

Gentex Corporation

Recommendation **HOLD** ★ ★ ★ ★ ★

Price USD 36.87 [as of market close Nov 05, 2021] **12-Mo. Target Price** USD 34.00 **Report Currency** USD **Investment Style** Mid-Cap Blend

Equity Analyst Garrett Nelson

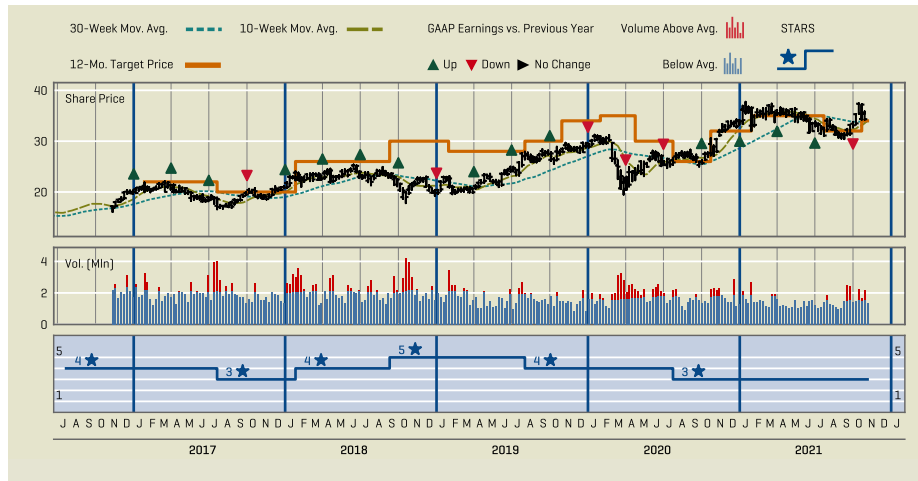
GICS Sector Consumer Discretionary
Sub-Industry Auto Parts and Equipment

Summary Gentex Corporation manufactures automatic dimming rearview mirrors for the automotive industry and fire protection products for commercial applications.

Key Stock Statistics [Source: CFRA, S&P Global Market Intelligence (SPGMI), Company Reports]

52-Wk Range	USD 37.54 - 30.1	Oper.EPS2021E	USD 1.55	Market Capitalization[B]	USD 8.81	Beta	0.96
Trailing 12-Month EPS	USD 1.74	Oper.EPS2022E	USD 2.00	Yield [%]	1.3	3-yr Proj. EPS CAGR[%]	7
Trailing 12-Month P/E	21.19	P/E on Oper.EPS2021E	23.79	Dividend Rate/Share	USD 0.48	SPGMI's Quality Ranking	A+
USD 10K Invested 5 Yrs Ago	23,732.0	Common Shares Outstg.[M]	240.00	Institutional Ownership [%]	86.0		

Price Performance



Source: CFRA, S&P Global Market Intelligence

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

Analysis prepared by Garrett Nelson on Oct 22, 2021 12:23 PM ET, when the stock traded at USD 35.60.

Highlights

- ▶ We expect revenue to rise by 2% in 2021 and 16% in 2022 after falling 9% in 2020 driven higher mirror sales in every major market. However, GNTX's revenue is likely to be negatively impacted by lower price realizations. In the first nine months of 2021, GNTX's mirror shipments were up 22%. In 2020, GNTX posted an 11% decline in total mirror shipments, which materially outperformed the 16% drop in global light vehicle production, supported by international volumes [-9%].
- ▶ We expect GNTX's gross margin to expand by 10 bps to 36.0% in 2021, driven by higher volumes as the auto market rebounds from a Covid-19 impacted 2020. In early 2020, GNTX suffered from lost sales due to pandemic-related shutdowns, but results rebounded after that.
- ▶ We forecast adjusted EPS of \$1.55 in 2021 and \$2.00 in 2022, versus \$1.44 in 2020 and \$1.66 in 2019. Share repurchases should help boost the company's EPS. We note that GNTX recently resumed share repurchases after a temporary halt, buying back 10.6 million shares for \$27.10/sh in 2020, and 9.03 million shares for \$33.87/sh in the first nine months of 2021. GNTX has a steady history of steadily increasing dividends to the current level of \$0.48/share annualized.

Investment Rationale/Risk

- ▶ Our Hold opinion reflects a view that GNTX is fairly valued at current levels, but we consider it a higher-quality, lower-beta name within its sub-industry and like its strong balance sheet [net cash] and peer-leading gross margins. In the near-term, production should remain depressed due to semiconductor shortages. GNTX trades at a premium to peers, but we think the premium is warranted for those reasons and also its long history of returning cash to shareholders via both dividends and buybacks.
- ▶ Risks to our opinion and price target include lower or higher production or demand for vehicles, especially those with relatively high GNTX product content, average selling prices, mix, and penetration of new products.
- ▶ Our 12-month target price of \$34 is based on a multiple of 17x our '22 adjusted EPS estimate, a premium discount to GNTX's 5-year mean forward P/E of 16.4x, which we think is warranted by non-peak auto market conditions. However, we do see the potential for value-creating activity from a combination of dividend increases, share repurchases, and/or accretive acquisitions due to its net cash position.

Analyst's Risk Assessment

LOW	MEDIUM	HIGH
-----	--------	------

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 USD)	1Q	2Q	3Q	4Q	Year
2022	E 478	E 498	E 501	E 523	E 2,000
2021	484	428	400	E 408	E 1,719
2020	454	230	475	530	1,688
2019	469	469	478	444	1,859
2018	465	455	460	453	1,834
2017	454	443	439	460	1,795

Earnings Per Share (USD)

Earnings Per Share (USD)	1Q	2Q	3Q	4Q	Year
2022	E 0.44	E 0.48	E 0.52	E 0.56	E 2.00
2021	0.46	0.36	0.32	E 0.41	E 1.55
2020	0.36	0.02	0.48	0.58	1.44
2019	0.40	0.42	0.44	0.39	1.66
2018	0.40	0.40	0.42	0.41	1.62
2017	0.33	0.31	0.31	0.45	1.41

Fiscal Year ended Dec 31. EPS Estimates based on CFRA's Operating Earnings; historical GAAP earnings are as reported in Company reports.

