



## **STRATTEC SECURITY CORPORATION Reports Fiscal First Quarter Results**

October 10, 2002

MILWAUKEE, Wis., Oct 10, 2002 /PRNewswire-FirstCall via COMTEX/ -- STRATTEC SECURITY CORPORATION (Nasdaq: STRT) today reported sales and operating results for the fiscal first quarter ended September 29, 2002.

Net sales for the three months ended September 29, 2002 were \$47.9 million compared to net sales of \$49.5 million for the three months ended September 30, 2001. Net income was \$4.2 million, compared to \$3.7 million in the prior year quarter. Diluted earnings per share for the three months ended September 29, 2002, were \$1.06 compared to \$.88 in the prior year quarter.

STRATTEC's sales in the current quarter were effected by several factors, including higher overall customer vehicle production versus the prior year, offset by the elimination of certain mechanical and electronic content within the Company's lockset products to help reduce vehicle cost, and scheduled price reductions on certain carryover products. Sales in the prior year quarter included the after-effects of a 2001 strike at the Company's Milwaukee facility which resulted in approximately \$1.5 million of past due June orders being shipped in addition to regular quarterly orders.

During the current quarter, sales to General Motors Corporation were \$14.7 million compared to \$15.7 million in the prior year's quarter, Delphi Corporation at \$6.7 million compared to \$7.1 million, DaimlerChrysler Corporation at \$8.3 million compared to \$8.7 million, Ford Motor Company at \$9.4 million compared to \$8.9 million, and Mitsubishi Motor Manufacturing of America, Inc. at \$2.4 million compared to \$2.7 million.

Gross profit margin was 23.7 percent in the current quarter compared to 20.4 percent in the prior year quarter. The gross profit margin improvement was attributed to benefits achieved from our on-going manufacturing process improvements at our Milwaukee, Wisconsin and Juarez, Mexico facilities along with a favorable Mexican peso to U.S. dollar exchange rate. In addition, during the early part of the prior year quarter additional costs were incurred to expedite past due orders and rebuild inventories depleted during the June 2001 strike at the Milwaukee facility that reduced gross profit margins by approximately 2%.

Operating expenses were \$4.6 million in the current quarter, compared to \$4.8 million in the prior year quarter.

During the quarter, 376,200 STRATTEC SECURITY CORPORATION shares were repurchased under the Company's stock repurchase program at a cost of \$16.1 million.

At the Company's 2002 Annual Meeting held October 8, 2002, STRATTEC shareholders re-elected Mr. Michael J. Koss and Mr. John G. Cahill to the company's Board of Directors for additional three-year terms. The shareholders also approved an amendment to the Company's Stock Incentive Plan increasing the number of shares available for distribution under the Plan. At the regularly scheduled meeting of the Company's Board of Directors following the Annual Meeting of Shareholders, additional amendments to the Stock Incentive Plan were approved. These amendments limited the scope of the Plan by eliminating provisions that had not been used, nor were anticipated to be used, relative to Restricted Stock, Deferred Stock and Stock Appreciation Rights. Further, the Plan was amended to prohibit the repricing of granted options.

Harold M. Stratton II, Chairman of the Board and Chief Executive Officer, commented: "The effect of product content and price reductions experienced in our first quarter will continue to impact sales on a comparable basis for the remainder of our fiscal year. However, with the operational process improvements we have put in place and our on-going cost reduction initiatives, we anticipate continuing the favorable profitability we demonstrated in our first quarter, assuming the current strength of the vehicle build schedules continues for the next nine months."

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

	First Quarter Ended	
	September 29, 2002	September 30, 2001
	(Unaudited) □	
Net Sales	\$47,906	\$49,455
Cost of Goods Sold	36,553	39,373
Gross Profit	11,353	10,082
Engineering, Selling & Administrative Expenses	4,611	4,768
Income from Operations	6,742	5,314
Interest Income	98	155
Other Income (Expense), Net	(203)	331
	6,637	5,800
Provision for Income Taxes	2,456	2,146
Net Income	\$ 4,181	\$ 3,654
Earnings Per Share:		
Basic	\$1.08	\$.90
Diluted	\$1.06	\$.88
Average Basic Shares Outstanding	3,877	4,081
Average Diluted Shares Outstanding	3,946	4,153
Other: □		
Capital Expenditures	\$797	\$892
Depreciation & Amortization	\$1,963	\$2,068

STRATTEC SECURITY CORPORATION  
Condensed Balance Sheet Data  
(In Thousands)

	September 29, 2002	June 30, 2002
	(Unaudited) □	
ASSETS □		
Current Assets:		
Cash and cash equivalents	\$17,164	\$34,956
Receivables, Net	32,682	27,860
Inventories	10,960	8,242
Other current assets	10,685	11,189
Total Current Assets	71,491	82,247
Deferred Income Taxes	469	469
Investment in Joint Venture	369	393
Property, Plant and Equipment, Net	37,307	38,531
	\$109,636	\$121,640

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:		
Accounts Payable	\$15,923	\$15,291
Other	15,191	16,234
Total Current Liabilities	31,114	31,525
Borrowings Under Revolving Credit Facility	--	--
Accrued Pension and Post Retirement Obligations	15,876	15,448
Shareholders' Equity	157,755	153,644
Less: Treasury Stock	(95,109)	(78,977)
Total Shareholders' Equity	62,646	74,667
	\$109,636	\$121,640

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