



Gentex Calls Hot Just Below 52-Week Highs

Ticker/Price: GNTX \$28.70

Analysis:

Gentex (GNTX) trading 100X average calls within the first 40 minutes of trading with buyers of nearly 10,000 December \$30 calls up to \$0.50 and also 2,750 March \$30 calls for \$1.30 to \$1.35. IV30 is up 20% on the morning and the name has no other notable open interest. Shares have been in a strong trend higher all year and pulling back yesterday to the rising 20-day MA with the 52-week high just above at \$29.50. The recent range targets a move higher to \$34+. The \$7.19B auto parts company trades 15.85X earnings, 3.85X sales, and 15.4X cash with a 1.6% yield. The company is targeting mid-single digit EPS growth and revenues up 4%, both notable improvements from 2019. GNTX focuses on safety and tech products for automobiles including auto-dimming mirrors. They are well positioned for growth of next-gen autos with reach into software, advanced vision systems, and micro-electronics with a massive IP position especially around autonomous. They see connected cars as a big driver going forward with their HomeLink platform offering cloud functionality to provide car-to-home and car-to-infrastructure solutions. Short interest is 2.6% and down significantly from its 2016 highs. Hedge fund ownership rose 3.2% in Q2. Seven Eight Capital, Cipher Capital, and Nitorum Capital notable buyers. GNTX saw a number of small insider buys in late September from management. Analysts have an average target for shares of \$27. Guggenheim starting at Buy with a \$29 PT on 10-15 seeing upside in 2020 due to stronger gross margins and visibility for continued above market growth.

Hawk Vision:



Hawk's Perspective: GNTX action is odd given the aggressiveness of the action early with IV up sharply and really like the name overall as a play on connected cars.

Confidence Ranking: \$\$