Dividend Data

Amount (USD)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.1200	Aug 04	Oct 07	Oct 08	Oct 21 '21
0.1200	Jun 07	Jul 08	Jul 09	Jul 21 '21
0.1200	Mar 02	Apr 08	Apr 09	Apr 21 '21
0.1200	Dec 02	Jan 07	Jan 08	Jan 20 '21

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.

Forecasts are not a reliable indicator of future performance.

Dividends paid in currencies other than the Trading currency have been accordingly converted for display purposes.

Gentex Corporation

Business Summary Oct 22, 2021

CORPORATE OVERVIEW. Headquartered in Zeeland, Michigan, Gentex Corporation is a supplier of automatic-dimming rearview mirrors and electronics to the automotive industry, dimmable aircraft windows for aviation markets, and fire protection products to the fire protection market. The company ships interior mirrors as well as flat, convex and aspheric sub-assemblies for exterior use. In 2020, automotive rearview mirrors and electronics accounted for 97% of the company's net sales. GNTX sold approximately 38.2 million mirrors in 2020, down 10.9% from 42.9 million in 2019. With an approximately 94% market share in auto-dimming rearview mirrors in 2020 (flat with 2019 and up from 88% in 2013), GNTX is the dominant supplier of this part to the automotive industry. As of February 1, 2021, Gentex had 5,303 full-time employees, down from 5,874 one year earlier, and 100% of its workforce is non-union.

The company's breakdown of net sales by country in 2020 was: United States (33%), Germany (16%), Japan (12%), Mexico (9%), and Other (30%). Gentex's percentage of total shipments to the Asia-Pacific region has been increasing over the last several years, while North America has been declining. GNTX currently supplies mirrors and electronics modules for BMW, Daimler Group, Fiat Chrysler, Ford, Fuji Heavy, Geely/Volvo, General Motors, Honda, Hyundai/Kia, Jaguar/Land Rover, Mazda, PSA/Opel Group, Renault/Nissan/Mitsubishi, Subaru, Suzuki, Tesla, Toyota, Volkswagen, Karma Automotive, Mahindra, McLaren and Aston Martin as well as various Chinese manufacturers, including SAIC, Great Wall, BYD, Chery, Dongfeng, Borgward, Jianghuai and NextEV. Three customers accounted for more than 10% of GNTX's net sales in 2020: Volkswagen (14%), Toyota (13%), and General Motors (11%). The company also makes products for the aerospace, fire protection, and intelligent medical lighting markets such as dimmable aircraft windows and photoelectric smoke detectors and alarms.

CORPORATE STRATEGY. The company seeks to expand revenues via new products and greater penetration of existing markets. It seeks to be first to market new technologies and improve its manufacturing capabilities. We expect the company to continue to expand in Europe and Asia and to add new mirror features.

MARKET PROFILE. Our fundamental outlook for the Auto Parts and Equipment sub-industry for the next 12 months is Positive, reflecting expectations for a sharp recovery in sales volume in China, Europe, and the U.S. (which together account for over 70% of global vehicle sales) in 2021 from the depressed, Covid-19 impacted levels of 2020, balanced by an expectation that overall demand will fall short of returning to pre-pandemic levels.

We estimate U.S. light vehicle sales will rebound by 16.2% to 16.8 million units in 2021 from the 2020 total of 14.46 million [-15.5% Y/Y]. Still, we expect U.S. light vehicle sales to come in slightly below the pre-pandemic level of 16.95 million units in 2019. Sales would be stronger if not for the low inventory levels and parts shortages (particularly semiconductors) which have plagued the market for most of this year. In 2020, U.S. light vehicle sales posted their weakest total since coming in at 14.44 million units in 2012.

On the positive side, rebounding GDP, consumer stimulus, declining unemployment, and low interest rates should help support sales volumes. Currency swings could also possibly benefit companies with significant non-U.S. manufacturing exposure if the U.S. dollar continues its recent depreciation versus other major currencies. We think margins will benefit from a combination of significantly higher price realizations and draconian cost cuts implemented in 2020. Increased production should also help with fixed cost absorption, but rising labor and raw materials costs are growing concerns. The average vehicle on the road in the U.S. was 12.1 years old in 2020 according to IHS Markit, an industry record, which should help support retail and parts demand. Many companies have resumed dividend payments and/or share repurchases after a Covid19-related pause in 2020.

FINANCIAL TRENDS. Gentex's total revenues have gone from \$1.83 billion in 2018 to \$1.86 billion in 2019 and \$1.69 billion in 2020, and EPS from \$1.62 in 2018 to \$1.66 in 2019 and \$1.44 in 2020. The late 2017 U.S. tax reform bill produced a windfall of tax savings for Gentex. In 2020, GNTX reported a 13.3% drop in EPS (\$1.44 vs. \$1.66 in the year-ago period), as revenues declined 9.2% and its gross margin contracted 110 bps to 35.9%. In the first nine months of 2021, GNTX reported a 40.2% increase in EPS [\$1.15 vs. \$0.82 in the year-ago period], as revenues rose 13.2% and its gross margin expanded 270 bps to 36.3%.

As of September 30, 2021, the company had \$277 million of cash, cash equivalents and short-term investments, down from \$451 million at year-end 2020. GNTX had no debt, unchanged from year-end 2020 levels.

Gentex currently returns cash to shareholders through dividends and share repurchases. The company currently pays a \$0.48/share annualized dividend. GNTX repurchased approximately 9.03 million shares of stock for \$305.4 million in the first nine months of 2021 (an average price of \$33.87/share), 10.6 million shares of stock for \$287.3 million (an average price of \$27.10/share) in 2020, 13.8 million shares of common stock for \$332.0 million (an average price of \$24.06/share) in 2019, and 26.4 million shares for \$590.6 million at an average price of \$22.37/share in 2018.

