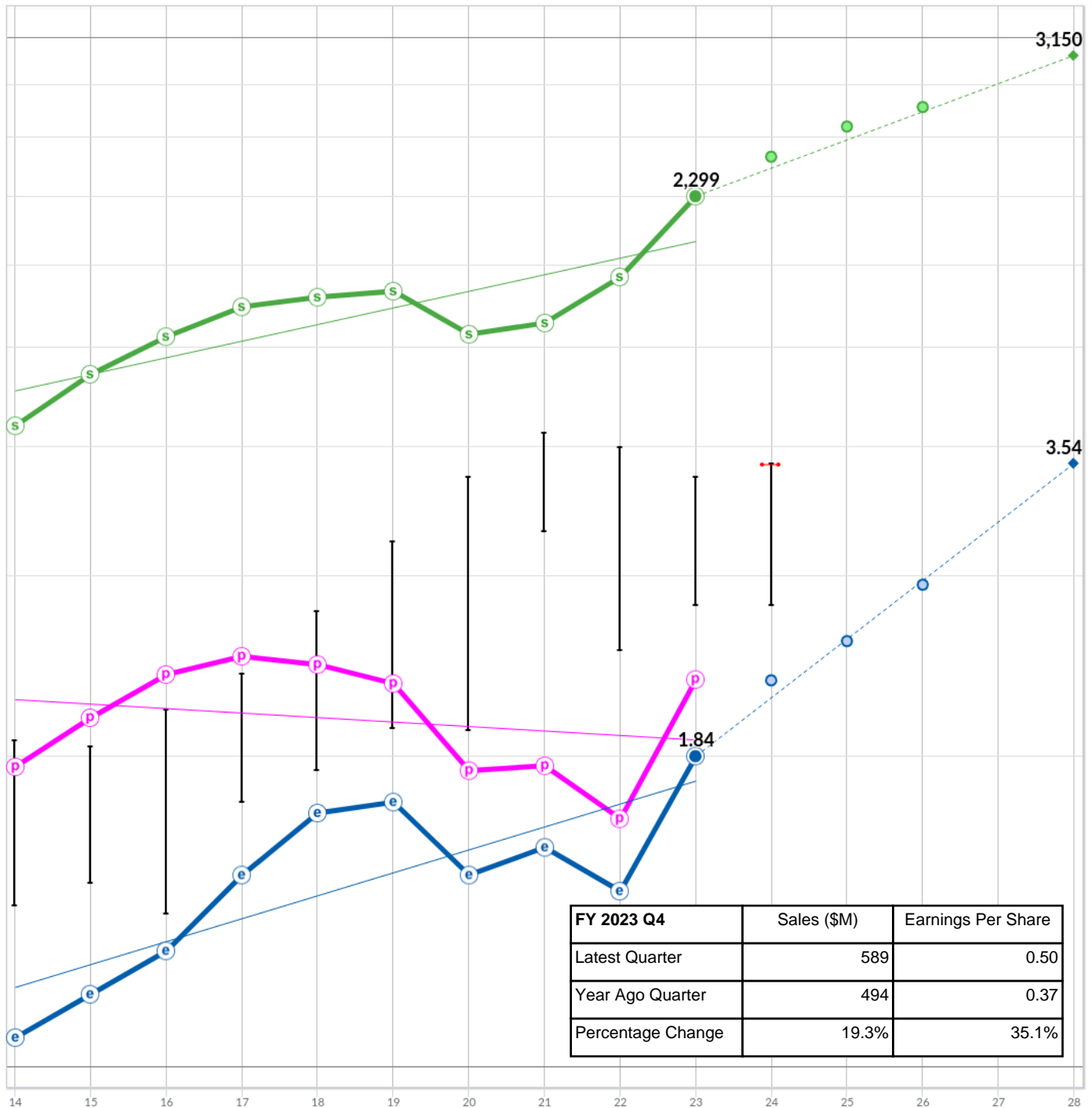


# Stock Selection Guide

|  |           |              |                 |               |     |
|--|-----------|--------------|-----------------|---------------|-----|
| Company                                | Gentex    |              | Date            | 02/09/24      |     |
| Prepared by                            | Maskey    |              | Data taken from | BI Stock Data |     |
| Where traded                           | NAS       | Industry     | Auto Parts      |               |     |
| Capitalization --- Outstanding Amounts | Reference |              |                 |               |     |
| Preferred (\$M)                        | 0.0       | % Insiders   | % Institution   |               |     |
| Common (M Shares)                      | 233.9     |              | 0.4             | 55.8          |     |
| Debt (\$M)                             | 0.0       | % to Tot Cap | 0.0             | % Pot Dil     | 0.0 |

Symbol: GNTX

## 1 VISUAL ANALYSIS of Sales, Earnings, and Price



- |                                   |      |  |       |
|-----------------------------------|------|--|-------|
| (1) Historical Sales Growth       | 3.8% | (3) Historical Earnings Per Share Growth       | 5.3%  |
| (2) Estimated Future Sales Growth | 6.5% | (4) Estimated Future Earnings Per Share Growth | 14.0% |

## 2 EVALUATING Management

Gentex

|                           | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | Last 5 Year Avg. |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------------------|
| % Pre-tax Profit on Sales | 30.2% | 30.0% | 30.4% | 29.6% | 28.5% | 26.9% | 24.4% | 24.1% | 19.3% | 22.0% | 23.3%            |
| % Earned on Equity        | 19.3% | 18.8% | 18.5% | 19.5% | 22.8% | 21.7% | 18.1% | 18.8% | 15.7% | 18.9% | 18.6%            |
| % Debt To Capital         | 14.5% | 11.9% | 8.9%  | 3.7%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%             |

## 3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

**CLOSING PRICE** 35.32 (02/09/24)

**52-WEEK HIGH** 35.36

**52-WEEK LOW** 25.77

|   | A     | B           | C         | D                    | E   | F         | G           | H            |
