

# GENTEX CORP. NDQ-GNTX

RECENT PRICE **15.41** P/E RATIO **13.1** (Trailing: 14.1, Median: 22.0) RELATIVE P/E RATIO **0.74** DIV'D YLD **2.2%** **VALUE LINE**

**TIMELINESS** 3 Lowered 9/18/15  
**SAFETY** 3 New 7/10/98  
**TECHNICAL** 4 Lowered 3/18/16  
**BETA** 1.30 (1.00 = Market)

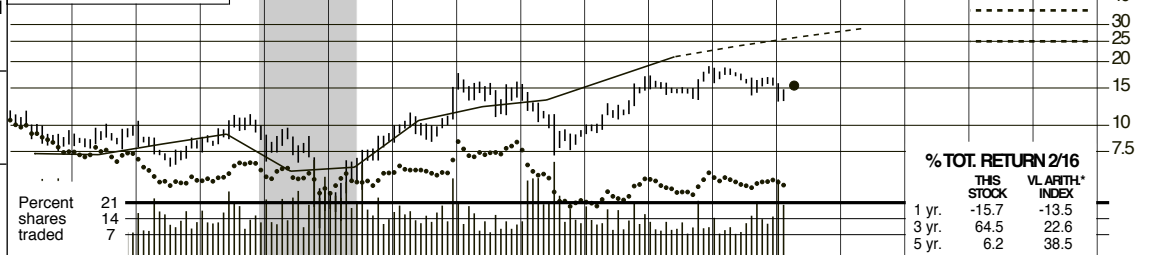
High: 10.2 10.5 11.3 9.7 9.2 15.2 17.7 15.7 17.1 19.1 18.8 15.8  
 Low: 7.7 6.4 7.4 3.3 3.5 8.3 10.9 7.2 9.1 13.2 13.8 12.9

**LEGENDS**  
 — 170 x "Cash Flow" p sh  
 .... Relative Price Strength  
 2-for-1 split 5/05  
 2-for-1 split 1/15  
 Options: Yes  
 Shaded area indicates recession

**2019-21 PROJECTIONS**  
 Price Gain Ann'l Total  
 High 35 (+125%) 25%  
 Low 25 (+60%) 15%

**Insider Decisions**  
 M J J A S O N D J  
 to Buy 0 0 0 0 0 0 0 0 0 0  
 Options to Buy 2 0 1 0 2 4 1 0 2  
 to Sell 2 0 0 0 0 3 3 1 0

**Institutional Decisions**  
 202015 3Q2015 4Q2015  
 to Buy 190 195 196  
 to Sell 147 150 161  
 Hld's(000) 242289 252090 258489



2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
1.00	1.03	1.30	1.52	1.62	1.72	2.01	2.26	2.27	1.97	2.87	3.55	3.84	4.02	4.66	<b>5.30</b>	<b>5.85</b>	<b>6.35</b>	Sales per sh	7.30
.28	.27	.34	.41	.43	.43	.48	.53	.36	.37	.62	.72	.77	.98	1.24	<b>1.40</b>	<b>1.55</b>	<b>1.70</b>	"Cash Flow" per sh	2.05
.23	.22	.28	.34	.36	.35	.37	.43	.22	.24	.49	.57	.60	.78	.98	1.09	<b>1.20</b>	<b>1.30</b>	Earnings per sh <sup>A</sup>	1.60
--	--	--	.04	.16	.18	.19	.20	.22	.22	.24	.26	.28	.31	.33	.35	.38	.38	Div'ds Decl'd per sh <sup>B</sup>	.48
.07	.15	.11	.07	.10	.17	.17	.19	.17	.08	.16	.42	.41	.19	.25	<b>.35</b>	<b>.40</b>	<b>.45</b>	Cap'l Spending per sh	.40
1.35	1.59	1.88	2.25	2.51	2.70	2.47	2.79	2.54	2.66	3.14	3.56	3.92	4.56	5.32	<b>5.90</b>	<b>6.65</b>	<b>7.30</b>	Book Value per sh	8.75
297.16	300.69	304.89	308.16	311.47	312.09	284.95	289.51	275.27	276.68	284.58	288.14	286.15	291.16	295.25	<b>291.00</b>	<b>289.00</b>	<b>287.00</b>	Common Shs Outst'g <sup>C</sup>	294.00
29.1	30.7	26.2	24.5	26.2	25.1	21.4	22.0	33.0	27.2	20.7	25.2	17.9	15.5	15.7	15.4	<b>15.4</b>	<b>15.4</b>	Avg Ann'l P/E Ratio	18.0
1.89	1.57	1.43	1.40	1.38	1.34	1.16	1.17	1.99	1.81	1.32	1.58	1.14	.87	.83	.78	<b>.78</b>	<b>.78</b>	Relative P/E Ratio	1.15
--	--	--	.4%	1.6%	2.0%	2.4%	2.1%	3.0%	3.4%	2.2%	1.7%	2.4%	2.3%	2.0%	2.0%	2.0%	2.0%	Avg Ann'l Div'd Yield	1.5%

