

# Gentex Corp

**S&P Capital IQ Recommendation**



**S&P Capital IQ Equity Analyst Efraim Levy, CFA**

**Price**

\$17.74 (as of Mar 13, 2015 4:00 PM ET)

**12-Mo. Target Price**

\$19.00

**Report Currency**

USD

**Investment Style**

Mid-Cap Growth

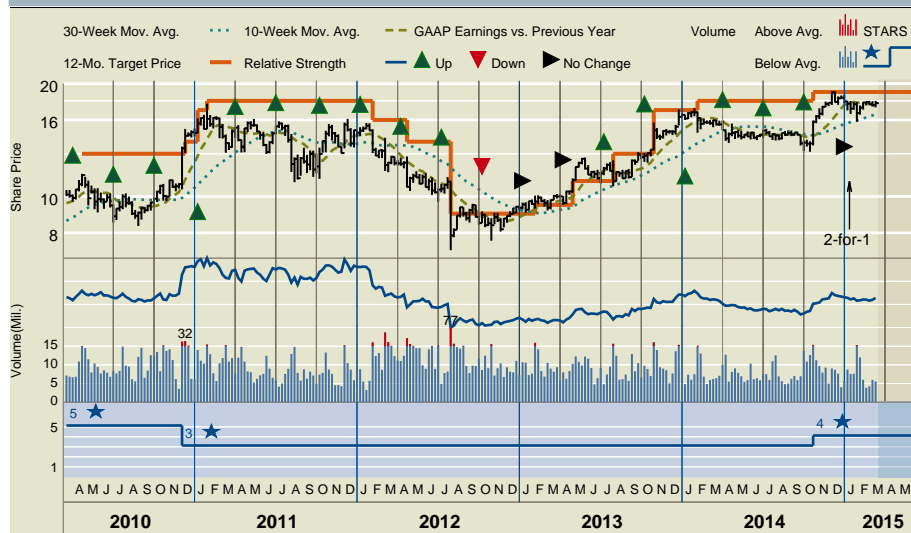
**GICS Sector** Consumer Discretionary  
**Sub-Industry** Auto Parts & Equipment

**Summary** This company manufactures automatic-dimming rearview mirrors for the automotive industry and fire protection products for commercial applications.

**Key Stock Statistics** (Source S&P Capital IQ, Vickers, company reports)

52-Wk Range	<b>\$19.06–13.17</b>	S&P Oper. EPS 2015E	<b>1.00</b>	Market Capitalization(B)	<b>\$5.168</b>	Beta	<b>1.22</b>
Trailing 12-Month EPS	<b>\$0.98</b>	S&P Oper. EPS 2016E	<b>NA</b>	Yield (%)	<b>1.80</b>	S&P 3-Yr. Proj. EPS CAGR(%)	<b>16</b>
Trailing 12-Month P/E	<b>18.1</b>	P/E on S&P Oper. EPS 2015E	<b>17.7</b>	Dividend Rate/Share	<b>\$0.32</b>	S&P Quality Ranking	<b>A-</b>
\$10K Invested 5 Yrs Ago	<b>\$19,500</b>	Common Shares Outstg. (M)	<b>291.3</b>	Institutional Ownership (%)	<b>95</b>		

**Price Performance**



Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Equity Analyst **Efraim Levy, CFA** on Jan 29, 2015 05:09 PM, when the stock traded at **\$16.73**.

**Highlights**

- For 2015, we estimate that higher U.S. mirror sales and increased dimmable airplane windows sales and benefits from the HomeLink acquisition will outweigh lower Japan, Korean auto industry volumes. Europe production levels should be flatish. We expect the company revenues to outpace global industry production volume. Fire protection revenues likely will not change meaningfully. We expect growth in dimmable airplane windows, albeit from a tiny but expanding base, as production of the Boeing 787 Dreamliner increases. Overall, we expect upper single-digit sales revenues gains.
- We project higher operating margins for 2015, as cost-cutting initiatives and elimination of costs for outsourced engineering talent outweigh price reductions.
- Reflecting a December 2014, two-for-one stock split, we estimate that EPS will increase to \$1.00 in 2015, from 2014's \$0.98. GNTX's strategy for growth includes adding features to interior and exterior auto mirrors. Proposed new legislation should help increase demand for rear camera display mirrors, but could also shift customers to competitors' display options.

