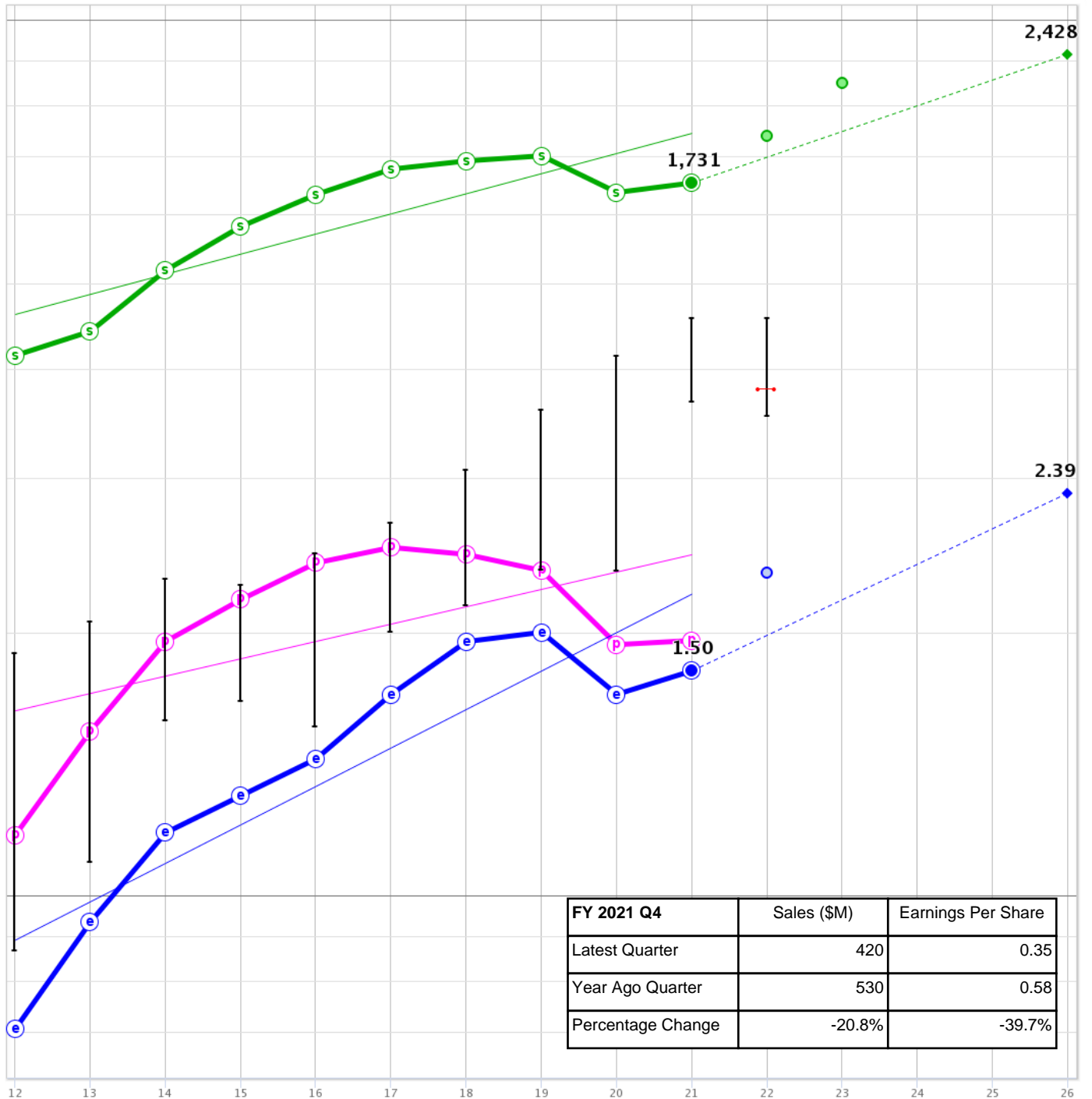


# Stock Selection Guide

Company	Gentex			Date	02/03/22		
Prepared by	O'MARA			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)	240.5			0.4	60.7		
Debt (\$M)	0.0	% to Tot Cap	0.0	% Pot Dil	2.9		

Symbol: GNTX

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



FY 2021 Q4	Sales (\$M)	Earnings Per Share
Latest Quarter	420	0.35
Year Ago Quarter	530	0.58
Percentage Change	-20.8%	-39.7%

- |                                   |      |  |       |
|-----------------------------------|------|--|-------|
| (1) Historical Sales Growth       | 5.4% | (3) Historical Earnings Per Share Growth       | 10.6% |
| (2) Estimated Future Sales Growth | 7.0% | (4) Estimated Future Earnings Per Share Growth | 9.8%  |

