



Sidoti & Company

September 2, 2015



VEHICLE ACCESS SYSTEMS TECHNOLOGY



WITTE • STRATTEC • ADAC

Patrick J. Hansen

Senior Vice President & CFO

Disclosure for Presentation on September 2, 2015

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Presentations

	Fiscal Year Ended June <u>2015</u>	Fiscal Year Ended June <u>2014</u>
Net Sales	\$411,475	\$348,419
Gross Profit	\$72,660	\$65,798
	17.7%	18.9%
Operating Expenses	\$41,534	\$39,274
	10.1%	11.3%
Net Income	\$20,654	\$16,424
Diluted Earnings Per Share	\$5.66	\$4.59

- **Sales Increase Attributed to:**
 - Incremental Service Sales from General Motor = \$34 million
 - Launch of the New Kia Sedona Minivan = \$23 million
 - Lost Sales due to the temporary shutdown of Fiat Chrysler Windsor Assembly plant for the minivan = \$18 million.
 - Remaining \$24 million Increase Related to North American Vehicle Production Growth and Product Growth in Latches, Driver Controls and Door Handle Components
- **Gross Margin Reduction Due to:**
 - New Product Launch Costs, Higher Warranty Provisions (\$8.5 million) and Premium Freight Costs
 - Offset by Favorable Product Sales Mix and Foreign Currency Exchange Gains

STRATTEC'S KEY FINANCIAL METRIC IS ECONOMIC VALUE ADDED (EVA®) FOR BOTH OUR SHAREHOLDERS AND OUR EMPLOYEES

	Fiscal <u>2015</u>
Average Capital Employed	\$120,742
	<u>X 10%</u>
Cost of Capital	\$ 12,074
Net Operating Profit After Tax (NOPAT)	\$ 18,557
Less: Cost of Capital	<u>(12,074)</u>
FY '15 EVA	<u><u>\$ 6,483</u></u>

Outlook Going Forward

- Based on current customer orders we anticipate approximately \$102 million in sales in our 1st quarter of fiscal year 2016 compared to \$122 million in the prior year quarter. NOTE: Last year's first quarter had \$28 million of incremental service sales with General Motors.
- Capital spending will be in the \$15 million range during fiscal year 2016 compared to \$26 million in fiscal year 2015. Increased capital spending in fiscal year 2015 was due to purchasing a Sales and Engineer Technical Center in Michigan and a third manufacturing facility in Juarez, Mexico.
- STRATTEC Defined Benefit Pension Plan was frozen effective December 31, 2009. Anticipate Plan contributions in fiscal 2016 of \$3.0 million which is consistent with fiscal 2015.

	June 30	June 30
	<u>2015</u>	<u>2014</u>
Plan Benefit Obligation	\$99.3	\$97.4
Plan Assets	<u>\$105.5</u>	<u>\$104.3</u>
Over Funded Status	\$6.2	\$6.9

- The Company is in the process of implementing a full plan termination that could take 18-24 months to complete.
- As of June 28, 2015, the Company had in excess of \$26 million of cash or \$7/share and anticipated funding the above requirements primarily from current operating cash flows.
- We have \$40 million of credit facilities available with BMO Harris Bank with current borrowings outstanding of \$10.0 million.

Frank J. Krejci

(CRAY' CHEE)

President & CEO

- 1908 – Briggs & Stratton Founded
- 1995 – STRATTEC Spinoff
- 2000 – VAST Alliance Formed
- 2001 – VAST China Purchased
- 2007 – ASDM – Joint Venture Formed
- 2008 – Power Access Purchased from Delphi
- 2011 – STRATTEC Component Solutions Formed
- 2013 – STRATTEC Advanced Logic (formerly NEXTLOCK) Acquisition
- 2015 – MINDA VAST Joint Venture Formed



