



# Sidoti Small Cap Conference

*September 18, 2024*

**Jennifer Slater** *President and CEO*

**Dennis Bowe** *Vice President and Chief Financial Officer*

[www.strattec.com](http://www.strattec.com)

# Safe Harbor Statement



*Certain statements contained in these slides 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 continuing effects of the coronavirus (COVID-19) pandemic, matters adversely impacting the timing and availability of component parts and raw materials needed 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.*

*This presentation will discuss some non-GAAP financial measures, which the Company believes are useful in evaluating our performance. You should not consider the presentation of this additional information in isolation or as a substitute for results prepared in accordance with GAAP. The Company has provided reconciliations of comparable GAAP to non-GAAP measures.*

*A market leader of a comprehensive range of  
"Smart" Vehicle Power Access and Electronic and Security Solutions,  
serving the global automotive industry*



Nasdaq: STRT

Founded: 1908

Public: 1995

Employees: 3,365

Headquarters: Milwaukee, WI

Facilities: 7

## Key Concepts

*for the automotive world!*

Market Capitalization: \$154M

Recent Closing Price: \$37.64

52 week Low-High: \$20.87-\$39.89

Shares Outstanding: 4.1M

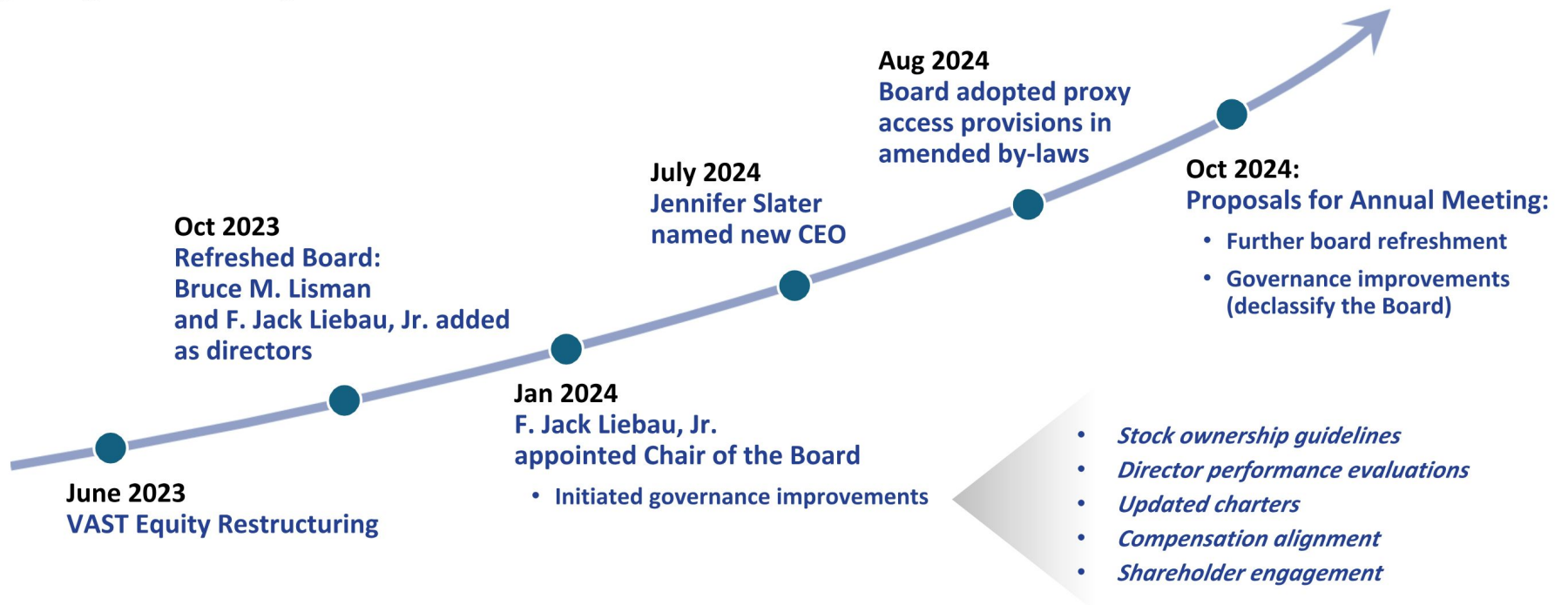
Institutional Ownership: 66%

Insider Ownership: 7%

# Shaping the Future: Key Recent Changes



*Refreshed Board, improved governance, new CEO and defining what the future can become*



# The First 100 days: Listen, Learn, Lead

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## Reasons for joining STRT

