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February 22, 2019

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

(x) **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the fiscal year ended December 31, 2018 or**

( ) **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to _________

Commission File No.**: 0-10235**

GENTEX CORPORATION

(Exact name of registrant as specified in its charter)

Michigan	**38-2030505**
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)
600 N. Centennial Street, Zeeland, Michigan	**49464**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(616) 772-1800**

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class	Name of each exchange on which registered
Common Stock, par value $.06 per share	**Nasdaq Global Select Market**

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes: þ No: o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes: o No: þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes: þ No: o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes: þ No: o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ü	Accelerated filer
Non-accelerated filer	Smaller reporting company
	Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes: o No: þ

As of June 30, 2018 (the last business day of the registrant's most recently completed second fiscal quarter), 268,923,121 shares of the registrant's common stock, par value $.06 per share, were outstanding. The aggregate market value of the common stock held by non-affiliates of the registrant (i.e., excluding shares held by executive officers, directors, and control persons as defined in Rule 405 (17 CFR 203.405) on that date was $6,166,225,666 computed at the closing price on that date.

As of February 1, 2019, 259,230,913 shares of the registrant's common stock, par value $.06 per share, were outstanding,

Portions of the Company's Proxy Statement for its 2018 Annual Meeting of Shareholders are incorporated by reference into Part III.

GENTEX CORPORATION AND SUBSIDIARIES
For the Year Ended December 31, 2018
FORM 10-K
Index

Part I

Item 1. Business.

(a) General Development of Business

Gentex Corporation (the "Company") designs and manufactures automatic-dimming rearview and non-dimming mirrors and electronics for the automotive industry, dimmable aircraft windows for the aviation industry, and commercial smoke alarms and signaling devices for the fire protection industry. The Company’s largest business segment involves designing, developing, manufacturing and marketing interior and exterior automatic-dimming automotive rearview mirrors that utilize proprietary electrochromic technology to dim in proportion to the amount of headlight glare from trailing vehicle headlamps. Within this business segment, the Company also designs, develops and manufactures various electronics that are value added features to the interior and exterior automotive rearview mirrors as well as interior visors, overhead consoles, and other locations in the vehicle. The Company ships its products to all of the major automotive producing regions worldwide, which it supports with numerous sales, engineering and distribution locations worldwide.

The Company was organized as a Michigan corporation in 1974 to manufacture smoke detectors, a product line that has since evolved to include a variety of fire protection products. In 1982, the Company introduced an interior electro-mechanical automatic-dimming rearview mirror as an alternative to the manual day/night rearview mirrors for automotive applications. In 1987, the Company introduced an interior electrochromic automatic-dimming rearview mirror for automotive applications. In 1991, the Company introduced an exterior electrochromic automatic-dimming rearview mirror for automotive applications. In 1997, the Company began making volume shipments of three new exterior mirror sub-assembly products: thin glass flat, convex and aspheric. In 2005, the Company began making volume shipments of its new bezel-free exterior automatic-dimming mirror. In 2005, the Company announced, and in 2010 began delivering electrochromic dimmable aircraft windows for the aviation industry. In 2013, the Company acquired HomeLink®, a wireless vehicle/home communications product that enables drivers to remotely activate garage door openers, entry door locks, home lighting, security systems, entry gates and other radio frequency convenience products for automotive applications, wherein the Company had previously been a licensee of HomeLink® and had been, since 2003, integrating HomeLink® into its interior automatic-dimming rearview mirrors. In 2015, the Company began making shipments of the Full Display Mirror®, which is an on-demand, mirror-borne LCD display that streams live, panoramic video of the vehicle's rearward view in order to improve driver rear vision. Also in 2015, the Company signed an exclusive agreement in the ordinary course of business with TransCore LLP to integrate TransCore's toll module technology into the vehicle in a first-to-market application referred to as Integrated Toll Module® or "ITM"®. The interior mirror is an optimal location for a vehicle-integrated toll transponder and it eliminates the need to affix multiple toll tags to the windshield.

In 2017, the Company announced an agreement entered into during the ordinary course of business with VOXX to become the exclusive aftermarket distributor of the Gentex Aftermarket Full Display Mirror® ("FDM"®) in North America. The Company has also displayed a new three-camera rear vision system that streams rear video – in multiple composite views – to a rearview-mirror-integrated display. Further, the Company has announced an embedded biometric solution for vehicles that leverages iris scanning technology to create a secure environment in the vehicle. There are many use cases for authentication, which range from vehicle security to start functionality to personalization of mirrors, music, seat location and temperature, to the ability to control transactions not only for the ITM® system, but also the ride sharing car of the future. The Company believes iris recognition is among the most secure forms of biometric identification, with a false acceptance rate as low as one in 10 million, far superior to facial, voice, and other biometric systems. The Company's future plans include integrating biometric authentication with HomeLink® and HomeLink Connect™. The biometric system will allow HomeLink® to provide added security and convenience for multiple drivers by activating the unique home automation presets of different authorized users. The Company announced in January 2018 that it completed an exclusive licensing agreement, in the ordinary course of business, with Fingerprint Cards AB to deploy its ActiveIRIS® iris-scanning biometric technology in automotive applications.

In January 2018, the Company announced that an agreement had been signed, in the ordinary course of business, to participate in a round of financing with Yonomi, the Company's partner in home automation technology. The Company is working with Yonomi as a home automation aggregation partner and the Company has developed an app and cloud infrastructure called HomeLink Connect™. HomeLink Connect™ is an all-new home automation app that pairs with the vehicle and allows drivers to operate home automation devices from the vehicle's center console display. Drivers of HomeLink Connect™ compatible vehicles will be able to download and configure the app to control many available home automation devices and create entire home automation settings.

In January 2019, the Company announced that its latest generation of dimmable aircraft windows will be offered as optional content on the new Boeing 777X.

Automotive revenues represent approximately 98% of the Company's total revenue in 2018, consisting of interior and exterior electrochromic automatic-dimming rearview mirrors and automotive electronics.

(b) [Reserved]

(c) Narrative Description of Business

The Company designs and manufactures automatic-dimming and non-automatic-dimming rearview mirrors and electronics for the automotive industry, dimmable aircraft windows for the aviation industry, and commercial smoke alarms and signaling devices for the fire protection industry.

Automotive Products

Automotive Rearview Mirrors and Electronics Automotive applications are the largest business segment for the Company, consisting of interior and exterior electrochromic automatic-dimming rearview mirrors and automotive electronics. The Company manufactures interior electrochromic automatic-dimming rearview mirrors that darken to reduce glare and improve visibility for the driver. These electronic interior mirrors can also include additional electronic features such as compass, microphones, HomeLink®, lighting assist and driver assist forward safety camera systems, various lighting systems, various telematics systems, ITM® systems, and a wide variety of displays. The Company also ships interior non-automatic-dimming rearview mirrors with and without features.

The Company’s interior electrochromic automatic-dimming rearview mirrors also power the application of the Company’s exterior electrochromic automatic-dimming rearview mirrors that darken to reduce glare and improve visibility for the driver. These electronic exterior mirrors typically range in size and shape per automaker specification, but also include additional features such as turn signal indicators, side blind zone indicators, and courtesy lighting. The Company also ships exterior non-automatic-dimming rearview mirrors with similar electronic features available in its automatic-dimming applications.

The Company manufactures other automotive electronics products both inside and outside of the rearview mirror through HomeLink® applications in the vehicle including the rearview mirror, interior visor, overhead console, or center console. Many of the Company's newer features can be located either in the rearview mirror or other locations in the vehicle. Additionally, as the Company expands our Full Display Mirror application, rearward facing video cameras are also being produced and sold.

The Company produces rearview mirrors and electronics for automotive passenger cars, light trucks, pickup trucks, sport utility vehicles, and vans for OEMs worldwide, tier one automotive mirror manufacturers worldwide, and various aftermarket and accessory customers. Automotive rearview mirrors and electronics accounted for 98% of the Company’s consolidated net sales in 2018.

The Company is the leading manufacturer of electrochromic automatic-dimming rearview mirrors in the world, and is the dominant supplier to the automotive industry. Competitors for automotive rearview mirrors include Magna International, YH America, Inc., BYD Auto Company, Murakami Kaimeido Company, Steelmate, Tokai Rika Company, Peak Power Automotive, Adayo, Brandmotion, Echomaster, MEKRA Group, KSource Beijing Sincode, and the China automotive aftermarket. The Company also supplies

electrochromic automatic-dimming rearview mirrors to certain of these rearview mirror competitors.
Automotive Rearview Mirrors and Electronics Product Development The Company continually seeks to develop new products and is currently working to introduce additional advanced-feature automatic-dimming mirrors. Advanced-feature automatic-dimming mirrors currently being offered by the Company include one or more of the following features: SmartBeam®, HomeLink®, HomeLink Connect™ , frameless mirror designs, LED map lamps, compass and temperature displays, telematics, ITM® systems, hands free communication, as well as Rear Camera Display ("RCD") interior mirrors and FDM® interior mirrors, exterior turn signals, side blind zone indicators and various other exterior mirror features that improve safety and field of view. Advance features currently in development include: biometric authentication systems, and camera monitoring systems ("CMS"). Other automotive products currently being developed include large area dimmiable devices.

