

# Gentex GNTX

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## Disclaimer

- I am not recommending either a buy or a sell on this stock. I am presenting it in order to show how you might analyze and evaluate a medium size company.
- This session is being recorded.

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## How Gentex makes money:

- Automatic-dimming automotive rearview mirrors
  - Night Vision Safety mirrors
  - Commercial fire protection products
- Sells to most automakers
  - Four have 10% plus
  - International sales 68% in '14

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## Industry Outlook

- Auto industry dependent on economy
- Auto-parts dependent on auto industry
  - North America—Strong
  - Europe—Weaker
  - China---Slow

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## Strengths

- Technological leadership
- High R&D % of Revenue
- Auto dimming technology has other applications
- GNTX financial health very strong
- Strong free cash flow and low-debt balance sheet = Acquisition?

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## Strengths (cont.)

- Consistent, world-class manufacturing process= 89% share
- Economies of scale
- Patents, innovation
- Customer stickiness

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## Weaknesses

- Cameras could replace mirrors
- New, superior technology
- GNTX could find better places for cash
- Products more available means
  - >>OEM pressure on price
  - >>OEMs bankroll competitors

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## Opportunities

- Only 25% of market
- Smart Beam
- Full display mirrors
- Active safety a growing field
- Expand into airplane windows
- HomeLink expansion

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## Threats

- Demand for price reductions
- Cyclical auto industry
- At mercy of production schedules
- Safety components put elsewhere
- Essentially one product

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- Are there any questions so far?

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