

# GENTEX CORP. NDQ-GNTX

RECENT PRICE **29.19** P/E RATIO **14.7** (Trailing: 15.8 Median: 23.0) RELATIVE P/E RATIO **0.81** DIV'D YLD **2.2%** VALUE LINE

TIMELINESS **2** Lowered 6/20/14  
 SAFETY **3** New 7/10/98  
 TECHNICAL **4** Lowered 7/11/14  
 BETA 1.35 (1.00 = Market)

High: 22.5 23.5 20.3 21.0 22.6 19.5 18.4 30.4 35.3 31.4 34.2 34.4  
 Low: 12.0 15.1 15.4 12.7 14.9 6.5 7.0 16.5 21.8 14.4 18.1 27.8

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

**2017-19 PROJECTIONS**

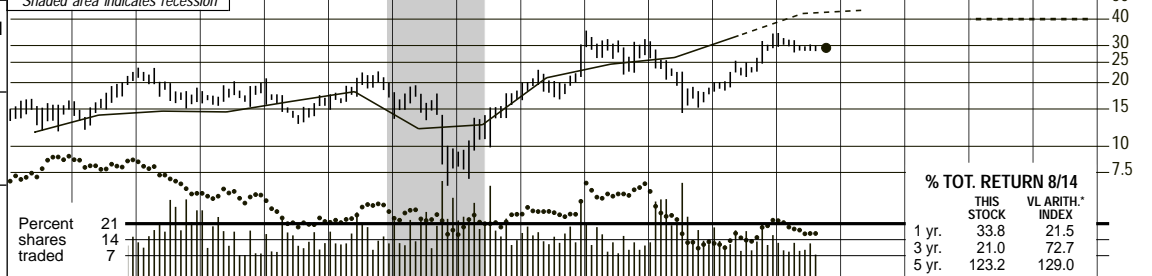
	Price	Gain	Ann'l Total Return
High	65	(+125%)	24%
Low	40	(+35%)	10%

**Insider Decisions**

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	2	1	1	0	2	0	1	4	2
to Sell	2	1	1	0	2	0	1	4	2

**Institutional Decisions**

	4Q2013	1Q2014	2Q2014
to Buy	154	129	157
to Sell	155	153	145
Hlds(000)	116361	113809	117029



1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	% TOT. RETURN 8/14 THIS STOCK VL ARITH. INDEX	17-19
1.54	1.79	2.00	2.06	2.59	3.04	3.25	3.44	4.02	4.52	4.53	3.94	5.74	7.11	7.69	8.05	9.30	9.95	Sales per sh	12.35
.40	.51	.55	.53	.68	.83	.86	.85	.96	1.07	.71	.74	1.24	1.44	1.55	1.96	2.50	2.60	"Cash Flow" per sh	3.15
.34	.43	.47	.43	.56	.69	.72	.70	.73	.85	.44	.47	.98	1.14	1.19	1.55	1.95	2.05	Earnings per sh <sup>A</sup>	2.50
--	--	--	--	--	.08	.31	.35	.37	.40	.43	.44	.44	.48	.52	.56	.60	.64	Div'ds Decl'd per sh <sup>B</sup>	.80
.17	.15	.15	.30	.21	.14	.20	.34	.34	.38	.33	.15	.33	.83	.82	.38	.45	.50	Cap'l Spending per sh	.65
1.64	2.16	2.71	3.19	3.76	4.50	5.03	5.39	4.93	5.57	5.08	5.32	6.28	7.13	7.83	9.12	10.55	11.65	Book Value per sh	14.65
144.52	146.82	148.58	150.34	152.44	154.08	155.73	156.04	142.48	144.75	137.63	138.34	142.29	144.07	143.08	145.58	147.00	148.00	Common Shs Outst'g <sup>C</sup>	150.00
23.4	27.9	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	15.5	15.5	Avg Ann'l P/E Ratio	21.0
1.22	1.59	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	.87	.87	Relative P/E Ratio	1.30
--	--	--	--	--	4%	1.6%	2.0%	2.4%	2.1%	3.0%	3.4%	2.2%	1.7%	2.4%	2.3%	2.3%	2.3%	Avg Ann'l Div'd Yield	1.6%

**CAPITAL STRUCTURE as of 6/30/14**  
 Total Debt \$261.9 mill. Due in 5 Yrs \$200.0 mill.  
 LT Debt \$261.9 mill. Lt Interest \$20.0 mill.  
 (15% of Cap'l)

Leases, Uncapitalized \$1.1 mill.  
 No Defined Benefit Pension Plan

Pfd Stock None  
 Common Stock 146,207,067 shs.  
 as of 7/24/14

MARKET CAP: \$4.3 billion (Mid Cap)

