![BetterInvesting — National Association of Investors Corporation — Empowering Investors Since 1951]

Stock Selection Guide

Company	Gentex		Date	08/29/18	
Prepared by	HERMAN		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Auto Parts		
Capitalization --- Outstanding Amounts			Reference		
Preferred ($M)		0.0	% Insiders	% Institution	
Common (M Shares)		274.1	0.3	90.5	
Debt ($M)	23.1	% to Tot Cap	1.2	% Pot Dil	0.9

Symbol: GNTX

1 VISUAL ANALYSIS of Sales, Earnings, and Price

FY 2018 Q2	Sales ($M)	Earnings Per Share
Latest Quarter	455	0.40
Year Ago Quarter	443	0.31
Percentage Change	2.7%	29.0%
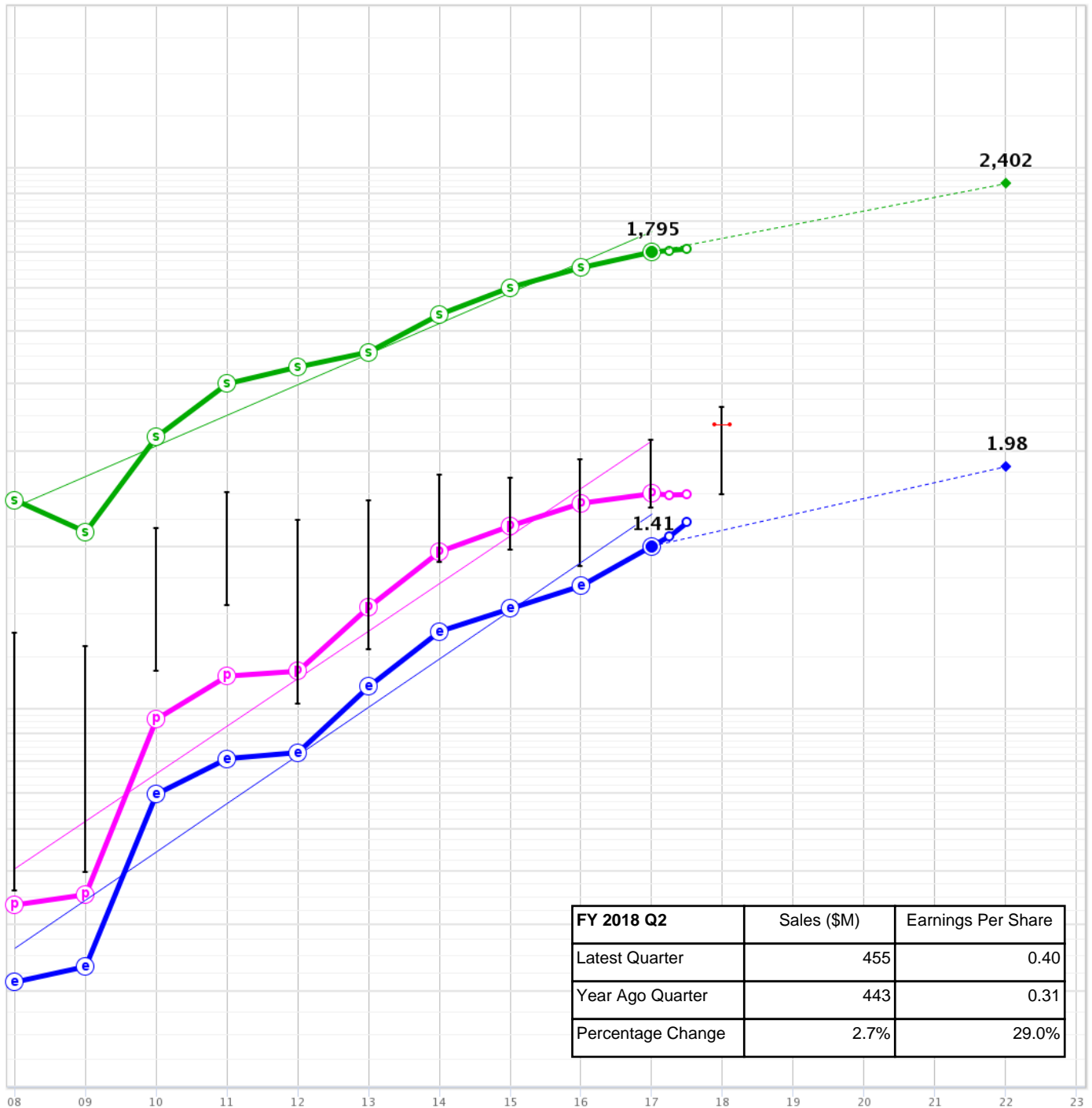
(1) Historical Sales Growth	13.9%	(3) Historical Earnings Per Share Growth	22.8%
(2) Estimated Future Sales Growth	6.0%	(4) Estimated Future Earnings Per Share Growth	7.0%

