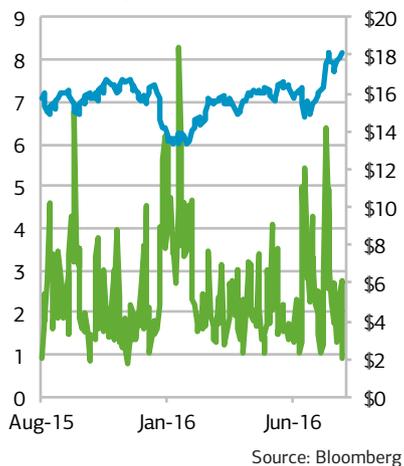


August 17, 2016
Company Update

Gentex Corp. (GNTX US)

Price	USD 18.08
Rating	SELL
Price Target	USD 9.12
Difference	50%
Market Cap	USD 5.185 bln
P/E	15.72x

Gentex (GNTX US) last share price in USD (blue) and volume (green, in mln shares)



Gentex Corp. (GNTX US) Mirror, Mirror

► A curious balance sheet

We think it possible that Gentex could be overstating profit by as much as USD 100 mln per year and tucking the excess into the “other assets” line on its balance sheet. If so, the principal motive is probably self-enrichment—the chairman has been richly compensated with the highly valued stock.

► Understated costs

We think it most likely that costs are understated; all manufacturing is vertically integrated and done on premises, and Gentex persistently reports strengthened margins when it brings a manufacturing process to Zeeland, Michigan. But recent interviews with partners and former executives suggest that there could be ways also to overstate prices by working through tier 1 partner companies or even by inflating invoices.

► Capex raises red flags

We think capex is overstated. The company leaves a long trail of discontinued technologies with no associated write-offs. We suspect this is the plug for profits that are not actually there.

► Tough competition

Even if you believe Gentex numbers—and we do not—the only big earner, the HomeLink garage door opening device, is threatened by lightweight phone apps, and the company has no proprietary technology in other mirror add-ons. That plus increasing penetration of LCD screens threaten Gentex’s ability to add electronics to the mirror. But we expect the company will paper over problems and instead report aggressive gains in China and possibly another big acquisition within the coming year.

► Higher price target

We are raising our price target to USD 9.10 based on a target of 12% growth for 2016, moderating to 4% terminal growth, at 20% gross margins.

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We're skeptical of Gentex's performance.

Only What You Want to See

■ Anne Stevenson-Yang

On July 22, Gentex reported another stellar quarter, with sales growth of 12%, beating world light vehicle production growth of 3% by 9 points. Operating income rose by 19%, and gross margins expanded from 38.4% to 39.4%. EPS rose by 20%. International shipments were up by 21%. The reason, Gentex says, that it posted margins that are fully twice those for companies that make many more mirrors is that about half of Gentex mirrors have compasses, map lights, and a remote to open your garage door.

We find that very hard to believe.

In the meantime, Gentex maintained its forecast of between USD 110-130 mln to be spent on capital expenditures this year, even though the company is doing nothing more than assembling a few more mirrors from purchased glass, some PCBs and LEDs, and a plastic casing.

The margins and the growth fit a pattern at Gentex of implausible capital expenditures that ramp in lockstep with climbing, high-margin revenue. We believe it is likely that Gentex is overstating its profit and, to compensate, its capex.

The Components, One by One

In interviews with industry and ex-Gentex executives, we have pulled together estimates of prices that Gentex receives from automotive OEMs for its mirrors and added features. Those prices generally seem to line up with the prices charged by competitors who have far lower margins. Since it's unlikely that Gentex manufacturing is twice as efficient as that of competitors, we think the margins are overstated.

Components companies typically charge different prices depending on the channel in which the component is sold.

- ▶ The lowest prices are those at which the company sells to OEM factories. The company sells two-third interior mirrors and one-third exterior. About half the mirrors have add-on components. The typical interior mirror with add-ons has a compass and the HomeLink feature. This channel represents about 75% of sales.