Engines



Swan



Locks



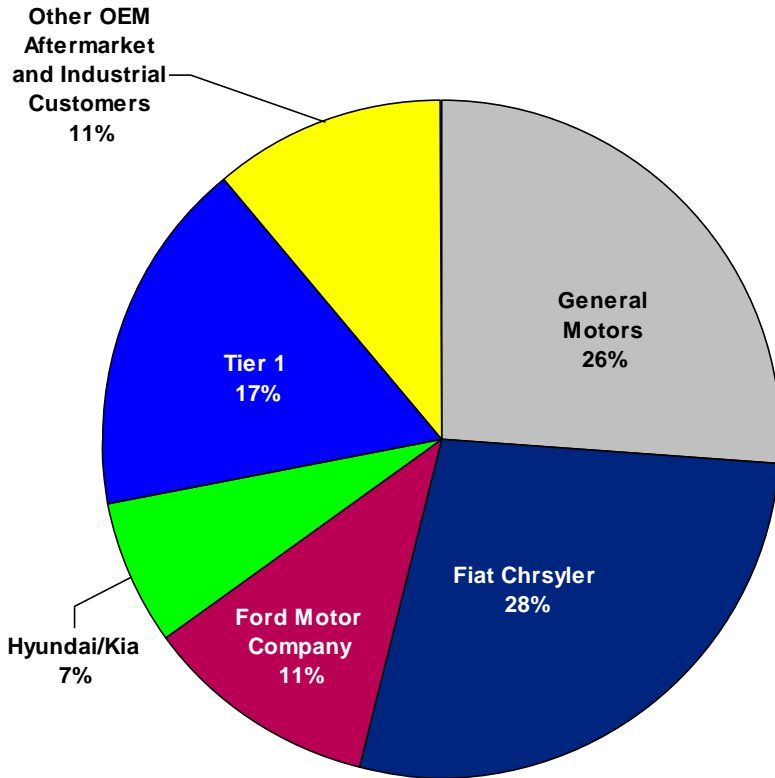
Ugly Duckling

Milwaukee, WI - 420 Employees (330,000 sq. ft.)
Headquarters, Engineering, Parts Manufacturing

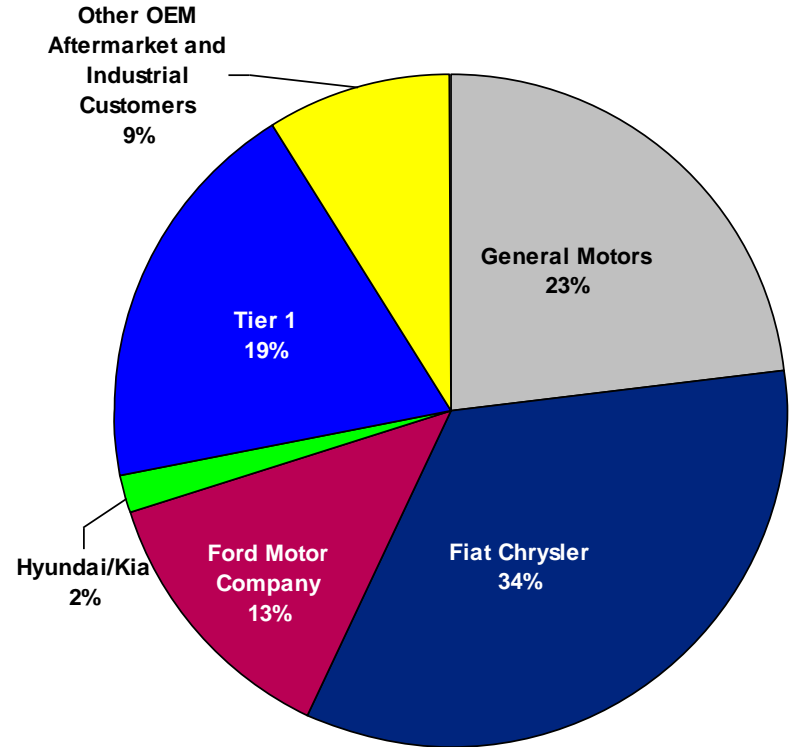
Juarez, Mexico - 2,890 Employees (325,000 sq. ft.)
3 Facilities – Assembly, Key Finishing
& Plastic Injection Molding

