



## STRATTEC SECURITY CORPORATION Reports Fiscal Third Quarter Results

April 11, 2001

MILWAUKEE, April 11 /PRNewswire/ --

STRATTEC SECURITY CORPORATION (Nasdaq: STRT) today reported operating results for the fiscal third quarter ended April 1, 2001.

Net sales for the Company's three months ended April 1, 2001 were \$48.2 million, compared to net sales of \$54.5 million for the three months ended March 26, 2000. Net income for the period was \$2.6 million, compared to \$4.4 million in the prior year quarter. Diluted earnings per share for the period were \$.60 compared to \$.91 in the prior year quarter. During the current quarter, the Company recorded a pre-tax charge of \$450,000 to cover severance and separation costs related to a realignment of the Company's human resources. The impact of this realignment will reduce operating costs by approximately \$2.0 million annually, effective immediately.

For the nine months ended April 1, 2001, net sales were \$150.6 million compared to net sales of \$160.9 million in the prior year period. Net income was \$9.9 million compared to \$13.0 million and diluted earnings per share were \$2.21 compared to 2.50.

Sales to STRATTEC's largest customers overall decreased in the current quarter compared to the record prior year quarter levels, with General Motors Corporation at \$13.9 million compared to \$15.9 million, Delphi Automotive Systems Corporation at \$6.1 million compared to \$7.6 million, DaimlerChrysler Corporation at \$8.2 million compared to \$8.9 million, and Ford Motor Company at \$10.8 million compared to \$13.4 million. Sales to Mitsubishi Motor Manufacturing of America, Inc. increased during the current quarter and were \$2.7 million compared to \$2.3 million in the prior year quarter.

Gross profit margins were 19.7 percent in the current quarter compared to 22.0 percent in the prior year quarter. The impact of the charge related to the realignment of human resources in the current quarter reduced gross profit margins by .5 percent. This quarter's gross profit margins were also significantly impacted by the effects of customer plant shutdowns and the resulting 20% reduction in the production of vehicles STRATTEC supplies. Additionally, the Company reduced inventory levels by approximately \$6.5 million in comparison to the previous quarter.

Operating expenses were \$5.2 million in the current quarter (including \$225,000 of the pre-tax realignment charge) compared to \$4.8 million in the prior year quarter.

During the third quarter, 352,000 shares were repurchased under the Company's stock repurchase program at a cost of approximately \$11.3 million.

Harold M. Stratton II, Chairman of the Board and Chief Executive Officer, commented: "During our third fiscal quarter we implemented certain initiatives to support both our current and long range business strategies. These changes included focusing more resources on the development of our future products and streamlining our business processes to reflect the more efficient operating structure we have been working on throughout this fiscal year. We believe the changes we have implemented position the Company to react more effectively given the industry vehicle build fluctuations we have experienced over the last several months. Assuming our perception of more normalized vehicle production during April, May and June is correct, we expect earnings to improve in the fiscal fourth quarter compared to this quarter."

STRATTEC SECURITY CORPORATION designs, develops, manufactures and markets mechanical locks, electro-mechanical locks and related access control products for North American Automotive and other Global 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, in particular, relating to the automotive industry, consumer demand for the Company's and its customers products, competitive and technological developments, foreign currency fluctuations, and costs of operations. Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements made herein are only made as of the date of this press release and the Company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances. In addition, 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 except per share amounts)

|                    | Third Quarter Ended |                   | Nine Months Ended |                   |
|--------------------|---------------------|-------------------|-------------------|-------------------|
|                    | April 1,<br>2001    | March 26,<br>2000 | April 1,<br>2001  | March 26,<br>2000 |
|                    | (Unaudited)         |                   | (Unaudited)       |                   |
| Net Sales          | \$ 48,179           | \$54,539          | \$150,588         | \$160,932         |
| Cost of Goods Sold | 38,696              | 42,551            | 119,781           | 125,507           |
| Gross Profit       | 9,483               | 11,988            | 30,807            | 35,425            |

|  |         |         |         |           |
|--|---------|---------|---------|-----------|
| Engineering, Selling & Administrative Expenses | 5,182   | 4,847   | 14,872  | 14,630    |
| Income from Operations                         | 4,301   | 7,141   | 15,935  | 20,795    |
| Interest Income                                | 138     | 146     | 521     | 825       |
| Interest Expense                               | --      | --      | --      | --        |
| Other Expense, Net                             | (227)   | (91)    | (403)   | (240)     |
|  | 4,212   | 7,196   | 16,053  | 21,380    |
| Provision for Income Taxes                     | 1,601   | 2,806   | 6,132   | 8,338     |
| Net Income                                     | \$2,611 | \$4,390 | \$9,921 | \$ 13,042 |
| Earnings Per Share:                            |         |         |         |           |
| Basic  | \$.61   | \$.94   | \$2.26  | \$2.57    |
| Diluted  | \$.60   | \$.91   | \$2.21  | \$2.50    |
| Average Basic Shares Outstanding               | 4,297   | 4,667   | 4,397   | 5,068     |
| Average Diluted Shares Outstanding             | 4,382   | 4,808   | 4,492   | 5,219     |

STRATTEC SECURITY CORPORATION

Condensed Balance Sheet Data  
(In Thousands)

April 1, 2001      July 2, 2000  
(Unaudited)

ASSETS

Current Assets:

|                                    |          |           |
|------------------------------------|----------|-----------|
| Cash and cash equivalents          | \$7,978  | \$13,915  |
| Receivables, net                   | 27,225   | 28,731    |
| Inventories                        | 12,183   | 14,342    |
| Other current assets               | 8,147    | 9,613     |
| Total Current Assets               | 55,533   | 66,601    |
| Property, Plant and Equipment, Net | 42,839   | 42,381    |
|                                    | \$98,372 | \$108,982 |

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:

|   |          |           |
|---|----------|-----------|
| Accounts Payable                                | \$14,117 | \$19,694  |
| Other   | 11,356   | 14,407    |
| Total Current Liabilities                       | 25,473   | 34,101    |
| Deferred Income Taxes                           | 299      | 299       |
| Borrowings Under Revolving Credit Facility      | --       | --        |
| Accrued Pension and Post Retirement Obligations | 15,145   | 14,132    |
| Shareholders' Equity                            | 124,992  | 113,710   |
| Less: Treasury Stock                            | (67,537) | (53,260)  |
| Total Shareholders' Equity                      | 57,455   | 60,450    |
|   | \$98,372 | \$108,982 |

SOURCE STRATTEC SECURITY CORPORATION

CONTACT: Pat Hansen, Vice President and Chief Financial Officer of