

# GENTEX CORP. NDQ-GNTX

RECENT PRICE **31.00** P/E RATIO **16.0** (Trailing: 16.6 Median: 16.0) RELATIVE P/E RATIO **0.84** DIV'D YLD **1.5%** **VALUE LINE**

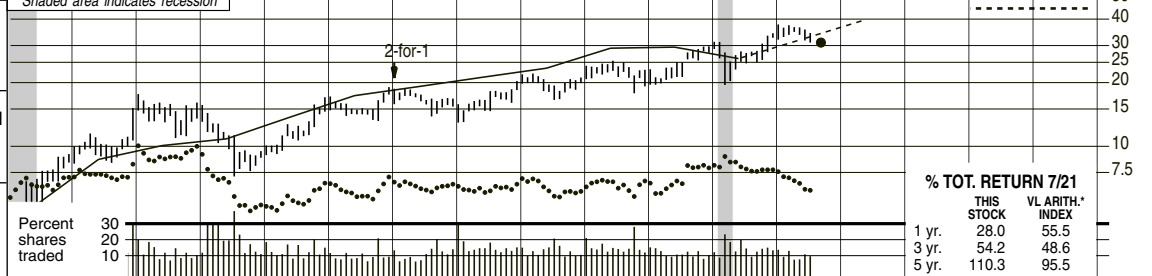
**TIMELINESS** 3 Lowered 10/2/20  
**SAFETY** 2 Raised 9/10/21  
**TECHNICAL** 2 Raised 9/10/21  
**BETA** .95 (1.00 = Market)

High: 15.2 17.7 15.7 17.1 19.1 18.8 20.4 22.1 25.4 29.7 34.3 37.8  
 Low: 8.3 10.9 7.2 9.1 13.2 13.8 12.9 16.6 17.8  
**LEGENDS**  
 — 14.0 x "Cash Flow" p sh  
 ... Relative Price Strength  
 2-for-1 split 1/15  
 Options: Yes  
 Shaded area indicates recession

**18-Month Target Price Range**  
 Low-High Midpoint (% to Mid)  
 \$28-\$59 \$44 (40%)

**2024-26 PROJECTIONS**  
 Price Gain Ann'l Total  
 High 65 (+110%) 21%  
 Low 45 (+45%) 11%

**Institutional Decisions**  
 4Q2020 1Q2021 2Q2021  
 to Buy 253 234 225  
 to Sell 208 232 229  
 Hlds(000) 199703 199141 195843



2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
1.72	2.01	2.26	2.27	1.97	2.87	3.55	3.84	4.02	4.66	5.30	5.84	6.40	7.07	7.40	6.93	<b>8.15</b>	<b>9.30</b>	Sales per sh	<b>11.20</b>
.43	.48	.53	.36	.37	.62	.72	.77	.98	1.24	1.37	1.52	1.67	2.08	2.11	1.86	<b>2.11</b>	<b>2.85</b>	"Cash Flow" per sh	<b>3.75</b>
.35	.37	.43	.22	.24	.49	.57	.60	.78	.98	1.08	1.19	1.28	1.62	1.68	1.43	<b>1.85</b>	<b>2.30</b>	Earnings per sh <sup>A</sup>	<b>3.10</b>
.18	.19	.20	.22	.22	.22	.24	.26	.28	.31	.34	.36	.39	.44	.46	.48	<b>.48</b>	<b>.52</b>	Div'ds Decl'd per sh <sup>B</sup>	<b>.70</b>
.17	.17	.19	.17	.08	.16	.42	.41	.19	.25	.34	.42	.37	.33	.34	.21	<b>.25</b>	<b>.30</b>	Cap'l Spending per sh	<b>.40</b>
2.70	2.47	2.79	2.54	2.66	3.14	3.56	3.92	4.56	5.32	5.91	6.64	7.31	7.18	7.71	8.06	<b>8.35</b>	<b>9.00</b>	Book Value per sh	<b>11.00</b>
312.09	284.95	289.51	275.27	276.68	284.58	288.14	286.15	291.16	295.25	291.34	287.74	280.28	259.33	251.28	243.69	<b>237.00</b>	<b>233.00</b>	Common Shs Outst'g <sup>C</sup>	<b>223.00</b>
25.1	21.4	22.0	33.0	27.2	20.7	25.2	17.9	15.5	15.7	15.5	13.8	15.3	13.9	14.7	19.3	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	<b>18.0</b>
1.34	1.16	1.17	1.99	1.81	1.32	1.58	1.14	.87	.83	.78	.72	.77	.75	.78	.99			Relative P/E Ratio	<b>1.00</b>
2.0%	2.4%	2.1%	3.0%	3.4%	2.2%	1.7%	2.4%	2.3%	2.0%	2.0%	2.2%	2.0%	1.9%	1.9%	1.7%			Avg Ann'l Div'd Yield	<b>1.3%</b>