**Investment Rationale/Risk**

- GNTX recently traded at a premium to the peer average based on 2015 EPS estimates, but at a discount to the S&P MidCap 400 Index. We believe a premium to peers is warranted by our view of GNTX's historical ability to generate more consistent growth than peers, and also given new U.S. Department of Transportation rules regarding expanding the required field of view to detect objects directly behind vehicles.
- Risks to our recommendation and target price include lower production or demand for vehicles, especially those with relatively high GNTX product content, lower average selling prices, and a weaker-than-expected mix or penetration of new products. Another risk is a move by customers away from mirror-based displays to alternate in-vehicle display locations.
- Our 12-month target price of \$19 is derived by applying a multiple of 19X, approximating GNTX's three-year average forward P/E and toward the middle to lower part of GNTX's seven-year historical range, to our 2015 EPS estimate of \$1.00. We expect EPS accretion from the HomeLink acquisition and increasing visibility for 2015.

**Analyst's Risk Assessment**

LOW	MEDIUM	HIGH
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Our risk assessment reflects the cyclical nature of GNTX's markets and its dependence on certain customers, offset by the absence of long-term debt on its balance sheet.

**Revenue/Earnings Data**

Revenue (Million \$)	1Q	2Q	3Q	4Q	Year
2014	335.7	338.4	350.9	350.4	1,376
2013	269.5	287.0	288.6	326.8	1,172
2012	290.7	280.3	268.3	260.4	1,100
2011	251.0	243.0	269.5	260.4	1,024
2010	185.8	201.6	206.8	222.1	816.3
2009	93.83	117.3	155.7	177.6	544.5

**Earnings Per Share (\$)**

2014	0.24	0.26	0.25	0.24	0.98
2013	0.16	0.18	0.19	0.24	0.78
2012	0.16	0.14	0.15	0.14	0.58
2011	0.15	0.14	0.15	0.14	0.57
2010	0.12	0.12	0.12	0.13	0.49
2009	Nil	0.05	0.09	0.11	0.24

Fiscal year ended Dec. 31. Next earnings report expected: Late April. EPS Estimates based on S&P Capital IQ Operating Earnings; historical GAAP earnings are as reported in Company reports.

**Dividend Data**

Amount (\$)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.160	Aug 29	Oct 3	Oct 7	Oct 17 '14
0.160	Dec 5	Jan 2	Dec 17	Dec 31 '14
0.080	Dec 2	Jan 5	Jan 7	Jan 20 '15
0.080	Mar 3	Apr 2	Apr 7	Apr 17 '15

Dividends have been paid since 2003. Source: Company reports.

Past performance is not an indication of future performance and should not be relied upon as such.

**Please read the Required Disclosures and Analyst Certification on the last page of this report.**

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**Gentex Corp****Business Summary** January 29, 2015

**CORPORATE OVERVIEW.** Gentex Corp. develops, manufactures and markets proprietary electro-optic products, including electrochromic, automatic-dimming automotive rearview mirrors, and a line of fire protection products primarily for the commercial building industry. With an approximate 88% market share in auto-dimming rearview mirrors, GNTX is believed to be the dominant supplier to the automotive industry.

Automotive products provided about 98% of sales in both 2013 and 2012.

The company ships interior mirrors as well as flat, convex and aspheric sub-assemblies for exterior use. In 2013, it sold 19.4 million interior mirrors, up from 2012's 18.1 million. Exterior mirror shipments advanced to 6.9 million in 2013, from 5.8 million in 2012.

GNTX's line of fire protection products (2% of net sales in 2013) consists of approximately 55 different models of smoke alarms and smoke detectors, and more than 100 different models of signaling appliances.

The company and PPG Aerospace work together to provide variably dimmable windows for the passenger compartment of Boeing's 787 Dreamliner aircraft.

Regionally, North America accounted for 38% of auto-dimming mirror shipment units in 2013. Europe (mostly Germany) and Asia-Pacific accounted for the balance.

**CORPORATE STRATEGY.** The company seeks to expand revenues via new models, greater penetration of existing markets and adding exterior mirrors. It seeks to be first to market new technologies and improve its manufacturing capabilities.

We expect the company to expand in Europe and Asia and to add features for mirrors. We also see the company continuing to focus on research and development for new technologies.

In September 2013, Gentex acquired HomeLink from Johnson Controls (JCI) for \$700 million. Gentex funded the transaction from cash on hand and by issuing debt.