Corporate information

Investor contact

J. O'Berski [616 772 1800]

Office

600 North Centennial Street, Zeeland, Michigan, 49464

Telephone

616 772 1800

Fax

616 772 7348

Website

www.gentex.com

Officers

President, CEO & Director S. R. Downing

Vice President of Operations P. V. Flynn

President, CEO & Director S. R. Downing

VP of Finance, CFO, Treasurer & Chief Accounting Officer K. C. Nash

VP of Finance, CFO, Treasurer & Chief Accounting Officer K. C. Nash

CTO & VP of Engineering N. Boehm

Independent Chairman J. Wallace

VP, General Counsel & Corporate Secretary S. Ryan

Board Members

B. C. Walker	K. K. Starkoff
F. T. Bauer	L. Brown
G. F. Goode	L. Zang
J. A. Hollars	R. O. Schaum
J. Wallace	S. R. Downing

Domicile
Michigan

Auditor
Ernst & Young LLP

Founded
1974

Employees
5,303

Stockholders
2,095

Gentex Corporation

Quantitative Evaluations					Expanded Ratio Analysis						
Fair Value Rank	1	2	3	4	5		2020	2019	2018	2017	
	LOWEST				HIGHEST						
	Based on CFRA's proprietary quantitative model, stocks are ranked from most overvalued [1] to most undervalued [5].										
Fair Value Calculation	USD 37.88	Analysis of the stock's current worth, based on CFRA's proprietary quantitative model suggests that GNTX is undervalued by USD 1.01 or 2.74%									
Volatility	LOW	AVERAGE	HIGH								
Technical Evaluation	BULLISH	Since October, 2020, the technical indicators for GNTX have been BULLISH"									
Insider Activity	UNFAVORABLE	NEUTRAL	FAVORABLE								
Key Growth Rates and Averages											
Past Growth Rate [%]							1 Year	3 Years	5 Years		
Net Income							NM	NM	1.76		
Sales							-9.18	-2.02	1.81		
Ratio Analysis [Annual Avg.]											
Net Margin [%]							20.59	22.44	22.14		
% LT Debt to Capitalization							0.08	0.03	1.71		
Return on Equity [%]							17.81	20.85	20.45		

Company Financials Fiscal year ending Dec 31										
Per Share Data [USD]	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Tangible Book Value	5.64	5.40	4.87	5.11	4.42	3.66	3.03	2.16	3.82	3.52
Free Cash Flow	1.70	1.67	1.74	1.39	1.23	0.88	0.88	0.91	0.49	0.08
Earnings	1.41	1.66	1.62	1.41	1.19	1.08	0.98	0.77	0.59	0.57
Earnings [Normalized]	1.05	1.23	1.20	1.15	1.10	0.96	0.85	0.67	0.53	0.52
Dividends	0.48	0.46	0.44	0.39	0.36	0.34	0.31	0.28	0.26	0.24
Payout Ratio [%]	34.00	27.00	27.00	27.00	29.00	30.00	30.00	36.00	44.00	41.00
Prices: High	34.30	29.74	25.41	22.12	20.39	18.80	19.06	17.08	15.70	17.68
Prices: Low	19.48	19.55	17.80	16.59	12.93	13.84	13.17	9.06	7.19	10.92
P/E Ratio: High	24.40	17.90	15.70	15.70	17.10	17.40	19.40	22.20	26.70	31.00
P/E Ratio: Low	13.90	11.80	11.00	11.80	10.90	12.80	13.40	11.80	12.20	19.20
Income Statement Analysis [Million USD]										
Revenue	1,688	1,859	1,834	1,795	1,679	1,544	1,376	1,172	1,100	1,024
Operating Income	400.00	489.00	508.00	523.00	512.00	459.00	399.00	305.00	239.00	231.00
Depreciation + Amortization	105.00	105.00	102.00	100.00	89.00	81.00	77.00	63.00	50.00	43.00
Interest Expense	1.00	N/A	0.00	1.00	2.00	1.00	N/A	N/A	N/A	N/A
Pretax Income	412.00	500.00	522.00	532.00	511.00	464.00	415.00	328.00	250.00	244.00
Effective Tax Rate	15.60	15.10	16.10	23.50	31.90	31.30	30.50	32.00	32.50	32.60
Net Income	348.00	425.00	438.00	407.00	348.00	318.00	289.00	223.00	169.00	165.00
Net Income [Normalized]	256.50	312.50	325.00	331.80	318.90	285.40	249.80	193.70	153.90	148.60
Balance Sheet and Other Financial Data [Million USD]										
Cash	451.00	437.00	386.00	722.00	723.00	556.00	497.00	310.00	450.00	419.00
Current Assets	979.00	950.00	851.00	1,185	1,155	984.00	857.00	601.00	745.00	752.00
Total Assets	2,198	2,169	2,085	2,352	2,310	2,149	2,023	1,764	1,266	1,176
Current Liabilities	178.00	172.00	169.00	244.00	150.00	131.00	133.00	120.00	88.00	101.00
Long Term Debt	N/A	N/A	N/A	N/A	178.00	226.00	258.00	266.00	N/A	N/A
Total Capital	1,967	1,938	1,862	2,128	2,098	1,959	1,839	1,601	1,121	1,027
Capital Expenditures	52.00	85.00	86.00	104.00	121.00	98.00	73.00	55.00	117.00	120.00
Cash from Operations	464.00	506.00	552.00	501.00	477.00	354.00	327.00	317.00	258.00	142.00
Current Ratio	5.51	5.53	5.03	4.86	7.71	7.51	6.42	5.01	8.47	7.47
% Long Term Debt of Capitalization	0.10	N/A	N/A	N/A	8.50	11.50	14.00	16.60	N/A	N/A
% Net Income of Revenue	20.60	22.80	23.90	22.70	20.70	20.60	21.00	19.00	15.30	16.10
% Return on Assets	11.46	14.35	14.31	14.03	14.35	13.75	13.17	12.57	12.26	13.27
% Return on Equity	17.80	22.40	22.40	20.50	19.10	19.30	19.90	18.20	15.70	17.10

Source: S&P Global Market Intelligence. Data may be preliminary or restated; before results of discontinued operations/special items. Per share data adjusted for stock dividends; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Gentex Corporation

Sub-Industry Outlook

Our fundamental outlook for the Auto Parts and Equipment sub-industry for the next 12 months is positive, reflecting expectations for a sharp recovery in sales volume in China, Europe, and the U.S. [which together account for over 70% of global vehicle sales] from the depressed, Covid-19 impacted levels of 2020, balanced by an expectation that overall demand will fall short of returning to pre-pandemic levels and that semiconductor shortages will have a significant negative impact on global sales.