|---|-------|-------------|-----------|----------------------|---|-----------|-------------|--------------|
| Year                                      | Price |             | Earnings  | Price Earnings Ratio |   | Dividend  | % Payout    | % High Yield |
|   | High  | Low         | Per Share | High A / C           | Low B / C                                 | Per Share | F / C * 100 | F / B * 100  |
| 2019                                      | 29.7  | 19.6        | 1.66      | 17.9                 | 11.8                                      | 0.46      | 27.4        | 2.3          |
| 2020                                      | 34.3  | 19.5        | 1.41      | 24.3                 | 13.8                                      | 0.48      | 33.7        | 2.4          |
| 2021                                      | 37.9  | 30.4        | 1.50      | 25.3                 | 20.3                                      | 0.60      | 40.0        | 2.0          |
| 2022                                      | 36.7  | 23.3        | 1.36      | 26.9                 | 17.1                                      | 0.48      | 35.3        | 2.1          |
| 2023                                      | 34.3  | 25.8        | 1.84      | 18.7                 | 14.0                                      | 0.48      | 26.1        | 1.9          |
| <b>AVERAGE</b>                            |       | <b>23.7</b> |           | <b>22.6</b>          | <b>15.4</b>                               |           | <b>32.5</b> |              |
| CURRENT/TTM                               |       |             | 1.84      | 19.2                 | 14.0                                      | 0.48      | 26.1        |              |
| <b>AVERAGE PRICE EARNINGS RATIO: 19.0</b> |       |             |           |                      | <b>CURRENT PRICE EARNINGS RATIO: 19.2</b> |           |             |              |

## 4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

### A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 19.0 X Estimate High Earnings/Share 3.54 = Forecasted High Price \$ 67.3

### B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 14.8 X Estimate Low Earnings/Share 1.84 = Forecasted Low Price \$ 27.2