**MARKET PROFILE.** We forecast higher global vehicle production in 2015, with production trends varying by country. U.S. new light vehicle production should increase. We project higher production in Asia, and expect improved U.S. automotive replacement parts market demand. We think demand for new commercial (heavy) trucks will rise in 2015.

**POTENTIAL CATALYSTS.** The Kids Transportation Safety Act of 2007 was signed into law in February 2008. The law revises federal standards to expand the field of view so that drivers can detect objects directly behind vehicles. We believe the company, with its rear camera display (RCD) mirror, is a potential beneficiary of the Act, as it could require additional vehicle mirrors, sensors or cameras. However, we think any significant related revenues are likely years away (2018). In December 2010, the U.S. Department of Transportation proposed rules regarding the required field of view to detect objects directly behind vehicles. Further updates to the Act have been repeatedly delayed, but a final rule was announced March 31, 2014. We think sales of Gentex's rear camera display mirrors would increase if new rules are enforced.

**FINANCIAL TRENDS.** Margins recovered to 19.0% in 2013, after shrinking in 2012 to 15.6%, from 16.1% in 2011. Margins in 2011 were hurt by natural disasters in Japan and Thailand that disrupted supply chains. During the first half of 2012, the company felt residual effects of the Thailand flood disruption, which was a contributor to reduced margins for the year.

In July 2012, the company announced customer contract losses that it expected would materially impact 2013 and 2014 results. Although Gentex has won other new business to partly offset the anticipated loss, the news has made forecasting 2014 results more difficult.

With no long-term debt, Gentex could use its free cash flow to repurchase common shares and/or increase its cash dividend.

**Corporate Information****Investor Contact**

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**Officers****Chrmn & CEO**

F.T. Bauer

**CFO & Treas**

S.R. Downing

**COO**

P.V. Flynn

**Chief Acctg Officer**

K.C. Nash

**SVP & Secy**

M.W. Newton

**Board Members**

F. T. Bauer

G. F. Goode

P. Hoekstra

J. A. Hollars

J. Mulder

M. W. Newton

R. O. Schaum

F. A. Sotok

J. Wallace

**Domicile**

Michigan

**Auditor**

ERNST & YOUNG

**Founded**

1974

**Employees**

4,196

**Stockholders**

1,666

# Gentex Corp

## Quantitative Evaluations

<b>S&amp;P Capital IQ Fair Value Rank</b>	4-	1	2	3	4	5
		LOWEST				HIGHEST
		Based on S&P Capital IQ's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).				

<b>Fair Value Calculation</b>	<b>\$20.30</b>	Analysis of the stock's current worth, based on S&P Capital IQ's proprietary quantitative model suggests that GNTX is slightly undervalued by \$2.56 or 14.4%.
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<b>Investability Quotient Percentile</b>	<b>91</b>
	LOWEST = 1 HIGHEST = 100
	GNTX scored higher than 91% of all companies for which an S&P Capital IQ Report is available.

<b>Volatility</b>	<b>LOW</b>	AVERAGE	HIGH
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<b>Technical Evaluation</b>	<b>NEUTRAL</b>	Since February, 2015, the technical indicators for GNTX have been NEUTRAL.
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<b>Insider Activity</b>	<b>UNFAVORABLE</b>	NEUTRAL	FAVORABLE
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For further clarification on the terms used in this report, please visit [www.standardandpoors.com/stockreportguide](http://www.standardandpoors.com/stockreportguide)

## Expanded Ratio Analysis

	2014	2013	2012	2011
Price/Sales	3.87	4.06	2.47	4.17
Price/EBITDA	11.16	12.86	9.37	15.48
Price/Pretax Income	12.80	14.50	10.87	17.47
P/E Ratio	18.42	21.34	16.10	25.93
Avg. Diluted Shares Outstg (M)	294.3	288.5	287.9	288.6

Figures based on calendar year-end price

## Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	17.38	9.96	17.99	11.51
Net Income	29.46	21.69	29.14	12.23

## Ratio Analysis (Annual Avg.)

	2014	2013	2012	2011
Net Margin (%)	20.98	18.45	17.66	16.42
% LT Debt to Capitalization	14.05	10.21	6.13	3.83
Return on Equity (%)	19.91	17.94	17.58	15.05