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- ▶ Tier 1 distributors provide pre-assembled components to OEM factories. The Tier 1 partner may get the same price as the OEM but takes low-end components. Gentex sells plain side mirrors and glass assemblies for exterior dimming mirrors through Tier 1 distributors. These are very low-value components. This channel represents about 20% of sales. Tier 1 partners include SMR, Tokai Ricoh, Ficosa, and others. The company claims that margins are much higher on these glass assemblies than on the interior mirrors. Gentex ships only glass with the associated electronics for the mirrors.
- ▶ Automotive OEMs have subsidiaries that attach components at port before the cars go to the dealers. This might be done when components are added to certain trim levels or certain regions of the world. The accessory channels pay around 20-30% more than the factories. This channel is worth around 3% of sales.
- ▶ Consumers buy some components in the aftermarket, when the original component has been damaged or by request to a dealer before buying the car. The aftermarket pays 3-4x the price paid by factories but the aftermarket is a very small portion of sales.

Based on our interviews, we estimate the following average prices for components sold to OEM factory clients.

Table 1. Estimate ASPs of Features

Product (Feature Prices Include Auto Dimming Interior Mirrors)	Est Price to OEM Factories
SmartBeam	\$50
HomeLink	\$45-70
RCD mirror	\$110-160
Interior Dimming Mirror	\$15-20
Non-dimming mirror	\$3-12
Exterior dimming mirror	\$20
Additional Features	
Rimless feature	\$20
Aspheric	\$10
Lane control	\$20
Turning signal	\$2
Compass	\$2

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Product (Feature Prices Include Auto Dimming Interior Mirrors)	Est Price to OEM Factories
Blind zone warning	\$5
Interior dimming mirror with HomeLink and compass	\$65-90

Source: Interviews

We were not able to obtain pricing estimate for the Full Display Mirror, which is Gentex’s hope for sustained margins in the future. But in the China market, there are dozens of companies offering full display mirrors for a fraction of the price Gentex claims.



Chinese brand full-display mirror retailing for about \$80. Retail prices are generally around 3-4x factory prices. | Photo by J Capital August 2016

The company quotes much higher prices in meetings and on calls. That is not strictly inaccurate—aftermarket prices are far higher than factory prices, so it is not exactly wrong to quote USD 250 for a mirror with HomeLink—it’s just misleading.

The factory prices, as opposed to the retail prices, are roughly comparable to those charged by Magna and other competitors, according to automotive industry sources.

It is important to note that the factory prices, multiplied by the volumes, do add up to reported revenue numbers. But if Gentex is not getting premium prices, how does it have premium margins?

Table 2. Gentex Prices and Unit Volumes

	2015	2014
Units shipped 2015 (mln)	35.5	28.9
% sold through Tier 1	20%	20%

	2015	2014
Tier 1 ASP (average of feature and featureless)	\$30	\$30
Bare mirror ASP (USD)	\$18	\$18
Av add-on (USD)	\$60	\$60
% of add-ons	50%	50%

Source: Company reports, J Capital estimates

The Margins

Gentex’s gross margin contrasts with those reported by Magna, the largest manufacturer in the world of automotive mirrors, which were 14.8% in the quarter. Magna does not break out the margins for its Vision Systems division, but the technological content and likely margins would seem to sit in the middle of Magna’s range of products, which run from seating and exteriors to powertrain and electronics.

Gentex used to claim that auto-dimming was the impossible-to-replicate feature that made their mirrors much more valuable. Auto-dimming mirrors, they say, are gaining in industry penetration but, with a current 25% or so share, they still have a long runway for growth.

But industry experts suggest that dimming is just not enough of a selling point to persuade customers to pay a lot more.

Some say that Magna’s auto-dimming technology is just not as good as Gentex’s. One accessories executive told of a case in which Magna dimming mirrors leaked and damaged car dashboards. But the two companies are intimately familiar with one another, and OEM clients routinely take bids from both and yet Magna, which could easily undersell Gentex to capture market, has only about 10% of the auto-dimming market. Says a former Gentex executive:

“I have a confused perspective like you do [about why Magna does not have a bigger share of the auto-dimming market]. It looks like a great opportunity for Magna ... and OEMs are not so endeared to Gentex as they used to be. There’s a price opening, a technology opening, and an OEM relationship opening.”

The principal reason, Gentex says, that it can earn margins 2.66x those of the industry leader is because it adds electronics to about half the mirrors. This is an argument that analysts have been buying for two decades, but it makes little sense, for two reasons.

How does
Gentex
earn such
impressive
margins?

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Gentex says its production is more efficient.