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Last 5 Year Avg.
Pre-tax Profit on Sales	14.8%	17.7%	24.9%	23.9%	22.7%	28.0%	30.2%	30.0%	30.4%	29.6%	29.6%
% Earned on Equity	8.8%	8.8%	15.6%	16.7%	14.9%	18.0%	19.3%	18.8%	18.5%	19.5%	18.8%
% Debt To Capital	0.0%	0.0%	0.0%	0.0%	0.0%	17.1%	14.5%	11.9%	8.9%	3.7%	11.2%

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 23.63 (08/29/18)   **HIGH THIS YEAR** 25.41   **LOW THIS YEAR** 17.52

	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
2013	17.1	9.1	0.78	22.0	11.7	0.28	36.1	3.1
2014	19.1	13.2	0.98	19.4	13.4	0.31	31.6	2.4
2015	18.8	13.8	1.08	17.4	12.8	0.34	31.0	2.4
2016	20.4	12.9	1.19	17.1	10.9	0.36	29.8	2.7
2017	22.1	16.6	1.41	15.7	11.8	0.39	27.7	2.4
AVERAGE		13.1		18.3	12.1		31.3	
CURRENT/TTM			1.56			0.44	28.2	
AVERAGE PRICE EARNINGS RATIO: 15.2					CURRENT PRICE EARNINGS RATIO: 15.1			

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   18.3   X Estimate High Earnings/Share   1.98   =   Forecasted High Price $ 36.2

B LOW PRICE - NEXT 5 YEARS
          (a) Avg. Low P/E   12.1   X Estimate Low Earnings/Share   1.41   =   Forecasted Low Price $ 17.1
          (b) Avg. Low Price of Last 5 Years   13.1
          (c) Recent Market Low Price   12.9
          (d) Price Dividend Will Support $\dfrac{\text{Indicated Dividend}}{\text{High Yield}} = \dfrac{0.44}{3.09\%} = 14.2$

                                                                      Selected Forecasted Low Price $ 17.1

C ZONING   using 25%-50%-25%
          Forecasted High Price   36.2   Minus Forecasted Low Price   17.1   =   19.1   Range.   25% of Range   4.8
                              Buy Zone   17.1   to   21.9
                              Hold Zone   21.9   to   31.4
                              Sell Zone   31.4   to   36.2
          Present Market Price of   23.63   is in the   **HOLD**   Zone

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

$\dfrac{\text{High Price} \quad 36.2 \quad \text{Minus Present Price} \quad 23.63}{\text{Present Price} \quad 23.63 \quad \text{Minus Low Price} \quad 17.1} = \dfrac{12.56}{6.53} = 1.9$ To 1

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

$\dfrac{\text{High Price} \quad 36.2}{\text{Closing Price} \quad 23.63} = 1.5315$ X   100   =   153.15   -   100   =   53.2   % 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 $\dfrac{\text{Indicated Annual Dividend} \quad 0.39}{\text{Closing Price} \quad 23.63} = 0.0186 = 1.9\%$ Current Yield

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

$\dfrac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \dfrac{31.3\%}{18.30} = 1.7\%$ $\dfrac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \dfrac{31.3\%}{15.20} = 2.1\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E   **COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E**

Annualized Appreciation	8.9 %		Annualized Appreciation	4.9 %
Average Yield	1.7 %		Average Yield	2.1 %
Annualized Rate of Return	10.6 %		Annualized Rate of Return	7.0 %