(b) Avg. Low Price of Last 5 Years 23.7

(c) Recent Market Low Price 23.3

(d) Price Dividend Will Support  $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.48}{2.44\%} = 19.7$

Selected Forecasted Low Price \$ 27.2

### C ZONING using 25%-50%-25%

Forecasted High Price 67.3 Minus Forecasted Low Price 27.2 = 40.1 Range. 25% of Range 10.0

Buy Zone 27.2 to 37.2

Hold Zone 37.2 to 57.3

Sell Zone 57.3 to 67.3

Present Market Price of 35.32 is in the **BUY** Zone

### D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price}} = \frac{67.3 - 35.32}{35.32} = 0.9058$   
 $\frac{\text{Present Price} - \text{Low Price}}{\text{Low Price}} = \frac{35.32 - 27.2}{27.2} = 0.2982$   
 Ratio =  $\frac{0.9058}{0.2982} = 3.04$  To 1

### E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} \times 100 = \frac{67.3 - 35.32}{35.32} \times 100 = 90.6\%$  % Appreciation

## 5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

**A**  $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.48}{35.32} = 0.0136 = 1.4\%$  Current Yield

### B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{31.4\%}{19.00} = 1.7\%$

### AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{31.4\%}{16.90} = 1.9\%$

### C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 13.8 %  
 Average Yield 1.7 %  
 Annualized Rate of Return 15.4 %

### COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

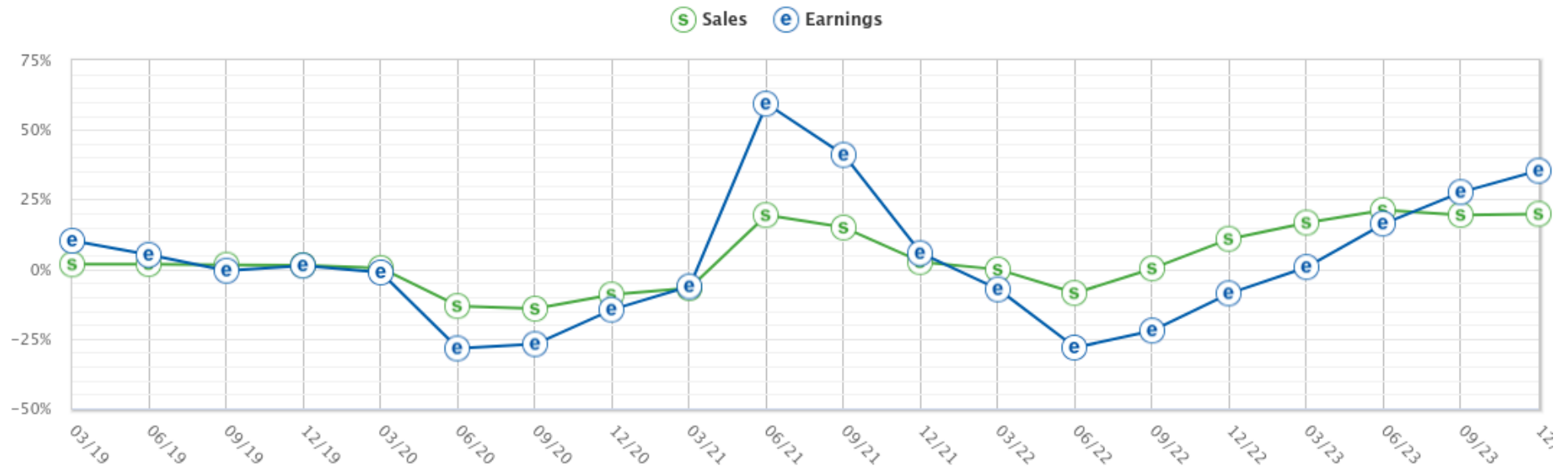
Annualized Appreciation 11.1 %  
 Average Yield 1.9 %  
 Annualized Rate of Return 13.0 %