We estimate U.S. light vehicle sales will rebound by 7.8% to 15.6 million units in 2021 and another 4.2% to 16.2 million units in 2022, up from the 2020 total of 14.45 million [-14.7% Y/Y]. Still, we expect U.S. light vehicle sales to come in below the pre-pandemic level of 16.95 million units in 2019. Sales would be stronger if not for the record-low inventory levels and parts shortages [particularly semiconductors], which have plagued the market for most of this year and we expect to persist well into 2022 and possibly beyond. In 2020, U.S. light vehicle sales posted their weakest total since coming in at 14.44 million units in 2012.

On the positive side, rebounding GDP, consumer stimulus, declining unemployment, and low interest rates should help support sales volumes. We think margins will benefit from a combination of record-high price realizations and the draconian cost cuts implemented in 2020. However, the semiconductor shortages as well as rising labor and raw materials costs are major concerns.

We expect investments in electric and autonomous vehicles to remain a drag on bottom-line results for most companies. One major secular trend over the last several years has been the growing popularity of light duty vehicles -- a category which includes pickup trucks, SUVs, and crossovers -- and the waning popularity of passenger cars such as sedans and compact vehicles. Light duty vehicles accounted for 76.4% of new vehicles sold in the U.S. in 2020, a percentage that was up from only 51.2% in 2010, according to National Automobile Dealers

Association data. The average vehicle on the road in the U.S. was 12.1 years old in 2020 according to IHS Markit, an industry record, which should help support retail and parts demand. Many companies have resumed dividend payments and/or share repurchases after a Covid-19-related pause in 2020.

We estimate global light vehicle sales will rebound by 9.0% to 85.0 million units in 2021 and another 4.5% to 88.8 million units in 2022, up from the 2020 total of 78.0 million [-13.8% Y/Y]. Still, we expect global light vehicle sales to come in below the pre-pandemic level of 90.4 million units in 2019. Global auto sales peaked at 95.9 million units in 2017 and have now fallen for three straight years. In 2020, sales were particularly resilient in China, the world's largest auto market [32% of global sales volume in 2020], declining only 2.0%, while the second and third largest markets of Europe [21% share] and the U.S. [19%] plummeted by 20.2% and 14.7%, respectively. We expect the rebound in global sales in 2021 and 2022 to be broad-based.

YTD as of October 1, 2021, the S&P Auto Parts & Equipment Index was up 11.7% versus a 16.2% gain for the S&P 1500 Index. In 2020, the S&P Auto Parts & Equipment Index was up 22.2% versus a 15.8% gain for the S&P 1500 Index, and was up 31.3% versus a 28.3% gain for the S&P 1500 Index in 2019. The sub-industry's five-year CAGR is 10.8%, short of the 14.7% growth rate for the S&P 1500 Index.

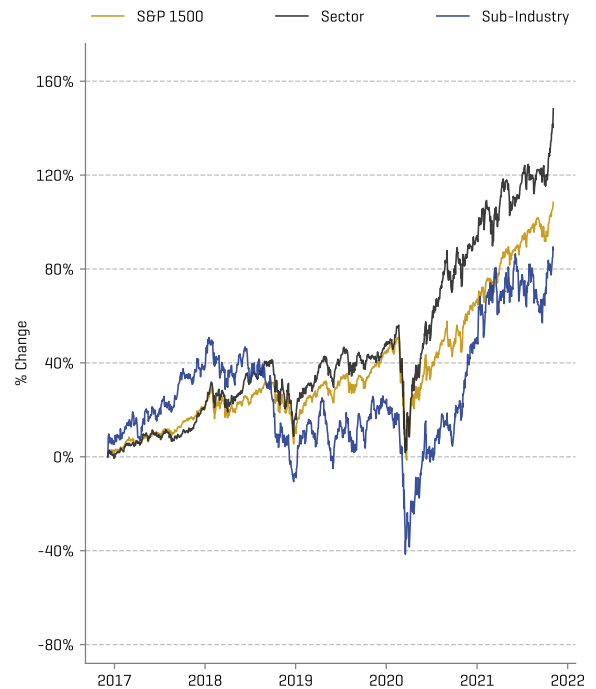
/ Garrett Nelson

Industry Performance

GICS Sector: Consumer Discretionary Sub-Industry: Auto Parts and Equipment

Based on S&P 1500 Indexes

Five-Year market price performance through Nov 06, 2021



NOTE: A sector chart appears when the sub-industry does not have sufficient historical index data.

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.

