



NYSE: \$232.95

Rating: Hold
Target: \$243.86
Market Cap:
\$44.95 Billion

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Technology Sector

Garmin Ltd (GRMN)

- **2025 Results:** Garmin delivered record full-year 2025 revenue of \$7.25 billion, up 15% year-on-year, with all five business segments posting all-time revenue highs. Operating margin improved to 25.9%, and operating income rose 18% to \$1.88 billion. The fitness segment was the standout performer, with revenue up 34% to \$2.37 billion for the year. Marine revenue grew 10% to \$1.17 billion, aviation rose 13%, and Auto OEM increased 9% to \$665 million. The results reflect the strength of Garmin's multi-segment model, with the company shipping more than 20 million products for the first time in its history.
- **FY26 Guidance:** For the full fiscal year 2026, Garmin has guided revenue of approximately \$7.9bn, representing growth of around 9% over 2025's record results. Pro forma EPS guidance stands at \$9.35. This follows a strong FY25 in which the company delivered record full-year revenue and pro forma EPS of \$8.56, up 16% on the prior year. The guidance reflects continued momentum across fitness and aviation, though the outdoor segment is expected to face a tougher comparable period following the Fenix 8 launch cycle.
- **Catalysts:** Several near-term catalysts support the investment case. Continued growth in Garmin Connect+ subscriptions represent an expanding recurring revenue stream with strong margin characteristics. The aviation segment benefits from a long pipeline of certification wins, including the G3000 PRIME flight deck selected for new Pilatus aircraft. The fitness segment, which grew 30% in Q3 2025, is expected to sustain elevated growth rates driven by advanced wearables demand. Longer term, further Auto OEM contract wins and the rollout of AI-powered health features through Garmin Active Intelligence could materially expand the addressable market.
- **Target Price Justification:** The DCF model, based on revenue growing from \$7.9bn in 2026 to \$10.6bn by 2030 and EBIT margins expanding from 26% to 30%, produces an intrinsic value of \$243.86 per share against a current price of \$232.95, producing an upside of approximately 5%. This is supported by Garmin's strong net cash position of \$2.6bn, consistent free cash flow generation, and a track record of earnings beats. The target price of \$243.86 reflects a base case; positive surprises in fitness growth or further Auto OEM wins could push the fair value toward the upper end of the \$235–\$255 range identified in this analysis.

Company & Industry Overview

Introduction

Garmin Ltd. Was originally built around GPS navigation hardware. However, the business has evolved and now stretches across five segments: fitness, outdoor, aviation, marine, and auto OEM. In 2025, Garmin reported record revenue of \$7.25 billion and EPS of \$8.56, with all five segments reaching all-time revenue highs. This report assesses whether the current share price of \$232.95 fairly reflects the quality of the business and its long-term earnings potential.

Business Segments

Breaking down Garmin's five distinct segments we see that the fitness function is the largest and fastest growing, up 33% in 2025 is benefiting from rising consumer demand for premium GPS wearables and health monitoring devices. The outdoor segment is supported by long-term trends in recreational activity. Aviation is arguably the most attractive segment from an investment standpoint - the market is heavily regulated, certification processes are long, and supplier relationships are typically long lasting. Garmin is a leading aircraft electronics provider in general aviation. Marine is a more niche market but one where Garmin holds a strong position and benefits from premium pricing. Auto OEMs: the car makers that buy in electronics and software for new vehicles are the most cyclical part of the business because they move with production volumes. Recent wins in infotainment and domain controllers mean this segment is now contributing more to group revenue

Competitor Analysis

No single company replicates Garmin's business mix, which makes direct peer comparison difficult. In fitness and wearables, Apple dominates the broader smartwatch market by volume, though it competes on lifestyle and ecosystem rather than GPS performance. From a performance athlete perspective, COROS and Polar are closer rivals. In aviation, Honeywell and Collins Aerospace are the main competitors, but Garmin's long-standing relationships and regulatory certifications make it hard to beat. In marine, Raymarine, Humminbird, and Lowrance are the primary competitors, though Garmin's integrated product ecosystem gives it an advantage with existing customers. In auto OEM, Garmin faces larger suppliers such as Bosch and Continental, as well as software platforms like Google's Android Automotive. The lack of a single direct peer makes benchmarking challenging, but Garmin's diversification also means it is not fully exposed to any one market.

