



*Sidoti & Company*

January 13, 2014



VEHICLE ACCESS SYSTEMS TECHNOLOGY



WITTE • STRATTEC • ADAC

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# 1<sup>st</sup> Quarter, FY '14 Results

(000's except per share amounts )



	<b>September <u>2013</u></b>	<b>September <u>2012</u></b>
<b>Net Sales</b>	<b>\$ 79,595</b>	<b>\$ 70,807</b>
<b>Gross Profit</b>	<b>\$ 14,515 18.2%</b>	<b>\$ 13,713 19.4%</b>
<b>Operating Expenses</b>	<b>\$ 9,470 11.9%</b>	<b>\$ 9,120 12.9%</b>
<b>Net Income</b>	<b>\$ 3,211</b>	<b>\$ 2,670</b>
<b>Diluted Earnings Per Share</b>	<b>\$ .91</b>	<b>\$ .78</b>



VEHICLE ACCESS SYSTEMS TECHNOLOGY



- Based on current customer orders we anticipate approximately \$80 million in sales in our second quarter compared to \$72.2 million in the prior year quarter.
- Capital spending will be in the \$9 - 10 million range during fiscal year 2014.
- STRATTEC Defined Benefit Pension Plan was frozen effective December 31, 2009. Anticipate Plan contributions in fiscal 2014 of \$3.0 million which is consistent with fiscal 2013.

	<b>June 30</b>	<b>June 30</b>
	<b><u>2013</u></b>	<b><u>2012</u></b>
Plan Benefit Obligation	\$89.9	\$103.4
Plan Assets	<u>\$90.4</u>	<u>\$79.5</u>
Over (Under) Funded Status	\$.5	(\$23.9)

- As of September 30, 2013, the Company had in excess of \$12 million of cash or \$4/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 \$3.0 million.
- Increased dividend 10% during the 1<sup>st</sup> Quarter ending September 2013 and stock price increase of 73% in last 12 months

- **AWARD**
  - Chrysler Supplier of the Year in Electronics



- **Diversification**

- Bridgewood Advisors searching for acquisitions and partnerships
- Security Products
- Motion Control Products
- Vertical Integration along with market diversification
- Aftermarket
- Strattec Component Solutions (Zinc diecast contract manufacturing)

- **Growth Initiatives**

- Door Handles – both in China and Mexico
- Expansion of Mexican Plant
- Tier II to Maserati on Key Fob's
- Dealer Direct – Cut Key Program
- Acquisition of NextLock





- Biometric Security
- New product available in June 2014
- Target residential and commercial markets
- Build in Strattec Mexican facilities opens US government market
- Cross fertilize technology for automotive

# Product and Sales Information

## 2001

### Keys & Locksets

- Mechanical keys
- Mechanical keys w/ electronic security enhancements
- Ignition locks
- Door locks
- Rear compartment locks
- Glove box locks
- Accessory locks

### Driver Controls

- Steering column mounted ignition lock housings

### Miscellaneous Industrial

- Zinc die-castings

## 2013

### All the products in place in 2001, plus

#### Keys & Locksets

- Electro-mechanical entry keys w/remote entry electronics
- Bladeless electronic keys
- Electronic remote entry key fobs
- Codeable locks
- Biometric locks

#### Driver Controls

- Instrument panel mounted ignition lock housings
- Instrument panel docking receivers for bladeless electronic keys
- Instrument panel "Push to Start" ignition switches for passive security systems

#### Latches

- Rear compartment (tailgate, liftgate, trunk lid)
- Seat Back

#### Power Access

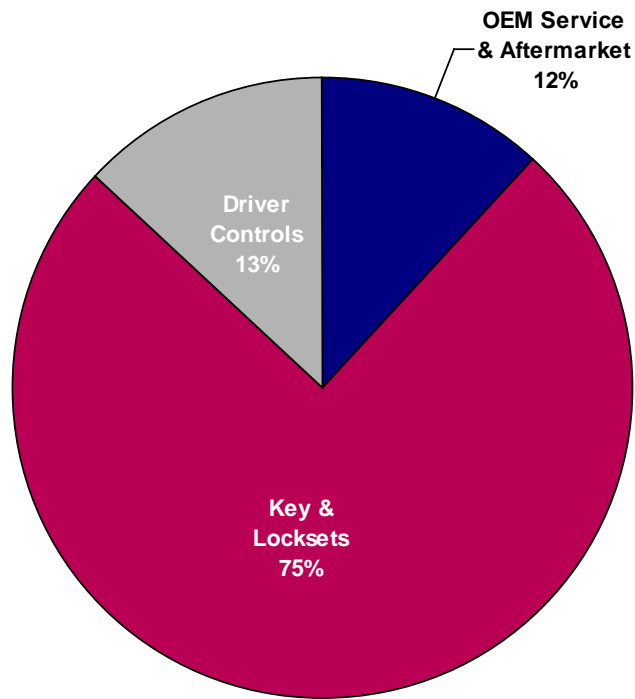
- Power sliding side door systems
- Power liftgate
- Power trunk lid
- Power cinching latches & strikers
- Electronic control modules

