560,999	453,969
Total liabilities and stockholders' equity	\$628,838	\$532,155