

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): April 22, 2021

**STRATTEC SECURITY
CORPORATION**

(Exact name of registrant as specified in charter)

Wisconsin

(State or other jurisdiction of incorporation)

0-25150

(Commission File Number)

39-1804239

(I.R.S. Employer I.D. Number)

3333 West Good Hope Road
Milwaukee, WI

(Address of Principal Executive Offices)

53209

(Zip Code)

(414) 247-3333

(Registrant's telephone number; including area code)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of exchange on which registered
Common stock, \$.01 par value	STRT	The Nasdaq Global Stock Market

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Section 2 – Financial Information

Item 2.02. Results of Operations and Financial Condition.

On April 22, 2021, STRATTEC SECURITY CORPORATION issued a press release (the "[Press Release](#)") announcing results for the fiscal third quarter ended March 28, 2021. A copy of the Press Release is attached as Exhibit 99.1 to this report. The attached Exhibit 99.1 is furnished pursuant to Item 2.02 of Form 8-K.

The information in this Form 8-K and the Exhibit attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference in such filing.

Section 9 - Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

[99.1](#) -- Press Release of STRATTEC SECURITY CORPORATION, issued April 22, 2021.
104 – Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: April 22, 2021

STRATTEC SECURITY CORPORATION

By: /s/ Patrick J. Hansen

Patrick J. Hansen, Senior Vice President and
Chief Financial Officer



FOR RELEASE AT 3:00 PM CST

Contact: Pat Hansen
Senior Vice President and
Chief Financial Officer
414-247-3435
www.strattec.com

**STRATTEC SECURITY CORPORATION
REPORTS FISCAL 2021 THIRD QUARTER OPERATING RESULTS**

Milwaukee, Wisconsin – April 22, 2021 -- STRATTEC SECURITY CORPORATION (NASDAQ:STRT) today reported operating results for the fiscal third quarter ended March 28, 2021.

Net sales for the Company's third quarter ended March 28, 2021 were \$121.6 million, compared to net sales of \$116.9 million for the third quarter ended March 29, 2020.

Net income for the current year quarterly period was \$4.5 million, compared to net income of \$3.0 million in the prior year quarter. Diluted earnings per share for the current year quarterly period were \$1.15 compared to diluted earnings per share of \$0.79 in the prior year quarter.

For the nine months ended March 28, 2021, the Company's net sales were \$ 375.2 million compared to net sales of \$343.2 million in the prior year nine month period.

Net income during the current year nine month period was \$19.6 million compared to net income of \$2.9 million in the prior year nine month period. Diluted earnings per share were \$5.11 for the nine month period ended March 28, 2021 compared to diluted earnings per share of \$0.77 during the nine month period ended March 29, 2020. The prior year nine month period was negatively impacted by a pre-tax \$4,473,000 non-cash compensation charge relating to the termination of our Defined Benefit Pension Plan and reduced our diluted earnings per share by \$.92 in the prior year period.

Net sales to each of our customers or customer groups in the current year quarter and prior year quarter were as follows (in thousands):

	Three Months Ended	
	March 28, 2021	March 29, 2020
Fiat Chrysler Automobiles	\$ 21,685	\$ 26,050
General Motors Company	34,544	31,656
Ford Motor Company	21,721	15,462
Tier 1 Customers	17,289	17,495
Commercial and Other OEM Customers	17,876	20,184
Hyundai / Kia	8,529	6,091
TOTAL	\$ 121,644	\$ 116,938

Net sales for our current year quarter were impacted by supply chain shortages and resulted in several of our customers shutting down certain plants and/or production lines for periods of time.

Sales to Fiat Chrysler Automobiles in the current year quarter decreased in comparison to the prior year quarter due to lower production volumes of the vehicles we supply, in particular related to Chrysler minivans. The increase in sales to General Motors Company in the current year quarter compared to the prior year quarter related primarily to higher sales content on models for which we supply components, in particular for power access and door handle products. Sales to Ford Motor Company increased in the current year quarter compared to the prior year quarter due primarily to higher product content on models for which we supply components, and in particular for the new power tailgate program on the F-150 pickup trucks. Sales to Tier 1 Customers were flat in the current year quarter compared to the prior year quarter. Sales to Commercial and Other OEM Customers during the current year quarter decreased in comparison to the prior year quarter mainly due to decreases in sales related to door handle products and power access products sold to Honda of America Manufacturing, Inc. and related to reductions in sales of door handle products sold to Volkswagen. These Commercial and Other OEM Customers, along with the Tier 1 Customers, primarily represent purchasers of vehicle access control products, such as latches, key fobs, driver controls, steering column locks and door handles that we have developed in recent years to complement our historic core business of locks and keys. The increased sales to Hyundai / Kia in the current year quarter were principally due to higher levels of production on their recently launched new Kia Sedona and Hyundai Starex minivans for which we supply primarily power sliding door components.

