

Elphinstone Research Group

Equity Research Report

Garmin Ltd.
(NYSE: GRMN)

Q1 2026



Date: 31/03/2026
Ticker: GRMN
Exchange: NYSE
Sector: Consumer Electronics

Current Price: USD 230.01
Target Price: USD 314.50
Recommendation: BUY

Executive Summary

We have conducted equity research on Garmin Ltd. (NYSE: GRMN) with a BUY recommendation and a price target of \$314.50, implying ~36.7% upside from the current price of \$230.01. Garmin represents a differentiated, premium-positioned technology platform operating across five diversified segments: Fitness, Outdoor, Aviation, Marine, and Auto OEM, anchored by strong vertical integration, high gross margins (~59%), and a net cash balance sheet. The company is undergoing a structural transition from a hardware-centric business to a hybrid hardware + recurring revenue model, driven by subscription offerings (Garmin Connect+), LTE-enabled devices, and software integration across its ecosystem. This shift enhances revenue visibility and supports multiple expansions.

We see three key drivers of upside:

1. Premiumization of wearables driving ASP expansion and margin resilience despite flat unit growth
2. High-margin, defensible segments (Aviation & Marine) providing a structural earnings floor via regulatory-driven demand
3. Product cycle and connectivity catalysts (LTE expansion, Fenix/Forerunner launches) accelerating revenue growth and recurring monetization

While macro sensitivity (rates, consumer demand) and competitive pressure from Apple remain key risks, Garmin's niche dominance, pricing power, and diversified revenue base position it to deliver sustained earnings growth with downside protection.

Investment Thesis

Garmin benefits from premiumization in wearables, driving growth through high ASPs, advanced health features, and subscriptions, independent of unit volumes. Aviation and Marine provide a high-margin, defensive earnings base, while vertical integration and ecosystem lock-in sustain ~60% gross margins. Near-term catalysts (LTE, premium product cycles) improve revenue quality, supporting ~36% upside driven by margin expansion and mix shift.

Company Overview

Garmin Ltd is an established multinational technology company that has pioneered GPS navigation and wearable technology for over 35 years. Since its founding in 1989, the company has developed innovative location-based solutions across diverse sectors including fitness, outdoor recreation, aviation, marine, and automotive, continuously tailoring its products to different lifestyles and professional needs

Currently Garmin has delivered a landmark 2025, with full-year revenue climbing 15% to \$7.25 billion and operating income advancing 18% to \$1.88 billion – both all-time highs. All five business segments posted record annual revenue, and the company shipped more than 20 million units for the first time in its history.

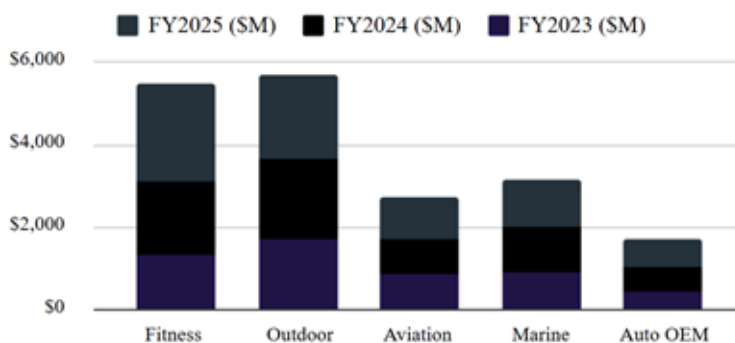
Company positioning

Overall Positioning	
Core Position	Garmin is the world's leading purpose-built GPS technology company, occupying a premium, defensible position across five distinct end markets allowing premium pricing and high gross margins (~59% FY2025).
Market Strategy	Garmin targets high-margin niches in general aviation avionics (~70% GA market share), professional-grade outdoor and adventure GPS, and premium fitness wearables creating barrier to entry for competitors. The company avoids direct volume competition focusing on wins on ecosystem quality, data trustworthiness, and device precision.
Competitive Strengths	
Vertical integration	Garmin controls the full product lifecycle - from chip design to firmware, hardware manufacturing, mapping databases, and the Garmin Connect software ecosystem. This yields tighter product quality, faster iteration, and larger gross margins compared to competitors who rely on external supply chains.
Five-Diversification	Revenue is spread across Fitness (33%), Outdoor (28%), Marine (16%), Aviation (14%), and Auto OEM (9%) – FY2025. This structure means no single consumer trend, market cycle, or competitive incursion can materially destabilize the company.
Aviation Dominance	Garmin holds ~70% market share in general aviation avionics and has been ranked #1 in Professional Pilot's Avionics Product Support Survey for 21 consecutive years. Aviation carries the highest gross margin of all five segments (~75%).
Growth Catalyst	
Fitness /Wearables	Fitness became Garmin's leading segment in FY2025 at \$2.36B (+33%). Share gains are structural – the overall wearables market grows mid-single to ~10% annually. Garmin's 33% growth implies ~25pp of pure market share capture. Additionally Garmin Connect+ subscription adds a recurring revenue layer.
Auto OEM - Mercedes-Benz Program	A newly announced domain controller program with Mercedes-Benz is expected to ramp production volumes significantly from 2027, giving the Auto OEM segment a long-duration revenue catalyst beyond legacy programs.
Key Risks	
Competition — Apple & Samsung	Apple and Samsung dominate total smartwatch shipment volume. Garmin's position is defensible in its niches but remains a smaller player by absolute units in the broader consumer wearable market.
Tariff & Supply Chain Exposure	FY2025 gross margin held at 58.7% despite elevated tariffs, demonstrating resilience, but further tariff escalation or supply disruptions (i.e Taiwan manufacturing) remain an ongoing watchpoint.