First, Magna’s mirrors—more than 125 million of them—like Gentex’s, offer proprietary auto-dimming technology, lane-keeping assistance, glare-free high beam, collision mitigation, rear-vision video, and other features. In short, Magna has all the features Gentex has except for the garage-door opening feature, HomeLink. Magna also has the advantage of enormous scale. Gentex reported producing 34 mln mirrors in 2015 (in the Investor Day presentation, executives said 35.5 mln instead), meaning that Magna’s mirror division alone is 3.5 times the size of Gentex’s business. Gentex says that its production is more efficient, but we do not know of businesses that out-scale their competitors by a factor of five and yet make the same devices at higher cost.

The second, more pertinent issue with Gentex is that its added electronics are neither technically challenging nor, in most cases, proprietary. These are panes of bent and coated glass backed by printed circuit boards that control simple circuitry to light



A Gentex mirror | Source [here](#)

up a compass and a thermometer, activate a turning signal, or send a radio signal to a garage door, all in plastic casing and stuck to a windshield.

The Capex Blowout

The portion of Gentex’s financials that bother us is the capital budget. Gentex brings everything in-house, from the chemicals it needs for dimming glass to the semiconductor packaging facility. Doing everything in house, though, makes costs non-transparent.

Gentex reports an average of about USD 1.2 mln just in new machinery purchased for every additional 50,000 mirrors produced. The company has been adding production machinery even when, as in 2010, it was operating at only 53% factory utilization. In 2011, with utilization of 65%, Gentex spent USD 120 mln expanding its production capacity.

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Table 3. Incremental Capex 1996-2015

	Incremental Units Shipped	Incremental Equipment Capex (USD)	Incremental Machinery and Equipment Spending per 1,000 New Mirrors Shipped (USD)
1999	1,058	\$21,968,447	\$20,764
2000	797	\$34,284,618	\$43,017
2001	424	\$45,298,429	\$106,836
2002	1,624	\$32,560,646	\$20,050
2003	1,455	\$22,248,009	\$15,291
2004	1,380	\$30,535,134	\$22,127
2005	930	\$53,533,000	\$57,562
2006	857	\$48,193,083	\$56,235
2007	1,796	\$54,524,322	\$30,359
2008	(834)	\$45,524,466	
2009	(2,711)	\$21,130,500	
2010	5,414	\$46,897,000	\$8,662
2011	4,385	\$62,775,792	\$14,316
2012	2,353	\$57,450,396	\$24,416
2013	2,470	\$55,380,457	\$22,421
2014	2,600	\$72,518,987	\$27,892
2015	6,600	\$97,941,762	\$14,840

Source: Gentex annual reports

Gentex spends this money even though factory utilization has been quite low.

Gentex debuted the interior electrochromic mirror in 1987 and the exterior EC mirror in 1991. They stopped selling the old motorized mirror in 1991 and started to add features like a compass, reading light, and headlight dimming to the interior mirror starting in 1991. Yet when the mirror offering was merely a simple, motorized mirror, gross margins were 37.3% (1990), 39.7% (1991), and 43.9% (1992). Margins for this mechanical device were expanding. Why bother to invest in new technology?

The spike in capital expenditures began in 1996, when spending jumped from USD 4.86 mln in 1995 to USD 16.4 mln in 1996 and grew from there. There was a burst of capex in 2001, and after that, with the exception of the auto industry's disaster year, 2009, Gentex since 2005 has been adding around USD 50 mln per year in machinery and equipment spending that

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seems to be of dubious value; all it has achieved is unit volume growth in manufacturing at an average of USD 32 per mirror produced just for the machinery.

Table 4. Production Volumes and Utilization

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Capacity (units)											
Interior	27	27.0	23.0	23.0	23.0	23.0	20.0	20.0	20.0	20.0	15.0
Exterior	11.0	11.0	10.0	10.0	10.0	9.0	9.0	9.0	9.0		
Total	38.0	38.0	33.0	33.0	33.0	32.0	29.0	29.0	29.0	20.0	15.0
Shipped (units)											
Interior	23.5	21.1	19.4	18.1	16.2	12.8	8.623	10.505	11.001	9.426	8.924
Exterior	9.5	7.8	6.9	5.8	5.3	4.3	3.1	3.9	4.2	4.0	3.6
Total	35.5	28.9	26.3	23.8	21.5	17.1	11.7	14.4	15.2	13.4	12.6
% Utilization											
Interior		78.1%	84.3%	78.6%	70.4%	55.8%	43.1%	52.5%	55.0%	47.1%	59.5%
Exterior		70.9%	69.0%	57.5%	52.9%	47.4%	33.9%	43.2%	46.9%		
Total	93.4%	76.1%	79.7%	72.2%	65.1%	53.4%	40.3%	49.6%	52.5%	67.1%	83.8%

Source: Company annuals

Gentex has been racking up "other assets" on its balance sheet.