**CAPITAL STRUCTURE as of 9/30/15**  
 Total Debt \$227.5 mill. Due in 5 Yrs \$200.0 mill.  
 LT Debt \$227.5 mill. Lt Interest \$13.0 mill.  
 (12% of Cap'l)

**Leases, Uncapitalized \$1.6 mill.**  
**No Defined Benefit Pension Plan**

**Pfd Stock None**  
 Common Stock 291,524,142 shs.  
 as of 10/22/15  
**MARKET CAP: \$4.5 billion (Mid Cap)**

572.3	653.9	623.8	544.5	816.3	1023.8	1099.6	1171.9	1375.5	1543.6	<b>1690</b>	<b>1820</b>	Sales (\$mill)	2150
26.9%	26.6%	23.2%	24.4%	28.1%	26.8%	26.3%	31.4%	34.7%	<b>33.0%</b>	<b>33.5%</b>	<b>33.5%</b>	Operating Margin	34.5%
27.8	32.4	35.9	38.4	38.6	42.6	50.2	62.9	77.4	<b>85.0</b>	<b>95.0</b>	<b>105</b>	Depreciation (\$mill)	130
108.8	122.1	62.1	64.6	137.7	164.7	171.5	222.9	288.6	322.9	<b>360</b>	<b>390</b>	Net Profit (\$mill)	480
31.6%	32.1%	32.7%	32.9%	32.3%	32.6%	32.7%	32.0%	30.5%	<b>32.0%</b>	<b>32.0%</b>	<b>32.0%</b>	Income Tax Rate	32.0%
19.0%	18.7%	10.0%	11.9%	16.9%	16.1%	15.6%	19.0%	21.0%	20.9%	<b>21.3%</b>	<b>21.4%</b>	Net Profit Margin	22.3%
389.5	460.1	407.7	446.8	583.2	651.6	656.7	481.2	723.2	<b>800</b>	<b>850</b>	<b>900</b>	Working Cap'l (\$mill)	975
--	--	--	--	--	--	--	265.6	258.1	<b>200</b>	<b>175</b>	<b>170</b>	Long-Term Debt (\$mill)	150
702.7	806.8	698.6	735.9	893.5	1027.1	1121.0	1327.6	1571.4	1722.5	<b>1925</b>	<b>2100</b>	Shr. Equity (\$mill)	2575
15.5%	15.1%	8.9%	8.8%	15.4%	16.0%	15.3%	14.0%	15.9%	<b>16.5%</b>	<b>17.0%</b>	<b>17.5%</b>	Return on Total Cap'l	17.5%
15.5%	15.1%	8.9%	8.8%	15.4%	16.0%	15.3%	16.8%	18.4%	18.7%	<b>18.5%</b>	<b>18.5%</b>	Return on Shr. Equity	18.5%
7.7%	8.2%	.2%	.5%	8.5%	9.5%	8.7%	10.8%	12.8%	<b>11.5%</b>	<b>11.5%</b>	<b>12.0%</b>	Retained to Com Eq	12.5%
50%	46%	97%	94%	45%	41%	43%	36%	30%	<b>35%</b>	<b>36%</b>	<b>36%</b>	All Div'ds to Net Prof	36%

**CURRENT POSITION (SMILL)**

	2013	2014	9/30/15
Cash Assets	309.6	497.4	564.5
Receivables	143.0	168.0	208.2
Inventory (FIFO)	120.1	141.8	164.6
Other	28.5	49.4	41.9
Current Assets	601.2	856.6	979.2
Accts Payable	56.5	71.5	83.9
Debt Due	7.5	7.5	--
Other	56.0	54.4	97.7
Current Liab.	120.0	133.4	181.6