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Automotive Rearview Mirrors and Electronics Markets and Marketing In North America, Europe and Asia, the Company markets its products primarily through a direct sales force utilizing its sales and engineering offices located in Germany, UK, Sweden, France, Japan, South Korea and China, as well as its headquarters in Michigan. The Company generally supplies automatic-dimming mirrors and mirrors with advanced electronic features to its customers worldwide under annual blanket purchase orders with customers, as well as under long-term agreements with certain customers, entered into in the ordinary course of the Company's business.

The Company is currently supplying mirrors and electronic modules for Aston Martin, BMW Group, Daimler Group, FCA Group, Ford Motor Co., Geely/Volvo, General Motors, Honda Motor Co., Hyundai/Kia, Jaguar/Land Rover, Karma Automotive, Mazda, Mahindra & Mahindra, McLaren, PSA/Opel Group, Renault/Nissan/Mitsubishi Group, Subaru, Suzuki, Tesla, Toyota Motor Company, Volkswagen Group, as well as, shipments to domestic China manufacturers (Borgward, BYD, Chery, Dongfeng, Great Wall, Jianghuai, NextEV, and SAIC).

The Company’s automatic-dimming mirror unit shipment mix by region has fluctuated over the past ten years. The following is a breakdown of unit shipment mix by region in the 2018, 2017, 2016, and 2008 calendar years:

	2018	2017	2016	2008
Domestic	19 %	19 %	23 %	24 %
Transplants(1)	12 %	12 %	13 %	14 %
North America	31 %	31 %	36 %	38 %
Europe	45 %	46 %	44 %	45 %
Asia-Pacific	24 %	23 %	20 %	17 %
Total	100%	100%	100%	100%

(1) European and Asian based automakers with automotive production plants in North America.

Revenues by major geographic area are disclosed in Note 7 to the Consolidated Financial Statements.

Historically, new safety and comfort and convenience options have entered the original equipment automotive market at relatively low rates on “top of the line” or luxury model automobiles. As the selection rates for the options on the luxury models increase, they generally become available on more models throughout the product line. The ongoing trend of domestic and foreign automakers is to offer several options as a package. The Company believes that its automatic-dimming mirrors with and without advanced features will continue to be offered in more option packages, and continue to be available on more small and mid-size vehicle models as consumer awareness of these safety and comfort and convenience features continues to grow, and as the Company continues its efforts to make automakers aware of the Company's technology available on competitive vehicle platforms.

Automotive Rearview Mirrors and Electronics Competition The Company continues to be the leading producer of automatic-dimming rearview mirrors in the world and currently is the dominant supplier to the automotive industry with an approximate 92% market share worldwide in 2018 and an approximate 93% market share in 2017. While the Company believes it will retain a dominant position in automatic-dimming rearview mirrors for some time, another U.S. manufacturer, Magna Mirrors, a division of Magna International Inc. ("Magna"), continues to compete for sales to domestic and foreign vehicle manufacturers and is supplying a number of domestic and foreign vehicle models with its versions of auto-dimming mirrors and may have considerably more resources available to it. As such, Magna may present a formidable competitive threat. The Company also continues to sell automatic-dimming exterior mirror sub-assemblies to Magna Mirrors. In addition, a Japanese manufacturer (Tokai Rika) is currently supplying a few vehicle models in Japan with solid-state electrochromic mirrors. There are also a small number of Chinese domestic mirror suppliers that are marketing and selling automatic-dimming rearview mirrors, in low volume, within the domestic China automotive market. The Company currently believes, however, that these Chinese domestic mirror suppliers do not at this time meet global automotive grade specifications. Additionally, other companies have demonstrated products that are competitive to the Company's Full Display Mirror® system, and the Company acknowledges that dimming device (e.g., electrochromic) technology is the subject of research and development efforts by numerous third parties.

Through the Company's HomeLink® function, the Company is the sole supplier of integrated wireless in-vehicle communication devices to the automotive industry for communication with garages, gates, parking barriers, and certain home automation products. HomeLink® business continues to be awarded to the Company either through its automatic-dimming rearview mirrors, or through HomeLink® electronic modules which are integrated into other areas of the automobile (i.e. visors, overhead consoles, and center consoles). In 2014, the Company announced HomeLink®

applications for alternative automobiles and vehicle types which include but are not limited to motorcycles, mopeds, snowmobiles, tractors, combines, lawn mowers, loaders, backhoes and golf carts. These product developments will utilize the market leading HomeLink® V system of communication to the home, door locks, garage doors, gates, lights, security systems, and an increasing array of home automation products. The Company believes it is being awarded virtually all business in this area and that while the Company believes it continues to maintain a competitive advantage in this area, the increased focus on vehicle and home connectivity through other devices represents a competitive threat to this business. The Company announced in January 2018 the launch of HomeLink Connect™, an extension of the Company's HomeLink® feature and an all-new home automation app that pairs with the vehicle and allows drivers to operate home automation devices from the vehicle’s center console display and/or rearview mirror controls. Drivers of HomeLink Connect™ compatible vehicles will be able to download and configure the app to control a myriad of individual home automation devices, or create entire home automation settings.

The Company believes its electrochromic automatic-dimming mirrors and mirrors with advanced electronic features offer significant performance advantages over competing products and the Company makes significant research and development investments to continue to increase and improve the performance advantages of its products.

There are numerous other companies in the world conducting research on various technologies, including electrochromics, for controlling light transmission and reflection. The Company currently believes that the electrochromic materials and manufacturing process it uses for automotive mirrors remains the most efficient and cost-effective way to produce such products. While automatic-dimming mirrors using other technologies may eliminate glare, the Company currently believes that each of these other technologies have inherent cost or performance limitations as compared to the Company's technologies.

As the Company continues to expand its automatic-dimming mirror products with additional advanced electronic features and expands the capabilities of its CMOS imager technology for additional features (i.e. SmartBeam®, FDM®, driver-assist features, rear video camera, etc.), as well as continuing to expand the capabilities of the Company's CMS technology, the Company recognizes that it is competing with considerably larger and more geographically diverse electronics companies that could present a formidable competitive threat in the future as new products/features and technologies are brought to market.

Dimmable Aircraft Windows

The Company continues to manufacture and sell variable dimmable windows for the passenger compartment on the Boeing 787 Dreamliner Series of Aircraft. In January 2019, the Company announced that it would be offering, as optional content, its latest generation of variable dimmable windows on the Boeing 777X aircraft. The product is scheduled to begin shipping during calendar year 2019.

Markets and Marketing The Company markets its variable dimmable windows to aircraft manufacturers and airline operators globally.

Competition The Company’s variable dimmable aircraft windows are the first commercialized product of its kind for original equipment installation in the aircraft industry. Other manufacturers are working to develop and sell competing products utilizing other technology in the aircraft industry for aftermarket or original equipment installation.

The Company’s success with electrochromic technology provides potential opportunities and use cases for other commercial applications, which the Company continues to explore.

Fire Protection Products

The Company manufactures photoelectric smoke detectors and alarms, visual signaling alarms, photoelectric smoke detectors and electrochemical carbon monoxide alarms, electrochemical carbon monoxide detectors and alarms, audible and visual signaling alarms, and bells and speakers for use in fire detection systems in office buildings, hotels, and other commercial and residential establishments.

Markets and Marketing The Company’s fire protection products are sold directly to fire protection and security product distributors under the Company’s brand name, to electrical wholesale houses, and to original equipment manufacturers of fire protection systems under both the Company's brand name and private labels. The Company markets its fire protection products primarily in North America, but also globally through regional sales managers and manufacturer representative organizations.

Competition The fire protection products industry is highly competitive in terms of both the smoke detectors and signaling appliance markets. The Company estimates that it competes principally with eight manufacturers of smoke detection products for commercial use and approximately four manufacturers within the residential market, three of which produce photoelectric smoke detectors. In the signaling appliance markets, the Company estimates it competes with approximately eight manufacturers. While the Company faces significant competition in the sale of smoke detectors and signaling appliances, it believes that the introduction of new products, improvements to its existing products, its diversified product line, and the availability of special features will permit the Company to maintain its competitive position.

Trademarks and Patents

The Company owns 38 U.S. Registered Trademarks and 635 U.S. Patents, of which 31 Registered Trademarks and 514 patents relate to electrochromic technology, automotive rearview mirrors, microphones, displays, cameras, sensor technology, and/or HomeLink® products. These patents expire at various times between 2019 and 2037. The Company believes that these patents provide the Company a competitive advantage in its markets, although no single patent is necessarily required for the success of the Company's products.

