

March 6, 2015

SN VALUATION [Stocks, Real Estate, Bonds]

Strattec (STRT)

Price:	\$67.28
Shares Outstanding:	3,520,000
Market Cap:	\$236,825,600
Cash:	\$19,840,000
Debt:	\$0
Net Cash:	\$19,840,000
Enterprise Value:	\$216,985,600

Net Tang. Bk Value Incl. Cash, Excl.	\$147,070,000
Goodwill (NTBVIC):	
NTBVIC/Market Downside Recovery:	62.10%
Op. Cash Flow:	\$20,309,900
Implied Years to Fill Gap:	4.42
Today's Equity if 5x Op. CF:	\$207,999,699

Net Tang. Book Yr. 5 (Inc. Cash):	\$209,634,559.59
Avg. Year Op. Cash:	\$21,557,661.87
Year 5 Disposition FCF Multiple:	3.0
Year 5 Disposition Price:	\$274,307,545.18

Net Tang. Book+ Gain Disposition:	\$274,307,545.18
IRR:	2.98%

Price:	\$77.93
Target Market Cap:	\$274,307,545
Target Enterprise Value:	\$254,467,545

* Our future intrinsic value measures the total return, which includes both capital appreciation and dividend income.

The Co. is a 1) door and ignition key, 2) steering, 3) sliding door, and additional components for cars.

Margins are steady, with growth in the single/low double digits.

No debt, generates about \$20MM in operating cashflow, reinvests \$12 MM in capex, and the remaining \$2MM goes to dividend and the balance goes to cash, or other misc. items. \$20MM in cash, but \$15MM is designated to be reinvested in Mexico, so \$5MM discretionary cash.

We are concerned over the high level of A/R and inventory, which accounts for 50% of assets, but the A/R turnover is near historic levels, so no major concern.

Secular trend improvement in the auto sector has allowed STRT to piggyback on the improvement. 70% of sales from GM, Ford, Chrysler. 230 of 3,200 employees are in a union.

Products are not high tech items. Essentially, locks, and compartment locks. There is an assembly plant in Wisconsin, and engineering/R&D in Michigan, but we believe the bulk of the manual labor is in their Mexico plant, which is expanding, a good sign.

At least 50% of stock owned by institutional investors.

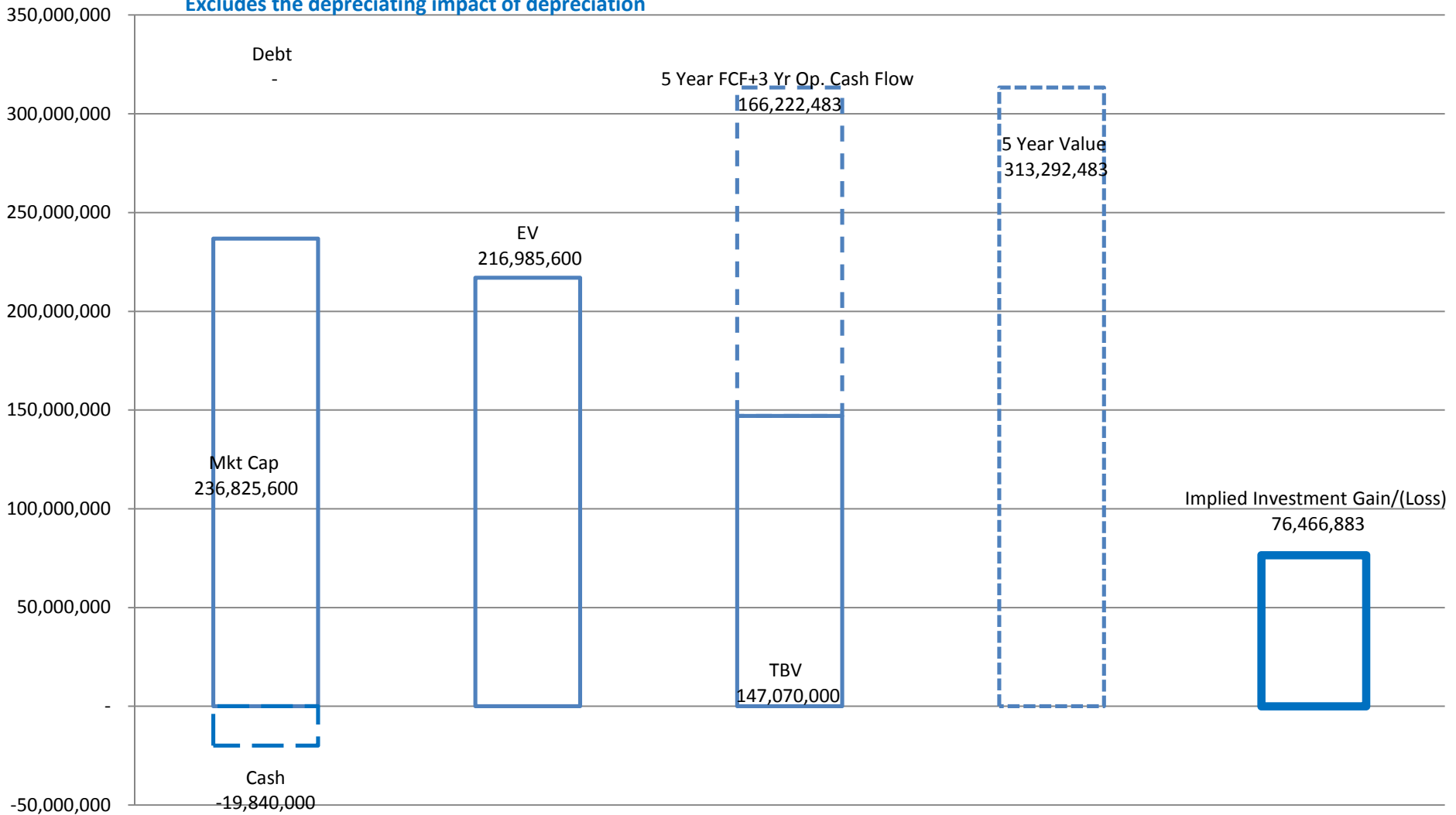
The stock itself is a good value proposition, but not sure of the sector, since it is a very cyclical business and not hedged against the market nor economy. However, for a short-term investment, it seems compelling.