## Company Financials Fiscal Year Ended Dec. 31

Per Share Data (\$)	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Tangible Book Value	3.03	2.16	3.82	3.52	3.10	2.62	2.51	2.79	2.46	2.70
Cash Flow	1.24	0.99	0.76	0.72	0.63	0.38	0.35	0.54	0.46	0.43
Earnings	0.98	0.78	0.58	0.57	0.49	0.24	0.22	0.43	0.37	0.35
S&P Capital IQ Core Earnings	0.98	0.78	0.60	0.57	0.49	0.24	0.26	0.43	0.37	0.29
Dividends	0.30	0.28	0.26	0.24	0.22	0.22	0.21	0.20	0.18	0.17
Payout Ratio	31%	35%	44%	41%	45%	94%	95%	46%	50%	49%
Prices:High	19.06	17.08	15.70	17.67	15.18	9.18	9.73	11.30	10.50	10.16
Prices:Low	13.17	9.06	7.19	10.92	8.27	3.51	3.25	7.43	6.37	7.69
P/E Ratio:High	19	22	27	31	31	39	44	27	29	29
P/E Ratio:Low	13	12	12	19	17	15	15	17	17	22

## Income Statement Analysis (Million \$)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenue	1,376	1,172	1,100	1,024	816	545	624	654	572	536
Operating Income	476	370	290	276	230	133	144	174	154	160
Depreciation	77.4	62.9	50.2	42.6	38.6	38.4	35.9	32.4	27.8	23.8
Interest Expense	NA	NA	Nil	Nil	Nil	NA	Nil	Nil	Nil	Nil
Pretax Income	415	328	250	244	203	96.4	92.2	180	159	160
Effective Tax Rate	30.5%	32.1%	32.5%	32.6%	32.3%	32.9%	32.7%	32.1%	31.6%	31.5%
Net Income	289	223	169	165	138	64.6	62.1	122	109	110
S&P Capital IQ Core Earnings	289	223	172	165	138	65.5	73.5	124	109	89.5

## Balance Sheet & Other Financial Data (Million \$)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Cash	497	310	450	419	435	353	323	398	245	440
Current Assets	857	601	745	752	655	505	457	528	447	619
Total Assets	2,023	1,764	1,266	1,176	1,003	823	763	898	785	923
Current Liabilities	133	120	88.0	101	72.1	58.6	49.5	68.4	57.4	58.1
Long Term Debt	258	266	Nil	Nil	Nil	NA	Nil	Nil	Nil	Nil
Common Equity	1,571	1,328	1,121	1,027	894	736	699	807	703	842
Total Capital	1,837	1,601	1,121	1,027	894	736	714	830	728	865
Capital Expenditures	72.5	55.4	117	120	46.9	21.1	45.5	54.5	48.2	53.5
Cash Flow	366	286	219	207	176	103	98.0	155	137	133
Current Ratio	6.4	5.0	8.5	7.5	9.1	8.6	9.2	7.7	7.8	10.7
% Long Term Debt of Capitalization	14.1	16.6	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
% Net Income of Revenue	21.0	19.0	15.3	16.1	16.9	11.9	10.0	18.7	19.0	20.4
% Return on Assets	15.2	14.7	13.8	15.1	15.1	8.2	7.5	14.5	12.7	12.3
% Return on Equity	19.9	18.2	15.7	17.2	16.9	9.0	8.3	16.2	14.1	13.5

Data as originally reported in Company reports.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

# Gentex Corp

## Sub-Industry Outlook

Our fundamental outlook for the auto parts and equipment sub-industry for the next 12 months is positive, reflecting our expectations for rising demand in the U.S. and abroad, including China. We think the worst has passed for Europe, but it will likely remain relatively weak during 2015. We believe profits should benefit from higher U.S. and international vehicle production.

We see U.S. new light vehicle sales rising 2.7% to 16.9 million units in 2015. In addition, we expect sales growth in most regions. Rising prosperity in emerging markets, led by China, should drive global demand growth, despite slowed regional economic growth, and still depressed but slightly rising European demand in 2015. Russia and South America should see challenges in 2015 too. We think rising volume in the U.S. and abroad versus 2014 will help corporate profits and cash flows. Positive factors we see in the U.S. for 2015 include pent-up consumer and business demand and improved access to credit for consumers. The average vehicle age is now above 11 years, an industry record. Cost cutting should also help margins, and lower gasoline prices is a positive in our view. Also, easing of high raw material costs would benefit profit margins, while an increase would hurt. The strong dollar should hurt those with exposure to sales in denominated in weaker currencies.

We forecast higher global vehicle production in 2015, with production trends varying by country. U.S. new light vehicle production should increase, as should Europe's. We project higher production in Asia, led by China, and we expect improved U.S. automotive replacement parts market demand. We expect global volume to rise in 2015.