El Paso, Texas - 30 Employees (90,000 sq. ft.)
Distribution

Troy, Michigan - 60 Employees (65,000 sq. ft.)
Sales, Engineering, and Prototyping

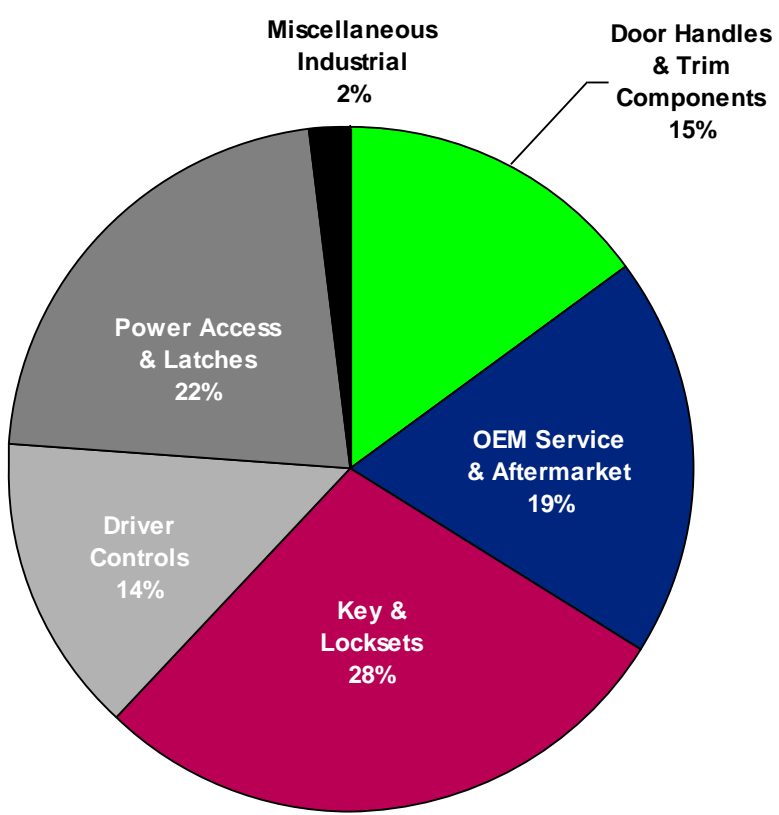


Fiscal Year 2015
Net Sales = \$411 million

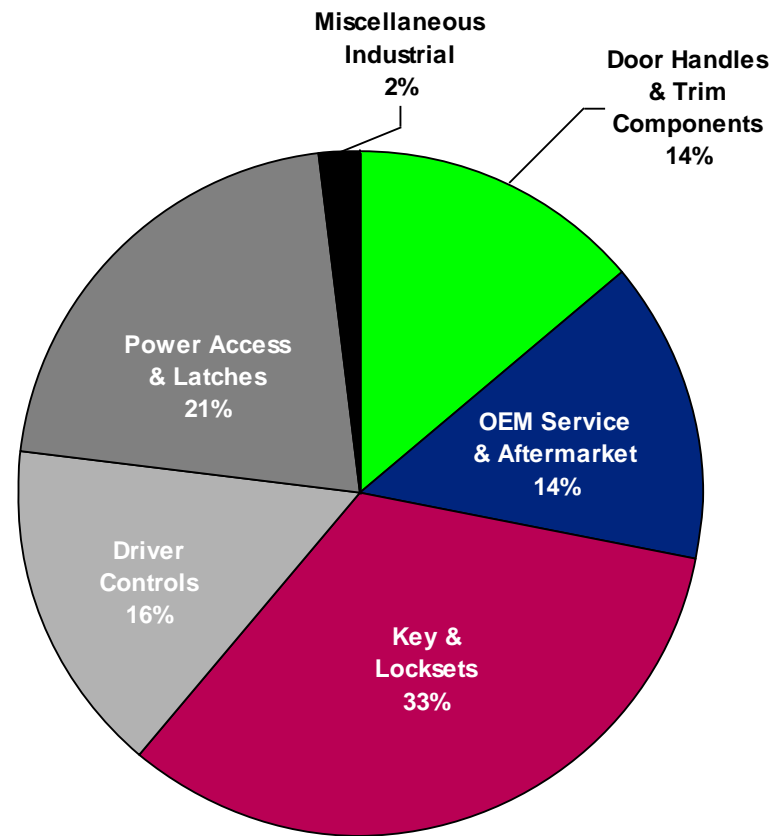


Fiscal Year 2014
Net Sales = \$348 million

Sales by Products



Fiscal Year 2015
Net Sales = \$411 million



Fiscal Year 2014
Net Sales = \$348 million



PRE-VAST

Keys & Locksets

- Mechanical keys
- Mechanical keys w/ electronic security enhancements
- Ignition locks
- Door locks
- Rear compartment locks
- Glove box locks
- Accessory locks

Driver Controls

- Steering column mounted ignition lock housings

Miscellaneous Industrial

- Zinc die-castings

VAST

All the products in place PRE-VAST, plus

Keys & Locksets

- Electro-mechanical entry keys w/remote entry electronics
- Bladeless electronic keys
- Electronic remote entry key fobs
- Codeable locks
- Biometric locks

Driver Controls

- Instrument panel mounted ignition lock housings
- Instrument panel docking receivers for bladeless electronic keys
- Instrument panel "Push to Start" ignition switches for passive security systems

Latches