	Year Ended	
	June 29, 2014	June 30, 2013
Chrysler Group LLC	\$ 117.5	\$ 95.5
General Motors Company	79.5	57.0
Ford Motor Company	46.6	44.8
Tier 1 Customers	61.6	57.4
Commercial and Other OEM Customers	36.0	33.2
Hyundai / Kia	7.2	10.3
Total	\$ 348.4	\$ 298.2

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Excludes the depreciating impact of depreciation



Error

Company Name:	Strattec
Ticker Symbol:	STRT
Last Price:	\$67.28
Net Cash/Share:	\$5.64
Net Cash to Last Price:	8.38%
Shares Outstanding:	3,520,000
Industry:	Auto Parts
Sector:	Consumer Cyclical
Institutional Ownership:	#VALUE!
Mutual Fund Ownership:	#VALUE!
Insider Ownership:	#VALUE!
Float:	#VALUE!

Technicals	
52 week low:	Error
Today from 52 week low:	#VALUE!
52 week high:	Error
Today from 52 week high:	#VALUE!

Analyst/Consensus	
Analyst Sales Growth FY1:	13.00%
Analyst Sales Growth FY2:	2.30%
SN Valuation Estimate FY1:	3.00%
SN Valuation Estimate FY2:	3.00%

Analyst Earnings Estimate FY1:	\$6.56
Analyst Earnings Estimate FY2:	\$5.85
SN Valuation Earnings Est. FY1:	\$3.35
SN Valuation Earnings Est. FY2:	\$3.45

Multiples	
Market Value to Book:	1.61
EV to Book:	1.48
Market Value to Tangible Net Assets:	2.02
P/E Ratio:	9.84
Trailing P/E Ratio:	10.01
Forward P/E Ratio:	11.50
Beta:	Error
Dividend:	0.48
Dividend Yield:	0.71%
Dividend Date:	Mar 27, 2015
Ex-Dividend Date:	Mar 11, 2015

Competitors	
Average EV to EBITDA:	N/A
Company EV to EBITDA:	6.24
Average EV to EBIT:	N/A
Company EV to EBITA:	8.18

