

ModernGraham Valuation

Company Name:

Garmin Ltd.

Company Ticker GRMN

Date of Analysis

3/22/2019



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	\$15,869,253,764	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
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	30.79%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	24.34	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.82	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		Pass
	Score		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.43
MG Growth Estimate	5.85%
MG Value	\$69.35
MG Value based on 3% Growth	\$49.75
MG Value based on 0% Growth	\$29.17
Market Implied Growth Rate	7.92%

MG Opinion

Current Price	\$83.51
% of Intrinsic Value	120.42%
Opinion	Overvalued
MG Grade	C+

Stage 3: Information for Further Research

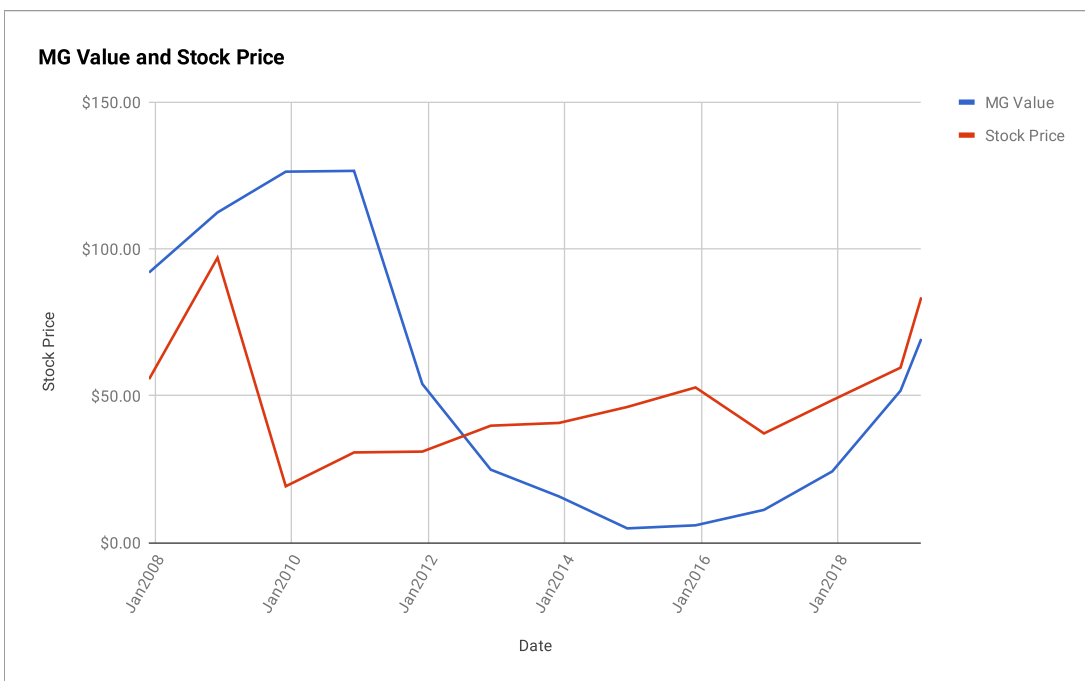
Net Current Asset Value (NCAV)	\$7.60
Graham Number	\$41.91
PEmg	24.34
Current Ratio	2.89
PB Ratio	3.82
Current Dividend	\$2.10
Dividend Yield	2.51%
Number of Consecutive Years of Dividend Growth	1

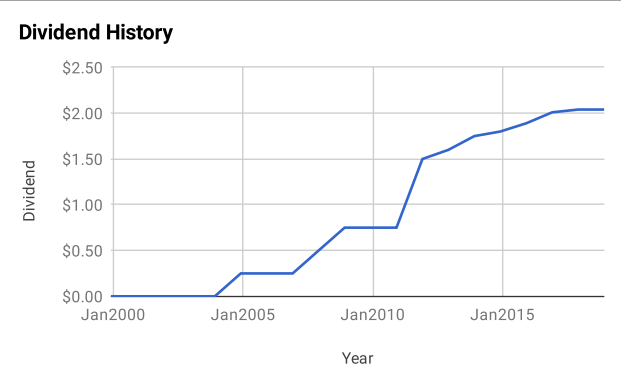
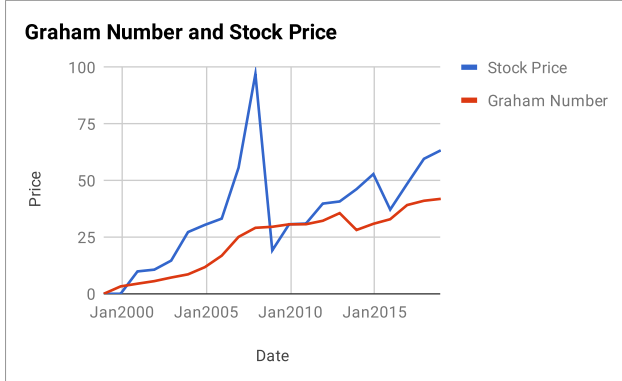
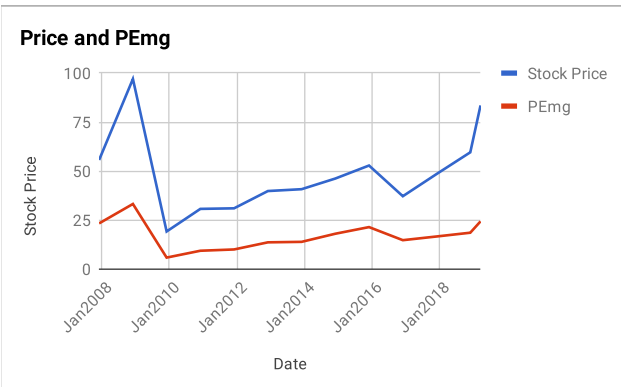
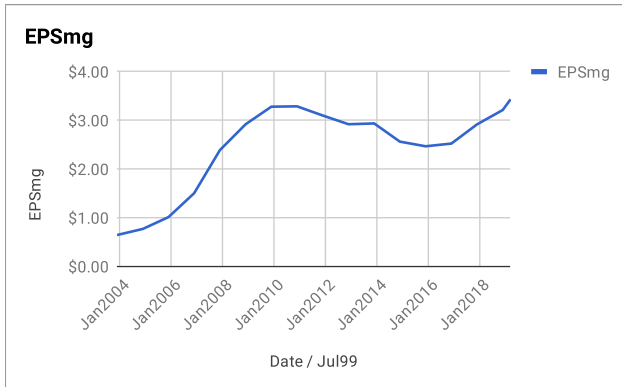
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.54	Next Fiscal Year Estimate	\$3.43
Dec2018	\$3.66	Dec2018	\$3.21
Dec2017	\$3.76	Dec2017	\$2.92
Dec2016	\$2.73	Dec2016	\$2.52
Dec2015	\$2.39	Dec2015	\$2.47
Dec2014	\$1.88	Dec2014	\$2.56
Dec2013	\$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	Balance Sheet Information	12/1/2018
Dec2001	\$0.53	Total Current Assets	\$2,665,368,000
Dec2000	\$0.53	Total Current Liabilities	\$921,313,000
Dec1999	\$0.32	Long-Term Debt	\$0
		Total Assets	\$5,382,858,000
		Intangible Assets	\$417,080,000
		Total Liabilities	\$1,219,884,000
		Shares Outstanding (Diluted Average)	190,178,000





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 Ltd Valuation – June 2018 \\$GRMN](#)
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- [Garmin Limited Valuation – August 2016 \\$GRMN](#)
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