**CAPITAL STRUCTURE as of 6/30/21**  
 Total Debt Nil  
 Leases, Uncapitalized \$7.7 mill.  
 No Defined Benefit Pension Plan  
 Pfd Stock None  
 Common Stock 238,954,080 shs. as of 7/23/21  
 MARKET CAP: \$7.4 billion (Large Cap)

1023.8	1099.6	1171.9	1375.5	1543.6	1678.9	1794.9	1834.1	1858.9	1688.2	<b>1930</b>	<b>2170</b>	Sales (\$mill)	<b>2500</b>
26.8%	26.3%	31.4%	34.7%	34.9%	35.8%	34.7%	33.3%	31.9%	29.9%	<b>32.0%</b>	<b>34.5%</b>	Operating Margin	<b>37.0%</b>
42.6	50.2	62.9	77.4	80.6	88.6	99.6	102.2	104.7	104.7	<b>110</b>	<b>115</b>	Depreciation (\$mill)	<b>135</b>
164.7	171.5	222.9	288.6	318.5	347.6	369.3	437.9	424.7	347.6	<b>440</b>	<b>550</b>	Net Profit (\$mill)	<b>700</b>
32.6%	32.7%	32.0%	30.5%	31.3%	31.9%	30.6%	16.1%	15.1%	15.6%	<b>17.0%</b>	<b>18.0%</b>	Income Tax Rate	<b>21.0%</b>
16.1%	15.6%	19.0%	21.0%	20.6%	20.7%	20.6%	23.9%	22.8%	20.6%	<b>22.8%</b>	<b>25.3%</b>	Net Profit Margin	<b>28.0%</b>
651.6	656.7	481.2	723.2	853.0	1005.1	940.9	681.7	778.5	801.6	<b>750</b>	<b>790</b>	Working Cap'l (\$mill)	<b>910</b>
--	--	265.6	258.1	225.6	178.1	--	--	--	--	<b>Nil</b>	<b>Nil</b>	Long-Term Debt (\$mill)	<b>Nil</b>
1027.1	1121.0	1327.6	1571.4	1722.5	1910.4	2049.5	1861.8	1938.1	1963.9	<b>1980</b>	<b>2100</b>	Shr. Equity (\$mill)	<b>2450</b>
16.0%	15.3%	14.0%	15.9%	16.6%	16.9%	18.0%	23.5%	21.9%	17.7%	<b>22.0%</b>	<b>26.0%</b>	Return on Total Cap'l	<b>28.5%</b>
16.0%	15.3%	16.8%	18.4%	18.5%	18.2%	18.0%	23.5%	21.9%	17.7%	<b>22.0%</b>	<b>26.0%</b>	Return on Shr. Equity	<b>28.5%</b>
9.5%	8.7%	10.8%	12.8%	12.9%	12.9%	12.7%	17.3%	15.9%	11.7%	<b>16.0%</b>	<b>20.0%</b>	Retained to Com Eq	<b>21.5%</b>
41%	43%	36%	30%	30%	29%	29%	27%	27%	34%	<b>27%</b>	<b>24%</b>	All Div'ds to Net Prof	<b>24%</b>