- Excellent Board leadership and strengthened governance
- Untapped potential provides opportunities to drive growth and earnings power
- Strong balance sheet
- Strong legacy in the automotive industry
- Solid business with reputation of innovation and strong market positions with broad customer base

## What I found

- Inadequate management operating system
- Lack of predictability in operating and financial performance
- Siloed organization
- Antiquated and disparate information technology systems
- Need to develop strategy to drive sustainable growth

# Setting the Course for the Future



## *Near-term Priorities and Opportunities:*

Develop a culture of accountability and predictable performance

Focus on high value, sustainable products

Continue to optimize our cost structure

Define key competencies to drive future growth organically

Prioritize resources to sustain the future growth of the business

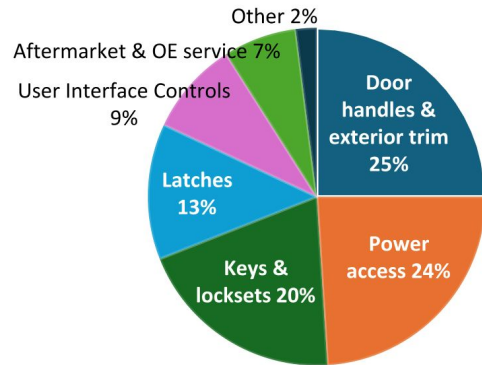
Develop strategic plan to transform the business



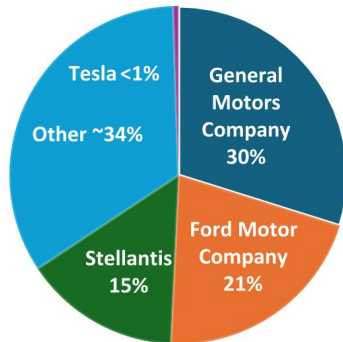
# STRT Today



## Product Mix



## Customer Mix



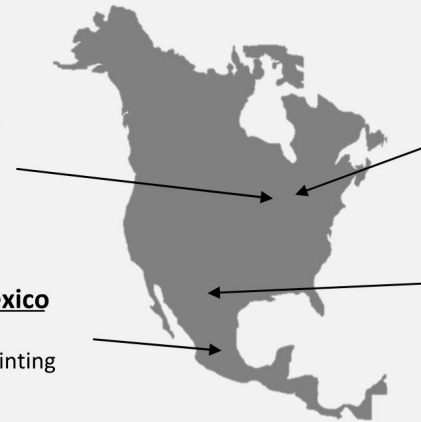
**FY 2024 SALES: \$537.8 MILLION**

### Milwaukee, WI

- STRATTEC Headquarters
- Manufacturing
- Engineering
- Testing

### ADAC STRATTEC de Mexico

- Injection Molding
- Door Handle Mfg and Painting



### Auburn Hills, MI

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

### Mexico Operations, Juarez, Mexico

- Engineering
- Assembly
- Testing

### Core Capabilities

- Design and Engineering
- Injection Molding
- Zinc Die Cast
- Stamping
- Plating
- Assembly