As this has been happening, Gentex has been racking up "other assets" on the balance sheet, reaching USD 752 mln in 2015. Those Other Assets consist of Goodwill, Long-term Investments, Intangibles, and Patents.

There are few indications in the reports of what the capex is for. That fact alone is concerning. In many cases, the capex increment is material: in 1998 for example, Gentex added USD 25.6 mln worth of machinery and equipment to a base of USD 58.3 mln in machinery and total plant and equipment of USD 59.4 mln without disclosing anything about why it was necessary to add 50% to the existing fixed-asset base. By 2011, the company had more than USD 600 mln in plant and equipment but, with a utilization rate of just 65%, saw fit to invest an additional USD 120 mln. As to why, Gentex referred only to "strong customer demand for our auto-dimming mirrors and more complex product mix."

Early on, Gentex did provide more detail, and it suggested a company that was either making highly ill-advised investments or perhaps simply inflating the capex line. In 1991, Gentex spent USD 21 mln on "glass coating equipment" to bring the coating process in-house. The company attributed its 700 bps margin improvement over 18 months to this coating process.

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In the [2001 Annual Report](#), Gentex reported spending for development of white LEDs, which it called Orca.

“Thanks to Orca, Gentex’s original white-light LED illuminator, which consisted of a pod of four blue-green and two amber LEDs, has been reduced to a single LED package. Complete Orca assemblies will be built in prototype quantities in a new, state-of-the-art microelectronics line,” the company reported on page 17. “Orca white LEDs have already been integrated into new automatic-dimming mirrors as map lamps. These second-generation map-lamp assemblies decrease overall mirror complexity and footprint size while increasing light output. We plan to begin shipping these new lighted mirrors this year for 2003 model vehicles.”

In other words, Gentex engaged in the hideously expensive business of developing white-LED technology in order to put a little light on the mirror, the kind that normally sits between the visors and that you turn on to read a map, the kind that costs maybe USD 2 when companies like Visteon sell it as part of the overhead console. In the late 1990s, when Japanese companies like Toyoda Gosei and Nichia were developing white LEDs, they spent around USD 85 mln per year on the effort.

The last mention of Orca came in the 2007 10-K:

In 1999, the Company announced the development of its LED technology, which represented the first time that white light for illumination purposes could be achieved using high intensity Orca power LEDs on a cost-effective basis. LEDs as illuminators have many advantages over incandescent lamps, including extremely long life, low heat generation, lower current draw, more resistance to shock, and lower total cost of ownership. The Company continually evaluates LEDs that are offered in the market place and is currently working with suppliers that can provide high quality LEDs in a more cost effective manner. (2007 10-K page 7)

Gentex mothballed the Orca technology, yet there is no place in the accounts where Gentex recognizes a write-off of the R&D and machinery that went into this effort.

The company also says that it hired acoustic engineers to develop a superior microphone to embed in the mirror. “Gentex even manufactures its own noise-cancellation microphones designed specifically to enhance hands-free cellular communications in the harsh automotive environment.” (2003

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AR page 10) That may be true, but procurement staff from the automotive manufacturers are very clear that they will not pay more for a better microphone, since this technology is available as a commodity from many manufacturers. The same is true of the “telematic” features such as the compass.

Since 2001, Gentex has been talking about its proprietary design for CMOS chips:

“During 2001, the Company announced a revolutionary new technology, called SmartBeam(TM), using a custom, activepixel, CMOS (complementary metal oxide semiconductor) sensor, that maximizes a driver’s forward vision by significantly improving utilization of the vehicle’s highbeam headlamps during nighttime driving.” (2001 10-K page 6)

The most recent mention of the CMOS imaging was in the 2015 10-K, when Gentex referred to “Our CMOS imager technology when used as a rearward facing automotive video camera . . .” (page 9).

But CMOS chips are sensors, the less-valuable portion of driver-assist technology. More difficult is the complex software that processes images taken from the cameras. The driver-assist technology was licensed from Mobileye. The Mobileye driver-assist features were integrated into Gentex mirrors in 2013, and Gentex subsequently decided to end its cooperation with Mobileye in order to capture better economics. There was no visible effect on margins.

On every metric of capital expenditure, Gentex outstrips the competitors.