Qualitative Factors

1. Business Model & Revenue Quality

The Business Model of Garmin Ltd. is centred on the design, development, manufacturing and distribution of GPS-enabled and sensor-based products across multiple technology-driven markets. The company serves five primary markets: fitness, outdoor recreation, aviation, marine, and automotive original equipment manufacturers (OEMs). The company offers a wide range of navigation, communication, and information products designed for these segments (Garmin Ltd., 2025, p.4). This diversified structure allows Garmin to leverage common technological skills across multiple industries while reducing the reliance on any single product category.

Segment Diversification

Garmin serves five primary markets: Fitness, Outdoor, Aviation, Marine and Auto OEM (Garmin Ltd., 2025, p.4). Each segment addresses distinct customer needs while leveraging common technological capabilities such as satellite positioning, sensors, mapping software, and communication technologies. The products offered range from wearable fitness trackers and outdoor adventure watches to avionics systems, marine electronics, and in-vehicle infotainment solutions (Garmin Ltd., 2025, pp. 5-9).

This diversification allows Garmin to reduce reliance on any single end market while exploiting shared technological competencies across segments. Customer-oriented segments such as Fitness and Outdoor generate demand through lifestyle and recreational activities, whereas Aviation and Marine products serve professional and operational applications. The Auto OEM segment further expands Garmin's technological integration into automotive systems through partnerships with vehicle manufacturers.

Revenue Mix Quality

Garmin's revenue mix reflects a combination of discretionary consumer products and mission-critical navigation systems. Fitness and outdoor products, including smartwatches, cycling devices, and handheld navigation units, primarily target consumer markets focused on health, sports, and recreation (Garmin Ltd., 2025, pp. 5-6). Demand in these categories is influenced by product innovation cycles and consumer spending patterns.

In contrast, the Aviation and Marine segments provide systems embedded in operational environments, including integrated flight decks, radar systems, sonar technologies, and navigation instruments (Garmin Ltd., 2025, pp. 7-9). These systems often require regulatory certification, technical integration, and specialised installation, creating higher switching costs and longer product replacement cycles.

As a result, these segments tend to provide more stable demand compared with consumer electronics.

Earnings Durability

Garmin's earnings durability is supported by the integration of its products within long-lifecycle systems and by the presence of an installed product base. In aviation, avionics systems are sold both directly to aircraft manufacturers and through a global dealer network for retrofit installations on existing aircraft (Garmin Ltd., 2025, p.7). Similarly, marine electronics such as chart plotters, sonar systems, and radar equipment are integrated into vessels and often remain in place throughout extended operational lifecycles (Garmin Ltd., 2025, pp.8-9).

Additionally, certain Garmin products provide access to digital services or connected platforms, which can enhance customer engagement and support recurring service opportunities (Garmin Ltd., 2025, p.5). These characteristics help support ongoing demand beyond initial product purchases.

Margin Structure Logic

Garmin's profitability is structurally supported by its vertically integrated operating model and strong internal research and development capabilities. Product innovation is driven by an in-house engineering organisation that includes software engineers, electrical engineers, mechanical engineers, and industrial designers working in close collaboration with manufacturing teams (Garmin Ltd., 2025, p.11).

The company also operates its own manufacturing facilities in multiple global locations, which allows it to maintain control over product cost, quality, and time-to-market (Garmin Ltd., 2025, p. 11). Vertical integration enables rapid prototyping, improves manufacturing efficiency, and enhances product quality through tighter coordination between design and production processes.

Distribution Network

Garmin distributes its products through a diverse global sales network that includes retailers, distributors, dealers, installation partners, and original equipment manufacturers, in addition to direct online sales channels (Garmin Ltd., 2025, p.10). This multi-channel distribution model helps reduce reliance on any single customer group and enables the company to reach both consumer and professional markets.

Seasonality

Although Garmin operates across multiple industries, some degree of seasonality remains present within its business model. Sales of consumer products typically peak during the fourth quarter due to holiday demand, while marine products often experience stronger demand ahead of the summer boating season (Garmin Ltd., 2025, p. 12). In contrast, aviation and auto OEM revenues are influenced more by aircraft certification cycles and automotive production schedules (Garmin Ltd., 2025, p. 12).

However, the company's diversified exposure across consumer and professional markets helps mitigate the impact of seasonal fluctuations and demand cycles at the consolidated level.

