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Garmin Equity Research – Disruptive Valuation in a Dynamic Market Landscape

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Abstract

In this equity research report, we recommend a sell rating for Garmin Ltd., with a target share price of $182.57 as of December 31, 2025, reflecting a downside risk of 13.7% from the current share price of $212.72. This recommendation is based on our assessment that Garmin's recent share price surge is not aligned with its expected growth in key markets, suggesting overvaluation. Furthermore, the increasing contribution of the Auto OEM segment, with its low gross margins, may pressure overall profitability. Geopolitical uncertainties, such as the potential China-Taiwan conflict, add risks to Garmin's Taiwan facility. However, demographic trends, including an aging population and growing health awareness, present positive prospects for the fitness and outdoor segments. Additionally, Garmin's exclusive contract with IBBI to supply marine electronics from 2025 to 2029 strengthens its position with 15 major U.S. boat manufacturers. Finally, the company's low debt levels enhance its financial stability by reducing overall financial risk

Keywords
Garmin
Forecast
Sensitivity
Risks

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This report is part of the Garmin Equity Research report (annexed), developed by Karim Hanna and Karim Matar, and should be read as an integral part of it.

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Introduction

The purpose of this joint equity research report is to provide a comprehensive valuation of Garmin Ltd. and evaluate its investment potential through in-depth analysis. Combining two individual contributions that focus on distinct yet complementary aspects of the company and its environment, the report concludes in a sell recommendation. This conclusion is supported by a detailed evaluation of Garmin's financial and operational performance, market trends, and valuation metrics.

The report is structured into two main sections. The first section provides an overview of Garmin's business, detailing its product portfolio, company evolution, and historical stock performance. It examines the macroeconomic factors influencing supply and demand for Garmin's products, such as global inflation and geopolitical risks, and analyzes the company's historical operational performance, including but not limited to sales growth, profitability, working capital, and leverage. Forecasting methodologies, discussing the difference between both top-down and bottom-up approaches, with detailed forecasts for individual business lines, capital expenditures, and leverage. Enhancements in operating margins are discussed, integrating management's vision with independent estimates, while sensitivity analyses stress-test the financial model under various scenarios. Additionally, this section addresses Garmin's ESG standing and specific risks, both company-specific and macroeconomic.

The second section focuses on industry dynamics, the competitive landscape, and the valuation methodologies applied to Garmin. It provides detailed analyses of the fitness, outdoor, aviation, marine, and Auto OEM markets, highlighting key trends and distinctions across industries. Valuation methods such as DCF, APV, EVA, FTE, and multiples analysis are employed, with scenario analyses and sensitivity tests informing the investment recommendation.

Together, these sections provide a holistic understanding of Garmin's market position and the financial rationale supporting our sell recommendation, offering investors a well-rounded perspective on the company's future prospects.

Company Overview

Figure 1: Garmin Facilities Location

Garmin was founded in 1989 in Kansas, USA, and initially focussed on the sale of Global Positioning Systems (GPS) for the aviation industry. Since then, Garmin has expanded its product portfolio and entered various new markets. The company has evolved beyond the aviation industry into fitness, outdoor, marine, and automotive original equipment manufacturer (OEM) industries, diversifying from traditional GPS devices to include smartwatches, rangefinders, bike computers, and infotainment systems. Garmin designs, develops, and manufactures its products in-house at facilities in the U.S., U.K., Taiwan, Canada, and it maintains offices worldwide.

Company Portfolio

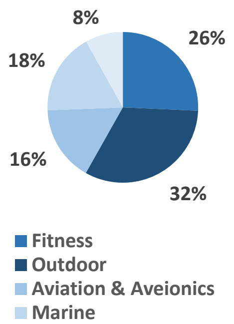

Figure 2: Garmin Revenue Split 2023

Garmin has leveraged significant technological advancements over the past decades, evolving from GPS systems for aviation to more compact and versatile applications, such as the first GPS-integrated mobile phone in 1998. This innovation enabled Garmin to diversify its product portfolio and venture into wearable devices. By 2024, Garmin has established itself as a leader in both the marine electronics industry and the smartwatch market for fitness and outdoor activities. Across its business units, products primarily revolve around GPS technology, with fitness and outdoor products serving as sports accessories enhanced by GPS functionality. Similar technology supports offerings in the Aviation, Marine, and Auto OEM segments.

The contribution of each business unit to Garmin's revenue varies significantly. In 2023, Fitness and Outdoor accounted for the largest shares, generating 26% and 32% of revenue, respectively. Aviation & Avionics contributed 16%, Marine 18%, and Auto OEM, the newest business unit, represented 8% of total revenue. Geographically, the Americas contributed the majority share of revenue at 50%, followed by Europe, the Middle East, and Africa with 34%, and APAC with 16%.

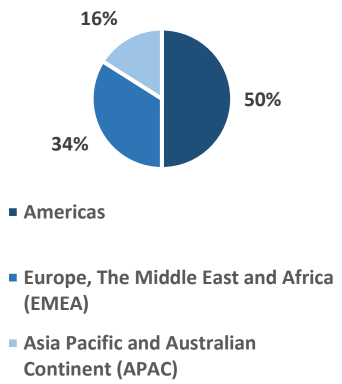

Figure 3: Garmin Revenue by Geography 2023

In response to evolving market demands, Garmin has realigned its revenue streams, positioning the Auto OEM sector as a key growth area. This segment recorded a 53% year-on-year increase in the third quarter of 2024, making it the fastest-growing division (Appendix 6). This shift reflects Garmin's response to the rising demand for integrated automotive technology and underlines its commitment to high-potential markets.

Garmin aims to drive growth through innovation, expand its presence across all segments, and increase recurring revenue from subscription services. The company has strategically acquired businesses to enhance its offerings, including solutions for indoor cycling, LED lighting for maritime applications, and advanced audio systems. These acquisitions, combined with internal innovations, create synergies that strengthen Garmin's market position.

Garmin's products are distributed through various indirect channels, such as independent retailers, dealers, distributors, installation and repair shops, and OEMs. In addition, Garmin sells directly through its online shop, subscription services, and its own retail stores. In 2023, direct channels generated over 10% of Garmin's total net sales ('Garmin Annual Report 2023' 2024).

Stock Overview

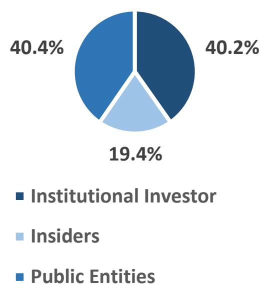

Figure 4: Ownership structure 2024

Garmin (GRMN) stock is held by a diverse group of insiders, retail, and institutional investors. Institutional investors account for approximately 40.2% of the company's shares, with Vanguard Index Funds being the largest shareholder at 7.59%. Insiders own 19.4% of Garmin shares, while the remaining 40.4% are distributed among public companies and private investors.

Garmin's stock has exhibited strong performance, reflecting robust quarterly growth trends in recent years. Over the past 18 months, the share price increased significantly, from $104.65 in October 2023 to a peak of $222.97 in December 2024. Compared to the S&P 500, Garmin's resilience stands out, particularly in its recovery and ability to surpass pre-2023 levels. This growth is attributed to sustained demand for its technology products, with notable price highs in the second and fourth quarters of 2024.

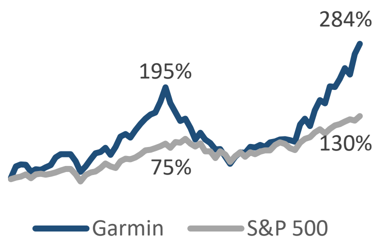

Figure 5: Garmin, S&P500 Returns since 2018

Garmin also pursues a stable dividend policy, paying quarterly dividends that appeal to income-focused investors. Recent payouts were $0.75 per share in both September and June 2024, reflecting a steady increase from $0.73 in 2023. Garmin's consistent dividend history and incremental increases highlight its commitment to delivering shareholder value ('Garmin Annual Report 2023' 2024).

Economic Landscape

The global macroeconomic environment is shaped by several key factors, including consumer spending, inflation, interest rates, and supply chain dynamics, all of which have influenced Garmin's performance and strategies. Consumer spending, a primary driver of economic activity, significantly impacts demand for goods and services, especially in non-essential sectors such as wearable technology and fitness devices. During the COVID-19 pandemic, consumer spending sharply declined, especially in discretionary sectors, due to economic uncertainty. However, spending has since recovered, reaching nearly $ 58tr in 2023, with forecasts projecting growth to $ 77tr by 2029. This growth signals a strong recovery and expanding economic opportunities across industries that depend on consumer demand ('Consumption Indicators - Global | Statista Market

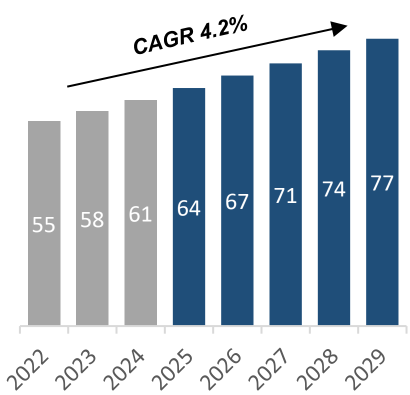

Figure 6: Consumer Spending (in $ tr)

Forecast' 2024). Garmin is well-positioned to capitalize on these opportunities.

Inflation, particularly in the energy sector, played a significant role in shaping operational costs. Garmin, like many companies, faced higher costs due to rising energy prices and supply chain disruptions between 2020 and 2023. However, by 2024, inflation has significantly decreased, dropping from around 10% to 2% (Appendix 9), creating a more favourable environment for businesses ('Inflation in the Euro Area' 2024). This moderation in inflation allowed Garmin to stabilize operational costs, helping it to focus on expanding its product offerings and pursuing growth opportunities in the auto OEM sector.

Geopolitical conflicts disrupt global supply chains and trade

Interest rates have similarly impacted the global economy. Rising rates during the inflationary period made borrowing more expensive, potentially limiting investment. However, with inflation under control, the European Central Bank (ECB) has started to lower interest rates, creating a more favourable environment for capital access and growth. Lower borrowing costs stimulate investment and economic expansion (European Central Bank 2024).

Supply chain disruptions, amplified by the pandemic and ongoing geopolitical tensions such as the war in Ukraine, have posed substantial challenges to the global economy and Garmin's global operations ('How Is the War in Ukraine Impacting the Global Supply Chain? | MIT SCALE' 2022). The company experienced delays in sourcing key components and faced higher manufacturing costs as supply chains adjusted. Nevertheless, Garmin's diversified manufacturing base have helped mitigate some of these disruptions. The global supply chain is gradually recovering (Business Standard 2024), and Garmin has adapted by enhancing its inventory management and localizing some production to reduce future vulnerabilities.

Houthi attacks in the Red Sea Region amplify costs and volatility in global trade.

Geopolitical instability continues to create uncertainty for international companies, including Garmin. Conflicts in regions like the Middle East and parts of Africa contribute to market instability, affecting trade flows, currency markets, and economic policies (The Economist 2020). These dynamics complicate the operations of international companies, increase costs, and create volatility in already fragile markets. However, Garmin's diversified market footprint help it navigate these challenges, continuing to meet consumer demand despite global uncertainties. As geopolitical tensions evolve, they remain critical factors influencing economic stability and business resilience.