Many auto parts suppliers are increasing their revenues generated outside the U.S. Emerging

markets are becoming more attractive to parts manufacturers due to lower labor costs for manufacturing and engineering and/or due to growing demand in local and regional markets. Over time, we expect some domestic parts suppliers to increase penetration of import brands, which are shifting more of their production to the U.S.

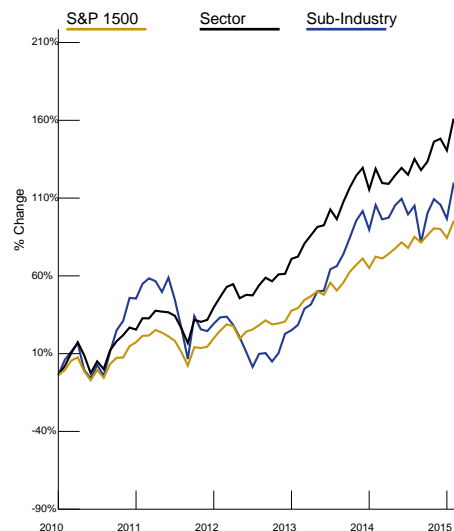
Year to date through March 6, 2015. The S&P Auto Parts Equipment Index rose 0.2%, compared to a 0.7% increase in the S&P 1500 Index. In 2014, the S&P Auto Parts & Equipment Index gained 2.0%, vs. a 10.9% rise for the S&P 1500 Index.

--Efraim Levy, CFA

## Industry Performance

**GICS Sector: Consumer Discretionary**  
**Sub-Industry: Auto Parts & Equipment**

Based on S&P 1500 Indexes  
Five-Year market price performance through Mar 14, 2015



**NOTE:** All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Past performance is not an indication of future performance and should not be relied upon as such.

## Sub-Industry : Auto Parts & Equipment Peer Group\*: Automobile Original Equipment - Smaller Cos.

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
<b>Gentex Corp</b>	<b>GNTX</b>	<b>5,168</b>	<b>17.74</b>	<b>19.06/13.17</b>	<b>1.22</b>	<b>1.8</b>	<b>18</b>	<b>20.30</b>	<b>A-</b>	<b>91</b>	<b>21.0</b>	<b>14.1</b>
Fuel Systems Solutions	FSYS	205	10.18	11.88/8.00	1.66	Nil	NM	10.20	C	30	NM	0.1
Shiloh Industries	SHLO	237	13.76	20.96/10.98	1.03	Nil	11	NA	B-	18	2.6	64.6
Spartan Motors	SPAR	169	4.94	5.71/4.26	1.58	2.0	NM	NA	B-	57	0.2	2.9
Stoneridge Inc	SRI	318	11.32	13.40/8.68	NM	Nil	NM	NA	C	75	1.6	48.0
Strattec Security	STRT	236	71.31	110.96/59.16	0.92	0.7	11	NA	B	82	4.7	1.8

NA-Not Available NM-Not Meaningful NR-Not Rated. \*For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

**S&P Capital IQ Analyst Research Notes and other Company News****January 29, 2015**

04:42 pm ET ... S&P CAPITAL IQ MAINTAINS BUY OPINION ON SHARES OF GENTEX CORP. (GNTX 16.47\*\*\*\*): GNTX posts Q4 EPS of \$0.24, vs. \$0.24, a penny below our forecast and the Capital IQ consensus estimate. Revenues were below forecast mainly due to year-end inventory adjustments at certain large customers. We don't see this as reflective on ongoing sales. We see sales and profits driven by continued innovation of new vehicle related products (mirrors and HomeLink products) with more advanced technology and features. We expect 2015 revenues to outpace global vehicle production volume growth, even with regional industry production variances. We expect margins to improve too. /E. Levy-CFA

**October 27, 2014**

01:25 pm ET ... S&P CAPITAL IQ RAISES OPINION ON SHARES OF GENTEX CORP. TO BUY FROM HOLD (GNTX 30.58\*\*\*\*): We increase our 12-month target \$2 to \$37, or 18.5X our 2015 EPS projection, a slight discount to its 3-year average forward multiple. We see earnings visibility increasing as we near '15, on reduced impact from lost mirror contracts. We raise our '14 and '15 EPS estimates a penny each to \$1.95 and \$2.00, respectively. We see revenue 17% revenue growth in '14. We see homegrown automotive specific technology as a competitive advantage for Gentex, but we also see benefits from acquisitions such 2013's HomeLink purchase and potential other strategic and accretive transactions. /E. Levy-CFA