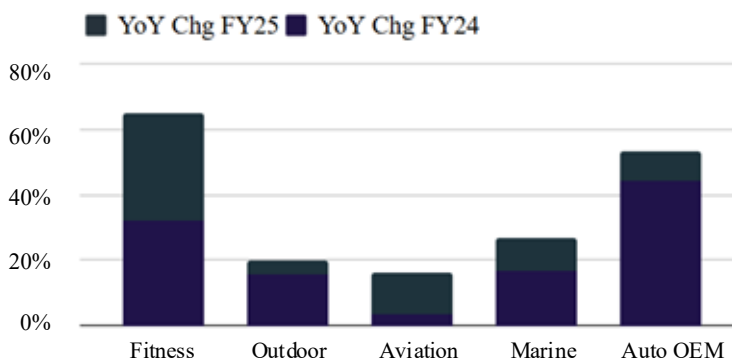
Business Segments & Revenue Architecture

Their current Largest Revenue Driver – the Fitness segment (\$2.36B, +33%) overtaking the Outdoor segment, was the primary growth driver for the full year, with operating income surging 50% to \$726 million. Demand for advanced wearables and the launch of subscription services like Garmin Connect+ are building a recurring revenue base. Following that, the Outdoor Segment (\$2.05B, +5%) has seen growth moderated after two strong years, reflecting tougher comparisons against prior adventure watch cycles. However, the Outdoor segment has still managed to maintain the highest operating margin among all segments at 34%, making it the most profitable despite slower top-line growth. Aviation (\$987M, +13%), accelerated meaningfully from the +4% seen in FY2024. Growth was broad-based, spanning OEM programs and aftermarket products, with operating income up 22% to \$257 million. The Marine Segment (\$1.18B, +10%) had revenue which reached \$1.18 billion, up 10%, with chartplotters leading the growth as Garmin continues to consolidate its position as the world's largest consumer marine electronics company. The Auto OEM segment (\$665M, +9%) has similarly seen growth moderated from the high of +44% in FY2024 as some legacy programs wound down, but the segment remains on an upward trajectory. A notable strategic development was Garmin's announcement of a new domain controller program with Mercedes-Benz, with significant production volumes expected to ramp up in 2027.

Segment Revenue Growth Chart



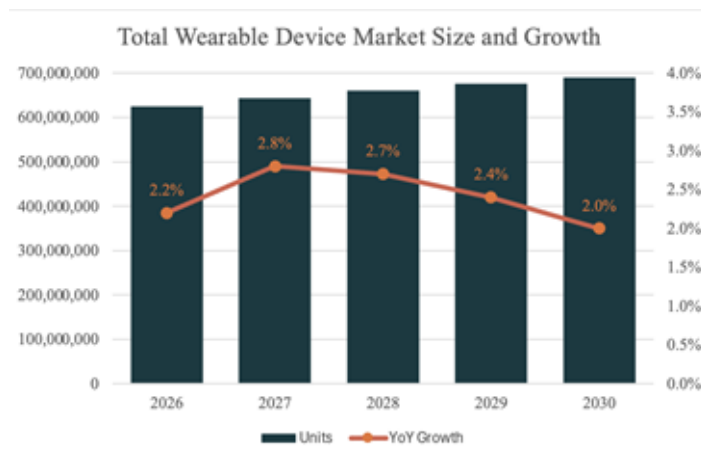
Year Over Year Change 2024/2025



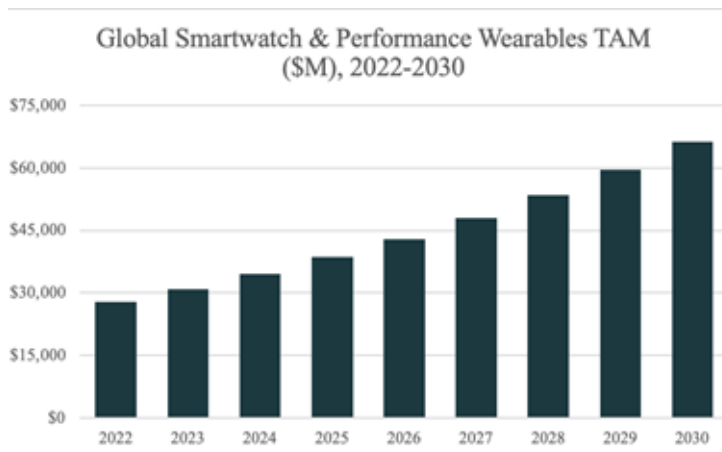
Industry Overview

Fitness and Outdoor

The Global Smartwatch and Performance Wearable TAM is structurally shifting from volume-driven unit sales to high-margin premiumization. While broader industry unit shipments are maturing, projected by IDC to grow at a sluggish ~2.0% to 2.8% annually through 2030 overall market value continues to compound due to an expansion in Average Selling Price (ASP). Driven by accelerating consumer demand for FDA-cleared biometric sensors and advanced diagnostics, this macro trend transitions wearables from discretionary accessories into essential health infrastructure.



This creates steep R&D barriers to entry that actively insulate Garmin's ultra-premium tier from high-volume consumer electronics giants like Huawei and Samsung, as well as specialised athletic challengers like Coros and Suunto. Garmin's execution in this high-end market is formidable, validating this premiumization strategy. Garmin's Fitness segment revenue surged 33% YoY (2024-2025) amid stagnant global unit volume. Demonstrating unmatched pricing power, Garmin captures roughly 10% of global industry revenue despite holding only ~4% of global unit volume. Fueled by this ASP expansion and the recurring engagement of software ecosystems (Garmin Connect+), the segment's blended TAM is projected to compound at an 11.5% CAGR, reaching \$66,350 million by 2030.



Scenario analysis of the \$66,350 million base valuation evaluates both market saturation and technological breakthrough scenarios. A Bear scenario where smartwatch upgrade cycles mirror the mature smartphone market (stretching from two to four years) and primary competitors successfully erode the proprietary battery-life moat compresses blended TAM growth to a ~6.5% CAGR.

Aviation

Garmin dominates the Business & General Aviation (B&GA) market - a capital-efficient arena with shorter certification cycles and a massive aftermarket retrofit pipeline strategically bypassing the heavy commercial transport sector. From this stable baseline, Garmin leverages rapid product development to capture market share from slower, legacy aerospace incumbents like Honeywell and Collins Aerospace. This entrenched positioning affords Garmin immense pricing power, historically supporting segment operating margins above 25%. Consequently, the blended Avionics TAM accelerates to \$7,040 million by 2030, driven by a structural inflexion in 2028: the commercial scaling of Advanced Air Mobility (AAM) and eVTOLs. Regulatory mandates for Simplified Vehicle Operations (SVO) require advanced fly-by-wire flight decks (~\$100,000 ASP). This transition fundamentally expands the addressable market, injecting a purely additive \$650 million in new AAM production without cannibalising existing fleet sales.

