



Gabelli Funds 47th Annual Auto Symposium

October 31, 2023

STRT (NASDAQ)

Disclosure for Presentation on October 31, 2023

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Frank J. Krejci

(CRAY' CHEE)

President & CEO

and

Dennis Bowe

(virtual)

CFO

About STRATTEC



- ✓ Headquarters – Milwaukee, Wisconsin
- ✓ Established 1908
- ✓ Formerly part of Briggs & Stratton Corporation
- ✓ Spun off in 1995 as public company – STRT (NASDAQ)
- ✓ 51% owner of Joint Venture with ADAC Automotive making door handles
- ✓ Shareholder in VAST Automotive Group until June 30, 2023



Briggs & Stratton
“Flyer”

<https://www.vintag.es/2020/09/smith-flyer.html>

- Sales: \$500 million
- Employees: 3,300
- Owned Facilities: Wisconsin, Michigan, 4 in Mexico (total of 892k sq. ft.)
- Leased Facility: Texas (115k sq. ft.)
- Consolidated Book Value of attributable to STRATTEC is \$189m/\$16m cash
- All consolidated debt of \$13m held by Joint Venture
- 2023 share price range \$16.06 to \$31.04 (market cap of \$65m to \$126m)
- Book Value: \$47 / share

Milwaukee, WI

- STRATTEC Headquarters
- Manufacturing
- Engineering
- Testing



Auburn Hills, MI

- STRATTEC Power Access HQ
- STRATTEC Sales Office
- Engineering
- Program Management



El Paso, TX

(Distribution)



ADAC STRATTEC de Mexico

- Injection Molding
- Door Handle Mfg and Painting



STRATTEC Mexico Operations - Juarez, Mexico

- Engineering
- Assembly
- Testing



✓ RECENT TRANSACTIONS

- Sold VAST equity (China, India and Brazil)
- Acquired 20% STRATTEC Power Access
- Significant cash infusion to eliminate STRATTEC debt
- Greater focus on Strattec priorities

✓ MEXICAN COSTS

- Peso exchange rate deteriorated from 20.25 to 17.11 in FY23
- January 2023 government mandated 20% minimum wage increase

✓ PRICE INCREASES

- Concluded \$8 million in retro pricing plus forward pricing

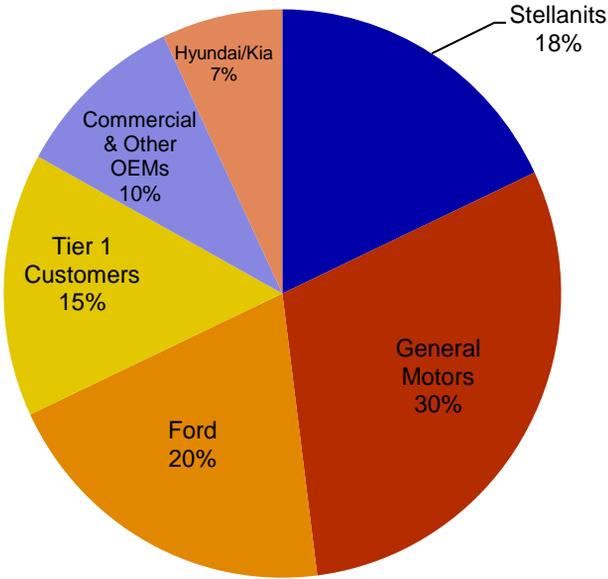
✓ UAW STRIKE

- Less than 10% reduced shipments to date

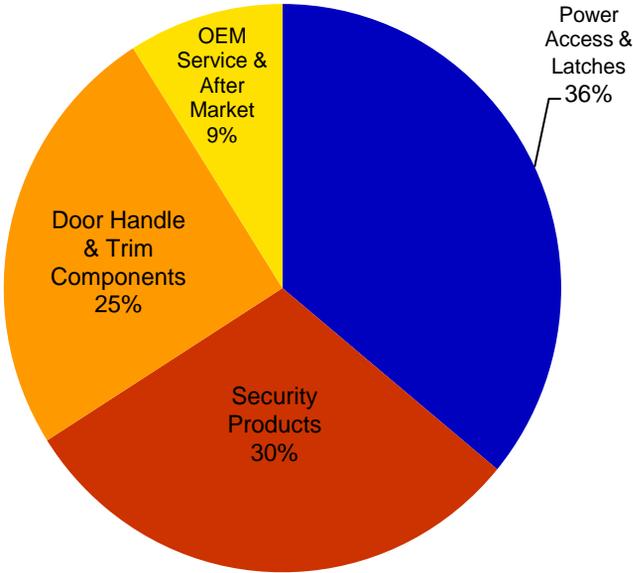
✓ STRATEGIC VISION

- Fresh thinking from 2 new Directors added to the Board of Directors
- Cash generation
- Improved return to shareholders