### Global Reach



**Vehicle Access Systems Technology**

- Cooperating partner via Equity Restructuring Agreement: 2023

# Broad Product Portfolio





# Three Core Platform Solutions



## SECURITY & AUTHORIZATION

**Passive Entry  
Passive Start  
Systems**

**Key Fobs &  
Start Stop  
Buttons**

**Locksets &  
Steering Column  
Locks**

**Phone as a Key  
(PAAK) Security  
System**

## VEHICLE ACCESS

**Power Access Solutions**  
Tailgates and liftgate  
Sliding and swing doors  
Decklid and frunk

**Latches**  
Tailgates and liftgate  
Hood and frunk  
Seat back

**Power Access  
Components**

## USER INTERFACE CONTROLS

**Steering Wheel  
Switches**

**Electronic Shifter  
Modules**

**Transmission Paddle  
Shifters**



# Financial Highlights

[www.strattec.com](http://www.strattec.com)

# Pricing and New Products Delivered Sales Growth

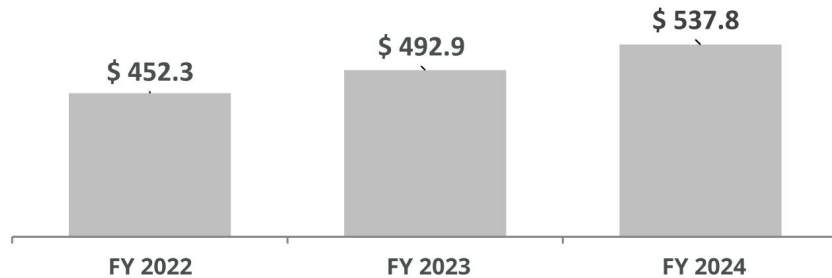


*(\$ in millions; narrative compared with prior-year period unless otherwise noted)*

## SALES BY QUARTER



## SALES BY YEAR



### Q4 FY24

- \$6.9 million of price increases to major OEM customers
- \$3.9 million, or 3% increase, associated with the launch of new product programs

### Other Price Increases by Quarter

*(includes one time and ongoing)*

- Q1 FY24: +\$10.8 million, incl. \$8.0 million one time
- Q2 FY24: +\$8.1 million, incl. \$1.6 million one time
- Q3 FY24: +7.0 million

### FY 2024

- Revenue up \$44.8 million
  - \$23 million in price increases helped offset impact of inflation
  - \$9.7 million in retroactive pricing to address cost increases from prior years
  - Remaining \$12.2 million increase included launch of new customer programs, higher volumes on customer

# Gross Profit and Margin

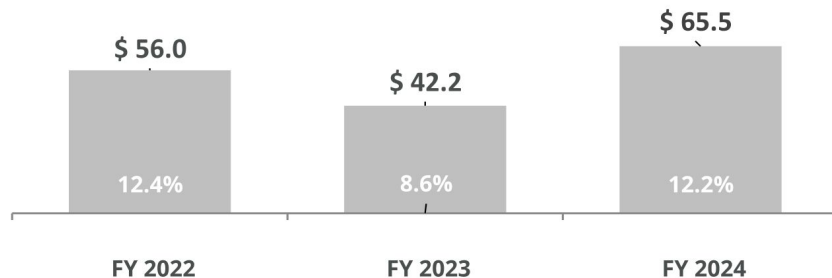


*(\$ in millions; narrative compared with prior-year period unless otherwise noted)*

## QUARTERS



## YEARS



### Q4 FY24

- \$6.3 million, or 370 bps, improvement
  - Price improvement
  - Higher volume
  - Lower raw material costs
- Offsets included increases related to:
  - \$2.1 million in Mexico for wages (mandatory increase)
  - \$1.7 million incentive comp
  - \$1.1 million in warranty costs
  - \$1.0 million in freight for new programs
  - \$0.7 million FX

