Garmin Ltd. (GRMN)

Updated August 1st, 2025, by Josh Arnold

Key Metrics

Current Price:	$219	**5 Year CAGR Estimate:**	5.2%	**Market Cap:**	$43 B
Fair Value Price:	$185	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date:**	09/14/25[1]
% Fair Value:	118%	**5 Year Valuation Multiple Estimate:**	-3.3%	**Dividend Payment Date:**	09/28/25
Dividend Yield:	1.6%	**5 Year Price Target**	$260	**Years Of Dividend Growth:**	8
Dividend Risk Score:	C	**Sector:**	Consumer Discretionary	**Rating:**	Hold

Overview & Current Events

Garmin is a technology company based in Switzerland. It manufactures navigation, communication, and information devices and applications that are enabled by GPS. Its business segments are as follows: Auto, Aviation, Marine, Outdoor, and Fitness. The Auto segment offers auto navigation products for vehicles. The Aviation segment includes navigation, communications transmitters and receivers, multi-function displays, electronic flight instrumentation systems, automatic flight control systems, and traffic advisory systems. The Marine segment includes products for recreational boats. The Outdoor segment makes products for outdoor activities, while the Fitness segment makes products designed for activity tracking. Garmin produces nearly $7 billion in annual revenue and has a $43 billion market capitalization.

Garmin posted second quarter earnings on July 30th, 2025, and results were better than expected once again as the company's strength continued. Earnings were $2.07 per share, while revenue soared 20% higher year-over-year to $1.81 billion.

Gross margin came to 58.8% of revenue, higher from 57.3% a year ago. Operating profit was $472 million, a new record for Garmin. Operating expenses were 32.8% of revenue, while R&D costs were higher by $34 million, and SG&A rose by $40 million. Garmin has continued to invest in future growth.

Free cash flow was $127 million, down $91 million due to increased inventory levels. Capex was $46 million. Dividends paid were $173 million, in addition to $67 million in share repurchases.

We now see $8.05 in adjusted earnings-per-share for this year, up slightly from our prior estimate.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$2.49	$2.83	$2.94	$3.66	$4.45	$5.14	$5.82	$5.13	$5.59	$7.39	***$8.05***	***$11.29***
DPS	$2.04	$2.04	$2.04	$2.12	$2.24	$2.40	$2.68	$2.86	$2.92	$3.00	***$3.60***	***$5.29***
Shares[2]	189.7	188.6	188.2	189.5	191.2	191.6	192.8	191.6	191.8	192.4	***193***	***196***

Garmin has engineered a major turnaround due to structural changes in the technology industry. Garmin rose to prominence due in large part to its automotive GPS devices. However, GPS devices for the automotive industry were rendered virtually obsolete with the widespread adoption of the smartphone.

As a result, Garmin has restructured itself around the aviation, marine, outdoor, and fitness markets, and has had major success in those categories. We expect 7% annual earnings growth through 2030. We see higher margins as helping boost earnings, and as Garmin's top line strength has been quite sustainable. Dividends are expected to grow at a strong rate, and we see the payout rising to $5.29 per share by 2030. Garmin is paying $3.60 in dividends per share annually at the present payout, good for a market-beating yield.

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[1] Estimated date

[2] Share count in millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	17.4	15.7	18.0	17.2	18.6	18.9	24.6	18.0	23.0	27.9	***27.2***	***23.0***
Avg. Yld.	4.7%	4.6%	3.9%	3.4%	2.7%	2.5%	1.9%	3.2%	2.3%	1.5%	***1.6%***	***2.0%***

In the past 10 years, Garmin stock traded with an average price-to-earnings ratio of ~20; on this basis, the stock looks overvalued today. However, more recently, shares have been valued at higher multiples due to rapid earnings expansion. Shares trade at 27.2 times earnings estimates for 2025, well above our raised fair value of 23 times earnings. We see the stock as overvalued at the moment, as the share price has risen much more quickly than earnings estimates. The yield is now at 1.6%, and could rise over time as the valuation declines. We note the yield is slightly more attractive now, but shares are still overvalued today.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	82%	72%	69%	58%	50%	47%	46%	57%	52%	41%	***45%***	***47%***