Historical Performance

Garmin demonstrated strong overall growth and profitability from 2019 to 2023. Total units sold grew modestly, with a CAGR of 0.95%, rising from 15.6mn in 2019 to 16.2mn in 2023. Despite the moderate unit growth, Garmin's total sales

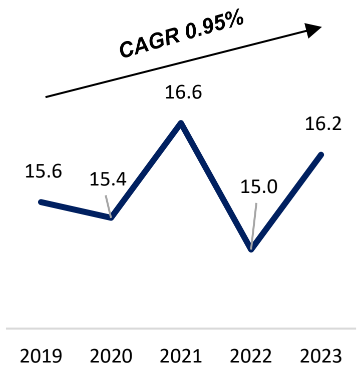

Figure 7: Garmin Total Units Sold (in mn)

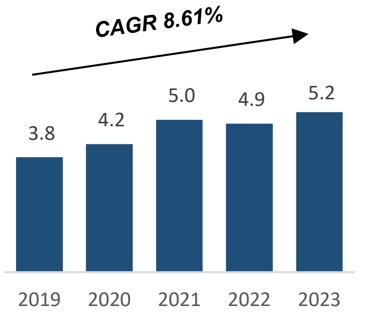

Figure 8: Garmin Total Sales (in USD bn)

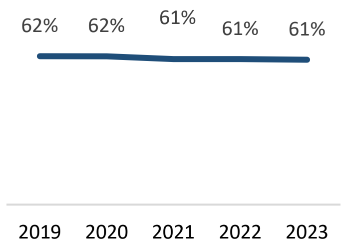

Figure 9: Garmin Gross Profit Margin (%)

achieved a robust CAGR of 8.61% during this period, driven by product mix optimization and increasing average selling prices across divisions. The company maintained an impressive average net profit margin of 23%, underlining its strong operational efficiency and profitability across revenue streams (‘Garmin Annual Report 2023’ 2024)**.**

Analysing Garmin's historical performance from 2019 to 2023 reveals clear growth patterns and profitability trends. During this period, the CAGR of sales figures varies across the main segments: 6.44% in fitness, 16.62% in outdoor, 3.57% in aviation, 15.86% in marine and 23.39% in auto OEM. This emphasises the outdoor and auto OEM segments as key growth drivers, significantly outperforming the other divisions in terms of growth (‘Garmin Annual Report 2023’ 2024)**.**

Analysis of the company's gross profit margin from 2019 to 2023 shows a consistent average of 62%, highlighting the company's resilience to significant economic, geopolitical, and market disruptions. Gross profit margins also vary significantly between divisions, indicating their unique cost structures and market dynamics. On average, gross profit margins for the period 2019-2023 were 55%, 68%, 77%, 60% and 39% in the Fitness, Outdoor, Aviation, Marine and Auto OEM divisions, respectively. The consistently high margins in the aviation segment are driven by the premium pricing and specialized offerings, while the lower margin in the auto OEM segment reflects the higher costs and the relatively young stage of this segment (‘Garmin Annual Report 2023’ 2024)**.**

Garmin's balance sheet shows strong financial stability, supported by effective working capital management and conservative use of debt between 2019 and 2023. The company achieved an average current ratio of 3.0x, underlining its strong liquidity position. While inventory levels averaged 227 days, the company was able to offset this through efficient management of other components. Prepayments averaged 54 days, receivables were settled in just 62 days, payables in 56 days, unearned revenue in 23 days, and accrued expenses in 69 days. This effective working capital management allowed the company to consistently meet its short-term obligations while optimizing cash flows (‘Garmin Annual Report 2023’ 2024)**.**

In terms of leverage, Garmin operated with extremely low financial risk, maintaining an average debt-to-equity ratio of just 0.02x from 2019 to 2023. Furthermore, the company’s ability to cover debt obligations was exemplary, with an average debt service coverage ratio (DSCR) of 65x over the same period, reflecting minimal reliance on debt financing and strong earnings to service any existing liabilities (‘Garmin Annual Report 2023’ 2024). This conservative approach underscores Garmin’s careful financial management and ability to maintain stability even in volatile markets.

Forecasts and their Value Drivers

Methodology

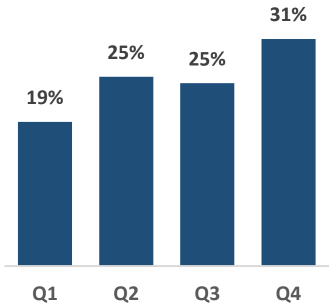

Figure 10: Fitness & Outdoor Revenue Seasonality

While Garmin's sales are subject to seasonality, particularly in the first quarter when consumer spending tends to be lower, the company's sales are significantly influenced by new product launches. Additionally, a large portion of its revenue comes from Fitness and Outdoor products, which typically experience higher demand in the second quarter, driven by increased consumer activity during the spring season. Sales also tend to peak in the fourth quarter due to heightened consumer interest in electronics during the holiday season ('Garmin Annual Report 2023' 2024).

Given Garmin's limited disclosure of segment-specific or product-level data and the lack of access to proprietary details, we were unable to apply a bottom-up forecasting approach. This method typically involves forecasting revenue at the product level, which is then aggregated to obtain a company-wide estimate. Instead, we have chosen a top-down approach for Garmin, as it allows us to align revenue forecasts with macroeconomic and industry trends, while providing a comprehensive view of the company's potential. Starting with an assessment of the broader global markets in which Garmin operates, this approach ensures that forecasts are based on realistic assumptions about industry growth and market dynamics. By focusing on external factors such as market size, competitive positioning, and industry trends, it captures the broad economic environment that influences Garmin's performance. In addition, the top-down perspective provides a strategic, high-level view of Garmin's revenue potential relative to its competitors and overall market share, allowing us to assess the company's opportunities and constraints in the evolving technology and navigation sector. This ensures that our forecasts are not only in line with industry benchmarks, but also reflect Garmin's unique position in its markets.

Forecasting was done by subdivisions to reflect Garmin's diverse operations

Since Garmin's reported revenue breakdown is available only by geography and not by segment, it would not have been methodologically sound to forecast revenues by geography without incorporating the segment perspective. Segments have distinct cost structures, risk profiles, and business models that are not adequately captured by a purely geographical approach. Consequently, we chose to forecast and present the financial model based on segments rather than geographic regions. We believe this approach is essential, as using segments as the primary driver provides a more accurate reflection of the company's diverse operational landscape and better aligns with the distinct risk and business profiles associated with each segment.

This approach also enhances our scenario analysis. By focusing on segments, we

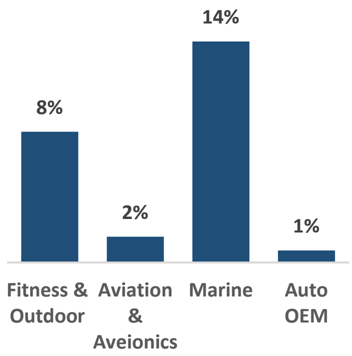

Figure 11: Garmin Effective Market Share 2023

can more precisely capture how different risk factors and operational dynamics affect the various units, enabling us to provide a clearer view of potential outcomes across different scenarios.

This top-down approach involved initially sourcing the overall market size for each of Garmin's primary business segments. By analysing industry reports, market research data, and macroeconomic trends, we were able to establish a reasonable estimate for the total market potential in each segment.

Subsequently, we utilized Garmin's historical sales data to calculate the company's implied market share for each segment over the past three years. This was achieved by dividing Garmin's total sales in each segment by the estimated market size for that respective year. The resulting market share figures provided valuable insights into the company's competitive position and relative performance within each market.

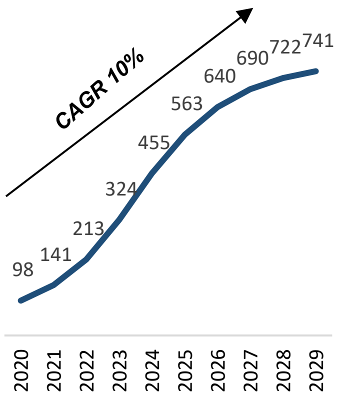

Figure 12: Global Number of Smartwatch Users (in mn)

Business Unit Growth

- Fitness & Outdoor

A detailed analysis of Garmin's Fitness and Outdoor market share from 2021 to 2024 indicates an average implied market share of 9%. For the forecasted period, we project an increase in market share to 10%, driven by both qualitative and quantitative factors. This projected 1% market penetration reflects key demographic and industry trends, such as an aging global population, increasing health consciousness, and rising consumer demand for fitness and outdoor products (Texas Health, 2023). These trends are further supported by technological advancements, including wearable fitness devices and virtual fitness platforms, which enhance the accessibility and appeal of fitness and outdoor activities (Irwin, 2024).

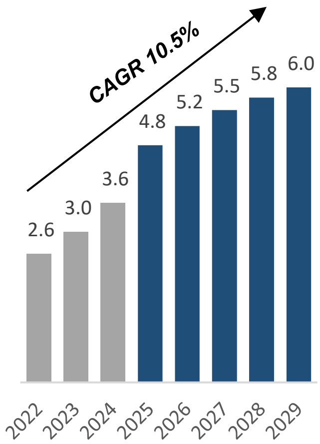

Figure 13: Fitness & Outdoor Revenue Growth ($ bn)

The market penetration forecast is based on Garmin's historical performance, industry growth rates, and its ability to leverage these trends through innovative product offerings ('Garmin Annual Report 2023,' 2024). Furthermore, the number of global smartwatch users is expected to grow from 455mn in 2024 to 741mn in 2029, reflecting a CAGR of 10%. This significant market expansion positions Garmin to capitalize on the growing demand, further justifying the projected 1% increase in market share ('Fitness Trackers - Worldwide | Statista Market Forecast' 2024).

In our base case scenario, we assume that Garmin maintains its competitive position and gradually gains market share through its strong brand presence, continuous innovation, and a growing product ecosystem. As a result, Garmin's fitness and outdoor segment revenue is expected to increase from $ 3.6bn in 2024 to $ 6.0bn in 2029, representing a CAGR of 10.5% over the five-year period.

- Aviation & Avionics

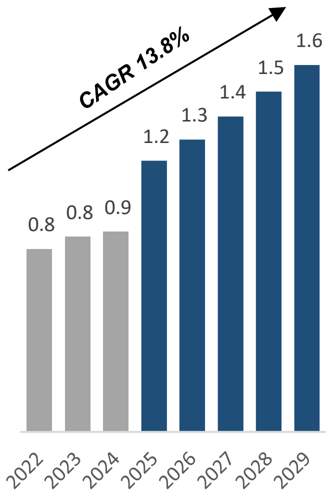

Figure 14: Aviation & Avionics Revenue Growth ($ bn)

A thorough analysis of the Aviation & Avionics sector's effective market share from 2021 to 2024 indicates an average implied market share of 1.65%. For the forecasted period, we project an increase in market penetration to 2%, driven by the sector's robust growth trajectory and Garmin's potential to capture a larger share of this market.