#### Door Handles & Functional Exterior Trim

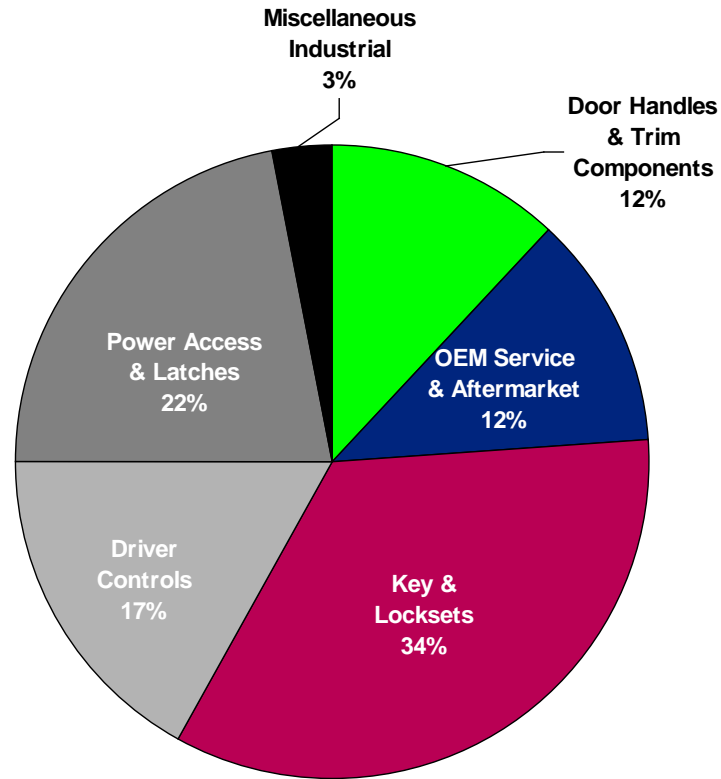
- Inside and outside handles
- Outside handle chassis
- Rear license plate light bars with park assist cameras and/or concealed switches for releasing rear compartment latches

#### Miscellaneous Industrial

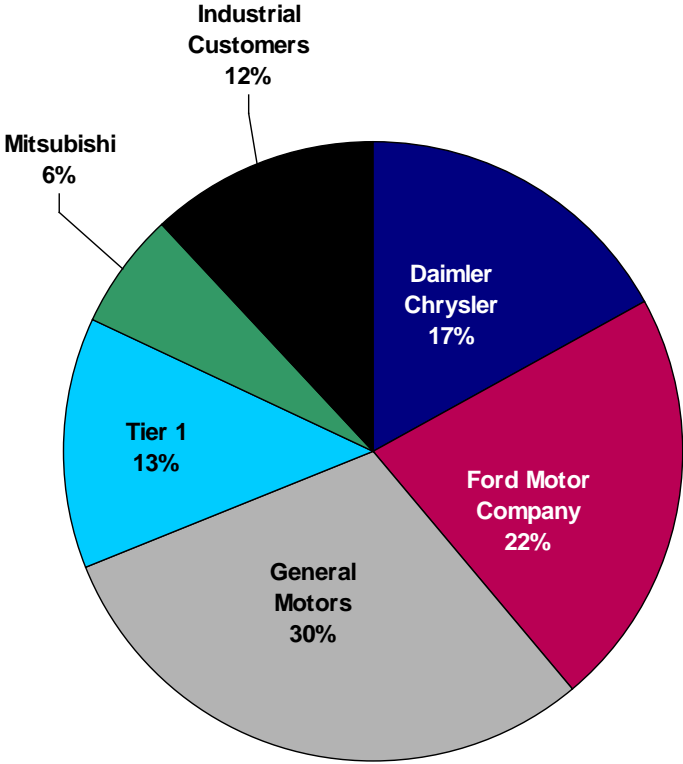
- **i-Guard** electronic vehicular access systems



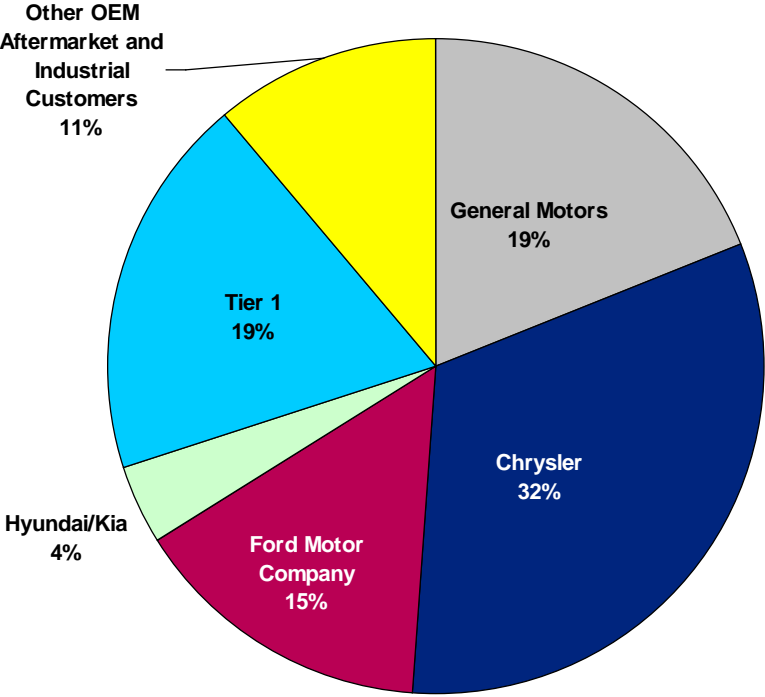
**Fiscal Year 2001**  
**Net Sales = \$203 million**