## 2 EVALUATING Management

Gentex

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Last 5 Year Avg.
Pre-tax Profit on Sales	22.7%	28.0%	30.2%	30.0%	30.4%	29.6%	28.5%	26.9%	24.4%	24.1%	26.7%
% Earned on Equity	14.9%	18.0%	19.3%	18.8%	18.5%	19.5%	22.8%	21.7%	18.1%	18.8%	20.2%
% Debt To Capital	0.0%	17.1%	14.5%	11.9%	8.9%	3.7%	0.0%	0.0%	0.0%	0.0%	0.7%

## 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** 31.48 (02/03/22)

**HIGH THIS YEAR** 37.90

**LOW THIS YEAR** 29.27

	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
2017	22.1	16.6	1.41	15.7	11.8	0.39	27.7	2.4
2018	25.4	17.8	1.62	15.7	11.0	0.33	20.4	1.9
2019	29.7	19.6	1.66	17.9	11.8	0.57	34.3	2.9
2020	34.3	19.5	1.41	24.3	13.8	0.48	34.0	2.5
2021	37.9	30.4	1.50	25.3	20.3	0.48	32.0	1.6
AVERAGE		20.8		19.8	13.7		29.7	
CURRENT/TTM			1.49			0.48	32.2	
AVERAGE PRICE EARNINGS RATIO: 16.7				CURRENT PRICE EARNINGS RATIO: 21.1				

## 4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

### A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 18.0 X Estimate High Earnings/Share 2.39 = Forecasted High Price \$ 43.0

### B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 11.8 X Estimate Low Earnings/Share 1.72 = Forecasted Low Price \$ 20.3

(b) Avg. Low Price of Last 5 Years 20.8

(c) Recent Market Low Price 19.5

(d) Price Dividend Will Support  $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.48}{2.92\%} = 16.5$

Selected Forecasted Low Price \$ 25.0

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

Forecasted High Price 43.0 Minus Forecasted Low Price 25.0 = 18.0 Range. 25% of Range 4.5

Buy Zone 25.0 to 29.5

Hold Zone 29.5 to 38.5

Sell Zone 38.5 to 43.0

Present Market Price of 31.48 is in the **HOLD** Zone

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

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{43.0 - 31.48}{31.48 - 25.0} = \frac{11.54}{6.48} = 1.8$  To 1

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

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{43.0 - 31.48}{31.48} = 1.3666 \times 100 = 136.66 - 100 = 36.7\%$  % 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**  $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.48}{31.48} = 0.0152 = 1.5\%$  Current Yield

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

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{29.2\%}{18.00} = 1.6\%$

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

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{29.2\%}{14.90} = 2.0\%$

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

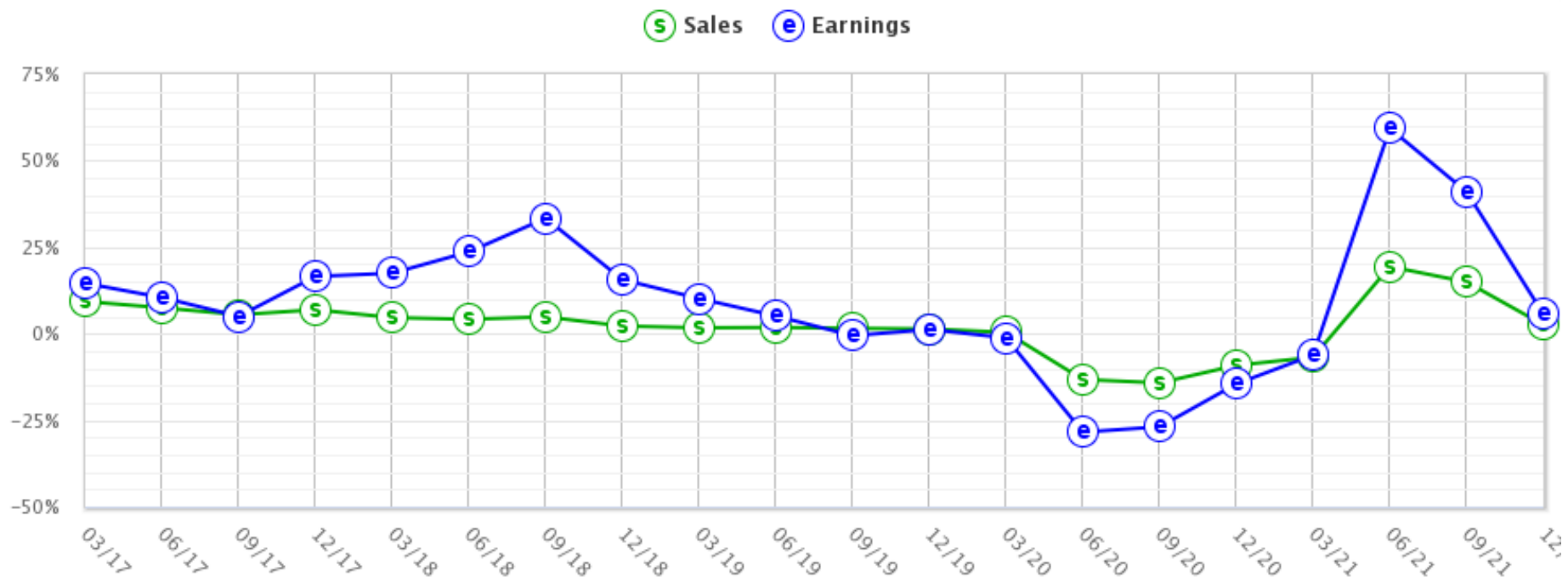
Annualized Appreciation 6.4 %  
Average Yield 1.6 %  
Annualized Rate of Return 8.1 %

