

STRATTEC SECURITY CORP
Form 10-Q
February 04, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended December 27, 2015

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

(Registrant's Telephone Number, Including Area Code)

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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: 3,637,339 shares outstanding as of December 28, 2015 (which number includes all restricted shares previously awarded that have not vested as of such date).

STRATTEC SECURITY CORPORATION

FORM 10-Q

December 27, 2015

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>	6-17
Item 2 <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	18-27
Item 3 <u>Quantitative and Qualitative Disclosures About Market Risk</u>	28
Item 4 <u>Controls and Procedures</u>	30
Part II - OTHER INFORMATION	
Item 1 <u>Legal Proceedings</u>	31
Item 1A <u>Risk Factors</u>	31
Item 2 <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	31
Item 3 <u>Defaults Upon Senior Securities</u>	31
Item 4 <u>Mine Safety Disclosures</u>	31
Item 5 <u>Other Information</u>	31
Item 6 <u>Exhibits</u>	31
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, changes in warranty provisions and customers' product recall policies, foreign currency fluctuations, costs of operations, the volume and scope of product returns and warranty claims and other matters described in the section titled "Risk Factors" in the Company's Form 10-K report filed on September 4, 2015 with the Securities and Exchange Commission for the year ended June 28, 2015.

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	December	December	December
	27,	28,	27,	28,
	2015	2014	2015	2014
Net sales	\$102,511	\$101,990	\$199,024	\$224,232
Cost of goods sold	83,901	83,538	163,915	177,723
Gross profit	18,610	18,452	35,109	46,509
Engineering, selling and administrative expenses	11,196	10,490	21,770	23,677
Income from operations	7,414	7,962	13,339	22,832
Interest income	8	43	15	65
Equity (loss) earnings of joint ventures	(22)	(121)	(315)	69
Interest expense	(23)	(11)	(44)	(22)
Other income, net	350	1,823	318	2,611
Income before provision for income taxes and non-controlling interest				
interest	7,727	9,696	13,313	25,555
Provision for income taxes	2,514	2,795	4,268	8,314
Net income	5,213	6,901	9,045	17,241
Net income attributable to non-controlling interest	1,810	1,123	2,369	2,163
Net income attributable to STRATTEC SECURITY CORPORATION	\$3,403	\$5,778	\$6,676	\$15,078
Comprehensive Income:				
Net income	\$5,213	\$6,901	\$9,045	\$17,241
Pension and postretirement plans, net of tax	364	428	728	856
Currency translation adjustments	(488)	(2,590)	(3,355)	(3,442)
Other comprehensive loss, net of tax	(124)	(2,162)	(2,627)	(2,586)
Comprehensive income	5,089	4,739	6,418	14,655
Comprehensive income attributable to non-controlling interest	1,779	965	2,179	1,941
Comprehensive income attributable to STRATTEC SECURITY CORPORATION	\$3,310	\$3,774	\$4,239	\$12,714
Earnings per share attributable to STRATTEC SECURITY				

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CORPORATION:

Basic	\$0.95	\$1.62	\$1.87	\$4.25
Diluted	\$0.93	\$1.58	\$1.83	\$4.13
Average shares outstanding:				
Basic	3,563	3,518	3,553	3,507
Diluted	3,624	3,612	3,621	