**Fiscal Year 2013**  
**Net Sales = \$298 million**



**Fiscal Year 2001**  
**Net Sales = \$203 million**



**Fiscal Year 2013**  
**Net Sales = \$298 million**

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

**Juarez, Mexico** - 2,156 Employees  
2 Facilities – Assembly, Key Finishing  
& Plastic Injection Molding

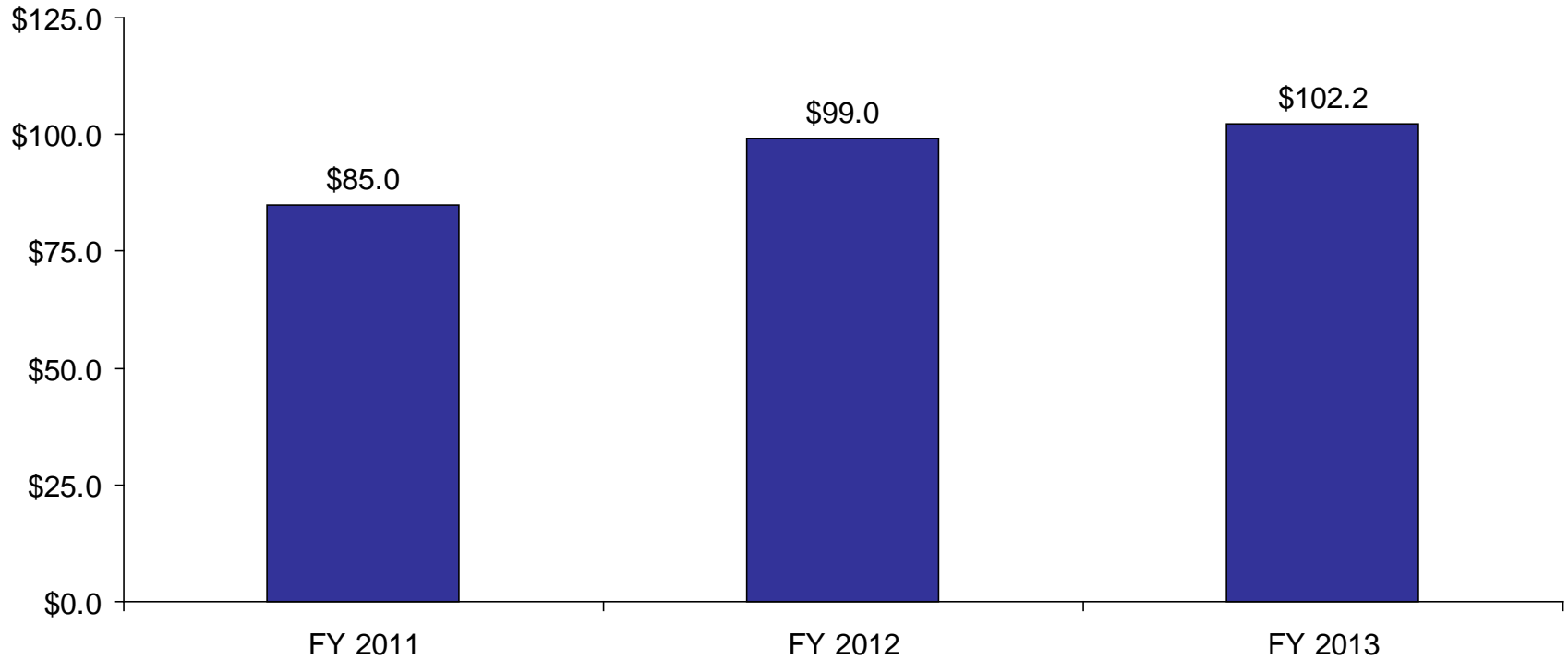
**El Paso, Texas** - 30 Employees  
Distribution