The Company also owns 309 foreign Registered Trademarks and 787 foreign patents, of which 292 Registered Trademarks and 768 patents relate to electrochromic technology, automotive rearview mirrors, microphones, displays, cameras, sensor technology, and/or HomeLink® products. These patents expire at various times between 2019 and 2043. The Company believes that the competitive advantage derived in the relevant foreign markets for these patents is comparable to that experienced in the U.S. market.

The Company owns 50 U.S. Patents and 6 foreign patents that relate specifically to the Company’s variable dimmable windows. The U.S. Patents expire at various times between 2020 and 2037, while the foreign patents expire at various times between 2021 and 2027.

The Company owns 7 U.S. Registered Trademarks, 17 U.S. Patents, 17 foreign Registered Trademarks, and 13 foreign patents that relate to the Company’s fire protection products. The U.S. Patents expire at various times between 2019 and 2035, while the foreign patents expire at various times between 2020 and 2030. The Company believes that the competitive advantage provided by these patents is relatively small.

The Company also has in process 294 U.S. patent applications, 418 foreign patent applications, and 58 Trademark applications. The Company continuously seeks to improve its core technologies and apply those technologies to new and existing products. As those efforts produce patentable inventions, the Company expects to file appropriate patent applications.

In addition, the Company periodically obtains intellectual property rights, in the ordinary course of the Company's business, to strengthen its intellectual property portfolio and minimize potential risks of infringement.

Miscellaneous

The Company considers itself to be engaged in the manufacture and sale of automatic-dimming rearview mirrors, non-automatic-dimming rearview mirrors and electronics for the automotive industry, variable dimmable windows for the aviation industry, and commercial smoke alarms and signaling devices for the fire protection industry. The Company has several important customers within the automotive industry, three of which each account for 10% or more of the Company's net sales in 2018 (including direct sales to OEM customers and sales through their Tier 1 suppliers): Volkswagen Group, Toyota Motor Company, and Daimler Group. The loss of any of these customers (or certain other significant customers) could have a material adverse effect on the Company's business, financial condition, and/or results of operations. The Company’s backlog of unshipped orders was $471.5 million and $463.3 million at February 1, 2019, and 2018, respectively.

As of February 1, 2019, the Company had 5,707 full-time employees. None of the Company’s employees are represented by a labor union or other collective bargaining representative. The Company believes that its relations with its employees are in good standing. See "Executive Officers of the Registrant" in Part III, Item 10.

(d) [Reserved]

(e) Available Information

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The Company's Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports, will be made available, free of charge, through the Investor Information section of the Company's Internet website (http://ir.gentex.com) as soon as practicable after such materials are electronically filed with or furnished to the Securities and Exchange Commission ("SEC"). The SEC maintains an Internet website (http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issues that a company files electronically with the SEC.

Item 1A. Risk Factors.

Safe Harbor for Forward-Looking Statements. This Annual Report on Form 10-K 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 varia 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 and electronic component 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 and interpretations; 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. Forward-looking statements include content supplied by IHS Markit Light Vehicle Production Forecast (January 17, 2019) (http://www.gentex.com/ forecast-disclaimer).

The following risk factors, together with all other information provided in this Annual Report on Form 10-K should be carefully considered.

Automotive Industry. Customers within the auto industry comprise approximately 98% of our net sales. The automotive industry has always been cyclical and highly impacted by levels of economic activity. The current economic environment, while stable, continues to be uncertain and continues to cause increased financial and production stresses evidenced by volatile production levels, volatility with customer orders, supplier part and material shortages, automotive and Tier 1 supplier plant shutdowns, customer and supplier financial issues/bankruptcies, commodity material cost increases and/or supply constraints, consumer vehicle preference shifts, where we may have a lower penetration rate and lower content per vehicle, and supply chain stresses. If automotive customers (including their Tier 1 suppliers) and suppliers experience plant shutdowns, work stoppages, strikes, part shortages, etc., it could disrupt our shipments to these customers, which could adversely affect our business, financial condition, and/or results of operations.

Automakers continue to experience volatility and uncertainty in executing planned new programs which can result in delays or cancellations of new vehicle platforms, package configurations, and inaccurate volume forecasts. This makes it challenging for us to forecast future sales and manage costs, inventory, capital, engineering, research and development, and human resource investments.

Key Customers. We have a number of large customers, including three automotive customers which each account for 10% or more of our annual net sales in 2018 (including direct sales to OEM customers and sales through their Tier 1 suppliers): Volkswagen Group, Toyota Motor Company, and Daimler Group.The loss of all or a substantial portion of the sales to, or decreases in production by, any of these customers (or certain other significant customers) could have a material adverse effect on our business, financial condition, and/or results of operations.

Pricing Pressures. We continue to experience on-going pricing pressures from our automotive customers and competitors, which have affected, and which will continue to affect our profit margins to the extent that we are unable to offset the price reductions with engineering and purchasing cost reductions, productivity improvements, increases in unit shipments of mirrors and electronics with advanced features, each of which pose an ongoing challenge, which could adversely impact our business, financial condition, and/or results of operations.

Tariffs. The geopolitical environment between the Unites States and other countries, including China and the European Union, continues to cause uncertainty on tariffs. Currently, it is expected that the Unites States will increase tariffs on March 1, 2019 with respect to certain good and materials imported from China, and it is further expected, that China will also increase certain tariffs on goods and materials imported from the United States, unless the two countries enter into a new trade agreement. The continuance of these tariffs and/or escalation of disputes in the geopolitical environment could interfere with automotive supply chains and could have a continued negative impact on the Company’s business, financial condition, and/or results of operations.

Competition. We recognize that Magna Mirrors, our main competitor, may have considerably more resources available to it, and may present a formidable competitive threat.

Additionally, other companies have demonstrated products that are competitive to our Full Display Mirror® system, and we acknowledge that dimming device (e.g., electrochromic) technology is the subject of research and development efforts by numerous third parties.

On March 31, 2014, the NHTSA issued a final rule requiring rearview video systems in U.S. light vehicles by May 1, 2018, with a phase-in schedule requirement of 10% of vehicles after May 2016, 40% of vehicles after May 2017, and 100% of vehicles after May 2018. The Company’s RCD mirror application meets all the technical requirements of the NHTSA rule when installed in a vehicle and appropriately paired with an OEM specified camera. The NHTSA rule that rearview video systems are required has increased competition for systems capable of rear video in a variety of locations in the vehicle. Our RCD mirror application has and will continue to be affected by this increased competition.

Our SmartBeam® product is a driver-assist feature for headlamp lighting control that competes with other multiple-function driver-assist features that include headlamp lighting control as one of the multiple functions. While we believe SmartBeam® is a low cost solution for a safety feature that makes nighttime driving safer by maximizing a vehicle's high-beam usage, competition from multiple-function driver-assist products has already and could continue to impact the success of SmartBeam®.

On March 31, 2014 the Alliance of Automobile Manufacturers petitioned the National Highway Traffic Safety Administration to allow automakers to use CMS as an option to replace conventional rearview mirrors within North America, however, no final rule or legislation was made in response to this petition. At the annual SAE Government-Industry Meeting in January 2017, NHTSA requested that SAE develop Recommended Procedures for test protocols and performance criteria for CMS that would replace mirror systems on light vehicles in the U.S. market. SAE assigned the task to the Driver Vision Committee, and the SAE Driver Vision Committee created a CMS Task Force to draft the Recommended Procedures. In the second half of 2018, the Office of Management and Budget published its regulatory and de-regulatory agenda, which included a reference to a pre-rule stage for NHTSA related to amending the existing rear visibility standard to allow the option for camera-monitor systems to replace mirrors. Also, NHTSA published a report dated October 2018 related to camera monitoring systems for outside mirror replacements.

In July 2016, a revision to UN-ECE Regulation 46 was published with an effective date of June 18, 2016, which allows for camera monitor systems to replace mirrors within Japan and European countries. As of January 2017, camera monitoring systems are also permitted as an alternative to replace mirrors in the Korean market. Notwithstanding the foregoing, the Company continues to believe rearview mirrors provide a robust, simple and cost effective means to view the surrounding areas of a vehicle and remain the primary safety function for rear vision today. Cameras when used as the primary rear vision delivery mechanism have some inherent limitations such as: electrical failure; cameras being blocked or obstructed; depth perception challenges; and viewing angle of the camera. Nonetheless, the Company continues designing and manufacturing not only rearview mirrors, but CMOS imagers and video displays as well. The Company believes that combining video displays with mirrors may well provide a more robust product by addressing all driving conditions in a single solution that can be controlled by the driver. The Company has launched a rear vision camera system that streams rear video to a rearview-mirror-integrated display using the Company's Full Display Mirror®. This CMS solution uses three cameras to provide a comprehensive view of the sides and rear of the vehicle. The Company also continues to develop in the areas of imager performance, camera dynamic range, lens design, image processing from the camera to the display, and camera lens cleaning. The Company acknowledges that as such technology evolves over time, such as cameras replacing mirrors and/or autonomous driving, there could be increased competition.