This growth is driven by increasing demand for commercial aircraft, particularly in emerging markets, where factors such as economic growth, a growing middle class, and the need to modernise ageing fleets are leading to increased investment. In addition, defence agencies worldwide are prioritising the adoption of advanced avionics technologies to improve mission capability and adapt to evolving regulatory requirements. Garmin's established reputation for innovation and expanded product offerings position the company to capitalise on these trends ('Avionics Market Size, Share, Trends & Forecast by 2034 | FMI' 2024).

As a result of our forecast, Garmin's Aviation & Avionics segment revenues are projected to grow from $ 0.9bn in 2024 to $ 1.6bn in 2029, reflecting a CAGR of 13.8% over the five-year period.

- Marine

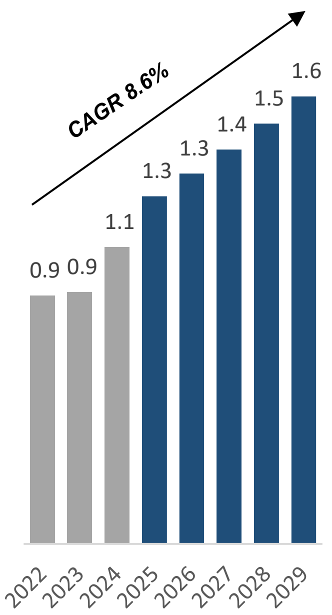

Figure 15: Marine Revenue Growth ($ bn)

A comprehensive analysis of Garmin's marine segment from 2021 to 2024 shows an average implied market share of 15.2%. For the forecast period, we expect market share to increase to 17.5%, driven by Garmin's strong market position and the expected growth of the marine electronics market. This forecast is supported by Garmin's reputation as a leading provider of innovative solutions for both recreational and commercial maritime applications, complemented by the global expansion of maritime activities.

This increase in market penetration is further supported by Garmin's recent agreement to become the exclusive supplier of marine electronics and audio solutions for Independent Boat Builders, Inc. (IBBI) from model years 2025 through 2029. The agreement covers Garmin's full range of products, including chart plotters, navigation systems, trolling motors, stereos, and speakers. IBBI represents a network of 15 prominent U.S. boat manufacturers, collectively accounting for over 25% of the nation's boat production ('Marine Electronics Market Size, Share & Growth Report 2030' 2024).

The growth of the marine electronics market is driven by increasing maritime operations such as commercial shipping, fishing, passenger transport, and offshore energy projects. These activities are increasing the demand for advanced electronic solutions. In addition, the growing focus on safety and operational efficiency is accelerating the adoption of technologies that improve navigation accuracy, optimise vessel performance, and enhance communication capabilities. Garmin's extensive product portfolio and strong focus on innovation positions the company to capture a larger share of this market. (Precedence Research, 2024).

As a result of our forecast, Garmin's Marine segment revenues are projected to grow from $ 1.1bn in 2024 to $ 1.6bn in 2029, reflecting a CAGR of 8.6% over the five-year period.

- Auto OEM

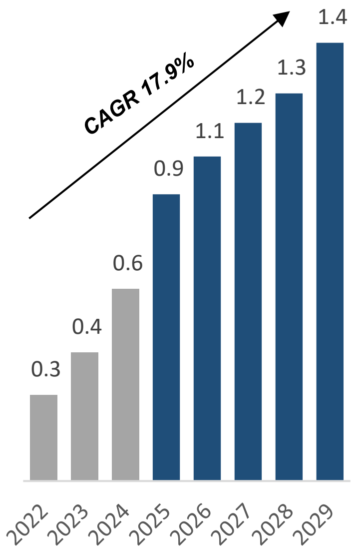

Figure 16: Auto OEM Revenue Growth ($ bn)

Our analysis of Garmin's Auto OEM division reveals an average implied market share of 0.8% from 2021 to 2024. For the forecast period, we project an increase in market penetration to 1.4%, reflecting Garmin’s potential to grow in this emerging business unit. This projection was derived by analysing market performance, industry growth trends, and Garmin's capability to expand its presence.

The forecasted increase in market share is supported by key market drivers. A key factor is the increasing demand for ADAS, driven by stricter global safety regulations mandating technologies such as adaptive cruise control and lane departure warning. Garmin's technological expertise and innovation in this area positions the company well to gain further market share. The growing popularity of infotainment systems, which enhance the driving experience with integrated navigation and entertainment solutions, also supports the division's growth potential (‘Advanced Driver Assistance Systems Market’ 2024).

As a result of our forecast, Garmin's Auto OEM segment revenues are projected to grow from $ 0.6bn in 2024 to $ 1.4bn in 2029, reflecting a CAGR of 17.9% over the five-year period

Other Balance Sheet & Income Statement Items

We analysed the working capital needs over the forecast period of 2021 to 2024 and reviewed the key balance sheet items to understand the efficiency of the company’s cash management and operational financing. During this period, the days on hand for Inventory, Accounts Receivable, Prepaid Expenses, Accounts Payable, Unearned Revenue, and Accrued Expenses were recorded at 255, 56, 60, 52, 18, and 66 days, respectively. Additionally, the cash balance was notably high, representing approximately 30% of total sales. The cash conversion cycle stood at 194 days in 2021, 282 days in 2022, 225 days in 2023, and 234 days in 2024, respectively.

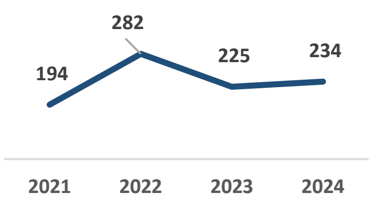

Figure 17: Garmin Cash Conversion Cycle

In the base case scenario, we assumed targeted improvements in working capital management with a focus on reducing or extending inventory days on hand to increase cash flow efficiency. Specifically, we projected a 20% reduction in days

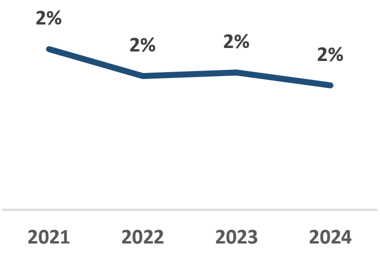

Figure 18: CAPEX as % of Sales

of inventory, bringing it down to 204 days, and a 15% reduction in days sales outstanding, bringing it down to 48 days. Prepayments were also expected to decrease by 25%, resulting in 45 days, while trade payables were extended by 20%, bringing them to 62 days. Similarly, we expected revenue prepayments to increase by 30%, totalling 24 days, and accrued expenses to increase by 20%, resulting in 79 days. These adjustments reflect our confidence in management's ability to streamline working capital through economies of scale and process optimisation, thereby reducing capital tied up in operations.

Given the high cash balance, we established a minimum cash reserve based on the company's operational cash requirements, as determined by its cash conversion cycle. Practically, the year-over-year increase in cash is set to match the gap arising from changes in working capital, ensuring that the total cash balance aligns with the cumulative working capital requirements. Any surplus cash beyond this calculated minimum is classified as excess cash. This approach ensures sufficient liquidity for operational stability while optimizing cash utilization, thereby enhancing overall asset returns.

Intellectual property is key to Garmin's innovation and growth

In terms of investments in Property, Plant, and Equipment (PP&E) and capital expenditures (CapEx), we opted to maintain historical spending levels as a percentage of sales, consistent with prior patterns observed from 2021 to 2024. Specifically, these historical allocations equated to 1.75% of sales for buildings and 2.03% for machinery. However, we chose a more strategic approach for investments in intangibles. Historically, these investments represented just 0.29% of sales for the period between 2021 and 2024. Given the critical role of intangibles in sustaining and enhancing the company's competitive position, we decided to increase this figure to 1.5% of sales. This higher allocation reflects the essential value that investments in intellectual property and patents bring to the company's product innovation and market momentum. As discussed previously, a substantial portion of the company's long-term value is derived from its commitment to developing new intellectual properties, which are foundational to sustaining its market differentiation and growth trajectory. By increasing investment in these areas, we aim to solidify the company's ability to drive innovation and maintain a robust pipeline of differentiated products.

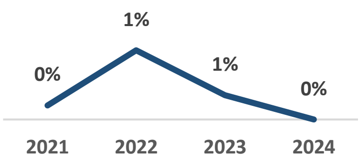

Figure 19: New Lease Contracts as % of Sales

Regarding the existing lease liabilities recorded on the company's books, we have opted to amortize the remaining balance over the weighted average remaining lease term. This decision was guided by the limited disclosure available in the company's annual reports. Notably, the last payment recorded was a one-time bullet payment, which was not consistent with the company's usual pattern of annual lease payments. To smooth out this irregularity, we amortized this bullet payment over an additional four years to better align it with typical lease payment structures and ensure a more manageable cash flow profile. For forecasting new lease contracts, we established a base case scenario in which new lease commitments are projected at 0.56% of sales, based on the average historical lease-to-sales ratio from 2021 to 2024. Each new lease contract is assumed to have a repayment term of 10 years, with an annual borrowing rate of 3.80%, which corresponds with the company's weighted average discount rate for its lease contracts. This consistent approach allows for a realistic reflection of the company's leasing strategy, maintaining alignment with its established financial practices while accommodating expected operational growth.

For dividend payouts, we based our analysis on management's plan of maintaining the historical payout ratio, which averaged 49% over the years 2021 to 2024. This consistent dividend policy aligns with shareholder expectations and reflects a stable return strategy without compromising the company's reinvestment needs or liquidity.

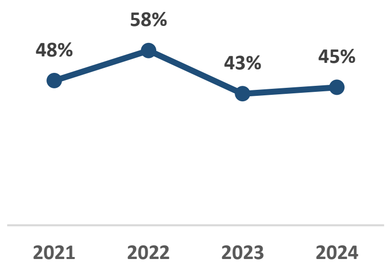

Figure 20: Garmin Dividends Payout Ratio

For other assets and liabilities, we opted to retain the base case scenario consistent with historical trends. The primary components here include short- and long-term investments, which are largely comprised of corporate bonds. These investments have averaged around 23% of sales from 2021 to 2024, providing a steady source of income. On average, these investments have yielded a 2% return as a percentage of the total short- and long-term investments combined with the cash balance over the same period. This return underscores a conservative yet reliable investment strategy, allowing the company to maintain liquidity and earn a modest return on its assets without significantly altering its risk profile.

Cash flow adjusts in 2025, then grows steadily, supporting expansion and returns

The firm's cash flow remains consistent across the forecasted period, with the exception of 2025. As the first forecasted year, 2025 reflects the adjustments necessary to align with changes in working capital and other balance sheet and income statement items transitioning from actual to forecasted figures, making it an outlier in comparison to subsequent years. Beyond this initial adjustment, cash flow from operations (CFO) demonstrates a steady year-on-year increase, driven primarily by gross operating cash flows, changes in working capital, and tax effects. Cash flow from investing activities (CFI) is largely composed of CAPEX for business expansion and maintenance, investments in intangibles, right-of-use assets, and financial instruments. These items represent the firm's ongoing investments in both tangible and intangible assets to support future growth. Meanwhile, cash flow from financing activities (CFF) predominantly includes payments for right-of-use leases and dividend distributions to shareholders. This reflects the firm's commitment to maintaining its capital structure and returning value to investors while managing its long-term obligations.

