Stock Selection Guide

Company	Gentex		Date	07/26/24	
Prepared by	MURPHY		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Auto Parts		
Capitalization --- Outstanding Amounts			Reference		
Preferred ($M)		0.0	% Insiders	% Institution	
Common (M Shares)		230.9	0.5	60.9	
Debt ($M)	0.0	% to Tot Cap	0.0	% Pot Dil	0.1

Symbol: GNTX

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

FY 2024 Q1	Sales ($M)	Earnings Per Share
Latest Quarter	590	0.47
Year Ago Quarter	551	0.42
Percentage Change	7.2%	11.9%
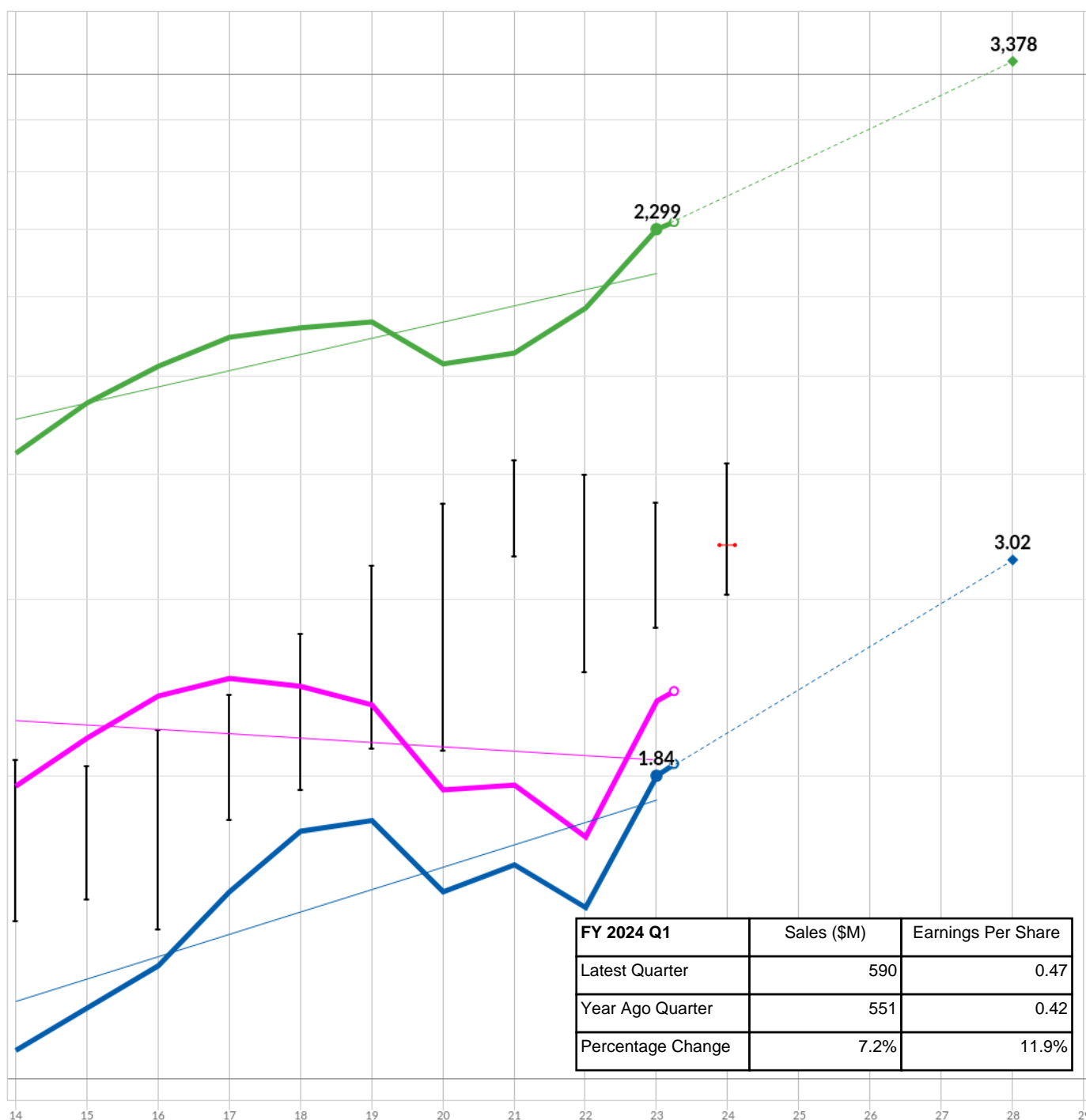
(1) Historical Sales Growth   3.8%   (3) Historical Earnings Per Share Growth   5.3%