Product Mix. We sell products that have varying profit margins. Our financial performance can be impacted depending on the mix of products we sell during a given period. The automotive industry is subject to rapid technological change, vigorous competition, short product life cycles and cyclical, ever-changing consumer demand patterns. When our customers are adversely affected by these factors, we may be similarly affected to the extent that our customers reduce the volume of orders for our products. As a result of such changes and circumstances impacting our customers, sales mix can shift which may have either favorable or unfavorable impact on revenue and would include shifts in regional growth, in OEM sales demand, as well as in consumer demand related to vehicle segment purchases and content penetration. A decrease in consumer demand for specific types of vehicles where we have traditionally provided significant content could have a significant effect on our business, financial condition, and/or results of operations. Our forward guidance and estimates assume a certain geographic sales mix as well as a product sales mix. If actual results vary from this projected geographic and product mix of sales, our business, financial condition, and/or results of operations could be negatively impacted.

Business Combinations. We anticipate that acquisitions of businesses and assets may play a role in our future growth. We cannot be certain that we will be able to identify attractive acquisition targets,have resources available for or obtain financing for acquisitions on satisfactory terms, successfully acquire identified targets or manage timing of acquisitions with capital obligations across our businesses. Additionally, we may not be successful in integrating acquired businesses into our existing operations, achieving projected synergies, and/or maximizing the value of acquired technologies and businesses. Competition for acquisition opportunities in the various industries in which we operate already exists and may increase, thereby potentially increasing our costs of making acquisitions or causing us to refrain from making further acquisitions. We are also subject to applicable antitrust laws and must avoid anticompetitive behavior. These and other acquisition-related factors may negatively and adversely impact our business, financial condition, and/or results of operations.

Intellectual Property. We believe that our patents and trade secrets provide us with a competitive advantage in automotive rearview mirrors, variable dimmable windows,certain electronics, and fire protection products, although no single patent is necessarily required for the success of our products. The loss of any significant combination of patents and trade secrets regarding our products could adversely affect our business, financial condition, and/or results of operations. Lack of intellectual property protection in a number of countries, including China, poses risk for the Company. This trend represents an increasing risk to technology companies in the United States, including the Company.

New Technology and Product Development. We continue to invest a significant portion of our annual sales in engineering, research and development projects. Should these efforts ultimately prove unsuccessful, our business, financial condition, and/or results of operations could be adversely affected.

Intellectual Property Litigation and Infringement Claims. A successful claim of patent or other intellectual property infringement and damages against us could affect business, financial condition, and/or results of operations. If someone claims that our products infringed their intellectual property rights, any resulting litigation could be costly and time consuming and would divert the attention of management and key personnel from other business issues. The complexity of the technology involved in our business and the uncertainty of intellectual property litigation significantly increases these risks and makes such risk part of our on-going business. To that end, we periodically obtain intellectual property rights, in the ordinary course of business, to strengthen our intellectual property portfolio and minimize potential risks of infringement. The increasing tendency of patents granted to others on combinations of known technology is a potential threat to our Company. Any of these adverse consequences could potentially have an effect on our business, financial condition and/or results of operations.

Credit Risk. Certain automakers and Tier 1 customers from time to time may consider the sale of certain business segments or bankruptcy as a result of financial stress. Should one or more of our larger customers (including sales through their Tier 1 suppliers) declare bankruptcy or sell their business, it could adversely affect the collection of receivables, our business, financial condition, and/or results of operations. The current economic environment continues to cause increased financial pressures and production stresses on our customers, which could impact the timeliness of customer payments and ultimately the collectability of receivables.

Our allowance for doubtful accounts primarily relates to financially distressed automotive mirror and electronics customers. We continue to work with these financially distressed customers in collecting past due balances. Refer to Note 1 of the Consolidated Financial Statements for additional details regarding our allowance for doubtful accounts.

Supply Chain Disruptions. Due to the just-in-time supply chains within our business and the automotive industry, a disruption in a supply chain caused by one or more of our suppliers and/or an unrelated Tier 1 supplier due to part shortages, natural disasters, work stoppages, strikes, bankruptcy, etc. could disrupt our shipments to one or more

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automakers or Tier 1 customers, which could adversely affect our business, financial condition, and/or results of operations.
Business Disruptions. Manufacturing of our proprietary products employing electro-optic technology is performed at our manufacturing facilities in Zeeland and Holland, Michigan. One of our manufacturing facilities is located in Holland, Michigan, which is approximately three miles from our other manufacturing facilities in Zeeland, Michigan. Should a catastrophic event occur, our ability to manufacture product, complete existing orders and provide other services could be severely impacted for an undetermined period of time. We have purchased business interruption insurance to address some of these potential costs. Our inability to conduct normal business operations for a period of time may have an adverse impact on our business, financial condition, and/or results of operations.

IT Infrastructure. A failure of our information technology ("IT") infrastructure could adversely impact our business, financial condition, and/or results of operations. We rely upon the capacity, reliability and security of our information technology infrastructure and our ability to expand and continually update this infrastructure in response to the changing needs of our business. For example, we have implemented enterprise resource planning and other IT systems in certain aspects of our businesses over a period of several years and continue to update and further implement new systems going forward. These systems may not perform as expected. We also face the challenge of supporting our older systems and implementing necessary upgrades. If we experience a problem with the functioning of an important IT system or a security breach of our IT systems, the resulting disruptions could have an adverse effect on our business, financial condition, and/or results of operations. We, and certain of our third-party vendors, receive and store personal information in connection with our human resources operations and other aspects of our business. Despite our implementation of security measures, our IT systems, like all IT systems, are vulnerable to damages from computer viruses, natural disasters, unauthorized access, cyber-attack and other similar disruptions. Any system failure, accident or security breach could result in disruptions to our operations. A material network breach in the security of our IT systems could include the theft of our intellectual property, trade secrets or customer information. To the extent that any disruptions or security breach results in a loss or damage to our data, or an inappropriate disclosure of confidential or customer information, it could cause significant damage to our reputation, affect our relationships with our customers, lead to claims against the Company and ultimately harm our business, financial condition, and/or results of operations. In addition, we may be required to incur significant costs to protect against damage caused by these disruptions or security breaches in the future.

Employees. Our business success depends on attracting and retaining qualified personnel. Our ability to sustain and grow our business requires us to hire, retain and develop a highly skilled and diverse management team and workforce. Failure to ensure that we have the leadership capacity with the necessary skill sets and experience could impede our ability to deliver our growth objectives and execute our strategic plan. Organizational and reporting changes within management could result in increased turnover. In addition, any unplanned turnover or inability to attract and retain key employees, including managers, could have a negative effect on our business, financial condition and/or results of operations.

Government Regulations. The Dodd-Frank Wall Street Reform and Consumer Protection Act contains provisions to improve transparency and accountability concerning the supply of certain minerals, known as conflict minerals, originating from the Democratic Republic of Congo ("DRC") and adjoining countries. As a result, in August 2012 the SEC adopted annual disclosure and reporting requirements for those companies who use conflict minerals mined from the DRC and adjoining countries in their products. These new requirements required due diligence efforts in 2013, 2014, 2015, 2016, 2017, and 2018, and the Company has disclosed its findings annually to the SEC on Form SD around May 30 each year. As there may be only a limited number of suppliers offering "conflict free" minerals, the Company cannot be sure that we will be able to obtain necessary conflict minerals from such suppliers in sufficient quantities or at competitive prices. Also, the Company may face reputational challenges if we determine that certain of our products contain minerals not determined to be conflict free or if the Company is unable to sufficiently verify the origins for all conflict minerals used in the Company's products through the procedures the Company may implement.

The European New Car Assessment Program ("Euro NCAP") provides an incentive for automobiles sold in Europe to apply safety technologies that include driver assist features such as lane detection, vehicle detection, and pedestrian detection as standard equipment. Euro NCAP compliant driver assist systems are also capable of including high beam assist as a function. The increased application of Euro NCAP on European vehicles could potentially replace the Company's SmartBeam application on these vehicles.

On December 8, 2015, NHTSA proposed changes to the Administration’s 5-Star Safety Ratings for new vehicles (also known as the New Car Assessment Program or NCAP) and initiated a comment period. The proposed changes will,

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for the first time, encompass assessment of crash-avoidance technologies, which includes lower beam headlamp performance, semi-automatic headlamp switching, and blind spot detection. NHTSA originally intended to implement the enhancements in NCAP in 2018 beginning with model year 2019 vehicles. The NCAP implementation has been delayed, and on August 5, 2018, NHTSA published a notice seeking public comment on NCAP with a deadline of October 1, 2018 for the submission of written comments. The Company believes that its SmartBeam® technology will qualify with the semi-automatic headlamp NCAP rating system, and that its SmartBeam® technology and exterior mirrors with blind spot alert lighting can be included in a system that qualifies with the lower beam headlamp performance and blind spot detection NCAP rating system, respectively.