2. Sources of Competitive Advantage (moat drivers)

The competitive position of Garmin Ltd. is supported by a combination of strong internal engineering capabilities, vertically integrated operations, and ecosystem-based customer relationships. Together, these factors contribute to the company's ability to differentiate its products and maintain a competitive presence across multiple markets.

Technological Capabilities

A key component of Garmin's competitive advantage is its emphasis on internal research and development. Product innovation is driven by an in-house engineering organisation consisting of software, electrical, and mechanical engineers working closely with manufacturing teams (Garmin Ltd., 2025, p.11). This internal development structure allows Garmin to integrate hardware and software technologies and to tailor products to specialised markets such as aviation, marine navigation, and wearable fitness devices.

Vertical Integration

Another important advantage is Garmin's vertically integrated manufacturing model. The company operates manufacturing facilities in multiple global locations, allowing it to maintain control over production processes and coordinate closely with product development teams (Garmin Ltd., 2025, p. 11). This structure can improve cost efficiency, product quality, and time-to-market while reducing reliance on external manufacturers.

Ecosystem Integration

Garmin also benefits from ecosystem effects created by its digital platforms. Applications such as Garmin Connect enable users to track activities, analyse performance data, and interact with other users, enhancing the functionality of Garmin devices (Garmin Ltd., 2025, p.5). The integration of hardware and software platforms can increase customer switching costs by embedding users within Garmin's data ecosystem.

Overall, these technological, operational, and ecosystem-based advantages support Garmin's ability to differentiate its products and sustain competitive positioning across its core markets.

3. Management Quality & Corporate Strategy

Garmin's strategy is strongly rooted in its engineering-oriented corporate culture. Product development is led by internal engineering teams that collaborate closely with manufacturing and design functions to develop new technologies and improve existing products (Garmin Ltd., 2025, p.11). This close integration between engineering and operations allows the company to move efficiently from concept development to manufacturing while maintaining control over product quality and performance. The company's emphasis on engineering capabilities reflects a broader strategic attention to innovation and technical expertise as key drivers of competitive advantage. By investing heavily in internal product development, Garmin aims to maintain technological leadership in the specialised markets it serves.

Strategic Focus and Market Positioning

Garmin's corporate strategy centres on serving specialised markets where advanced navigation, positioning, and sensor technologies provide a clear value to customers. These markets include aviation avionics, marine electronics, wearable fitness technology, and automotive systems (Garmin Ltd., 2025, pp.4-10). By focusing on multiple technology-driven markets that share the common technological foundations, Garmin is able to leverage core capabilities across different industries while diversifying its revenue base.

This strategic diversification allows the company to balance consumer-oriented markets, such as fitness wearables, with more specialised professional segments such as aviation and marine systems. Such diversification can help reduce dependence on any single market and improve the resilience of overall business performance.

Overall, Garmin's management strategy combines technological innovation and diversified market exposure, which contribute to the company's ability to sustain long-term competitiveness across its core markets.

4. Brand Strength and Customer Loyalty

The brand reputation of Garmin Ltd. represents an important intangible asset supporting the company's long-term competitive position. Across its core markets, Garmin has developed a reputation for reliability, technological innovation, and high product performance, particularly in applications when accurate navigation and sensor technology are essential.

Brand Reputation in Specialised Markets

Garmin's brand strength is closely linked to the specialised markets it serves. The company designs, develops, manufactures, markets, and distributes a diverse portfolio of navigation, communication, and sensor-based products across five primary markets: fitness, outdoor, aviation, marine, and auto OEM (Garmin Ltd., 2025, p.4). These products often incorporate advanced positioning technologies such as GPS and other global navigation satellite

systems to support navigation, tracking, and data analysis capabilities (Garmin Ltd., 2025, p.4).

Garmin has established a strong reputation in safety-critical sectors such as aviation and marine electronics. In these markets, navigation systems and avionics are essential for operational safety and situational awareness, making product reliability and technological accuracy especially important for customers.

Ecosystem and User Engagement

Garmin has further strengthened customer loyalty through the development of its digital ecosystem. Platforms such as Garmin Connect allow users to track and analyse fitness activities, workouts, and wellness data through web and mobile applications. These platforms also enable users to share achievements, participate in training groups, and engage with other users within the Garmin community (Garmin Ltd., 2025, p. 5).