**Troy, Michigan** - 57 Employees  
Sales and Engineering

# *Traditional Product:* Vehicle Lockset



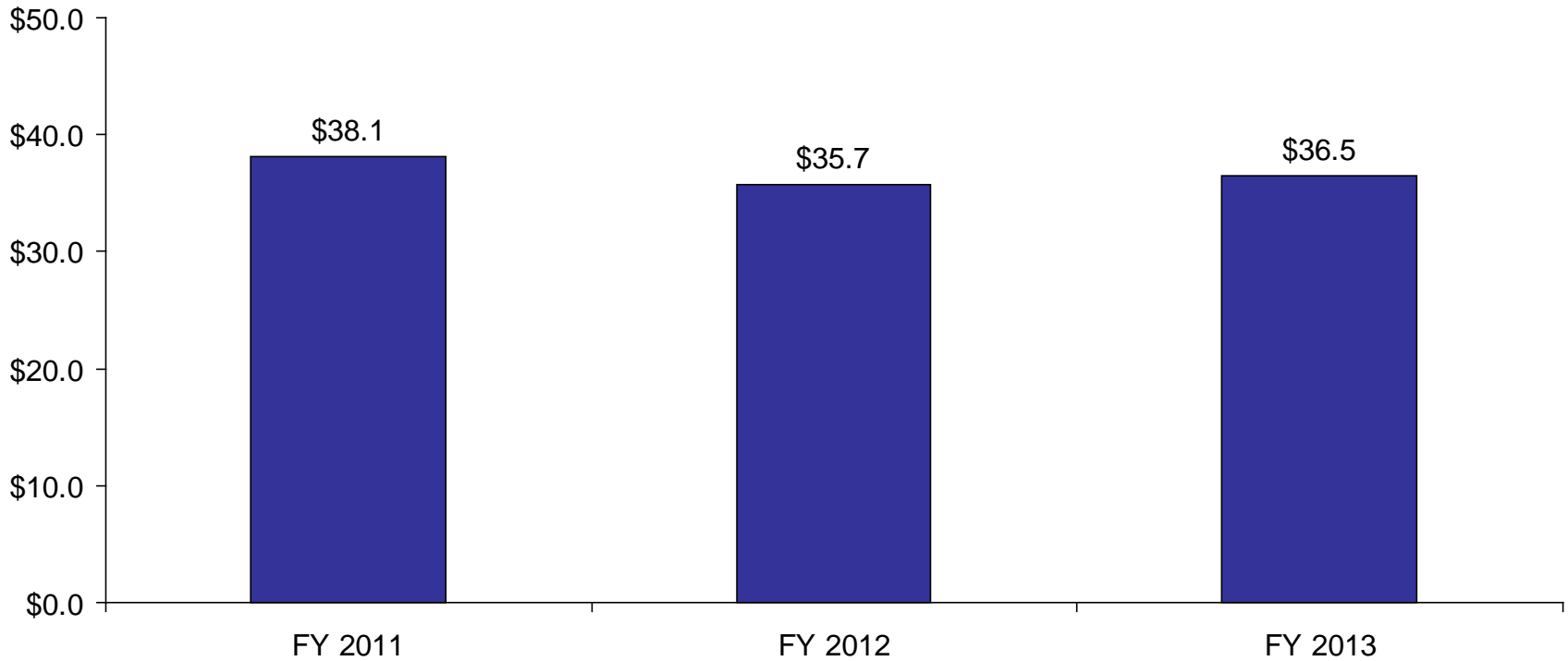
## Sales (in millions of \$)



**Fiscal Year Ending June**

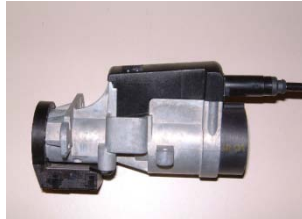


## Sales (in millions of \$)



**Fiscal Year Ending June**

## Ignition Lock Housings Primarily Tier II Business



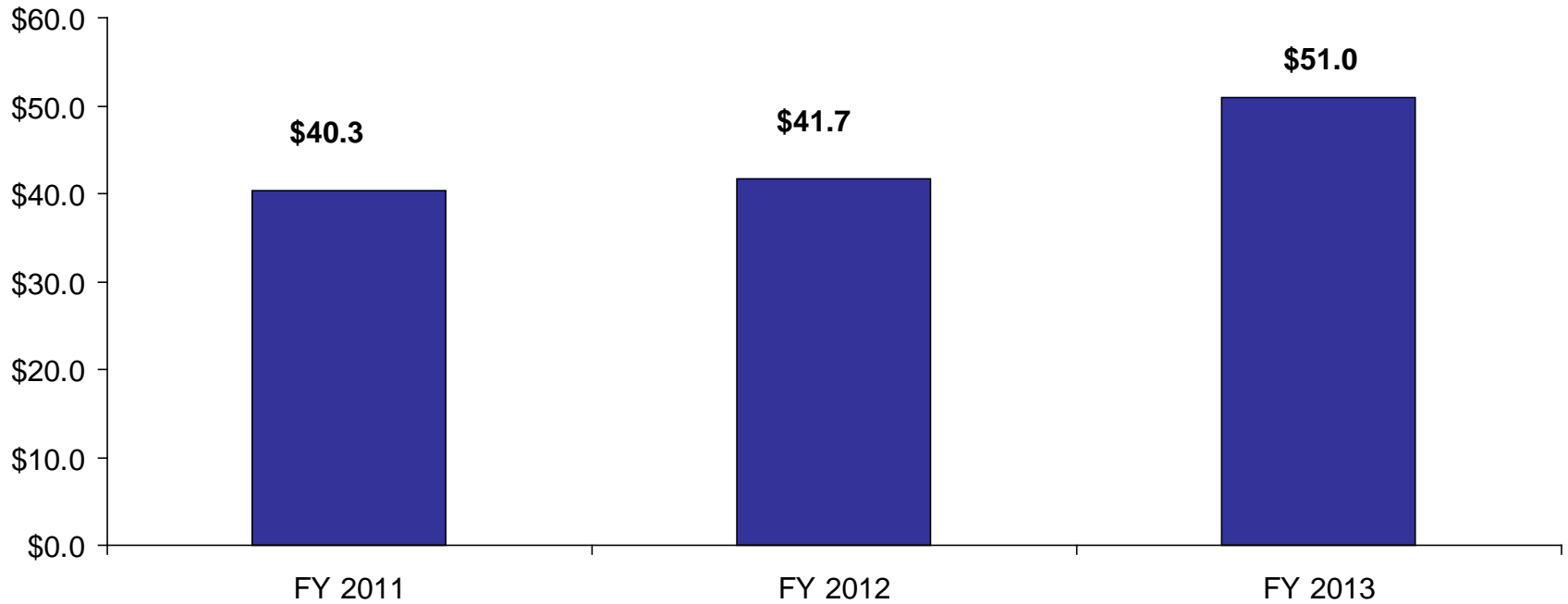
## Electronic Steering Column Lock (ESCL)