On October 12, 2018, NHTSA published a Notice of Proposed Rulemaking ("NPRM") for amendments to Federal Motor Vehicle Safety Standard ("FMVSS") No. 108: Lamps, reflective devices, and associated equipment, and initiated a comment period. The NPRM proposes amendments that would permit the certification of adaptive driving beam head-lighting systems, if the manufacturer chooses to equip vehicles with these systems. NHTSA proposes to establish appropriate performance requirements to ensure the safe introduction of adaptive driving beam head-lighting systems if equipped on newly manufactured vehicles. The Company believes that its dynamic SmartBeam® lighting control system (dynamic forward lighting or DFL), which has been sold in markets outside of North America for several years, will meet the requirements of the new FMVSS 108 standards, if amended. The Company's SmartBeam® application has and will continue to be affected by increased competition suppliers of multi-function driver assist camera products, which are able to achieve some of the same functionality as SmartBeam® but at a lower cost, due to other suppliers leveraging similar hardware costs, but offering products with multiple software features.

International Operations. We currently conduct operations in various countries and jurisdictions, including purchasing raw materials and other supplies from many different countries around the world, which subjects us to the legal, political, regulatory and social requirements as well as various economic conditions in these jurisdictions. Some of these countries are considered growth markets. International sales and operations, especially in growth markets, subject us to certain risks inherent in doing business abroad, including:

- Exposure to local economic, political and labor conditions;
- Unexpected changes in laws, regulations, trade or monetary or fiscal policy, including interest rates, foreign currency exchange rates and changes in the rate of inflation in the U.S. and other foreign countries;
- Tariffs(as discussed above), quotas, customs and other import or export restrictions and other trade barriers;
- Brexit, and particularly, an uncontrolled Brexit
- Expropriation and nationalization;
- Difficulty of enforcing agreements, collecting receivables and protecting assets through non-U.S. legal systems;
- Reduced intellectual property protection;
- Withholding and other taxes on remittances and other payments by subsidiaries;
- Investment restrictions or requirements;
- Export and import restrictions;
- Violence and civil unrest in local countries;
- Compliance with the requirements of an increasing body of applicable anti-bribery laws, including the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and similar laws of various other countries; and
- Exposure related to buying, selling and financing in currencies other than the local currencies of the countries in which we operate.

Other. Other issues and uncertainties which could adversely impact our business, financial condition, and/or results of operations include:

- Volatility in commodity prices may adversely affect our business, financial condition and/or results of operations. If commodity prices rise, and if we are unable to recover these cost increases from our customers, such increases could have an adverse effect on our business, financial condition and/or results of operations;
- Increasing interest rates impact our financial performance due to an increase in realized losses on the sale of fixed income investments and/or recognized losses due to an Other-Than-Temporary Impairment adjustment on held-to-maturity securities;
- General economic conditions continue to be of concern in many of the regions in which we do business, given that our primary industry is greatly impacted by overall general economic conditions. Any continued adverse worldwide economic conditions, currency exchange rates, trade war, war or significant terrorist acts, could each affect worldwide automotive sales and production levels;
- Manufacturing yield issues may negatively impact our business, financial condition and/or results of operations; and

- Obligations and costs associated with addressing quality issues or warranty claims may adversely affect our business, financial condition and/or results of operations.

Antitakeover Provisions. Our articles of incorporation, bylaws, and the laws of the state of Michigan include provisions that may provide our board of directors with adequate time to consider whether a hostile takeover offer is in our best interest and the best interests of our shareholders. These provisions, however, could discourage potential acquisition proposals and could delay or prevent a change in control.
Fluctuations in Market Price. The market price for our common stock has fluctuated, ranging from a low of $17.80 to a high of $25.41 during 2018. The overall market and the price of our common stock may continue to fluctuate. There may be a significant impact on the market price for our common stock relating to the issues discussed above or due to any of the following:

- Variations in our anticipated or actual operating results or the results of our competitors;
- Changes in investors' or analysts' perceptions of the risks and conditions of our business and in particular our primary industry;
- Intellectual property litigation and infringement claims;
- The size of the public float of our common stock;
- Market conditions, including the industry in which we operate; and
- General macroeconomic conditions.

Item 1B. Unresolved Staff Comments.
None

Item 2. Properties.
As of December 31, 2018 the Company operates primarily out of facilities in Zeeland and Holland, Michigan, which consist of manufacturing and office space. The Company also operates a chemistry lab facility to support production in Zeeland, Michigan. In addition, the Company operates overseas offices in Europe and Asia as further discussed below. The office and production facility for the fire protection products group is a 25,000 square-foot, one-story building that was purchased by the Company in the first quarter of 2018, as previously disclosed.

North America

The corporate office and production facility for the Company's automotive products group is a modern, two-story, 150,000 square-foot building of steel and masonry construction situated on a 40-acre site in a well-kept industrial park. A second 128,000 square-foot office/manufacturing facility was completed on this site in 1996. The Company expanded its automotive production facilities by constructing a third 170,000 square-foot facility on its current site which opened in 2000.
In 2002, the Company expanded its manufacturing operations in Zeeland, Michigan, with the construction of a 150,000 square-foot automotive mirror manufacturing facility. In 2003, the Company also announced plans for a new 200,000 square-foot technical office facility linking the fourth manufacturing facility with its existing corporate office and production facility. The Company completed the construction of this facility and the new technical center in 2006 at a total cost of approximately $38 million, which was funded from its cash and cash equivalents on hand.
In 2008, the Company expanded its automotive exterior mirror manufacturing facility in Zeeland, Michigan, with the construction of a 60,000 square-foot building addition, which was completed at a cost of approximately $6 million, which was funded from cash and cash equivalents on hand.
In 2010, the Company purchased an existing 108,000-square-foot electronics manufacturing facility in Holland, Michigan, which is located approximately three miles from its other manufacturing facilities in Zeeland, Michigan. The facility was operational in the first quarter of 2011 and at full capacity in the third quarter of 2011. The total cost to purchase the facility and building improvements was approximately $5 million, which was funded from cash and cash equivalents on hand. In 2012, the Company expanded this electronics assembly facility with the construction of a 125,000 square-foot expansion. The total cost of the facility expansion was approximately $25 million and was funded from cash and cash equivalents on hand.
In 2012, the Company expanded its automotive exterior mirror manufacturing facility in Zeeland, Michigan, with the construction of a 32,000 square-foot building addition, which was completed at a cost of approximately $4 million. The Company also constructed a 60,000 square-foot chemistry lab facility in Zeeland, Michigan, which was completed as a cost of approximately $11.5 million. These expansion projects in 2012 were funded from cash and cash equivalents on hand.
In 2013, the Company completed a 120,000 square-foot expansion project connecting two of its manufacturing facilities in Zeeland, Michigan, with a total cost of approximately $25 million. Also in 2013, the Company completed a 10,000 square-foot facility to centralize the production and distribution of chilled water that is used in production and chemistry labs, as well as air conditioning. This was completed for a total cost of approximately $11 million. The above projects were funded from cash and cash equivalents on hand.
In 2017, the Company completed construction of a 250,000 square-foot manufacturing and distribution facility located at a 140 acre site in Zeeland, Michigan, with a total cost of approximately $63 million, which

was funded from cash and cash equivalents on hand. The distribution portion of the facility was operational in 2016, and the manufacturing portion of the facility became operational in early 2017.

In 2018, the Company constructed a new, 265,000 square-foot distribution facility located in Zeeland, Michigan. Construction of the facility allowed the Company to consolidate all distribution activities to one location, which increased available manufacturing space at the aforementioned facilities. The building project was completed with a

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total cost of approximately $22 million, which was funded with cash and cash equivalents on hand. The facility was operational in the fourth quarter of 2018.

Europe

The Company also has sales and engineering offices throughout Europe to support its sales and engineering efforts. In 1993, the Company established a sales and engineering office in Germany and the following year, the Company formed a German limited liability company, Gentex GmbH, to expand its sales and engineering support activities in Europe. In 2003, the Company constructed a 40,000 square-foot office and distribution facility in Erlenbach, Germany, at a cost of approximately $5 million, which was funded from cash and cash equivalents on hand. In 2016, the Company completed a 50,000 square-foot expansion of this facility, with a total cost of approximately $6 million, funded from cash and cash equivalents on hand.

The Company also operates satellite sales and engineering offices in Pfaffenhofen, Sindelfingen and Cologne, Germany.

The Company currently also operates sales and engineering offices out of the United Kingdom, France, and Sweden.

Asia

In 1998, the Company established Gentex Japan, Inc., as a sales and engineering office in Nagoya, Japan, to expand its sales and engineering support in Japan. In 2004, the Company established a satellite office in Yokohama, Japan. In 2011, the Company established a satellite office in Tochigi, Japan.

