



Drexel Hamilton
Microcap Conference

May 12, 2016



VEHICLE ACCESS SYSTEMS TECHNOLOGY



WITTE • STRATTEC • ADAC

Patrick J. Hansen

Senior Vice President & CFO

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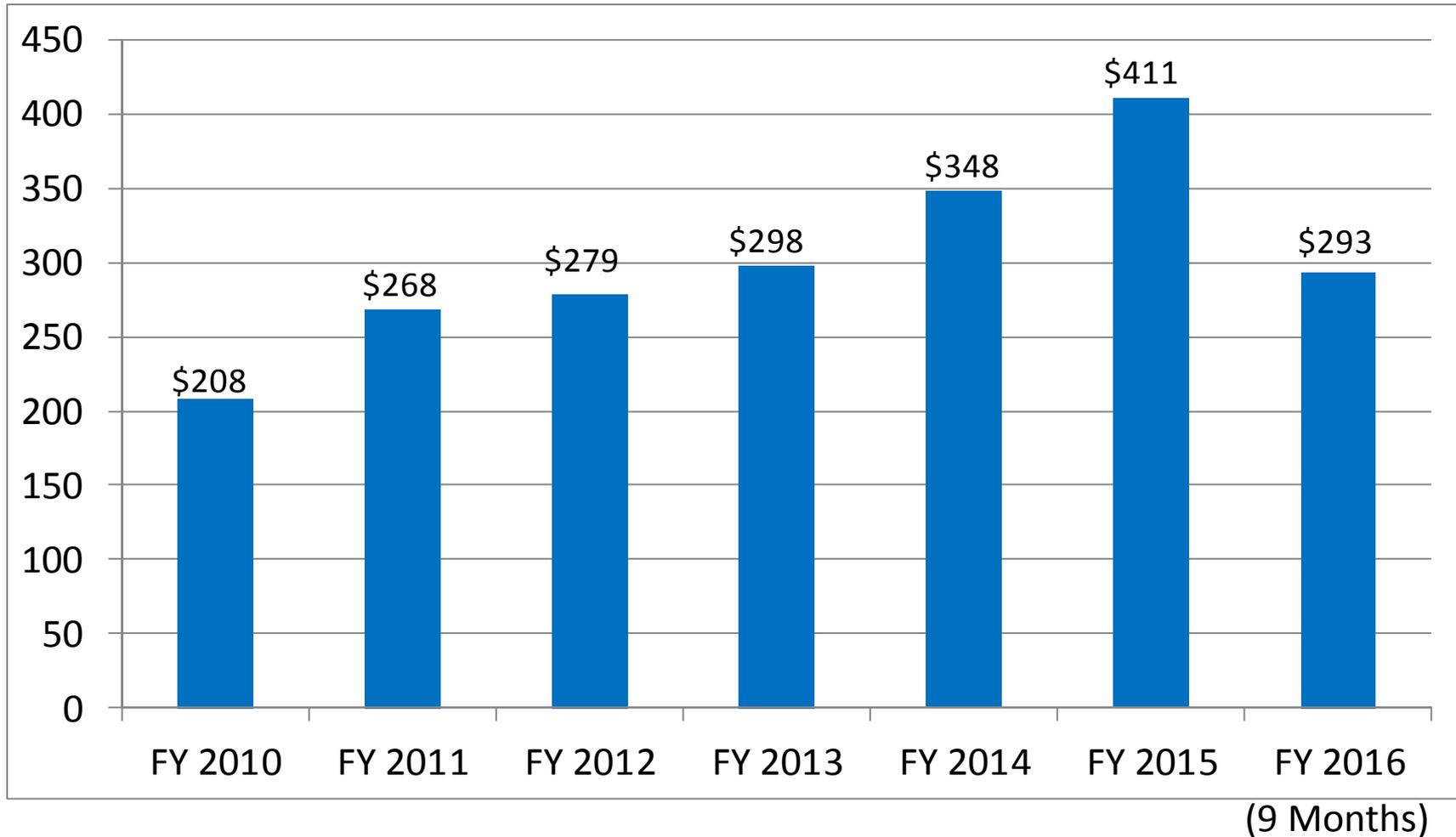
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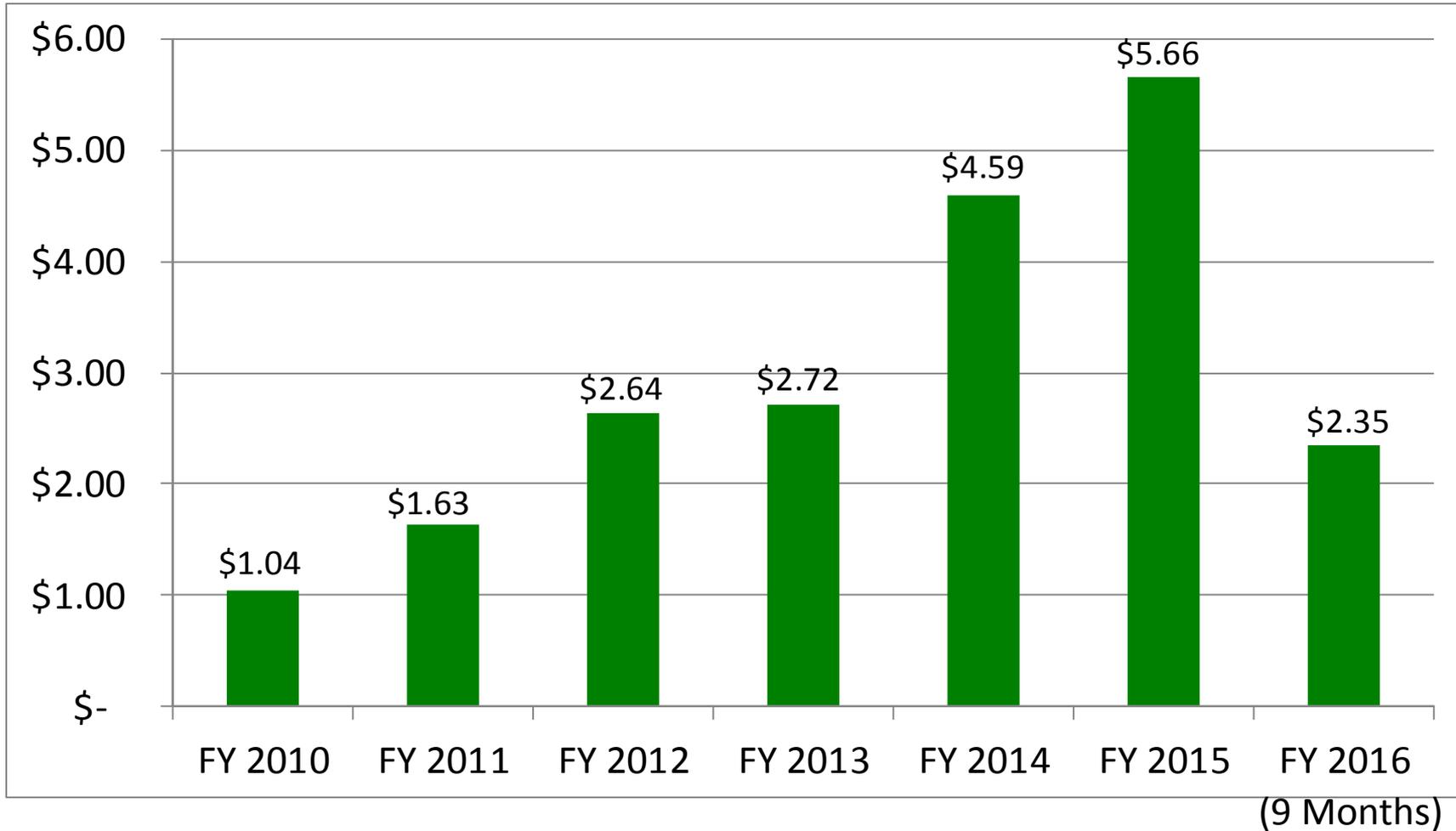
This presentation can be found at:
www.strattec.com
Investor Relations
Presentations



