

Delphi Automotive Files For \$100 Million IPO

NEW YORK (AP) — Auto parts supplier Delphi Automotive PLC filed for a \$100 million initial public offering, following former owner General Motors Co. back to public ownership.

It's the latest auto-industry company to seek out an IPO as auto sales recover from their plunge during the recession. GM's IPO last November raised \$23 billion. Chrysler LLC could go public at the end of this year, its CEO has said. Electric car maker Tesla Motors Inc. went public in 2010.

GM's former finance arm, Ally Financial Inc., has also signaled it wants to go public.

Delphi was spun off from GM in 1999. Weighed down by high labor costs, production cuts at GM and increasing foreign competition, the auto supplier went into bankruptcy protection in 2005, at that time the largest bankruptcy protection filing for the auto industry ever.

The Troy, Mich., company exited bankruptcy when it was acquired by a group of private investors in 2009.

The new version of Delphi is smaller, leaner and has billions less in debt. It is increasingly looking overseas for growth, particularly in China, the world's largest auto market.

During its four years in bankruptcy, Delphi cut thousands of jobs, slashed costs and sold off a number of plants and businesses. It says 91 percent of its hourly labor force now works in low-cost countries, and 30 percent are temporary employees. The company no longer employs any workers who belong to the United Auto Workers union.

Delphi also terminated its pension plans, transferring pension obligations for 70,000 Delphi workers and retirees to the federal government's Pension Benefit Guaranty Corp. The PBGC took responsibility for \$6.1 billion in pension payments. The company no longer offers health care benefits for retired employees or employer-paid life insurance benefits.

Delphi has been cleaning up its balance sheet as it aims for an IPO. The company bought back stakes owned by GM and the PBGC in March for \$4.4 billion.

It posted net income of \$291 million in the first three months of the year, up 35 percent from a year ago, on \$4 billion in revenue, which rose 17 percent.

In 2010, Delphi earned net income of \$631 million on revenue of \$13.8 billion.

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The company makes powertrain systems, heating and air conditioning systems, safety components and electronics systems. GM remains a major customer, with its North America, international and China divisions making up 25 percent of Delphi's revenue last year.

Delphi didn't say when it planned to go public, how many shares it would sell or for what price. The \$100 million it says it hopes to raise is likely to change as investment banks market the company and gauge demand from investors. It expects to trade under the ticker symbol DLPH.

Shareholders include the investment firms that acquired the company out of bankruptcy, Elliott Management and Silver Point Capital, and well-known hedge fund manager John Paulson's Paulson & Co.

Goldman Sachs and JP Morgan are managing the IPO.

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