2013 GM Alpha Platform – Cadillac ATS

- First production ESCL for STRATTEC
- GM Corporate Common Component (sold directly to GM)
- Core design elements to be used in other GM ESCL applications



## Sales (in millions of \$)



**Fiscal Year Ending June**

# Latches in Production for General Motors



Seat Back Latches

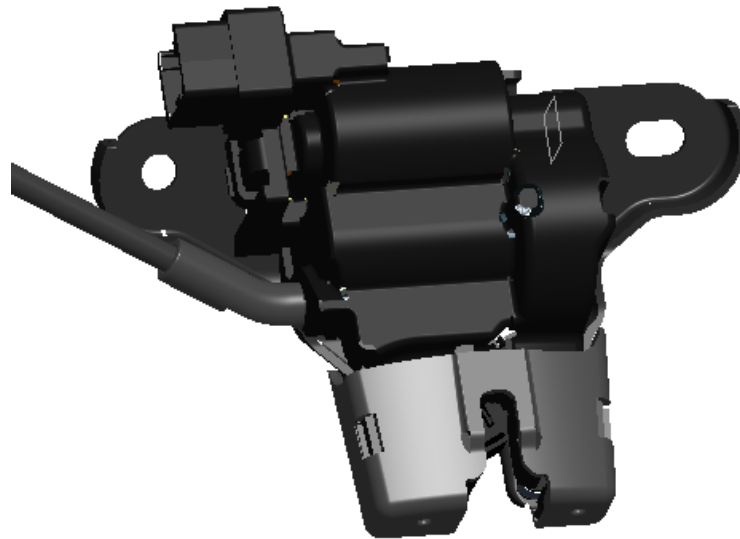


Rear Compartment Latch

2 Versions – power release, or  
power release and cinching

## Ford Business Mini-Direct Drive Decklid Latch

- Compact Power & Manual Release Latch
- 2013 CD4 Program – Ford Fusion/Lincoln MKZ



