



## Strattec Security Corporation Reports Record Fiscal Second Quarter Results

January 12, 2000

MILWAUKEE, Jan. 12 /PRNewswire/ --

STRATTEC SECURITY CORPORATION (Nasdaq: STRT) today reported record operating results for the fiscal second quarter ended December 26, 1999.

Net sales for the three months ended December 26, 1999 were \$56.7 million, an increase of 4 percent compared to net sales of \$54.5 million for the three months ended December 27, 1998. Net income increased to \$4.9 million, compared to \$4.7 million in the prior year quarter. Diluted earnings per share for the three months ended December 26, 1999, were \$.95 compared to \$.81 in the prior year quarter, an increase of 17 percent.

For the six months ended December 26, 1999, net sales were \$106.4 million compared to \$94.9 million in the prior year period. Net income was \$8.7 million compared to \$7.5 million and diluted earnings per share were \$1.60 compared to \$1.29.

During the current quarter, sales to General Motors Corporation and Delphi Automotive Systems Corporation were \$26.4 million, an increase of 2% over very strong sales levels in the prior year quarter following the settlement of GM's labor disruption during the summer of 1998. Sales to the Ford Motor Company were comparable to the prior year quarter levels due to a combination of model mix changes, and lower Taurus/Sable production. Sales to DaimlerChrysler Corporation increased 18% to \$8.9 million. The increase was primarily due to increased vehicle production schedules and higher value mechanical and electrical content in the locksets STRATTEC supplies. Sales to the Mitsubishi Motor Manufacturing of America increased to \$2.2 million compared to \$600,000 in the prior year quarter. This increase was attributed to STRATTEC supplying locksets on the newly introduced Mitsubishi Eclipse.

Gross profit margins were 22.5 percent in the current quarter compared to 22.7 percent in the prior year quarter. The decrease in gross profit margins is primarily attributed to appreciation of the Mexican peso and higher wage inflation experienced at our Mexico assembly facility in comparison to the prior year quarter.

Engineering, selling and administrative expenses were \$4.9 million in the current quarter compared to \$5.0 million in the prior year quarter.

During the second quarter, 780,900 shares were repurchased under the Company's Stock Repurchase Program at a cost of approximately \$26.8 million.

Harold M. Stratton II, Chairman of the Board and Chief Executive Officer, commented: "The strength of the auto industry and our internal efforts have contributed to the on-going positive momentum in our core business. Additionally, our recently announced alliance with Witte Velbert in Germany and our internal product developments gives us significant new opportunities for the future. We look forward to building upon our strong core business with these opportunities."

STRATTEC SECURITY CORPORATION designs, develops, manufactures and markets mechanical locks, electro-mechanical locks and related access control products for major 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. 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)  
(Unaudited)

|   | Three Months Ended |                  | Six Months Ended |                  |
|---|--------------------|------------------|------------------|------------------|
|   | Dec. 26,<br>1999   | Dec. 27,<br>1998 | Dec. 26,<br>1999 | Dec. 27,<br>1998 |
| Net Sales   | \$ 56,726          | \$ 54,529        | \$ 106,393       | \$ 94,891        |
| Cost of Goods Sold                                | 43,977             | 42,156           | 82,956           | 73,683           |
| Gross Profit                                      | 12,749             | 12,373           | 23,437           | 21,208           |
| Engineering, Selling &<br>Administrative Expenses | 4,895              | 5,030            | 9,783            | 9,716            |

|                                       |          |          |          |          |
|---------------------------------------|----------|----------|----------|----------|
| Income from Operations                | 7,854    | 7,343    | 13,654   | 11,492   |
| Interest Income                       | 291      | 232      | 679      | 476      |
| Interest Expense                      | --       | --       | --       | --       |
| Other Income (Expense),<br>Net        | (41)     | (55)     | (149)    | 17       |
|                                       | 8,104    | 7,520    | 14,184   | 11,985   |
| Provision for<br>Income Taxes         | 3,160    | 2,858    | 5,532    | 4,510    |
| Net Income                            | \$ 4,944 | \$ 4,662 | \$ 8,652 | \$ 7,475 |
| Earnings Per Share:                   |          |          |          |          |
| Basic                                 | \$.98    | \$.83    | \$ 1.64  | \$1.32   |
| Diluted                               | \$.95    | \$.81    | \$ 1.60  | \$1.29   |
| Average Basic<br>Shares Outstanding   | 5,026    | 5,613    | 5,269    | 5,657    |
| Average Diluted<br>Shares Outstanding | 5,177    | 5,759    | 5,424    | 5,810    |

Balance Sheet Data  
(In Thousands)

December 26, 1999      December 27, 1998  
(Unaudited)

|                           |          |          |
|---------------------------|----------|----------|
| Cash and Cash Equivalents | \$10,500 | \$17,500 |
| Accounts Receivable, Net  | 30,100   | 29,900   |
| Inventories               | 16,300   | 15,700   |
| Debt                      | --       | --       |
| Shareholders' Equity      | 60,700   | 75,100   |

SOURCE STRATTEC SECURITY CORPORATION

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