Operating Performance and Margin Development

By 2029, Auto OEM's revenue share grows through market size growth

In 2022, Garmin's revenue breakdown was dominated by the Fitness & Outdoor segment, which accounted for 54% of total revenues, followed by Marine at 19%, Aviation at 16%, and Auto OEM at 6%. However, by 2029, the revenue composition is projected to shift to 56% for Fitness & Outdoor, 15% for Aviation, 15% for Marine, and a significant increase to 13% for Auto OEM.

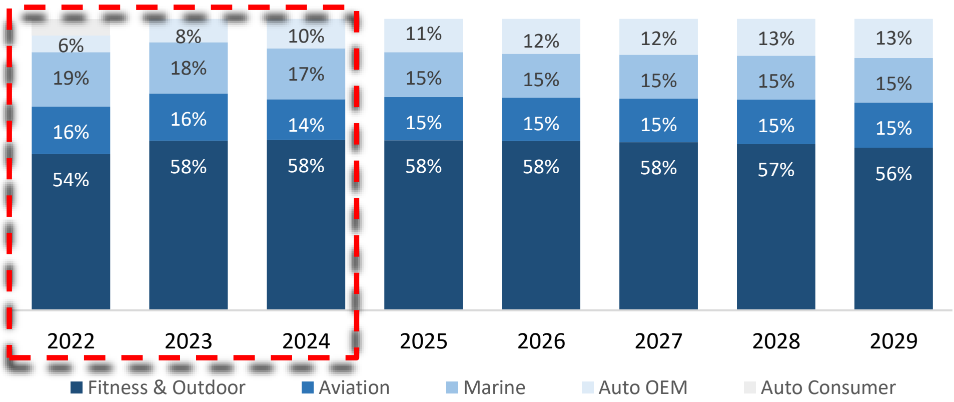

Figure 21: Revenue Split (%)

This notable rise in the Auto OEM segment's share is not driven by an increase in Garmin's market share within this category, as the market share remains uniform across the forecasted period. Instead, the growth is attributed to the rapid expansion of the Auto OEM market itself, which is forecasted to grow at a CAGR of 12% from 2023 to 2029, outpacing the average CAGR of 8% observed in Garmin's other markets. This disparity underlines the significant size and growth potential of the Auto OEM market compared to Garmin's other operational segments, driving its increasing contribution to the overall revenue mix.

Garmin's innovation and R&D boost portfolio growth

Garmin's diverse product portfolio offers a unique blend of high-margin and growth opportunities. Historically, from 2021 to 2024, Garmin's divisions exhibited varying levels of profitability, with the Fitness division achieving an average gross profit margin of 56%, Outdoor at 68%, Aviation & Avionics at 78%, Marine at 58%, and Auto OEM at 31%. A key driver of Garmin's success is its relentless focus on innovation. The company's substantial investment in R&D, which averaged 17% of sales from 2021 to 2024, has enabled it to consistently introduce cutting-edge products that cater to the evolving needs of its customers. To further strengthen its competitive position, we anticipate an increase in R&D spending to 21% of sales, fuelling the development of ground-breaking technologies and innovative product features. To forecast the enhanced gross profit margins, we applied assumptions grounded in the company's anticipated economies of scale. For the Fitness, Outdoor, Aviation, Marine and Auto OEM divisions, we project a minimal improvement in their respective cost of goods sold (COGS) margins, leading to corresponding enhancements in gross profit margins. Specifically, gross profit margins for the Fitness, Outdoor, Aviation, Marine and Auto OEM divisions are expected to increase to 59%, 69%, 79%,60% and 34% respectively, compared to their four-year averages (2021–2024) of 56%, 68%, 78%, 58% and 31%. This improvement reflects operational efficiencies, better cost management, and potential economies of scales ('Benefits of Implementing Economies of Scale' 2024).

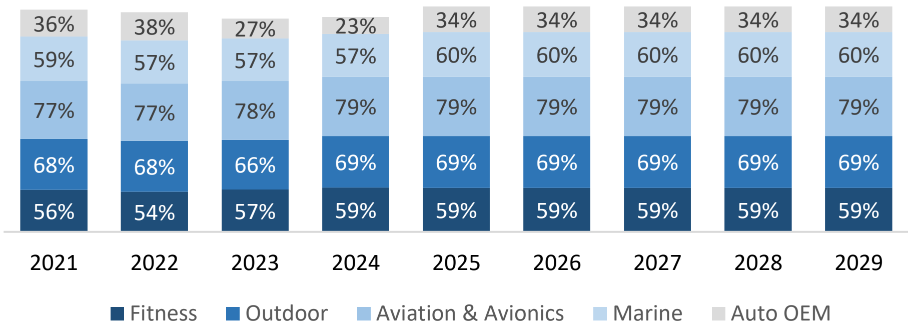

Figure 22: Gross Profit Margin Breakdown (%)

Sensitivities

We conducted a sensitivity analysis to assess the impact of key valuation assumptions, including equity beta, terminal growth rate, overheads (R&D and SG&A), market share, and COGS margin to estimate the potential range of outcomes.

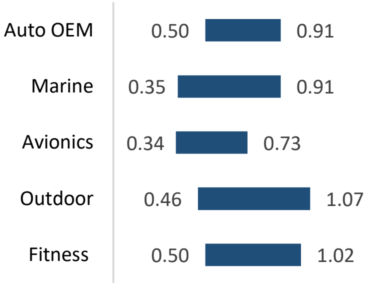

Figure 23: Beta range by Segment

Equity Beta is a key driver of the cost of equity, which impacts the discount rate and, ultimately, the share price. A higher equity beta increases the cost of equity, raising the discount rate and decreasing the present value of future cash flows, thus lowering the share price. The lower and upper bounds of the betas were determined using the 95% confidence interval from the regression results. At the lower bound share prices increased by 5.3% in Fitness, 25% in Outdoor, 9.8% in Aviation, 6.4% in Marine, and 0.9% in Auto OEM compared to the base-case scenario. At the upper bound share prices decreased by -4.4% in Fitness, -12.5% in Outdoor, -5.4% in Aviation, -3% in Marine, and -0.5% in Auto OEM.

The terminal growth rate significantly influences the terminal value and, consequently, the overall valuation. A higher terminal growth rate raises the terminal value, increasing the share price, while a lower growth rate reduces the terminal value and lowers the share price. Using a sum-of-parts approach, we analysed the effect of terminal growth rates ranging from 2% to 4%, with 3% as the base case, on each business unit independently, keeping all other segments stable. When the terminal growth rate is reduced to 2%, share prices decrease by 2% in Fitness, 5% in Outdoor, 4% in Aviation, 1% in Marine, and 0.3% in Auto OEM. Conversely, increasing the terminal growth rate to 4% raises share prices

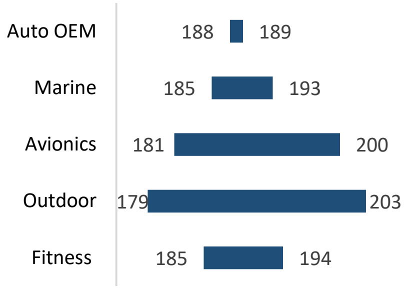

Figure 24: Share Price Variance per Terminal Growth Sensitivity

by 3% in Fitness, 8% in Outdoor, 6% in Aviation, 2% in Marine, and 0.5% in Auto OEM.

Overheads, particularly R&D and SG&A expenses, significantly impact profitability. While higher spending on R&D and SG&A can reduce short-term profitability, it has the potential to drive long-term growth. We analysed the effects of changes in R&D and SG&A expenditures at the business unit level. In our base case, R&D spending is set at 20.8% of sales, and SG&A at 16% of sales. Both were adjusted simultaneously by 2% upward and downward to evaluate their impact. A 2% reduction in R&D and SG&A spending increases the share price to $233.5, while a 2% increase decreases the share price to $145.3.

The company's market share affects future revenue and profitability. A larger market share leads to higher future revenue and a higher share price, while a decrease in market share can reduce the share price. The base case assumes market shares of 10.5% for Fitness and Outdoor, 2.1% for Aviation & Avionics, 17.5% for Marine, and 1.4% for Auto OEM. To isolate the effects, we adjusted the market share of each business unit by 2% in either direction while keeping the other market shares constant. An increase of 2% in market share leads to a 7% rise in share price for Fitness and Outdoor, a 45% rise for Aviation & Avionics, a 1% rise for Marine, and a 16% drop for Auto OEM. Conversely, a 2% decrease in market share results in a -7% drop for Fitness and Outdoor, a -22% drop for Aviation & Avionics, a -1% drop for Marine, and a 9% increase for Auto OEM. The inverse relationship observed in Auto OEM reflects the unit's current stage of immaturity and lack of profitability, where a decrease in market share reduces the drag on overall valuation, leading to a positive effect on the share price.

Finally, COGS influences the company's margins. A higher COGS reduces margins and profitability, lowering the share price, while a lower COGS improves margins, leading to a higher share price. A 2% increase in the COGS margin results in a 3% decrease in the share price for Fitness and Outdoor and a 2% decrease for Aviation & Avionics, Marine, and Auto OEM, when compared to the base-case scenario. Conversely, a 2% decrease in the COGS margin leads to a 3% increase in share price for Fitness and Outdoor and a 2% increase for the other segments.

The sensitivity analysis reveals several key insights. Garmin's share price is highly sensitive to changes in the equity beta of Outdoor. Additionally, changes in the terminal growth rate have the most impact on Garmin's share price when applied to Outdoor and Aviation. In terms of market share, the Aviation & Avionics segment stands out, as capturing more market share in this segment results in a substantial increase in Garmin's share price, since a 1% increase in market share is almost a 100% increase to the base case.

ESG and Company Specific Risks

Garmin demonstrates strengths in ESG sustainability but has areas for improvement. Environmentally, it operates ISO 45001-certified facilities, recycles, and reduced plastic packaging for consumer products by 20%, with over 90% of its wearables shipped in foam-free packaging. In 2023, Garmin recycled approximately 5,000 metric tons of materials. Socially, Garmin ensures safe workplaces and community engagement, with U.S. employee benefits scoring 32% higher than the industry median. Garmin's turnover rate is notably low at 12%, and employee satisfaction ranks in the top 20% of peers (‘Garmin Corporate Impact Report 2023’ 2024). Governance is strong, with 4 out of 6 board members being independent. Garmin's overall ESG score is on par with its industry peers, according to (‘Company ESG Risk Rating - Sustainalytics’ 2024). Strengthening these areas further could enhance Garmin's competitive edge.

Garmin is exposed to a number of significant risks that could affect its business operations and financial performance. One of the most pressing issues is the geopolitical tension surrounding Taiwan, where Garmin's major manufacturing facilities are located. The People's Republic of China (PRC) claims control over Taiwan and has indicated that it may resort to military action under certain circumstances, which could disrupt Garmin's operations and adversely affect its financial results (Matthews 2024).

Trade disputes, particularly the tariffs imposed during the Trump administration, could impact Garmin, especially with its facility in Taiwan. Any changes in tariffs or trade restrictions on Taiwanese products could disrupt production, increase costs, and negatively affect profitability (Walters 2024).