**Notes: GNTX 10/31/23**

| Date     | Subject                          | Description  | Type      |
|----------|----------------------------------|--|-----------|
| 02/11/24 | Fourth qtr report 2023           | <p>Fourth Quarter report for Gentex Date: 02/09/2024</p> <p>Percentage change in Sales from year ago quarter: 19.3%</p> <p>Percentage change in Earnings per Share from year ago quarter: 35.1%<br/>           YES</p> <p>Percentage change in Earnings per Share YOY (2022-2023) 35%</p> <p>Is the company meeting our target sales &amp; earnings estimates? Yes</p> <p>Pre-tax Profit on sales trend? (up, even, down) up</p> <p>Return on equity trends? (up, even, down) up</p> <p>Debt? (up, even, down) None</p> <p>Current PE is 19.2% Five-year Average PE is 19.0.</p> <p>Where does it fall in my estimated High/low range of PE's? Mid-Point</p> <p>Club cost basis for this stock is 20.46. (AS of 01/29/2024). Current price is 35.32(2/9/2024)</p>  | Study     |
| 05/05/23 | Report for Gentex, April 19 2023 | <p>Report for Gentex, April 19 2023 Closing Price 26.84</p> <p>Value Line Report from March 10, 2023</p> <p>Timeliness 3 (Raised on 2/24/23)</p> <p>Safety 2</p> <p>Technical 3 (Raised on 2/10/23)</p> <p>Beta 0.95</p> <p>P/E Ratio is 18.4 (Trailing is 21.0)</p> <p>Dividend is 0.48 a year; same expected for 2023 and 0.52 predicted for 2024</p> <p>-4th Quarter Sales: \$494 million – which is \$10 million lower than estimates but 18% better than previous year</p> <p>-Light vehicle production is up 7% in North American, Europe, Japan, and South Korea</p> <p>Expect production to be up 4% this year</p> <p>Has outperformed the industry by 11%</p> <p>-Share earnings are up 6% compared with previous year</p> <p>-Still contending with increased cost of raw materials and labor and supply chain constraints</p> <p>-Value Line predicts above average price appreciation.</p> <p>I used slightly more conservative numbers than the analyst consensus for the SSG.</p> <p>Stock falls in the buy range. It is trading close to the lower value of the 52-week range (23.28 – 31.48)</p> <p>I would recommend a HOLD at this time.</p> | Community |
| 02/18/23 | intrinsic value                  | <p>Discounted Cash Flow Value - 32.33</p> <p>Simple intrinsic value - 39.2</p>   | Community |