Source: CFRA, S&P Global Market Intelligence

Sub-Industry: Auto Parts and Equipment Peer Group*: Auto Parts and Equipment

Peer Group	Stock Symbol	Exchange	Currency	Recent Stock Price	Stk. Mkt. Cap. [M]	30-Day Price Chg. [%]	1-Year Price Chg. [%]	P/E Ratio	Fair Value Calc.	Yield [%]	Return on Equity [%]	LTD to Cap [%]
Gentex Corporation	GNTX	NasdaqGS	USD	36.59	8,743.0	7.9	25.1	26.0	37.88	1.3	17.8	0.1
Aisin Corporation	ASEKY	OTCPK	USD	34.83	9,614.0	-1.4	16.3	10.0	N/A	N/A	6.2	31.3
Autoliv, Inc.	ALV	NYSE	USD	101.40	8,870.0	16.5	31.7	47.0	153.95	2.4	8.3	44.5
BorgWarner Inc.	BWA	NYSE	USD	46.57	11,167.0	2.7	29.9	20.0	71.18	1.5	9.8	36.4
Faurecia S.E.	FURC.F	OTCPK	USD	53.00	7,127.0	15.3	44.0	NM	N/A	N/A	-7.9	50.4
Fox Factory Holding Corp.	FOXF	NasdaqGS	USD	174.08	7,329.0	16.9	91.0	78.0	N/A	N/A	15.9	35.0
HELLA GmbH & Co. KGaA	HLLGY	OTCPK	USD	35.07	7,729.0	1.8	57.2	9.0	N/A	N/A	15.8	32.8
Koito Manufacturing Co., Ltd.	KOTMY	OTCPK	USD	58.19	9,095.0	0.1	11.1	28.0	N/A	N/A	7.5	0.0
Lear Corporation	LEA	NYSE	USD	177.43	10,578.0	10.4	43.7	68.0	274.45	N/A	5.1	36.6
Luminar Technologies, Inc.	LAZR	NasdaqGS	USD	16.77	6,028.0	10.4	64.4	NM	N/A	N/A	-137.7	0.2
Sumitomo Electric Industries, Ltd.	SMTOY	OTCPK	USD	13.40	10,238.0	-0.7	18.1	21.0	N/A	N/A	3.8	13.1

*For Peer Groups with more than 10 companies or stocks, selection of issues is based on market capitalization.

NA-Not Available; NM-Not Meaningful.

Note: Peers are selected based on Global Industry Classification Standards and market capitalization. The peer group list includes companies with similar characteristics, but may not include all the companies within the same industry and/or that engage in the same line of business.

Gentex Corporation

Analyst Research Notes and other Company News

October 22, 2021

09:47 AM ET... CFRA Maintains Hold Opinion on Shares of Gentex Corporation [GNTX 36.10***]:

We raise our 12-month target by \$2 to \$34, based on a '22 P/E of 17x, a slight premium to GNTX's five-year mean forward P/E of 16.4x. We lower our adjusted EPS estimates by \$0.25 to \$1.55 for '21 and by \$0.20 to \$2.00 for '22. GNTX posts Q3 adjusted EPS of \$0.32 vs. \$0.48 [-33.3%], four cents short of consensus. The miss was due to weaker than expected top-line and gross margins, as revenue fell 15.8% to \$399.6M [\$22.5M below consensus] on lower pricing and a 7.1% drop in mirror shipments, and gross margin contracted 440 bps to 35.3% [60 bps below consensus]. GNTX lowered guidance for the second half of 2021 on lower global auto production, with its net sales and gross margin forecasts being cut from \$970M-\$1.07B and 37.5%-38.5% to \$770M-\$840M and 35%-36%, respectively. The good news is that GNTX said it expects revenue to rebound 15%-20% in 2022. We like GNTX's industry-high gross margins, debt-free balance sheet, and dividend/buyback history, but see better opportunities in the auto supplier space. / Garrett Nelson

July 23, 2021

08:46 AM ET... CFRA Maintains Hold Opinion on Shares of Gentex Corporation [GNTX 31.86***]:

We lower our 12-month price target by \$3 to \$32, based on a '22 P/E of 14.5x, a discount to GNTX's 5-year mean forward P/E of 16.2x. We lower our adjusted EPS estimates by \$0.20 to \$1.80 for '21 and by \$0.10 to \$2.20 for '22. GNTX posts Q2 adjusted EPS of \$0.36 vs. \$0.02, seven cents short of consensus. The miss was due to a weaker-than-expected top line and gross margins, as Q2 revenue rose 86.1% to \$428M [\$30M below consensus] on a 98.1% increase in mirror shipments, while gross margin expanded 1,630 bps to 35.4% [220 bps short of consensus]. GNTX said its results were adversely impacted by the auto industry's production interruptions from the shortage of semiconductors and other parts, particularly in North America. GNTX's guidance for the second half of 2021 implied lower revenue and gross margin expectations. While we like GNTX's industry-high gross margins, debt-free balance sheet, and history of returning cash to shareholders [including Q2 buybacks of 3.4M shares], we prefer other auto suppliers. / Garrett Nelson

April 23, 2021

09:38 AM ET... CFRA Maintains Hold Opinion on Shares of Gentex Corporation [GNTX 35.61***]:

We maintain our 12-month price target of \$35, based on a '22 P/E of 15.2x, a modest discount to GNTX's 5-year mean forward P/E of 16.1x. We maintain our adjusted EPS estimates of \$2.00 for '21 and \$2.30 for '22. GNTX posts Q1 EPS of \$0.46 vs. \$0.36 [+27.8%], three cents below consensus. The miss was due to a weaker-than-expected top line and gross margins, as Q1 revenue rose 6.5% to \$483.7M [\$9.1M below consensus] on a 13.3% increase in mirror shipments, while gross margin expanded 340 bps to 37.9% [120 bps short of consensus]. GNTX said margins were hurt by part shortages that resulted in raw material price increases and increased freight costs. Despite the miss, GNTX reiterated prior 2021 guidance for revenue and gross margin of \$1.94B-\$2.02B and 39%-40%, respectively. While we like GNTX's industry-high gross margins, debt-free balance sheet, and history of returning cash to shareholders [including Q1 buybacks of 2.8M shares at an average price of \$35.46/share], we see auto suppliers with greater upside. / Garrett Nelson

January 29, 2021

09:16 AM ET... CFRA Maintains Hold Opinion on Shares of Gentex Corporation [GNTX 33.55***]:

We raise our 12-month price target by \$3 to \$35, based on '22 P/E of 15.2x, a modest discount to GNTX's 5-year average forward P/E of 15.9x. We increase our '21 adjusted EPS estimate by \$0.10 to \$2.00 and introduce '22 at \$2.30. GNTX posts Q4 adjusted EPS of \$0.58 vs. \$0.39 [+48.7%], \$0.08 ahead of consensus. The beat was due to both stronger-than-expected sales and cost performance, as GNTX's Q4 revenue rose 19.4% to \$529.9M [\$47.2M above consensus] on a 13.6% increase in mirror shipments, while gross margin expanded 440 bps to 40.9% [160 bps ahead of consensus]. GNTX introduced 2021 guidance for revenue and gross margin of \$1.94B-\$2.02B and 39%-40%, respectively, versus the consensus estimates of \$1.95B and 39.1%, respectively. While we consider GNTX a best-of-breed auto supplier due to its industry-leading gross margins, debt-free balance sheet, and history of returning cash to shareholders, we remain at a Hold, seeing names with greater near-term upside in the space. / Garrett Nelson

October 23, 2020

11:08 AM ET... CFRA Maintains Hold Opinion on Shares of Gentex Corporation [GNTX 28.54***]:

We raise our 12-month target by \$6 to \$32, based on '21 P/E of 16.8x versus GNTX's 10-year mean forward P/E of 17.2x. We increase our adjusted EPS estimates by \$0.27 to \$1.32 for '20 and by \$0.40 to \$1.90 for '21. GNTX posts Q3 adjusted EPS of \$0.48 vs. \$0.44 [+9.1%], \$0.07 above consensus. The beat was due to both better-than-expected sales and cost performance, as GNTX's Q3 revenue fell 0.7% to \$474.6M [\$14.9M above consensus] on a 2.6% drop in mirror shipments, but gross margin expanded 200 bps to 39.7% [consensus = 36.2%]. On the heels of its strong Q3, GNTX raised second half 2020 guidance for revenue and gross margin to \$940M-\$960M and 39%-40%, respectively, versus \$865M-\$915M and 36%-37% previously. GNTX also said that it currently expects 15%-20% revenue growth in 2021 based on IHS' forecast of global light vehicle production growth of 12% next year [CFRA estimate = 11.8%]. We remain at a Hold, as we think lower-quality, higher-beta suppliers are more likely to outperform in that type of environment. / Garrett Nelson

July 24, 2020

09:59 AM ET... CFRA Lowers Opinion on Shares of Gentex Corporation to Hold from Buy [GNTX 26.28***]:

We lower our 12-month price target by \$4 to \$26 based on '21 P/E of 17.3x versus GNTX's 10-year mean forward P/E of 17.1x. We cut our adjusted EPS estimates to \$1.05 from \$1.20 for '20 and to \$1.50 from \$1.75 for '21. GNTX posts Q2 adjusted EPS of \$0.02 vs. \$0.42 [-95.2%], short of the \$0.12 consensus. The miss was both on the top line and cost side, as Q2 revenue fell 50.9% to \$229.9M [\$36.4M shy of consensus] on a 51.4% drop in mirror shipments, while gross margins contracted 1,860 bps to 19.1% [consensus = 31.8%]. The good news is that GNTX's earnings should rebound sharply in the second half of the year in tandem with the global production ramp-up, as it provided 2H'20 guidance for revenue and gross margin of \$865M-\$915M and 36%-37%, respectively, versus the consensus of \$898M and 35%. While we consider GNTX a high-quality name with a robust balance sheet, we lower our rating to Hold as we think the guidance sets a high bar and its sales/margins could be pressured by distressed automakers for some time. / Garrett Nelson

April 24, 2020

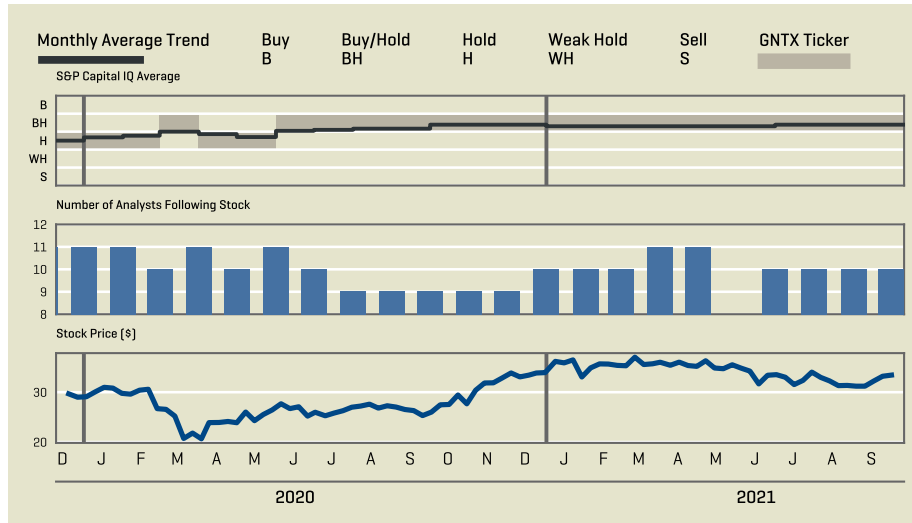
09:59 AM ET... CFRA Reiterates Buy Opinion on Shares of Gentex Corporation [GNTX 23.23***]:

We lower our 12-month target price by \$5 to \$30 based on '21 P/E of 17.1x, a discount to GNTX's 10-year mean forward P/E of 17.2x. Our EPS estimates are reduced by \$0.65 to \$1.20 for '20 and by \$0.30 to \$1.75 for '21. GNTX posts Q1 EPS of \$0.36 vs. \$0.40 [-10.0%], a penny ahead of consensus. GNTX's Q1 revenue fell 3.2% to \$453.8M [\$29.1M above consensus] and gross margin contracted 170 bps to 34.5% [consensus = 36.0%]. GNTX's auto-dimming mirror shipments fell 2.7% to 10.39M units. GNTX lowered 2020 guidance for revenue and gross margin to \$1.58B-\$1.67B and 34%-35%, respectively, from \$1.91B-\$2.00B and 36%-37%, one of the industry's few companies to not simply withdraw guidance due to Covid-19 uncertainty. GNTX also cut opex and capex guidance, but continued its steady pace of buybacks, repurchasing 7.0M shares at \$25.48/share in Q1. With its industry-leading gross margin, pristine balance sheet, and consistent history of cash returns to shareholders, GNTX remains our top auto supplier pick. / Garrett Nelson

Note: Research notes reflect CFRA's published opinions and analysis on the stock at the time the note was published. The note reflects the views of the equity analyst as of the date and time indicated in the note, and may not reflect CFRA's current view on the company.