Additionally, Garmin provides the Connect IQ platform, which enables third-party developers to create applications, widgets, and watch faces that can be downloaded and used on compatible Garmin devices (Garmin Ltd., 2025, p. 5). This open development environment expands the functionality of Garmin devices and enhances the user experience.

Customer Loyalty and Product Integration

Garmin's product ecosystem also contributes to long-term customer retention. Many Garmin devices are designed to integrate with one another and with the company's digital platforms, allowing users to track activities, analyse performance metrics, and manage multiple devices within a single connected system (Garmin Ltd., 2025, p.5).

As users accumulate historical data, customised applications, and device integrations within the Garmin ecosystem, switching to alternative platforms may become less attractive. These ecosystem effects help reinforce customer loyalty and strengthen Garmin's long-term competitive positioning.

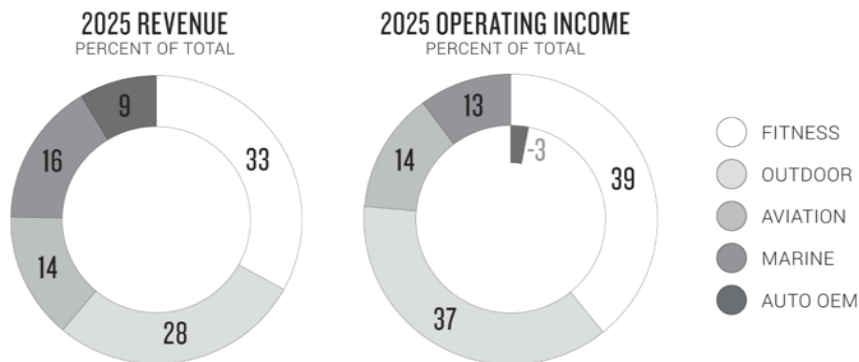
Overall, Garmin's strong brand reputation, specialised product focus, and integrated digital ecosystem contribute to sustained customer engagement and loyalty. These factors enhance the company's ability to retain users across product generations and support its competitive position within the markets it serves.

Quantitative Factors

Revenue Growth

| Year | Annual Revenue (\$M) | Growth (YoY%) |
|------|----------------------|---------------|
| 2019 | 3,758 | - |
| 2020 | 4,187 | 11.42 |
| 2021 | 4,983 | 19.01 |
| 2022 | 4,860 | -2.47 |
| 2023 | 5,228 | 7.57 |
| 2024 | 6,297 | 20.44 |
| 2025 | 7,245 | 15.05 |

Garmin’s overall top line has grown with revenue growing from \$3.8bn in 2019 to \$7.2 bn in 2025 (around 11.6% CAGR). Although recent momentum is accelerating with their most recent revenues growing 15.1% YoY (Garmin Ltd., 2025)



| Segment | 2025 Revenue | 2024 Revenue | YoY Growth |
|--------------|----------------|----------------|------------|
| Fitness | \$2.37B | \$1.77B | 34% |
| Outdoor | \$2.05B | \$1.96B | 5% |
| Aviation | \$0.99B | \$0.88B | 13% |
| Marine | \$1.17B | \$1.07B | 9% |
| Auto OEM | \$0.66B | \$0.61B | 9% |
| Total | \$7.25B | \$6.30B | 15% |

All five of Garmin’s business segments have contributed to its recent increase in growth. Their Fitness and Outdoor segments continue to be the largest, accounting for 33% and 28% of total revenue respectively. The fitness segment most notably grew 34% YoY this was

driven by robust demand for premium smartwatches, including their Fenix and Epix product lines. The company has also successfully gained market share from its core competitors Apple and Samsung by differentiating their products through having more advanced health analytic, longer battery life, and better sports features. This positions the company well in the rapidly growing fitness technology market.

Profitability

Garmin demonstrates strong profitability across its income statement; this is supported by their premium product positioning and diversified different technology markets.

Gross Profitability

Garmin maintains high gross margins relative to most consumer electronics firms, reflecting its focus on specialized products rather than commoditized hardware. This is shown by the fact that the average gross profit margin for a computer hardware company is 34.3% (FullRatio, 2025) whereas gross margin for Garmin 59% in 2025 (Garmin Ltd., 2025). This difference is driven by the company's favorable product mix and having stronger growth in higher-margin segments such as fitness and aviation.

