Garmin Ltd. (GRMN)

Updated June 3rd, 2026, by Josh Arnold

Key Metrics

Current Price:	$241	**5 Year CAGR Estimate:**	8.8%	**Market Cap:**	$46 B
Fair Value Price:	$221	**5 Year Growth Estimate:**	9.0%	**Ex-Dividend Date:**	06/16/26
% Fair Value:	109%	**5 Year Valuation Multiple Estimate:**	-1.7%	**Dividend Payment Date:**	06/27/26
Dividend Yield:	1.7%	**5 Year Price Target**	$340	**Years Of Dividend Growth:**	9
Dividend Risk Score:	B	**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 $8 billion in annual revenue and has a $46 billion market capitalization.

Garmin posted first quarter earnings on April 29th, 2026, and results were much better than expected on both the top and bottom lines. Adjusted earnings-per-share came to $2.08, which was 24 cents ahead of estimates. Revenue was up 14% year-over-year at $1.75 billion, $40 million ahead of expectations.

Gross margin came to 59.4% of revenue, an increase of 180 basis points from the year-ago period. Operating expenses fell 100 basis points as a percentage of revenue to 34.8%.

Inventory was up year-over-year by about $1.9 billion, while cash and equivalents were $4.3 billion. Free cash flow was $469 million and capex came to $67 million. Dividends paid were $174 million and repurchases were $40 million.

Guidance for the year was maintained, and management was bullish on unit volumes for 2026, while noting tariff costs crimped margins.

We now see $9.60 in adjusted earnings-per-share going forward, which would easily be a record, if achieved.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.83	$2.94	$3.66	$4.45	$5.14	$5.82	$5.13	$5.59	$7.39	$8.56	***$9.60***	***$14.77***
DPS	$2.04	$2.04	$2.12	$2.24	$2.40	$2.68	$2.86	$2.92	$3.00	$4.05	***$4.20***	***$6.46***
Shares[1]	189	188	190	191	192	193	192	192	192	193	***193***	***193***

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 9% annual earnings growth through 2031. We see higher margins as helping boost earnings, and as Garmin's top line strength has been quite sustainable. Rising gross margins and lower operating costs as a percentage of revenue bode well for future earnings. Dividends are expected to grow at a strong rate, and we see the payout rising to $6.46 per share by 2031. Garmin is paying $4.20 in dividends per share annually at the present payout, good for a market-beating yield.

[1] 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	15.7	18.0	17.2	18.6	18.9	24.6	18.0	23.0	27.9	23.7	***25.1***	***23.0***
Avg. Yld.	4.6%	3.9%	3.4%	2.7%	2.5%	1.9%	3.2%	2.3%	1.5%	2.0%	***1.7%***	***1.9%***

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. More recently, shares have been valued at higher multiples due to rapid earnings expansion. Shares trade at 25.1 times earnings estimates for 2026, somewhat above our fair value of 23 times earnings. The yield is now at 1.7%, and we expect it will remain in about that same spot. We note the yield is back towards its historical lows as the share price has performed nicely.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	72%	69%	58%	50%	47%	46%	56%	52%	41%	47%	***44%***	***44%***