In 2002, the Company established Gentex Technologies Korea Co., Ltd. as a sales and engineering office in Seoul, Korea.

In 2005, the Company opened a sales and engineering office near Shanghai, China. In 2006, the Company purchased a 25,000 square-foot office and distribution facility near Shanghai, China, at a cost of approximately $750,000, which was funded from cash and cash equivalents on hand. In 2017, the Company purchased a 40,000 square-foot office and distribution facility near Shanghai, China, at a cost of approximately $7.8 million, which was funded from cash and cash equivalents on hand.

Capacity

The Company believes its existing and planned facilities are currently suitable, adequate, and have the capacity required for current and near-term planned business. Nevertheless, the Company continues to evaluate longer term facilities needs.

The Company estimates that it currently has building capacity to manufacture approximately 33 - 36 million interior mirror units annually, based on current product mix. The Company evaluates equipment capacity on an ongoing basis and adds equipment as needed. In 2018, the Company shipped 29.7 million interior automatic-dimming mirrors.

The Company’s automotive exterior mirror manufacturing facility has an estimated building capacity to manufacture approximately 14 - 17 million units annually, based on the current product mix. The Company evaluates equipment capacity on an ongoing basis and adds equipment as needed. In 2018, the Company shipped approximately 12.0 million exterior automatic-dimming mirrors.

Item 3. Legal Proceedings.

The Company is periodically involved in legal proceedings, legal actions and claims arising in the normal course of business, including proceedings relating to product liability, intellectual property, safety and health, employment and other matters. Such matters are subject to many uncertainties, and outcomes are not predictable. The Company does not believe however, that at the current time, there are any matters that constitute material pending legal proceedings that will have a material adverse effect on the financial position, future results of operations, or cash flows of the Company.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

(a) The Company's common stock trades on The Nasdaq Global Select Market® under the symbol GNTX. As of February 1, 2019, there were 3,086 record-holders of the Company's common stock and restricted stock.
Stock Performance Graph: The following graph depicts the cumulative total return on the Company's common stock compared to the cumulative total return on the Nasdaq Composite Index (all U.S. companies) and the Dow Jones U.S. Auto Parts Index (excluding tire and rubber makers). The graph assumes an investment of $100 on the last trading day of 2012, and reinvestment of dividends in all cases. In March 2018, the Company's Board of Directors approved a continuing resolution to pay a quarterly dividend at an increased rate of $0.11 per share until the board takes other action with respect to the payment of dividends. The Company intends to continue to pay a quarterly cash dividend and will consider future dividend rate adjustments based on the Company's financial condition, profitability, cash flow, liquidity and other relevant business factors. (All per share amounts have been adjusted to reflect the two-for-one stock split effected in the form of a 100% stock dividend issued December 31, 2014).

(b) Not applicable.

(c) The Company has in place and has announced a share repurchase plan. Additionally, on January 16, 2018, the Company repurchased and retired approximately 5.5 million shares of common stock from the former CEO pursuant to his retirement agreement, which was effective December 31, 2017, as previously announced. These share repurchases were approved by the Company's Board of Directors and were not repurchased as part of the Company's existing share repurchase plan. On March 9, 2018, the Company announced that the Company's Board of Directors had authorized the repurchase of an additional 20,000,000 shares under the share repurchase plan. As previously disclosed, the Company may purchase authorized shares of its common stock under the plan based on a number of factors, including: market, economic, and industry conditions; the market price of the Company's common stock; anti-dilutive effect on earnings; available cash; and other factors that the Company deems appropriate. The plan does not have an expiration date, but the Board of Directors reviews such plan periodically.

Issuer Purchase of Equity Securities

Period	**Total Number of Shares Purchased**	**Average Price Paid Per Share**	**Total Number of Shares Purchased As Part of a Publicly Announced Plan***	**Maximum Number of Shares That May Yet Be Purchased Under the Plan***
January 2018	6,649,731	$21.33	6,649,731	8,640,893
February 2018	1,944,826	22.60	1,944,826	6,696,067
March 2018	736,942	22.81	736,942	25,959,125
April 2018	1,531,711	22.59	1,531,711	24,427,414
May 2018	2,121,554	23.18	2,121,554	22,305,860
June 2018	2,631,552	23.88	2,631,552	19,674,308
July 2018	2,079,020	22.47	2,079,020	17,595,288
August 2018	3,303,809	23.59	3,303,809	14,291,479
September 2018	2,125,420	22.53	2,125,420	12,166,059
October 2018	928,097	20.56	928,097	11,237,962
November 2018	1,050,870	22.16	1,050,870	10,187,092
December 2018	1,345,835	20.60	1,345,835	8,841,257
Total	26,449,367		26,449,367	

Item 6. Selected Financial Data.

(dollars in thousands, except per share data)

	2018	**2017**	**2016**	**2015**	**2014**
Net Sales	$1,834,064	$1,794,873	$1,678,925	$1,543,618	$1,375,501
Net Income	437,883	406,792	347,591	318,470	288,605
Earnings Per Share (Fully Diluted)	$1.62	$1.41	$1.19	$1.08	$0.98
Gross Profit Margin	37.6 %	38.7 %	39.8 %	39.1 %	39.2 %
Cash Dividends per Common Share	$0.440	$0.390	$0.355	$0.335	$0.31
Total Assets	$2,085,434	$2,352,054	$2,309,620	$2,148,673	$2,022,540
Long-Term Debt Outstanding at Year End	$—	$—	$178,125	$225,625	$258,125

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Results of Operations

The following table sets forth for the periods indicated certain items from the Company’s Consolidated Statements of Income expressed as a percentage of net sales and the percentage change in the dollar amount of each such item from that in the indicated previous year.

	Percentage of Net Sales			Percentage Change	
				2018	2017
	Year Ended December 31,			Vs	Vs
	2018	2017	2016	2017	2016
Net Sales	100.0%	100.0%	100.0 %	2.2 %	6.9 %
Cost of Goods Sold	62.4	61.3	60.2	3.9	8.9
Gross Profit	37.6	38.7	39.8	(0.6)	3.9
Operating Expenses:					
Engineering, Research and Development	5.8	5.6	5.6	7.4	5.8
Selling, General and Administrative	4.1	4.0	3.7	5.3	14.4
Total Operating Expenses:	9.9	9.5	9.3	6.5	9.2
Operating Income	27.7	29.2	30.5	(2.9)	2.3
Other Income/(Expense)	0.8	0.5	(0.1)	65.0	(813.8)
Income Before Provision for Income Taxes	28.5	29.6	30.4	(1.8)	4.2
Provision for Income Taxes	4.6	7.0	9.7	(32.7)	(23.3)
Net Income	23.9 %	22.7 %	20.7 %	7.6 %	17.0 %

Results of Operations: 2018 to 2017

Net Sales. In 2018, Company net sales increased by $39.2 million, or 2% compared to the prior year. Automotive net sales increased due to a 6% increase in automatic-dimming mirror shipments, from 39.3 million units in 2017 to 41.6 million units in 2018, primarily reflecting increased overall penetration of automatic-dimming mirrors, more so within the Company's international markets than its domestic market. International automotive mirror unit shipments increased 7% in 2018 when compared with the prior year, primarily due to increased penetration of both interior and exterior automatic-dimming mirrors to certain European and Japanese automakers.

Other net sales increased 17% to $42.9 million compared to the prior year, as dimmable aircraft window sales increased 16% year over year and fire protection saw an increase in net sales of 18% year over year.

Cost of Goods Sold. As a percentage of net sales, cost of goods sold increased from 61.3% in 2017 to 62.4% in 2018, primarily due to annual customer price reductions that were not fully offset with purchasing cost reductions, as well as the Company's inability to leverage fixed overhead costs due to lower than expected sales levels. Annual price reductions and fixed overhead costs independently impacted cost of goods sold as a percentage of net sales by approximately 75 - 150 basis points. These negative impacts were partially offset by the impact of purchasing cost reductions of 50 - 75 basis points.

Operating Expenses. Engineering, research and development expenses increased by $7.4 million or 7% from 2017 to 2018, but remained at 6% of net sales. E, R & D increased, primarily due to increased staffing levels which continue to support growth and launch of new business as well as development of new products.

Selling, general and administrative expenses increased by $3.8 million or 5% from 2017 to 2018, but remained at 4% of net sales. The primary reason for the increase from 2017 to 2018 was due to increased staffing levels and travel expenses.

Total Other Income/(Expense). Investment income increased $1.8 million in 2018 versus 2017, primarily due to higher interest rates available for the Company's investable funds. Other income – net increased $3.7

million in 2018 versus 2017, primarily due to decreased interest expense associated with the Company's debt financing and adoption of ASU 2016-1, as discussed further in Note 2 of the Consolidated Financial Statements.