Net Profitability

Garmin continues to generate strong bottom-line profitability. Net income was \$1.63bn in 2025, with net margin of around 22–23% (Garmin Ltd., 2025). These margins again highlight Garmin is amongst the most profitable companies within the broader consumer technology and wearable device sector.

Return on Capital

Garmin also generates strong returns on capital, reflecting efficient use of shareholder funds and limited reliance on debt financing. The company recorded a return on equity (ROE) of approximately 19.44% in 2025 (Tradingview.com, 2026). This indicates that Garmin can generate returns above its cost of capital, again highlighting the strength of its competitive positioning and product strategy.

Stock History

From 2024 to Early 2025 the stock achieved extremely high returns (97.5%) widely outperforming the broader market. At the same time the stock has experienced moderate amounts of volatility maintaining a beta (5 year) of 0.95 (Tradingview.com, 2026). This suggests that the stock's movements are broadly in line with the overall market. This means that investors have been rewarded with strong returns without taking on significantly higher market risk.

Balance Sheet (Garmin Ltd., 2025)

Garmin maintains an exceptionally strong balance sheet. The company hold approximately \$4.0 billion in cash and marketable securities, comprising roughly \$2.3 billion in cash and cash equivalents and around \$1.7 billion in investments. Garmin is unique in that it has maintained no long-term debt. The unique structure of their balance sheets allows them to retain significant flexibility and independence and allows them to remain competitive during economic downturns. This also allows Garmin to sustain significant investment in innovation while maintaining shareholder returns. In 2025, research and development expenditure exceeded \$1.1 billion, at the same time the company also offered a dividend of \$3.60 per share, highlighting it is their unique capital structure which allows them to spend to highlight R&D .

Valuation Multiples

Garmin typically trades at a premium relative to traditional consumer electronics manufacturers due to its strong profitability, consistent cash generation, and exposure to specialized technology markets such as aviation, marine and fitness wearables.

Following strong revenue and earnings growth in 2025, Garmin's valuation multiples remain elevated compared with many hardware peers. As of early 2026, the company trades at 21.45× EV/EBITDA, while its trailing price-to-earnings (P/E) ratio of 28.34 (Yahoo Finance, 2026). These multiples are above those typically observed for broader electronics manufacturers, which often trade closer to the mid-teens earnings range.

The premium valuation largely reflects Garmin's strong margins, high returns on capital and resilient balance sheet, as well as its positioning within specialized niche markets where competition is relatively limited. High-margin segments such as aviation and fitness wearables support strong cash generation and earnings visibility.

Valuation

GARMIN — EQUITY VALUATION SUMMARY

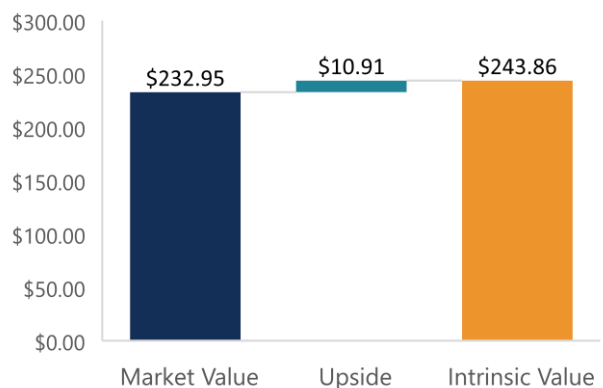
Discounted Cash Flow & Market Comparables Analysis

Intrinsic Value: \$243.86/share | Current Price: \$232.95 | Upside: +4.7% |

Assumptions

| | |
|-----------------------|---------------|
| Tax Rate | 21% |
| Discount Rate | 9.0% |
| Perpetual Growth Rate | 2.0% |
| EV/EBITDA Multiple | 21.5x |
| Transaction Date | 01/01/2026 |
| Fiscal Year End | 31/12/2026 |
| Current Price | 232.95 |
| Shares Outstanding | 192,600,000 |
| Debt | 164,835,000 |
| Cash | 2,737,848,000 |
| Capex | 270,000,000 |

Market Value vs Intrinsic Value



Investment Thesis

With a solid understanding of the main aspects of Garmin's business, this valuation brings in insights various sections of the report to provide a comprehensive view of the company's fair value, helping to determine whether the company is undervalued and a suitable investment for the university-managed fund. All financial data used in the model is taken from Garmin's 10-K filings, quarterly earnings releases, and additional data is from StockAnalysis.com.