**Quarterly Growth Trend Data**

Graph: Trailing 4 Quarters, Last 5 Years of Data



| Quarterly Data |      |         |                |        |         |        |         |                 | Last 12 Months Data |                |        |         |            |        |         |       |                |
|----------------|------|---------|----------------|--------|---------|--------|---------|-----------------|---------------------|----------------|--------|---------|------------|--------|---------|-------|----------------|
| Period         | EPS  |         | Pre-Tax Profit |        |         | Sales  |         | Income Tax Rate | EPS                 | Pre-Tax Profit |        | Sales   | Income Tax |        | %Change |       |                |
|                | \$   | %Change | \$ Mil         | %Sales | %Change | \$ Mil | %Change |                 |                     | \$             | \$ Mil |         | %Sales     | \$ Mil | %Rate   | EPS   | Pre-Tax Profit |
| 12/23          | 0.50 | 35.1    | 135.9          | 23.1   | 42.4    | 589.1  | 19.3    | 14.0            | 1.84                | 505.0          | 22.0   | 2,299.2 | 76.8       | 15.2   | 35.3    | 36.6  | 19.8           |
| 09/23          | 0.45 | 45.2    | 124.5          | 21.6   | 44.5    | 575.8  | 16.7    | 15.9            | 1.71                | 464.5          | 21.1   | 2,203.7 | 65.7       | 14.2   | 27.6    | 27.7  | 19.4           |
| 06/23          | 0.47 | 51.6    | 128.6          | 22.0   | 51.6    | 583.5  | 25.9    | 15.1            | 1.57                | 426.2          | 20.1   | 2,121.5 | 60.1       | 14.1   | 16.3    | 16.0  | 21.2           |
| 03/23          | 0.42 | 13.5    | 116.0          | 21.1   | 12.3    | 550.8  | 17.6    | 15.9            | 1.41                | 382.4          | 19.1   | 2,001.5 | 53.5       | 14.0   | 0.7     | -0.5  | 16.7           |
| 12/22          | 0.37 | 5.7     | 95.5           | 19.3   | 6.8     | 493.6  | 17.6    | 9.7             | 1.36                | 369.7          | 19.3   | 1,919.0 | 51.1       | 13.8   | -8.7    | -11.2 | 10.8           |
| 09/22          | 0.31 | -3.1    | 86.2           | 17.5   | -4.2    | 493.6  | 23.5    | 15.7            | 1.34                | 363.6          | 19.7   | 1,845.2 | 46.7       | 12.8   | -22.1   | -26.2 | 0.2            |
| 06/22          | 0.31 | -13.9   | 84.8           | 18.3   | -16.7   | 463.4  | 8.3     | 14.6            | 1.35                | 367.4          | 21.0   | 1,751.1 | 46.3       | 12.6   | -28.2   | -32.7 | -8.6           |