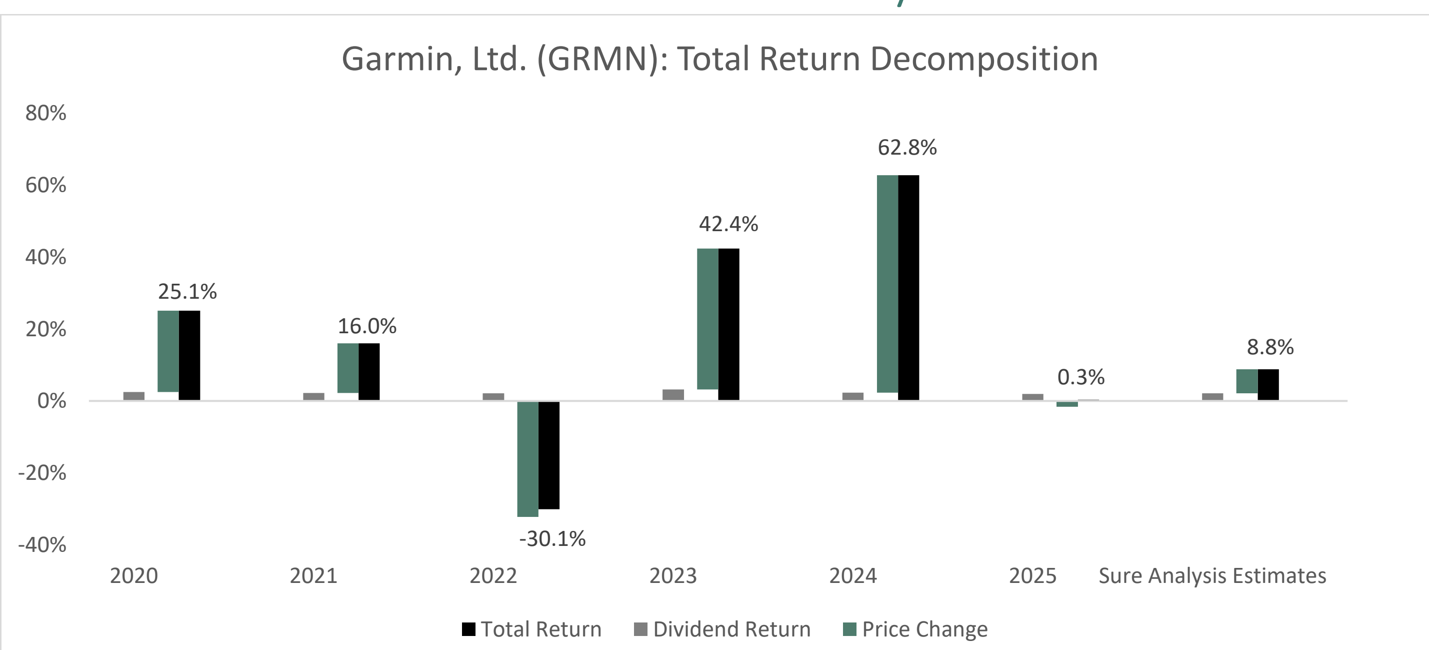
The dividend appears secure, with a payout ratio of 44% of earnings. During the Great Recession in 2008-2009, the company saw earnings drop, but managed to continue to pay out its dividend. We do not believe Garmin would be resistant to a prolonged recession when consumers reduce spending on discretionary 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 Q4 results, total annual returns are estimated at 8.8%. We see a -1.7% impact from the valuation, while our growth estimate of 9%, and yield of 1.7% are good enough for a reiteration of a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	3,046	3,122	3,347	3,758	4,187	4,983	4,860	5,228	6,297	7,246
Gross Profit	1,689	1,798	1,980	2,234	2,481	2,890	2,807	3,005	3,697	4,256
Gross Margin	55.4%	57.6%	59.1%	59.5%	59.3%	58.0%	57.8%	57.5%	58.7%	58.7%
SG&A Exp.	588	603	634	683	721	832	944	1,008	1,109	1,254
D&A Exp.	86	86	96	106	127	155	164	178	180	189
Operating Profit	633	684	778	946	1,054	1,219	1,028	1,092	1,594	1,876
Operating Margin	20.8%	21.9%	23.3%	25.2%	25.2%	24.5%	21.2%	20.9%	25.3%	25.9%
Net Profit	518	709	694	952	992	1,082	974	1,290	1,411	1,664
Net Margin	17.0%	22.7%	20.7%	25.3%	23.7%	21.7%	20.0%	24.7%	22.4%	23.0%
Free Cash Flow	609	509	759	578	948	703	542	1,181	1,239	1,363
Income Tax	121	(12)	129	35	111	125	91	-89	284	351

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	4,525	4,948	5,383	6,167	7,031	7,854	7,731	8,604	9,631	10,994
Cash & Equivalents	847	891	1,202	1,028	1,458	1,498	1,279	1,693	2,079	2,738
Accounts Receivable	527	591	570	707	849	843	657	815	983	1,253
Inventories	485	518	562	753	762	1,228	1,515	1,346	1,474	1,772
Goodwill & Int. Ass.	305	410	417	660	829	791	746	795	758	959
Total Liabilities	1,107	1,096	1,220	1,373	1,515	1,740	1,527	1,592	1,782	2,021
Accounts Payable	172	170	205	241	259	370	212	254	359	347
Long-Term Debt	---	---	---	---	---	---	0	0	0	165
Shareholder’s Equity	3,418	3,852	4,163	4,793	5,516	6,114	6,204	7,012	7,848	8,973
LTD/E Ratio	---	---	---	---	---	---	0	0	0	0.02

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	11.5%	15.0%	13.4%	16.5%	15.0%	14.5%	12.5%	15.8%	15.5%	16.1%
Return on Equity	15.3%	19.5%	17.3%	21.3%	19.3%	18.6%	15.8%	19.5%	19.0%	19.8%
ROIC	15.3%	19.5%	17.3%	21.3%	19.3%	18.6%	15.8%	19.5%	19.0%	19.4%
Shares Out.	188.6	188.2	189.5	191.2	191.6	192.8	193.0	192.1	193.3	193.6
Revenue/Share	16.09	16.54	17.64	19.68	21.82	25.81	25.18	27.22	32.60	37.42
FCF/Share	3.22	2.70	4.00	3.03	4.94	3.64	2.81	6.15	6.41	7.04

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