5 Year Net Sales Growth (in millions \$)



5 Year EPS Growth



3rd Quarter, FY '16 Results

(000's except per share amounts)



	March <u>2016</u>	March <u>2015</u>
Net Sales	\$94,048	\$88,817
Gross Profit	\$14,521 15.4%	\$15,751 17.7%
Operating Expenses	\$10,680 11.4%	\$9,847 11.1%
Net Income	\$1,889	\$4,376
Diluted Earnings Per Share	\$.52	\$ 1.20



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- **Sales:**
 - Current Year Quarter Sales impacted by temporary assembly plant shutdowns for the Chrysler 200 and Dodge Journey that reduced sales by \$4.5 million.
 - Prior Year Third Quarter Sales impacted by temporary Shutdown of the Windsor Assembly plant for the re-tooling of new Chrysler Pacifica minivan that reduced sales by \$8.0 million.
- **Gross Margin Decline Attributed to:**
 - Customer price reductions that took effect on January 1, 2016
 - Higher costs for diversification of new products
 - Product sales mix
 - The above was partially offset by a favorable Mexican Peso Exchange Rate.
- **Operating Expenses were higher due to outside third party engineering development costs associated with new products in the future.**

- We anticipate approximately \$100 million in sales in our 4th quarter of fiscal year 2016 compared to \$98 million in the prior year quarter.
- We continue to see higher light truck and SUV sales versus passenger car sales due to lower gas prices
- Capital spending will be in the \$20 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. We made a Plan contribution 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 March 27, 2016, the Company had approximately \$23 million of cash or \$6/share.
- We have \$50 million of credit facilities available with BMO Harris Bank with current borrowings outstanding of \$18.0 million.

Frank J. Krejci
(CRAY' CHEE)