**Quarterly Growth Trend Data**

Graph: Trailing 4 Quarters, Last 5 Years of Data

| Quarterly Data |       |         |                |        |         |        |         |                 | Last 12 Months Data |                |        |         |            |        |         |       |                |
|----------------|-------|---------|----------------|--------|---------|--------|---------|-----------------|---------------------|----------------|--------|---------|------------|--------|---------|-------|----------------|
| Period         | EPS   |         | Pre-Tax Profit |        |         | Sales  |         | Income Tax Rate | EPS                 | Pre-Tax Profit |        | Sales   | Income Tax |        | %Change |       |                |
|                | \$    | %Change | \$ Mil         | %Sales | %Change | \$ Mil | %Change |                 |                     | \$             | \$ Mil |         | %Sales     | \$ Mil | %Rate   | EPS   | Pre-Tax Profit |
| 03/22          | 0.37  | -19.6   | 103.3          | 22.1   | -23.6   | 468.3  | -3.2    | 15.3            | 1.40                | 384.4          | 22.4   | 1,715.7 | 48.8       | 12.7   | -7.3    | -12.6 | -0.1           |
| 12/21          | 0.35  | -39.7   | 89.4           | 21.3   | -46.0   | 419.8  | -20.8   | 5.8             | 1.49                | 416.4          | 24.1   | 1,731.2 | 53.8       | 12.9   | 5.7     | 1.1   | 2.5            |
| 09/21          | 0.32  | -33.3   | 89.9           | 22.5   | -37.1   | 399.6  | -15.8   | 14.7            | 1.72                | 492.5          | 26.7   | 1,841.2 | 73.0       | 14.8   | 41.0    | 36.8  | 14.9           |
| 06/21          | 0.36  | 3,700.0 | 101.8          | 23.8   | 2,729.5 | 428.0  | 86.1    | 15.0            | 1.88                | 545.5          | 28.5   | 1,916.2 | 85.4       | 15.7   | 59.3    | 56.5  | 19.4           |
| 03/21          | 0.46  | 27.8    | 135.3          | 28.0   | 26.1    | 483.7  | 6.6     | 16.1            | 1.51                | 439.8          | 25.6   | 1,718.2 | 94.9       | 21.6   | -6.2    | -8.9  | -6.8           |
| 12/20          | 0.58  | 48.7    | 165.5          | 31.2   | 45.6    | 529.9  | 19.4    | 13.4            | 1.41                | 411.8          | 24.4   | 1,688.2 | 89.3       | 21.7   | -14.5   | -17.7 | -9.2           |
| 09/20          | 0.48  | 9.1     | 142.9          | 30.1   | 8.6     | 474.6  | -0.7    | 18.1            | 1.22                | 359.9          | 22.5   | 1,602.2 | 77.1       | 21.4   | -26.9   | -30.5 | -14.3          |
| 06/20          | -0.01 | -102.4  | -3.9           | -1.7   | -103.0  | 229.9  | -50.9   | 38.7            | 1.18                | 348.6          | 21.7   | 1,605.3 | 72.0       | 20.7   | -28.5   | -32.5 | -13.3          |
| 03/20          | 0.36  | -10.0   | 107.3          | 23.6   | -14.1   | 453.8  | -3.2    | 16.6            | 1.61                | 482.8          | 26.2   | 1,844.1 | 72.8       | 15.1   | -1.2    | -6.3  | 0.4            |
| 12/19          | 0.39  | -4.9    | 113.6          | 25.6   | -13.1   | 443.8  | -2.1    | 12.4            | 1.65                | 500.4          | 26.9   | 1,858.9 | 75.4       | 15.1   | 1.2     | -4.1  | 1.4            |
| 09/19          | 0.44  | 4.8     | 131.6          | 27.5   | 0.8     | 477.8  | 3.8     | 15.0            | 1.67                | 517.6          | 27.7   | 1,868.5 | 86.1       | 16.6   | -0.6    | -2.2  | 1.5            |
| 06/19          | 0.42  | 5.0     | 130.3          | 27.8   | 1.0     | 468.7  | 3.0     | 16.4            | 1.65                | 516.5          | 27.9   | 1,851.0 | 85.6       | 16.6   | 5.1     | -2.5  | 1.8            |
| 03/19          | 0.40  | 0.0     | 124.9          | 26.7   | -5.2    | 468.6  | 0.7     | 16.5            | 1.63                | 515.2          | 28.0   | 1,837.2 | 84.3       | 16.4   | 10.1    | -2.6  | 1.7            |
| 12/18          | 0.41  | -10.9   | 130.8          | 28.8   | -5.3    | 453.4  | -1.3    | 18.7            | 1.63                | 522.0          | 28.5   | 1,834.1 | 84.2       | 16.1   | 15.6    | -1.8  | 2.2            |
| 09/18          | 0.42  | 35.5    | 130.5          | 28.4   | -0.2    | 460.3  | 4.9     | 14.7            | 1.68                | 529.4          | 28.8   | 1,840.2 | 67.9       | 12.8   | 33.3    | 1.3   | 4.8            |
| 06/18          | 0.40  | 29.0    | 129.0          | 28.3   | 0.8     | 455.0  | 2.7     | 15.5            | 1.57                | 529.7          | 29.1   | 1,818.6 | 89.6       | 16.9   | 23.6    | 0.7   | 4.1            |