Customers



Products



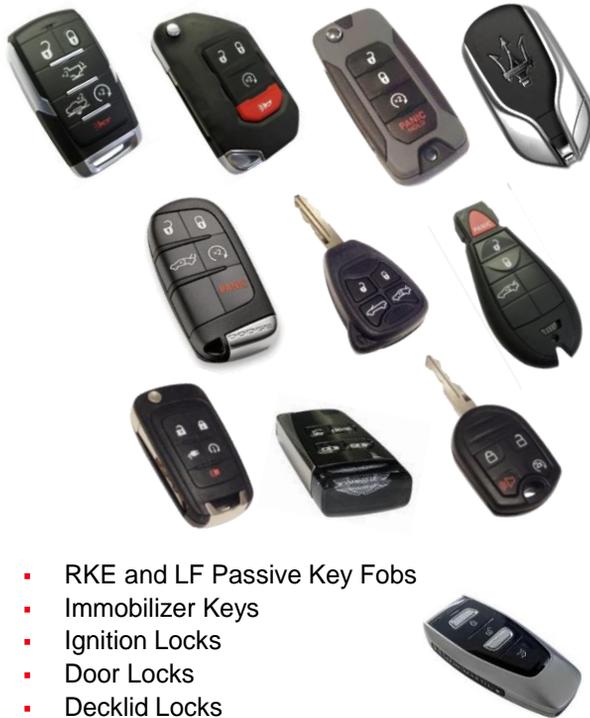
NOTE: Tier 1's sell products primarily to General Motors, Ford and Stellantis

- ✓ NOTABLE INNOVATION AWARDS – last 5 years
 - 2 PACE AWARDS from Automotive News – approximately a dozen awarded annually
 - General Motors Innovation Award – 1 of 4 awarded from 3,000 suppliers

- ✓ CORE PRODUCTS:
 - Security Products – OEM & Aftermarket
 - ✓ Fobs, Keys/Locks, Start Systems, Steering Column Lock Systems
 - Power Access Products
 - ✓ Power Tailgate, Lower Sliding Doors, Power Liftgate
 - ✓ Latches
 - Door Handles

- ✓ NEW PRODUCTS:
 - Switches
 - Phone as a Key (PAAK)
 - Electronic Assemblies

Electronic Key Fobs & Locksets



- RKE and LF Passive Key Fobs
- Immobilizer Keys
- Ignition Locks
- Door Locks
- Decklid Locks

Electronic Vehicle Start Systems Electronic and Mechanical Column Locks



- Column mounted
- Dash mounted
- Integrated electronics
 - Sensors
 - Solenoids
 - Ignition Switches
 - RFID Transceivers
 - Illuminated Bezels