CURRENT POSITION (\$MILL.)	2019	2020	6/30/21
Cash Assets	296.3	423.4	353.0
Receivables	235.4	284.9	234.1
Inventory (FIFO)	248.9	226.3	263.9
Other	169.7	44.7	73.6
Current Assets	<b>950.3</b>	<b>979.3</b>	<b>924.6</b>
Accts Payable	97.6	84.8	101.3
Debt Due	--	--	--
Other	74.2	92.9	95.1
Current Liab.	171.8	177.7	196.4

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Sales	11.5%	9.0%	8.0%
"Cash Flow"	16.0%	11.0%	11.0%
Earnings	17.5%	11.0%	12.0%
Dividends	7.5%	8.5%	7.0%
Book Value	10.5%	8.0%	6.0%

Cal-endar	QUARTERLY SALES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2018	465.4	455.0	460.3	453.4	1834.1
2019	468.6	468.7	477.8	443.8	1858.9
2020	453.8	229.9	474.6	529.9	1688.2
2021	483.7	428.0	<b>470</b>	<b>548.3</b>	<b>1930</b>
2022	<b>530</b>	<b>540</b>	<b>550</b>	<b>550</b>	<b>2170</b>

Cal-endar	EARNINGS PER SHARE <sup>A</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2018	.40	.40	.41	.41	1.62
2019	.40	.45	.44	.39	1.68
2020	.36	.02	.47	.58	1.43
2021	.46	.36	<b>.45</b>	<b>.58</b>	<b>1.85</b>
2022	<b>.55</b>	<b>.55</b>	<b>.60</b>	<b>.60</b>	<b>2.30</b>

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2017	.09	.10	.10	.10	.39
2018	.11	.11	.11	.11	.44
2019	.11	.115	.115	.115	.455
2020	.115	.12	.12	.12	.475
2021	.12	.12	.12	.12	

**BUSINESS:** Gentex Corporation manufactures automatic-dimming automotive rearview mirrors and electronics for the automotive industry. These mirrors use sensors to detect glare from trailing approaching vehicles and darken to protect the driver's vision. It also makes dimmable aircraft windows for the aviation industry. Sells to most of the major automakers (has 3 customers who each ac-

**Gentex reported softer-than-expected second-quarter results.** While sales of \$428 million far outpaced the poor showing from a year ago, which was hurt by the COVID-19 pandemic, they were more than \$60 million below our estimate. The company was hurt by a 7% decline in light-vehicle production, largely due to industry wide parts shortages and global supply constraints. North American light-vehicle production was especially soft, falling 15%. Many OEMs that deploy high levels of the company's products were hit particularly hard. Management noted a great deal of volatility in orders, including cancellations, as its customers continue to deal with parts shortages. While share earnings of \$0.36 for the period were a significant improvement from last year's tally of \$0.02, they were well below our estimate of \$0.50. The shortfall was due to the lower-than-anticipated sales, along with higher freight costs.

**We are lowering our 2021 top- and bottom-line estimates by \$70 million and \$0.20 per share, respectively, to \$1.93 billion and \$1.85.** While the June-period performance was disappointing, we

counted for 10% or more of 2020 total sales). Also makes commercial fire protection products. Has approximately 5,305 employees. Vanguard owns 9.4% of common stock; BlackRock, 8.9%; officers and directors, less than 1.0% (4/21 proxy). Pres. and CEO: Steve Downing, Inc.: MI. Address: 600 N. Centennial Street, Zeeland, MI 49464. Telephone: 616-772-1800. Internet: www.gentex.com.

think Gentex will post stronger results in the second half of the year. The company is encouraged by the fact that the overall demand for vehicles and Gentex's core auto-dimming rearview mirrors remains firm, and it expects to outperform the underlying market. Management believes sales in the second half to be between \$970 million and \$1.07 billion, which would represent a double-digit advance compared to the first half. This is despite the fact that light-vehicle production is forecasted to decrease 4% in the next six months compared to last year. Supply chain issues that have plagued the company, and the industry in general, should improve in the near term. However, elevated freight expenses and labor costs will likely remain a headwind for the time being.

**Shares of Gentex are ranked to track the broader market averages in the coming six to 12 months.** The stock, which has a decent dividend yield, offers above-average price appreciation potential over the 3- to 5-year haul, as the equity's price has dipped moderately in value since our June report.

*Jason Dalavagas* September 10, 2021

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