Gentex Corporation

Analysts Recommendations



Wall Street Consensus Opinion

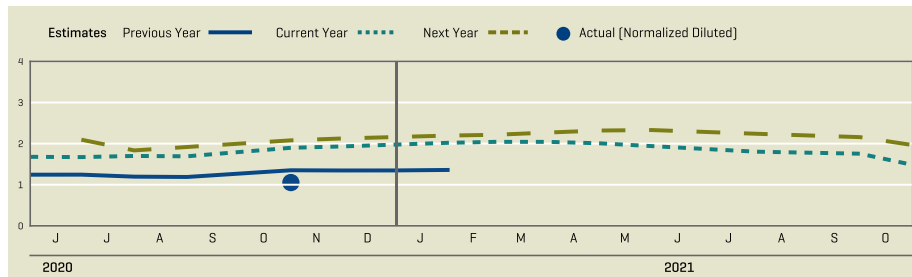
Buy/Hold

Wall Street Consensus vs. Performance

For fiscal year 2021, analysts estimate that GNTX will earn USD 1.48. For fiscal year 2022, analysts estimate that GNTX's earnings per share will grow by 32.57% to USD 1.96.

	No. of Recommendations	% of Total	1 Mo.Prior	3 Mos.Prior
Buy	5	56	5	5
Buy/Hold	0	0	0	0
Hold	2	22	2	2
Weak hold	2	22	2	2
Sell	0	0	0	0
No Opinion	0	0	1	1
Total	9	100	10	10

Wall Street Consensus Estimates



Fiscal Year	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2022	1.96	2.10	1.79	9	18.62
2021	1.48	1.52	1.44	8	24.69
2022 vs. 2021	▲ 33%	▲ 38%	▲ 24%	▲ 13%	▼ -25%
Q4'22	0.53	0.57	0.47	4	69.36
Q4'21	0.34	0.37	0.31	7	108.28
Q4'22 vs. Q4'21	▲ 56%	▲ 54%	▲ 52%	▼ -43%	▼ -36%

Forecasts are not reliable indicator of future performance.

Note: A company's earnings outlook plays a major part in any investment decision. S&P Global Market Intelligence 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.

Note: For all tables, graphs and charts in this report that do not cite any reference or source, the source is S&P Global Market Intelligence.

Gentex Corporation

Glossary

STARS

Since January 1, 1987, CFRA Equity and Fund Research Services, and its predecessor 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, we have ranked Asian and European equities since June 30, 2002. Under proprietary STARS (Stock Appreciation Ranking System), 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 [MSCI AC Asia Pacific Index, MSCI AC Europe Index or S&P 500® Index]], based on a 12-month time horizon. STARS was designed to help 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 Global Market Intelligence's Quality Ranking

[also known as **S&P Capital IQ Earnings & Dividend Rankings**] - Growth and S&P Capital IQ Earnings & Dividend Rankings stability of earnings and dividends are deemed key elements in establishing S&P Global Market Intelligence's earnings and dividend rankings for common stocks, which are designed to capsize 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	C	Lowest
B+	Average	D	In Reorganization
NC	Not Ranked		

EPS Estimates

CFRA's 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, EPS estimates reflect either forecasts of equity analysts; or, the consensus [average] EPS estimate, which are independently compiled by S&P Global Market Intelligence, a data provider to CFRA. 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.

12-Month Target Price

The 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 Fair Value.

Abbreviations Used in 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 & 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].

Qualitative Risk Assessment

Reflects an 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 Qualitative Risk Assessment is a relative ranking to the 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 notable 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.

★★★ 3-STARS (Hold):

Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months.

★★★ 2-STARS (Sell):

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months.

★★★ 1-STAR (Strong Sell):

Total return is expected to underperform the total return of a relevant benchmark by a notable 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 MSCI AC Europe Index and the MSCI AC Asia Pacific Index, respectively.

Gentex Corporation

Disclosures

Stocks are ranked in accordance with the following ranking methodologies:

STARS Stock Reports:

Qualitative STARS rankings are determined and assigned by equity analysts. For reports containing STARS rankings refer to the Glossary section of the report for detailed methodology and the definition of STARS rankings.

Quantitative Stock Reports:

Quantitative rankings are determined by ranking a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five (six) model category scores are then weighted and rolled up into a single percentile ranking for that company. For reports containing quantitative rankings refer to the Glossary section of the report for detailed methodology and the definition of Quantitative rankings.

STARS Stock Reports and Quantitative Stock Reports:

The methodologies used in STARS Stock Reports and Quantitative Stock Reports (collectively, the "Research Reports") reflect different criteria, assumptions and analytical methods and may have differing rankings. The methodologies and data used to generate the different types of Research Reports are believed by the author and distributor reasonable and appropriate. Generally, CFRA does not generate reports with different ranking methodologies for the same issuer. However, in the event that different methodologies or data are used on the analysis of an issuer, the methodologies may lead to different views on the issuer, which may at times result in contradicting assessments of an issuer. CFRA reserves the right to alter, replace or vary models, methodologies or assumptions from time to time and without notice to clients.

STARS Stock Reports:

Global STARS Distribution as of March 05, 2021

Ranking	North America	Europe	Asia	Global
Buy	40.3%	32.5%	40.0%	38.7%
Hold	49.6%	57.1%	53.1%	51.7%
Sell	10.1%	10.3%	6.9%	9.6%
Total	100.0%	100.0%	100.0%	100.0%

Analyst Certification:

STARS Stock Reports are prepared by the equity research analysts of CFRA and its affiliates and subsidiaries. Quantitative Stock Reports are prepared by CFRA. All of the views expressed in STARS Stock Reports accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers; all of the views expressed in the Quantitative Stock Reports accurately reflect the output of CFRA's algorithms and programs. Analysts generally update STARS Stock Reports at least four times each year. Quantitative Stock Reports are generally updated weekly. No part of analysts' or CFRA's compensation was, is, or will be directly or indirectly related to the specific rankings or views expressed in any Stock Report.