E-Shifter, Steering Wheel Switches, Paddle Shifters, ECU



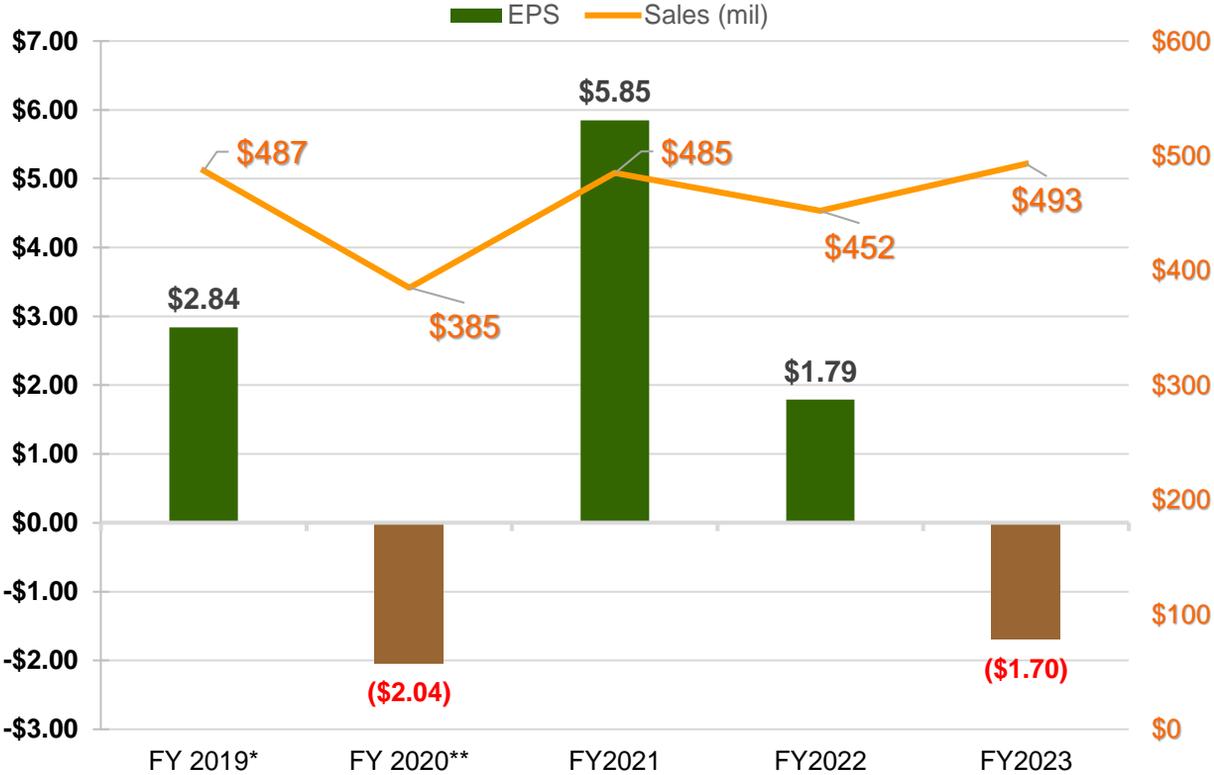
ECU

Transmission Paddle Shifter

Steering Wheel Switches

E-Shifter PRND

5 Year Adjusted EPS Summary



* Adjusted for Non-Cash Pension Settlement and compensation charges. See Appendix for reconciliation of non-GAAP performance measure to GAAP performance measure.

** Net Loss due to COVID-19 and non-cash compensation charge reduced EPS by \$0.99.

Financial Results (000s)



	QUARTER SEPT 2023	QUARTER SEPT 2022	FISCAL YEAR JUNE 2023
SALES	\$135,406	\$120,360	\$492,946
GROSS PROFIT	18,720	12,496	42,152
SG&A EXPENSE	12,614	12,700	48,241
OPERATING PROFIT	6,106	(204)	(6,089)
OTHER INCOME	(264)	105	(1,579)
TAX EXPENSE	1,387	36	1,281*
CONSOLIDATED NI	4,455	(63)	(8,949)
NON-CONTROLLING	290	(188)	(2,279)
NET INCOME	4,165	125	(6,670)
EPS	\$1.05	\$0.03	(\$1.70)

*includes \$2.2m China non-resident capital gain tax on sale of VAST equity at approx. book value

- ✓ Continued reactions to UAW strike
- ✓ Growth focus on Power Access / Motion Control
 - Internal Focus on product line expansion
 - Search for complimentary acquisitions to diversify in other industries
- ✓ Growth in Electric Vehicles + Current Products Applicable
- ✓ Post- VAST global support
- ✓ Generation of cash
 - Return on asset strategies
 - Reduction of Inventory Build-up
- ✓ Improved return to shareholders

Balance Sheet



	<u>October 1, 2023</u>	<u>July 2, 2023</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 15,665	\$ 20,571
Receivables, net	87,470	89,811
Inventories, net	81,367	77,597
Other Current Assets	<u>43,349</u>	<u>37,803</u>
Total Current Assets	227,851	225,782
Other Long-term Assets	20,452	20,702
Property, Plant and Equipment, net	<u>92,316</u>	<u>94,446</u>
	<u><u>\$ 340,619</u></u>	<u><u>\$ 340,930</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	\$ 50,297	\$ 57,927
Borrowings Under Credit Facility - Current	13,000	-
Other	<u>54,097</u>	<u>51,059</u>
Total Current Liabilities	117,394	108,986
Accrued Pension and Postretirement Obligations	2,392	2,363
Borrowings Under Credit Facility - Long-Term	-	13,000
Other Long-term Liabilities	5,532	5,557
Shareholders' Equity	339,261	334,683
Accumulated Other Comprehensive Loss	(14,527)	(14,194)
Less: Treasury Stock	<u>(135,514)</u>	<u>(135,526)</u>
Total STRATTEC SECURITY CORPORATION Shareholders' Equity	189,220	184,963
Non-Controlling Interest	<u>26,081</u>	<u>26,061</u>
Total Shareholders' Equity	<u>215,301</u>	<u>211,024</u>
	<u><u>\$ 340,619</u></u>	<u><u>\$ 340,930</u></u>

STRATTEC SECURITY CORPORATION AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP PERFORMANCE MEASURES TO GAAP PERFORMANCE MEASURES
(in thousands, except earnings per share data)

	Twelve Months Ended
	<u>June 30, 2019</u>
Gross profit (GAAP measure)	\$ 57,800
Compensation charge, pre-tax	<u>2,491</u>
Adjusted gross profit	<u>\$ 60,291</u>
Engineering, selling & administrative expenses (GAAP measure)	\$ 47,186
Compensation charge, pre-tax	<u>1,704</u>
Adjusted engineering, selling & administrative expenses	<u>\$ 45,482</u>
Operating income (GAAP measure)	\$ 10,614
Compensation charge, pre-tax	<u>4,195</u>
Adjusted operating income	<u>\$ 14,809</u>
Net (loss) income (GAAP measure)	\$ (17,029)
Pension termination settlement (recovery) charge, net of tax	24,387
Compensation charge, net of tax	<u>3,209</u>
Adjusted net income	<u>\$ 10,567</u>
Diluted (loss) earnings per share (GAAP measure)	<u>\$ (4.63)</u>
Pension termination settlement (recovery) charge, net of tax	6.60
Compensation charge, net of tax	<u>0.87</u>
Adjusted diluted earnings per share	<u>\$ 2.84</u>