Method

Given Garmin's reasonably forecastable future cash flows and the intrinsic value drivers, including its moat across aviation, marine, outdoor, and automotive markets, growing recurring revenue streams through subscriptions, diversification across five business segments, and strong brand loyalty built through ecosystem lock-in. The most appropriate method to valuing Garmin is the Discounted Cash Flow (DCF) model.

Peer comparison will also be utilised in the analysis to support the findings and provide a better understanding of the fair value of Garmin.

Discounted Cash Flow

We forecast Garmin's revenue to grow from \$7.9bn in 2026 to approximately \$10.6bn in 2030, with EBIT margins increasing from 26% to 30% as operating leverage, scale efficiencies, and the growth of higher-margin segments improve profitability. Using a WACC of 9% and a long-term perpetual growth rate of 2%, the model produces an enterprise value of \$44.4bn. After adjusting for net cash, the implied equity value is \$47.0bn. Dividing the equity value by ~193 million shares outstanding implies a value of \$243.86 per share. This suggests the shares are modestly undervalued relative to the current market price of \$232.95. However, valuation is sensitive to margin assumptions, revenue growth, and the chosen discount rate.

Peer Comparison

On a price-to-earnings basis, Garmin trades at a similar multiple to its main competitors across different segments. However, the comparison between competitors is difficult due to the diverse nature of Garmin's business model, making their closest competitors imperfect comparables at best, as each only overlaps with one or two of Garmin's five segments rather than the business as a whole.

Fair Value Estimate

The DCF suggests a value of around \$244 per share, which is slightly higher than the current price of \$232.95. Cross-checking this against the relative valuation, Garmin also looks reasonably priced relative to the broader market.

Taking these results, a fair value somewhere in the region of \$240–250 per share seems reasonable. This range reflects both the cash-flow fundamentals and how the market typically values companies of a similar size and profile.

Investment Recommendation

Overall, the valuation work indicates that Garmin is trading close to but below its estimated fair value, with a modest upside of approximately 4.7% to our intrinsic estimate of \$243.86. While the fundamentals are sound and the company continues to improve its profitability and cash-flow outlook, the limited margin of safety at current prices does not justify a new position. Given this combination of factors, the appropriate recommendation is to keep an eye on the company's performance as well as the share price itself to see if there is any divergence from the fair value, where it would be appropriate to take up a position.

Risks

1. Operational and Economics risks

1.1 Product Innovation Risk

Garmin depends heavily on continued product development and successful product launches. The company states that a significant portion of revenue comes from newly introduced products, meaning failure to develop or produce competitive products on time could reduce demand, sales and profits. (Garmin Ltd., 10-K report 2025)

Key considerations:

- Garmin operates in a fast-moving product market where technology and customer preferences evolved rapidly. If products are not up to date with industry standards and expectations, they risk becoming less competitive.
- Company must keep investing in R&D to support the generation of new products and consistently improve existing ones.
- Garmin also faces strong competition across its product categories, weaker competitive positioning could lead to price reductions and loss of market share.

Risk conclusion:

Product innovation is one of Garmin's clearest core risks as the company's growth depends on consistently producing high quality products to the market and being up to date with industry standards.

1.2 Taiwanese Suppliers Supply Chain Risk

Garmin relies on third-party suppliers for key component and has a large manufacturing exposure in Taiwan. Due to geopolitical situations in Taiwan the business is left vulnerable to unique economic and political issues that can induce shortages, delays and difficulties in operation. (Garmin Ltd., 10-K report 2025)

Key considerations:

- Garmin states that its principal manufacturing facilities for consumer products are located in Taiwan. The political risk comes from the fact that the PRC (Peoples Republic of China) claims sovereignty over Taiwan and does not recognise the legitimacy of the Taiwan government.
- Due to this instability, necessary key components face the risk of supplying shortages and disruptions. Global shortages of essential components can lead to slower operations and higher manufacturing and product costs.
- The company has a large exposure in owned manufacturing facilities in Taiwan, making this region instrumental to its operations. Any geopolitical disputes in Taiwan could disrupt manufacturing, which would directly affect output and earnings.

Risk conclusion:

Supply chain disruption and Taiwan concentration represent a major operational risk for Garmin. Any shock to sourcing or manufacturing could damage production efficiency, profitability and earnings visibility.