- Rear compartment (tailgate, liftgate, trunk lid)
- Seat Back

Power Access

- Power sliding side door systems
- Power liftgate
- Power trunk lid
- Power cinching latches & strikers
- Electronic control modules

Door Handles & Functional Exterior Trim

- Inside and outside handles
- Outside handle chassis
- Rear license plate light bars with park assist cameras and/or concealed switches for releasing rear compartment latches

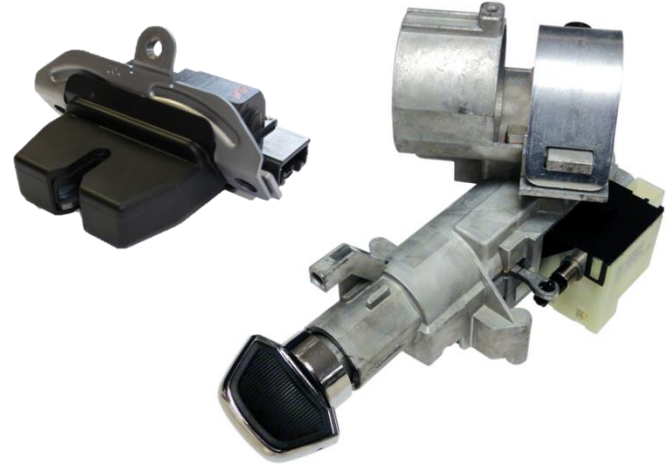
Miscellaneous Industrial

- **i-Guard** electronic vehicular access systems



Access Products Portfolio

- Locks & Keys
- Power Doors
- Handles
- Latches
- Steering Column Security
- Fobs
- Push Button Start
- Aftermarket Products



- **Diversification**

- Bridgewood Advisors searching for acquisitions and partnerships
- Security Products
- Motion Control Products
- Vertical Integration along with market diversification
- Aftermarket
- Strattec Component Solutions (contract manufacturing)

- **Growth Initiatives**

- Door Handles – both in China and Mexico
- 3rd Mexican Plant
- Expansion of Sales/Engineering Tech Center in Michigan
- Dealer Direct – Cut Key Program with Hyundai/Kia
- Westinghouse Security License