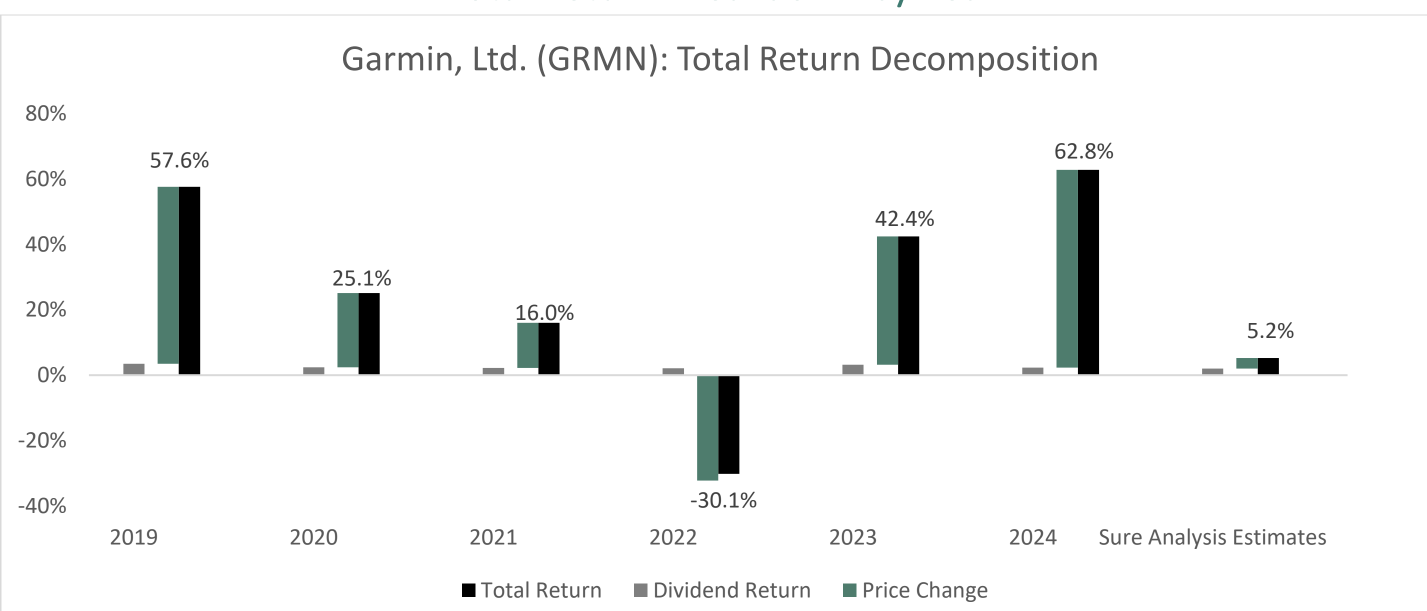
The dividend appears secure, with a payout ratio of 45% of earnings. During the Great Recession in 2008-2009, the company saw earnings drop, but managed to continue to pay out its dividend. We do not believe Garmin would be resistant to a prolonged recession when consumers reduce spending on discretionary technology products.

Garmin does not possess many notable competitive advantages, which are hard to come by in the technology sector. Technology is a highly competitive and rapidly changing industry. Garmin lost its advantage in automotive GPS devices when trends changed related to widespread smartphone adoption. However, the company has been investing heavily in non-automotive markets to fuel future growth, and we note its leadership in Aviation and Marine products.

Final Thoughts & Recommendation

Garmin is a financially healthy company with a very strong balance sheet, and strong rates of growth. Garmin continues to produce strong revenue growth, and even better margin expansion. Following Q2 results, total annual returns are estimated at 5.2%. We see the valuation as a modest headwind to total returns, while our growth estimate of 7%, and yield of 1.6% are good enough for a reiteration of a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	2,820	3,046	3,122	3,347	3,758	4,187	4,983	4,860	5,228	6,297
Gross Profit	1,539	1,689	1,798	1,980	2,234	2,481	2,890	2,807	3,005	3,697
Gross Margin	54.6%	55.4%	57.6%	59.1%	59.5%	59.3%	58.0%	57.8%	57.5%	58.7%
SG&A Exp.	562	588	603	634	683	721	832	944	1,008	1,109
D&A Exp.	78	86	86	96	106	127	155	164	178	180
Operating Profit	550	633	684	778	946	1,054	1,219	1,028	1,092	1,594
Operating Margin	19.5%	20.8%	21.9%	23.3%	25.2%	25.2%	24.5%	21.2%	20.9%	25.3%
Net Profit	456	518	709	694	952	992	1,082	974	1,290	1,411
Net Margin	16.2%	17.0%	22.7%	20.7%	25.3%	23.7%	21.7%	20.0%	24.7%	22.4%
Free Cash Flow	196	609	509	759	578	948	703	542	1,181	1,239
Income Tax	111	121	(12)	129	35	111	125	91	-89	284

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	4,499	4,525	4,948	5,383	6,167	7,031	7,854	7,731	8,604	9,631
Cash & Equivalents	833	847	891	1,202	1,028	1,458	1,498	1,279	1,693	2,079
Accounts Receivable	531	527	591	570	707	849	843	657	815	983
Inventories	501	485	518	562	753	762	1,228	1,515	1,346	1,474
Goodwill & Int. Ass.	246	305	410	417	660	829	791	746	795	758
Total Liabilities	1,154	1,107	1,096	1,220	1,373	1,515	1,740	1,527	1,592	1,782
Accounts Payable	179	172	170	205	241	259	370	212	254	359
Long-Term Debt	---	---	---	---	---	---	---	0	0	0
Shareholder's Equity	3,345	3,418	3,852	4,163	4,793	5,516	6,114	6,204	7,012	7,848
LTD/E Ratio	---	---	---	---	---	---	---	0	0	0

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	9.9%	11.5%	15.0%	13.4%	16.5%	15.0%	14.5%	12.5%	15.8%	15.5%
Return on Equity	13.5%	15.3%	19.5%	17.3%	21.3%	19.3%	18.6%	15.8%	19.5%	19.0%
ROIC	13.5%	15.3%	19.5%	17.3%	21.3%	19.3%	18.6%	15.8%	19.5%	19.0%
Shares Out.	189.7	188.6	188.2	189.5	191.2	191.6	192.8	193.0	192.1	193.3
Revenue/Share	14.76	16.09	16.54	17.64	19.68	21.82	25.81	25.18	27.22	32.60
FCF/Share	1.03	3.22	2.70	4.00	3.03	4.94	3.64	2.81	6.15	6.41

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.