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

Annualized Appreciation 2.5 %  
Average Yield 2.0 %  
Annualized Rate of Return 4.5 %

**Quarterly Growth Trend Data**

Graph: Trailing 4 Quarters, Last 5 Years of Data



Quarterly Data									Last 12 Months Data								
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit		Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change	\$		\$ Mil	%Sales	\$ Mil	%Rate	EPS	Pre-Tax Profit	Sales	
12/21	0.35	-39.7	89.4	21.3	-46.0	419.8	-20.8	5.8	1.49	416.4	24.1	1,731.2	53.8	12.9	5.7	1.1	2.5
09/21	0.32	-33.3	89.9	22.5	-37.1	399.6	-15.8	14.7	1.72	492.5	26.7	1,841.2	73.0	14.8	41.0	36.8	14.9
06/21	0.36	3,700.0	101.8	23.8	2,729.5	428.0	86.1	15.0	1.88	545.5	28.5	1,916.2	85.4	15.7	59.3	56.5	19.4
03/21	0.46	27.8	135.3	28.0	26.1	483.7	6.6	16.1	1.51	439.8	25.6	1,718.2	94.9	21.6	-6.2	-8.9	-6.8
12/20	0.58	48.7	165.5	31.2	45.6	529.9	19.4	13.4	1.41	411.8	24.4	1,688.2	89.3	21.7	-14.5	-17.7	-9.2
09/20	0.48	9.1	142.9	30.1	8.6	474.6	-0.7	18.1	1.22	359.9	22.5	1,602.2	77.1	21.4	-26.9	-30.5	-14.3
06/20	-0.01	-102.4	-3.9	-1.7	-103.0	229.9	-50.9	38.7	1.18	348.6	21.7	1,605.3	72.0	20.7	-28.5	-32.5	-13.3

