



Image: Bigstock

Gentex (GNTX) Q4 Earnings Beat, '21 Sales Outlook Upbeat

Zacks Equity Research

February 02, 2021

AXL

MGA

GNTX

ADNT



Trades from **\$1**

Gentex Corporation ([GNTX](#) - [Free Report](#)) reported fourth-quarter earnings of 58 cents per share, surpassing the Zacks Consensus Estimate of 50 cents. Markedly, higher-than-expected revenues from the Automotive Products segment resulted in this outperformance. Revenues from the segment came in at \$521.6 million, beating the Zacks Consensus Estimate of \$470 million. Also, higher-than-expected auto-dimming mirror unit shipments contributed to the impressive results.

The bottom line also marked a 48.7% rise from the year-ago profit of 39 cents per share, thanks to improved sales, strong product mix and higher auto-dimming mirror unit shipments. This Zeeland-based automotive products supplier reported net sales of \$529.9 million, outpacing the Zacks Consensus Estimate of \$481 million. The top-line figure also increased 19% year over year.

The company recorded gross margin of 40.9% for the reported quarter, higher than the year-ago quarter's 36.5% on higher sales and cost-containment efforts implemented in the wake of COVID-19 pandemic. Importantly, it witnessed the highest gross margin in the December quarter since second-quarter 2004.

Gentex Corporation Price, Consensus and EPS Surprise
Segmental Performance
Financial Tidbits
Projections
Zacks Names "Single Best Pick to Double"



[Gentex Corporation price-consensus-eps-surprise-chart](#) | [Gentex Corporation Quote](#)

The Automotive segment's net sales — which have the highest contribution to Gentex's revenues — totaled \$521.6 million for the fourth quarter, up 20% year over year, primarily on the back of higher auto dimming mirror shipments. For the quarter under review, auto-dimming mirror shipments in the North

America market climbed 14% from the prior-year level to 3,756,000 units. Shipments also rose 14% year over year in the International market to 8,220,000 units. Total shipments rose 14% year over year to 11,976,000 units, surpassing the consensus mark of 11,108,000.

Other net sales, which include dimmable aircraft windows and fire protection products, dropped 17% from the year-ago quarter to \$8.3 million. Dimmable aircraft window sales plummeted 34% year over year during the October-December period. Gentex expects dimmable aircraft window sales to continue being impacted until the recovery of the aerospace industry begins and Boeing 787 aircraft production levels get a boost.

Total operating expenses increased 7% year over year to \$54.3 million for fourth-quarter 2020 amid higher SG&A and R&D expenses. SG&A expenses flared up to \$24.7 million from the year-ago quarter's \$22.1 million. Engineering and R&D expenses scaled up to \$29.5 million from \$28.8 million recorded in the year-ago period.

Gentex paid dividends of 12 cents per share during the quarter under review. During the December-end quarter, it repurchased 2.5 million shares of its common stock at an average price of \$31.82 per share. As of Dec 31, 2020, the company had 9.4 million shares available for repurchase. During full-year 2020, Gentex returned \$405.7 million to shareholders via dividends (\$117.2) and stock buybacks (\$288.5 million).

During fourth-quarter 2020, Gentex — which shares space with firms including **Adient** ([ADNT](#) - [Free Report](#)), **Magna International** ([MGA](#) - [Free Report](#)) and **American Axle & Manufacturing** ([AXL](#) - [Free Report](#)) — repaid \$25 million of debt under the company's revolving credit facility. The Zacks Rank #3 (Hold) company currently does not have any short/long-term debt. As of Dec 31, 2020, it had cash and cash equivalents of \$423.4 million. You can see [the complete list of today's Zacks #1 Rank \(Strong Buy\) stocks here](#).

Based on the mid-January 2020 IHS Markit forecast, light vehicle production in Gentex's primary markets is expected to soar 12% year over year in the current year. Amid the encouraging backdrop, it expects higher year-over-year revenues in 2021. The company envisions net sales in the band of \$1.94-2.02 billion, indicating an increase from 2020 revenues of \$1.68 billion. Gross margin is anticipated in the range of 39-40%. Capital expenditure and operating expenses are estimated within \$85-\$95 million and \$210-\$220 million, respectively. For calendar year 2022, the Zacks Rank #3 (Hold) firm expects sales growth of 4-8% year over year.

From thousands of stocks, 5 Zacks experts each have chosen their favorite to skyrocket +100% or more in months to come. From those 5, Director of Research Sheraz Mian hand-picks one to have the most explosive upside of all.

You know this company from its past glory days, but few would expect that it's poised for a monster turnaround. Fresh from a successful repositioning and flush with A-list celeb endorsements, it could rival or surpass other recent Zacks' Stocks Set to Double like Boston Beer Company which shot up +143.0% in a little more than 9 months and Nvidia which boomed +175.9% in one year.

[Free: See Our Top Stock and 4 Runners Up >>](#)

[Hide Full Article](#)

In-Depth Zacks Research for the Tickers Above