### FY 2024

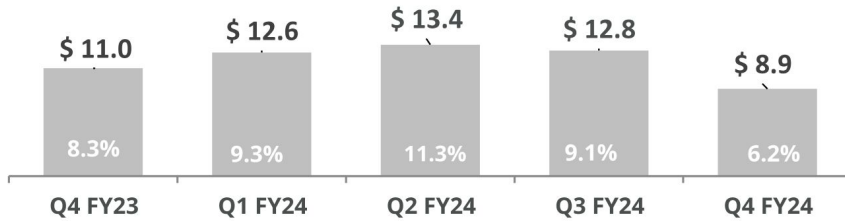
- \$23.3 million increase, or 360 bps expansion
  - Higher sales volume and pricing
  - 130 bps related to \$9.7 million in one-time retroactive pricing after factoring in \$1.7 million of higher prices paid to suppliers
  - More than offset labor inflation, higher warranty costs and FX headwinds

# Engineering, Selling & Admin Expenses (ES&A)

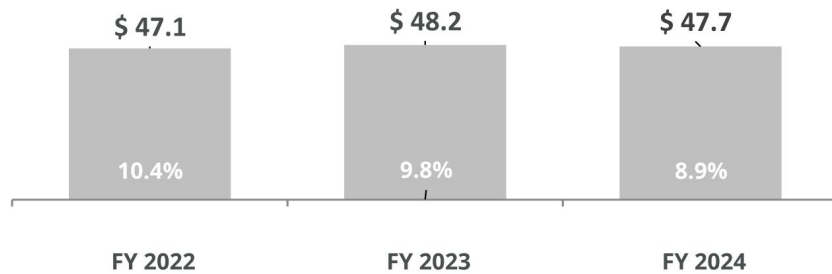


*(\$ in millions; narrative compared with prior-year period unless otherwise noted)*

## QUARTERS



## YEARS



### Q4 FY24

- ES&A as % of sales improved 220 bps to 6.2% of sales
- Includes benefit of \$3.2 million in incremental non-recurring engineering (“NRE”) reimbursement related to large project
- Offset by \$1.1 million increasing annual incentive bonus plan

### FY 2024

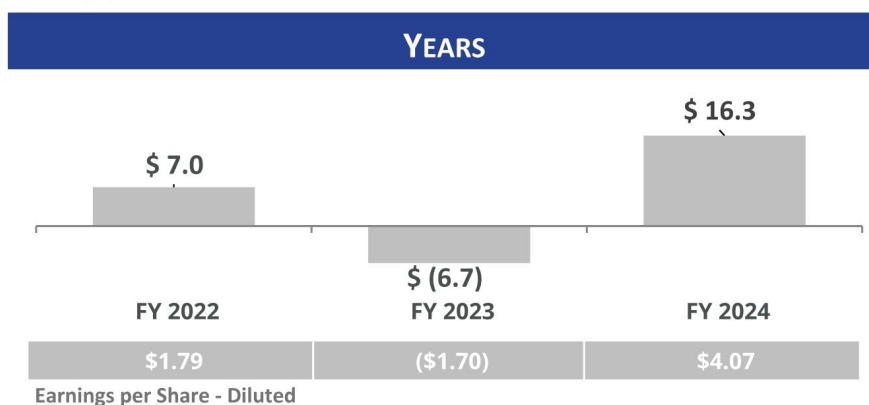
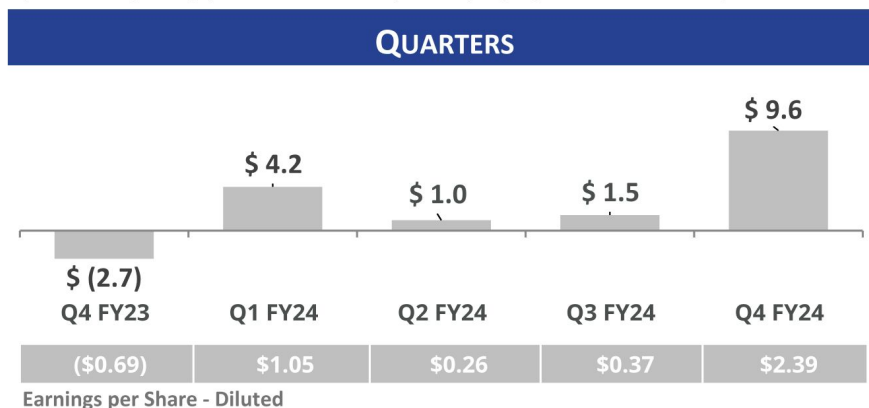
- Improved \$0.5 million
- \$3.2 million incremental NRE reimbursement helped to offset:
  - \$1.9 million in incentive compensation vs. nothing in prior year
  - \$1.0 million for CEO transition