| 03/18          | 0.40  | 21.2    | 131.8          | 28.3   | -2.3    | 465.4  | 2.6     | 15.6            | 1.48                | 528.7          | 29.3   | 1,806.8 | 109.7      | 20.7   | 17.5    | 0.5   | 4.6            |
| 12/17          | 0.46  | 48.4    | 138.2          | 30.1   | 7.1     | 459.6  | 9.4     | 5.6             | 1.41                | 531.8          | 29.6   | 1,794.9 | 126.4      | 23.8   | 16.5    | 4.2   | 6.9            |
| 09/17          | 0.31  | -3.1    | 130.8          | 29.8   | -2.6    | 438.6  | 2.1     | 31.0            | 1.26                | 522.7          | 29.8   | 1,755.2 | 157.7      | 30.2   | 5.0     | 2.5   | 5.4            |
| 06/17          | 0.31  | 3.3     | 127.9          | 28.9   | 0.3     | 443.1  | 4.6     | 30.8            | 1.27                | 526.2          | 30.1   | 1,746.2 | 159.4      | 30.3   | 10.4    | 7.0   | 7.5            |
| 03/17          | 0.33  | 17.9    | 134.9          | 29.7   | 12.8    | 453.5  | 11.8    | 27.7            | 1.26                | 525.9          | 30.5   | 1,726.9 | 161.1      | 30.6   | 14.5    | 10.8  | 9.3            |
| 12/16          | 0.31  | 3.3     | 129.1          | 30.7   | 0.3     | 419.9  | 3.5     | 31.2            | 1.21                | 510.6          | 30.4   | 1,678.9 | 163.1      | 31.9   | 12.0    | 10.1  | 8.8            |
| 09/16          | 0.32  | 18.5    | 134.3          | 31.3   | 15.8    | 429.6  | 10.2    | 31.5            | 1.20                | 510.2          | 30.6   | 1,664.6 | 163.1      | 32.0   | 17.6    | 16.2  | 11.8           |
| 06/16          | 0.30  | 20.0    | 127.6          | 30.1   | 15.5    | 423.8  | 11.7    | 32.2            | 1.15                | 491.9          | 30.3   | 1,624.8 | 158.5      | 32.2   | 15.6    | 15.2  | 12.1           |
| 03/16          | 0.28  | 7.7     | 119.6          | 29.5   | 10.3    | 405.6  | 9.9     | 32.9            | 1.10                | 474.7          | 30.0   | 1,580.2 | 153.3      | 32.3   | 9.5     | 12.5  | 12.2           |
| 12/15          | 0.30  | 25.0    | 128.7          | 31.7   | 23.7    | 405.6  | 15.7    | 31.3            | 1.08                | 463.6          | 30.0   | 1,543.6 | 145.0      | 31.3   | 10.2    | 11.6  | 12.2           |
| 09/15          | 0.27  | 10.2    | 116.0          | 29.8   | 11.6    | 389.8  | 11.1    | 32.5            | 1.02                | 438.9          | 29.5   | 1,488.4 | 137.8      | 31.4   |         |       |                |
| 06/15          | 0.25  | -3.8    | 110.5          | 29.1   | 4.6     | 379.3  | 12.1    | 32.5            | 1.00                | 426.9          | 29.4   | 1,449.5 | 131.8      | 30.9   |         |       |                |
| 03/15          | 0.26  | 10.6    | 108.4          | 29.4   | 6.6     | 368.9  | 9.9     | 28.8            | 1.01                | 422.1          | 30.0   | 1,408.7 | 124.9      | 29.6   |         |       |                |
| 12/14          | 0.24  |         | 104.0          | 29.7   |         | 350.4  |         | 31.8            |                     |                |        |         |            |        |         |       |                |
| 09/14          | 0.25  |         | 104.0          | 29.6   |         | 350.9  |         | 30.4            |                     |                |        |         |            |        |         |       |                |

**Quarterly Growth Trend Data**

Graph: Trailing 4 Quarters, Last 5 Years of Data

| Quarterly Data |      |         |                |        |         |        |         |                 | Last 12 Months Data |                |        |       |            |       |         |                |       |
|----------------|------|---------|----------------|--------|---------|--------|---------|-----------------|---------------------|----------------|--------|-------|------------|-------|---------|----------------|-------|
| Period         | EPS  |         | Pre-Tax Profit |        |         | Sales  |         | Income Tax Rate | EPS                 | Pre-Tax Profit |        | Sales | Income Tax |       | %Change |                |       |
|                | \$   | %Change | \$ Mil         | %Sales | %Change | \$ Mil | %Change | \$              |                     | \$ Mil         | %Sales |       | \$ Mil     | %Rate | EPS     | Pre-Tax Profit | Sales |
| 06/14          | 0.26 |         | 105.6          | 31.2   |         | 338.4  |         | 27.4            |                     |                |        |       |            |       |         |                |       |
| 03/14          | 0.24 |         | 101.7          | 30.3   |         | 335.7  |         | 32.6            |                     |                |        |       |            |       |         |                |       |