**July 25, 2014**

04:29 pm ET ... S&P CAPITAL IQ REITERATES HOLD OPINION ON SHARES OF GENTEX CORP. (GNTX 29.32\*\*\*\*): We raise our '14 EPS estimate \$0.09 to \$1.94, but trim '15's a penny to \$1.99. Our 12-mo. target price stays at \$35, or 17.5X 2015's projection, a discount to the company's three-year average forward multiple of 19X. We see slowing sales growth and expect narrowing operating margin in 2015, after mid-teens revenue growth in 2014 (including benefits from the HomeLink acquisition of 2013). GNTX posts Q2 EPS of \$0.52, vs. \$0.36, above our \$0.47 estimate, partly reflecting \$0.04 benefit from adjustments to prior years' taxes for R&D tax credits (now included in our 2014 estimate). /E. Levy-CFA

**July 24, 2014**

Gentex Corporation announced that effective as of July 22, 2014, Mr. Paul Flynn, Vice President of Operations, is no longer an Executive Officer of the company, but will retain the title Vice President of Operations and will continue in the company's employ. Also, effective as of that same date, Mr. Joseph Matthews, the company's Vice President of Purchasing, was appointed as an Executive Officer of the company for purposes of the securities exchange act of 1934.

**June 18, 2014**

On June 16, 2014, Mr. Bruce Los, Senior Vice President of Gentex Corporation notified the company of his intention to retire from the Company effective July 25, 2014. As of June 16, 2014, Mr. Los is no longer an executive officer of the Company for purposes of the Securities Exchange Act of 1934. Also, effective as of June 16, 2014, Mr. Kevin Nash, the company's Chief Accounting Officer and Vice President of Accounting, was appointed as an executive officer of the company for purposes of the Securities Exchange Act of 1934.

**May 2, 2014**

11:09 am ET ... S&P CAPITAL IQ REITERATES HOLD OPINION ON SHARES OF GENTEX (GNTX 29.27\*\*\*\*): We initiate our '15 EPS estimate at \$2.00 and raise our '14 projection \$0.10 to \$1.85. Q1 EPS of \$0.47, vs. \$0.32, exceeded the Capital IQ consensus by \$0.02. On Mar. 31, the final rule of the much delayed The Kids Transportation Safety Act of 2007 requiring rearview video systems was announced with full implementation planned by 2018. Given current and expected industry penetration rates, we don't see much incremental benefit for Gentex until 100% of vehicles must meet the rules in 2018. Meanwhile GNTX should benefit from industry growth, new products and its HomeLink purchase. /E. Levy, CFA, /

**April 10, 2014**

Gentex Corporation has increased the overall responsibilities of Paul Flynn, including additional responsibility with respect to HomeLink. His title remains Vice President Operations and he is already an executive officer with reporting requirements under Section 16 of the Securities Exchange Act of 1934, as amended.

**January 29, 2014**

01:19 pm ET ... S&P CAPITAL IQ MAINTAINS HOLD OPINION ON SHARES OF GENTEX (GNTX 32.66\*\*\*\*): We raise our '14 EPS estimate \$0.08 to \$1.75 and increase our target price by \$2 to \$35, 20X our estimate. Our target price is based on a blend of historical and peer P/E analysis and our expectations that Gentex will outgrow the pace of rising global vehicle production. We increase our revenue and margin outlook. We expect the HomeLink acquisition to boost profits, even as Gentex faces pressures from lower rear camera display mirror sales. Also the company is focused on restraining selling, general and administrative expense, even as it invests in product research. /E. Levy, CFA