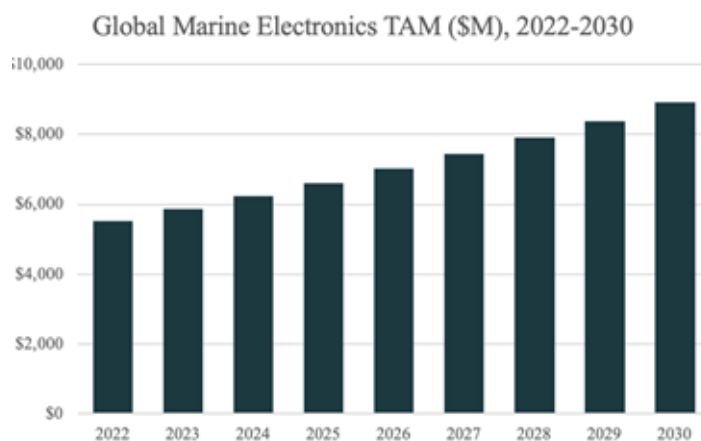


Scenario analysis of the \$7,040 million base valuation accounts for severe macroeconomic and regulatory deviations. A Bear scenario driven by delayed FAA/EASA eVTOL certification and deferred business jet orders defers the \$650 million AAM catalyst beyond 2030 and slows core aftermarket upgrades, compressing the blended TAM growth to a 6.5% CAGR. Nevertheless, inelastic institutional backlogs and safety-mandated retrofits establish a highly defensive revenue floor.

Marine

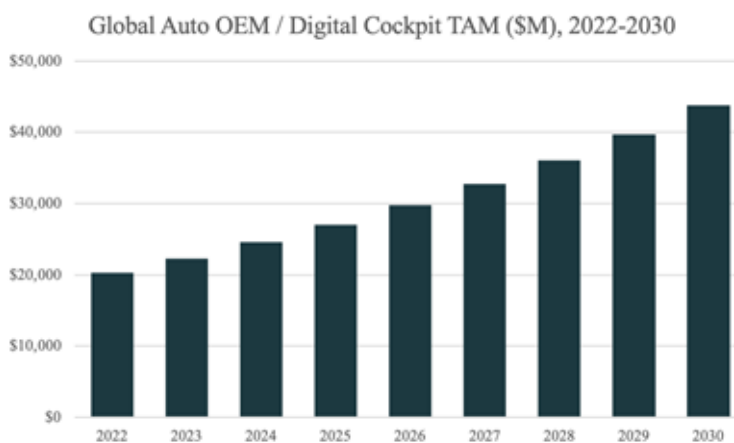
The Marine Electronics TAM is structurally shifting toward fully integrated "ecosystem lock-in". As demand for seamless digital dashboards rises, boat builders and consumers are increasingly forced to adopt unified, single-brand sensor networks. Simultaneously, market expansion is accelerating via structural "forced upgrades." Major marine insurers now increasingly mandate AI-powered collision-avoidance systems for favourable premiums, creating a highly predictable commercial retrofit pipeline that insulates premium incumbents from recreational cyclicality. Commanding an estimated ~16% global market share, Garmin uses this B2B ecosystem lock-in to actively capture market share from legacy maritime competitors like Navico and Raymarine, successfully defending its premium gross margins. Propelled by this ecosystem premiumization and regulatory tailwinds, the blended TAM compounds at a defensive 6.14% CAGR, reaching \$8,910 million by 2030.

Scenario analysis of the \$8,910 million base valuation accounts for severe macroeconomic constraints and regulatory accelerations. A Bear scenario defined by a prolonged high-interest-rate environment that suppresses recreational boat financing and delays commercial fleet upgrades, decelerates blended TAM growth to a 2.0% CAGR. Nevertheless, strict international maritime compliance timelines maintain a structural revenue floor.



Auto OEM

The Auto OEM Digital Cockpit TAM is undergoing a structural transformation as the industry shifts to "Software-Defined Vehicles" (SDVs). Automakers are replacing fragmented microchips with unified "Domain Controllers" that consolidate ADAS and infotainment. In this space, Garmin competes directly for contracts against massive Tier-1 automotive suppliers like Harman and Continental, while acting as a critical integration partner for baseline operating systems like Alphabet's Android Automotive OS. While Garmin currently holds a niche ~2.5% market share, its pivot toward high-margin software integration increasingly decouples market growth from raw global vehicle production volumes. While baseline unit sales remain a factor, growth is now primarily driven by a dramatic expansion in Average Selling Price (ASP) as digital dashboards become standard mass-market equipment. Fueled by this ASP expansion and advanced operating system integration, the blended TAM compounds at a 10.1% CAGR, reaching \$43,740 million by 2030.



Scenario analysis of the \$43,740 million base valuation evaluates severe macroeconomic cyclicality and regulatory shifts. A Bear scenario defined by a prolonged "higher for longer" interest rate regime that spikes auto loan defaults and triggers a global passenger vehicle recession forces automakers to delay expensive SDV rollouts to cut costs, compressing blended TAM growth to a ~3.0% CAGR

Macro Overview

Interest Rates & Credit Availability

Garmin's capital-intensive end markets, specifically Auto OEM, Marine, and Business Aviation, are acutely sensitive to the cost of capital, as purchasing trends for passenger vehicles and recreational watercraft rely heavily on consumer and institutional financing. In a sensitivity analysis, a prolonged "higher for longer" global interest rate regime directly suppresses discretionary fleet expansion. If central banks maintain elevated rates that spike auto loan defaults and suppress boat financing, the Auto OEM and Marine TAM growth rates compress to ~3.0% and ~2.0% CAGRs, respectively, effectively neutralising top-line momentum in these segments.

