



## Garmin Calls Bought as Breakout to New Highs Nears

**Ticker/Price:** GRMN (\$97.40)

### Analysis:

**Garmin (GRMN)** with buyers of 1,200 January \$95 calls today up to \$3.70 to open, name trading in a narrow flag after earnings in late October. GRMN has seen smaller buys in the July \$105 calls recently with short puts in the Jan. 2021 \$72.50 and \$70 strikes. Shares have run strong since mid-July after two straight strong quarters and a move above \$98/\$99 has room up to \$110. RSI is turning the corner a bit after resetting from overbought conditions and plenty of room to run. The \$18.66B company trades 22.5X earnings, 5.2X sales, and 14.5X cash with a 2.3% yield. GRMN is guiding to accelerating EPS growth in FY20 and FY21 with sales up 4-5%. GRMN is a hugely diverse company with exposure to fitness wearables, outdoor products like mapping systems, marine tech, automotive solutions, and even aviation through their autonomous flight software. The company has been busy with more than 100 product launches in the last two years and considers themselves in the early innings of automotive and aviation penetration while military applications a new area where they intend to focus on in 2020. GRMN has a deep portfolio of IP as well that gives them a tech advantage for new products well into the future. Short interest is 1.8% and near decade-lows. Hedge fund ownership rose 26.4% in Q3. Analysts have an average target for shares of \$78 with limited coverage. MSCO a Street High \$85 PT. Tigress positive on 8-16 seeing multi-year tailwinds from the FAA ADS-B mandate for air traffic control technology along with a number of new products that include fitness trainers, smart wearables, Instinct adventure watch, and its Marine ecosystem devices. Barron's positive on 11-4 noting that the company has diversified well away from automotive (just 15% of revs now vs 80% in 2007) and continues to be unaffected by the AAPL watch's growth in popularity.

### Hawk Vision:



**Hawk's Perspective:** GRMN has been an ignored strong story for years and has grown into a higher valuation, but it continues to have strong fundamental and technical momentum, and a top name into 2020.

**Confidence Ranking:** \$\$