In addition to the geopolitical risks, Garmin has made significant investments in its Auto OEM segment. Although these investments are aimed at strengthening its market position, they are currently weighing on overall profitability. Success in this sector depends on securing additional contracts. However, if these investments do not lead to profitability, this could have a significant negative impact on shareholder value.

The company also relies heavily on suppliers for essential components such as semiconductors, batteries, and displays. Disruptions in the supply chain, whether through rising costs, shortages, or delays, could seriously impact Garmin's ability to effectively manufacture its products, jeopardizing the company's overall financial health.

Finally, many of Garmin's products depend on GPS and other global satellite navigation systems. Any problems with satellite functionality or changes in government policy regarding access to GPS could disrupt business operations and hinder growth opportunities.

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Appendix

Financial Statements

Appendix 1: Income Statement

Finstat	OKAY Base Case Sell																			
Annual Count	**#**	**-7**	**-6**	**-5**	**-4**	**-3**	**-2**	**-1**	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
Year	**year**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
BoP	date	Jan/2018	Jan/2019	Jan/2020	Jan/2021	Jan/2022	Jan/2023	Jan/2024	Jan/2025	Jan/2026	Jan/2027	Jan/2028	Jan/2029	Jan/2030	Jan/2031	Jan/2032	Jan/2033	Jan/2034	Jan/2035	Jan/2036
EoP	date	Dec/2018	Dec/2019	Dec/2020	Dec/2021	Dec/2022	Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Dec/2030	Dec/2031	Dec/2032	Dec/2033	Dec/2034	Dec/2035	Dec/2036
Number of days in the period	days	365	365	366	365	365	365	366	365	365	365	366	365	365	365	366	365	365	365	366
Number of months in the period	months	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
Income Statement																				
Revenues	USD 000	3,347,444	3,757,505	4,186,573	4,982,795	4,860,286	5,228,252	6,211,978	8,230,041	8,926,176	9,546,680	10,106,501	10,698,283	11,483,277	12,365,909	13,338,427	14,173,880	15,063,525	15,999,190	17,027,225
COGS	USD 000	(1,271,531)	(1,417,354)	(1,578,522)	(1,937,518)	(1,889,658)	(2,045,725)	(2,438,481)	(3,106,064)	(3,382,304)	(3,626,392)	(3,843,671)	(4,092,134)	(4,404,572)	(4,767,355)	(5,173,578)	(5,472,877)	(5,790,554)	(6,123,046)	(6,488,685)
Gross Profit	**USD 000**	**2,075,913**	**2,340,151**	**2,608,051**	**3,045,277**	**2,970,628**	**3,182,527**	**3,773,497**	**5,123,977**	**5,543,871**	**5,920,288**	**6,262,831**	**6,606,148**	**7,078,705**	**7,598,554**	**8,164,850**	**8,701,003**	**9,272,972**	**9,876,144**	**10,538,540**
Gross Profit Margin	%	*62%*	*62%*	*62%*	*61%*	*61%*	*60.9%*	*60.7%*	*62.3%*	*62%*	*62%*	*62%*	*62%*	*62%*	*61%*	*61%*	*61%*	*62%*	*62%*	*62%*
SG&A (Incl. ROU Expense as per Annual report)	USD 000	(633,571)	(683,024)	(774,754)	(893,089)	(944,003)	(1,008,099)	(1,155,693)	(1,320,197)	(1,432,168)	(1,532,261)	(1,622,750)	(1,718,310)	(1,844,838)	(1,986,977)	(2,143,488)	(2,278,075)	(2,420,719)	(2,571,156)	(2,736,398)
R&D	USD 000	(567,805)	(605,366)	(652,342)	(778,750)	(834,927)	(904,696)	(1,019,487)	(1,710,896)	(1,855,611)	(1,984,604)	(2,100,982)	(2,224,004)	(2,387,192)	(2,570,677)	(2,772,848)	(2,946,526)	(3,131,469)	(3,325,979)	(3,539,691)
EBITDA	**USD 000**	**874,537**	**1,051,761**	**1,180,955**	**1,373,438**	**1,191,698**	**1,269,732**	**1,598,317**	**2,092,885**	**2,256,093**	**2,403,423**	**2,539,099**	**2,663,834**	**2,846,676**	**3,040,900**	**3,248,513**	**3,476,401**	**3,720,783**	**3,979,009**	**4,262,451**
EBITDA Margin	%	*26%*	*28%*	*28%*	*28%*	*25%*	*24%*	*26%*	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*	*24%*	*25%*	*25%*	*25%*	*25%*
Depreciation	USD 000	(64,798)	(71,921)	(78,121)	(103,498)	(118,743)	(132,347)	(140,953)	(162,355)	(183,639)	(206,402)	(230,501)	(256,010)	(283,391)	(312,877)	(344,682)	(378,479)	(414,397)	(435,804)	(458,246)
Amortization - Intangibles	USD 000	(31,396)	(34,254)	(48,594)	(51,320)	(45,110)	(45,225)	(45,446)	(60,877)	(77,614)	(95,514)	(96,875)	(89,077)	(110,608)	(133,794)	(158,804)	(169,948)	(181,456)	(193,554)	(206,531)
Amortization - RoU	USD 000	-	-	-	-	-	-	-	(18,957)	(23,929)	(29,247)	(34,877)	(40,837)	(47,233)	(54,122)	(61,552)	(69,448)	(77,839)	(67,794)	(72,307)
EBIT	**USD 000**	**778,343**	**945,586**	**1,054,240**	**1,218,620**	**1,027,845**	**1,092,160**	**1,411,918**	**1,850,696**	**1,970,911**	**2,072,259**	**2,176,846**	**2,277,910**	**2,405,443**	**2,540,107**	**2,683,476**	**2,858,527**	**3,047,092**	**3,281,857**	**3,525,368**
EBIT Margin	%	*23%*	*25%*	*25%*	*24%*	*21%*	*21%*	*23%*	*22%*	*22%*	*22%*	*22%*	*21%*	*21%*	*21%*	*20%*	*20%*	*20%*	*21%*	*21%*
Interest Income	USD 000	47,147	52,817	37,002	28,573	40,826	77,302	101,858	173,204	167,539	176,899	187,054	198,368	212,977	229,486	247,439	263,012	279,275	296,343	314,778
FX Gain / (Loss)	USD 000	(7,616)	(16,800)	2,825	(45,263)	(11,274)	26,434	15,585	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	USD 000	5,373	5,619	9,343	4,866	7,577	4,460	2,622	-	-	-	-	-	-	-	-	-	-	-	-
EBT	**USD 000**	**823,247**	**987,222**	**1,103,410**	**1,206,796**	**1,064,974**	**1,200,356**	**1,531,983**	**2,023,899**	**2,138,450**	**2,249,158**	**2,363,900**	**2,476,278**	**2,618,420**	**2,769,593**	**2,930,914**	**3,121,539**	**3,326,367**	**3,578,200**	**3,840,145**
EBT Margin	%	*25%*	*26%*	*26%*	*24%*	*22%*	*23%*	*25%*	*25%*	*24%*	*24%*	*23%*	*23%*	*23%*	*22%*	*22%*	*22%*	*22%*	*22%*	*23%*
Corporate Income Tax	USD 000	(93,424)	(123,073)	(104,471)	(130,040)	(233,844)	(250,446)	(265,288)	(425,019)	(449,074)	(472,323)	(496,419)	(520,018)	(549,868)	(581,615)	(615,492)	(655,523)	(698,537)	(751,422)	(806,431)
Deferred Tax	USD 000	(35,743)	88,337	(6,615)	5,444	142,455	339,726	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit	**USD 000**	**694,080**	**952,486**	**992,324**	**1,082,200**	**973,585**	**1,289,636**	**1,266,695**	**1,598,881**	**1,689,375**	**1,776,835**	**1,867,481**	**1,956,259**	**2,068,552**	**2,187,979**	**2,315,422**	**2,466,015**	**2,627,830**	**2,826,778**	**3,033,715**
Net Profit Margin	%	*21%*	*25%*	*24%*	*22%*	*20%*	*25%*	*20%*	*19%*	*19%*	*19%*	*18%*	*18%*	*18%*	*18%*	*17%*	*17%*	*17%*	*18%*	*18%*