Inflation & Structural Health-Tech Shifts

While Garmin targets a premium demographic, broad inflationary pressures impact the Global Smartwatch and Performance Wearable markets. If macroeconomic strain forces smartwatch upgrade cycles to mirror the mature smartphone market (stretching beyond 36 to 48 months), the blended consumer wearables TAM growth compresses from an 11.5% base projection down to a ~6.5% CAGR. However, this risk is hedged by a structural consumer shift toward clinical-grade health monitoring. Consumers increasingly demand FDA-cleared biometric sensors, transitioning wearables into essential health infrastructure. If non-invasive biometric breakthroughs are commercialised near-term, this shift catalyses a mandatory upgrade super-cycle, potentially accelerating segment growth above a 14.5% CAGR.

Regulatory Mandates & Compliance Tailwinds

Unlike consumer segments, Garmin's Aviation and Marine divisions benefit from strict, inelastic regulatory tailwinds that mandate hardware upgrades regardless of the broader economic cycle. In Aviation, impending Simplified Vehicle Operations (SVO) mandates drive the commercialisation of Advanced Air Mobility (AAM), while major marine insurers increasingly require AI-powered collision-avoidance systems for favourable commercial hull premiums. Regulatory timelines represent a binary sensitivity; delayed FAA/EASA certifications for eVTOLs push \$650 million of additive aviation TAM beyond the 2030 forecast window. Nevertheless, the downside is strictly floored by existing safety-mandated aftermarket retrofits, ensuring baseline revenue remains protected.

Geopolitical Supply Chain & Tariff Exposure

Garmin's vertically integrated manufacturing model, heavily concentrated in Taiwan, provides superior quality control and gross margin protection (consistently ~59%) compared to peers reliant on third-party outsourcing. However, this geographical concentration exposes the company to trans-Pacific logistical bottlenecks and shifting international trade policies. Escalation in broad-based tariffs or localised geopolitical disruptions introduces immediate margin compression risk. Assuming inelastic pricing power in the premium tier, a modeled 10% tariff increase on imported electronics necessitates equivalent retail price hikes, risking volume compression in the more price-sensitive, entry-level Fitness and Marine product lines.

Competitive Landscape

Key Competitors by Segment

Segment	Primary Competitors	GRMN FY25 Rev.	YoY Growth	Competitive Dynamic
Fitness	Apple, Samsung, Huawei, COROS, Polar	\$2.36bn	+33%	Growing share via premium sports positioning
Outdoor	Suunto, COROS, Polar	\$2.07bn	Flat	Dominant in adventure; COROS undercutting on price
Aviation	Honeywell, Collins Aerospace, Dynon	\$987m	+13%	Strong OEM/aftermarket; Autoland moat
Marine	Lowrance, Simrad, Humminbird, Raymarine	\$1.18bn	+10%	Market leader in chartplotters & electronics
Auto OEM	Harman, Continental, Visteon, Bosch	\$665m	+9%	BMW domain controllers; legacy wind-down

Flagship Product Comparison

	Garmin FR 970	Apple Ultra 3	COROS Pace 4	Polar Vantage V3	Suunto Race 2
Price (USD)	\$599	\$799	\$249	\$499	\$449
Battery (GPS)	~30 hrs	~18 hrs	~31 hrs	~53 hrs	~65 hrs
Dual-freq GPS	Yes	Yes	Yes	Yes	Yes
Ecosystem	Garmin Connect	iOS only	COROS app	Polar Flow	Suunto app
Offline maps	Yes	Yes (trails)	No	Yes	Yes
NFC payments	Garmin Pay	Apple Pay	No	No	No
Target user	Serious athlete	Apple ecosystem	Value athlete	Data-focused	Ultra / outdoor

Competitive Landscape

Market Context

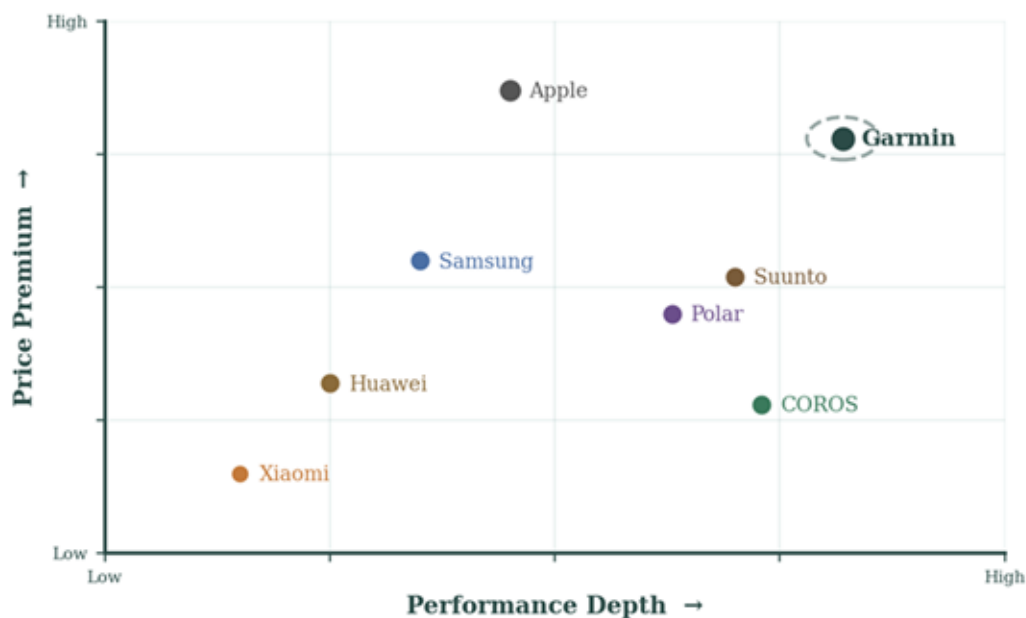
The global smartwatch market grew 4% YoY in 2025 to ~158m units (Counterpoint Research). Apple leads at 23% share by shipments, followed by Huawei (17%), Xiaomi (9%), Samsung (7%), and Imoo (7%). Garmin does not appear in the top-five by volume given its premium ASP focus, but grew fitness segment revenue 33% to \$2.36bn and shipped 20m+ units across all segments for the first time. Garmin competes on value share (ecosystem depth, battery, accuracy) rather than volume. FY26 guidance: \$7.9bn revenue (+9% YoY), \$9.35 pro forma EPS (+9%)

