



## STRATTEC SECURITY CORPORATION Reports Fiscal Fourth Quarter And Year End Results

July 31, 2001

MILWAUKEE, Jul 31, 2001 /PRNewswire/ -- STRATTEC SECURITY CORPORATION (Nasdaq: STRT) today reported operating results for the fiscal fourth quarter and year ended July 1, 2001.

Net sales for the fourth quarter ended July 1, 2001 were \$52.4 million, compared to net sales of \$63.9 million for the fourth quarter ended July 2, 2000. The 2001 fiscal fourth quarter was the typical 13 week period while fiscal 2000's fourth quarter was a 14 week period. Net income was \$3.1 million, compared to \$5.5 million in the prior year quarter. Diluted earnings per share for the fourth quarter were \$.75 compared to \$1.17 in the prior year quarter. During the current quarter, April and May operating results improved over previous months in the 2001 fiscal year as a result of the cumulative effect of our overall cost reduction efforts during the year. However, June was negatively impacted by a 16-day strike at our Milwaukee facility which resulted in additional costs to support customer requirements, reduced efficiencies at our assembly plant in Juarez, Mexico, and reduced sales due to delayed shipments.

Sales to STRATTEC's largest customers decreased overall in the current quarter compared to the record prior year quarter levels, with General Motors Corporation at \$15.7 million compared to \$19.0 million, Delphi Automotive Systems Corporation at \$6.9 million compared to \$8.9 million, DaimlerChrysler Corporation at \$9.8 million compared to \$9.9 million, Mitsubishi Motor Manufacturing of America, Inc. at \$2.4 million compared to \$3.0 million, and Ford Motor Company at \$11.9 million compared to \$15.9 million in the prior year quarter. The current quarter sales to Ford were impacted by Ford's reduced Explorer/Mountaineer production related to tire recall issues.

Gross profit margins were 18.5 percent in the current quarter compared to 21.9 percent in the prior year quarter. The impact of the June strike reduced overall gross profit margins by 2 percent and inventory levels by \$3.6 million during the current quarter. The decrease in gross profit margins was also attributed to lower customer production volumes and continued wage inflation in Mexico combined with an unfavorable Peso-to-U.S. dollar exchange rate.

Operating expenses were \$4.8 million in the current quarter, compared to \$5.6 million in the prior year quarter. The decrease was attributed to one less week of operating expenses in the current quarter compared to the prior year quarter, and the impact of the cost savings realized relating to the realignment charge recorded in the third quarter of fiscal year 2001.

For the year ended July 1, 2001, net sales were \$203.0 million, compared to net sales of \$224.8 million in the prior year period. Net income was \$13.0 million compared to \$18.5 million and diluted earnings per share were \$2.96 compared to \$3.65.

During the fourth quarter, 41,000 STRATTEC SECURITY CORPORATION shares were repurchased under the Company's stock repurchase program at a cost of approximately \$1.3 million. For the year ended July 1, 2001, a total of 484,000 shares were repurchased at a cost of approximately \$15.6 million.

Harold M. Stratton II, Chairman of the Board and Chief Executive Officer, commented: "Fiscal 2001 was a challenging year. The overall economic downturn in North America, customer plant shutdowns, and the strike that occurred at our Milwaukee facility in June impacted our production efficiencies and costs. As we move into our fiscal first quarter of 2002, July is continuing to be a challenge due to the additional costs required to address past due orders and rebuild inventories depleted during the strike. August and September, however, should return to more normal operating activities and sales levels. We are optimistic that, given the benefits of our cost reduction activities experienced in April and May, the balanced provisions of our new labor contract, and automotive production continuing at current levels, the balance of the new fiscal year should be positive for our business."

STRATTEC SECURITY CORPORATION designs, develops, manufactures and markets mechanical locks, electro-mechanical locks and related access control products for North American and global automotive manufacturers.

Certain statements contained in this release contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be identified by the use of forward-looking words or phrases such as "anticipate," "believe," "could," "expect," "intend," "may," "planned," "potential," "should," "will," and "would." Such forward-looking statements in this release are inherently 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, customer purchasing actions, 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 occurring after the date of this release. 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)

| Fourth Quarter Ended |                 | Years Ended     |                 |
|----------------------|-----------------|-----------------|-----------------|
| July 1,<br>2001      | July 2,<br>2000 | July 1,<br>2001 | July 2,<br>2000 |
| (Unaudited)          |                 |                 |                 |

|  |           |           |            |            |
|--|-----------|-----------|------------|------------|
| Net Sales  | \$ 52,385 | \$ 63,885 | \$ 202,973 | \$ 224,817 |
| Cost of Goods Sold                                   | 42,709    | 49,892    | 162,735    | 175,459    |
| Gross Profit   | 9,676     | 13,993    | 40,238     | 49,358     |
| Engineering, Selling &<br>Administrative<br>Expenses | 4,804     | 5,624     | 19,676     | 20,254     |
| Income from Operations                               | 4,872     | 8,369     | 20,562     | 29,104     |
| Interest Income                                      | 107       | 231       | 628        | 1,056      |
| Interest Expense                                     | --        | --        | --         | --         |
| Other Income (Expense),<br>Net                       | (356)     | 369       | (514)      | 189        |
|  | 4,623     | 8,969     | 20,676     | 30,349     |
| Provision for<br>Income Taxes                        | 1,518     | 3,498     | 7,650      | 11,836     |
| Net Income   | \$ 3,105  | \$ 5,471  | \$ 13,026  | \$ 18,513  |
| Earnings Per Share:                                  |           |           |            |            |
| Basic  | \$ .77    | \$ 1.20   | \$ 3.02    | \$ 3.75    |
| Diluted  | \$ .75    | \$ 1.17   | \$ 2.96    | \$ 3.65    |
| Average Basic<br>Shares Outstanding                  | 4,050     | 4,568     | 4,310      | 4,936      |
| Average Diluted<br>Shares Outstanding                | 4,130     | 4,691     | 4,401      | 5,079      |

STRATTEC SECURITY CORPORATION

Condensed Balance Sheet Data  
(In Thousands)

July 1, 2001      July 2, 2000

ASSETS

Current Assets:

|                                    |           |           |
|------------------------------------|-----------|-----------|
| Cash and cash equivalents          | \$ 15,298 | \$ 13,915 |
| Receivables, net                   | 27,189    | 28,731    |
| Inventories                        | 8,605     | 14,342    |
| Other current assets               | 8,575     | 9,613     |
| Total Current Assets               | 59,667    | 66,601    |
| Deferred Income Taxes              | 130       | --        |
| Property, Plant and Equipment, Net | 41,851    | 42,381    |
|                                    | \$101,648 | \$108,982 |

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:

|  |           |           |
|--|-----------|-----------|
| Accounts Payable                           | \$ 14,178 | \$ 19,694 |
| Other                                      | 12,315    | 14,407    |
| Total Current Liabilities                  | 26,493    | 34,101    |
| Deferred Income Taxes                      | --        | 299       |
| Borrowings Under Revolving Credit Facility | --        | --        |
| Accrued Pension and Post                   |           |           |

|                            |            |            |
|----------------------------|------------|------------|
| Retirement Obligations     | 15,145     | 14,132     |
| Shareholders' Equity       | 128,848    | 113,710    |
| Less: Treasury Stock       | (68,838)   | (53,260)   |
| Total Shareholders' Equity | 60,010     | 60,450     |
|                            | \$ 101,648 | \$ 108,982 |

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