Vehicle **A**ccess **S**ystems **T**echnology





- Velbert, Germany – Founded 1899, Private



- Grand Rapids, Michigan– Founded 1975, Private



- 33% Ownership by STRATTEC



- 16.6% Ownership by STRATTEC



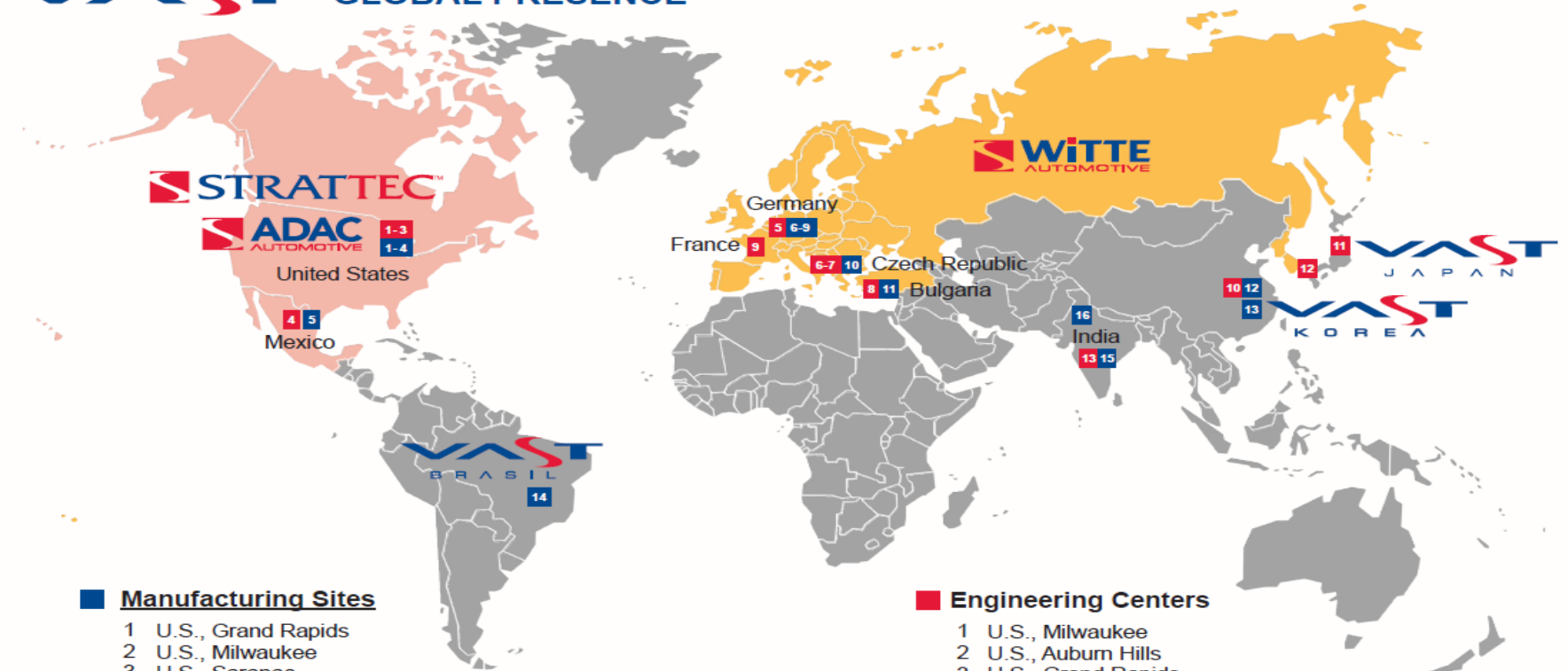
- 51% Ownership by STRATTEC



- 80% Ownership by STRATTEC



- \$1.5 billion + sales
- 16 Manufacturing sites
- 13 Engineering Centers
- Employment over 9,200
- Fiscal year 2015 STRATTEC's share of VAST LLC Net Income \$1,251,000