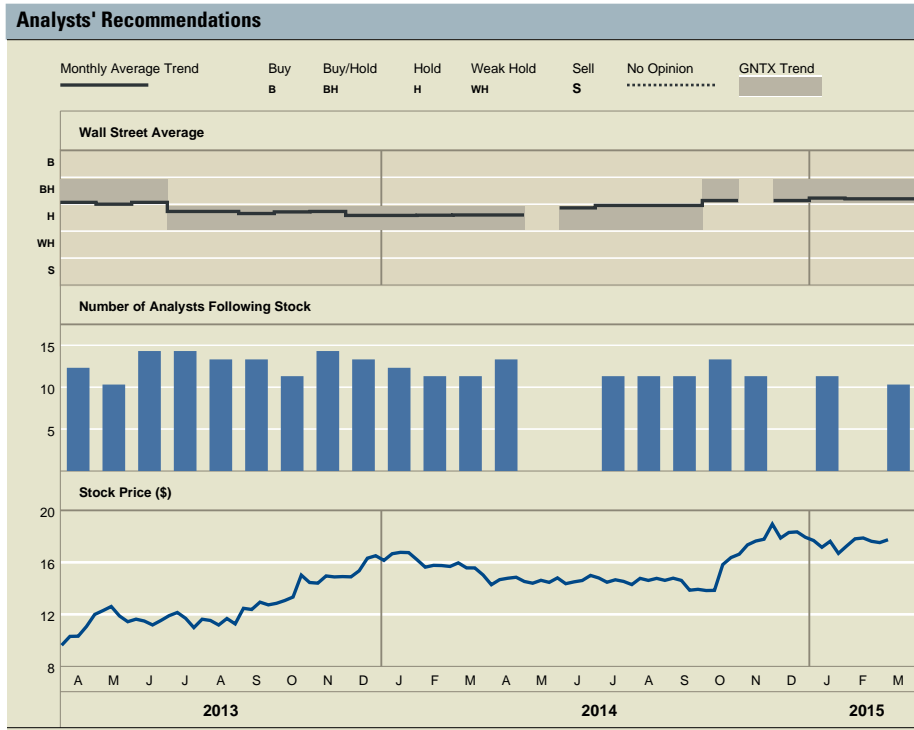
**January 23, 2014**

04:31 pm ET ... S&P CAPITAL IQ REITERATES HOLD OPINION ON SHARES OF GENTEX (GNTX 33.74\*\*\*\*): On January 29, we expect GNTX to report Q4 EPS of \$0.44, vs. \$0.28. For all of '13 we estimate EPS of \$1.50, rising 11% to \$1.67 in '14. We see sales rising 7-8% in '14, supported by the purchase of HomeLink from Johnson Controls (JCI 49, Strong Buy). Dimmable airplane window sales should increase, albeit from a tiny base, as Boeing's 787 Dreamliner production expands. We expect cost cutting and the elimination of costs for outsourced engineering talent to enhance operating margins. Despite EPS accretion from HomeLink, we consider visibility for '14 profits somewhat limited. /E. Levy, CFA

**October 22, 2013**

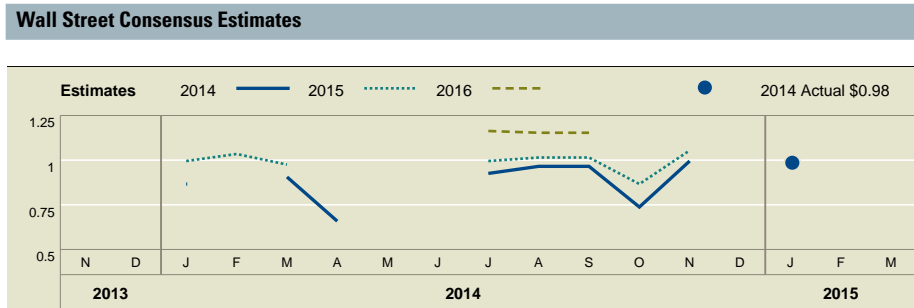
03:49 pm ET ... S&P CAPITAL IQ MAINTAINS HOLD OPINION ON SHARES OF GENTEX (GNTX 29.68\*\*\*\*): We increase our '13 EPS estimate by \$0.14 to \$1.50 and '14's by \$0.22 to \$1.66. We raise our target price \$8 to \$33, using a multiple of 20X our '14 EPS projection, around the midpoint of GNTX's historical range and at a premium to peers. The bulk of our more favorable view is based on the recently completed purchase of HomeLink from Johnson Controls. We expect the transaction to enhance revenues and margins and enable greater penetration of GNTX products. Q3 EPS of \$0.38, vs. \$0.29, was above our \$0.34 estimate on favorable revenues and margins. /E. Levy, CFA

# Gentex Corp



Of the total 10 companies following GNTX, 10 analysts currently publish recommendations.