SWOT Analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Vertically integrated (design, manufacturing, software) • Five-segment diversification reduces cyclicalit • Industry-leading GPS accuracy and battery life • Garmin Connect ecosystem; 20m+ units shipped FY25 • Record revenue \$7.25bn; 59% gross margin, 26% op. margin • Deep brand trust among serious athletes and outdoor users 	<ul style="list-style-type: none"> • Low absolute smartwatch market share by volume • Auto OEM segment structurally margin-dilutive • Limited smartwatch features vs Apple (no LTE, limited apps) • Garmin Connect UX often cited as dated vs competitors • Premium pricing limits addressable market penetration • Seasonal Q4 concentration in consumer segments
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Health sensor expansion (blood pressure, glucose monitoring) • Connect+ subscription revenue scaling (launched 2025) • Military/defence avionics contracts (UH-60 Black Hawk win) • AI-driven coaching, nutrition insights via Garmin Connect+ • Emerging market wearables penetration (India, SEA) • Satellite connectivity / inReach ecosystem integration 	<ul style="list-style-type: none"> • Apple deepening sports features, converging on Garmin niche • COROS aggressive price undercutting (\$249 vs \$599 at flagship) • Huawei/Xiaomi volume growth eroding mid-tier share • Tariff/trade risk (significant manufacturing in Taiwan) • GPS signal dependency on US DoD infrastructure • Wearables market maturation; replacement cycle lengthening

Competitive Landscape

Competitive Positioning



Valuation-Relevant Takeaways

Garmin trades at ~30x forward P/E vs hardware sector ~20x, reflecting its diversified model, 59% gross margins, and 26% operating margins. Key risks: (i) COROS closing the performance gap at significantly lower ASPs, (ii) Apple expanding sports-specific features that erode Garmin's niche, (iii) Auto OEM losses persisting. Upside catalysts: Connect+ subscription scaling, military aviation contract wins, continued fitness share gains, and health sensor innovation. The \$500m buyback programme (through Dec-2028) and proposed 17% dividend increase signal capital return confidence.

Financials

Segment Economics & Business Financials (GRMN)

The disclosed 10-Ks and 10-Qs offer good visibility of revenues, with gross revenue being split into five reporting segments: Outdoor, Auto OEM, Fitness, Aviation and Marine.

Garmin's economics are driven by a **premium-skewed segment mix**, with value concentrated in Outdoor and Aviation.

- **Outdoor (~high-20s% of revenue, ~mid-60s% GM):** core profit driver, benefiting from high ASPs, strong upgrade cycles, and pricing power.
- **Auto OEM (~single-digit %, ~low-30s% GM):** lowest-margin, volume-driven segment.
- **Aviation (~low-teens %, ~high-60s% GM):** high-margin, defensible revenues from OEM + aftermarket, supported by certification barriers.
- **Marine (~mid-teens %, ~mid-50s% GM):** solid margins with cyclical demand.
- **Fitness (~mid-20s %, ~30–40% GM):** more competitive, with margin pressure from platform players (e.g. Apple).

At the group level, this mix supports **~58–60% gross margins, strong FCF conversion, and a net cash balance sheet**, with performance primarily driven by **premium segment mix and product cycles**.

Revenue Share	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023A	2024A	2025A
Outdoor	18%	22%	24%	24%	27%	32%	36%	32%	31%	28%
Auto OEM	30%	25%	19%	15%	11%	5%	6%	8%	10%	9%
Fitness	27%	24%	26%	28%	31%	31%	23%	26%	28%	33%
Aviation	14%	16%	18%	20%	15%	14%	16%	16%	14%	14%
Marine	11%	12%	13%	14%	16%	18%	19%	18%	17%	16%
Total Revenues	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Over the past 10 years, the revenue share of these segments has fluctuated significantly. We view the trend towards a larger Outdoor and Fitness share to continue as recurring revenue base continues to grow.

Gross Profit Margins	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023A	2024A	2025A
Outdoor	62.3%	64.2%	65.2%	65.2%	65.6%	61.5%	62.1%	63.2%	66.6%	65.8%
Auto OEM	43.7%	43.6%	42.7%	46.8%	44.9%	28.8%	31.9%	23.1%	17.6%	16.7%
Fitness	53.4%	55.4%	55.0%	50.8%	52.9%	53.0%	49.8%	53.3%	58.2%	59.5%
Aviation	75.0%	74.1%	74.6%	73.9%	72.7%	73.0%	72.3%	74.0%	74.9%	75.1%
Marine	55.3%	56.8%	58.6%	59.5%	58.4%	56.6%	54.4%	53.6%	55.4%	55.0%
Total Gross Profit	55.4%	57.6%	59.1%	59.5%	59.3%	58.0%	57.7%	57.5%	58.7%	58.7%

Our DCF-based outlook assumes a slight **favourable mix shift toward higher-margin segments (Outdoor / Aviation)**, driven by stronger premium product cycles and sustained demand in enthusiast and professional categories. This is partially offset by **more moderate growth in lower-margin Fitness and Auto OEM**, resulting in **gross margin expansion (c.+100–200bps)** and higher incremental profitability versus the base case.