GLOBAL PRESENCE

Manufacturing Sites

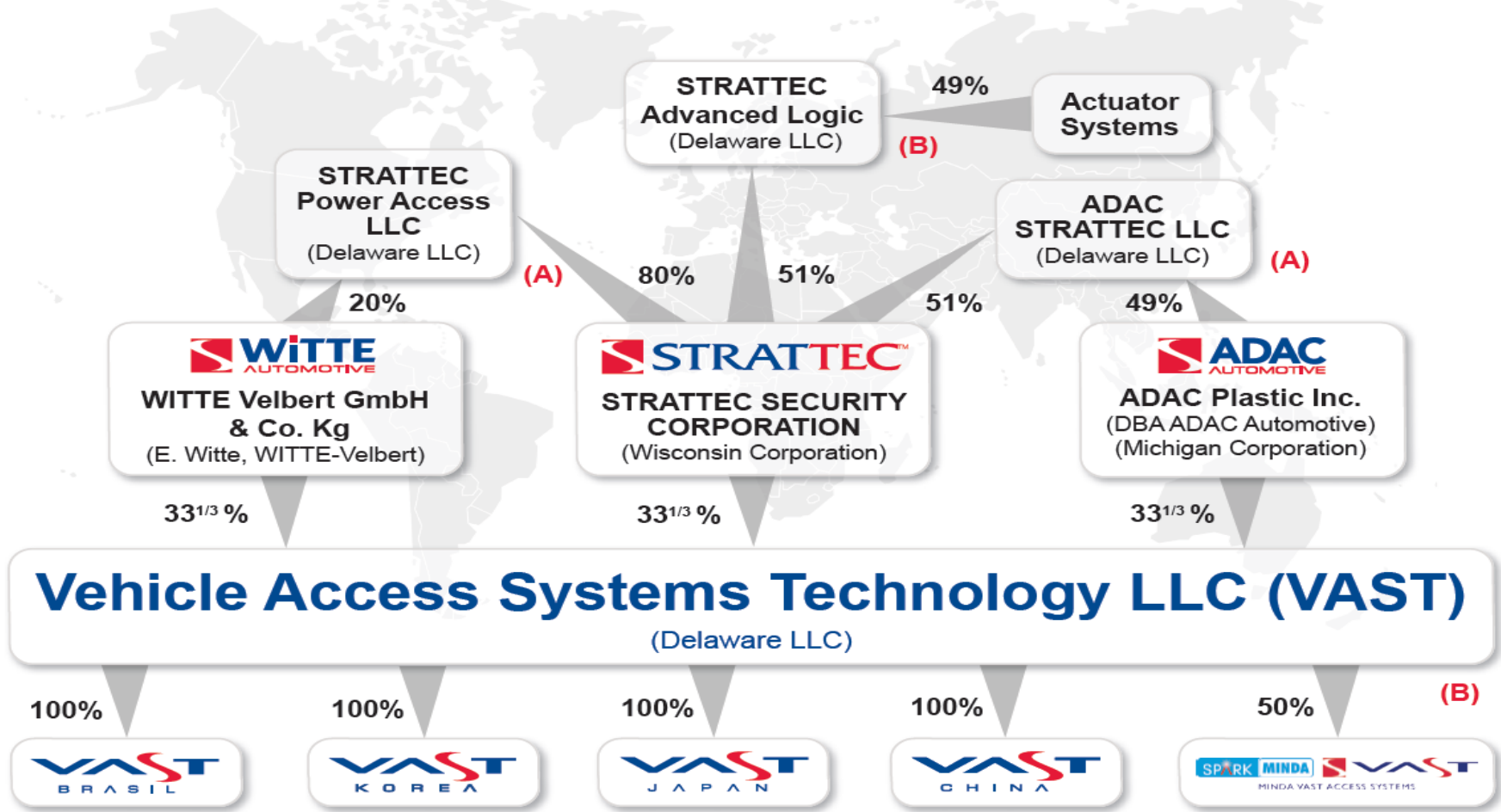
- 1 U.S., Grand Rapids
- 2 U.S., Milwaukee
- 3 U.S., Saranac
- 4 U.S., Muskegon (3)
- 5 Mexico, Juarez (3)
- 6 Germany, Velbert
- 7 Germany, Wuelfrath
- 8 Germany, Bitburg
- 9 Germany, Stromberg
- 10 Czech Republic, Nejdek
- 11 Bulgaria, Ruse
- 12 China, Taicang
- 13 China, Fuzhou
- 14 Brazil, Sao Paulo
- 15 India, Pune
- 16 India, Delhi