Market Capitalization:	\$236,825,600.00
Total Debt:	\$0.00
RCH Total Cash:	\$19,840,000.00
Net Cash/(Debt):	\$19,840,000.00
Enterprise Value:	\$216,985,600.00
RCH Current EV/Share:	\$61.64
EBITDA:	\$34,800,000.00
EV/EBITDA Multiple:	6.24
EV/EBITDA Multiple Average Year 1-5:	7.72
EV/FCF Multiple (excluding acquisition):	-169.52
	25.36

Upper Range
DCF: EV/EBITDA Terminal Value

Implied TV from 3 X EV/EBITDA Multiple	\$60,587,140.95
Enterprise Value	\$60,587,140.95
Cash at Year 5:	\$62,628,309.33
Debt at Year 5:	\$0.00
Equity Value Year 5:	\$123,215,450.27
Equity/Share at Year 5:	\$35.00
Annualized Return:	-12.25%

Lower Range
DCF: Net Tangible Asset excluding Cash/Debt Terminal Value

Year 5 Net Tangible Assets excluding cash and debt	\$119,750,000.00
Enterprise Value	\$119,750,000.00
Cash at Year 5:	\$62,628,309.33
Debt at Year 5:	\$0.00
Equity Value Year 5:	\$182,378,309.33
Equity/Share at Year 5:	\$51.81
Annualized Return:	-5.09%

EVA

EVA today:	\$149,255,818.84
EVA in 5 Years:	\$133,805,005.61
EVA/Share:	\$38.01
Cash at Year 5:	\$62,628,309.33
Debt at Year 5:	\$0.00
Equity Value Year 5:	\$196,433,314.94
Equity/Share at Year 5:	\$55.80
Annualized return	-2.16%

Current Net Tangible Asset

Net Tangible Asset/Share:	\$41.12
Net Tangible Asset/Share in Year 5:	\$58.89
Annualized return	7.45%

Current Equity Price:	\$67.28
Selling at Discount?	Premium
Appreciation Potential:	-38.88%

Income Statement

Revenue:	\$411,570,000.00	100.0%
Cost of Goods Sold:	\$345,770,000.00	84.0%
Gross Profit:	\$65,800,000.00	16.0%
EBITDA:	\$45,980,000.00	11.2%
Net Income:	\$24,060,000.00	5.8%

Balance Sheet

Cash:	\$19,840,000.00
Short Term Investment:	\$0.00
A/R:	\$68,000,000.00
PP&E:	\$68,000,000.00
Assets:	\$233,200,000.00

A/P:	\$36,000,000.00
Deferred Tax:	\$5,180,000.00
Other Liabilities:	\$47,280,000.00
Short term Debt:	\$0.00
Long Term Debt:	\$0.00
Liabilities:	\$88,460,000.00

Retained Earnings:	\$195,000,000.00
Paid-In Capital:	\$88,070,000.00
Treasury Stock:	-\$136,000,000.00
Stockholder's Equity:	\$147,070,000.00

Cash Flow

Net Income:	19,140,000.00
Depreciation/Amortization:	8,270,000.00
Change in Working capital:	-17,540,000.00
Cash from Operating Activities:	11,520,000.00

Capital Expenditures:	-12,810,000.00
Cash from Investing Activities:	-13,030,000.00

Total Cash Dividends Paid:	-1,540,000.00
Issuance (Retirement) of Stock:	2,740,000.00
Issuance (Retirement) of Debt:	1,250,000.00
Cash from Financing Activities:	960,000.00

Profitability Margins

Debt to Equity:	0.00%
Return on Assets:	7.04%
Return on Capital:	11.16%
Return on Equity:	11.16%

SN VALUATION

LBO Pro Forma Income Statement

Name:

Strattec

Ticker:

STRT

	Historical				Forecasted				
	53 weeks ending 2011-07-03	52 weeks ending 2012-07-01	52 weeks ending 2013-06-30	52 weeks ending 2014-06-29	2014	2015	2016	2017	2018
Revenue	260.93	279.23	298.18	348.42	358.87	369.64	380.73	392.15	403.91
COGS	218.77	228.97	244.31	282.62	294.28	303.10	312.20	321.56	331.21
Gross margin	42.16	50.26	53.87	65.80	64.60	66.53	68.53	70.59	72.70
SG&A	33.44	33.92	37.08	39.27	46.85	48.05	49.49	50.98	52.51
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Included within COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	8.72	16.34	16.79	26.53	17.94	18.48	19.04	19.61	20.20
Interest income/(expense)	1.02	-0.75	-0.09	1.19	0.20	0.20	0.20	0.20	0.20
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.39	0.25	0.18	0.10	0.00	0.00	0.00	0.00	0.00
Income before tax	10.13	15.84	16.88	27.81	18.14	18.68	19.23	19.81	20.39
Tax	2.54	3.59	5.37	8.67	6.35	6.54	6.73	6.93	7.14
Income after tax	7.59	12.25	11.51	19.14	11.79	12.14	12.50	12.87	13.26
Minority Interest	-2.17	-3.46	-2.14	-2.72	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	5.42	8.79	9.38	16.42	11.79	12.14	12.50	12.87	13.26
*Figures are in millions (\$)									
EPS (based off today's share count)	\$1.54	\$2.50	\$2.66	\$4.66	\$3.35	\$3.45	\$3.55	\$3.66	\$3.77
P/E (historical today's price; forecasted intrinsic price)	43.69	26.94	25.25	14.42	20.68	20.69	20.69	20.69	20.69
Revenue Growth	N/A	7.01%	6.79%	16.85%	3.00%	3.00%	3.00%	3.00%	3.00%
Tax Rate	25.07%	22.66%	31.81%	31.18%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	55.14%	0.00%	-4.00%	47.60%	NA	NA	NA	NA	NA
Margins									
COGS	83.84%	82.00%	81.93%	81.11%	82.00%	82.00%	82.00%	82.00%	82.00%
Gross margin	16.16%	18.00%	18.07%	18.89%	18.00%	18.00%	18.00%	18.00%	18.00%
SG&A	12.82%	12.15%	12.44%	11.27%	13.00%	13.00%	13.00%	13.00%	13.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Included within COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	3.34%	5.85%	5.63%	7.61%	5.00%	5.00%	5.00%	5.00%	5.00%
Interest income/(expense)	0.39%	-0.27%	-0.03%	0.34%	0.06%	0.05%	0.05%	0.05%	0.05%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.15%	0.09%	0.06%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	3.88%	5.67%	5.66%	7.98%	5.06%	5.05%	5.05%	5.05%	5.05%
Tax	0.97%	1.29%	1.80%	2.49%	1.77%	1.77%	1.77%	1.77%	1.77%
Income after tax	2.91%	4.39%	3.86%	5.49%	3.29%	3.28%	3.28%	3.28%	3.28%
Minority Interest	-0.83%	-1.24%	-0.72%	-0.78%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income	2.08%	3.15%	3.15%	4.71%	3.29%	3.28%	3.28%	3.28%	3.28%