Discounted Cash Flow Analysis

(USD in millions)	<-- Historical		Forecast -->									
	2024A	2025A	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Operating Model												
Revenue	6,297	7,246	8,198	9,112	9,998	10,883	11,763	12,624	13,458	14,301	15,128	15,959
YoY Growth Rate (%)	20.44%	15.06%	13.15%	11.14%	9.73%	8.85%	8.09%	7.32%	6.60%	6.27%	5.78%	5.49%
Operating Profit (EBIT)	1,594	1,876	2,263	2,588	2,909	3,232	3,552	3,863	4,145	4,433	4,705	4,979
Margin (%)	25.31%	25.89%	27.60%	28.40%	29.10%	29.70%	30.20%	30.60%	30.80%	31.00%	31.10%	31.20%
Net Interest Expense	114	129	123	137	150	163	176	189	202	215	227	239
Margin (%)	1.80%	1.78%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Earnings Before Taxes (EBT)	1,480	1,747	2,140	2,451	2,759	3,069	3,376	3,674	3,943	4,219	4,478	4,740
(-) Taxes	247	304	372	426	480	534	587	639	686	734	779	825
Effective Tax Rate (%)	16.70%	17.40%	17.40%	17.40%	17.40%	17.40%	17.40%	17.40%	17.40%	17.40%	17.40%	17.40%
NOPAT	1,841	2,180	2,635	3,014	3,390	3,766	4,140	4,502	4,831	5,168	5,484	5,804
Margin (%)	29.24%	30.09%	32.14%	33.08%	33.90%	34.61%	35.19%	35.66%	35.90%	36.13%	36.25%	36.37%
(+) D&A	242	278	417	464	509	554	599	646	696	752	805	859
(-) Capex	(194)	(223)	(334)	(371)	(407)	(443)	(479)	(514)	(548)	(583)	(616)	(650)
(+/-) Change in NWC	104	249	275	275	265	263	265	259	255	258	259	261
UFCF	1,993	2,484	2,994	3,382	3,757	4,140	4,525	4,815	5,144	5,415	5,732	5,974
Margin (%)	31.66%	34.29%	36.52%	37.12%	37.57%	38.04%	38.47%	38.14%	38.22%	37.86%	37.89%	37.43%
Discount Period			1	2	3	4	5	6	7	8	9	10
PV of UFCF			\$ 2,735.8	\$ 2,824.7	\$ 2,867.3	\$ 2,887.9	\$ 2,894.5	\$ 2,804.9	\$ 2,738.5	\$ 2,634.8	\$ 2,548.8	\$ 2,427.6

The DCF implies 36% upside, contingent on a coordinated bull-case outcome across key drivers. This assumes Fitness stabilises at (7–9% CAGR) on LTE-led upgrades, gross margins expand on a favourable Outdoor/Aviation mix (+100bps), and no material Taiwan or tariff disruption impacts costs. Additional support comes from stronger Auto OEM growth (13–15% CAGR) and modest FX tailwinds.

At the valuation level, the upside is underpinned by a conservative WACC (9.5%) and a marginally higher terminal growth rate (2.5%), reflecting a strong continuing balance sheet and ongoing competitive moat. The implied return, therefore, reflects a scenario where both operational execution and external risks resolve favourably, rather than reflecting market expectations.

Implied Share Price (\$)

	\$	PGR							
		1.00%	1.50%	2.00%	2.50%	3.00%	3.50%	4.00%	
WACC	7.50%	\$ 379.69	\$ 400.33	\$ 424.71	\$ 453.97	\$ 489.74	\$ 534.44	\$ 591.92	
	8.00%	\$ 349.36	\$ 366.32	\$ 386.11	\$ 409.50	\$ 437.56	\$ 471.86	\$ 514.74	
	8.50%	\$ 323.14	\$ 337.24	\$ 353.51	\$ 372.49	\$ 394.93	\$ 421.85	\$ 454.76	
	9.00%	\$ 300.26	\$ 312.10	\$ 325.63	\$ 341.24	\$ 359.45	\$ 380.98	\$ 406.81	
	9.50%	\$ 280.13	\$ 290.16	\$ 301.52	\$ 314.50	\$ 329.48	\$ 346.96	\$ 367.62	
	10.00%	\$ 262.29	\$ 270.85	\$ 280.47	\$ 291.37	\$ 303.84	\$ 318.22	\$ 334.99	
	10.50%	\$ 246.38	\$ 253.73	\$ 261.94	\$ 271.18	\$ 281.65	\$ 293.61	\$ 307.42	
	11.00%	\$ 232.11	\$ 238.46	\$ 245.51	\$ 253.39	\$ 262.26	\$ 272.32	\$ 283.80	

	Upside / (Downside)	PGR							
		1.00%	1.50%	2.00%	2.50%	3.00%	3.50%	4.00%	
WACC	7.50%	65.1%	74.0%	84.6%	97.4%	112.9%	132.4%	157.3%	
	8.00%	51.9%	59.3%	67.9%	78.0%	90.2%	105.1%	123.8%	
	8.50%	40.5%	46.6%	53.7%	61.9%	71.7%	83.4%	97.7%	
	9.00%	30.5%	35.7%	41.6%	48.4%	56.3%	65.6%	76.9%	
	9.50%	21.8%	26.1%	31.1%	36.7%	43.2%	50.8%	59.8%	
	10.00%	14.0%	17.8%	21.9%	26.7%	32.1%	38.3%	45.6%	
	10.50%	7.1%	10.3%	13.9%	17.9%	22.4%	27.7%	33.7%	
	11.00%	0.9%	3.7%	6.7%	10.2%	14.0%	18.4%	23.4%	

Valuation	
WACC	9.50%
Tax Rate	17.40%
Perpetual Growth Rate	2.50%
Terminal Value (TV)	\$ 87,472.89
Discount Factor	0.40
PV of TV	\$ 35,296.55
Cumulative PV of UFCF	\$ 27,251.16
Enterprise Value (EV)	\$ 62,547.71
EV to Equity Bridge	
Enterprise Value (EV)	\$ 62,547.71
(+) Cash and Cash Equivalents	\$ 2,278.60
(-) Debt	\$ (3,938.80)
Equity Value	\$ 60,887.51
Shares Outstanding	193.6
Implied Share Price	\$ 314.50
Current Share Price	\$ 230.01
Upside / (Downside)	36.73%

Public Comparable Companies

Our public comparables analysis benchmarks Garmin Ltd. (GRMN) against a diversified group of 10 global technology and lifestyle electronics peers, including Apple Inc., Alphabet Inc., Samsung Electronics, Honeywell Intl., RTX Corp., and Bryton Inc. The peer group trades at a median EV/EBITDA of 20.3x and a median P/E of roughly 33.1x, reflecting a blend of high-margin aerospace suppliers, consumer electronics giants, and specialised fitness technology brands. Relative to this group, Garmin currently trades at 23.5x EV/EBITDA and 30.8x P/E, representing a premium to the peer medians.

This valuation reflects the market's recognition of Garmin's robust balance sheet—notably its net cash position—as well as its superior gross margins and vertically integrated manufacturing model. While certain consumer-facing segments face cyclical headwinds, the premium is supported by steady growth in the high-barrier-to-entry Aviation and Marine segments, which provide a defensive moat against the more volatile consumer electronics market.