Appendix 2: Balance Sheet

Finstat OKAY Base Case Sell

Annual Count	**#**	**-7**	**-6**	**-5**	**-4**	**-3**	**-2**	**-1**	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
Year	**year**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
BoP	date	Jan/2018	Jan/2019	Jan/2020	Jan/2021	Jan/2022	Jan/2023	Jan/2024	Jan/2025	Jan/2026	Jan/2027	Jan/2028	Jan/2029	Jan/2030	Jan/2031	Jan/2032	Jan/2033	Jan/2034	Jan/2035	Jan/2036
EoP	date	Dec/2018	Dec/2019	Dec/2020	Dec/2021	Dec/2022	Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Dec/2030	Dec/2031	Dec/2032	Dec/2033	Dec/2034	Dec/2035	Dec/2036
Number of days in the period	days	365	365	366	365	365	365	366	365	365	365	366	365	365	365	366	365	365	365	366
Number of months in the period	months	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
Balance Sheet																				
Excess Cash	USD 000	-	-	-	-	-	-	184,224	663,571	862,977	1,170,663	1,577,260	1,970,473	2,317,586	2,662,964	3,035,460	3,562,195	4,167,903	4,822,125	5,519,267
Cash	USD 000	1,201,732	1,027,567	1,458,442	1,498,058	1,279,194	1,693,452	1,838,214	1,693,502	1,838,706	1,967,436	2,077,075	2,208,159	2,371,609	2,557,553	2,756,176	2,930,778	3,108,307	3,294,038	3,489,772
Short Term Investments	USD 000	182,989	376,463	387,642	347,980	173,288	274,618	327,197	433,493	470,159	502,843	532,329	563,500	604,847	651,337	702,561	746,566	793,426	842,709	896,858
Accounts Receivable	USD 000	569,833	706,763	849,469	843,445	656,847	815,243	950,619	1,082,307	1,173,853	1,255,454	1,325,443	1,406,897	1,510,130	1,626,202	1,749,302	1,863,962	1,980,957	2,104,003	2,233,079
Prepaid Expenses	USD 000	120,512	169,044	191,569	328,719	315,915	318,556	399,271	382,939	416,996	447,089	472,582	504,510	543,029	587,756	636,096	674,738	713,904	754,896	797,789
Inventory	USD 000	561,840	752,908	762,084	1,227,609	1,515,045	1,345,955	1,696,834	1,735,992	1,890,384	2,026,805	2,142,374	2,287,111	2,461,733	2,664,494	2,883,633	3,058,814	3,236,364	3,422,196	3,616,644
Other Current Assets	USD 000	28,462	25,105	20,145	15,961	14,862	16,316	19,427	25,738	27,915	29,855	31,606	33,456	35,911	38,672	41,713	44,326	47,108	50,034	53,249
Total Current Assets	**USD 000**	**2,665,368**	**3,057,850**	**3,669,351**	**4,261,772**	**3,955,151**	**4,464,140**	**5,415,787**	**6,017,542**	**6,680,990**	**7,400,145**	**8,158,669**	**8,974,107**	**9,844,845**	**10,788,977**	**11,804,942**	**12,881,379**	**14,047,968**	**15,290,001**	**16,606,658**
Long Term Investments	USD 000	1,330,123	1,205,475	1,131,175	1,268,698	1,208,360	1,125,191	1,192,190	1,873,088	2,031,523	2,172,744	2,300,155	2,434,839	2,613,497	2,814,377	3,035,714	3,225,856	3,428,332	3,641,281	3,875,253
Net Fixed Assets	USD 000	663,527	728,921	855,539	1,067,478	1,147,005	1,224,097	1,293,691	1,442,848	1,597,071	1,752,016	1,904,053	2,052,979	2,204,237	2,359,418	2,519,604	2,677,615	2,833,382	3,003,158	3,189,404
Operating Lease Right of Use	USD 000	-	63,589	94,626	89,457	138,040	143,724	143,724	170,613	196,407	220,340	241,761	260,519	277,254	292,016	304,766	314,275	320,348	341,677	364,221
Goodwill	USD 000	301,017	467,108	584,210	575,080	567,994	608,474	611,884	611,884	611,884	611,884	611,884	611,884	611,884	611,884	611,884	611,884	611,884	611,884	611,884
Intangibles	USD 000	116,063	192,521	244,356	215,993	178,461	186,601	164,196	226,769	283,048	330,734	385,456	456,854	518,495	570,189	611,462	654,122	698,619	745,052	793,930
Deferred Tax Assets	USD 000	176,959	268,518	245,455	260,205	441,071	754,635	777,019	777,019	777,019	777,019	777,019	777,019	777,019	777,019	777,019	777,019	777,019	777,019	777,019
Deferred Charges	USD 000	29,473	23,493	16,510	12,361	9,831	11,057	13,704	8,289	9,236	10,993	10,722	11,534	13,704	18,156	19,692	21,061	22,296	23,602	25,333
Other Long-Term Assets	USD 000	100,328	159,324	190,151	103,383	85,257	85,650	113,206	149,983	162,670	173,978	184,180	194,964	209,270	225,355	243,078	258,303	274,516	291,568	310,302
Total Non-Current Assets	**USD 000**	**2,717,490**	**3,108,949**	**3,362,022**	**3,592,655**	**3,776,019**	**4,139,429**	**4,309,615**	**5,260,494**	**5,668,857**	**6,049,707**	**6,415,230**	**6,800,593**	**7,225,361**	**7,668,415**	**8,123,219**	**8,540,135**	**8,966,396**	**9,435,241**	**9,947,347**
Total Assets	**USD 000**	**5,382,858**	**6,166,799**	**7,031,373**	**7,854,427**	**7,731,170**	**8,603,569**	**9,725,401**	**11,278,036**	**12,349,847**	**13,449,852**	**14,573,899**	**15,774,700**	**17,070,206**	**18,457,392**	**19,928,161**	**21,421,514**	**23,014,364**	**24,725,242**	**26,554,005**
New Money Need	USD 000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Payable	USD 000	204,985	240,831	258,885	370,048	212,417	253,790	346,502	527,605	574,528	615,990	651,114	695,102	748,174	809,797	876,398	929,639	983,601	1,040,079	1,099,176
Salaries & Benefits Payable	USD 000	113,087	128,426	181,937	211,371	176,114	190,014	234,256	331,519	359,561	384,556	405,994	430,944	462,565	498,119	535,825	570,947	606,783	644,473	684,010
Current Portion of Lease	USD 000	-	14,762	18,874	20,503	25,149	29,342	28,448	26,651	27,530	31,655	33,048	37,416	42,364	47,955	68,635	62,179	66,438	70,867	-
Unearned Revenue	USD 000	96,372	94,562	86,865	87,654	91,092	101,189	120,919	218,067	237,957	255,731	270,984	290,106	312,936	339,478	368,160	391,394	415,097	440,382	466,084
Current Income Tax Payable	USD 000	51,642	56,913	68,585	128,083	246,180	225,475	227,735	227,735	227,735	227,735	227,735	227,735	227,735	227,735	227,735	227,735	227,735	227,735	227,735
Accrued Expenses	USD 000	254,747	283,179	315,431	372,469	320,951	372,446	441,089	672,271	732,060	784,890	829,645	885,695	953,318	1,031,838	1,116,701	1,184,541	1,253,298	1,325,262	1,400,563
Dividends Payable	USD 000	200,480	217,260	233,640	258,020	139,732	139,997	144,058	193,971	204,950	215,560	226,557	237,327	250,950	265,439	280,900	299,169	318,800	342,936	368,041
Total Current Liabilities	**USD 000**	**921,313**	**1,035,933**	**1,164,217**	**1,448,148**	**1,211,635**	**1,312,253**	**1,543,007**	**2,197,820**	**2,364,321**	**2,516,117**	**2,645,076**	**2,804,325**	**2,998,042**	**3,220,361**	**3,474,354**	**3,665,604**	**3,871,752**	**4,091,734**	**4,245,609**
Long Term Lease	USD 000	-	49,238	75,958	70,044	114,541	111,469	83,021	102,215	124,409	145,934	169,185	191,363	212,968	233,897	239,564	256,341	273,815	292,073	386,923
Unearned Revenue	USD 000	76,566	67,329	49,934	41,618	35,702	36,148	49,672	89,792	97,982	105,301	111,582	119,455	128,856	139,785	151,595	161,162	170,922	181,334	191,917
Def. Tax Liab	USD 000	92,944	114,754	116,844	117,595	129,965	114,682	104,996	104,996	104,996	104,996	104,996	104,996	104,996	104,996	104,996	104,996	104,996	104,996	104,996
Other Non - Current Liab	USD 000	129,061	106,049	108,304	62,863	34,987	16,957	47,745	63,256	68,606	73,375	77,678	82,227	88,260	95,044	102,519	108,940	115,778	122,969	130,871
Total Non-Current Liabilities	**USD 000**	**298,571**	**337,370**	**351,040**	**292,120**	**315,195**	**279,256**	**285,434**	**360,259**	**395,993**	**429,606**	**463,441**	**498,041**	**535,080**	**573,722**	**598,674**	**631,440**	**665,511**	**701,372**	**814,707**
Total Liabilities	**USD 000**	**1,219,884**	**1,373,303**	**1,515,257**	**1,740,268**	**1,526,830**	**1,591,509**	**1,828,441**	**2,558,079**	**2,760,314**	**2,945,724**	**3,108,517**	**3,302,367**	**3,533,121**	**3,794,083**	**4,073,029**	**4,297,043**	**4,537,263**	**4,793,105**	**5,060,316**
Common Stock	USD 000	17,979	17,979	17,979	17,979	17,979	19,588	19,490	19,490	19,490	19,490	19,490	19,490	19,490	19,490	19,490	19,490	19,490	19,490	19,490
Additional Paid in Capital	USD 000	1,823,638	1,835,622	1,880,354	1,960,722	2,042,472	2,125,467	2,218,170	2,218,170	2,218,170	2,218,170	2,218,170	2,218,170	2,218,170	2,218,170	2,218,170	2,218,170	2,218,170	2,218,170	2,218,170
Treasury Stock	USD 000	(397,692)	(345,040)	(320,016)	(303,114)	(475,095)	(330,909)	(243,994)	(243,994)	(243,994)	(243,994)	(243,994)	(243,994)	(243,994)	(243,994)	(243,994)	(243,994)	(243,994)	(243,994)	(243,994)
Comprehensive Inc. and Other	USD 000	8,430	55,874	183,427	117,835	(114,533)	(65,614)	(50,695)	(50,695)	(50,695)	(50,695)	(50,695)	(50,695)	(50,695)	(50,695)	(50,695)	(50,695)	(50,695)	(50,695)	(50,695)
Retained Earnings	USD 000	2,710,619	3,229,061	3,754,372	4,320,737	4,733,517	5,263,528	5,953,990	6,776,986	7,646,563	8,561,158	9,522,412	10,529,363	11,594,114	12,720,338	13,912,162	15,181,501	16,534,131	17,989,166	19,550,719
Total Shareholders' Equity	**USD 000**	**4,162,974**	**4,793,496**	**5,516,116**	**6,114,159**	**6,204,340**	**7,012,060**	**7,896,961**	**8,719,957**	**9,589,534**	**10,504,129**	**11,465,383**	**12,472,334**	**13,537,085**	**14,663,309**	**15,855,133**	**17,124,472**	**18,477,102**	**19,932,137**	**21,493,690**
Total Liabilities and Shareholders' Equity	**USD 000**	**5,382,858**	**6,166,799**	**7,031,373**	**7,854,427**	**7,731,170**	**8,603,569**	**9,725,402**	**11,278,036**	**12,349,848**	**13,449,853**	**14,573,899**	**15,774,700**	**17,070,206**	**18,457,392**	**19,928,162**	**21,421,515**	**23,014,365**	**24,725,243**	**26,554,005**