- STRATTEC / ADAC Region
- WITTE Region
- VAST Region

Engineering Centers

- 1 U.S., Milwaukee
- 2 U.S., Auburn Hills
- 3 U.S., Grand Rapids
- 4 Mexico, Juarez
- 5 Germany, Velbert
- 6 Czech Republic, Nejdek
- 7 Czech Republic, Pilzen
- 8 Bulgaria, Ruse
- 9 France, Paris
- 10 China, Taicang
- 11 Japan, Tokyo
- 12 South Korea, Anyang
- 13 India, Pune

STRATTEC™ Legal Ownership Structure including VAST:



(A) STRATTEC Entities consolidated with a non-controlling interest.

(B) Entities recorded by STRATTEC on the equity method of accounting via "Equity Earnings (Loss)"



Passenger Vehicle Manufacturers



Commercial Vehicle Manufacturers



System Suppliers

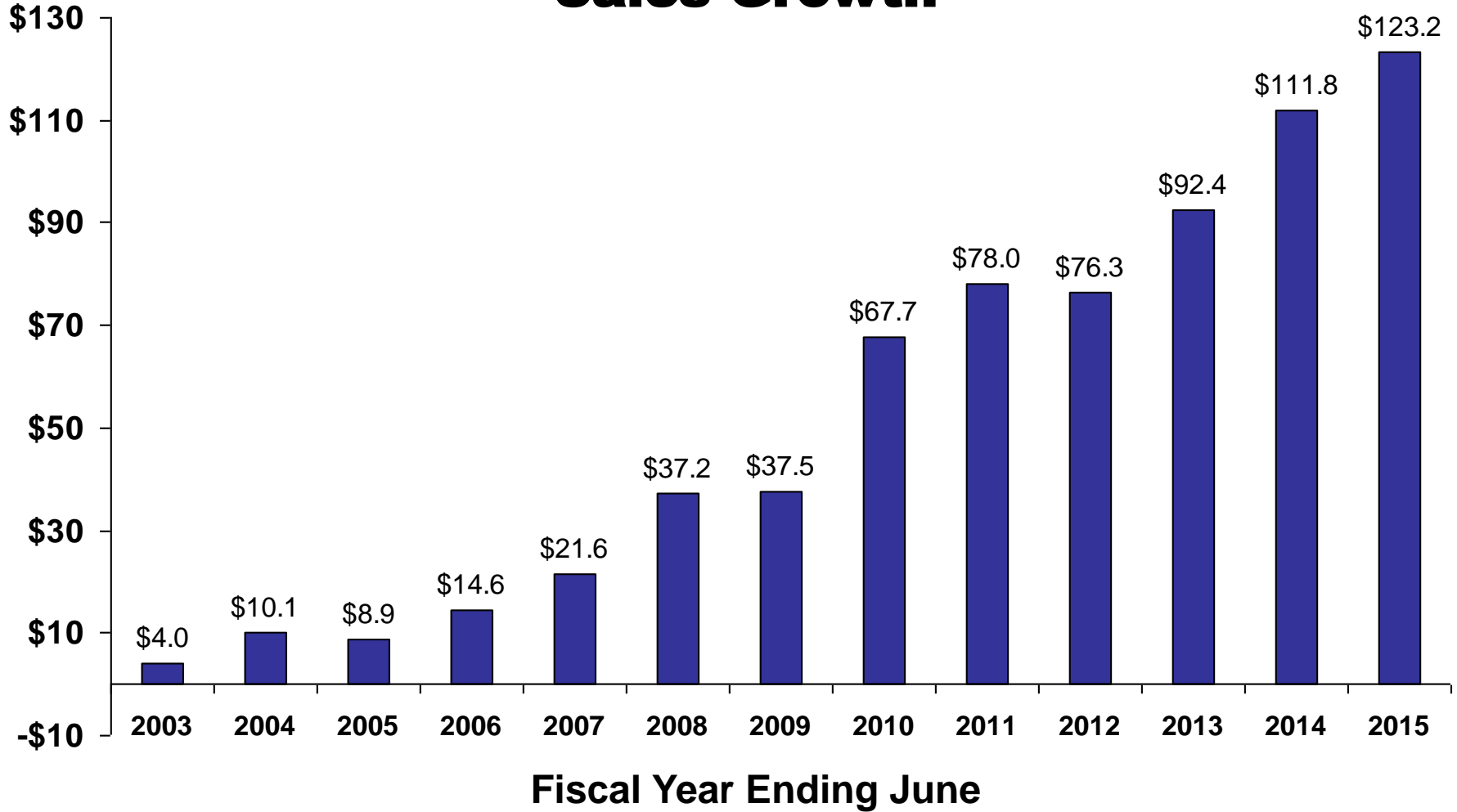


**150,000 sq. ft. manufacturing facility in Taicang, China.
Second facility in Fuzhou.**



In Millions
Of US Dollars

Sales Growth



- VAST LLC Acquired 50% interest in the former Minda-Valeo Security Systems for \$12 million
- New Joint Venture renamed Minda-VAST Access Systems (“Minda-VAST”)
- Minda-VAST will provide a strategic global footprint for VAST to quote global customers in particular, General Motors, Fiat Chrysler, Ford and Volkswagen
- Minda-VAST operations in Pune and Delhi with sales in excess of \$40 million
- Minda-VAST major customers are Nissan, Mahindra & Mahindra, and Tata Motors
- Minda-VAST products complement the existing VAST Group Product Portfolio

Diversification





Precision Zinc Die Casting

Also:

Plating

Stamping

Assembly

STRATTEC Advanced Logic (formerly NextLock) – Biometric Security



Residential
& Hospitality



Instant
Prototype Kit



Home Automation &
Ultimately Automotive



Office & High
Security



- Record Sales and Profits for Fiscal Year 2015
- Fully Funded Pension as of June 30, 2015
- Added to Russell 2000 in July 2014