Garmin's lower P/E ratio relative to the median is primarily a function of its substantial interest income from a \$4.1B net cash pile, which lowers the earnings multiple without detracting from its operating value. This positioning is consistent with our DCF model, where high-quality cash flows from the specialised Aviation and Marine units support a premium exit multiple and long-term terminal growth.

Company	EBITDA Margin (%)	Mkt Cap (USD mm)	P/E	EV /EBITDA	EV/Rev	P/BV	Beta
Apple Inc.	35.1%	3,910,000	33.7x	25.7x	9.0x	44.35	1.11
Alphabet Inc.	44.9%	4,060,000	30.9x	22.1x	9.9x	9.74	1.13
Samsung Electronics	29.1%	1,435,000,000	32.0x	12.8x	3.7x	3.28	1.21
Honeywell Intl.	21.9%	147,130	33.5x	20.7x	4.5x	10.58	0.92
RTX Corp.	16.9%	267,030	40.0x	20.0x	3.4x	4.09	0.43
Bryton Inc	10.9%	348	32.8x	15.1x	0.8x	1.88	0.06
Garmin Ltd.	28.50%	50,884	30.8x	23.5x	6.7x	5.7	0.97
Average	26.5%	240,564,085	33.8x	19.4x	5.2x	12.32	0.81
Median	25.5%	2,088,515	33.1x	20.3x	4.1x	6.92	1.02

Risks & Catalysts

Headline Risks

Risk 1: Fitness Segment Structural Deceleration

Fitness is Garmin's largest revenue segment, contributing 31% of FY2024 group revenue at \$1.96bn, yet management's FY2025 guidance implies a sharp growth deceleration from 16% to just 3%. This compression reflects maturing upgrade cycles in the consumer wearables market, where first-time adoption cohorts have been largely captured and repurchase intervals are lengthening across running and cycling devices. The structural risk is compounded by intensifying ASP pressure from sub-\$300 competitors such as Amazfit and Coros, which have meaningfully improved GPS and optical HR accuracy while pricing well below Garmin's core Forerunner and Venu ranges. A sustained period of sub-3% Fitness growth would suppress blended group revenue below management's implied 13% FY2025 total target, eroding operating leverage in Garmin's highest-volume segment.

Risk 2: Apple Ecosystem Encroachment & iOS Integration Constraints

Apple represents the single most structurally significant competitive threat to Garmin's Fitness and upper-tier Outdoor segments, which together account for approximately 59% of FY2024 revenue. With Apple Watch 12 and Apple Watch Ultra 4 both expected in September 2026, Apple continues its annual feature escalation against Garmin's core user base of runners, cyclists, and endurance athletes. Apple Watch Ultra 4 competes directly with the Fenix 8 Pro at overlapping price points, offering titanium construction, GNSS precision, and a growing biometric health suite, while benefiting from deep iOS ecosystem lock-in through iMessage, Apple Health, and Handoff that Garmin cannot replicate. A secondary risk lies in the absence of native iOS API access, which currently constrains Garmin Messenger to Garmin-to-Garmin contacts only, undermining the utility of LTE-enabled devices relative to the Apple Watch for mainstream iPhone users.

Risk 3: Semiconductor Supply Chain & Taiwan Geopolitical Concentration

Garmin's vertically integrated manufacturing model simultaneously concentrates geopolitical exposure in two Taiwanese manufacturing facilities — Taipei and Tainan City. Custom GPS chipsets, sensor fusion ASICs, and proprietary optical HR components are fabricated in Taiwan with limited secondary sourcing options due to Garmin's use of application-specific integrated circuits designed to its own specifications. As of Q1 2026, Taiwan Strait tensions continue to drive government-led supply chain diversification initiatives across the semiconductor industry; an adverse geopolitical event or prolonged production disruption would directly impair Garmin's ability to manufacture devices across all five segments. Aviation avionics present a compounded risk: FAA-certified components carry multi-year qualification timelines, making mid-cycle supplier substitution practically infeasible. Near-term US-Asia tariff escalation has already driven observable pricing increases across Garmin, Coros, and Suunto product lines in early 2025, adding further COGS pressure independent of any geopolitical shock.

Risk 4: Auto OEM Revenue Normalisation & Customer Concentration

Following exceptional 44% revenue growth in FY2024, the Auto OEM segment's FY2025 guidance of 8% growth signals a normalisation of the COVID-era catch-up in automotive infotainment volumes. The segment carries material customer concentration risk, with BMW Group, Mercedes-Benz, Honda, Ford, Toyota, and Geely representing a small number of design-win relationships each carrying multi-year revenue implications if lost. The EV platform transition introduces an additional structural variable: legacy infotainment architectures for internal combustion platforms are being redesigned from the ground up for next-generation EV models, and Garmin's existing design wins do not guarantee inclusion on successor EV architectures. A failure to secure a marquee EV infotainment contract with a leading OEM over the next 18–24 months would limit the segment's long-run revenue contribution and remove a key re-rating catalyst from the thesis.

Risk Assumptions & DCF Sensitivities

Risk Factor	DCF Lever	Bear Case	Base Case	Bull Case
Fitness deceleration	Fitness revenue CAGR 2026–29	0–1%; saturation + Apple share loss	3–5%; Forerunner LTE recovery	7–9%; LTE drives new upgrade cycle
Apple encroachment	Blended gross margin	–150bps; ASP erosion in Fitness	Flat ~58%; Outdoor mix defends margin	+100bps; Outdoor/Aviation mix lift
Taiwan supply disruption	Group revenue — downside	–10–15% 1-year shock; COGS +250–300bps	No disruption; inventory buffers hold	Vertical integration outperforms; no impact
Auto OEM normalisation	Auto OEM CAGR 2026–29	3–4%; no new EV design wins	7–9%; existing partners sustain volumes	13–15%; major EV platform win announced
FX headwinds (USD/TWD, USD/EUR)	Revenue translation adj.	–2% FX drag on reported revenue	Neutral FX; natural hedging via TWD mfg	+2% tailwind; USD weakness boosts EMEA
Tariff escalation (US–Asia)	COGS; operating margin	+200–300bps COGS; margin compression	+50–100bps; partially passed through pricing	Tariff rollback; COGS normalises
WACC	Discount rate	9.5% (Taiwan risk premium widened)	8.5–9.0% (debt-free; stable FCF)	8.0% (strong balance sheet; IG peers)
Terminal growth rate	Terminal value	2.0% (mature consumer electronics)	2.5–3.0% (Aviation/Auto OEM re-rating)	3.5% (LTE subscription + Garmin Health)