Appendix 3: Cash Flow

Finstat	OKAY Base Case Sell																			
Annual Count	**#**	**-7**	**-6**	**-5**	**-4**	**-3**	**-2**	**-1**	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
Year	**year**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
BoP	date	Jan/2018	Jan/2019	Jan/2020	Jan/2021	Jan/2022	Jan/2023	Jan/2024	Jan/2025	Jan/2026	Jan/2027	Jan/2028	Jan/2029	Jan/2030	Jan/2031	Jan/2032	Jan/2033	Jan/2034	Jan/2035	Jan/2036
EoP	date	Dec/2018	Dec/2019	Dec/2020	Dec/2021	Dec/2022	Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Dec/2030	Dec/2031	Dec/2032	Dec/2033	Dec/2034	Dec/2035	Dec/2036
Number of days in the period	days	365	365	366	365	365	365	366	365	365	365	366	365	365	365	366	365	365	365	366
Number of months in the period	months	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
Cashflow Statement																				
EBITDA	USD 000	874,537	1,051,761	1,180,955	1,373,438	1,191,698	1,269,732	1,598,317	2,092,885	2,256,093	2,403,423	2,539,099	2,663,834	2,846,676	3,040,900	3,248,513	3,476,401	3,720,783	3,979,009	4,262,451
Add Back Lease Expense	USD 000	-	-	-	-	-	-	5,351	5,978	6,786	7,794	8,888	9,949	11,124	12,320	13,534	14,712	15,292	16,316	17,396
Less: Taxes Paid	USD 000	(161,540)	(99,214)	(74,261)	(79,097)	(141,788)	(260,272)	(295,098)	(425,019)	(449,074)	(472,323)	(496,419)	(520,018)	(549,868)	(581,615)	(615,492)	(655,523)	(698,537)	(751,422)	(806,431)
Gross Operating Cashflow	**USD 000**	**712,997**	**952,547**	**1,106,694**	**1,294,341**	**1,049,910**	**1,009,460**	**1,308,570**	**1,673,844**	**1,813,805**	**1,938,894**	**2,051,567**	**2,153,765**	**2,307,932**	**2,471,605**	**2,646,555**	**2,835,590**	**3,037,538**	**3,243,904**	**3,473,417**
Change in Inventory	USD 000	(561,840)	(191,068)	(9,176)	(465,525)	(287,436)	169,090	(350,879)	(39,158)	(154,392)	(136,421)	(115,569)	(144,737)	(174,623)	(202,761)	(219,139)	(175,180)	(177,551)	(185,831)	(194,449)
Change in Accounts Receivable	USD 000	(569,833)	(136,930)	(142,706)	6,024	186,598	(158,396)	(135,376)	(131,688)	(91,546)	(81,601)	(69,989)	(81,455)	(103,232)	(116,072)	(123,100)	(114,660)	(116,995)	(123,046)	(129,076)
Change in Prepaid Expenses	USD 000	(120,512)	(48,532)	(22,525)	(137,150)	12,804	(2,641)	(80,715)	16,332	(34,057)	(30,093)	(25,493)	(31,927)	(38,520)	(44,727)	(48,340)	(38,643)	(39,166)	(40,992)	(42,893)
Change in Accounts Payable	USD 000	204,985	35,846	18,054	111,163	(157,631)	41,373	92,712	181,104	46,923	41,461	35,124	43,989	53,072	61,623	66,601	53,241	53,962	56,478	59,097
Change in Unearned Revenue	USD 000	172,938	(11,047)	(25,092)	(7,527)	(2,478)	10,543	33,255	137,267	28,080	25,094	21,533	26,995	32,230	37,471	40,492	32,801	33,463	35,697	36,285
Change Accrued Expenses	USD 000	254,747	28,432	32,252	57,038	(51,518)	51,495	68,643	231,182	59,789	52,830	44,754	56,050	67,623	78,520	84,863	67,839	68,757	71,964	75,301
Net Change in Working Capital	**USD 000**	**(619,515)**	**(323,299)**	**(149,193)**	**(435,977)**	**(299,661)**	**111,464**	**(372,361)**	**395,040**	**(145,203)**	**(128,730)**	**(109,639)**	**(131,085)**	**(163,449)**	**(185,944)**	**(198,623)**	**(174,602)**	**(177,529)**	**(185,731)**	**(195,734)**
Change in Other Assets	USD 000	(128,790)	(55,639)	(25,867)	90,952	19,225	(1,847)	(30,667)	(43,088)	(14,863)	(13,248)	(11,953)	(12,635)	(16,761)	(18,845)	(20,764)	(17,838)	(18,995)	(19,978)	(21,950)
Change in Other Liabilities	USD 000	129,061	(23,012)	2,255	(45,441)	(27,876)	(18,030)	30,788	15,511	5,350	4,769	4,303	4,548	6,033	6,784	7,475	6,421	6,838	7,191	7,901
Change in Salaries & Benefits Payable	USD 000	113,087	15,339	53,511	29,434	(35,257)	13,900	44,242	97,264	28,041	24,995	21,438	24,950	31,621	35,554	37,707	35,121	35,836	37,690	39,537
Change in Deferred Charges	USD 000	(29,473)	5,980	6,983	4,149	2,530	(1,226)	(2,647)	5,415	(947)	(1,757)	270	(812)	(2,170)	(4,452)	(1,536)	(1,369)	(1,235)	(1,306)	(1,732)
FX Gain / (Loss)	USD 000	(7,616)	(16,800)	2,825	(45,263)	(11,274)	26,434	15,585	-	-	-	-	-	-	-	-	-	-	-	-
Cashflow from Operations	**USD 000**	**169,751**	**555,116**	**997,208**	**892,195**	**697,597**	**1,140,155**	**993,509**	**2,143,985**	**1,686,183**	**1,824,923**	**1,955,987**	**2,038,732**	**2,163,206**	**2,304,701**	**2,470,813**	**2,683,324**	**2,882,454**	**3,081,771**	**3,301,439**
CAPEX	USD 000	(728,325)	(137,315)	(204,739)	(315,437)	(198,270)	(209,439)	(210,547)	(311,512)	(337,861)	(361,348)	(382,537)	(404,937)	(434,649)	(468,057)	(504,868)	(536,490)	(570,164)	(605,579)	(644,491)
Change in ROU	USD 000	-	(63,589)	(31,037)	5,169	(48,583)	(5,684)	-	(45,846)	(49,724)	(53,180)	(56,299)	(59,595)	(63,968)	(68,885)	(74,302)	(78,956)	(83,912)	(89,124)	(94,851)
Change in Intangibles	USD 000	(448,476)	(276,803)	(217,531)	(13,827)	(492)	(93,845)	(26,451)	(123,451)	(133,893)	(143,200)	(151,598)	(160,474)	(172,249)	(185,489)	(200,076)	(212,608)	(225,953)	(239,988)	(255,408)
Change in Investments	USD 000	(1,513,112)	(68,826)	63,121	(97,861)	235,030	(18,161)	(119,578)	(787,194)	(195,101)	(173,905)	(156,898)	(165,855)	(220,005)	(247,369)	(272,562)	(234,147)	(249,335)	(262,233)	(288,121)
Cashflow from Investing	**USD 000**	**(2,689,913)**	**(546,533)**	**(390,186)**	**(421,956)**	**(12,315)**	**(327,129)**	**(356,576)**	**(1,268,002)**	**(716,579)**	**(731,633)**	**(747,331)**	**(790,861)**	**(890,872)**	**(969,800)**	**(1,051,808)**	**(1,062,201)**	**(1,129,364)**	**(1,196,924)**	**(1,282,871)**
Change in Lease	USD 000	-	64,000	30,832	(4,285)	49,143	1,121	(34,693)	11,419	16,286	17,856	15,756	16,598	15,427	14,201	12,813	(4,391)	6,440	6,370	6,588
Increase (Decrease) in Equity	USD 000	1,841,617	11,984	44,732	80,368	81,750	84,604	92,605	-	-	-	-	-	-	-	-	-	-	-	-
Less: Dividends	USD 000	(200,177)	(417,264)	(450,633)	(491,455)	(679,093)	(558,771)	(572,172)	(725,972)	(808,820)	(851,629)	(895,231)	(938,538)	(990,177)	(1,047,266)	(1,108,138)	(1,178,407)	(1,255,569)	(1,347,607)	(1,447,057)
Interest Income	USD 000	47,147	52,817	37,002	28,573	40,826	77,302	101,858	173,204	167,539	176,899	187,054	198,368	212,977	229,486	247,439	263,012	279,275	296,343	314,778
Other Income	USD 000	5,373	5,619	9,343	4,866	7,577	4,460	2,622	-	-	-	-	-	-	-	-	-	-	-	-
Other Adjustments	USD 000	(1,248)	-	-	-	-	(200,589)	-	-	-	-	-	-	-	-	-	-	-	-	-
Less Treasury Stock	USD 000	(397,692)	52,652	25,024	16,902	(171,981)	144,186	86,915	-	-	-	-	-	-	-	-	-	-	-	-
OCI	USD 000	8,430	47,444	127,553	(65,592)	(232,368)	48,919	14,919	-	-	-	-	-	-	-	-	-	-	-	-
Cashflow from Financing	**USD 000**	**1,303,450**	**(182,748)**	**(176,147)**	**(430,623)**	**(904,146)**	**(398,768)**	**(307,946)**	**(541,348)**	**(624,995)**	**(656,875)**	**(692,420)**	**(723,573)**	**(761,773)**	**(803,579)**	**(847,886)**	**(919,786)**	**(969,853)**	**(1,044,894)**	**(1,125,692)**
Change in Cash	**USD 000**	**-**	**(174,165)**	**430,874**	**39,615**	**(218,864)**	**414,257**	**328,987**	**334,634**	**344,609**	**436,416**	**516,235**	**524,298**	**510,561**	**531,322**	**571,119**	**701,336**	**783,236**	**839,952**	**892,876**
Beginning Balance	**USD 000**	-	1,201,732	1,027,567	1,458,442	1,498,058	1,279,194	1,693,452	2,022,438	2,357,073	2,701,683	3,138,099	3,654,335	4,178,632	4,689,195	5,220,517	5,791,636	6,492,973	7,276,210	8,116,163
Ending Balance	**USD 000**	1,201,732	1,027,567	1,458,442	1,498,058	1,279,194	1,693,452	2,022,438	2,357,073	2,701,683	3,138,099	3,654,335	4,178,632	4,689,195	5,220,517	5,791,636	6,492,973	7,276,210	8,116,163	9,009,039

Appendix 4: Ratios

Finstat	OKAY Base Case Sell																			
Annual Count	**#**	**-7**	**-6**	**-5**	**-4**	**-3**	**-2**	**-1**	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
Year	**year**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
BoP	date	Jan/2018	Jan/2019	Jan/2020	Jan/2021	Jan/2022	Jan/2023	Jan/2024	Jan/2025	Jan/2026	Jan/2027	Jan/2028	Jan/2029	Jan/2030	Jan/2031	Jan/2032	Jan/2033	Jan/2034	Jan/2035	Jan/2036
EoP	date	Dec/2018	Dec/2019	Dec/2020	Dec/2021	Dec/2022	Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Dec/2030	Dec/2031	Dec/2032	Dec/2033	Dec/2034	Dec/2035	Dec/2036
Number of days in the period	days	365	365	366	365	365	365	366	365	365	365	366	365	365	365	366	365	365	365	366
Number of months in the period	months	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
Ratios																				
Liquidity																				
Current Ratio	x	2.9	3.0	3.2	2.9	3.3	3.4	3.5	2.7	2.8	2.9	3.1	3.2	3.3	3.4	3.4	3.5	3.6	3.7	3.9
Quick Ratio	x	2.3	2.2	2.5	2.1	2.0	2.4	2.4	1.9	2.0	2.1	2.3	2.4	2.5	2.5	2.6	2.7	2.8	2.9	3.1
Cash Ratio	x	1.3	1.0	1.3	1.0	1.1	1.3	1.3	1.1	1.1	1.2	1.4	1.5	1.6	1.6	1.7	1.8	1.9	2.0	2.1
Leverage																				
Debt to Equity	x	-	0.0	0.0	0.0	0.0	0.0	0.0	0.015	0.016	0.017	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt / Equity	x	-	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Assets / Equity	x	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.2
Debt Service Coverage Ratio (DSCR)	x	-	-	80.0	72.8	58.1	50.5	46.1	60.8	67.5	68.0	62.6	62.0	58.6	55.6	52.8	41.7	48.0	48.1	48.3
Interest Coverage Ratio (DSCR)	x	-	-	-	-	-	-	298.7	350.1	332.4	308.3	285.7	267.7	255.9	246.8	240.0	236.3	243.3	243.9	245.0
Profitability																				
Gross Profit Margin	x	62%	62%	62%	61%	61%	61%	61%	62%	62%	62%	62%	62%	62%	61%	61%	61%	62%	62%	62%
EBITDA Margin	x	26%	28%	28%	28%	25%	24%	26%	25%	25%	25%	25%	25%	25%	25%	24%	25%	25%	25%	25%
EBIT Margin	x	23%	25%	25%	24%	21%	21%	23%	22%	22%	22%	22%	21%	21%	21%	20%	20%	20%	21%	21%
EBT Margin	x	25%	26%	26%	24%	22%	23%	25%	25%	24%	24%	23%	23%	23%	22%	22%	22%	22%	22%	23%
Net Profit Margin	x	21%	25%	24%	22%	20%	25%	20%	19%	19%	19%	18%	18%	18%	18%	17%	17%	17%	18%	18%
Return on Assets	x	13%	15%	14%	14%	13%	15%	13%	14%	14%	13%	13%	12%	12%	12%	12%	12%	11%	11%	11%
Return on Equity	x	17%	20%	18%	18%	16%	18%	16%	18%	18%	17%	16%	16%	15%	15%	15%	14%	14%	14%	14%
Dupont Ratio	x	17%	20%	18%	18%	16%	18%	16%	18%	18%	17%	16%	16%	15%	15%	15%	14%	14%	14%	14%
Efficiency																				
Asset Turnover	x	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.6
Inventory Days on Hand	days	161	194	177	231	293	240	255	204	204	204	204	204	204	204	204	204	204	204	204
Receivables Days on Hand	days	62	69	74	62	49	57	56	48	48	48	48	48	48	48	48	48	48	48	48
Prepaid Expenses Days on Hand	days	35	44	44	62	61	57	60	45	45	45	45	45	45	45	45	45	45	45	45
Payables Days on Hand	days	59	62	60	70	41	45	52	62	62	62	62	62	62	62	62	62	62	62	62
Unearned Revenues Days on Hand	days	39	32	26	21	18	17	19	24	24	24	24	24	24	24	24	24	24	24	24
Accrued Expenses Days on Hand	days	73	73	73	70	62	66	66	79	79	79	79	79	79	79	79	79	79	79	79
Cash Conversion Cycle	days	87	139	136	194	282	225	234	132	132	132	132	132	132	132	132	132	132	132	132