(2) Estimated Future Sales Growth   8.0%   (4) Estimated Future Earnings Per Share Growth   10.4%

2 EVALUATING Management

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Last 5 Year Avg.
% Pre-tax Profit on Sales	30.2%	30.0%	30.4%	29.6%	28.5%	26.9%	24.4%	24.1%	19.3%	22.0%	23.3%
% Earned on Equity	19.3%	18.8%	18.5%	19.5%	22.8%	21.7%	18.1%	18.8%	15.7%	18.9%	18.6%
% Debt To Capital	14.5%	11.9%	8.9%	3.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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.

CURRENT PRICE 31.22 (07/26/24)   **52-WEEK HIGH** 37.58   **52-WEEK LOW** 27.86

	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
2019	29.7	19.6	1.66	17.9	11.8	0.46	27.4	2.3
2020	34.3	19.5	1.41	24.3	13.8	0.48	33.7	2.4
2021	37.9	30.4	1.50	25.3	20.3	0.60	40.0	2.0
2022	36.7	23.3	1.36	26.9	17.1	0.48	35.3	2.1
2023	34.3	25.8	1.84	18.7	14.0	0.48	26.1	1.9
AVERAGE		23.7		22.6	15.4		32.5	
CURRENT/TTM			1.89	19.9	14.7	0.48	25.4	
AVERAGE PRICE EARNINGS RATIO: 19.0				CURRENT PRICE EARNINGS RATIO: 16.5				

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   22.0   X Estimate High Earnings/Share   3.02   =   Forecasted High Price $ 66.4

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E   15.4   X Estimate Low Earnings/Share   1.89   =   Forecasted Low Price $ 29.1

(b) Avg. Low Price of Last 5 Years   23.7

(c) Recent Market Low Price   23.3

(d) Price Dividend Will Support $\dfrac{\text{Indicated Dividend}}{\text{High Yield}} = \dfrac{0.48}{2.44\%} = 19.7$

Selected Forecasted Low Price $ 23.7

C ZONING   using 25%-50%-25%

Forecasted High Price   66.4   Minus Forecasted Low Price   23.7   =   42.7   Range.   25% of Range   10.7

Buy Zone   23.7   to   34.4

Hold Zone   34.4   to   55.8

Sell Zone   55.8   to   66.4

Present Market Price of   31.22   is in the   **BUY**   Zone

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

$\dfrac{\text{High Price} \quad 66.4 \quad \text{Minus Current Price} \quad 31.22}{\text{Current Price} \quad 31.22 \quad \text{Minus Low Price} \quad 23.7} = \dfrac{35.22}{7.52} = 4.7$ To 1

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

$\dfrac{\text{High Price} \quad 66.4}{\text{Current Price} \quad 31.22} = 2.1281$ X   100   =   212.81   -   100   =   112.8   % 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 $\dfrac{\text{Indicated Annual Dividend} \quad 0.48}{\text{Current Price} \quad 31.22} = 0.0154 = 1.5\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\dfrac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \dfrac{32.5\%}{22.00} = 1.5\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\dfrac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \dfrac{32.5\%}{18.70} = 1.7\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation	16.3 %
Average Yield	1.5 %
Annualized Rate of Return	17.8 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation	12.6 %
Average Yield	1.7 %
Annualized Rate of Return	14.3 %