Taxes. The effective tax rate was 16.1% for year ended December 31, 2018 compared to 23.5% the prior year. The effective tax rate in 2017 differed from the statutory federal income tax rate, primarily due to the domestic manufacturing deduction as well as the re-measurement of net deferred tax liabilities as a result of the Tax Cuts and Jobs Act of 2017("Act"). In 2018, the effective tax rate differed from the new statutory federal income tax rate primarily due to the Foreign Derived Intangible Income Deduction. The decrease in the effective tax rate in 2018 from the prior year was due to the change in statutory tax rate as passed in the Act to 21% from 35%.
Net Income. Net income increased by $31.1 million, or 8% year over year, primarily due to the lower effective tax rate on a year over year basis.

Results of Operations: 2017 to 2016
Net Sales. In 2017, Company net sales increased by $115.9 million, or 7% compared to the prior year. Automotive net sales increased due to a 9% increase in automatic-dimming mirror shipments, from 36.1 million units in 2016 to 39.3 million units in 2017, primarily reflecting increased overall penetration of automatic-dimming mirrors, primarily within the Company's international markets. International automotive mirror unit shipments increased 15% in 2017 when compared with the prior year, primarily due to increased penetration of both interior and exterior automatic dimming mirrors to certain European and Japanese automakers. Other net sales decreased 6% to $36.7 million compared to the prior year, as dimmable aircraft window sales decreased 13% year over year, which was offset by an increase of 2% year over year for fire protection sales.
Cost of Goods Sold. As a percentage of net sales, cost of goods sold increased from 60.2% in 2016 to 61.3% in 2017, primarily due to annual customer price reductions that were not fully offset with purchasing cost reductions, as well as the Company's inability to leverage fixed overhead costs due to negative product mix. Annual price reductions and fixed overhead costs independently impacted cost of goods sold as a percentage of net sales by approximately 100 - 150 basis points. These negative impacts were partially offset by the impact of purchasing cost reductions of 50 - 75 basis points.
Operating Expenses. Engineering, research and development expenses increased by $5.5 million from 2016 to 2017, but remained at 6% of net sales. E, R & D expenses in 2017 increased 6% year over year, compared to calendar year 2016, primarily due to increased staffing levels which continue to support growth and the development of new business. Selling, general and administrative expenses increased by $9.0 million or 14% from 2016 to 2017, but remained at 4% of net sales. The primary reason for the increase from 2016 to 2017 was due to increased staffing levels and travel expenses, as well as approximately $4.4 million in certain previously announced retirement related expenses associated with the retirement of the Company's previous CEO and Chairman of the Board.
Total Other Income/(Expense). Investment income increased $4.7 million in 2017 versus 2016, primarily due to higher year-end mutual fund distribution income. Other income – net increased $5.0 million in 2017 versus 2016, primarily due to increased realized gains on the sale of equity investments and decreased interest expense associated with the Company's debt financing, as discussed further in Note 2 of the Consolidated Financial Statements.
Taxes. The effective tax rate was 23.5% for year ended December 31, 2017 compared to 31.9% the prior year. The effective tax rate in 2016 and 2017 differed from the statutory federal income tax rate, primarily due to the domestic manufacturing deduction for both years, as well as the impacts of the Act. As a result of the Act, the Company re-measured its deferred tax assets and liabilities, which was partially offset by the Company’s transition tax. The total impact of the tax adjustments reduced the Company’s income tax expense during the year by $37.2 million. Pursuant to the guidance within SEC Staff Accounting Bulletin No. 118 (“SAB 118”), as of December 31, 2017, the Company recognized the provisional effects of the enactment of the Tax Legislation for which measurement could be reasonably estimated.
Net Income. Net income increased by $59.2 million, or 17% year over year, primarily due to the lower effective tax rate as well and a 7% percent increase in revenue on a year over year basis.

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Liquidity and Capital Resources

The Company’s financial condition throughout the periods presented has remained very strong, in spite of essentially flat production in the Company's primary markets.

The Company's cash and cash equivalents were $217.0 million, $569.7 million and $546.5 million as of December 31, 2018, 2017 and 2016, respectively. The Company's cash and cash equivalents include amounts held by foreign subsidiaries of $8.3 million, $12.6 million and $7.9 million as of December 31, 2018, 2017 and 2016, respectively.

The Company's current ratio increased from 4.9 as of December 31, 2017 to 5.0 as of December 31, 2018, reflecting the repayment of $78 million of the Company's short term debt, that was offset by share repurchases,as discussed further in Note 2 of the financial statements. The Company's current ratio decreased from 7.7 as of December 31, 2016, to 4.9 as of December 31, 2017, reflecting the repayment of $107.6 million of the Company's long term debt, and reclassifying the remaining $78 million as short term debt due to the maturity of the Company's term loan in September 2018.

Cash flow from operating activities was $552.4 million, $501.0 million and $477.0 million for the years ended December 31, 2018, 2017 and 2016, respectively. Cash flow from operating activities increased $51.4 million for the year ended December 31, 2018 compared to the prior year, primarily due to increased net income, partially offset by changes in working capital. Cash flow from operating activities increased $24.0 million for the year ended December 31, 2017, compared the same period in 2016, primarily due to increased net income, partially offset by changes in working capital.

Cash flow used for investing activities for the year ended December 31, 2018 increased by $108.1 million to $185.8 million, compared with $77.7 million, for the year ended December 31, 2017, primarily due to increased investment purchases during the year. Cash flow used for investing activities for the year ended December 31, 2017 decreased by $173.7 million to $77.7 million, compared to the year ended December 31, 2016, primarily due to decreased investment purchases and capital expenditures during the year, as a result of allocation of funds to repay the long-term debt and for common stock repurchases. Capital expenditures for the year ended December 31, 2018, were $86.0 million, compared with $104.0 million for the prior year, primarily due to decreases in production equipment purchases and building related costs. Capital expenditures for the year ended December 31, 2017 were $104.0 million, compared with $121.0 million for the year ended December 31, 2016, primarily due to decreases in production equipment purchases and building related costs.

Cash flow used for financing activities for the year ended December 31, 2018, increased $319.3 million to $719.3 million, compared to the year ended December 31, 2017, primarily due to repurchases of common stock of $591.6 million during the calendar year 2018 compared to $231.4 million during the calendar year 2017. Cash flow used for financing activities for the year ended December 31, 2017, increased $169.4 million to $400.0 million compared to the year ended December 31, 2016, primarily due to repurchases of common stock of $231.4 during the calendar year 2017 compared to $163.4 million during the calendar year 2016, repayments of long-term debt of $107.6 million in calendar year 2017 compared to $47.5 million during the calendar year 2016, and an increase of $7.7 million in calendar year 2017 as compared to calendar year 2016 to $108.8 million in dividends paid in calendar year 2017.

Short-term investments as of December 31, 2018 were $169.4 million, up from $152.5 million as of December 31, 2017 and long-term investments were $138.0 million as of December 31, 2018, up from $57.8 million as of December 31, 2017, due to changes in the Company's overall investment portfolio.

Accounts receivable as of December 31, 2018 decreased $17.6 million compared to December 31, 2017, primarily due to the timing of sales within each of the comparable periods.

Inventories as of December 31, 2018, increased $8.5 million compared to December 31, 2017, primarily due to increased work-in-process and finished goods inventory levels to support first quarter 2019 production and sales forecasts.

Intangible Assets, net as of December 31, 2018 decreased $19.3 million compared to December 31, 2017, due to the amortization of definite lived intangible assets and patents, discussed further in in Note 10 to the Consolidated Financial Statements.

Accounts payable as of December 31, 2018, increased $2.9 million compared to December 31, 2017, primarily due the timing of inventory and capital expenditure payments.

Current portion of long term debt as of December 31, 2018, decreased $78.0 million compared to December 31, 2017, due to principal repayments on the Company's long term debt financing in connection with the September 27, 2018 maturity of the Company's debt.
Management considers the Company’s current working capital and long-term investments, as well as its existing credit financing arrangement (notwithstanding covenants prohibiting additional indebtedness), discussed further in Note 2 of the Consolidated Financial Statements, in addition to internally generated cash flow, to be sufficient to cover anticipated cash needs for the foreseeable future considering its contractual obligations and commitments. The following is a summary of working capital and long-term investments:

	2018	**2017**	**2016**
Working Capital	$681,769,335	$940,916,816	$1,005,131,050
Long Term Investments	137,979,082	57,782,418	49,894,363
Total	$819,748,417	$998,699,234	$1,055,025,413

The decrease in working capital as of December 31, 2018 is primarily due to increased share repurchases, dividend payments and capital expenditures, which in combination were more than provided by cash flow from operations.

Please refer to Part II, Item 5, with regard to the Company's previously announced share repurchase plan.

