**3rd Quarter 2018 for GNTX**

**Date:** Nov 12, 2018

Percentage change in Sales from year ago quarter\_\_\_4.8%\_\_\_\_\_\_\_\_\_\_\_\_\_

Percentage change in Earnings per Share from year ago quarter\_\_\_\_\_33.6%\_\_\_\_\_\_\_\_\_

Is company meeting our target sales & earnings estimates? No. GNTX missed the target sales, but beat the target earnings

Pre-tax Profit on sales trend? (up, even, down) Down slightly

Return on equity trends? (up, even, down) Up

Debt? (up, even, down) Down

Current PE is \_\_\_13.1\_\_\_\_

Where does it fall in my estimated High/low range of PE's? Low

Signature PE =\_\_\_15.2%\_\_\_\_\_\_\_

Club cost basis for this stock is \_\_$14.81\_\_\_\_\_\_. Current price is \_$21.83 (11/09/18)\_(from latest valuation)

Current fair value: Morningstar: \_$21.00 \_ CFRA/S&P: $21.68\_ (from 11/05/18) 5 star buy

My SSG Total Return is \_\_\_\_\_\_\_11.9%\_\_\_ Projected Average Return (Average PE):\_8.3%\_(Manifest PAR 9.3%)\_

**Manifest** gives GNTX a 99 Quality rating.

**Morningstar –** A Buy, High Uncertainty. GNTX management believes stock is undervalued and plans additional buybacks. Tariffs and production delays are reducing guidance for revenues and gross margins.

**ValueLine – (published Sep 14, 2018)** GNTX posted mixed Q2 results. Sales increased 3% from previous year. Supplier fire caused production delays. Management lowered guidance estimates. Sales softer than expected. However, company is optimistic b/c of new products and expanded margins (due to cost-saving measures). Share earnings will be boosted due to buybacks. Tariffs a concern. VL says GNTX offers good price appreciation potential in the next 3-5 years.

Rank & rating changes: 1 (changed 8/31/18)

**CFRA/S&P – (published 11/5/18)** 12-mo target price $30. S&P expects revenues to rise approx. 4% in 2018 and 5% in 2019 b/c of increase content per vehicle. Also expects growth in dimmable airplane windows. However, multiple challenges continue in 2018 – currency concerns, tariffs, narrowing operating margins. GNTX is benefitting from tax cuts, share repurchases, lower interest on debt.

Positives -

Free cash flow trending upward.

GNTX benefitted from lowering of tax rate; Gentex’s electrochromic technology is embedded in a large number of its new products which helps GNTX to compete against lower-priced, less tech-advanced competitor’s products.

Threats –

Trump’s tariffs.

**Represents 5.3% of our portfolio**

Recommend: Buy More \_\_, \_\_**Hold\_**\_\_, Challenge with a better investment\_\_\_\_\_\_, Sell\_\_\_