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Gentex Announces Capital Allocation Strategy, Additional Share Repurchase Authorization and 10% Increase in Quarterly Cash Dividend

March 9, 2018

ZEELAND, Mich., March 09, 2018 (GLOBE NEWSWIRE) -- Gentex Corporation (NASDAQ:GNTX), the Zeeland, Michigan-based manufacturer of automotive automatic-dimming rearview mirrors, automotive electronics, dimmable aircraft windows, and fire protection products, today announced that its Board of Directors recently approved and is subsequently announcing changes to the Company's capital allocation strategy that is designed to increase the return of capital to shareholders, while at the same time continuing to invest in the technology evolution that is driving the growth of the Company.

The capital allocation strategy is headlined by the Company's newly announced targeted total cash position being lowered from \$700 million to \$525 million. The Company's Board of Directors and management believe that a lower level of total cash, in combination with cash flow from operations, is sufficient to accomplish the goals of the Company and will provide the funding necessary to accomplish strategic initiatives in regard to dividends, capital expenditures, debt repayment and increased levels of share repurchases. Details of the capital allocation strategy are highlighted below:

- Dividend increase of 10% from \$.40 per share to \$.44 per share annually is now effective and will begin with the next regularly scheduled quarterly dividend payment in April.
- Capital expenditures for 2018 of \$115 - \$130 million (as previously announced), with future annual increases of capital expenditures expected to approximate the growth rates of revenue for the Company.
- Debt repayment of \$78 million during the first three quarters of 2018 in preparation of the Company's current credit facility maturing. Additionally, the Board of Directors has authorized management to secure a line of credit of up to an additional \$150 million to help fund any future business needs.
- Targeted share repurchase authorization of approximately \$425 million for calendar year 2018.

"The board-approved capital allocation strategy is fundamental to the Company's philosophy of creating value for shareholders by using technology and innovation to drive above market growth rates and returns," said Steve Downing, the Company's President and CEO. "The capital allocation strategy we've outlined clearly shows the Company's focus not only on growing the business, but on shareholder return as well. We are looking forward to the rest of 2018, where our strategy will be to use 100% of cash flow for investing in the business, paying down debt, increasing dividends and significantly increasing our share repurchase program, all of which will help us achieve the new targeted total cash position."

A new Board of Directors approved share repurchase authorization of 20 million shares in addition to those shares previously authorized for repurchase. The Company may vary from the targeted level of share repurchases in the current year depending on macroeconomic issues, overall market trends, and the anti-dilutive impact of share repurchases, along with other factors that the Company deems appropriate.

The next dividend at the new quarterly cash dividend rate will be payable April 18, 2018, to shareholders of record of the common stock at the close of business on April 6, 2018.

Safe Harbor for Forward-Looking Statements

This news release contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The statements contained in this communication that are not purely historical are forward-looking statements. Forward-looking statements give the Company's current expectations or forecasts of future events. These forward-looking statements generally can be identified by the use of words such as "anticipate", "believe", "could", "estimate", "expect", "forecast", "goal", "hope", "may", "plan", "project", "will", and variations of such words and similar expressions. Such statements are subject to risks and uncertainties that are often difficult to predict and beyond the Company's control, and could cause the Company's results to differ materially from those described. These risks and uncertainties include, without limitation: changes in general industry or regional market conditions; changes in consumer and customer preferences for our products (such as cameras replacing mirrors and/or autonomous driving); our ability to be awarded new business; continued uncertainty in pricing negotiations with customers; loss of business from increased competition; changes in strategic relationships; customer bankruptcies or divestiture of customer brands; fluctuation in vehicle production schedules; changes in product mix; raw material shortages; higher raw material, fuel, energy and other costs; unfavorable fluctuations in currencies or interest rates in the regions in which we operate; costs or difficulties related to the integration and/or ability to maximize the value of any new or acquired technologies and businesses; changes in regulatory conditions; warranty and recall claims and other litigation and customer reactions thereto; possible adverse results of pending or future litigation or infringement claims; changes in tax laws; import and export duty and tariff rates in or with the countries with which we conduct business; and negative impact of any governmental investigations and associated litigations including securities litigations relating to the conduct of our business. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law or the rules of the NASDAQ Global Select Market. Accordingly, any forward-looking statement should be read in conjunction with the additional information about risks and uncertainties identified under the heading "Risk Factors" in the Company's latest Form 10-K and Form 10-Q filed with the SEC.

About the Company

Founded in 1974, Gentex Corporation (The NASDAQ Global Select Market: GNTX) is a supplier of automatic-dimming rearview mirrors and electronics to the automotive industry, dimmable aircraft windows for aviation markets, and fire protection products to the fire protection market. Visit the Company's web site at www.gentex.com.

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Source: Gentex Corporation