	No. of Recommendations	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	5	50	0	0
Buy/Hold	1	10	0	0
Hold	2	20	0	0
Weak Hold	1	10	0	0
Sell	1	10	0	0
No Opinion	0	0	0	0
<b>Total</b>	<b>10</b>	<b>100</b>	<b>0</b>	<b>0</b>



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2016	1.15	1.26	1.03	10	15.4
2015	1.04	1.10	1.00	10	17.1
<b>2016 vs. 2015</b>	<b>▲ 11%</b>	<b>▲ 15%</b>	<b>▲ 3%</b>	<b>0%</b>	<b>▼ -10%</b>
Q1'16	0.28	0.28	0.27	4	63.4
Q1'15	0.25	0.27	0.24	9	71.0
<b>Q1'16 vs. Q1'15</b>	<b>▲ 12%</b>	<b>▲ 4%</b>	<b>▲ 13%</b>	<b>▼ -56%</b>	<b>▼ -11%</b>

A company's earnings outlook plays a major part in any investment decision. S&P Capital IQ organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

### Wall Street Consensus Opinion

**BUY/HOLD**

### Companies Offering Coverage

- BofA Merrill Lynch
- Buckingham Research Group Inc.
- Craig-Hallum Capital Group LLC
- FBR Capital Markets & Co.
- Great Lakes Review, division of Wellington
- Shields & Co. LLC
- JP Morgan
- KeyBanc Capital Markets Inc.
- Morningstar Inc.
- Robert W. Baird & Co.
- Wells Fargo Securities, LLC

### Wall Street Consensus vs. Performance

For fiscal year 2015, analysts estimate that GNTX will earn US\$ 1.04. For fiscal year 2016, analysts estimate that GNTX's earnings per share will grow by 11% to US\$ 1.15.

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## Glossary

### S&P Capital IQ STARS

Since January 1, 1987, S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, S&P Capital IQ Equity Research has ranked Asian and European equities since June 30, 2002. Under proprietary STARS (STock Appreciation Ranking System), S&P Capital IQ equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

### S&P Capital IQ Quality Ranking

(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and stability of earnings and dividends are deemed key elements in establishing S&P Capital IQ's earnings and dividend rankings for common stocks, which are designed to encapsulate the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+ Highest	B Below Average
A High	B- Lower
A- Above Average	C Lowest
B+ Average	D In Reorganization
NR Not Ranked	

### S&P Capital IQ EPS Estimates

S&P Capital IQ earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P Capital IQ EPS estimates reflect either forecasts of S&P Capital IQ equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to S&P Capital IQ Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

### S&P Capital IQ Core Earnings

S&P Capital IQ Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the S&P Capital IQ definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

### S&P Capital IQ 12-Month Target Price

The S&P Capital IQ equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Capital IQ Fair Value.

### S&P Capital IQ Equity Research

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### Abbreviations Used in S&P Capital IQ Equity Research Reports

CAGR - Compound Annual Growth Rate
CAPEX - Capital Expenditures
CY - Calendar Year
DCF - Discounted Cash Flow
DDM - Dividend Discount Model

EBIT - Earnings Before Interest and Taxes
EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization
EPS - Earnings Per Share
EV - Enterprise Value
FCF - Free Cash Flow
FFO - Funds From Operations
FY - Fiscal Year
P/E - Price/Earnings
P/NAV - Price to Net Asset Value
PEG Ratio - P/E-to-Growth Ratio
PV - Present Value
R&D - Research & Development
ROCE - Return on Capital Employed
ROE - Return on Equity
ROI - Return on Investment
ROIC - Return on Invested Capital
ROA - Return on Assets
SG&A - Selling, General & Administrative Expenses
SOTP - Sum-of-The-Parts
WACC - Weighted Average Cost of Capital

### Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).

### S&P Capital IQ Qualitative Risk Assessment

Reflects an S&P Capital IQ equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The S&P Capital IQ Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

### STARS Ranking system and definition:

#### ★★★★★ 5-STARS (Strong Buy):

Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

#### ★★★★☆ 4-STARS (Buy):

Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

#### ★★★☆☆ 3-STARS (Hold):

Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

#### ★★☆☆☆ 2-STARS (Sell):

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

#### ★☆☆☆☆ 1-STAR (Strong Sell):

Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

### Relevant benchmarks:

In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.

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### STARS Stock Reports:

#### S&P Capital IQ Global STARS Distribution as of December 31, 2014

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Buy	37.7%	25.4%	33.8%	35.2%
Hold	51.6%	48.4%	45.0%	50.4%
Sell	10.7%	26.2%	21.2%	14.4%
Total	100%	100%	100%	100%

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