

## Gentex (GNTX) unusual calls press for new highs into year-end



Date: 11/30/19

Gentex (GNTX) shares consolidating in a bull flag just above the 50-MA and under new highs with a breakout above \$29.50 targeting a run to \$31+. Longer-term, shares are in a rising channel from the 2009 lows and strong uptrend with the recent resistance at \$25 broken and targeting \$32.50/\$33. On 11-14, GNTX traded 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. They added more Dec. \$30 calls the next session as well.

Date	Description	Volume	Open.Int	Price	Delta	Impl Vol	Prob.ITM	Premium Paid
11/15/2019	GNTX 100 20 DEC 19 30 CALL	5,915	15,219	\$0.55	0.317	31.60%	28.27%	\$325,325
11/15/2019	GNTX 100 20 MAR 20 30 CALL	2,133	5,179	\$1.45	0.419	30.73%	35.21%	\$309,285
11/14/2019	GNTX 100 20 DEC 19 30 CALL	28,532	2,103	\$0.60	0.358	29.47%	32.37%	\$1,711,920
11/14/2019	GNTX 100 20 MAR 20 30 CALL	7,202	221	\$1.50	0.442	28.82%	37.74%	\$1,080,300

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.