### Sales (in millions of \$)



**Fiscal Year Ending June**

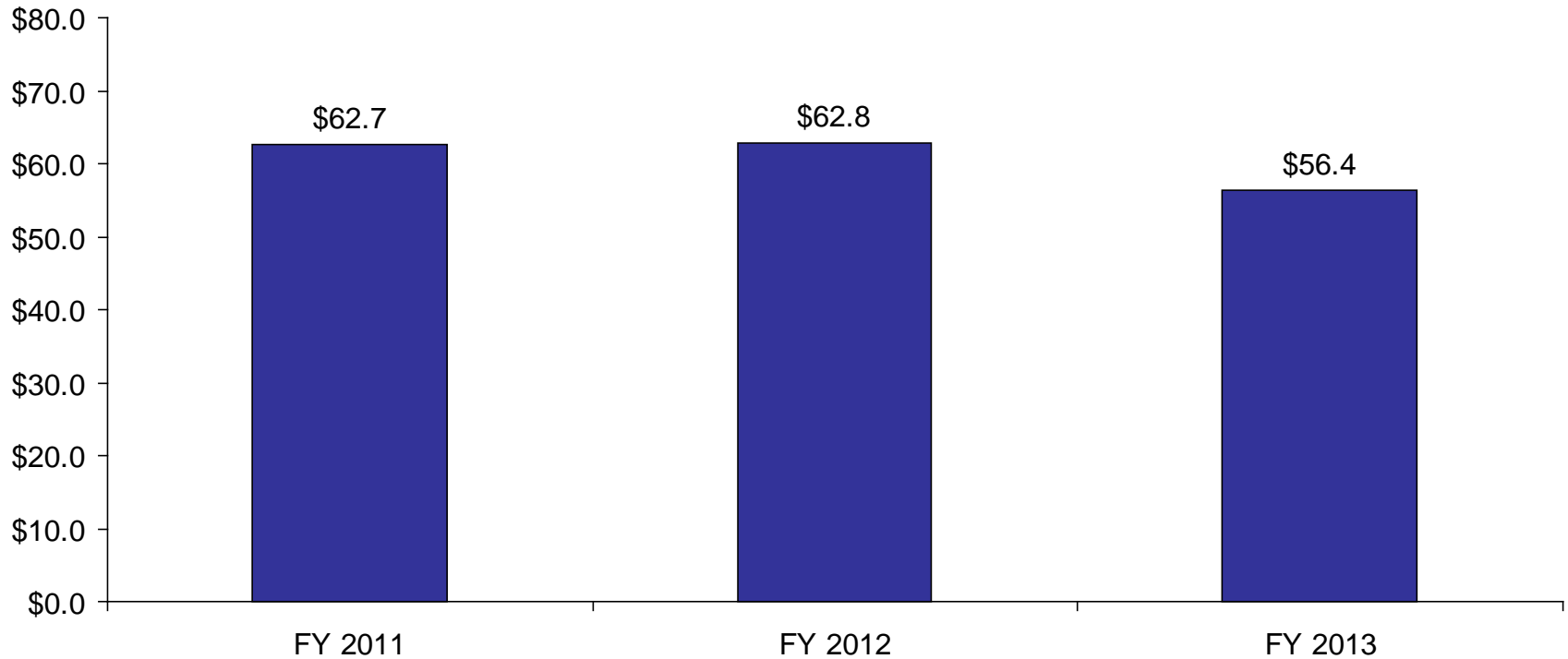
# Power Access Business Overview

- **Business Acquired November 2008**
- **Global Customer Base**
- **Power Sliding Door (PSD)**
- **Power Liftgate (PLG)**
- **Power Deck Lid (PDL)**
- **Power Tonneau Cover (PTC)**
- **Power Cinching Latch & Striker**
- **Touchless Obstacle Detection**

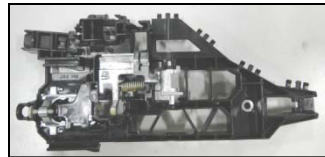
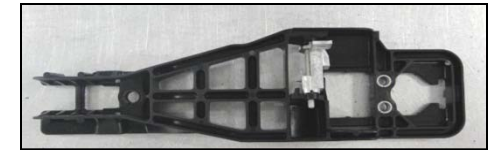
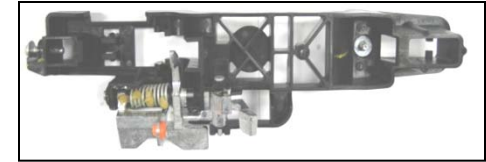
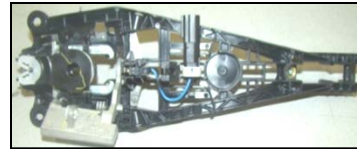