Key Catalysts

Catalyst 1: Fenix 9 & Premium Outdoor Product Cycle (Late 2026 / Early 2027)

The Fenix 9 represents Garmin's most commercially significant near-term product catalyst, continuing the flagship outdoor smartwatch's trend toward annual refreshes. The forthcoming generation is expected to address the primary limitations of the Fenix 8 Pro, including case thickness, battery degradation under LTE and satellite use, and MicroLED efficiency, while expanding connectivity to additional size options, including the previously unavailable 43mm form factor. Each Fenix generation carries ASP uplift in the \$800–\$1,500 range and reactivates a replacement cycle among Garmin's high-value Outdoor customer base, providing a predictable H2 2026 revenue acceleration in the segment, generating 28% of group revenue at 29% guided growth for FY2025.

Catalyst 2: Enduro 4, MARQ Gen 3 & Descent Mk4 - High-ASP Product Trio (H2 2026)

Three high-ASP product launches are confirmed or highly likely for H2 2026, collectively reinforcing Garmin's premium outdoor positioning. The Enduro 4 (August 2026) targets ultra-runners with MIP solar display and class-leading battery life - a segment where Apple has no competitive product. MARQ Gen 3 (Q3 2026) represents the first true hardware-platform refresh of Garmin's luxury tool watch range since October 2022, adopting Fenix-era technologies at price points above \$1,500. The Descent Mk4 (October 2026) targets dive computing, a niche vertical with no meaningful smartwatch competition and structurally high ASPs. Together, these form a concentrated H2 2026 Outdoor revenue event supporting performance well above FY2025 guided segment growth.

Catalyst 3: LTE Connectivity Expansion - Forerunner 975 & 575 (May 2026)

The Forerunner 975 and 575 with integrated LTE, speculated for a May 2026 launch, extend connectivity-premium pricing into Garmin's highest-volume running watch platform. LTE integration at the Forerunner tier introduces a recurring subscription revenue stream, satellite and connectivity plans atop hardware sales, improving revenue quality. It simultaneously defends the Forerunner line against Apple Watch cellular capability among iPhone-independent users, and provides a bridgehead for Garmin Messenger and LiveTrack adoption across a broader user base, reducing churn to Apple Watch. A successful launch would be the clearest evidence that Fitness deceleration is a product-cycle trough rather than a structural demand decline.

Catalyst 4: FAA NextGen Avionics Mandates & Aviation Retrofit Tailwind

Garmin's Aviation segment (\$877M FY2024 revenue, +4% YoY) carries a structurally defensible demand tailwind through FAA-mandated retrofit cycles and general aviation fleet modernisation. The expanding Autonomi safety technology family - Autoland, Smart Glide, Electronic Stability & Protection, and Emergency Descent Mode - is under active FAA qualification for a broader range of aircraft types, with each new certification milestone driving incremental retrofit demand in a non-discretionary customer base. FY2025 Aviation guidance of +10% growth, recovering from +4% in FY2024, reflects increasing retrofit cycle activity. FltPlan.com, Garmin Pilot, and aviation data subscriptions provide growing recurring revenue quality, justifying a higher implied terminal growth rate relative to consumer wearables segments in the DCF.

Catalyst 5: EU Digital Markets Act - Forced iPhone API Access for Garmin Wearables

An underappreciated medium-term catalyst is the EU Digital Markets Act enforcement driving regulatory pressure on Apple to open iOS features: including iMessage, Apple Health write access, and Find My, to third-party wearable devices. Garmin has been explicit that its LTE smart features are materially constrained by Apple's restriction of iPhone integrations, limiting Garmin Messenger's utility to Garmin-to-Garmin contacts only. Mandatory API access would transform Garmin's LTE-equipped devices: Fenix 8 Pro, Bounce 2, and prospective Forerunner 975/575 LTE, into full-capability smart companions for iPhone users, removing the single largest functional objection versus Apple Watch. This represents non-linear upside not yet reflected in consensus estimates, with the highest impact in EU and UK markets where Garmin's premium positioning is strongest.

Upcoming Product, Competitors, & Regulatory Catalysts

Timing	Catalyst / Event	Segment	Probability
Q1 2026 (Launched)	CIRQA health band (Whoop competitor); Vivosmart 6; Quatix 8 Pro	Fitness / Marine	Confirmed ✓
Q2 2026 – May	Forerunner 170 refresh; Forerunner 975 & 575 LTE (speculated)	Fitness	High / Possible
Q2 2026 – Jun	Edge 1060 cycling computer launch	Fitness	High
Q3 2026 – Aug	Enduro 4 ultra-running watch; Garmin SmO2 oxygen sensor	Outdoor / Fitness	Certain
Q3 2026 – Sep	MARQ Gen 3 luxury tool watch refresh (>\$1,500 ASP)	Outdoor	Likely
Q3 2026 – Sep	Apple Watch 12 & Ultra 4 launch (competitive risk event)	External Risk	Certain ⚠
Q3 2026 – Sep	Fenix 9 reveal / early launch; Venu X1 Pro LTE	Outdoor / Fitness	Certain
Q4 2026 – Oct	Descent Mk4 dive computer	Outdoor	Certain
Q4 2026 – Nov	Tacx Neo 4 indoor trainer	Fitness	Possible
Ongoing 2026	FAA Autonomi certifications; FltPlan.com subscription growth	Aviation	High
Medium-term	EU DMA: Apple forced to open iPhone APIs to Garmin LTE devices	Fitness / All	Uncertain

Elphinstone Research Group



Disclosure

This report was prepared by Elphinstone Research Group for academic and educational purposes only. The author does not hold a financial interest in Garmin Ltd (NYSE: GRMN).

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