



Strattec Security Corporation Reports Fiscal Second Quarter Results

January 12, 1999

Milwaukee, Wisconsin -- January 12, 1999 -- STRATTEC SECURITY CORPORATION (NASDAQ:STRT) today reported record operating results for the fiscal second quarter ended December 27, 1998.

Net sales for the three months ended December 27, 1998 were \$54.5 million, an increase of 10 percent compared to net sales of \$49.7 million for the three months ended December 28, 1997. Net income increased to \$4.7 million, compared to \$3.4 million in the prior year quarter. Diluted earnings per share for the three months ended December 27, 1998, were \$.81 compared to \$.59 in the prior year quarter, an increase of 37 percent. The prior year results included a pre-tax charge of \$750,000 recorded in November, 1997 relating to the ratification of a collective bargaining agreement.

For the six months ended December 27, 1998, net sales were \$94.9 million compared to \$92.6 million in the prior year period. Net income was \$7.5 million compared to \$5.8 million and diluted earnings per share were \$1.29 compared to \$1.00.

Several daily and weekly shipping records were set and then exceeded during the most recent quarter. These strong shipments were primarily the result of continued robust vehicle build schedules at our customers' plants, higher value content on the locksets we supply and General Motors Corporation's actions to replenish vehicle inventory balances following its labor disruptions last summer and early fall. Sales to General Motors Corporation were \$25.9 million, an increase of 4% over very strong sales levels in the prior year quarter. Sales to the Ford Motor Company increased 16% to \$14.0 million, and sales to DaimlerChrysler Corporation increased 11% to \$7.5 million due to both increased unit production at these two customers and a more favorable product mix.

Gross profit margins were 22.7 percent in the current quarter compared to 20.4 percent in the prior year quarter, which included the collective bargaining agreement change. The market cost of zinc, the Company's primary raw material, continued to be substantially lower than the prior year.

Engineering, selling and administrative expenses were \$5.0 million in the current quarter compared to \$4.7 million in the prior year quarter. The increase was primarily related to the addition of associates to support current and future programs, and the recruiting costs to bring these people on board.

Harold M. Stratton II, President and Chief Executive Officer, commented: "I am very pleased with the operating results for the second fiscal quarter. The quarter's record sales and profitability were mainly the result of our customers surprisingly robust vehicle build schedules. Auto industry experts forecast this robustness to continue. To the extent that it does, we believe we will sustain the positive operating momentum in our business."

STRATTEC SECURITY CORPORATION designs, develops, manufactures and markets mechanical locks, electro-mechanical locks and related security products for major automotive manufacturers.

Forward looking statements in this release are subject to many uncertainties in the Company's operations and business environment. These uncertainties include general economic conditions, demand for the Company's products and costs of operations. Such uncertainties and other operational matters are discussed further in the Company's quarterly and annual filings with the Securities and Exchange Commission.

STRATTEC SECURITY CORPORATION
Results of Operations
(In Thousands)(Unaudited)

	Three Months Ended		d		Six Months Ende	
	Dec. 27, 1998	Dec. 28, 1997	7	7	Dec. 27, 1998	Dec. 28, 1997
Net Sales	\$ 54,529 0	\$ 49,722 9			\$ 94,891 1	\$ 92,516 5
Cost of Goods Sold	42,156 0	39,580 6			73,683 3	73,900 6
Gross Profit	12,373	10,142 3			21,208	18,615 9
Engineering, Selling & Administrative Expenses	8 5,03 0	4 87 41			3 9, 716	9, 716
Income from Operations	7,343	5,401 4			11,446	92 9, 2
Interest Income	5	23 5 2			46	476
Interest Expense)		- 9(7)			1	- (7)

Other Income (Expense), Net)	(55	) 5	13	1	17	(
	7,520	3	5,45	3	6	11,9
						85 9,2
Provision for Income Taxes	2,858		2,02	0	3	4,5
						10 3,4
Net Income	\$ 4,1662		\$ 3,43	3	3	\$ 7,4
						75 \$5,8
Earnings Per Share:						
Basic	\$ 2 .83	\$	.6 0	0	\$	1. 32 \$ 1.
Diluted	\$ 0 .81	\$	.5 9	0	\$	1. 29 \$ 1.
Average Basic Shares Outstanding	5,613		5,716		5,65	7 5,69
Average Diluted Shares Outstanding	5,759		5,873		5,81	0 5,84

Balance Sheet Data
(In Thousands)

December 27, 1998 December 28, 1998
) (Unaudited)

Cash and Cash Equivalents	\$17,50	0		\$2,70
Accounts Receivable, Net		0	29,90	0
				30,10
Inventories	16,70	0		15,40
Debt	0	-		1,00
Shareholders' Equity	75,100			63,000

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