	As of 2011-07-03	As of 2012-07-01	As of 2013-06-30	As of 2014-06-29	As of 2014-12-28	Adjustment		Adjusted Proforma	2014	2015	2016	2017	2018
						+	-						
Cash	17.25	17.49	20.31	19.76	19.84			19.84	27.1498995	35.07	43.60	52.79	62.63
Short term investment	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	17.25	17.49	20.31	19.76	19.84			19.84	27.15	35.07	43.60	52.79	62.63
Accounts Receivable	39.65	44.50	47.51	68.82	68.00			68.00	68.00	68.00	68.00	68.00	68.00
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	39.65	44.50	47.51	68.82	68.00			68.00	68.00	68.00	68.00	68.00	68.00
Total Inventory	24.92	25.67	26.59	30.50	38.89			38.89	38.89	38.89	38.89	38.89	38.89
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Current Assets	12.58	13.64	12.09	16.56	16.14			16.14	16.14	16.14	16.14	16.14	16.14
Current Assets	94.40	101.30	106.50	135.64	142.87	0.00	0.00	142.87	150.1798995	158.10	166.63	175.82	185.66
PP&E, Gross	141.36	152.01	163.44	187.11	188.00			188.00	201.00	214.00	227.00	240.00	253.00
Change in Depreciation	6.62	6.81	7.49	8.27	8.27			8.27	8.52	8.77	9.04	9.31	9.59
Accumulated Depreciation	100.73	105.68	112.02	119.83	120.00			120.00	128.52	137.29	146.33	155.64	165.22
PP&E, Net	40.63	46.33	51.42	67.28	68.00			68.00	72.48	76.71	80.67	84.36	87.78
Goodwill	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	0.64	0.54	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term investments	7.28	8.14	9.17	9.98	10.69			10.69	10.69	10.69	10.69	10.69	10.69
Other long term assets	3.64	9.74	2.42	11.64	11.64			11.64	11.64	11.64	11.64	11.64	11.64
Long Term Assets	52.19	64.75	63.01	88.90	90.33			90.33	94.81	99.04	103.00	106.69	110.11
Total Assets	146.59	166.05	169.51	224.54	233.20	0.00	0.00	233.20	244.99	257.13	269.64	282.51	295.76
Accounts Payable	22.85	24.15	25.54	36.05	36.00			36.00	36.00	36.00	36.00	36.00	36.00
Accrued Expense	24.55	29.89	22.93	29.21	30.00			30.00	30.00	30.00	30.00	30.00	30.00
Other current Liabilities	1.73	2.93	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Current Liabilities	49.13	56.97	48.47	65.26	66.00	0.00	0.00	66.00	66.00	66.00	66.00	66.00	66.00
Notes Payables/Short Term Debt	1.85	0.00	2.25	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current port. Of LT Debt/Capital Leases	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	0.00	0.00	0.00	2.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Lease Obligations	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Interest Earning Debt	1.85	0.00	2.25	2.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Income tax	0.00	0.00	1.01	5.13	5.18			5.18	5.18	5.18	5.18	5.18	5.18
Minority Interest	3.85	6.85	7.66	9.40	10.46			10.46	10.46	10.46	10.46	10.46	10.46
Other liabilities	7.04	21.67	5.89	5.24	6.82			6.82	6.82	6.82	6.82	6.82	6.82
Total Liabilities	61.87	85.49	65.28	87.53	88.46	0.00	0.00	88.46	88.46	88.46	88.46	88.46	88.46
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	0.07	0.07	0.07	0.07	0.07		0.00	0.07	0.07	0.07	0.07	0.07	0.07
Additional Paid-in capital	79.77	80.62	82.68	87.05	88.00	0.00	0.00	88.00	88.00	88.00	88.00	88.00	88.00
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	164.14	171.59	179.61	194.50	195.00			195.00	206.79	218.93	231.44	244.31	257.56
Treasury Stock	-136.01	-135.97	-135.94	-135.92	-136.00		0.00	-136.00	-136.00	-136.00	-136.00	-136.00	-136.00
Other Equity	-21.75	-35.76	-22.21	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Equity	86.22	80.55	104.21	125.50	147.07	0.00	0.00	147.07	158.86	171.00	183.51	196.38	209.63
Liability + Equity	148.09	166.04	169.49	213.03	235.53	0.00	0.00	235.53	247.32	259.46	271.97	284.84	298.09
Variance	-1.50	0.01	0.02	11.51	-2.33			-2.33	-2.33	-2.33	-2.33	-2.33	-2.33
Debt/Equity	0.02	0.00	0.02	0.02	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Inventory Turnover	10.47	10.88	11.21	11.42	9.23			8.96	9.23	9.50	9.79	10.08	10.39
Inventory Turnover Days	34.86	33.55	32.55	31.95	39.55			40.74	39.55	38.40	37.28	36.20	35.14
Days Inventory Outstanding	41.58	40.92	39.73	39.39	48.24			50.23	48.24	46.83	45.47	44.14	42.86
Accounts Receivable Turnover	6.58	6.27	6.28	5.06	5.28			5.12	5.28	5.44	5.60	5.77	5.94
Accounts Receivable Turnover Days	55.46	58.17	58.16	72.09	69.16			71.24	69.16	67.15	65.19	63.29	61.45
Days Payable Outstanding	38.12	38.50	38.16	46.56	44.65			46.49	44.65	43.35	42.09	40.86	39.67
Days Sales Outstanding	55.46	58.17	58.16	72.09	69.16			72.09	71.24	69.16	67.15	65.19	63.29
Cash Conversion Cycle	58.92	60.59	59.73	64.93	72.75			75.83	74.82	72.64	70.53	68.47	66.48
Net tangible assets/share	\$24.31	\$22.73	\$29.61	\$35.65	\$41.78			\$45.13	\$48.58	\$52.13	\$55.79	\$59.56	\$59.56

