



Robert W. Baird & Company

2014 Industrial Conference

November 12, 2014



VEHICLE ACCESS SYSTEMS TECHNOLOGY



WITTE • STRATTEC • ADAC

Patrick J. Hansen

Senior Vice President & CFO

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1st Quarter, FY '15 Results

(000's except per share amounts)



	<u>September 2014</u>	<u>September 2013</u>
Net Sales	\$ 122,242	\$ 79,595
Gross Profit	\$ 28,057 23.0%	\$ 14,515 18.2%
Operating Expenses	\$ 13,187 10.8%	\$ 9,470 11.9%
Net Income	\$ 9,300	\$ 3,211
Diluted Earnings Per Share	\$ 2.55	\$.91



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- **Sales Increase Attributed to:**
 - Incremental Service Sales from General Motor = \$28 million
 - Launch of the New Kia Sedona Minivan = \$5 million
 - Remaining \$10 million Increase Related to North American Vehicle Production Growth and Product Growth in Latches, Driver Controls and Door Handle Components
- **Margin Improvement Attributed to:**
 - Favorable Product Sales Mix (primarily service sales)
 - Offset by New Product Launch Costs and Higher Bonus Provisions

- Based on current customer orders we anticipate approximately \$98 - 100 million in sales in our second quarter compared to \$81.5 million in the prior year quarter.
- Capital spending will be in the \$20 – 21 million range during fiscal year 2015 compared to \$13 million in prior fiscal years. Increased capital spending to purchase 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 2015 of \$3.0 million which is consistent with fiscal 2014.

	June 30	June 30
	<u>2014</u>	<u>2013</u>
Plan Benefit Obligation	\$97.4	\$89.9
Plan Assets	<u>\$104.3</u>	<u>\$90.4</u>
Over Funded Status	\$6.9	\$.5

- The Company is in the process of implementing a full plan termination that could take 18-24 months to complete.
- As of September 28, 2014, the Company had in excess of \$22 million of cash or \$6/share and anticipated funding the above requirements primarily from current operating cash flows.
- We have \$30 million of credit facilities available with BMO Harris Bank with current borrowings outstanding of \$4.0 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 – NEXTLOCK Acquisition