The reality is that Gentex has not come up with anything since auto-dimming. It licensed and then purchased HomeLink, which sustains sales. As a former executive comments, “They have gone through a long period without innovation. They are very conservative.”

Table 5. Comparison Table: Gentex Capex vs Competitors

Comparative Capex	Autoliv	Magna	Ichikoh	Murakami	Denso	SMI	Tokai Rika	Gentex
Factory Space (,000 sq ft)		59,000						1,563
Latest Year Revenue (mln USD)	9,240	32,134	960	604	42	4,516	4,446	1,544

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Comparative Capex	Autoliv	Magna	Ichikoh	Murakami	Denso	SMI	Tokai Rika	Gentex
Latest Year PPE	4,342	11,144	278	210	13	898	265	934
Employees	54,600	129,000	3,921	2,664	146,714	21,297	16,192	4,757
PPE/sq foot		\$0.19						\$0.60
PPE/\$1 revenue	\$0.47	\$0.35	\$0.29	\$0.35	\$0.31	\$0.20	\$0.06	\$0.61
PPE/employee	\$0.08	\$0.09	\$0.07	\$0.08	\$0.00	\$0.04	\$0.02	\$0.20

Source: Company reports, J Capital

Depreciation

Gentex has lowered its depreciation relative to its capital spending, a strategy that enhances margins.

Table 6. Depreciation (USD, %, proportions)

	2010	2011	2012	2013	2014	2015
Capex/Depreciation	1.24	2.89	2.42	1.01	1.31	1.87
Capex/Revenue	5.7%	11.7%	10.7%	4.7%	5.3%	6.3%
Gross PPE	\$486,549,059	\$603,929,533	\$716,092,717	\$772,441,372	\$842,271,675	\$933,980,839
Accumulated Depreciation	\$(281,441,303)	\$(321,387,945)	\$(366,154,545)	\$(415,420,147)	\$(468,880,683)	\$(521,260,569)
PPE net	\$205,107,756	\$282,541,588	\$349,938,172	\$357,021,225	\$373,390,992	\$412,720,270
Gross PPE to COGS	93.5%	91.2%	98.5%	104.2%	100.7%	99.4%
Net PPE to COGS	39.4%	42.7%	48.2%	48.2%	44.6%	43.9%
PPE as % of Assets	20.5%	24.0%	27.6%	20.2%	18.5%	19.2%
Depreciation as % of Gross PPE	7.76%	6.88%	6.77%	7.12%	6.57%	5.61%

Source: Company reports

Just a Slip?

On the call, Gentex Vice President of Engineering Neil Boem seems to have misspoken. He said the following:

"In the second quarter of 2016 there were 26 new nameplate launches of our inside and outside electrochromic mirrors and electronic features. The unique part of the second quarter is the shift in the

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types of launches the Company has experienced. Over the past three years approximately two-thirds of launches have been base interior and exterior autodimming mirrors with no added electronic features.

"However, in the second quarter of 2016, of the 26 nameplate launches, approximately two-thirds of them were advanced feature launches.

"Historically, the Company has been able to demonstrate that it has delivered higher-than-average contribution margins when it's not only growing unit penetration, but also adding electronic content faster than unit growth."

In the past, however, the company has consistently reported that advanced features are included in about half of the mirrors shipped.

Mechanisms

We believe that Gentex is understating its costs by bringing everything to Zeeland, Michigan. The company, for example, says that it owns its own fab. It does have a small facility where semiconductors are cut and packaged in a clean-room setting, but that is a far cry from the highly capital-intensive business of fabbing one's own chips. We know that the company owns several hundred Surface Mount Technology machines for laminating PCBs, but this is fairly commoditized equipment; adding to it is a matter of tens of thousands of dollars, not millions. In general, Gentex tends to mislead as to its costs.

Invoices

Another potential channel for distortion of accounts dates from the reign of Mark Newton, a widely disliked executive who was promoted in 2009 to senior vice president and resigned in June of 2015. Former managers of Gentex are united in reviling Newton, who is said to have "ruled by fear," removing people who stood in the way of his hoped-for advancement to CEO to replace Fred Bauer.

When Mark Newton headed finance, former executives say that "There was a steady transfer of negotiating power from the sales employees to financial services." Although this centralization came with some benefits in more transparent margins and sales targets, it also dropped a veil between the sales force and the invoicing process. One executive commented: ". . . [I]n the earlier days and I definitely saw a lot of mistakes in invoices but I

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assumed it was just an honest mistake and we'd never get that extra \$50,000 or whatever from the customer."