- #1 Performing Stock in Wisconsin of Calendar Year 2014
- Westinghouse Security- Exclusive brand name rights
- Ford Rotunda Supplier of the Year in 2014, Chrysler Supplier of the Year in Electronics 2013 and VAST Partners Supplier of Year for General Motors and Volkswagen in 2013
- National Wellness Award from United Health Care – 3rd Year in a Row

STRATTEC VALUE CREATION

Market Value at 1995 Spin Off:	\$68 Million
-Stock Repurchases(Avg Price: \$37.32):	\$137 Million
-Dividends:	\$17 Million
-Current Market Value (\$65.00 share price):	<u>\$228 Million</u>
Total Return to Shareholders:	\$382 Million
Value Creation:	\$314 Million

7.5% Compounded rate of return over 20 years

STRATTEC

Fiscal Year 30-Jun	SALES \$ Millions	EPS	EVA \$000	Stock Price	
				Low	High
2010	\$208	\$1.04	(\$4,929)	\$13	\$28
2011	\$261	\$1.63	(\$3,719)	\$20	\$38
2012	\$279	\$2.64	\$579	\$19	\$27
2013	\$298	\$2.72	\$2,597	\$20	\$42
2014	\$348	\$4.59	\$6,313	\$35	\$78
2015	\$411	\$5.66	\$6,483	\$59	\$110

- International & Product Growth
- Strong Balance Sheet & Cash Flow
- Diversification Initiatives

Questions?



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VEHICLE ACCESS SYSTEMS TECHNOLOGY



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Company Profile

Board of Directors

- **Harold Stratton**
- **Thomas Florsheim**
Weyco Group
- **Michael Koss**
Koss Corporation
- **David Zimmer**
- **Frank Krejci**

Relevant Experience

Chairman and Former CEO

Acquisitions

Electronics

Automotive

Current CEO

Company Profile

<u>Executive Team</u>	<u>Age</u>	<u>Years with STRATTEC</u>
Pat Hansen <i>Senior Vice President and CFO</i>	56	20
Rolando Guillot <i>VP Mexico Operations</i>	47	25
Brian Reetz <i>Vice President Security Products</i>	57	30
Richard Messina <i>Vice President-Global Sales and Access Controls Products</i>	49	7