**Quarterly Growth Trend Data**

Graph: Trailing 4 Quarters, Last 5 Years of Data

Quarterly Data									Last 12 Months Data									
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit			Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change			\$	\$ Mil	%Sales		\$ Mil	%Rate	EPS	Pre-Tax Profit	Sales
03/20	0.36	-10.0	107.3	23.6	-14.1	453.8	-3.2	16.6	1.61	482.8	26.2	1,844.1	72.8	15.1	-1.2	-6.3	0.4	
12/19	0.39	-4.9	113.6	25.6	-13.1	443.8	-2.1	12.4	1.65	500.4	26.9	1,858.9	75.4	15.1	1.2	-4.1	1.4	
09/19	0.44	4.8	131.6	27.5	0.8	477.8	3.8	15.0	1.67	517.6	27.7	1,868.5	86.1	16.6	-0.6	-2.2	1.5	
06/19	0.42	5.0	130.3	27.8	1.0	468.7	3.0	16.4	1.65	516.5	27.9	1,851.0	85.6	16.6	5.1	-2.5	1.8	
03/19	0.40	0.0	124.9	26.7	-5.2	468.6	0.7	16.5	1.63	515.2	28.0	1,837.2	84.3	16.4	10.1	-2.6	1.7	
12/18	0.41	-10.9	130.8	28.8	-5.3	453.4	-1.3	18.7	1.63	522.0	28.5	1,834.1	84.2	16.1	15.6	-1.8	2.2	
09/18	0.42	35.5	130.5	28.4	-0.2	460.3	4.9	14.7	1.68	529.4	28.8	1,840.2	67.9	12.8	33.3	1.3	4.8	
06/18	0.40	29.0	129.0	28.3	0.8	455.0	2.7	15.5	1.57	529.7	29.1	1,818.6	89.6	16.9	23.6	0.7	4.1	
03/18	0.40	21.2	131.8	28.3	-2.3	465.4	2.6	15.6	1.48	528.7	29.3	1,806.8	109.7	20.7	17.5	0.5	4.6	
12/17	0.46	48.4	138.2	30.1	7.1	459.6	9.4	5.6	1.41	531.8	29.6	1,794.9	126.4	23.8	16.5	4.2	6.9	
09/17	0.31	-3.1	130.8	29.8	-2.6	438.6	2.1	31.0	1.26	522.7	29.8	1,755.2	157.7	30.2	5.0	2.5	5.4	
06/17	0.31	3.3	127.9	28.9	0.3	443.1	4.6	30.8	1.27	526.2	30.1	1,746.2	159.4	30.3	10.4	7.0	7.5	
03/17	0.33	17.9	134.9	29.7	12.8	453.5	11.8	27.7	1.26	525.9	30.5	1,726.9	161.1	30.6	14.5	10.8	9.3	
12/16	0.31	3.3	129.1	30.7	0.3	419.9	3.5	31.2	1.21	510.6	30.4	1,678.9	163.1	31.9	12.0	10.1	8.8	
09/16	0.32	18.5	134.3	31.3	15.8	429.6	10.2	31.5	1.20	510.2	30.6	1,664.6	163.1	32.0	17.6	16.2	11.8	
06/16	0.30	20.0	127.6	30.1	15.5	423.8	11.7	32.2	1.15	491.9	30.3	1,624.8	158.5	32.2	15.6	15.2	12.1	
03/16	0.28	7.7	119.6	29.5	10.3	405.6	9.9	32.9	1.10	474.7	30.0	1,580.2	153.3	32.3	9.5	12.5	12.2	
12/15	0.30	25.0	128.7	31.7	23.7	405.6	15.7	31.3	1.08	463.6	30.0	1,543.6	145.0	31.3	10.2	11.6	12.2	
09/15	0.27	10.2	116.0	29.8	11.6	389.8	11.1	32.5	1.02	438.9	29.5	1,488.4	137.8	31.4	4.1	5.7	10.1	
06/15	0.25	-3.8	110.5	29.1	4.6	379.3	12.1	32.5	1.00	426.9	29.4	1,449.5	131.8	30.9	7.6	8.8	12.4	
03/15	0.26	10.6	108.4	29.4	6.6	368.9	9.9	28.8	1.01	422.1	30.0	1,408.7	124.9	29.6	18.9	15.9	13.8	
12/14	0.24	0.0	104.0	29.7	-0.1	350.4	7.2	31.8	0.98	415.3	30.2	1,375.5	126.8	30.5	27.3	26.6	17.4	
09/14	0.25	28.9	104.0	29.6	28.3	350.9	21.6	30.4	0.98	415.4	30.7	1,351.9	128.0	30.8	46.3	47.1	22.3	
06/14	0.26	44.4	105.6	31.2	36.9	338.4	17.9	27.4	0.93	392.5	30.4	1,289.6	122.0	31.1	48.0	49.2	18.8	
03/14	0.24	46.9	101.7	30.3	54.7	335.7	24.6	32.6	0.85	364.0	29.4	1,238.1	117.8	32.4	44.4	47.6	14.8	
12/13	0.24	71.4	104.1	31.9	78.1	326.8	25.5	32.9	0.77	328.1	28.0	1,171.9	104.8	31.9	31.6	31.4	6.6	
09/13	0.19	31.0	81.0	28.1	31.4	288.6	7.6	31.5	0.67	282.4	25.5	1,105.4	89.8	31.8				
06/13	0.18	28.6	77.1	26.9	27.1	287.0	2.4	32.5	0.63	263.0	24.2	1,085.1	84.0	31.9				
03/13	0.16	0.0	65.8	24.4	-4.4	269.5	-7.3	30.9	0.59	246.6	22.9	1,078.4	79.0	32.0				
12/12	0.14		58.5	22.5		260.3		32.3										
09/12	0.15		61.7	23.0		268.2		32.1										

**Quarterly Growth Trend Data**

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Quarterly Data									Last 12 Months Data									
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit			Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change	\$		\$ Mil	%Sales	\$ Mil		%Rate	EPS	Pre-Tax Profit	Sales	
06/12	0.14		60.7	21.7		280.3		32.8										
03/12	0.16		68.8	23.7		290.7		32.6										