NOVA SCHOOL OF BUSINESS & ECONOMICS

Appendix 5: Scenario Analysis

Revenue Assumptions			Adjustment Factor (+/-)						Effective Case
Market Share			**Average**	**Base Case**	**Best Case**	**Worst Case**	**wan - China V**	**Trump Tariffs**	**Base Case**
Fitness & Outdoor	%	10.5%	9.1%	15.00%	25.00%	-15.00%	-5.00%	-2.00%	15.00%
Aviation & Avionics	%	2.1%	1.7%	25.00%	35.00%	-15.00%	-5.00%	-2.00%	25.00%
Marine	%	17.5%	15.2%	15.00%	35.00%	-15.00%	-5.00%	-2.00%	15.00%
Auto OEM	%	1.4%	0.8%	80.00%	100.00%	-15.00%	-5.00%	-2.00%	80.00%

COGS Assumptions			Adjustment Factor (+/-)						
COGS Margin			**Average**	**Base Case**	**Best Case**	**Worst Case**	**wan - China V**	**Trump Tariffs**	**Base Case**
Fitness	%	41.4%	43.6%	-5.00%	-10.00%	2.00%	5.00%	1.00%	-5.00%
Outdoor	%	30.8%	32.4%	-5.00%	-10.00%	2.00%	5.00%	1.00%	-5.00%
Aviation & Avionics	%	21.0%	22.1%	-5.00%	-10.00%	2.00%	5.00%	1.00%	-5.00%
Marine	%	40.2%	42.3%	-5.00%	-10.00%	2.00%	5.00%	1.00%	-5.00%
Auto OEM	%	65.8%	69.3%	-5.00%	-25.00%	2.00%	5.00%	1.00%	-5.00%

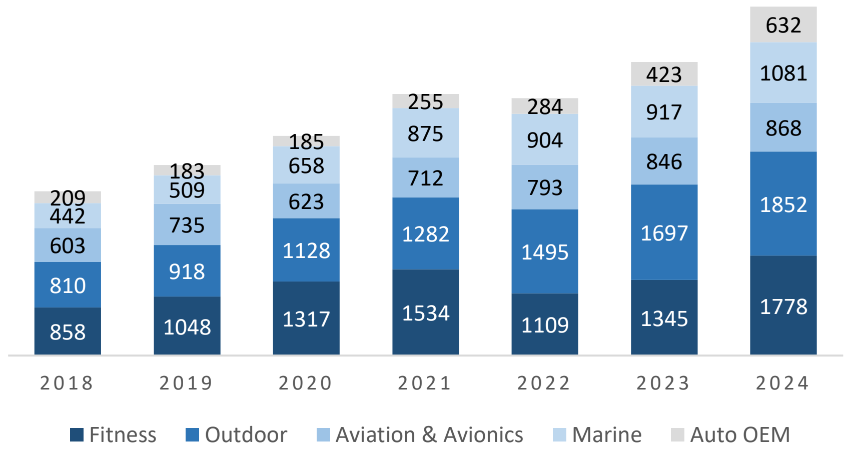
Overheads Assumptions			Adjustment Factor (+/-)						
			Average	**Base Case**	**Best Case**	**Worst Case**	**wan - China V**	**Trump Tariffs**	**Base Case**
SG&A as % of Sales	%	16.0%	18.8%	-15.00%	-25.00%	5.00%	-15.00%	-15.00%	-15.00%
R&D as % of Sales	%	20.8%	16.6%	25.00%	35.00%	5.00%	25.00%	25.00%	25.00%

Retained Earnings Assumptions			Adjustment Factor (+/-)						
			Average	**Base Case**	**Best Case**	**Worst Case**	**wan - China V**	**Trump Tariffs**	**Base Case**
Dividends Payout Ratio	%	48.5%	48.5%	0.00%	-5.00%	1.00%	0.00%	0.00%	0.00%

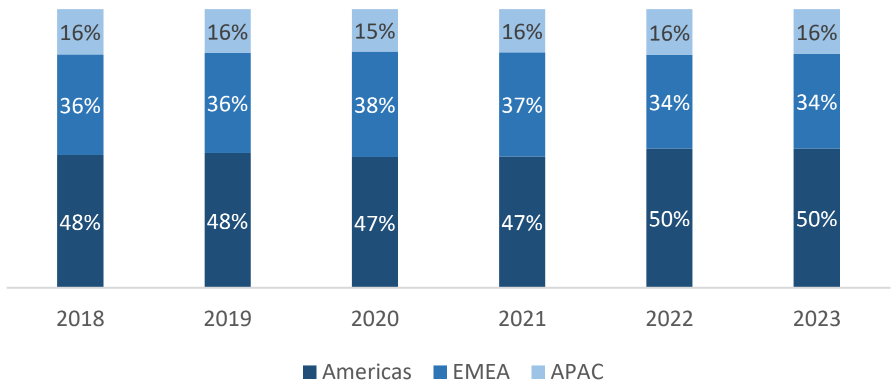
Working Capital Assumptions			Adjustment Factor (+/-)						
			Average	**Base Case**	**Best Case**	**Worst Case**	**wan - China V**	**Trump Tariffs**	**Base Case**
Inventory DOH	days	204	255	-20.00%	-25.00%	5.00%	-20.00%	-20.00%	-20%
Account Receivables DOH	days	48	56	-15.00%	-20.00%	5.00%	-15.00%	-15.00%	-15%
Prepaid Expenses DOH	days	45	60	-25.00%	-30.00%	5.00%	-25.00%	-25.00%	-25%
Accounts Payable DOH	days	62	52	20.00%	30.00%	-5.00%	20.00%	20.00%	20%
Current Unearned Revenue DOH	days	17	13	30.00%	35.00%	-5.00%	30.00%	30.00%	30%
Non - Current Unearned Revenue DOH	days	7	5.0	30.00%	35.00%	-5.00%	30.00%	30.00%	30%
Accrued Expenses DOH	days	79	66	20.00%	30.00%	-5.00%	20.00%	20.00%	20%

Other Balance Sheet Assumptions			Adjustment Factor (+/-)						
			Average	**Base Case**	**Best Case**	**Worst Case**	**wan - China V**	**Trump Tariffs**	**Base Case**
Salaries & Benefits Payable DOH	days	40	40.0	0.00%	10.00%	-2.00%	0.00%	0.00%	0%
Other Non - Current Liabilities as % of Sales	%	0.8%	0.8%	0.00%	10.00%	-2.00%	0.00%	0.00%	0%
Short Term Investments as % of Sales	%	5.3%	5.3%	0.00%	-10.00%	2.00%	0.00%	0.00%	0%
Other Current Assets as % of Sales	%	0.3%	0.3%	0.00%	-10.00%	2.00%	0.00%	0.00%	0%
Long Term Investments as % of Sales	%	22.8%	22.8%	0.00%	-10.00%	2.00%	0.00%	0.00%	0%
Other Long term Assets as % of Sales	%	1.8%	1.8%	0.00%	-10.00%	2.00%	0.00%	0.00%	0%
Deferred Charges % of Sales	%	0.2%	0.2%	0.00%	-10.00%	2.00%	0.00%	0.00%	0%

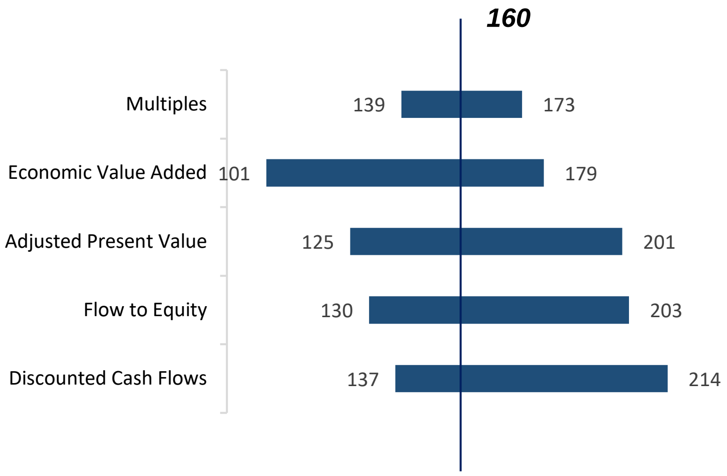
Appendix 6: Revenue Development



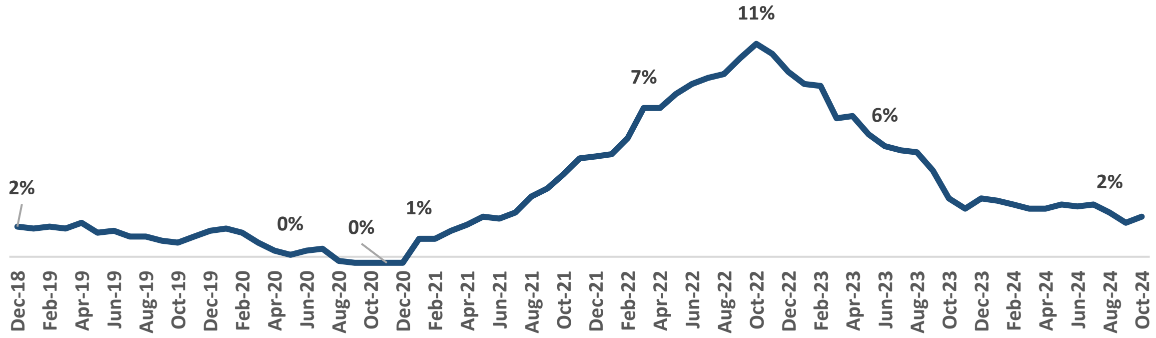
Appendix 7: Revenue Development by Region



Appendix 8: Fooball-Field



Appendix 9: Inflation in the Eurozone



Appendix 10: Cash Flow Breakdown ($ bn)