

GARMIN LTD
Form 10-Q
November 04, 2009

United States
Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 26, 2009

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-31983

GARMIN LTD.

(Exact name of Company as specified in its charter)

Cayman Islands

(State or other jurisdiction
of incorporation or organization)

P.O. Box 10670, Grand Cayman KY1-1006
Suite 3206B, 45 Market Street, Gardenia Court
Camana Bay, Cayman Islands
(Address of principal executive offices)

98-0229227

(I.R.S. Employer identification no.)

N/A

(Zip Code)

Company's telephone number, including area code: (345) 640-9050

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Company (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-accelerated Filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

Number of shares outstanding of the Company's common shares as of October 30, 2009

Common Shares, \$.005 par value: 200,669,045

Garmin Ltd.
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Part I – Financial Information

Item 1. Condensed Consolidated Financial Statements

Introductory Comments

The Condensed Consolidated Financial Statements of Garmin Ltd. ("Garmin" or the "Company") included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the United States Securities and Exchange Commission. Certain information and note disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to enable a reasonable understanding of the information presented. These Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements and the notes thereto for the year ended December 27, 2008. Additionally, the Condensed Consolidated Financial Statements should be read in conjunction with Item 2 of Management's Discussion and Analysis of Financial Condition and Results of Operations, included in this Form 10-Q.

The results of operations for the 13-week and 39-week periods ended September 26, 2009 are not necessarily indicative of the results to be expected for the full year 2009.

Garmin Ltd. And Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands, except share information)

	(Unaudited) September 26, 2009	December 27, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,011,763	\$ 696,335
Marketable securities	17,643	12,886
Accounts receivable, net	573,847	741,321
Inventories, net	373,290	425,312
Deferred income taxes	52,824	49,825
Prepaid expenses and other current assets	49,569	58,746
Total current assets	2,078,936	1,984,425
Property and equipment, net	444,172	445,252
Marketable securities	770,444	262,009
Restricted cash	2,044	1,941
Licensing agreements, net	8,885	16,013
Other intangible assets, net	212,070	214,941
Total assets	\$ 3,516,551	\$ 2,924,581
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 185,668	\$ 160,094
Salaries and benefits payable	32,787	34,241
Accrued warranty costs	83,081	87,408
Accrued sales program costs	56,318	90,337
Deferred revenue	48,621	680
Other accrued expenses	141,021	86,341
Income taxes payable	14,102	20,075
Dividend payable	150,447	-
Total current liabilities	712,045	479,176
Deferred income taxes	8,447	4,070
Non-current income taxes	239,419	214,366
Other liabilities	1,242	1,115
Stockholders' equity:		
Common stock, \$0.005 par value, 1,000,000,000 shares authorized:		
Issued and outstanding shares - 200,596,000 as of September 26, 2009 and 200,363,000 as of December 27, 2008	1,002	1,002
Additional paid-in capital	35,428	-

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Retained earnings	2,537,598	2,262,503
Accumulated other comprehensive loss	(18,630)	(37,651)
Total stockholders' equity	2,555,398	2,225,854
Total liabilities and stockholders' equity	\$ 3,516,551	\$ 2,924,581

See accompanying notes.

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

	13-Weeks Ended		39-Weeks Ended	
	September 26, 2009	September 27, 2008	September 26, 2009	September 27, 2008
Net sales	\$ 781,254	\$ 870,355	\$ 1,887,057	\$ 2,445,830
Cost of goods sold	371,512	484,716	929,706	1,322,948
Gross profit	409,742	385,639	957,351	1,122,882
Advertising expense	45,853	50,742	103,101	147,199
Selling, general and administrative expense	71,499	67,785	193,461	194,181
Research and development expense	55,507	52,749	166,795	155,904
Total operating expense	172,859	171,276	463,357	497,284
Operating income	236,883	214,363	493,994	625,598
Interest income	6,360	8,435	16,646	26,563
Foreign currency	11,752	(12,744)	4,478	4,818
Gain on sale of equity securities	-	-	-	50,949
Other	1,684	1,358	1,325	2,091
Total other income (expense)	19,796	(2,951)	22,449	84,421
Income before income taxes	256,679	211,412	516,443	710,019
Income tax provision	41,546	40,168	90,901	134,904
Net income	\$ 215,133	\$ 171,244	\$ 425,542	\$ 575,115
Net income per share:				