



STRATTEC SECURITY CORPORATION Reports Fiscal Second Quarter Results

January 14, 2003

MILWAUKEE, Jan. 14 /PRNewswire-FirstCall/ -- STRATTEC SECURITY CORPORATION (Nasdaq: STRT) today reported operating results for the fiscal second quarter ended December 29, 2002.

Net sales for the Company's second quarter ended December 29, 2002 were \$48.7 million, compared to net sales of \$49.2 million for the second quarter ended December 30, 2001. Net income for the period was \$4.0 million, compared to \$3.2 million in the prior year quarter. Diluted earnings per share for the period were \$1.05 compared to \$.78 in the prior year quarter.

For the six months ended December 29, 2002, net sales were \$96.6 million compared to net sales of \$98.6 million in the prior year period. Net income was \$8.2 million compared to \$6.9 million and diluted earnings per share were \$2.11 compared to \$1.66.

Overall sales to STRATTEC's largest customers decreased slightly in the current quarter compared to the prior year quarter levels. Sales to Ford Motor Company and DaimlerChrysler Corporation decreased, with Ford at \$10.1 million compared to \$10.7 million and DaimlerChrysler at \$8.1 million compared to \$9.1 million. Mitsubishi Motor Manufacturing of America, Inc. remained flat at \$2.1 million, while General Motors increased to \$15.7 million compared to \$15.1 million, and Delphi Corporation increased to \$7.5 million compared to \$6.9 million in the prior year quarter.

Gross profit margins were 22.5 percent in the current quarter compared to 20.5 percent in the prior year quarter. The gross profit margin improvement during the current quarter was attributed primarily to our on-going manufacturing process improvement initiatives along with a favorable Mexican peso to U.S. dollar exchange rate.

Operating expenses were \$4.6 million in the current quarter, compared to \$4.9 million in the prior year quarter.

Harold M. Stratton II, Chairman of the Board and Chief Executive Officer, commented: "Despite modest increases in North American vehicle production during the quarter ended December 29, 2002, our sales continued to be slightly below last year's levels due to the factors of product content changes and pre-programmed price reductions on certain carry-over products. These factors affected our first fiscal quarter, and will continue to have an influence on sales during the remainder of our current fiscal year. Despite these factors, we have been able to increase our net income as a result of the cumulative effect of our strategic cost reduction activities, and we anticipate that these ongoing activities will continue to have a positive affect on our financial performance."

STRATTEC SECURITY CORPORATION designs, develops, manufactures and markets mechanical locks, electro-mechanical locks and related access control products for North American and other 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)

| | Second Quarter Ended | | Six Months Ended | |
|---|---------------------------------|------------------|---------------------------------|------------------|
| | Dec. 29, 2002 (Unaudited) | Dec. 30, 2001 | Dec. 29, 2002 (Unaudited) | Dec. 30, 2001 |
| Net Sales | \$ 48,680 | \$ 49,178 | \$ 96,586 | \$ 98,633 |
| Cost of Goods Sold | 37,742 | 39,072 | 74,295 | 78,445 |
| Gross Profit | 10,938 | 10,106 | 22,291 | 20,188 |
| Engineering, Selling & Administrative Expenses | 4,571 | 4,874 | 9,182 | 9,642 |
| Income from Operations | 6,367 | 5,232 | 13,109 | 10,546 |

| | | | | |
|---------------------------------------|---------|---------|---------|---------|
| Interest Income | 85 | 141 | 183 | 296 |
| Interest Expense | - | - | - | - |
| Other Income (Expense), Net | (45) | (238) | (248) | 93 |
| | 6,407 | 5,135 | 13,044 | 10,935 |
| Provision for Income Taxes | 2,371 | 1,900 | 4,827 | 4,046 |
| Net Income | \$4,036 | \$3,235 | \$8,217 | \$6,889 |
| Earnings Per Share: | | | | |
| Basic | \$1.07 | \$.79 | \$2.15 | \$1.68 |
| Diluted | \$1.05 | \$.78 | \$2.11 | \$1.66 |
| Average Basic Shares Outstanding | 3,756 | 4,096 | 3,816 | 4,089 |
| Average Diluted Shares Outstanding | 3,832 | 4,149 | 3,889 | 4,140 |
| Other | | | | |
| Capital Expenditures | \$576 | \$1,393 | \$1,373 | \$2,285 |
| Depreciation & Amortization | \$1,953 | \$2,080 | \$3,916 | \$4,148 |

STRATTEC SECURITY CORPORATION

Condensed Balance Sheet Data
(In Thousands)

| | Dec. 29, 2002 (Unaudited) | June 30, 2002 |
|--|---------------------------------|------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$23,703 | \$34,956 |
| Receivables, net | 25,734 | 27,860 |
| Inventories | 10,841 | 8,242 |
| Other current assets | 10,997 | 11,582 |
| Total Current Assets | 71,275 | 82,640 |
| Deferred Income Taxes | 469 | 469 |
| Property, Plant and Equipment, Net | 35,827 | 38,531 |
| | \$107,571 | \$121,640 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Accounts Payable | \$11,599 | \$15,291 |
| Other | 13,083 | 16,234 |
| Total Current Liabilities | 24,682 | 31,525 |
| Borrowings Under Revolving Credit Facility | - | - |
| Accrued Pension and Post Retirement Obligations | 16,240 | 15,448 |
| Shareholders' Equity | 161,755 | 153,644 |
| Less: Treasury Stock | (95,106) | (78,977) |
| Total Shareholders' Equity | 66,649 | 74,667 |
| | \$107,571 | \$121,640 |

SOURCE STRATTEC SECURITY CORPORATION

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