President & CEO

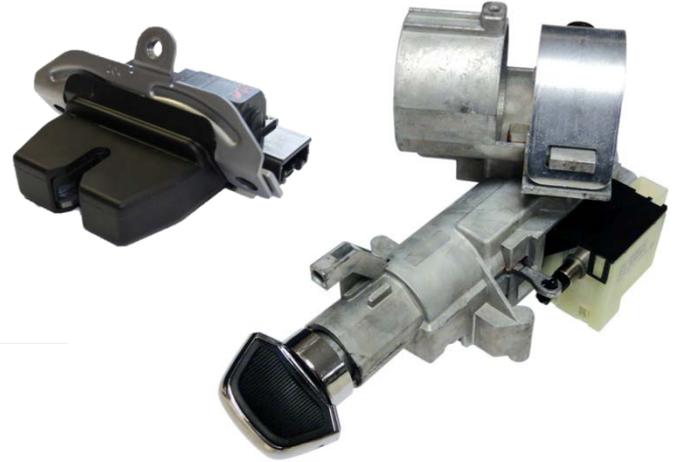
1908

BRIGGS & STRATTON FOUNDED
AS AN AUTOMOTIVE PARTS COMPANY

1995

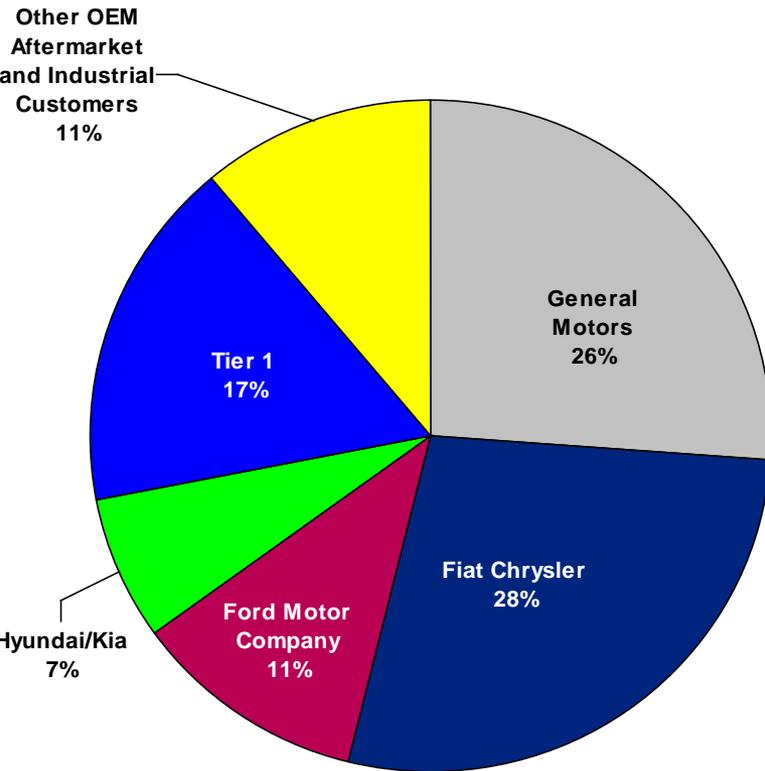
STRATTEC SPUN OFF FROM BRIGGS

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

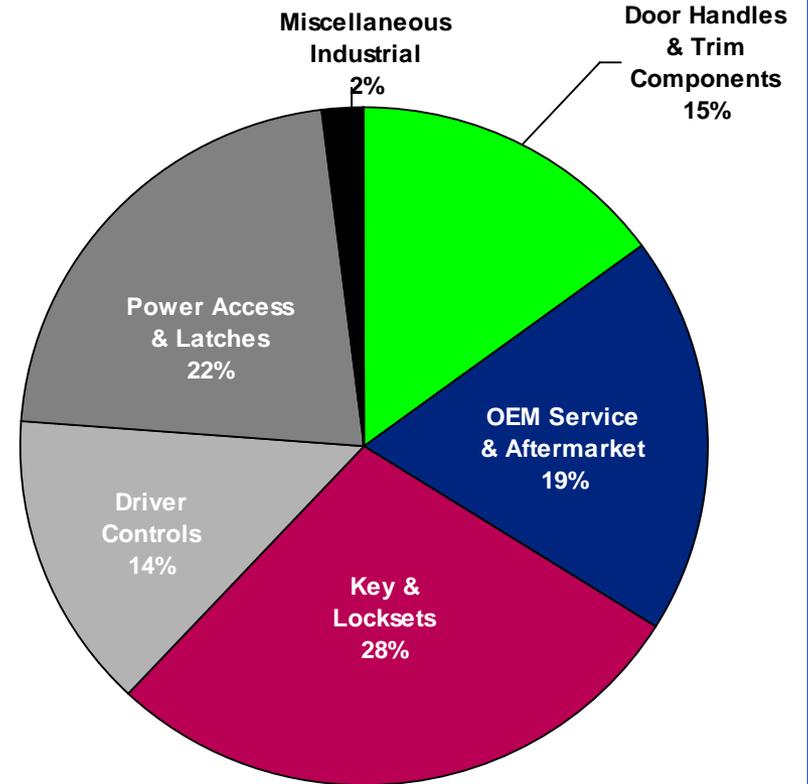


Customer

Product



Fiscal Year 2015
Net Sales = \$411 million



Fiscal Year 2015
Net Sales = \$411 million

NOTE: Tier 1's sell products primarily to General Motors, Fiat Chrysler and FORD

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

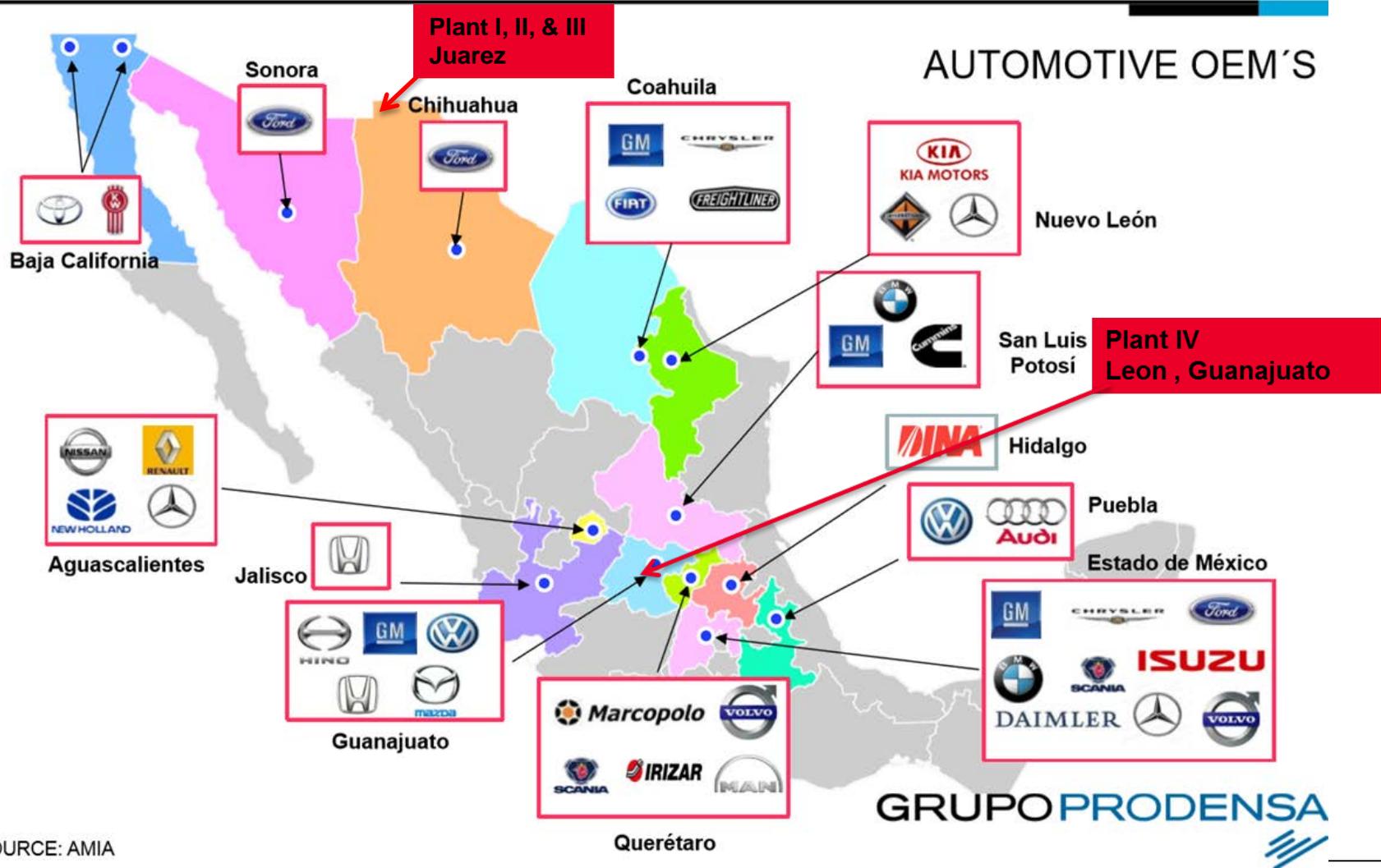
Troy, Michigan - 60 Employees (65,000 sq. ft.)
Sales, Engineering, and Prototyping

Juarez, Mexico - 3,100 Employees (325,000 sq. ft.)
3 Facilities – Assembly, Key Finishing
& Plastic Injection Molding

El Paso, Texas - 50 Employees (90,000 sq. ft.)
Distribution

Leon, Mexico – Paint & Assembly Facility (135,000 sq. ft.)
Opening Early 2017

MEXICO'S MANUFACTURING FOOT PRINT



SOURCE: AMIA

- ADAC- STRATTEC Joint Venture: STRATTEC owns 51%
- Adds Paint capability in Mexico Automotive Market