**Sales**  
(in millions of \$)

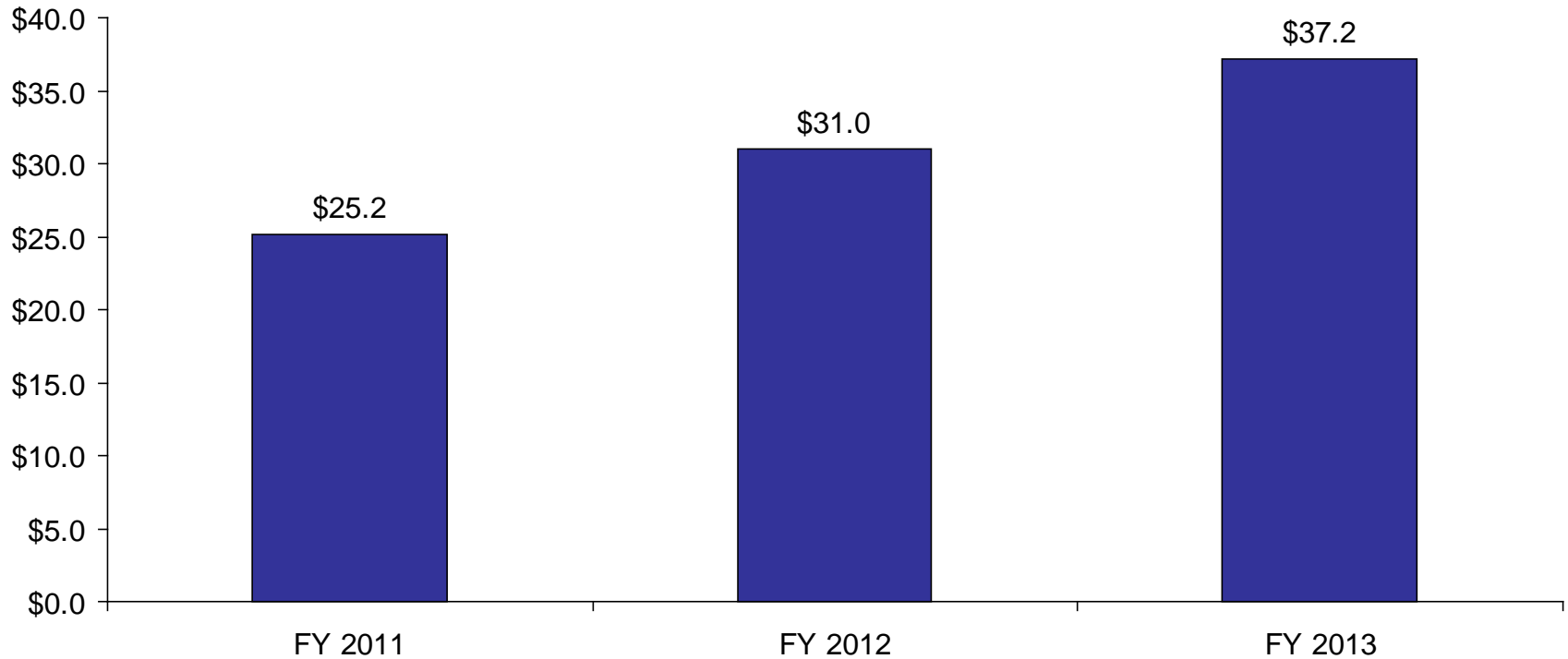


**Fiscal Year Ending June**



- **Joint Venture with ADAC Automotive. Plastic Injection Molding and Assembly.**
- **Established 2007**
- **Light bar with camera for rear view assist.**
- **Door Chassis and inside handles (with electrical switches and mechanical systems).**

### Sales (in millions of \$)



Fiscal Year Ending June



Vehicle Access Systems Technology



VEHICLE ACCESS SYSTEMS TECHNOLOGY



- **Strategic partnership:**

STRATTEC – Wisconsin – public company since 1995, founded 1908, 2663 employees

WITTE – Germany – privately held – founded 1899, 3229 employees

ADAC – Michigan – privately held – founded 1975, 1119 employees

- **Jointly own:**

VAST China – Manufacturing & Engineering

VAST Brazil - Manufacturing

VAST Japan – Sales

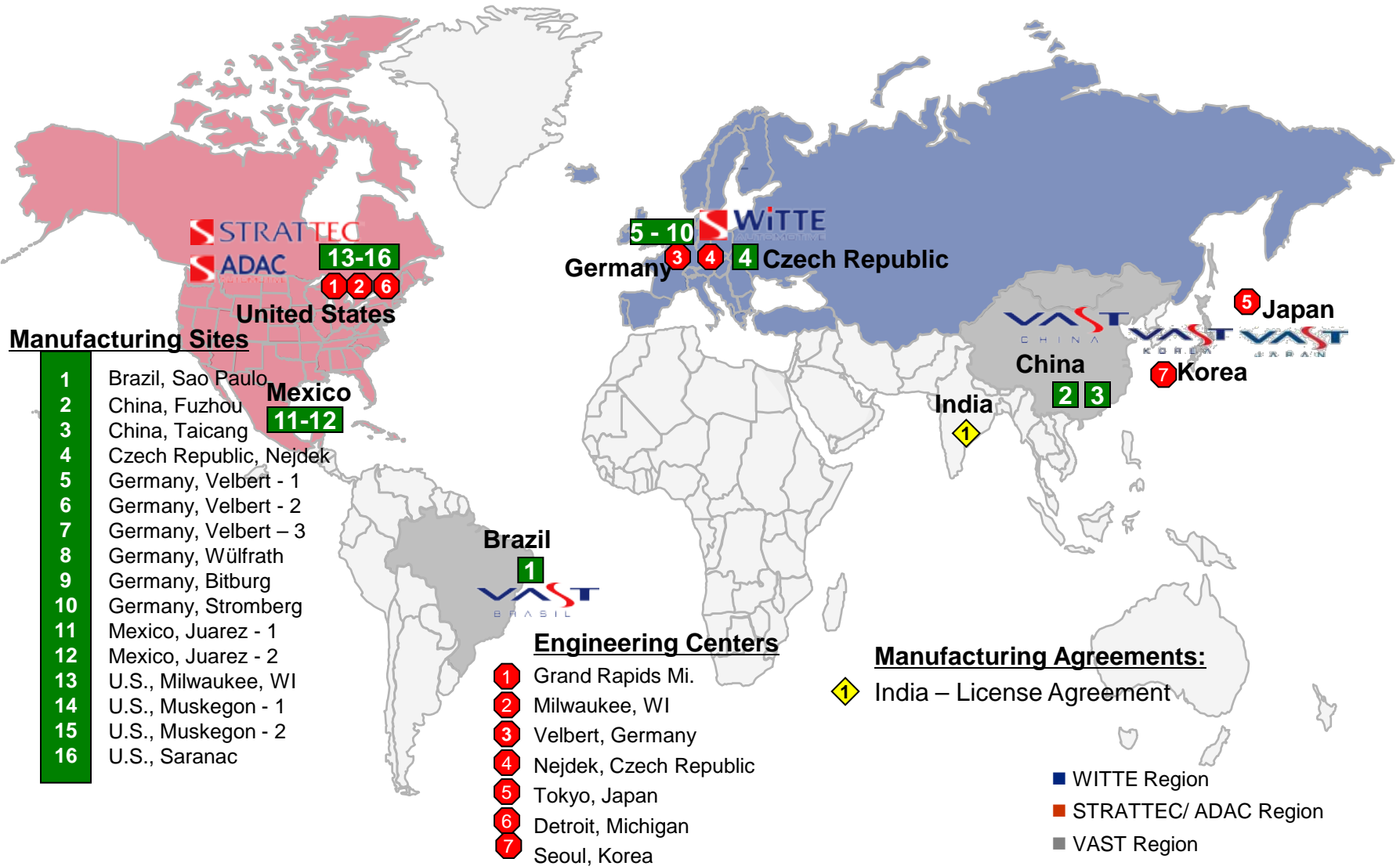
VAST Korea – Sales & Engineering

- **Growth opportunity:**

India

-  is the brand we are using to grow our global business

- \$1.2 billion + sales
- 16 Manufacturing facilities
- 7 Engineering Centers
- Employment over 7,700





