



## Strattec Security Corporation Reports Record Fiscal First Quarter Results

October 7, 1999

MILWAUKEE, Oct. 7 /PRNewswire/ -- STRATTEC SECURITY CORPORATION (Nasdaq: [STRT](#) - [news](#)) today reported record sales and operating results for the fiscal first quarter ended September 26, 1999.

Net sales for the three months ended September 26, 1999 were \$49.7 million, an increase of 23 percent compared to net sales of \$40.4 million for the three months ended September 27, 1998. Net income was \$3.7 million, compared to \$2.8 million in the prior year quarter. Diluted earnings per share for the three months ended September 26, 1999, were \$.65 compared to \$.48 in the prior year quarter, an increase of 35 percent.

Sales to STRATTEC's largest customers increased in the current quarter compared to the prior year levels, with General Motors Corporation and Delphi Automotive Systems Corporation increasing 42 percent, DaimlerChrysler Corporation increasing 18 percent and Ford Motor Company increasing 6 percent. This sales growth was primarily due to a combination of higher value mechanical and electro-mechanical content, and increased production volumes. In addition, labor disruptions at General Motors Corporation during July, 1998 reduced sales to this customer by an estimated \$4.4 million during the prior year quarter.

Gross profit margins were 21.5 percent in the current quarter compared to 21.9 percent in the prior year quarter. Operating expenses were \$4.9 million in the current quarter, compared to \$4.7 million in the prior year quarter.

Between the start of this fiscal year and September 30, 1999, 290,000 shares were repurchased under the Company's stock repurchase program at a cost of approximately \$10.0 million.

Harold M. Stratton II, Chairman of the Board and Chief Executive Officer, commented: "As demonstrated by our first quarter results, we experienced an unusually strong start to our new fiscal year. Contrary to the normal pattern, all of our major customers operated at high levels of production during the late summer, despite downtime for vacations and model change-over. Obviously, this had a positive impact on us. Assuming continuation of the strong demand for vehicles currently being experienced by the automotive industry, we anticipate maintaining our positive momentum for the rest of the fiscal year."

STRATTEC SECURITY CORPORATION designs, develops, manufactures and markets mechanical locks, electro-mechanical locks and related security products for North American and select European 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, Year 2000 compliance issues 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)

	Three Months Ended	
	September 26, 1999	September 27, 1998
	(Unaudited)	
Net Sales	\$49,667	\$40,362
Cost of Goods Sold	38,979	31,527
Gross Profit	10,688	8,835
Engineering, Selling & Administrative Expenses	4,888	4,686
Income from Operations	5,800	4,149
Interest Income	388	244
Other Income (Expense), Net	(108)	72
	6,080	4,465
Provision for Income Taxes	2,372	1,652
Net Income	\$ 3,708	\$ 2,813
Earnings Per Share:		
Basic	\$ .67	\$ .49
Diluted	\$ .65	\$ .48

Average Basic		
Shares Outstanding	5,511	5,701
Average Diluted		
Shares Outstanding	5,671	5,860

Balance Sheet Data

(In Thousands)

September 26, 1999      September 27, 1998  
(Unaudited)

Cash and Cash Equivalents	\$25,900	\$10,600
Accounts Receivable, Net	31,500	29,100
Inventories	15,700	15,000
Debt	--	--
Shareholders' Equity	82,100	70,100