- Have secured Business Awards to support new facility
- Capital Investment for land, building and paint equipment is \$18-20 million
- FY 2017 – STRATTEC’s share of start up costs projected to be less than \$1 million
- FY 2018 – Joint Venture sales will grow from \$60 million today to \$120 million
 - Positive impact on Earnings and should recover start up costs in first year of operation



Vehicle Access Systems Technology



VEHICLE ACCESS SYSTEMS TECHNOLOGY



 **STRATTEC™** - Milwaukee, Wisconsin- Founded 1908, Public Company 1995.

 **WITTE**
AUTOMOTIVE - Velbert, Germany – Founded 1899, Private

 **ADAC**
AUTOMOTIVE - Grand Rapids, Michigan– Founded 1975, Private

 **VAST**
CHINA - 33% Ownership by STRATTEC (2001)

 **ADAC STRATTEC™**
de México - 51% Ownership by STRATTEC (2006)

 **STRATTEC™**
POWER ACCESS - 80% Ownership by STRATTEC (2008)

 **SPARK MINDA VAST**
MINDA-VAST ACCESS SYSTEMS - 16.6% Ownership by STRATTEC (2015)

- \$1.6 billion + sales
- 16 Manufacturing sites
- 13 Engineering Centers
- Employment over 9,500
- Fiscal year 2015 STRATTEC's 1/3 share of VAST LLC Net Income= \$1,251,000