Outlook

The Company utilizes the light vehicle production forecasting services of IHS Markit. IHS Markit current forecasts for light vehicle production for calendar year 2019 are approximately 16.9 million units for North America, 21.9 million units for Europe, 13.3 million units for Japan and Korea and 27.4 million units for China.
The Company currently estimates that top line revenue for calendar year 2019 will be between $1.83 and $1.93 billion. All estimates are based on light vehicle production forecasts in the primary regions to which the Company ships product, as well as the estimated option rates for its mirrors on prospective vehicle models and anticipated product mix. The Company continues to see order rates and booked business that allow for these estimates despite very modest vehicle production increases in our primary markets. Continuing uncertainties, including: light vehicle production levels; supplier part or material shortages; automotive plant shutdowns; sales rates in Europe, Asia and North America; challenging macroeconomic and geopolitical environments, including tariffs; OEM strategies and cost pressures; customer inventory management and the impact of potential automotive customer (including their Tier 1 suppliers) and supplier bankruptcies; work stoppages, strikes, etc., which could disrupt shipments to these customers, make forecasting difficult.
The Company is estimating that the gross profit margin will be between 36% and 37% for calendar year 2019. The aforementioned gross margin estimate includes approximately $20 million in annual costs as a result of tariffs that were put in place in 2018 and proposed increases set to become effective in March 2019. Historically, annual customer price reductions have placed significant pressure on gross margin on an annual basis. Given the current revenue forecast and projected product mix for 2019, the Company believes it may be able to offset some of those annual customer price reductions with purchasing cost reductions and operational efficiencies, but will be limited in certain aspects due to rising commodity costs on certain electronic components and precious metal commodities, in addition to the aforementioned increased costs related to tariffs.
The Company also currently estimates that its operating expenses, which include engineering, research and development expenses and selling, general and administrative expenses are expected to be between $195 and $200 million for calendar year 2019, increased staffing levels which continue to support growth and launch of new business as well as development of new products. The Company is a technology leader

in the automotive industry, with a focus on developing uniquely designed solutions that are highly proprietary. The Company continues to make investments to maintain a competitive advantage in its current market as well as to use its core competencies to develop products that are applicable in other markets.
In light of on-going demand for our automatic-dimming mirrors and electronics, the Company currently anticipates that 2019 capital expenditures will be approximately $90 - $100 million, a majority of which will be production equipment purchases. Capital expenditures for calendar year 2019 are currently anticipated to be financed from current cash and cash equivalents on hand and cash flows from operating activities.

The Company also estimates that depreciation and amortization expense for calendar year 2019 will be approximately $105 - $115 million.
The Company is further estimating that its tax rate will be between 16.0% and 18.0% for calendar year 2019.
In accordance with its previously announced share repurchase plan and capital allocation strategy, the Company intends to continue to repurchase additional shares of its common stock in 2019 and into the future depending on a number of factors, including: market, economic, and industry conditions; the market price of the Company's common stock; anti-dilutive effect on earnings; available cash; and other factors that the Company deems appropriate.

The Company is also providing top line revenue guidance for calendar year 2020. IHS Markit current forecasts for light vehicle production for calendar year 2020 are approximately 16.4 million units for North America, 22.2 million units for Europe,12.7 million units for Japan and Korea, and 28.6 million units for China. Based on these forecasts, the Company is estimating that revenue for calendar year 2020 will increase approximately 3% to 8% over current estimates provided for 2019 revenue.

Market Risk Disclosure

The Company is subject to market risk exposures of varying correlations and volatilities, including foreign exchange rate risk, and interest rate risk. Fluctuating interest rates could negatively impact the Company's financial performance due to realized losses on the sale of fixed income investments and/or recognized losses due to other-than-temporary impairment adjustments on held-to-maturity securities (mark-to-market adjustments).
The Company has some assets, liabilities and operations outside the United States, including multi-currency accounts, which currently are not significant overall to the Company as a whole. Because the Company sells its automotive mirrors throughout the world and automobile manufacturing is highly dependent on general economic conditions, it could be significantly affected by weak economic conditions in foreign markets that could reduce demand for its products.
Most of the Company’s non-U.S. sales are invoiced and paid in U.S. dollars; during calendar year 2018, approximately 8% of the Company’s net sales were invoiced and paid in foreign currencies (compared to 8% for calendar year 2017 and 7% for calendar year 2016). The Company currently expects that approximately 7% of the Company’s net sales in calendar year 2019 will be invoiced and paid in foreign currencies. The Company does not currently engage in hedging activities of foreign currencies.
The Company does not have any significant off-balance sheet arrangements or commitments that have not been recorded in its Consolidated Financial Statements. See the Contractual Obligations and Other Commitments below.

Contractual Obligations and Other Commitments
The Company had the following contractual obligations and other commitments (in millions) as of December 31, 2018.

	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Operating leases	2.2	1.4	0.8		
Purchase obligations	136.9	136.9	—	—	—
Dividends payable	28.5	28.5	—	—	—
Total	167.6	166.8	0.8		

Purchase obligations are primarily for raw material inventory and capital equipment.

Significant Accounting Policies and Critical Accounting Estimates
The preparation of the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, requires management to make estimates, assumptions and apply judgments that affect its financial position and results of operations. On an ongoing basis, management evaluates these estimates and assumptions. Management also continually reviews its accounting policies and financial information disclosures.
The Company’s significant accounting policies are described inNote 1 to the Consolidated Financial Statements.
Certain of our accounting policies require management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on our historical experience, the terms of existing contracts, our evaluation of trends in the industry, information provided by our customers and suppliers and information available from other outside sources, as appropriate. However, these estimates and assumptions are inherently subject to a degree of uncertainty. As a result, actual results in these areas may differ significantly from our estimates, as is the case in any application of generally accepted accounting principles.

The Company considers an accounting estimate to be critical if:
• It requires management to make assumptions about matters that were uncertain at the time of the estimate, and
• Changes in the estimate or different estimates that could have been selected would have had a material impact on our financial condition or results of operations.
Revenue Recognition. The Company recognizes revenue in accordance with Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*. Accordingly, revenue is recognized in an amount that reflects the consideration to which the Company expects to be entitled in exchange for promised goods or services when it transfers those goods or services to customers. Sales are shown net of returns, which have not historically been significant. The Company does not generate sales from arrangements with multiple deliverables. The Company generally receives purchase orders from customers on an annual basis. Typically, such purchase order provide the annual terms, including pricing, related to a particular vehicle model. Purchase orders generally do not specify quantities. The Company recognizes revenue based on the pricing terms included in our annual purchase orders. As part of certain agreements the Company is asked to provide customers with annual price reductions. Such amounts are subject to estimate and are accrued as a reduction of revenue as products are shipped to those customers. In addition, the Company has ongoing adjustments to our pricing arrangements with our customers based on the related content, the cost of our products and other commercial factors. Such pricing accruals are adjusted as they are settled with our customers.

See also Item 13 of Part III with respect to "Certain Transactions", which is incorporated herein.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

See "Market Risk Disclosure" in Management's Discussion and Analysis (Item 7).

Item 8. Financial Statements and Supplementary Data.

The following financial statements and reports of independent registered public accounting firm are filed with this report following the signature page:

Index to Consolidated Financial Statements

Selected quarterly financial data for the past two years appears in the following table:

Quarterly Results of Operations
(in thousands, except per share data)

	First		Second		Third		Fourth	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Net Sales	$465,420	$453,535	$454,981	$443,139	$460,253	$438,628	$453,409	$459,570
Gross Profit	172,628	175,801	172,804	167,208	172,990	171,230	172,044	180,290
Operating Income	128,515	134,427	126,683	125,865	127,428	129,073	125,499	133,994
Net Income	111,249	97,557	109,024	88,536	111,336	90,230	106,275	130,469
Basic Earnings per share	$0.40	$0.34	$0.40	$0.31	$0.42	$0.32	$0.41	$0.46
Diluted Earnings per share	$0.40	$0.33	$0.40	$0.31	$0.42	$0.31	$0.41	$0.46

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

As defined in Item 304 of Regulation S-K, there have been no changes in, or disagreements with, accountants during the 24-month period ended December 31, 2018.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

Under the supervision of and with the participation of the Company's management, the Company's CEO and CFO have evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures ([as defined in Exchange Act Rules 13a – 15(e) and 15d – 15(e)]) as of December 31, 2018, and have concluded that the Company's disclosure controls and procedures are adequate and effective.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a – 15(f) and 15d – 15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management asserts that the Company has maintained effective internal control over financial reporting as of December 31, 2018.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The effectiveness of the Company's internal control over financial reporting as ofDecember 31, 2018, has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included in Part IV of this Form 10K.

During the period covered by this annual report, there have been no changes in the Company's internal controls over financial reporting that have materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting. In addition, there have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to December 31, 2018.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Executive Officers of the Registrant

The following table lists the names, ages, and positions of all of the Company's executive officers at the time of this report. Officers are generally elected at the meeting of the Board of Directors following the annual meeting of shareholders.

NAME	AGE	POSITION	CURRENT POSITION HELD SINCE
Steve Downing	41	President and Chief Executive Officer	January 2018
Kevin Nash	44	Vice President, Finance, Chief Financial Officer and Treasurer	