2. Regulatory and Legal risks

2.1 Cybersecurity and data privacy risk

As Garmin expands its connected products and digital services, cybersecurity and data protection becoming increasingly important. The company collects, stores, processes and uses personal information and other user data (height, weight, age, gender, sleeping patterns and GPS-based location). This exposes the company to cybersecurity and major data-related risks. (Garmin Ltd., 2025)

Key considerations:

- Garmin is subject to a variety of United States and international laws, regulations and other legal obligation regarding user data privacy. Due to the continuous development of laws from jurisdiction to jurisdiction paired with the global landscape of Garmin's products noncompliance from the company across operating regions can lead to significant penalties, regulatory proceeding and reputational harm.
- Garmin operates a third-party risk management program, aligned to the National Institute of Standards and Technology (NIST) Cybersecurity Framework. If these providers fail to maintain suitable procedures or suffer a breach, Garmin can be faced with data exposure, disruption and loss of customer trust.

Risk conclusion:

Cybersecurity is a meaningful legal and reputational risk for Garmin as any major failure in its systems or third-party connections could disrupt operations, expose sensitive information and weaken consumer trust

3 Conclusion

Garmin's most important risks are product innovation, supply chain disruptions and cybersecurity. These matter as they connect directly to company's revenue strength, operations and reputation.

ESG

Garmin's Environmental, social and governance (ESG) profile reflects the company's reputation as a global manufacturer of technology products. Operating across several jurisdictions with changing environmental and social regulations, Garmin must comply with all legal requirements to operate in certain markets. (Garmin Ltd., 2025)

1 Environmental Factors (E)

Key considerations:

- Garmin has implemented multiple environmental management system and achieved certification to the ISO 14001 standard for Environmental Management at facilities in the U.S., U.K., Taiwan, Poland, and China. Additionally, Garmin has achieved certification to the ISO 50001 standard for Energy Management at its manufacturing facilities in Taiwan.
- Garmin actively manages its environmental impact through continuous assessment and reviewing its sustainability efforts. The company reduces its greenhouse gas emissions through direct carbon emissions reduction.
- Certain Garmin facilities utilise renewable electricity through power purchase agreements with utility providers.

Environmental conclusion:

Overall, Garmin's environmental looks responsibly and well managed. The company makes efforts to reduce greenhouse gas emissions and continuously works to reduce waste and increase renewable electricity utilisation. Garmin has processes to monitor environmental law change and adherence to them. (Garmin Ltd., 10-K report 2025)

2 Social Factors (S)

Key considerations:

- Garmin's strategy depends on attracting, developing and retaining skilled employees through the provision of opportunities for its employees to grow and develop. As of December 2025, it employed around 23,000 people globally, including roughly 6,500 in engineering and development and 10,200 in manufacturing.
- Garmin invests in significant resources in talent development programs to provide employees with necessary training and education to build relevant skills.

Additionally, the company supports local community engagement initiatives through active involvement in STEM community outreach programs.

- As Garmin products become more connected, the company's handling of user information becomes part of its broader social responsibility.

Social conclusion:

Garmin's main social issues are talent retention/growth and responsible handling of customer data. These are central to brand trust and long-term growth.

3 Governance Factors (G)

Key considerations:

- Garmin's board of directors oversees risk, including risks from cybersecurity threats. Additionally, the head of cybersecurity provides an update of the company's cybersecurity practices, risk and risk management strategies to the board.
- The Audit Committee is full independent, and its members are identified as financial experts under SEC regulations
- Garmin also has an insider trading policy, indicating fair compliance procedures.

Governance conclusion:

Governance is an overall strength for Garmin. Independent oversight, compliance policies and a board-level risk involvement support long term trust and accountability (Garmin Ltd., 2025)

Overall ESG Conclusion

From an ESG perspective environmental and social issues are mainly tied to manufacturing, product reliability and data handling.

Summary

Garmin is a profitable, cash-generative business with a strong balance sheet and a track record of consistent earnings growth across its five segments. While exposure to consumer spending cycles and increasing competition in the wearables space remain key risks, the company's expanding margins, significant net cash position, and diversified revenue base support a stable long-term outlook. Based on the valuation analysis and peer comparison, Garmin appears modestly undervalued and represents a “hold”.

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