	53 weeks ending 2011-07-03	52 weeks ending 2012-07-01	52 weeks ending 2013-06-30	52 weeks ending 2014-06-29	2014	2015	2016	2017	2018
Net Income	7.59	12.25	11.51	19.14	11.79	12.14	12.50	12.87	13.26
Depreciation	6.62	6.81	7.49	8.27	8.52	8.77	9.04	9.31	9.59
Net Income + Depreciation	14.21	19.06	19.00	27.41	20.31	20.92	21.54	22.18	22.84
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	-0.18	0.05	3.85	1.45	0.00	0.00	0.00	0.00	0.00
Non Cash Items	-0.03	1.28	1.29	0.21	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-5.63	-3.16	-8.47	-17.54	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-4.85	-3.01	-21.31	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	-0.75	-0.92	-3.91	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	1.30	1.39	10.51	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	8.37	17.23	15.67	11.53	20.31	20.92	21.54	22.18	22.84
Capital Expenditures Expenditures	-9.53	-13.56	-12.52	-12.81	-13.00	-13.00	-13.00	-13.00	-13.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	1.74	-0.18	-0.87	-0.21	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-7.79	-13.74	-13.39	-13.02	-13.00	-13.00	-13.00	-13.00	-13.00
Financing Cash flow items	0.01	-0.40	-2.06	-1.49	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-3.99	-1.34	-1.35	-1.54	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	0.09	0.08	0.82	2.74	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	-1.15	-1.85	3.25	1.25	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-5.04	-3.51	0.66	0.96	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	-0.16	0.24	-0.12	-0.01	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	21.87	17.25	17.49	20.31	19.84	27.15	35.07	43.60	52.79
Net Change in Cash	-4.62	0.24	2.82	-0.55	7.31	7.92	8.54	9.18	9.84
Ending Cash Balance	17.25	17.49	20.31	19.76	27.15	35.07	43.60	52.79	62.63
Capex to Revenue	3.65%	4.86%	4.20%	3.68%	3.62%	3.52%	3.41%	3.32%	3.22%
Depreciation to Sales	2.54%	2.44%	2.51%	2.37%	2.37%	2.37%	2.37%	2.37%	2.37%
Amortization to Sales	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A/R to Sales	15.20%	15.94%	15.93%	19.75%	19.18%	18.62%	18.08%	17.55%	17.04%
Distributable FCF/EV Yield	0.27%	1.61%	1.05%	-0.69%	3.37%	3.65%	3.94%	4.23%	4.54%
Dividend Yield	-1.68%	-0.57%	-0.57%	-0.65%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	2.83	5.01	4.50	0.26	7.31	7.92	8.54	9.18	9.84

SN VALUATION

LBO Debt Schedule

Ticker:

STRT

	Proforma	2014	2015	2016	2017	2018
Net Change in Cash	-0.55	7.31	7.92	8.54	9.18	9.84
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	0.00	0.00	0.00	0.00	0.00	0.00
Current Portion Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		5.00%	5.00%	5.00%	5.00%	5.00%
Interest Rate		8.00%	8.00%	8.00%	8.00%	8.00%
Interest Expense		0.00	0.00	0.00	0.00	0.00
Cash Balance		19.76				
Interest @ 1.0%		0.20	0.20	0.20	0.20	0.20
Net Interest Expense/(Income)		(0.20)	(0.20)	(0.20)	(0.20)	(0.20)
Net Interest Rate		N/A	N/A	N/A	N/A	N/A
EBITDA		17.94	18.48	19.04	19.61	20.20
EBITDA/Interest Expense Coverage		N/A	N/A	N/A	N/A	N/A

Interest Rate Coverage Table

Debt Rating					
AAA					
AA					
A+					
A					
A-					
BBB					
BB+					
BB					
B+					
B					
B-					
CCC					
CC					
C					
D					

*Source: NYU; Professor Damodaran

SN VALUATION

Altman Z Score

Company Name:

Strattec

Ticker:

STRT

Period	2010	2011	2012	2013	2014	2015	2016	2017	2018
Working Capital	45.27	44.33	58.03	76.87	84.18	92.10	100.63	109.82	119.66
Total Assets	146.59	166.05	169.51	233.20	244.99	257.13	269.64	282.51	295.76
X1	0.31	0.27	0.34	0.33	0.34	0.36	0.37	0.39	0.40
Retained Earnings	164.14	171.59	179.61	195.00	206.79	218.93	231.44	244.31	257.56
Total Assets	146.59	166.05	169.51	233.20	244.99	257.13	269.64	282.51	295.76
X2	1.12	1.03	1.06	0.84	0.84	0.85	0.86	0.86	0.87
EBITDA	8.72	16.34	16.79	26.53	17.94	18.48	19.04	19.61	20.20
Total Assets	146.59	166.05	169.51	233.20	244.99	257.13	269.64	282.51	295.76
X3	0.06	0.10	0.10	0.11	0.07	0.07	0.07	0.07	0.07
Market Value of Equity	236.83	236.83	236.83	236.83	243.89	251.16	258.65	266.36	274.31
Total Liabilities	61.87	85.49	65.28	88.46	88.46	88.46	88.46	88.46	88.46
X4	3.83	2.77	3.63	2.68	2.76	2.84	2.92	3.01	3.10
Net Sales	260.93	279.23	298.18	348.42	358.87	369.64	380.73	392.15	403.91
Total Assets	146.59	166.05	169.51	233.20	244.99	257.13	269.64	282.51	295.76
X5	1.78	1.68	1.76	1.49	1.46	1.44	1.41	1.39	1.37
Altman Z Score	6.21	5.44	6.16	5.04	4.95	5.00	5.05	5.10	5.16

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red

Year	Present Value	Holding Period					Terminal Value			Sale Price
	0	1	2	3	4	5	6	7	8	TBV at Year 5 + 3 Years FCF
Tangible Book Value	147.07	158.86	171.00	183.51	196.38	209.63				209.63
Annual Change		11.79	12.14	12.50	12.87	13.26				
Annual FCF	(1.28)	7.31	7.92	8.54	9.18	9.84	8.56	8.56	8.56	25.67
Annual Op. Cash Flow	11.53	20.31	20.92	21.54	22.18	22.84	21.56	21.56	21.56	
Annual PP&E Investment	(12.81)	(13.00)	(13.00)	(13.00)	(13.00)	(13.00)	(13.00)	(13.00)	(13.00)	
Today's Tangible Book Value	147.07	157.87	169.47	181.92	195.29	209.63				235.31
Intrinsic Value IRR	7.35%									
Market Price	236.83	236.52	236.22	235.91	235.61	235.31				235.31
Market Price IRR	-0.13%									

Debt	50.00%	118.41
Equity	50.00%	118.41
Total	100.00%	236.83

	Present Value	Holding Period					Terminal Value			Sale Price	
	Historic	ProForma	1	2	3	4	5	6	7	8	
Book Equity	147.07	118.41	123.92	129.77	135.99	142.58	149.55				
Goodwill	0	89.76	89.76	89.76	89.76	89.76	89.76				
Debt	0	118.41	118.41	118.41	118.41	118.41	118.41				
Debt Interest Rate		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%				
Additional Interest Expense		9.67	9.67	9.67	9.67	9.67					
Tangible Book Value	147.07	28.66	34.16	40.02	46.24	52.82	59.79				59.79
Annual Change			5.51	5.86	6.22	6.59	6.97				
Annual FCF	(1.28)		1.02	1.63	2.25	2.90	3.56	3.56	3.56	3.56	10.67
Annual Net Income	16.42		5.51	5.86	6.22	6.59	6.97	6.97	6.97	6.97	
Annual Op. Cash Flow	11.53		14.02	14.63	15.25	15.90	16.56	16.56	16.56	16.56	
Dividend Payments											
Annual PP&E Investment	(12.81)		(13.00)	(13.00)	(13.00)	(13.00)	(13.00)	(13.00)	(13.00)	(13.00)	
Debt Paydown	0.00							0.00	0.00	0.00	
Sale Price in Year 5											70.46
Capital Left for Equity Investor											70.46
Dividend Payments											0.00
Total Cash In Flow											70.46
Invested Equity	118.41	106.74	96.21	86.72	78.17	70.46					
IRR	-9.86%										

We assume the debt taken on by the investor is now on the Co's books, so the investor has no more liability from the deal.

<u>Value Creation</u>	
TBV Growth (equals sum of NI Year 1-5)	31.14
Cash Flow (Year 6-8)	10.67
	41.81

<u>Value Dilution</u>	
Debt	118.41
Goodwill	89.76
Additional Interest	48.35
	256.52