**1st Quarter 2019 report for GNTX Date: 6-9-19**

Percentage change in Sales from year ago quarter\_\_\_1.7%\_\_\_\_\_\_\_\_\_\_\_\_\_

Percentage change in Earnings per Share from year ago quarter\_\_\_\_\_10.1%\_\_\_\_\_\_\_\_\_

Is company meeting our target sales & earnings estimates? Beating earnings but down on sales.

Pre-tax Profit on sales trend? (up, even, down) down :(

Return on equity trends? (up, even, down) up

Debt? (up, even, down) zero debt

Current PE is \_\_\_14.5\_\_\_\_

Where does it fall in my estimated High/low range of PE's? Mid-range

Signature PE =\_\_\_14.5%\_\_\_\_\_

Club cost basis for this stock is \_\_$14.81\_\_\_\_\_\_. Current price is \_$23.60 (06/7/19)\_\_\_

(from latest valuation)

Current fair value: Morningstar: $21.00 \_ S&P: $29.27\_ (from 5/25/19) 5 star strong buy

My SSG Total Return is \_\_\_\_\_\_\_9.9%\_\_\_ Projected Average Return (Average PE):\_6.8%\_\_

**What will drive future growth**:

**VL** (6/14/19) Gentex posted decent results to begin 2019. They are doing better than the industry as a whole. Domestic demand is going stronger than international demand. Tariffs have hurt Gentex, but management has done well to control expenses.

With the founder’s retirement, the company has made some changes in their focus on building shareholder value (instead of hoarding cash) including significant buy-backs and increasing dividend payouts.

Shares of Gentex are ranked to track the broader market averages in the coming six to 12 months. The stock, which has a solid dividend yield of 2%, offers decent price appreciation potential over the 3- to 5-year haul.

**MStar** (4/24/19): Gentex reported solid Q1 2019 despite tariff challenges. MStar did not change their fair value. Management plans to continue buybacks, but MStar wants the buybacks to happen only at deep discounts to fair value estimates. CEO Steve Downing says he will buy back stocks in a recession b/c they still have a lot of cash and no debt.

Their sales are growing less than 1%, but way better than the industry which is shrinking. Management is being conservative and is aware of the industry headwinds. The biggest challenges to Gentex is the potential for the industry to change from mirrors to cameras for the same functions.

MStar thinks the company’s financial health is so strong that they think Gentex can survive any downturn in the U.S. easier than other auto suppliers can.

**S&P** (5/25/19) We expect revenues to rise approximately 2% in 2019. The company will likely outpace the global industry, helped by increased content by vehicle and greater market share in the Asian markets. Challenges include: reductions in gross margins, price reductions, unfavorable currency, and impact of tariffs outweigh cost cutting and operating leverage. GNTX has benefited from the tax reform bill, share repurchases and lower interest expense (because it paid off its debt).

S&P has GNTX as a strong buy. It has good valuation right now, no debt, and it is an industry leader. There are risks - lower sales, decreasing demand, and new products are not breaking through as was expected.

**MANIFEST INVESTING** gives GNTX a 99 Quality rating and 8.1% PAR.

**Forward Strategy: a focus on providing content for self-driving car and content for electric vehicles as well.**

Current yield is 1.9 % for the dividend.

**Represents 5.7% of our portfolio**

Recommend: Buy More \_\_, \_\_**Hold\_**\_\_, Challenge with a better investment\_\_\_\_\_\_, Sell\_\_\_

I’ve been looking for challenge stocks (specifically Miller Industries and Ferrari), but no one in the sector appears to meet BI’s criteria. And while Ferrari looks promising, it doesn’t have five years of data to look at.