# Net Income and EPS



*(\$ in millions except earnings per share data; narrative compared with prior-year period unless otherwise noted)*



## Q4 FY24

- Incremental non-recurring engineering reimbursement provided \$2.5 million after tax, or \$0.62 per diluted share for the quarter and the year
- FX gains results in Other income of \$2.0 million compared with \$1.1 million loss in prior year

## FY 2024

- One time pricing and non-recurring engineering reimbursement benefits contributed \$7.7 million, or \$1.92 per diluted share
- FY24 effective tax rate of 18.7%

# Strong Balance Sheet with Improved Cash Flow



(\$ in millions; narrative compared with prior-year period unless otherwise noted)

CAPITALIZATION		
	June 30, 2024	July 2, 2023
Cash and cash equivalents	\$ 25.4	\$ 20.6
Total debt	13.0	13.0
Stockholders' equity	225.6	211.0
<b>Total capitalization</b>	<b>\$ 238.6</b>	<b>\$ 224.0</b>
Debt / total capitalization	5.4%	5.8%

	TWELVE MONTHS ENDED	
	June 30, 2024	July 2, 2023
Net cash provided by operating activities	\$ 12.3	\$ 10.1
CapEx	(9.8)	(17.4)
<b>Free cash flow (FCF)<sup>(1)</sup></b>	<b>\$ 2.5</b>	<b>\$ (7.3)</b>

## Financial flexibility

- \$25.4 million in cash
- \$40 million revolver with no borrowings
- \$13 million on JV revolver at ~6.8% in 2024 (ADAC-STRATTEC)

## \$2.2 million increase in operating cash flow

- Improved operating performance
- Lower net working capital

## FY 2025 CapEx expectations

- ~\$15 million
- Supports new product programs and general equipment maintenance

# STRATTEC Investment Rationale



-  Strengthened governance and leadership focused on modernizing operations, upgrading IT systems and developing a strategy to drive growth
-  Solid business with reputation of innovation and strong market positions with broad customer base
-  Relevant engineered technologies designed into several leading vehicle models creating solution stickiness with customers
-  Strong balance sheet to support investment
-  Untapped potential provides opportunity to improve position and deliver sustainable, profitable growth



Nasdaq: STRT

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# Leadership Team

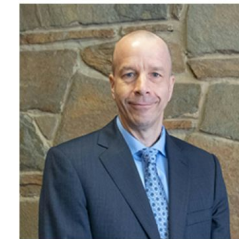
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**Jennifer L. Slater**  
**PRESIDENT AND**  
**CHIEF EXECUTIVE OFFICER**



**Rolando J. Guillot**  
**SENIOR VICE PRESIDENT**  
**CHIEF OPERATIONS OFFICERS**



**Dennis P. Bowe**  
**VICE PRESIDENT**  
**CHIEF FINANCIAL OFFICER**



**Richard P. Messina**  
**VICE PRESIDENT**  
**CHIEF TECHNOLOGY OFFICER**



# Customers



## OEM Manufacturers - Passenger Vehicles



## OEM Manufacturers - Commercial Vehicles



## Tier 1 System Suppliers