Gross profit margins were 15.3 percent in the current year quarter compared to 14.5 percent in the prior year quarter. The increase in gross profit margin in the current year quarter compared to the prior year quarter was primarily attributed to improved manufacturing efficiencies both at our Milwaukee and Mexico production facilities, despite supply chain disruptions. Also reducing gross profit margins in the current year quarter were higher expense provisions for accrual of bonuses and a mandatory minimum wage increase enacted by the Mexican Government effective January 1, 2021. This wage increase was principally offset by a favorable U.S. Dollar to Mexican Peso exchange rate affecting our Mexican operations

Engineering, Selling and Administrative expenses represented 9.8 percent in the current year quarter as a percent of net sales compared to 9.2 percent in the prior year quarter. The increase in overall operating expenses in the current year quarter was primarily due to higher expense provisions for accrual of bonuses and expenditures on new product development costs.

Included in Other Income, Net in the current year quarter compared to the prior year quarter were the following items (in thousands of dollars):

	<u>March 28, 2021</u>	<u>March 29, 2020</u>
Equity (Loss) of VAST LLC Joint Venture	\$ (56)	\$ (947)
Net Foreign Currency Realized and Unrealized Transaction Gain	429	1,467
Other	26	(392)
	<u>\$ 399</u>	<u>\$ 128</u>

The increase in Other Income, Net in the current year quarter was primarily related to improved profitability in our VAST LLC China operation which had extended OEM customer plant shutdowns associated with the coronavirus (COVID-19) pandemic in the prior year quarter.

Frank Krejci, President & CEO commented: “For the first six months of our fiscal year, we efficiently supported strong customer orders. During the current quarter there were supply constraints within the industry. Some vehicle assembly plants were temporarily closed and others cut back the number of work shifts despite continued demand from consumers, car rental companies and dealers. While our customers have tried to place production priority on pick-up trucks and sport utility vehicles where we supply significant product content it reduced our sales for this quarter and will impact the upcoming quarter. However, we believe returning to full production should help sustain future volume by refilling the dealer inventory pipeline to adequately support customer demand.

Despite having to manage through semiconductor and other part shortages, we are proud of our Associates efforts to deliver \$1.15 in diluted earnings per share for this quarter and \$5.11 for the first nine months of our current fiscal year. Positive generation of cash flow remains strong through a combination of operating performance and greater utilization of our capital investments made over the last few years. As a result, we were able to reduce debt by another \$6 million this quarter and another \$4 million in April 2021. Our debt to equity ratio has now been significantly reduced since the beginning of the fiscal year, thus creating opportunity for strategic investments in product and technology”.

STRATTEC designs, develops, manufactures and markets automotive Access Control Products, including mechanical locks and keys, electronically enhanced locks and keys, steering column and instrument panel ignition lock housings, latches, power sliding side door systems, power lift gate systems, power deck lid systems, door handles and related products. These products are provided to customers in North America, and on a global basis through a unique strategic relationship with WITTE Automotive of Velbert, Germany and ADAC Automotive of Grand Rapids, Michigan. Under this relationship, STRATTEC, WITTE and ADAC market each company’s products to global customers under the “VAST Automotive Group” brand name. STRATTEC’s history in the automotive business spans over 110 years.

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, changes in warranty provisions and customer product recall policies, work stoppages at the Company or at the location of its key customers as a result of labor disputes, foreign currency fluctuations, uncertainties stemming from U.S. trade policies, tariffs and reactions to same from foreign countries, the volume and scope of product returns, adverse business and operational issues resulting from the coronavirus pandemic, matters adversely impacting the timing and availability of material component parts and raw materials for the production of our products and the products of our customers and fluctuations in our costs of operation (including fluctuations in the cost of raw materials). 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
Condensed Results of Operations
(In Thousands except per share amounts)
(Unaudited)

	<i>Third Quarter Ended</i>		<i>Nine Months Ended</i>	
	<u>March 28, 2021</u>	<u>March 29, 2020</u>	<u>March 28, 2021</u>	<u>March 29, 2020</u>
Net Sales	\$ 121,644	\$ 116,938	\$ 375,238	\$ 343,183
Cost of Goods Sold	<u>102,990</u>	<u>99,928</u>	<u>311,832</u>	<u>299,954</u>
Gross Profit	18,654	17,010	63,406	43,229
Engineering, Selling & Administrative Expenses	<u>11,927</u>	<u>10,727</u>	<u>33,543</u>	<u>35,775</u>
Income from Operations	6,727	6,283	29,863	7,454
Interest Expense	(63)	(204)	(259)	(792)
Other Income, Net	<u>399</u>	<u>128</u>	<u>673</u>	<u>1,030</u>
Income before Provision for Income Taxes and Non-Controlling Interest	7,063	6,207	30,277	7,692
Provision for Income Taxes	<u>1,153</u>	<u>1,294</u>	<u>4,721</u>	<u>1,194</u>
Net Income	5,910	4,913	25,556	6,498
Net Income Attributable to Non-Controlling Interest	<u>(1,425)</u>	<u>(1,919)</u>	<u>(5,950)</u>	<u>(3,601)</u>
Net Income Attributable to STRATTEC SECURITY CORPORATION	<u>\$ 4,485</u>	<u>\$ 2,994</u>	<u>\$ 19,606</u>	<u>\$ 2,897</u>
Earnings (Loss) Per Share:				
Basic	<u>\$ 1.18</u>	<u>\$ 0.80</u>	<u>\$ 5.18</u>	<u>\$ 0.78</u>
Diluted	<u>\$ 1.15</u>	<u>\$ 0.79</u>	<u>\$ 5.11</u>	<u>\$ 0.77</u>
Average Basic				
Shares Outstanding	3,797	3,748	3,783	3,733
Average Diluted				
Shares Outstanding	3,886	3,768	3,839	3,752
Other				
Capital Expenditures	\$ 1,808	\$ 2,923	\$ 6,401	\$ 10,307
Depreciation	\$ 4,933	\$ 4,769	\$ 14,730	\$ 14,349

