

STRATTEC SECURITY CORP  
Form 10-Q  
February 06, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended December 28, 2014

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 0-25150

STRATTEC SECURITY CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Wisconsin 39-1804239  
(State of Incorporation) (I.R.S. Employer Identification No.)  
3333 West Good Hope Road, Milwaukee, WI 53209

(Address of Principal Executive Offices)

(414) 247-3333

Edgar Filing: STRATTEC SECURITY CORP - Form 10-Q

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES  NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Common stock, par value \$0.01 per share: 3,587,151 shares outstanding as of December 28, 2014 (which number includes all restricted shares previously awarded that have not vested as of such date).

## STRATTEC SECURITY CORPORATION

## FORM 10-Q

December 28, 2014

## INDEX

	Page
Part I - FINANCIAL INFORMATION	
Item 1	
<u>Financial Statements</u>	
<u>Condensed Consolidated Statements of Income and Comprehensive Income</u>	3
<u>Condensed Consolidated Balance Sheets</u>	4
<u>Condensed Consolidated Statements of Cash Flows</u>	5
<u>Notes to Condensed Consolidated Financial Statements</u>	6-14
Item 2	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	15-22
Item 3	
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	23
Item 4	
<u>Controls and Procedures</u>	24
Part II - OTHER INFORMATION	
Item 1	
<u>Legal Proceedings</u>	25
Item 1A	
<u>Risk Factors</u>	25
Item 2	
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	25
Item 3	
<u>Defaults Upon Senior Securities</u>	25
Item 4	
<u>Mine Safety Disclosures</u>	25
Item 5	
<u>Other Information</u>	25
Item 6	
<u>Exhibits</u>	25
PROSPECTIVE INFORMATION	

A number of the matters and subject areas discussed in this Form 10-Q 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," "would," "expect," "intend," "may," "planned," "potential," "will," and "could," or the negative of these terms or words of similar meaning. These statements include expected future financial results, product offerings, global expansion, liquidity needs, financing ability, planned capital expenditures, management's or the Company's expectations and beliefs, and similar matters discussed in this Form 10-Q. The discussions of such matters and subject areas are qualified by the inherent risks and uncertainties surrounding future expectations generally, and also may materially differ from the Company's actual future experience.

The Company's business, operations and financial performance are subject to certain risks and uncertainties, which could result in material differences in actual results from the Company's current expectations. These risks and uncertainties include, but are not limited to, 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, fluctuations in costs of operations (including fluctuations in the cost of raw materials) and other matters described in the section titled "Risk Factors" in the Company's Form 10-K report filed on September 5, 2014 with the Securities and Exchange Commission for the year ended June 29, 2014.

Edgar Filing: STRATTEC SECURITY CORP - Form 10-Q

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 Form 10-Q 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 Form 10-Q.

---

## Item 1 Financial Statements

## STRATTEC SECURITY CORPORATION AND SUBSIDIARIES

## Condensed Consolidated Statements of Income and Comprehensive Income

(In Thousands, Except Per Share Amounts)

(Unaudited)

	Three Months Ended		Six Months Ended	
	December 29, 2014	December 29, 2013	December 29, 2014	December 29, 2013
Net sales	\$ 101,990	\$ 81,484	\$ 224,232	\$ 161,079
Cost of goods sold	83,538	65,541	177,723	130,621
Gross profit	18,452	15,943	46,509	30,458
Engineering, selling and administrative expenses	10,490	9,250	23,677	18,720
Income from operations	7,962	6,693	22,832	11,738
Interest income	43	21	65	27
Equity (loss) earnings of joint ventures	(121)	297	69	591
Interest expense	(11)	(15)	(22)	(29)
Other income (expense), net	1,823	(54)	2,611	225
Income before provision for income taxes and non-controlling interest	9,696	6,942	25,555	12,552
Provision for income taxes	2,795	2,261	8,314	4,017
Net income	6,901	4,681	17,241	8,535
Net income attributable to non-controlling interest	1,123	808	2,163	1,451
Net income attributable to STRATTEC SECURITY CORPORATION	\$ 5,778	\$ 3,873	\$ 15,078	\$ 7,084
Comprehensive Income:				
Net income	\$ 6,901	\$ 4,681	\$ 17,241	\$ 8,535
Pension and postretirement plans, net of tax	428	434	856	869
Currency translation adjustments	(2,590)	197	(3,442)	(139)
Other comprehensive (loss) income, net of tax	(2,162)	631	(2,586)	730
Comprehensive income	4,739	5,312	14,655	9,265
Comprehensive income attributable to non-controlling interest	965	817	1,941	1,440
Comprehensive income attributable to STRATTEC SECURITY CORPORATION	\$ 3,774	\$ 4,495	\$ 12,714	\$