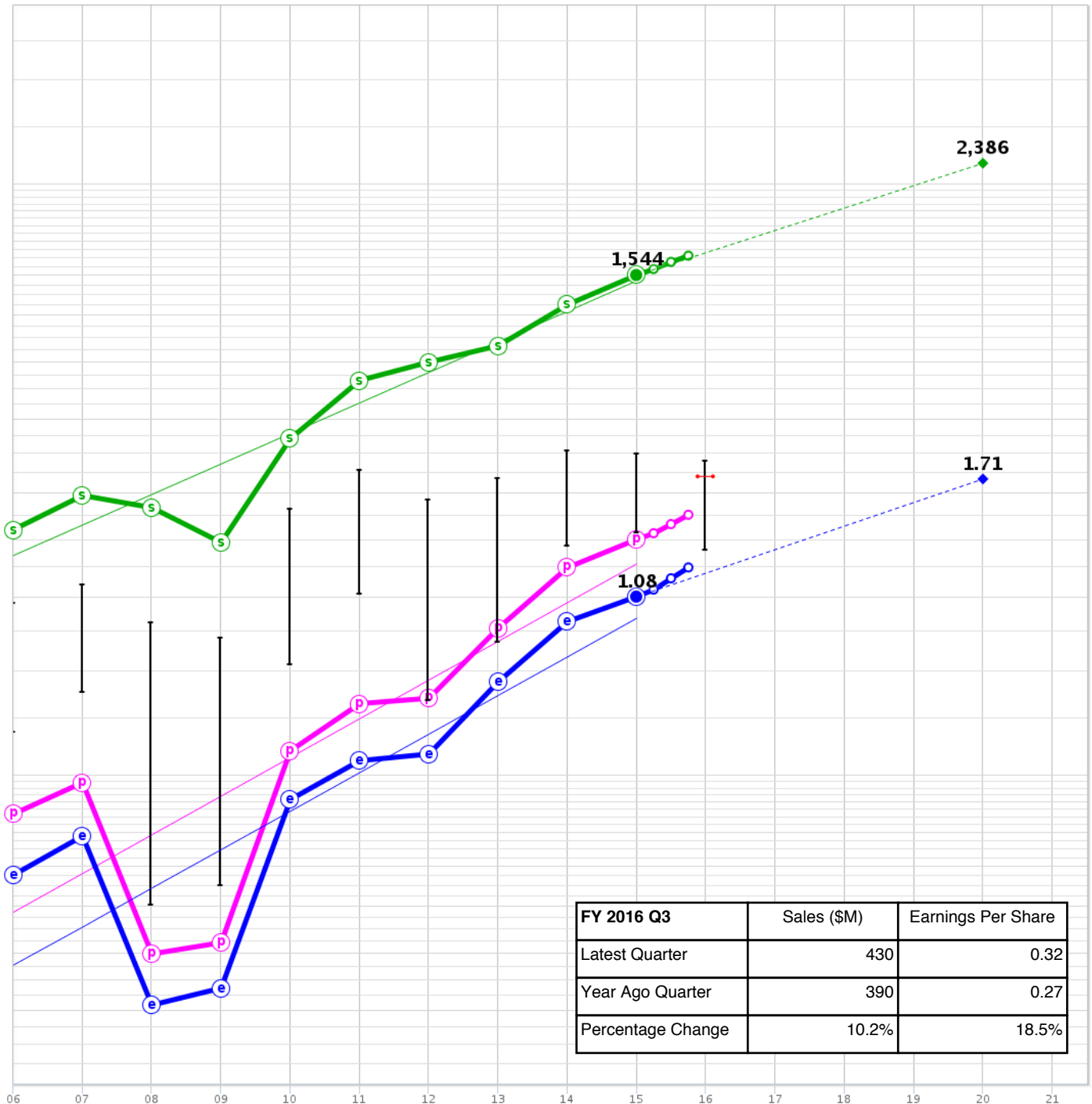


|  |           |              |                 |               |     |
|--|-----------|--------------|-----------------|---------------|-----|
| Company                                | Gentex    |              | Date            | 11/14/16      |     |
| Prepared by                            | EMMONS    |              | 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)                      | 290.5     | 2.2          | 89.5            |               |     |
| Debt (\$M)                             | 195.0     | % to Tot Cap | 9.5             | % Pot Dil     | 0.9 |

# Stock Selection Guide

Symbol: GNTX

## 1 VISUAL ANALYSIS of Sales, Earnings, and Price



- |                                   |       |  |       |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth       | 12.6% | (3) Historical Earnings Per Share Growth       | 16.2% |
| (2) Estimated Future Sales Growth | 9.1%  | (4) Estimated Future Earnings Per Share Growth | 9.6%  |

## 2 EVALUATING Management

Gentex

|                         | 2006  | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | Last 5 Year Avg. |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------------------|
| Pre-tax Profit on Sales | 27.8% | 27.5% | 14.8% | 17.7% | 24.9% | 23.9% | 22.7% | 28.0% | 30.2% | 30.0% | 27.0%            |
| % Earned on Equity      | 15.0% | 15.2% | 8.8%  | 8.8%  | 15.6% | 16.7% | 14.9% | 18.0% | 19.3% | 18.8% | 17.6%            |
| % Debt To Capital       | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 17.1% | 14.5% | 11.9% | 8.7%             |

## 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** 17.25 (11/14/16)

**HIGH THIS YEAR** 18.30

**LOW THIS YEAR** 12.93

|                                    | 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  |
| 2011                               | 17.7  | 10.9 | 0.57      | 31.0                               | 19.2      | 0.24      | 42.1        | 2.2          |
| 2012                               | 15.7  | 7.2  | 0.59      | 26.8                               | 12.3      | 0.26      | 44.4        | 3.6          |
| 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          |
| AVERAGE                            |       | 10.8 |           | 23.3                               | 13.9      |           | 37.1        |              |
| CURRENT/TTM                        |       |      | 1.21      |                                    |           | 0.36      | 29.8        |              |
| AVERAGE PRICE EARNINGS RATIO: 18.6 |       |      |           | CURRENT PRICE EARNINGS RATIO: 14.3 |           |           |             |              |

## 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 19.6 X Estimate High Earnings/Share 1.71 = Forecasted High Price \$ 33.5

### B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 12.6 X Estimate Low Earnings/Share 1.08 = Forecasted Low Price \$ 13.6

(b) Avg. Low Price of Last 5 Years 10.8

(c) Recent Market Low Price 12.9

(d) Price Dividend Will Support  $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.34}{3.62\%} = 9.3$

Selected Forecasted Low Price \$ 10.0

### C ZONING using 25%-50%-25%

Forecasted High Price 33.5 Minus Forecasted Low Price 10.0 = 23.5 Range. 25% of Range 5.9

Buy Zone 10.0 to 15.9

Hold Zone 15.9 to 27.6

Sell Zone 27.6 to 33.5

Present Market Price of 17.25 is in the **HOLD** Zone

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

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{33.5 - 17.25}{17.25 - 10.0} = \frac{16.27}{7.25} = 2.2$  To 1

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

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{33.5 - 17.25}{17.25} = 1.9430$  X 100 = 194.30 - 100 = 94.3 % 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**  $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.34}{17.25} = 0.0209 = 2.1\%$  Current Yield

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

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{31.0\%}{19.60} = 1.6\%$

### AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{31.0\%}{16.10} = 1.9\%$

### C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 14.2 %  
Average Yield 1.6 %  
Annualized Rate of Return 15.8 %

### COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 9.8 %  
Average Yield 1.9 %  
Annualized Rate of Return 11.7 %