**ANNUAL RATES**

	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 of change (per sh)	Est'd '19-'21
Sales	11.0%	14.0%	9.0%	9.0%
"Cash Flow"	9.5%	19.0%	12.0%	12.0%
Earnings	9.0%	21.5%	12.0%	12.0%
Dividends	16.0%	6.0%	7.5%	7.5%
Book Value	7.5%	11.5%	9.5%	9.5%

**QUARTERLY SALES (\$mill)**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	269.5	287.0	288.6	326.8	1171.9
2014	335.7	338.5	350.9	350.4	1375.5
2015	368.9	379.3	389.8	405.6	1543.6
2016	<b>405</b>	<b>415</b>	<b>430</b>	<b>440</b>	<b>1690</b>
2017	<b>440</b>	<b>450</b>	<b>460</b>	<b>470</b>	<b>1820</b>

**EARNINGS PER SHARE <sup>A</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	.17	.18	.19	.24	.78
2014	.23	.26	.25	.24	.98
2015	.26	.26	.27	.30	1.09
2016	<b>.28</b>	<b>.29</b>	<b>.31</b>	<b>.32</b>	<b>1.20</b>
2017	<b>.31</b>	<b>.32</b>	<b>.33</b>	<b>.34</b>	<b>1.30</b>

**QUARTERLY DIVIDENDS PAID <sup>B</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	.065	.065	.065	.065	.26
2013	.07	.07	.07	.07	.28
2014	.07	.08	.08	.08	.31
2015	.08	.08	.085	.085	.33
2016	.085				

**BUSINESS:** Gentex Corporation manufactures automatic-dimming automotive rearview mirrors. Its *Night Vision Safety* mirrors use sensors and electronic circuitry to detect glare from trailing approaching vehicles at night, and darken accordingly to protect the driver's vision. Sells to most of the major automakers (has 4 customers who each accounted for 10% or more of 2014 total sales).

**Gentex finished 2015 with good results.** Sales during the fourth quarter increased 16% compared to the prior year, driven by a 17% rise in auto-dimming interior and exterior rearview mirror shipments. Margins during the period widened, thanks to the higher volumes, purchasing cost reductions, and the company's ability to leverage fixed overhead costs, which more than offset annual customer price reductions. Gentex also repurchased roughly 1.8 million shares during the quarter. These actions allowed share net to jump 25% compared to the prior-year tally.

**We are raising our 2016 top- and bottom-line estimates by \$20 million and a nickel per share, respectively, to \$1.69 billion and \$1.20.** Management looks for 2016 total light-vehicle production in North America, Europe, Japan, and South Korea to be about 52.7 million units, a 2% rise from last year. The largest gains are expected to be from North America, where units are anticipated to increase 5% this year. Given this backdrop, Gentex anticipates sales of \$1.64-\$1.72 billion for the year. It continues to see strong

International sales represent 68% of 2014 sales. Also makes commercial fire protection products. Has approximately 4,200 employees. Officers and directors own 3.0% of common stock, including 2.8% owned by Chairman & CEO Fred Bauer (3/15 proxy). Incorporated: MI. Address: 600 N. Centennial Street, Zeeland, MI 49464. Telephone: 616-772-1800. Internet: www.gentex.com.

order growth, despite the modest vehicle production increases expected in its primary markets. The company also believes that it will be able to offset the majority of annual customer price reductions with purchasing cost cuts and operational efficiency improvements.

**We are initiating our 2017 sales and earnings forecast of \$1.82 billion and \$1.30 per share, respectively.** Management expects revenue growth of between 6% and 10% next year, compared to 2016. We look for the HomeLink acquisition to continue to be a driver of both the top and bottom lines in the coming quarters. Additional product launches should also boost results, despite ongoing competitive pressures.

**Shares of Gentex are ranked to track the broader market averages in the coming six to 12 months.** After its good end to 2015, we look for continued solid growth this year, driven by firm demand for the company's core auto-dimming rearview mirrors. Over the 3- to 5-year period, these shares offer wide total return potential at the recent quotation.

*Iason Dalavagas*  
 March 18, 2016

(A) Diluted earnings. Next earnings report due in late April.  
 (B) Payments typically made in late January, April, July, and October.

(C) In millions, adjusted for stock splits.

Company's Financial Strength		B++
Stock's Price Stability		35
Price Growth Persistence		75
Earnings Predictability		50

To subscribe call 1-800-VALUELINE