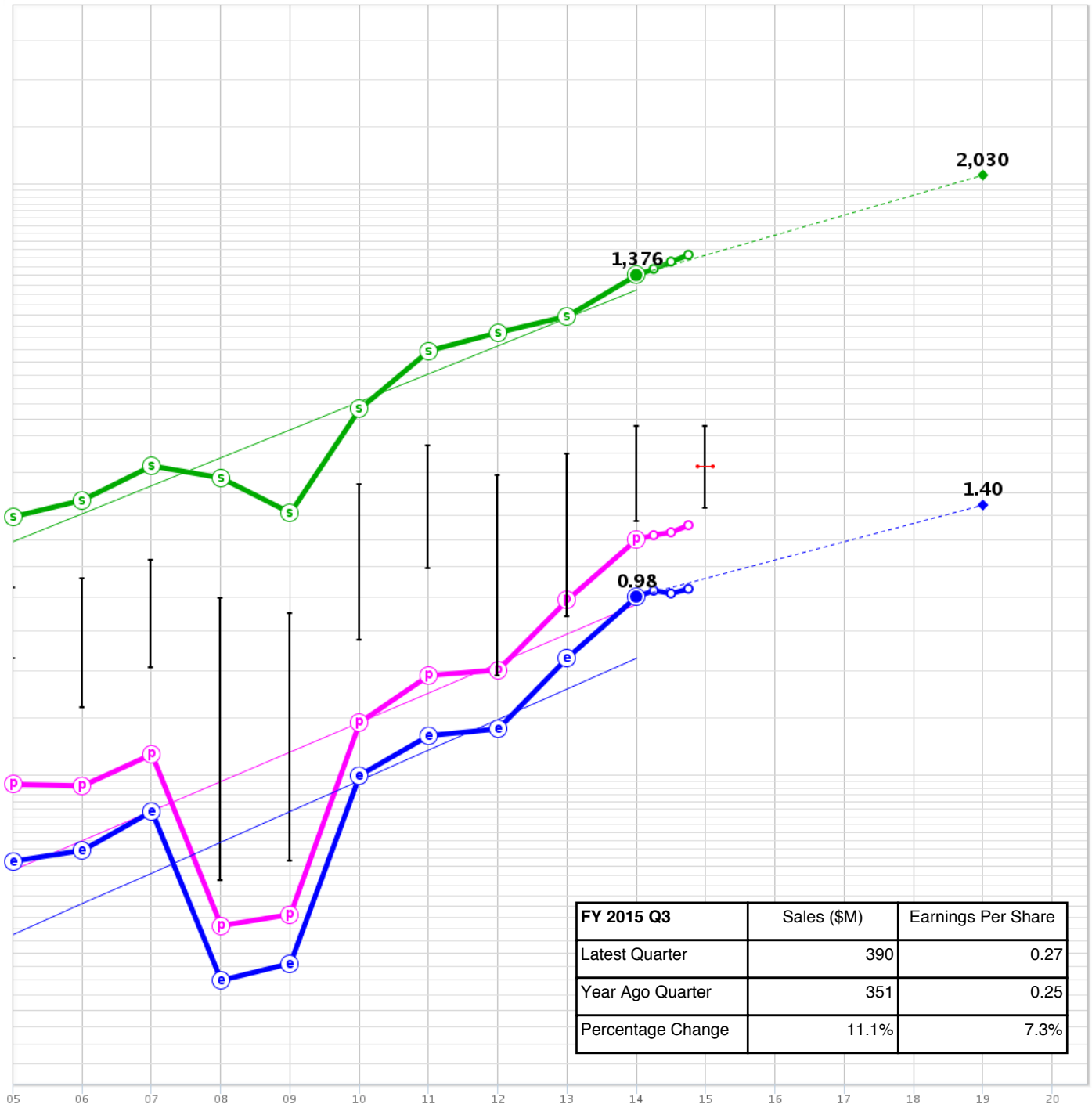


Company	Gentex		Date	11/12/15	
Prepared by	EMMONS		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Auto Parts		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	295.4	2.8	86.9		
Debt (\$M)	227.5	% to Tot Cap	12.0	% Pot Dil	1.0

# Stock Selection Guide

Symbol: GNTX

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



FY 2015 Q3	Sales (\$M)	Earnings Per Share
Latest Quarter	390	0.27
Year Ago Quarter	351	0.25
Percentage Change	11.1%	7.3%

- (1) Historical Sales Growth 11.5%
- (2) Estimated Future Sales Growth 8.1%
- (3) Historical Earnings Per Share Growth 12.7%
- (4) Estimated Future Earnings Per Share Growth 7.4%

## 2 EVALUATING Management

Gentex

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Last 5 Year Avg.
Pre-tax Profit on Sales	29.8%	27.8%	27.5%	14.8%	17.7%	24.9%	23.9%	22.7%	28.0%	30.2%	25.9%
% Earned on Equity	13.4%	15.0%	15.2%	8.8%	8.8%	15.6%	16.7%	15.0%	17.9%	19.3%	16.9%
% Debt To Capital	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	17.1%	14.5%	6.3%

## 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** 16.29 (11/12/15)

**HIGH THIS YEAR** 19.06

**LOW THIS YEAR** 13.84

	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
2010	15.2	8.3	0.49	31.0	16.9	0.22	45.0	2.7
2011	17.7	10.9	0.57	31.0	19.1	0.24	42.1	2.2
2012	15.7	7.2	0.59	26.8	12.3	0.26	44.4	3.6
2013	17.1	9.1	0.77	22.1	11.7	0.28	36.2	3.1
2014	19.1	13.2	0.98	19.4	13.4	0.31	31.6	2.4
AVERAGE		9.7		26.1	14.7		39.9	
CURRENT/TTM			1.01			0.34	33.6	
AVERAGE PRICE EARNINGS RATIO 20.4				CURRENT PRICE EARNINGS RATIO 16.1				

## 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 26.0 X Estimate High Earnings/Share 1.40 = Forecasted High Price \$ 36.4

### B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 14.7 X Estimate Low Earnings/Share 1.00 = Forecasted Low Price \$ 14.7

(b) Avg. Low Price of Last 5 Years 9.7

(c) Recent Market Low Price 9.1

(d) Price Dividend Will Support  $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.31}{3.62\%} = 8.6$

Selected Forecasted Low Price \$ 9.7

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

Forecasted High Price 36.4 Minus Forecasted Low Price 9.7 = 26.7 Range. 25% of Range 6.7

Buy Zone 9.7 to 16.4

Hold Zone 16.4 to 29.8

Sell Zone 29.8 to 36.4

Present Market Price of 16.29 is in the **BUY** Zone

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

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{36.4 - 16.29}{16.29 - 9.7} = \frac{20.16}{6.57} = 3.1$  To 1

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

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{36.4 - 16.29}{16.29} = 2.2374$  X 100 = 223.74 - 100 = 123.7 % 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**  $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.31}{16.29} = 0.0209 = 2.1\%$  Current Yield

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

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{39.9\%}{26.00} = 1.5\%$

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

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{39.9\%}{20.35} = 2.0\%$

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

Annualized Appreciation 17.5 %  
Average Yield 1.5 %  
Annualized Rate of Return 19.0 %

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

Annualized Appreciation 11.9 %  
Average Yield 2.0 %  
Annualized Rate of Return 13.8 %