About CFRA Equity Research:

This Research Report is published and originally distributed by Accounting Research & Analytics, LLC d/b/a CFRA ("CFRA US"), with the following exceptions: In the UK/EU/EEA, it is published and originally distributed by CFRA UK Limited ("CFRA UK"), which is regulated by the Financial Conduct Authority (No. 775151), and in Malaysia by CFRA MY Sdn Bhd (Company No. 683377-A) ("CFRA Malaysia"), which is regulated by Securities Commission Malaysia, [No. CMSL/A0181/2007] under license from CFRA US. These parties and their subsidiaries maintain no responsibility for reports redistributed by third parties such as brokers or financial advisors.

General Disclosure

Notice to all jurisdictions:

Where Research Reports are made available in a language other than English and in the case of inconsistencies between the English and translated versions of a Research Report, the English version will control and supersede any ambiguities between such versions. Neither CFRA nor its affiliates guarantee the accuracy of any translation.

The content of this report and the opinions expressed herein are those of CFRA based upon publicly-available information that CFRA believes to be reliable and the opinions are subject to change without notice. This analysis has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. CFRA AND ALL RELATED ENTITIES SPECIFICALLY DISCLAIM ALL WARRANTIES, EXPRESS OR IMPLIED, to the full extent permitted by law, regarding the accuracy, completeness, or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes.

No content in this Research Report may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of CFRA, or used for any unlawful or unauthorized purposes. Neither CFRA nor its third-party providers, as well as its/their directors, officers, shareholders, employees or agents, guarantee the accuracy, completeness, timeliness or availability of the content herein

Past performance is not necessarily indicative of future results.

This document may contain forward-looking statements or forecasts; such forecasts are

not a reliable indicator of future performance.

This report is not intended to, and does not, constitute an offer or solicitation to buy and sell securities or engage in any investment activity. This report is for informational purposes only. Statements in this report are not made with respect to any particular investor or type of investor. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors and this material is not intended for any specific investor and does not take into account an investor's particular investment objectives, financial situations or needs. Before acting on anything in this report, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice. CFRA may license certain intellectual property or provide services to, or otherwise have a business relationship with, certain issuers of securities that are the subject of CFRA research reports, including exchange-traded investments whose investment objective is to substantially replicate the returns of a proprietary index of CFRA. In cases where CFRA is paid fees that are tied to the amount of assets invested in a fund or the volume of trading activity in a fund, investment in the fund may result in CFRA receiving compensation in addition to the subscription fees or other compensation for services rendered by CFRA, however, no part of CFRA's compensation for services is tied to any particular viewpoint or rating. Additional information on a subject company may be available upon request.

CFRA's financial data provider is S&P Global Market Intelligence. THIS DOCUMENT CONTAINS COPYRIGHTED AND TRADE SECRET MATERIAL DISTRIBUTED UNDER LICENSE FROM S&P GLOBAL MARKET INTELLIGENCE. FOR RECIPIENT'S INTERNAL USE ONLY.

The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and S&P Global Market Intelligence. GICS is a service mark of MSCI and S&P Global Market Intelligence and has been licensed for use by CFRA.

Other Disclaimers and Notices

Certain information in this report is provided by S&P Global, Inc. and/or its affiliates and subsidiaries (collectively "S&P Global"). Such information is subject to the following disclaimers and notices: "Copyright © 2018, S&P Global Market Intelligence (and its affiliates as applicable). All rights reserved. Nothing contained herein is investment advice and a reference to a particular investment or security, a credit rating or any observation concerning a security or investment provided by S&P Global is not a recommendation to buy, sell or hold such investment or security or make any other investment decisions. This may contain information obtained from third parties, including ratings from credit ratings agencies. Reproduction and distribution of S&P Global's information and third party content in any form is prohibited except with the prior written permission of S&P Global or the related third party, as applicable. Neither S&P Global nor its third party providers guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such information or content. S&P GLOBAL AND ITS THIRD PARTY CONTENT PROVIDERS GIVE NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE AND ALL S&P INFORMATION IS PROVIDED ON AN AS-IS BASIS. S&P GLOBAL AND ITS THIRD PARTY CONTENT PROVIDERS SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, EXEMPLARY, COMPENSATORY, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, COSTS, EXPENSES, LEGAL FEES, OR LOSSES (INCLUDING LOST INCOME OR PROFITS AND OPPORTUNITY COSTS OR LOSSES CAUSED BY NEGLIGENCE) IN CONNECTION WITH ANY USE OF THEIR INFORMATION OR CONTENT, INCLUDING RATINGS. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice."

Gentex Corporation

For residents of the European Union/European Economic Area:

Research reports are originally distributed by CFRA UK Limited [company number 08456139 registered in England & Wales with its registered office address at New Derwent House, 69-73 Theobalds Road, London, WC1X 8TA, United Kingdom]. CFRA UK Limited is regulated by the UK Financial Conduct Authority [No. 775151].

For residents of Malaysia:

Research reports are originally produced and distributed by CFRA MY Sdn Bhd [Company No. 683377-A] ["CFRA Malaysia"], a wholly-owned subsidiary of CFRA US. CFRA Malaysia is regulated by Securities Commission Malaysia [License No. CMSL/A0181/2007].

For residents of all other countries:

Research reports are originally distributed Accounting Research & Analytics, LLC d/b/a CFRA.

For Recipients in Canada:

This report is not prepared subject to Canadian disclosure requirements and may not be suitable for Canadian investors.

Copyright © 2021 CFRA. All rights reserved. CFRA and STARS are registered trademarks of CFRA.