GLOBAL PRESENCE

United States

Mexico

 BRASIL

Germany

France

Czech Republic

Bulgaria

India

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



Passenger Vehicle Manufacturers



Commercial Vehicle Manufacturers

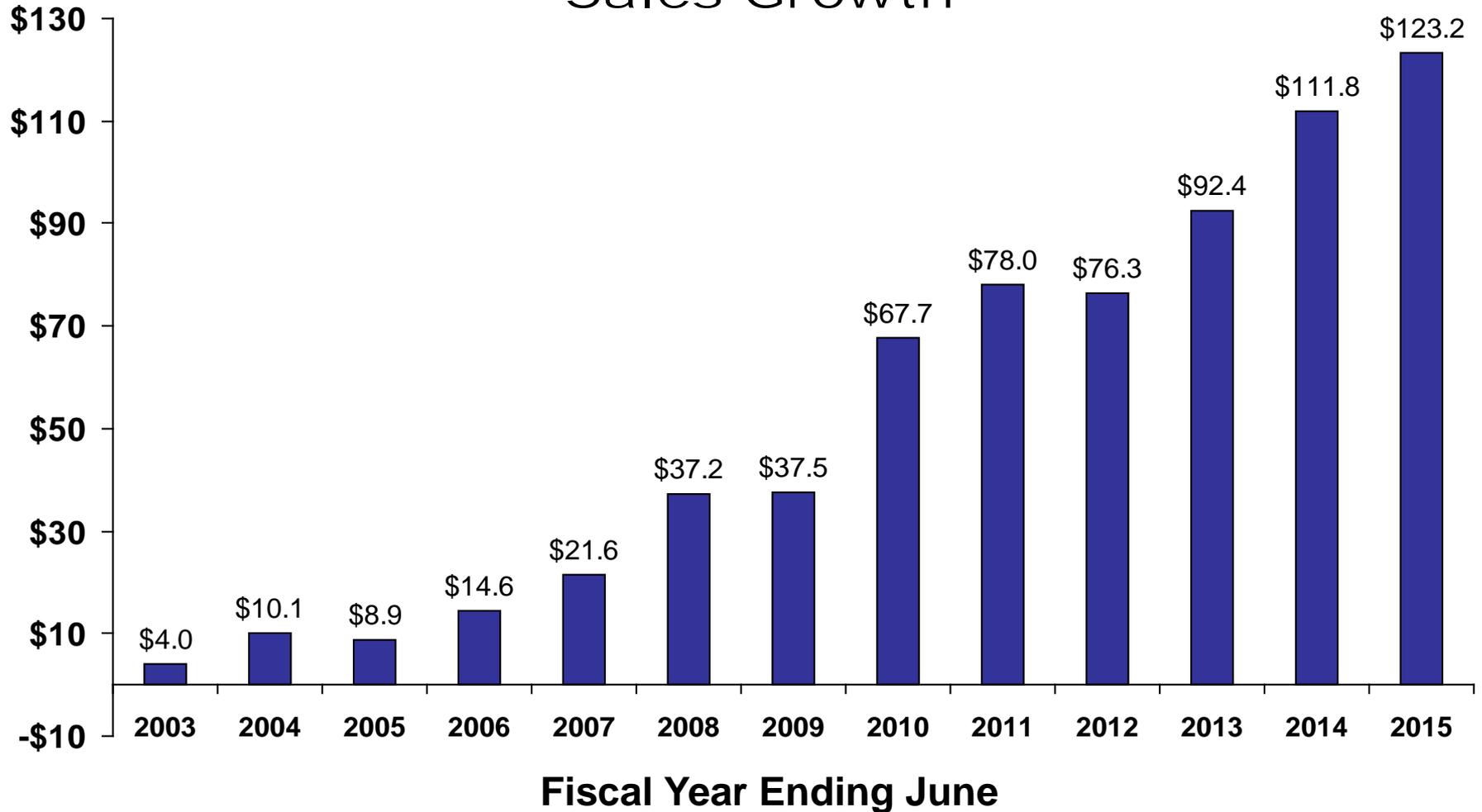


System Suppliers



In Millions
Of US Dollars

Sales Growth



Diversification



● **Diversification**

- Security Products
- Motion Control Products
- Vertical Integration along with market diversification
- Aftermarket
- Strattec Component Solutions (contract manufacturing)



Precision Zinc Die Casting

Also: Plating, Stamping & Assembly

- Contract manufacturing using automotive quality standards
- Excellent EVA by leveraging human & physical capital

**Residential
& Hospitality**



**INTRODUCED
MID- 2016**



**Automotive &
Home Automation**



**INTRODUCED
EARLY 2016**

COMMERCIAL

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

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

Questions?



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