ThyssenKrupp



CHRYSLER

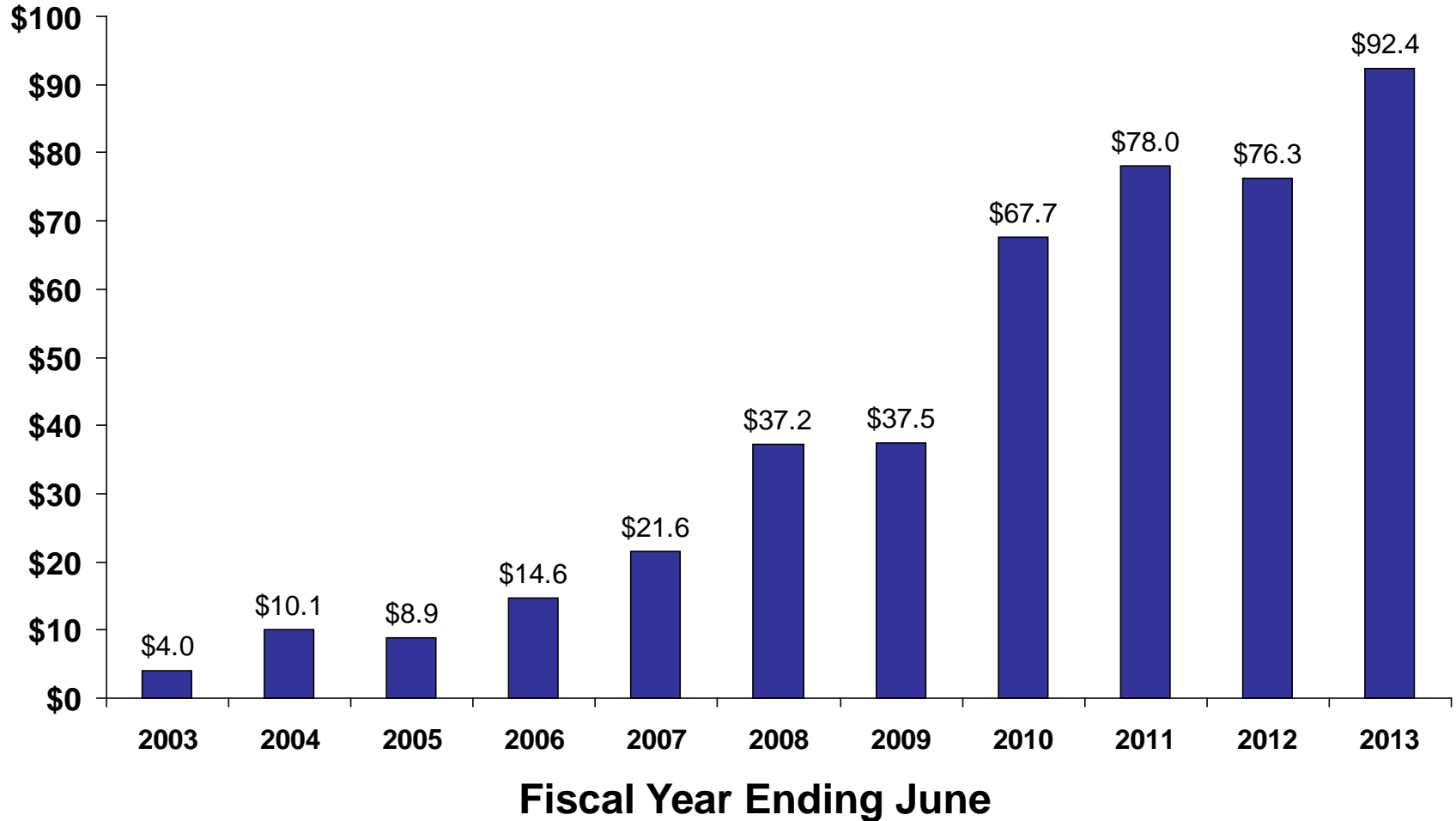




- Witte reorganization
- Strattec reorganization
- VAST staff expanded
- GLOBAL TEAMS
  - Purchasing
  - Manufacturing
  - Technology
  - Finance
- VAST China management changes

In Millions  
Of US Dollars

# Sales Growth



- Change in profitability
- Paint line – investment of \$5 million
  - Many start-up costs and problems
  - Turned profitable second half Strattec fiscal year 2013
  - Projected to be at capacity within 2 years

**150,000 sq. ft. manufacturing facility in Taicang, China.  
Operational September 2011.  
Second facility in Fuzhou.**



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

# Questions?