STRATTEC SECURITY CORPORATION**Condensed Balance Sheet Data
(In Thousands)**

	<u>March 28, 2021</u>	<u>June 28, 2020</u>
	<i>(Unaudited)</i>	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 11,335	\$ 11,774
Receivables, net	81,304	41,955
Inventories, net	58,330	54,400
Other current assets	18,051	17,239
Total Current Assets	<u>169,020</u>	<u>125,368</u>
Investment in Joint Ventures	26,051	22,068
Other Long Term Assets	13,390	12,961
Property, Plant and Equipment, Net	97,263	105,148
	<u>\$ 305,724</u>	<u>\$ 265,545</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	\$ 36,250	\$ 18,549
Other	39,248	29,591
Total Current Liabilities	<u>75,498</u>	<u>48,140</u>
Accrued Pension and Post Retirement Obligations	1,944	1,956
Borrowings Under Credit Facility	16,000	35,000
Other Long-term Liabilities	4,788	5,008
Shareholders' Equity	330,923	309,991
Accumulated Other Comprehensive Loss	(17,711)	(22,113)
Less: Treasury Stock	<u>(135,622)</u>	<u>(135,656)</u>
Total STRATTEC SECURITY CORPORATION Shareholders' Equity	177,590	152,222
Non-Controlling Interest	29,904	23,219
Total Shareholders' Equity	<u>207,494</u>	<u>175,441</u>
	<u>\$ 305,724</u>	<u>\$ 265,545</u>

STRATTEC SECURITY CORPORATION
Condensed Cash Flow Statement Data
(In Thousands)
(Unaudited)

	<i>Third Quarter Ended</i>		<i>Nine Months Ended</i>	
	<u>March 28, 2021</u>	<u>March 29, 2020</u>	<u>March 28, 2021</u>	<u>March 29, 2020</u>
Cash Flows from Operating Activities:				
Net Income	\$ 5,910	\$ 4,913	\$ 25,556	\$ 6,498
Adjustment to Reconcile Net Income to Cash Provided by Operating Activities:				
Equity Loss (Earnings) in Joint Ventures	56	921	(1,844)	(55)
Depreciation	4,933	4,769	14,730	14,349
Foreign Currency Transaction (Gain) Loss	(386)	(2,515)	1,926	(2,067)
Unrealized (Gain) Loss on Peso Forward Contracts	(32)	1,048	(512)	1,048
Stock Based Compensation Expense	193	165	775	789
Non-Cash Compensation Expense	-	-	-	4,473
Loss on disposition of property, plant & equipment	(5)	(13)	1,421	270
Deferred Income taxes	-	-	-	(1,032)
Change in Operating Assets/Liabilities	(2,450)	(69)	(17,012)	5,409
Other, net	121	107	356	252
Net Cash Provided by Operating Activities	8,340	9,326	25,396	29,934
Cash Flows from Investing Activities:				
Investment in Joint Ventures	-	-	(100)	-
Additions to Property, Plant and Equipment	(1,808)	(2,923)	(6,401)	(10,307)
Proceeds from Sale of Property, Plant and Equipment	5	14	8	29
Net Cash Used in Investing Activities	(1,803)	(2,909)	(6,493)	(10,278)
Cash Flows from Financing Activities:				
Repayment of Borrowings Under Credit Facility	(6,000)	(5,000)	(19,000)	(15,000)
Dividends Paid to Non-Controlling Interests of Subsidiaries	-	-	(490)	(980)
Dividends Paid	-	(525)	-	(1,572)
Exercise of Stock Options and Employee Stock Purchases	545	24	585	543
Net Cash Used In Financing Activities	(5,455)	(5,501)	(18,905)	(17,009)
Effect of Foreign Currency Fluctuations on Cash	(179)	(28)	(437)	(283)
Net Increase (Decrease) in Cash & Cash Equivalents	903	888	(439)	2,364
Cash and Cash Equivalents:				
Beginning of Period	10,432	9,285	11,774	7,809
End of Period	<u>\$ 11,335</u>	<u>\$ 10,173</u>	<u>\$ 11,335</u>	<u>\$ 10,173</u>