Engines



Swan



Locks



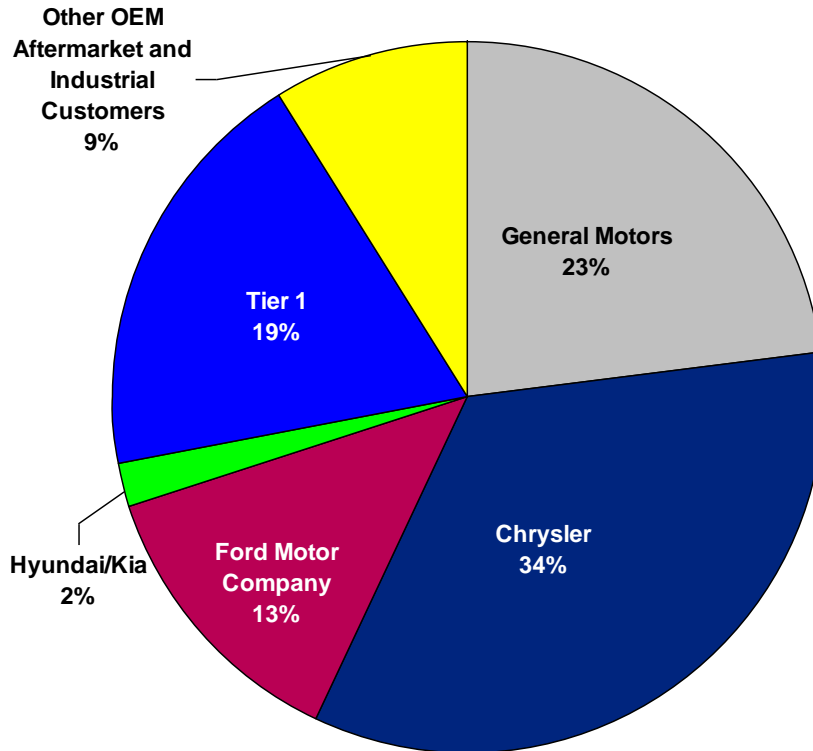
Ugly Duckling

Milwaukee, WI - 420 Employees
Headquarters, Engineering, Parts Manufacturing

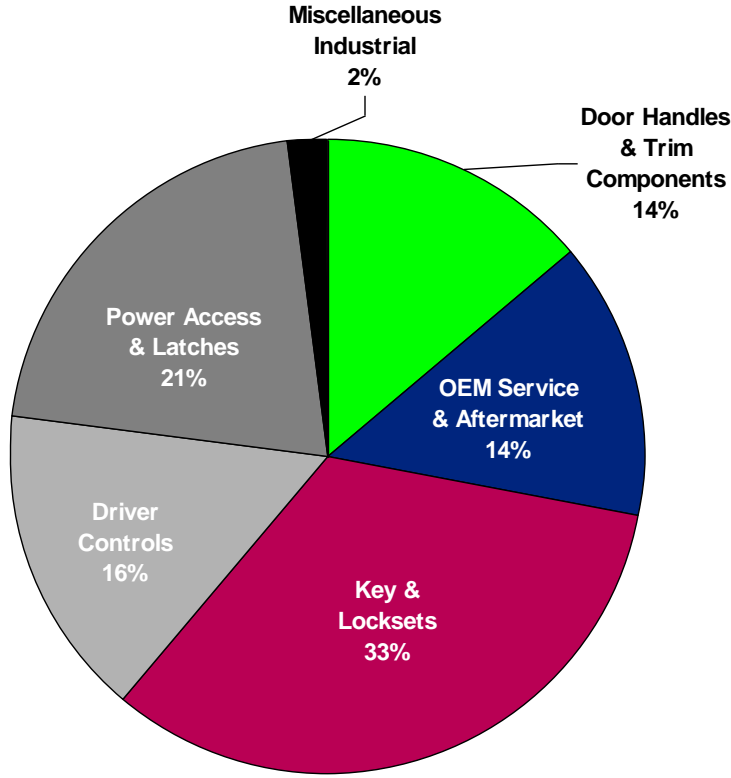
Juarez, Mexico - 2,890 Employees
3 Facilities – Assembly, Key Finishing
& Plastic Injection Molding

El Paso, Texas - 30 Employees
Distribution

Troy, Michigan - 60 Employees
Sales and Engineering



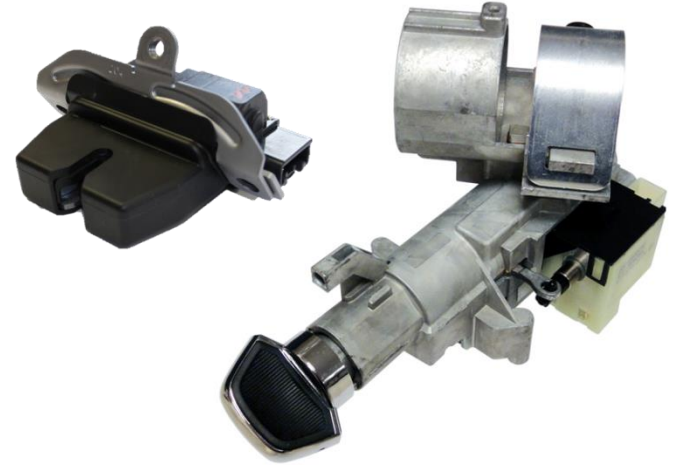
Fiscal Year 2014
Net Sales = \$348 million



Fiscal Year 2014
Net Sales = \$348 million

Products Portfolio

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



- **AWARD**
 - Ford Rotunda Supplier of the Year in Service



- **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)

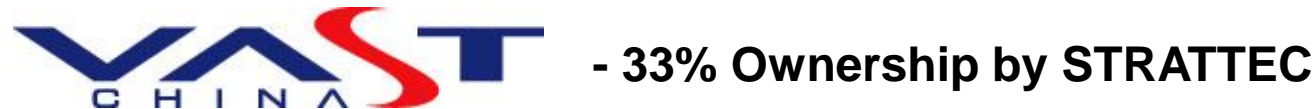
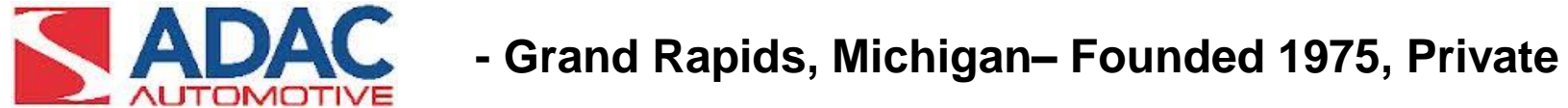
- **Growth Initiatives**

- 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



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





- \$1.3 billion + sales
- 12 Manufacturing sites
- 12 Engineering Centers
- Employment over 8,700



