ModernGraham Valuation

MG
ModernGraham

Company Name: Garmin Ltd.

Company Ticker	GRMN
Date of Analysis	3/7/2017

Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1.	Adequate Size of the Enterprise	Market Cap > $2Bil	$9,790,457,089	Pass
2.	Sufficiently Strong Financial Condition	Current Ratio > 2	2.89	Pass
3.	Earnings Stability	Positive EPS for 10 years prior		Pass
4.	Dividend Record	Dividend Payments for 10 years prior		Pass
5.	Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-23.26%	Fail
6.	Moderate PEmg Ratio	PEmg < 20	20.67	Fail
7.	Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.86	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1.	Sufficiently Strong Financial Condition	Current Ratio > 1.5	2.89	Pass
2.	Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	Pass
3.	Earnings Stability	Positive EPS for 5 years prior		Pass
4.	Dividend Record	Currently Pays Dividend		Pass
5.	Earnings Growth	EPSmg greater than 5 years ago		Fail
		Score		

Suitability

Defensive	**No**
Enterprising	**Yes**

Stage 2: Determination of Intrinsic Value

EPSmg	$2.50
MG Growth Estimate	-2.23%
MG Value	**$10.10**
MG Value based on 3% Growth	$36.25
MG Value based on 0% Growth	$21.25
Market Implied Growth Rate	6.09%

MG Opinion

Current Price	$51.68
% of Intrinsic Value	511.79%
Opinion	**Overvalued**
MG Grade	**C+**

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	$6.10
Graham Number	$32.13
PEmg	20.67
Current Ratio	2.89
PB Ratio	2.86
Current Dividend	$2.04
Dividend Yield	3.95%
Number of Consecutive Years of Dividend Growth	8

Useful Links:	ModernGraham tagged articles	Morningstar
	Google Finance	MSN Money
	Yahoo Finance	Seeking Alpha
	GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	$2.53	Next Fiscal Year Estimate	$2.50
Dec2016	$2.70	Dec2016	$2.51
Dec2015	$2.39	Dec2015	$2.47
Dec2014	$1.88	Dec2014	$2.56
Dec2013	$3.12	Dec2013	$2.94
Dec2012	$2.76	Dec2012	$2.92
Dec2011	$2.67	Dec2011	$3.10
Dec2010	$2.95	Dec2010	$3.29
Dec2009	$3.50	Dec2009	$3.28
Dec2008	$3.48	Dec2008	$2.92
Dec2007	$3.89	Dec2007	$2.39
Dec2006	$2.35	Dec2006	$1.51
Dec2005	$1.43	Dec2005	$1.01
Dec2004	$0.95	Dec2004	$0.77
Dec2003	$0.82	Dec2003	$0.65
Dec2002	$0.66	Dec2002	$0.51
Dec2001	$0.53	Dec2001	$0.38
Dec2000	$0.53	**Balance Sheet Information**	**12/1/2016**
Dec1999	$0.32	Total Current Assets	$2,263,016,000
Dec1998	$0.00	Total Current Liabilities	$782,735,000
Dec1997	$0.00	Long-Term Debt	$0
		Total Assets	$4,525,133,000
		Intangible Assets	$305,002,000
		Total Liabilities	$1,107,130,000
		Shares Outstanding (Diluted Average)	189,343,000

MG Value and Stock Price

EPSmg

Price and PEmg

Graham Number and Stock Price

Dividend History

Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company	Garmin Limited Valuation – August 2016 $GRMN
	Garmin Ltd Stock Valuation – February 2016 $GRMN
	Garmin Limited Analysis – September 2015 Update $GRMN
	Garmin Limited Analysis – June 2015 Update $GRMN
	18 Companies in the Spotlight This Week – 3/15/15
Other ModernGraham posts about related companies	Hewlett Packard Enterprise Co Valuation – Initial Valuation $HPE
	Fortive Corp Valuation – Initial Coverage $FTV
	Analog Devices Inc Valuation – February 2017 $ADI
	Micron Technology Inc Valuation – February 2017 $MU
	Amphenol Corp Valuation – February 2017 $APH
	Kopin Corporation Valuation – Initial Coverage $KOPN
	Xilinx Inc Valuation – February 2017 $XLNX
	Western Digital Corporation Valuation – February 2017 $WDC
	Texas Instruments Inc Valuation – February 2017 $TXN
	Knowles Corp Valuation – Initial Coverage $KN