In other words, Gentex at least on a few occasions over-invoiced customers and then did not require them to pay the excess.

The over-invoicing may have been a fluke. However, this does present one plausible mechanism whereby the company could pad margins without requiring the collusion of a large number of executives. We are certain that there is no such collusion; the average mid-tier executive at Gentex is honest, likes the company, and believes in the company's product.

Motives

We know that Gentex compensation is low by industry standards and that the company relies on share compensation to make up for that. Stock-based compensation reported in the 2015 cash flow statement was USD 21.4 mln, or 6.7% of net income, not Alibaba-style outlandish but still high.

Running this company is a great job if you can get it. Over his many years as chairman Fred Bauer has made nearly USD 100 mln from selling stock.

Table 7. Bauer Share Sales Since 2010

Name	Date	Type	Shares	Gain (USD ,000)
Fred T. Bauer, Chairman	6/24/16	Exercise	228,000	\$1,900.00
	6/3/16-6/8/16	Sale	618,000	\$10,200.00
	11/10/15	Sale	762,000	\$12,500.00
	7/31/15	Exercise	216,000	\$1,700.00
	10/31/14-11/4/14	Sale	534,000	\$17,500.00
	7/29/14	Exercise	103,000	\$804.00
	7/26/13	Exercise	98,000	\$827.10
	5/8/13	Sale	418,632	\$10,300.00
	8/9/10	Exercise	189,000	\$2,000.00
	12/10/10-12/14/10	Sale	500,000	\$14,500.00
	8/9/10	Exercise	180,000	\$466.20
	2/9/10-2/17/10	Sale	1,000,000	\$18,900.00
Total				\$91,597.30

Source: Washington Insider

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Fred Bauer's Share Sales | Source: Washington Insider

Catalysts

Where does this end? If Gentex is relying on share price appreciation to pay employees and management, the company needs to keep beating industry growth and profit, as it has done regularly for two decades.

That becomes more difficult if the real base in sales and margins is eroding. It is especially hard in a very transparent industry like automotive components.

Gentex owns no intellectual property in the camera-enhanced mirrors that the company says will bring in big ticket prices and high margins, and competition from companies like Mobileye will make it tough for Gentex to make extravagant claims for the Full Display Mirror. Meanwhile, with technologies like self-driving penetrating automobiles, a garage door opener is a thin reed on which to hang a claim to superior margins, and HomeLink's market advantage is rapidly being drowned by inexpensive telephone apps. HomeLink is likely to go the way of Garmin and Tomtom GPS devices.

The wider promulgation of LCD screens in cars also makes the argument that the mirror is a "platform" for technology much harder to sustain.

To cope with these headwinds, we are guessing that Gentex will start to announce dramatic gains from the last large but opaque market, China. It may also make a large acquisition. We figure one or both of those events will occur in the coming 12 months. In China, Gentex says it will sell a lot of HomeLink devices modified to open gates at private compounds and public parking lots, given that China has virtually no private garages. We can state with a high degree of assurance that that is not practicable and that Gentex will never be able to make high-margin sales in China.

As to an acquisition, perhaps of a company making toll-pass devices or self-driving technology of some description, that may be a little harder, but

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if it happens, Gentex will almost certainly report lifting the margins at the acquired company.

Summary

Gentex is a company full of nice people who have pride in their product. We would prefer to believe that there is room in the automotive world to value craftsmanship even in the humble mirror. But just as Bernie Madoff's smooth, reliable earnings were extremely unlikely, so are the Gentex margins. The simplest explanation is generally the most reliable, and that explanation is that it really does not cost an extra million per year to add enough machines to produce another 50,000 car mirrors. It is difficult to make auto parts that are highly valued. It is relatively easy to persuade shareholders that you have a unique advantage so that they reward you with a high share price that makes you, the founder, rich.

Valuation

We assume that Gentex wins a premium over the next-door Goliath, Magna, due to better sales and service, so we assume a gross margin 30% better than Magna's, or 20%. Using this margin going forward, with a WACC of 6.5% and terminal growth of 4%, yields a price target of USD 10.20.

Risks

- ▶ We may be completely wrong about Gentex. Much of our argument for fraudulent accounts rests on circumstantial evidence. We may be unfairly impugning the reputation of a good company. Certainly, many current and former executives at Gentex think so.
- ▶ Gentex is generating at least some cash and is paying a 2% dividend. There may be no near-term catalyst for the market to adjust its valuation of the business.

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