Passenger Vehicle Manufacturers



Commercial Vehicle Manufacturers



System Suppliers

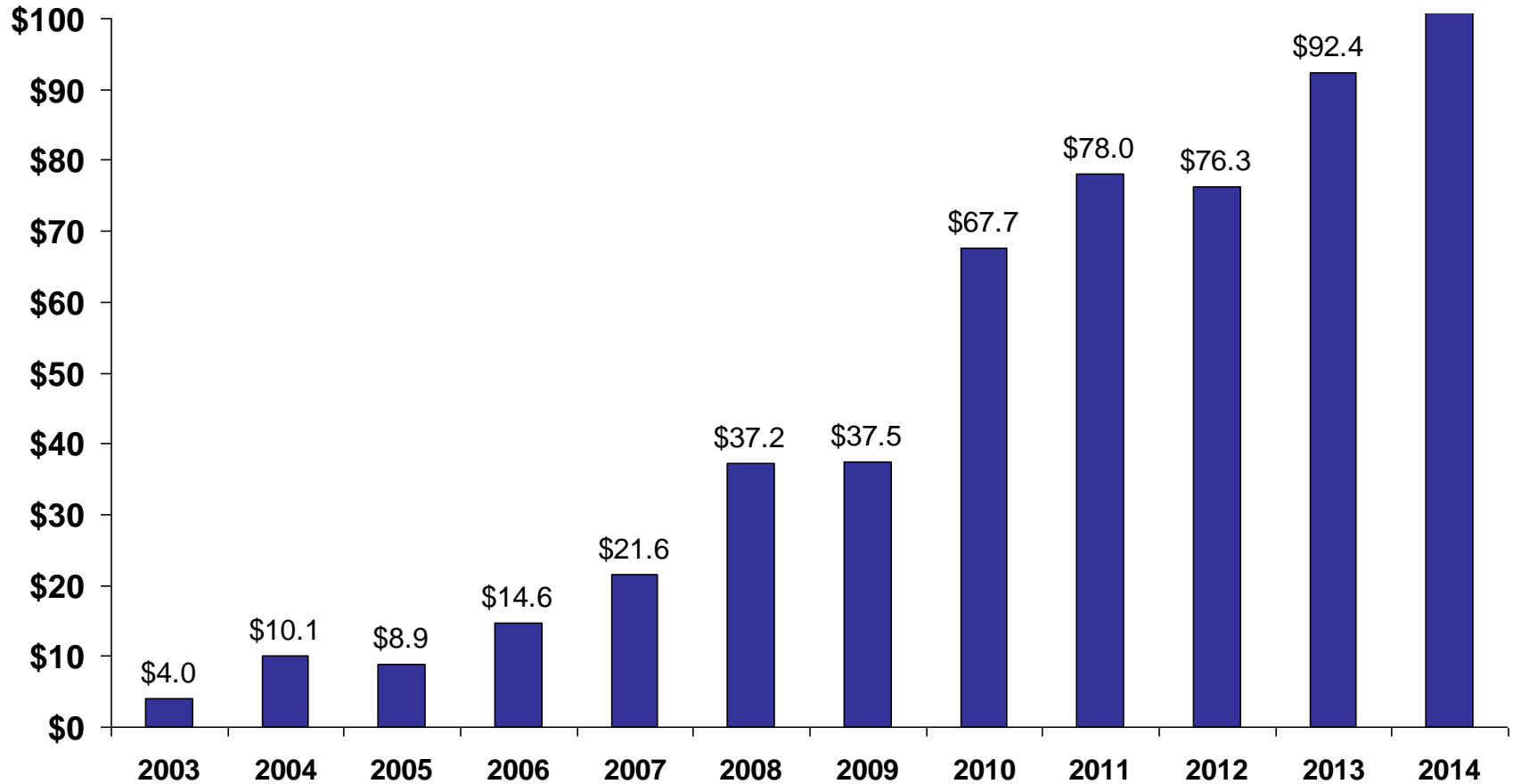


**150,000 sq. ft. manufacturing facility in Taicang, China.
Second facility in Fuzhou.**



In Millions
Of US Dollars

Sales Growth



Fiscal Year Ending June

Diversification





Precision Zinc Die Casting

Also:

Plating

Stamping

Assembly

**Residential
& Hospitality**



**Instant
Prototype Kit**



**Home Automation &
Ultimately Automotive**



**Office & High
Security**

- Chrysler Supplier of the Year – Electronic Products
- Ford Rotunda Supplier of the Year
- National Wellness Award from United Health Care – 3rd Year in a Row
- Fully Funded Pension
- Record Sales and Employee Bonuses
- Added to Russell 2000 in July 2014
 - Index Down 2%
 - STRATTEC up 59%
- #1 Performing Stock in Wisconsin Last 12 Months

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 (\$100.00 share price):	<u>\$365 Million</u>
Total Return to Shareholders:	\$519 Million

Value Creation: \$451 Million

10.7% Compounded rate of return over 20 years

STRATTEC

Fiscal Year 30-Jun	SALES \$ Millions	EPS	EVA \$000	Stock Price	
				Low	High
2009	\$126	-\$1.86	(\$13,742)	\$6	\$38
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 1st qtr	\$122	\$2.55	\$6,634	\$64	\$109

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

Questions?



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