	2012	2013	6/30/14	2012	2013	6/30/14	2012	2013	6/30/14	2012	2013	6/30/14	2012	2013	6/30/14	2012	2013	6/30/14	2012	2013	6/30/14	
Cash Assets	389.7	309.6	391.7	34.0%	29.8%	26.9%	21.7	23.8	27.8	32.0%	31.5%	31.6%	8.3%	6.6%	7.7%	43%	49%	50%	505.7	536.5	572.3	653.9
Receivables	109.6	143.0	178.3	112.7	109.5	108.8	112.7	109.5	108.8	122.1	62.1	64.6	137.7	164.7	171.5	222.9	285	300	623.8	544.5	816.3	1023.8
Inventory (FIFO)	159.9	120.1	125.2	32.0%	31.5%	31.6%	32.0%	31.5%	31.6%	32.0%	32.9%	32.3%	32.6%	32.7%	32.0%	32.0%	32.0%	32.0%	623.8	544.5	816.3	1023.8
Other	85.5	28.5	38.5	22.3%	20.4%	19.0%	22.3%	20.4%	19.0%	18.7%	10.0%	11.9%	16.9%	16.1%	15.6%	19.0%	20.9%	20.3%	623.8	544.5	816.3	1023.8
Current Assets	744.7	601.2	733.7	541.7	560.9	389.5	541.7	560.9	389.5	460.1	407.7	446.8	583.2	651.6	656.7	481.2	650	700	623.8	544.5	816.3	1023.8
Accts Payable	43.2	56.5	55.8	--	--	--	--	--	--	--	--	--	--	265.6	250	230	230	230	623.8	544.5	816.3	1023.8
Debt Due	--	7.5	--	783.3	841.6	702.7	783.3	841.6	702.7	806.8	698.6	735.9	893.5	1027.1	1121.0	1327.6	1550	1725	623.8	544.5	816.3	1023.8
Other	44.8	56.0	73.0	14.4%	13.0%	15.5%	14.4%	13.0%	15.5%	15.1%	8.9%	8.8%	15.4%	16.0%	15.3%	14.0%	16.5%	16.0%	623.8	544.5	816.3	1023.8
Current Liab.	88.0	120.0	128.8	14.4%	13.0%	15.5%	14.4%	13.0%	15.5%	15.1%	8.9%	8.8%	15.4%	16.0%	15.3%	16.8%	17.5%	17.5%	623.8	544.5	816.3	1023.8

**ANNUAL RATES**

	Past 10 Yrs.	Past 5 Yrs.	Est'd '11-'13
of change (per sh)			
Sales	11.5%	12.0%	9.0%
"Cash Flow"	9.0%	12.5%	12.0%
Earnings	9.0%	14.0%	12.0%
Dividends	--	5.5%	7.5%
Book Value	7.5%	9.0%	9.5%

**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 3 customers who accounted for 10% or more of 2013 total sales). International sales represent 66% of 2013 sales. Also makes commercial fire protection products. Has approximately 3,800 employees. Officers and directors own 3.6% of common stock, including 3.1% owned by Chairman & CEO Fred Bauer (3/14 proxy). Incorporated: MI. Address: 600 N. Centennial Street, Zeeland, MI 49464. Telephone: 616-772-1800. Internet: www.gentex.com.

**Genetex posted good second-quarter results.** Sales during the period rose 18% from a year ago, driven by a 12% increase in automotive mirror unit shipments. Shipments increased for both interior and exterior auto-dimming rearview mirrors in all of the company's primary markets, including North America, where demand rebounded. Other net sales, which include dimmable aircraft windows and fire protection products, rose 24%, although this segment represents less than 5% of total revenues. The addition of HomeLink also boosted business. These gains more than offset ongoing declines of its rear camera display mirrors. Margins during the period widened thanks to the favorable impact of HomeLink, improvements in product mix, and purchasing cost reductions, which were only partially offset by annual customer price reductions. This allowed share net to come in a nickel above our estimate, at \$0.52.

**QUARTERLY SALES (\$mill.)**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	250.9	243.0	269.5	260.4	1023.8
2012	290.7	280.4	268.2	260.3	1099.6
2013	269.5	287.0	288.6	326.8	1171.9
2014	335.7	338.4	340	350.9	1365
2015	350	365	375	385	1475

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

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.29	.27	.30	.28	1.14
2012	.32	.28	.29	.30	1.19
2013	.32	.37	.38	.48	1.55
2014	.47	.52	.47	.49	1.95
2015	.50	.50	.50	.55	2.05

**Shares of Genetex are ranked to outperform the broader market averages in the coming six to 12 months.** Good demand for most products, along with an improving margin outlook, ought to drive strong earnings gains during this time frame. Over the 3- to 5-year period, the stock offers good price appreciation potential at the recent quotation, along with a solid dividend yield.

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

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2010	.11	.11	.11	.11	.44
2011	.12	.12	.12	.12	.48
2012	.13	.13	.13	.13	.52
2013	.14	.14	.14	.14	.56
2014	.14	.14	.16		

**We have raised our 2014 bottom-line estimate by a dime, to \$1.95 per share, while leaving our top-line estimate unchanged at \$1.365 billion.** Despite a relatively flat light-vehicle production environment, Gentex should continue to see good demand for its auto-dimming rearview mirrors and most HomeLink applications. Market penetration of these products remains strong, and this should drive the more-than-15% sales growth that we expect for the year. Margins ought to widen because of the jump in volumes, as well as continued cost-reduction initiatives. However, SG&A and R&D costs will likely rise, tempering some of the bottom-line advance. Given the good cash flows that the company generates, the board of directors increased the quarterly dividend payment by 14%, to \$0.16 per share. We also think management will continue to pay down debt, albeit slowly.

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**Company's Financial Strength** B++  
**Stock's Price Stability** 25  
**Price Growth Persistence** 70  
**Earnings Predictability** 40

**Jason Dalavagas**  
 September 19, 2014

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