

CRAIN'S **DETROIT BUSINESS**

Novi-based truck parts supplier sells non-core switches and connectors business for \$40 million

Published on Crain's Detroit Business on April 2, 2019 9:06 PM Anisa Jibrell

- Stoneridge sold assets and product lines to Standard Motor Products for \$40 million
- The Novi-based supplier retained net working capital assets of \$5 million
- Sale is part of a long-term shift toward high-tech transportation products

As part of a shift toward high-tech transportation products, Stoneridge Inc., a truck parts supplier based in Novi, has sold its non-core switches and connectors business to Long Island City, N.Y.-based Standard Motor Products Inc. for \$40 million.

The products, which include ball switches, ignition switches, rotary switches, and more, were "mature," and didn't warrant a platform for the company to grow from a technology perspective, said Matt Horvath, director of investor relations and corporate development.

The two companies have entered into a transition services agreement, supply agreement and contract manufacturing agreement to assist the transition of the product lines to SMP's facilities, according to a Monday news release. The transaction closed April 1.

The divested business raked in approximately \$45 million in revenue in 2018 — a move that is expected to lower the supplier's 2019 adjusted earnings per share by 15-20 cents, the release says.

Stoneridge retained net working capital assets of \$5 million, and will retain its Canton, Mass.-based manufacturing facility, which it expects to close and sell by the end of the year.

"Stoneridge has undergone a significant business transformation to position the Company for long-term growth," Jon DeGaynor, president and CEO, said in a written statement. "This divestiture is part of an initiative to better align Stoneridge's

operations and engineering footprint and focus resources on the technology platforms and growth products that will drive value for our customers, shareholders and employees."

Stoneridge will shift operations and relocate remaining products made at that location to other North American manufacturing centers, the release says.

Prior to the announcement, the company's 2019 revenue guidance fell between \$855 and \$875 million, according to a February [news release](#).

Last year, the company generated \$866.2 million in sales and Ford Motor Co. was the supplier's largest customer, accounting for 12 percent of revenue, while General Motors accounted for 5 percent, according to Horvath.

Founded in 1965, Stoneridge makes electrical and electronic components, modules and systems for the automotive, commercial vehicle, motorcycle, agricultural and off-highway vehicle markets. The supplier has 11 manufacturing centers across the globe, according to its [website](#).

<https://www.crainsdetroit.com/auto-suppliers/novi-based-truck-parts-supplier-sells-non-core-switches-and-connectors-business-40>